



HOUSING DEVELOPMENT ASSISTANCE (RHDA/OHDA)

Application for Housing Development Financing

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

Applicant Information

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

Developer Name		Owner Name	
DMA Development Company, LLC		Austin McNeil DMA Housing, LLC	
Street Address			
6306 McNeil Drive			
City	State	Zip	
Austin	TX	78729	
Contact Name		Contact Telephone	
Janine Sisak		512-328-3232 ext 4505	
Contact Email			
JanineS@dmacompanies.com			

Federal Tax ID Number	D-U-N-S Number (visit www.dnb.com for free DUNS#.)
to be formed entity	to be formed entity

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

Legal Name of Developer/Entity	Title of Authorized Officer
DMA Development Company, LLC	Senior Vice President/General Counsel



Signature of Authorized Officer

1/31/2020

Date

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

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

City of Austin
JAN 31 2020
NHCD / AHFC

RENTAL HOUSING DEVELOPMENT ASSISTANCE (RHDA)
Application for Rental Development Financing
Q3 2020 Submitted 1/31/2020

Arbor Park

6306 McNeil Drive
Austin, TX

Submitted by:

Nicole Mwei
DMA Development Company, LLC
4101 Parkstone Heights Drive, Suite 310
Austin, TX 78746
512-328-3232 ext. 4531
NicoleM@dmacompanies.com

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-
1. Applicant Information Form

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2. Project Summary Form

Project Summary Form

1) Project Name Arbor Park	2) Project Type Mixed-Income	3) New Construction or Rehabilitation? New Construction
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4) Location Description (Acreage, side of street, distance from intersection) 4.457 Acres at 6306 McNeil Drive, Austin, TX 78729	5) Mobility Bond Corridor
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6) Census Tract 17.85	7) Council District District 6	8) Elementary School JOLLYVILLE EL	9) Affordability Period 40 years
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10) Type of Structure Multi-family	11) Occupied? No	12) How will funds be used? Construction Only
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13) Summary of Rental Units by MFI Level

Income Level	Efficiency	One Bedroom	Two Bedroom	Three Bedroom	Four (+) Bedroom	Total
Up to 20% MFI						0
Up to 30% MFI		5	4			9
Up to 40% MFI						0
Up to 50% MFI		40	9			49
Up to 60% MFI		38	12			50
Up to 80% MFI		20	8			28
Up to 120% MFI						0
No Restrictions		1	1			2
Total Units	0	104	34	0	0	138

14) Summary of Units for Sale at MFI Level

Income Level	Efficiency	One	Two	Three	Four (+)	Total
Up to 60% MFI						0
Up to 80% MFI						0
Up to 120% MFI						0
No Restrictions						0
Total Units	0	0	0	0	0	0

15) Initiatives and Priorities (of the Affordable Units)

Initiative	# of Units	Initiative	# of Units
Accessible Units for Mobility Impairments	14	Continuum of Care Units	0
Accessible Units for Sensory Impairments	3		

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

16) Is the property within 1/2 mile of an Imagine Austin Center or Corridor?

17) Is the property within 1/4 mile of a High-Frequency Transit Stop?

18) Is the property within 3/4 mile of Transit Service?

19) The property has Healthy Food Access?

20) Estimated Sources and Uses of funds

<u>Sources</u>		<u>Uses</u>	
Debt	16000000	Acquisition	3625000
Third Party Equity	5837356	Off-Site	158200
Grant		Site Work	778400
Deferred Developer Fee	775185	Sit Amenities	325000
Other	522900	Building Costs	10800000
City of Austin	2000000	Contractor Fees	1800000
		Soft Costs	1697900
		Financing	3292296
		Developer Fees	2658645
Total \$	25,135,441	Total \$	25,135,441

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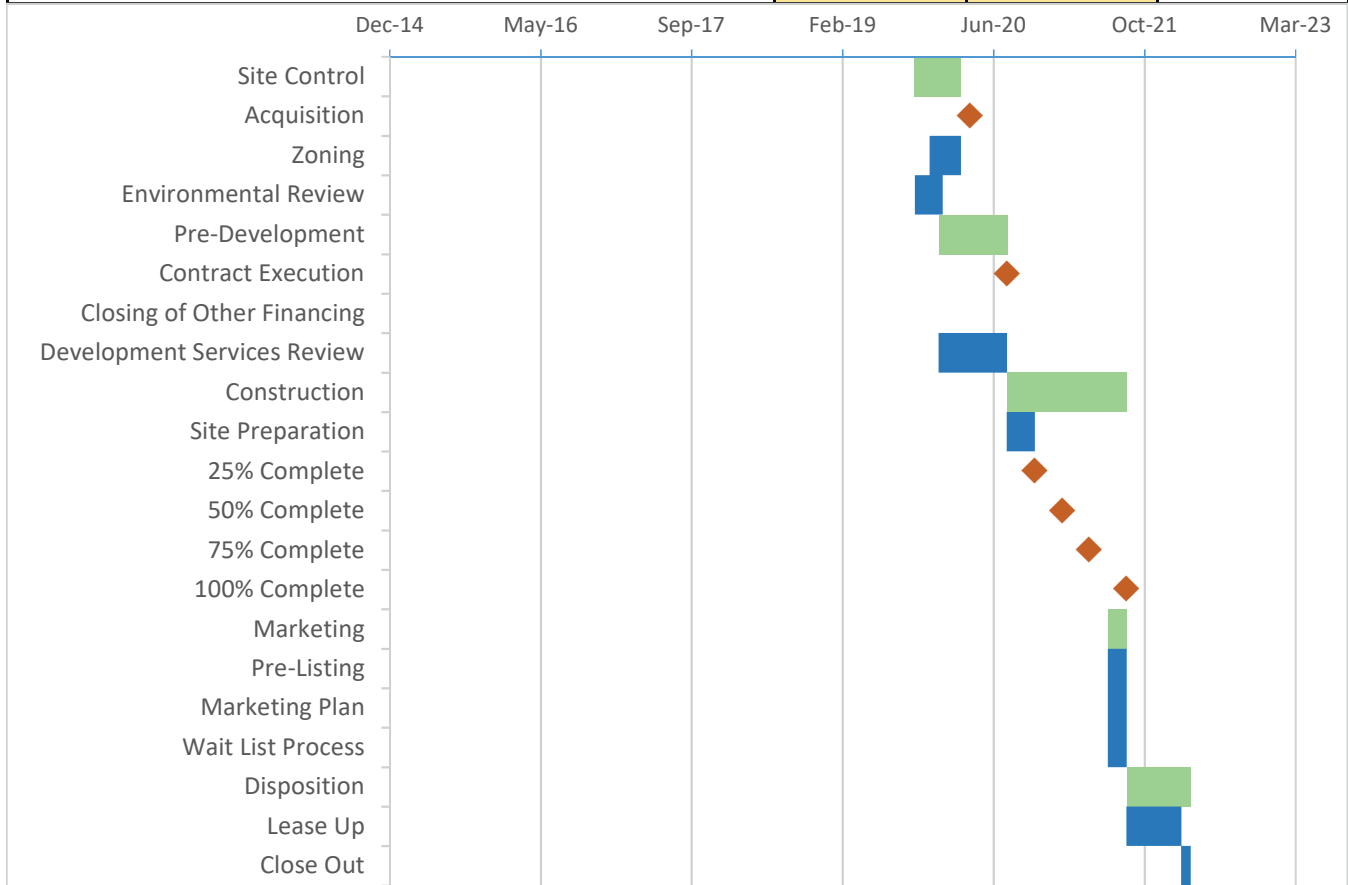
Arbor Park

6306 McNeil Drive
Austin, TX

3. Development Schedule

Development Schedule

	Start Date	End Date
Site Control	Oct-19	Mar-20
Acquisition	Apr-20	
Zoning	Nov-19	Mar-20
Environmental Review	Oct-19	Jan-20
Pre-Development	Dec-19	Aug-20
Contract Execution	Aug-20	
Closing of Other Financing	Aug-20	Aug-20
Development Services Review	Dec-19	Aug-20
Construction	Aug-20	Sep-21
Site Preparation	Aug-20	Nov-20
25% Complete	Nov-20	
50% Complete	Feb-21	
75% Complete	May-21	
100% Complete	Sep-21	
Marketing	Jul-21	Sep-21
Pre-Listing	Jul-21	Sep-21
Marketing Plan	Jul-21	Sep-21
Wait List Process	Jul-21	Sep-21
Disposition	Sep-21	Apr-22
Lease Up	Sep-21	Mar-22
Close Out	Mar-22	Apr-22



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4. Development Cost Schedule

Development Budget

	Total Project Cost	Requested AHFC Funds	Description
Pre-Development			
Appraisal	40,000		
Environmental Review	40,000		Phase I, Geotech, Asbestos Abatement/Monitoring
Engineering	150,000		
Survey	25,000		
Architectural	480,000		
Subtotal Pre-Development Cost	\$735,000	\$0	
Acquisition			
Site and/or Land	3,625,000		
Structures			
Other (specify)			
Subtotal Acquisition Cost	\$3,625,000	\$0	
Construction			
Infrastructure	158,200		
Site Work	953,400		
Demolition	150,000		
Concrete	400,000		
Masonry	400,000		
Rough Carpentry	1,500,000	1,000,000	
Finish Carpentry			included with rough carpentry
Waterproofing and Insulation	1,500,000	1,000,000	
Roofing and Sheet Metal	1,530,000		
Plumbing/Hot Water			included with HVAC/Mechanical
HVAC/Mechanical	1,400,000		
Electrical	1,400,000		
Doors/Windows/Glass	400,000		
Lath and Plaster/Drywall and Acoustical			
Tiel Work			
Soft and Hard Floor			
Paint/Decorating/Blinds/Shades	1,400,000		includes all finishes
Specialties/Special Equipment	720,000		includes elevator
Cabinetry/Appliances	200,000		
Carpet			
Other (specify)	1,800,000		GC Fees, Overhead, Profit
Construction Contingency	700,000		
Subtotal Construction Cost	\$14,611,600	\$2,000,000	
Soft & Carrying Costs			
Legal	275,000		
Audit/Accounting	50,000		
Title/Recordin	150,000		
Architectural (Inspections)	25,000		
Construction Interest			
Construction Period Insurance	100,000		
Construction Period Taxes			
Relocation			
Marketing	50,000		
Davis-Bacon Monitoring			
Other (specify)	5,513,841		Permits, FFE, Contingency, financing fees, developer fee
Subtotal Soft & Carrying Costs	\$6,163,841	\$0	
TOTAL PROJECT BUDGET	\$25,135,441	\$2,000,000	

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5. Operating Pro Forma

15 Year Rental Housing Operating Pro Forma (RHDA)

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME	\$1,633,236	\$1,665,901	\$1,699,219	\$1,733,203	\$1,767,867	\$1,951,868	\$2,155,020
Secondary Income	\$8,280	\$8,446	\$8,615	\$8,787	\$8,963	\$9,895	\$10,925
POTENTIAL GROSS ANNUAL INCOME	\$1,641,516	\$1,674,346	\$1,707,833	\$1,741,990	\$1,776,830	\$1,961,764	\$2,165,946
Provision for Vacancy & Collection Loss	-\$123,114	-\$125,576	-\$128,087	-\$130,649	-\$133,262	-\$147,132	-\$162,446
Rental Concessions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EFFECTIVE GROSS ANNUAL INCOME	\$1,518,402	\$1,548,770	\$1,579,746	\$1,611,341	\$1,643,567	\$1,814,631	\$2,003,500
EXPENSES							
General & Administrative Expenses	\$74,500	\$76,735	\$79,037	\$81,408	\$83,850	\$97,206	\$112,688
Management Fee	\$91,104	\$93,837	\$96,652	\$99,552	\$102,539	\$118,870	\$137,803
Payroll, Payroll Tax & Employee Benefits	\$165,000	\$169,950	\$175,049	\$180,300	\$185,709	\$215,288	\$249,577
Repairs & Maintenance	\$155,000	\$159,650	\$164,440	\$169,373	\$174,454	\$202,240	\$234,451
Electric & Gas Utilities	\$30,000	\$30,900	\$31,827	\$32,782	\$33,765	\$39,143	\$45,378
Water, Sewer & Trash Utilities	\$48,000	\$49,440	\$50,923	\$52,451	\$54,024	\$62,629	\$72,604
Annual Property Insurance Premiums	\$40,000	\$41,200	\$42,436	\$43,709	\$45,020	\$52,191	\$60,504
Property Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve for Replacements	\$22,500	\$23,175	\$23,870	\$24,586	\$25,324	\$29,357	\$34,033
Other Expenses	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$13,048	\$15,126
TOTAL ANNUAL EXPENSES	\$636,104	\$655,187	\$674,843	\$695,088	\$715,941	\$829,972	\$962,165
NET OPERATING INCOME	\$882,298	\$893,583	\$904,903	\$916,253	\$927,627	\$984,660	\$1,041,335
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	\$752,289	\$752,289	\$752,289	\$752,289	\$752,289	\$752,289	\$752,289
Second Deed of Trust Annual Loan Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Third Deed of Trust Annual Loan Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Annual Required Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Annual Required Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ANNUAL NET CASH FLOW	\$130,009	\$141,294	\$152,614	\$163,963	\$175,337	\$232,370	\$289,046
CUMULATIVE NET CASH FLOW	\$130,009	\$271,303	\$423,917	\$587,880	\$763,217	\$1,782,487	\$3,086,027
Debt Coverage Ratio	1.17	1.19	1.20	1.22	1.23	1.31	1.38

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6. Scoring Sheet

Project Name	Arbor Park	
Project Type	Mixed-Income	
Council District	District 6	
Census Tract	17.85	
AHFC Funding Request Amount	\$2,000,000	
Estimated Total Project Cost	\$25,135,441	
High Opportunity	Yes	
High Displacement Risk	NO	
High Frequency Transit	No	
Imagine Austin	No	
Mobility Bond Corridor	0	
SCORING ELEMENTS		Description
UNITS		
< 20% MFI	0	# of rental units at < 20% MFI
< 30% MFI	9	# of rental units at < 30% MFI
District Goal	1.05%	% of annual goal reached with units
High Opportunity	2.16%	% of annual goal reached with units
Displacement Risk	0.00%	% of annual goal reached with units
High Frequency Transit	0.00%	% of annual goal reached with units
Imagine Austin	0.00%	% of annual goal reached with units
Geographic Dispersion	2.96%	% of annual goal reached with units
Mobility Bond Corridor	0.00%	% of annual goal reached with units
SCORE	1	% of Goals * 20
< 40% MFI	0	# of rental units at < 40% MFI
< 50% MFI	49	# of rental units at < 50% MFI
District Goal	5.70%	% of annual goal reached with units
High Opportunity	11.76%	% of annual goal reached with units
Displacement Risk	0.00%	% of annual goal reached with units
High Frequency Transit	0.00%	% of annual goal reached with units
Imagine Austin	0.00%	% of annual goal reached with units
Geographic Dispersion	16.13%	% of annual goal reached with units
Mobility Bond Corridor	0.00%	% of annual goal reached with units
SCORE	5	% of Goals * 15
< 60% MFI	0	# of units for purchase at < 60% MFI
< 80% MFI	0	# of units for purchase at < 80% MFI
District Goal	0.00%	% of annual goal reached with units
High Opportunity	0.00%	% of annual goal reached with units
Displacement Risk	0.00%	% of annual goal reached with units
High Frequency Transit	0.00%	% of annual goal reached with units
Imagine Austin	0.00%	% of annual goal reached with units
Geographic Dispersion	0.00%	% of annual goal reached with units
Mobility Bond Corridor	0.00%	% of annual goal reached with units
SCORE	0	% of Goals * 15
Unit Score	6	MAXIMUM SCORE = 350
INITIATIVES AND PRIORITIES		
Continuum of Care	0	Total # of units provided up to 100 per year
Continuum of Care Score	0	(total CoC Units/100 + HF Units/50)*20
Access to Healthy Food	Yes	Within 1 Mile of Healthy Food (City GIS)
Continuum of Care Weighted Score	0	Mobility, Access to Jobs, Community Institutions, Social Cohesion
2 Bedroom Units	13	Total Affordable 2 Bedroom units
3 Bedroom Units	0	Total Affordable 3 Bedroom units
4 Bedroom Units	0	Total Affordable 4+ Bedroom units
Multi-Generational Housing Score	4	Multi-bedroom Unit/Total Units * 20
TEA Grade	80	Elementary School Rating from TEA
Multi-Generational Housing Weighted Score	3	Educational Attainment, Environment, Community Institutions, Social Cohesion, E
Accessible Units	17	mobility and sensory units
Non-PSH, Non-Voucher Under 20% MFI	0	Total units under 20% MFI
Accessibility Score	6	Accessible Unit/Total Units * 20
Metro Access Service	No	Within 3/4 mile of fixed route transit
Accessibility Weighted Score	4	Housing Stability, Health, Mobility, Community Institutions
Initiatives and Priorities Score	18	MAXIMUM SCORE = 200
UNDERWRITING		
AHFC Leverage	19%	% of total project cost funded through AHFC request
Leverage Score	20	25 - (% leverage * 25)
AHFC Per Unit Subsidy	\$34,482.76	Amount of assistance per unit
Subsidy per unit score	21	(\$200,000 - per unit subsidy)*25/\$200,000
AHFC Per Bedroom Subsidy	\$28,169.01	Amount of assistance per bedroom
Subsidy per Bedroom Score	21	(\$200,000 - per bedroom subsidy)*25/\$200,000
Debt Coverage Ratio (Year 5)	1.23	Measured at the 5 Year mark
Debt Coverage Ratio Score	23.3071822	Minimum = 1.0; Maximum = 1.5; 1.25 = best score
Underwriting Score	86	MAXIMUM SCORE = 100
APPLICANT		
FINAL QUANTITATIVE SCORE	110	THRESHOLD SCORE = 50
Previous Developments		
Compliance Score		
Proposal		
Supportive Services		
Development Team		
Management Team		
Notes		

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Attachment 1(a)

Introduction

Arbor Park is a proposed 138 unit, mixed-income, senior housing community on approximately 4.4 acres of land located in northwest Austin, between Highway 183 and Parmer Lane, at 6306 McNeil Drive, to be developed by DMA Development Company, LLC (“DMA”).

DMA is an experienced Austin-based real estate development company with more than a quarter of a century of experience in affordable housing and widely recognized in Texas as the “go to” firm for creative, affordable living communities. DMA has developed 32 properties in two states (Texas and Georgia) and in the District of Columbia, and currently has a portfolio of nearly 2,700 units which it self-manages. In recent years, DMA has developed a singular reputation for the quality of its product and a track record of successfully developing mixed-income developments, both for working families and for seniors. Of particular note is our recently completed and newly opened 174-unit senior community in south Austin, The Nightingale at Goodnight Ranch, and our award-winning 201-unit senior community in the Mueller redevelopment, Wildflower Terrace, opened in December 2011.

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Attachment 1(b)

Certificate of Status not available – Development Owner is a To Be Formed entity

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Attachment 1(c)

Corporate Profile

DMA PROPERTIES



DMA Properties, LLC (DP) was formed in March 2002 for the purpose of providing property management services to multifamily rental communities developed by DMA Development Company, LLC (DMA) and currently provides management and asset management services for more than 2,400 units of affordable and market rate housing, in addition to providing services for residents of DMA's communities. The company is 100% owned by Diana McIver, and is certified by the Texas Comptroller of Public Accounts as a Historically Underutilized Business.

DMA PROPERTY ADVISORS

DMA is able to provide third party management services through DMA Property Advisors, LLC. As a one-stop shop, DMA Property Advisors offer our clients a comprehensive suite of services. From talent management to asset management, we do it all. We perform due diligence. We coordinate takeover and transition processes. We provide robust back office support in accounting, compliance, marketing, technology, and procurement.

RESIDENT SERVICES

Programming is tailored to the specific needs of the resident population and to each properties LURA.

In 2011, DMA Companies created Camile Pahwa Scholarship Fund to provide training, education and camp scholarships for children living at any of the affordable housing communities owned by DMA and its affiliates.

TALENT MANAGEMENT

DMA Properties recognizes that the overall success of our communities is related to the expertise of our staff. Each community benefits from a team, including a Regional Director, on-site staff and corporate support staff with more than 100 years of combined experience in the industry.

TRAINING

We encourage our team members to grow and expand their professional skillset by participating in industry-related certificate programs and taking advantage of continuing education. Many of our team members hold industry credentials and certifications and continue their education through in-house training and supplementary seminars and educational programs.

COMPLIANCE

Our Compliance Department effectively monitors the communities we manage to ensure DMA meets all state and federal requirements related to LIHTC, HUD or Section 8. In addition, the compliance team manages all investor, lender and agency reporting requirements. The compliance staff processes all applications and recertifications and ensures all LIHTC project files are properly documented.

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Attachment 1(d)

Statement of Confidence – Not Applicable

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Attachment 2

List of Development Team & HUB Certificates

List of Development Team Members

Arbor Park Senior Housing
4.457 Acres at 6306 McNeil Drive, Austin, TX 78729

DEVELOPER	DMA Development Company, LLC Janine Sisak 512-328-3232, JanineS@dmacompanies.com
ARCHITECT	BGO Architects Jaron Daily 214-520-8878, jdaily@bgoarchitects.com
GENERAL CONTRACTOR	<i>To be determined</i>
ENGINEER	Big Red Dog Lance Rosenfield 512-669-5560, Lance.Rosenfield@wginc.com
MARKET ANALYST	Affordable Housing Analyst Bob Coe 281-387-7552, robertcoe2@gmail.com
ATTORNEY	Coats Rose Scott Marks 512-684-3843, smarks@coatsrose.com
ACCOUNTANT	Novogradac and Company, LLP George Littlejohn 512-340-0420, george.littlejohn@novoco.com
PROPERTY MANAGER	DMA Properties, LLC Sergio Amaya 512-328-3232, SergioA@dmacompanies.com
ESA PROVIDER	TRC (coordinated by City of Austin Brownfields Revitalization Office) Roslyn Kygar 512-974-3533, Roslyn.Kygar@austintexas.gov



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

The Texas Comptroller of Public Accounts (CPA) administers the Statewide Historically Underutilized Business (HUB) Program for the State of Texas, which includes certifying minority, woman, and service disabled veteran-owned businesses as HUBs and facilitates the use of HUBs in state procurement and provides them with information on the state's procurement process.

We are pleased to inform you that your application for certification/re-certification as a HUB has been approved. Your company's profile is listed in the State of Texas HUB Directory and may be viewed online at <https://mycpa.cpa.state.tx.us/tpasscmbsearch/index.jsp>. Provided that your company continues to meet HUB eligibility requirements, the attached HUB certificate is valid for the time period specified.

You must notify the HUB Program in writing of any changes affecting your company's compliance with the HUB eligibility requirements, including changes in ownership, day-to-day management, control and/or principal place of business. *Note: Any changes made to your company's information may require the HUB Program to re-evaluate your company's eligibility.*

Please visit our website at <http://comptroller.texas.gov/procurement/prog/hub/> and reference our publications (i.e. Grow Your Business pamphlet, HUB Brochure and Vendor Guide) providing additional information on state procurement resources that can increase your company's chances of doing business with the state.

Thank you for your participation in the HUB Program! If you have any questions, you may contact a HUB Program representative at 512-463-5872 or toll-free in Texas at 1-888-863-5881.

Texas Historically Underutilized Business (HUB) Certificate



Certificate/VID Number:	1742907408500
File/Vendor Number:	084663
Approval Date:	06-SEP-2018
Scheduled Expiration Date:	06-SEP-2022

The Texas Comptroller of Public Accounts (CPA), hereby certifies that

DMA DEVELOPMENT COMPANY, LLC

has successfully met the established requirements of the State of Texas Historically Underutilized Business (HUB) Program to be recognized as a HUB. This certificate printed 07-SEP-2018, supersedes any registration and certificate previously issued by the HUB Program. If there are any changes regarding the information (i.e., business structure, ownership, day-to-day management, operational control, business location) provided in the submission of the business' application for registration/certification as a HUB, you must immediately (within 30 days of such changes) notify the HUB Program in writing. The CPA reserves the right to conduct a compliance review at any time to confirm HUB eligibility. HUB certification may be suspended or revoked upon findings of ineligibility.

*Laura Cagle-Hinojosa, Statewide HUB Program Manager
Statewide Support Services Division*

Note: In order for State agencies and institutions of higher education (universities) to be credited for utilizing this business as a HUB, they must award payment under the Certificate/VID Number identified above. Agencies, universities and prime contractors are encouraged to verify the company's HUB certification prior to issuing a notice of award by accessing the Internet (<https://mycpa.cpa.state.tx.us/tpasscmbsearch/index.jsp>) or by contacting the HUB Program at 512-463-5872 or toll-free in Texas at 1-888-863-5881.

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Attachment 3

Property Management Team

DMA PROPERTIES

DMA Properties, LLC (DMAP) was formed in March 2002 for the purpose of providing property management services to multifamily rental communities developed by DMA Development Company, LLC (DMA) and currently provides management and asset management services for nearly 2,400 units of affordable and market rate housing, in addition to providing services for residents of DMA's communities. The company is 100% owned by Diana McIver, a licensed Texas Real Estate Broker, and is certified by the Texas Building and Procurement Commission as a Historically Underutilized Business.

As a proven leader in managing affordable and special needs communities, we take an active, hands-on approach using new and innovative management techniques. Our experience, expertise, and stellar reputation have resulted in opportunities for asset management and future growth for our company.

At DMA, we provide our clients and partners with individualized attention. This one-to-one communication style, along with our mission-oriented goals, is the reason why we are often sought after by communities, master developers, and municipalities for special development projects.

As part of our corporate philosophy, we are governed by nine core commitments:

- **Customer Service** – provide the best possible service to residents, owners, investors and lenders.
- **Financial Strength** – reinforce our fiduciary responsibility to partners and asset managers through efficient property management.
- **Quality** – provide attention to detail in daily tasks, reach goals and maintain our competitive advantage.
- **Consistency** – perform at the highest level, day-in and day-out.
- **Excellence and Teamwork** – work together to produce high quality results, maximize our collective intellectual capacity.
- **Reward and Credit** – recognize and reward individual and team contributions to our success.
- **Employee Development** – provide group and individual training and job development for all employees.
- **Diversity** – recognize and value every individual's unique skills and perspectives.
- **Honesty and Integrity** – maintain highest ethical standards.

We care about people and the work that they do at every level. We are positive, supportive, and our work environment fosters a team spirit. When you work with DMA Companies, it becomes very apparent that we put "heart" into everything we do.

RESIDENT SERVICES

While each community's Resident Services Program is structured to comply with the requirements of the LURA (Land Use Restriction Agreement), our management team takes our programs to an entirely new level. Programming is tailored to the specific needs of the resident population. For our family communities, we primarily offer services for working adults and families with children such as educational services- scholastic tutoring, ESL, GED preparation - financial planning, income tax assistance, homebuyer education classes, job placement and resume assistance services, and information and referral. At our senior communities programming includes Health & Wellness education, financial planning, transportation services, and food pantry resources.

In 2011, DMA Companies created the Camile Pahwa Scholarship Fund to provide training, education and camp scholarships for residents living at any of the communities owned by DMA and its affiliates.

TALENT MANAGEMENT

DMA Properties recognizes that the overall success of our communities is related to the expertise of our staff. DMA Properties employs over 70 people directly involved in the management of our portfolio and third party properties. Each community benefits from a team, including a Regional Director, on-site staff and corporate support staff with more than 100 years of combined experience in the industry.

TRAINING

Other than in the real estate itself, our greatest investment is in our employees. We encourage our team members to grow and expand their professional skillset by participating in industry-related certificate programs and taking advantage of continuing education. Many of our team members hold industry credentials and certifications that include but are not limited to:

- HCCP-Housing Credit Certified Personnel
- SHCM-Specialist in Housing Credit Management
- COS-Certified Occupancy Specialist
- QTCM-Qualified Tax Credit Manager
- CPO-Certified Professional Occupancy
- CPA-Certified Property Accountant
- LIHTC Certified Property Manager

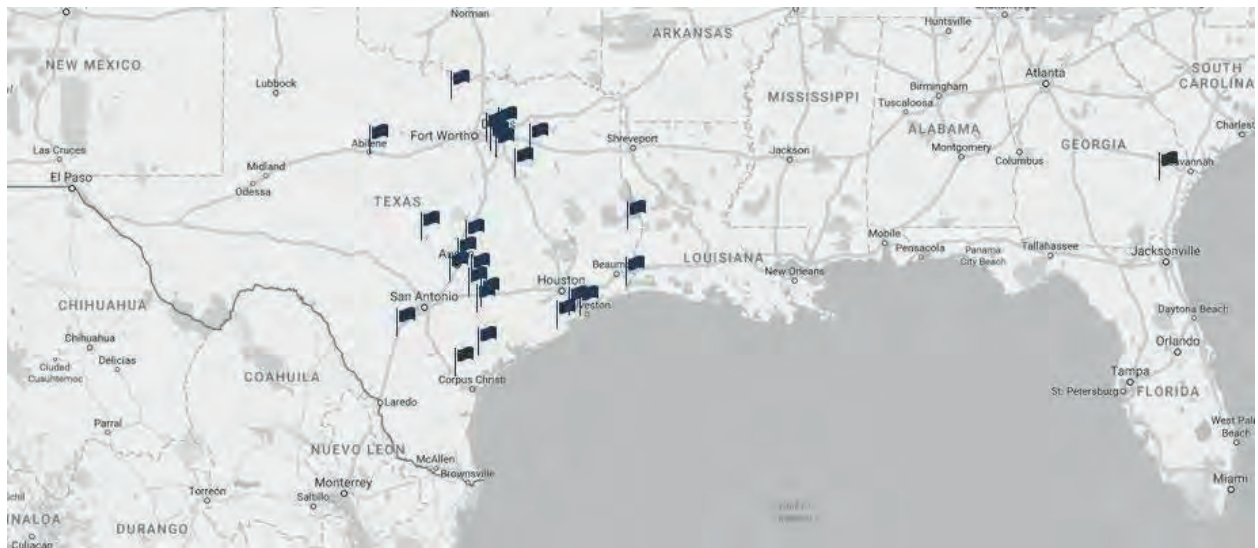
DMA Properties offers a combination of in-house training and supplementary seminars and educational programs. In-house training includes courses in Leasing and Marketing techniques, Property Operations, Real Page, Compliance training as well as Continuing Education.

This huge focus on training ensures that we stay on top of everything...from the latest in marketing and retention trends to any new updates in file management and recertification procedures.

COMPLIANCE

Our Compliance Department effectively monitors the communities we manage to ensure DMA meets all state and federal requirements related to LIHTC, HUD or Section 8. In addition, the compliance team manages all investor, lender and agency reporting requirements. The compliance staff processes all applications and re-certifications and ensures all LIHTC project files are properly documented. A strong, ethical compliance department is our key to long-term project viability.

As head of this department, our Compliance Director provides training and support to all communities and oversees the implementation of each program through periodic reviews and auditing. The Compliance Department also ensures timely state and partner reporting and assists owners as necessary or upon request.



RENTAL HOUSING DEVELOPMENT ASSISTANCE (RHDA)
Application for Rental Development Financing
Q3 2020 Submitted 1/31/2020

Arbor Park

6306 McNeil Drive
Austin, TX

Attachment 4(a)

Project Proposal

Arbor Park
Proposed Senior Housing
4.457 Acres at 6306 McNeil Drive, Austin, TX 78729

What is proposed?

DMA Development Company, LLC is proposing the development of 138 units of mixed-income senior housing on approximately 4.4 acres of land located in northwest Austin, between Highway 183 and Parmer Lane, at 6306 McNeil Drive. This is an excellent location, within a ½ mile walking distance from Parmer McNeil Plaza, a large shopping center that contains an HEB with a full-service pharmacy, several restaurants, and other neighborhood amenities. The site is also within two miles from the Domain, and the Arboretum, both of which offer unlimited retail shopping and grocery alternatives and are major job centers. The access to other parts of Austin from this location is also exceptional, as the site is on McNeil Drive between Highway 183 and Mopac.

Arbor Park will include 138 apartments in a mix of one-bedroom and two-bedroom. Fourteen units will be made accessible for persons with mobility impairments, and 3 units will be made accessible for persons with sensory impairments. Of the total units, 9 will have rents affordable to households with incomes at or below 30% Area Median Income (AMI), 49 will have rents affordable to households with incomes at or below 50% AMI, and 50 units for households at 60% of AMI, and 28 units for households with incomes at or below 80% AMI. Two units will be set aside as market rate units. Although these income limits are updated annually, currently the income ranges are:

30% AMI: \$19,890 for one-person household to \$28,380 for four-person household
50% AMI: \$33,150 for one-person household to \$47,300 for four-person household
60% AMI: \$39,780 for one-person household to \$56,760 for four-person household
80% AMI: \$53,040 for one-person household to \$75,680 for four-person household

- ◆ Summary of Funding
 - Financing sources and uses as stated on Project Summary Form. This development will be financed with 4% housing tax credits.
- ◆ Land Development Code
 - This site is not within any existing or future neighborhood planning area, according to the City of Austin website. The site is currently zoned IRR, which is essentially a placeholder zoning category that sites receive when they are annexed. We have met with zoning staff at the City of Austin about rezoning this site to MF-3. Because there is multifamily development surrounding this site, we believe that this zoning designation is achievable. This site is within the City of Austin's full purpose jurisdiction.
 - Imagine Austin Centers and Corridor. This site falls just outside of the ½ mile radius from the Imagine Austin Corridor along Parmer. It is also about 1 mile from a second Imagine Austin Corridor along 183, giving it two major access points to other parts of the City of Austin. There are two Imagine Austin Centers nearby as well—one at 183

and McNeil and one where McNeil Drive intersects with McNeil Road. Both of these centers are within 1 mile of the site.

- ◆ Development Amenities
 - Community room, fitness center, library/game room, and theater.
 - Apartment homes with 9 foot ceilings, full appliance packages, washer/dryer hookups, ceiling fans, and energy efficient features;
 - Elevator served three story building situated around a pool on a heritage tree filled site.
- ◆ Community Assets within 1-mile radius
 - HEB Grocery and pharmacy
 - Rattan Creek Community Center and Park
 - Northwest YMCA of Austin
 - Other: Restaurants and coffee shops, churches.

