



# Presentation of Kinstead McKinney

**AUXANO**  
DEVELOPMENT

# Request of the MHA Board



APPROVAL TO SEND A PROPOSAL FOR CITY  
COUNCIL CONSIDERATION








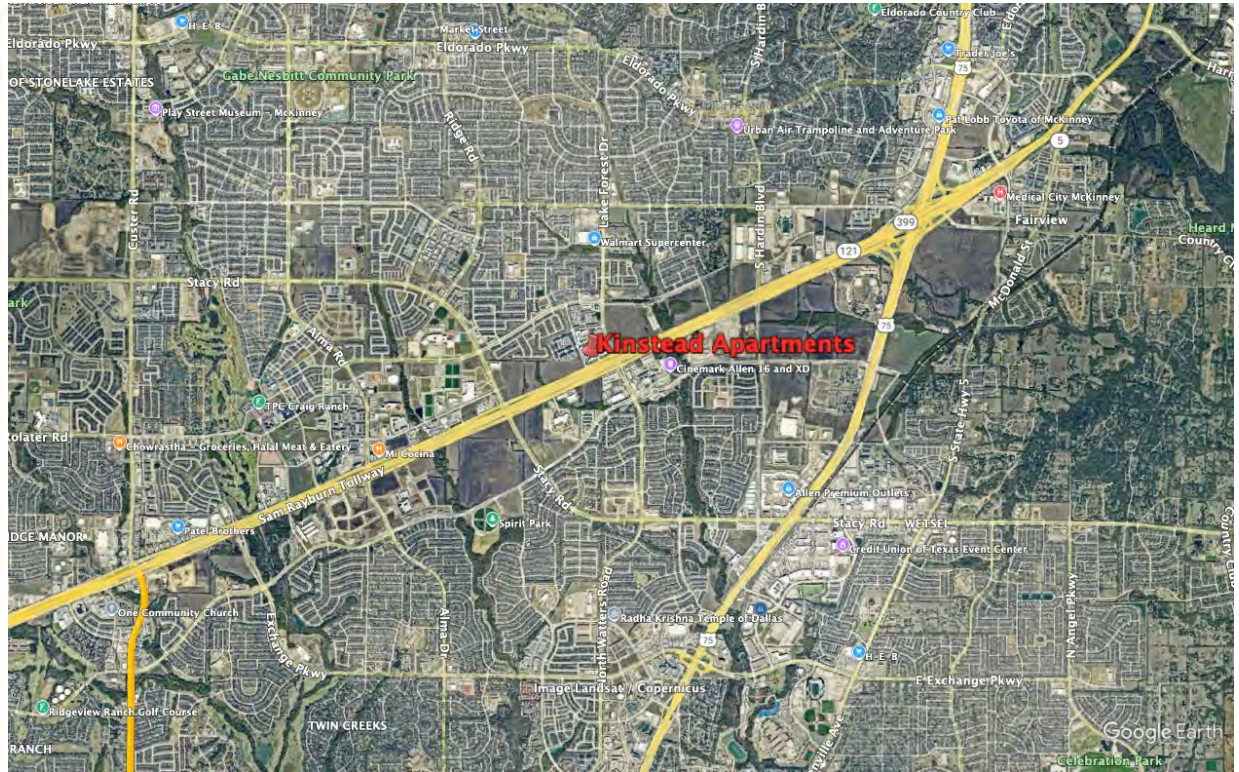
APPROVAL FOR LEGAL REVIEW



SUBJECT TO LEGAL REVIEW PRESENTATION  
TO THE BOARD FOR ACTION AT THE  
OCTOBER BOARD MEETING

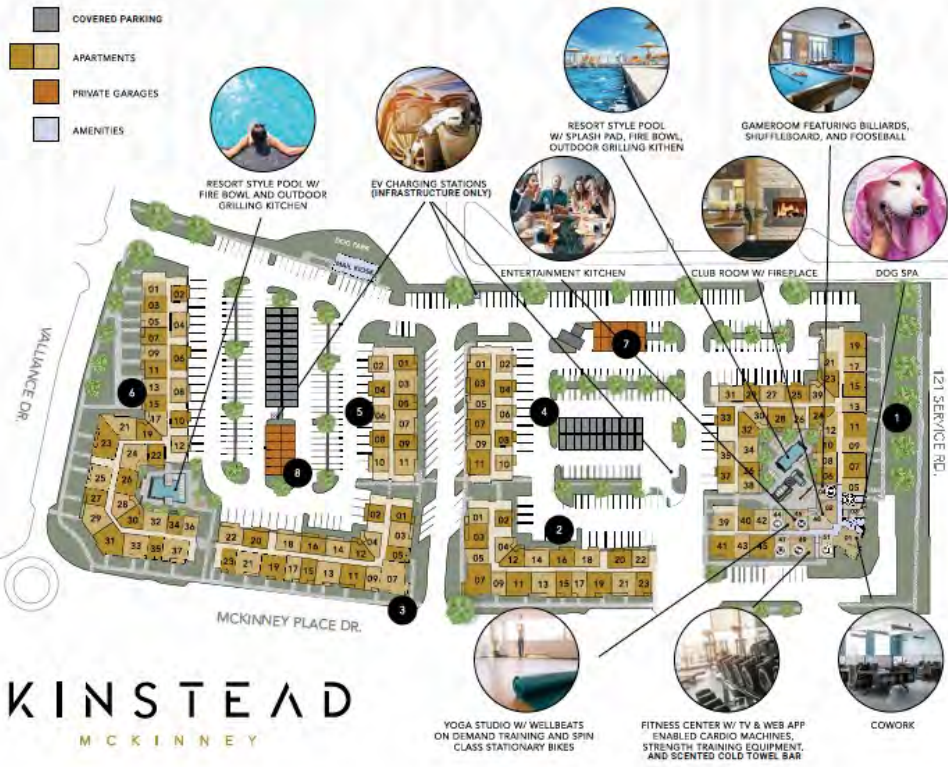
# PROPERTY DETAILS

	<b>5701 McKinney Place Dr. McKinney, TX 75070</b>
	<b>Year Built 2019</b>
	<b>Number of Units 376</b>
	<b>Net Rentable SF 343,972</b>
	<b>Average Unit Size 915 SF</b>



[www.kinsteadmckinney.com](http://www.kinsteadmckinney.com)

# SITE PLAN



## SELECT FLOORPLANS

STUDIO 1 BA | 554 SQFT



A1 1 BD | 1 BA | 665 SQFT



B1 2 BD | 2 BA | 1,050 SQFT



B2 2 BD | 2 BA | 1,149 SQFT



B3 2 BD | 2 BA | 1,252 SQFT



A2 1 BD | 1 BA | 908 SQFT



A3 1 BD | 1 BA | 839 SQFT



A4 1 BD | 1 BA | 747 SQFT



B4 2 BD | 2 BA | 1,175 SQFT



B5 2 BD | 2 BA | 1,285 SQFT



A5 1 BD | 1 BA | 836 SQFT



A6 1 BD | 1 BA | 855 SQFT



A7 1 BD | 1 BA | 930 SQFT



B6 2 BD | 2 BA | 1,367 SQFT



C1 3 BD | 2 BA | 1,543 SQFT



## APARTMENT AMENITIES

Smart Home Systems – Including Keyless Entry, Programmable Thermostats, and Leak Detectors	Front Loading Washer and Dryer
Hardwood Inspired Flooring Throughout *	Spacious Bedroom(s) and Bathroom(s)
Quartz Countertops	Walk-In Closet with Built-In Shelving
Undermount Kitchen Sink with Gooseneck Faucet	Double Vanity *
Tile Backsplash	Lighted Bathroom Mirror
Stainless Steel Appliances	Garden Tub
White Shaker Cabinets	Stand-Up Shower *
Under Cabinet LED Lighting	2-Inch Blinds
Recessed and Pendant Lighting	Smart Home Systems
	Private Yards and Large Balconies *

\* select units

## COMMUNITY AMENITIES

Leasing Office	Dog Park
Individual and Co-Working Spaces	Luxury Pet Spa
