Appendix

Referenced Studies and Reports

IMAGINEAUSTIN COMPREHENSIVE PLAN 2012
https://austintexas.gov/sites/default/files/files/Planning/ImagineAustin/webiacpreduced.pdf

BIOREGIONAL ONE PLANET COMMUNITIES
http://www.oneplanetcommunities.org/about-2/

LEED-ND GUIDELINES v2009
www.usgbc.org/resources/leed-neighborhood-development-v2009-current-version

CITY CODE OF AUSTIN 2014
https://www.municode.com/library/tx/austin

COMMUNITY HEALTH ASSESSMENT: AUSTIN/TRAVIS COUNTY 2012
http://www.austintexas.gov/sites/default/files/files/Health/CHA-CHIP/cha_report_8-24-12.pdf

COMMUNITY HEALTH IMPROVEMENT PLAN 2012
http://austintexas.gov/sites/default/files/files/Health/CHA-CHIP/CHIP_Draft_12-13-12.pdf

SAN FRANCISCO DEPARTMENT OF PUBLIC HEALTH'S
"HEALTHY DEVELOPMENT MEASUREMENT TOOL"
http://www.sfindicatorproject.org/

AUSTIN PARKS AND RECREATION LONG RANGE PLAN 2010
http://www.austintexas.gov/page/parks-recreation-long-range-plan-land-facilities-and-programs-lrp-adopted-november-2010

AUSTIN'S RECLAIMED WATER MASTER PLAN
http://www.weat.org/Presentations/B_31_NEWTON.pdf

MUELLER REDEVELOPMENT PLAN
http://www.muelleraustin.com/plan/design/

COLONY PARK COMPLETE COMMUNITY REPORT 2013
http://www.austintexas.gov/sites/default/files/files/Colony_Park/ColonyParkFinal_11-26-13.pdf

CITY OF AUSTIN 2020 BICYCLE PLAN
http://austintexas.gov/bicycle

CAMPO 2035 REGIONAL TRANSPORTATION PLAN 2010
http://www.connectcentraltexas.com/docs/CAMPO_2035_Plan_Adopted_May_24_2010wMods.pdf

AUSTIN RESOURCE RECOVERY PLAN 2011
https://www.austintexas.gov/sites/default/files/files/Trash_and_Recycling/MasterPlan_Final_12.30.pdf

CAPITOL MARKET RESEARCH

Colony Park

Market Assessment & Analysis

Prepared for

Farr & Associates / Urban Design Group

Laura Toups, P.E., LEED AP

Urban Design Group

3600 Stoneridge Road, Suite E101

Austin, Texas 78746

By

Capitol Market Research, Inc.

1102 West Avenue, Suite 100

Austin, Texas 78701

On

November 18, 2013

(Text Revision in response to comments: April 14, 2014)

CAPITOL MARKET RESEARCH

Real Estate Research, Land Development Economics & Market Analysis

November 18, 2013

Farr & Associates/Urban Design Group
Laura Toups, P.E., LEED AP
Managing Partner
Urban Design Group
3660 Stoneridge Road, Suite E101
Austin, TX 78746

Dear Farr & Associates/Urban Design Group:

We have concluded the market assessment and analysis for approximately 208 acres located in the Colony Park neighborhood owned by the Austin Housing Finance Corporation in Austin, The primary purpose of this analysis is to establish the “baseline” market conditions for the subject property and prepare an absorption forecast that is predicated on historical trends and emerging market conditions.

The results of our analysis are provided in the report which follows. After you have reviewed the report, we invite you to call with any questions or comments that you may have.

Respectfully submitted,

CAPITOL MARKET RESEARCH

Charles H. Heimsath
President

CHH/ebr

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Preface

Date of Study

The effective date of this study and all data is November 18, 2013. The text was revised on April 14, 2014, in response to client comments and discussions with the Colony Park Neighborhood Association, Farr Associates, and Urban Design Group.

Purpose of Study

The purpose of this report is to analyze the Colony Park Sustainable Community Initiative, and to determine of the absorption potential for the proposed mix of uses based on the competitive position of the subject and an economic and demographic forecast of the growth potential in the Study Area. The property to be evaluated is located just north of Loyola Lane and west of Decker Lane.

Function of the Report

This report is to be utilized by Farr & Associates, Urban Design Group, the Austin Housing Finance Corporation, the City of Austin Neighborhood Housing and Community Development, HUD, and other interested parties to provide assistance in determining an appropriate mix of uses for the 208 acres contained in the proposed development.

Property Identification

The subject is located comprised of two parcels, both owned by the Austin Housing Finance Corporation, between Johnny Morris Road and Decker Lane, just north of Loyola Lane, in Austin, Texas.

Assumptions

1. The consultant assumes that all information and data provided by the client, the City of Austin and Travis County are correct with respect to the availability of utilities, zoning and conformance with city building codes.
2. All statements of fact in the report that are used as the basis of consultant's analyses, opinions and conclusions are true and correct to the best of consultant's knowledge and belief. Consultant shall not have responsibility for legal matters, questions of survey, opinion of title, soil or subsoil conditions, engineering or other technical matters. Any sketches prepared by the consultant and contained in the report will be included solely to aid the user of the report in visualizing the property and its location.
3. Each finding, projection, assumption or conclusion contained in the market study will be the consultant's personal opinion and will not be an assurance that such an event will or will not occur. Consultant may assume that there are no "hidden" conditions relating to the real estate that would affect consultant's analyses, opinions or conclusions.
4. The data gathered in the market study and value estimates provided in the analysis do <u>not</u> constitute an appraisal as defined by the Appraisal Institute. With respect to the data provided by client, consultant shall not violate the confidential information furnished to consultant.

Methodology

A feasibility study is a general term, implying analysis aimed at discovering whether or not a specific project can be carried out successfully, with success usually indicating a sufficient return on capital required to attract investors to carry out the development. This requires two basic and interdependent analyses: a market study to determine supply, demand and potential absorption rates, and a financial analysis to determine whether or not the proposed project can be economically justified over a given period of time. This market study primarily addresses the market demand, obtainable rents and absorption issues and will be used in combination with more detailed financial feasibility studies conducted by the client to determine overall project feasibility.

REGIONAL AREA ANALYSIS

Overview

The proposed development is located east of the Austin's Central Business District. The area is primarily influenced by the economic base of Austin and Round Rock and the Austin Metropolitan Statistical Area (MSA). Travis County is generally bounded on the east by Bastrop County, on the north by Williamson County, on the south by Hays County, and on the west by Burnet County. The Austin MSA is comprised of Bastrop, Caldwell, Hays, Travis and Williamson counties. According to the U.S. Bureau of the Census, the Austin MSA was the 35th largest in the United States in 2010.

Austin is the Capital of Texas, the county seat of Travis County and one of the fastest-growing cities in the country. Anchored by employment in state government and the University of Texas at Austin, the community has recently experienced a surge of growth in high tech computer-related manufacturing and software development. Austin's government and education centers help stabilize the economy during difficult economic periods because these sectors are less affected by the cyclical nature of the economy. The University and the local, state and federal government offices have provided a solid employment foundation in Austin for more than one hundred years, and together employ more than 179,400 people, about 23.1% of Austin's wage and salary jobs. The University has also been a critical factor in diversifying Austin's economy. Research and development firms are attracted to Austin by the pool of young talented graduates from the University's programs in computer science, genetics, fusion energy, astronomy, neuroscience, electromechanics and geophysics.

Along with government and education, high-technology is a third vital sector of Austin's economy. In the 1980s and early 1990s, major high-tech firms including 3M and Applied Materials came to Austin and quickly expanded, and existing firms such as IBM and Motorola also grew. Austin's high-tech sector currently includes more than 1,500 firms. According to a 2012 Greater Austin Chamber of Commerce Survey, Dell Computer Corp. is the largest private company in the region with 16,000 employees, Seton Healthcare Network is second with 11,601 employees and HEB currently has 10,263, St. David's Healthcare Partnership (7,100), IBM Corp. (6,239), Freescale Semiconductor (5,000), AT&T (3,450), Apple Computer (3,356), Advanced Micro Devices (2,933), National Instruments (2,510) and Samsung Austin Semiconductor (2,400) follow.

Employment Growth

Employment growth in Austin has shown considerable volatility over the last fifteen years, primarily as a result of national and international trends which have an effect on the local economy. In 1996 the pace of employment growth seen in the early nineties slowed as a result of the worldwide glut of computer chips and concerns about the collapse of the Asian stock markets. The market regained momentum between 1998 and 2000, but the explosive growth experienced in 2000 evaporated with the national dot.com bust in 2001, and the Austin MSA actually experienced negative job growth in 2002 and 2003. Beginning at the end of 2003, the economy began to recover, and 14,400 jobs were added in 2004. The pace of growth steadily grew over the next four years, peaking at 34,100 jobs in 2007, a 4.72% annual increase. For a period of time in late 2007 and early 2008 it appeared that Austin might not be affected by the national housing crisis, but eventually the lack of credit for new lot construction, retail chain expansions and business inventory additions resulted in a decrease in new job creation in the local economy, which diminished to (-16,683) in 2009. However, the economy began a modest recovery in 2010 with 10,458 jobs added and gained momentum in 2011, with 25,425 jobs added, and in 2012, with the addition of 28,550 jobs. The most recent (May 2013) employment forecast shows the economy continuing its positive trajectory in 2013 with an increase of 34,113 jobs and in 2014 with an increase of 33,833 jobs. Table (1) on the following page provides recent employment statistics and projections for the Austin MSA. Forecasted annual increases in the Austin MSA employment for 2013 through 2025 are expected to average 2.55%. The forecast shown is from Moody’s, Economy.com, Austin MSA Employment Forecast, May 20, 2013.

Table (1)

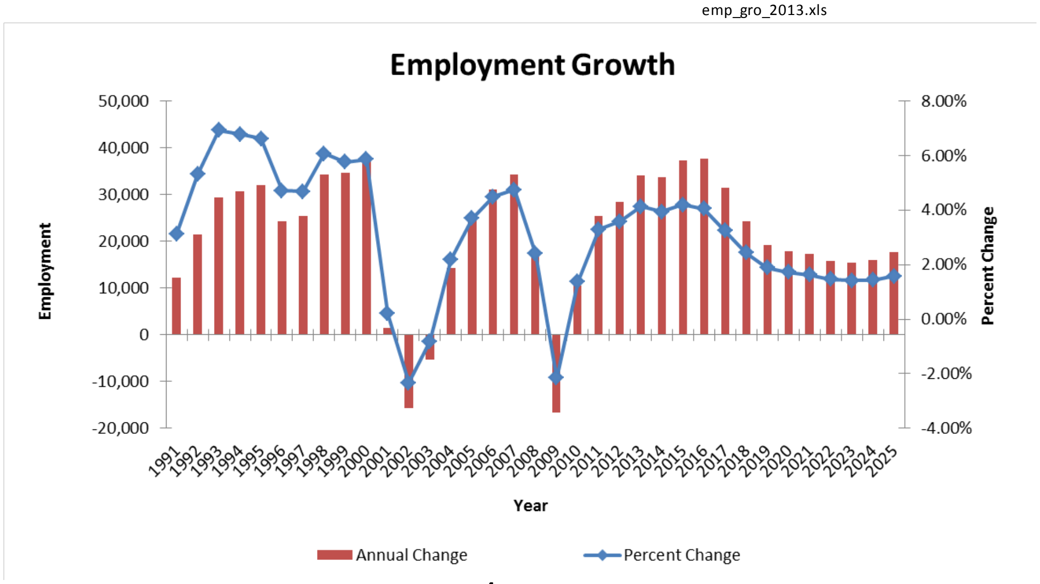
Historical & Projected Employment Growth

Austin MSA

Year	Total Wage & Salary Emp.	Annual Change	Percent Change
1990	390,600	...	...
1991	402,800	12,200	3.12%
1992	424,200	21,400	5.31%
1993	453,600	29,400	6.93%
1994	484,400	30,800	6.79%
1995	516,500	32,100	6.63%
1996	540,900	24,400	4.72%
1997	566,300	25,400	4.70%
1998	600,700	34,400	6.07%
1999	635,400	34,700	5.78%
2000	672,700	37,300	5.87%
2001	674,100	1,400	0.21%
2002	658,400	-15,700	-2.33%
2003	653,000	-5,400	-0.82%
2004	667,400	14,400	2.21%
2005	692,108	24,708	3.70%
2006	723,167	31,058	4.49%
2007	757,508	34,342	4.75%
2008	775,733	18,225	2.41%
2009	759,050	-16,683	-2.15%
2010	769,508	10,458	1.38%
2011	794,933	25,425	3.30%
2012	823,483	28,550	3.59%
2013	857,596	34,113	4.14%
2014	891,429	33,833	3.95%
2015	928,833	37,404	4.20%
2016	966,537	37,704	4.06%
2017	997,980	31,443	3.25%
2018	1,022,335	24,354	2.44%
2019	1,041,598	19,263	1.88%
2020	1,059,564	17,966	1.72%
2021	1,076,873	17,309	1.63%
2022	1,092,757	15,884	1.48%
2023	1,108,240	15,483	1.42%
2024	1,124,177	15,937	1.44%
2025	1,141,913	17,735	1.58%

Source: Texas Workforce Commission, Annual Average Wage & Salary Employment, Adjusted Annual Average, 1990-2011
Forecasted employment increase based upon forecast obtained from Economy.com May 20, 2013

emp_gro_2013.xls



Regional Population and Household Growth

Rapid population growth in Austin and other U.S. cities is almost always attributable to the migration of people from other areas, often because of job opportunities. The strong growth in employment, shown in the previous section, and a relatively low unemployment rate (5.2% in August 2013) means that as new jobs are created, people will continue to move into the region to take those jobs.

Between 1990 and 2000, the MSA increased by 59.9%, growing from 781,572 to 1,249,763 people. Approximately 40% of the growth in the region was captured by the City of Austin, and the City ended the decade with 656,562 people. Between 2000 and 2010, growth in the region slowed, and the City of Austin percentage growth rate dropped to 20.4%, due in large measure to the rapid growth in suburban communities in Hays and Williamson Counties.

Households in the MSA also grew at a rapid pace, increasing 55.3% in the nineties and another 37.9% between 2000 and 2010. The City of Austin actually increased its capture rate of regional household growth over the last ten years, from 28.9% in the nineties to 33.2% in the 2000 to 2010 time period.

The disparity between population and household growth throughout the region and the City of Austin is quite striking. While household size in the City of Austin has decreased slightly (from 2.40 in 2000 to 2.37 in 2010) household size in outlying areas has increased over the same time period. The simple explanation for this trend is that most “family” households are moving to suburban cities and counties, while the non-family and smaller households are choosing more urban locations in Travis County and the City of Austin. The higher cost and availability of land in Austin has resulted in a more dense development pattern and smaller units, which, in turn, attracts households with fewer people. It is likely that this trend will continue, resulting in an evolving city form most dramatically evident now in the skyline of downtown Austin.

The annexation of the City of Austin has historically followed a northwest and southwest pattern, with limited areas being annexed to the east of the city. The annexation pattern reflects the historical westward growth of the city and the limited amount of development that has occurred in the eastern portions of Austin. This trend is apparent when looking at the large amount of ETJ and Limited Purpose land to the east of Austin, which has yet to be annexed. The factors contributing to this pattern are discussed in more detail on Page 13.

Table (2)

Population and Household Trends

Region and Study Area

Area	Total Population			1990 to 2000 % Change	2000 to 2010 % Change
	1990	*2000*	*2010*		
Austin-Round Rock MSA	781,572	1,249,763	1,716,289	*59.90%*	*37.33%*
Travis County	576,407	812,280	1,024,266	*40.92%*	*26.10%*
City of Austin	465,622	656,562	790,390	*41.01%*	*20.38%*
Study Area	6,946	14,350	20,256	*106.59%*	*41.16%*

Area	Total Households			1990 to 2000 % Change	2000 to 2010 % Change
	1990	*2000*	*2010*		
Austin-Round Rock MSA	303,871	471,855	650,459	*55.28%*	*37.85%*
Travis County	264,173	320,766	404,467	*21.42%*	*26.09%*
City of Austin	217,054	265,649	324,892	*22.39%*	*22.30%*
Study Area	1,961	3,683	5,321	*87.81%*	*44.47%*

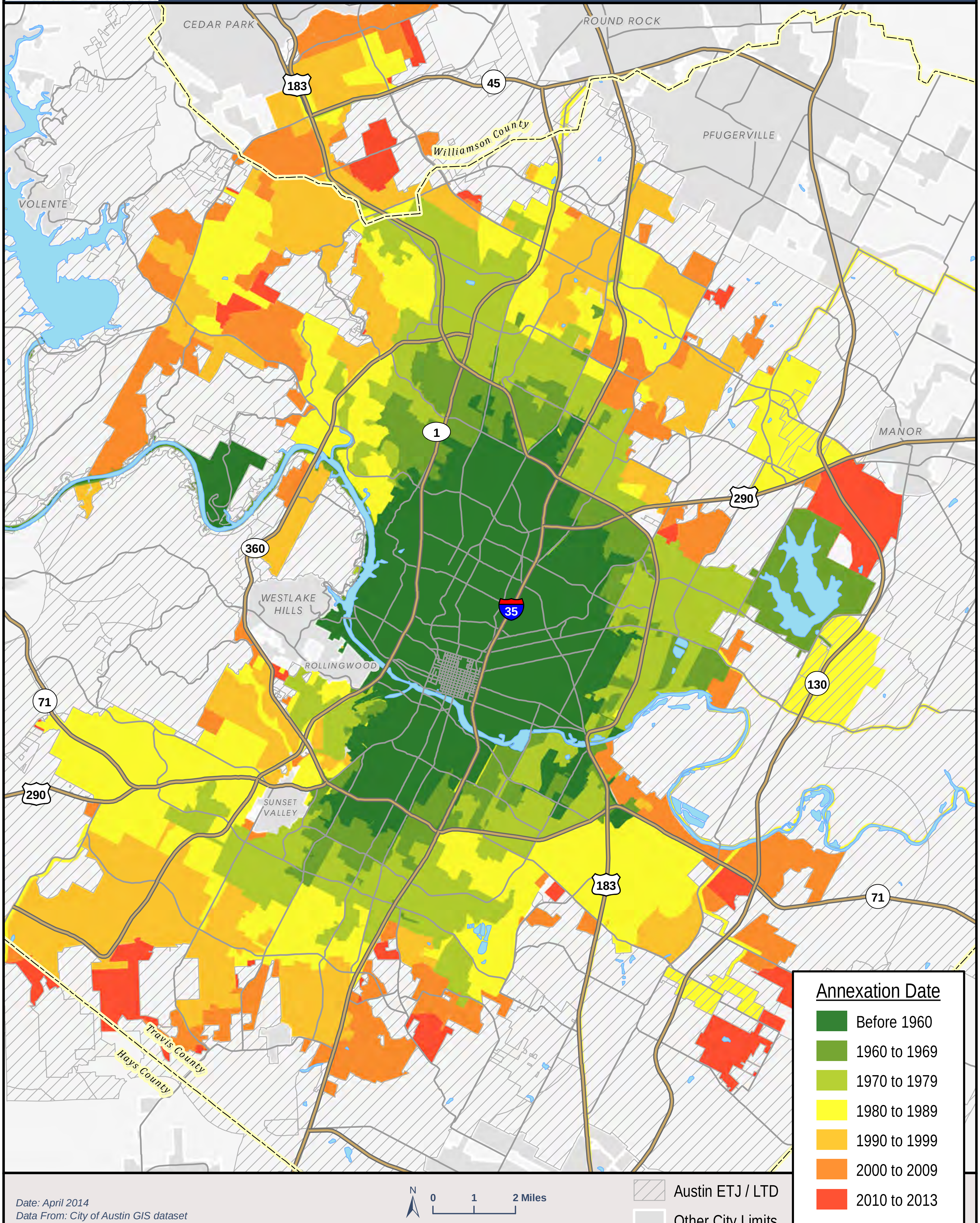
Area	Population in Households			1990 to 2000 % Change	2000 to 2010 % Change
	1990	*2000*	*2010*		
Austin-Round Rock MSA	753,802	1,212,806	1,675,416	*60.89%*	*38.14%*
Travis County	557,101	791,574	1,001,220	*42.09%*	*26.48%*
City of Austin	447,541	636,432	770,129	*42.21%*	*21.01%*
Study Area	6,795	13,282	19,080	*95.47%*	*43.65%*

Area	Household Size			1990 to 2000 % Change	2000 to 2010 % Change
	1990	*2000*	*2010*		
Austin-Round Rock MSA	2.48	2.57	2.58	*3.63%*	*0.39%*
Travis County	2.18	2.47	2.48	*13.30%*	*0.40%*
City of Austin	2.15	2.40	2.37	*11.63%*	*-1.25%*
Study Area	3.47	3.61	3.59	*4.08%*	*-0.57%*

Source: US Bureau of the Census, 1990, 2000, 2010 poptrend.xls

Prepared by Capitol Market Research, September 2013

City of Austin:
Annexations (1960 to 2013)



Date: April 2014
Data From: City of Austin GIS dataset
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CURRENT MARKET TRENDS

Study Area Definition

In order to accurately represent the demand for multi-family units at the subject site, regional demand must be disaggregated to the neighborhood or market area level. This process of disaggregation is often accomplished by segmenting a geographic region into small apartment market areas or neighborhoods. The market area for the subject property must be small enough to capture relevant local trends and product preferences, but it also must be large enough to capture all of the current and potentially competitive properties along with important employment and activity generators.

The subject property is located between Johnny Morris Road and Decker Lane, and just north of Loyola Lane, in the City of Austin. Land uses in the immediate area that are considered to be important include Walter E. Long Lake to the east, a mix of older and new subdivisions, light industrial facilities, large scale utility infrastructure, Austin ISD and Manor ISD schools, the Travis County Expo Center, and vacant land. When one moves from east to west within the market area, towards US Hwy 183, the area becomes more dense with residential subdivisions, some multi-family housing and convenience retail, and industrial employers.

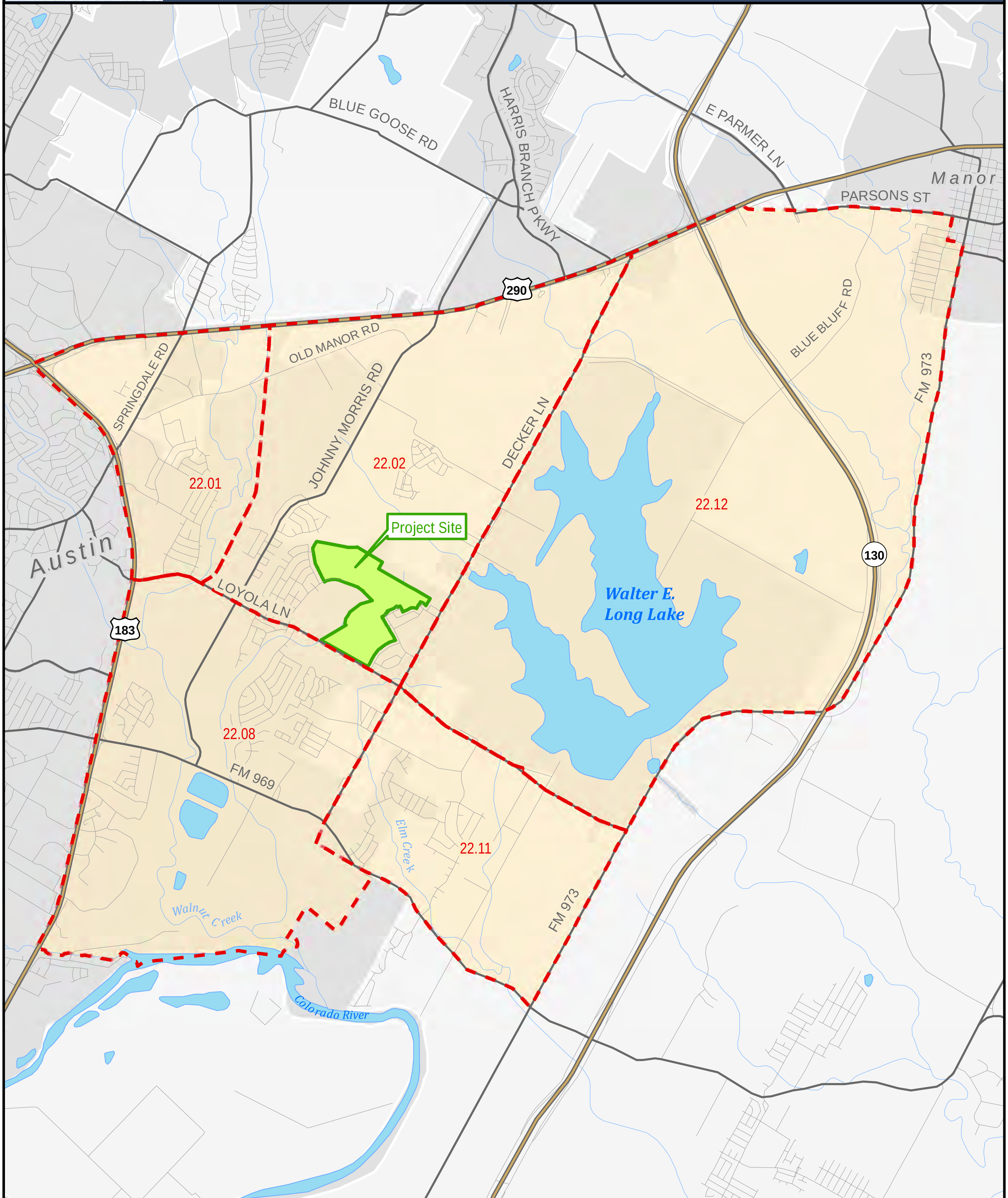
Another important consideration for defining the market is image and market perceptions. This is often quite difficult to accomplish because one market may phase quietly into another without a clear physical or psychological barrier. The proposed development site is located east of US Highway 183, and is approximately 7 miles northeast of the central "core" of the Central Business District ("CBD") in downtown Austin. The proposed project will likely draw a majority of its future population from employers located in Walnut Creek Business Park and along Ed Bluestein Bouleveard (US Hwy 2013), in addition to the State Capital Complex and the University of Texas. The market area defined for this project is most appropriately defined as the Study Area delineated generally the Colorado River to the south, US Highway 183 to the west, US Highway 290 to the north, and FM 973 to the east.

Finally, the definition of the Study Area must take into consideration the availability of relevant information, particularly demographic area. Census tract geography is most often used to delineate market areas because the data available from the census is critical to thorough and relevant analysis of the market. This area is made up of Travis County 2010 Census tracts 22.01, 22.02, 22.08, 22.11, and 22.12.

