

Memorandum




DATE February 17, 2011

TO Members of the Economic Development Committee:
Ron Natinsky (Chair), Tennell Atkins (Vice-Chair), Jerry R. Allen, Dwaine Caraway, Sheffie Kadane, Linda Koop, Ann Margolin, Steve Salazar

SUBJECT **Atmos Complex Redevelopment – Amendments to Development Agreement with Hamilton Atmos, LP – Downtown Connection TIF District**

On Tuesday, February 22, 2011 Economic Development Meeting, you will be briefed on the Atmos Complex Redevelopment – Amendments with Hamilton Atmos, LP – Downtown Connection TIF District. A copy of the briefing is attached.

Should you have any questions, please contact me at (214) 670-3314.



A.C. Gonzalez
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge Municipal Court
Ryan S. Evans, First Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitkovsky, Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Helena Stevens-Thompson, Assistant to the City Manager

Atmos Complex Redevelopment – Amendments to Development Agreement with Hamilton Atmos, LP - Downtown Connection TIF District

Economic Development Committee
February 22, 2011



Office of Economic Development
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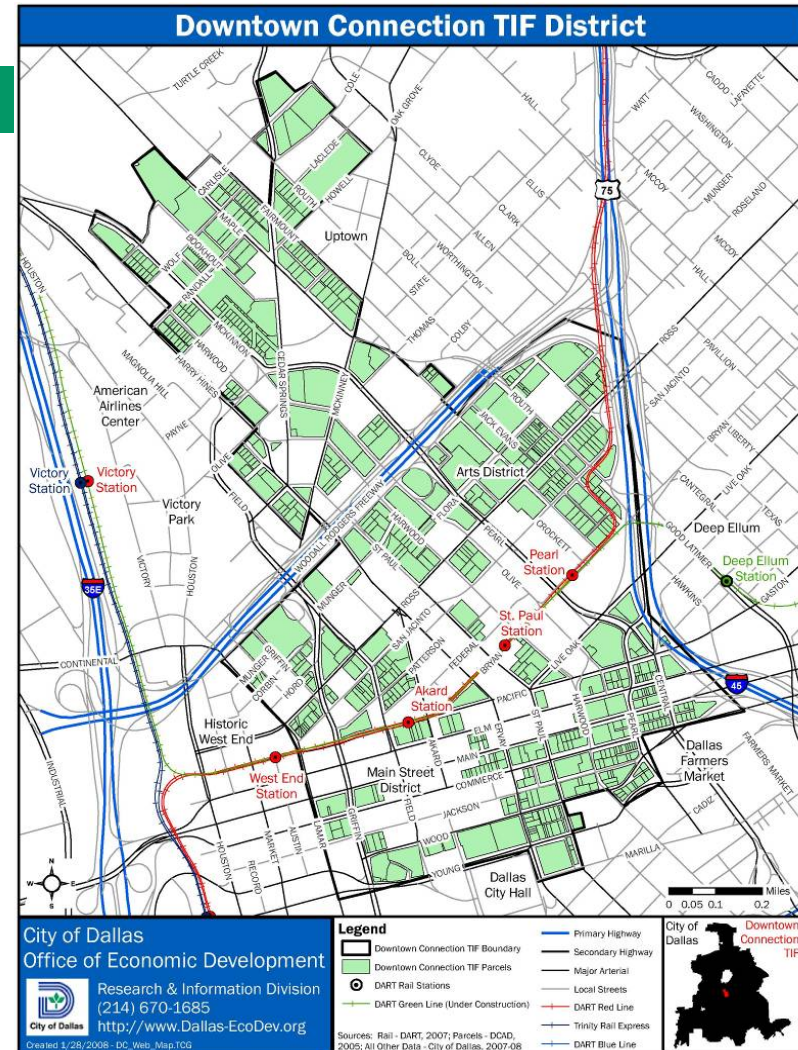


Purpose

- Provide background information on the previous Atmos Complex development agreement with Hamilton Atmos LP.
- Review the proposed amendments to the Atmos Complex project and development agreement and TIF funding for the project.
- Obtain Economic Development Committee's approval of the Consideration of the proposed development agreement amendments by City Council on March 9, 2011.

Downtown Connection TIF District Background

- The Downtown Connection TIF District was created June 2005
- The district's Project Plan and Reinvestment Zone Financing Plan was approved August 2005, as amended
- The district will expire December 31, 2035, or when approximately \$431 million in TIF increment has been collected (NPV of 189.8 million)
- The district was established to fund public capital improvements in the core of Downtown essential for development of key spaces and buildings as well as provide TIF assistance for projects creating a greater density and critical mass of development within the Main Street core area



Downtown Connection TIF District TIF Budget

| Downtown Connection TIF District Projected Increment Revenues to Retire TIF Fund Obligations | | | |
|---|-------------------------|------------------------|---------------------|
| Category | TIF Budget ¹ | Allocated ³ | Balance |
| Catalyst Projects: - <i>Environmental remediation, demolition, historic façade, restoration, street/utility improvements & streetscape improvements, land acquisition, and non project costs, including, but not limited to machinery, equipment, materials and supplies</i> | \$68,000,000 | \$68,000,000 | \$0 |
| Redevelopment of Vacant/Underutilized Downtown Buildings - <i>Environmental remediation, interior/exterior demolition, historic façade restoration, street/utility improvements land acquisition, TIF grants, affordable housing</i> | \$161,302,132 | \$94,853,252 | \$66,448,880 |
| Uptown/Downtown connection improvements | \$0 | \$0 | \$0 |
| Park and plaza design and acquisition | \$3,151,460 | \$0 | \$3,151,460 |
| Affordable Housing² | \$3,000,000 | \$2,000,000 | \$1,000,000 |
| Retail Initiative/Streetscape Improvements | \$4,170,432 | \$1,985,000 | \$2,185,432 |
| Downtown Area Plan | \$515,000 | \$512,464 | \$2,536 |
| Administration and Implementation | \$8,278,645 | \$423,435 | \$7,855,210 |
| Debt Service (Interest Only) | \$150,363,000 | \$150,363,000 | \$0 |
| Total Project Costs | \$398,780,669 | \$318,137,151 | \$80,643,518 |

¹TIF Budget shown above in total dollars; TIF Project Plan shows the budget in net present value.