Who makes up our market?

- Older adults, many on fixed incomes, who currently live in the community.
- Empty nesters looking to downsize from their single-family homes, thereby freeing up single family housing stock for the next generation.
- Out-of-town or out-of-state seniors who want to move to Austin to be closer to their children and/or grandchildren.

Why is this development important?

Benefits to the City/County/Neighborhood:

- First year economic impact in terms of construction related activity and ripple effect of spending income;
- Ongoing, annual effect of occupied units in terms of income and property and sales tax;
- Staves off displacement of older residents from established neighborhood and communities.

Benefits to the Residents:

- Stable, high quality and affordable senior living in a high opportunity area, near major thoroughfares, a grocery store and pharmacy, and other neighborhood amenities.
- Opportunity for older resident to stay in their existing neighborhood for older residents who can no longer maintain a single-family home or afford rising property taxes.

Neighborhood Involvement

DMA is committed to reaching out to area neighborhood organizations to obtain their feedback about this proposed development, although our research shows no registered neighborhood organizations contain this site. DMA has also reached out to the city council member for this district, Jimmy Flanigan, and state representative, Celia Israel.

TABULATIONS

SITE AREA: 4.456 AC.

UNIT TABULATION:

1 BEDROOM: 104 UNITS (75.36%)
 2 BEDROOM: 34 UNITS (24.64%)
 TOTAL: 138 UNITS
 @ 30.97 UNITS/ACRE

PARKING TABULATION:

140 SURFACE PARKING
 TOTAL: 140 PARKING SPACES
 @ 1.01 PARKING/UNIT
 @ 0.81 PARKING/BED



CORPUS CHRISTI DRIVE

MC NEIL DRIVE

MAIN ENTRY

DETENTION POND

DETENTION POND

GUEST PARKING

LEASING/CLUB
ON 1ST FLOOR

TREE TO BE
RELOCATED

TREE TO BE
PRESERVED

LOADING

LANDSCAPE
COURTYARD

POOL
COURTYARD

BLDG A
4 STORY
DWELLING
UNITS

MAINT.

SINKHOLE SETBACK

15' REAR SETBACK

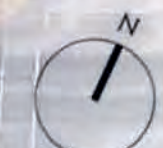
5' SIDE SETBACK

TREE TO BE
PRESERVED

TREE TO BE
PRESERVED

TREE TO BE
PRESERVED

TREE TO BE
PRESERVED



SCALE 1"=60'-0"



AUSTIN SENIOR DMA SCHEMATIC SITE PLAN #2B

AUSTIN, TEXAS

RENTAL HOUSING DEVELOPMENT ASSISTANCE (RHDA)
Application for Rental Development Financing
Q3 2020 Submitted 1/31/2020

Arbor Park

6306 McNeil Drive
Austin, TX

Attachment 4(b)

Market Assessment

**APPRAISAL REPORT
C19-AHA-207
INVOLVING AN APARTMENT MARKET ANALYSIS
FOR A HOUSING TAX CREDIT (HTC) DEVELOPMENT**

OF

**ARBOR PARK
A 138-UNIT PROPOSED FAMILY HTC MIXED-INCOME APARTMENT
DEVELOPMENT. THE SUBJECT PROPERTY IS LOCATED AT 6306 MCNEIL
DRIVE, AUSTIN, TRAVIS COUNTY, TEXAS 78729.**

PREPARED FOR

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
DMA DEVELOPMENT COMPANY, LLC
AUTHORIZED BY
MS. JANINE SISAK
AUSTIN MCNEIL DMA HOUSING, LLC
4101 PARKSTONE HEIGHTS DRIVE, SUITE 310
AUSTIN, TEXAS 78746**

**BY
AFFORDABLE HOUSING ANALYSTS
3912 AVENUE O
GALVESTON, TEXAS, 77550**

**EFFECTIVE DATE OF THE MARKET ANALYSIS
JANUARY 8, 2020**

**DATE OF THE REPORT
JANUARY 13, 2020**

MARKET ANALYSIS SUMMARY

Provider:	Affordable Housing Analysts	Date:	1/13/2020
Contact:	Bob Coe	Phone:	281-387-7552
Development:	Arbor Park	Target Population:	senior
		Definition of Elderly Age:	55
Site Location:	North line of McNeil Drive, west of Corpus Christi Drive	City:	Austin
		County:	Travis
Site Coordinates:	Latitude	Longitude	
	N30.441470	W97.750648	(decimal degree format)

Primary Market Area (PMA) page 31

18.837 Square Miles

CENSUS TRACTS

48453001745	48453001828	48491020409			
48453001753	48453001829	48491020410			
48453001754	48453001846	48491020411			
48453001785	48491020406				
48453001786	48491020408				

ELIGIBLE HOUSEHOLDS BY INCOME page 71

HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	\$12,768	\$12,768	\$15,336	\$15,336			
	Max	\$19,890	\$22,710	\$25,560	\$28,380			
50% AMGI	Min	\$21,288	\$21,288	\$25,560	\$25,560			
	Max	\$33,150	\$37,850	\$42,600	\$47,300			
60% AMGI	Min	\$37,851	\$37,851	\$47,301	\$47,301			
	Max	\$39,780	\$45,420	\$51,120	\$56,760			

AFFORDABLE HOUSING INVENTORY in PMA page 44

	# Developments	Total Units	Avg Occupancy
All Operating LIHTC Developments	0		

Proposed, Under Construction, and Unstabilized Comparable Developments in PMA

TDHCA #	Development	Status	Type	Target Population	Comp Units	Total Units	Occupancy

Other Affordable Developments in PMA

TDHCA #	Development	Status	Type	Target Population	Comp Units	Total Units	Occupancy	*
18099	Waterloo Terrace	approved	new const	general	n/a	132	0%	
18422	Elysium Grand	in service	new const	general	n/a	90	0%	

*Check box if this development is included in the calculation of the average physical occupancy to qualify for the 15% GCR for Tax-Exempt Bond Developments per §10.302(i)(1). Attach a PMA map, with affordable developments labeled, showing the 20 minute drive time ring. *See footnote 1

Average occupancy of affordable housing in 20 minute drive time ring. %

Note: For developments targeting Seniors, fill in Population and Household data for both the General population and the Senior population

PMA DEMOGRAPHIC DATA

	GENERAL			SENIORS		
	current year	place-in-service	five year	current year	place-in-service	five year
	2020	2021	2025	2020	2021	2025
Population p.	63,760	64,789	68,905	14,249	14,479	15,399
Households p.						
Total HH	30,382	31,511	33,205	8,873	9,603	10,697
Renter HH	18,475	19,183	20,244	3,315	3,715	4,316
Homeowner HH	11,907	12,328	12,961	5,558	5,888	6,381

DEMAND CALCULATION p.

	Program Only Restricted Units	Assisted Units
Subject Units	136	0
Unstabilized Comparable Units	0	
RELEVANT SUPPLY	136	0

Total Households **8,873**

	Program Only Restricted Units	Assisted Units
Min Income	\$ 12,768	
Max Income	\$ 75,680	
Potential Demand	4,129	
10% External Demand	413	
Other Demand		
GROSS DEMAND	4,542	

RELEVANT SUPPLY / GROSS DEMAND = GROSS CAPTURE RATE

2.99%

CAPTURE RATE BY AMGI BAND p. * include program only restricted units

AMGI Band Capture Rates	Demand	10% External Demand	Subject Units	Comp Units	Capture Rate
30% AMGI	881	88	9	0	0.93%
80% AMGI	1,457	146	28	0	1.75%
50% AMGI	742	74	47	0	5.76%
60% AMGI	1,198	120	52	0	3.95%

CAPTURE RATE BY UNIT p. * include program only restricted units

SUBJECT UNIT MIX				PROPOSED RENT		p.	DEMAND by UNIT TYPE p.				
AMGI Level	Beds	Baths	AVG Size (sqft)	Gross	Net		Demand	10% External Demand	Subject Units	Comp Units	Unit Capture Rate
30%	1	1	718	\$532	\$478		205	21	5	0	2.2%
50%	1	1	718	\$887	\$833		742	74	40	0	4.9%
60%	1	1	718	\$1,065	\$1,011		278	28	38	0	12.4%
80%	1	1	718	\$1,320	\$1,266		1,055	106	20	0	1.7%
30%	2	2	1,037	\$639	\$563		184	18	4	0	2.0%
50%	2	2	1,045	\$1,065	\$989		562	56	7	0	1.1%
60%	2	2	1,089	\$1,278	\$1,202		203	20	14	0	6.3%
80%	2	2	1,098	\$1,704	\$1,628		402	40	8	0	1.8%
Mkt	1	1	718	\$1,350	\$1,350		3,485	349	1	0	0.0%
Mkt	2	2	1,141	\$1,700	\$1,700		3,973	397	1	0	0.0%

Footnotes:

- 1 This is only required for developments that will utilize the 15% GCR for Tax-Exempt Bond Developments rule §10.302(j)(1).
- 2 Program only restricted units include HTC and MDL restricted units. Assisted units include any unit that has a RAD, Section 8, PHU, or PBV associated with them.

ASSUMPTIONS AND LIMITING CONDITIONS

This report is subject to the following assumptions and limiting conditions:

- 1) Any legal description or plats reported herein are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings, or other exhibits are included only to assist the intended users to better understand and visualize the subject property the environs, and the competitive data. I have made no survey of the subject property and assume no responsibility associated with such matters.
- 2) The value assumes responsible ownership and competent management. The subject property is assumed to be free and clear of all liens, except as may be otherwise herein described. No responsibility is assumed by the appraiser(s) for matters legal in character, nor is any opinion on the title rendered, which is assumed to be good and marketable.
- 3) The information contained herein has been gathered from sources deemed to be reliable, but I assume no responsibility for its accuracy. The value/opinions rendered herein are based on preliminary analyses of the subject and market area.
- 4) Any leases, agreements or other written or verbal representations and/or communications and information received by the appraiser(s) have been reasonably relied upon in good faith but have not been analyzed for their legal implications. I urge and caution the user of this report to obtain legal counsel of his/her own choice to review the legal and factual matters, and to verify and analyze the underlying facts and merits of any investment decision in a reasonably prudent manner.
- 5) I assume no responsibility for any hidden agreements known as "side reports", which may or may not exist relative to this property, which have not been made known to us, unless specifically acknowledged within this report.
- 6) This report is to be used in whole, and not in part. Any separate valuation for land and improvements shall not be used in conjunction with any other valuation and is invalid if so used. Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be used for any purpose by anyone but the client without the previous written consent of the appraiser(s), and in any event, only in its entirety.
- 7) I, by reason of this report, am not required to give testimony in court with reference to the property unless notice and proper arrangements have been previously made therefore.
- 8) Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without prior written consent and approval of the author.

Assumptions and Limiting Conditions – Continued

- 9) No subsoil data or analysis based on engineering core borings or other tests were furnished to me. I have assumed that there are no subsoil defects present that would impair development of the land to its maximum permitted use, or would render it more or less valuable.
- 10) No responsibility is assumed for hidden defects or for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in this report.
- 11) The construction and physical condition of the improvements described herein are based on a site visit. No liability is assumed by us for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition or adequacy of mechanical equipment, plumbing or electrical components. No responsibility is assumed for engineering, which might be required to discover such factors. I urge the user of this report to retain an expert in this field.
- 12) Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present in or on the property, or other environmental conditions were not called to my attention nor did I become aware of such during my site visit. I have no knowledge of the existence of such materials on or in the property unless otherwise stated. I, however, am not qualified to test such substances or conditions. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to detect or discover them. I urge the user of this report to retain an expert in the field of environmental impacts on real estate if so desired.
- 13) The projections of income, expenses, terminal values or future sales prices are not predictions of the future; rather, they are the best estimate of current market thinking of what future trends will be. I assume no responsibility for any changes in economic or physical conditions which occur following the effective date of this report that would influence or potentially affect the analyses, opinions, or conditions in the report. Any subsequent changes are beyond the scope of this report. No warranty or representation is made that these projections will materialize.
- 14) The client or user of this report agrees to notify the appraiser(s) of any error, omission or inaccurate data contained in the report within 15 days of receipt, and return the report and all copies thereof to the appraiser(s) for correction prior to any use.
- 15) The acceptance of this report, and its subsequent use by the client or any other party in any manner whatsoever for any purpose, is acknowledgment by the user that the report has been read and understood, specifically agrees that the data and analyses, to their knowledge, are correct and acceptable.

Assumptions and Limiting Conditions – Continued

- 16) This assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- 17) This report has been prepared in a “non-disclosure” state. Real estate prices and other data, such as rents, prices, and financing are not a matter of public record. Although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, I may have relied on verification obtained and reported to us by persons outside my office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. It is suggested that the client consider independent verification as a prerequisite to any transaction involving sale, lease or other significant commitment of funds to the subject property.
- 18) The Americans With Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more requirements of the act. If so, this fact could have a negative impact upon the value of the property. However, since I have no direct evidence relating to the issue of compliance, I did not consider possible noncompliance with requirements of ADA in forming an opinion of the value of the property.
- 19) Acceptance or use of this report constitutes agreement by the client and any other users that any liability for errors, omissions or judgment is limited to the amount of the fee charged for this report. Use of this report constitutes acknowledgement and acceptance of the general assumptions and limiting conditions, special assumptions (in any), extraordinary assumptions (if any), and hypothetical conditions (in any) on which this report is based.

ENVIRONMENTAL ASSUMPTIONS

This report is subject to the following environmental assumptions:

- 1) There is a safe, lead-free, adequate supply of drinking water.
- 2) The subject property is free of soil contamination.
- 3) There is no uncontained friable asbestos or other hazardous asbestos material on the property. The appraiser is not qualified to detect such substances.
- 4) There are no uncontained PCB's on or near the property.
- 5) The radon level is at or below EPA recommended levels.
- 6) Any functioning underground storage tanks (UST's) are not leaking and are properly registered; any abandoned UST's are free from contamination and were properly drained, filled and sealed.
- 7) There are no hazardous waste sites on or near the subject property that negatively affect the value and/or safety of the property.
- 8) There is no significant urea formaldehyde (UFFI) insulation or other urea formaldehyde material on the property.
- 9) There is no flaking or peeling of lead-based paint on the property.
- 10) The property is free of air pollution.
- 11) There are no wetlands/flood plains on the property (unless otherwise stated in the report).
- 12) There are no other miscellaneous hazardous substances and/or detrimental environmental conditions on or in the area of the site (excess noise, radiation, light pollution, magnetic radiation, acid mine drainage, agricultural pollution, waste heat, miscellaneous chemical, infectious medical wastes, pesticides, herbicides, and the like).

1. SUMMARY AND CONCLUSIONS

EXECUTIVE SUMMARY

- (A) **Disclosure of Competency:** *Affordable Housing Analysts* is a professional real estate appraisal and consulting firm, providing service to a variety of corporate, institutional, governmental, and private clientele. In the past 12 months, I have completed numerous assignments involving similar properties. I am a State Certified General Real Estate Appraiser with the State of Texas, and have prepared/reviewed numerous market studies and appraisal assignments of properties similar to this assignment.
- (B) **Identification of Property:** The subject site is located on the north line of McNeil Drive, west of Corpus Christi Drive, in Austin, Travis County, TX 78729. The subject site contains ± 4.4570 acres ($\pm 194,147$ square feet), and appears to be flat in topography. The subject is proposed to be constructed and operated as a 138-unit MDL/PAB Elderly population apartment development.
- (C) **Primary Market:** The subject's primary market is generally defined as that area contained within census tracts 48453001745, 48453001753, 48453001754, 48453001785, 48453001786, 48453001828, 48453001829, 48453001846, 48491020406, 48491020408, 48491020409, 48491020410, and 48491020411. This area is contained in all or a portion of the following zip codes: 78727 and 78729. The area is generally bound by Highway 183 to the west; RM 620 and the railroad tracks to the north; and the railroad tracks, Duval Road and MOPAC to the east. The average rental rate for apartments in the subject's primary market area is reported at \$1.20 per square foot per month. The average rent and occupancies in this submarket are skewed downward somewhat due to a number of older projects with a modest level of amenities. The average physical occupancy in the subject's market area was reported at 94.15%. Occupancy rates and rental rates in this primary market area have remained strong over the past few years, with overall stable rental rates.
- (D) **Comparable Properties:** According to my research (including contacting the local HUD offices), there are no operating HTC projects with 10 units or higher in the subject's primary market area in which the rents are based on income or otherwise restricted (excluding those approved, under renovation or construction). The closest existing Seniors HTCS include Lodge at Merriltown, Cove at Heatherwilde, and Cambridge Villas, which reported current occupancies of 99%, 100%, and 100%, respectively.
- (E) **Demand:** The primary market area for the subject property had an estimated 31,269 households in 2019 and is projected to have 33,949 households by 2024. Approximately 61.10% of these families were renter households in 2019. The population growth in the primary market area between 2000 and 2010 was 10.10%, between 2010 and 2019 was 24.14% and between 2019 and 2024 is projected to be 8.07%. The population is growing rapidly within the primary market area, and the number of households with less than the 80% of the median Austin MSA income ceiling for tax credit projects is also growing, with continued growth likely.

- (F) **Evaluation of Subject Property:** The subject property is proposed to have 0.00% in efficiency units, 75.36% in 1BR units, 24.64% in 2BR units, and 0.00% in 3BR units. Based on discussions with leasing agents and my own analysis of the selected comparables in the primary market, the unit mix is appropriate for an Elderly project, and will complement the local affordable housing market.

The subject property has a projected per unit development cost within the typical range for projects of this type and caliber. Development of the project is the maximally productive use of the site and I consider it to be an acceptable location for this development.

- (G) **Rental Rates:** The client's reported rents, averaging $\pm \$1.273$ per square foot (rent restricted without utility allowance and market averaged), are considered very competitive for a new project in this market.

- (H) **Income:** Based on the developer's provided rent schedule, gross potential annual revenue for the subject property, including \$5.00 per unit "other revenue" totals. Other revenue (primary sources are laundry, vending, application fee, cable TV, etc.) estimated by the developer appears reasonable based on information in my files and discussions with apartment developers and management companies which are active in the Austin Region, and considering the target population.

- (I) **Need for Affordable Housing:** Occupancies of the affordable housing projects are high, with most maintaining waiting lists. Therefore, the subject property need only achieve moderate penetration to be feasible. This is a realistic scenario considering the limited supply of quality affordable Elderly housing in the subject's primary market area.

- (J) **Capture Rate:** Based on my research, there are no Seniors projects under construction, none approved and none unstabilized in the primary market area. There are no active Seniors HTC applications on the bond list within the PMA. There are no approved Seniors HTC properties within the PMA. The subject will contain 138 units, of which 98.55% will be rent-restricted. Therefore, a total of 138 units require absorption, of which 136 units (subject units) will be comparably rent-restricted comparable units. There are approximately 4,542 (HISTA) potential households (relevant to the rent restricted units) based on age, income eligibility, housing preference in the subject's primary market.

HISTA Capture rate for 136 Affordable Elderly Units 2.99%

THE CAPTURE RATE ABOVE IS OVERSTATED. I HAVE NOT INCLUDED DEMAND FROM SECTION 8 AND OTHER DEMAND SOURCES. BECAUSE THE CAPTURE RATE WAS WITHIN TDHCA'S GUIDELINES WITHOUT THE INCLUSION OF THESE DEMAND SOURCES, THAT DEMAND WAS NOT QUANTIFIED IN THIS REPORT.

(K) **Absorption:**

There is currently no operating Seniors HTC complex within the subject PMA. The Villages of Ben White is one of the most recently-completed Seniors HTC complexes (south of the subject PMA) in the Austin area. Villages of Ben White is a 183-unit Seniors HTC, all rent-restricted. The Villages of Ben White began pre-leasing in December 2015, and received their first CO in March 2016 at which time they were almost 40% pre-leased. The Villages of Ben White attained stabilized occupancy in January 2017, which equates to an average absorption of approximately 18 units per month from completion. Villages of Ben White reported a current occupancy of 99%.

I estimate absorption at 15 to 25 units a month and the property should stabilize within 5 to 8 months of opening.

(L) **Effect of Subject Property on Existing Apartment Market:** Based on the high occupancy levels of the existing properties in the market, and the lack of good quality affordable housing, along with the recent strong absorption history, I project that the subject property will have minimal sustained negative impact upon the existing apartment market. Any negative impact from the subject property should be of reasonable scope and limited duration.

(M) **Certification of Interest:** The individual(s) performing this study do not have any interest or prospective interest in the development of the subject property.

IDENTIFICATION OF PROPERTY

The subject site is located on the north line of McNeil Drive, west of Corpus Christi Drive, in Austin, Travis County, TX 78729. The subject site is irregularly-shaped, contains ± 4.4570 acres ($\pm 194,147$ square feet), appears to have relatively flat topography, and appears to have adequate slope for drainage purposes. The subject site is proposed to be improved with a 138-unit apartment development for operation as a MDL/PAB Elderly apartment development. The property is identified as account number 174176 by the Travis County Appraisal District.

Description of Subject Property

Arbor Park is a 138-unit apartment development currently under construction and proposed to be operated as a MDL/PAB Elderly property that will be separately-metered for electricity (tenant pays) with the landlord paying for water/sewer and trash. The development is anticipated to be of good quality construction, comparable to Multiple Residences Class B structures as defined by Marshall Valuation Service. The development will be a MDL/PAB complex with 98.55% of the units to be set aside for households earning at or below 80% of the Area Median Gross Income (AMGI), adjusted for family size (6.52% at 30% AMGI, 35.51% at 50% AMGI, 42.03% at 60% AMGI, 14.49% at 80% AMGI, and 1.45% at market). A visit to the subject site was performed by Robert O. Coe, II on January 10, 2020. The following table exhibits the unit mix for the proposed project, as supplied by the client.

SUBJECT UNIT MIX			
No. Units	Type	Size (SF)	Total Area
104	1 BR / 1 BA	718	74,672
4	2 BR / 2 BA	1,037	4,148
3	2 BR / 2 BA	1,141	3,423
11	2 BR / 2 BA	1,045	11,495
<u>16</u>	2 BR / 2 BA	<u>1,098</u>	17,568
138		807	111,306
Total Net Rentable Area (SF):			111,306

The net rentable area of the subject project is reported to be $\pm 111,306$ square feet. The following is a description of the various improvement construction components (based on conversations with the developer).

Foundation:	Reinforced concrete slab
Building Type:	Three-story elevator-served building (common amenities and facilities within)
Exterior Walls:	Stone, stucco, and Fiber Cement siding veneer
Roofing:	Pitched roofs

Unit Finish:	Partitions between units will be wood studs with painted sheetrock panels. Floor coverings will be vinyl plank flooring and carpet. Ceilings will be textured sheetrock. Kitchen packages will include a refrigerator, oven/ranges, microwave, rangehood and fan, and a disposal.
Unit Configuration:	Accommodation for each unit will comprise a combined living/dining area, kitchen area, 1- or 2-bedrooms with closets and one bathroom.
Unit Amenities:	Units will feature closets, kitchen packages, ceiling fan, and miniblinds.
Fixtures:	Plumbing and light fixtures are assumed to be adequate for an apartment complex in the subject area.
Water Heaters:	Hot water will be provided by individual electric water heaters.
Insulation:	Adequacy not known; assumed adequate.
Heating/Cooling:	Individual HVAC units with individually controlled thermostats.
Parking:	The subject is expected to have adequate open parking.
Landscaping:	The landscaping is expected to be attractive and well presented.
Exterior Amenities:	Courtyard areas, meeting room, common laundry, pool.
Fence:	Partial perimeter fence.
Access Gates:	No.
Laundry:	Hookups in units and central laundry facilities.
Building Area:	111,306 SF (NRA)
Total GBA:	127,086 SF
Land/Bldg. Ratio:	1.59:1 (NRA)
Units/Acre Ratio:	±30.96:1
Elevators/Stairs:	Yes/Yes
Occupancy:	±92.5% (stabilized)

Year Built: Proposed

Condition: The complex will be in new condition when completed. The building is estimated to have a useful life of 55 years.

Functional Utility: The subject improvements are anticipated to be adequately functional when compared with competing properties in the neighborhood.

Statement of Ownership

The subject site is currently owned by the Austin Housing Finance Corporation, which has owned the subject site for over three-years. The subject property is reportedly under a purchase agreement to Austin DMA Housing IV, LLC for ?????. No other arms-length transactions involving the subject are known to have occurred within the last three years.

Purpose of Appraisal Report

The purpose of this assignment is to analyze the subject property's multifamily market and determine whether sufficient potential demand exists to justify acquisition and construction of the subject property. For the purposes of this report, potential demand is the pool of households that are income qualified (household income does not exceed applicable program limits), age qualified, and can afford the proposed development's rents (rents are no more than 50% of household income).

Definitions

The following applicable definition was abstracted from The Appraisal of Real Estate, Thirteenth Edition, by The Appraisal Institute.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements. Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition, copyright 2010.

Market Analysis

"A macroeconomic analysis that examines the general market conditions of supply, demand, and pricing of the demographics of demand for a specific area or property type."

SCOPE OF APPRAISAL ASSIGNMENT

Use of the Assignment

The use of this assignment is understood to be for decision-making purposes of the client.

Development and Reporting Process of the Assignment

Market data, including sales and lease information, was obtained from sources deemed to be reliable, including, but not limited to, on-site personnel. This report fully discusses all pertinent

data, descriptions, and discussions germane to the subject of this report. A copy of this report and the data included herein have been retained in my files.

Effective Date of the Assignment

The descriptions, analyses, and conclusions of this report are applicable as of January 10, 2020.

Date of the Report

The preparation of this report was completed on January 13, 2020.

Data Sources

EnrichedData was consulted for apartment statistics. All rental information for the comparable properties has been verified by the market analyst. Census data was obtained from Environics Spotlight and Ribbon Demographics, recognized sources of demographic data throughout the United States and the U.S. Census Bureau.

Housing Tax Credit, Multifamily Bond, and Section 8 – Summarized

The Housing Tax Credit (HTC), originally formulated as the “Low Income Housing Tax Credit,” was created by the Tax Reform Act of 1986 to spur the development of affordable housing for residents of moderate means. It is not federally subsidized housing. It is not housing for the impoverished, unemployed, or homeless. The Tax Credit Program was instituted to provide quality housing at reasonable costs.

The Multifamily Bond Program is similar to the HTC program in that it provides quality housing at affordable costs for residents of moderate means. The TDHCA issues tax-exempt and taxable multifamily MRB’s to fund loans to for-profit and qualifying nonprofit organizations for the acquisition or development of affordable rental units. Bond properties typically receive some tax credits as well as bonds. A recommendation is made to the TDHCA governing board and, if approved, additional approval is required by the Texas Bond Review Board. Properties financed through the programs are subject to unit set aside restrictions for lower income tenants and persons with special needs, tenant program initiatives, maximum rent limitations, and other requirements as determined by TDHCA and its board.

Tenants at HTC and bond properties must be income qualified. The income qualifications will adjust annually based on the median income for the Austin MSA.

The following table illustrates the maximum 2019 income for HTC projects (2020 rent/income limits not yet available).

Travis - County Housing Tax Credit 2019 Income Ceilings for Qualifying Tenants							
Median Income							
Size of Household	20%	30%	40%	50%	60%	70%	80%
1 Person Household	\$ 13,260	\$ 19,890	\$ 26,520	\$ 33,150	\$ 39,780	\$ 46,410	\$53,040
2 Person Household	\$ 15,140	\$ 22,710	\$ 30,280	\$ 37,850	\$ 45,420	\$ 52,990	\$60,560
3 Person Household	\$ 17,040	\$ 25,560	\$ 34,080	\$ 42,600	\$ 51,120	\$ 59,640	\$68,160
4 Person Household	\$ 18,920	\$ 28,380	\$ 37,840	\$ 47,300	\$ 56,760	\$ 66,220	\$75,680
5 Person Household	\$ 20,440	\$ 30,660	\$ 40,880	\$ 51,100	\$ 61,320	\$ 71,540	\$81,760
6 Person Household	\$ 21,960	\$ 32,940	\$ 43,920	\$ 54,900	\$ 65,880	\$ 76,860	\$87,840
7 Person Household	\$ 23,480	\$ 35,220	\$ 46,960	\$ 58,700	\$ 70,440	\$ 82,180	\$93,920
8 Person Household	\$ 24,980	\$ 37,470	\$ 49,960	\$ 62,450	\$ 74,940	\$ 87,430	\$99,920

In addition, HTC and bond projects will limit rents to an annually adjusted cap that is keyed to the median income for the Austin MSA. The cap for a project can go up annually over time, but can never be reduced below the cap that was in effect upon placing the project in service. The subject structure is designed to operate below the cap, so that increases in operating expenses may be met with corresponding increases in rental rates, without immediate limitation imposed by the rent cap.

The following chart illustrates the maximum 2019 rents for HTC and bond projects for families at 20% to 80% of median income (2020 rent/income limits not yet available). Handicapped units are no longer separated by the Texas Department of Housing and Community Affairs (TDHCA).

Maximum Permitted Rents						
2019	Efficiency	1 BR	2 BR	3 BR	4 BR	5 BR
20%	\$331	\$355	\$426	\$492	\$511	\$605
30%	\$497	\$532	\$639	\$738	\$823	\$908
40%	\$663	\$710	\$852	\$984	\$1,098	\$1,211
50%	\$828	\$887	\$1,065	\$1,230	\$1,372	\$1,514
60%	\$994	\$1,065	\$1,278	\$1,476	\$1,647	\$1,817
70%	\$1,160	\$1,242	\$1,491	\$1,722	\$1,788	\$2,120
80%	\$1,326	\$1,420	\$1,704	\$1,968	\$2,196	\$2,423

The Housing and Community Development Act of 1974 authorized the Housing Assistance Payments Program (Section 8). Section 8 provides rental assistance to low-income families, elderly, disabled, and handicapped individuals. This Program provides financial assistance to eligible families whose annual gross income does not exceed 50% of HUD's median income guidelines (in most instances). Demographic projections indicate a continuing population and household growth in segments that generally create the largest demand on affordable housing supply.

AUSTIN AREA DATA

General Location

Austin is the state capital of Texas and is the county seat of Travis County. It is bordered on the north by Williamson County and on the south by Hays County. Bastrop and Caldwell Counties adjoin Travis County to the southeast. The city is strategically located near the center of the state and surrounded by the three largest metropolitan areas in Texas that form a triangle around it. The Dallas-Fort Worth area is 170 miles to the north, Houston is 130 miles to the east, and San Antonio is 60 miles to the southwest.

General Location

Austin is the state capital of Texas and is the county seat of Travis County. Travis County is bordered on the north by Williamson County, and on the south by Hays County. Bastrop and Caldwell Counties adjoin Travis County to the southeast, and Burnet and Blanco Counties border it to the west. The city is strategically located near the center of the state and surrounded by the three largest metropolitan areas in Texas that form a triangle around it. The Dallas-Fort Worth area is 170 miles to the north, Houston is 130 miles to the east, and San Antonio is 60 miles to the southwest.

Demographics

Growth Trends

The City of Austin and its Metropolitan Statistical Area (MSA - which includes Travis County, Williamson County, Hays County, Caldwell County, and Bastrop County) has experienced rapid population growth over the last thirty years. The MSA passed the 1,000,000 population threshold in 1997, passed the 1,500,000 threshold in 2005, passed the 2,000,000 population in 2016, and is projected to pass the 2,200,000 threshold by 2021.

For years, this MSA consisted of a three-county group; however, in 1988, two additional counties were added to the group, bringing the MSA to its current composition. Austin forms the heart of this MSA and is situated in both Travis and Williamson Counties. The area is currently named the Austin-Round Rock-San Marcos Metropolitan Statistical Area.

Because of its draw as a destination for migrating talent, metro Austin's population surpassed 2.0 million in 2015. The decade ending 2015 saw a 37.7% increase in population, and growth was 3.0% for the year ending July 2015. Austin ranked first among the 50 largest U.S. metros based on net migration as a percent of total population in 2015. In addition, 7.1% of Austin residents in 2014 lived elsewhere one year earlier. That is also the largest rate among the top 50 U.S. metros. The table on the following page details growth trends.

Greater Austin Profile: Population							
Population & Population Growth							
	1990	2000	2010	2015	Percent change		
					1990-2000	2000-2010	2010-2015
Austin MSA	846,227	1,249,763	1,716,289	2,000,860	47.7%	37.3%	16.6%
Bastrop Co.	38,263	57,733	74,171	80,527	50.9%	28.5%	8.6%
Caldwell Co.	26,392	32,194	38,066	40,522	22.0%	18.2%	6.5%
Hays Co.	65,614	97,589	157,107	194,739	48.7%	61.0%	24.0%
Travis Co.	576,407	812,280	1,024,266	1,176,558	40.9%	26.1%	14.9%
Williamson Co.	139,551	249,967	422,679	508,514	79.1%	69.1%	20.3%
Texas	16,986,335	20,851,820	25,145,561	27,469,114	22.8%	20.6%	9.2%
United States	248,709,873	281,421,906	308,745,538	321,418,820	13.2%	9.7%	4.1%
10 largest cities							
Austin	494,290	656,562	790,390	931,830	32.8%	20.4%	17.9%
Cedar Park	8,862	26,049	48,937	65,945	193.9%	87.9%	34.8%
Georgetown	16,117	28,339	47,400	63,716	75.8%	67.3%	34.4%
Hutto	627	1,250	14,698	22,722	99.4%	1075.8%	54.6%
Kyle	2,280	5,314	28,016	35,733	133.1%	427.2%	27.5%
Leander	3,399	7,596	26,521	37,889	123.5%	249.1%	42.9%
Pflugerville	5,776	16,335	46,936	57,122	182.8%	187.3%	21.7%
Round Rock	31,559	61,136	99,887	115,997	93.7%	63.4%	16.1%
San Marcos	29,072	34,733	44,894	60,684	19.5%	29.3%	35.2%
Taylor	11,437	13,575	15,191	16,702	18.7%	11.9%	9.9%

Source: U.S. Bureau of the Census, www.census.gov/popest/.

The table below details forecast for population trends.