CAPITOL MARKET RESEARCH

Study Area:

2010 Census Tracts



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N 0 0.5 1 Miles

2010 Census Tract

Study Area Housing Trends

The following analysis evaluates the housing trends and current inventory for the Study Area, and compares these trends to the City of Austin and the Austin-Round Rock MSA The data, taken from the U.S. Census's 2007-2011 American Community Survey, is based on a sample set and may not accurately reflect exact numbers. Because of this, CMR has included the data intending to portray general trends in housing types and tenure.

Study Area

This area currently contains single family housing, attached housing (duplexes and fourplexes), multi-family housing, and manufactured homes. Table (3) below divides these four distinct housing types by tenure (owner vs. renter), using the U.S. Census's 2007-2011 American Community Survey. The study area has a large concentration of owner occupied single family housing, renter occupied attached housing, renter occupied multi-family housing, and both owner and renter occupied manufactured homes.

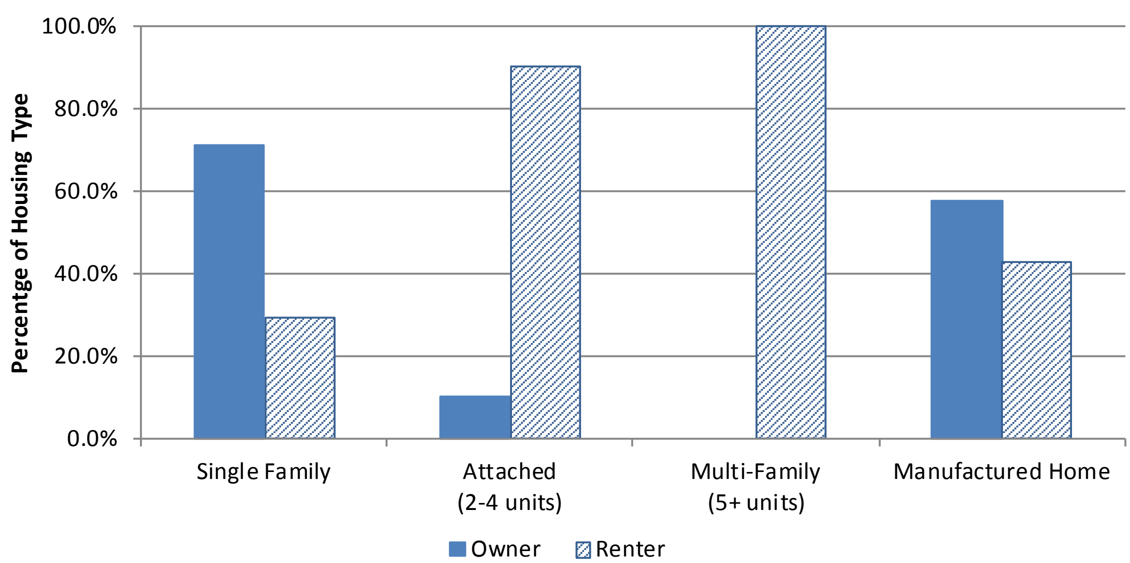
Table (3)

Tenure by Housing Type

Study Area

Tenure	Percentage of Housing Type			
	Single Family	Attached (2-4 units)	Multi-Family (5+ units)	Manufactured Home
Owner	70.9%	10.2%	0.0%	57.7%
Renter	29.1%	89.8%	100.0%	42.3%
% by Housing Type	**58.8%**	**12.7%**	**8.4%**	**20.0%**

Capitol Market Research, November 2013
Data compiled from US Census 5-year Survey, 2007-2011



Study Area and City of Austin

The study area has a high percentage of single family housing, although more people tend to rent a single family home in the study area than in the City of Austin (29.1% vs 17.1%). The same trend occurs with attached housing, with 89.8% renting in the study area, in contrast with the 77.3% renting attached housing within the City of Austin. Multi-Family housing in the study area is only 8.4% of the total housing stock, while in the City it makes up a much higher 37.1%. On the other hand, manufactured housing makes up 20% of housing in the study area with the majority of these households being owner. Only 1.4% of housing in the City of Austin are manufactured homes.

Tenure by Housing Type

Study Area and City of Austin

Tenure	Percentage of Housing Type							
	Single Family		Attached		Multi-Family		Manufactured Home	
	Study Area	*City of Austin*	Study Area	*City of Austin*	Study Area	*City of Austin*	Study Area	*City of Austin*
Owner	70.9%	*82.9%*	10.2%	*22.7%*	0.0%	*4.0%*	57.7%	*56.6%*
Renter	29.1%	*17.1%*	89.8%	*77.3%*	100.0%	*96.0%*	42.3%	*43.4%*
% by Housing Type	**58.8%**	***48.5%***	**12.7%**	***13.0%***	**8.4%**	***37.1%***	**20.0%**	***1.4%***

Capitol Market Research, November 2013 tenure.xls

Data compiled from US Census 5-year Survey, 2007-2011

Study Area and Austin-Round Rock MSA

In comparison to the Austin-Round Rock MSA, the study area has higher percentages of renters versus owners, for all housing types. Overall, the percentage of people who rent their single family homes in the study area is slightly higher at 29.1%, as compared to 14.4% for the Austin MSA. The study area has a higher percentage of attached housing and manufactured housing, and a much lower occurrence of multi-family housing, compared with the Austin MSA.

Table (5)

Tenure by Housing Type

Study Area and Austin-Round Rock MSA

Tenure	Percentage of Housing Type							
	Single Family		Attached		Multi-Family		Manufactured Home	
	Study Area	*Austin-Round Rock MSA*	Study Area	*Austin-Round Rock MSA*	Study Area	*Austin-Round Rock MSA*	Study Area	*Austin-Round Rock MSA*
Owner	70.9%	*85.6%*	10.2%	*21.4%*	0.0%	*3.3%*	57.7%	*68.6%*
Renter	29.1%	*14.4%*	89.8%	*78.6%*	100.0%	*96.7%*	42.3%	*31.4%*
% by Housing Type	**58.8%**	***61.3%***	**12.7%**	***9.5%***	**8.4%**	***24.1%***	**20.0%**	***5.0%***

Capitol Market Research, November 2013 tenure.xls

Data compiled from US Census 5-year Survey, 2007-2011

Austin MSA Single Family Market & Trends

Overview

Every community that experiences growth over time develops distinct patterns of residential and commercial development. These patterns may change over time due to economic circumstances, they may be altered by government intervention, or they may be redirected due to natural or man-made barriers. Ever since its incorporation in 1856, Austin has had a tendency to grow north, and as topography allowed, to the west. The northwest sectors are somewhat more expensive to develop, which has led to the growth of higher-income housing in these areas. Less expensive housing has traditionally located east of the Balcones Fault Line, which roughly parallels IH-35. This trend is due in part to the City of Austin's 1928 Master Plan, which designated a "Negro District" east of East Avenue (now Interstate 35) and designated much of the zoning to industry, transportation, and public facilities.[1] Government regulations in Austin are generally more restrictive than those in suburban cities, the consequence of which is that many developers have chosen to create new communities in other cities throughout the region. Finally, the hills and lakes of western Travis County, while very desirable, create barriers to the extension of utilities and efficient transportation. As a consequence, the communities that have been developed have been lower-density, higher priced with resort style amenities such as marinas, golf courses and tennis courts. Communities, such as Hutto and Manor, have been successful in attracting homebuyers to their market areas due to the availability of more affordable housing, attractive master planned communities and less traffic congestion on the east side of IH-35.

Central Texas did not experience the rapid price escalation that occurred in many of the major metro areas throughout the United States and therefore, the Austin area has not experienced the drastic imbalance of mortgage debt to property value seen in other parts of the country. According to First American Corelogic, at the end of 2012, 21.5% of all residential properties with a mortgage were in negative equity, meaning that the property value was less than the loan amount. In Texas, the rate is less than half the national average at 8.5%.

Until recently, the Austin MSA had experienced a long period of steady growth in terms of existing home sales volume and price escalation. The Austin MSA experienced an increase in the number of home sales from 2003 through 2006, with declines beginning in 2007, due to the national recession. After 2010, the housing market in the Austin MSA began to regain momentum, and the largest annual increase took place between 2011 and 2012, when annual home sale grew by 19.5%. Average home prices have followed a similar pattern as home sales, with increases through 2006 and slight drops in 2007 and 2008. However, starting in 2009 the average sales price began to increase, and has currently increased by 7.76% between 2012 and the current average home sales price of $294,507 (September 2013).

[1] Lyndon B. Johnston School of Public Affairs. (2007). *Community Change in East Austin.* Austin, TX.

Table (6)

Single Family Historical MLS Sales

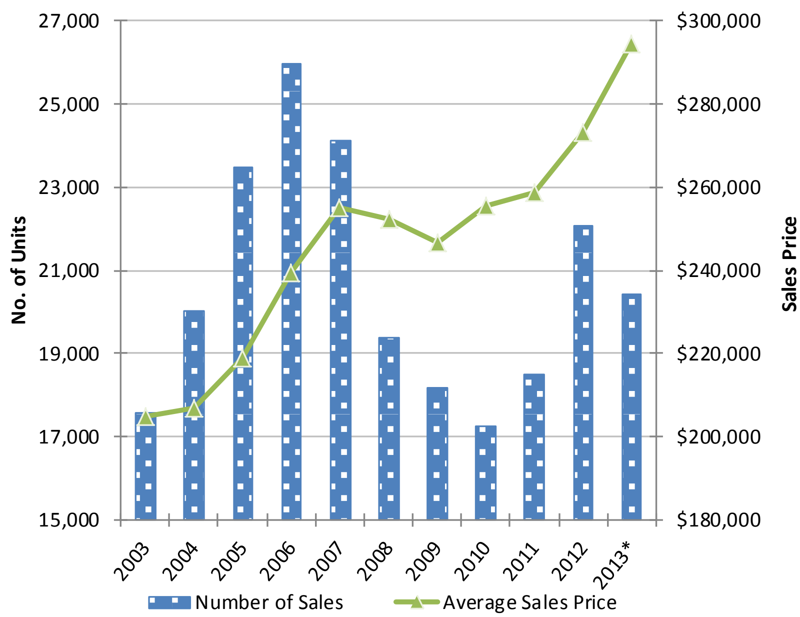
Austin MSA

Year	Number of Sales	Average Sales Price	Average SF	Average $/SF	Average DOM
2003	17,564	$204,991	1,952	$105	61
2004	20,028	$206,754	1,969	$105	68
2005	23,502	$218,814	1,989	$110	66
2006	25,959	$239,452	2,029	$118	58
2007	24,112	$255,039	2,008	$127	57
2008	19,382	$252,390	1,941	$130	66
2009	18,178	$246,449	1,956	$126	74
2010	17,271	$255,498	2,077	$123	72
2011	18,491	$258,646	2,120	$122	78
2012	22,091	$273,295	2,135	$128	62
*2013**	20,449	$294,507	2,134	$138	44

Source: Austin Board of Realtors, MLS Database sf_sum.xls

**Through September 30, 2013*

Prepared by Capitol Market Research, October 2013



Current Market Conditions

Although there was a dramatic drop in building permit activity in 2009 and 2010, due to the housing bubble and mortgage crisis that affected the country, since 2010 the Austin MSA had recovered and permitting activity continues to increase. Between 2011 and 2012, single family permits jumped 24.6%, and according to the Texas A&M Real Estate Center, as of August 2013, there were already 6,288 single family housing permits issued in the Austin MSA. According to several housing reports, the Austin market is one of the least likely to see a drop in prices in the next two years, largely due to our continued positive job growth. In addition, builders in the Austin region have been able to control their new home inventory better than in most parts of the country, illustrated by growing single family home starts in the region. Table (7) below documents the building permit activity in the Austin MSA through October 2013.

Table (7)

Residential Building Permits by Type

Austin MSA

Year	Single Family Permits	2-4 Family Permits	5+ Family Permits	Total Units
2003	12,116	715	2,499	15,330
2004	14,309	600	3,106	18,015
2005	17,346	634	5,261	23,241
2006	17,615	1082	7,399	26,096
2007	12,120	881	6,902	19,903
2008	7,710	270	3,812	11,792
2009	6,678	31	2,049	8,758
2010	6,200	296	2,290	8,786
2011	6,231	81	3,927	10,239
2012	8,261	132	11,117	19,510
*2013**	8,074	372	8,814	17,260
Total	116,660	5,094	57,176	178,930
% of Total Units	*65.2%*	*2.8%*	*32.0%*	*100.0%*

Source: Real Estate Center at Texas A&M University sf_sum.xls

Capitol Market Research, April 2014

**Through October 2013*

Study Area Single Family Housing Market Conditions

Overview

The single family building stock in the Study Area is mostly comprised of starter homes in production builder subdivisions, such as the Centex community Woodland Hills, and subdivisions with an older existing housing stock, such as Colony Park and Craigswood. Agave, a higher end "modern" home subdivision in the Meadows at Trinity Crossing, was partially completed before going bankrupt in 2012 (detailed in the "Future Market Conditions" section). In addition, there are older townhome and duplex style attached housing in areas such as Las Cimas, multiple manufactured home subdivisions, and an R.V. Park, all of which will be detailed in the following two sections. Currently (October 30, 2013), according to MLS, there are only four new, single family homes available for sale in the Study Area, but a total of 114 new and previously owned homes have sold in 2013 through the end of October. Table (8) on the following page details the historical sales of single family homes in the study area, from 2003 through October 2013, and Table (9) breaks down these historical sales by price range.

Table (8)

Single Family Historical MLS Sales

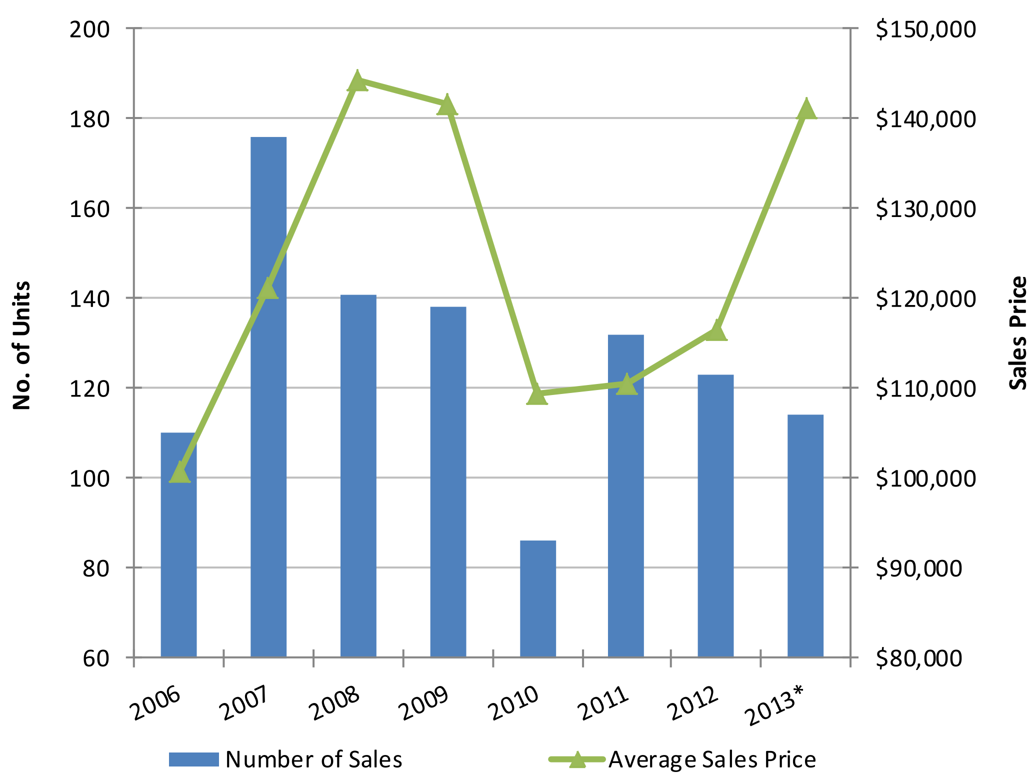
Study Area

Year	Number of Sales	Average Sales Price	Average SF	Average $/SF	Average DOM
2003	56	$85,580	1,034	$82.77	67
2004	89	$80,453	1,091	$73.74	98
2005	105	$83,631	1,288	$64.93	89
2006	110	$100,679	1,312	$76.74	78
2007	176	$121,291	1,444	$84.00	72
2008	141	$144,386	1,617	$89.29	81
2009	138	$141,678	1,538	$92.12	117
2010	86	$109,464	1,543	$70.94	80
2011	132	$110,484	1,493	$74.00	111
2012	123	$116,554	1,518	$76.78	93
*2013**	114	$141,159	1,558	$90.60	64

Source: Austin Board of Realtors, MLS Database; Search area based on Census Tracts sf_sum.xls

**Through September 30, 2013*

Prepared by Capitol Market Research, October 2013



Between January 2003 and September 2013, according to MLS, there were a total of 1,270 single family home sales in the Study Area, at an average sales price of $116,135. In 2007, home sales reached a peak of 176 sales at an average price of $121,291. Between 2008 and 2009, sales declined but prices increases to a historic high of $144,386 in 2008. In 2009 and 2010, prices and sales decreased drastically. Since 2010 the housing market in the Study Area has continued to rise, with 114 houses at an average price of $141,159 sold in the market area through the end of September 2013. Most of the housing sales have historically occurred in the $75,000 to $150,000 price range, with an increase in the variety of prices, shown in Table (9).

Table (9)

Single Family MLS Sales by Price Range

Study Area

Sale Price	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013**	**Total**
<$50,000	4	4	6	1	1	...	4	5	8	7	1	**41**
$50,000-$74,999	13	41	23	15	19	8	12	14	32	20	11	**208**
$75,000-$99,999	25	24	58	56	56	39	10	16	14	17	16	**331**
$100,000-$124,999	11	19	10	18	32	17	47	32	49	20	10	**265**
$125,000-$149,999	3	1	8	13	23	16	14	7	14	45	39	**183**
$150,000-$174,999	...	...	...	5	27	30	18	7	5	5	22	**119**
$175,000-$199,999	...	...	...	...	13	15	4	1	...	...	3	**36**
$200,000-$224,999	...	...	...	...	...	4	9	...	1	3	2	**19**
$225,000-$249,999	...	...	...	1	...	3	8	1	1	3	2	**19**
$250,000-$274,999	...	...	...	1	1	1	5	...	4	3	3	**18**
$275,000-$299,999	...	...	...	...	2	4	4	2	4	...	2	**18**
$300,000-$324,999	...	...	...	...	1	1	1	1	...	...	2	**6**
$325,000-$349,999	...	...	...	...	...	1	2	...	...	...	...	**3**
$350,000-$374,999	...	...	...	...	1	...	...	...	...	...	...	**1**
$375,000-$399,999	...	...	...	...	...	1	...	...	...	...	...	**1**
$400,000-$424,999	...	...	...	...	...	...	...	...	...	...	...	**0**
$425,000-$449,999	...	...	...	...	...	...	...	...	...	...	1	**1**
$450,000-$474,999	...	...	...	...	...	...	...	...	...	...	...	**0**
$475,000-$499,999	...	...	...	...	...	...	...	...	...	...	...	**0**
$500,000 +	...	...	...	...	...	1	...	...	...	...	...	**1**
Total	56	89	105	110	176	141	138	86	132	123	114	**1,270**

Source: Austin Board of Realtors Multiple Listing Service, MLS January 1, 2003 - September 30, 2013 Residential.xls

**Through September 30, 2013*

Compiled by Capitol Market Research, November 2013

Table (10) below provides detail on existing home sales from 2004 through September 2013 in the top ten selling subdivisions in the Study Area. Meadows at Trinity Crossing (including Agave) has dominated the area, attaining market shares ranging from 14.6% to 31.2%, and a market share of sales of 23.1% over the entire period. Wildhorse Creek has the second largest market share, ranging from 10.0% to 29.3%, and capturing a total of 18.4% from 2004 to September 2013.

Table (10)

Top 10 Selling Subdivisions based on MLS Sales

Study Area

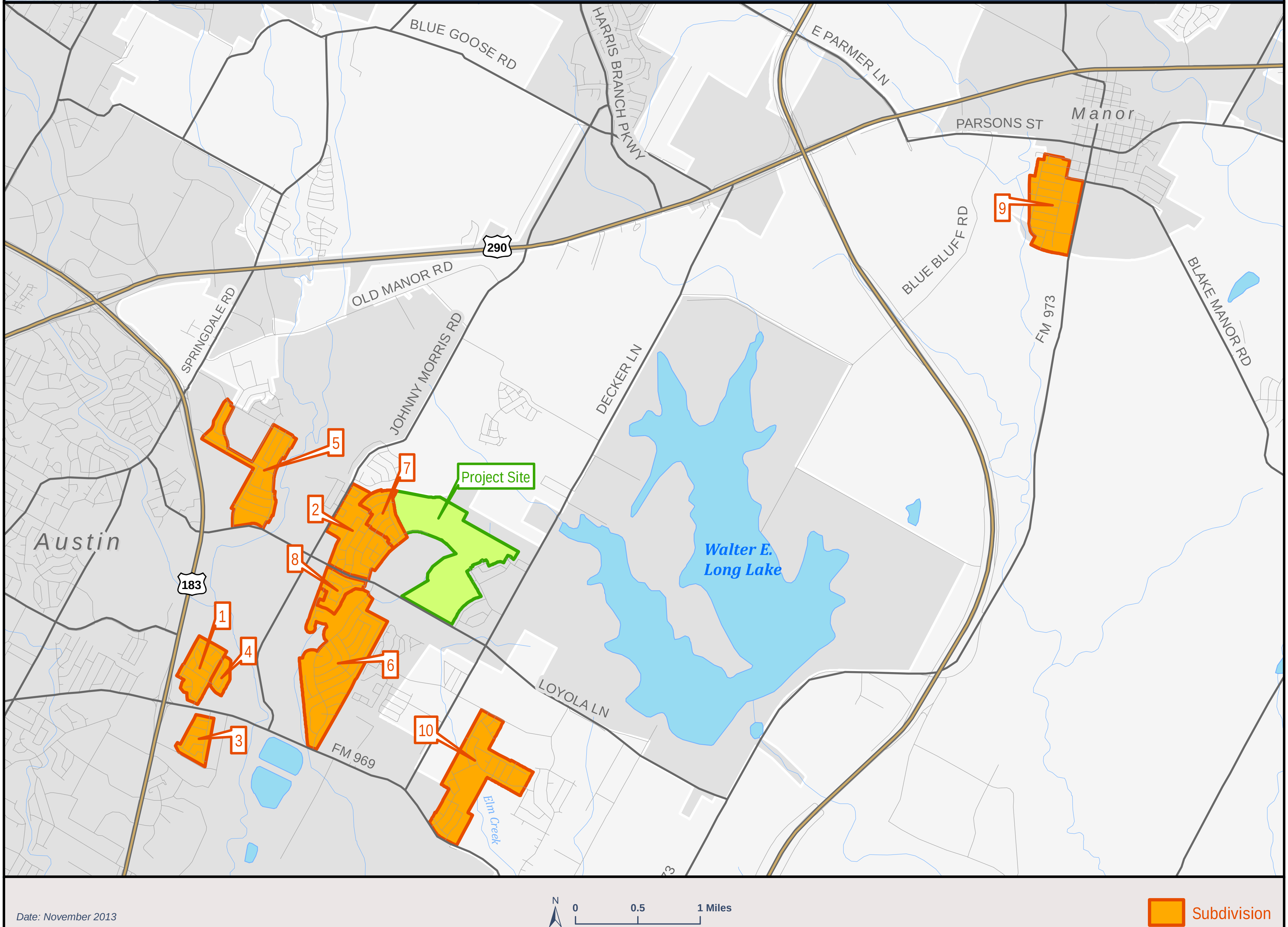
Map No.	Subdivision Name	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013**	**Total**
1	*Cavalier Park*	11	10	10	10	5	5	5	5	3	5	**69**
2	*Colony Park*	12	13	14	25	12	7	12	8	11	11	**125**
3	*Craigswood*	2	4	10	2	2	1	3	2	3	…	**29**
4	*Heritage Park*	8	7	8	1	3	4	…	…	2	3	**36**
5	*Las Cimas*	6	9	9	12	6	8	3	9	6	4	**72**
6	*Meadows at Trinity Crossing (including Agave)*	13	21	30	45	29	43	18	34	27	21	**281**
7	*Meadows of Walnut Creek*	12	10	9	13	5	5	2	6	3	3	**68**
8	*Park Place*	5	6	1	7	2	3	2	1	1	2	**30**
9	*Wildhorse Creek*	12	16	11	18	25	26	19	32	36	28	**223**
10	*Woodland Hills*	…	…	…	27	46	32	18	26	23	30	**202**
	Other Subdivisons	8	9	8	16	6	4	4	9	8	7	79
	Total	89	105	110	176	141	138	86	132	123	114	**1,214**

Source: Austin Board of Realtors Multiple Listing Service residential.xls

**Through September 2013*

Study Area:

Top Selling Subdivisions



Date: November 2013

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Current Market Conditions

Between January 2006 and third quarter 2013, there were 3 subdivisions, which taken together, comprised the majority of the new home starts in the Study Area. Wildhorse Creek and Woodland Hills are the two subdivisions that have dominated the market, achieving a market share that averages 19.46% for Wildhorse Creek and 65.27% for Woodland Hills. Meadows at Trinity Crossing, including the Agave section, has captured 15.27% of new homes starts.

Table (11)

New Home Starts

Study Area

Subdivision Name	Year							Total
	2007	*2008*	*2009*	*2010*	*2011*	*2012*	*2013**	
Meadows at Trinity Crossing (including Agave)	53	9	1	5	31	3	...	**102**
Wildhorse Creek	2	...	...	24	23	34	47	**130**
Woodland Hills	97	85	78	27	43	44	62	**436**
Totals	152	94	79	56	97	81	109	**668**

Source: Capitol Market Research, November 2013 New Connections.xls

City of Austin, Travis County, CAMPO, Metrostudy

**Through Q3 2013*

Leasing Activity

The Study Area offers opportunities for investment in property and housing, at a price which is much lower than other more established parts of Austin. Consequently, many homes in the area are owned by investors who offer their homes available for lease. Many of these areas, such as Las Cimas, have been plagued by "absentee" landlords, who own the property but neglect to maintain the property for their tenant. Table (x) below, details single family housing listed for lease MLS from 2003 through September 2013. During this time, a total of 673 single family house leases were closed through MLS, at an average gross rate of $1,100, or $0.75 per square foot. The leasing activity in the area has remained fairly consistent from 2006 through 2012, as investment opportunities in the area have arisen. Sometimes these opportunities are a result of foreclosure and, unfortunately, many times the buyer simply offers the home for rent without thoroughly checking the tenant's credit rating and criminal background.

