

OUR FUTURE 35

Austin's Cap and Stitch Program

EQUITABLE DEVELOPMENT STRATEGY

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This document was prepared with input from these individuals and organizations, as well as staff from Rally Austin and the City of Austin, but has not been adopted by any of those organizations as representing a "final plan" for equitable development associated with the Cap and Stitch project. It is intended to serve as a resource for Rally Austin as that organization works toward equitable development throughout Austin.

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Executive Summary



The Texas Department of Transportation (TxDOT) is proposing to widen and lower portions of the I-35 corridor through Austin. As part of this transformative infrastructure project, the City has an opportunity to develop “caps” on top of the newly lowered highway and “stitches” along existing street crossings that provide an opportunity to physically connect East and Central Austin and provide significant community benefits.

The City partnered with the Downtown Austin Alliance (DAA), Rally Austin Economic Development Corporation (Rally Austin, formerly known as the Austin Economic Development Corporation or AEDC), and other community partners to guide the Our Future 35 initiative and oversee the Cap and Stitch project, including a community-driven engagement process to identify a vision for the creation of public space on top of the caps and stitches. In coordination with City and community efforts, Rally Austin is exploring opportunities to leverage the expected changes to I-35 to promote equitable development for the Austin community.

As seen from other recent examples of similar projects, like Klyde Warren Park in downtown Dallas, the highway cap parks can spur significant amounts of development, population growth, and increases in nearby property values.¹ There is an urgency to implement equitable development strategies now, in parallel with project design and planning, so that the City and other key implementors will be prepared to act when construction begins. **If the new infrastructure is created without intentional long-term investments, programs, and policies to combat past, present, and future displacement, then these proposed improvements risk exacerbating current inequities.**

For the City of Austin to capitalize on public investment and make strides toward a more inclusive and equitable economy, the new land potentially created by I-35 improvements, and related construction, can be used for restorative development. Existing City policies and tools that promote equity within public investment opportunities, primarily the Racial Equity Anti-Displacement Tool, provide a foundation for the recommendations identified in this Equitable Development Strategy.

Building upon past and ongoing equity work, City and Rally Austin staff and consultants worked with the Community Steering Committee to develop definitions and key principles that inform this document's recommendations.

“Equitable Development” is accomplished when the process, product, and outcome of a physical development project centers the needs and aspirations of marginalized communities, includes them in the development process, and provides them with a financial stake in the outcome.

Immediate actions to promote equity in the development process of the project include:

1. Focus on a restorative framework to assist vulnerable communities.

This project aligns with the upcoming 100-year anniversary of the City's segregationist 1928 Master Plan that marginalized and dispossessed Austin's Black, Indigenous, and people of color (BIPOC) residents, primarily Black Austinites, through segregation and redlining. The original construction of Highway I-35 transformed the redline of Austin's 1928 Master Plan into a physical barrier, displacing homes and businesses that today could have yielded generational wealth for those families. Investments made through the caps and stitches should commit to restorative justice for harmed communities by prioritizing economic and social benefits for Austin's BIPOC residents. The City could grant displaced community members a priority “right to return” to affordable housing or commercial developments on or near the caps. Technical assistance and need-based tax relief could also be explored to support longstanding legacy businesses that contribute to East Austin's unique cultural heritage.

¹ [Klyde Warren Park | Landscape Performance Series](#)

2. Enhance the internal implementation body for the Cap and Stitch project.

The Cap and Stitch project and associated equitable development strategy will require extensive coordination among many City departments, management of funds, and ongoing engagement of community members and other stakeholders. The City’s Transportation and Public Works Department (previously the Corridor Office) has managed much of the project planning to date, but it will be important in the next phase to have cross-departmental executive leadership more directly engaged in the overall project and help ensure multi-departmental coordination. This may be accomplished through enhancing an existing position or department (“lead quarterback”) or by creating a new role or office. Locating this role in the City Manager’s Office would allow for the implementation efficacy as the quarterback will have more agency than any one departmental representative.

3. Establish an external oversight body for the Cap and Stitch project.

Externally, an oversight board would play an important role in maintaining community goals for the project and hosting regular check-ins with the internal implementation body and other project stakeholders to evaluate project success. One possible oversight role could involve establishing a commission similar to the Mueller Airport Plan Implementation Advisory Commission that was created to advise City Council on the redevelopment of Mueller Airport. The Our Future 35 Community Steering Committee is already well positioned to serve in this role. Establishing oversight bodies for the caps and stitches would allow for greater coordination between City departments and community stakeholders to implement equitable development goals.

4. Develop a dedicated funding stream for equitable development projects and programs along the corridor.

Many components of the Equitable Development Strategy require funding for capital improvements and/or program operations that would be new to or expansions of the City’s budget. The anti-displacement funds included in the voter-approved Project Connect financing package provide one example of a possible funding mechanism for Cap and Stitch equitable development strategies. Other possibilities to explore include public improvement districts and tax increment financing whose financial revenue could be directed to the specific area of the caps and stitches.

5. Identify public land for equitable development opportunities along the corridor.

The City has a history of leveraging public properties to deliver community benefits through direct investment and/or public-private partnerships. Rally Austin was established, in large part to build on and expand that practice and may be well-positioned to lead similar efforts on existing City properties, newly created developable areas on caps and stitches, and potentially other sites affected by or acquired for the I-35 project. Planning for such development now – including identifying specific sites, community priorities, funding sources, and key partnerships – can help to align the delivery of such projects with the completion of the I-35 Cap and Stitch improvements.

6. Consider offsite (adjacent to the corridors) opportunities for equitable development strategies to be implemented.

The areas adjacent to the caps and stitches represent significantly greater opportunities, with substantial public land holdings as well as private properties that will likely gain value and undergo redevelopment as the caps and stitches are created. Develop policies and programs to incentivize off-site development to achieve equitable development goals.

7. Start with data to develop realizable and accountable outcomes.

Project implementors can develop foundational data sets for each of the recommendations provided for in this document. Such work could begin now, so that realizable targets can be set (and accomplished).

The process for developing the Equitable Development Strategy Recommendations involved input from community members, City staff, and external stakeholders, including input gathered from targeted focus groups covering “Capacity Building,” “Housing,” “Workforce Development,” and “Retail and Small Business.” These themes had been identified within the Our Future 35 Development Strategy and help organize many of the recommendations in this document. A few others such as “Parks and Open Space” and “Arts and Culture” were considered as foundational strategies for the design of the new Cap and Stitch program, remain paramount to the City of Austin, and are overarching of the four subtheme goals. Many of these recommendations and themes are also cross-referential, and have been organized by theme to manage the complexity of the various recommendations.

Actions recommended for near-term implementation in each of these areas include the following:

- ▶ **Capacity Building:** Prepare and support BIPOC organizations, businesses, and developers to capitalize on opportunities along the project corridor. To support BIPOC organizations, businesses, and developers participating in the coming design, contracting, and development opportunities on and along the caps and stitches, the City must build the support systems prior to development. Preparation could involve expanding community outreach for the design and programming process to ensure project benefits meet community needs, providing small business and developer training opportunities, and incentivizing inclusion of BIPOC businesses and developers in City-owned land development. Additionally, the City or philanthropic partners can increase the accessibility of development opportunities by providing predevelopment funds to streamline investment.
- ▶ **Housing:** Leverage City land and strategically identify sites along the corridor for targeted housing development opportunities. The City owns several sites along the project corridor. These sites can be used to provide a range of housing types and programs, including both rental homeownership opportunities at below-market rate prices. The City can prepare displaced and marginalized residents for homeownership opportunities by expanding the Down Payment Assistance Program and credit enhancement opportunities. Additional anti-displacement programs can be explored such as reducing or freezing property taxes for lower-income households and affirmative marketing of housing opportunities to vulnerable or displaced communities.
- ▶ **Workforce Development:** Identify workforce needs and support workforce training opportunities. Austin Community College and other organizations provide workforce development training that can be leveraged for Cap and Stitch development opportunities. Prior to construction, the City can forecast workforce needs and coordinate with workforce development providers to create and implement job training in convenient locations. Preparation can also involve increased training and funding opportunities for contractors to facilitate their participation in the construction and operation of the Cap and Stitch project and related development. To accommodate the jobs created by the major capital projects planned in Austin, including the Cap and Stitch Project, the City and partners recently launched the Infrastructure Academy² that holds significant promise and aligns with some of the recommendations herein.
- ▶ **Retail and Small Business:** Identify and expand commercial real estate stabilization policies. A range of policies should be explored to alleviate commercial displacement pressures and increase opportunities for small businesses and community organizations to own their spaces. On public lands for development, for example, the City could include a Right to Return for displaced businesses, offer nontraditional rent structures such as performance-based “percentage rents” that increase as the business achieves greater success, set goals for small and/or BIPOC business tenancy, and potentially invest in a “marketplace” facility that turns incubator-type opportunities into a public attraction.

² [Austin Infrastructure Academy to open at Austin Community College District | ACC Facstaff Infohub \(austincc.edu\)](#)

The Equitable Development Strategy focuses on optimizing the use of publicly-owned land, delivering community benefits, and creating lasting systems of community oversight and decision-making for investment decisions. A summary of the recommendations is provided below. Detailed recommendations categorized by strategy are outlined in Chapter 5.

Recommendation	Scope of Implementation		Existing Program (Policy/System) in Place?	
	Project Specific	Citywide	Builds on Existing	Requires New Program
Coordinate with community stakeholders to identify project-specific goals for development on and along the corridor (% of affordable housing at various MFI levels, % of BIPOC-owned business in new commercial spaces, etc.)	X		X	
Create oversight and regular feedback opportunities for stakeholders to measure the City's progress toward identified development goals	X		X	
Prioritize marginalized and displaced communities in all residential and commercial development on public land, including through contracting, cost-controlled leasing, and ownership opportunities		X	X	
Direct a portion of value capture resources toward organizations led by and serving impacted communities	X			X
Explore anti-displacement funding as part of the Our Future 35 project, similar to that included in Project Connect	X			X
Expand low-barrier funding opportunities for impacted businesses on the I-35 corridor similar to the Equity Mini-Grant	X		X	
Explore opportunities for residents to invest in community projects through a community real estate investment trust program		X		X
Expand BIPOC developer support by increasing training, incentivizing inclusion, providing predevelopment funds, and expediting processes		X	X	
Catalogue community benefit needs (affordable housing, daycare, reservable community space, etc.) in areas near caps and stitches and soft sites and consider allowing developers to receive a density bonus for meeting these needs	X		X	
Maintain an ongoing inventory of the terms of completed development agreements		X		X
Invest in resident support services that can prepare households to take advantage of new housing opportunities in the corridor		X	X	
Aggressively advertise Right to Stay and Right to Return preferences for affordable housing opportunities in the project area and consider a Right to Return for businesses		X	X	

Recommendation	Scope of Implementation		Existing Program (Policy/System) in Place?	
	Project Specific	Citywide	Builds on Existing	Requires New Program
Increase the upper limit of the Down Payment Assistance Program to help more households enter homeownership		X	X	
Leverage publicly-owned land and strategically acquire sites along the corridor for increased homeownership opportunities at below-market-rate prices		X	X	
Develop specialized housing along the corridor including housing for artists/musicians (including live/work models), permanent supportive housing (PSH) for people experiencing homelessness, and affordable “workforce housing”		X	X	
Contribute potential value capture resources toward resident support services, such as financial literacy, educational support, etc. to enhance economic security for residents		X		X
Support lower-income homeowners with the ongoing costs of homeownership through tax relief, maintenance assistance			X	
Coordinate with the Infrastructure Academy to forecast Cap and Stitch workforce needs, craft training and outreach programs, and develop long-term career pathways for graduates			X	
Provide a modest amount of price-accessible, reservable workforce development space near the corridor prior to and during the construction period for training in construction trades, assistance with vendor certification processes, vendor meet-and-greets, job fairs, etc.	X			X
Streamline access to City contracts for MBE/WBEs by reducing barriers caused by vendor specifications, including certification processes, definitions of relevant experience, and rate-setting requirements for professional service firms		X		X
Create pathways for local artists to participate in the designs of newly created spaces and incentivize performance venues on and near caps	X		X	
Pursue multi-tenant “market hall” downtown with retail incubator/support activities like shared kitchen facilities, legal assistance, and marketing services	X			X
Explore programs that create pathways for commercial real estate ownership opportunities		X		X
Incentivize the use of nontraditional rent structures and explore property tax relief for small businesses		X		X
Partner with chambers and local businesses to develop merchant associations and reduce barriers to applying for City support programs		X	X	

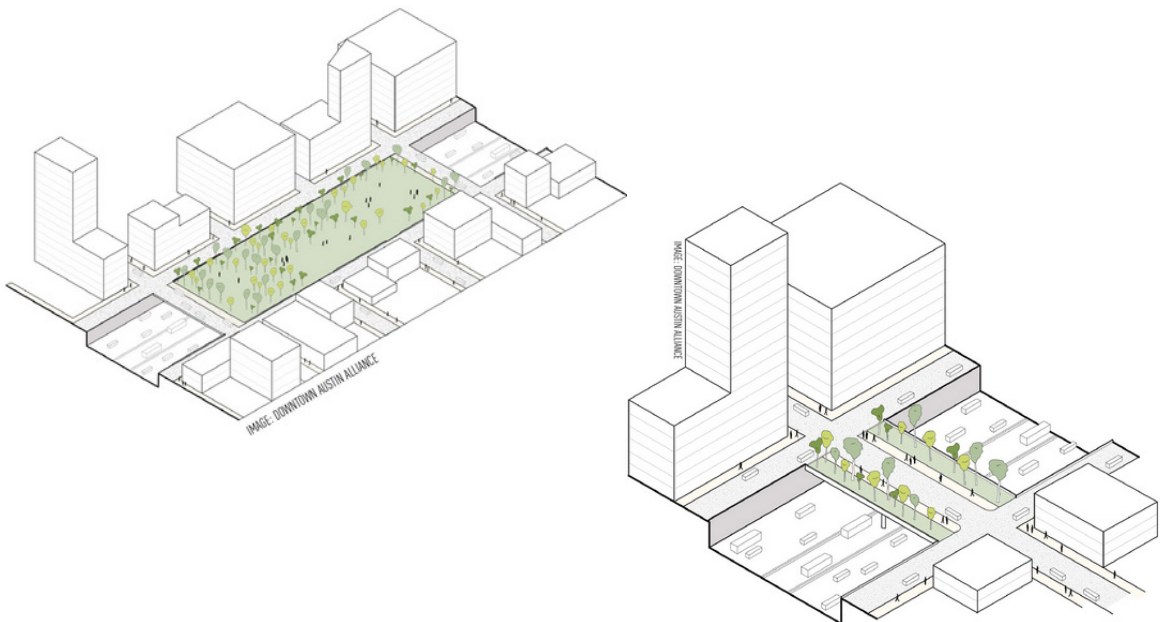
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1. About Our Future 35: Austin's Cap and Stitch Program

Our Future 35: Austin's Cap and Stitch Program

The Texas Department of Transportation (TxDOT) is proposing to widen and lower Interstate Highway 35 (I-35) over an approximately 8-mile stretch through central Austin. The project encompasses the addition of two non-tolled high-occupancy vehicle (HOV) managed lanes in each direction and the lowering of the roadway. As such, land will be made available for potential “caps” placed on top of the newly lowered highway. Caps refer to decks placed over the sunken freeway to allow for park space and potentially buildings. A “stitch” is a widened bridge (up to 300 feet) connecting local mobility networks. These newly capped areas provide an opportunity to physically reconnect East and Central Austin.³

These new freeway caps and stitches provide a unique and significant opportunity to transform Austin by connecting the city physically and socially across a highway that has caused decades of division.