²The Affordable Housing line item has been reduced by the amount of money allocated to the Continental project

³The Allocated total shown for the Redevelopment of Vacant/Underutilized Downtown Building line item reflects the total TIF District's commitment to projects currently in the Reimbursement Queue

Atmos Complex/Forest City/ Hamilton Atmos *Background*

- In 2005, the Atmos Complex was donated to the City of Dallas at no cost and transferred to Forest City as part of the Mercantile redevelopment deal.
- On August 2005, City Council approved a Development Agreement with Forest City to redevelop the Mercantile Block, the Continental Building and the Atmos Complex.
 - The agreement called for the Atmos Complex to be redeveloped by Forest City (or Forest City would cause the Complex to be redeveloped by another developer) into 202 residential units, 5,000 SF of retail space and 220 parking spaces.
- On October 22, 2008, City Council amendments to the Mercantile Agreement allowed Forest City to convey the Atmos Complex to Hamilton Properties, Inc. (d.b.a. Hamilton Atmos, LP) for redevelopment.

Atmos Complex Development Agreement *Background*

- On October 22, 2008, City Council authorized a development agreement with Hamilton Atmos, LP for the redevelopment of the Atmos Complex in an amount not to exceed \$12,560,401 plus interest up to \$10,439,599 for a total incentive amount, including interest, not to exceed \$23,000,000.
 - The Hamilton Atmos, LP development agreement called for the Atmos Complex to be redeveloped into 225 luxury residential units, 10,000 SF of retail space and 282 parking spaces.
- On February 11, 2009, City Council authorized the sale of the Atmos Complex from Forest City to Hamilton Atmos through a stock purchase.

Atmos Complex Project

- **Why the Approved 2008 Project Did Not Work**
 - The proposed project was unable to obtain bank financing
- **Why the Proposed Amendments to the Project Work**
 - Development of the project in two phases:
 - Improves financing options for the project
 - Breaks the project into manageable phases with separate funding sources for each phase (See Appendices A & B)
 - Changing the product mix and creating more affordable housing units enabled the developer to:
 - Apply for and be awarded Low Income Housing Tax Credits
 - Meet all requirements of the Section 108 Loan Program, alleviating the need to apply for time consuming waivers
 - Improve financing prospects for Phase II of the project (mixed income residential units)

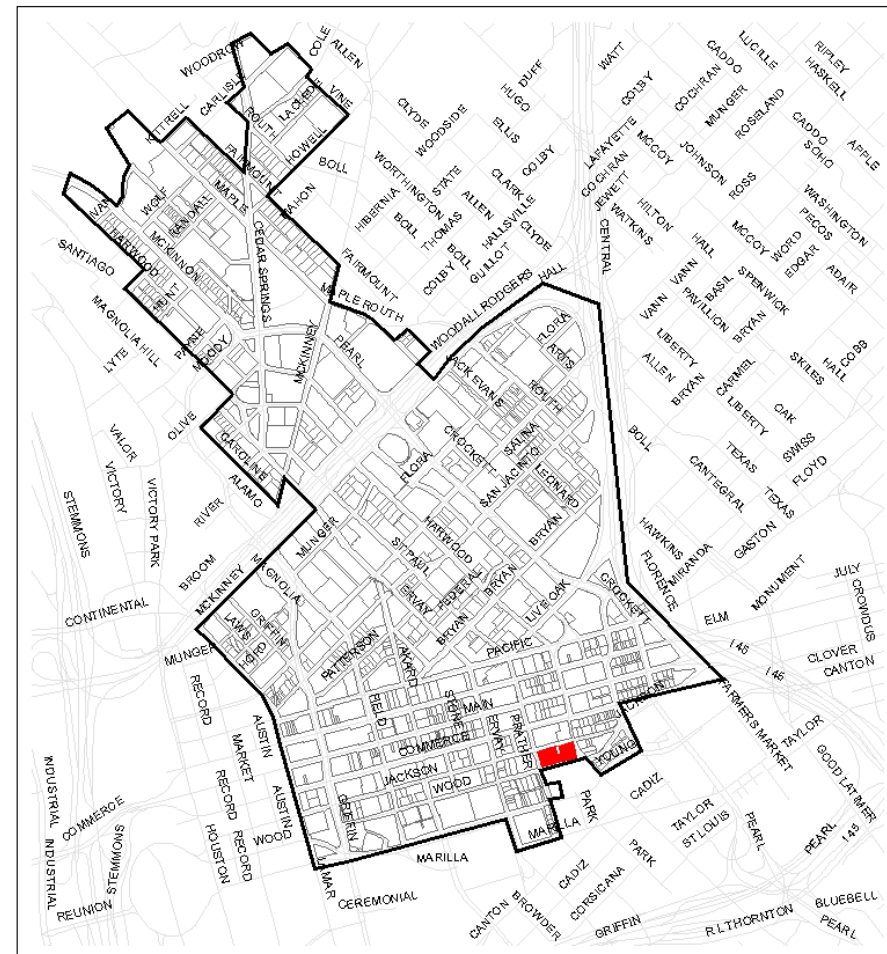


Atmos Complex Project

- **Project Location**

- The project is located in the core of downtown and bounded by Jackson Street to the North, Wood Street to the South, Harwood Street to the East and St. Paul Street to the West
- The complex is adjacent to the Continental Building, the Statler Hilton, and within one Block of the Main Street Garden Park and Mercantile Building
- The project is located approximately .3 miles from the St. Paul Light Rail Station and is in close proximity to the potential alignments of the D2 Line

