

January 21, 2019

Ms. Rosie Truelove
Director, Neighborhood Housing & Community Development
City of Austin
1000 East 11th Street, Suite 200
Austin, TX 78702

Dear Ms. Truelove,

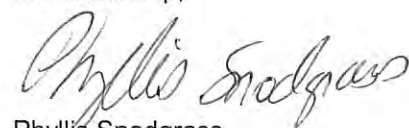
On behalf of Austin Habitat for Humanity, thank you and the City for the strong partnership you have offered to our organization over the years, and for the opportunity to submit a proposal for additional affordable homeownership development in Austin. We are pleased to present this request for support to continue creating and providing affordable housing at our Scenic Point development, which ultimately will offer safe, stable and affordable homes to 67 hardworking families.

We have enclosed our application and all attachments required for consideration in the first round of applications for the Ownership Housing Development Assistance Program (OHDA). As one of the leading advocates for the passage of the recent housing bond as part of our over-all support for affordable housing in the City, we are excited to submit this application to begin utilizing bond funds in support of our communities.

If you would like any additional information or have questions about our application, please feel free to contact Mary Campana, Vice President of Development, at 512-472-8788 x419 or mcampana@ahfh.org or Kate Reznick, Grants Manager, at 512-472-8788 x117 or kreznick@ahfh.org. We look forward to hearing from you, and to strengthening our relationship supporting the affordable housing goals of hardworking families in Austin.

Again, we thank you for the City's crucial support of our programs and services over the years, and we are eager to embark on this new chapter in affordable housing with you!

In Partnership,



Phyllis Snodgrass
Chief Executive Officer

Board Members Heather Ladage | Larry Smith | Curtis Page | David Osborn | John Neff | Yvette Boatwright | Michael Golden | Valerie Salinas-Davis | Joe Tracy | Ross Sabolcik | Sherine Thomas | Hugh Forrest | Gaylon Boyd | John Doucet | Chris Engen | Anand Srinivasan | Joe Bland | Ken Corby | Kevin Cunningham | Jay Hartzell | Dana Leaman | Phil Hutchinson | David O'Neil | Estrella Posey | Cynthea Rhodes-Patterson | Shelli Taylor | Dan Young | Kyle Hoskins | Dr. George Gau | Jeff Serra



500 W Ben White Blvd, Austin, TX 78704
512-472-8788 | austinhabitat.org



HOUSING DEVELOPMENT ASSISTANCE (RHDA/OHDA)

Application for Housing Development Financing

PLEASE NOTE: AHFC Reserves the right to fund projects at a lower amount than requested, and the right to deny applications that do not coincide with the [Austin Strategic Housing Blueprint](#) and policy direction from the Austin City Council.

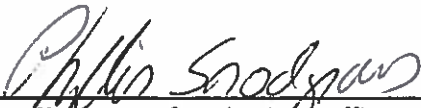
Applicant Information

(If the developer involves multiple entities, is a partnership or joint venture, please provide the requisite information for each and identify the entity that will serve as the "lead" organization.)

| | | |
|------------------------------|--|------------|
| Developer Name | Owner Name | |
| Austin Habitat for Humanity | Austin Habitat for Humanity | |
| Street Address | | |
| 500 West Ben White Boulevard | | |
| City | State | Zip |
| Austin | TX | 78704 |
| Contact Name | Contact Telephone | |
| Mary Campana | 512-472-8788 x419 | |
| Contact Email | | |
| mcampana@ahfh.org | | |
| Federal Tax ID Number | D-U-N-S Number (visit www.dnb.com for free DUNS#.) | |
| 74-2373217 | 603218900 | |

The applicant/developer certifies that the data included in this application and the exhibits attached hereto are true and correct. *Unsigned/undated submissions will not be considered.*

| | |
|---------------------------------------|------------------------------------|
| Legal Name of Developer/Entity | Title of Authorized Officer |
| Austin Habitat for Humanity, Inc. | Chief Executive Officer |


Signature of Authorized Officer


Date

INSTRUCTIONS: Applications will be reviewed on a quarterly basis. All applications submitted in the review period that achieve the minimum threshold score will be reviewed by an internal panel of NHCD staff. All awards will be made by the AHFC Board of Directors. To be considered for an award, please complete this application electronically, print, sign, and deliver to:

Department of Neighborhood
Housing and Community
1000 East 11th Street
Austin, Texas 78702
Attn: James May
Community Development Manager

City of Austin

JAN 31 2019

NHCD / AHFC

Project Summary Form

| | | |
|--|---|---|
| 1) Project Name Scenic Point | 2) Project Type 100% Affordable | 3) New Construction or Rehabilitation? New Construction |
| 4) Location Description (Acreage, side of street, distance from intersection) East of 183, 0.5 miles from intersection of Johnny Morris & Loyola | | 5) Mobility Bond Corridor Colony Loop Dr |
| 6) Census Tract 22.02 | 7) Council District District 1 | 8) Elementary School JORDAN EL |
| 9) Affordability Period 99 Years | | |
| 10) Type of Structure Single Family | 11) Occupied? No | 12) How will funds be used? Construction Only |

13) Summary of Rental Units by MFI Level

| Income Level | Efficiency | One Bedroom | Two Bedroom | Three Bedroom | Four (+) Bedroom | Total |
|--------------------|------------|-------------|-------------|---------------|------------------|----------|
| Up to 20% MFI | | | | | | 0 |
| Up to 30% MFI | | | | | | 0 |
| Up to 40% MFI | | | | | | 0 |
| Up to 50% MFI | | | | | | 0 |
| Up to 60% MFI | | | | | | 0 |
| Up to 80% MFI | | | | | | 0 |
| Up to 120% MFI | | | | | | 0 |
| No Restrictions | | | | | | 0 |
| Total Units | 0 | 0 | 0 | 0 | 0 | 0 |

14) Summary of Units for Sale at MFI Level

| Income Level | Efficiency | One | Two | Three | Four (+) | Total |
|--------------------|------------|----------|----------|-----------|-----------|-----------|
| Up to 60% MFI | | | | | | 0 |
| Up to 80% MFI | | | 8 | 28 | 15 | 51 |
| Up to 120% MFI | | | | | | 0 |
| No Restrictions | | | | | | 0 |
| Total Units | 0 | 0 | 8 | 28 | 15 | 51 |

15) Initiatives and Priorities

| Initiative | # of Units | Initiative | # of Units |
|---|------------|-------------------------|------------|
| Accessible Units for Mobility Impairments | 5 | Continuum of Care Units | |
| Accessible Units for Sensory Impairments | 1 | | |

Use the City of Austin GIS Map to Answer the questions below

- 16) Is the property within 1/2 mile of an Imagine Austin Center or Corridor?
- 17) Is the property within 1/4 mile of a High-Frequency Transit Stop?
- 18) Is the property within 3/4 mile of Transit Service?
- 19) The property has Healthy Food Access?

20) Estimated Sources and Uses of funds

| <u>Sources</u> | |
|------------------------|----------------|
| Debt | 0 |
| Third Party Equity | 0 |
| Grant | 500,000 |
| Deferred Developer Fee | 0 |
| Other | 3320705 |
| City of Austin | 1020000 |

| <u>Uses</u> | |
|-----------------|---------|
| Acquisition | 0 |
| Off-Site | 0 |
| Site Work | 0 |
| Sit Amenities | 0 |
| Building Costs | 4412324 |
| Contractor Fees | 0 |
| Soft Costs | 0 |
| Financing | 0 |
| Developer Fees | 428381 |

Total \$ 4,840,705

Total \$ 4,840,705

Development Schedule

Site Control

Acquisition

Zoning

Environmental Review

Pre-Development

Contract Execution

Closing of Other Financing

Development Services Review

Construction

Site Preparation

25% Complete

50% Complete

75% Complete

100% Complete

Marketing

Pre-Listing

Marketing Plan

Wait List Process

Disposition

Lease Up

Close Out

Start Date

End Date

Feb-16

Feb-17

Apr-16

Jan-17

Feb-17

Feb-16

Jun-16

Aug-17

Jan-00

Aug-17

Aug-17

Apr-24

Aug-17

Jun-19

Jan-21

Jul-22

Apr-24

Jan-17

Nov-23

Jan-17

Apr-23

Jan-17

Nov-23

Jan-00

Jan-00

Dec-14

May-16

Sep-17

Feb-19

Jun-20

Oct-21

Mar-23

Jul-24

Dec-25

Site Control

Acquisition

Zoning

Environmental Review

Pre-Development

Contract Execution

Closing of Other Financing

Development Services Review

Construction

Site Preparation

25% Complete

50% Complete

75% Complete

100% Complete

Marketing

Pre-Listing

Marketing Plan

Wait List Process

Disposition

Lease Up

Close Out

Development Budget

| | Total Project Cost | Requested AHFC Funds | Description |
|---|--------------------|----------------------|---|
| Pre-Development | | | |
| Appraisal | \$ 4,000 | | |
| Environmental Review | \$ 25,275 | | Environmental Review & Geotechnical Soil Reports |
| Engineering | \$ 51,150 | | |
| Survey | \$ 76,020 | | |
| Architectural | \$ 59,400 | | |
| Settlement Fees | \$ 4,939 | | |
| Legal | \$ 20,000 | | |
| Developer Fees | \$ 36,118 | | |
| Contingency | \$ 12,039 | | |
| Subtotal Pre-Development Cost | \$ 288,941 | \$ - | All funds previously requested and received from AHFC |
| Acquisition | | | |
| Site and/or Land | \$ 798,000 | | Donated Land |
| Structures | | | |
| Other (specify) | | | |
| Subtotal Acquisition Cost | \$ 798,000 | \$ - | All land donated to Austin Habitat |
| Construction | | | |
| | | | All funds (infrastructure/site work) previously requested and received from AHFC |
| Infrastructure | \$ 1,577,204 | | |
| Site Work | \$ 342,517 | \$ 54,937 | Includes sidewalk/driveway/curb cuts and site clear/grading |
| Demolition | | \$ - | |
| Concrete | \$ 904,870 | \$ 145,135 | Foundations |
| Masonry | \$ 62,446 | \$ 10,016 | |
| Rough Carpentry | \$ 768,146 | \$ 123,205 | Lumber, Cornice |
| Finish Carpentry | | \$ - | |
| Waterproofing and Insulation | \$ 111,769 | \$ 17,927 | |
| Roofing and Sheet Metal | \$ 201,905 | \$ 32,384 | |
| Plumbing/Hot Water | \$ 710,459 | \$ 113,952 | |
| HVAC/Mechanical | \$ 360,544 | \$ 57,829 | |
| Electrical | \$ 540,816 | \$ 86,743 | |
| Doors/Windows/Glass | \$ 141,333 | \$ 22,669 | |
| Lath and Plaster/Drywall and Acoustical | \$ 274,338 | \$ 44,002 | |
| Tile Work | | \$ - | |
| Soft and Hard Floor | \$ 109,734 | \$ 17,601 | |
| Paint/Decorating/Blinds/Shades | \$ 236,156 | \$ 37,878 | Paint, Shades, Interior Trim, Lockout Package |
| Specialties/Special Equipment | | \$ - | |
| Cabinetry/Appliances | \$ 123,633 | \$ 19,830 | |
| Carpet | | \$ - | |
| Other (specify) | \$ 739,115 | \$ 118,549 | Includes: permit/inspection/survey (\$90,136); Misc. fasteners (\$32,449); Sheds (\$36,504); Utilities/Trash (\$201,905); Landscaping (\$144,218); Fencing (\$158,639); Countertops (\$54,082); Casualty (\$21,663) |
| Construction Contingency | \$ 168,833 | \$ 27,080 | |
| Subtotal Construction Cost | \$ 7,373,818 | \$ 929,735 | |
| Soft & Carrying Costs | | | |
| Legal | | | |
| Audit/Accounting | | | |
| Title/Recordin | | | |
| Architectural (Inspections) | | | |
| Construction Interest | | | |
| Construction Period Insurance | | | |
| Construction Period Taxes | | | |
| Relocation | | | |
| Marketing | | | |
| Davis-Bacon Monitoring | | | |
| Other (specify) | \$ 562,778 | \$ 90,265 | |
| Subtotal Soft & Carrying Costs | \$562,778 | \$90,265 | |
| | | | |
| TOTAL PROJECT BUDGET | \$9,023,537 | \$1,020,000 | Please note that this budget is for the entirety of the project, including pre-development, infrastructure and the building of 67 homes. The funding table in the summary form is for the present project only (construction of the remaining 51 homes. |

Projected Affordability Data for Home Sales (OHDA)

| | Unit Model 1 | Unit Model 2 | Unit Model 3 | Unit Model 4 | Unit Model 5 | Unit Model 6 | Unit Model 7 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Number of Units | 8 | 28 | 12 | 3 | 0 | 0 | 0 |
| Number of Bedrooms | 2 | 3 | 4 | 5 | 0 | 0 | 0 |
| Square Footage | 900 | 1087 | 1199 | 1359 | 0 | 0 | 0 |
| Anticipated Sale Price | \$135,000 | \$145,000 | \$160,000 | \$175,000 | \$0 | \$0 | \$0 |
| Borrower Contribution | \$3,000 | \$3,000 | \$30,000 | \$3,000 | \$0 | \$0 | \$0 |
| Homebuyer Subsidy | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Principal Amount of Mortgage | \$138,000 | \$148,000 | \$163,000 | \$178,000 | \$0 | \$0 | \$0 |
| Anticipated Interest Rate | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | | | | | | | |
| Monthly Principal Amount | \$375 | \$403 | \$403 | \$486 | \$0 | \$0 | \$0 |
| Monthly Interest | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Estimated Monthly Taxes | \$259 | \$278.00 | \$278.00 | \$335.00 | \$0.00 | \$0.00 | \$0.00 |
| Estimated Monthly Insurance | \$56.00 | \$60.00 | \$60.00 | \$95.00 | \$0.00 | \$0.00 | \$0.00 |
| TOTAL Estimated PITI | \$690 | \$741 | \$741 | \$916 | \$0 | \$0 | \$0 |

| | | |
|---|-----------------|--|
| Project Name | Scenic Point | |
| Project Type | 100% Affordable | |
| Council District | District 1 | |
| Census Tract | 22.02 | |
| AHFC Funding Request Amount | \$1,020,000 | |
| Estimated Total Project Cost | \$4,840,705 | |
| High Opportunity | No | |
| High Displacement Risk | NO | |
| High Frequency Transit | No | |
| Imagine Austin | Yes | |
| Mobility Bond Corridor | Colony Loop Dr | |
| SCORING ELEMENTS | | Description |
| UNITS | | |
| < 20% MFI | 0 | # of rental units at < 20% MFI |
| < 30% MFI | 0 | # of rental units at < 30% MFI |
| District Goal | 0.00% | % of annual goal reached with units |
| High Opportunity | 0.00% | % of annual goal reached with units |
| Displacement Risk | 0.00% | % of annual goal reached with units |
| High Frequency Transit | 0.00% | % of annual goal reached with units |
| Imagine Austin | 0.00% | % of annual goal reached with units |
| Geographic Dispersion | 0.00% | % of annual goal reached with units |
| Mobility Bond Corridor | 0.00% | % of annual goal reached with units |
| SCORE | 0 | % of Goals * 20 |
| < 40% MFI | 0 | # of rental units at < 40% MFI |
| < 50% MFI | 0 | # of rental units at < 50% MFI |
| District Goal | 0.00% | % of annual goal reached with units |
| High Opportunity | 0.00% | % of annual goal reached with units |
| Displacement Risk | 0.00% | % of annual goal reached with units |
| High Frequency Transit | 0.00% | % of annual goal reached with units |
| Imagine Austin | 0.00% | % of annual goal reached with units |
| Geographic Dispersion | 0.00% | % of annual goal reached with units |
| Mobility Bond Corridor | 0.00% | % of annual goal reached with units |
| SCORE | 0 | % of Goals * 15 |
| < 60% MFI | 0 | # of units for purchase at < 60% MFI |
| < 80% MFI | 51 | # of units for purchase at < 80% MFI |
| District Goal | 7.20% | % of annual goal reached with units |
| High Opportunity | 0.00% | % of annual goal reached with units |
| Displacement Risk | 0.00% | % of annual goal reached with units |
| High Frequency Transit | 0.00% | % of annual goal reached with units |
| Imagine Austin | 18.60% | % of annual goal reached with units |
| Geographic Dispersion | 0.00% | % of annual goal reached with units |
| Mobility Bond Corridor | 54.24% | % of annual goal reached with units |
| SCORE | 12 | % of Goals * 15 |
| Unit Score | 12 | MAXIMUM SCORE = 350 |
| INITIATIVES AND PRIORITIES | | |
| Continuum of Care | 0 | Total # of units provided up to 100 per year |
| Continuum of Care Score | 0 | (total CoC Units/100 + HF Units/50)*20 |
| Access to Healthy Food | No | Within 1 Mile of Healthy Food (City GIS) |
| Continuum of Care Weighted Score | 0 | Mobility, Access to Jobs, Community Institutions, Social Cohesion |
| 2 Bedroom Units | 8 | Total Affordable 2 Bedroom units |
| 3 Bedroom Units | 28 | Total Affordable 3 Bedroom units |
| 4 Bedroom Units | 15 | Total Affordable 4+ Bedroom units |
| Multi-Generational Housing Score | 20 | Multi-bedroom Unit/Total Units * 20 |
| TEA Grade | 81 | Elementary School Rating from TEA |
| Multi-Generational Housing Weighted Score | 6 | Educational Attainment, Environment, Community Institutions, Social Cohesion, Ec |
| Accessible Units | 6 | mobility and sensory units |
| Non-PSH, Non-Voucher Under 20% MFI | 0 | Total units under 20% MFI |
| Accessibility Score | 2 | Accessible Unit/Total Units * 20 |
| Metro Access Service | Yes | Within 3/4 mile of fixed route transit |
| Accessibility Weighted Score | 0 | Housing Stability, Health, Mobility, Community Institutions |
| Initiatives and Priorities Score | 29 | MAXIMUM SCORE = 200 |
| UNDERWRITING | | |
| AHFC Leverage | 21% | % of total project cost funded through AHFC request |
| Leverage Score | 20 | 25 - (% leverage * 25) |
| AHFC Per Unit Subsidy | \$20,000.00 | Amount of assistance per unit |
| Subsidy per unit score | 23 | (\$200,000 - per unit subsidy)*25/\$200,000 |
| AHFC Per Bedroom Subsidy | \$6,375.00 | Amount of assistance per bedroom |
| Subsidy per Bedroom Score | 24 | (\$200,000 - per bedroom subsidy)*25/\$200,000 |
| Debt Coverage Ratio (Year 5) | 0.00 | Measured at the 5 Year mark |
| Debt Coverage Ratio Score | 0 | Minimum = 1.0; Maximum = 1.5; 1.25 = best score |
| Underwriting Score | 66 | MAXIMUM SCORE = 100 |
| APPLICANT | | |
| FINAL QUANTITATIVE SCORE | 107 | THRESHOLD SCORE = 50 |
| Previous Developments | | |
| Compliance Score | | |
| Proposal | | |
| Supportive Services | | |
| Development Team | | |
| Management Team | | |
| Notes | | |

AUSTIN HOUSING FINANCE CORPORATION

APPLICATION FOR OWNERSHIP HOUSING DEVELOPMENT ASSISTANCE (OHDA) - 2019

i. APPLICANT ENTITY

- a. Introduction: Austin Habitat for Humanity has been developing and constructing affordable homes in Austin and Central Texas for more than 30 years. Since our founding in 1985, we have built nearly 450 homes for hardworking low-income families in the area, and have developed more than 20 properties into affordable housing communities. All families who become Habitat homeowners first complete an extensive series of prequalification activities, including financial education and ongoing one-on-one homeownership counseling. In addition, each family helps build their own home and contributes other forms of “sweat equity” to ensure strong buy-in and commitment. When these activities are complete and the home is ready to be occupied, each family receives an affordable 0% mortgage equaling less than 30% of their monthly income to avoid housing cost burden and allow families to build assets for education, health care, and ongoing success.

As Austin Habitat continues to grow, the team looks to expand the number and type of homes that we can develop and provide to the community, through the acquisition of larger land areas and the development of ambitious new projects including multifamily housing. Austin Habitat’s strong team – including real estate, architecture, construction, client service and community engagement professionals – ensures that each project is undertaken with compassion, a strong focus on quality, and an ongoing commitment to compliance with all requirements. We have worked frequently with the City of Austin and numerous other stakeholders to support our programs, including State and Federal funding supporters, foundations, corporate sponsors, and individual donors.

- b. Certificate of Status: Please see attached certificate of registration with the state of Texas.
- c. Applicant Capacity: Please see attached Curriculum Vitae for each of the principal members of this project.
- d. Statement of Confidence: Please note that because Austin Habitat for Humanity has performed homeownership development work within the City of Austin for more than 30 years and has performed many homeownership development projects in partnership with Austin Housing Finance Corporation, the team was informed by the City that a Statement of Confidence is not required.
- e. Financial Capacity: Please see narrative below for a description of our expertise managing all aspects of an affordable housing development project. In addition, we have provided all required attachments: IRS tax-exempt statement; certified audit including opinion and management letters; and a Board approval for the project and the request for continued funding from the City.
- i. Project Management: With nearly 450 affordable homes constructed, Austin Habitat for Humanity provides more than three decades of project management experience and institutional knowledge about the most efficient and effective ways of creating affordable housing for hardworking families in Central Texas. Collectively, our staff brings experience that includes all phases of housing development including site acquisition, land development, design, and construction as well as marketing/outreach, finance, and other required areas.

- ii. Market Analysis: With a focus toward affordable housing, our staff has experience in identifying housing demand and capacity for low-income working families (those earning up to 80% of the Median Family Income for the area). The team reviews information researched and published by the City as well as information from other nonprofits and organizations dedicated to affordable housing. Austin Habitat has an established, detailed intake process for prospective families to enter our program. Many have been qualified through our housing counseling and have gone through underwriting to determine their ability to pay a mortgage, and remain on a waiting list. Please see attached market assessments.
- iii. Site Selection and Control: Over the years, Austin Habitat has acquired finished lots and raw land that were developed for single-family housing development, including the Scenic Point area. Our organization owns the property in Scenic Point Subdivision: Lots 91 through 117, inclusive, Block A, Lots 25 through 65, inclusive, and Lott 122, Block C, SCENIC POINT SUBDIVISION, PHASE TWO, according to the map or plat thereof recorded in Document No. 200200035, Official Public Records, Travis County, Texas.
- iv. Planning and Construction: AHFH has experience with the City's Land Development Code, and has the capacity to navigate a housing development project through the entitlement and permitting process, having successfully completed many affordable home development projects within the City of Austin over our history. Our organization also employs full-time personnel dedicated to housing construction, including coordinating a core group of experienced volunteers that consistently work on the houses we build.
- v. Design, Architecture and Engineering: Austin Habitat for Humanity's approach to housing development begins with acquisition of finished vacant residential ready-to-build lots; we have experience developing subdivisions and we retain the services of a civil engineer to assist us with design. Austin Habitat has a portfolio of house plans for single-family residential properties, ranging from 2 to 5 bedrooms to support a variety of family units, and is developing additional multifamily housing models to provide affordable housing more efficiently to families in need. We currently have working relationships with a variety of professionals including architects and engineers who provide design services as needed to complete our housing development projects. We also employ an in-house registered architect who coordinates with construction staff issues related to design, permitting, and onsite field inquiries.
- vi. Legal and Accounting: Austin Habitat employs the services of legal counsel as needed and has an experienced attorney who serves as Legal Officer on the Board of Directors. Attorneys provide assistance in areas of land acquisition and coordinate title closings for our house selling transactions. Our accountants provide the necessary services essential to our operation and perform an annual audit that reflects the overall financial position of the organization. We also employ on staff a Chief Financial Officer (CFO) who is a Certified Public Accountant, as well as accounting/bookkeeping staff that monitor our operating transactions and construction spending activities.
- vii. Federal Funding Rules and Other Funding Rules: On staff we have several personnel that have experience in federal funding programs including CDBG, HOME, and NSP. Multiple staff members have significant federal program and contract administration experience, and all Austin Habitat projects are performed in accordance with the *Uniform Administrative*

Requirements, Cost Principles and Audit Requirements for Federal Awards, 2 C.F.R. § 200 et seq. as well as any state and local statutes and regulations. Austin Habitat receives funding from state, federal and local governments as well as from private individuals, foundations, corporations and other sources, and is experienced at leveraging funds from multiple sources for housing development and construction.

Recent and ongoing projects include the following:

| Address | Number of Units | New or Rehab | Type of Property | Year Completed |
|------------------------------------|------------------------|---------------------|-------------------------|-----------------------|
| Heritage Village | 13 | New | Single Fam. | 2004 |
| Frontier at Montana | 30 | New | Single Fam. | 2008 |
| Devonshire Village | 43 | New | Single Fam. | 2013 |
| Meadow Lake | 25 | New | Single Fam. | 2011 |
| Sendero Hills | 49 | New | Single Fam. | 2013 |
| Gilbert Lane | 31 | New | Single Fam. | 2015 |
| Lee Meadows | 11 | New | Single Fam. | 2016 |
| Magin Meadow | 16 | New | Single Fam. | 2017 |
| Guadalupe-Saldaña | 4 | New | Single Fam. | 2018 |
| 4 th & Onion – Saltillo | 57 | New | Multifamily | Ongoing |
| Mueller | 11 | New | Multifamily | Ongoing |
| Scenic Point | 67 | New | Single Fam. | Ongoing |

ii. **DEVELOPMENT TEAM**

| | Development Team Name(s) and Contact Information | MBE? (Mark X if Yes) | WBE? (Mark X if Yes) | Non-profit? (Mark X if yes) |
|---------------------|---|---------------------------------|---------------------------------|--|
| Owner | Austin Habitat for Humanity, Inc. | | | X |
| Developer | Austin Habitat for Humanity, Inc. | | | X |
| Architect | Austin Habitat for Humanity, Inc. | | | X |
| Engineer | Thompson Land Engineering | | | |
| Construction Lender | Austin Habitat for Humanity, Inc. | | | X |
| Other Lenders | None | | | |

| | | | | |
|----------------------------|-----------------------------------|--|--|---|
| Attorney | Hancock McGill | | | |
| Accountant | PMB Helin Donovan, LLP | | | |
| General Contractor | Austin Habitat for Humanity, Inc. | | | X |
| Consultant (if Applicable) | N/A | | | |

iii. **PROJECT PROPOSAL**

a. Project Description: Austin Habitat for Humanity is in the process of building a 67-unit affordable housing development at Scenic Point, located east of US-183 off of Johnny Morris Avenue (approximately 0.5 miles from the intersection of Johnny Morris Avenue and Loyola Lane).¹ The team has completed ten of the 67 units with the assistance of the City of Austin, which provided support for Pre-Development as well as Infrastructure, with six additional units to be constructed during the spring of 2019. The team expects to complete the remaining 51 properties over a five-year period to begin in the summer of 2019, and is requesting \$1,020,000 from the City of Austin to assist with the completion of these affordable homes.

All units will be sold to partner families whose annual household income is at or below 80% of the Median Family Income (MFI) for the Austin-Round Rock Metropolitan Statistical Area (MSA). Currently, approximately 95% of our Affordable Homeownership Program participants actually earn 60% or less of the MFI. The families who purchase homes at the Scenic Point development, like all of Austin Habitat's partner families in the Affordable Homeownership Program, will be required to make a strong and ongoing investment in successful homeownership. All project participants receive financial education and one-on-one counseling through our in-house HUD-approved Housing Counseling Program and complete 300 "sweat equity" hours building their own home and other Habitat homes and/or providing additional volunteer services. The partner family then purchases the home with a no-interest affordable mortgage (payments ≤30% of their monthly income), helping them to avoid housing cost burden and focus on building ongoing success and empowerment despite the rising cost of living in Central Texas.

With respect to supportive services, the Affordable Homeownership Program includes intensive financial and housing counseling and education, and referrals as-needed to other organizations that can assist them in increasing readiness to attain their homeownership goals. Each family receives a wide-ranging, personalized assessment of their financial situation and a detailed action plan to eliminate financial barriers to successful homeownership. In addition, the Austin Habitat team works with Central Texas Food Bank provides food to stock the home when the family moves in as a demonstration of the Food Bank's commitment to our communities. The Austin Habitat team remains in contact with partner families after they have moved into their homes, and reaches out over several years to determine the ongoing impact of owning a Habitat home.

Housing Choice Voucher Availability: Please note that because all of the units at Scenic Point are required to be owner-occupied, Austin Habitat for Humanity has not set aside any units for Section 8 Housing Choice Voucher Holders for rental housing.

¹ In particular, Austin Habitat owns Lots 91 through 117, inclusive; Block A, Lots 25 through 65, inclusive; and Lot 122, Block C, SCENIC POINT SUBDIVISION, PHASE TWO, according to the map or plat thereof recorded in Document No. 200200035, Official Public Records, Travis County, Texas. We have attached a warranty deed and other documentation showing ownership of these lots and the transfer from the previous owner, who purchased the lots and donated them to Austin Habitat for Humanity.

Accessibility: all homes constructed by Austin Habitat for Humanity comply with the City of Austin Visitability Ordinance, City Code 25-12-243 §R320, as amended. In addition, as a certified S.M.A.R.T. home builder, Austin Habitat complies with all accessibility requirements for S.M.A.R.T. housing. Austin Habitat builds to the specification of the client, and an accessibility upgrade package, including widened doors, a roll-in shower and grab bars, is available at the homeowner's request.

Neighborhood Plan: The Scenic Point subdivision is not located in a Neighborhood Plan Area, and is in an area where a significant number of other single-family homes are already located.

Key Financials:

| Category | Amount | Source |
|--------------------------------|--------------------|--|
| Land Acquisition | \$798,000 | Jeff Serra (donation) |
| Pre-Development | \$288,941 | City of Austin (previously secured) |
| Infrastructure/Site | \$1,577,204 | City of Austin (previously secured) |
| Construction (First 16 Units) | \$1,518,686 | Grant/Sponsorship (previously secured) |
| Construction (51 Units) | \$1,020,000 | City of Austin (current request) |
| Construction (51 Units) | \$3,820,705 | Grant/Sponsorship (in progress/to be raised) |
| Total Project Cost | \$9,023,536 | |

Occupied Properties: No occupied properties currently exist on the site that is the subject of this application. In 2019, Scenic Point will likely include the following house types: 2-bed/1-bath (894-900 sq ft); 2-bed/1.5-bath (1024 sq ft); 3-bed/1.5-bath (1085-1198 sq ft); 4 bed/2.5-bath (1359 sq ft).

PUD/TOD/Mixed Use: Scenic Point does not, on its own, meet the requirements of the City's Vertical Mixed Used Ordinance, nor is it in a Planned Unit Development (PUD) or Transit Oriented Development (TOD). However, please note that the development is located in the Colony Park neighborhood, where the Colony Park Sustainable Community Initiative (CPSCI) is in development. CPSCI is a PUD on 208 acres, which will be home to a mixed-use, mixed-income development. The City of Austin and Neighborhood Association leaders have expressed the need and desire for neighborhood revitalization surrounding the future PUD to stabilize the community; the 67 affordable units offered at Scenic Point are located less than a mile west of the CPSCI site and will help to increase the affordable homeownership options in the area.

b. Market Analysis: Please see attached.

c. Good Neighbor Policy: The Austin Habitat team has included a signed Good Neighbor checklist indicating that community outreach was performed in the area to notify neighbors of the upcoming development of Scenic Point and help them understand the relationship between the development and Austin Habitat. We have also attached examples of the outreach materials that were disseminated to this community. The Austin Habitat team held an Open House (located in one of the finished Habitat properties) in December 2018 to introduce neighbors to Habitat leadership, answer any questions from existing residents about the development and the Habitat model, and discuss any concerns raised by the creation of an affordable housing site in this area. The open house was attended by a small number of existing community members, who expressed their support for Habitat and the ongoing community-building at Scenic Point.

d. S.M.A.R.T. Housing: Austin Habitat for Humanity has been certified as a S.M.A.R.T. housing builder and has attached related documentation.

e. Memorandum of Understanding with the Ending Community Homelessness Coalition (ECHO):

Please note that this proposal does not include Permanent Supportive Housing or Housing First Units, so we have not attached an MOU with ECHO.

f. Description of General Supportive Services: Austin Habitat for Humanity provides supportive services to all potential homebuyers in the Affordable Homeownership Program, including those purchasing homes in the Scenic Point development, as well as members of the general public. These services will include financial and housing counseling, offered in group workshops and one-on-one sessions, to ensure that all families are financially ready to qualify for a home and begin the Habitat homebuying process. Austin Habitat has been a HUD-approved housing counseling agency since 2010.

Austin Habitat's Housing Counseling Program is designed to assist participants in obtaining and maintaining stable housing. Our HUD-certified Housing Counselor meets one-on-one with clients and facilitates workshops to offer financial and housing education. Each family receives a personalized assessment of their financial situation, discussion of options, and development of plans designed to fit each family's unique needs. This solid educational foundation positively impacts financial capability skills including credit repair, debt management, budget maintenance, avoidance of predatory lenders, and foreclosure prevention as needed. Once families qualify for the program, they work with the counselor to reach a solid financial standing that will qualify them to become Habitat homeowners, they receive more intensive housing education including seven required classes. All services are provided free of charge, to Habitat clients and the public, in both English and Spanish.

Austin Habitat plans to continue to offer an extensive array of financial and housing workshops as well as one-on-one support for potential Habitat homeowners and the public. As discussed above, one responsibility of partner families for the Affordable Homeownership Program is confirmed attendance at seven Housing Counseling classes that count towards their 300 required hours of sweat equity. For this proposal, we will engage partner families and other clients in the Realizing the American Dream Class based on curriculum from the nationally recognized NeighborWorks America, as well as the Maintenance Class and potentially other workshops. Approximately 700 households will receive these supportive services annually, including all potential buyers for Scenic Point. We have attached the resumes for Wayne Gerami, Vice President of Client Services, who oversees the Housing Counseling program, as well as Bertie Flores-Samilpa, our housing counselor.

Austin Habitat continues to build the funding base for Housing Counseling services, receiving its first Housing Counseling grant from HUD in 2018. Additional sources of funding include Wells Fargo Bank, Frost Bank, and the Foundation for Financial Planning, with additional planned requests to Austin Community Foundation and other supporters. Most grants for this type of service are one-year awards, so Austin Habitat will provide ongoing evidence of support for these initiatives as needed throughout the OHDA grant period if awarded funds under OHDA.

iv. PROPERTY

a. Maps: Please see attached.

- High Opportunity Census Tracts: Census Tract 22.02 is not a high-opportunity tract.
- Tracts at Risk of Displacement or Gentrification: Census Tract 22.02 is listed as "susceptible" to gentrification.

- **Imagine Austin Centers and Corridors (0.5 miles):** The Scenic Point property is within the zone for an Imagine Austin Center, Imagine Austin Corridor and Mobility Bond Corridor.
- **High-Frequency Transit Stops (0.25 miles):** The Scenic Point property is not within 0.25 miles of a high-frequency transit stop.
- **Transit Stops (0.75 miles):** The Scenic Point property is within 0.75 miles of a transit stop.
- **Healthy Food Access (1.0 miles):** The Scenic Point property is not within 1.0 miles of a healthy food provider.
- **100-year floodplain:** The Scenic Point property is not on a 100-year floodplain.

b. Real Estate Appraisal: Please see attached.

c. Zoning Verification Letter: Please see attached.

d. Proof of Site Control: Please see attached warranty deed, appraisal and tax documentation.

e. Phase I Environmental Assessment: Please see attached.

f. State Historical Preservation Office Consultation: Austin Habitat for Humanity has previously worked with SHPO and has been cleared to construct homes on the property. Please see attached documentation from SHPO.



Curriculum Vitae (CV) for Project Leaders

Phyllis Snodgrass

SUMMARY

Innovative executive with 20 years in non-profit management. Strong strategic thinker and team builder with a history of building winning programs with strong community support.

AREAS OF EXPERTISE

- Community Collaborations • New Product Development • Fundraising • Strategic Planning
- Event Management • Market Analysis • Board Governance • Leadership Development
- Budgeting • Affordable Housing • Public Speaking • Goal Alignment

EXPERIENCE

Austin Habitat for Humanity - CEO, Austin, TX November 2015 – Present

Direct all aspects of Austin Habitat for Humanity's affordable homeownership programs, including new construction, home repair, housing counseling, and community development, neighborhood revitalization initiatives, affordable housing advocacy and income qualification services and ReStore retail operations.

Support and report to the Board of Directors, investors, donors, public entities, and community stakeholders.

Ensure adequate funding, staffing, and program planning for all divisions.

Manage staff of 55+ FTEs with an \$7 million annual budget.

Austin Chamber of Commerce - COO, Austin, TX January 2013 – October 2015

SVP - Member Relations September 2011 - January 2013

Led Membership, Small Business, Special Events & Partnerships and Marketing Communications Departments

Reorganized Membership Sales Program, exceeding organizational sales goals 2012- 2014

Introduced new affinity programs to Chambers members providing non dues revenue for organization plus cost savings to member businesses

Organized 3 volunteer membership campaigns in 3 years, Spring 2015 Campaign brought in \$180,457 and 283 new members with 285 volunteers in 2 1/2 days (one of the top membership campaigns in the U.S.)

Implemented internal messaging strategy for staff and volunteers in 2014

Grew Austin Chamber LinkedIn Group from 300 members in 2011 to over 5000 members (followers) in 2015

Created new programs and strategies to meet member needs

Texas Association of Business - VP - Chamber Relations; Austin, TX September 2010 - September 2011

Managed the operations of the Texas Chamber of Commerce Executives (TCCE) and serving as a primary contact with Texas Chambers of Commerce for TAB

Increased income for TCCE by 36% in one year

Enhanced social media presence of TCCE and connections to its member chambers throughout the state

Facilitated Chamber Board retreats across the state of Texas

Developed affinity program review and approval policies for TCCE

Successfully managed first association audit for TCCE in its history

Planned and executed first 5 year strategic planning effort for TCCE

San Marcos Area Chamber of Commerce - *President*; San Marcos, TX January 2007 - September 2010

Managed San Marcos Chamber operations as well as contractor with City of San Marcos for Economic Development and Convention and Visitor Bureau Programs

Suggested new programs and strategies for increasing income by 30% in first two years

Completely revamped economic development program, creating the Greater San Marcos Partnership (GSMP)- a regional economic development public-private organization in Hays and Caldwell Counties.

Grew GSMP budget from \$300,000 to over \$2MM with a campaign focused on economic diversification, workforce excellence and quality of place. In its first year, GSMP received the International Business Retention and Expansion Award and was recognized Economic Development Program of the Year by the Texas Chamber of Commerce Executives

Founded SOAR (Seeking Opportunities, Achieving Results), a P-16 collaborative effort of the San Marcos Chamber, Texas State University, San Marcos Independent School District and the City of San Marcos.

Established the Chamber as a leader in economic development, tourism, educational attainment and community development

Victoria Chamber of Commerce - *President/CEO*; Victoria, TX May 2001 - December 2007

Managed Chamber Operations and contracted with the City of Victoria for Convention and Visitor Bureau Program

Increased membership from 850-1100 sustained members

Merged Victoria Chamber of Commerce with the Victoria Hispanic Chamber of Commerce

Grew size and stature of Leadership Victoria Program in the community, making it the go-to source for leadership training for area executives

Founded Keep Victoria Beautiful Program as a program of the Victoria Chamber in partnership with the City of Victoria

Suggested additional programs and strategies, increasing income by 50% in 4 years

Successfully established the Victoria Chamber as a leader in innovation, growth strategies, leadership development, community development, business representation and educational accountability

Athens Chamber of Commerce - *Executive Director*; Athens, TX 1998 - 2001

Managed Chamber Operations and contracted with the City of Athens for Visitor Services Support

Increased membership from 350 to 800 sustained members

Suggested new programs and strategies, increasing income by 40% in 3 years

Worked with volunteers to enhance existing programs and infrastructure, increasing professionalism and financial success of each program

Small Business Development Center - *Counselor*; Athens, TX 1997 - 1998

Counseled numerous small and start-up businesses

Assisted with SBA loan proposals and business plans for small businesses

Successfully assisted target Welfare to Work client, filmed as a national success story for PBS on SBA's Welfare to Work Program in 1998.

Phyllis A. Hunt, CPA - *Accountant*; Athens, TX 1997 - 1998

Provided tax and business advice for start-up, small and mid-sized businesses

Federal Deposit Insurance Corporation - *Accounting Specialist*; Dallas, TX 1989 - 1997

Managed contract firms hired to review Southwest Plan quarterly payment requests and approved payment request for six Southwest Plan Institutions

Named to FDIC National Performance Standards Task Force in 1994

Redwood Property Company - *Controller*; Dallas, TX 1987 - 1989

Provide accounting services and management advice for start-up real estate development company

Assisted in successful negotiations and subsequent sale to Koll Company

Kenneth Leventhal & Company (Later merged with Ernst & Young) - *Senior Accountant*; Dallas, TX 1984 - 1987

Auditor for international real estate accounting firm headquartered in Los Angeles

Performed management consulting services including loan workouts in 1986 and 1987

Obtained CPA certification, May 1987

EDUCATION

The University of Texas at Arlington Bachelor of Business Administration May 1984

Major: Accounting, Minor: Management

Institute for Organization Management Certificate in Non Profit Management July 2004

Georgetown University McDonough School of Business, New Strategies Program, September 2016

PROFESSIONAL AFFILIATIONS

Enactus Advisory Board, Texas State University

Advisory Board, Habitat Texas

RICARDO ANDRÉS (ANDY) ALARCÓN, AICP

SUMMARY OF QUALIFICATIONS

- Land Development: Entitlements, Project Management
- Land Studies: Due Diligence, Site Evaluation, Concept Plans, Surveys
- Land Acquisition: Real Estate Contracts, Title Reports, Appraisals, ESAs, Closing Coordination
- Entitlements: Land Use, Zoning, Annexations, Site Plan Review, Subdivision Plats
- Permitting: Applications, Coordination, Map Exhibits, Support Documents, Building Plan Review
- Project Coordination: Government, Consultants, Contractors
- Urban Planning: Community Plans, Downtown Master Plan, Citywide Rezoning, Vision Plans
- Design: Architectural Design, Construction Plans, Urban Design, Land/Site Planning
- Administration: Project Budget Oversight, Land Inventory, Appraisal District Exemptions
- Interface with Boards/Commissions, Government Staff, Consultants, General Public

EDUCATION

- **Master of Architecture**, The University of Texas at San Antonio, May 2011
UTSA Architecture Study Abroad, Barcelona, Spain, Spring 2010
- **Master of Urban Planning**, University of Illinois at Urbana-Champaign, May 1995
- **Bachelor of Business Administration- Finance**, The University of Texas-Pan American, Dec 1991

PROFESSIONAL EXPERIENCE

- **Director of Real Estate Development**, Austin Habitat for Humanity, Feb 21, 2012-Present
- **Chief Planner**, City of San Marcos, Planning and Development Department, Dec 13, 2004-May 2008
- **Program Officer**, Local Initiatives Support Corporation, Houston, Texas, Feb 19, 2002-Nov 17, 2004
- **Principal Planner**, City of Houston Planning & Development, Aug 31, 1998-Feb 8, 2002
- **Planner IV**, City of Austin Planning & Environmental Services, Jun 1997-Aug 1998
- **Regional Coordinator/Planner**, Texas Dept of Housing & Com Affairs, Austin, Texas, Aug 1995-May 1997
- **Program Coordinator**, County of Hidalgo Urban County Program, Edinburg, Texas, Jul 1992-Aug 1993
- **Civil Engineering Technician**, S. A. Garza Engineers, Inc., Edinburg, Texas Jan 1988-Jul 1992
- **Civil Engineering Technician**, Espey, Huston & Associates, Inc., Austin, Texas, Aug 1984-Jun 1987

CERTIFICATIONS AND LICENSES

- American Institute of Certified Planners (AICP)
- Texas Real Estate Broker
- Housing Development Finance Professional (HDFP) Certification, National Development Council
- OSHA 10-Hour Construction Training 2017

MEMBERSHIPS AND AFFILIATIONS

- American Planning Association (APA)
- National Council of Architectural Registration Boards-Intern Development Program (NCARB IDP)
- National Association of Realtors (NAR)
- Texas Association of Realtors (TAR)
- Austin Board of Realtors (ABoR)

MARY CAMPANA

CAREER SUMMARY

Accomplished nonprofit executive with 28 years experience in organizational development, management and fundraising in both the nonprofit and corporate arenas. Proven ability to build and sustain strong philanthropic cultures focusing on creating lasting partnerships with public and private organizations, local philanthropists, board members and tactical stakeholders.

Areas of Expertise:

- Collaborative Leadership
- Fundraising & Financial Management
- Strategic Planning
- Program Development & Evaluation
- Community Relations / Marketing
- Board Recruitment and Engagement

PROFESSIONAL EXPERIENCE

AUSTIN HABITAT FOR HUMANITY

Jan. 2018 - Present

Vice President of Development

EQUI-KIDS Therapeutic Riding Program

Sept. 2015 – Dec. 2017

Executive Director

Responsibilities:

- Mission-focused and outcomes-oriented leader implementing a long-term vision, strategic goals, fund development, and annual operations for a premier accredited therapeutic riding center serving special needs children, adults and veterans;
- Directing internal and external fundraising campaigns to increase awareness and fundraising success;
- Oversees the maintenance and operations of the 92-acre equestrian facility with 19 horses serving 135 weekly riders;
- Supports and maintains an organizational culture and environment in which staff and volunteers are inspired and motivated; maintaining a passion for the program to further the organization's short and long-term goals;

Achievements:

- Expanded program services and recognized a 19% growth in program services in less than two years;
- Developed a comprehensive annual fund development growth plan which resulted in an increase from \$750,000 to \$842,000;
- Developed Community Impact and Military Advisory Committees to enhance the agency's strategic community partnerships;
- Achieved national accreditation of premier status from Professional Association of Therapeutic Horseback Riding;

COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

Aug. 2008 – Sept. 2015

Chief Development Officer

Responsibilities:

- Directed all development efforts for a large national nonprofit agency securing over \$4.3 million annually through special events, giving circles, corporate giving, foundation grants, major gifts and competitive public contracts;
- As member of the senior leadership team, developed and managed the agency's four year strategic growth plan in a process which engaged all stakeholders involved in this complex organization;
- Supervised the development and communication departments strengthening community awareness and stakeholder engagement;

Achievements:

- Developed a comprehensive fund development growth plan which resulted in increasing the annual fund from \$6.4 million to \$9 million over 7 years;
- Cultivated a strong partnership with the program team to secure major gifts and multi-year program grants to enhance programming;
- Appointed to prestigious CIS Fund Development Task Force and participate in intra-affiliate technical cooperation on best practice and collaboration;

HELPING HAND HOME FOR CHILDREN

Aug. 2003 – Aug. 2008

Director of Development

Responsibilities:

- Member of executive leadership team managing all strategic planning, budgeting, staffing and resource allocation for the agency's \$3.4 million budget;
- Directed all fundraising activities including foundation grants, individual donations, events, corporate giving, and major gifts securing \$600,000 of private revenue annually;
- Coordinated all marketing, communications and community relations efforts;

Achievements:

- Created and instituted agency's publicity and donor cultivation strategies raising more than \$3 million over five years;

- Increased private revenue secured annually by 63% through foundation grants and individual donations;
- Designed and implemented new management systems including program evaluation and communication protocols;
- Developed and implemented the agency's three-year strategic plan for an on-site charter school;

SUICIDE & CRISIS CENTER

Feb. 1998 - Aug. 2003

Development Director

Responsibilities:

- Managed all development and stakeholder efforts including strategic planning, budgetary development, fund raising and financial oversight;

Achievements:

- Initiated 3 new strategic partnerships with community and city organizations to enhance programmatic objectives;
- Strengthened agency's fundraising strategies, raising funds to cover annual budget of \$429,000;
- Developed the agency's first long-range plan;

BECKETT PUBLICATIONS

Oct. 1989 - Feb. 1998

Manager - Corporate Communications Department

Responsibilities:

- Managed internal & external public relations;
- Managed the Communications Department;
- Member of the strategic planning committee;
- Negotiated trade-outs / contracts with promoters;
- Designed and managed corporate giving program;
- Managed 17 annual events and 13 trade shows

EDUCATION AND CONTINUING EDUCATION:

Stephen F. Austin University, Nacogdoches, Texas

Bachelor's degree in Psychology with minor in Business Management

- Dale Carnegie Leadership Training for Managers, 12-week course
- Stephen R. Covey – The 7 Habits of Highly Effective People, 8-week course
- RGK Center Executive Education – Strategic Management Program for Nonprofit Leaders, 3-day course
- Central Texas Education Funders' Association – Communication and Strategic planning, 3-day training

CITATIONS AND PUBLICATIONS:

- Campana, M., Gibson, J., Bailey, B., & Lackey, J. (November). Suicidal Risk Among College Students. Paper presented at the annual meeting of the Texas Psychological Association, Austin, Texas. A summary of the paper is published in the Texas Psychologist, winter 1985 issue, vol. 37, number 1, page 4. The paper was published in its entirety by ERIC / CAPS, ED 252779.
- Campana, M., Suicide and Mental Health Population. Presented as part of the symposia Suicidal Ideation Across Populations at Southwestern Psychological Association New Orleans, Louisiana.
- Bailey, B., Schmidt, W., Lackey, J., Campana, M., Stulberg, T., Baumgartner, A., Bohn, K., & Fortson, M. (1985). Suicidal Ideation Across Populations. (ERIC Documentation reproduction Service No. ED
- Certificate of Recognition from Texas Psychological Association for Research, Suicidal Risk Among College Students;

HONORS AND COMMUNITY LEADERSHIP:

- CENTER FOR NONPROFIT STUDIES, Austin Community College - Leadership Council;
- IMPACT AUSTIN – Board Member;
- IMPACT AUSTIN - Task Force to develop the strategy / secure funding to hire an Executive Director;
- AUSTIN JUNIOR FORUM MEMBER;
- ASSOCIATION OF FUNDRAISING PROFESSIONALS (AFP) - Board Member;
- AFP - Vice-President for Outreach & Access;
- AFP - Chair of Education Program Committee;
- AFP - Philanthropy Day Co-Chair;
- AFP - Philanthropy Day Planning Committee;
- EQUEST - Therapeutic Riding Program – Volunteer with therapeutic riding classes for 14 years;
- EQUEST - Dressage at Dusk Silent Auction Chair;
- EQUEST - Ridefest Chair of annual fundraiser;

Bertie Flores- Samilpa



I have 24 years of experience in the mortgage lending industry as well as a certified housing counselor for non-profit. I enjoy working with families interested in becoming homeowners. I offer a wealth of information and resources to anyone in need of understanding the process. I am very dedicated and believe that all families deserve the opportunity of homeownership.

QUALIFICATIONS:

- Processed Government, USDA, VA and Conventional Loans
- Experience with Builder Loans
- Knowledge of Guidelines and changes within the market
- File submissions from underwriting to funding
- Work well without supervision
- Knowledge of Calyx Point, Encompass, Lending QB Origination Software

EXPERIENCE:

12/2015 - Present **Austin Habitat for Humanity**
Housing Counselor

Austin, TX

- Counsel clients for pre-purchase and mortgage delinquency and default resolution counseling
- Create action plan for clients seeking help with their mortgage to help them keep their home
- Document client progress reports using the client management system CounselorMax
- Process financial worksheet applications and documents to all servicers
- Communicate with servicers on behalf of clients as well as updating them on status of their mortgage
- Help clients understand options when delinquent and how to avoid foreclosure
- Conduct one on one counseling with clients for 1st time homebuyer education
- Determine income for specific program requirements for internal and external lenders use
- Communication with clients, servicers regarding the structure of modification agreements, etc.
- Conduct pre-purchase homebuyer education, predatory lending education and non-delinquency post Purchase workshops

09/2015 – 12/14/2015 **Ameripro Home Loans**
Sr. Loan Processor

Austin, TX

- Worked on the Milestone Home Builder Account
- Submission of Government, VA and Conventional loans for approval
- Handled high volume of loan closings and work well under pressure to meet contract close dates
- Status updates with title agents, closers, realtors, underwriters, etc., with expectation through processing
- Order Appraisal, Title, Surveys, Insurance, etc.
- Submission for Down Payment assistance and MCC programs
- Extensive review of clients financial documents to insure client meets qualifications
- Assisted with training new employees

05/14 – 12/2014 **Southwest Bank Mortgage**
Sr. Loan Processor

Austin, TX

- Submission of Government, VA and Conventional loans for approval
- Handled high volume of loan closings
- Work well under pressure to meet contract close dates
- Order Appraisal, Title, Surveys, etc.
- Submission of Portfolio/Jumbo product loans
- Knowledge of Calyx and Encompass Software

05/12 – 04/2014 **Security National Lending**
Sr. Loan Processor

Austin, TX

- Submission of Government, VA and Conventional loans for approval
- Handled high volume of loan closings
- Work well under pressure to meet contract close dates
- Order Appraisal, Title, Surveys, etc.
- Submission of Brokered loans to various investors
- MCC submission and City of Austin down payment assistance programs
- Knowledge of Calyx and Encompass Software

11/09- 5/12 **Frameworks. CDC**
Housing and Foreclosure Prevention Counselor

Austin, TX

- Counsel clients for pre-purchase and mortgage delinquency and default resolution counseling
- Create action plan for clients seeking help with their mortgage to help them keep their home
- Document client progress reports using the client management system
- Process financial worksheet applications and documents to all servicers
- Communicate with servicers on behalf of clients
- Help clients understand options when delinquent and how to avoid foreclosure
- Work with a high volume to meet individual needs based on the client.
- Work well under pressure to meet foreclosure sale dates
- Create action plan for pre-purchase counseling clients to help them meet their goals of homeownership
- Conduct One on One counseling with clients regarding 1st time homebuyer education and DPA Assistance.
- Determine income requirements for various programs offered by the lender.
Communication with clients, servicers regarding the structure of modification agreements, etc.
- Conduct pre-purchase homebuyer education, predatory lending education and non-delinquency post Purchase workshops

05/09- 10/09 **United Lending, LP**
Sr. Loan Processor

Austin, TX

- Submission of Government, VA and Conventional loans for approval
- Handled high volume of loan closings
- Work well under pressure to meet contract close dates
- Order Appraisal, Title, Surveys, etc.
- Submission of Brokered loans to various investors
- MCC submission and City of Austin down payment assistance programs

- Knowledge of Calyx and Encompass Software

02/07 – 04/09 **WR Starkey Mortgage**
Sr. Loan Processor

Austin, TX

- Processed Government, VA and Conventional loans for approval
- Assisted loan officer with credit and scenarios
- Rate sheet review and locking loans
- Closed and Funding of loans
- Clearing exceptions if needed by investor
- Order Appraisal, Title, Survey, Insurance, Etc.
- Knowledge of Calyx and Encompass Software

08/05—12/06 **Primelending, A Plains Capital Company**
Sr. Loan Processor

Austin, TX

- Processed Construction Government, VA and Conventional loans for approval
- Bond, DPA, MCC, Etc.
- Knowledge of Calyx Point and Encompass Software
- Prepared Legal Documents for Attorney review
- Balanced HUD-1/Settlement Statements and ordered wires for funding
- Constant written communication with Builder regarding Status
- Updated Reports as needed.

EDUCATION:

June 1989 **Reagan High School High School Equivalency Diploma**

Austin, TX

BILINGUAL: EXCELLENT- Read, Write, Speak

STATE OF TEXAS NOTARY PUBLIC

REFERENCES UPON REQUEST

Wayne Gerami

Education

Masters of Public Affairs (2011)

LBJ School of Public Affairs at UT Austin (TX)
Nonprofit Management specialization

B.A. Psychology (2007)

Framingham State University (Framingham, MA)
Human Service specialization

Professional Experience

Austin Habitat for Humanity | HomeBase Texas

August 2013 – Present

VP of Client Services

Nov 2015 – Present

Austin, TX - Supervise 6 FTE in the Client Services department in three separate programs: New Construction, HomeBase, and Housing Counseling. Function as the primary advocate within the agency for issues specific to family partners. Develop and implement policies and processes for all programs, including implementing resale restrictions to ensure permanent affordability of all homes sold. Oversee the departmental budget and ensure that all programs meet important deadlines and performance metrics. Licensed MLO #1436154.

Government Grants Manager

May 2015 – Nov 2015

Manage the identification of and application for all governmental funding sources. Responsible for post-award reporting and compliance at the federal, state, and local levels. Oversaw a grants portfolio in excess of \$2,000,000, including over \$750,000 in new money generated in less than 6 months. Reviewed contracts for partnerships with various funders and partner organizations. Prepared and adhered to budgets. Built and maintained outstanding relationships with funders.

Community Engagement Manager

January 2015 – May 2015

Helped to create Austin Habitat's Neighborhood Revitalization program to inspire change in communities from the ground up. Worked successfully with families, volunteers, and partners of various backgrounds to engage existing neighborhoods with service providers in the community.

Lending Coordinator

August 2013 – January 2015

Led the complete overhaul and modernization of all aspects of program delivery including loan servicing (moved to a 3rd-party servicer) and client database (transferred from MS Access to Salesforce). Changed agency policies surrounding family selection, resales, shared equity, and underwriting. Integral part of a team that educated hundreds of families, underwrote their loan applications, and set up all funding sources on a per-loan basis.

Board Director – Austin Christian Church

August 2014 - Present

Austin, TX - Helped oversee the expansion to a second location. Responsible for setting staffing compensation policies and levels, managing a \$750k+ budget, and serving as an integral part of the establishment of our successful second location at the Zach Scott Theatre.

Board Director – Evolve Austin

April 2017 - Present

Austin, TX – Advocate for the implementation of the Imagine Austin comprehensive plan through the CodeNEXT Land Development Code rewrite process. Serve on the 501(c)(3) board.

Project Coordinator – Diana McIver & Associates

January 2012 - August 2013

Austin, TX - Worked on affordable rental developments across Texas, utilizing Low Income Housing Tax Credits, HUD 202/811 grants, HOME funds, and conventional funding. Completed complex grant packages, extensive work with HUD, TDHCA, and HACA.

Wayne Gerami

Policy Researcher – Greater Austin Chamber of Commerce

September 2010 - May 2011

Austin, TX - (Internship) Research position focusing on policy impacts at the local, state and federal levels.

Site Supervisor – HOPE *worldwide* Gulf Coast

June 2010 - August 2010

New Orleans, LA - (Contract job) Hired, trained, and managed 8 full-time AmeriCorps employees. Responsible for 26 additional short-term AmeriCorps and all day-to-day operations at a summer day camp for children of low-income families in New Orleans.

Home Repair Assistant – Austin Habitat for Humanity

August 2007 - July 2009

Austin, TX - Completed 30 home repair projects for low-income families in Austin. Managed over 1,500 volunteers on construction sites with an excellent safety record. Created policy for the then-new Home Repair program created in 2005-06. Participated in Austin Habitat-specific public speaking training, was an active participant on Family Selection Committee and was part of the founding of the Austin Housing Repair Coalition.

Manager – First American Mortgage

August 2002 - June 2007

Milford, MA - Rose to a position of leadership in the sales department of a multi-million dollar mortgage company while I was a teenager and college student. Excellent sales, customer service, management and interpersonal skills. Ability to achieve results in a difficult environment.

Additional Experience & Training

Community Leadership Institute – NeighborWorks

2015

Training on community engagement, grassroots organizing, and project management with a project-specific emphasis.

Emerging Leader Training – Austin Habitat for Humanity

2014-2015

Long-term training program with Up-A-Notch consulting about various issues related to management and leadership with specific emphasis on topics relevant to Austin Habitat.

ED Lab – RGK Center for Philanthropy and Community Service

June 2015

Intensive course led by local executive directors with an emphasis on learning real world, on-the-ground nonprofit management techniques including budgeting, fundraising, board recruitment, and marketing/branding.

LORI STEINER, MBA, CPA

PROFESSIONAL SUMMARY

Accomplished finance executive with an impressive array of skills and experiences in accounting, auditing, business development, financial analysis, strategic planning and operational roles. Ability to conceptualize and design innovative business and accounting solutions to raise expectations and achieve goals. Multi-disciplinary approach to problem solving with proven results. Excellent verbal and written communication skills. Effective in independent and team situations. Strong work ethic with high level of emotional intelligence and critical thinking skills.

CERTIFICATION, EDUCATION AND SOFTWARE

- **Certified Public Accountant.** Oklahoma Certificate Number 8688.
- **Master of Business Administration**, Concentration in Accounting, Pittsburg State University, Pittsburg, KS,
- **Bachelor of Business Administration**, Majors in Human Resource Management and Economics, Pittsburg State University, Pittsburg, KS
- **Software Packages:** Microsoft Office Suite, Great Plains Dynamics, ABILA MIP, Sage PFW, Sage 300, MAS 90, Quickbooks, PeopleSoft, HUD REAC, CMS FIVS, CMS ARTS, Solomon, Paycom, ADP Workforce Now, ADP Enterprise E-time; Sage ABRA, Timesheet Pro, Toggl

AFFILIATIONS

- **Current:** Texas Society of Certified Public Accountants; Austin Chapter of TSCPA; Member Financial Literacy Committee Austin Chapter TSCPA; Membership Chair Non Profit Financial Leadership Peer Group; Member C-12 Key Player Advisory Board, Impact Austin
- **Past:** Leadership Tulsa; Advisory Board and Chairman, T.U. Conference of Accountants; Member and Vice-Chairman Advisory Board, Pittsburg State University Kelce School of Business and Economic Development; OSCPA; Tulsa Chapter OSCPA; Camp Fire Boys and Girls Board of Directors, Treasurer; Town and Country School Board of Directors, Treasurer; Member Domestic Violence Intervention Services Board of Directors, Member Board of Directors and Finance Committee, Ten Thousand Villages

PROFESSIONAL EXPERIENCE

CHIEF FINANCIAL OFFICER, Austin Habitat for Humanity, Austin, TX Sept 2016 to present
Home Construction, Mortgage Underwriting, Retail, Home Repair; Not for Profit

HIGHLIGHTS include development of board reporting package, establish corporate policy structure, work agreement to leverage mortgages (sell receivables) with local banks, create process for cash flow forecasting, bring organization into compliance with 2CFR Part 200, re-engineered ineffective processes for efficiency and internal control, execution of merger with neighboring affiliate, reduce mortgage delinquency rate from 5+% to 2.5%

- Supervise monthly and annual accounting cycle, payroll, reconciliations between donor database and general ledger
- Responsible for risk management, I T and Human Resources functions
- Ownership of internal and external financial reporting, compliance, cash projections, budget variance reporting and dashboard data
- Manage all phases of corporate and departmental budgeting and accompanying forecasting; presentation of operating, cash and cap ex budgets to Board of Directors
- Manage portfolio of 335+ mortgages and take appropriate action with delinquent borrowers
- Manage organization's line of credit and debt portfolio, ensure loan covenants are met
- Manage organization's governance, contracts, legal issues and corporate compliance
- Participate in all phases of creating and executing corporate strategic plan
- Development and monitoring of internal control systems
- Manage business relationships with stakeholders

CHIEF FINANCIAL OFFICER, Opportunities, Georgetown, TX 2014 to 2016
Child Care, Affordable Housing, Food Prep and Delivery, Social Services; Not For Profit

- Ownership of internal and external financial reporting, budget variance reporting and dashboard data □
- Monitor compliance mandated by contracts; including, but not limited to Head Start, DADS, HUD, TDHCA, CSBG, CDBG □
- Manage cash flow, general ledger, accounts receivable, accounts payable, payroll for 235 employees, month end close and employee expense reporting □
- Build, evaluate and mentor finance team □
- Develop and manage business partner relationships
- Respond to RFPs and develop grant application responses
- Responsible for risk management, IT function, building maintenance and operations for twenty-one sites □
- Prepare budgets, financial statements and program reports required by city, county, state, federal government grants and foundation funders □
- Initiate, develop and implement operating budgets of approximately \$14,000,000 □
- Develop and implement policies, standards, procedures, processes and practices to govern the financial, business and administrative functions of the agency □
- Monitor and assess the financial and operational functions of the agency in relation to the established plans and budgets; project and analyze cash flow □
- Develop RFPs for goods and services, evaluate responses, review and negotiate contracts □ □
- Coordinate all financial audits and monitoring visits □
- Oversee affordable housing program

HIGHLIGHTS include restructure of legal entity to mitigate risk and maximize unrestricted income potential; restructured chart of accounts; cut benefit costs 20% (approx. \$200,000); outsourced management of affordable housing including vetting property management companies and negotiating contract, refinance debt, strategize and execute corporate restructure, receive highest score in round for response to CAPCOG senior nutrition RFQ

DIRECTOR OF FINANCE, TMF Health Quality Institute, Austin, TX 2008 to 2014

Healthcare Consulting, Government Contracting; Multiple Not For Profit and For Profit entities

- Ownership of internal and external financial reporting, budget variance reporting and dashboard data
- Managed all phases of accounting cycle, cash management budgeting and forecasting and employee expense reporting
- Build, evaluate and mentor finance team
- Calculated and reported all taxes for multiple entities in multiple states, including corporate, payroll, sales and property
- Job costing, including cost pool development and allocation of multiple cost pools including corporate/home office and indirect/overhead expenses
- Develop, evaluate and improve accounting processes and procedures, reconfigure for maximum efficiency
- Managed payroll (in house and outsourced) for 600+ employees and multi state, multi EIN reporting
- Develop and maintain corporate policies including finance, administrative, IT, communications
- Coordinate annual independent, 401k, DCAA, GSA, state and other miscellaneous audits
- Monitor financial compliance mandated by contracts and provide reporting for federal (CMS) and state funded grants
- Research and apply knowledge to ensure compliance with GAAP, FASB, A-122, GSA, FAR, CAS and other relevant federal and state regulations (i.e., revenue recognition, and unallowables)
- Provide support for business development efforts by preparing business responses for RFPs
- Evaluate and negotiate contracts with vendors
- Member of Leadership Team and Key Contributor creating presentations for Executive Leadership and Board

HIGHLIGHTS include invoicing approximately 40 fixed price, cost plus and GSA contracts, monthly invoices varying from \$5,000 to \$1,500,000 per contract; research and recommend accounting software packages and payroll outsourcing options to executive management; managed subsequent conversion of accounting software and payroll systems; built and managed finance department as organization grew 5x in 5 years from \$12MM to \$65 MM annually.

DIRECTOR OF FINANCIAL OPERATIONS, Legacy, Inc, Austin, TX 2006 to 2008

Back office operations for small organizations; For Profit

- Responsible for all aspects of accounting cycle, cash forecasting and management, budgeting, payroll and financial statements and reporting for Legacy and its clients
- Monthly preparation of ad hoc, productivity and program reports for all entities.

- Manage accounts receivable and collections from governmental agencies, insurance companies and Medicaid in multiple states for Legacy and clients
 - Ensure debt covenants are met
 - Coordinate all external audits and prepare requested schedules for required audits
 - Grant reporting and management
 - Develop accounting related policies and procedures for Legacy and clients
 - Interact with potential and new clients regarding accounting processes and transition planning and implementation, act as customer contact for all accounting and finance issues and reporting
 - Develop and manage accounting team
- HIGHLIGHTS** include designing and building structure of department; re-engineering all processes and procedures; developing and implementing internal controls.

PREVIOUS POSITIONS HELD

MANAGER BLUELINC'S FINANCE, Blue Cross Blue Shield of Oklahoma, Tulsa, OK 2004-2005

Insurance; For Profit

HIGHLIGHTS include reorganization of department due to merger; redesigned work flow processes and job descriptions, selected to corporate communication team by new ownership, initiate investment changes as required by cash flow needs.

CONTROLLER, Perma-Fix Treatment Services and Perma-Fix Government Services, Tulsa, OK

Waste Treatment; For Profit, publicly traded

HIGHLIGHTS include participation in restructuring of division requiring dissolution of one entity, redesigning work flow to accommodate new structure, 10-K reporting and Sarbanes Oxley compliance

CHIEF FINANCIAL OFFICER, LIFE Senior Services, Tulsa, OK

Case Management, Senior Day Care, Monthly Magazine, Senior Housing; Not for Profit

HIGHLIGHTS include but not limited to development, installation and implementation of communications and information technology systems for three locations including two local area networks and wide area network; created internal career development training program for supervisors and managers; developed investment policies and procedures to maximize interest income of operating, capital and endowment funds.

CHIEF FINANCIAL OFFICER, YMCA of Greater Tulsa, Tulsa, OK ; Not for Profit

HIGHLIGHTS include but not limited to research, purchase and implementation of general ledger and membership system software and applicable hardware; established internet presence for association and e-commerce capabilities; successful protest of \$100,000 state sales tax audit assessment; execution of \$6 million tax exempt bond issue; revenue growth from \$1 million to \$7.5 million, oversight of endowment funds and investment portfolio.

CONTRACT CONSULTING

CONTRACT CONSULTANT, Legacy, Inc, Austin, TX

Worked part time for Legacy while working full time at TMF

- Review and consult on financial and other related reports provided to customers
- Reviewed expense reimbursements submitted by partners
- Advised owners on corporate structure and related matters

HIGHLIGHTS include discovery of fraud and embezzlement

CONTRACT CONSULTANT, Arma Mobile Transit Company, Arma, KS

Transportation and Service; For Profit

- Audit billing to date; prepare billing for completed jobs; review and monitor accounts payable
- Compute and prepare payroll
- Cash flow forecast, cash management, calculate break-even point and develop profit analysis
- Consult with owners on costing and operational issues and assist with reporting to various governmental agencies for taxes and motor carrier permits
- Investigate various options to sell company assets; develop and implement plan for closing business

HIGHLIGHTS include successful wind down of business and sale of assets

CLAIRE M. U. WALPOLE

WORK EXPERIENCE

October 2013 – present Austin Habitat for Humanity, Austin, TX
Staff Architect, Design for Special Projects, Permit Procurement, Construction Management, Converting office to Revit

April 2007 – May 2008, November 2012 – Present Claire Marie U. Walpole, RA, Austin, TX
Self-Employed: Commercial Finish-out, Residential New Construction, Residential Renovation

May 2008 – Feb 2012 BLGY, Inc., Austin, TX
Project Management, Project Architect, Design, Production: City of Austin Public Safety Training Facility, Round Rock Elementary Schools, Teague Jr/Sr. High Auditorium and Black Box

June 2005 – January 2007 CG&S Design-Build, Austin, TX
Project Architect, Project Designer, Specifications Writer, Office Process Organization

April 2003 – April 2005 Hanbury Evans Wright Vlattas + Co., Norfolk, VA
Design; Historic Preservation; Project Development; In-house Education Programs

January 2002 – March 2003 MMM Design Group, Norfolk, VA
Discipline Coordination, Cost Estimating, Field Work, Construction Documents

EDUCATION

1997 – 2001 Louisiana State University Baton Rouge, LA
Bachelor of Architecture, May 2001

1995 - 1997 University of Southern Mississippi Hattiesburg, MS
Honors College

CERTIFICATIONS, SKILLS, HONORS AND ACTIVITIES

Licensed Architect, Texas License Number 19903, Dec 2006

LEED Accredited Professional, May 2005

AutoDesk AutoCad and Revit, Adobe Creative Suite (Photoshop and Illustrator), Sketchup

BLGY 2010 Robert P. Landes Architecture Award

LSU Chancellor's Design Competition, First Place

AIA Austin, 2011 Honor Awards Committee

AIA Austin, Architecture in Elementary Schools program: 2007, 2008, 2011, 2012, 2013, 2014

AIA Hampton Roads, Director of Communication, Newsletter Editor

American Institute of Architecture Students, LSU Chapter President

All Saints Presbyterian Church, Building Executive Committee, Architect Search Committee

Lighting and Sound Director, *Birth: a Play* by Karen Brody, 2008

Austin Civic Chorus, 2006-2014

Conspirare Symphonic Chorus, 2010-2013

BILLY WHIPPLE



SKILLS SUMMARY

- | | |
|------------------------------------|-----------------------------|
| ❖ Construction Management | ❖ Budgeting & Cost Controls |
| ❖ High Attention to Detail | ❖ Microsoft Office Suite |
| ❖ Contract Negotiation | ❖ Material Management |
| ❖ Bidding, Estimating, & Proposals | ❖ Energy Star |
| ❖ Site Safety/ OSHA Compliance | |

PROFESSIONAL EXPERIENCE

AUSTIN HABITAT FOR HUMANITY – AUSTIN, TX
Vice President of Construction, 2016 to Present

- ◆ Provide leadership to Home Repair, New Construction, & the Warehouse.
- ◆ Collaborate with Senior Leadership to develop cohesive strategies to achieve Habitat's mission.
- ◆ Generate build schedules from an annual overview down to day-to-day actions.
- ◆ Operational management of construction warehouse facility and truck fleet.
- ◆ Oversee all aspects of post-land development construction process.

HABITAT FOR HUMANITY WILLIAMSON-MAURY – FRANKLIN, TN
Director of Construction, 2014 to 2015

- ◆ Manage staff, contractors, and volunteers to the completion 12 homes annually.
 - ◆ Generate build schedules from an annual overview down to day-to-day actions.
 - ◆ Maintain high quality building standards and hold contractors to the same standards.
 - ◆ Finish projects on time while meeting municipal codes and Energy Star standards.
 - ◆ Manage a \$1.1 million departmental budget.
 - ◆ Develop accurate budgets for all projects.
 - ◆ Work closely with clients to ensure they are happy and well informed during projects.
 - ◆ Solicit, review, and award project bids.
 - ◆ Consistently update vendor and sub-contractor data base
 - ◆ Research and negotiate prices on building materials.
-

BILLY WHIPPLE

PROFESSIONAL EXPERIENCE CONTINUED

HABITAT FOR HUMANITY WILLIAMSON-MAURY – FRANKLIN, TN

Community Outreach Manager & Volunteer Coordinator, 2013 to 2014

- ◆ Build, maintain, & strengthen relationships with community groups & local businesses.
- ◆ Procure & manage gift-in-kind donations for programs and home builds.
- ◆ Communicate with stakeholders about the organization through social media, video, and e-mail marketing tools.
- ◆ Research & implement community focused fundraising campaigns.
- ◆ Schedule and track 3,000 volunteers per year.
- ◆ Collaborate with all departments to help the team meet and exceed their goals.
- ◆ Coordinate volunteers, meals, and building logistics for each volunteer build day.

AUSTIN HABITAT FOR HUMANITY– Austin, TX

Project Manager, 2010 to 2013

- ◆ Manage logistics of 23 new single-family residential homes per year.
- ◆ Hire and train staff to become functional home builders and leaders.
- ◆ Delegated day-to-day build site responsibilities.
- ◆ Responsible for meeting all city, green building and third-party inspections.
- ◆ Created a new build schedule that increased efficiency by 25%.

AMERICORPS, AHFH – Austin, TX

Construction Crew Leader, 2009 to 2010

- ◆ Served over 1700 volunteer hours.
- ◆ Strengthened my construction skills and construction communication
- ◆ Lead and trained groups of volunteers on the construction site.
- ◆ Performed daily job site quality and safety inspections.
- ◆ Kept inventory and delivered building materials.
- ◆ Attended leadership and professional development seminars.

EDUCATION & TRAINING

GRANITE STATE COLLEGE- CONCORD, NH

Bachelor of Science in Business Management, 2012

UL OSHA 10-HOUR CERTIFICATION

AMERICAN HEART ASSOCIATION

Heartsaver CPR & AED Certified

ROBERT C. (RIC) THOMPSON, P.E.
(M.S., C.F.M., C.P.E.S.C.)

Position: Owner/President of Thompson Land Engineering

Experience/Responsibilities:

Responsible for all operations of the firm including engineering, consulting, accounting, and management. Engineering and consulting is for residential, commercial, institutional, and public entities and generally includes assisting with rezoning of property, subdivision of property, preparing subdivision construction plans (road design, drainage design, water design, wastewater design, dry utility coordination, LPG main design, erosion control, and permitting), and preparing site plans (layout, grading, drainage, water service, wastewater service, ADA compliance, erosion control, and permitting). The design and permitting aspects are the same as that found under the description below for my time at Carlson Brigrance and Doering below.

PRIOR EMPLOYMENT HISTORY

- 11/04 – 10/07 Carlson, Brigrance, and Doering – Vice President. In addition to performing the same tasks as those found under the description for Conley Engineering below, performed marketing and design of LPG mains.
- 9/93 – 11/04 Conley Engineering - Engineer/Manager. Site assessment, preliminary planning, platting, subdivision improvement design, site design, permitting, construction review, and project management for residential, commercial, and municipal projects including design of water lines, wastewater lines, streets, parking lots, storm water conveyance systems (channels, pipes, inlets, flumes, drop structures, etcetera), retaining walls, detention ponds, water quality ponds, septic systems, lift stations, flood plain modeling and FEMA modifications. Permitting includes city, county, MUD, State (WPAP and TxDOT), and Federal (NPDES).
- 5/91 - 10/93 Jones and Neuse, Inc. (JN) - Engineer. Solid waste planning and the design of solid waste facilities. Regional and local planning of solid waste facilities including determining solid waste disposal and recycling rates, determining landfill life, assessing recycling markets, determining solid waste management needs and solutions. Design of solid waste facilities including design of composite liner and containment systems, storm water conveyance systems, hydrologic modeling, hydraulic modeling, landfill settlement modeling, and leachate generation modeling.
- 7/90 - 5/91 Malcolm Pirnie, Inc. - Engineer. Civil designs, shop drawing review, regulation research, and cost estimation of improvements to wastewater treatment plants.
- 9/88 - 7/90 The University of Texas, Research Assistant. Research regarding the microbial degradation of trihalomethanes. Laboratory operation and analysis included radio-labeled experiments, liquid phase experiments, gas phase experiments, gas chromatography, spectrophotometry, and liquid scintillation counting.
- 1/85 - 8/88 Turner Collie and Braden Consulting Engineers - Engineer In Training. Hydrologic & hydraulic modeling of watersheds, drainage master planning, field inspection of road and bridge construction, subdivision design, road repair design, utility repair design, utility district consultation, and work on U.S. Navy environmental impact statements.