Complimentary Coffee Bar	On-Site Storage
Clubroom with Catering Kitchen	Attached Garages
Package Lockers	Detached Garages
Gaming Room	Carports
Top of the Line Fitness Center	Electrical Vehicle Charing Stations
On-Demand Yoga Studio	On-Site Courtesy Officer
2 Resort-Style Pools with Sundecks	24-Hour Emergency Maintenance
Grilling Stations	Monthly Resident Events











## Kalterra Capital Partners, LLC

**As a Dallas-based multifamily investment and development company, Kalterra Capital Partners has committed to understanding the local history, culture, and growth dynamics of the Dallas/Fort Worth area. This focus allows us to create meaningful contributions to the neighborhoods we invest in. By following a proven process that prioritizes efficient acquisition, thoughtful design, strong partnerships, and precise project execution, we work to generate long-term value while enhancing community identity.**

**In this spirit, Kalterra is especially excited about the opportunity to invest in McKinney, Texas—a city celebrated for its vibrant blend of historic charm and forward-looking growth. We appreciate the unique character McKinney offers, and we are committed to respecting and amplifying that quality. Our planned acquisition aligns perfectly with our mission to create value by fostering a sense of place, purpose, and opportunity in the communities we serve.**



## ABOUT US

### DEVELOP. PARTNER. BUILD.

Kalterra Capital Partners is a real estate developer focused on ground up development of multifamily and mixed-use properties. To date, we have developed over \$400 million worth of projects in Texas and look to continue these efforts through a proven process aimed at maximizing cash flow and long-term value through efficient acquisition, partnership, and project execution.