Atmos Complex



Atmos Complex Project

• Project Description

- Renovation of the five properties (four vacant buildings) that make up the Atmos Complex
 - 1900 Jackson Street – existing vacant 122,777 square foot building with basement parking
 - 1916 Jackson Street – vacant lot
 - 301 S. Harwood Street – existing vacant 86,596 square foot historic building
 - 1915 Wood Street – existing vacant 66,272 square foot historic building
 - 1815 Wood Street – existing vacant 114,790 square foot building
- The project is proposed to be developed in two Phases, with the following development totals
 - 230 residential units (affordable and market)
 - 252 parking spaces
 - 170 affordable residential units
 - Minimum private investment of \$32 million

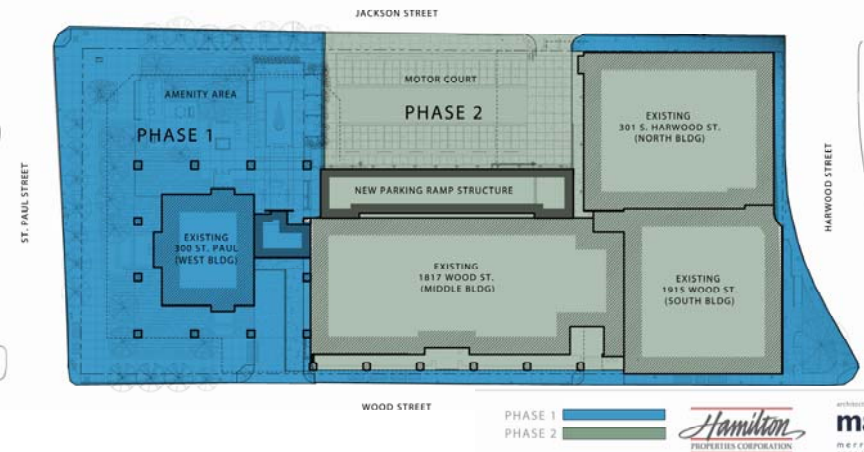


Atmos Complex Project

- **Project Description – Development Phases**

- **Phase I**

- 107 affordable residential units to be located in the 1900 Jackson building
 - 52 parking spaces to be located in the basements of 1900 Jackson and 1815 Wood buildings
 - Streetscape for the entire complex will be completed with Phase I
 - Repair of all first floor windows and store fronts of the four buildings that make up the complex
 - Residential amenities for Phase I
 - pool
 - outdoor party deck
 - grill areas for the residents
 - leasing office and fitness center will be located on the ground floor of the 1900 Jackson building
 - Phase I will start construction by June 1, 2011 with completion by February 28, 2013
 - Proposed TIF funding for Phase I is \$3,250,000 plus interest



Atmos Complex Project

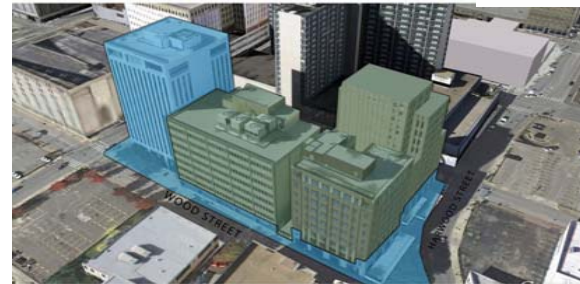
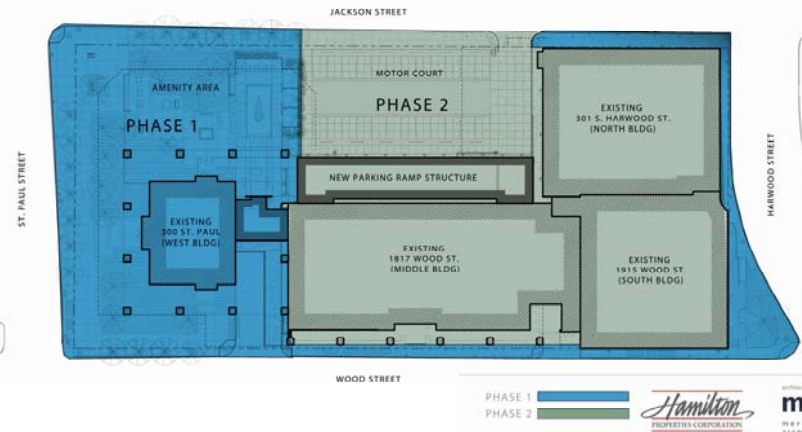
Phase I Funding

- Multiple funding sources make up Phase I of the project (See Appendix A for funding amounts)
 - Low Income Housing Tax Credits
 - Affordable Housing Grant from Housing Department
 - North Central Texas Council of Government Sustainable Development Grant for a portion of the streetscaping costs associated with the entire project
 - Downtown Dallas Grant
 - Developer Equity
- TIF funding would not normally be applied to Low Income Housing Tax Credit projects
- Phase I of the Atmos Complex Project would not be feasible but for TIF Assistance to:
 - Cover the gap created by the discount attributable to Low Income Housing Tax Credit Program
 - Provide additional assistance for the enhanced streetscape completed in Phase I for the entire Complex (See Appendix C)



