

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

PLEASE NOTE: AHFC Reserves the right to fund projects at a lower amount than requested, and the right to deny applications that do not coincide with the City's FY 2011-12 Action Plan goals and policy direction from the Austin City Council.

Project Name: Gaston Place

Project Address: 1920 Gaston Place Drive Zip Code 78723

Total # units in project/property: 20
Total # units to be assisted with RHDA Funding: 10

Project type: Acquisition Rehabilitation New construction Refinance Rent Buy-Down

Amount of funds requested: \$348,021 Terms Requested: 99 Years at 0% and forgivable

Role of applicant in Project (check all that apply): Owner Developer Sponsor

1. Applicant Information (If applicant is not acting as the developer, please provide all of the information below for the developer as well as for the applicant. If the developer involves multiple entities, is a partnership or joint venture, please provide duplicative information for each, and identify the entity that will serve as the "lead" organization).

Accessible Housing Austin!, Inc.

Name
1611 Headway Circle, Building 2

Street Address
Austin Texas, 78754 512-615-3378

City State, Zip Telephone #
Spencer Duran 512-615-3378 sduran@eastersealstx.com

Contact Person Contact Telephone # E-mail address

Federal Tax ID Number or SS#

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

Accessible Housing Austin!
Legal Name of Developer/Entity

Spencer Duran
Signature of Authorized Officer

10-18-11
Date

AWA! Project Specialist
Title

2. **For non-profit applicants/developers only, include copies of the following:**
- Articles of Incorporation
 - Certificate of Incorporation filed with the State of Texas
 - Federal IRS certification granting non-profit status
 - Names, addresses and phone numbers of current board members
 - Certified financial audit for most recent year which include the auditor's opinion and management letters.
 - Board resolution approving the proposed project and authorizing the request for funding

3. **Project Type (Please check any that apply.)** This project is considered:

_____ **Traditional Rental Housing** (serving low-income households, and resident services may or may not be provided)

_____ **Transitional Housing** (case management services provided and residency limited to a certain length of time, usually no more than 24 months)

Permanent Supportive Housing (Considered long-term rental housing for very low-income families and individuals who are among the hardest to serve and who are most vulnerable to homelessness. This type of housing provides case management services to residents as needed).

If you checked Permanent Supportive Housing, please complete the information below.

A. Types of proposed PSH Units: Multi-family _____ Single-family (1-4 units) _____

B. Numbers of proposed PSH Units:

20 Total Number of Units in project

10 Total Number of RHDA-assisted Units Proposed (include PSH units and non-PSH units)

10 Total Number of Permanent Supportive Housing (PSH) Units Proposed

C. Check the population or sub-population(s) proposed to be served and indicate the number of units dedicated to that population or sub-population.

Individuals or families headed by individuals that are:

1. _____ **Chronically homeless** as established in the HEARTH Act (Homeless Emergency and Rapid Transition to Housing Act of 2009) found at 24 CFR Part 577.

NUMBER OF UNITS _____

2. _____ Households that would otherwise meet the HUD definition of chronically homeless per the HEARTH Act, but **have been in an institution for over 90 days**, including a jail, prison, substance abuse facility, mental health treatment facility, hospital or other similar facility.

NUMBER OF UNITS _____

3. _____ Unaccompanied youth or families with children **defined as homeless under other federal statutes** who:

a. have experienced a long-term period without living independently in permanent housing;

b. have experienced persistent instability as measured by frequent moves over such period; and

c. can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse, the presence of a child or youth with a disability, or multiple barriers to employment.

NUMBER OF UNITS _____

4. _____ A single adult or household led by an adult **'aging out' of state custody of the foster care or juvenile probation system**, where the head of household is homeless or at-risk of homelessness.

NUMBER OF UNITS _____

5. Any other population **not defined above** but who would otherwise be eligible for or need permanent supportive housing services.
NUMBER OF UNITS 10

NOTE: APPLICANTS CHECKING C.1, C.2, C.3, or C.4 ABOVE MUST COLLECT AND REPORT INFORMATION INTO THE HOMELESS MANAGEMENT INFORMATION SERVICE (HMIS)

- 4. Project Description.** Provide a brief project description that addresses items "A" through "L" below.
- a. Describe the tenant population, income levels, and services, if any, to be provided to or made available to residents.
 - b. Include the type of structure (multi-family or single-family), number and size of units in square feet.
 - c. Indicate whether the property is occupied at the time this application is being submitted.
 - d. Indicate whether the project meets the requirements of the City's Vertical Mixed-Use (VMU) Ordinance, or is in a Planned-Unit Development (PUD) or Transit Oriented Development (TOD).
 - e. Indicate whether the project will preserve existing affordable rental units.
 - f. If there are existing structures, provide documentation from the taxing authority or another third-party source indicating the year the structure was built.
 - g. Indicate the number of units reserved for Housing Choice Voucher holders (Section 8).
 - h. Indicate the number of units that are or will be made accessible and adaptable for persons with mobility, sight or hearing disabilities.
 - i. Demonstrate the Project's compatibility with current Neighborhood Plan (if applicable).
 - j. In addition to providing an Itemized Development Budget through your response to Question 12 below, summarize the key financials of the project, clearly indicating the total project cost, the amount and intended use of AHFC funds being requested, and the amount(s) and provider(s) of other funding and the stage of those funding commitments.
- Please attach the following to the description of the above items:**
- k. A map (8 1/2" x 11") indicating the property location and the distance to the nearest Capital Metro Transit Stop to which residents will have access.
 - l. Locate on the "Opportunity Map of Austin" the census tract in which the property lies. The map is attached to the Program Guidelines.

5. Site Control and Demonstration of Value

Include evidence of site control such as a warranty deed or an current earnest money contract, and provide a real estate appraisal or current tax documentation that substantiates the value of the project.

6. Zoning

Include a letter from the City of Austin's Planning and Development Review Department (PDRD) verifying that the current zoning of the site for the proposed project is compatible with the anticipated use, or include documentation verifying that a request to change current zoning has been submitted to PDRD. Should the project be approved for funding, the appropriate zoning must be in place prior to execution of loan documents.

- 7. S.M.A.R.T. Housing™.** Include a copy of the letter that indicates the project has been reviewed and meets S.M.A.R.T. Housing™ requirements.

8. Development Team. Identify below the persons or entities anticipated to be involved in the project, such as lenders, attorneys, accountants, architects, engineers, general contractor, sub-contractors, property managers and consultants. Also, indicate if any person or entity involved is certified by the City of Austin as a minority or women-owned business enterprise (**MBE/WBE**), or if any of the entities are also **non-profit** organizations.

| | Name(s) & Any Comments on Role | MBE? (Mark X if Yes) | WBE? (Mark X if Yes) | Non- profit? (Mark X if Yes) |
|------------------------------|---|---|---|---|
| Owner | | | | |
| Developer | | | | |
| Architect | | | | |
| Engineer | | | | |
| Construction Lender | | | | |
| Other Lenders | | | | |
| Attorney | | | | |
| Accountant | | | | |
| General Contractor | | | | |
| Consultant (if Applicable) | | | | |
| Property Management Provider | | | | |
| Other: | | | | |

9. Development Schedule. Complete the grid below. You may re-order the steps according to the appropriate sequence for your project and to add in any other significant steps integral to your project's development. If the multiple properties are involved, provide a development schedule for each property.

| | DATE(S) |
|--|----------------|
| Acquisition and/or holding | |
| Environmental and/or historic review (AHFC) | |
| Securing and packaging project financing | |
| Construction Specifications and Cost estimates | |
| Construction Bids | |
| Construction Start | |
| Anticipated Draws (list all) | |
| End Construction | |
| Start of Rent-up | |
| Completion & Operation | |

10. Accessible and Adaptable Units. Indicate the number of units proposed to be **accessible and adaptable** for persons with mobility, sight and hearing disabilities as required by RHDA Program Guidelines.

- _____ Units adaptable for persons with mobility disabilities
- _____ Units accessible for persons with mobility disabilities
- _____ Units adaptable for persons with sight and hearing disabilities
- _____ Units accessible for persons with sight and hearing disabilities

11. Experience and Qualifications – Rental Development and Property Management

- a. Is this the developer’s first housing project? Yes No
- b. Completed projects (please list below):

| COMPLETED PROJECTS | | | | |
|--------------------|-----------------|--------------|---|----------------|
| Address | Number of Units | New or Rehab | Type of Property (apartments, SF units, etc.) | Year Completed |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

- c. Describe the **experience and qualifications** and the developer’s ability and capacity to implement the proposed project.
- d. Indicate who will provide **property management** services. Provide documentation to demonstrate the entity’s level of experience and track record in operating properties of similar size, particularly income-restricted properties.

