

**ORDINANCE NO. 20190411-006**

**AN ORDINANCE TO APPROVE THE FINAL PROJECT AND FINANCING PLAN FOR HOMESTEAD PRESERVATION REINVESTMENT ZONE NUMBER ONE.**

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

**PART 1. FINDINGS:**

- (a) Council created the City of Austin Homestead Preservation Reinvestment Zone Number One (the "Zone") under Chapter 373A of the Texas Local Government Code when it adopted Ordinance No. 20151217-099.
- (b) On December 4, 2018, Council's Housing and Planning Committee voted to recommend adoption of a Final Project and Financing Plan for the Zone.
- (c) On March 7, 2019, Council held a public hearing to increase the tax increment for the Zone from 10 to 20 percent.
- (d) The Board of Directors of the Zone has adopted the Final Project and Financing Plan.
- (e) Council finds that the Final Project and Financing Plan is feasible and meets the criteria under Section 311.011 of the Texas Tax Code.

**PART 2.** Council approves the Final Project and Financing Plan attached as Exhibit A.

**PART 3.** This ordinance takes effect on April 22, 2019.

**PASSED AND APPROVED**

\_\_\_\_\_, April 11, 2019

APPROVED: \_\_\_\_\_

Anne L. Morgan  
City Attorney

§  
§  
§

Steve Adler  
Mayor

ATTEST: \_\_\_\_\_

Jannette S. Goodall  
City Clerk

**City of Austin**  
**Homestead Preservation Reinvestment Zone No. 1**

**Final Project & Financing Plan**  
**February 2019**

## **Table of Contents**

- I. Executive Summary
- II. Project Plan
  - A. Introduction
  - B. Description and Map of Real Property in the Zone
  - C. Proposed Changes to Zoning, Master Plans, Building Codes, and Other Relevant Regulations
  - D. List of Estimated Non-Project Costs
  - E. Statement of Method of Relocating Persons to be Displaced
- III. Financing Plan
  - A. List of Estimated Project Costs
  - B. List of Public Works and Improvements to be Financed
  - C. Economic Feasibility Study
  - D. Estimated Amount of Bonded Indebtedness
  - E. Timeline for Expenditure of Funds
  - F. Description and Method for Financing Estimated Project Costs and Expected Sources of Revenue
  - G. Current Total Appraised Value of Taxable Real Property within the Zone
  - H. Estimated Appraised Value Captured within the Zone by Year
  - I. Duration of the Zone

Exhibit A – Zoning Districts in HPRZ No. 1

Exhibit B – Economic Feasibility Study

## **I. Executive Summary**

House Bill 525 was passed by the Texas Legislature in 2005 adding Chapter 373A (Homestead Preservation Districts and Reinvestment Zones) to the Texas Local Government Code with the purpose of promoting the ability of municipalities to increase home ownership, provide affordable housing, and prevent the involuntary loss of homesteads by existing low-income and moderate-income homeowners living in disadvantaged neighborhoods.

The legislation provides criteria for which a special district may be established within a municipality to accomplish the purposes identified above. Once a Homestead Preservation District (HPD) is established, a municipality and other non-profit organizations may use three mechanisms described in the legislation to accomplish the purpose of the district, one of which includes the creation, designation, and operation of Homestead Preservation Reinvestment Zones (HPRZs).

HPRZs are a modified Tax Increment Reinvestment Zone (TIRZ) that generates revenue dedicated specifically to fund, create, and preserve affordable housing within the Zone. The mechanism uses Tax Increment Financing, where any additional appreciation in tax revenues within the zone, above a base year, may be deposited in a fund for the uses discussed above.

The Austin City Council established HPD A in 2007, and subsequently established HPRZ No. 1 in 2015, whose boundary is coterminous with HPD A. At that time the tax increment to be dedicated for reinvestment in the zone was set at 10 percent of the increase in tax revenues. The tax increment for the Zone was increased to 20 percent by subsequent City Council action in 2019.

Following the creation of a HPRZ, Chapter 311 (Tax Increment Financing Act) of the Texas Local Government Code requires that a Final Project and Financing Plan must be adopted by the Zone's Board of Directors before any revenue generated by the zone may be spent. A preliminary Project and Financing Plan was adopted with the establishment of HPRZ No. 1 in 2015, however that plan did not satisfy all of the requirements of Chapter 311 and therefore a more robust plan must be adopted. This Project and Financing Plan once adopted, serves to satisfy those requirements allowing for the expenditure of revenues generated by HPRZ No. 1.

## **II. Project Plan**

### **A. Introduction**

HPRZ No. 1 includes seven census tracts in east Austin containing approximately 2,145 acres of land area. Historically the area has had a high concentration of low-income black and Hispanic households.

Home values in the area have been appreciating significantly since the early 2000's, with the trend accelerating within the last decade. Median home values in HPRZ No. 1 appreciated 63 percent from 2011 to 2016. Concurrently, the percentage of households experiencing poverty and the percentage of black households have decreased from 27 to 22 percent, and 20 to 14 percent respectively, reflecting the general trend of gentrification and displacement the area has been experiencing.

While the City has made significant affordable housing investment in the area, the gap between available funds that may be used for affordable housing, and those that would be needed to fund the affordable housing necessary to completely mitigate displacement is considerable. Therefore, the addition of any new funding stream for this purpose is significant.

It is currently estimated that the zone will generate approximately 21.8 million dollars in revenue over the duration of its existence. The Neighborhood Housing and Community Development (NHCD) Department, along with our non-profit and for-profit partners, anticipate that these funds will substantially increase the number of income-restricted affordable housing units that can be created and preserved within the zone.

#### **B. Description and Map of Real Property in the Zone**

HPRZ No. 1 is bounded by Lady Bird Lake on the south; IH-35 on the west; Manor Road, East 38<sup>th</sup> ½ Street, and Airport Boulevard on the north; and Airport Boulevard, Webberville Road, and Springdale Road on the east.

The zone contains seven Neighborhood Planning Areas including the Chestnut, Govalle/Johnston Terrace, Upper Boggy Creek, East Cesar Chavez, Central East Austin, Rosewood, and Holly Neighborhood Planning Areas.

Table 1 identifies the percentage of land area within the zone by zoning district type.

*Table 1. Zoning Districts in HPRZ No. 1*

| <b>Zone District Type</b>  | <b>Percentage of Land Area</b> |
|--|--------------------------------|
| Single Family  | 48                             |
| Commercial   | 17                             |
| Public   | 17                             |
| Transit Oriented Development   | 7                              |
| Multifamily  | 6                              |
| Office   | 3                              |
| Light Industrial, Planned Unit Development, Rural Residence, & Unzoned | 2                              |

The zone contains the Plaza Saltillo and Martin Luther King Jr. Transit Oriented Development zoning districts and the East 11<sup>th</sup> and 12<sup>th</sup> Street Neighborhood Conservation Combining Districts.

A map identifying the zoning districts contained within HPRZ No. 1 is attached as Exhibit A to this plan.

**C. Proposed Changes to Zoning, Master Plans, Building Codes, and Other Relevant Regulations**

There are no changes to zoning ordinances, master plans, building codes, or other relevant regulations anticipated at this time to accomplish the purposes of this plan.

**D. List of Estimated Non-Project Costs**

No non-project costs are anticipated to be paid for with the revenue generated from this zone.

**E. Statement of Method of Relocating Persons to be Displaced**

No persons are anticipated to be displaced as a result of the implementation of this plan.

### **III. Financing Plan**

**A. List of Estimated Project Costs**

Revenue generated by HPRZ No. 1 will be awarded on a competitive basis through NHCD's programs, some of which may include the Rental Housing Development Assistance, Acquisition & Development, and the Home Loan Rehabilitation programs.

Monies shall be spent to fund the development, construction, and preservation of affordable housing within the zone. All revenue generated from the zone will be expended to benefit households at or below 70 percent of the area median family income, with at least 50 percent of the revenue expended to benefit households at or below 50 percent of the area median family income, and at least 25 percent of the revenue generated by the zone expended to benefit households at or below 30 percent of the area median family income, in accordance with the requirements of Chapter 373A.

Funds shall be awarded as monies become available and eligible projects are identified.

**B. List of Public Works and Improvements to be Financed**

No public works or municipal improvements are anticipated to be financed with revenue generated from the zone except where such works or improvements are necessary to the development, construction, or preservation of affordable housing funded with revenue generated by the zone.

**C. Economic Feasibility Study**

An economic feasibility study, attached as Exhibit B, was conducted by Capital Market Research in 2014 for HPD A, and other districts proposed at the time. Only the portion of the analysis conducted for HPD A shall be considered for the purpose of this Project and Financing Plan.

**D. Estimated Amount of Bonded Indebtedness**

No bonds shall be issued against expected future revenues from the zone.

**E. Timeline for Expenditure of Funds**

Funds shall be spent as monies become available, funds are budgeted, and qualifying projects are identified. Funds generated by the zone shall be spent throughout the duration of the zones existence.

**F. Description and Method for Financing Estimated Project Costs and Expected Sources of Revenue**

Qualifying project costs may be funded from revenues generated from the zone as monies become available. Funding from alternate sources may be used to pay for project costs in addition to revenues generated by the zone to accomplish the purposes of this plan.

**G. Current Total Appraised Value of Taxable Real Property within the Zone**

The current total appraised value of all taxable real property within the zone is \$3,873,076,613.

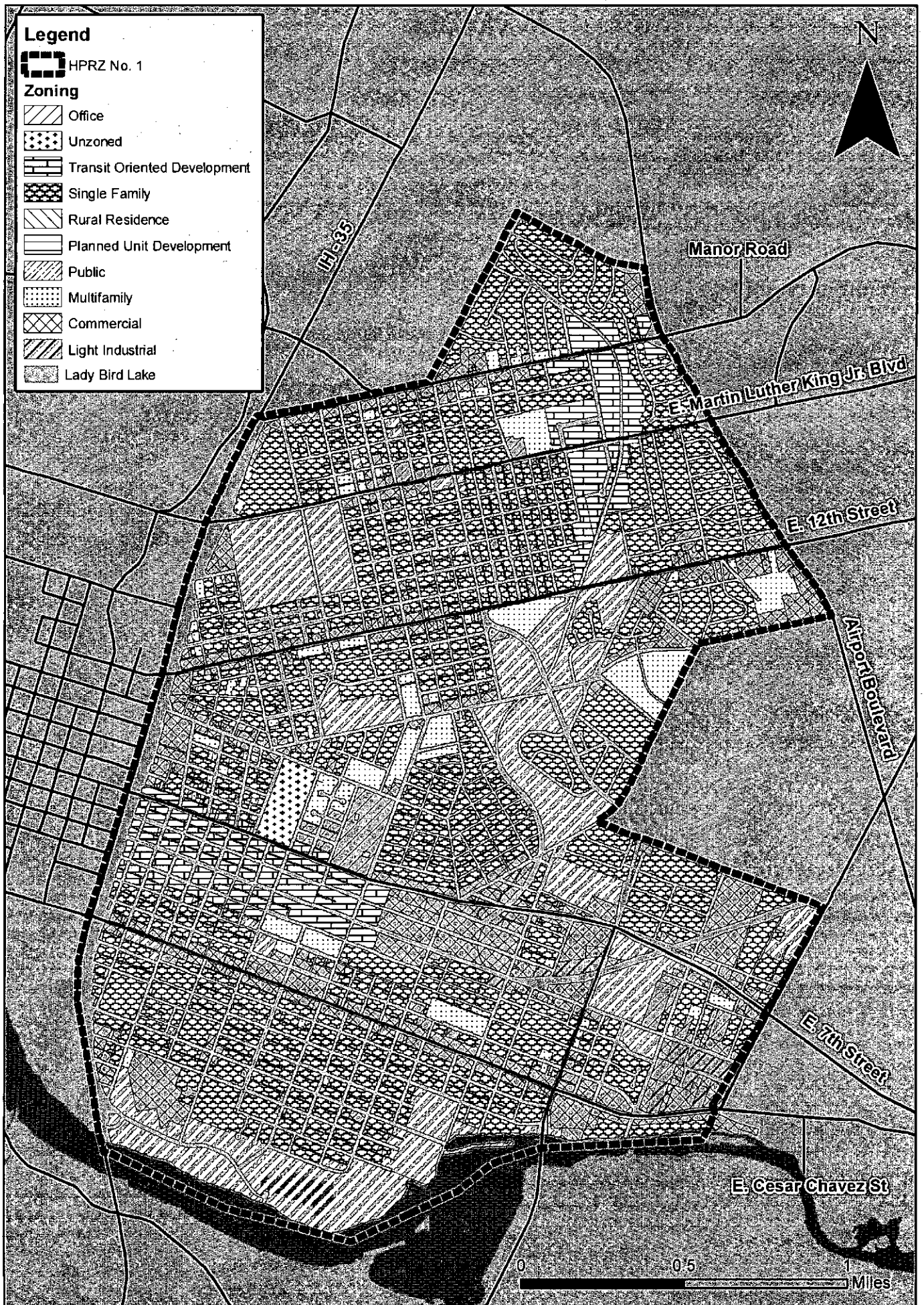
**H. Estimated Appraised Value Captured within the Zone by Year**

| Fiscal Year | Appraised Value Captured | Revenue Generated |
|-------------|--------------------------|-------------------|
| FY19        | \$1,537,310,556          | \$676,878         |
| FY20        | \$1,924,618,217          | \$1,663,256       |
| FY21        | \$2,350,656,644          | \$2,033,788       |
| FY22        | \$2,819,298,914          | \$2,443,768       |
| FY23        | \$3,334,805,411          | \$2,884,606       |
| FY24        | \$3,788,451,128          | \$3,346,144       |
| FY25        | \$4,217,146,331          | \$3,814,604       |
| FY26        | \$4,610,321,074          | \$4,272,356       |

**I. Duration of the Zone**

The duration of the zone was established as ten years by City of Austin Ordinance No. 20151217-099. The zone shall expire and dissolve on December 31, 2025 unless amended.

# EXHIBIT A - ZONING DISTRICTS IN HPRZ NO. 1



**EXHIBIT B**  
**ECONOMIC FEASIBILITY STUDY**



**CAPITOL  
MARKET  
RESEARCH**

# **Homestead Preservation Districts**

**Tax Increment Financing Study**

Prepared for

**Mr. Greg Canally  
Deputy Chief Financial Officer  
City of Austin  
Financial Services Department  
301 West Second Street  
Austin, TX 78701**

By

**Capitol Market Research, Inc.  
1102 West Avenue, Suite 100  
Austin, Texas 78701**

On

**October 30, 2014**



**CAPITOL  
MARKET  
RESEARCH**

Real Estate Research, Land Development Economics & Market Analysis

---

October 30, 2014

Mr. Greg Canally  
Deputy Chief Financial Officer  
City of Austin  
Financial Services Department  
301 West Second Street  
Austin, TX 78701

**RE: Homestead Preservation District Tax Increment Financing (TIF) Study.**

Dear Mr. Canally;

We have concluded the analysis of the five proposed Homestead Preservation District TIFs. The analysis includes an aggregate evaluation of historical changes in value and land use in each of the five districts, from 2004 through 2013. We have also prepared a value increment projection for residential and commercial property in each district.

We appreciate the opportunity to provide you with this analysis, and invite you to contact us with any questions or comments you might have.

Respectfully Submitted,

**CAPITOL MARKET RESEARCH**

Charles H. Heimsath, President

CHH/abr

Capitol Market Research, Inc.  
1102 West Avenue, Suite 100  
Austin, Texas 78701  
Phone: (512) 476-5000  
cheimsath@cmraustin.com

## Contents

|  |           |
|--|-----------|
| Contents .....                                       | ii        |
| List of Tables .....                                 | iii       |
| <b>INTRODUCTION .....</b>                            | <b>1</b>  |
| Introduction .....                                   | 2         |
| Methods .....  | 4         |
| City of Austin Taxable Values .....                  | 6         |
| <b>DISTRICT A .....</b>                              | <b>7</b>  |
| District A Historical & Current Taxable Values ..... | 8         |
| District A Construction Trends .....                 | 10        |
| District A Current and Planned Developments .....    | 11        |
| District A Future Values .....                       | 15        |
| <b>DISTRICT B .....</b>                              | <b>17</b> |
| District B Historical & Current Taxable Values ..... | 18        |
| District B Construction Trends .....                 | 20        |
| District B Current and Planned Developments .....    | 22        |
| District B Future Values .....                       | 24        |
| <b>DISTRICT C .....</b>                              | <b>26</b> |
| District C Historical & Current Tax Values .....     | 27        |
| District C Construction Trends .....                 | 29        |
| District C Current and Planned Developments .....    | 30        |
| District C Future Values .....                       | 33        |
| <b>DISTRICT D .....</b>                              | <b>35</b> |
| District D Historical & Current Taxable Values ..... | 36        |
| District D Construction Trends .....                 | 38        |
| District D Current and Planned Developments .....    | 40        |
| District D Future Values .....                       | 42        |
| <b>DISTRICT E .....</b>                              | <b>44</b> |
| District E Historical & Current Taxable Values ..... | 45        |
| District E Construction Trends .....                 | 47        |
| District E Current and Planned Developments .....    | 49        |
| District E Future Values .....                       | 51        |
| <b>CONCLUSIONS.....</b>                              | <b>53</b> |
| Conclusions .....                                    | 54        |
| <b>APPENDIX .....</b>                                | <b>58</b> |
| Certificate .....                                    | 59        |
| CHARLES H. HEIMSATH: QUALIFICATIONS .....            | 61        |

## ***List of Tables***

|   | <u>Page</u> |
|---|-------------|
| Table (1) COA Taxable Value by Land Use: City of Austin   | 6           |
| Table (2) COA Taxable Value by Land Use: District A   | 8           |
| Table (3) Residential Taxable Value by Date of Completion: District A                           | 10          |
| Table (4) Commercial Taxable Value by Date of Completion: District A                            | 11          |
| Table (5) Current Developments: District A  | 13          |
| Table (6) 10-Year Taxable Value Estimates: District A   | 16          |
| Table (7) COA Taxable Value by Land Use: District B   | 18          |
| Table (8) Residential Taxable Value by Date of Completion: District B                           | 20          |
| Table (9) Commercial Taxable Value by Date of Completion: District B                            | 21          |
| Table (10) Current Developments: District B   | 22          |
| Table (11) 10-Year Taxable Value Estimates: District B  | 25          |
| Table (12) COA Taxable Value by Land Use: District C  | 27          |
| Table (13) Residential Taxable Value by Date of Completion: District C                          | 29          |
| Table (14) Commercial Taxable Value by Date of Completion: District C                           | 30          |
| Table (15) Current Developments: District C   | 31          |
| Table (16) 10-Year Taxable Value Estimates: District C  | 34          |
| Table (17) COA Taxable Value by Land Use: District D  | 36          |
| Table (18) Residential Taxable Value by Date of Completion: District D                          | 38          |
| Table (19) Commercial Taxable Value by Date of Completion: District D                           | 39          |
| Table (20) Current Developments: District D   | 40          |
| Table (21) 10-Year Taxable Value Estimates: District D  | 43          |
| Table (22) COA Taxable Value by Land Use: District E  | 45          |
| Table (23) Residential Taxable Value by Date of Completion: District E                          | 47          |
| Table (24) Commercial Taxable Value by Date of Completion: District E                           | 48          |
| Table (25) Current Developments: District E   | 49          |
| Table (26) 10-Year Taxable Value Estimates: District E  | 52          |
| Table (27) Taxable Value by Land Use: Homestead Preservation Districts                          | 56          |
| Table (28) Residential Taxable Value by Date of Completion: Homestead<br>Preservation Districts | 57          |
| Table (A) Land Use Designations   | 59          |

## INTRODUCTION

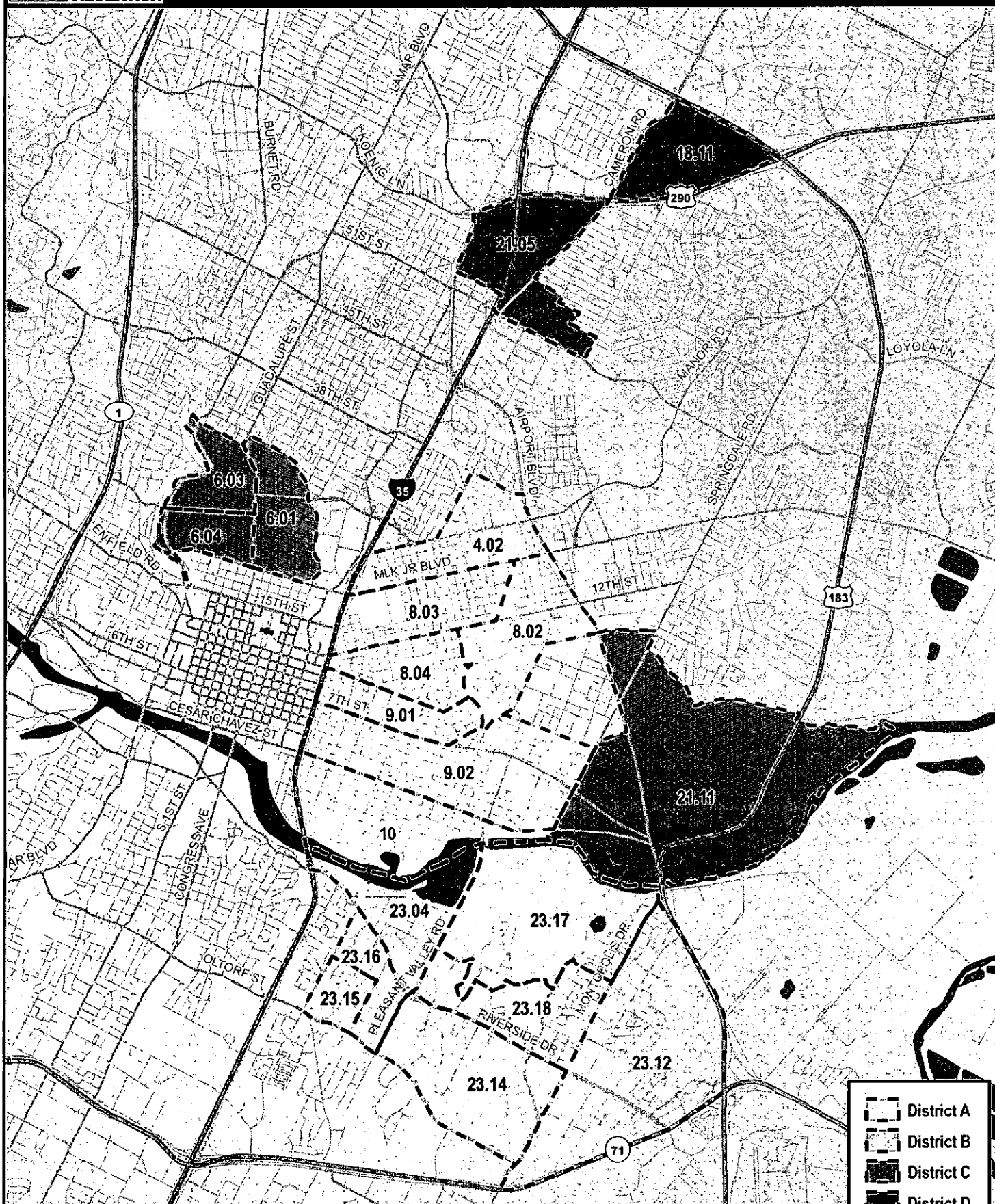
## ***Introduction***

Capitol Market Research has prepared a report for the City of Austin which contains an analysis for five areas designated as possible Homestead Preservation District and Reinvestment Zones (HPD). Currently, one area, District A, is an existing HPD that was established by the City in 2008. These five study areas (defined by US Census 2010 Census Tracts) have met the Homestead Preservation Zones requirements noted in the Local Government Code Chapter 373A, which was amended in 2013.

