

1215 RED RIVER and 606 EAST 12TH MASTER DEVELOPMENT AGREEMENT FINAL TERM SHEET

TERMS	DESCRIPTION	NOTES
General		
A. Parties to Master Development Agreement	<ol style="list-style-type: none"> 1) City of Austin 2) Aspen Topco II, LLC (Aspen Heights Partners) 	
B. Partners for Affordable Housing	<ol style="list-style-type: none"> 1) NHP Foundation & Capital A – Joint Venture Partnership; or comparable affordable housing entity 2) Austin Housing Finance Corporation or Austin Housing Public Facility Corporation – potential partner with JV 	Aspen Heights to provide Organizational Chart with Key Staff
C. Consultants	<ol style="list-style-type: none"> 1) Civilitude - Engineer 2) STG Design - Architect 3) Studio Balcones – Landscape Architect 4) CPM – Project Management and Construction Consultant 	Aspen Heights reserves the right to substitute and/or add consultants if deemed beneficial to the Project subject to City approval, not to be unreasonably withheld.
D. Property/Site	<ol style="list-style-type: none"> 1) 1.73 acres of land owned by the City of Austin comprised of two parcels located at 1215 Red River Street (1.381 acres) and 606 East 12th Street (0.349 acres) 2) 0.2534 acres or 11,040 SF of land owned by Aspen Heights at 614 East 12th 	
E. Ground Lease Term	<ol style="list-style-type: none"> 1) 70 yrs. + 29 yrs. extensions = 99 yrs. total; Extensions exercised by tenant upon minimum objective conditions being met (tenant not in default; construction completed and other objective criteria to be determined) 	
F. Former Health South Site Vision	<ol style="list-style-type: none"> 2) Under Resolution 20170323-052, Council requested specific scenarios for site reconfiguration. 3) Resolution 20181004-042 directed initiation of solicitation for site redevelopment with “significant emphasis” on creating multibedroom housing for residents earning less than 60% median family income and addressing the City’s financial obligations for site acquisition. 4) This vision was solicited in RFP 5500 SMW3002. Four bids received; Aspen Heights scored highest. 5) On January 27, 2021, Council approved Item 13 to authorize the negotiation and execution of an exclusive negotiation agreement with Aspen Heights Partners, for terms governing a master developer contract for site redevelopment and sought additional community benefits. 	

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Development Covenants																																																																	
A. Housing Program	<p>1) Total Units: 921 rentals 2) Market Rate Units: 689 total rental units 3) Affordable Housing Units: 232 total rental units</p> <ul style="list-style-type: none"> • 50% MFI: 117 units • 60% MFI: 115 units • Affordable Housing Mix will have option to achieve deeper affordability with no additional City contribution with COA HPD Director approval. <p>1) Studios, 1-Bedroom (84), 2-Bedroom (90), 3-Bedroom (23) 2) Changes to unit mix must be approved by HPD Director</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th>MFI</th> <th>Studio (OB)</th> <th>1BR</th> <th>2BR</th> <th>3BR</th> <th>total</th> <th></th> </tr> </thead> <tbody> <tr> <td>Below 50%</td> <td>18</td> <td>42</td> <td>45</td> <td>12</td> <td>117</td> <td></td> </tr> <tr> <td>Below 60%</td> <td>17</td> <td>42</td> <td>45</td> <td>11</td> <td>115</td> <td></td> </tr> <tr> <td>Subtotal, affordable</td> <td>35</td> <td>84</td> <td>90</td> <td>23</td> <td>232</td> <td></td> </tr> <tr> <td>Market</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>North Tower</td> <td>91</td> <td>238</td> <td>215</td> <td>29</td> <td>573</td> <td></td> </tr> <tr> <td>South Tower</td> <td>19</td> <td>48</td> <td>46</td> <td>3</td> <td>116</td> <td></td> </tr> <tr> <td>Subtotal, Market</td> <td>110</td> <td>286</td> <td>261</td> <td>32</td> <td>689</td> <td></td> </tr> <tr> <td>Total</td> <td>145</td> <td>370</td> <td>351</td> <td>55</td> <td>921</td> <td></td> </tr> </tbody> </table> <p>4) South Tower</p> <ul style="list-style-type: none"> • First tower to be delivered or at the same time as North Tower • 348 total rental units • 232 affordable rental units • Childcare facility 	MFI	Studio (OB)	1BR	2BR	3BR	total		Below 50%	18	42	45	12	117		Below 60%	17	42	45	11	115		Subtotal, affordable	35	84	90	23	232		Market							North Tower	91	238	215	29	573		South Tower	19	48	46	3	116		Subtotal, Market	110	286	261	32	689		Total	145	370	351	55	921		
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	<p>5) North Tower</p> <ul style="list-style-type: none"> • Second tower to be delivered or at the same time as South Tower • 573 market rate rentals • Live Music and Art Venue • Commercial Space • Plaza/open space <p>6) Affordability Restrictions:</p> <p>3) Meet RHDA requirements for rental – 50% and 60% MFI or below</p> <p>7) Affordability Period:</p> <p>4) Tied to ground lease term (99 yr. total: 70 yrs. + 29 yrs. extensions)</p> <p>5) If NHP Foundation dissolves or exits, City has right of first refusal unless NHP Foundation replaced by comparable affordable housing entity subject to City approval, not to be unreasonably withheld.</p> <p>8) Tenant protection provisions from the City’s Rental Housing Development Assistance Program Guidelines (RHDA) for affordable units</p> <p>9) Restrictive covenants will be placed on affordable housing units to restrict units as affordable</p> <p>10) Provide for Source of Income protection by accepting housing choice vouchers from the HUD Housing Choice Voucher program under 24 CFR Part 982, the City’s local housing vouchers, and other lawful, regular, and verifiable rental subsidies</p> <p>11) Affordable rent at 30% of Household Income per Low-Income Housing Tax Credit (LIHTC) program regulation as administered by Texas Department of Housing & Community Affairs (TDHCA)</p> <p>12) Adjust Income restrictions (and rent restrictions) for household size under HUD Guidelines</p>	
<p>B. Residential Uses</p>	<p>1) Communal learning spaces in both towers</p> <p>2) Acoustic studies for both towers</p>	
<p>C. Commercial Space/Local Business</p>	<p>1) Minimum 35,160 square feet of commercial space</p> <p>2) Living wage rates will not apply to commercial tenants</p> <p>3) Developer will recruit or lease retail space to local businesses</p> <p>6) Good Faith Effort to achieve 30% local vendors</p> <p>7) 500-800 sq ft reserved at 60% market rate through life of lease</p>	