#### DEVELOP

Acquire opportunities through data driven and disciplined investment strategy.



#### PARTNER

Align ourselves with financial partners with well balanced partnerships.



#### BUILD

Design and build a first-class product tailored to our target market.

**KALTERRA**

## Clint Nolen, Managing Partner

Clint is a third-generation developer and has directly developed and/or co-developed projects in both renewable energy and high-end single-family construction. He is a co-founder of Kalterra Capital Partners and currently serves as Managing Partner and is responsible for project development. Clint has over 20 years of experience spanning energy, real estate, corporate finance, human resources, and business analysis. Separately, Clint supports wife and interior designer, Amy Nolen in the development and management of family-owned business, Nolen Homes & Interiors which focuses on design and



construction of high-end single-family homes in the Preston Hollow, Park Cities, and greater Dallas areas.

## Dean Lontos, Partner

Dean has over 30 years of experience in the areas of real estate acquisition, finance, development, and operations. He is a co-founder of Kalterra Capital Partners and provides strategic direction to its investment activities and operations. He concurrently serves as the Managing Partner of Bay Mountain Capital, an affiliated private lender. Previously, he co-founded and grew TriVest Residential to a portfolio of 5,000 apartment units and prior to that, he oversaw the asset management and transaction activities of a national portfolio of multifamily properties.



## Phillip Sanchez, Partner

Phil has over 35 years of experience in multiple areas of real estate, corporate finance, banking, business analysis, investment structuring, and administration. He is a co-founder of Kalterra Capital Partners LLC, and his responsibilities include oversight of financial reporting, human resources, legal, and investor relations. In addition, Phil serves a similar role and is a principal of Bay Mountain Capital LLC, a private lender that operates a pooled mortgage fund. Immediately prior to joining Bay Mountain Capital, Phil spent seventeen years in the corporate finance group of JC Penney in roles that included Vice President of Investor Relations, Vice President of Finance, and Assistant Treasurer.



## Existing Completed Developments

- Arden at Midtown GP





- Park Place - Waxahachie

# Building & Public Benefits Data

## Kinstead McKinney- Rent Benefit Analysis

Total Units	376
Unit Type	Total
Studio	1
1 Bedroom	232
2 Bedroom	136
3 Bedroom	7
	<u>376</u>

	30% AMI			Rent Savings		80% AMI			Rent Savings		Market Rents		100% Market Rents		
	Avg. Rent	Units	Benefit % Comp to Market	Monthly	Annually	Avg. Rent	Units	Benefit % Comp to Market	Monthly	Annually	Avg. Rent	Units	Units	Monthly	Annually
Studio	579		58%	0	0	1,544		-11%	0	0	1,390	1	1	1,390	16,680
1 BD	661	19	62%	20,102	241,224	1,764	99	-3%	0	0	1,719	114	232	398,808	4,785,696
2 BD	744	10	69%	16,700	200,400	1,986	59	18%	25,252	303,024	2,414	67	136	328,304	3,939,648
3 BD	827		73%	0	0	2,206	4	29%	3,640	43,680	3,116	3	7	21,812	261,744
<b>Total/Avg</b>		29	68%	36,802	441,624		162	15%	28,892	\$346,704	49.2%	185	376		\$8,987,088
<b>% of Units</b>		7.7%					43.1%				Rent				

Number of Workforce Units 191  
 Reduced Rent \$788,328



# Restricted Unit: Rent & Income Limits

- **Income Restrictions:**
  - 7.7% of the units will be restricted to 30% AMI
  - 43.1% of the units will be restricted at 80% AMI
  - 49.2% will be an unrestricted market rate for a mixed-income community.

Income Limits for 2024 (Based on 2024 AMI Income Limits)			
	30.00%	60.00%	80.00%
<b>1 Person</b>	23,160	46,320	61,760
<b>2 Person</b>	26,460	52,920	70,560
<b>3 Person</b>	29,790	59,580	79,440
<b>4 Person</b>	33,090	66,180	88,240
<b>5 Person</b>	35,730	71,460	95,280
<b>6 Person</b>	38,370	76,740	102,320
(Based on 2024 AMI Income Limits)			
Bedrooms (People)	30.00%	60.00%	80.00%
<b>Efficiency (1.0)</b>	579	1,158	1,544
<b>1 Bedroom (2.0)</b>	661	1,323	1,764
<b>2 Bedrooms (3.0)</b>	744	1,489	1,986
<b>3 Bedrooms (4.0)</b>	827	1,654	2,206