The primary purpose of the Homestead Preservation Districts is to retain the ability of existing home owners to occupy their homestead, in spite of rapidly rising property values. The financing tool proposed to accomplish this goal is the creation of a TIF (Tax Increment Financing) zone, to provide and preserve affordable housing, by mitigating rising residential property taxes in areas considered to be "gentrifying". However, these proposed TIF districts are not set up as a standard TIF, which is usually small in size and based on funding a particular project or infrastructure improvements that in themselves will create economic growth above and beyond "normal" expected growth. Instead the proposed HPD zones will be created for a large geographic area, and will capture the district growth in taxable value and invest the revenues from this growth back into the district with the intent of maintaining and providing affordable housing in the area.

It should be noted that this is not to be looked at as a "traditional" market study, which would study the expected impact of a particular project or tax implementation. Due to the large areas of analysis, the following study is not intended to ascertain the impact of a "project" in each area, but rather to examine the market trends and historical growth in each study area as a whole.

The analysis conducted on these five areas produced data that is intended to be used by the City of Austin, to document historical growth and development patterns, and estimate future growth potential in the five districts. Travis County Appraisal District (TCAD) provided historical tax roll data for 2004, 2009, and 2013, for each area, which was initially prepared and processed by the City of Austin. Developments, both past and future, were also identified and cataloged by Capitol Market Research. A more detailed description of these processes may be found in the following Methods section.



- District A
- District B
- District C
- District D
- District E

## **Methods**

The Travis County Appraisal District provided “tangible” (excluding personal property) tax roll data for the years 2004, 2009, and 2013. This data was then given to the City of Austin, whose staff narrowed down the records for parcels falling within each of the five districts, based on the Plat Blocks utilized by the appraisal district. Using ArcGIS, Capitol Market Research (CMR) then further refined the data, organizing the records into each district. Because of the way that historical tax roll data is maintained, it was inefficient to “join” the tax roll data parcel to parcel in order to track changes over time. In order to map the data, CMR used historical parcel shapefiles to create Plat Blocks, which the tax rolls were then joined to. However, due to the inconsistency in the appraisal data before 2009, there was no historical GIS data for 2004, therefore 2006 GIS data was substituted in order to map this historical data. Due to subdivision and lot assemblage over time, the historical tax roll information is not 100% accurate, and therefore this analysis is intended to give a “big picture” overview of trends in each study area, instead of precise parcel-level information.

Land use types indicated by Capitol Market Research were established by using the Texas State Land Categories indicated in the Travis County Appraisal tax roll, shown in Table (A) in the appendix. All other attributes, such as Year Built, Assessed Values, etc., were provided in the tax roll. CMR utilized the number of records for estimation of average values. The number of records indicate individual records, not the specific number of physical parcels. For example, one parcel, such as a condominium project, may contain multiple records representing not only individual condominium owner but first floor commercial space owners as well. The City of Austin (COA) taxable values were utilized to establish taxable values, in order to represent the true base tax values in the area. These COA taxable values take out of the equation exempt properties, such as parkland, as well as properties with exemptions, or those already in zones capturing tax values (Transit Oriented Development districts).

Differences in the date of construction completion, when comparing older structures and newer construction, were established by the “Year Built” attribute of the TCAD Tax Roll. It is important to note that the TCAD record indicates date of initial construction, and does not reflect any further improvements or remodels made to the structure. “Existing Construction” records were those with structures built before the year 2000, and is intended to reflect the older building stock that might be impacted by the HPD zone. “New Construction” records reflects those records with buildings built in 2000 and onward, and is intended to reveal the rate of taxable value increases and total taxable value within the potential HPD zone.

Capitol Market Research also tracked recent developments in each area, by using the City of Austin’s “Growth Watch” GIS data, which includes building permits, site plans, and subdivision cases, and the City of Austin multi-family report, as well as CMR’s own “pipeline data”. These projects were also verified by using the City of Austin’s Permit Database. Current and planned developments in the area were defined as those projects that started construction after the TCAD/WCAD final tax roll for 2013, or are planned to begin in the near future. These were also documented using the City of Austin’s Growth Watch data, City of Austin’s Emerging Projects, as well as Capitol Market Research’s own “pipeline”

database. These future projects were mapped, and the type, size, estimated values, and description were listed (where the data was available). It is important to note that projects that were completed after the 2013 appraised values were released are still listed as "under construction" for analytical purposes.

## City of Austin Taxable Values

The City of Austin provided Capitol Market Research with citywide historical taxable values, showing tangible taxable values for 2004, 2009, and 2013. In 2004, the total taxable value was \$43 billion dollars, with \$29.2 billion of that being Residential records. Total values increased at an annual average of 7.18% from 2004 through 2013, to reach \$74 billion dollars. The annual compound growth rate of the City of Austin's taxable value, from 2004 through 2013, is 5.56%. Residential values make up the majority of taxable value, increasing at a compound growth rate of 5.96% from 2004 to 2013.

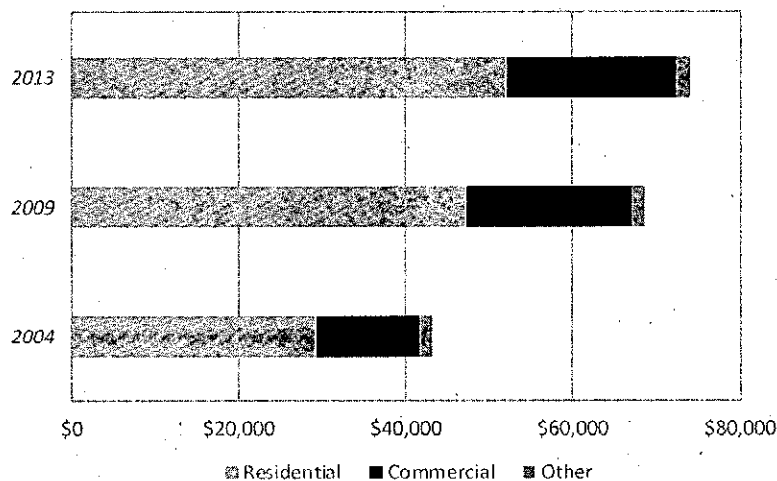
Table (1)  
COA Taxable Value by Land Use  
City of Austin

| Land Use     | 2004                    | 2009                    | 2013                    | (2004 - 2013)           |                      |
|--------------|-------------------------|-------------------------|-------------------------|-------------------------|----------------------|
|              | Taxable Value           | Taxable Value           | Taxable Value           | Average Annual Increase | Compound Growth Rate |
| Residential  | \$29,228,720,035        | \$47,349,647,760        | \$52,166,052,806        | 7.85%                   | 5.96%                |
| Commercial   | \$12,319,062,595        | \$19,800,799,196        | \$20,237,453,773        | 6.43%                   | 5.09%                |
| Other (Land) | \$1,520,230,726         | \$1,389,607,905         | \$1,599,889,485         | 0.52%                   | 0.51%                |
| <b>Total</b> | <b>\$43,068,013,356</b> | <b>\$68,540,054,861</b> | <b>\$74,003,396,064</b> | <b>7.18%</b>            | <b>5.56%</b>         |

Capitol Market Research, October 2014

AV history.xls

Data from: City of Austin



**DISTRICT A**

***(East Austin)***

### District A Historical & Current Taxable Values

District A is delineated by 2010 US Census Tracts 4.02, 8.02, 8.03, 8.04, 9.01, 9.02, and 10, and encompasses approximately 2,900 acres. It includes portions of the Upper Boggy Creek, Central East Austin, Chestnut, Rosewood, Govalle, Holly, and East Cesar Chavez Neighborhood Planning Areas. This district is currently an existing Homestead Preservation Zone, which was set up in 2007, and includes both the Plaza Saltillo and MLK Boulevard Transit Oriented Development Districts (TOD).

In 2004, District A had a total taxable value of over \$578 million dollars in 8,048 property tax records, with the majority of these records being Residential. District A increased to \$1.36 billion dollars in 2009, an average annual increase of 27.0%. The increase in taxable value slowed to an average annual increase of 3.6% between 2009 and 2013, ending with a 2013 taxable value of \$1.60 billion dollars. Historically, from 2004 through 2013, taxable value for tangible property had a compound growth rate of 10.73%, with the highest growth rate seen in Residential properties (11.67%). In comparison, the City of Austin Taxable Value for Residential properties for the same time period had a compound growth rate of 5.96%. These values are shown on Table (2) below.

Residential records in District A have increased from 5,933 records in 2004 to 6,579 records in 2013, Commercial records have increased from 632 records in 2004 to 763 records in 2013. Vacant/Agricultural records have decreased from 1,477 records in 2004 to 1,160 in 2013, but increased in total taxable values.

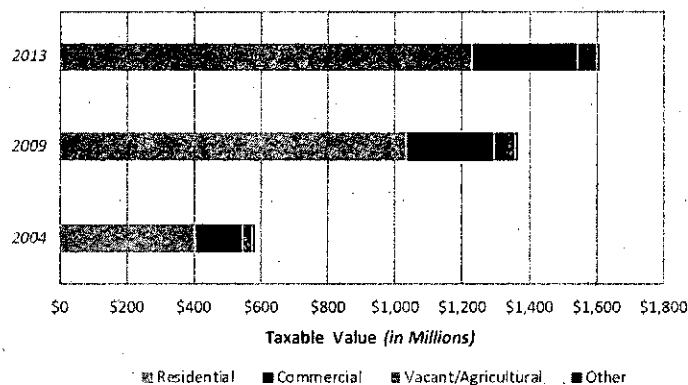
Table (2)  
COA Taxable Value by Land Use  
District A

| Land Use            | 2004         |                      | 2009         |                        | 2013         |                        | (2004 - 2013)           |                      |
|---------------------|--------------|----------------------|--------------|------------------------|--------------|------------------------|-------------------------|----------------------|
|                     | No. Records  | Taxable Value        | No. Records  | Taxable Value          | No. Records  | Taxable Value          | Average Annual Increase | Compound Growth Rate |
| Residential         | 5,933        | \$407,381,872        | 6,521        | \$1,035,156,981        | 6,579        | \$1,228,710,059        | 20.16%                  | 11.67%               |
| Commercial          | 632          | \$132,965,200        | 759          | \$254,558,652          | 763          | \$309,308,059          | 13.26%                  | 8.91%                |
| Vacant/Agricultural | 1,477        | \$37,396,680         | 1,194        | \$71,233,661           | 1,160        | \$66,537,357           | 7.79%                   | 5.93%                |
| Other               | 6            | \$1,246,574          | 5            | \$389,470              | 6            | \$389,472              | -6.88%                  | -10.93%              |
| <b>Total</b>        | <b>8,048</b> | <b>\$578,990,326</b> | <b>8,479</b> | <b>\$1,361,338,764</b> | <b>8,508</b> | <b>\$1,604,944,947</b> | <b>17.72%</b>           | <b>10.73%</b>        |

Capital Market Research, October 2014

Data from: Travis County Appraisal District

district.tcad.xls





## District A Construction Trends

The following analysis breaks down the total taxable values further, in order to provide more detail relating to historical construction trends in the area. This analysis includes both Residential and Commercial land use types, disaggregated into "Existing Construction", those properties built before the year 2000, and "New Construction", properties that were built in 2000 and after. This is done in order to analyze both the older, existing tax base in the area, as well as the land use changes and new taxable values being brought into the area.

Table (3) below, shows value trends for Residential buildings. Among the 5,933 Residential records in 2004, 5,727 of these (96.5%) were considered Existing Construction. In 2013, Existing Construction fell to 5,227 (79.4%) of the total Residential records. These records are mainly Single Family, and have increased in aggregate values from \$386 to \$862 million, with a compound growth rate of 8.36%, while in the same time period the number of records dropped -8.73%, possibly signifying demolition of older housing stock to make way for new construction. The average (total records divided by total tax value) Existing Single Family record increased in value from \$63,843 to \$159,623 during this time.

New Residential construction in District A increased dramatically from 2004 through 2013. In 2004, only 206 of the total Residential records in the District had been built since 2000, but by 2013 the number of new records had climbed to 1,352 records. The majority of this increase was in Single Family construction, including a surge in attached Condominium projects such as the Saltillo Lofts and Pedernales Condos. Other newer, detached single family is not contained in large-scale, new subdivisions but is scattered throughout the District, much of it built on land previously containing older single family homes. Multi-family construction is also on the rise, with taxable of properties built since 2000 increasing from \$1.7 million in 2004 to over \$81 million in 2013, a compound growth rate of 47.11%. Average Residential taxable values (total records divided by total tax value) were 63.92% higher for those New Construction properties in 2013.

Table (3)  
Residential Taxable Value by Date of Completion  
District A

| Land Use  | 2004          |               |               | 2009        |                 |               | 2013        |                 |               | (2004 - 2013)           |                      |
|---|---------------|---------------|---------------|-------------|-----------------|---------------|-------------|-----------------|---------------|-------------------------|----------------------|
|   | No. Records   | Taxable Value | Average Value | No. Records | Taxable Value   | Average Value | No. Records | Taxable Value   | Average Value | Average Annual Increase | Compound Growth Rate |
| Existing Construction (Built Before 2000)                 |               |               |               |             |                 |               |             |                 |               |                         |                      |
| Single Family   | 5,436         | \$347,051,372 | \$63,843      | 5,087       | \$701,136,403   | \$137,829     | 4,952       | \$790,453,991   | \$159,623     | 12.78%                  | 8.58%                |
| Multi-Family  | 291           | \$39,663,358  | \$136,300     | 278         | \$68,153,965    | \$245,158     | 275         | \$72,406,892    | \$263,298     | 8.26%                   | 6.20%                |
| Subtotal  | 5,727         | \$386,714,730 | \$67,524.83   | 5,365       | \$769,290,368   | \$143,391     | 5,227       | \$862,860,883   | \$165,078     | 12.51%                  | 8.36%                |
| New Construction (Built 2000+)                            |               |               |               |             |                 |               |             |                 |               |                         |                      |
| Single Family   | 195           | \$18,949,638  | \$97,178      | 1,098       | \$213,503,175   | \$194,447     | 1,291       | \$284,336,543   | \$220,245     | 140.05%                 | 31.11%               |
| Multi-Family  | 11            | \$1,717,504   | \$156,137     | 58          | \$52,363,437    | \$902,818     | 61          | \$81,512,633    | \$1,336,273   | 464.60%                 | 47.11%               |
| Subtotal  | 206           | \$20,667,142  | \$100,325.93  | 1,156       | \$265,866,613   | \$229,988     | 1,352       | \$365,849,176   | \$270,599     | 167.02%                 | 33.29%               |
| Total   | 5,933         | \$407,381,872 | \$68,664      | 6,521       | \$1,035,156,981 | \$158,742.06  | 6,579       | \$1,228,710,059 | \$186,762     | 20.16%                  | 11.67%               |
| Average Value Difference (New v.s. Existing Construction) | Single Family |               | 52.21%        |             |                 | 41.08%        |             |                 | 37.98%        |                         |                      |
|   | Multi-Family  |               | 14.55%        |             |                 | 268.26%       |             |                 | 407.51%       |                         |                      |
|   | Total         |               | 48.58%        |             |                 | 60.39%        |             |                 | 63.92%        |                         |                      |

Table (4) below, shows value trends for Commercial buildings. The number of Existing Construction records stayed relatively consistent from 2004 through 2013, but increased at an average rate of 10.74% during the 10-year time period. The one Industrial property in the District is currently tax exempt, and the majority of the increase in Existing taxable commercial properties was those considered "Other", which are commercial construction improvements such as parking lots.

Average Commercial values for New Construction increased at a compound growth rate of 22.76% from 2004 through 2013, with an increase in records from just 12 in 2004 to 102 in 2013. Most of these are scattered throughout the area on smaller lots, or located on the first floor of a new Residential apartment or condominium project.

Table (4)  
Commercial Taxable Value by Date of Completion  
District A

| Land Use  | 2004           |               |               | 2009        |               |               | 2013        |               |               | (2004 - 2013)           |                      |
|---|----------------|---------------|---------------|-------------|---------------|---------------|-------------|---------------|---------------|-------------------------|----------------------|
|   | No. Records    | Taxable Value | Average Value | No. Records | Taxable Value | Average Value | No. Records | Taxable Value | Average Value | Average Annual Increase | Compound Growth Rate |
| Existing Construction (Built before 2000)                 |                |               |               |             |               |               |             |               |               |                         |                      |
| Goods/Services  | 580            | \$125,742,805 | \$216,798     | 611         | \$217,989,393 | \$356,775     | 611         | \$260,756,769 | \$426,770     | 10.74%                  | 7.57%                |
| Industrial  | 1              | \$0           | \$0           | 1           | \$0           | \$0           | 1           | \$0           | \$0           | ...                     | ...                  |
| Other   | 39             | \$1,655,843   | \$42,458      | 61          | \$3,506,518   | \$57,484      | 45          | \$5,268,807   | \$117,085     | 21.82%                  | 12.27%               |
| Subtotal  | 620            | \$127,398,648 | \$205,481.69  | 673         | \$221,495,911 | \$329,117     | 657         | \$266,025,576 | \$404,910     | 10.88%                  | 7.64%                |
| New Construction (Built 2000 +)                           |                |               |               |             |               |               |             |               |               |                         |                      |
| Goods/Services  | 12             | \$5,566,552   | \$463,879     | 84          | \$31,585,632  | \$376,019     | 102         | \$39,632,388  | \$388,553     | 61.20%                  | 21.69%               |
| Industrial  | ...            | ...           | ...           | ...         | ...           | ...           | ...         | ...           | ...           | ...                     | ...                  |
| Other   | ..             | ..            | ..            | 2           | \$1,477,109   | \$738,554.50  | 4           | \$3,650,095   | \$912,524     | ...                     | ...                  |
| Subtotal  | 12             | \$5,566,552   | \$463,879.33  | 86          | \$33,062,741  | \$384,450     | 106         | \$43,282,483  | \$408,325     | 67.75%                  | 22.76%               |
| Total   | 632            | \$132,965,200 | \$210,388     | 759         | \$254,558,652 | \$335,386.89  | 763         | \$309,308,059 | \$335,387     | 13.26%                  | 8.81%                |
| Average Value Difference (New v.s. Existing Construction) | Goods/Services |               | 113.97%       |             | 5.39%         |               | -8.96%      |               |               |                         |                      |
|   | Industrial     |               | ...           |             | ...           |               | ...         |               |               |                         |                      |
|   | Other          |               | ...           |             | 1184.80%      |               | 679.37%     |               |               |                         |                      |
|   | Total          |               | 125.75%       |             | 16.81%        |               | 0.84%       |               |               |                         |                      |

Capitol Market Research, October 2014  
Data from: Travis County Appraisal District

district tead.xls

### ***District A Current and Planned Developments***

Current developments in the area are those that are now or were recently under construction in the area, but not yet reflected on the 2013 Tax Roll, as well as those under review by the City of Austin Planning and Development Review Department. If the project was completed and reflected in the 2014 tax roll, this value was used as an estimated value. When the project was not completed and recorded in the 2014 tax roll, the estimated assessed values for the projects under review are estimated from recently completed comparable projects in the same district, averaged by unit for residential properties, and land acres or building square feet for commercial (depending on the type of project).

