

Not part of the Powerpoint but here is the story:

History and Background. (2 minutes. Helpful to know broad experience)

Banker and Attorney

Land Acquisition, Community Planning and Land Development for 20,000 units

2003 own business – from high rise to single family, affordable for-sale housing to luxury

Our mission is to improve peoples' lives with the communities we build

Generally do that with amenitized, attainable housing for the masses

Challenges of the day. (This is what keeps me up at night.)

Affordability is a nationwide issue

Incomes flat

Costs will continue to rise causing affordability issues to continue

So how to build houses for the masses in this environment

Without substantial subsidy, I have only two tools: Increase the density and make units smaller

Examples:

Chestnut

Denizen 04

Tyndall at Robertson Hill

Westgate

Photos, site plan, simple budgets

What Keeps Us Up at Night?



First, a little background on our company and what we do . . .

- Former banker and attorney (13 years) . . .
- Land Acquisition, Community Planning and Land Development Vice President for large production builder 20,000 units over 11 years
- In 2003, own company formed to specialize in unique communities that serve our citizenry – from luxury communities to affordable communities
- Our mission today is to build communities that improve peoples' lives . . . And we typically do that with amentized communities that provide attainable housing for our citizenry

First, a little background about the company and what we do . . .



Our mission today is to build communities that improve people's lives . . . And we typically do that with amenitized communities that provide attainable housing for our citizenry

