



Norman Commons

by Foundation Communities

2024 RHDA Application

Executive Summary

Foundation Communities (FC) is an Austin nonprofit, developing affordable housing in our community for over 30 years, serving over 7,000 residents across 26 communities in Austin and three in North Texas, with four more in construction and predevelopment. We provide beautifully designed, energy efficient homes and free on-site services for thousands of Austin families with kids, as well as veterans, seniors, and people with disabilities.

Norman Commons is a special opportunity for FC, in partnership with Austin Housing Finance Corporation (AHFC), to build a multi-family community in Northeast Austin next to Norman-Sims Elementary. The opportunity to develop this city-owned site was awarded by AHFC to FC and fellow nonprofit Guadalupe Neighborhood Development Organization (GNDC) through a competitive RFP process. Norman will include 156 multifamily rental homes and a learning center developed by FC, as well 32 affordable homeownership units by GNDC.

Norman was originally awarded \$8.8M from RHDA in 2023, and this application is requesting an additional \$2M. Since this original award, interest rate increases leading up to closing caused a \$2M reduction in mortgage proceeds, creating an unanticipated gap. FC committed this gap at the closing table in order to keep the project on track, with the goal of pursuing additional sources of funding after closing. Unfortunately, Norman has not been eligible for NHTF funds and not competitive for additional CMF or FHLB funds or funding from other large foundations. FC is coming to RHDA as a last resort.

FC has a unique ability to bridge gaps at the closing table and keep projects on track because of our nonprofit pipeline fund. This critical strategy has helped FC deliver developments during a very difficult market of rising construction and interest rate costs, while other developments are put on hold or unable to close. FC is only able to provide bridge funding like this if funds are reimbursed. This additional \$2M request is critical, not only to Norman, but to our pipeline of future Austin communities.

With 156 affordable rental homes, a Learning Center, on-site case management, and a host of other amenities and services, this new community is envisioned to achieve the following goals:

- **Family Friendly with a preference for Homeless Families** - 76% of homes will offer two, three, and four bedrooms to accommodate larger families. 10% of units will prioritize homeless families making less than 30% of MFI and will receive supportive services through FC's Children's Home Initiative Program.
- **Long-Term Affordability and Non-profit ownership** - 100% of the units will be affordable to households at or below 60% AMI and will remain affordable even after the 40-year rent restriction expires. FC will remain the lifetime owner, manager, and service provider of the rental homes and Learning Center.
- **High Impact Community Services:** Residents will benefit from a multitude of free, on-site services to support their financial, emotional, and physical well-being. A state-of-the-art Learning Center will function as the community hub, which will house summer and after-school educational programs for youth, adult education classes, resident events, fitness classes, and more. Related high impact community services, including on-site case management and a healthy food pantry, will be available to meet the needs of our residents.
- **Green Building and Amenity-Rich Green Space** - We will design and build the community to Austin Energy Green Building standards and are committed to the preservation of trees and green space and will design several kid- and pedestrian-friendly amenities for outdoor play.

Application

Norman Commons

APPLICATION CHECKLIST/ INFORMATION FORM				
DEVELOPER : Foundation Communities		OWNER/BORROWER NAME : Foundation Communities		
DEVELOPMENT NAME : Norman Commons		FUNDING CYCLE DEADLINE : August 2, 2024		
FEDERAL TAX ID NO: 74-2563260		DUNS NO: 55-635-2268		
PROJECT ADDRESS: 3811 1/2 Tannehill Ln, Austin, TX 78704		PROGRAM : RHDA		
CONTACT NAME : Sabrina Butler		AMOUNT REQUESTED: \$2,000,000		
CONTACT ADDRESS AND PHONE : 3000 South Interstate 35 FR, Suite 300, Austin, TX 78704 510-452-7602				
APPLICATION TABS			INITIALS	
A 1	EXECUTIVE SUMMARY/PROJECT PROPOSAL		SB	
A 2	PROJECT SUMMARY FORM		SB	
A 3	PROJECT TIMELINE		SB	
A 4	DEVELOPMENT BUDGET		SB	
A 5	OPERATING PRO FORMA		SB	
A 6	SCORING SHEET		SB	
ATTACHMENT TABS				
1	ENTITY INFORMATION	1.a.	Detailed listing of developer's experience	SB
		1.b.	Certificate of Status	SB
		1.c.	Statement of Confidence	N/A
2	PRINCIPALS INFORMATION	2.a.	Resumes of principals	SB
		2.b.	Resumes of development team	SB
		2.c.	Resumes of property management team	SB
3	FINANCIAL INFORMATION	3.a.	Federal IRS Certification	SB
		3.b.	Certified Financial Audit	SB
		3.c.	Board Resolution	SB
		3.d.	Financial Statements	SB
		3.e.	Funding commitment letters	SB
4	PROJECT INFORMATION	4.a.	Market Study	SB
		4.b.	Good Neighbor Policy	SB
		4.c.	SMART Housing Letter	SB
		4.d.	MOU with ECHO	SB
		4.e.	Resident Services	SB
5	PROPERTY INFORMATION	5.a.	Appraisal	SB
		5.b.	Property Maps	SB
		5.c.	Zoning Verification Letter	SB
		5.d.	Proof of Site control	SB
		5.e.	Phase I ESA	SB
		5.f.	SHPQ	SB
<p>The applicant/developer certifies that the data included in this application and the exhibits attached hereto are true and correct.</p> <p><i>Unsigned/undated submissions will not be considered.</i></p>				
SIGNATURE OF APPLICANT		DATE AND TIME STAMP OF RECEIPT		
<div>Sabrina Butler</div> <div>PRINTED NAME</div> <div>Sabrina Butler</div> <div>TITLE OF APPLICANT</div> <div>Director of Real Estate Development</div> <div>DATE OF SUBMISSION</div> <div>8/2/2024</div>		<div></div> <div>FOR AHFC USE ONLY</div>		

INSTRUCTIONS FOR APPLICATION SUBMISSION - UPDATED DECEMBER 2020

- 1 All the tabs in the workbook need to be filled out for a complete application.
 - 2 The Application Checklist/ Information Form should be the first page followed by the Executive Summary / Project Proposal. The contents of the HDA Application Packet should be named and arranged in the order of the tabs mentioned in the application checklist info form.
 - 3 Each item on the application checklist info form should be initialed by the applicant confirming the inclusion of each attachment and the checklist signed off by the applicant prior to submission.
- Currently we are accepting only email applications. We require two versions for submission. Please submit a detailed version with all the attachments required for review and another version required for austintexas.gov website upload. The version for website upload should have critical information in a SINGLE pdf file but not exceed 20 MB in size. For example, you could remove Phase I ESA, Market Study, Land Appraisal etc. to reduce file size for website upload.
- 5 The RHDA guidelines are revised and the new guidelines are applicable starting January 1, 2021.
http://www.austintexas.gov/sites/default/files/files/311/RHDA_Guidelines.pdf
OHDA program guidelines are available here:
http://www.austintexas.gov/sites/default/files/files/OHDA_Guidelines_2018-19.pdf
 - 6 A copy of all the maps generated for the project address needs to be submitted with the application. Map series and instructions are available here.
<https://austin.maps.arcgis.com/apps/MapSeries/index.html?appid=f4aa2b13f1664280ba55075f68e4c375>
 - 7 Applications can be submitted all around the year but will be reviewed for funding on a quarterly basis. The application calendar for FY20-21 is available on our website.
<http://www.austintexas.gov/sites/default/files/files/Housing/HDA%20Calendar%20FY2021%20REPLACEMENT.pdf>
 - 8 If you have any questions about the application, please contact:

<i>James May</i>	<i>512-974-3192</i>	<i>james.may@austintexas.gov</i>
<i>Ellis Morgan</i>	<i>512-974-3121</i>	<i>ellis.morgan@austintexas.gov</i>
<i>Deepa Vasan</i>	<i>512-974-3572</i>	<i>deepa.vasan@austintexas.gov</i>

Project Summary Form

1) Project Name Norman Commons	2) Project Type 100% Affordable	3) New Construction or Rehabilitation New Construction
4) Address(s) or Location Description 5712 Jackie Robinson, Austin TX 78721		5) Mobility Bond Corridor
6) Census Tract 21.1	7) Council District District 1	8) Elementary School NORMAN EL
		9) Affordability Period 40 years
10) Type of Structure Multi-family	11) Occupied? No	12) How will funds be used? Construction

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		4	8	3	1	16
Up to 40% MFI						0
Up to 50% MFI		18	39	19	2	78
Up to 60% MFI		15	31	15	1	62
Up to 80% MFI						0
Up to 120% MFI						0
No Restrictions						0
Total Units	0	37	78	37	4	156

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	16	Continuum of Care Units	16
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?

No

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

No

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

Yes

19) The property has Healthy Food Access?

No

20) Estimated Sources and Uses of funds

Sources

Debt	14,800,000
Equity	25,536,666
Grant	
Other	3,351,378
Deferred Developer Fee (not applicable for OHDA)	3,500,000
Previous AHFC Funding	8,861,676
Current AHFC Request	2,000,000

Total \$ 58,049,720

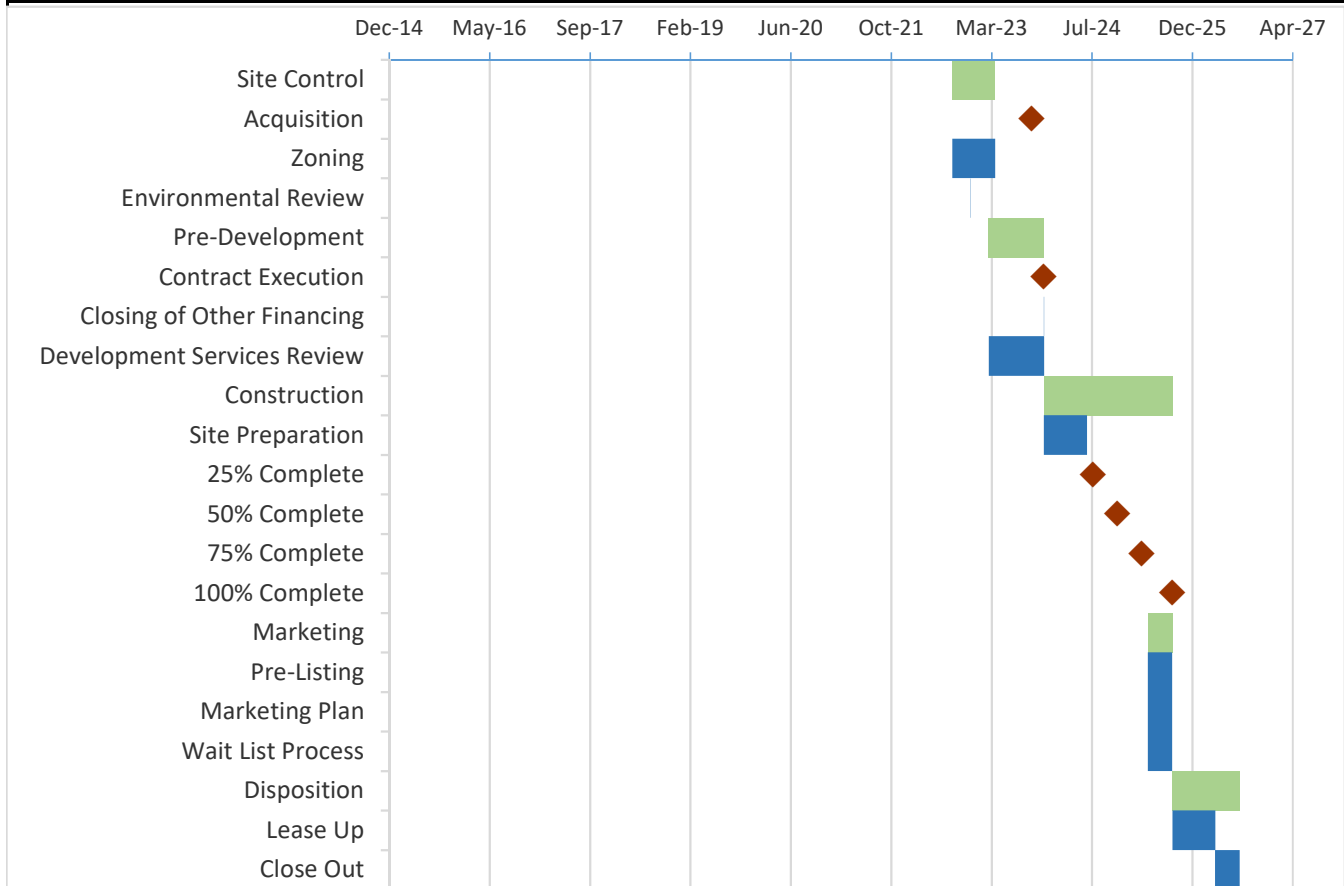
Uses

Acquisition	29,857
Off-Site	
Site Work	
Sit Amenities	
Building Costs	41,742,627
Contractor Fees	
Soft Costs	2,687,007
Financing	6,590,229
Developer Fees	7,000,000

Total \$ 58,049,720

Development Schedule

	Start Date	End Date
Site Control	Sep-22	Apr-23
Acquisition	Oct-23	
Zoning	Sep-22	Apr-23
Environmental Review	Dec-22	Dec-22
Pre-Development	Mar-23	Dec-23
Contract Execution	Dec-23	
Closing of Other Financing	Dec-23	Dec-23
Development Services Review	Mar-23	Dec-23
Construction	Dec-23	Sep-25
Site Preparation	Dec-23	Jul-24
25% Complete	Aug-24	
50% Complete	Dec-24	
75% Complete	Apr-25	
100% Complete	Sep-25	
Marketing	May-25	Aug-25
Pre-Listing	May-25	Aug-25
Marketing Plan	May-25	Aug-25
Wait List Process	May-25	Aug-25
Disposition	Sep-25	Aug-26
Lease Up	Sep-25	Apr-26
Close Out	Apr-26	Aug-26



Development Budget

	Total Project Cost	Requested AHFC Funds	Description
Pre-Development			
Appraisal	9,920		
Environmental Review	9,200		
Engineering	6,000		
Survey	39,500		
Architectural	1,018,687		
Subtotal Pre-Development Cost	\$1,083,307	\$0	
Acquisition			
Site and/or Land	0		
Structures			
Other (specify)	29,857		closing costs + site clearing
Subtotal Acquisition Cost	\$29,857	\$0	
Construction			
Infrastructure			
Site Work	5,481,687		
Demolition			
Concrete	843,199		
Masonry	1,838,592		masonry and steel
Rough Carpentry	7,626,730		
Finish Carpentry	1,379,791		
Waterproofing and Insulation	561,806		
Roofing and Sheet Metal	925,007		
Plumbing/Hot Water	2,804,042		
HVAC/Mechanical	2,379,957		
Electrical	3,081,284		
Doors/Windows/Glass	1,284,934		
Lath and Plaster/Drywall and Acoustical	2,087,857	2,000,000	
Tiel Work	636,802		
Soft and Hard Floor	170,320		
Paint/Decorating/Blinds/Shades	831,213		
Specialties/Special Equipment	1,721,378		elevator, fire safety, specialties
Cabinetry/Appliances	323,691		
Carpet			
Other (specify)	5,557,544		contractor fee, general requirements, overhead, owner work
Construction Contingency	1,976,792		
Subtotal Construction Cost	\$41,512,627	\$2,000,000	
Soft & Carrying Costs			
Legal	75,000		
Audit/Accounting	18,000		
Title/Recordin	1,965,229		title/recording/loan fees/bond/LOC/public issuance/other fin
Architectural (Inspections)	25,000		
Construction Interest	4,600,000		
Construction Period Insurance	205,698		
Construction Period Taxes	0		
Relocation	0		
Marketing			
Davis-Bacon Monitoring	38,000		Workers Defense
Developer Fee	7,000,000		developer fee is 15% of eligible basis
Other (specify)	1,497,002		reserves/ consultants/ FFE/permits/art/materials+soils testin
Subtotal Soft & Carrying Costs	\$15,423,929	\$0	
TOTAL PROJECT BUDGET	\$58,049,720	\$2,000,000	

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	\$2,408,268	\$2,456,433	\$2,505,562	\$2,555,673	\$2,606,787	\$2,878,103	\$3,177,658
Secondary Income	\$24,000	\$24,480	\$24,970	\$25,469	\$25,978	\$28,682	\$31,667
POTENTIAL GROSS ANNUAL INCOME	\$2,432,268	\$2,480,913	\$2,530,532	\$2,581,142	\$2,632,765	\$2,906,785	\$3,209,326
Provision for Vacancy & Collection Loss	-\$173,852	-\$177,329	-\$180,876	-\$184,493	-\$188,183	-\$207,769	-\$229,394
Rental Concessions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EFFECTIVE GROSS ANNUAL INCOME	\$2,258,416	\$2,303,584	\$2,349,656	\$2,396,649	\$2,444,582	\$2,699,016	\$2,979,932
EXPENSES							
General & Administrative Expenses	\$82,904	\$85,391	\$87,953	\$90,591	\$93,309	\$108,171	\$125,400
Management Fee	\$110,106	\$113,409	\$116,811	\$120,316	\$123,925	\$143,663	\$166,545
Payroll, Payroll Tax & Employee Benefits	\$324,960	\$334,709	\$344,750	\$355,093	\$365,745	\$423,999	\$491,531
Repairs & Maintenance	\$259,058	\$266,830	\$274,835	\$283,080	\$291,572	\$338,012	\$391,848
Electric & Gas Utilities	\$33,126	\$34,120	\$35,143	\$36,198	\$37,284	\$43,222	\$50,106
Water, Sewer & Trash Utilities	\$89,143	\$91,817	\$94,572	\$97,409	\$100,331	\$116,311	\$134,837
Annual Property Insurance Premiums	\$78,415	\$80,767	\$83,190	\$85,686	\$88,257	\$102,314	\$118,610
Property Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve for Replacements	\$39,000	\$40,170	\$41,375	\$42,616	\$43,895	\$50,886	\$58,991
Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL ANNUAL EXPENSES	\$1,016,712	\$1,047,213	\$1,078,630	\$1,110,989	\$1,144,318	\$1,326,579	\$1,537,868
NET OPERATING INCOME	\$1,241,704	\$1,256,371	\$1,271,026	\$1,285,660	\$1,300,264	\$1,372,438	\$1,442,064
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	\$1,051,179	\$1,051,179	\$1,051,179	\$1,051,179	\$1,051,179	\$1,051,179	\$1,051,179
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	\$190,525	\$205,192	\$219,847	\$234,481	\$249,085	\$321,259	\$390,885
CUMULATIVE NET CASH FLOW	\$190,525	\$395,717	\$615,564	\$850,046	\$1,099,130	\$2,524,989	\$4,305,348
Debt Coverage Ratio	1.18	1.20	1.21	1.22	1.24	1.31	1.37

Project Name	Norman Commons	
Project Type	100% Affordable	
Council District	District 1	
Census Tract	21.1	
Prior AHFC Funding	\$8,861,676	
Current AHFC Funding Request Amount	\$2,000,000	
Estimated Total Project Cost	\$58,049,720	
High Opportunity	No	
High Displacement Risk	YES	
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	16	# of rental units at < 30% MFI
District Goal	12%	% of City's affordable housing goal
High Opportunity	FALSE	% of City's affordable housing goal for high opportunity areas
Displacement Risk	28%	% of City's affordable housing goal to reduce displacement
High Frequency Transit	0%	% of City's affordable housing goal near high frequency transit
Imagine Austin	0%	% of City's affordable housing goal in imagine austin corridors
Geographic Dispersion	0%	% of City's affordable housing goal to increase geographic dispersion
Mobility Bond Corridor	0%	% of City's affordable housing goal within mobility bond corridors
SCORE	3	% of annual goal * units * 50%, max of 75
< 40% MFI	0	# of rental units at < 40% MFI
< 50% MFI	78	# of rental units at < 50% MFI
District Goal	12%	% of City's affordable housing goal
High Opportunity	FALSE	% of City's affordable housing goal for high opportunity areas
Displacement Risk	28%	% of City's affordable housing goal to reduce displacement
High Frequency Transit	0%	% of City's affordable housing goal near high frequency transit
Imagine Austin	0%	% of City's affordable housing goal in imagine austin corridors
Geographic Dispersion	0%	% of City's affordable housing goal to increase geographic dispersion
Mobility Bond Corridor	0%	% of City's affordable housing goal within mobility bond corridors
SCORE	8	% of annual goal * units * 25%, max of 75
< 60% MFI	0	# of units for purchase at < 60% MFI
District Goal	12%	% of City's affordable housing goal
High Opportunity	FALSE	% of City's affordable housing goal for high opportunity areas
Displacement Risk	28%	% of City's affordable housing goal to reduce displacement
High Frequency Transit	0%	% of City's affordable housing goal near high frequency transit
Imagine Austin	0%	% of City's affordable housing goal in imagine austin corridors
Geographic Dispersion	0%	% of City's affordable housing goal to increase geographic dispersion
Mobility Bond Corridor	0%	% of City's affordable housing goal within mobility bond corridors
SCORE	0	% of annual goal * units * 50%, max of 75
< 80% MFI	0	# of units for purchase at < 80% MFI
District Goal	12%	% of City's affordable housing goal
High Opportunity	FALSE	% of City's affordable housing goal for high opportunity areas
Displacement Risk	28%	% of City's affordable housing goal to reduce displacement
High Frequency Transit	0%	% of City's affordable housing goal near high frequency transit
Imagine Austin	0%	% of City's affordable housing goal in imagine austin corridors
Geographic Dispersion	0%	% of City's affordable housing goal to increase geographic dispersion
Mobility Bond Corridor	0%	% of City's affordable housing goal within mobility bond corridors
SCORE	0	% of annual goal * units * 25%, max of 75
Unit Score	11	MAXIMUM SCORE = 300
INITIATIVES AND PRIORITIES		
Continuum of Care	16	Total # of units provided up to 100 per year
Continuum of Care Score	2	(total CoC Units/100 + HF Units/50)*20
Access to Healthy Food	No	Within 1 Mile of Healthy Food (City GIS)
Continuum of Care Weighted Score	1	Mobility, Access to Jobs, Community Institutions, Social Cohesion
2 Bedroom Units	47	Total Affordable 2 Bedroom units
3 Bedroom Units	22	Total Affordable 3 Bedroom units
4 Bedroom Units	3	Total Affordable 4+ Bedroom units
Multi-Generational Housing Score	15	Multi-bedroom Unit/Total Units * 20
TEA Grade	86	Elementary School Rating from TEA
Multi-Generational Housing Weighted Score	4	Educational Attainment, Environment, Community Institutions, Social Cohesion, E
Accessible Units	19	mobility and sensory units
Non-PSH, Non-Voucher Under 20% MFI	0	Total units under 20% MFI
Accessibility Score	4	Accessible Unit/Total Units * 20
Metro Access Service	Yes	Within 3/4 mile of fixed route transit
Accessibility Weighted Score	1	Housing Stability, Health, Mobility, Community Institutions
Initiatives and Priorities Score	28	MAXIMUM SCORE = 200
UNDERWRITING		
AHFC Leverage	31%	% of total project cost funded through AHFC request
Leverage Score	12	3 points per 5% reduction in leverage below 50% (max 30)
AHFC Per Unit Subsidy (including prior amounts)	\$115,550	Amount of assistance per unit
Subsidy per unit score	11	(\$200,000 - per unit subsidy)*25/\$200,000
AHFC Per Bedroom Subsidy	\$55,988	Amount of assistance per bedroom
Subsidy per Bedroom Score	18	(\$200,000 - per bedroom subsidy)*25/\$200,000
Debt Coverage Ratio (Year 5)	1.24	Measured at the 5 Year mark
Debt Coverage Ratio Score	23.69575456	Minimum = 1.0; Maximum = 1.5; 1.25 = best score
Underwriting Score	64	MAXIMUM SCORE = 100
APPLICANT		
FINAL QUANTITATIVE SCORE	103	THRESHOLD SCORE = 50
Previous Developments		
Compliance Score		
Proposal		
Supportive Services		
Development Team		
Management Team		
Notes		

Attachments

Norman Commons

1a. Applicant Entity Introduction

Foundation Communities (FC) is the applicant and is a nationally recognized nonprofit founded in 1990 with a mission to provide quality affordable housing and supportive services to low-income families and individuals. FC has 30 years of experience creating housing where individuals and families succeed. Our vision for strong families and communities involves more than just providing a roof over peoples' heads. By combining affordable housing and free on-site services, we empower low-income residents with the tools they need to achieve long-term stability and self-sufficiency. FC focuses on four main areas:

Opening Doors to Homes: We own and manage over 3,700 apartments across 23 properties in Austin and 3 in North Texas. Over 7,000 residents call our communities home. We are the life-time owner, developer, property manager, and services provider to our Austin portfolio. We invest upfront in high quality design, materials, green building strategies for our new properties and invest heavily in capital repairs, maintenance, and green upgrades at our older properties.

Healthy Communities: All FC residents have access to health amenities and resources including fitness, cooking and nutrition, food pantries, gardens, and disease management/prevention services. We have over 850 permanent supportive housing apartments where single adults who have chronic health problems and disabilities, have been homeless, or survive on fixed incomes receive intensive case management. To support families coming out of homelessness, we created the Children's HOME Initiative (CHI). These 157 units, integrated throughout our family properties, provide reduced rents and case management to help families move from crisis to long-term stability.

Learning in a Community: On-site Learning Centers give over 1,000 children of working parents academic and enrichment support, including the Green and Healthy Kids program. 85% of students maintain or improve their grades in our free out-of-school time programs. Adult education is also a priority and includes job and computer skills, English as a Second Language, and digital and financial literacy. College Hub deepens FC's decade-long commitment to serving non-traditional students, providing intensive support and academic opportunities for low income and first generation college students.

Financial Stability: Financial Centers provide free tax preparation to more than 32,000 low-income individuals each year with the help of 600+ IRS-certified volunteers. Annual refunds amount to more than \$35 million, and can equal 25% of a family's annual income. Each year, more than 600 families become smart consumers through financial coaching; at least 50% reduce their debt. Matched savings plans assist families to purchase a home, attend college, or start a business.

1b. Applicant Entity Certificate of Status



Office of the Secretary of State

Certificate of Fact

The undersigned, as Secretary of State of Texas, does hereby certify that the document, Articles Of Incorporation for FOUNDATION COMMUNITIES, INC. (file number 114499001), a Domestic Nonprofit Corporation, was filed in this office on March 05, 1990.

It is further certified that the entity status in Texas is in existence.

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on January 28, 2022.



A handwritten signature in black ink, appearing to read "John B. Scott".

John B. Scott
Secretary of State

1c. Applicant Capacity

Foundation Communities Staff Experience

- **Walter Moreau, Executive Director:** During his 30+ year career, Walter has secured subsidy financing of more than \$500 million to create more than 3,700 units of service-enriched, nonprofit-owned affordable housing, and 15 onsite Learning Centers. Moreau was recognized as a 2007 James A. Johnson Community Fellow by the Fannie Mae Foundation. He was also awarded the 2005 Social Entrepreneur of the Year Award and the 2004 Texas Houser Award. He holds a Master's degree from UT's LBJ School of Public Affairs. He has been with Foundation Communities for more than 20 years.
- **Sabrina Butler, Chief Real Estate Development Officer,** oversees FC's overall real estate development portfolio, from site selection through construction completion and stabilization. With a background in finance, Sabrina brings a particular strength in securing both public and conventional financing for FC's multi-family housing pipeline, and provides refinancing support to the existing portfolio as well. Sabrina joined Foundation Communities in 2017 with nearly 15 years of experience in nonprofit affordable housing portfolio management and community development finance. Sabrina has a Masters in Regional Planning.
- **Luis Contreras, Director of Construction,** supports the Development Team with site selection, due diligence, selecting external partners, funding coordination, and most importantly overseeing the project is being built on time and to our specifications. Luis has over ten years of design and construction experience, having worked in various markets throughout the country as a general contractor. Luis has a B.S. in Architecture from the University of Texas at San Antonio and predominantly focuses on the various construction processes as they relate to FC projects.
- **Anna Lake-Smith, Senior Design Manager,** works with the Development team to take projects through feasibility, design, and construction, including coordinating with the Sustainability, Property, and Asset Management teams. Anna brings a wide range of design experience, from residential interiors to city planning. Anna holds a dual MS in Urban Design and MS in Community/Regional Planning from The University of Texas at Austin, and a Bachelor of Arts in Architecture from Wellesley College.
- **Tillie Croxdale, Director of Real Estate Development,** underwrites all new development proposals and manages initial site analysis and due diligence. Tillie also directs all phases of each capital funding stack including preparation of funding applications (including LIHTC applications), solicitation of mortgage and equity financing and coordination of financing closings. Tillie has a Bachelor in Architecture, a Master in Real Estate Finance and over 10 years' experience in the affordable housing field.

1c. Applicant Capacity

Foundation Communities Development experience

- **Development management:** FC has been managing affordable housing communities in house for over 30 years. The FC development team oversees the design and construction of our communities and coordinates the RFQ and bid process for the architect, engineers, and general contractor. The development team consists of three full-time project managers dedicated to overseeing our projects in development.
- **Market Analysis:** FC engages a third-party firm to conduct market studies for each of our proposed projects. The market study is ordered in the contract feasibility period. Sabrina Butler receives bids and engages each project's market analyst.
- **Site selection and Control:** Walter Moreau has 30 years of site selection experience. Sites are selected based on a variety of factors including current funding priorities, cost of land, preservation of affordable housing opportunities, and availability of sites in close proximity to existing FC properties. FC contracts with a private, third-party land broker to find sites and negotiate with sellers.
- **Planning and Construction:** FC contracts with third-party general contractors and has been privileged to work with a number of quality ones. FC invites those firms to bid on all projects developed by Foundation Communities (in addition to other firms who might be interested). FC has an excellent working relationship with several general contractors.
- **Design, Architecture and Engineering:** Anna Lake-Smith oversees the hiring of the design and engineering team. Typically, Anna issues an RFQ to an invited list of bidders (open to all interested parties.) The list is narrowed down based on responses; then, the FC development team, including Walter, Sabrina, and Anna, meet the finalists and make a selection based on presentations. FC has an excellent working relationship with several architectural firms and civil engineers.
- **Legal and Accounting:** All accounting is performed in-house by an accounting team led by Ann Clift, CFO. Tax returns, audits and cost certifications for tax credit properties are contracted out to Novogradac and Company, LLC. FC has engaged a third-party attorney.
- **Federal Funding Rules:** FC has extensive experience working with programs funded by HUD and their associated federal regulations including: Federal Labor Standards, Davis Bacon Reporting, Section 3, Affirmative Marketing, Environmental Clearances, Public Notices and Procurement Standards.
- **Other Funding Source Rules:** FC has a great track record for using multiple funding sources on each project. Funding stacks often include tax credits, state funds, FLHB, grants, and private fundraising. More details are in the Financial Capacity section.

1d. Statement of Confidence

This is not applicable as the majority of Foundation Communities portfolio is located within the City of Austin and monitored by HPD.

1e. Applicant Financial Capacity

Foundation Communities has 30 years of experience utilizing multiple funding tools in the development of affordable multifamily housing. We have an excellent track record of securing funding in competitive allocations of 9% tax credits, Federal Home Loan Bank AHP funds, and City of Austin RHDA funds as well as strong working relationships with multiple lenders and tax credit investors.

- **Tax Credits:** Over the past 25 years, Foundation Communities has applied for and been awarded 9% tax credits for 17 developments and 4% tax credits on two developments, which utilized bonds from AHFC. The FC development team is well-versed in the LIHTC program and application process and closely follows the annual drafting of the Qualified Allocation Plan. FC has relationships with multiple tax credit investors and syndicators including Enterprise Community Investment, Bank of America, Wells Fargo, Raymond James, NEF, and BBVA Compass.
- **City of Austin:** The City of Austin has been a major contributor on 26 Foundation Communities' projects. The FC Development team follows the release of the City's application rules and NOFA and has a solid working relationship with City of Austin HPD/AHFC staff.
- **FHLB:** Foundation Communities has applied for and received 25 awards through the FHLB Affordable Housing Program.
- **Lenders:** Foundation Communities has excellent relationships with several lenders that allow for competitive rates and pricing. We currently have private mortgages with Compass BBVA, Bank of America, Wells Fargo, Capital One Bank, University Federal Credit Union, and Greater Texas Federal Credit Union.
- **Private Fundraising:** FC has a very strong track record of private fundraising and individual donations. Past large foundation donors include Meadows, Topfer, Kendeda, Enterprise, Home Depot, St. David's, and the Michael & Susan Dell Foundations. In the last five years, Foundation Communities has been successful in raising over \$16 million in private funds to help fund construction of 8 new communities.
- **Other:** FC has also utilized TDHCA's Multifamily Direct Loan Program (TCAP and National Housing Trust Fund loans), and the federal Capital Magnet Fund program.

1f. Non-profit Developer

Foundation Communities is a Non-profit Developer

Foundation Communities, Inc. changed its name from Central Texas Mutual Housing Association (CTMHA) in 2000. CTMHA was originally formed March 5, 1990. In May 1990 the IRS issued a determination letter that recognized Central Texas Housing Mutual Corporation as a 501(c)(3). In June 2001, we received a letter from IRS reaffirming our 501(c)(3) status for Foundation Communities, Inc. and recognizing the group exemption for all the subordinate nonprofit affiliates. In 2019 Foundation Communities moved offices from 3036 S 1st St, Austin, TX 78704 to 3000 S IH 35, Suite 300, Austin, TX 78704 and submitted a change of address to form to IRS.

1f(i). IRS Letter

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
1100 COMMERCE STREET
DALLAS, TX 75242-0000

DEPARTMENT OF THE TREASURY

Date:

JUN 06 1995

CENTRAL TEXAS MUTUAL HOUSING
ASSOCIATION
C/O CINDY CHRISTIANSEN
2512 S IH 35 STE 350
AUSTIN, TX 78704-5751

Employer Identification Number:
74-2563260

Case Number:
755122043

Contact Person:
ANNETTE SMITH

Contact Telephone Number:
(214) 767-6023

Our Letter Dated:
May 23, 1990

Addendum Applies:
No

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization that is not a private foundation until the expiration of your advance ruling period.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization of the type described in section 509(a)(2).

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(2) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(2) organization.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,



Bobby E. Scott
District Director

Internal Revenue Service

Department of the Treasury

**P.O. Box 2508
Cincinnati, OH 45201**

Date: June 6, 2001

Foundation Communities
3036 S 1st St 200
Austin, TX 78704-6382

Person to Contact:

Marion F Robinson- Baugh
Customer Service Representative

Toll Free Telephone Number:

8:00 A.M. to 9:30 P.M. EST
877-829-5500

Fax Number:

513-263-3756

Federal Identification Number:

74-2563260

Dear Sir or Madam:

This is in response to your request for affirmation of your organization's exempt status.

In May 1990, we issued a determination letter that recognized your organization as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. That letter is still in effect.

Based on the information supplied, we recognized the subordinates named on the list your organization submitted as exempt from federal income tax under section 501(c)(3) of the Code. Additionally, we have classified the subordinates your organization operates, supervises, or controls, and which are covered by written notification to us, as organizations that are not private foundations because they are organizations of the type described in sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code.

Donors may deduct contributions to your organization's subordinates as provided in section 170 of the Code. Bequests, legacies, devises, transfers or gifts to the subordinates or for their use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Your organization and its subordinates are required to file Form 990, Return of Organization Exempt from Income Tax, only if the gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000, when a return is filed late, unless there is reasonable cause for the delay.

Your organization and its subordinates are not required to file federal income tax returns unless subject to the tax on unrelated business income under section 511 of the Code. If subject to this tax, the organization must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization or its subordinates' present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

Foundation Communities
74-2563260

Unless specifically excepted, your organization and its subordinates are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid to each of its employees during a calendar year. Your organization and its subordinates are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Each year, at least 90 days before the end of your organization's annual accounting period, please send the following items to the Internal Revenue Service Center at the address shown below:

1. A statement describing any changes during the year in the purposes, character, or method of operation of your organization's subordinates;
2. A list showing the names, mailing addresses (including Postal ZIP Codes), actual addresses if different, and employer identification numbers of subordinates that:
 - a. Changed names or addresses;
 - b. Were deleted from the roster; or
 - c. Were added to the roster.
3. For subordinates to be added, attach:
 - a. A statement that the information on which your organization's present group exemption letter is based applies to the new subordinates;
 - b. A statement that each has given your organization written authorization to add its name to the roster;
 - c. A list of those to which the Service previously issued exemption rulings or determination letters;
 - d. A statement that none of the subordinates is a private foundation as defined in section 509(a) of the Code if the group exemption letter covers organizations described in section 501(c)(3);
 - e. The street address of subordinates where the mailing address is a P.O. Box; and

Foundation Communities
74-2563260

- f. The information required by Revenue Procedure 75-50, 1975-2 C.B. 587 for each subordinate that is a school claiming exemption under section 501(c)(3). Also include any other information necessary to establish that the school is complying with the requirements of Revenue Ruling 71-447, 1971-2 C.B. 230. This is the same information required by Schedule A, Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.
4. If applicable, a statement that your organization's group exemption roster did not change since the previous report.

The above information should be sent to the following address:

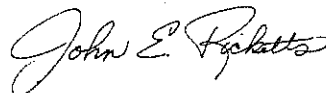
Internal Revenue Service Center
Attn: Entity Control Unit
Ogden, UT 84409

The law requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. You are also required to make available for public inspection a copy of your organization's exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of \$20 a day for each day you do not make these documents available for public inspection (up to a maximum of \$10,000 in the case of an annual return).

Your organization's Group Exemption Number is .

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,



John E. Ricketts, Director, TE/GE
Customer Account Services

Change of Address or Responsible Party — Business

▶ Please type or print.

▶ See instructions on back. ▶ Do not attach this form to your return.

▶ Go to www.irs.gov/Form8822B for the latest information.

OMB No. 1545-1163

Before you begin: If you are also changing your home address, use Form 8822 to report that change.

If you are a tax-exempt organization (see instructions), check here ☒

Check **all** boxes this change affects:

- 1 ☒ Employment, excise, income, and other business returns (Forms 720, 940, 941, 990, 1041, 1065, 1120, etc.)
- 2 ☒ Employee plan returns (Forms 5500, 5500-EZ, etc.)
- 3 ☒ Business location

4a Business name Foundation Communities, Inc	4b Employer identification number 74-2563260
--	--

5 Old mailing address (no., street, room or suite no., city or town, state, and ZIP code). If a P.O. box, see instructions. If foreign address, also complete spaces below, see instructions.

3036 S 1st Street, Suite 200, Austin, TX 78704

Foreign country name	Foreign province/county	Foreign postal code
----------------------	-------------------------	---------------------

6 New mailing address (no., street, room or suite no., city or town, state, and ZIP code). If a P.O. box, see instructions. If foreign address, also complete spaces below, see instructions.

3000 S IH-35, Suite 300, Austin, TX 78704

Foreign country name	Foreign province/county	Foreign postal code
----------------------	-------------------------	---------------------

7 New business location (no., street, room or suite no., city or town, state, and ZIP code). If a foreign address, also complete spaces below, see instructions.

3000 S IH-35, Suite 300, Austin, TX 78704

Foreign country name	Foreign province/county	Foreign postal code
----------------------	-------------------------	---------------------

8 New responsible party's name

9 New responsible party's SSN, ITIN, or EIN

10 Signature

Daytime telephone number of person to contact (optional) ▶

Sign Here

Signature of owner, officer, or representative

Executive Director

Title

Date

1-2-2020

Where To File

Send this form to the address shown here that applies to you.

IF your old business address was in ...	THEN use this address ...
Connecticut, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin	Internal Revenue Service Cincinnati, OH 45999-0023
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming, any place outside the United States	Internal Revenue Service Ogden, UT 84201-0023

1f(ii). Audit

1f(iii). Board Resolution

RESOLUTION
BOARD OF DIRECTORS OF
Foundation Communities, Inc.
Norman Commons Apartments

WHEREAS, **Foundation Communities, Inc.**, a non-profit Community Housing Development Organization (the “**Corporation**”), has determined that the actions set out in the following resolutions reasonably may be expected to benefit, directly or indirectly, the Corporation;

RESOLVED, that the Corporation or an affiliate of the Corporation apply for a loan from the Austin Housing Finance Corporation in Rental Housing Development Assistance Funding (the “**Loan**”) for the affordable housing, rental community that the Corporation is constructing at **5712 Jackie Robinson St, Austin, TX** (the “**Property**”)

RESOLVED, that either WALTER MOREAU, as Executive Director of the Corporation (the “**ED**”) or Vicki McDonald, as Chief Real Estate Officer (the “**CREO**”) may in his/her sole discretion execute all documents to effectuate the Loan and Entitlements;

RESOLVED, that the Corporation secure up to **\$3,000,000** of additional loan funds from the Austin Housing Finance Corporation (the “**Lender**”) and, whether by and through itself or by and through an entity under common control with Corporation, pledge the Property and other related assets as collateral therefore, all on such terms and conditions as the ED or CREO of the Corporation may in his/her sole discretion, deem necessary or desirable, and that the Corporation execute any and all pertinent loan documents required by Lender in connection therewith, confirming and ratifying its liability under said loan, all on such terms and conditions as the ED or CREO of the Corporation may, in his/her sole discretion, deem necessary or desirable;

RESOLVED, that the grant by the Corporation of liens on the Property described above may also secure any and all other indebtedness now or hereafter owing to Lender;

RESOLVED, that the Corporation act in the future to take any and all actions necessary to renew, extend or otherwise modify the terms of the above referenced loan and any other loan from Lender, all on such terms and conditions and for such consideration as the ED or CREO of the Corporation may in his/her sole discretion, deem necessary or advisable;

RESOLVED, that the ED or the CREO of the Corporation be, and he/she is hereby, authorized, empowered, and directed to execute, acknowledge, and deliver, for and on behalf and in the name of the Corporation, such loan applications, assumption agreements, affidavits, assignments, bills of sale, promissory notes, deeds of trust, financing statements, security agreements, guaranties, pledges, loan documents, licenses, easements, entitlement applications, affordability unlocked agreements, and other instruments, containing such terms and conditions as the ED or the CREO may in his/her sole discretion, deem necessary or desirable, and that the attestation by the Secretary of the Corporation and the affixation of the seal of the Corporation shall not be necessary;

RESOLVED, that the Corporation whether by and through itself or by and through a specific purpose entity created for such and under common control with Corporation may transfer the Property to a limited partnership affiliated with the Corporation in the event that the ED or the CREO

of the Corporation determines, in his/her sole discretion, that such a transfer is necessary or desirable;

RESOLVED, that the ED or the CREO of the Corporation be, and he/she is hereby, authorized, empowered, and directed to execute, acknowledge, and deliver, for and on behalf and in the name of the Corporation, such deeds, bills of sale and other instruments, containing such terms and conditions as the ED or the CREO may in his/her sole discretion, deem necessary or desirable, and that the attestation by the Secretary of the Corporation and the affixation of the seal of the Corporation shall not be necessary;

RESOLVED, that any instruments executed in connection with the above described transactions may contain such effective dates, whether prior to or after the date of adoption of these resolutions as set forth below, as the ED or the CREO of the Corporation may in his/her sole discretion, deem necessary or advisable; and

RESOLVED, that any and all transactions by any of the officers or representatives of the Corporation with Lender and Seller prior to the adoption of these resolutions be, and they are hereby, ratified and approved for all purposes.

Adopted and approved by the Board of Directors on the 11 day of June, 2024.

FOUNDATION COMMUNITIES, INC.,
a Texas nonprofit corporation

Angelique Goodnough

Angelique Goodnough, Secretary Board of Directors of
Foundation Communities, Inc.

2. Development Team

Role	Info	Contact	MBE	WBE	NP
Owner	AHFC-FC Norman Housing, LP 3000 S IH-35, Suite 300 Austin, TX 78704	Walter Moreau, Executive Director (512) 610-4016 walter.moreau@foundcom.org			
Developer	Foundation Communities, Inc. 3000 S IH-35, Suite 300 Austin, TX 78704	Walter Moreau, Executive Director (512) 610-4016 walter.moreau@foundcom.org			X
Architect	Spring Architects 3005 S. Lamar Blvd, Ste D109-194 Austin, TX 78704	Jon Salinas, Principal + Founder (512) 872-6655 jsalinas@springarchitects.com		X	
Engineer	Kimley-Horn 10814 Jollyville Road, Bldg 4, Ste 200 Austin, Texas 78759	Kevin Burk (512) 418-4528 kevin.burk@kimley-horn.com			
Attorney	Rigby Slack Lawrence & Comerford, 6836 Austin Center Blvd., Suite 100 Austin, Texas 78731	Cathleen Slack, Partner (512) 782-2060 cslack@rigbyslack.com			
Accountant	Novogradac & Company LLP 11044 Research Blvd. Austin, TX 78759	Susan Wilson, CPA, Partner (512) 349-3232 susan.wilson@novoco.com			
General Contractor	BEC Austin 8320 Bee Caves Road, Suite 200 Austin, Texas 78746	Scott Wilson, President (512) 569-9569 swilson@becaustin.com			
Property Manager	Foundation Communities, Inc. 3000 S IH-35, Suite 300 Austin, TX 78704	Walter Moreau, Executive Director (512) 610-4016 walter.moreau@foundcom.org			X
Supportive Services	Foundation Communities, Inc. 3000 S IH-35, Suite 300 Austin, TX 78704	Walter Moreau, Executive Director (512) 610-4016 walter.moreau@foundcom.org			X

2. Development Team Experience

Developer - Foundation Communities has nearly 30 years of experience contracting for and overseeing the construction and rehabilitation of affordable housing. Twelve of our existing communities were new construction projects financed with tax credits with two communities under construction and three in permitting. The remaining fourteen communities in our portfolio were purchased as existing properties and greatly improved with renovations, green spaces and playscapes, learning centers, landscaping, signage, lighting and green building features (solar panels and rainwater harvesting). We have experience with the design and construction of structures that are zero lot VMU, 4-story elevator, 3-story walk up, and renovations of apartment complexes, hotels, nursing homes, and duplexes. We have a great track record of gaining neighborhood support, zoning changes, completing construction within tax credit deadlines, and achieving green certifications with AEGB, LEED, and Enterprise Green Communities.

Architect - Spring Architects has been engaged as the architect for Norman Commons and has already started schematic design. Spring is a WBE and HUB certified architectural firm based in Austin, TX, specializing in the planning and design of commercial, multi-family residential/ high-density vertical mixed use, adaptive reuse and custom residential buildings. Spring has specialized experience with affordable housing, HUD, and TDHCA funding applications. Spring is currently performing design work for a Live/Work project in the City of Austin that will comply with the Austin Energy Green Building (AEGB) program. Two of Spring's tax credit communities were designed and constructed in compliance with the National Green Building Standard (NGBS.)

General Contractor – BEC Austin has 50 years of experience building in Central Texas. BEC has built eight FC communities and completed all before the PIS deadline. They understand that affordable housing projects have stringent budget demands, which means closely tracking the variables of scope and cost as the design develops. With a deep dedication to sustainable building practices, BEC helped FC achieve LEED Gold and Platinum and Austin Energy Green Building 4- and 5-star ratings on our communities.

3a. Property Management Experience

Foundation Communities will be the Property Manager for Norman Commons

We perform all leasing, maintenance, accounting, compliance and other property management functions for our 29 properties and earn property management and asset management fees that help support the overall nonprofit mission. Our team monitors portfolio health, tracks each project monthly, and aggregates detailed performance metrics at the portfolio level for review by the CFO. FC also has a well-funded Central Reserve and robust Asset Management program to keep properties in good condition and eliminate unforeseen capital/repair expenses that would undermine FC's organizational and financial strength. The success of our property management is demonstrated through its high occupancy (98% in 2021), low turnover, and healthy investment in capital repairs and upgrades to existing portfolio (\$1,479/unit in 2021).

Norman Commons will be crewed and managed by Foundation Communities hirees: an on-site Community Manager, Assistant Community Manager, Leasing Consultant and Maintenance staff, who will collaboratively work to ensure the site's smooth operation and deliver optimal services to residents. Property management staff will coordinate resources to effectively manage Norman Commons, provide excellent customer service while maintaining the highest standard for resident service, manage and perform leasing and maintenance activities that comply with policies, market the community, and accomplish other duties and objectives associated with running an affordable rental housing community. Property management staff must have practical experience with at least two years in the industry. All on-site staff will undergo OneSite and Fair Housing training.

Leadership Experience

- **Vicki McDonald, Chief Real Estate Officer**, oversees our entire real estate portfolio, monitoring annual operating budgets, major capital improvements, and management of a team of ten staff who are directly involved in the daily oversight of property operations, capital improvements, sustainability initiatives, supportive housing, safety and risk management and new construction. She links real estate operations and development through input and participation on the acquisition, design, and construction transition to operations. She is a CCIM Designee, a licensed Texas Real Estate Broker and has owned a real estate management and brokerage firm for 25 years before joining Foundation Communities.
- **Desiree Golden, Director of Family Property Management**, oversees 18 family properties within the FC portfolio as well as the Compliance Department. She works closely with District Managers on day-to-day operations along with evaluating the ongoing financial performance of each property. Desiree has 32 years of experience in Property Management (12 years with FC) and has her CAM and CAPS designations from NAA.
- **Valicia Nichols, Director of Compliance**, oversees compliance for the entire portfolio and is well-versed in guidelines and regulations for FC's compliance programs, such as

Low Income Housing Tax Credits (LIHTC), HOME, HUD Section 8 Voucher, Housing Trust Fund, Neighborhood Stabilization Program (NSP), Section 811 and older programs, e.g., Affordable Housing Program (AHP). She has been with FC since 2011 and maintains FC's good standing with compliance agencies, e.g. TDHCA (state); City of Austin; FHLB as well as investors.

3b. Compliance Reports from Austin



City of Austin

Neighborhood Housing and Community Development

P.O. Box 1088, Austin, TX 78767 -1088

(512) 974-3100 ♦ Fax (512) 974-3112 ♦ www.cityofaustin.org/housing

November 30, 2020

Kristina Thompson
Foundation Communities
2906 E Martin Luther King Boulevard
Austin, TX 78702

Re: FY19-20 Monitoring Review of M Station

Dear Kristina Thompson:

The City of Austin, Neighborhood Housing and Community Development (NHCD) contracted UPCS Inspectors, LLC to perform an on-site monitoring review of the aforementioned property on September 4, 2020. The purpose of the review was to ensure program compliance with federal regulatory requirements set forth in the agreement between NHCD and Foundation Communities.

I am pleased to inform you that the property file reviews were completed and the property is in compliance with the terms of the agreement. Due to COVID-19 precautions, inspections were suspended for the current year, but NHCD reserves the right to complete the property inspections at a future date.

Should you have any questions or require additional information, please contact Jenilee.Ramirez@austintexas.gov or at 512-974-9379.

Sincerely,

Chase Clements, Financial Manager
City of Austin, NHCD



City of Austin

Neighborhood Housing and Community Development

P.O. Box 1088, Austin, TX 78767 -1088

(512) 974-3100 ♦ Fax (512) 974-3112 ♦ www.cityofaustin.org/housing

November 30, 2020

Kristina Thompson
Foundation Communities
3226 W Slaughter Lane
Austin, TX 78748

Re: FY19-20 Monitoring Review of Homestead Oaks

Dear Kristina Thompson:

The City of Austin, Neighborhood Housing and Community Development (NHCD) contracted UPCS Inspectors, LLC to perform an on-site monitoring review of the aforementioned property on September 03, 2020. The purpose of the review was to ensure program compliance with federal and local regulatory requirements set forth in the Rental Housing Development Assistance Program Loan Agreement (the "Loan Agreement") with the Austin Housing Finance Corporation (AHFC).

I am pleased to inform you that the property file reviews were completed and the property is in compliance with the terms of the agreement. Due to COVID-19 precautions, property inspections were suspended for the current year, but NHCD reserves the right to complete the property inspections at a future date.

Should you have any questions or require additional information, please contact Jenilee.Ramirez@austintexas.gov or at 512-974-9379.