**Kinstead McKinney- 10 Year Proforma**

	At Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Current Gross Potential Market Rent</b>	\$8,987,088	\$9,364,546	\$9,757,857	\$10,167,687	\$10,594,729	\$11,039,708	\$11,503,376	\$11,986,518	\$12,489,951	\$13,014,529	\$13,561,140
<b>Rent trending percentage</b>	4%										
	<b>Initial Conversion</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
<b>Gross Potential Rent - Program Rent</b>	<b>\$8,198,760</b>	<b>\$8,514,412</b>	<b>\$8,842,217</b>	<b>\$9,182,642</b>	<b>\$9,536,174</b>	<b>\$9,903,317</b>	<b>\$10,284,595</b>	<b>\$10,680,552</b>	<b>\$11,091,753</b>	<b>\$11,518,785</b>	<b>\$11,962,258</b>
Vacancy	(\$409,938)	(\$425,721)	(\$442,111)	(\$459,132)	(\$476,809)	(\$495,166)	(\$514,230)	(\$534,028)	(\$554,588)	(\$575,939)	(\$598,113)
Non-Revenue	(\$120,038)	(\$125,080)	(\$130,333)	(\$135,807)	(\$141,511)	(\$147,454)	(\$153,647)	(\$160,101)	(\$166,825)	(\$173,831)	(\$181,132)
Bad Debt	(\$37,228)	(\$79,636)	(\$82,698)	(\$85,877)	(\$89,179)	(\$92,607)	(\$96,167)	(\$99,864)	(\$103,703)	(\$107,690)	(\$111,830)
Other Income	\$287,747	\$299,832	\$312,425	\$325,547	\$339,220	\$353,467	\$368,313	\$383,782	\$399,900	\$416,696	\$434,198
Utility Reimbursements	\$553,480	\$570,084	\$587,187	\$604,802	\$622,946	\$641,635	\$660,884	\$680,710	\$701,131	\$722,165	\$743,830
<b>EGI</b>	<b>\$8,472,782</b>	<b>\$8,753,892</b>	<b>\$9,086,687</b>	<b>\$9,432,175</b>	<b>\$9,790,842</b>	<b>\$10,163,191</b>	<b>\$10,549,747</b>	<b>\$10,951,051</b>	<b>\$11,367,669</b>	<b>\$11,800,186</b>	<b>\$12,249,211</b>
Controllable Expenses	\$1,674,119	\$1,724,343	\$1,776,073	\$1,829,355	\$1,884,236	\$1,940,763	\$1,998,986	\$2,058,955	\$2,120,724	\$2,184,346	\$2,249,876
Franchise & Excise Taxes	\$28,045	\$28,975	\$30,077	\$31,221	\$32,408	\$33,640	\$34,920	\$36,248	\$37,627	\$39,059	\$40,545
MAHDC Lease Fees	\$100,000	\$100,000	\$103,000	\$106,090	\$109,273	\$112,551	\$115,927	\$119,405	\$122,987	\$126,677	\$130,477
MAHDC Acq & Disp Fee	\$682,500	\$682,500	-	-	-	-	-	-	-	-	-
MAHDC Legal Fee	\$125,000	\$125,000									
MAHDC Financial Fee	\$95,000	\$95,000									
MAHDC Compliance Fee	\$47,000	\$47,000	\$48,410	\$49,862	\$51,358	\$52,899	\$54,486	\$56,120	\$57,804	\$59,538	\$61,324
Insurance	\$353,260	\$363,858	\$374,774	\$386,017	\$397,598	\$409,526	\$421,811	\$434,466	\$447,500	\$460,925	\$474,753
Management Fee	\$191,097	\$262,617	\$272,601	\$282,965	\$293,725	\$304,896	\$316,492	\$328,532	\$341,030	\$354,006	\$367,476
<b>Total Operating Expenses</b>	<b>\$3,296,021</b>	<b>\$3,429,293</b>	<b>\$2,604,935</b>	<b>\$2,685,510</b>	<b>\$2,768,597</b>	<b>\$2,854,274</b>	<b>\$2,942,623</b>	<b>\$3,033,726</b>	<b>\$3,127,672</b>	<b>\$3,224,550</b>	<b>\$3,324,451</b>
Capital Reserves	\$188,000	\$195,896	\$204,124	\$212,697	\$221,630	\$230,939	\$240,638	\$250,745	\$261,276	\$272,250	\$283,684
<b>NOI</b>	<b>\$4,988,761</b>	<b>\$5,128,703</b>	<b>\$6,277,629</b>	<b>\$6,533,968</b>	<b>\$6,800,615</b>	<b>\$7,077,979</b>	<b>\$7,366,486</b>	<b>\$7,666,580</b>	<b>\$7,978,721</b>	<b>\$8,303,387</b>	<b>\$8,641,075</b>
<b>Less: Debt</b>	<b>(\$4,690,000)</b>	<b>(\$4,690,000)</b>	<b>(\$4,690,000)</b>	<b>(\$4,690,000)</b>	<b>(\$4,690,000)</b>	<b>(\$4,690,000)</b>	<b>(\$4,690,000)</b>	<b>(\$4,690,000)</b>	<b>(\$4,690,000)</b>	<b>(\$4,690,000)</b>	<b>(\$4,690,000)</b>
<b>Less: Investor Return</b>	<b>(\$2,200,000)</b>	<b>(\$2,200,000)</b>	<b>(\$2,200,000)</b>	<b>(\$2,200,000)</b>	<b>(\$2,200,000)</b>	<b>(\$2,200,000)</b>	<b>(\$2,200,000)</b>	<b>(\$2,200,000)</b>	<b>(\$2,200,000)</b>	<b>(\$2,200,000)</b>	<b>(\$2,200,000)</b>
<b>Income</b>	<b>(\$1,901,239)</b>	<b>(\$1,761,297)</b>	<b>(\$612,371)</b>	<b>(\$356,032)</b>	<b>(\$89,385)</b>	<b>\$187,979</b>	<b>\$476,486</b>	<b>\$776,580</b>	<b>\$1,088,721</b>	<b>\$1,413,387</b>	<b>\$1,751,075</b>

