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Development

Mosaic Land Development talks new single-family rental communities

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In just a few years, Mosaic Land Development has developed nearly 5,700 single-family homes across 40 communities throughout Austin, San Antonio and the Interstate 35 corridor. Ahead of the company's five year anniversary, partners Tom Yantis, Blake Yantis and Paul Basaldua spoke with the Business Journal about how far the company has come and what the future will bring.



MOSAIC LAND DEVELOPMENT

"It was a big deal when we got our second one, and now we have all these," said Basaldua, pointing to a map of the company's projects.

Mosaic was founded in 2012 by Tom and Blake Yantis, the son and grandson, respectively, of John Yantis, the patriarch behind one of the city's oldest civil construction firms, Yantis Co. The company has revenue of \$61 million for 2017.

Mosaic's first project was an infill development called the Village at Vickery Grove off Hausman Road. The 82-home community's single-family, for-rent model was unique at the time. Since the community opened, Mosaic has been involved with the concept again — with a much larger 250-unit single-family, for-rent community called Pradera and with Hausman Grove.

While Pradera is being developed by AHV Communities, Mosaic was brought in to entitle, land plan, underwrite, and manage the lot delivery for the community. Homes in the development are currently coming on line.

Its other development, tentatively called Hausman Grove, is a 119-unit community featuring front-loaded houses with entrances on the street and alley-loaded houses with front entrances opening to community green space, like garden-style apartments would. The team at Mosaic hopes the community will be a good option for students and that the unique design will create a greater sense of community.

For Mosaic, the concept of single-family, for-rent communities presents a few unique advantages to more traditional community styles.

"It's a pretty nice alternative to the traditional apartment complexes. A lot of communities fight an apartment going in next to them. However, they don't feel as negative about something that looks and feels like a residential subdivision," Basaldua said.

And Tom Yantis said that unlike a traditional for-rent apartment community, an exit strategy for owners is selling the home to a resident.

"It also helps mitigate the cost of construction. When we sell a lot to a single-family builder, they can only sell it one time. With this for-rent model, it helps them absorb some additional cash flow on the lot before eventually selling, if they choose to," Yantis said.

Like Vickery Grove, Mosaic's first few projects were infill developments. However, the company eventually found its niche in the form of more difficult tracts that had stumped other developers. One example is the Village at Heritage Cove near I-10 and Huebner Road. Prior to Mosaic developing the property, another builder had been under contract on it for 14 months.

"We got a call from the landowner after the previous builder had finally exhausted all options, just saying, 'Hey, I need your help,'" Blake Yantis said.

The 20-acre lot presented a few challenges, including the cost of tree mitigation for some very large heritage oak trees and the local homeowners' association not allowing an entry way off the adjacent Southwell Road. Yantis said the team solved these problems in two ways. First, they created a unique coving design, or a nonuniform, curved street design that would enable them to protect the existing trees while increasing density. Second, they bought additional land off the existing property, enabling them to build an entrance off Research Drive further away.

While Mosaic has done these unique infill communities, it has also done traditional single-family developments. And since forming in 2012, the company has developed about 5,700 lots throughout South and Central Texas, creating almost \$1 billion in economic impact.

"We're definitely opportunity driven. If we see a piece of land that we think has legs, we're on it," Yantis said. "However, if we've had a mission in the last 12 to 18 months, it's been to identify more affordable options."

Seeking affordability has taken the company to new areas, such as New Braunfels, where it's developed almost 1,500 lots over four developments, including a new 215-lot development with AHV Communities called Creekside Farms and a 434-lot development with LGI Homes called Morningside Trails.

While Mosaic is heavily involved in single-family, it has dabbled in multifamily, hotel, storage and office projects. The company is building its next headquarters in Castle Hills at 6812 West Ave. at a new office park its calling Mosaic Oaks, which will feature a 8,643-square-foot, single-story office building along with a 10,087-square-foot, two-story office loft. Yantis said the smaller building has been completely presold and that his company will be taking half of the larger building. The company will be moving there in March.

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