



RFP No. 12-025

Downtown Redevelopment Opportunity

Presentation to:
The City of McKinney

April 8, 2013

Contact: Lisa Stephens
352-213-8700
Lisa@saigebrook.com

Zenstar Development, LLC
401 Congress Ave., Suite 1540
Austin, TX 78701

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**

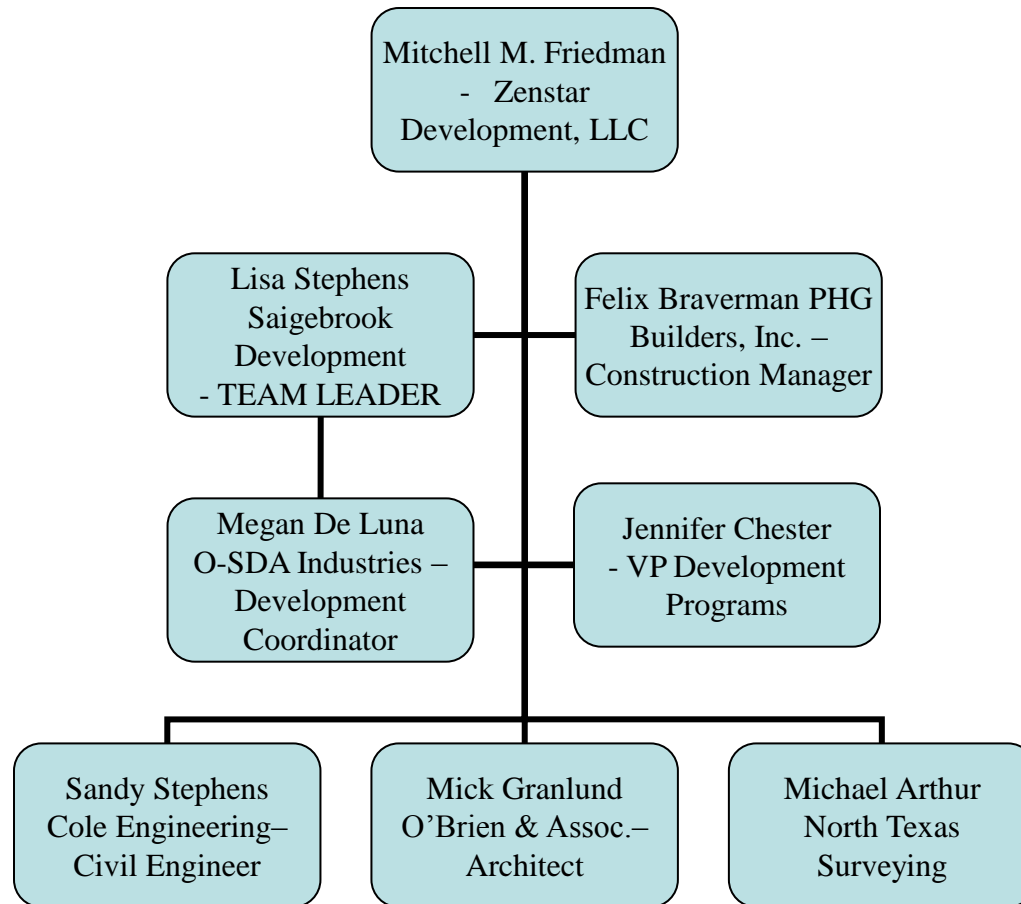


Commitment to Excellence

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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



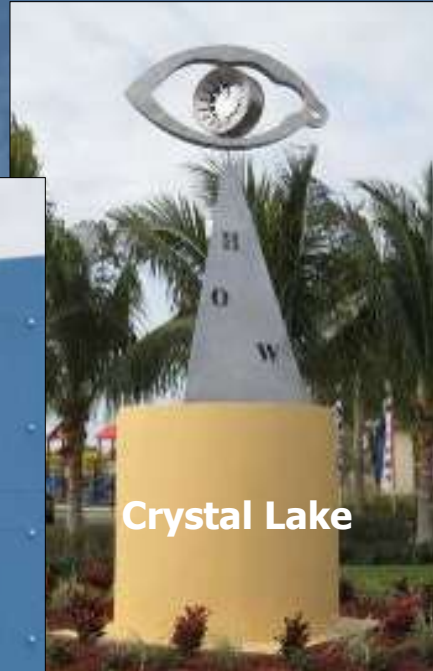
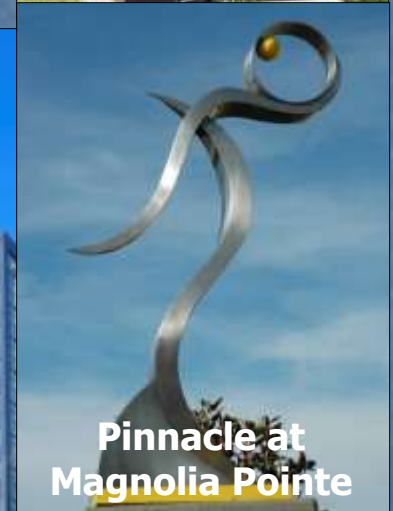
Pinnacle Village



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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