2021

Impact Investing Commercial Real Estate Competition

UNIVERSITY OF TEXAS – AUSTIN, CLASS OF 2021

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PROJECT OVERVIEW

Our proposed development, Voltage, is a **multi-use, transit-oriented development** located adjacent to the Capitol MetroRail Crestview Station in Austin, Texas. Development highlights include **mixed-income apartments, a co-living community, creative space for community use and the dedication of 1.7 acres of parkland.** Our development will bring value to the Crestview neighborhood and the greater Austin community by:

- Advancing the city's goal of building 60,000 affordable housing units by 2027
- Addressing COVID-induced loneliness by fostering community among co-living residents
- Implementing sustainable infrastructure and dedicating greenspace to fight climate change
- Unlocking the potential of the expanding Capitol MetroRail Crestview Station through TOD

Our development will be financed through a combination of debt and equity, as well as a subsidy from the City of Austin. The total capital requirement for the development is **$95,890,503**. The development is projected to achieve a **levered IRR of 13.79%** and a **levered multiple of 1.46X.**

Our proposal responds to the City of Austin's RFP for the redevelopment of 6909 Ryan Drive, a 5.5 acre site formerly used as a storage facility by Austin Energy. The city determined that the site, given its access to the Capitol MetroRail Crestview Station, should be redeveloped to better serve the community. The city worked with local stakeholders to determine best uses for the site. The city's priorities for the redevelopment are to provide:

- 300+ housing units, at least 50% of which are affordable housing units
- 7,000+ SF of interior space programmed for the benefit of the community
- 1.25 acres of parks and open space for recreation, including pedestrian and bike trails
- Improved access to the Capitol MetroRail Crestview Station through the property

Below is a detailed explanation of our proposed development, which meets or exceeds each of the city's priorities.

Buildings A and B include **225 market-rate rental units** and **125 affordable rental units**, in addition to:

- **6,000 SF daycare center** to serve Voltage residents as well as the community-at-large
- **6,000 SF of office space** which can be subdivided as necessary; ideally leased to local non-profits
- **480 underground parking spaces** to fulfill City of Austin parking requirements for TOD

Building C includes a **co-living community** with **100 units**, all designated as **affordable housing**. Additionally,

- Shared kitchens and communal living spaces will help to foster community among co-living residents
- **6,000 SF of retail space** which can be subdivided as necessary into maximum four storefront retail units

Building D is a **10,400 SF creative space** available for lease by Voltage residents and community members, including:

- **Music and art studios** as well as creative workspace for light manufacturing activities (i.e. woodworking)
- **Multipurpose room** that can be utilized by Austin Energy and community groups for meetings and events

Voltage Park is a 1.7 acre greenspace dedicated to and maintained by the City of Austin, inclusive of:

- An **outdoor amphitheater** for use by community organizations and events
- **Pedestrian and bike trails** that connect the Capitol MetroRail Crestview Station to Ryan Drive

LOCAL PARTNERS

General Partner (7% Developer Equity)

The general partner will have the all-important role of managing the day-to-day operations of the development from the start to disposition. Our proposal is to engage a local developer with experience building mixed-income housing and mixed-use assets in Austin and throughout Central Texas. LDG Development and Austin-based Capital A Housing are two developers with demonstrated experience with the Affordability Unlocked program in Austin, and significant general local expertise in affordable housing.

Limited Partner (23% JV Equity)

The limited partner will have the greatest equity stake; therefore, it is imperative that we locate an experienced investor for whom this project fits their risk appetite. We believe Austin-based Presario Ventures is the perfect equity partner, as they have demonstrated experience in public-private partnerships financing city-sponsored market rate affordable multifamily projects. Furthermore, they have previously leveraged 221(d)(4) HUD insured loans for ground up construction of affordable multifamily housing. By securing a moderate to high-leverage, government-backed fixed-rate loan, the LP would be able to secure favorable cash-on-cash returns.

Debt Financing (70% LTC)

The project would be best suited for a non-recourse, HUD insured 221(d)(4) loan designed to finance ground-up construction of market rate properties of any class, and this case, our market rate affordable multifamily and mixed-use project. We would aim to close the loan with a competitive lender at an interest rate of 3.10% by securing lower than the maximum leverage offered. The assumable HUD 221(d)(4) loan term is fixed and fully amortizing for 40 years, after an initial interest-only construction period of up to 3 years (43 years total). The HUD program is very established and accessible, exemplified by fiscal year 2015 when the department insured mortgages for 192 projects with 30,412 units, totaling $2.9 billion.

The City of Austin

The City of Austin has solicited RFPs for the redevelopment of 6909 Ryan Drive from local developers. The City of Austin will be highly involved in the redevelopment of this site, ensuring that the redevelopment meets the city's priorities for the site. One of the highest priorities for the site is the development of at least 150 affordable housing units. The City of Austin is taking steps to combat the affordability problem, and there is precedent for the city subsidizing 10% of construction costs for the entire development, if 25% of the total costs are put towards affordable housing. Additionally, we plan to participate in Austin's newly introduced Affordability Unlocked program which allows for increased building height of 25% and increased density of 50% over current zoning standards if certain affordability criteria are met. Lastly, we would apply for a 9% Low-Income Housing Tax Credit (LIHTC) reserved for affordable new construction projects. Travis County has a high number of 9% credits allocated for new developments and we would partner with a venerable local developer to ensure success in our application being accepted.

Austin Energy

We see an opportunity to partner with Austin Energy to both advance their sustainability goals and to provide assistance to the affordable housing residents within the development. Austin Energy is currently piloting a Multifamily Shared Solar program for building owners to install solar photovoltaic (PV) systems on their property and feed the electricity directly to low- and moderate-income residents at a long-term fixed rate. Building owners are eligible to receive financing from the Austin Energy Capacity-Based Incentive Program, the Federal Investment Tax Credit currently in place for solar installations, and property tax exemptions for the value of the solar installation. Additionally, Austin Energy has developed a set of comprehensive green building standards for new development projects that include stringent building codes around energy and water efficiency. Austin Energy's green building code applies only to new buildings in the central business district. Our property sits outside of the district required to comply with the program, but to achieve the benefits of energy efficient construction and to strengthen our partnership with Austin Energy, our buildings will meet their green building standards.

Because our property was formerly utilized by Austin Energy, a space within the creative building will be dedicated to provide educational resources to the community about the importance of energy efficiency and renewable energy. Following construction, tours of the rooftop solar PV system and battery storage system may be made available to residents, community organizations, and school districts.