Sincerely,

Chase Clements, Financial Manager
City of Austin, NHCD



City of Austin

Neighborhood Housing and Community Development

P.O. Box 1088, Austin, TX 78767 -1088

(512) 974-3100 ♦ Fax (512) 974-3112 ♦ www.cityofaustin.org/housing

November 30, 2020

Kristina Thompson
Foundation Communities
4320 S. Congress Ave.
Austin, TX 78745

Re: FY19-20 Monitoring Review of Sierra Vista

Dear Kristina Thompson:

The City of Austin, Neighborhood Housing and Community Development (NHCD) contracted UPCS Inspectors, LLC to perform an on-site monitoring review of the aforementioned property on September 03, 2020. The purpose of the review was to ensure program compliance with federal and local regulatory requirements set forth in the Rental Housing Development Assistance Program Loan Agreement (the "Loan Agreement") with the Austin Housing Finance Corporation (AHFC).

I am pleased to inform you that the property file reviews were completed and the property is in compliance with the terms of the agreement. Due to COVID-19 precautions, property inspections were suspended for the current year, but NHCD reserves the right to complete the property inspections at a future date.

Should you have any questions or require additional information, please contact Jenilee.Ramirez@austintexas.gov or at 512-974-9379.

Sincerely,

Chase Clements, Financial Manager
City of Austin, NHCD

3c. Compliance Reports from outside Austin

Valicia Nichols

From: Jeanette Rodriguez, COS <compliance@monitoringdataservices.org>
Sent: Thursday, August 26, 2021 3:01 PM
To: Walter Moreau; Valicia Nichols; Desiree Golden; ShadowBrook Manager; Kristina Thompson
Subject: MDSI: Shadow Brook Apartments - Confirmation of Compliance

CAUTION: This email originated from outside of the organization.

Monitoring Data Services, Inc. (MDSI) is the monitoring agency for the Affordable Housing Program (AHP). MDSI has completed a limited review of the program documents and the on-line **annual** compliance report for **Shadow Brook Apartments** reflecting the occupancy as of **July 6, 2021**.

The review did not assess compliance with all requirements of the AHP program. Rather, the review was intended to:

- Test for compliance with the program's rent restrictions
- Test for compliance with the program's income restrictions
- Test for timeliness of certifications and recertifications
- Test for compliance with the required set aside

Please note that the scope of the review was very limited and it did not test for many requirements that your property might have. It is the owner's responsibility to maintain compliance property wide.

Based on the limited scope of the review, **no** findings of noncompliance were identified.

Please note the following concerns identified during the desk review:

- Units **28, 47, 56, 102, 386** - Update the Unit Status Report (USR) to reflect the recertification information for each unit.
- Units **115, 237**- Based on the households' incomes indicated on the USR, the households qualify as Very Low-Income (VLI). Update the USR to reflect the correct qualifying unit designation.
- Units **328, 351**- Based on the households' incomes indicated on the USR, the households qualify as Low-Income (LI). Update the USR to reflect the correct qualifying unit designation.

The Land Use Restriction Agreement (LURA) requires a total of **84** Qualifying Units (QUs), of which **48** must be leased to Very Low-Income (VLI) households. The qualifying unit requirements have been met.

The Annual Compliance Fee is up-to-date.

Shadow Brook Apartments is required to report **annually**. The next **annual** report is due on **July 10, 2022** and should reflect occupancy as of **June 30, 2022**.

- The qualifying unit requirements of the LURA must be maintained at all times throughout the year.
- Recertification of annual income must be performed within one (1) year of the last certification. Notices should be sent to the residents requesting an updated application and income verification documents and the process completed prior to the due date.
- Income and asset verifications must be within 120 days of the Tenant Income Certification (TIC) effective date.
- While you are not required to submit monthly compliance reports to AHG, it is recommended that the on-line Unit Status Report (USR) be updated monthly in order to continue tracking the status of the AHP to ensure ongoing compliance. Additionally, MDSI may request a current report and/or copies of qualifying documents at any time.

If you have any questions or need assistance completing the report, please call us toll-free at (888) 637-4333.

Jeanette Rodriguez, COS
Senior Compliance Monitor

Monitoring Data Services, Inc.
P.O. Box 601769
Dallas, Texas 75360-1769

Valicia Nichols

From: Jeanette Rodriguez, COS <compliance@monitoringdataservices.org>
Sent: Wednesday, July 28, 2021 6:24 PM
To: Walter Moreau; Valicia Nichols; Desiree Golden; SleepyHollow Manager; Paul Mariani
Subject: MDSI: Sleepy Hollow Apartments - Confirmation of Compliance

CAUTION: This email originated from outside of the organization.

Monitoring Data Services, Inc. (MDSI) is the monitoring agency for the Affordable Housing Program (AHP). MDSI has completed a review of the sample program documents and the on-line **annual** compliance report for **Sleepy Hollow Apartments** reflecting the occupancy as of **May 31, 2021**. A sampling of the program documents received confirmed compliance.

The review did not assess compliance with all requirements of the AHP program. Rather, the review was intended to:

- Test for compliance with the program's rent restrictions
- Test for compliance with the program's income restrictions
- Test for timeliness of certifications and recertifications
- Test for compliance with the required set aside

Please note that the scope of the review was very limited and it did not test for many requirements that your property might have. It is the owner's responsibility to maintain compliance property wide.

Based on the limited scope of the review, **no** findings of noncompliance were identified. Please note that although there were no findings, only a sample of information provided was reviewed for the purposes of this report.

Please note the following concern identified during the desk review:

- Units **122, 133, 140, 211, 217** - The households' incomes were above the income limit at initial certification. Update the Unit Status Report (USR) to reflect the units as market. Remove the households' incomes and Tenant Income Certification (TIC) Effective Date.

The Annual Compliance Fee is currently up-to-date.

The Land Use Restriction Agreement (LURA) requires a total of **46** Qualifying Units (QU), of which **26** must be leased to Very Low-Income (VLI) households. The qualifying unit requirements have been met.

Sleepy Hollow Apartments is required to report **annually**. The next **annual** report is due on **June 10, 2022** and should reflect occupancy as of **May 31, 2022**.

Remember these guidelines while in annual compliance status:

- The qualifying unit requirements of the LURA must be maintained at all times throughout the year.
- Recertification of annual income must be performed within one (1) year of the last certification. Notices should be sent to the residents requesting an updated application and income verification documents and the process completed prior to the due date.
- Income and asset verifications must be within 120 days of the Tenant Income Certification (TIC) effective date.
- While you are not required to submit monthly compliance reports to MDSI, it is recommended that the on-line Unit Status Report (USR) be updated monthly in order to continue tracking the status of the AHP to ensure ongoing compliance. Additionally, MDSI may request a current report and/or copies of qualifying documents at any time.

If you have any questions, please call us toll-free at (888) 637-4333.

Deidra Young
Director of Compliance Monitoring

Monitoring Data Services, Inc.
P.O. Box 601769

Valicia Nichols

From: Vernita Frost, COS, CMH <compliance@monitoringdataservices.org>
Sent: Tuesday, October 26, 2021 3:49 PM
To: Walter Moreau; Valicia Nichols; Desiree Golden; PetersColony Manager; Kimberly Coldren
Subject: MDSI: Peters Colony Apartments - Confirmation of Compliance

CAUTION: This email originated from outside of the organization.

Monitoring Data Services, Inc. (MDSI) is the monitoring agency for the Affordable Housing Program (AHP). MDSI has completed a review of the program documents and the **annual** compliance report for **Peters Colony Apartments** reflecting the occupancy as of **September 30, 2021**. The required program documents were sufficient to confirm compliance.

The review did not assess compliance with all requirements of the AHP program. Rather, the review was intended to:

- Test for compliance with the program's rent restrictions
- Test for compliance with the program's income restrictions
- Test for timeliness of certifications and recertifications
- Test for compliance with the required set aside

Please note that the scope of the review was very limited and it did not test for many requirements that your property might have. It is the owner's responsibility to maintain compliance property wide.

Based on the scope of the review, **no** findings of non-compliance were identified.

The Land Use Restriction Agreement (LURA) requires a total of **56** Qualifying Units (QUs), of which **32** must be leased to Very Low-Income (VLI) households. The qualifying unit requirements have been met.

Please note the following concerns identified during the review:

- Please note the TAA application alone is not sufficient to properly screen for all sources of household income. TAA has a supplemental application that can be used for qualifying households, which has been used previously by the property. The TAA application and the supplemental application must be submitted together for newly qualified households. Or the application available on MDSI's website at www.monitoringdataservices.org can be used.

4. Development Description

Norman Commons will be a newly constructed affordable family community located at 3811 ½ Tannehill Ln, next door to Norman-Sims Elementary. This site is currently owned by the City's Austin Housing Finance Corporation and was awarded to Foundation Communities (FC) and Guadalupe Neighborhood Development Organization (GNDC) through a competitive public RFP process. This 8-acre site will be split into two parcels, one of which FC will develop into 156 rental units and a Learning Center while GNDC will develop 32 affordable homeowner units on the second parcel. Norman Commons will be developed in partnership with the Austin Housing Finance Corporation (AHFC), who will serve as general partner and ground lessor – qualifying the project for a 100% property tax exemption.

Norman Commons will comprise three 4-story apartment buildings with several centrally located, tree-filled green spaces and common amenities. Residents will have quick access to a combination of an open-air community terrace and covered porch, community deck, two playgrounds, dog park, barbeque grills, picnic tables, community garden, walking trail, and outdoor fitness area. Parking is provided along the perimeter of the multifamily buildings with several pathways to pedestrian- and kid-friendly spaces. Package lockers, a mail kiosk, and offices for property management and service staff will be located on the first floor of the northwest corner of Residential Building 1. Multiple laundry rooms will be available on-site.

Residents will also have access to a state-of-the-art Learning Center, which will include several classrooms, a community kitchen, staff offices, and a large gathering space. The Learning Center will house FC's free afterschool and summer programs for children; a healthy food pantry for residents and the community; and educational, financial, and health-oriented classes for adults.

The target population for this community is low to very low-income households, and families with children. Ten percent of units will place preference for homeless families via Foundation Communities' Children's HOME Initiative (CHI) Program, an established FC program model that has been serving homeless families across Austin since 2003. These families will have access to a full-time, on-site case manager, as well as a wide and deep range of additional support services to support families on their path to financial self-sufficiency.

4a(i). Resident Population

- **Target Population** - Norman Commons will target low-income households. 76% of the units are 2- 3- and 4-bedroom floor plans to allow for larger families. 10% is reserved for households with incomes at or below 30% MFI, 40% for households at or below 50% MFI, and the remaining 40% for households at or below 60% MFI.
- **Preference for extremely low-income homeless families** - 10% of units will prefer homeless families making less than 30% of MFI and will receive supportive services through the Children's HOME Initiative (CHI) Program, an established FC program model that has been serving extremely low-income homeless families across Austin since 2003.
- **Continuum of Care** – With this application we are committing 10% of units to be referred by ECHO from coordinated entry.
- **Rental Assistance Vouchers** – At this time there are no dedicated project-based subsidies. We will of course accept tenant vouchers.
- **Accessibility** - 10% of the total units will be made accessible for persons with mobility and 2% of total units will be made accessible for persons with hearing and visual impairments. In addition, all ground floor units will be made adaptable to persons with mobility disabilities.

4a(ii). Compatibility City Planning

Norman Commons is located within a City of Austin Neighborhood Plan – East MLK Combined Neighborhood Plan – and specifically designed to align with the goals and visual guidelines identified in the Plan (more details in 5e. Neighborhood Plan). While Norman Commons is not located in an Imagine Austin Activity Center or Corridor, it is aligned with city planning goals for the following reasons:

- Located within 3/4 mile of local bus routes.
- Located within an Emerging Opportunity census tract
- Located within a Dynamic Gentrification census tract
- 76% of homes are 2-, 3-, or 4-bedroom units with amenities and services specifically designed to cater to families with children.
- Located next door to Norman-Sims Elementary School

4b. Financial Commitments

Financing for tax credit equity, construction financing, tax exempt bonds, CMF funds, FHLB funds, and Sponsor Loan funds have closed.

4c. Market Assessment

CHAPTER 1

CONCLUSIVE STATEMENTS, SUMMARY OF FINDINGS AND DESCRIPTION OF THE MARKET STUDY

1.1 – MARKET STUDY CERTIFICATION TO TDHCA

Apartment MarketData, LLC prepared a market feasibility study for Norman Commons (Austin, Travis County, Texas) in compliance with TDHCA guidelines. The report preparer has read and understood the requirements of Section 11.303 of the QAP (Qualified Action Plan). Apartment MarketData, LLC is a disinterested party and will not materially benefit from the Development in any other way than receiving a fee for performing the Market Analysis, and the fee is in no way contingent upon the outcome of the Market Analysis. Any person signing this Report acknowledges that the Department may publish the full report on the Department's website, release the report in response to a request for public information and make other use of the report as authorized by law.

1.2 – OBJECTIVE & STATEMENT OF SCOPE

The purpose of this study was to summarize the market potential of developing the subject tract of land as an “affordable” rental project to meet the rental housing needs of the Austin area. The analysis, conclusions, and opinions of this study are not based on any requested results.

The developer of this project is proposing the construction of 156 rental units, receiving assistance through Private Activity Bonds (PAB’s) and 4% tax credits. The site would be comprised of one residential building and would include common space with management/leasing and maintenance offices. The subject site is located in Austin, Travis County, Texas.

The market study for the proposed development was conducted through the use of methods and techniques that are generally accepted in the industry. To this end, the following analytical techniques were employed:

1. A comprehensive study of the socio-economic demographics and multi-family housing market of the “Primary Market Area” was conducted to determine whether demand existed for new rental housing units. This consisted of a study of the historical profile of the community, including job formation, new multi-family construction and absorption, income levels, changes in interest

rates, population changes, location of employers, proximity to public services, surrounding land uses, and competition from other available housing.

2. The physical design of the project, and its amenities, were compared to other properties to assure that the proposed development would meet the major housing needs of the population. To this end, an extensive survey of the multi-family sub-market was conducted to determine if the demand was already being addressed by comparable rental properties.

The problem posed was to determine the demand, supply, feasibility, and financial probability of success of developing a Low Income Housing Tax Credit project in the sub-market identified.

The market study process is an orderly program wherein the data used in evaluating the development is acquired, classified, analyzed, and presented.

The first step in this process involves defining the evaluation problem as to identification of the real estate, the effective date of the study, and the perspective of the study. Once this has been accomplished, the analyst embarks upon collection of data and analysis of the program of factors which affect the marketability of the subject property. This includes an area and neighborhood analysis, site and improvement analysis, and feasibility analysis. Consequently, Apartment MarketData, LLC:

- Evaluated the need for residential rental housing within the specific market area, and how the proposed development plan fits into the neighborhood.
- Evaluated the existing rental housing in the market in terms of rental rates, size, unit mix, physical condition, occupancy and vacancy rates, as well as the historical absorption rate.
- Evaluated the proposed development in terms of the proforma rents, unit mix, amenities, construction costs, and budgeted operating expenses.

The scope of this assignment is consistent with the market study process defined above. Apartment MarketData, LLC and the analyst assigned to this project have made a number of independent investigations and analysis. We obtained economic and demographic data on the market area, and analyzed current market conditions with respect to permissible development uses of the site. The site, as well as other comparable projects described herein, were physically inspected, and all plats and/or surveys obtained from the client, third parties, or public records were thoroughly examined.¹

¹ The Appraisal Institute, Chicago, IL

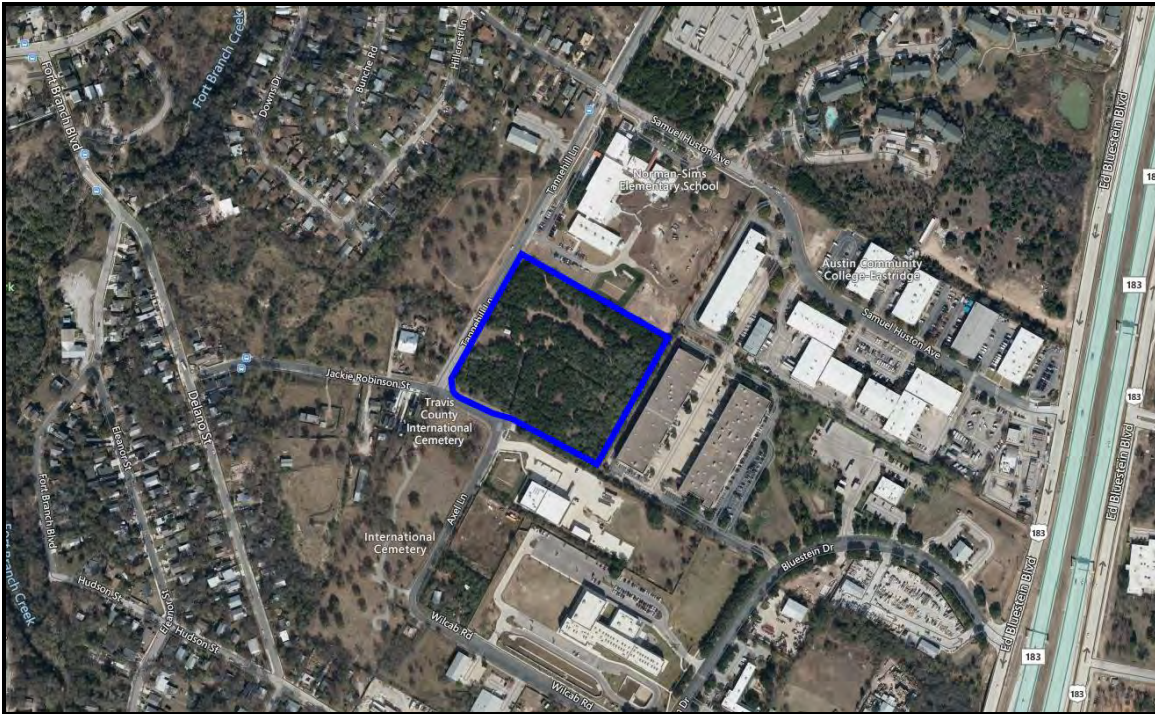
1.3 - PROPOSED DEVELOPMENT

The developer of this project is proposing the construction of 156 rental units, receiving assistance through Private Activity Bonds (PAB's) and 4% tax credits. The site would be comprised of one residential building and would include common space with management/leasing and maintenance offices. The subject site is located in Austin, Travis County, Texas.

1.3.1 - Identification of the Property

The subject located at 3811 Tannehill Lane, Austin, Travis County, Texas. The site is identified by the County Tax Office as Property ID 199328. The surrounding uses immediately adjacent to the site include:

North:	Norman Elementary School
South:	Jackie Robinson St. / Vacant Lots / Office
East:	Office / Industrial
West:	Tannehill Lane / Undeveloped Land / Single Family Home



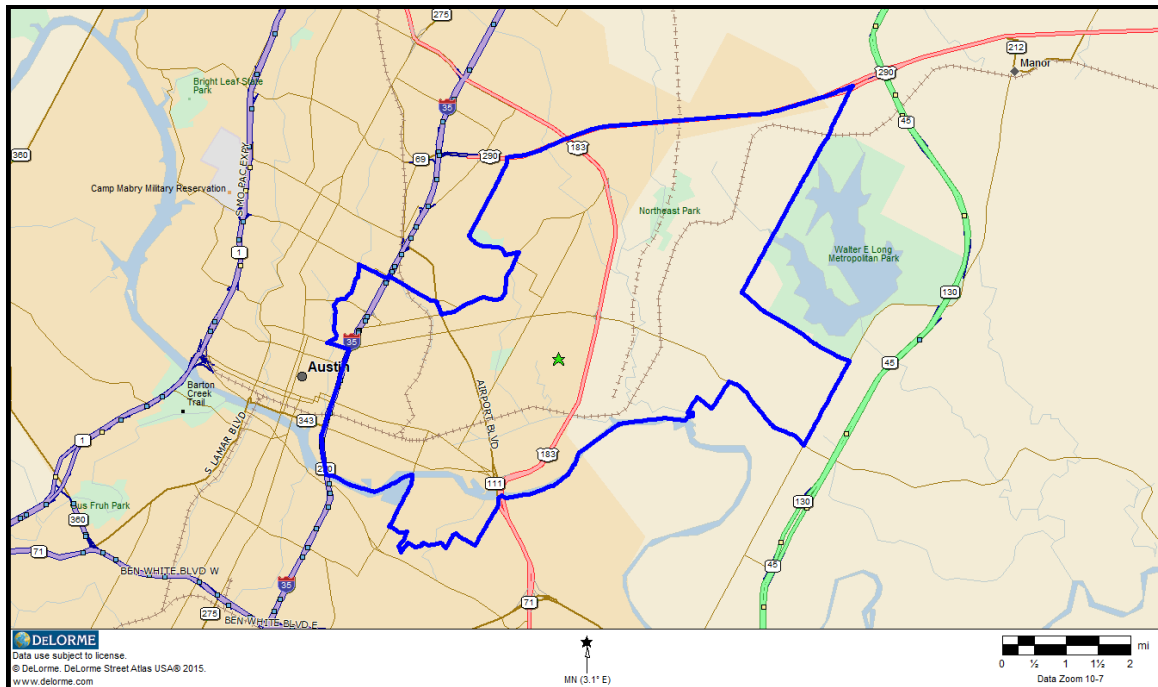
Access to the property is excellent. The subject site has direct access to Tannehill Lane, and U.S. Highway 183 is located 0.3 miles east of the site. The subject location provides easy access to shopping, recreation, and employment areas.

The proposed site is located in the **Qualified Census Tract 484530021.10** Austin, Travis County, Texas.

1.3.2 - Primary Market Area

For this analysis, we utilized a “primary market area” encompassing 31.54 square miles. These boundaries follow the census tracts listed:

Census Tracts	Census Tracts	Census Tracts	Census Tracts
484530003.06	484530004.01	484530004.02	484530008.01
484530008.02	484530008.03	484530008.04	484530009.01
484530009.02	484530010.00	484530021.06	484530021.07
484530021.08	484530021.09	484530021.10	484530021.11
484530021.12	484530021.13	484530022.01	484530022.02
484530022.08	484530022.11		



This area was used as it complies with the definition of a “Primary Market Area” (PMA) as defined by the Texas Department of Housing and Community Affairs (TDHCA). The area shown on the map above, takes into consideration this area’s housing needs, demand draw, natural, political and manmade barriers, and the appropriate demographics of the area applicable to the demand for rental apartments.

At the same time, the PMA was limited to a population of 102,643 and may not be inclusive of the entire area that the analyst expects the subject to draw the majority of its residents.

1.3.3 – Description of Site Improvements

Apartment units would provide efficient floor plans, with separate kitchens and baths. Each unit would also have individually controlled heating and air conditioning. The common areas would be lighted, providing added security for residents.

The subject would be newer in age than other existing projects in the area. The entire development would be fully landscaped, and feature an attractive design. The interior of the units would be designed more efficiently than comparable affordable projects in the area. The subject would be well suited to the tenant base, and a welcomed addition to a market that has need for low income housing units. The subject improvements would have an estimated effective age and economic life of more than 45 years. Units and the overall building style would be functional for their use as apartment rental units in the Austin area.

Norman Commons Unit Mix and Rents

Units	Unit Type	Income Type	Size (Net SF)	Rent	Rent/sf	Total Rent	Total Sq. Ft.
4	1-1	30%	750	\$ 567	\$ 0.756	\$ 2,268	3,000
18	1-1	50%	750	\$ 981	\$ 1.308	\$ 17,658	13,500
15	1-1	60%	750	\$ 1,188	\$ 1.584	\$ 17,820	11,250
8	2-2	30%	1,110	\$ 676	\$ 0.609	\$ 5,408	8,880
39	2-2	50%	1,110	\$ 1,173	\$ 1.057	\$ 45,747	43,290
31	2-2	60%	1,110	\$ 1,421	\$ 1.280	\$ 44,051	34,410
3	3-2	30%	1,290	\$ 776	\$ 0.602	\$ 2,328	3,870
19	3-2	50%	1,290	\$ 1,350	\$ 1.047	\$ 25,650	24,510
15	3-2	60%	1,290	\$ 1,637	\$ 1.269	\$ 24,555	19,350
1	4-2	30%	1,452	\$ 861	\$ 0.593	\$ 861	1,452
2	4-2	50%	1,452	\$ 1,501	\$ 1.034	\$ 3,002	2,904
1	4-2	60%	1,452	\$ 1,821	\$ 1.254	\$ 1,821	1,452
156			1,076	\$ 1,225	\$ 1.139	\$ 191,169	167,868

1.4 - POPULATION & HOUSEHOLD TRENDS - AnySite

There was a 5.3% increase in population in the Primary Market Area from 2000 to 2010. Between 2000 and 2010, the number of households increased by 13.3%. The population is projected to increase through the year 2026. At that time, the population is expected to be 112,287. This represents an overall growth of 35.8% between 2010 and 2026.

FORECAST POPULATION CHANGE 2000-2026

YEAR	POPULATION	% Chg.	Annual
2026 Projection	112,287	3.6%	1.8%
2024 Estimate	108,429	5.6%	1.9%
2021 Estimate	102,643	24.2%	2.2%
2010 Census	82,668	5.3%	0.5%
2000 Census	78,484		

The table below shows that as population has increased, there has been a corresponding increase in the demand for housing. By analyzing the trends gleaned from the population and data, we can project the need for additional housing.

HOUSEHOLD FORMATION 2000 to 2026

YEAR	HOUSEHOLDS	% Chg.	Annual	Avg. Size
2026 Projection	40,844	4.0%	2.0%	2.69
2024 Estimate	39,289	6.3%	2.1%	2.76
2021 Estimate	36,957	28.6%	2.6%	2.71
2010 Census	28,747	13.3%	1.3%	2.79
2000 Census	25,365			3.00

Based on straight-line delineation of the household growth alone between the years of 2022 to 2026, it can be assessed that the primary market area will need an additional 2,269 rental dwelling units.

5 Year Rental Household Growth 2,269

Thus, our estimate of the growth of the apartment households per year for the trade area, based on the AnySite straight-line forecast delineation and our assessment of the new households in the area, is as follows:

FORECAST APARTMENT HOUSEHOLD DEMAND TABLE

YEAR	2022	2023	2024	2025	2026
DEMAND	454	454	454	454	454

1.5 - POPULATION & HOUSEHOLD TRENDS - HISTA

The demographics provided by the HISTA data also make projections on renter household growth. The following tables are based on the estimated number of renter households for 2022, and then 2027.

**HISTA DATA
RENTER HOUSEHOLDS - 2022**

RENTER HH	TOTAL			
2022	Age <55	Age 55-61	Age 62+	TOTAL
< \$ 10,000	1,735	300	401	2,436
\$ 10,000 - \$ 19,999	1,549	229	411	2,189
\$ 20,000 - \$ 29,999	1,698	134	397	2,229
\$ 30,000 - \$ 39,999	1,114	179	218	1,511
\$ 40,000 - \$ 49,999	1,229	136	176	1,541
\$ 50,000 - \$ 59,999	796	111	286	1,193
\$ 60,000 - \$ 74,999	1,417	155	215	1,787
\$ 75,000 - \$ 99,999	1,483	125	208	1,816
\$ 100,000 - \$ 124,999	980	68	213	1,261
\$ 125,000+	3,099	315	585	3,999
TOTAL	15,100	1,752	3,110	19,962

**HISTA DATA
RENTER HOUSEHOLDS - 2027**

RENTER HH	TOTAL			
2027	Age <55	Age 55-61	Age 62+	TOTAL
< \$ 10,000	1,623	270	423	2,316
\$ 10,000 - \$ 19,999	1,343	221	461	2,025
\$ 20,000 - \$ 29,999	1,505	130	429	2,064
\$ 30,000 - \$ 39,999	1,123	194	266	1,583
\$ 40,000 - \$ 49,999	1,070	115	171	1,356
\$ 50,000 - \$ 59,999	786	113	366	1,265
\$ 60,000 - \$ 74,999	1,459	181	251	1,891
\$ 75,000 - \$ 99,999	1,580	160	265	2,005
\$ 100,000 - \$ 124,999	1,076	91	268	1,435
\$ 125,000+	4,099	531	914	5,544
TOTAL	15,664	2,006	3,814	21,483

RENTER HOUSEHOLD GROWTH – 2022 to 2027

RENTER HH	TOTAL			
Change 2022 - 2027	Age <55	Age 55-61	Age 62+	TOTAL
< \$ 10,000	-112	-30	22	-120
\$ 10,000 - \$ 19,999	-206	-8	50	-164
\$ 20,000 - \$ 29,999	-193	-4	32	-165
\$ 30,000 - \$ 39,999	9	15	48	72
\$ 40,000 - \$ 49,999	-159	-21	-5	-185
\$ 50,000 - \$ 59,999	-10	2	80	72
\$ 60,000 - \$ 74,999	42	26	36	104
\$ 75,000 - \$ 99,999	97	35	57	189
\$ 100,000 - \$ 124,999	96	23	55	174
\$ 125,000+	1,000	216	329	1,545
TOTAL	564	254	704	1,522

Based on straight-line delineation of the household growth alone between the years of 2023 to 2027, the HISTA data estimate the primary market area will require an additional 1,522 rental dwelling units.

5 Year Rental Household Growth 1,522

Thus, our estimate of the growth of the apartment households per year for the trade area, based on the HISTA Data straight-line forecast delineation and our assessment of the new households in the area, is as follows:

FORECAST APARTMENT HOUSEHOLD DEMAND TABLE

YEAR	2023	2024	2025	2026	2027
DEMAND	304	304	304	304	304

1.6 – EMPLOYMENT TRENDS

The current unemployment rate of 2.7% for Travis County is lower than the state average of 3.7% and the national average of 3.5%.² Residents of the Austin area work for a variety of employers.

Our estimate of the growth of the apartment households per year for the Primary Market Area, based on the employment growth methodology, straight-line delineation and our assessment of the new households in the area, is as follows:

FORECAST APARTMENT HOUSEHOLD DEMAND TABLE

YEAR	2022	2023	2024	2025	2026
DEMAND	769	769	769	769	769

² Bureau of Labor Statistics – December 2022

1.7 - CAPTURE RATE SUMMARY

The capture rate is defined by the sum of the proposed units for a given project plus any previously approved but not yet stabilized new units in the sub-market divided by the total income eligible targeted renter demand.

$$\frac{\text{Subject's L/I Units} + \text{Other Previous L/I Units}}{\text{Total Units of Income Qualified Demand}} = \text{Capture Rate}$$

The following table summarizes the overall capture rate, capture rate by AMGI band, as well as the individual capture rate by unit type. As shown, the calculations of the capture rates are below the maximum allowable under the TDHCA underwriting guidelines.

Unit Size	2022 Demand	2023-2024 Growth Demand	External Demand (10%)	Total Demand	Subject Units	Comparable Unstable Units	Inclusive Capture Rate
Overall	9,458	-12	945	10,391	156	525	6.6%
30% Band	2,687	-72	262	2,877	16	35	1.8%
50% Band	938	18	96	1,052	78	0	7.4%
60% Band	5,833	42	587	6,462	62	490	8.5%
1 BR/30%	468	-9	46	504	4	7	2.2%
1 BR/50%	352	10	36	398	18	0	4.5%
1 BR/60%	497	2	50	549	15	53	12.4%
2 BR/30%	636	-25	61	672	8	13	3.1%
2 BR/50%	446	-16	43	472	39	0	8.3%
2 BR/60%	903	-8	89	984	31	190	22.5%
3 BR/30%	310	-6	30	334	3	14	5.1%
3 BR/50%	192	-8	18	203	19	0	9.4%
3 BR/60%	395	2	40	436	15	218	53.4%
4 BR/30%	257	-1	26	282	1	1	0.7%
4 BR/50%	70	-2	7	75	2	0	2.7%
4 BR/60%	309	15	32	356	1	29	8.4%

1.8 – OVERVIEW OF THE RENTAL MARKET

1.8.1 - Current Market Conditions

The overall occupancy reported in the market is 94.2%. Further details can be found behind the "Area Properties" tab of this report. Details for comparable “Income Restricted” and “Market Rate” properties can be found in Chapter 8 of this report.

CURRENT INVENTORY OF SURVEYED PROPERTIES

UNIT TYPE	# OF UNITS	OCCUPIED UNITS	AVG. RENT	AVG. SIZE	AVG. \$ PSF	OCCUPANCY %
1 BR	7,899	7,449	\$ 1,633.68	671	\$ 2.436	94.3%
2 BR	4,393	4,132	\$ 1,934.30	1,035	\$ 1.869	94.1%
3 BR	1,125	1,052	\$ 1,559.91	1,125	\$ 1.387	93.5%
4+ BR	100	95	\$ 1,512.44	1,287	\$ 1.175	95.0%
OVERALL	13,517	12,728	\$ 1,724.35	831	\$ 2.074	94.2%

1.8.2 - Rent Trends

When surveyed, the 2000 census reported an average rent of \$492.00 for the PMA. According to the data accumulated by Apartment MarketData, the present average rental rate for an apartment unit is \$1,724.35 per month. This represents an average increase of 5.99% per year.

1.8.3 – Absorption Analysis

Absorption from 2000 to 2010 for all rental unit types is estimated to be 274 units per year.

Calculated absorption since 2010 for all unit types has been 802 units per year.

2000 Census For Rent Units	13,502
2000 Census Occupancy Households	94.7%
2000 Census Occupied Rent Household Units	12,786
2000 – 2010 New Supply (all rental units)	3,657
2010 Census For Rent Units	17,159
2010 Census Occupancy Households	90.5%
2010 Census Occupied Rent Household Units	15,530
2010 – 2021 New Supply (apt. rental units)	8,691
2022 For Rent Units	25,850
2022 Surveyed Occupancy	94.2%
2022 Surveyed Occupied Units	24,351
Change in occupied units 2000-2010	2,744
Avg. Annual Absorption Rate 2000-2010	274
Change in occupied units 2010-2021	8,821
Avg. Annual Absorption Rate 2010-2021	802

1.8.4 - Absorption of Comparable Rent Restricted Units

Talavera Lofts (TDHCA #19239) was built in 2021. Talavera Lofts' 92 units are currently 100% occupied. Los Portales de Lena Guerrero (TDHCA #19429) has 97 units that were built in 2022 and is currently 100% occupied.

1.8.5 – New Construction

Since the 2010 census, there have been 33 major projects built and occupied within the PMA totaling 8,691 units.

There are currently four projects totaling 902 units in lease up. There are nine projects totaling 2,226 units under construction and eight projects totaling 2,198 units in planning. More information on these projects can be found in section 6.5.

1.8.6 – Balance of Supply and Demand

The following table analyzes the current supply and demand for rental units. From this table, we assess that the PMA could immediately absorb 310 units without falling below a stabilized occupancy of 93%.

Total Units 2022	25,850
Total Units Vacant 2022	1,499
Units leased at Stabilized 93% occupancy	24,041
Units left to lease to reach 93% occupancy	(310)

The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Affordable family projects are 93.4% occupied.

1.9 – ANALYSIS OF RENT COMPARABLES

The competitive sub-market supply and demand analysis conducted by Apartment MarketData Research Services included 3,103 affordable units within the PMA, and 1,557 conventional units. The market reflects solid demand, as did the overall macro market, for all of the competitive projects in the micro-market.

The occupancy rate for the income restricted one bedrooms is 95.4%, for income restricted two bedrooms it is 92.6%, for income restricted three bedrooms it is 91.4%, for income restricted four bedrooms it is 95.0%, and the overall average occupancy for income restricted units is 93.4%.

CURRENT INVENTORY OF COMPARABLE INCOME RESTRICTED PROPERTIES

UNIT TYPE	# OF UNITS	OCCUPIED UNITS	AVG. RENT	AVG. SIZE	AVG. \$ PSF	OCCUPANCY %
1 BR	1,122	1,070	\$ 996.47	671	\$ 1.485	95.4%
2 BR	1,162	1,076	\$ 1,257.82	961	\$ 1.309	92.6%
3 BR	719	657	\$ 1,505.48	1,125	\$ 1.339	91.4%
4+ BR	100	95	\$ 1,512.44	1,287	\$ 1.175	95.0%
OVERALL	3,103	2,898	\$ 1,228.91	905	\$ 1.359	93.4%

Apartment MarketData conducted an analysis of some 1,557 conventional (Market Rate) units in and around Primary Trade Area. These projects were all built between 2021 and 2022. The occupancy rate for the market rate one bedrooms is 89.7%, for market rate two bedrooms it is 90.2%, the occupancy for the market rate three bedroom units is 100%, and the overall average occupancy for market rate units is 90.0%.

**CURRENT INVENTORY OF COMPARABLE
MARKET RATE PROPERTIES**

UNIT TYPE	# OF UNITS	OCCUPIED UNITS	AVG. RENT	AVG. SIZE	AVG. \$ PSF	OCCUPANCY %
1 BR	1,073	963	\$ 1,670.10	718	\$ 2.327	89.7%
2 BR	469	423	\$ 2,255.39	1,117	\$ 2.020	90.2%
3 BR	15	15	\$ 2,872.27	1,372	\$ 2.093	100.0%
4+ BR	0	0	\$ -	0	\$ -	0.0%
OVERALL	1,557	1,401	\$ 1,857.98	844	\$ 2.201	90.0%

1.9.1 - Estimate of Market Rent

The following pages represent the best estimate of market rents for the subject, based on existing rents in and around the PMA. The projects included in our analysis were:

Alexan Springdale
Lenox Park
Spectra Parks

Laurel Apartment Homes
Nexus East

**RENTAL RATE COMPARISON
NET OF RENTAL CONCESSIONS
INCOME RESTRICTED**

	Sq. Ft.	Subject	Market	Variance	% Variance		Max. Program Rent*	Variance	% Variance
1-1	750	\$ 567	\$ 1,640	\$ (1,073)	-65.4%	\$ 567	\$ 567	\$ -	0.0%
1-1	750	\$ 981	\$ 1,640	\$ (659)	-40.2%	\$ 981	\$ 981	\$ -	0.0%
1-1	750	\$ 1,188	\$ 1,640	\$ (452)	-27.6%	\$ 1,188	\$ 1,188	\$ -	0.0%
2-2	1,110	\$ 676	\$ 2,210	\$ (1,534)	-69.4%	\$ 676	\$ 676	\$ -	0.0%
2-2	1,110	\$ 1,173	\$ 2,210	\$ (1,037)	-46.9%	\$ 1,173	\$ 1,173	\$ -	0.0%
2-2	1,110	\$ 1,421	\$ 2,210	\$ (789)	-35.7%	\$ 1,421	\$ 1,421	\$ -	0.0%
3-2	1,290	\$ 776	\$ 2,525	\$ (1,749)	-69.3%	\$ 776	\$ 776	\$ -	0.0%
3-2	1,290	\$ 1,350	\$ 2,525	\$ (1,175)	-46.5%	\$ 1,350	\$ 1,350	\$ -	0.0%
3-2	1,290	\$ 1,637	\$ 2,525	\$ (888)	-35.2%	\$ 1,637	\$ 1,637	\$ -	0.0%
4-2	1,452	\$ 861	\$ 2,852	\$ (1,991)	-69.8%	\$ 861	\$ 861	\$ -	0.0%
4-2	1,452	\$ 1,501	\$ 2,852	\$ (1,351)	-47.4%	\$ 1,501	\$ 1,501	\$ -	0.0%
4-2	1,452	\$ 1,821	\$ 2,852	\$ (1,031)	-36.2%	\$ 1,821	\$ 1,821	\$ -	0.0%

* Excluding utility allowance

From the preceding comparison of rents by individual unit types, one can see that the subject's tax credit rents on a Total Rent Basis are between 27.6% and 69.8% below market rents currently offered in the marketplace.

1.10 - CONCLUSIONS

- The AnySite demographics estimate the demand growth for new rental units to be 454 units per year. The HISTA data suggests that the growth for new rental units will be 304 units per year. Finally, the employment growth methodology suggests that the primary market area will absorb 769 units per year.
- The calculated historical absorption for the PMA was 802 units annually (2010-2022).
- This site is located in an area in which the demand for “affordable” housing is strong. The site also has excellent linkages, and demand generators.

- The analyst believes that there is a sufficient “income qualified” population, with significant demand, to support the proforma rents of the project.
- The level of tax credit rent being charged is 27.6% to 69.8% lower than the adjusted rents charged at market rate comparables within the PMA.
- The level of rent being charged is appropriate and achievable compared to other “affordable” projects within the PMA.
- The absorption period of new supply is within acceptable levels.

Overall, the analyst feels that this project would be well positioned to meet the needed demand for affordable housing in the sub-market.

The determination of the project’s position in the “Primary Market Area” is based upon:

- The fulfillment of a need for rental housing in the sub-market, and
- The proforma rents for the subject do not exceed the rental rates currently being charged in the market.

1.11 – ASSUMPTIONS, CONTINGENCY & LIMITING CONDITIONS

The analysis of the data and the conclusions determined from such an analysis require the making of a number of assumptions and the conclusions drawn are limited by a number of conditions. The reader is strongly encouraged to read these assumptions and limiting conditions.

These conditions are a part of the report. They are preface to any certification, definition, fact or analysis, and are intended to establish as a matter of record that Apartment MarketData’s function is to provide and present a market study for the subject property based upon observations of the subject property and real estate market.

Furthermore, numerous specific minor assumptions required for analysis of data can be found throughout this report. These assumptions and limiting conditions are critical to the study and should be clearly understood by the reader. Therefore, a user of this market study is strongly encouraged to read this report in its entirety in order to fully understand the conclusions reached. All persons and firms reviewing, using or relying on this report in any manner bind themselves to accept these assumptions and limiting conditions.³

³ The Appraisal Institute, Chicago, IL

1.12 – SOURCES OF DEMOGRAPHIC DATA

Unless otherwise noted, all demographic data contained within this report were obtained and/or derived from the AnySite Corporation (www.AnySite.com) and from Ribbon Demographics (HISTA data).

1.13 – MARKET STUDY PROCESS & SCOPE

The market study process is an orderly program wherein the data used in the evaluation of the development is acquired, classified, analyzed, and presented.

The first step in this process involves defining the evaluation problem as to identification of the real estate, the effective date of the study, and the perspective of the study. Once this has been accomplished, the analyst embarks upon collection of data and analysis of the program of factors which affect the marketability of the subject property. This includes an area and neighborhood analysis, site and improvement analysis, and feasibility analysis. Consequently, Apartment MarketData, LLC:

- Evaluated the need for residential rental housing within the specific market area, and how the proposed development plan fits into the neighborhood.
- Evaluated the existing rental housing in the market in terms of rental rates, size, unit mix, physical condition, occupancy and vacancy rates, as well as the historical absorption rate.
- Evaluated the proposed development in terms of the proforma rents, unit mix, amenities, construction costs, and budgeted operating expenses.

The scope of this assignment is consistent with the market study process defined above. Apartment MarketData, LLC and the analyst assigned to this project have made a number of independent investigations and analysis. We obtained economic and demographic data on the market area, and analyzed current market conditions with respect to permissible development uses on the site. The site, as well as other comparable projects described herein, were physically inspected, and all plats and/or surveys obtained from the client, third parties, or public records were thoroughly examined.⁴

⁴ The Appraisal Institute, Chicago, IL

1.14 – COMPETENCY PROVISION

Apartment MarketData, LLC does hereby certify that, except as otherwise stated in this consultation report:

In accordance with the Uniform Standards of Professional Appraisal Practice, the Competency Provision requires that prior to accepting an assignment or entering into an agreement to perform any assignment, an analyst must properly identify the problem to be addressed and have the knowledge and experience to complete the evaluation assignment competently; or alternatively

- Disclose the lack of knowledge and/or experience to the Client before accepting the assignment
- Take all necessary or appropriate steps to complete the assignment competently.
- Describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in this report.

The analyst, on behalf of Apartment MarketData, has evaluated the property types similar to the subject property. As such, they are qualified and competent to complete the consulting assignment.

The market study is an economic study. It is not an appraisal, engineering, construction, legal or architectural study nor survey; and expertise in these areas, as well as other areas, is not implied.

We have no present or prospective interest in the property that is the subject of this report. We have no personal interest or bias with respect to the parties involved. To the best of our knowledge and belief, the statements of fact contained in this report and upon which the analysis, opinions and conclusions are based are true and correct. The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is our personal and unbiased professional analyses, opinions, and conclusions. This report sets forth all of the limiting conditions, either imposed by the terms of our assignment or by the undersigned, affecting the analysis, opinions and conclusions contained in this report.

If we are not notified of any errors, inaccuracies, or other problems within sixty (60) calendar days of the date of transmittal of this report, it will be understood by all involved parties that this report is an accurate representation of the property and the opinions as defined and concluded herein are correct. We have made a personal inspection of the property that is the subject of this report. No one other than the undersigned prepared the analyses, conclusions and opinions set forth in this report concerning the consultation on the subject property. Our compensation is not contingent upon the reporting of a predetermined conclusion that favors the cause of the client. This was not based on a

requested opinion, a specific opinion, or the approval of a loan. Our analysis and this report have been completed in accordance with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Foundation.⁵

1.15 – MARKET STUDY CERTIFICATION

The market analyst hereby certifies that the following conditions are met by the proposed subject development:

1. The housing development, upon completion and considering vacancy and absorption rates, is not likely to result in an unreasonable vacancy rate for comparable units within the development's competitive market area (i.e. standard, well maintained units within the housing development's competitive market area that are reserved for occupancy by lower-income eligible tenants, as applicable);
2. The projected initial rents for the housing development are reasonable and affordable by lower-income tenants, as applicable;
3. The information submitted by the housing sponsor on the housing development is credible and reasonably accurate, with any minor exceptions noted;
4. I understand that this market feasibility study will be used by the TDHCA to document the demand for low income housing within the Primary Market Area identified. I certify that my review was in accordance with generally accepted real estate principles and that I have no financial interest or family relationship with the officers, directors, stockholders, or partners of the Sponsor, the general contractor, any subcontractors, the buyer or seller of the property or engage in any business that might present a conflict of interest.

I am under contract for this specific assignment (market feasibility study) and I have no side deals, agreements, of financial considerations with others in connection with this transaction.

Apartment MarketData is a disinterested party and will not materially benefit from the Development in any other way than receiving a fee for performing the Market Analysis.

⁵ The Appraisal Institute, Chicago, IL

Prepared By – Darrell G. Jack
President
Market Analyst

CHAPTER 2

PROPOSED DEVELOPMENT

2.1 – PROPOSED DEVELOPMENT

The purpose of this report was to analyze the demand and economic feasibility for the development of Norman Commons. The developer of this project is proposing the construction of 156 rental units, receiving assistance through Private Activity Bonds (PAB's) and 4% tax credits. The site would be comprised of one residential building and would include a clubhouse with management/leasing and maintenance offices. The subject site is located in Austin, Travis County, Texas.

2.1.1 - Current Ownership of Site

The subject site is currently owned by Austin Housing Finance Corporation. The site has been owned by Austin HFC for more than three years. The developer and sponsor report that they own the subject site.

2.1.2 - Identification of the Property

The subject located at 3811 Tannehill Lane, Austin, Travis County, Texas. The site is identified by the County Tax Office as Property ID 199328. The surrounding uses immediately adjacent to the site include:

North:	Norman Elementary School
South:	Jackie Robinson St. / Vacant Lots / Office
East:	Office / Industrial
West:	Tannehill Lane / Undeveloped Land / Single Family Home



Access to the property is excellent. The subject site has direct access to Tannehill Lane, and U.S. Highway 183 is located 0.3 miles east of the site. The subject location provides easy access to shopping, recreation, and employment areas.

The proposed site is located in the **Qualified Census Tract 484530021.10** Austin, Travis County, Texas.

2.1.3 - Area Overview

Austin is the capital of the state of Texas and the county seat of Travis County. Austin is the 11th most populous city in the US and the fourth most populous city in Texas. The city is the cultural and economic center of the Austin-Round Rock-San Marcos metropolitan area, which has a population of more than 2,000,000.

The City of Austin is located in South Central Texas, on the Colorado River, with three man-made lakes within the city limits. Austin is the commercial heart of a ranching, poultry, dairy, cotton, and grain area. Hydroelectric development (beginning in the 1930s) has spurred enormous industrial growth. The city now manufactures a wide variety of products, and is a center for electronic and scientific research.

Austin's location near major linkages and service by four railroads make it convenient to ship goods to any destination in Texas, or the southwest United States. Robert Mueller Municipal Airport was replaced in 1999 by the Austin-Bergstrom International Airport. This new airport includes a \$20 million air cargo facility.

In the late 20th century, Austin emerged as an important high tech center for semiconductors and software. The University of Texas at Austin emerged as a major university.

The 1970s saw Austin's emergence in the national music scene, with local artists such as Willie Nelson, Asleep at the Wheel, and Stevie Ray Vaughan and iconic music venues such as the Armadillo World Headquarters. Over time, the long-running television program Austin City Limits, its namesake Austin City Limits Festival, and the South by Southwest music festival solidified the city's place in the music industry.

Strategic Location: One of the strongest attributes of the Austin area is its central Texas location along Interstate Highway 35 (north and south system). Austin is centrally located between Dallas/Fort Worth to the north, Houston to the east, and San Antonio and Mexico to the south. The extensive transportation systems which transverse the nation provides easy access from Austin to the Texas markets of San Antonio, Dallas/Fort Worth, Houston, Corpus Christi and the whole nation. The region is served by major rail lines and trucking routes. This Central Texas location is vitally important in reducing transportation time and operating costs.

Site Linkages	Location in relation to Site
Roads:	
U.S. Highway 183	0.3 miles to the east
Interstate Highway 35	3.0 miles to the west
U.S. Highway 290 East	3.3 miles to the north
State Highway 71 East	3.7 miles to the south
Texas Highway 130 Toll	4.4 miles to the east
Services:	
Austin-Bergstrom Intercontinental Airport	4.3 miles to the south
Downtown Austin	3.5 miles to the west
Texas Cities Distances:	
Dallas	180 miles to the north
Fort Worth	170 miles to the north
Houston	140 miles to the southeast
San Antonio	80 miles to the southwest

2.1.4 Description of Site Improvements

The developer of this project is proposing the construction of 156 rental units, receiving assistance through Private Activity Bonds (PAB's) and 4% tax credits. The site would be comprised of one residential building and would include common space with management/leasing and maintenance offices. The subject site is located in Austin, Travis County, Texas.

Apartment units would provide efficient floor plans, with separate kitchens and baths. Each unit would also have individually controlled heating and air conditioning. The common areas would be lighted, providing added security for residents.

The subject would be newer in age than other existing projects in the area. The entire development would be fully landscaped, and feature an attractive design. The interior of the units would be designed more efficiently than comparable affordable projects in the area. The subject would be well suited to the tenant base, and a welcomed addition to a market that has need for low income housing units. The subject improvements would have an estimated effective age and economic life of more than 45 years. Units and the overall building style would be functional for their use as apartment rental units in the Austin area.