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D. Early Childhood Care Center	Provide high-quality, affordable childcare on site <ul style="list-style-type: none"> • Minimum 11,840 sq ft (9,780 interior + 2,060 exterior) • Serves 75 children • Build to suit with minimum \$2,518,371 for core & shell, plus additional minimum \$3,668,500 for tenant improvements • \$213,120 annual gross rent with 3% annual escalation for 10 years plus one 10-year renewal option to qualified licensed childcare operator • After year 20, 60% of market rate rent for life of lease • If Aspen Heights is unable to lease space to a licensed childcare operator within 36 months of building Certificate of Occupancy or vacancy, City will have Right of First Refusal at same rent amount and term (10-year term, plus 10 renewal option) • Aspen Heights work in good faith to execute lease with childcare operator in less than 36 months 	
E. Live Music/Art Venue	Venue to be leased to art/music operators, using good faith efforts to prioritize historically disenfranchised operators <ul style="list-style-type: none"> • Minimum 7,400 sq ft with double height ceiling • Minimum \$2,717,000 for core & shell, plus additional minimum \$4,862,000 for finish out • \$35/sf annual gross rent with 3% annual escalation for 10 years plus one 10-year renewal option • After year 20, 60% of market rate rent for life of lease 	
F. Mural on South Tower	Minimum \$200,000 investment	
G. Public Access, Connectivity & Activation	<ol style="list-style-type: none"> 1) Will improve connectivity & right of way 2) Will allow public access & design/construct pedestrian friendly alley 3) Help create 13th Street <ul style="list-style-type: none"> • Good Faith Efforts • Contingent on City participation • Aspen Heights will pay for design costs 4) Invest minimum \$6,650,000 in 13th Street; if 13th Street not viable after agreed upon timeline, then equivalent amount invested in improving public access and connectivity throughout development 5) Maintain ROW / public access in alley 6) Activate ground floors with CS uses 7) Open space accessible to public <ul style="list-style-type: none"> • Minimum 30,000 sf • Minimum \$13,527,360 investment 	