3 [I-35 Capital Express Central Project](#)



To capitalize on I-35's reconstruction, the City has partnered with the Downtown Austin Alliance, Rally Austin, and community partners to create the Our Future 35 initiative to oversee the Cap and Stitch program, including a community-driven engagement process to identify a vision for the creation of public space on top of the caps and stitches. Through community conversations and advocacy, the Our Future 35 Community Steering Committee (CSC) was formed to advise on the Cap and Stitch scope and process. Additionally, a group of City employees has served as a Technical Advisory Committee (TAC) to provide insight on the implementation of Cap and Stitch policies and program opportunities and parallels to existing programs.



The timeline of Austin's Cap and Stitch program is closely coordinated with the design and construction of TxDOT's Capital Express Central. The City will be able to begin construction of Cap and Stitch amenities once TxDOT has completed the highway support structures. The design and engineering of the Cap and Stitch amenities will not begin until 2026. While the design and planning of the caps and stitches will take several years to complete, there is an urgency to address the implementation of the Equitable Development Strategy now.



Scope of the Equitable Development Strategy

The Cap and Stitch project will be an infrastructure, open space and cultural investment, and extensive work has been and will be done by the City and community stakeholders to design and program the caps and stitches to reflect the values, history, contributions, and needs of a diverse Austin, including groups who have been underrepresented in or even harmed by past investments. There are both spatial and nonspatial components to the Equitable Development Strategy. The principles of this Equitable Development Strategy can and should inform the ongoing design work for the Cap and Stitch infrastructure, open space, and cultural amenities. This strategy focuses on broad development opportunities associated with the Cap and Stitch project area through the lens of four themes: capacity building, housing, workforce development, and retail and small business. These themes were identified as priorities in the Cap and Stitch Vision Plan through engagement with the Community Steering Committee and other stakeholders. The Cap and Stitch Vision Plan to be completed by the Arup consulting team will address these priorities informed by the Strategy outlined herein as well as discuss strategies to create distinct open space and cultural amenities.

The driving force behind each recommendation is a question: how can the caps, stitches, and surrounding corridor become features of the city that welcome and support thriving communities, especially those that have been displaced and marginalized? Each theme aims to answer this question from a different perspective. Capacity building requires that the City partner with organizations led by and/or serving individuals from marginalized communities. Housing fueled by the caps and stitches should prioritize displaced and at-risk Black and Latinx Austinites and create opportunities for generational wealth building. Jobs created by the caps and stitches should train and connect Black and Latinx students and workers to long-term career opportunities. Small business investments should leverage the caps and stitches to create retail and other business opportunities for local and minority-owned enterprises. Through these approaches, the Equitable Development Strategy presents tools to achieve the City's goal of forging a more connected, inclusive future for Austin.

Opportunity for Equitable Development and Implementation

In coordination with City and community efforts, the Austin Economic Development Corporation is exploring opportunities to leverage the expected changes to I-35 to promote equitable development for the Austin community. Rally Austin was created in 2020 in response to the increasing pressures of rising real estate prices on the City's small businesses. Rally Austin is one of several City departments and agencies pursuing equitable development more broadly, but as a Public Real Estate Developer, Rally Austin is specifically positioned to ensure affordability and equity in the real estate process.⁴ Rally Austin has an opportunity to take on a key role in the implementation of the Equitable Development Strategy, particularly with regard to potential land disposition and development.

Rally Austin is by no means alone in this effort, as coordination with many different City departments and community stakeholders is critical to achieving equitable development. Most analogously, in recent years, Austin's Equity Office has operationalized the City's commitment to racial equity through the creation of the Racial Equity Anti-Displacement Tool. City staff, through a series of workshops and discussions, co-created this Tool with community members who possess a depth of racial equity expertise borne of lived experience. While the Tool was designed to specifically guide the spending of Project Connect's displacement prevention funds, it identifies principles that can be applied for all public investments. Specifically, the Tool sets out the following criteria to guide policy and planning decisions⁵:

- *Decisions prioritize organizations/coalitions led by impacted communities that are working on advancing economic and racial equity in communities at high risk of displacement.*
- *Decisions are intended to target support to communities that are experiencing, or are at highest risk of experiencing, displacement pressures. Additionally, priority goes to communities that have historically experienced specific policies that limit the opportunity of people of color.*
- *Decisions are intended to complement other policies, plans, programs, and existing funding sources to address gaps identified by communities.*

⁴ [Welcome | Rally Austin](#)

⁵ [Nothing About Us Without Us Racial Equity Anti-Displacement Tool_Final.pdf \(austintexas.gov\)](#)

These Racial Equity Tool criteria guide the recommendations identified in this Equitable Development Strategy. The Strategy is further informed by the City's Equitable Transit-Oriented Development Policy Plan and the ongoing Equity-based Preservation Plan, each of which provide recommended policies and programs to ensure the City meets its equity goals.⁶⁷ The specific goals of the Equitable Development Strategy are to advance economic equity by mitigating displacement pressures the Cap and Stitch project may create, ensuring the project provides benefits identified by communities that have historically experienced discriminatory policies, and supporting existing services that address opportunity gaps identified by these communities.

This document lays out strategies for the City, Rally Austin, and community partners that serve two main purposes:

- Identify policy recommendations and program strategies that help meet Equitable Development goals within the context of the Our Future 35 Cap and Stitch project; and
- Identify pathways and connections to institutionalize equitable development in Austin over the long-term

To achieve equitable development, it will require a significant effort across and within the City, with partners and collaborating organizations and the community working effectively and in concert with each other. In order to collaborate effectively, it will require a clear identification of roles, responsibilities, and prioritization.

Rally Austin may play a major role in the execution of the physical aspects of the Strategy – transacting on land, facilitating development, and managing ongoing community benefits. Many other aspects of the Equitable Development Strategy will require implementation led by City departments. While the City's Transportation and Public Works Department has played a leading role on planning for the Cap and Stitch project to date, an executive oversight body does not currently exist to oversee the coordination between the many stakeholders and both internal and external leaders who will be important to fully leverage the caps and stitches as an opportunity for equitable development.

Internally, this could include the creation of an executive level role or office to coordinate the efforts of the many different departments required to implement the Cap and Stitch project and associated equitable development (Transportation and Public Works, Housing, Planning, Economic Development, Parks and Recreation, etc.).

6 [Equity-Based Preservation Plan Presentation \(austintexas.gov\)](https://austintexas.gov/Equity-Based-Preservation-Plan-Presentation)

7 [ETOD Policy Plan-Accepted 2023 \(publicinput.com\)](https://publicinput.com/ETOD-Policy-Plan-Accepted-2023)

Externally, this could involve establishing a commission similar to the Mueller Airport Plan Implementation Advisory Commission that was created to advise City Council on the redevelopment of Mueller Airport. The Our Future 35 Community Steering Committee is already well positioned to serve in this role. Establishing oversight bodies for the caps and stitches would allow for greater coordination between City departments and community stakeholders to implement equitable development goals. These designated project leaders would need to coordinate formally on a regular basis to prepare for and implement the Equitable Development Strategy. Early on, this would involve identifying key stakeholders for each task and creating progress metrics for each sector of the Strategy (small business, housing, workforce development). The designated project leaders could manage ongoing oversight and feedback opportunities for community stakeholders to measure the City's progress toward these goals.

Near-term opportunities for these internal and external leaders include the following objectives, as identified through conversations with the Community Steering Committee and stakeholder focus groups:

- Advocate for equitable design of the Cap and Stitch infrastructure as well as its open space and cultural features, ensuring that impacted communities receive comparable amenity and investment levels and that their stories and values are reflected in the design process and outcomes
- Identify key implementors for each Strategy task
- Explore funding sources for anti-displacement and equitable development initiatives
- Prepare a physical and programmatic strategy for land development along the corridor

Many tools required to leverage the caps and stitches as an opportunity for equitable development already exist in Austin. These programs and services should be expanded and directed toward development not only on the caps and stitches themselves, but also along the I-35 corridor, which will change significantly once the caps and stitches are built. In a city where there is a significant amount of activity and growth, and many needs, it is imperative to prioritize and be intentional about goals and concretize the work going forward.

2. Historical Context



Austin has a history of inequitable growth that has led to economic, environmental, and health disparities between white residents and Black, Indigenous, and People of Color (BIPOC) residents. Today, Austin has one of the highest rates of income segregation in the country.⁸

This disparity exists in part due to a legacy of physical and economic exclusion of Black Austinites and other residents of color and also due to the rapid growth in upper income jobs and population experienced over the past decade. Recognizing and understanding the historical origins of today's inequities is essential to addressing them.

Government-sanctioned Segregation and Redlining

In the late 19th century, freedom colonies established by formerly enslaved people were dispersed throughout the Austin area. The Texas Freedom Colonies Project documents more than 10 different settlements across Austin, including several in West Austin, like Clarksville and Wheatville.⁹ These communities were largely self-sufficient and provided opportunities for Black Texans to live relatively safe from sharecropping and racialized violence.¹⁰ In the early 20th century however, as the city grew and white neighborhoods

⁸ Zehr, Dan, 'Inheriting Inequality,' Austin American-Statesman, January 2015 (no longer accessible online as of December 2024)

⁹ [Atlas - The Texas Freedom Colonies Project](#)

¹⁰ [What Are Freedom Colonies? - The Texas Freedom Colonies Project](#)

expanded, City officials effectively forced Black residents to relocate from freedom colonies into East Austin by making the area the only section of the city where schools and other essential municipal services were accessible to Black people. Once a significant majority of Austin’s Black population was living on the East side, City planners established the neighborhood as a “Negro District” in the 1928 Master Plan.

This local segregationist policy later was exacerbated by a federally-sanctioned designation with the creation of the Federal Home Owners Loan Corporation (HOLC) mortgage lending maps. Established in 1933, HOLC was created to provide greater security for mortgage loans to prevent foreclosures. HOLC created residential security maps in 1935 to demonstrate the level of security for government-backed mortgages and other loans with areas of cities graded on a scale from “Best” to “Hazardous.” In areas deemed hazardous and therefore most risky for loans, families wanting to purchase homes could not access capital on favorable terms. Across the country, “Hazardous” areas closely outlined the areas in which Black residents were concentrated and often segregated. Consequently, the “Negro District” in Austin was deemed “Hazardous,” making homeownership, the country’s most significant wealth-building opportunity, inaccessible for Austin’s Black residents.¹¹



¹¹ Zehr, Dan, ‘Inheriting Inequality,’ Austin American-Statesman, January 2015 (no longer accessible online as of December 2024)

A Community Severed by I-35

As noted in the City of Austin’s application for the federal Reconnecting Communities Pilot Program grant, the construction of I-35 furthered the existing division and inequities created through redlining and segregation:

The neighborhoods adjacent to I-35 have historically been home to the largest concentrations of Black and Mexican-Americans, due in large part to past racist city planning policies that segregated communities of color to East Austin. The area, while rapidly changing, “remains a central point – the heartbeat – for Black and Hispanic residents across the city.”

East Avenue, where I-35 stands today, was once a vibrant gathering place—a boulevard known for its park-like tree-lined medians that were once used for family picnics, conversations, musical performances, sports, and even Tillotson College convocations. However, in 1928, East Avenue began its trajectory toward becoming a street that symbolizes segregation...

...The legalized segregation by the 1928 Master Plan evolved into the effective and real segregation of Blacks and Hispanics in East Austin. The construction of the I-35 freeway in the place of East Avenue in the 1950s and 1960s subsequently transformed the invisible redline of Austin’s 1928 plan into a true physical barrier. The combination of redlining practices with the construction of the highway resulted in displaced homes and businesses and decimated public spaces. Raised concrete berms created walls and limited cross-street connections in over 30 locations between Ladybird Lake and Airport Blvd. Parks and destinations once walkable now require traversing the highway, and new elevated freeway decks cut off Black and Brown communities from the economic engine that is downtown, disrupting the social cohesion of Austin’s neighborhoods and community spaces.

Today, I-35 continues to stand as a barrier between downtown and East Austin, representing both a historical and persisting physical, racial, and economic divide.

Displacement of Black Austinites

For decades after the forced segregation of the 1928 Master Plan, a vast majority of Austin’s Black residents lived in East Austin. As a result, East Austin became the center of the Black community in the city.¹² In the decades following desegregation, the City started to encourage development in East Austin through zoning changes allowing greater density – a practice notably absent from other low-density neighborhoods near the city center with lower proportions of BIPOC residents. As the East Austin area had been historically redlined, properties were undervalued and relatively inexpensive compared to other parts of the city. This led to an influx of white and more affluent residents to East Austin, displacing existing Black residents. University of Texas professor Eric Tang found that from 2000 to 2010, Austin’s overall population grew by 20.4 percent while the Black population declined by 5.4 percent, making it the only fast-growing U.S city during that time with a shrinking Black population.¹³ In a survey of 100 Black Austinites who left the city between 1999 and 2016, Tang found that most respondents moved out because the cost of living, in particular housing, was unaffordable. Survey respondents primarily moved to outlying cities like Pflugerville, Round Rock, and Del Valle.