12. Detailed Project Budget. Use the following table, or comparable format, to provide a complete project budget. Add line-items as necessary. If this project has already received funding from AHFC, indicate by line item the amounts from the prior award.

| DETAILED PROJECT BUDGET | | | | |
|-----------------------------|------|------------------------------------|----------------------|-------------------------|
| | Cost | Prior award of RHDA Funds (if any) | RHDA Funds Requested | Description or Comments |
| PREDEVELOPMENT | | | | |
| Appraisal | | | | |
| Environmental Review | | | | |
| Engineering | | | | |
| Survey | | | | |
| Architectural | | | | |
| TOTAL PREDEVELOPMENT | | | | |
| ACQUISITION | | | | |
| Site and/or Land | | | | |
| Structures | | | | |
| Other (specify) | | | | |
| TOTAL ACQUISITION | | | | |
| CONSTRUCTION | | | | |
| Infrastructure | | | | |
| Site work | | | | |
| Demolition | | | | |
| Concrete | | | | |
| Masonry | | | | |
| Rough carpentry | | | | |
| Finish carpentry | | | | |
| Waterproofing & Insulation | | | | |

| | | | | |
|--------------------------------------|--|--|--|--|
| Roofing & Sheet Metal | | | | |
| Plumbing/Hot Water | | | | |
| HVAC | | | | |
| Electrical | | | | |
| Doors/Windows/Glass | | | | |
| Lath & Plaster/ Drywall & Acoustical | | | | |
| Tile work | | | | |
| Soft & Hard Floor | | | | |
| Paint/Decorating/Blinds/Shades | | | | |
| Specialties/Special Equipment | | | | |
| Cabinetry/Appliances | | | | |
| Carpet | | | | |
| Other (Please specify) | | | | |
| Construction Contingency | | | | |
| TOTAL CONSTRUCTION | | | | |
| SOFT & CARRYING COSTS | | | | |
| Legal | | | | |
| Audit/Accounting | | | | |
| Title/Recording | | | | |
| Architectural (Inspections) | | | | |
| Construction Interest | | | | |
| Construction Period Insurance | | | | |
| Construction Period Taxes | | | | |
| Relocation | | | | |
| Marketing | | | | |
| Davis-Bacon Monitoring | | | | |
| Other: (Specify) | | | | |
| TOTAL PROJECT BUDGET | | | | |

13. Funds Proposal. Provide the following information to facilitate financial review of the proposed project:

- a. **Sources and Uses of Funds** – Complete **Tables A (below) & B (on the following page)**, identifying all sources and uses of funds to implement project and include evidence of funds anticipated (financial statements, commitment letters, etc.).

| TABLE A: SOURCES OF FUNDS SUMMARY | | | | | Intended Use of Funds (Predevelopment, Acquisition, Construction, Soft Costs) |
|--|------|---------------|--------|---------------------------------|--|
| | Term | Interest Rate | Amount | Evidence (Deed, Sales Contract) | |
| Owner Equity | | | | | |
| Private Financing (List Lenders) | | | | | |
| | | | | | |
| Other Sources (List Below) | | | | | |
| | | | | | |
| Proposed RHDA Funds | | | | | |

| TABLE B: USES OF FUNDS SUMMARY | | |
|---------------------------------------|------------|-----------|
| | Total Cost | Cost/Unit |
| Predevelopment | | |
| Acquisition | | |
| Hard Costs | | |
| Soft & Carrying Costs | | |
| Other Costs | | |
| Total Project Costs | | |

- b. **Leveraging** – Complete **Table C (below)**. Include evidence of other funds leveraged by AHFC funds to implement the project such as owner equity and commitments from private and/or other public resources.

| TABLE C: LEVERAGE SUMMARY | |
|----------------------------------|--|
| TOTAL RHDA FUNDS | |
| TOTAL OTHER FUNDS | |
| LEVERAGE (%) | |

- c. **Operating Proforma** – In a format comparable to Table D below, prepare a minimum twenty (20) year financial Operating Proforma which realistically reflects the operation of the project relative to current and anticipated revenues, expenses and debt. The Proforma must indicate the anticipated debt coverage ratio (DCR) calculated as follows: net operating income (NOI)/debt service (DS) = DCR. For projects that will not carry debt, use the number "1" as the denominator in the equation.

| TABLE D: OPERATING PROFORMA | | | |
|--|-----------------|-----------------------|----------------------|
| Unit Size (BR/BA) | Number of Units | Monthly Rental Income | Annual Rental Income |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| FULL OCCUPANCY ANNUAL INCOME | | | |
| Less Vacancy Loss (Indicate % and Amount of Loss) | | | |
| GROSS ANNUAL INCOME | | | |

| | |
|-----------------------------------|--|
| Inflation Factor - Income | |
| Inflation Factor - Expense | |

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|----------------------------|--------|--------|--------|--------|--------|
| Gross Annual Income | | | | | |
| EXPENSES | | | | | |
| Utilities | | | | | |
| Insurance | | | | | |
| Maintenance/Repair | | | | | |
| Property Taxes | | | | | |

| | | | | | |
|--|--|--|--|--|--|
| Management | | | | | |
| Marketing | | | | | |
| Maintenance Reserve | | | | | |
| Other (specify) | | | | | |
| Other (specify) | | | | | |
| | | | | | |
| TOTAL EXPENSES | | | | | |
| | | | | | |
| NET OPERATING INCOME (NOI) | | | | | |
| | | | | | |
| Sources of Funds & Debt Service | | | | | |
| | | | | | |
| | | | | | |
| TOTAL ANNUAL Debt Service (DS) | | | | | |
| | | | | | |
| Cash-flow after Debt Serv (CF = NOI - DS) | | | | | |
| | | | | | |
| Debt Coverage Ratio (DCR = NOI/DS) | | | | | |

14. Community Engagement Strategy or Efforts. Please provide a description of your organization’s efforts or plans to engage neighborhood associations and other stakeholders in the area surrounding the proposed development. If no neighborhood association exists, provide an alternative plan to engage area residents, businesses and faith-based organization, for example.

15. Description of Supportive Services. If supportive services are NOT to be provided, please stop here. For all other projects, if supportive services are to be provided to residents, provide a description of the services that includes the following information:

- a. A description of the supportive services to be provided to residents and/or clients.
- b. The number and types of residents/clients expected to be served annually.
- c. Describe the developer’s experience and qualifications in providing the services to be offered.
- d. If services are not provided by the developer of the project, include a description of the organization(s) providing the services and a memorandum of understanding or some other type of agreement that indicates the relationship between the developer and service provider.
- d. Provide resumes of key personnel who will be actively involved in the delivery of services. Resumes should include information about certifications, licenses, years of experience, and education.
- f. Demonstrate financial capacity to provide support services and/or operate a supportive services program by providing the following information:
 - 1. Sources of Funds: Identify sources and amounts of funds that will be utilized to provide supportive services.
 - 2. Budget: Include a supportive services budget which reflects current and anticipated funding and expenses associated with the provision of services for three (3) years.

ATTENTION:

Please submit with the Application a completed “self-evaluation” using the following Scoring Criteria.

RHDA PROGRAM SCORING CRITERIA

Applications received will be reviewed and evaluated according to the following criteria:

REQUIRED INFORMATION:

- | | |
|-----------------------------------|--|
| 1. Applicant Information _____ | 9. Accessible/Adaptable Units _____ |
| 2. Non-profit List of Items _____ | 10. Experience/Qualifications _____ |
| 3. Project Description _____ | 11. Project Budget _____ |
| 4. Site Control/Value _____ | 12. Funds Proposal: |
| 5. Zoning _____ | a. Sources _____ |
| 6. S.M.A.R.T. Housing _____ | b. Uses _____ |
| 7. Development Team _____ | c. Leveraging _____ |
| 8. Development Schedule _____ | d. Operating Proforma _____ |
| | 13. Community Engagement Strategy or Efforts _____ |

EVALUATION CRITERIA:

Applications for proposed projects will be reviewed and scored on a competitive basis per the evaluation criteria below. Applications must receive a minimum score of **150** points out of a maximum score of **225** points. PLEASE NOTE: A score above the minimum score does not guarantee funding.

1. **EXPERIENCE AND QUALIFICATIONS** (maximum 15 points) 10

- 15 points:** Developer has successfully completed project similar in size and scope.
- 10 points:** Completed similar project but smaller in size and scope.
- 8 points:** Consultant directly involved who has completed project similar in size and scope.
- 3 points:** Owns or manages income-restricted rental property.