In District A, there are twenty-six projects listed as current developments, many of which are "mixed-use", containing both residential and commercial land uses. This District is currently the most active of all the five districts, with over \$499 million dollars of new construction expected to be added to the tax roll in the next few years. There is currently one single family condo project, two multi-family projects, and two mixed use multi-family projects, one office building, and one hotel project currently under construction. Table (5) on the following page lists all the developments under construction and planned in District A.

Table (5)  
Current Developments  
District A

| Residential / Mixed-Use |                                   |                    |                        |                      |               |                        |                                 |
|-------------------------|-----------------------------------|--------------------|------------------------|----------------------|---------------|------------------------|---------------------------------|
| Map No                  | Name                              | Status (2013)      | Land Use (2013)        | Taxable Value (2013) | Planned Units | Future Estimated Value | Description                     |
| 1                       | 1615 E. 7th Street                | Planned            | Vacant                 | \$287,325            | 19            | \$3,154,606            | Multi-Family                    |
| 2                       | 2305 Coronado Street              | Planned            | Vacant                 | \$85,000             | 5             | \$1,028,437            | Single Family Condos            |
| 3                       | 2400 Webberville                  | Under Construction | Commercial/Vacant      | \$543,356            | 6             | \$1,648,941            | Mixed-Use Condo                 |
| 4                       | 2900 Manor (Elan East)            | Under Construction | Residential/Vacant     | \$2,737,780          | 251           | \$41,674,003           | Multi-Family Mixed-Use          |
| 5                       | 4th and Navasota                  | Under Construction | Vacant                 | \$289,920            | 27            | \$4,482,861            | Multi-Family                    |
| 6                       | 7East                             | Planned            | Commercial             | \$2,170,141          | 177           | \$29,387,643           | Multi-Family                    |
| 7                       | 8TX Multifamily                   | Planned            | Vacant                 | \$1,603,300          | 176           | \$29,221,611           | Multi-Family                    |
| 8                       | ACDC East 12th (Anderson Village) | Under Construction | Residential/Vacant     | \$0                  | 24            | \$0                    | Multi-Family (Tax Exempt)       |
| 9                       | Chicon Corridor                   | Planned            | Vacant                 | \$275,928            | 50            | \$7,555,674            | Single Family Condominiums      |
| 10                      | Chicon MU                         | Planned            | Commercial             | \$1,553,462          | 99            | \$16,437,156           | Multi-Family Mixed-Use          |
| 11                      | Corazon                           | Under Construction | Residential/Vacant     | \$2,380,000          | 256           | \$42,504,162           | Multi-Family Mixed-Use          |
| 12                      | Eastside Village                  | Planned            | Commercial             | \$3,562,978          | 348           | \$57,779,095           | Multi-Family Mixed-Use          |
| 13                      | Fannie Mae Stewart Village        | Planned            | Residential/Vacant     | \$319,793            | 8             | \$1,328,255            | Multi-Family                    |
| 14                      | Hargrave Place                    | Planned            | Residential/Vacant     | \$844,528            | 74            | \$12,286,359           | Multi-Family                    |
| 15                      | Juniper Townhomes                 | Planned            | Vacant                 | \$352,742            | 16            | \$3,838,824            | Single Family Townhomes         |
| 16                      | Live-Work Austin                  | Planned            | Residential/Vacant     | \$339,363            | 12            | \$1,992,383            | Multi-Family Mixed-Use          |
| 17                      | MLK and Alexander Mixed Use       | Planned            | Vacant                 | \$2,681,212          | 306           | \$50,805,756           | Multi-Family Mixed-Use          |
| 18                      | MLK Station Apartments            | Planned            | Vacant                 | \$518,364            | 49            | \$8,135,562            | Multi-Family                    |
| 19                      | Plaza Saltillo                    | Planned            | Commercial/Vacant      | \$0                  | 800           | \$132,825,507          | Multi-Family Mixed-Use          |
| 20                      | Saltillo Station                  | Planned            | Commercial             | \$2,618,529          | 330           | \$54,790,521           | Multi-Family Mixed-Use          |
| 21                      | SIGGGIGGI                         | Planned            | Commercial/Residential | \$459,218            | 4             | \$664,128              | Multi-Family Mixed-Use          |
| Subtotal                |                                   |                    |                        | \$23,622,939         |               | \$501,541,485          |                                 |
| Commercial              |                                   |                    |                        |                      |               |                        |                                 |
| Map No                  | Name                              | Status             | 2013 Land Use          | 2013 Assessed Value  | Planned Size  | Future Estimated Value | Description                     |
| 22                      | 2021 East 5th St. Office          | Under Construction | Residential            | \$499,773            | 31,572        | \$3,979,181            | Multi-Tenant Office             |
| ...                     | 2400 Webberville                  | Under Construction | Commercial/Vacant      | See Residential      | 10,770        | See Residential        | Mixed-Use Condo (Office/Retail) |
| ...                     | 2900 Manor                        | Under Construction | Residential/Vacant     | See Residential      | 9,865         | See Residential        | Mixed-Use (Ground Floor Office) |
| ...                     | 7East                             | Planned            | Commercial             | See Residential      | 6,751         | See Residential        | Mixed-Use (Ground Floor Retail) |
| ...                     | Chicon MU                         | Planned            | Commercial             | See Residential      | 37,895        | See Residential        | Mixed-Use (Ground Floor Retail) |
| ...                     | Corazon                           | Under Construction | See Residential        | See Residential      | 16,060        | See Residential        | Mixed-Use (Ground Floor Retail) |
| ...                     | Eastside Village                  | Planned            | Commercial             | See Residential      | 107,500       | See Residential        | Mixed-Use (Office & Retail)     |
| 23                      | Hotel Eleven                      | Under Construction | Vacant                 | \$79,750             | 6,964         | \$1,925,086            | 14 Room Hotel, Restaurant       |
| 24                      | Kline Hotel                       | Planned            | Commercial             | \$1,040,740          | 30,500        | \$8,431,237            | Hotel, Restaurant               |
| ...                     | Live-Work Austin                  | Planned            | Residential/Vacant     | See Residential      | 2,730         | See Residential        | Mixed-Use (Ground Floor Office) |
| 25                      | Miriam Nursing Home*              | Planned            | Vacant                 | ...                  | 84,034        | \$4,253,462            | Nursing Home                    |
| ...                     | MLK and Alexander Mixed Use*      | Planned            | Vacant                 | See Residential      | 8,664         | See Residential        | Mixed-Use (Retail)              |
| ...                     | Plaza Saltillo                    | Planned            | Commercial/Vacant      | See Residential      | 112,500       | See Residential        | Mixed-Use                       |
| 26                      | San Marcos Hotel                  | Planned            | Vacant                 | \$842,100            | 20,550        | \$5,680,719            | 30 Room Hotel, Restaurant       |
| ...                     | SIGGGIGGI                         | Planned            | Commercial/Residential | \$459,218            | 10,033        | See Residential        | Mixed-Use (Ground Floor Office) |
| Subtotal                |                                   |                    |                        | \$2,921,581          |               | \$24,269,685           |                                 |
| Total                   |                                   |                    |                        | \$26,544,520         |               | \$525,811,170          |                                 |
| Additional Value        |                                   |                    |                        |                      |               | \$499,266,650          |                                 |

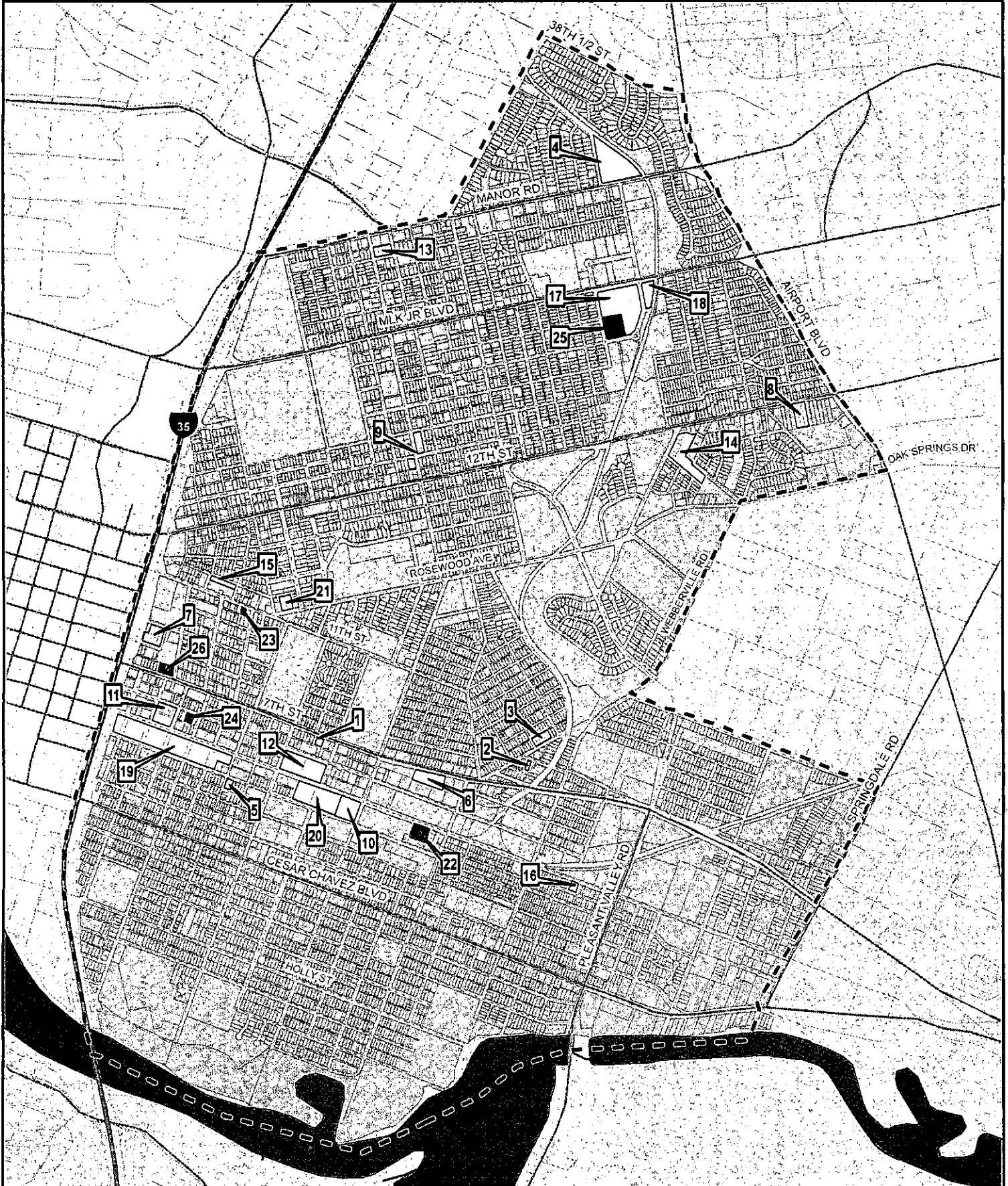
Capitol Market Research, October 2014

Source: City of Austin Emerging Projects, Growth Watch Data, and Permit Search, CMR Pipeline

Note: Estimated Values based upon 2013 assessed values of new construction, similar records in study area

\*MLK and Alexander Mixed Use & Miriam Nursing Home are two separate developments in the same 2013 parcel.

developmentlist.xls



### ***District A Future Values***

District A includes portions of seven neighborhood planning areas and two TODs, Plaza Saltillo and MLK Boulevard. In 2013, it had a total assessed value of \$1,604,944,947 in 8,508 records. The property value in the area grew from \$578 million in 2004 to \$1.64 billion in 2013, at an average compound interest rate of 10.73%, the second highest compound growth rate of all the districts. New Residential construction (built in 2000 +) had the highest rate of change from 2004 to 2013, with an astounding 33.29% compound growth rate.

Looking at the historical trends, as well as the increasing density and the introduction of mixed use communities in the District (Table (5)), CMR has assumed a continuation of new construction, as well as renovations of existing properties, which, when taken together, will continue to dramatically increase taxable value. Table (6) on the following page compares the 10-year taxable value forecasts with the historical data from TCAD for the district. Using the average compound interest rate for the District (10.73%), CMR estimated the total assessed value in District A to be \$4.48 billion in 2023. Then, using various forecasting techniques that fit with the trends in specific land use categories and age of product, CMR estimated their share of the value in 2023, with current and planned developments taken into account.

The future value estimation in 2023 shows the majority of new taxable value coming from Residential New Construction (Built in 2000 +), as their total taxable value is estimated to increase at a compound rate of 19.21% from 2013 through 2023, as well as Commercial New Construction, with an estimated 14.50% rate from 2013 through 2023.

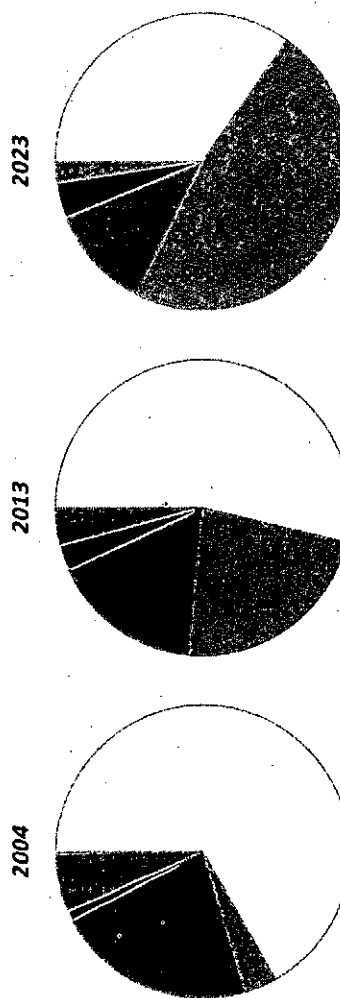
Table (6)  
10-Year Taxable Value Estimates  
District A

| Land Use            | 2004                  |                  | 2013                               |                                    | 2023                               |                                    |
|---------------------|-----------------------|------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|                     | Existing Construction | New Construction | Existing Construction              | New Construction                   | Existing Construction              | New Construction                   |
|                     | Taxable Value         | Taxable Value    | Taxable Value                      | Taxable Value                      | Taxable Value                      | Taxable Value                      |
|                     |                       |                  | Compound Growth Rate (2004 - 2013) | Compound Growth Rate (2004 - 2013) | Compound Growth Rate (2013 - 2023) | Compound Growth Rate (2013 - 2023) |
| Residential         | \$385,704,730         | \$20,667,902     | 8.35%                              | 3.37%                              | \$1,554,675,535                    | \$3,121,329,604                    |
| Single-Family       | \$347,051,372         | \$18,949,638     | 8.53%                              | 3.11%                              | \$1,426,525,017                    | \$967,473,921                      |
| Multi-Family        | \$39,663,358          | \$1,717,504      | 6.20%                              | 47.11%                             | \$110,228,570                      | \$1,153,855,683                    |
| Commercial          | \$127,938,648         | \$5,555,557      | 7.64%                              | 12.76%                             | \$55,083,925                       | \$1,07,638,765                     |
| Goods/Services      | \$125,742,805         | \$5,366,552      | 7.57%                              | 21.69%                             | \$495,988,164                      | \$1,01,273,239                     |
| Industrial          | \$0                   | ...              | ...                                | ...                                | \$0                                | ...                                |
| Other               | \$1,655,843           | ...              | 12.27%                             | ...                                | \$12,404,185                       | \$5,355,526                        |
| Vacant/Agricultural | \$37,995,680          | ...              | \$66,537,857                       | \$9.3%                             | \$104,640,072                      | 4,633                              |
| Other               | \$1,216,570           | ...              | \$389,479                          | 10.88%                             | \$107,209                          | 41,28                              |
| <b>Total</b>        | <b>\$578,990,326</b>  |                  | <b>\$1,604,944,947</b>             | <b>10.73%</b>                      | <b>\$4,448,862,385</b>             | <b>10.73%</b>                      |

forecast values.xls

Capitol Market Research, October 2014  
Historical data from Travis County Appraisal District

Percentage of Total Assessed Values



**DISTRICT B**

***(Riverside)***

### **District B Historical & Current Taxable Values**

District B is delineated by 2010 US Census Tracts 23.04, 23.12, 23.14, 23.15, 23.16, 23.17, and 23.18, and encompasses approximately 3,600 acres, the largest of the five districts. It includes large portions of the Montopolis, Pleasant Valley, and Riverside Neighborhood Planning Areas. This district contains the East Riverside Corridor Master Plan and Regulating Plan, which were adopted in 2010 and 2013, respectively.

In 2004, District B had a total taxable value of over \$646 million dollars in 2,881 property tax records, with the majority of these records being Residential. District B increased to \$942 million dollars in 2009, an average annual increase of 9.2%. The increase in taxable value slowed to an average annual increase of 3.4% between 2009 and 2013, ending with a 2013 taxable value of \$1.10 billion dollars. Historically, from 2004 through 2013, taxable value for tangible property had a compound growth rate of 5.48%, with the highest rate compound growth being for Vacant/Agricultural properties, at 6.09%. These values are shown on Table (7) below.

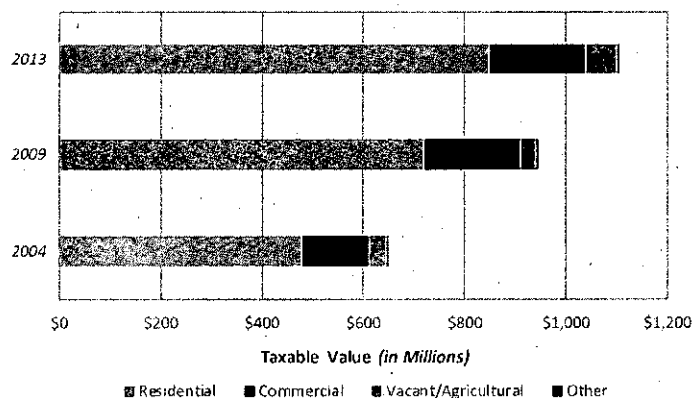
Residential records in District B have increased from 2,262 records in 2004 to 3,099 records in 2013, Commercial records have increased just slightly, from 152 records in 2004 to 164 records in 2013. Vacant/Agricultural records also increased marginally, from 466 records in 2004 to 484 in 2013.

Table (7)  
COA Taxable Value by Land Use  
District B

| Land Use            | 2004         |                      | 2009         |                      | 2013         |                        | (2004 - 2013)           |                      |
|---------------------|--------------|----------------------|--------------|----------------------|--------------|------------------------|-------------------------|----------------------|
|                     | No. Records  | Taxable Value        | No. Records  | Taxable Value        | No. Records  | Taxable Value          | Average Annual Increase | Compound Growth Rate |
| Residential         | 2,262        | \$480,970,739        | 3,067        | \$721,103,883        | 3,099        | \$848,776,605          | 7.65%                   | 5.84%                |
| Commercial          | 152          | \$129,277,249        | 157          | \$184,988,359        | 164          | \$188,352,910          | 4.57%                   | 3.64%                |
| Vacant/Agricultural | 466          | \$35,855,195         | 475          | \$36,194,523         | 484          | \$64,771,676           | 8.06%                   | 6.09%                |
| Other               | 1            | \$580,000            | 2            | \$376,547            | 2            | \$285,147              | -5.08%                  | -6.85%               |
| <b>Total</b>        | <b>2,881</b> | <b>\$646,683,183</b> | <b>3,701</b> | <b>\$942,663,312</b> | <b>3,749</b> | <b>\$1,102,186,338</b> | <b>7.04%</b>            | <b>5.48%</b>         |

Capitol Market Research, October 2014

Data from: Travis County Appraisal District





## District B Construction Trends

The following analysis breaks down the total taxable values further, in order to provide more detail relating to historical construction trends in the area. This analysis includes both Residential and Commercial land use types, disaggregated into "Existing Construction", those properties built before the year 2000, and "New Construction", properties that were built in 2000 and after. This is done in order to analyze both the older, existing tax base in the area, as well as the land use changes and new taxable values being brought into the area.