Population Projections					
	2010	2020	2030	2040	2050
Austin MSA	1,716,289	2,306,857	3,035,547	3,960,317	5,176,940
Bastrop Co.	74,171	100,746	140,463	195,452	272,723
Caldwell Co.	38,066	49,202	63,015	77,373	92,180
Hays Co.	157,107	246,119	372,120	556,982	824,070
Travis Co.	1,024,266	1,277,007	1,519,407	1,749,761	2,011,009
Williamson Co.	422,679	633,783	940,542	1,380,749	1,976,958
State of Texas	25,145,561	30,541,978	37,155,084	44,955,896	54,369,297
Growth rates					
	2010-2020	2020-2030	2030-2040	2040-2050	
Austin MSA	34.4%	31.6%	30.5%	30.7%	
Texas	21.5%	21.7%	21.0%	20.9%	

Source: Texas State Data Center, 2014 Population Projections, <http://txsdc.utsa.edu/Data/TPEPP/Projections/Index.aspx>.

General Characteristics of Population: The general characteristics of Austin's population reflect a young and highly educated group. Further, their household income levels are some of the highest in the state:

Educational Attainment of Persons 25 Years or Older, 2014			
	Austin MSA	Texas	United States
High school graduate or higher	88.9%	82.2%	86.9%
At least some college	69.3%	57.0%	59.2%
Bachelor's degree or higher	41.5%	27.8%	30.1%
Graduate degree	15.1%	9.6%	11.4%

Source: U.S. Bureau of the Census, <http://www.census.gov/acs/www/>.

Population Distribution by Age, 2014			
	Austin MSA	Texas	United States
0-17	24.2%	26.4%	23.1%
18-24	10.2%	10.2%	9.9%
25-44	32.8%	28.0%	26.4%
45-64	23.3%	23.9%	26.2%
65+	9.5%	11.5%	14.5%
Source: U.S. Bureau of the Census, http://www.census.gov/popest/index.html .			

Income, 2014			
	Austin MSA	Texas	United States
Median household income	\$63,603	\$53,035	\$53,657
Median family income	78,927	62,830	65,910
Per capita income	32,549	27,125	28,889
Source: U.S. Bureau of the Census, http://www.census.gov/acs/www/ .			

The University of Texas is situated in the heart of Austin's CBD and is one of the 10 largest colleges in the U.S. According to *The Public Ivies: America's Flagship Public Universities* (2001) by Howard and Matthew Greene, The University of Texas at Austin is one of America's "Public Ivy" institutions of higher education, defined by the authors as a public institution that "provides an Ivy League collegiate experience at a public school price." There are six other public/private universities and colleges located in the Metro area. As a result, the population is highly educated:

Ten largest public university campuses by enrollment during the 2017–18 academic year				
Ranking	University	Location	Enrollment	Reference(s)
1	University of Central Florida	Orlando, Florida	66,183	[1]
2	Texas A&M University ^[note 1]	College Station, Texas	66,069	[2]
3	Ohio State University	Columbus, Ohio	59,837	[3]
4	Florida International University	Miami, Florida	56,851	[4]
5	University of Florida	Gainesville, Florida	52,669	[5]
6	University of Minnesota	Minneapolis/Saint Paul, Minnesota	51,848	[6]
7	University of Texas at Austin	Austin, Texas	51,525	[7]
8	Arizona State University ^[note 2]	Tempe, Arizona	51,164	[8]
9	Georgia State University	Atlanta, Georgia	51,000	[9]
10	University of South Florida	Tampa, Florida	50,577	[10]

Source: http://en.wikipedia.org/wiki/List_of_United_States_university_campuses_by_enrollment

Government Influences

Federal & State Government: Austin is the state capitol of Texas and, consequently, is home to a large number of state agencies. It is also the location of offices for more than 50 federal

agencies, a regional IRS service center (recently expanded), and nearly 350 state and national associations. In 1993, the United States Defense Department closed Bergstrom Air Force Base due to national military cutbacks however the site has undergone a redevelopment into the site of the Austin-Bergstrom International Airport. A new (2012) seven-story United States District Courthouse building is located in the Central Business District. Funding for this \$116 million project was provided by the American Recovery and Reinvestment Act stimulus bill. Just a block away, Travis County recently purchased a block of land for a record price of \$21.75 million dollars to build a 500,000 SF county courthouse in the future.

Zoning Ordinances: The City of Austin and the areas under its extra territorial jurisdiction (ETJ) are currently operating under a complex zoning ordinance adopted in 1989. Austin has one of the strictest development codes in the nation. Majority of these ordinances address water quality, storm water flooding, and park land and shoreline preservation. In certain environmentally sensitive areas, which are typically areas with flowing water draining into the Edwards Aquifer Recharge Zone, maximum impervious coverage is routinely limited to 15% or less. Strict development standards in most of Austin, plus the proliferation of special interest group's input to the decision-making process regarding property usage, causes a longer than typical time frame in obtaining land-use approvals.

The most recent Watershed Regulation Areas map divides the Metro area into two zones, the Desired Development Zone and the Drinking Water Protection Zone. Properties located in the Drinking Water Protection Zone are typically those with the most development restrictions.

Utilities

Water: Austin benefits from a number of water resources. Lady Bird Lake and Lake Austin, two large man-made reservoirs formed by the damming of the Colorado River, serve as Austin's primary source of drinking water. The city owns and operates two water-purifying plants that have a rated combined maximum capacity of 310 million gallons/day (mgd) and a storage capacity of 167 million gallons in 34 reservoirs. Their capacity is more than adequate to meet the current community's needs. This city had recently closed the Thomas C. Green Water Treatment Plant at the end of 2008 due to the age, condition, location, and limited function of the facility. The recent upgrades to the Ullrich WTP provided the capacity necessary to close the 80-year old plant. The city is built a new water treatment plant, known as Water Treatment Plant 4, on 94 acres of land located at the southwest corner of Ranch Road 620 and Farm to Market 2222 in close proximity to the local 3M administrative facility. While not currently needed, the city is also building a new water plant with the anticipation that the city's population will grow by 500,000 in the next 30 years. It also has received extended permit rights to obtain water for this approved plant from Lake Travis through the Lower Colorado River Authority. Development of this site is currently in the planning phases. This first phase of this water treatment plant (WTP4) was operational in 2014 and has the capacity to treat 50 mgd currently, with the ultimate capacity reaching 300 mgd after all the phases are built. At the present time, the city, as a whole, appears to have sufficient and abundant water supplies to meet demand into the foreseeable future. In addition, the Austin Water Utility has executed an agreement with LCRA that guarantees water supply for the City's corporate limits and ETJ to the end of the century. LCRA has rights to more than 2.1 million acre-feet of water per year.

The Edwards Aquifer, a large underground reservoir that extends southwest from Austin, provides water for a small portion of the metropolitan area's southwest population, primarily within Hays County. The Edwards Aquifer Regulatory Committee's function is to review development over the aquifer to protect the integrity of this water source. The aquifer presently is being heavily pumped, and water rationing has been necessary in some extremely dry years. Responsible water and wastewater management will be of importance to the future prosperity of the southwest metropolitan area, which presently depends upon the aquifer as their major source of water.

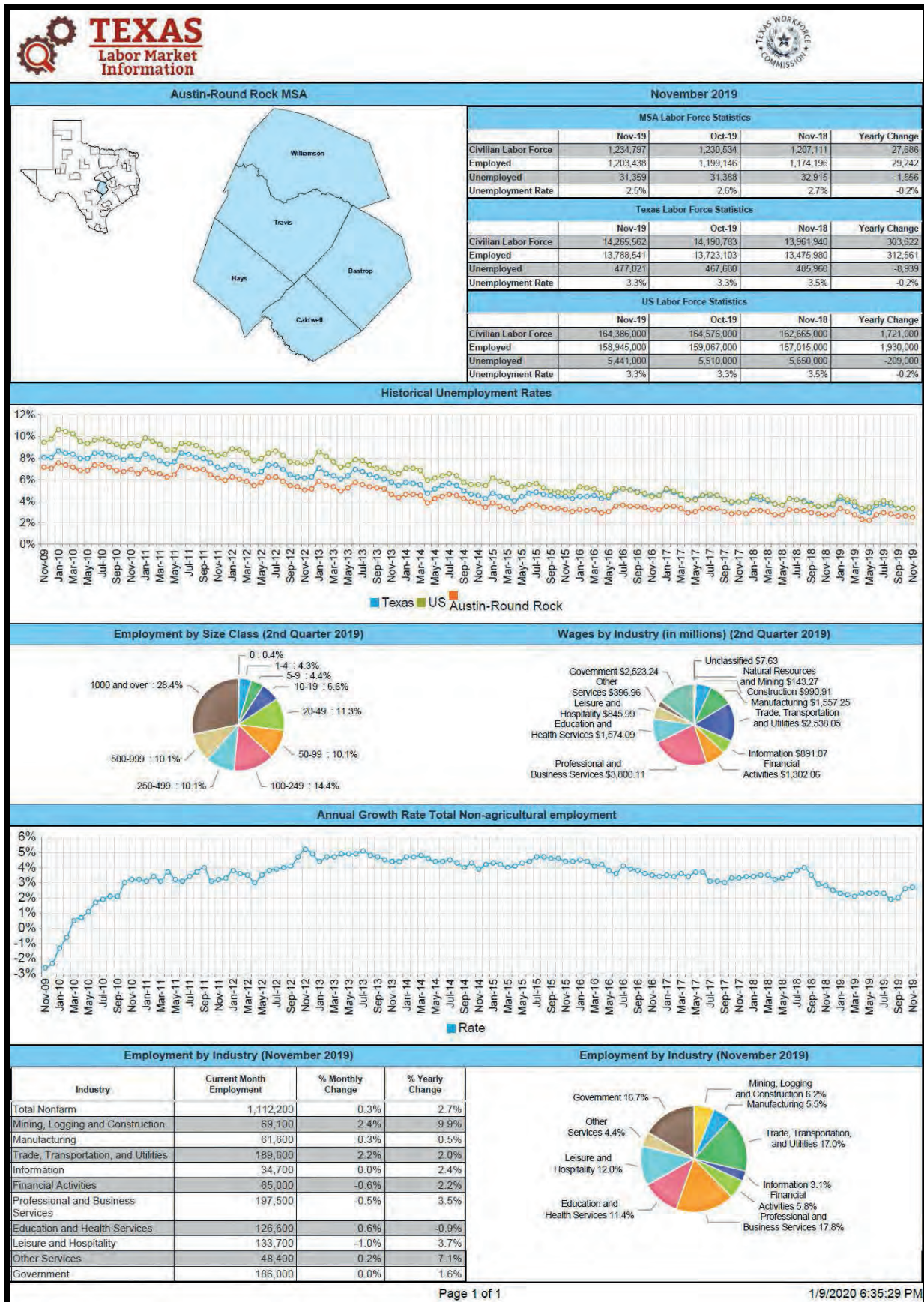
Wastewater: The City of Austin Water Utility, the region's largest municipal supplier, operates three wastewater plants with a current combined permitted capacity of approximately 160+ million gallons per day (mgd). In addition, there is a fourth wastewater treatment plant, referred to as the Hornsby Bend plant, which treats solid waste at about an average of 1.1 to 1.2 mgd. Thus, the current wastewater capacity is more than adequate to handle the city's wastewater needs.

Electricity, Gas & Telephone: Electricity for the city is provided by the City of Austin serviced by Austin Energy, a publicly owned utility company. The current total generation capacity is 2,600+ megawatts majorly produced by using natural gas fuel with several plants producing electricity by using coal, nuclear, or wind fuel. Other major providers of electricity in the metropolitan area include Pedernales Electric Cooperative, Bastrop Power & Light, Bluebonnet Electric Cooperative, City of Lockhart, Energy Future Holdings (formerly TXU), Georgetown Utilities Systems, and San Marcos Electric Utility. The electric capacity is, presently, more than adequate to support the population base. Atmos Energy, CenterPoint, and Texas Gas Service are suppliers of natural gas for the area. Telephone service is provided primarily through AT&T.

Economic Profile & Indicators

Many factors can be considered in looking at an economic profile and major economic indicators of a community. In this case, a brief description of the history of the local economy is given followed by more detailed information regarding current national and metropolitan area's economy.

The Austin MSA unemployment rate as reported in November 2019 at 2.5%, down from October 2019's 2.6%, and down from November 2018's 2.7%. Most recent trends suggest the employment is stabilized at levels significantly better than previous recessionary levels. The chart on the following page provides a summary of the employment categories for the Austin MSA.



Major Employers: The State of Texas alone employs over 65,000 people in the Austin area. While all of the major government employers are important, The University of Texas is felt to be the nucleus of growth in the current economy. According to the National Association of College and University Business Officers, the University of Texas System ranks fifth in total size of endowment at \$12.2 billion ranked behind Harvard University, Yale University, Stanford University, and Princeton University in that order. This indicates a benefit of approximately \$120,000 per student enrolled based on 50,000 students. UT presently has 288 endowed chairs, 506 endowed professorships, and 265 endowed faculty fellowships and lectureships.

The following table shows the largest five public employers in the metro.

AUSTIN'S LARGEST EMPLOYERS			
Rank	Company	Description	Employed
1	Dell Inc.	Computer	13,000
2	Seton Healthcare	Health care	10,945
3	HEB	Retail grocery store	11,277
4	St. David's Healthcare	Health care	8,369
5	IBM Corp	Information technology	6,000

Source: *Austin Business Journal*

Housing

The Austin-area continued to break records in home sales and median price for single-family homes. In the first half of 2019, single-family home sales increased 4.3 percent year-over-year to 16,203 home sales in the Central Texas region. Nearly 80 percent of those homes were sold outside of Austin's city limits.

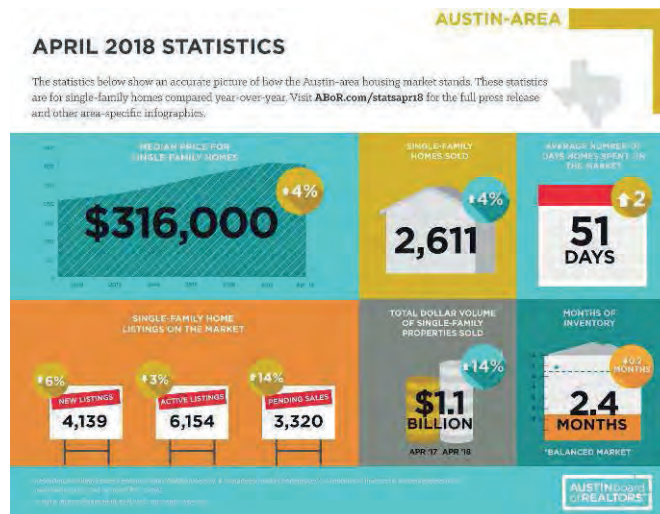
Hays County experienced the 6.3% annual gain in home sales in the first half of 2019 jumping to 1,861 home sales. In the City of Austin, single-family home sales decreased 1.6% year over year to 4,736 homes. Williamson County in the first half of 2019 experienced a 7.8% increase in homes sales year-over-year with 5,783 homes sold. "Hays County is one of Austin's few surrounding areas with entry-level homes priced less than \$200,000, a price point with high demand," said Mark Sprague, State Director of Information Capital for Independence Title. "In Williamson County, demand is highest for homes priced between \$200,000 and \$400,000, but there is not sufficient housing stock to meet demand, particularly in Round Rock and Pflugerville." Travis County reported a 1.1% year-over year increase in home sale at 7,872 homes. The median price within the City of Austin jumped 3.2% to \$387,1000. during the same time frame.

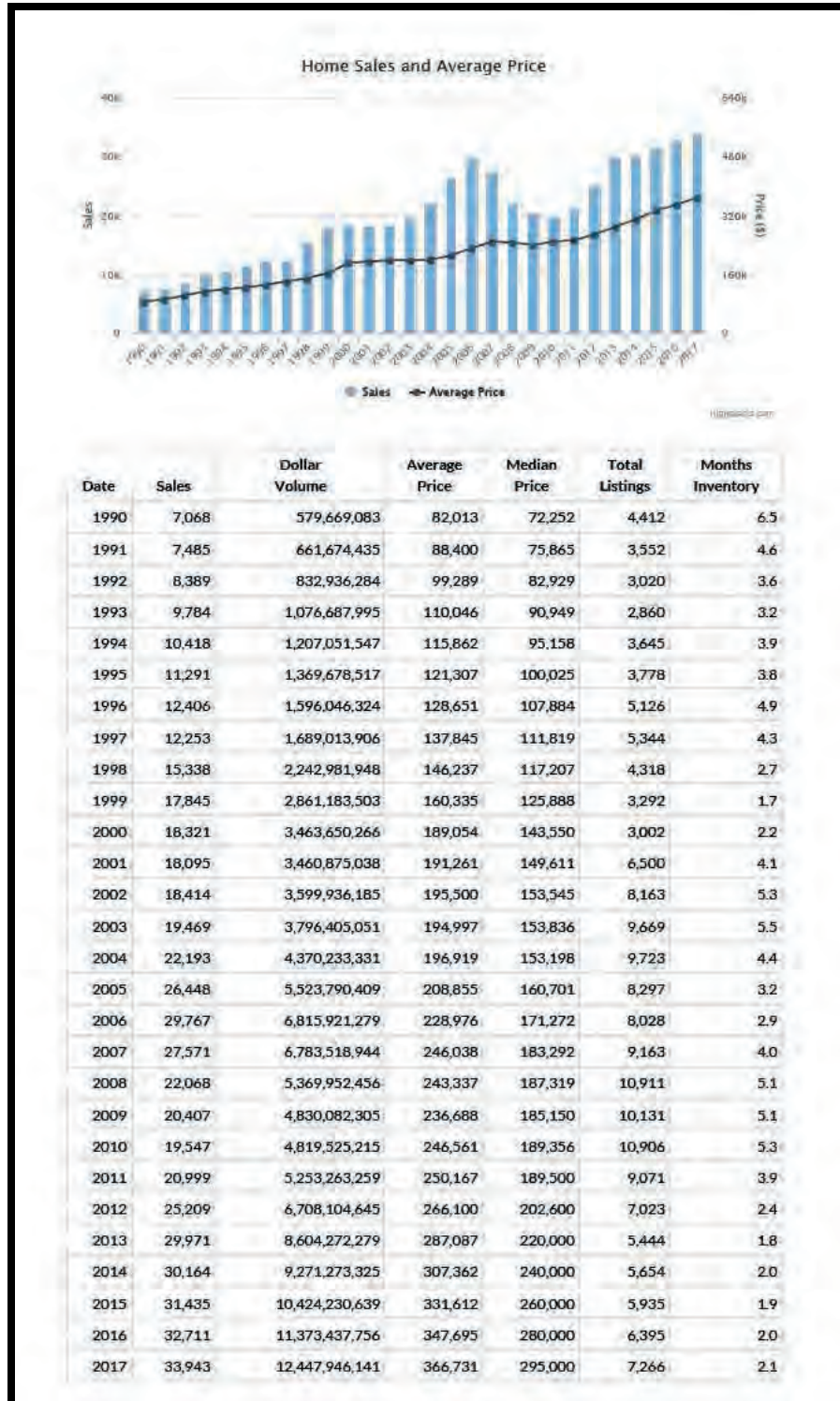
Monthly housing inventory in the Austin-Round Rock MSA remained low at 2.0 months. This is nearly two-thirds less than the 6.5 month-level the Real Estate Center at Texas A&M University cites as a market in which supply and demand for homes is balanced.

However, Austin is one of the U.S. cities most at risk for falling home prices for the next two years due to the effect of sagging oil prices on the state's economic prospects according to the winter 2016 housing and mortgage market report by California-based Arch Mortgage Insurance Co., which ranked the Austin-Round Rock area No. 2 nationally on its list of cities that could

experience housing price slumps. Austin has a 26 percent chance of declining home prices, up 9 percentage points from a year ago, which the Arch researchers consider "moderate" risk. The report highlights the heightened risk of falling home prices across Texas. The five most at-risk cities nationwide are all in the Lone Star State, with Houston at No. 1 (36 percent chance of falling home prices), Dallas at No. 3 (26 percent), Fort Worth at No. 4 (26 percent) and San Antonio at No. 5 (26 percent).

The tables below detail some statistics for the Austin housing market.





Summary and Conclusion

In conclusion, the Metro has continued to experience positive net job and population growth albeit the falling of oil prices and lagging national recovery from the Great Recession. Low oil prices and a strong U.S. dollar cooled the Texas economy's growth in 2015, and likely will continue to do so, according to most forecasts. In the midst of that, though, Austin keeps chugging along, with only a little slowing at the edges of this fast-growing region. Given the pace of its ongoing expansion and the size it has attained, the metro economy probably will moderate no matter the effect of oil prices, said Brian Kelsey, principal of Civic Analytics, an Austin-based economic consulting firm.

The long-term outlook for the Austin metropolitan area is positive with some experts forecasting that the local residential real estate market could be undersupplied in the next three years based on record low home starts. The sustained low energy prices that forced layoffs across many parts of the state in 2015 could weigh on Austin's growth, especially if tax collections suffer and state government payrolls are pared. However, most experts predict the Austin MSA will continue to significantly outpace the state and national economy in the long run.

2. PRIMARY MARKET AREA DEFINED

PRIMARY MARKET AREA ANALYSIS

Subject Primary Market Area

For the purposes of this report, the subject's primary market area is generally defined as that area contained within census tracts 48453001745, 48453001753, 48453001754, 48453001785, 48453001786, 48453001828, 48453001829, 48453001846, 48491020406, 48491020408, 48491020409, 48491020410, and 48491020411. The area is bound by Highway 183 to the west; RM 620 and the railroad tracks to the north; and the railroad tracks, Duval Road and MOPAC to the east, and is within all or part of zip codes 78727 and 78729. The PMA is irregular in shape and does not generally follow natural land features such as watercourses or major Highways and roads.

Due to an adequate network of highways and primary thoroughfares, the subject property is readily accessible from the populated areas within the primary market area.



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Geographies Selected:

<u>Geocode/ ID</u>	<u>State</u>	<u>County</u>	<u>MCD</u>
48453001745	Texas	Travis County	Austin CCD
48453001753	Texas	Travis County	Austin CCD
48453001754	Texas	Travis County	Austin CCD
48453001785	Texas	Travis County	Austin CCD
48453001786	Texas	Travis County	Austin CCD
48453001828	Texas	Travis County	Austin CCD
48453001829	Texas	Travis County	Austin CCD
48453001846	Texas	Travis County	Austin CCD
48491020406	Texas	Williamson County	Round Rock-Georgetown CCD
48491020408	Texas	Williamson County	Round Rock-Georgetown CCD
48491020409	Texas	Williamson County	Round Rock-Georgetown CCD
48491020410	Texas	Williamson County	Round Rock-Georgetown CCD
48491020411	Texas	Williamson County	Round Rock-Georgetown CCD

PHYSICAL LOCATION ANALYSIS

Location

The subject site is located on the north line of McNeil Drive, west of Corpus Christi Drive, in Austin, Travis County, TX 78729. The subject is located in the central portion of the primary market area and has frontage along the north line of McNeil Drive and Corpus Christi Drive.

Site Description

The subject site is an irregularly-shaped tract of land containing ± 4.4570 acre ($\pm 194,147$ square feet), and appears to be relatively flat in topography.

Surrounding Land Uses

Land uses adjacent to the subject site include vacant land and single-family residential development to the north, a convenience store and auto care facility to the east, single-family residential development to the south, and a mobile home park and single-family residential development to the west.

Zoning

The subject is located in the City of Austin, which utilizes zoning to regulate development. The subject site is reportedly zoned I-RR. It is my understanding that discussions have begun to change the zoning to MF-3, which would allow the proposed development. Property usage may also be governed by deed restrictions specific to a property. Property usage may also be governed by deed restrictions specific to a property. The appraisers were not provided a copy of any deed restrictions, and my conclusions are subject to revision should any adverse deed restrictions be present that are detrimental to the subject site.

Floodplain

Based on FEMA Flood Map Panel 48453C0595J, dated January 6, 2016, the site appears to be located in unshaded Zone X, an area determined to be outside the 100-year flood plain. This determination is made by graphic plotting only and is not guaranteed. I recommend a surveyor be utilized to determine precise flood plain status.

Utilities/Public Services

All public utilities are available to the subject site. Water and sewer services are available from the City of Austin. I have assumed that sufficient utilities are available to the site to develop the site to its highest and best use. I have not independently verified these facts. Electricity is provided by mainly by Austin Energy. Natural gas is provided by Texas Gas Service, and local telephone service is provided by or through AT&T.

Nuisances

There do not appear to be any nuisances adjacent to the subject property. No adverse easements or encroachments were noted, either on the subject or nearby properties.

Accessibility

The subject's site is accessible from the Austin Central Business District by proceeding north on Mopac approximately 10 miles to Parmer Lane, then left on Parmer Lane approximately 3 miles to McNeil Drive, then left on McNeil Drive approximately ½ mile to the subject site on the right.

Streets

At the subject site, McNeil Drive is a two lane in each direction, concrete-paved roadway with concrete curb and gutter drainage.

Topography

Based on my observation, the site appears to be relatively level, and at street grade.

Easements/Encroachments

Based on my site visit and review of available maps, no easements or encroachments were noted which would be *detrimental* to development of the subject property.

Soil and Sub-Soil Conditions

No soil engineer's report was available to us and no recent soil tests are known to have been performed. Based on my observation of surrounding development in the immediate area and lack of further evidence to the contrary, I have assumed a stable soil condition that would ensure the structural integrity of any improvement which may be constructed. My value conclusions could change should these assumptions prove incorrect. I caution and advise the user of this report to obtain engineering studies which may be required to ascertain any structural integrity.

Environmental Conditions

No environmental report was available to us and no recent environmental tests are known to have been performed. Because I have no evidence to the contrary, I have assumed that the property is free of any material which would adversely affect the value, including, but not limited to, asbestos and toxic waste. My value conclusions are subject to revision should these assumptions prove incorrect. I caution and advise the user of this report to obtain environmental studies which may be required to ascertain status of the property with regard to asbestos and other hazardous materials

Flood Data

USPS Address: 6306 McNeil
austin TX

Community Name: AUSTIN, CITY OF

Community #: 480624

County: Williamson

Census Tract: 0017.85

Flood Zone: X

Map Date: 2016-01-06

Flood Map Type and Color Options

Type:

Zone Color:

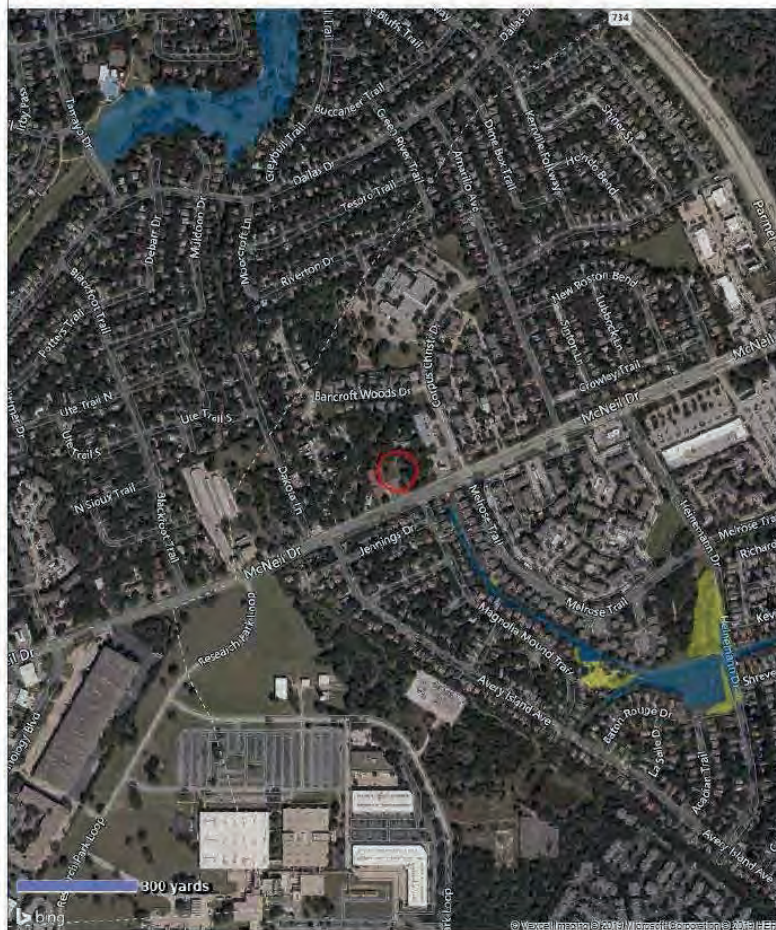


APPLY MAP OPTIONS

Flood Map

To Save your flood map, use your right mouse button and click directly on it. Then, depending on what you want to do, select:

- Save Picture As... to copy the flood map to your hard drive
- Copy to place the flood map in Windows memory so you can paste into another program
- Print Picture ... to print the flood map immediately



MAP DATA

FEMA Special Flood Hazard Area: No

Map Number: 48453C02353

Zone: X

Map Date: January 06, 2016

FIPS: 48453

MAP LEGEND

- Areas inundated by 500-year flooding
- Areas inundated by 100-year flooding
- Velocity Hazard
- Protected Areas
- Floodway
- Subject Area

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NEIGHBORHOOD TRENDS

The subject's neighborhood is bound by Highway 183 to the west; RM 620 and the railroad tracks to the north; and the railroad tracks, Duval Road and MOPAC to the east. The area is generally contained in all or a portion of zip codes 78727 and 78729, and within census tracts 48453001745, 48453001753, 48453001754, 48453001785, 48453001786, 48453001828, 48453001829, 48453001846, 48491020406, 48491020408, 48491020409, 48491020410, and 48491020411. These boundaries have been defined because the properties within them tend to exhibit similar characteristics, physical features, price desirability, and they are affected by similar physical, economic, governmental, and social forces.

PMA Major Thoroughfares

North/South Arteries: MOPAC and Highway 183

East/West Arteries: McNeil Drive, RM 620, and Anderson Mill Road

Land Use Patterns

The subject neighborhood is a viable, heterogeneous area in the northern portion of Austin. Land uses in the neighborhood consist of a variety of commercial and residential land uses, including, but not limited to, single-family residential subdivisions, multifamily, retail, and service developments. Commercial developments are found primarily along the major thoroughfares. Residential development is located in various middle to lower-income subdivisions throughout the neighborhood, with commercial development located along the aforementioned thoroughfares. The majority of housing in the area was constructed after the 1990's (with 1993.955 being the median year built). The general consensus among real estate professionals is that growth is expected into the near future.

Schools

The subject site is located in the Round Rock Independent School District. The subject site is reportedly zoned to Wells Branch Elementary, McNeil High School, and Deerpark Middle School.

Shopping Centers

The nearest major retail facilities are located on or near Highway 183.

Recreational Centers

The closest public recreation areas include Tanglewood Park, the Rattan Park, and the Riata Neighborhood Parks.

Public Services

Police protection for the subject area is provided through City of Austin Police Department and Travis County Sheriff's Department. Fire protection services for the subject area are provided by the City of Austin and Travis County Fire Departments. The Sheriff's Office, the Fire Department and EMS are connected to the Emergency Enhanced 911 System and can respond to an emergency within minutes. Medical services located within or near the subject neighborhood include St. David's North Austin Medical Center. This subject is also has access to Seton Hospital, Dell Seton Children's Hospital, and University Medical Center at Brackenridge.

Religious Facilities

There are numerous Baptist, Methodist, Catholic and other denominational churches within three miles of the subject.

Utilities and Services

Electricity is provided by numerous providers including Austin Energy. Natural gas is provided by Texas Gas Service, and local telephone service is provided by or through AT&T. The neighborhood is served mainly by Round Rock and Austin ISDs, with schools of all levels located throughout the area.

AREA DEVELOPMENT AND GROWTH TRENDS

It appears that commercial properties, including single and multi-tenant facilities, are experiencing stable demand. Although in most instances, rental rates and occupancy levels have increased over the past decade, near future projections are for modest increases.

Demographic Profile

The primary market area had an estimated 2020 population of 63,760. The following table displays historical and projected population growth based on Environics Spotlight data (which is based on census data).

Population	2000	2010	2020	2025
Primary Market Area	46,649	51,360	63,760	68,905
Overall Growth	-	10.10%	24.14%	8.07%
Annual Growth		1.01%	2.41%	1.61%

1

The primary market area's population (segmented by age) is depicted in the following table. The market area has a relatively balanced population in terms of age distribution.

Market Area Population By Age (2020)	
Age Group	Primary (%)
Under Age 5	4.76%
Age 5-14	11.13%
Age 15-24	9.28%
Age 25-34	20.15%
Age 35-44	18.30%
Age 45-54	14.05%
Age 55-64	11.32%
Age 65-74	7.65%
Age 75-84	2.53%
Age 85 +	0.86%
Total (may not add to 100% due to rounding)	100.03%
Median Age of Total Population	37.43

2

Households

Environics Spotlight estimates 31,269 households in the primary market area for 2020, and a projected 33,949 households for the year 2025.

Tenure (Number of Persons By Household)

Data on the number of persons per household in the primary market area is presented in the following table.

-
- 1 Environics Spotlight Demographics Pop-Facts: Demographic Snapshot Report for Primary Market Area; Page 1: www.EnvironicsSpotlightMarketPlace.com
 - 2 Environics Spotlight Demographics Pop-Facts: Demographic Snapshot Report for custom market area (PMA); Page 2: www.EnvironicsSpotlightMarketPlace.com

Market Area # of Persons Per Household (2020)	
No. of Persons	Primary (%)
With 1 Person	40.45%
With 2 Persons	33.34%
With 3 Persons	14.13%
With 4 Persons	8.26%
With 5 Persons	2.66%
With 6 Persons	0.84%
With 7+ Persons	0.31%
Total (may not add to 100% due to rounding)	99.99%
Average Household Size	2.03

3

Tenure (Owner-Occupied vs. Rental Units)

In 2020, the primary market area had $\pm 38.90\%$ owner-occupied housing units and $\pm 61.10\%$ renter occupied units, according to Environics Spotlight estimates.

Market Area Income Per Household

The primary market area had an estimated 2020 *average* household income of \$102,974 with a *median* household income of \$81,980. The following table delineates income per household in the subject's market areas.