**NOTE:**

Use same trending method for both Market Rents and Program Rents and state your trending percentage

Please provide RR supporting Acquisition Market Rents

Assume a vacancy factor 5%

\$72.8MM Senior Note at 5% Amortizing

\$22MM in Equity at 10%



# Public Benefits Analysis

## Kinstead McKinney - McKinney Housing Authority

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>
<b>Tax Savings Calculation</b>										
<b>Project estimated Tax Savings</b>	\$1,474,858	\$1,511,730	\$1,549,523	\$1,588,261	\$1,627,967	\$1,668,667	\$1,710,383	\$1,753,143	\$1,796,971	\$1,841,896
<b>Total project estimated Tax Benefit</b>	<b>\$16,523,399</b>									
<b>McKinney Housing Authority Benefit Calculation</b>										
Market Rate Gross Potential Rent	\$8,987,088	\$9,364,546	\$9,757,857	\$10,167,687	\$10,594,729	\$11,039,708	\$11,503,376	\$11,986,518	\$12,489,951	\$13,014,529
Blended PFC Gross Potential Rent	\$8,198,760	\$8,514,412	\$8,842,217	\$9,182,642	\$9,536,174	\$9,903,317	\$10,284,595	\$10,680,552	\$11,091,753	\$11,518,785
Community Rent Benefit	\$11,152,781	\$788,328	\$850,133	\$915,639	\$985,044	\$1,058,555	\$1,136,391	\$1,218,781	\$1,305,966	\$1,398,199
% of Rent Savings	67%	53%								
<b>Capital Improvements</b>	-	-	-	-	-	-	-	-	-	-
	Terms									
MHA Annual Lease	7%	\$100,000	\$103,000	\$106,090	\$109,273	\$112,551	\$115,927	\$119,405	\$122,987	\$126,677
MHA Acquisition Fee	50bps	\$455,000	-	-	-	-	-	-	-	-
MHA Compliance Fee		\$47,000	\$48,410	\$49,862	\$51,358	\$52,899	\$54,486	\$56,120	\$57,804	\$59,538
MHA Professional Fees		\$220,000								\$61,324
MHA Disposition Fee	1.0%	-	-	-	-	-	-	-	-	\$1,347,735
<b>Total PHA Benefit</b>		<b>\$1,610,328</b>	<b>\$1,001,543</b>	<b>\$1,071,592</b>	<b>\$1,145,675</b>	<b>\$1,224,005</b>	<b>\$1,306,804</b>	<b>\$1,394,307</b>	<b>\$1,486,758</b>	<b>\$1,584,414</b>
<b>Total MHA Benefit</b>		<b>\$14,860,706</b>								
<b>% of Tax Benefit</b>		<b>90%</b>								
<b>% of Tax Benefit less disposition</b>		<b>82%</b>								