In 2022, the research firm Measure examined Austin’s Black population decline and found that second to affordability, “lack of belonging” was a major concern.¹⁴ In addition to economic displacement, lack of community bonds has been a major driver of Black people leaving Austin. Measure noted the need to create and amplify Black-centric events and spaces. To begin to repair the damage caused by generations of disinvestment and upheaval in the Black Austin community, the City must create economic, cultural, and social opportunities that are accessible and welcoming to displaced and marginalized residents. While the construction of caps and stitches over I-35 cannot repair the divide created by the original I-35 construction and other harmful planning policies, this massive investment gives the City an opportunity to significantly enhance community infrastructure and connect marginalized and displaced residents with economic opportunities.

¹² [East Austin real estate has exploded. It started with two paragraphs. | KUT Radio, Austin's NPR Station](#)

¹³ [UT's Eric Tang on Why African-Americans Are Leaving Austin | The Alcalde \(texasexes.org\)](#)

¹⁴ [212 Catalysts and AALI Black Austin Survey Report \(squarespace.com\)](#)

Lasting Racial Disparities

A 2022 study initiated by the City Manager’s Office found that the legalized segregation in Austin driven by the 1928 Master Plan cost Black homeowners in just five neighborhoods of the city over \$290 million.¹⁵ The cost of land dispossession offers one initial metric to measure the gravity of investment required for a restorative approach to the cap and stitch development efforts.

Furthermore, the historical redlining of segregated East Austin coupled with persistent discrimination in lending has led to current disparities in business and homeownership opportunities for Austin’s Black and Latinx residents. For both Black and Latinx residents, the rate of homeownership is less than 50 percent, while the share of white Austinites who own their home is above 70 percent.¹⁶ Similarly, the rate of business ownership among firms with paid employees for white residents is 3.5 times greater than the rate of ownership for Latinx residents and 4.6 times greater than the rate for Black Austinites.¹⁷

The lack of access to generational wealth-building opportunities like home and business ownership, as well as other compounding inequities, have created disparities in income and overall economic security for Black and Latinx residents compared to white Austinites. As a result, Black and Latinx communities in Austin, primarily located on the east side of the city, have been subject to chronic and active displacement.¹⁸ As white residents increasingly move into historically Black and Latinx neighborhoods, Black and Latinx residents continue to move further east in the face of displacement pressures.¹⁹ In light of the project aligning with the upcoming 100-year anniversary of the 1928 Master Plan, addressing existing disparities by acknowledging historical wrongs is crucial to legitimizing the Equitable Development Strategy.

¹⁵ [Black dispossession study starts to quantify cost of city’s 1928 master plan - Austin Monitor](#)

¹⁶ [Homeownership | National Equity Atlas](#)

¹⁷ [Business ownership | National Equity Atlas](#)

¹⁸ [Project Connect Anti-Displacement Maps and Dashboard \(arcgis.com\)](#)

¹⁹ [Austin’s racial segregation continued over the last decade, new census data shows | KUT Radio, Austin’s NPR Station](#)

The historical context of Austin’s segregationist policies and ongoing racial disparities is not unique. Governments across the country created infrastructure that excluded BIPOC residents from economic opportunities by design. In recent years, the federal government has designated an unprecedented amount of funding for infrastructure improvements through the Infrastructure Improvement and Jobs Act, including the Reconnecting Communities Pilot Program that Austin applied for in 2022. The IJA has also provided an historic opportunity by explicitly creating a goal of advancing racial and economic equity.²⁰ Given the existing conditions of inequity in Austin coupled with the historic opportunity for federal funding, this moment is critical for the City to advance and institutionalize equity within new infrastructure investments and programs. Many national groups and cities across the country have outlined general best practices for equitable development, such as acknowledging past harm, prioritizing the interests of low-income communities and communities of color in development opportunities, and advancing community-centered decision making.²¹ This Equitable Development Strategy is informed by both these best practices and the meaning of equitable development defined specifically within the Austin context.

²⁰ [Is Federal Infrastructure Spending Advancing Racial and Economic Equity? \(urban.org\)](https://www.urban.org/insights/open-access/article/12144-is-federal-infrastructure-spending-advancing-racial-and-economic-equity)

²¹ [Building for the All! A Guide for Local, State, and Tribal Governments in the Infrastructure Moment \(policylink.org\)](https://www.policylink.org/building-for-the-all-a-guide-for-local-state-and-tribal-governments-in-the-infrastructure-moment)

3. What is Equitable Development?

Working with the Community Steering Committee, the City and Rally Austin staff have reached the following working definitions and key principles that inform the remainder of this document's recommendations:

DEFINITIONS AND KEY PRINCIPLES

"Equitable Development" is accomplished when the process and outcome of a physical development project centers the needs and aspirations of marginalized communities by:

- ▶ Avoiding and counteracting their displacement
- ▶ Elevating their voices in decision-making
- ▶ Reflecting their cultures in design and programming
- ▶ Providing a financial stake in the outcomes.

An **equitable development process** should:

- ▶ Identify specific opportunity gaps to be addressed
- ▶ Rely on a governing body led by and accountable to impacted communities
- ▶ Allocate adequate funding for community partners and participants

An **equitable development outcome** should:

- ▶ Provide physical space for displaced or marginalized community members
- ▶ Create long-term financial benefit for impacted communities
- ▶ Capture value for community-led organizations
- ▶ Involve ongoing accountability to impacted communities

A growing number of cities across the country are leveraging major economic investments for equitable development. For example, Detroit launched the Strategic Neighborhood Fund Initiative in 2016 to stabilize and improve the quality of life in 11 neighborhoods across the city through the creation and preservation of affordable housing, park and streetscape improvements, and commercial corridor development.²²

²² [An Unprecedented Effort to Strengthen our Neighborhoods - Invest Detroit Invest Detroit](#)

The Initiative is a partnership between the City's economic development corporation Invest Detroit, community organizations, corporate donors, and residents with the goal of supporting the Black middle class. Since the inception of the program, incomes have increased in 10 of the 11 target neighborhoods and poverty rates have



decreased in all 11.²³ Importantly, research on the first impacted neighborhoods showed that residents were more likely to be satisfied with housing and safety and no more likely than other Detroiters to express fears of displacement. Similarly, Austin's Cap and Stitch project presents the opportunity for the City to take a coordinated neighborhood approach to equitable development.

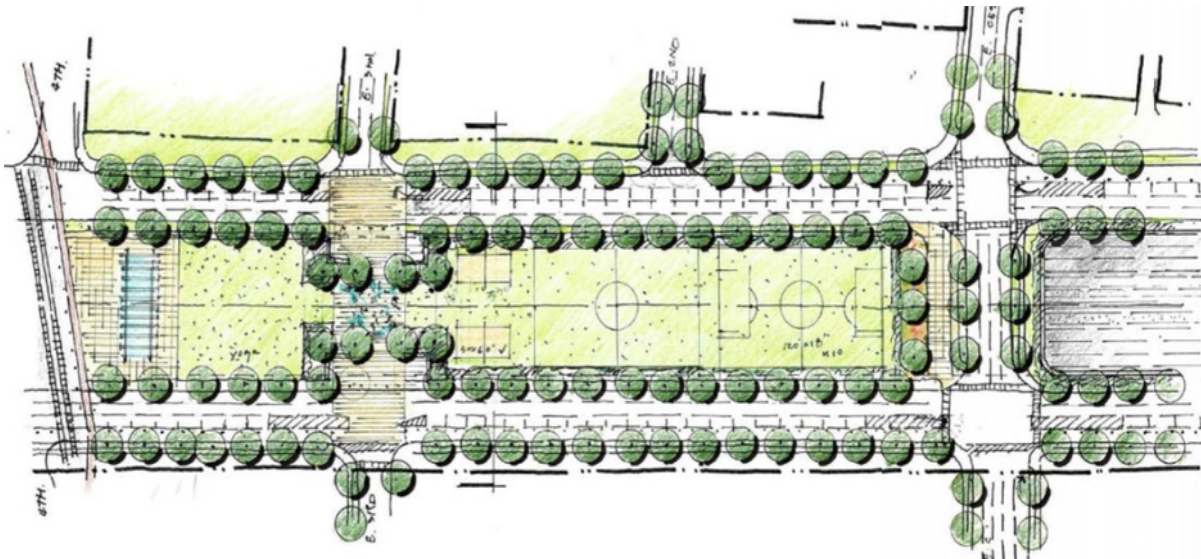
Other cities, including Austin, have created equitable development plans around specific infrastructure developments. In Washington D.C., the 11th Street Bridge Park is planned to be an elevated park over the Anacostia River that connects a predominantly Black neighborhood historically excluded from the city's growth with one of the city's



major economic centers. To ensure the park becomes a driver of inclusive economic development, the City created the 11th Street Bridge Equitable Development Plan. The Plan creates goals around four strategies: workforce development, small business, housing, and arts and culture.²⁴ Similarly in Austin, the Equitable Transit-Oriented Development (ETOD) Policy Plan provides a framework to guide future development around the Project Connect transit system.²⁵ The ETOD Plan identifies many tools to deploy around station areas to achieve community goals for equitable development. Many of the tools identified can also be applied to development spurred by the caps and stitches. Likewise, the policies and programs of this Equitable Development Strategy can apply to any major investment in Austin. For example, contractors supported through the small business and capacity-building initiatives would be able to participate in other major public and private development projects, such as the expected redevelopment of the Convention Center.

²³ [Detroit's Strategic Neighborhood Fund targets 11 areas for investment | Crain's Detroit Business \(crainsdetroit.com\)](#)
²⁴ [Equitable-Development-Plan_09.04.18.pdf \(bbardc.org\)](#)
²⁵ [ETOD Policy Plan-Accepted 2023 \(publicinput.com\)](#)

4. Intent of the Our Future 35 Equitable Development Strategy



The proposed caps and stitches will significantly alter Austin's landscape. This project will transform what now serves as a physical and metaphorical divider through the city into a major public amenity. For the City to capitalize on the investment and make strides toward a more inclusive and equitable economy, the services on the caps, zoning regulations in the surrounding areas, and mobility networks to and from the caps and stitches should be targeted toward people who have been displaced and historically left out of public investment opportunities. If the new infrastructure is created without long-term **intentional** investments, programs, and policies to combat past, present, and future displacement, then these proposed improvements risk exacerbating current inequities.

In 2019, the Downtown Austin Alliance organized an Urban Land Institute panel to begin a roadmap for capping and connecting the geographies across the I-35 corridor. As part of the engagement, ULI recommended that the City “put equitable growth strategies in place now to plan for inclusive equitable growth.”²⁶ In order for Austin to take full advantage of the restorative opportunity of the caps and stitches, the City needs to ensure the policies and programs to achieve equitable development goals are in place prior to any development occurring. This plan adds to the existing and ongoing process to prepare the City for its opportunity for reconnection created by this massive investment.

The Equitable Development Strategy outlined in this document has been created in coordination with the Community Steering Committee (CSC) and is grounded in their Vision and Goals.²⁷ In November and December of 2022, the CSC synthesized the input from broader community engagement:

New shared public spaces over I-35 are inclusive and sustainable; support economic opportunity and equity; celebrate heritage and cultural narratives; support community health and restorative natural spaces; encourage environmental stewardship; and promote safe and comfortable access to all citizens.



To achieve this vision, the CSC has identified six goals to drive the development strategy for the caps and stitches: Equity and Inclusivity, Economic Affordability and Vitality, Community and Cultural Narratives, Health and Human Nature, Environmental Sustainability, and Safety and Access.

²⁶ [I-35 Cap and Stitch | Downtown Austin Alliance](#)

²⁷ [Community Steering Committee — Our Future 35](#)

Real Estate Strategies

Based on the observed impacts of similar projects, Austin’s caps and stitches can be expected to have significant economic impacts on the city. For example, the highway cap built in downtown Dallas, Klyde Warren Park, spurred development that supported an estimated 8.8% population increase in the two surrounding census blocks and contributed to significant increases in nearby property values.²⁸ While these anticipated impacts bring many potential benefits like greater foot traffic to nearby businesses and potential job opportunities and investments in the workforce, they can also pose a threat of displacement for lower income neighborhoods and residents and the businesses and institutions that serve them. Therefore, a comprehensive real estate strategy is needed to align the anticipated economic impacts of the caps and stitches with community needs.

The work undertaken by the Rally Austin team and other stakeholders invested in equitable development will be integral to the success of the larger citywide effort to implement the caps and stitches. This Equitable Development Strategy identifies opportunities to expand the City’s network of programs and services that support equitable development. The Strategy detailed through recommendations in the next section focuses primarily on the following goals:

- Optimize the use of publicly-owned land
- Deliver community benefits, primarily financial opportunities, to displaced and marginalized residents through a combination of public and private-sector investment
- Create systems of community oversight and decision-making for investment decisions



28 [Klyde Warren Park | Landscape Performance Series](#)

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5. Equitable Development Recommendations

Equitable development will not be achieved with one program or policy alone. Rather, a network of programs to support equitable development along the corridor must be created in partnership with residents, private companies, and community-based organizations.

This section outlines specific recommendations for City departments and other stakeholders and participants to prepare for and capitalize on the investments and opportunities created through the planned caps and stitches. The implementation of this vision needs highly visible and capable ‘champions’ – both in political leadership, community leadership, and real estate development – who need to coordinate formally on a regular basis. To institutionalize equitable development, the City must create the tools, leadership, and outcomes that support equity, including: real estate development opportunities, programs and investments that support the return of displaced residents and businesses, and capacity-building programs that support BIPOC workers and small minority-owned businesses that will both help construct the development, as well as occupy the future spaces.