Market Area Income/Household (2020)	
	Primary (%)
Under \$15,000	3.13%
\$15,000 - \$24,999	3.56%
\$25,000 - \$34,999	6.10%
\$35,000 - \$49,999	12.68%
\$50,000 - \$74,999	19.39%
\$75,000 - \$99,999	17.19%
\$100,000 - \$149,999	19.55%
\$150,000 +	18.40%
Total (may not add to 100% due to rounding)	100.00%
2020 Average Household Income	\$102,974
2020 Median Household Income	\$81,980

4

As illustrated in the preceding chart, $\pm 25.47\%$ of the households living in the primary market area earn less than \$50,000 per year, with $\pm 12.79\%$ earning less than \$35,000 per year, and $\pm 6.69\%$ earning less than \$25,000 per year. Approximately 3.13%% of the primary market area households earn less than \$15,000 per year.

3 Environics Spotlight Demographics Pop-Facts: Demographic Snapshot Report for custom market area (PMA); Page 6: www.EnvironicsSpotlightMarketPlace.com

4 Environics Spotlight Demographics Pop-Facts: Demographic Snapshot Report for custom market area (PMA); Page 6: www.EnvironicsSpotlightMarketPlace.com

ECONOMIC VIABILITY

Unemployment

The national unemployment rate was 3.3% in November 2019, compared to the October 2019 rate of 3.3%, and the 3.5% in November 2018. The Texas unemployment was 3.3% in November 2019, compared to the October 2019 rate of 3.3% and the November 2018 rate of 3.5%. The Austin – Round Rock MSA unemployment rate was 2.5% in November 2019, compared to the October 2019 rate of 2.6%, and the 2.7% from a year ago in November 2018.

Market Area Employment

The 2020 workforce by occupation data, as estimated by Environics Spotlight, is presented in the table below.

Market Area Workforce by Occupation (2020)	
Occupation	Primary (%)
Architecture/Engineering	3.99%
Arts/Design/Entertainment/Sports/Media	3.27%
Building/Grounds Cleaning/Maintenance	1.04%
Business/Financial Operations	7.73%
Community/Social Services	1.65%
Computer/Mathematical	10.32%
Construction/Extraction	2.51%
Education/Training/Library	5.95%
Farming/Fishing/Forestry	0.68%
Food Preparation/Serving Related	4.35%
Healthcare Practitioner/Technician	4.84%
Healthcare Support	1.97%
Installation/Maintenance/Repair	2.11%
Legal	1.05%
Life/Physical/Social Science	0.94%
Management	13.32%
Office/Administrative Support	13.46%
Production	2.22%
Protective Services	1.54%
Sales/Related	11.43%
Personal Care/Service	3.09%
Transportation/Material Moving	2.54%
Total (may not add to 100% due to rounding)	100.00%
Civilian Workforce	39,433

5

Given the characteristics of the subject's neighborhood (including its employment base, occupational distribution, as well as development composition, adequate recreational, educational, and cultural facilities, and access to major transportation routes), the outlook for the area is generally stable.

5 Environics Spotlight Demographics Pop-Facts: Demographic Snapshot Report for custom market area (PMA); Page 9: www.EnvironicsSpotlightMarketPlace.com

COMPARABLE PROPERTY ANALYSIS

Multifamily Development Trends

The following pages detail apartment trends within the PMA (zip codes 78727 and 78729). The data referenced was prepared by EnrichedData.com via ongoing surveys involving each property included in the data set. The data is “live” data, which is updated as information is received for these properties; therefore, the data is current as of the date of my report preparation.

The following chart indicates development in the subject’s primary market area over the past several years.

Year	Projects						Units					
	ClassA	ClassB	ClassC	ClassD	ClassU	Total	ClassA	ClassB	ClassC	ClassD	ClassU	Total
Pre-1990s	0	7	1	0	0	8	0	1,864	132	0	0	1,996
1991	0	1	0	0	0	1	0	304	0	0	0	304
1995	2	0	0	0	0	2	832	0	0	0	0	832
1996	2	0	0	0	0	2	700	0	0	0	0	700
1997	5	0	0	0	0	5	1,553	0	0	0	0	1,553
1998	2	0	0	0	0	2	384	0	0	0	0	384
1999	2	0	0	0	0	2	633	0	0	0	0	633
2000	3	0	0	0	0	3	803	0	0	0	0	803
2001	3	0	0	0	0	3	916	0	0	0	0	916
2002	2	0	0	0	0	2	782	0	0	0	0	782
2006	1	0	0	0	0	1	342	0	0	0	0	342
2007	1	0	0	0	0	1	396	0	0	0	0	396
2009	1	0	0	0	0	1	348	0	0	0	0	348
2010	1	0	0	0	0	1	356	0	0	0	0	356
2013	1	0	0	0	0	1	276	0	0	0	0	276

As indicated there no Seniors apartments proposed or under construction in the primary market according to EnrichedData.com. Waterloo Terrace is an approved 132-unit Supportive Housing HTC within the PMA. Elysian Grand is a 90-unit Family HTC which is approved within the subject PMA. Neither Waterloo Terrace nor Elysian Grand are considered comparables for the proposed subject. Construction has been minimal for the last few years.

According to the most recent EnrichedData.com *Austin Area Apartment Survey*, there were 36 operating apartment projects in this market area (zip codes 78727 and 78729) containing a total of 10,865 units. The overall occupancy rate for all operating apartment projects in this market area was 94.15%. The average rental rate for these properties was \$1.20 per square foot. The following table depicts an overview of the most recent data in the primary market area.

Apartment Market Statistical Overview - Summary					
Primary Market Area, November 2019					
PMA-All Apartments					
Property / Unit Information					
	A	B	C	D	Overall
Total # Projects	27	8	1	N/A	36
Total # Units	8,565	2,168	132	N/A	10,865
Total # Units OBR	0.20%	1.30%	N/A	N/A	1.50%
Total # Units 1BR	42.70%	11.50%	N/A	N/A	54.20%
Total # Units 2BR	28.70%	6.40%	1.30%	N/A	36.40%
Total # Units 3BR	5.30%	1.90%	N/A	N/A	7.20%
Total # Units 4BR	0.20%	N/A	N/A	N/A	0.20%
Avg Units per Project	317	271	132	N/A	302
Avg SF	931.1	817.15	909	N/A	907.22
Total # Units Under Construction	N/A	N/A	N/A	N/A	N/A
Total # Units Proposed	N/A	N/A	N/A	N/A	N/A
Occupancy					
	A	B	C	D	Overall
Avg Physical Occupancy	94.24%	93.75%	95.00%	N/A	94.15%
Avg Pre-Leased Occupancy	95.10%	94.97%	97.00%	N/A	95.10%
Rental Rates					
	A	B	C	D	Overall
Avg Market Rent/SF	\$1.19	\$1.26	\$1.22	N/A	\$1.20
Avg Market Rent/SF OBR	\$1.43	\$1.52	N/A	N/A	\$1.51
Avg Market Rent/SF 1BR	\$1.26	\$1.39	N/A	N/A	\$1.29
Avg Market Rent/SF 2BR	\$1.12	\$1.13	\$1.22	N/A	\$1.12
Avg Market Rent/SF 3BR	\$1.13	\$0.80	N/A	N/A	\$1.04
Avg Market Rent/SF 4BR	\$0.93	N/A	N/A	N/A	\$0.93
Avg Market Rent/Unit	\$1,080.67	\$959.28	\$1,109.09	N/A	\$1,055.89
Avg Market Rent/Unit OBR	\$694.00	\$679.47	N/A	N/A	\$681.38
Avg Market Rent/Unit 1BR	\$947.54	\$876.07	N/A	N/A	\$932.41
Avg Market Rent/Unit 2BR	\$1,217.15	\$1,072.22	\$1,109.09	N/A	\$1,187.84
Avg Market Rent/Unit 3BR	\$1,532.12	\$1,272.25	N/A	N/A	\$1,462.17
Avg Market Rent/Unit 4BR	\$1,424.00	N/A	N/A	N/A	\$1,424.00
Absorption (In Units)					
	A	B	C	D	Overall
Current Month-to-Date	0	0	0	N/A	N/A
Current Quarter-to-Date	0	0	0	N/A	N/A
Year-to-Date	0	0	0	N/A	N/A

Absorption

Absorption is defined as the “change in the number of occupied units within a given time frame” and can be used as a proxy for market demand. Thus, positive absorption indicates strong demand, while negative absorption implies decline in demand. The table below illustrates the most current *Enriched Data.com* apartment market data program absorption data for the subject’s primary market area.

Survey Period (PMA)	A	B	C	D	Overall
4Q 2011	-53	-35	-1	N/A	-90
1Q 2012	11	-6	4	N/A	9
2Q 2012	22	-20	-3	N/A	-1
3Q 2012	124	34	0	N/A	158
4Q 2012	-22	26	-3	N/A	1
1Q 2013	4	0	3	N/A	7
2Q 2013	59	-6	3	N/A	56
3Q 2013	0	-12	-3	N/A	-15
4Q 2013	-70	29	4	N/A	-37
1Q 2014	24	-10	-3	N/A	11
2Q 2014	55	0	0	N/A	55
3Q 2014	180	4	1	N/A	185
4Q 2014	-72	-37	-5	N/A	-114
1Q 2015	32	2	-1	N/A	33
2Q 2015	112	-28	0	N/A	84
3Q 2015	-12	46	0	N/A	34
4Q 2015	-41	-21	0	N/A	-61
1Q 2016	56	1	3	N/A	59
2Q 2016	0	0	0	N/A	0
3Q 2016	-18	-33	3	N/A	-48
4Q 2016	-46	4	0	N/A	-42
1Q 2017	0	0	0	N/A	0
2Q 2017	0	0	0	N/A	0
3Q 2017	37	-38	-1	N/A	-3
4Q 2017	-78	1	0	N/A	-78
1Q 2018	-358	-12	3	N/A	-367
2Q 2018	5	0	0	N/A	5
3Q 2018	27	9	0	N/A	36
4Q 2018	0	5	0	N/A	5
1Q 2019	278	23	0	N/A	301
2Q 2019	0	-5	0	N/A	-5
3Q 2019	0	0	0	N/A	0
4Q 2019	0	0	N/A	N/A	0

There is currently no operating Seniors HTC complex within the subject PMA. The Villages of Ben White is one of the most recently-completed Seniors HTC complexes (south of the subject PMA) in the Austin area. Villages of Ben White is a 183-unit Seniors HTC, all rent-restricted. The Villages of Ben White began pre-leasing in December 2015, and received their first CO in March 2016 at which time they were almost 40% pre-leased. The Villages of Ben White attained stabilized occupancy in January 2017, which equates to an average absorption of approximately 18 units per month from completion. Villages of Ben White reported a current

occupancy of 99%. I project that the subject should absorb between 15 to 25 units per month and attain stabilized occupancy within 5 to 8 months.

Occupancy

The average occupancy for apartments in the subject's primary market area was reported at 94.15% in the most recent *EnrichedData.com* apartment market data program for the subject's primary market area and 93.71% in the latest quarterly report. The table on the following page illustrates the most current *EnrichedData.com* apartment market data program occupancy percentages for the subject's primary market area.

Survey Period (PMA)	A	B	C	D	Overall
4Q 2011	95.35%	95.30%	97.00%	N/A	95.36%
1Q 2012	95.12%	92.57%	98.67%	N/A	94.63%
2Q 2012	94.68%	93.02%	97.00%	N/A	94.36%
3Q 2012	93.37%	94.27%	97.00%	N/A	93.60%
4Q 2012	94.88%	94.67%	96.33%	N/A	94.85%
1Q 2013	94.63%	95.43%	96.67%	N/A	94.82%
2Q 2013	95.09%	95.85%	97.00%	N/A	95.27%
3Q 2013	95.54%	95.33%	97.33%	N/A	95.52%
4Q 2013	92.84%	95.95%	98.33%	N/A	93.53%
1Q 2014	92.00%	95.47%	98.33%	N/A	92.77%
2Q 2014	92.41%	95.85%	97.67%	N/A	93.16%
3Q 2014	94.96%	96.01%	99.00%	N/A	95.22%
4Q 2014	94.57%	94.61%	95.00%	N/A	94.58%
1Q 2015	94.27%	94.22%	94.00%	N/A	94.26%
2Q 2015	95.11%	93.50%	94.00%	N/A	94.77%
3Q 2015	95.71%	94.50%	94.00%	N/A	95.45%
4Q 2015	95.41%	93.50%	94.00%	N/A	95.01%
1Q 2016	95.69%	94.10%	96.00%	N/A	95.38%
2Q 2016	95.79%	94.10%	96.00%	N/A	95.45%
3Q 2016	95.68%	93.35%	97.00%	N/A	95.23%
4Q 2016	95.04%	92.78%	98.00%	N/A	94.62%
1Q 2017	95.10%	92.78%	98.00%	N/A	94.67%
2Q 2017	94.88%	92.64%	94.00%	N/A	94.42%
3Q 2017	95.19%	91.93%	93.33%	N/A	94.52%
4Q 2017	94.44%	91.54%	93.00%	N/A	93.85%
1Q 2018	92.92%	90.63%	93.00%	N/A	92.47%
2Q 2018	90.28%	90.36%	95.00%	N/A	90.35%
3Q 2018	90.44%	90.88%	95.00%	N/A	90.58%
4Q 2018	90.59%	90.99%	95.00%	N/A	90.72%
1Q 2019	90.90%	92.42%	95.00%	N/A	91.30%
2Q 2019	93.90%	93.01%	95.00%	N/A	93.74%
3Q 2019	93.90%	92.85%	95.00%	N/A	93.71%
4Q 2019	93.90%	92.85%	95.00%	N/A	93.71%

The closest existing Seniors HTCS include Lodge at Merriltown, Cove at Heatherwilde, and Cambridge Villas, which reported current occupancies of 99%, 100%, and 100%, respectively. Typically, new HTC projects in the Greater Austin area have achieved stabilized occupancy at a rapid pace, most likely due to the projects being newer and

superior compared to older multifamily projects. Pre-leasing should begin prior to completion of the construction.

Rental Rates

The average rental rate for apartments in the subject's primary market area is reported at \$1.20 PSF per month in the most recent *EnrichedData.com* market survey for the subject's primary market area and \$1.20 PSF in the latest quarterly report. Class B rents are at \$1.26 PSF. The table below illustrates the most current *EnrichedData.com* apartment market data program rental rates for the subject's primary market area.

Survey Period (PMA)	A	B	C	D	Overall
4Q 2011	\$1.02	\$0.92	\$0.96	N/A	\$1.00
1Q 2012	\$1.03	\$0.93	\$0.96	N/A	\$1.01
2Q 2012	\$1.03	\$0.94	\$0.94	N/A	\$1.01
3Q 2012	\$1.07	\$0.96	\$0.91	N/A	\$1.04
4Q 2012	\$1.06	\$1.01	\$0.91	N/A	\$1.05
1Q 2013	\$1.06	\$1.03	\$0.91	N/A	\$1.05
2Q 2013	\$1.04	\$1.03	\$0.94	N/A	\$1.04
3Q 2013	\$1.09	\$1.03	\$1.00	N/A	\$1.07
4Q 2013	\$1.10	\$1.05	\$0.96	N/A	\$1.09
1Q 2014	\$1.10	\$1.06	\$0.97	N/A	\$1.09
2Q 2014	\$1.10	\$1.07	\$1.01	N/A	\$1.09
3Q 2014	\$1.10	\$1.07	\$1.04	N/A	\$1.09
4Q 2014	\$1.11	\$1.07	\$1.04	N/A	\$1.10
1Q 2015	\$1.11	\$1.07	\$1.03	N/A	\$1.10
2Q 2015	\$1.12	\$1.07	\$1.02	N/A	\$1.11
3Q 2015	\$1.12	\$1.08	\$1.02	N/A	\$1.11
4Q 2015	\$1.12	\$1.08	\$1.02	N/A	\$1.11
1Q 2016	\$1.12	\$1.09	\$1.02	N/A	\$1.11
2Q 2016	\$1.12	\$1.10	\$1.02	N/A	\$1.12
3Q 2016	\$1.12	\$1.10	\$1.02	N/A	\$1.12
4Q 2016	\$1.13	\$1.12	\$1.02	N/A	\$1.13
1Q 2017	\$1.13	\$1.12	\$1.02	N/A	\$1.13
2Q 2017	\$1.19	\$1.28	\$1.13	N/A	\$1.21
3Q 2017	\$1.19	\$1.27	\$1.12	N/A	\$1.21
4Q 2017	\$1.19	\$1.26	\$1.11	N/A	\$1.21
1Q 2018	\$1.19	\$1.26	\$1.10	N/A	\$1.20
2Q 2018	\$1.19	\$1.26	\$1.10	N/A	\$1.20
3Q 2018	\$1.19	\$1.26	\$1.10	N/A	\$1.20
4Q 2018	\$1.19	\$1.26	\$1.10	N/A	\$1.20
1Q 2019	\$1.18	\$1.26	\$1.10	N/A	\$1.20
2Q 2019	\$1.19	\$1.26	\$1.14	N/A	\$1.20
3Q 2019	\$1.19	\$1.26	\$1.22	N/A	\$1.20
4Q 2019	\$1.19	\$1.26	\$1.22	N/A	\$1.20

Profile of the Area Tenant

The profile of the area tenant is generally divided into three groups, who will tend to migrate to three apartment project types: Class B projects, older Class C projects, and projects with a significant number of Section 8 renters. The Class B projects are generally occupied by lower level professionals who work in major area businesses, such as the oil and gas industry. The older Class C projects are generally occupied by blue-collar workers, or those with lower to lower-middle income level jobs. Occupants of the projects with a large percentage of Section 8 housing may or may not be employed.

Without some sort of government incentive, current construction costs preclude construction of anything but a Class A project ($\pm \$1.25$ to $\pm \$2.00$ per square foot per month rental rate), and many Class C apartments in poor condition have already been renovated. It appears that the only increase in Class C supply will be the deteriorating Class B projects.

Evaluation of the Existing Low-Income Housing

The primary market area was estimated to have 31,269 households in 2020. The projected number of households in the year 2025 is 33,949. Considering that 61.10% of the population lived in rental housing in the subject's market area in 2020, there is potentially a sufficient demand for the subject property. It should also be noted in markets with lower incomes the rental percentage is artificially suppressed by the limited amount of affordable housing.

According to my research (including contacting the local HUD office), there are 7 existing HTC projects with 10 units or higher in the subject's primary market area in which the rents are based on income or otherwise restricted with an average occupancy of 97.9%.

Comparable Housing Conclusions

The majority of the apartment facilities in the subject's primary market are older, less appealing projects. It is my opinion that rental rates will show flat growth or nominal increases over the next few years. With continued demand and moderate new construction, the supply of available apartment product is stable. This trend is expected to continue, which will likely result in occupancies remaining high in the area. Although rents are slowly increasing, there are limited indications of external obsolescence in the market.

With respect to affordable housing projects, due to the overall lack of recently-constructed Elderly affordable housing projects in the subject's primary market area, and based on the performance of the current low income housing projects, it appears as though there is pent-up demand in the subject's primary market area. The Seniors HTC properties in Austin MSA I was able to contact all reported high occupancies with an average of 96.45%. With average rental rates in all projects at \$1.20 PSF, and occupancy rates averaging 94.15% overall, it is reasonable to project that a new affordable housing project with very competitive amenities and an average rent of \pm per square foot per month, such as the subject property, would perform favorably in this market.

The map on the following page shows the rental comparables utilized in my analysis.

DEMAND ANALYSIS

Capture Rate

Eligible Renter Analysis - Rent-Restricted Units

Based on typical standards of apartment management companies in the Austin MSA, to qualify for a Elderly rent-restricted apartment, the annual rental should not exceed 50% of the annual gross income of the household. Utilizing the most recent demographic data, the following are calculations of the number of qualified residents in the immediate market area.

The developer's minimum gross rent level at the subject property is \$532 per month, which at 50% equates to an annual income of \$12,768 in order to qualify for the rent-restricted units at the subject property. The maximum income level is estimated to be \$75,680, which is the maximum household income for a family of four making 80% of the area median income. Those earning below \$12,768 and above \$75,680 are not solid candidates for the subject project.

SUBJECT UNIT MIX (RESTRICTED)							
Type		No. Units	Net Rent	Utility	Gross Rent	Income Required	Max Income
1BR	30%	5	\$478	\$54	\$532	\$12,768	\$22,710
1BR	50%	40	\$833	\$54	\$887	\$21,288	\$37,850
1BR	60%	38	\$1,011	\$54	\$1,065	\$37,851	\$45,420
1BR	80%	20	\$1,266	\$54	\$1,320	\$31,680	\$60,560
2BR	30%	4	\$563	\$76	\$639	\$15,336	\$28,380
2BR	50%	7	\$989	\$76	\$1,065	\$25,560	\$47,300
2BR	60%	<u>14</u>	\$1,202	\$76	\$1,278	\$47,301	\$56,760
2BR	80%	<u>8</u>	\$1,415	\$76	\$1,704	\$40,896	\$75,680
		136					

Thus, based on the above calculations, the total percentage of households eligible on an income basis in the subject's primary market is 42.67%.

Likely Renters Based on Primary Market Area Income Per Household							
Income Bracket	Percent	Renter %		Income Eligible %		Eligible Renter %	
<\$14,999	3.13%	X	100.00%	X	14.87%	=	0.47%
\$15,000 to \$24,999	3.56%	X	100.00%	X	100.00%	=	3.56%
\$25,000 to \$34,999	6.10%	X	100.00%	X	100.00%	=	6.10%
\$35,000 to \$49,999	12.68%	X	100.00%	X	100.00%	=	12.68%
\$50,000 to \$74,999	19.39%	X	100.00%	X	100.00%	=	19.39%
\$75,000 to \$99,999	17.19%	x	100.00%	x	2.72%	=	0.47%
Total Household Percent Eligible to Rent							42.67%

*Columns may not add exactly due to decimal rounding

DEMAND FROM OUTSIDE MARKET AREA

The subject will likely draw from outside its primary market area. Based on TDHCA underwriting guidelines, 10% of demand is allowed to account for demand from outside the PMA.

Demand from Section 8 Housing

The Housing and Community Development Act of 1974 authorized the Housing Assistance Payments Program (Section 8). Section 8 provides rental assistance to low-income families, elderly, disabled, and handicapped individuals. This Program provides financial assistance to eligible families whose annual gross income does not exceed 50% of HUD's median income guidelines (in most instances). Demographic projections indicate a continuing population and household growth in segments that generally create the largest demand on affordable housing supply.

Section 8 vouchers will also be accepted at the subject property. Because the demand was sufficient, demand from Section 8 vouchers was not included in the analysis.

HISTA CAPTURE

I have calculated the capture rates per bedroom type, utilizing HISTA data. HISTA takes Claritas demographics, and with the aid of some custom Census tables, calculates the renter numbers on a per-person household within the different income bands. HISTA does not provide population; therefore, both HISTA and an additional demographic source must be used.

The table below details the subject property unit-mix in regards to the HISTA calculation.

SUBJECT UNIT MIX (RESTRICTED)							
Type		No. Units	Net Rent	Utility	Gross Rent	Income Required	Max Income
1BR	30%	5	\$478	\$54	\$532	\$12,768	\$22,710
1BR	50%	40	\$833	\$54	\$887	\$21,288	\$37,850
1BR	60%	38	\$1,011	\$54	\$1,065	\$37,851	\$45,420
1BR	80%	20	\$1,266	\$54	\$1,320	\$31,680	\$60,560
2BR	30%	4	\$563	\$76	\$639	\$15,336	\$28,380
2BR	50%	7	\$989	\$76	\$1,065	\$25,560	\$47,300
2BR	60%	<u>14</u>	\$1,202	\$76	\$1,278	\$47,301	\$56,760
2BR	80%	<u>8</u>	\$1,415	\$76	\$1,704	\$40,896	\$75,680
		136					

The following tables depict the present and projected demand based on income and household count.

ALL HOUSEHOLDS						
2020	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5+ PERSON	Total
<\$10K	110	33	19	9	7	171
\$10K-\$20K	211	131	30	16	8	388
\$20K-\$30K	432	237	41	15	35	725
\$30K-\$40K	461	330	71	26	18	888
\$40K-\$50K	312	156	70	10	14	548
\$50K-\$60K	310	206	56	10	21	582
\$60K-\$75K	<u>503</u>	<u>324</u>	<u>76</u>	<u>21</u>	<u>14</u>	<u>924</u>
TOTAL	2,339	1,417	363	107	117	4,226

ALL HOUSEHOLDS						
2025	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5+ PERSON	Total
<\$10K	129	42	13	9	9	193
\$10K-\$20K	223	119	25	15	11	382
\$20K-\$30K	425	217	49	18	24	709
\$30K-\$40K	535	307	65	26	24	933
\$40K-\$50K	382	154	87	18	15	641
\$50K-\$60K	371	215	74	14	14	674
\$60K-\$75K	<u>588</u>	<u>360</u>	<u>83</u>	<u>24</u>	<u>20</u>	<u>1,055</u>
TOTAL	2,653	1,414	396	124	117	4,587

SUBJECT DEMAND						
	2020 HH	2025 HH	(x)	2020 Qual. HH	2025 Qual. HH	Forecast Growth
<\$10K	171	193	0.00%	0	0	0
\$10K-\$20K	388	382	72.32%	281	276	-5
\$20K-\$30K	725	709	100.00%	725	709	-16
\$30K-\$40K	888	933	100.00%	888	933	45
\$40K-\$50K	548	641	100.00%	548	641	93
\$50K-\$60K	582	674	100.00%	582	674	92
\$60K-\$75K	<u>924</u>	<u>1,055</u>	<u>104.53%</u>	<u>966</u>	<u>1,103</u>	<u>137</u>
TOTAL	4,226	4,587	94.4%	3,990	4,336	346

The next step is to project the bedroom type which various renter households would likely choose to rent, which was based on surveys of existing complexes in the area. The following table depicts the occupancy conclusions used in my HISTA capture analysis.

OCCUPANCY ASSUMPTIONS					
HH Size	1	2	3	4	5+
0BR	20%	0%	0%	0%	0%
1 BR	80%	30%	0%	0%	0%
2 BR	0%	70%	100%	100%	0%
3 BR	0%	0%	0%	0%	0%
4 BR	0.00%	0.00%	0%	0%	0%

The next step is to project the percentage of income qualified households within each income band. The following table depicts the percentage of qualified income household conclusions used in my HISTA capture analysis.

Percentage of Income Qualified Households			\$10K	\$10K-\$20K	\$20K-\$30K	\$30K-\$40K	\$40K-\$50K	\$50K-\$60K	\$60K-\$75K
			0	10000	20000	30000	40000	50000	75000
1BR 30%	\$12,768	\$21,287	0.00%	72.32%	12.87%	0.00%	0.00%	0.00%	0.00%
1BR 50%	\$21,288	\$37,850	0.00%	0.00%	87.12%	78.50%	0.00%	0.00%	0.00%
1BR 60%	\$37,851	\$45,420	0.00%	0.00%	0.00%	21.49%	54.20%	0.00%	0.00%
2BR 30%	\$15,336	\$25,559	0.00%	46.64%	55.59%	0.00%	0.00%	0.00%	0.00%
2BR 50%	\$25,560	\$47,300	0.00%	0.00%	44.40%	100.00%	73.00%	0.00%	0.00%
2BR 60%	\$47,301	\$56,760	0.00%	0.00%	0.00%	0.00%	26.99%	67.60%	0.00%

The next step in the analysis is to multiply the demand by the appropriate occupancy assumptions and percentage of income qualified households to arrive at a final demand count for each unit type. The following table depicts the concluded demand.

The following tables depict the results of my capture analysis utilizing HISTA data.

2020	
Min	Max
\$12,768	\$75,680
%/Income Band	Demand
0.00%	0
72.32%	281
100.00%	725
100.00%	888
100.00%	548
100.00%	582
104.53%	966
Total	3,990

2025	
Min	Max
\$12,768	\$75,680
%/Income Band	Demand
0.00%	0
72.32%	-2
100.00%	-6
100.00%	18
100.00%	37
100.00%	37
104.53%	55
Growth to P.I.S.	139

Potential Demand	4,129
Add Demand	413
Gross Demand	4,542
Supply	136
Gross Capture	2.99%

CAPTURE (RESTRICTED UNITS)							
Type	No. Units	Demand	Growth	Section 8	Additional Demand	Total Demand	Capture Rate
1BR 30%	5	204	1		21	226	2.2%
1BR 50%	40	730	12		74	816	4.9%
1BR 60%	38	261	17		28	306	12.4%
1BR 80%	20	995	60		106	1,161	1.7%
2BR 30%	4	188	-4		18	202	2.0%
2BR 50%	7	565	-3		56	618	1.1%
2BR 60%	14	193	10		20	223	6.3%
2BR 80%	8	382	20		40	442	1.8%

CAPTURE (AMGI)							
Type	No. Units	Demand	Growth	Section 8	Additional Demand	Total Demand	AMGI Capture Rate
30%	9	889	-8		88	969	0.93%
50%	47	1,329	8		134	1,471	3.20%
60%	52	1,132	66		120	1,318	3.95%

Detailed tables depicting the raw data utilized above are located in the addenda of this report.

MARKET RATE

The subject will feature 2 market rate units. There are no comparable market rate proposed and none non-stabilized, or under construction in the PMA with comparable proposed rental rates. The following tables depict the capture rate analysis for the market rate units.

Income Ranges			
		Min	Max
1BR	Mkt	\$32,400	\$1,000,000

Income Ranges			
		Min	Max
2BR	Mkt	\$40,800	\$1,000,000

OCCUPANCY ASSUMPTIONS						
HH Size	1	2	3	4	5+	
1 BR	80%	30%	0%	0%	0%	0%
2 BR	20%	70%	100%	100%	0%	0%
3 BR	0%	0%	0%	0%	0%	0%

CAPTURE (MARKET RATE)						
Type	No. Units	Demand	Growth	Total Demand	Capture Rate	
1BR Mkt	1	3,123	362	3,485	0.0%	
2BR Mkt	1	3,634	339	3,973	0.0%	
HISTA	2	6,757	701	7,458	0.03%	

CONCLUSIONS OF MARKET ANALYSIS

Evaluation of Subject Property

Upon completion of the improvements, the subject property will have good curb appeal and an advantage over older competing properties in the immediate market area. The apartment units (all floorplans) have adequate functional utility, based on the information provided by the client. To the best of my knowledge, there will be no actual or suspect code violations and/or health and safety issues, based information provided by the client. It is my conclusion that the subject property will have a competitive advantage in its micro-market area into the near future.

According to the developer, 98.55% of the units will be set aside for tenants making at or below 80% of the area median gross income. The pro-forma rental schedule supplied by the client indicated that the proposed monthly rental rates range from to per square foot (rent-restricted without utility allowance).

The subject property will be constructed under the MDL/PAB programs, which restricts rental rates and residents by income level. The subject property will have 98.55% of the complex rent-restricted. As such, the subject property will suffer from external obsolescence, due to the applicable income-restricted rents. Since the subject property will be a MDL/PAB property, favorable funding cost reduces the overall operating costs of the project, allowing the lower rents under the program. Any external obsolescence should be offset, thus making the proposed subject property a viable development.

The developer's projected rents for the subject's restricted units at 30%, 50%, 60% and 80% of AMI and at market, are illustrated in the chart below. The amenities at the subject property will be competitive with most other good-quality projects in the subject's neighborhood. Further, the subject property will be very competitive due to its new condition.

SUMMARY OF DEVELOPER'S PROFORMA RENT					
No. Units	Type	% AMI	Avg Size (SF)	Rent/ Mth (Net)	Rent PSF
5	1 BR / 1 BA	30%	718	\$478	\$0.67
40	1 BR / 1 BA	50%	718	\$833	\$1.16
38	1 BR / 1 BA	60%	718	\$1,011	\$1.41
20	1 BR / 1 BA	80%	718	\$1,272	\$1.77
1	1 BR / 1 BA	Mkt	718	\$1,350	\$1.88
4	2 BR / 2 BA	30%	1,037	\$563	\$0.54
2	2 BR / 2 BA	50%	1,141	\$989	\$0.87
7	2 BR / 2 BA	50%	1,045	\$989	\$0.95
4	2 BR / 2 BA	60%	1,045	\$1,202	\$1.15
8	2 BR / 2 BA	60%	1,098	\$1,202	\$1.09
8	2 BR / 2 BA	80%	1,098	\$1,628	\$1.48
1	2 BR / 2 BA	Mkt	1,141	\$1,700	\$1.49

The developer's proforma rents are summarized in the Income Analysis section of this report.

Income Analysis

To test the viability of the proposed apartment development, I analyzed the developer's proposed rental rates. The developer's projected rental rates for the subject property average \pm \$1.273 per square foot (rent-restricted net of utility allowance averaged), which is below the range exhibited

by competing market properties in the area. The developer's average projected rental rate for the proposed subject property is highly competitive for the subject's market area.

Based on the developer's rent schedule, gross potential revenue for the proposed subject property is \$1,708,020 per year. Other revenue (primary source is vending, late fees, and parking, etc.) estimated by the developer appears high but reasonable based on information in my files and discussions with apartment developers and management companies who are active in the Austin area. Other income includes revenue from vending, late fees, and parking, which is considered reasonable based on my survey of apartment complexes in the Austin or similar markets. Other typical sources of income not considered by the developer include forfeited security deposits and application fees.