2. **SOURCES & USES OF FUNDS** (maximum 10 points) 5

- 10 points:** All sources and uses of funds are clearly indicated and sufficient evidence of funding availability and/or commitments are included.
- 5 points:** All sources and uses of fund are clearly indicated, but evidence of funding availability or commitments are incomplete.

3. **DEBT COVERAGE RATIO** (maximum 10 points) 10

- 10 points:** DCR of 1.25 or greater
- 6 points:** DCR between 1.21 - 1.24
- 4 points:** DCR between 1.15 - 1.20

4. **LEVERAGE** (maximum 10 points) 10

- RHDA Program funding (prior and current) relative to Total Project Costs equals:
- 10 points:** 25% or less
 - 8 points:** 26% - 30%
 - 6 points:** 31% - 35%
 - 4 points:** 36% - 50%
 - 0 points:** 51% or greater

5. **AFFORDABLE UNITS** (maximum 25 points) 25

If development has a mix of 30%, 40%, and/or 50% MFI units, add the results for the percentage of units in each income category up to the maximum of 25 points. If the project has a percentage of units in a given income category that is not an exact multiple of ten as shown in the chart, please round up to the next multiple of 10 and use that point value.

| % of G.O. Bond-assisted Units in Total Project | | | | | | | | | | |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|
| % MFI | 10% | 20% | 30% | 40% | 50% | 60% | 70% | 80% | 90% | 100% |
| 50% | 3 | 5 | 7 | 9 | 11 | 13 | 15 | 17 | 19 | 25 |
| 40% | 5 | 7 | 9 | 11 | 13 | 15 | 17 | 19 | 21 | 25 |
| 30% | 7 | 9 | 11 | 13 | 15 | 17 | 19 | 23 | 24 | 25 |

6. **RHDA COST PER UNIT** in \$1,000s (maximum 10 points) 10

| | <u>Acquisition</u> | <u>Refinance</u> | <u>Rehabilitation</u> | <u>For-Profit New Construction</u> | <u>Non-Profit New Construction</u> |
|------------------|--------------------|------------------|-----------------------|--|--|
| 10 points | <\$45/unit | <\$30/unit | <\$30/eff. | <\$40/unit | <\$60/unit |
| 8 points | <\$55/unit | <\$40/unit | <\$35/1-bd | <\$50/unit | <\$70/unit |
| 6 points | <\$65/unit | <\$50/unit | <\$40/2-bd | <\$60/unit | <\$80/unit |
| 4 points | <\$75/unit | <\$60/unit | <\$45/3-bd+ | <\$70/unit | <\$90/unit |

7. **TRANSITIONAL HOUSING** (10 points) 0

10 points: Project will be developed and operated as transitional housing.

8. **PERMANENT SUPPORTIVE HOUSING (PSH)** (maximum 20 points) 10

20 points: Project will reserve units for PSH for the following populations:

- Chronically Homeless as established in the HEARTH Act (24 CFR Part 577)
- Have been in an institution for over 90 days
- Unaccompanied youth or families with children defined as homeless under other federal statutes
- Youth "aging out" of state custody or the foster care or the juvenile probation system

10 points: Project will reserve units for PSH for populations other than those listed above.

9. **GEOGRAPHIC DISPERSION** (maximum 25 points) 10

Project is located in an area identified according to the Kirwan Institute's Opportunity Map of Austin (Map #2) as having greater opportunity for low-income households.

25 points: Very High priority area
20 points: High priority area
15 points: Moderate priority area
10 points: Low priority area
5 points: Very Low priority area

10. **PRIORITY LOCATION** (10 points) 10

10 points: Project is located in a Vertical Mixed-Use (VMU) Corridor, or is a Planned-Unit Development (PUD) or Transit Oriented Development (TOD).

11. **PRESERVATION OF AFFORDABLE UNITS** (10 points) 0

10 points: Project is the rehabilitation and preservation of existing affordable housing units, or new units are being constructed to replace existing affordable units at the same location on a one-to-one replacement basis or a greater than one-to-one replacement basis.

12. **AFFORDABILITY PERIOD** (25 points) 25

25 points: Affordability of project is for 99-years.

13. **PROJECT READINESS** (maximum 10 points) 6

New construction

2 points each; maximum 10 points

- The project meets the normal eligibility requirements under the existing program guidelines.
- The property is already owned by the developer.
- The project has completed all necessary design work and received site plan approval.
- All environmental reviews have been completed.
- The project has firm commitments from all financing sources.

Acquisition and Rehab

2 points each; maximum 10 points

- The project meets the normal eligibility requirements under the existing program guidelines
- All environmental reviews have been completed.
- The project has firm commitments from all financing sources.
- A General Contractor has been selected.
- Closing on the acquisition of the property can be achieved in less than 30 days.

Acquisition of Completed Units

2.5 points each; maximum 10 points (A total score of 2.5 points will be rounded to 3; a total score of 7.5 points will be rounded to 8.)

- The project meets the normal eligibility requirements under the existing program guidelines
- All environmental reviews have been completed.
- The project has firm commitments from all financing sources.
- Closing on the acquisition of the property can be achieved in less than 30 days.

14. **PROPERTY MANAGEMENT** (maximum 10 points) 10

10 points: Designated Property Management Entity has documented track record of success managing income-restricted properties of similar size and/or similar unit counts, and has the capacity to take on management of the proposed project.

8 points: Designated Property Management Entity has a documented track record of success managing income- restricted properties of smaller size and/or fewer units, and has the capacity to take on management of the proposed project.

4 points: Designated Property Management Entity has a documented track record of successful property management experience and has the capacity to take on management of the proposed project, but has not managed an income-restricted property.

15. **SUPPORTIVE SERVICES** (maximum 15 points) 15

15 points:

- a. The developer has secured written agreements with organizations that will provide resident services, or has experienced and qualified staff (7 or more years of experience) able to provide the same services.
- b. Funds have been secured for the operation of resident services programs.
- c. A 3-year operating budget for the operation of the resident services programs is provided.

10 points:

- a. The developer has secured letters of intent from organizations that intend to provide resident services, or has experienced and qualified staff (3 to 6 years of experience) able to provide the same services.
- b. Funds have been secured for the operation of the resident services programs.
- c. A 3-year operating budget for the operation of the resident services programs is provided.

5 points:

- a. The developer has experienced and qualified staff (1 to 2 years of experience) able to provide the same resident services.
- b. Funds have been secured for the operation of the resident services programs.
- c. A 3-year operating budget for the operation of the resident services programs is provided.

2 points:

- a. The developer has arrangements with organizations to provide services, or has experienced and qualified staff able to provide the same resident services.
- b. Funds have been not been secured for the operation of the resident services programs.

16. **MBE/WBE PROJECT PARTICIPATION** (5 points) 5

5 points: Development Team includes registered City of Austin minority- or women-owned business enterprises (M/WBE).

17. **PARTNERSHIP WITH OTHER NON-PROFIT ENTITIES** (5 points) 5

5 points: Applicant provides evidence of commitment from another certified non-profit organization to partner on the project in some way.

TOTAL SCORE 166

2. Non-profit Applicant Organization Files



City of Austin

Neighborhood Housing and Community Development

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

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

September 8, 2011

Spencer Duran
Project Specialist
Accessible Housing Austin!
1611 Headway Circle Bldg 2
Austin, Texas 78754

Dear Mr. Duran:

Please accept this letter as evidence that Accessible Housing Austin! has satisfactorily demonstrated to the Neighborhood Housing and Community Development Office its compliance with federal HOME Investment Partnerships Program requirements set forth in 24CFR Part 92 and is hereby certified as a Community Housing Development Organization (CHDO).

The Neighborhood Housing and Community Development Office commends Accessible Housing Austin! for its proactive involvement in the creation and preservation of affordable housing for the citizens of Austin, Texas.

If you have further questions about certification or recertification, please do not hesitate to contact Sherry Cardino at 512/974-3153.

Sincerely,

Elizabeth A. Spencer
Director



CITY OF AUSTIN

Hereby certifies

Accessible Housing Austin!

as a

City of Austin

Community Housing Development Organization

This certificate shall evidence that said organization has satisfactorily demonstrated to the City of Austin its compliance with federal HOME Investment Partnerships Program requirements set forth in 24CFR Part 92.

The City of Austin commends Accessible Housing Austin for its proactive involvement in the creation and preservation of affordable housing for the citizens of Austin, Texas.

