

**Ledge Stone**

**+/- 77 acres – Hays County, Southwest Austin, Texas**

**Premier Mixed Use Land Development Opportunity**

**13000 US Hwy. 290 West**

**Comprehensive Information**

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**DHI is a licensed real estate broker in the state of Texas. DHI is the General Partner of the Limited Partnership that owns the property.**

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## **Premier Mixed Use Land Development Opportunity**

### **Property Information**

**Location:** The property is located in southwest Austin on the north side of US Hwy 290 West and is approximately 6 miles west of the “Y” (US Hwy 290 West at Hwy 71) in Oak Hill. The two sites have approximately 2,200 feet of combined frontage on US Hwy 290 West. The property has an Austin address and Austin local phone number. It is located in Hays County and lies within the extraterritorial jurisdiction (“ETJ”) of the City of Dripping Springs.

**General Information:** The property is naturally divided by its topography into two distinct development sites. Site 1 is on the west and consists of approximately 39 acres having approximately 1,000 feet of frontage on US Hwy 290 West. The western ½ of this site is gently rolling and covered with live oaks. The remaining portion slopes gradually to the east into a wooded draw. Site 2 is on the east and consists of approximately 38.25 acres having approximately 1,200 feet of frontage on US Hwy 290 West. It is gently terraced and slopes from the north downward in a southerly direction. It also has numerous live oak trees and offers spectacular hill country views throughout. Other than the approximate 117 acre tract directly to the east that is currently being developed by the Owner into approximately 240 single family home sites and an 8 acre commercial tract, it is the first tract that fronts the north side of US Hwy 290 West that is outside of the City of Austin’s ETJ. This is extremely important because of the onerous rules and regulations imposed by the City of Austin on properties over which it has jurisdiction. These rules and regulations significantly restrict growth and make the development process cumbersome, time consuming, and very expensive. The Owner has a digital 2’ flown topographical survey of the property along with an aerial photo that can be made available to a seriously interested party.

Because the property does not lie within an incorporated area (it is only in the ETJ of Dripping Springs, not its city limits), it is not subject to zoning (land use and height) restrictions. Additionally, pursuant to a consent agreement with the City of Dripping Springs that authorized the creation of Hays County Municipal Utility District #4 to provide wastewater, drainage and water quality improvements to serve the property, the City of Dripping Springs agreed not to annex the property until development is at least 90% complete. Thus, other than self-imposed restrictions promulgated through covenants, restrictions, and architectural controls, a wide range of uses are allowable including all types of residential and commercial land uses.

**Utilities:** The property is served with public water from the former Hill Country Water Supply Company, now the LCRA. It is also provided wastewater by Hays County Municipal Utility District No. 4. Small portions (approximately 2.5 acres on Site 1 and 9 acres on Site 2) of the property are reserved for use as under-ground drip irrigation drain fields for the treated effluent. These areas are located such that they will not adversely impact development of the property. In fact, these areas can be utilized for open space, park, and nature trails. Telephone service is provided by SBC, electric by PEC, gas by Texas Gas, and cable service by Time Warner.

**Consent Agreement:** Development of the property is enhanced by a Consent Agreement with the City of Dripping Springs (executed July 23, 2002). This agreement includes numerous variances to its development regulations that only a very few area properties enjoy. 1) It exempts the property from moratoriums promulgated by the City of Dripping Springs, 2) it secures the “shelf life” of preliminary plans for the life of the development rather than for 6 months per the City’s current rules, and 3) it “locks in” the then current development regulations (including platting and site-development permits) for the life of the development rather than their being subject to change at any time. The subdivision ordinances applicable to the property are 1230.1, 1230.2, and 1230.3. The applicable site development ordinances are 52B, 52C, 52D, and 52E (Section 1 only) and the applicable sign ordinance is 1250.15. Copies of these ordinances are available from the City of Dripping Springs or will be made available to interested parties by Owner upon execution of a contract.

**Bond Reimbursements:** Because the property is located within a Municipal Utility District, certain improvements for wastewater, drainage, and water quality are partially or fully reimbursable from the District. A total of over \$26 million in bonds have been authorized for purposes of reimbursing the developer(s) for these improvements.