Table (8) below, shows value trends for Residential buildings in District B. Among the 2,262 Residential records in 2004, 2,197 of these (97.1%) were considered Existing Construction. In 2013, Existing Single Family accounted for 2,115 (68.2%) of the total Residential records. Existing Family Records actually saw an increase in the number of records from 2004 to 2013 while Multi-Family records declined, which could be a result of multiple existing Multi-Family projects being converted into Single Family for sale condominium units. While Single Family accounts for the majority of records in the Existing Residential stock, Multi-Family makes up the majority of taxable value, with over \$321 million dollars of taxable value in 2013. Historically, Existing Construction Residential values grew at a compound growth rate of 2.41% from 2004 through 2013, significantly lower than the City rate. Existing Single Family grew at a 4.83% annual rate, which indicates some demand pressure on prices, but not yet a critical factor for existing homeowners.

New Residential construction in District B increased at a compound growth rate of 13.18%, from \$109 million dollars in 2004 to \$377 million dollars in 2013. The majority of this increase was in Multi-family construction, which has occurred on the north side of Riverside Drive in several new mixed-use and student oriented communities in the Riverside Corridor, between Interstate 35 and Grove Boulevard. New Construction Single Family has been concentrated east of Grove Boulevard, both in new small lot Single Family subdivisions such as Riverside Meadows and Frontier at Montana, and scattered around the existing Montopolis neighborhood. Average Residential taxable values (total records divided by total tax value) were 135.68% higher for those New Construction properties in 2013, mainly due to Multi-family properties.

Table (8)  
Residential Taxable Value by Date of Completion  
District B

| Land Use  | 2004          |                      |                       | 2009         |                      |                  | 2013         |                      |                  | (2004 - 2013)           |                      |
|---|---------------|----------------------|-----------------------|--------------|----------------------|------------------|--------------|----------------------|------------------|-------------------------|----------------------|
|   | No. Records   | Taxable Value        | Average Value         | No. Records  | Taxable Value        | Average Value    | No. Records  | Taxable Value        | Average Value    | Average Annual Increase | Compound Growth Rate |
| <b>Existing Construction (Built before 2000)</b>          |               |                      |                       |              |                      |                  |              |                      |                  |                         |                      |
| Single Family   | 2,002         | \$101,116,512        | \$50,508              | 2,224        | \$167,748,318        | \$75,426         | 2,155        | \$149,913,562        | \$69,565         | 4.83%                   | 4.02%                |
| Multi-Family  | 195           | \$270,518,175        | \$1,387,273           | 178          | \$342,461,982        | \$1,923,944      | 159          | \$321,752,810        | \$2,023,603      | 1.89%                   | 1.75%                |
| <b>Subtotal</b>   | <b>2,197</b>  | <b>\$371,634,687</b> | <b>\$169,153,152</b>  | <b>2,402</b> | <b>\$510,210,300</b> | <b>\$212,411</b> | <b>2,314</b> | <b>\$471,666,372</b> | <b>\$203,832</b> | <b>2.69%</b>            | <b>2.41%</b>         |
| <b>New Construction (Built 2000 +)</b>                    |               |                      |                       |              |                      |                  |              |                      |                  |                         |                      |
| Single Family   | 45            | \$3,542,120          | \$78,714              | 635          | \$84,764,098         | \$133,487        | 750          | \$90,768,979         | \$121,025        | 246.26%                 | 38.31%               |
| Multi-Family  | 20            | \$105,793,932        | \$5,289,697           | 30           | \$126,129,485        | \$4,204,316      | 35           | \$286,341,254        | \$8,181,179      | 17.07%                  | 10.47%               |
| <b>Subtotal</b>   | <b>65</b>     | <b>\$109,335,052</b> | <b>\$1,682,093,11</b> | <b>665</b>   | <b>\$210,893,583</b> | <b>\$317,133</b> | <b>785</b>   | <b>\$377,110,233</b> | <b>\$480,395</b> | <b>24.49%</b>           | <b>13.18%</b>        |
| <b>Total</b>  | <b>2,262</b>  | <b>\$480,970,739</b> | <b>\$212,631</b>      | <b>3,067</b> | <b>\$721,103,883</b> | <b>\$235,117</b> | <b>3,099</b> | <b>\$848,776,605</b> | <b>\$273,887</b> | <b>7.65%</b>            | <b>5.84%</b>         |
| Average Value Difference (New v.s. Existing Construction) | Single Family |                      |                       | Multi-Family |                      |                  | Total        |                      |                  |                         |                      |
|   | 55.84%        |                      |                       | 281.30%      |                      |                  | 894.41%      |                      |                  |                         |                      |
|   | 76.98%        |                      |                       | 118.53%      |                      |                  | 49.30%       |                      |                  |                         |                      |
|   |               |                      | 73.97%                |              |                      |                  |              |                      |                  |                         |                      |
|   |               |                      | 304.29%               |              |                      |                  |              |                      |                  |                         |                      |
|   |               |                      | 135.68%               |              |                      |                  |              |                      |                  |                         |                      |

Capital Market Research, October 2014  
Data from: Travis County Appraisal District

Table (9) below, shows value trends for Commercial buildings in District B. The number of Existing Construction records decreased in number of records and taxable value, from 146 records with a taxable value of \$110 million in 2004, to 122 records with a value of \$104 million in 2013, with a negative compound growth rate in taxable value of -0.61%.

Average Commercial values for New Construction increased in Taxable Value by a compound growth rate of 16.46% from 2004 through 2013, with an increase in records from just 6 in 2004 to 42 in 2013. Many of these new commercial properties can be found in Airport Commerce Park, just west of the intersection of US Hwy 183 and Hwy 71, and in the Riverside Corridor.

Table (9)  
Commercial Taxable Value by Date of Completion  
District B

| Land Use  | 2004           |                      |                       | 2009        |                      |                       | 2013        |                      |                    | (2004 - 2013)           |                      |
|---|----------------|----------------------|-----------------------|-------------|----------------------|-----------------------|-------------|----------------------|--------------------|-------------------------|----------------------|
|   | No. Records    | Taxable Value        | Average Value         | No. Records | Taxable Value        | Average Value         | No. Records | Taxable Value        | Average Value      | Average Annual Increase | Compound Growth Rate |
| <b>Existing Construction (Built before 2000)</b>          |                |                      |                       |             |                      |                       |             |                      |                    |                         |                      |
| Goods/Services  | 124            | \$84,319,932         | \$679,999             | 106         | \$105,218,593        | \$992,628             | 101         | \$89,039,476         | \$881,579          | 0.56%                   | 0.55%                |
| Industrial  | 4              | \$22,233,200         | \$5,558,300           | 5           | \$13,480,293         | \$2,696,059           | 4           | \$9,117,935          | \$2,279,484        | -5.90%                  | -8.53%               |
| Other   | 18             | \$4,425,820          | \$245,879             | 20          | \$7,099,385          | \$354,969             | 17          | \$6,244,785          | \$367,340          | 4.11%                   | 3.50%                |
| <b>Subtotal</b>   | <b>146</b>     | <b>\$110,978,952</b> | <b>\$760,129.81</b>   | <b>131</b>  | <b>\$125,798,271</b> | <b>\$960,252</b>      | <b>122</b>  | <b>\$104,402,196</b> | <b>\$855,756</b>   | <b>-0.59%</b>           | <b>-0.61%</b>        |
| <b>New Construction (Built 2000+)</b>                     |                |                      |                       |             |                      |                       |             |                      |                    |                         |                      |
| Goods/Services  | 5              | \$3,680,164          | \$736,033             | 20          | \$41,209,586         | \$2,060,479           | 35          | \$80,765,131         | \$2,307,575        | 209.46%                 | 36.19%               |
| Industrial  | 1              | \$14,618,133         | \$14,618,133          | 1           | \$14,537,916         | \$14,537,916          | ...         | ...                  | ...                | ...                     | ...                  |
| Other   | ...            | ...                  | ...                   | 5           | \$3,442,586          | \$688,517             | 7           | \$3,185,583          | \$455,083          | ...                     | ...                  |
| <b>Subtotal</b>   | <b>6</b>       | <b>\$18,298,297</b>  | <b>\$3,049,716.17</b> | <b>26</b>   | <b>\$59,190,088</b>  | <b>\$2,276,542</b>    | <b>42</b>   | <b>\$83,950,714</b>  | <b>\$1,998,827</b> | <b>35.88%</b>           | <b>16.46%</b>        |
| <b>Total</b>  | <b>152</b>     | <b>\$129,277,249</b> | <b>\$850,508</b>      | <b>157</b>  | <b>\$184,988,359</b> | <b>\$1,178,269.80</b> | <b>164</b>  | <b>\$188,352,910</b> | <b>\$335,387</b>   | <b>4.57%</b>            | <b>3.84%</b>         |
| Average Value Difference (New v.s. Existing Construction) | Goods/Services |                      |                       | Industrial  |                      |                       | Other       |                      |                    |                         |                      |
|   | 8.24%          |                      |                       | 107.58%     |                      |                       | 161.75%     |                      |                    |                         |                      |
|   | 163.00%        |                      |                       | 439.23%     |                      |                       | 23.89%      |                      |                    |                         |                      |
|   | 301.21%        |                      |                       | 137.07%     |                      |                       | 133.57%     |                      |                    |                         |                      |

Capitol Market Research, October 2014  
Data from: Travis County Appraisal District

district total.xls

## District B Current and Planned Developments

Current developments in the area are those that are now or were recently under construction in the area, but not yet reflected on the 2013 Tax Roll, as well as those under review by the City of Austin Planning and Development Review Department. If the project was completed and reflected in the 2014 tax roll, this value was used as an estimated value. When the project was not completed and recorded in the 2014 tax roll, the estimated assessed values for the projects under review are estimated from recently completed comparable projects in the same district, averaged by unit for residential properties, and land acres or building square feet for commercial (depending on the type of project).

In District B, there are sixteen projects listed as current developments, most of which are single family (for sale) projects, both attached and detached, not including remaining residential units and commercial square footage remaining in the unplanned parts of the Lakeshore PUD. There are currently three multi-family projects and one single family condominium project under construction. Table (10), below, lists all the developments under construction and planned in District B.

Table (10)  
Current Developments  
District B

| Residential / Mixed-Use |  |               |                    |                      |               |                        |                                 |
|-------------------------|--|---------------|--------------------|----------------------|---------------|------------------------|---------------------------------|
| Map No                  | Name                                   | Status (2013) | Land Use (2013)    | Taxable Value (2013) | Planned Units | Future Estimated Value | Description                     |
| 1                       | 1401 Pleasant Valley                   | Planned       | Vacant             | \$643,686            | 32            | \$6,563,740            | Single Family Townhomes         |
| 2                       | 1500 S. Pleasant Valley                | Planned       | Commercial         | \$1,371,514          | 340           | \$31,957,792           | Multi-family                    |
| 3                       | E. Riverside Mixed Use Project         | Planned       | Commercial/Vacant  | \$307,836            | 100           | \$15,333,333           | Mixed-Use                       |
| 4                       | Grove Tract Loft Development           | Planned       | Vacant             | \$710,267            | 156           | \$12,059,274           | Multi-family                    |
| 5                       | Lakeshore Lot 10 (Park at Lakeshore)   | Construction  | Vacant             | \$2,756,477          | 282           | \$21,799,457           | Multi-family                    |
| 6                       | Richardson Lane Subdivision            | Planned       | Vacant             | \$78,750             | 12            | \$1,587,410            | Single Family                   |
| 7                       | Riverside II Condominiums              | Planned       | Vacant             | \$746,261            | 125           | \$25,639,611           | Single Family Condos            |
| 8                       | Riverside Grove Condominiums (2 Bldgs) | Planned       | Vacant             | \$152,830            | 57            | \$7,119,080            | Single Family Condos            |
| 9                       | Riverside West Condominiums*           | Construction  | Residential/Vacant | \$1,250,018          | 43            | \$8,820,026            | Single Family Condos (Detached) |
| 10                      | South Shore Section 1A                 | Construction  | Residential/Vacant | \$4,041,164          | 250           | \$38,333,333           | Mixed-Use                       |
| 11                      | South Shore Section 1B & 1C            | Construction  | Residential/Vacant | \$15,143,963         | 256           | \$39,253,333           | Mixed-Use                       |
| 12                      | South Shore Subdivision (Sec. One)     | Planned       | Vacant             | \$2,505,571          | 71            | \$14,563,299           | Single Family Townhomes         |
| 13                      | The Pointe/Villages at Ben White       | Planned       | Vacant             | \$3,155,441          | 404           | \$37,973,377           | Multi-family                    |
| 14                      | Townhomes at Park Place                | Planned       | Vacant             | \$1,452,508          | 55            | \$11,281,429           | Single Family Townhomes         |
| Subtotal                |  |               |                    | \$34,316,286         |               | \$272,284,496          |                                 |
| Commercial              |  |               |                    |                      |               |                        |                                 |
| Map No                  | Name                                   | Status        | 2013 Land Use      | 2013 Assessed Value  | Planned Size  | Future Estimated Value | Description                     |
| 15                      | 7800 E Ben White                       | Planned       | Vacant             | \$858,319            | 10,880        | \$3,353,283            | Restaurant/Retail               |
| ...                     | E. Riverside Mixed Use Project         | Planned       | Commercial/Vacant  | see residential      | 12,000        | see residential        | Mixed-use (Ground Floor Retail) |
| 16                      | Hilton Garden Inn                      | Planned       | Vacant             | \$2,125,728          | 92,760        | \$6,416,281            | Hotel (149 rooms)               |
| ...                     | South Shore Section 1A                 | Construction  | Residential/Vacant | see residential      | 7,000         | see residential        | Mixed-use (Ground Floor Retail) |
| ...                     | South Shore Section 1B & 1C            | Construction  | Residential/Vacant | see residential      | 10,584        | see residential        | Mixed-use (Ground Floor Retail) |
| Subtotal                |  |               |                    | \$2,984,047          |               | \$9,769,565            |                                 |
| Total                   |  |               |                    | \$37,300,333         |               | \$282,054,061          |                                 |
| Additional Value        |  |               |                    |                      |               |                        | \$244,753,728                   |

Capital Market Research, October 2014

Source: City of Austin Emerging Projects, Growth Watch Data, and Permit Search, CAM Pipeline

Note: Estimated Values based upon 2013 assessed values of new construction, similar records in study area

\*Riverside West Planned Units are those still under construction at the 2013 Tax Roll

development list.xls



### ***District B Future Values***

District B includes portions of three neighborhood planning areas and one master plan. In 2013, it had a total assessed value of \$1,102,186,338 in 3,749 records. The property value in the area grew from \$646 million in 2004 to \$1.10 billion in 2013, at an average compound growth rate of 5.48%, just slightly lower than the City of Austin growth rate of 5.56%. New Single Family Residential construction (built in 2000 +) had the most astounding change from 2004 to 2013, increasing at an average compound rate of 38.31% in taxable value.

Looking at the historical trends, as well as the increasing density and the introduction of mixed use communities and attached Single Family, and availability of vacant and infill land in the District (Table (10)), CMR has assumed a continuation of new construction. Table (11) on the following page compares the 10-year taxable value forecasts with the historical data from TCAD for the district. Using the average compound interest rate for the District (5.48%), CMR estimated the total assessed value in District B to be \$1.87 billion in 2023. Then, using various forecasting techniques that fit with the trends in specific land use categories and age of product, CMR estimated their share of the value in 2023, with current and planned developments taken into account.

The future value estimation in 2023 shows the majority of new taxable value coming from new (built in 2000 +) Commercial records, which are estimated to have a compound growth rate of 9.55% from 2013 to 2023, as well as New Residential construction, with an estimated growth rate of 7.90%.

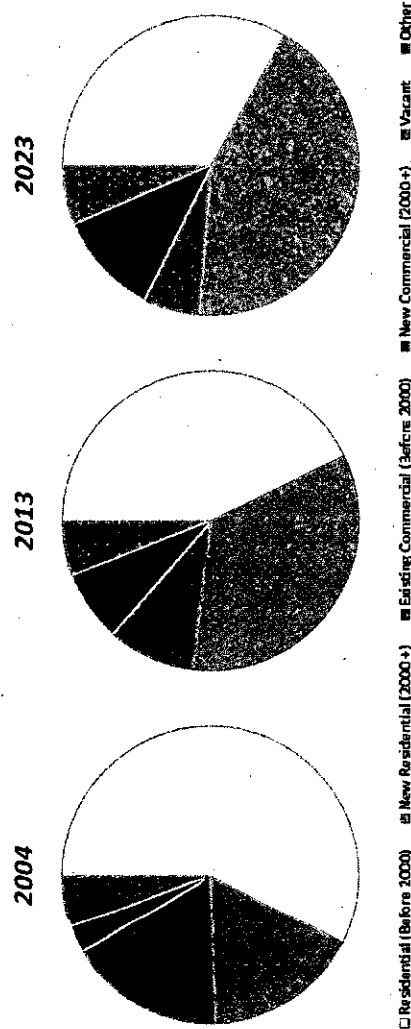
Table (11)  
10-Year Taxable Value Estimates  
District B

| Land Use                   | 2004                  |                  | 2013                             |                                  | 2023                             |                                  |
|----------------------------|-----------------------|------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|                            | Existing Construction | New Construction | Existing Construction            | New Construction                 | Existing Construction            | New Construction                 |
|                            | Taxable Value         | Taxable Value    | Taxable Value                    | Taxable Value                    | Taxable Value                    | Taxable Value                    |
|                            |                       |                  | Compound Growth Rate (2004-2013) | Compound Growth Rate (2004-2013) | Compound Growth Rate (2013-2023) | Compound Growth Rate (2013-2023) |
| <b>Residential</b>         |                       |                  |                                  |                                  |                                  |                                  |
| Single Family              | \$270,614,687         | \$109,835,052    | \$149,913,562                    | \$90,768,979                     | \$227,071,440                    | \$227,855,014                    |
| Multi-Family               | \$270,518,175         | \$105,793,932    | \$321,752,810                    | \$286,341,254                    | \$397,747,481                    | \$579,119,050                    |
| <b>Commercial</b>          |                       |                  |                                  |                                  |                                  |                                  |
| Goods/Services             | \$110,978,952         | \$182,982,97     | \$104,402,196                    | \$83,950,719                     | \$117,201,744                    | \$208,917,960                    |
| Industrial                 | \$84,319,932          | \$3,680,164      | \$89,039,476                     | \$80,765,131                     | \$103,662,572                    | \$201,962,558                    |
| Other                      | \$22,233,200          | \$14,618,133     | \$9,117,935                      | ...                              | \$4,082,201                      | ...                              |
|                            | \$4,425,820           | ...              | \$6,244,785                      | \$3,185,583                      | \$9,456,971                      | \$6,955,403                      |
| <b>Vacant/Agricultural</b> |                       |                  |                                  |                                  |                                  |                                  |
|                            | \$35,855,195          | ...              | \$69,721,676                     | ...                              | \$120,465,758                    | ...                              |
| <b>Other</b>               |                       |                  |                                  |                                  |                                  |                                  |
|                            | \$580,000             | ...              | \$785,147                        | ...                              | \$153,043                        | ...                              |
| <b>Total</b>               | \$646,683,183         | ...              | \$1,102,186,338                  | ...                              | \$1,878,531,491                  | ...                              |
|                            |                       |                  |                                  |                                  |                                  | 5.48%                            |

forecast values, all

Capital Market Research, October 2014

Percentage of Total Assessed Values



**DISTRICT C**

***(Johnston Terrace/Govalle)***

### District C Historical & Current Tax Values

This District is delineated by US Census Tract 21.11, and includes portions of the East MLK and the Govalle/Johnston Terrace Neighborhood Planning Areas. It encompasses approximately 1,700 acres.

In 2004, District C had a total taxable value of over \$125 million dollars in 1,156 property tax records, with the majority of these records being Residential. District B increased to \$226 million dollars in 2009, average annual increase of 15.9%. The average annual increase in taxable value slowed to 2.8% between 2009 and 2013, ending with a 2013 taxable value of \$258 billion dollars. Historically, from 2004 through 2013, taxable value for tangible property increased at a compound rate of 7.44%, with the highest rate of growth being for Residential properties, which rose at a compound growth rate of 10.32%, significantly higher than those of the City of Austin. These values are shown on Table (12) below.

Residential records in District B have increased from 804 records in 2004 to 1,082 records in 2013, Commercial records have increased just slightly, from 137 records in 2004 to 150 records in 2013. Vacant/Agricultural records also increased, from 207 records in 2004 to 269 in 2013.