REGISTRATION/CERTIFICATION

Registered Professional Engineer, Texas - 1991, No. 69524
Registered Professional Engineer, California - 1991, No. C47916
Certified Floodplain Manager – 2006, No. 1218-07N
Certified Professional in Erosion Control - 2010, No. 6006

EDUCATION

B.S. CE, Texas A & M University, College Station, 1984 (3.3/4.0)
M.S. Engineering (Environmental) University of Texas, Austin, 1990 (4.0/4.0)

THOMPSON LAND ENGINEERING, LLC

LAND PLANNING, SITE DESIGN, SUBDIVISION ENGINEERING



Founded: 2007

Years of Experience of Principal Engineer: 33

Mission: To provide quality plans, personal and honest service, and to provide these plans and services on time and at competitive prices.

Motto: Better Land through Better Land Engineering

SERVICES AND EXPERIENCE

Site Development: Survey coordination, grading, parking lot design, fire department access and water supply, on-site water and wastewater utilities, drainage design, detention pond design, water quality pond design, erosion control layout and design.

Subdivision Development: Platting, street design, storm sewer design, culvert design, roadside swale design, water main design, wastewater main design, dry utility coordination, LPG main design.

Water Quality/Environmental: Filtration/Sedimentation ponds, Retention/re-irrigation ponds, Filter Strips, Erosion Controls

Stormwater Hydrology and Hydraulics: Flood modeling, channel improvements and design, floodplain delineation and analysis, drainage studies and master plans, diversion modeling and design, detention pond modeling design, peak flow attenuation modeling.

Studies and Plans: Rate studies, Stormwater Pollution Prevention Plans, Water Pollution and Prevention Plans, Contributing Zone Plans, Drainage studies.

Permitting: City, county, LCRA, TPDES for construction (SWP3), Edwards Aquifer (WPAP, CZP, and SCS), FEMA Map Revisions, TDLR (ADA approvals), ESD/Fire Marshal, Districts.

EXAMPLE PROJECTS

Single Customer

St. Stephens Episcopal School: Replacement Dormitory, Pedestrian Green, Admissions, Dining Hall, Concessions, Fine Arts Replacement Building, Guard House, Access Road Construction.

U.S. Post Office: Harper Texas, Hutto Texas

McDonalds: Round Rock, Leander, Avery Ranch, Burleson Road (Austin), China Springs (Waco), Kyle

AAA Storage: Conroe, McHard (Houston), Hwy 29 (Liberty Hill), 183 (Liberty Hill), Taylor, Muschke (Houston), Boudreaux (Houston), IH 35 (Austin), Marbach (San Antonio), FM 359 (Ft. Bend County), 71 east (Austin), Stassney (Austin)

Other

Church, Retail, Office: St. Matthews Day School, New Hope Chapel Expansion, MLK Parking Garage, Tetco-Pleasant Valley, Heyl Office Building, Foundation Retail, East 2nd Street Parking and Conditional Use Permit.

Plat and Subdivision Infrastructure: Lee Meadows, Sendero Hills, Overlook Estates Phase I, Rider's Trail (amending), Lake Austin Estates (amending), River Place (amending).

LPG Mains: Tuscan, Lake Cliff, Rocky Creek, Lakeway Highlands (1-1, 1-2, 1-3, 1-4, 1-5, & Amenity Center), Austin's Colony (6B and 7B), Al Reehan, Ladera Ranch, Serene Hills

FEMA Map Revisions: Atkinson CLOMR, McHard LOMR-F, McHard CLOMR.

Thompson Land Engineering (TBPE F-10220) – Better Land through Better Land Engineering

904 N. Cuernavaca, Austin, Texas 78733 * 512-328-0002 * tleng.net



Solution Oriented Real Estate Attorneys

You can afford to trust us to resolve problems, not create them. We seek solutions and represent people buying, selling, leasing or investing in Texas real estate and the brokers, agents, lenders and title companies who assist them.

Our legal team can help manage your transaction with consultation, contract and title review services and provide the ancillary legal services needed to complete your project including entity formation, financing, and construction law for development projects to give you the information you need to evaluate all options.

🔍 ASK A QUESTION

📄 FEE ESTIMATE &
DOCUMENT REVIEW

Our Mission

We will build enduring business relationships based on loyalty and referrals. We will be proactive by anticipating our clients' needs and exceeding their expectations. We will eagerly handle all challenges before they become problems.



ANDREA BLEAU

PARTNER / REAL ESTATE ATTORNEY

Andrea focuses her practice on bringing practical solutions to her clients. She is tuned to the dynamic set of circumstances that bring parties to a transaction together, so that she can advocate for and advise her clients from the very first step of the transaction through to closing.

She has broad experience with a wide range of commercial and residential real estate projects and enjoys providing her clients with innovative and useful legal solutions. Over the course of her career, she has represented title companies, developers, builders, lenders, landlords, tenants, buyers and sellers.

Andrea graduated from the University of Texas at Austin, first with a Bachelor of Arts degree in English, then with a law degree. She is married to Robert, her college sweetheart, and together they are raising two rambunctious sons, Noah and Zander.



DON HANCOCK

FOUNDING PARTNER / REAL ESTATE ATTORNEY

Don is a proud native Texan and a founding partner in the firm. His Texas roots run deep, having graduated from Jasper High School, Texas A&M University and the University of Texas School of Law in quick succession. Don has practiced real estate, estate planning, and probate law in Austin and central Texas since 1971 representing title companies, developers, investors, lenders, buyers and sellers alike.

Today, he continues a long tradition of passing on his knowledge by teaching and mentoring real estate professionals while carving out time to enjoy traveling with his wife Forrest and being an active philanthropist for a variety of worthy causes.



Not-For-Profits

[Home](#) > [Our Work](#) > [Not-For-Profits](#)

GOVERNMENT AGENCY AND NOT-FOR-PROFIT SUPPORT

With several hundred not-for-profit and government agency clients, our firm brings extensive experience and knowledge to support your accounting needs. Our group is equipped to handle a multitude of organizations with unique missions, state and local government entities, student lending authorities, and higher education institutions. Our professionals receive specialized industry training and are prepared to handle your audit, internal controls, tax or advisory support needs.

Specific Services include:

- Audits and Acquisitions
- Yellow Book
- Single Audits
- Internal Controls
- 990 Preparation
- Projects or Special Needs

Helping Achieve Your Mission

Our professionals communicate frequently with our clients and provide a timely engagement. We believe partner involvement is vital to our service delivery and our partners are accessible and responsive. We focus not only on meeting deadlines, but providing accurate and cost-effective service. We work to understand your industry, organization and issues. You can trust PMB Helin Donovan to provide efficient and personal service that cannot be matched.



100 +

NFP and Government Clients



\$200 *M*

Annual Revenues



\$500 M

Total Assets



30

Annual Hours of Specialized Training

TYPICAL SERVICES

In addition to the big ones below, we also conduct reviews, provide updates on regulatory changes affecting NFPs and make recommendations for consolidations and fundings.



Single Audit



Required for organizations spending a certain level of federal funds. Relied on by federal agencies for determining compliance with the requirements of federal awards by non-federal entities.

[More on Single Audits from the AICPA](#) →



Form 990



Preparation and filing of this standard tax form for not-for-profit organizations. Ensure you meet all your disclosure and compliance requirements.



Financial Statements



Assist management with financial statement preparation as long as certain requirements are met and other non-attest services do not have a cumulative effect on independence.



Nonprofit Documentation



Office of the Secretary of State

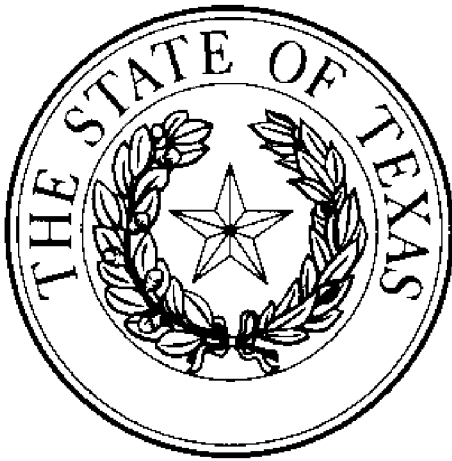
The undersigned, as Secretary of State of Texas, does hereby certify that the attached is a true and correct copy of each document on file in this office as described below:

AUSTIN HABITAT FOR HUMANITY, INC.
Filing Number: 73651401

Articles Of Incorporation

January 23, 1985

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on November 14, 2005.



A handwritten signature in black ink that reads "Roger Williams".

Roger Williams
Secretary of State

ATLANTA GA 39901-0001

In reply refer to: 0752639100
Mar. 10, 2016 LTR 4168C 0
74-2373217 000000 00
00017473
BODC: TE

AUSTIN HABITAT FOR HUMANITY INC
% PHYLLIS SNODGRASS
500 W BEN WHITE BLVD
AUSTIN TX 78704



029909

Employer ID Number: 74-2373217
Form 990 required: YES

Dear Taxpayer:

We issued you a determination letter in August 1985, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(3).

Our records also indicate you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading of this letter, we indicated whether you must file an annual information return. If a return is required, you must file Form 990, 990-EZ, 990-N, or 990-PF by the 15th day of the fifth month after the end of your annual accounting period. IRC Section 6033(j) provides that, if you don't file a required annual information return or notice for three consecutive years, your exempt status will be automatically revoked on the filing due date of the third required return or notice.

For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).

If you have questions, call 1-877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific Time).

0752639100

Mar. 10, 2016 LTR 4168C 0

74-2373217 000000 00

00017474

AUSTIN HABITAT FOR HUMANITY INC
% PHYLLIS SNODGRASS
500 W BEN WHITE BLVD
AUSTIN TX 78704

Sincerely yours,

A handwritten signature in black ink, appearing to read "Teri M. Johnson". The signature is fluid and cursive, with the first name "Teri" being the most prominent.

Teri M. Johnson
Operations Manager, AM Ops. 3



Austin Habitat for Humanity, Inc.

(A Nonprofit Corporation)

Report of Independent Auditor and Consolidated
Financial Statements with Supplementary Information

December 31, 2017 and 2016

PMB Helin Donovan

AUSTIN HABITAT FOR HUMANITY, INC.

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Report of Independent Auditor

To the Board of Directors of
Austin Habitat for Humanity, Inc.:

We have audited the accompanying consolidated financial statements of Austin Habitat for Humanity and its subsidiaries (collectively, the “Organization”), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2017, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PMB Helin Donovan

Other Matters

Predecessor Auditor

The consolidated financial statements of the Organization for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on July 14, 2017.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position information and consolidating schedule of activities information as of and for the year ended December 31, 2017 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

PMB HELIN DONOVAN, LLP

PMB Helin Donovan, LLP

July 23, 2018
Austin, Texas

AUSTIN HABITAT FOR HUMANITY, INC.

Consolidated Statements of Financial Position

December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|----------------------|----------------------|
| ASSETS: | | |
| Current assets | | |
| Cash and cash equivalents | \$ 1,382,287 | \$ 820,061 |
| Investments, at fair value | 400,080 | 391,791 |
| Accounts receivable, net | 173,000 | 189,261 |
| Pledges receivable, net | 116,718 | 155,875 |
| Mortgages receivable, current portion, net | 816,838 | 808,474 |
| ReStore inventory | 619,453 | 529,738 |
| Home construction in progress | 484,299 | 551,469 |
| Prepaid expenses and other current assets | 248,190 | 285,420 |
| Total current assets | <u>4,240,865</u> | <u>3,732,089</u> |
| Land held for development | 3,500,621 | 3,248,276 |
| Restricted cash | 45,229 | 71,659 |
| Pledges receivable, long-term portion, net | 380,817 | 14,250 |
| Other long-term assets | 193,628 | 243,791 |
| Mortgages receivable, long-term portion, net | 8,453,826 | 8,259,388 |
| Notes receivable - 2nd liens, net | 815,277 | 428,591 |
| Investments, at cost - NMTC | 2,491,147 | 2,509,068 |
| Property and equipment, net | 9,592,553 | 9,810,019 |
| Total assets | \$ <u>29,713,963</u> | \$ <u>28,317,131</u> |
| LIABILITIES AND NET ASSETS: | | |
| Current liabilities | | |
| Accounts payable | \$ 456,738 | \$ 170,704 |
| Accrued expense | 539,353 | 569,540 |
| Deferred revenue | 1,027,101 | 1,018,549 |
| Capital lease obligation, current portion | 33,251 | 32,269 |
| Notes payable - TDHCA, current portion | 87,149 | 84,316 |
| Long-term debt, current portion | 156,985 | 151,200 |
| Total current liabilities | <u>2,300,577</u> | <u>2,026,578</u> |
| Capital lease obligation, long-term portion | 256,670 | 292,647 |
| Notes payable - TDHCA, long-term portion | 1,175,498 | 1,161,396 |
| Long-term debt, net of debt issuance costs | 8,014,758 | 8,150,441 |
| Total liabilities | <u>11,747,503</u> | <u>11,631,062</u> |
| Net assets | | |
| Unrestricted | 16,851,094 | 16,073,377 |
| Temporarily restricted | 1,115,366 | 566,826 |
| Permanently restricted | - | 45,866 |
| Total net assets | <u>17,966,460</u> | <u>16,686,069</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ <u>29,713,963</u> | \$ <u>28,317,131</u> |

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.
Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2017

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|----------------------|-----------------------------------|-----------------------------------|----------------------|
| REVENUES: | | | | |
| Contributions and other income: | | | | |
| Contributions | \$ 1,510,797 | \$ 617,206 | \$ - | \$ 2,128,003 |
| In-kind contributions | 188,197 | - | - | 188,197 |
| Home building sponsorship revenues | 1,002,224 | - | - | 1,002,224 |
| Investment income | 46,839 | - | - | 46,839 |
| Other income | 287,287 | - | - | 287,287 |
| Net assets released from restrictions | 114,532 | (68,666) | (45,866) | - |
| Total contributions and other | <u>3,149,876</u> | <u>548,540</u> | <u>(45,866)</u> | <u>3,652,550</u> |
| ReStore revenues: | | | | |
| ReStore sales | 3,871,588 | - | - | 3,871,588 |
| In-kind donation of inventory | 1,910,324 | - | - | 1,910,324 |
| Cost of goods sold | (2,806,608) | - | - | (2,806,608) |
| Sales discounts and refunds | (106,082) | - | - | (106,082) |
| Total ReStore revenues, net | <u>2,869,222</u> | <u>-</u> | <u>-</u> | <u>2,869,222</u> |
| Low-cost housing revenues: | | | | |
| Home sales | 1,714,500 | - | - | 1,714,500 |
| In-kind contributions of labor and construction materials | 786,123 | - | - | 786,123 |
| Mortgage discount and amortization | 353,429 | - | - | 353,429 |
| Other housing revenues | 42,580 | - | - | 42,580 |
| Cost of homes sold | (2,318,340) | - | - | (2,318,340) |
| Total Low-cost housing revenues | <u>578,292</u> | <u>-</u> | <u>-</u> | <u>578,292</u> |
| Total revenues | <u>6,597,390</u> | <u>548,540</u> | <u>(45,866)</u> | <u>7,100,064</u> |
| EXPENSES: | | | | |
| Low-cost housing program | 2,143,443 | - | - | 2,143,443 |
| ReStore program | 2,034,006 | - | - | 2,034,006 |
| Fundraising | 1,084,041 | - | - | 1,084,041 |
| Management and general | 558,182 | - | - | 558,182 |
| Total expenses | <u>5,819,673</u> | <u>-</u> | <u>-</u> | <u>5,819,673</u> |
| CHANGE IN NET ASSETS | <u>777,717</u> | <u>548,540</u> | <u>(45,866)</u> | <u>1,280,391</u> |
| NET ASSETS, BEGINNING OF YEAR | <u>16,073,377</u> | <u>566,826</u> | <u>45,866</u> | <u>16,686,069</u> |
| NET ASSETS, END OF YEAR | <u>\$ 16,851,094</u> | <u>\$ 1,115,366</u> | <u>\$ -</u> | <u>\$ 17,966,460</u> |

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.
Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2016

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|----------------------|-----------------------------------|-----------------------------------|----------------------|
| REVENUES: | | | | |
| Contributions and other: | | | | |
| Contributions | \$ 2,602,779 | \$ 390,379 | \$ - | \$ 2,993,158 |
| In-kind contributions | 156,153 | - | - | 156,153 |
| Home building sponsorship revenues | 1,099,976 | - | - | 1,099,976 |
| Investment income | 48,934 | - | - | 48,934 |
| Other income | 1,265,559 | - | 12,147 | 1,277,706 |
| Net assets released from restrictions | 37,168 | (37,168) | - | - |
| Total contributions and other | <u>5,210,569</u> | <u>353,211</u> | <u>12,147</u> | <u>5,575,927</u> |
| ReStore revenues: | | | | |
| ReStore sales | 2,876,088 | - | - | 2,876,088 |
| In-kind donation of inventory | 1,511,844 | - | - | 1,511,844 |
| Cost of goods sold | (2,322,206) | - | - | (2,322,206) |
| Sales discounts and refunds | (57,521) | - | - | (57,521) |
| Total ReStore revenues, net | <u>2,008,205</u> | <u>-</u> | <u>-</u> | <u>2,008,205</u> |
| Low-cost housing revenues: | | | | |
| Home sales | 1,993,000 | - | - | 1,993,000 |
| In-kind contributions of labor and construction materials | 1,491,438 | - | - | 1,491,438 |
| Mortgage discount and amortization | 113,341 | - | - | 113,341 |
| Other housing revenues | 28,794 | - | - | 28,794 |
| Cost of homes sold | (3,243,936) | - | - | (3,243,936) |
| Total Low-cost housing revenues | <u>382,637</u> | <u>-</u> | <u>-</u> | <u>382,637</u> |
| Total revenues | <u>7,601,411</u> | <u>353,211</u> | <u>12,147</u> | <u>7,966,769</u> |
| EXPENSES: | | | | |
| Low-cost housing program | 2,142,026 | - | - | 2,142,026 |
| ReStore program | 1,701,692 | - | - | 1,701,692 |
| Fundraising | 839,180 | - | - | 839,180 |
| Management and general | 489,862 | - | - | 489,862 |
| Total expenses | <u>5,172,760</u> | <u>-</u> | <u>-</u> | <u>5,172,760</u> |
| CHANGE IN NET ASSETS | 2,428,651 | 353,211 | 12,147 | 2,794,009 |
| NET ASSETS, BEGINNING OF YEAR | 13,644,726 | 213,615 | 33,719 | 13,892,060 |
| NET ASSETS, END OF YEAR | <u>\$ 16,073,377</u> | <u>\$ 566,826</u> | <u>\$ 45,866</u> | <u>\$ 16,686,069</u> |

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.
Consolidated Statement of Functional Expenses
Year Ended December 31, 2017

| | <u>Low-Cost Housing</u> | <u>ReStore</u> | <u>Fundraising</u> | <u>Management and General</u> | <u>Total</u> |
|---------------------------------------|------------------------------------|-----------------------|---------------------------|--|---------------------|
| Salaries and related | \$ 1,269,564 | \$ 1,337,992 | \$ 568,027 | \$ 440,302 | \$ 3,615,884 |
| Advertisements | 14,358 | 38,178 | 349,334 | 121 | 401,990 |
| Office expenses | 44,148 | 128,237 | 20,662 | 18,303 | 211,351 |
| Information technology | 22,377 | 7,458 | 8,888 | 9,866 | 48,589 |
| Occupancy | 101,923 | 39,776 | 8,337 | 4,199 | 154,236 |
| Travel | 17,256 | 14,139 | 8,867 | 1,192 | 41,453 |
| Conference, conventions, and meetings | 4,728 | 5,458 | 7,221 | 5,194 | 22,601 |
| Interest expenses | 53,683 | 174,349 | 18,207 | 23,100 | 269,339 |
| Tithe to HFHI | 53,000 | - | - | - | 53,000 |
| Depreciation and amortization | 34,592 | 179,966 | 16,929 | 20,462 | 251,949 |
| Insurance | 33,838 | 72,882 | 4,196 | 2,268 | 113,184 |
| Warranty work | 4,490 | - | - | - | 4,490 |
| Tools and equipment | 9,272 | 1,913 | - | - | 11,185 |
| Professional services | 40,651 | 7,626 | 21,178 | 23,202 | 92,657 |
| NMTC transaction Fees | 26,430 | - | - | - | 26,430 |
| Dues and subscriptions | 13,148 | 12,957 | 11,738 | 7,125 | 44,968 |
| Home repair program | 389,037 | 70 | 25,642 | - | 414,749 |
| Other expense | 10,949 | 13,005 | 14,815 | 2,849 | 41,618 |
| Total Functional Expenses | \$ <u>2,143,443</u> | \$ <u>2,034,006</u> | \$ <u>1,084,041</u> | \$ <u>558,182</u> | \$ <u>5,819,673</u> |

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.
Consolidated Statement of Functional Expenses
Year Ended December 31, 2016

| | <u>Low-Cost Housing</u> | | <u>ReStore</u> | | <u>Fundraising</u> | | <u>Management and General</u> | | <u>Total</u> |
|---------------------------------------|-----------------------------|----|------------------|----|--------------------|----|-----------------------------------|----|------------------|
| Salaries and related | \$ 1,095,654 | \$ | 1,154,709 | \$ | 490,216 | \$ | 379,988 | \$ | 3,120,567 |
| Advertisements | 12,826 | | 53,499 | | 137,298 | | 33 | | 203,656 |
| Office expenses | 40,300 | | 78,632 | | 14,853 | | 14,672 | | 148,457 |
| Information technology | 13,907 | | 7,424 | | 5,732 | | 3,105 | | 30,168 |
| Occupancy | 99,163 | | 13,268 | | 5,371 | | 3,600 | | 121,402 |
| Travel | 7,381 | | 9,614 | | 3,197 | | 955 | | 21,147 |
| Conference, conventions, and meetings | 5,016 | | 4,217 | | 6,409 | | 5,666 | | 21,308 |
| Interest expenses | 99,728 | | 116,237 | | 27,141 | | 33,735 | | 276,841 |
| Tithe to HFHI | 61,000 | | - | | - | | - | | 61,000 |
| Depreciation and amortization | 43,313 | | 169,860 | | 12,863 | | 22,983 | | 249,019 |
| Insurance | 33,007 | | 65,376 | | 3,678 | | 2,592 | | 104,653 |
| Warranty work | 5,040 | | - | | - | | - | | 5,040 |
| Tools and equipment | 9,351 | | - | | - | | - | | 9,351 |
| Professional services | 89,099 | | 6,854 | | 120,650 | | 10,326 | | 226,929 |
| NMTC transaction Fees | 26,989 | | - | | - | | - | | 26,989 |
| Dues and subscriptions | 6,900 | | 13,900 | | 9,361 | | 9,658 | | 39,819 |
| Home repair program | 482,872 | | 4,918 | | - | | - | | 487,790 |
| Other expense | 10,480 | | 3,184 | | 2,411 | | 2,549 | | 18,624 |
| Total Functional Expenses | \$ <u>2,142,026</u> | \$ | <u>1,701,692</u> | \$ | <u>839,180</u> | \$ | <u>489,862</u> | \$ | <u>5,172,760</u> |

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|-------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 1,280,391 | \$ 2,794,009 |
| Adjustments to reconcile change in net assets to net cash provided by operations: | | |
| Noncash interest expense | 17,921 | 27,533 |
| Depreciation and amortization | 251,949 | 249,017 |
| Unrealized gain on investments | (6,074) | (11,862) |
| Loss on disposal of property and equipment | 40,383 | - |
| (Increase) decrease in operating assets: | | |
| Accounts receivable | 16,261 | 86,813 |
| Pledges receivable | (327,410) | (46,208) |
| Grants receivable | - | 112,659 |
| Mortgages receivable | (202,802) | (739,193) |
| ReStore Inventory | (89,715) | (241) |
| Home construction in Progress | 67,170 | 575,527 |
| Prepaid expenses and other | 37,230 | 38,621 |
| Land held for development | (252,345) | (1,693,511) |
| Notes receivable, 2nd liens | (386,686) | (450,572) |
| Other long-term assets | 50,163 | (275,819) |
| Increase (decrease) in operating liabilities: | | |
| Accounts Payable | 286,034 | (61,855) |
| Accrued expenses | (30,187) | 355,003 |
| Deferred revenue | 8,552 | 123,275 |
| Escrow and custodial liability | - | (295,476) |
| Notes payable - TDHCA | 16,935 | 152,676 |
| Net cash provided by operating activities | <u>777,770</u> | <u>940,396</u> |
| Cash flows from investing activities: | | |
| Restricted cash | 26,430 | 26,989 |
| Purchases of investments | (2,215) | (39,136) |
| Purchases of property and equipment | (74,866) | (97,421) |
| Net cash used in investing activities | <u>(50,651)</u> | <u>(109,568)</u> |
| Cash flows from financing activities: | | |
| Payments on long-term debt | (129,898) | (287,089) |
| Payments on capital lease obligation | (34,995) | (34,781) |
| Net cash used in financing activities | <u>(164,893)</u> | <u>(321,870)</u> |
| Net increase in cash and cash equivalents | 562,226 | 508,958 |
| Cash and cash equivalents at beginning of year | 820,061 | 311,103 |
| Cash and cash equivalents at end of year | <u>\$ 1,382,287</u> | <u>\$ 820,061</u> |
| Supplemental disclosure of cash flow information: | | |
| Interest paid | \$ <u>241,808</u> | \$ <u>202,889</u> |
| Income taxes paid | \$ <u>-</u> | \$ <u>359,697</u> |

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements
Years ended December 31, 2017 and 2016

1. ORGANIZATION

Austin Habitat for Humanity, Inc. (“AHFH”) is a nonprofit, affordable housing developer dedicated to the elimination of substandard housing in Austin, Texas. It is affiliated with Habitat for Humanity International, Inc. (“HFHI”) based in Americus, Georgia. AHFH was incorporated in 1985 under the laws of the State of Texas. While adhering to the policies and procedures prescribed by HFHI, AHFH exists as a separate corporation with its own Board of Directors. Local policies, strategies, operations, and fundraising are the responsibility of each affiliate.

Austin Neighborhood Alliance for Habitat, Inc., (the “Alliance”) is a wholly owned non-profit corporation formed to support AHFH. The Alliance receives federal financial assistance to acquire land and develop infrastructure for homes.

HomeBase Texas (“HomeBase”) is a wholly owned non-profit corporation that provides affordable homeownership opportunities to homeowners that meet a higher family income threshold than those served by AHFH.

The Alliance and HomeBase financial statements are consolidated into the financial statements of AHFH because AHFH has control over and an economic interest in the Alliance and HomeBase. AHFH and its affiliates, the Alliance and HomeBase, are collectively referred to as the Organization.

Low-Cost Housing Program

To be considered for home ownership, families must be low-income families who demonstrate a need for better housing, an ability to make mortgage payments, and a willingness to work in partnership with AHFH. The partnership consists, in part, of each family completing 300 hours of “sweat equity” and meeting monthly mortgage payments. AHFH acquires the land, finds and qualifies the families, raises the funding, finds and supervises construction volunteers, builds the houses, and funds the mortgages. Houses are sold resulting in either a no interest or zero profit on the mortgage. By policy of HFHI, AHFH may accept government support for land, infrastructure improvements and construction.

ReStore Program

AHFH also operates a ReStore in Austin. The ReStore program provides access to quality building materials, new and used, household goods, clothing, etc., to the general public to help them create a better human habitat in which to live and work. The ReStore receives donated materials, purchases items, and sells them.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The consolidated financial statements are presented in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) as defined by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

Classification of Net Assets - The consolidated financial statements report information regarding the Organization’s consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

Unrestricted net assets - Net assets are not subject to donor-imposed stipulations. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Temporarily restricted net assets - Net assets are subject to donor-imposed stipulations, which limit their use by the Organization to a specific purpose and/or the passage of time.

Permanently restricted net assets - Net assets are subject to donor-imposed stipulations, which require them to be maintained permanently by the Organization.

Use of Estimates - The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates include the fair value of investments, allowances for uncollectable receivables, useful lives of property and equipment, and the valuation of in-kind services and materials.

Advertising Costs - Advertising costs are expensed when incurred. Advertising expense for the years ended December 31, 2017 and 2016 were \$401,990 and \$203,656, respectively.

Fair Value Measurements - The Organization measures and discloses fair value measurements in accordance with the authoritative literature. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 - Inputs based on quoted market prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 - Unobservable inputs that reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value: 1) market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities, 2) cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost), and 3) income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

Restricted Cash - As a condition of the loan agreements with HFHI-SA NMTC VI, LLC and CCM Community Development XXVII, LLC and through its investment in two New Market Tax Credit (“NMTC”) programs (Note 10), AHFH has established separate bank accounts for receiving and disbursing certain amounts related to the NMTC transactions. Total restricted cash was \$45,299 and \$71,659 as of December 31, 2017 and 2016, respectively.

Investments, at fair value - Investments in mutual funds are carried at fair market value based on quoted market prices. Any changes in market value are reported in the consolidated statements of activities as increases or decreases to investment income.

Investments, at cost - NMTC - In November 2011, AHFH invested, along with eleven other Habitat affiliates, in a joint venture named HFHI-SA Leverage IX, LLC with 4.82% ownership to take advantage of NMTC financing. In July 2012, AHFH participated in a second NMTC transaction along with eleven other Habitat affiliates. As a result of this transaction, AHFH acquired a 9.09% ownership in a joint venture named CCML Leverage II, LLC. Since AHFH has no ability to influence the operating or financial policies of HFHI-SA Leverage IX, LLC and CCML Leverage II, LLC, the cost method is used to account for these investments. Under that method, AHFH records income only to the extent of distributions received.

The Organization has capitalized, as, certain structuring and guarantee fees and closing costs for the loans to finance these investments and construction costs. These fees are being amortized to interest expense over seven to sixteen years and are reflected as costs of the investments.

Accounts Receivable - Accounts receivable are recorded at the amount the Organization expects to collect on outstanding balances. The Organization has not recorded an allowance for uncollectible accounts receivables at December 31, 2017 or 2016 as management believes all balances to be collectible.

Pledges Receivable - Pledges receivable are recorded at the amount the Organization expects to receive from donors. Promises to give are recorded at fair value if expected to be collected in one year and at net present value if expected to be collected in more than one year. Although the Organization has not experienced material uncollectible amounts in the past, an allowance for uncollectible pledges receivable has been established. The allowance at December 31, 2017 and 2016, was \$58,282 and \$19,125, respectively. The Organization did not apply a net present value discount on the pledges receivable balance as of December 31, 2017 and 2016 as management considered the amount to be insignificant.

Notes Receivable, 2nd Liens - Notes receivable are a non-amortizing repayable second lien due in 30-35 years at 0% interest. The second lien is attached to a home sale to qualified applicants under the HomeBase Texas program. The first lien is provided for by a traditional third-party lender. The second lien is due and payable between 30-35 years to allow for the first lien to have been paid off and provides a subsidy that allows the home sale to meet the affordability requirements of the HomeBase Texas program. These notes are discounted based upon prevailing market interest rates for low-income housing at the inception of the mortgages. The Organization has not recorded an allowance for uncollectible notes receivable at December 31, 2017 or 2016 as management believes all balances to be collectible.

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

Home Sales and Mortgages Receivable - Home sales represent the sale to qualified families of houses built in Austin, Texas by the Organization. Homes are sold at cost when possible and the sales are financed by the Organization utilizing non-interest bearing 15 to 35-year mortgages due in monthly installments from the families. The mortgages are secured by the underlying real estate and are carried at the unpaid principal balances. The Organization obtains a deed of trust for any difference between the agreed-upon purchase price and the current fair value of the property. This difference, referred to as “the equity”, is payable to the Organization should the homeowner sell the property before the mortgage is paid off or if the home is foreclosed and sold in the open market.

The mortgages receivable are discounted based upon prevailing market interest rates for low-income housing at the inception of the mortgages. The financing discounts are amortized and reflected as mortgage discount and amortization in the accompanying consolidated statements of activities when mortgage payments are collected.

The Organization monitors the mortgages on a monthly basis and considers all mortgages to be collectible, thus no allowance for loan losses has been recorded. The Organization maintains a partner relationship with the mortgagees (“partner families”). However, the Organization will consider foreclosure proceedings on any delinquent accounts if the partner family ceases to have the ability to pay and make payments on the mortgage or no longer has a willingness to partner with the Organization. At December 31, 2017 and 2016, the Organization had no investment in foreclosed loans.

ReStore Inventory - ReStore inventory consists of donated building materials, household items and clothing as well as purchased building materials available for sale. Donated inventory is recorded as in-kind contributions at fair value when received based on estimated sales value. Purchased inventory is stated at the lower of cost or market determined by the first-in first-out method.

Home Construction in Progress – Home construction in progress represents home construction and land costs incurred on incomplete homes in progress and completed homes not yet conveyed to the recipient family. Once sold and conveyed, the home costs are expensed to cost of homes sold in the accompanying consolidated statements of activities.

Property and Equipment - Property and equipment consists of land, buildings, and equipment. Property and equipment additions are recorded at cost if purchased or estimated fair value if donated less accumulated depreciation. The Organization capitalizes all additions over \$1,000 and expenses maintenance and repairs that do not improve or extend the useful lives of the respective assets. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets. Estimated useful lives are three to five years for computer equipment; five years for building improvements, software and vehicles; three to seven years for tools and construction equipment; and twenty to forty years for completed houses and buildings. Property and equipment under capital lease is amortized over the shorter of the lease term or the expected useful life of the asset.

Long-lived assets subject to amortization are reviewed for impairment whenever events or circumstances indicate that the amount recorded may not be recoverable. An impairment loss is recognized by the amount in which the carrying amount of the asset exceeds fair value, if the carrying amount of the asset is not recoverable. Management believes there has been no impairment of such assets as of December 31, 2017 and 2016.

Debt Issuance Costs - Debt issuance costs associated with long-term debt are recorded as a reduction of the related debt balance and amortized to interest expense over the term of the related arrangement.

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

Notes Payable – TDHCA - The Texas Department of Housing and Community Affairs Department (“TDHCA”) administers the Owner-Builder Loan Program, also known as the Texas Bootstrap Loan Program (“Bootstrap Program”). The Bootstrap Program is a self-help housing construction program that provides the owners and builders of very low-income families an opportunity to purchase or refinance real property on which to build new housing or repair their existing homes through “sweat equity.” Owner builder’s household income may not exceed 60% of Area Median Family Income. The Bootstrap Program notes payable are discounted based upon prevailing market interest rates at the inception of the mortgage. The financing discounts are amortized and reflected as mortgage discount and amortization in the accompanying consolidated statements of activities as the mortgage payments are made.

Contribution Revenue - All contributions, including home building sponsorship revenues and non-cash contributions, are recorded at their fair value and are considered to be available for operations of the Organization unless specifically restricted by the donor. Unconditional promises to give cash and other assets are reported as temporarily restricted net assets if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or restricted purpose is accomplished, the related temporarily restricted net assets are reclassified to unrestricted net assets. This is reported in the accompanying consolidated statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire within the fiscal year in which the contributions are received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Government Grant Revenue - The Organization receives funding from governmental financial assistance programs that supplement its traditional funding sources. The awards provide for reimbursement of qualifying costs incurred, as defined in the underlying award agreements. The Organization recognizes revenue from these awards as services are rendered and expenses are incurred.

In-Kind Contributions of Labor - A substantial number of volunteers have made significant contributions of their time to the Organization’s program and supporting services. Donated services are recognized as contributions if the services (1) create or enhance non-financial assets, or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Under those criteria, volunteer time and professional services donated to construct homes is recognized as contribution revenue and capitalized as home construction in progress. When homes are transferred to recipient families, home construction in progress is recorded as component of cost of homes sold within the accompanying consolidated statements of activities.

Functional Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Federal Income Taxes - AHFH, the Alliance, and HomeBase are all non-profit organizations exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except with respect to any unrelated business income. AHFH, the Alliance and HomeBase did not incur any tax liabilities for unrelated business income during the years ended December 31, 2017 or 2016. The Board assesses uncertainties in income taxes in its consolidated financial statements and uses a threshold of more-likely-than-not for recognition and derecognition of tax positions taken. There is no provision or liability for federal income taxes in the accompanying combined financial statements related to the Organization. AHFH, the Alliance, and HomeBase file Form 990 tax returns in the U.S. federal jurisdiction and are subject to routine examinations of its returns. However, there are no examinations currently in progress. The Board’s management believes it is no longer subject to income tax examinations for years prior to 2014.

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

Recent Accounting Pronouncements- In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. For non-public companies, the ASU is effective for years beginning after December 15, 2019. Early adoption is permitted. The Organization has elected not to early adopt this ASU as of December 31, 2017.

Accounting Standards Update No. 2016-14, *Not-for-Profit Entities* (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities decreases the number of net asset classes from three to two. The new classes will be net assets with donor restrictions and net assets without donor restrictions. The standard also:

- Requires reporting of the underwater amounts of donor-restricted endowment funds in net assets with donor restrictions and enhances disclosures about underwater endowments.
- Continues to allow preparers to choose between the direct method and indirect method for presenting operating cash flows, eliminating the requirement for those who use the direct method to perform reconciliation with the indirect method.
- Requires a not-for-profit to provide in the notes qualitative information on how it manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a not-for-profit's financial assets at the balance sheet date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes.
- Requires reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature.

The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application of the standard is permitted. The Organization has elected not to early adopt this ASU as of December 31, 2017.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2014-09, *Revenue Recognition* (Topic 606). This ASU provides a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and the timing of revenue recognition. The new standard, as initially released, would be effective for fiscal years, and interim periods within those years, beginning after December 15, 2016 and early adoption would not be permitted. In July 2015, the FASB deferred the effective date of the new revenue standard by one year resulting in the new revenue standard being effective for fiscal years and interim periods beginning after December 15, 2017 and allowing entities to adopt one year earlier if they so elect. The new standard allows for two alternative implementation methods: the use of either (1) full retrospective application to each prior reporting period presented or (2) modified retrospective application in which the cumulative effect of initially applying the revenue standard is recognized as an adjustment to the opening balance of retained earnings in the period of adoption. The Board plans to adopt the new standard for the fiscal year ending December 31, 2018 but has not yet determined the method by which the standard will be adopted. The Organization is currently evaluating the impact of the standard on its financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

In April, 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. This ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents would be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. For private companies, the ASU is effective for years beginning after December 15, 2018. The Organization has elected to not early adopt this ASU as of December 31, 2017.

Reclassification - Certain amounts in the prior year have been reclassified to conform to the presentation adopted in the current year. There was no impact on net assets as a result of reclassifications.

3. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments and its receivables.

The Organization places its cash and cash equivalents with a limited number of high quality financial institutions and may exceed the amount of insurance provided on such deposits. Management believes no significant risk exists with respect to cash and cash equivalents.

Investments do not represent a significant concentration of credit risk due to the diversification of the Organization's portfolio among instruments and issues. However, investment securities, including money market funds, are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statement of financial position.

The Organization does not maintain collateral for its receivables except for mortgages and notes receivable and does not believe significant risk exists at December 31, 2017 or 2016. Credit risk for mortgages and notes receivable is concentrated because substantially all of the balances are due from individuals located in the same geographic region. Management considered the collateral pledged from mortgages and notes receivable to be adequate at December 31, 2017 and 2016.

4. INVESTMENTS

Investments at fair value

Marketable investments are stated at fair value using the market approach. Marketable investments consisted of mutual funds at December 31, 2017 and 2016. The inputs used to determine the fair value of mutual funds were considered Level 1.

Investments at cost

AH FH participated in NMTC programs in November 2011 and in July 2012. The programs, administered by the U.S. Department of the Treasury, provide funds from outside investors to eligible organizations for investment in qualified low-income community investments. Outside investors receive new markets tax credits to be applied against their federal tax liability. Program compliance requirements included creation of promissory notes and investments in qualified community development entities ("CDE or sub-CDE"). Tax credit recapture is required if compliance requirements are not met over a seven-year period after each transaction settlement date.

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

In November 2011, AHFH invested \$1,000,044 in HFHI-SA Leverage IX, LLC and secured a 16-year loan in the amount of \$1,320,965 payable to the sub-CDE named HFHI-SA NMTC VI, LLC (see Note 10). The loan proceeds are to be used solely for the purpose of constructing and selling qualified housing properties to low income residents. The loan requires semi-annual interest only payments until November 15, 2019 at 0.75%. Commencing November 15, 2019, semi-annual principal payments are due through maturity date of July 13, 2027. The loan is secured by substantially all the assets acquired by AHFH from the project loan proceeds. As part of the NMTC program, 99.98% of the interest payments will be refunded to the Organization on a semi-annual basis.

In November 2019, HFHI-SA Investment Fund VI, LLC (the “Fund”), the effective owner of HFHI-SA NMTC VI, LLC (holder of the promissory note due from AHFH), is expected to exercise a put option. Under the terms of the put option agreement, HFHI-SA Leverage IX, LLC is expected to purchase the ownership interest of the Fund. Exercise of the option will effectively allow AHFH to extinguish its outstanding debt owed to the Fund.

In July 2012, AHFH invested \$1,431,009 in CCML Leverage II, LLC and secured a 16-year loan in the amount of \$1,880,000 payable to the sub-CDE named CCM Community Development XXVII, LLC (see Note 10). The loan proceeds are to be used solely for the purpose of constructing and selling qualified housing properties to low income residents. The loan requires semi-annual interest only payments until November 10, 2020 at 0.76%. Commencing November 10, 2020, semi-annual principal payments are due through maturity date of July 26, 2028. The loan is secured by substantially all the assets acquired by AHFH from the project loan proceeds. As part of the NMTC program, 99.99% of the interest payments will be refunded to the Organization on a semi-annual basis.

In August 2019, CCM CD 27 Investment Fund, LLC (the “Fund”), the effective owner of CCM Community Development XXVII, LLC (holder of the promissory note due from AHFH), is expected to exercise a put option. Under the terms of the put option agreement, CCML Leverage II, LLC is expected to purchase the ownership interest of the Fund. Exercise of the option will effectively allow AHFH to extinguish its outstanding debt owed to the Fund.

The investments in these joint ventures are reported at cost using the cost method. For each of the years ended December 31, 2017 and 2016, AHFH received \$24,266 in distributions. These distributions are reported as investment income in the consolidated statements of activities. During the years ended December 31, 2017 and 2016, the total interest expense associated with the amortization of these costs was \$17,921 and \$27,533, respectively. At December 31, 2017 and 2016, the balance in these joint ventures was \$2,491,147 and \$2,509,068, respectively.

5. RELATED PARTY TRANSACTIONS AND AFFILIATIONS

Contributions from members of the Board of Directors for the years ended December 31, 2017 and 2016 were \$231,732 and \$83,135, respectively.

The Organization operates within a covenant agreement with HFHI. The Organization tithes to support HFHI’s international homebuilding work. Tithes to HFHI totaled \$53,000 and \$61,000 for the years ended December 31, 2017 and 2016, respectively.

The United States Department of Housing and Urban Development (“HUD”) has awarded grants to HFHI under the Self-Help Home Ownership Program (“SHOP”) for land acquisition and infrastructure improvements for houses. Grant funds are passed through by HFHI directly to participating U.S. affiliates in the form of a 75% grant and 25% loan. Notes payable to HFHI under SHOP arrangements totaled \$11,224 and \$15,700 at December 31, 2017 and 2016, respectively, and are included in notes payable in the consolidated statements of financial position.

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

6. MORTGAGES AND NOTES RECEIVABLE

Mortgages receivable consisted of the following at December 31:

| | 2017 | 2016 |
|---|---------------------|---------------------|
| Gross mortgages receivable | \$ 14,731,866 | \$ 14,513,198 |
| Financing discount based on imputed interest at rates ranging from 4% to 8% | <u>(5,461,202)</u> | <u>(5,445,336)</u> |
| Mortgages receivable, net of unamortized discount | 9,270,664 | 9,067,862 |
| Current portion of mortgages receivable | <u>(816,838)</u> | <u>(808,474)</u> |
| | <u>\$ 8,453,826</u> | <u>\$ 8,259,388</u> |

Mortgages receivable were valued using the income approach and inputs were considered Level 2 under the fair value hierarchy. Gross undiscounted future mortgage payments scheduled to be collected at December 31, 2017 are as follows:

| | |
|------------|----------------------|
| 2018 | \$ 816,838 |
| 2019 | 790,213 |
| 2020 | 772,491 |
| 2021 | 752,304 |
| 2022 | 736,022 |
| Thereafter | <u>10,863,998</u> |
| Total | <u>\$ 14,731,866</u> |

Notes receivable on 2nd liens consisted of the following at December 31:

| | 2017 | 2016 |
|---|--------------------|--------------------|
| Gross notes receivable for 2 nd lien | \$ 3,110,446 | \$ 1,526,016 |
| Financing discount based on imputed interest at rates ranging from 4% to 8% | <u>(2,295,169)</u> | <u>(1,097,425)</u> |
| Notes receivable on 2 nd liens, net of unamortized discount | <u>\$ 815,277</u> | <u>\$ 428,591</u> |

7. RESTORE INVENTORY

ReStore inventory consisted of the following at December 31:

| | 2017 | 2016 |
|---------------------|-------------------|-------------------|
| Donated goods | \$ 155,000 | \$ 155,000 |
| Purchased materials | <u>464,453</u> | <u>374,738</u> |
| | <u>\$ 619,453</u> | <u>\$ 529,738</u> |

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

| | 2017 | 2016 |
|-----------------------------|--------------|--------------|
| Land | \$ 3,090,000 | \$ 3,090,000 |
| Building and improvements | 6,763,658 | 6,795,482 |
| Equipment | 414,603 | 362,180 |
| Trucks | 267,929 | 288,893 |
| Total | 10,536,190 | 10,536,555 |
| Accumulated depreciation | (943,637) | (726,536) |
| Property and equipment, net | \$ 9,592,553 | \$ 9,810,019 |

Property and equipment financed under capital lease obligations totaled \$289,921 and \$320,730, net of accumulated amortization of \$69,776 and \$38,967, as of December 31, 2017 and 2016, respectively. Total depreciation and amortization expense associated with property and equipment was \$251,949 and \$249,017 for the years ended December 31, 2017 and 2016, respectively.

9. PLEDGES RECEIVABLE

The Organization received pledges to cover the costs of the capital campaign. Pledges are stated at their realizable value, net of a discount on long-term pledges, and an allowance for uncollectible pledges.

Pledges receivable consist of the following characteristics at December 31, 2017 and 2016 as follows:

| | 2017 | 2016 |
|--|------------|------------|
| Capital campaign pledges | \$ 555,817 | \$ 189,250 |
| Less: allowance for doubtful collections | (58,282) | (19,125) |
| Pledges receivable, net | \$ 497,535 | \$ 170,125 |
| Amounts due in: | | |
| Less than one year | \$ 175,000 | \$ 175,000 |
| One to five years | 380,817 | 14,250 |
| Total | \$ 555,817 | \$ 189,250 |

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

10. LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| Non-interest bearing, unsecured notes payable to HFHI under SHOP grants, due in monthly installments through 2019. | \$ 11,244 | \$ 15,700 |
| Promissory note to HFHI-SA NMTC VI, LLC, semi-annual interest only payments until November 15, 2019 at 0.75% followed by semi-annual principal payments due through maturity date of July 13, 2027, secured by substantially all the assets acquired by AHFH from the NMTC project loan proceeds. | 1,320,965 | 1,320,965 |
| Promissory note to CCM Community Development XXVII, LLC, semi-annual interest only payments until November 10, 2020 at 0.76% followed by semi-annual principal payments due through maturity date of July 26, 2028, secured by substantially all the assets acquired by AHFH from the NMTC project loan proceeds. | 1,880,000 | 1,880,000 |
| Promissory note to a bank, due in monthly installments of \$28,662 fixed principal and interest at a fixed rate (3.82% at December 31, 2017 and 2016) through 2039, secured by ReStore's land and building. | <u>5,023,973</u> | <u>5,159,006</u> |
| Total debt | 8,236,182 | 8,375,671 |
| Unamortized debt issuance costs | <u>(64,439)</u> | <u>(74,030)</u> |
| Total debt, net of unamortized debt issuance costs | 8,171,743 | 8,301,641 |
| Current portion of debt | <u>(156,985)</u> | <u>(151,200)</u> |
| Long-term debt, net of current portion and debt issuance costs | <u>\$ 8,014,758</u> | <u>\$ 8,150,441</u> |

The credit facility (Note 11), notes payable and other long-term debt agreements contain certain financial covenants, including requirements for liquidity, earnings, and fixed charge coverage. The agreements also contain additional conditions limiting indebtedness, capital expenditures, and various other covenants as defined in the agreements. Failure to comply with the covenants could result in the debt being called by the lenders. As of December 31, 2017, and through the date of this report, the Organization was in compliance with such covenants.

Future maturities of long-term debt at December 31, 2017 are as follows:

| | |
|------------|---------------------|
| 2018 | \$ 156,985 |
| 2019 | 243,249 |
| 2020 | 442,125 |
| 2021 | 563,546 |
| 2022 | 573,277 |
| Thereafter | <u>6,257,000</u> |
| Total | <u>\$ 8,236,182</u> |

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

11. CREDIT FACILITY AND LETTERS OF CREDIT

The Organization maintains a twelve-month revolving credit facility with a bank, renewable annually, that charges interest at a variable rate (3.5% at December 31, 2017) that is secured by the assets of the Organization and is cross-collateralized with the notes payable – TDHCA. During the year ended December 31, 2017, the Organization amended the facility to extend the maturity date to April 2019. No amounts have been drawn against this facility at December 31, 2017.

In connection with this credit facility, the Organization entered into letters of credit with financial institutions totaling \$462,730 and \$84,230 at December 31, 2017 and 2016, pursuant to subdivision construction agreements with the City of Austin. The letters of credit expired in April 15, 2018 and the amount of \$462,730 was renewed through April 15, 2019. The letters specify that drafts may be drawn by the City of Austin Watershed Protection and Development Review Department. There have been no amounts drawn under these letters of credit.

12. NOTES PAYABLE – TDHCA

Notes payable to TDHCA consisted of the following at December 31:

| | 2017 | 2016 |
|---|---------------------|---------------------|
| Gross notes payable - TDHCA | \$ 2,042,260 | \$ 2,050,367 |
| Financing discount based on imputed interest at rates ranging from 4% to 8% | <u>(779,613)</u> | <u>(804,655)</u> |
| Mortgages receivable, net of unamortized discount | 1,262,647 | 1,245,712 |
| Current portion of mortgages receivable | <u>(87,149)</u> | <u>(84,316)</u> |
| | <u>\$ 1,175,498</u> | <u>\$ 1,161,396</u> |

Notes payable to TDHCA were valued using the income approach and inputs were considered Level 2 under the fair value hierarchy. Gross undiscounted future mortgage payments scheduled to be collected from mortgagees and remitted to TDHCA at December 31, 2017 are as follows:

| | |
|------------|---------------------|
| 2018 | \$ 87,149 |
| 2019 | 87,149 |
| 2020 | 87,149 |
| 2021 | 87,149 |
| 2022 | 87,149 |
| Thereafter | <u>1,606,515</u> |
| Total | <u>\$ 2,042,260</u> |

13. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31:

| | 2017 | 2016 |
|-------------------|---------------------|-------------------|
| Capital campaign | \$ 1,109,605 | \$ 492,400 |
| Caldwell Chapter | - | 68,024 |
| UT Campus Chapter | <u>5,760</u> | <u>6,402</u> |
| | <u>\$ 1,115,366</u> | <u>\$ 566,826</u> |

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

14. PERMANENTLY RESTRICTED NET ASSETS

During the year ended December 31, 2014, HomeBase was awarded a total of \$450,000, in capital fund grants by the U.S. Department of the Treasury's Community Development Financial Institution ("CDFI"). These funds were awarded to establish and maintain a capital fund for the establishment of a CDFI network to provide below market financing to developers of affordable housing and a loan loss reserve. Under the terms of the agreement, loan repayments must be returned to the capital fund to ensure its perpetuity; thus, these funds have been accounted for as permanently restricted. In October 2014, HomeBase issued a \$430,000, 3% interest bearing loan to AHFH. This loan was to be repaid in monthly installments of principal and interest and was scheduled to mature on October 1, 2039. Loan proceeds and repayments were eliminated upon consolidation each reporting period. Once the compliance period has expired, any remaining funds become unrestricted and can be utilized by the Organization. CDFI monitored HomeBase's compliance through December 31, 2016, the end of the compliance period. As a result, the Organization reclassified the remaining \$45,866 in permanently restricted funds to unrestricted during the year ended December 31, 2017.

15. RETIREMENT PLAN

The Organization sponsors a 401(k) plan that covers substantially all employees. The Organization's contributions to the plan for the years ended December 31, 2017 and 2016 were \$112,926 and \$82,018, respectively.

16. LEASE COMMITMENTS

The Organization leases office space, a construction warehouse, telephone equipment, and a copier under various non-cancellable operating leases. Rent expense under these leases totaled \$72,252 and \$25,730, respectively, for the years ended December 31, 2017 and 2016, which are reflected as occupancy costs in the accompanying statements of functional expenses. Future minimum payments under operating leases consisted of the following as of December 31, 2017:

| | | |
|------------------------------|----|----------------|
| 2018 | \$ | 72,481 |
| 2019 | | 74,356 |
| 2020 | | <u>50,404</u> |
| Total minimum lease payments | \$ | <u>146,837</u> |

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

The Organization also has a non-cancelable capital lease agreement for solar panels. Future minimum payments under the capital lease consisted of the following as of December 31, 2017:

| | | |
|--|----|-----------------------|
| 2018 | \$ | 41,575 |
| 2019 | | 41,575 |
| 2020 | | 41,575 |
| 2021 | | 41,575 |
| 2022 | | 41,575 |
| Thereafter | | <u>118,536</u> |
| Total minimum lease payments | | 326,411 |
| Less: amount representing interest | | <u>(36,490)</u> |
| | | 289,921 |
| Less: current portion of capital lease obligations | | <u>(33,251)</u> |
| Long term portion of capital lease obligation | \$ | <u><u>256,670</u></u> |

17. CONTINGENCIES

The Organization receives government grants for specific purposes that are subject to review and audit by government agencies. The Organization is also funded by grants and contracts that are subject to review and audit by the grantor agencies. These contracts have certain compliance requirements and, should audits by the government or grantor agencies disclose any areas of substantial noncompliance, the Organization may be required to refund any disallowed costs.

On October 31, 2013, HomeBase entered into a zero interest \$1,250,000 forgivable loan agreement with Westgate Momark L.L.C. ("Momark"), a private developer, to acquire land and develop no fewer than 50 affordable new housing units to be sold to low and moderate-income buyers. The loan was funded by the AHFC and was then transferred to Momark. HomeBase retains joint liability with Momark for the loan, which matures on January 31, 2021. In the event Momark fails to meet the forgivable loan requirements, HomeBase is still responsible for ensuring the completion of the project.

18. FEDERAL INCOME TAXES

The Organization is subject to federal income taxes on unrelated business income, which consists of ReStore sales of purchased materials. As of December 31, 2017 and 2016, the Organization has incurred cumulative net operating losses of approximately \$1,929,000 and \$1,943,000, respectively, for federal income tax purposes. These net operating losses may be used to offset future taxable unrelated business income. If not utilized, these losses will expire in the years 2027 through 2036. A full valuation allowance has been recorded as utilization is uncertain. The net change in the total valuation allowance for the years ended December 31, 2017 and 2016 was approximately \$5,000 and \$110,000, respectively.

19. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 23, 2018, the date the consolidated financial statements were available to be issued. In 2018, the Organization executed a merger agreement with San Marcos Habitat for Humanity, effective January 1, 2018. There were no other events that have occurred from the statement of financial position date through July 23, 2018 that would impact or require disclosure within the consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.
Supplemental Schedule - Consolidating Statement of Financial Position Information
December 31, 2017

| | Austin Habitat for Humanity | Austin Neighborhood Alliance for Habitat, Inc. | HomeBase Texas | Eliminations | Total |
|--|--|---|---------------------------|-----------------------|----------------------|
| ASSETS: | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 887,446 | \$ - | \$ 494,841 | \$ - | \$ 1,382,287 |
| Investments, at fair value | 400,080 | - | - | - | 400,080 |
| Accounts receivable, net | 46,332 | - | 126,668 | - | 173,000 |
| Pledges receivable, net | 116,718 | - | - | - | 116,718 |
| Mortgages receivable, current portion, net | 816,838 | - | - | - | 816,838 |
| Intercompany receivable | 928,257 | 5,131,316 | 601,807 | (6,661,380) | - |
| ReStore inventory | 619,453 | - | - | - | 619,453 |
| Home construction in progress | 484,299 | - | - | - | 484,299 |
| Prepaid expenses and other current assets | 248,190 | - | - | - | 248,190 |
| Total current assets | <u>4,547,613</u> | <u>5,131,316</u> | <u>1,223,316</u> | <u>(6,661,380)</u> | <u>4,240,865</u> |
| Land held for development | 3,500,621 | - | - | - | 3,500,621 |
| Restricted cash | 45,229 | - | - | - | 45,229 |
| Pledges receivable, long-term portion, net | 380,817 | - | - | - | 380,817 |
| Other long-term assets | - | - | 193,628 | - | 193,628 |
| Mortgages receivable, long-term portion, net | 8,453,826 | - | - | - | 8,453,826 |
| Notes receivable - 2nd liens, net | - | - | 815,277 | - | 815,277 |
| Investments, at cost - NMTC | 2,491,147 | - | - | - | 2,491,147 |
| Property and equipment, net | 9,592,553 | - | - | - | 9,592,553 |
| Total assets | <u>\$ 29,011,806</u> | <u>\$ 5,131,316</u> | <u>\$ 2,232,221</u> | <u>\$ (6,661,380)</u> | <u>\$ 29,713,963</u> |
| LIABILITIES AND NET ASSETS: | | | | | |
| Current liabilities | | | | | |
| Accounts payable | \$ 430,385 | \$ - | \$ 26,353 | \$ - | \$ 456,738 |
| Accrued expense | 243,877 | - | 295,476 | - | 539,353 |
| Intercompany payable | 6,661,380 | - | - | (6,661,380) | - |
| Deferred revenue | 1,027,101 | - | - | - | 1,027,101 |
| Capital lease obligation, current portion | 33,251 | - | - | - | 33,251 |
| Notes payable - TDHCA, current portion | 87,149 | - | - | - | 87,149 |
| Long-term debt, current portion | 156,985 | - | - | - | 156,985 |
| Total current liabilities | <u>8,640,128</u> | <u>-</u> | <u>321,829</u> | <u>(6,661,380)</u> | <u>2,300,577</u> |
| Capital lease obligation, long-term portion | 256,670 | - | - | - | 256,670 |
| Notes payable - TDHCA, long-term portion | 1,175,498 | - | - | - | 1,175,498 |
| Long-term debt, net of debt issuance costs | 8,014,758 | - | - | - | 8,014,758 |
| Total liabilities | <u>18,087,054</u> | <u>-</u> | <u>321,829</u> | <u>(6,661,380)</u> | <u>11,747,503</u> |
| Net assets | | | | | |
| Unrestricted | 9,809,386 | 5,131,316 | 1,910,392 | - | 16,851,094 |
| Temporarily restricted | 1,115,366 | - | - | - | 1,115,366 |
| Permanently restricted | - | - | - | - | - |
| Total net assets | <u>10,924,752</u> | <u>5,131,316</u> | <u>1,910,392</u> | <u>-</u> | <u>17,966,460</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 29,011,806</u> | <u>\$ 5,131,316</u> | <u>\$ 2,232,221</u> | <u>\$ (6,661,380)</u> | <u>\$ 29,713,963</u> |

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.
Supplemental Schedule- Consolidating Schedule of Activities Information
Years Ended December 31, 2017

| | Austin Habitat for Humanity | Austin Neighborhood Alliance for Habitat, Inc. | HomeBase Texas | Eliminations | Total |
|---|--|---|---------------------------|---------------------|----------------------|
| REVENUES: | | | | | |
| Contributions and other income: | | | | | |
| Contributions | \$ 2,128,003 | \$ - | \$ - | \$ - | \$ 2,128,003 |
| In-kind contributions | 188,197 | - | - | - | 188,197 |
| Home building sponsorship revenues | 1,002,224 | | | | 1,002,224 |
| Investment income | 33,004 | - | 13,835 | - | 46,839 |
| Other income | 550,593 | - | 7,282 | (270,588) | 287,287 |
| Total contributions and other income | <u>3,902,021</u> | <u>-</u> | <u>21,117</u> | <u>(270,588)</u> | <u>3,652,550</u> |
| ReStore revenues: | | | | | |
| ReStore sales | 3,871,588 | - | - | - | 3,871,588 |
| In-kind donation of inventory | 1,910,324 | | | | 1,910,324 |
| Cost of goods sold | (2,806,608) | - | - | - | (2,806,608) |
| Sales discounts and refunds | (106,082) | - | - | - | (106,082) |
| Total ReStore revenues, net | <u>2,869,222</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,869,222</u> |
| Low-cost housing revenues: | | | | | |
| Home sales | 1,714,500 | - | - | - | 1,714,500 |
| In-kind contributions of labor and construction materials | 786,123 | | | | 786,123 |
| Mortgage discount and amortization | (33,275) | | 386,704 | | 353,429 |
| Other housing revenues | - | - | 42,580 | - | 42,580 |
| Cost of homes sold | (2,318,340) | - | - | - | (2,318,340) |
| Total Low-cost housing revenues | <u>149,008</u> | <u>-</u> | <u>429,284</u> | <u>-</u> | <u>578,292</u> |
| Total revenues | <u>6,920,251</u> | <u>-</u> | <u>450,401</u> | <u>(270,588)</u> | <u>7,100,064</u> |
| EXPENSES: | | | | | |
| Low-cost housing program | 2,143,443 | - | - | - | 2,143,443 |
| ReStore program | 2,034,006 | - | - | - | 2,034,006 |
| Fundraising | 1,084,041 | - | - | - | 1,084,041 |
| Management and general | 549,369 | 453 | 278,948 | (270,588) | 558,182 |
| Total expenses | <u>5,810,860</u> | <u>453</u> | <u>278,948</u> | <u>(270,588)</u> | <u>5,819,673</u> |
| CHANGE IN NET ASSETS | 1,109,391 | (453) | 171,453 | - | 1,280,391 |
| NET ASSETS, BEGINNING OF YEAR | 9,815,361 | 5,131,769 | 1,738,939 | - | 16,686,069 |
| NET ASSETS, END OF YEAR | <u>\$ 10,924,752</u> | <u>\$ 5,131,316</u> | <u>\$ 1,910,392</u> | <u>\$ -</u> | <u>\$ 17,966,460</u> |

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

PMB Helin Donovan

P.O. Box 202260
Austin, TX 78720
pmbhd.com

T 512.258.9670
F 512.258.5895

July 23, 2018

To the Board of Directors and Management of
Austin Habitat for Humanity and its subsidiaries

We have audited the consolidated financial statements of Austin Habitat for Humanity and its subsidiaries (collectively, the "Organization") as of and for the years ended December 31, 2017 and 2016 and have issued our report thereon dated July 23, 2018. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated December 27, 2018, our responsibility, as described by professional standards, is to form and express an opinion about whether the consolidated financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the consolidated financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the consolidated financial statements are free of material misstatement. An audit of consolidated financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Organization solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence. The threat of management participation for providing non-attest services (i.e. preparation of the financial statements and tax form 990) was reduced to an acceptable level by 1) management's review and acceptance for the responsibility of the consolidated financial statements and 2) PMB Helin Donovan, LLP's use of a qualified second partner review.

PMB Helin Donovan

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Organization is included in Note 2 to the financial statements.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the consolidated financial statements include the fair value of investments, allowances for uncollectable receivables, useful lives of property and equipment, and the valuation of in-kind services and materials.

We evaluated the key factors and assumptions used to develop the accounting estimates aforementioned and determined that they are reasonable in relation to the consolidated financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Organization's consolidated financial statements relate to the disclosure of the financing discount on mortgages receivables and 2nd liens in Note 6 and the discount on long term pledges in Note 9 to the financial statements.

Identified or Suspected Fraud

There were no instances of identified or suspected fraud.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

PMB Helin Donovan

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the consolidated financial statements as a whole. There were no uncorrected misstatements as of December 31, 2017.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no corrected misstatements as of December 31, 2017.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Organization's consolidated financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated July 23, 2018.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Organization we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Organization's auditors.

This information is intended solely for the use of the Board of Directors and management of Austin Habitat for Humanity and its subsidiaries and is not intended to be, and should not be, used by anyone other than these specified parties.

PMB Helin Donovan, LLP

PMB Helin Donovan, LLP

Austin, Texas



We build strong, stable and self-reliant communities

July 23, 2018

PMB Helin Donovan
12301 Research Boulevard
Building V, Suite 160
Austin, Texas 78759

Dear Chris Bona,

This representation letter is provided in connection with your audits of the consolidated financial statements of Austin Habitat for Humanity and its subsidiaries (collectively, the "Organization") which comprise the statements of financial position as of December 31, 2017 and 2016 and the related statements of activities, statement of functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the consolidated financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of July 23, 2018:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated December 27, 2017 for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- The threat of management participation for providing non-attest services (i.e. preparation of the financial statements and form 990) was reduced to an acceptable level by 1) management's review and acceptance for the responsibility of the consolidated financial statements and 2) PMB Helin Donovan, LLP's use of a qualified second partner review.

Board Members Curtis Page | Heather Ladage | Yvette Boatwright | Gaylon Boyd | Dillum Chandrasoma | Ken Corby | Kevin Cunningham | Chip Dart | John Doucet | Chris Engen | Michael Golden | Hugh Forrest | Dr. George Gau | Michael Golden | Jay Hartzell | Phil Hutchinson | Mark Masten | John Neff | David O'Neill | David Osborn | Estrella Posey | Ross Sabolcik | Valerie Salinas-Davis | Jeff Serra | Eric T. Smith | Anand Srinivasan | Sherline Thomas | Larry Smith | Joe Tracy | Dan Young



500 W Ben White Blvd, Austin, TX 78704
512-472-8788 | austinhabitat.org

To: PMB Helin Donovan

From: Austin Habitat for Humanity

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the consolidated financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the consolidated financial statements as a whole. There were no uncorrected misstatements.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- We have complied with all contractual agreements, grants, and donor restrictions.
- We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
- We have accurately presented the Organization's position regarding taxation and tax-exempt status.
- The bases used for allocation of functional expenses are reasonable and appropriate.
- We have included in the consolidated financial statements all assets and liabilities under the Organization's control.
- We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
- Reclassifications between net asset classes are proper.
- The governing board's interpretations concerning whether laws place restrictions on net appreciation of donor-restricted endowments are reasonable and have been disclosed to you.
- Methods and significant assumptions used by management to determine fair values, their consistency in application, and the completeness and adequacy of fair value information for financial statement measurement and disclosure purposes are appropriate.
- Internal controls over the receipt and recording of contributions are adequate.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
 1. Management;
 2. Employees who have significant roles in internal control; or
 3. Others when the fraud could have a material effect on the financial statements.

To: PMB Helin Donovan

From: Austin Habitat for Humanity

- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Organization's consolidated financial statements communicated by employees, former employees, analysts, regulators, or others.
- We have no knowledge of any allegations noncompliance or suspected noncompliance with laws, regulations, contracts, and grant agreements whose effects should be considered when preparing financial statements.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the consolidated financial statements and we have not consulted an attorney on any such matters.
- We have disclosed to you the identity of the Organization's related parties and all the related party relationships and transactions of which we are aware.

Phyllis Snodgrass, CEO

(Name of Chief Executive Officer and Title)

Ron Steiner, CEO

(Name of Chief Financial Officer and Title)

CERTIFICATE OF CORPORATE RESOLUTION

We, Curtis Page, Chairman, and David Osborn, Secretary, of Austin Habitat for Humanity, Inc., a corporation, certify that:

1. Austin Habitat for Humanity, Inc. is organized and existing under the laws of the State of Texas;
2. All franchise and other taxes required to maintain its corporate existence have been paid and no franchise or other such taxes are delinquent;
3. No proceedings are pending for the forfeiture of its certificate of incorporation or for its dissolution, voluntarily or involuntarily;
4. It is organized under the laws of Texas or is a foreign corporation qualified to do business in the State of Texas and is in good standing with the State of Texas;
5. There are no provisions in the articles of incorporation or bylaws of the corporation limiting the power of its board of directors to pass the resolution set out below;
6. The secretary is the keeper of the records and minutes of the corporation and on May 8, 2018, a special called vote of the board of directors of the corporation was held, which was properly called and held in accordance with the law and the bylaws of the corporation;
7. A quorum of the Board of Directors have consented to the action proposed at this special called vote; and
8. As a result of the affirmative vote, the following resolution was adopted:

BE IT RESOLVED that the Austin Habitat for Humanity Board of Directors authorizes the Chief Executive Officer or whomever that person deems appropriate at their sole discretion, shall have the authority to apply for City of Austin grant funding, including federal and local sources, such as General Obligation Bonds or other funds as available for the Scenic Point Subdivision Phase 2, Mueller Row Houses, Persimmon/Meadow Lake and Montopolis Townhomes; and,

It is further **RESOLVED** that the Board of Directors authorizes the Chief Executive Officer to execute any agreements or other documents regarding the City of Austin grant funding, including federal and local sources, such as General Obligation Bonds or other funds as available for the Scenic Point Subdivision Phase 2, Mueller Row Houses, Persimmon/Meadow Lake and Montopolis Townhomes.

We certify that the above resolution has not been altered, amended, rescinded or repealed and is now in full force and effect.

We also certify that Curtis Page is the Chairman of the corporation and David Osborn is the Secretary.

Signed on Sept 26, 2018 by the Chairman and Secretary of the corporation.

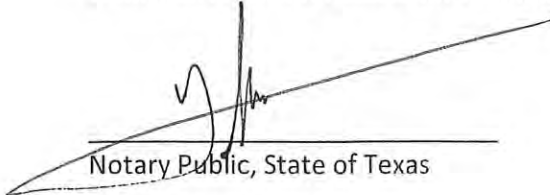

Chairman

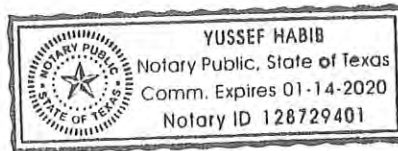

Secretary

State of Texas

County of Travis

This instrument was acknowledged before me on September 26th, 2018 by Curtis Page, Chairman of Austin Habitat for Humanity, Inc., a corporation, on behalf of said corporation.

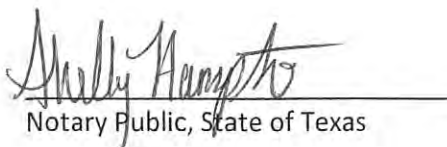

Notary Public, State of Texas

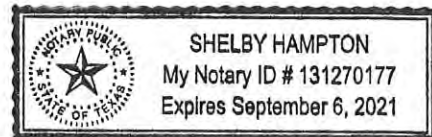


State of Texas

County of Travis

This instrument was acknowledged before me on October 1, 2018, 2018 by David Osborn, Secretary of Austin Habitat for Humanity, Inc., a corporation, on behalf of said corporation.

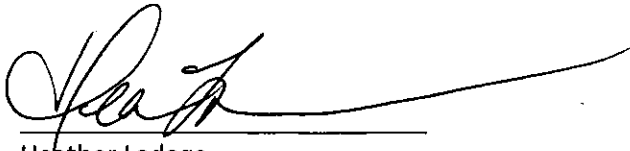

Notary Public, State of Texas



UPDATED RESOLUTION

I, Heather Ladage, 2019 Chair of the Austin Habitat for Humanity Board of Directors, express continued support for the Board resolution signed on September 26, 2018 with respect to seeking funding support from the City of Austin. As I was a Board Member but not the Board Chair at the time of the original resolution, I have attached my signature below to signify my agreement with the resolution now that I have become Board Chair.

The earlier resolution, signed by now-past Chair Curtis Page and David Osborn (who was and remains Board Secretary), is incorporated by reference in and attached to this document.

A handwritten signature in black ink, appearing to read 'Heather Ladage', is written over a horizontal line.

Heather Ladage
Chair, Board of Directors
Austin Habitat for Humanity

Dated: January 23, 2019



Evidence of Demand/Market Assessment



Market Assessment for Scenic Point Development: 2019

Please note that Austin Habitat for Humanity originally began developing the Scenic Point project concurrently with the donation of the land to our organization. We have attached a detailed market assessment, the Comprehensive Housing Market Analysis, which was prepared for the City in 2014 by BBC Research and Consulting and has been used by Austin Habitat to demonstrate citywide demand for affordable housing. We have also completed a recent assessment of the market in the area surrounding Scenic Point as discussed below.

Pricing and Absorption

All Habitat homes, including those at Scenic Point, are priced to be affordable to homeowners who are low-income, with incomes at or below 80% of the Median Family Income (MFI) for the Austin-Round Rock Metropolitan Statistical Area (MSA). Current pricing of these units ranges from \$135,000 for a smaller two-bedroom unit (900 sf) to \$175,000 for a five-bedroom home (1,359 sf). Over the next five years, as the Scenic Point development is completed, these prices may be subject to slight adjustments to support increased costs of construction materials and other project costs. However, Austin Habitat plans to keep all units affordable and will continue to structure each mortgage as less than 30% of the household's monthly expenses, in order to avoid cost burden and help clients build assets. All Habitat homeowners are required to contribute a \$3,000 down payment and receive a Habitat-held mortgage with a 0% interest rate.

As of January 2019, Austin Habitat for Humanity has completed ten of the 67 homes that make up the Scenic Point development, with Certificates of Occupancy completed or in process. Six more homes to be completed during the spring 2019 build. All of these homes are either currently owner-occupied, or the families have been selected and are in the process leading up to closing and move-in. Austin Habitat maintains an extensive interest/waiting list of potential homebuyers, and places each potential homeowner in a property as they complete their qualification requirements and as the homes are built. We expect to place the additional 51 potential homeowners in the units to be built at Scenic Point over the next five years through our interest list, and do not expect any difficulty in filling the properties.

Community Conditions

Target Population: The target population for the Scenic Point development, including the 51 units remaining to be constructed and sold, mirrors the target population for the entire Austin Habitat for Humanity Affordable Homeownership Program. In particular, each potential homebuyer must demonstrate:

- Income eligibility, with a household income at or below 80% of the Median Family Income (MFI) for the Austin-Round Rock Metropolitan Statistical Area (MSA).
- Ability to pay the down payment and continue to pay the mortgage on an ongoing basis. Austin Habitat's HUD-certified housing counselor works extensively with each potential homebuyer to eliminate debt, credit issues, and other barriers to successful homeownership before qualifying them to purchase a Habitat home.

- Willingness to partner in Habitat activities. All potential Habitat homeowners must complete 300 hours of sweat equity: working with the Habitat construction team and volunteers on their own home and other homes being constructed; providing other volunteer services to Habitat; and attending extensive financial education and counseling to ensure they are ready to purchase the home. Willingness to partner also includes an agreement to participate in ongoing Habitat activities, including appearing at the home dedication with sponsors and Habitat leadership, consenting to the use of their photo and story in Habitat's outreach materials, and remaining in contact with Habitat for future partnership activities and impact evaluation.

Other than these requirements, Austin Habitat does not seek a specific target population or set any additional eligibility requirements for the Affordable Homeownership Program. For demographic information about the current Scenic Point homeowners and Affordable Housing Program waiting list participants, please see below.

Area Demographics

Census Tract 22.02, which encompasses the Scenic Point Development, has a total population of 9,314.

- Age: Of this population, 42.9% are children and youth (birth to age 19); 52.9% are adults (age 19-64); and 4.2% are seniors age 65 and older.
- Gender: The population is 47.9% male and 52.1% female.
- Race/Ethnicity: This Census tract is 66.1% Hispanic/Latino; 24.9% Black/African American; 5.4% non-Hispanic White; and 23.4% other races or multiracial.
- Disability Status: Approximately 10.2% of the census tract's population, or 947 individuals, are living with one or more disabilities, including 416 individuals with a mobility disability, 193 with a hearing disability and 73 with a visual disability.
- Poverty: The poverty rate in this Census Tract is 35% for all residents; 40.7% for all families with children; and 50.7% for female-headed families with children.
- Employment: The labor-force participation rate of individuals aged 16 and older in this Census Tract is 70.2%, and the unemployment rate is 6.7% (compared with a 2.6% unemployment rate in Travis County and a 3.7% unemployment rate statewide).
- Healthcare: Thirty-six percent of the Census Tract's population is uninsured, including more than half of those who are employed.
- Educational Attainment: Of the population age 25 and over, 35.6% do not have a high school diploma; nearly 20% have less than a 9th grade education.

All data is sourced from the United States Census, 2017 5-Year American Community Estimates, other than the unemployment rate by county/state (U.S. Department of Labor, Bureau of Labor Statistics).

Overall Local Housing Conditions and Trends

Census Tract 22.02 contains 2,653 total housing units, of which 6.6% are vacant.

- There is 0% vacancy rate for owner-occupied properties, suggesting a low level of opportunity to purchase in the area.
- Approximately 40% of the homes in this census tract are detached one-story properties, similar to the homes that have been built and continue to be built in Scenic Point. Many of the additional housing units (21.4%) are in larger complexes (10+ units), and 22.9% of the housing units in this Census tract are mobile homes.

- Most of the housing stock in this Census tract is older, with 55.9% built before 1999.
- Approximately 46.6% of the housing units in this Census tract are owner-occupied.
- Nearly 45% of the homeowners with mortgages in this Census tract are paying 30% or more of their monthly incomes for housing, including almost 20% who are paying 35% or more.

All data is sourced from the United States Census, 2017 5-Year American Community Estimates.

General Community Housing Conditions

The Austin area is in a period of major growth and is considered one of the most desirable areas to live in the United States, but thousands of families are being left behind. For example, the median family income in our area is \$86,000, but U.S. Census data shows that the median income is \$49,804 for a Hispanic family, \$47,220 for an African American family and \$30,268 for a family with children headed by a female householder. These populations' struggles are exacerbated by skyrocketing costs of living: housing costs increased by 98.5% between 2006 and 2017, while household income only rose 17%. According to the Community Advancement Network (CAN), approximately 35% of Travis County residents were cost-burdened by housing in 2016, spending 30% or more of their income on housing.