Table (12)

Single Family Historical MLS Leases

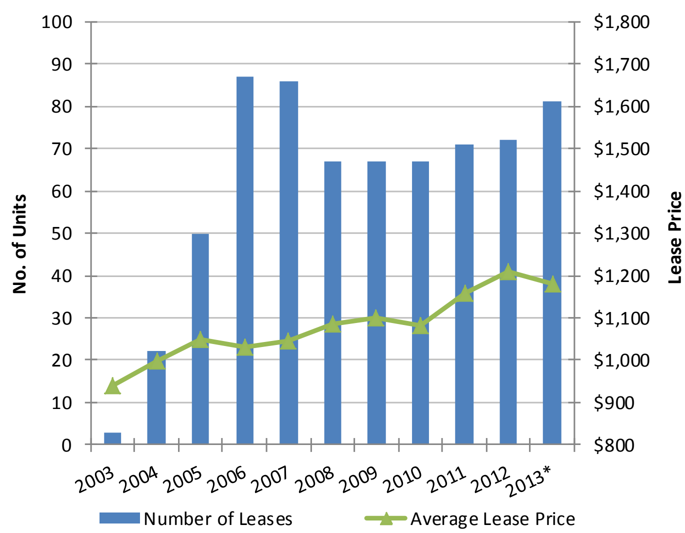
Study Area

Year	Number of Leases	Average Lease Price	Average SF	Average $/SF	Average DOM
2003	3	$940	1,133	$0.83	21
2004	22	$999	1,131	$0.88	53
2005	50	$1,047	1,605	$0.65	94
2006	87	$1,032	1,468	$0.70	61
2007	86	$1,045	1,453	$0.72	58
2008	67	$1,085	1,483	$0.73	46
2009	67	$1,098	1,499	$0.73	47
2010	67	$1,083	1,414	$0.77	50
2011	71	$1,158	1,492	$0.78	41
2012	72	$1,208	1,513	$0.80	64
*2013**	81	$1,179	1,447	$0.82	19

Source: Austin Board of Realtors, MLS Database; Search area based on Census Tracts

**Through September 30, 2013*

Prepared by Capitol Market Research, November 2013 mls_leasing.xls



Austin MSA Attached Housing Market & Trends

Overview

Historically, attached housing[2] projects in the Austin MSA have been clustered in the central city, mostly in neighborhoods close to downtown, the Arboretum area and the University of Texas. Over the last few years, that area has expanded to include more neighborhoods such as Tarrytown, Bouldin Creek, Travis Heights, Barton Creek, Lakeway, East Austin and the Central Business District (CBD). The combination of strong consumer demand for housing and the rapid escalation of land prices in desirable neighborhoods has provided opportunities for new, higher density housing options. The most viable, and perhaps most successful, emerging market is the CBD. Since 2000, almost 2,700 new condominiums have been completed and absorbed, and many units have sold for prices that exceed $400 per square foot.

The current market trend has a solid footing in basic land economic fundamentals, unlike the condominium construction boom in the mid-eighties, which was fueled by favorable income tax treatment of “passive” real estate investments. In addition to rising single-family home prices, the demand for higher density housing has a strong demographic basis in ageing baby-boomer households and busy young professionals.

In the late nineties there were almost no attached housing projects for sale in Austin. Then in 2000, suburban construction began with the Courtyard Homes at Cobblestone (59 units) and Bouldin Creek Condominiums (33 units). Both projects were enthusiastically received by the young professional homebuyer and sold out quickly. Liberty Hill was also built in 2000, and sold rapidly to both young professionals and the empty nesters that live in the Westlake area. The success of these three projects enticed other developers to explore the market, and most of the new suburban product developed since then has been well received. In roughly the same time period, the downtown condominium market emerged, expanding from two small “adaptive reuse” projects on East Fifth St., to several new condominium towers.

Current Market Conditions

As discussed above, the attached housing market in the Austin area is rapidly gaining strength and is emerging as an important segment of the new home market. Since 2000, the number of new attached housing permits issued annually by the City of Austin increased from 437 to 1,202 in 2008. Due to the national recession and credit constraints, the number of new units permitted in 2009 dropped to 450. The total units permitted in 2010 fell even lower (345), but picked back up in 2011 with 434 new units permitted, and has continued to rise with 554 townhome/condominium units permitted in the first half of 2013. Attached housing sales, as a percentage of total MLS home sales, have fluctuated over the past few years within a narrow range between 8% and 11%, with an average of 9.7%. This percentage is likely to increase over the next few years as more product is brought to the market.

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[2] Capitol Market Research defines “Attached Housing” as duplex, triplex, fourplex, townhome or condominium units.

Historically, as demand increased and new, more expensive units were introduced to the market, the average unit sales price of existing units also increased from $137,711 in 2000 to a high of $210,602 in 2007. In 2009, the average price dropped to $176,026 and has continued to rise since then, with the current (September 2013) average sale price of existing attached housing in the Austin MSA at $244,814, or $193 per square foot.

One of the most interesting aspects of this higher density market is the degree to which homebuyers are accepting new innovative product, whether it is stark urban lofts in East Austin (The Pedernales), or elegant stone townhomes in South Austin (Kinney Muse) or expensive high-rise condominiums (The Austonian and the Residences at the Four Seasons).

There are currently several new projects under construction or in the initial preconstruction sales period. Most of these projects are located in central city neighborhoods on major arterials close to downtown, but there are also a number of new projects in suburban locations like Cedar Park, Georgetown, Lakeway and Round Rock.

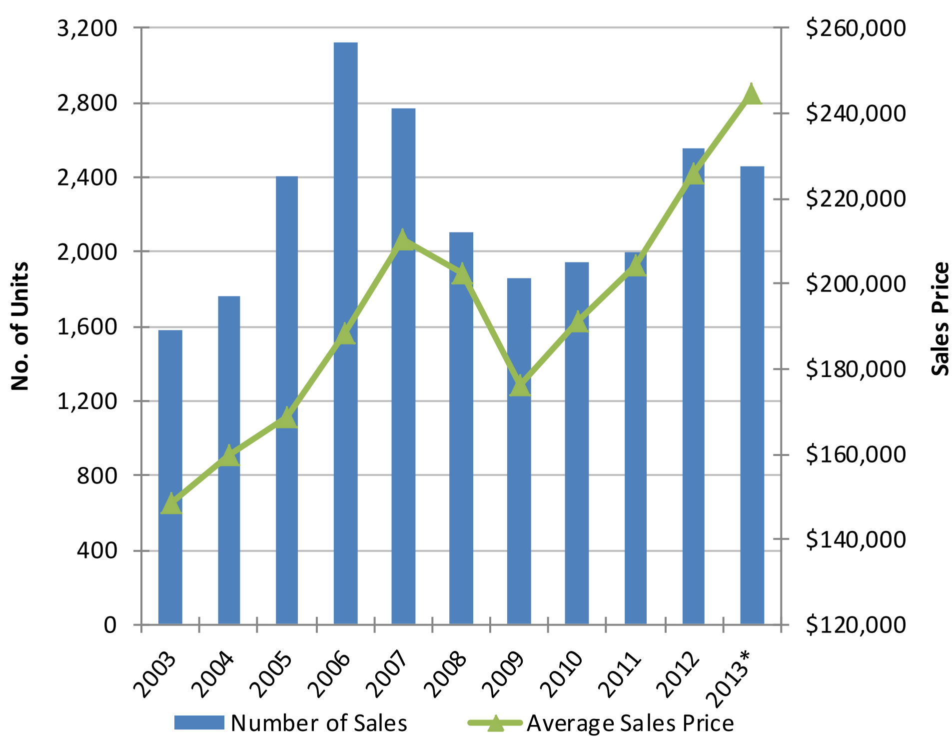
Table (13)

Attached Housing Historical MLS Sales

Austin MSA

Year	Number of Sales	Average Sales Price	Average SF	Average $/SF	Average DOM
2003	1,576	$148,706	1,240	$120	64
2004	1,765	$159,606	1,274	$125	81
2005	2,399	$168,652	1,254	$134	74
2006	3,123	$188,212	1,227	$153	58
2007	2,767	$210,602	1,268	$166	53
2008	2,103	$202,649	1,215	$167	72
2009	1,860	$176,026	1,166	$151	82
2010	1,945	$191,274	1,241	$154	80
2011	1,997	$204,103	1,264	$161	89
2012	2,550	$225,877	1,311	$172	70
*2013**	2,459	$244,814	1,270	$193	47

Source: Austin Board of Realtors, MLS Database condo_sum.xls
**Through September 30, 2013*
Prepared by Capitol Market Research, October 2013



Study Area Attached Housing Market Conditions

Overview

Currently, the Study Area does not contain any subdivisions selling new units that are classified as attached housing. However, there are a number of older attached housing communities, predominately duplexes and fourplexes in subdivisions such as Las Cimas, Colony Meadows, and Lakeside Hills. The majority of this housing was built in the 1970s and 1980s and deferred maintenance of these units has become a chronic problem. There is a limited amount of new attached housing on the west side of US Highway 183, which becomes more prevalent closer to IH 35 at the beginning of Austin's Central Core. However, as development land prices increase and vacant lots are developed, pressure will begin to push outward and east of US Highway 183, and attached housing construction in the area could begin and become an important component of the new housing stock.

Leasing Activity

Although the area does not have any "active" subdivisions with new attached housing units, there are a large number of previously built units that are leased. These types of units are also plagued by "absentee" landlords, who do not maintain their properties, and therefore these areas often have the appearance of being in disrepair. Listed below is the MLS Leasing activity for all attached housing properties in the market area. From 2003 through September 2013, there were a total of 181 leases made through MLS that were classified as either duplexes or fourplexes. The average gross lease rate from 2003 through September 2013 is $816 for a 1,079 square foot attached unit, or $0.76 per square foot. The leasing activity in the Study Area peaked in 2007, mirroring the housing trend in the Austin MSA, with leasing activity falling in number and price in 2008 with the onset of the national recession. However, from 2009 through 2012, the number of leases has remained steady at an average of 23 leases a year, for an average of $0.74 per square foot. An overview of this leasing activity can be found in Table (14) on the following page[3].

[3] Las Cimas duplexes were listed as detached single family housing in MLS, and are listed in the "Single Family Historical MLS Leases (Table (12)).

Table (14)

Attached Housing Historical MLS Leases

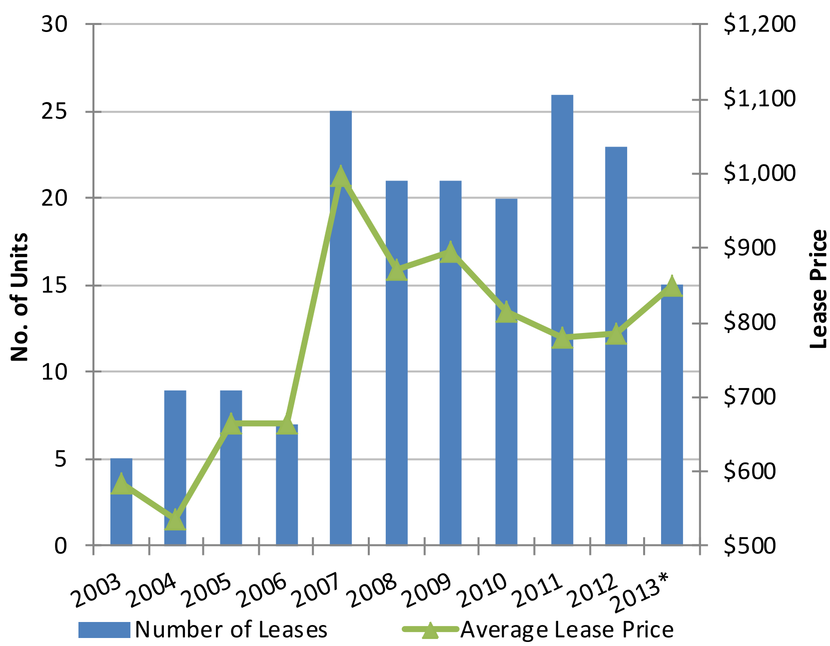
Study Area

Year	Number of Leases	Average Lease Price	Average SF	Average $/SF	Average DOM
2003	5	$585	853	$0.69	73
2004	9	$536	958	$0.56	49
2005	9	$664	988	$0.67	105
2006	7	$664	880	$0.75	113
2007	25	$997	1,177	$0.85	118
2008	21	$871	1,054	$0.83	86
2009	21	$896	1,159	$0.77	75
2010	20	$816	1,128	$0.72	109
2011	26	$780	1,064	$0.73	69
2012	23	$784	1,069	$0.73	44
*2013**	15	$849	1,115	$0.76	21

Source: Austin Board of Realtors, MLS Database; Search area based on Census Tracts

**Through September 30, 2013*

Prepared by Capitol Market Research, November 2013 mls_leasing.xls



Study Area Manufactured Homes Market Conditions

Overview

In contrast to other Austin area markets, the Study Area has a large number of manufactured home subdivisions, according to the U.S. Census 2007-2011 ACS data (Table (3)), 20.0% of the existing occupied housing stock is made up of manufactured homes. The market area is home to a large number of lower to mid-income families, and this housing option offers an opportunity of home ownership or rental units at a lower price than other housing types. There are currently 8 larger manufactured home parks in the market area, one (Scenic Point) of which is classified as a subdivision, in which the lot is also owned by the manufactured home owner. The rest fall into a more traditional manufactured home setting, in which the land is owned by an investor who leases the lot to the homeowner. These manufactured home subdivisions have a mixture of people who either own or rent the home. In addition, there is one R.V. Park, and other manufactured homes which are scattered throughout the Study Area but not in a larger, multiple lot subdivision. The locations of these subdivisions are show in the map on Page 30.

Current Market Conditions

Between January 2003 and September 2013, according to MLS, there were a total of 93 manufactured home sales in the Study Area, at an average sales price of $45,809. Between 2003 and 2007, manufactured home sales averaged 19 sales per year. This data only reflects sales within the market area, not new homes purchased at a manufactured home dealership, and then moved to the permanent home site location. After 2007, sales declined drastically and have remained at an average of only 5 sales per year. A summary of sales may be found in Table (15) on the following page.

Table (15)

Manufactured Home Historical MLS Sales

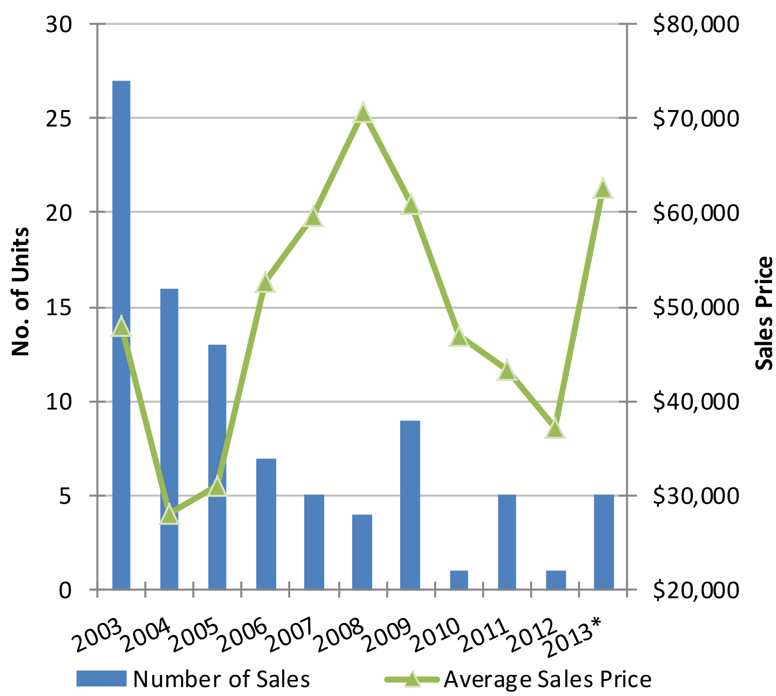
Study Area

Year	Number of Sales	Average Sales Price	Average SF	Average $/SF	Average DOM
2003	27	$47,933	1,455	$32.94	42
2004	16	$28,155	1,306	$21.56	41
2005	13	$31,143	1,396	$22.31	31
2006	7	$52,624	1,704	$30.89	47
2007	5	$59,570	1,651	$36.08	55
2008	4	$70,625	1,632	$43.28	178
2009	9	$60,944	1,514	$40.26	119
2010	1	$47,000	1,456	$32.28	125
2011	5	$43,257	1,352	$31.99	68
2012	1	$37,100	1,568	$23.66	7
*2013**	5	$62,620	1,581	$39.62	31

Source: Austin Board of Realtors, MLS Database; Search area based on C sf_sum.xls

**Through September 30, 2013*

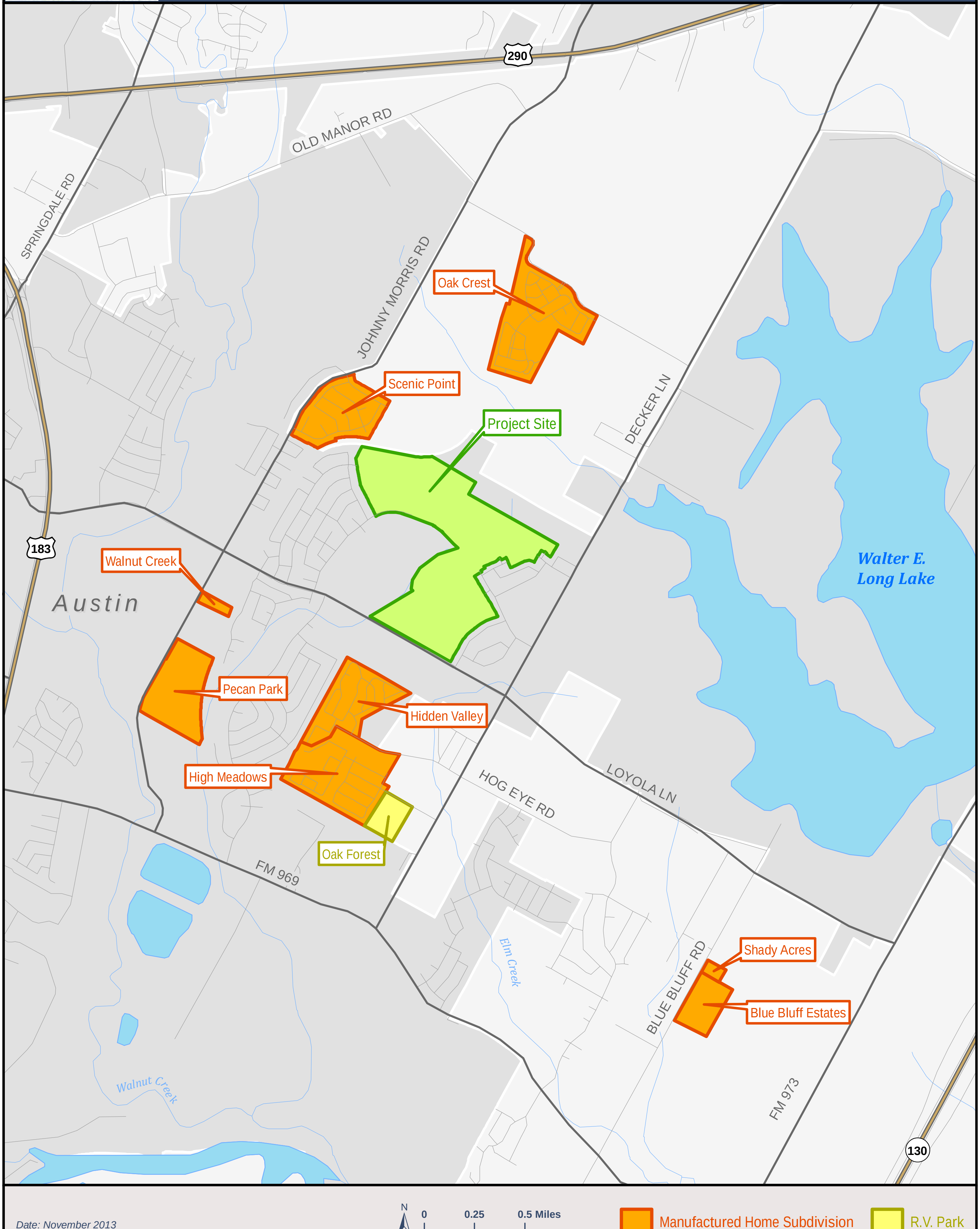
Prepared by Capitol Market Research, November 2013



CAPITOL MARKET RESEARCH

Study Area:

Manufactured Home Subdivisions/R.V. Parks



Date: November 2013

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Manufactured Home Subdivision

R.V. Park

Leasing Activity

A historical survey done through MLS by Capitol Market Research yielded a total of six manufactured home leases from 2003 through September 2013. The U.S. Census 2007-2011 ACS tenure data of the Study Area, shown previously in Table (3), suggests that over 450 people rent manufactured homes. Because of this, CMR has concluded that the MLS system is not widely utilized in order to rent this product type, and therefore does not show significant and meaningful data.

Austin MSA Apartment Market & Trends

Overview

Traditionally, apartment projects in Austin have been clustered near activity centers, major employers and the university areas. Examples of this phenomenon include the cluster of apartments near IBM, Dell, Abbott Labs and Seton Hospital as well as the apartments surrounding the University of Texas, St. Edwards University, and the various Austin Community College campus locations. In the recent past, the Central Business District has had relatively few residential rental units. However, since 2009 and 2010, several new communities were developed within the area, with construction continuing into 2013.

Market conditions in the Austin area multi-family market were volatile in the eighties, when an apartment construction boom caused dramatic overbuilding in 1985 and 1986, followed by several years of inactivity. After dropping to 80% occupancy in the mid-eighties, occupancy rates steadily increased, and by 1990, rapid rent escalation was underway. However it was not until 1993 that overall market rental rates were high enough to support widespread construction activity.

As Austin's economy experienced robust growth in the early nineties, the resurgence of multi-family construction began in 1991 when 148 units were constructed and 220 units were absorbed. At that time citywide occupancy was at 93.7% and apartments leased for an average $0.57 per square foot. From that period through mid-1996, average rent per square foot and absorption accelerated dramatically. Occupancy first peaked in December 1994 at 97.4%, and then again in June 2000 (at 98.2%), while new unit completions peaked in 1996 at 6,405 units and then again at 8,472 in 2001. Since 1996, the pace of new construction fluctuated from year to year but both occupancy and average rental rates increased steadily through the end of 2000.

In 2001, for the first time in many years, new unit completions dramatically exceeded absorption and the market plunged from 97.6% in January to 90.0% by the end of the year. Rents dropped precipitously, but the building continued into 2002, in spite of the softness in the market, and by 2003 the construction boom was tapering off.

Current Market Conditions

Beginning in late 2003, new construction activity began to diminish and regional apartment demand regained strength which resulted in the positive absorption trend through 2004, 2005, 2006 and 2007. However, in 2008 the market occupancy rate decreased 5.2 percentage points from 2007, with additional drops in 2009 occupancy (90.4%) and rental rates ($0.93). December 2010 and 2011 saw a rapid recovery, and by 2012, rental rates had increased again to $1.12, a $0.07 increase since December 2011, and occupancy also increased to reach an astonishing 97.4%. Recent (June 2013) rental rates have climbed to $1.17, and occupancy has remained very strong at 97.3%. Since the beginning of 2002, 49,717 apartment units in 202 complexes were completed. There were 2,906 net units added in 2010, 576 net units added in 2011 and 4,222 net units added in 2012. Since June 2013, there have been 3,475 net units added to the market, with 3,698 units added in new projects, 44 added in older projects, and 267 removed from inventory due to either a condo conversion or demolition.

Between 2000 and 2003, net unit completions exceeded unit demand (measured by absorption), but in 2004 and 2005, the situation reversed and unit demand exceeded net unit completions. The lack of new construction in these years allowed existing units to be absorbed by the market. This trend continued until 2008, when 8,404 net units were added but only 1,526 units were absorbed, and in 2009 unit demand began to recover with 9,025 units added and 6,750 absorbed. Over the last 3 1/2 years, absorption has been very strong, as net units added were consistently less than unit demand. The most recent CMR survey (June 2013) shows net units added at 3,475 and absorption for the first six months of the year at 2,943. Table (16), on the following page, provides apartment market conditions from December 1991 through June 2013. Historical data on occupancy, average rent, unit completions and absorption for 1991 through June 2013 is taken from CMR's Austin Apartment Survey, a semi-annual survey of all projects of more than 50 units in the Austin area.