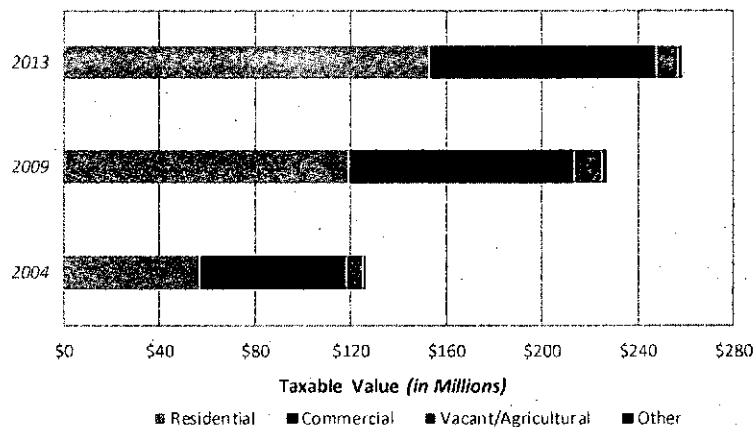
Table (12)  
COA Taxable Value by Land Use  
District C

| Land Use            | 2004        |               | 2009        |               | 2013        |               | (2004 - 2013)           |                      |
|---------------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------------------|----------------------|
|                     | No. Records | Taxable Value | No. Records | Taxable Value | No. Records | Taxable Value | Average Annual Increase | Compound Growth Rate |
| Residential         | 804         | \$57,342,795  | 953         | \$119,619,030 | 1,082       | \$153,048,915 | 16.69%                  | 10.92%               |
| Commercial          | 137         | \$60,081,319  | 148         | \$93,064,833  | 150         | \$93,831,391  | 5.62%                   | 4.56%                |
| Vacant/Agricultural | 207         | \$7,879,690   | 335         | \$12,618,589  | 269         | \$10,369,081  | 3.16%                   | 2.78%                |
| Other               | 8           | \$569,611     | 8           | \$950,237     | 8           | \$790,069     | 3.87%                   | 8.93%                |
| Grand Total         | 1,156       | \$125,873,415 | 1,444       | \$226,252,689 | 1,509       | \$258,039,456 | 10.50%                  | 7.44%                |

Capitol Market Research, October 2014

Data from: Travis County Appraisal District

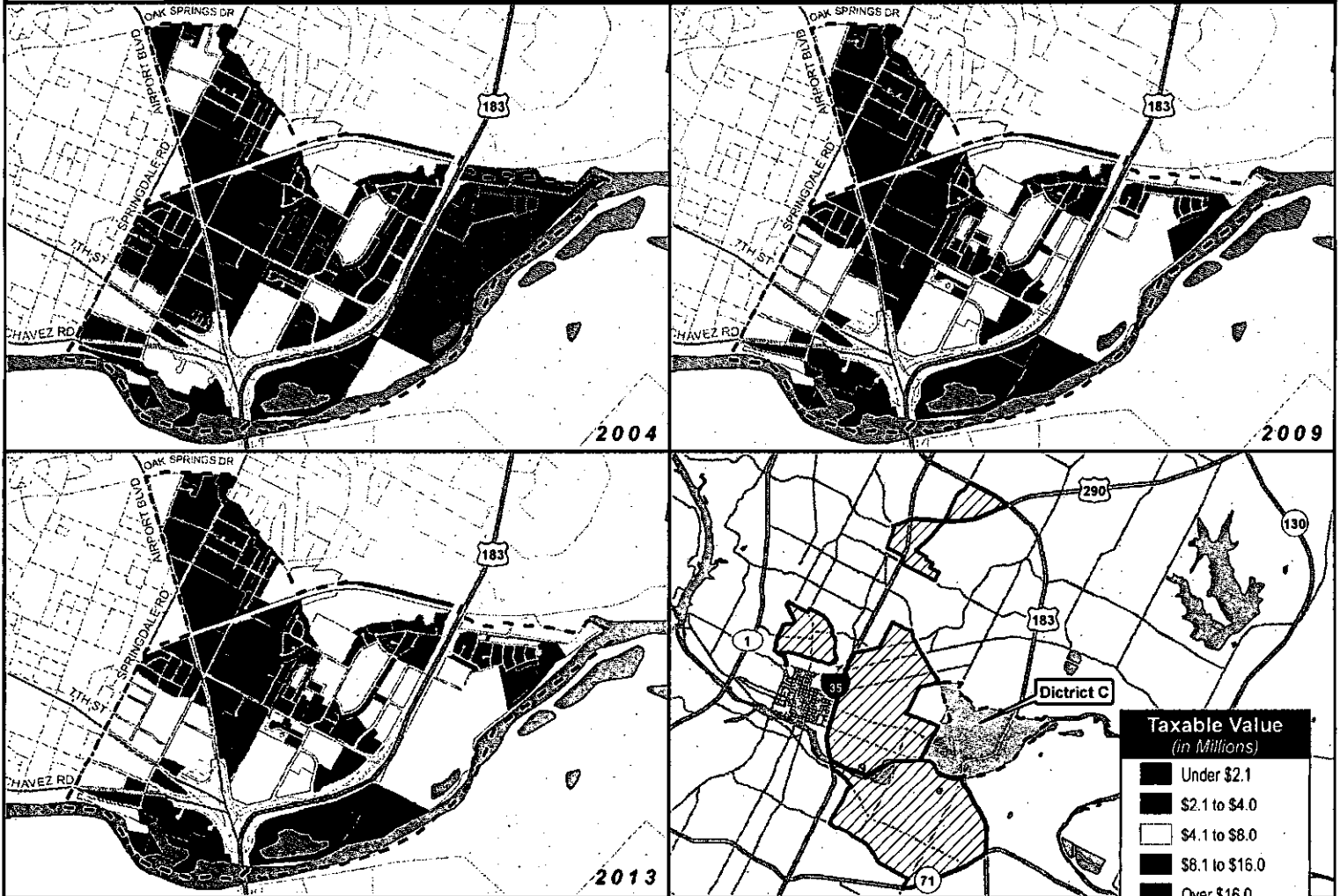
district tead.xls





# District C:

COA Taxable Values by Year



Date: October 2014  
Path: C:\GIS\Projects\2014\Homestead\District C\District C.mxd  
Note: Assessed values are shown by Plot Block  
Data from: Travis County Appraisal District

0 0.25 0.5 Miles

## District C Construction Trends

The following analysis breaks down the total taxable values further, analyzing historical construction trends in the area. This analysis includes both Residential and Commercial land use types, disaggregated into "Existing Construction", those properties built before the year 2000, and "New Construction", properties that were built in 2000 and after. This is done in order to analyze both the older, existing tax base in the area, as well as the land use changes and new taxable values being brought into the area.

Table (13) below, shows value trends for Residential buildings in District C. Among the 804 Residential records in 2004, 791 of these (98.3%) were considered Existing Construction. In 2013, Existing Single Family accounted for 776 (71.7%) of the total Residential records. Existing Single Family also makes up the majority of taxable value, with over \$75 million dollars of taxable value, which grew at a compound growth rate of 2.41% since 2004, when it was \$39 million dollars.

New Residential construction in District C grew at a compound rate of 43.52%, from \$1.3 million dollars in 2004 to \$51 million dollars in 2013. The majority of this increase was in Single Family construction, taking place in new production home single family subdivisions such as Knollwood on the Colorado and Joseph Edward Smart Housing. Average Residential taxable values (total records divided by total tax value) were 28.34% higher for those New Construction properties in 2013.

Table (13)  
Residential Taxable Value by Date of Completion  
District C

| Land Use  | 2004          |                     |                     | 2009        |                      |                  | 2013         |                      |                  | (2004 - 2013)           |                      |
|---|---------------|---------------------|---------------------|-------------|----------------------|------------------|--------------|----------------------|------------------|-------------------------|----------------------|
|   | No. Records   | Taxable Value       | Average Value       | No. Records | Taxable Value        | Average Value    | No. Records  | Taxable Value        | Average Value    | Average Annual Increase | Compound Growth Rate |
| <b>Existing Construction (Built before 2000)</b>          |               |                     |                     |             |                      |                  |              |                      |                  |                         |                      |
| Single Family   | 680           | \$39,140,271        | \$74,055            | 682         | \$69,091,248         | \$120,567        | 669          | \$75,716,437         | \$113,179        | 9.34%                   | 6.82%                |
| Multi-Family  | 111           | \$16,815,796        | \$167,896           | 105         | \$25,002,191         | \$240,059        | 107          | \$25,904,540         | \$242,099        | 5.40%                   | 4.42%                |
| <b>Subtotal</b>   | <b>791</b>    | <b>\$55,956,067</b> | <b>\$70,740.92</b>  | <b>787</b>  | <b>\$94,093,439</b>  | <b>\$119,560</b> | <b>776</b>   | <b>\$101,620,977</b> | <b>\$130,955</b> | <b>7.16%</b>            | <b>6.15%</b>         |
| <b>New Construction (Built 2000+)</b>                     |               |                     |                     |             |                      |                  |              |                      |                  |                         |                      |
| Single Family   | 13            | \$1,386,728         | \$106,671           | 159         | \$22,675,415         | \$142,613        | 299          | \$48,835,199         | \$163,328        | 342.16%                 | 42.78%               |
| Multi-Family  | ...           | ...                 | ...                 | 7           | \$2,850,176          | \$407,168        | 7            | \$2,592,739          | \$370,391        | ...                     | ...                  |
| <b>Subtotal</b>   | <b>13</b>     | <b>\$1,386,728</b>  | <b>\$106,671.38</b> | <b>166</b>  | <b>\$25,525,591</b>  | <b>\$153,769</b> | <b>306</b>   | <b>\$51,427,938</b>  | <b>\$168,055</b> | <b>360.86%</b>          | <b>43.52%</b>        |
| <b>Total</b>  | <b>804</b>    | <b>\$57,342,795</b> | <b>\$71,322</b>     | <b>953</b>  | <b>\$119,619,030</b> | <b>\$125,518</b> | <b>1,082</b> | <b>\$153,048,915</b> | <b>\$141,450</b> | <b>16.69%</b>           | <b>10.32%</b>        |
| Average Value Difference (New v.s. Existing Construction) | Single Family |                     | 44.04%              |             |                      | 18.29%           |              |                      | 44.31%           |                         |                      |
|   | Multi-Family  |                     | ...                 |             |                      | 69.61%           |              |                      | 52.99%           |                         |                      |
|   | Total         |                     | 50.79%              |             |                      | 28.61%           |              |                      | 28.34%           |                         |                      |

Capital Market Research, October 2014  
Data from: Travis County Appraisal District

district.tcad.xls

Table (14) below, shows value trends for Commercial buildings in District C. The number of Existing Construction records increased from 135 records with a total taxable value of \$58 million in 2004 to 141 records with a total taxable value of \$86 million in 2013, a compound growth rate of 3.92%. The majority of these increases are general Goods/Services records.

Average Commercial values for New Construction increased in aggregate Taxable Value at a compound rate of 18.89% from 2004 through 2013, with an increase in records from just 2 in 2004 to 9 in 2013. The construction of the Southwest Key Programs National Headquarters and the East Austin College Prep Jain Campus significantly increased newer construction commercial values in the area.

Table (14)  
Commercial Taxable Value by Date of Completion  
District C

| Land Use  | 2004           |                     |                     | 2009        |                     |                  | 2013        |                     |                     | (2004 - 2013)           |                      |
|---|----------------|---------------------|---------------------|-------------|---------------------|------------------|-------------|---------------------|---------------------|-------------------------|----------------------|
|   | No. Records    | Taxable Value       | Average Value       | No. Records | Taxable Value       | Average Value    | No. Records | Taxable Value       | Average Value       | Average Annual Increase | Compound Growth Rate |
| <b>Existing Construction (Built before 2000)</b>          |                |                     |                     |             |                     |                  |             |                     |                     |                         |                      |
| Goods/Services  | 128            | \$53,586,484        | \$418,644           | 140         | \$85,461,395        | \$610,439        | 138         | \$82,863,641        | \$600,461           | 5.46%                   | 4.46%                |
| Industrial  | 3              | \$4,908,359         | \$1,636,120         | 2           | \$4,318,522         | \$2,159,261      | 2           | \$3,413,419         | \$1,706,710         | -3.05%                  | -3.57%               |
| Other   | 4              | \$254,520           | \$63,630            | 1           | \$36,654            | \$36,654         | 1           | \$36,922            | \$36,922            | -8.55%                  | -17.56%              |
| <b>Subtotal</b>   | <b>135</b>     | <b>\$58,749,363</b> | <b>\$435,180.47</b> | <b>143</b>  | <b>\$89,816,570</b> | <b>\$628,088</b> | <b>141</b>  | <b>\$86,313,982</b> | <b>\$612,156</b>    | <b>4.69%</b>            | <b>3.92%</b>         |
| <b>New Construction (Built 2000 +)</b>                    |                |                     |                     |             |                     |                  |             |                     |                     |                         |                      |
| Goods/Services  | 2              | \$1,331,956         | \$665,978           | 5           | \$3,248,262         | \$649,652        | 9           | \$7,517,409         | \$835,268           | 46.44%                  | 18.89%               |
| Industrial  | ...            | ...                 | ...                 | ...         | ...                 | ...              | ...         | ...                 | ...                 | ...                     | ...                  |
| Other   | ...            | ...                 | ...                 | ...         | ...                 | ...              | ...         | ...                 | ...                 | ...                     | ...                  |
| <b>Subtotal</b>   | <b>2</b>       | <b>\$1,331,956</b>  | <b>\$665,978.00</b> | <b>5</b>    | <b>\$3,248,262</b>  | <b>\$649,652</b> | <b>9</b>    | <b>\$7,517,409</b>  | <b>\$835,268</b>    | <b>46.44%</b>           | <b>18.89%</b>        |
| <b>Total</b>  | <b>137</b>     | <b>\$60,081,319</b> | <b>\$438,550</b>    | <b>148</b>  | <b>\$93,064,833</b> | <b>\$628,816</b> | <b>150</b>  | <b>\$93,831,391</b> | <b>\$625,542.61</b> | <b>5.62%</b>            | <b>4.56%</b>         |
| Average Value Difference (New v.s. Existing Construction) | Goods/Services |                     |                     | Industrial  |                     |                  | Other       |                     |                     | Total                   |                      |
|   | 59.08%         |                     |                     | ...         |                     |                  | ...         |                     |                     | 53.03%                  |                      |
|   | ...            |                     |                     | 6.42%       |                     |                  | 39.10%      |                     |                     | 3.43%                   |                      |
|   | ...            |                     |                     | ...         |                     |                  | ...         |                     |                     | 36.45%                  |                      |

Capitol Market Research, October 2014  
Data from: Travis County Appraisal District

district tcad.xls

### **District C Current and Planned Developments**

Current developments in the area are those that are now or were recently under construction in the area, but not yet reflected on the 2013 Tax Roll, as well as those under review by the City of Austin Planning and Development Review Department. If the project was completed and reflected in the 2014 tax roll, this value was used as an estimated value. When the project was not completed and recorded in the 2014 tax roll, the estimated assessed values for the projects under review are estimated from recently completed comparable projects in the same district, averaged by unit for residential properties, and land acres or building square feet for commercial (depending on the type of project).

In District C, there are five projects listed as current developments, not including the total number of residential units and commercial square footage available to develop in the thinkEAST PUD. There is currently one single family subdivision and one commercial parking facility under construction. Table (15), below, lists all the developments under construction and planned in District C.

Table (15)  
Current Developments  
District C

| Residential / Mixed-Use |                                    |               |                    |                      |                |                        |                               |
|-------------------------|------------------------------------|---------------|--------------------|----------------------|----------------|------------------------|-------------------------------|
| Map No                  | Name                               | Status (2013) | Land Use (2013)    | Taxable Value (2013) | Planned Units  | Future Estimated Value | Description                   |
| 1                       | Greenpointe Austin (Smart Housing) | Planned       | Vacant/Residential | \$274,129            | 10             | \$1,410,988            | Single Family Condos          |
| 2                       | Knollwood on the Colorado Ph. II B | Construction  | Vacant             | \$329,864            | 76             | \$11,053,961           | Single Family                 |
| 3                       | thinkEAST                          | Planned       | Vacant/Residential | \$809,603            | 150            | \$23,000,000           | Mixed-Use                     |
| Subtotal                |                                    |               |                    | \$1,413,596          |                | \$35,464,949           |                               |
| Commercial              |                                    |               |                    |                      |                |                        |                               |
| Map No                  | Name                               | Status        | 2013 Land Use      | 2013 Assessed Value  | Planned Size   | Future Estimated Value | Description                   |
| 4                       | Red Bluff Hotel                    | Planned       | Commercial         | \$581,778            | 53,000 sq. ft. | \$14,651,002           | Hotel & Restaurant (79 Rooms) |
| 5                       | Whole Foods Distribution           | Construction  | Vacant             | \$371,525            | 1.85 acres     | \$378,950              | Parking Lot                   |
| Subtotal                |                                    |               |                    | \$953,303            |                | \$15,029,952           |                               |
| Total                   |                                    |               |                    | \$2,366,899          |                | \$50,494,901           |                               |
| Additional Value        |                                    |               |                    |                      |                |                        | \$48,128,002                  |

Capital Market Research, October 2014

development list.xls

Source: City of Austin Emerging Projects, Growth Watch Data, and Permit Search, CMR Pipeline

Note: Estimated Values based upon 2013 assessed values of new construction, similar records in study area



### ***District C Future Values***

District C includes portions of the East MLK and Govalle/Johnston Terrace Neighborhood Planning areas, and in 2013 had a total assessed value of \$299,687,640 in 1,525 records. The property value in the area grew from \$125 million in 2004 to \$258 million in 2013, at an average compound interest rate of 7.44%. New Single Family Residential construction (built in 2000 +) had the highest rate of change from 2004 to 2013, increasing at a compound rate of 43.52%.

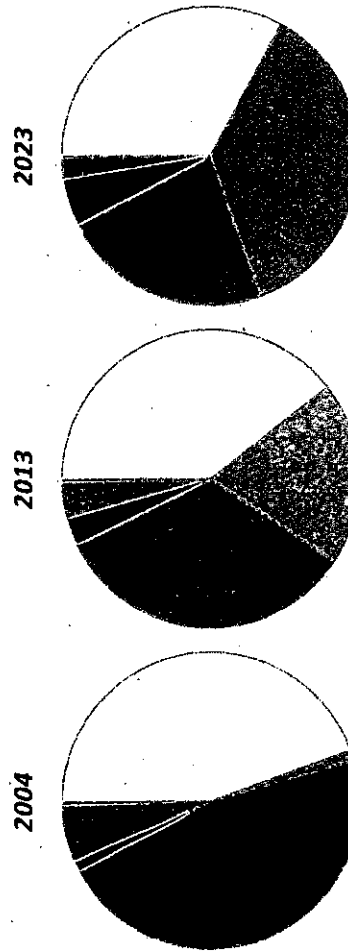
Given these historical trends, the abundance of vacant land available for development, and projects in development, it seems reasonable to assume a continuation of new single family home construction coupled with a modest appreciation in the value of the existing housing stock. Table (16) on the following page compares the 10-year taxable value forecasts with the historical data from TCAD for the district. Using the average compound interest rate for the District (7.44%), CMR estimated the total assessed value in District C to be \$528 million in 2023. Then, using various forecasting techniques that fit with the trends in specific land use categories and age of project, CMR estimated their share of the value in 2023, with current and planned developments taken into account.

The future value estimation in 2023 shows the majority of assessed value coming from new Residential records, increasing at a compound rate of 14.17% from 2013 to 2023, as well as new Commercial records, which are estimated to increase at a compound rate of 13.33% in District C.