Most lower-income families in Austin are renting; without a permanent place to call home they may be subject to frequent moves, which can lead to unstable employment/education and other negative consequences for families. Because women generally have lower incomes – women in Texas earn less than 75% of what men earn, and single mothers' pay is often even lower, particularly when they have young children – they may face additional difficulties that make homeownership seem even further out of reach for their families.

The benefits of homeownership, in addition to the home itself, are substantial: Habitat homeowners report a 74% health increase after becoming a homeowner. Research from Harvard's Joint Center for Housing Studies shows children of homeowners are 35% less likely to receive welfare, 25% more likely to graduate high school, and 116% more likely to graduate from college than in renting families. However, buying a home is out of reach for most low-to-moderate income families, as Austin has had the fastest-growing median home price in the nation for more than a decade, with the current median purchase price standing at nearly \$360,000.

Geographic Area for Potential Homeowners

Please note that while Austin Habitat is happy to welcome individuals and families already living in the area to apply for homeownership in Scenic Point, we do not set eligibility criteria or other restrictions requiring potential homebuyers to live near the development in which they wind up purchasing. Austin Habitat works with potential homebuyers from throughout the Austin area, and all potential buyers recognize that they may need to move from their current neighborhood to the area surrounding Scenic Point or one of our other developments if they are approved to purchase a home.

Eligible Homeowner Pool Demographics

Currently, the potential homeowners qualified to purchase at Scenic Point (or in another Habitat development as appropriate) have the following demographic profile:

- 100% low-income (80% or less of local MFI)
- 50% Hispanic/Latino

- 50% female-headed households
- 4% identified as having a disability

Competitive Properties

The area near Scenic Point contains one other affordable homeownership development, Sendero Hills. This development is located approximately 1.1 miles from Scenic Point on the opposite side of the intersection of Johnny Morris Road and Loyola Lane. Sendero Hills is a Habitat development, containing 49 affordable homes built with General Obligation Bond funding from the City of Austin. The development has been completed and is 100% owner-occupied with a 100% occupancy rate. Therefore, it is unlikely that this development serves as a source of competition for potential homebuyers eligible to purchase in Scenic Point or creates the possibility of decreased demand for Scenic Point homes.

In addition, the Colony Park Sustainable Community Initiative, to be built with City support on land approximately one mile from Scenic Point, will encompass a Planned Unit Development (PUD) that includes affordable housing options as well as other types of housing and additional community opportunities.

Market Demand

As discussed above, Austin Habitat maintains an interest/waiting list of eligible potential purchasers for all properties sold through the Affordable Homeownership Program, including the existing homes at Scenic point and the 51 units to be built and sold at the development. Currently, this interest list contains 24 qualified homebuyers and 30 who have begun the process of education and counseling. In addition, in the past year Habitat has been in contact with more than 1,600 community members who have contacted us to sign up for workshops or receive more information about affordable homeownership.

Demand and Capture

Fifty-one units will be built to complete the Scenic Point development, and the Austin Habitat Affordable Homeownership Program currently has 54 potential homebuyers in the process of qualifying to purchase a home. Although some may not qualify, as discussed above, we are answering approximately 1,600 calls a year from interested community members and we recognize that demand for affordable homeownership will continue to rise as the costs of housing increase in the Austin area. As mentioned above, not all of the potential homebuyers for Scenic Point are currently living in close geographic proximity to the area, but all of them have made the commitment to move into a Habitat home and all are informed of the availability of properties in Habitat developments including Scenic Point.

Using the current number of people in qualification (54) divided by the number of units (51), the project potentially has a capture rate of 1.06. Of course, there are many more interested individuals and families in the community who have not yet started the process of qualifying for a home and may become involved in qualification over the next five years as Scenic Point is built out. Austin Habitat will also be offering qualified individuals/families the opportunity to purchase a home at several other developments that are currently being built or are in pre-development in Austin. Therefore, we are able to offer housing to individuals and families on the waiting list who do not wind up living in Scenic Point.

Absorption Period

Austin Habitat has developed a five-year plan to build and sell the remaining 51 units in Scenic Point. We have calculated our construction capacity at 10-11 homes per year in this development, based on recent past history building at Scenic Point and other developments with similar home models. As our Affordable Homeownership Program is designed to produce completed properties and purchase-ready families concurrently, we expect to continue placing approximately 10 families in completed Scenic Point properties each year through completion in 2024.

2014 Comprehensive Housing Market Analysis

City of Austin

Final Report

Final Report

July 31, 2014

2014 Comprehensive Housing Market Analysis

Prepared for

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Appendix A. Housing Reports by ZIP Code

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Background

In early 2014, BBC Research & Consulting (BBC) was contracted by the City of Austin's Neighborhood Housing and Community Development Department to update the comprehensive housing market study conducted in 2008. The 2014 update grew out of an interest to provide a current assessment of needs in Austin's rapidly changing housing market—as well as to examine needs at a smaller geographic level.

The 2014 Housing Market Study (HMS) and the 2008 study share many elements: an identification of the greatest housing needs in Austin now and in the future; a quantification of needs; and a review of existing and potential policies, programs and strategies. The 2014 HMS also incorporates a ZIP code level housing model that provides indicators of housing supply and affordability.

The 2014 study was informed by a significant amount of work conducted by the city's Community Development Commission (CDC) Affordable Housing Siting Policy Working Group ("Working Group"). The goal of the Working Group—comprised of representatives from neighborhood associations, community housing organizations and the CDC—was to develop recommendations to help achieve the common vision of creating and preserving affordable housing throughout Austin to meet the needs of extremely low and moderate income residents.

Many members of the Working Group recommended that in its next Comprehensive Housing Market Analysis and Analysis of Impediments to Fair Housing Choice (AI), the city establish geographic goals for affordable housing. To that end, the 2014 HMS includes development of a ZIP code level (proxy for neighborhood level) model for the needs analysis.

Relationship to *Imagine Austin*

One of the goals in *Imagine Austin*—the city's recently adopted comprehensive plan for land use and growth—is to develop and maintain household affordability throughout Austin. *Imagine Austin* includes many strategies for implementing this goal, from encouraging compact development to reducing housing barriers for people with special needs to promoting affordable housing.

The 2014 HMS can be used to inform the city's continued land development code reform efforts by providing both a quantitative estimate of housing needs, as well as resident-driven information on housing preferences and challenges. Altogether, this information should be used in future phases of code reform to promote and advance the conversation around affordability.

Methodology

The primary data and information sources used in the 2014 HMS include the following:

- Population and household levels and projections from the city demographer;

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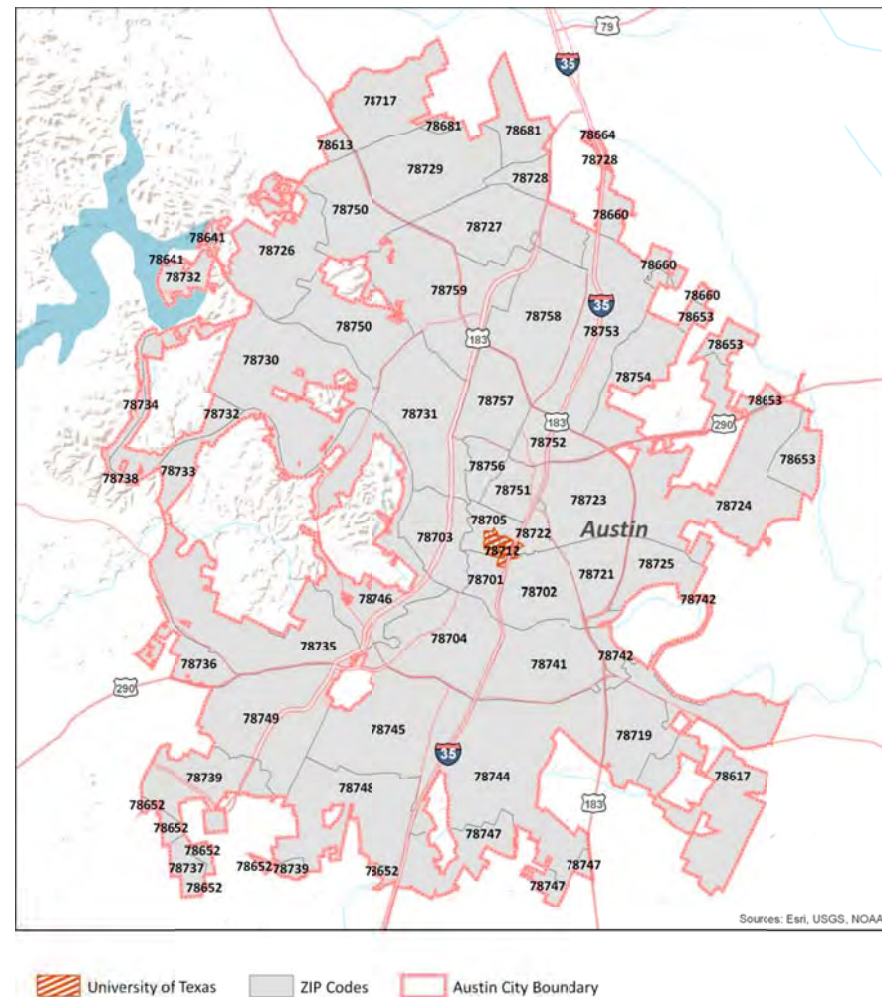
- Social and economic information from the U.S. Bureau of the Census' 2010 decennial survey and 2012 American Community Survey (ACS);
- Employment data from the Bureau of Labor Statistics and Creative Austin report;
- Rental data from Austin Investor Interests;
- Data on subsidized rental units from the City of Austin and the Housing Authority of the City of Austin (HACA);
- Data on home resales—2013 and historical listings—from the Austin Board of Realtors (ABOR); and
- A significant public input process that included a survey of more than 5,000 residents, and in-commuters; focus groups with 57 low income residents; and interviews and meetings with more than 70 stakeholders and residents.

Geographic Level of Analysis

This study focuses on trends and needs within the boundaries of the City of Austin. Where data were readily available, Austin’s demographic and housing trends are compared with surrounding communities’.

Demographic and housing market data are presented and analyzed at several geographic levels: 1) For the city overall, 2) by ZIP code, and 3) by Census tract. The housing model developed for this HMS shows data and trends at the ZIP code level.

Figure ES-1.
City of Austin by ZIP Code



Use in Policy Making

A top level goal of the HMS was to provide a quantitatively-sound approach for setting numerical targets for the city, specific geographic areas and for targeted populations. This HMS achieves these goals through:

- An updated rental housing gaps analysis, based on current data that compares the supply and demand of rental housing and identifies the current shortage of affordable rentals. This analysis can be found in Section II, beginning on page 24.
- The ZIP code level housing supply and affordability model in Appendix A shows how well each ZIP code provides housing opportunities for low income renters, low to moderate income homeowners, workers in key professions and housing near transportation. The model uses a combination of current housing market data, surveys of residents and Census data to create a comprehensive picture of housing options by ZIP code.

The ZIP code level model will be an important tool to inform siting policy strategies and geographic dispersion goals. Both the gaps model and ZIP code level affordability data should be used to inform and monitor affordable housing targets.

- The housing needs of targeted populations were primarily identified through a robust community survey and focus group participation process, the results of which are presented in Section III and IV.

Acknowledgements

BBC would like to thank the following generous contributors to the study, who provided data, information and time toward completion of the study:

- City of Austin Neighborhood Housing and Community Development Department;
- Austin Board of Realtors (ABOR);
- Ryan Robinson, city demographer; and
- The many participants in the focus groups and public meetings held throughout the study (names withheld for privacy) and the more than 5,000 residents who completed the survey.

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Report Outline

The next section of the Executive Summary reports the primary findings from the 2014 HMS. The balance of the full report is made up of the following sections:

- **Section I. Demographic Context.** This section provides information on population growth, household characteristics, income and poverty and employment.
- **Section II. Housing Market Gaps.** This section provides an overview of how the city's housing market has changed since 2007. It includes current data on housing prices and a recalculation of the housing gap, or shortage, in affordable units.
- **Section III. Housing Choice.** This section explores the housing choices made by Austin residents and in-commuters. It is based on the results of the resident survey, public meetings and interviews.
- **Section IV. Housing Needs.** This section discusses the needs of resident groups that typically face challenges finding housing or have specific housing needs. These include low income renters and homeowners, seniors, persons with disabilities, persons experiencing homelessness and large families, as well as students.

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Summary of Needs: 2014 Housing Market Study

Since 2008, when the last comprehensive housing market study was conducted, Austin has grown by 100,000 residents, experienced a housing market downturn and is in the midst of a housing market revival, particularly for rental housing.

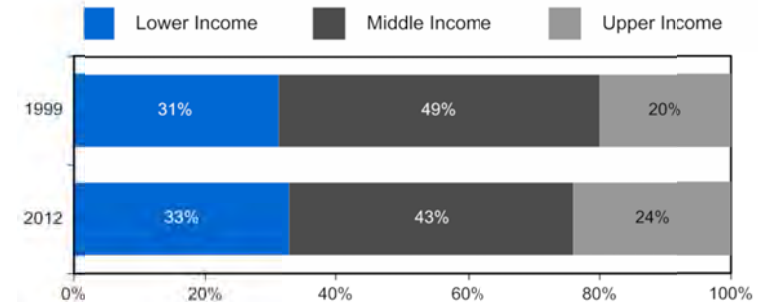
This activity has led to a changed city in many ways—and, somewhat surprisingly, an unchanged city in others.

City residents are older overall, due to the shifting of the Baby Boomers into older age cohorts and growth in Baby Boomers and seniors. There are proportionately fewer married couples with children in the city. And, although Austin became a “majority minority” city due to the growth of Hispanic residents, it experienced a numerical loss of its African American residents.

The most prominent shifts in Austin the past decade have been income-based. The city gained both upper income households and persons living in poverty. Poverty rose overall and for all age groups except for seniors. Child poverty increased substantially, from 17 percent in 2000 to 30 percent in 2012.

As shown in Figure ES-2, the proportion of middle income households declines between 1999 and 2012 by 6 percentage points.

Figure ES-2.
Proportion of Households Lower, Middle and Upper Income, City of Austin, 1999 and 2012



Note: Lower income roughly approximates less than two-thirds of the national median income and upper income roughly approximates twice the national median income. These income thresholds are consistent with the way that Americans self-identify as members of socioeconomic classes. (See Pew Research report, "The Rise of Residential Segregation by Income.")

Source: U.S. Census, 2000, 2012 ACS and BBC Research & Consulting.

The increase in poverty has been recently countered by very strong growth in high income renters earning more than \$75,000 per year. Between 2007 and 2012, high income renters grew by 15,000—compared to about 1,000 low income renters, earning less than \$25,000 per year. The income distribution of Austin’s homeowners changed little.

The strongest employment growth during the past decade has mostly occurred in moderate to low paying jobs. Of the 100,000 new jobs in the Austin MSA, 36,000 were in the Education and Health Services industries, which pay about \$44,000 per year. Another 26,000 jobs were in the low paying leisure and hospitality industries, paying less than \$20,000 per year. Workers in these professions struggle to find homes to buy and rent in Austin, as discussed below.

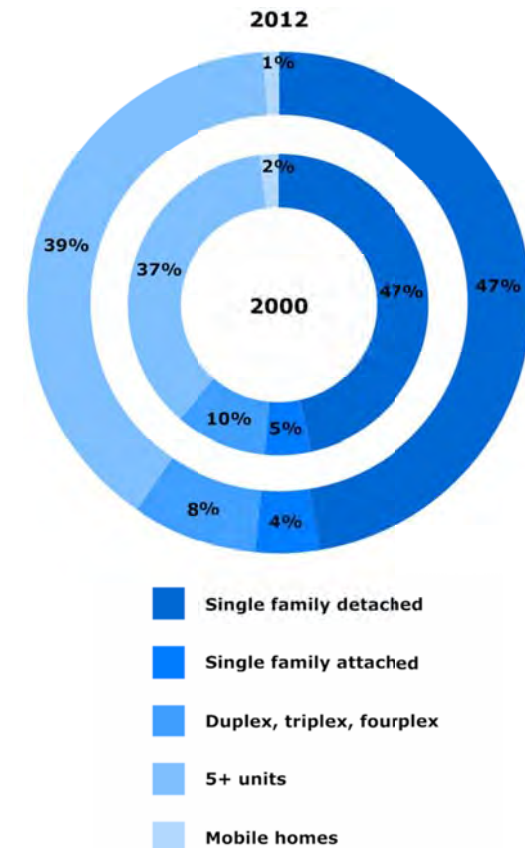
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Demographic impacts on housing demand. The demographic changes experienced since 2000 have had varied impacts on the housing market:

- Homeownership has been unchanged at around 45 percent.
- Housing types have shifted only modestly, toward multifamily/apartment developments (now 39% of all units) and away from single family attached and duplex/triplex/fourplex units (12% of all units).
- The pool of high income renters has invited the development of additional market rate, higher priced rentals.

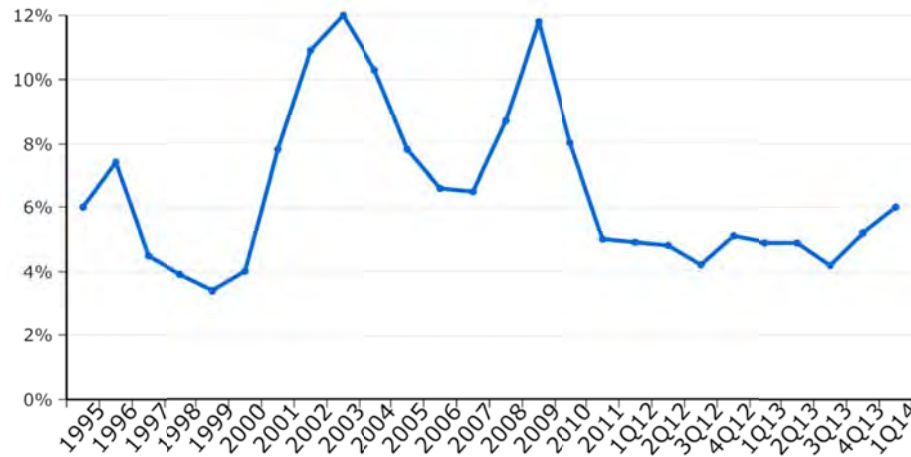
**Figure ES-3.
Type of Housing
Units, City of Austin,
2000 and 2012**

Source:
U.S. Census, 2000, and 2012
ACS.



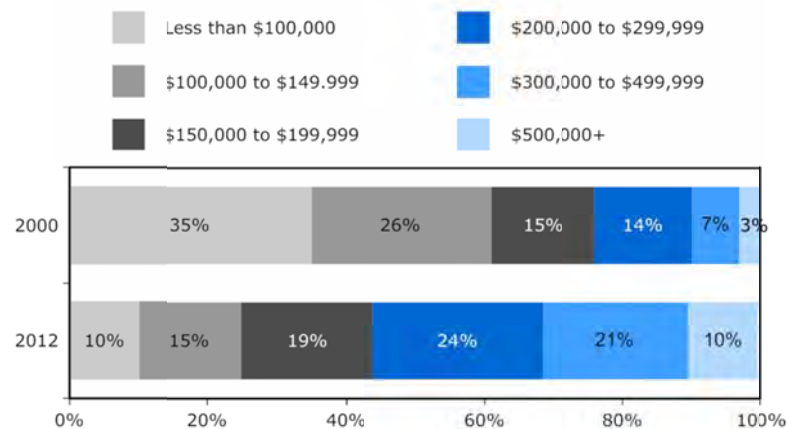
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Figure ES-4.
Multifamily Vacancy Rates, Austin MSA, 1995-1Q14



Source: Austin Investor Interests.

Figure ES-5.
Shifts in Home Values, Austin, 2000 and 2012



Source: U.S. Census, 2000, and 2012 ACS.

- Competition among low and moderate income renters for non-luxury rentals has increased, pushing vacancy rates down to record low levels as shown in Figure ES-4.
- As shown in Figure ES-5, home values have shifted toward pricier homes, with 31 percent valued at more than \$300,000 in 2012 versus 10 percent in 2000.
- Although counterintuitive, between 2007 and 2013 it became easier for renters to find affordable homes to buy, solely due to drops in mortgage interest rates. Yet affordable, for sale housing became more concentrated geographically. These concentrations are correlated with many of the strongest areas of residential growth, mostly located on the city periphery, away from job centers.
- Affordable housing to buy is also more likely to be in poor condition: 17 percent of homes affordable to renters earning less than \$50,000 were in poor or fair condition, compared to just 9 percent of all homes on the market.

Residents’ views on market changes. Changes in the housing market as told by Austin residents reveal a dynamic that can get lost in data analysis alone:

- Many Austin residents made economic trade-offs to live in the city: 69 percent of homeowners paid more for their home to live in Austin. Sixty-six percent of renters choose to rent and live in Austin rather than own outside of the city.
- Overall, half of renters and 28 percent of owners pay more than 30 percent of their gross income toward housing costs and are “cost burdened.” Cost burden is much higher for low income residents, with 69 percent of renters and 53 percent of owners experiencing cost burden.
- More than one-fourth of Austin residents have sought additional employment to pay for housing costs. Thirty-one percent of renters have gone without health care to afford housing.
- Nineteen percent of low income owners think they may need to move in the next five years, mostly because of increased property taxes. Nearly 60 percent of renters plan to move, mostly to find less expensive housing.

Resulting housing gaps. A gaps analysis—a comparison between the supply of housing at various price points and what households can afford—helps define the extent of housing needs. It also provides a benchmark against which needs can be measured over time.

This “snapshot” is shown in the figure on page 9. As the figure illustrates, the gap in housing supply has widened for renters but not for owners since 2008. Specifically:

Renter gap. There are 60,000 renter households earning less than \$25,000 per year—and just 19,000 affordable rental units to serve them. This leaves a shortage of 41,000. This gap is based on 2012 incomes and rental pricing.

A 2014 gaps based on first quarter rental pricing estimates decreases the supply of affordable rentals by 7,000, putting the rental gaps at around 48,000.

Increase in Rental Gaps based on 2014 Rental Prices

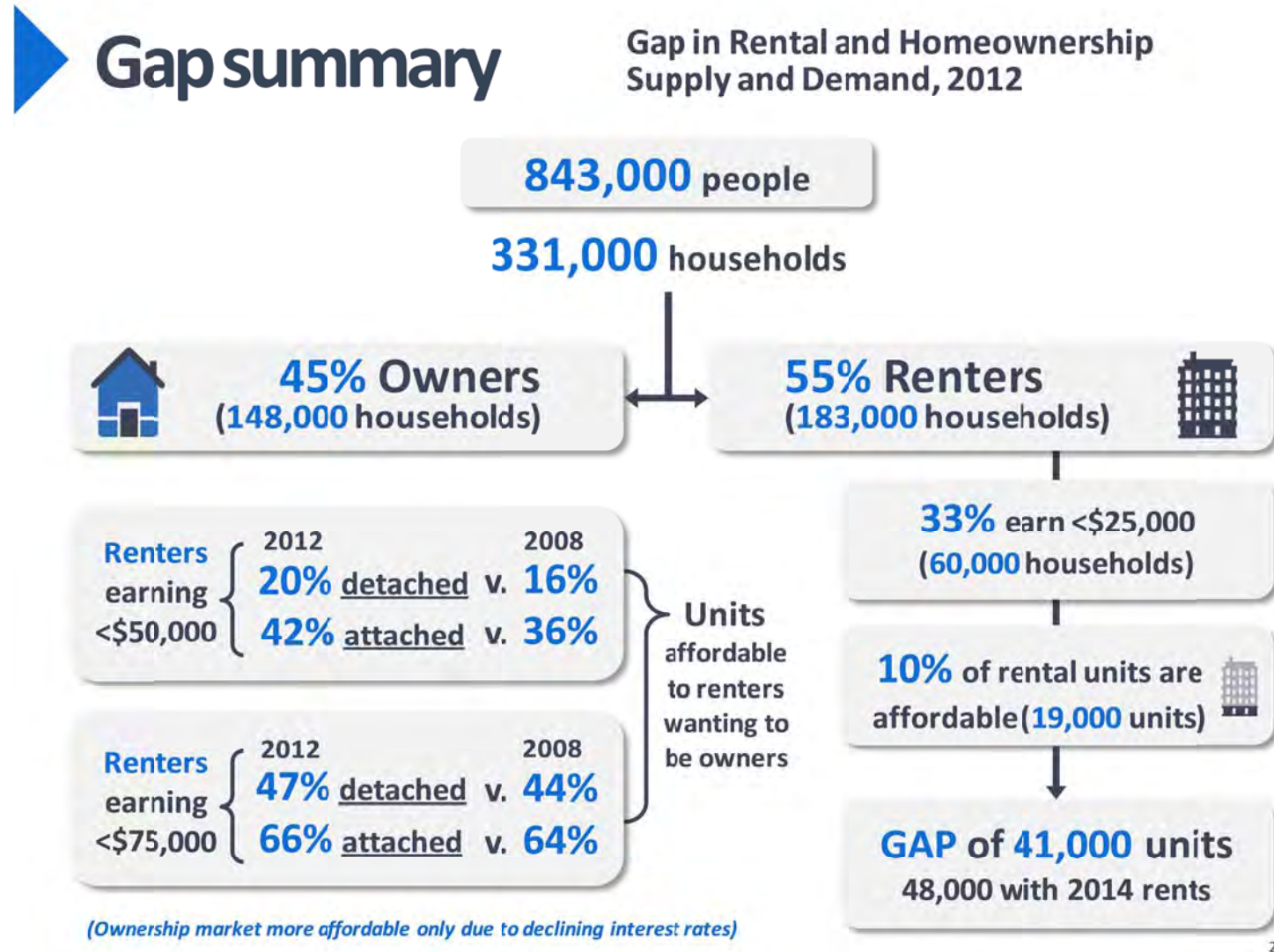
| | 2012 Gap | 2014 Gap | |
|------------------------------|----------|----------|-------|
| Renters earning \$0-\$25,000 | 40,924 | 47,698 | 6,774 |

Source: BBC Research & Consulting housing gaps modeling.

It is important to note that without the city’s investment in creating and preserving affordable rental properties, the rental gap would be larger by as many as 1,000 units.

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Homeownership gap. The gap in homeownership is measured by comparing the proportion of renters at various income levels with the proportion of affordable units for sale. As shown in the gaps figure on page 9, the proportions of affordable homes have increased for both renter income categories and for both detached and attached housing.

Falling interest rates were the primary reason why ownership opportunities were preserved for renters looking to buy. In 2008, a household earning \$50,000 could afford a home priced at \$160,000 (with a 5% downpayment and an interest rate of 6.5%). In 2014, the same household, earning \$50,000, could afford a home priced at \$183,000 (with the same 5% downpayment) because interest rates dropped two percentage points, to 4.5 percent.

What if interest rates hadn't changed? Homeownership opportunities would have declined from 2008 to 16% of units for renters at < \$50,000 (v. 21% in 2008) and 43% of for renters at < \$75,000 (v. 49% in 2008).

Despite this relative increase in homeownership affordability, renters earning less than \$50,000 per year have very limited for-sale options. Among the homes they can afford, more than one-quarter are attached properties (condos, townhomes, etc).

The market is particularly tight for renters earning less than \$35,000 per year: 46 percent of all renters in Austin earn less than \$35,000 per year but only 9 percent of homes on the market are affordable to them.

As was the case in 2008, renters earning \$75,000 are relatively well served by the for-sale market.

Top housing needs. The top housing needs in Austin, identified through the quantitative and qualitative analysis conducted for the 2014 HMS, include:

- A shortage of deeply affordable rental units (primarily those renting for less than \$500/month) for renters earning less than \$25,000 per year.
- Geographically limited housing opportunities: 1) Affordable rentals are scarce west of I-35, and 2) Homes to buy for \$250,000 and less are increasingly concentrated in northeast, far south and southeast Austin.
- Rising housing costs in a handful of neighborhoods that are redeveloping, which could cause long-time residents to seek more affordable housing elsewhere.
- A growing need for affordable housing near transit and services—to enable seniors to age in place, to provide a wider array of housing choices for persons with disabilities and to mitigate the financial impact of rising transportation costs.

Recommendations

Since the 2008 HMS, Austin has worked hard to secure additional funding for affordable housing in the form of a General Obligation (GO) bond to support affordable housing projects. Past funding from a similar GO bond was used to construct new and preserve housing for the city's most vulnerable residents—many with very low incomes, some who were formerly homeless and some with special housing needs. This type of flexible funding, which can be deployed quickly and addresses many of the greatest needs in the city, is an irreplaceable tool in a fast-moving housing market where federal support is diminishing.

The city is also in the process of revisiting its land use regulations as part of CodeNEXT. This effort will examine potential barriers to creating a diverse set of housing opportunities for a mix of residents.

These two very important tools—flexible funding for affordable housing and reduction of regulatory barriers—put Austin far ahead of many cities nationally who are struggling to address affordability needs.

These efforts also put Austin in a unique position of being able to focus on making the best use of other resources to further address housing needs. These “untapped resources” include:

- Public private partnership opportunities, and
- Public assets, particularly land owned by the city that is currently underutilized.

The city should also move quickly to adopt the easiest regulatory fixes recommended by the diagnosis process of CodeNEXT, explore additional property tax relief options for homeowners and market attached units as an affordable housing alternative.

Finally, we recommend that the city establish a target goal for affordable housing and manage all programs and policies to that goal.

Our specific recommendations follow, beginning with the easiest fixes—modifying regulations to remove regulatory barriers.

Adopt quick fixes for regulatory barriers. *Imagine Austin* developed a list of land development code barriers to creating an affordable Austin. Many of the recommendations require substantive changes to regulations—and/or additional study of the impacts—but some could be achieved rather easily. Waiting to adopt all of the changes may mean a missed opportunity to create affordable housing.

Regulatory “quick fixes” should be employed now, to take advantage of opportunity to create affordable units.

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In our opinion, these “quick fixes” should include the following.

Modifications to accessory dwelling unit (ADU) regulations.

- Reduce the minimum lot size for homes with ADUs.
- Allow a wider variety of ADU types—attached to or within less than 15 feet of the primary dwelling unit.
- Allow lower parking requirements for ADUs, especially in older neighborhoods built before parking requirements were imposed. Do not impose additional parking requirements for the primary dwelling unit if they do currently exist and were not required at the time of development.
- Allow more flexibility in driveway requirements for ADUs, particularly in older areas where lots cannot accommodate the requirements.

Improvements to the development process.

- Begin the process of strengthening departmental coordination to streamline the development approval process for affordable housing.

One of the strongest developer incentives to build affordable housing—fast track approval—can only be effective with a streamlined development approval process.

- Institute fast track development processes, beyond the SMART housing program, for units that contain a target proportion of affordable units (not cash-in-lieu units).

- Waive impact fees for developed affordable units, beyond SMART Housing units, up to an annual maximum subsidy.

Expand public-private partnerships. The private sector is a very important partner in affordable housing development. The city has a number of development incentives and agreements to encourage the private sector to build affordable housing—yet it could do more, by asking greater contributions from developers when they receive expanded entitlements, for example, through rezoning and density bonuses.

In the current environment, in which housing prices are rising and private sector developers are eager to meet growing demand, it is appropriate to ask them to be a stronger partner in affordable housing creation.

An in-depth review of the various aspects of the development agreements and incentives offered by the city was beyond the scope of this study. Stakeholders frequently mentioned the opportunity to improve these programs to make them more transparent and achieve greater affordable housing contributions. For example, the city could:

- Make the density bonus and developer entitlement programs consistent with current needs. This could involve modifying affordability targets (lower MFI for rental units to match the needs in the gaps analysis), acceptance of Section 8 and other similar vouchers (required), cash in lieu fees (raised) and consistent onsite or offsite options. A proportion of units should also be required address the need for larger,

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affordable units to accommodate low income families, who have very limited options in the current rental market.

- Raise cash-in-lieu (CIL) fees. The CIL fee should be comparable to what it costs a developer to build, market and rent or sell an affordable unit.
- Include the option of redeveloping and deed restricting existing housing in more affordable and/or gentrifying areas to satisfy the developer obligation to create units or pay the CIL fee. This helps improve the condition and preserve affordability of housing stock of existing low income owners and renters.

We also recommend the city consider two additional types of public-private partnerships to help address affordable housing needs: Community Development Financial Institutions, or CDFIs, and land banking.

- **CDFI.** A CDFI is an alternative type of bank used nationwide to address lending needs that traditional banks cannot. Austin has CDFIs that serve a variety of needs, but none functions solely as a lender to private and nonprofit affordable housing developers. These institutions, which are partnerships between traditional banks and the public sector, make loans at a subsidized rate with a quick turnaround, enabling developers to better compete with investors. This tool is especially valuable in hot housing markets.

The Federal Deposit Insurance Corporation (FDIC) recently published an article, geared toward financial institutions,

about the value of partnering with CDFIs to satisfy their Community Reinvestment Act (CRA) obligations.¹

- **Land bank.** Making public land available for residential redevelopment is one form of a land bank (such land is already in a “bank” through city ownership). Another version that is being more commonly used is created through public private partnerships, including through foundations. Seed money and organizational support for the land bank is provided by the private sector. In return, the land bank may prioritize acquisition of land for the development of workforce housing, housing along transit corridors, housing to serve public school teachers and workers, etc.

Utilize public land. Making better use of land—particularly that which is underutilized and ripe for redevelopment—may be one of the most valuable contributions the city can make to addressing affordable housing challenges.

These do not have to be large parcels (i.e., Mueller). City-owned infill parcels, near existing services and in neighborhoods that are at-risk or experiencing gentrification, would be ideal for mixed-income residential developments.

Public land is also a tremendous asset for expanding land trust ownership models, which achieve a greater level of homeownership affordability than any other product.

¹ <http://www.fdic.gov/consumers/community/CDFI/index.html>

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Explore additional property tax relief for low income owners. Rising property taxes citywide and especially in gentrifying areas is a top concern of residents. Low income owners are reluctant to make needed improvements to their homes, fearing that this will lead to increased taxes that they cannot afford to pay.

The city should continue to explore options for property tax relief, including how low income owners can be absolved of rising taxes when needed improvements are made.

Consider preservation initiatives. A study conducted during the HMS, *Taking Action: Preservation of Affordable Housing in the City of Austin*, contains a number of recommendations to preserve existing affordable housing stock in Austin. These initiatives—in addition to many of the above recommendations (e.g., land banking)—could provide the foundation for a more aggressive preservation strategy. Preservation efforts should focus on neighborhoods that have traditionally been home to low income residents and workers, have experienced strong price increases and are in close proximity to low wage jobs.

Encourage a broader use of neighborhood infill and design tools in neighborhood plans. The survey conducted for this study showed that a clear majority of homeowners—and one in four renters—live in single family detached homes. Just 4 percent of homeowners live in duplexes/triplexes/fourplexes and 5 percent live in a condominium. Only half of renters live in apartment buildings.

Creating attached home alternatives for both homeowners and renters would help broaden the choices of affordable products to buy and rent.

CodeNEXT will examine barriers to developing such products in the city; this should include limitations on splitting large lots and rezoning underutilized commercial properties to accommodate “missing middle” housing products (e.g., duplexes). The city can facilitate this process by helping neighborhoods understand the benefits of these alternative products, demonstrating how they are used successfully in peer cities and how design features can be used to integrate these products seamlessly into neighborhoods.

Set a citywide affordable housing goal. Establishing a citywide goal for housing affordability would institute a citywide effort to preserve existing income diversity.

This goal should be targeted to areas of need identified in this market study—that is, rental units affordable to households earning less than \$25,000 (addressing the rental gap) and ownership units targeting workforce (earning less than \$50,000 per year). The purpose of the goal would be to maintain or improve the current proportion of affordable units for renters earning less than \$25,000 (at 10% in 2012) and homes to buy for workforce (priced less than \$183,000 and 24%).

Ten percent is a common goal used by other cities that have embraced affordable housing targets. A 10 percent goal is also consistent with many existing city programs (e.g., density bonuses, PUDs).

The maps and data sheets in Appendix A show how well each ZIP code matches the overall city level of affordability of rental and homeownership units. Fewer than half of the city’s ZIP codes match the city’s 10 percent rental and/or 24 percent homeownership affordability provisions. The Appendix also provides ZIP code level information on demographics and

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socioeconomic diversity; the ability of the ZIP code to house workers in key professions in Austin; and estimates of household transportation costs.

All city programs and policies should be linked to achievement of the citywide target. For example, developers who receive any type of entitlement or funding in a geographic area would be required to move a neighborhood closer toward the affordable housing

goal. Neighborhoods that exceed the target and are at risk of gentrification should not be exempt from the requirements, as preservation and creation of affordable units is important to prevent displacement.

The city could use the Housing Model built for this study and available metrics from the Census, ABOR and private rental data, to track progress at meeting the affordable housing goals.

SECTION I.

Demographic Context

SECTION I. Demographic Context

It's no secret that Austin is one of today's most desirable cities. Those looking for the next great place to live will find Austin at the top of the charts:

"The best city in the country for filmmakers."—
(moviemaker.com)

"Best performing large cities."—
(Milliken Institute)

"The new Brooklyn."
— (Bloomberg Businessweek)

The growing interest in Austin is best evidenced in the city's strong population growth. Austin has an estimated 200,000 more residents than it did in 2000. During the last decade, the city increased its size by almost one-third.

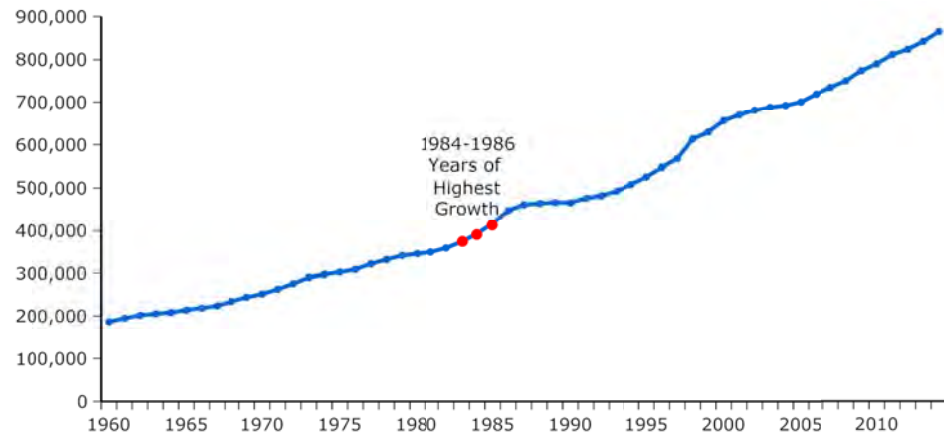
This section of the HMS discusses how the city has changed—and is changing—demographically. It sets the context for the sections that follow, which focus on housing demand and preferences.

Population

The April 2014 population of Austin was 865,504, according to the City Demographer—up 32 percent from a 2000 population of 656,562. At the end of this decade of strong growth, Austin was the 11th largest city in the nation, up from the 16th in 2000.¹

Figure I-1 shows annual growth trends since 1960. Growth was the strongest during the mid-1980s, when annual rates of growth averaged 6 percent, compared to 3 percent in the past year (2013-2014).

Figure I-1.
Population Growth Trends, City of Austin, 1840 to 2014



Note: According to the City Demographer, about 70% of the annual growth from 1997 to 1998 was largely the result of annexing large tracts of populated land into the city.

Source: City of Austin population estimates.

¹ <https://www.census.gov/statab/ccdb/cit1020r.txt>

SECTION I. Demographic Context

Figure I-2 puts Austin’s recent growth in the context of south central Texas and peer cities.² Austin’s recent growth is significant, especially when compared to peer cities of Portland, Denver, Nashville—and even high tech-dominated San Jose. Between 2000 and 2012, Austin was second only to Charlotte in percent growth, as well as movement among the Census’ largest cities ranking. Austin was fourth among the group in numerical growth.

Figure I-2.
Population Growth and Largest City Ranking, 2000 and 2012

| City | 2012 | | 2000 | | 2000-2012 Percent Growth | 2000-2012 Numerical Growth |
|-----------------|------------|---------------------------|------------|---------------------------|--------------------------------|----------------------------------|
| | Population | Largest Cities Rank | Population | Largest Cities Rank | | |
| Charlotte, NC | 775,208 | 17 | 540,828 | 26 | 43% | 234,380 |
| Austin, TX | 842,595 | 11 | 656,562 | 16 | 28% | 186,033 |
| San Antonio, TX | 1,383,194 | 7 | 1,144,646 | 9 | 21% | 238,548 |
| Denver, CO | 634,265 | 23 | 554,636 | 24 | 14% | 79,629 |
| Nashville, TN | 623,255 | 25 | 545,524 | 25 | 14% | 77,731 |
| Portland, OR | 603,650 | 28 | 529,121 | 28 | 14% | 74,529 |
| Houston, TX | 2,161,686 | 4 | 1,953,631 | 4 | 11% | 208,055 |
| San Jose, CA | 982,783 | 10 | 894,943 | 11 | 10% | 87,840 |

Note: Bold indicates significant change in largest cities rank.

Source: U.S. Census Bureau.

² “Peer” cities are similar in socioeconomic characteristics, industries and/or level of attractiveness for in-migrants.

And this growth is not just contained within the City of Austin. The Austin-Round Rock-San Marcos metropolitan statistical area (MSA) posted the highest growth rate of any MSA in the nation from 2000 to 2011.

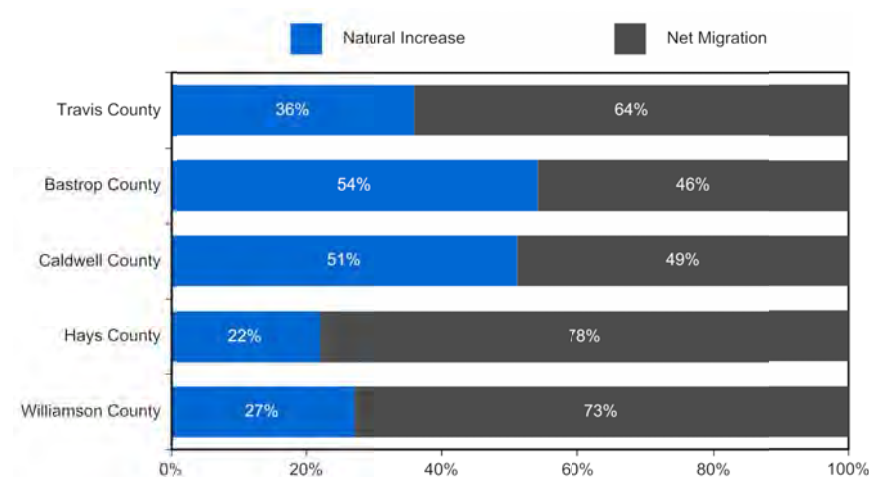
Drivers of population growth. There are two distinct reasons that a community grows. First is “natural increase,” which occurs when the number of births exceeds deaths in a given year. In-migration is the second reason for growth.

Figure I-3 shows the drivers of growth between 2010 and 2013 for Travis County and surrounding counties.³ As the figure demonstrates, in-migration is an important part of growth for Travis County, yet about one-third of the county’s recent growth has been driven by natural increase. In-migration was a larger driver of growth for Hays and Williamson counties and less so for Bastrop and Caldwell counties.

³ The Census reports the drivers of population growth at the county level.

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Figure I-3.
Components of Population Change, Travis and Surrounding Counties, 1990-2000, 2000-2007 and 2007-2013



Note: Two additional components of change--net federal movement and a residual--are not included in the numbers above. Thus, natural increase and net migration do not add to total population growth. The differences are minimal.

Source: Census Population Estimates.

Regional growth. Since 1990, the City of Austin's share of the MSA population has been declining, as shown in Figure I-4. Population projections for the city and MSA suggest that the city's share of the MSA population will drop to around 30 percent by 2045.

Figure I-4.
City of Austin Share of Travis County and MSA Population, 2000 to 2045

Source:
City of Austin City Demographer, January 2014.

| Year | Travis County | MSA |
|------|---------------|-----|
| 1990 | 81% | 55% |
| 2000 | 81% | 53% |
| 2007 | 78% | 46% |
| 2010 | 77% | 46% |
| 2014 | 76% | 45% |
| ↓ | | |
| 2045 | 57% | 30% |

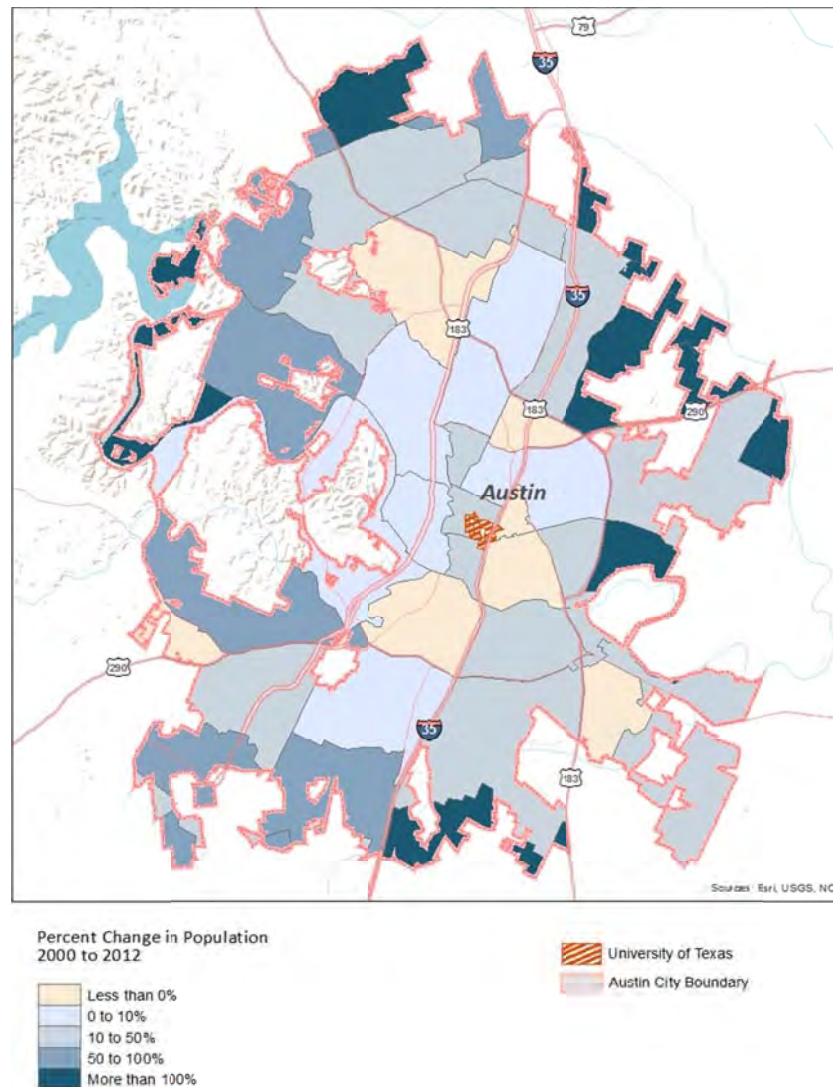
Geographic dispersion of growth. Figure I-5 shows population change between 2000 and 2012 by ZIP code.⁴ As the map demonstrates, population growth varied considerably throughout Austin, with many ZIP codes experiencing 100 to 200 percent growth, while a handful of ZIP codes had population losses.

The strongest growth occurred on the periphery of the city. Slow growth areas and population declines occurred in areas between the city core and outlying communities.

⁴ The 2012 data by ZIP code are the 5 year, 2008-2012 ACS.

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Figure I-5.
Population Change by ZIP Code, 2000 to 2012



Source: U.S. Census.

Household Composition

Austin's demographics are similar to those in 2000, with a few notable exceptions, which are discussed below. Although it may feel to Austinites that the city's demographic changes have occurred recently, most demographics shifts took place in the earlier part of the decade, between 2000 and 2007.

Race and ethnicity. As shown in Figure I-6, the number and proportion of African Americans in the city declined by an estimated 525 people or more than 2 percentage points. This was the only racial category where population was lost. The strongest growth occurred in the White and Hispanic racial/ethnic categories.

Austin is characterized as a "majority minority" city, meaning that no single racial or ethnic group exists as a majority of the city's population. This is mostly due to growth in residents who are of Hispanic descent, many of whom report their race as white. Non-Hispanic white residents represent about 43 percent of the city's population in 2012.

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Figure I-6.
Residents by Race and Ethnicity and Change, City of Austin, 2000, 2007 and 2012

| Race | 2000 | 2007 | 2012 | 2000-2012 Change |
|--|---------|---------|---------|---------------------|
| American Indian and Alaska Native | 3,889 | 4,810 | 5,272 | 1,383 |
| Asian | 30,960 | 42,818 | 54,084 | 23,124 |
| Black or African American | 65,956 | 60,971 | 65,431 | (525) |
| Native Hawaiian and Other Pacific Islander | 469 | 818 | 776 | 307 |
| Two or More Races | 19,650 | 16,813 | 28,642 | 8,992 |
| White | 429,100 | 471,296 | 647,851 | 218,751 |
| Ethnicity | | | | |
| Hispanic or Latino (of Any Race) | 200,579 | 260,535 | 286,850 | 86,271 |
| Non-Hispanic | 455,983 | 489,124 | 555,745 | 99,762 |
| Race | 2000 | 2007 | 2012 | 2000-2012 Change |
| American Indian and Alaska Native | 1% | 1% | 1% | 0.0% |
| Asian | 5% | 6% | 6% | 1.7% |
| Black or African American | 10% | 8% | 8% | -2.3% |
| Native Hawaiian and Other Pacific Islander | 0% | 0% | 0% | 0.0% |
| Two or More Races | 3% | 2% | 3% | 0.4% |
| White | 65% | 63% | 77% | 11.5% |
| Ethnicity | | | | |
| Hispanic or Latino (of Any Race) | 30% | 35% | 34% | 4.0% |
| Non-Hispanic | 70% | 65% | 66% | -4.0% |

Note: The ACS question on Hispanic origin was revised in 2008 to make it consistent with the Census 2010 Hispanic origin question. As such, there are slight differences in how respondents identified their origin in the 2000, 2007 and 2012 surveys.

Excludes "Some Other Race" category, due to inconsistency of reporting between 2000 and 2012 Census surveys.

Source: U.S. Census, 2000, 2007 and 2012 ACS.

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Age. The median age of Austin residents increased during the past decade, from 29.6 to 31. This was due to a shift away from college-age residents towards Baby Boomers. As shown in Figure I-7, the proportion of city residents age 18 to 24 dropped from 17 percent to 13 percent in the last decade. Growth of the 45-64 cohort is due to Baby Boomers aging into a higher age group, in addition to new migrants.

Figure I-7.
Residents by Age Cohort and Change, City of Austin, 2000, 2007 and 2012

| Population by Age | 2000 | 2007 | 2012 | 2000-2012 Change |
|------------------------------|---------|---------|---------|------------------|
| Total population | 656,562 | 749,389 | 842,595 | 186,033 |
| Number of Population | | | | |
| Children (Under 18) | 147,548 | 173,800 | 182,530 | 34,982 |
| College-Aged Adults (18-24) | 109,256 | 99,124 | 111,596 | 2,340 |
| Young Adults (25-44) | 243,517 | 272,377 | 310,684 | 67,167 |
| Baby Boomers (45-64) | 112,336 | 155,965 | 176,686 | 64,350 |
| Seniors (65 and older) | 43,905 | 48,123 | 61,099 | 17,194 |
| Percent of Population | | | | |
| Children (Under 18) | 22% | 23% | 22% | -0.8% |
| College-Aged Adults (18-24) | 17% | 13% | 13% | -3.4% |
| Young Adults (25-44) | 37% | 36% | 37% | -0.2% |
| Baby Boomers (45-64) | 17% | 21% | 21% | 3.9% |
| Seniors (65 and older) | 7% | 6% | 7% | 0.6% |

Note: Changes among age categories do not always indicate growth, but rather, show differences in the size of age cohorts. For example, the Baby Boomers were roughly between the ages of 35 and 54 in the Census 2000, and mostly captured in the 45 to 64 age cohort in the 2012 ACS.

Source: U.S. Census, 2000, 2007 and 2012 ACS.

Household type. According to the City Demographer, the share of family-with-children households in the urban core has declined since 1970, when the share was about 32 percent. This continued between 2000 and 2012, as shown in Figure I-8. Growth in the city's Hispanic households, which generally have larger families with children, has helped the city maintain a share of family-with-children households, which otherwise would be much smaller.

As shown in Figure I-8, declines in family-with-children household shares have been offset by slight increases in the proportions of residents living alone and in households with alternative composition types.

SECTION I. Demographic Context

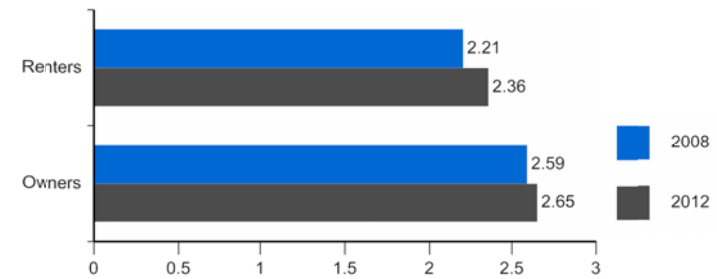
Figure I-8.
Household Type and Change, City of Austin, 2000, 2007 and 2012

| Household Type | 2000 | 2007 | 2012 | 2000-2012 Change |
|------------------------------|---------|---------|---------|------------------|
| Total Households | 265,649 | 306,693 | 330,838 | 65,189 |
| Number of Households | | | | |
| Married without Children | 51,950 | 54,712 | 62,254 | 10,304 |
| Married with Children | 49,148 | 57,075 | 53,105 | 3,957 |
| Single Parent Household | 22,132 | 27,821 | 30,362 | 8,230 |
| Living Alone | 87,026 | 110,764 | 112,092 | 25,066 |
| Other Household Types | 55,393 | 56,321 | 73,025 | 17,632 |
| Percent of Households | | | | |
| Married without Children | 20% | 18% | 19% | -0.7% |
| Married with Children | 19% | 19% | 16% | -2.4% |
| Single Parent Household | 8% | 9% | 9% | 0.8% |
| Living Alone | 33% | 36% | 34% | 1.1% |
| Other Household Types | 21% | 18% | 22% | 1.2% |

Source: U.S. Census, 2000, 2007 and 2012 ACS.

Household size. According to the ACS, household size has increased since 2008, despite the shift away from family households. As shown in Figure I-9, average household sizes have increased for both renters and owners.

Figure I-9.
Household Size, 2008 and 2012



Source: 2008 and 2012 ACS.

Income and Poverty

Housing programs generally use percentages of “median family income” or MFI as benchmarks for targeting housing assistance and affordability programs.⁵ Households earning less than 30 percent of MFI—roughly at the poverty level and below—are characterized as “extremely low income.” Households earning between 30 and 50 percent of MFI are considered to be “very low income;” households between 50 and 80 percent MFI, “low income;” and those above 80 percent of MFI “moderate” and “high” income.

⁵ Also referred to as Area Median Income or AMI.

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Figure I-10 shows the MFI levels for the City of Austin according to household size. It is important to note that these are based on the MFI for the Austin-Round Rock-San Marcos MSA (that is, MFI is not calculated at the city level) and provided to the city by HUD.

Figure I-10.
Median Family Income Categories, Austin-Round Rock-San Marcos MSA, 2014

| Percent MFI | Income Limit | Percent MFI | Income Limit |
|----------------|--------------|---|--------------|
| 30% MFI | | 100% MFI | |
| 1 person HH | \$15,850 | 1 person HH | \$52,800 |
| 2 person HH | \$18,100 | 2 person HH | \$60,400 |
| 3 person HH | \$20,350 | 3 person HH | \$67,900 |
| 4 person HH | \$22,600 | 4 person HH | \$75,400 |
| 50% MFI | | 120% MFI | |
| 1 person HH | \$26,400 | 1 person HH | \$60,192 |
| 2 person HH | \$30,200 | 2 person HH | \$68,856 |
| 3 person HH | \$33,950 | 3 person HH | \$77,406 |
| 4 person HH | \$37,700 | 4 person HH | \$85,956 |
| 80% MFI | | 150% MFI | |
| 1 person HH | \$42,250 | 1 person HH | \$79,200 |
| 2 person HH | \$48,250 | 2 person HH | \$90,600 |
| 3 person HH | \$54,300 | 3 person HH | \$101,850 |
| 4 person HH | \$60,300 | 4 person HH | \$113,100 |
| 95% MFI | | 2014 HUD Median Income Overall: \$75,400 | |
| 1 person HH | \$50,160 | | |
| 2 person HH | \$57,380 | | |
| 3 person HH | \$64,505 | | |
| 4 person HH | \$71,630 | | |

Source: www.huduser.org.

Median income for the city overall was \$52,453 in 2012, a 23 percent increase from the 1999 median of \$42,689.⁶ This increase was not enough to keep up with inflation. According to the Consumer Price Index (CPI), the price of consumer goods rose by 38 percent between 1999 and 2012. This suggests that, overall, Austin households lost purchasing power during the past decade. This is also true when examined by family income.⁷

As in much of the U.S., Austin's income distribution is shifting and there are now proportionately more lower and upper income households and fewer middle income households than in 2000, as shown in Figure I-11.⁸ The number of middle income households did grow during the decade but not as much as lower and higher income households.

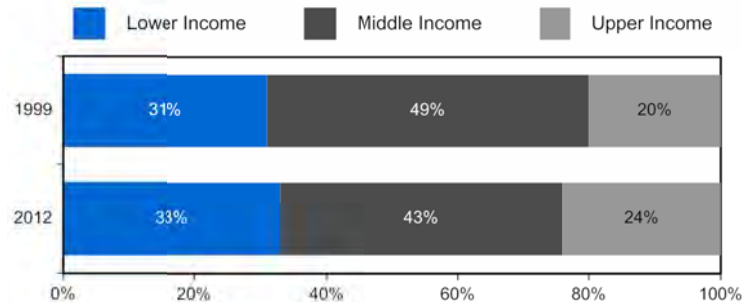
⁶ The median income figures in the years 1999 and 2010 are not precisely comparable due to differences in the Census surveys. The 2012 data were collected over a variable period of time and thus represent income levels over a rolling time period, whereas the 2000 Census represents the income earned during a fixed period (1999).

⁷ Household income includes single individuals living alone and roommates, which family income does not. Median household income is lower than median family income because it represents more single earners.

⁸ This analysis is based on a national measure of middle income recently used in research examining the decline of the middle class. For 2012, middle income is defined as households earning between \$35,000 to \$100,000. In 1999, the middle income range is \$28,000 to \$84,000.

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Figure I-11.
Lower, Middle and Upper Income Households, City of Austin, 1999 and 2012



Note: Lower income roughly approximates less than two-thirds of the national median income and upper income roughly approximates twice the national median income. These income thresholds are consistent with the way that Americans self-identify as members of socioeconomic classes. (See Pew Research report, "The Rise of Residential Segregation by Income.")

Source: U.S. Census, 2000, 2012 ACS and BBC Research & Consulting.

The previous figure (I-11) showed shifts in socioeconomic cohorts, where "middle income" is defined as \$28,000 to \$84,000 in 1999 and \$35,000 to \$100,000. The next figure (I-12) displays shifts in nominal income ranges between 1999 and 2012.

As shown in Figure I-12, the greatest shifts in income distribution occurred in the \$100,000+ category. The proportion of Austin residents earning more than \$100,000 grew by 10 percentage points between 1999 and 2012.

The proportion of households earning between \$25,000 and \$75,000 dropped by 6 percentage points.

Figure I-12.
Household Income by Range, City of Austin, 1999 and 2012



Source: U.S. Census, 2000, 2012 ACS.

Renters and owners both experienced income growth, as shown in Figure I-13, but the change was far more significant for renters. The number of renters earning more than \$75,000 living in Austin in 2012 rose by more than 15,000 from 2007.

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Figure I-13.
Income by Tenure and Change, 2007 and 2012

| Owners | 2007 | | 2012 | | 2007-2012 change | |
|--------------------------------|----------------|-------------|----------------|-------------|------------------|------------|
| | Number | Percentage | Number | Percentage | Number | Percentage |
| Less than \$10,000 | 3,862 | 2% | 3,719 | 2% | -143 | 0% |
| \$10,000 to \$14,999 | 3,774 | 2% | 2,860 | 2% | -914 | -1% |
| \$15,000 to \$19,999 | 2,774 | 2% | 3,240 | 2% | 466 | 0% |
| \$20,000 to \$24,999 | 5,089 | 3% | 6,217 | 3% | 1,128 | 0% |
| \$25,000 to \$34,999 | 9,937 | 6% | 10,068 | 5% | 131 | 0% |
| \$35,000 to \$49,999 | 15,915 | 10% | 16,424 | 9% | 509 | -1% |
| \$50,000 to \$74,999 | 26,090 | 16% | 25,434 | 14% | -656 | -2% |
| \$75,000 to \$99,999 | 21,271 | 13% | 20,757 | 11% | -514 | -2% |
| \$100,000 to \$149,999 | 27,840 | 17% | 28,897 | 16% | 1,057 | -1% |
| \$150,000 or more | 25,253 | 15% | 30,142 | 16% | 4,889 | 1% |
| Total | 141,805 | 86% | 147,758 | 81% | | |
| <i>Change in < \$25,000</i> | | | | | 537 | -1% |
| <i>Change in > \$75,000</i> | | | | | 5,432 | -1% |
| Renters | | | | | | |
| Less than \$10,000 | 21,719 | 13% | 24,155 | 13% | 2,436 | 0% |
| \$10,000 to \$14,999 | 12,390 | 7% | 12,024 | 7% | -366 | -1% |
| \$15,000 to \$19,999 | 12,160 | 7% | 12,699 | 7% | 539 | 0% |
| \$20,000 to \$24,999 | 13,819 | 8% | 12,297 | 7% | -1,522 | -2% |
| \$25,000 to \$34,999 | 26,530 | 16% | 22,757 | 12% | -3,773 | -4% |
| \$35,000 to \$49,999 | 28,103 | 17% | 32,639 | 18% | 4,536 | 1% |
| \$50,000 to \$74,999 | 29,583 | 18% | 29,338 | 16% | -245 | -2% |
| \$75,000 to \$99,999 | 10,898 | 7% | 17,262 | 9% | 6,364 | 3% |
| \$100,000 to \$149,999 | 6,335 | 4% | 13,241 | 7% | 6,906 | 3% |
| \$150,000 or more | 4,113 | 2% | 6,668 | 4% | 2,555 | 1% |
| Total | 165,650 | 100% | 183,080 | 100% | | |
| <i>Change in < \$25,000</i> | | | | | 1,087 | -3% |
| <i>Change in > \$75,000</i> | | | | | 15,825 | 7% |

Source: 2007 income distributions from housing market study and 2012 ACS.

Incomes did not rise for all Austin residents, however. Between 2000 and 2012, the number of Austin residents living in poverty—defined as roughly \$23,000 or less for a family of four—increased dramatically. The poverty rate for individuals rose from 14 percent in 1999 to 20 percent in 2012.⁹ The rate of family poverty rose from 9 to 14 percent.

Overall, 20 percent of Austin residents lived in poverty in 2012.

⁹ Includes all people living in poverty (as opposed to households). For example, if three children live in a household where their parents earn less than the poverty threshold, all five household members would be counted as living in poverty.

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As shown in Figure I-14, Austin's children have much higher incidence of poverty than any other age group.

Figure I-14.
Poverty Rate by Age and Change, City of Austin, 1999 and 2012

| | 1999 | 2012 | 1999-2012 Percentage Point Change |
|-----------------------------|---------|-----------------|---|
| Families living in Poverty | 9% | 14% | 5% |
| People living in Poverty | 14% | 20% | 6% |
| Under 18 Years | 17% | 30% | 13% |
| 18 to 64 Years | 14% | 18% | 4% |
| 65 Years and Over | 9% | 9% | 0% |
| | Overall | For Children | |
| City of Austin Poverty Rate | 20% | 30% | |
| Travis County Poverty Rate | 18% | 26% | |
| MSA Poverty Rate | 16% | 21% | |
| Texas Poverty Rate | 18% | 26% | |

Source: U.S. Census, 2000, and 2012 ACS.

College students affect the poverty rate because of their relatively low incomes; however, they generally have strong earnings potential and, as such, are only temporarily "poor." The U.S. Census Bureau recently released a report that adjusts the poverty rates of cities with large student populations to account for the low earnings of students. The Census report estimates that Austin's overall poverty rate is 2.5 percentage points lower when students are removed. This puts the city's "real" poverty rate

closer to 17 percent, which is similar to that of Travis County, the MSA and the State of Texas.¹⁰

In addition to age, poverty also varies by race and ethnicity. Figure I-15 reports poverty level by race and ethnicity. As the figure shows, African American and Hispanic residents experienced the greatest—and very significant—increases in poverty between 1999 and 2012.

Figure I-15.
Poverty by Race or Ethnicity and Change, City of Austin, 1999 and 2012

| | 1999 | 2012 | 1999-2012 Percentage Point Change |
|---------------------|------|------|---|
| African American | 20% | 31% | 11% |
| Asian | 20% | 16% | -4% |
| Hispanic | 21% | 31% | 10% |
| Two or More Races | 16% | 21% | 5% |
| White, Non-Hispanic | 9% | 12% | 3% |

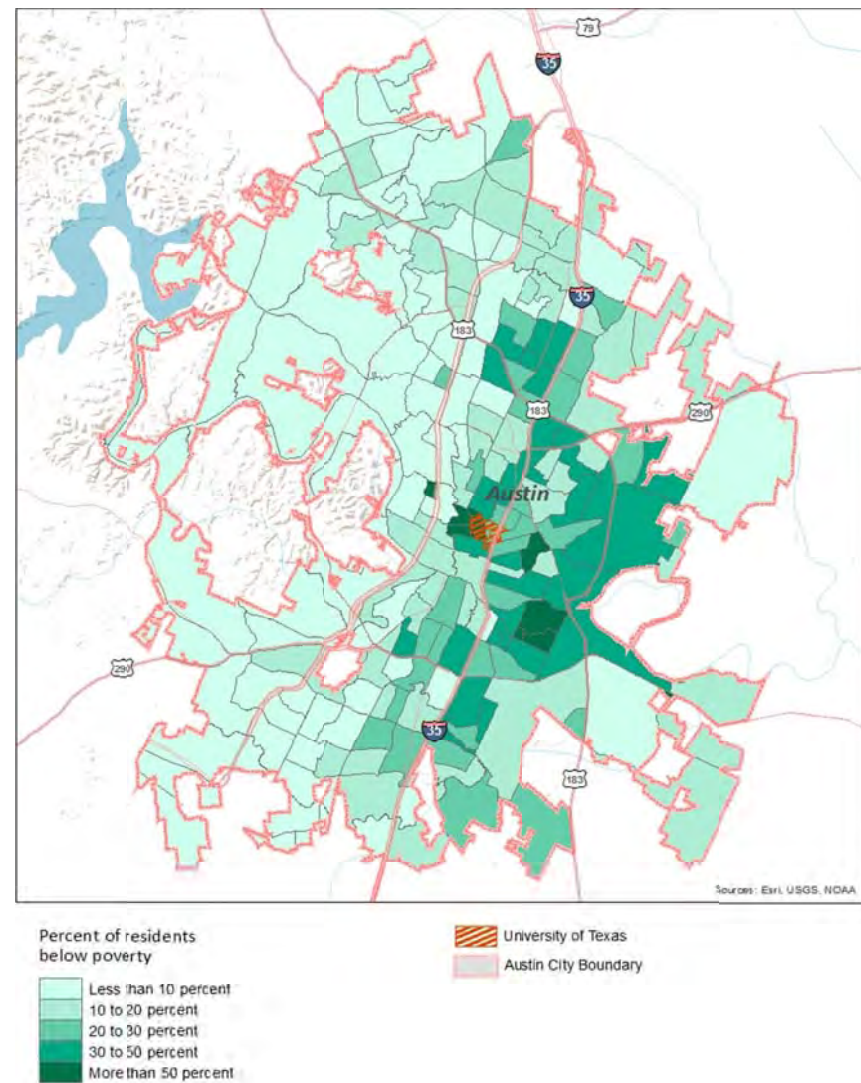
Source: U.S. Census, 2000, and 2012 ACS.

¹⁰ <http://www.census.gov/hhes/www/poverty/publications/bishaw.pdf>

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Figure I-16 shows the poverty rate by ZIP code. High poverty areas are very concentrated in east Austin and, to a lesser extent, along I-35.

Figure I-16.
Poverty Rate by Census Tract, 2008-2012



Source: 2008-2012 ACS.

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Education and Employment

Education is an important part of mitigating poverty. And Austin’s overall educational attainment increased during the past decade, as discussed below. Yet poverty also increased, primarily due to the rising rate of child poverty. Of the 1999-2012 increase in the number of residents living in poverty, about 40 percent was due to an increase in poor children.

Educational attainment. Austin residents are well educated—and became even better educated during the past decade.

The Census estimates that 30 percent had a Bachelor’s degree and 16 percent had graduate or professional degree in 2012 (46% total). This compares to 18 percent of Texans with a Bachelor’s degree and 9 percent with a graduate/professional degree (27%). The city’s educational attainment has increased since 2000, when 26 percent had a Bachelor’s degree and 15 percent had a graduate/professional degree (41%).

As shown in Figure I-17, in 2012, nearly 13 percent of Austin’s residents had less than a high school degree and 17 percent had a high school degree but had not attended college—that is, 30 percent of residents had no college. This is slightly improved from 2000, when 17 percent of residents had less than a high school degree and another 17 percent had a high school degree but no college (34%). And although growth has been strongest for highly educated residents, the city has 30,000 more residents with a high school degree and less than in 2000.

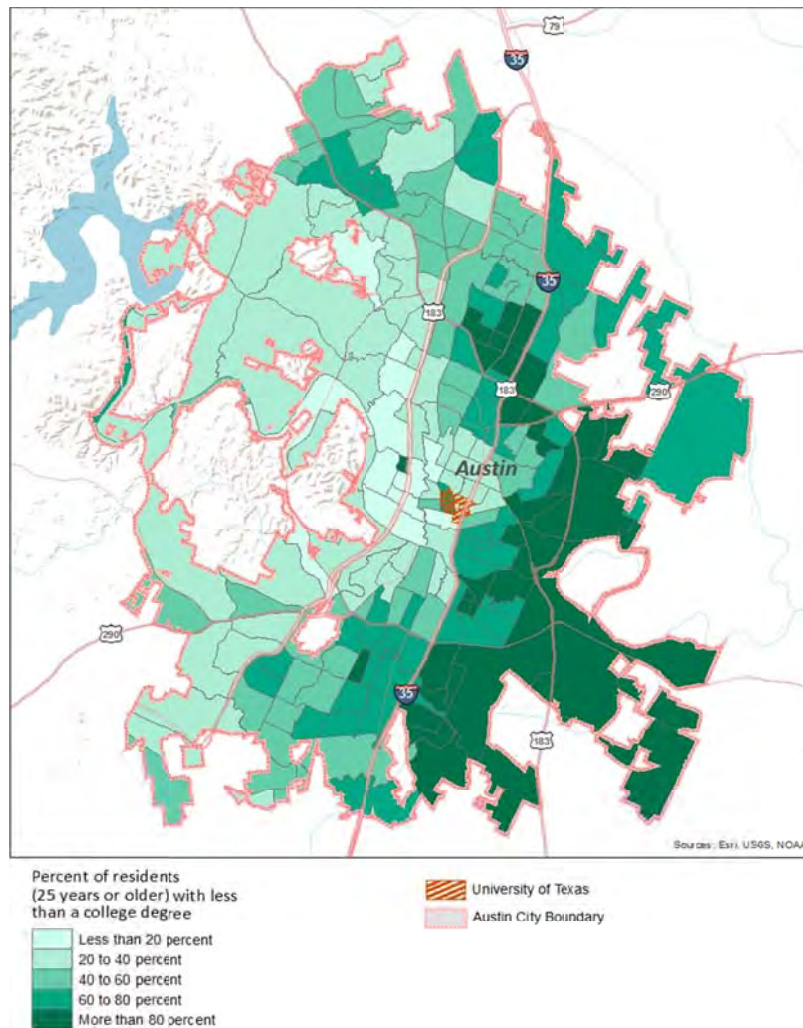
Figure I-17.
Educational Attainment, City of Austin, 2000 and 2012

| | 2000 | | 2007 | |
|---------------------------------|---------|---------|------------------|---------|
| | Number | Percent | Number | Percent |
| Less than a High School Degree | 66,511 | 17% | 82,798 | 17% |
| High School Degree or GED | 68,316 | 17% | 80,077 | 17% |
| Some College, No Degree | 84,486 | 21% | 85,286 | 18% |
| Associates Degree | 19,887 | 5% | 25,824 | 5% |
| Bachelor's Degree | 103,111 | 26% | 123,493 | 26% |
| Graduate or Professional Degree | 58,826 | 15% | 79,257 | 17% |
| | 2012 | | 2000-2012 Change | |
| | Number | Percent | Number | Percent |
| Less than a High School Degree | 72,823 | 13% | 6,312 | -3% |
| High School Degree or GED | 91,797 | 17% | 23,481 | 0% |
| Some College, No Degree | 108,529 | 20% | 24,043 | -1% |
| Associates Degree | 26,084 | 5% | 6,197 | 0% |
| Bachelor's Degree | 162,033 | 30% | 58,922 | 4% |
| Graduate or Professional Degree | 87,203 | 16% | 28,377 | 1% |

Source: U.S. Census, 2000, and 2012 ACS.

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Figure I-18.
Educational Attainment by Census Tract, 2008-2012



Source: 2008-2012 ACS.

As shown in Figure I-18, educational attainment is correlated with areas of high poverty, although not perfectly. Many areas in north and south central Austin have relatively high levels of residents with less than a college degree—but are not areas of concentrated poverty. Figure I-20, a map of where unemployed residents are located, is more closely aligned with areas of high poverty.

SECTION I. Demographic Context

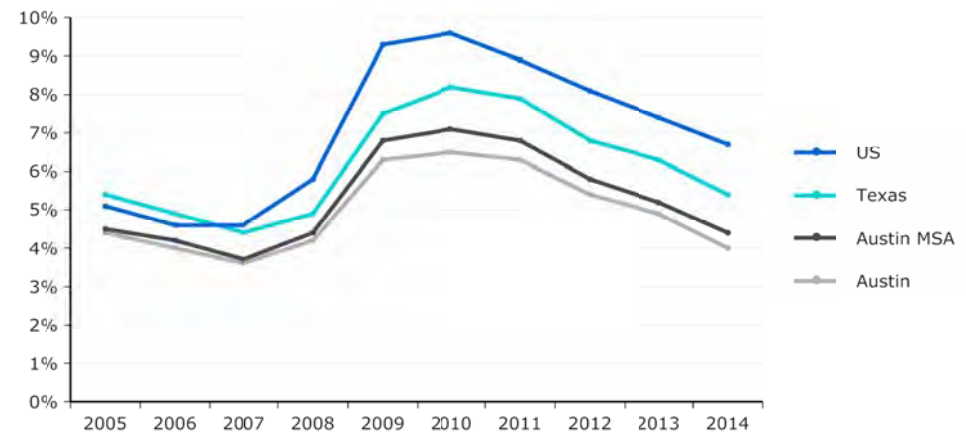
Employment. According to the Census Bureau's Longitudinal Employer-Household Dynamics (LEHD), there are about 608,000 jobs located in the City of Austin, up from 565,000 in 2008 (an 8% increase).

Forty percent of Austin workers both live and work in the city; the other 60 percent are in-commuters, living outside the city but employed in Austin.

In April of 2014, there were about 17,000 Austin residents actively looking for work but unable to find employment. The April unemployment rate was 3.5 percent, the lowest since April of 2008 when unemployment was 3.2 percent. Figure I-19 shows the annual unemployment rates for Austin, the MSA, Texas and the United States. Austin—and the MSA as a whole—have maintained very low unemployment, even though the recent recession.

Yet the city has pockets of very high unemployment rates, as shown in the following map.

Figure I-19.
Unemployment Rate, 2005 through 2014



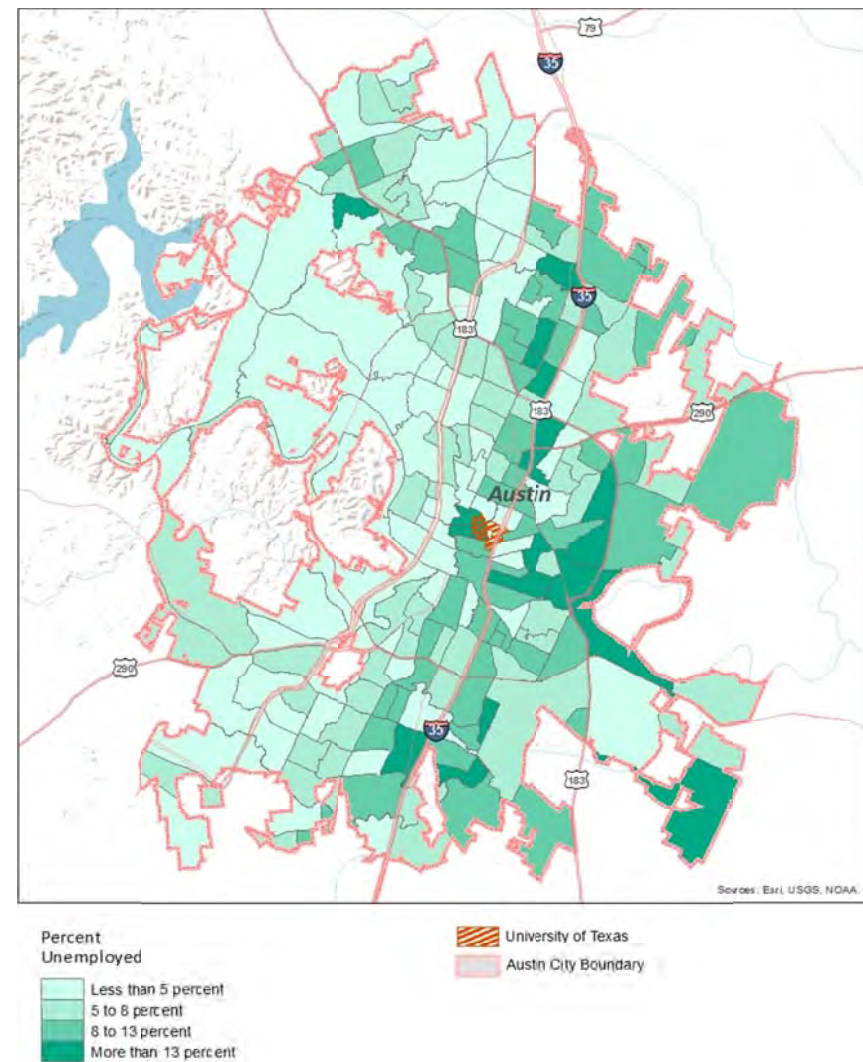
Note: 2014 rate reflects annual average through April.