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	<p>8) Aquatic feature</p> <ul style="list-style-type: none"> • Splash Pad • Minimum \$450,000 investment <p>9) Signage in English & Spanish</p> <p>10) Above/below ground & public parking spaces</p> <table border="1" data-bbox="443 560 1263 674"> <thead> <tr> <th></th> <th>North Tower</th> <th>South Tower</th> </tr> </thead> <tbody> <tr> <td>Total Parking Spaces</td> <td>811</td> <td>554</td> </tr> <tr> <td>Public Parking Spaces</td> <td>123</td> <td>121</td> </tr> </tbody> </table>		North Tower	South Tower	Total Parking Spaces	811	554	Public Parking Spaces	123	121	
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H. Sustainability	Strive for Green Building 4 or LEED Gold										
I. Council adopted Third-Party Requirements	<p>Aspen Heights will comply with the following:</p> <ul style="list-style-type: none"> • Prevailing Wage Requirements (Resolution 20080605-047) • Worker Safety Program Requirements • MBE/WBE Requirements (Resolution 20071108-127; Resolution 20120112-058) • Construction Training Requirements (Resolution 20180628-061) • Better Builder Requirements (Resolution 20190619-091) • Childcare (Resolution 20210826-108) 										
Financing											
A. Minimum Bid	Developer must make one upfront lump sum ground lease payment of \$12.2M as required in RFP. The \$8.8M in reduced ground lease value (from a total previously offered value of \$21M) will be contributed in cash by Aspen Heights toward the capitalized cost of delivering Affordable Housing Units.										
B. Land Price/Land Value	\$12.2M payment to the City upon takedown	\$8.8M infused into the construction of the affordable units as a cash contribution to NHP Foundation. Additionally, Aspen Heights to provide \$67M in cash and/or cash equivalent to NHP Foundation to obtain necessary financing for affordable housing development. Total									

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		affordable housing value from Aspen Heights of \$75.8M.
C. Site Conveyance	2 Ground Leases; one lease for each tower <ul style="list-style-type: none"> • Assignments until completion of construction at sole discretion of City and commercially reasonable restrictions on lease assignments thereafter 	Plaza/Open Space will be included in North tower lease
D. Pro Forma	Aspen Heights shall provide their own and NHP’s relevant financial records, particularly as they may relate to City participation in project revenues	
E. Profit Sharing	1) AHFC as a financing partner with the affordable housing project will be entitled to a customary share of net project proceeds from operation and/or disposition of the affordable housing component of the project; and 2) City of Austin shall receive a portion of proceeds from disposition of the remainder of the project (excluding the affordable housing component) to the extent that the developer’s proceeds exceed a certain priority return threshold. Specific proportions and thresholds to be negotiated during the MDA.	
Terms of Performance		
A. Takedown	<ol style="list-style-type: none"> 1) Takedown provisions and timeline 2) Takedown Conditions <ol style="list-style-type: none"> a. Notice b. Civil engineering / infrastructure plans prepared and permits applied for c. Conceptual Site Plan and Massing d. Ground lease payment 2) Initiate Request for Inclusion in Downtown Public Improvement District, managed by Downtown Austin Alliance 3) Tolling provisions to address potential economic conditions 	
B. Terms of transfer	2 Ground Leases: <ul style="list-style-type: none"> • Assignments until completion of construction at sole discretion of City and commercially reasonable restrictions on lease assignments thereafter • Separate tenants for each ground lease as approved by Council • Restrictive Covenants or related documents 	
C. MDA Master Plan	1) The “Conceptual Site Plan” will be used to inform the final “MDA Master Plan” as the basis for design, permitting and	

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	<p>construction of horizontal and vertical improvements on the Former Health South Site</p> <p>2) The MDA Master Plan will be reviewed and approved administratively by the City before Takedown.</p>	
D. Public Comment / Outreach	<p>1) Conceptual site plan for public review</p> <p>2) Public comment on MDA, which includes briefings to boards and commissions including Downtown and Design Commissions</p> <p>3) Community engagement plan throughout redevelopment</p>	
E. Subdivision	A subdivision plat acceptable to the City (in its regulatory capacity) will be approved and recorded for the Take down.	
F. Default & Cure Provisions	<p>1) Disposition of FFA site to COA Housing Trust Fund at value calculation mutually agreed to by parties in MDA; only applies to the South Tower</p> <p>2) MDA will include specifications for defaults, such as failure to deliver buildings in a timely fashion and to provide/maintain affordability and other expected community benefits.</p> <p>3) MDA will also include cure provisions and penalties for such defaults, which may include specific performance, termination of ground leases, and/or financial damages and/or penalties adequate for COA to fund the benefits expected from but not delivered by Aspen Heights.</p>	
J. Zoning	<p>1) Aspen Heights will file an application to rezone the property located at 614 East 12th Street from Commercial (CS) to CBD before the Master Development Agreement is approved.</p> <p>2) The City will file an application to rezone the property located at 1215 Red River Street and 606 E. 12th Street from Public (P), Commercial – Liquor sales (CS-1), and General Office (GO) to CBD before the Master Development Agreement is approved.</p> <p>3) Both applications will be related items through the rezoning process.</p>	