Atmos Complex Project

- **Project Description – Development Phases**
 - **Phase II**
 - 123 affordable and market rate units to be located in the two historic buildings 301 S. Harwood Street and 1915 Wood Street
 - 63 affordable units (51% of total units)
 - Approximately 9,500 square feet of retail/commercial/flex space on the ground floor of the buildings
 - 200 parking spaces to be located on floors 1 through 8 of the 1815 Wood building
 - Refurbished motor court on 1916 Jackson Street
 - Phase II construction is slated to begin by June 1, 2015 with completion by December 31, 2016
 - Hamilton Atmos, LP has applied for a Section 108 Loan in the amount of \$11,750,000 for this phase of the project
 - Proposed TIF funding for this phase \$11,750,000 plus interest to serve as a repayment source for the Section 108 Loan



Atmos Complex Project

Phase II Funding

- Multiple funding sources make up Phase II of the project (See Appendix B for funding amounts)
 - Construction Bank Loan
 - Historic Tax Credits
 - Section 108 Loan
 - Downtown Dallas Grant
 - Developer Equity
- Phase II of the Atmos Complex Project would not be feasible but for TIF Assistance to:
 - Serve as the repayment source for the Section 108 Loan used for gap financing of the project

Atmos Complex Project Proposed Amendments

| Summary of Proposed Amendments | | |
|--------------------------------|--|---|
| | Approved | Proposed Amendments |
| Developer | Hamilton Properties, Inc. d/b/a Hamilton Atmos LP | same |
| Residential Units | 225 | 230 |
| Parking Spaces | 282 | 252 |
| Retail Space | 9,500 sq. ft. | Same |
| Affordable Housing | 23 Affordable Units (10% of total) | 170 Affordable Units (74% of total) |
| TIF Incentive | A maximum TIF Base Funding of \$12,560,401. Shared queue for reimbursement. Interest accrual at TIF Bond Rate. Maximum incentives not to exceed \$23 million. | A maximum TIF Base Funding of \$15,000,000. Modified queue for reimbursement. (See Appendix E) Same Same |
| Building Permit | October 20, 2010 | Phase I - June 1, 2011 Phase II – June 1, 2015 |
| Expected Completion | February 28, 2013 | Phase I – same Phase II – December 31, 2016 |



Atmos Complex Project Proposed Amendments (continued)

| Summary of Proposed Amendments | | |
|--|---|--|
| | Approved | Proposed Amendments |
| Penalty Payment | FC Atmos Cross Defaulted w/ FC Merc and FC Continental Plus Hamilton Atmos LP | same |
| 1st Payment Due | 10/26/07 \$250,000 (Paid by FC) | same |
| 2nd Payment Due | 10/26/09 \$250,000 (Paid by FC) | same |
| 3rd Payment Due | 04/20/11 \$250,000 | June 1, 2011 |
| Property Reversion to the City | If not redeveloped, at 10/26/10 or anytime prior upon full remittance of unpaid balance of penalty fees. | If Phase I does not obtain a Building Permit by 06/01/11, and complete construction by 02/28/13, at the City's request, all five properties in the Atmos Project will be deeded from FC Atmos Inc. to the City. Once the Phase I Building Permit is obtained, FC Atmos Inc will deed the West Building to Atmos LIHTC LLC with no reversionary rights. If the Phase II project does not receive a Building Permit by 06/01/15, and complete construction of Phase II by 12/31/16, at the City's request FC Atmos Inc. will deed the North, South and Middle (floors 1 through 8) building to the City of Dallas. |
| Maintenance and Indemnity Obligations | FC Atmos (plus Hamilton Atmos) shall maintain all obligations until building permits are obtained or property reverts to City, whichever occurs sooner. | same |

Strategic Importance of Atmos Complex Project

- The complex is located within the downtown core
- The project will add approximately 170 affordable housing units to downtown helping to diversify its housing stock.
- Provides enhanced streetscaping as well as activity on the street for streets adjacent to the complex.
- Two historic buildings and two additional vacant buildings will be restored/renovated
- Strengthens redevelopment efforts in the Main Street Garden Park area.
- Maintains current downtown development momentum

Recommendations and Next Steps

Staff requests Committee approval and recommendation for approval by City Council for the following Amendments to the Hamilton Atmos, LP Development Agreement to be considered at the March 9, 2011 Council meeting:

- Development of the Atmos Complex in 2 Phases;
- Increase total number of units from approximately 220 units to 230 units (107 units for Phase I and 123 units for Phase II);
- Increase the total number of affordable housing units from 23 units to 170 affordable units (107 affordable units for Phase I and 63 affordable units in Phase II);
- Change the deadline to receive a building permit for the complex from February 28, 2013 to February 28, 2013 for Phase I and December 31, 2016 for Phase II;
- Change TIF funding from \$12,560,401 plus interest for a maximum total incentive not to exceed \$23,000,000 to \$15,000,000 plus interest for a maximum total incentive not to exceed \$23,000,000; (See Appendix D for Conditions of Funding)
- Change the due date for the remaining option fee payment from April 20, 2011 to June 1, 2011;
- Change the method of reimbursement to reflect the TIF District's Increment Allocation Policy and Reimbursement Queue. (See Appendix E – Reimbursement Queue)

- Appendix

Appendix A – Sources and Uses

Phase I

| Phase I - 107 Affordable Units | |
|---|---------------------|
| Funding Sources | Amount |
| Low Income Housing Tax Credit Equity | \$10,691,906 |
| Low Income Housing Tax Credit Bank Loan | \$2,402,677 |
| Affordable Housing Grant (Housing Dept./City Center TIF District) | \$1,500,000 |
| North Central Texas Council of Government Grant | \$500,000 |
| Downtown Dallas Grant | \$50,000 |
| Developer Equity | \$950,000 |
| Total Sources | \$16,094,583 |
| Uses | |
| Land & Building Acquisition | \$1,015,000 |
| Hard Costs | \$8,538,499 |
| Indirect Costs | \$2,274,084 |
| Developer Fees | \$2,200,000 |
| Construction Interest/Finance Costs | \$597,000 |
| Costs to Split w/amenities | \$500,000 |
| Site Work & First Floor middle | \$750,000 |
| Reserves | \$220,000 |
| Total Uses | \$16,094,583 |