POTENTIAL GROSS REVENUE					
No. Units	Type	% AMI	Avg. Size (SF)	Restr. Rent/ Mth (Net)	Total Rent
5	1 BR / 1 BA	30%	718	\$478	\$2,390
40	1 BR / 1 BA	50%	718	\$833	\$33,320
38	1 BR / 1 BA	60%	718	\$1,011	\$38,418
20	1 BR / 1 BA	80%	718	\$1,272	\$25,440
1	1 BR / 1 BA	Mkt	718	\$1,350	\$1,350
4	2 BR / 2 BA	30%	1,037	\$563	\$2,252
2	2 BR / 2 BA	60%	1,141	\$1,202	\$2,404
7	2 BR / 2 BA	50%	1,045	\$989	\$6,923
4	2 BR / 2 BA	60%	1,045	\$1,202	\$4,808
8	2 BR / 2 BA	60%	1,098	\$1,202	\$9,616
8	2 BR / 2 BA	80%	1,098	\$1,628	\$13,024
1	2 BR / 2 BA	Mkt	1,141	\$1,700	\$1,700
138			Average/Total:	\$1,026.41	\$141,645
Other Income	138 units at		\$5.00		\$690
MONTHLY POTENTIAL GROSS INCOME					\$142,335
MULTIPLIED BY TWELVE MONTHS					12
ANNUAL POTENTIAL GROSS INCOME					\$1,708,020

OPERATING EXPENSE ANALYSIS				
Item	TDHCA Region 7 (>76)		Subject Property	
	Per Unit	PSF	Per Unit	PSF
General & Administrative	\$421	\$0.65	\$740	\$0.86
Management	\$508	\$0.74	\$230	\$0.27
Payroll & Payroll Tax	\$1,148	\$1.72	\$1,087	\$1.27
Repairs & Maintenance	\$904	\$1.36	\$603	\$0.70
Utilities	\$225	\$0.31	\$257	\$0.30
Water, Sewer & Trash	\$761	\$1.06	\$544	\$0.64
Insurance	\$328	\$0.50	\$280	\$0.33
Property Tax	\$568	\$1.08	\$0	\$0.00
Reserve for Replacement	<u>\$342</u>	<u>\$0.48</u>	<u>\$250</u>	<u>\$0.29</u>
Totals	\$5,205	\$7.90	\$3,991	\$4.66

The subject proforma expenses look reasonable based on my experience and TDHCA averages considering that the subject will be tax exempt.

Vacancy and Collection Loss

As previously discussed, there are no operating HTC projects within the PMA. The average occupancy within the PMA was 94.15%. Given the physical characteristics of the subject (i.e. location, good curb appeal, new condition, amenities, etc.), the strong occupancies reported at nearby HTC apartments, and that the subject will offer competitive rents at a new property, a stabilized occupancy rate of 95% is reasonable and achievable for the subject property.

Evaluation of Need of Affordable Housing

As the competing projects within the subject property's primary market area have high occupancy rates, and the nearest existing HTC projects also have high occupancy rates, it appears there is a shortage of affordable housing. The subject property should be highly competitive in this market, and should achieve stabilized occupancy within 5 to 8 months after completion. As with most new projects, pre-leasing will take place during the construction phase. Based on my analysis of the subject property's primary market area, there is sufficient demand to construct and successfully absorb the Arbor Park.

Capture Rate Conclusion

The TDHCA defines Capture Rate as "the sum of the proposed units for a given project plus any previously approved but not yet stabilized new units in the submarket divided by the total income-eligible targeted renter demand identified by the market analysis for the specific project's primary market or submarket." Based on my research, there are no Seniors projects under construction, none approved and none unstabilized in the primary market area. There are no active Seniors HTC applications on the bond list within the PMA. There are no approved Seniors HTC properties within the PMA. There are no approved Elderly HTC complexes (excluding the subject). Based on the pent-up demand, the high existing occupancy rate, and the absorption of similar properties in the area, the subject is anticipated to be successfully absorbed.

within 5 to 8 months of completion of the proposed improvements. Therefore, a total of 136 restricted units (subject units only) require absorption. There are approximately 4,542 (HISTA) potential households based on income eligibility, housing preference, and taking into consideration the typical turnover rate in the subject's primary market.

HISTA Capture rate for 136 Affordable Elderly Units 2.99%

THE CAPTURE RATE ABOVE IS OVERSTATED. I HAVE NOT INCLUDED DEMAND FROM SECTION 8 AND OTHER DEMAND SOURCES. BECAUSE THE CAPTURE RATE WAS WITHIN TDHCA'S GUIDELINES WITHOUT THE INCLUSION OF THESE DEMAND SOURCES, THAT DEMAND WAS NOT QUANTIFIED IN THIS REPORT.

Absorption Projections

There is currently no operating Seniors HTC complex within the subject PMA. The Villages of Ben White is one of the most recently-completed Seniors HTC complexes (south of the subject PMA) in the Austin area. Villages of Ben White is a 183-unit Seniors HTC, all rent-restricted. The Villages of Ben White began pre-leasing in December 2015, and received their first CO in March 2016 at which time they were almost 40% pre-leased. The Villages of Ben White attained stabilized occupancy in January 2017, which equates to an average absorption of approximately 18 units per month from completion. Villages of Ben White reported a current occupancy of 99%. Considering the strong absorption history of similar properties and the lack of available quality affordable Elderly units in this market, I project that the subject property will lease an average of 15 to 25 units per month until achieving stabilized occupancy. I anticipate that the subject property will achieve stabilized occupancy within 5 to 8 months following completion.

Effect of Subject Property on Existing Apartment Market

Based on the high occupancy levels of the existing properties in the market, along with the low level of recent construction, I project that the subject property will have minimal sustained negative impact upon the existing apartment market. Managers interviewed indicated a need for Elderly affordable housing. All managers interviewed indicated minimal to no impact from the opening of the most recent HTC properties. Any negative impact from the subject property should be of reasonable scope and limited duration.

RENTAL HOUSING DEVELOPMENT ASSISTANCE (RHDA)
Application for Rental Development Financing
Q3 2020 Submitted 1/31/2020

Arbor Park

6306 McNeil Drive
Austin, TX

Attachment 4(c)

Good Neighbor Policy – Not Applicable

DMA is committed to reaching out to area neighborhood organizations to obtain their feedback about this proposed development, although our research shows no registered neighborhood organizations contain this site. DMA has also reached out to the city council member for this district, Jimmy Flanigan, and state representative, Celia Israel.

RENTAL HOUSING DEVELOPMENT ASSISTANCE (RHDA)
Application for Rental Development Financing
Q3 2020 Submitted 1/31/2020

Arbor Park

6306 McNeil Drive
Austin, TX

Attachment 4(d)

S.M.A.R.T. Housing Letter – pending

DMA Development Company, LLC has submitted a request for S.M.A.R.T. Housing certification.

RENTAL HOUSING DEVELOPMENT ASSISTANCE (RHDA)
Application for Rental Development Financing
Q3 2020 Submitted 1/31/2020

Arbor Park

6306 McNeil Drive
Austin, TX

Attachment 4(e)

*Memorandum of Understanding with ECHO –
DMA is not electing Continuum of Care units at this time*

RENTAL HOUSING DEVELOPMENT ASSISTANCE (RHDA)
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Q3 2020 Submitted 1/31/2020

Arbor Park

6306 McNeil Drive
Austin, TX

Attachment 4(f)

Description of General Supportive Services

Services Team

DMA's apartment communities are all managed by DMA Properties, LLC, which is 100% owned by Diana McIver. DMA Properties, LLC currently manages nearly 2,400 multifamily units in Texas and Georgia, and at each, provides a full offering of supportive services. At Arbor Park, we intend to primarily offer services for senior adults such as health and wellness education and screenings, financial planning, transportation services, food pantry resources, and regular social events. The services offered will be assessed regularly to ensure they best respond to the needs of the residents. Services may also be offered to local neighborhood residents, as appropriate.

Refer to *Attachment 3 – Property Management Team* for more information.

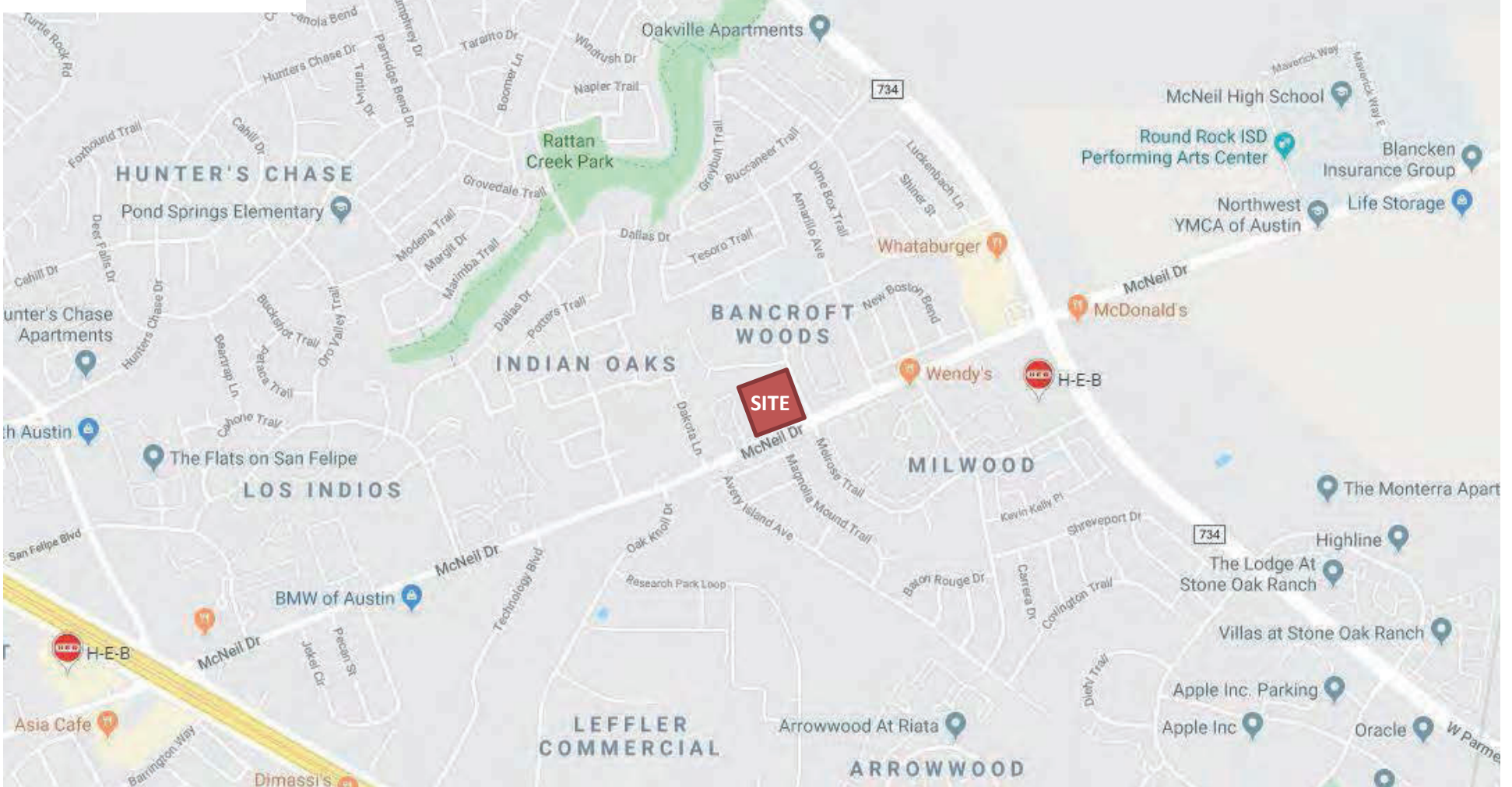
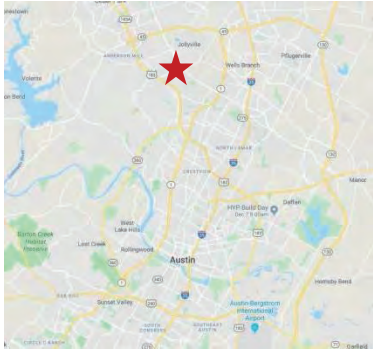
RENTAL HOUSING DEVELOPMENT ASSISTANCE (RHDA)
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Arbor Park

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Austin, TX

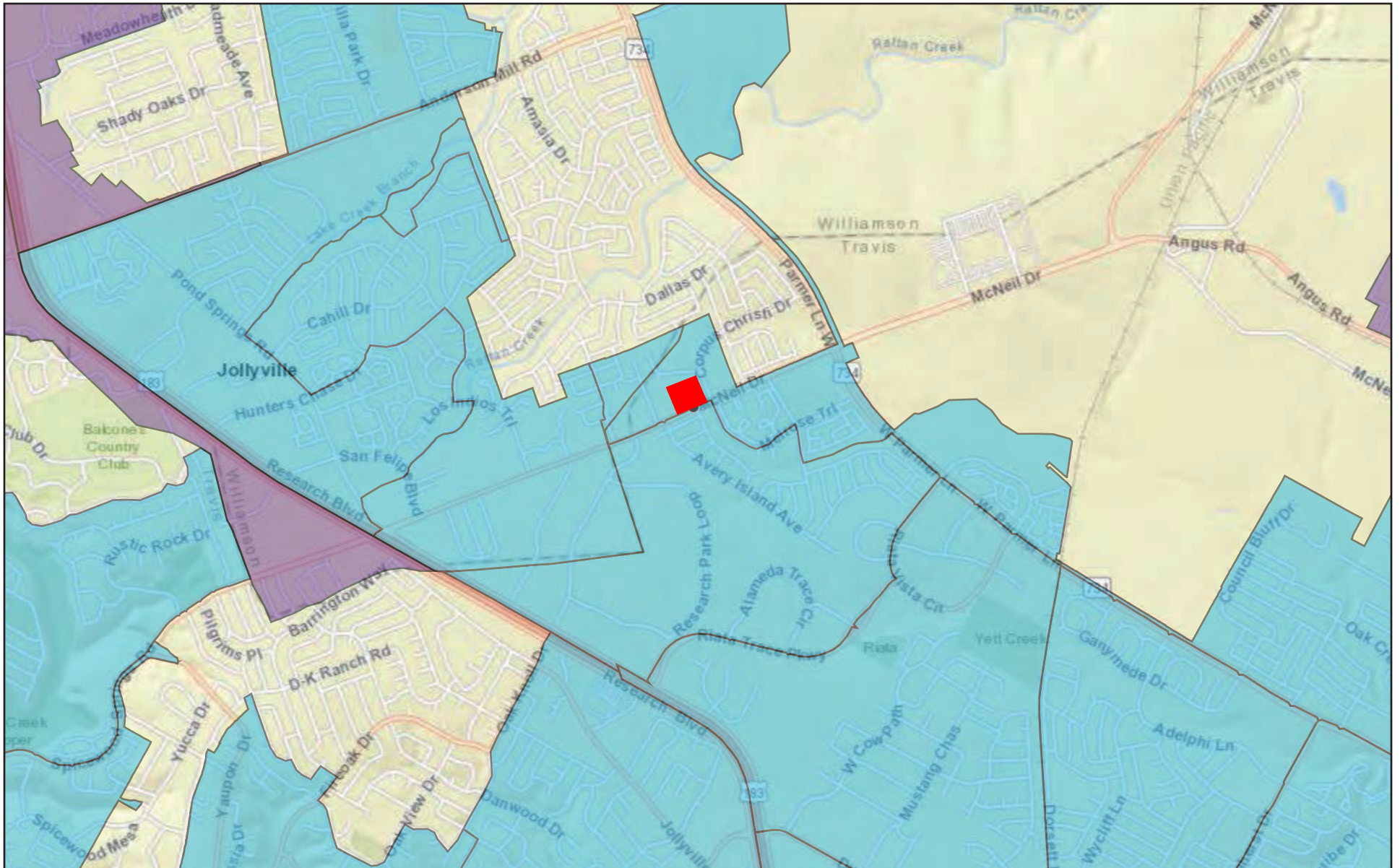
Attachment 5(a)

Maps of Property



SITE: 6306 McNeil Drive, Austin, TX 78729 | 4.457 acres

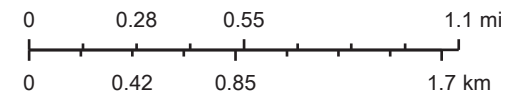
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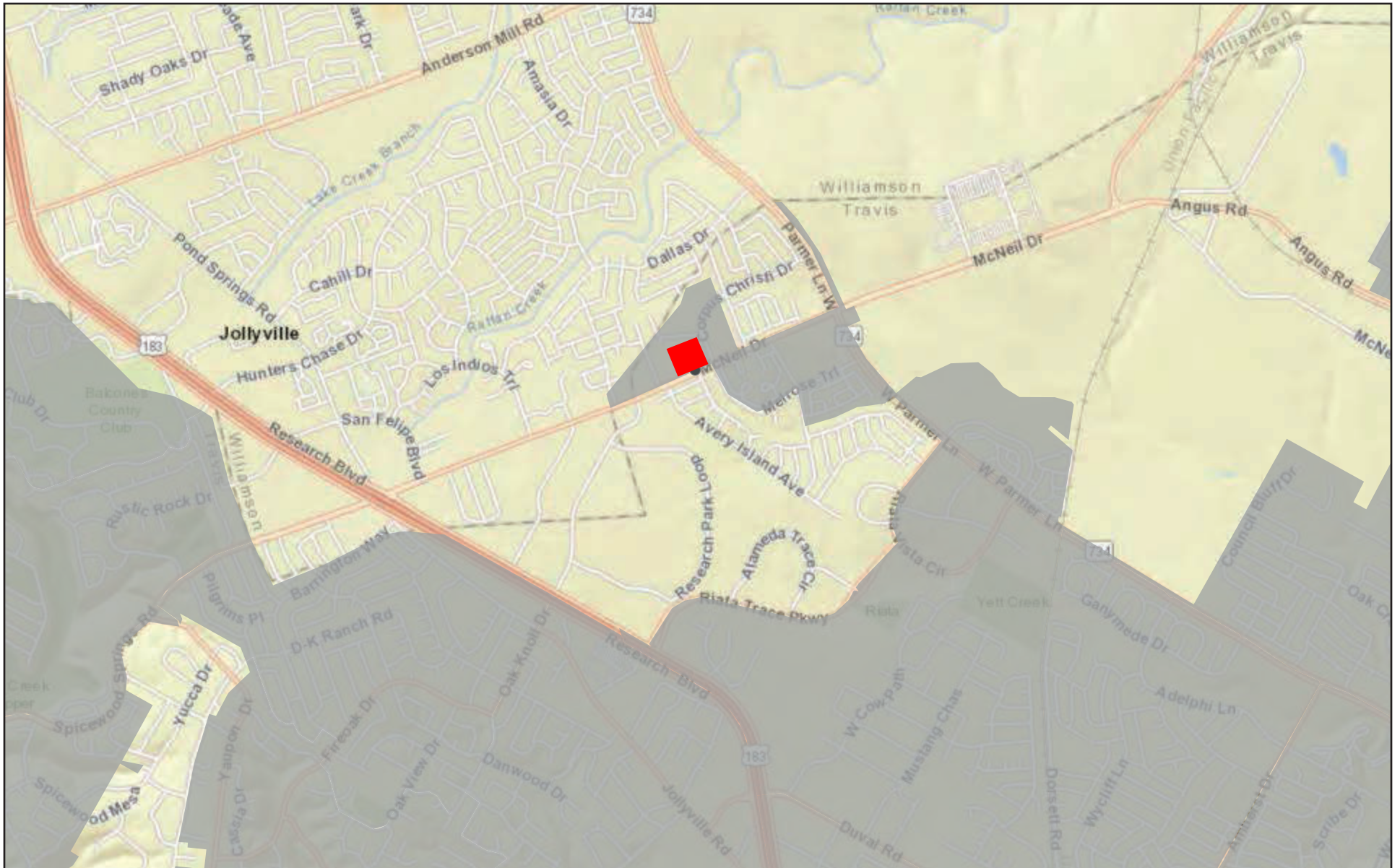
- High Opportunity
- Emerging Opportunity

1:36,112



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan,

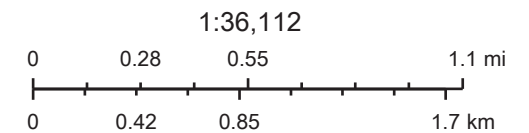
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11/1/2019, 9:34:50 AM

Gentrification_RHDAHODA_view  Not Gentrifying

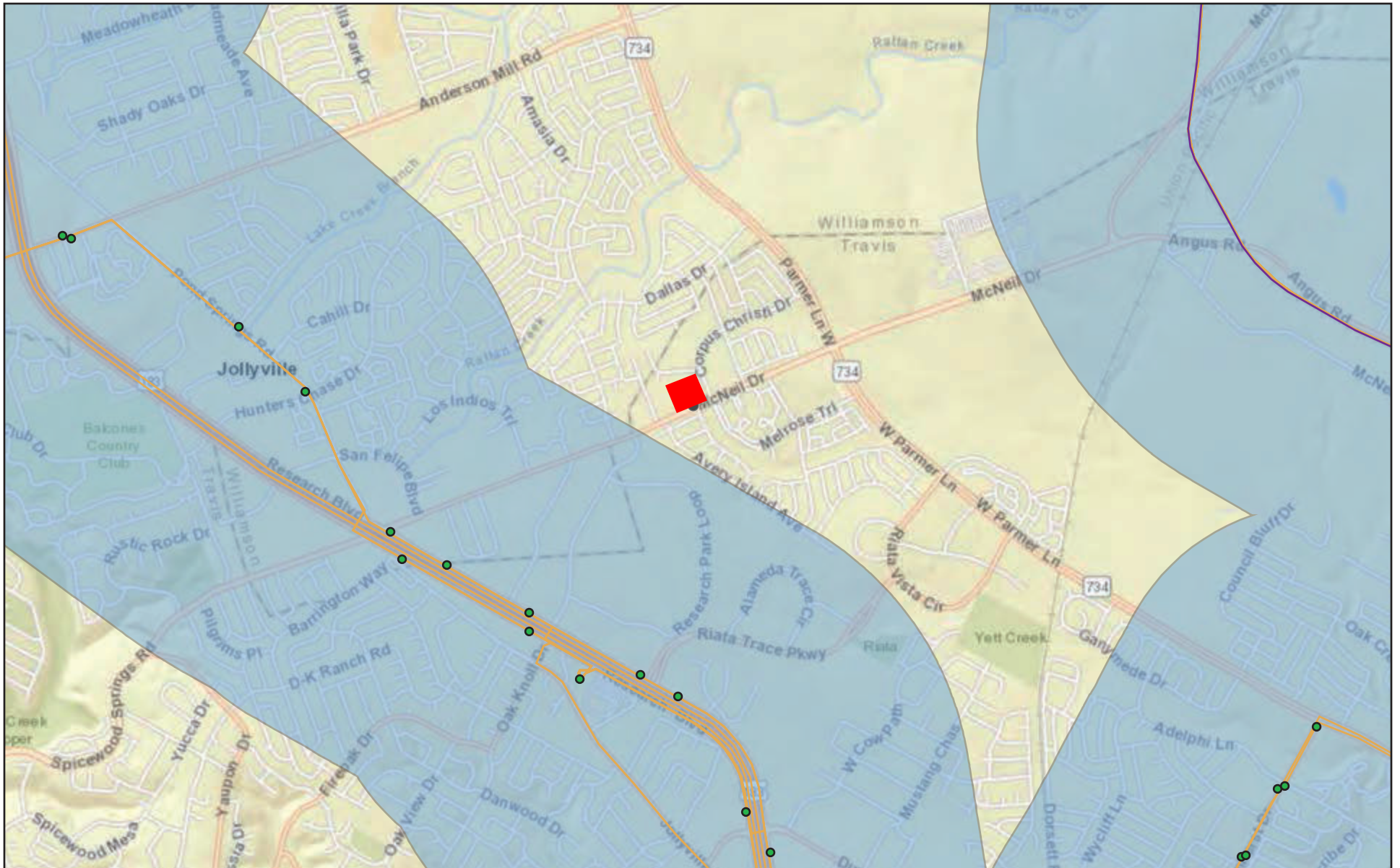
Missing Home Value Data



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan,

Web AppBuilder for ArcGIS
Austin Community College, County of Williamson, Esri, HERE, Garmin, INCREMENT P, NGA, USGS |

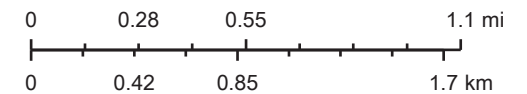
ArcGIS Web Map



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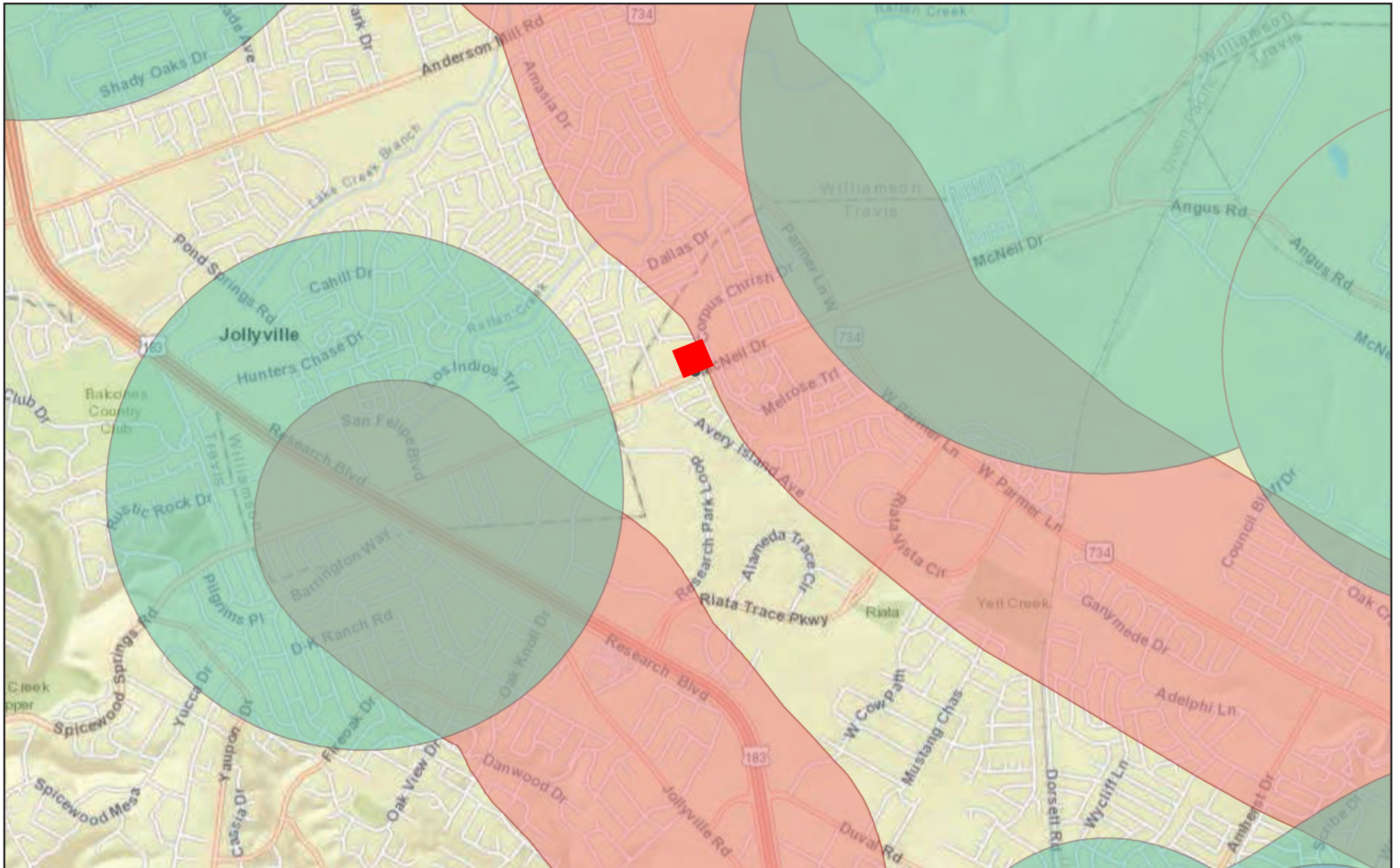
- Transit Stops
- Bus Routes
- MetroRail Route
- Bus Routes: 3/4-Mile Buffer

1:36,112



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan,

ArcGIS Web Map



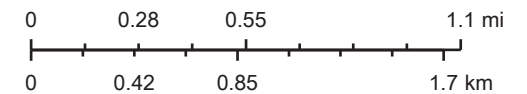
11/1/2019, 9:39:37 AM

 Mobility Bond Corridor: 1/2-Mile Buffer

 Imagine Austin Corridor: 1/2-Mile Buffer

 Imagine Austin Center: 1/2-Mile Buffer

1:36,112

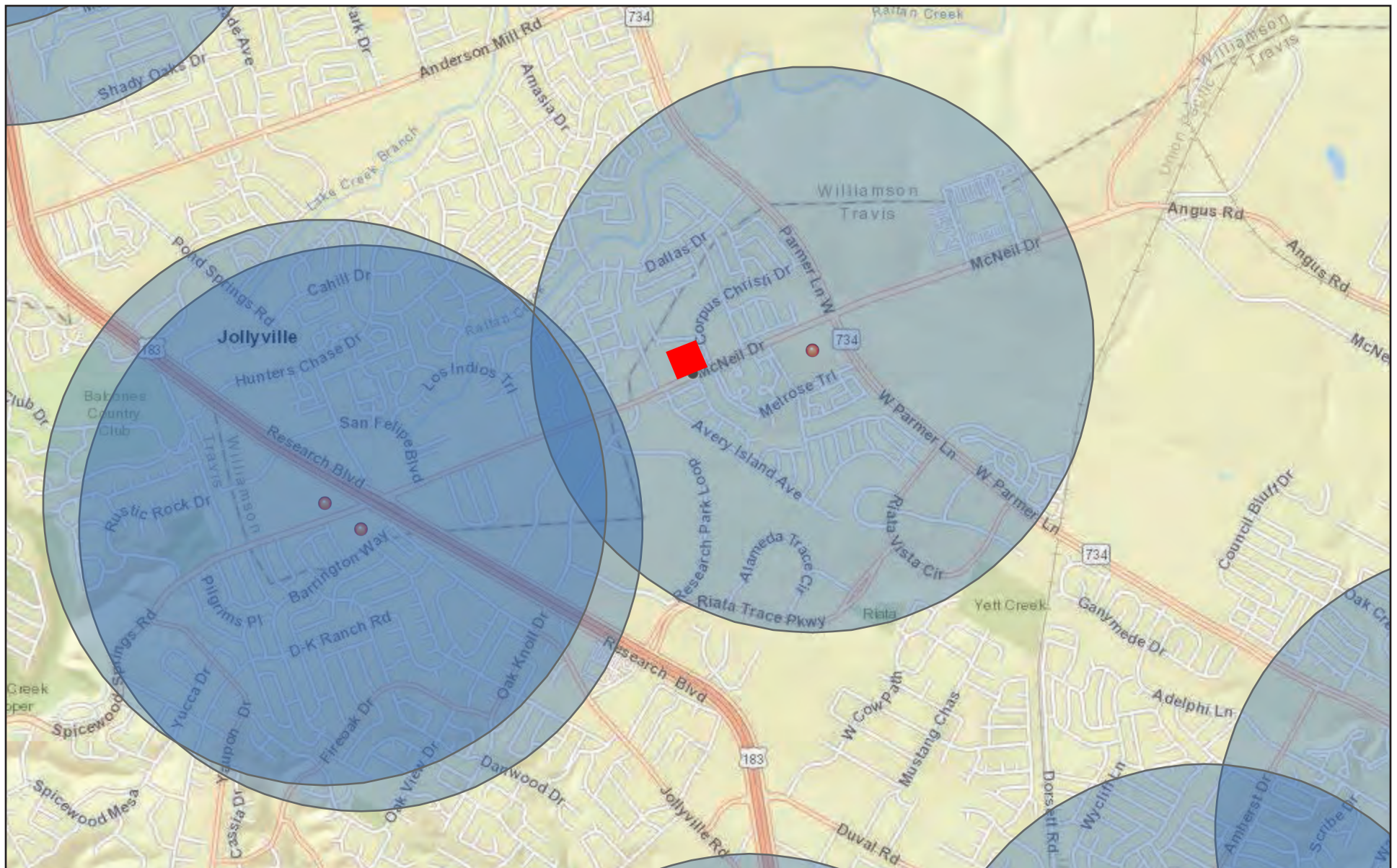


Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan,

Web AppBuilder for ArcGIS

Austin Community College, County of Williamson, Esri, HERE, Garmin, INCREMENT P, NGA, USGS | City of Austin Planning and Development Review Department |

ArcGIS Web Map

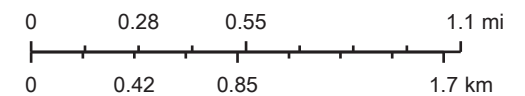


11/1/2019, 9:49:26 AM

 Healthy Food

Healthy Food Retail Locations

1:36,112



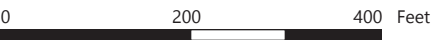
Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan,

Web AppBuilder for ArcGIS
Austin Community College, County of Williamson, Esri, HERE, Garmin, INCREMENT P, NGA, USGS |



FEMA Floodplains

The City of Austin Watershed Protection Department produced this product for informational purposes. It is not intended for or suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative locations of property boundaries. No warranty is made by the City of Austin regarding specific accuracy or completeness. Final determination of the floodplain status for a property must be based on a topographic survey by a Texas registered professional. For regulatory purposes, 100-Year floodplain elevations must be determined from an engineering model created in accordance with the Drainage Criteria Manual and approved by the City of Austin.



- Address
- Parcel
- FEMA Floodplain
 - 100 Year (Approx-A)
 - 100 Year (Detailed-AE)
 - 100 year (Shallow-AO)
 - X PROTECTED BY LEVEE
 - 500 Year

RENTAL HOUSING DEVELOPMENT ASSISTANCE (RHDA)
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Attachment 5(b)

Real Estate Appraisal not available – To be submitted upon completion

RENTAL HOUSING DEVELOPMENT ASSISTANCE (RHDA)
Application for Rental Development Financing
Q3 2020 Submitted 1/31/2020

Arbor Park

6306 McNeil Drive
Austin, TX

Attachment 5(c)

Zoning Verification Letter not available

This property is currently zoned Interim Rural Residential (I-RR), which is the default, temporary zoning for newly-annexed land (this site is within the Austin Full Purpose jurisdiction). DMA Development Company, LLC intends to pursue a zoning change to MF-3 and does not anticipate any opposition.

RENTAL HOUSING DEVELOPMENT ASSISTANCE (RHDA)
Application for Rental Development Financing
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Austin, TX

Attachment 5(d)

Proof of Site Control

Attached is a current earnest money contract, and current tax documentation that substantiates the value of the property.

There are existing structures on the property (to be demolished). Documentation is provided indicating the year the structures were built.