Source: Labor Market & Career Information, Texas Workforce Commission.

SECTION I. Demographic Context

Figure I-20 which shows 2008-2012 unemployment rates by Census tract. Residents living in the north and east portions of the city are more likely to experience high levels unemployment, some more than four times the citywide rate.

Figure I-20.
Unemployment by Census Tract, 2008-2012



Source: 2008-2012 ACS.

SECTION I. Demographic Context

The average weekly wage for all Austin-Round Rock workers is \$915, or about \$47,580 annually.¹¹ As discussed in Section II. Housing Market Gaps, workers earning \$50,000 and less find it difficult to buy homes in much of Austin.

Figure I-21 displays employment and wages by industry for the Austin-Round Rock MSA in 2000, 2007 and 2013. Of the 100,000 new jobs, 36,000 were in the Education and Health Services industries, which pay about \$44,000 per year. Another 26,000 jobs were in the low paying leisure and hospitality industries, paying less than \$20,000 per year. Both the construction and manufacturing industries, which offer higher paying jobs, declined between 2007 and 2013.

**Figure I-21.
Employment
and Average
Weekly
Wages, Austin
MSA, 2000,
2007 and 2013**

Source:
Texas Workforce
Commission, QCEW.

| Industry | Employment | | | | |
|-------------------------------------|----------------|----------------|----------------|--------------------------------|------------|
| | Number of Jobs | | | Recent Growth: 2007 to 2013 | |
| | 2000 | 2007 | 2013 | Number | Percent |
| Natural Resources and Mining | 2,144 | 3,739 | 4,687 | 948 | 25% |
| Construction | 43,888 | 51,963 | 46,171 | -5,792 | -11% |
| Manufacturing | 81,897 | 60,596 | 52,321 | -8,275 | -14% |
| Trade, Transportation and Utilities | 120,178 | 141,649 | 159,938 | 18,289 | 13% |
| Information | 24,430 | 23,133 | 24,155 | 1,022 | 4% |
| Financial Activities | 36,319 | 45,112 | 50,176 | 5,064 | 11% |
| Professional and Business Services | 92,276 | 109,550 | 135,457 | 25,907 | 24% |
| Education and Health Services | 125,445 | 152,272 | 187,896 | 35,624 | 23% |
| Leisure and Hospitality | 63,330 | 81,365 | 102,285 | 20,920 | 26% |
| Other Services | 20,865 | 25,967 | 30,795 | 4,828 | 19% |
| Public Administration | 51,213 | 54,517 | 56,763 | 2,246 | 4% |
| Unclassified | 205 | 805 | 314 | -491 | -61% |
| Total | 662,190 | 750,668 | 850,956 | 100,288 | 13% |

| Industry | Wages | | | | |
|-------------------------------------|----------------------|---------|---------|--------------------------------|---------|
| | Average Weekly Wages | | | Recent Growth: 2007 to 2013 | |
| | 2000 | 2007 | 2013 | Dollars | Percent |
| Natural Resources and Mining | \$683 | \$1,752 | \$1,989 | \$237 | 14% |
| Construction | \$672 | \$844 | \$979 | \$135 | 16% |
| Manufacturing | \$1,169 | \$1,470 | \$1,728 | \$258 | 18% |
| Trade, Transportation and Utilities | \$896 | \$827 | \$920 | \$93 | 11% |
| Information | \$1,319 | \$1,241 | \$1,491 | \$250 | 20% |
| Financial Activities | \$767 | \$1,075 | \$1,411 | \$336 | 31% |
| Professional and Business Services | \$774 | \$974 | \$1,241 | \$267 | 27% |
| Education and Health Services | \$551 | \$735 | \$850 | \$115 | 16% |
| Leisure and Hospitality | \$268 | \$325 | \$379 | \$54 | 17% |
| Other Services | \$497 | \$632 | \$765 | \$133 | 21% |
| Public Administration | \$712 | \$940 | \$1,087 | \$147 | 16% |
| Unclassified | \$617 | \$685 | \$762 | \$77 | 11% |

¹¹ Assumes 52 work weeks in a year. As a point of comparison, the weekly wage for the state of Texas is \$985 weekly, which equates to an annual average of \$51,220. Detailed industry and wage data are not available at the municipal level, but in the Austin-Round Rock MSA as a whole.

SECTION II.

Housing Market Gaps

SECTION II. Housing Market Gaps

The changes in Austin's housing market are visible in the large cranes perched among downtown's skyscrapers. News articles abound about rising housing prices, declining affordability and gentrification. And the voluntary housing survey conducted for this study received more than 5,000 responses—evidence that housing is a topic of interest of Austinites and, for many residents, a concern.

The section begins with an overview of the housing market today, compared to when the last HMS was completed (2008) and the beginning of the decade. It contains an analysis of both rental and homeownership affordability, including an update to the housing gaps model from the earlier study.

The results of the housing survey conducted for this study—including data on residents' needs, housing preferences and experience finding housing in Austin—are detailed in Sections III and IV of this report. This section supplements the chapters on residents' housing needs with quantitative information on the city's housing market.

Trends in Housing Supply

There were 276,600 housing units in the City of Austin in 2000, according to the U.S. Census. By 2007, this had risen to around 333,500—an increase of 57,000 units. The Census estimates the housing inventory at around 360,500 in 2012, or about 84,000 more units than in 2000.

As shown in Figure II-1, the growth rate of residential units was highest during the 1970s, when the city's housing stock

increased 70 percent. The past decade has been the strongest in numerical growth.

Figure II-1.
Housing Unit Growth,
City of Austin, 1970-
2013

Source:

City of Austin and 2012 ACS.

| | Number of Units | Numerical Growth per Decade | Percent Growth per Decade |
|------|--------------------|-----------------------------------|---------------------------------|
| 1970 | 85,456 | | |
| 1980 | 146,503 | 61,047 | 71% |
| 1990 | 216,939 | 70,436 | 48% |
| 2000 | 276,611 | 59,672 | 28% |
| 2007 | 333,487 | | |
| 2010 | 354,211 | 77,600 | 28% |
| 2012 | 360,518 | | |

Density and land use. Housing unit density—the number of residential units per acre—has fluctuated between 1.5 and 2.0 units per acre since the 1970s, peaking in 1980 following rapid housing growth.

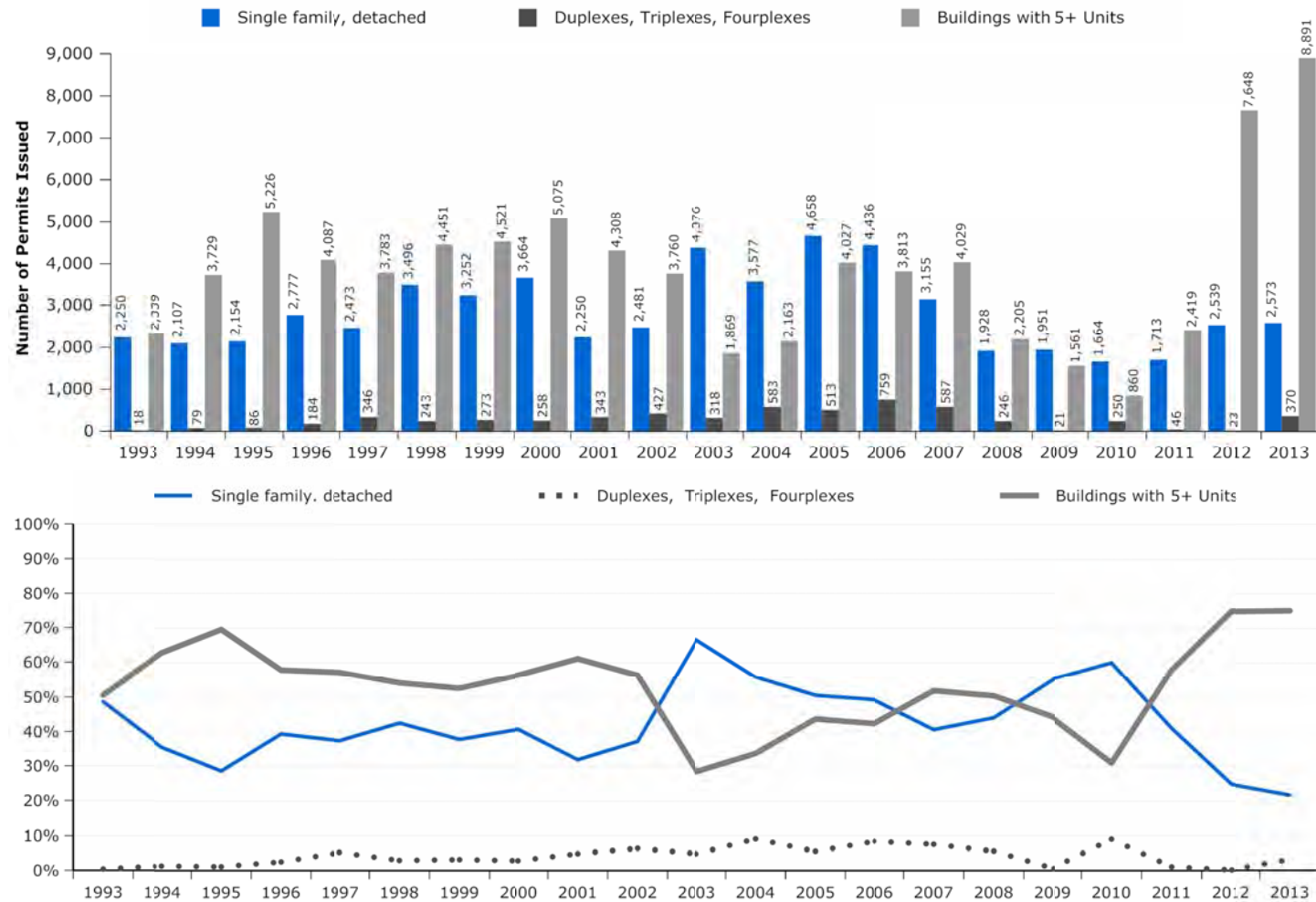
As of 2010, a little more than one-fourth of land acreage in the city was in residential use, according to the City Planning Department's land use statistics report. Overall, 22 percent of acreage in the city is used for single family homes (about 5% of this large lot homes) and just 3 percent is in multifamily (apartment, condos) use. Another 2 percent is used for mobile homes.

The balance of land is undeveloped (29%), or used for open space (18%), streets/roads/utilities (13%) and commercial and other uses (12%).

SECTION II. Housing Market Gaps

Permitted units. Historically, residential growth in Austin has been dominated by single family detached and multifamily units, as shown below.

Figure II-2.
Number and Percentage of Building Permits Issued by Type, City of Austin, 1993 to 2012



Source: City of Austin.

SECTION II. Housing Market Gaps

As demonstrated by Figure II-2, the proportion of single family attached permits is at a historical low, and, conversely, multifamily permits are at a historical high.

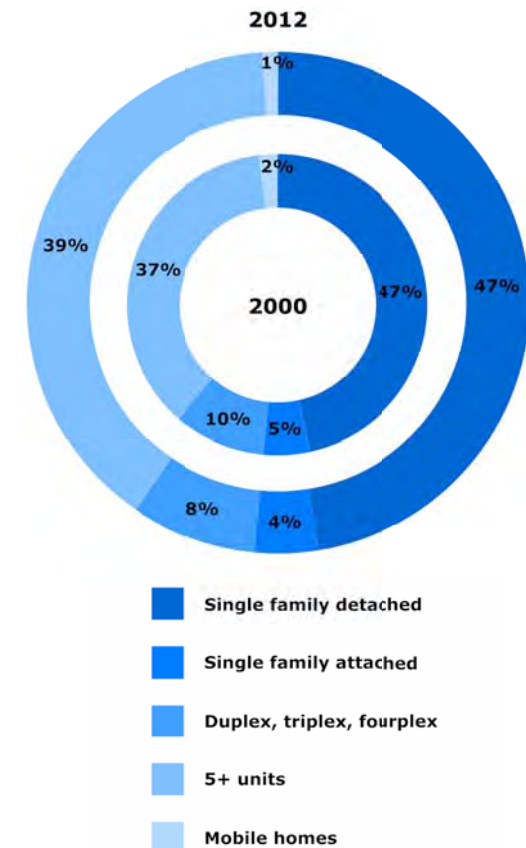
The rise in multifamily development is closely related to declining rental vacancies, discussed below. During 2011, about 800 new multifamily units were completed in the Austin MSA, compared to 2,600 in 2012 and nearly 5,900 in 2013. According to Austin Investor Interests, this addition of multifamily units had minimal impact on the market until recently. Rental vacancy rates have remained low as the supply of rental units caught up with demand. Yet this might be changing: the first quarter 2014 multifamily trend report reported the first quarterly rise in multifamily vacancies since 2010.¹

Despite the slight uptick in vacancy rates, more apartments are likely to hit the market soon, based on the large number of multifamily units being permitted (Figure II-2) and under construction. As of first quarter 2014, as many as 16,000 multifamily units were identified as under construction in the City Demographer's Multifamily Report.²

Unit type. As demonstrated by Figure II-3, the city's housing unit distribution has changed little during the past 12 years. Very modest shifts have occurred between duplexes/triplexes/fourplexes and larger multifamily developments. But, overall, the composition of residential housing in the city is about the same as it was in 2000.

Figure II-3.
Type of Housing
Units, City of Austin,
2000 and 2012

Source:
U.S. Census, 2000, and 2012
ACS.



¹ The Austin Multi-Family Trend Report, Austin Investor Interests, 1Q2014.

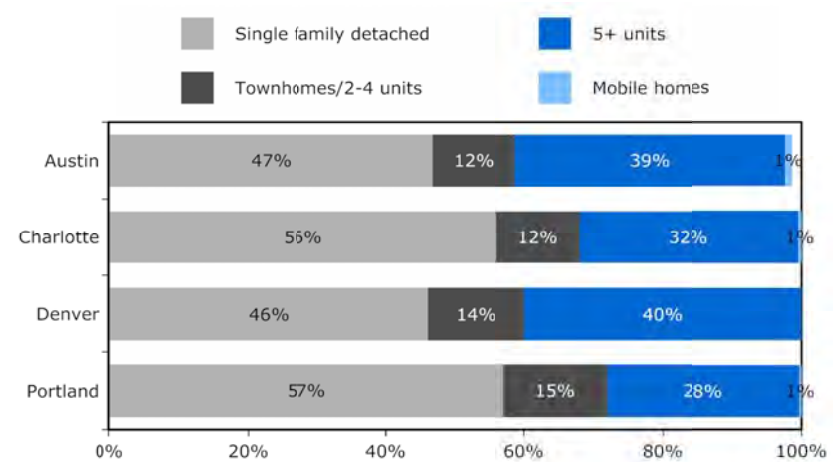
² <http://www.austintexas.gov/page/demographic-data>

SECTION II. Housing Market Gaps

Austin's housing unit composition is similar to peer cities, as shown in Figure II-4. Austin's housing distribution most closely matches that of Denver. Denver and Portland have higher proportions of single family alternative products (townhomes, duplexes, etc.), but Austin is not far behind. Charlotte and Portland have the largest proportions of single family detached housing.

The housing unit composition in Austin is likely to change in the future with the infusion of multifamily units, but it will be modest. Changing the overall distribution of housing units requires a fairly significant infusion of one product type. For example, an addition of 16,000 multifamily units to Austin's market, without any other types of development, would shift the multifamily proportion by just 2 percentage points—up to 41 percent, from 39 percent now.

Figure II-4.
Type of Housing Units, Austin, Charlotte, Denver, Portland, 2010

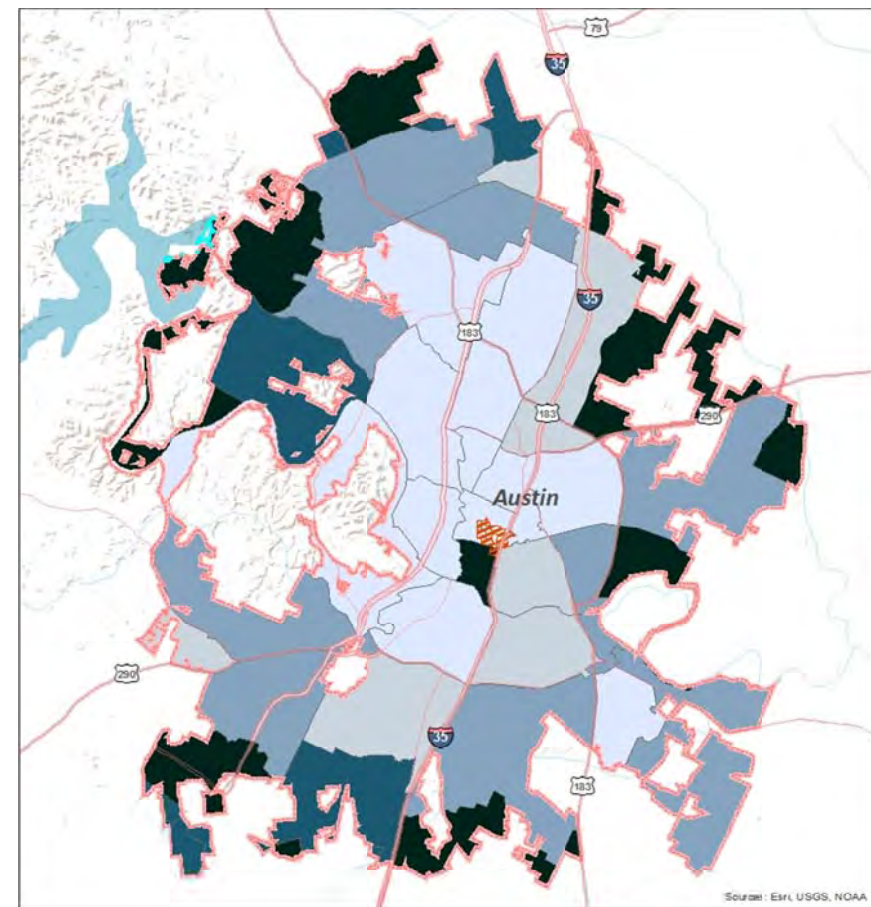


Source: 2012 ACS.

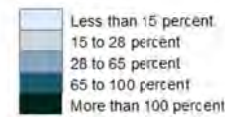
SECTION II. Housing Market Gaps

Geographic changes. New residential construction has not been distributed evenly throughout the city, as shown in the following map. Housing unit growth has been most prominent in along the outer border of the city as well as near downtown.

Figure II-5.
Change in Housing Units, ZIP code, 2000-2012



Percent increase in housing units
2000-2012



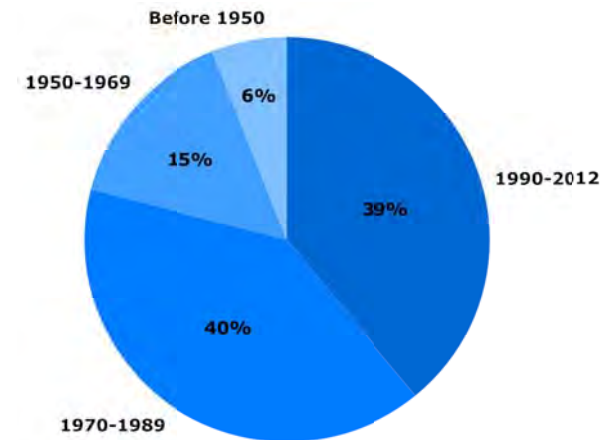
University of Texas
Austin City Boundary

Source: U.S. Census, 2000 and 2012 ACS.

SECTION II. Housing Market Gaps

Housing age and condition. Austin is known for its many unique neighborhoods, shaped by historic residential properties. Yet most of the city's housing stock was developed relatively recently, as shown in Figure II-6. About 40 percent of units were built in 1990 and later. Another 40 percent were built in the 1970s and 1980s. Six percent of the city's housing stock was built before 1950.

Figure II-6.
Year Housing Units were Built, City of Austin



Source: 2012 ACS.

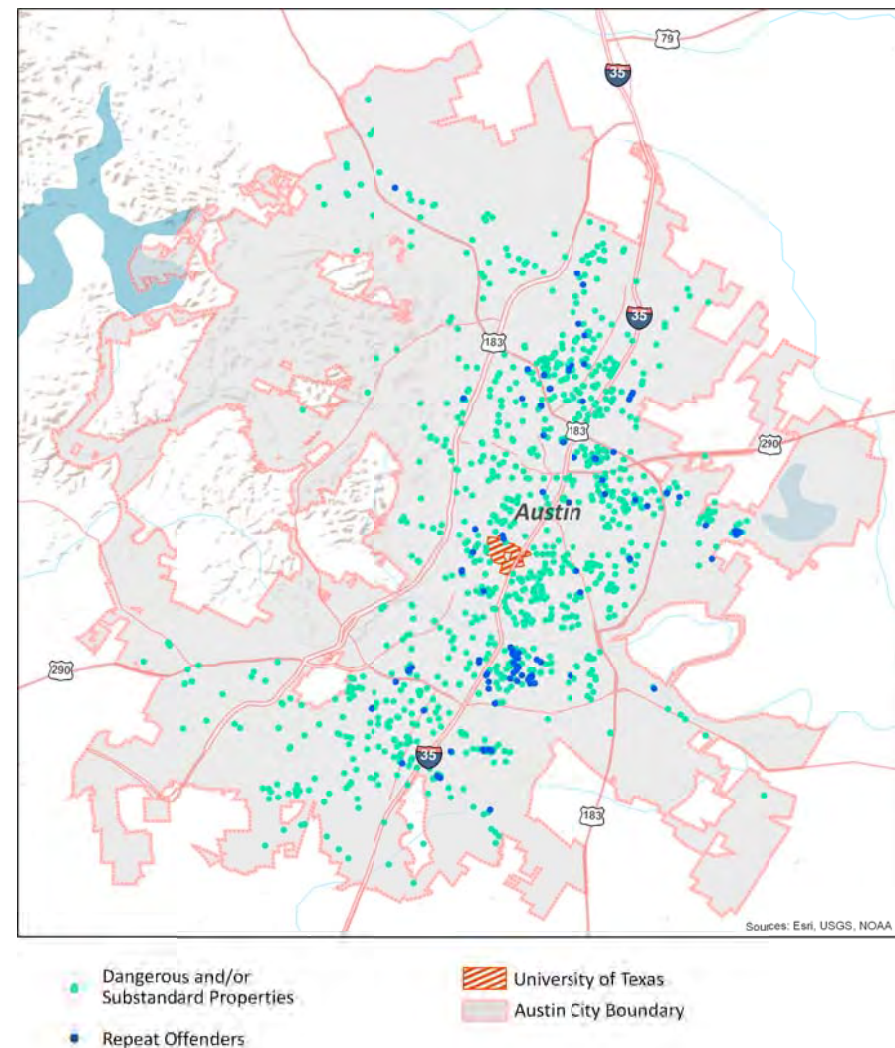
As part of the Housing Market Analysis, the City of Austin conducted a survey of residents about their housing needs, including the condition of their current housing units.

Overall, 5 percent of renters earning less than \$25,000 per year—but no low income homeowners—said their housing units are in such poor condition that their units are unlivable. This suggests that as many as 3,000 low income renters in the city occupy units that are in extremely poor condition.

SECTION II. Housing Market Gaps

Figure II-7 displays the location of units that were deemed dangerous and/or substandard as a result of a 2013 code compliance. The map also shows repeat offenders of code compliance. As shown in the map, repeat offenders are clustered in east and north Austin, many located in low income and minority neighborhoods. Dangerous and substandard properties appear throughout central Austin, north Austin and in southwest Austin.

Figure II-7.
Code Compliance, City of Austin, 2013

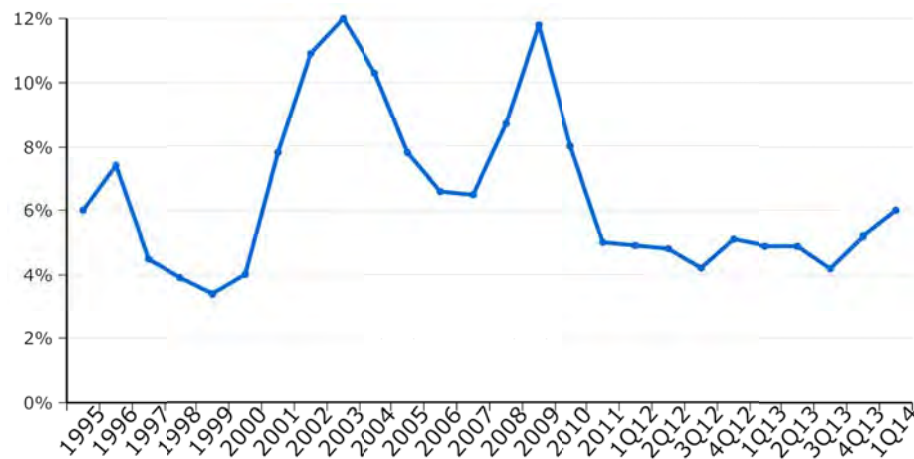


Source: City of Austin.

SECTION II. Housing Market Gaps

Rental vacancy rates. Figure II-8 shows trends in rental vacancies for Austin MSA tracked by Austin Investor Interests. After peaking in 2009, vacancies dropped and have hovered around 5 percent since 2011.

Figure II-8.
Multifamily Vacancy Rates, Austin MSA, 1995-1Q14



Source: Austin Investor Interests.

Vacancy rates differ, however, by property “class.” According to Austin Investor Interests, vacancies are lowest for non-luxury units (Class B and C properties). Rents differ little between the two, both averaging \$1.15/square foot—e.g., \$920 per month for an 800 square foot unit.

There is usually a difference in the rental costs of B and C properties, based on unit age and condition—but not in the current market. According to Austin Investor Interests, this narrowing of price differential is due to unit upgrades in both property types, as well as a limited supply of each, relative

to the supply of Class A units. Renters in B and C properties may be paying as much as \$300 more per month for upgraded B and C units.³³

Class A—luxury rentals—average \$1.36/square foot (\$1,088/month for 800 square feet) and have a much higher vacancy rate of 12 percent. B and C class properties are the primary reason that rental vacancy rates have remained low overall.

Class A rents may drop over time as more Class A units are added to the market. Yet a drop in such rents is unlikely to be low enough to make a difference in the shortage of affordable rental units (discussed below). Instead, Austin Investor Interests argues that the dominance of Class A apartments in high-demand neighborhoods—e.g., downtown Austin—could raise demand, and rents, of Class B units in surrounding areas. Affordability and need for these types of rental units is addressed in the following section.

³³ The Austin Multi-Family Trend Report, Austin Investor Interests, 1Q2014.

SECTION II. Housing Market Gaps

Housing Affordability

The 2008 HMS identified two primary areas of need in Austin's housing market:

- A shortage of rental units for renters earning \$20,000 and less, and
- A shortage of units to buy, as well as affordable product types, for to-be-owners earning less than \$75,000 per year.

Rental needs. The 2008 study concluded that the city had a large need for affordable rentals. At that time, the rental market was undersupplying affordable rentals for renters earning less than \$20,000 per year. These 44,700 renters, needing rents of less than \$425 per month, had just 7,150 affordable units in the market, leaving a shortage of 37,600 units.

The 2008 study also projected future rental needs based on household growth. These projections found the need for the city to develop 12,500 rental units priced less than \$425 per month to accommodate additional low income renters through 2020.

Homeownership needs. The 2008 HMS also found a need for homeownership product affordable for renters earning between \$35,000 and \$75,000 per year. The study recommended broadening the inventory of alternatives to single family detached homes which could be priced between \$113,000 and \$240,000, depending on subsidies and product type.

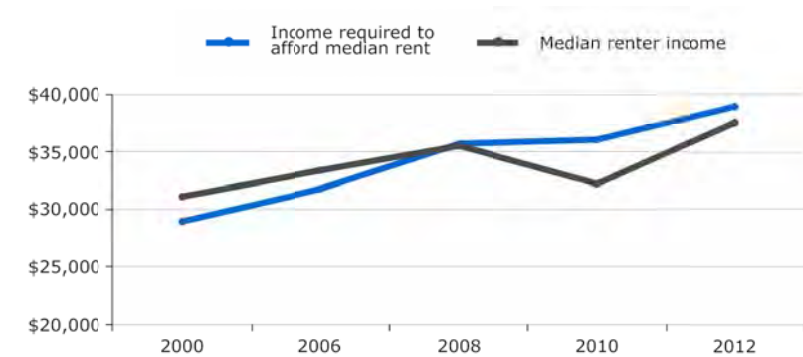
Since the 2008 study, Austin's market has become less affordable for low income renters and more affordable for owners. The increase in ownership affordability is solely due to the large decline in mortgage interest rates after 2008.

Rental affordability. Fifty-five percent of Austin's households are renters. This proportion has shifted little since 2008 (54%) and 2000 (55%).

Between 2000 and 2010, median rents in Austin increased from \$724 to \$924. This means Austin renters were paying an additional \$200 per month for rents in 2010 than in 2000.

As shown in the figure below, renter incomes did not keep up with the increases in rents.

Figure II-9.
Change in Median Income versus Median Rent, 2000 to 2012



Source: 2000 Census and 2012 ACS.

SECTION II. Housing Market Gaps

Rental subsidies. Increases in rents are particularly challenging for low income households who have limited options in the rental market. As discussed in the rental gaps analysis below, maintaining an inventory of publicly subsidized rentals has been key for preserving rental opportunities for the city’s lowest income households. Without these units, the rental gap would be much larger—and many more low income residents would be cost burdened or leave the city for more affordable housing.

An estimated 18,500 affordable rental units have been created with local, state and federal funds, according to the city’s 2013 affordable housing inventory database. These include housing authority units, developments built with rental tax credits, developments funded by General Obligation (GO) bonds, SMART Housing developments and others. Of these units, almost 2,500—or 13 percent of all units—have affordability contracts that expire in the next 10 years. As such, these units are at risk of being lost from the affordable rental inventory.

Figure II-10 shows the distribution of these publicly subsidized rentals by ZIP code. The highest proportion of units are located in ZIP code 78741 (18%), followed by 78753 (10%). These ZIP codes also have the highest proportions of affordable rentals with affordability contracts that are set to expire in the next 10 years.

Figure II-11 maps the location of place-based subsidized rentals along with locations where housing choice vouchers are being used. Both are predominantly located in the eastern portion of the city and to a lesser extent, north and south Austin.

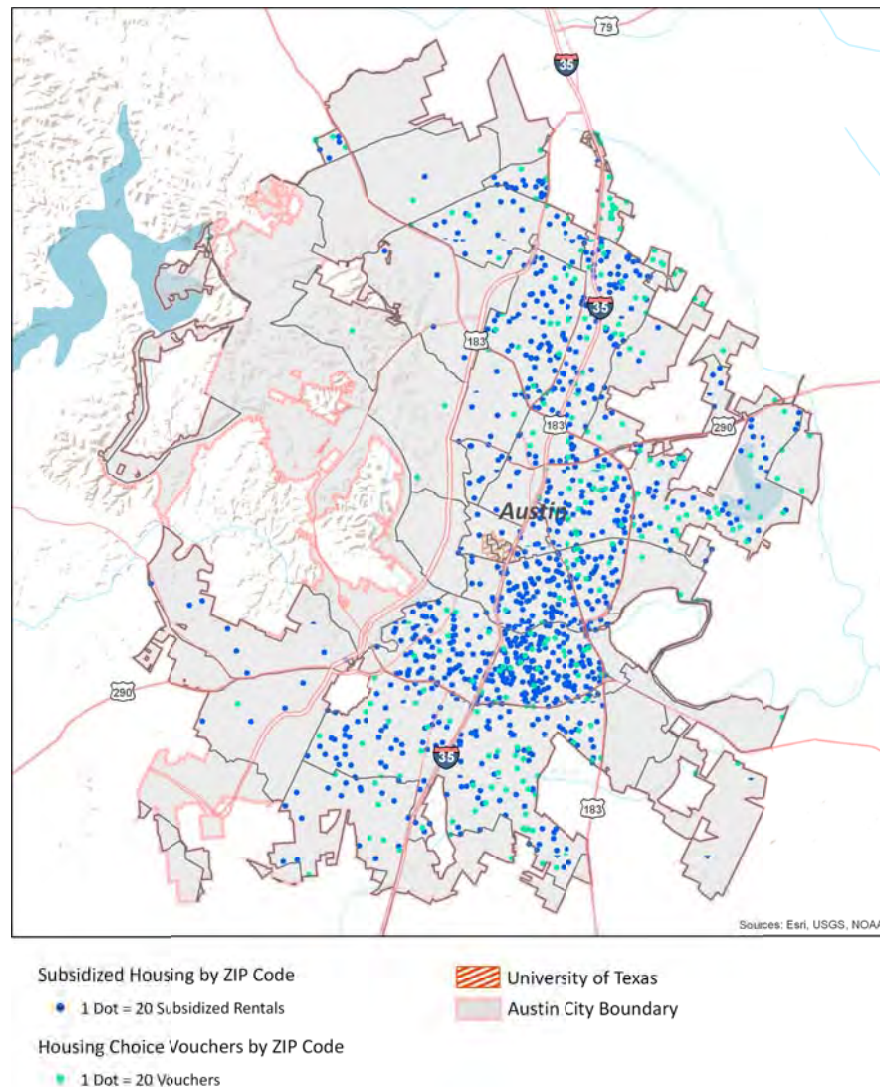
**Figure II-10.
Distribution of
Subsidized
Rentals and
Rentals with
Expiring
Contracts by
ZIP Code, 2012**

Source:
City of Austin.

| ZIP code | Distribution of Subsidized Rentals by ZIP Code | Distribution of Units with Expiring Contracts |
|----------|--|---|
| 78613 | 0% | |
| 78617 | 0% | |
| 78660 | 0% | |
| 78701 | 1% | |
| 78702 | 9% | 3% |
| 78704 | 9% | 8% |
| 78705 | 1% | 2% |
| 78721 | 5% | |
| 78722 | 1% | |
| 78723 | 7% | 14% |
| 78724 | 5% | |
| 78727 | 3% | |
| 78728 | 2% | |
| 78729 | 0% | |
| 78735 | 1% | |
| 78741 | 18% | 17% |
| 78744 | 9% | 12% |
| 78745 | 5% | 9% |
| 78748 | 2% | 3% |
| 78749 | 0% | |
| 78751 | 0% | |
| 78752 | 2% | 1% |
| 78753 | 10% | 19% |
| 78754 | 1% | |
| 78756 | 1% | 1% |
| 78757 | 1% | |
| 78758 | 6% | 12% |
| 78759 | 1% | |
| 78702 | 0% | |
| | 100% | 100% |

SECTION II. Housing Market Gaps

Figure II-11.
Subsidized Rentals and Housing Choice Voucher Locations, 2012



Source: City of Austin.

The Housing Choice Voucher program, also known as Section 8, provides subsidies to low income renters based on their monthly incomes. The federal program is managed locally by the Housing Authority of the City of Austin, or HACA. Approximately 6,300 vouchers are available to eligible low income renters in Austin, although funding is subject to federal authorization.

Housing choice voucher holders rent market rate units that meet quality standards. Voucher holders are reimbursed based on a “fair market rent” (FMR) standard that is set at the federal level for each market area.

The FMR is set for the MSA, which can affect where voucher holders can find affordable units.⁴ A recent demonstration program by HUD that allowed the use of ZIP code level FMRs broadens the market area in which voucher holders can find units by providing higher subsidies in higher priced ZIP codes.⁵

⁴ Voucher holders can rent units that are priced higher than the FMR, but they must make up the difference in rent, which is usually difficult for low income households.

⁵ The downside is that fewer voucher holders may be served by the program (without an increase in overall funding for vouchers) because the cost per voucher is higher.

SECTION II. Housing Market Gaps

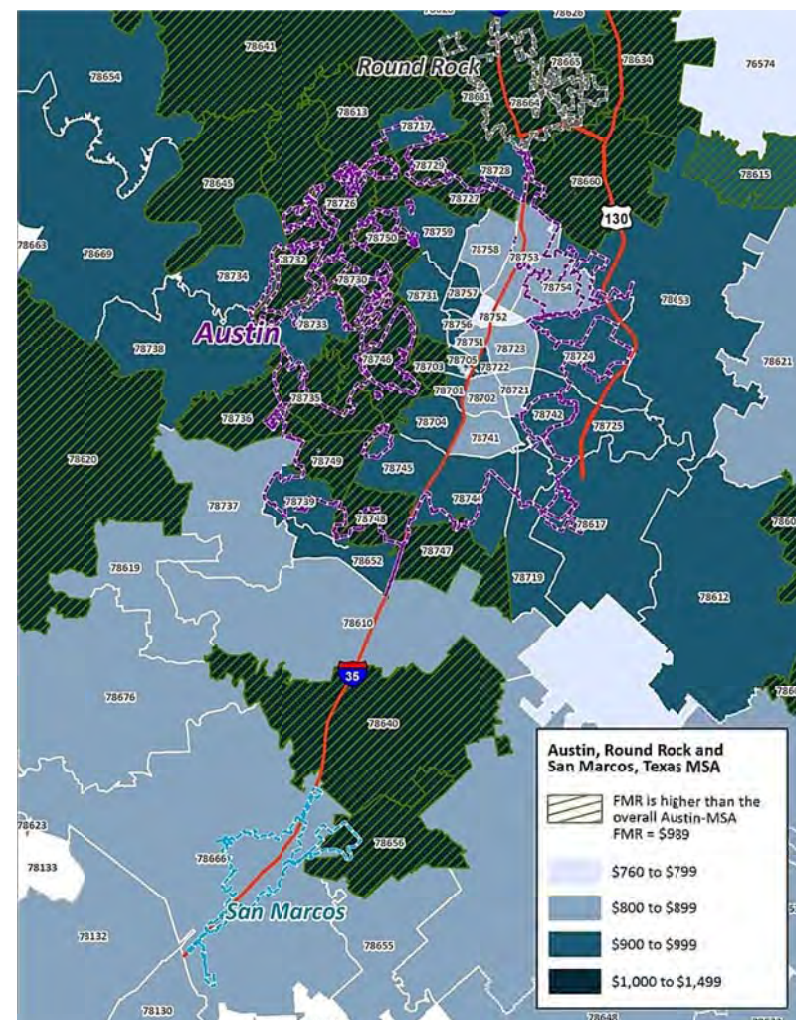
Figure II-12 shows how the ZIP code level, “hypothetical” FMRs would expand the options of voucher holders in Austin. The crosshatch shows the additional ZIP codes available to voucher holders under a ZIP code FMR reimbursement model.

Rental preservation. A 2014 study conducted by Housing Works in Austin found that a significant amount of affordable housing (rents affordable to renters earning 50% and 60% of AMI) existed in smaller, older, multifamily properties. The study also found that these properties had twice the Section 8 acceptance rate of larger rental complexes.

The affordable units provided by these properties, however, are mostly small (efficiencies and 1-bedroom) and not always affordable to large families needing 2-plus bedroom units.

Still, the study highlights the role of privately-provided, affordable rental units in helping to meet the need of affordable rentals across the low income spectrum—and suggests a broader role for the city in helping to preserve the affordability of existing properties.

Figure II-12.
Hypothetical Small Area FMRs for the Austin, Round Rock and San Marcos, Texas Metropolitan Statistical Area (MSA), 2012



Note: The 2012 2-bedroom FMR for the Austin-Round Rock-San Marcos area is \$989. The crosshatch indicates a ZIP code where the ZIP code FMR is higher than the overall FMR.

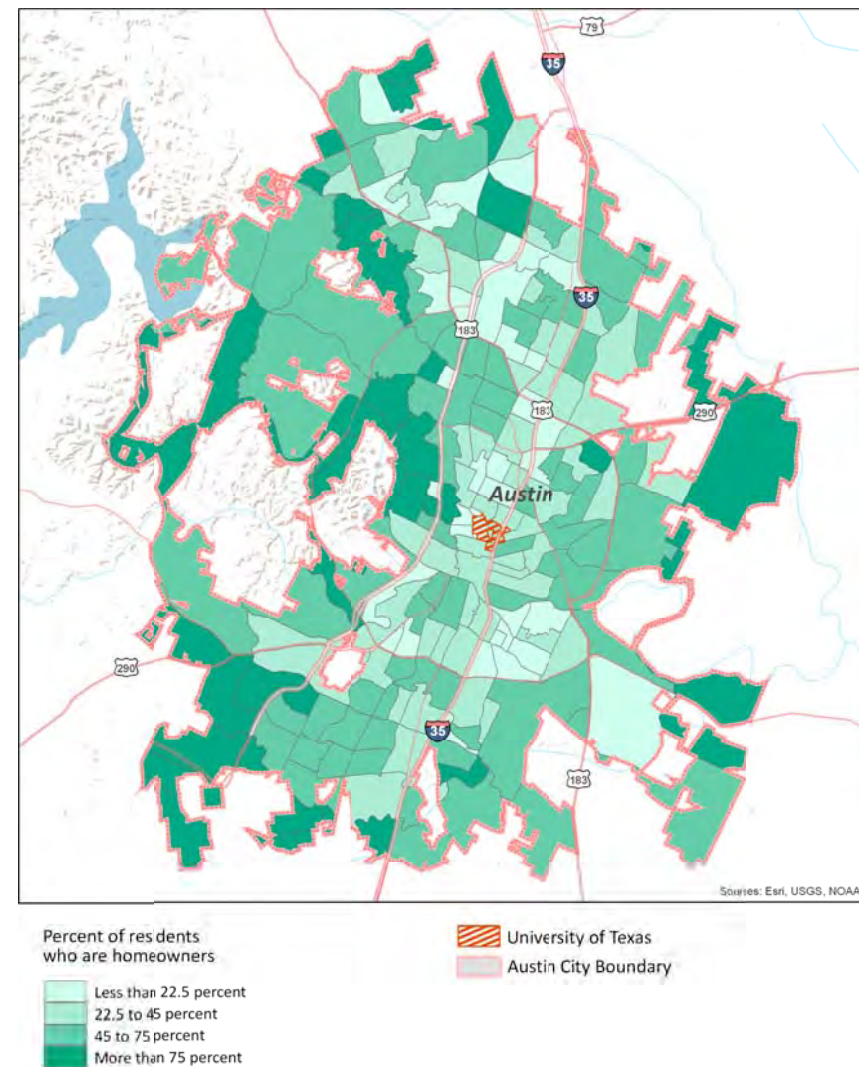
Source: www.huduser.org; Fair Market Rent database.

SECTION II. Housing Market Gaps

Homeownership affordability. Since 2000, the homeownership rate in Austin has been unchanged at 45 percent. Homeownership in Austin has been about this level for more than a decade, after rising from 41 percent in 1990.

Homeownership varies geographically, as shown in the following map. Ownership is highest in the outer boundaries of the city and lowest in the city core and north Austin.

Figure II-13.
Homeownership Rate by Census Tract, City of Austin, 2012



Source: 2008-2012 ACS and BBC Research & Consulting.

SECTION II. Housing Market Gaps

Home values. According to the Census, the median value of a home in Austin was \$222,100 in 2012—up 78 percent from the 2000 value of \$124,700. As shown in the figure below, home value increases in Austin have exceeded those in Travis County and Texas overall.⁶ Austin's median value surpassed that of Travis County after 2000.

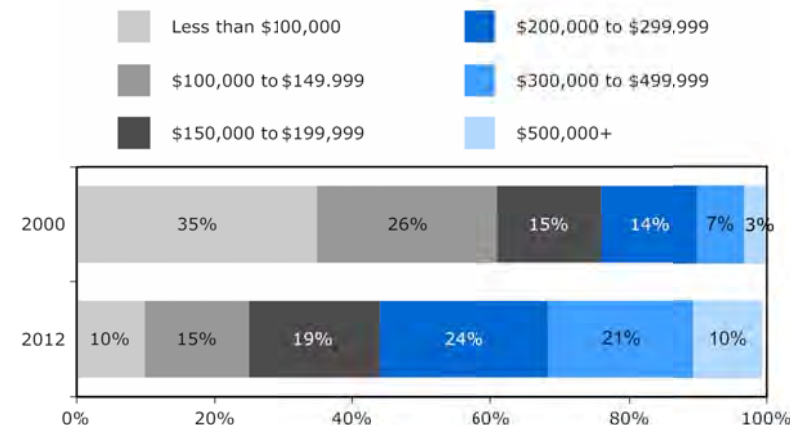
Figure II-14.
Home Values and Increases, Austin, Travis County and State of Texas, 2000 to 2012

| | Austin | Travis County | State of Texas |
|-------------|-----------|---------------|----------------|
| 2000 Median | \$124,700 | \$134,700 | \$82,500 |
| 2012 Median | \$222,100 | \$217,600 | \$129,200 |
| % change | 78% | 62% | 57% |

Source: U.S. Census, 2000, and 2012 ACS

Figure II-15 shows how values have shifted among value categories. In 2000, more than one-third of homes in Austin had values of less than \$100,000; by 2012, just 10 percent of units were valued at less than \$100,000. The figure shows a significant movement away from moderately priced homes toward higher priced units.

Figure II-15.
Shifts in Home Values, Austin, 2000 and 2012



Source: U.S. Census, 2000, and 2012 ACS.

Homes to buy. Data on homes listed for sale or sold are used to determine how easily renters can buy in a market and how prices have changed. The 2008 HMS compared home prices in 2005 and 1997; this section updates that analysis with a comparison of prices from 1997, 2000, 2005, 2010 and 2013 (the last full year of sales at the time this report was prepared).

⁶ Home values are self-reported on the Census long form survey. They do not necessarily reflect units that are available for purchase. Values are a general indicator of the distribution of home prices.

SECTION II. Housing Market Gaps

Figure II-16 compares the median prices of attached and detached homes over the past 16 years. Percentage-wise, price increases were strongest for attached units. Numerically, price increases were largest for detached units. For all units, prices rose the most between 1997 and 2000. The average increase in prices during this period was about twice that of growth between 2010 and 2013.

Figure II-16.
Median Sale Price, Austin, 1997-2013

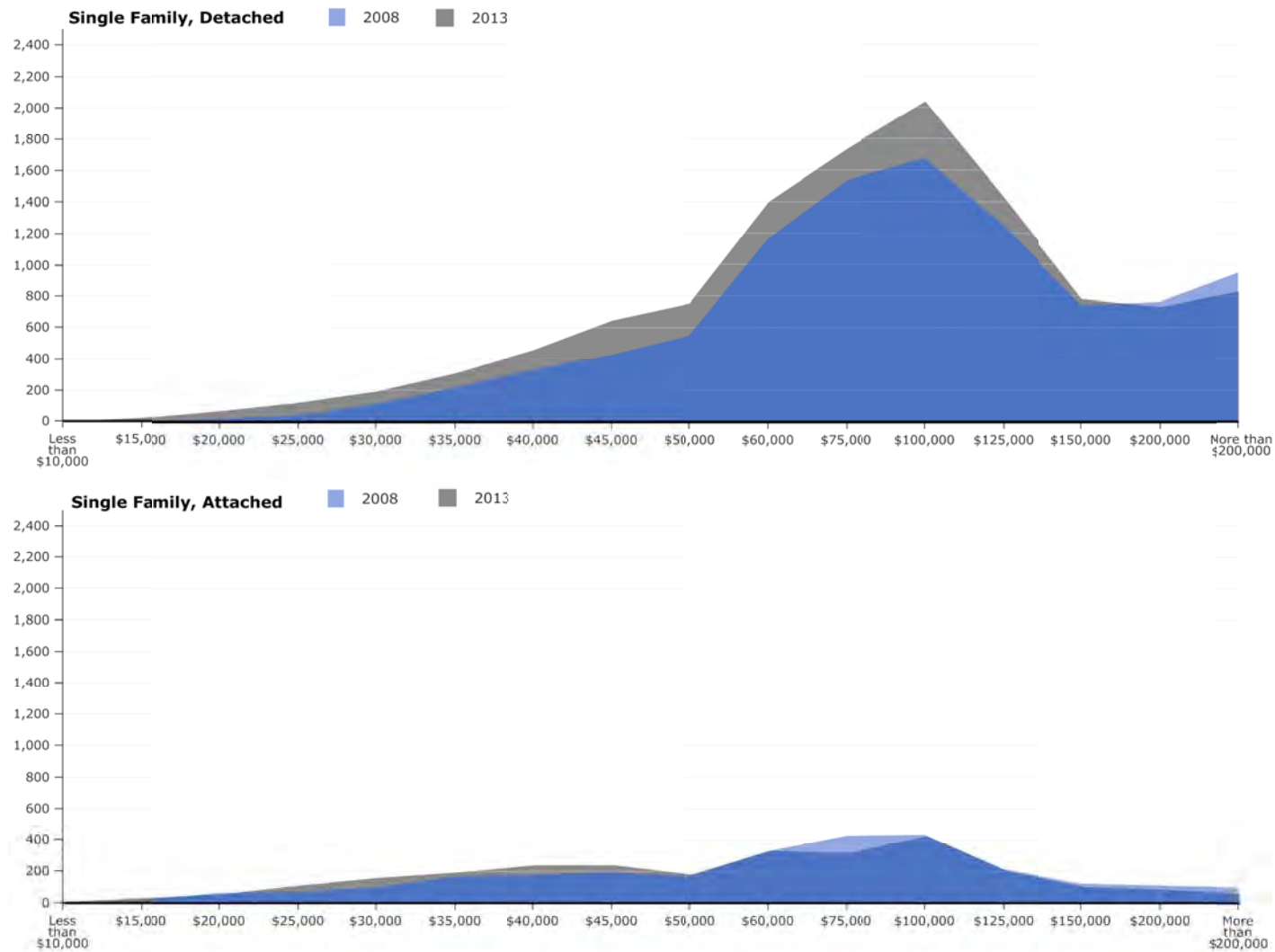
| | Attached | Equivalent Annual Increase | Detached | Equivalent Annual Increase | All Homes | Equivalent Annual Increase |
|------------------|-----------|-------------------------------|-----------|-------------------------------|-----------|-------------------------------|
| 1997 | \$78,000 | | \$125,000 | | \$118,990 | |
| 2000 | \$115,000 | 16% | \$169,000 | 12% | \$159,900 | 11% |
| 2005 | \$142,000 | 5% | \$193,000 | 3% | \$181,500 | 3% |
| 2010 | \$164,000 | 3% | \$245,000 | 5% | \$229,000 | 5% |
| 2013 | \$205,000 | 8% | \$285,100 | 5% | \$269,000 | 6% |
| 1997-2013 change | \$127,000 | 163% | \$160,100 | 128% | \$150,010 | 126% |

Source: Austin Board of Realtors and BBC Research & Consulting analysis of ABOR data.

Figure II-17 demonstrates where peaks and valleys exist in the 2013 for-sale market—it charts the number of single family detached and attached homes by the incomes at which they are affordable. The distribution of detached homes for sale in 2013 is similar to 2008 with the market primarily serving households earning between \$60,000 and \$125,000. There have been some affordability gains in the attached market since 2008, though the market overall still primarily serves households earning between \$50,000 and \$100,000 per year.

SECTION II. Housing Market Gaps

Figure II-17.
Distribution of Housing Units Available to Buy by Income and Housing Type, 2013



Source: Austin Board of Realtors and BBC Research & Consulting analysis of ABOR data.

SECTION II. Housing Market Gaps

Figures II-18 and II-19 illustrate the geographic variation in median sale price across Austin ZIP codes. Among Austin ZIP codes that had at least 10 home sales in 2013, the lowest median sale price was \$127,000 (in ZIP code 78724) and the highest was \$770,000 (in ZIP code 78746). As displayed in the map, sale prices were highest in West Austin.

Figure II-18.
Median Sale Price by ZIP Code, Austin, 2013

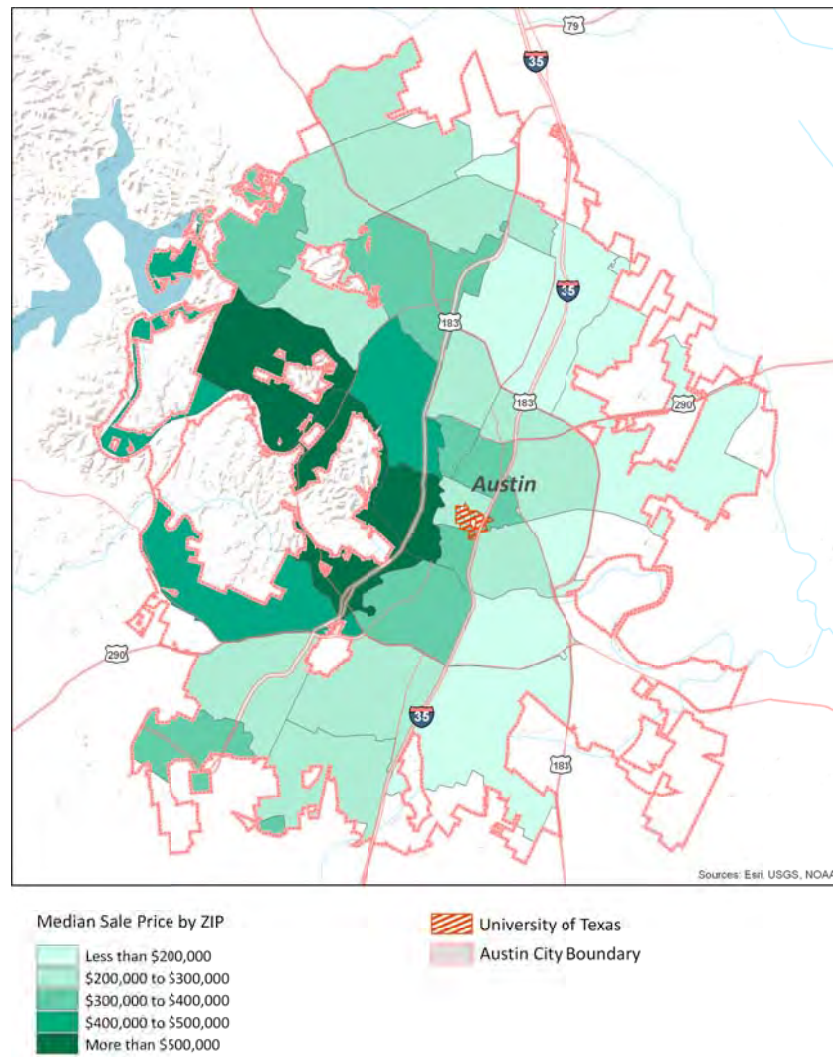
| ZIP code | Median Price - All For-Sale | Median Price - Attached | Median Price - Detached | ZIP code | Median Price - All For-Sale | Median Price - Attached | Median Price - Detached |
|-----------------------|--------------------------------|----------------------------|----------------------------|----------|--------------------------------|----------------------------|----------------------------|
| CITY OF AUSTIN | \$269,000 | \$205,000 | \$285,100 | | | | |
| 78617 | N/A | N/A | N/A | 78735 | \$420,000 | \$205,750 | \$440,000 |
| 78701 | \$380,000 | \$375,500 | N/A | 78739 | \$385,000 | N/A | \$385,000 |
| 78702 | \$263,000 | \$230,750 | \$280,000 | 78741 | \$137,500 | \$119,500 | \$166,300 |
| 78703 | \$622,500 | \$365,050 | \$801,500 | 78742 | N/A | N/A | N/A |
| 78704 | \$366,750 | \$300,000 | \$449,000 | 78744 | \$132,000 | N/A | \$133,000 |
| 78705 | \$210,000 | \$195,000 | \$535,000 | 78745 | \$205,500 | \$174,500 | \$206,000 |
| 78717 | \$263,000 | \$200,653 | \$272,000 | 78746 | \$770,000 | \$389,000 | \$850,000 |
| 78721 | \$161,250 | N/A | \$163,950 | 78748 | \$205,000 | \$192,250 | \$208,400 |
| 78722 | \$339,500 | N/A | \$340,000 | 78749 | \$275,000 | \$189,750 | \$280,000 |
| 78723 | \$215,000 | \$278,000 | \$212,000 | 78750 | \$298,250 | \$195,000 | \$375,000 |
| 78724 | \$127,000 | N/A | \$127,705 | 78751 | \$345,000 | \$185,000 | \$354,700 |
| 78726 | \$357,250 | N/A | \$357,750 | 78752 | \$207,250 | \$127,250 | \$228,250 |
| 78727 | \$225,000 | \$162,500 | \$235,900 | 78753 | \$145,000 | \$108,500 | \$149,950 |
| 78728 | \$185,900 | N/A | \$186,200 | 78754 | \$170,000 | N/A | \$170,208 |
| 78729 | \$212,375 | \$151,500 | \$216,250 | 78756 | \$365,000 | \$174,900 | \$440,000 |
| 78730 | \$540,000 | \$176,150 | \$710,000 | 78757 | \$290,000 | \$119,900 | \$324,000 |
| 78731 | \$479,600 | \$191,000 | \$555,000 | 78758 | \$151,486 | \$107,000 | \$167,000 |
| 78732 | \$419,000 | N/A | \$419,000 | 78759 | \$330,000 | \$185,000 | \$389,900 |

Note: Medians are not shown for ZIP codes with fewer than 10 sales in 2013.

Source: Austin Board of Realtors and BBC Research & Consulting analysis of ABOR data.

SECTION II. Housing Market Gaps

Figure II-19.
Median Sale Price for All Homes by ZIP Code, Austin, 2013



Note: Medians are not shown for ZIP codes with fewer than 10 sales in 2013.

Source: Austin Board of Realtors and BBC Research & Consulting analysis of ABOR data.

Some markets appear affordable but only because the housing affordable to buy is in poor condition. According to the 2013 MLS, 17 percent of homes affordable to renters earning less than \$50,000 are in poor or fair condition, compared to just 9 percent of all homes on the market.

Figure II-20.
Condition of For Sale Homes, Austin, 2013

| Condition at time of Sale | Number of Homes Available | Average Year Built | Average Square Footage | Percent Attached |
|---------------------------|---------------------------|--------------------|------------------------|------------------|
| Excellent | 1,059 | 1994 | 1,314 | 39% |
| Good | 1,572 | 1986 | 1,277 | 36% |
| Average | 575 | 1983 | 1,314 | 30% |
| Fair | 445 | 1980 | 1,321 | 19% |
| Poor | 224 | 1968 | 1,286 | 6% |

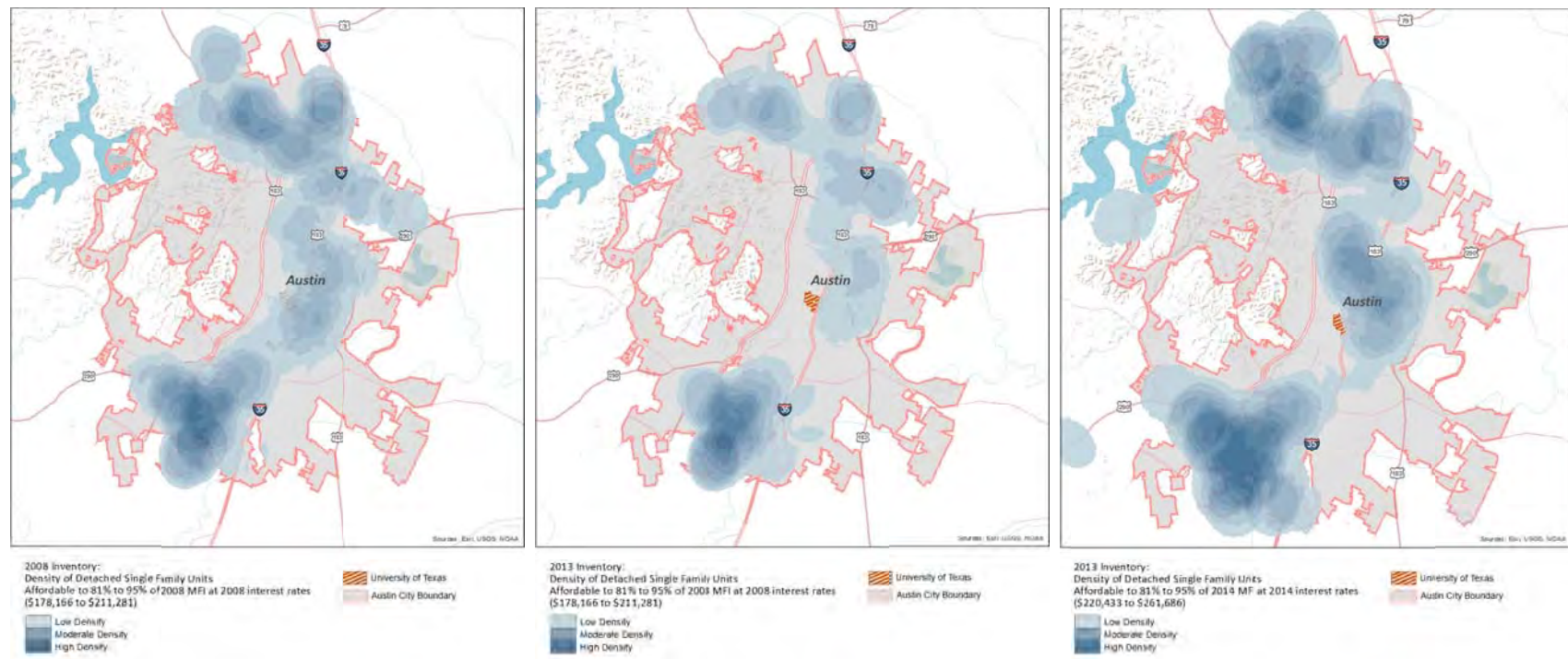
Source: Austin Board of Realtors and BBC Research & Consulting analysis of ABOR data.

SECTION II. Housing Market Gaps

Figures II-21 and II-22 demonstrate how affordability has changed *geographically*. As discussed previously, affordability in the ownership market did increase between 2008 and 2013 but only due to falling mortgage interest rates. The first map in each figure shows affordability in 2008; the second map shows properties available in 2013 that meet the 2008 criteria (2008 MFI threshold and 6.5% interest); and the third map shows affordability in 2013 using 2013 MFI thresholds and a 4.5 percent interest rate.

The availability of single family detached homes affordable to those earning 81 to 95 percent MFI increased but also became more concentrated in northern and southern portions of the city. There are fewer affordable options in the city center.

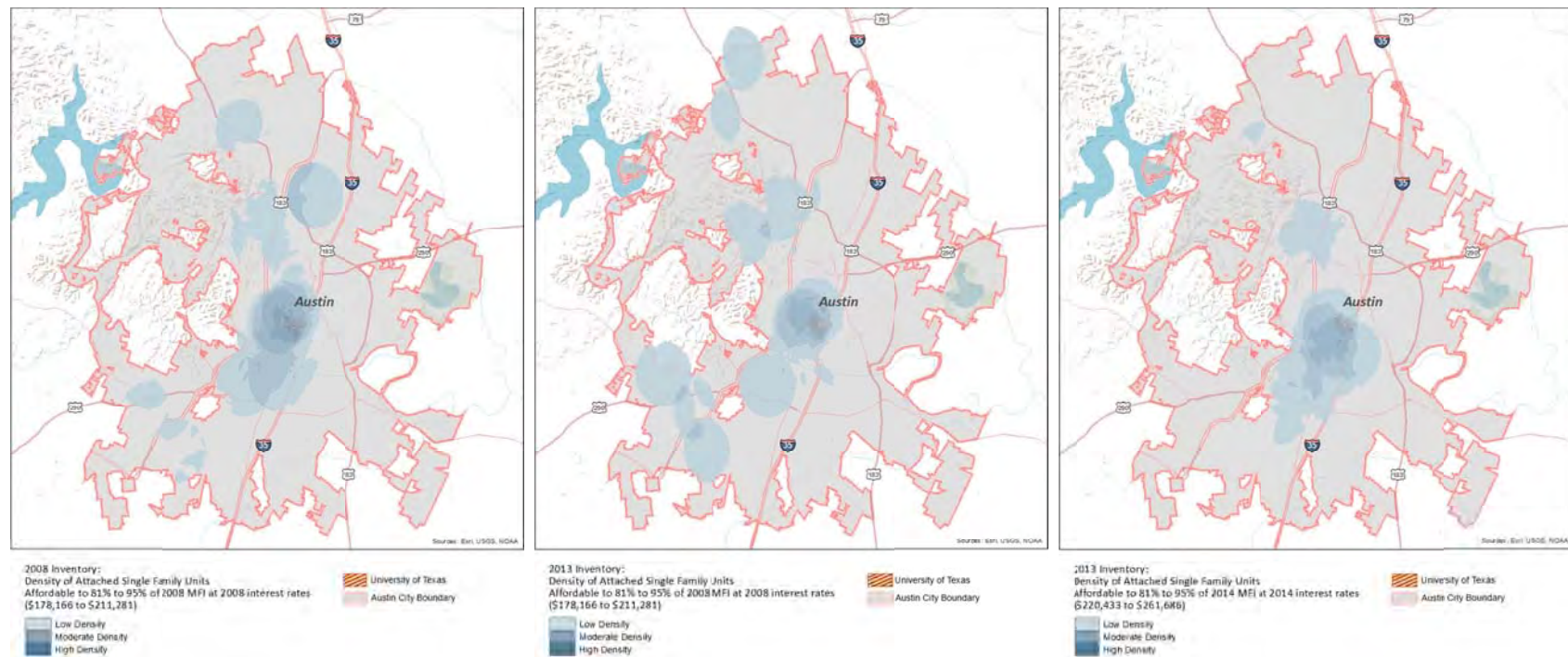
Figure II-21.
Single Family Detached Homes Affordable to Households Earning 81% to 95% MFI, 2008 and 2013



Source: Austin Board of Realtors and BBC Research & Consulting analysis of ABOR data.

SECTION II. Housing Market Gaps

Figure II-22.
Attached Homes Affordable to Households Earning 81% to 95% MFI, 2008 and 2013



Source: Austin Board of Realtors and BBC Research & Consulting analysis of ABOR data.

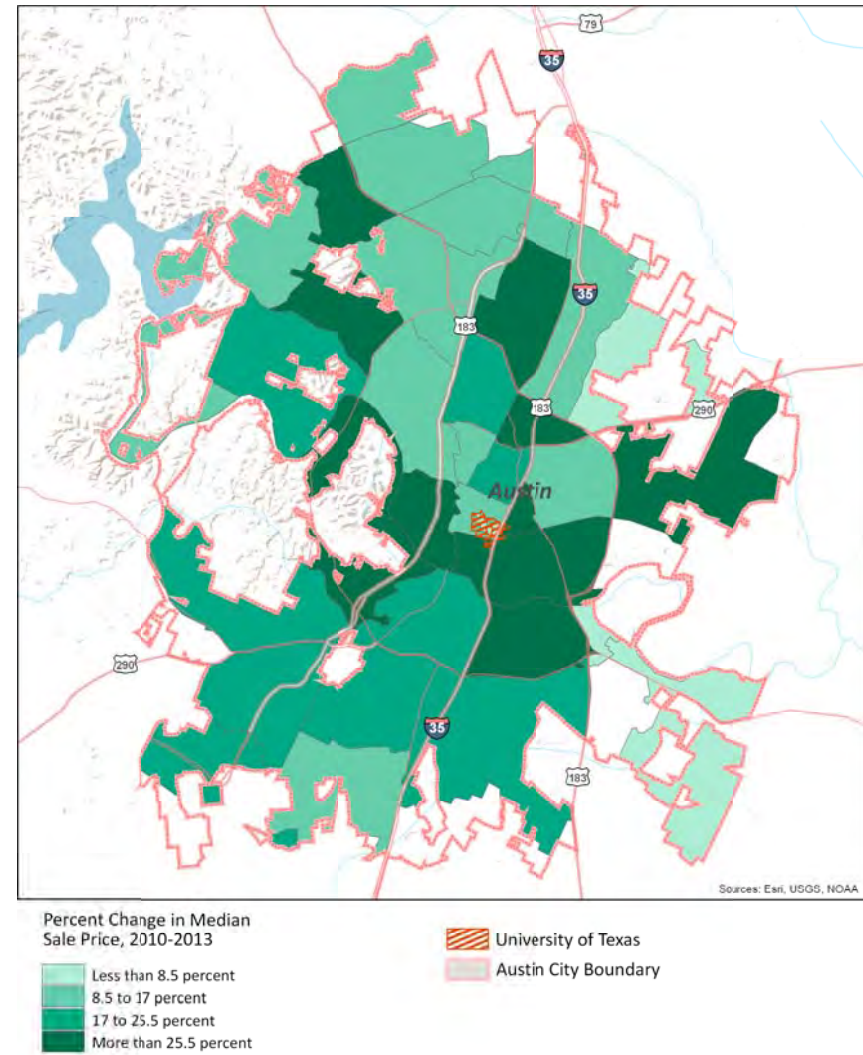
SECTION II. Housing Market Gaps

Over the past few years, median home prices in Austin (for all homes including attached and detached) increased by 17 percent (from \$229,000 in 2010 to \$269,000 in 2013). Figure II-23 maps the change in home price by ZIP code. Rapid increases in home price are a typical indicator of gentrification.

ZIP codes 78702, 78752, 78721, 78701 and 78722 all experienced price increases that were twice that of the city overall. ZIP codes 78704 and 78723 had substantial price increases between 2000 and 2010, but since 2010 that growth has slowed somewhat.

As demonstrated by the map, neighborhoods in close proximity to downtown are experiencing some of the most dramatic price increases within the Austin for-sale market.

Figure II-23.
Percent Change in Median Sale Price by ZIP Code, 2010-2013



Source: U.S. Census, 2000, and 2012 ACS

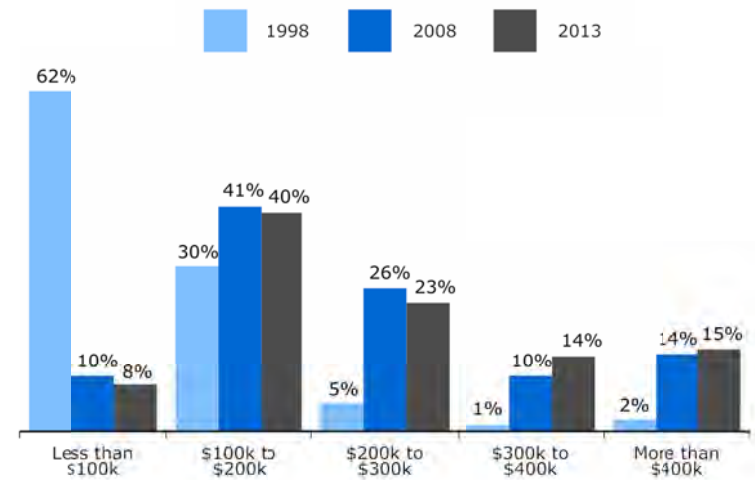
SECTION II. Housing Market Gaps

Rapidly increasing home prices are not just a concern for residents looking to purchase a home. Current homeowners in neighborhoods with dramatic valuation increases are subject to substantial increases in their property tax burden. For low income owners and those on a fixed income such increases can be an impediment to keeping their homes.

Consider, for example, a senior resident of ZIP code 78702 (where the home prices increased by 46% between 2010 and 2013). Even with the senior tax exemption, that resident's property taxes are likely to have doubled, rising from \$1,860 to \$3,600.

Condo affordability. Although condos are more affordable than single family detached homes, Austin's recent condo development has not alleviated unmet demand for affordable for-sale homes. Condos sold in 2013 and constructed in 2010 or later had a median listing price of \$309,000.

Figure II-24.
Price Distribution of For-Sale Condos, Austin, 1998, 2008 and 2013



Source: Austin Board of Realtors and BBC Research & Consulting analysis of ABOR data.

SECTION II. Housing Market Gaps

Cost burden. Cost burden is a useful way to compare how affordability has shifted over time. Households are considered to be “cost burdened” when they pay more than 30 percent of their gross household income in housing costs—this includes rent, mortgage payment, basic utilities, property taxes and homeowners insurance. This is an industry standard, and ideal, for affordability.⁷

The proportion of households who are cost burdened generally worsens when housing prices increase. Cost burden can also occur when household incomes decline but home prices do not.

Between 2000 and 2012, cost burden increased for both renters and owners in Austin, as shown in Figure II-25.

Figure II-25.
Cost Burden, Austin, Travis County and State of Texas, 2000 and 2012

| | Austin | Travis County | State of Texas |
|----------------------------|--------|---------------|----------------|
| Owners | | | |
| 2000 owners cost burdened | 21% | 21% | 19% |
| 2012 owners cost burdened | 28% | 28% | 27% |
| Percentage point increase | 7% | 7% | 23% |
| Renters | | | |
| 2000 renters cost burdened | 44% | 43% | 37% |
| 2012 renters cost burdened | 50% | 51% | 48% |
| Percentage point increase | 6% | 8% | 11% |

Source: U.S. Census, 2000, and 2012 ACS

Interestingly, cost burden is about the same in Austin as in Travis County and the State of Texas—even though housing prices in Austin are higher. Cost burden has also increased less in Austin. This suggests that Austin renters and owners have been better able to manage housing price increases through increases in income relative to renters and owners in the county and state overall. It may also demonstrate the effect of Austin’s investment in affordable rental units.

⁷ http://www.huduser.org/portal/datasets/cp/CHAS/bg_chas.html

SECTION II. Housing Market Gaps

Housing Gaps

This section updates the 2008 housing gaps analysis, which compared rental and ownership supply to demand to identify housing needs. This updated analysis incorporates the following data:

- Population estimates from the City Demographer,
- Housing unit estimates and rent distribution from the U.S. Census,
- Subsidized rental units from the city's affordable housing database and the Housing Authority of the City of Austin (HACA),
- Austin Investor Interests' Multi-family Trend Report from first quarter 2014, and
- For sale listings from the Austin Board of Realtors (ABOR).

For the purposes of this analysis, affordability is determined by the criteria that a household should pay no more than 30 percent of gross monthly income toward housing costs. This includes utilities, homeowners insurance and property taxes.

Figure II-26 shows how much households can afford to both buy and rent by income level. The figure incorporates two different assumptions for downpayments—a downpayment equivalent to 5 percent of the home price, which was used in the 2008 gaps model, as well as 10 percent, which has become

more customary with changes in housing finance. A 10 percent downpayment appears to make the market slightly more affordable since buyers are able to afford a higher home price. This is only possible if buyers have saved for a downpayment or are provided with downpayment assistance.

Figure II-26.
Affordable Home Price and Rents and Utilities by Income Range

| Income Category | Affordable Home Price - 10% Downpayment | Affordable Home Price - 5% Downpayment | Affordable Monthly Rent & Utilities |
|------------------------|---|--|-------------------------------------|
| Less than \$10,000 | \$39,661 | \$38,196 | \$250 |
| \$10,000 to \$14,999 | \$58,559 | \$56,398 | \$375 |
| \$15,000 to \$19,999 | \$77,463 | \$74,601 | \$500 |
| \$20,000 to \$24,999 | \$96,367 | \$92,809 | \$625 |
| \$25,000 to \$29,999 | \$115,266 | \$111,012 | \$750 |
| \$30,000 to \$34,999 | \$133,857 | \$128,914 | \$875 |
| \$35,000 to \$39,999 | \$152,756 | \$147,122 | \$1,000 |
| \$40,000 to \$44,999 | \$171,660 | \$165,325 | \$1,125 |
| \$45,000 to \$49,999 | \$189,934 | \$182,923 | \$1,250 |
| \$50,000 to \$59,999 | \$227,737 | \$219,337 | \$1,500 |
| \$60,000 to \$74,999 | \$284,449 | \$273,951 | \$1,875 |
| \$75,000 to \$99,999 | \$378,329 | \$364,370 | \$2,500 |
| \$100,000 to \$124,999 | \$472,843 | \$455,398 | \$3,125 |
| \$125,000 to \$149,999 | \$567,358 | \$546,422 | \$3,750 |
| \$150,000 to \$199,999 | \$756,382 | \$728,475 | \$5,000 |

Note: Assumes an interest rate of 4.5% and a 30-year payment term.

Source: BBC Research & Consulting affordability calculations.

SECTION II. Housing Market Gaps

Rental gaps. Two updates from the 2008 HMS are provided for the rental gaps: 1) A 2012 gaps using 2012 Census data, and 2) A 2014 update using rents collected during first quarter 2014.

The first is based on 2012 household and rental market data available from the 2012 ACS. Because the ACS uses self-reported rental data, it can be a better measure of what a household actually pays in rent. This is important because households with Housing Choice Vouchers pay less in monthly rent than the market rents of the units they occupy. The ACS also contains a broader inventory of rental units (units in smaller complexes and subsidized developments) than are available in market surveys.

The primary weakness of the rental data in the ACS is that it is from 2012—and the rental market has changed quite dramatically since then. For example, according to Austin Investor Interests, rental rates per square foot for Class B and C units rose from about \$1.00/square foot (Class C) and \$1.10/square foot (Class B) in mid-2012 to \$1.15/square foot for both types of properties in first quarter 2014. This is equivalent to a \$120 rent increase on a Class C 800 square foot unit.

Therefore, two gaps analyses are provided: a comprehensive comparison of the 2008 gaps using 2012 data, and an update to the 2012 gaps to reflect early 2014 rental prices.

2012 rental gaps. In 2012, 27 percent of the city's renters earned less than \$20,000 per year. This is the same proportion as in 2008. Although the number of renter households grew between 2008 and 2012, the growth was concentrated among higher income renters. For example, as discussed in Section I, the number of

renters earning less than \$20,000 increased by 1,575, while renters earning more than \$75,000 grew by more than 15,000.