**Kinstead McKinney- "But For" 10 Year Proforma**

	At Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Current Gross Potential Market Rent	\$8,987,088	\$9,364,546	\$9,757,857	\$10,167,687	\$10,594,729	\$11,039,708	\$11,503,376	\$11,986,518	\$12,489,951	\$13,014,529	\$13,561,140
Rent trending percentage	4%										
	Initial Conversion	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Potential Rent - Program Rent	\$8,198,760	\$8,514,412	\$8,842,217	\$9,182,642	\$9,536,174	\$9,903,317	\$10,284,595	\$10,680,552	\$11,091,753	\$11,518,785	\$11,962,258
Vacancy	(\$409,938)	(\$425,721)	(\$442,111)	(\$459,132)	(\$476,809)	(\$495,166)	(\$514,230)	(\$534,028)	(\$554,588)	(\$575,939)	(\$598,113)
Non-Revenue	(\$120,038)	(\$125,080)	(\$130,333)	(\$135,807)	(\$141,511)	(\$147,454)	(\$153,647)	(\$160,101)	(\$166,825)	(\$173,831)	(\$181,132)
Bad Debt	(\$37,228)	(\$79,636)	(\$82,698)	(\$85,877)	(\$89,179)	(\$92,607)	(\$96,167)	(\$99,864)	(\$103,703)	(\$107,690)	(\$111,830)
Other Income	\$287,747	\$299,832	\$312,425	\$325,547	\$339,220	\$353,467	\$368,313	\$383,782	\$399,900	\$416,696	\$434,198
Utility Reimbursements	\$553,480	\$570,084	\$587,187	\$604,802	\$622,946	\$641,635	\$660,884	\$680,710	\$701,131	\$722,165	\$743,830
EGI	\$8,472,782	\$8,753,892	\$9,086,687	\$9,432,175	\$9,790,842	\$10,163,191	\$10,549,747	\$10,951,051	\$11,367,669	\$11,800,186	\$12,249,211
Controllable Expenses	\$1,674,119	\$1,724,343	\$1,776,073	\$1,829,355	\$1,884,236	\$1,940,763	\$1,998,986	\$2,058,955	\$2,120,724	\$2,184,346	\$2,249,876
Franchise & Excise Taxes	\$28,045	\$28,975	\$30,077	\$31,221	\$32,408	\$33,640	\$34,920	\$36,248	\$37,627	\$39,059	\$40,545
MAHDC Lease Fees	-	-	-	-	-	-	-	-	-	-	-
MAHDC Acq & Disp Fee	-	-	-	-	-	-	-	-	-	-	-
MAHDC Legal Fee	-	-	-	-	-	-	-	-	-	-	-
MAHDC Financial Fee	-	-	-	-	-	-	-	-	-	-	-
MAHDC Compliance Fee	-	-	-	-	-	-	-	-	-	-	-
Insurance	\$353,260	\$363,858	\$374,774	\$386,017	\$397,598	\$409,526	\$421,811	\$434,466	\$447,500	\$460,925	\$474,753
Real Estate Taxes	\$1,474,858	\$1,474,858	\$1,511,730	\$1,549,523	\$1,588,261	\$1,627,967	\$1,668,667	\$1,710,383	\$1,753,143	\$1,796,971	\$1,841,896
Management Fee	\$191,097	\$262,617	\$272,601	\$282,965	\$293,725	\$304,896	\$316,492	\$328,532	\$341,030	\$354,006	\$367,476
Total Operating Expenses	\$3,721,379	\$3,854,651	\$3,965,254	\$4,079,081	\$4,196,227	\$4,316,792	\$4,440,876	\$4,568,584	\$4,700,024	\$4,835,306	\$4,974,546
Capital Reserves	\$188,000	\$195,896	\$204,124	\$212,697	\$221,630	\$230,939	\$240,638	\$250,745	\$261,276	\$272,250	\$283,684
NOI	\$4,563,403	\$4,703,345	\$4,917,309	\$5,140,397	\$5,372,985	\$5,615,461	\$5,868,233	\$6,131,722	\$6,406,369	\$6,692,630	\$6,990,981
Less: Debt	(\$4,961,000)	(\$4,961,000)	(\$4,961,000)	(\$4,961,000)	(\$4,961,000)	(\$4,961,000)	(\$4,961,000)	(\$4,961,000)	(\$4,961,000)	(\$4,961,000)	(\$4,961,000)
Net Income	(\$397,597)	(\$257,655)	(\$43,691)	\$179,397	\$411,985	\$654,461	\$907,233	\$1,170,722	\$1,445,369	\$1,731,630	\$2,029,981
Less: Investor Return	-	-	-	\$179,397	\$411,985	\$654,461	\$907,233	\$1,170,722	\$1,445,369	\$1,540,000	\$1,540,000
Investor Accrual	(\$1,540,000)	(\$3,080,000)	(\$4,620,000)	(\$5,980,603)	(\$7,108,618)	(\$7,994,157)	(\$8,626,924)	(\$8,996,202)	(\$9,090,833)	(\$8,899,202)	(\$8,409,221)

**NOTE:**

Use same trending method for both Market Rents and Program Rents and state your trending percentage

Please provide RR supporting Acquisition Market Rents

Assume a vacancy factor 5%

\$72.8MM Senior Note at 5.5% Amortizing - No discount from Lender  
 \$22MM in Equity at 7% - Social Impact Investor Return or \$1,540,000  
 The Equity Investor will not receive original investment until years later

