



**RFP No. 12-025**  
**Downtown Redevelopment Opportunity**

**Presentation to:**  
**The City of McKinney**

**April 8, 2013**

**Contact: Lisa Stephens**  
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**401 Congress Ave., Suite 1540**  
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# Zenstar Development, LLC

## WHO WE ARE

- Mitchell M. Friedman- principal of Pinnacle Housing Group (PHG) and owner of Zenstar Development, LLC - office based in Austin, Texas
- PHG was Founded in 1997, portfolio over 6,000 units in 50 communities
- Has Never Failed to Complete a Development
- Long-Term Ownership
- Seamless- Turnkey Development Entity; Provides all Services from Conception through Operation
- Focus on Urban Core Development and Revitalization



## COMMITMENT TO TEXAS

- First development in Tyler - started development work in 2008
- Opened full-time staffed office in Austin in 2010
- Has secured multiple allocations of 9% HTC's from TDHCA
- Properties in Denton, Abilene, Tyler and Longview

# Financial Capacity & Strength

- Closed on nearly one billion dollars in affordable housing development financing
- **100% compliance** with all lender requirements on all properties
- **100% compliance** with regulatory & financial requirements
- Ability to secure equity investment & close on financing
- Secondary & soft financing

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# Experience

- **Mixed-Use Urban Core Development**
- **Construction Management**
- **Community Input**
- **TDHCA Application Process & Timeline**
- **Property Management & Leasing**
- **Green Building**



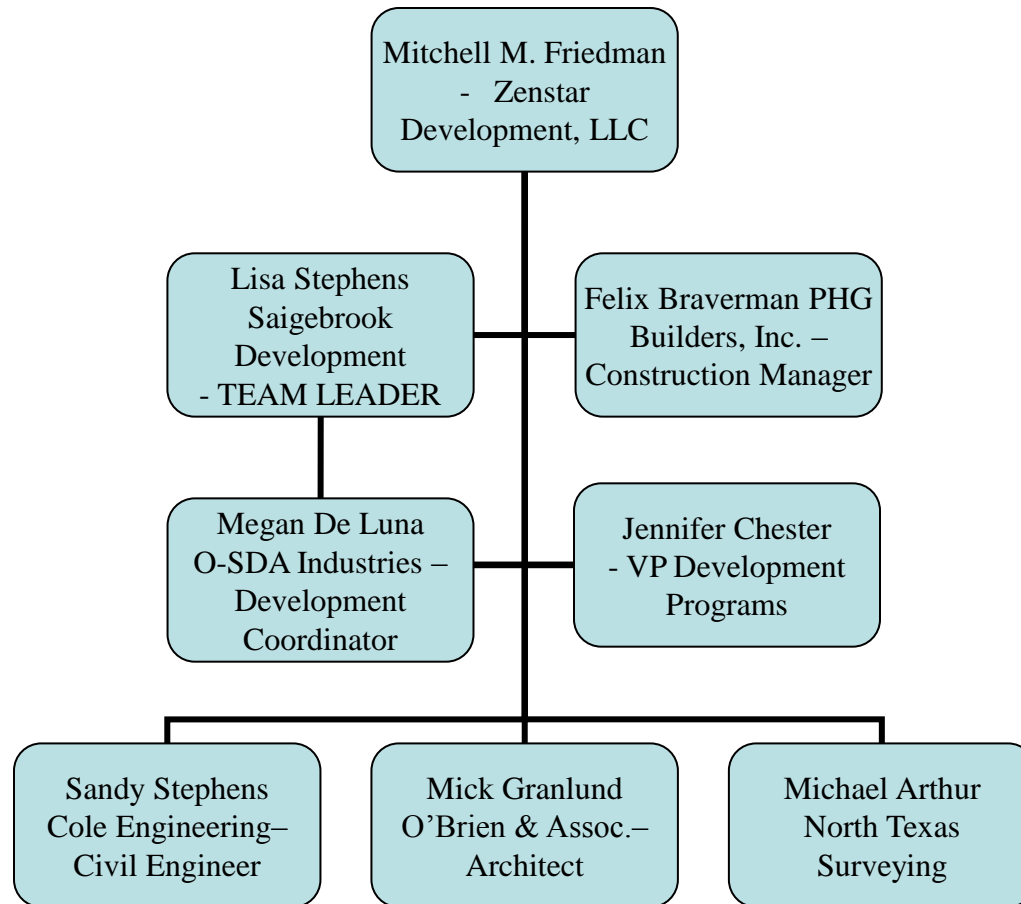
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# Proposed Development Team



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# Development Plan Highlights

- Urban style/compatibility
- Community connectivity
- Green building practices
- Residential, retail, office
- Structured parking option
- Amphitheater and Park Space
- Improved streetscape along Tennessee and Davis St
- Implementation of Town Center Study & Master Plan



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# Development Plan Options



1. Retain existing City building and reduce associated infrastructure required for proposed office buildings
2. Use of New Markets Tax Credits
3. Reduction of retail/commercial space
4. Postpone construction of garage structure

# Site Connectivity



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# Land Use Summary

## Development Item- By the Numbers

	Approximate Size of Structure (Sqft)	Amount of Land Utilized (Acres)	Percentage of Overall Parcel (%)
150+/- Multi-Family Residential Units	62,180 SF	1.81 AC	20.1%
300 Space Parking Garage	46,820 SF LVL 140,460 SF Total	1.42 AC	15.8%
Amphitheater/Park Space	—	2.24 AC	24.9%
Commercial / Retail Space	18,760 SF	.98 AC	10.9%
City Office Space	129,100 SF	2.55 AC	28.3%