MARKET ANALYSIS

Over the past few years, the residents of the Brentwood and Crestview neighborhoods have participated in surveys and community meetings to give input regarding their preferences for the development of this property. According to the surveys, which received over 600 responses, residents of this neighborhood are interested in affordable housing, transit, parkland and creative space.

Market Rent Housing

The 2019 Census indicated that Austin is the fastest growing major metro in America. The Austin job market has grown by over 3% every year since 2010 and expanded 20.9% since 2014 **(Exhibit G and I**) both of which outpacing state and national metrics. This trend has continued throughout the pandemic; between April and October 2020, Austin has received over 1.5 people for every 1 outflow, according to a December LinkedIn study. Rent growth in Austin outpaced rent growth nationally over the last 2 years, 10.5% vs 7% ahead of COVID **(Exhibit J).** With downtown and South Austin both substantially more expensive submarkets than Crestview, our site, which is 15 minutes north of Downtown Austin, can help meet that demand.

Affordable Housing

With all this growth, however, Move.org reports that Austin is the least affordable city in Texas for housing. As Austin continues to grow and expand, the need for affordable housing rises. The City of Austin announced a goal of developing 60,000 affordable housing units by 2027 and is supporting development efforts through its "Affordability Unlocked" Development Bonus Program, offering $250 million in bonds.

The Crestview neighborhood is growing in popularity. The average sale price of a home in Crestview was $587K last month, up 16.4% since last year. The neighborhood's access to transit makes it an ideal location for affordable housing. Fifty-percent of the neighborhood survey respondents agree that some form of affordable housing should be included in the 6909 Ryan Drive development. Around 57% of respondents indicated that housing for families was an important need. Our development addresses these needs by providing 225 affordable housing units, 70 of which are two-bedroom units.

Co-Living

The introduction of co-living housing into the Austin market will help meet the growing need for more affordable housing options as described above as well as help bring social and environmental impact to the site and neighborhood. While not yet prevalent in Austin, co-living has found success in other cities where density, affordability, environmental impact, and social engagement are driving factors for tenants. Our operating partner will be Common, a co-living property management company with experience creating thriving communities of 100+ units across the country.

The work-from-home trend necessitated by the COVID pandemic has led many organizations to offer greater flexibility in terms of working remotely. With this will come a decrease in social engagement in the workplace, leaving greater opportunity for community formation in one's residence. Co-living as a housing option gives residents greater social interaction to combat feelings of isolation and loneliness, which were reported at 48% and 39% respectively according to an October AARP Foundation and United Health Foundation study.

Alongside addressing the social challenges brought on by pandemic, co-living also enables greater sustainable living, another major goal of this project. In one study of co-living and co-housing properties in the UK conducted by the organization Conscious Co-living, CO2 equivalent emissions per household were between 32% and 66% of the typical household **(Exhibit L)**. Many of these savings came from decreased purchases and food waste. Shared living spaces generated savings by purchasing less furniture.

Creative Space

Survey respondents indicated that they wanted two types of creative space to be incorporated into the development at 6909 Ryan Drive. First, residents hope the development includes affordable and flexible spaces that could be used as art studios, classrooms, or rehearsal spaces. Nearby AISD schools (Brentwood Elementary, Lamar Middle School, and McCallum High School) feature robust fine arts programs; therefore, creative studio/classroom space at this location is a natural fit for the student population in the area. Second, 44% of people ranked an outdoor amphitheater as their top priority for creative space on the site. We plan to incorporate a small outdoor performance space that utilizes features such as grassy terraced seating and a covered stage area which can be used and enjoyed by park-goers daily, not just for performances.

Office / Retail

Our community contains 6,000 and 12,000 SF of office and retail space, respectively. Residents championed the inclusion of workspace for local non-profits, which is one potential use for office space in our development. Additionally, residents indicated that a coffee shop or neighborhood café would be a welcome use within the retail space. Finally, we intend to lease 6,000 SF of space to a childcare center. The childcare center would benefit the development residents as well as members of the surrounding community by providing flexibility and convenience.

Parkland / Greenspace

The property is located in an area of the city considered to be parkland deficient. Neighborhood residents indicated great desire for green space to be included in Ryan Drive property; 56% of survey respondents said they would likely visit a park at the Ryan Drive property. Attendees expressed a desire to ensure that any parkland provided on the site is publicly accessible and located on the western portion of the site.

Transit Plaza

Next to Voltage, the Crestview light rail station connects with the rest of Austin and that connection will continue to improve. On November 3, Austin voters passed Proposition A to fund Project Connect and make further investments into the city's light rail and public transit infrastructure. This site sits immediately next to one station, Crestview, which will become a stop on two additional lines with Project Connect, linking residents with The University of Texas, Downtown, South Austin, and Austin-Bergstrom International Airport **(Exhibit E).**

Over 70% of survey respondents indicated that a transit plaza with access to the Crestview Station Metrorail was an important feature of the site. Numerous respondents noted that pedestrian and bike paths through the Ryan Dr. property would allow pedestrians and cyclists to avoid the heavy auto traffic at the corner of Airport and North Lamar. Some respondents indicated a preference to connect the bicycle/pedestrian trails to the Midtown Commons development on the eastern side of the train tracks.

Sustainability and Climate Resilience

The City of Austin has committed to achieve net-zero carbon emissions for city operations by 2020, net-zero carbon emissions from city-controlled electricity generation resources by 2030, and community-wide net-zero carbon emissions by 2050. In addition, Austin is a participant in the C40 City Climate Action Planning program designed to help cities develop plans and policies to reduce their impact on climate change and to implement strategies to increase their resilience to the negative impacts of climate change. Austin created the first version of its Climate Action Plan in 2018 and identified utility infrastructure, transportation infrastructure, and community facilities as the most critical areas to focus their resilience planning efforts. The most relevant physical risks due to climate change expected to impact Austin will be driven by extreme heat and changing precipitation patterns.

To align our project with Austin's development goals, we have identified three areas where we can have a positive impact on the environment and our residents.

- Construction Quality: By focusing on quality construction of the building envelope and roof, we can mitigate some of the effects of increased heat in the region.
- Energy Efficiency: Energy efficiency measures include LED lighting with automatic controls throughout the building and high SEER HVAC equipment with smart thermostats for each unit. Additional measures include the installation of a renewable energy generation/storage system and utility cost support for low-income residents.
- Water efficiency: Rainwater catchment/storage system and landscape plan with low water requirements.

