



City of Dallas Public Facility Corporation
Sante Fe Trail at Haskell
General Partner Revenue/Property Tax Abatement Analysis - Workforce Housing
Draft as of 10/30/2023



Total Project Cost
\$64,643,024

| | |
|---|-------------------------|
| General Partner - Acquisition Fee or Upfront Fee | 250,000.00 |
| General Partner - (Annual Lease Payment) | \$ 5,294,430.96 |
| General Partner - GP (15% of Net Sale Proceeds) First Sale | |
| General Partner - GP (2% of Gross Sale Price) Subsequent Sale | |
| Total GP Partnership Related Revenues | \$ 5,544,430.96 |
| 15 Year Rent Subsidy | \$ 11,829,801.98 |
| GP Revenues + Rent Subsidy | \$ 17,374,232.94 |
| Estimate of Taxes Abated | \$19,989,146.27 |
| Mil Rate | 2.294781% |
| Cap Rate | 6.50% |
| 20% of Estimate of Taxes Abated | \$7,995,658.51 |

Footnote:

| | | |
|----|---|---------------|
| a. | Total Cash Flow based off of "04. Operating Proforma" numbers = | 16,181,037.00 |
| | Partnership Expenses = | 5,294,430.96 |
| | Cash Flow Remaining = | 10,886,606.04 |

Property Tax Abatement Analysis



Dallas Public Facility Corporation
Sante Fe Trail at Haskell
Estimated Property Taxes Abated



| | |
|------------------------|------------|
| Total Cost | 64,643,024 |
| 80% of Estimated Value | 51,714,419 |
| Mil Rate | 2.29478% |
| Cap Rate | 6.50% |
| Loaded Cap | 8.79478% |

| Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | Total |
|-----------------------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------------|
| NOI | 542,148 | 3,694,227 | 4,558,215 | 4,694,961 | 4,835,809 | 4,980,884 | 5,130,311 | 5,284,220 | 5,442,746 | 5,606,029 | 5,774,209 | 5,947,436 | 6,125,859 | 6,309,634 | 6,498,924 | 75,425,612 |
| NOI/Loaded Taxable Value | 6,164,429 | 42,004,764 | 51,828,636 | 53,383,490 | 54,984,985 | 56,634,543 | 58,333,584 | 60,083,588 | 61,886,089 | 63,742,679 | 65,654,949 | 67,624,606 | 69,653,343 | 71,742,935 | 73,895,234 | 857,617,853 |
| taxable * mil = total taxes | 141,460 | 963,917 | 1,189,354 | 1,225,034 | 1,261,785 | 1,299,639 | 1,338,628 | 1,378,787 | 1,420,150 | 1,462,755 | 1,506,637 | 1,551,837 | 1,598,392 | 1,646,343 | 1,695,734 | 19,680,452 |

| | | | | | | | | | | | | | | | | |
|------------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Current Property Taxes | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15% | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

Current Assessed Value

| | | \$1,301,160 | | | | | | | | | | | | | | | |
|-----------------------|------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| Taxing Authority | Mil Rate | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | Total |
| DALLAS | 0.735700% | \$9,572.63 | 9,859.81 | 10,155.61 | 10,460.28 | 10,774.08 | 11,097.31 | 11,430.23 | 11,773.13 | 12,126.33 | 12,490.12 | 12,864.82 | 13,250.76 | 13,648.29 | 14,057.74 | 14,479.47 | 163,561 |
| DALLAS ISD | 1.013835% | \$13,191.62 | 13,587.36 | 13,994.98 | 14,414.83 | 14,847.28 | 15,292.70 | 15,751.48 | 16,224.02 | 16,710.74 | 17,212.07 | 17,728.43 | 18,260.28 | 18,808.09 | 19,372.33 | 19,953.50 | 225,396 |
| DALLAS COUNTY | 0.215718% | \$2,806.84 | 2,891.04 | 2,977.77 | 3,067.11 | 3,159.12 | 3,253.89 | 3,351.51 | 3,452.05 | 3,555.62 | 3,662.28 | 3,772.15 | 3,885.32 | 4,001.88 | 4,121.93 | 4,245.59 | 47,959 |
| DALLAS COLLEGE | 0.110028% | \$1,431.64 | 1,474.59 | 1,518.83 | 1,564.39 | 1,611.32 | 1,659.66 | 1,709.45 | 1,760.74 | 1,813.56 | 1,867.97 | 1,924.00 | 1,981.73 | 2,041.18 | 2,102.41 | 2,165.48 | 24,461 |
| PARKLAND HOSPITAL | 0.219500% | \$2,856.05 | 2,941.73 | 3,029.98 | 3,120.88 | 3,214.51 | 3,310.94 | 3,410.27 | 3,512.58 | 3,617.95 | 3,726.49 | 3,838.29 | 3,953.44 | 4,072.04 | 4,194.20 | 4,320.03 | 48,799 |
| Total Mil Rate | 2.294781% | \$29,858.77 | 30,754.54 | 31,677.17 | 32,627.49 | 33,606.31 | 34,614.50 | 35,652.94 | 36,722.52 | 37,824.20 | 38,958.93 | 40,127.69 | 41,331.52 | 42,571.47 | 43,848.61 | 45,164.07 | 510,177 |

