



Sphinx at Throckmorton Villas

A 219 Unit Affordable Mixed-Use Multifamily Development

SDC Throckmorton Villas, LP

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Executive Summary

Sphinx Development Corporation ('SDC') is proposing the development of ***Sphinx at Throckmorton Villas*** ('STV'), a mixed use/mixed multifamily affordable community of 219 apartment units and approximately 12,000 SF of commercial/retail space located at 820 East University Drive, McKinney, Collin County, Texas 75069.

SDC is seeking to partner with the McKinney Housing Finance Corporation ('McKinney HFC') on this development.

SDC estimates the development will cost approximately \$42.71 million: (eligible basis: \$38.03 million). Annual LIHTC from the development is estimated to be **\$1,632,067** priced at \$1 per credit.

The development will be owned by *SDC Throckmorton Villas, L.P.* Ownership interests will be held by an Investor Limited Partner ('ILP') **99.98%**, a Special Limited Partner **0.01%**, and **0.01%** by the GP.

The development will be financed from a combination of low income housing tax credits ('LIHTC'), tax exempt bonds and conventional loans:

- **\$15.89 million** in 4% LIHTC syndication proceeds sourced from the ILP;
- **\$28 million** in tax-exempt bonds issued by McKinney HFC during construction, paid down to **\$20.22 million** in primary debt post-construction;
- **\$2.13 million** in deferred developer fees;
- **\$3 million** TDHCA Multifamily Direct Loan.

Sources & Uses of Funds	
Permanent Loan	\$ 20,217,000
LIHTC	\$ 15,688,713
MDL Funds	\$ 3,000,000
MDL Funds Match	\$ 150,000
Deferred Development Fees	\$ 2,127,979
Total Sources of Funds	\$ 41,183,692
Acquisition Cost	\$ 1,425,000
Construction Costs (Hard & Soft)	\$ 30,317,980
Development Fees	\$ 4,769,828
Reserves	\$ 3,361,942
Financing Costs	\$ 1,308,942
Total Uses of Funds	\$ 41,183,692

The development will be comprised of 39 1BRs, 128 2BRs, 48 3BRs and 4 Live/Work units. 215 units (98%) will be affordable and marketed to families earning 50% to 60% of the area median income.

The Development will include an approximately 12,000 square foot retail space. Residents at the Development will enjoy a 6,000+ square foot club house equipped with a fitness center, business center and a community room. The Development will also offer a swimming pool, walking trail, barbecue/picnic areas, and controlled access to the property.

Unit Mix	# of Units	Size	Rent
1 BR/1BA	39	718 SF	\$ 768
2 BR/2BA	121	1,070 SF	\$ 915
3 BR/2BA	50	1,337 SF	\$ 1,055
Affordable Units	215	234,951 SF	\$ 202,524
L/W Units	4		
Retail Space		12,392 SF	
Other Income			\$ 15,562
GBA - Residential		249,211 SF	
GBA - Garage/Corr/Patios		66,542 SF	
TOTAL GBA		328,144 SF	
Potential Rental Income (PGI)			\$ 2,617,021
Less: Vacancy Allowance			\$ 196,277
Effective Gross Income (EGI)			\$ 2,420,745

Upon completion, the Development is projected to earn \$193,570 in cashflow after payment of expenses and debt service.

By the terms of the proposed partnership, McKinney HFC will be entitled to 25% of the developer fee and annual cashflow.



Proposed Terms - McKinney HFC/SDC	
City of McKinney/HFC Funds	\$ -
Ad Valorem Tax Abatement	\$ 1,581,667
Total City/HFC	\$ 1,581,667
Cash Benefits to HFC - 25% DF&CF	
Total Developer Fee	\$ 1,192,457
Cash portion - DevFee	\$ 660,462
Deferred portion - DevFee	\$ 531,995
Casflow Yr1~20	\$ 1,361,219
Total HFC	\$ 2,553,676

In addition, McKinney HFC will be required to:

- procure a 100% *ad valorem* tax abatement for the development;
- be the sole member of the General Partner, Throckmorton Villas Development GP, LLC (**GP**); and
- be the general contractor (of record) for the development (securing sales tax waivers on construction materials).

The development site which is approximately 12.75 acres, is within the McKinney Tax Increment Reinvestment Zone (**'TIRZ #1'**) and Brownfield Target Area (**'BTA'**): both programs drive economic investments. The site is also adjacent to the area under the Revitalization of the McKinney Downtown/Hwy 5 Corridor program. The Development will contribute to this revitalization efforts as well as benefit from the economic drive resulting from the TIRZ and BTA designation.

The site is currently zoned General Residential (RG-18) and ML (Light Manufacturing). A Planned Development Zoning application has been submitted to encompass the proposed development.

Annual Pro-Forma (@1.15 DCR)	
Effective Gross Income	\$ 2,420,745
Operating Expenses	\$ 879,492
Net Operating Income	\$ 1,541,252
Debt Service @ 5%	\$ 1,224,429
Operating Expense Ratio	36.3%
Projected Permanent Debt	\$ 20,217,000
Projected Annual Cashflow	\$ 193,570

Construction of the development will be controlled by SDC Construction, LLC (**'SDC Construction'**, wholly owned by SDC). Post-construction, the development will be managed by Sphinx Residential, LLC (**'Sphinx Residential'**, also wholly owned by SDC). Sphinx Residential currently manages approximately 1409 units within 10 projects, all developed by SDC. Construction guarantees for the development will be provided by SDC and its principals.

SDC is a Dallas based real estate development company committed to affordable housing provision, with specialization in LIHTC. Major accomplishments are recent with more than 1,409 housing units within ten (10) projects targeted to families at or below 60% of the Area Median Gross Income (**AMGI**).

Our team members have extensive professional experience working on LIHTC projects, Public Housing Initiatives and Bond Programs; and most have national meritorious awards to validate their respective competence. Over the years, SDC has consistently achieved significant successes, much of which is attributed to its development team members.

One of our developments, **Sphinx at Fiji Senior**, was a recipient of national honors for *Best Affordable Rental in 2011* and a National Association of Home Builders (**NAHB**) 50+ Housing Award Finalist. **Villas at Vanston Park**, our most recently completed development was featured in local newspapers for its innovative design with retail frontage and live/work units. In addition the development initiated and is paving the way for the City of Mesquite's Casa View Heights Neighborhood Revitalization Plan.