Zoning

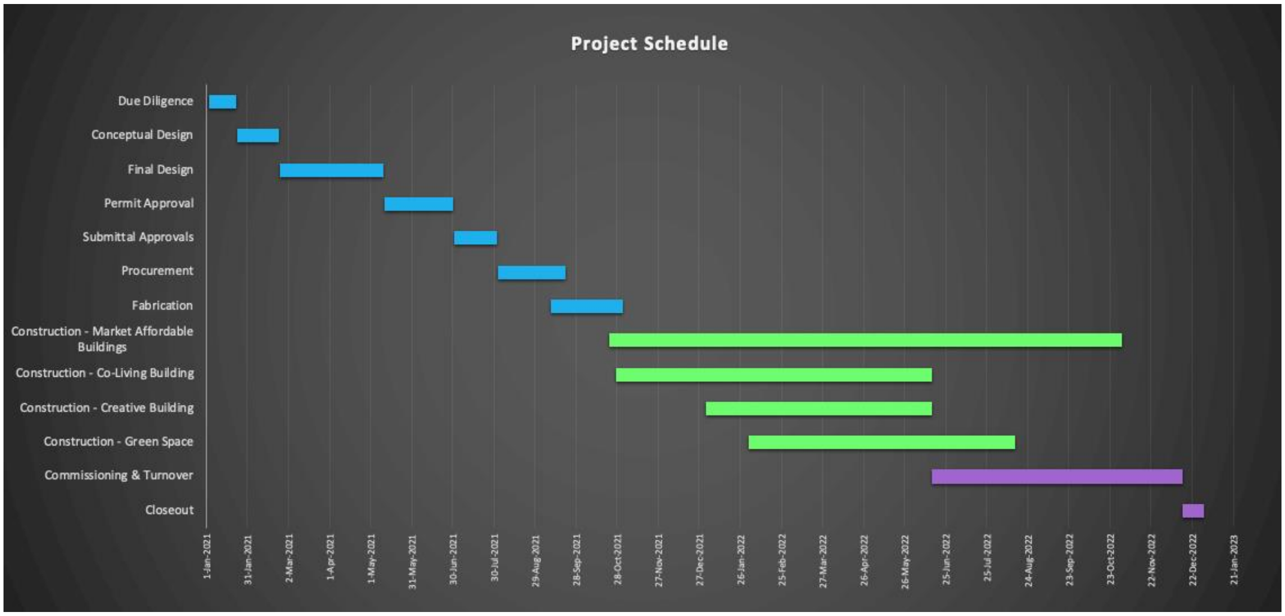
The zoning of the tract falls under the Lamar/Justin Lane Transit Oriented Development (TOD) regulating plan and is adjacent, but does not currently have access, to the Crestview Metrorail station. The nearest major intersection is Airport Blvd. and N. Lamar Blvd. The tract is located near single-family homes, multi-family homes, and commercial properties. The city of Austin has already re-zoned this site for multi-use TOD therefore we anticipate no zoning challenges with our proposal.

CONSTRUCTION BUDGET & TIMELINE

We consulted with Gutier, a General Contractor Company located in the Houston and Austin, TX area, to obtain the construction cost breakdown estimate for each building and green space. Please note the green space includes landscaping, earthwork, and drainage and not a plaza or masonry. In addition, the creative building was estimated based on mostly being a warehouse with mechanical, electrical, and plumbing work done. This estimate also includes 480 parking spots. These estimates derived from the year 2020 project costs through RSMeans, which is a construction estimating software program. The total direct building construction estimate includes hard and soft costs. Soft costs consist of 30% of the total direct building construction costs listed below.

The project schedule listed below illustrates the timeline of each phase in the project, taking into consideration delays due to permitting or overall construction execution. The estimate includes a contingency amount to cover for any project schedule delays.

Direct Building Construction Estimate			
Site	**SF**	**Price per SF**	**Total**
Green Space:	73,000	$12.00	$876,000.00
Co-Living Building:	55,000	$276.00	$15,180,000.00
Creative Building:	10,000	$243.00	$2,430,000.00
Market/Affordable Buildings:	345,000	$216.00	$74,520,000.00
Total building floor area:	**410,000**	**$226.84**	**$93,006,000.00**



ANALYSIS ASSUMPTIONS

Rent Roll			
Multifamily	**Units**	**Average SF**	**Monthly Rent**
1 BR (Market-Rate)	150	650	$1,600
2 BR (Market-Rate)	75	1,000	$2,100
1 BR (Affordable)	55	650	$991
2 BR (Affordable)	70	1,000	$1,415
Co-Living (Affordable)	100	470	$900
Office/Retail	**SF**	**Annual Rent PSF**	
Office	6,000	$40	
Retail	6,000	$26	
Childcare	6,000	$28	

Proforma Assumptions			
Item	**Assumption**	**Item**	**Assumption**
Vacancy	3%	Market-Rate Rent Growth	3%
Operating Expense	30%	Affordable Rent Growth	1%
Exit Cap Rate	5%	Office Rent Growth	2%
Year 3 Revenue (as a percentage of stabilized)	30%	Retail Rent Growth	2%
		Childcare Center Rent Growth	2%

Voltage Efficiency Matrix						
	Footprint (SF)	**Floors**	**Total Floor Area**	**Non-Residential**	**Efficiency**	**Rentable Area (Residential)**
Building 1	33,017	5	165,085	6,000	85%	135,222
Building 2	35,940	5	179,700	10,500	85%	143,820
Building 3	27,630	2	55,260	0	85%	46,971
Creative Space	10,370	N/A	10,370	N/A	100%	N/A

Total			410,415 SF			326,013 SF

LEASING COMPS

Market Rate Apartments: Voltage's market-rate units are priced competitively with similar properties in the area. The table below shows lease comps for market-rate units.

Market-Rate Multifamily Lease Comps				
Property	**Units**	**Year Built**	**1 BR Rent**	**2 BR Rent**
Voltage	450	2022	$1,600	$2,100
West Koenig Flats	210	2015	$1,532	$2,155
The Pearl (Under Construction)	383	2021	$1,602	$2,099
Echo	274	2014	$1,475	$1,916
Camden Lamar Heights	314	2014	$1,463	$1,927
Magnolia at Crestview	226	2020	$1,576	$2,080
Average			**$1,530**	**$2,035**

Source: CoStar

One- and Two-Bedroom Affordable Apartments: Rent for the one- and two-bedroom affordable units was calculated based on Austin's MFI. Twenty-percent of the property's affordable units are affordable to households making 50% of Austin's MFI, and the other 80% of the property's affordable units are affordable to households making 60% of Austin's MFI. A housing unit is designated affordable if the cost of rent and utilities is no more than 30% of the household income. Rents listed in the rent roll represent a blended average rent for units meeting the 50% and 60% MFI requirements.