**Norman Commons
Unit Mix and Rents**

Units	Unit Type	Income Type	Size (Net SF)	Rent	Rent/sf	Total Rent	Total Sq. Ft.
4	1-1	30%	750	\$ 567	\$ 0.756	\$ 2,268	3,000
18	1-1	50%	750	\$ 981	\$ 1.308	\$ 17,658	13,500
15	1-1	60%	750	\$ 1,188	\$ 1.584	\$ 17,820	11,250
8	2-2	30%	1,110	\$ 676	\$ 0.609	\$ 5,408	8,880
39	2-2	50%	1,110	\$ 1,173	\$ 1.057	\$ 45,747	43,290
31	2-2	60%	1,110	\$ 1,421	\$ 1.280	\$ 44,051	34,410
3	3-2	30%	1,290	\$ 776	\$ 0.602	\$ 2,328	3,870
19	3-2	50%	1,290	\$ 1,350	\$ 1.047	\$ 25,650	24,510
15	3-2	60%	1,290	\$ 1,637	\$ 1.269	\$ 24,555	19,350
1	4-2	30%	1,452	\$ 861	\$ 0.593	\$ 861	1,452
2	4-2	50%	1,452	\$ 1,501	\$ 1.034	\$ 3,002	2,904
1	4-2	60%	1,452	\$ 1,821	\$ 1.254	\$ 1,821	1,452
156			1,076	\$ 1,225	\$ 1.139	\$ 191,169	167,868

2.2 – BUILDING DESIGN & CONSTRUCTION MATERIALS

Location: 3811 Tannehill Lane
Austin, Travis County, Texas

Projected Year of Completion: 2024

Net Rentable Area (NRA): 167,868 SF

Average Unit Size: 1,076 SF

Type of Construction Four story – Elevator served
Stucco, Hardie board, stone and/or brick
Concrete slab on grade - post tension & elevated slab

Physical Characteristic

Ceilings:	8' high, textured and painted
Exterior Doors:	Insulated Metal Clad door with deadbolt lock
Interior Doors:	(no interior doors)
Insulation:	Walls - Fiberglass batts R-15 Ceilings R-30
Walls:	1/2" & 5/8" Gypsum board
Windows:	Residential Frame Dual Glaze (Low E)

Finishes

Flooring:	
Entry:	Tile or Vinyl Plank
Living:	Tile or Vinyl Plank
Dining:	Tile or Vinyl Plank
Bedroom:	Tile or Vinyl Plank
Kitchen:	Tile or Vinyl Plank
Bathroom:	Tile or Vinyl Plank
Walls:	Painted and textured gypsum board
Baths:	Painted and textured gypsum board
Counters:	Solid surface countertops

Bathrooms

Bath:	Traditional fixtures above vanity
Luminescent:	CFL Bulb Fixtures
Vent:	Fan / Light Fixture
Bathtub:	Fiberglass shower enclosure-barrier free design with grab bars in ADA units
Commode:	Ceramic, 1.6 gallon
Counters:	Solid surface w/ lavatory over wood cabinets

Kitchen

All-electric appliances
Frost Free refrigerator/freezer

Electric oven/range with vent hood
Microwave
Solid surface
countertops and backsplash

Heating/Cooling

Central Cooling and Heat

<u>Electrical</u>	Underground to building Each apartment with circuit breaker panel Overload protection in compliance with code Bathroom and kitchen outlets have ground fault
<u>Plumbing</u>	Sewer and Water provided by City Underground to building CPVC in walls In compliance with City Codes
<u>Apartment Amenities</u>	Functional Unit Design Fully Furnished and All Bills Paid Dual Pane windows w/ Low E glass Faux Wood Blinds One or more E-start Ceiling fan per unit
<u>Outside Amenities</u>	Bicycle Parking and Outdoor Community Courtyard
<u>Clubhouse Amenities</u>	On-site Leasing Office Service Provider Office Space and Meeting Rooms Community Room with Warming Kitchen Library Computer and Business Center Community Meeting Room Public Restrooms Controlled Access, 24-hour Onsite Management
<u>Safety</u>	Fire Sprinklers in each unit Smoke Detectors servicing each unit

Conclusion: The design and layout of the subject would be of equal or better quality compared to other affordable projects in the area. The project is well suited for new apartment construction. The unit mix and amenities provide an excellent selection for prospective residents.

2.3 - TOPOGRAPHY

The site slopes downward from the northeast and southwest. No major topographic features were observed during our physical inspection that would substantially limit the use of the land in the area.

2.4 – ZONING & DEED RESTRICTION

This parcel is a viable multi-family parcel. Austin has controlled land use plans, and future development plans through area organizations and council planning. Enforcement is through zoning and other use restrictions. All of the land in approximate area has been planned efficiently through zoning and regulation.

2.5 – FLOOD PLAIN & ENVIRONMENTAL FACTORS

Our visual observation revealed no obvious threat of a flood plain. The Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map should be used to determine the existence of any flood plain, and an opinion rendered by a certified engineer.

2.6 – NUISANCES & HAZARDS

Upon physical inspection of the site, there were no signs of obvious nuisances or hazards visible to the market analyst. The nearest railroad tracks are located about 0.8 miles south of the site.

All environmental hazards that would be of concern should be addressed in an environmental report and be abated prior to occupancy. It is therefore recommended that a certified Phase I environmental site assessment be undertaken to identify any possible hazards or environmental concerns.

2.7 – AD VALOREM TAXES

This project would lie inside the Travis County taxing districts. The site would also lie within the boundaries of the Austin Independent School District. The various taxing district rates are noted in the table below. Local taxing jurisdictions assess and collect property taxes on real and personal property owned within the taxing jurisdictions as of January 1 of each year. The 2022 property tax rates for the taxing jurisdictions are outlined below:⁶

Travis County	0.318239
City of Austin	0.462700
Austin ISD	0.996600
Travis County Healthcare District	0.098684
Austin Community College District	0.098700
Total	1.974923

Property Taxes, per \$100 of assessed value

⁶Travis County Appraisal District

2.8 – APPROPRIATE DEMOGRAPHICS FOR THE UNIT MIX

Occupancy assumptions are applied to the household make up of the demographic area to determine the potential demand and rents of one, two, three, and four bedroom apartment units. We utilize 100% of the one, two, three, four, five + person households in the market area as our target renter market. Based on our experience, we determined that one bedroom generally have one and two person occupancies. Two bedrooms typically have two, three, and four person occupancies. Three and four bedroom units are likely to have three, four, five and six occupants per unit. However, four bedroom units may house as many as eight occupants. We then assume the following percentage household profiles will choose to live in the following units types. The following is our determination for unit mix:

PERCENT OF 1, 2, 3, 4, 5, 6+ PERSON HOUSEHOLDS USED FOR ESTIMATION OF RECOMMENDED PROJECT UNITS

House Size	1	2	3	4	5	6+
1 Bdrm	85%	40%	0%	0%	0%	0%
2 Bdrm	15%	55%	90%	50%	0%	0%
3 Bdrm	0%	5%	10%	50%	50%	35%
4 Bdrm	0%	0%	0%	0%	50%	65%
% of						
Households	30.4%	23.9%	16.7%	12.7%	8.0%	8.4%

ESTIMATION OF RECOMMENDED PROJECT UNITS BASED ON AFFORDABILITY & HOUSEHOLD SIZE

House Size	1	2	3	4	5	6+	Mix
1 Bdrm	25.8%	9.6%	0.0%	0.0%	0.0%	0.0%	35.4%
2 Bdrm	4.6%	13.1%	15.0%	6.3%	0.0%	0.0%	39.1%
3 Bdrm	0.0%	1.2%	1.7%	6.3%	4.0%	2.9%	16.1%
4 Bdrm	0.0%	0.0%	0.0%	0.0%	4.0%	5.5%	9.4%
% of							
Households	30.4%	23.9%	16.7%	12.7%	8.0%	8.4%	100.0%

NUMBER OF HOUSEHOLDS TARGETED BASED ON UNIT MIX

House Size	1	2	3	4	5	6+	Demand
1 Bdrm	5,284	1,955	-	-	-	-	7,239
2 Bdrm	932	2,688	3,074	1,296	-	-	7,991
3 Bdrm	-	244	342	1,296	815	600	3,298
4 Bdrm	-	-	-	-	815	1,115	1,930
# of Households	6,216	4,887	3,416	2,593	1,630	1,716	20,458

HOUSEHOLD TENURE PATTERNS

Household Size	Number of Households	Tenure Owner 45.9%	Tenure Renter 54.1%	Unit Type	Demographic 2021 Sub - Mkt Units	AMD Surveyed Sub - Mkt Units
1 Person	10,803	4,587	6,216	1 Bdrm	5,411	58.4%
2 Person	10,112	5,225	4,887	2 Bdrm	3,296	32.5%
3 Person	5,965	2,549	3,416	3 Bdrm	1,800	8.3%
4 Person	4,581	1,988	2,593	4 Bdrm	615	0.7%
5+ Person	5,931	2,586	3,346			
						AMD Survey
Totals	37,392	16,934	20,458		11,122	13,517

Using the HISTA data, and considering 1) the number of persons per household who we view as the renter population profile, and 2) our experience of the percentage of apartment units in demand based on household size, multiplied by the percentage of total sub-market household size, we have determined that a mirror image of the demography would contain 23.7% one bedrooms, 50.0% two bedrooms, 16.1% three bedrooms, and 9.4% four bedrooms.

UNIT MIX COMPARED TO DEMOGRAPHICS

Unit Type	Subject Mix	Subject %	Demographic Est. Demand	Variance
1 Bdrm	37	23.7%	35.4%	-11.7%
2 Bdrm	78	50.0%	39.1%	10.9%
3 Bdrm	37	23.7%	16.1%	7.6%
4 Bdrm	4	2.6%	9.4%	-6.9%
Totals	156	100.0%	100.0%	

The table below gives 1) the unit mix currently reported for the PMA, 2) the estimate of demand based on the demographic profile of the renters in the market, 3) the unit mix of the trade area – including the subject’s units, (col. 4) the percent variance between the estimate of demand (#2) and the unit mix of the trade area (#1), and (col.5) a percent variance between the estimate of demand (#2) and the unit mix of the trade area – including the subject’s units (#3).

UNIT MIX COMPARED TO ESTIMATE OF DEMAND

Unit Type	(1) Trade Area Apartments	(2) Demographic Est. Demand	(3) Trade Area Incl. Subject	(2) – (1) % Variance	(2) – (3) % Variance
1 Bdrm	58.4%	35.4%	58.0%	-23.1%	-22.7%
2 Bdrm	32.5%	39.1%	32.7%	6.6%	6.4%
3 Bdrm	8.3%	16.1%	8.5%	7.8%	7.6%
4 Bdrm	0.7%	9.4%	0.8%	8.7%	8.7%

From our above analysis, we conclude that the unit mix of the subject will vary from the demographic make-up of the Primary Market Area.

Because of the physical, economic, and functional characteristics of the LIHTC programs, it is logical that some variation will exist from market characteristics to the actual physical project. It is our opinion, given current occupancies and the forecasted household growth, that the subject’s unit mix, for all intended purposes, will meet the needs of lower and median income within the sub-market.

2.9 – PLACE IN SERVICE DATE

Based on information from the developer, it is estimated that the first units will be placed in service in the year 2024. As such, certain demographic forecast and demand calculations may have been adjusted to reflect the estimated population and number of households at such a time in the future.

2.10 – AMERICANS WITH DISABILITIES ACT

The Americans with Disabilities Act (“ADA”) became effective January 26, 1992. Apartment MarketData has not made a specific compliance survey of the proposed plans of construction and analysis of this proposed property to determine whether or not it is in conformity with the detailed requirements of the ADA. Since the analyst has no direct control relating to this issue, the analyst did not consider possible noncompliance with the requirements of the ADA in determining the feasibility of the property.

2.11 - PROJECT FEATURES & AMENITIES AFFECTING MARKETABILITY

The subject community has a unit mix that will be appealing to both singles and families. The proposed size of the units compares well, and the amenities offered will make the subject competitive in the marketplace.

This analyst believes the:

- allure of a newer project
- modern amenity package
- size of the units
- amenities the Austin area will offer
- projected growth in population, and
- existing and continuing need for new rental property with the PMA

will ensure that there will be a more than adequate number of tenants that would desire an “affordable” rental unit. This, in addition to the fact that there are those who rent because they prefer that lifestyle to the lifestyle of home ownership, indicates there is an adequate renter base in the market area for the subject’s units.

CHAPTER 3

DEFINITION AND DEMOGRAPHIC PROFILE OF THE PRIMARY MARKET AREA

3.1 - INTRODUCTION

“Social, economic, governmental, and environmental forces influence property values in the vicinity of a subject property which, in turn, directly affect the value of the subject property itself. Therefore, the boundaries of the area of influence must be delineated to conduct a thorough analysis. The area of influence is the area within which the forces affect all surrounding properties in the same way they affect the property being studied. Although the physical boundaries may be drawn, the significant boundaries are those that fix the limits of influences on property values.” This presentation allows for the evaluation of those influences that affect property value in the surrounding area. Once these influences are delineated, it is then possible to determine how such influences affect the subject site with regard to its current and/or proposed use. By coincidence, these limits may be physically observable. The area of influence is commonly called the “Primary Market Area” or sub-market. The evaluation process “bridges the gap” between market analysis and specific site analysis.

3.1.1 - Primary Market Area

Determination of the primary or defined market of the “PMA” (Primary Market Area or sub-market), and definition of the boundaries of the trade area are based primarily upon local knowledge; in addition to interviews with city officials/planners and local real estate sources such as appraisers, developers, brokers, and agents.

(I) All census tracts in the PMA are within 2.6 miles of the development site. All of the census tracts in the PMA are within a 10 minute drive of the development site based on 25-35 mph for local, 40-50 mph for arterial, and 55 to 65 mph for freeway.⁷ Drive Time thematic maps are included in the Appendix.

(II) The PMA based on census tracts does represent a logical market area.

⁷ AnySite Drive Time - Normal Traffic

(III) The subject development provides easy access to employment. Section 7.2.1 provides information on distances and drive times to employers in the PMA as well as a 10 mile radius around the site.

(IV) The affordability and availability of new units will draw tenants from all parts of the PMA, especially areas of the PMA with higher renter concentrations and income levels targeted by the development. The Appendix provides thematic maps showing renter tenure and median income levels at the census block level.

(V) The entire PMA is contained within one county. As such there are no cross-county changes in rent or income limits affecting demand for the development.

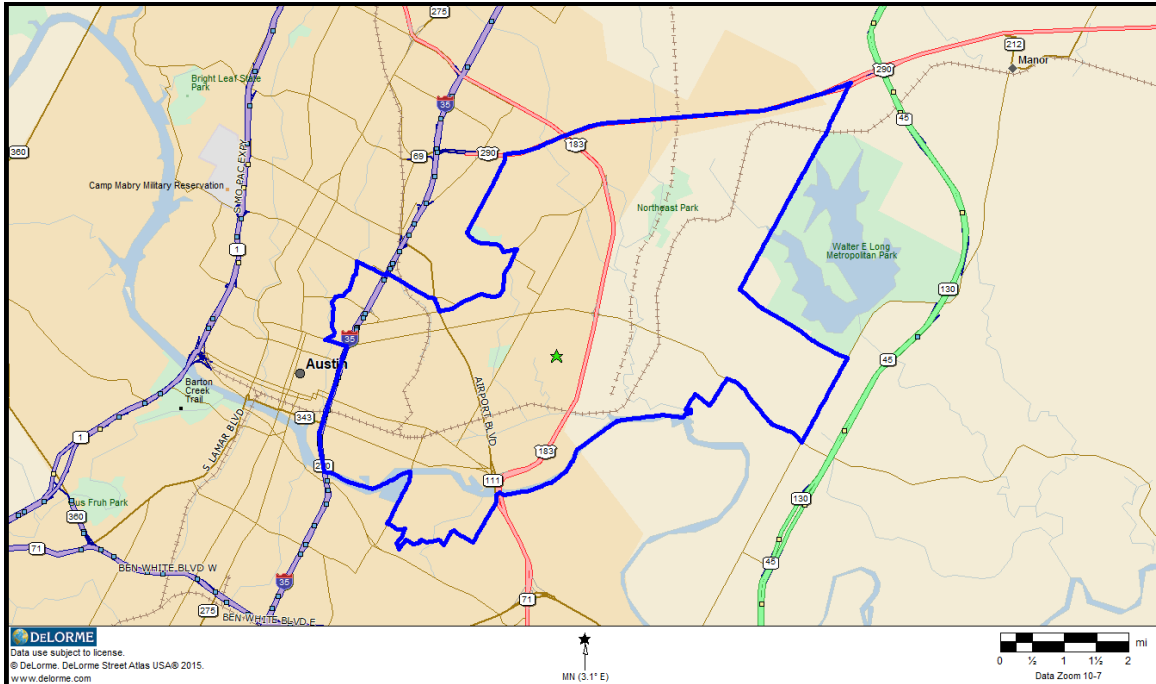
(VI) The subject is an urban development.

(VII) The U.S. Post Office is another source for new construction data. As each new unit is constructed and assigned a mailing address, the Postal Service reports the address as either a single or multi-unit address; and as occupied or vacant. As a snapshot in time, the information is useful in understanding the new construction velocity and absorption within the PMA. Postal data can be found in Section 4.8.1.

(VIII) There are no other general housing issues pertinent to the market area.

For this analysis, we utilized a “primary market area” encompassing 31.54 square miles. These boundaries follow the census tracts listed:

Census Tracts	Census Tracts	Census Tracts	Census Tracts
484530003.06	484530004.01	484530004.02	484530008.01
484530008.02	484530008.03	484530008.04	484530009.01
484530009.02	484530010.00	484530021.06	484530021.07
484530021.08	484530021.09	484530021.10	484530021.11
484530021.12	484530021.13	484530022.01	484530022.02
484530022.08	484530022.11		



This area was used as it complies with the definition of a “Primary Market Area” (PMA) as defined by the Texas Department of Housing and Community Affairs (TDHCA). The area shown on the map above, takes into consideration this area’s housing needs, demand draw, natural, political and manmade barriers, and the appropriate demographics of the area applicable to the demand for rental apartments.

At the same time, the PMA was limited to a population of 102,643 and may not be inclusive of the entire area that the analyst expects the subject to draw the majority of its residents.

3.1.2 - Neighborhood Location

By way of explanation, the definition of a “neighborhood” is as follows: “A portion of a larger community, or an entire community, in which there is a homogeneous grouping of the inhabitancy, buildings or business enterprises. Inhabitants of a neighborhood usually have a greater community of interest and similarity of economic level or cultural background. Neighborhood boundaries may consist of well defined natural or man made barriers or they may be more or less well-defined by distinct changes in land use or in the character in the inhabitancy.”⁸ Thus, an evaluation of the appropriateness of the location and property’s physical features from a market feasibility standpoint was completed.

⁸ The Appraisal Institute, Chicago, IL

3.1.3 - Access and Linkages

Linkages are the relationships between land uses and other components of the market or sub-market. A linkage is the system that enables an employee to get from his home to his place of employment. If he drives a car to work or takes the bus, he has a certain distance to cover. Using available roads, it takes him a certain amount time to make the trip. It costs a certain number of dollars for each trip, and road conditions, traffic congestion, etc., cause a certain amount of aggravation on the way.

The worker's wages are the input into the economic base and their labor is the output. The worker's place of residence also has important linkages to such locations as schools, shopping, medical facilities, recreation, etc.. These linkages are important in identifying the feasibility of the proposed development.

The area determined as the PMA takes into consideration drive-time and trade area theories as they relate to apartment dwellers. The income data used for this study has been compiled from 2010 census data. Current estimates and future projects have been provided by the AnySite Corporation and Ribbon Demographics (HISTA Data).

3.2 – DEVELOPMENT PATTERNS & TRENDS⁹

Austin, TX, moves up one place from its No. 3 overall ranking last year. The metro area ranked fourth in five-year job growth, third in short-term job growth, and sixth in five year wage growth. The Texas capital also performed well in high-tech GDP concentration (12th), but it was held back by a drop in five-year high-tech GDP growth, dropping from ninth to 20th. However, its one-year high-tech GDP growth rose sharply from 46th to 24th.

Established tech companies and newer businesses alike are flocking to Austin for its lack of corporate and state tax, ample space for expansion and development, and highly educated workforce. The University of Texas at Austin is a key part of Austin's economy and culture, and local labs account for major investments in R&D. These trends have helped make Austin a new tech and entrepreneurial hub, home to companies such as Dell, Apple, IBM, Oracle, and Tesla. However, growth was not limited to tech giants. In 2020, 619 new tech companies were established in Austin, which translates to roughly 6,000 jobs.

Despite the challenges of COVID-19, the Austin Chamber of Commerce reported that the city regained 96 percent of pandemic-related jobs lost in the spring of 2020. Additionally, the city's tourism industry saw a return of 77 percent of all jobs lost in March and April of 2020.

⁹ Milken Institute, "Best-Performing Cities 2022," March 2022.

Because of its rapid growth, Austin is becoming one of the least affordable large cities in America (136th). Home-sale prices have more than doubled from a median of \$216,000 in 2011 to \$536,000 today. Renters, too, are facing surging prices as the average monthly cost of an 864 square foot apartment is \$1,600. Housing affordability will continue to be an issue as Austin undergoes an explosive transformation.

3.2.1 - Land Use and Roadway Development Plans

This parcel is a viable multi-family parcel. Austin has controlled land use plans, and future development plans through area organizations and council planning. Enforcement is through zoning and other use restrictions. All of the land in approximate area has been planned efficiently through zoning and regulation.

3.3 – DEMOGRAPHIC PROFILE

The following tables and charts explain the demographic profile of the submarket. They provide detailed information related to household tenure, income, household size, and age of the head of household. This information can be used to analyze trends and make predictions as to the demand for the different types of housing.

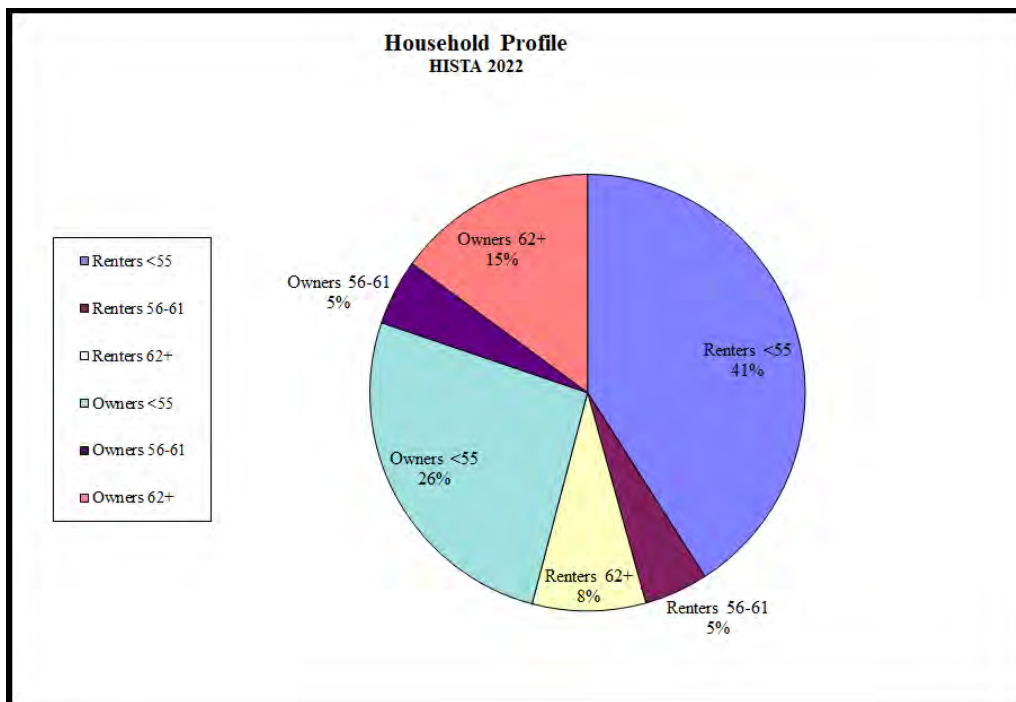
The table below details the number of housing units, those units occupied and vacant, and finally the tenure of the occupied units. The U.S. Census count estimates that 4,978 new housing units were added from 2000 to 2010. At the same time, the Apartment MarketData database accounts for 2,031 new apartment units built during this time. Thus, 41% of these new housing units are rental units included in our survey. Our survey also includes 8,691 units built since 2010, while the demographics estimate 4,298 rental housing units have been added since 2010.

DEMOGRAPHIC HOUSING DATA

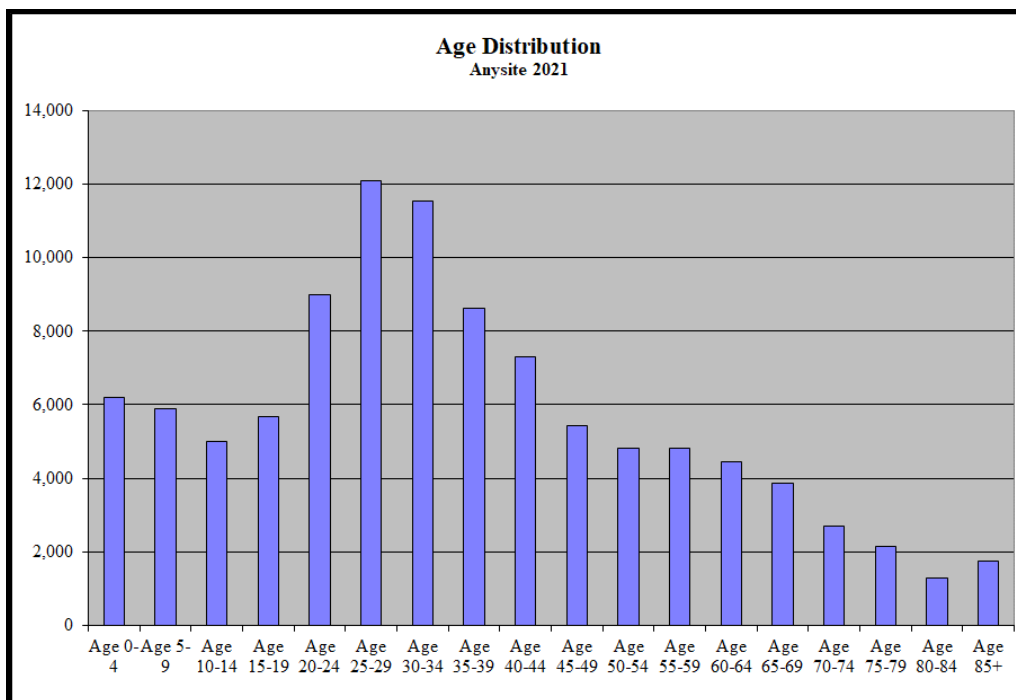
	2000		2010		2021	
Housing Units	26,785		31,763		42,721	
Occupied Units	25,367	94.7%	28,746	90.5%	36,957	86.5%
Vacant	1,421	5.3%	3,016	9.5%	5,764	13.5%
Owner Occupied	12,581	49.6%	13,216	46.0%	17,129	46.3%
Renter Occupied	12,786	50.4%	15,530	54.0%	19,828	53.7%

AnySite

Demographic sources provide further detail regarding the age and renter profile of area households. The following charts show the profile of households and the age distribution of the submarket.



The median age of the sub-market is 33.2 and appropriate for the subject development. The following chart shows the distribution of the population by age group.



Households by tenure and age grouping for 2022 and 2027 are as follows:

Tenure 2022	1 Person	2 Person	3 Person	4 Person	5+ Person	TOTAL
Renter - <55	15.4%	15.9%	11.0%	9.3%	9.5%	61.1%
Owner - <55	7.8%	11.5%	7.1%	5.8%	6.8%	38.9%
Renter - 56-61	24.7%	11.8%	5.0%	3.0%	4.8%	49.4%
Owner - 56-61	10.1%	18.3%	6.0%	4.5%	11.7%	50.6%
Renter - 62+	17.7%	6.2%	6.1%	2.3%	3.8%	36.1%
Owner - 62+	26.8%	20.0%	6.8%	4.7%	5.6%	63.9%

HISTA Data

Tenure 2027	1 Person	2 Person	3 Person	4 Person	5+ Person	TOTAL
Renter - <55	15.3%	15.3%	11.1%	9.2%	9.6%	60.6%
Owner - <55	7.5%	12.3%	7.3%	5.6%	6.7%	39.4%
Renter - 56-61	25.4%	13.2%	4.9%	3.2%	4.6%	51.3%
Owner - 56-61	10.1%	17.4%	5.9%	4.6%	10.8%	48.7%
Renter - 62+	18.8%	7.4%	5.6%	2.5%	4.0%	38.3%
Owner - 62+	26.8%	17.9%	6.5%	4.9%	5.5%	61.7%

HISTA Data

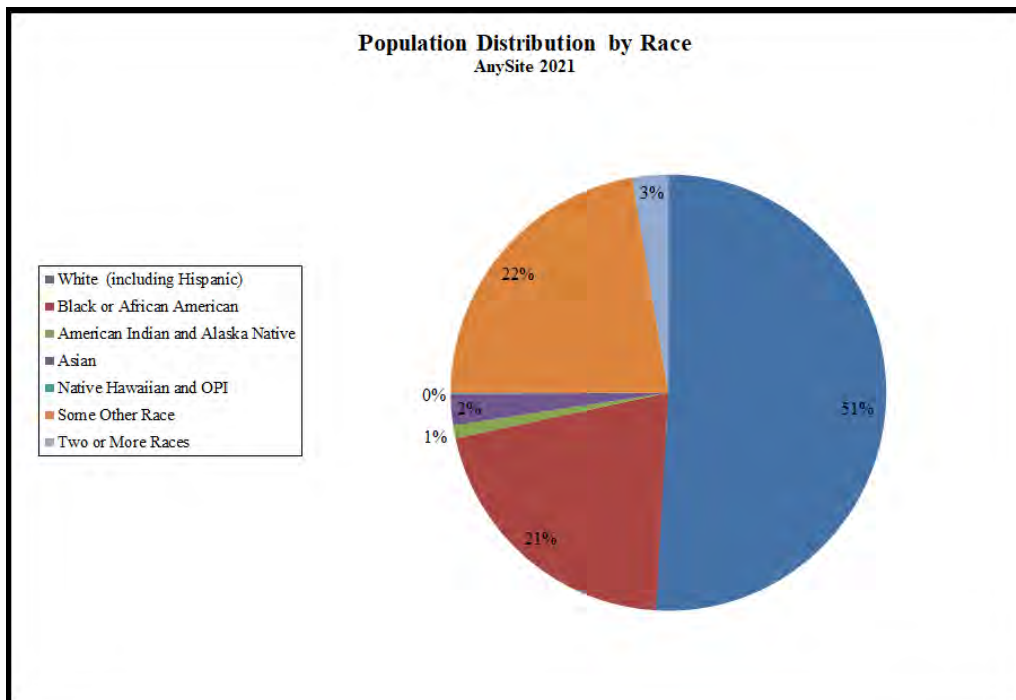
The demographic data provided by HISTA Data indicates that 54.1% of the households within the PMA are renters. From the tables above, we see the highest renter tenure in household less than 55 years of age.

SIZE OF HOUSEHOLD

Household Size		%
		2021
1 Person	10,253	27.7%
2 Person	10,357	28.0%
3 Person	5,591	15.1%
4 Person	5,425	14.7%
5 Person	2,598	7.0%
6 Person	1,325	3.6%
7 Person or More	1,409	3.8%
1 to 6 Person	36,958	100.0%

3.3.1 – Population Distribution by Race

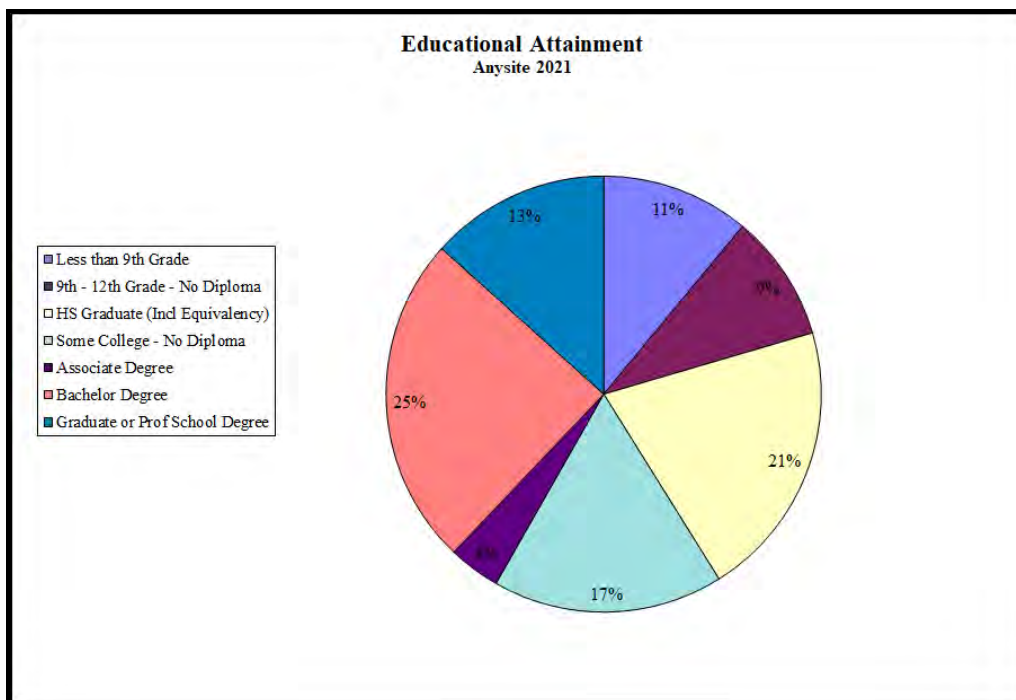
The following chart shows the racial make-up of the submarket. Anglos, including Hispanics, make up 51% of the population. Black or African-American make up another 21%, while other races make up the balance.



2021	Population	Percentage
	102,643	
Male	51,975	50.6%
Female	50,668	49.4%
White alone	52,269	50.9%
Hispanic	49,443	
Black or African American alone	21,260	20.7%
American Indian and Alaska Native alone	994	1.0%
Asian alone	2,364	2.3%
Native Hawaiian and OPI alone	77	0.1%
Some Other Race alone	22,941	22.4%
Two or More Races alone	2,738	2.7%

3.3.2 – Educational Attainment

The following chart shows the level of educational attainment within the submarket. The demographics of the area show that 21% of the population has obtained at least a high school education; with another 42% obtaining some type of higher degree. The census reports 11% of the population has less than a 9th grade education.



The profile of the area residents is quite typical of an urban Texas demographic mix. There are no outstanding traits of the residents that would be a detriment to the subject development. In fact, the profile is appropriate for the subject development. The number of renters is expected to grow, and affordable housing is expected to be in short supply.

3.4 – AREA INCOMES

The table below reflects the income levels of all household types within the sub-market.

CHANGES IN INCOME GROUPS 2010 – 2026

	2010	2021	2010-2021	2026	2022-2026
Under \$ 10,000	4,225	3,125	-26.0%	2,821	-9.7%
\$ 10,000 - \$ 14,999	2,383	2,381	-0.1%	1,526	-35.9%
\$ 15,000 - \$ 19,999	2,033	1,689	-16.9%	1,952	15.6%
\$ 20,000 - \$ 24,999	2,099	1,665	-20.7%	1,333	-19.9%
\$ 25,000 - \$ 29,999	1,946	1,816	-6.7%	1,709	-5.9%
\$ 30,000 - \$ 34,999	1,574	1,735	10.2%	1,339	-22.8%
\$ 35,000 - \$ 39,999	1,757	1,278	-27.3%	1,526	19.4%
\$ 40,000 - \$ 44,999	1,578	1,541	-2.3%	1,423	-7.7%
\$ 45,000 - \$ 49,999	1,270	1,172	-7.7%	1,124	-4.1%
\$ 50,000 - \$ 59,999	2,372	2,949	24.3%	2,337	-20.8%
\$ 60,000 - \$ 74,999	2,128	3,335	56.7%	4,022	20.6%
\$ 75,000 - \$ 99,999	2,499	3,987	59.5%	4,693	17.7%
\$100,000 - \$124,999	1,289	3,246	151.8%	3,571	10.0%
\$125,000 - \$149,999	699	2,329	233.2%	3,078	32.2%
\$150,000 - \$199,999	499	2,412	383.4%	3,892	61.4%
\$200,000+	400	2,298	474.5%	4,500	95.8%
Median HH Income	\$35,328	\$57,042	61.5%	\$72,429	27.0%
Average HH Income	\$39,113	\$48,445	23.9%	\$104,072	114.8%
Per Capita Income	\$13,042	\$17,387	33.3%	\$38,701	122.6%

According to the census data gathered for the sub-market area, the estimated 2021 income per capita is \$17,387; the per household median is \$57,042 the average household income is \$48,445 The U.S. Department of HUD reports the Austin MSA median income to be \$110,300.

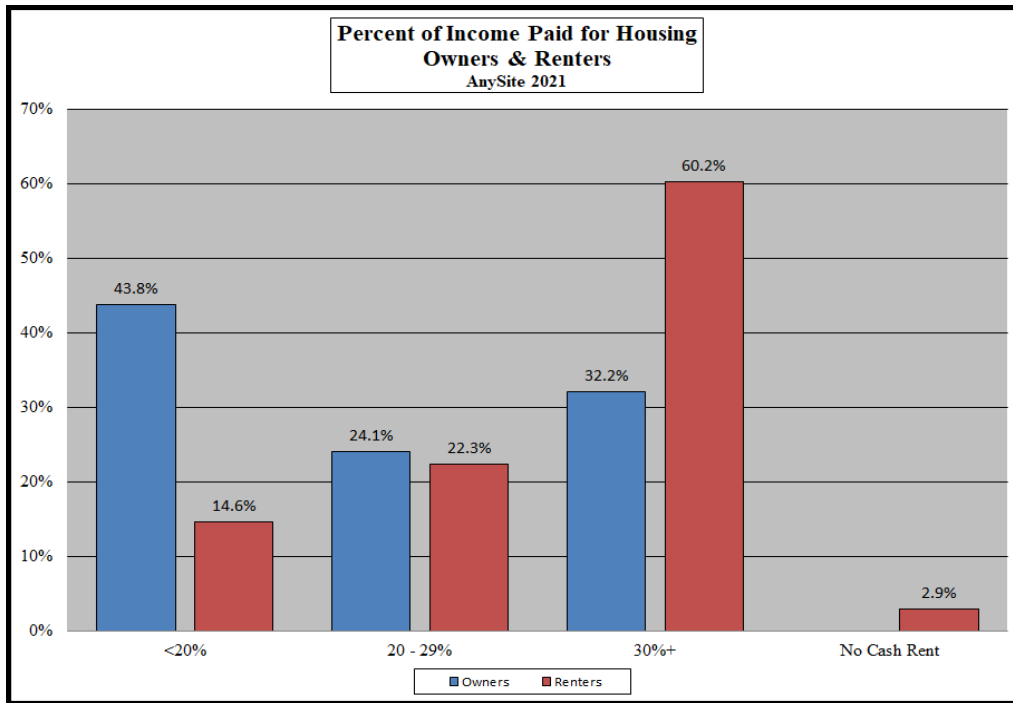
The following table reflects the distribution of households by age and income groups.

RENTER HOUSEHOLDS BY AGE & INCOME

Household Income	HH <25	HH 25-44	HH 45-64	HH 65+
< \$10,000	741	857	1,036	491
\$10,000 - 19,999	181	613	894	694
\$20,000 - 29,999	228	502	416	543
\$30,000 - 39,999	209	720	276	460
\$40,000 - 49,999	145	705	433	533
\$50,000 - 59,999	115	774	410	436
\$60,000 - 74,999	42	499	533	204
\$75,000 - 99,999	97	680	547	217
\$100,000 - 124,999	45	1,431	781	693
\$125,000 - 149,999	116	1,545	1,028	647
\$150,000 - 200,000	245	2,058	1,205	480
\$200,000+	140	1,808	619	680
Total HH	2,516	17,286	10,367	6,795
Total HH (%)	6.8%	46.8%	28.0%	18.4%

AnySite Data

The 2021 AnySite data also indicated the percentage of “overburdened” household that pay more than 30% of their annual income for rent. Within the subject’s trade area, we see that 60.2% of all renter households are considered overburdened.



3.5 – COMMUNITY FACILITIES

Transportation

Austin is well served by a transportation network as follows:

Highways: U.S. Highway 183
Highway 130 (Toll)
Interstate Highway 35
Loop 1
U.S. Highway 290

Airports: Austin-Bergstrom International Airport: carriers, Alaska, Allegiant, American, Delta, Frontier, JetBlue, Southwest, Spirit, Sun Country, United, Vacation Express, ViaAir and WestJet Airlines. International carriers include Aero Mexico, Air Canada, British Airways, Lufthansa, Norwegian, and Scandinavian Airlines

Parcel Service: U.S. Post Office, UPS, Federal Express, Airborne Express, Lone Star Overnight

Schools**Austin Independent School District**

- < 0.1 miles to Norman-Sims Elementary School
- < 3.6 miles to Martin Middle School
- < 2.6 miles to LBJ High School

- < 1.9 miles to Austin Community College – Eastview
- < 3.2 miles to University of Texas

Shopping

- < 0.4 miles from Exxon Station
- < 0.4 miles from Subway Restaurant
- < 1.4 miles from Wells Fargo Bank
- < 2.2 miles from HEB
- < 3.0 miles from United States Postal Service
- < 3.2 miles from Capital Plaza
- < 3.2 miles from Walgreens
- < 3.2 miles from Dollar Tree
- < 3.3 miles from Target
- < 4.3 miles from Walmart Supercenter

Medical

- < 2.5 miles from Dell Children's Medical Center
- < 3.1 miles from St. David's Medical Center
- < 3.5 miles from Dell Seton Medical Center

Police

- < 3.7 miles to a Police Station

Fire

- < 0.5 miles to a Fire Station

Recreation

- < 1.3 miles to the Colorado River
- < 1.5 miles to Public Library
- < 2.4 miles to Alamo Drafthouse Cinema Mueller
- < 3.3 miles to Downtown Austin
- < 3.3 miles to Travis County Exposition Center
- < 3.3 miles to Walter E. Long Park with Walter E Long Lake

CHAPTER 4

HOUSING SUPPLY ANALYSIS

4.1 - INTRODUCTION

Supply and demand analysis requires that the analyst examine the existing supply and demand, as well as the expected future supply. Existing supply and demand can be evaluated by an inventory of the market, which includes current rents, vacancy rates, and locations.

To provide a statistical overview of the rental sub-markets, Apartment MarketData activity surveys and maintains a database and individual rental markets across the state of Texas.

4.2 – HOUSING SUPPLY ANALYSIS

The table below details the number of housing units, those units occupied and vacant, and finally the tenure of the occupied units. The U.S. Census count estimates that 4,978 new housing units were added from 2000 to 2010. At the same time, the Apartment MarketData database accounts for 2,031 new apartment units built during this time. Thus, 41% of these new housing units are rental units included in our survey. Our survey also includes 8,691 units built since 2010, while the demographics estimate 4,298 rental housing units have been added since 2010.

DEMOGRAPHIC HOUSING DATA

	2000		2010		2021	
Housing Units	26,785		31,763		42,721	
Occupied Units	25,367	94.7%	28,746	90.5%	36,957	86.5%
Vacant	1,421	5.3%	3,016	9.5%	5,764	13.5%
Owner Occupied	12,581	49.6%	13,216	46.0%	17,129	46.3%
Renter Occupied	12,786	50.4%	15,530	54.0%	19,828	53.7%

AnySite

4.3 – COST OF HOME OWNERSHIP

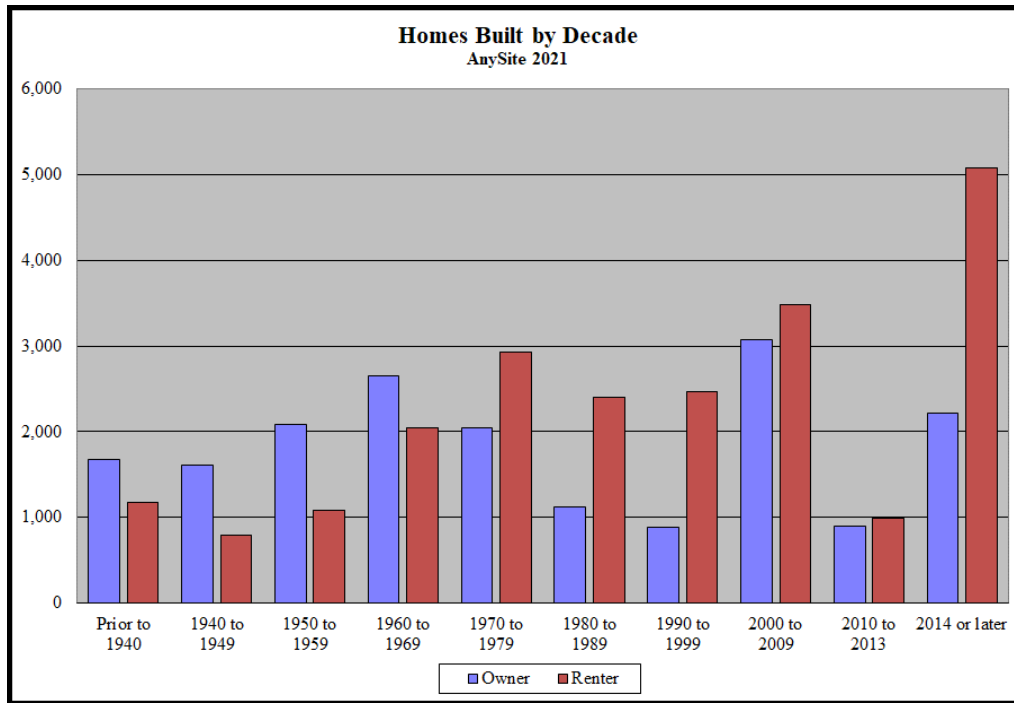
The demographics of the submarket give us information on the owner occupied homes within the submarket. About 44% of homes in the area are 50+ years old.

AnySite Demographics reports on the 2021 home values within the sub-market. If we grow these values by 2% per year, we come to an approximate home value in 2022 dollars. Using this methodology, we estimate the median home value to be \$302,473, and the average home value to be \$331,234. We will use these values for comparison purposes.

The following table represents the cost of monthly home ownership.

HOME PURCHASE	Median Value Primary Market	Average Value Primary Market
2021 Home Price	\$296,488	\$324,681
2022 Estimated Home Price	\$302,472	\$331,234
Down Payment (5%)	\$15,124	\$16,562
Interest Rate	6.75%	6.75%
Period (Years)	30	30
Monthly Payment	\$1,864	\$2,041
Taxes/Insurance/Maint. (Monthly)	\$1,006	\$1,006
Total Housing Cost	\$2,870	\$3,047
Subject Rents - 60% 3 Bdrm.	\$1,637	\$1,637
Difference in Renting vs. Purchasing	-\$1,233	-\$1,410

What can be determined from the table above is that the cost of renting is significantly less than the cost of home ownership. We believe that there would an adequate number of households that would choose to rent at Norman Commons with modern amenities rather than purchase an older single family home.

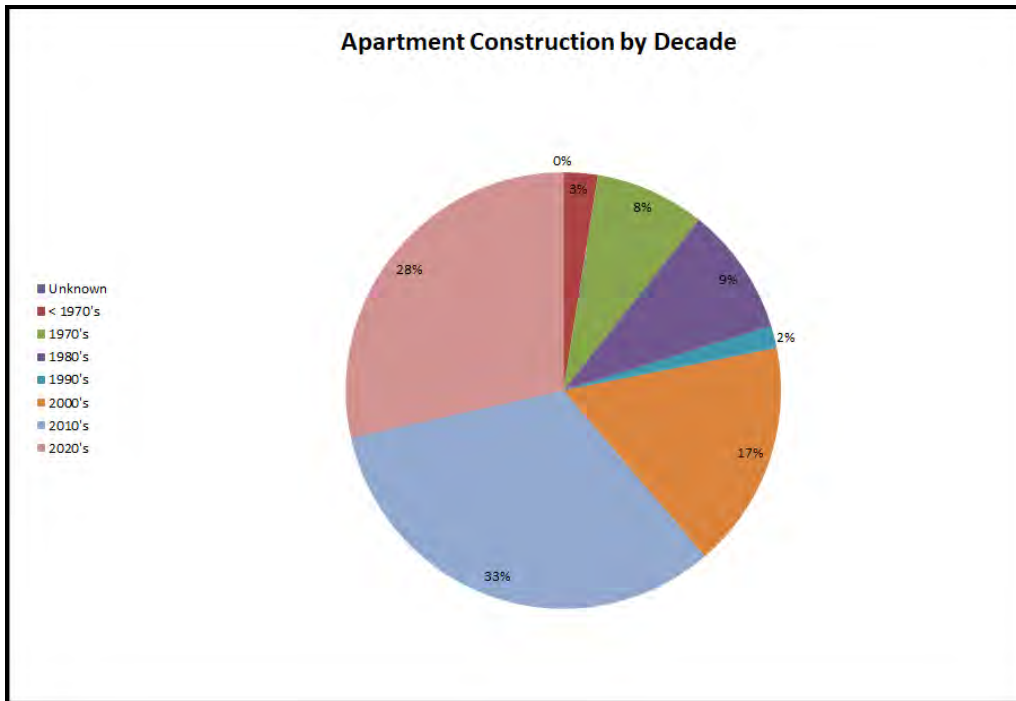


4.4 - OVERVIEW OF THE RENTAL MARKET

To provide a statistical overview of the rental submarkets, Apartment MarketData, LLC (AMD) actively surveys and maintains a database of rent and occupancy information specific to individual apartment communities.

The demographics estimate the number of occupied rental units within the PMA at 19,828. Within the submarket, we have accounted for 60 apartment communities totaling 13,517 units, or 68% of the total rental market. From this large sample of information, we can draw conclusions on the market as a whole.

From our analysis of the projects surveyed, we find that 61% of the rental units have been built since 2010. For projects built in this time period, 9 of the 33 stabilized projects were built with the assistance of either 4% or 9% low income housing tax credits.



New construction, particularly new apartment construction, is a function of rents justifying the cost of new construction. Generally speaking, in today's marketplace a conventionally financed project needs to generate rents in the range of \$1.50 per square foot. Using the subject's average unit size of 1,076 square feet, an average market rate unit would need to rent for \$1,614/month.

4.4.1 - Current Market Conditions

The overall occupancy reported in the market is 94.2%. Further details can be found behind the "Area Properties" tab of this report. Details for comparable "Income Restricted" and "Market Rate" properties can be found in Chapter 8 of this report.

CURRENT INVENTORY OF SURVEYED PROPERTIES

UNIT TYPE	# OF UNITS	OCCUPIED UNITS	AVG. RENT	AVG. SIZE	AVG. \$ PSF	OCCUPANCY %
1 BR	7,899	7,449	\$ 1,633.68	671	\$ 2.436	94.3%
2 BR	4,393	4,132	\$ 1,934.30	1,035	\$ 1.869	94.1%
3 BR	1,125	1,052	\$ 1,559.91	1,125	\$ 1.387	93.5%
4+ BR	100	95	\$ 1,512.44	1,287	\$ 1.175	95.0%
OVERALL	13,517	12,728	\$ 1,724.35	831	\$ 2.074	94.2%

From our survey of rental apartments, we can dissect data by type of property. The following table reports on the market as a whole, then distinguishes properties that are subsidized or income restricted. These properties are then divided into stabilized and unstabilized. A stabilized project would be one that has achieved a physical occupancy of 90%, and maintained an occupancy of >90% for 12 months. This table represents only the apartment communities that participate in our survey.

AMD SURVEY PARTICIPANTS

AMD Survey Data¹⁰	# of Developments	Total Units	Avg. Occupancy
All M/F Developments	60	13,517	94.2%
All Placed in Service after 2017	8	1,343	86.0%
All LIHTC Developments	26	4,035	93.7%
Unstabilized Comparable LIHTC	3	690	44.3%
Other Subsidized / Affordable*	21	3,179	93.4%

*Stabilized Family Projects Only

4.4.2 - Rent Trends

When surveyed, the 2000 census reported an average rent of \$492.00 for the PMA. According to the data accumulated by Apartment MarketData, the present average rental rate for an apartment unit is \$1,724.35 per month. This represents an average increase of 5.99% per year.

4.5 – ABSORPTION ANALYSIS

Absorption from 2000 to 2010 for all rental unit types is estimated to be 274 units per year.

Calculated absorption since 2010 for all unit types has been 802 units per year.

¹⁰ Apartment MarketData – survey data

2000 Census For Rent Units	13,502
2000 Census Occupancy Households	94.7%
2000 Census Occupied Rent Household Units	12,786
2000 – 2010 New Supply (all rental units)	3,657
2010 Census For Rent Units	17,159
2010 Census Occupancy Households	90.5%
2010 Census Occupied Rent Household Units	15,530
2010 – 2021 New Supply (apt. rental units)	8,691
2022 For Rent Units	25,850
2022 Surveyed Occupancy	94.2%
2022 Surveyed Occupied Units	24,351
Change in occupied units 2000-2010	2,744
Avg. Annual Absorption Rate 2000-2010	274
Change in occupied units 2010-2021	8,821
Avg. Annual Absorption Rate 2010-2021	802

4.5.1 - Absorption Period to Reach Sustaining Occupancy

We estimate that the project would achieve a lease rate of approximately 20-25 units per month as they come on line for occupancy from construction.

Month	7	8	9	10	11	12	13	14	15	16	17	18	Total: 93%
Units	20	20	20	20	20	20	20	5					145
Note: During months 1-6, the project will be under construction so no units will be occupied.													

4.5.2 - Absorption Trends by Decade of Construction

The “subjective” quality ranking often assigned to rental projects following lines similar to the age of a property. Thus, we find the following to be true in most cases.

2000's	A ranking
1990's	B
1980's	C
1970's+	D

To provide a statistical overview of the real estate sub-markets, Apartment MarketData, LLC maintains monthly surveys of each individual market in Texas. Summary reports of these markets as well as the individual sub-market reports are compiled monthly and kept for historical reference.