Appendix B – Sources and Uses

Phase II

| Phase II - 123 Mixed Rate Units & Retail/Commercial/Flex Space | |
|--|---------------------|
| Funding Sources | Amount |
| Construction Loan | \$9,081,784 |
| Historic Tax Credit Equity | \$2,439,679 |
| Downtown Dallas Grant | \$50,000 |
| Section 108 Loan | \$11,750,000 |
| Developer Equity | \$1,500,000 |
| Total Sources | \$24,821,463 |
| Uses | |
| Land & Building Acquisition | \$15,777 |
| Hard Costs | \$17,023,733 |
| Indirect Costs | \$2,441,953 |
| Developer Fees | \$3,000,000 |
| Construction Interest/Finance costs | \$950,000 |
| Section 108 Interest Reserve | \$900,000 |
| Reserves | \$490,000 |
| Costs to Split | (\$250,000) |
| Site Work & First Floor Middle | (\$750,000) |
| Commercial Space Cost | \$1,000,000 |
| Total Uses | \$24,821,463 |

Appendix C – Atmos Complex Site/Landscape Plan



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Appendix D – Atmos Complex Project Amendments

Conditions for Funding

- As a condition of funding, Hamilton Atmos, LP will be required to:

Phase I

- Develop a minimum of 87,000 square feet of affordable; residential space (approximately 107 affordable residential units) 100% of Phase I total units
- All units shall be deemed affordable for a minimum of 30 years;
- Invest a minimum of \$12,000,000 for Phase I (hard and soft construction related costs and public improvement costs);
- Obtain a building permit for Phase I by June 1, 2011;
- A minimum of 52 parking spaces shall be provided with Phase I;
- Construct public and private improvements that conform in design and materials shown in elevations and site plans approved by Downtown Connection TIF District Board and Design Review Committee including streetscape improvements;
- Execute an operating and maintenance agreement for public infrastructure improvements associated with the Phase I of the project by the earlier of completion and acceptance by the City or February 28, 2013;

Appendix D – Atmos Complex Project Amendments

Conditions for Funding (Continued)

- As a condition of funding, Hamilton Atmos, LP will be required to:
 - Comply with M/WBE process and Fair Share goals established by the City's Business Inclusion and Development Fair Share policies and Downtown Connection TIF District with a goal of 25% participation for the TIF eligible public improvement construction and 25% for the private improvement construction and meet all reporting requirements;
 - Obtain a Certificate of Occupancy for Phase I of the Project by February 28, 2013;
 - Submit quarterly project status reports (once every three months, from the construction start date to receipt of final certificate of occupancy) to the Office of Economic Development staff
 - Market residential units pursuant to an affirmative fair housing marketing plan approved by the City;

Phase II

- Construction of a minimum of 115,000 square feet of affordable and market rate residential space (approximately 123 residential units);
- A minimum of 46,000 square feet (approximately 63 units) shall meet affordable requirements, 51% of Phase II total units;
- The number of affordable units in Phase II is contingent on Phase II of the Project obtaining a Section 108 Loan from the City of Dallas for \$11,750,000;

Appendix D – Atmos Complex Project Amendments *Conditions for Funding (Continued)*

- As a condition of funding, Hamilton Atmos, LP will be required to:
 - All affordable units shall be deemed affordable for a minimum of 15 years;
 - Invest a minimum of \$21,000,000 for Phase II (hard and soft construction related costs and public improvement costs);
 - Develop a minimum of 9,500 square feet of ground floor shell retail/commercial/flex space;
 - A minimum of 25% of the retail/commercial/flex space shall be leased prior to payment of TIF reimbursement for Phase II;
 - A minimum of 200 parking spaces shall be provided with Phase II;
 - Obtain a building permit for Phase II by June 1, 2015;
 - Construct public and private improvements that conform in design and materials shown in elevations and site plans approved by Downtown Connection TIF District Board and Design Review Committee including any streetscape improvements;
 - Execute an operating and maintenance agreement for public infrastructure improvements associated with Phase II of the project by the earlier of completion and acceptance by the City or December 31, 2016;
 - Comply with M/WBE process and Fair Share goals established by the City's Business Inclusion and Development Fair Share policies and Downtown Connection;

Appendix D – Atmos Complex Project Amendments *Conditions for Funding (Continued)*

- As a condition of funding, Hamilton Atmos, LP will be required to:
 - Obtain a shell Certificate of Occupancy for the retail/commercial space by December 31, 2016;
 - Obtain a Certificate of Occupancy for Phase II of the Project by December 31, 2016;
 - Submit quarterly project status reports (once every three months, from the construction start date to receipt of final certificate of occupancy) to the Office of Economic Development staff (format to be provided);
 - Market residential units pursuant to an affirmative fair housing marketing plan approved by the City;

Appendix E – Downtown Connection TIF District TIF Reimbursement Queue

- On September 16, 2009, the Downtown Connection TIF District Board of Directors approved a modified Queue Reimbursement method that established a project payment priority based upon the date evidence is provided to the City of the receipt of a building permit and executed construction loan or receipt of final certificate of occupancy for projects approved for TIF Reimbursement.