Effective: September 8, 2011
Expires: September 8, 2012

Elizabeth A. Spencer, Director
Neighborhood Housing and Community Development

ARTICLES OF INCORPORATION
OF
ACCESSIBLE HOUSING AUSTIN!

FILED
In the Office of the
Secretary of State of Texas
DEC 20 2005
Corporations Section

The undersigned, a natural person of the age of eighteen (18) years or more, acting as incorporator of a corporation under the Texas Non-Profit Corporation Act, hereby adopts the following Articles of Incorporation:

ARTICLE ONE

NAME

The name of the Corporation is Accessible Housing Austin!

ARTICLE TWO

NON-PROFIT CORPORATION

The Corporation is a non-profit corporation.

ARTICLE THREE

DURATION

The period of its duration is perpetual.

ARTICLE FOUR

PURPOSE

A. The Corporation is organized exclusively for charitable, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code.

B. The primary purpose of the Corporation, subject to the limitations herein provided, is to foster and develop decent, affordable, accessible, and integrated housing opportunities in Austin, Texas for low-income people with disabilities.

C. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article Four hereof. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or corresponding section of any future federal tax code.

ARTICLE FIVE

DISSOLUTION

Upon the dissolution of the Corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by the District Court of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE SIX

NO MEMBERS

The Corporation shall have no members.

ARTICLE SEVEN

AGENT FOR PROCESS

The street address of the Corporation's initial registered office is 1016 LaPosada, Suite 145, Austin, Texas 78752, and the name of its initial registered agent at such address is Jean Langendorf.

ARTICLE EIGHT

DIRECTORS

The number of directors constituting the Corporation's initial board of directors is four (4), and the names and addresses of the persons who are to serve as directors until their successors are elected and have qualified are:

| <u>NAME</u> | <u>ADDRESS</u> |
|--------------------|---|
| Stephanie Thomas | 1208 Marshall Lane Austin, Texas 78703 |
| James Templeton | 3322 Dalton Austin, Texas 78745 |
| Cathy Cranston | 4703 Philco Austin, Texas 78745 |
| Danny Saenz | 1305B Falcon Cove Austin, Texas 78745 |

ARTICLE NINE

EXEMPTION OF DIRECTORS FROM LIABILITY

A director of the Corporation shall not be personally liable to the Corporation for monetary damages for an act or omission in the director's capacity as a director, except to the extent that any applicable law may prevent such director from being relieved of such personal liability. Any repeal or modification of this Article shall be prospective only and shall not adversely affect any limitation of the personal liability of a director of the Corporation existing at the time of such repeal or modification.

ARTICLE TEN

AMENDMENTS

No amendments to these Articles of Incorporation or the Bylaws of the Corporation shall become effective until such amendments have been approved by the Board of Directors of United Cerebral Palsy Association of Texas, Inc.

ARTICLE ELEVEN

INCORPORATORS

The name and address of the incorporator of the Corporation is:

| <u>NAME</u> | <u>ADDRESS</u> |
|--------------|------------------------------------|
| Cindy Horton | 709 Hidatas Austin, Texas 78748 |

IN WITNESS WHEREOF, the undersigned has executed these Articles this 19th day of December, 2005.


Cindy Horton, Incorporator



Office of the Secretary of State

CERTIFICATE OF INCORPORATION
OF

Accessible Housing Austin!
Filing Number: 800587184

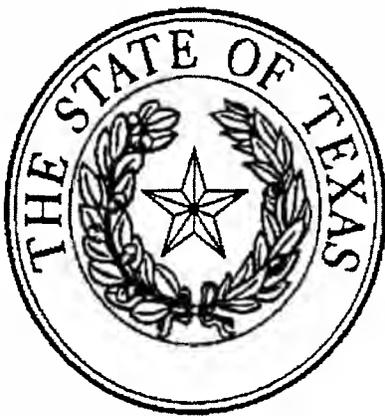
The undersigned, as Secretary of State of Texas, hereby certifies that Articles of Incorporation for the above named corporation have been received in this office and have been found to conform to law.

Accordingly, the undersigned, as Secretary of State, and by virtue of the authority vested in the Secretary by law, hereby issues this Certificate of Incorporation.

Issuance of this Certificate of Incorporation does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 12/20/2005

Effective: 12/20/2005



A handwritten signature in black ink that reads "Roger Williams".

Roger Williams
Secretary of State

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: NOV 08 2006

ACCESSIBLE HOUSING AUSTIN
1016 LA POSADA STE 145
AUSTIN, TX 78752

Employer Identification Number:

DLN:

17053081001026

Contact Person:

DONNA ELLIOT-MOORE

ID# 50304

Contact Telephone Number:

(877) 829-5500

Accounting Period Ending:

DECEMBER 30

Public Charity Status:

170(b)(1)(A)(vi)

Form 990 Required:

YES

Effective Date of Exemption:

DECEMBER 20, 2005

Contribution Deductibility:

YES

Advance Ruling Ending Date:

SEPTEMBER 30, 2010

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. During your advance ruling period, you will be treated as a public charity. Your advance ruling period begins with the effective date of your exemption and ends with advance ruling ending date shown in the heading of the letter.

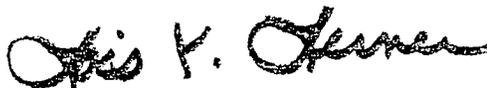
Shortly before the end of your advance ruling period, we will send you Form 8734, Support Schedule for Advance Ruling Period. You will have 90 days after the end of your advance ruling period to return the completed form. We will then notify you, in writing, about your public charity status.

Please see enclosed Information for Exempt Organizations Under Section 501(c)(3) for some helpful information about your responsibilities as an exempt organization.

Letter 1045 (DO/CG)

ACCESSIBLE HOUSING AUSTIN

Sincerely,

A handwritten signature in cursive script, appearing to read "Lois G. Lerner".

Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

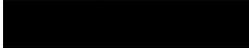
Enclosures: Information for Organizations Exempt Under Section 501(c)(3)
Statute Extension

ACCESSIBLE HOUSING AUSTIN!, INC. 2011 BOARD MEMBER LIST

PRESIDENT

Ms. Stephanie Thomas†
ADAPT of Texas
Volunteer
1208 Marshall Lane
Austin, TX 78703
(512) 442-0252

TREASURER

Ms. Rushmi Kumar
Community Member
811 Theresa Avenue
Austin, TX 78703


AT-LARGE MEMBERS

Ms. Jennifer McPhail*†
ADAPT of Texas
Volunteer
2501 Anken #2001
Austin, TX 78741
(512) 442-0252

Ms. Dana Carpenter*†
1201 Grove Blvd. #504
Austin, TX 78741
Easter Seals Central Texas
Member Support Specialist
(512) 339-2626

Mr. David Escame
AMERIGROUP Community Care
Associate Vice President
1900 Northridge Dr.
Austin, TX 78723
(512) 495-7407

*Denotes low-income member as defined by Sec. 2306.004 of the Texas Government Code.

†Person with a disability

A Resolution of the Board of Directors of Accessible Housing Austin, Inc. in Support of the Proposed Application

TO: Director
Austin Housing Finance Corporation

SUBJECT: Rental Housing Development Assistance

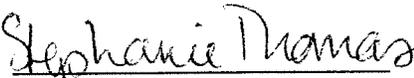
SPONSOR: Accessible Housing Austin!, Inc.

WHEREAS, the need for affordable, accessible and integrated housing in the City of Austin is well-documented.

WHEREAS, Accessible Housing Austin!, Inc., a non-profit organization, plans to address the need for affordable, accessible and integrated housing by developing a multifamily housing development to serve low-income residents.

NOW, THEREFORE, the Board of Directors of Accessible Housing Austin!, Inc. hereby resolves and agrees that it will make an application to the Austin Housing Finance Corporation for federal HOME Investment Partnerships Act and or General Obligation Bond proceeds to assist in the development of affordable rental housing located at 1920 Gaston Place.

Adopted and approved by the Board of Directors of the Sponsor on the 17 day of October, 2011.