The PMA lies primarily within the C1, C2, E1, and SC1 sub-markets, as reported by Apartment MarketData. From the following tables, we can assess the changes in occupancies and rental rates over the past 12 and 48 month periods, and thus the absorption of rental units by the decade of construction.

2018	Units	Occupancy	Rate	Size	Occupied	Rent
<1970	4,157	98.5%	\$1.549	753	4,094	\$1,166.55
1970's	9,178	98.5%	\$1.462	774	9,043	\$1,132.30
1980's	14,148	98.9%	\$1.495	716	13,986	\$1,069.63
1990's	7,137	98.9%	\$1.476	891	7,060	\$1,314.86
2000's	17,483	98.1%	\$1.537	960	17,146	\$1,475.61
2010's	10,918	97.3%	\$1.811	882	10,621	\$1,597.66

2021	Units	Occupancy	Rate	Size	Occupied	Rent
<1970	4,279	95.6%	\$1.618	735	4,092	\$1,189.45
1970's	10,252	96.5%	\$1.606	777	9,893	\$1,247.31
1980's	14,302	97.6%	\$1.778	713	13,964	\$1,267.78
1990's	7,717	96.5%	\$1.821	893	7,443	\$1,625.47
2000's	18,739	96.3%	\$1.799	961	18,052	\$1,729.28
2010's	26,602	93.1%	\$2.132	871	24,780	\$1,856.51

2022	Units	Occupancy	Rate	Size	Occupied	Rent
<1970	4,663	89.7%	\$1.639	733	4,181	\$1,200.89
1970's	9,564	94.5%	\$1.764	781	9,040	\$1,377.59
1980's	13,530	97.0%	\$1.941	709	13,127	\$1,376.99
1990's	7,717	95.0%	\$1.993	893	7,332	\$1,779.63
2000's	15,656	95.4%	\$1.982	960	14,942	\$1,901.93
2010's	28,433	90.9%	\$2.315	873	25,856	\$2,020.69
2020's	15,485	54.5%	\$2.485	868	8,446	\$2,157.96

Because not all communities will participate in our surveys at a given point in time, the following table has a calculated absorption rate, and also an adjusted absorption rate. The adjusted rate applies the historical occupancy to the current number of units being reported.

Absorption	1 Year	4 Year	1 Year Adjusted	4 Year Adjusted	Rents 1 Year	Rents 4 Year
<1970	89	87	-278	-411	\$11.44	\$34.34
1970's	-853	-3	-189	-384	\$130.28	\$245.29
1980's	-837	-859	-83	-248	\$109.21	\$307.36
1990's	-111	272	-111	-302	\$154.16	\$464.78
2000's	-3,109	-2,204	-140	-412	\$172.65	\$426.32
2010's	1,077	15,235	-629	-1,804	\$164.18	\$423.03
2020's	6,187	8,446	-6,265	8,446	\$15.57	\$2,157.96
	2,443	20,975	-7,694	4,886		

Over 23,000 new apartments have been constructed and absorbed over the past four years. Occupancy rates have remained high, and rents show an upward trend. This bodes well for Norman Commons.

4.5.3 - Absorption of Comparable Rent Restricted Units

Talavera Lofts (TDHCA #19239) was built in 2021. Talavera Lofts' 92 units are currently 100% occupied. Los Portales de Lena Guerrero (TDHCA #19429) has 97 units that were built in 2022 and is currently 100% occupied.

4.6 – AGE & CONDITON OF EXISTING RENTAL COMMUNITIES

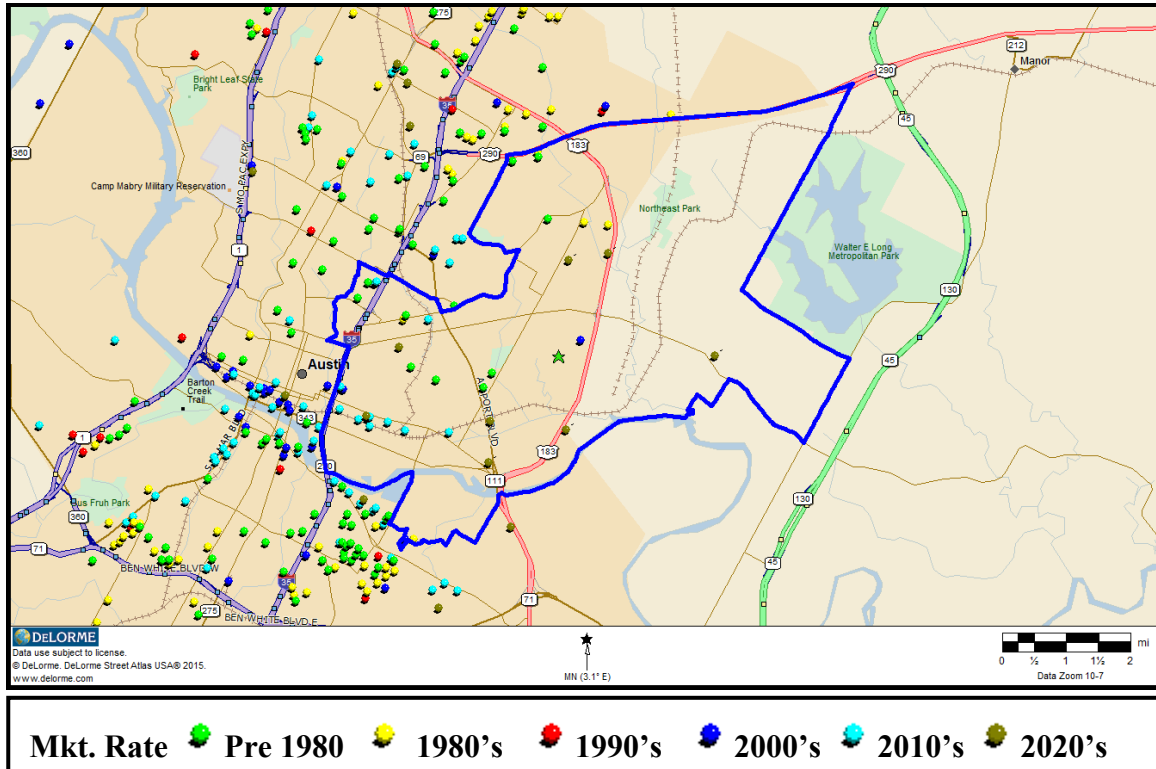
From our survey of the market, we find that 19% of the rental housing stock to have been built prior to 1990. As this housing stock is now 30+ years old, some will be in poor condition. Still others will be suffering from physical or functional obsolescence.

To estimate the number of rental units in poor or substandard condition, we make some assumptions based on the management experience of the analysts. To this end, we assume that 50% of the units built prior to 1970 would fit this category of unit. Likewise, 40% of the units built in the 1970's, and 30% of those built in the 1980's.

Built	AnySite Units	AMD Surveyed	Age	% Substand.	AnySite Substandard	AMD Substandard
Unknown						
<1970's	5,091	415	50+ Years	50.0%	2,546	208
1970's	2,924	983	40-50 Years	40.0%	1,170	393
1980's	2,397	1,197	30-40 Years	30.0%	719	359
1990's	2,463	200				
2000's	3,486	2,031				
2010's	8,048	8,691				
TOTAL	24,409	13,517			4,434	960
					18.2%	7.1%

Using these assumptions, we would estimate that 4,434 of all rental units (19.8%) are in poor or substandard condition. Given the age of the surveyed by AMD units, we would estimate that 960 (7.1%) of the units are likely to be in need of substantial renovation or outright replacement.

Map of Existing Market Rate Properties



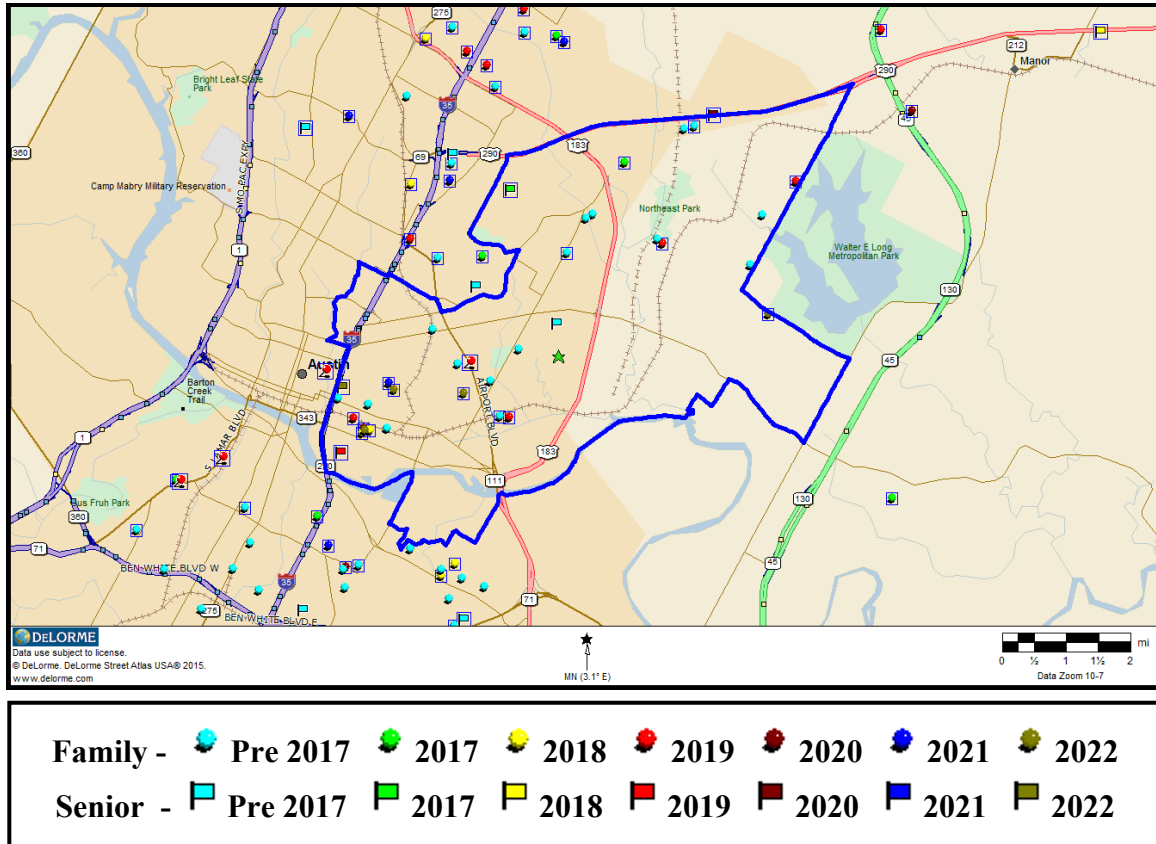
4.7 – INVENTORY OF EXISTING LIHTC PROPERTIES

The current supply of affordable housing in this market is less than demand. The current stock of affordable housing in the primary market area consists of 26 family projects, one supportive and four senior projects. The following table gives more information on the projects.

TDHCA	Name of Project	Population	Total	Distance	Occupancy
91108	Scattered Coop Infill Housing	General	26	3.0 mi	No Data
94131	Springhollow Apartments	General	99	2.3 mi	96%
96082	Huntington Meadows	General	200	3.3 mi	94%
96179	Rollins Martin	General	16	0.6 mi	100%
18420	Walnut Creek	General	98	2.2 mi	97%
01027	Springdale Estates	General	43	1.1 mi	98%
02414	Eagles Landing	General	240	3.8 mi	100%
03001	Heritage Pointe	Elderly	240	0.4 mi	97%
04003	Villas on Sixth Street	General	160	2.9 mi	100%
04427	Eryngo Hills	General	250	4.0 mi	100%
60101	La Vista de Guadalupe	General	22	3.5 mi	100%

TDHCA	Name of Project	Population	Total	Distance	Occupancy
07601	Park Place at Loyola	General	252	2.4 mi	77%
09130	M Station	General	150	2 mi	94%
10400	Elm Ridge Apartments	General	130	1.6 mi	100%
15408	The Reserve at Springdale	General	292	1.6 mi	86%
15420	The Terrace at Walnut Creek	General	324	4.1 mi	85%
16434	Studio at thinkEAST	General	182	1.3 mi	96%
17412	Pathways at Gaston Place	Elderly	100	2.6 mi	96%
17424	Creekview Apartment Homes	General	264	3.2 mi	94%
17427	Housing First Oak Springs	Supportive	50	1.5 mi	96%
18081	Pathways at Chalmers Courts East	General	156	3.2 mi	100%
18401	Pathways at Chalmers Courts South	General	86	3.3 mi	94%
18448	RBJ Phase I	Elderly	279	3.8 mi	U/C
19239	Talavera Lofts	General	92	3.3 mi	100%
19418	Bridge at Loyola	General	204	2.4 mi	50%
19429	Los Portales de Lena Guerrero	General	97	1.2 mi	100%
19441	Residences at Decker	General	262	4.6 mi	78%
20486	Old Manor Senior	Elderly	207	4.3 mi	U/C
21441	Marshall Apartments	General	100	2.7 mi	No Data
22950	Pathways at Chalmers Courts West	General	156	3.2 mi	U/C
22478	Hog Eye Apartments	General	224	3.3 mi	Approved

Map of Existing Low Income Housing Tax Credit Properties



4.8 – NEW CONSTRUCTION

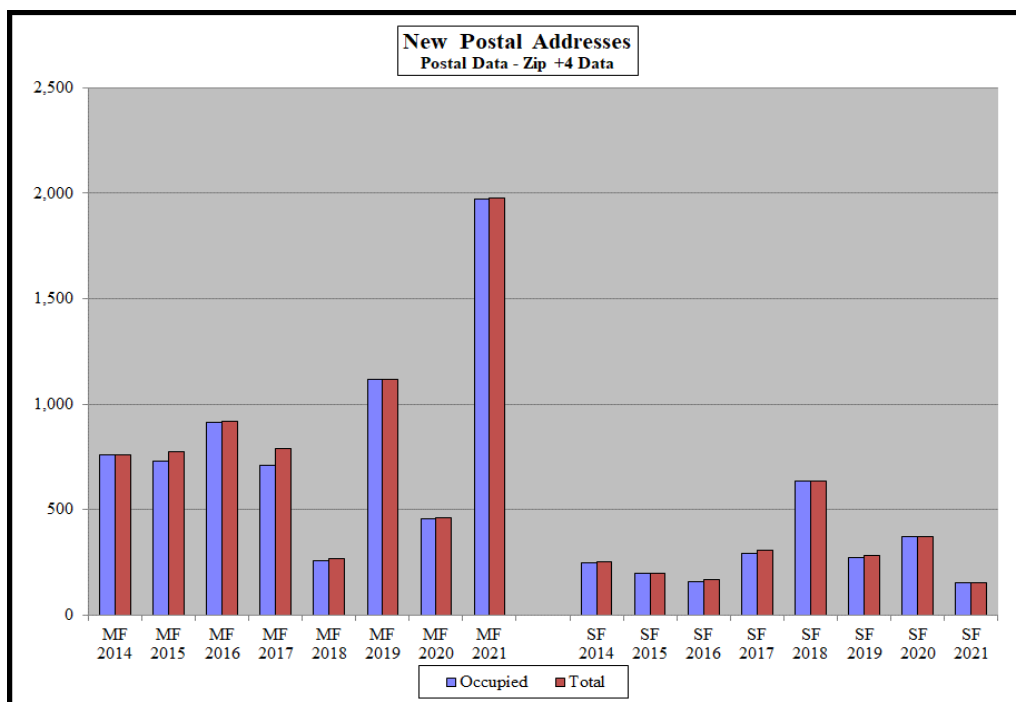
Since the 2010 census, there have been 33 major projects built and occupied within the PMA totaling 8,691 units.

There are currently four projects totaling 902 units in lease up. There are nine projects totaling 2,226 units under construction and eight projects totaling 2,198 units in planning. More information on these projects can be found in section 6.5.

4.8.1 – New Postal Addresses

The U.S. Post Office is another source for new construction data. As each new unit is constructed and assigned a mailing address, the Postal Service reports the address as either a single or multi-unit address; and as occupied or vacant. As a snapshot in time, the information is useful in understanding the new construction velocity and absorption within the PMA.

	Multi-Unit Occupied	Multi-Unit Total	Single-Unit Occupied	Single-Unit Total
2014	758	760	246	251
2015	729	774	198	198
2016	915	918	159	166
2017	709	790	294	305
2018	259	265	637	637
2019	1,116	1,116	272	283
2020	454	461	373	373
2021	1,974	1,975	152	152
TOTAL	6,914	7,059	2,331	2,365



Over the past 8 years, multi-family absorption (72 units per month) has outpaced single family (24 units per month). In most cases, these new housing using are being absorbed as fast as the units receive a postal address from the U.S. Postal Service.

4.9 – BALANCE OF SUPPLY & DEMAND

The probability of development feasibility of the subject is directly proportional to the supply and demand for additional development and multi-family absorption in the subject's market area. The following table represents the demand and historical new supply of the sub-market area.

Year	Rent/Mo.	Occ. %	Total Supply	Vacant Units	Occ. Units
2000	\$ 492.00	94.7%	13,502	716	12,786
Change	\$ 269.00		3,657		2,744
2010	\$ 761.00	90.5%	17,159	1,629	15,530
Change	\$ 963.35		8,691		8,821
2022	\$ 1,724.35	94.2%	25,850	1,499	24,351

The following table analyzes the current supply and demand for rental units. From this table, we assess that the PMA could immediately absorb 310 units without falling below a stabilized occupancy of 93%.

Total Units 2022	25,850
Total Units Vacant 2022	1,499
Units leased at Stabilized 93% occupancy	24,041
Units left to lease to reach 93% occupancy	(310)

The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Affordable family projects are 93.4% occupied.

4.10 - DESPITE STRONG RENTAL HOUSING MARKET, JCHS REPORT FINDS HOUSING AFFORDABILITY CHALLENGES PERSIST¹¹

The multifamily rental housing market has shown signs of rebounding after the onset of the COVID-19 pandemic, but not all households have benefitted.

The Harvard Joint Center for Housing Studies' (JCHS') America's Rental Housing 2022 report found that rents have increased across the board for all classes of properties, driven in large part by increased demand from higher-income renters and the market's efforts to meet their needs. A decrease in vacancy rates shows a tightening market and construction starts and completions in 2021 are at the highest levels seen in the past two decades. Still, as JCHS reports, these signs of a strengthening market belie the hardships felt by various subsets of renters who continue to struggle to find rental housing they can afford.

JCHS's latest in a biennial series of renter reports analyzed rental trends from January 2020 through December 2021 as well as the government interventions introduced to assist households feeling the negative economic effects of the pandemic. There are 44 million renters in the United States, which make up about one-third of all households in the country

Renters include households of all ages, races and ethnicities, family type, including related and unrelated individuals, and income levels. Of these renter households, 48% were led by people of color while households earning less than \$30,000 were more likely to have an adult over 62 years old at the helm, according to the JCHS report. And so, there are households still suffering from the affordable rental crisis that was exacerbated by the global pandemic. A renewed effort to legislate effective, equitable and timely programs are needed to solve the nation's housing crisis.

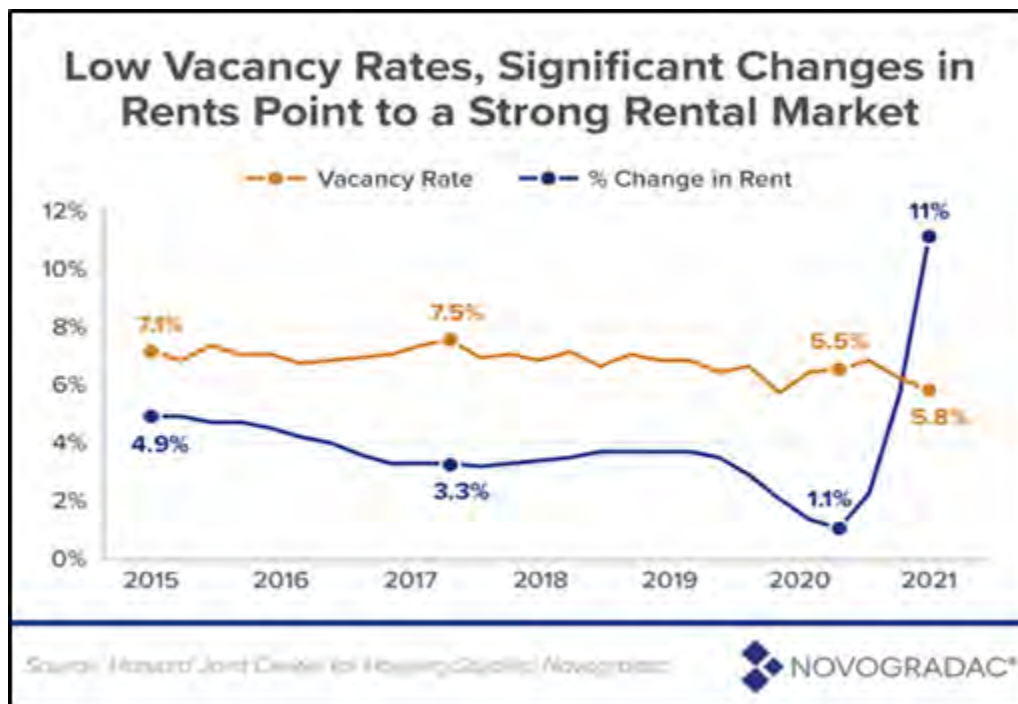
Specifically, the affordable housing provisions in the Build Back Better Act (BBBA) reconciliation bill could help create and preserve affordable housing across the country. Novogradac analysis estimates that nearly 1 million affordable homes could be financed from 2022 to 2031 based on the Senate version of the BBBA.

Increasing Rental Rates, COVID-19-Related Job Losses Caused Renters to Fall Behind on Rental Payments

Affordable housing analysis released in March 2021 by the National Low Income Housing Coalition (NLIHC) reported that low-income renters comprise a significant percentage of employees in the service, restaurant and other hard-hit industries that shut down during the pandemic. The NLIHC report found that 70% of all renters with household incomes less than \$25,000 who were still seeking work reported a loss of employment income in the household since mid-March 2020. The NLIHC report goes on to detail that low-wage work was disproportionately impacted by the pandemic.

¹¹<https://www.novoco.com/notes-from-novogradac/despite-strong-rental-housing-market-harvard-jchs-report-finds-housing-affordability-challenges>

The loss of employment made it that much harder for lower income households to make rent payments—in 2020, nearly 25% of renter households reported a loss of employment income and 15% of renters were still behind on payments during the third quarter of 2021, according to JCHS. The JCHS report found that renters of color continue to exceed the national averages with almost 25% of Black renters, 19% of Hispanic renters and 18% of Asian renters were behind on rent during this same time period compared to 9% for white renters. A tight housing market, marked by the lowest vacancy rates seen since the 1980s and a 2021 typical rent of \$1,838, according to the JCHS report, which is 11% higher than last year, means it is that much harder for lower-income renters to find homes they can afford.



Unprecedented Levels of Government Intervention Assisted Renters During Pandemic

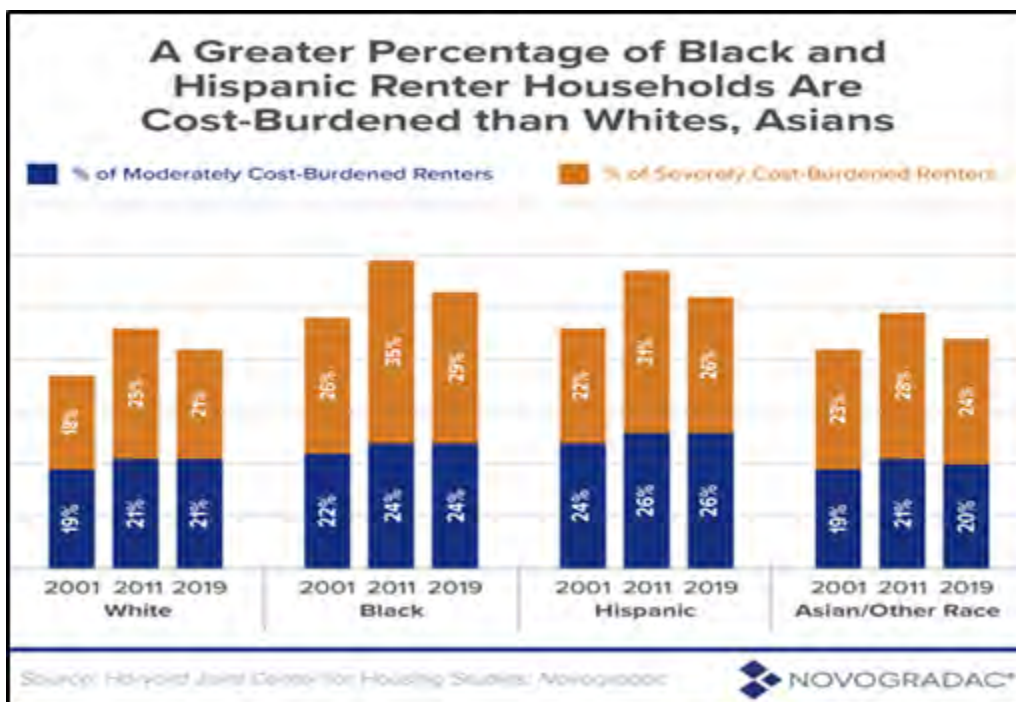
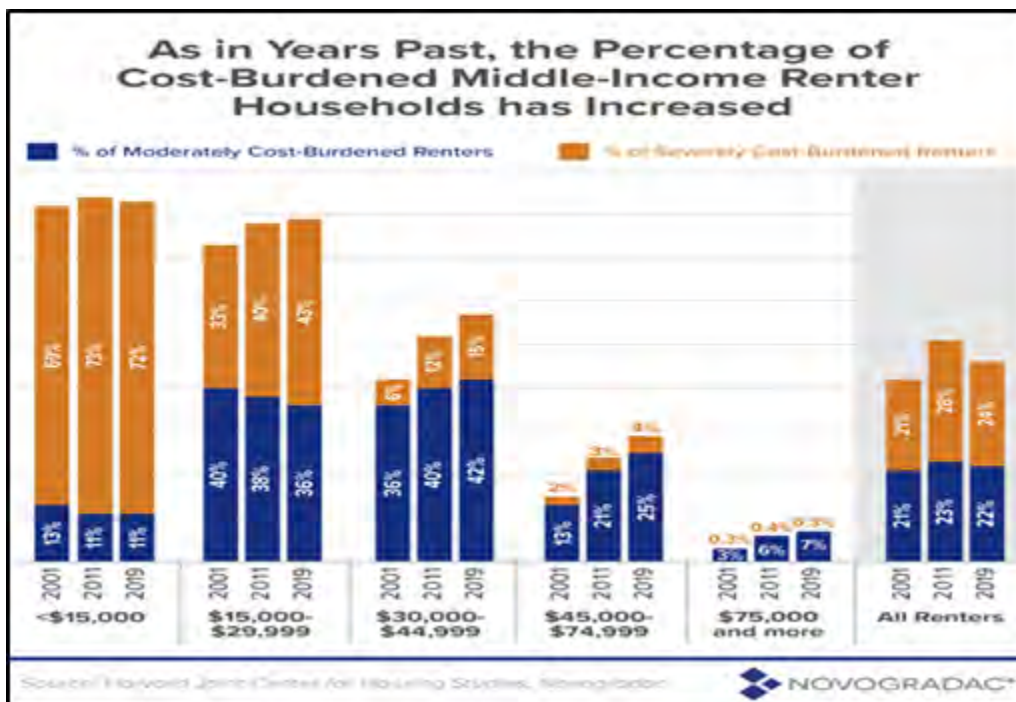
The pandemic initially caused an unprecedented legislative response on the federal level. Throughout the pandemic, the federal government issued the CARES Act, CDC eviction moratoriums, pandemic unemployment assistance, the Consolidated Appropriations Act of 2020 and the American Rescue Plan Act of 2021, both of which included emergency rental assistance, and direct payments to households. However, the federal eviction moratorium expired in July 2020 and the Centers for Disease Control and Prevention (CDC) continued to issue these moratoriums from September 2020 until August 2021. Through existing HUD subsidy programs, a total of 4.6 million renters received assistance. Of these households, 38% were led by an older adult over 62 years old, 29% included children, and 22% had persons with disabilities.

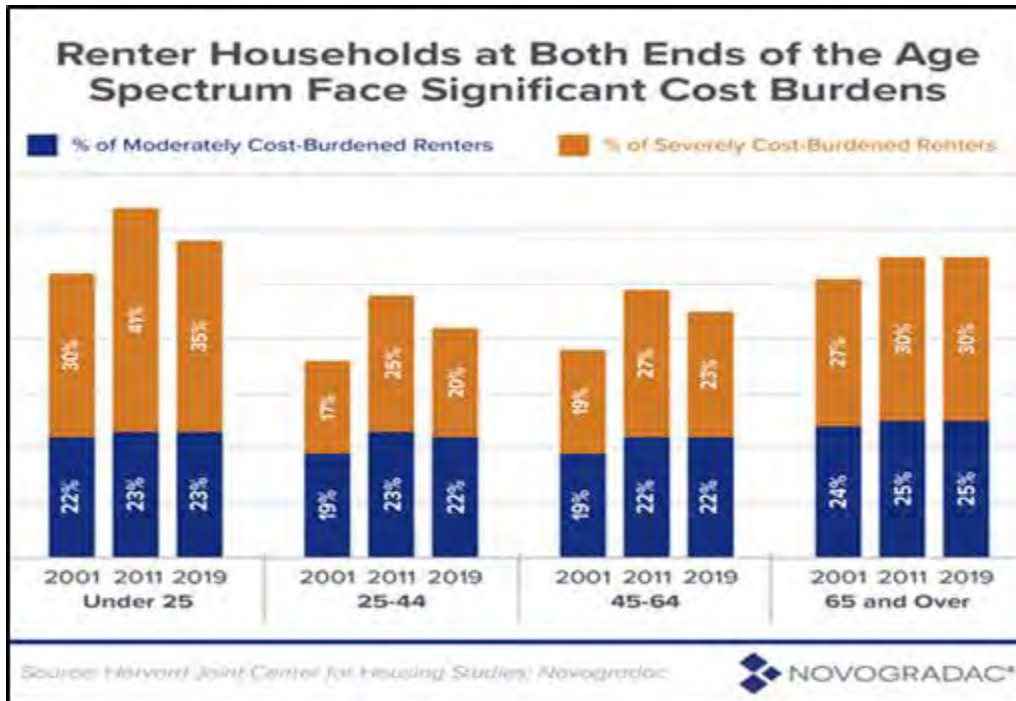
Even with this temporary influx of renter assistance funding, more is needed to address broader affordability issues. Out of the 13.3 million households that are eligible for housing assistance, the Center on Budget and Policy Priorities found that 5.2 million American households use federal rental assistance to afford modest housing. Though 3.6 million affordable rental homes have been financed using the low-income housing tax credit (LIHTC) incentive since its inception, the loss of homes due to units nearing Year 30, when affordability requirements lapse in many states, and owners opting out of the incentive through the qualified contract process, means without targeted preservation efforts thousands of rental homes could be lost. Moreover, HUD's Housing Choice Vouchers have assisted 2.3 million very low-income renters by making for-market rentals affordable, as noted in the JCHS report. However, vouchers have been widely underfunded since inception and require continued support through legislation in order to continue to serve low-income households.

Renters Demographics Continue to Change

As in previous years, the JCHS report found that the increased cost of single-family homes has led moderate and high-income households that, in normal housing markets would become homeowners, to rent. Even though in 2021 multifamily homes were being produced at higher average rates from 2014 to 2020 (466,000 rental homes in 2021 compared to 350,000 homes in the previous time frame), the focus in recent years has been on meeting the needs of these higher-income renters seeking amenity-rich rentals in ideal locations. This focus does nothing to address the 7.2 million affordable and available homes needed to meet the needs of low-income Americans, according to the NLIHC report.

While more moderate-income households are renters due to the high costs of single-family homes, more moderate-income households are experiencing housing cost burdens. In 2019, 57% of renters making between \$30,000 and \$44,999 per year were cost burdened, up from 36% in 2001, and 15% of those renters were severely cost burdened, according to JCHS. Due to their higher income levels, these households do not qualify for LIHTC homes, but if the Middle-Income Housing Tax Credit (MIHTC), which is included in the Decent, Affordable, Safe Housing for All (DASH) Act, were to be passed, 344,000 affordable rental homes for these households could be financed over 10 years, according to Novogradac estimates. More information about the MIHTC and DASH Act can be found on this previous [Notes from Novogradac post](#).





For low-income renters, the affordable housing supply is at risk due to aging housing and low-resilient housing stock. The JCHS report found that of the 17.6 million rental homes in the United States, 40% of the occupied rental supply is located in moderate-risk disaster areas. Of these units within the moderate-risk disaster areas, 1.5 million occupied units were built before 1940. The aging affordable housing stock is not being replaced at the rates needed to stop future displacement by climate change and general aging condition.

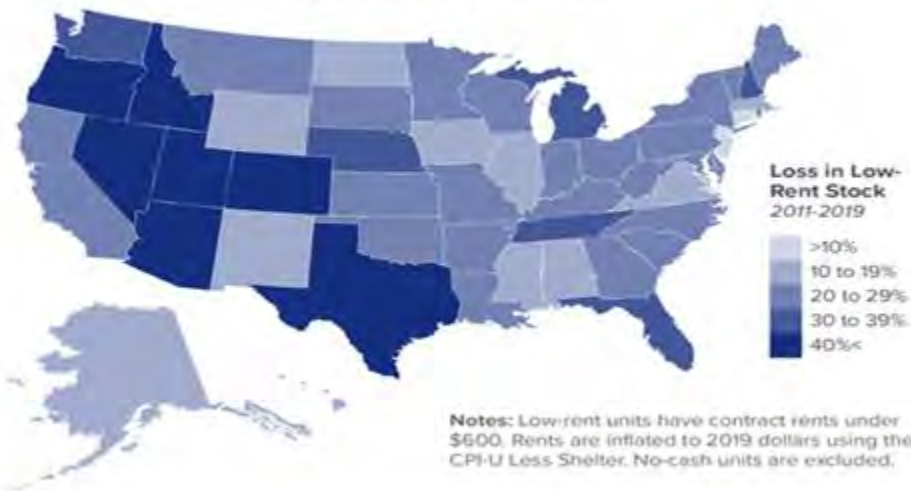
The Supply of Low-Cost Rentals Continues to Decrease



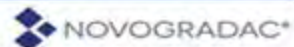
Source: Harvard Joint Center for Housing Studies; Novogradac.



Every State has Lost Low-Rent Units Since 2011



Source: Harvard Joint Center for Housing Studies; Novogradac.



Conclusion

The JCHS's report paints a picture of two rental housing markets—on one hand, the rental housing market is strong, especially on the high end of the market, and more rental homes are being produced now than in past years, but on the other hand, a large segment of the rental population, especially low-income and renters of color, continues to struggle. The pandemic exacerbated housing problems that already existed and comprehensive housing reform is needed to provide all with affordable, equitable, fair housing options. Policies are needed to better accessibility, sustainability and resilience to maintain, improve and grow affordable rental homes.

The federal government did step up and provide emergency rental assistance, which played and continues to play a huge role to keep people in their homes despite increases in rents and hardships brought on by the pandemic. Though many of these interventions have expired, current legislation, like the BBBA could address the affordability crisis in this country. As negotiations continue on BBBA, it is imperative that the housing provisions remain intact and housing advocates continue to stress the need for the housing resources in BBBA.

4.11 - SUMMARY

New “affordable” supply is needed. However, the economic constraints of a conventionally financed and built project, in comparison to the current rental rates and population income levels, make development of this new supply very difficult. There is a smaller portion of the renter population who can afford the required rent levels of a conventionally developed apartment. There is a much larger portion of the population who is in need of affordable rental product.

Thus the potential for new supply is constrained by the dynamics of the marketplace, which require either, A) assistance in the form of incentives in financing, or B) further programs of assistance in rent to the renters by government programs. Both of these are available, however, they are increasingly slowing in availability, due to National, State, and Local budget cut backs. It is our opinion that this market can support assisted low income housing and conventionally financed units.

CHAPTER 5

INCOME BANDING AND CAPTURE RATES

5.1 – INTRODUCTION

Income banding and capture rates help us to understand the depth of the market for potential income qualified renters. The following analyzes the evaluation and underwriting criteria used to assess the subject's proforma rents.

A capture rate is defined by the sum of the proposed units for a given project plus any previously approved but not yet stabilized new units in the PMA. This is then divided by the total income eligible targeted renter demand.

$$\frac{\text{Subject's L/I Units} + \text{Other Previous L/I Units}}{\text{Total Units of Income Qualified Demand}} = \text{Capture Rate (\%)}$$

Simply put, the capture rate reports the depth of income qualified renters within the Primary Market Area (PMA). One can expect that the lower the capture rate, the less likely it is that the subject's units will over saturate the rental market.

5.2 – SOURCES OF DEMOGRAPHIC INFORMATION

Income information used in this report come two independent sources of demographic data. The first source of data comes from the AnySite Corporation (www.AnySite.com), while the second source of data is from Ribbon Demographics (www.ribbondata.com). You will see this second set of demographic information referred to as HISTA data.

The difference between these two sources of information comes from the end user's application. The data provided by AnySite includes a variety of general demographic datasets. HISTA data is different in that it was created specifically for the "affordable" housing community.

HISTA data comes from a custom four-way cross tabulation of household data designed specifically for affordable housing analysis that has been built by Claritas. It contains actual Census cross tabulations – not extrapolations of SF3 data. The key to this data is that it gives us the number of households by household size by income by age grouping (i.e. <55, 55-62, and 62+ years of age). This breakout is very useful in arriving at a capture rate for the subject.

5.3 – CALCULATION OF INCOME BANDS

Income qualifications and maximum program rents are used to determine the income bands of the subject's proforma rents. To determine this, we calculated the minimum and maximum annual income a resident could earn and still qualify for the following unit types. Using these criteria, we developed the following table.

ELIGIBLE HOUSEHOLDS BY INCOME

HH Size	30% of AMI		50% of AMI		60% of AMI		80% of AMI	
	min	max	min	max	min	max	min	max
1	\$18,630	\$23,190	\$31,050	\$38,650	\$37,260	\$46,380		
2	\$18,630	\$26,490	\$31,050	\$44,150	\$37,260	\$52,980		
3	\$22,320	\$29,790	\$37,230	\$49,650	\$44,670	\$59,580		
4	\$22,320	\$33,090	\$37,230	\$55,150	\$44,670	\$66,180		
5	\$25,800	\$35,760	\$43,020	\$59,600	\$51,630	\$71,520		
6	\$25,800	\$38,400	\$43,020	\$64,000	\$51,630	\$76,800		
7	\$28,800	\$41,040	\$48,000	\$68,400	\$57,600	\$82,080		
8	\$28,800	\$43,680	\$48,000	\$72,800	\$57,600	\$87,360		

CALCULATION OF REQUIRED INCOME

Unit Type	Income Type	Subject Rent	Utility Allowance	Total Rent	Max. Rent	Annual Income Req.	Annual Income Cap*
1-1	30%	\$ 567	\$ 54	\$ 621	\$ 621	\$ 18,630	\$ 26,490
1-1	50%	\$ 981	\$ 54	\$ 1,035	\$ 1,035	\$ 31,050	\$ 44,150
1-1	60%	\$ 1,188	\$ 54	\$ 1,242	\$ 1,242	\$ 37,260	\$ 52,980
2-2	30%	\$ 676	\$ 68	\$ 744	\$ 744	\$ 22,320	\$ 33,090
2-2	50%	\$ 1,173	\$ 68	\$ 1,241	\$ 1,241	\$ 37,230	\$ 55,150
2-2	60%	\$ 1,421	\$ 68	\$ 1,489	\$ 1,489	\$ 44,670	\$ 66,180
3-2	30%	\$ 776	\$ 84	\$ 860	\$ 860	\$ 25,800	\$ 38,400
3-2	50%	\$ 1,350	\$ 84	\$ 1,434	\$ 1,434	\$ 43,020	\$ 64,000
3-2	60%	\$ 1,637	\$ 84	\$ 1,721	\$ 1,721	\$ 51,630	\$ 76,800
4-2	30%	\$ 861	\$ 99	\$ 960	\$ 960	\$ 28,800	\$ 43,680
4-2	50%	\$ 1,501	\$ 99	\$ 1,600	\$ 1,600	\$ 48,000	\$ 72,800
4-2	60%	\$ 1,821	\$ 99	\$ 1,920	\$ 1,920	\$ 57,600	\$ 87,360

* Based on 2.0 persons per bedroom

With a 30% AMI one bedroom rental rate of \$621 per month, a prospective resident would need a minimum annual income of \$18,630 to rent this unit type. Based on the most expensive rent of \$1,920 per month for the 60% AMI four bedroom unit, a prospective resident could earn a maximum of \$87,360 per year to lease this type of unit. The following tables demonstrate that 21.7% of renter households in the “Primary Trade Area” would not qualify for the proposed level of rent without additional rental assistance (i.e. Section 8 vouchers). That means 78.3% of renter households would qualify. However, with the implementation of income restrictions, the primary renter profile will have an income from \$18,630 to \$87,360, which represents 47.4% of renter households in the area. The following tables represent renter households only.

**INCOME BANDING OF
UNDER QUALIFIED RENTER HOUSEHOLDS**

SUBJECT	# OF	PERCENT
Under \$ 10,000	2,436	12.2%
\$ 10,000 - \$ 18,629	1,889	9.5%
Under Qualified Households	4,325	21.7%

HISTA Data

**INCOME BANDING OF THE
PRIMARY QUALIFIED RENTER HOUSEHOLDS**

SUBJECT	# OF	PERCENT
\$ 18,630 - \$ 19,999	300	1.5%
\$ 20,000 - \$ 29,999	2,229	11.2%
\$ 30,000 - \$ 39,999	1,511	7.6%
\$ 40,000 - \$ 49,999	1,541	7.7%
\$ 50,000 - \$ 59,999	1,193	6.0%
\$ 60,000 - \$ 74,999	1,787	9.0%
\$ 75,000 - \$ 87,360	898	4.5%
Primary Qualified Households	9,458	47.4%

HISTA Data

**INCOME BANDING OF THE
OVER QUALIFIED RENTER HOUSEHOLDS**

SUBJECT	# OF	PERCENT
\$ 87,361 - \$ 99,999	918	4.6%
\$ 100,401 - \$ 124,999	1,261	6.3%
\$ 125,000 +	3,999	20.0%
Over Qualified Households	6,178	31.0%

HISTA Data

5.4 – OVERALL CAPTURE RATE

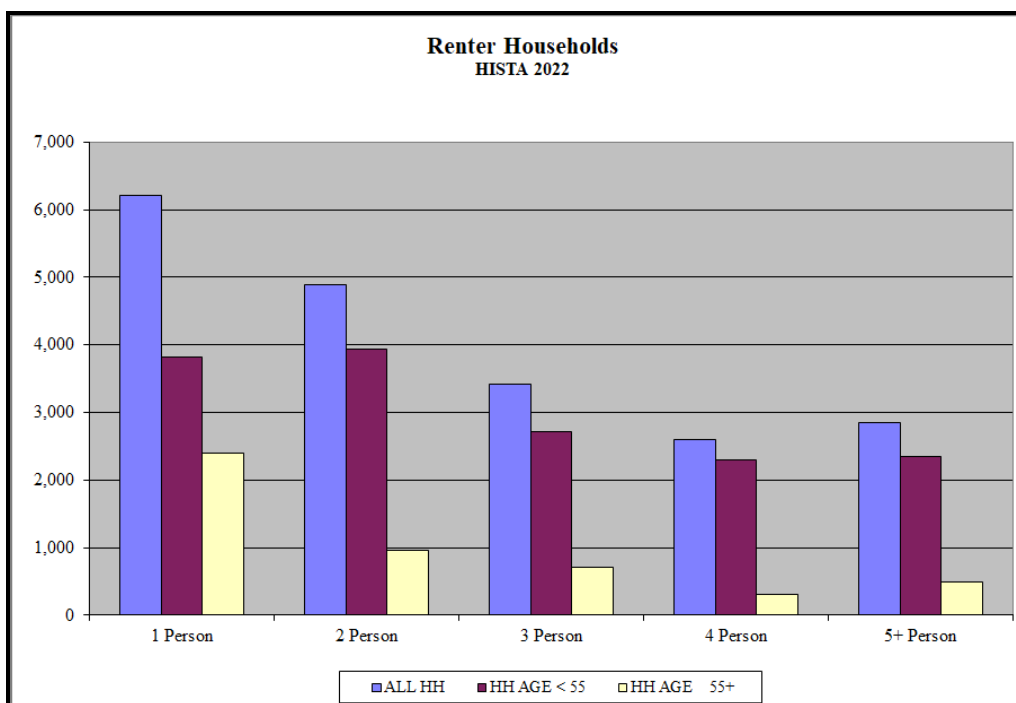
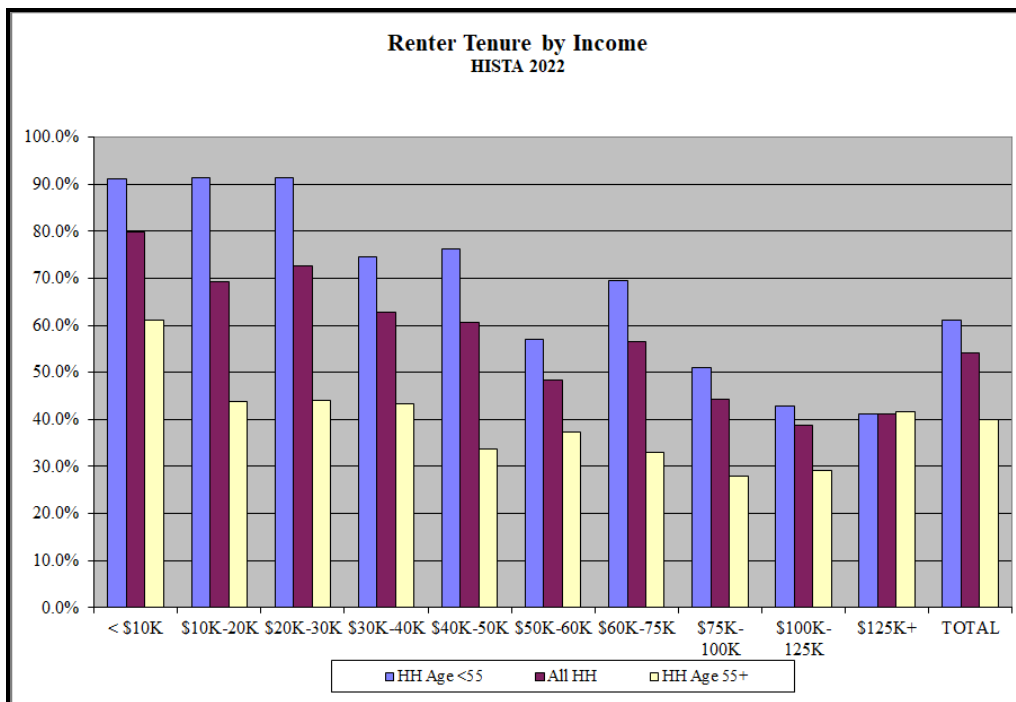
The HISTA data tables have provided the number of households by income and household size.

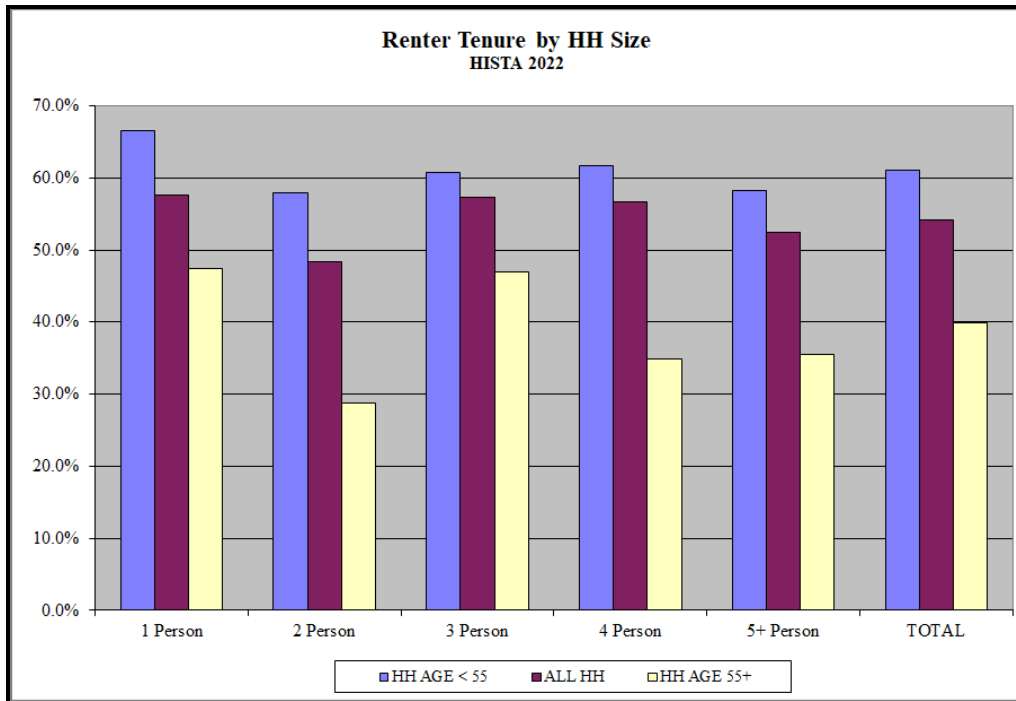
RENTER HOUSEHOLDS BY INCOME BY HOUSEHOLD SIZE

RENTER TENURE - ALL HOUSEHOLDS						
2022	1 Person	2 Person	3 Person	4 Person	5+ Person	Total
< \$10K	1,202	550	200	167	317	2,436
\$10K-20K	904	457	279	300	249	2,189
\$20K-30K	746	520	312	335	316	2,229
\$30K-40K	545	258	227	150	331	1,511
\$40K-50K	354	291	297	449	150	1,541
\$50K-60K	452	281	310	78	72	1,193
\$60K-75K	392	512	306	161	416	1,787
\$75K-100K	359	510	411	356	180	1,816
\$100K-125K	251	327	317	243	123	1,261
\$125K+	1,011	1,181	757	354	696	3,999
TOTAL	6,216	4,887	3,416	2,593	2,850	19,962

RENTER HOUSEHOLDS BY INCOME BY HOUSEHOLD SIZE

RENTER TENURE - ALL HOUSEHOLDS						
2027	1 Person	2 Person	3 Person	4 Person	5+ Person	Total
< \$10K	1,189	494	181	163	289	2,316
\$10K-20K	892	414	247	267	205	2,025
\$20K-30K	721	470	266	306	301	2,064
\$30K-40K	589	264	228	165	337	1,583
\$40K-50K	348	279	211	391	127	1,356
\$50K-60K	447	299	350	83	86	1,265
\$60K-75K	416	540	302	165	468	1,891
\$75K-100K	443	544	437	407	174	2,005
\$100K-125K						
\$125K+	321	318	396	269	131	1,435
TOTAL	1,467	1,597	1,008	535	937	5,544





From the tables above, we extrapolate the number of income qualified renter households that would qualify to live at the subject.

INCOME BANDING OF THE PRIMARY QUALIFIED RENTER HOUSEHOLDS BY HH SIZE

SUBJECT	2022 Households	2027 Households	HH Growth 2022 - 2027
\$ 18,630 - \$ 19,999	300	277	-22
\$ 20,000 - \$ 29,999	2,229	2,064	-165
\$ 30,000 - \$ 39,999	1,511	1,583	72
\$ 40,000 - \$ 49,999	1,541	1,356	-185
\$ 50,000 - \$ 59,999	1,193	1,265	72
\$ 60,000 - \$ 74,999	1,787	1,891	104
\$ 75,000 - \$ 87,360	898	991	93
Primary Qualified Households	9,458	9,427	-31

5.4.1 - Forecast Demand Calculation

The second part of our capture rate demand calculation is to determine the forecast growth in the number of income qualified renter households. From the demographic data, we opine that the number of qualified renter households within the Primary Market Area will decrease by 311 (2022-2027), or 6 households annually.