80% of Total Cost

After Development Assessed Value

| | | \$51,714,419 | | | | | | | | | | | | | | | |
|-----------------------|------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| Taxing Authority | Mil Rate | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | Total |
| DALLAS | 0.735700% | \$380,462.98 | 391,876.87 | 403,633.18 | 415,742.17 | 428,214.44 | 441,060.87 | 454,292.70 | 467,921.48 | 481,959.12 | 496,417.90 | 511,310.43 | 526,649.75 | 542,449.24 | 558,722.72 | 575,484.40 | 6,500,714 |
| DALLAS ISD | 1.013835% | \$524,298.88 | 540,027.85 | 556,228.68 | 572,915.54 | 590,103.01 | 607,806.10 | 626,040.28 | 644,821.49 | 664,166.14 | 684,091.12 | 704,613.86 | 725,752.27 | 747,524.84 | 769,950.58 | 793,049.10 | 8,958,341 |
| DALLAS COUNTY | 0.215718% | \$111,557.31 | 114,904.03 | 118,351.15 | 121,901.69 | 125,558.74 | 129,325.50 | 133,205.26 | 137,201.42 | 141,317.46 | 145,556.99 | 149,923.70 | 154,421.41 | 159,054.05 | 163,825.67 | 168,740.44 | 1,906,104 |
| DALLAS COLLEGE | 0.110028% | \$56,900.34 | 58,607.35 | 60,365.57 | 62,176.54 | 64,041.84 | 65,963.09 | 67,941.98 | 69,980.24 | 72,079.65 | 74,242.04 | 76,469.30 | 78,763.38 | 81,126.28 | 83,560.07 | 86,066.87 | 972,218 |
| PARKLAND HOSPITAL | 0.219500% | \$113,513.15 | 116,918.54 | 120,426.10 | 124,038.88 | 127,760.05 | 131,592.85 | 135,540.64 | 139,606.86 | 143,795.06 | 148,108.91 | 152,552.18 | 157,128.75 | 161,842.61 | 166,697.89 | 171,698.82 | 1,939,522 |
| Total Mil Rate | 2.294781% | \$1,186,732.67 | 1,222,334.65 | 1,259,004.69 | 1,296,774.83 | 1,335,678.07 | 1,375,748.41 | 1,417,020.87 | 1,459,531.49 | 1,503,317.44 | 1,548,416.96 | 1,594,869.47 | 1,642,715.55 | 1,691,997.02 | 1,742,756.93 | 1,795,039.64 | 20,915,065 |