There are several existing departments, agencies, institutions, and programs in place that support equitable development in Austin, including but not limited to:

- Rally Austin Economic Development Corporation (Rally Austin): Development of public land for public benefit
- Austin Equity Office: Project Connect Anti-displacement Tool, Equity Assessments, Equity Mini-Grant Fund
- Austin Economic Development Department (EDD): Small Business Lending Assistance Program, entrepreneur training, Right to Stay and Right to Return, development of public land

- Austin Housing Finance Corporation (AHFC): construction and financing of affordable housing, Small Developer Training Program (with HousingWorks and Capital Impact Partners)
- Austin Housing Department: homebuyer education and assistance, Anti-displacement Fund
- Austin Parks and Recreation Department (PARC): Artist Access Program, Community Garden Program, after school programming
- Austin Transportation and Public Works Department: design and delivery of public infrastructure, including I-35 caps and stitches
- Austin Community College: Credit and Continuing Education Programs
- Huston-Tillotson University Center for Adult and Continuing Education
- Austin Revitalization Authority: cultural development and preservation in East Austin

Many of these groups will be integral to the successful implementation of the Equitable Development Strategy. Several of them are well positioned to lead recommendations included in this Strategy. This task will include the strengthening of many existing programs targeted to support current and future properties along the corridor. In addition to existing programs, investments can be made in the following:

- ▶ **Process:** Put in place and expand the tools, leadership, and outcomes that support equity. This will require partnerships between City departments and community organizations that establish decision-making mechanisms for impacted communities to guide development strategy.
- ▶ **Preparation:** Make early investments to support future physical development opportunities. The City must assure that policies and programs to achieve equitable development goals are in place prior to any development occurring. This may also include exploring options to acquire underutilized land along the corridor.
- ▶ **Product:** Work to create programs, incentives, and other financing that provide developers with the means to achieve equitable goals. For properties to provide subsidized space and other community benefits in a constantly escalating market environment, developers will need support such as gap financing, discounted land, and/or property tax relief.

As noted in the first chapter of this document, one of the first crucial components of the Equitable Development Strategy is to establish separate internal and external implementation groups to serve as the central point of coordination for the Cap and Stitch project. These bodies will work with the various agencies, City departments, and community stakeholders to implement the Equitable Development Strategy. A primary lead implementor, potentially in the City Manager's Office, is recommended to oversee the implementation of equitable development within the project.

The process for developing the Equitable Development Strategy Recommendations included input from community members, City staff, and external stakeholders. In addition to coordination with the CSC and TAC, Rally Austin and its consulting team also led four targeted focus groups with members of organizations that work in different realms of equitable development as defined by the priorities of the Community Steering Committee. The focus group topics encompassed **capacity building, housing, workforce development, and retail and small business**. As previously described, the Project's Vision Plan will address these topics as well as open space and cultural amenities. While this strategy does not identify specific leaders to take charge of each task, relevant stakeholders that contributed to the project through focus groups and meetings with City staff are documented for each section. These groups can serve as a starting point for the Cap and Stitch implementation body to coordinate next steps. Each of the recommendations included in this strategy target specific issues expressed by community members through this engagement process. As such, each section of recommendations includes an issue to be addressed, an intended outcome of the project process, and a goal for the outcome to achieve over the long-term. The recommendations offer strategies for the City to pursue in both the near-term and long-term to achieve the intended outcome.

First, the capacity-building recommendations aim to help the City set a foundation for a unified approach toward equitable development. The subsequent sections detail recommendations around housing, workforce development, and retail and small business support. For some of these recommendation categories, there are development prototypes to illustrate potential opportunities for these recommendations to be actualized in physical spaces.

It is expressly acknowledged that there are dozens of recommendations in this strategy that would require comprehensive program design, funding, and delivery plans, each of which could be extensive studies unto themselves. The scope of this assignment has been to identify issues and potential approaches to addressing those issues, and further discussion among Rally Austin and various stakeholders will be required to prioritize the actions and plan for their implementation.

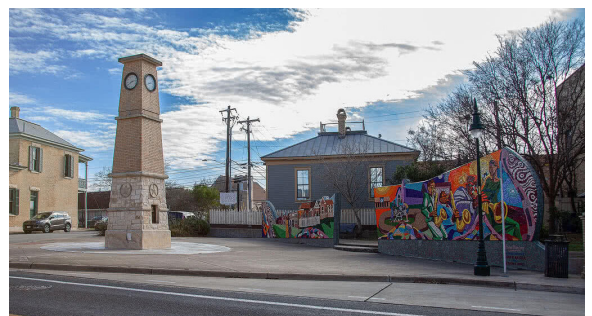
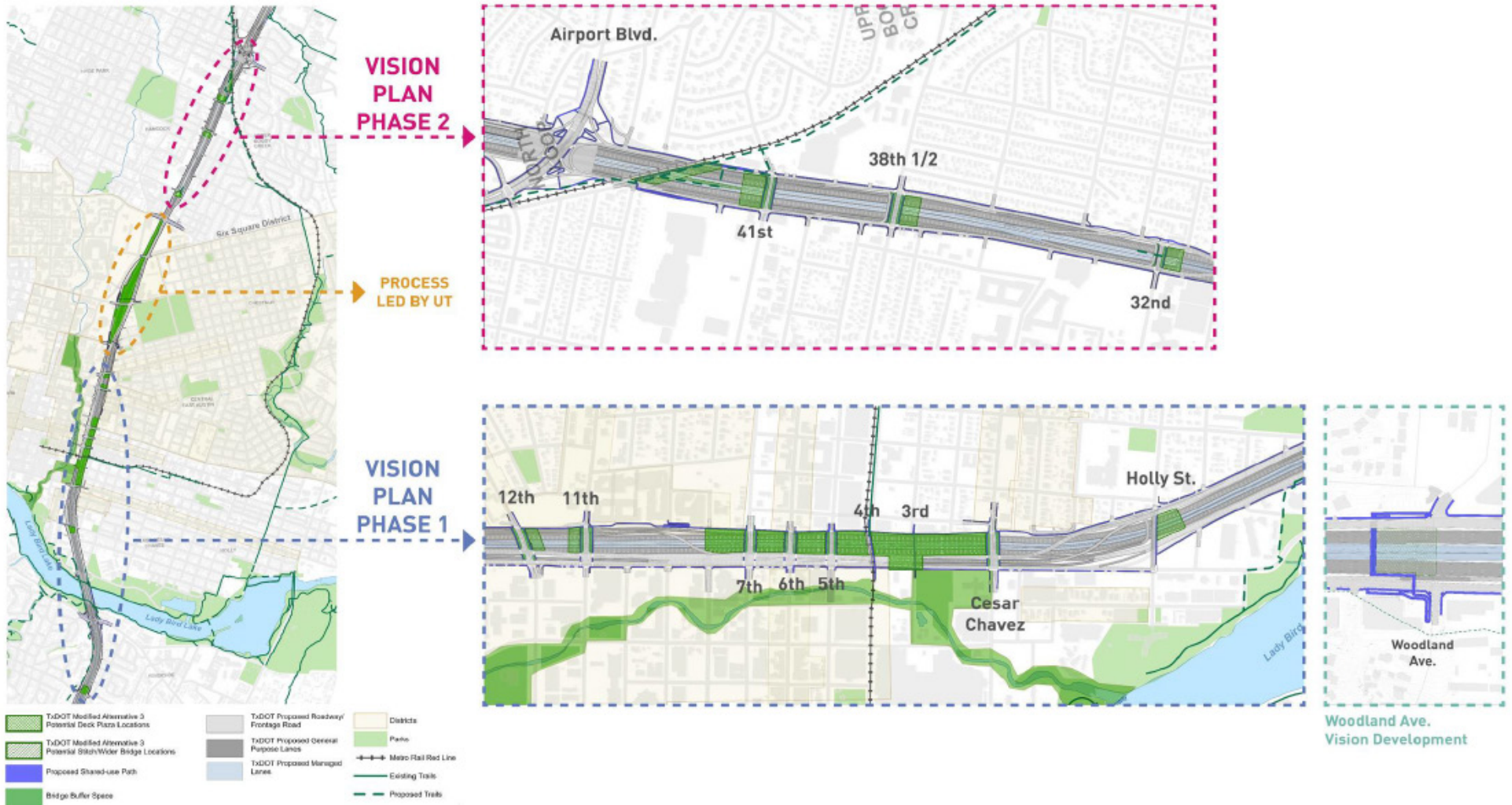


Figure 1. Planned Cap and Stitch Locations



Source: Austin Cap and Stitch Program

CAPACITYBUILDING:

Amplifying Political Power of BIPOC Residents and Businesses

Equitable development must not only reflect but be planned and implemented by members of marginalized communities. Austin is fortunate to have a strong network of groups and individuals focused on equity, but even more inclusivity, representation, and empowerment can be achieved through concerted efforts to support and grow the capacity of these stakeholders. Such capacity building can be promoted through technical and financial support, as well as procedural and policy initiatives to ensure access to opportunities and leading voices in decision-making.



Importantly, capacity building for the Cap and Stitch project starts with engagement and education. Providing frequent and meaningful opportunities for impacted individuals and organizations to participate in the planning and implementation of the Cap and Stitch project and associated developments may require even greater outreach efforts than Austin’s usual commitment. Online engagement may be part of the solution, but “meeting people where they are” will likely require direct and repeated opportunities for participation in a variety of settings, including interactions with trusted individuals and institutions and support systems to help people attend and engage.

Community engagement and capacity building is already resulting in positive outcomes in the Cap and Stitch project. **Figure 1** illustrates the current (September 2024) plans for the locations of caps and stitches in downtown Austin. At one point during the project planning, a “stitch” was planned at the 11th and 12th Street area rather than a “cap.” Community members understandably expressed great disappointment that the area of the African American Cultural Heritage District was the only place in Downtown Austin where the TxDOT plans had shown smaller stitches over I-35 rather than a full cap that could support greater programming and connectivity. As a result of this community feedback, the City and TxDOT are working to make that improvement a full cap, including exploration of potential engineering and financing solutions. This design adjustment would represent an important and permanent example of equitable development and would promote physical and organizational opportunities that can benefit the Black community.

Examples of potentially contributing departments and organizations:

Potential Contributing Entities	
City Transportation and Public Works	Equity Office
Financial Services Department	Development Services Department
Rally Austin LISC	
Economic Development Department	Capital Impact Partners



ISSUE WE'VE HEARD

- ▶ Lack of access to community wealth-building opportunities and decision-making power over access to resources



INTENDED OUTCOME

- ▶ Prioritization of community-driven investment opportunities that are financially and physically beneficial to impacted communities



GOAL

- ▶ Create and expand opportunities for organizations, residents, and businesses from marginalized and displaced communities

Key Terms

Capacity Building: Increasing the ability of community-serving organizations to succeed.²⁹ The resources needed for organizations to achieve their goals can vary widely, potentially including physical spaces to hold community meetings, services like childcare or public transportation, or direct cash assistance to families and community-led organizations.³⁰

²⁹ [Economic Development Glossary | U.S. Economic Development Administration \(eda.gov\)](#)

³⁰ [Chapter 3. Assessing Community Needs and Resources | Section 8. Identifying Community Assets and Resources | Main Section | Community Tool Box \(ku.edu\)](#)

Engage Community Members at Every Stage of the Development Process

- ▶ CB-1 Develop clear, measurable goals for development on and along the corridor in partnership with community stakeholders
 - These could include the number or percentage of housing units priced at various income levels, the number or proportion of commercial spaces occupied by small BIPOC-owned businesses, the proportion of construction contracts held by BIPOC-owned businesses, etc.
- ▶ CB-2 Create oversight and feedback opportunities for stakeholders to measure the City's progress toward identified goals
 - Recurrent meetings and/or communications with impacted community groups throughout the development process (pre-construction through post-construction) could include discussion of individual projects and overall development's progress on goals identified.
- ▶ CB-3 Host regular check-ins with community stakeholders and developers planning and building projects along the corridor
 - Regular communication between developers and residents would ensure that community needs are being understood and addressed throughout project processes. The external oversight body established for the caps and stitches could manage these conversations in coordination with the City's internal leadership team.

Invest in Community Wealth-Building and Anti-Displacement Initiatives

- ▶ CB-4 Prioritize marginalized and displaced communities in all residential and commercial development on public land, including through contracting, cost-controlled leasing, and ownership opportunities
 - The City's redevelopment of the Mueller Airport and other public lands have included contract requirements for MBE/WBE participation and required inclusion of affordable housing, affordable spaces for community-based or community-serving organizations (healthcare, childcare, etc.), and other community benefits. The City and Travis County can use similar tools to create community benefits through development of public lands on and along the I-35 corridor, several of which are illustrated on **Figure 2**.
- ▶ CB-5 Direct a portion of value capture resources toward organizations led by and serving impacted communities
 - The City may be able to direct tax increment, ground lease payments, community benefits payments for bonus density, or other financial streams generated by new development or increased project values toward community-based organizations and/or community development corporations that can be used to build organizational capacity, physical spaces, and wealth/resource generation for impacted communities.

- ▶ CB-6 Explore anti-displacement funding as part of the Our Future 35 project, similar to that included in Project Connect
 - In 2020, Austin voters approved \$300M in anti-displacement funding to prevent displacement in areas near planned Project Connect transit improvements.³¹ The caps and stitches will provide another significant investment that will transform the city’s landscape. As such, the potential for displacement is significant, and targeted anti-displacement programs could require specialized funding to build organizational capacity.

- ▶ CB-7 Expand low-barrier funding opportunities for impacted businesses
 - Several existing City initiatives can support businesses impacted by the construction of the caps and stitches and/or businesses with historical ties to East Austin. For example, the City’s Equity Office operates the Equity Mini-Grant³² to fund community-led efforts that address quality of life disparities. The City could expand flexible funding opportunities like the mini-grant and target the initiatives on the I-35 corridor to prepare local residents and organizations for development. The City could also consider providing microloans or partnering with mission-driven lending organizations like JUST that invests in women entrepreneurs across Texas.³³

- ▶ CB-8 Explore opportunities for residents to invest in community projects through a community real estate investment trust program
 - For example, in Oakland, CA, the East Bay Permanent Real Estate Cooperative raises

funds through direct public offering to fund community-led development projects. This allows community members to invest in and receive dividends from local real estate projects, potentially generating wealth for investors as well as capital for the projects.³⁴

Sustain and Support a Pipeline of BIPOC Developers

- ▶ CB-9 Support and expand BIPOC developer training
 - The City’s housing department has partnered with organizations such as Capital Impact Partners³⁵ to provide developer trainings that establish the technical skills and connections needed to help developers of color participate in and win contracts to receive land and capital. Similar programs could be supported, promoted, expanded, and targeted to development and other solicitation opportunities along the caps and stitches.