Table (16)

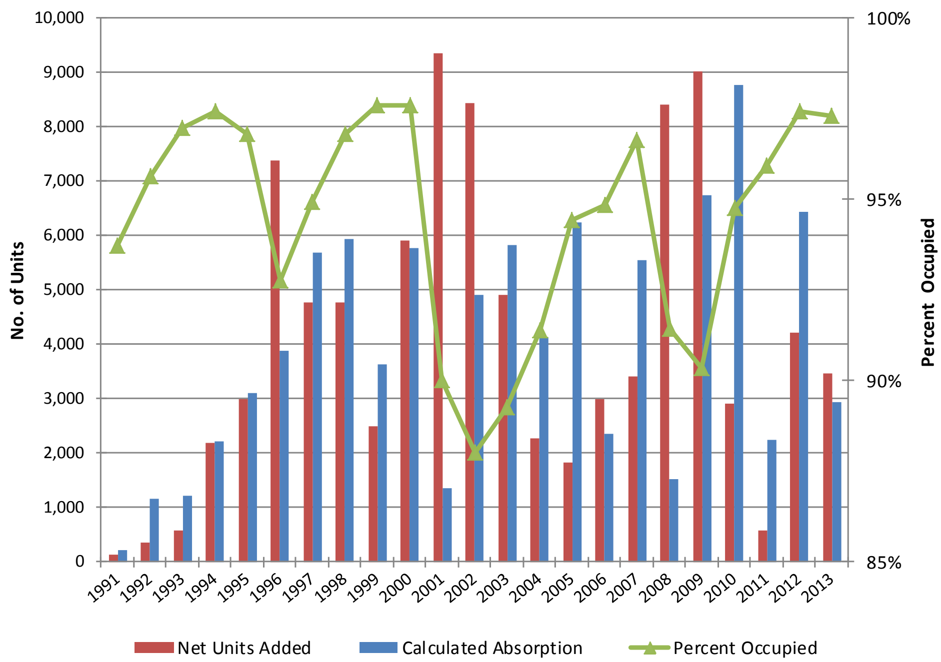
Austin Citywide Apartment Summary

December 1991 - June 2013

Date	Total Units	Occupied Units	Percent Occupied	Net Units Added	Calculated Absorption	Rent per Sq. Ft.
1991	61,113	57,266	93.7%	148	220	$0.57
1992	61,118	58,448	95.6%	348	1,160	$0.64
1993	63,074	61,174	97.0%	594	1,229	$0.71
1994	66,379	64,662	97.4%	2,178	2,212	$0.75
1995	69,324	67,101	96.8%	3,010	3,098	$0.79
1996	77,019	71,452	92.8%	7,384	3,882	$0.81
1997	81,382	77,270	94.9%	4,770	5,697	$0.82
1998	86,428	83,683	96.8%	4,778	5,929	$0.86
1999	89,699	87,531	97.6%	2,499	3,643	$0.91
2000	96,114	93,786	97.6%	5,923	5,773	$0.98
2001	105,162	94,651	90.0%	9,351	1,368	$0.94
2002	113,380	99,794	88.0%	8,432	4,925	$0.86
2003	120,169	107,290	89.3%	4,912	5,828	$0.81
2004	122,323	111,786	91.4%	2,262	4,133	$0.81
2005	124,325	117,389	94.4%	1,819	6,243	$0.85
2006	126,842	120,304	94.8%	2,993	2,356	$0.91
2007	128,900	124,558	96.6%	3,416	5,562	$0.96
2008	137,005	125,284	91.4%	8,404	1,526	$0.97
2009	145,734	131,686	90.4%	9,025	6,750	$0.93
2010	147,045	139,361	94.8%	2,906	8,773	$0.98
2011	147,648	141,614	95.9%	576	2,245	$1.05
2012	164,143	159,918	97.4%	4,222	6,441	$1.12
2013	167,618	163,131	97.3%	3,475	2,943	$1.17

Source: Capitol Market Research, December 1991 - June 2013 Apartment Market Survey
CMR estimates of new completions based on surveys of property managers and owners
The 2012 multi-family unit total now includes Georgetown and San Marcos

\Data Sets\AUSTIN MSA\apt_sum_0613.xlsx



Study Area Apartment Market Conditions

Overview

Apartment construction in the Study Area has been a relatively new trend, consequently there is a limited amount of apartment housing in the market area. The only large apartment communites identified in the market area are classified as Low Income Housing Tax Credit projects, which lease "income restricted" units to individuals and families at 60% or below Median Family Income (MFI). Of these four projects, three were built after 2000, with the most recent, Park Place at Loyola constructed in 2008.

Occupancy rates for these four communities in the Study Area have fluctuated between a low of 55.2% and the current high of 99.4%, as new units are added and then absorbed into this relatively new and smaller market area. Lows of 55.2% occurred in 2004, with the addition of Eagle's Landing (240 units), 72.5% in 2006 when Rosemont at Hidden Creek (250 units) was introduced, and 68.3% in 2007 when Park Place at Loyola (252 units) began introducing units to the market. Since 2007, the lack of new construction in the market area has led to a continually rising occupancy rate and modest absorption.

Average rents in the Study Area have been fluctuating with the addition of new units, much like occupancy rates, from a low of $0.60 in 2004 to a current high of $0.83. The rates in the Study Area are growing at a much slower pace than the rest of the Austin MSA, due to the fact that LIHTC projects are priced according to the rent caps set by Housing and Urban Development (HUD).

Current Market Conditions

Currently, the market area occupancy is 98.0% which is up 4.0% since December 2012, when it was 94.2%. Net average rents are currently $0.83 per square foot, which is up 9.2% since December 2012 when it was $0.76. Consistently high demand for rental units and absence of supply in the area, coupled with no planned new unit completions will allow occupancy rates to remain high. The demand in the area for both affordable and market rate units can be seen in the diversity of recent completions and properties in development in and around the Study Area.

Table (17)

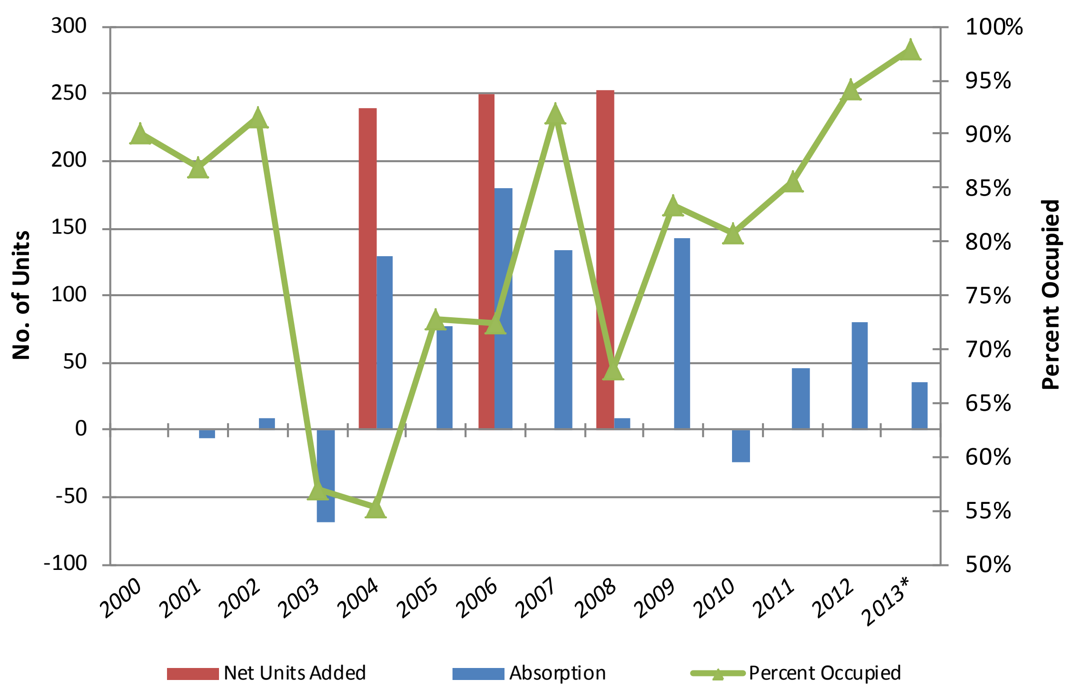
Study Area Apartment Summary

December 2000 - October 2013

Date	Total Units	Occupied Units	Percent Occupied	Net Units Added	Absorption	Rent per Sq. Ft.
2000	200	180	90.0%	...	...	$0.75
2001	200	174	87.0%	0	(6)	$0.79
2002	200	183	91.5%	0	9	$0.81
2003	200	114	57.0%	0	(69)	$0.61
2004	440	243	55.2%	240	129	$0.60
2005	440	320	72.7%	0	77	$0.64
2006	690	500	72.5%	250	180	$0.68
2007	690	634	91.9%	0	134	$0.69
2008	942	642	68.2%	252	8	$0.71
2009	942	785	83.3%	0	143	$0.74
2010	942	761	80.8%	0	(24)	$0.69
2011	942	807	85.7%	0	46	$0.72
2012	942	887	94.2%	0	80	$0.76
*2013**	942	923	98.0%	0	36	$0.83

Source: Capitol Market Research, December 2000 - October 2013 Apartment Market Survey apt_sum.xls

**Data from October 2013*



Market Rate Apartments

Since the Study Area currently contains no market rate apartment housing, CMR has identified the only two market rate projects within two miles of Colony Park, in order to determine current conditions for this type of product. Both projects are just west of US Highway 183, the western edge of the Study Area. Travis Station was built in 1986, and has current (October 2013) rental rates of $0.95, and is 97.4% occupied. Tierra Bella was built in 1984 and has rental rates of $0.76 with an occupancy rate of 99.5%. The market rate properties currently have a rental rate 8.8% higher than the LIHTC projects. Table (18) on the following page shows a historical summary for these two market area projects, and the map on Page 39 documents the location of the four LIHTC projects in the Study Area, and the two market area projects outside of the Study Area.

Table (18)

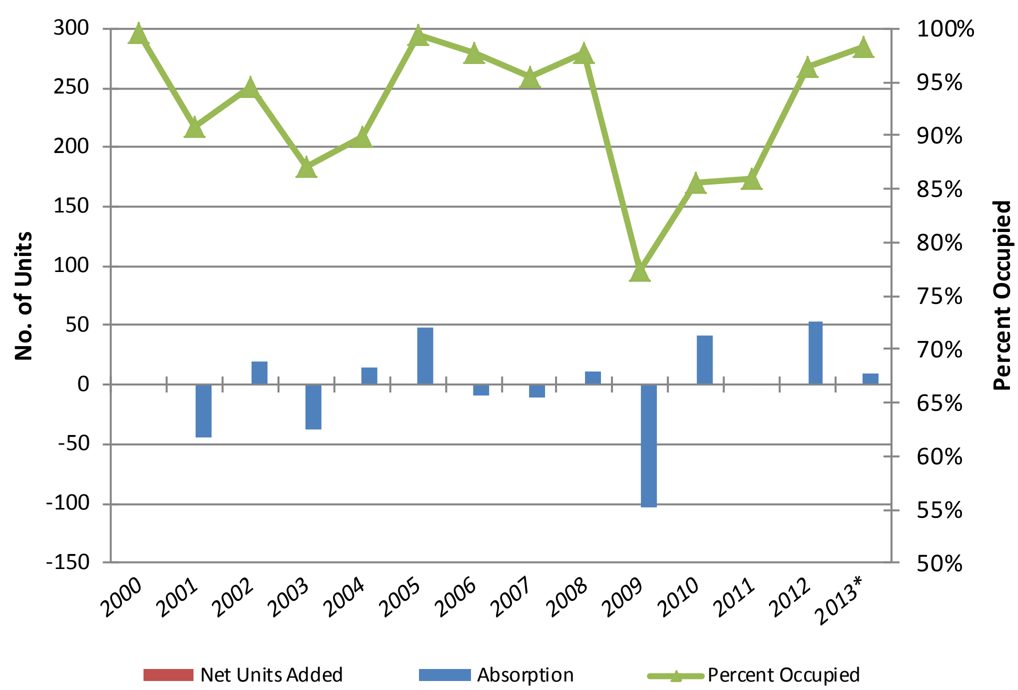
Market Rate Apartment Summary

December 2000 - October 2013

Date	Total Units	Occupied Units	Percent Occupied	Net Units Added	Absorption	Rent per Sq. Ft.
2000	508	506	99.6%	...	...	$0.78
2001	508	461	90.7%	0	(45)	$0.75
2002	508	480	94.5%	0	19	$0.67
2003	508	442	87.0%	0	(38)	$0.67
2004	508	457	90.0%	0	15	$0.61
2005	508	505	99.4%	0	48	$0.67
2006	508	496	97.6%	0	(9)	$0.71
2007	508	485	95.5%	0	(11)	$0.71
2008	508	496	97.6%	0	11	$0.65
2009	508	393	77.4%	0	(103)	$0.66
2010	508	435	85.6%	0	42	$0.69
2011	508	437	86.0%	0	2	$0.74
2012	508	490	96.5%	0	53	$0.80
*2013**	508	499	98.2%	0	9	$0.87

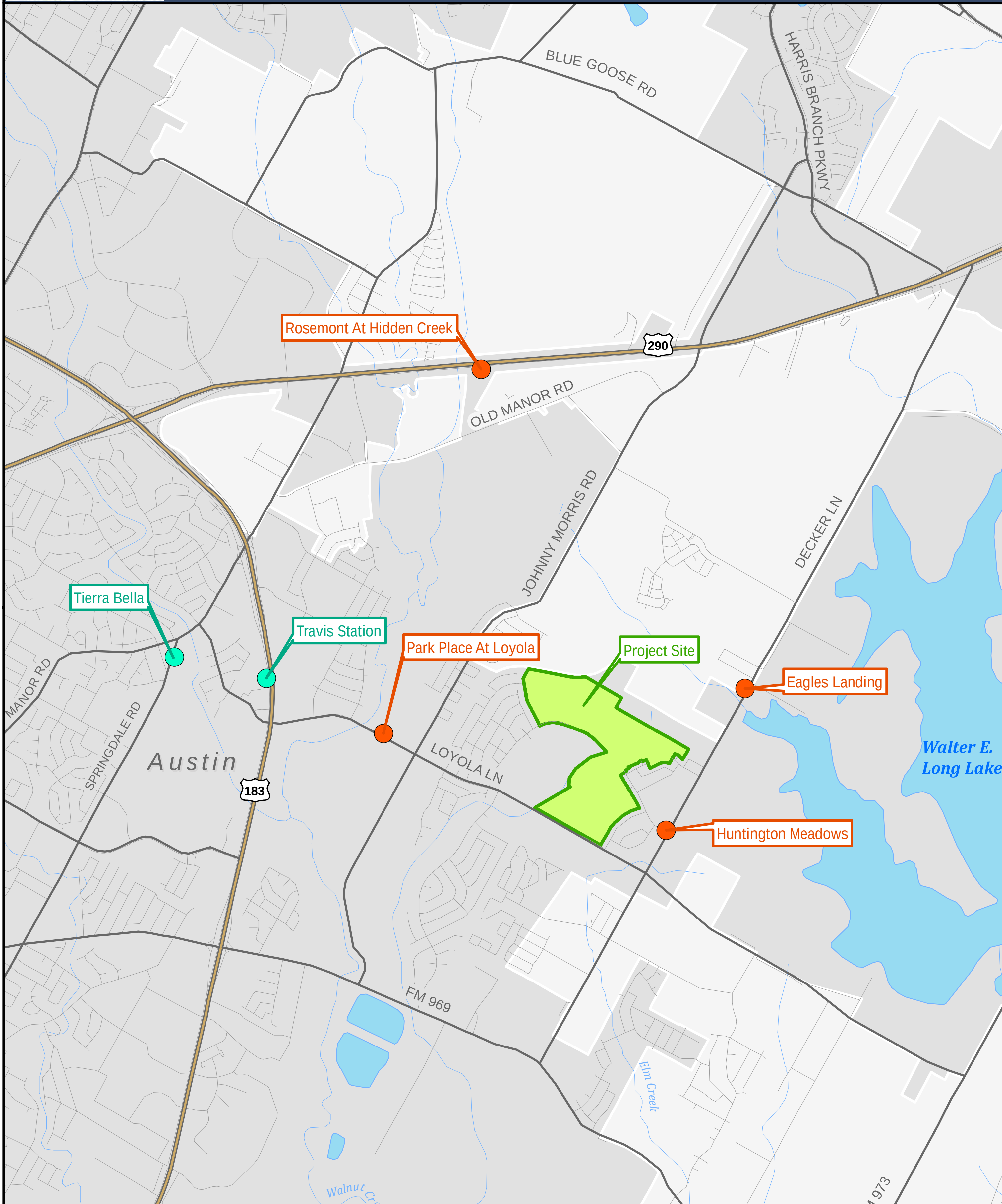
Source: Capitol Market Research, December 2000 - June 2013 Apartment Market Survey apt_sum.xls

**Data from October 2013*



CAPITOL MARKET RESEARCH

Study Area:
Existing Apartments



N 0 0.5 1 Miles

LIHTC Market Rate

Date: November 2013

Path: C:\GIS\Projects\2013\ColonyPark\existing_apt.mxd

Austin MSA Retail Market & Trends

Overview

The Austin multi-tenant retail market has shifted away from the traditional location and concentration of retail space in neighborhood shopping centers and large regional malls to a more diverse base that includes "power centers," "lifestyle centers," and off-price shopping. Approximately 14.9 million square feet of multi-tenant space have been added to the citywide inventory since 1995, an increase of 75.1%, and much of that space has been located near Lakeline Mall, in the MoPac corridor, at La Frontera in Round Rock and in Sunset Valley. As the city grows and expands outward, new retail nodes have developed at Hwy 183 at FM 1431, at Slaughter Lane and IH-35 South, in Bee Cave at Highway 71 and RM 620, and most recently at SH 45 and FM 685 in Pflugerville.

During the decade of the 1990s, gross retail sales for the Austin MSA increased dramatically, growing an average of 10.9% per year from 1991 to 2000. With the "dot.com" bust in 2001, gross retail sales dropped and more recently the growth rate has been a more modest 4.6% per year (2001-2006). However, with employment and population growth forecasted to be between 2% and 3% per year, the future prospects for retail development in Austin are encouraging.

The combination of rapid population growth and increases in disposable income has created a healthy demand for retail space in the Austin area. In addition, the national trend toward replacement of neighborhood retail stores and malls with "big box" outlet stores and "lifestyle centers" has generated a demand for new construction, even during the late eighties, and in 2001 and 2002 when the Austin economy was stagnant and there was little population growth.

Over the past decade, the practice of e-commerce—or online shopping—has grown at an astounding rate. Total sales across the United States increased 419% between 2000 and 2009, and are projected to steadily increase through at least 2017. E-commerce continues to outpace traditional retail growth, which has had ramifications for the "brick and mortar" retail market nationwide. While many cities have struggled to support their retail markets in light of both the economic downturn and the growing popularity of online shopping, Austin's retail market has remained strong. Austin's population growth of 37.3% between 2000 and 2010, and 6.9% between 2010 and 2012 alone, coupled with strong job growth that exceeds the state average, has resulted in the continued demand for new retail centers. The demand for downtown and suburban retail growth as a result of the population increase in the Austin MSA has offset the national trend toward online shopping. Austin's retail occupancy rates have consistently remained above 90%, and annual absorption has routinely exceeded 1 million square feet.

Current Market Conditions

Citywide occupancy increased slightly from December 2012, from 89.8% to 90.8% in June 2013. Average rents increased by $0.37 per square foot from $20.17 to $20.54 per square foot. Since 2008, there has been a stabilization of occupancy at or around 90%, while rental rates have continued to rise since 2010.

The June 2013 inventory of multi-tenant retail space in the Austin area included 40.8 million square feet evenly distributed among the four major types of retail centers. The regional malls, which include Lakeline, Barton Creek Square, Highland and Northcross Malls, Capital Plaza and The Domain, a 621,000 sq. ft. lifestyle center opened in the first half of 2007, account for almost 9.2 million square feet of retail space. Community and power centers (by definition) include at least one junior department or discount store and are concentrated on Highway 183, MoPac and IH-35. Neighborhood centers, usually anchored by a grocery store/drugstore combination, are distributed throughout the city among the various residential subdivisions. Strip centers, which by definition, have no “anchor” tenant, are found along every major thoroughfare in the city and surrounding suburban residential market.

Table (19)

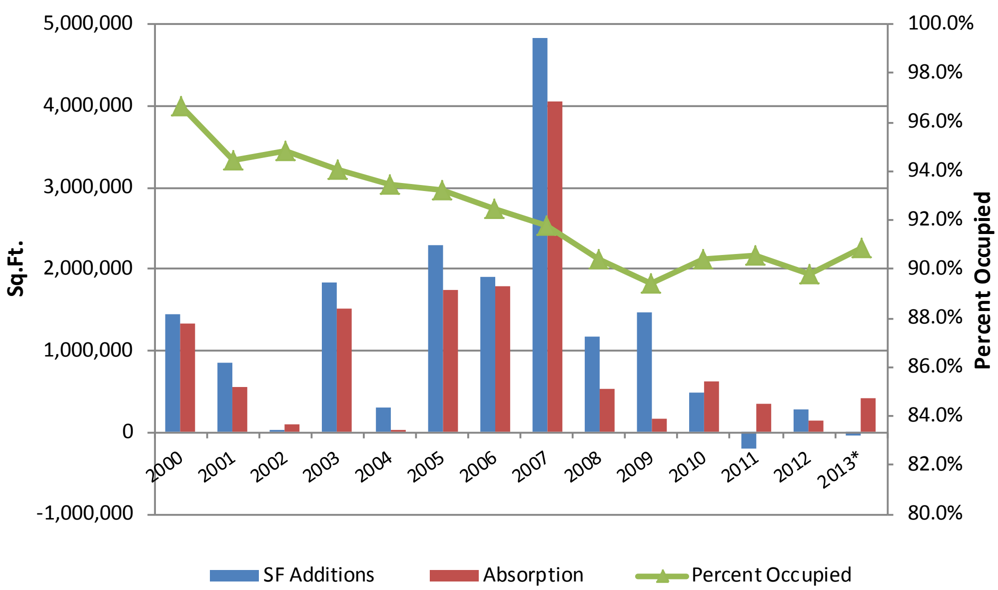
Retail Market Summary

Austin MSA

Year	Total SF	Occupied SF	Percent Occupied	SF Additions	Absorption	Average Rent
2000	25,615,824	24,757,048	96.6%	1,454,209	1,324,776	$16.85
2001	26,476,299	25,014,511	94.5%	860,475	557,628	$16.00
2002	26,584,952	25,212,128	94.8%	21,000	94,045	$15.96
2003	28,536,372	26,847,571	94.1%	1,844,992	1,522,224	$16.22
2004	28,583,179	26,712,487	93.5%	301,804	2,937	$15.85
2005	30,874,435	28,773,109	93.2%	2,291,256	1,743,590	$17.87
2006	32,771,340	30,310,047	92.5%	1,896,905	1,795,741	$20.06
2007	37,611,194	34,520,864	91.8%	4,839,854	4,047,740	$22.41
2008	38,779,569	35,062,096	90.4%	1,168,375	542,351	$22.81
2009	40,258,726	35,984,670	89.4%	1,479,157	166,397	$19.75
2010	40,754,222	36,839,716	90.4%	495,496	628,544	$19.43
2011	40,550,682	36,722,398	90.6%	-203,540	342,990	$19.44
2012	40,839,470	36,675,163	89.8%	288,788	137,424	$20.17
*2013**	40,796,531	37,060,727	90.8%	-42,939	425,093	$20.54

Source: Capitol Market Research, Austin Area Retail Survey, December 2000 - June 2013

**Through June 2013* retail_sum_0613.xls



Study Area Retail Market Conditions

Overview

The Study Area is not currently home to any multi-tenant shopping centers over 20,000 square feet that make up CMR's retail database. However, there is one new, smaller multi-tenant strip retail site at the southeast corner of Decker Lane and Loyola Lane with a restaurant, a grocery "Mercado", laundromat, and dance club. This property was built in 2006, and is currently fully occupied. The increase in growth outward from the central core of Austin, and the continuing construction along major outlying highways such as US Highway 183 and US Highway 290, as well as the abundance of vacant land, has begun to draw retail developers and tenants toward more suburban locations throughout the Austin region and should result in more retail development in the Study Area in the foreseeable future.

It appears that the households in the area are spending their disposable income in shopping centers located outside the immediate market area. This consumption pattern was confirmed by the results of the community outreach session on November 9, 2013, where residents noted on a wall map where they were shopping. Many showed the HEB on Springdale Road as a primary shopping location, along with the new HEB at Mueller and Barton Creek Mall, and the new Wal-Mart in Manor. In addition, there are a few convenience stores in the area that offer a limited (and usually expensive) selection of groceries and beverages.

Based on a "field" survey conducted by Capitol Market Research, there are eleven smaller retail centers and convenience retail in the market area with a total of 40,893 square feet.

Table (20)

Retail Inventory

Study Area

Map No.	Name	Address	Square Feet
1	Conoco	6710 Loyola Lane	2,385
2	JD's Conoco	6575 Decker Lane	3,600
3	Mi Pueblo Meat Market*	6575 Decker Lane	21,900
4	Washateria/Lavanderia*	6575 Decker Lane	...
5	Club Escapade 2000*	6575 Decker Lane	...
6	Carwash	6575 Decker Lane	4,204
7	Chevron	7801 FM 969	1,876
8	Liquor Xpress	7801 FM 969	896
9	Minimax Food Mart	10412 FM 969	1,216
10	Double M Grocery	7700 FM 969	2,296
11	Craigwood Food Mart	4927 Craigwood Drive	2,520
		Total	40,893

Source: Capitol Market Research Field Survey, November 2013
** Unable to obtain individual square footages for 6575 Decker Lane, excluding JD's Conoco. Mi Puebla Meat Market, Washataria, Club Escapade 2000, and Carwash collectively total 21,900 square feet.*

small retail inventory.xls

FUTURE MARKET CONDITIONS

Demographic Forecast

According to the US Census of population, the Study Area accounted for 1.27% of the regional (MSA) population, between 2000 and 2010. After reviewing the historical capture rate, new home sales and recent MLS activity in the market area, and recognizing that the market area has significant development potential, CMR has concluded that the "baseline" capture rate going forward should remain constant. Household size in the Study Area is larger than the average Austin MSA household size, possibly due in part to larger families and multi-generational households. However, this household size is expected to continue a trend of slowly decreasing, as established when looking at census data from both 2000 and 2010. The household forecast shows a potential growth of approximately 241 new households added in the market area on an annual basis (from 2013 through 2025). As noted above, because this area has an abundance of vacant land and underutilized sites with development potential, it seems likely that the overall market will continue to attract more development.

Table (21)

Population & Household Forecast

Study Area

Year	Austin MSA Population	Annual Change	Study Area Forecasts				
			Capture Rate	Total Population	Household Size	Total Households	Annual HH Additions
2013	1,880,794	56,458	2.9%	24,949	3.61	6,951	444
2014	1,938,858	58,064	2.9%	26,606	3.62	7,406	456
2015	1,998,629	59,771	2.9%	28,311	3.63	7,874	468
2016	2,060,157	61,528	2.9%	30,067	3.63	8,353	479
2017	2,123,415	63,258	2.9%	31,871	3.64	8,844	491
2018	2,188,430	65,015	2.9%	33,726	3.65	9,343	499
2019	2,254,807	66,377	2.9%	35,620	3.66	9,855	511
2020	2,322,988	68,181	2.9%	37,565	3.67	10,367	512
2021	2,391,558	68,570	2.9%	39,521	3.67	10,888	521
2022	2,461,619	70,061	2.9%	41,520	3.68	11,418	530
2023	2,533,066	71,447	2.9%	43,559	3.69	11,957	539
2024	2,606,062	72,996	2.9%	45,641	3.70	12,505	548
2025	2,680,481	74,419	2.9%	47,764	3.71	13,062	557

Prepared by: Capitol Market Research, October 2013 Dem.ForecastCalc.xls

Notes: Projections based on Texas State Data Center, US 2010 Census (Scenario 1.0)

Market area capture rate based on % of MSA growth

Market area household size based on change between 2000 and 2010 US Census

Study Area Single Family Demand

The Study Area is an "emerging" market; compared to many parts of the region it has experienced a very small percentage of MLS and new home sales in the Austin MSA. However, the vast expanses of available developable land in the area and the demonstrated need for affordable housing could result in a rapid increase in growth in the area.