Table (16)  
10-Year Taxable Value Estimates  
District C

| Land Use  | 2004                  |                  | 2013                  |                  | 2023                  |                    |
|---|-----------------------|------------------|-----------------------|------------------|-----------------------|--------------------|
|   | Existing Construction | New Construction | Existing Construction | New Construction | Existing Construction | New Construction   |
|   | Taxable Value         | Taxable Value    | Taxable Value         | Taxable Value    | Taxable Value         | Taxable Value      |
| Residential   |                       |                  |                       |                  |                       |                    |
| Single-family   | \$559,606             | \$1,386,728      | \$75,716,437          | \$48,835,199     | \$136,659,446         | \$154,094,130      |
| Multi-family  | \$16,815,796          | ...              | \$25,904,540          | \$7,592,739      | \$37,325,649          | \$39,490,179       |
| Commercial  |                       |                  |                       |                  |                       |                    |
| Goods/Services  | \$58,749,963          | \$1,331,956      | \$82,863,641          | \$7,517,409      | \$119,959,238         | \$25,600,032       |
| Industrial  | \$4,908,359           | ...              | \$3,413,419           | ...              | \$1,514,283           | ...                |
| Other   | \$254,520             | ...              | \$36,922              | ...              | \$5,660               | \$681,823          |
| Vacant/Agricultural                                   |                       |                  |                       |                  |                       |                    |
|   | \$7,879,690           | ...              | \$10,369,081          | ...              | \$12,666,085          | ...                |
| Other   |                       |                  |                       |                  |                       |                    |
|   | \$569,611             | ...              | \$790,069             | ...              | \$982,489             | ...                |
| Total   | \$125,873,415         |                  | \$258,039,456         |                  | \$528,978,743         |                    |
| Capital Market Research, October 2014                 |                       | 7.44%            |                       | 7.44%            |                       | 7.44%              |
| Historical data from Travis County Appraisal District |                       |                  |                       |                  |                       | forecast values as |

Percentage of Total Assessed Values



☐ Residential (Before 2000) 
 ☐ Residential (2000-) 
 ☐ Existing Commercial (Before 2000) 
 ☐ Existing Commercial (2000-) 
 ☐ Vacant 
 ☐ Other

**DISTRICT D**

***(US Hwy 183 & US Hwy 290)***

### District D Historical & Current Taxable Values

District D is delineated by 2010 US Census Tracts 18.11 and 21.05, and encompasses approximately 830 acres. It includes large portions of the Coronado Hills, North Loop, and Windsor Park Neighborhood Planning Areas.

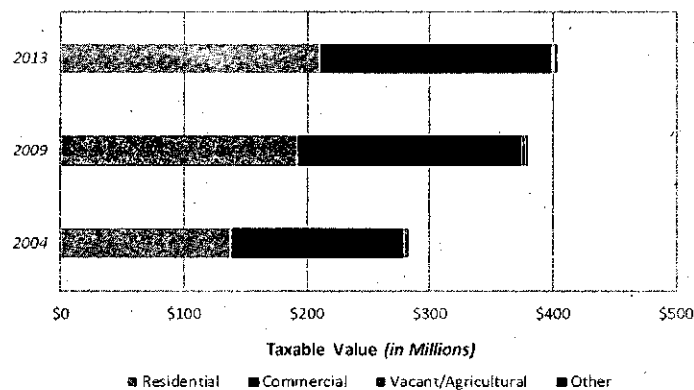
In 2004, District D had a total taxable value of over \$282 million dollars in 1,145 property tax records, with the majority of these records being Residential. District D increased to \$378 million dollars in 2009, an average annual increase of 6.8%. The increase in taxable value slowed to an annual average of just 1.2% between 2009 and 2013, ending with a 2013 taxable value of \$402 million dollars. Historically, from 2004 through 2013, taxable value for tangible property increased at a compound growth rate of just 3.61%, slower than the City of Austin. These values are shown on Table (17) below.

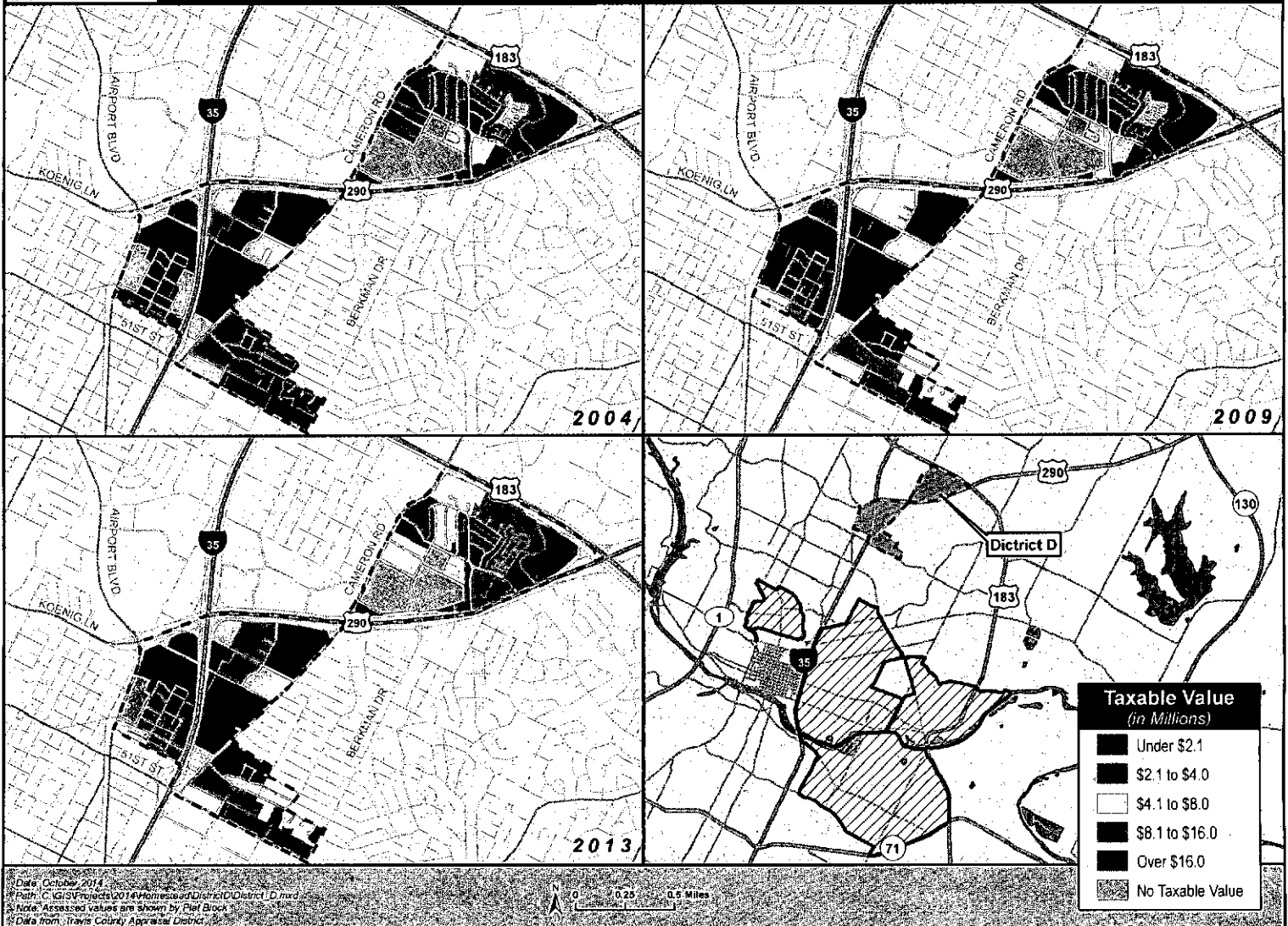
Residential records in District B have seen a slight decrease, from 969 in 2004 to 960 in 2013. Commercial records have increased just slightly, from 116 records in 2004 to 123 records in 2013. Vacant/Agricultural records decreased marginally, from 60 records in 2004 to 59 in 2013.

Table (17)  
COA Taxable Value by Land Use  
District D

| Land Use            | 2004        |               | 2009        |               | 2013        |               | (2004 - 2013)           |                      |
|---------------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------------------|----------------------|
|                     | No. Records | Taxable Value | No. Records | Taxable Value | No. Records | Taxable Value | Average Annual Increase | Compound Growth Rate |
| Residential         | 969         | \$138,445,812 | 960         | \$192,572,302 | 960         | \$210,174,242 | 5.18%                   | 4.26%                |
| Commercial          | 116         | \$139,529,277 | 125         | \$180,573,913 | 123         | \$187,606,337 | 3.45%                   | 3.00%                |
| Vacant/Agricultural | 60          | \$4,240,755   | 49          | \$5,563,692   | 51          | \$4,480,184   | 0.56%                   | 0.55%                |
| Other               | ...         | ...           | 1           | \$32,740      | 1           | \$32,740      | ...                     | ...                  |
| Grand Total         | 1,145       | \$282,215,844 | 1,135       | \$378,742,647 | 1,135       | \$402,293,503 | 4.25%                   | 3.61%                |

Capitol Market Research, October 2014  
Data from: Travis County Appraisal District





## District D Construction Trends

The following analysis breaks down the total taxable values further, analyzing historical construction trends in the area. This analysis includes both Residential and Commercial land use types, disaggregated into "Existing Construction", those properties built before the year 2000, and "New Construction", properties that were built in 2000 and after. This is done in order to analyze both the older, existing tax base in the area, as well as the land use changes and new taxable values being brought into the area.

Table (18) below, shows value trends for Residential buildings in District D. Among the 967 Residential records in 2004, all but 2 were considered Existing Construction. In 2013, Existing Single Family accounted for 940 (96.9%) of the total Residential records. Existing Single Family also makes up the majority of taxable value, with over \$204 million dollars of taxable value, with a compound growth rate of 4.00% from 2004, when it was \$138 million dollars.

New Residential construction in District D increased at a compound rate of 36.91%, from \$243 thousand dollars in 2004 to \$5.6 million dollars in 2013. The majority of this increase was in Single Family construction, scattered around the existing neighborhoods. The only new Multi-family construction in the area is a senior housing affordable housing facility built in 2002, Primrose at Shadow Creek, owned by the Austin Housing Finance Corporation, which contributes no taxable value. Average Residential taxable values (total records divided by total tax value) were 29.21% higher for those New Construction properties in 2013.

Table (18)  
Residential Taxable Value by Date of Completion  
District D

| Land Use   | 2004                 |                      |                      | 2009        |                      |                  | 2013        |                      |                  | (2004 - 2013)           |                      |
|--|----------------------|----------------------|----------------------|-------------|----------------------|------------------|-------------|----------------------|------------------|-------------------------|----------------------|
|  | No. Records          | Taxable Value        | Average Value        | No. Records | Taxable Value        | Average Value    | No. Records | Taxable Value        | Average Value    | Average Annual Increase | Compound Growth Rate |
| <b>Existing Construction (Built before 2000)</b> |                      |                      |                      |             |                      |                  |             |                      |                  |                         |                      |
| Single Family                                    | 894                  | \$85,973,274         | \$96,167             | 881         | \$121,608,590        | \$138,035        | 870         | \$122,732,645        | \$141,072        | 4.28%                   | 3.62%                |
| Multi-Family                                     | 73                   | \$52,229,534         | \$715,473            | 70          | \$68,358,683         | \$976,553        | 70          | \$81,818,063         | \$1,168,829      | 5.67%                   | 4.59%                |
| <b>Subtotal</b>                                  | <b>967</b>           | <b>\$138,202,808</b> | <b>\$142,919,114</b> | <b>951</b>  | <b>\$189,967,273</b> | <b>\$199,753</b> | <b>940</b>  | <b>\$204,550,708</b> | <b>\$217,607</b> | <b>4.80%</b>            | <b>4.00%</b>         |
| <b>New Construction (Built 2000 +)</b>           |                      |                      |                      |             |                      |                  |             |                      |                  |                         |                      |
| Single Family                                    | 2                    | \$243,004            | \$121,502            | 7           | \$2,149,027          | \$307,004        | 19          | \$5,623,534          | \$295,975        | 221.42%                 | 36.91%               |
| Multi-Family                                     | ...                  | ...                  | ...                  | 2           | \$456,002            | \$228,001        | 1           | \$0                  | \$0              | ...                     | ...                  |
| <b>Subtotal</b>                                  | <b>2</b>             | <b>\$243,004</b>     | <b>\$121,502</b>     | <b>9</b>    | <b>\$2,605,029</b>   | <b>\$289,448</b> | <b>20</b>   | <b>\$5,623,534</b>   | <b>\$281,177</b> | <b>221.42%</b>          | <b>36.91%</b>        |
| <b>Total</b>                                     | <b>969</b>           | <b>\$138,445,812</b> | <b>\$142,875</b>     | <b>960</b>  | <b>\$192,572,302</b> | <b>\$200,596</b> | <b>960</b>  | <b>\$210,174,242</b> | <b>\$218,932</b> | <b>5.18%</b>            | <b>4.26%</b>         |
| Average Value                                    | Single Family 26.34% |                      |                      | 122.41%     |                      |                  | 109.80%     |                      |                  |                         |                      |
| Difference (New v.s. Existing Construction)      | Multi-Family ...     |                      |                      | -76.65%     |                      |                  | -100.00%    |                      |                  |                         |                      |
|  | Total -14.99%        |                      |                      | 44.90%      |                      |                  | 29.21%      |                      |                  |                         |                      |

Capital Market Research, October 2014  
Data from: Travis County Appraisal District

district tcad.xls

Table (19) below, shows value trends for Commercial buildings in District D. The number of Existing Construction records increased just slightly, from 111 records with a total taxable value of \$129 million in 2004 to 113 records with a total taxable value of \$167 million in 2013, a compound increase of 2.62%. The majority of these increases are general Goods/Services records.

Average Commercial values for New Construction increased in aggregate Taxable Value a compound growth rate of 6.96% from 2004 through 2013, with an increase in records from just 2 in 2004 to 9 in 2013. The renovation of the 400,000 square foot Capital Plaza Shopping Center in 2003 and 2004 provided the majority of new commercial value in the area.

Table (19)  
Commercial Taxable Value by Date of Completion  
District D

| Land Use  | 2004           |                      |                       | 2009          |                      |                    | 2013          |                      |                       | (2004 - 2013)           |                      |
|---|----------------|----------------------|-----------------------|---------------|----------------------|--------------------|---------------|----------------------|-----------------------|-------------------------|----------------------|
|   | No. Records    | Taxable Value        | Average Value         | No. Records   | Taxable Value        | Average Value      | No. Records   | Taxable Value        | Average Value         | Average Annual Increase | Compound Growth Rate |
| <b>Existing Construction (Built before 2000)</b>          |                |                      |                       |               |                      |                    |               |                      |                       |                         |                      |
| Goods/Services  | 105            | \$128,383,436        | \$1,222,699           | 108           | \$163,082,912        | \$1,510,027        | 106           | \$166,294,809        | \$1,568,819           | 2.95%                   | 2.62%                |
| Industrial  | ...            | ...                  | ...                   | ...           | ...                  | ...                | ...           | ...                  | ...                   | ...                     | ...                  |
| Other   | 6              | \$844,963            | \$140,827             | 10            | \$1,497,190          | \$149,719          | 7             | \$1,115,512          | \$159,359             | 3.20%                   | 2.82%                |
| <b>Subtotal</b>   | <b>111</b>     | <b>\$129,228,399</b> | <b>\$1,164,219.81</b> | <b>118</b>    | <b>\$164,580,102</b> | <b>\$1,394,747</b> | <b>113</b>    | <b>\$167,410,321</b> | <b>\$1,481,507</b>    | <b>2.95%</b>            | <b>2.62%</b>         |
| <b>New Construction (Built 2000+)</b>                     |                |                      |                       |               |                      |                    |               |                      |                       |                         |                      |
| Goods/Services  | 5              | \$10,300,878         | \$2,060,176           | 7             | \$15,993,811         | \$2,284,830        | 10            | \$20,196,016         | \$2,019,602           | 9.61%                   | 6.96%                |
| Industrial  | ...            | ...                  | ...                   | ...           | ...                  | ...                | ...           | ...                  | ...                   | ...                     | ...                  |
| Other   | ...            | ...                  | ...                   | ...           | ...                  | ...                | ...           | ...                  | ...                   | ...                     | ...                  |
| <b>Subtotal</b>   | <b>5</b>       | <b>\$10,300,878</b>  | <b>\$2,060,175.60</b> | <b>7</b>      | <b>\$15,993,811</b>  | <b>\$2,284,830</b> | <b>10</b>     | <b>\$20,196,016</b>  | <b>\$2,019,602</b>    | <b>9.61%</b>            | <b>6.96%</b>         |
| <b>Total</b>  | <b>116</b>     | <b>\$139,529,277</b> | <b>\$1,202,839</b>    | <b>125</b>    | <b>\$180,573,913</b> | <b>\$1,444,591</b> | <b>123</b>    | <b>\$187,606,337</b> | <b>\$1,525,254.77</b> | <b>3.45%</b>            | <b>3.00%</b>         |
| Average Value Difference (New v.s. Existing Construction) | Goods/Services |                      |                       | 68.49%        |                      |                    | 51.31%        |                      |                       | 28.73%                  |                      |
|   | Industrial     |                      |                       | ...           |                      |                    | ...           |                      |                       | ...                     |                      |
|   | Other          |                      |                       | ...           |                      |                    | ...           |                      |                       | ...                     |                      |
|   | <b>Total</b>   |                      |                       | <b>76.96%</b> |                      |                    | <b>63.82%</b> |                      |                       | <b>36.32%</b>           |                      |

Capital Market Research, October 2014  
Data from: Travis County Appraisal District

district.tcad.xls

### **District D Current and Planned Developments**

Current developments in the area are those that are now or were recently under construction in the area, but not yet reflected on the 2013 Tax Roll, as well as those under review by the City of Austin Planning and Development Review Department. If the project was completed and reflected in the 2014 tax roll, this value was used as an estimated value. When the project was not completed and recorded in the 2014 tax roll, the estimated assessed values for the projects under review are estimated from recently completed comparable projects in the same district, averaged by unit for residential properties, and land acres or building square feet for commercial (depending on the type of project).

In District D, there are two projects listed as current developments, and none that are currently under construction. There is currently one single family condominium project and one restaurant facility planned for the area. Table (20), below, lists all the developments under construction and planned in District D.

Table (20)  
Current Developments  
District D

| Residential / Mixed-Use |                     |               |                 |                      |               |                        |                            |
|-------------------------|---------------------|---------------|-----------------|----------------------|---------------|------------------------|----------------------------|
| Map No                  | Name                | Status (2013) | Land Use (2013) | Taxable Value (2013) | Planned Units | Future Estimated Value | Description                |
| 1                       | Little Walnut Creek | Planned       | Vacant          | \$1,088,549          | 110           | \$15,520,867           | Single Family Condominiums |
| Subtotal                |                     |               |                 | \$1,088,549          |               | \$15,520,867           |                            |
| Commercial              |                     |               |                 |                      |               |                        |                            |
| Map No                  | Name                | Status (2013) | Land Use (2013) | Taxable Value (2013) | Planned Size  | Future Estimated Value | Description                |
| 2                       | Burger Stand #11    | Planned       | Vacant          | \$152,280            | 3,050         | \$1,555,165            | Restaurant                 |
| Subtotal                |                     |               |                 | \$152,280            |               | \$1,555,165            |                            |
|                         |                     |               |                 | \$1,240,829          |               | \$17,076,032           |                            |
| Additional Value        |                     |               |                 |                      |               |                        | \$15,835,203               |

Capital Market Research, October 2014

development list.xls

Source: City of Austin Emerging Projects, Growth Watch Data, and Permit Search, CMR Pipeline

Note: Estimated Values based upon 2013 assessed values of new construction, similar records in study area



 Residential/Mixed Use  Commercial

### ***District D Future Values***

District D includes portions of the Coronado Hills, North Loop, and Windsor Park Neighborhood Planning areas, and in 2013 had a total assessed value of \$402,293,503 in 1,135 records. The property value in the area grew from \$282 million in 2004 to \$402 million in 2013, at an average compound interest rate of 3.61%, much lower than the City of Austin as a whole. New Single Family Residential construction (built in 2000 +) had the highest rate of change from 2004 to 2013, increasing at a compound rate of 36.91%.

Given these historical trends, and the limited amount of projects in development, it seems reasonable to assume a continuation of a relatively slow pace of new single family home construction, coupled with a modest appreciation in the value of the existing housing stock. Table (21) on the following page compares the 10-year taxable value forecasts with the historical data from TCAD for the district. Using the average compound interest rate for the District (3.61%), CMR estimated the total assessed value in District D to be \$573 million in 2023. Then, using various forecasting techniques that fit with the trends in specific land use categories and age of project, CMR estimated their share of the value in 2023, with current and planned developments taken into account.

The future value estimation in 2023 shows the majority of assessed value coming from new Residential records, increasing at a compound rate of 22.03% from 2013 to 2023, as well as new Commercial records, which are estimated to increase at a compound rate of 5.64% in District D.