# Scoring Matrix – Developer Responses – Consultants Scoring

Development Partner and Project Evaluation Factors	Points
<p data-bbox="363 626 789 683"><b>Development/Management Team Experience</b></p> <p data-bbox="350 721 833 1214">Kalterra Capital Partners is a Dallas-based, private real estate development firm focusing multifamily development, acquisitions, and asset management. We have developed over 1,200 units since 2016 and are committed to creating meaningful contributions to the neighborhoods we invest in. By following a proven process that prioritizes efficient acquisition, thoughtful design, strong partnerships, and precise project execution, we work to generate long-term value while enhancing community identity.</p>	<p data-bbox="919 626 968 662">10</p>

	Points
<p data-bbox="1119 621 1482 651"><b>Proposed Project Feasibility</b></p> <p data-bbox="1108 695 1602 1008">Without the MHA’s involvement and provision of property tax exemption for Kinstead, it would not be possible or financially feasible to acquire the project as currently presented or with any level of affordability. The MHA’s involvement and provision of property tax exemption are the key factors in making this project feasible.</p>	<p data-bbox="1680 626 1728 662">10</p>

## Scoring Matrix – continued

Development Partner and Project Evaluation Factors	Points
<p><b>Financing Structure</b></p> <p>1. Reimbursement of MHA's Predevelopment Fees and Expenses (up to 10 points)</p> <p>As part of this execution, Kalterra Capital Partners has paid the \$5,000 RFQ fee and will reimburse MHA for legal fees of up to \$125,000 and a financial advisor fee of up to \$95,000.</p>	10
<p>2. MHA Share of Development Fee and/or Acquisition Fee (up to 10 points)</p> <p>MHA will receive an upfront acquisition fee of 0.50% of the acquisition price of \$450,000.</p>	9

	Points
<p>3. MHA Share of Fees and Cash Flow from Operations (up to 10 points)</p> <p>MHA will receive an annual \$100,0000 ground lease growing at 3% and the annual required compliance fee of \$47,000.</p>	9
<p>4. MHA Share of Proceeds from Sale or Refinancing and Right of First Refusal (up to 10 points)</p> <p>MHA will receive 1.0% of the disposition (sale price) and the right to purchase the project as Equitable Ownership Ch. 392 requires.</p>	8

## Scoring Matrix – continued

Development Partner and Project Evaluation Factors	Points
<p><b>Affordability</b></p> <p>1. Stringency of Affordability Restrictions (up to 10 points)</p> <p>Kinstead will be 50.8% affordable to residents earning 80% AMI or lower: 43.1% of residents at 80% AMI, <u>7.7% of residents at 30% AMI.</u></p>	10
<p>2. Income Targeting and Availability of Units for MHA’s Section 8 Housing Choice Voucher Holders and Applicants (up to 10 points)</p> <p>Kalterra Capital Partners has deep experience in housing residents with Section 8 Housing Choice Vouchers. All voucher holders will be welcome to the property.</p>	10

	Points
<p>3. Duration of Affordability Restrictions (up to 10 points)</p> <p>Affordability Restrictions will run concurrently with the length of the ground lease.</p>	10

# Scoring Matrix – continued

Development Partner and Project Evaluation Factors	Points
<p>4. Unit Mix Sufficient to House Families with Children in Affordable Units (up to 10 points)</p> <p>Kalterra Capital Partners has set aside an equitable number of large one-bedroom, two-bedroom, and three-bedroom affordable residences to accommodate families with children. The number of three bedrooms is low but consistent with the period the property was built.</p>	<p>8</p>

	Points
<p><b>Property Location and Features</b></p> <p>1. Location Aimed at Deconcentrating Poverty (up to 10 points)</p> <p>Kinstead is located in a portion of McKinney where the average home value exceeds \$500,000, and the average household income exceeds \$160,000 within a 1-mile radius. Introducing a mix of low—and very low-income residences to this area deconcentrates poverty from parts of the city, reflecting a lower-income demographic.</p>	<p>10</p>

# Scoring Matrix – continued

Development Partner and Project Evaluation Factors	Points
<p>2. Quality Design of Units, with Amenities and Resident Services On-Site or in Proximity to Property Location (up to 10 points)</p> <p>Kinstead offers premier amenities and shared spaces for residents to enjoy. The property boasts convenient access to Sam Rayburn Hwy and I-75, placing it just minutes away from key employment centers such as Richardson's CityLine, Plano's Legacy West, The Star in Frisco, and Allen's Watters Creek Village.</p>	<p>10</p>

Financial Responsibility / Capacity of Development Partner	Points
<p>Kalterra Capital Partners maintains a strong financial position, backed by a proven track record of successful real estate developments. With a portfolio that includes over 1,200 high-quality residential units developed since its inception, the firm has demonstrated consistent financial discipline and operational expertise. Our financial stability has allowed us to continue expanding our portfolio while delivering strong performance in both development and asset management.</p>	<p>10</p>