President

3. Project Type

Traditional Rental Housing

Transitional Housing

Permanent Supportive Housing

4. Project Description

a. AHA! is requesting funding in the amount of \$348,021 to support 10 units of affordable housing that will be part of a larger 20 unit project. AHA! is developing a mixed-income project that will include people with disabilities while meeting the affordable housing needs of a broad spectrum of low-income households. Of the 20 units proposed, 50% (10) are reserved for households earning at or below 30% MFI. AHA! is requesting funding for the 10 units for households earning at or below 30% MFI. These units are Permanent Supportive Housing (PSH) units reserved for extremely low-income individuals and families that have adult members with disabilities. It is expected that the 10 PSH households will be relying upon Supplemental Security Income for support and have incomes at or below 16% MFI. Services will be made available to qualified households through a signed agreement with Easter Seals Central Texas (ESCT) and residents will be referred to other service organizations as needed. Services will facilitate greater participation of people with disabilities into the community while improving quality of life and economic outcomes. Services provided by ESCT are targeted toward households below 80% MFI with members with disabilities. All qualified residents of the development could potentially benefit from services. These include Housing Support, Employment Support, and Computer and Financial Literacy Education. Mental Health Services will be provided to those participating in the Employment Support program and Service Coordination will be available to all ESCT service participants. AHA! is a consumer-driven organization that is developing a project that marries affordability, accessibility, and environmental sustainability. Along with roll-in showers, no-step entrances, and an elevator providing access to all units, the project will incorporate many green building practices as well. Key features that will push the project to achieve a 3 Star Austin Energy Green Building Rating including a solar thermal hot water system, construction waste recycling, Energy Star appliances, drought resistant local xeriscaping, 15 covered bicycle parking spots, a high efficiency HVAC system, and a development site that is urban infill and close to 11 Capital Metro bus stops.

b. AHA! is developing a multifamily structure:

| Number of Units | Number of Bedrooms | Unit Size |
|-----------------|--------------------|-----------|
| 5 | 1 | 540 |
| 5 | 1 | 540 |
| 5 | 2 | 800 |
| 5 | 2 | 800 |

c. The property is not occupied.

d. The project is not VMU, not a PUD, and not TOD but is located within a VMU Corridor.

e. The project will not preserve existing units as it is new construction.

f. NA

g. AHA! will serve households with Housing Choice Vouchers and Tenant Based Rental Assistance Vouchers. Ten units will be reserved for households receiving project based support from the HUD 811 program. No units will be reserved for Housing Choice Voucher Holders.

h. All ten units will be fully accessible for people with mobility-related disabilities. One unit will be accessible for persons with sight, hearing disabilities, and mobility disabilities.

4. i Project Description – Compatibility with the Current Neighborhood Plan

AHA! and its architectural design partner, Austin Community Design and Development Center (ACDDC) utilized The University Hills/Windsor Park Neighborhood Plan (UHWP) to establish design outcomes for the development. The Windsor Park neighborhood has a strong interest in creating housing for a broad spectrum of incomes, creating a walkable neighborhood environment, and preserving the character of the existing neighborhood. The project location is at the heart of the UHWP planning area. Housing affordability is one of the key priorities identified in the UHWP vision statement:

“...Encourage a diversity of housing options at various levels of affordability dispersed throughout the neighborhood...” (Page 10, Plan Summary).

One Priority Action Item impacts the proposed project directly: *“...address increased erosion resulting from impacts of greater impervious cover in the planning area and surrounding areas...”* (Page 13, Plan Summary). After reading the plan and visiting with neighbors, it became clear that watershed protection was a high priority for the area. AHA! worked with ACDDC and Civiltude Engineers and Surveyors to study the issue and create a design that includes extensive water-quality measures. After completing a comprehensive engineering report that includes neighborhood priorities such as rain gardens to retain runoff, the proposed development will minimize its impact on the local watershed.

Although Windsor Park did not establish specific design guidelines, some understanding of the desired look and feel of housing development can be found in Appendix E: Design Guidelines for the University Hills Planning Area. The guidelines call for housing that is visually compatible with the surrounding area. (Page 136, Appendix E). The project is designed to emulate the façade of the existing adjacent Leisure Time Village development and will not exceed height restrictions outlined in the zoning specifications. In addition, the Urban Design Goal 2 (Page 140, Appendix E) informed the building orientation and the creation of the project’s proposed interior courtyard. Urban Design Goal 2 calls for tucked away parking and bicycle parking, both of which are represented in the design plan.

The proposed development will include features identified in “Urban Design Goal 4: Promote multifamily structures that relate well to the surrounding environment, utilize a variety of building forms, have a thoughtful parking scheme, provide public open space and include a variety of appropriate landscaping features” (Pages 142-145). These features include stepped-back building heights, a design that will ensure integration with the existing development adjacent to the site, and a design strategy that focuses on security.

The Smart Site Practices for Redevelopment and Infill Projects (Page 146, Appendix E) calls for an environmental site assessment for all infill development. A Phase 1 Environmental Site Assessment was completed in June 2011. No evidence of recognized environmental conditions was found in connection with the property. Its history revealed a low probability for environmental risk and no further actions were recommended.

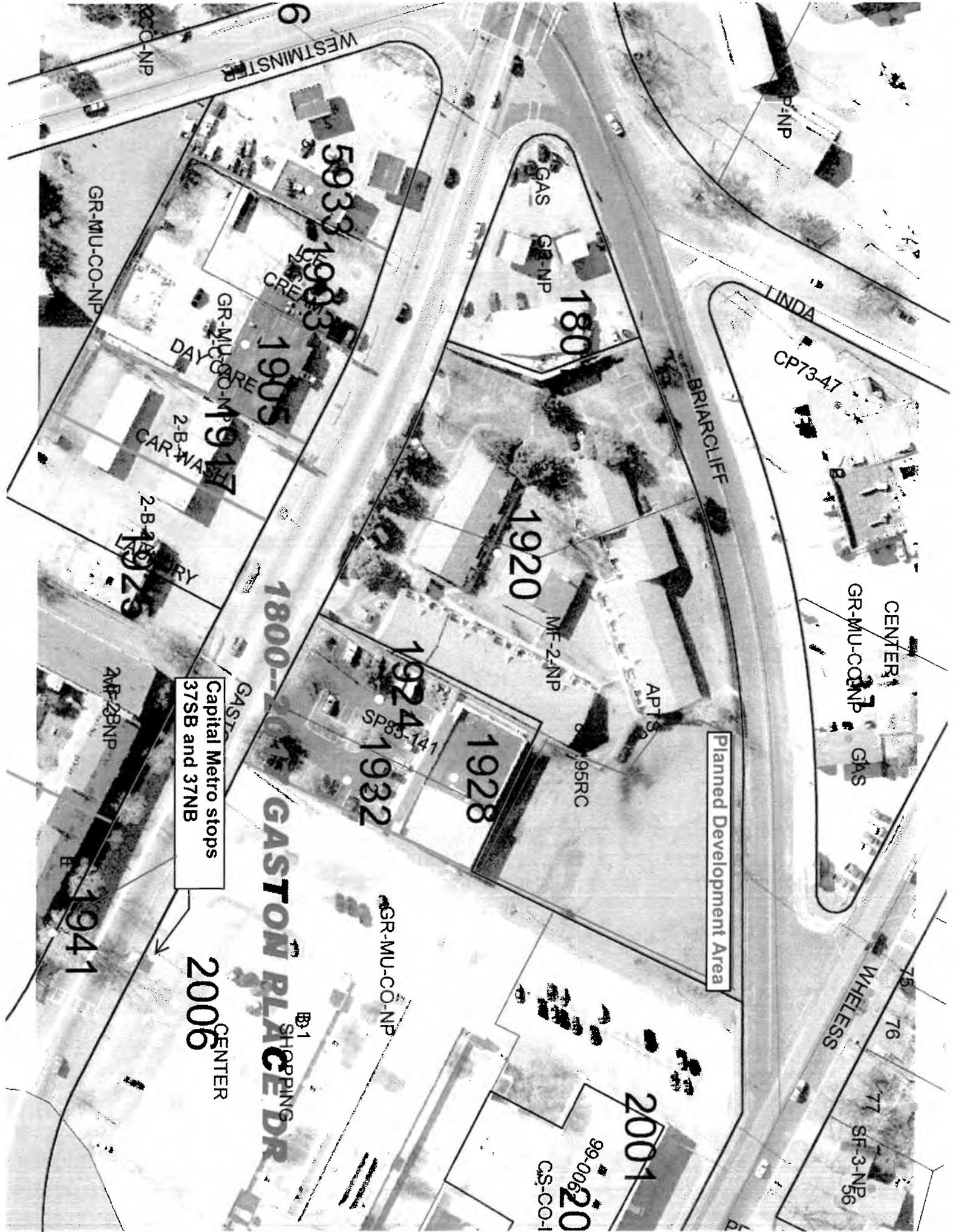
“Developers and property owners are strongly encouraged to work with the residents who live in surrounding neighborhoods to create superior projects that that can be mutually supported” (Page 137, Appendix E). The development team has maintained consistent contact with neighborhood leaders and residents to meet the goals of the Neighborhood Plan and develop a project that is widely supported.

j. Based on construction estimates from three sources, the total project costs are expected to be **\$1,529,011**. The largest portion of funding is being covered by a U.S. Department of Housing and Urban Development construction award totaling **\$1,147,990**. AHA! is requesting **\$348,021** in RHDA HOME funds and General Obligation bond proceeds to fill the funding gap. In addition, AHA! is reserving **\$5,740** to put toward the project. AHA! has submitted a request to HUD for 811 funds and anticipates receiving the award before the end of the calendar year. The initial predevelopment expenses have been covered by a previous RHDA CHDO Predevelopment Loan to explore site feasibility totaling **\$27,260**.

| | |
|-----------------------|-------------|
| HUD 811 | \$1,147,990 |
| FY11-12 RHDA Request | \$348,021 |
| Previous RHDA Request | \$27,260 |
| Owner Equity | \$5,740 |
| | \$1,529,011 |

AHA! is seeking RHDA funding to cover the cost of developing and constructing 10 units that will be part of a larger development and serve households with incomes at or below 30% MFI.