As noted earlier, the "baseline" capture rate established by CMR is produced by MSA growth and the percent of growth the market area has captured, shown previously in Table (21). Using the 2010 Census tenure split of 56.6% owner in the Study Area, and based on historical trends and recent home building activity, the Study Area will continue to maintain a relatively small market share, with a capture rate consistent with the historical percentage of the regional growth experienced from 2000 to 2010.

Table (22)

Single Family Housing Demand

Study Area

Year	Population	Household Size	New HH	% Owner	% Single Family	Single Family Demand
2013	24,949	3.61	444	56.6%	95.7%	241
2014	26,606	3.62	456	56.6%	95.7%	247
2015	28,311	3.63	468	56.6%	95.7%	253
2016	30,067	3.63	479	56.6%	95.7%	260
2017	31,871	3.64	491	56.6%	95.7%	266
2018	33,726	3.65	499	56.6%	95.7%	271
2019	35,620	3.66	511	56.6%	95.7%	277
2020	37,565	3.67	512	56.6%	95.7%	277
2021	39,521	3.67	521	56.6%	95.7%	282
2022	41,520	3.68	530	56.6%	95.7%	287

Prepared by: Capitol Market Research, October 2013 Dem.ForecastCalc.xls

Notes: Market Area population based on Table (21), Percent owner based 2010 Census. Percent single family based on new building permits issued in the area over the last 10 years.

Planned Single Family Housing Projects in the Study Area

In addition to the current inventory, Colony Park will be competing with additional sections of existing subdivisions, and planned subdivisions whose development timing and market position indicate that they may be directly competitive with the subject subdivision. It is possible that one or more projects that currently appear to be moving forward may encounter some obstacles that would prevent them from achieving the anticipated build-out schedule. It is also possible that other projects that today show little promise could be quickly developed and brought to the market. Thus the list of planned lot additions is both actual because it represents current plans, and representative, because it presents a position the subject will be competing with other new subdivisions during the anticipated development horizon.

As previously discussed, the Study Area is an “emerging” market with significant potential but few projects scheduled for immediate development. There are currently 584 vacant developed lots in existing subdivisions in the Study Area, and over 3,177 lots planned in both existing and future subdivisions. Listed below is an overview of the three largest existing and future subdivisions, as well as their history and current status.

The largest development planned in the market area is Wildhorse Ranch, a 1,700-acre master-planned community with frontage on both sides of SH 130, between US Hwy 290 and Walter P. Long Lake. In 2001, the City of Austin entered into an agreement with the original landowners to provide up to $30 million in infrastructure improvements that would encourage a high-density, mixed-use development at the site. The original developers sold the site, and the “Tech Bust” from 2001 to 2003 curtailed the development plans by the new owners. After several attempts to recapitalize the development, the lenders foreclosed and are now considering their development options. The PUD zoning for Wildhorse allows for the development of 2,587 single family homes, 3,242 multi-family units, and 5.4 million square feet of commercial space.

Another large project in the area is the Meadows of Trinity Crossing. Comprised of approximately 215 acres, the subdivision was originally platted in 1986 and was intended to provide starter home housing for moderate income home buyers. With the collapse of the real estate market in the late 1980’s, work on the subdivision ceased and hundreds of vacant lots sat unattended while the bank foreclosed on the property and considered their options. Eventually the City of Austin acquired the vacant lots and a scheme for providing affordable housing was devised. With the closure of Bergstrom Air Force Base in 1994, 200 duplexes located at the eastern edge of the base were cut in half and moved to the Meadows of Trinity Crossing, renovated, and sold as single family homes. A dispute between the developer, Global Southwest Development, and the general contractor, Paradigm, resulted in lawsuits and caused a work stoppage on the partially completed subdivision. Two different programs then progressed in the subdivision, one with “site built” homes (Meadows at Trinity Crossing) achieved good market acceptance at prices that ranged from the low $80Ks to $215K. Other lots were purchased by Vicinia Development, and a plan to build 1950’s style modern homes designed by 10 local architects was devised. This portion of the original subdivision, which launched in 2006, was called “Agave”. Since that time, a total of 103 homes have been designed and built. These homes are in high demand from young professionals who prefer a “hip” suburban lifestyle over the intensity of living in a downtown condo. In 2008, the Austin Housing Finance Corporation issued a total of $2,000,000 in bond funds to purchase 49 home sites for Habitat for Humanity. A total of 31 new Habitat for Humanity homes have been built and sold in Meadows of Trinity Crossing since 2008. In May 2012 the developer of Agave, Vicinia Development, went bankrupt and the land is now controlled by Wells Fargo. Since that time, only Habitat for Humanity has been active in the subdivision, and there are still over 400 remaining vacant lots and 113 planned future lots.

Woodland Hills is a traditional single family subdivision with starter homes on standard home lots that typically range in size from 40’x120’ to 50’x120’. The subdivision was platted in 2006 with 581 homes sites. Since them, a total of 438 lots have been developed and 406 homes sold and closed. There are currently 143 vacant developed lots. Centex Homes is currently offering homes in the $135,000 to $168,000 price range.

Single family lots planned in new subdivisions that are not yet active in the market area are shown in Table (23) along with lots planned for development in existing subdivisions, and developed, but still vacant lot inventory. All of these subdivisions have either submitted subdivision plats for approval by the City of Austin or are processing a Service Extension Request (SER) through the city. One manufactured home subdivision, Scenic Point Phase 2, is also included on the list. The map on the following page identifies the locations of these subdivisions.

Table (23)

Subdivisions with Lot Inventory

Study Area

Subdivision Name	Total Lots	Undevel. Lots	Developed Lots				Lot Frontage	Average Home Price	Home Price Range	Active Builder
			Total	*Occupied Homes*	*Homes in Inventory*	*Vacant Devel.*				
Subdivisions with Existing Vacant Lots										
Wildhorse Creekside	441	0	441	434	2	5	60'	$158,000	$150K - $166K	DR Horton
Woodland Hills	581	0	581	406	32	143	40' - 50'	$150,000	$118K - $168K	Centex
Meadows at Trinity Crossing (Agave)	292	0	292	103	0	189	50'	$266,000	$218K - $336K	n/a
Meadows at Trinity Crossing (Habitat)	49	0	49	31	13	5	50'	80% MFI and below		Habitat for Humanity
Subdivisions with Planned Lots										
Colony Park	tbd	tbd	0	0	0	0	tbd	tbd	tbd	tbd
Wildhorse Lakeside	791	791	0	0	0	0	tbd	tbd	tbd	n/a
Wildhorse Parkside	1,796	1,796	0	0	0	0	tbd	tbd	tbd	n/a
Old Manor Road Development	210	210	0	0	0	0	tbd	tbd	tbd	tbd
Decker Lane	150	150	0	0	0	0	tbd	tbd	tbd	tbd
Subdivisions with Existing Vacant and Planned Lots										
Scenic Point Phase 2 (Manufactured Home)	118	117	1	1	0	0	40' - 53'	n/a	n/a	n/a
Meadows at Trinity Crossing	711	113	597	355	0	242	40' - 55'	$151,000	$135K - $246K	n/a
Total	**5,139**	**3,177**	**1,961**	**1,330**	**47**	**584**				

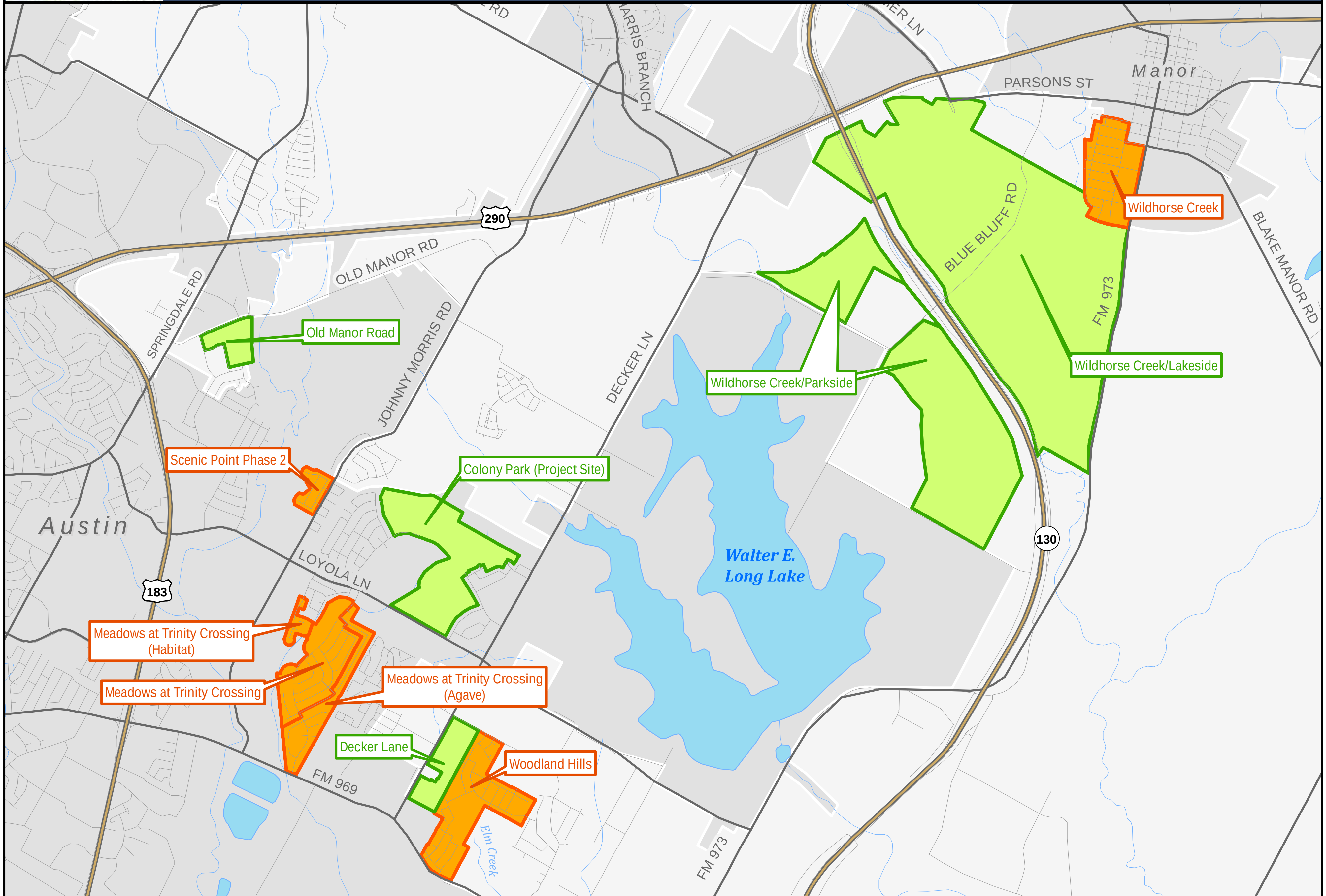
Compiled by Capitol Market Research, November 2013 existing lots.xls

Data from Developers, City of Austin, & MetroStudy

CAPITOL MARKET RESEARCH

Study Area:

Subdivisions with Lot Inventory



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0 0.5 1 Miles

Existing Subdivision

Planned Subdivision

Date: November 2013

Path: C:\GIS\Projects\2013\ColonyPark\planned_lots.mxd

Study Area Multi-Family Unit Demand

After establishing aggregate household demand, multi-family housing demand can be estimated based on the 2010 tenure split shown on the preceding page, and the population and household forecast shown on the following page. According to the Texas A&M real estate center, there is a 91.0% multi-family trend for housing larger than five units. Using this data, an estimated new multi-family housing demand that averages 99 units per year from 2013 through 2022 is indicated, as shown in Table (24) below.

Table (24)

Multi-Family Unit Demand

Study Area

Year	Population	Household Size	New HH	% Renter	% Multi-Family	Multi-Family Demand
2013	24,949	3.61	444	43.4%	91.0%	176
2014	26,606	3.62	456	43.4%	91.0%	180
2015	28,311	3.63	468	43.4%	91.0%	185
2016	30,067	3.63	479	43.4%	91.0%	189
2017	31,871	3.64	491	43.4%	91.0%	194
2018	33,726	3.65	499	43.4%	91.0%	197
2019	35,620	3.66	511	43.4%	91.0%	202
2020	37,565	3.67	512	43.4%	91.0%	202
2021	39,521	3.67	521	43.4%	91.0%	206
2022	41,520	3.68	530	43.4%	91.0%	209

Prepared by: Capitol Market Research, October 2013 Dem.ForecastCalc.xls

Notes: Market Area population based on Table (21), Percent renter based 2010 Census. Percent multi-family based on new building permits issued in the area over the last 10 years.

Planned Multi-Family Projects in the Study Area

Because the Study Area is currently stabilized with a 98.0% apartment occupancy rate, the subject site will be competing with the few remaining vacant units in existing projects, and with undeveloped tracts in the market area that are zoned for multi-family use and that may be developed with apartments within the forecast time period.

Table (25) lists the projects whose location, size and development program indicate that they are currently, or are likely to become, competitive with the subject. These projects are defined as being potentially "competitive" if the land is currently zoned appropriately for multi-family development and utilities are available. In order to be considered as immediate and direct competition, the proposed projects must either be held by or under contract to a developer with known intention to move forward with a multi-family project. The proposed project summary combines the acreage planned for multi-family development on several sites within the market area and presents this information to provide a composite picture of the potential multi-family additions to the market area inventory.

Table (25)

Planned Multi-Family Development

Study Area

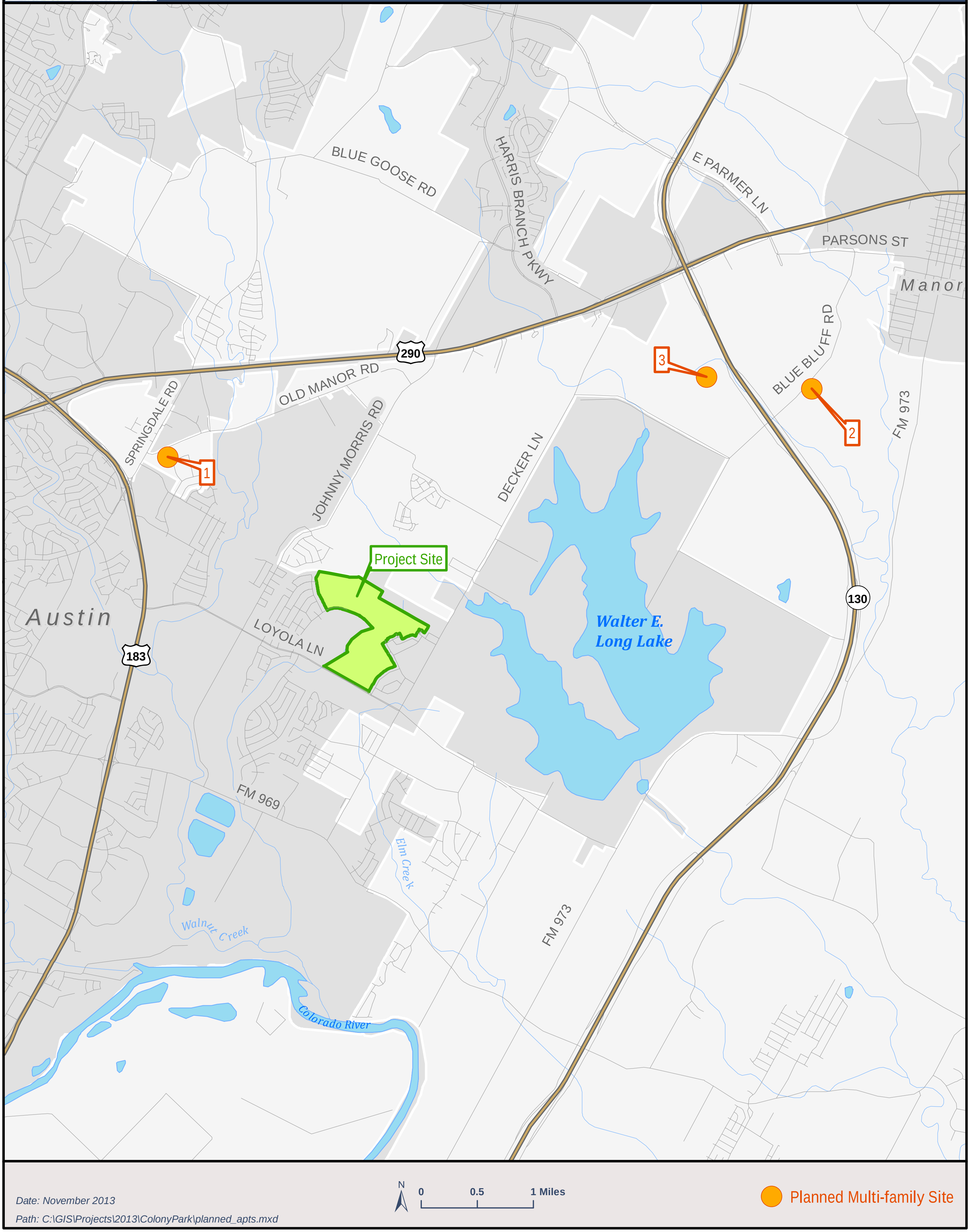
Map No.	Name	Location	Planned Units	Acres	Developer	Current Status	Zoning
1	Old Manor Road Development	7701 Old Manor Road	303	13.18	Kanton Labai	Zoning Change Requested	I-RR
2	Wildhorse Lakeside	Blue Bluff Rd & SH 130	1,890	1,889.00	Dwyer Realty	Planned: PUD Zoning	PUD
3	Wildhorse Parkside	Lindell Lane	1,352	...	Dwyer Realty	Planned: PUD Zoning	PUD
	Total Units		3,545				

Source: Capitol Market Research, Developer and Broker Interviews, November 2013 comp_sites_cp.xls

As shown above, there is a possibility that multi-family development will occur in the Study Area because there is a substantial inventory of appropriately zoned land. There are, however, no concrete plans for new apartment construction at any of the zoned sites.

CAPITOL MARKET RESEARCH

Study Area:
Planned Multi-Family Sites



Date: November 2013

Path: C:\GIS\Projects\2013\ColonyPark\planned_apts.mxd

Planned Multi-family Site

Planned Retail Sites in the Study Area

There is currently no large, multi-tenant retail inventory in the Study Area; therefore the subject site will be competing only with future planned retail sites and the smaller centers and free-standing retail located in the area. The potential additions to the defined market from the development of other planned retail sites is based on the capacity of retail developers to obtain necessary construction financing and city approvals, often after a lengthy process where the developer has negotiated the land purchase with multiple ownership interests and spent many months working through the city approval process. Currently, are no centers or buildings under construction, but several competitive sites are owned or controlled by developers, thus indicating the potential for competitive development within the Colony Park project development horizon.

A November 2013 survey conducted by Capitol Market Research for this evaluation revealed a total of 4 sites where retail development has been announced or is entitled for retail development. At the present time, each of the proposed shopping center sites are available for sale or preleasing for "future" retail development. The list of potentially competitive sites is shown on Table (26) below.

Table (26)

Planned Retail Development

Study Area

Map No.	Site or Center Name	Address	Developer	Size	Type	Current Status
1	Decker Square Shopping Center	8408 Loyola Lane	R & RH Holdings	60,000	S	proposed center
2	Old Manor Road Develoment	7701 Manor Road	Kanton Labai	50,000	S	rezoning request
3	SW Corner of Loyola & Decker	6506 Decker Lane	Gold A & A, Inc.	32,000	S	site plan filed
4	Wildhorse Creek Commercial	FM 973 at Lapoyer	Dwyer Realty	250,000	N	Available sites
	Total			392,000		

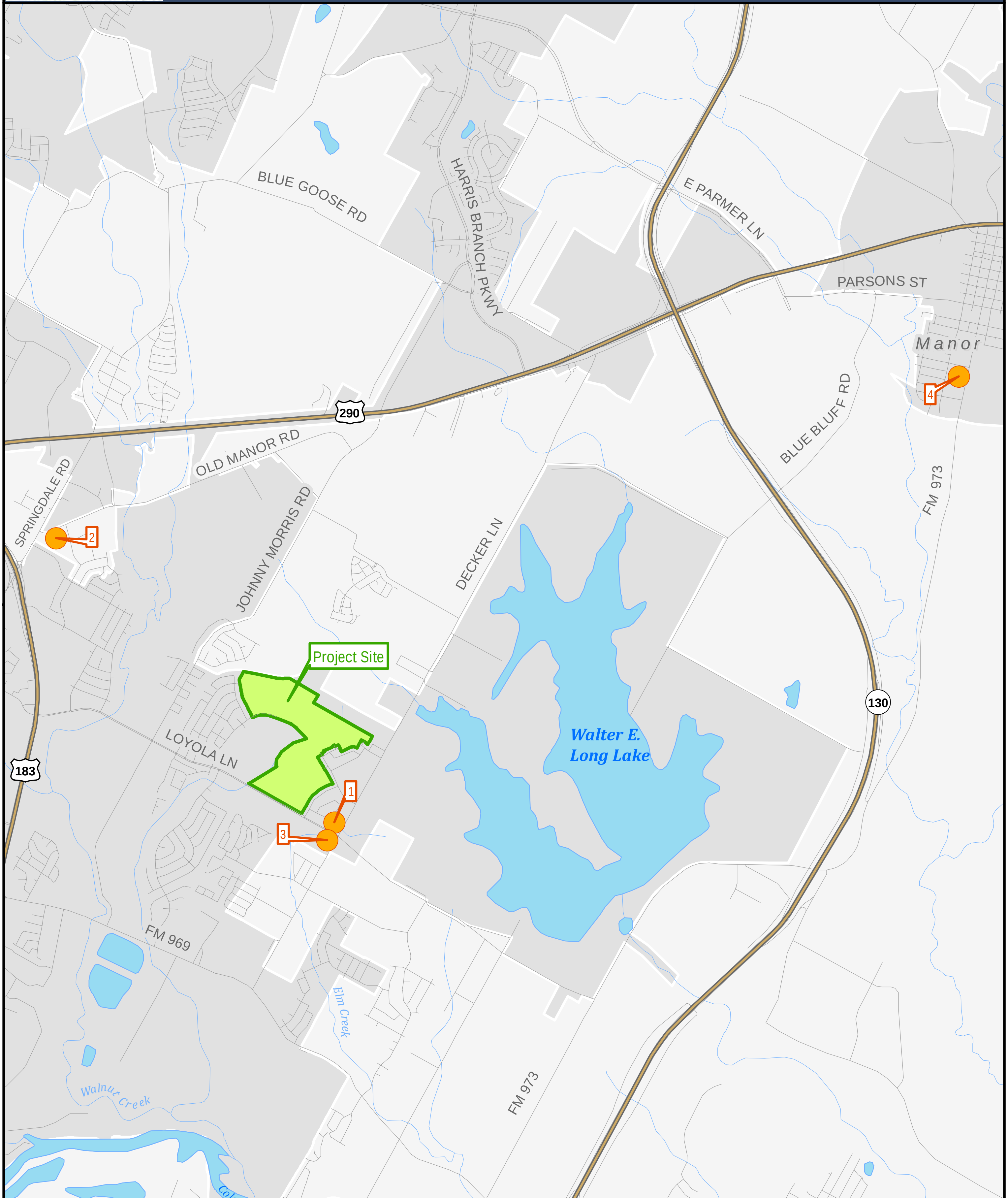
Source: Capitol Market Research, Developer Interviews, November 2013 planned retail.xls

S = Strip Center, N= Neighborhood Center

Discussions with land owners or representatives for these retail sites reveal a focus on auto-oriented tenants, or pad site buyers. While there is clear interest from area residents for a grocery anchored center, none of the proposed sites include more than "convenience" oriented grocery shopping.

CAPITOL MARKET RESEARCH

Study Area:
Planned Retail Sites



N 0 0.5 1 Miles

Planned Retail Site

Date: November 2013

Path: C:\GIS\Projects\2013\ColonyPark\planned_retail.mxd

CONCLUSIONS AND RECOMMENDATIONS

Existing Conditions Summary

The previous sections have established the market conditions in Austin and the Study Area. Growth in the Study Area has increased somewhat in the past 10 years.

Single Family

Single family homes are the most active product type selling in the Study Area, and this sales activity is strongest in older production builder subdivisions that offer affordable homes, although one higher end subdivision, Agave, has experienced some success. Currently, MLS sales through 2013 (September) number 114, with an average sales price of $141,159, a 21.1% increase from the previous year. The average days on the market have dropped, from 111 days in 2011 to 64 in 2013, because of the limited available inventory in the market. Historical MLS data shows that most home sales in the market area occur in the $75,000 to $175,000 price range. The majority of these sales took place in ten top selling subdivisions,; Cavalier Park, Colony Park, Craigswood, Heritage Park, Las Cimas, Meadows at Trinity Crossing, Meadows at Trinity Crossing, Park Place, Wildhorse Creek, and Woodland Hills. Meadows at Trinity Crossing (including Agave) has dominated the market, followed by Wildhorse Creek and Woodland Hills.

With respect to new homes sales, there are currently only three subdivisions active (where builders are selling new homes) in the market area, Meadows at Trinity Crossing, Wildhorse Creekside, and Woodland Hills. Of these, only two, Wildhorse Creekside and Woodland Hills, have new homes under construction. Aside from Habitat for Humanity, Meadows of Trinity Crossing has currently come to a stand-still since going into bankruptcy in May 2013. There are four planned subdivisions in the market area, including Colony Park, but all are in the conceptual planning or zoning phases and have no firm start dates.

Multi-Family

The subject market area currently contains 942 apartment units in 4 complexes. These four properties are all "Income Restricted " (LIHTC) properties, which offer basic rental units in a more rural setting, some with covered parking, with limited amenities that include a pool, a clubhouse/business center, and a fitness center. The overall average rent per square foot for the Study Area as of October 2013 is $0.83, which is up 9.2% from $0.76 in December 2012. The market area average rent ($0.83) is currently 29.0% lower than the Austin citywide average of $1.17 per square foot. The market area occupancy among the 4 projects is currently 98.0%, up (4.0%) since December 2012.

Market rate properties close the Study Area were also analyzed. There are currently two market rate projects within two miles of Colony Park, both which were built in the 1980s. They have an average rental rate of $0.87 per square foot, 8.8% higher than the LIHTC projects, and are 98.2% occupied, slightly higher than the properties in the Study Area.