15 Year Pro Forma with Property Taxes
Dallas Public Facility Corporation
Sante Fe Trail at Haskell



| Proforma Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | Total |
|---|-----------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|
| Effective Gross Income from Operations | \$ 689,766 | \$ 4,700,101 | \$ 5,799,337 | \$ 5,973,317 | \$ 6,152,516 | \$ 6,337,092 | \$ 6,527,205 | \$ 6,723,021 | \$ 6,924,711 | \$ 7,132,453 | \$ 7,346,426 | \$ 7,566,819 | \$ 7,793,824 | \$ 8,027,638 | \$ 8,268,468 | 95,962,694 |
| Operating Expenses | \$ 147,618 | \$ 1,005,874 | \$ 1,241,122 | \$ 1,278,356 | \$ 1,316,707 | \$ 1,356,208 | \$ 1,396,894 | \$ 1,438,801 | \$ 1,481,965 | \$ 1,526,424 | \$ 1,572,217 | \$ 1,619,383 | \$ 1,667,965 | \$ 1,718,004 | \$ 1,769,544 | 20,537,082 |
| Estimated Property Taxes (2.29478% MIL Rate) | 29,859 | 611,167 | 944,254 | 1,296,775 | 1,335,678 | 1,375,748 | 1,417,021 | 1,459,531 | 1,503,317 | 1,548,417 | 1,594,869 | 1,642,716 | 1,691,997 | 1,742,757 | 1,795,040 | 19,989,146 |
| Operating Expenses With Taxes | 177,477 | 1,617,041 | 2,185,376 | 2,575,131 | 2,652,385 | 2,731,956 | 2,813,915 | 2,898,332 | 2,985,282 | 3,074,841 | 3,167,086 | 3,262,099 | 3,359,962 | 3,460,761 | 3,564,584 | 40,526,228 |
| Total Developer's Estimated Debt Service | \$ - | \$ 3,231,909 | \$ 3,231,909 | \$ 3,231,909 | \$ 3,868,647 | \$ 3,984,707 | \$ 4,104,249 | \$ 4,227,376 | \$ 4,354,197 | \$ 4,484,823 | \$ 4,619,367 | \$ 4,757,949 | \$ 4,900,687 | \$ 5,047,707 | \$ 5,199,139 | 59,244,575 |
| Net Operating Income | \$ 512,289 | \$ 3,083,060 | \$ 3,613,961 | \$ 3,398,186 | \$ 3,500,131 | \$ 3,605,136 | \$ 3,713,290 | \$ 3,824,689 | \$ 3,939,429 | \$ 4,057,612 | \$ 4,179,340 | \$ 4,304,720 | \$ 4,433,862 | \$ 4,566,877 | \$ 4,703,884 | \$ 55,436,466 |
| Additional Income Needed to Achieve 1.15 DCR | \$ (512,289.23) | \$ 633,635.43 | \$ 102,733.62 | \$ 318,508.93 | \$ 948,813.35 | \$ 977,277.69 | \$ 1,006,595.99 | \$ 1,036,793.89 | \$ 1,067,897.76 | \$ 1,099,934.64 | \$ 1,132,932.75 | \$ 1,166,920.67 | \$ 1,201,928.30 | \$ 1,237,986.21 | \$ 1,275,125.72 | \$ 12,694,796 |
| DCR | | 0.95 | 1.12 | 1.05 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | |
| CF Available for Waterfall after Hard Debt | 512,289 | (148,849) | 382,053 | 166,277 | (368,516) | (379,572) | (390,959) | (402,687) | (414,768) | (427,211) | (440,028) | (453,228) | (466,825) | (480,830) | (495,255) | (3,808,109) |



City of Dallas Public Facility Corporation
 Sante Fe Trail at Haskell
 General Partner Revenue/Property Tax Abatement Analysis - Workforce Housing
 Draft as of 10/30/2023



| Year | Total | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|-----------------------------|-------------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Property Taxes | 19,989,146 | 29,859 | 611,167 | 944,254 | 1,296,775 | 1,335,678 | 1,375,748 | 1,417,021 | 1,459,531 | 1,503,317 | 1,548,417 | 1,594,869 | 1,642,716 | 1,691,997 | 1,742,757 | 1,795,040 |
| Rent Savings | 11,829,802 | 636,048 | 655,129 | 674,783 | 695,027 | 715,878 | 737,354 | 759,475 | 782,259 | 805,727 | 829,898 | 854,795 | 880,439 | 906,852 | 934,058 | 962,080 |
| Acquisition Fee | 250,000 | 250,000 | | | | | | | | | | | | | | |
| Annual Lease Payment | 5,294,431 | 0 | 0 | 339,000 | 349,170 | 359,645 | 370,434 | 381,547 | 392,994 | 404,784 | 416,927 | 429,435 | 442,318 | 455,588 | 469,255 | 483,333 |
| Total | 17,374,233 | 886,048 | 655,129 | 1,013,783 | 1,044,197 | 1,075,523 | 1,107,788 | 1,141,022 | 1,175,253 | 1,210,510 | 1,246,826 | 1,284,230 | 1,322,757 | 1,362,440 | 1,403,313 | 1,445,413 |

| | | | | |
|------------------------------------|---------------|---|----------|------------------------------------|
| Public Benefit Percentage % | 86.92% | Total rent savings + HFC/PFC revenue | ÷ | Total Property Taxes Abated |
| | | 17,374,233 | | 19,989,146 |

New Construction
 Property Taxes based off of NOI divided by the cap rate of 6.5% + the Mil Rate of 2.50038% * times the Mil Rate of 2.50038%