**Impervious Cover:** Whereas the City of Austin imposes a maximum of 20% impervious cover in most areas it regulates within its ETJ, up to 50% impervious cover is allowable on this property. We have included in this package an evaluation of the potential yields of various types of products that could be developed on the property based on different assumptions regarding impervious cover and densities.

**Plats and Site Development Permit Process:** Once submitted, and assuming a development application meets the requirements of the applicable ordinance and variances enjoyed per the Consent Agreement, approval of preliminary plans, final plats, and site plans take approximately 45 to 60 days. The time required for preparation of these plans varies depending on their size and complexity. However, the submittal requirements are much less onerous than those of the City of Austin and there are not multiple departments (as many as 12 – 15 in the City of Austin) that are involved in the review process. The City of Austin can take from 9 months to well over a year to review and approve such plans, particularly for properties that are located in the southwest region.

Another advantage of developing in the Dripping Springs area is that, once approved, it is much easier to modify a plan if changes are desired. For instance, in the City of Austin even minor changes to a plat or site plan can require months of processing and significant added engineering and processing costs. However, our engineers, who have years of experience in processing permits through Dripping Springs, tell us that the City of Dripping Springs is very accommodating to changes in footprints and the lay out of a project so long as they do not result in major changes in drainage patterns or increases in impervious cover and storm water run-off.

**Zoning:** The property is located in the ETJ of the City of Dripping Springs and is not subject to any land use restrictions, building height restrictions, or other such regulations applicable to property that is located within the corporate limits of a municipality. This eliminates the necessity of going through an often lengthy, costly, and potentially controversial zoning process that can draw much attention to a project well before the actual plat and / or site plan is processed. This also allows flexibility on the types of buildings, uses, and design that can be constructed.

**Building to Land Ratios / Yields:** Because of the allowable impervious cover and the fact that there are no building height and parking restrictions, the yield of building square footage to the amount of land available can be extremely efficient. This also allows great flexibility in the



January, 2006. This community will have approximately 1,000 homes in price ranges similar to Belterra's and will also have an impressive array of amenities.

In addition to these great communities, there is Circle C; Covered Bridge, a 350 home neighborhood currently under development and located on Hwy 71 West; The Vista's at Sawyer Ranch, a 175 home, one-acre minimum sized lot development; and Rim Rock, a 675 lot development on FM 1826 just west of Nutty Brown Rd.

**Improvements:** The only improvements are located on Tract 1. It has an approximate 1,600 square foot stone building (formerly the ranch house) that is currently being used by DHI for its Austin Operations office. DHI would agree to lease the office for some period of time should a purchaser so desire. Additionally, there is a fully enclosed, metal, concrete floor three car garage and storage area plus a large livestock barn. There is one small stone cottage that is in need of repair but could be used as a temporary utility building or for a relatively low cost be finished out and used for multiple purposes.

**Lease:** Pulte Homes has a ground lease on a small area (less than 10,000 sf of land area) located on the 290 frontage of Site 1 approximately 600 feet east of its west property line. The leased area will be used for a small temporary sales and information center to be used for their Highpointe development. The lease commenced in February, 2005 and is for four years with two, one year options at a monthly rate of \$500 NNN. Pulte Homes has indicated verbally that they have not determined how long they will actually utilize the area.

## Development Potential

The property has an excellent array of entitlements and it has wastewater and water service available. These facts, coupled with its configuration, highway frontage, and topography, afford the property a multitude of potential uses. Demand in the area for a number of uses is growing as over 3,500 homes within the direct vicinity of the property are being built. Because very few other properties along 290 West have wastewater service available, and because development requirements are getting stricter regarding density and impervious cover, this property is perfectly positioned to service many of these needs. As mentioned earlier, it enjoys exemption from both changes in the City of Dripping Springs’ development ordinances and any non-public-emergency moratoriums it may impose. In evaluating potential uses for the property, DHI has utilized the services of Land Strategies, an Austin land planning firm, to perform various massing studies on the property. Land Strategies utilized various assumptions concerning density, impervious cover, parking, etc. The following is a summary of what could be developed assuming some of those uses.