- ▶ CB-10 Incentivize inclusion of local BIPOC developers for City land development
 - When there is a competitive solicitation for development on City-owned land, additional points in the competitive evaluation could be awarded for the inclusion of BIPOC developers and other professional service providers to help grow their organizational capacity and access to opportunity and capital. The City and Rally Austin have already demonstrated outreach efforts to increase awareness and participation among minority-owned developers and contractors for the development of 11th Street Blocks 16 and 18.³⁶

³¹ [Project Connect Anti-Displacement Initiatives | AustinTexas.gov](#)

³² [Grant Programs | AustinTexas.gov](#)

³³ [About JUST | Just \(hellojust.com\)](#)

³⁴ [7-7 Esther’s Project Book.pdf \(storage.googleapis.com\)](#)

³⁵ [Equitable Development Initiative - Capital Impact Partners](#)

³⁶ [Block 16 & 18 — AEDC \(austinedc.org\)](#)

- ▶ CB-11 Provide predevelopment funds for local BIPOC developers to advance/initiate development projects
 - Financial assistance during the predevelopment stage would increase the capacity of small-scale developers to compete for projects. Such funds could be provided as loans or even as equity contributions subject to repayment and returns if the development project moves forward and achieves certain performance thresholds. LISC, a national nonprofit, is one example of a potential partner that provides and administers funds for land acquisition and predevelopment costs.³⁷

- ▶ CB-12 Explore an expedited process for small scale developers
 - Streamlining the development process for small scale developers would allow for a greater number of community-led development projects to occur. The City could offer separate streamlined or expedited review process or additional incentives that could help small scale developers and even individuals to develop/redevelop smaller sites and allow for a greater number of developments to happen, which could additionally have a positive impact on housing affordability as well with increased missing middle housing supply.



Collect and Publicize Data that Empowers Community Decision-Makers

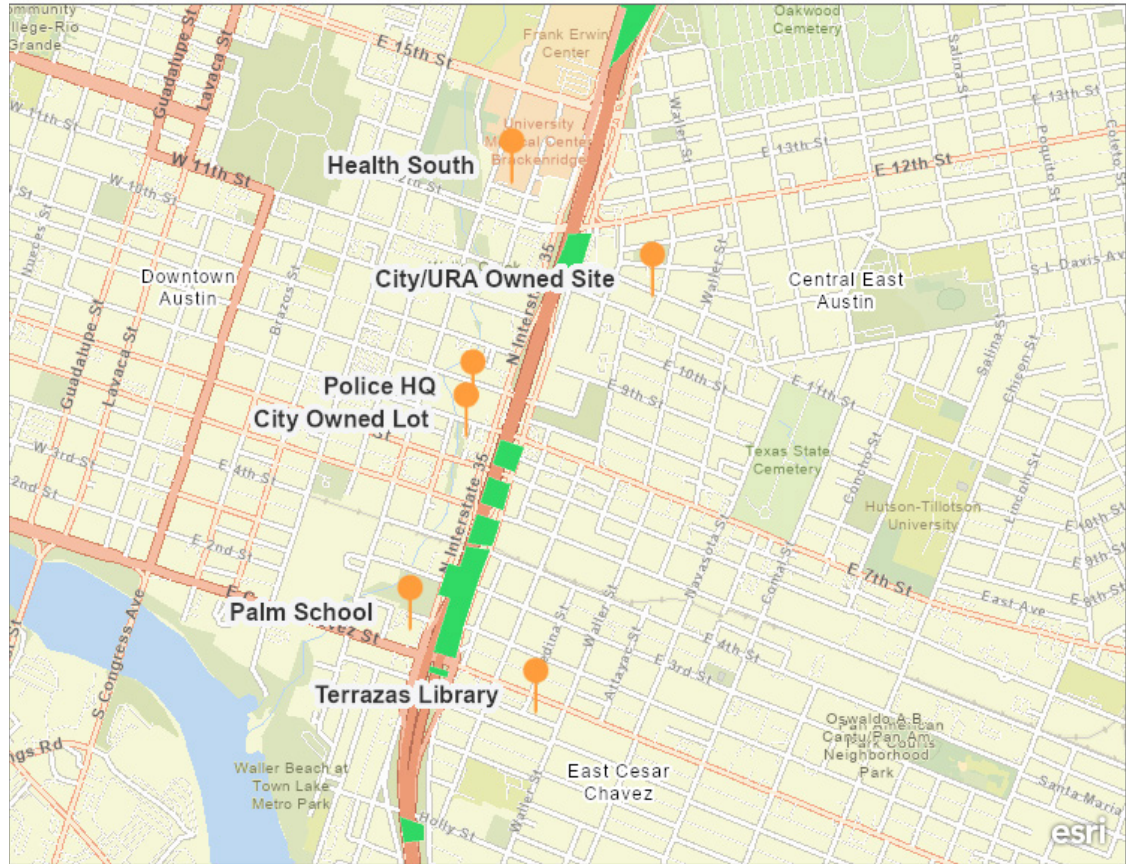
- ▶ CB-13 Catalogue community benefit needs in areas near caps and stitches and soft sites
 - In addition to development agreements between the City and developers to provide community benefits as part of projects on public land, Austin’s neighborhood associations could find success with developers that require affordable housing and other community benefits on private land. The City could streamline the development process by working with impacted communities to identify desired benefits. A first step could be to aggregate priorities identified through recent City initiatives like the ETOD policy plan and the ongoing work of the Equity-Based Preservation Plan.

- ▶ CB-14 Maintain an ongoing inventory of the terms of completed development agreements
 - Neighborhood associations and other groups negotiating community benefit agreements with developers could more easily build upon past successes if the accomplishments were clearly documented and made widely available.

³⁷ [Loan Products | LISC Boston](#)

Figure 2. Potential Redevelopment Sites

- Cap and Stitches 
- Potential Redevelopment Sites 



Sources: City of Austin; Economic and Planning Systems

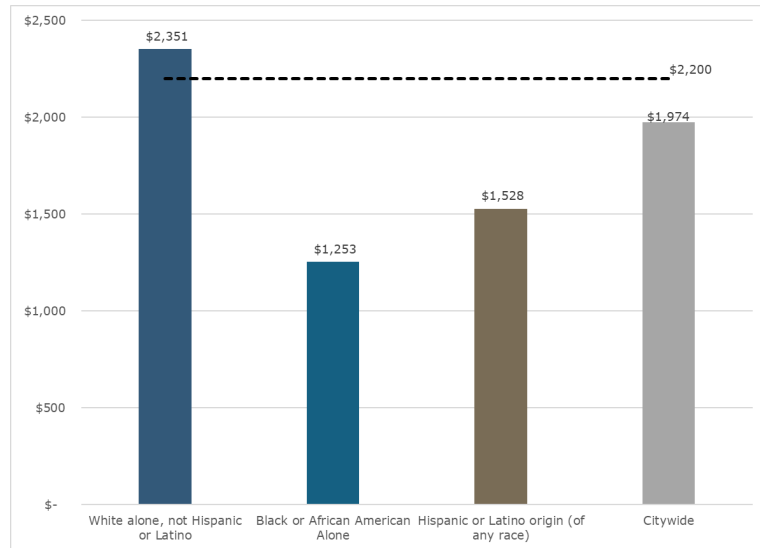
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HOUSING:

Combatting Displacement through Inclusion of Racially and Economically Diverse Households

As a result of Austin’s history of racial segregation and racially-motivated disinvestment, the City’s communities of color face high rates of housing insecurity and are vulnerable to displacement.³⁸ As shown in **Figure 3**, the median apartment rent in Austin in 2023 costs more than most households can afford if they spend a common standard of 30 percent of their income on rent. While median rent is affordable to the median income of white households, that median rent is not affordable

Figure 3. Rent Affordability for Median Household Income by Race



Sources: American Community Survey; Zillow; Economic & Planning Systems

to the median income of Black or Latinx households. This indicates that Black and Latinx households are more likely to be rent-burdened and face housing insecurity. The impact of this burden on Black households is significant: a Black person living in Austin is six times more likely to experience homelessness than a white resident.³⁹ The City can address its housing disparities by investing in solutions at every stage of a person’s housing journey and creating greater opportunities for displaced and marginalized residents to access affordable housing and build wealth.

Examples of potentially contributing departments and organizations:

Potential Contributing Entities	
Austin Housing Finance Corporation	Rally Austin
Austin Community Land Trust	Austin Housing Department
HACA	Non-profit developers
East Austin Conservancy	

³⁸ [AustinUprooted.pdf \(utexas.edu\)](#)

³⁹ [New reports highlight racial inequities and the need for more housing - ECHO \(austinecho.org\)](#)



ISSUE WE'VE HEARD

- ▶ Need to support and expand home ownership opportunities
- ▶ Focus on a restorative framework, especially in light of the upcoming 100-year anniversary of the 1928 plan
- ▶ In addition to housing, focus on tools that can be expanded or supported to provide greater economic and social security



INTENDED OUTCOMES

- ▶ Wealth-building opportunities are accessible to displaced and marginalized residents through home ownership and shared equity opportunities
- ▶ Diversity of housing along the corridor supports an economically and socially viable return of displaced residents
- ▶ A network of support services is available for every stage of housing need



GOALS

- ▶ Prepare and incentivize marginalized and displaced residents for rental and home ownership opportunities
- ▶ Develop a diversity of income and housing formats along the corridor that supports an economically and socially viable return of displaced residents

Key Terms

Affordable Housing: Housing that is priced below market rates so that households with lower than typical incomes can afford the rent or mortgage payments without spending more than 30 to 35 percent of their income on housing costs. Affordable housing can be in buildings that are primarily or entirely affordable (often by nonprofit developers who access public subsidy) but can also be included in otherwise market-rate residential projects built by for-profit developers. Considering the high level of income inequality between the average white households and Black and Latinx households in Austin, affordable housing developments that reserve units for households earning less than 60 percent of the median family income will have the greatest potential to welcome back displaced Black and Brown residents. The City has experience supporting both rental and for-sale housing at this income level.^{40 41}

⁴⁰ [156 Affordable Units Now Underway with Norman Commons Development | AustinTexas.gov](#)

⁴¹ [Groundbreaking for Seabrook Square Multi-Family Development in East Austin | AustinTexas.gov](#)

Right to Return/Right to Stay: A preference policy approved by Austin City Council in 2018 that prioritizes City-funded housing for households that make less than Austin’s median family income and have lived in neighborhoods affected by gentrification. Due to restrictions in federal funding, a Right to Return/Stay can only be tied to local funding for housing projects. So far, the policy has been applied to 24 homes sold by the Community Land Trust to households with ties to six neighborhoods: St. Johns, E. Cesar Chavez, S. Lamar and Rundberg, East Austin, and Southeast Austin.⁴² Policies in Austin and other cities piloting similar programs have had some challenges qualifying eligible households for ownership opportunities.⁴³ As the program is refined, the City could consider preparing people to make use of the policy by providing credit enhancement programs and other services to eligible households before housing is available along the I-35 corridor. Additionally, the City could establish a database of eligible households to streamline the application process when housing becomes available.

⁴² [Austin says it will sell city-owned property to families affected by gentrification | KUT Radio, Austin's NPR Station](#)

⁴³ [Portland Is Trying To Help People Return To Gentrified Areas. Austin Has Similar Plans. | KUT Radio, Austin's NPR Station](#)

Prepare Marginalized and Displaced Residents for Homeownership Opportunities

- ▶ H-1 Invest in resident support services that can prepare households to take advantage of new housing opportunities in the corridor
 - Supporting and expanding programs such as Foundation Communities’ “Prosper Centers”⁴⁴ (financial literacy, education and career assistance, tax services, and navigating health coverage, etc.) can help to build skills and stability among households that may occupy future affordable housing along the corridor.
- ▶ H-2 Aggressively advertise Right to Stay and Right to Return preferences for affordable housing opportunities in the project area, and support connecting residents with housing opportunities for those projects that cannot support the preference policies
 - The City approved a policy in 2018 prioritizing people with current or historic ties to certain neighborhoods, including East Austin, as residents of new affordable housing in those neighborhoods. Marketing the existing and future affordable housing opportunities to households that have already been displaced may be challenging and require investments and efforts well beyond the City itself, but could increase the return of such households and help to reestablish the area’s historic community identity. Ensuring that current and former residents of the impacted area are aware of the affordable housing opportunities can help to maintain gains in community restoration made through the initial tenancies following construction of new residences.

44 [Foundation Communities | Creating housing where families succeed in Austin and North Texas.Prospers Centers - Foundation Communities \(foundcom.org\)](#)

- ▶ H-3 Expand affordable ownership opportunities by increasing the upper limit of the Down Payment Assistance Program and other credit enhancements
 - Some potential buyers of affordable homes have adequate income but lack the savings or credit history to qualify for a traditional mortgage, even at the lower price points.⁴⁵ Austin’s Down Payment Assistance Program currently provides a maximum of \$40,000 in down payment and other home-buying expenses for homes valued up to \$295,000.⁴⁶ Given Austin’s rising costs, the City could consider increasing the amount of assistance and home price limit to allow for more assistance in central Austin. Credit enhancement programs including tools like special purpose credit cards can also help prospective buyers to build or repair their credit history and can be supported and promoted as important preparation for homeownership.⁴⁷

45 [Austin’s program to sell homes to people affected by gentrification off to slow start | KUT Radio, Austin’s NPR Station](#)

46 [Austin Down Payment Assistance Program \(fha.com\)](#)

47 [Using Special Purpose Credit Programs to Expand Equality – NFHA \(nationalfairhousing.org\)](#)

Incentivize a Diverse Range of Housing Development that Meets Varying Community Needs

- ▶ H-4 Leverage publicly-owned land and strategically acquire sites along the corridor for targeted housing development opportunities
 - In projects like the Mueller Airport⁴⁸ and North Campus⁴⁹ redevelopments, Austin and Travis County have previously leveraged land assets to deliver affordable housing and other community benefits. The City has also used bonds to finance land acquisitions for affordable housing through Proposition A Affordable Housing Bond in 2018 and Project Connect’s Anti-Displacement Fund in 2020.⁵⁰ Similar strategies could be explored to prioritize and finance affordable housing development along the I-35 corridor.
- ▶ H-5 Work with the community to identify desirable benefits for which developers may be entitled to a density bonus program for the I-35 corridor
 - The City has several density bonus programs that offer additional development rights in exchange for community benefits including affordable housing and performance spaces. The City could explore opportunities to use development rights along the corridor to generate funding for equitable development initiatives. For example, the draft recommendations developed in the Equity-Based Preservation Plan suggest the exploration of a Transfer of Development Rights program to support preservation of smaller-scale historic buildings.⁵¹
- ▶ H-6 Utilize properties for increased homeownership opportunities at below-market-rate prices
 - The City and Austin Housing Finance Corporation (AHFC) own land throughout the city that is planned for development of affordable or mixed-income housing, including homeownership units. Rally Austin and AHFC could expand the portfolio of affordable housing through strategic acquisitions of available properties, whether that is land for new development or acquisition of existing residences that could then be offered at below market rate prices for eligible households. The properties secured could be contiguous or could be “scattered” throughout the corridor but offered as a package to make development and/or management more efficient and feasible. One method to increase the City’s ability to acquire and steward land would be a community land trust or land bank. The Austin Community Land Trust is operated by AHFC and maintains properties through ground leasing that reduce the cost of homeownership for eligible households.⁵² As another model, the Houston Land Bank operates with a mission to strategically acquire and redevelop properties to facilitate affordable ownership opportunities.⁵³ Although land banks in Texas are still emerging models, given current state statutes, they are a tool for securing property and should be investigated.