Retail

Currently, there are no large multi-tenant shopping centers in the immediate market area. As noted earlier, there seems to be a growing interest in retail development in the area, although the auto oriented focus of currently planned centers would not be conducive to the sustainable development concepts to be embraced at Colony Park. A program of neighborhood serving small retail shops should be explored as a vital component to the master plan.

Recommendations & Future Conditions

Established on U.S. Census historical trends, continued growth will add on average 241 new households from 2013 through 2023, according to CMR's "baseline" capture rate. The increased interest in the development of sites east of downtown can already be seen closer to the central core, and development activity is spreading eastward towards US Highway 183.

Single Family

It seems quite clear that a new single family building program at Colony Park will need to be focused on the first time home buyer, with homes priced in the $150,000 to $200,000 price range. A well designed product that is built in a master-planned community with a clear emphasis on quality materials and attractive vegetation should be able to break the pattern of slow absorption experienced by other subdivisions in the area.

Multi-Family

The baseline analysis of the Study Area indicates that the market will not currently support a new market rate multi-family product; however, a Low Income Housing Tax Credit (LIHTC) project should be feasible and easily absorbed in the market area. Similar products, have an average rent of $840, an average rent per square feet of $0.83, and a high occupancy rate of 98.0%.

While CMR's short term projection of the Study Area calls for a project that consists of Low Income Housing Tax Credit multi-family development for the Colony Park site, this is only applicable to a Phase I. Long term planning and an emphasis on quality development in the subdivision will eventually lead to support for market rate units with a higher level of amenities and rental rates.

Retail

An outreach effort should be launched with local residents to identify entrepreneurs already active in the area selling food and other perishable items, as well as handmade merchandise such as clothing. An informal day-care network could be encouraged to become more organized if an appropriate space could be provided at low cost. Additional services needed in the area might include an insurance agent, real estate broker, hair and nail salon, and a small neighborhood grocery. An anchor for this small group of shops might be a community health center and/or an urgent care center such as MedSpring. It is not likely that a group of small retail shops would be able to pay market rate rents (initially), but a "subsidized" 5,000 to 10,000 square foot center could be an important component in the first phase of the master-planned community.

APPENDIX

Certificate

The undersigned do hereby certify that, except as otherwise noted in this market/feasibility report:

We certify that we have personally inspected the aforementioned subject property, and that our fee is in no way contingent upon the determination of feasibility reported herein.

We have no present or contemplated future interest in the real estate that is the subject of this report.

To the best of our knowledge and belief the statements of fact contained in this report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct.

This report sets forth all of the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analyses, opinions and conclusions contained in this report.

Recognition is hereby given to Lindsey Fivecoat, Erin Roberts, Joey Valenzuela and Luke Anderson for their assistance in the preparation of this report.

No one other than the undersigned prepared the analyses, conclusions and opinions concerning the real estate that are set forth in this report.

Respectfully submitted,

CAPITOL MARKET RESEARCH, INC.

Charles H. Heimsath
President

CHARLES H. HEIMSATH: QUALIFICATIONS

Charles H. Heimsath graduated from The University of Texas in 1976 with a Master of Science degree in City Planning. He has been active in the real estate market since 1976 in the areas of commercial and residential brokerage, market and feasibility studies, and real estate research. Prior to his association with Capitol Market Research, Mr. Heimsath was a senior project manager in charge of feasibility/market research with an appraisal firm, R. Robinson & Associates, Inc., Austin, Texas. Between 1980 and 1983 he was responsible for managing the real estate research division at the Rice Center in Houston.

Since moving to Austin in February 1984, Mr. Heimsath has conducted or managed over 500 market research and feasibility projects covering a range of property types from residential and mixed-use subdivisions through office/warehouse and service center space to downtown office buildings. His work has also included population forecasting for several cities, consultation to the General Land Office, The University of Texas System, UT Austin, Texas State University and St. Edward's University.

EDUCATION

B.S. in Economics, University of Vermont, Burlington, Vermont; June 1972
M.S. in Community and Regional Planning, The University of Texas, Austin, Texas; August 1976
Post Graduate Studies, Rice University, Houston, Texas; 1980, 1981

PROFESSIONAL MEMBERSHIPS & CERTIFICATIONS

American Planning Association
Austin Real Estate Council, Former Boardmember
Texas Real Estate Broker #188355-13
Urban Land Institute, Austin Advisory Board Member
Downtown Austin Alliance, Boardmember, Policy Committee Chair

PROFESSIONAL EXPERIENCE

Capitol Market Research, Inc., President: June 1986 - Present

R. Robinson & Associates, Project Manager: Real estate research, market and demographic studies, land-use forecasting: February 1984 - June 1986

South Main Center Assoc., Associate Director: Construction management, office administration, policy development, community outreach: February 1983 - February 1984

Rice Center, Senior Associate: Senior project manager responsible for real estate research, urban development and economic forecasting: October 1978 - February 1983

Mayor's Office, City of Houston, Urban Economist: Responsible for preparing the Overall Economic Development Plan (OEDP) for Houston: October 1976 - October 1978

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MEMORANDUM

To:	Farr Associates and Urban Design Group
From:	HR&A Advisors, Inc.
CC:	Capitol Market Research
Date:	November 20, 2013
Re:	Precedent Development Case Studies

As part of the Farr/UDG team, HR&A is working with Capitol Market Research (CMR) to establish an economically feasible development program for Colony Park. This memo summarizes HR&A's initial findings from national best-practices case studies. HR&A will supplement this memo in a future report integrating CMR's local market analysis.

Having been awarded a HUD Community Challenge Grant to generate a development plan for a vacant, 208-acre city-owned site at Colony Park, the City of Austin and representatives of the site's surrounding community envision a vibrant mixed-use neighborhood. As per the Grant guidelines, this development must respect its surrounding context, provide mixed-income and affordable housing opportunities, and demonstrate a strong emphasis on energy-efficient building design and sustainable development practices.

Implementing a transformative development plan for Colony Park has multiple challenges, but those challenges can be overcome through rigorous planning. An innovative development program meeting social and environmental goals will have a high cost basis and require land revenues much higher than those currently supported by the surrounding neighborhood and associated real estate product. For example, the infrastructure and design costs associated with a traditional street grid are far higher than the costs of a typical suburban tract development of cul-de-sacs and repeated home design. Fundamentally, the development at Colony Park must achieve higher revenues than are currently supported in the surrounding market while finding creative ways to control or fund project costs. HR&A's case studies focused on understanding how other master planned developments were able to effectively "make a market" for an innovative product in challenging local conditions, while not only meeting the return expectations of project developers and investors but also the social and environmental goals of local stakeholders. How these challenges were overcome, and how those strategies are applicable to Colony Park, is the focus of the Key Lessons portion of this memo.

Case Study Selection Criteria

To identify cases relevant to Colony Park's context and vision, HR&A used the following initial criteria to identify projects for further investigation:

- Sized similar to Colony Park

- Included affordable and/or mixed-income housing
- Incorporated best practices in sustainable building design and planning
- Located in an economically disadvantaged area
- Lacked significant existing infrastructure
- Completed at least one phase

The secondary selection criteria consisted of the following:

- Located in region with comparable real estate market and economic condition
- Incorporated mix of uses
- Developed on fully-assembled site
- Developed on publically-owned land
- Included some single-family detached housing

Based on these criteria, we selected the following four recently completed or ongoing master-planned developments that match many of the goals for Colony Park.

Summary of Case Studies

Mueller Community, Austin, TX

Mueller, a 711-acre mixed-use development on a former airport site, is an adaptive reuse project designed according to traditional neighborhood development (TND) principles. Master developer Catellus Development Group directed the project and enlisted several housing and commercial developers as project partners. Once completed, Mueller will have a market value of $1.3 billion and feature over 5,700 single and multi-family homes, retail and commercial space, new community institutions, and 140 acres of open space.

Highland Gardens Village, Denver, CO

Highlands Garden Village is a 27-acre mixed-use development offering diverse housing options, commercial space, and shared community amenities. The development is four miles northwest of downtown Denver. Perry/Rose, the project's developer, focused on sustainable design and all buildings exceed Energy Star standards. Developed on a former amusement park site, the community consists of 306 residential units, approximately 75,000 sf of commercial space, 38,000 sf of civic uses, and four acres of programmed open space. A diverse residential mix accommodates homeowners and renters of various income levels.

High Point, Seattle, WA

In 2000, the Federal Government awarded the Seattle Housing Authority (SHA) $35 million in HOPE VI funding to redevelop a public housing complex located in West Seattle. SHA replaced 716 World War II-era subsidized homes with 1,681 energy-efficient on-site housing units. Once a distressed public housing complex beset by social and economic problems, SHA transformed High Point into a vibrant, mixed-income community, serving as a model of community redevelopment. The completed neighborhood includes an assortment of market-rate and affordable homeownership and rental housing options.

Hyattsville Arts District, Hyattsville, MD

The Hyattsville Arts District project revitalized the commercial core of Hyattsville, Maryland through a pedestrian-friendly, mixed-use development of townhouses, condos, live/work residences, and a sizeable collection of retail and commercial spaces. Located in Prince George's County, only two miles from the District of Columbia border, this project represents the first step to reversing a trend of disinvestment in the U.S. Route One corridor. Master Developer EYA is currently leading the redevelopment process with 500 new residences.

Key Lessons for the Colony Park Master Plan

Making the Market

Exploit the site's assets to define the project's identity. The Hyattsville Arts District capitalized on an existing artist community to cultivate an identity through tailored marketing and programing focused on establishing the Arts District as a unique offering in a market replete with a monotony of identical product. Similarly, Highland Gardens Village preserved aspects of the original amusement park as community amenities that differentiate the neighborhood from surrounding competitive product. At Colony Park, the plan should leverage the area's land features to establish a neighborhood identity. There could, for instance, be an opportunity to build off the Agave development by branding the area through innovative architecture. There also may be an opportunity to establish an event series that builds awareness of the project.

Identify anchor projects that could add value. The Dell Children's Hospital was crucial in establishing the Mueller Community's identity by linking it with a respected regional institution. The hospital location on the project's western edge created a physical connection between new development and the established area along Interstate-35. Likewise, the Hyattsville Arts District benefited from early development of retail anchors that branded the district as an entertainment and cultural destination. Attracting an institutional or commercial anchor to Colony Park is critical. A medical institution or clinic, educational institution, or similar well-used facility would help attract private development in later phases and distinguish Colony Park from single-use suburban neighborhoods. Favorable land terms may be required to secure such an anchor.

Adhere to high quality site planning and project design to position the project. While the inherent costs of TND increase project risks, quality design that differentiates the resulting project from the surrounding competition and drives higher price points is likely requisite for economic feasibility. Mueller's TND design contributes to its holistic sense of community and distinguishes it from more conventional suburban products in Austin. The high-quality built environment was critical in establishing the neighborhood's desirability and has driven fast appreciation. In Hyattsville, developers introduced a somewhat "funky" housing product that helped differentiate the project in the competitive Washington DC regional marketplace. Innovative design, coupled with high quality planning principles that establish place, will offer Colony Park an opportunity to transcend the local market context in achieving higher rents and faster absorption of product.

Phasing and Financing Strategies

Phase land disposition to monetize land value in step with project development. Master developers often accept deferred returns on land to establish an unproven project, with the expectation of realizing greater profit from land sales or project cash flow in later phases. Master developers can alternatively utilize cash infusions from early land sales to support later development costs. At Highland Gardens Village, a joint venture with a homebuilder with a record of successful projects allowed Perry/Rose to arrange a construction loan with favorable terms, and early sales proceeds funded later development phases. Perry/Rose sold pad sites at-cost to the home builder in exchange for shared revenue from the eventual home sales. At Mueller, early land sales funded site development for higher price-point real estate product, in effect delaying returns until further in the project's timeline but providing a much more favorable rate of return in the process. High Point's proximity to Downtown Seattle fueled high land prices that proved a valuable source of capital for future infrastructure. At Colony Park, the planning team must consider which portions of the site and uses are likely to be the most valuable, and recommend a phasing strategy that would maximize developer revenue and time the receipt of that revenue with project needs. The challenging local market context makes it especially important to generate quality product in early phases that will enable higher land proceeds in the final phases.

Explore local funding sources and consider tax increment financing. At Mueller, TIF revenue from retail sales and property tax was essential to the project's pro forma. Similarly, at Highland Gardens Village, the Denver Urban Renewal Authority helped arrange a TIF backed by project sales and property tax revenue that funded critical infrastructure. Moreover, Mueller's developer worked closely with the City to structure a development agreement that limited its exposure in each phase, while capping the return. While Colony Park is unlikely to attract a retail power center that generates significant tax revenue, TIF could still prove an important funding avenue. Especially considering that Colony Park is a priority project for the City of Austin and serves as a demonstration project for HUD, the development team should explore other local and Federal funding sources. Developing Colony Park will require considerable finesse, but municipal and federal stakeholders are vested in the project's success.

Leverage city, state, and federal programs to fund affordable housing. Both Highland Gardens Village and Mueller contain senior or mixed-income housing developments financed through federal low-income housing tax credits. Wildflower Terrace at Mueller in particular provides evidence that such projects can be attractive and enhance their communities. It is likely Colony Park would need to incorporate tax credit projects in order to meet affordability criteria while preserving project economics. These projects can also take advantage of gap financing resources from the City enabled by the 2013 passage of the affordable housing bond referendum. Such projects should be phased after more of the market-rate housing has been introduced, and be designed in a way that will overcome potential opposition to the affordability component or density of such projects.

Meeting Community Goals of Sustainability and Affordability

Implement cost-effective sustainable design principles to bolster project identity. All buildings at High Point meet or exceed Built Green standards and the project includes natural drainage systems, key sustainable attributes that were marketed to draw tenants to the site. At Highland Gardens Village, sustainable features such as energy efficient homes and xeriscaping in common spaces reduce costs for homeowners and increase appeal for potential buyers. At Colony Park, the team must recognize the potential demand premium from incorporating sustainable features that could help overcome the higher costs of such features – specifically identifying those sustainability measures that prove to be most desirable in the environmentally conscious Austin market. A strong commitment to sustainability has been an overarching principle of this process as stipulated by the Grant guidelines, and the team must evaluate how to deliver sustainable features in a cost effective way, while also helping to define the essence of the master plan.

Integrate market-rate and affordable housing together into a common plan and design to avoid stigma without compromising marketability. At both High Point and Mueller, the built environment reinforces socioeconomic inclusion and affirms a commitment to a mixed-income community. Mueller in particular has been able to achieve high price points while meeting an ambitious community-wide 25% affordable goal. This has been achieved by funding increased design costs for the affordable components and locating those units throughout the project so that they are not visually differentiated from the market-rate product. As with sustainability, mixed-income and affordable housing are critical aspects of the Colony Park project, and national precedents demonstrate the feasibility of incorporating such housing by supporting the increased costs of integration through higher returns on the market-rate components. The team should aim to seamlessly integrate affordable housing into the community, and even promote the project's affordability goals as an element of project positioning.

Working with Local Stakeholders

Engage the community early in the pre-development process to generate buy-in, facilitate plan implementation, and glean insight into program support. In Hyattsville, citizens established a community development corporation (CDC) that took on an active role in spearheading the project, and even facilitated gap financing during the 2008 economic downturn. At Highland Gardens Village, Perry/Rose overcame local resistance to dense development by consistently meeting with community groups and area citizens throughout the development process. Likewise, the Seattle Housing Authority deeply involved West Seattle residents in planning the redevelopment of High Point. At Colony Park, the team's engagement with the local community, by both working with neighborhood associations and holding larger public meetings and integrating the outcomes of those meetings into the project plan, will help build momentum for the project. The team could also explore the possibility of facilitating the creation of a community development corporation or engaging an existing entity with funding capabilities.

MUELLER COMMUNITY
Austin, TX

Project Context

Timeline	2000 –
Status	Build-Out
Area	711 acres
Type	Adaptive Reuse
Cost	$230 million (Site Development)

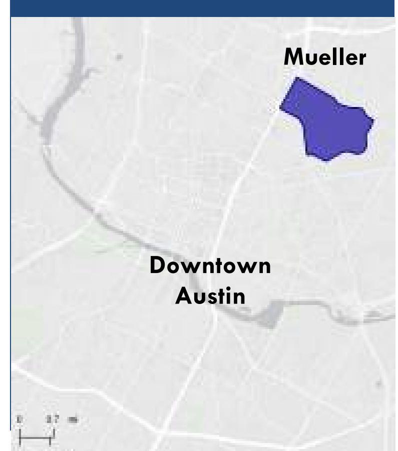
Core Project Team

Master Developer

Catellus

Housing Developer

Homes by AVI, The Muskin Company, Streetman Homes, Standard Pacific Homes, David Weekly Homes



CHALLENGE

Create land value on a former airport site in an economically challenged area of East Austin.

SOLUTION

Engage master developer to construct carefully designed and phased traditional neighborhood development (TND) that repositions area and advances social and environmental goals.

KEY LESSONS

- Strategically phase project to generate funding for future site development.
- Identify anchor tenants with strong regional reputation to add cache to project.
- Engage local municipality and community representatives to capitalize on project opportunities and navigate project challenges.
- Develop clear design requirements to maintain quality across all development products.

OVERVIEW

Mueller Community, a 711-acre site in Austin, is an adaptive reuse project designed according to Traditional Neighborhood Development (TND, aka New Urbanism) principles. The project aims to repurpose the area into a walkable, sustainable community that, when complete, will feature over 5,700 single and multi-family homes, retail and commercial space, new community institutions, and 140 acres of open space. Master developer Catellus Development Group along with several housing and commercial developers, is leading the development of the project.

BACKGROUND

The redevelopment of Mueller has been over 40 years in the making. Deliberations to relocate Austin's Mueller Airport began in 1971. As the airport became increasingly landlocked in 1976, a City-commissioned study recommended the airport move to Bergstrom Air Force Base. Concerned community members formed the

Citizens for Airport Relocation taskforce, which produced a plan to reuse the land for neighborhood development. The airport closed in 1999 and the City began the search for a master developer, selecting Catellus following a solicitation process. Development commenced in 2002. Working with the City, Catellus began the project with the Dell Children's Medical Center, followed by a retail power center adjacent to I-35 on the site's western edge. The first phase of housing began in 2007, and plans to complete additional phases of housing are underway.

DEVELOPMENT PROCESS & IMPLEMENTATION

The Dell Children's Medical Center presented a transformative opportunity to begin the redevelopment project with an institutional anchor. Prior to breaking ground, Seton, a leading local health care provider, and the City of Austin worked with Catellus to bring the Children's Medical Center to Mueller. Seton had initially planned to build the hospital near Round Rock, but hospital employees insisted the closer Mueller Airport location be reconsidered. Without a development agreement for the full site in place, Catellus worked with the City to execute a preliminary development agreement and rezoning for just the 32 acres of hospital land. The hospital paid $6.50 per developable square foot of land, a below market price.

Developing the Mueller Retail Center adjacent to highway I-35 provided the financial engine for the project. Although the City preferred office development along I-35, Catellus believed retail was a better use. Without this initial retail, it was evident the development would not generate sufficient financial returns, and eventually the City agreed to a retail use adjacent to I-35. Since the site infrastructure cost more than the land was worth, the City established a TIF to float a bond that would cover infrastructure costs. The TIF included both property tax and retail sales tax generated from the tenants, allowing Catellus to monetize 36 acres prior to construction. Now completed, the Mueller Retail Center includes approximately 400,000 sf of name-brand retail—e.g. Home Depot, Best Buy—and is recognized as an economic engine that helps fund various community objectives.

Housing construction followed the medical and retail components in 2007. Catellus's strategy in phasing the residential was to begin development on the southwestern portion of the site that was closest to an existing stable neighborhood. In addition to

MUELLER COMMUNITY
Austin, TX

Programming

Residential – 5,700 units

For Sale	
Type	market-rate, affordable
Price (k)	$100 - $1,000
For Rent	
Type	market-rate, affordable
Price/mo	$500 - $2500

Commercial

Space	3.8 million sqft
Type	Office, Medical
Tenants	Franchises

Retail

Space	650,000 sqft
Type	Stand-alone, first-floor
Tenants	National and Local; 80k sf HEB grocery store.

Other

Medical	Medical Center
Institution	Community Center, Museum
Open Space	140 acres

MUELLER COMMUNITY
Austin, TX

Land Development Project Sources and Uses

Sources		Uses	
Public Sources:			
City Sales Tax Bond	$9,733,000	Predevelopment	$6,717,000
Reissuing Proceeds	$3,798,000	Hard Costs	$135,774,000
City TIRZ Bond	$6,772,000	Design & Consulting	$19,342,000
Reissuing Proceeds	$24,675,000	Permits & Fees	$4,299,000
Pre-Debt Issuance Tax	$1,458,000	15% of Land Sales	$27,749,000
Total Public Funding	**$46,437,000**	Hospital Dev Costs	$17,750,000
		Deferred Return	$14,842,000
Land Sales	$184,996,000	Other Project Costs	$20,238,000
Hospital Dev Fund	40,500,000		
Other	4,780,000		
Total Financing Sources	**$246,713,000**	**Total Uses of Funds**	**$246,713,000**

apartments and condos, Mueller features five types of single-family homes: Yard Houses, Row Houses, Garden Court Houses, Mueller Houses (large homes containing five individual units) and live-work Shop Houses. Each home sits on a tree-lined street and has a small front garden rather than large lawn. About half of the planned 5,700 residential units will be available to rent.

The development has included a commitment to affordable housing, with at least 25% of all units designated affordable. For-sale affordable properties serve households at or below 80% of the area median income, and affordable rentals are available to households at or below 60%. For-sale affordable homes are distributed amongst market-rate housing and are essentially identical from the street, sharing consistent design and construction standards. Catellus recognized that tax credit projects would be necessary to meet affordable housing goals, and in 2009, DMA Companies used 9% LIHTC to developed Wildflower Terrace, a mixed-income property for seniors that has received national attention for its design quality.

Construction on the Market and Town Center districts is currently proceeding. An 83,000-square-foot H-E-B grocery store anchors the Market District and is within walking distance for many neighborhood residents. Located on 42 acres in the middle of the community, the Town Center is a planned 1.2 million square foot mixed-use district that will feature a mix of retail, dining, commercial, and residential destinations, including the new 40,000-square-foot Austin Children's Museum.

MARKET CONTEXT & POSITIONING

The Mueller Community transformed the surrounding area and redefined East Austin amongst middle- and upper-middle class homebuyers. The median household income of residents in the vicinity increased by 30% from 2000 to 2012, versus only 17% in Austin as a whole. In 2000, there were only 400 housing units in the neighborhood's vicinity, but by 2012 there were 1,620. The proportion of owner-occupied households in the area increased significantly, from 14.1% in 2000 to 49.2% in 2012. Home values in the vicinity of Mueller surged, rising from around the City median of $120,000 in 2000 to $301,000 by 2012, over $100,000 more than the City median. The project has been successful at integrating high-end homes, valued at over $1 million, with more moderately priced and affordable units.

Market Profile

	Mueller Community		City of Austin	
	2000	2012	2000	2012
Total Population	1,180	3,179	677,727	822,670
Median Household Income	$24,411	$31,865	$43,074	$50,805
Total Housing Units	410	1,620	285,613	367,813
Owner-Occupied Units	14.1%	49.2%	44.1%	40.7%
Renter-Occupied Units	83.2%	50.8%	51.9%	51.4%
Median Home Value	$122,500	$309,318	$120,801	$205,524

The Mueller Community's coordinated marketing emphasizes the project's livability offering. In 2004, Catellus hired Hahn Public Communications to lead the marketing communications strategy for the project. Hahn Public's campaign frames the Mueller project as a solution that addresses big issues affecting the Central Texas region, including the need for public transit, affordable housing, and neighborhood revitalization. Hahn Public utilizes open forums to discuss programs unique to Mueller such as the Pioneer affordable housing program.

Adhering to the design principles of TND differentiates Mueller from conventional suburban products that dominate the Austin region. Catellus promotes the ways in which Mueller fulfills TND principles, including broad objectives such as reducing traffic and maximizing land usage. Homes are developed at higher than conventional densities with garages located on back alleys. Mueller is seen as a model of sustainability that promotes energy and water efficiency, natural resource protection, reduced auto dependency, and green space preservation. 20% of the neighborhood is dedicated to parkland arranged in a way that enables every resident to live less than 600 feet away from a green space.

Integrating sustainable measures into all levels of design and development lead to a uniquely positioned project. 13 miles of bike paths exist and walkways are included along every street to encourage residents to be car-independent. Runway materials are being recycled for street construction and building use, and new construction onsite is part of Austin's Green Building Program which incorporates LEED standards. In 2009, the U.S Department of Energy awarded $10.4 million in federal stimulus funds to the Pecan Street Research Institution, an R&D organization at the University of Texas, in order to create a smart grid demonstration project onsite. Austin Energy built the innovative power plant as part of the community's infrastructure, which allows all Mueller properties to share HVAC utilities and lower their energy costs.

LESSONS FOR COLONY PARK

Strategically phase project to generate funding for future site development. Part of Mueller's success owes to its careful phasing strategy. Catellus recognized the necessity of leading with a major anchor as well as retail development in order to fund site infrastructure, and then focused on building out residential phases. These later residential phases have achieved significantly higher price points, providing a much more favorable rate of return in the process.

Identify anchor tenants with strong regional reputation to add cache to project. Catellus worked to broker a deal to bring the Dell Children's Medical Center to the site, with the land sold at a discount. Including the hospital in the development increased Mueller's profile as a live/work destination and attracted further medical development. Other major institutions, such as the Austin Children's Museum, are being constructed on site.

Engage municipality and community representatives to capitalize on project opportunities and navigate project challenges. Catellus worked with the City of Austin and local community groups throughout the planning process to ensure the project met the goals of the city to capture value from its former asset and increased the housing supply to meet the City's growing population. The developer also integrated the surrounding community's goals to gain local buy-in and maintain the development schedule. The master developer of Colony Park should investigate similar sources of funding.

Develop clear design requirements to maintain quality across all development products. Mueller's TND design contributes to its holistic sense of community and differentiates it from more conventional suburban products in Austin. Mueller's success serves as evidence that a walkable, well-designed community can achieve a market premium in Austin.

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CHALLENGE

Maximize land value of a contaminated, former amusement park parcel in Denver while integrating the site into the local residential context.

SOLUTION

Create attractive master-planned development that re-brands the neighborhood through increased density associated with a traditional neighborhood development include conserved relics from the site's previous use as amusement park in the branding of the neighborhood.