5.4.2 - Capture Rate Calculation

To perform the capture rate calculation, we use the data that we have compiled from our previous analysis to determine the total number of income qualified households that the subject is designed to accommodate. The following table is used to calculate the total demand for the subject's units.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY		
Income Qual. Demand*	Units of Demand	% of Total Demand
2022	9,458	91.0%
2023 & 2024	-12	-0.1%
External Demand (10%)	945	9.1%
TOTAL DEMAND – Year 1	10,391	100.0%

* Income eligible without rental assistance

Now that we know the total demand, we have to account for other affordable projects in the trade area that have not leased up and maintained a stabilized occupancy of 90% for the previous 12 months. The following table is taken from the TDHCA database of affordable properties within the designated trade area. There are no other affordable projects to account for.

TDHCA	Name of Project	# of Units	Distance	Population	Comparable Units
TBD	Subject	156	-	Family	156
22478	Hog Eye Apartments	224	3.3 mi	Family	224
19441	Residences at Decker	262	4.6 mi	Family	165
19418	Bridge at Loyola Lofts	204	2.4 mi	Family	136
				TOTAL	681

Based on the information taken table above, we calculate the inclusive capture rate for the subject to be as follows:

$$\frac{\text{Subject's L/I Units} + \text{Other Previous L/I Units}}{\text{Total Units of Income Qualified Demand}} = \text{Capture Rate}$$

$$\frac{681 \text{ Total L/I Units}}{10,391 \text{ Units of Demand}} = 6.6\% \text{ Capture Rate}$$

Wildhorse Flats (TDHCA 20488, 310 comparable units) is located 6.7 miles to the northeast and had a PMA that significantly overlapped the subject PMA. Including comparable units from Wildhorse Flats, the overall capture rate is 9.5% without the additional demand from the Wildhorse Flats PMA.

The “Inclusive Capture Rate” above reflects only “income qualified” renter demand. Additional demand comes from households living outside the PMA and households earning less than the minimum qualifying income, provided that the household has a housing voucher in-hand (i.e. Section 8 voucher). This additional demand was not calculated in the figures above as it was not necessary to satisfy the capture rate threshold.

5.5 – CAPTURE RATE BY AMGI INCOME BAND

To perform a capture rate by income band, we use the data that we have compiled from our previous analysis to determine the total number of income qualified households within AMGI band. By dividing the subject’s units and other comparable units by the demand calculated for each AMGI band, we can conclude a capture rate by income band.

Due to overlapping incomes, the concluded AMGI capture rates are dependent on the apportionment of demand to each AMGI band. The table below shows in the income minimums and program maximums by AMGI, as well as the adjusted minimums and maximums used for this analysis.

	Min. Income Requirement	Maximum Income	Adjusted Minimum	Adjusted Maximum
30% AMGI Band	\$18,630	\$43,680	\$18,630	\$31,050
50% AMGI Band	\$31,050	\$72,800	\$31,050	\$37,260
60% AMGI Band	\$37,260	\$87,360	\$37,260	\$87,360

Using the adjusted income levels in the table above, the following table is used to calculate the total demand for the subject's units.

Unit Size	2022 Demand	2023-2024 Growth Demand	10% External Demand	Total Demand	Subject Units	Comparable Units	Inclusive Capture Rate
30% Band	2,687	-72	262	2,877	16	35	1.8%
50% Band	938	18	96	1,052	78	0	7.4%
60% Band	5,833	42	587	6,462	62	490	8.5%

5.6 – CAPTURE RATE BY UNIT TYPE

To develop capture rates by unit type, we first determine the minimum income requirement for each unit type, maximum income for each household size, and maximum allowed persons per unit type. Since households larger than 5 persons are counted altogether by HISTA data, we have used the more detailed household information from the AnySite demographics. The following demand calculations employ the following table.

SIZE OF HOUSEHOLD

Household Size	%
	2021
1 Person	27.7%
2 Person	28.0%
3 Person	15.1%
4 Person	14.7%
5 Person	7.0%
6 Person	3.6%
7+ Person	3.8%
Total	100.0%

The following table provides income requirements and program limits for the subject. The gray highlight indicates household sizes that would not qualify for the unit type due to household size limits or rent limits being greater than maximum income allowed for a household size.

Unit Type	Max HH Size	(\$) Min. Income	Max. Income by HH Size (\$)							
			1	2	3	4	5	6	7	8
1BR 30%	2	18,630	23,190	26,490	29,790	33,090	35,760	38,400	41,040	43,680
1BR 50%	2	31,050	38,650	44,150	49,650	55,150	59,600	64,000	68,400	72,800
1BR 60%	2	37,260	46,380	52,980	59,580	66,180	71,520	76,800	82,080	87,360
2BR 30%	4	22,320	23,190	26,490	29,790	33,090	35,760	38,400	41,040	43,680
2BR 50%	4	37,230	38,650	44,150	49,650	55,150	59,600	64,000	68,400	72,800
2BR 60%	4	44,670	46,380	52,980	59,580	66,180	71,520	76,800	82,080	87,360
3BR 30%	6	25,800	23,190	26,490	29,790	33,090	35,760	38,400	41,040	43,680
3BR 50%	6	43,020	38,650	44,150	49,650	55,150	59,600	64,000	68,400	72,800
3BR 60%	6	51,630	46,380	52,980	59,580	66,180	71,520	76,800	82,080	87,360
4BR 30%	8	28,800	23,190	26,490	29,790	33,090	35,760	38,400	41,040	43,680
4BR 50%	8	48,000	38,650	44,150	49,650	55,150	59,600	64,000	68,400	72,800
4BR 60%	8	57,600	46,380	52,980	59,580	66,180	71,520	76,800	82,080	87,360

Using the table above along with the HISTA data, we develop the following table showing the total number of income qualified renter households in the PMA by household size for the subject.

HH Size	Income Qualified Demand		PMA Demand
	2022	2023 to 2024	
1-person	1,587	9	1,596
2-Person	1,566	-3	1,563
3-Person	1,282	-32	1,250
4-person	1,221	-14	1,207
5-Person	518	8	526
6-Person	297	4	301
7+Person	272	6	278

Because some households qualify for multiple unit sizes (e.g., one or two bedroom), we have to make some assumptions about household distribution. For example, a two person household could qualify for both one and two bedroom unit.

The following table shows the analyst's assumptions as to the size of unit a renter will choose based on the number of people in the household. By example, we estimate that 85% of one person households will choose to live in a one bedroom unit.

	Household Size						
Unit Size	1	2	3	4	5	6	7+
1 BR	85%	40%	0%	0%	0%	0%	0%
2 BR	15%	55%	85%	35%	0%	0%	0%
3 BR	0%	5%	15%	65%	75%	65%	0%
4 BR	0%	0%	0%	0%	25%	35%	100%

5.7 – SUMMARY – CAPTURE RATE CALCULATIONS

The following table summarizes the overall capture rate, capture rate by AMGI band, as well as the individual capture rate by unit type. As shown, the calculations of the capture rates are below the maximum allowable under the TDHCA underwriting guidelines.

Unit Size	2022 Demand	2023-2024 Growth Demand	External Demand (10%)	Total Demand	Subject Units	Comparable Unstable Units	Inclusive Capture Rate
Overall	9,458	-12	945	10,391	156	525	6.6%
30% Band	2,687	-72	262	2,877	16	35	1.8%
50% Band	938	18	96	1,052	78	0	7.4%
60% Band	5,833	42	587	6,462	62	490	8.5%
1 BR/30%	468	-9	46	504	4	7	2.2%
1 BR/50%	352	10	36	398	18	0	4.5%
1 BR/60%	497	2	50	549	15	53	12.4%
2 BR/30%	636	-25	61	672	8	13	3.1%
2 BR/50%	446	-16	43	472	39	0	8.3%
2 BR/60%	903	-8	89	984	31	190	22.5%
3 BR/30%	310	-6	30	334	3	14	5.1%
3 BR/50%	192	-8	18	203	19	0	9.4%
3 BR/60%	395	2	40	436	15	218	53.4%
4 BR/30%	257	-1	26	282	1	1	0.7%
4 BR/50%	70	-2	7	75	2	0	2.7%
4 BR/60%	309	15	32	356	1	29	8.4%

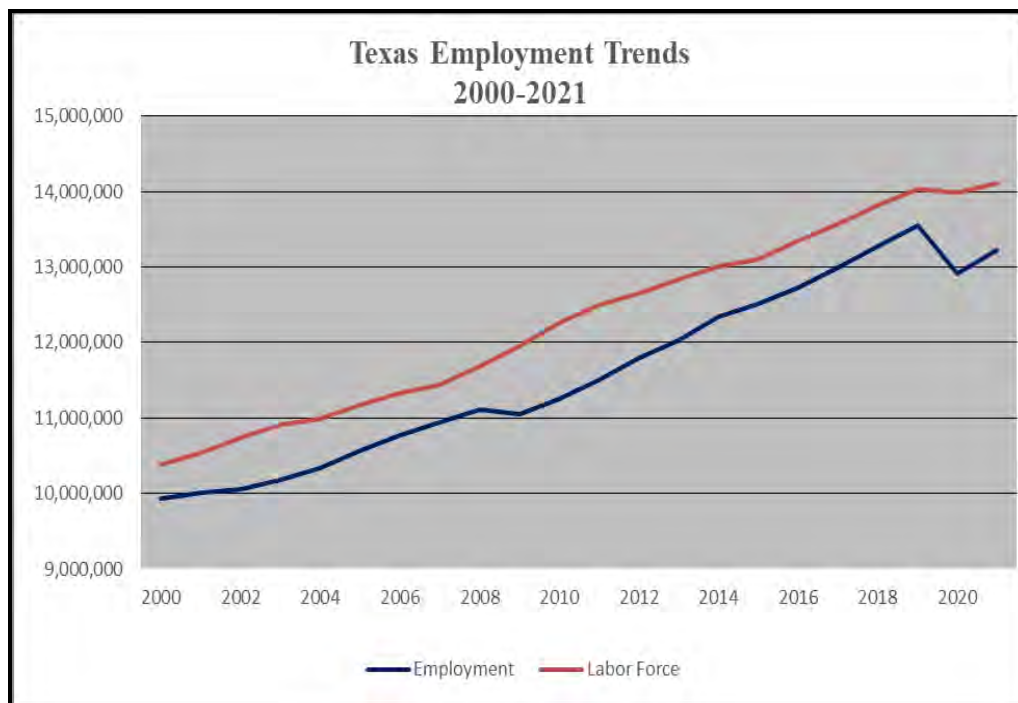
CHAPTER 6

HOUSEHOLD GROWTH BASED DEMAND

6.1 – INTERSTATE MIGRATION PATTERNS

U.S. Census data shows the population growth in Texas between July 1, 2019, and July 1, 2020, was higher than any other state. Ranked as the second “Most Populous State” behind California, Texas has an estimated population of 29.1 million people. This number is up substantially from the 2010 estimate of 25.1 million. The state’s 2020 growth rate of 1.3%, a rate consistent with the past few years, ranks the state 1st in the country. In 2021, Texas ranked second behind Florida.

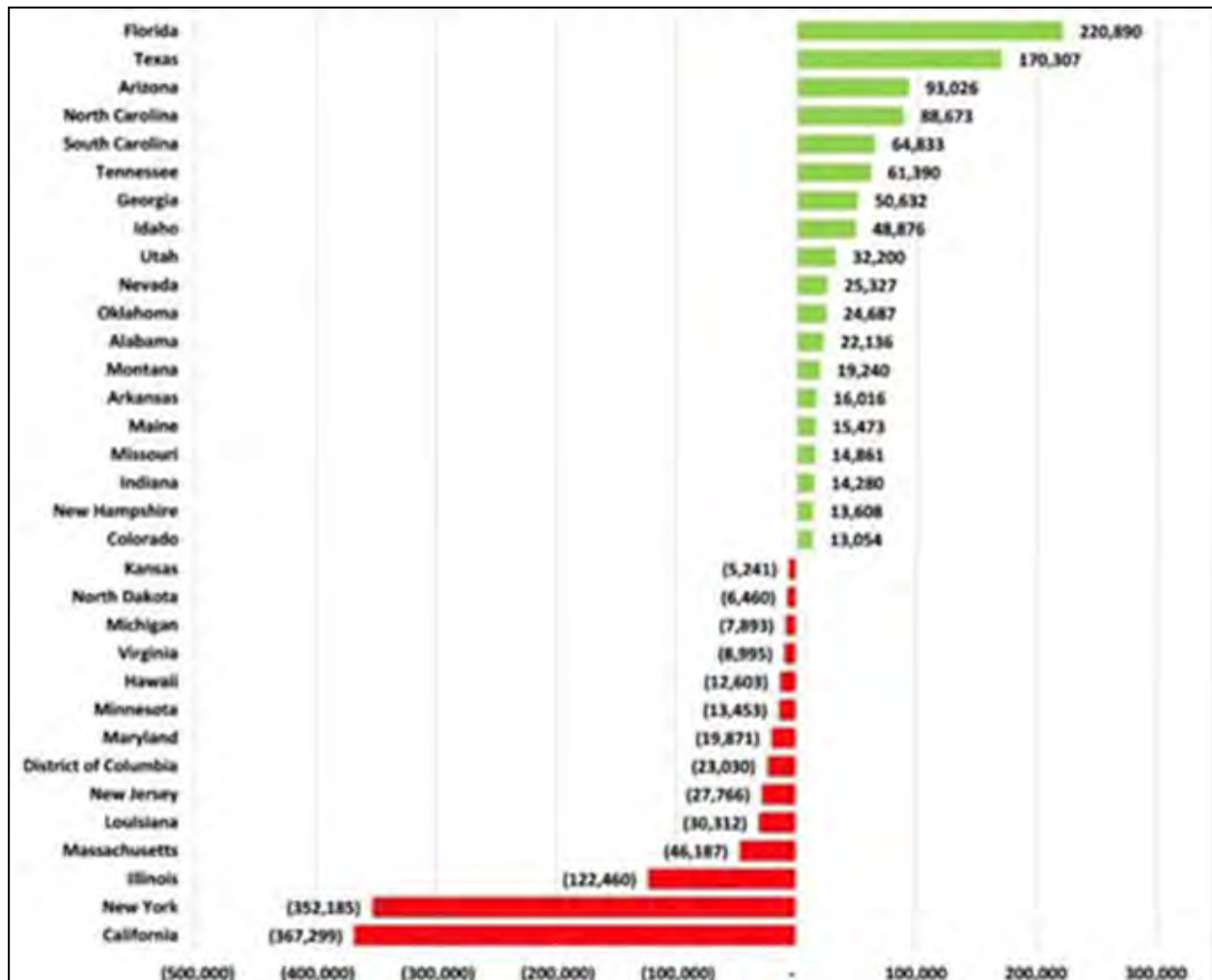
For more than a decade, Texas has seen a positive net migration. This is due largely to the employment growth the state has enjoyed for eighteen out of the last twenty-one years. Even when most of the country reported massive job losses, factory closures and high foreclosure rates (2008), Texas’ diverse economic base allowed it to weather economic downturns better than other regions. As a result of this employment growth, low cost of living, and no state income tax, Texas is a destination for many looking for jobs and opportunity.



The most recent data from the U.S. Census Bureau reports a major migration occurring across the nation with Florida and Texas being the top two destinations. From the 2010 to 2020 census, Texas saw its population grow by 1,096 people per day (average).

MSA Population	2010	2020	2010-2020 Change	Per Day
Austin	1,377,000	2,283,371	906,371	248.3
Dallas-Ft. Worth	6,392,097	7,424,256	1,032,159	282.8
Houston	5,920,416	7,122,240	1,201,824	329.3
San Antonio	2,153,821	2,550,960	397,139	108.8
Texas	25,145,561	29,145,505	3,999,944	1,095.9
Texas - Urban	21,298,039	26,130,686	4,832,647	1,324.0
Texas - Rural	3,847,522	3,014,819	-832,703	-228.1

2020-2021 POPULATION SHIFT



6.2 – AREA POPULATION & DEMOGRAPHICS

There was a 5.3% increase in population in the Primary Market Area from 2000 to 2010. Between 2000 and 2010, the number of households increased by 13.3%. The population is projected to increase through the year 2026. At that time, the population is expected to be 112,287. This represents an overall growth of 35.8% between 2010 and 2026.

The estimated 2022 median household income of \$110,300¹² for the Austin MSA implies that 56% of the area households live below what is considered to be the low income level (60% of the county AGMI). This represents a low income level of \$66,180.

For our first demand analysis, we will use population and household formation to project future housing demand. This is based on the fact, that in estimating housing, the unit of demand is households. The U.S. Census defines a household as a person or group of persons who occupy a dwelling unit and constitute a single economic unit for the purposes of meeting household expenses. The household may or may not consist of a family. Households are distinguished from groups or individuals who occupy group quarters such as hospitals, military bases, retirement homes, prisons, and dormitories, where individuals are not directly involved in economic decisions for the dwelling unit. Each household, by definition, occupies or needs one housing unit, the basic unit of supply. Therefore, if we know the number of households, we have a measure of aggregate demand for all housing types.

In analyzing housing supply, demand will rarely if ever exceed total supply. When the rate at which the new supply is added slows down or stops, as was the case in Texas for most of the early 1990's, there is a chance to add and absorb new supply. If the "pipeline" for adding residential income properties to a market is twelve months or more, and the demand will consume the supply in a six to twelve month period, a window of time opens to exploit the opportunity of the demand. This is known as a "Gap" in supply and demand.

6.3 – POPULATION & HOUSEHOLD GROWTH – AnySite

The Household Growth demand analysis predicts future growth using a statistical analysis from previous census surveys. To determine the future demand for rental housing, we use the following calculations:

$$\frac{\text{Forecast Population}}{\text{Forecast average household size}} = \text{Forecast Number of Households} = \text{Forecast Units of Demand}$$

¹² U.S. Department of HUD – Year 2022

$$\begin{aligned} &\text{Forecast Units of Demand} \\ &\times \text{Percentage of Tenure Owner} \\ &= \text{Single Family Housing} \end{aligned}$$

$$\begin{aligned} &\text{Forecast Units of Demand} \\ &\times \text{Percentage of Tenure Renter} \\ &= \text{Multiple Unit Housing} \end{aligned}$$

6.3.1 - Estimate of Population and Household Population

The following table represents the population growth and projections from 2000 through the year 2026.

FORECAST POPULATION CHANGE 2000-2026

YEAR	POPULATION	% Chg.	Annual
2026 Projection	112,287	3.6%	1.8%
2024 Estimate	108,429	5.6%	1.9%
2021 Estimate	102,643	24.2%	2.2%
2010 Census	82,668	5.3%	0.5%
2000 Census	78,484		

6.3.2 - Forecasting Owner and Renter Household Demand

The preceding tables delineate the make up of the households within the market area. By juxtaposing the information with the changes in the forecast population, we can forecast the overall household demand, and finally, the demand that is expected to indicate renter households. On the household table below, it can be seen that the housing in the sub-market has experienced a growth commensurate with the population. By dividing by the population by the average household size, we derive the number of future households.

The table below shows that as population has increased, there has been a corresponding increase in the demand for housing. By analyzing the trends gleaned from the population and data, we can project the need for additional housing.

HOUSEHOLD FORMATION
2000 to 2026

YEAR	HOUSEHOLDS	% Chg.	Annual	Avg. Size
2026 Projection	40,844	4.0%	2.0%	2.69
2024 Estimate	39,289	6.3%	2.1%	2.76
2021 Estimate	36,957	28.6%	2.6%	2.71
2010 Census	28,747	13.3%	1.3%	2.79
2000 Census	25,365			3.00

OWNER VS. RENTER OCCUPIED HOUSEHOLDS
2000 to 2026

	2000	2010	2021	2026
Owner	12,580	13,216	17,129	18,747
Renter	12,785	15,531	19,828	22,097
Total	25,365	28,747	36,957	40,844
Change in HH		3,382	8,210	3,887

FORECAST HOUSEHOLD DEMAND CHANGES
WITHIN THE PRIMARY MARKET AREA

	2000-2010	2010-2021	2022-2026
# Owner Change	636	3,913	1,618
% Change	5.1%	29.6%	9.4%
# Renter Change	2,746	4,297	2,269
% Change	21.5%	27.7%	11.4%

Based on straight-line delineation of the household growth alone between the years of 2022 to 2026, it can be assessed that the primary market area will need an additional 2,269 rental dwelling units.

5 Year Rental Household Growth 2,269

Thus, our estimate of the growth of the apartment households per year for the trade area, based on the AnySite straight-line forecast delineation and our assessment of the new households in the area, is as follows:

FORECAST APARTMENT HOUSEHOLD DEMAND TABLE

YEAR	2022	2023	2024	2025	2026
DEMAND	454	454	454	454	454

6.4 – POPULATION & HOUSEHOLD GROWTH – HISTA Data

The demographics provided by the HISTA data also make projections on renter household growth. The following tables are based on the estimated number of renter households for 2022, and then 2027.

**HISTA DATA
RENTER HOUSEHOLDS - 2022**

RENTER HH	TOTAL			
2022	Age <55	Age 55-61	Age 62+	TOTAL
< \$ 10,000	1,735	300	401	2,436
\$ 10,000 - \$ 19,999	1,549	229	411	2,189
\$ 20,000 - \$ 29,999	1,698	134	397	2,229
\$ 30,000 - \$ 39,999	1,114	179	218	1,511
\$ 40,000 - \$ 49,999	1,229	136	176	1,541
\$ 50,000 - \$ 59,999	796	111	286	1,193
\$ 60,000 - \$ 74,999	1,417	155	215	1,787
\$ 75,000 - \$ 99,999	1,483	125	208	1,816
\$ 100,000 - \$ 124,999	980	68	213	1,261
\$ 125,000+	3,099	315	585	3,999
TOTAL	15,100	1,752	3,110	19,962

**HISTA DATA
RENTER HOUSEHOLDS - 2027**

RENTER HH	TOTAL			
2027	Age <55	Age 55-61	Age 62+	TOTAL
< \$ 10,000	1,623	270	423	2,316
\$ 10,000 - \$ 19,999	1,343	221	461	2,025
\$ 20,000 - \$ 29,999	1,505	130	429	2,064
\$ 30,000 - \$ 39,999	1,123	194	266	1,583
\$ 40,000 - \$ 49,999	1,070	115	171	1,356
\$ 50,000 - \$ 59,999	786	113	366	1,265
\$ 60,000 - \$ 74,999	1,459	181	251	1,891
\$ 75,000 - \$ 99,999	1,580	160	265	2,005
\$ 100,000 - \$ 124,999	1,076	91	268	1,435
\$ 125,000+	4,099	531	914	5,544
TOTAL	15,664	2,006	3,814	21,483

RENTER HOUSEHOLD GROWTH – 2022 to 2027

RENTER HH	TOTAL			
Change 2022 - 2027	Age <55	Age 55-61	Age 62+	TOTAL
< \$ 10,000	-112	-30	22	-120
\$ 10,000 - \$ 19,999	-206	-8	50	-164
\$ 20,000 - \$ 29,999	-193	-4	32	-165
\$ 30,000 - \$ 39,999	9	15	48	72
\$ 40,000 - \$ 49,999	-159	-21	-5	-185
\$ 50,000 - \$ 59,999	-10	2	80	72
\$ 60,000 - \$ 74,999	42	26	36	104
\$ 75,000 - \$ 99,999	97	35	57	189
\$ 100,000 - \$ 124,999	96	23	55	174
\$ 125,000+	1,000	216	329	1,545
TOTAL	564	254	704	1,522

Based on straight-line delineation of the household growth alone between the years of 2023 to 2027, the HISTA data estimate the primary market area will require an additional 1,522 rental dwelling units.

5 Year Rental Household Growth 1,522

Thus, our estimate of the growth of the apartment households per year for the trade area, based on the HISTA Data straight-line forecast delineation and our assessment of the new households in the area, is as follows:

FORECAST APARTMENT HOUSEHOLD DEMAND TABLE

YEAR	2023	2024	2025	2026	2027
DEMAND	304	304	304	304	304

6.5 – GAP DEMAND – HOUSEHOLD GROWTH BASED

Gap Demand is the measure of forecast demand compared to forecast supply. This is used to determine the balance or imbalance within a sub-market in terms of demand for housing units. The following table nets future demand and future supply to give a projection of additional rental units required by the market. At the same time, it only includes future supply that is currently known to us.

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“GAP DEMAND”
FUTURE DEMAND NET AGAINST FUTURE SUPPLY

		2022-2026	2023-2027
Data Source		AnySite	HISTA
Total Demand 2022-2026		2,269	1,522
New Supply	Total	93% Stabilized	93% Stabilized
Projects in Lease-up			
Residences at Decker (Bond, 78% occ.)	262	40	40
MLK Highline (70% occ.)	201	47	47
Bridge at Loyola (Bond, 50% occ.)	204	88	88
Rail at MLK (43% occ.)	235	118	118
Projects Under Construction			
Citizen House MLK	288	268	268
Bluestem at Loyola	316	294	294
Millennium Eastside	304	283	283
Delco Flats	186	173	173
Emma	146	136	136
Pearl Springdale	363	338	338
High Point Preserve	454	422	422
RBJ (SR-Bond)	529	492	492
Starlight	325	302	302
Projects in Planning			
2826 Real Street	172	160	160
3303 Manor Rd.	200	186	186
Eastpoint	365	339	339
Amtex Decker Lake (PFC)	275	256	256
Flats on Shady	290	270	270
Manor Ductbank	450	419	419
Trailhead 2	250	233	233
Hog Eye Apartments (Bond)	224	208	208
Subject	156	145	145
Total Supply Change In Market	6,195	5,214	5,214
Net Gap In Supply and Demand		-2,946	-3,692

The AnySite and HISTA data suggest that the PMA may be oversupplied in the short term. The demographic forecasts are much lower than recent historical absorption of rental units. Over the past three years, 3,544 new rental units have been absorbed based on U.S. Postal Data. Nearly 2,000 rental units were absorbed in 2021 alone.

Evidence suggests that LIHTC projects tend to derive most of their demand from households already living in the area. The “Overall Capture Rate” calculation in Section 5.3 found 9,458 renter households that are income qualified. Thus in our mind, this project is feasible even without additional growth in the number of renter households.

CHAPTER 7

EMPLOYMENT GROWTH BASED DEMAND

7.1 – REGIONAL UPDATE

TEXAS EMPLOYMENT FORECAST¹³

Texas employment grew at a strong 7.4 percent annualized rate in November after increasing a revised 4.5 percent (previously 3.8 percent) in October. The Texas Leading Index increased for the fourth consecutive month—the 17th rise in the last 19 months. The recent gains in the index suggest continued strong job growth over the next three to six months.

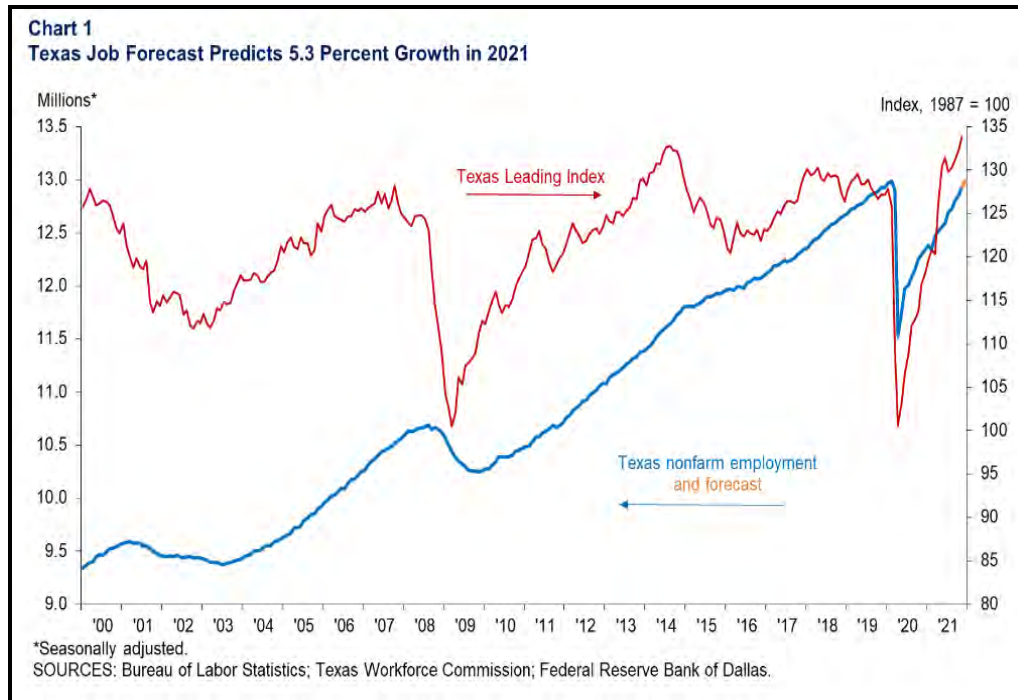
Using a top-down model based on oil price futures and forecasts for national gross domestic product and Texas COVID-19 hospitalizations, we estimate that jobs will increase by 5.3 percent in 2021, with an 80 percent confidence band of 4.9 to 5.7 percent. Based on the forecast, 649,200 jobs will be added in the state this year, and employment in December 2021 will be 13.0 million (Chart 1). The 2022 Texas jobs forecast will be released at the annual Texas Economic Outlook event on Feb. 3, 2022. The data thus far suggest that job growth will slow somewhat next year but remain well above the trend rate of growth.

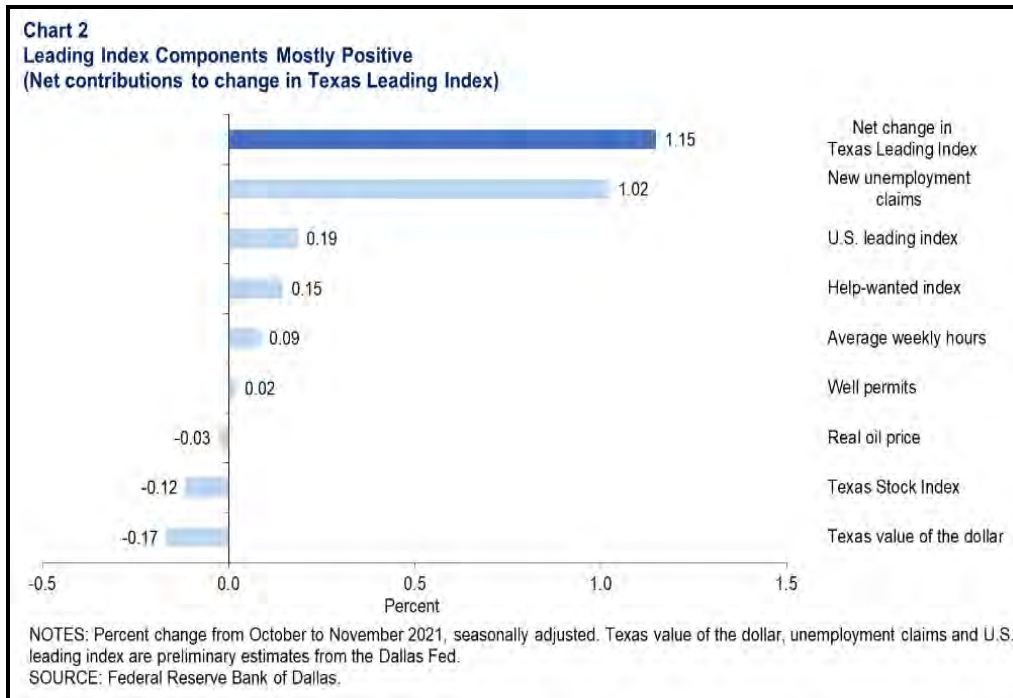
“Despite increased labor market tightness and worsening supply-chain disruptions, job growth continues at a strong pace,” said Keith Phillips, Dallas Fed assistant vice president and senior economist. “Demand remains strong, likely boosted by the decline in COVID-19 cases over the past several months and healthy household finances. Texas Business Outlook Surveys contacts report frustration that hiring constraints and supply-chain shortages have increased their costs and limited their ability to fully respond to strong consumer demand.”

The Texas unemployment rate declined from 5.4 percent in October to 5.2 percent in November. While labor markets are tight in Texas, the labor force has been growing at a faster pace than nationally, likely helped by strong net migration from other U.S. states. The Texas labor force grew 3.6 percent annualized for the three months ending in November while increasing only 1.3 percent nationally.

¹³ Dallas Federal Reserve – Dec. 17, 2021
<https://www.dallasfed.org/research/forecast/2021/emp211217.aspx>

The Texas Leading Index grew strongly in November, with a majority of the eight indicators giving positive contributions (Chart 2). The increase in the index was concentrated in a large drop in initial claims for unemployment insurance. The U.S. leading index, Texas help-wanted advertising, average weekly hours worked in manufacturing, and permits to drill oil and gas wells also contributed positively to the index. A moderate increase in the Texas trade-weighted value of the dollar and slight decreases in the stock prices of Texas-based companies and the real oil price made negative contributions.





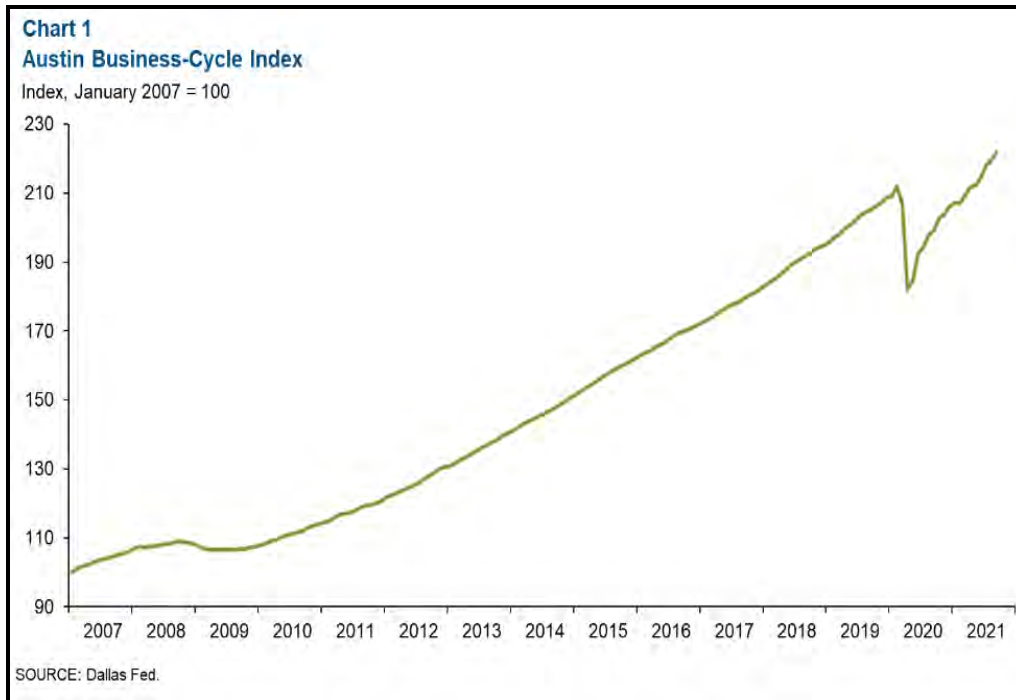
AUSTIN ECONOMIC INDICATORS¹⁴

The Austin economy continued to expand in October. The Austin Business-Cycle Index increased, led by strong payroll gains. The unemployment rate moved sideways, while the labor force grew strongly. Regional consumer spending growth remained healthy, and recent COVID-19 hospitalizations steadied after two months of decline. Existing-home sales contracted in October.

¹⁴ Dallas Federal Reserve – Dec. 2, 2021
<https://www.dallasfed.org/research/indicators/aus/2021/aus2111.aspx>

Business-Cycle Index

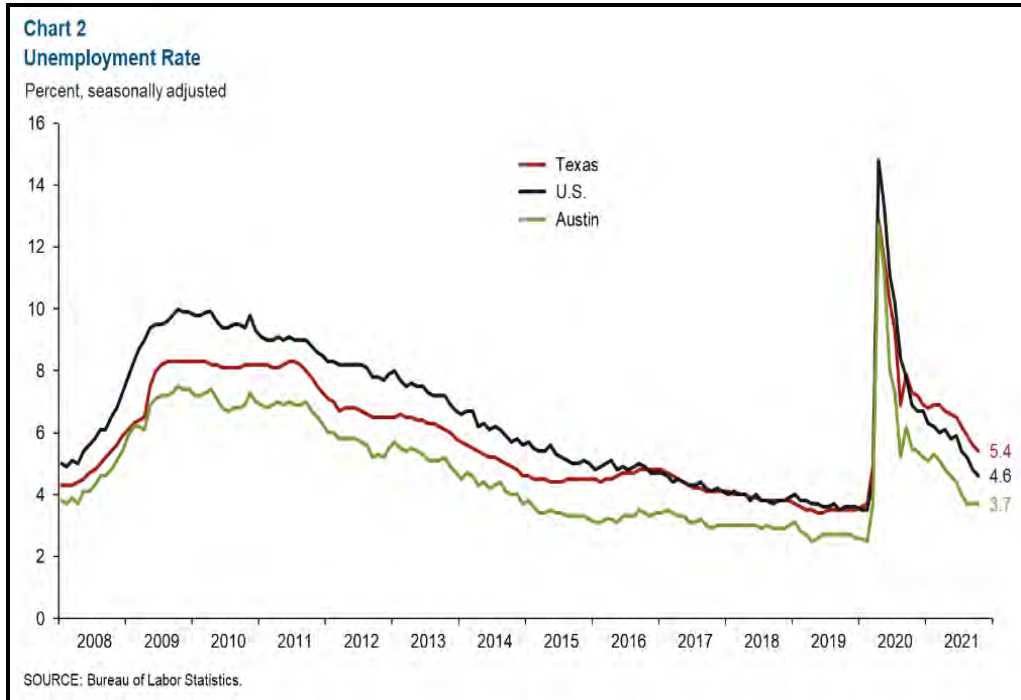
The Austin Business-Cycle Index—a broad measure of economic activity—increased a robust 13.1 percent on an annualized basis in October following an already-strong 10.8 percent growth in September (Chart 1). Job gains led the components.



LABOR MARKET

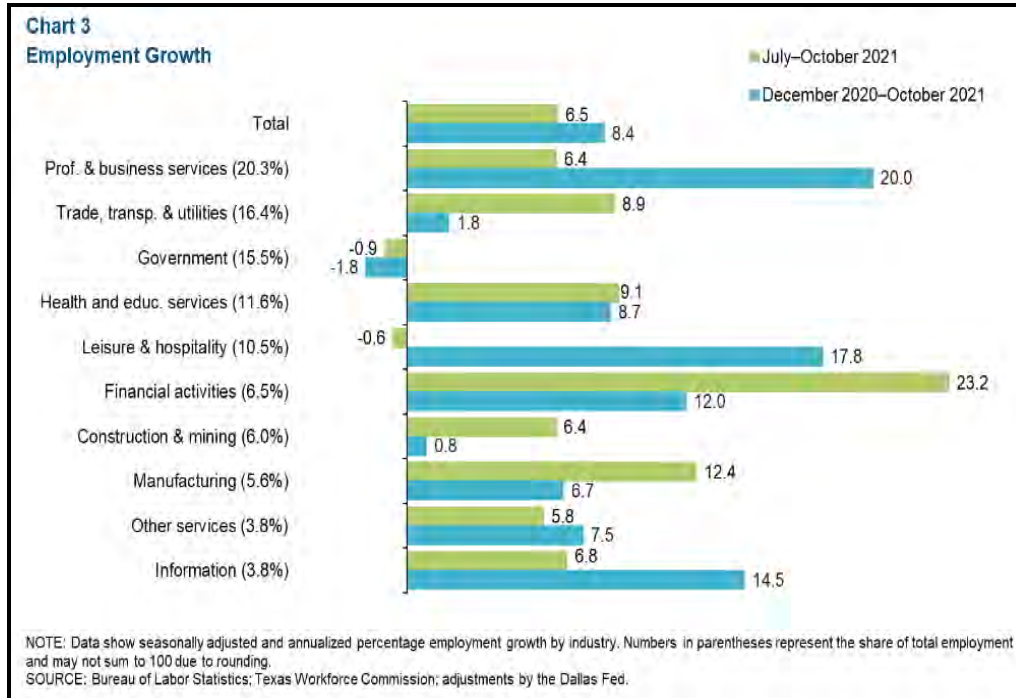
Unemployment Rate Unchanged

Austin's unemployment rate remained at 3.7 percent in October (Chart 2). This is well below the state's jobless rate of 5.4 percent and the nation's rate of 4.6 percent. The metro labor force grew strongly at 7.8 percent in the three months ending in October—well above the state's 2.8 percent increase and the nation's 0.3 percent uptick.



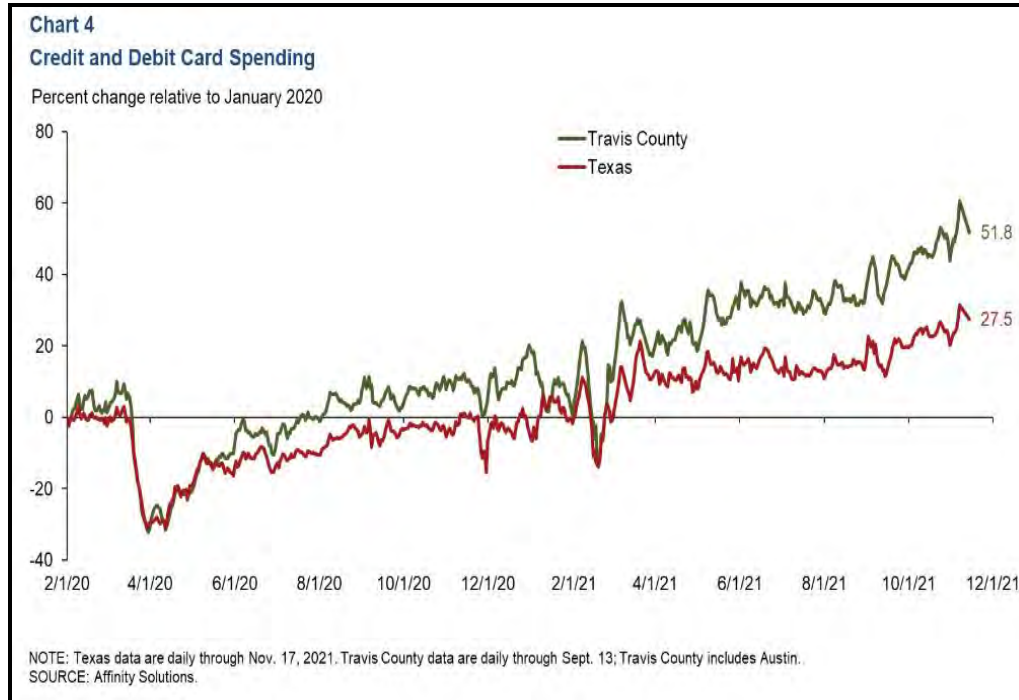
Recent Payrolls Largely Positive Across Sectors

Austin payrolls strengthened an annualized 6.5 percent, or by 18,455 net jobs, in the three months ending in October (Chart 3). Financial activities led the sectors (up 23.2 percent, or 3,925 jobs) and was followed by manufacturing (up 12.4 percent, or 1,905 jobs), and health and education services (up 9.1 percent, or 2,970 jobs). As of October 2021, Austin payrolls are 3.9 percent above February 2020 levels; by May 2021, the region had recovered all 140,707 jobs lost at the onset of the pandemic.



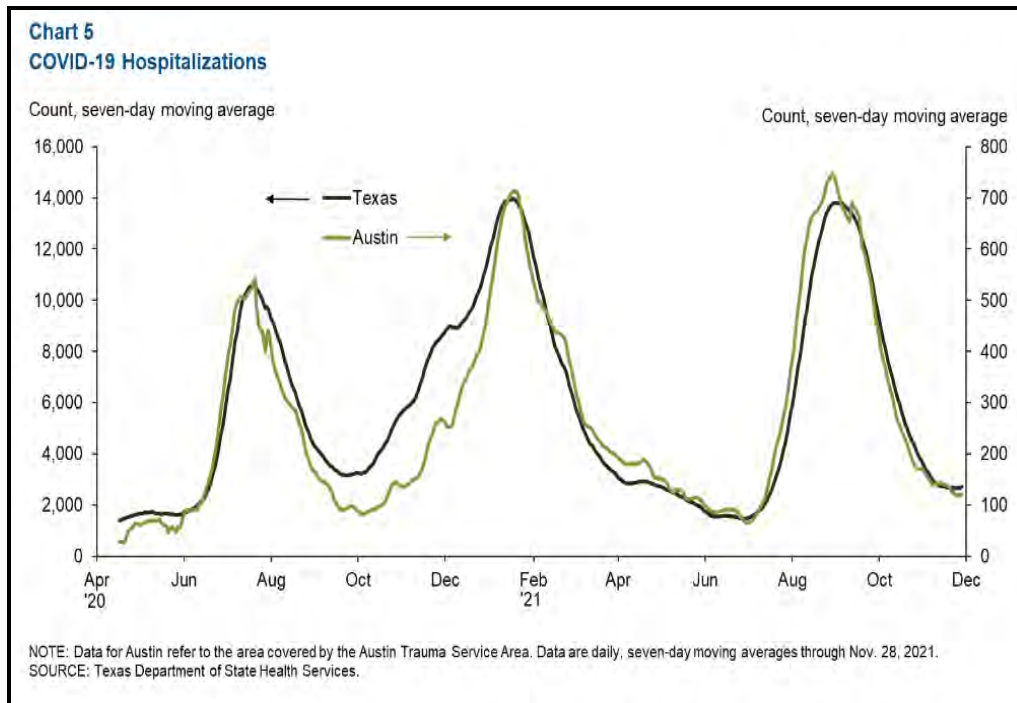
Consumer Spending

Consumer spending in Austin slipped in early November. In the metro's most-populous county, Travis, credit and debit card spending has consistently surpassed January 2020 levels since last July, except for a dip in late November 2020 and during Winter Storm Uri in mid-February this year. As of Nov. 14, 2021, spending in the county was up a booming 51.8 percent relative to January 2020 (Chart 4). In the state, spending was 27.5 percent higher than January 2020 levels.



COVID-19 Statistics

After declining for the previous two months, the number of people currently hospitalized with COVID-19 in Austin and the state has steadied since mid-November (Chart 5). As of Nov. 28, 122 people were hospitalized with COVID-19 in Austin while 2,716 people were hospitalized in the state.



Real Estate

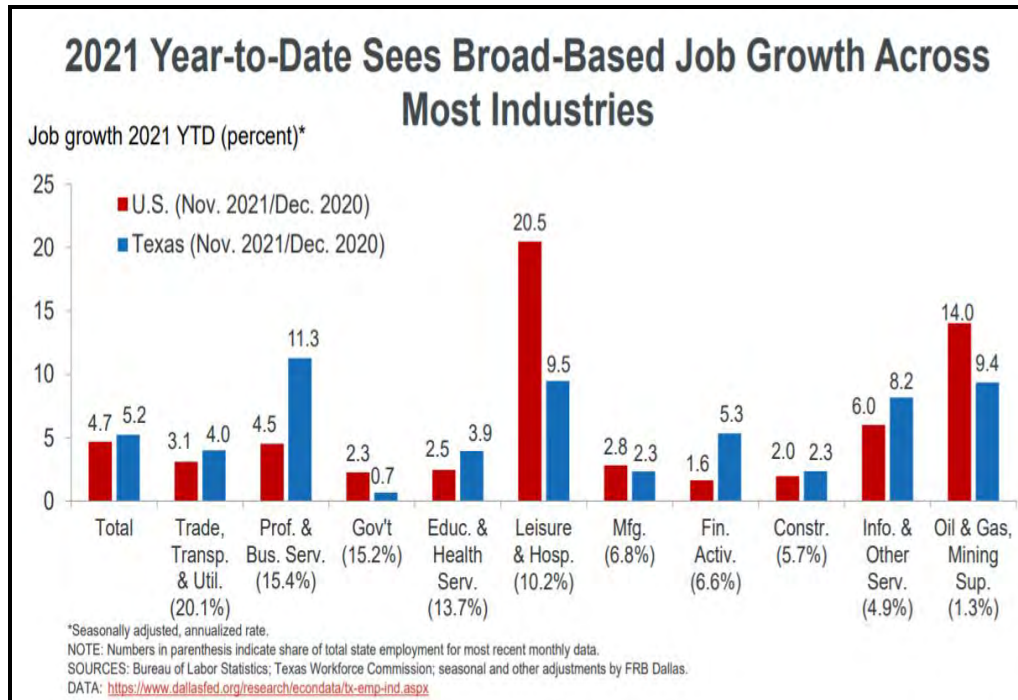
October existing-home sales in Austin contracted 4.8 percent after posting a 9.3 percent expansion in September (Chart 6). This compares with the state's 0.3 percent decline in October and 5.1 percent gain in September. In the first 10 months of the year, home sales were up 5.1 percent in the metro and 8.4 percent in the state relative to the same period in 2020. In October, the median price of homes sold was \$459,443 in the metro, a 17.8 percent rise year over year, compared with the state at \$312,903—an 8.4 percent jump.



7.2 – EMPLOYMENT STATISTICS OF THE AREA

Texas Economy¹⁵

The charts below provide a breakdown of the 2021 broad-based job growth across industries in Texas and the U.S. In Texas, we see the greatest job gains in the Professional and Business Services (11.3%), followed by Leisure and Hospitality Industry (9.5%), and by Oil & Gas (9.4%).



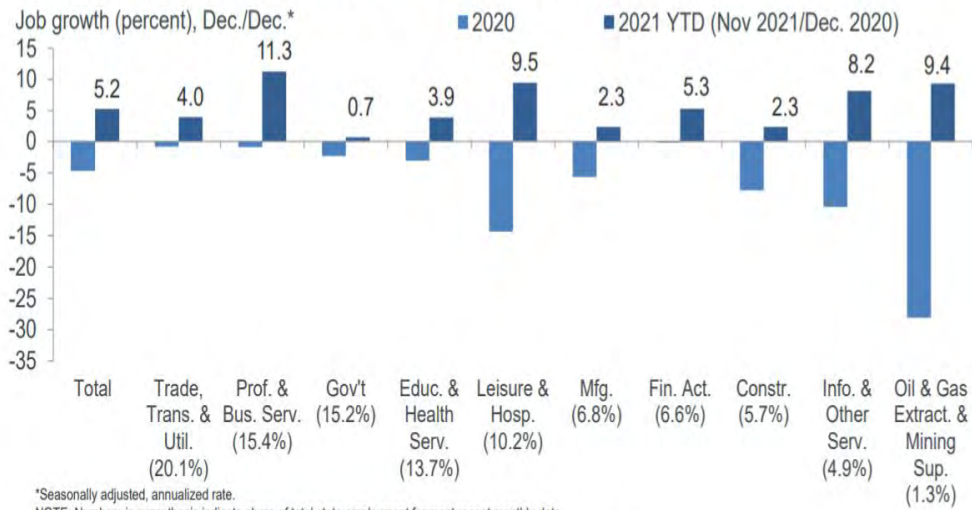
The current unemployment rate of 2.7% for Travis County is lower than the state average of 3.7% and the national average of 3.5%.¹⁶ Residents of the Austin area work for a variety of employers.