48 [Mueller Redevelopment | AustinTexas.gov](#)

49 [North Campus Redevelopment Project \(traviscountytexas.gov\)](#)

50 [ETOD Policy Plan-Accepted 2023 \(publicinput.com\)](#)

51 [PowerPoint Presentation \(austintexas.gov\)](#)

52 [Home | Austin Housing Finance Corporation \(aclt-homes.org\)](#)

53 [For Homebuyers - Houston Land Bank](#)

▶ H-7 Develop affordable and “workforce housing” on publicly-owned land along the corridor priced for lower- and middle-income households

- Most of the recently constructed housing along the I-35 corridor and in downtown Austin has been priced for upper-income residents, and pre-existing homes have also been achieving market values well out of reach for many Austin households. To enhance opportunities for displaced community members to have a home in the project area, the City could leverage its existing supply of publicly-owned lands, and any sites that may be acquired for the Cap and Stitch project to prioritize affordable housing, similar to what is being done for the City’s property at the former Home Depot site in the St. John neighborhood.⁵⁴ **Figure 4** illustrates how a prototypical 20,000 square foot (<0.5 acre) site could be developed for a mix of for-sale and rental units (20 total townhomes and stacked flats), while **Figure 5** illustrates a common mixed-use typology with roughly 130 apartments over 20,000 square feet of ground floor commercial space on a 0.9 acre lot. Some or all of the residential units and commercial space in each example could be offered at below-market-rate prices, and the deeper or broader the extent of affordability, the more likely such projects would require public subsidy.

▶ H-8 Develop specialized housing along the corridor including housing for artists/ musicians (including live/work models) or permanent supportive housing (PSH) for people experiencing homelessness

- **Figure 6** shows how the same 20,000 square foot site shown in **Figure 4** could be developed for either permanent

supportive housing (PSH) (67 units over support space) or artist housing (60 units over shared work and exhibition space). The PSH program would likely require the most public subsidy out of the proposed scenarios for both construction and operations, but would address a growing need in Austin that disproportionately affects the Black community.

▶ H-9 Incentivize development of housing types that create affordability, increase density, and generate wealth where possible

- Community organizations are exploring opportunities for homeowners to generate income through their properties. The Guadalupe Neighborhood Development Corporation’s (GNDC) Alley Flat Initiative⁵⁵ for example, supports the development of small, detached residential units in the back of housing lots. These units can generate income through rental opportunities, house additional family members, or support home businesses. A similar mixed-tenure and wealth-building arrangement could be incorporated into the “Townhomes with Stacked Flats” concept illustrated on **Figure 4**. The housing design would allow for the townhomeowner to rent out the ground floor flat.

⁵⁴ [St. John Site Moves to Next Phase of Redevelopment | AustinTexas.gov](https://www.austintexas.gov/department/st-john-site-moves-to-next-phase-of-redevelopment)

⁵⁵ [The Alley Flat Initiative — Guadalupe Neighborhood Development Corporation \(guadalupe.org\)](https://www.guadalupe.org/alley-flat-initiative)

Increase and Expand Programs that Support Housing Stability

- ▶ H-10 Explore tools to reduce or freeze property taxes for a period of time for households most at risk of displacement
 - Property taxes in Austin are generally assessed based on market values which have increased rapidly in the study area, and some long-time households face increasing tax bills while not having a corresponding increase in their income. Numerous City programs already exist to maintain affordability and slow household displacement due to an inability to pay rising property taxes. The City could explore versions of these to assist lower-income homeowners in the project area. For example, the affordable homeownership program for the Mueller Airport redevelopment⁵⁶ includes an initial and ongoing adjustment to assessed values that reflect the affordability restrictions of the home, rather than assessing the homes at their market values. Austin’s Community Land Trust also promotes long-term affordability for homeownership by taking the cost of land out of the home purchase price and assessed value for tax purposes. Travis County Appraisal District provides “homestead exemptions” that reduce or eliminate taxes for certain categories of homeowners, such as senior citizens, disabled individuals, or surviving spouses of military or first responders killed the line of duty.⁵⁷
- ▶ H-11 Direct value capture resources toward resident support services
 - Through methods such as tax increment financing, redirection of ground lease revenues, or community benefits agreements, the City may be able to leverage increased property values created by the caps to generate funding for housing services such as financial literacy, educational support, etc. These services address the need to develop organizational infrastructure and resident skills that provide greater economic security in addition to stable housing. Value capture funds could be managed by the caps and stitches implementation body and overseen by the external commission.
- ▶ H-12 Support lower-income homeowners with the ongoing costs of homeownership through tax relief and maintenance assistance
 - The City can explore opportunities to expand versions of existing programs that maintain affordability through property tax reductions, deferral, or abatement to assist lower-income homeowners in the project area. In addition, the City’s Housing Department offers various home repair programs to assist lower-income owners to maintain and remain in their homes.⁵⁸ These programs should be maintained to ensure ongoing as well as initial affordability.

⁵⁶ [Mueller Affordable Homes FAQ - Google Docs](#)

⁵⁷ [Homestead Exemptions | Travis Central Appraisal District \(traviscad.org\)](#)

⁵⁸ [Home Repair Programs | AustinTexas.gov](#)

Figure 4. Townhomes with Stacked Flats

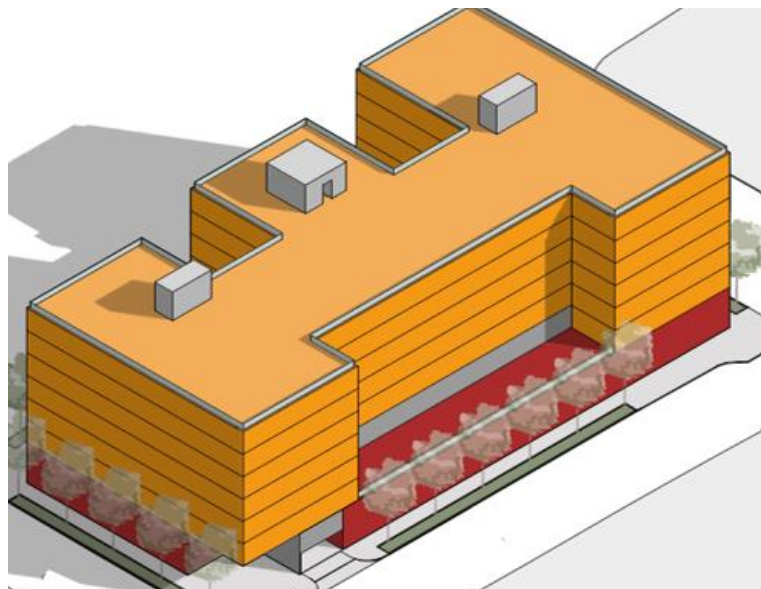
Potential Program	
SITE AREA	20,000 SF (0.46AC)
TOTAL FLOOR AREA	29,400 GSF
Ground Level Flats	60' x 30' lot - 4DU Area = 900 GSF / Flat
Type 01 - 3-Story Townhouse	50'x15' Lot - 8 Townhouses Area = 1,470 GSF /Townhouse
Type 02 - Stacked Townhouses	60'x 30' Lot - 8 Townhouses Area = 1,760 GSF /Townhouse
DENSITY	DU/AC = 43 DU/AC
PARKING	20 parking spaces (1 per DU)



Townhomes can provide an opportunity for both density and home ownership at a more affordable level than a detached single family home. This prototype demonstrates greater density by stacking townhomes on top of ground floor flats. On the half-acre example site above, this configuration can accommodate 20 homes of both ownership and rental opportunities.

Figure 5. Multifamily with Ground Floor Commercial

Potential Program	
SITE AREA	39,000 SF (0.9AC)
TOTAL FLOOR AREA	177,800 GSF
Commercial Area	22,700 GSF
Residential Area	147,700 GSF (132 DU)
Assumptions	85% efficiency for Residential floor Avg. Gross SF per unit = 950 GSF
DENSITY	147 DU/AC
PARKING	100 spaces (across 4 levels)



Mixed-use development can provide flexible, rentable space for community-serving organizations near their constituents. In the figure above, the approximately one-acre site accommodates 132 residential units and more than 20,000 square feet of commercial space.

Figure 6. Specialty Housing

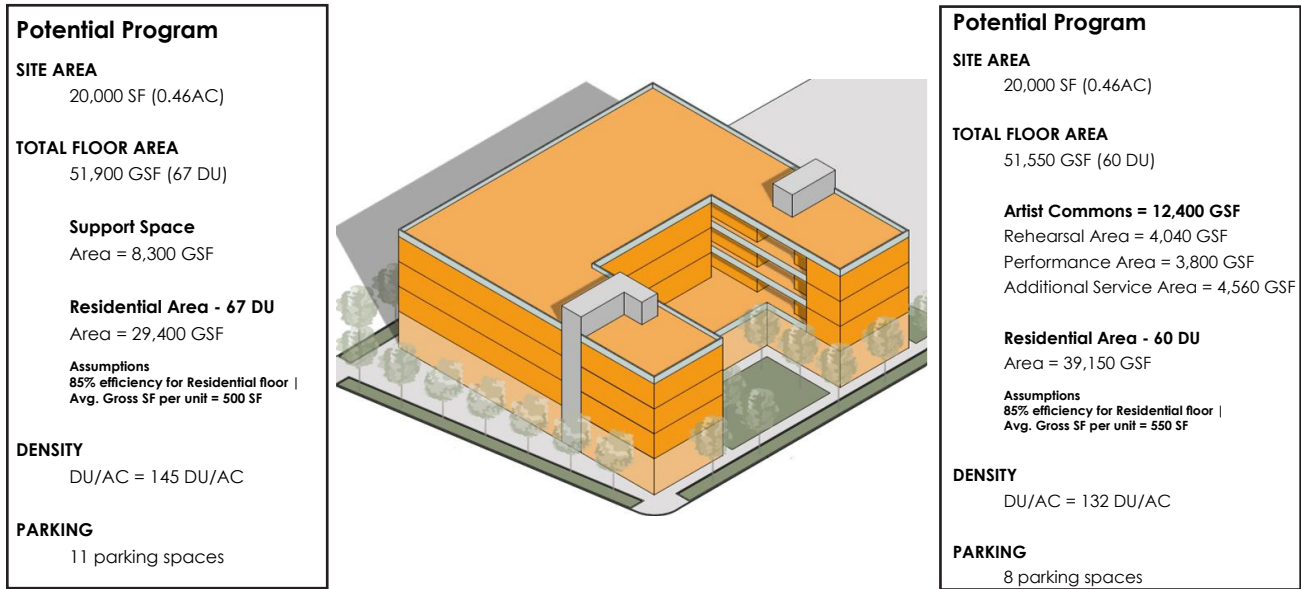


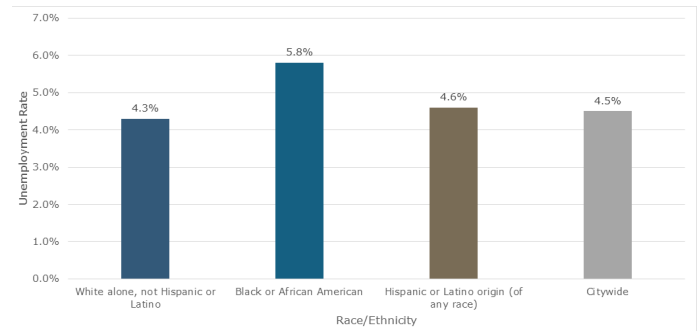
Figure 6 shows the potential of a roughly half-acre site to provide either artist housing or permanent supportive housing. In both potential programs, the residential units are smaller and have fewer parking spaces available than average units in the broader market, but the overall program can accommodate community gathering and service space.

WORKFORCE DEVELOPMENT

Preparing BIPOC Workers for Job Opportunities and Career Growth

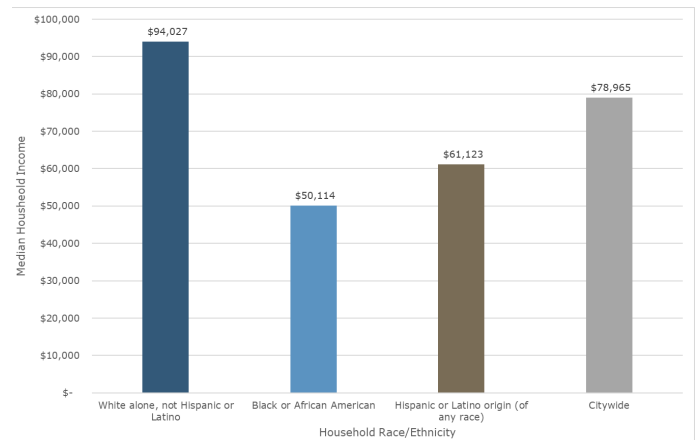
While Austin has become one of the country’s fastest-growing economies in recent years, the gains from this growth have not been equally distributed. As shown in **Figure 7**, the unemployment rate across the city varies significantly by race. Particularly, the unemployment rate for Black residents is roughly 35 percent higher than that of white Austinites. In addition to employment disparities, income in the city also varies significantly by race. As shown in **Figure 8**, the median household income for Black households is only 53 percent of the median household income of Austin’s white households. Therefore, the goal of workforce opportunities created through the Cap and Stitch investments is not only to place people in jobs, but to increase access to high-paying career opportunities for Austin’s BIPOC residents. Making investments in education-to-career connections now can help to ensure that there is a significant pipeline of workers ready to fill future positions. The City has already begun this effort with the launch of the Infrastructure Academy⁵⁹ to prepare residents for jobs on upcoming capital projects.