COMMERCIAL CONTRACT - IMPROVED PROPERTY

USE OF THIS FORM BY PERSONS WHO ARE NOT MEMBERS OF THE TEXAS ASSOCIATION OF REALTORS® INC. IS NOT AUTHORIZED.
©Texas Association of REALTORS®, Inc. 2018

1. **PARTIES:** Seller agrees to sell and convey to Buyer the Property described in Paragraph 2. Buyer agrees to buy the Property from Seller for the sales price stated in Paragraph 3. The parties to this contract are:

Seller: Adey/Vandling Ltd

Address: 4901 Black Angus Cv, Austin, TX 78727-5739

Phone: _____ E-mail: C/o Kevin@twelveriversrealty.com

Fax: _____ Other: _____

Buyer: DMA Development Company, LLC or its assign

Address: 4101 Parkstone Heights Dr Ste 310, Austin, TX 78746-7485

Phone: (512)328-3232 x 4505 E-mail: janines@dmacompanies.com

Fax: (512)328-4584 Other: _____

2. PROPERTY:

- A. "Property" means that real property situated in Travis County, Texas at 6306 McNeil Dr, Austin, TX 78729 (address)

and that is legally described on the attached Exhibit _____ or as follows:

ABS 2695 SUR 10 BAKER W J ACR 4.457

- B. Seller will sell and convey the Property together with:

- (1) all buildings, improvements, and fixtures;
- (2) all rights, privileges, and appurtenances pertaining to the Property, including Seller's right, title, and interest in any minerals, utilities, adjacent streets, alleys, strips, gores, and rights-of-way;
- (3) Seller's interest in all leases, rents, and security deposits for all or part of the Property;
- (4) Seller's interest in all licenses and permits related to the Property;
- (5) Seller's interest in all third party warranties or guaranties, if transferable, relating to the Property or any fixtures;
- (6) Seller's interest in any trade names, if transferable, used in connection with the Property; and

xxxxxx (7) all Seller's tangible personal property located on the Property that is used in connection with the Property's operations except _____

Any personal property not included in the sale must be removed by Seller prior to closing.

(Describe any exceptions, reservations, or restrictions in Paragraph 12 or an addendum.)

(If mineral rights are to be reserved an appropriate addendum should be attached.)

(If the Property is a condominium, attach Commercial Contract Condominium Addendum (TXR-1930) or (TXR-1946).)

3. **SALES PRICE:** At or before closing, Buyer will pay the following sales price for the Property:

A. Cash portion payable by Buyer at closing \$ 3,600,000.00

B. Sum of all financing described in Paragraph 4 \$ _____

C. Sales price (sum of 3A and 3B) \$ 3,600,000.00

(TXR-1801) 4-1-18

Initialed for Identification by Seller

PM

and Buyer

Page 1 of 14

6306 McNeil Dr, Austin, TX 78729

Commercial Contract - Improved Property concerning _____

4. FINANCING: Buyer will finance the portion of the sales price under Paragraph 3B as follows:

- ☐ A. Third Party Financing: One or more third party loans in the total amount of \$ _____. This contract:
- ☐ (1) is not contingent upon Buyer obtaining third party financing.
- ☐ (2) is contingent upon Buyer obtaining third party financing in accordance with the attached Commercial Contract Financing Addendum (TXR-1931).
- ☐ B. Assumption: In accordance with the attached Commercial Contract Financing Addendum (TXR-1931), Buyer will assume the existing promissory note secured by the Property, which balance at closing will be \$ _____.
- ☐ C. Seller Financing: The delivery of a promissory note and deed of trust from Buyer to Seller under the terms of the attached Commercial Contract Financing Addendum (TXR-1931) in the amount of \$ _____.

5. EARNEST MONEY:

- A. Not later than 3 days after the effective date, Buyer must deposit \$ \$36,000.00 as earnest money with Rise Title (title company) at 1317 W 6th Street Austin Tx 78703 (address) Jacqueline Hill (closer). If Buyer fails to timely deposit the earnest money, Seller may terminate this contract or exercise any of Seller's other remedies under Paragraph 15 by providing written notice to Buyer before Buyer deposits the earnest money.
- B. Buyer will deposit an additional amount of \$ 36,000.00 with the title company to be made part of the earnest money on or before:
- ☐ (i) _____ days after Buyer's right to terminate under Paragraph 7B expires; or
- ☒ (ii) See Par. 12
- Buyer will be in default if Buyer fails to deposit the additional amount required by this Paragraph 5B within 3 days after Seller notifies Buyer that Buyer has not timely deposited the additional amount.
- C. Buyer may instruct the title company to deposit the earnest money in an interest-bearing account at a federally insured financial institution and to credit any interest to Buyer.

6. TITLE POLICY, SURVEY, AND UCC SEARCH:**A. Title Policy:**

- (1) Seller, at Seller's expense, will furnish Buyer an Owner's Policy of Title Insurance (the title policy) issued by any underwriter of the title company in the amount of the sales price, dated at or after closing, insuring Buyer against loss under the title policy, subject only to:
- (a) those title exceptions permitted by this contract or as may be approved by Buyer in writing; and
- (b) the standard printed exceptions contained in the promulgated form of title policy unless this contract provides otherwise.
- (2) The standard printed exception as to discrepancies, conflicts, or shortages in area and boundary lines, or any encroachments or protrusions, or any overlapping improvements:
- ☒ (a) will not be amended or deleted from the title policy.
- ☐ (b) will be amended to read "shortages in areas" at the expense of ☐ Buyer ☐ Seller.
- (3) Within 20 days after the effective date, Seller will furnish Buyer a commitment for title insurance (the commitment) including legible copies of recorded documents evidencing title exceptions. Seller authorizes the title company to deliver the commitment and related documents to Buyer at Buyer's address.

(TXR-1801) 4-1-18

Initialed for Identification by Seller PM and Buyer [Signature]

Commercial Contract - Improved Property concerning 6306 McNeil Dr. Austin, TX 78729B. Survey: Within 7 days after the effective date:

- ☐ (1) Buyer will obtain a survey of the Property at Buyer's expense and deliver a copy of the survey to Seller. The survey must be made in accordance with the: (i) ALTA/NSPS Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition. Seller will reimburse Buyer _____ (insert amount) of the cost of the survey at closing, if closing occurs.
- ☐ (2) Seller, at Seller's expense, will furnish Buyer a survey of the Property dated after the effective date. The survey must be made in accordance with the: (i) ALTA/NSPS Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition.
- ☒ (3) Seller will deliver to Buyer and the title company a true and correct copy of Seller's most recent survey of the Property along with an affidavit required by the title company for approval of the existing survey. If the existing survey is not acceptable to the title company, ☐ Seller ☒ Buyer (updating party), will, at the updating party's expense, obtain a new or updated survey acceptable to the title company and deliver the acceptable survey to the other party and the title company within 30 days after the title company notifies the parties that the existing survey is not acceptable to the title company. The closing date will be extended daily up to 30 days if necessary for the updating party to deliver an acceptable survey within the time required. The other party will reimburse the updating party zero (insert amount or percentage) of the cost of the new or updated survey at closing, if closing occurs.

C. UCC Search:

- ☐ (1) Within _____ days after the effective date, Seller, at Seller's expense, will furnish Buyer a Uniform Commercial Code (UCC) search prepared by a reporting service and dated after the effective date. The search must identify documents that are on file with the Texas Secretary of State and the county where the Property is located that relate to all personal property on the Property and show, as debtor, Seller and all other owners of the personal property in the last 5 years.
- ☒ (2) Buyer does not require Seller to furnish a UCC search.

D. Buyer's Objections to the Commitment, Survey, and UCC Search:

- (1) Within 7 days after Buyer receives the last of the commitment, copies of the documents evidencing the title exceptions, any required survey, and any required UCC search, Buyer may object to matters disclosed in the items if: (a) the matters disclosed are a restriction upon the Property or constitute a defect or encumbrance to title to the real or personal property described in Paragraph 2 other than those permitted by this contract or liens that Seller will satisfy at closing or Buyer will assume at closing; or (b) the items show that any part of the Property lies in a special flood hazard area (an "A" or "V" zone as defined by FEMA). If the commitment or survey is revised or any new document evidencing a title exception is delivered, Buyer may object to any new matter revealed in such revision or new document. Buyer's objection must be made within the same number of days stated in this paragraph, beginning when the revision or new document is delivered to Buyer. If Paragraph 6B(1) applies, Buyer is deemed to receive the survey on the earlier of: (i) the date Buyer actually receives the survey; or (ii) the deadline specified in Paragraph 6B.
- (2) Seller may, but is not obligated to, cure Buyer's timely objections within 15 days after Seller receives the objections. The closing date will be extended as necessary to provide such time to cure the objections. If Seller fails to cure the objections by the time required, Buyer may terminate this contract by providing written notice to Seller within 5 days after the time by which Seller must cure the objections. If Buyer terminates, the earnest money, less any independent consideration under Paragraph 7B(1), will be refunded to Buyer.

Commercial Contract - Improved Property concerning 6306 McNeil Dr. Austin, TX 78729

- (3) Buyer's failure to timely object or terminate under this Paragraph 6D is a waiver of Buyer's right to object except that Buyer will not waive the requirements in Schedule C of the commitment.

7. PROPERTY CONDITION:

- A. Present Condition: Buyer accepts the Property in its present condition except that Seller, at Seller's expense, will complete the following before closing: _____

- B. Feasibility Period: Buyer may terminate this contract for any reason within See Par. 12 days after the effective date (feasibility period) by providing Seller written notice of termination.

(1) Independent Consideration. (Check only one box and insert amounts.)

- ☒ (a) If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer less \$ See Par. 12 that Seller will retain as independent consideration for Buyer's unrestricted right to terminate. Buyer has tendered the independent consideration to Seller upon payment of the amount specified in Paragraph 5A to the title company. The independent consideration is to be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(1) or if Buyer fails to deposit the earnest money, Buyer will not have the right to terminate under this Paragraph 7B.

- ☐ (b) Not later than 3 days after the effective date, Buyer must pay Seller \$ _____ as independent consideration for Buyer's right to terminate by tendering such amount to Seller or Seller's agent. If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer and Seller will retain the independent consideration. The independent consideration will be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(2) or if Buyer fails to pay the independent consideration, Buyer will not have the right to terminate under this Paragraph 7B.

- (2) Feasibility Period Extension: Prior to the expiration of the initial feasibility period, Buyer may extend the feasibility period for a single period of an additional See Par. 12 days by depositing additional earnest money in the amount of \$ _____ with the title company. If no dollar amount is stated in this Paragraph or if Buyer fails to timely deposit the additional earnest money, the extension of the feasibility period will not be effective.

C. Inspections, Studies, or Assessments:

- (1) During the feasibility period, Buyer, at Buyer's expense, may complete or cause to be completed any and all inspections, studies, or assessments of the Property (including all improvements and fixtures) desired by Buyer.
- (2) Seller, at Seller's expense, will turn on all utilities necessary for Buyer to make inspections, studies, or assessments.
- (3) Buyer must:
- (a) employ only trained and qualified inspectors and assessors;
 - (b) notify Seller, in advance, of when the inspectors or assessors will be on the Property;
 - (c) abide by any reasonable entry rules or requirements of Seller;
 - (d) not interfere with existing operations or occupants of the Property; and
 - (e) restore the Property to its original condition if altered due to inspections, studies, or assessments that Buyer completes or causes to be completed.
- (4) Except for those matters that arise from the negligence of Seller or Seller's agents, Buyer is responsible for any claim, liability, encumbrance, cause of action, and expense resulting from

PM

Commercial Contract - Improved Property concerning 6306 McNeil Dr. Austin, TX 78729

Buyer's inspections, studies, or assessments, including any property damage or personal injury. Buyer will indemnify, hold harmless, and defend Seller and Seller's agents against any claim involving a matter for which Buyer is responsible under this paragraph. This paragraph survives termination of this contract.

D. Property Information:

(1) Delivery of Property Information: Within 5 days after the effective date, Seller will deliver to Buyer: *(Check all that apply.)*

- ☐ (a) a current rent roll of all leases affecting the Property certified by Seller as true and correct;
- ☐ (b) copies of all current leases, including any mineral leases, pertaining to the Property, including any modifications, supplements, or amendments to the leases;
- ☐ (c) a current inventory of all personal property to be conveyed under this contract and copies of any leases for such personal property;
- ☐ (d) copies of all notes and deeds of trust against the Property that Buyer will assume or that Seller will not pay in full on or before closing;
- ☐ (e) copies of all current service, utility, maintenance, and management agreements relating to the ownership and operation of the Property;
- ☐ (f) copies of current utility capacity letters from the Property's water and sewer service provider;
- ☐ (g) copies of all current warranties and guaranties relating to all or part of the Property;
- ☐ (h) copies of fire, hazard, liability, and other insurance policies that currently relate to the Property;
- ☐ (i) copies of all leasing or commission agreements that currently relate to the tenants of all or part of the Property;
- ☐ (j) a copy of the "as-built" plans and specifications and plat of the Property;
- ☐ (k) copies of all invoices for utilities and repairs incurred by Seller for the Property in the 24 months immediately preceding the effective date;
- ☐ (l) a copy of Seller's income and expense statement for the Property from _____ to _____;
- ☒ (m) copies of all previous environmental assessments, geotechnical reports, studies, or analyses made on or relating to the Property;
- ☒ (n) real and personal property tax statements for the Property for the previous 2 calendar years;
- ☐ (o) Tenant reconciliation statements including, operating expenses, insurance and taxes for the Property from _____ to _____; and
- ☒ (p) The most recent Title Policy in Seller's possession.

(2) Return of Property Information: If this contract terminates for any reason, Buyer will, not later than 10 days after the termination date: *(Check all that apply.)*

- ☐ (a) return to Seller all those items described in Paragraph 7D(1) that Seller delivered to Buyer in other than an electronic format and all copies that Buyer made of those items;
- ☒ (b) delete or destroy all electronic versions of those items described in Paragraph 7D(1) that Seller delivered to Buyer or Buyer copied in any format; and
- ☒ (c) deliver to Seller copies of all inspection and assessment reports related to the Property that Buyer completed or caused to be completed.

This Paragraph 7D(2) survives termination of this contract.

E. Contracts Affecting Operations: Until closing, Seller: (1) will operate the Property in the same manner as on the effective date under reasonably prudent business standards; and (2) will not transfer or dispose of any part of the Property, any interest or right in the Property, or any of the personal property or other items described in Paragraph 2B or sold under this contract. After the feasibility period ends, Seller may not enter into, amend, or terminate any other contract that affects the operations of the Property without Buyer's written approval.

Commercial Contract - Improved Property concerning 6306 McNeil Dr. Austin, TX 78729**8. LEASES:**

A. Each written lease Seller is to assign to Buyer under this contract must be in full force and effect according to its terms. Seller may not enter into any new lease, fail to comply with any existing lease, or make any amendment or modification to any existing lease without Buyer's written consent. Seller must disclose, in writing, if any of the following exist at the time Seller provides the leases to the Buyer or subsequently occur before closing:

- (1) any failure by Seller to comply with Seller's obligations under the leases;
- (2) any circumstances under any lease that entitle the tenant to terminate the lease or seek any offsets or damages;
- (3) any non-occupancy of the leased premises by a tenant;
- (4) any advance sums paid by a tenant under any lease;
- (5) any concessions, bonuses, free rents, rebates, brokerage commissions, or other matters that affect any lease; and
- (6) any amounts payable under the leases that have been assigned or encumbered, except as security for loan(s) assumed or taken subject to under this contract.

B. Estoppel Certificates: Within N/A days after the effective date, Seller will deliver to Buyer estoppel certificates signed not earlier than _____ by each tenant that leases space in the Property. The estoppel certificates must include the certifications contained in the current version of TXR Form 1938 - Commercial Tenant Estoppel Certificate and any additional information requested by a third party lender providing financing under Paragraph 4 if the third party lender requests such additional information at least 10 days prior to the earliest date that Seller may deliver the signed estoppel certificates.

9. BROKERS:

A. The brokers to this sale are:

Principal Broker: Twelve Rivers Realty

Cooperating Broker: DMA Property Advisors, LLC

Agent: Kevin Bown

Agent: Diana McIver

Address: 700 Rio Grande St

Address: 4101 Parkstone Lights Dr
Austin TX 78746

Phone & Fax: (512)658-2419

Phone & Fax: 512-328-3232

E-mail: kevin@twelveriversealty.com

E-mail: dianam@dmacompanies.com

License No. 9000950

License No. 9000055

Principal Broker: (Check only one box)

- ☒ represents Seller only.
☐ represents Buyer only.
☐ is an intermediary between Seller and Buyer.

Cooperating Broker represents Buyer.

B. Fees: (Check only (1) or (2) below.)
 (Complete the Agreement Between Brokers on page 14 only if (1) is selected.)

☒ (1) Seller will pay Principal Broker the fee specified by separate written commission agreement between Principal Broker and Seller. Principal Broker will pay Cooperating Broker the fee specified in the Agreement Between Brokers found below the parties' signatures to this contract.

☐ (2) At the closing of this sale, Seller will pay:

(TXR-1801) 4-1-18

Initialed for Identification by Seller

PM

and Buyer

[Signature]

Page 6 of 14

Commercial Contract - Improved Property concerning 6306 McNeil Dr. Austin, TX 78729

Principal Broker a total cash fee of:

☐
☐

% of the sales price.

Cooperating Broker a total cash fee of:

☐
☐

% of the sales price.

The cash fees will be paid in Travis County, Texas. Seller authorizes the title company to pay the brokers from the Seller's proceeds at closing.

NOTICE: Chapter 62, Texas Property Code, authorizes a broker to secure an earned commission with a lien against the Property.

C. The parties may not amend this Paragraph 9 without the written consent of the brokers affected by the amendment.

10. CLOSING:

A. The date of the closing of the sale (closing date) will be on or before the later of:

(1) ☒ 60 days after the expiration of the feasibility period.

☐
☐

(specific date).

(2) 7 days after objections made under Paragraph 6D have been cured or waived.

B. If either party fails to close by the closing date, the non-defaulting party may exercise the remedies in Paragraph 15.

C. At closing, Seller will execute and deliver to Buyer, at Seller's expense, a ☐ general ☒ special warranty deed. The deed must include a vendor's lien if any part of the sales price is financed. The deed must convey good and indefeasible title to the Property and show no exceptions other than those permitted under Paragraph 6 or other provisions of this contract. Seller must convey the Property:

- (1) with no liens, assessments, or Uniform Commercial Code or other security interests against the Property which will not be satisfied out of the sales price, unless securing loans Buyer assumes;
- (2) without any assumed loans in default; and
- (3) with no persons in possession of any part of the Property as lessees, tenants at sufferance, or trespassers except tenants under the written leases assigned to Buyer under this contract.

D. At closing, Seller, at Seller's expense, will also deliver to Buyer:

- (1) tax statements showing no delinquent taxes on the Property;
- (2) a bill of sale with warranties to title conveying title, free and clear of all liens, to any personal property defined as part of the Property in Paragraph 2 or sold under this contract;
- (3) an assignment of all leases to or on the Property;
- (4) to the extent that the following items are assignable, an assignment to Buyer of the following items as they relate to the Property or its operations:
 - (a) licenses and permits;
 - (b) service, utility, maintenance, management, and other contracts; and
 - (c) warranties and guaranties;
- (5) a rent roll current on the day of the closing certified by Seller as true and correct;
- (6) evidence that the person executing this contract is legally capable and authorized to bind Seller;
- (7) an affidavit acceptable to the title company stating that Seller is not a foreign person or, if Seller is a foreign person, a written authorization for the title company to: (i) withhold from Seller's proceeds an amount sufficient to comply with applicable tax law; and (ii) deliver the amount to the Internal Revenue Service together with appropriate tax forms; and
- (8) any notices, statements, certificates, affidavits, releases, and other documents required by this contract, the commitment, or law necessary for the closing of the sale and the issuance of the title policy, all of which must be completed and executed by Seller as necessary.

E. At closing, Buyer will:

- (1) pay the sales price in good funds acceptable to the title company

Commercial Contract - Improved Property concerning 6306 McNeil Dr. Austin, TX 78729

- (2) deliver evidence that the person executing this contract is legally capable and authorized to bind Buyer;
- (3) sign and send to each tenant in the Property a written statement that:
 - (a) acknowledges Buyer has received and is responsible for the tenant's security deposit; and
 - (b) specifies the exact dollar amount of the security deposit;
- (4) sign an assumption of all leases then in effect; and
- (5) execute and deliver any notices, statements, certificates, or other documents required by this contract or law necessary to close the sale.

F. Unless the parties agree otherwise, the closing documents will be as found in the basic forms in the current edition of the State Bar of Texas Real Estate Forms Manual without any additional clauses.

11. POSSESSION: Seller will deliver possession of the Property to Buyer upon closing and funding of this sale in its present condition with any repairs Seller is obligated to complete under this contract, ordinary wear and tear excepted. Any possession by Buyer before closing or by Seller after closing that is not authorized by a separate written lease agreement is a landlord-tenant at sufferance relationship between the parties.

12. SPECIAL PROVISIONS: The following special provisions apply and will control in the event of a conflict with other provisions of this contract. *(If special provisions are contained in an Addendum, identify the Addendum here and reference the Addendum in Paragraph 22D.)*

A) See Attached "Commercial Contract Addendum for Special Provisions".

13. SALES EXPENSES:

A. Seller's Expenses: Seller will pay for the following at or before closing:

- (1) releases of existing liens, other than those liens assumed by Buyer, including prepayment penalties and recording fees;
- (2) release of Seller's loan liability, if applicable;
- (3) tax statements or certificates;
- (4) preparation of the deed and any bill of sale;
- (5) one-half of any escrow fee;
- (6) costs to record any documents to cure title objections that Seller must cure; and
- (7) other expenses that Seller will pay under other provisions of this contract.

B. Buyer's Expenses: Buyer will pay for the following at or before closing:

- (1) all loan expenses and fees;
- (2) preparation fees of any deed of trust;
- (3) recording fees for the deed and any deed of trust;
- (4) premiums for flood and hazard insurance as may be required by Buyer's lender;
- (5) one-half of any escrow fee; and
- (6) other expenses that Buyer will pay under other provisions of this contract.

14. PRORATIONS:

A. Prorations:

- (1) Interest on any assumed loan, taxes, rents, and any expense reimbursements from tenants will be prorated through the closing date.

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- (2) If the amount of ad valorem taxes for the year in which the sale closes is not available on the closing date, taxes will be prorated on the basis of taxes assessed in the previous year. If the taxes for the year in which the sale closes vary from the amount prorated at closing, the parties will adjust the prorations when the tax statements for the year in which the sale closes become available. This Paragraph 14A(2) survives closing.
- (3) If Buyer assumes a loan or is taking the Property subject to an existing lien, Seller will transfer all reserve deposits held by the lender for the payment of taxes, insurance premiums, and other charges to Buyer at closing and Buyer will reimburse such amounts to Seller by an appropriate adjustment at closing.
- B. Rollback Taxes: If Seller's use or change in use of the Property before closing results in the assessment of additional taxes, penalties, or interest (assessments) for periods before closing, the assessments will be the obligation of Seller. If this sale or Buyer's use of the Property after closing results in additional assessments for periods before closing, the assessments will be the obligation of Buyer. This Paragraph 14B survives closing.
- C. Rent and Security Deposits: At closing, Seller will tender to Buyer all security deposits and the following advance payments received by Seller for periods after closing: prepaid expenses, advance rental payments, and other advance payments paid by tenants. Rents prorated to one party but received by the other party will be remitted by the recipient to the party to whom it was prorated within 5 days after the rent is received. This Paragraph 14C survives closing.

15. DEFAULT:

- A. If Buyer fails to comply with this contract, Buyer is in default and Seller, as Seller's sole remedy(ies), may terminate this contract and receive the earnest money, as liquidated damages for Buyer's failure except for any damages resulting from Buyer's inspections, studies or assessments in accordance with Paragraph 7C(4) which Seller may pursue, or
(Check if applicable)
☐ enforce specific performance, or seek such other relief as may be provided by law.
- B. If, without fault, Seller is unable within the time allowed to deliver the estoppel certificates, survey or the commitment, Buyer may:
- (1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
 - (2) extend the time for performance up to 15 days and the closing will be extended as necessary.
- C. Except as provided in Paragraph 15B, if Seller fails to comply with this contract, Seller is in default and Buyer may:
- (1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
 - (2) enforce specific performance, or seek such other relief as may be provided by law, or both.

16. CASUALTY LOSS AND CONDEMNATION:

- A. If any part of the Property is damaged or destroyed by fire or other casualty after the effective date, Seller must restore the Property to its previous condition as soon as reasonably possible and not later than the closing date. If, without fault, Seller is unable to do so, Buyer may:
- (1) terminate this contract and the earnest money, less any independent consideration under Paragraph 7B(1), will be refunded to Buyer;
 - (2) extend the time for performance up to 15 days and closing will be extended as necessary; or
 - (3) accept at closing: (i) the Property in its damaged condition; (ii) an assignment of any insurance proceeds Seller is entitled to receive along with the insurer's consent to the assignment; and (iii) a credit to the sales price in the amount of any unpaid deductible under the policy for the loss.

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B. If before closing, condemnation proceedings are commenced against any part of the Property, Buyer may:

- (1) terminate this contract by providing written notice to Seller within 15 days after Buyer is advised of the condemnation proceedings and the earnest money, less any independent consideration under Paragraph 7B(1), will be refunded to Buyer; or
- (2) appear and defend the condemnation proceedings and any award will, at Buyer's election, belong to: (a) Seller and the sales price will be reduced by the same amount; or (b) Buyer and the sales price will not be reduced.

17. ATTORNEY'S FEES: If Buyer, Seller, any broker, or the title company is a prevailing party in any legal proceeding brought under or with relation to this contract or this transaction, such party is entitled to recover from the non-prevailing parties all costs of such proceeding and reasonable attorney's fees. This Paragraph 17 survives termination of this contract.

18. ESCROW:

- A. At closing, the earnest money will be applied first to any cash down payment, then to Buyer's closing costs, and any excess will be refunded to Buyer. If no closing occurs, the title company may require payment of unpaid expenses incurred on behalf of the parties and a written release of liability of the title company from all parties.
- B. If one party makes written demand for the earnest money, the title company will give notice of the demand by providing to the other party a copy of the demand. If the title company does not receive written objection to the demand from the other party within 15 days after the date the title company sent the demand to the other party, the title company may disburse the earnest money to the party making demand, reduced by the amount of unpaid expenses incurred on behalf of the party receiving the earnest money and the title company may pay the same to the creditors.
- C. The title company will deduct any independent consideration under Paragraph 7B(1) before disbursing any earnest money to Buyer and will pay the independent consideration to Seller.
- D. If the title company complies with this Paragraph 18, each party hereby releases the title company from all claims related to the disbursement of the earnest money.
- E. Notices under this Paragraph 18 must be sent by certified mail, return receipt requested. Notices to the title company are effective upon receipt by the title company.
- F. Any party who wrongfully fails or refuses to sign a release acceptable to the title company within 7 days after receipt of the request will be liable to the other party for: (i) damages; (ii) the earnest money; (iii) reasonable attorney's fees; and (iv) all costs of suit.
- G. ☐ Seller ☐ Buyer intend(s) to complete this transaction as a part of an exchange of like-kind properties in accordance with Section 1031 of the Internal Revenue Code, as amended. All expenses in connection with the contemplated exchange will be paid by the exchanging party. The other party will not incur any expense or liability with respect to the exchange. The parties agree to cooperate fully and in good faith to arrange and consummate the exchange so as to comply to the maximum extent feasible with the provisions of Section 1031 of the Internal Revenue Code. The other provisions of this contract will not be affected in the event the contemplated exchange fails to occur.

19. MATERIAL FACTS: To the best of Seller's knowledge and belief: *(Check only one box.)*

☒ A. Seller is not aware of any material defects to the Property except as stated in the attached Commercial Property Condition Statement (TXR-1408).

☐ B. Except as otherwise provided in this contract, Seller is not aware of:

- (1) any subsurface: structures, pits, waste, springs, or improvements;
- (2) any pending or threatened litigation, condemnation, or assessment affecting the Property;

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- (3) any environmental hazards or conditions that materially affect the Property;
- (4) whether the Property is or has been used for the storage or disposal of hazardous materials or toxic waste, a dump site or landfill, or any underground tanks or containers;
- (5) whether radon, asbestos containing materials, urea-formaldehyde foam insulation, lead-based paint, toxic mold (to the extent that it adversely affects the health of ordinary occupants), or other pollutants or contaminants of any nature now exist or ever existed on the Property;
- (6) any wetlands, as defined by federal or state law or regulation, on the Property;
- (7) any threatened or endangered species or their habitat on the Property;
- (8) any present or past infestation of wood-destroying insects in the Property's improvements;
- (9) any contemplated material changes to the Property or surrounding area that would materially and detrimentally affect the ordinary use of the Property;
- (10) any material physical defects in the improvements on the Property; or
- (11) any condition on the Property that violates any law or ordinance.

(Describe any exceptions to (1)-(11) in Paragraph 12 or an addendum.)

20. NOTICES: All notices between the parties under this contract must be in writing and are effective when hand-delivered, mailed by certified mail return receipt requested, or sent by facsimile transmission to the parties addresses or facsimile numbers stated in Paragraph 1. The parties will send copies of any notices to the broker representing the party to whom the notices are sent.

- ☒ A. Seller also consents to receive any notices by e-mail at Seller's e-mail address stated in Paragraph 1.
- ☒ B. Buyer also consents to receive any notices by e-mail at Buyer's e-mail address stated in Paragraph 1.

21. DISPUTE RESOLUTION: The parties agree to negotiate in good faith in an effort to resolve any dispute related to this contract that may arise. If the dispute cannot be resolved by negotiation, the parties will submit the dispute to mediation before resorting to arbitration or litigation and will equally share the costs of a mutually acceptable mediator. This paragraph survives termination of this contract. This paragraph does not preclude a party from seeking equitable relief from a court of competent jurisdiction.

22. AGREEMENT OF THE PARTIES:

A. This contract is binding on the parties, their heirs, executors, representatives, successors, and permitted assigns. This contract is to be construed in accordance with the laws of the State of Texas. If any term or condition of this contract shall be held to be invalid or unenforceable, the remainder of this contract shall not be affected thereby.

B. This contract contains the entire agreement of the parties and may not be changed except in writing.

C. If this contract is executed in a number of identical counterparts, each counterpart is an original and all counterparts, collectively, constitute one agreement.

D. Addenda which are part of this contract are: *(Check all that apply.)*

- ☐ (1) Property Description Exhibit identified in Paragraph 2;
- ☐ (2) Commercial Contract Condominium Addendum (TXR-1930) or (TXR-1946);
- ☐ (3) Commercial Contract Financing Addendum (TXR-1931);
- ☒ (4) Commercial Property Condition Statement (TXR-1408);
- ☒ (5) Commercial Contract Addendum for Special Provisions (TXR-1940);
- ☐ (6) Addendum for Seller's Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards (TXR-1906);
- ☐ (7) Notice to Purchaser of Real Property in a Water District (MUD);
- ☐ (8) Addendum for Coastal Area Property (TXR-1915);
- ☐ (9) Addendum for Property Located Seaward of the Gulf Intracoastal Waterway (TXR-1916);
- ☐ (10) Information About Brokerage Services (TXR-2501); and
- ☐ (11) Information About Mineral Clauses in Contract Forms (TXR-2509); and
- ☐ (12) _____

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(Note: Counsel for Texas REALTORS® has determined that any of the foregoing addenda which are promulgated by the Texas Real Estate Commission (TREC) or published by Texas REALTORS® are appropriate for use with this form.)

- E. Buyer ☒ may ☐ may not assign this contract. If Buyer assigns this contract, Buyer will be relieved of any future liability under this contract only if the assignee assumes, in writing, all of Buyer's obligations under this contract.

23. TIME: Time is of the essence in this contract. The parties require strict compliance with the times for performance. If the last day to perform under a provision of this contract falls on a Saturday, Sunday, or legal holiday, the time for performance is extended until the end of the next day which is not a Saturday, Sunday, or legal holiday.

24. EFFECTIVE DATE: The effective date of this contract for the purpose of performance of all obligations is the date the title company receives this contract after all parties execute this contract.

25. ADDITIONAL NOTICES:

- A. Buyer should have an abstract covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a title policy.
- B. If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49, Texas Water Code, requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fees of the district before final execution of this contract.
- C. Notice Required by §13.257, Water Code: "The real property, described below, that you are about to purchase may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If your property is located in a certificated area there may be special costs or charges that you will be required to pay before you can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to your property. You are advised to determine if the property is in a certificated area and contact the utility service provider to determine the cost that you will be required to pay and the period, if any, that is required to provide water or sewer service to your property. The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or before the execution of a binding contract for the purchase of the real property described in the notice or at closing of purchase of the real property." The real property is described in Paragraph 2 of this contract.
- D. If the Property adjoins or shares a common boundary with the tidally influenced submerged lands of the state, §33.135, Texas Natural Resources Code, requires a notice regarding coastal area property to be included as part of this contract (*the Addendum for Coastal Area Property (TXR-1915) may be used*).
- E. If the Property is located seaward of the Gulf Intracoastal Waterway, §61.025, Texas Natural Resources Code, requires a notice regarding the seaward location of the Property to be included as part of this contract (*the Addendum for Property Located Seaward of the Gulf Intracoastal Waterway (TXR-1916) may be used*).
- F. If the Property is located outside the limits of a municipality, the Property may now or later be included in the extra-territorial jurisdiction (ETJ) of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and ETJ. To determine if the Property is located within a municipality's ETJ, Buyer should contact all municipalities located in the general proximity of the Property for further information.
- G. If apartments or other residential units are on the Property and the units were built before 1978, federal law requires a lead-based paint and hazard disclosure statement to be made part of this contract (*the Addendum for Seller's Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards (TXR-1906) may be used*).