Co-Living Apartments: Rent for the co-living units is restricted by affordable housing requirements. Additionally, rent for the co-living units aligns with co-living properties across the U.S., adjusted for cost of living.

Co-Living Lease Comps				
Property	**City**	**1 BR Rent**	**Cost of Living Differential**	**Austin Equivalent**
Voltage	Austin	$900	100%	$900
Cassell	D.C.	$1,602	70%	$1,121
Richardson	D.C.	$1,350	70%	$945
Havemeyer	NYC	$1,300	60%	$780
Herkimer	NYC	$1,200	60%	$720
Valencia	SF	$1,350	60%	$810
Average				**$875**

Source: Common

Office Lease Comps: The table below shows lease comps for nearby office space.

Property	**Year Built**	**Class**	**Rent/SF/Year**	**Typical Floor Size**
Voltage	2022	A	$40	6,000 SF
1200 W 49th Street	2020	B	$42.51 - 51.95	2,036 SF
508 E 53rd Street	2006	B	$38.54 - 47.11	5,855 SF
7910 Cameron Road	2011	B	$24.34 - 29.75	5,179 SF

5500 N I-35	2004	B	$30.52 - 37.30	4,049 SF

Source: CoStar

Retail Lease Comps: The table below shows lease comps for nearby retail space.

Retail Lease Comps			
Property	**Year Built**	**Rent/SF/Year**	**Typical Floor Size**
Voltage	2022	$26-$28	6,000 SF
6929 Airport Road	2010	$30.10 - 36.79	5,490 SF
5303 Burnet Road	2018	$26.08 - 31.87	1,946 SF
5242 N Lamar Boulevard	2013	$34.32 - 41.95	4,132 SF
1045 Norwood Park Boulevard	2017	$28.52 - 34.86	6,832 SF

Source: CoStar

5-YEAR PRO FORMA

	Year 1	Year 2	Year 3	Year 4	Year 5
Building Revenues					
Market-Rate Rental Housing	$ -	$ -	$ 1,431,000	$ 4,770,000	$ 4,913,100
Affordable Rental Housing	$ -	$ -	$ 552,798	$ 1,842,660	$ 1,861,087
Co-Living Rental Housing	$ -	$ -	$ 324,000	$ 1,080,000	$ 1,090,800
Retail	$ -	$ -	$ 117,000	$ 119,340	$ 121,727
Childcare Center			$ 168,000	$ 171,360	$ 174,787
Office Use	$ -	$ -	$ 240,000	$ 244,800	$ 249,696
	Year 1	Year 2	Year 3	Year 4	Year 5
Rental Revenue	$ -	$ -	$ 2,832,798	$ 8,228,160	$ 8,411,197
Less: Vacancy	$ -	$ -	$ (84,984)	$ (246,845)	$ (252,336)
Less: OpEx	$ -	$ -	$ (849,839)	$ (2,468,448)	$ (2,523,359)
Less:Contingency			$ (100,000)	$ (100,000)	$ (100,000)
NOI	**$ -**	**$ -**	**$ 1,797,975**	**$ 5,412,867**	**$ 5,535,502**
Debt Service	$ (1,872,749)	$ (1,872,749)	$ (1,872,749)	$ (2,637,108)	$ (2,637,108)
Cash Flow after Debt Service	**$ (1,872,749)**	**$ (1,872,749)**	**$ (74,775)**	**$ 2,775,759**	**$ 2,898,394**
Financing					
City of Austin Affordability Cash Subsidy	$ 9,589,090				
Equity Consideration from Partners	$ 25,890,544				
Debt Financing	$ 60,411,269				
Total Source of Funds	**$ 95,890,903**				
Direct Project Costs					
Land Payments to City of Austin	$ (2,884,903)	$ -	$ -	$ -	$ -
Direct Building Construction	$ (19,458,000)	$ (71,235,000)	$ (2,313,000)	$ -	$ -
Other (describe)	$ -	$ -	$ -	$ -	$ -
Total Direct Project Costs		**$ (71,235,000)**	**$ (2,313,000)**	**$ -**	**$ -**
Reversion					
Sales Price (5% Cap Rate)				$ 110,710,034	
Selling Costs				$ (830,325)	
Repayment of Subsidy				$ (9,589,090)	
Proceeds from Sale				**$ 100,290,619**	
Less: Loan Repayment				$ (59,635,956)	
Equity Cash Flow	$ (25,890,544)	$ (1,872,749)	$ (74,775)	$ 40,654,663	
Levered IRR	**13.79%**				
Levered Multiple	**1.46X**				
Funding Requirements	$ (86,301,813)				
NOI		$ -	$ 1,797,975	$ 5,412,867	
Proceeds from Sale				$ 100,290,619	
Unlevered Cash Flow	$ (86,301,813)	$ -	$ 1,797,975	$ 105,703,486	
Unlevered IRR	**7.64%**				
Unlevered Multiple	**1.25X**				

EXIT STRATEGY AND RETURNS

Our exit strategy is to develop Voltage as a merchant builder and sell the property immediately once stabilized. Our critical assumption is that the development will be fully stabilized well before month 48 and be ready to be sold to an institutional core-asset buyer by the beginning of month 49. We also anticipate our buyer assuming the non-recourse, HUD insured 221(d)(4) loan, considering it provides an attractive low-interest fixed, fully amortizing 40-year financing solution for affordable housing. It is assumed that the subsidy from the City of Austin will have to be repaid (interest-free) upon sale.

Our proforma projects a sale price of $110.7 million. We assumed a 5.0% cap rate on the forward NOI to determine our sale price. Cap rates for mid/high-rise apartments in Austin have hovered around 5.0% for the past five years **(Exhibit K)**. Our per unit sale price of $246,022 is consistent with comparable sales of multifamily properties.