The .735 acre site is owned by the Housing Authority of the City of Austin (HACA). The site is valued at Construction and management of these units will take place via a signed Long Term Lease Option with HACA. Initial predevelopment expenses have been paid for through an in-kind contribution from Austin Community Design and Development Center, a contribution from the Amerigroup Foundation, and the Housing Authority of the City of Austin.



6 WESTMINSTER

GR-MU-CO-NP

GR-MU-CO-NP DAY CARE

2-B-1 CAR WASH

2MF-2BNP

Capital Metro stops 37SB and 37NB

2006 CENTER

SHOPPING B1 GASTON PLACE DR

GR-MU-CO-NP

CS-CO-1

Planned Development Area

P-NP

LINDA

BRARCLIFF

CP73-47

CENTER GR-MU-CO-NP

GAS

75 76 WHELESS

77 SF-3-NP

GAS GR-NP

180

1920

MF-2-NP

APTS

95RC

1928

1924 1932 SP85-141

2001

99-00620

5933 1905

1800

1941

CCO-NP

Map 2: Comprehensive Opportunity Map, City of Austin



This map displays the spatial pattern of distribution of opportunity in City of Austin based on Economic, Mobility, Education, Public Health and Neighborhood Indicators.

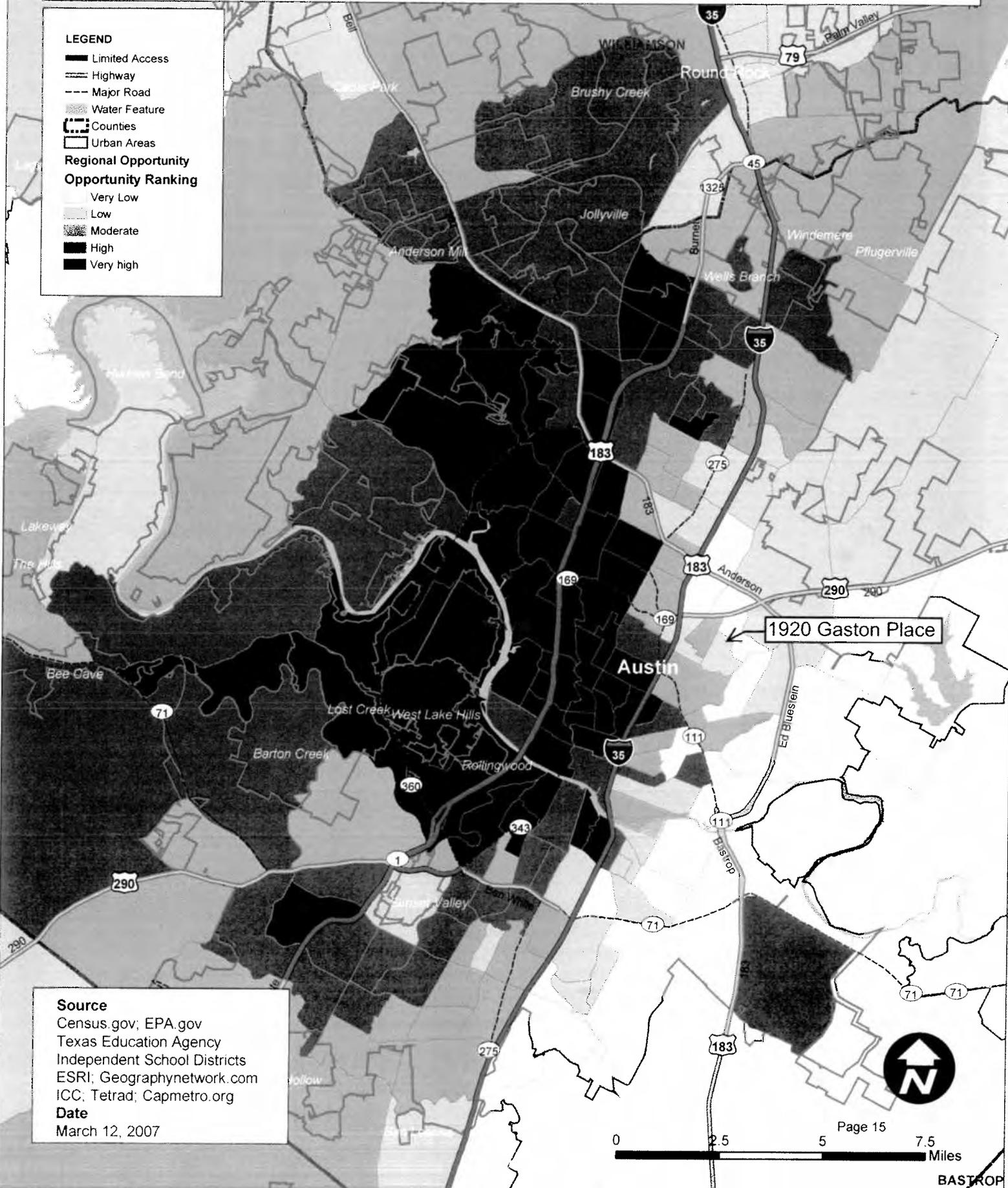
LEGEND

- Limited Access
- Highway
- Major Road
- Water Feature
- Counties
- Urban Areas

Regional Opportunity

Opportunity Ranking

- Very Low
- Low
- Moderate
- High
- Very high



Source
 Census.gov; EPA.gov
 Texas Education Agency
 Independent School Districts
 ESRI; Geographynetwork.com
 ICC; Tetrad; Capmetro.org

Date
 March 12, 2007



5. Site Control and Demonstration of Value

Evidence of site control is demonstrated via an executed Long Term Lease Option with the landowner, the Housing Authority of the City of Austin, that gives permission to AHA! to develop a multifamily rental project.

Value is demonstrated through an appraisal of the property provided to AHA! by the Housing Authority of the City of Austin.

RESOLUTION NO. 43

APPROVAL TO GRANT A LONG TERM GROUND LEASE AND TO SUPPORT THE DEVELOPMENT OF 20 CONDOMINIUM UNITS BY ACCESSIBLE HOUSING AUSTIN (AHA) ON THE VACANT LAND OWNED BY AUSTIN AFFORDABLE HOUSING CORPORATION LOCATED AT LEISURE TIME VILLAGE

WHEREAS, the HAACV, through its subsidiary, Austin Affordable Housing Corporation (AAHC), has as one of its goals to take affirmative steps to create housing opportunities for persons with disabilities;

WHEREAS, to meet the aforementioned purpose, the HAACV, through its subsidiary, AAHC, purchased a total of 17 condominium units and approximately 1 acre of land at the Leisure Time Village Condominiums with consent from the Board of Directors by Resolution No. 26 on October 18, 2007;

WHEREAS, AAHC has partnered with AHA to provide the land needed to develop 20 condominium units, 10 fully accessible units for people with disabilities and 10 units at or below 80% of median family income;

NOW, THEREFORE, BE IT RESOLVED that effective November 19, 2009 the Austin Affordable Housing Corporation Board of Directors approve and adopt the AAHC's request to grant a long term ground lease and to support the development of 20 condominium units by AHA, a Community Housing Development Organization (CHDO), on the vacant land at Leisure Time Village;


Henry Flores, Acting President


James L. Hargrave, Secretary

LONG TERM LEASE OPTION

DATE: June 1, 2011

IN CONSIDERATION of the sum of \$10.00, the receipt of which is hereby acknowledged, Austin Affordable Housing Corporation, ("Lessor"), does hereby give and grant unto Accessible Housing Austin!, ("Lessee"), the exclusive and irrevocable right, privilege, and option to lease, under the conditions hereinafter provided, all of the Lessor's right, title and interest in a portion of Lessor's property located at 1920 Gaston Place in the City of Austin, County of Travis, State of Texas, including all improvements, together with all rights, easements and appurtenances thereto, more particularly identified in Exhibit A as part A (the "Premises"). If exercised, the Lease shall contain the terms described herein.