Downtown Connection TIF District
Reimbursement Queue
Updated January 21, 2011

| Reimbursement Priority ¹ | Project Name | Priority Date | Construction Status | Primary TIF Reimbursement | Maximum Interest | Total Eligible TIF Reimbursement | Increment Only | Reimbursement Status |
|-------------------------------------|--|---------------|---------------------|---------------------------|------------------|----------------------------------|----------------|----------------------|
| 1 | Stoneleigh Hotel | 5/30/2010 | Completed | \$2,500,000 | \$0 | \$2,500,000 | Yes | To Be Paid |
| 2 | Hall Lone Star ² | 5/30/2010 | Completed | \$2,000,000 | \$2,000,000 | \$4,000,000 | No | To Be Paid |
| 3 | Santa Fe IV | 5/30/2010 | Completed | \$4,296,264 | \$0 | \$4,296,264 | Yes | To Be Paid |
| 4 | Grand Ricchi Dallas | 10/26/2010 | Under Construction | \$8,830,000 | \$4,040,200 | \$12,870,200 | No | N/A |
| 5 | Joule Hotel Expansion | 1/19/2011 | Under Construction | \$20,658,500 | \$0 | \$20,658,500 | Yes | N/A |
| 6 | Continental Building ³ | TBD | Approved | \$13,305,700 | \$4,222,588 | \$22,528,288 | No | N/A |
| 7 | Atmos Complex | TBD | Approved | \$12,560,401 | \$10,439,599 | \$23,000,000 | No | N/A |
| 8 | Hall Lone Star Project - Phase II ² | TBD | Approved | \$5,000,000 | \$0 | \$5,000,000 | Yes | N/A |

Notes:

¹The priority ranking of any project which has not been approved is subject to change pending the submittal of evidence to the City of an executed construction loan, building permit for the project and project completion date.

²Hall Lone Star Project, Phases I and II, is eligible to receive up to \$2M in interest. The full \$2M in interest is shown in Phase I of the project.

³The Total TIF Reimbursement shown for the Continental Building project includes and additional \$5M in bond proceeds.

Appendix F – Proforma Information

Project Requirements/Other Information

Atmos Complex

| | |
|---|--------------|
| Total Project Cost (Phases I and II) | \$40,916,045 |
| Phase I | \$16,094,583 |
| Phase II | \$24,821,463 |
| 2010 DCAD Value (Entire complex) | \$1,108,440 |
| Personal Property | \$0 |
| Number of Units (Total) | 230 |
| Number of Affordable Units | 170 |
| Parking Spaces (on-site) | 252 |
| Commercial/ Retail SF | 9,500 |
| Total Net Leasable Square Feet | ≈216,000 |

Appendix G – Proforma Information

Atmos Complex NOI – Phase I

| Atmos Complex Project Pro Forma - Downtown Connection TIF District | | | | |
|--|---------------------|---------------------------|---|---------------------------------|
| Phase I - LIHTC Building | | | | |
| PROJECT DESCRIPTION: | | Atmos Complex | | |
| PROJECT TYPE | | Rental | | |
| ANTICIPATED CONSTRUCTION START DATE | | June 1, 2011 | | |
| PROJECT SCHEDULE | | June 2011 - February 2013 | | |
| Residential Unit Breakdown | | | | |
| | SF | # of Units | Total SF | Construction Cost per SF |
| Total/Avg | 830 | 107 | 88,856 | \$169.71 |
| Retail Breakdown (exclude % profit) | | | Total SF | \$ per SF |
| Total/Avg | | | | |
| Project Costs | | | Income | |
| Hard Cost | \$8,538,499 | | 1) Rental Income | \$810,880 |
| Soft Cost | \$6,541,084 | | 2) Other Income | \$18,787 |
| Acquisition | \$0 | | <i>Includes parking, storage and trash pick-up, etc.</i> | |
| Public Costs | \$0 | | 3) Loss to Vacancy at 7.5% | (\$62,225) |
| Total Project Cost (no City \$) | \$15,079,583 | | Gross Income | \$767,442 |
| Total Project Cost without (with City \$) | \$15,079,583 | | - Operating Expenses | \$290,877 |
| REQUESTED TIF REIMBURSEMENTS | \$3,250,000 | | - Utilities, insur, taxes | \$190,899 |
| Net Cost to Developer (after TIF reimbursement) | \$11,829,583 | | NOI | \$285,666 |
| Return on Cost Analysis | | | Note: rental income assumption uses stabilized rental income of approximately \$0.76 psf; other income assumption uses stabilized rate of \$.02 | |
| NOI/Total Project Costs | | | | |
| Return on Cost (no City \$) | | 1.9% | | |
| Return on Cost (with City \$) | | 2.4% | | |

Appendix H – Proforma Information

Atmos Complex NOI – Phase II

| Atmos Complex Project Pro Forma - Downtown Connection TIF District | | | | |
|---|---------------------|---------------------------|-----------------|---------------------------------|
| Phase II | | | | |
| PROJECT DESCRIPTION: | | Atmos Complex | | |
| PROJECT TYPE | | Rental/Retail | | |
| ANTICIPATED CONSTRUCTION START DATE | | June 1, 2015 | | |
| PROJECT SCHEDULE | | June 2015 - December 2016 | | |
| Residential Unit Breakdown | | | | |
| | SF | # of Units | Total SF | Construction Cost per SF |
| Total/Avg | 960 | 123 | 118,045 | \$193.19 |
| Retail Breakdown (exclude % profit) | | | | |
| | | | Total SF | Construction Cost per SF |
| Total/Avg | | | 10,000 | \$100.00 |
| Project Costs | | | | |
| Hard Cost | \$17,023,733 | | | |
| Soft Cost | \$5,781,953 | | | |
| Total Project Cost (no City \$) | \$22,805,686 | | | |
| Total Project Cost | \$22,805,686 | | | |
| REQUIRED CITY ASSISTANCE | \$11,750,000 | | | |
| Net Cost to Developer (after TIF reimbursement) | \$11,055,686 | | | |
| Return on Cost Analysis | | | | |
| NOI/Total Project Costs | | | | |
| Return on Cost (no City \$) | | | | 4.9% |
| Return on Cost (with City \$) | | | | 10.1% |
| Income | | | | |
| 1) Rental Income | | | | \$1,961,902 |
| 2) Other Income (Includes parking, storage and trash pick-up, etc.) | | | | \$58,144 |
| 3) Retail Income | | | | \$247,612 |
| 4) Loss to Rental Vacancy at 10% | | | | (\$202,005) |
| 5) Losst to Retail Vacancy @ 15% | | | | (\$37,142) |
| Gross Income | | | | \$2,028,511 |
| - Operating Expenses (Rental and Retail) | | | | \$456,714 |
| - Utilities, insur, taxes (Rental and Retail) | | | | \$458,257 |
| NOI | | | | \$1,113,540 |
| Note: rental income assumption uses stabilized rental income of approximately \$1.38 psf; other income assumption uses stabilized rate of \$.04 psf; retail income uses stabilized rate of \$2.06 psf | | | | |