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- H. Section 1958.154, Occupations Code requires Seller to provide Buyer a copy of any mold remediation certificate issued for the Property during the 5 years preceding the date the Seller sells the Property.
- I. Brokers are not qualified to perform property inspections, surveys, engineering studies, environmental assessments, or inspections to determine compliance with zoning, governmental regulations, or laws. Buyer should seek experts to perform such services. Buyer should review local building codes, ordinances and other applicable laws to determine their effect on the Property. Selection of experts, inspectors, and repairmen is the responsibility of Buyer and not the brokers. Brokers are not qualified to determine the credit worthiness of the parties.
- J. NOTICE OF WATER LEVEL FLUCTUATIONS: If the Property adjoins an impoundment of water, including a reservoir or lake, constructed and maintained under Chapter 11, Water Code, that has a storage capacity of at least 5,000 acre-feet at the impoundment's normal operating level, Seller hereby notifies Buyer: "The water level of the impoundment of water adjoining the Property fluctuates for various reasons, including as a result of: (1) an entity lawfully exercising its right to use the water stored in the impoundment; or (2) drought or flood conditions."
- K. LICENSE HOLDER DISCLOSURE: Texas law requires a real estate license holder who is a party to a transaction or acting on behalf of a spouse, parent, child, business entity in which the license holder owns more than 10%, or a trust for which the license holder acts as a trustee or of which the license holder or the license holder's spouse, parent or child is a beneficiary, to notify the other party in writing before entering into a contract of sale. Disclose if applicable: _____

26. CONTRACT AS OFFER: The execution of this contract by the first party constitutes an offer to buy or sell the Property. Unless the other party accepts the offer by 5:00 p.m., in the time zone in which the Property is located, on 3/26/19, the offer will lapse and become null and void.

READ THIS CONTRACT CAREFULLY. The brokers and agents make no representation or recommendation as to the legal sufficiency, legal effect, or tax consequences of this document or transaction. **CONSULT** your attorney **BEFORE** signing.

Seller: Adey/Vandling LtdBuyer: DMA Development Company, LLC or its assign

By: Pam Maulding DocuSigned by:
 By (signature): Pam Maulding
 Printed Name: Pam Maulding
 Title: Member

By: Diana McIver
 By (signature): [Signature]
 Printed Name: Diana McIver
 Title: President/Manager

By: _____
 By (signature): _____
 Printed Name: _____
 Title: _____

By: _____
 By (signature): _____
 Printed Name: _____
 Title: _____

Commercial Contract - Improved Property concerning 6306 McNeil Dr. Austin, TX 78729**AGREEMENT BETWEEN BROKERS**

(use only if Paragraph 9B(1) is effective)

Principal Broker agrees to pay DMA Property Advisors, LLC (Cooperating Broker) a fee when the Principal Broker's fee is received. The fee to be paid to Cooperating Broker will be:

☐ \$ _____, or
☒ 3.000 % of the sales price, or
☐ _____ % of the Principal Broker's fee.

The title company is authorized and directed to pay Cooperating Broker from Principal Broker's fee at closing. This Agreement Between Brokers supersedes any prior offers and agreements for compensation between brokers.

Principal Broker: Twelve Rivers RealtyCooperating Broker: DMA Property Advisors, LLC

By: Kevin Bown
 DocuSigned by:
 Kevin Bown

By: [Signature]**ATTORNEYS**

Seller's attorney: _____

Buyer's attorney: _____

Address: _____

Address: _____

Phone & Fax: _____

Phone & Fax: _____

E-mail: _____

E-mail: _____

Seller's attorney requests copies of documents, notices, and other information:

- ☐ the title company sends to Seller.
☐ Buyer sends to Seller.

Buyer's attorney requests copies of documents, notices, and other information:

- ☐ the title company sends to Buyer.
☐ Seller sends to Buyer.

ESCROW RECEIPT

The title company acknowledges receipt of:

- ☒ A. the contract on this day 8/27/19 (effective date);
☒ B. earnest money in the amount of \$ 36,000 in the form of wire
 on 8/28/19 1:29pm

Title company: Rise TitleAddress: 1317 W. 6th Street
Austin, TX 78703By: [Signature]Phone & Fax: 512.474.2362 / 512.975.2022Assigned file number (GF#): 19080037 RiseE-mail: team1@risetitletx.com



COMMERCIAL CONTRACT SPECIAL PROVISIONS ADDENDUM

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ADDENDUM TO COMMERCIAL CONTRACT BETWEEN THE UNDERSIGNED PARTIES CONCERNING THE PROPERTY AT:

6306 McNeil Dr, Austin, TX 78729

The following special provisions apply and will control in the event of a conflict with the other provisions of the contract: **Feasibility Period:** Purchaser will have ninety (90) days (the "Feasibility Period") to complete its due diligence and evaluation of the property and to apply for financing for the proposed development. After this initial feasibility period, Purchaser will have option to extend the Feasibility Period for an Extended Feasibility Period of ninety (90) days (the "Extended Feasibility Period") for an additional earnest money deposit of \$36,000 (the "Additional Earnest Money").

All earnest money deposits will be credited towards the purchase price at closing. If Purchaser terminates the contract during the first thirty days of the Feasibility Period, the Earnest Money will be refunded to Purchaser in full. If Purchaser terminates the contract for any other reason after the first thirty days but within the Feasibility Period, \$18,000 of the Earnest Money will be retained by the Seller, and \$18,000 will be refunded to Purchaser. If the Purchaser terminates this contract during the Extended Feasibility Period, the Earnest Money will be retained by Seller but the Additional Earnest Money will be refunded to Purchaser.

NO PERSONAL PROPERTY IS INCLUDED (either business inventories, or any personal properties stored in and/or held within, or surrounding any of the structures located on the premises of 6306 and 6400 McNeil Drive, commonly known as "the property").

Seller: Adey/Vandling Ltd

Buyer: DMA Development Company, LLC or its assign

By: Pam Maulding

By: Diana McIver

By (signature):

DocuSigned by:

Printed Name: Pam Maulding

Title: Member

By (signature):

Printed Name:

Title: President/Manager

By: _____

By: _____

By (signature): _____

Printed Name: _____

Title: _____

By (signature): _____

Printed Name: _____

Title: _____

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Additional Earnest Money Receipt

Contract Concerning 6306 McNeil Dr.

(Property Address)

Receipt of Additional Earnest Money \$ 36,000.00 in the form of wire
is acknowledged.

Escrow Agent: Rise Title

Date: 11/25/19

By: [Signature]

team1@risetitletx.com
Email Address

1317 W. 6th Street
Address

512.474.2302
Telephone

Austin TX 78703
City State Zip

512.975.2022
Facsimile

Property

Account

Property ID:	174176	Legal Descrip. on:	ABS 2695 SUR 10 BAKER W J ACR 4.457
Geographic ID:	0170011304	Zoning:	
Type:	Real	Agent Code:	
Property Use Code:			
Property Use Descrip. on:			

Protest

Protest Status:
Informal Date:
Formal Date:

Locaon

Address:	6306 MC NEIL DR TX 78729	Mapsc:	
Neighborhood:	1NW2	Map ID:	016708
Neighborhood CD:	1NW2		

Owner

Name:	ADEY/VANDLING LTD	Owner ID:	1323568
Mailing Address:	4901 BLACK ANGUS CV AUSTIN , TX 78727-5739	% Ownership:	100.0000000000%
		Exemp ons:	

Values

(+) Improvement Homesite Value:	+	\$1	
(+) Improvement Non-Homesite Value:	+	\$2	
(+) Land Homesite Value:	+	\$800,191	
(+) Land Non-Homesite Value:	+	\$147,512	Ag / Timber Use Value
(+) Agricultural Market Valua on:	+	\$0	\$0
(+) Timber Market Valua on:	+	\$0	\$0
<hr/>			
(=) Market Value:	=	\$947,706	
(-) Ag or Timber Use Value ReducÃon:	-	\$0	
<hr/>			
(=) Appraised Value:	=	\$947,706	
(-) HS Cap:	-	\$0	
<hr/>			
(=) Assessed Value:	=	\$947,706	

Taxing Jurisdic on

Owner: ADEY/VANDLING LTD

% Ownership: 100.000000000000%
Total Value: \$947,706

En ty	Descrip on	Tax Rate	Appraised Value	Taxable Value	Es mated Tax	
02	CITY OF AUSTIN	0.440300	\$947,706	\$947,706	\$4,172.75	
03	TRAVIS COUNTY	0.354200	\$947,706	\$947,706	\$3,356.78	
0A	TRAVIS CENTRAL APP DIST	0.000000	\$947,706	\$947,706	\$0.00	
2J	TRAVIS COUNTY HEALTHCARE DISTRICT	0.105221	\$947,706	\$947,706	\$997.19	
5A	ROUND ROCK ISD	1.304800	\$947,706	\$947,706	\$12,365.67	
68	AUSTIN COMM COLL DIST	0.104800	\$947,706	\$947,706	\$993.20	
Total Tax Rate:		2.309321				
Taxes w/Current Exempons:					\$21,885.59	
Taxes w/o Exempons:					\$21,885.57	

Improvement / Building

Improvement #1:	1 FAM DWELLING	State Code:	A1	Living Area:	3950.0 sq.	Value: \$1
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Type	Description	Class CD	Exterior Wall	Year Built	SQFT
1ST	1st Floor	WV - 4+		1964	3950.0
011	PORCH OPEN 1ST F	* - 4+		1964	8.0
011	PORCH OPEN 1ST F	* - 4+		1964	14.0
031	GARAGE DET 1ST F	WV - 4+		1964	1014.0
095	HVAC RESIDENTIAL	* - *		1964	3950.0
251	BATHROOM	* - *		1964	2.0
522	FIREPLACE	* - 4+		1964	1.0
571	STORAGE DET	WW - 3+		1964	126.0
612	TERRACE UNCOVERD	* - 4+		1964	240.0
SO	Sketch Only	SO - *			200.0
SO	Sketch Only	SO - *			0.0
SO	Sketch Only	SO - *			528.0

Improvement #2:	OFFICE (SMALL)	State Code:	F1	Living Area:	7474.0 sq.	Value: \$1
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Type	Description	Class CD	Exterior Wall	Year Built	SQFT
1ST	1st Floor	D - 4		1984	3737.0
2ND	2nd Floor	D - 4		1984	3737.0
413	STAIRWAY EXT	A - *		1984	1.0
501	CANOPY	A - *		1984	707.0
501	CANOPY	A - *		1984	707.0
551	PAVED AREA	AI - *		1984	7300.0
611	TERRACE	CA - *		1984	195.0
611	TERRACE	CA - *		1984	171.0

Improvement #3:	SM STORE <10K SF	State Code:	F1	Living Area:	1920.0 sq.	Value: \$1
-----------------	------------------	-------------	----	--------------	------------	------------

Type	Description	Class CD	Exterior Wall	Year Built	SQFT
1ST	1st Floor	WV - 4		1979	1920.0
501	CANOPY	G - *		1979	800.0
551	PAVED AREA	AI - *		1979	7300.0

Land

#	Type	Descrip on	Acres	Sq.	Eff Front	Eff Depth	Market Value	Prod. Value
1	LAND	Land	3.9590	172455.00	0.00	0.00	\$800,191	\$0
2	LAND	Land	0.4980	21693.00	0.00	0.00	\$147,512	\$0

Roll Value History

Year	Improvements	Land Market	Ag Valua on	Appraised	HS Cap	Assessed
2020	N/A	N/A	N/A	N/A	N/A	N/A
2019	\$3	\$947,703	0	947,706	\$0	\$947,706
2018	\$3	\$947,703	0	947,706	\$0	\$947,706
2017	\$3	\$947,703	0	947,706	\$0	\$947,706
2016	\$3	\$947,703	0	947,706	\$0	\$947,706
2015	\$138,068	\$257,335	0	395,403	\$0	\$395,403

Deed History - (Last 3 Deed Transac ons)

#	Deed Date	Type	Descrip on	Grantor	Grantee	Volume	Page	Deed Number
1	12/13/2005	SW	SPECIAL WARRANTY DEED	ADEY EDWARD A III & WILBERTA M	ADEY/VANDLING LTD			2005229104TR

RENTAL HOUSING DEVELOPMENT ASSISTANCE (RHDA)
Application for Rental Development Financing
Q3 2020 Submitted 1/31/2020

Arbor Park

6306 McNeil Drive
Austin, TX

Attachment 5(e)

Phase I Environmental Site Assessment & Asbestos Survey



PHASE I ENVIRONMENTAL SITE ASSESSMENT

4.5-Acres
6306 McNeil Road
Austin, Texas 78729

January 2020

A handwritten signature in blue ink, reading "Richard Varnell", positioned above a horizontal line.

Prepared by:
Richard Varnell, P.E., P.G., and

A handwritten signature in blue ink, reading "Nicole Longtin", positioned above a horizontal line.

Nicole Longtin, Environmental Engineer

Project Number: 367956

Prepared For:

The DMA Companies
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Prepared By:

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A handwritten signature in blue ink, reading "Michael D. Bohmfalk", positioned above a horizontal line.

Reviewed and Approved by:
Michael D. Bohmfalk, CHMM
Environmental Professional, Senior PM



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Appendix E:	Other Reference Information
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EXECUTIVE SUMMARY

TRC Environmental Corporation, Inc. (TRC) was retained by the City of Austin (COA) Austin Brownfields Revitalization Office (ABRO) on behalf of DMA Companies (DMA) to perform a Phase I Environmental Site Assessment (ESA) of the approximately 4.5-acre Site located at 6306 McNeil Road in Austin, Texas 78729 (herein referred to as the "Site"). TRC conducted the ESA to assist DMA in meeting the requirements for affordable housing assistance through City of Austin. The Phase I ESA described in this report was performed in accordance with the scope and limitations of the American Society for Testing and Materials Practice E 1527-13 *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process* (ASTM E 1527-13). Limiting conditions and/or deviations from the ASTM E 1527-13 standard are described in Sections 1.3 and 7.6 of this report.

The approximately 4.5-acre Site is currently operated by Pamela and Pete Maulding as a gifts and collectables storefront. The building closest to McNeil Drive is being used as a store front (Store), and currently stores miscellaneous items such as collectable dolls, antique furniture, and unique artwork. A two-story office building (Office) is located north of the Store. The Office originally had 10 separate tenant spaces but is currently being used for storage. There is a vacant residential structure (House) in the northeast part of the Site which is also being used for storage of miscellaneous items. The House is in poor condition, with portions of the roof and floor missing. Another residential structure, referred to as the Cottage, is in the northern portion of the Site to the northeast of the House. Access to the Cottage was limited due to vegetation and the poor structural condition of the structure. There is a 3-car garage (Garage) to the north of the House which is currently being used for storage. A Work Shop and Metal Shed are also located to the north of the House and appeared to be used for storage. Five vehicles that appeared inoperable and general debris (wood and household-type trash) were observed on the south side of the House. Three flat-bed trailers were observed in the parking area east of the Office.

TRC has performed a Phase I ESA in conformance with the scope and limitations of ASTM Practice E1527 of 6306 McNeil Road in Austin, Texas 78729, the Site. Any exceptions to or deletions from this practice are described in Sections 1.3 and 7.6 of this report. This assessment has revealed no evidence of recognized environmental conditions in connection with the Site. A vapor encroachment screening was also performed in accordance with ASTM Standard Guide E2600 – 15. The screening did not reveal evidence of vapor encroachment conditions (VECs) at the Site.

This Executive Summary is part of this complete report; any findings, opinions, or conclusions in this Executive Summary are made in context with the complete report. TRC recommends that the User read the entire report for supporting information related to findings, opinions, and conclusions.

Legal Notice

TRC has prepared this Phase I ESA for DMA Companies, the City of Austin, and the Texas Department of Housing and Community Affairs (hereinafter "User"). This document was prepared by TRC solely for the benefit of the User. With regard to third-party recipients of this document, neither TRC, nor the User, nor any of their respective parents, affiliates, or subsidiaries, nor any person acting on their behalf: (a) makes any warranty, expressed or implied, with respect to the use of any information or methods disclosed in this document; or (b) assumes any liability with respect to the use of any information or methods disclosed in this document. Any third-party



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1.0 INTRODUCTION

TRC Environmental Corporation (TRC) has prepared this Phase I Environmental Site Assessment (ESA) for the for DMA Companies, the City of Austin, and the Texas Department of Housing and Community Affairs (hereinafter collectively referred to as “User”).

This report was prepared for and may be relied upon by the User for the purposes set forth herein; it may not be relied on by any party other than the User. TRC will consider authorization for third-party reliance on this report if requested by the User. TRC reserves the right to deny reliance on this report by third parties.

1.1 Purpose and Scope of Services

The following Phase I ESA was performed for the property located at 6306 McNeil Drive in Austin, Texas 78729 (hereinafter the “Site”). A Site location map is included as **Figure 1**. This Phase I ESA has been prepared by TRC in accordance with the American Society for Testing and Materials E 1527-13 *Standard Practice for Environmental Site Assessments: Phase I ESA Process* (ASTM E 1527-13) and is intended for the sole use of DMA Companies, the City of Austin, and the Texas Department of Housing and Community Affairs per TRC’s *McNeil Phase 1 ESA Proposal*, authorized on November 5, 2019.

The purpose of this assessment is to identify *Recognized Environmental Conditions* (RECs) at the Site, as defined by the ASTM E 1527-13 standard. The completion of this Phase I ESA report may be used to satisfy one of the requirements for the User to qualify for the *innocent landowner*, *contiguous property owner*, or *bona fide prospective purchaser* liability protections pursuant to the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), thereby constituting *all appropriate inquiries into the previous ownership and uses of the property consistent with good commercial or customary practice* as defined by 42 U.S.C. §9601(35)(B) of CERCLA.

TRC understands that this assessment is funded with a federal grant awarded under the United States Environmental Protection Agency (U.S. EPA) Brownfields Assessment and Characterization program or for lending under the guidance of the Small Business Administration.

The Scope of Services for this Phase I ESA included the following tasks:

- Site and vicinity reconnaissance;
- Site and vicinity description and physical setting;
- Historical source review and description of historic Site conditions;
- Interviews with owners, operators, and/or occupants of the Site, and/or local officials;
- Review of environmental databases and regulatory agency records;
- Review of previous environmental reports/documentation, as applicable;
- Review of environmental liens, if provided or authorized to obtain by the User; and
- Preparation of a report summarizing findings, opinions, and conclusions.

1.2 Additional Services

Items outside the scope of the ASTM E 1527-13 standard include but are not limited to the following:

- Asbestos-containing building materials
- Radon
- Lead-based paint
- Lead in drinking water
- Wetlands
- Regulatory compliance
- Cultural and historic resources
- Industrial hygiene
- Emerging contaminants
- Health and safety
- Ecological resources
- Endangered species
- Indoor air quality unrelated to *releases of hazardous substances or petroleum products* into the environment
- Biological agents
- Mold

Non-scope services are further described in Section 9.0.

1.3 Deviations from ASTM E 1527-13 Standard

No significant deviations from the ASTM standard were made during this Phase I ESA.

2.0 SITE DESCRIPTION

2.1 Site Location and Legal Description

The approximately 4.5-acre Site is located at 6306 McNeil Road in Austin, Texas 78729, in a residential and commercial use area. The Site is identified by the Travis County Appraisal District (TCAD) with the property identification number of 174176 and is currently owned by Adey/Vandling LTD. A Site location map is included as **Figure 1**.

2.2 Site Improvements

Current on-Site improvements are listed in the following table. A Site Features Map is included as **Figure 2**.

Table 2.1 - Site Improvements

Site Feature	Description
Buildings and Construction Dates	Store - Approximately 1,920 square foot (ft ²) single story wood and brick building constructed circa 1979 Office - Approximately 7,470 ft ² two story wood and brick building constructed circa 1981 House - Approximately 3,950 ft ² single story wood and brick building constructed circa 1964 Cottage – Approximately 800 ft ² single story wooden building constructed in the late 1930s, 3-car Garage – Approximately 7,470 ft ² single story wooden building constructed in the Metal Shed - Approximately 100 ft ² single story sheet metal building constructed in the Work Shop - Approximately 200 ft ² single story wooden building constructed in the
Exterior areas	Asphalt paved parking areas are located to the east of the Store and the Office buildings. The southeastern portion of the Site is covered with trees and vegetation. Dense vegetation is present in the northern half of the Site.
On-Site roads/rail lines	A gravel drive leads from McNeil to the House.
Other large equipment	N/A
Potable water supply	City of Austin
Sewage disposal system(s)	Reportedly tied into the City of Austin Sanitary Sewer. However, five septic systems remain on Site that are reported to be no longer in use.
Heating/cooling system fuel source(s)	Natural gas/electricity for the Store, Office and House. A propane tank is located at the Cottage and is reportedly no longer in use.
Back-up fuel source(s)	N/A
Electricity supplier(s)	City of Austin
Stormwater system	City of Austin

2.3 Current and Historic Site Use

2.3.1 Current Site Use(s)

The Store is located in the southwest part of the Site and is currently operated by Pamela Maulding for commercial retail sale of gifts and collectables. Just north of the storefront is a two-story office building which historically housed up to 10 separate tenant spaces. Currently, it is being used for storage of miscellaneous items. The southeast part of the Site is unimproved and covered with trees and vegetation. The House is a vacant residential structure in the northeast part of the Site which is in poor structural condition. It is being used to store miscellaneous items throughout the entire building. The Cottage is located to the northeast of the House and is also being used for storage of miscellaneous items. Access to the Cottage was limited due heavy vegetation and the dilapidated condition of the building. The 3-car Garage, the Work Shop and the Shed are located to the north of the House and are also being used for storage of miscellaneous items. Access to these buildings was also limited due to dense vegetation and poor structural conditions.

The miscellaneous items stored in the buildings could not be reasonably inventoried due to the volume of items and unsafe structural building conditions. However, notable items observed included a kiln at the 3-car Garage (reportedly used for firing of clay items), spray paint cans at the 3-car Garage, Office and Work Shop and one-gallon cans of paint at the Garage and Office. Other items noted in the on-Site buildings included items such as clay molds, custom made pottery, antique furniture and artwork, collectable figurines, collectable dolls, Christmas ornaments, and other retail items throughout all of the buildings.

2.3.2 Previous Owner and Operator Information

Based on information provided by the User (Section 3.0), the historical record review (Section 4.0), and/or interviews conducted during this Phase I ESA (Section 6.0), the Site was acquired by Adey/Vandling LTD through a special warranty deed from Wilberta and Edward A. Adey III in December 2005. According to Ms. Pamela Maulding, the daughter of Mr. and Mrs. Adey, the property was acquired by the Adeys in 1959. The previous owner is not known.

2.4 Physical Setting

According to the United States Geological Survey, 2013, *7.5-Minute Topographic Map for Jollyville and Pflugerville West* (refer to **Figure 1**), the Site is located approximately 0.5 miles to the southeast from Rattan Creek, the Site topographic elevation is approximately 895 feet above mean sea level, and local topography generally slopes to the northeast. The topographic downward slope observed at the Site during the Site reconnaissance is generally toward the northeast. Based on local topography, the assumed direction of shallow groundwater flow is to the northeast toward Rattan Creek. However, a subsurface investigation would be required to determine actual groundwater flow direction.

The database radius report, supplied by Environmental Data Resources, Inc. (EDR) of Shelton, Connecticut, was reviewed to obtain information regarding the dominant soil composition in the Site vicinity. This information is summarized below:

Hydric Status:	Unknown
Soil Surface Texture:	Stony clay loam



Soil Component Name: Speck
Deeper Soil Types: Gravelly clay and bedrock

Please refer to the Geospatial Physical Setting Source Summary of the EDR report presented in **Appendix A** for further information regarding the soil composition in the Site vicinity. According to EDR, the Site is not located in a Federal Emergency Management Agency (FEMA) flood zone. In accordance with Texas Department of Housing and Community Affairs (TDHCA) requirements, this is documented in Section 9.0 of this Report. In addition, the subject property is depicted on the current FEMA Flood Insurance Rate Map (FIRM) for the area in a Figure provided in Appendix E of this Report.

3.0 USER PROVIDED INFORMATION

According to the ASTM E 1527-13 standard, certain tasks that may help identify the presence of RECs associated with the Site are generally conducted by the Phase I ESA User. These tasks include providing or authorizing the *environmental professional* to obtain recorded land title records for environmental liens or activity and use limitations (AULs); providing specialized knowledge related to RECs at the Site (e.g., information about previous ownership or environmental litigation); providing commonly known or *reasonably ascertainable* information within the local community about the *property* that is material to RECs in connection with the *property*; and informing the *environmental professional* if, as believed by the User, the purchase price of the *property* is lower than the fair market value due to contamination. A list of requested information was included in TRC's signed proposal (see Section 1.1). Information provided by the User pursuant to that request is listed in Section 3.0. A copy of the User questionnaire is included in **Appendix B**.

3.1 Title and Judicial Records for Environmental Liens or AULs

In addition to reviewing the EDR report (discussed in Section 4.2), local municipal records (Section 4.4), and the Travis County Appraisal District's website (Section 4.4), TRC obtained supplemental information regarding AUL-listed properties within Austin from an EDR Environmental Lien and AUL Report. No environmental liens were identified for the Site, and there is no evidence of AULs associated with the Site.

3.2 Specialized Knowledge

The User was not aware of specialized knowledge related to RECs at the Site.

3.3 Property Value Reduction Issues

The User was not aware of property valuation reduction issues regarding the Site.

3.4 Commonly Known or Reasonably Ascertainable Information

No commonly known or reasonably ascertainable information was provided to TRC by the User.

3.5 Reason for Conducting Phase I ESA

It is TRC's understanding that this Phase I ESA has been requested as part of the potential purchase of the Site and to meet the requirements for affordable housing assistance through the City of Austin.

4.0 RECORDS REVIEW

4.1 Historic Use Information

Information regarding Site and vicinity historic uses was obtained from various publicly available and practically reviewable sources including:

- Aerial photographs (scale: 1" = 500') dated 1941, 1951, 1967, 1973, 1981, 1988, 1995, 2005, 2008, 2012, and 2016;
- Topographic maps dated 1896, 1897, 1910, 1932, 1955/1959, 1968, 1973, 1987, and 2013;
- City directories dated 1961, 1965, 1970, 1975, 1980, 1986, 1992, 1995, 2000, 2005, 2010, and 2014;
- Local municipal records;
- An environmental database report; and
- Interviews with Site representative(s) and regulatory agency official(s), as necessary.

Historical research documentation is included in **Appendix C**.

Sanborn Maps were originally produced for assessing fire insurance liability in urban areas in the United States. The maps provide detailed information (e.g., building construction, facility occupants, storage tank locations, and hazardous material storage areas), which can be used as a resource to document land use and structural change over time. EDR researched the availability of Sanborn Maps in the vicinity of the Site; however, EDR stated that Sanborn Map coverage does not exist for the Site or nearby surrounding area.

4.1.1 Site History

Operational History

Table 4.1 - Site History

Year	Site History
1896	According to the 1896 topographic map, the Site is undeveloped.
1897	According to the 1897 topographic map, the Site is undeveloped.
1910	According to the 1910 topographic map, the Site is undeveloped.
1896 -1932	According to topographic maps, within this timeframe, the Site is unimproved.
1941	The 1941 aerial photograph shows the Site to be lightly wooded pastureland. McNeil Drive is visible immediately to the south of the Site. The remaining area appears to be mostly undeveloped, wooded land (north of McNeil), or pasture with scattered homes (south of McNeil).
1951	Two on-Site structures and what appears to be smaller sheds are visible in the 1951 aerial photograph. One of the larger structures was located near the current eastern edge of the subject property – it does not correspond to any of the structures currently on-site. The second larger structure is in the north-central

Table 4.1 - Site History

Year	Site History
	portion of the Site. It is located where the Cottage is currently sited. The remainder of the Site appears to be sparsely wooded pasture.
1955	The 1955 topographic map shows a structure on the Site. This structure appears to be in the same general location as the Cottage.
1967	The 1967 aerial photograph shows two buildings on-Site, the house and the cottage. The remainder of the Site appears to be sparsely wooded pasture.
1968, 1973, & 1987	The 1968, 1973, and 1987 topographic maps show a structure on the Site in the same general location as the House.
1973	The 1973 aerial photograph shows similar conditions on the subject property as those present in 1967. However, a residential trailer park is visible immediately to the west of the Site, and the beginnings of Research Park, and office park, is visible to the southwest. Finally, a quarry is visible to the west of the Site.
1981	The 1981 aerial photograph shows the House and Cottage still on Site with two new structures and what appear to be some smaller buildings. The two new structures include the Garage and Store buildings. The remainder of the Site consists of lightly wooded land with open, grassed areas. The surrounding area is still mostly undeveloped. Exceptions to that include the quarry to the west, which appears to be larger, and some new residential development to the west.
1988	The 1988 aerial photograph shows all of the previously mentioned structures still on Site with and a new structure, the Office building, that has been constructed immediately to the north of the Store. The parking lot to the east of those structures has also been enlarged. There has also been extensive residential development in the surrounding area, and some minor commercial development to the west and southwest. .
1995	The 1995 aerial photograph shows similar conditions at the Site as those depicted in the 1988 aerial photograph. Jollyville Elementary School is visible to the north of the Site.
2005, 2008, 2012, and 2016	Site conditions visible in these photographs are similar to those in the mid-1990s. Minor additional development is also visible in the surrounding area.

It does not appear that topographic contours in the Site area have significantly changed during the time period reviewed. If significant changes had been noted, it could indicate significant filling or excavation activity.

4.1.2 Adjoining Property History

Table 4.2 - Adjoining Property History

Year	Adjoining Property History
North	This area was undeveloped and sparsely vegetated since the late 1890's until single home residential development in the late 1990's; Bancroft Woods Drive has been present since 1995.

Table 4.2 - Adjoining Property History

Year	Adjoining Property History
East	This area was undeveloped with sparse vegetation since the late 1890's until a gas station and Corpus Christi Drive were added in 1995. In 2000 a business store front was developed which became an auto shop (Prime Time Lube Xpress) in 2005. The auto shop changed ownership and became Foundation Auto in 2010.
South	McNeil Drive has been present since the late 1890's. Undeveloped land (pastures with sparse trees) was located south of McNeil Drive until single home residential development was constructed there in 1987 (Millwood Neighborhood).
West	This area was undeveloped from the late 1890's until the early 1970's. In the early 1970's it appears the area was developed into an RV park. This area has remained an RV Park (Honeycomb Park) since with the addition of some vegetation and paved areas.

4.1.3 Surrounding Property History

Table 4.3 - Surrounding Property History

Year	Surrounding Property History
North	Prior to 1940, this area was undeveloped with dense vegetation. In the late 1980's, most of the area was developed into single home residential neighborhoods. In 1991, Jollyville Elementary School was developed off Corpus Christi Drive.
East	From the late 1890's till the early 1980's this area was undeveloped with some areas of sparse vegetation. In the early 1980's, most of the area to the east was developed residentially. In the early 2000's, apartment complexes were built on the east side of Corpus Christi Road.
South	This area appears undeveloped with large pastures and areas of dense vegetation until 1973, when a large building was developed. In 1988, a large portion of the remaining area to the south was turned developed as single home residential structures (Millwood Neighborhood). In 2005, most of the remaining area to the south was developed into apartments.
West	From the late 1890's until the early 1960's, this area was undeveloped with sparse vegetation. By the early 1960's, single home residential structures were constructed. The residential development continued in the early 1980's. In 2000, a small area to the west was commercially developed with a business, car wash and storage facility.

4.2 Database Report and Environmental Record Review

A database search report that identifies properties listed on state and federal databases within the ASTM-required radii of the Site was obtained from EDR and is included in **Appendix A**.

4.2.1 Subject Site

The environmental database report did not identify any listings or records for the Site.

4.2.2 Adjoining and Surrounding Property Record Review

Records or listings for four adjacent or surrounding properties were identified within the search radii of the Site. These properties included those that could be mapped and those that could not (i.e., orphan properties).

TRC evaluated the following factors to determine whether additional environmental records should be reviewed with respect to the potential for contaminant migration from the adjoining and surrounding properties:

- (1) Whether the property is upgradient or downgradient of the Site related to potential groundwater migration based on the local topography, and the assumed groundwater depth and shallow groundwater flow direction (to the northeast);
- (2) Whether the property is upgradient or downgradient of the Site related to potential vapor migration based on readily available information pursuant to the ASTM E 1527-13 standard including soil and geological characteristics; contaminant characteristics; contaminated plume migration data; and significant conduits that might provide preferential pathways for vapor migration such as major utility corridors, sanitary sewers, storm sewers, and significant natural conduits such as Karst terrain (vapor migration may also be influenced by the age and design of infrastructure features associated with these conduits);
- (3) Property case status (i.e., whether the state environmental agency or applicable regulatory authority has issued a No Further Action letter or other similar closure document);
- (4) Type of database and whether the presence of contamination is known; and
- (5) The distance between the listed property and the Site.

Based on this evaluation, TRC limited the review of additional environmental records to the properties listed below because the potential for contamination to be migrating to the Site from the other properties identified by the database search is considered low.

4.2.2.1 Adjoining Properties

Information regarding adjoining properties (those which share a common property boundary with the Site) included in the database search report is summarized in the following table(s):

Facility Name(s) and/or Listed Address(es)	WAG-A-BAG 13, 6294 McNeil Drive, Austin, Texas 78729
EDR Map No(s).	A1
Database(s)	UST (Underground Storage Tank), Asbestos, Financial Assistance
Description/ID No(s)	UST- CN Number: CN604560458, PST Registration ID: 65452 Financial Assurance- Facility ID: 42295, Financial Assurance ID: 202674, AI: 65452

Database Review Summary	<p>According to the UST Database, the Customer Number is CN604560458. There are two active underground petroleum storage tanks (UST ID 149646 and 149647) at WAG-A-BAG. Both tanks have 8000-gallon capacities and are double-walled. There have been no reported spills or leaks. In addition, TRC walked the tank pit area of the WAG-A-BAG and did not observe evidence of an unreported or misattributed release, such as monitoring wells, circular holes or patches in the pavement (suggestive of boring installation or plugged monitoring wells), or recently replaced pavement over the tank pit and/or dispenser islands.</p> <p>The Asbestos Database showed a routine inspection which found no evidence of asbestos.</p> <p>The Texas Financial Assurance Database showed insurance or risk retention issued by Tank Owners Members Insurance Company (policy number: 18157).</p>
--------------------------------	---

Facility Name(s) and/or Listed Address(es)	Valero Energy Station, 6294 McNeil Drive, Austin, Texas 78729
EDR Map No(s).	A2
Database(s)	EDR Hist Auto
Description/ID No(s)	EDR Hist Auto: 1022222283
Database Review Summary	EDR flagged this facility as a potential gas station/filling station/service station site. It is the same address/location as the WAG-A-BAG discussed above, and just appears to be a different owner or operator than that tied to the above listing. There are no reported spills or significant historical events.