1. Purpose of Option. This Option is entered into to enable Lessee to obtain a Section 811 capital advance from the United States Department of Housing and Urban Development ("Department" or "HUD") to develop an approximate 20-unit housing complex ("Proposed Development").

2. Term of Option, Extension. The initial term of this Option shall expire on December 31, 2011. Lessee may extend this Option for three (3) additional period(s) of six (6) month(s) each upon payment of \$10.00 for each additional period, to be paid on or before the date of the expiration of the initial or extended term then in effect. The future Lease shall become effective upon the closing on the capital advance for the project (the "Commencement Date") and shall initially remain in effect for 99 years (the "Lease Term") end will be renewable for five additional terms of five years each. Consideration for the initial option term and any subsequent extensions shall be applied toward the lease price at closing.

3. Exercise of Option, Closing. This Option may be exercised at any time during its Initial or extended term by written notice from Lessee subject to the HUD Approval Contingency in section 4 below. If the Option is exercised, this transaction shall be closed by execution of a definitive lease agreement within 30 days after the written notice of exercise, but no later than 30 days following the expiration of this Option. The closing date may be extended by agreement of the Lessee and Lessor.

4. HUD Approval Contingency. The lease shall be subject to approval of the financing for the Proposed Development and approval and appraisal of the property by HUD. If HUD does not approve the application for financing or does not approve the subject property for the Proposed Development, Lessee may void this Option and Lessor shall return to Lessee all consideration paid by the Lessee for this Option and any extensions hereof.

5. HUD Lien. If the HUD financing described in section 4 includes a lien to be held by HUD, such lien cannot encumber the Lessor's fee simple real estate that is part of the Premises. Notwithstanding the foregoing, however, Lessor and Lessee agree that the terms of the definitive lease agreement shall include customary provisions reasonably required by secured lenders of funds (including in this case HUD) used by a ground lessee for the construction of improvements, including but not limited to notice of default and opportunity to cure and protection in event of the bankruptcy of lessee. In all events, however, amounts due by the Lessee under the ground lease shall be kept current by Lessee or the lender.

6. Further HUD Related Disclosures. The Lessor acknowledges that because federal funds may be used in the lease of this property, the Lessee is required to disclose the following:

- a) The Lessee does not have the power of eminent domain and will not use it to acquire this property.

- b) The Lessee believes that fair market value of this property is \$127,000.
- c) Since the lease will be a voluntary arms length transaction, the Lessor is not eligible for any relocation assistance under the Uniform Relocation and Real Property Acquisition Act of 1970 (URA), or any other law or regulation.

7. Lease Payments. Lessee shall pay to Lessor annual payments of \$100 per year, payable in advance on the first day of October. Lease payments shall be made to Lessor, by mail to 1124 S. IH-35, Austin, Texas 78704-2614 or as may be changed from time to time by Lessor. Lease payments for the initial partial year will be prorated commensurate with the Exercise of Option and execution of a definitive lease agreement. Subsequent lease payments are due on the first day of October.

8. Title and Lease. The title shall be a good and merchantable title in fee simple, free and clear of all liens and encumbrances except those specifically set forth in this Option, if any, or those specifically approved by the Lessee. If any objectionable exceptions to the title cannot be cleared by the Lessor prior to closing or from sales proceeds, then Lessee shall have the right to void this Option and all consideration paid for any extensions thereof shall be returned to Lessee. The granting of the leasehold estate shall be by a ground lease.

9. Taxes and Assessments. Lessor shall pay all assessments and liens at the time of closing, any delinquent taxes, and all current taxes and assessments will be prorated to the date of closing. Taxes shall be computed, if undetermined, on the basis of the last available tax rate and valuation. Lessee is responsible for any taxes or assessments, if any, incurred during the term of the Lease.

10. Entry, Inspection and Test of Property. During the term of this Option and any extension hereof, Lessee, or Lessee's representative, shall have the right to enter said property at any time, and shall have the right to make tests as to the adaptability of the Premises for the Lessee's intended use of the property for the Proposed Development described herein, including Phase I Environmental studies, surveys, preliminary engineering, site planning, soil bearing tests and other necessary inspections and tests. If problems with environmental issues, the soil, survey or engineering studies preclude the use of the property for the Proposed Development, Lessor agrees to return to the Lessee all consideration paid for under this Option and any extensions hereof. The Lessor agrees to cooperate with the Lessee, or Lessee's representative, to complete any environmental studies required by HUD for the purpose of approving the site for funding.

11. Zoning. Lessor agrees to cooperate during the period of this Option and any extension thereof with regard to proposed zoning for the Premises involved. It is the understanding of the parties hereto that all costs and expenses with regard to any zoning shall be borne entirely by the Lessee. The lease of the Premises herein described is contingent upon adequate zoning for Lessee's intended use of the property for the Proposed Development described herein. If said zoning is not adequate and rezoning cannot be accomplished, Lessor hereby agrees to return to the Lessee all consideration paid for this Option and any extensions hereof.

12. Representation and Warranty of Lessor Regarding Environmental Hazards. To the best of Lessor's knowledge, no hazardous substances or conditions are or have heretofore been generated, treated, used, or stored, disposed of or deposited in or otherwise are existing in or on any portion of the Premises, and no substances or conditions are in or on the Premises that would affect the Premises or in any way affect the use thereof or that may support the claim at common law or under any federal, state or local environmental statute, regulation, ordinance or other environmental regulation. Lessee may not use, or permit using, the Premises in any manner that results in waste of Premises or constitutes a nuisance or for any illegal purpose. Lessees, at its own expense, will comply, and will cause its officers, employees, agents, and invitees to comply, with all applicable laws, ordinances, and governmental rules and regulations concerning the use

of the Premises, including Hazardous Materials Laws.

“Hazardous Materials” means any substance, material, or waste that is or becomes regulated by any local governmental agency, the State of Texas, or the federal government, including, but not limited to, any material or substance that is (1) designated as a “hazardous substance” pursuant to Section 311 of the Clean Water Act, 33 U.S.C. §1251 et seq., or listed pursuant to Section 307 of the Clean Water Act, 33 U.S.C. §1317, (2) defined as a “hazardous substance” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601 et seq., (3) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq., (4) petroleum, (5) asbestos, and (6) polychlorinated biphenyls. “Hazardous Materials Laws” means any federal, state, or local statute, ordinance, order, rule, or regulation of any type relating to the storage, handling, use, or disposal of any Hazardous Materials, the contamination of the environment, or any removal of such contamination, including, without limitation, those statutes referred to above.

13. [Intentionally left blank.]

14. Assignment of Option. The Lessee may assign this Option, or, if exercised, this contract, to the private, nonprofit corporation which will be created to serve as the owner for the Proposed Development.

15. Maintenance of Premises. As additional consideration for the modest rent, the Lessee agrees at its sole expense to maintain the Premises and keep them in good repair and free from waste or nuisance throughout the lease term and any extensions of it. If Lessee neglects to reasonably maintain the Premises, Lessor may, but is not required to, cause repairs or corrections to be made. Any reasonable costs incurred for repairs or corrections for which Lessee is responsible under this section are payable by Lessee to Lessor as additional rental within thirty days of being invoiced by Lessor.

16. Lessee Insurance. Lessee agrees to provide to Lessor:

a. Proof of insurance, in a form acceptable to Lessor, of insurance coverage in full force and effect against loss, theft, damage, or destruction of the Premises. This insurance is at Lessee’s sole cost and expense, but must name Lessor as an insured, additional insured, or loss payee. The Insurance must be in an amount not less than replacement value.

b. Proof of insurance, in a form acceptable to Lessor, of insurance coverage in full force and effect for liability and workers compensation insurance, if and when Lessee employs any workers, issued by companies satisfactory to Lessor, insuring the interests of Lessor, Lessee, and their authorized agents and employees against all claims that may arise during the term of the future Lease that are in any way connected with the ownership, possession, operation, or use of the leased property. This *insurance* is at Lessee’s sole cost and expense, but must name Lessor as an insured, additional insured, or loss payee. The insurance must be in an amount not less than the amount determined by the U.S. Department of Housing and Urban Development’s Property Insurance Requirements (Form HUD-90164-CA).