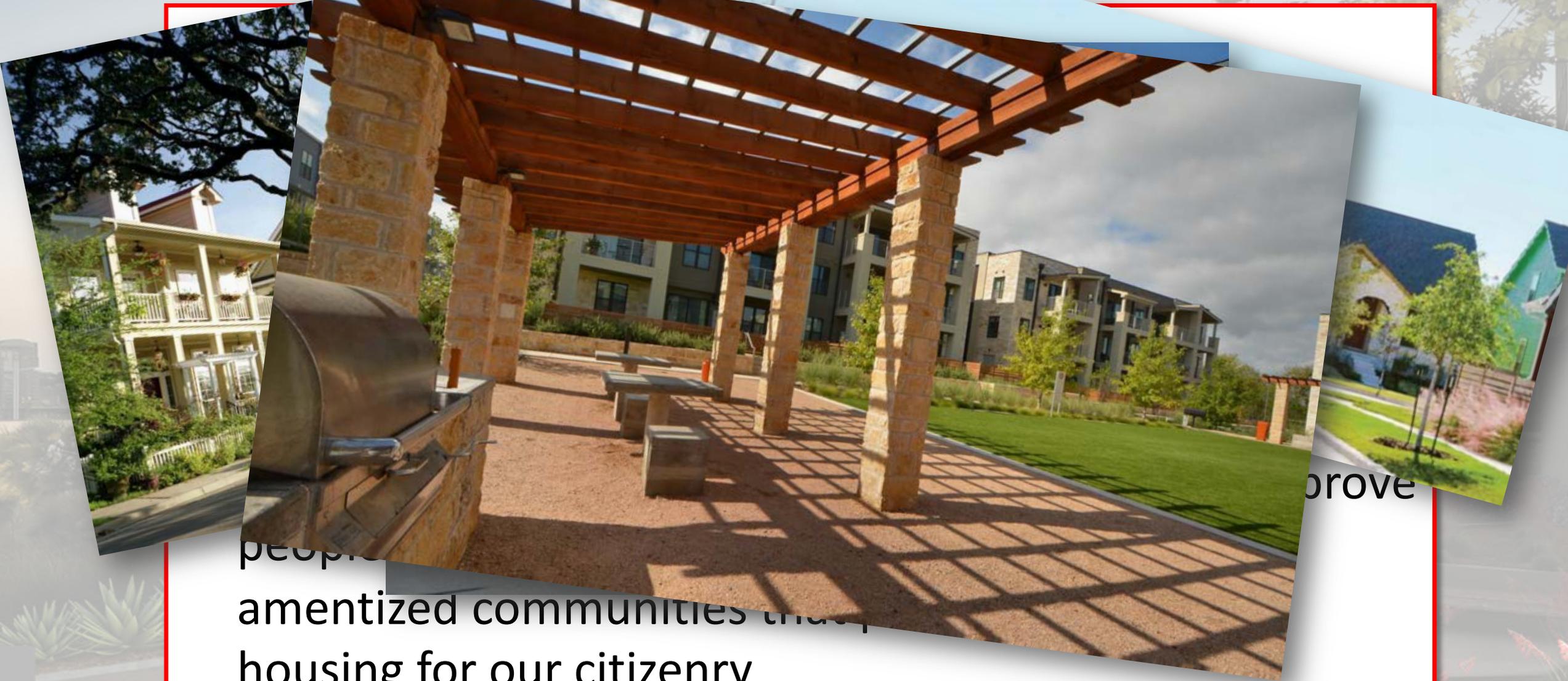
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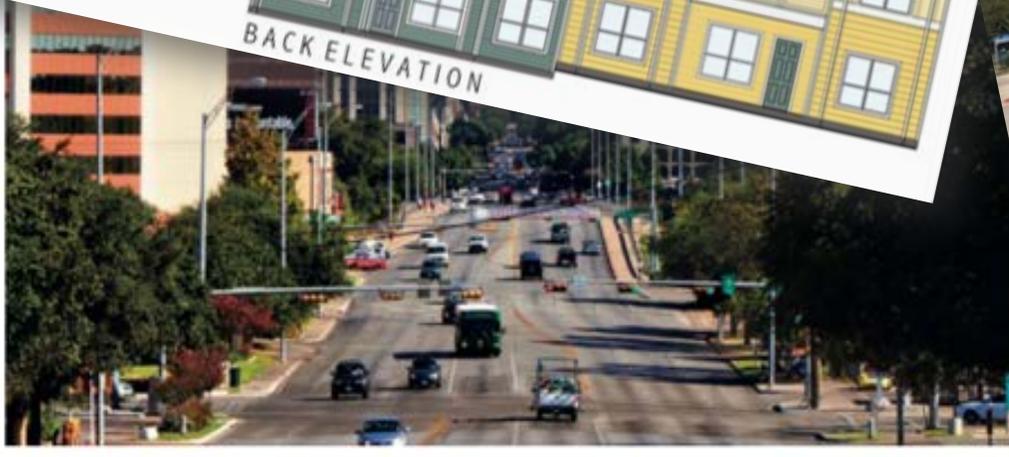
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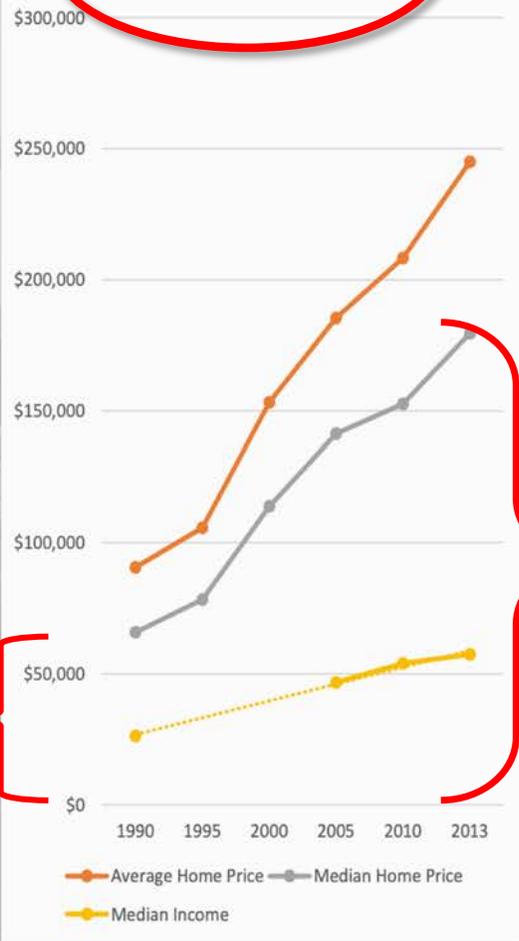
• *Our Country is in the midst of the biggest housing change in 70 years.*

• *Why is this happening?*

• *Housing is changing because of the collision of two economic forces – flat incomes and rising house prices.*

The Collision of the Two Economic Forces.