Appendix I – Atmos Complex Unit Mix – Phase I

Atmos Complex - Phase I Project Unit Mix

| Size | Plan | | Square Feet | Number of Units | Total Sq.Ft. | Monthly Rent | Rent Per SF | Total Monthly |
|-----------|------|------------|-------------|-----------------|---------------|--------------|---------------|---------------|
| Studio | E | Affordable | 606 | 10 | 6,060 | \$492 | \$0.81 | 4,920 |
| Studio | E | Affordable | 619 | 10 | 6,190 | \$492 | \$0.79 | 4,920 |
| Studio | E | Affordable | 667 | 10 | 6,670 | \$492 | \$0.74 | 4,920 |
| Studio | E | Affordable | 706 | 10 | 7,060 | \$492 | \$0.70 | 4,920 |
| Studio | E | Affordable | 724 | 10 | 7,240 | \$492 | \$0.68 | 4,920 |
| Studio | E | Affordable | 730 | 6 | 4,380 | \$492 | \$0.67 | 2,952 |
| Studio | E | Affordable | 794 | 7 | 5,558 | \$492 | \$0.62 | 3,444 |
| 1 bd 1 ba | 1 | Affordable | 730 | 4 | 2,920 | \$631 | \$0.86 | 2,524 |
| 1 bd 1 ba | 1 | Affordable | 745 | 1 | 745 | \$631 | \$0.85 | 631 |
| 1 bd 1 ba | 1 | Affordable | 753 | 1 | 753 | \$631 | \$0.84 | 631 |
| 1 bd 1 ba | 1 | Affordable | 754 | 10 | 7,540 | \$631 | \$0.84 | 6,310 |
| 1 bd 1 ba | 1 | Affordable | 764 | 1 | 764 | \$631 | \$0.83 | 631 |
| 1 bd 1 ba | 1 | Affordable | 980 | 3 | 2,940 | \$631 | \$0.64 | 1,893 |
| 1 bd 1 ba | 1 | Affordable | 1,191 | 10 | 11,910 | \$631 | \$0.53 | 6,310 |
| 2 bd 2 ba | 2 | Affordable | 1,156 | 1 | 1,156 | \$756 | \$0.65 | 756 |
| 2 bd 2 ba | 2 | Affordable | 1,168 | 1 | 1,168 | \$756 | \$0.65 | 756 |
| 2 bd 2 ba | 2 | Affordable | 1,266 | 1 | 1,266 | \$756 | \$0.60 | 756 |
| 2 bd 2 ba | 2 | Affordable | 1,321 | 10 | 13,210 | \$756 | \$0.57 | 7,560 |
| 2 bd 2 ba | 2 | Affordable | 1,326 | 1 | 1,326 | \$756 | \$0.57 | 756 |
| | | | 895 | 107 | 88,856 | \$566 | \$0.68 | 60,510 |

| Garages | | | |
|-----------------------------|---------------|-------------|-----------|
| Surface Lot | | | 0 |
| Parking Structure | | | 54 |
| Open or Covered Stalls | | | 0 |
| Total Parking Spaces | Ratio: | 0.50 | 54 |

| Unit Mix Percentage | | |
|---------------------|------------|-------------|
| Studio | 63 | 59% |
| 1Bd 1Ba | 30 | 28% |
| 2Bd 2Ba | 14 | 13% |
| | 107 | 100% |