## Scoring Matrix – continued

Development Partner Team References	Points
<p>1. Jon Minjoe, CEO Entrepreneur’s Organization Dallas, TX Jon.minjoe@codallas.org</p> <p>2. Aaron Stearns, Principal and Managing Director VestaPoint Winter Park, FL astearns@vestapoint.com</p> <p>3. Matt Wilson, Vice President Frost Bank Dallas, TX Matt.Wilson@frostbank.com</p>	10

	Points
<p><b>MBE/WBE/Section 3 Plans</b></p> <p>Kalterra Capital Partners has a proven track record of meeting or exceeding Section 3/MBE/WBE requirements and continually works to ensure that vendors, partners, and subcontractors share the goal of providing the residents, local businesses, and area residents with the opportunity to share in the economic benefits generated by housing developments in their community. Please see page 35 of the RFQ submission for more details.</p>	10
<p><b>Total Points Possible</b></p>	144

# Summary

## Property

Kinstead McKinney

Built: 2019

Units: 376 Units

1 – Studio Unit

232 – One Bedroom Units

136 – Two Bedroom Units

7 – Three Bedroom Units

Current Property Profile

Class A – Well Maintained

## McKinney Housing Authority Benefits

- **Restricted Rents on 51.2% or (191 units) of the Property**
  - 7.7% or (29) units @ 30% AMI
  - 43% or (162) units @ 80% AMI
  - Projected \$788K or 53% n Rent Savings in Year 1
  - Total Projected Rents Savings over 10-Years trending \$11.2MM
- **Economics**
  - Acquisition Fee: \$435K
  - Total Fees Projected over 10-Years: \$3.7M (including Acquisition Fee)
  - Total Fees Projected without Disposition Fee: \$2.37MM
  - Disposition Fee: \$1.35MM
- **Public Benefits Analysis: 90%**
- **Public Benefits Analysis (less Disposition Fee): 82%**

## APARTMENT AMENITIES

Smart Home Systems – Including Keyless Entry, Programmable Thermostats, and Leak Detectors	Front Loading Washer and Dryer
Hardwood Inspired Flooring Throughout *	Spacious Bedroom(s) and Bathroom(s)
Quartz Countertops	Walk-In Closet with Built-In Shelving
Undermount Kitchen Sink with Gooseneck Faucet	Double Vanity *
Tile Backsplash	Lighted Bathroom Mirror
Stainless Steel Appliances	Garden Tub
White Shaker Cabinets	Stand-Up Shower *
Under Cabinet LED Lighting	2-Inch Blinds
Recessed and Pendant Lighting	Smart Home Systems
	Private Yards and Large Balconies *

\* select units

## COMMUNITY AMENITIES

Leasing Office	Dog Park
Individual and Co-Working Spaces	Luxury Pet Spa
Complimentary Coffee Bar	On-Site Storage @ \$50
Clubroom with Catering Kitchen	Attached Garages @ \$200
Package Lockers	Detached Garages @ \$160
Gaming Room	Carports @ \$50
Top of the Line Fitness Center	Electrical Vehicle Charing Stations
On-Demand Yoga Studio	On-Site Courtesy Officer
2 Resort-Style Pools with Sundecks	24-Hour Emergency Maintenance
Grilling Stations	Monthly Resident Events

# Recommendation

Auxano recommends moving forward in partnership with Kalterra Capital Partners for the Section 392 acquisition of Kinstead McKinney. This development shows strong Public Benefit Metrics.

Public Benefit Metrics are calculated using the higher average 2024 Collin County Appraisal District Values and Tax Rates and the estimated Tax Appeal Value. We arrived at an average real estate tax amount of \$1,474,858.

- First-year Stabilized AMI Rent savings total \$753,516, approximately 51% of the ad valorem tax.
- This is a Class A, well-maintained property with superior amenities and excellent access to local jobs.
- The Development Partnership strategically produces 7.7% (29 Units) at 30% AMI, and 43.1% (162 Units) at 80% AMI. This thoughtful unit distribution ensures the previously mentioned \$778,334 will be rental savings for these 191 units, further enhancing the project's long-term success.
- The overall Public Benefit to the community is 92% of the project ad valorem taxes over 10 years. Industry averages are approximately 88%. (note there are various industry methods and public benefits calculations used across the state)
- If you eliminate the Disposition Fee, the Public Benefit remains strong at 77% of the ad valorem taxes. Industry averages are approximately 60%. (note there are various industry methods and public benefits calculations used across the state)
- The Developer scored 144 out of 150 or 96% on the Development Partner and Project Evaluation Factors.

# Questions?