Figure 7. Austin Annual Unemployment Rate by Race/Ethnicity, 2021



Sources: American Community Survey, 2021 5-year estimate; Economic & Planning Systems

Figure 8. Austin Median Household Income by Race/Ethnicity, 2021



Sources: American Community Survey, 2021 5-year estimate; Economic & Planning Systems

Examples of potentially contributing departments and organizations:

Potential Contributing Entities	
City of Austin Economic Development Department	Austin Urban Tech Movement
Austin Community College	Literary Coalition of Central Texas
Capital IDEA	Workforce Solutions
Austin Public Health Community Health Worker Hub	Travis County Economic Development

59 [‘Infrastructure academy’ coming to Austin | Construction Dive](#)

WORKFORCE DEVELOPMENT



ISSUE WE'VE HEARD

- ▶ Access to services and training is difficult for displaced residents
- ▶ Lack of long-term connection between education, workforce training, and careers
- ▶ Need for greater coordination between residents and existing resources



INTENDED OUTCOMES

- ▶ Services are accessible to constituents, primarily those who have been displaced to outlying areas
- ▶ Workforce needs are identified early on and a continuum of opportunities and support from education through careers is developed



GOAL

- ▶ Coordinate with educational institutions and local companies to solidify connections between education and career opportunities for marginalized and displaced residents

Key Terms

Workforce Development: Policies and programs promoted by the public sector and stakeholder groups to close the gap between local jobs available and the number of skilled workers qualified to fill them.⁶⁰

⁶⁰ [Workforce Development | AustinTexas.gov](https://www.austintexas.gov/WorkforceDevelopment)

Facilitate Training and Job Opportunities for Marginalized Communities in Cap and Stitch Construction and Newly Created Spaces

- ▶ **WD-1** Forecast future workforce needs and education/training requirements for construction of the caps and stitches and associated buildings
 - An October 2023 study completed by CivicSol found that the I-35 project and other capital projects in Austin will require 10,000 more infrastructure jobs per year through 2040. As a result, the City and several partners like Austin Community College plan to launch the Infrastructure Academy.⁶¹ The design, construction, and operations/maintenance of the caps and stitches and new developments on and along the corridor will require a labor force with specific technical skills. As workforce development experts and organizations predict what those skills may be and assess the availability of trained workers in the region, they can work with the Infrastructure Academy to craft training programs and outreach efforts to drive participation.
- ▶ **WD-2** Connect schools and community organizations serving marginalized communities with contractors to enhance hiring opportunities
 - Job training efforts will be successful only if individuals are actually hired for jobs requiring their new skills. The City can partner with the educational organizations to facilitate hiring connections, such as on-campus recruiting or job fairs in accessible locations.
- ▶ **WD-3** Partner with organizations to provide logistical support to make training accessible such as childcare, food, and transportation
 - Stakeholders identified these barriers to participation in job training programs and indicated that both available services and financial support for these expenditures can enhance participation among lower-income trainees.
- ▶ **WD-4** Continue technical support for aspiring contractors to get certifications and develop connections for cap-related construction opportunities
 - Stakeholders identified certifications and networking as significant barriers to small, local businesses. Programs that help such businesses to understand and complete required forms and processes and connect with larger contractors or government agencies can greatly improve the likelihood of participation in this massive infrastructure investment. A 2022 study of the City’s Minority and Women-Owned Business Enterprises Program identified a business “mentor-protégé” program as a potentially successful approach to enhancing MBE/WBE participation.⁶²
- ▶ **WD-5** Establish and enforce contracting, hiring, and training goals for construction
 - The City’s 2022 Disparity Study indicates there has been some success in achieving diverse representation among City contractors, but that equity issues persist.⁶³ To the extent allowed by law, the City could establish requirements or goals for a proportion of contract dollars for the project to be directed toward companies owned by minorities and/or women, and for those and

⁶¹ [Austin to launch Infrastructure Academy to bolster city’s workforce | Community Impact](#)

⁶² [Recommendations for the City of Austin’s Minority- and Woman-Owned Business Enterprise Program 2022 \(austintexas.gov\)](#)

⁶³ [City of Austin Disparity Study Report 2022 \(austintexas.gov\)](#)

all contractors to proportionately hire and train members of marginalized communities as their labor force. One role of the Cap and Stitch oversight group would be to centralize the effort to assess, report, and achieve these goals.

- ▶ **WD-6 Facilitate tailored workforce development programs with local companies in newly created spaces through public-private partnerships and incentive programs**
 - The City can partner with workforce development organizations and specific employers to promote training in certain industries/skills and hiring for targeted populations. For example, the City offers economic development incentives intended to attract and retain desirable employers, and encourages companies to provide certain contracting or hiring commitments focused on equity.⁶⁴ As another example, the Clean Jobs Workforce Hubs Network Program in Illinois⁶⁵ creates a network of 13 sites to deliver a unified curriculum preparing residents to work in clean energy industries. The program specifically prioritizes support for BIPOC, low-income, and environmental justice communities, and for former fossil fuel workers. Such programs in Austin might prioritize communities facing displacement pressures through their locations and/or participation goals. Through the disposition and development of public lands, the City can incorporate commercial space into mixed-use projects on and along the caps and stitches. These newly created business spaces can provide opportunities for workforce development partnerships.

Provide and Incentivize Affordable Space for Workforce Development Services

- ▶ **WD-7 Provide a modest amount of price-accessible, reservable workforce development space near the corridor prior to and during the construction period for training in construction trades, assistance with vendor certification processes, vendor meet-and-greets, job fairs, etc.**
 - Stakeholders indicated that, while primary training facilities may be best located at existing facilities spread throughout the city, having a small amount of space near the project site may also prove helpful to provide support services and connections for contractors and workers. Such space could be leased from existing buildings during the construction period, or might be incorporated as an initial tenant in newly constructed mixed-use buildings. **Figure 9** illustrates how a newly built, multistory commercial building could incorporate a large (16,000+ square foot) ground floor space that could be used as a multipurpose center for participants during construction, and then potentially converted into a permanent community space once construction is completed.
- ▶ **WD-8 Identify appropriate workforce development components for inclusion in new projects built on public land**
 - Through partnerships for development on its land assets, the City can promote certain community benefits including workforce development programs. New mixed-use projects that incorporate space for education and training, and potentially offer discounted rents to

⁶⁴ [Chapter_380_Policy_Draft.pdf \(austintexas.gov\)](#)

⁶⁵ [Clean Jobs Workforce Network Program \(illinois.gov\)](#)

organizations providing such services, may be prioritized in competitive solicitations for development. As an example, the City has recently approved negotiated terms for a development in the St. John neighborhood that includes affordable housing and discounted space for local nonprofits.⁶⁶

- ▶ **WD-9** Direct funding to schools and workforce development organizations to create and implement training in convenient locations
 - The Cap and Stitch funding program can include some resources to create or augment existing workforce training programs, such as ACC’s continuing education program.⁶⁷ Such programs can target the skills required for the Cap and Stitch and subsequent development. Rather than develop new training solutions or facilities on the caps or along the corridor, this project can support these programs that are located in areas more accessible to participants, including ACC’s various campuses outside of downtown.

and technical assistance, the City and other stakeholder groups can promote these types of programs and assist in connecting employees with such employers and educational institutions.

- ▶ **WD-11** Direct a portion of value capture resources toward workforce training programs and facilities
 - Through methods such as tax increment financing, redirection of ground lease revenues, or community benefits agreements, the City may be able to leverage increased property values created by the caps and stitches to generate funding for workforce training programs that continue to train members of marginalized communities for jobs in important and growing industries.

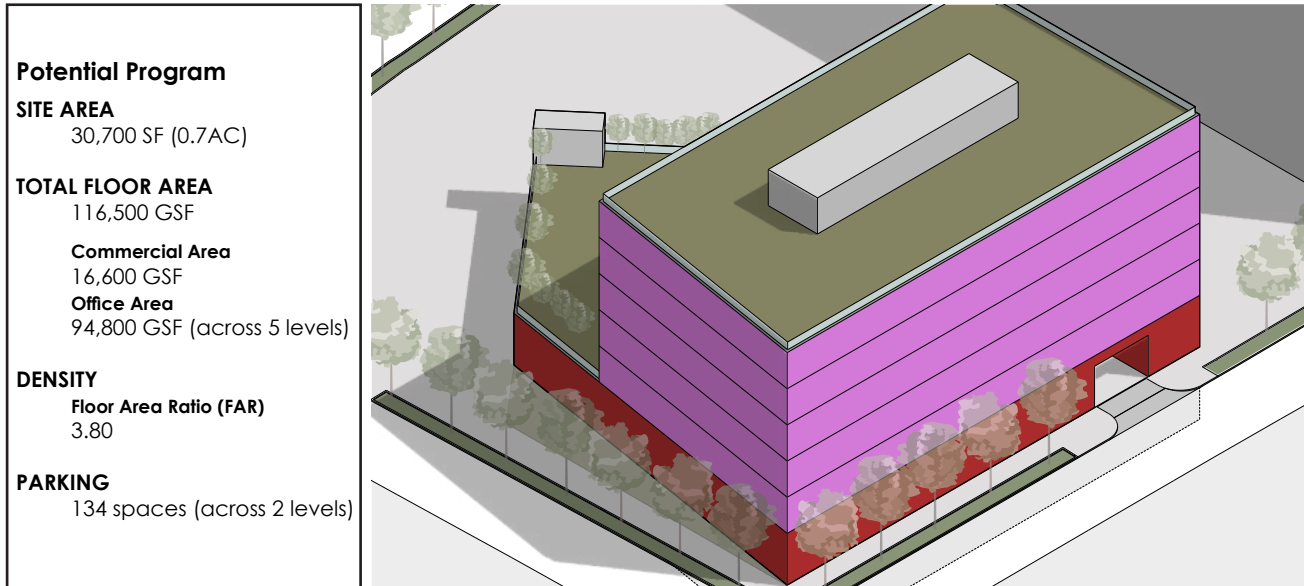
Establish Long Term Connections and Funding for Workforce Development

- ▶ **WD-10** Create long-term career pathways for graduates of training programs
 - Stakeholders identified long-term career pathways as both the goal and challenge of workforce development initiatives. Some companies provide significant training onsite for their employees that can advance their career goals within or beyond the organization, and others provide financial assistance to employees who are attending external training or educational programs. Through financial

⁶⁶ [St. John Site Moves to Next Phase of Redevelopment | AustinTexas.gov](#)

⁶⁷ [ACC Continuing Education \(austincc.edu\)](#)

Figure 9. Workforce Development Community Center Concept



According to workforce development focus group participants, a large, dedicated workforce development center is not likely needed on the corridor considering the services already provided by ACC and other community organizations in suitable locations. However, a smaller subsidized, reservable workforce training space could be created in otherwise more market-driven commercial projects along the corridor, as shown above. The ground floor portion of the building could include entrepreneur and small business support services such as business planning assistance, access to financing, and career counseling.

RETAIL & SMALL BUSINESS:

Making it Easier to Sustain and Succeed

As real estate prices increase in Austin, the commercial environment becomes increasingly difficult for entrepreneurs and small businesses to succeed. These obstacles are exacerbated for minority and women-owned businesses due to discrimination that limits access to capital for these organizations. A Disparity Study prepared for the City in 2016 found that loan applications of MBE/WBEs, especially Black-owned businesses, were more likely to be denied and pay higher interest rates on average, even after accounting for differences in balance sheets and creditworthiness.⁶⁸

For the City to provide equitable opportunity for future development projects, it must invest in minority contractors now and at scale. This may include funding to train staff and technical assistance to start on projects at smaller scales so that they are ready to take on larger opportunities in the coming years.

The caps and stitches also provide the City with an opportunity to strengthen and create unique and supportive commercial corridors for small MBE/WBEs to incubate, grow, and ultimately invest in their properties. As with many opportunities to capitalize on the caps, the key component of this strategy will be to leverage the City's existing programs.

The City's updated Disparity Study completed in 2022⁶⁹ documented that MBE/WBE owners have found the City's contracting affirmative action programs to be critically important for participating in City projects. However, the report also documented concerns to address including a need for greater facilitation between MBE/WBEs and large firms, increased access to City staff to discuss prospective bidding opportunities, increased access to capital, and reduced administrative barriers like contract size and complexity. The business owners interviewed identified several possible initiatives to address these concerns. Several of the opportunities presented in the Disparity Study can be applied to programs along the I-35 corridor.

Examples of potentially contributing departments and organizations:

Potential Contributing Entities	
Community Development Financial Institutions	
Austin Revitalization Authority	Chambers of Commerce
Economic Development Department	

⁶⁸ [2016 Austin Comprehensive Disparity Study](#)

⁶⁹ [City of Austin Disparity Study Report 2022 \(austintexas.gov\)](#)



ISSUE WE'VE HEARD

- ▶ Lack of affordable, flexible commercial space
- ▶ Small businesses and MBE/WBEs lack access to capital
- ▶ Honor downtown's important historical/cultural legacy
- ▶ Difficulty to maintain stability through property tax increases and limited ownership options



INTENDED OUTCOME

- ▶ Local businesses are supported in each stage of development
- ▶ Long-term representation of BIPOC-owned businesses in new buildings and enhanced participation by BIPOC-owned businesses in the construction of new development
- ▶ The programming and development on and along the caps "tells the story" of Austin



GOAL

- ▶ Create a continuum of support services for local MBE/WBEs to grow and achieve lasting stability

Key Terms

Right to Return: This policy described in the Housing section has been used for residential development but has not been explored for businesses.