¹⁵ Dallas Federal Reserve – Dec. 17, 2021

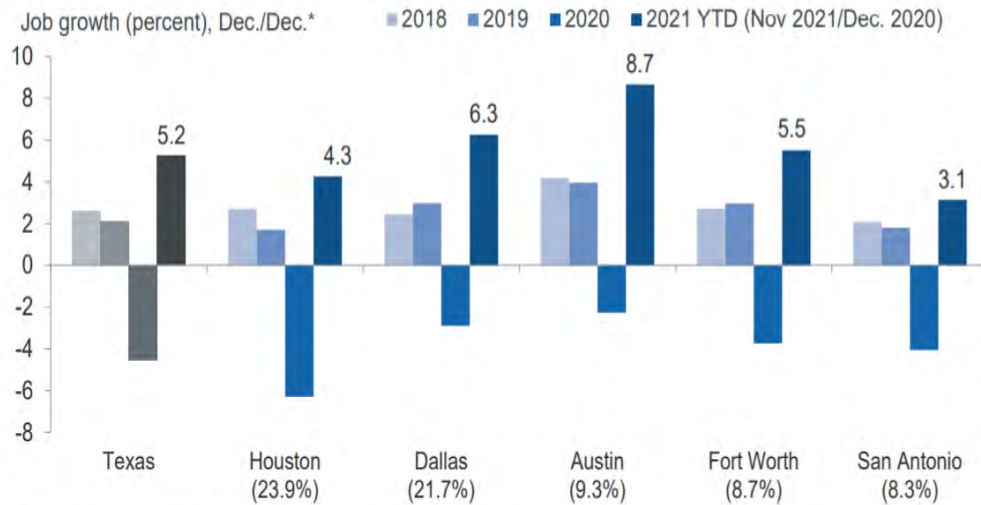
<https://www.dallasfed.org/-/media/Documents/research/econdata/texas-economy.pdf>

¹⁶ Bureau of Labor Statistics – December 2022

Texas Professional and Business Services, Leisure and Hospitality Sectors Lead Robust 2021 Jobs Recovery



Jobs Recovery Fastest in Dallas and Austin

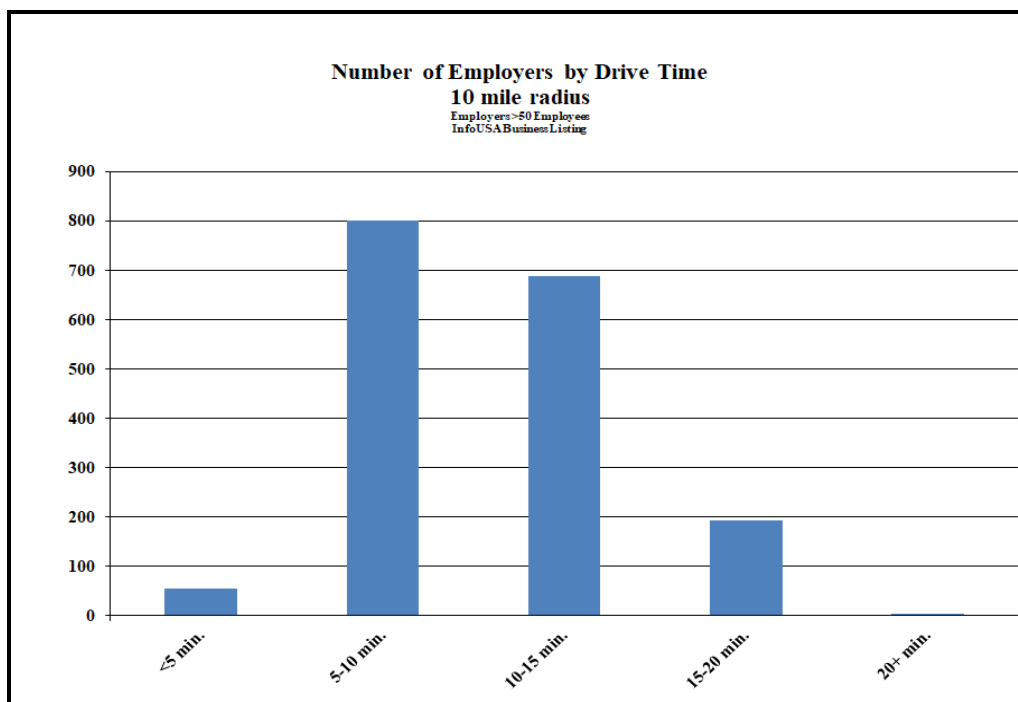
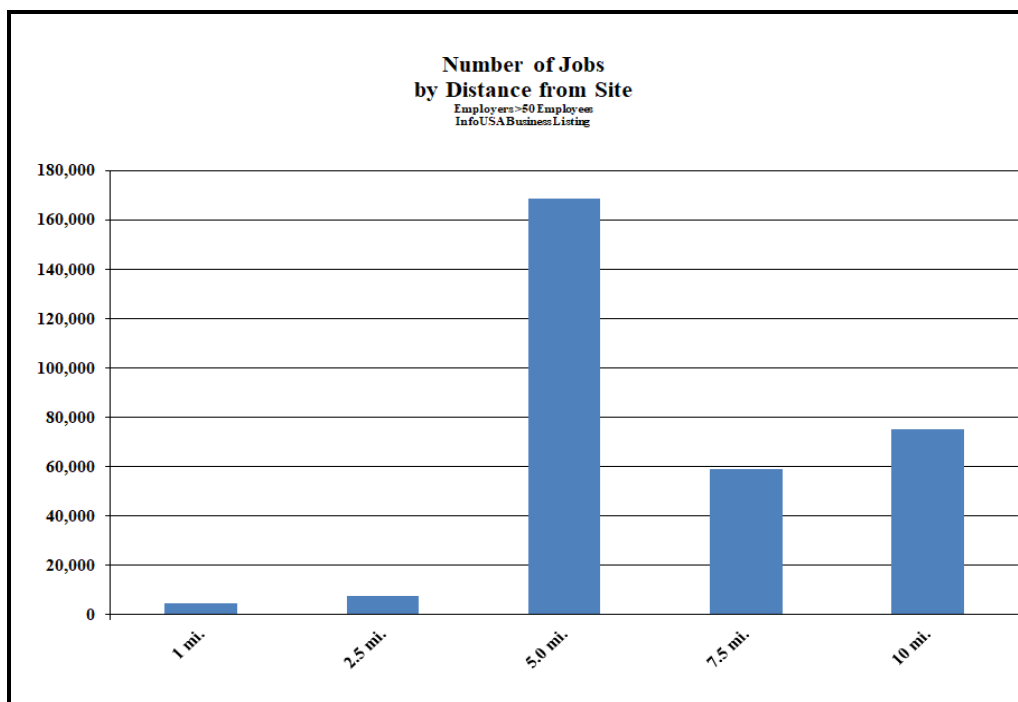


7.2.1 - Major Employers

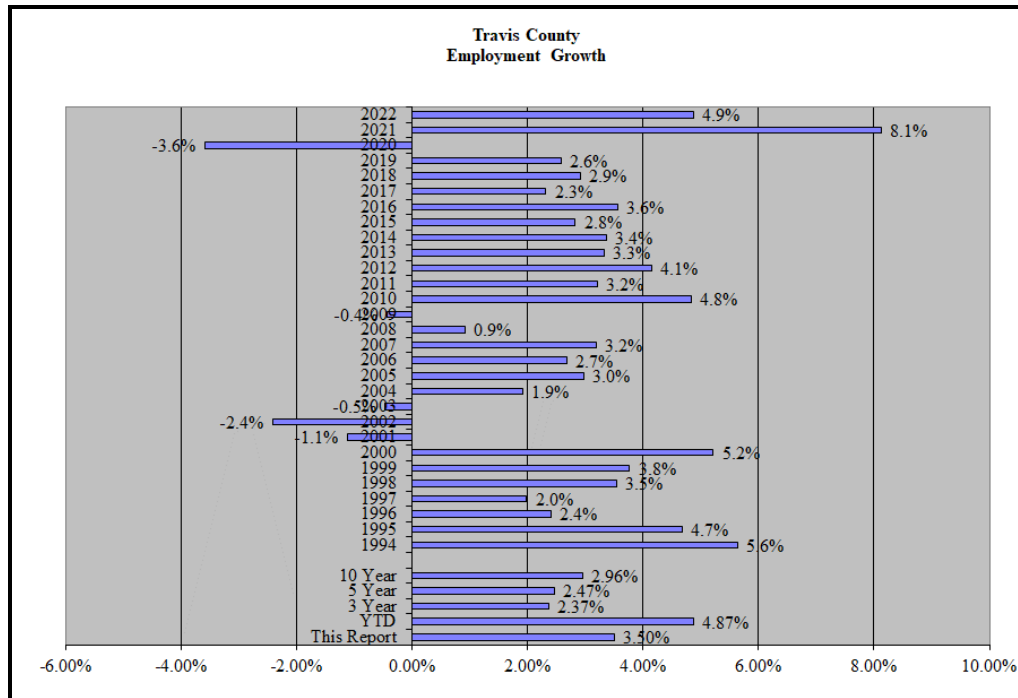
According to the InfoUSA Business Listing database of area employers, there are 1,743 employers with 49+ employees within 10.0 miles of the subject site. The following table lists some of the larger employers within that radius.

MAJOR EMPLOYERS

Employer	Employment
University of Texas at Austin	21,000
Texas Dept of Transportation	12,000
Tesla	5,000
Clinical Pathology Labs Inc	4,500
Freescale Semiconductor Inc	3,300
Austin-Bergstrom Intl-AUS	3,000
Air Permits Division	3,000
TCEQ	3,000
St David's Rehabilitation-OT	2,500
Environmental Quality Commission	2,500
Dell Children's Med Ctr	2,000
St David's Medical Ctr	2,000
Aging & Disability Svc	2,000
Building Programs	2,000
Advanced Micro Devices Inc	2,000
University of Texas at Austin	1,800
Health Department	1,800
Children's Hospital of Austin	1,675
City of Austin Police Dept	1,600
University Medical Ctr	1,600
Applied Materials Inc	1,500
Workforce Commission	1,500
Texas Workforce Commission	1,500
Regulatory Service	1,500
Texas State-Austin State School	1,500
Employment Administration	1,325
Southwest Airlines	1,250
Capital Metropolitan Transportation	1,200
Golfsmith	1,001
BAE Systems	1,000
Ryan	1,000



For the purposes of the following employment based forecast, we have used a conservative annual growth rate of 3.5%. We feel that this rate is appropriate, while not exceedingly optimistic.



7.3 – FORECAST OF FUTURE DEMAND

For our second demand analysis, we delineate a community’s commercial employment sectors into two categories – “basic” and “non-basic” employment. Basic activities are those that sell (export) a large portion of their products and services to non-local customers, thereby bringing new dollars into the local economy. Non-basic firms sell primarily to local customers and the money generated is kept within the local economy. The non-basic sector re-circulates dollars which are already within the community.

The theory we use within our analysis holds that increases in demand for the products and services of the basic sector cause the basic industries to employ more people. When this happens, the non-basic sector must expand to meet the needs of the expanded labor force in the basic industries. Thus occurs an increase in demand for housing units, retail, and office space, resulting from the increase in the number of employed persons. The resultant is an increase of the general population, employment and economic wealth of the macro-market area. Therefore local buying power increases.

Here we will use the economic base analysis methodology to determine population growth and therefore demand for rental housing. The objectives of the economic base analysis are:

- To identify businesses that bring new dollars into the local economy and measure employment in these businesses.
- To forecast growth of employment in the basic industries.
- To forecast growth of total employment (and income).
- To forecast growth of the population in the local market area.

Our methodology utilized to identify the economic base of the market area is to use an indirect analysis of identifying base employment through calculating the location quotient. This is a quick method for judging which industries are basic locally when compared to the state economy. The quotient represents the ratio of local employment percentage in certain industries to the state percentage in the same industries. If the local percentage is greater than the state percentage, that portion of the industry's employment that exceeds the state percentage is likely to be basic in the local economy. A basic employment industry in a community will create population growth which will then create a need for housing units.

Historical employment growth is a leading indicator of population and household growth, and housing demand increases. This indicator is more reliable than others in areas that are experiencing significant growth. This is because other projections typically utilize straight-line estimates, based on prior historical data, rather than current employment information.

The formulation used to determine the demand for rental housing using the basic employment forecast technique is as follows:

(A)

$$\frac{\text{Forecast of Basic Employment}}{1} \times \frac{\text{Total Employment}}{\text{Basic Employment}} \times \frac{\text{Total Population}}{\text{Total Employment}} = \text{Forecast Pop.}$$

(B)

$$\frac{\text{Forecast Population}}{\text{Forecast Household Size}} = \text{Forecast Households}$$

(C)

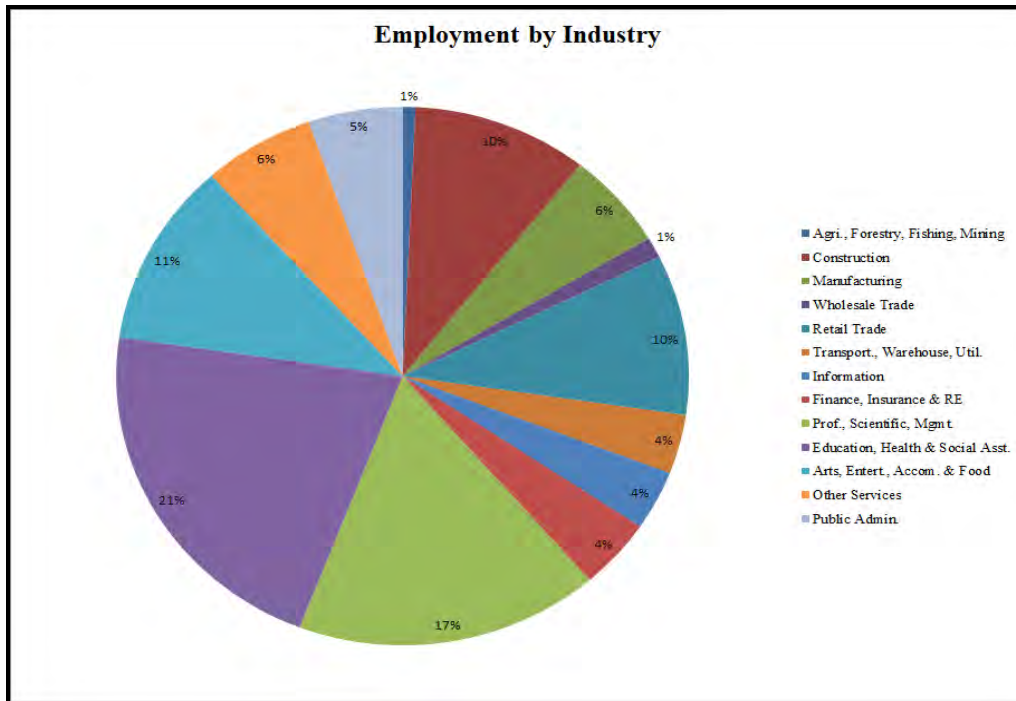
$$\text{Forecast Household} \times \text{Forecast Percent Tenure Renter} = \text{Forecast Rental Unit Demand}$$

7.3.1 - Determining the Location Quotient

The following represents the employment base of the sub-market by category, and is used to analyze the non-basic and basic employment of the sub-market in comparison to the Texas averages. It represents the profile in relation to the type of employment. The table identifies the employment industries that represent basic employment to the primary market area. Further analysis of the relative concentration in each industry will in turn help identify future growth and the requirements for additional housing.

Employment By Industry 2021	Primary Market		Texas		Location Quotient
	# of Employees	Percent	# of Employees	Percent	
Agri., Forestry, Fishing, Mining	411	0.7%	436,063	3.3%	0.22
Construction	5,664	9.9%	1,009,137	7.7%	1.29
Manufacturing	3,294	5.8%	1,194,968	9.2%	0.63
Wholesale Trade	706	1.2%	397,145	3.0%	0.41
Retail Trade	5,480	9.6%	1,502,104	11.5%	0.84
Transport., Warehouse, Util.	2,022	3.6%	710,531	5.4%	0.65
Information	2,032	3.6%	236,427	1.8%	1.97
Finance, Insurance & RE	2,413	4.2%	870,314	6.7%	0.64
Prof., Scientific, Mgmt.	9,791	17.2%	1,460,015	11.2%	1.54
Education, Health & Social Asst.	12,213	21.4%	2,832,987	21.7%	0.99
Arts, Entert., Accom. & Food	6,297	11.1%	1,140,343	8.7%	1.26
Other Services	3,594	6.3%	690,186	5.3%	1.19
Public Admin.	3,033	5.3%	565,010	4.3%	1.23

The industries which are basic to the economy are those that have a location quotient greater than 1.0. If the location quotient of the industry is 1.0 or less, it is assumed that 1) the production of goods or services from that industry is sufficient to meet the needs of the area, and 2) the number of employees that are employed is also adequate to meet the demand for the goods and services. These are, by definition, non-basic employees and employers. In that the location quotient helps identify the basic industries in the local economy, the above table reflects the following in regard to basic employment within the sub-market area:



There is a positive “Location Quotient” in **Construction, Information, Professional / Scientific / Management, Arts / Entertainment / Accom. & Food, Other Services, and Public Administration** jobs. All of these categories have a location quotient greater than 1.0, indicating these industries are basic to this sub-market, and that these industries, and their size, relative to state averages, will drive the population growth of the primary market area.

7.3.2 - Determining the Number of Basic Employees

The portion of the location quotient that exceeds 1.0 represents the proportion of employees who are engaged in producing that excess. These are considered the basic employees; the employees that serve as a base for future tenancy to the proposed project. The following formula calculates the number of basic employees:

$$\frac{\text{Location Quotient} - 1.0}{\text{Location Quotient}} = \text{Percent of Basic Employees in Industry}$$

$$\begin{aligned} &\text{Total Employees in Industry} \\ &\times \text{Percent of Basic Employees} \\ &= \text{Number of Basic Employees} \end{aligned}$$

Utilizing the above formula, we can calculate the total number of basic employees in the area.

Basic Industries	# of Basic Employees
Construction	1,259
Information	1,000
Professional, Scientific, Management	3,417
Arts, Entertainment, Accom. & Food	1,319
Other Services	581
Public Administration	566
Total Basic Employment	8,142

7.3.3 - Determining the Economic Base Multiplier

It is estimated that an increase in basic employment will cause an increase in total employment, with attending growth in population and disposable income. Therefore, we can forecast growth in basic employment to forecast the changes in population and the changes in household demand using a technique known as the economic base multiplier. The “Economic Base Multiplier” is the ratio of total employment to “basic employment”. Thus, we calculate the Economic Base Multiplier to forecast future employment growth and the resulting demand for housing.

Economic Base Multiplier	
Total Population in the Market Area	102,643
Total Employment in the Market Area	56,950
Total Basic Employment	8,142
5 Year Adjusted Forecast of Basic Employment	9,670
The EB Multiplier	6.995

7.3.4 - Forecasting Total Employment

Utilizing the economic base multiplier, we are able to calculate the total future employment for the target market area.

Forecast of Basic Employment x EB multiplier = Forecast of Total Employment

$$9,670 \quad \times \quad 6.995 \quad = \quad 67,639$$

7.3.5 - Forecasting Total Population

Because we have an estimation of the total employment for this area, we can proceed to develop a forecast for the total population based on employment growth. This can then be used to extract household formation estimation as an indication of additional demand for housing.

The population/employment ratio (PE) is used to determine the ratio of total population to total employment in the market area.

$$\text{PE Ratio} = \frac{\text{Total Population}}{\text{Total Employment}} = \frac{102,643}{56,950} = 1.802$$

We utilize this PE ratio to obtain a forecast of the total population as follows:

Forecast Total Employment x PE ratio = Forecast Population

$$67,639 \quad \times \quad 1.802 \quad = \quad 121,908$$

7.3.6 - Forecasting Housing Demand

2026 Population Projection - 2021 Population Estimate = Change In Population

121,908 - 102,643 = 19,265

Average Household Size = 2.71

Change In # of Households 2021 to 2026 = 7,109

Tenure	Owner Total	=	45.9%
	Additional Single Family Needed	=	3,263

Change In # of Households 2021 to 2026 = 7,109

Tenure	Renter Total	=	54.1%
	Additional Rental Units Needed	=	3,846

Rental Demand Growth = 3,846

Thus, our estimate of the growth of the apartment households per year for the Primary Market Area, based on the employment growth methodology, straight-line delineation and our assessment of the new households in the area, is as follows:

FORECAST APARTMENT HOUSEHOLD DEMAND TABLE

YEAR	2022	2023	2024	2025	2026
DEMAND	769	769	769	769	769

7.4 – GAP DEMAND – EMPLOYMENT BASED

Gap Demand is the measure of forecast compared to forecast supply. This is used to determine the balance or imbalance within a sub-market in terms of demand for housing units. The following table nets future demand and future supply to give a projection of additional rental units required by the market. At the same time, it only includes future supply that is currently known to us.

**“GAP DEMAND”
FUTURE DEMAND NET AGAINST FUTURE SUPPLY**

Total Demand 2022-2026		3,846
New Supply	Total	93% Stabilized
Projects in Lease-up		
Residences at Decker (Bond, 78% occ.)	262	40
MLK Highline (70% occ.)	201	47
Bridge at Loyola (Bond, 50% occ.)	204	88
Rail at MLK (43% occ.)	235	118
Projects Under Construction		
Citizen House MLK	288	268
Bluestem at Loyola	316	294
Millennium Eastside	304	283
Delco Flats	186	173
Emma	146	136
Pearl Springdale	363	338
High Point Preserve	454	422
RBJ (SR-Bond)	529	492
Starlight	325	302
Projects in Planning		
2826 Real Street	172	160
3303 Manor Rd.	200	186
Eastpoint	365	339
Amtex Decker Lake (PFC)	275	256
Flats on Shady	290	270
Manor Ductbank	450	419
Trailhead 2	250	233
Hog Eye Apartments (Bond)	224	208
Subject	156	145
Total Supply Change In Market	6,195	5,214
Net Gap In Supply and Demand		-1,368

Based on the employment growth, the PMA may be oversupplied in the short term. The employment-based forecast is much lower than recent historical absorption of rental units. Over the past three years, 3,544 new rental units have been absorbed based on U.S. Postal Data. Nearly 2,000 rental units were absorbed in 2021 alone.

Evidence suggests that LIHTC projects tend to derive most of their demand from households already living in the area. The “Overall Capture Rate” calculation in Section 5.3 found 9,458 renter households that are income qualified. Thus in our mind, this project is feasible even without additional growth in the number of renter households.

7.5 – CONCLUSIONS & FORECAST

Based on our analysis, Travis County continues to grow at an acceptable rate. Long term, with continued job formation the employment base and household formation will continue to be positive, resulting in the need for additional rental housing.

It is apparent from the occupancy and rental rates of the marketplace that there is a need for additional rental housing. Additionally, the stock of quality “affordable” housing is in short supply. Based on the developer’s intent to utilize Low Income Housing Tax Credits, he will be able to keep rental rates lower than market.

CHAPTER 8

EVALUATION OF RENTS AND INCOME

8.1 – INCOME ANALYSIS

Gross income estimates are primarily used to calculate probable net operating income benefits that may be derived from ownership of the property. In typical evaluation theory, the usual basis for gross income projection is market rent (economic rent), which is defined as being “the rental income that a property would most likely command in the open market; it is indicated by current rents paid and asked for comparable space as of the date of an appraisal.”¹⁷ If the property is encumbered by a lease(s), or as with the subject, statutory rent restrictions, frequently it is necessary to include the contract or statutory rent specified in the lease(s) in the estimate of potential gross income.

8.2 – ANALYSIS OF RENTAL RATES

In order to study the submarket’s rents in terms of incomes served, Apartment MarketData (AMD) collaborated to develop the following rent tables. The tables establish the rent ranges (net rent) by income group.

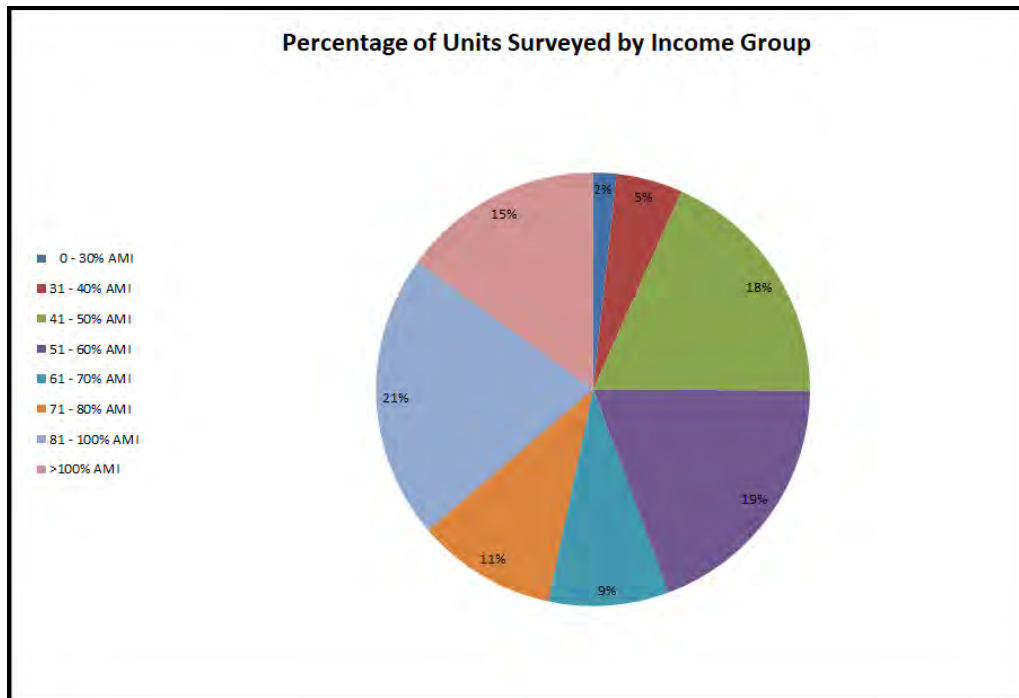
Rent Ranges (Net Rents)	0% - 30%	31% - 40%	41% - 50%
1 Bdrm	\$ - - \$662	\$663 - \$883	\$884 - \$1,103
2 Bdrm	\$ - - \$744	\$745 - \$993	\$994 - \$1,241
3 Bdrm	\$ - - \$827	\$828 - \$1,103	\$1,104 - \$1,378
4 Bdrm	\$ - - \$894	\$895 - \$1,192	\$1,193 - \$1,490

Rent Ranges (Net Rents)	51% - 60%	61% - 70%	71% - 80%
1 Bdrm	\$1,104 - \$1,324	\$1,325 - \$1,545	\$1,546 - \$1,766
2 Bdrm	\$1,242 - \$1,489	\$1,490 - \$1,737	\$1,738 - \$1,986
3 Bdrm	\$1,379 - \$1,654	\$1,655 - \$1,930	\$1,931 - \$2,206
4 Bdrm	\$1,491 - \$1,788	\$1,789 - \$2,086	\$2,087 - \$2,384

¹⁷ Appraisal of Real Estate, Tenth Edition, Appraisal Institute, Chicago, 1992

With the rent ranges established, we then searched the AMD database for apartment communities that had individual unit types with rents that fell within the ranges listed above. The tables at the end of this chapter study each income group separately. The submarket and income group is shown in the top left corner of the table.

On each page the name of the projects included in the analysis are listed by year built. Going across the page, the number of units that fall into the rent range is listed, the number occupied, and the occupancy percentage. Totals are provided at the top of the page, along with the total number of vacant units by bedroom type.



From our analysis of the rents (market and affordable) within the PMA, we see that 19% of the rents charged would be equivalent to the subject's 60% AMI rents. 10% of the rents charged are at the 80% AMI rent level. We also see that 36% of the rents in the marketplace target higher than 80% incomes.

8.3 – MARKET AREA – RENTAL & OCCUPANCY RATES

The following tables summarize the rental rates and occupancies of other rental properties found within the PMA and/or the general area for which the subject is found. For purpose of analysis, these tables separate the properties by the decade in which they were constructed.

AREA PROPERTIES CONSTRUCTED IN THE 1970's

UNIT TYPE	# OF UNITS	OCCUPIED UNITS	AVG. RENT	AVG. SIZE	AVG. \$ PSF	OCCUPANCY %
1 BR	654	606	\$ 1,179.49	600	\$ 1.965	92.7%
2 BR	510	490	\$ 1,363.05	918	\$ 1.484	96.1%
3 BR	234	233	\$ 1,353.35	1,062	\$ 1.274	99.6%
4+ BR	0	0	\$ -	0	\$ -	0.0%
OVERALL	1,398	1,329	\$ 1,275.55	794	\$ 1.607	95.1%

AREA PROPERTIES CONSTRUCTED IN THE 1980's

UNIT TYPE	# OF UNITS	OCCUPIED UNITS	AVG. RENT	AVG. SIZE	AVG. \$ PSF	OCCUPANCY %
1 BR	645	632	\$ 1,071.68	580	\$ 1.847	98.0%
2 BR	538	515	\$ 1,463.09	944	\$ 1.550	95.7%
3 BR	14	14	\$ 1,405.00	900	\$ 1.561	100.0%
4+ BR	0	0	\$ -	0	\$ -	0.0%
OVERALL	1,197	1,161	\$ 1,251.50	747	\$ 1.675	97.0%

AREA PROPERTIES CONSTRUCTED IN THE 1990's

UNIT TYPE	# OF UNITS	OCCUPIED UNITS	AVG. RENT	AVG. SIZE	AVG. \$ PSF	OCCUPANCY %
1 BR	20	19	\$ 1,095.25	672	\$ 1.630	95.0%
2 BR	28	24	\$ 1,176.86	848	\$ 1.388	85.7%
3 BR	76	72	\$ 1,337.25	1,039	\$ 1.287	94.7%
4+ BR	76	72	\$ 1,507.75	1,239	\$ 1.217	94.7%
OVERALL	200	187	\$ 1,355.39	1,052	\$ 1.289	93.5%

**AREA PROPERTIES
CONSTRUCTED IN THE 2000's**

UNIT TYPE	# OF UNITS	OCCUPIED UNITS	AVG. RENT	AVG. SIZE	AVG. \$ PSF	OCCUPANCY %
1 BR	609	581	\$ 1,431.08	769	\$ 1.860	95.4%
2 BR	985	919	\$ 1,920.79	1,033	\$ 1.859	93.3%
3 BR	437	405	\$ 1,675.49	1,119	\$ 1.497	92.7%
4+ BR	0	0	\$ -	0	\$ -	0.0%
OVERALL	2,031	1,905	\$ 1,721.17	973	\$ 1.769	93.8%

**AREA PROPERTIES
CONSTRUCTED IN THE 2010's**

UNIT TYPE	# OF UNITS	OCCUPIED UNITS	AVG. RENT	AVG. SIZE	AVG. \$ PSF	OCCUPANCY %
1 BR	3,157	3,021	\$ 1,919.19	674	\$ 2.847	95.7%
2 BR	1,304	1,222	\$ 2,216.20	1,069	\$ 2.073	93.7%
3 BR	219	188	\$ 1,492.42	1,139	\$ 1.310	85.8%
4+ BR	16	15	\$ 1,685.75	1,466	\$ 1.150	93.8%
OVERALL	4,696	4,446	\$ 1,980.97	808	\$ 2.451	94.7%

**AREA PROPERTIES
CONSTRUCTED IN THE 2020's**

UNIT TYPE	# OF UNITS	OCCUPIED UNITS	AVG. RENT	AVG. SIZE	AVG. \$ PSF	OCCUPANCY %
1 BR	2,814	2,590	\$ 1,595.43	682	\$ 2.339	92.0%
2 BR	1,028	962	\$ 2,140.31	1,103	\$ 1.941	93.6%
3 BR	145	140	\$ 1,778.54	1,284	\$ 1.385	96.6%
4+ BR	8	8	\$ 1,210.38	1,392	\$ 0.870	100.0%
OVERALL	3,995	3,700	\$ 1,741.51	814	\$ 2.140	92.6%

8.3.1 - Current Market Conditions

The competitive sub-market supply and demand analysis conducted by Apartment MarketData Research Services included 3,103 affordable units within the PMA, and 1,557 conventional units. The market reflects solid demand, as did the overall macro market, for all of the competitive projects in the micro-market.

The occupancy rate for the income restricted one bedrooms is 95.4%, for income restricted two bedrooms it is 92.6%, for income restricted three bedrooms it is 91.4%, for income restricted four bedrooms it is 95.0%, and the overall average occupancy for income restricted units is 93.4%.

CURRENT INVENTORY OF COMPARABLE INCOME RESTRICTED PROPERTIES

UNIT TYPE	# OF UNITS	OCCUPIED UNITS	AVG. RENT	AVG. SIZE	AVG. \$ PSF	OCCUPANCY %
1 BR	1,122	1,070	\$ 996.47	671	\$ 1.485	95.4%
2 BR	1,162	1,076	\$ 1,257.82	961	\$ 1.309	92.6%
3 BR	719	657	\$ 1,505.48	1,125	\$ 1.339	91.4%
4+ BR	100	95	\$ 1,512.44	1,287	\$ 1.175	95.0%
OVERALL	3,103	2,898	\$ 1,228.91	905	\$ 1.359	93.4%

Apartment MarketData conducted an analysis of some 1,557 conventional (Market Rate) units in and around Primary Trade Area. These projects were all built between 2021 and 2022. The occupancy rate for the market rate one bedrooms is 89.7%, for market rate two bedrooms it is 90.2%, the occupancy for the market rate three bedroom units is 100%, and the overall average occupancy for market rate units is 90.0%.

CURRENT INVENTORY OF COMPARABLE MARKET RATE PROPERTIES

UNIT TYPE	# OF UNITS	OCCUPIED UNITS	AVG. RENT	AVG. SIZE	AVG. \$ PSF	OCCUPANCY %
1 BR	1,073	963	\$ 1,670.10	718	\$ 2.327	89.7%
2 BR	469	423	\$ 2,255.39	1,117	\$ 2.020	90.2%
3 BR	15	15	\$ 2,872.27	1,372	\$ 2.093	100.0%
4+ BR	0	0	\$ -	0	\$ -	0.0%
OVERALL	1,557	1,401	\$ 1,857.98	844	\$ 2.201	90.0%

8.3.2 - Estimate of Market Rent

The following pages represent the best estimate of market rents for the subject, based on existing rents in and around the PMA. The projects included in our analysis were:

Alexan Springdale
Lenox Park
Spectra Parks

Laurel Apartment Homes
Nexus East

RENTAL RATE COMPARISON NET OF RENTAL CONCESSIONS INCOME RESTRICTED

	Sq. Ft.	Subject	Market	Variance	% Variance	Subject	Max. Program Rent*	Variance	% Variance
1-1	750	\$ 567	\$ 1,640	\$ (1,073)	-65.4%	\$ 567	\$ 567	\$ -	0.0%
1-1	750	\$ 981	\$ 1,640	\$ (659)	-40.2%	\$ 981	\$ 981	\$ -	0.0%
1-1	750	\$ 1,188	\$ 1,640	\$ (452)	-27.6%	\$ 1,188	\$ 1,188	\$ -	0.0%
2-2	1,110	\$ 676	\$ 2,210	\$ (1,534)	-69.4%	\$ 676	\$ 676	\$ -	0.0%
2-2	1,110	\$ 1,173	\$ 2,210	\$ (1,037)	-46.9%	\$ 1,173	\$ 1,173	\$ -	0.0%
2-2	1,110	\$ 1,421	\$ 2,210	\$ (789)	-35.7%	\$ 1,421	\$ 1,421	\$ -	0.0%
3-2	1,290	\$ 776	\$ 2,525	\$ (1,749)	-69.3%	\$ 776	\$ 776	\$ -	0.0%
3-2	1,290	\$ 1,350	\$ 2,525	\$ (1,175)	-46.5%	\$ 1,350	\$ 1,350	\$ -	0.0%
3-2	1,290	\$ 1,637	\$ 2,525	\$ (888)	-35.2%	\$ 1,637	\$ 1,637	\$ -	0.0%
4-2	1,452	\$ 861	\$ 2,852	\$ (1,991)	-69.8%	\$ 861	\$ 861	\$ -	0.0%
4-2	1,452	\$ 1,501	\$ 2,852	\$ (1,351)	-47.4%	\$ 1,501	\$ 1,501	\$ -	0.0%
4-2	1,452	\$ 1,821	\$ 2,852	\$ (1,031)	-36.2%	\$ 1,821	\$ 1,821	\$ -	0.0%

* Excluding utility allowance

From the preceding comparison of rents by individual unit types, one can see that the subject's tax credit rents on a Total Rent Basis are between 27.6% and 69.8% below market rents currently offered in the marketplace.

Detailed Rent Adjustment worksheets are provided at the end of this section.

8.3.3 - Estimate of Stabilized Income

A review of the gross potential income was conducted using the market rental rates derived from the rent comparable analysis. Included in this review, the market analyst used the average projected vacancy, and compared this against the developer's projections. The income listed below for comparative purposes will be considered the stabilized income in the first year after lease up.

**STABILIZED INCOME PER MONTH
COMPETITIVE MARKET VS DEVELOPER PROJECTION TABLE**

Income	AMD Est. Per Unit	Proforma Per Unit	Variance Per Unit	% Variance
Avg. Rental Income	\$ 1,225.44	\$ 1,225.44	\$ -	
Per Sq. Ft. Multi.	\$ 1.14	\$ 1.14	\$ -	
Other Income	\$ 15.00	\$ 15.00	\$ -	0.0%
Vacancy & Collection Loss	7.50%	7.50%	0.0%	0.0%
Eff. Gross Monthly Income	\$ 1,147.41	\$ 1,147.41	\$ -	0.0%

* AMD – Apartment MarketData

Total Income: In summary, it is our opinion that the developer's estimated first year income of \$2,147,950 for the subject is reasonable.

4d. Continuum of Care

Pursuant to the Motion Sheet approved by City Council at the time of our award of the development rights for this site, 10% of the 156 multifamily units will be made available for placement by the Continuum of Care, with an emphasis on multi-bedroom units.

4e. Resident Services

i. A description of the services to be provided to residents

Foundation Communities will provide free, supportive service programs that will educate, support, and improve health and financial standing for residents. As part of the tax credit application, Foundation Communities will commit to providing a combination of services from the QAP. Actual services to be provided are expected to be much more extensive than what will be committed for tax credits. Supportive Service programs to be offered on site and next door include:

- **Free Afterschool and Summer Program** – All children living on-site will have access to Foundation Communities’ free afterschool and summer programs, which offer academic assistance, enrichment activities, fitness activities, nutrition lessons, and support services. We provide a structured, supervised environment with rewarding, hands-on educational, cultural, artistic, and recreational activities for youth ages 5-14 designed to develop important social skills and improve educational performance. FC maintains a strong relationship with nearby schools and partners with teachers to help each child succeed. We also provide free, nutritious snacks and lunches during the summer.
- **Children’s Home Initiative** – 10% of units will have preference for extremely low-income families experiencing homelessness, who will receive services through FC’s Children’s HOME Initiative (CHI) Program. A dedicated case manager will work one-on-one with families to develop and implement plans to guide them toward housing stability, economic independence, and accessing education—everything from budgeting and applying for benefits, to connecting with workforce and childcare options, to liaising with schools and other supportive service providers.
- **Adult Classes** – Foundation Communities believes it is important to offer “at your door” education opportunities to adults, especially families that may have limited access to child care outside of work hours that would allow for attendance at off-site programs. Actual offerings will depend on resident needs but may include classes in English as a Second Language, computer skills, and financial literacy.
- **Health Initiatives** – A variety of programming focused on health and wellness will be offered and tailored to the specific needs of the target population and residents. This will include access to healthy food through a food pantry, healthy cooking classes, Zumba and other exercise classes, and periodic health fairs that bring a variety of providers on-site for health screenings, immunizations, and similar services.

4e. Resident Services

Foundation Communities also offers the following free off-site services to residents and the community at our Prosper Centers located in North Austin at 5900 Airport Blvd and South Austin at 2900 South Interstate 35.

- **Financial Coaching** - Residents will have the opportunity to meet individually with a trained volunteer on a variety of personal finance issues which may include a credit report review, creating a credit repair plan or a debt reduction plan, establishing a household budget, establishing a Safety Net Savings Account, exploring ways to reduce expenses, or setting financial goals. Financial Coaching sessions may be a single one-hour session up to eight hours of individual sessions, depending on the situation.
- **Microenterprise** - Community Tax Centers provide services to self-employed and small business owners with five employees or fewer (including the owner), helping them to file their taxes and educating them about tax and liability implications and best practices.
- **College Savings** - Trained staff are available at the Prosper Center and financial aid events to help students complete the Free Application for Federal Student Aid (FAFSA) to obtain grants and loans for college. We also conduct scholarship workshops and have one-to-one scholarship mentoring.
- **Tax preparation** – Residents will be able to get their taxes prepared for free at our Prosper Centers. Our IRS-trained and certified volunteers prepare over 20,000 tax returns annually and ensure that clients who are eligible for credits such as the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) receive those benefits.

ii. The number and types of residents/clients expected to be served

Norman Commons will house 156 households at any given time. 76% of the units are 2-, 3-, and 4-bedroom floor plans to allow for larger families.

iii. Developer's experience and qualifications in providing the services

Foundation Communities, as the primary supportive service provider at Norman Commons, has over 25 years of experience in the provision of supportive services to its residents. Supportive services are an integral part of all Foundation Communities properties and are included in the planning process for every new community from inception. FC is considered a national leader in the provision of service-enriched housing.

4e. Resident Services

All Foundation Communities service programs are developed to meet the particular needs of residents. Each program utilizes a Theory of Change approach to identify the resident outcomes that are desired, the resources that will be required and how progress towards outcomes achievement will be measured and evaluated. Foundation Communities utilizes and contributes to best practices in the fields of education, health, trauma-informed case management, and financial stability. Because our programs have a long and consistent record of achieving positive resident outcomes, numerous foundations and public agencies provide funding to establish and grow our programs.

iv. Description of the organization(s) providing the services

The majority of supportive services will be provided by Foundation Communities staff and volunteers. We do, however, partner with more than fifty nonprofits and community groups to provide additional services. Some significant partnerships include: Creative Action, Safe Place, Sustainable Food Center, Goodwill, Austin Public Health, CommUnity Care, and Life Works.

v. Resumes of key personnel actively involved in the delivery of services

- **CHI Case Manager:** We plan to hire two full-time CHI Case Managers for Norman Commons. This case manager will be located on-site and dedicated to residents of the CHI program. The CHI Case Manager is available to work one-on-one with residents on a weekly basis to develop a self-sufficiency plan; connect residents with workforce services; provide information, guidance, and support in making critical healthcare decisions; assist in applying for public benefits such as Medicaid, act as an advocate with the resident in managing any problems that arise in these systems; and coordinate other supportive service providers and property management to maintain housing stability. The Case Manager may additionally provide referrals as needed for deeper career guidance, parenting support, and financial education. Case Managers must have a Bachelor's degree in social work or related field and a minimum of 3 years of relevant experience.
- **Learning Center Coordinator:** A full-time Learning Center Coordinator will lead staff and volunteers and collaborate with community partners to coordinate our robust afterschool and summer programs, on-site food pantry, adult education classes, health-related events, and other services and programs available to residents and neighbors.

4e. Resident Services

- **Daniell Rider, Director of Learning Center Programs**, oversees summer and after-school programs for 15 FC communities. Daniell has 20+ years of experience in Out-of-School-Time (OST) programming, including teaching, curriculum/program design, implementation, training, and evaluation. Her work includes contracting with Ft. Hood - SKIES Unlimited, mentoring for Killeen ISD and Bell County Juvenile Justice Center, serving as an AmeriCorps Lead Instructional Specialist, serving as the Program Director for an accredited Before and After-School program, and grant writing and fundraising/event planning. She holds a Master of Education in K-12 Curriculum and Instruction from Concordia University and a Bachelor of Science in Psychology from the University of Phoenix.
- **Danette Lopez Garza, Director of Family Supportive Housing**, graduated from the University of Texas at Austin with a degree in Government. She has 17 years' experience working with Central Texas nonprofits serving the highest needs populations at The Capital Area Food Bank in Agency Relations, The Caring Place as Program Coordinator, and Foundation Communities for the last 12 years in the Children's HOME Initiative. She serves on the board of the Social Service Case Management Network and RBI Austin Mentoring board.
- **Rita Ortega, Director of Health Initiatives**, joined FC in 2019 serving as the Program Manager for Health and Nutrition, overseeing FC's food pantry and health education programs, before taking over as Director of Health Initiatives. She has over 15 years of public health education experience with the American Cancer Society, Austin Public Health, and the Texas Department of State Health Services. She earned her bachelor's degree in Kinesiology from the University of Texas at Austin and her master's degree in Health Education from Texas State University. Rita is a Master Certified Health Education Specialist.
- **Marisela Montoya, Chief Program Officer**, oversees our education, health and financial stability programs. For 30 years, Marisela has worked overseeing and implementing programs for youth and adults, including 8 years with Austin ISD as a program director and program specialist. She has been with Foundation Communities for 19 years, first as Learning Center Manager, then Director of Educations and now Chief Programs Officer. Marisela graduated from the University of Texas with a degree in Psychology and holds a certificate in Nonprofit Leadership and Management from Austin Community College and Texas Association of Nonprofit Organizations.
- **Erika Leos, Director of Prosper Programs**, oversees our free tax preparation, college support services, one-on-one financial coaching, and money management classes. She manages a department of 40 full-time staff and more than 70 seasonal staff. She has served FC for over 20 years in many different capacities, including working in the education department and leading the financial wellness programs.

4e. Resident Services

vi. Financial capacity of the Services provider:

Foundation Communities has a strong track record of fundraising to cover these programs. Funding for the supportive services at Norman Commons will come from a combination of service fee, cash flow, grants and fundraising from private foundations, corporations and individuals. This is the same method used to fund the supportive service programs at all our existing properties. FC has raised approximately \$45 million over the past 5 years to fund services at our existing 23 properties in Austin. We have deep relationships with the donor community, a well-funded Central Reserve, and maintain a healthy portfolio contributing strong ongoing revenue to the organization, with all projects producing their targeted cash flow and reserves established by the Board. Below is the services budget.

Sources	Year 1	Year 1	Year 1
Grants, Foundations, Corporations and Individuals Donors	\$242,975	\$299,564	\$308,926
Service Fee TBD	\$60,000	\$12,500	\$12,500
Total	\$302,975	\$312,064	\$321,426

Uses	Year 1	Year 2	Year 3
Learning Center Coordinator	\$59,740	\$61,532	\$63,378
CHI Case Manager	\$47,380	\$48,801	\$50,265
Youth Program Assistants	\$108,150	\$111,395	\$114,736
Employee Taxes and Benefits	\$43,054	\$44,346	\$45,676
Contracted Services	\$13,287	\$13,686	\$14,096
Supplies/Printing	\$22,135	\$22,799	\$23,483
Training/Travel/Mileage	\$7,169	\$7,384	\$7,605
Direct Aid to Clients	\$2,060	\$2,122	\$2,185
Total	\$302,975	\$312,064	\$321,426

4f. Affordability Unlocked

AU Agreement is attached..



**AFFORDABILITY UNLOCKED LAND USE AND RESTRICTIONS
AGREEMENT
(Rental)**

This Affordability Unlocked Land Use Restrictions Agreement (Rental) is made this 14th day of December 2023, by and between the City of Austin (the City), a Texas home-rule municipal corporation, acting by and through the Housing Department (the Department) Austin Housing Finance Corporation, a Texas public, nonprofit corporation (AHFC), and AHFC-FC Norman Housing, LP, a Texas limited partnership (Norman).

RECITALS

WHEREAS, the City and AHFC entered into that certain Blanket Affordability Unlocked Land Use and Restrictions Agreement dated May 30, 2023 (Blanket Agreement) to place rental and ownership affordability unlocked land use restrictions on 3811 ½ Tannehill Lane, Austin, Texas 78721 with the knowledge that the land would be subdivided and the Blanket Agreement would be replaced with individual rental and ownership affordability unlocked land use and restriction agreements, as applicable, over different portions of the subdivide land; and

WHEREAS, AHFC has subdivided the land into 2 lots – Lots 1 and Lot 2, Block A of NORMAN COMMONS SUBDIVISION under the Plat filed under Document No. 202300220 in the Official Public Records of Travis County, Texas; and

WHEREAS, Lot 2, Block A of NORMAN COMMONS SUBDIVISION will be developed as a multifamily rental development and will be governed by this Agreement; and

WHEREAS, the City and AHFC will enter a Partial Release of Blanket Agreement to release Lot 2, Block A of NORMAN COMMONS SUBDIVISIONS from the Blanket Agreement; and

WHEREAS, AHFC and Norman entered into a Ground Lease dated as December 1, 2023 with AHFC as landlord, and Norman, as Tenant, as reflected in the Memorandum of Ground Lease recorded in the Official Public Records of Travis County, Texas; and

WHEREAS, AHFC, as owner of the fee estate, and Norman, as the owner of the leasehold estate, own that certain real property located at **5712 Jackie Robinson Street, Austin, Texas 78721**, in the City of Austin, County of Travis, State of Texas (the Property), and whose legal description is set forth in **Exhibit A**, which is attached hereto and incorporated herein by this reference; and

WHEREAS, after construction of the improvements on the Property will be referred to as “Norman Commons” (the Project), and the Project will be wholly owned by Norman; and



WHEREAS, Norman will develop, rehabilitate, construct, operate, maintain, finance, mortgage, and lease approximately **156** units on the Property; and

WHEREAS, in connection therewith, the Owner (as defined in Section 1(N) below) sought and has or will receive one or more Land Use Incentives from the City's Affordability Unlocked Bonus Program (Program), which was adopted by ordinance and codified in the Land Development Code of the Austin City Code; and

WHEREAS, as a condition to receive the Land Use Incentives provided by the Program, the Owner agrees to set aside a certain percentage of Affordable Units at the Qualifying Development for rent to income Eligible Households so as to provide affordable housing opportunities to low- and moderate-income households; and

WHEREAS, the Department administers, coordinates, and implements various local, state, and federal public funding sources to promote the production of affordable housing citywide; and

WHEREAS, the Owner agrees that the Land Use Incentives received because of the Program benefit the Property, the Owner, and the future Owners; and

WHEREAS, it is the intent of the parties that the Affordable Units herein, are continuously held, and may only be rented subject to this Agreement for the benefit of Eligible Households; and

WHEREAS, it is the desire of the City and the Owner to enter into this Agreement to ensure that such requirement or condition, whereby the Owner agrees to offer units for rental to Eligible Households, is fully complied with and to provide for the terms and conditions for the rental of Affordable Unit(s); and

WHEREAS, these provisions are for the purpose of enabling only Eligible Households to rent the Affordable Unit(s) at the Property.

NOW THEREFORE, in consideration of Land Use Incentives, mutual covenants, and representations herein contained, the parties enter into the following specific agreements and restrictions listed below.

SPECIFIC AGREEMENTS AND RESTRICTIONS

1. DEFINITIONS

- (A) Affordable Unit or Affordable Units mean a dwelling unit or sleeping unit provided for rent to an Eligible Household.
- (B) Agreement means this "Affordability Unlocked Land Use and Restrictions Agreement (Rental)" between the City, AHFC, and Norman.
- (C) Blanket Agreement means the "Blanket Affordability Unlocked Land Use and Restrictions Agreement dated May 30, 2023" between the City and AHFC.



- (D) Buyer means the entity or person who intends to hold a record ownership interest or receives a record ownership interest in the Property after the Effective Date of this Agreement.
- (E) Compliant Year means a continuous 12-month period where affordability requirements were met.
- (F) Duly Authorized Agent means a property manager, property management entity, and their agents.
- (G) Eligible Household means a household whose annual income does not exceed the applicable MFI.
- (H) Funding Program means a local, state, or federal program with identical or more restrictive affordability requirements or procedures and forms that apply to the Qualifying Development, including the federal low-income housing tax credit program (LIHTC).
- (I) Land Use Incentives mean the waivers, bonuses, modifications, or increases authorized by the Program.
- (J) Maximum Rent means the maximum rental rate which may be required to be paid by the tenant from time to time for an Affordable Unit, by bedroom count, published by the Department. If the Qualifying Development is participating in the LIHTC program, the maximum rental rate, by bedroom count, may not exceed 30% of the annual income limit for an Eligible Household, minus tenant paid utilities.
- (K) Median Family Income (MFI) means the median family income for the Austin statistical metropolitan area as determined by the director of the City's Housing Department. If the Qualifying Development is participating in the LIHTC program, Median Family Income (MFI) means the median family income for the Austin statistical metropolitan area adjusted for family size, as published from time to time by the United States Department of Housing and Urban Development (HUD).
- (L) Minimum Affordability Period means the minimum number of years the Affordable Units must be available to Eligible Households.
- (M) Property means the land described in **Exhibit A**.
- (N) If there is a ground lease, the term the Owner means each person or entity that holds the leasehold estate in the Property under the ground lease. If there is no ground lease, the term the Owner means each person or entity that owns the fee interest in the Property. In all cases, the term the Owner includes the Owner's successors and assignees, transferees, heirs, executors, administrators, or duly authorized agents. The term the Owner does not include persons or entities who/which hold an interest merely as security for the performance of an obligation. Except for Section 2(E)(ii), the term the Owner does not include persons or entities after they have ceased to hold a record ownership interest in the Property.
- (O) Qualifying Development means **5712 Jackie Robinson Street, Austin, Texas 78721**, a development accessing waivers and modifications of development regulations granted under a **Type 2** level of affordability.