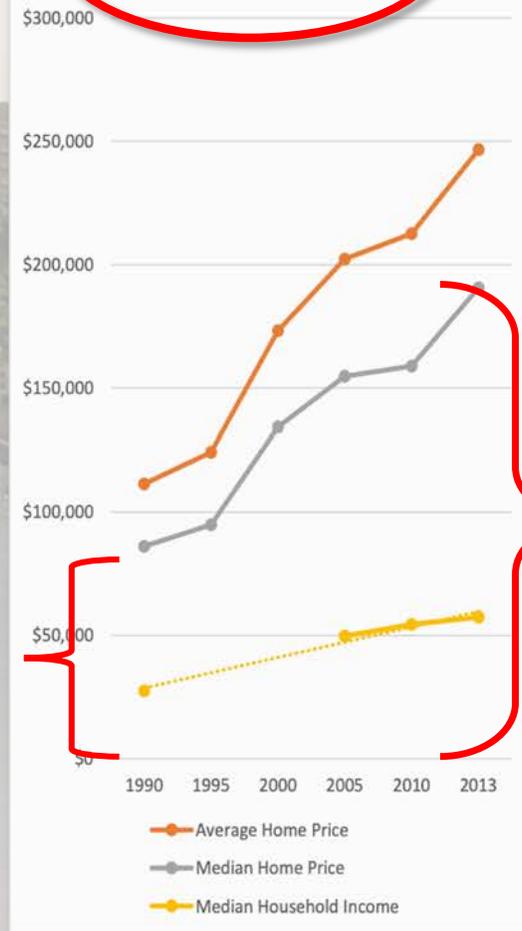
Houston, TX Home Prices and Income since 1990