Multifamily Sale Comps						
Property	**Distance**	**Sale Date**	**Units**	**Year Built**	**Price/Unit**	**Cap Rate**
Voltage			450	2022	$246,022	5.0%
The Triangle	1.73 mi	Jul-20	529	2004	$243,856	5.0%
Windsor Burnet	3.32 mi	Oct-19	352	2018	$254,000	4.0%
Uptown at University Park	3.21 mi	Jul-17	267	2016	$222,097	4.5%
Marq on Burnet	1.06 mi	Dec-16	343	2016	$213,120	4.8%
West Koenig Flats	1.15 mi	Nov-16	210	2015	$189,867	
Average	**2.09 mi**		**340**	**2014**	**$224,588**	**4.6%**

Project cash flows are distributed based on a waterfall structure set up to incentivize the general partner. The waterfall first returns equity capital to the GP and LP on a pro-rata basis, until an 8% preferred return is achieved. Cash flows are then distributed disproportionately based on IRR hurdles. GP and LP returns are shown below:

Partnership Structure	%	Amt		Sponsor	LP	IRR
GP Equity Share	23.33%		Preferred Return	23.33%	76.67%	8%
LP Equity Share	76.67%		Hurdle 2	25%	75%	12%
Total Equity	100.00%		Hurdle 3	40%	60%	

Sponsor Cash Flow		**Year 0**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Distributions	$ 9,846,234	$ -	$ -	$ -	$ -	$ 9,846,234	$ -
Contributions	$ 6,495,456	$ -	$ 6,041,041	$ 436,969	$ 17,447	$ -	$ -
Net Cash Flow	$ 3,350,778	$ -	$ (6,041,041)	$ (436,969)	$ (17,447)	$ 9,846,234	$ -
IRR	15.2%						
Equity Multiple	1.52X						

LP Cash Flow		**Year 0**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Distributions	$30,808,429	$ -	$ -	$ -	$ -	$ 30,808,429	$ -
Contributions	$21,342,611	$ -	$ 19,849,503	$ 1,435,781	$ 57,328	$ -	$ -
Net Cash Flow	$ 9,465,817	$ -	$ (19,849,503)	$ (1,435,781)	$ (57,328)	$ 30,808,429	$ -
IRR	13%						
Equity Multiple	1.44X						

PROJECT RISKS

Winning the RFP: Our proposal must be selected by the City of Austin during the RFP process. The RFP process will likely be competitive given investors' interest in the Austin market. Austin was ranked fourth in terms of "Local Market Perspective: Development/Redevelopment Opportunities" in PWC's report, Emerging Trends in Real Estate 2021. We are confident in our proposal's ability to win the RFP because it meets or exceeds each of the city's priorities for the site.

Securing Public Funding: Our projected returns assume that the City of Austin will subsidize the construction of 10% of the total project cost. Our development meets the necessary requirements to secure funding from the City of Austin. However, the City's ability to provide funding is subject to availability. Lost revenues and increased costs related to COVID-19 have impacted cities' budgets across the U.S. and may decrease the City of Austin's ability to provide funding. If it is determined that public funding is unavailable, the development's equity commitment will increase.

Construction Risk: Risks related to construction quality, budget, and timeline are inherent to every development project. The complexity of our proposed development increases the project's risk exposure. Further, the effects of the pandemic may continue to impact construction during the early stages of the project. While construction has been excluded from recent government shutdowns, construction progress may be slowed by supply chain disruptions related to COVID-19.

COVID-19: The FDA's recent approval of a COVID-19 vaccine signals that the end of the pandemic might be near. However, uncertainty remains around when life will return to normal, as well as what the lasting effects of the pandemic will be. In the near term, COVID-19 may impact the progress of construction at our development. Multifamily developments may also face headwinds due to economic conditions and a shifting preference for lower density, suburban housing. However, our development will likely be insulated from these headwinds as lease-up will not begin for two years. Additionally, PWC reported that Austin has continued to experience in-migration despite the pandemic.

Co-Living: While the concept of co-living has been proven successful, with vacancy rates below 3%, in markets such as New York, San Francisco, and Chicago, it has not yet been introduced to the Austin market at a commercial scale. Thus, there is risk related to the adoption of co-living in the Austin market. However, research indicates that there is demand in the Austin market for the concept. CBRE identified Austin as one of three U.S. cities to which co-living should expand next. The population growth of the Austin market, especially among younger demographics, is aligned with co-living's target market. To help mitigate risks associated with operating a unique asset like co-living, we plan to partner with an established operator like Common to manage these units.

Site Location: Our development sits between two properties, to the north and south, that have undesirable uses. Adjacent to the north property line is a barn that is used for industrial storage. Adjacent to the south property line is a corner lot that includes a convenience store and an abandoned gas station. These adjacent properties may lower the attractiveness of our development. However, the overall location of our property is desirable, as it is located in a growing neighborhood and well-located with respect to local transit. It is likely that the adjacent properties may be redeveloped in the near future.

Environmental Remediation: Between 2013 and 2021, the City of Austin commissioned environmental reports for the property, including a Phase I Environmental Site Assessment, a Phase II Limited Site Assessment, a Limited Asbestos and Lead-Containing Paint Inspection, a Geotech Report, and two Limited Subsurface Investigations. The reports indicated that environmental concerns do exist at the property, including but not limited to Recognized Environmental Conditions associated with past uses and lead, asbestos, and arsenic contamination that has affected buildings, soil, and groundwater. Further investigation into the site's environmental conditions is necessary to ensure that our development would be both physically and financially viable.

SUMMARY

By redeveloping the underutilized Austin Energy site, our proposal delivers a mixed-use development that meets and exceeds city and community priorities for the site. Voltage increases the city's supply of affordable housing, introduces community-oriented co-living to Austin, advances Austin's efforts to build a greener and more sustainable city, and dedicates a 1.7-acre park to the neighborhood. With a total project cost around $95 million, the development generates a 13.79% levered IRR and 1.46X levered multiple. Voltage represents a sustainable, healthy, and unique community that will add value to both the neighborhood and the city.