### Office Yield Information (Corporate Campus Sites)

The following are estimated ranges of how much office space, developed as a corporate campus, could be put on the total 194 acre property as well as on the three separate sites. For this analysis we utilized a configuration consisting of two to three story buildings with 30,000 to 40,000 square foot floor plates, and all surface parking at 4 to 5 spaces per 1,000 square feet. Further, we used Impervious Cover ranges of 30%, 40%, and 50% (50% is the maximum allowable without any variances). Obviously, such calculations are subject to a multitude of variables ranging from the amount of open space desired, amenities desired (I.E. park areas, recreational facilities, etc., building placement and orientation, circulation, etc.). We believe the following ranges are very reasonable and attainable. **Please note that in the following ranges, the lowest number reflects the lowest yield using only 2 story buildings with surface parking and the highest number reflects the highest yield using only 3 - 4 story buildings with 2 to 3 level structured parking.**

<b>Ledge Stone – Office Space Yield Calculations *</b>				
<b>Site</b>	<b>Acreage</b>	<b>30 % IC</b>	<b>40% IC</b>	<b>50% IC</b>
<b>Site 1</b>	<b>+ - 39 AC</b>	<b>195,000 – 507,000</b>	<b>273,000 – 663,000</b>	<b>351,000 – 819,000</b>
<b>Site 2</b>	<b>+ - 38 AC</b>	<b>190,000 – 494,000</b>	<b>266,000 – 646,000</b>	<b>342,000 – 798,000</b>
<b>Entire</b>	<b>+ - 77 AC</b>	<b>385,000 – 1,001,000</b>	<b>539,000 – 1,309,000</b>	<b>693,000 – 1,617,000</b>

It should be noted that utilization of multiple storied buildings with structured parking can be an effective way to use the topography of a site to the project’s advantage. It helps maximize the views and open space and minimize impervious cover while meeting the same overall space needs. Structured parking also provides better proximity of parking to the buildings and creates shelter from the elements.

## **Commercial Frontage**

With Site 1 having approximately 1,000 feet and Site 2 having approximately 1,200 feet of frontage on Hwy. 290 West, an excellent traffic count (20,000 vehicles per day based on 2003 traffic count with an estimated current count of between 21,800 and 22,470 based on TX DOT projected annual growth rate of 4.5% to 6%), and being in the midst of a rapidly growing area, there are excellent opportunities for a variety of commercial uses along the frontage. These would include retail, restaurants, service centers, garden office parks, etc. In particular, Site 1 has characteristics very suitable to a large retail center or even a “Big Box” facility because of its road frontage, dimensions, and relatively flat topography. Of further note is the fact that, as the result of a recent election, on-premise (restaurant) sales and consumption of alcoholic beverages is now allowed as well as retail (grocery store type) sales of wine and beer.

## **Multi-family**

As the area grows and the employment base expands, multi-family development potential on this site will continue to increase. Currently, there are virtually no multi-family projects located in the area even though a common statement heard by DHI is that more affordable lifestyle opportunities are desperately needed to serve the area. The location on Hwy. 290 West, the availability of utilities, the available land area, and the hill country setting offering wonderful views, makes this a prime location for multi-family development. Densities of 18 to 20 units per acre should be easily achievable. Note: sales of multi-family sites will be restricted to an aggregate maximum of 600 units.

## Sales Information

**Possible Division:** Owner would consider selling the property in total, as two separate sites, or in smaller parcels of a configuration and size to be agreed upon. Seller would consider selling pad sites for restaurants or other uses along the Hwy. 290 West frontage and would consider building to suit for a financially qualified tenant. The following are the prices for the two individual Sites:

Site 1 - \$5,000,000

Site 2 - \$5,000,000

Prices are quoted as cash prices only. Owner does not desire to carry any financing. Additionally, these prices do not include any commission to an outside party. Any commission or fee to be paid by the Owner must be agreed to in writing. Owner will pay DHI a commission.

Owner will pay for survey and Title Policy. Owner uses Austin Title Company – Monica Middleton. Taxes will be pro-rated with Purchaser to pay roll-backs. All other closing costs would be split in the customary manner. Owner will require that certain reasonable architectural and use restrictions be established for any property sold.

**Owner's Name:** 194 Bush, Ltd. a Texas limited partnership  
DH Real Estate Investment Company,  
a Texas corporation d/b/a DH Investment Company,  
its General Partner  
Michael L. Schoenfeld  
Vice President

The property is subject to be withdrawn from the market and the above prices are subject to change at any time without notice.

Contact Mike Schoenfeld at 512-394-0635 for additional information ant to arrange a personal tour of the property. Access to the property is by appointment only.

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