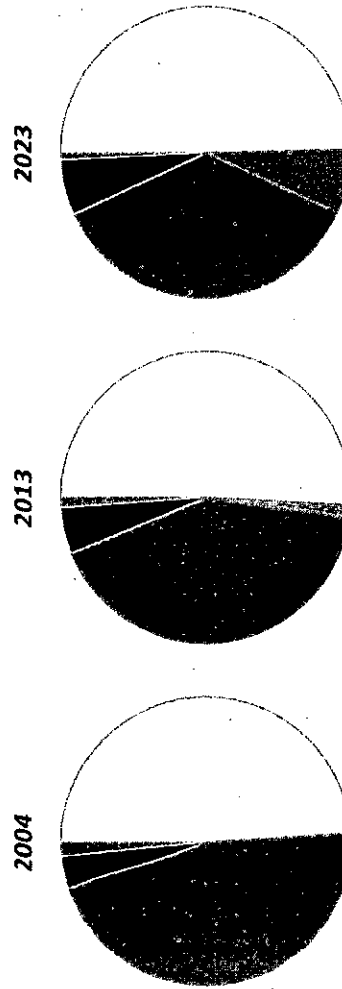
Table (21)  
10-Year Taxable Value Estimates  
District D

| Land Use            | 2004                  |                  | 2013                  |                  | 2023                  |                  |
|---------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|------------------|
|                     | Existing Construction | New Construction | Existing Construction | New Construction | Existing Construction | New Construction |
|                     | Taxable Value         | Taxable Value    | Taxable Value         | Taxable Value    | Taxable Value         | Taxable Value    |
| Residential         | \$138,202,808         | \$243,004        | \$204,350,708         | \$56,233,534     | \$284,784,319         | \$341,662,558    |
| Single Family       | \$85,573,274          | \$243,004        | \$122,732,645         | \$56,233,534     | \$165,910,964         | \$341,662,558    |
| Multi-Family        | \$52,729,534          | ...              | \$81,618,063          | ...              | \$118,843,354         | ...              |
| Commercial          | \$129,228,399         | \$103,008,78     | \$167,410,921         | \$20,196,016     | \$208,956,529         | \$34,951,919     |
| Goods/Services      | \$128,383,436         | \$103,008,78     | \$166,294,809         | \$20,196,016     | \$206,629,893         | \$34,951,919     |
| Industrial          | ...                   | ...              | ...                   | ...              | ...                   | ...              |
| Other               | ...                   | ...              | \$1,115,512           | \$378,950        | \$1,426,686           | \$890,425        |
| Vacant/Agricultural | \$240,755             | ...              | \$480,184             | ...              | \$468,504             | ...              |
| Other               | ...                   | ...              | ...                   | ...              | ...                   | ...              |
| Total               | \$782,215,844         | ...              | \$402,293,503         | ...              | \$573,462,001         | ...              |

forecast values, etc.

Capital Market Research, October 2014  
Historical data from Travis County Appraisal District

Percentage of Total Assessed Values



**DISTRICT E**

***(West University)***

### District E Historical & Current Taxable Values

District E is delineated by 2010 US Census Tracts 6.01, 6.03, and 6.04, and is the smallest of the five proposed districts, with only approximately 630 acres. It includes large portions of the University of Texas campus, as well as part of the West University Neighborhood Planning Area.

In 2004, District E had a total taxable value of over \$545 million dollars in 2,187 property tax records, with the majority of these records being Residential. District E increased to \$1.2 billion dollars in 2009, an average annual increase of 25.6%. The increase in taxable value slowed to 4.9% between 2009 and 2013, ending with a 2013 taxable value of \$1.5 billion dollars. Historically, from 2004 through 2013, taxable value for tangible property increased at a compound rate of 10.99%, much higher than the City of Austin rate of 5.56%. These values are shown on Table (22) below.

Residential records in District E have seen a noticeable increase, from 1,873 in 2004 to 2,143 in 2013. Commercial records have seen decreases, from 207 records in 2004 to 187 records in 2013. Vacant/Agricultural records decreased marginally, from 107 records in 2004 to 101 in 2013.

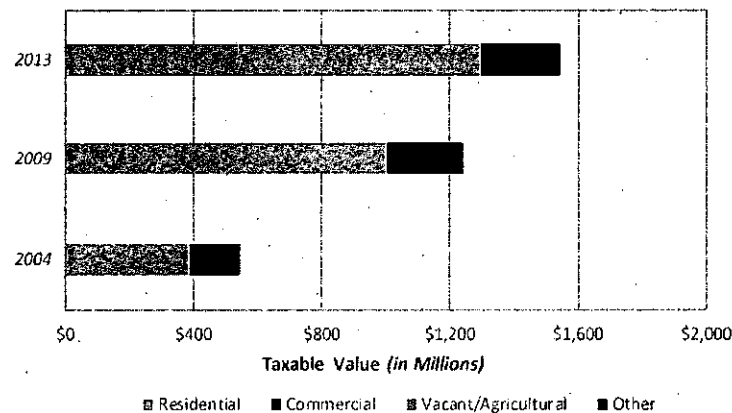
Table (22)  
COA Taxable Value by Land Use  
District E

| Land Use            | 2004        |               | 2009        |                 | 2013        |                 | (2004 - 2013)           |                      |
|---------------------|-------------|---------------|-------------|-----------------|-------------|-----------------|-------------------------|----------------------|
|                     | No. Records | Taxable Value | No. Records | Taxable Value   | No. Records | Taxable Value   | Average Annual Increase | Compound Growth Rate |
| Residential         | 1,873       | \$388,022,351 | 2,133       | \$1,005,049,733 | 2,143       | \$1,295,164,302 | 23.38%                  | 12.81%               |
| Commercial          | 207         | \$153,462,927 | 195         | \$231,774,339   | 187         | \$245,655,423   | 6.01%                   | 4.82%                |
| Vacant/Agricultural | 107         | \$4,278,492   | 105         | \$7,910,122     | 101         | \$7,742,312     | 8.10%                   | 6.91%                |
| Other               | ...         | ...           | ...         | ...             | ...         | ...             | ...                     | ...                  |
| Grand Total         | 2,187       | \$545,763,770 | 2,433       | \$1,244,734,194 | 2,431       | \$1,548,562,037 | 18.37%                  | 10.99%               |

Capitol Market Research, October 2014

Data from: Travis County Appraisal District

district tcad.xls





## District E Construction Trends

The following analysis breaks down the total taxable values further, analyzing historical construction trends in the area. This analysis includes both Residential and Commercial land use types, disaggregated into "Existing Construction", those properties built before the year 2000, and "New Construction", properties that were built in 2000 and after. This is done in order to analyze both the older, existing tax base in the area, as well as the land use changes and new taxable values being brought into the area.

Table (23) below, shows value trends for Residential buildings in District E. Among the 1,873 Residential records in 2004, 1,853 (98.9%) were considered Existing Construction. In 2013, Existing Single Family accounted for 1,842 (85.9%) of the total Residential records. Existing Residential records accounted for \$348 of total taxable value in 2004, increasing at a compound growth rate of 3.92% to reach \$512 million dollars in 2013.

New Residential construction in District E increased by a compound growth rate of 34.94%, from \$39 million dollars in 2004 to \$782 million dollars in 2013. The majority of this increase was in Single Family construction, many in attached condominium projects such as Piazza Navona, the Texan Tower, and Caswell Lofts. There was also a large amount of new mixed-use and mid-rise student oriented apartment projects built in the area over the past 10 years, which increased Multi-family taxable values by a compound rate of 34.61%. Average Residential taxable values (total records divided by total tax value) were 835.14% higher for those New Construction properties in 2013.

Table (23)  
Residential Taxable Value by Date of Completion  
District E

| Land Use  | 2004          |                      |                     | 2009         |                        |                    | 2013         |                        |                    | (2004 - 2013)           |                      |
|---|---------------|----------------------|---------------------|--------------|------------------------|--------------------|--------------|------------------------|--------------------|-------------------------|----------------------|
|   | No. Records   | Taxable Value        | Average Value       | No. Records  | Taxable Value          | Average Value      | No. Records  | Taxable Value          | Average Value      | Average Annual Increase | Compound Growth Rate |
| <b>Existing Construction (Built before 2000)</b>          |               |                      |                     |              |                        |                    |              |                        |                    |                         |                      |
| Single Family   | 1,555         | \$193,569,421        | \$124,482           | 1,622        | \$282,393,406          | \$174,102          | 1,616        | \$288,580,940          | \$178,577          | 4.91%                   | 4.07%                |
| Multi-Family  | 298           | \$155,340,039        | \$521,275           | 240          | \$200,918,383          | \$837,160          | 226          | \$223,726,106          | \$989,939          | 4.40%                   | 3.72%                |
| <b>Subtotal</b>   | <b>1,853</b>  | <b>\$348,909,460</b> | <b>\$188,294.37</b> | <b>1,862</b> | <b>\$483,311,789</b>   | <b>\$259,566</b>   | <b>1,842</b> | <b>\$512,307,046</b>   | <b>\$278,125</b>   | <b>4.68%</b>            | <b>3.92%</b>         |
| <b>New Construction (Built 2000 +)</b>                    |               |                      |                     |              |                        |                    |              |                        |                    |                         |                      |
| Single Family   | 9             | \$2,843,065          | \$315,896           | 232          | \$66,008,108           | \$284,518          | 252          | \$74,160,737           | \$294,289          | 250.85%                 | 38.56%               |
| Multi-Family  | 11            | \$36,269,826         | \$3,297,257         | 39           | \$455,729,836          | \$11,685,380       | 49           | \$708,696,519          | \$14,463,194       | 185.40%                 | 34.61%               |
| <b>Subtotal</b>   | <b>20</b>     | <b>\$39,112,891</b>  | <b>\$1,955,645</b>  | <b>271</b>   | <b>\$521,737,944</b>   | <b>\$1,925,232</b> | <b>301</b>   | <b>\$782,857,256</b>   | <b>\$2,600,855</b> | <b>190.15%</b>          | <b>34.94%</b>        |
| <b>Total</b>  | <b>1,873</b>  | <b>\$388,022,351</b> | <b>\$207,166</b>    | <b>2,133</b> | <b>\$1,005,049,733</b> | <b>\$471,191</b>   | <b>2,143</b> | <b>\$1,295,164,302</b> | <b>\$604,370</b>   | <b>23.38%</b>           | <b>12.81%</b>        |
| Average Value Difference (New v.s. Existing Construction) | Single Family |                      | 153.77%             |              |                        | 63.42%             |              |                        | 64.80%             |                         |                      |
|   | Multi-Family  |                      | 532.54%             |              |                        | 1295.84%           |              |                        | 1361.02%           |                         |                      |
|   | Total         |                      | 938.61%             |              |                        | 641.71%            |              |                        | 835.14%            |                         |                      |

Capital Market Research, October 2014  
Data from: Travis County Appraisal District

district lead.xls

Table (24) below, shows value trends for Commercial buildings in District E. The number of Existing Construction records declined, from 207 records with a total taxable value of \$153 million in 2004 to 147 records with a total taxable value of \$202 million in 2013, a compound growth rate of 2.82%. The majority of these increases are general Goods/Services records, although there are an usually large number of records considered "Other", which includes parking garages, many of which are centered around the University of Texas.

There were no New Commercial records in District E in 2004, but 5 in 2009, with a total taxable value of \$7.8 million. Average Commercial values for New Construction increased from 2009 at a (five-year) compound rate of 42.20%, to \$42 million in 2013, with an increase in records from 5 in 2009 to 10 in 2013. Much of this new Commercial value comes from first floor retail located in the new mixed-use multi-family communities being built in the area.

Table (24)  
Commercial Taxable Value by Date of Completion  
District E

| Land Use  | 2004           |                      |                      | 2009        |                      |                    | 2013        |                      |                       | (2004 - 2013)           |                      |
|---|----------------|----------------------|----------------------|-------------|----------------------|--------------------|-------------|----------------------|-----------------------|-------------------------|----------------------|
|   | No. Records    | Taxable Value        | Average Value        | No. Records | Taxable Value        | Average Value      | No. Records | Taxable Value        | Average Value         | Average Annual Increase | Compound Growth Rate |
| <b>Existing Construction (Built before 2000)</b>          |                |                      |                      |             |                      |                    |             |                      |                       |                         |                      |
| Goods/Services  | 171            | \$147,824,124        | \$864,469            | 158         | \$219,382,296        | \$1,388,496        | 147         | \$196,981,252        | \$1,340,009           | 3.33%                   | 2.91%                |
| Industrial  | ...            | ...                  | ...                  | ...         | ...                  | ...                | ...         | ...                  | ...                   | ...                     | ...                  |
| Other   | 36             | \$5,638,803          | \$156,633            | 32          | \$5,003,210          | \$156,350          | 30          | \$5,707,293          | \$190,243             | 0.12%                   | 0.12%                |
| <b>Subtotal</b>   | <b>207</b>     | <b>\$153,462,927</b> | <b>\$741,366,803</b> | <b>190</b>  | <b>\$224,385,506</b> | <b>\$1,180,976</b> | <b>177</b>  | <b>\$202,688,545</b> | <b>\$1,145,133</b>    | <b>3.21%</b>            | <b>2.82%</b>         |
| <b>New Construction (Built 2000 +)</b>                    |                |                      |                      |             |                      |                    |             |                      |                       |                         |                      |
| Goods/Services  | ...            | ...                  | ...                  | 5           | \$7,388,833          | \$1,477,767        | 10          | \$42,966,878         | \$4,296,688           | ...                     | ...                  |
| Industrial  | ...            | ...                  | ...                  | ...         | ...                  | ...                | ...         | ...                  | ...                   | ...                     | ...                  |
| Other   | ...            | ...                  | ...                  | ...         | ...                  | ...                | ...         | ...                  | ...                   | ...                     | ...                  |
| <b>Subtotal</b>   | <b>...</b>     | <b>...</b>           | <b>...</b>           | <b>5</b>    | <b>\$7,388,833</b>   | <b>\$1,477,767</b> | <b>10</b>   | <b>\$42,966,878</b>  | <b>\$4,296,688</b>    | <b>...</b>              | <b>...</b>           |
| <b>Total</b>  | <b>207</b>     | <b>\$153,462,927</b> | <b>\$741,367</b>     | <b>195</b>  | <b>\$231,774,339</b> | <b>\$1,188,586</b> | <b>187</b>  | <b>\$245,655,423</b> | <b>\$1,313,665.36</b> | <b>6.01%</b>            | <b>4.82%</b>         |
| Average Value Difference (New v.s. Existing Construction) | Goods/Services |                      |                      | 6.43%       |                      |                    | 220.65%     |                      |                       |                         |                      |
|   | Industrial     |                      |                      | ...         |                      |                    | ...         |                      |                       |                         |                      |
|   | Other          |                      |                      | ...         |                      |                    | ...         |                      |                       |                         |                      |
|   | Total          |                      |                      | 25.13%      |                      |                    | 275.21%     |                      |                       |                         |                      |

Capital Market Research, October 2014  
Data from: Travis County Appraisal District

district.tcad.xls

## District E Current and Planned Developments

Current developments in the area are those that are now or were recently under construction in the area, but not yet reflected on the 2013 Tax Roll, as well as those under review by the City of Austin Planning and Development Review Department. If the project was completed and reflected in the 2014 tax roll, this value was used as an estimated value. When the project was not completed and recorded in the 2014 tax roll, the estimated assessed values for the projects under review are estimated from recently completed comparable projects in the same district, averaged by unit for residential properties, and land acres or building square feet for commercial (depending on the type of project).

In District E, there are seven projects listed as current developments, four which are currently under construction. All seven properties are Multi-family, with two under construction also having ground floor retail (mixed-use). Table (20), below, lists all the developments under construction and planned in District E.

Table (25)  
Current Developments  
District E

| Residential / Mixed-Use |                                   |               |                         |                      |                |                        |                                 |
|-------------------------|-----------------------------------|---------------|-------------------------|----------------------|----------------|------------------------|---------------------------------|
| Map No                  | Name                              | Status (2013) | Land Use (2013)         | Taxable Value (2013) | Planned Units  | Future Estimated Value | Description                     |
| 1                       | 1901 Rio Grande                   | Construction  | Commercial/Vacant       | \$1,895,876          | 118            | \$24,307,300           | Mixed-Use                       |
| 2                       | 2211 ATX                          | Planned       | Commercial              | \$1,107,116          | 135            | \$18,110,254           | Multi-family                    |
| 3                       | 706 W MLK JR Blvd                 | Construction  | Vacant                  | \$1,007,116          | 141            | \$18,915,154           | Multi-family                    |
| 4                       | Regents West at 24th Street       | Construction  | Commercial              | \$1,880,342          | 93             | \$19,157,448           | Mixed-Use                       |
| 5                       | Texan 26th                        | Construction  | Residential             | \$1,115,150          | 55             | \$7,378,252            | Multi-family                    |
| 6                       | University House 2100 San Antonio | Planned       | Commercial (Non-Profit) | \$0                  | 176            | \$36,254,955           | Mixed-Use                       |
| 7                       | Villas on 26th Street             | Construction  | Vacant                  | \$949,608            | 47             | \$6,305,051            | Multi-family                    |
| Subtotal                |                                   |               |                         | \$7,955,208          |                | \$130,428,414          |                                 |
| Commercial              |                                   |               |                         |                      |                |                        |                                 |
| Map No                  | Name                              | Status (2013) | Land Use (2013)         | Taxable Value (2013) | Planned Sq.Ft. | Future Estimated Value | Description                     |
| ...                     | 1901 Rio Grande                   | Construction  | Parking Lot             | see residential      | 3,645          | see residential        | Mixed-Use (Ground floor retail) |
| ...                     | Regents West at 24th Street       | Construction  | Retail Space            | see residential      | 3,361          | see residential        | Mixed-Use (Ground floor retail) |
| ...                     | University House 2100 San Antonio | Planned       | Church                  | see residential      | 6,000          | see residential        | Mixed-Use (Ground floor retail) |
| Subtotal                |                                   |               |                         | \$0                  |                | \$0                    |                                 |
| Total                   |                                   |               |                         | \$7,955,208          |                | \$130,428,414          |                                 |
| Additional Value        |                                   |               |                         |                      |                |                        | \$122,473,206                   |

Capital Market Research, October 2014

Source: City of Austin Emerging Projects, Growth Watch Data, and Permit Search. CMR Pipeline

Note: Estimated Values based upon 2013 assessed values of new construction, similar records in study area

development list.xls



### ***District E Future Values***

District E includes portions of the University of Texas and the West University Neighborhood Planning area, and in 2013 had a total assessed value of \$1.5 billion in 2,431 records. The property value in the area grew from \$545 million in 2004 to \$1.5 billion in 2013, at an average compound interest rate of 10.99%, the highest of all the five Districts. New Single Family Residential construction (built in 2000 +) had the highest rate of change from 2004 to 2013, increasing in taxable value at a compound rate of 38.56%.

Given these historical trends, the high number of projects in development, and the lack of developable land, it seems reasonable to assume a continuation of the construction of high density single and multi-family projects, coupled with a modest appreciation in the value of the existing housing stock. Table (26) on the following page compares the 10-year taxable value forecasts with the historical data from TCAD for the district. Using the average compound interest rate for the District (10.99%), CMR estimated the total assessed value in District D to be \$4.3 billion in 2023. Then, using various forecasting techniques that fit with the trends in specific land use categories and age of project, CMR estimated their share of the value in 2023, with current and planned developments taken into account.

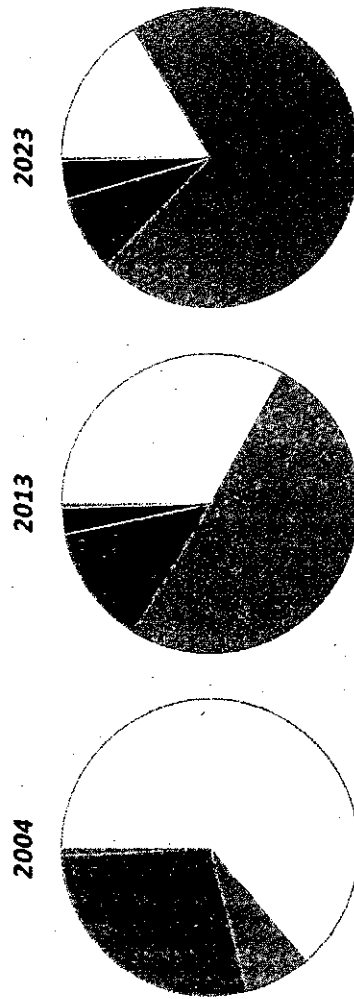
The future value estimation in 2023 shows the majority of assessed value coming from new Residential records, with a compound growth rate of 14.81% from 2013 to 2023, impacted by the continuation of high density development and the increase in taxable value that this type of construction conveys.