APPENDIX

Exhibit A: Site Plan and Proposed Building Locations

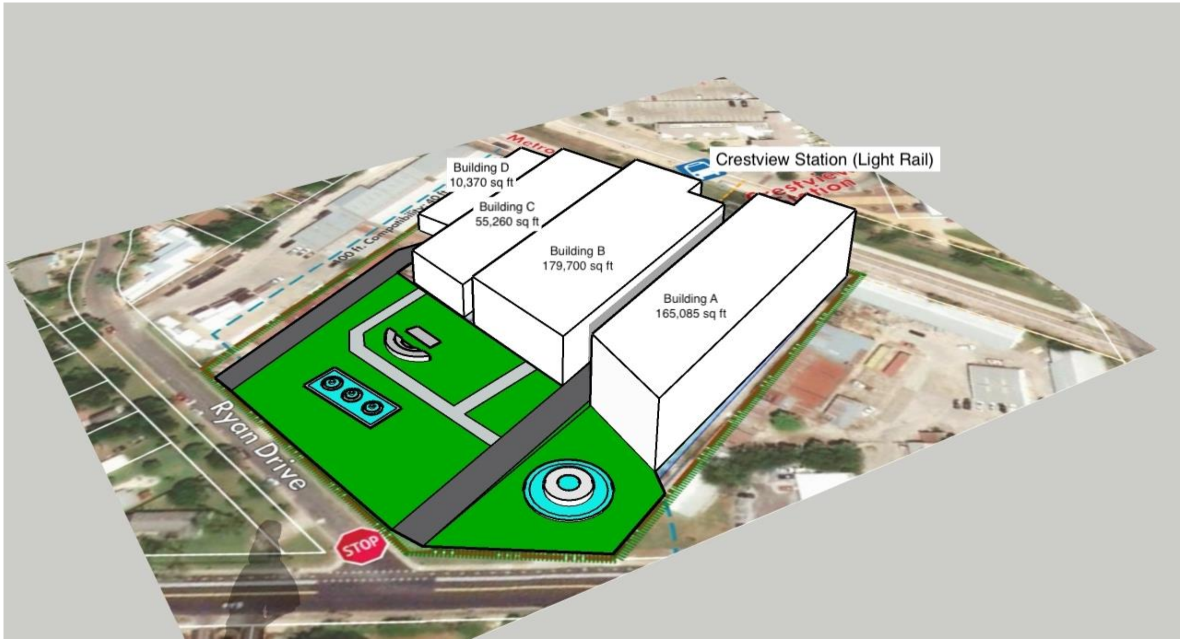


Exhibit B: Site Location Relative to Austin MSA

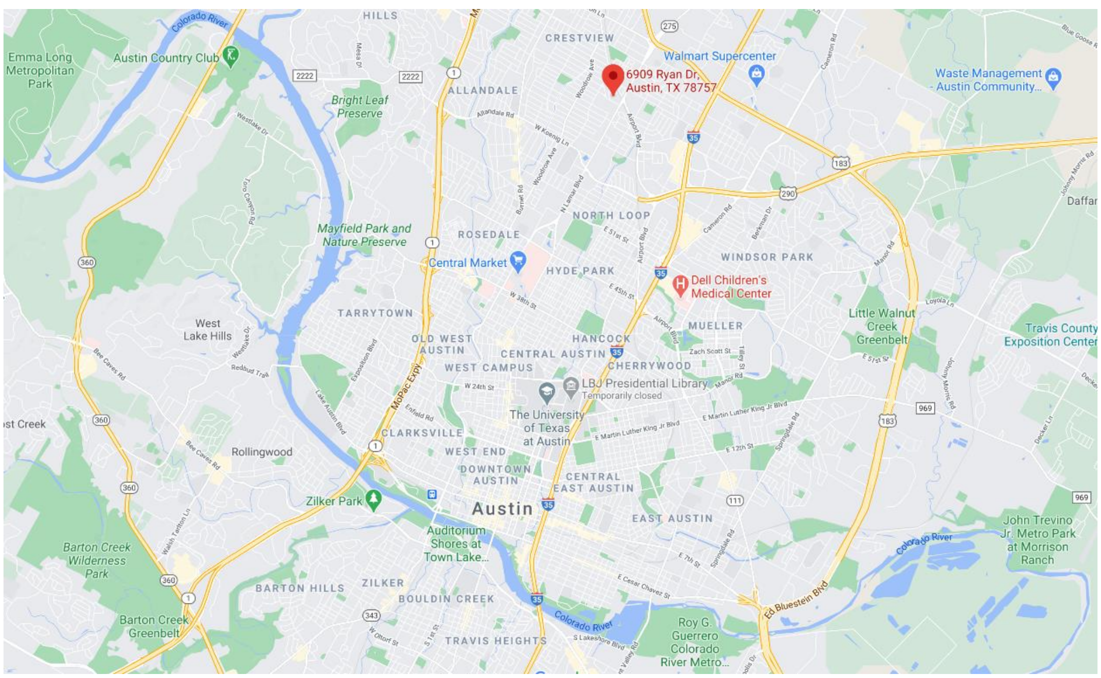


Exhibit C: Aerial View of Site

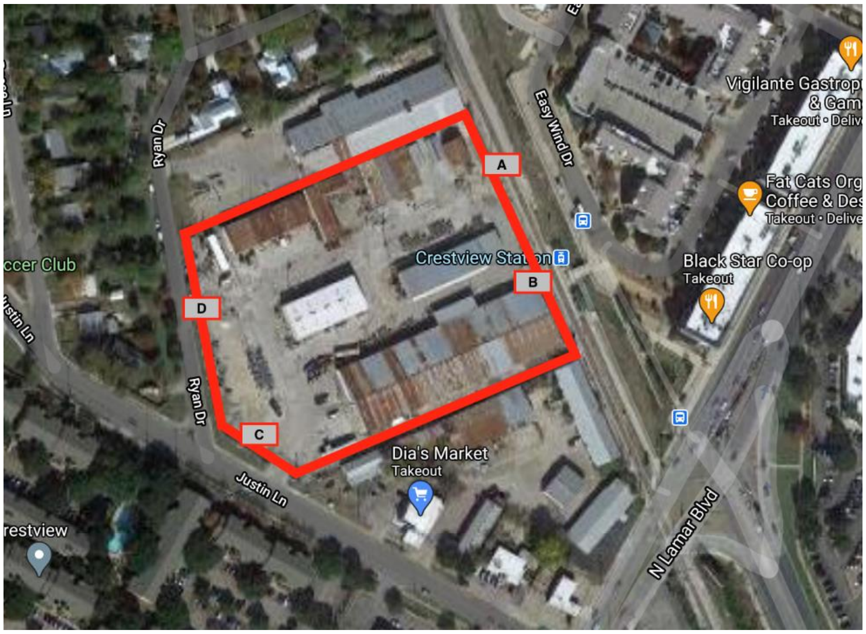


Exhibit D: Site Photos

Exhibit E: Project Connect Map Showing Future Investment in Public Transit at Crestview Station