Austin, TX Home Prices and Income since 1990



Dallas, TX Home Prices and Income Since 1990



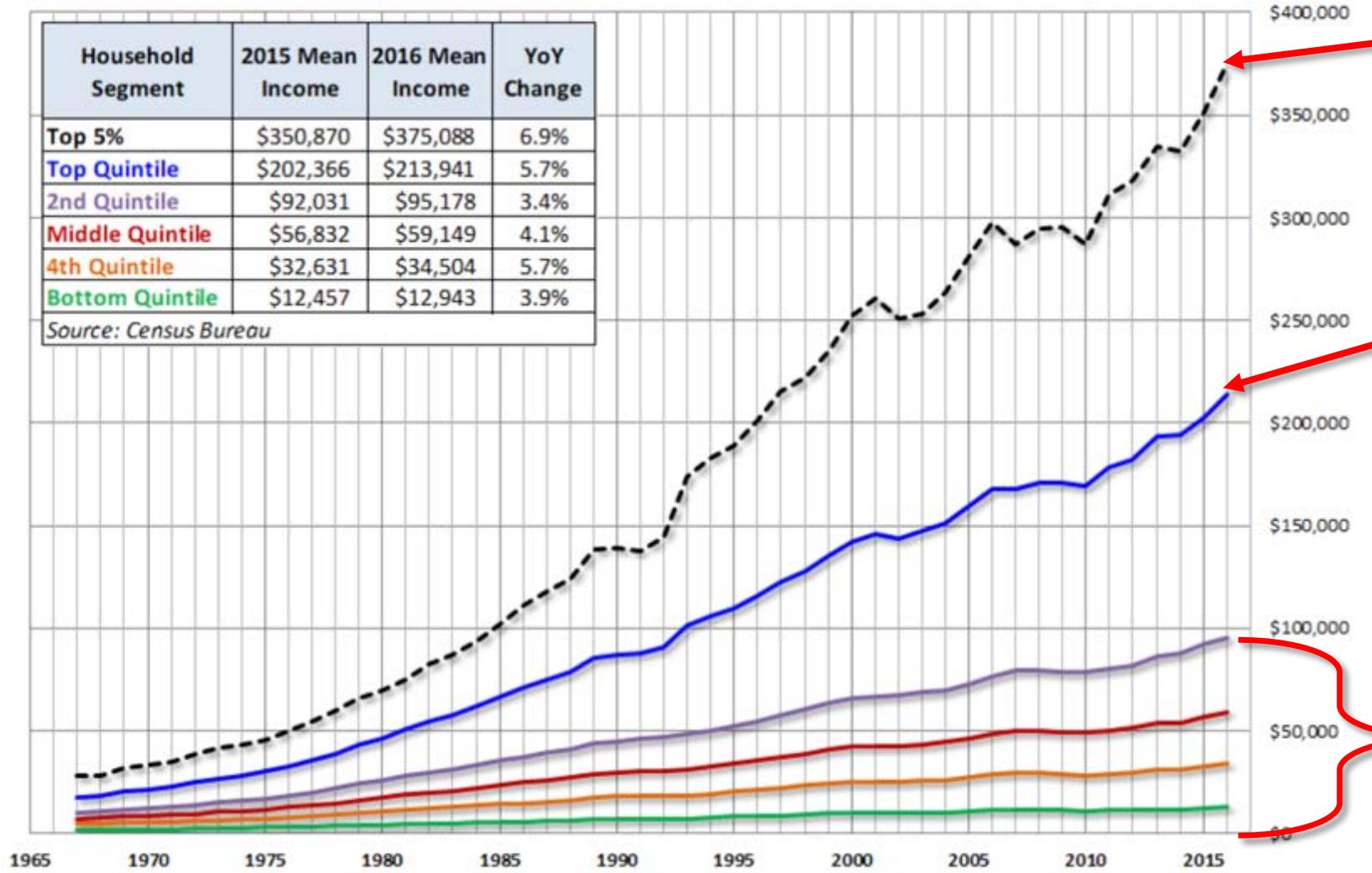
Two Times

Over Three Times

Mean (Average) Household Income By Quintile and Top 5 Percent

Household Segment	2015 Mean Income	2016 Mean Income	YoY Change
Top 5%	\$350,870	\$375,088	6.9%
Top Quintile	\$202,366	\$213,941	5.7%
2nd Quintile	\$92,031	\$95,178	3.4%
Middle Quintile	\$56,832	\$59,149	4.1%
4th Quintile	\$32,631	\$34,504	5.7%
Bottom Quintile	\$12,457	\$12,943	3.9%