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# Rents & Unit Sizes



AMI %	Number of Bedrooms			
	Studio	1	2	3
30	\$354	\$379	\$456	\$526
50	\$591	\$633	\$760	\$877
60	\$709	\$759	\$912	\$1,053
80	\$946	\$1,013	\$1,216	\$1,404

Number of Bedrooms	
Studio	550-650 sq ft
1 Bedroom	700-775 sq ft
2 Bedroom	875-975 sq ft
3 Bedroom	1150-1250 sq ft

**Rents include an allowance for utilities of \$108, \$139, \$163**

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# Aerial View from Hwy 5



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# Residential Concept Elevation 1



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# Residential Concept Elevation 2



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# City/Office Concept Elevation 1



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# City/Office Concept Elevation 2



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# Site Amenities

Outdoor Amphitheatre



Media/Recreation Room



Grilling and Picnic Stations



Fitness Center



Children's Playground



Business Center



# Unique Programs & Services

- **First time homeowner down payment assistance program**
  - Escrows 5% of rent for down payment assistance for qualifying residents
- **Green Certified Development**
  - Texas Green Built
  - Energy Star
- **Art in Public Places**
  - Use of local artisans, fosters community pride



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# Art in Public Places

Goodbread Hills



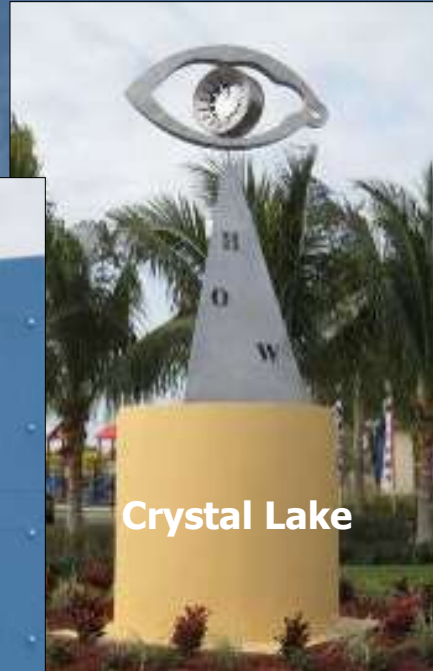
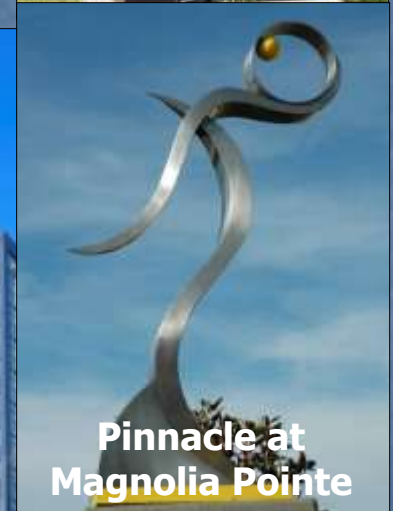
Pinnacle Village



Pinnacle Plaza



Pinnacle at Magnolia Pointe



Crystal Lake



Golden Square and Villas



Los Suenos



Friendship Tower

# Development Budget

**Development costs are approximately the same regardless of financing program utilized.**

## •ANTICIPATED USES

- \$12.6M Residential/Retail Buildings
- \$2.1M Infrastructure
- \$3.8M Garage
- \$1.3M Contingency
- \$6.5M Soft Costs
- \$26.3M TOTAL**

## •DEVELOPMENT PLAN

- 150 +/- Residential Units
- 300 Space Parking Garage
- Commercial/Retail Shell– 15,000 SF +/-
- Amphitheater/Park space
- EXCLUDED COSTS:**
- Office/City Buildings

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# Key Points – Financing Plan

- **Conservative planning & budgeting**
- **Shared Developer Fee – 10% of total paid Developer Fee**
- **City of McKinney Contribution – Parking Improvements, Street Improvements, Sustainable Development Grant**
- **Ground Lease: 80 year term, \$10 annual lease rate, Capital Lease pymt dependent on financing plan/syndication rate**
- **4% Housing Tax Credit/Bond Financing vs. 9% Housing Tax Credits**

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# Housing Tax Credits

- A financing tool that creates affordability utilizing market rate product
- Governed by the tax code – Section 42
- Provides incentive to develop rent/income restricted housing not otherwise provided in marketplace
- “Stepping Stone” program
- *Requires Long Term Ownership by Developer*
- Two options – Tax Exempt Bonds with 4% Housing Tax Credits or Conventional Financing with 9% Housing Tax Credits
- Time Line: 4% HTC/Bonds - Now  
9% HTC – March 2014 – Application to TDHCA

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# Benefit to City of McKinney

## • Financial Benefit

- 10% Paid Developer Fee (total fee \$3.0M)
- Projected Property Taxes \$31,800
- Capital Lease Payment – subject to financing
- Interest on Gap Financing – subject to structure

## • Land Use Benefit

- Increased Downtown Parking
- Affordable, Luxury-Styled Housing in Urban Core
- Increased Community Space; Park and Amphitheatre
- Improved Streetscape along Tennessee and Davis St
- Potential to Create a Landmark Building -Gateway for the Future Dart Station

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# Other Project Examples



**Perkins Rowe  
Baton Rouge, LA**

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Baton Rouge, LA**



**Kings Terrace  
Miami, FL**





## Q & A's



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