KEY LESSONS

- Adjust local zoning requirements to allow for mixed-use design and increased density that will drive land value.
- Solicit community input during the design phase to overcome resistance to denser development and identify supportable program components.
- Create a master plan that enables real estate product types to be financed separately and thus more easily.
- Leverage city, state, and federal programs to fund affordable housing.
- Use sustainable building and neighborhood design practices to repurpose existing site assets and increase marketing potential and appeal.
- Facilitate a partnership between the master developer and the home builder that spreads risk and shares returns.

OVERVIEW

The Perry/Rose Affordable Housing Development Corporation (Perry/Rose) developed Highlands Garden Village (HGV), an award-winning mixed-use development on the site of a former amusement park. Although blighted from previous use, the site is strategically located four miles northwest of downtown Denver. Key project goals were to transform the tract of land into a livable community and reintegrate the site with the surrounding urban context. Perry/Rose accomplished these objectives by rezoning the site for increased density, and HGV now consists of 306 residential units, approximately 75,000 sf of commercial space, a 43,000 sf public school, 38,000 sf for civic uses and 140,000 sf of open space. A diverse residential mix incorporates homeownership and rental units for various ages and income levels.

HIGHLANDS GARDEN VILLAGE

Denver, CO

Project Context

Timeline	1998 – 2007
Status	Completed
Size	27 acres
Type	Brownfield Redevelopment
Cost	$101.8 million

Core Project Team

Master Developer

Perry/ Rose LLC

Planning

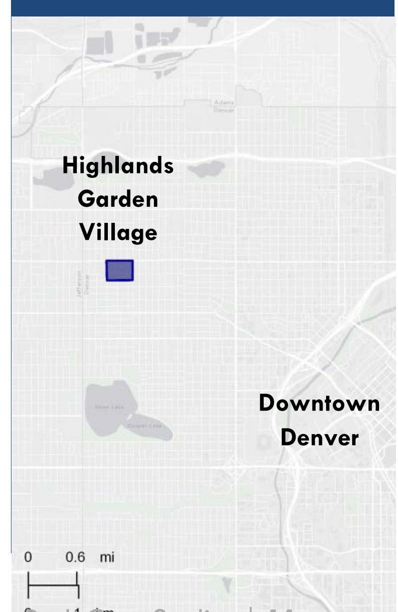
Calthorpe Associates, Civitas

Residential Architects

Wolff Lyon, OZ Architecture, Harry Teague Architects, Co-Housing Company

Commercial Architect

Klipp Architecture



HIGHLANDS GARDEN VILLAGE

Denver, CO

Residential

For Sale	169 units
Type	Single-Family, Townhomes, Cohousing, Live/Work Lofts
Price (k)	$154 - $427
For Rent	137 units
Type	market-rate, affordable
Price/mo	$450 - $1,450

Commercial

Space	75k sqft
Type	Retail/Office
Rent	$21/sf - $26/sf
Tenants	Sunflower Farmers Market, 24 Hour Fitness, Comfort Dental

Other

Type	Theater
Size	38,000 sf
Type	School
Size	43,000 sf

Financing

TIF Bonds

$5.75 million

Low-Income Housing Tax Credits

$3.3 million

BACKGROUND

In 1892, Elitch Gardens Amusement Park opened outside of Denver, CO. Nearly a century later, the City had grown to surround the park. With no room to expand, the amusement park relocated in 1994. The site's future was of great concern to the Denver community. The landowner solicited development proposals through an RFP, and most potential buyers focused development plans around a regional shopping center.

DEVELOPMENT PROCESS AND IMPLEMENTATION

In 1998, Chuck Perry, a local developer, partnered with Jonathan Rose to submit the winning response to the RFP with a focus on residential product and community-serving retail. They formed Perry/Rose Affordable Housing Development Corporation (Perry/Rose) and purchased the site under a shell-company named HGV Land Company. Perry/Rose served as master developer for the project, and Wonderland Homes Company (Wonderland) completed all construction while also serving as a development partner for some product types.

The Perry/Rose development plan was rooted in a community engagement process in which the developers met with local residents and neighborhood groups more than 50 times. After two years of negotiation between Perry/Rose and the City, the City rezoned the site into a planned unit development (PUD). The PUD designation allowed for higher development densities and gave the master developer flexibility when programming product mix. As part of the PUD, HGV street widths are narrower than previously allowed. The narrower streets not only reduced infrastructure costs, but also created a more pedestrian friendly environment through an increase in sidewalk widths and slower vehicular speeds.

As a brownfield site located in a residential Denver neighborhood, the development site was a priority for the Denver Urban Renewal Authority (DURA). DURA works with developers of blighted property in Denver to arrange Tax Increment Funding (TIF), and the HGV site met its requirements. DURA facilitated a TIF package of $5.75 million for HGV in a combination of bonds and reimbursements. The TIF financing is funded by both property and sales tax increment from all components of the HGV development.

Development costs for the project totaled $101.8 million. To make financing more manageable, the development was phased and many of the product types were financed and built separately.

Total Project Costs	
Site Acquisition, Infrastructure, Demolition, Planning, and Open Space	$15,500,000
Single Family, Town Home	$25,800,000
Cohousing	$8,300,000
Live/work Lofts	$7,800,000
Senior	$7,000,000
Multifamily	$10,000,000
Commercial	$18,500,000
School	$5,800,000
Plaza and Entrance Park	$1,000,000
Theater	$2,100,000
Total	**$101,800,000**

Residential Product Type	*Unit count*
Single Family Homes	52
Carriage Homes	20
Town Homes/Condominiums	38
Senior	63
Multifamily	74
Co-Housing	33
Live/Work Lofts	26
Total	**306**

Development began with demolition and repurposing of several amusement park structures and materials. Asphalt from the site was reused in HGV's new roads, and the developer was able to both reuse and sell much of the concrete removed from the site. The developer preserved and integrated a historic theater and carousel gazebo into the project.

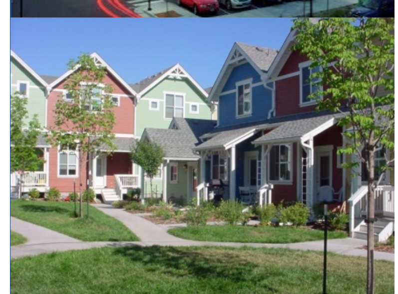
Construction began with single-family homes, townhomes, and senior housing in 1999. A joint venture between Perry/Rose and Wonderland purchased the land for the 52 single-family homes and 38 townhomes, and financed construction through a short-term construction loan. The single-family homes and townhomes generated $26 million in total sales, with $6 million in profits split between Perry/Rose and Wonderland.

Perry/Rose included a mix of product types in the first phase of construction to test the market and limit risk. To lower initial construction costs, the developer built along the perimeter of the purchased site to use existing infrastructure from the surrounding streets. Subsequent construction phases were funded from profits from this first phase, and the developer never had to provide additional equity. The following table details the project's income from land sales and from joint ventures the master developer participated in. The costs associated with site development and infrastructure are also included.

Land Development Sources and Uses

Sources		Uses	
Single Family Lots	$2,485,000	Land Acquisition	$2,416,000
Townhouse Lots	$756,000	Demo and Environmental and Remediation	$1,242,000
Profit Sharing on SF & TH	$3,429,000	Infrastructure	$3,649,000
Sale of Tennyson Site	$900,000	Parks & Open Space	$1,681,000
Sale of Cohousing Site	$753,000	Theater	$2,074,000
Profit Share Cohousing sale	$265,000	Carousel	$324,000
Sale of Senior housing site	$687,000	Permits & Fees	$170,000
Sale Multifamily site	$1,094,000	Professional Fees	$1,841,000
Sale Plaza Loft Sites	$695,000	Operating Expenses	$734,000
Sale of Commercial Site	$1,726,000	Bank Loan Fee	$180,000
Sale N 38th Office	$225,000	Interest	$253,000
Sale of Tap Credits	$177,000	Marketing	$199,000
TIF	$5,750,000	TIF Bond Costs	$554,000
Misc Income	$52,000	Development Fee	$2,235,000
		Total Uses	$17,552,000
		Profit	$1,423,000
Total Sources	**$18,975,000**	**Total Uses**	**$18,975,000**

HIGHLAND GARDENS VILLAGE
Denver, CO



Perry/Rose retained ownership of the land used to build the 63 senior housing units and 74 multifamily rental units. The master developers used Low Income Housing Tax Credits (LIHTC) to supply $1.6 million of development equity for the senior housing and $1.7 million of development equity for the multifamily product. LIHTC funding was available because 40 percent of the senior housing is designated for people earning 60% of the median Denver income and 25 percent of the multifamily units are designated for those earning up to 50 percent of the median Denver income.

Perry/Rose sold land to Wonderland to construct the 33 cohousing units as part of a profit sharing arrangement. The land was sold at cost and sale profits were split evenly between Perry/Rose and Wonderland. Cohousing is a collaborative housing product type that combines individually owned townhomes with shared amenities including a common house equipped with a large kitchen, playroom, dining room, and sitting rooms.

Completed in 2007, the 73,000 sf commercial component of HGV is called "Green Commons" and cost $18.5 million to develop. Sunflower Farmers Market anchored the development and helped attract other tenants. Perry/Rose negotiated a percentage lease with the organic grocer that shared the risk of opening in an unproven location. The location became Sunflower's best performing location. The grocery chain Sprouts recently purchased the Sunflower Farmers Market chain. Other commercial tenants include medical practices and a fitness center.

POSITIONING AND MARKET CONTEXT

Highlands Garden Village incorporates numerous community amenities on site. For residents, easy access to the LEED Gold grocery and retail in the development has wide appeal, as does the pedestrian-friendly design with numerous green spaces. Several structures from the former amusement park were retained to serve as focal points for community gatherings and add to the project's unique identity. Common green spaces incorporate xeriscaping, a type of landscaping that uses regionally-specific plants that need less water, and native buffalo grass to limit water usage. Common spaces are maintained in partnership with a group of resident volunteers, limiting community fees.

In addition to onsite amenities, each housing type has unique features to differentiate the product from surrounding competition. To appeal to seniors, the senior multi-unit product was built around a south-facing courtyard with gardening beds.

For single-family homebuyers, HGV's homes have lower utility costs compared to the aging stock of homes in the neighborhood and exceed the requirements for the E-Star program by Energy Rated Homes of Colorado. 20 of the homes also offer a carriage unit above the garage that can be rented for additional income.

HGV homes and rental rates are in line with similar products in the neighborhood. HGV achieved significant returns despite the potential impact of the integrated affordable component. The 51 single-family homes in HGV range in size from two to four bedrooms and initially sold in 1999 to 2001 for prices ranging from $212,000 to $430,000, $140/sf to $238/sf. In 2013, four HGV homes sold for an average of $244/sf., while comparable product in the surrounding neighborhood sold for $246/sf on average. A few single-family homes are also for rent in HGV and are currently renting for $1.44/sf while comparable product in the area is renting from $1.12/sf to $1.80/sf.

The senior housing has 63 rental apartments ranging from $450 to $1,250 per month in a three-story complex. 20 percent are designated as affordable, ranging from $450 to $1,065 per month. The 90 multifamily apartment units range in size from 703 sf to 948 sf and have rents ranging from $604 to $1,450 per month. The $1.53/sf earned by the largest HGV free market units is in line with neighborhood rates. The 33 cohousing units initially sold in 2000 from between $154,000 and $268,000 ($118/sf – $127/sf) with each house bought under a condominium ownership structure. One cohousing unit is currently for sale, listed by the owner for $319,000 ($204/sf).

Significant demographic and property value changes have occurred around HGV. In 2000, the median value for homes within a quarter mile of the center of HGV was slightly lower than the median Denver home. Just ten years later the median home value in this area was 19 percent higher than the median for the city of Denver. Similarly, the median income of households within .25 miles of HGV has increased by 56 percent since 2000 versus only 15 percent in the City of Denver as a whole.

Market Profile						
	0.25 miles Surrounding HGV			Denver		
	1990	2000	2010	1990	2000	2010
Population	1,219	1,283	1,610	467,599	554,636	600,158
Pop. Density/Sq. Mile	6,208	6,534	8,200	3,019	3,581	3,874
Median Age	34.5	37	37.8	33.9	33.3	33.8
Median HH Income	$18,750	$33,005	$51,625	$25,106	$39,520	$45,438
% Homeowner	43.9%	52.9%	49.3%	43.3%	49.9%	46.0%
% Renter	45.2%	40.8%	43.7%	44.7%	45.2%	46.0%
% Vacant	11.0%	6.3%	7.1%	12.0%	4.9%	8.0%
Median Home Value	$63,494	$153,241	$280,707	$78,974	$165,805	$236,700

LESSONS FOR COLONY PARK

Adjust local zoning requirements to allow for mixed-use design and increased density that will drive land value. Previous zoning requirements severely limited the site's development potential. Perry/Rose worked with the City to create a PUD to allow for dense residential and commercial development. The agreement gave the developer programming flexibility and allowed for narrower streets, improving HGV's layout and saving costs. These plans and design guidelines eventually became the framework for Denver's new mixed-use zoning code.

Solicit community input during the design phase. Perry/Rose was able to overcome initial local resistance to dense development by consistently meeting with community groups and area citizens throughout the development process. The final design placed single-family homes around the edge of the site to blend in with the surrounding neighborhood's architectural character, while multi-family buildings were located in the center of the development.

Create a master plan that enables real estate product types to be financed separately and thus more easily. By using a phased approach that separated the construction of each product type, Perry/Rose utilized a variety of funding sources. A joint venture with a homebuilder allowed the developer to arrange a free market construction loan, and early sales proceeds could then be used to fund subsequent phases.

Leverage city, state, and federal programs to fund affordable housing. The federal LIHTC program made affordable housing components for both multifamily and senior housing possible. The site's need for environmental remediation qualified it for $5.7 million in TIF bonds and reimbursements arranged by the Denver Urban Renewal Authority.

Use sustainable building and neighborhood design practices to repurpose existing site assets and increase project appeal. By using strategic demolition practices, materials and buildings from the condemned amusement park were repurposed for road construction or renovated to serve as community features for the new development. Sustainable features such as energy efficient homes and xeriscaping in common spaces reduce costs for homeowners and increase appeal to potential buyers over the long term.

Facilitate a partnership between the master developer and the home builder that spreads risk and shares returns. By partnering with Wonderland, Perry/Rose shared the risk of offering an additional product type, cohousing. The master developer sold land to the homebuilder at a discount as part of an agreement to split sales profits. Perry/Rose also used a percentage lease arrangement to attract and share risk with the initial anchor retail tenant.

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Interview with Chuck Perry, Perry Rose LLC

HIGH POINT
Seattle, WA

Project Context

Timeline	2003 –
Status	Build-Out
Area	120 acres
Type	Housing Redevelopment
Cost	$133 million

Core Project Team

Master Developer & Homebuilder

Seattle Housing Authority

Planner & Architect

Mithun Architects

CHALLENGE

Replace the housing stock in a poorly maintained public housing project surrounded by a predominantly low-income area.

SOLUTION

Create an appealing mixed-income community by attracting higher-income households through an emphasis on high-quality design, community amenities, and sustainable features. Utilize the land value crated by market rate development coupled with public funding programs to support the redevelopment of the affordable housing component.

KEY LESSONS

- Leverage available public investment sources to cover infrastructure costs, thereby increasing the feasibility of undertaking the project for private developers.
- Generate capital from initial land sales to provide cash flow to cover costs associated with project build-out.
- Integrate market-rate and affordable housing in an indistinguishable way to reduce the socioeconomic stigma typically associated with affordable units.
- Meet or exceed established sustainability standards to attract potential residents that value such interventions.

OVERVIEW

In 2000, the Federal Government awarded the Seattle Housing Authority (SHA) $35 million in HOPE VI funding to redevelop a public housing complex located in West Seattle. The project aims to achieve a 1:1 replacement ratio of affordable units and turn High Point into a mixed-income neighborhood. To accomplish these objectives, SHA planned to increase unit density and attract higher-income households by integrating high-quality market-rate housing into the neighborhood. SHA replaced 716 World War II-era subsidized homes with 1,681 energy-efficient residential units. Once a distressed public housing site beset by social and economic issues, High Point was transformed into a vibrant, mixed-income community that now serves as a model of community redevelopment.

HIGH POINT
Seattle, WA

Programming

Residential

For Sale	846 units
Type	market-rate, affordable
Price	$85k - $425k
For Rent	825 units
Type	market-rate, affordable
Price/mo	30% of monthly income

Other

Civic	Public Library
Medical	Health Clinic
Institution	Community Center
Open Space	20 acres

BACKGROUND

The City of Seattle developed High Point in the 1940s as a public housing project. Basic one- and two-story apartment buildings were constructed at a density of seven units per acre; the units were primarily rented out to defense and aerospace industry workers. In the 1950s, SHA took ownership of the site. While it was a family-oriented area, the housing stock fell into disrepair over the years. By the 1980s, drugs and associated gang activity plagued the neighborhood. High Point's disconnected street grid further isolated the project for the surrounding area which exacerbated its social problems. SHA sought to reverse this situation, and in 2003, the two-phase redevelopment plan for High Point commenced.

DEVELOPMENT PROCESS & IMPLEMENTATION

SHA was the project's landowner and served as master developer. From 1997 to 2006, SHA participated in the redevelopment of Rainier Vista and New Holly, two similar HOPE VI projects from which best practices were gleaned. Plans for the redevelopment of High Point began as early as 2000, and existing tenants were relocated from the project site between 2001 and 2003. High Point was developed in two phases, with Phase I beginning in 2003 and Phase II beginning in 2006. Once the City Council approved the final site design, SHA demolished all existing housing, infrastructure, and utilities to produce a clean slate for the project. In addition, SHA covered the costs for new site infrastructure prior to the start of Phase I.

SHA made significant efforts to keep project residents and High Point community members involved in the development process. A series of meetings, design workshops, and surveys brought residents and planners together to ensure that the site plan would effectively address the concerns of residents. Over 450 West Seattle residents participated in a design survey that considered the types of

Financing Sources – Phase 1

Tax Exempt 1st Mortgage	$10,600,000
HOPE VI	$8,500,000
WA Trust	$2,000,000
Healthy Homes	$185,000
Seattle Public Utilities	$742,000
For-Sale Proceeds	$14,284,000
Interest Income	$135,000
Deferred Developer Fee	$2,964,000
Partnership Capital	$27,182,000
Total	**$66,593,000**

housing products that should be built in High Point.

SHA's track record of success with previous HOPE IV projects facilitated the financing of the project. HUD awarded \$8,500,000 worth of HOPE VI funding during the first phase of the redevelopment. Over \$27 million worth of partnership capital was amassed, sourced from SHA partners. To attract private investors, SHA offered bonds with a 4% tax credit. Among other sources, \$32 million in variable-interest bonds, one-third of which were converted to a fixed-rate loan, were provided for development capital. In addition, grants specific to certain desirable project goals, such as the provision of "Breathe Easy" homes for residents suffering from asthma, were included in the financing package.

Uses of Funds – Publicly Developed Units

Predevelopment	\$1,035,000
Hard Costs	\$36,171,000
Soft Costs	\$11,417,000
Interest & Fees	\$4,184,000
Bridge Loans	\$1,662,000
Total	**\$54,469,000**
Total Units	**344**
Cost Per Unit	**\$158,000**

Building lots were sold to generate revenue during the build-out of the project. These sales provided a significant percentage of the funding necessary for infrastructure and helped cover the costs of constructing subsidized units. Over \$14 million in sales were generated in Phase I, with townhouse lots sold to private developers for \$75,000 and single-family lots for \$130,000 each. In Phase II, prices rose to \$85,000 for townhouse lots and \$140,000 for single-family lots.

The project site was seamlessly reconnected with the surrounding urban context. The new streets within High Point were aligned with the West Seattle grid to physically integrate the redevelopment project with its broader community. Greater connectivity has allowed High Point and neighboring residents better access to important community facilities.

The development of High Point integrated multiple levels of energy efficiency and green building practices. Both building and site design are environmentally sensitive. All houses within High Point were constructed to meet or exceed "Built Green" standards. Built Green is a local residential building program similar to LEED where buildings receive a rating between 1and 5 stars; anything above 1 star exceeds mandatory requirements. The buildings in High Point typically received a 3.5-star rating or higher. The site also includes bioswales, rain gardens, and other systems of natural drainage that reduce impervious surface cover and enhance the project's sustainable focus.

MARKET CONTEXT & POSITIONING

SHA marketed and positioned High Point to foster a mixed-income community. Given the one-to-one replacement of affordable units, the low-income households that originally occupied the neighborhood were not displaced. The wide array of high-quality affordable options catered to many demographics, especially single-parent families. Using their website and local news outlets, SHA was able to communicate the attributes of the project, which include an income-diverse community, high-quality housing product, and various attractive sustainable features. The addition of new community services such as a medical and dental clinic, a public library, and a community center, helped draw higher-income residents to the site.

HIGH POINT
Seattle, WA






The project's sustainable building practices and environmental protection measures served to heighten its appeal. Not only were the houses constructed to meet or exceed sustainable standards, the multi-family homes boast high-end finishes and energy-saving appliances that promise to cut significant costs from utilities bills.

Mithun conducted focus groups with housing developers, realtors, and prospective buyers to better gauge the demand for market-rate housing. The majority of prospective buyers were young families or empty-nesters from distant Seattle suburbs who wanted to be closer to downtown. Many found the mixed income levels, ethnic diversity of the neighborhood, and sustainable features to be attractive attributes.

The institutional amenities provided on site are also attractive. One such feature, the Neighborhood House, a 18,500 square-foot community center, received financial commitments for about 70% of its $10 million budget from sources including SHA and the Gates Foundation. The Neighborhood House plays a significant role in the community's programming, housing environmental awareness classes and activities that use the environmental systems within the High Point neighborhood as examples.

Residential Product Type

Housing Type	Units
For-Sale – Market-Rate	790
Public Housing – Affordable	350
Rental – Affordable	250
Senior Housing – Market-Rate	160
For-Sale – Affordable	56
Senior Housing – Affordable	75

High Point is home to hundreds of affordable and market-rate units with a final build-out of approximately 1,700 units. There are 790 for-sale market-rate homes, 350 units of public housing, 235 units of senior housing, 250 affordable rentals, and 56 affordable homes for sale. The neighborhood includes a variety of rental and for-sale housing units for low-income residents. Households that rent in the High Point community must earn 30% of the AMI or less to qualify. Qualified households pay 30% of their monthly income for rent and utilities in affordable units.

Market Profile

	High Point		Seattle	
	2000	2012	2000	2012
Total Population	6,565	7,819	563,590	626,015
Median Household Income	$29,811	$32,697	$45,736	$54,341
Total Housing Units	2,580	3,199	270,599	308,516
Owner-Occupied Units	33.7%	39.9%	46.3%	43.0%
Renter-Occupied Units	61.6%	53.7%	49.3%	49.4%
Median Home Value	$158,128	$271,310	$252,086	$376,087

As of 2010, the neighborhood in the vicinity of High Point had a total of 3,200 housing units. Over a third of those homes were constructed as part of the redevelopment project. Of those units, 39.9% were owner-occupied while the rest were rentals. Around the time that Phase II began, about 75% of units built during Phase 1 had been sold. Residents reported that resale values had risen about 25% over what they had paid a year before, helping convince several of the housing developers who took part in Phase I to participate in Phase II as well. From 2000 to 2010, the median household income had grown by almost 10%, and the median home value increased by 72 percent, versus only 49 percent in the City as a whole.

LESSONS FOR COLONY PARK

Leverage available public investment sources to cover infrastructure costs, thereby increasing the feasibility of undertaking the project for private developers. The Seattle Housing Authority orchestrated the phasing of High Point by committing to the removal and replacement of previous utilities, roads, and infrastructure on site. Taking responsibility for these first steps was a sound strategy to attract private developers who are often deterred from participating in a project due to the high cost of horizontal development.

Generate capital through initial land sales to provide cash flow to cover costs associated with project build-out. The ability to sell off parcels of land to housing developers was an important part of the project's pro forma. Due to the proximity of High Point to downtown Seattle and the land value in Seattle's strong housing market, a significant amount of capital for Phase II was raised from lot sales.

Integrate market-rate and affordable housing in an indistinguishable way to reduce the socioeconomic stigma associated with affordable units. Part of the allure of High Point is that the affordable and market-rate housing are both high quality products with a similar architectural style. The built environment promotes socioeconomic inclusion.

Meet or exceed established sustainability standards to target a market segment that values such interventions. Utilizing building standards such as LEED is a means of endorsement to demonstrate the high-quality and value of the buildings within the development. All buildings in the High Point redevelopment meet or exceed Built Green standards, which added value to the project as a whole and was leveraged as a marketing strategy.

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HYATTSVILLE ARTS DISTRICT

Hyattsville, MD

Project Context

Timeline	2001 –
Status	Build-Out
Area	25 acres
Type	Revitalization
Cost	$201 million

Core Project Team

Master Developer

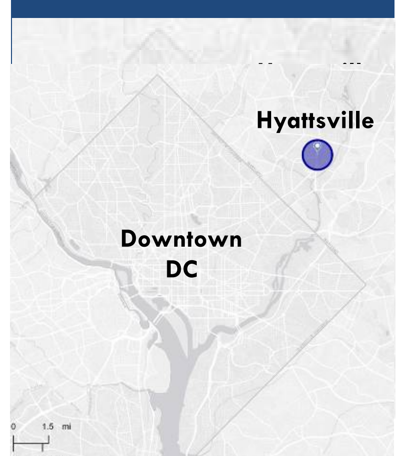
EYA

Housing Developers

EYA, Pulte Homes, Woodfield Investments

Commercial Developer

Streetsense



CHALLENGE

Revitalize a distressed, auto-oriented commercial corridor outside of Washington, DC.

SOLUTION

Develop a mixed-use development differentiated from surrounding projects by capitalizing on a budding artist community with eclectic residential, commercial, and retail products that reinvigorate the corridor's sense of place and attract new residents.

KEY LESSONS

- Engage the community early in the pre-development process to generate buy-in, facilitate plan implementation, and glean insight into market supportable program components.
- Leverage existing assets to strengthen the project's identity and drive demand.
- Employ unique design as a key differentiator and positioning strategy.