2. GENERAL REQUIREMENTS



- (A) Recitals. The recitals set forth above are incorporated into this Agreement for all purposes.
- (B) Runs with the Property.
 - (i) This Agreement runs with the Property for the Minimum Affordability Period.
 - (ii) The Department will record this Agreement in the official real property records of Travis County, Texas, when the Agreement is executed by the parties.
 - (iii) If this Agreement is amended or terminated, the Department will record the amendment or termination.
- (C) Term of the Agreement.
 - (i) This Agreement remains in effect for the Minimum Affordability Period unless the City, its successor or assigns, executes an amendment or a termination to this Agreement.
 - (ii) The Minimum Affordability Period is 40 Compliant Years from the date the last certificate of occupancy is issued for the Qualifying Development.
 - (iii) In addition to the equitable remedies described in Section 4, if the Department is unable to confirm, for any reason, that the affordability requirements were met during any 12-month period, such 12-month period is a noncompliant year and may not be used to satisfy the Minimum Affordability Period.
- (D) Binds the Owner's Successors and Assigns.
 - (i) This Agreement is binding upon the Owner and the Owner's heirs, successors, and assigns in ownership of the Property or any portion thereof and is binding upon and inure to the benefit of the City and its successors and assigns.
 - (ii) The City reserves the right to designate another public agency to perform the City's obligations or to exercise the City's rights under this Agreement.
 - (iii) This Agreement is enforceable against a Buyer even if the Owner fails to notify the Buyer of this Agreement.
- (E) Assignment and Assumption & Amended and Restated.
 - (i) In the event of any sale, re-sale, or other transfer or disposition of the Property prior to the expiration of the term of this Agreement, as a condition of close of escrow or, if transferred without a closing, at the time of transfer or disposition:
 - (a) the Owner must require the Buyer or transferee to execute an Assignment and Assumption Agreement (Assignment) or an Amended and Restated Agreement (Amended and Restated) on a form approved by the City Attorney; and
 - (b) the Owner must provide the Department with a copy of the Assignment or Amended and Restated, as applicable, as set forth in Section 5(E).
 - (ii) If the Owner fails to assign or the Buyer fails to assume this Agreement (or the Owner and Buyer fail to enter into an Amended and Restated) before or at the transfer of the Property, this Agreement:
 - (a) remains binding upon the Owner until the Assignment or Amended and Restated is signed by both the Owner and the Buyer; and
 - (b) is binding upon the Buyer.
- (F) Affordable Units.



- (i) The Owner must set aside a minimum of **50%** of the total units as Affordable Units in the Qualifying Development.
- (ii) The Owner must set aside the following percentage of units for the following MFI:
 - (a) **20%** of the total units at or below **50% MFI**
 - (b) The remaining Affordable Units must satisfy the income, rent and other requirements imposed by the Affordability Unlocked program.
- (iii) The Owner must ensure that at least **50%** of the Affordable Units include 2 or more bedrooms.
- (iv) The Owner must ensure that rent levels for the Affordable Units are affordable to households whose incomes average **60% MFI** or below.
- (v) The Affordable Units may be floating or fixed as long as the unit mix continues to meet the requirements under the Affordability Unlocked Program.
- (G) Minimum Set-Aside Requirement. The Owner must ensure that the minimum percentage of Affordable Units is maintained throughout the term of this Agreement.
- (H) Rent Limits. The Owner may not charge more than the Maximum Rent for an Affordable Unit based on the MFI limitation stipulated in this Agreement.
- (I) Verification/Income Eligibility.
 - (i) The Owner must verify household income eligibility at the time of initial application and upon execution of each renewal.
 - (ii) Owner must collect and maintain the documentation necessary to determine income eligibility of the applicant(s) for a rental unit.
 - (iii) The Owner must require the applicant to declare all sources of regular continuing income for all adult household members.
 - (iv) Whenever household income must be verified, the Owner must use the income verification forms made available by the Department.
 - (v) The Owner must provide the Department with income verification forms when requested by the Department or the Department's agent.
- (J) Monitoring. The Owner must cooperate in the monitoring process and must comply with requests for information from the Department or the Department's agent.
- (K) Tenant File. The Owner must maintain a tenant file for each required Affordable Unit. The file, at a minimum, must contain the following and be retained on-site for a period of no less than 4 years after the date the lease has expired:
 - (i) rental application;
 - (ii) current lease and subsequent lease renewals;
 - (iii) income eligibility/verification forms, including source documentation and household income calculation;
 - (iv) annual, lease renewal income recertification, including income eligibility/verification forms, income source documentation and household income calculation;
 - (v) Department-approved Household Income Documentation Forms, which for the purposes of this Agreement include such forms as are required or permitted to be used under the LIHTC program;
 - (vi) HUD Median Family Income (MFI) Chart for original determination and subsequent renewals; and



- (vii) chart showing Maximum Rent, which was used for establishing original base rent and subsequent renewals
- (L) Affordable Unit Leases.
 - (i) The Owner must include the lease addendum and provisions attached to this Agreement as **Exhibit B** in the Owner's lease or rental agreements, unless the development of the Property is also financed with Rental Housing Development Assistance (RHDA) funds from AHFC, in which event, Owner must utilize the lease addendum and/or provisions required by the RHDA program
 - (ii) To comply with the City's affordability requirements, the term of each lease or rental agreement must be a minimum of 12 months.
 - (iii) The Owner must include the following requirements in each lease or rental agreement:
 - (a) provisions(s) that inform the applicant/tenant that the Owner relied on the income certification and supporting documents provided by the applicant/tenant that establish their eligibility for occupancy in one of the Affordable Unit(s);
 - (b) a statement that informs the applicant/tenant that any material misstatement in such certification (whether intentional or not) may be cause for immediate termination of the lease if the misstatement cannot be corrected and substantiated; and
 - (c) a statement that informs the applicant/tenant that their occupancy in one of the Affordable Units is subject to annual recertification.
- (M) Compliance with Fair Housing and Equal Opportunity Laws.
 - (i) The Owner must comply with applicable federal, state, and local fair housing and anti-discrimination laws in the marketing and provision of housing.
 - (ii) Occupants of Affordable Units must have access to all on-site amenities available to market-rate units, including the same access to common areas and facilities provided to occupants of market-rate units.
 - (iii) The Owner may not discriminate on the basis of an individual's source of income, which means lawful, regular, and verifiable income including, but not limited to, housing vouchers and other subsidies provided by government or non-governmental entities, child support, or spousal maintenance, but does not include future gifts.
- (N) Affirmative Marketing of the Property. For purposes of initial rental of each Affordable Unit and for purposes of re-rental each time any Affordable Units becomes vacant, the Owner must advertise and market the Property to Eligible Households and encourage their participation in applying for and occupying an Affordable Unit. The Owner complies with this provision if the Owner follows any written guidance provided by the Department.

3. PROCESSES

- (A) Unless the Qualifying Development is also subject to a Funding Program, the Owner must use the procedures and forms promulgated by the Department to accomplish the following:
 - (i) determine household eligibility;



- (ii) calculate income;
 - (iii) document and verify income for rental housing; and
 - (iv) comply with monitoring processes.
- (B) If the Qualifying Development is subject to a Funding Program, the Owner must comply with the Funding Program to accomplish the following:
 - (i) determine household eligibility;
 - (ii) calculate income;
 - (iii) document and verify income for rental housing; and
 - (iv) comply with monitoring processes.
- (C) Remedial Actions.
 - (i) If the Department determines that the Owner has not met the Minimum Set-Aside Requirement or complied with this Section, the Owner will be given an opportunity to demonstrate compliance using facts and data.
 - (ii) If the Owner fails to demonstrate compliance, the Owner must be required to take any corrective or remedial action within the timeframes specified by the Department. The actions required and timeframes specified will be provided in writing by the Department.

4. EQUITABLE REMEDIES FOR BREACH

- (A) The Owner acknowledges and agrees that:
 - (i) the Affordable Units provided under this Agreement are of a unique and special character;
 - (ii) the affordability restrictions are reasonable in scope and necessary to protect the City's legitimate interests; and
 - (iii) a breach or threatened breach by the Owner of any of its obligations under this Agreement would give rise to irreparable harm to the City for which monetary damages would not be an adequate remedy.
- (B) The Owner acknowledges and agrees that if a breach or a threatened breach by the Owner of any such obligations occurs:
 - (i) the City will, in addition to any and all other rights and remedies that may be available to it at law, at equity or otherwise in respect to such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance, and any other relief that may be available from a court of competent jurisdiction, without any requirement to post a bond or other security, or prove actual damages or that monetary damages will not afford an adequate remedy; and
 - (ii) the Owner will not oppose or otherwise challenge the appropriateness of equitable relief or the entry by a court of competent jurisdiction of an order granting equitable relief, in each case, consistent with the terms of this Section.
- (C) The Owner acknowledges and agrees:
 - (i) that the failure to enforce any provision of this Agreement at any time does not constitute a waiver of the right thereafter to enforce this Agreement; and
 - (ii) not to oppose or otherwise challenge the City's right to enforce this Agreement even if the City failed to enforce this Agreement previously.



5. GENERAL PROVISIONS

- (A) Land Use Incentives.
- (i) This Agreement allows the Owner to utilize, for the Qualifying Development, one or more of the Land Use Incentives found in the following City Code sections:
 - (a) 25-2-518 (*Qualifying Development*);
 - (b) 25-2-534 (*Qualifying Development Exceptions*); and
 - (c) 25-6-471(J) (*Off-Street Parking Facility Required*)
 - (ii) A copy of the City Code sections, as they existed on the date of this Agreement, are attached to this Agreement as **Exhibit C** and describe the Land Use Incentives applicable to the Qualifying Development.
- (B) Notice of Duly Authorized Agent. The Owner must provide notice as set forth in Section 5(E) within three business days from the date the Owner:
- (i) contracts with a property management entity, and
 - (ii) designates an individual as the property manager.
- (C) Notice and Opportunity to Cure. If the Department determines the Owner is out of compliance this Agreement, the Department will send a Notice of Default and Opportunity to Cure (Cure Notice) to the Owner as set forth in Section 5(E). The Cure Notice will require the Owner to cure default within a specified period of time beginning from the date on the Cure Notice.
- (D) This Agreement does not create an employer/employee relationship, a partnership, joint enterprise, or joint venture between the parties.
- (E) Notices. All notices required under this Agreement must be in writing, which include email, sent to the Owner and the City at the address(es) set forth below.

For the Department: Housing Department
Attn: Real Estate Division Manager
P.O. Box 1088
Austin, TX 78767

With Copy to: City of Austin Law Department
P.O. Box 1088
Austin, TX 78767

For the AHFC: Austin Housing Finance Corporation
Attn: Real Estate
1000 E. 11th Street, Suite 200
Austin, Texas 78702

For Norman: AHFC-FC Norman Housing, LP
c/o Foundation Communities, Inc.
3000 S IH 35, Suite 300
Austin, Texas 78704
Attn: Walter Moreau



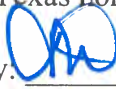
- (F) Authority. Each party to this Agreement hereby represents and warrants that each person executing this Agreement on behalf of a party has the right, power, legal capacity, and authority to enter into and perform under the Agreement, that no approval or consent of any other persons are necessary and that the Agreement constitutes a valid and binding obligation of such party, enforceable against such party.
- (G) Amendments. This Agreement may be modified only by a writing properly executed by each of the parties. Any modification or amendment of this Agreement is not binding on the parties unless made in writing and properly executed by each of the parties.
- (H) Governing Law and Venue.
 - (i) This Agreement is made under and is governed by the laws of the State of Texas, without regard to conflicts of laws principles which would apply the law of any other jurisdiction.
 - (ii) Venue for any dispute arising out of or concerning this Agreement, either administrative or judicial, is and lies exclusively in Travis County, Texas.
- (I) Severability. If a court of competent jurisdiction determines that a term or provision of this Agreement is void or unenforceable, the remainder of this Agreement remains effective to the extent permitted by law.
- (J) Effective Date. This Agreement commences on the date of execution by the last of the parties to sign this Agreement.
- (K) Counterparts. This Agreement may be executed in counterparts, each of which is considered an original and when the parties hereto have signed this Agreement is one and the same instrument.
- (L) **INDEMNIFICATION OF THE CITY. NORMAN MUST, AND DOES HEREBY, INDEMNIFY, PROTECT, DEFEND AND HOLD HARMLESS THE CITY, AND THE CITY'S AGENTS, EMPLOYEES, OFFICERS, SUCCESSORS, DESIGNEES AND ASSIGNS, FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, LIABILITIES, OBLIGATIONS, LOSSES, CAUSES OF ACTION, PENALTIES, COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND COURT COSTS) ARISING DIRECTLY OR INDIRECTLY FROM THE PROVISIONS IN THIS AGREEMENT. NORMAN HEREBY ASSUMES ALL RISK OF DAMAGE TO PROPERTY OR INJURY TO PERSONS IN, ON OR ABOUT THE PROPERTY, FROM ANY CAUSE, AND THE DEVELOPMENT OWNER AND THE OPERATOR HEREBY WAIVE ALL CLAIMS IN RESPECT THEREOF AGAINST THE CITY, AND THE CITY'S RESPECTIVE OFFICIALS, AGENTS, EMPLOYEES, OFFICERS, SUCCESSORS, DESIGNEES AND ASSIGNS.**
- (M) Release of Blanket Agreement. By separate instrument, the City and AHFC agree to release the Property from the Blanket Agreement.

{signatures follow}



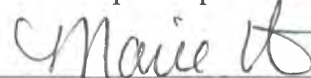
THE CITY:

CITY OF AUSTIN,
a Texas home-rule municipal corporation

By: 
Veronica Briseño
Assistant City Manager

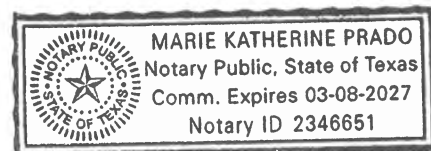
THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this the 11 day of
December 2023, by Veronica Briseño, Assistant City Manager of the City of Austin, a
Texas home-rule municipal corporation, on behalf of said municipal corporation.


NOTARY PUBLIC, State of Texas
Print Name: Marie Prado

APPROVED AS TO FORM:

By: M. Shannon Kackley
M. Shannon Kackley
Assistant City Attorney
City of Austin Law Department



{signatures follow}



AHFC:

AUSTIN HOUSING FINANCE CORPORATION,
a Texas public nonprofit corporation

By: 
Rosie Truelove
Treasurer

THE STATE OF TEXAS

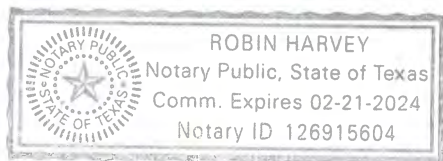
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COUNTY OF TRAVIS

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This instrument was acknowledged before me on this the 1 day of December 2023, by Rosie Truelove, Treasurer of the Austin Housing Finance Corporation, a Texas public nonprofit corporation, on behalf of said public nonprofit corporation.




NOTARY PUBLIC, State of Texas
Print Name: Robin Harvey

SEAL

{signature follows}



NORMAN:

AHFC-FC NORMAN HOUSING, LP,
a Texas limited partnership

By: AHFC NORMAN NON-PROFIT CORPORATION
a Texas nonprofit corporation,
its General Partner,

By: Mandy DeMayo
Mandy DeMayo
Secretary/Treasurer

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this the 1 day of December 2023, by Mandy DeMayo, Secretary/Treasurer of AHFC Norman Non-Profit Corporation, a Texas nonprofit corporation, General Partner of AHFC-FC Norman Housing, LP, a Texas limited partnership, on behalf of said limited partnership.



Robin Harvey
NOTARY PUBLIC, State of Texas

AFTER RECORDING RETURN TO:

Housing Department
1000 East 11th Street, Suite 200
Austin, TX 78702
Attn: Real Estate Division Manager



EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Tract 1:

Lot 2, Block A OF NORMAN COMMONS SUBDIVISION, a subdivision located in Travis County, Texas, according to the Map or Plat thereof recorded in/under County Clerk's File No. 202300220 of the Official Public Records of Travis County, Texas.

Tract 2:

Joint Use Access Easement executed by Austin Housing Finance Corporation, a Texas Public Nonprofit Corporation, dated November 17, 2023, filed of record November 17, 2023 in/under County Clerk's File No. 2023130323 of the Official Public Records of Travis County, Texas.



EXHIBIT B

LEASE ADDENDUM

Exhibit C
Affordability Unlocked Agreement
5712 Jackie Robinson Street, Austin, Texas 78721

**TENANT PROTECTION LEASE ADDENDUM
FOR CITY OF AUSTIN-ASSISTED PROPERTIES**

1. This Lease Agreement Addendum ("Addendum") is an addendum to the Lease Agreement (herein referred to as the "Lease Agreement"), entered into on [Date] between [Landlord Name] (herein referred to as "Owner") and [Tenant Name] (herein referred to as "Tenant") for the leasing of the premises at [Address], Austin, Texas [Zip Code] (herein referred to as "the Property"). The term "Owner" includes Owner's agent(s).
2. Except when conflicting with a HUD model lease, the provisions of this Addendum replace any conflicting provisions contained in the Lease Agreement. To the extent any conflict exists between the Lease Agreement and this Addendum, the provisions of this Addendum shall govern.
3. The provisions of this Addendum shall apply during the entirety of a tenancy, including month-to-month tenancies and any holdover tenancy.
4. **Prohibited Lease Terms.** The Owner and Tenant agree that the following provisions, if included in the Lease Agreement, shall be null and void and unenforceable:
 - 4.1. Any and all provisions in the Lease Agreement that require the Tenant to agree to waive any judicial or administrative proceeding, to admit guilt, or to a judgment in favor of the Owner in a lawsuit brought in connection with the lease or the Property.
 - 4.2. Any and all provisions in the Lease Agreement that allow the Owner to take, hold, or sell personal property of the Tenant or household members without written notice to the Tenant and a court decision on the rights of the parties except when the property remains in the unit after the Tenant has moved out of the unit and the property is disposed of in accordance with State law.
 - 4.3. Any and all provisions in the Lease Agreement that excuse the Owner from legal responsibility or liability for any action or failure to act, whether intentional or negligent.
 - 4.4. Any and all provisions in the Lease Agreement that allow the Owner to institute an eviction lawsuit against the Tenant without notice to the Tenant.
 - 4.5. Any and all provisions in the Lease Agreement that allow the Owner to evict the Tenant or household members without instituting a civil court proceeding in which the Tenant is provided the opportunity to present a defense or before a court decision on the rights of the parties.
 - 4.6. Any and all provisions in the Lease Agreement that require the Tenant to waive a trial by jury.
 - 4.7. Any and all provisions in the Lease Agreement that require the Tenant to waive any right to appeal or to otherwise challenge, in court, a court decision connected to the Lease Agreement, this Addendum, or the Property.
 - 4.8. Any and all provisions in the lease agreement that require the Tenant to pay the costs of legal actions, regardless of outcome. This includes any agreement by the Tenant to pay attorney's fees or other legal costs even if the Tenant wins in a court proceeding instituted by the Owner against Tenant. This does not include a provision of the Lease Agreement that obligates the Tenant to pay such costs if the Tenant loses in court.

- 4.9. Any and all provisions in the Lease Agreement that require the Tenant to waive the right to participate in a class action or collective action against the Owner.
- 4.10. Any and all provisions in the Lease Agreement that require the Tenant (other than a tenant in transitional housing) to accept supportive services.
- 4.11. Any and all provisions in the Lease Agreement that require the Tenant to allow the Owner to enter the Tenant's unit with less than twenty-four (24) hours' notice, except as provided in Sections 6.3 and 6.4.
- 4.12. Any and all provisions in the Lease Agreement that require the Tenant to pay initial charges and/or fees for late payments that total more than five (5) percent of the amount of rent paid by the Tenant for the rental period or cumulative charges and/or fees for late payments that total more than ten (10) percent of the amount paid by the Tenant for the rental period.
- 4.13. Any and all provisions in the Lease Agreement that allow the Owner to terminate a tenancy for failure to pay fees and fines other than rent. This section also prohibits provisions that allow the Owner to allege that the Tenant owes rent because the Tenant allegedly owes other fees or fines to the Owner.
- 4.14. Any and all provisions in the Lease Agreement that presume the Tenant is responsible for causing any conditions that necessitate repairs or pest treatments. This prohibition does not preclude property managers from investigating conditions that necessitate repairs or pest treatments and, based upon factual evidence of gross negligence, assigning responsibility.
- 4.15. Any and all provisions in the Lease Agreement that prohibit overnight guests who stay on the Property for seven or fewer consecutive nights. This limitation does not apply to a guest who is legally prohibited from entering the Property.
- 4.16. Any and all provisions in the Lease Agreement that prohibit rental payments by money order, cashier's check, or check; and any and all provisions in the Lease Agreement that require the Tenant to pay an additional fee (or fees) because the Tenant uses a money order, cashier's check, or check to pay rent. An Owner may refuse to accept a rental payment by check only after one or more of the Tenant's checks are returned because of insufficient funds.

5. Termination of Tenancy:

- 5.1. Grounds for termination or nonrenewal. Owner may terminate the tenancy or refuse to renew the lease of a Tenant only in the event of:
 - 5.1.1. serious or repeated violations of the terms and conditions of the Lease Agreement (*e.g.*, failure to pay rent; criminal activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents; willful and repeated destruction of rental property or property of other residents); or
 - 5.1.2. violations of applicable Federal, State, or local laws; or
 - 5.1.3. completion of tenancy period for transitional housing; or
 - 5.1.4. the temporary or permanent uninhabitability of the Property justifying relocation of all or some of the Property's tenants (except where such uninhabitability is caused by the actions or inactions of the Owner). Relocation on this ground shall trigger the Relocation provisions in Section 11, except in cases where the property becomes uninhabitable due solely to the Tenant's gross negligence.

5.2. Notices.

5.2.1. 30-day Notice.

5.2.1.1. **Notice of Termination.** To terminate or nonrenew the lease, Owner shall serve written notice upon the Tenant specifying the grounds for the termination or nonrenewal at least 30 days before the effective date of the termination or nonrenewal, unless the termination is based on serious violent criminal activity that poses an immediate threat to the safety of staff or other residents. The notice to terminate or nonrenewal shall be served on the Tenant by either: (1) both first class mail and either certified or registered mail; and (2) by personal delivery to the Tenant or a household member eighteen years or older.

5.2.1.2. **Opportunity to Discuss.** The written notice required by 5.2.1.1. shall also inform Tenant of the right to discuss with the Owner the proposed termination or non-renewal of tenancy. The notice must give Tenant at least ten days from the date of the notice to request a meeting with the Owner. If the Tenant makes a timely request, the Owner agrees to meet with the Tenant and to discuss the proposed termination or nonrenewal.

5.2.1.3. **Opportunity to Cure Lease Violations.** For termination or nonrenewal of tenancy due exclusively to serious or repeated lease violations (5.1.1), excluding drug activity or other serious criminal activity, the written notice required by 5.2.1.1. shall also inform Tenant of the opportunity to cure any alleged violation of the Lease Agreement. Tenant shall be provided no less than ten days from the date of the requested meeting with the Owner to cure any alleged violation of the Lease Agreement. Should the Tenant fail to make a timely request for a meeting, the opportunity to cure period begins on the date the notice to terminate or nonrenewal was received by the Tenant.

5.2.2. **Three-day Notice.** If the dispute is not resolved and the Tenant does not vacate the premises by the effective date of the termination as set forth in the notice of lease termination required by 5.2.1.1., Owner shall give the Tenant at least three days written notice to vacate the premises. If the Tenant does not vacate the premises by the end of the third day, Owner may then proceed to obtain possession by a forcible entry and detainer lawsuit in the appropriate Justice of the Peace court.

5.2.3. Failure to Follow Notice Procedure.

5.2.3.1. Except for a termination based on serious violent criminal activity that poses an immediate threat to the safety of staff or other residents, for which neither a 30-day notice nor a three-day notice is required, the Owner agrees that providing the 30-day and three-day notices are conditions precedent to filing a forcible entry and detainer lawsuit.

5.2.3.2. The Owner agrees that it is the burden of the Owner to show, as an element of its eviction case, that all applicable notice procedures were followed, and that termination of tenancy is not effective unless notice procedure is followed correctly.

5.2.3.3. The Owner waives the right to challenge a Tenant's request to dismiss the forcible entry and detainer lawsuit for failure to comply with the notice procedures.

5.2.3.4. The Owner waives the right to appeal to a dismissal of the forcible entry and detainer lawsuit for a failure to comply with the notice procedures.

6. **Entry into Unit.** Owner, Owner's representative, or maintenance staff may enter the unit during reasonable times for any reasonable business purposes after providing to the Tenant at least twenty-four- (24) hours' notice and a reasonable window of time for entry, except in case of emergency as provided in 6.3 and 6.4.

- 6.1. Whenever the Tenant or a member of the Tenant's household who is 18 years of age or older is not present in the unit at the time of entry, the Owner must provide written documentation in the unit that states the purpose of entry, the time of entry, and who entered.
- 6.2. The Owner agrees to avoid entering the unit so frequently as to seriously disturb the Tenant's peaceful enjoyment of the unit.
- 6.3. In this provision, the term "emergency" does not include every repair the Tenant requests from the Owner. The Tenant agrees that the Owner may enter the unit without 24-hours' notice if:
 - 6.3.1. the Tenant affirmatively waives the notice requirement; or
 - 6.3.2. the Owner believes, in good faith, that an emergency exists that creates either an imminent danger to the Tenant or other resident of the community, or an immediate threat of irreparable damage to the unit or other unit on the property.
- 6.4. This section does not require the Owner to provide specific notice before entering the Tenant's unit to post a Notice to Vacate, as authorized by the Texas Property Code or to deliver a lease violation / an opportunity to cure or a notice of termination as required by this addendum.
7. **Remediation of Hazardous Health Conditions.** The Owner shall address and remediate hazardous health conditions, including but not limited to mold in indoor areas, in a timely manner, which is presumed to be seven (7) days from the receipt of notice about the condition. The Owner may rebut this presumption by establishing that the condition was remediated in a timely manner, is in the process of being remediated in a timely manner, or that the Owner has implemented a timely plan for remediation, based on the specific facts of the condition and the remediation.
8. **Cost of Repairs.**
 - 8.1. The Owner may charge Tenant for repairs made to the unit if the damage is caused by the gross negligence of the Tenant or guests of the Tenant and the damage does not constitute normal wear and tear. If the Owner intends to charge the Tenant for the repair, prior to making the repair, the Owner must give the Tenant written notice that includes the estimated costs.
 - 8.2. Upon the Tenant's request, the Owner must provide Tenant with an invoice for the cost of the repairs that are made to the Tenant's unit or otherwise charged to the Tenant.
 - 8.3. The Owner agrees that the Tenant may dispute the necessity and extent of the repairs. If the Tenant disputes the repair, the Owner agrees to provide reasonable evidence of the need.
 - 8.4. Tenant and Owner may agree to a payment plan for any necessary repairs to be charged to the Tenant. Payment of repairs shall not be connected to nor supersede rent payment. Failure to comply with any agreed upon payment plan shall not constitute grounds for termination or nonrenewal under Section 5.1.
 - 8.5. **Remedy for Damages for Repair Costs ("Repair Damages").** In the event Tenant fails to pay the cost of repairs as agreed, the Owner may either withhold a portion or all of the Tenant's security deposit upon move-out or file suit for damages in a court of competent jurisdiction.
 - 8.5.1. The Owner agrees that its repair damages are limited to actual damages.
 - 8.5.2. If the Owner files a lawsuit to recover repair damage, the parties agree that the:
 - 8.5.2.1. Owner may seek reasonable attorney's fees and courts costs; and

8.5.2.2. Tenant may take up to 30 days from the date the judgment is entered to pay the damages awarded by the court.

8.5.3. Except as provided in Subsection 5.1., the Owner agrees not to seek to evict solely because the Tenant failed to pay for alleged repair damages.

9. Relocation.

9.1. Relocation Assistance.

9.1.1. Owner agrees to provide relocation assistance to Tenant if Tenant is required to vacate the unit, permanently or temporarily, due to repair, transfer, sale, or renovation of the unit or Property. If uninhabitability is caused solely by the willful or negligent act of the Tenant, Owner is not required to provide relocation assistance or a Right of Return as provided in Section 9.2.

9.1.2. Relocation assistance includes moving expenses (actual and anticipated expenses related to moving Tenant, Tenant's household members, and their personal property), utility connection fees, non-refundable deposits, and rent increases at a temporary unit during the relocation period. Relocation assistance shall be scaled to the applicable timeframe for the relocation. Where the relocation extends less than 30 days, assistance may only be required for temporary accommodations.

9.1.3. The Owner agrees that the payment for a permanently displaced Tenant is the amount necessary to enable the Tenant to lease or rent a comparable dwelling for up to 42 months, as set forth in the Uniform Relocation Assistance and Real Property Acquisition Policies of 1970 ("URA").

9.2. Right to Return. If the Tenant is relocated because of renovations or repairs at the Property, Owner agrees to provide the Tenant the opportunity to return to their original unit or a comparable unit at the same property. A comparable unit has the same number of bedrooms or equivalent square footage. The Tenant's right to return lasts for one year from the date of completion of the renovations or repairs to the Tenant's unit or the completion of the Tenant's lease at another property, whichever is earlier.

10. Tenant's Right to Conduct Activities related to a Tenant Organization.

10.1. The Owner agrees each tenant may conduct activities on the Property related to establishing or operating a tenant organization, including hosting a tenant organizer at the property.

10.2. If requested, the Owner agrees to meet with Tenant and a member of a tenant organization during regular business hours to discuss matters related to the Tenant's unit or the Property as a whole.

10.3. The Owner may not retaliate against a Tenant or Tenant's guests because the Tenant or the Tenant's guest established, attempted to establish, or participated in a tenant organization.

10.4. The Owner agrees that the Tenant may have access to all common areas, including any community room, for tenant organization activities, the Owner may not impose fees or rules that are not applicable to a tenant who accesses a common area for activities that do not include tenant organization activities.

11. Tenant's Right to Access Tenant File

11.1. The Owner agrees the Tenant is entitled to review and copy any documents that the Tenant signed, including a rental application, the Lease Agreement, or this Addendum; and to review and copy any documents that relate to the Owner's reason for terminating or non-renewal of tenancy, including the payment ledger.

- 11.2. The Owner may redact documents if the Owner reasonably believes that redaction is necessary to protect the health and safety of staff or other residents and may redact if redactions are required by law. The Owner may not redact any document signed by the Tenant.
12. **Tenant Agreement to Provide Requested Information.** The Tenant understands that the unit leased under the Lease Agreement has received governmental subsidies and that, as a condition of the governmental subsidy, the Tenant is required and hereby agrees to provide Owner with any information and sign such releases which are necessary to allow Owner to verify the Tenant's income and otherwise comply with government rules and regulations. The Tenant agrees to provide Owner accurate and complete information regarding the Tenant's income and to do so by the date specified in Owner's request. The Tenant understands that the intentional failure to supply accurate and complete information regarding Tenant's income shall constitute a serious lease violation. All Tenant files will be available for inspection by all applicable federal, state, and local agencies. The Tenant hereby consents to release of all such information by Owner to governmental agencies.
13. **Copies of Lease Agreement.** Owner agrees to provide Tenant a copy of the Lease Agreement and this Addendum in the language in which the lease was negotiated. Owner also agrees to provide Tenant a copy of any other rules or policies issued by Owner that govern the Tenant's conduct at the Property. Owner agrees to attach a copy of this Addendum to any petition filed in an eviction proceeding against the Tenant. Owner agrees that Owner's failure to provide a copy of this Addendum to the Tenant or to the Court shall be cause for dismissal without prejudice of any eviction lawsuit filed by the Owner.
14. This Addendum is deemed to have been made in compliance with all applicable State and local laws, and if any section or part is not lawful, only that section or part shall be void, and the balance of the Addendum shall remain in full force and effect.

BY:

Owner's Representative Date

Tenant Date

LANDLORD: THIS DOCUMENT MUST BE ATTACHED TO EACH AND EVERY LEASE SIGNED DURING THE AFFORDABILITY PERIOD, INCLUDING LEASE RENEWALS.



EXHIBIT C

CITY CODE SECTIONS IN EFFECT ON DATE OF AGREEMENT

ORDINANCE NO. 20190509-027

AN ORDINANCE AMENDING CITY CODE TITLE 25 (*LAND DEVELOPMENT CODE*) CREATING A RESIDENTIAL AFFORDABLE HOUSING DEVELOPMENT BONUS PROGRAM; WAIVING, MODIFYING, AND ESTABLISHING REQUIREMENTS; CREATING AN OFFENSE; AND ESTABLISHING A PENALTY.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. FINDINGS.

The council finds the following:

- (1) The Strategic Housing Blueprint (Blueprint) establishes a City-wide goal to produce a total of 135,000 new units with a goal of at least 60,000 new income restricted units by 2027.
- (2) There is a need for affordable housing of all types throughout the City including, but not limited, to single family, duplex, townhome, condominium, and multi-family.
- (3) The City is dedicated to finding creative, innovative solutions to address the City's affordable housing crisis, to create more affordable housing, to increase the effectiveness of public dollars used for affordable housing, and to meet the goals of the Blueprint.
- (4) In November 2018, voters approved \$250 million for affordable housing. Additionally, 4% and 9% Low Income Housing Tax Credits (LIHTC) are popular financing tools to create affordable housing and require at least 50% of a development's dwelling units to serve households that average 60% median family income.
- (5) This city-wide program, which was initiated in Resolution No. 20190221-027, is necessary to encourage the development of affordable housing throughout the City.

PART 2. City Code Chapter 25-1, Article 15 (*Housing*) is amended to add a new Division 4 (*Affordability Unlocked Bonus Program*) to read as follows:

Division 4. Affordability Unlocked Bonus Program.

§ 25-1-720 PURPOSE, APPLICABILITY, SHORT TITLE, AUTHORITY, AND CONFLICT.

- (A) The purpose of this division is to establish a voluntary affordable housing bonus program that allows for increased density for residential dwelling units.
- (B) This division applies within the zoning jurisdiction.
- (C) This division may be cited as "Affordability Unlocked Bonus Program".
- (D) The director may adopt, implement, and enforce:
 - (1) program guidelines; and
 - (2) administrative rules in accordance with Chapter 1-2 (*Administrative Rules*).
- (E) A provision of this title that is specifically applicable to a qualifying development governs over a conflicting provision of this title.

§ 25-1-721 DEFINITIONS.

In this division,

- (1) **GOVERNMENT-OPERATED AFFORDABLE HOUSING PROGRAM** means a program operated by a federal, state, or local department that provides financial or other form of subsidy for the purpose of providing affordable housing.
- (2) **HOUSING FOR OLDER PERSONS** means housing for households with at least one individual who is at least 62 years of age at the time of initial occupancy.
- (3) **MFI** means median family income for the Austin metropolitan statistical area.
- (4) **QUALIFYING DEVELOPMENT** means a development certified under Section 25-1-724 (*Certification*) and participating in the Affordability Unlocked Bonus Program.
- (5) **SLEEPING UNIT** means a bedroom in a structure that serves as a dwelling unit for seven or more unrelated individuals who share amenities, such as a kitchen, bathrooms, or living areas.
- (6) **SUPPORTIVE HOUSING** means housing that includes non-time-limited affordable housing assistance with wrap-around supportive

services for individuals experiencing homelessness, as well as other individuals with disabilities.

§ 25-1-722 ELIGIBILITY.

(A) A proposed development qualifies as a Type 1 development and is eligible for this program if:

(1) it includes:

- (a) a minimum of three dwelling units,
- (b) only affordable dwelling units; or
- (c) one or more structures that serve as a dwelling unit for seven or more unrelated individuals who share amenities, such as a kitchen, bathrooms, or living areas;

(2) at least 25 percent of the affordable dwelling units include two or more bedrooms, supportive housing, housing for older persons, or any combination of the three;

(3) not more than 25 percent of the proposed development's gross floor area is for commercial uses;

(4) it is new construction, it is redevelopment of a site without existing multi-family structures, or the existing development on the site complies with the requirements in Subsection (D); and

(5) it meets the requirements set forth in Section 25-1-723 (*Affordability Requirements*).

(B) Except for a proposed development participating in a government-operated affordable housing program with stricter requirements, the applicant for a proposed rental development:

(1) shall incorporate lease provisions that are consistent with:

- (a) the U.S. Department of Housing and Urban Development (HUD) Section 8 Tenant-Based Assistance Housing Choice Voucher (HCV) Program related to the termination of tenancy by owner;
- (b) any lease addendum required as a condition to receive city or Austin Housing Finance Corporation (AHFC) funds; and
- (c) 24 C.F.R. § 245.100 related to a tenant's right to organize; and

- (2) may not discriminate on the basis of an individual's source of income as defined in Section 5-1-13 (*Definitions*).
- (C) A proposed development qualifies as a Type 2 development and is eligible for additional bonuses if it meets the standards imposed in Subsections (A) and (B) plus one or more of the following:
 - (1) at least 50 percent of the affordable dwelling units include two or more bedrooms;
 - (2) for a rental development:
 - (a) at least 75 percent of the total units or sleeping units serve households whose incomes average 60 percent MFI or below, rounded up to the nearest unit or sleeping unit; or
 - (b) at least 10 percent of the affordable units or sleeping units serve households with incomes of 30 percent MFI or below, rounded up to the nearest unit or sleeping unit; or
 - (3) for an owner-occupied development, at least 75 percent of the owner-occupied dwelling units or sleeping units serve households whose incomes average 80 percent MFI or below; or
 - (4) is located within $\frac{1}{4}$ mile of an activity corridor designated in the Imagine Austin Comprehensive Plan and is served by a bus or transit line.
- (D) A proposed development that will require the applicant to redevelop or rebuild an existing multi-family structure is eligible for this program if:
 - (1) the proposed development meets the standards imposed in Subsections (A) and (B);
 - (2) the existing multi-family structure requires extensive repairs and for which rehabilitation costs will exceed 50 percent of the market value, as determined by the building official;
 - (3) the proposed development will replace all existing units that were affordable to a household earning 80 percent MFI or below in the previous year and have at least as many bedrooms;
 - (4) the applicant provides current tenants with:
 - (a) notice and information about the proposed development on a form approved by the director; and

- (b) relocation benefits that are consistent with Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 42 U.S.C.A. 4601, *et seq.*; and
- (5) the applicant grants current tenants the option to lease a unit of comparable affordability and size following completion of redevelopment.

§ 25-1-723 AFFORDABILITY REQUIREMENTS.

- (A) An applicant complies with the requirements in this section if the applicant participates in a government-operated affordable housing program that imposes, at a minimum, the same affordability requirements.
- (B) A rental development must comply with at least the following:
 - (1) at least 50 percent of the total units or sleeping units serve households whose incomes average 60 percent MFI or below; and
 - (2) at least 20 percent of the total units or sleeping units serve households with incomes of 50 percent MFI or below.
- (C) Except for a Type 2 owner-occupied development that complies with the requirements in Section 25-1-722(C)(3), at least 50 percent of the owner-occupied dwelling units or sleeping units must serve households whose incomes average 80 percent MFI or below.
- (D) If the number of units required in this section include less than a whole unit, the unit number is rounded up to the nearest whole unit.
- (E) The minimum affordability period for a rental development is the greater of the affordability period required for development receiving city or Austin Housing Finance Corporation (AHFC) funds or 40 years following the issuance of the last certificate of occupancy required for the qualifying development.
- (F) The minimum affordability period for an owner-occupied dwelling unit is 99 years following the issuance of a certificate of occupancy for the owner-occupied dwelling unit.
- (G) In a multi-phased qualifying development, the director may begin the minimum affordability period upon the issuance of the last certificate of occupancy for each phase.

§ 25-1-724 CERTIFICATION.

- (A) If the director certifies that a proposed development meets the requirements of this division, the accountable official is authorized to process a development application as a qualifying development.
- (B) Before the director may certify that a proposed development meets the requirements of this division, the applicant shall execute:
 - (1) an agreement to preserve the minimum affordability period and related requirements imposed by this division; and
 - (2) a document for recording in the real property records that provides notice of or preserves the minimum affordability requirements imposed by this division.
- (C) The form of the documents described in Subsection (B) must be approved by the city attorney.
- (D) The director may certify an applicant who complies with the requirements in Subsection (B) because the applicant participates in a government-operated affordable housing program that imposes, at a minimum, the same affordability requirements.

§ 25-1-725 POST-CONSTRUCTION REQUIREMENTS AND PENALTY.

- (A) For a rental development, the property owner or the property owner's agent shall provide the director with information that allows the director to verify compliance with the affordability requirements. The information shall be provided on an annual basis and on a form approved by the director.
- (B) If, for any reason, the director is unable to confirm that the affordability requirements were met during any 12-month period, the preceding 12 months may not be used to satisfy the minimum affordability requirements in Section 25-1-723 (*Affordability Requirements*).
- (C) An applicant complies with the requirements in this section if the applicant complies with monitoring and income verification requirements that are imposed and enforced as part of a government-operated affordable housing program.
- (D) A person commits an offense if the person fails to comply with the requirement in Subsection (A). A culpable mental state is not required, and need not be proved. A person commits a separate offense for each day the

person fails to provide the documentation. Each offense is punishable by a fine not to exceed \$500.

PART 3. City Code Chapter 25-2, Subchapter C, Article 2, Division 2 (*Requirements for All Districts*) is amended to add a new Section 25-2-518 (*Qualifying Development*) to read as follows:

§ 25-2-518 QUALIFYING DEVELOPMENT.

- (A) In this section, a qualifying development is a development certified under Section 25-1-724 (*Certification*) and participating in the Affordability Unlocked Bonus Program.
- (B) Notwithstanding any ordinance or City Code provision to contrary, a qualifying development is a permitted use under Section 25-2-491 (*Permitted, Conditional, and Prohibited Uses*) in:
 - (1) a residential base zoning district;
 - (2) a commercial base zoning district;
 - (3) a special purpose base zoning district, except on a site designated:
 - (a) agricultural (AG),
 - (b) aviation (AV); or
 - (4) a combining and overlay district.
- (C) No more than 25 percent of the gross floor area of the qualifying development may be comprised of commercial uses. The permitted commercial uses are determined using the base zoning district.
- (D) A qualifying development is not required to comply with:
 - (1) the height and setback requirements of Article 10 (*Compatibility Standards*) except to maintain side setbacks as required by the base zoning district;
 - (2) the maximum floor-to-area ratio for the applicable base zoning district under Section 25-2-492 (*Site Development Regulations*);
 - (3) Subchapter F (*Residential Design and Compatibility Standards*) except to maintain side setbacks as required by the base zoning district;
 - (4) Section 25-2-773 (*Duplex Residential Use*); or
 - (5) minimum site area requirements.

(E) This subsection applies to a qualifying development located in urban residence (SF-5) or more restrictive zoning district and the height of the development exceeds 35 or three stories.

(1) A qualifying development must comply with:

- (a) Section 25-2-1066 (*Screening Requirements*); and
- (b) Subsections (A) and (B) in Section 25-2-1067 (*Design Regulations*).

(2) A person must enclose a refuse receptacle, including a dumpster.

(3) The location of and access to a refuse receptacle is subject to review and approval by the accountable official.

(4) A person may not collect or allow another to collect refuse receptacles between 10:00 p.m. and 7:00 a.m.

PART 4. City Code Chapter 25-2, Subchapter C, Article 2, Division 3 (*Exceptions*) is amended to add a new Section 25-2-534 (*Qualifying Development Exceptions*) to read as follows:

§ 25-2-534 QUALIFYING DEVELOPMENT EXCEPTIONS.

(A) In this section, a qualifying development is a development certified under Section 25-1-724 (*Certification*) and participating in the Affordability Unlocked Bonus Program.

(B) A qualifying development is not subject to Section 25-2-511 (*Dwelling Unit Occupancy Limit*).

(C) Minimum lot size for a qualifying development is 2,500 square feet.

(D) Minimum lot width for a qualifying development is 25 feet.

(E) A Type 1 development may:

- (1) construct to a height that is the applicable base zoning district height limit multiplied by 1.25;
- (2) reduce front yard setbacks by 50 percent;
- (3) reduce rear setbacks by 50 percent; and
- (4) include six dwelling units if the existing zoning on the site is Single Family Residential Small (SF-4A), Single Family Residence Condominium Site (SF-4B), or more restrictive.

- (F) In addition to Subsection (E), a Type 2 development may:
- (1) construct to a height that is the applicable base zoning district height limit multiplied by 1.5; and
 - (2) include eight dwelling units if the existing zoning on the site is Single Family Residential Small (SF-4A), Single Family Residence Condominium Site (SF-4B), or more restrictive.
- (G) If a qualifying development is also eligible to utilize a separate density bonus program that grants density bonuses for the provision of affordable dwelling units or for the payment of a fee-in-lieu for affordable housing, then the qualifying development may comply with the least restrictive site development requirements if all affordable dwelling units are provided on-site.
- (H) A qualifying development will comply with impervious cover as allowed by zoning.

PART 5. City Code Section 25-6-471 (*Off-Street Parking Facility Required*) is amended to add new Subsections (I) and (J) to read as follows:

§ 25-6-471 OFF-STREET PARKING FACILITY REQUIRED.

- (I) In this section,
- (1) ACCESSIBLE SPACE means a parking space for an individual with a disability that complies with the Americans with Disabilities Act (ADA) and Fair Housing Act Amendments (FHAA), as appropriate; and
 - (2) QUALIFYING DEVELOPMENT means a development certified under Section 25-1-724 (Certification) and participating in the Affordability Unlocked Bonus Program.
- (J) A qualifying development is not required to comply with Appendix A of Chapter 25-6 (Transportation) but must comply with this section.
- (1) If the parking provided by a qualifying development with more than two units is fewer parking spaces than required in Appendix A (Tables of Off-Street Parking and Loading Requirements), the minimum number of required off-street accessible spaces is the greater of:
 - (a) one accessible parking space;

- (b) the number of accessible spaces required under the Building Code based on 100 percent of the parking required for the use under Appendix A (*Tables of Off-Street Parking and Loading Requirements*); or
- (c) the number of accessible spaces required under the ADA or the FHAA, as appropriate.
- (2) An accessible space must be adjacent to the site and on an accessible route.
- (3) An accessible parking space must comply with design, accessibility, and location requirements imposed by the ADA and the FFHA, as appropriate.
- (4) Accessible parking detailed in Subsection (J)(1) must be provided off-street except insofar as on-street or off-site parking is allowed elsewhere in this title.

PART 6. The city shall enter into an agreement with each qualifying development, whether or not supported with city investments, that will include at least the following provisions to ensure compliance with affordability requirements established in this program, as well as ongoing affordability:

- (1) for owner-occupied housing, granting the City a right of first refusal for purchase of the property upon sale;
- (2) provisions related to penalties for repeated violations; and
- (3) other options the city deems appropriate.

PART 7. The administrative rules implementing the Affordability Unlocked Bonus Program shall at a minimum establish:

- (1) rent level standards based on the different median family income (MFI) level targets and varying to reflect different unit types; and
- (2) determine income eligibility standards for renters and owners.

PART 8. This ordinance takes effect on May 20, 2019.

PASSED AND APPROVED

May 9, 2019

§
§
§


Steve Adler
Mayor

APPROVED:


Anne L. Morgan
City Attorney

ATTEST:

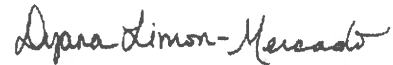

Jannette S. Goodall
City Clerk

RETURN

CARE OF RIGBY SLACK
3500 JEFFERSON STREET STE 330
AUSTIN, TX 78731



**FILED AND RECORDED
OFFICIAL PUBLIC RECORDS**


Dyana Limon-Mercado, County Clerk
Travis County, Texas

2023139269

Dec 14, 2023 03:48 PM

Fee: \$150.00

GARZAV

4g. SMART Housing



City of Austin

P.O. Box 1088, Austin, TX 78767
www.cityofaustin.org/housing

Housing and Planning Department S.M.A.R.T. Housing Program

8/8/2022

S.M.A.R.T. Housing Certification Foundation Communities Norman Crossing (ID 870)

TO WHOM IT MAY CONCERN:

Foundation Communities (development contact Walter Moreau; ph: (512) 610-4016; email: walter.moreau@foundcom.org) is planning to develop Norman Crossing, a 156-unit **rental** development at 3811 1/2 Tannehill Lane.

One hundred fifty-six (156) of the units will be leased to households at or below **80%** Median Family Income (MFI). The project will be subject to a minimum 5-year affordability period after issuance of a certificate of occupancy, unless funding requirements are longer.

The Housing and Planning Department (HPD) certifies the proposed project meets the S.M.A.R.T. Housing standards at the pre-submittal stage. Since 10% (16) of the units will serve households at 30% MFI, 50% (78) of the units will serve households at 50% MFI and 40% (62) of the units will serve households at 60% MFI the development will be eligible for 100% waiver of fees listed in Land Development Code, Chapter 25-1-704, as amended or other fees waived under a separate ordinance except for Austin Water Utility (AWU) Capital Recovery Fees. **This development is fully in accordance with the requirements under the Texas Local Government Code, Chapter 395.16(g) and 42 U.S.C. Section 12745 (A)(1) as it relates to how housing qualifies as affordable housing and therefore all of the units will be eligible to receive Austin Water Utility Capital Recovery Fee (CRF) waivers.** The expected fee waivers include, but are not limited to, the following fees:

AWU Capital Recovery Fees
Building Permit
Site Plan Review
Construction Inspection
Demolition Permit Fee

Concrete Permit
Electrical Permit
Subdivision Plan Review
Parkland Dedication Fee
(by separate ordinance)
Regular Zoning Fee

Mechanical Permit
Plumbing Permit
Zoning Verification
Land Status Determination
Building Plan Review

Prior to issuance of building permits and starting construction, the developer must:

- ◆ Obtain a signed Conditional Approval from the Austin Energy Green Building Program stating that the plans and specifications for the proposed development meet the criteria for a Green Building Rating. (Contact Austin Energy Green Building: 512-482-5300 or greenbuilding@austinenenergy.com).
- ◆ Submit plans demonstrating compliance with the required accessibility or visitability standards.

Before a Certificate of Occupancy will be granted, the development must:

- ◆ Pass a final inspection and obtain a signed Final Approval from the Green Building Program. (Separate from any other inspections required by the City of Austin or Austin Energy).

- ◆ Pass a final inspection to certify that the required accessibility or visitability standards have been met.
- ◆ An administrative hold will be placed on the building permit, until the following items have been completed: 1) the number of affordable units have been finalized and evidenced through a sealed letter from project architect and/or engineer, 2) a Restrictive Covenant stating the affordability requirements and terms has been filed for record at the Travis County Clerk Office.

The applicant must demonstrate compliance with S.M.A.R.T. Housing standards after the certificate of occupancy has been issued or repay the City of Austin, in full, the fees waived for this S.M.A.R.T. Housing certification.

Please contact me by phone 512.974.3462 or by email at nathan.jones@austintexas.gov if you need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nathan Jones', written over a horizontal line.