Source: Census Bureau



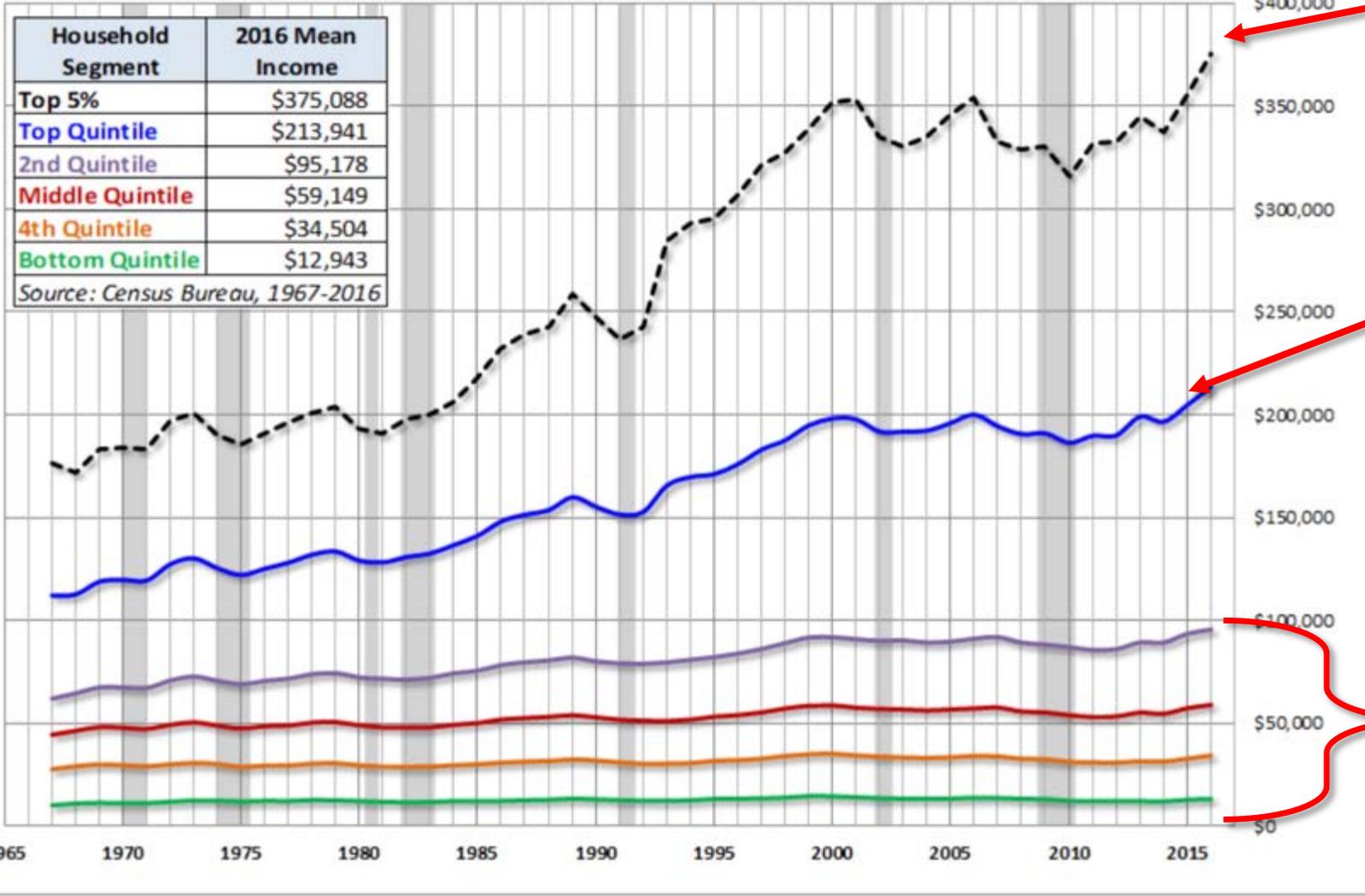
Top 5%

Top 20%

Bottom 80%

Real (Inflation-Adjusted) Average Household Income By Quintile and Top 5 Percent

With Recessions Highlighted



Top 5%

Top 20%

Bottom 80%

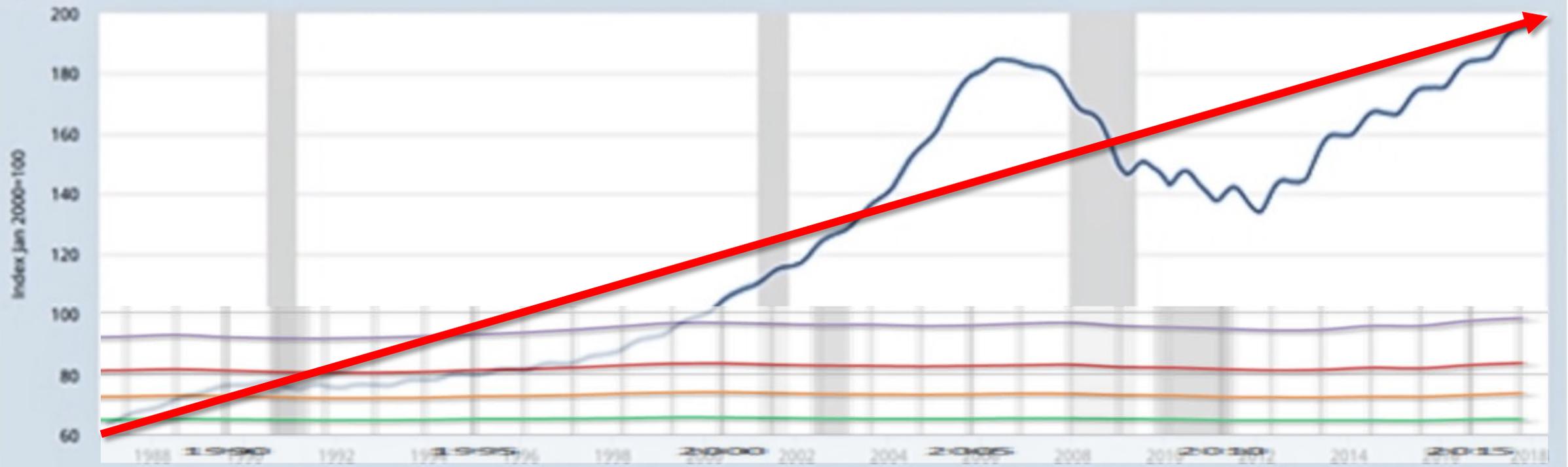
FRED

S&P/Case-Shiller U.S. National Home Price Index



FRED