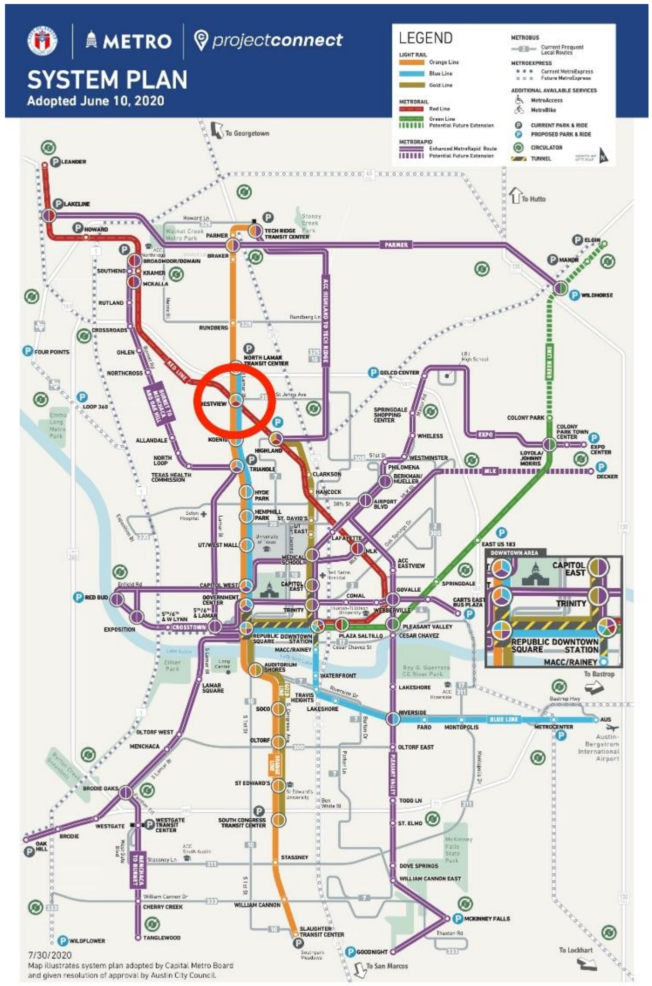


Exhibit F: Demographics

Demographics			
Description	**1.5 miles**	**3 miles**	**Austin DMA**
Total Population	40,468	165,561	2,391,418
Population Growth, 2019-2024	2.82%	1.93%	10.91%
Total Daytime Population	80,994	259,901	2,423,994
Total Households	18,385	70,969	906,451
Total Housing Units	19,993	77,735	994,451
Renter-Occupied Housing Units	10,793	43,936	360,196
Median Age	35.9	34.2	35.9
Average Household Income	$84,143	$83,182	$98,431
Median Household Income	$61,818	$55,842	$73,061

Source: Sitewise

Exhibit G*:* Top 10 fastest growing large U.S. job markets, 2014-2019

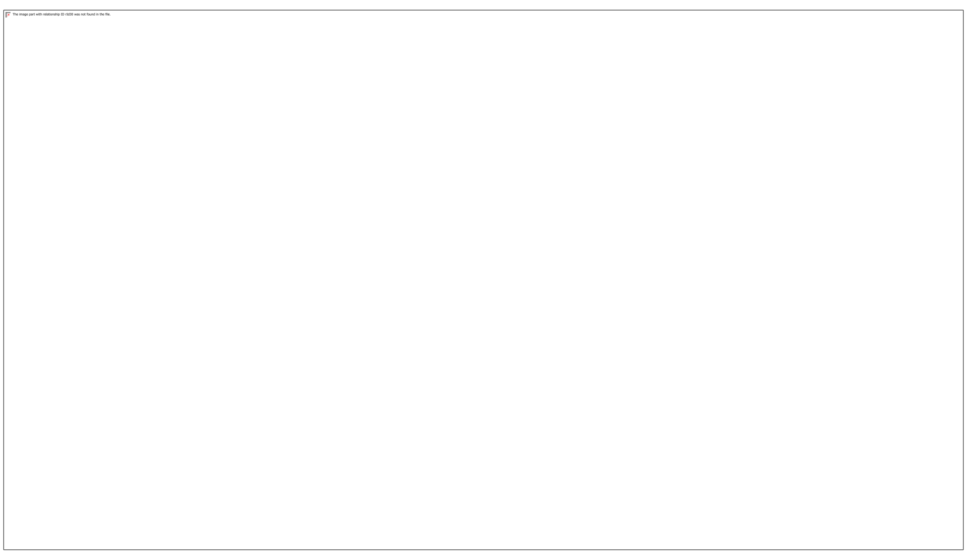
Top 10 Fastest Growing Large U.S. Job Markets, 2014-2019				
MSA	**2014**	**2019**	**Growth Number**	**Growth Rate**
Austin MSA	923,000	1,116,000	193,000	20.90%
Orlando MSA	1,108,900	1,327,100	218,200	19.70%
Riverside MSA	1,290,400	1,541,800	251,400	19.50%
Nashville MSA	880,300	1,047,900	167,600	19.00%
Phoenix MSA	1,853,100	2,177,300	324,200	17.50%
Las Vegas MSA	883,600	1,034,100	150,500	17.00%
Raleigh MSA	559,800	650,100	90,300	16.10%
Jacksonville MSA	623,900	724,400	100,500	16.10%
Charlotte MSA	1,066,100	1,235,500	169,400	15.90%
Salt Lake City MSA	653,300	754,300	101,000	15.50%
United States	--	--	--	8.60%

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics.