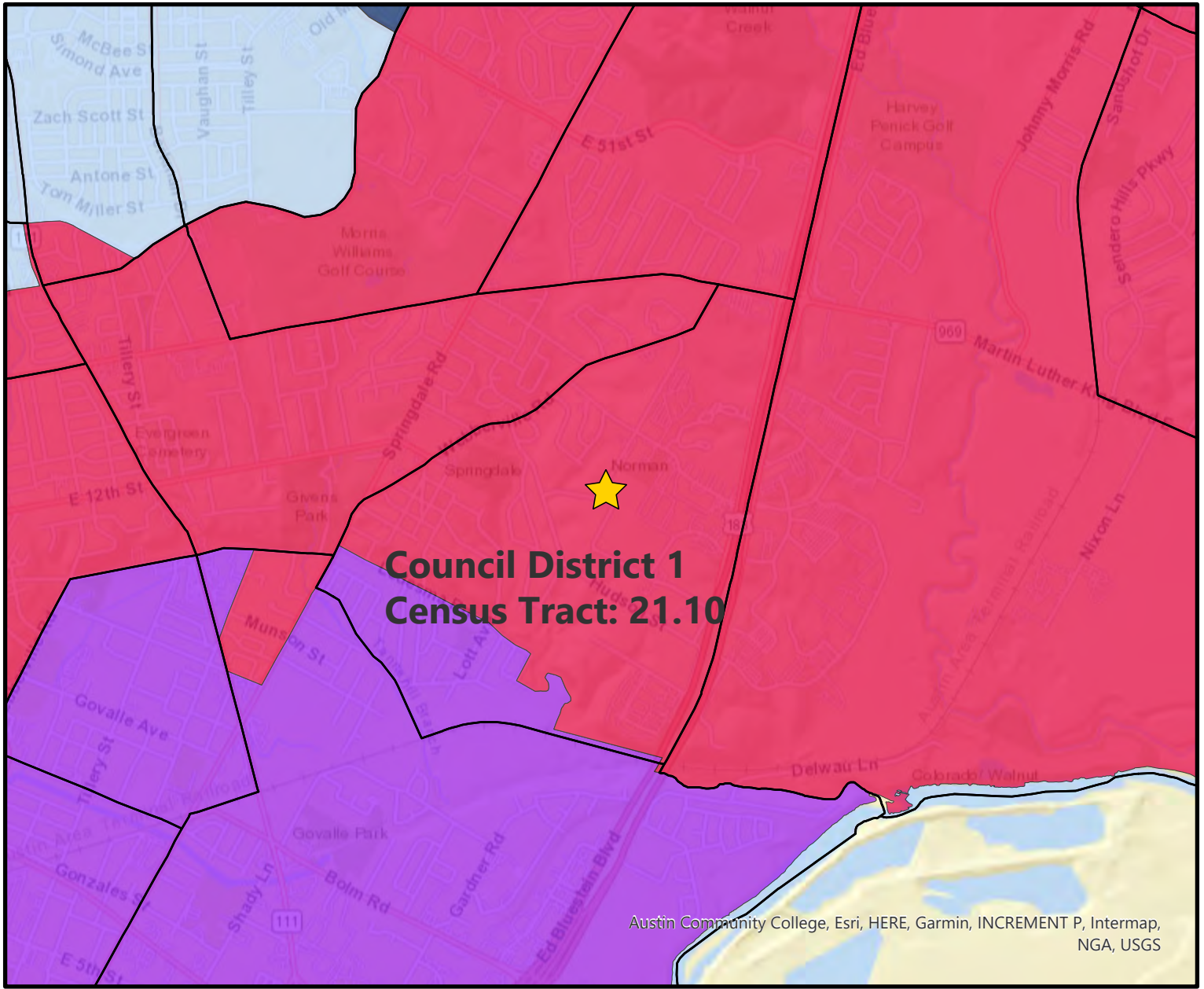
Nathan Jones, Project Coordinator
Housing and Planning Department

Cc: Kristin Martinez, AE

Jonathan Orenstein, AWU

Mashell Smith, ORS

5a. Maps



Property Label

Steward Agency: Steward Label

Managing Agency: Managing Label

Address: Address Label

Land Attributes: Land Label

ORES Management ID: ORES ID Label

ORES File Number: ORES File Label

Restrictions: Restrictions Label

Restrictions & Protection Comments: Comments Label

Land Classification: Classification Label

Land Category: Land Category Label

Approximate Acreage: Acreage Label

Appraisal District: Appraisal Label

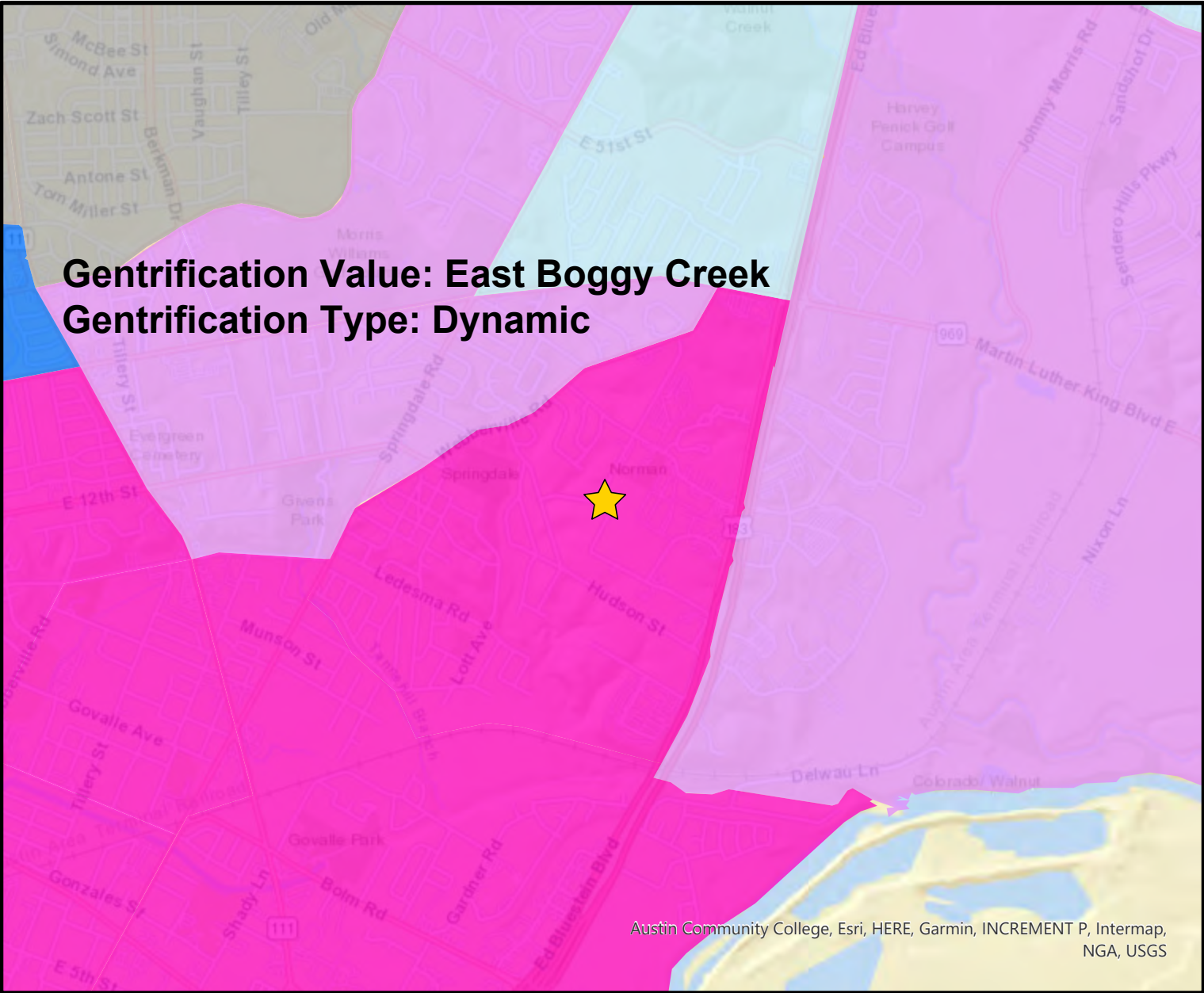
Appraisal District Property ID: Property ID Label

Maximo Asset Tracking Number: Maximo Label



This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries. This product has been produced by the City of Austin for the sole purpose of geographic reference. No warranty is made by the City of Austin regarding specific accuracy or completeness.





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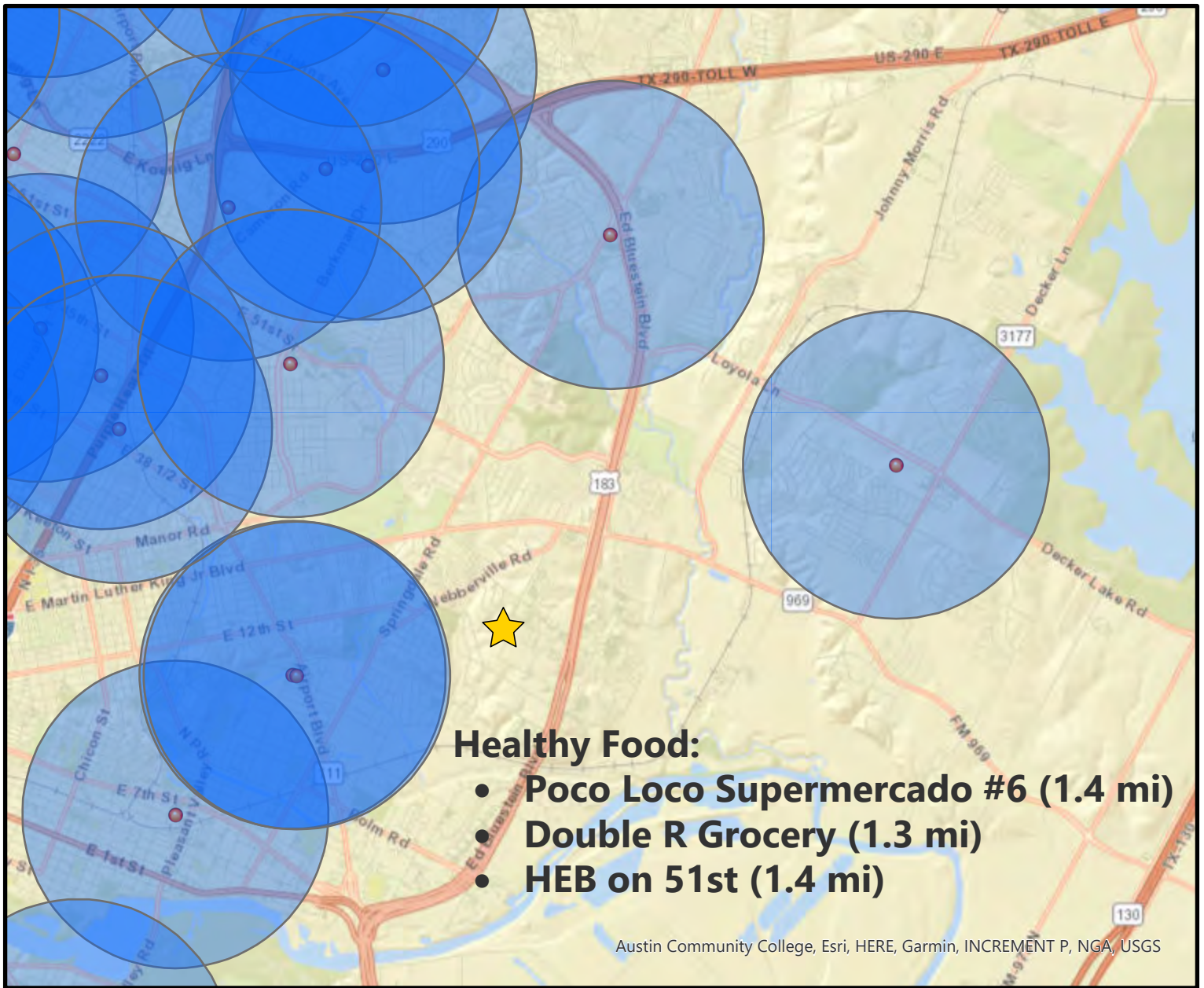
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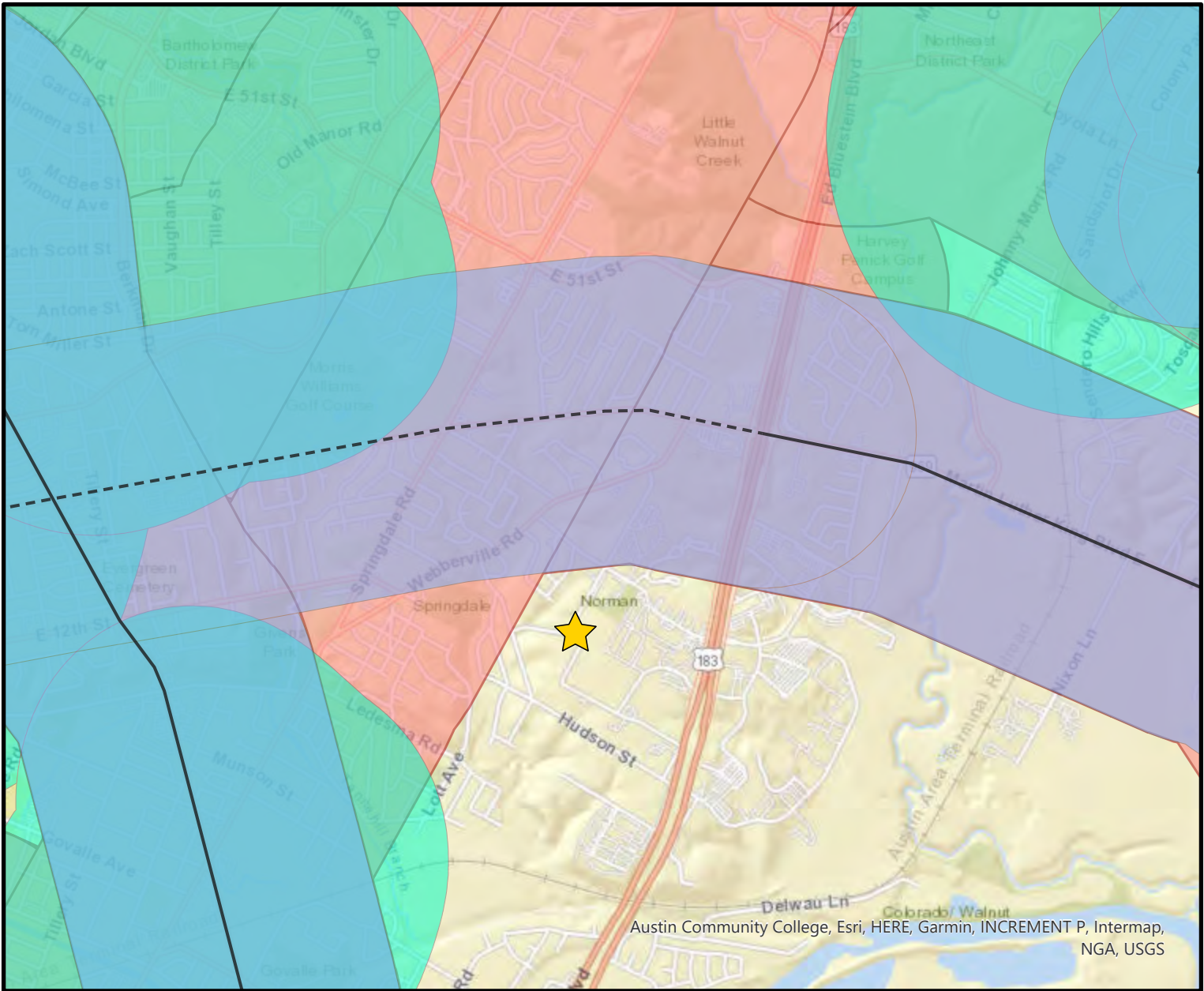
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Property Label

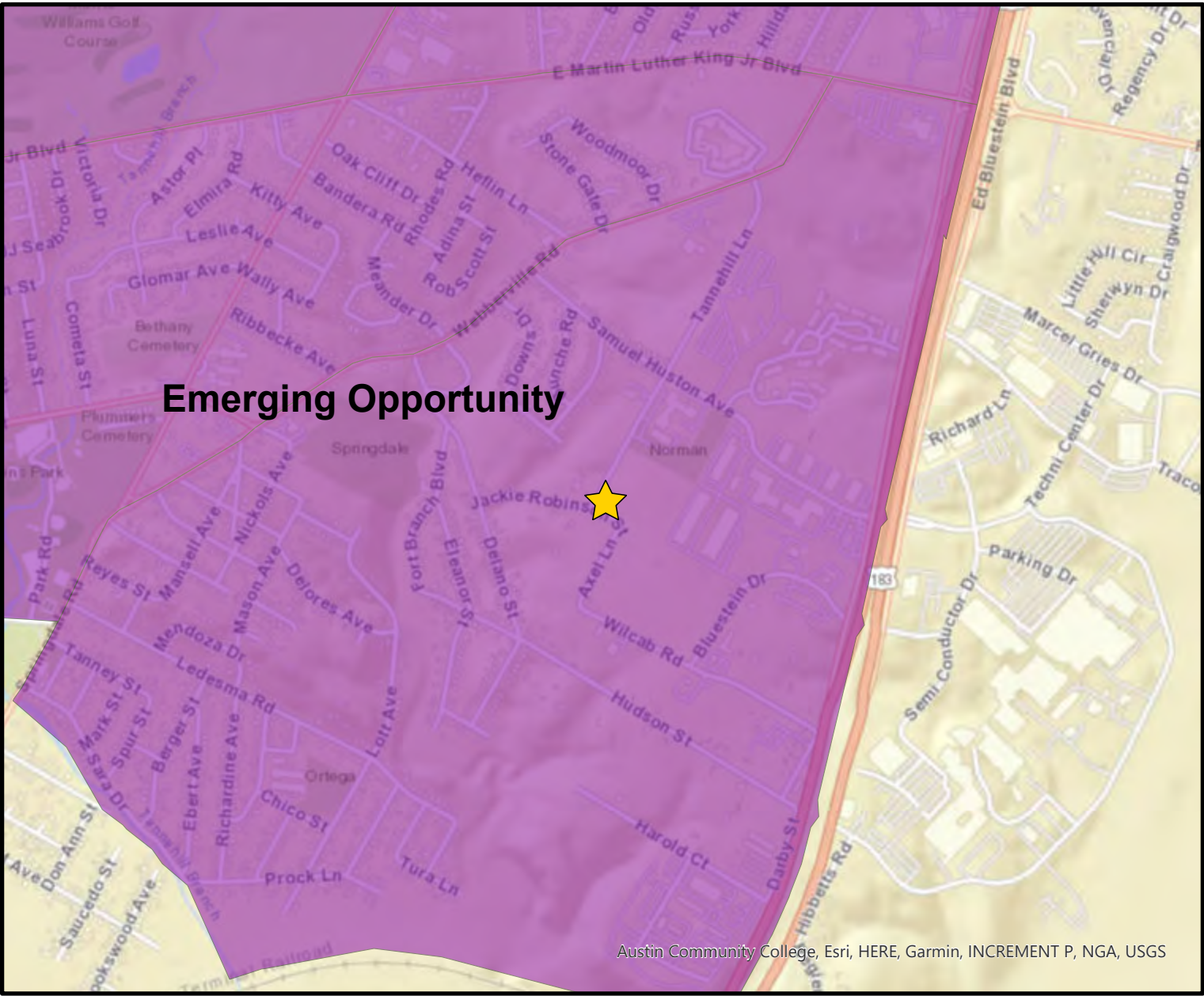
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Austin Community College, Esri, HERE, Garmin, INCREMENT P, NGA, USGS

Property Label

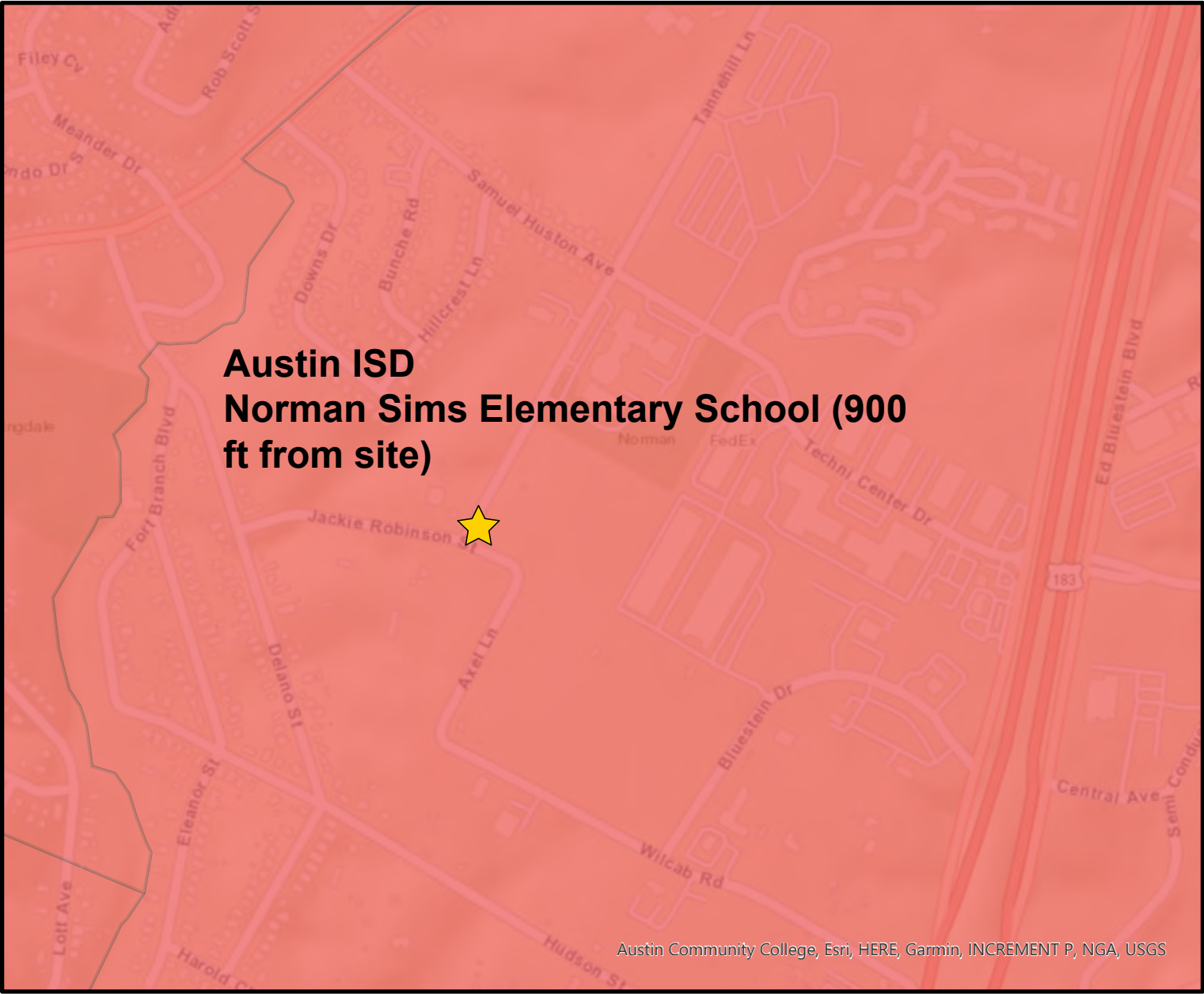
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**Austin ISD
Norman Sims Elementary School (900
ft from site)**



Austin Community College, Esri, HERE, Garmin, INCREMENT P, NGA, USGS

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City of Austin Regulatory 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.

0 500 1000
ft

Prepared: Saturday, July 9, 2022

Legend

FloodPro

Parcel



Fully Developed Floodplain

- COA Fully Developed 25-Year
- COA Fully Developed 100-Year
- COA Master Plan 25-Year
- COA Master Plan 100-Year
- 100-Year (Detailed-AE)

5b. Appraisal

5c. Site Control

Austin Housing Finance Corporation (AHFC) owns this site and executed a Ground Lease with Foundation Communities in December 2023. See attached Memorandum of Ground Lease.



NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER

WHEN RECORDED, RETURN TO:

Greenberg Traurig, LLP
2101 L Street N.W. Suite 1000
Washington, D.C. 20037
Attn: William L. Gehrig

MEMORANDUM OF GROUND LEASE

THE STATE OF TEXAS §
§ KNOW ALL BY THESE PRESENTS:
COUNTY OF TRAVIS §

THAT THIS MEMORANDUM OF GROUND LEASE (this "Memorandum"), is made as of the 1st day of December, 2023 (the "Effective Date"), by and between **AUSTIN HOUSING FINANCE CORPORATION**, a Texas housing finance corporation established under Section 394 of the Texas Local Governmental Code, as amended, having an address at 1000 East 11th Street, Suite 200, Austin, Texas 78702, as landlord ("Landlord"), and **AHFC-FC NORMAN HOUSING, LP**, a Texas limited partnership, having its principal address at c/o Foundation Communities, Inc., 3000 S IH 35, Suite 300, Austin, Texas 78704, as tenant ("Tenant").

WHEREAS, Landlord and Tenant have entered into a Ground Lease dated as of December 1, 2023 (the "Lease"), for the leasing of certain real property described on Exhibit A attached to this Memorandum.

NOW, THEREFORE, Landlord and Tenant hereby record this Memorandum to give notice of the Lease. The term of the Lease is for 55 years and shall commence on December 6, 2023, and shall expire at the end of the day on December 5, 2078, unless terminated sooner or unless extended. Information regarding the Lease may be requested of Landlord at 1000 East 11th Street, Suite 200, Austin, Texas 78702, Attn: Rosie Truelove. Pursuant to the Lease, Tenant granted to Landlord the option to purchase all of Tenant's right, title, and interest in and to the Lease and the Premises, including the improvements now or hereafter constructed on the Premises by Tenant, which option to purchase Landlord may be exercised at any time.

This Memorandum may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document, provided that all parties are furnished a copy thereof reflecting the signature of all parties.

(Signatures appear on the following page.)

IN WITNESS WHEREOF, each party hereto has executed this Memorandum or caused it to be executed on its behalf by its duly authorized representatives, the day and year first above written.


LANDLORD:

**AUSTIN HOUSING FINANCE
CORPORATION**

By: 
Name: Rosie Truelove
Title: Treasurer

TENANT:

AHFC-FC NORMAN HOUSING, LP,
a Texas limited partnership

By: AHFC Norman Non-Profit Corporation,
a Texas nonprofit corporation,
Its: General Partner
By: 
Name: Mandy DeMayo
Title: Secretary/Treasurer

STATE OF TEXAS

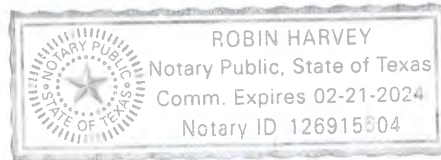
COUNTY OF TRAVIS

I HEREBY CERTIFY that on or about this 17 day of November, 2023, before me, a Notary Public for the state aforesaid, personally appeared Rosie Truelove, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing Memorandum of Ground Lease, who acknowledged that she is the Treasurer of Austin Housing Finance Corporation; that she has been duly authorized to execute, and has executed, such instrument on its behalf for the purposes therein set forth; and that the same is its act and deed.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year first above written.

Robin Harvey
Notary Public

My commission expires on 2.21.24.



STATE OF TEXAS

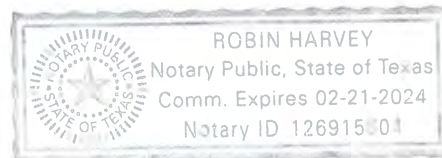
COUNTY OF TRAVIS

I HEREBY CERTIFY that on or about this 17 day of November, 2023, before me, a Notary Public for the state aforesaid, personally appeared Mandy DeMayo, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing Memorandum of Ground Lease, who acknowledged that she is the Secretary/Treasurer of AHFC Norman Non-Profit Corporation, a Texas nonprofit corporation, the General Partner of AHFC-FC Norman Housing, LP, a Texas limited partnership; that she has been duly authorized to execute, and has executed, such instrument on its behalf for the purposes therein set forth; and that the same is its act and deed.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year first above written.

Robin Harvey
Notary Public

My commission expires on 2.21.24.



SEAL

EXHIBIT A

DESCRIPTION OF LAND

Tract 1:

Lot 2, Block A OF NORMAN COMMONS SUBDIVISION, a subdivision located in Travis County, Texas, according to the Map or Plat thereof recorded in/under County Clerk's File No. 202300220 of the Official Public Records of Travis County, Texas.

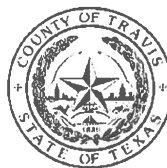
Tract 2:

Joint Use Access Easement executed by Austin Housing Finance Corporation, a Texas Public Nonprofit Corporation, dated November 17, 2023, filed of record November 17, 2023 in/under County Clerk's File No. 2023130323 of the Official Public Records of Travis County, Texas.

RETURN

CARE OF RIGBY SLACK
3500 JEFFERSON STREET STE 330
AUSTIN, TX 78731

Recorders Memorandum-At the time of recordation this instrument was found to be inadequate for the best reproduction, because of illegibility, carbon or photocopy, discolored paper, etc. All blockouts, additions and changes were present at the time the instrument was filed and recorded.



**FILED AND RECORDED
OFFICIAL PUBLIC RECORDS**

Dyana Limon-Mercado

**Dyana Limon-Mercado, County Clerk
Travis County, Texas**

2023139268

Dec 14, 2023 03:48 PM

Fee: \$38.00

GARZAV

5d. Zoning

3811 1/2 Tannehill Ln is zoned as MF-4-NP, which allows multifamily development. Attached is the zoning verification letter and ordinance.



CITY OF AUSTIN - ZONING VERIFICATION LETTER

For questions concerning zoning compliance or any development criteria contact the Development Assistance Center of the City of Austin at (512) 974-6370.

This letter is to verify that the parcel listed is covered by the listed zoning classification on the date the letter was created.

Party Requesting Verification

Name: Daniel Guerra
Mailing Address:
3000 S IH 35, Suite 300
Austin, TX 78704

Tax Parcel Identification Number

Agency: TCAD
Parcel ID: 199328

Zoning Classification(s)

Find definitions at <https://www.austintexas.gov/page/zoning-resources-site-regulations>

MF-4-NP

Zoning Case Number(s)

Look up case info at https://www.austintexas.gov/devreview/a_queryfolder_permits.jsp

C14-02-0142.002, C14-2022-0122.SH

Zoning Ordinance Number(s)

Look up ordinances at <http://austintexas.gov/edims/search.cfm>

021107-Z-12b, 20230323-081

For Address Verification visit:

<http://austintexas.gov/addressverification>

To access zoning ordinance documentation visit:

<http://austintexas.gov/edims/search.cfm>

To access zoning overlay documentation (Land Development Code Chapter 25-2 Division 6) visit:

<http://austintexas.gov/departament/austin-city-code-land-development-code>

This letter was produced by the City of Austin Housing & Planning Department.

I, Stacy Meeks, of the Housing & Planning Department for the City of Austin, do hereby certify that the above information reflects the data and records on file in this office.

A handwritten signature in black ink, appearing to read "Stacy Meeks".

7/18/2023

199328

ORDINANCE NO. 20230323-081

AN ORDINANCE REZONING AND CHANGING THE ZONING MAP FOR THE PROPERTY LOCATED AT 3811 1/2 TANNEHILL LANE IN THE EAST MLK COMBINED NEIGHBORHOOD PLAN AREA FROM PUBLIC-NEIGHBORHOOD PLAN (P-NP) COMBINING DISTRICT TO MULTIFAMILY RESIDENCE MODERATE-HIGH DENSITY-NEIGHBORHOOD PLAN (MF-4-NP) COMBINING DISTRICT.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. The zoning map established by Section 25-2-191 of the City Code is amended to change the base district from public-neighborhood plan (P-NP) combining district to multifamily residence moderate-high density-neighborhood plan (MF-4-NP) combining district on the property described in Zoning Case No. C14-2022-0122.SH, on file at the Housing and Planning Department, as follows:

Being a 7.96 acre tract of land out of the J.C. Tannehill Survey, Abstract 22, Survey 29, Travis County, Texas, said 7.96 acre tract, also out of a 9.72 acre tract of land as described in a document recorded in Volume 1864, Page 178, Deed Records of Travis County, Texas, said 7.96 acres of land being more particularly described by metes and bounds in **Exhibit “A”** incorporated into this ordinance (the “Property”),

locally known as 3811 1/2 Tannehill Lane in the City of Austin, Travis County, Texas, and generally identified in the map attached as **Exhibit “B”**.

PART 2. Except as specifically modified by this ordinance, the Property is subject to Ordinance No. 021107-Z-12b that established zoning for the MLK-183 Neighborhood Plan.

PART 3. This ordinance takes effect on April 3, 2023.

PASSED AND APPROVED

March 23, 2023

§
§
§

Kirk Watson
Mayor

APPROVED: Anne L. Morgan **ATTEST:** Stephanie Huel for
Anne L. Morgan by MS Myrna Rios
City Attorney City Clerk

EXHIBIT "A"



MACIAS & ASSOCIATES, L.P.
LAND SURVEYORS
FIRM #101141-00

"EXHIBIT A"

AUSTIN INDEPENDENT SCHOOL DISTRICT
7.96 ACRES
TANNEHILL TRACT
JOB NO: 276-23-16

LEGAL DESCRIPTION

BEING 7.96 ACRES (346,642 SQUARE FEET) TRACT OF LAND OUT OF THE J.C. TANNEHILL SURVEY, ABSTRACT 22, SURVEY 29 IN TRAVIS COUNTY, TEXAS. SAID 7.96 ACRE TRACT, ALSO OUT OF A 9.72 ACRE TRACT OF LAND HAVING BEEN CONVEYED TO AUSTIN INDEPENDENT SCHOOL DISTRICT BY INSTRUMENT OF RECORD IN VOLUME 1864, PAGE 178 OF THE DEED RECORDS OF TRAVIS COUNTY, TEXAS. SAID 7.96 ACRE TRACT BEING SHOWN ON THE ACCOMPANYING SKETCH AND MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOW:

BEGINNING at a ½" iron rod found at a chain link fence on the east right of way line of Tannehill Lane. Said iron rod being at the northwest corner of the herein described tract, the southwest corner of a 10.00 acre tract conveyed to the Austin Independent School District by instrument of record in Volume 1854, Page 76 of the deed records of Travis County, TX. Said iron rod being approximately 22.6 feet south of a ½" iron pipe found at the northwest corner of the 9.72 acre tract.

THENCE S61°44'00"E, 644.78 feet along the fenced north line of the herein described tract and the south line of said 10.00 acre tract to a ½" iron pipe found for the northeast corner of this 7.96 acre AISD tract and the southeast corner of said 10.00 acre AISD tract. Said ½" iron pipe also being on the west line of Lot 3, Bluestein Park, Phase 2 Subdivision recorded in Volume, 86, Page 5A, Plat Records of Travis County, TX. This line is approximately 22.6 feet south of and parallel from the north line of said 9.72 acre tract.

THENCE S28°19'40"W, along the east line of said 7.96 acre Austin Independent School District tract and the west line of said Lot 3, at 304.65 feet and offset 0.14 feet to the left pass a found ½" iron rod at the southwest corner of said Lot 3 and the northwest corner of Lot 4 of said Bluestein Subdivision, in all a distance of 510.05 feet to a ½" iron rod set with a plastic cap stamped "MACIAS LP RPLS 4333" on the west line of said Lot 4. Said point also being at the southeast corner of the herein described tract and the northeast corner of a 0.6383 acre tract having been conveyed to the City of Austin for right of way purposes by instrument of record in Volume 7851, Page 981 in the deed records of Travis County, TX.

THENCE N61°40'20"W, 36.56 feet along the south line of the herein described tract and the north line of said 0.6383 acre City of Austin tract to a ½" iron rod set with a plastic cap stamped "MACIAS LP RPLS 4333" to the point of curvature of a curve to the left.

THENCE the following three courses with the south line of the herein described tract and the north line of said City of Austin tract:

1. With said curve to the left having a radius of 1516.58 feet, a central angle of $12^{\circ}41'08''$, and arc length of 335.78 feet and a chord bearing of $N67^{\circ}42'51''W$, 335.09 feet to a $\frac{1}{2}$ " iron rod found at the point of reverse curve to the right.
2. Along said curve to the right having a radius of 965.00 feet, a central angle of $10^{\circ}51'58''$, and arc length of 183.01 feet and a chord bearing of $N68^{\circ}37'13''W$, 182.74 feet to a $\frac{1}{2}$ " iron rod found at a point of curvature of a curve to the left.
3. Thence along said curve to the left having a radius of 835.21 feet, a central angle of $03^{\circ}41'19''$, an arc length of 53.77 feet, and a chord bearing of $N65^{\circ}02'14''W$, 53.76 feet to a $\frac{1}{2}$ " iron rod set with a plastic cap stamped "MACIAS LP RPLS 4333" for point of curvature of a curve to the right at the northeast curve return of the east right of way line of Tannehill Lane, and the north right of way line of Jackie Robinson Street

THENCE along said curve to the right having a radius of 47.03 feet, a central angle of $82^{\circ}47'33''$, and arc length of 67.96 feet, a chord bearing of $N12^{\circ}08'23''W$, 62.20 feet to a $\frac{1}{2}$ " iron rod set with a plastic cap marked "MACIAS LP RPLS 4333", to the point of non-tangency of said curve and on the east right of way line of Tannehill Lane, and the west line of the herein described tract of land.

THENCE $N28^{\circ}22'36''E$, 522.58 feet with the east right of way line of Tannehill Lane and the west line of the herein described tract of land to the POINT OF BEGINNING and containing 7.96 acres of land.

BEARING BASIS NOTE

The coordinates and bearings shown hereon are based on the Texas Coordinate System (Central Zone-4203 NAD83).

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

KNOW ALL MEN BY THESE PRESENTS:

That I, Carmelo L. Macias, a Registered Professional Land Surveyor, do hereby state that the above description is true and correct to the best of my knowledge and belief and that the property described herein was determined by a survey made on the ground under my direction and supervision.

WITNESS MY HAND AND SEAL at Austin, Travis County, Texas, this 21th day of June, 2016, A.D.



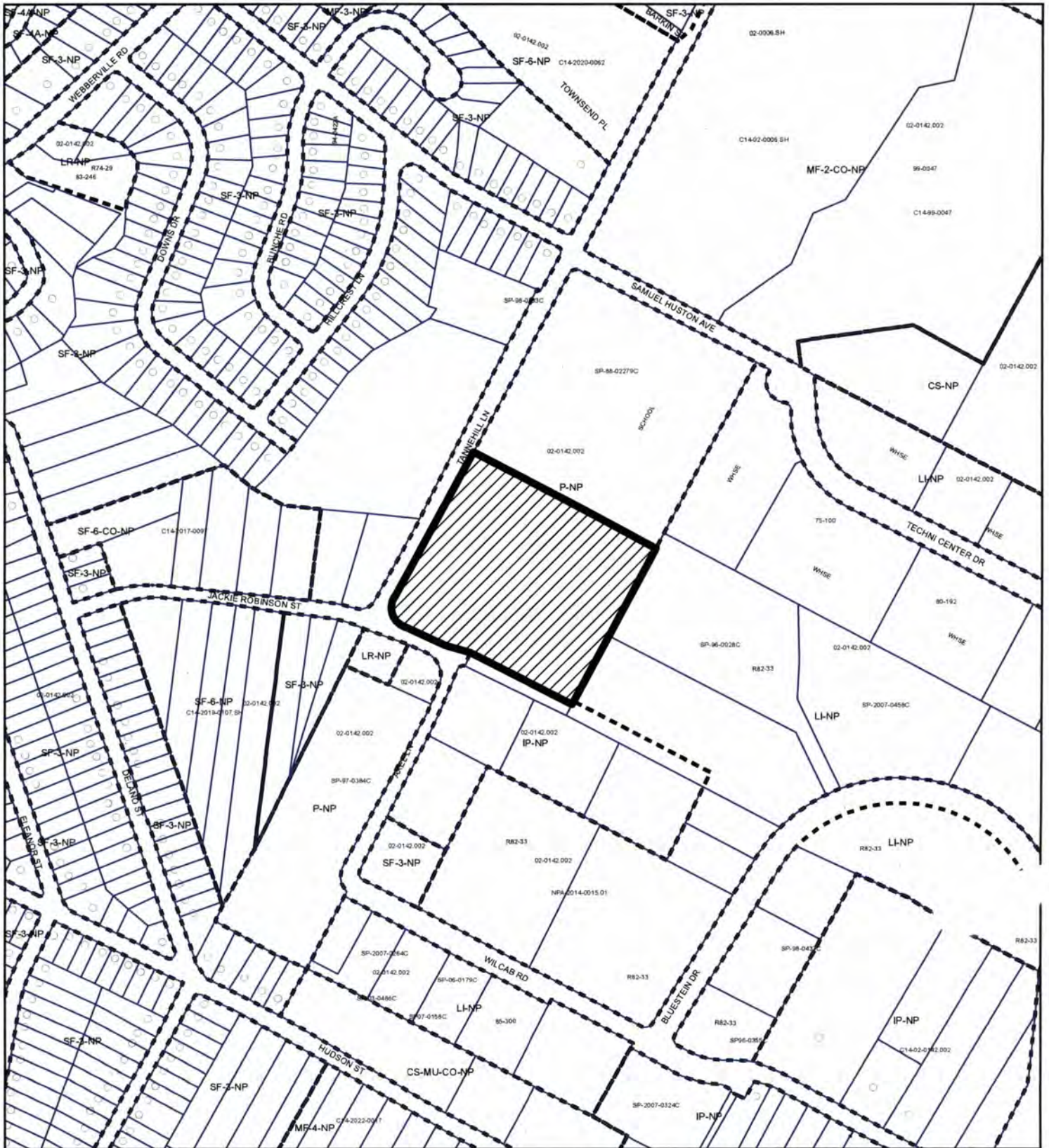
Macias & Associates, L.P.
5410 South 1st Street
Austin, Texas 78745
512-442-7875




Carmelo L. Macias
Carmelo L. Macias
Registered Professional Land Surveyor
No. 4333 – State of Texas
Revision 1 - January 25, 2018

REFERENCES

TCAD PARCEL ID NO. 02-0923-0468
MACIAS & ASSOCIATES, L.P., PROJECT NO. 276-23-16

FIELD NOTES REVIEWED
BY *Jacki D. [Signature]* DATE: *02.06.2018*
CITY OF AUSTIN
PUBLIC WORKS DEPARTMENT



-  SUBJECT TRACT
-  PENDING CASE
-  ZONING BOUNDARY

1" = 400'

ZONING

ZONING CASE#: C14-2022-0122.SH

EXHIBIT "B"

This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.

This product has been produced by the Housing and Planning Department for the sole purpose of geographic reference. No warranty is made by the City of Austin regarding specific accuracy or



Created: 9/8/2022

5e. Neighborhood Plan

The site is located within the East MLK Combined Neighborhood Plan. FC and GNDC have over 30 years of experience engaging with the neighborhoods in which we build and manage our communities. Our team understands and respects the critical importance of neighborhood context and compatibility. The site was specifically designed to align with the goals and visual guidelines identified in the East MLK Combined Neighborhood Plan, which is linked below. The following are specific responses to Goals in the Plan.

- Goal One - By proposing lower density duplexes and townhomes along Tannehill and Jackie Robinson with front yards and front porches, we are responding to the existing style of the neighborhood with a goal of fostering a kid-friendly and lively streetscape.
- Goal Two - By siting the taller apartment buildings in the middle and back portions of the site, we are creating a compatible transition of residential density from duplex and townhomes to medium density multifamily. This also provides an appealing visual complement to the beautiful new Norman-Sims campus and hides the warehouses just east of the site.
- Goal Five - By creating affordable rental and homeownership opportunities, combined with a preference for displaced households, long-term affordability, and services, we are supporting social and economic diversity within a rapidly gentrifying neighborhood.

Attached is the Good Neighbor Checklist, Communication Plan, Communication log, and sample outreach letter.

https://www.austintexas.gov/sites/default/files/files/Housing_%26_Planning/Adopted%20Neighborhood%20Planning%20Areas/10_EastMLKCombined/emlk-np.pdf

City of Austin Good Neighbor Checklist

The Neighborhood Housing and Community Development Office (NHCD) offers a Good Neighbor Policy to standardize process and identify expectations for all projects funded through the City of Austin's Rental Housing Development Assistance (RHDA) and Acquisition and Development (A&D) programs. Applicants of these programs are required to prepare and begin implementing a community engagement plan, including neighborhood notification activities. The community engagement plan is required whether the application is for funding for new construction or renovation of an existing building, regardless of whether there is a change in ownership.

A successful community engagement plan leads to open, ongoing two-way communication between developers and neighbors. This requires good-faith efforts and cooperation by developers, City officials and residents. A positive, open dialogue between housing developers and neighbors can prevent misunderstandings, facilitate prompt resolution of any inadvertent misunderstandings, and provide a fair, thoughtful, dependable means of resolving differences.

The following checklist of items is required of all applicants for funding:

(1) Preliminary Research

- ☒ Review the Neighborhood Plan (if applicable)

(2) Neighborhood Notification

- ☒ Notify property owners within at least 500 feet of the site and registered neighborhood organizations with boundaries included in the proposed development site, using a written notice, letter or flyer.

(3) Pre-Application Engagement

- ☒ Contact neighborhood organizations to provide current information about the project, including any neighborhood association whose boundaries are included in the proposed development site and Neighborhood Planning Contact Team (if applicable). *(see full City of Austin Good Neighbor Guidelines for more detailed information on what kind of information may be appropriate to share)*
- ☒ Appoint a Single-Point-of-Contact (SPOC) to serve as the liaison for exchanging information.

(4) Application requirements

- ☒ Provide communications plan
- ☒ Provide documentation showing the content of the notice, and proof of delivery
- ☒ Provide signed copy of this checklist.

I have reviewed and completed all of the above checklist items required by the City of Austin's Good Neighbor Guidelines.

<i>Sabrina Butler</i>	Sabrina Butler	February 1, 2022
Signed	printed name	date

Good Neighbor Communication Plan

Project

Norman Commons
3811 ½ Tannehill Ln
Austin, TX 78721

Contact

Sabrina Butler
sabrina.butler@foundcom.org
(512) 610-4016

Foundation Communities (FC) has a long history of engaging with neighborhood groups during pre-development, construction, and ongoing operations of our communities. We believe the key to a project's true success is the support and engagement of the surrounding neighborhood and stakeholders. The following steps have been and will be implemented to communicate with the neighborhood surrounding the proposed development.

- 1) Preliminary Research:** As part of preliminary due diligence, FC development staff uses the City of Austin Community Registry to identify neighborhood organizations that contain the proposed site and review any Neighborhood Plan and FLUM in place.
- 2) Pre-Application Notification:** FC sends a notification letter to all neighborhood organizations identified in the Austin Community Registry. The City sends notifications to all neighborhood organizations and property owners within 500 ft as part of a zoning and neighborhood amendment process.
- 3) Pre-Application Engagement:** After notification, FC engages with all neighbors and organizations based on received responses, interest and questions.
 - FC will offer to present at a neighborhood meeting and provide an information packet. At meetings, Foundation Communities presents information about our organization, plans for design of the building, target population, and services.
 - FC will invite neighborhood members to visit our existing portfolio of properties and attend Open House lunches held bi-weekly at one of our properties to learn more about Foundation Communities.
 - FC will offer to provide updates in the form and timing that the neighborhood requests.
- 4) Implementation/Ongoing Relations** - FC will implement the following processes to encourage ongoing relations with neighborhood members:
 - FC will invite the neighborhood group to view the property once completed.

- FC will invite neighborhood members to participate in services programs being offered at our community.
- FC will invite and educate neighborhood members on the many ways to volunteer with Foundation Communities.
- FC will establish an open-door policy so that neighborhood members will feel comfortable communicating any concerns with either the on-site property management or the single point of contact.

Good Neighbor Communication Log

Norman Commons

Neighborhood Organizations within boundaries

East MLK Combined Neighborhood Plan Contact Team
--

Notifications

Notification of Zoning Change Application	notification mailed in October 2022 by FC/GNDC to nearby property owners and registered neighborhood organizations
Notification of Zoning Change Application	notification mailed in October 2022 by the City to nearby property owners and registered neighborhood organizations

Engagement

East MLK Contact Team	Presented at East MLK Contact Team meeting on 10.26.2022
Norman-Sims Elementary School Campus Advisory Council	Presented at CAC meeting on 2.27.24
Norman-Sims Elementary School	Set up a table to chat with families at Black History Literacy Night on 2.29.24
Norman-Sims Elementary School	Toured school and discussed with school admin staff about possible art collaboration project on 2.7.24



3000 S IH 35, Ste 300
Austin, TX 78704

tel: 512-447-2026
fax: 512-447-0288

foundcom.org



Dear Neighbor,

You may have received a notice from the City of Austin regarding some upcoming changes to 3811 1/2 Tannehill Lane. As the nonprofit developers of this site's future community, we would like to reach out and introduce ourselves and our plan for this property.

In partnership with the City of Austin's Housing Finance Corporation (AHFC), Foundation Communities (FC) and Guadalupe Neighborhood Development Corporation (GNDC) are excited to bring forth Norman Commons, an upcoming affordable, services-enriched, multi-family housing community. This community will create 156 affordable rental homes and 32 affordable ownership homes. With 188 affordable homes, a state-of-the-art Learning Center, and a host of on-site amenities and services, we will accomplish the following goals:

- 100% Affordability
- Long-term Nonprofit Stewardship
- High Impact Services for Residents and Neighbors
- Family Friendly Homes
- Creative Community Development
- Neighborhood Connectivity
- Green, Healthy Buildings

We are committed to engaging with our future neighbors and will be happy to discuss our plans with you at any time. Please review the back of this letter for an overview of Norman Commons, Foundation Communities, and Guadalupe Neighborhood Development Corporation.

Should you have any questions, please contact Megan Matthews at megan.matthews@foundcom.org or Anna Lake-Smith at anna.lake-smith@foundcom.org with FC, or Mark Rodgers at mark@guadalupependc.org with GNDC.



A partner agency of

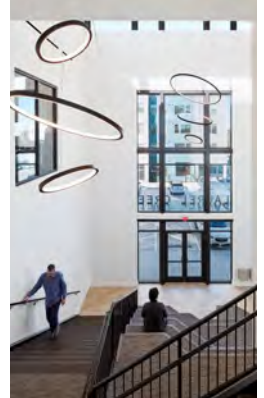




CREATING HOUSING WHERE FAMILIES SUCCEED

Since 1990, Foundation Communities has been providing attractive, affordable homes and support services for thousands of low-income families and individuals, empowering them with the tools they need to succeed.

Foundation Communities | www.FoundCom.org | 512-447-2026



16 Family communities throughout Austin

Over **2,800** existing apartments, including 1, 2, and 3 bedrooms

Rents well below market rate

Education, Financial Stability, & Health programs

On-site learning centers

Green features keeps utilities low



GNDC

Guadalupe Neighborhood Development Corporation

Guadalupe Neighborhood Development Corporation celebrates over 35 years of service to its community as an affordable housing developer to East Austin families. GNDC works for the improvement, revitalization, and preservation of the residential neighborhood.

512-479-6275 | guadalupendc.org



Norman Commons Conceptual Render

- **32 Ownership Townhomes** - 18 two-story rowhomes, 12 two-story duplexes, and two single-story duplexes with garages, front yards, and front porches facing Tannehill and Jackie Robinson, with sidewalk landscaping to encourage a lively streetscape.
- **156 Rental Homes + Learning Center** - Rental homes in four-story apartment buildings with Leasing Office and Learning Center on ground floor. Playgrounds in the center and parking wrapped around apartment buildings to encourage kid-friendly play.

5f. Tenant Relocation Plan

The site is not occupied.

5g. Phase I ESA

See attached for the Phase I ESA completed in 2022 which states that there is no recognized environmental condition or further investigation require.

June 14, 2022

Texas Department of Housing and Community Affairs,
a public and official department of the State of Texas
221 East 11th Street
Austin, Texas 78701

Re: Phase Engineering, LLC Phase I Environmental Site Assessment (ESA) Report No. 202205142
3811 1/2 Tannehill Lane, Austin, Travis County, Texas 78723

To Whom It May Concern,

This letter is to certify that the Phase I Environmental Site Assessment (the "Report") relating to the above referenced property completed by Phase Engineering, LLC (the "Consultant") may be conveyed to and relied upon by Texas Department of Housing and Community Affairs as if the Report had originally been prepared for them.

The report fee is Phase Engineering, LLC's sole benefit and findings are not contingent on compensation from the client or its affiliates. Any person signing this report acknowledges that the Department may publish the full report on the Department's website, release the report in response to a request for public information and make other use of the report as authorized by law. Phase Engineering, LLC has read and understands the department rules regarding this report as found in 2022 Qualified Allocation Plan as codified in 10 Texas Administrative Code, Chapter 11, Subchapter D, Section 11.305: Environmental Site Assessment Rules and Guidelines.

Thank you for using the professional environmental services of Phase Engineering, LLC. If you should have any questions, please contact me at 713-854-8670.

Sincerely,



Tracy A. Watson
Vice President of Special Projects
Phase Engineering, LLC

5h. SHPO

SHPO is not applicable. There are no structures on site.