S&P/Case-Shiller U.S. National Home Price Index

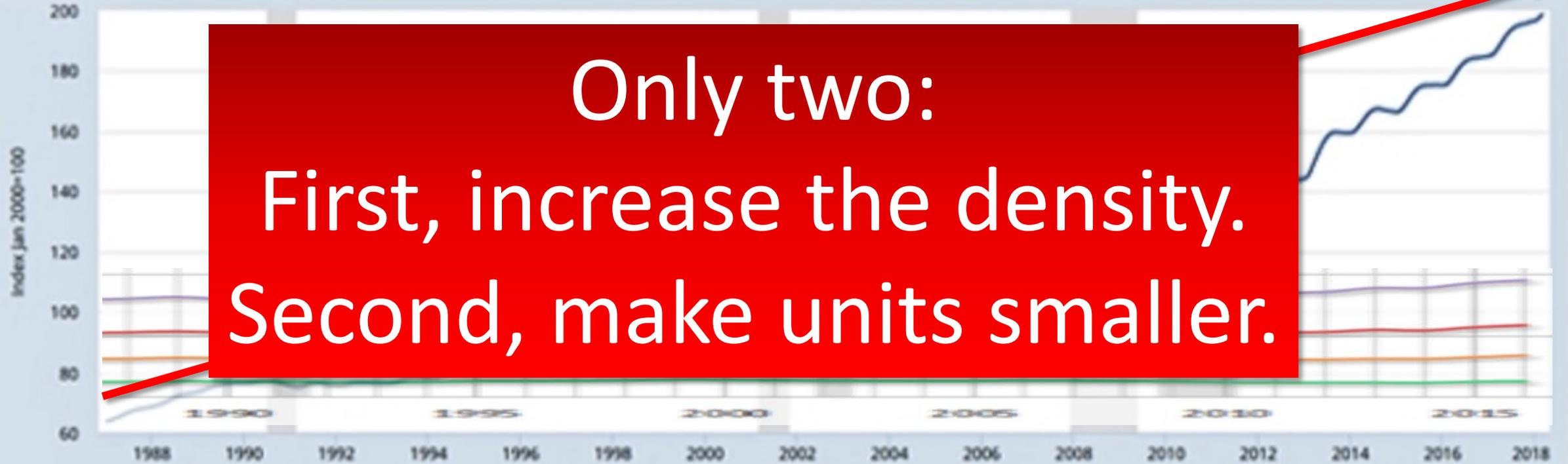


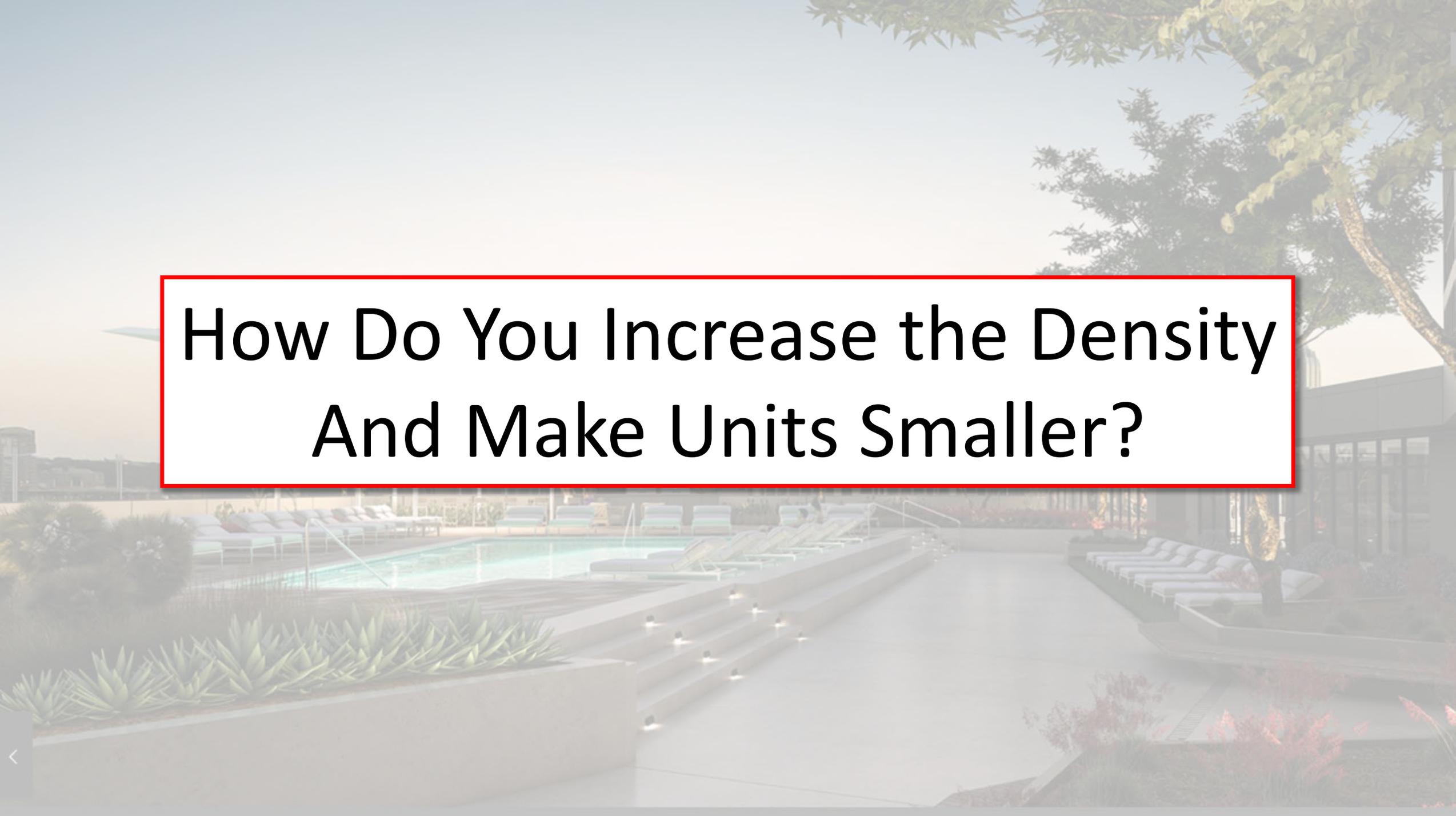
FRED S&P/Case-Shiller U.S. National Home Price Index



So, What Tools Do We Have?

FRED — S&P/Case-Shiller U.S. National Home Price Index



A modern rooftop pool deck with lounge chairs and a swimming pool, overlaid with a text box. The scene is set during the day with a clear sky and some trees in the background. The pool deck features a swimming pool, several lounge chairs, and a concrete walkway with steps leading down to the pool. The text box is white with a red border and contains the question: "How Do You Increase the Density And Make Units Smaller?".