City of Dallas Public Facility Corporation
 Sante Fe Trail at Haskell
 General Partner Revenue/Property Tax Abatement Analysis - Workforce Housing
 Draft as of 10/30/2023



| 100% AMI - Dallas County | | 60% AMI | | | Rent Savings | | 80% AMI | | | Rent Savings | | Market - Max Allowable AMI - []% | | | Rent Savings | |
|--------------------------|------------|---------|--------------|-----------|-------------------|---------------|----------------|--------------|-----------|-------------------|---------------|-----------------------------------|--------------|------------|--------------|----------------|
| Avg. Rent | Room Type | Sq. Ft. | Avg. Rent | Units | Disc. % to Market | Monthly | Annual | Avg. Rent | Units | Disc. % to Market | Monthly | Annual | Avg. Rent | Units | AMI % | Total Annual |
| 1,805 | Efficiency | | 1,083 | 8 | 34% | 4,536 | 54,432 | 1,444 | 28 | 12% | 5,768 | 69,216 | 1,650 | 36 | 91% | 123,648 |
| 1,933 | 1bd/1ba | | 1,160 | 12 | 40% | 9,180 | 110,160 | 1,547 | 48 | 20% | 18,144 | 217,728 | 1,925 | 60 | 100% | 327,888 |
| 2,320 | 2bd/2ba | | 1,392 | 5 | 42% | 5,040 | 60,480 | 1,856 | 19 | 23% | 10,336 | 124,032 | 2,400 | 24 | 103% | 184,512 |
| Total/Avg | | | 1,182 | 25 | 38.47% | 18,756 | 225,072 | 1,578 | 95 | 18.13% | 34,248 | 410,976 | 1,938 | 120 | | 636,048 |

| Unit Mix | | # of Units |
|--------------|------------|------------|
| 0% | at 50% AMI | - |
| 10% | at 60% AMI | 25 |
| 40% | at 80% AMI | 95 |
| 50% | at Market | 120 |
| Total | | 240 |

November 3, 2023

VIA E-MAIL

Aaron Eaquinto
Dallas Public Facility Corporation
1500 Marilla Street, Room 6CN
Dallas, Texas 75201

Mr. Eaquinto,

Hilltop Securities (HTS) has prepared an initial underwriting assessment from the developer provided proforma and sources & uses for Santa Fe Trail at Haskell development. I hereby certify that Hilltop Securities has experience underwriting affordable multifamily residential developments and do not have a financial interest in the proposed development, developer, or public facility user for this proposed development. Below is a summary of the analysis completed.

Rent Subsidy- The developer has included 10% of the units at 60% AMI, 40% of the units at 80% AMI and the remaining units will be at a fair market rate. The year 1 rents subsidy is currently estimated at \$636,048. Using a 3% escalator on future rents, a 15-year rent subsidy of \$11,829,802 is expected. The 80% rents provided by the developer show a 12% to 23% discount to market depending on unit type and an overall discount to market of 18.13% for all 80% units.

• **Estimated GP Revenues-** The term sheet/ MOU indicates the following fees are expected to be returned to Dallas Public Facility Corporation (DPFC). A summary of fees received over 15 years is included in HTS analysis.

- PFC Structuring Fee (Received at Closing) \$250,000
- Annual Rent Payment \$339,000 beginning commencing 6 months after stabilization and increasing 3% thereafter.
- Sale or Refinance Fee (Not Included in GP Revenue Summary)

• **Estimated Property Taxes** – two 15-year property tax estimates have been completed.

1. Based on 80% of the total cost of the development
2. Based on the 2023 assessed value of the 4 properties per DCAD.

• **Rent Subsidy and PTA Comparison** – Comparing the rent saving generated by the property and the fees to be earned by DPFC over a 15-year period against the estimated property taxes over a 15-year period a Public Benefit Percentage of 86.92% is generated, not including the sale or refinance fee.

• **15-year Proforma with Property Taxes** – Including the estimated taxes to the operating expenses will likely cause stress issues not provide a comfortable Debt Service Coverage (DCR) needed for this project to be financed. Industry minimum DCR is 1.15. If a property tax abatement is not received the years 2 then years 5 through year 15 of

the transaction will be under a 1.00 DCR, possibly causing a default on required debt payments. Additionally, years 3 and 4 will be under the 1.15 DCR threshold. . Accordingly, we do not believe the development with the proposed affordability requirements would be feasible without the participation of DPFC and the property tax exemption.

Hilltop is making the following assumptions to the estimated property taxes used for the Rent Subsidy and PTA Comparison as well as the 15-year Proforma with Property Taxes.

The developer has indicated the construction period and lease-up of the property will conclude sometime in year 3 of their proforma. As such Hilltop is contemplating the property taxes will not reach a fully stabilized level until year 4. The property tax amounts for years 1-3 are explained below. Year 1 uses the combined assessed values on the 4 properties from DCAD, year 2 is a 50% valuation of the stabilized taxes, and year 3 is a 75% valuation of the stabilized taxes.