In 2008, just 4 percent of rental units were estimated to be affordable to renters earning less than \$20,000. This proportion remained the same in 2012 but the actual number of units increased, from 7,150 to 8,410. This increase in affordable units does not entirely make up for the increase in renters earning less than \$20,000. As such, the rental gap for renters earning less than \$20,000 increased, but only very modestly.

It is important to note that renters earning less than \$20,000 find the vast majority of units they can afford in publicly subsidized housing, not market rate units. The rents on publicly subsidized units are generally more stable. These units made up the bulk of units renters earning less than \$20,000 could find in 2008—and that appears to be the case in 2012.

The impact of rising rents is evident in the \$20,000 to \$25,000 income range. The 2012 gaps found a shortage of units for renters earning \$20,000 to \$25,000—about 1,500 units—which was not found in 2008. This is not due to an increase in renters in this income range, but to a decrease in affordable, some privately provided, units.

Figure II-27 shows the results of the 2012 rental gap. Figure II-28 summarizes the changes in the gap since 2008.

SECTION II. Housing Market Gaps

Figure II-27.
Rental Gaps Analysis, Income Level and AMI, 2012

| Gaps by Income Range | | | | | | | |
|------------------------|-------------------------|------|-----------------------------------|----------------------------------|-------------------|------------|----------------|
| Income Range | Number and % of Renters | | Maximum Affordable Rent+Utilities | Number of rental units, 2012 ACS | % of rental units | Rental Gap | Cumulative Gap |
| Less than \$5,000 | 12,677 | 7% | \$125 | 635 | 0% | (12,042) | (12,042) |
| \$5,000 to \$9,999 | 10,967 | 6% | \$250 | 2,774 | 1% | (8,193) | (20,235) |
| \$10,000 to \$14,999 | 11,770 | 7% | \$375 | 1,947 | 1% | (9,822) | (30,057) |
| \$15,000 to \$19,999 | 12,430 | 7% | \$500 | 3,054 | 2% | (9,376) | (39,433) |
| \$20,000 to \$24,999 | 12,037 | 7% | \$625 | 10,546 | 6% | (1,491) | (40,924) |
| \$25,000 to \$34,999 | 22,275 | 12% | \$875 | 52,540 | 28% | 30,264 | (10,660) |
| \$35,000 to \$49,999 | 31,948 | 18% | \$1,250 | 67,815 | 36% | 35,867 | 25,207 |
| \$50,000 to \$74,999 | 28,717 | 16% | \$1,875 | 37,497 | 20% | 8,780 | 33,988 |
| \$75,000 to \$99,999 | 16,897 | 9% | \$2,500 | 11,802 | 6% | (5,095) | 28,893 |
| \$100,000 to \$149,999 | 12,961 | 7% | \$3,750 | - | 0% | (12,961) | 15,932 |
| \$150,000 or more | 6,527 | 4% | | - | 0% | (6,527) | 9,406 |
| Total | 179,205 | 100% | | 188,611 | 100% | 9,406 | |







| Gaps by AMI (2014 income limits for 4-person hh) | | | | | | | | |
|--|--------------------|-------------------------|------|-----------------------------------|----------------------------------|-------------------|------------|----------------|
| AMI maximums | income upper bound | Number and % of Renters | | Maximum Affordable Rent+Utilities | Number of rental units, 2012 ACS | % of rental units | Rental Gap | Cumulative Gap |
| 0-30% AMI | \$22,600 | 54,104 | 30% | \$565 | 13,895 | 7% | (40,208) | (40,208) |
| 31-50% AMI | \$37,700 | 33,803 | 19% | \$943 | 69,808 | 37% | 36,005 | (4,203) |
| 51-80% AMI | \$60,300 | 38,029 | 21% | \$1,508 | 71,057 | 38% | 33,028 | 28,825 |
| 81-95% AMI | \$71,630 | 13,015 | 7% | \$1,791 | 16,995 | 9% | 3,979 | 32,805 |
| 96-120% AMI | \$85,956 | 11,275 | 6% | \$2,149 | 10,226 | 5% | (1,049) | 31,755 |
| 121-150% AMI | \$113,100 | 12,887 | 7% | \$2,828 | 6,630 | 4% | (6,258) | 25,497 |
| More than 150% of AMI | \$113,101 | 16,092 | 9% | | - | 0% | (16,092) | 9,406 |
| Total | | 179,205 | 100% | | 188,611 | 100% | 49,614 | |

Note: The model excludes renters who do not pay rent but instead receive boarding for exchange of goods or services.

Source: BBC Research & Consulting.

SECTION II. Housing Market Gaps

Figure II-28.
Change in Rental Gaps, 2008 to 2012

| | <u>2008</u> | <u>2012</u> | <u>Difference</u> | |
|-------------------------------|-------------|-------------|---|-----------------------------------|
| Renters earning <\$20,000 | 46,269 | 47,843 |  1,574 | |
| Renters earning <\$25,000 | 60,088 | 59,880 |  (208) | |
| Units affordable to <\$20,000 | 7,151 | 8,410 |  1,259 | |
| Units affordable to <\$25,000 | 22,597 | 18,956 |  (3,641) | |
| Gap for <\$20,000 | 39,118 | 39,433 |  315 | <i>< 1% increase from 2008</i> |
| Gap for <\$25,000 | 37,491 | 40,924 |  3,433 | <i>9% increase from 2008</i> |

Source: BBC Research & Consulting.


SECTION II. Housing Market Gaps

The modest increase in the gap is a bit counterintuitive given increases in poverty. Yet much of the change in poverty occurred prior to 2008, between 2000 and 2007. There is also some evidence that low income residents may be living with others to manage housing costs: The average size of renter households was 2.36 in 2012 compared to 2.21 in 2008. These data suggest that the 2012 “gap renter households” are more likely than in 2008 to be “doubling up” to make ends meet.

2014 gaps. To adjust the 2012 gaps to 2014 prices, the rents of units priced between \$500 and \$1,000 in 2012 were raised to reflect the changes in price per square foot documented by Austin Investor Interests. This update assumes that units priced less than \$500 per month are publicly subsidized and that the 2012 inventory was maintained.

The 2014 increase in rental shortages shows up for renters earning \$20,000 to \$25,000. 2014 pricing increases this gap by about 6,800 units, putting the cumulative gap at nearly 47,700 versus 40,924 using the 2012 rent distribution.

Figure II-29.
Increase in Rental Gaps Based on 2014 Rental Prices

| | <u>2012 Gap</u> | <u>2014 Gap</u> |  |
|-------------------------------------|-----------------|-----------------|---|
| Renters earning \$0-\$25,000 | 40,924 | 47,698 | 6,774 |

Source: BBC Research & Consulting.

Impact on Housing Choice Voucher holders. Residents most affected by a tight rental market are Housing Choice Voucher holders, most of whom rent privately provided market rate units. As demonstrated by the 2014 gaps update, voucher holders earning between \$20,000 and \$25,000 have increasingly fewer market units to choose from. The housing authority in Austin reports that voucher holders are taking longer amounts of time to find affordable housing due to the lack of rentable units. This was supported by participants in the focus groups who described extreme challenges finding units that accept Section 8, especially for those who need units in particular areas because they cannot drive.

Homeownership gaps. The 2008 HMS examined how easy it was for renters of various income levels to purchase homes in Austin. This section updates the 2008 analysis with new data on homes for sale during 2013.

Market and financing changes. Housing prices increased between 2008 and 2013 but falling interest rates helped preserve ownership opportunities for residents looking to purchase a home. In 2008, a household earning \$50,000 could afford a home priced at \$160,000 (with a 5% downpayment and an interest rate of 6.5%). In 2014, the same household, earning \$50,000, could afford a home priced at \$183,000 (with the same 5% downpayment) because interest rates dropped two percentage points, to 4.5 percent.

SECTION II. Housing Market Gaps

Figure II-30 displays available affordable homes based on 2008 and 2013 market conditions. The figure also shows what the 2013 market might look like if interest rates had **not** declined. In 2008, 21 percent of for-sale homes were affordable to households earning less than \$50,000. In 2013, that proportion increased to 24 percent. However, if interest rates had remained at 6.5 percent, only 16 percent of homes for-sale in 2013 would be affordable to households earning less than \$50,000. Similar affordability impacts are apparent across all income levels.

Figure II-30.
Affordable and Available For-Sale Homes in Austin, 2008 and 2013

| | Affordability in 2008 (5% down and 6.5% int rate) | | | Affordability in 2013 (5% down and 4.5% int rate) | | | What if interest rates hadn't changed? | Possible Affordability in 2013 (5% down and 6.5% int rate) | | |
|---------------------------------------|--|--|-----|--|--|-----|---|---|--|-----|
| | Affordable Home Price | Affordable Homes in the Market (No. and %) | | Affordable Home Price | Affordable Homes in the Market (No. and %) | | | Affordable Home Price | Affordable Homes in the Market (No. and %) | |
| Households earning less than \$35,000 | \$113,000 | 803 | 6% | \$129,000 | 1,189 | 8% |  | \$113,000 | 752 | 5% |
| Households earning less than \$50,000 | \$160,000 | 2,651 | 21% | \$183,000 | 3,515 | 24% | | \$160,000 | 2,357 | 16% |
| Households earning less than \$75,000 | \$240,000 | 6,107 | 49% | \$274,000 | 7,366 | 51% | | \$240,000 | 6,163 | 43% |

Notes: Affordable home price incorporates utilities, insurance and property taxes and assumes a 30-year fixed rate mortgage.

Source: MLS data from ABOR and BBC Research & Consulting.

SECTION II. Housing Market Gaps

Current gaps. Even with the affordability improvements displayed in the previous figure, the ownership market in Austin remains out-of-reach for many renters who wish to purchase their first home. The 2008 gaps analysis found a mismatch between supply and demand for renters earning less than \$50,000. The 2013 gaps analysis confirms that there is still a shortage of affordable for-sale options for those renters.

Figure II-31 displays the 2013 ownership market gaps using two different downpayment options—a 5 percent downpayment, which was used in the 2008 gaps model, as well as 10 percent, which has become more customary. Similar to the rental gap figure, the ownership model compares renters, renter income levels, the maximum monthly housing payment they could afford, and the proportion of units in the market that were affordable to them. The maximum affordable home prices assume a 30-year mortgage with either a 5 or 10 percent downpayment and an interest rate of 4.5 percent. The estimates also incorporate property taxes, insurance and utilities. The “Renter Purchase Gap” column shows the difference between the proportion of renter households and the proportion of homes listed or sold in 2013 that were affordable to them. Negative numbers (in parentheses) indicate a shortage of units at the specific income level; positive units indicate an excess of units. The figure displays renters’ income by dollar amount and as a percent of MFI.

The gaps analysis shows that renters earning less than \$50,000 per year have very limited for-sale options, even if they have savings for a 10 percent downpayment. Among the homes they can afford, more than one-quarter are attached properties (condos, townhomes, etc). The market is particularly tight for renters earning less than \$35,000 per year: forty-six percent of all renters in Austin earn less than \$35,000 per year but only 9 percent of homes on the market are affordable to them, even with a 10 percent downpayment. As was the case in 2008, renters earning \$75,000 are relatively well served by the for-sale market.⁸

⁸ Current owners are not included in the gaps analysis because it is assumed they are able to leverage their current equity for the purchase of a new home and thus have wider array of options. However, it should be noted that low income owners may have different concerns related to rising home values and the related property tax implications.

SECTION II. Housing Market Gaps

Figure II-31.
Affordability of For-Sale Housing to Austin's Renters, 2013

| | | | 5% Downpayment | | | | | | 10% Downpayment | | | | | |
|----------------------------|---------|------|-------------------------------|-----------------------------------|---|---------------------|----------------|-------------------------------|-----------------------------------|---|---------------------|----------------|-------|-------|
| | | | Maximum Affordable Home Price | Affordable Homes for Sale in 2013 | % of Affordable Homes that are Attached | Renter Purchase Gap | Cumulative Gap | Maximum Affordable Home Price | Affordable Homes for Sale in 2013 | % of Affordable Homes that are Attached | Renter Purchase Gap | Cumulative Gap | | |
| Income Range | | | | | | | | | | | | | | |
| Less than \$10,000 | 23,644 | 13% | \$38,196 | 9 | 0% | 89% | (13%) | (13%) | \$39,661 | 12 | 0% | 92% | (13%) | (13%) |
| \$10,000 to \$14,999 | 11,770 | 7% | \$56,398 | 57 | 0% | 58% | (6%) | (19%) | \$58,559 | 61 | 0% | 56% | (6%) | (19%) |
| \$15,000 to \$19,999 | 12,430 | 7% | \$74,601 | 111 | 1% | 44% | (6%) | (25%) | \$77,463 | 136 | 1% | 43% | (6%) | (25%) |
| \$20,000 to \$24,999 | 12,037 | 7% | \$92,809 | 217 | 2% | 49% | (5%) | (31%) | \$96,367 | 245 | 2% | 47% | (5%) | (30%) |
| \$25,000 to \$34,999 | 22,275 | 12% | \$128,914 | 795 | 6% | 45% | (7%) | (38%) | \$133,857 | 878 | 6% | 41% | (6%) | (37%) |
| \$35,000 to \$49,999 | 31,948 | 18% | \$182,923 | 2,326 | 16% | 27% | (2%) | (39%) | \$189,934 | 2,544 | 18% | 26% | (0%) | (37%) |
| \$50,000 to \$74,999 | 28,717 | 16% | \$273,951 | 3,851 | 27% | 17% | 11% | (29%) | \$284,449 | 3,804 | 26% | 17% | 10% | (26%) |
| \$75,000 to \$99,999 | 16,897 | 9% | \$364,370 | 2,507 | 17% | 18% | 8% | (21%) | \$378,329 | 2,476 | 17% | 17% | 8% | (19%) |
| \$100,000 to \$149,999 | 12,961 | 7% | \$546,422 | 2,677 | 19% | 13% | 11% | (9%) | \$567,358 | 2,530 | 18% | 12% | 10% | (8%) |
| \$150,000 or more | 6,527 | 4% | \$546422+ | 1,859 | 13% | 9% | 9% | | \$567,358+ | 1,723 | 12% | 9% | 8% | |
| Total | 179,205 | 100% | | 14,409 | 100% | 19% | | | | 14,409 | 100% | 19% | | |
| Income by MFI (Income Max) | | | | | | | | | | | | | | |
| 0-30% MFI (\$22,600) | 54,104 | 30% | \$84,076 | 285 | 2% | 51% | (28%) | (28%) | \$87,298 | 333 | 2% | 50% | (28%) | (28%) |
| 31-50% MFI (\$37,700) | 33,803 | 19% | \$138,751 | 1,216 | 8% | 41% | (10%) | (39%) | \$144,064 | 1,348 | 9% | 40% | (10%) | (37%) |
| 51-80% MFI (\$60,300) | 38,029 | 21% | \$220,432 | 3,854 | 27% | 23% | 6% | (33%) | \$228,874 | 3,972 | 28% | 22% | 6% | (31%) |
| 81-95% MFI (\$71,630) | 13,015 | 7% | \$261,686 | 1,594 | 11% | 15% | 4% | (29%) | \$271,709 | 1,658 | 12% | 15% | 4% | (27%) |
| 96-120% MFI (\$85,956) | 11,275 | 6% | \$313,848 | 1,592 | 11% | 19% | 5% | (25%) | \$325,869 | 1,624 | 11% | 20% | 5% | (22%) |
| 121-150% MFI (\$113,100) | 12,887 | 7% | \$412,071 | 2,312 | 16% | 14% | 9% | (16%) | \$427,857 | 2,221 | 15% | 13% | 8% | (14%) |
| More than 150% of MFI | 16,092 | 9% | \$412,071+ | 3,556 | 25% | 11% | 16% | | \$427,857+ | 3,253 | 23% | 11% | 14% | |
| Total | 179,205 | 100% | | 14,409 | 98% | 19% | | | | 14,409 | 98% | 19% | | |

Notes: MFI thresholds are based on 2014 HUD income limits for four-person households in the Austin-Round Rock-San Marcos MSA. Max affordable home price incorporates utilities, insurance, and property taxes and assumes a 30-year fixed rate mortgage with a 4.5 percent interest rate.

Source: ABOR, 2012 ACS and BBC Research & Consulting.

SECTION III.

Housing Choice

SECTION III. Housing Choice

This section explores the housing choices made by Austin residents and in-commuters. It is informed by an online survey, paper surveys distributed to more than 30 locations in the community, focus groups with targeted populations, interviews and public forums. Figure III-1 maps the home ZIP codes of survey respondents and the locations of focus groups and public forums.

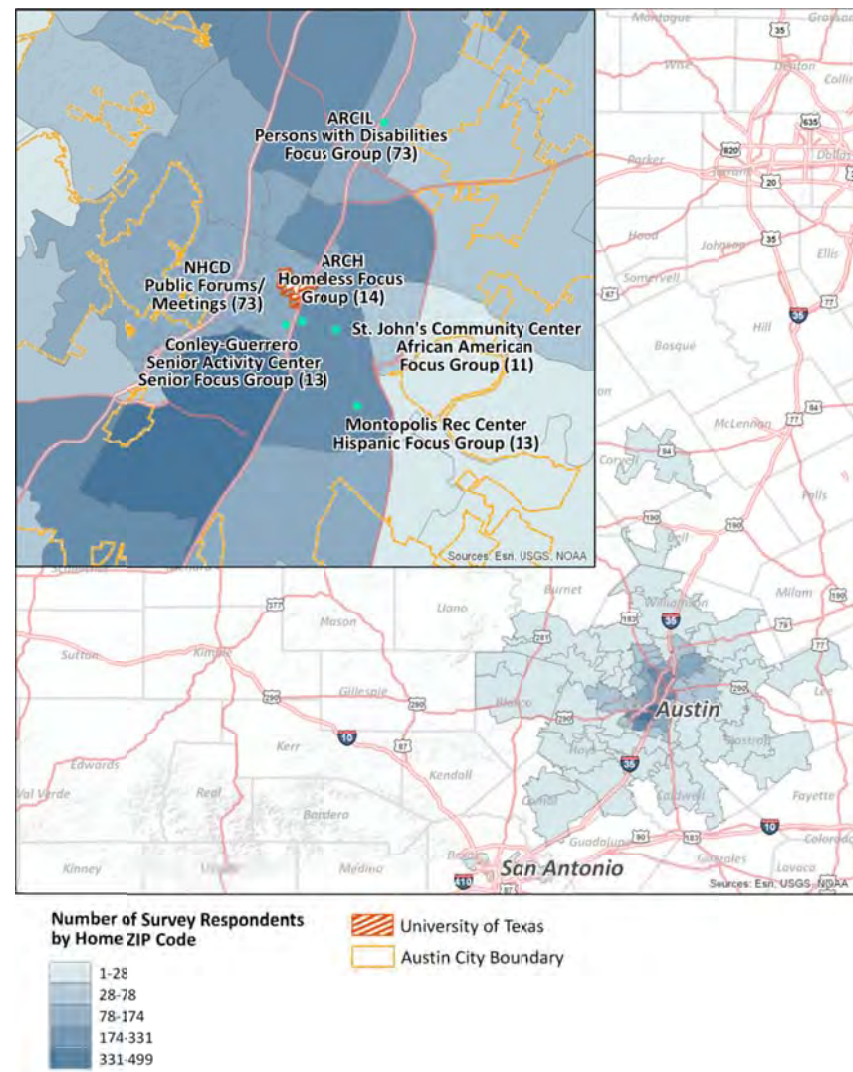
Since students have different housing opportunities and experiences than non-students, the results in this section do not include students. The housing experience of students is profiled in Section IV.

Methodological Note

The online survey—available in English and Spanish—was open to all Austin residents, including students, and those who work in Austin and live elsewhere (hereafter in-commuters). The opportunity to participate in the survey was promoted through the City of Austin’s website, social media channels, local news media, an Austin Energy bill insert, and through local e-newsletters (NHCD Austin Notes, CitySource, CAN, Imagine Austin, Austin Mobility, Project Connect). A total of 5,315 residents, 922 in-commuters, and 398 students participated in the online survey.

That the survey was open to anyone interested in participating means that the results are based on non-probability sampling methods. Unlike a statistically valid, random probability sample, the results from this survey are not necessarily representative of all Austin residents. However, the very large number of responses yields a

Figure III-1.
Home ZIP Code of Survey Respondents and Focus Group/Public Forum Locations



Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

SECTION III. Housing Choice

robustness to the results that minimizes error around the estimates. Compared to Austin's demographic characteristics, the survey data over-represent homeowners, whites and skew slightly higher in income. That said, there are sufficient numbers of responses from renters (1,522), low income residents—household income of \$25,000 or less (325), Hispanics (423), African American (124) and Asian (78) residents to produce estimates for these populations.

Because the data are based on a non-probability sample, they are not weighted to match Austin's demographic profile. Findings are presented based on the responses received. While the results should not necessarily be projected to Austin's population, they provide insights into how more than 5,000 Austinites and more than 900 in-commuters make complex housing decisions, their preferences and attitudes, and can inform policy development. No other source of data provides the opinions, perspectives and stories found in the survey results and echoed by the stories shared in focus groups and interviews.

Desire to Live in Austin

Choosing where to live is a complex decision based on myriad preferences that include access to job or educational opportunities, proximity to family or friends, cost of housing, type of housing desired, housing quality, school quality, access to highways, airports, transit, shopping, entertainment, church, weather, size of yard, acceptance of pets or certain dog breeds, degree of walkability, crime and safety, traffic and more. Nearly all people make some sort of tradeoff when choosing to live in a community or in choosing a place to live. Rising housing and

transportation costs, low vacancy rates and the overall desirability of a community increase the magnitude and number of tradeoffs residents must make to locate or remain in a community. One of the primary objectives of the survey and focus groups is to understand the factors residents consider when deciding to live, or to continue to live, in Austin.

To live in Austin I was willing to.... About half of Austin homeowners (54%) and 62 percent of renters made tradeoffs in order live in Austin. A smaller proportion of Hispanic renters (53%) and African Americans (41% of renters and 41% of homeowners) made tradeoffs to live in Austin. By far, paying more for housing costs was a tradeoff made by the majority of renters and homeowners. Other tradeoffs include compromising on square footage, yard size, longer commutes, higher property taxes, proximity to work, school quality, transit access and preferred neighborhood.

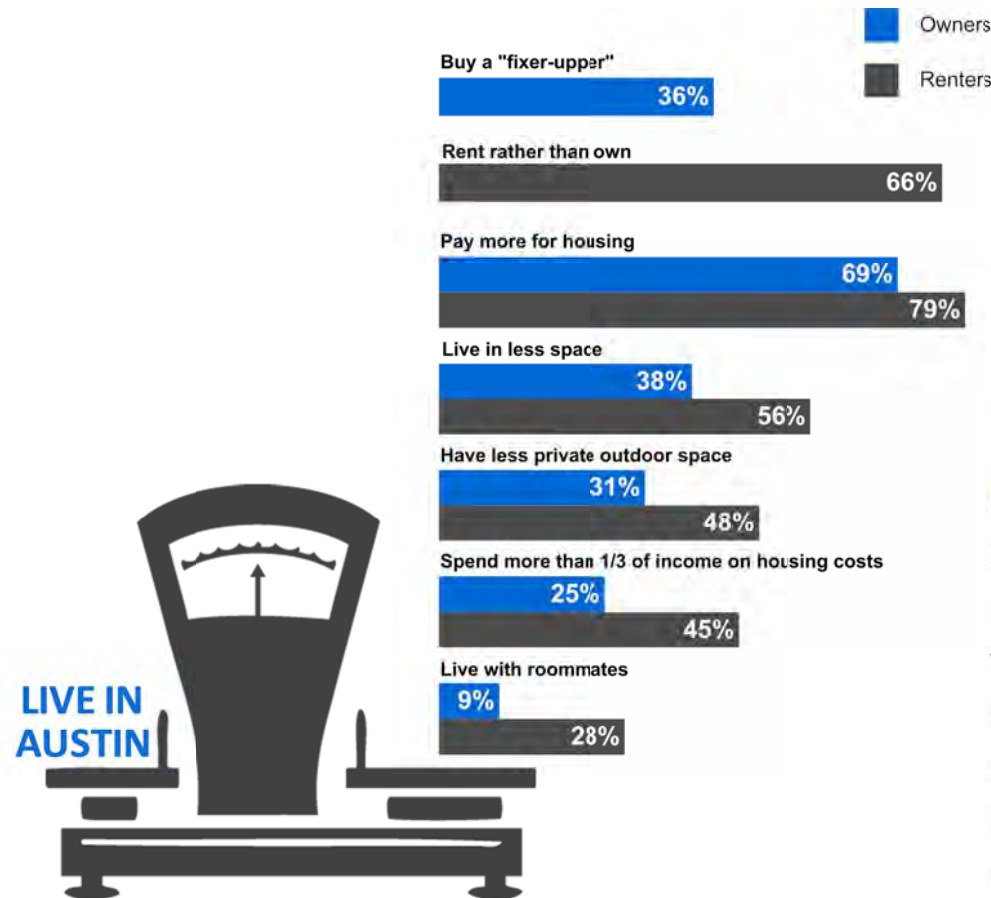
Overall, 71 percent of Austin homeowners have lived in Austin for 10 years or more, compared to 38 percent of renters. Nearly 90 percent of African American homeowners and 80 percent of Hispanic homeowners have lived in the city for 10 years or more. One in five renters has lived in Austin for less than five years.

I considered living in Austin. About three in four in-commuters used to live in Austin. One in four in-commuter homeowners and 53 percent of in-commuter renters moved out of the City of Austin since 2010. Despite leaving the city about 74 percent of in-commuters considered living in Austin when they last looked for housing.

SECTION III. Housing Choice

Two in five in-commuter homeowners and renters chose to live outside Austin because they either couldn't afford to buy in Austin or couldn't afford to rent. Housing quality, size and age of Austin homes also influenced the decision to live elsewhere. Some in-commuters are willing to consider living in Austin in the future, and would be willing to tradeoff their current situation for a smaller, older single family home in Austin. In-commuter renters are more willing to make tradeoffs than homeowners.

TO LIVE IN AUSTIN, I WAS WILLING TO...



Other tradeoffs

- Make lower pay
- Have a longer commute
- Tolerate more crime
- Sacrifice school quality
- Pay higher property taxes
- Deal with traffic
- City of Austin policies

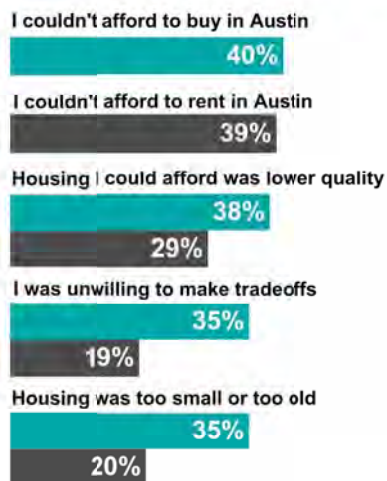
Note: n=1,809 Austin homeowners and n=946 renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

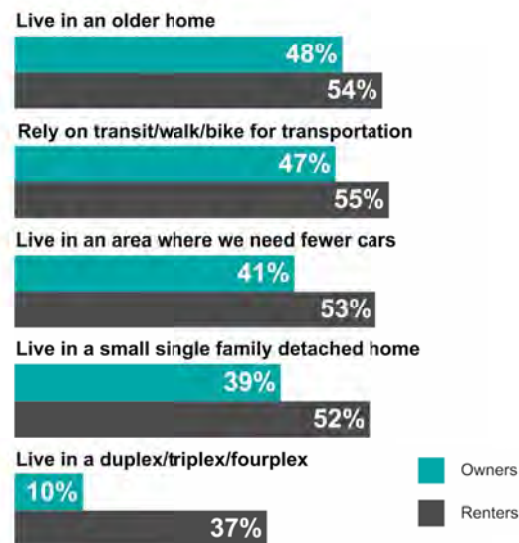
SECTION III. Housing Choice

I CONSIDERED LIVING IN AUSTIN (73% of in-commuters)

I CHOSE TO LIVE ELSEWHERE BECAUSE...



TO LIVE IN AUSTIN I'M WILLING TO...



Note: n=642 in-commuter homeowners and n=141 in-commuter renters.

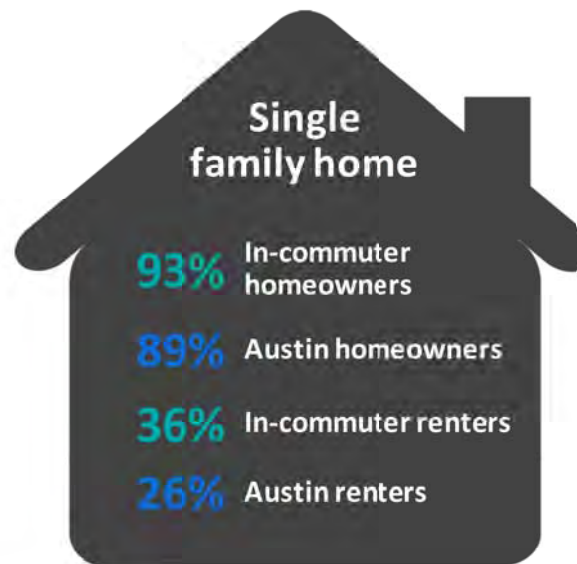
Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

SECTION III. Housing Choice

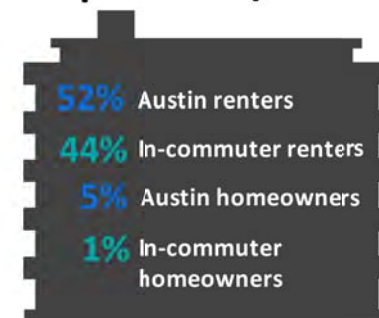
Housing Preferences

Housing Choice Survey respondents shared the type of housing in which they currently live and the factors that were most important to them when choosing a place to live. The majority of both City of Austin and in-commuter homeowners live in single family homes, compared to one in four Austin renters and 36 percent of in-commuter renters. Not surprisingly, a greater proportion of Austin residents live in homes built prior to 1980 when compared to in-commuters. Accessory Dwelling Units (ADUs) such as garage apartments can be a source of affordable housing. About one in 50 Austin renters lives in an ADU.

I LIVE IN A...



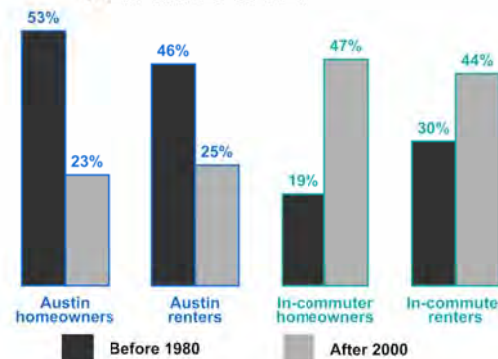
Apartment/condo



Duplex/triplex/fourplex



YEAR BUILT...



Accessory dwelling unit



Mobile home/trailer



Note: n=3,565 Austin homeowners, n=1,528 Austin renters, n=715 in-commuter homeowners and n=181 in-commuter renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

SECTION III. Housing Choice

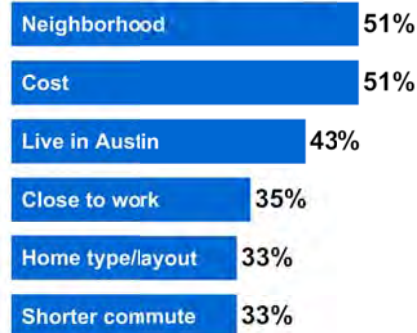
The most important factors when I chose my home were...

When considering a home to purchase or rent, Austin residents and in-commuters weighed different factors differently. While cost is either the first or second most important factor for all, Austin residents valued that the property was located in Austin, while in-commuters valued that the property was located in a neighborhood that was safe or had a low crime rate. Proximity to work and a shorter commute were also top considerations for both Austin homeowners and renters, while neither factor was included in the top five factors for in-commuters.

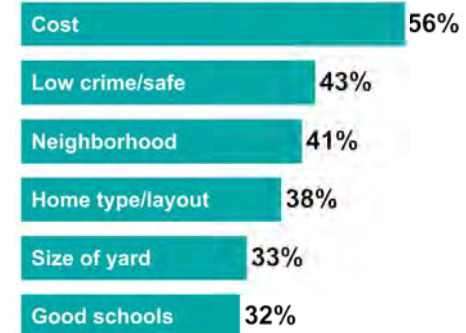
The preferences of Austin owners and renters are consistent with those documented in a recent survey of low-wage commuters (*Coming Home*, by Elizabeth Mueller and Clifford Kaplan). That study, which focused exclusively on low-wage workers commuting at least 10 miles, found the majority of low income households interested in moving to closer to work. The HMS in-commuter survey suggests that housing costs could be preventing such a move.

THE MOST IMPORTANT FACTORS WHEN I CHOSE MY HOME WERE...

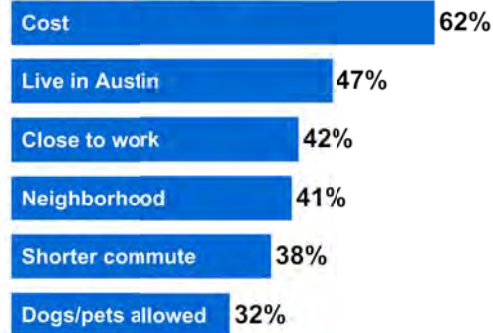
Austin homeowners



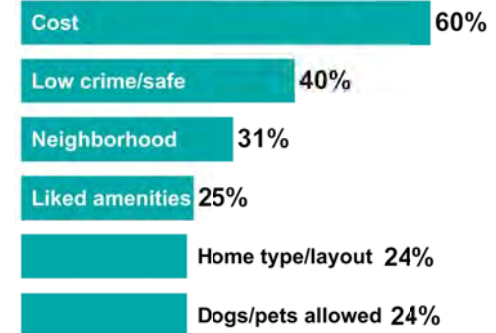
In-commuter homeowners



Austin renters



In-commuter renters



Note: n=3,521 Austin homeowners, n=1,521 Austin renters, n=642 in-commuter homeowners and n=141 in-commuter renters.

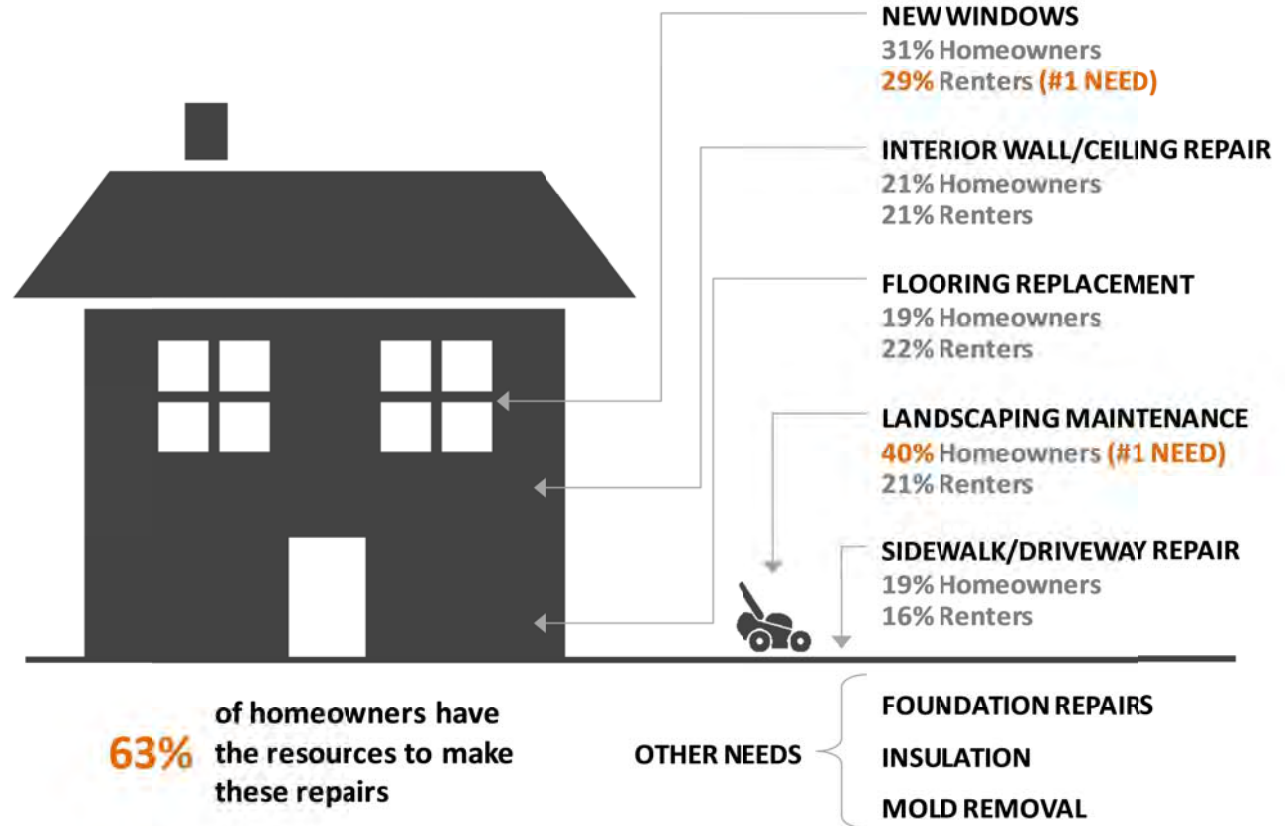
Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

SECTION III. Housing Choice

Housing Condition

It is difficult to find a source for data on housing condition other than a few questions included in the American Community Survey. To attempt to measure the need for home repairs, the Housing Choice Survey asked residents to self-evaluate the need for repairs in their home. Overall, 72 percent of Austin homeowners and 66 percent of renters report that their home needs some type of repair. Among homeowners, 40 percent report that their landscaping needs maintenance and 31 percent need new windows. Like homeowners, 29 percent of renters need new windows and 23 percent have bathroom plumbing repair needs. Of those with homes needing repair, one percent of homeowners and two percent of renters believe that their maintenance needs make their home unlivable.

MY HOME NEEDS...



Note: n=2,028 Austin homeowners and n=1,009 renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

Most homeowners (63%) have the resources—financial, physical abilities, know-how—to make the repairs needed on their home.

SECTION III. Housing Choice

Housing and Transportation Costs

On average, an Austin homeowner with a car payment spends \$2,614 per month on housing costs (mortgage, insurance, taxes, utilities), and transportation costs, compared to \$2,582 for an average in-commuter homeowner. Austin renters with car payments spend \$1,886 on housing and transportation costs, compared to \$2,084 for the average in-commuter renter. A greater share of Austin residents does not have a car payment than in-commuters. About 15 percent of Austin homeowners and one in four renters spends money on non-personal vehicle expenses each month (transit, taxi, Car2Go, etc.).

EACH MONTH I SPEND*...

| Housing & Transportation Costs | Austin Residents | | In-Commuters | |
|--|------------------|---------|---------------------|---------|
| | Homeowners | Renters | Homeowners | Renters |
| Mortgage/rent | \$1,589 | \$1,098 | \$1,408 | \$1,057 |
| Utilities | \$258 | \$192 | \$295 | \$240 |
| Car payment | \$456 | \$355 | \$478 | \$434 |
| Insurance | \$149 | \$107 | \$129 | \$122 |
| Gas | \$162 | \$134 | \$272 | \$231 |
| Non-personal vehicle (transit, taxi, Car2Go, etc.) | \$39 | \$45 | ~Insufficient data~ | |
| | | | | |
| No car payment | 44% | 56% | 37% | 36% |
| Spends money on transit, taxi, Car2Go | 15% | 26% | ~4% total~ | |
| | | | | |

****Average***

Note: n=2,659 Austin homeowners, n=1,292 Austin renters, n=463 in-commuter homeowners and n=101 in-commuter renters.

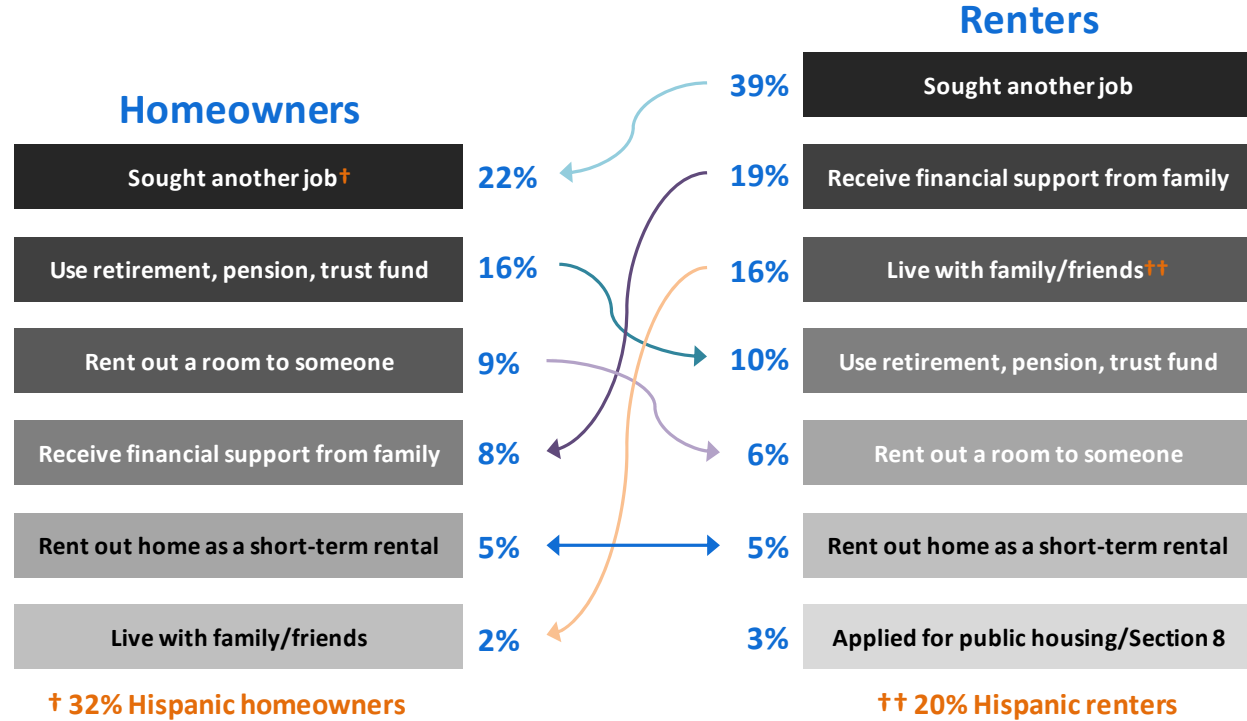
Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

SECTION III. Housing Choice

Affordability

Rising housing costs were a concern to many residents and stakeholders who participated in the survey, focus groups, interviews and public forums. Participants shared stories of rent increases outpacing income growth, increased competition for vacant units, rising costs of homes for sale and the strategies they employ in order to continue living in Austin.

TO AFFORD MY HOUSING COSTS* I...



*Rent, mortgage, insurance, property taxes, utilities

WITHOUT THIS SUPPORT, I WOULD HAVE TO LEAVE AUSTIN

14% Homeowners

27% Renters

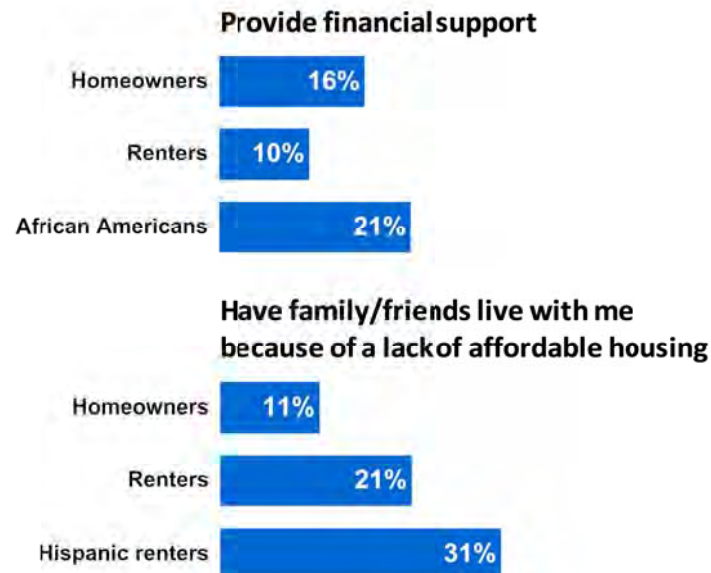
Note: n=3,122 Austin homeowners and n=1,307 Austin renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

SECTION III. Housing Choice

To afford housing costs... The majority of homeowners and renters do not have outside support for housing costs or financially support other family members. About one in three Austin homeowners and two in five renters either pursue strategies to defray their monthly housing costs *or* provide financial or other supports to help family with housing costs. Without these outside supports, 15 percent of homeowners and 27 percent of renters say they would have to leave Austin.

TO HELP FAMILY WITH HOUSING COSTS* I...



****Rent, mortgage, insurance, property taxes, utilities***

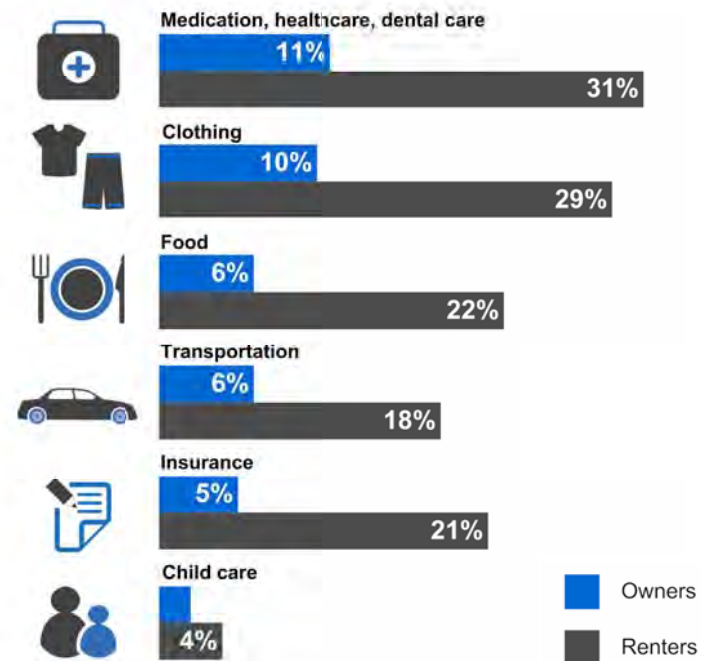
Note: n=3,122 Austin homeowners and n=1,307 Austin renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

SECTION III. Housing Choice

Most Austin homeowners (78%) and 48 percent of renters have not had to reduce spending on basic needs in the past year. Overall, 22 percent of Austin homeowners and 52 percent of renters have reduced their spending on one or more basic needs in order to pay their housing costs. Greater proportions of renters than homeowners report reducing or foregoing basic needs at some point in the past year.

TO AFFORD MY HOUSING COSTS I HAVE REDUCED/GONE WITHOUT...



**I HAVE NOT HAD
TO FORGO ANY
BASIC NEEDS**

78% Homeowners

48% Renters

Note: n=3,122 Austin homeowners and n=1,307 Austin renters.

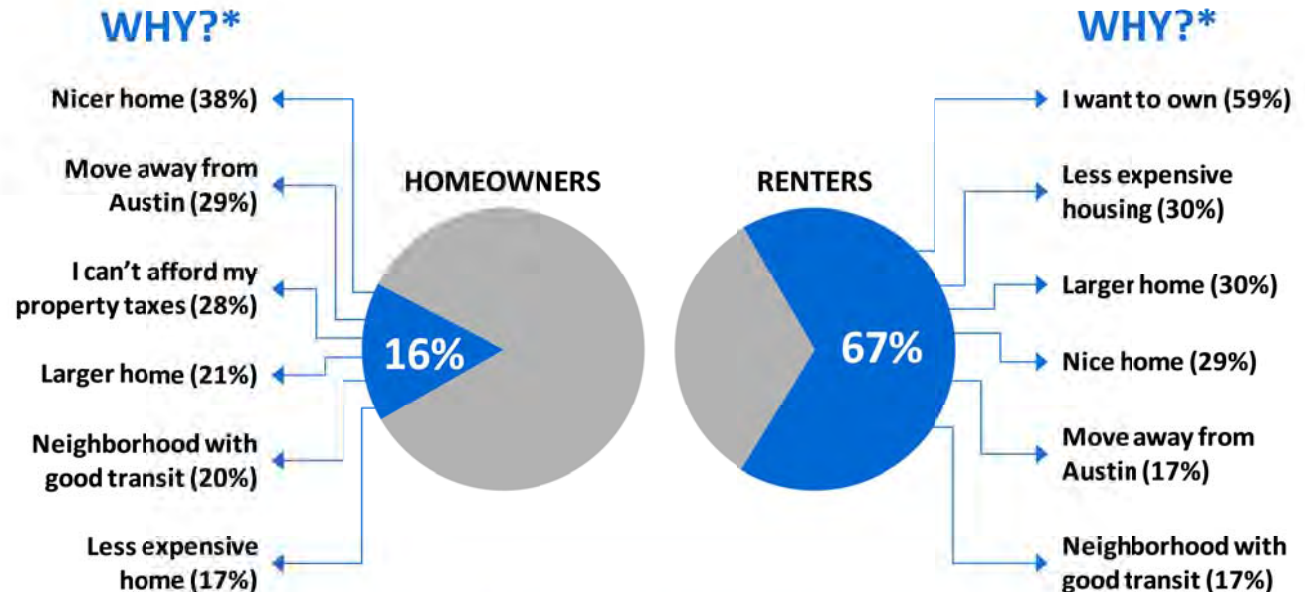
Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

SECTION III. Housing Choice

I plan to move in the next five years.

Stretching budgets and finding ways to defray housing costs are not the only option available to homeowners and renters. Some will move into different housing in Austin or will leave Austin for other communities. In the next five years, 16 percent of homeowners and 67 percent of renters plan to move. Reasons for moving varied widely. The greatest proportion of renters planning to move wants to buy a home. Three in 10 renters want less expensive housing and 17 percent want to leave Austin—compared to 29 percent of homeowners who plan to move. Among homeowners planning to move, 28 percent report that they cannot afford their property taxes.

I PLAN TO MOVE IN THE NEXT FIVE YEARS.



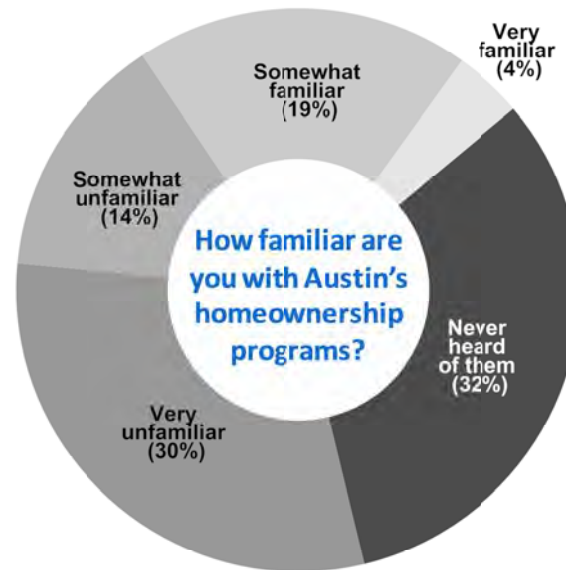
**Percentage of homeowners or renters who plan to move.*

Note: n=3,380 Austin homeowners and n=1,439 Austin renters. Numbers for why a resident plans to move add to greater than 100 percent because respondents were able to select more than one response.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

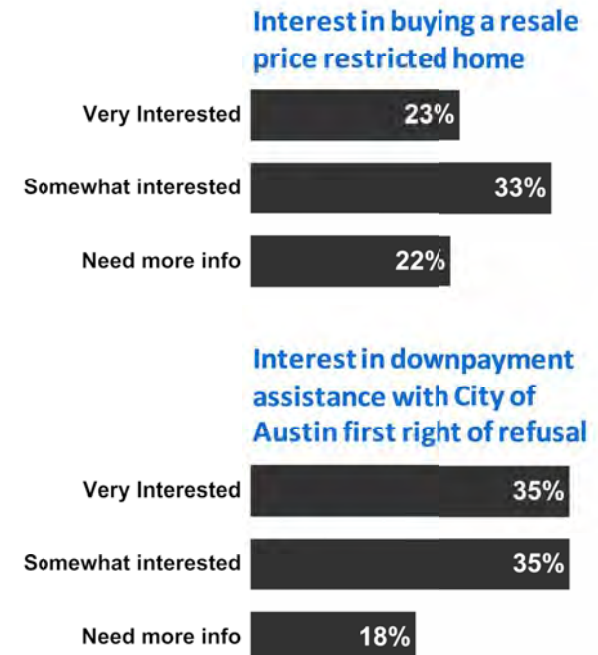
City of Austin Homeownership Programs. About one in four Austin renters are very or somewhat familiar with the city's programs to help low and moderate income residents become homeowners, and at least half of renters expressed interest in the programs. Those residents who were not interested in the programs described their lack of interest, including questioning the city's involvement in the for sale housing market, concerns about whether or not equity built in the home could be accrued to the homeowner and concerns that participation in the program would be similar to renting, since resale is capped.

AUSTIN'S HOMEOWNERSHIP PROGRAMS: RENTERS' AWARENESS & INTEREST



Note: n=1,405 Austin renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.



SECTION III. Housing Choice

I live in East Austin.

Survey respondents living in East Austin include a mix of new residents and long-time homeowners. The majority of respondents from these ZIP codes are white homeowners. Renters are much younger than homeowners—on average homeowners are 43 while renters are age 34. Renters are also more likely to have recently moved into their current home and into Austin.

I LIVE IN EAST AUSTIN.



I've lived in this home for more than 10 years **18%**

I've lived in this home for less than 5 years **63%**

I've lived in Austin for more than 10 years **63%**

I've lived in Austin for less than 5 years **18%**

I am...



Note: n=423 East Austin homeowners and n=163 East Austin renters. ZIP codes included in the analysis are 78702, 78722, 78721 and 78723.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

SECTION III. Housing Choice

Impact of Gentrification

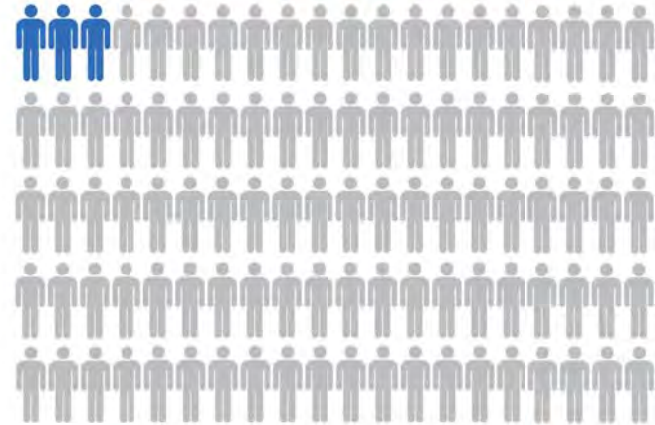
Gentrification can loosely be defined as increasing property values and changing resident demographic and socioeconomic characteristics associated with renewal of historically low income neighborhoods in a community. It can be spurred by public or private investment in a neighborhood or increased interest in neighborhood qualities valued by a new generation of residents—historic homes, proximity to a vibrant downtown core, affordable homes to purchase or rent, access to public transit and more. Gentrification in Austin, particularly in East Austin, was a topic of concern to residents who participated in the African American and Hispanic focus groups, survey respondents from gentrifying neighborhoods and participants in public meetings.

To explore the experiences, perspectives and housing choices of survey respondents in gentrifying neighborhoods in East Austin, BBC analyzed responses from residents living in 78702, 78722, 78721 and 78723 ZIP codes. These saw the highest growth in property values between 2000 and 2012; median values in 78702 increased by 207 percent.

Longtime East Austin residents, particularly aging homeowners on fixed incomes and low income residents, are feeling increased financial pressure due to rising property taxes and rents in East Austin. Many longtime East Austin residents are also experiencing cultural changes in their neighborhood as their neighborhood demographics change. In focus groups and open-ended survey comments, longtime residents used the Mueller redevelopment as an example of gentrification that impacted nearby property values and sped up the cultural change in the community.

MY EXPERIENCE WITH GENTRIFICATION IN EAST AUSTIN

3 in 100 homeowners plan to move
because they can't pay their taxes



1 in 5 have friends/family living with
them due to a lack of affordable housing



Note: n=601 East Austin survey respondents.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey, African American and Hispanic focus groups.

SECTION III. Housing Choice

Participants in the East Austin African American focus group shared their perspective that gentrification is causing longtime residents to sell their homes because they can't pay their property taxes. Others felt that investments in public infrastructure, particularly the addition of bike lanes, are meant to benefit the new white residents and are not for them. Hispanic focus group participants echoed these sentiments. The affordability impacts of increased property values and rents as well as the change in culture in East Austin seem to be the most top-of-mind impacts of gentrification to residents who participated in the study.

Traffic and Commuting

Austin's traffic and increasingly congested roads and highways were a common topic of conversation in focus groups, interviews and meetings. Survey respondents often wrote about traffic or congestion concerns in open-ended responses to questions.

The majority of residents represented in the survey lives and works in Austin (85%) and has a median commute time of 11 to 20 minutes. Most (82%) drive alone, but about one in 10 resident workers bike, carpool or take public transit. Austin residents who commute out of the city have a median commute of 21 to 40 minutes and one in 10 commute for more than one hour.

COMMUTING TO WORK: AUSTIN RESIDENTS



MODE OF TRAVEL TO WORK*



*Respondents could select multiple modes.

Note: n=3,344 Austin resident survey respondents representing 5,724 workers.

Mode of travel to work adds to greater than 100 percent due to multiple response.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

SECTION IV.

Housing Needs

SECTION IV. Housing Needs

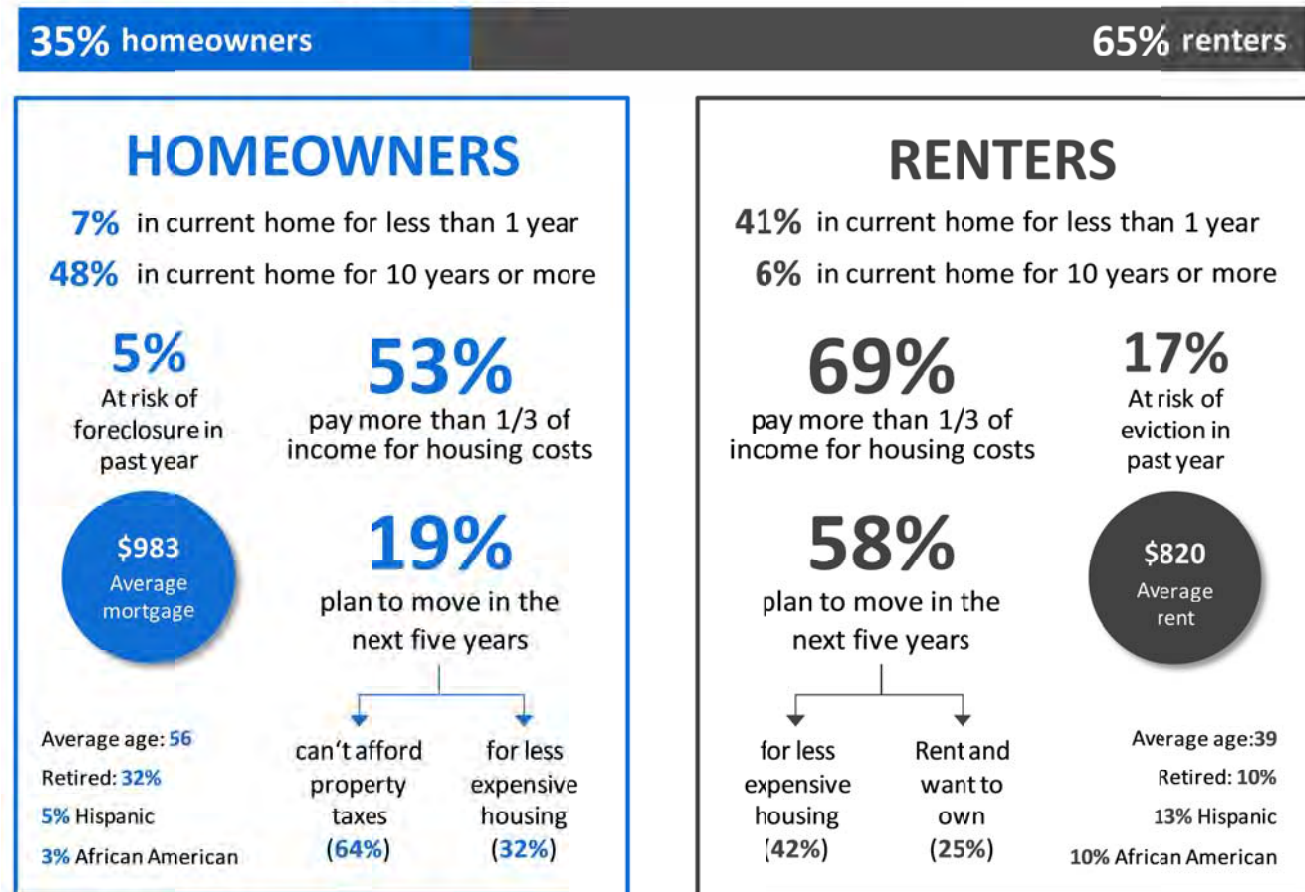
This section examines housing choice and needs for selected populations of Austin residents. As with the previous section, findings are based on the online survey, paper survey, focus groups and interviews. The section begins with the housing needs reported by low income residents overall.

Low Income Residents (<\$25,000)

The majority of low income households represented in the survey are renters (65%), who tend to be younger and more racially and ethnically diverse than low income owners. These figures exclude students.

Renters pay almost as much as owners for their housing: \$820 in monthly rent, compared to the average mortgage of \$983.

LOW INCOME* AUSTIN RESIDENTS



*Income less than \$25,000

Note: n=114 low income Austin homeowners and n=210 low income Austin renters. These figures exclude students.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

SECTION IV. Housing Needs

Cost burden is very high for both low income renters and owners. To avoid being cost burdened, low income renters and owners should pay no more than \$625 per month in housing costs. Instead, the average low income owner is paying \$983 per month in housing costs; the average renter is paying \$820 per month. These costs are 30 to 50 percent more than what is affordable. Households with very high levels of cost burden must compromise on other household goods in order to pay their mortgage and rent; those who cannot are evicted or lose their homes. Nearly one in five renters reported being at risk for eviction in the past year. One in 20 homeowners were at risk of foreclosure.

As shown in the following table, no one household typifies Austin's low income owners and renters, although many are single householders.

Low Income Household Composition by Type of Housing

| Household Composition | Homeowners | Renters | | |
|---------------------------------------|---------------------|-----------|--------------------------------------|--------------------|
| | Single Family Home* | Apartment | Duplex/Triplex/ Fourplex/Townhome | Single Family Home |
| Single, living alone | 42% | 55% | 31% | 15% |
| Spouse/partner and children | 13% | 5% | 5% | 2% |
| Single, living with roommates/friends | 12% | 19% | 19% | 49% |
| Spouse/partner | 8% | 12% | 14% | 12% |
| Single, living with children | 6% | 5% | 14% | 5% |
| Other adult family living in the home | 11% | 4% | 7% | 4% |

Note: *Insufficient data to report other housing types for homeowners.
n=98 low income Austin homeowners and n=189 low income Austin renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey

Seniors

The more than 700 respondents to the Housing Choice Survey age 60 or older (seniors) shared their current housing situation and their future housing plans. The majority of seniors (88%) are homeowners. Senior homeowners had relatively low average mortgages and high incomes and most had the means to make repairs to their homes. About 14 percent of senior homeowners plan to move in the next five years; 46 percent of these

homeowners say they will move because they can't afford to pay their property taxes. This equates to 6 percent of all senior homeowners overall (not just those planning to move).

Senior renters are different: they are much more likely to be low income and to live alone. More than half of senior renters plan to move in the next five years—39 percent want to move to less expensive housing and 37 percent want to own a home. Senior renters pay almost as much as their owner counterparts in housing costs.

SECTION IV. Housing Needs

SENIOR HOUSING CHOICES & NEEDS

88% homeowners

12%renters

HOMEOWNERS

- 88%** live in a single family home
- 8%** have an income less than \$25,000
- 32%** have an income over \$100,000
- 53%** live with spouse/partner
- 28%** live alone
- 48%** are retired

\$1,310
Average mortgage

14%

plan to move in the next five years

can't afford property taxes
(**46%**)

want to leave Austin
(**45%**)

59%

need home repairs

landscaping maintenance
(**26%**)

new windows
(**24%**)

69% have the means to make repairs

RENTERS

- 51%** live in an apartment
- 24%** live in a single family home
- 31%** have an income less than \$25,000
- 5%** have an income over \$100,000
- 23%** live with spouse/partner
- 57%** live alone
- 38%** are retired

\$1,162
Average rent

56%

plan to move in the next five years

need less expensive housing
(**39%**)

rent and want to own
(**37%**)

In a focus group with seniors, participants expressed their desire to stay in their homes for as long as they can. Their concerns about staying in their home related to affordability (ability to pay property taxes) and their physical ability to maintain their yard and home exterior. This was mostly a concern for seniors who do not have family living in the community to help with these tasks.

Those who would like to downsize from a single family home have trouble finding alternatives: few senior-only developments exist and wait lists for affordable senior housing are long (18 months).

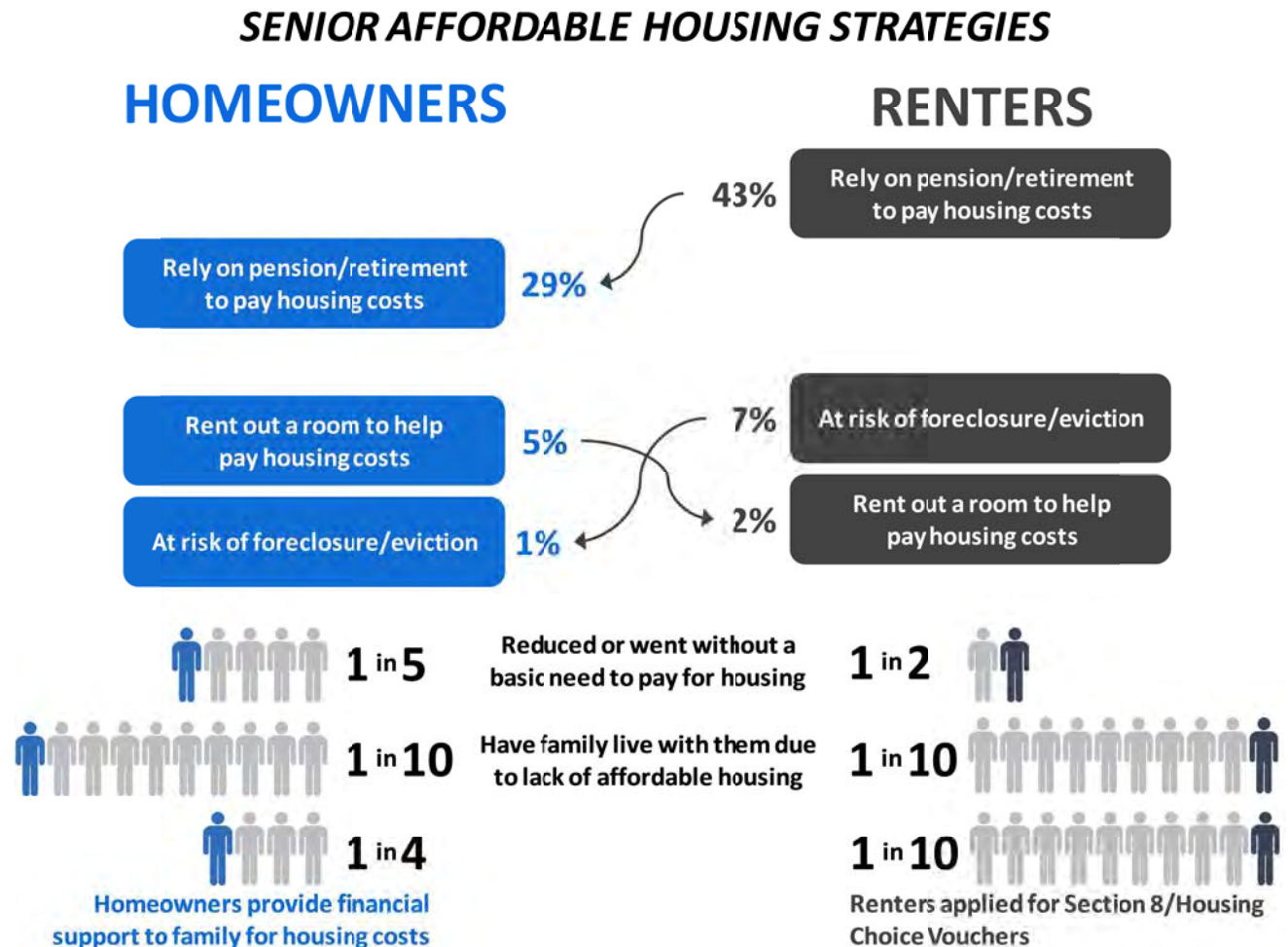
Note: n=741 senior homeowners and n=101 senior renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

SECTION IV. Housing Needs

Many seniors use their pension/retirement to pay housing costs. About one in 20 senior homeowners rent out a room in their home or apartment to help pay for their housing. One in 10 senior renters applied for public housing assistance (e.g., Section 8/Housing Choice Voucher) in the past year. Half of renters cut back on other household needs to afford their housing.

A sizeable proportion of senior homeowners (24%) provide financial support to other family members to help pay their housing costs.



Note: n=741 senior homeowners and n=101 senior renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

SECTION IV. Housing Needs

Persons with Disabilities

Persons with disabilities participated through the online Housing Choice Survey, a paper survey distributed to service providers and community centers and in a focus group hosted by ARCIL. In both surveys, respondents were asked whether they or any person in their household have a disability of any type—physical, mental, or developmental.¹ A total of 574 households that include a member with a disability are represented in this analysis (473 from the online survey and 101 from the paper survey).

¹ In some cases, the person responding to the survey may be representing the housing situation and needs of a child or spouse or other household member, so the age and employment data presented do not necessarily reflect those of the individual with a disability.

PERSONS WITH A DISABILITY HOUSING CHOICES & NEEDS

64% homeowners

36% renters

HOMEOWNERS

9 in 10



live in a single family home

- 3%** have an income less than \$10,000
- 9%** have an income of \$10,000 to \$25,000
- 59%** have an income over \$65,000

Average mortgage \$983

RENTERS

1 in 2  live in an apartment

1 in 5  live in a single family home

1 in 5  live in a duplex/triplex/fourplex

- 32%** have an income less than \$10,000
- 28%** have an income of \$10,000 to \$25,000
- 8%** have an income over \$65,000

Average rent \$820



of all homeowners and renters live in housing that DOES NOT meet their accessibility needs

Note: n=337 homeowners and n=190 renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

SECTION IV. Housing Needs

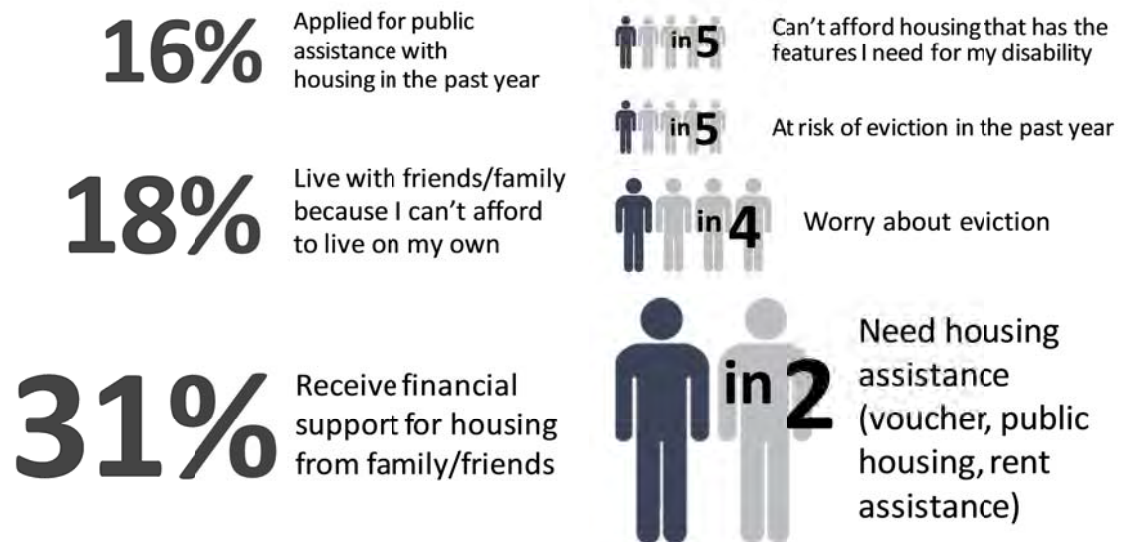
Overall, most homeowners with disabilities (90%) live in single family homes, while 50 percent of renter households live in apartment buildings and 20 percent live in single family homes. One in four of the households that include a member with a disability live in housing that does not meet their accessibility needs. Many of the needed modifications include improvements to bathrooms (e.g., grab bars, higher toilets, replacing tubs with showers), wheelchair access to entrances, and modifying fire alarm systems for deaf household members. Renter households with a member with a disability are much more likely to have very low incomes than homeowner households—one in three renters have household incomes less than \$10,000.

In focus groups and open-ended responses to the survey, participants emphasized that finding housing that is both affordable on very low incomes *and* accessible is very difficult in Austin, akin to finding a needle in a haystack. The limited availability of affordable *and* accessible housing results in some people with disabilities sacrificing

needed accessibility features in order to simply afford housing. For others, finding affordable housing close to fixed route bus stops was challenging. Focus group participants emphasized that there is no “one size fits all” approach to housing, due to the diverse needs of persons with disabilities. For some, having supportive services provided by the landlord distorts the landlord/tenant relationship into an intrusive and paternalistic situation. These participants urged that supportive services not be provided by landlords, but rather by a separate agency.

Based on the survey analysis and focus group discussion, renter households that include a member with a disability are more likely to need housing assistance and experience worry and concerns about maintaining housing. One in five cannot afford housing that has the features they need for their disability.

RENTERS WITH A DISABILITY HOUSING CONCERNS & SUPPORTS



Note: n=232 renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

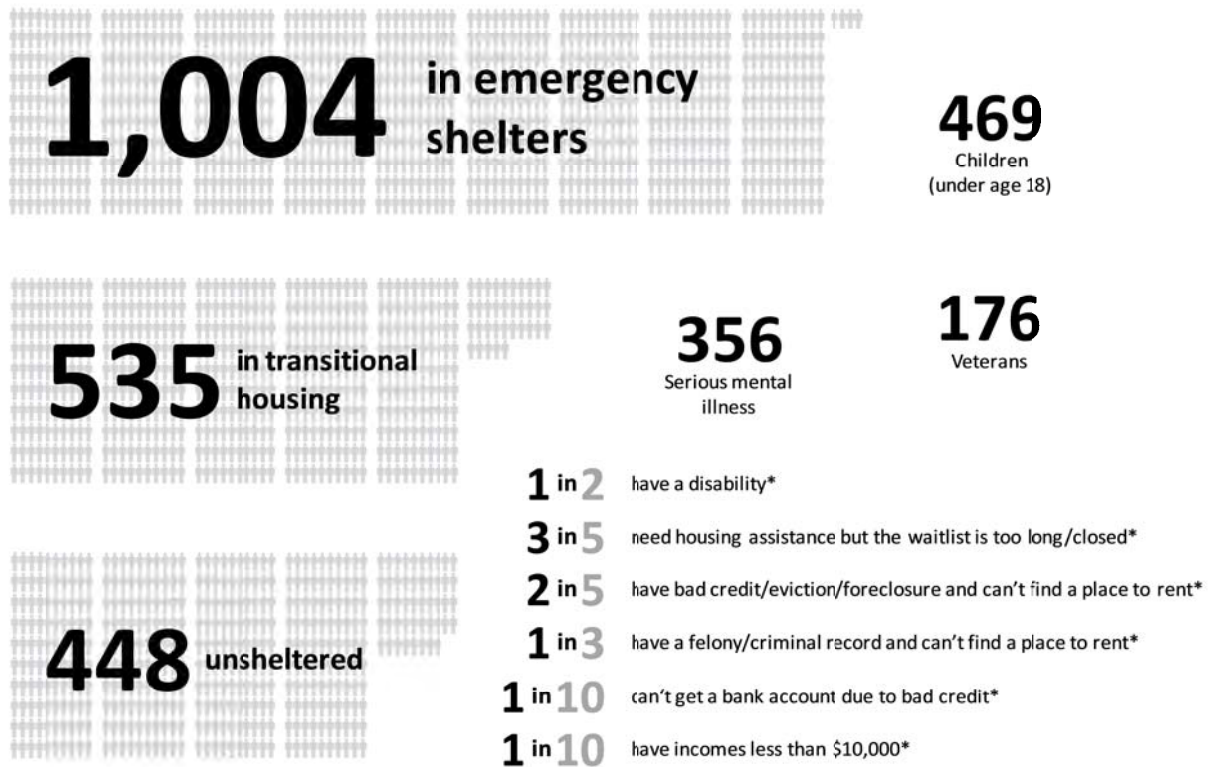
SECTION IV. Housing Needs

Persons Experiencing Homelessness

A total of 43 men and women experiencing homelessness participated in the paper survey and 14 participated in a focus group held at ARCH. The 2014 Austin Point-in-Time (PIT) count estimates that 1,004 residents are staying in emergency shelters, 535 in transitional housing and 448 are unsheltered. Many are children, have serious mental illnesses and/or are disabled.

Barriers to housing include criminal records, lack of bank accounts, bad credit and very low incomes (less than \$10,000). In focus groups, participants described how past mistakes (criminal convictions, evictions, poor credit) create a near impassible barrier to becoming housed, particularly in Austin's tight rental market where landlords can be choosy. Some suggested that a program similar to those that incentivize employers to hire ex-cons be created to incentivize landlords to provide housing to renters who are perceived as high risk.