**How Do You Increase the Density
And Make Units Smaller?**



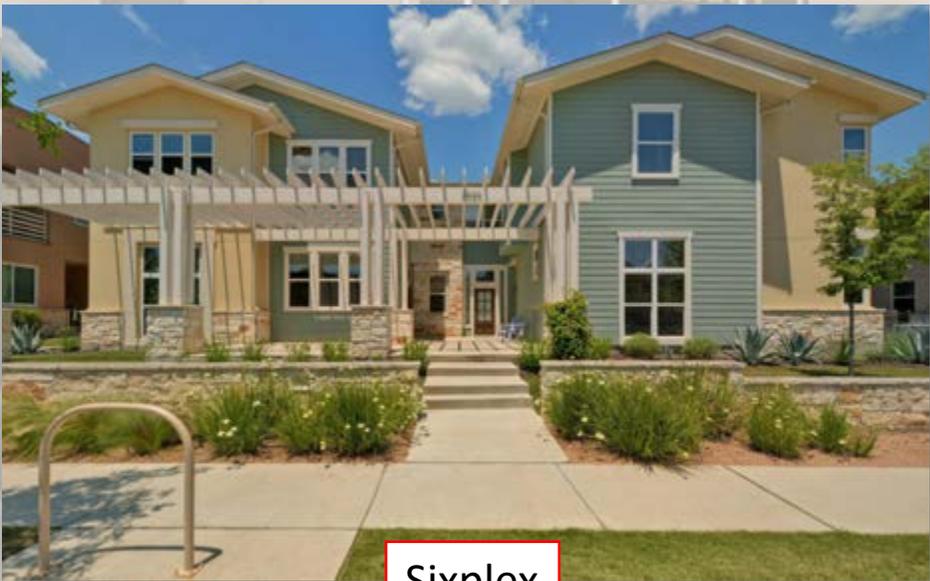
Duplex



Triplex



Fourplex



Sixplex



Eightplex



Townhomes



Cottages



Apartments



Microunits

Increasing Density and Making Units Smaller Helps Affordability

Austin Affordability Analysis

Property: 10 Acres
Land Price: \$5,000,000

Austin Median
MFI (family of 4) \$69,300
Mortgage Affordability

for Austin MFI (@ 6.75%) 185000¹
Sales Price of MFI Home \$205,000

Income Assumptions:

2001 Median Family Income (four person family) = \$71,100
2001 Austin METRO Median NEW Home Price app. = \$155,000
2007 Median Family Income (four person family) = \$69,300
2007 Austin METRO Median NEW Home Price app. = \$202,000

Assume reasonable credit, modest debt and 10% down.

2008 Example.
Current costs would be higher.

¹ For purposes of determining affordability for a "median family income family of four" we made the following assumptions: Reasonable credit standards; \$600 per month in outside fixed payments such as car payments, day care, credit cards, etc.



Product Type	SF-3 Single Family	SF-3 Duplex	SF-6 Condo	MF-1/MF-2 Condo	MF-3 Condo	MF-6 Condo
Units	54 Units	88 Units	123 Units	145 Units	300 Units	800 Units
Units per Acre	5.4 Units per Acre	8.8 Units per Acre	12.3 Units per Acre	14.5 Units per Acre	30.0 Units per Acre	80.0 Units per Acre
Per Unit Land/Below Ground Improvement Cost	\$160,000	\$120,000	\$87,000	\$74,000	\$35,000	\$15,000
Sale Price	\$475,000	\$360,000	\$240,000	\$225,000	\$166,000	\$166,000
Unit Square Footage	2,000	1,500	1,100	1,000	1,000	1,000
Income Required for Purchase						
Down Payment	\$47,500	\$36,000	\$24,000	\$22,500	\$16,600	\$16,600
Loan Amount	\$427,500	\$324,000	\$216,000	\$202,500	\$149,400	\$149,400
Monthly P/I	\$3,765	\$2,906	\$1,949	\$1,832	\$1,373	\$1,373
Total Monthly Debt Payment	\$4,265	\$3,406	\$2,349	\$2,232	\$1,773	\$1,773
Total Monthly PMI Payment	\$278	\$211	\$140	\$132	\$97	\$97
Minimum Qualifying Annual Income	\$173,249	\$133,579	\$89,529	\$84,156	\$63,025	\$63,025

Price today: \$700,000 \$525,000 \$385,000 \$350,000 \$350,000

A Real Life Example . . . Who Do We Want to Serve?

	Totals for 43 Units	Total for 22 Units	Total for 17 Units	Total for 14 Units	Total for 8 Units	Total for 4 Units
Per unit Land and Development Costs	\$ 81,666	\$ 164,057	\$ 189,676	\$ 222,642	\$ 384,734	\$ 753,951
Estimated Average Sales Price	\$ 272,220	\$ 546,855	\$ 632,253	\$ 742,139	\$ 1,282,448	\$ 2,513,168
Ave. Square Footage (Based on \$375 per sf)	\$ 726	\$ 1,458	\$ 1,686	\$ 1,979	\$ 3,420	\$ 6,702



Examples?

Materials Discussion?

Thank you.

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