OVERVIEW

The Hyattsville Arts District is an eclectic mixed-use project aiming to revitalize the U.S. Route One corridor. Located in Prince George's County, only two miles from the District of Columbia border, the commercial core of the town of Hyattsville had suffered from disinvestment in the latter twentieth century. The project is currently underway, led by master developer EYA, along with commercial developer Streetsense and residential developers Pulte and Woodfield Investments. The Hyattsville Arts District is envisioned as a mixed-income community that supports a creative local economy and represents the culmination of years of community planning efforts. In order to achieve this vision, EYA is converting distressed lots along a disruptive highway into first-class destinations by working with the Hyattsville Community Development Corporation (CDC) and implementing a differentiated program. The final build-out consists of 500 new residences—an eclectic mix of townhouses, row homes, condos, and live/work units—along with retail and commercial establishments that will be integrated throughout a planned residential community.

BACKGROUND

Before redevelopment began, Hyattsville was pocketed with timeworn development,

vacant buildings, and abandoned lots. Once a streetcar line, the conversion of Route One (which bifurcates Hyattsville) into a multi-lane highway contributed greatly to the decline of the community's core commercial district. The desire to revitalize the area spurred a community planning movement in 1999, resulting in the formation of the Hyattsville Community Development Corporation (CDC), a non-profit organization comprised of Hyattsville residents and local stakeholders that offers services such as economic analysis, community planning, and public art acquisition. The Hyattsville CDC selected EYA to create and implement a redevelopment plan for the site. Ultimately, the Hyattsville Arts District project is part of a larger revitalization effort to create the Gateway Arts District, which, along with Hyattsville, encompasses the municipalities of Mount Rainier, Brentwood, and North Brentwood.

DEVELOPMENT PROCESS & IMPLEMENTATION

Prior to redevelopment, a small but burgeoning artists' community had begun to coalesce in Hyattsville. While many of the City's historic Victorian homes had fallen into disrepair, owners found that they could be used as boarding homes and rented out to artists who would in turn make efforts to preserve them. The Hyattsville CDC viewed the city's collection of affordable, unconventional housing stock as an asset and successfully applied for designation as an Arts and Entertainment District from the State of Maryland. This designation acts as a vehicle for revitalization by enabling local jurisdictions to offer a variety of tax incentives to developers and businesses.

EYA, with support from the Hyattsville CDC, took charge of the project as the master developer. EYA purchased the majority of the land comprising the site from the Lustine family, owners of the famous Lustine Center, a 1950s automobile showroom which was preserved and restored during the project. Smaller parcels were aggregated by the Hyattsville CDC after an extensive rezoning process. The EYA master plan was adapted from a land use plan created by the Hyattsville CDC. EYA embarked on a two-phase implementation strategy, split between the East and West sides of Route One.

EYA assembled multiple sources of public funding to cover pre-development costs including \$325,000 from the Hyattsville CDC, \$350,000 from Prince George's County for environmental remediation, and \$325,000 from the State of Maryland as gap financing after the 2008 housing crisis stalled the development. These public funds were used for infrastructure improvements, while proceeds from home sales on the completed West side contributed to housing and commercial development.

Local leaders see The Hyattsville Arts District as being the catalytic economic driver that will lead to further investment in the Gateway Arts District. For the Hyattsville Arts District to serve as a regional destination for retail and entertainment, carefully curating the retail and commercial space was essential. EYA partnered with Streetsense to lease the retail space. Streetsense, in searching for quality tenants that would complement the program, offered lower rents. Anchor tenant Busboys and Poets–a restaurant, bookstore, lounge and theatre–was given \$1 million to relocate to Hyattsville. With commercial anchors leading the development, EYA brought in Pulte Homes and Woodfield Investments to create a diversified stock of townhomes, row houses, condos, and apartments.

HYATTSVILLE ARTS DISTRICT
Hyattsville, MD




MARKET CONTEXT & POSITIONING

The Gateway Arts and Entertainment District management team and EYA carefully crafted the image of the Arts District. To position the project in a very competitive residential market, the team developed a brand identity and robust marketing campaign. EYA is one of several sponsors of the annual Hyattsville Arts Festival, and its representatives drive awareness of the real estate development by hosting open houses in available units during the event. EYA has also made several appearances on national news and radio channels to promote the development.

The project tagline of "A World Within Walking Distance" highlights the development's urban positioning. Because the project lacks immediate access to transit (Hyattsville is only two miles from Washington DC and two miles from two metrorail stations), the mixed-use development plan attempts to integrate many daily needs into its retail, commercial and community-based spaces. A bicycle-sharing program and shuttles are available to transport residents and students from the nearby University of Maryland. The town center features popular restaurant franchises and an organic grocery store anchor is within walking distance from the residences. Residents can also access the renovated Lustine Center, which hosts a fitness and recreation center, art gallery, and juice bar.

Incentives are offered to attract arts-related tenants. Due to its designation as an Arts and Entertainment District, the development attempts to draw in and retain artists and arts-related businesses and projects in the town center to rejuvenate the area and expand the tax base. For example, artists that live, work, and sell their wares in the area are exempt from state income tax, and art-related ticketed events held in the Arts District are exempt from paying an amusement tax.

The Hyattsville Arts District's success owes in part to marketing to middle-class residents from other, more established, parts of the metro DC region. Before development began, high vacancy had left Hyattsville without a substantial tax base. Between 2000 and 2012, median home values in Hyattsville increased by 43 percent.

The housing product is chic, edgy, and affordable. In comparison to market-rate homes for sale in the DC area, homes in the Hyattsville Arts District are less expensive and more spacious. Homes in Hyattsville have a sales price range of $166 to $233 per square foot, while homes in DC sell at a median price of $477 per square foot. There is also a sizeable affordable component at the Arts District: among the 500 homes built onsite, 66 units are planned as affordable housing. The design of the homes and their associated prices play a large role in the success of the project.

Market Profile

	Hyattsville		Prince George's County	
	2000	2012	2000	2012
Total Population	4,177	4,528	801,473	867,902
Median Household Income	$46,494	$56,332	$55,222	$70,127
Total Housing Units	1,787	1,887	302,367	331,665
Owner-Occupied Units	52.1%	49.1%	58.6%	56.2%
Renter-Occupied Units	43.0%	44.5%	36.2%	35.6%
Median Home Value	$131,822	$188,994	$143,692	$214,523

LESSONS FOR COLONY PARK

Engage the community early in the pre-development process to generate buy-in, facilitate plan implementation, and glean insight into market supportable program components. The Hyattsville case demonstrates that engaging local community members in the development process can build momentum for the process. The citizens initiated the project, and through the creation of the Hyattsville CDC, the community has been able to remain actively involved in the development. The community selected EYA as the lead developer and consulted them on the design of the trendy, unique residential and commercial buildings that have now shaped the identity of the district. In addition, when EYA struggled to complete a portion of the project, the community proactively sought out gap financing to facilitate the development process.

Leverage existing assets to strengthen the project's identity and drive demand. EYA identified the existing assets of Hyattsville, such as the arts community and proximity to DC, and kept them in consideration when envisioning the project's identity, site plan, and branding. Tailored marketing tools, such as arts festivals, were used to publicize the project and attract new customers.

Employ unique design as a key differentiator and positioning strategy. The design of buildings within the Hyattsville Arts District is fresh, innovative, and memorable. Hyattsville sets itself apart by maintaining an artsy identity that translates directly into the hardscape. This case proves that developers don't always have to play it safe—with well-articulated positioning, a unique design can add value.

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Colony Park: Prudent and Deliberate Planning

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Colony Park: Prudent and Deliberate Planning[1]

"Now is the accepted time, not tomorrow, not some more convenient season. It is today that our best work can be done. Today is the seed time, now are the hours of work, and tomorrow comes the harvest and the playtime." WEB du Bois

For several decades now, Colony Park and Lakeside, the Northeast Austin communities remain landlocked to the north with residents having to travel several miles in order to receive medical attention, buy groceries, or attend to their banking needs. Transportation is problematic where those using buses to get to and from their place of employment; lack consistency and destination reliability. There is a lack of code enforcement, with weeds growing as high as two feet in some places, trash and dumping, and other major violations. Most often, the neighborhoods are unsafe. Everything from criminal activity; such as, drugs, gangs, and break-ins exist in the community[2].

Census data taken indicates a population ages 0-24 years old are living below the poverty line, 56% of youth ages 0-24 with income below the poverty level are Hispanic or Latino, African Americans fair no better[3]. In fact, when comparing the Median Household income by race and ethnicity, Hispanic or Latino living in the Census tract 22.01 is $27,596.00 per household, and $42,313.00 for African Americans living in the same tract, [4] City of Austin's Median Family Income is $62,000; a $20,000-$30,000 difference.[5] According to recent health records, those living in Colony Park and surrounding communities "experience the highest mortality and morbidity rates" in the City of Austin. [6] Historically, communities East of Interstate Highway 35 (IH-35) have been left out of real economic growth and development.

Blighted, ignored and isolated, the Colony Park neighborhood was once a thriving community; a place where residents enjoyed the sprawling hills and the view of the capitol. Annexed in 1972, Colony Park and surrounding neighborhoods were built to accommodate families stationed at Bergstrom Air Force Base (1942–1993), a United States Air Force base that was located seven miles southeast of downtown Austin, Texas[7]. Other families moved to the Colony Park

[1] Author, Margarita A. Decierdo, ABD, M.A. d.b.a. Applied Research and Community Consulting, Working Paper Series: Vol. 1, Colony Park: Prudent and Deliberate Planning © copyright 2014. All Rights Reserved.
[2] Colony Park Neighborhood Association: Problem and Position Statement, March 2012
[3] Sustainable Community Initiatives: Community Profile City of Austin, Neighborhood Housing and Community Development Department
[4] Community Profile, pg. 13-14
[5] Ibid. pgs. 13-14
[6] Community Health Assessment Austin/Travis County Texas, 2012 http://www.austintexas.gov/healthforum
[7] http://www.austintexas.gov/department/history-airport

community to start families and enjoy the quiet landscape, and new affordable homes. Longtime resident Barbara Scott moved to Austin's Colony Park because there were new homes and it was affordable. Another longtime resident, Helen Miller, remembers the landscape and how beautiful everything was. You could see the capitol from here.[8] They both recall Colony Park was a place where you could enjoy a walk, talk to neighbors and just enjoy the quiet beauty of it all. So what changed?[9]

Migration and Relocation: Expansion East to Colony Park

Movement toward what is now Colony Park may have resulted in part because of the "loosening of the reigns and the declaration of slum conditions" from the historic Negro District[10]. Also, in the 1960's, several factors contributed to the expansion East; 1) urban renewal, 2) major companies moving to Austin, 3) 1964 and 1968 Civil Rights Acts, 4) major real estate development companies building track homes in East Austin rather than single lot development, 5) and redlining of the Historical Negro District and limited home ownership opportunities West of Interstate Highway 35 (IH-35).

Urban Renewal Projects and adjacent communities were focused on the removal of slum and blighted conditions, which resulted in many dwellings being demolished and the displacement of individuals and families. As a matter of clarity, some have seen "gentrification" as an outgrowth of urban renewal.[11] As noted by Professor Tretter of UT Austin, "the process of urban renewal was controversial[12]." Austin, like the rest of the nation protested in its own way. The election results of December 5, 1959 show a slight margin with a total of 6,790 votes cast; 3421 voted "yes" and 3369 voted "no" to urban renewal. Some in Austin believe the imposition of urban renewal policies and practices only achieved the re-institution and re-establishment of the City of Austin 1928 Plan, where there was no real or achieved equal representation nor modern or diversified communities.

During this same period, major companies moved to Austin, such as IBM around 1967; Texas Instruments in 1969; and, Motorola coming later in 1974[14]. Employment opportunities for African Americans increased with these companies thus allowing for increased incomes and the ability to move beyond Central East Austin and the historically designated Negro districts of the past. With the passage of the 1964 Civil Rights Act and the 1968 Civil Rights Fair Housing Act, together, these two Civil Rights legislative actions helped open doors for equal opportunities for all people of color. While Austin did not initially adopt the 1968 Civil Rights

[8] Interview and conversations with Barbara Scott and Helen Miller
[9] Conversations and research questions with Melvin G. Wrenn
[10] City of Austin Plan 1928
[11] Prof. Eliot Tretter, University of Texas at Austin
[12] Prof. Eliot Tretter, University of Texas at Austin
http://www.austinpost.org/article/gentrification-101
[14] Texas State Historical Association; A Digital Gateway to Texas History; David C. Humphrey

Act, the expansion for African Americans from the Negro District had in the past followed a loose eastern pattern like the Springdale Addition in 1947 with only 1-to-4 lots[16]. As well, only a few lots were developed in Marlo Heights and Oak Springs in the 1960's[17].

Change came with Stone Gate off of Webberville Road was developed by one of Austin's major developers at the time, Nash Phillips of Austex Development Company. This was the start of home track development and sales with 51 acres in 1964-65. Crossing over 183, Walter R. Carrington a notable Austin builder, developed over 34 acres to create Cavalier Park[18]. Craigwood was the second community planned, platted and developed east of 183 with 24.08 acres in 1970 by Nash, Phillips' Austex Development Corporation[19]. By 1972, there was increased development and the design Phase I-II of Colony Park by Lumberman's Investment Corporation.[20]

On December 13, 1978, 15.628 acres in the Springdale Addition started the modern day development of this community. As stated, Urban renewal pushed people out of the Central East Austin community, including the old Negro District. The natural migration was to communities in East Austin's MLK District and beyond.

The combined MLK Neighborhoods included Craigwood; Cavalier Park; Lower Tannerhill; Ft. Branch; Stonegate/Oaklawn; Marlo Heights; Oak Springs; Oriens Park; Pecan Springs; and, Springdale Addition. All had extensive flood plain and environmental challenges[21]. All, with the exception of Pecan Springs, were limited in development growth opportunities because of environmental constraints. This movement east ultimately paved the way for the development of Colony Park and Lakeside communities.

Racial and Social Engineering: Cultural DNA and the Roots of Segregation

By the 1920's and 1930's, many cities throughout the nation, had to deal with urban planning, land policies and population growth, including the urban squalor, blight and decay

[16] Travis County Appraisal District Records; Springdale Addition Jan 47, Paul O. Simms; 12/14/59, Lots 1-4, Elias V. Hernandez
[17] Travis Count Appraisal District Records
[18] Development Association, Inc.; Walter R. Carrington, President; 5/8/68 14.88 acres; 3/9/71 9.809 acres; and, 5/31/72 10.36 acres
[19] Reference #6
[20] Vol. 60 Page 75, Plat Record, Travis County, Texas
[21] East MLK Neighborhood 2001 Plan

facing populations segregated, marginalized due to poverty, discrimination and segregation.[23]

Like many cities in the United Sates, Austin had to come up with a plan to deal with their unique history of Freedman's communities that were, for all intense and purposes, scattered throughout its geographical area and surrounding borders, but separated and unequal. [24] Populated by mostly blacks, these Freedman's communities had separate schools, hospitals, barbershops, businesses and churches. "Pressures stemming for the expansion and growth of Austin during the early 1920's, the City government had to decide whether expansion and growth would include the Freedman's communities." The City's White elite and influential class therefore commissioned engineers, Koch and Fowler to design a plan to deal with the "Negro problem."[25] Thus the master plan was formally adopted, and along with government city officials and the influential cultural elite, oversaw the engineering plans to ensure segregated placements of freed slaves and Mexican Americans East of I-35.[26]

Zoning: A New Business Plan Model to Segregate the Negro Community

"Experience has shown that where a zoning ordinance is based upon the safety and health of the community and is broad and comprehensive in its requirements, there is very little chance of its being declared unconstitutional.[27]"

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[23] These urban cities had to develop plans that included; Churches and schools Colleges and hospitals Neighborhood, organizations Relief Parks and playgrounds Streets and alleys, Traffic circulation Parking Gas, water, electricity, and sewers Street lighting Fire protection Planting and landscaping

[24] Austin Texas (Travis County) The Handbook of Texas online David C. Humphrey, "AUSTIN, TX (TRAVIS COUNTY), "Handbook of Texas Online (http://ww.tshaonline.org/handbook/online/article/hda03), accessed April 12, 2014, Uploaded on June 9, 2010. Modified on July 7, 2010. Published by the Texas State Historical Association. Texas as a southern confederate state, was faced with a history where "emancipated blacks established the residential communities of Masontown, Wheatville, Pleasant Hill, Gregory Hill, Springville, Robertson Hill, and Clarksville" known as freedmen communities.

[25] Michelle Mears, Ph.D. African American Settlement Patterns, 1865-1928 (2009)

[26] Location of freedman's communities boundaries (map of 1928-historical Center) Street lighting Fire protection Planting and landscaping, income, occupation Health Population density-Churches and schools Colleges and hospitals Neighborhood organizations Relief Parks and playgrounds Streets and alleys, Traffic circulation Parking Gas, water, electricity, and sewers
Street lighting Fire protection Planting and landscaping, income, occupation Health Population density-Transportation Commercial

[27] City of Austin 1928 Plan, pg. 69

To deal with the dilemma of separate and unequal, marginalized communities, and rather than keep paying for separate black schools, hospitals, and policing of the Freedman's communities; the report filed by Koch and Fowler with the support of the City Plan Commission, recommended the City Council relocate the "Negro" population and confine them to the eastside of 'East' Avenue. Called the "Negro District", the City of Austin's social and cultural elite, including the mayor, city manager, engineers, began to implement the planning of the 1928 City Plan of
Austin[28]. This archaic plan became the "footprint" of the City of Austin and its legacy is the contemporary and overriding influence of Austin's housing, health and safety, education, cultural, urban and community development. Prepared for the City Plan Commission in 1928, most infamously institutionalized racial segregation. The racial barrier created in that plan was later set in concrete…"[29] What was troubling and the "tipping point" of this particular plan, though, was the "prudent and deliberate" ***zoning*** ordinance structured to "skirt" around the de-segregation laws.

The City of Austin 1928 Plan specifically stated, "At the last session of the Texas Legislature an enabling act was passed, permitting cities to control the nature of their growth through zoning. This method of safeguarding the property owners and the control of the nature of the growth of the city has become very popular throughout the United States during the past few years. In framing their ordinances in such a manner that they would not be declared unconstitutional by the courts. We have, today, a wealth of court decisions which are tending to uphold the principle of zoning as applied to city building".[30] " A zoning ordinance, to be constitutional, must be based upon the ***police*** power of the city."[31]

Structuring the plan this way, gave the City of Austin, particularly the "police" a way to "corral and herd." Vagrant and curfew laws restricted the movement of Blacks as well as Mexicans. In fact, prior to the 1920's "Austin passes its first ordinance governing slavery by establishing a 10 p.m. curfew for slaves and forbids 'any white man or Mexican' from 'making associates' of slaves. To secure and isolate the movement of Blacks and Mexicans, the white community expelled "most Hispanic residents from Austin charging that "Mexican-Americans associate too familiarly with slaves and instill "false notions of freedom."[32]

The corralling and herding of Austin's Blacks to isolated and depressed neighborhoods continues to this day. The "blueprint" or "DNA" was carved out in 1928; the policies and laws remain intact. The community as a whole is a victim of ghetto style "City" maintenance where very little

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[28] 1928 City Plan Commission; W.T. Caswell, Chairman, H.F. Kuehne, Vice-Chairman, W.J. Battle, Lyman J. Bailey, Murray Ramsey, Gillespie Stacy, Miss Fannie Andrews, Mrs. Hal Sevier, and W.H. Richardson

[29] The Austin Chronicle; Austin Comp Planning: A Brief History; Katherine Gregory, Feb. 5, 2010 © 2014 Austin Chronicle Corporation. All rights Reserved.

[30] City of Austin 1928 Plan, pg. 68

[31] City of Austin 1928 Plan, pg. 69

[32] Annals of Frank Brown-Chapters 14-16 1840-1854

is done to correct the negative conditions. The faces of the mayor and city council members including the surrounding landscape might have changed, but the process has remained the same. Colony Park residents and community members have travelled several times to City Hall to bring forth their request to help change the direction of poverty, neglect, and race hatred. But as in the past, pleas have been ignored and demands have been tabled for another day.

HUD Community Challenge Planning Grant: A Pilot Project

"….our 2010 comprehensive planning…..has been a recurring one for nearly a century now." History shows us that many of Austin's most vexing problems remain remarkably consistent, although fashions in addressing them change."[34]

Everyone wishes to have the basic and fundamental needs to have a prosperous "quality of life." Employment, a decent wage, housing options, health, safety, quality education for the children, and a "place to age and pass on to the next generation" are all basic amenities that would afford any community or resident an opportunity to have " a glimmer of hope" for the future. Instead, Colony Park, a community in Northeast Austin represents the new isolated, segregated, separate and unequal communities of color like the 1800's Freedman's communities.[35]
While Austin's public image is one where the community is portrayed as diverse, liberal, environmentally sensitive, and considered one of the top 10 places to live in the country, the historical facts of Colony Park dispels this urban tale.

The racial and social engineering of the past threatens to rear its ugly head if planning for the 208 acres is not taken seriously by the current City Council, City Manager and Mayor. Back in 1928, "the City Council shall have power to regulate and restrict the height, number of stories and size of buildings and other structures, the percentage of lot that may be occupied, the size of yards, courts and other open spaces, the density of population and the location and use of buildings, structures and land for trade, industry, residence or other purposes."[36] The needs of yesteryear and the needs of today remain the same; "better streets and sidewalks, meeting the growing city's demand for water and electricity, and providing funding to pay for it all."[37]

[34] The Austin Chronicle; Austin Comp Planning: A Brief History; Katherine Gregor, Feb. 5, 2010 © 2014 Austin Chronicle Corporation. All rights Reserved.
[35] City of Austin Council Meetings; January-December 1927, January-December 1928
[36] The Austin Chronicle; Austin Comp Planning: A Brief History; Katherine Gregor, Feb. 5, 2010 © 2014 Austin Chronicle Corporation. All rights Reserved.
[37] Ibid.

Yet, on January 4, 2012 when the residents and community first heard about the 3 million Housing and Urban Development (HUD) Sustainable Grant awarded to the City of Austin to plan the development of 208 acres in Colony Park and five census tracts surrounding communities, the announcement came without the knowledge of the residents and community; this set a firestorm reminiscent of times past.

Like decades before, there was no outreach to the community prior to the writing of the HUD grant. Rather, as one City staff mentions, "we wanted to paint a broad picture."[38] And like decades before, the view of "community" had been painted as inherently related to poverty alleviation, neighborhood improvement, and the pursuit of a hopeful vision of the City.[39] What was made clear to the Colony Park neighborhood and community, "once again the City defined "community" with the same cultural mindset of the City of Austin 1928 Plan. Rather than seeing Colony Park residents as people experiencing isolation, the City's perspective implied what is missing in "community"; therefore "we (the City) must help "them", the "other" to reduce poverty. There was no hint in this broad portrayal that once the funds would be made available; that the Colony Park residents and community would share in the planning of "their" community. Initially, there was no incorporation of the voices of the community, rather the "community" was perceived as "threatening" and "loud."

The cultural DNA rooted in the 1928 Plan has been transplanted into the patterns and policies created long ago. The City did not see itself as having created the "poverty" by segregating, corralling and herding African Americans East of I-35. "We will always have poverty unless 'we' (the City) build more low-income housing and more 'dollar' stores"[40]. A "city" in denial of its past and the continued set of practices and policies will continue if there is no shared responsibility.

Shared Responsibility

All history, the saying goes, is contemporary history, in the sense that historical interpretation both reflects and shapes the world in which we live. Eric Foner[41]

The plan to develop 208 acres in Colony Park and the surrounding five census tracts is a reminder that African Americans and other people of color in the City of Austin are still fighting for equality, a decent home, and a vibrant and safe community, a place to grow old and preserve for the next generation.

[38] March 9, 2012 "reflection notes" Margarita Decierdo
[39] Audited course with Dr. Mueller, UT Austin, discussion points Frazier, pg. 317
[40] March 9, 2012 "reflection notes" Margarita A. Decierdo
[41] Eric Foner, Forever Free: The Story of Emancipation and Reconstruction, 2006

The Colony Park Neighborhood Association and City departments like the Neighborhood Housing and Community Development have been instrumental in shaping a new narrative, one of shared responsibility.

For over two years now, the residents and community of Colony Park (CP), NHCD, and Farr & Associates and Urban Design, have shared in discussions, made decisions together and have developed work plans that have moved the planning process forward. Weekly meetings have been held with City departments, non-profit organizations, public school administrators, as well as community groups. In any given week, representatives from varies organizations like the Andy Roddick Foundation, Cap Metro, Community Care Collaborative, Austin Resource Recovery, Planning and Budget Office of Travis County, Austin Independent School District (AISD), Parks and Recreation, and the Forestry Department have shared their resources with us by providing ways in which collaboration and planning for the 208 acres can benefit the community. Members of the Colony Park Neighborhood Association have also participated in conferences in New Orleans and Washington D.C. where in most cases have been the only Neighborhood representatives to attend.[42]

This shared responsibility has generated collaborative thinking and brainstorming on how to help transform a community that has long been forgotten. The outcomes of such efforts have led to developing a Public Engagement Plan[43]model which has brought in the University of Texas Division of Diversity and Community Engagement, including Austin Community College Service Learning Center. Together, these two institutions have provided a student learning project where Colony Park and the planning process have been used to foster civic engagement and provide students with critical organizing skills.

Tragically however, as in the past, the City Council and the Mayor have been absent. While the City Manager has interacted with Farr & Associates and Urban Design and spoken at a weekly meeting, he has not charged all departments to make Colony Park/Lakeside a priority. There is no champion at City Hall. Rather, like many community advocates of the past Dorothy Turner, Volma Roberts, and now a Core Team of dedicated Colony Park residents continue to voice their concerns about the need for hospitals, grocery stores, reliable transportation, basic amenities and a place to call home.

Remaining and outstanding at the time of this writing is the support from City Council and the City Manager, as is being done with Seaholm and Mueller redevelopment projects; and, Council directing the City Manager to: 1) charge the appropriate departments in securing access to the north and west for the 208 acre tract; 2) to analyze the economic impact and benefit to the 208 acres if a PGA Golf Course is built and the Expo Center is repurposed; 3) to provide the Council

[42] Conferences sponsored by Institute for Sustainable Communities

[43] Public Engagement Plan written by Colony Park Neighborhood Association (Copyright © 2012 All Rights Reserved), provided to the NHCD and the University of Texas Division of Diversity and Community Engagement for public outreach purposes.

with a process for equal participation of the two existing communities on the west and east with the proposed PUD; and, 4) allocating resources, funding and take specific action to insure the creation of a TIF or alternative financing plan.

Political power has to be a shared responsibility. Planning and development of neighborhoods and communities should never be about "business as usual," where communities of color are treated as separate, unequal and places for the unwanted. Rather, it is about the human condition and suffering that begs us to call on our moral and ethical conscious.