AUSTIN'S HOMELESS: CHARACTERISTICS & HOUSING BARRIERS



**Housing Choice Survey data*

Note: n=43 homeless residents.

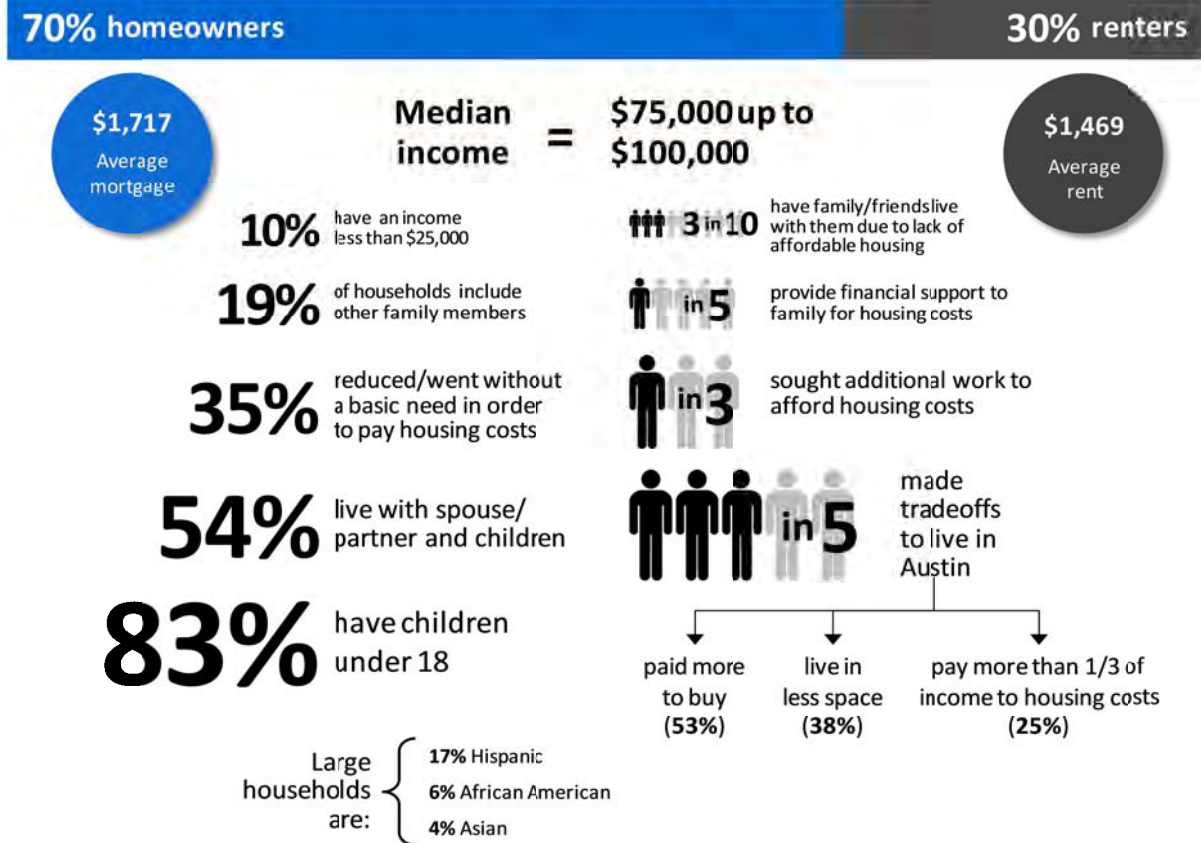
Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey and the 2014 Austin Point-In-Time Count.

SECTION IV. Housing Needs

Large Households (5 or More Members)

In interviews and focus groups, some participants reported that larger households (with 5 or more members) can have difficulty finding suitable affordable housing to purchase or rent in Austin. Most of these households (83%) include children under the age of 18 and one in five has other adult family members. The majority of large households that responded to the survey are homeowners (70%). The majority made tradeoffs to live in Austin, including paying more to purchase a home, living in less space than preferred and paying more than one-third of their income to housing costs.

LARGE HOUSEHOLDS: HOUSING CHOICES, NEEDS & CHARACTERISTICS



Note: n=213 large households.

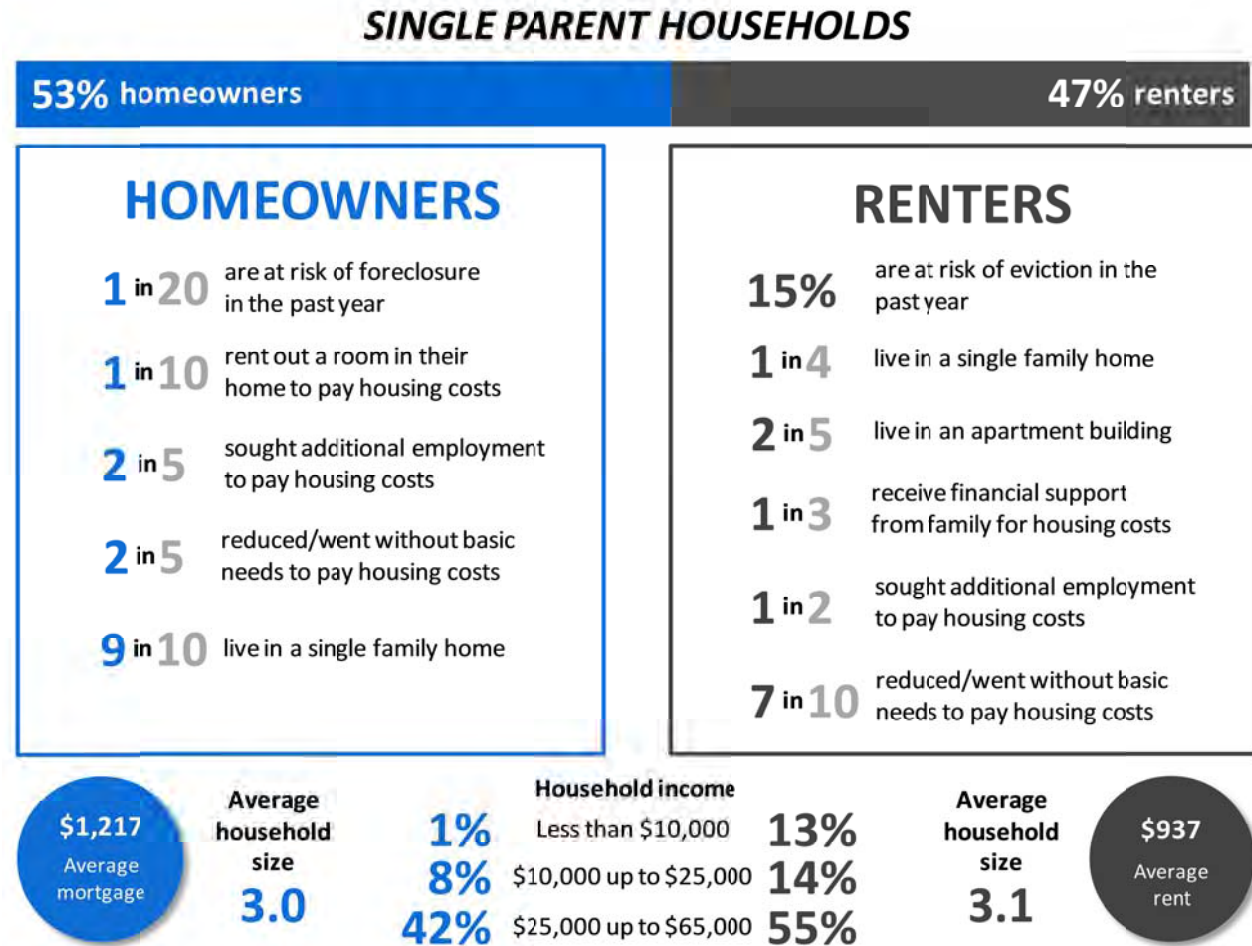
Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

SECTION IV. Housing Needs

Single Parents

Like their neighbors, many of Austin's single parent households adopt various strategies to manage the cost of housing. Half of single parent renters sought additional employment to help pay for housing costs. Seventy percent had to forgo basic needs to pay housing costs.

Single parent owners are much higher income than single parent renters and far fewer have relied on economic strategies to pay housing costs. Single parent renters are 2.5 times more likely than homeowners to have household incomes of less than \$25,000.



Note: n=105 single parent homeowners and n=85 single parent renters.

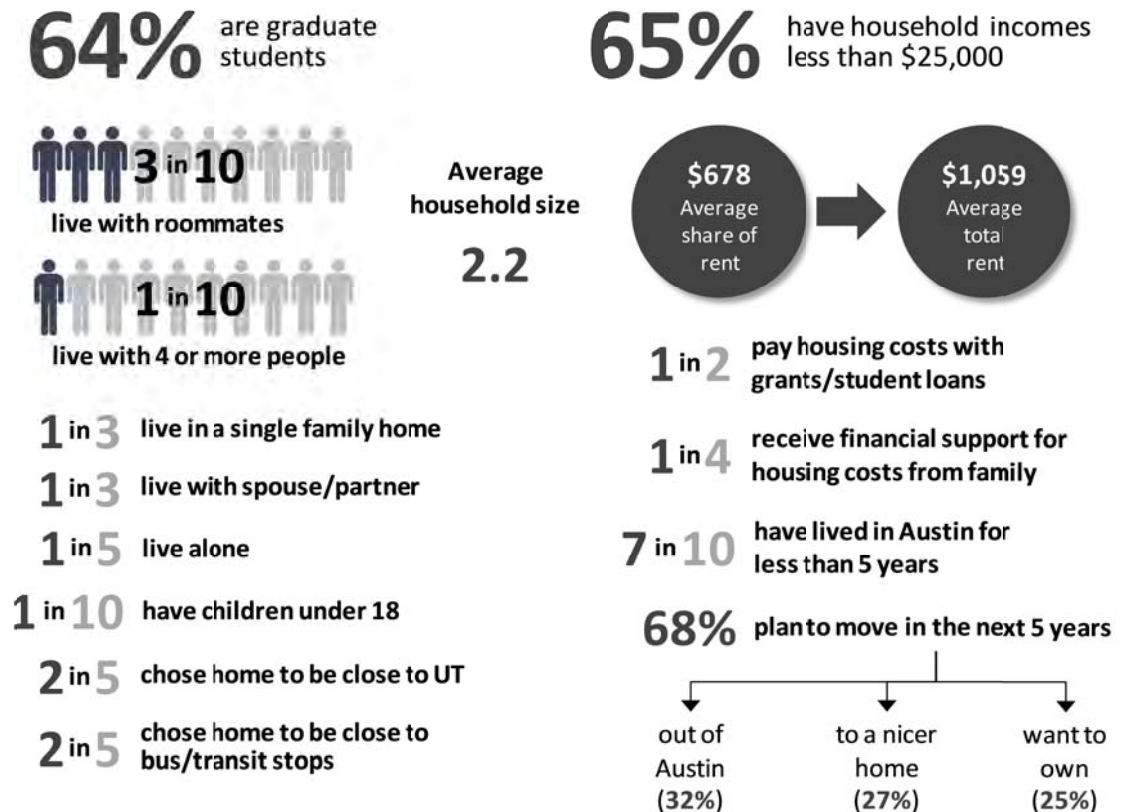
Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

SECTION IV. Housing Needs

Students

In many respects, Austin is a university town. Students who choose to live off campus add additional pressure to the housing market. Those students who responded to the Housing Choice Survey tend to be graduate students (64%). Half use student loans or grants to pay their share of the rent or mortgage. Nearly all are renters, and the average share of the rent per student is \$678. Most are new to Austin, having moved to the city within the last five years. Proximity to UT and bus and transit stops are important factors in choosing a home for two in five students respectively.

STUDENTS LIVING IN AUSTIN



Note: n=240 students.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.



Local Outreach

City of Austin Good Neighbor Checklist

The Neighborhood Housing and Community Development Office (NHCD) offers a Good Neighbor Policy to standardize process and identify expectations for all projects funded through the City of Austin's Rental Housing Development Assistance (RHDA) and Acquisition and Development (A&D) programs. Applicants of these programs are required to prepare and begin implementing a community engagement plan, including neighborhood notification activities. The community engagement plan is required whether the application is for funding for new construction or renovation of an existing building, regardless of whether there is a change in ownership.

A successful community engagement plan leads to open, ongoing two-way communication between developers and neighbors. This requires good-faith efforts and cooperation by developers, City officials and residents. A positive, open dialogue between housing developers and neighbors can prevent misunderstandings, facilitate prompt resolution of any inadvertent misunderstandings, and provide a fair, thoughtful, dependable means of resolving differences.

The following checklist of items is required of all applicants for funding:

(1) Preliminary Research

- ☒ Review the Neighborhood Plan (if applicable)

(2) Neighborhood Notification

- ☒ Notify property owners within at least 500 feet of the site and registered neighborhood organizations with boundaries included in the proposed development site, using a written notice, letter or flyer.

(3) Pre-Application Engagement

- ☒ Contact neighborhood organizations to provide current information about the project, including any neighborhood association whose boundaries are included in the proposed development site and Neighborhood Planning Contact Team (if applicable). *(see full City of Austin Good Neighbor Guidelines for more detailed information on what kind of information may be appropriate to share)*
- ☒ Appoint a Single-Point-of-Contact (SPOC) to serve as the liaison for exchanging information. See application cover sheet and name below.

(4) Application requirements

- ☒ Provide communications plan Example of Communications Plan attached.
- ☒ Provide documentation showing the content of the notice, and proof of delivery
- ☒ Provide signed copy of this checklist.

I have reviewed and completed all of the above checklist items required by the City of Austin's Good Neighbor Guidelines.

Signed

Printed Name



2017 Blitz Build Media Plan

Scenic Point

7208 Boyle Drive Austin, TX 78724

Contact

Carly Yansak | Director of Communications
(856) 906-9797 | cyansak@ahfh.org

November 14th: First outreach to print media

November 20th: ABoR to review media advisory

November 21st: First outreach to TV

November 22nd: Follow-up with print media

November 24th: Follow-up with TV

November 27th: Last reminder to TV

½ way Point: Is there a staff human interest angle to pitch? Someone who has gone above and beyond? Someone who may have previously experienced housing instability, and wants to discuss the personal importance of this project to them? If not, will try to get someone to cover the affordability angle through ABoR's expertise. Will choose two for this, then pitch the family story human interest piece to other two outlets.

December 8th: First outreach to TV about dedication

December 12th: Follow-up to TV about dedication

December 14th: Last reminder to TV about dedication

Media Outlets

- KVUE
- KEYE TV
- KXAN
- FOX 7
- Spectrum
- Austin-American Statesman
- Community Impact
- Giving City Austin
- Austin Woman (if Valerie Doyle will agree to be pitched as a profile)
- KUT
- Decibel (KLRU production that has already expressed interest in covering the Blitz)

Hashtags

- #HomesForTheHolidays
- #Blitz2017

Austin Habitat

supports communities



Scenic Point Habitat Homeowner
Laura, Medical Assistant at
Austin Urology Institute



Austin Habitat for Humanity

is proud to be part of the Scenic Point Development!

Did you know? Austin Habitat for Humanity homeowners put in over 300 sweat equity hours. Families purchase their homes from Austin Habitat. Our homeowners work for a variety of well-known Austin employers and serve as teachers, mechanics, nursing assistants, hotel maintenance staff, and more.

What's happening down the road?

How will Austin Habitat homes affect your property value?

The Austin Habitat homes should have no impact on your property values. All of the Habitat homes will have special long-term affordability restrictions on them that will essentially remove them from the normal appraisal process that Travis Central Appraisal District (TCAD) uses. This means that they will not be useful as comparable properties for valuation purposes when TCAD does their annual property valuations because they have deed restrictions on them that your homes will not have.

Will the Austin Habitat division (Scenic Point II) have a Homeowner's Association (HOA) Association?

Austin Habitat for Humanity (AHFH) will serve as the de facto HOA board for the Habitat portion of the neighborhood for the foreseeable future as we build out the remaining homes. The HOA may be converted into resident-run HOA at a later time. Regardless of being run by AHFH or the residents, all homeowners are mandatorily subject to the Covenants, Codes, and Restrictions for the neighborhood and are made aware of this throughout the homebuilding process and at mortgage closing. Moreover, all of Austin Habitat's partner families participate in an extensive pre-purchase education curriculum. They take pride in their homes and appreciate the opportunities this great new neighborhood creates for their families.



Will these Habitat homes look different from the rest of the neighborhood?

Austin Habitat's in-house architect creates great quality, energy efficient homes designed to fit into the neighborhood. Our homes vary to include both one and two story floorplans, with up to four bedrooms.

Habitat Contact: Greg Anderson
- Director of Community Affairs
ganderson@ahfh.org | (512) 426-1041

Austin Habitat hosts wall raising and dedication events at the start and completion of every home we build. These events are attended by homeowners, volunteers, sponsors and community leaders. We will notify you in advance of these events!



@AustinHabitatforHumanity



@atxhabitat

Join Us for a

Open House
with our leadership team

Sunday, December 16, 2018

7216 Boyle Drive

1:00PM-3:00PM

Come tour a Habitat Home!



Affiliate of Distinction 2015-2017

FOR IMMEDIATE RELEASE

Media Contact

Carly Yansak

Communications Manager

Austin Habitat for Humanity

Phone: (512) 472-8788 ext 117

Email: cyansak@ahfh.org

AUSTIN HABITAT FOR HUMANITY TO BUILD 67 HOME COMMUNITY IN NORTHEAST AUSTIN

Land donation of 14 acres makes new neighborhood possible

As raw land to build on in Austin becomes increasingly difficult to find, Austin Habitat for Humanity has been granted a generous endowment from a local investment firm. The anonymous firm has bequeathed the organization 14 acres of developable land off Loyola Lane in Northeast Austin.

The donation comes at a critical time in Austin's affordability crisis, when demand for affordable homes within city limits is at an all-time high. Austin Habitat for Humanity will utilize the land to build 67 single family homes for the community who makes less than 60% of the Median Family Income (\$46,680 for a family of four).

"As a non-profit organization, it's become increasingly difficult for us to keep up with rising land costs in Austin," says Phyllis Snodgrass, CEO of Austin Habitat for Humanity. "Support from community partners is crucial in continuing to acquire the land we need to build affordable, self-reliant communities."

The decision to donate the property derives from the firm's belief that supporting Austin Habitat for Humanity is an investment in the future of the city. "The homes that will be built there are going to be a springboard for families to create stable futures; futures that will influence and strengthen the local economy," an anonymous source from the firm states.

Land development for the 67 home community is anticipated to start next year. Ground breaking on the affordable homes is set for 2018 with the exception of 3 lots, which are ready for construction in 2017.

-more-

About Austin Habitat

Driven by a vision that everyone deserves a decent place to live, Austin Habitat for Humanity builds strong, stable, and self-reliant communities in Central Texas. People partner with Austin Habitat for Humanity to build or improve a place that they call home. Through home, we empower.

Learn more about Austin Habitat: www.austinhabitat.org

Facebook: www.facebook.com/austinhabitatforhumanity

Twitter: www.twitter.com/austinhabitat



S.M.A.R.T. Housing Documentation



City of Austin

P.O. Box 1088, Austin, TX 78767
www.cityofaustin.org/housing

Neighborhood Housing and Community Development Department

January 19, 2017 (Revision of letter dated May 2, 2014)

S.M.A.R.T. Housing- Preliminary Certification
Austin Habitat for Humanity- Scenic Point Subdivision Phase Two
(Project ID #65679)

TO WHOM IT MAY CONCERN:

Austin Habitat for Humanity (development contact: Phyllis Snodgrass, CEO 512.472.8788 x105 (o); psnodgrass@austinhabitat.org) has submitted a S.M.A.R.T. Housing application for the construction of a **67 single-family units** at the Scenic Point Subdivision Phase 2. The development is located near the intersection of Johnny Morris Road & Ellington Circle. **This revision updates the representatives contact information.**

NHCD certifies that the proposed construction will meet the S.M.A.R.T. Housing standards at the pre-submittal stage. Since **100% of the units (67 units)** will serve households at or below 80% Median Family Income (MFI), the development will be eligible for **100% waiver** of the fees listed in Exhibit A of the S.M.A.R.T. Housing Resolution adopted by the City Council. The expected fee waivers include, but are not limited to, the following fees:

Capital Recovery Fees
Building Permit
Concrete Permit
Electrical Permit
Mechanical Permit
Plumbing Permit

Site Plan Review
Misc. Site Plan Fee
Construction Inspection
Subdivision Plan Review
Misc. Subdivision Fee
Zoning Verification

Land Status Determination
Building Plan Review
Parkland Dedication (*by separate ordinance*)

Prior to issuance of building permits and starting construction, the developer must:

- ◆ Obtain a signed Conditional Approval from the Austin Energy Green Building Program stating that the plans and specifications for the proposed development meet the criteria for a Green Building Rating. (Austin Energy: Bryan Bomer at 512-482-5449).
- ◆ Submit plans demonstrating compliance with accessibility standards.

Before a Certificate of Occupancy will be granted, the development must:

- ◆ Pass a final inspection and obtain a signed Final Approval from the Green Building Program. (Separate from any other inspections required by the City of Austin or Austin Energy).
- ◆ Pass a final inspection to certify that accessibility standards have been met.

The applicant must demonstrate compliance with the reasonably-priced standard after the completion of the units, or repay the City of Austin in full the fees waived for this S.M.A.R.T. Housing certification.

Please contact me by phone 512.974.3128 or by email at Sandra.harkins@austintexas.gov if you need additional information.

Sandra Harkins, Project Coordinator
Neighborhood Housing and Community Development

Cc: Laurie Shaw, Capital Metro
Maureen Meredith, PZD
M. Simmons-Smith, DSD
Katherine Murray, Austin Energy
Alice Flora, AWU
Zulema Flores, DSD

Bryan Bomer, AEGB
Gina Copic, NHCD
Marilyn Lamensdorf, PARD
Heidi Kasper, AEGB
Carl Wren, DSD

Alma Molieri, DSD
Susan Kinel, NHCD
Stephen Castleberry, DSD
Lynda Courtney, DSD
Ellis Morgan, NHCD

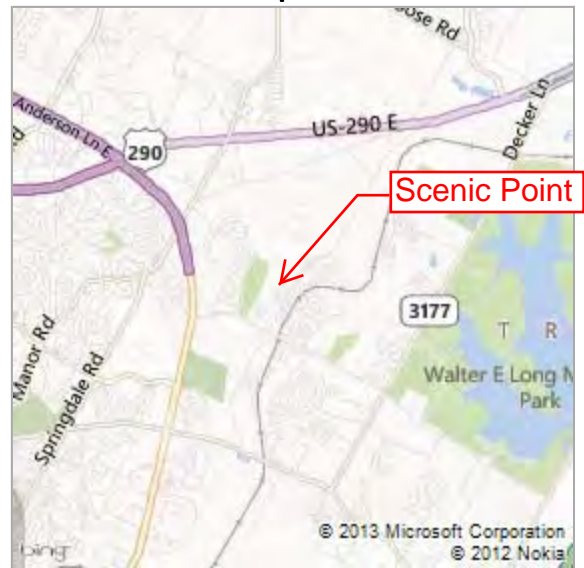


Maps and Renderings

Scenic Point Subdivision

On the go? Use **m.bing.com** to find maps, directions, businesses, and more

Location Map



JAN. 30, 02 Doc # 200200035

\$106.00

PHOTOGRAPHIC MYLAR

LOT 1
WORLEY & BARTON SUBDIVISION
(BK. 84 PG. 199-B)

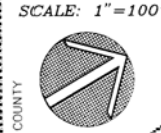
Exhibit D

DAVID WORLEY, et al
4.061 ACRES
(VOL. 7916 PG. 334)

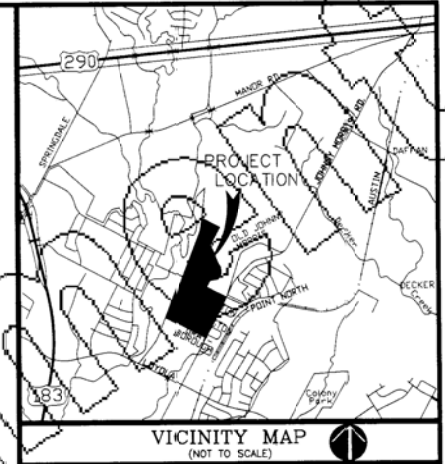
SCENIC POINT SUBDIVISION, PHASE TWO

- Phase A (53 Lots) (Completed Section)
- Phase B (64 Lots) (Undeveloped Section)
- Lot 90 Occupied
- Drainage Easements

LOT 121
BLOCK C
TO BE DEDICATED TO CITY OF AUSTIN FOR PARKLAND
GREENBELT, ACCESS ESMT., D.E. & P.U.E.



SCALE: 1"=100'



VICINITY MAP
(NOT TO SCALE)

LEGEND

- 1/2-INCH IRON ROD FOUND (UNLESS OTHERWISE NOTED)
- 1/2-INCH IRON ROD W/ PLASTIC CAP STAMPED "MANGUS SURVEY"
- CONCRETE MONUMENT SET
- BENCHMARK
- SIDEWALK
- P.U.E. PUBLIC UTILITY EASEMENT
- D.E. DRAINAGE EASEMENT
- E.T.E. ELECTRIC & TELECOMMUNICATIONS EASEMENT
- W.&W.W.E. WATER AND WASTEWATER EASEMENT
- W.W.E. WASTEWATER EASEMENT
- W.E. WATER EASEMENT
- (A) BLOCK DESIGNATOR
- () RECORD DATA

NOTE:
A TEN (10) FEET WIDE EASEMENT FOR PUBLIC UTILITIES IS
HEREBY ASSIGNED ALONG ALL RIGHT OF WAYS INDICATED
BY THIS PLAT.

BENCHMARKS

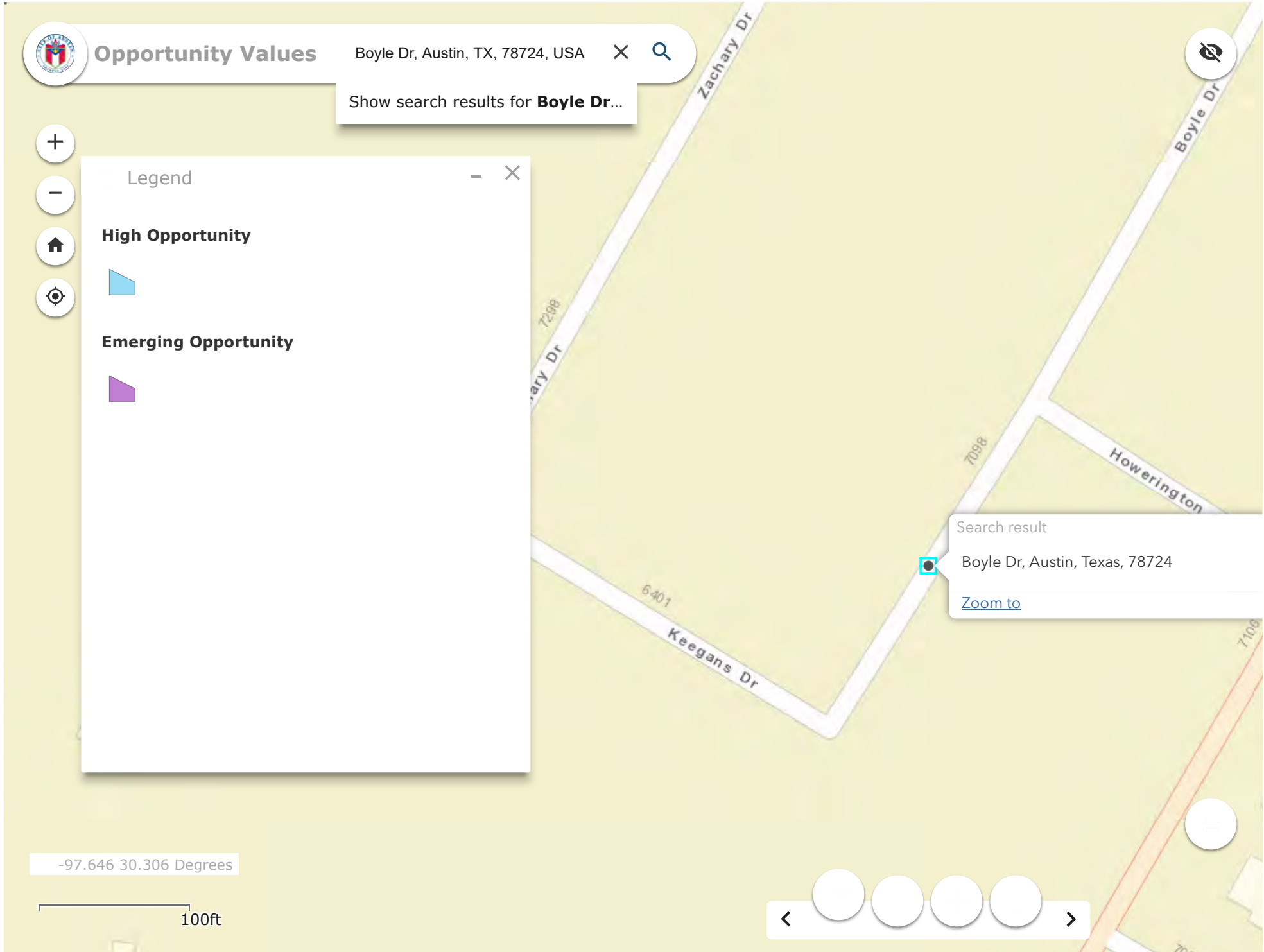
- TBM #1: 60d nail set east face of 9" hockberry
8.2' east of southwest corner Lot 30
Elev. = 557.82
- TBM #2: Top rim sanitary sewer manhole 141.9'
north of the northeast corner of Lot 60
Elev. = 580.91

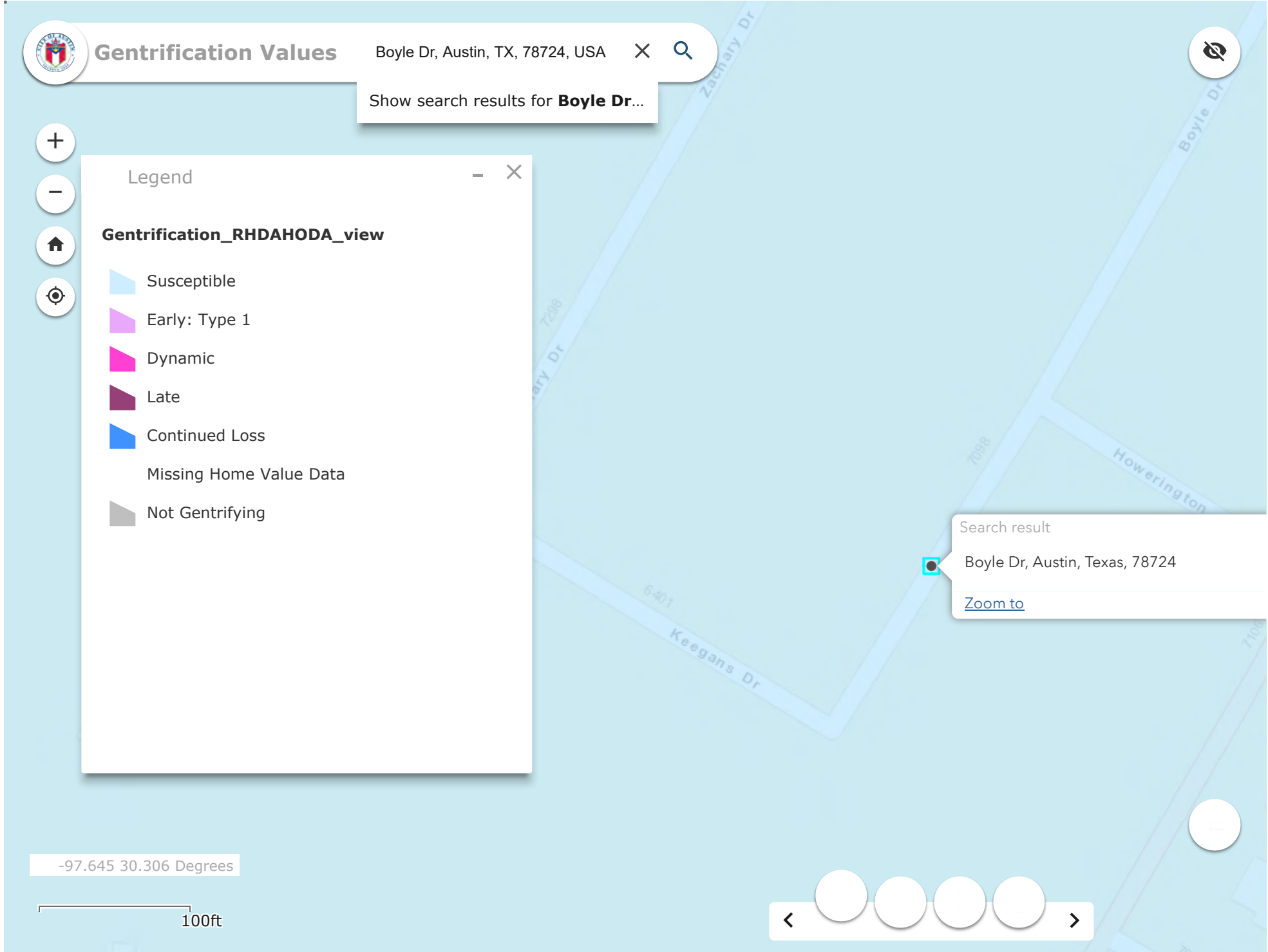
Single Family Lots = 118 Lots
Common Area Lots = 4 Lots
Total = 122 Lots
Total Area = 71.442 Acres

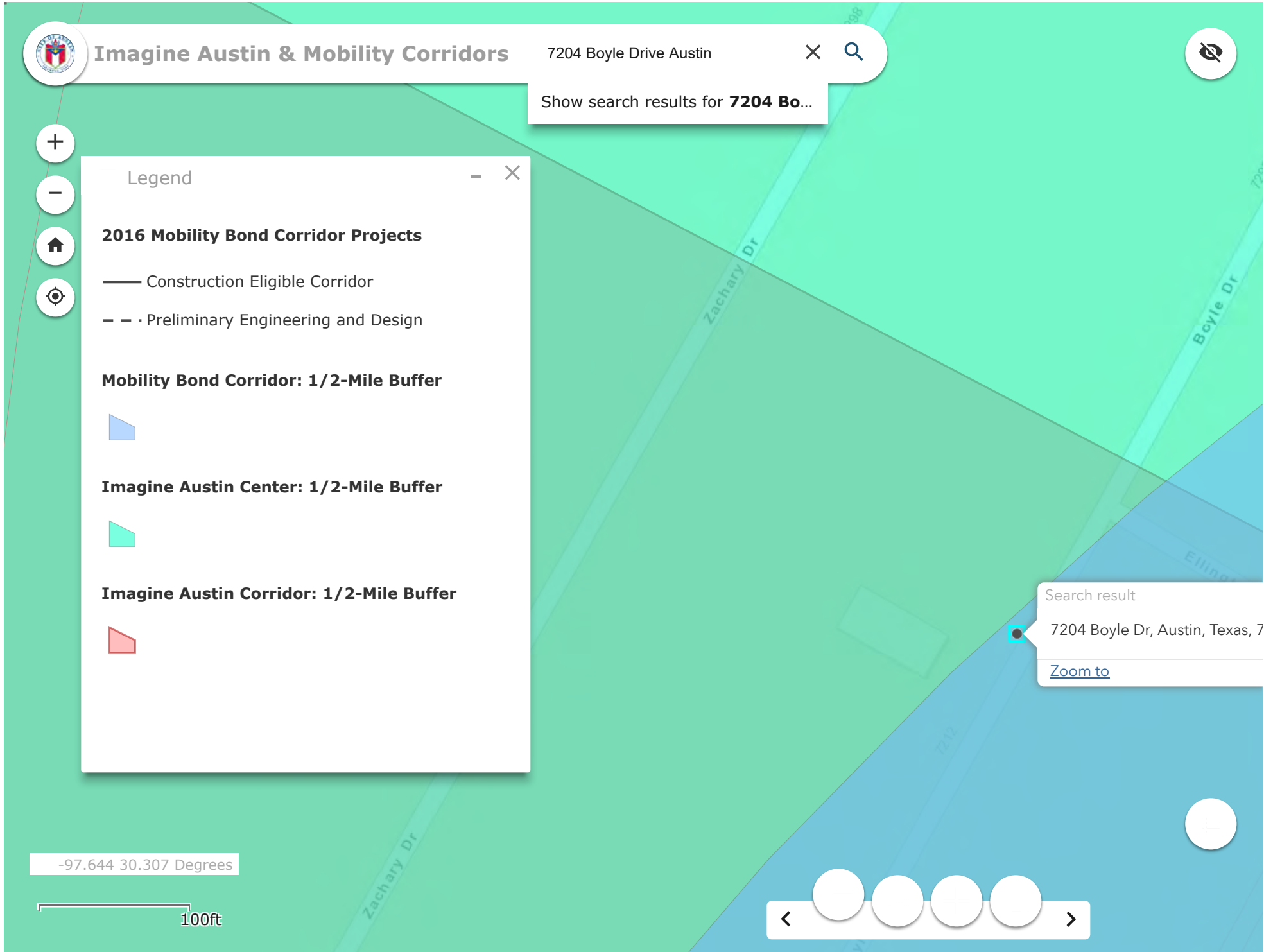
Howerington Circle = 165 L.F.
Ellington Circle = 165 L.F.
Boyle Drive = 1084 L.F.
Zachary Drive = 1080 L.F.
Keegans Drive = 580 L.F.
Farrell Glen Drive = 926 L.F.
Total L.F. Streets = 4000 L.F.

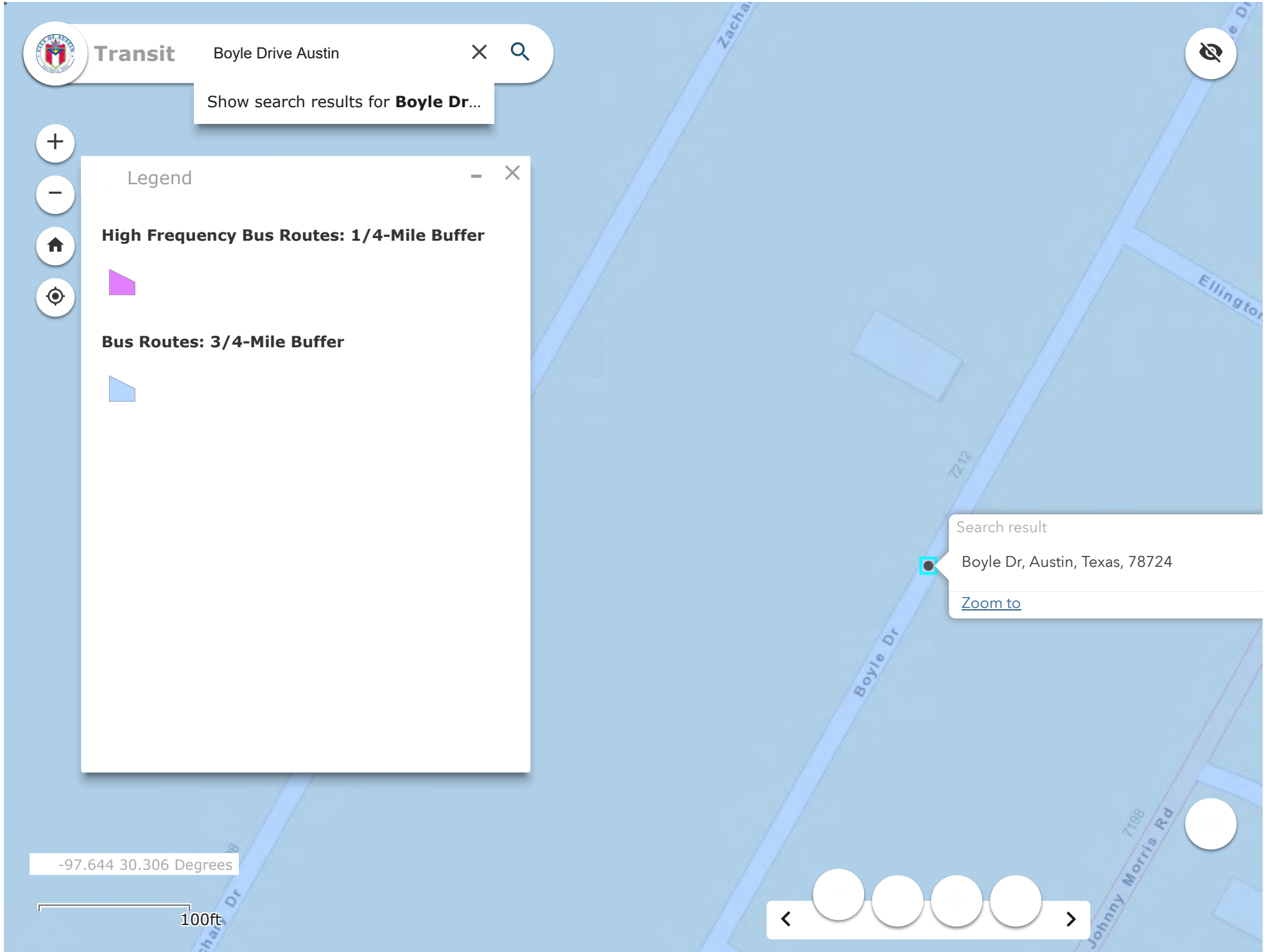
McANGUS SURVEYING CO., INC.

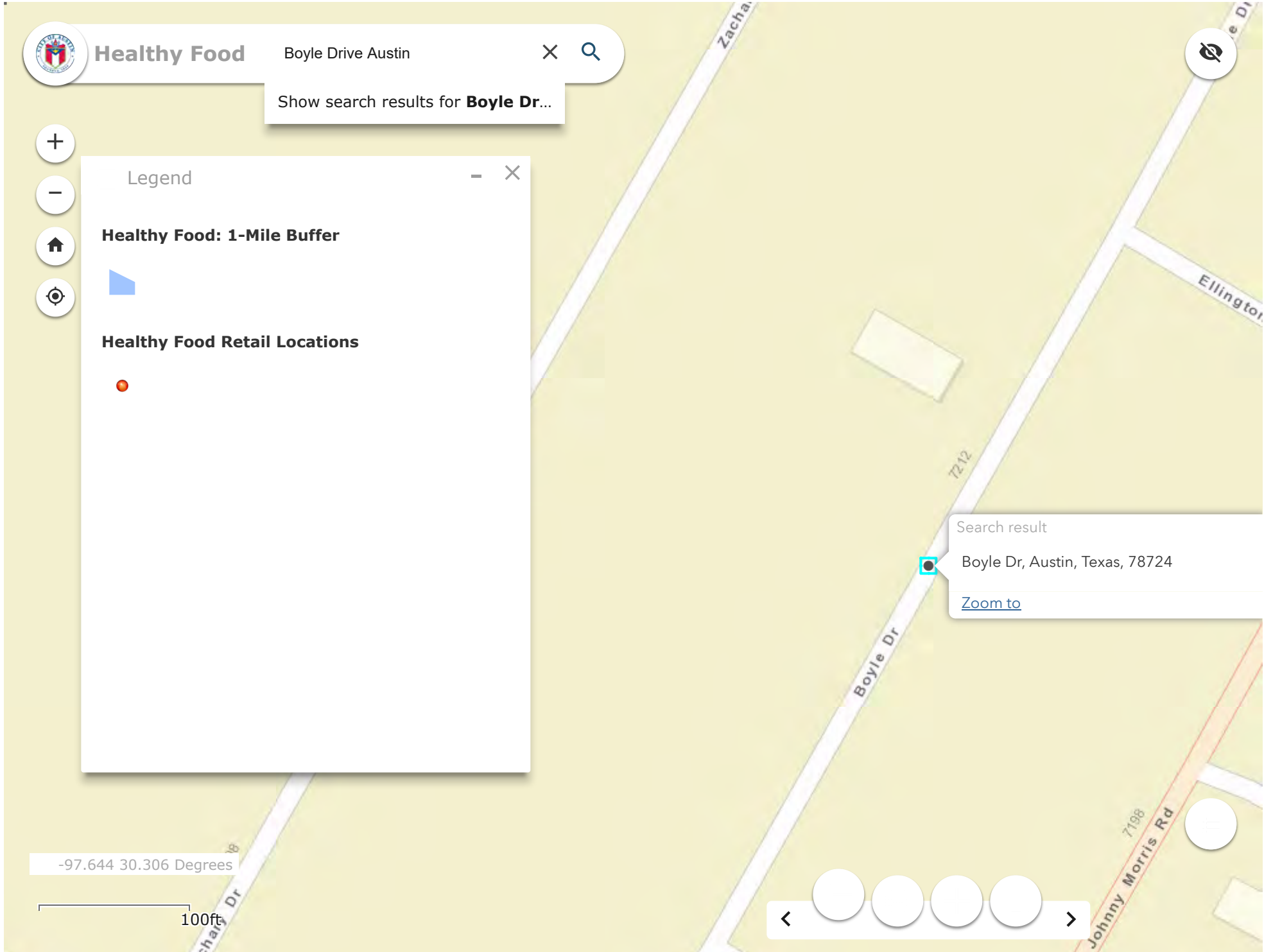
1101 HIGHWAY 360 SOUTH
BUILDING H, SUITE 100
AUSTIN, TEXAS 78746
(512)328-9302











RHDA/OHDA Application Map Series



2 Districts and Census...

3 Opportunity Values

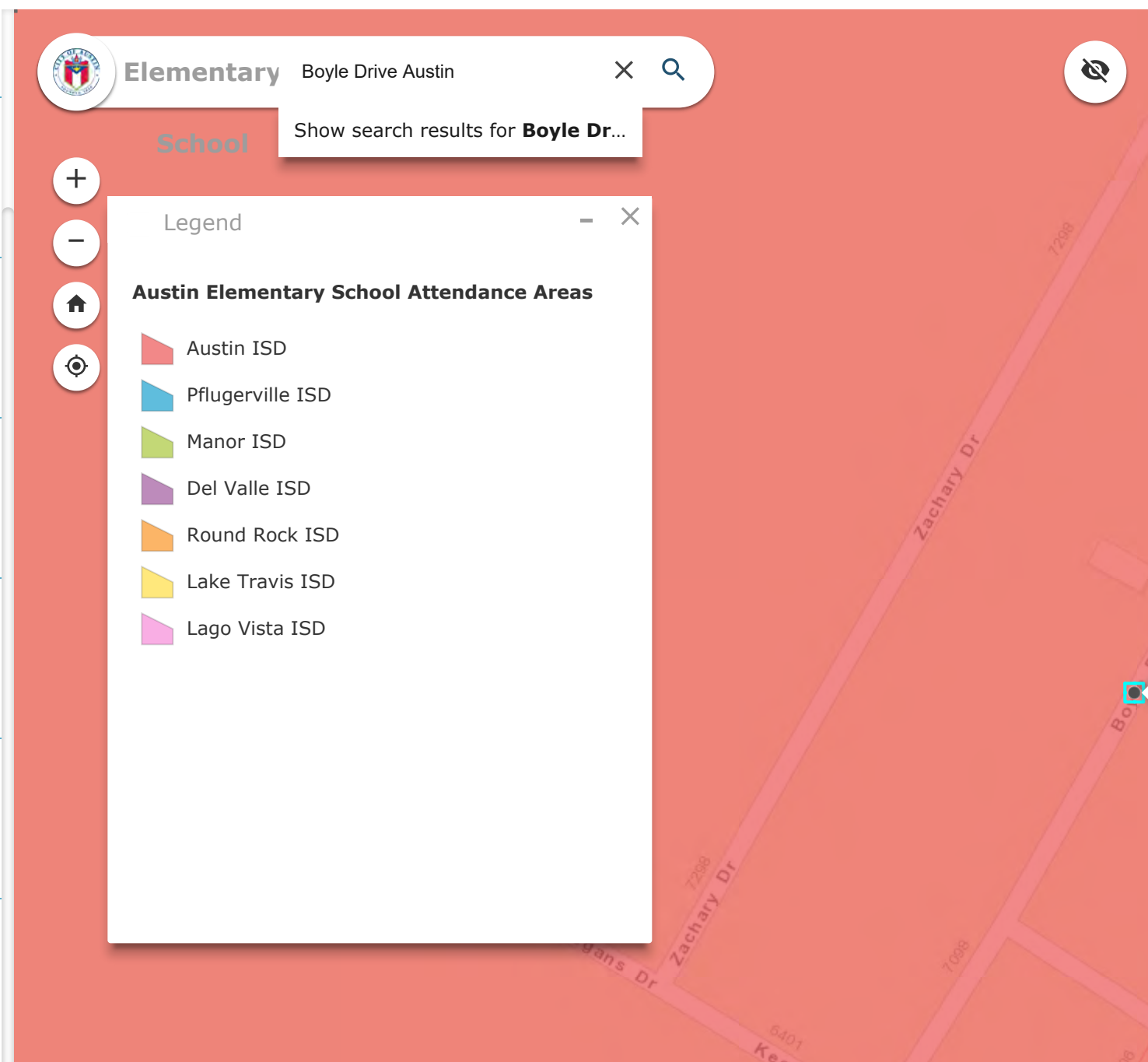
4 Gentrification Values

5 Imagine Austin Centers,...

6 Transit

7 Healthy Food

8 Elementary Schools





FloodPro

Find Floodplain Information

General Information

Address: 7204 BOYLE DR
Tax ID: 0221331008
Appraisal District: Travis

FEMA Floodplain

Flood Zone: X
Community Number: 480624
Panel Number: 48453C0470K
Effective Date: 1/6/2016
100-Year Flood Elevation: N/A
500-Year Flood Elevation: N/A

City of Austin Floodplain

25-Year Flood Elevation: N/A
100-Year Flood Elevation: N/A

[Print Floodplain Report](#)

I want to...

Tools



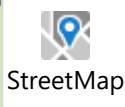
Home



Layers

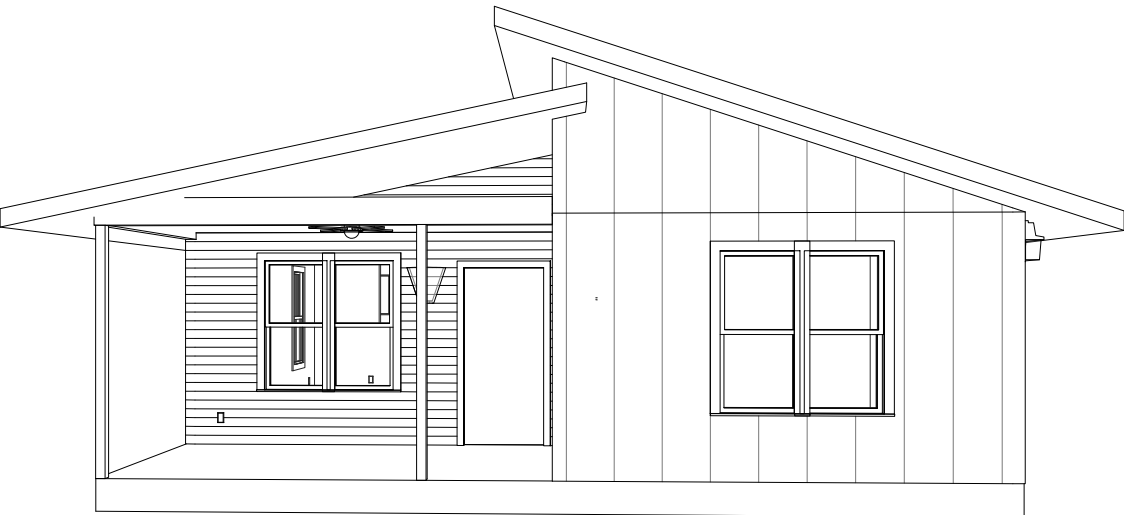
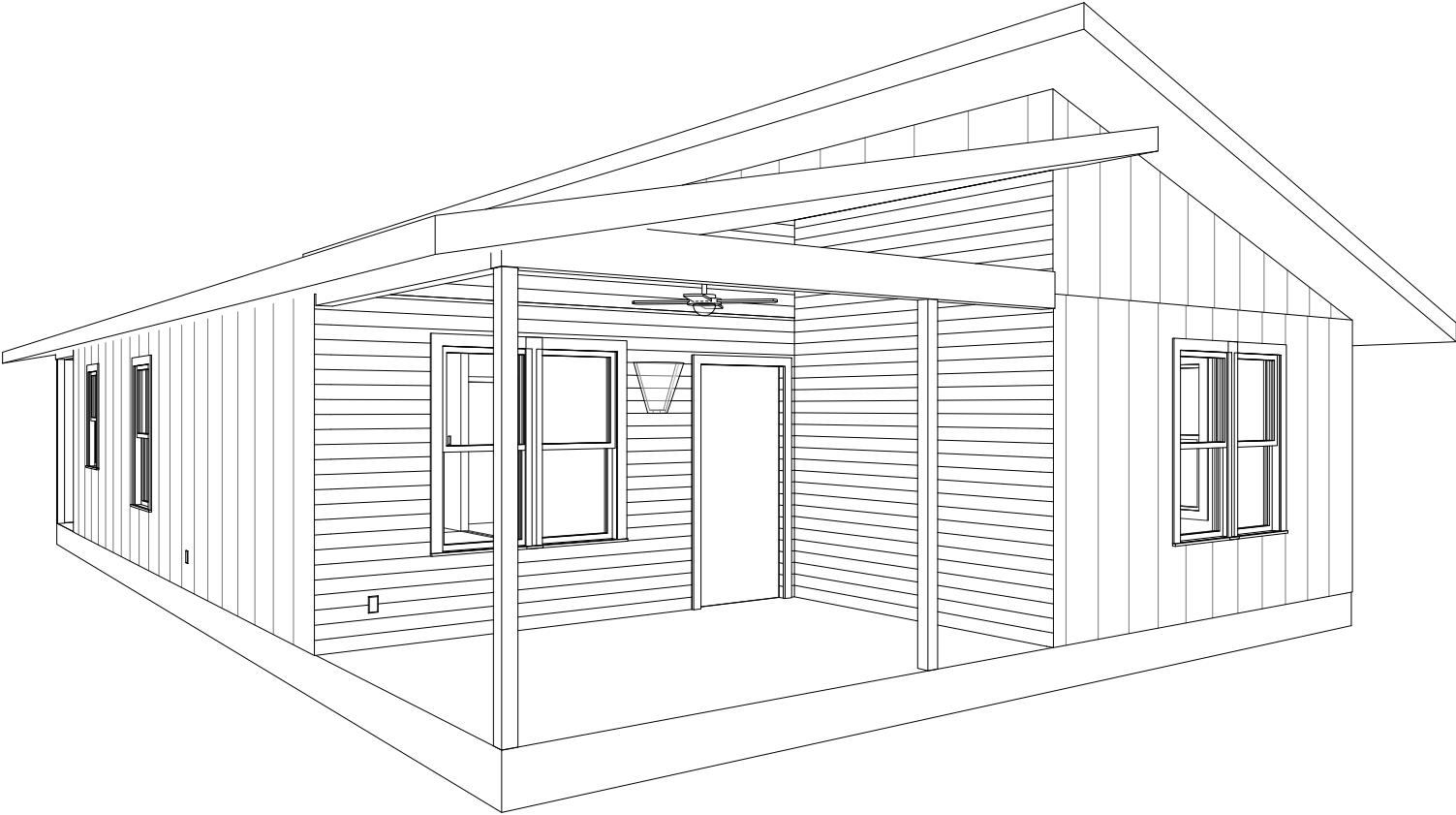


Find Floo...



StreetMap

0 200 400ft



22 SEPT 2016

Drawn by Author

Checked Checker



Images

Scale: 12" = 1'-0"

9/22/2016 11:44:29 AM

MODERN
OPTION
PLAN 1087SP

SCENIC
POINT

A7



High Performing Homes

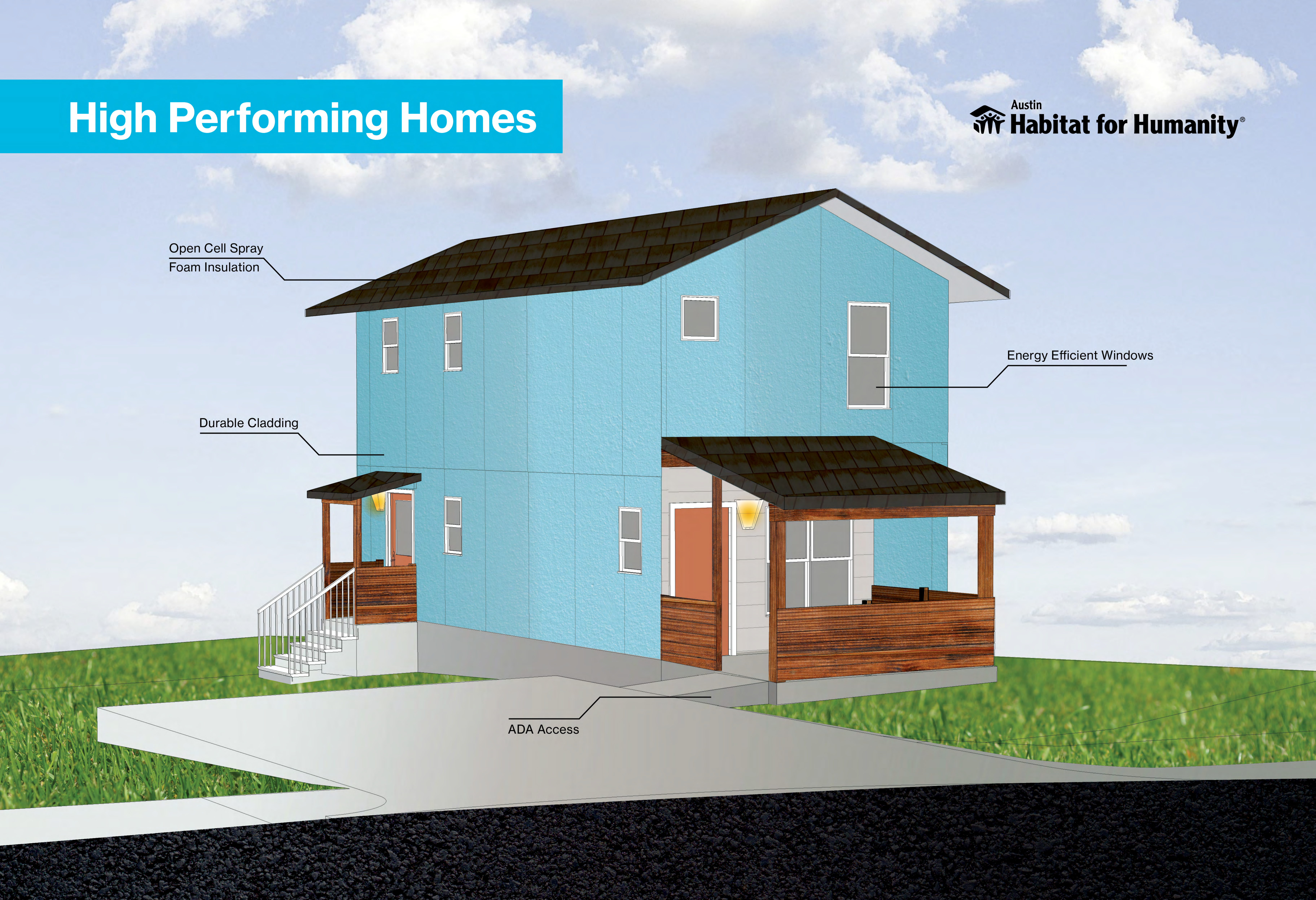


Open Cell Spray
Foam Insulation

Durable Cladding

Energy Efficient Windows

ADA Access





Special Warranty Deed, Appraisal, Tax
Documentation

Special Warranty Deed**NOTICE OF CONFIDENTIALITY RIGHTS**

15/ITC/LLM/1610260-11mD

IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Date: April 14, 2016

Grantor: JD Equity, LP, a Texas limited partnership

Grantor's Mailing Address: 805 Las Cimas, Ste. 350, Austin, TX 78746

Grantee: Austin Habitat for Humanity, Inc., a Texas non-profit corporation

Grantee's Mailing Address: 500 W. Ben White Blvd., Austin, TX 78704

Consideration: Cash and other good and valuable consideration.

Property (including any improvements):

Lots 91 through 117, inclusive, Block A, Lots 25 through 65, inclusive, and Lot 122, Block C, SCENIC POINT SUBDIVISION, PHASE TWO, according to the map or plat thereof recorded in Document No. 200200035, Official Public Records, Travis County, Texas.

Reservations from Conveyance: None

Exceptions to Conveyance and Warranty:

Liens described as part of the Consideration and any other liens described in this deed as being either assumed or subject to which title is taken; validly existing easements, rights-of-way, and prescriptive rights, whether of record or not; all presently recorded and validly existing restrictions, reservations, covenants, conditions, oil and gas leases, mineral interests outstanding in persons other than Grantor, and other instruments, other than conveyances of the surface fee estate, that affect the Property; validly existing rights of adjoining owners in any walls and fences situated on a common boundary; any discrepancies, conflicts, or shortages in area or boundary lines; any encroachments or overlapping of improvements; all rights, obligations, and other matters arising from and existing by reason of any water, utility, road, or

improvement districts which affect the Property; standby fees, taxes, and assessments by any taxing authority for the current year, which Grantee assumes and agrees to pay, and subsequent assessments for that and prior years due to change in land usage, ownership, or both, the payment of which Grantee assumes, but not subsequent assessments for that and prior years due to change in land usage, ownership, or both, the payment of which Grantor assumes.

Grantor, for the Consideration and subject to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty, grants, sells, and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Grantee and Grantee's heirs, successors, and assigns forever. Grantor binds Grantor and Grantor's heirs and successors to warrant and forever defend all and singular the Property to Grantee and Grantee's heirs, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof by or through Grantor but not otherwise, except as to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty.

When the context requires, singular nouns and pronouns include the plural.

JD Equity, LP

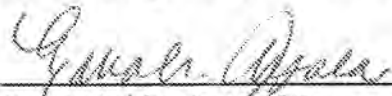
By: Serra Management, LLC, its general partner

By: 
Name: Jeffrey R. Serra
Title: President

NOTICE: This instrument was prepared by Hancock McGill & Bleau, L.L.L.P. using information provided by third parties. We have not investigated or verified information provided to us and do not warrant the validity of the information or quality of title to the real estate described above. We do not represent the parties named in this instrument. The parties should seek independent legal counsel for advice concerning the effect and consequences of this instrument.

State of Texas
County of Travis

This document was acknowledged before me on April 15, 2016 by Jeffrey R. Serra, President of Serra Management, LLC, General Partner of JD Equity, LP on behalf of the partnership.




Notary Public, State of Texas



AFTER RECORDING RETURN TO:
Independence Title Company
Attn: Carmen Moser
6010 Balcones Dr., Ste. 100
Austin, TX 78731



FILED AND RECORDED
OFFICIAL PUBLIC RECORDS


DANA DEBEAUVOIR, COUNTY CLERK
TRAVIS COUNTY, TEXAS

April 15 2016 03:18 PM

FEE: \$ 34.00 2016057377

Appraisal of Real Property

Scenic Point (AHFH)

Vacant Land
Johnny Morris Rd.
Austin, Travis County, Texas 78724

Prepared For:

Austin Habitat for Humanity

Effective Date of the Appraisal:

February 1, 2016

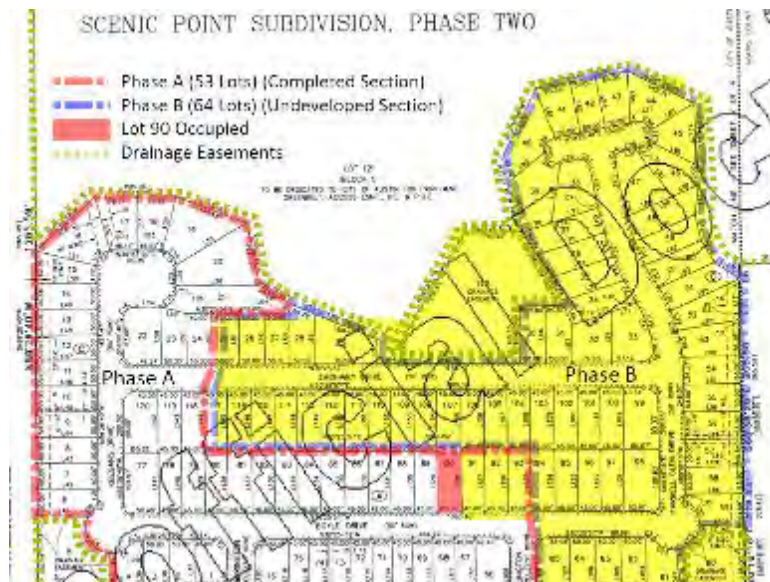
Report Format:

Appraisal Report – Standard Format

IRR - Austin

File Number: 151-2016-0062





Scenic Point (AHFH)

Johnny Morris Rd.

Austin, Texas



February 16, 2016

Andy Alarcon
Real Estate Director
Austin Habitat for Humanity
500 W. Ben White Blvd.
Austin, TX 78704

SUBJECT: Market Value Appraisal
 Scenic Point (AHFH)
 Johnny Morris Rd.
 Austin, Travis County, Texas 78724
 IRR - Austin File No. 151-2016-0062

Dear Mr. Alarcon:

Integra Realty Resources – Austin is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value of the fee simple interest in the property. The client for the assignment is Austin Habitat for Humanity, and the intended use is for internal decision making.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of Austin Habitat for Humanity. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

The subject is a parcel of vacant land containing an area of 13.629 acres, or 593,675 square feet which consists of 67 paper lots (3 of which are developed). The property is zoned SF-4A, Single-Family Residence-Small Lot, which permits moderate density single-family residential use on a lot that is a minimum of 3,600 square feet.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Value Conclusions

| Parcel | Interest Appraised | Date of Value | Value Conclusion |
|--------------|--------------------|------------------|------------------|
| Market Value | Fee Simple | February 1, 2016 | \$798,000 |

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None
-

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

Andy Alarcon
Austin Habitat for Humanity
February 16, 2016
Page 3

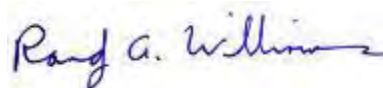
If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

INTEGRA REALTY RESOURCES - AUSTIN



Yashar R. Pirasteh
Certified General Real Estate Appraiser
Texas Certificate # TX-1380511
Telephone: 512.599.8843
Email: ypirasteh@irr.com



Randy Williams, MAI, SR/WA, FRICS
Certified General Real Estate Appraiser
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Summary of Salient Facts and Conclusions

| | |
|-------------------------------------|---|
| Property Name | Scenic Point (AHFH) |
| Address | Johnny Morris Rd. Austin, Travis County, Texas 78724 |
| Property Type | Land - Residential Subdivision |
| Owner of Record | JD Equity LP |
| Tax ID | 0221330711, 0221330712, 0221330713, 0221330714, 0221330715, 0221330716, 0221330717, 0221330718, 0221330719, 0221330720, 0221330721, 0221330722, 0221330723, 0221330724, 0221330725, 0221330726, 0221330727, 0221330728, 0221330729, 0221330730, 0221330731, 0221330732, 0221330733, 0221330734, 0221330735, 0221330736, 0221330737, 0221330738, 0221330739, 0221330740, 0221330741, 0221330742, 0221330743, 0221330744, 0221330745, 0221330746, 0221330747, 0221330749, 0221330750, 0221330751, 0221330752, 0221330753, 0221331001, 0221331002, 0221331003, 0221331004, 0221331005, 0221331006, 0221331007, 0221331008, 0221331026, 0221331027, 0221331028, 0221331029, 0221331030, 0221331031, 0221331032, 0221331033, 0221331034, 0221331035, 0221331036, 0221331037, 0221331038, 0221331039, 0221331040, 0221331041, 0221331042, 0221331043, 0221331044 |
| Land Area | 13.63 AC; 593,675 SF |
| Zoning Designation | SF-4A, Single-Family Residence-Small Lot |
| Highest and Best Use | Single-family use |
| Exposure Time; Marketing Period | 12 months; 12 months |
| Effective Date of the Appraisal | February 1, 2016 |
| Date of the Report | February 16, 2016 |
| Property Interest Appraised | Fee Simple |
| Sales Comparison Approach | |
| Number of Sales | 3 |
| Range of Sale Dates | Jan 13 to Feb 16 |
| Range of Prices per SF (Unadjusted) | \$1.13 - \$2.27 |
| Market Value Conclusion | \$798,000 (\$1.34/SF) |

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Austin Habitat for Humanity may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

General Information

Identification of Subject

The subject is a parcel of vacant land containing an area of 13.629 acres, or 593,675 square feet which consists of 67 paper lots (3 of which are developed). The property is zoned SF-4A, Single-Family Residence-Small Lot, which permits moderate density single-family residential use on a lot that is a minimum of 3,600 square feet.

| Property Identification | |
|-------------------------|--|
| Property Name | Scenic Point (AHFH) |
| Address | Johnny Morris Rd. Austin, Texas 78724 |
| Tax ID | 0221330711, 0221330712, 0221330713, 0221330714, 0221330715, 0221330716, 0221330717, 0221330718, 0221330719, 0221330720, 0221330721, 0221330722, 0221330723, 0221330724, 0221330725, 0221330726, 0221330727, 0221330728, 0221330729, 0221330730, 0221330731, 0221330732, 0221330733, 0221330734, 0221330735, 0221330736, 0221330737, 0221330738, 0221330739, 0221330740, 0221330741, 0221330742, 0221330743, 0221330744, 0221330745, 0221330746, 0221330747, 0221330749, 0221330750, 0221330751, 0221330752, 0221330753, 0221331001, 0221331002, 0221331003, 0221331004, 0221331005, 0221331006, 0221331007, 0221331008, 0221331026, 0221331027, 0221331028, 0221331029, 0221331030, 0221331031, 0221331032, 0221331033, 0221331034, 0221331035, 0221331036, 0221331037, 0221331038, 0221331039, 0221331040, 0221331041, 0221331042, 0221331043, 0221331044 |
| Owner of Record | JD Equity LP |
| Legal Description | Lots 25-65 and Lot 122 Block C, and Lots 91-117 Block A, Scenic Point Subdivision, Phase Two |

Sale History

The most recent closed sale of the subject is summarized as follows:

| | |
|-----------------------------|--------------|
| Sale Date | May 17, 2013 |
| Seller | JM 118 LP |
| Buyer | JD Equity LP |
| Sale Price | \$325,000 |
| Recording Instrument Number | 2013091437 |

Our market value conclusion differs significantly from the sale price, but we were not able to speak with the owner to discuss the circumstances of the sale. To the best of our knowledge, no other sale

or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

Pending Transactions

To the best of our knowledge, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date. However, the subject land may be donated to the Austin Habitat for Humanity.

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value of the fee simple interest in the property as of the effective date of the appraisal, February 1, 2016. The date of the report is February 16, 2016. The appraisal is valid only as of the stated effective date or dates.

Definition of Market Value

Market value is defined as:

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Definition of As Is Market Value

As is market value is defined as, “The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal’s effective date.”

(Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77471)

Definition of Property Rights Appraised

Fee simple estate is defined as, “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

(Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010)

Intended Use and User

The intended use of the appraisal is for internal decision making. The client and intended user is Austin Habitat for Humanity. The appraisal is not intended for any other use or user. No party or parties other than Austin Habitat for Humanity may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised June 7, 1994;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;
- Appraisal guidelines of Austin Habitat for Humanity.

Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

| Approaches to Value | | |
|--------------------------------|--------------------------|-------------------|
| Approach | Applicability to Subject | Use in Assignment |
| Cost Approach | Not Applicable | Not Utilized |
| Sales Comparison Approach | Applicable | Utilized |
| Income Capitalization Approach | Not Applicable | Not Utilized |

We use only the sales comparison approach in developing an opinion of value for the subject. This approach is applicable to the subject because there is an active market for similar properties, and sufficient sales data is available for analysis.

The cost approach is not applicable because there are no improvements that contribute value to the property, and the income approach is not applicable because the subject is not likely to generate rental income in its current state.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

Yashar R. Pirasteh conducted an on-site inspection of the property on February 1, 2016. Randy Williams, MAI, SR/WA, FRICS, did not inspect the subject site.

Economic Analysis

Austin MSA Area Analysis

The subject is located in the Austin-Round Rock, TX Metropolitan Statistical Area, hereinafter called the Austin MSA, as defined by the U.S. Office of Management and Budget. The Austin MSA is 4,220 square miles in size, and ranks 35 in population out of the nation's 381 metropolitan statistical areas.

Population

The Austin MSA has an estimated 2015 population of 1,927,989, which represents an average annual 2.4% increase over the 2010 census of 1,716,289. The Austin MSA added an average of 42,340 residents per year over the 2010-2015 period, and its annual growth rate exceeded the State of Texas rate of 1.5%.

Looking forward, the Austin MSA's population is projected to increase at a 1.8% annual rate from 2015-2020, equivalent to the addition of an average of 35,855 residents per year. The Austin MSA's growth rate is expected to exceed that of Texas, which is projected to be 1.3%.

| Population Trends | | | | | |
|-------------------|-------------|-------------|-------------|----------------------|-------------|
| | Population | | | Compound Ann. % Chng | |
| | 2010 Census | 2015 Est. | 2020 Est. | 2010 - 2015 | 2015 - 2020 |
| Austin MSA | 1,716,289 | 1,927,989 | 2,107,262 | 2.4% | 1.8% |
| Texas | 25,145,561 | 27,037,673 | 28,850,401 | 1.5% | 1.3% |
| US | 308,745,538 | 319,459,991 | 330,689,365 | 0.7% | 0.7% |

Source: The Nielsen Company

Employment

Total employment in the Austin MSA is currently estimated at 928,800 jobs. Between year-end 2004 and the present, employment rose by 239,800 jobs, equivalent to a 34.8% increase over the entire period. There were gains in employment in nine out of the past ten years despite the national economic downturn and slow recovery. The Austin MSA's rate of employment growth over the last decade surpassed that of Texas, which experienced an increase in employment of 22.3% or 2,156,300 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Austin MSA unemployment rate has been consistently lower than that of Texas, with an average unemployment rate of 5.2% in comparison to a 6.1% rate for Texas. A lower unemployment rate is a positive indicator.

| Employment Trends | | | | | | |
|---------------------------|-----------------------------|----------|------------|----------|-------------------------------|-------|
| Year | Total Employment (Year End) | | | | Unemployment Rate (Ann. Avg.) | |
| | Austin MSA | % Change | Texas | % Change | Austin MSA | Texas |
| 2004 | 689,000 | | 9,655,400 | | 5.0% | 5.9% |
| 2005 | 714,800 | 3.7% | 9,965,600 | 3.2% | 4.6% | 5.4% |
| 2006 | 757,400 | 6.0% | 10,296,400 | 3.3% | 4.1% | 4.9% |
| 2007 | 783,300 | 3.4% | 10,617,400 | 3.1% | 3.6% | 4.3% |
| 2008 | 789,200 | 0.8% | 10,670,700 | 0.5% | 4.3% | 4.8% |
| 2009 | 770,800 | -2.3% | 10,297,500 | -3.5% | 6.9% | 7.6% |
| 2010 | 795,600 | 3.2% | 10,514,000 | 2.1% | 7.0% | 8.2% |
| 2011 | 822,500 | 3.4% | 10,752,200 | 2.3% | 6.6% | 7.7% |
| 2012 | 862,600 | 4.9% | 11,125,700 | 3.5% | 5.7% | 6.7% |
| 2013 | 900,700 | 4.4% | 11,427,800 | 2.7% | 5.1% | 6.2% |
| 2014 | 928,800 | 3.1% | 11,811,700 | 3.4% | 4.2% | 5.1% |
| Overall Change 2004-2014 | 239,800 | 34.8% | 2,156,300 | 22.3% | | |
| Avg Unemp. Rate 2004-2014 | | | | | 5.2% | 6.1% |

Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Current Employment Survey (CES). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Major employers in the Austin MSA are shown in the following table.

| Major Employers - Austin MSA | | | |
|-------------------------------------|---------------------|---|----------------------------|
| Name | Number of Employees | Description | Year Established in Austin |
| 1 State of Texas | 70,074 | Government | 1835 |
| 2 University of Texas | 24,183 | Education | 1883 |
| 3 Dell, Inc. | 13,000 | Information technology, computers, software | 1984 |
| 4 Austin ISD | 12,053 | Education | 1881 |
| 5 City of Austin | 12,000 | Government | 1835 |
| 6 Seton Healthcare Family | 10,945 | Health care services | 1902 |
| 7 St. David's Healthcare | 8,369 | Health care services | 1996 |
| 8 IBM Corp. | 6,000 | Information technology, hardware/software, microelectronics | 1967 |
| 9 Wal-Mart Stores Inc. | 5,700 | Discount retailer with 19 stores in the Austin area | 1979 |
| 10 Freescale Semiconductor Ltd. | 5,000 | Semiconductor design and manufacture | 1974 |
| 11 Apple Inc. | 4,091 | Mobile communication and media devices, computers | 2004 |
| 12 Austin Community College | 2,800 | Education | 1973 |
| 13 AT&T Inc. | 2,800 | Communication services | 1881 |
| 14 Whole Foods Market Inc. | 2,530 | Retail grocery | 1980 |
| 15 Samsung Austin Semiconductor LLC | 2,517 | Manufactures components for digital devices | 1996 |

Source: Austin Business Journal 2015-16 Book of Lists

Gross Domestic Product

The Austin MSA ranks 32 in Gross Domestic Product (GDP) out of the nation's 381 metropolitan statistical areas.

Economic growth, as measured by annual changes in GDP, has been somewhat higher in the Austin MSA than Texas overall during the past eight years. The Austin MSA has grown at a 3.4% average annual rate while Texas has grown at a 3.1% rate. As the national economy improves, the Austin MSA has recently underperformed Texas. GDP for the Austin MSA rose by 2.2% in 2013 while Texas's GDP rose by 3.7%.