17. Improvements. Lessee may not make any alterations, additions, or improvements to the Premises without Lessor’s prior written consent. Lessor may not unreasonably withhold consent for such alterations, additions, or improvements.

All alterations, additions, or improvements made by Lessee, including any buildings, will become Lessor's property when the lease terminates. Lessee has the right at all times to erect or install furniture and fixtures, as long as Lessee complies with all applicable governmental laws, ordinances, and regulations. Lessee may remove such items when the future Lease terminates, if Lessee is not in default at that time and the fixtures can be removed without structural damage to the Premises. Before the future Lease terminates, Lessee must repair any damage caused by removing any fixtures. Any furniture or fixtures not removed by Lessee when the future Lease terminates are considered abandoned by Lessee and automatically become Lessor's property.

Lessee is responsible for complying with any Legal Accessibility Requirements ("accessibility alterations").

18. Inspection by Lessor. Lessor and its officers, agents, employees, and representatives may enter any part of the Premises at all reasonable hours for purposes of inspection, cleaning, maintenance, repairs, alterations, or additions as Lessor considers necessary (but without any obligation to perform any of these functions except as stated in the future Lease), or to show the Premises to prospective Lessees, purchasers, or lenders. Lessee is not entitled to any abatement or reduction of rent by reason of the entry of Lessor or any of its officers, agents, representatives, or employees under this article, nor will such an entry be considered an actual or constructive eviction.

19. Mechanic's Lien. Lessee will not permit any mechanic's lien to be placed on the Premises or on improvements on them. If a mechanic's lien is filed on the Premises or on improvements on them, Lessee will promptly pay it. If default in payment of the lien continues for 20 days after Lessor's written notice to Lessee, Lessor may, at its option, pay the lien or any portion of it without inquiring into its validity. Any amounts Lessor pays to remove a mechanic's lien caused by Lessee to be filed against the Premises or against improvements on the Premises, including expenses and interest, are due from Lessee to Lessor and must be repaid to Lessor immediately on rendition of notice, together with interest at six percent annually until repaid.

20. Indemnity. Lessee will indemnify and hold Lessor harmless against any claims, demands, damages, costs, and expenses, including reasonable attorney's fees, for defending claims and demands arising from the conduct or management of Lessee's business on the Premises or its use of the Premises, or from any breach on Lessee's part of any conditions of the future Lease, or from any act or negligence of Lessee, its officers, agents, contractors, employees, sub-Lessees, or invitees in or about the Premises, or any negligence of Lessor. In case of any action or proceeding brought against Lessor by reason of any such claim, Lessee, on notice from Lessor, will defend the action or proceeding by counsel acceptable to Lessor.

Lessee is responsible only for the payment of that portion of any cleanup costs for the Premises necessary for compliance with Hazardous Materials Laws that arise as a result of Lessee's discharge of Hazardous Materials on the Premises during Lessee's occupancy of the Premises. Lessor is responsible for all other cleanup costs and for ensuring that any other responsible party participates in the cleanup to the extent of its responsibility for a release.

Lessee must indemnify, defend, and hold harmless Lessor from and against all claims, liabilities, losses, damages, and costs, foreseen or unforeseen, including without limitation counsel, engineering, and other professional or expert fees, that Lessor may incur by reason of Lessee's action or inaction with regard to Lessee's obligations under this section. This section survives the expiration or earlier termination of the future Lease.

21. Assignment of Future Lease. Lessee has the right, but only with Lessor's prior written consent, to assign the future Lease, and any interest in it, and to sublet the Premises, or any part of them, or any right or privilege pertinent to the lease or the Premises.

Lessor may assign or transfer any of its interests under the future Lease. Lessor may assign any or all of its interest under the future Lease.

22. Default. The following events are considered events of default by Lessee under the future Lease:

- a. Lessee fails to pay any installment of rent due under the future Lease.
- b. Lessee fails to comply with any term or covenant of the future Lease, other than the payment of rent or any other sum of money owing by Lessee to Lessor.
- c. Lessee fails to utilize the Premises for charitable or religious purposes.

23. Remedies. In the event of any uncured default, Lessor may terminate the future Lease, in which event Lessee must immediately surrender the Premises to Lessor. If Lessee fails to do so, Lessor may, without prejudice to any other remedy that it may have for possession or arrearages in rent, enter on and take possession and expel or remove Lessee and any other person occupying the Premises or any part of them, by any lawful means, without being liable for prosecution or any claim of damages for the entrance and expulsion or and to relet the Premises.

Either party's waiving any default or violation or breach of any term or covenant of the lease does not waive any other violation or breach of any term or covenant of the lease. Nor does either party's forbearing to enforce one or more of the remedies provided in the lease or by law on a default waive the default. Lessor's accepting rent following default under the lease will not waive the default.

No act done by Lessor or its agents during the lease term may be considered an acceptance of a surrender of the Premises, and no agreement to accept a surrender of the Premises is valid unless in writing and subscribed by Lessor.

24. Miscellaneous. Lessor agrees not to pledge or otherwise place any encumbrance on the Premises, by way of lien, mortgage, pledge or otherwise.

This agreement binds, and inures to the benefit of the parties to the agreement and their respective heirs, executors, administrators, legal representatives, successors, and assigns when this agreement permits.

This agreement is to be construed under the laws of the State of Texas, and all obligations of the parties created by this agreement are performable in Travis County, Texas.

If any one or more of the provisions in this agreement are for any reason held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability will not affect any other provision of the agreement, which will be construed as if it had not included the invalid, illegal, or unenforceable provision.

This agreement constitutes the parties' sole agreement and supersedes any prior understandings or written or oral agreements between the parties with respect to the subject matter.

No amendment, modification, or alteration of the terms of this agreement is binding unless in writing, dated subsequent to the date of this agreement, and duly executed by the parties.

The rights and remedies provided by the future Lease are cumulative, and either party's using any right or remedy will not preclude or waive its right to use any other remedy. These rights and remedies are in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

25. Notices. All notices herein provided for shall be in writing and shall be given by personal delivery or by U.S. Mail to the addresses listed below and shall take effect from the time of personal delivery or the mailing thereof, as the case may be.

The undersigned Lessor and Lessee execute this agreement on November 11, 2009 in Austin, Travis County, Texas.

NOTICE ADDRESS FOR LESSEE:

1016 La Posada
Suite 145
Austin, TX 78752

LESSEE:

Accessible Housing Austin!

NOTICE ADDRESS FOR LESSOR:

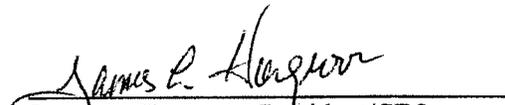
Austin Affordable Housing Corporation
1124 S. IH-35
Austin, TX 78704-2614

LESSOR:

Austin Affordable Housing Corporation


Stephanie Thomas, President

DATE: 6/20/11


James L. Hargrove, President/CEO

DATE: 6/14/11

Ms. Fawcett, MAI
January 18, 2008
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In view of the facts and data in conjunction with the appraisal, it is the opinion of Butler Burgher, Inc. that the "as is" Market Value of the Fee Simple interest in the 10 residential condominium units as of January 16, 2008, subject to the general underlying assumptions and limiting conditions, was:

\$550,000

In addition, in view of the facts and data in conjunction with the appraisal, it is the opinion of Butler Burgher, Inc. that the investment value of the Fee Simple interest in the 10 residential condominium units as of January 16, 2008, subject to the general underlying assumptions and limiting conditions, was:

\$670,000

In addition, in view of the facts and data in conjunction with the appraisal, it is the opinion of Butler Burgher, Inc. that the "as is" Market Value of the Fee Simple interest in the 0.83 acres of surplus land as of January 16, 2008, subject to the general underlying assumptions and limiting conditions, was:

\$127,000

Exposure Time/Marketing Period

Based on exposure times of comparable sales and interviews with active participants in the local multi-family market, the Market Value opinion could be achieved with an exposure time of less than twelve months. Furthermore, it is our opinion that a sale could be consummated at the Market Value opinions concluded within a twelve-month marketing period of the "as is" effective date.

This letter is intended only to transmit the attached report. However, it is considered a permanent part of the report and, therefore, must remain attached to the same for the opinions of value cited therein to remain valid.

Our firm appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact us.

Respectfully submitted,
Butler Burgher, Inc.



Russell M. Hur, MAI, CCIM
State Certified
General Real Estate Appraiser
TX-1320446-G



L. Kyle Lewallen, MAI, CCIM
State Certified
General Real Estate Appraiser
TX-1320308-G