Due to its proximity to the Site, TRC requested and reviewed available files at the TCEQ for the WAG-A-BAG 13/6294 McNeil Drive, Austin, Texas 78729. Issues noted during the file review included:

- On February 23, 2006, the WAG-A-BAG was found to be in violation of 30 TAC 115.222 for failing to have Stage 1 vapor adaptor for Tank 2. The issue was resolved on March 2, 2006 when documentation was provided to the TCEQ demonstrating that an OPW 1611 vapor adaptor was installed for Tank 2.
- On April 6, 2016, the WAG-A-BAG received a Notice of Enforcement (NOE) for failure to report a suspected release to the agency and failure to investigate a suspected release per 30 TAC Chapter 334.74. The TCEQ suspected a release could have occurred based on an inventory control discrepancy over a two month period. However, following their review of records provided by WAG-A-BAG which included the results of a recent visual inspection, passing tank tightness test results, water measurement checks, sensor alarm reports, line leak detection reports, and annual space sensors for the double walled tanks, the TCEQ concurred that there was no evidence of a release and administratively resolved the case in May 2016.

The file review did not reveal any evidence of RECs or suspected RECs for the Site.

4.2.2.2 Surrounding Properties

Information regarding surrounding properties (those within the general vicinity of the Site) included in the database search report is summarized in the following table(s):

Facility Name(s) and/or Address(es)	Signature 35 (Circle K Stores Inc.), 6107 West Parmer Lane, Austin, Texas 78729
Approximate Location Relative to Site	0.496-miles east-northeast
EDR Map No(s).	3
Database(s)	LPST (Leaking Petroleum Storage Tank)
Description/ID No(s).	CN Number: CN600134456, LPST ID: 118859
Presumed Hydrogeologic Setting	Downgradient
Database Review Summary	The LPST Database showed a priority 4.1 LPST in 2012 with COCs detected in groundwater but no apparent receptors impacted. Current status is final concurrence pending documentation of well plugging.

Based on the location of this property relative to the Site and the current status (i.e., final concurrence), this listing is not expected to result in environmental impairment of the Site.

Austin White Lime Company was identified as an unmappable LPST property in the EDR report. TRC field verified that Austin White Lime is approximately two miles to the northeast of Site and beyond the ASTM search radius for this listing.

4.3 Previous Reports

No previous environmental reports regarding the Site were provided for TRC's review.

4.4 Other Environmental Record Sources

Per the ASTM standard, local or additional state records were reviewed to enhance and supplement the ASTM-required federal and state records reviewed and discussed earlier in this report. The Environmental Protection Agency Brownfield Program database was accessed online regarding the adjacent and surrounding properties. No properties in the vicinity of the Site were identified in the database. The TCAD website was accessed to obtain additional information about the Site.

5.0 SITE RECONNAISSANCE

5.1 Methodology and Limiting Conditions

Mr. Richard Varnell and Ms. Nicole Longtin of TRC conducted a Site reconnaissance of accessible areas on and around the Site on November 11, 2019 for the purpose of identifying potential RECs at the Site. TRC was accompanied by Ms. Pamela Maulding of Gifts A'La Mode and the Key Site Manager and Mr. Kevin Bown of Twelve Rivers Realty who provided access to the property and answered questions during the reconnaissance. Photographs taken during the Site reconnaissance are provided in **Appendix D**. A Site Features Map is included as **Figure 2**.

During the Site reconnaissance, heavy vegetation limited access to the Cottage and other areas at the east and northeast portions of the property. Additionally, large amounts of items stored in the buildings limited access to and complete inspection of the interior of each building. These limiting conditions are not expected to impact the results of this Phase I ESA.

5.2 Interior and Exterior Site Observations

Unless otherwise noted, the items listed in the table below appeared in good condition with no visual evidence of staining, deterioration, or a discharge of hazardous materials; and there are no records of a release in these areas. Items where further description is warranted are discussed in the section(s) following the table.

Table 5.1 - Interior and Exterior Site Observations

Item	Present (Current/ Historic/ Not Observed)	Description
Hazardous material storage or handling areas	Not Observed	
Solid and liquid wastes including municipal wastes	Current	See Section 5.2.1.
USTs and associated piping	Not Observed	Evidence of USTs at the Site was not observed during the Site visit. According to the Key Site Manager, there have been no USTs at the Site.
ASTs and associated piping	Current	See Section 5.2.2
Drums and containers (≥5 gallons)	Current	Three stainless steel drums were observed at the Work Shop which were reportedly used for clay and appeared to be empty. TRC did not attempt to open the drums.
Odors	Not Observed	
Pools of liquid, including surface water bodies and sumps (handling hazardous substances or substances likely to be hazardous only)	Not Observed	

Table 5.1 - Interior and Exterior Site Observations

Item	Present (Current/ Historic/ Not Observed)	Description
PCBs/transformers	Current	Several pole mounted transformers in good (non-leaking) condition were observed on-site along the eastern and western property lines. Three were located on the western property line and six were located on the eastern property line.
Stains or corrosion	Not Observed	
Drains and sumps	Not Observed	
Pits, ponds, and lagoons	Not Observed	
Stressed vegetation	Not Observed	
Historic fill or other fill material	Not Observed	
Wastewater (including stormwater or discharge into a drain, ditch, underground injection system, or stream on or adjacent to the Site)	Not Observed	
Wells (including dry wells, irrigation wells, injection wells, abandoned wells, or other wells)	Not Observed	
Septic systems or cesspools	Current	Five septic systems are reported to be at the Site with none currently in use.
Various items in buildings	Current	Large amounts of items are being stored in the buildings, limiting access to the interior.
Inoperable vehicles and debris	Current	Five inoperable vehicles and general debris (wood, bricks, and trash) were observed in the vicinity of the House.

5.2.1 Solid and Liquid Wastes

According to Ms. Maudlin, hazardous, toxic, or special wastes have not been generated at the Site. Waste materials generated are limited to municipal solid waste and sanitary wastewater. The solid waste is generally office trash and it is disposed of in a dumpster serviced by Texas Disposal Systems (TDS). Sanitary wastewater is generated in the Store bathroom and discharged to the City of Austin's sanitary sewer system. Additional potential waste materials observed in the buildings include spray paint cans and one gallon paint cans (which may or may not be empty).

5.2.2 ASTs

A propane tank was observed next to the Cottage. According to Ms. Maulding, the Key Site Manager, the propane tank was installed in the 1960's and used until the 2000's. TRC was not able to conduct a thorough visual inspection of the propane tank as dense vegetation prevented access to the tank location. However, based on observations from the closest possible vantage point, the tank appeared to be in poor condition. The size of the tank and the current volume of propane held are unknown.

5.3 Adjoining and Surrounding Properties Reconnaissance

5.3.1 Adjoining Properties

During the Site reconnaissance, TRC viewed the adjoining properties from the Site and publicly accessible areas (e.g., public roadways, etc.).

Table 5.6 - Adjoining Properties Reconnaissance

Direction from Site	Current Land Use Description
North	Directly north of the Site is single family residential development on Bancroft Woods Drive.
East	The adjoining property east is a Wag-A-Bag convenience store, Valero Energy Station, and Foundation Auto Repair Shop. Beyond these businesses is Corpus Christi Drive.
South	Directly to the south of the Site is McNeil Drive, and beyond is single family residential development (Millwood Neighborhood).
West	The adjoining property to the west of the Site is Honeycomb RV Park. There are multiple RV's on the property with hookups for water and electrical power.

5.3.2 Surrounding Properties

Surrounding properties include residential land and Jollyville Elementary School to the north; and mixed residential and commercial entities to the east, south, and west.

6.0 INTERVIEWS

The following persons were interviewed to obtain historically and/or environmentally pertinent information regarding RECs associated with the Site. .

- Pamela Maulding, owner of Gifts A'La Mode with 60 years of experience at the Site – *Key Site Manager* (as defined by the ASTM standard and identified by the property owner);

The information provided is discussed and referenced throughout the text of this report. Other references and sources of information are included in **Appendix E**.

7.0 FINDINGS, OPINIONS, AND CONCLUSIONS

Potential findings can include RECs, including CREC, HRECs, and *de minimis* conditions, pursuant to the ASTM E 1527-13 standard.

RECs are defined as the presence or likely presence of any *hazardous substances* or *petroleum products* in, on, or at a *property*: (1) due to any *release* to the environment; (2) under conditions indicative of a *release* to the *environment*; or (3) under conditions that pose a *material threat* of a future *release* to the *environment*.

CRECs are defined as RECs resulting from past *releases* of *hazardous substances* or *petroleum products* that have been addressed to the satisfaction of the applicable regulatory authority (for example, as evidenced by the issuance of a no further action letter or equivalent, or meeting risk-based criteria established by regulatory authority), with *hazardous substances* or *petroleum products* allowed to remain in place subject to the implementation of required controls (e.g., *property* use restrictions, *AULs*, *institutional controls*, or *engineering controls*).

HRECs are defined as past *releases* of any *hazardous substances* or *petroleum products* that have occurred in connection with the *property* and have been addressed to the satisfaction of the applicable regulatory authority or meeting unrestricted use criteria established by a regulatory authority, without subjecting the *property* to any required controls (for example, *property* use restrictions, *AULs*, *institutional controls*, or *engineering controls*).

De minimis conditions are defined as conditions that generally do not present a threat to human health or the *environment* and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies. Conditions determined to be *de minimis conditions* are not RECs nor CRECs.

TRC has performed a Phase I ESA in conformance with the scope and limitations of ASTM E 1527-13 at the property located at 6306 McNeil Drive in Austin, Texas 78729 (Site), see **Appendices F** and **G**. Deviations from this standard are described in Sections 1.3 and 7.5 of this report.

7.1 RECs and CRECs

This assessment has revealed no evidence of RECs (including CRECs) in connection with the Site.

7.2 HRECs

This assessment has revealed no evidence of HRECs in connection with the Site.

7.3 *De Minimis* Conditions

This assessment has revealed evidence of the following *de minimis* conditions in connection with the Site:

- There are five septic systems on Site that are reportedly no longer in use. The location of the systems are as follows:

- South side of the Store,
- North of the parking lot at the Office,
- East-southeast of the House,
- North of the House, and
- Northwest of the Cottage.

Historic tenants at the Office include a dentist's office (circa 2000), a violin shop and realtors (circa 2005), attorneys and other commercial businesses.

- Three stainless steel drums were observed outside of the Work Shop and were reported to have been used to contain clay. The drums were not opened but appeared to be empty.
- A propane tank is located in the northeastern portion of the Site to the north of the House. According to Paula Maulding, the tank was reportedly used from the 1960's to 2000's as a source of heating and/or cooking fuel for the House. Dense vegetation prevented access to the propane tank.
- In a 2003 aerial photograph, there appeared to have been a spill of unidentifiable material on the concrete driveway of the adjacent property east of the Site (identified as Prime Time Lube Xpress at the time of the photo).
- Five apparently inoperable vehicles were observed at the House. Although no staining or releases were observed at or beneath the vehicles, it is assumed that some automotive fluids (fuel, antifreeze, oil) remain in the vehicles.
- A significant amount of miscellaneous items are stored in each of the buildings at the Site. The miscellaneous items stored in the buildings could not be reasonably inventoried due to the volume of items and unsafe structural building conditions. However, notable items observed included a kiln at the 3-car Garage (reportedly used for firing of clay items), spray paint cans at the 3-car Garage, Office and Work Shop and one-gallon cans of paint at the Garage and Office. Other items noted in the on-Site buildings included items such as clay molds, custom made pottery, antique furniture and artwork, collectable figurines, collectable dolls, Christmas ornaments, and other retail items throughout all of the buildings.
- Various types of debris (including old wood fencing material, bricks, residential trash, trash associated with an empty homeless encampment) were observed in the northeastern portion of the Site.

7.4 Data Gaps

TRC has made an appropriate inquiry into the commonly known and reasonably ascertainable resources concerning the historic ownership and use of the Site back to the first development per 40 CFR Part 312.24 (*Reviews of Historical Sources of Information*). Data gaps identified during this assessment include the following:

1. The obvious uses of the Site were identified from the present back to 1941, the date of the earliest resource that was reasonably ascertainable and contained information as to the Site's use. The Site was identified as pasture land by the Site owner, which could not definitively be identified as the Site's first use. Historical topographic maps were reviewed back to 1896; however, historical topographic maps do not generally provide information regarding property use. Although additional standard historical sources listed in ASTM E 1527-13 were not reviewed, information reviewed prior to 1896 is not expected to substantially change the findings and conclusions of this report.
2. It is assumed that the Site was used for agricultural purposes (pastureland) prior to the 1960s, during which herbicides and pesticides may have been used. No structures or orchards were identified on the Site during this time through the review of historical sources and interviews with the Site contacts and prior owners. Given that no storage structures or spills were historically identified on the Site related to herbicides and pesticides, TRC presumes that the amount of these substances administered on the Site would have been at "application" concentrations, if any. TRC cannot rule out the possibility of historic herbicide and pesticide use but given the information provided to TRC for this assessment, the Site does not appear likely to have been impacted by releases of herbicides and pesticides. Additional information that varies significantly from the sources provided to TRC may affect the conclusions of this assessment.
3. Dense vegetation limited access to the north end of the property where the cottage and propane tank are located.

None of these data gaps are considered significant.

7.5 Limiting Conditions and Deviations

7.5.1 Limiting Site Conditions

During the Site reconnaissance, heavy vegetation limited access to the Cottage and other areas at the east and northeast portions of the property. Additionally, large volumes of items stored in the buildings limited access to and complete inspection of the interior of each building. These limiting conditions are not expected to impact the results of this Phase I ESA.

7.5.2 Accuracy and Completeness

The ASTM E 1527-13 standard recognizes inherent limitations for Phase I ESAs that apply to this report, including:

- Uncertainty Not Eliminated – No Phase I ESA can wholly eliminate uncertainty regarding the potential for RECs in connection with a property. Data gaps identified during this Phase I ESA are listed in Section 7.4.
- Not Exhaustive – A Phase I ESA is not an exhaustive investigation.
- Past Uses of the Property – A review of standard historical sources at intervals less than 5 years is not required.

The Client is advised that the Phase I ESA conducted at the Site is a limited inquiry into a property's environmental status, cannot wholly eliminate uncertainty, and is not an exhaustive assessment to discover every potential source of environmental liability at the Site. Therefore,

TRC does not make a statement i) of warranty or guarantee, express or implied for any specific use; ii) that the Site is free of RECs or environmental impairment; iii) that the Site is “clean;” or iv) that impairments, if any, are limited to those that were discovered while TRC was performing the Phase I ESA. This limiting statement is not meant to compromise the findings of this report; rather, it is meant as a statement of limitations within the ASTM standard and intended scope of this assessment. Specific limiting conditions identified during the Site reconnaissance are described in Section 5.1. Subsurface conditions may differ from the conditions implied by surface observations and can be evaluated more thoroughly through intrusive techniques that are beyond the scope of this assessment. Information in this report is not intended to be used as a construction document and should not be used for demolition, renovation, or other construction purposes.

This report presents TRC’s Site reconnaissance observations, findings, and conclusions as they existed at the time of the Site reconnaissance. TRC makes no representation or warranty that the past or current operations at the property are or have been in compliance with applicable federal, state, and local laws, regulations, and codes. TRC makes no guarantees as to the accuracy or completeness of information obtained from others during the course of this Phase I ESA report. It is possible that information exists beyond the scope of this assessment, or that information was not provided to TRC. Additional information subsequently provided, discovered, or produced may alter findings or conclusions made in this Phase I ESA report. TRC is under no obligation to update this report to reflect such subsequent information. The findings presented in this report are based upon reasonably ascertainable information and observed Site conditions at the time of the assessment.

This report does not warrant against future operations or conditions, nor does it warrant against operations or conditions present of a type or at a location not assessed. Regardless of the findings stated in this report, TRC is not responsible for consequences or conditions arising from facts that were not fully disclosed to TRC during the assessment.

An independent data research company provided the government agency database referenced in this report. Information regarding surrounding area properties was requested for approximate minimum search distances and was assumed to be correct and complete unless obviously contradicted by TRC’s observations or other credible referenced sources reviewed during the assessment.

TRC is not a professional title insurance or land surveyor firm and makes no guarantee, explicit or implied, that any land title records acquired or reviewed, or any physical descriptions or depictions of the property in this report, represent a comprehensive definition or precise delineation of property ownership or boundaries.

7.5.3 Warranties and Representations

This report does not warrant against: (1) operations or conditions which were not evident from visual observations or historical information provided; (2) conditions which could only be determined by physical sampling or other intrusive investigation techniques; (3) locations other than the client-provided addresses and/or legal parcel description; or (4) information regarding off-Site location(s) (with possible impact to the Site) not published in publicly available records.

7.5.4 Continued Validity/User Reliance

This report is presumed to be valid, in accordance with, and subject to, the limitations specified in the ASTM E 1527-13 standard, for a period of 180 days from completion, or until the Client obtains specific information that may materially alter a finding, opinion, or conclusion in this report, or until the Client is notified by TRC that it has obtained specific information that may materially alter a finding, opinion, or conclusion in this report. Additionally, pursuant to the ASTM E 1527-13 standard, this report is presumed valid if completed less than 180 days prior to the date of acquisition of the property or (for transactions not involving an acquisition) the date of the intended transaction.

7.5.5 Significant Assumptions

During this Phase I ESA, TRC relied on database information; interviews with Site representatives, regulatory officials, and other individuals having knowledge of Site operations; and information provided by the User as requested in our authorized Scope of Work. TRC has assumed that the information provided is true and accurate. Reliance on electronic database search reports is subject to the limitations set forth in those reports. TRC did not independently verify the information provided. TRC found no reason to question the validity of the information received unless explicitly noted elsewhere in this report. If other information is discovered and/or if previous reports exist that were not provided to TRC, our conclusions may not be valid.

7.5.6 Deviations from ASTM E 1527-13 Standard

No significant deviations from the ASTM standard were made during this Phase I ESA.

8.0 REFERENCES

Table 8.1 - Reference Information

Description/Title of Document(s) Received or Agency Contacted	Date Information Request Filled/Date of Agency Contact	Information Updated	Reference Source
Regulatory database search and historical sources discussed herein	November 07, 2019	N/A	EDR Inquiry Number: 5862109.2s
Interview with Pamela Maulding	November 11, 2019	N/A	N/A
TCEQ File Review	November 19, 2019	N/A	N/A
HUD Acceptable Separation Distance Assessment Tool	November 23, 2019	N/A	https://www.hudexchange.info/programs/environmental-review/asd-calculator/

9.0 NON-SCOPE ITEMS

None of the ASTM E1527-13 non-scope services listed in Section 1.2 were performed as part of this Phase I ESA. However, the City requested performance of the Phase I ESA in accordance with the Texas Department of Housing and Community Affairs (TDHCA) Rules and Guidelines for an ESA as codified in Section 11.305 of Title 10 of the Texas Administrative Code (10 TAC § 11.305 - Subchapter D of the TDHCA Rules). In order to meet these requirements, TRC has provided the following:

1. Documentation of the Site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise and a statement determining if a noise study is recommended for the Site in accordance with current Housing and Urban Development (HUD) guidelines (e.g., whether the Site is within 1,000 feet of a major roadway, 3,000 feet of a railroad, 15 miles of a military or FAA-regulated civil airfield).
2. A copy of a current survey, if available, or other drawings of the site reflecting the boundaries and adjacent streets, all improvements on the site, and any items of concern described in the body of the ESA or identified during the physical inspection;
3. A copy of the current Federal Emergency Management Agency Flood Insurance Rate Map showing the panel number and encompassing the site with the site boundaries precisely identified and superimposed on the map;
4. A statement indicating the need for testing for Lead Based Paint and/or asbestos containing materials pursuant to local, state, and federal laws, or recommended due to any other consideration if the Site includes any improvements or debris from pre-existing improvements;
5. A statement indicating the need for testing for lead in the drinking water pursuant to local, state, and federal laws, or recommended due to any other consideration such as the age of pipes and solder in existing improvements. For buildings constructed prior to 1980, a report on the quality of the local water supply does not satisfy this requirement;
6. An assessment for the potential for the presence of Radon on the Property and recommendations for specific testing if necessary;
7. Identification and assessment of the presence of oil, gas or chemical pipelines, processing facilities, storage facilities or other potentially hazardous explosive activities on-site or in the general area of the site that could potentially adversely impact the Development. If present, the locations of these items will be shown on a drawing or map in relation to the Site. If appropriate, the drawing will depict any blast zones (in accordance with HUD guidelines) and include appropriate HUD blast zone calculations; and

8. A vapor encroachment screening conducted in accordance with Vapor Intrusion E2600-10.

9.1 Additional TDHCA Requirements

9.1.1 Proximity of Site to Potential Sources of Excessive Noise

During the Area reconnaissance, TRC attempted to identify sources of noise in accordance with the TDHCA Rules. Distances from the Site were determined using the Google Earth measurement tool. All measurements were direct (e.g. “as the crow flies”), versus driving distances and were measured from the closest property boundary.

Potential sources of noise reviewed by TRC include the following:

- 1) Major roadways located within 1,000 feet of the Site (distance from Site in accordance with U.S. Housing and Urban Development [HUD] guidelines).
- 2) Industrial zones in the vicinity of the Site.
- 3) Active rail lines located within 3,000 feet of the Site (distance from Site in accordance with HUD guidelines).
- 4) Civil and military airfields located within 15 miles of the Site (distance from Site in accordance with HUD guidelines).

9.1.1.1 Major Roadways

The southern boundary of the Site abuts McNeil Drive, a five lane roadway (four traffic lanes and one central turning lane) that is considered a major thoroughfare in this area of Austin. Two other major thoroughfares are in the Site vicinity but are outside of the THDCA's 1,000 foot radius for noise issues. Those thoroughfares are Highway 183 (approximately 4,800 feet to the southwest of the Site) and Parmer Lane (approximately 2,600 feet to the west). Parmer Lane is also known as Farm to Market (FM) Road 734.

Based on the proximity of the Site to McNeil Drive, TRC recommends that a noise study be performed in accordance with TDHCA and HUD guidelines.

9.1.1.2 Industrial Zones and Active Rail Lines

TRC also evaluated the distance of the Site from industrial zones and active rail lines. The Site is located approximately 1,800 feet to the north-northeast of the Research Park Office Complex. The Research Park Office Complex area is the location of high-tech company office, research and development centers and light-manufacturing facilities. All of the activities at these high-tech locations are within the buildings. The closest industrial facility with outdoor operations appears to be Austin White Lime, which produces high calcium quicklime, hydrated lime, and hydrated lime slurry. Austin White Lime's facility is located approximately two miles to the northeast of the Site. There are two limestone quarries associated with Austin White Lime – one approximately 1.75 miles to the northeast and the second approximately 1.6 miles to the east of the Site. Based on the indoor nature of the Research Park operation and the distance of the Austin White Lime operations from the Site, industrial activities will be a source of excessive noise at the Site.

Austin White Lime is serviced by an active rail line owned by the Missouri-Pacific Company. At its closest, the rail line is approximately 7,200 feet (~1.36 miles) from the Site, well outside of the TDCHA radius of 3,000 feet. Therefore, it does not appear rail lines will be a source of excessive noise at the Site.

The locations of these features relative to the Site are depicted on Figure 3.

9.1.1.3 Civil and Military Airfields

TRC determined the distance of the Site from Austin Bergstrom International Airport to be approximately 15.95 miles. Thus, the only major airport in the area is outside of the TDCHA radius of 15 miles. Similarly, there are no military airfields within the 15-mile radius. However, there are much smaller FAA-regulated airfields located within the 15-mile radius. For example, Breakaway Park is located approximately 5.25 miles to the north-northwest and the Austin Executive Airport is located approximately 11 miles to the east-southeast of the Site. These airfields provide service to small single engine aircraft and private or charter jets. Flights into and out of these airfields are limited and do not follow a routine schedule. Similarly, there are multiple helipads located at major hospitals that are within the TDHCA radius. Therefore, based on the sporadic and infrequent use of these non-major airfields by relatively smaller aircraft, it does not appear that these small airfields will be a source of excessive noise at the Site.

9.1.2 Site Survey or Drawings

A copy of the Site's plat map is provided in Appendix E. The plat map provides property boundaries, but buildings are not represented on the plat. Please refer to Figure 2 of this ESA for a depiction of each on-site structure and other site features identified during this Phase I ESA.

9.1.3 FEMA FIRM

A copy of the current Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM) that shows the subject property is provided in Appendix E of this report. As shown on the FIRM, the Site is not located within the 100-year or the 500-year floodplain.

9.1.4 Asbestos and Lead-Based Paint

TRC understands that if this affordable housing project moves forward, all existing structures will be demolished and removed from the Site. Based on the age of the buildings, there is a potential for asbestos materials and lead-based paint to be present. TRC is performing an ACM survey at this Site concurrent with the Phase I ESA activities. The results of that survey will be submitted under separate cover. TRC recommends testing of demolition debris for lead for proper waste characterization prior to disposal.

9.1.5 Lead in Drinking Water

Based on our understanding that all of the structures will be demolished and removed from the Site, TRC assumes that any new construction will include new utility infrastructure, including new piping with a direct tie into the City of Austin potable water supply. Therefore, based on the assumption that all potable water piping will be new, analysis for lead in drinking water is not recommended.

9.1.6 Radon

TDHCA regulations require that the ESA include an assessment for the potential for the presence of Radon gas at the Site and recommendations for specific testing if necessary. According to the U.S. Environmental Protection Agency's (EPA's) radon zones (<https://www.epa.gov/radon/find-information-about-local-radon-zones-and-state-contact-information#radonmap>), Travis County is located in Zone 3 – Counties with predicted average indoor radon screening levels of less than 2 picoCuries per Liter of air (pCi/L). The EPA's action level for radon is 4 pCi/L. Based on this information, radon testing is not recommended for this Site.

9.1.7 Potentially Hazardous Explosive Activities

TRC conducted an evaluation to identify oil, gas, or chemical pipelines, processing facilities, storage facilities, and other potentially hazardous explosive activities on-Site and in the near vicinity of the Site. With exception of natural gas distribution pipelines which service the Site and are assumed to run within the right-of-way of McNeil Road, none of these pipelines, facilities or activities were observed at the Site.

According to HUD guidance, when considering explosive and flammable facilities in the context of HUD-assisted projects, an inquiry should be conducted that includes aboveground stationary storage tanks within one mile of the project site of more than a 100-gallon capacity for storage of common liquid industrial fuels (such as gasoline, fuel oil, kerosene and crude oil) and hazardous facilities (a facility that mainly stores, handles or processes flammable or combustible chemicals such as bulk fuel storage facilities and refineries). TRC conducted a visual survey of an area generally within one mile of the Site. Aboveground storage of fuels was limited to fuel storage tanks associated with emergency power generators at buildings on the south side of the Research Park Office Complex. Utilizing the Acceptable Separation Distance Assessment Tool calculator available through the HUD Exchange website, the acceptable separation distance (ASD) for Thermal Radiation for People was calculated to be approximately 276 feet while the ASD for buildings was approximately 50 feet. These distances were calculated based on an assumed 1,000-gallons of storage capacity of the emergency generator fuel tanks. Since the Site is more than 300-feet from the location of these tanks, they do not pose an explosion threat to the Site.

Through a proprietary database, TRC has access to the locations of most pipelines within the state of Texas. An evaluation of these pipeline locations shows a natural gas pipeline along the east side of Parmer Lane. No other pipelines were identified. Although the natural gas pipeline is within one-mile of the Site, the pipeline is buried and is expected to comply with all applicable federal, state and local safety standards. As such, the pipeline is not considered a hazard.

No other oil, liquid petroleum, or chemicals pipelines, processing facilities, or large scale storage facilities were observed or identified within one mile of the Site. The approximate location of the emergency generators and the natural gas pipeline have been depicted on Figure 6.

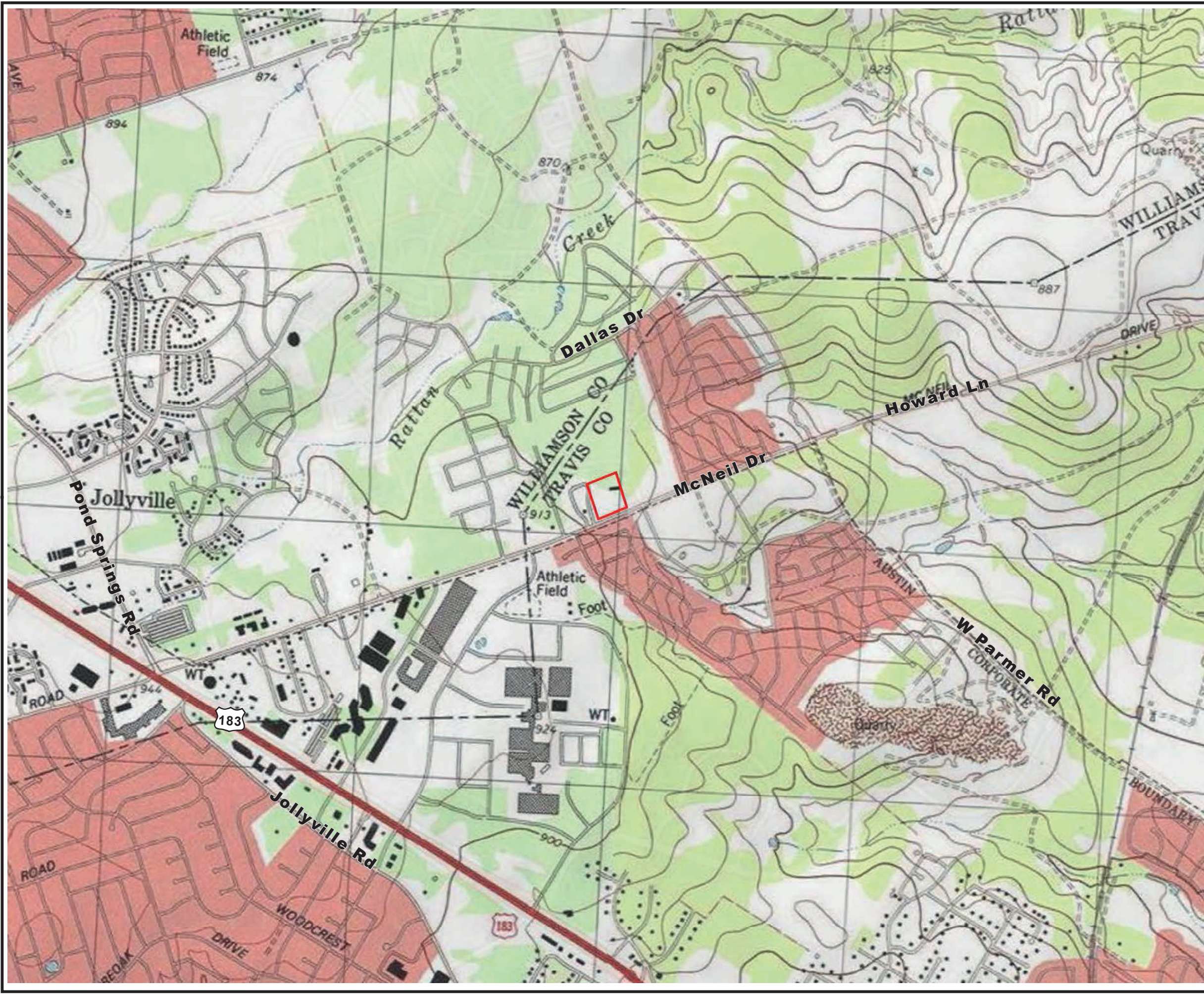
9.1.8 Vapor Encroachment Screening

TRC performed a vapor encroachment screening at the Site in general accordance with ASTM E2600-15, *Standard Guide for Vapor Encroachment Screening on Property Involved in Real Estate Transactions*. ASTM E2600-15 has replaced ASTM E2600-10, which is the vapor intrusion standard referenced in the TDCHA rules. ASTM E2600-15 presents a two-tiered screening process. The information needed to conduct a Tier 1 screen is similar to information generally

collected as part of a Phase I ESA. The purpose is to determine if a vapor encroachment condition (VEC) is present at the Site. If the Tier 1 screen determines that a VEC exists, a more refined screening (Tier 2) can be performed. A Tier 2 screen consists of a comparison of analytical data to numeric screening criteria and additional, non-invasive review of data.

To perform the Tier 1 screening, TRC compared sites with known or suspected contamination to the search distances provided in ASTM E2600-15. None of the sites listed in the EDR Radius Report is located within those distances, including WAG-A-BAG 13. For PST sites, the default minimum search distance is the subject property only. Based on this information, no VECs have been identified at the subject property.

Figures



LEGEND

Site Location

BASEMAP FROM USGS 7.5 MINUTE TOPOGRAPHIC MAP QUADRANGLE SERIES; JOLLYVILLE & PFLUGERVILLE WEST (PUB. 1975).

01,2502,500
Feet

1" = 1,250'
1:15,000

PROJECT:	CITY OF AUSTIN PHASE I ESA 6306 MCNEIL DRIVE	
TITLE:	SITE LOCATION MAP	
DRAWN BY:	S. RAY	PROJ. NO.: 367956
CHECKED BY:		FIGURE 1
APPROVED BY:		
DATE:	NOVEMBER 2019	
TRC		505 East Huntland Drive, Suite 250 Austin, TX 78752 Phone: 512.329.6080 www.trcsolutions.com
FILE NO.:	367956_1_Topo.mxd	



LEGEND

- Approximate Location of Septic Leach Fields
- Empty Stainless Steel Drums
- Foundation Auto Repair Drum Storage Area
- Approximate Property Boundary
- Inoperable Vehicles

1" = 75'
1:900

PROJECT:	CITY OF AUSTIN PHASE I ESA 6306 MCNEIL DRIVE	
TITLE:	SITE FEATURES MAP	
DRAWN BY:	S. RAY	PROJ. NO.: 367956
CHECKED BY:		FIGURE 2
APPROVED BY:		
DATE:	NOVEMBER 2019	
		505 East Huntland Drive, Suite 250 Austin, TX 78752 Phone: 512.329.6080 www.trcsolutions.com
FILE NO.:	367956_2.mxd	