The Austin MSA has a per capita GDP of \$52,110, which is approximately the same as Texas's GDP of \$52,465.

| Gross Domestic Product | | | | |
|-------------------------------|------------------------|----------|-------------------|----------|
| Year | (\$ Mil) Austin MSA | % Change | (\$ Mil) Texas | % Change |
| 2006 | 77,718 | | 1,118,318 | |
| 2007 | 79,713 | 2.6% | 1,165,041 | 4.2% |
| 2008 | 83,520 | 4.8% | 1,173,481 | 0.7% |
| 2009 | 81,743 | -2.1% | 1,167,233 | -0.5% |
| 2010 | 86,546 | 5.9% | 1,201,992 | 3.0% |
| 2011 | 90,380 | 4.4% | 1,252,007 | 4.2% |
| 2012 | 96,035 | 6.3% | 1,338,578 | 6.9% |
| 2013 | 98,126 | 2.2% | 1,387,598 | 3.7% |
| Compound % Chg (2006-2013) | | 3.4% | | 3.1% |
| GDP Per Capita 2013 | \$52,110 | | \$52,465 | |

Source: Bureau of Economic Analysis and Economy.com; data released September 2015. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2009 dollars.

Income, Education and Age

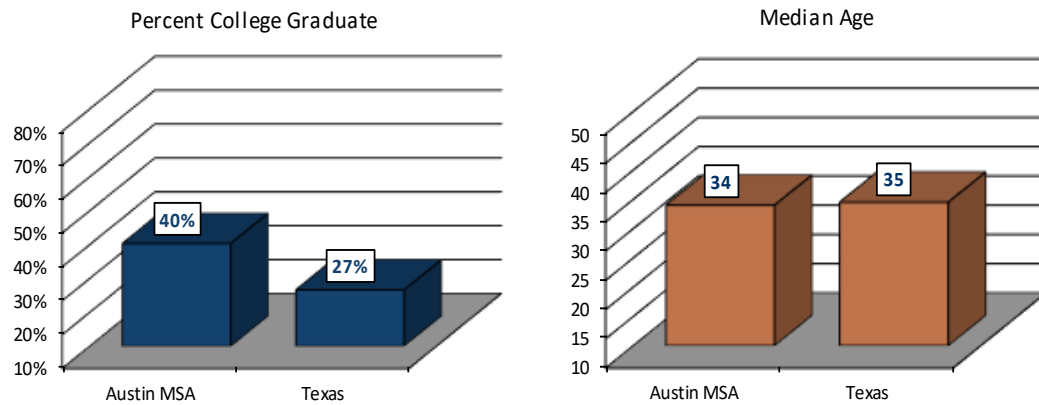
The Austin MSA is more affluent than Texas. Median household income for the Austin MSA is \$61,610, which is 16.2% greater than the corresponding figure for Texas.

| Median Household Income - 2015 | |
|---------------------------------------|----------|
| | Median |
| Austin MSA | \$61,610 |
| Texas | \$53,037 |
| Comparison of Austin MSA to Texas | + 16.2% |

Source: The Nielsen Company

Residents of the Austin MSA have a higher level of educational attainment than those of Texas. An estimated 40% of Austin MSA residents are college graduates with four-year degrees, versus 27% of Texas residents. People in the Austin MSA are slightly younger than their Texas counterparts. The median age for the Austin MSA is 34 years, while the median age for Texas is 35 years.

Education & Age - 2015

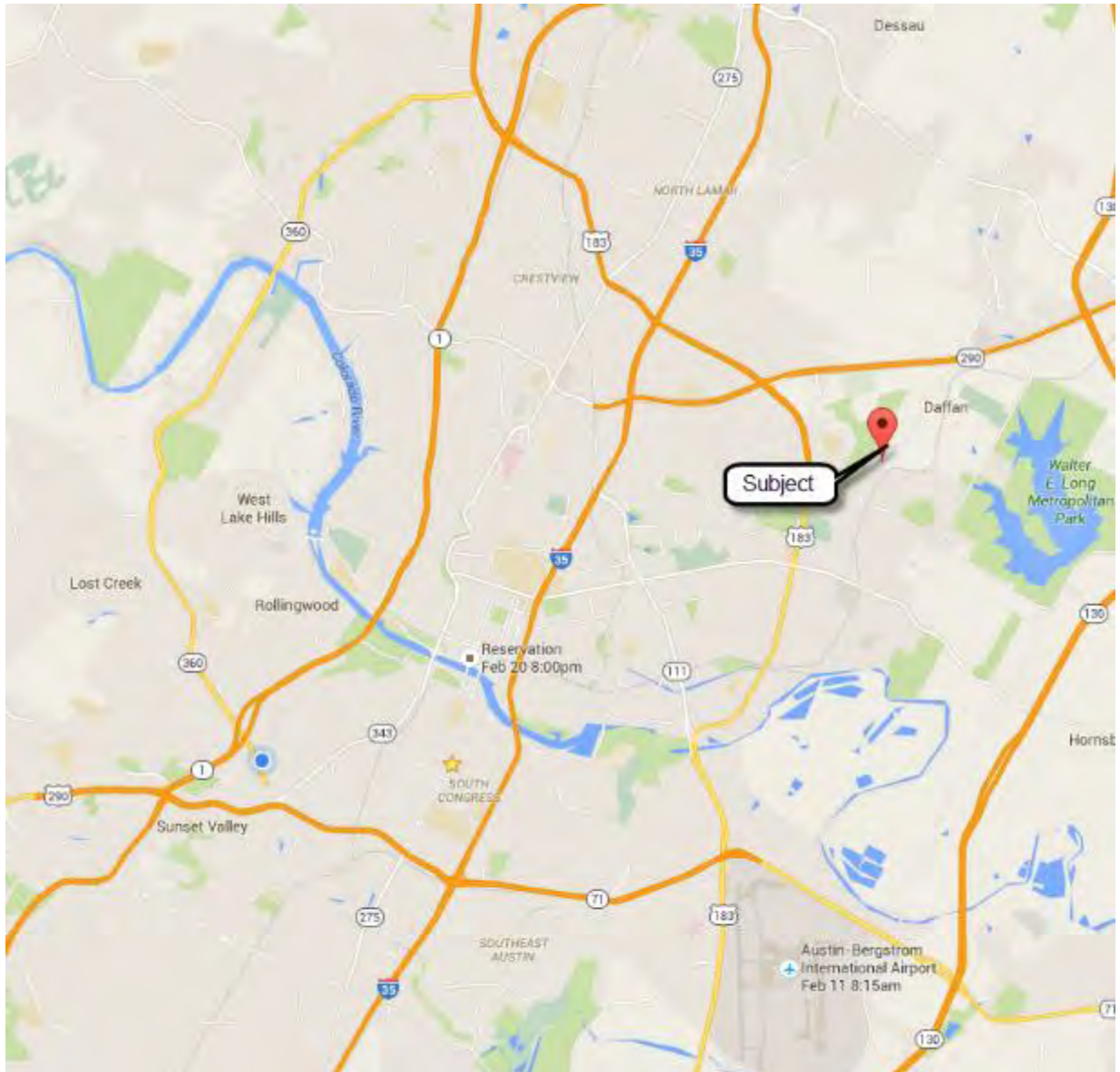


Source: The Nielsen Company

Conclusion

The Austin MSA economy will benefit from a growing population base and higher income and education levels. The Austin MSA experienced growth in the number of jobs and has maintained a consistently lower unemployment rate than Texas over the past decade. Moreover, the Austin MSA exhibits a higher rate of GDP growth than Texas overall. We anticipate that the Austin MSA economy will grow, strengthening the demand for real estate.

Area Map



Surrounding Area Analysis

Location

The subject is located in the northeastern area of Austin.

Access and Linkages

Primary highway access to the area is via US 183. Public transportation is provided by the Capital Metropolitan Transportation Authority and provides access throughout Austin. Overall, the primary mode of transportation in the area is the automobile.

Demand Generators

Major employers include:

| Major Employers - Austin MSA | | | |
|------------------------------|----------------------------------|---------------------|---|
| | Name | Number of Employees | Description |
| 1 | State of Texas | 70,074 | Government |
| 2 | University of Texas | 24,183 | Education |
| 3 | Dell, Inc. | 13,000 | Information technology, computers, software |
| 4 | Austin ISD | 12,053 | Education |
| 5 | City of Austin | 12,000 | Government |
| 6 | Seton Healthcare Family | 10,945 | Health care services |
| 7 | St. David's Healthcare | 8,369 | Health care services |
| 8 | IBM Corp. | 6,000 | Information technology, hardware/software, microelectronics |
| 9 | Wal-Mart Stores Inc. | 5,700 | Discount retailer with 19 stores in the Austin area |
| 10 | Freescale Semiconductor Ltd. | 5,000 | Semiconductor design and manufacture |
| 11 | Apple Inc. | 4,091 | Mobile communication and media devices, computers |
| 12 | Austin Community College | 2,800 | Education |
| 13 | AT&T Inc. | 2,800 | Communication services |
| 14 | Whole Foods Market Inc. | 2,530 | Retail grocery |
| 15 | Samsung Austin Semiconductor LLC | 2,517 | Manufactures components for digital devices |

Source: Austin Business Journal 2015-16 Book of Lists

Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

| Surrounding Area Demographics | | | | | | |
|--------------------------------------|---------------|---------------|---------------|------------|------------|-------------|
| 2015 Estimates | 1-Mile Radius | 3-Mile Radius | 5-Mile Radius | Austin MSA | Texas | US |
| Population 2010 | 6,278 | 48,985 | 144,925 | 1,716,289 | 25,145,561 | 308,745,538 |
| Population 2015 | 7,126 | 54,184 | 162,081 | 1,927,989 | 27,037,673 | 319,459,991 |
| Population 2020 | 7,814 | 58,304 | 174,939 | 2,107,262 | 28,850,401 | 330,689,365 |
| Compound % Change 2010-2015 | 2.6% | 2.0% | 2.3% | 2.4% | 1.5% | 0.7% |
| Compound % Change 2015-2020 | 1.9% | 1.5% | 1.5% | 1.8% | 1.3% | 0.7% |
| Households 2010 | 1,708 | 16,190 | 53,168 | 650,459 | 8,922,933 | 116,716,292 |
| Households 2015 | 1,888 | 17,950 | 60,254 | 733,239 | 9,600,635 | 121,099,157 |
| Households 2020 | 2,064 | 19,369 | 65,472 | 803,391 | 10,257,146 | 125,616,498 |
| Compound % Change 2010-2015 | 2.0% | 2.1% | 2.5% | 2.4% | 1.5% | 0.7% |
| Compound % Change 2015-2020 | 1.8% | 1.5% | 1.7% | 1.8% | 1.3% | 0.7% |
| Median Household Income 2015 | \$43,964 | \$44,012 | \$43,621 | \$61,610 | \$53,037 | \$53,706 |
| Average Household Size | 3.8 | 2.9 | 2.7 | 2.6 | 2.8 | 2.6 |
| College Graduate % | 14% | 21% | 30% | 40% | 27% | 29% |
| Median Age | 29 | 32 | 32 | 34 | 35 | 38 |
| Owner Occupied % | 57% | 48% | 41% | 59% | 64% | 65% |
| Renter Occupied % | 43% | 52% | 59% | 41% | 36% | 35% |
| Median Owner Occupied Housing Value | \$113,882 | \$166,050 | \$196,672 | \$223,155 | \$144,804 | \$191,227 |
| Median Year Structure Built | 1993 | 1982 | 1980 | 1994 | 1986 | 1977 |
| Avg. Travel Time to Work in Min. | 32 | 29 | 26 | 28 | 28 | 28 |
| Source: The Nielsen Company | | | | | | |

As shown above, the current population within a 3-mile radius of the subject is 54,184, and the average household size is 2.9. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to the Austin MSA overall, the population within a 3-mile radius is projected to grow at a slower rate.

Median household income is \$44,012, which is lower than the household income for the Austin MSA. Residents within a 3-mile radius have a considerably lower level of educational attainment than those of the Austin MSA, while median owner occupied home values are considerably lower.

Land Use

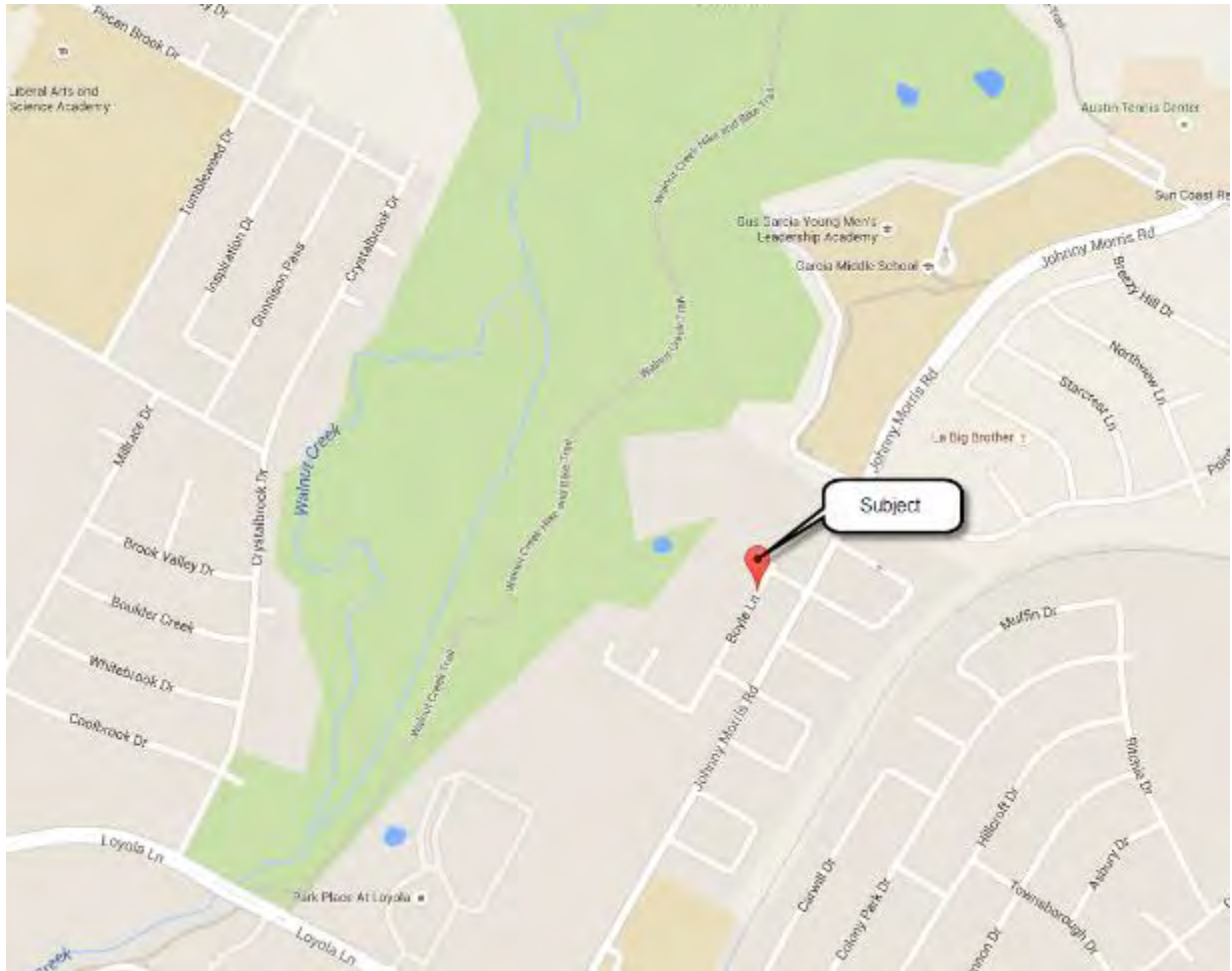
The area is suburban in character and approximately 75% developed.

Predominant land uses are residential. During the last five years, development has been predominantly of residential uses. The pace of development has generally accelerated over this time.

Outlook and Conclusions

The area is in the growth stage of its life cycle. We anticipate that property values will increase in the near future.

Surrounding Area Map



Single Family Market Analysis

Metro Area Overview

A market study is a macroeconomic analysis that examines the general market conditions of supply, demand, and pricing or the demographics of demand for a specific area or property type. A market study may also include analyses of construction and absorption trends. In order to gain perspective into the price levels, competition and rate of sales in the local market, we have evaluated a variety of supply and demand characteristics. We are providing a general definition of the market and an overview of demand and supply characteristics.

Economic Overview – State and Regional

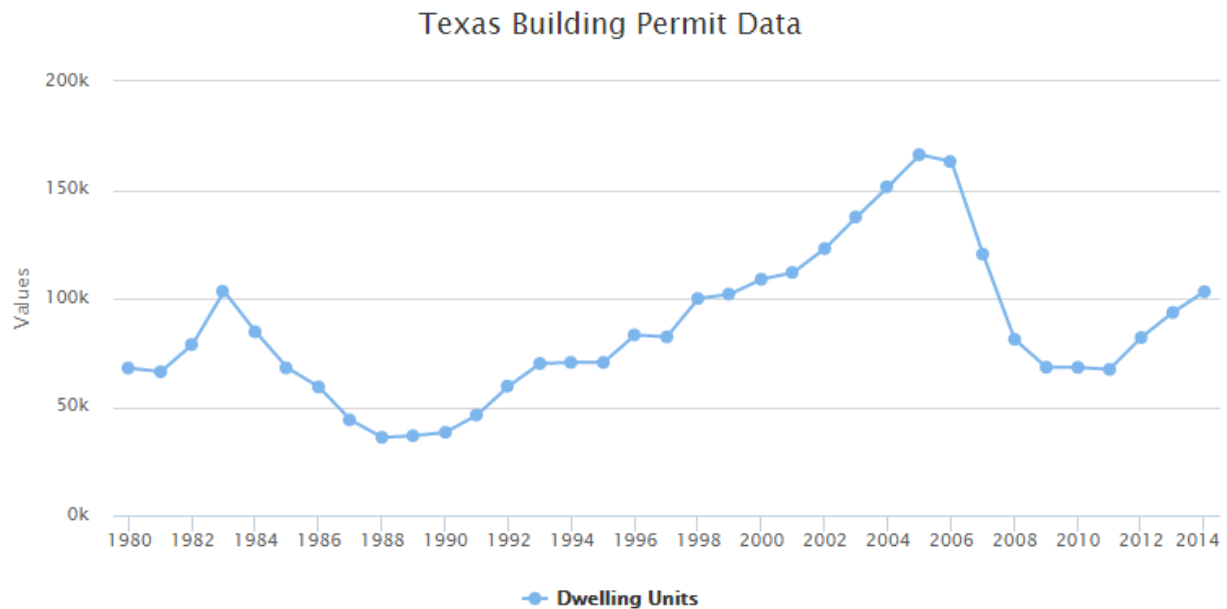
Single Family Permit History

Texas

| Year | Units | Change | Avg Value | Change |
|------|---------|--------|-----------|--------|
| 2000 | 108,782 | | \$127,100 | |
| 2001 | 111,915 | 3% | \$124,700 | -2% |
| 2002 | 122,913 | 10% | \$126,400 | 1% |
| 2003 | 137,493 | 12% | \$128,800 | 2% |
| 2004 | 151,384 | 10% | \$137,600 | 7% |
| 2005 | 166,203 | 10% | \$144,300 | 5% |
| 2006 | 163,032 | -2% | \$155,100 | 7% |
| 2007 | 120,366 | -26% | \$169,000 | 9% |
| 2008 | 81,107 | -33% | \$174,100 | 3% |
| 2009 | 68,230 | -16% | \$167,900 | -4% |
| 2010 | 68,170 | 0% | \$179,200 | 7% |
| 2011 | 67,254 | -1% | \$191,100 | 7% |
| 2012 | 81,926 | 22% | \$192,300 | 1% |
| 2013 | 93,478 | 14% | \$197,500 | 3% |
| 2014 | 103,045 | 10% | \$208,900 | 6% |
| 2015 | 93,188 | | \$217,809 | 4% |

**2015 data through November*

Source: U.S. Bureau of Census and Real Estate Center at Texas A&M

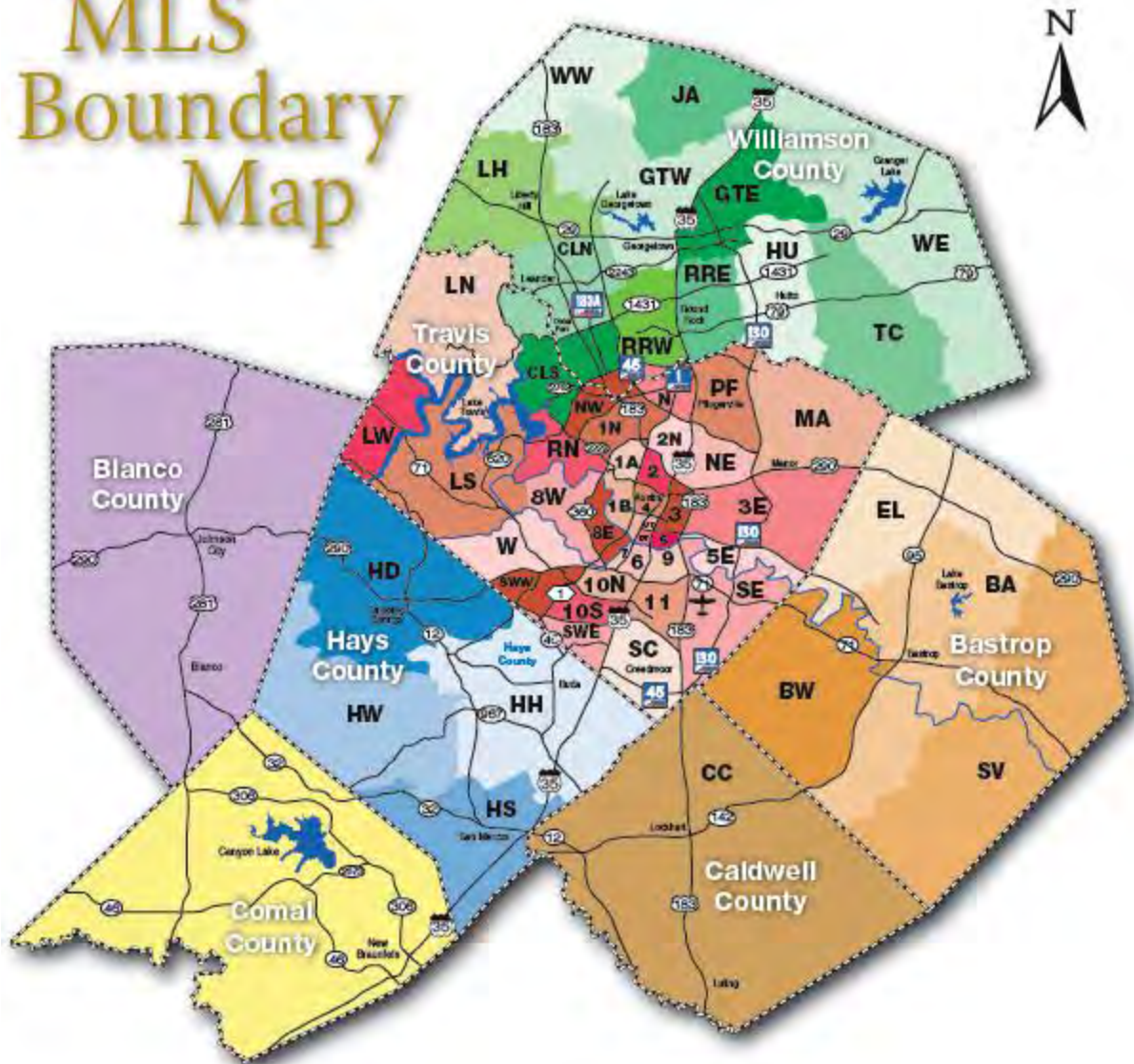


As shown in the previous tables there has been a consistent annual increase in the number of new single family building permits issued from 2011 to 2014, and the trend is expected to continue based on 2015 annualized figures.

Market Delineation

Market area identification serves to identify demand and where existing and potential competition is located. The delineation of the market begins with an examination of the site and proposed development and a general indication of what demographic and geographic area it will serve. The subject is located in the Austin MSA. The Austin area is further delineated into subsections defined by the Austin Board of Realtors Multiple Listing Service (MLS). The subject is located in Area 3E and is projected to compete primarily with projects within its MLS area as well as adjacent areas. A map of the MLS boundary delineations is shown next.

MLS Boundary Map



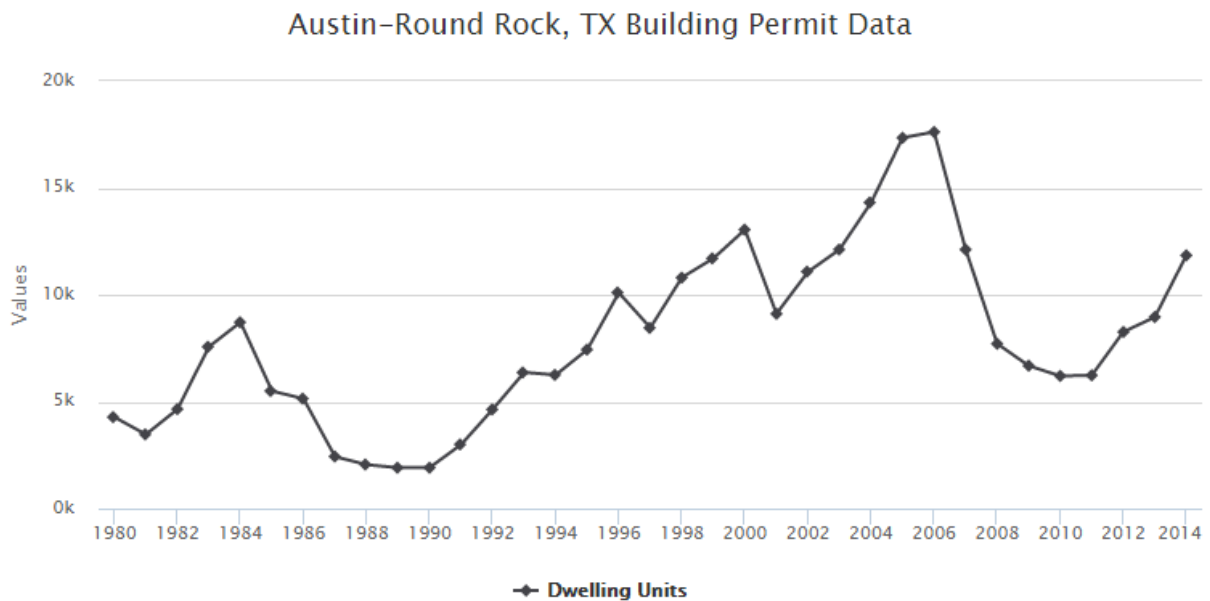
Building and Sales Activity

Single family permit trends for the Austin MSA are shown next.

| Single Family Permit History | | | | |
|------------------------------|--------|--------|-----------|--------|
| Austin MSA | | | | |
| Year | Units | Change | Avg Value | Change |
| 2000 | 13,045 | | \$127,500 | |
| 2001 | 9,115 | -30% | \$126,300 | -1% |
| 2002 | 11,072 | 21% | \$132,400 | 5% |
| 2003 | 12,116 | 9% | \$118,400 | -11% |
| 2004 | 14,309 | 18% | \$127,600 | 8% |
| 2005 | 17,346 | 21% | \$142,700 | 12% |
| 2006 | 17,615 | 2% | \$144,900 | 2% |
| 2007 | 12,120 | -31% | \$170,600 | 18% |
| 2008 | 7,710 | -36% | \$174,000 | 2% |
| 2009 | 6,678 | -13% | \$161,400 | -7% |
| 2010 | 6,200 | -7% | \$172,500 | 7% |
| 2011 | 6,231 | 1% | \$179,300 | 4% |
| 2012 | 8,261 | 33% | \$179,800 | 0% |
| 2013 | 8,954 | 8% | \$206,900 | 15% |
| 2014 | 11,842 | 32% | \$223,000 | 8% |
| 2015 | 10,705 | | \$228,773 | 3% |

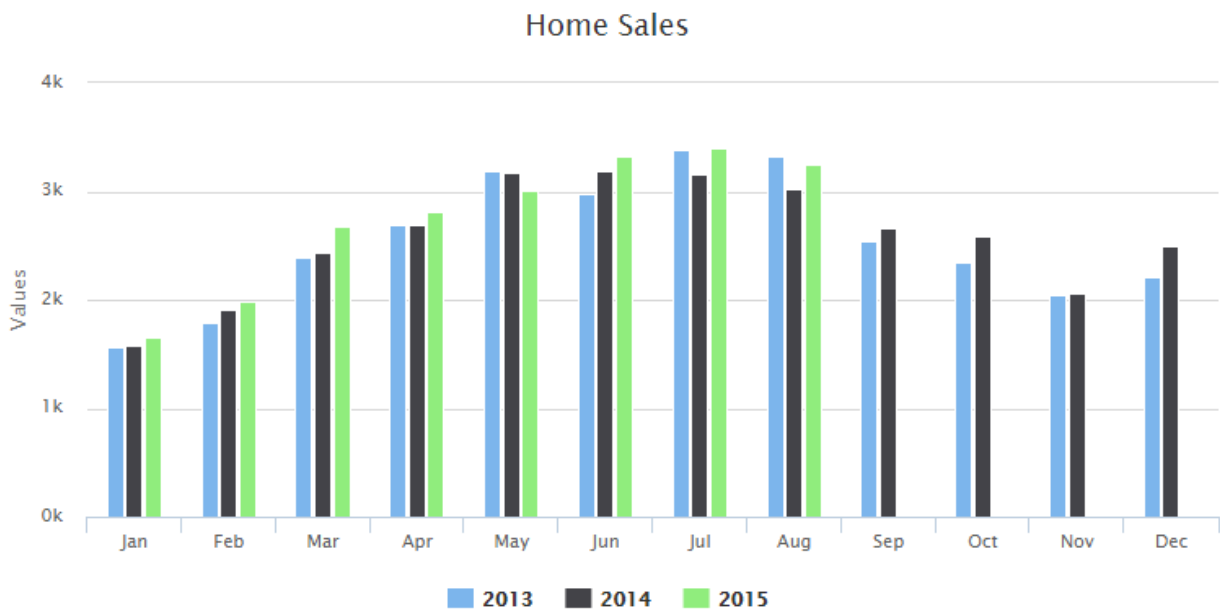
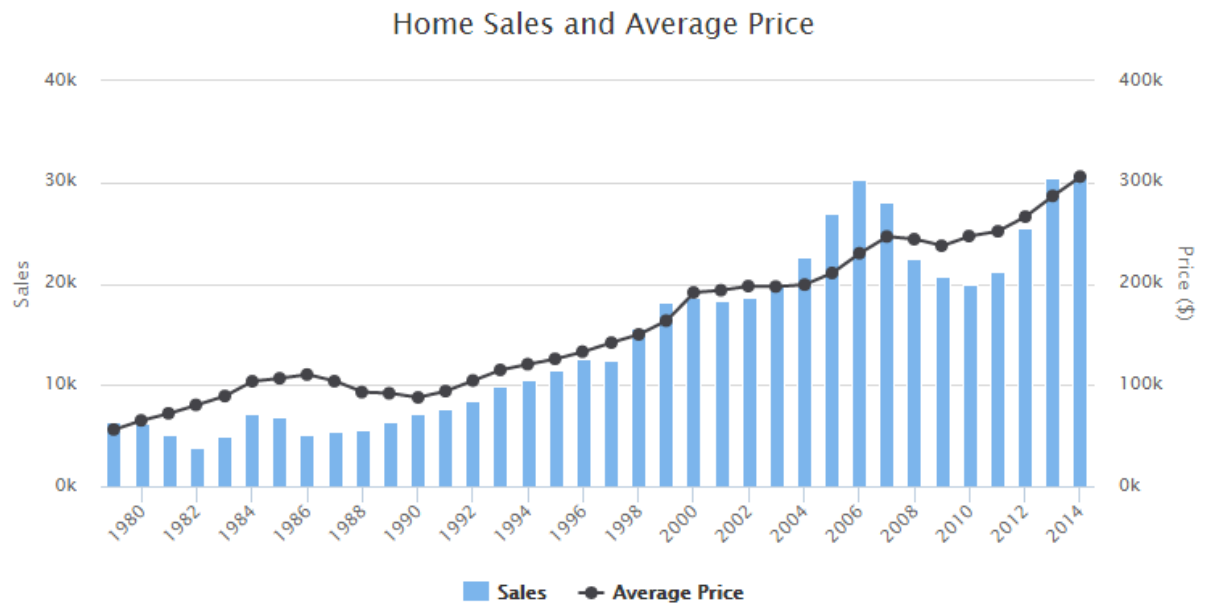
*2015 data through November

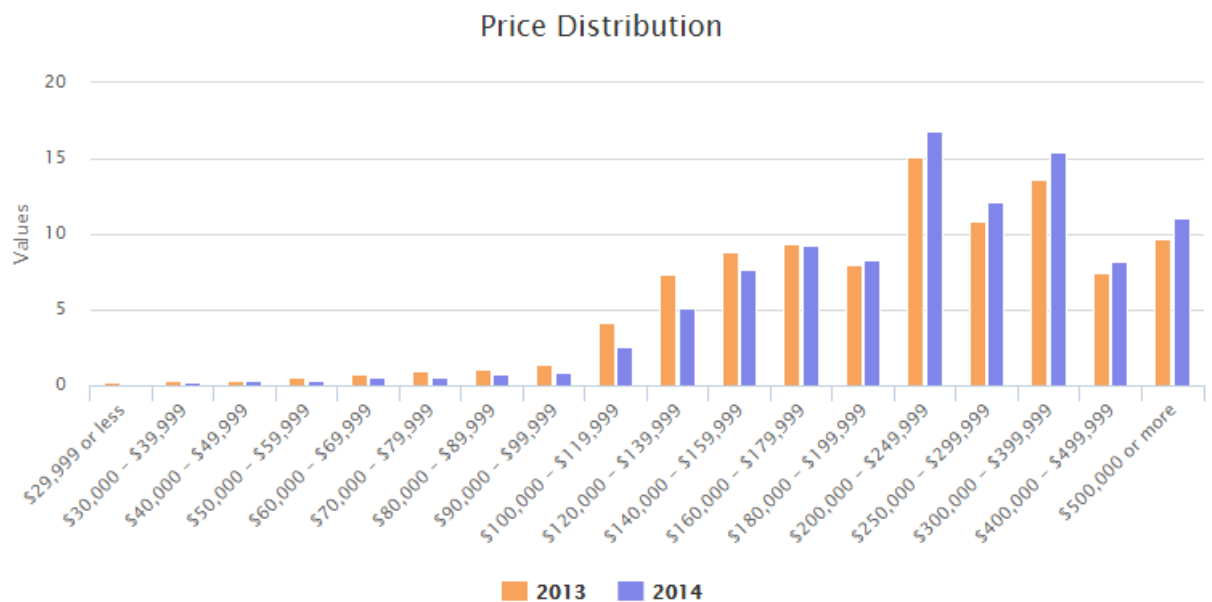
Source: U.S. Bureau of Census and Real Estate Center at Texas A&M



In the Austin metropolitan market, which includes the subject, a 24 year history of sales and dollar volume along with pricing trends is shown next.

| Austin Residential Change History | | | | | | | | |
|--|--------|---------------|---------------|----------------|--------------|---------------|----------------|--------------------------|
| Year | Volume | Volume Change | Average Price | Average Change | Median Price | Median Change | Total Listings | Average Months Inventory |
| 1990 | 7,159 | | \$87,600 | | \$73,000 | | 5,071 | 9.1 |
| 1991 | 7,581 | 6% | \$93,800 | 7.1% | \$76,400 | 4.7% | 4,209 | 6.8 |
| 1992 | 8,503 | 12% | \$104,300 | 11.2% | \$83,700 | 9.6% | 3,676 | 5.6 |
| 1993 | 9,926 | 17% | \$114,800 | 10.1% | \$91,600 | 9.4% | 3,516 | 4.6 |
| 1994 | 10,571 | 6% | \$120,400 | 4.9% | \$96,000 | 4.8% | 4,302 | 4.9 |
| 1995 | 11,459 | 8% | \$125,700 | 4.4% | \$100,500 | 4.7% | 4,436 | 4.9 |
| 1996 | 12,597 | 10% | \$132,800 | 5.6% | \$108,700 | 8.2% | 5,787 | 5.6 |
| 1997 | 12,439 | -1% | \$141,700 | 6.7% | \$112,600 | 3.6% | 6,005 | 6.0 |
| 1998 | 15,583 | 25% | \$149,800 | 5.7% | \$117,900 | 4.7% | 4,976 | 4.2 |
| 1999 | 18,135 | 16% | \$163,400 | 9.1% | \$126,600 | 7.4% | 3,948 | 2.8 |
| 2000 | 18,621 | 3% | \$191,200 | 17.0% | \$144,500 | 14.1% | 3,658 | 2.4 |
| 2001 | 18,392 | -1% | \$193,400 | 1.2% | \$150,600 | 4.2% | 7,164 | 4.7 |
| 2002 | 18,716 | 2% | \$197,500 | 2.1% | \$154,500 | 2.6% | 8,831 | 5.6 |
| 2003 | 19,793 | 6% | \$197,000 | -0.3% | \$154,800 | 0.2% | 10,340 | 6.6 |
| 2004 | 22,567 | 14% | \$198,900 | 1.0% | \$154,100 | -0.5% | 10,394 | 5.9 |
| 2005 | 26,905 | 19% | \$210,400 | 5.8% | \$161,300 | 4.7% | 8,965 | 4.3 |
| 2006 | 30,284 | 13% | \$229,900 | 9.3% | \$172,200 | 6.8% | 8,695 | 3.6 |
| 2007 | 28,048 | -7% | \$246,400 | 7.2% | \$184,200 | 7.0% | 9,833 | 4.0 |
| 2008 | 22,440 | -20% | \$243,800 | -1.1% | \$188,200 | 2.2% | 11,585 | 5.5 |
| 2009 | 20,747 | -8% | \$237,300 | -2.7% | \$186,000 | -1.2% | 10,803 | 6.4 |
| 2010 | 19,872 | -4% | \$246,900 | 4.0% | \$189,400 | 1.8% | 11,579 | 6.6 |
| 2011 | 21,208 | 7% | \$251,600 | 1.9% | \$190,800 | 0.7% | 9,734 | 5.8 |
| 2012 | 25,521 | 20% | \$266,000 | 5.7% | \$203,300 | 6.6% | 7,686 | 4.0 |
| 2013 | 30,436 | 19% | \$286,500 | 7.7% | \$222,400 | 9.4% | 6,104 | 2.6 |
| 2014 | 30,934 | 2% | \$305,500 | 6.6% | \$240,400 | 8.1% | 6,308 | 2.5 |
| 2015 | 29,513 | | \$326,255 | 6.8% | \$259,309 | 7.9% | 5,567 | 2.4 |
| Annually | | 6.82% | | 5.4% | | 5.2% | | |
| <i>*2015 data through November</i> | | | | | | | | |
| <i>Source: Real Estate Center at Texas A&M</i> | | | | | | | | |





Annual sales volume declined consistently from 2007 to 2010. However, the sales volume for 2011 increased over 2010 by 7%. The sales volumes for 2012 and 2013 demonstrated this new trend in a dramatic fashion, with 2012 being a 20% increase over 2011 and 2013 being a 19% increase over 2012. These were the largest percentage gains since the 1998 to 1999 time frame. In 2014, volume increased as well, albeit at a much lower percentage gain.

It is also noteworthy that the 2014 average of inventory was 2.5 months, the lowest level since 2000. The inventory level as of August 2015 is 2.9 months, still well below the historic average.

Conclusion

The recent jump in sales activity in the Austin area indicates that the local market is in expansion mode. The following highlights are from a December 21, 2015 press release issued by the Austin Board of Realtors.

After increasing for five consecutive months, Austin-area home sales dipped four percent in November 2015 compared to the same month of the prior year, according to the Multiple Listing Service (MLS) report released today by the Austin Board of REALTORS® (ABoR). This is only the second decrease in home sales volume for 2015 to date, with the first decrease occurring in May 2015.

Barb Cooper, 2015 President of the Austin Board of REALTORS®, explained, “While November single family home sales volume decreased slightly compared to last year, year-to-date home sales volume continues to outpace 2014. With the Austin-area population exceeding two million over the summer, growth in Central Texas is showing no signs of slowing.”

According to the report, the median price for Austin-area single-family homes increased 10 percent year-over-year to \$270,000 in November 2015, setting a record for the month of November. Also setting a record for November, average price increased 12 percent to \$347,292 during the same timeframe.

New listings increased by one percent and active listings increased by three percent year-over-year. Additionally, pending sales increased by four percent. Homes remained on the market for an average of 54 days in November 2015, one day less than November 2014.

Monthly housing inventory remained unchanged year-over-year at 2.4 months. Housing inventory remains at less than half of what the Real Estate Center at Texas A&M University considers a balanced housing inventory level of approximately 6.5 months.

“The Federal Reserve’s recent decision to raise interest rates is a sign of a healthy economy, and we’re fortunate that Austin has one of the strongest economies and housing markets in the nation,” said Mark Sprague, State Director of Information Capital at Independence Title Company. “Millennials—a large portion of Austin’s population—have never seen interest rates go above 10 percent, so some might be concerned about the impact higher interest rates will have on Austin’s housing market and economy. Even with this increase, however, interest rates are still among the lowest they have ever been, and we do not anticipate a significant impact on the Austin-area housing market.”

Cooper concluded, “It’s encouraging to see an uptick in pending sales, active listings and new listings as a sign of more homes entering the market. Sellers are taking advantage of competitive market conditions and if active listings continue to increase year-over-year, it could lead to a much-needed increase in the Austin-area’s housing inventory level.”

November 2015 Statistics

1,814 – Single-family homes sold, four percent less than November 2014.

\$270,000 – Median price for single-family homes, 10 percent more than November 2014.

\$347,292 – Average price for single-family homes, 12 percent more than November 2014.

54 – Average number of days single-family homes spent on the market, one day less than November 2014.

2,095 – New single-family home listings on the market, one percent more than November 2014.

5,703 – Active single-family home listings on the market, three percent more than November 2014.

1,965 – Pending sales for single-family homes, four percent more than November 2014.

Property Analysis

Land Description and Analysis

| Land Description | |
|---------------------------|--|
| Land Area | 13.63 AC; 593,675 SF |
| Source of Land Area | TCAD |
| Primary Street Frontage | Johnny Morris Rd. - 390 feet |
| Shape | Irregular |
| Corner | No |
| Topography | Generally level and at street grade |
| Drainage | No problems reported or observed |
| Environmental Hazards | None reported or observed |
| Ground Stability | No problems reported or observed |
| Flood Area Panel Number | 48453C0470L |
| Date | January 6, 2016 |
| Zone | X |
| Description | Outside of 500-year floodplain |
| Insurance Required? | No |
| Zoning; Other Regulations | |
| Zoning Jurisdiction | City of Austin |
| Zoning Designation | SF-4A |
| Description | Single-Family Residence-Small Lot |
| Legally Conforming? | Appears to be legally conforming |
| Zoning Change Likely? | No |
| Permitted Uses | Moderate density single-family residential use on a lot that is a minimum of 3,600 square feet |
| Utilities | |
| Service | Provider |
| Water | City of Austin |
| Sewer | City of Austin |
| Electricity | Austin Energy |
| Natural Gas | Atmos |
| Local Phone | Various |

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

Easements, Encroachments and Restrictions

We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Conclusion of Land Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.



Developed lots
(Photo Taken on February 1, 2016)



Street view of land
(Photo Taken on February 1, 2016)



Interior view
(Photo Taken on February 1, 2016)



Interior view
(Photo Taken on February 1, 2016)

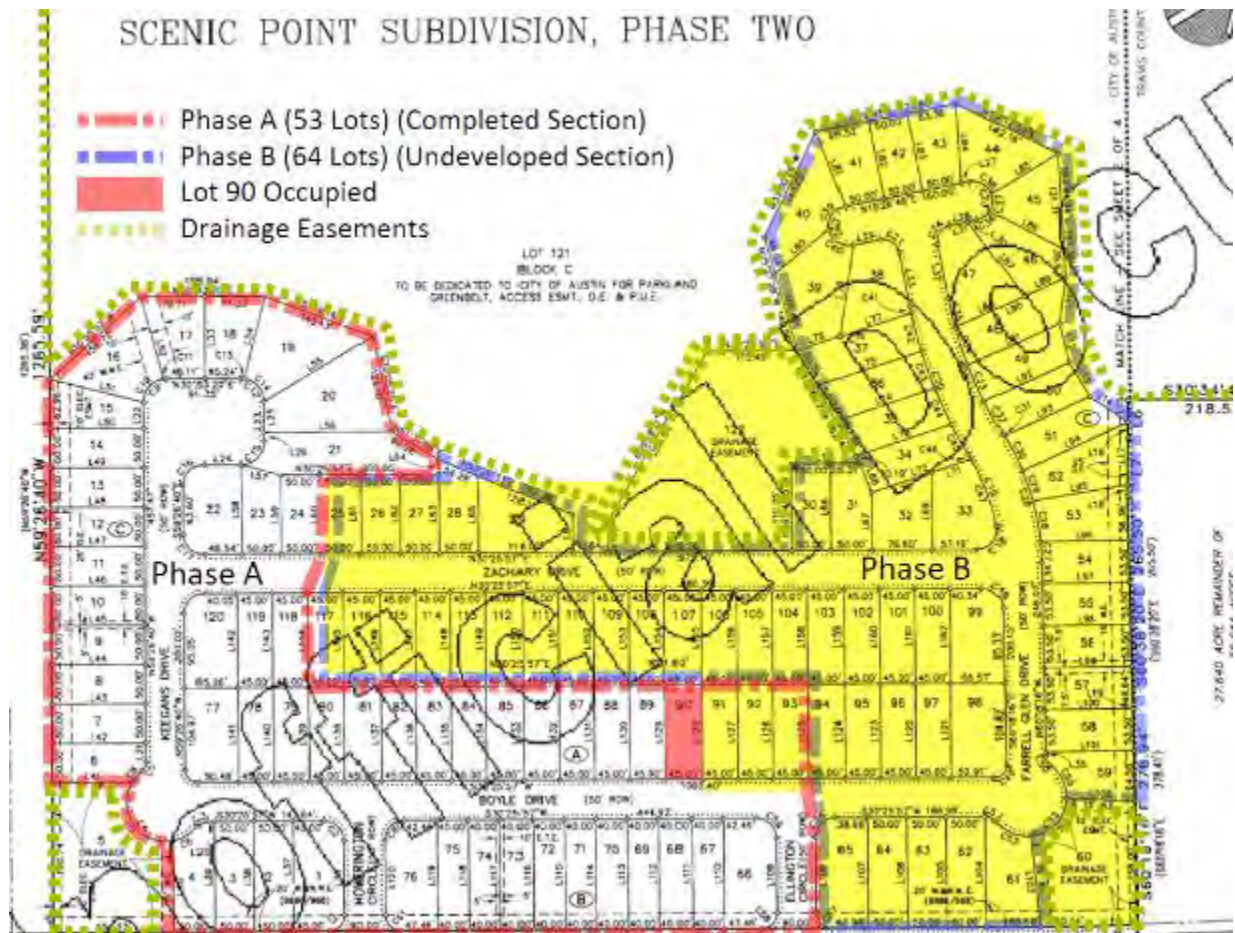


Eastbound view from Johnny Morris Rd.
(Photo Taken on February 1, 2016)



Interior view
(Photo Taken on February 1, 2016)

Plat Map



Real Estate Taxes

Each county in Texas has an independent central appraisal district (CAD), which typically keeps records of all real property and commercial personal property within its jurisdiction. Each CAD applies an annual assessed value to each property, administers exemptions, maintains property ownership maps, and presents an annual certified appraisal roll of assessed values to its various taxing entities (school districts, county and municipal governments, road fund, and special hospital, fire, utility, or emergency districts). The taxing entities establish their individual tax rates each year after receiving the appraisal roll. Property taxes are then calculated for each property using these tax rates, which are applied to every \$100 of certified assessed value for that property at 100% of market value. The real estate tax assessment of the subject is administered by the Travis Central Appraisal District (TCAD).

Real estate taxes and assessments for the 2015 tax year are shown in the following table.

| Taxes and Assessments - 2015 | | | | | | | |
|------------------------------|----------------|--------------|----------|-----------------------|-------|--------------------|-------|
| Tax ID | Assessed Value | | | Taxes and Assessments | | | |
| | Land | Improvements | Total | Ad Valorem | | Direct Assessments | Total |
| | | | | Tax Rate | Taxes | | |
| 221330711 | \$4,313 | | \$4,313 | 2.296081% | \$99 | \$0 | \$99 |
| 221330712 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330713 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330714 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330715 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330716 | \$188 | | \$188 | 2.296081% | \$4 | \$0 | \$4 |
| 221330717 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330718 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330719 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330720 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330721 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330722 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330723 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330724 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330725 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330726 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330727 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330728 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330729 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330730 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330731 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330732 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330733 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330734 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330735 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330736 | \$4,125 | | \$4,125 | 2.296081% | \$95 | \$0 | \$95 |
| 221330737 | \$3,938 | | \$3,938 | 2.296081% | \$90 | \$0 | \$90 |
| 221330738 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330739 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330740 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330741 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330742 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330743 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330744 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330745 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330746 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330747 | \$188 | | \$188 | 2.296081% | \$4 | \$0 | \$4 |
| 221330749 | \$4,125 | | \$4,125 | 2.296081% | \$95 | \$0 | \$95 |
| 221330750 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330751 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330752 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221330753 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331001 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331002 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331003 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331004 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331005 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331006 | \$15,000 | | \$15,000 | 2.296081% | \$344 | \$0 | \$344 |
| 221331007 | \$15,000 | | \$15,000 | 2.296081% | \$344 | \$0 | \$344 |
| 221331008 | \$15,000 | | \$15,000 | 2.296081% | \$344 | \$0 | \$344 |
| 221331026 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331027 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331028 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331029 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331030 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331031 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331032 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331033 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331034 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331035 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331036 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331037 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331038 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331039 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331040 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331041 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331042 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |
| 221331043 | \$3,750 | | \$3,750 | 2.296081% | \$86 | \$0 | \$86 |

Based on the concluded market value of the subject, the assessed value appears low.

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as vacant, and as improved. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Vacant

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The site is zoned SF-4A, Single-Family Residence-Small Lot. Permitted uses include moderate density single-family residential use on a lot that is a minimum of 3,600 square feet. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only single-family use is given further consideration in determining highest and best use of the site, as though vacant.

Financially Feasible

Based on our analysis of the market, there is currently limited demand for single-family use in the subject's area. The adjacent phase to the subject consists of developed lots, six of which are under construction. As these lots have yet to be absorbed, this implies that the present time is not feasible for development of the lots. It appears that a newly developed single-family use on the site would not have a value commensurate with its cost; thus, single-family use is not considered to be financially feasible at the current time. However, given anticipated population and employment growth in the subject's area, we expect rents and improved property values to increase to a level at which single-family use would be financially feasible in the future.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than holding the property for future development of a single-family use. Accordingly, it is our opinion that holding the property for future single-family use, based on the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Holding the property for future development of a single-family use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as vacant.

As Improved

No improvements are situated on the subject. Therefore, a highest and best analysis as improved is not applicable.

Accordingly, the highest and best use is to hold and develop the site for single-family use.

Most Probable Buyer

Taking into account the functional utility of the site and area development trends, the probable buyer is a developer.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

| Approaches to Value | | |
|--------------------------------|--------------------------|-------------------|
| Approach | Applicability to Subject | Use in Assignment |
| Cost Approach | Not Applicable | Not Utilized |
| Sales Comparison Approach | Applicable | Utilized |
| Income Capitalization Approach | Not Applicable | Not Utilized |

Sales Comparison Approach

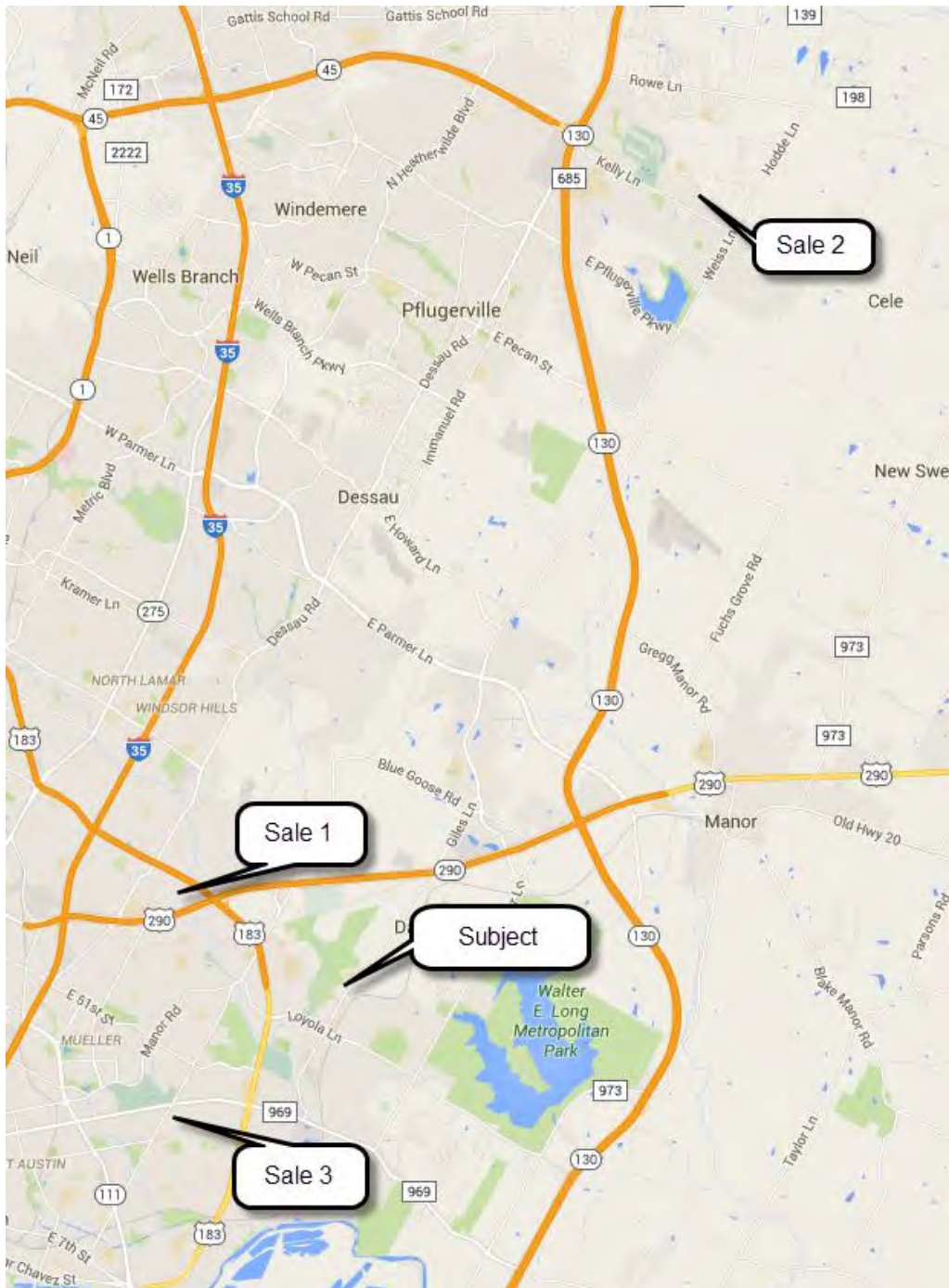
To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

Undeveloped Land (13.26 AC; 577,475 SF)

To apply the sales comparison approach to the Undeveloped Land, we searched for sale transactions most relevant to the subject in terms of location, size, highest and best use, and transaction date. We use price per square foot as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table.

| Summary of Comparable Land Sales - Undeveloped Land | | | | | | |
|---|--|-----------------------|----------------------|------------------|---------------|----------|
| No. | Name/Address | Sale Date; Status | Effective Sale Price | SF; Acres | \$/SF Land | \$/Acre |
| 1 | US 290 Residential Land 7424 US 290 E. Austin Travis County TX <i>Comments: Sale is expected to close 2Q of 2016 and is contingent upon zoning being changed to accommodate proposed residential use for 75 single family units. A minimal amount of 20-30k is projected by the buyer for the costs to change zoning.</i> | Feb-16 In-Contract | \$2,200,000 | 967,468 22.21 | \$2.27 | \$99,054 |
| 2 | Avalon Residential Land Abby Gail Way Pflugerville Travis County TX <i>Comments: Property is platted for 50 single family lots that average 60 front feet.</i> | Oct-14 Closed | \$950,000 | 608,098 13.96 | \$1.56 | \$68,052 |
| 3 | Baker Street Residential Land 5007 Baker St. Austin Travis County TX <i>Comments: The property was entitled as 35 paper lots per subdivision plat dated July 2007. The proposed density is 4.65 houses per acre.</i> | Jan-13 Closed | \$325,000 | 287,060 6.59 | \$1.13 | \$49,317 |
| Subject | | | | 577,475 | | |
| Scenic Point (AHFH) | | | | 13.26 | | |
| Austin, TX | | | | | | |

Comparable Land Sales Map – Undeveloped Land



Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown next.

| Adjustment Factor | Accounts For | Comments |
|--------------------------|---|---|
| Effective Sale Price | Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase. | No adjustments. |
| Real Property Rights | Fee simple, leased fee, leasehold, partial interest, etc. | No adjustments. |
| Financing Terms | Seller financing, or assumption of existing financing, at non-market terms. | No adjustments. |
| Conditions of Sale | Extraordinary motivation of buyer or seller, assemblage, forced sale. | No adjustments. |
| Market Conditions | Changes in the economic environment over time that affect the appreciation and depreciation of real estate. | All sales adjusted 6% annually to account for increasing homes prices since 2013. |
| Location | Market or submarket area influences on sale price; surrounding land use influences. | Sale 1 is located in an area with much activity, nearer to the core of Austin, and adjusted downward. Sales 2 and 3 are located in active residential areas and are adjusted downward as the subject is located in a new subdivision. |
| Access/Exposure | Convenience to transportation facilities; ease of site access; visibility; traffic counts. | Sale 1 has direct accessibility from a major thoroughfare and is adjusted downward. |
| Size | Inverse relationship that often exists between parcel size and unit value. | No adjustments. |
| Shape and Topography | Primary physical factors that affect the utility of a site for its highest and best use. | No adjustments. |
| Zoning | Government regulations that affect the types and intensities of uses allowable on a site. | No adjustments. |
| Entitlements | The specific level of governmental approvals attained pertaining to development of a site. | No adjustments. |

The following table summarizes the adjustments we make to each sale.

| Land Sales Adjustment Grid - Undeveloped Land | | | | |
|--|---------------------|-------------------------|-------------------------|-------------------------------|
| | Subject | Comparable 1 | Comparable 2 | Comparable 3 |
| Name | Scenic Point (AHFH) | US 290 Residential Land | Avalon Residential Land | Baker Street Residential Land |
| Address | Johnny Morris Rd. | 7424 US 290 E. | Abby Gail Way | 5007 Baker St. |
| City | Austin | Austin | Pflugerville | Austin |
| County | Travis | Travis | Travis | Travis |
| State | Texas | TX | TX | TX |
| Sale Date | | Feb-16 | Oct-14 | Jan-13 |
| Sale Status | | In-Contract | Closed | Closed |
| Sale Price | | \$2,200,000 | \$950,000 | \$325,000 |
| Effective Sale Price | | \$2,200,000 | \$950,000 | \$325,000 |
| Square Feet | 577,475 | 967,468 | 608,098 | 287,060 |
| Acres | 13.26 | 22.21 | 13.96 | 6.59 |
| Number of Units | 67 | 75 | 50 | 35 |
| Price per Square Foot | | \$2.27 | \$1.56 | \$1.13 |
| Property Rights | | Fee Simple | Fee Simple | Fee Simple |
| % Adjustment | | — | — | — |
| Financing Terms | | Cash to seller | Cash to seller | Cash to seller |
| % Adjustment | | — | — | — |
| Conditions of Sale | | Typical | Typical | Typical |
| % Adjustment | | — | — | — |
| Market Conditions | 2/1/2016 | Feb-16 | Oct-14 | Jan-13 |
| Annual % Adjustment | 6% | — | 8% | 18% |
| Cumulative Adjusted Price | | \$2.27 | \$1.69 | \$1.34 |
| Location | | -25% | -25% | -10% |
| Access/Exposure | | -10% | — | — |
| Size | | — | — | — |
| Shape and Topography | | — | — | — |
| Zoning | | — | — | — |
| Entitlements | | — | — | — |
| Net \$ Adjustment | | -\$0.80 | -\$0.42 | -\$0.13 |
| Net % Adjustment | | -35% | -25% | -10% |
| Final Adjusted Price | | \$1.48 | \$1.27 | \$1.20 |
| Overall Adjustment | | -35% | -19% | 6% |
| Range of Adjusted Prices | | \$1.20 - \$1.48 | | |
| Average | | \$1.32 | | |
| Indicated Value | | \$1.20 | | |

Land Value Conclusion – Undeveloped Land

As the subject is in an inferior location to the comparables, we reconcile to the lower end of the range provided as follows:

| Land Value Conclusion | |
|---------------------------------|-----------|
| Undeveloped Land | |
| Indicated Value per Square Foot | \$1.20 |
| Subject Square Feet | 577,475 |
| Indicated Value | \$692,970 |
| Rounded | \$690,000 |

Developed Lot (0.12 AC; 5,401 SF)

To apply the sales comparison approach to the Developed Lot, we searched for sale transactions most relevant to the subject in terms of location, size, highest and best use, and transaction date. Using price per front feet as the appropriate unit of comparison, we summarize the most relevant sales in the following table.

Summary of Comparable Land Sales - Developed Lot

| No. | Name/Address | Sale Date; Status | Effective Sale Price | SF; Acres | \$/SF Land | \$/Acre |
|---------------------|---|----------------------|----------------------|---------------|---------------|-----------|
| 1 | Cantarra Single Family Lot E. Cantarra Dr. Pflugerville Travis County TX <i>Comments: Purchase of 50' finished single family lots by Castlerock, per a take down contract. 16 lots purchased at this 6/25/15 take down. New home price point at time of lot sale is \$196,990 - \$238,990. Amenities: Planned community pool and park. Pflugerville ISD.</i> | Jun-15 Recorded | \$49,557 | 5,750 0.13 | \$8.62 | \$375,432 |
| 2 | Sorento Single Family Lot Via Sorento Way Pflugerville Travis County TX <i>Comments: Sale represents the purchase of 55' to 70' finished lots within Sorento subdivision. Project is planned to eventually contain community pool, park, and clubhouse. DR Horton new home price point in subdivision is \$243,990 - \$349,990.</i> | Jun-14 Recorded | \$50,875 | 7,150 0.16 | \$7.12 | \$310,024 |
| 3 | Proposed Austin's Colony Phase 6B Hunters Bend Rd. Austin Travis County TX <i>Comments: Take-down contract of 107 50' lots in Austin's Colony subdivision with 5% annual escalator. Home prices between \$152,900 - \$183,900</i> | Jun-14 Closed | \$38,500 | 6,534 0.15 | \$5.89 | \$256,667 |
| 4 | The Commons at Rowe Lane Lot Commons Pky. Pflugerville Travis County TX <i>Comments: Sale represents the purchase of 55' lots in The Common's at Rowe Lane subdivision. Pflugerville school district. New home price point at time of lot sale: \$185,990 - \$293,990. Amenities: pool, playground, park, clubhouse.</i> | Mar-13 Closed | \$41,000 | 6,600 0.15 | \$6.21 | \$270,627 |
| Subject | | | | 5,401 | | |
| Scenic Point (AHFH) | | | | 0.12 | | |
| Austin, TX | | | | | | |



Land Sale 1
Cantarra Single Family Lot



Land Sale 2
Sorento Single Family Lot



Land Sale 3
Proposed Austin's Colony Phase 6B



Land Sale 4
The Commons at Rowe Lane Lot

| Adjustment Factor | Accounts For | Comments |
|--------------------------|---|--|
| Effective Sale Price | Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase. | No adjustments. |
| Real Property Rights | Fee simple, leased fee, leasehold, partial interest, etc. | No adjustments. |
| Financing Terms | Seller financing, or assumption of existing financing, at non-market terms. | No adjustments. |
| Conditions of Sale | Extraordinary motivation of buyer or seller, assemblage, forced sale. | No adjustments. |
| Market Conditions | Changes in the economic environment over time that affect the appreciation and depreciation of real estate. | All sales adjusted 6% annually to account for increasing homes prices since 2013. |
| Location | Market or submarket area influences on sale price; surrounding land use influences. | Sales 1 and 2 are located in more desirable areas than the subject and are adjusted downward. Sale 3 4 is also in a more desirable area but further outside the Austin metro area, so it receives a less severe downward adjustment. |
| Access/Exposure | Convenience to transportation facilities; ease of site access; visibility; traffic counts. | No adjustments. |
| Size | Inverse relationship that often exists between parcel size and unit value. | No adjustments. |
| Amenities | Amenities offered by subdivision. | Sales 1, 2, and 4 have amenities while the subject has none, warranting downward adjustments. |

The following table summarizes the adjustments we make to each sale.

| Land Sales Adjustment Grid - Developed Lot | | | | | |
|---|---------------------|----------------------------|---------------------------|-----------------------------------|------------------------------|
| | Subject | Comparable 1 | Comparable 2 | Comparable 3 | Comparable 4 |
| Name | Scenic Point (AHFH) | Cantarra Single Family Lot | Sorento Single Family Lot | Proposed Austin's Colony Phase 6B | The Commons at Rowe Lane Lot |
| Address | Johnny Morris Rd. | E. Cantarra Dr. | Via Sorento Way | Hunters Bend Rd. | Commons Pky. |
| City | Austin | Pflugerville | Pflugerville | Austin | Pflugerville |
| County | Travis | Travis | Travis | Travis | Travis |
| State | Texas | TX | TX | TX | TX |
| Sale Date | | Jun-15 | Jun-14 | Jun-14 | Mar-13 |
| Sale Status | | Recorded | Recorded | Closed | Closed |
| Sale Price | | \$49,557 | \$50,875 | \$38,500 | \$41,000 |
| Effective Sale Price | | \$49,557 | \$50,875 | \$38,500 | \$41,000 |
| Square Feet | 5,401 | 5,750 | 7,150 | 6,534 | 6,600 |
| Acres | 0.12 | 0.13 | 0.16 | 0.15 | 0.15 |
| Number of Front Feet | 45 | 50 | 55 | 50 | 55 |
| Price per Front Feet | | \$991 | \$925 | \$770 | \$745 |
| Property Rights | | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| % Adjustment | | — | — | — | — |
| Financing Terms | | Cash to seller | Cash to seller | Cash to seller | Cash to seller |
| % Adjustment | | — | — | — | — |
| Conditions of Sale | | Typical | Typical | Typical | Typical |
| % Adjustment | | — | — | — | — |
| Market Conditions | 2/1/2016 | Jun-15 | Jun-14 | Jun-14 | Mar-13 |
| Annual % Adjustment | 6% | 4% | 10% | 10% | 17% |
| Cumulative Adjusted Price | | \$1,031 | \$1,018 | \$847 | \$872 |
| Location | | -15% | -15% | — | -10% |
| Size | | — | — | — | — |
| Amenities | | -5% | -5% | — | -5% |
| Net \$ Adjustment | | -\$206 | -\$204 | \$0 | -\$131 |
| Net % Adjustment | | -20% | -20% | 0% | -15% |
| Final Adjusted Price | | \$825 | \$814 | \$847 | \$741 |
| Overall Adjustment | | -17% | -12% | 10% | -1% |
| Range of Adjusted Prices | | \$741 - \$847 | | | |
| Average | | \$807 | | | |
| Indicated Value | | \$800 | | | |

Land Value Conclusion – Developed Lot

We give greatest weight to Sale 3 as it is the least adjusted comparable to arrive at a value conclusion as follows:

| Land Value Conclusion | | |
|--------------------------------|----------------|-----------|
| Developed Lot | Number Of Lots | |
| Indicated Value per Front Feet | \$800 | 3 |
| Subject Front Feet | 45 | |
| Indicated Value | \$36,000 | \$108,000 |
| Rounded | \$36,000 | |

As there are three developed lots, they would likely be purchased at once since the amount of lots is within the typical market bulk purchases. Therefore, we apply the per lot value to three lots for the total value of \$108,000.

| Summary of Land Values | | | | | |
|------------------------|--------------------|---------|----------------------|-----------------|-----------|
| Parcel | Unit of Comparison | Units | Indicated Unit Value | Indicated Value | Rounded |
| Undeveloped Land | Total SF | 577,475 | \$1.20 | \$692,970 | \$690,000 |
| Developed Lot (3 Lots) | Front Feet | 45 | \$800 | \$108,000 | \$108,000 |
| Total | | | | \$800,970 | \$798,000 |

The two values are added together because a typical buyer would purchase the three developed lots in conjunction with the land as they are all from the same subdivision, are adjacent to one another, and the three lots represent such a small volume that they'd likely be purchased in one transaction.

Reconciliation and Conclusion of Value

As discussed previously, we use only the sales comparison approach in developing an opinion of value for the subject. The cost and income approaches are not applicable and are not used.

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our value opinion follows:

| Value Conclusions | | | |
|-------------------|--------------------|------------------|------------------|
| Parcel | Interest Appraised | Date of Value | Value Conclusion |
| Market Value | Fee Simple | February 1, 2016 | \$798,000 |

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None
-

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot be reasonably foreseen at this time.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on the concluded market value stated previously, it is our opinion that the probable exposure time is 12 months.

Marketing Period

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. We estimate the subject's marketing period at 12 months.

Certification

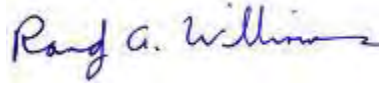
We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Yashar R. Pirasteh made a personal inspection of the property that is the subject of this report. Randy Williams, MAI, SR/WA, FRICS, has not personally inspected the subject.
12. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

13. As of the date of this report, Randy Williams, MAI, SR/WA, FRICS, has completed the continuing education program for Designated Members of the Appraisal Institute.



Yashar R. Pirasteh
Certified General Real Estate Appraiser
Texas Certificate # TX-1380511



Randy Williams, MAI, SR/WA, FRICS
Certified General Real Estate Appraiser
Texas Certificate # TX-1320297

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
5. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during

- the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
 19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
 20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Austin, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
 21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
 22. Integra Realty Resources – Austin is not a building or environmental inspector. Integra Austin does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
 23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
 24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees

paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.

25. Integra Realty Resources – Austin, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

Addendum A

Appraiser Qualifications

Yashar R. Pirasteh

Experience

Analyst for Integra Realty Resources, Austin, Texas since 2012. Recent experience is primarily subdivisions, single and multi-tenant office and industrial projects.

Clients served include, investment firms, law firms, lenders, private and public agencies. Valuations have been performed on various properties including, but not limited to, neighborhood and community shopping centers, low to high rise office buildings, mixed used facilities, hotels, industrial projects, and vacant land. Valuations have been performed for condemnation purposes, estates, financing, equity participation and due diligence support. Valuations and market studies have been prepared for proposed, partially completed, renovated, and existing structures.

Licenses

Texas, Certified General Real Estate Appraiser, TX-1380511, Expires January 2018

Education

BBA in Finance, The University of Texas at Austin, 2011

Successfully completed numerous real estate and related courses and seminars sponsored by the Appraisal Institute and accredited universities.

Integra Realty Resources

Austin

3755 S. Capital of Texas Hwy.
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F 512-459-4423

irr.com



Texas Appraiser Licensing and Certification Board

P.O. Box 12188 Austin, Texas 78711-2188

Certified General Real Estate Appraiser

Number: **TX 1380511 G**

Issued: **01/07/2016**

Expires: **01/31/2018**

Appraiser: **YASHAR R PIRASTEH**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.


Douglas E. Oldmixon
Commissioner

Randy A. Williams, MAI, SR/WA, FRICS

Experience

Randy Williams is the Senior Managing Director for Integra Realty Resources, Austin, Texas. Actively engaged in real estate valuation and consulting since 1977. Background includes appraisal and management in the real estate banking industry and appraisal, testimony, and appraisal review in private practice. Recent experience is concentrated in major urban/suburban development and eminent domain. Valuations have been performed on various properties including, but not limited to, neighborhood and community shopping centers, apartment complexes, single and multi-tenanted industrial buildings, low to high rise office buildings, mixed used facilities, vacant land for different uses and condemnation and right-of-way. Eminent domain experience includes design build projects such as SH 130 and SH 45, power line projects for the City of Austin, and pipeline projects ranging from sewer and waterlines to oil and gas pipelines. Mr. Williams recently completed a pipeline valve study and evaluation for a multiple county acquisition of valve sites in an existing petroleum line easement. Recently, Mr. Williams provided appraisal oversight and litigation support for a multiple county high pressure gas line in South Texas.

Mr. Williams was the lead appraiser for large Central Texas highway projects and coordinated four Integra offices (including Austin) that worked on this project. Clients served include accountants, investment firms, law firms, lenders, private and public agencies. Valuations have been performed for condemnation purposes, estates, financing, equity participation and due diligence support. Valuations and market studies have been completed on proposed, partially completed, renovated, and existing structures.

Mr. Williams is a past president of the International Right of Way Association (IRWA). Mr. Williams is a certified IRWA instructor and is also past Chair of the IRWA International Relations Group. During his term as president, he taught the first IRWA eminent domain courses in China and South Africa. In Beijing, Mr. Williams taught Course 103 (Ethics and the Right of Way Profession) and Course 421 (The Valuation of Partial Acquisitions). In Johannesburg, he taught Course 103 while attending the South African Right of Way Association annual conference. In October 2014, Mr. Williams taught Course 103 and Course 100i (Principles of Land Acquisition) in Mexico City, Mexico. Mr. Williams also spoke before the American Bar Association-American Law Institute at their 2012 Eminent Domain and Land Valuation Program.

While in China, Mr. Williams met with both the Ministry of Land and Ministry of Construction to discuss ways to further the ethical development of public and private infrastructure. Mr. Williams has since been engaged to teach appraisal and consulting theory in Beijing for BOUSCC. While in South Africa, Mr. Williams met with Dr. Mkhize, Premier of KwaZulu-Natal, and Cabinet Minister Patel, Minister of Economic Development, to discuss furthering infrastructure development in South Africa.

Professional Activities & Affiliations

IRWA: Region Chair, June 2005 - May 2007

IRWA: Region Vice-Chair, June 2003 - May 2005

IRWA: Region Secretary, June 2001 - May 2003

IRWA: International President, June 2011 - June 2012

rawilliams@irr.com - 512.459.3440

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Randy A. Williams, MAI, SR/WA, FRICS

IRWA: International President Elect, June 2010
IRWA: International Vice-President, Treasurer, June 2009
IRWA: International Secretary, June 2008
IRWA: International Executive Committee Member, November 2007
IRWA: Chapter 74 President, January 1997
IRWA: Chapter Professional of the Year, January 1997
IRWA: Chapter Professional of the Year, January 2003
AI: Austin Chapter President, January 2001
FIABCI: Member of Education and Academic Members Committee
IRWA: Co-Chair IRWA 2008 Austin Conference, June 2008
IRWA: Past International President
Appraisal Institute, Member (MAI) Appraisal Institute, July 1986
International Right of Way Association, Senior Member (SR/WA) , April 1999
Royal Institute of Chartered Surveyors, Fellow (FRICS) , August 2008

Licenses

Texas, Certified General Real Estate Appraiser, TX-1320297, Expires March 2017
Texas, Real Estate Broker, 341018, Expires July 2017
Virginia, Certified General Appraiser, 4001015384, Expires February 2017

Education

Successfully completed numerous real estate related courses and seminars sponsored by the Appraisal Institute, the International Right of Way Association, accredited universities and others.

Uniform Appraisal Standards for Federal Land Acquisition for Fee Appraisers sponsored by the Appraisal Institute.

Currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.

Qualified Before Courts & Administrative Bodies

Qualified as an expert witness and testified before various judicial bodies including Federal Bankruptcy Court and Texas State District Court. Mr. Williams has also successfully testified as an expert in Travis, Williamson, Caldwell, Hays, Guadalupe, Comal, Bell, Hill and Austin County Commissioner's Court.

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Texas Appraiser Licensing and Certification Board

P.O. Box 12188 Austin, Texas 78711-2188

Certified General Real Estate Appraiser

Number: **TX 1320297 G**

Issued: **02/19/2015**

Expires: **03/31/2017**

Appraiser: **RANDY ALLEN WILLIAMS**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.


Douglas E. Oldmixon
Commissioner



Integra Realty Resources, Inc.

Corporate Profile

Integra Realty Resources, Inc. offers the most comprehensive property valuation and counseling coverage in North America with over 60 independently owned and operated offices located throughout the United States and the Caribbean. Integra was created for the purpose of combining the intimate knowledge of well-established local firms with the powerful resources and capabilities of a national company. Integra offers integrated technology, national data and information systems, as well as standardized valuation models and report formats for ease of client review and analysis. Integra's local offices have an average of 25 years of service in the local market, and virtually all are headed by a Senior Managing Director who is an MAI member of the Appraisal Institute.