Procurement: The purchasing of goods and services for City operations and for construction and related professional services for capital projects. Central Procurement within the Financial Services Department handles procurement for the City.⁷⁰

Merchant Associations: Groups of local businesses supporting a range of activities within a commercial district including promotional events and street beautification. The Souly Austin program supports the development of merchant associations in the city.⁷¹

Community Development Financial Institution: Mission-driven banks that fund microenterprises and small businesses, nonprofit organizations, commercial real estate, affordable housing, and more.⁷² Examples of CDFIs in Austin include BiGAUSTIN, PeopleFund,⁷³ and Business and Community Lenders.^{74 75}

⁷⁰ [Austin Finance Online \(austintexas.gov\)](http://austintexas.gov)

⁷¹ [Souly Austin | AustinTexas.gov](http://SoulyAustin.com)

⁷² [CDFI Locator | OFN](#)

⁷³ [Small Business Loans In Texas | PeopleFund](#)

⁷⁴ [BiGAUSTIN](#)

⁷⁵ [Business & Community Lenders of Texas | Austin and Dallas \(bcloftexas.org\)](#)

Promote Participation of BIPOC-Owned Businesses in the Construction, Design, and Occupancy of New Development

- ▶ RSB-1 Consider adjusting vendor specifications for City contracts to relieve contracting barriers
 - The City's 2022 Disparity Study⁷⁶ identified a number of barriers to participation in City contracting faced by small, local businesses, including some barriers especially problematic for MBE/WBE firms. These included certification processes, definitions of relevant experience, rate-setting requirements for professional service firms, and other issues. Addressing these issues can enhance MBE/WBE participation in City contracting, which can also lead to further successes and business growth.
- ▶ RSB-2 Consider a Right to Return policy for displaced businesses
 - The City's Right to Return policy gives preference to income-qualified households with generational ties to certain areas of the city for affordable and community land trust homes. A similar structure could be applied to prioritize space in new commercial development for businesses previously located in Austin that have been displaced due to rising costs.⁷⁷
- ▶ RSB-3 Create pathways for local artists to participate in the designs of newly created spaces
 - Artists generally operate as small local businesses, and many in Austin face economic challenges with the rising cost of living and real estate for their workspaces. Austin's Art in Public Places⁷⁸ program, operated by the Economic Development Department provides working opportunities for artists on public projects, of which the I-35 redesign is a significant example. Engaging local artists early in the design process can also yield outcomes unique to Austin's culture by incorporating art into the function of the caps and stitches and associated new developments rather than making it a standalone feature.
- ▶ RSB-4 Increase training and funding opportunities to help contractors bid on projects, navigate the procurement process, and access technical and financial resources
 - Facilitating connections between emerging and more established businesses as well as fostering communication with the City could help small business and MBE/WBE owners navigate the City bureaucracy more easily. For example, San Antonio operates a Mentor Protégé Program that connects small start-ups with experienced business owners.⁷⁹ A business owner interviewed for Austin's 2022 Disparity Study had participated in the San Antonio program and noted that it had provided opportunities for network connections as well as technical assistance in financing and marketing.

⁷⁶ [Recommendations for the City of Austin's Minority- and Woman-Owned Business Enterprise Program 2022 \(austintexas.gov\)](#)

⁷⁷ [The "Right to Return" - Texas Institute for Property Rights \(texasipr.com\)](#)

⁷⁸ [Art in Public Places | AustinTexas.gov](#)

⁷⁹ [Mentor Protégé Program \(sanantonio.gov\)](#)

- ▶ RSB-5 Enforce greater compliance with prompt payment rules to encourage small business participation in government contracts
 - The small business community has expressed strong concerns about receiving delayed payments on government contracts. Small businesses may not have the resources to make payroll if client payments are late. Incorporating requirements like 10-day prompt pay in contracts can create greater financial stability for small businesses and MBE/WBEs.
- ▶ RSB-6 Encourage the inclusion of affordable and flexible commercial space reserved for local businesses through project agreements
 - The City has prior experience encouraging or requiring developments on public land to prioritize local businesses. Both the Mueller Airport and Second Street redevelopment projects have contractual developer obligations to reserve a portion of retail spaces for local businesses. On and along the caps, the City could impose similar requirements on its own land, prioritizing space not only for retail but also for organizations that service downtown businesses. The City may incentivize such spaces through density bonuses or other advantages on private land.
- ▶ RSB-7 Design caps and stitches to incorporate retail in high leverage locations
 - Retail is most likely to be successful on areas of the caps and stitches featuring high visibility, accessibility, and foot traffic from adjacent activity centers. The design of the caps and stitches should promote retail at such locations, ensuring that they have physical space reserved and are served by loading, lighting, and other features required for retail operations.
- ▶ RSB-8 Pursue multi-tenant “market hall” downtown with retail incubator/support activities like shared kitchen facilities, legal assistance, and marketing services
 - One particularly interesting retail opportunity is the creation of a “market hall” that could serve as both a major attraction and amenity as well as retail incubator with support activities like shared kitchen facilities, legal assistance, and marketing services. **Figure 10** illustrates one potential design of such a facility, which could physically fit on one of the caps and provide space for numerous types and sizes of businesses. As shown, the facility could accommodate restaurant space, numerous small vendors, and workshops, with shared facilities (restrooms, cold storage, commercial kitchens, etc.) providing efficiency and support for the various businesses. The E14th Eatery + Kitchen⁸⁰ in San Leandro, California provides a small example of such a market hall (on the ground floor of an affordable housing development), while the Reading Terminal Market⁸¹ in Philadelphia represents a large-scale example. Both prioritize local vendors with local products, and provide a range of support services to help their vendors succeed and grow.

80 [E14th Eatery + Kitchen | Food Business Incubator | Community Kitchen | San Leandro, CA](#)

81 [Reading Terminal Market is Open Daily! - Philadelphia, PA](#)

- ▶ RSB-9 Incentivize artistic production and performance venues on and near caps
 - Austin’s creative economy needs a wide variety of spaces for practice, production, and performance. The Cap and Stitch project is likely to be a major draw for events and activities, and should include a variety of venues that support the arts both on the caps and in associated developments alongside. Inside and outside, larger and smaller, these venues will require features like lighting, loading, power, seating, shade, and shelter to be adaptable for many different types of performances.
- ▶ RSB-11 Incentivize the use of nontraditional rent structures and explore property tax relief for small businesses
 - Many commercial landlords charge fixed rents to their tenants, but plenty of others charge a combination of fixed rents and performance-based “percentage rents” that increase as the business achieves greater success. Such leasing structures can be helpful for emerging businesses as they gain experience and patronage but may represent a risk or lower return on investment for the property owner. Providing financial support to such landlords, or incentivizing such rent structures through tax advantages, greater development capacity (such as through density bonus), or other means can help both the landlords and their tenants to find financial stability. In addition, retail tenants typically pay the landlord’s property taxes in addition to rent, and many Austin businesses are challenged to pay these rising taxes as property values increase. Alternative rent structures and/or property tax relief may assist in retaining and growing small businesses.

Support Small Business Growth and Stability

- ▶ RSB-10 Explore programs that create pathways for commercial real estate ownership opportunities
 - Stakeholders identified rising and uncertain real estate costs as a major barrier for small, local businesses, including many MBE/WBEs. Programs that create greater cost certainty by providing a path to ownership rather than leasing of commercial space can help stabilize businesses. A 2023 Brookings Institute⁸² study highlights the issues and benefits of commercial property ownership for minority-owned businesses, and offers examples of public support programs from Washington DC, Seattle, and other communities. The City could pursue such efforts prior to construction, but could also incorporate commercial condominiums and shared equity with advantageous financial mechanisms into future development on public land.
- ▶ RSB-12 Partner with chambers and local businesses to develop merchant associations
 - The Souly Austin program, operated by the City’s Economic Development Department, provided several tools to support business districts in creating merchant associations, forming district strategies, and implementing projects.⁸³ Services like these could be expanded to support business development along the I-35 corridor. Long-term mechanisms could be established to ensure the City’s or stakeholders’ capacity to support these areas, potentially including the establishment of a management or public improvement district.

⁸² [Five ways city leaders can support Black entrepreneurs’ efforts to ‘buy back the block’ | Brookings](#)

⁸³ [What Can Souly Austin Do For You? | AustinTexas.gov](#)

- ▶ RSB-13 Partner with trade associations and chambers to reduce barriers to applying to City support programs
 - Existing small business support services are available through the City and external partners. However, additional engagement with trade associations and chambers could be explored to ensure that design, delivery, and advertising of the programs help make services as accessible and constructive as possible for businesses. The 2022 Disparity Study specifically recommends that the City should “implement a comprehensive support services program” that “should be focused on what it takes to be a successful vendor or subcontractor on City projects.”⁸⁴
- ▶ RSB-14 Strengthen CDFI network to support BIPOC entrepreneurs
 - Community Development Financial Institutions (CDFIs) are organizations focused on economic development in disadvantaged communities, and many are certified by and receive funding from the U.S. Department of the Treasury.⁸⁵ PeopleFund, a CDFI founded in East Austin, launched a Small Business Accelerator in 2021 to support BIPOC-owned businesses in Austin. Each quarter, the program provides 20 entrepreneurs of color with business coaching and a loan of up to \$50,000.⁸⁶ Expanding programs like this and targeting them for opportunities along the corridor will help create a pipeline of BIPOC-owned businesses to participate in local development.
- ▶ RSB-15 Explore tools to reduce or freeze property taxes for a period of time for businesses most at risk of displacement
 - Small business owners cited occupancy costs including rent and taxes as being a primary threat to their survival and success. Even businesses that own their property incur rising property taxes that can strain their profitability. The City provides tax abatement for rehabilitated properties in historic districts. A similar program could be explored to support businesses at-risk of displacement.

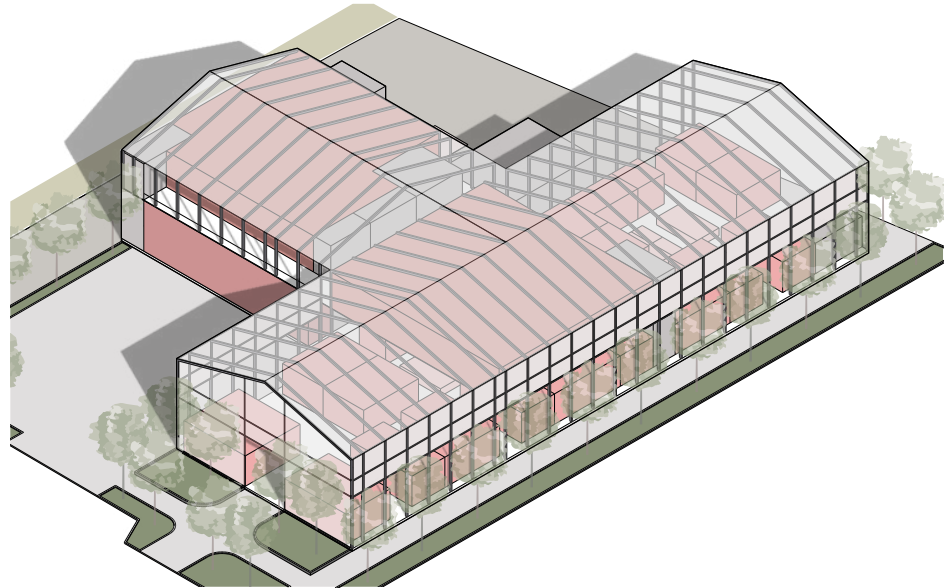
⁸⁴ [Recommendations for the City of Austin's Minority- and Woman-Owned Business Enterprise Program 2022 \(austintexas.gov\)](#)

⁸⁵ [Home | Community Development Financial Institutions Fund \(cdfifund.gov\)](#)

⁸⁶ [PeopleFund Announces BIPOC Small Business Accelerator - PeopleFund](#)


Figure 10. Marketplace Concept

Potential Program	
SITE AREA	51,000 SF (1.17AC)
TOTAL FLOOR AREA	42,000 GSF
Market Area	18,800 GSF
Restaurant Area	5,000 GSF
Workshops Area	10,500 GSF
Circulation and Service Area	7,700 GSF
DENSITY	FAR = 0.83
LOADING BAY	2 spaces (35' long trucks)



Development on and along the caps and stitches can incorporate retail in high leverage locations. The marketplace prototype shown above illustrates an example property for a downtown cap that could support new, emerging, and established businesses. The market area could provide rentable space at a discounted price for microbusinesses, while the restaurant area could be anchored by a more established tenant. There is also space for business support services and commercial kitchen access.

6. Next Steps



The caps and stitches present a tremendous opportunity for Austin to design and implement an equitable, prosperous economic vision along the I-35 corridor. The City is very well-positioned to capitalize on this opportunity--Austin has a thriving private sector, committed elected officials and residents, and strong community organizations.

Many of the building blocks to implement an Equitable Development Strategy along the corridor already exist. The City's near-term investments to strengthen and expand current equitable development services and connections can ensure that the Cap and Stitch investments become leverage to operationalize equitable development on a citywide scale.

In a meeting with the Community Steering Committee in November of 2023, Rally Austin and the City identified priorities for next steps in the implementation of the Equitable Development Strategy. These are a subset of overall final recommendations provided at the beginning of the document.

1. Establish a lead implementation and decision-making body and process.

Implementing a corridor-wide action plan will require a central organization to oversee the coordination of City departments and external stakeholders. It will be crucial to have executive leadership of the overall project. As such, the first step of the Equitable Development Strategy is to identify either an existing position or department or establish a new role or office to oversee accountability to and centering of equitable development throughout the project. The City could also create an external commission for oversight, potentially composed of members of the current Community Steering Committee. Together, the internal and external implementation groups for the caps and stitches could develop measurable goals for development on and along the corridor (number or percentage of housing units priced at various income levels, number or proportion of commercial spaces occupied by small BIPOC-owned businesses, etc.).

2. Develop a dedicated funding stream for equitable development projects along the corridor.

As the City is currently examining funding sources for the caps, it is also crucial to explore funding mechanisms that will provide substantial and lasting resources for anti-displacement and equitable development strategies. As previously noted, the City may be able to capitalize on financial streams generated by new development or increased property values through tax increment, ground lease payments, or community benefits payments for bonus density. Identifying and developing funding opportunities early on will both demonstrate the City's prioritization of equitable development and build capacity for its implementation.

3. Partner with stakeholders to target and expand existing equitable development programs and policies.

Many existing programs and policies can be expanded to support equitable development along the I-35 corridor. For example, the Small Business Accelerator and training programs for BIPOC developers can both be enhanced to target opportunities on and around the caps and stitches. This project also presents the opportunity to explore new programs and policies such as a commercial Right to Return, a mentor-protégé program for MBE/WBE contractors, and expanded down payment assistance. In this initial stage of the Equitable Development Strategy, partners like the Economic Development Department, the Chambers, and community-based organizations need to be identified to facilitate and scale these programs as needed.

4. Prioritize underutilized land for community development and investment opportunities.

Rally Austin is in a unique position to expand the City's practice of delivering community benefits through public-private partnerships. Planning for development opportunities should begin now by identifying specific sites and plans for City-owned land along the I-35 corridor, newly created areas on the caps and stitches, and additional sites made available for the I-35 project. To prioritize financial benefits for community members from such development, Rally Austin should explore mechanisms for community-wealth building such as a community investment trust or other models.⁸⁷

⁸⁷ [Resources \(investcit.com\)](#)

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