Table (26)  
10-Year Taxable Value Estimates  
District E

| Land Use            | 2004                  |                      | 2013                               |                                    | 2023                               |                                    |
|---------------------|-----------------------|----------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|                     | Existing Construction | New Construction     | Existing Construction              | New Construction                   | Existing Construction              | New Construction                   |
|                     | Taxable Value         | Taxable Value        | Taxable Value                      | Taxable Value                      | Taxable Value                      | Taxable Value                      |
|                     |                       |                      | Compound Growth Rate (2004 - 2013) | Compound Growth Rate (2013 - 2023) | Compound Growth Rate (2013 - 2023) | Compound Growth Rate (2013 - 2023) |
| Residential         | \$348,909,460         | \$39,117,891         | 3.92%                              | 3.43%                              | \$787,506,973                      | \$3,116,651,454                    |
| Single Family       | \$193,509,421         | \$2,843,065          | 4.07%                              | 38.56%                             | \$419,804,398                      | \$2,975,577,845                    |
| Multi-Family        | \$155,340,039         | \$36,269,826         | 3.72%                              | 34.61%                             | \$297,702,575                      | \$2,818,903,609                    |
| Commercial          | \$153,462,927         | ...                  | 2.82%                              | ...                                | \$366,785,681                      | \$976,834,632                      |
| Goods/Services      | \$147,824,124         | ...                  | 2.91%                              | ...                                | \$358,639,295                      | \$176,854,632                      |
| Industrial          | ...                   | ...                  | ...                                | ...                                | ...                                | ...                                |
| Other               | \$5,638,803           | ...                  | 0.12%                              | ...                                | \$8,146,386                        | ...                                |
| Vacant/Agricultural | \$42,78,492           | ...                  | ...                                | ...                                | \$16,914,995                       | ...                                |
| Other               | ...                   | ...                  | ...                                | ...                                | ...                                | ...                                |
| <b>Total</b>        | <b>\$945,763,770</b>  | <b>\$545,763,770</b> | <b>3.58%</b>                       | <b>10.99%</b>                      | <b>\$4,393,923,735</b>             | <b>10.99%</b>                      |

Capital Market Research, October 2014  
Historical data from Travis County Appraisal District

Percentage of Total Assessed Values



☐ Residential (Before 2000) 
 ☐ Residential (2000+) 
 ☐ Existing Commercial (Before 2000) 
 ☐ New Commercial (2000+) 
 ☐ Other

## CONCLUSIONS

## **Conclusions**

The five proposed Homestead Preservation Districts vary widely in size, character, taxable value, and development activity. The previous sections explored the historical taxable value in each area, in 2004, 2009, and 2013, in order to establish a 10-year forecast of taxable values. New development and constructions trends were also taken into consideration when establishing these values. Table (26) on the following page shows the summary of each District's historical and forecasted taxable values.

District A currently makes up approximately 2,900 acres, or 1.41% of the City of Austin's land. In 2013, it took in \$1.6 billion in taxable revenue, which was 2.17% of the City's total taxable value (in non-personal property records). There are currently 26 developments in the pipeline for District A, with seven under construction. With a compound growth rate of 10.73%, District A is expected to grow in total taxable value to \$4.48 billion dollars in 2023, much of which will be concentrated in Residential records, such as new Single Family built on lots previously occupied by older homes, and new higher density mixed-use multi-family projects.

The largest of the five districts, District B has approximately 3,600 acres and makes up approximately 1.75% of the City of Austin's acreage, but accounts for only \$1.10 billion in taxable value in 2013. However, District B has sixteen planned developments, six of which are under construction, including multiple sections of the Lakeshore PUD. The compound growth rate of 5.48% applied to the 2013 base indicates that District B will have a taxable value of \$1.87 billion in 2023.

District C, at approximately 1,700 acres, has only \$258 million in taxable value in 2013, the lowest of the five districts. This district has five projects in development, two of which are currently under construction. There is a large amount of vacant, developable land in the district, but the majority of development over the past ten years have been concentrated in two "entry-level" single family home subdivisions. District C has a compound growth rate of 7.44%. It is estimated that this district will have a taxable value of \$528 million in 2023.

One of the smallest districts, District D, only contains approximately 830 acres, and had a total taxable value of \$402 million dollars in 2013. This district has had the least amount of change among all the districts, only growing in value at a compound interest rate of 3.61%, far lower than the other districts and the City of Austin as a whole. There are currently only two developments in the area, neither of which are currently under construction. CMR estimates that this district will have a total taxable value in 2023 of \$573 million dollars.

The smallest district, District E, contains approximately 630 acres of land, but had a total taxable value of \$1.5 billion in 2013. There are currently seven developments in the area, with five under construction. Because the area has a limited amount of land, all of these developments are of a higher density. With the highest compound growth rate of 10.99%, the District is estimated to grow to \$4.39 billion dollars in 2023.

All five Districts combined, shown in Table (27), increased at an average compound growth rate of 8.47% from 2004 through 2013, higher than the citywide average of 5.56%. In 2013, they made up 6.64% of the total tangible taxable income in the City of Austin, while also accounting for 3.87% of the total land in the Austin City Limits.

Table (28) breaks down Residential values by date of construction completion, as done in each individual district study. District E, with a compound growth rate of 12.81% from 2004 through 2013, shows the highest increase in aggregate Residential tax values, followed by District A with 11.67%. Throughout the five Districts, Existing Construction (Built before 2000), which would be the primary target for the proposed Homestead Preservation Districts, grew at a compound growth rate of 5.16%, which is slightly lower than the City of Austin Residential compound rate of 5.96%. However, District A (8.36%) and District C (6.15%) had higher compound growth rates for Existing Residential Construction. Residential New Construction values in all five Districts grew at a compound rate of 24.94% from 2004 to 2013. All Districts, excluding District C, saw compound growth rates of New Residential Construction higher.

Table (27)  
Taxable Value by Land Use  
Homestead Preservation Districts

| District A          | 2004         |                      | 2013         |                        | (2004 - 2013)           |                      | 2023                   |
|---------------------|--------------|----------------------|--------------|------------------------|-------------------------|----------------------|------------------------|
|                     | No. Records  | Taxable Value        | No. Records  | Taxable Value          | Average Annual Increase | Compound Growth Rate |                        |
| Residential         | 5,933        | \$407,381,872        | 6,579        | \$1,228,710,059        | 20.16%                  | 11.67%               | \$3,668,083,191        |
| Commercial          | 632          | \$132,965,200        | 763          | \$309,308,059          | 13.26%                  | 8.81%                | \$676,021,414          |
| Vacant/Agricultural | 1,477        | \$37,396,680         | 1,160        | \$66,537,357           | 7.79%                   | 5.93%                | \$104,640,072          |
| Other               | 6            | \$1,246,574          | 6            | \$389,472              | -6.88%                  | -10.98%              | \$117,709              |
| <b>Total</b>        | <b>8,048</b> | <b>\$578,990,326</b> | <b>8,508</b> | <b>\$1,604,944,947</b> | <b>12.72%</b>           | <b>10.93%</b>        | <b>\$4,448,662,385</b> |

| District B          | 2004         |                      | 2013         |                        | (2004 - 2013)           |                      | 2023                   |
|---------------------|--------------|----------------------|--------------|------------------------|-------------------------|----------------------|------------------------|
|                     | No. Records  | Taxable Value        | No. Records  | Taxable Value          | Average Annual Increase | Compound Growth Rate |                        |
| Residential         | 2,262        | \$480,970,739        | 3,099        | \$848,776,605          | 7.65%                   | 5.84%                | \$1,431,792,985        |
| Commercial          | 152          | \$129,277,249        | 164          | \$188,352,910          | 4.57%                   | 3.84%                | \$326,119,705          |
| Vacant/Agricultural | 466          | \$35,855,195         | 484          | \$64,771,676           | 8.06%                   | 6.09%                | \$120,465,758          |
| Other               | 1            | \$580,000            | 2            | \$285,147              | -5.08%                  | -6.85%               | \$153,043              |
| <b>Total</b>        | <b>2,881</b> | <b>\$646,683,183</b> | <b>3,749</b> | <b>\$1,102,186,338</b> | <b>7.04%</b>            | <b>5.48%</b>         | <b>\$1,878,531,491</b> |

| District C          | 2004         |                      | 2013         |                      | (2004 - 2013)           |                      | 2023                 |
|---------------------|--------------|----------------------|--------------|----------------------|-------------------------|----------------------|----------------------|
|                     | No. Records  | Taxable Value        | No. Records  | Taxable Value        | Average Annual Increase | Compound Growth Rate |                      |
| Residential         | 804          | \$57,342,795         | 1,082        | \$153,048,915        | 16.69%                  | 10.32%               | \$367,569,405        |
| Commercial          | 137          | \$60,081,319         | 150          | \$93,831,391         | 5.62%                   | 4.56%                | \$147,761,064        |
| Vacant/Agricultural | 207          | \$7,879,690          | 269          | \$10,369,081         | 3.16%                   | 2.78%                | \$12,666,085         |
| Other               | 8            | \$569,611            | 8            | \$790,069            | 3.87%                   | 3.33%                | \$982,189            |
| <b>Total</b>        | <b>1,156</b> | <b>\$125,873,415</b> | <b>1,509</b> | <b>\$258,039,456</b> | <b>10.50%</b>           | <b>7.44%</b>         | <b>\$528,978,743</b> |

| District D          | 2004         |                      | 2013         |                      | (2004 - 2013)           |                      | 2023                 |
|---------------------|--------------|----------------------|--------------|----------------------|-------------------------|----------------------|----------------------|
|                     | No. Records  | Taxable Value        | No. Records  | Taxable Value        | Average Annual Increase | Compound Growth Rate |                      |
| Residential         | 969          | \$138,445,812        | 960          | \$210,174,242        | 5.18%                   | 4.26%                | \$325,920,576        |
| Commercial          | 116          | \$139,529,277        | 123          | \$187,606,337        | 3.45%                   | 3.00%                | \$243,007,698        |
| Vacant/Agricultural | 60           | \$4,240,755          | 51           | \$4,480,184          | 0.56%                   | 0.55%                | \$4,463,544          |
| Other               | ...          | ...                  | 1            | \$32,740             | ...                     | ...                  | \$70,182             |
| <b>Total</b>        | <b>1,145</b> | <b>\$282,215,844</b> | <b>1,135</b> | <b>\$402,293,503</b> | <b>4.25%</b>            | <b>3.61%</b>         | <b>\$573,462,001</b> |

| District E          | 2004         |                      | 2013         |                        | (2004 - 2013)           |                      | 2023                   |
|---------------------|--------------|----------------------|--------------|------------------------|-------------------------|----------------------|------------------------|
|                     | No. Records  | Taxable Value        | No. Records  | Taxable Value          | Average Annual Increase | Compound Growth Rate |                        |
| Residential         | 1,873        | \$388,022,351        | 2,143        | \$1,295,164,302        | 23.38%                  | 12.81%               | \$3,833,968,427        |
| Commercial          | 207          | \$153,462,927        | 187          | \$245,655,423          | 6.01%                   | 4.82%                | \$543,640,313          |
| Vacant/Agricultural | 107          | \$4,278,492          | 101          | \$7,742,312            | 8.10%                   | 6.11%                | \$16,314,995           |
| Other               | ...          | ...                  | ...          | ...                    | ...                     | ...                  | ...                    |
| <b>Total</b>        | <b>2,187</b> | <b>\$545,763,770</b> | <b>2,431</b> | <b>\$1,548,562,037</b> | <b>18.17%</b>           | <b>10.99%</b>        | <b>\$4,393,923,735</b> |

| Homestead Districts Total | 2004          |                         | 2013          |                         | (2004 - 2013)           |                      | 2023                    |
|---------------------------|---------------|-------------------------|---------------|-------------------------|-------------------------|----------------------|-------------------------|
|                           | No. Records   | Taxable Value           | No. Records   | Taxable Value           | Average Annual Increase | Compound Growth Rate |                         |
| Residential               | 11,841        | \$1,472,163,569         | 13,863        | \$3,735,874,123         | 15.38%                  | 9.76%                | \$9,627,334,584         |
| Commercial                | 1,244         | \$615,315,972           | 1,387         | \$1,024,754,120         | 6.65%                   | 5.23%                | \$1,936,550,194         |
| Vacant/Agricultural       | 2,317         | \$89,650,812            | 2,065         | \$153,900,610           | 7.17%                   | 5.55%                | \$258,550,454           |
| Other                     | 15            | \$2,396,185             | 17            | \$1,497,428             | -3.75%                  | -4.59%               | \$1,323,123             |
| <b>Total</b>              | <b>15,417</b> | <b>\$2,179,526,538</b>  | <b>17,332</b> | <b>\$4,916,026,281</b>  | <b>12.56%</b>           | <b>8.47%</b>         | <b>\$11,823,758,354</b> |
| <b>City of Austin</b>     |               | <b>\$43,068,013,356</b> |               | <b>\$74,003,396,064</b> |                         |                      |                         |
| <b>% of COA</b>           |               | <b>5.06%</b>            |               | <b>6.64%</b>            |                         |                      |                         |

Capital Market Research, October 2014

Data from: Travis County Appraisal District, City of Austin

Table (28)  
Residential Taxable Value by Date of Completion  
Homestead Preservation Districts

| District A                                | 2004         |                      | 2013         |                        | (2004 - 2013)           |                      |
|---|--------------|----------------------|--------------|------------------------|-------------------------|----------------------|
|   | No. Records  | Taxable Value        | No. Records  | Taxable Value          | Average Annual Increase | Compound Growth Rate |
| Existing Construction (Built before 2000) | 5,727        | \$386,714,730        | 5,227        | \$862,860,883          | 12.31%                  | 8.36%                |
| New Construction (Built 2000+)            | 206          | \$20,667,142         | 1,352        | \$365,849,176          | 167.02%                 | 33.29%               |
| <b>Total</b>                              | <b>5,933</b> | <b>\$407,381,872</b> | <b>6,579</b> | <b>\$1,228,710,059</b> | <b>20.16%</b>           | <b>11.67%</b>        |

| District B                                | 2004         |                      | 2013         |                      | (2004 - 2013)           |                      |
|---|--------------|----------------------|--------------|----------------------|-------------------------|----------------------|
|   | No. Records  | Taxable Value        | No. Records  | Taxable Value        | Average Annual Increase | Compound Growth Rate |
| Existing Construction (Built before 2000) | 2,197        | \$371,634,687        | 2,314        | \$471,666,372        | 2.69%                   | 2.41%                |
| New Construction (Built 2000+)            | 65           | \$109,336,052        | 785          | \$377,110,233        | 24.49%                  | 13.18%               |
| <b>Total</b>                              | <b>2,262</b> | <b>\$480,970,739</b> | <b>3,099</b> | <b>\$848,776,605</b> | <b>7.65%</b>            | <b>5.84%</b>         |

| District C                                | 2004        |                     | 2013         |                      | (2004 - 2013)           |                      |
|---|-------------|---------------------|--------------|----------------------|-------------------------|----------------------|
|   | No. Records | Taxable Value       | No. Records  | Taxable Value        | Average Annual Increase | Compound Growth Rate |
| Existing Construction (Built before 2000) | 791         | \$55,956,067        | 776          | \$101,620,977        | 8.16%                   | 6.15%                |
| New Construction (Built 2000+)            | 13          | \$1,386,728         | 306          | \$51,427,938         | 360.86%                 | 43.52%               |
| <b>Total</b>                              | <b>804</b>  | <b>\$57,342,795</b> | <b>1,082</b> | <b>\$153,048,915</b> | <b>16.69%</b>           | <b>10.32%</b>        |

| District D                                | 2004        |                      | 2013        |                      | (2004 - 2013)           |                      |
|---|-------------|----------------------|-------------|----------------------|-------------------------|----------------------|
|   | No. Records | Taxable Value        | No. Records | Taxable Value        | Average Annual Increase | Compound Growth Rate |
| Existing Construction (Built before 2000) | 967         | \$138,202,808        | 940         | \$204,550,708        | 4.80%                   | 4.00%                |
| New Construction (Built 2000+)            | 2           | \$243,004            | 20          | \$5,623,534          | 221.42%                 | 36.91%               |
| <b>Total</b>                              | <b>969</b>  | <b>\$138,445,812</b> | <b>960</b>  | <b>\$210,174,242</b> | <b>5.18%</b>            | <b>4.26%</b>         |

| District E                                | 2004         |                      | 2013         |                        | (2004 - 2013)           |                      |
|---|--------------|----------------------|--------------|------------------------|-------------------------|----------------------|
|   | No. Records  | Taxable Value        | No. Records  | Taxable Value          | Average Annual Increase | Compound Growth Rate |
| Existing Construction (Built before 2000) | 1,853        | \$348,909,460        | 1,842        | \$512,307,046          | 4.68%                   | 3.92%                |
| New Construction (Built 2000+)            | 20           | \$39,112,891         | 301          | \$782,857,256          | 190.15%                 | 34.94%               |
| <b>Total</b>                              | <b>1,873</b> | <b>\$388,022,351</b> | <b>2,143</b> | <b>\$1,295,164,302</b> | <b>23.38%</b>           | <b>12.81%</b>        |

| Homestead Districts Total                 | 2004          |                        | 2013          |                        | (2004 - 2013)           |                      |
|---|---------------|------------------------|---------------|------------------------|-------------------------|----------------------|
|   | No. Records   | Taxable Value          | No. Records   | Taxable Value          | Average Annual Increase | Compound Growth Rate |
| Existing Construction (Built before 2000) | 11,535        | \$1,301,417,752        | 11,099        | \$2,153,005,986        | 6.54%                   | 5.16%                |
| New Construction (Built 2000+)            | 306           | \$170,745,817          | 2,764         | \$1,582,868,137        | 82.70%                  | 24.94%               |
| <b>Total</b>                              | <b>11,841</b> | <b>\$1,472,163,569</b> | <b>13,863</b> | <b>\$3,735,874,123</b> | <b>15.38%</b>           | <b>9.76%</b>         |

Capitol Market Research, October 2014

Data from: Travis County Appraisal District, City of Austin

## APPENDIX

Table (A)  
Land Use Designations

| CMR Land Use Designation   | Texas State Land Category | Description   |
|----------------------------|---------------------------|---|
| <b>Residential</b>         |                           |   |
|                            | A1                        | Single Family   |
|                            | A2                        | Single Family (Mobile Home attached to land)                        |
|                            | A3                        | Single Family (Condominium)   |
|                            | A4                        | Single Family (Townhome)  |
|                            | A5                        | Single Family (Condominium HOA/Common Area)                         |
|                            | B1                        | Multi-Family  |
|                            | B2                        | Multi-Family (Duplex)   |
|                            | B3                        | Multi-Family (Triplex)  |
|                            | B4                        | Multi-Family (Fourplex)   |
| <b>Commercial</b>          |                           |   |
|                            | F1                        | Goods/Services  |
|                            | F2                        | Industrial / Manufacturing  |
|                            | F3                        | Other Commercial (nominal improvement, such as parking lot/signage) |
|                            | F4                        | Goods/Services (Condominium)  |
|                            | F5                        | Goods/Services (from Residential conversion)                        |
| <b>Vacant/Agricultural</b> |                           |   |
|                            | C1                        | Small Vacant Lot (less than 20 acres)                               |
|                            | C2                        | Vacant Land ("Colonias", no utilities)                              |
|                            | D1                        | Qualified Agricultural Land   |
|                            | D2                        | Qualified Agricultural Land with improvements                       |
|                            | E1                        | Rural Land not qualified for Agricultural use                       |
|                            | O1                        | Residential inventory under development                             |
| <b>Other</b>               |                           |   |
|                            | J1                        | Water Systems   |
|                            | J2                        | Gas Systems   |
|                            | J3                        | Electric Systems  |
|                            | J4                        | Telephone Systems   |
|                            | J5                        | Railroad  |
|                            | J6                        | Pipelines   |

Capital Market Research, October 2014

appendix tables.xls

Date from: Travis County, 2013 Texas Property Tax Assistance Property Classification Guide (Texas Comptroller of Public Affairs)

### **Certificate**

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

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

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

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

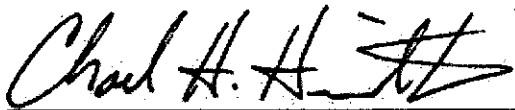
This report sets forth all of the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analyses, opinions and conclusions contained in this report.

Recognition is hereby given to Erin Roberts, Joey Valenzuela, and Carly Havard for their assistance in the preparation of this report.

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

Respectfully submitted,

CAPITOL MARKET RESEARCH, INC.

A handwritten signature in black ink, appearing to read "Charles H. Heimsath", written over a horizontal line.

Charles H. Heimsath  
President

## **CHARLES H. HEIMSATH: QUALIFICATIONS**

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

Since moving to Austin in February 1984, Mr. Heimsath has conducted or managed over 600 market research and feasibility projects covering a range of property types from residential and mixed-use subdivisions through office/warehouse and service center space to downtown office buildings and condominium towers. His work has also included population forecasting for several cities, consultation to the General Land Office, The University of Texas System, and a wide variety of private sector developer, land owners and investors.

## **EDUCATION**

B.S. in Economics, University of Vermont, Burlington, Vermont; June 1972

M.S. in Community and Regional Planning, The University of Texas, Austin, Texas; August 1976

Post Graduate Studies, Rice University, Houston, Texas; 1980, 1981

## **PROFESSIONAL MEMBERSHIPS & CERTIFICATIONS**

American Planning Association

Austin Real Estate Council, Former Board Member

Central Texas Regional Mobility Authority (CTRMA), Board Member

Texas Real Estate Broker #188355-13

Urban Land Institute, Austin Advisory Board Member

Downtown Austin Alliance, Boardmember, Policy Committee Chair

## **PROFESSIONAL EXPERIENCE**

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

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

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

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

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