A listing of IRR's local offices and their Senior Managing Directors follows:

ATLANTA, GA - Sherry L. Watkins., MAI, FRICS
AUSTIN, TX - Randy A. Williams, MAI, SR/WA, FRICS
BALTIMORE, MD - G. Edward Kerr, MAI, MRICS
BIRMINGHAM, AL - Rusty Rich, MAI, MRICS
BOISE, ID - Bradford T. Knipe, MAI, ARA, CCIM, CRE, FRICS
BOSTON, MA - David L. Cary, Jr., MAI, MRICS
CHARLESTON, SC - Cleveland "Bud" Wright, Jr., MAI
CHARLOTTE, NC - Fitzhugh L. Stout, MAI, CRE, FRICS
CHICAGO, IL - Eric L. Enloe, MAI, FRICS
CINCINNATI, OH - Gary S. Wright, MAI, FRICS, SRA
CLEVELAND, OH - Douglas P. Sloan, MAI
COLUMBIA, SC - Michael B. Dodds, MAI, CCIM
COLUMBUS, OH - Bruce A. Daubner, MAI, FRICS
DALLAS, TX - Mark R. Lamb, MAI, CPA, FRICS
DAYTON, OH - Gary S. Wright, MAI, FRICS, SRA
DENVER, CO - Brad A. Weiman, MAI, FRICS
DETROIT, MI - Anthony Sanna, MAI, CRE, FRICS
FORT WORTH, TX - Gregory B. Cook, SR/WA
GREENSBORO, NC - Nancy Tritt, MAI, SRA, FRICS
GREENVILLE, SC - Michael B. Dodds, MAI, CCIM
HARTFORD, CT - Mark F. Bates, MAI, CRE, FRICS
HOUSTON, TX - David R. Dominy, MAI, CRE, FRICS
INDIANAPOLIS, IN - Michael C. Lady, MAI, SRA, CCIM, FRICS
JACKSON, MS - John R. Praytor, MAI
JACKSONVILLE, FL - Robert Crenshaw, MAI, FRICS
KANSAS CITY, MO/KS - Kenneth Jagers, MAI, FRICS
LAS VEGAS, NV - Charles E. Jack IV, MAI
LOS ANGELES, CA - John G. Ellis, MAI, CRE, FRICS
LOS ANGELES, CA - Matthew J. Swanson, MAI
LOUISVILLE, KY - Stacey Nicholas, MAI, MRICS
MEMPHIS, TN - J. Walter Allen, MAI, FRICS

MIAMI/PALM BEACH, FL - Anthony M. Graziano, MAI, CRE, FRICS
MINNEAPOLIS, MN - Michael F. Amundson, MAI, CCIM, FRICS
NAPLES, FL - Carlton J. Lloyd, MAI, FRICS
NASHVILLE, TN - R. Paul Perutelli, MAI, SRA, FRICS
NEW JERSEY COASTAL - Halvor J. Egeland, MAI
NEW JERSEY NORTHERN - Matthew S. Krauser, CRE, FRICS
NEW YORK, NY - Raymond T. Cirz, MAI, CRE, FRICS
ORANGE COUNTY, CA - Steve Calandra, MAI
ORLANDO, FL - Christopher Starkey, MAI, MRICS
PHILADELPHIA, PA - Joseph D. Pasquarella, MAI, CRE, FRICS
PHOENIX, AZ - Walter 'Tres' Winus III, MAI, FRICS
PITTSBURGH, PA - Paul D. Griffith, MAI, CRE, FRICS
PORTLAND, OR - Brian A. Glanville, MAI, CRE, FRICS
PROVIDENCE, RI - Gerard H. McDonough, MAI, FRICS
RALEIGH, NC - Chris R. Morris, MAI, FRICS
RICHMOND, VA - Kenneth L. Brown, MAI, CCIM, FRICS
SACRAMENTO, CA - Scott Beebe, MAI, FRICS
ST. LOUIS, MO - P. Ryan McDonald, MAI, FRICS
SALT LAKE CITY, UT - Darrin W. Liddell, MAI, FRICS, CCIM
SAN DIEGO, CA - Jeff A. Greenwald, MAI, SRA, FRICS
SAN FRANCISCO, CA - Jan Kleczewski, MAI, FRICS
SARASOTA, FL - Carlton J. Lloyd, MAI, FRICS
SAVANNAH, GA - J. Carl Schultz, Jr., MAI, FRICS, CRE, SRA
SEATTLE, WA - Allen N. Safer, MAI, MRICS
SYRACUSE, NY - William J. Kimball, MAI, FRICS
TAMPA, FL - Bradford L. Johnson, MAI, MRICS
TULSA, OK - Owen S. Ard, MAI
WASHINGTON, DC - Patrick C. Kerr, MAI, FRICS, SRA
WILMINGTON, DE - Douglas L. Nickel, MAI, FRICS
CARIBBEAN/CAYMAN ISLANDS - James Andrews, MAI, FRICS

Corporate Office

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Website: www.irr.com



Addendum B

Property Information





Addendum C

Comparable Data

Land Sales

Location & Property Identification

| | |
|---------------------|---------------------------------|
| Property Name: | US 290 Residential Land |
| Sub-Property Type: | Residential, Single Family Land |
| Address: | 7424 E. US 290 |
| City/State/Zip: | Austin, TX 78723 |
| County: | Travis |
| Submarket: | Northeast Austin |
| Market Orientation: | Suburban |
| Property Location: | SWC Anderson and US 290 |
| IRR Event ID: | 769120 |



Sale Information

| | |
|-----------------------|---------------------------|
| Sale Price: | \$2,200,000 |
| Eff. R.E. Sale Price: | \$2,200,000 |
| Sale Date: | 02/01/2016 |
| Sale Status: | In-Contract |
| Eff. Price/Unit: | \$29,333 /Unit |
| \$/Acre(Gross): | \$99,054 |
| \$/Land SF(Gross): | \$2.27 |
| \$/Acre(Usable): | \$146,667 |
| \$/Land SF(Usable): | \$3.37 |
| Grantor/Seller: | Cozy Living LLC |
| Grantee/Buyer: | Confidential |
| Property Rights: | Fee Simple |
| Financing: | Cash to seller |
| Document Type: | Other |
| Verified By: | Yashar R. Pirasteh |
| Verification Date: | 5/16/14 |
| Verification Source: | Mike Dallas, 512-708-1800 |
| Verification Type: | Confirmed-Seller Broker |

| | |
|---------------------------|--|
| No. of Units (Potential): | 75 |
| Zoning Code: | GO-NP |
| Flood Plain: | Yes |
| Flood Zone: | Some flood plain along western and southern border |

| | |
|-----------------------|----------------|
| Utilities Desc.: | All to site |
| Source of Land Info.: | Public Records |

Comments

Sale is expected to close 2Q of 2016 and is contingent upon zoning being changed to accommodate proposed residential use for 75 single family units. A minimal amount of 20-30k is projected by the buyer for the costs to change zoning.

Broker indicated approximately 15 acres was usable due to floodplain and erosion zones

Improvement and Site Data

| | |
|------------------------|---|
| Legal/Tax/Parcel ID: | Abs 29 Sur 58 Applegate J Acr 22.213/0228230101 |
| Acres(Usable/Gross): | 15.00/22.21 |
| Land-SF(Usable/Gross): | 653,400/967,467 |
| Usable/Gross Ratio: | 0.68 |

Location & Property Identification

Property Name: Avalon Residential Land
 Sub-Property Type: Residential, Residential Subdivision
 Address: Abby Gail Way
 City/State/Zip: Pflugerville, TX 78660
 County: Travis
 Submarket: Far Northeast Austin
 Market Orientation: Suburban

IRR Event ID: 1058791



Sale Information

Sale Price: \$950,000
 Eff. R.E. Sale Price: \$950,000
 Sale Date: 10/10/2014
 Sale Status: Closed
 \$/Acre(Gross): \$46,049
 \$/Land SF(Gross): \$1.06
 Grantor/Seller: KM Avalon, Ltd.
 Grantee/Buyer: Castlerock Communities, LP
 Assets Sold: Real estate only
 Property Rights: Fee Simple
 Financing: Cash to seller
 Document Type: Warranty Deed
 Recording No.: 2014152988
 Verified By: James "Max" Thompson, MAI

Verification Date: 10/13/14
 Verification Source: Kirk Breitenwischer w/ Castle Rock
 Verification Type: Confirmed-Buyer

Improvement and Site Data

MSA: Austin
 Legal/Tax/Parcel ID: 20.63 Acres out of the Edward Flint Survey No. 11 Abstract No. 277/Tax ID portion of 0275500312

Acres(Usable/Gross): 13.96/13.96
 Land-SF(Usable/Gross): 608,097/608,097
 Usable/Gross Ratio: 1.00
 No. of Units/Unit Type: 50/Approved Lots
 Zoning Code: Pflugerville ETJ
 Environmental Desc.: Watershed Boundaries-Wilbarger Creek

Source of Land Info.: Public Records

Comments

Platted for 50 single family lots that average 60 front feet.

Location & Property Identification

| | |
|---------------------|---------------------------------|
| Property Name: | Baker Street Residential Land |
| Sub-Property Type: | Residential, Single Family Land |
| Address: | 5007 Baker St. |
| City/State/Zip: | Austin, TX 78721 |
| County: | Travis |
| Market Orientation: | Urban |
| IRR Event ID: | 653818 |



Proposed Use Change: No

Sale Information

| | |
|-------------------------|---------------------------|
| Sale Price: | \$325,000 |
| Eff. R.E. Sale Price: | \$325,000 |
| Sale Date: | 01/30/2013 |
| Sale Status: | Closed |
| Eff. Price/Unit: | \$9,286 /Unit |
| \$/Acre(Gross): | \$49,317 |
| \$/Land SF(Gross): | \$1.13 |
| \$/Acre(Usable): | \$49,317 |
| \$/Land SF(Usable): | \$1.13 |
| Grantor/Seller: | JTREO, Inc. |
| Grantee/Buyer: | Menfi A. Management, L.P. |
| Property Rights: | Fee Simple |
| % of Interest Conveyed: | 100.00 |
| Exposure Time: | 107 (months) |
| Financing: | Cash to seller |
| Document Type: | Deed |
| Recording No.: | 2013019754 |
| Verified By: | Andrew G. Hall |
| Verification Date: | 5/29/13 |
| Verification Source: | Paul Hornsby and Company |
| Verification Type: | Confirmed-Other |

Improvement and Site Data

| | |
|-------------------------|------------------|
| MSA: | Austin |
| Legal/Tax/Parcel ID: | 200700236 |
| Acres(Usable/Gross): | 6.59/6.59 |
| Land-SF(Usable/Gross): | 287,060/287,060 |
| Usable/Gross Ratio: | 1.00 |
| No. of Units/Unit Type: | 35/Approved Lots |
| Shape: | Irregular |
| Topography: | Level |
| Corner Lot: | No |
| Zoning Code: | SF-4A-NP |
| Zoning Desc.: | Residential |
| Easements: | No |
| Environmental Issues: | No |
| Flood Plain: | No |
| Date: | 01/01/1900 |
| Source of Land Info.: | Owner |

Comments

Entitled as 35 paper lots per subdivision plat dated July 2007. The proposed density is 4.65 houses per acre.

Sale Analysis

| | |
|--------------|----------------------------------|
| Current Use: | Vacant land held for development |
|--------------|----------------------------------|

Lot Sales

Location & Property Identification

| | |
|---------------------|--------------------------------|
| Property Name: | Cantarra Single Family Lot |
| Sub-Property Type: | Residential, Single Family Lot |
| Address: | E. Cantarra Dr. |
| City/State/Zip: | Pflugerville, TX 78660 |
| County: | Travis |
| Submarket: | Far Northeast Austin |
| Market Orientation: | Suburban |
| IRR Event ID: | 1159415 |



Sale Information

| | |
|-----------------------|----------------------------|
| Sale Price: | \$49,557 |
| Eff. R.E. Sale Price: | \$49,557 |
| Sale Date: | 06/25/2015 |
| Sale Status: | Recorded |
| Eff. Price/Unit: | \$991 /Unit |
| \$/Acre(Gross): | \$375,432 |
| \$/Land SF(Gross): | \$8.62 |
| \$/Acre(Usable): | \$375,432 |
| \$/Land SF(Usable): | \$8.62 |
| Grantor/Seller: | Cantarra Ventures, Ltd. |
| Grantee/Buyer: | Castlerock Communities, LP |
| Property Rights: | Fee Simple |
| Financing: | Cash to seller |
| Document Type: | Warranty Deed |
| Recording No.: | 2015101046 |
| Verified By: | James "Max" Thompson, MAI |
| Verification Date: | 7/24/15 |
| Verification Source: | Cary Cobb w/ Intermandeco |
| Verification Type: | Confirmed-Seller |

| | |
|---------------------------|----------------|
| No. of Units (Potential): | 50 |
| Source of Land Info.: | Past Appraisal |

Comments

Purchase of 50' finished single family lots by Castlerock, per a take down contract. 16 lots purchased at this 6/25/15 take down. New home price point at time of lot sale is \$196,990 - \$238,990. Amenities: Planned community pool and park. Pflugerville ISD.

Improvement and Site Data

| | |
|------------------------|-------------|
| MSA: | Austin |
| Acres(Usable/Gross): | 0.13/0.13 |
| Land-SF(Usable/Gross): | 5,750/5,750 |
| Usable/Gross Ratio: | 1.00 |

Location & Property Identification

| | |
|---------------------|-----------------------------------|
| Property Name: | Proposed Austin's Colony Phase 6B |
| Sub-Property Type: | Residential, Single Family Lot |
| Address: | Hunters Bend Rd. |
| City/State/Zip: | Austin, TX 78725 |
| County: | Travis |
| Submarket: | East Austin |
| Market Orientation: | Suburban |
| Property Location: | NS Hunters Bend Rd. |
| IRR Event ID: | 1248253 |



Sale Information

| | |
|-----------------------|--------------------|
| Sale Price: | \$38,500 |
| Eff. R.E. Sale Price: | \$38,500 |
| Sale Date: | 06/05/2014 |
| Sale Status: | Closed |
| Eff. Price/Unit: | \$770 /Unit |
| \$/Acre(Gross): | \$256,667 |
| \$/Land SF(Gross): | \$5.89 |
| \$/Acre(Usable): | \$256,667 |
| \$/Land SF(Usable): | \$5.89 |
| Property Rights: | Fee Simple |
| Financing: | Cash to seller |
| Document Type: | Contract of Sale |
| Verified By: | Yashar R. Pirasteh |
| Verification Date: | 6/20/14 |
| Verification Source: | Contract |
| Verification Type: | Confirmed-Other |

| | |
|---------------------------|---|
| No. of Units (Potential): | 50 |
| Shape: | Irregular |
| Corner Lot: | No |
| Frontage Desc.: | 550' Hunters Bend Rd. |
| Zoning Desc.: | Austin 5 Mile ETJ |
| Environmental Desc.: | Watershed Boundaries-Decker Creek; Watershed Boundaries-Elm Creek; Austin Watershed Regulation Areas-Suburban |
| Flood Plain: | No |
| Utilities Desc.: | All to site |
| Source of Land Info.: | Public Records |

Comments

Take-down contract of 107 50' lots in Austin's Colony subdivision with 5% annual escalator. Home prices between \$152,900 - \$183,900

Improvement and Site Data

| | |
|------------------------|--|
| MSA: | Austin |
| Legal/Tax/Parcel ID: | 23.566 Acres out of John Burleson League Survey No. 33/Tax ID 0307500218 |
| Acres(Usable/Gross): | 0.15/0.15 |
| Land-SF(Usable/Gross): | 6,534/6,534 |
| Usable/Gross Ratio: | 1.00 |

Location & Property Identification

Property Name: Sorento Single Family Lot
 Sub-Property Type: Residential, Single Family Lot
 Address: Via Sorento Way
 City/State/Zip: Pflugerville, TX 78660
 County: Travis
 Submarket: Far Northeast Austin
 Market Orientation: Suburban
 Property Location: ES Weiss Lane, north of Jesse Bohls Dr.
 IRR Event ID: 1159252



Sale Information

Sale Price: \$50,875
 Eff. R.E. Sale Price: \$50,875
 Sale Date: 06/04/2014
 Sale Status: Recorded
 Eff. Price/Unit: \$925 /Unit
 \$/Acre(Gross): \$310,024
 \$/Land SF(Gross): \$7.12
 \$/Acre(Usable): \$310,024
 \$/Land SF(Usable): \$7.12
 Grantor/Seller: Sorento Holdings 2012, LLC
 Grantee/Buyer: Continental Homes of Texas, LP (DR Horton)
 Property Rights: Fee Simple
 Financing: Cash to seller
 Document Type: Warranty Deed
 Recording No.: 2014085044
 Verified By: James "Max" Thompson, MAI
 Verification Date: 7/16/15
 Verification Source: Tom Reilly
 Verification Type: Confirmed-Seller

Land-SF(Usable/Gross): 7,150/7,150
 Usable/Gross Ratio: 1.00
 No. of Units (Potential): 55
 Zoning Code: ETJ
 Zoning Desc.: ETJ
 Source of Land Info.: Public Records

Comments

Sale represents the purchase of 55' to 70' finished lots within Sorento subdivision. Project is planned to eventually contain community pool, park, and clubhouse. DR Horton new home price point in subdivision is \$243,990 - \$349,990.

Improvement and Site Data

MSA: Austin
 Acres(Usable/Gross): 0.16/0.16

Location & Property Identification

| | |
|---------------------|--------------------------------|
| Property Name: | The Commons at Rowe Lane Lot |
| Sub-Property Type: | Residential, Single Family Lot |
| Address: | Commons Pky. |
| City/State/Zip: | Pflugerville, TX 78660 |
| County: | Travis |
| Market Orientation: | Suburban |
| IRR Event ID: | 1103536 |



Sale Information

| | |
|-----------------------|---------------------------|
| Sale Price: | \$41,000 |
| Eff. R.E. Sale Price: | \$41,000 |
| Sale Date: | 03/12/2013 |
| Sale Status: | Closed |
| Eff. Price/Unit: | \$745 /Unit |
| \$/Acre(Gross): | \$270,627 |
| \$/Land SF(Gross): | \$6.21 |
| \$/Acre(Usable): | \$270,627 |
| \$/Land SF(Usable): | \$6.21 |
| Grantee/Buyer: | Gehan Homes |
| Assets Sold: | Real estate only |
| Property Rights: | Fee Simple |
| Financing: | Cash to seller |
| Document Type: | Closing Statement |
| Verified By: | James "Max" Thompson, MAI |
| Verification Date: | 3/12/13 |
| Verification Source: | Settlement statement |
| Verification Type: | Confirmed-Buyer |

| | |
|---------------------------|----------------|
| No. of Units (Potential): | 55 |
| Frontage Feet: | 55 |
| Source of Land Info.: | Public Records |

Comments

Sale represents the purchase of 55' lots in The Common's at Rowe Lane subdivision. Pflugerville school district. New home price point at time of lot sale: \$185,990 - \$293,990. Amenities: pool, playground, park, clubhouse.

Improvement and Site Data

| | |
|------------------------|-------------|
| MSA: | Austin |
| Acres(Usable/Gross): | 0.15/0.15 |
| Land-SF(Usable/Gross): | 6,600/6,600 |
| Usable/Gross Ratio: | 1.00 |

Addendum D

Engagement Letter

Integra Realty Resources
Austin

3755 W. Capital of Texas Hwy.
Suite 215
Austin, TX 78704

T 512.458.3440
F 512.350.0003
www.irr.com



January 28, 2016

Mr. Andy Alarcón
Director of Real Estate Development
Austin Habitat for Humanity
500 W. Ben White Blvd.
Austin, Texas 78704

SUBJECT: Proposal/Authorization for Valuation and Consulting Services
Lots 25-65 and Lot 122 Block C, and Lots 91-117 Block A Scenic Point Subdivision
Phase Two, City of Austin, Travis County, Texas (the "Subject Property")

Dear Mr. Alarcón:

Upon your acceptance of this letter agreement, Integra Realty Resources – Austin ("IRR – Austin"), will prepare an appraisal of the Subject Property.

The purpose of the appraisal is to provide an opinion of the market value of the fee simple interest in the Subject Property. The intended use of the appraisal is for internal decision making. The use of the appraisal by anyone other than you is prohibited. The appraisal will be prepared in conformance with and subject to, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the *Uniform Standards of Professional Appraisal Practice* (USPAP) developed by the Appraisal Standards Board of the Appraisal Foundation. The Ethics Rule of USPAP requires us to disclose to you any prior services we have performed regarding the Subject Property within a three year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity.

In accordance with our correspondence, the scope of this assignment will require IRR – Austin to consider all relevant and applicable approaches to value as determined during the course of our research, Subject Property analysis and preparation of the report.

Federal banking regulations require banks and other lending institutions to engage appraisers where FIRREA compliant appraisals must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions. Given that requirement, this appraisal may not be accepted by a federally regulated financial institution.

Mr. Andy Alarcón
Austin Habitat for Humanity
January 28, 2016
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The appraisal will be communicated in an Appraisal Report-Standard Format. All work will be performed under the direct supervision of the undersigned, together with other staff members. The appraisal and this letter agreement will be subject to our standard assumptions and limiting conditions a copy of which is attached as Attachment I.

IRR – Austin is an independently owned and operated company. The parties hereto agree that Integra Realty Resources, Inc. ("Integra") shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR – Austin. In addition, it is expressly agreed that in any action which may be brought against IRR – Austin and/or any of its officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), arising out of, relating to, or in any way pertaining to this engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

The total fee for this assignment will be \$4,000 (including expenses), and the delivery date will be 14 days from your acceptance of this letter agreement, but subject to extension based upon late delivery of the requested data and scheduled access for inspection. The fees will be due and payable upon delivery of the report. It is understood that simple interest of 15% per annum will accrue on any unpaid balance for compensation due, subject to reduction pursuant to any applicable usury law. We shall also be entitled to recover our costs (including attorneys' fees), associated with collecting any amounts owed or otherwise incurred in connection with this assignment. If the assignment is cancelled by either party prior to completion, you agree to pay us for all our expenses and our time to date based upon the percentage of work completed. Upon default, we shall be permitted to file a lien against the Subject Property for any amounts owed pursuant to this engagement.

The report will be delivered in PDF format. The 14 day delivery date is contingent upon the absence of events outside our control, timely access for inspection of the Subject Property, as well as our receipt of all requested information necessary to complete the assignment.

Please be advised that we are not experts in the areas of building inspection (including mold), environmental hazards, ADA compliance or wetlands. Therefore, unless we have been provided with appropriate third party expert reports, the appraisals will assume that there are no environmental, wetlands, or ADA compliance problems. The agreed upon fees for our services assume the absence of such issues inasmuch as additional research and analysis may be required. If an expert is required, you are responsible for their selection, payment and actions.

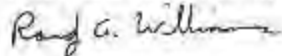
Mr. Andy Alarcón
Austin Habitat for Humanity
January 28, 2016
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In the event that we receive a subpoena or are called to testify in any litigation, arbitration or administrative hearing of any nature whatsoever or as a result of this engagement or the related report, to which we are not a party, you agree to pay our then current hourly rates for such preparation and presentation of testimony. You agree that: (i) the data collected by us in this assignment will remain our property; and (ii) with respect to any data provided by you, IRR -- Austin and its partner companies may utilize, sell and include such data (either in the aggregate or individually), in the Integra database and for use in derivative products. You agree that all data already in the public domain may be utilized on an unrestricted basis. Finally, you agree that we may use commercially available as well as proprietary software programs to perform your assignment (web based and others).

If you are in agreement with the terms set forth in this letter and wish us to proceed with the engagement, please sign below and return one copy to us. Thank you for this opportunity to be of service and we look forward to working with you.

Sincerely,

INTEGRA REALTY RESOURCES -- AUSTIN



Randy A. Williams, MAI, SR/WA, FRICS
Senior Managing Director

Attachment

AGREED & ACCEPTED THIS 28 DAY OF January, 2016.

BY: AUSTIN HABITAT FOR HUMANITY


AUTHORIZED SIGNATURE

Phyllis Snodgrass, CEO
NAME (PRINT)

Mr. Andy Alarcón
Austin Habitat for Humanity
January 28, 2016
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ATTACHMENT I
STANDARD ASSUMPTIONS & LIMITING CONDITIONS

The appraisal report and any work product related to the engagement will be limited by the following standard assumptions:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The Subject Property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the Subject Property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the Subject Property more or less valuable. Furthermore, there is no asbestos in the Subject Property.
4. The Subject Property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
5. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

The appraisal report and any work product related to the engagement will be subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the Subject Property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the Subject Property without compensation relative to such additional employment.
6. We have made no survey of the Subject Property and assume no responsibility in connection with such matters. Any sketch or survey of the Subject Property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers

Mr. Andy Alarcón
Austin Habitat for Humanity
January 28, 2016
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the Subject Property as described in this report, and the areas and dimensions set forth are assumed to be correct.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the Subject Property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the Subject Property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the Subject Property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the Subject Property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the Subject Property or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the value stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.

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17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the Subject Property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the Subject Property with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the Subject Property or in the improvements, and our valuation is predicated upon the assumption that the Subject Property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the Subject Property. IRR – Austin and/or any of its officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties") shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the Subject Property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the Subject Property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the Subject Property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the Subject Property is free of defects or environmental problems. Mold may be present in the Subject Property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
24. IRR – Austin is an independently owned and operated company. The parties hereto agree that Integra Realty Resources, Inc. ("Integra") shall not be liable for any claim arising out of or

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relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR – Austin. In addition, it is expressly agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

25. IRR – Austin is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of the Subject Property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

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As will be determined during the course of the assignment, additional extraordinary or hypothetical conditions may be required in order to complete the assignment. The appraisal shall also be subject to those assumptions.

Austin Habitat for Humanity Properties 2018 TCAD

| Property ID | Geographic ID | Type | Property Address | Legal Description | Owner Name | Appraised Value |
|-------------|---------------|------|-------------------------------|--|---------------------------------|-----------------|
| 546005 | 221330711 | Real | 7217 BOYLE DR TX 78724 | LOT 65 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 9,188 |
| 546006 | 221330712 | Real | 7221 BOYLE DR TX 78724 | LOT 64 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546007 | 221330713 | Real | 7225 BOYLE DR TX 78724 | LOT 63 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546008 | 221330714 | Real | 7229 BOYLE DR TX 78724 | LOT 62 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546009 | 221330715 | Real | 7233 BOYLE DR TX 78724 | LOT 61 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546010 | 221330716 | Real | 6520 FARRELL GLEN DR TX 78724 | LOT 60 BLK C SCENIC POINT SUBD PHS 2 (DRAINAGE EASEMENT) | AUSTIN HABITAT FOR HUMANITY INC | 438 |
| 546011 | 221330717 | Real | 6516 FARRELL GLEN DR TX 78724 | LOT 59 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546012 | 221330718 | Real | 6512 FARRELL GLEN DR TX 78724 | LOT 58 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546013 | 221330719 | Real | 6508 FARRELL GLEN DR TX 78724 | LOT 57 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546014 | 221330720 | Real | 6504 FARRELL GLEN DR TX 78724 | LOT 56 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546015 | 221330721 | Real | 6500 FARRELL GLEN DR TX 78724 | LOT 55 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546016 | 221330722 | Real | 6424 FARRELL GLEN DR TX 78724 | LOT 54 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546017 | 221330723 | Real | 6420 FARRELL GLEN DR TX 78724 | LOT 53 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546018 | 221330724 | Real | 6416 FARRELL GLEN DR TX 78724 | LOT 52 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546019 | 221330725 | Real | 6412 FARRELL GLEN DR TX 78724 | LOT 51 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546020 | 221330726 | Real | 6408 FARRELL GLEN DR TX 78724 | LOT 50 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546021 | 221330727 | Real | 6404 FARRELL GLEN DR TX 78724 | LOT 49 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546022 | 221330728 | Real | 6400 FARRELL GLEN DR TX 78724 | LOT 48 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546023 | 221330729 | Real | 6316 FARRELL GLEN DR TX 78724 | LOT 47 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 9,188 |
| 546024 | 221330730 | Real | 6312 FARRELL GLEN DR TX 78724 | LOT 46 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546025 | 221330731 | Real | 6308 FARRELL GLEN DR TX 78724 | LOT 45 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546026 | 221330732 | Real | 6304 FARRELL GLEN DR TX 78724 | LOT 44 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546027 | 221330733 | Real | 6300 FARRELL GLEN DR TX 78724 | LOT 43 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546028 | 221330734 | Real | 6301 FARRELL GLEN DR TX 78724 | LOT 42 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546029 | 221330735 | Real | 6305 FARRELL GLEN DR TX 78724 | LOT 41 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546030 | 221330736 | Real | 6309 FARRELL GLEN DR TX 78724 | LOT 40 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 9,188 |
| 546031 | 221330737 | Real | 6313 FARRELL GLEN DR TX 78724 | LOT 39 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 9,188 |
| 546032 | 221330738 | Real | 6317 FARRELL GLEN DR TX 78724 | LOT 38 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546033 | 221330739 | Real | 6401 FARRELL GLEN DR TX 78724 | LOT 37 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546034 | 221330740 | Real | 6405 FARRELL GLEN DR TX 78724 | LOT 36 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546035 | 221330741 | Real | 6409 FARRELL GLEN DR TX 78724 | LOT 35 BLK C SCENIC POINT SUBD PHS 2 (PRORATE 1/1/16 TO 4/14/16) | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546036 | 221330742 | Real | 6413 FARRELL GLEN DR TX 78724 | LOT 34 BLK C SCENIC POINT SUBD PHS 2 (PRORATE 1/1/16 TO 4/14/16) | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546037 | 221330743 | Real | 7220 ZACHARY DR TX 78724 | LOT 33 BLK C SCENIC POINT SUBD PHS 2 (PRORATE 1/1/16 TO 4/14/16) | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546038 | 221330744 | Real | 7216 ZACHARY DR TX 78724 | LOT 32 BLK C SCENIC POINT SUBD PHS 2 (PRORATE 1/1/16 TO 4/14/16) | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546039 | 221330745 | Real | 7212 ZACHARY DR TX 78724 | LOT 31 BLK C SCENIC POINT SUBD PHS 2 (PRORATE 1/1/16 TO 4/14/16) | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546040 | 221330746 | Real | 7208 ZACHARY DR TX 78724 | LOT 30 BLK C SCENIC POINT SUBD PHS 2 (PRORATE 1/1/16 TO 4/14/16) | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546041 | 221330747 | Real | 7116 ZACHARY DR TX 78724 | LOT 122 BLK C SCENIC POINT SUBD PHS 2 (DRAINAGE EASEMENT) | AUSTIN HABITAT FOR HUMANITY INC | 525 |
| 546043 | 221330749 | Real | 7104 ZACHARY DR TX 78724 | LOT 29 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 9,188 |
| 546044 | 221330750 | Real | 7100 ZACHARY DR TX 78724 | LOT 28 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546045 | 221330751 | Real | 7020 ZACHARY DR TX 78724 | LOT 27 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546046 | 221330752 | Real | 7016 ZACHARY DR TX 78724 | LOT 26 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546047 | 221330753 | Real | 7012 ZACHARY DR TX 78724 | LOT 25 BLK C SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546072 | 221331001 | Real | 7232 BOYLE DR TX 78724 | LOT 98 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 9,188 |
| 546073 | 221331002 | Real | 7228 BOYLE DR TX 78724 | LOT 97 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546074 | 221331003 | Real | 7224 BOYLE DR TX 78724 | LOT 96 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546075 | 221331004 | Real | 7220 BOYLE DR TX 78724 | LOT 95 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546076 | 221331005 | Real | 7216 BOYLE DR TX 78724 | LOT 94 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 35,000 |

| | | | | | | |
|--------|-----------|------|--------------------------|---------------------------------------|---------------------------------|---------|
| 546077 | 221331006 | Real | 7212 BOYLE DR TX 78724 | LOT 93 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 35,000 |
| 546097 | 221331026 | Real | 7013 ZACHARY DR TX 78724 | LOT 117 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546098 | 221331027 | Real | 7017 ZACHARY DR TX 78724 | LOT 116 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546099 | 221331028 | Real | 7021 ZACHARY DR TX 78724 | LOT 115 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546100 | 221331029 | Real | 7025 ZACHARY DR TX 78724 | LOT 114 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546101 | 221331030 | Real | 7101 ZACHARY DR TX 78724 | LOT 113 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546102 | 221331031 | Real | 7105 ZACHARY DR TX 78724 | LOT 112 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546103 | 221331032 | Real | 7109 ZACHARY DR TX 78724 | LOT 111 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546104 | 221331033 | Real | 7113 ZACHARY DR TX 78724 | LOT 110 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546105 | 221331034 | Real | 7117 ZACHARY DR TX 78724 | LOT 109 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546106 | 221331035 | Real | 7121 ZACHARY DR TX 78724 | LOT 108 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546107 | 221331036 | Real | 7125 ZACHARY DR TX 78724 | LOT 107 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546108 | 221331037 | Real | 7129 ZACHARY DR TX 78724 | LOT 106 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546109 | 221331038 | Real | 7201 ZACHARY DR TX 78724 | LOT 105 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546110 | 221331039 | Real | 7205 ZACHARY DR TX 78724 | LOT 104 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546111 | 221331040 | Real | 7209 ZACHARY DR TX 78724 | LOT 103 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546112 | 221331041 | Real | 7213 ZACHARY DR TX 78724 | LOT 102 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546113 | 221331042 | Real | 7217 ZACHARY DR TX 78724 | LOT 101 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546114 | 221331043 | Real | 7221 ZACHARY DR TX 78724 | LOT 100 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| 546115 | 221331044 | Real | 7225 ZACHARY DR TX 78724 | LOT 99 BLK A SCENIC POINT SUBD PHS 2 | AUSTIN HABITAT FOR HUMANITY INC | 8,750 |
| | | | | | | 624,841 |



Zoning Information



CITY OF AUSTIN - ZONING VERIFICATION LETTER

Exhibit B

For questions concerning zoning compliance or any development criteria contact the Development Assistance Center of the City of Austin at (512) 974-6370.

This letter is to verify that the parcel listed is covered by the listed zoning classification on the date the letter was created.

Party Requesting Verification

Name: Andy Alarcon, Austin Habitat for Humanity
Mailing Address:
310 Comal St., Ste.100
Austin, TX. 78702

Tax Parcel Identification Number

Agency: TCAD
Parcel ID: 546005-546040

Zoning Classification(s)

Find definitions at <http://www.austintexas.gov/page/zoning-districts>

SF-4A: Lots 30-65, Block C, Scenic Point Subd., Phs 2

Zoning Case Number(s)

Look up case info at https://www.austintexas.gov/devreview/a_queryfolder_permits.jsp

C14-00-2249SH

Zoning Ordinance Number(s)

Look up ordinances at <http://austintexas.gov/edims/search.cfm>

010125-55

For Address Verification visit:

<http://austintexas.gov/addressverification>

To access zoning ordinance documentation visit:

<http://austintexas.gov/edims/search.cfm>

To access zoning overlay documentation (Land Development Code Chapter 25-2 Division 6) visit:

<http://austintexas.gov/department/austin-city-code-land-development-code>

<http://austintexas.gov/department/zoning>

This letter was produced by the City of Austin Communication Technology Management Department on behalf of the Planning and Development Review Department.

I, Tony Castro, of the Communications and Technology Management Department for the City of Austin, do hereby certify that the above information reflects the data and records on file in this office.

A handwritten signature in black ink, appearing to read "Tony Castro", with a horizontal line underneath.

5/12/2014

765049



CITY OF AUSTIN - ZONING VERIFICATION LETTER

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Party Requesting Verification

Name: Andy Alarcon, Austin Habitat for Humanity
Mailing Address:
310 Comal St., Ste.100
Austin, TX. 78702

Tax Parcel Identification Number

Agency: TCAD
Parcel ID: 546041

Zoning Classification(s)

Find definitions at <http://www.austintexas.gov/page/zoning-districts>

SF-4A: Lot 122, Block C, Scenic Point Subd., Phase 2

Zoning Case Number(s)

Look up case info at https://www.austintexas.gov/devreview/a_queryfolder_permits.jsp

C14-00-2249SH

Zoning Ordinance Number(s)

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Party Requesting Verification

Name: Andy Alarcon, Austin Habitat for Humanity
Mailing Address:
310 Comal St., Ste.100
Austin, TX. 78702

Tax Parcel Identification Number

Agency: TCAD
Parcel ID: 546043--546047

Zoning Classification(s)

Find definitions at <http://www.austintexas.gov/page/zoning-districts>

SF-4A: Lots 25-29, Block C, Scenic Point Subd., Phase 2

Zoning Case Number(s)

Look up case info at https://www.austintexas.gov/devreview/a_queryfolder_permits.jsp

C14-00-2249SH

Zoning Ordinance Number(s)

Look up ordinances at <http://austintexas.gov/edims/search.cfm>

010125-55

For Address Verification visit:

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This letter is to verify that the parcel listed is covered by the listed zoning classification on the date the letter was created.

Party Requesting Verification

Name: Andy Alarcon, Austin Habitat for Humanity
Mailing Address:
310 Comal St., Ste.100
Austin, TX. 78702

Tax Parcel Identification Number

Agency: TCAD
Parcel ID: 546072-546079

Zoning Classification(s)

Find definitions at <http://www.austintexas.gov/page/zoning-districts>

SF-4A: Lots 91-98, Block A, Scenic Point Subd., Phase 2

Zoning Case Number(s)

Look up case info at https://www.austintexas.gov/devreview/a_queryfolder_permits.jsp

C14-00-2249SH

Zoning Ordinance Number(s)

Look up ordinances at <http://austintexas.gov/edims/search.cfm>

010125-55

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5/12/2014

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This letter is to verify that the parcel listed is covered by the listed zoning classification on the date the letter was created.

Party Requesting Verification

Name: Andy Alarcon, Austin Habitat for Humanity
Mailing Address:
310 Comal St., Ste.100
Austin, TX. 78702

Tax Parcel Identification Number

Agency: TCAD
Parcel ID: 546097-546115

Zoning Classification(s)

Find definitions at <http://www.austintexas.gov/page/zoning-districts>

SF-4A: Lots 99-117, Block A, Scenic Point Subd., Phase 2

Zoning Case Number(s)

Look up case info at https://www.austintexas.gov/devreview/a_queryfolder_permits.jsp

C14-00-2249SH

Zoning Ordinance Number(s)

Look up ordinances at <http://austintexas.gov/edims/search.cfm>

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5/12/2014

765049



Historical Preservation Documentation

TEXAS HISTORICAL COMMISSION
real places telling real stories

January 11, 2017

Andy Alarcon
Austin Habitat for Humanity
500 W. Ben White Blvd.
Austin, Texas 78704

Re: Project review under the National Historic Preservation Act: Scenic Point Subdivision, Phase II, Travis County (HUD, CDBG; Track #201 702593)

Dear Mr. Alarcon:

Thank you for your correspondence describing the above referenced project. This letter serves as comment on the proposed undertaking from the State Historic Preservation Officer, the Executive Director of the Texas Historical Commission.

The review staff, led by Tiffany Osburn, has examined our records. According to our maps, the tract proposed for development is in an area that has the potential for cultural resources and archeological sites have been previously documented nearby.

A professional archeologist will need to survey the tract to determine the presence of, and assess, cultural resources within the area of impact for this project, including any temporary workspaces. This work should include limited subsurface testing including trenching in areas with the potential for deeply buried cultural deposits and should meet the minimum archeological survey standards posted on-line at www.thc.state.tx.us. A report of investigations should be produced in conformance with the Secretary of the Interior's Guidelines for Archaeology and Historic Preservation, and submitted to this office for review. You may obtain lists of most professional archeologists in Texas on-line at: www.councilof texasarcheologists.org or www.rpanet.org. Please note that other potentially qualified archeologists not included on these lists may be used.

Thank you for your cooperation in this federal review process, and for your efforts to preserve the irreplaceable heritage of Texas. **If you have any questions concerning our review or if we can be of further assistance, please contact Tiffany Osburn at 512/463-8883 or tiffany.osburn@thc.state.tx.us.**

Sincerely,



for
Mark Wolfe, State Historic Preservation Officer

MW/to





20 February 2017

Ms. Tiffany Osburn
Texas Historical Commission
1511 Colorado Street
Austin, TX 78701

**RE: Pedestrian Survey of the +/-14-Acre Scenic Point Phase 2 Residential Development,
Austin, Travis County, Texas**

Dear Ms. Osburn:

Goshawk Environmental Consulting, Inc. (Goshawk) performed an intensive cultural resources investigation of Habitat for Humanity's proposed +/-14-acre Scenic Point Phase 2 Residential Development in Travis County, Texas, on 26 January 2017. It is anticipated that this project will receive federal funds from the U.S. Department of Housing and Urban Development (HUD) through the City of Austin/Austin Housing Finance Corporation for infrastructure purposes. This report of investigations was generated as a deliverable suitable for review by the lead federal agency, in this case, the HUD Fort Worth District, as well as for review and concurrence by the Texas Historical Commission (THC). The investigation consisted of surface inspection and shovel testing conducted within the relatively undisturbed portions of the tract. The investigation also included detailed land use assessment using past aerial imagery to identify areas of heavy land disturbance. The enclosed report of investigations covering all phases of work was produced for review by the THC.

Fourteen negative shovel tests were excavated within the APE. One previously recorded archeological site (41TV2112), documented on an adjacent property, was found to extend into the current project area. According to eligibility review information available on the THC's Archeological Sites Atlas, this site was determined to be ineligible for inclusion in the National Register Historic Places (NRHP), as originally recorded in 2005 (THC tracking #200205173). The portion of the site identified during the current project is limited to a low-density surficial scatter and is likewise recommended as ineligible for inclusion to the NRHP. Based on survey results, it is Goshawk's opinion that no significant cultural resources will be impacted by development. Goshawk recommends that cultural resources clearance be granted for the development project.

If you have any questions or desire further information, please feel free to contact me at 512-419-8424.

Sincerely,

Reign Clark

Reign Clark
Cultural Resources Director
Goshawk

NO HISTORIC
PROPERTIES AFFECTED
PROJECT MAY PROCEED

by William J. Wolfe
or Mark Wolfe
State Historic Preservation Officer
Date 2/21/17
Track# 201764281

DRAFT REPORT
ACCEPTABLE



**CULTURAL RESOURCES SURVEY OF AUSTIN HABITAT FOR HUMANITY'S
+/-14-ACRE SCENIC POINT PHASE 2 RESIDENTIAL DEVELOPMENT
IN AUSTIN, TRAVIS COUNTY, TEXAS**

Authors:

Jonathan Jarvis and Reign Clark

Report Prepared for:

Austin Habitat for Humanity
500 West Ben White Blvd.
Austin, TX 78704

Report Prepared by:

Goshawk Environmental Consulting, Inc.
P.O. Box 151525
Austin, Texas 78715

February 2017



MANAGEMENT SUMMARY

Goshawk Environmental Consulting, Inc. (Goshawk) conducted a cultural resources survey of the proposed Scenic Point Phase 2 Residential Development at the request of Habitat for Humanity. The project area was located in northeast Austin, in Travis County, Texas. The Area of Potential Effect (APE) consisted of 67 vacant residential lots in the Scenic Point Subdivision. Austin Habitat for Humanity has proposed to develop these lots into affordable single-family homeownership units. The APE consists of +/-14 acres (5.67 hectares [ha]) of undeveloped land.

Cultural resources survey work was conducted for use in regulatory compliance and coordination under provisions of the National Environmental Policy Act of 1969 as amended; the National Historic Preservation Act of 1966 as amended; and their implementing regulations. Cultural resources survey work conformed to the guidelines set forth by the Council of Texas Archeologists (19950). It is anticipated that this project will receive federal funds from the U.S. Department of Housing and Urban Development (HUD) through the City of Austin/Austin Housing Finance Corporation for infrastructure purposes. This report of investigations was generated as a deliverable suitable for review by the lead federal agency, in this case, the HUD Fort Worth District, as well as for review and concurrence by the Texas Historical Commission (THC).

The APE was subject to intensive archeological pedestrian survey after a review of relevant archival records. Field investigations were conducted by Goshawk archeologist Reign Clark, with Jonathan Jarvis on 26 January 2017. Jonathan Jarvis served as primary author and provided Geographic Information Systems (GIS) figures for the report of investigations. Reign Clark served as Project Manager and contributing author.

Fourteen negative shovel tests were excavated within the APE. One previously recorded archeological site (41TV2112), documented on an adjacent property, was found to extend into the current project area. According to eligibility review information available on the THC's Archeological Sites Atlas, this site was determined to be ineligible for inclusion in the National Register Historic Places (NRHP), as originally recorded in 2005 (THC tracking #200205173). The portion of the site identified during the current project is limited to a low-density surficial scatter and is likewise recommended as ineligible for inclusion to the NRHP.

During the field investigation evidence of previous disturbance was found across much of the APE. Based on these investigative efforts, it is Goshawk's opinion that no significant cultural resources will be affected by construction within Austin Habitat for Humanity's Scenic Point Phase 2 Residential Development. Goshawk recommends that development be allowed to proceed as planned.



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APENDICES

- A FIGURES**
- B REPRESENTATIVE PHOTOGRAPHS**
- C SHOVEL TEST DATA**
- D ARCHITECTURAL SURVEY REPORT**



1.0 STUDY AREA

Goshawk Environmental Consulting, Inc. (Goshawk) conducted a cultural resources survey of the Austin Habitat for Humanity's proposed Scenic Point Phase 2 Residential Development in Austin, Texas (Appendix A, Figure 1). The project area was located in northeast Austin, in Travis County, Texas on the 7.5' Austin East, Texas, United States Geological Survey (USGS) topographic quadrangle (Appendix A, Figure 2). The project area consists of 67 residential lots in the Scenic Point subdivision near the intersection of Johnny Morris Road and Loyal Lane. Austin Habitat for Humanity proposes to construct affordable homeownership units consisting of single-family detached homes. The total Area of Potential Effect for the development is approximately 14 acres (5.67 hectares [ha]). The current primary land use is residential with some nearby commercial properties nearby.

Cultural resources survey work was conducted for use in regulatory compliance and coordination under provisions of the National Environmental Policy Act of 1969, as amended; the National Historic Preservation Act of 1966, as amended; and their implementing regulations. Cultural resources survey work conformed to the guidelines set forth by the Council of Texas Archeologists (CTA 1995). It is anticipated that this project will receive federal funds from the U.S. Department of Housing and Urban Development (HUD) through the City of Austin/Austin Housing Finance Corporation for infrastructure purposes. This report of investigations was generated as a deliverable suitable for review by the lead federal agency, in this case, the HUD Fort Worth District, as well as for review and concurrence by the Texas Historical Commission (THC).

The cultural resources survey consisted of shovel test excavations and surface inspection. Representative photographs of the APE are provided in Appendix B. Shovel Test data are provided in Appendix C.

2.0 RESEARCH DESIGN

The cultural resources survey was performed according to CTA survey standards; in compliance with the THC's Rules of Practice and Procedure, Chapter 26, Section 27 (THC 2017a, CTA 1995); and under the general guidelines of the Register of Professional Archaeologists (RPA 2012). Site files for the 7.5' USGS Austin East quadrangle on the THC's Archeological Sites Atlas (Atlas) website (THC 2017b) were consulted prior to commencement of the field effort for previously recorded site locations; references to previous archeological surveys undertaken; and place names of interest in the vicinity of the project area.

The field investigation (pedestrian survey and shovel testing) was performed on 26 January 2017. The project area was subject to subsurface archeological examination in the form of 14 shovel tests and an intensive surface inspection on foot. Shovel tests were administered within the vacant lot, where disturbances were minimal, in order to identify landscapes with the greatest potential for temporally stratified soil deposits. Shovel tests, typically 12 inches (30 centimeter [cm]) in diameter, were excavated to sterile substratum. The matrix was sifted through ¼-inch (0.6-cm) hardware cloth. If soils of high clay constituency were encountered, the matrix was hand sorted. Shovel test locations were recorded with hand held Global Positioning System (GPS) units and transferred to topographic maps. Shovel testing was conducted to identify the presence or absence of buried cultural material



and to ascertain the horizontal and vertical limits of any cultural manifestation discovered within the project area. No artifacts were collected during the survey. Artifact assemblages were photographed in the field and left where found.

3.0 RESULTS

3.1 ARCHIVAL SEARCH

Over 2,527 archeological sites have been documented in Travis County at the time of this investigation. Archival research conducted using the THC's Atlas online database and records on file at the Texas Archeological Research Laboratory resulted in the identification of six previously recorded archeological sites situated within a 0.6-mile (1-kilometer [km]) radius of the proposed APE (THC 2017b). The sites nearest to the project area are 41TV1994, 41TV2046 and 41TV2111-2114 (Appendix A, Figure 3).

The site in closest proximity to the project area is 41TV2112. This site was mapped approximately 390 feet (120 meters) to the north on a landform that extends into the current project area.

3.1.1 Site 41TV2112

Site 41TV2112 was documented during an archeological survey conducted by TRC Environmental in 2005 (Archambeault 2005:17-21). The site was characterized by TRC archeologists as an upland scatter of lithic debitage, cores, and burned rock. No archeological features were identified and the investigators indicated that the site had been subject to significant disturbance. The southern boundary was arbitrarily drawn based on the presence of a small modern trash dump, although it was suggested that the actual extent remained unknown. The investigators tentatively concluded that the site was a lithic procurement locale. Given the disturbance present and generally poor context of the archeological materials, the site was recommended as ineligible for inclusion in the NRHP.

3.1.3 Archeological Overview and Previous Investigations

The project area is situated within the Central Texas archeological region as delineated by Prewitt (1981). Archeological investigations in this region have documented evidence of human occupation spanning the Paleoindian period (roughly 12,000 B.P.) through more recent historic times (Perttula 2004:9 Table 1.1). A concise summary of the Central Texas archeological region can be found in Collins (2004).

Prior to the current investigation, the APE had never been surveyed for cultural resources. Property immediately north of the APE was surveyed by TRC Environmental on behalf of Austin ISD. That investigation resulted in the documentation of four archeological sites (41TV2111-41TV2114); all of which were recommended as ineligible for inclusion to the NRHP (Archambeault 2005).

Hicks & Company conducted two surveys for flood control improvements in the nearby Crystal Brook neighborhood. Hicks & Company documented one historic-age archeological site (41TV1994) that was likewise recommended as ineligible for the NRHP (Moreman and Feit 2002; Jarvis 2002a). Hicks & Company also conducted a survey in advance of improvements to Loyola Lane, south of the APE. No archeological sites were found during that investigation (Jarvis 2002b).



3.2 PROJECT AREA SOILS

The project area is situated on the edge of the Blackland Prairie, just east of the Balcones Escarpment that divides the Edwards Plateau to the west and the Blackland Prairie to the east. The Balcones Escarpment represents the remnant of a tectonic event that occurred at the end of the Paleozoic Era (Barnes 1992), whereas the Blackland Prairie to the east of the escarpment is a physiological transition to the broad coastal plain.

The Web Soil Survey of the Natural Resources Conservation Service (NRCS) (2017) was consulted to determine the major soil types within the APE (Appendix A, Figure 4). Soil deposits mapped within the APE consist mostly of Heiden clay (HeD2), with Ferris-Heiden complex (FhF3) soils confined to the northwest and southwest corners. Heiden clay is an eroded, well-drained, relatively deep soil. Ferris-Heiden complex soils are severely eroded and tend to have steep slopes (8 to 20 percent). Both soils form on calcareous marl and exhibit vertic (shrink-swell) properties (Werchan, et al. 1974). During the current investigation, Goshawk archeologists observed extensive areas of modern fill and gravel deposits exposed by erosion (Appendix B, Photos 1 -4).

3.3 PEDESTRIAN SURVEY AND SHOVEL TESTING

The Austin Habitat for Humanity Scenic Point Phase 2 Residential Development project area was subject to a 100-percent pedestrian walk-over survey and 14 shovel test excavations. During Goshawk's surface examination, portions of the project area were found to be heavily disturbed from adjacent residential development and erosion. Typical upland vegetation, consisting of juniper, scrub brush, and various grasses, was present across much of the project area. Common second-growth vegetation such as greenbrier and very young mesquite was also present, which suggests relatively recent clearing and disturbance. Riparian vegetation consisting of mixed hardwoods with fairly dense understory brush was confined to the area of an erosional drainage, on the western side of the project area. Ground surface visibility varied greatly, with near total exposure in some areas and dense vegetation obscuring most other areas.

CTA's minimum survey standards require a minimum of seven shovel tests for a project area of this size (one test every two acres). The minimum standard was exceeded with a total of 14 shovel tests distributed across the APE (Appendix A, Figure 5). Each shovel test was approximately 12 inches (30 cm) in diameter and excavated to sterile subsoil. All sediment removed from the shovel tests was sifted through ¼-inch (0.6-cm) mesh. No artifacts or materials suggesting the presence of a subsurface feature were encountered during subsurface investigations. Goshawk archeologists walked the entire project area, working roughly from north to south. With the exception of a surficial manifestation of previously recorded archeological site 41TV2112 found to occupy a small portion of the northern extent of the project area, no artifacts were found during the pedestrian survey. No archeological features were observed anywhere in the project area.

4.0 GENERAL FINDINGS SUMMARY

Investigation of the Austin Habitat for Humanity Scenic Point Phase 2 Residential Development project area consisted of a 100-percent pedestrian walk-over survey complimented by 14 shovel test excavations. One previously recorded site, 41TV2112, was found to extend into the northern portion of the project area (see Appendix A, Figure 5). This site was characterized as a low-density, surficial



scatter of prehistoric lithic debitage and historic debris. Ground surface visibility in the area of the site was excellent, allowing the investigators to make a confident assessment of the site within the project area. No archeological features were present, nor were any diagnostic prehistoric artifacts observed. Historic material included one patent medicine bottle fragment (Appendix B, Photo 5) amongst more modern trash.

All 14 shovel tests returned negative results. No artifacts or materials suggesting the presence of a subsurface feature were encountered during subsurface investigations. Much of the project area was observed to be disturbed, eroded, or exhibit steep slopes toward drainages (Appendix B, Photos 6-8).

5.0 RECOMMENDATIONS

Goshawk conducted a cultural resources survey consisting of an intensive surface inspection, augmented by 14 shovel test excavations, within the Austin Habitat for Humanity Scenic Point Phase 2 project area. None of the shovel test excavations conducted within the APE yielded positive results. One previously recorded archeological site, 41TV2112, was found to extend into the project area. As originally documented, the site was determined to be ineligible for inclusion in the NRHP. The extension of the site appears to be confined to the surface and no diagnostic artifacts, archeological features, or spatial patterning was observed. As such, the extension of site 41TV2112 is likewise recommended as ineligible for inclusion in the NRHP.

It is Goshawk's opinion that construction of the Austin Habitat for Humanity Scenic Point Phase 2 Residential Development project area, as proposed, will cause no impact to significant cultural resources within the project APE. Therefore, Goshawk recommends that development be allowed to proceed as planned. In the unlikely event that cultural resources (including human remains) should be discovered, all construction or maintenance activities should be immediately halted and both the THC and a qualified archeologist should be notified.



6.0 REFERENCES CITED

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Texas Historical Commission (THC)

- 2017a s.v. "Rules and Regulations" <http://www.thc.texas.gov/project-review/statutes-regulations-rules> (accessed January 2017).
- 2017b Texas Archeological Sites Atlas, "Austin East Quadrangle". <https://atlas.thc.state.tx.us/> (accessed January 2017).

Werchan, L.E., A.C. Lowther and R.N. Ramsey.

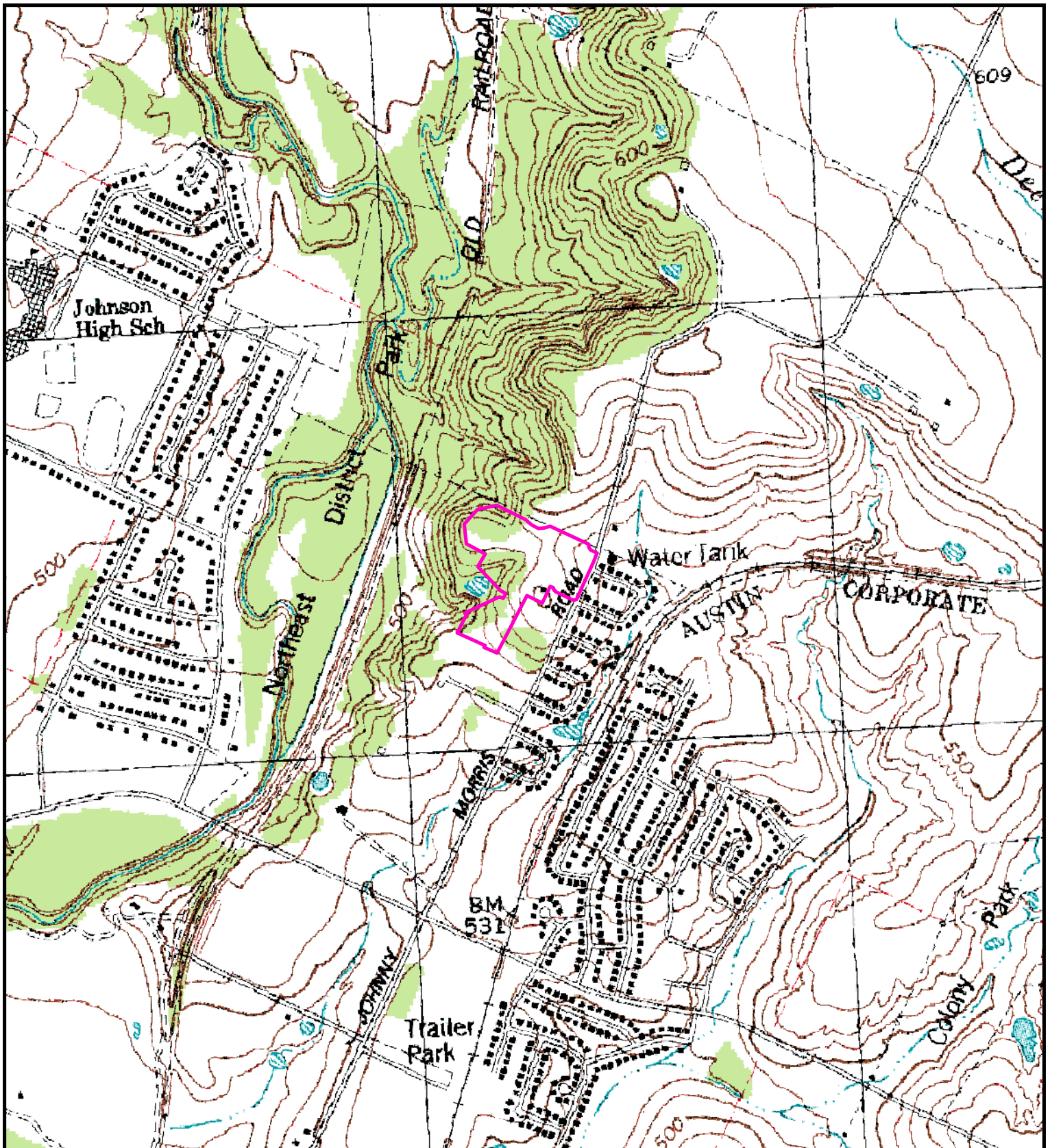
- 1974 *Soil Survey of Travis County*. Soil Conservation Service, U.S. Department of Agriculture. Washington, D.C.



APPENDIX A

FIGURES





Basemap Source: 7.5' USGS Austin East

Figure 2: USGS Topographic Quad

Date: 8 February 2017

1:12,000

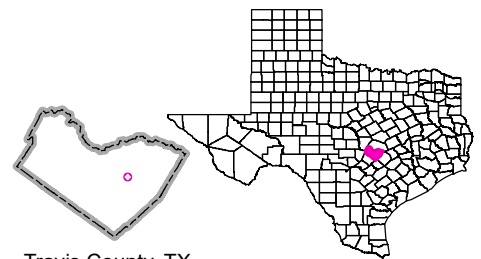
0 100 200 300 400 Meters



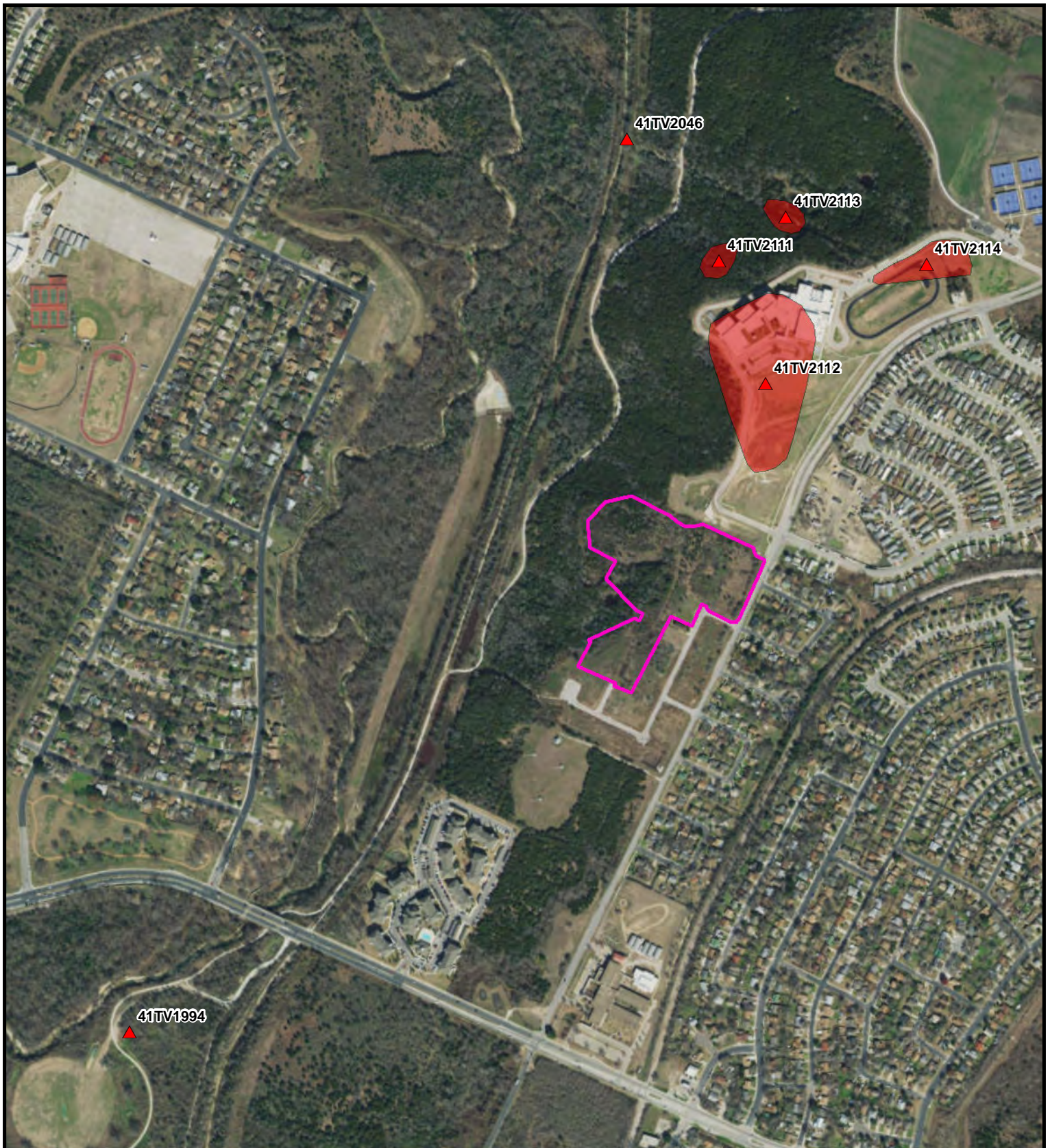
Project Boundary



**Scenic Point
Residential Development**



Travis County, TX



Basemap Source: Texas Orthoimagery Program 2015
 Site Data: TARL GIS / THC Archeological Sites Atlas

1:9,000

0 80 160 240 320 Meters



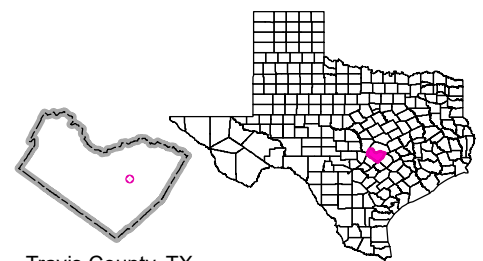
- ▲ Archeological Site
- Project Boundary

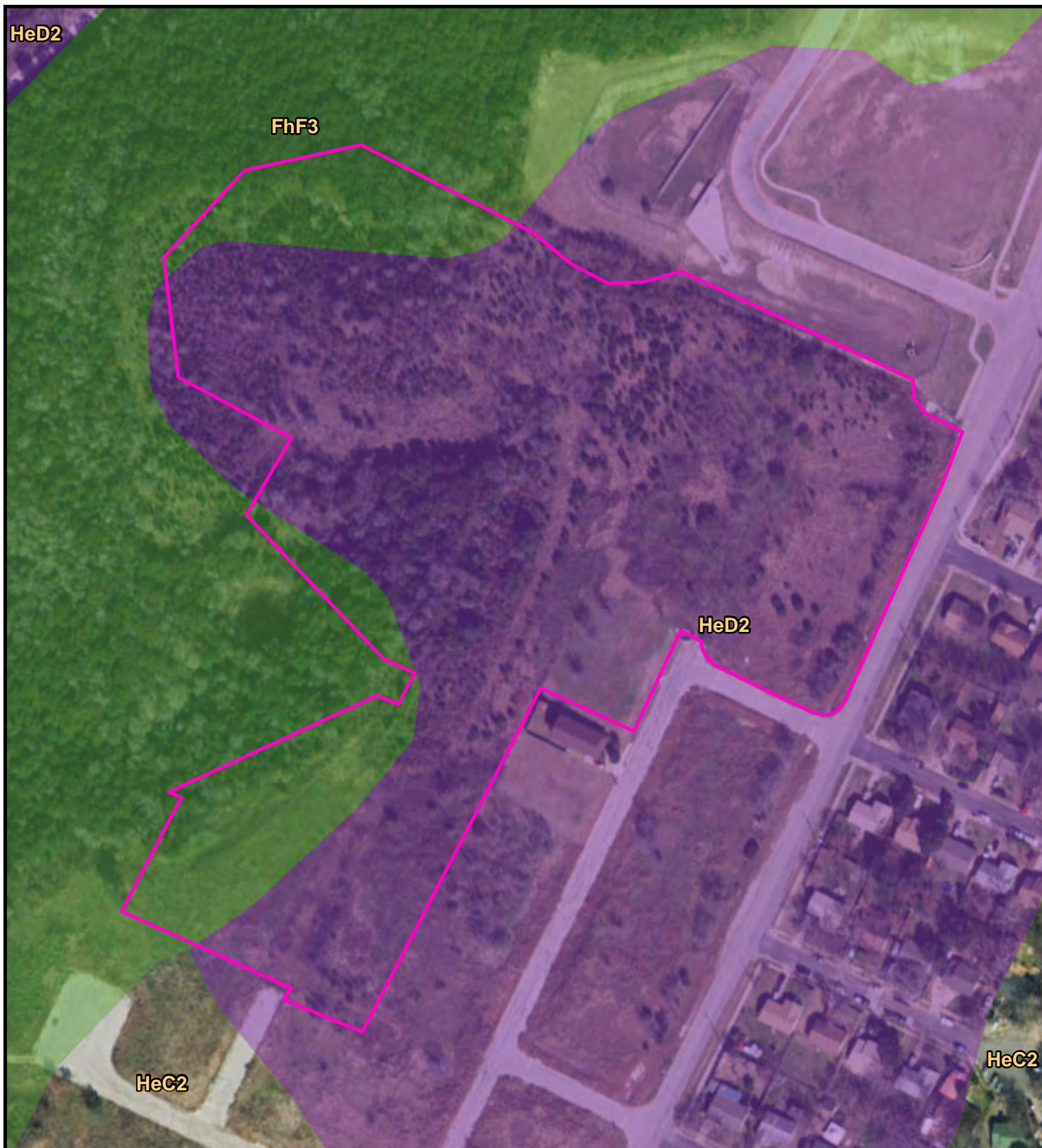
Figure 3: Previously Recorded Sites



**Scenic Point
 Residential Development**

Date: 8 February 2017





Basemap Source: Texas Orthoimagery Program 2015

1:2,000

0 20 40 60 80 Meters



Project Boundary

Map Units

HeD2=Heiden clay

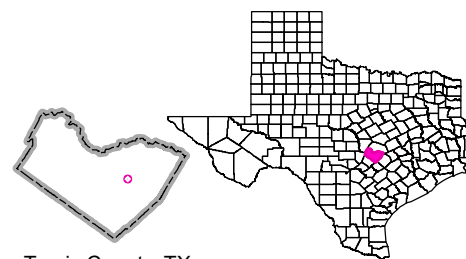
FhF3=Ferris-Heiden complex

Figure 4: Soils

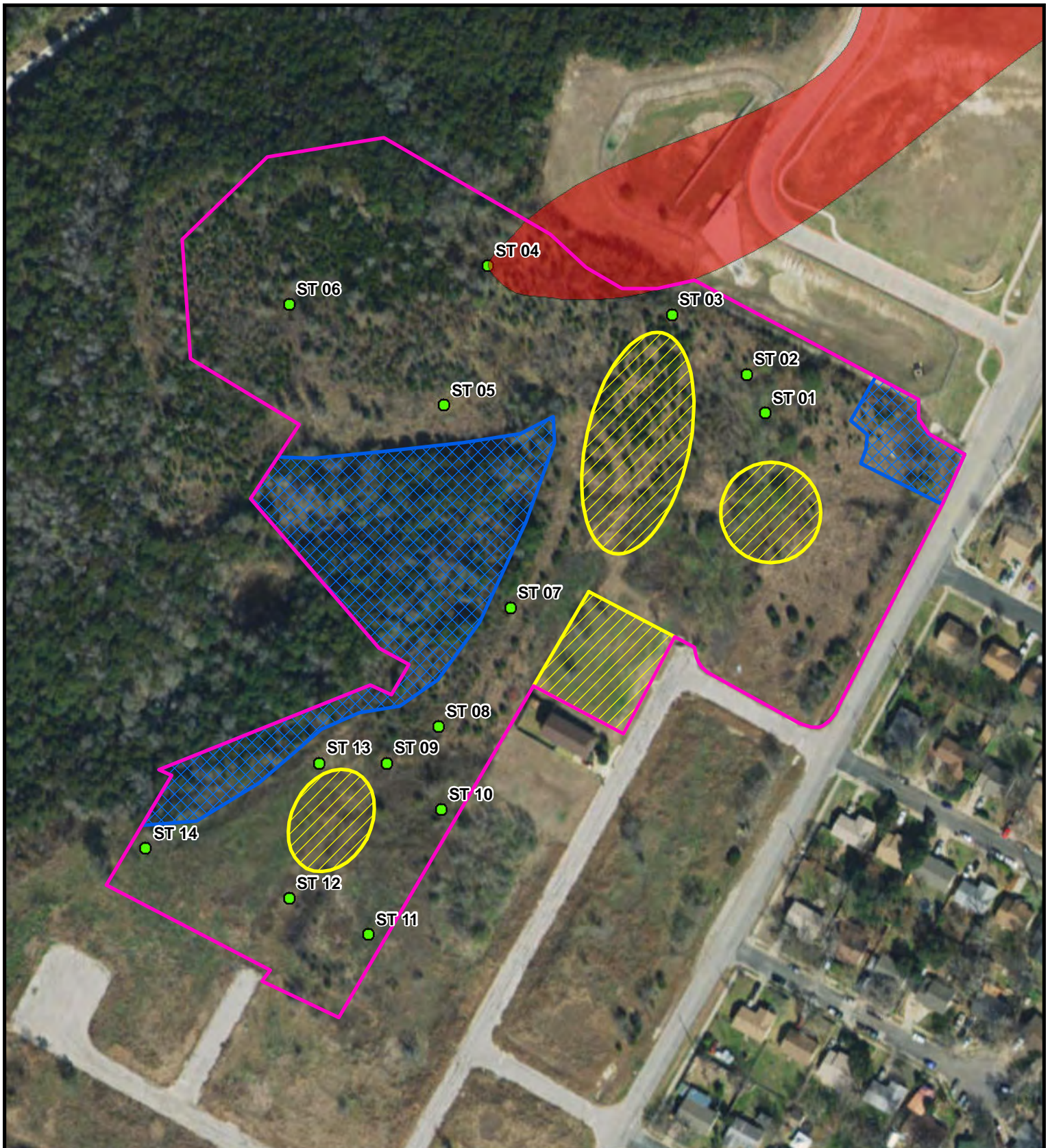


**Scenic Point
Residential Development**

Date: 8 February 2017



Travis County, TX



Basemap Source: Texas Orthoimagery Program 2015

1:2,000

0 20 40 60 80 Meters

- Project Boundary
- Drainage Area
- Fill/Disturbed
- 41TV2112
- Shovel Test

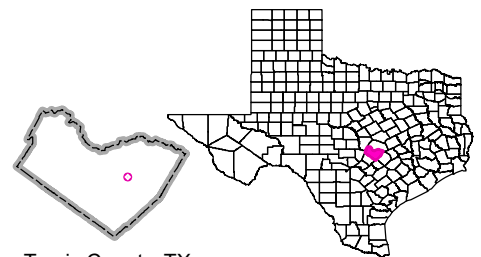


Figure 5: Shovel Tests and Field Observations



**Scenic Point
Residential Development**

Date: 8 February 2017



Travis County, TX

APPENDIX B

REPRESENTATIVE PHOTOGRAPHS





Photo 1: View of Spoil Pile, East Corner of Tract, Facing North-Northeast



Photo 2: Fire Plug and Water Main, East Corner of Tract, Facing West-Northwest





Photo 3: Exposed Gravels near Shovel Test #2



Photo 4: Exposed Gravels (note good surface visibility), Facing South



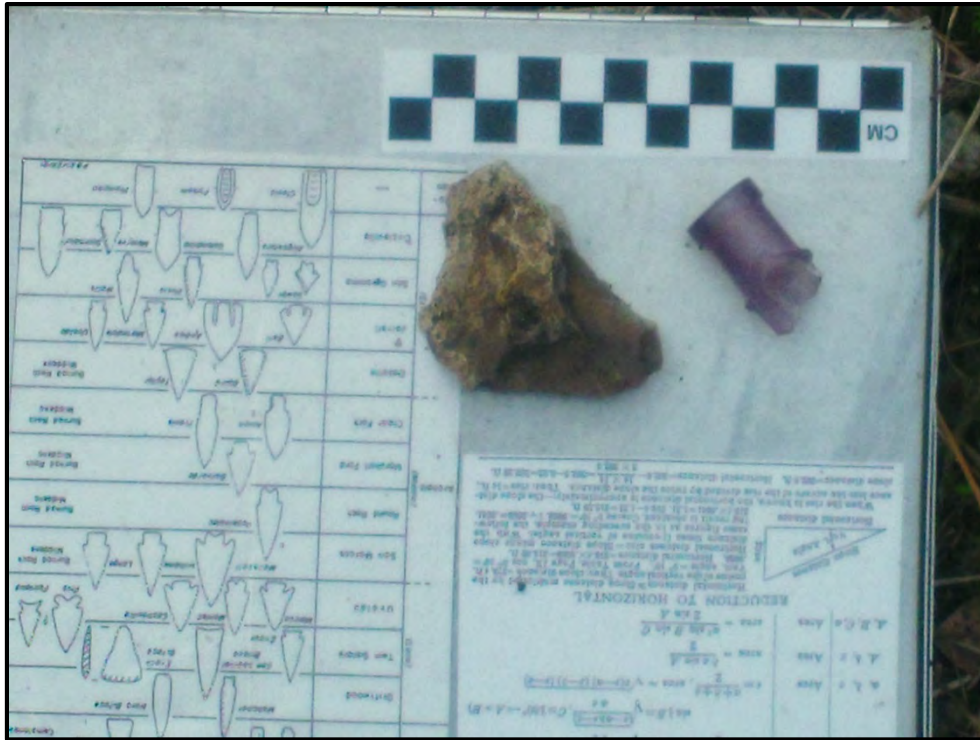


Photo 5: Historic Bottle Glass and Prehistoric F2 Flake from Surface at 41TV2112



Photo 6: Drainage Easement, Western Portion of APE, Facing West-Southwest





Photo 7: Disturbance along Southwest Edge of APE, Facing Southeast



Photo 8: Disturbance and Modern Debris in the Eastern Portion of the APE, Facing North



APPENDIX C

SHOVEL TEST DATA (Zone 14N, NAD 1983)



| Austin Habitat for Humanity Scenic Point Phase 2 Survey Data (Zone 14, NAD 1983) | | | | | | | | |
|--|-----|---------|----------|------------|-----------------------------------|---------------------|-----------|--------------------|
| ST# | WP# | Easting | Northing | Depth (cm) | Soil Color | Soil Composition | Artifacts | Comments |
| 1 | 61 | 630348 | 3353656 | 0-20 | Gray | Loamy clay | None | Few gravels |
| | | | | 20-25 | Gray | Clay w/ CaCO3 | None | Few gravels |
| 2 | 62 | 630341 | 3353671 | 0-30 | Dark brown | Cobbly clay | None | Cobbly surface |
| 3 | 63 | 630313 | 3353694 | 0-15 | Very dark brown | Cobbly clay | None | Cobbly surface |
| 4 | 64 | 630242 | 3353713 | 0-30 | Very dark brown | Cobbly clay | None | Cobbly surface |
| 5 | 65 | 630224 | 3353658 | 0-30 | Dark gray | Clay | None | Argillic |
| 6 | 66 | 630165 | 3353698 | 0-30 | Black | Clay | None | Argillic |
| 7 | 67 | 630250 | 3353580 | 0-20 | Dark gray | Clay | None | Few gravels |
| 8 | 68 | 630222 | 3353535 | 0-20 | Very dark brown | Clay | None | Cobbly surface |
| 9 | 69 | 630203 | 3353521 | 0-20 | Very dark brown | Clay | None | Few gravels |
| 10 | 70 | 630224 | 3353503 | 0-20 | Very dark brown | Clay | None | Few gravels |
| 11 | 71 | 630195 | 3353454 | 0-15 | Very dark gray | Clay loam | None | Few gravels |
| | | | | 15-25 | Very dark gray | Clay | | No gravel |
| | | | | 25-35 | Dark gray | Clay w/ CaCO3 | | |
| 12 | 72 | 630165 | 3353468 | 0-35 | Mottled yellow brown & gray brown | Caliche fill | None | Gravels on surface |
| 13 | 73 | 630176 | 3353521 | 0-30 | Dark brown | Clay w/ CaCO3 | None | |
| | | | | 30-35 | Dark brown | Dense gravelly clay | None | |
| 14 | 74 | 630110 | 3353488 | 0-20 | Mottled dark brown & yellow | Clay loam | None | Gravels & cobbles |
| | | | | 20-25 | Dark brown | Clay w/ CaCO3 | None | Large cobbles |