Exhibit H: Companies Moving to or Expanding in Austin

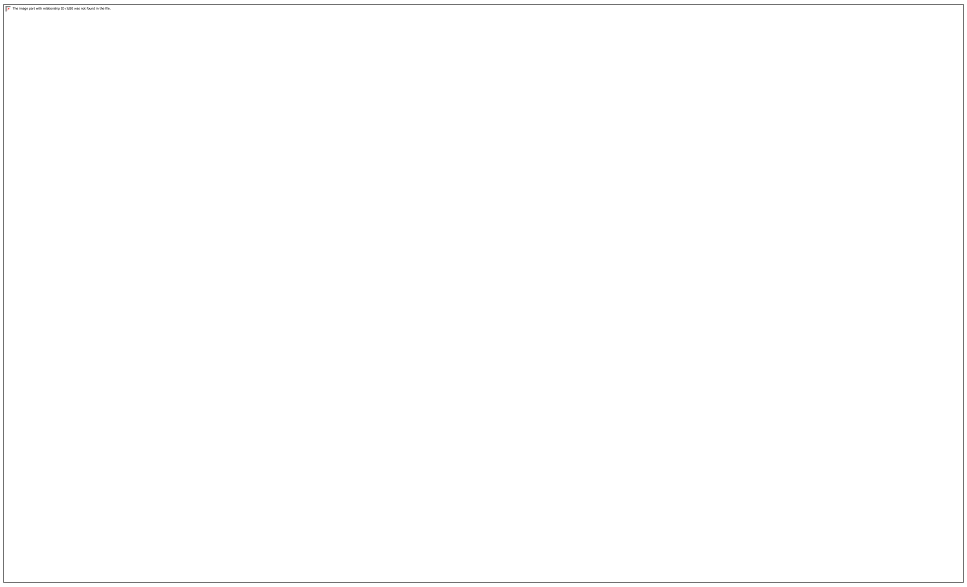
Companies Moving to or Expanding in Austin		
Company	**City Impact**	**Date**
Apple	New 133-acre campus, bringing 5,000-15,000 jobs	2022
Tesla	Construction of Gigafactory began July 2020	2021
Oracle	Moving headquarters from CA to Austin	TBD
Facebook	Plans to add 1MM sqft in new office space as of 12/2020	TBD

Exhibit I: Percentage Employment Growth in Austin 2009-2019 vs. Texas and US



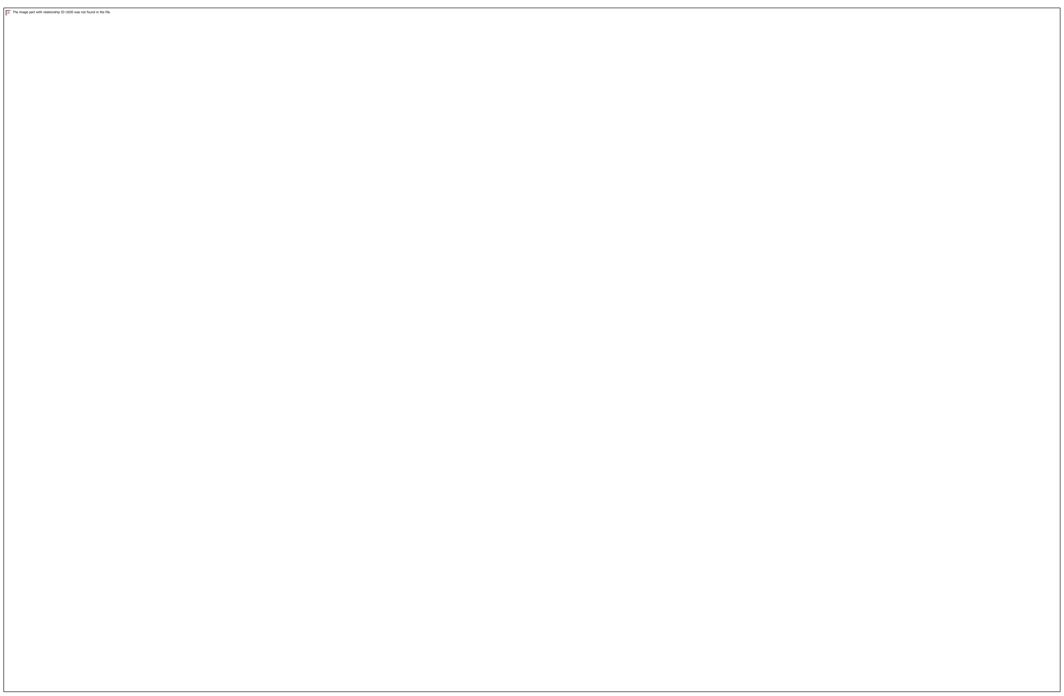
Source: Austin Chamber of Commerce

Exhibit J: Average Austin Rent v. National Average



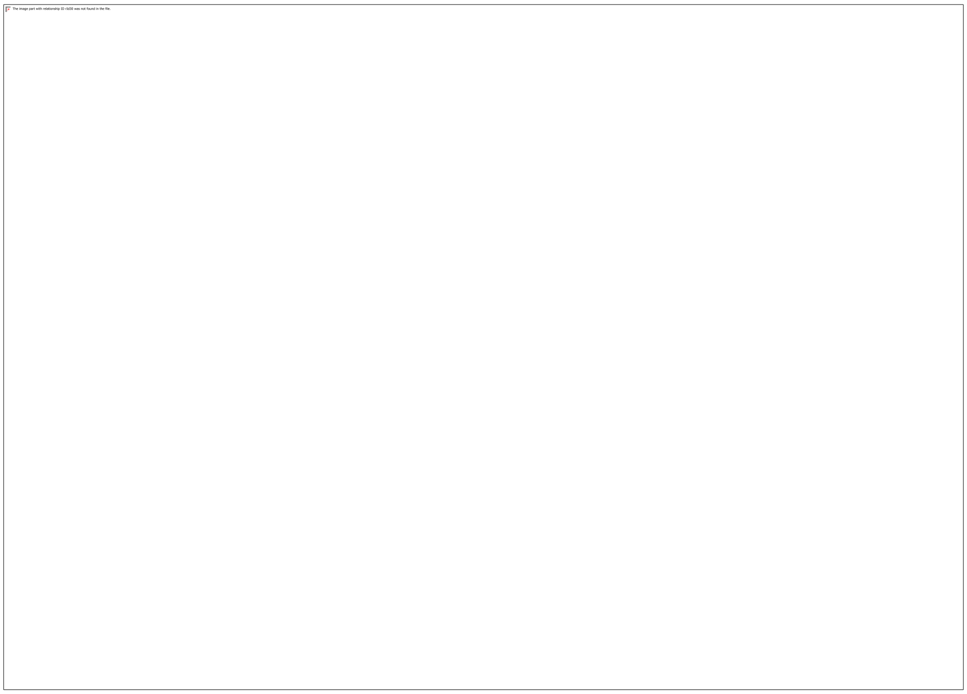
Source: RentCafe

Exhibit K: Austin Mid/Highrise Cap Rates and Price Per Unit, 2002-2020



Source: Real Capital Analytics

Exhibit L: Environmental Impact from Co-living and Co-housing in UK Study



Source: Coliving Insights

Exhibit M: Nearby Completed Developments and Development Pipeline