Appendix J – Atmos Complex Unit Mix – Phase II

Atmos Complex - Phase II Project Unit Mix

| Size | Plan | | Square Feet | Number of Units | Total Sq.Ft. | Monthly Rent | Rent Per SF | Total Monthly |
|-----------|------|------------|--------------|-----------------|----------------|----------------|---------------|----------------|
| Studio | E | Affordable | 657 | 7 | 4,599 | \$847 | \$1.29 | 5,929 |
| Studio | E | | 657 | 1 | 657 | \$910 | \$1.39 | 910 |
| Studio | E | | 663 | 1 | 663 | \$912 | \$1.38 | 912 |
| Studio | E | Affordable | 667 | 3 | 2,001 | \$847 | \$1.27 | 2,541 |
| Studio | E | | 667 | 2 | 1,334 | \$902 | \$1.35 | 1,804 |
| Studio | E | | 675 | 2 | 1,350 | \$895 | \$1.33 | 1,790 |
| Studio | E | | 675 | 3 | 2,025 | \$920 | \$1.36 | 2,760 |
| Studio | E | | 675 | 1 | 675 | \$925 | \$1.37 | 925 |
| Studio | E | | 675 | 1 | 675 | \$945 | \$1.40 | 945 |
| Studio | E | Affordable | 677 | 3 | 2,031 | \$847 | \$1.25 | 2,541 |
| Studio | E | | 677 | 2 | 1,354 | \$924 | \$1.36 | 1,848 |
| 1 bd 1 ba | 1 | Affordable | 717 | 7 | 5,019 | \$885 | \$1.23 | 6,195 |
| 1 bd 1 ba | 1 | Affordable | 757 | 9 | 6,813 | \$885 | \$1.17 | 7,965 |
| 1 bd 1 ba | 1 | Affordable | 763 | 9 | 6,867 | \$885 | \$1.16 | 7,965 |
| 1 bd 1 ba | 1 | Affordable | 803 | 5 | 4,015 | \$885 | \$1.10 | 4,425 |
| 1 bd 1 ba | 1 | | 852 | 2 | 1,704 | \$1,188 | \$1.39 | 2,376 |
| 1 bd 1 ba | 1 | | 852 | 1 | 852 | \$1,218 | \$1.43 | 1,218 |
| 1 bd 1 ba | 1 | | 852 | 1 | 852 | \$1,238 | \$1.45 | 1,238 |
| 1 bd 1 ba | 1 | Affordable | 872 | 8 | 6,976 | \$885 | \$1.01 | 7,080 |
| 1 bd 1 ba | 1 | | 872 | 1 | 872 | \$1,194 | \$1.37 | 1,194 |
| 1 bd 1 ba | 1 | Affordable | 906 | 4 | 3,624 | \$1,061 | \$1.17 | 4,244 |
| 1 bd 1 ba | 1 | | 906 | 4 | 3,624 | \$1,193 | \$1.32 | 4,772 |
| 1 bd 1 ba | 1 | | 906 | 1 | 906 | \$1,203 | \$1.33 | 1,203 |
| 1 bd 1 ba | 1 | | 944 | 2 | 1,888 | \$1,237 | \$1.31 | 2,474 |
| 1 bd 1 ba | 1 | | 964 | 2 | 1,928 | \$1,253 | \$1.30 | 2,506 |
| 1 bd 1 ba | 1 | | 964 | 2 | 1,928 | \$1,263 | \$1.31 | 2,526 |
| 1 bd 1 ba | 1 | | 964 | 1 | 964 | \$1,268 | \$1.32 | 1,268 |
| 1 bd 1 ba | 1 | | 979 | 1 | 979 | \$1,298 | \$1.33 | 1,298 |
| 1 bd 1 ba | 1 | | 979 | 1 | 979 | \$1,323 | \$1.35 | 1,323 |
| 1 bd 1 ba | 1 | | 979 | 1 | 979 | \$1,328 | \$1.36 | 1,328 |
| 1 bd 1 ba | 1 | | 987 | 1 | 987 | \$1,372 | \$1.39 | 1,372 |
| 1 bd 1 ba | 1 | | 998 | 1 | 998 | \$1,351 | \$1.35 | 1,351 |
| 1 bd 1 ba | 1 | | 998 | 1 | 998 | \$1,356 | \$1.36 | 1,356 |
| 1 bd 1 ba | 1 | | 998 | 1 | 998 | \$1,381 | \$1.38 | 1,381 |
| 1 bd 1 ba | 1 | | 1,050 | 2 | 2,100 | \$1,400 | \$1.33 | 2,800 |
| 1 bd 1 ba | 1 | | 1,050 | 1 | 1,050 | \$1,415 | \$1.35 | 1,415 |
| 1 bd 1 ba | 1 | | 1,050 | 1 | 1,050 | \$1,430 | \$1.36 | 1,430 |
| 1 bd 1 ba | 1 | | 1,058 | 2 | 2,116 | \$1,410 | \$1.33 | 2,820 |
| 1 bd 1 ba | 1 | | 1,058 | 1 | 1,058 | \$1,425 | \$1.35 | 1,425 |
| 1 bd 1 ba | 1 | | 1,058 | 1 | 1,058 | \$1,440 | \$1.36 | 1,440 |
| 1 bd 1 ba | 1 | | 1,074 | 1 | 1,074 | \$1,431 | \$1.33 | 1,431 |
| 2 bd 2 ba | 2 | Affordable | 1,169 | 2 | 2,338 | \$1,061 | \$0.91 | 2,122 |
| 2 bd 2 ba | 2 | Affordable | 1,361 | 2 | 2,722 | \$1,061 | \$0.78 | 2,122 |
| 2 bd 2 ba | 2 | | 1,361 | 6 | 8,166 | \$1,628 | \$1.20 | 9,768 |
| 2 bd 2 ba | 2 | | 1,361 | 1 | 1,361 | \$1,658 | \$1.22 | 1,658 |
| 2 bd 2 ba | 2 | Affordable | 1,377 | 2 | 2,754 | \$1,061 | \$0.77 | 2,122 |
| 2 bd 2 ba | 2 | Affordable | 1,532 | 2 | 3,064 | \$1,061 | \$0.69 | 2,122 |
| 2 bd 2 ba | 2 | | 1,534 | 1 | 1,534 | \$2,009 | \$1.31 | 2,009 |
| 2 bd 2 ba | 2 | | 1,534 | 1 | 1,534 | \$2,014 | \$1.31 | 2,014 |
| 2 bd 2 ba | 2 | | 1,534 | 1 | 1,534 | \$2,039 | \$1.33 | 2,039 |
| 2 bd 2 ba | 2 | | 2,038 | 1 | 2,038 | \$2,931 | \$1.44 | 2,931 |
| 2 bd 2 ba | P | | 2,616 | 1 | 2,616 | \$3,981 | \$1.52 | 3,981 |
| 2 bd 3 ba | P | | 2,814 | 1 | 2,814 | \$4,167 | \$1.48 | 4,167 |
| 2 bd 3 ba | P | | 2,950 | 1 | 2,950 | \$4,480 | \$1.52 | 4,480 |
| | | | 1,088 | 123 | 118,045 | \$1,181 | \$1.23 | 145,259 |

| Garages | |
|-----------------------------|------------------------|
| Surface Lot | 0 |
| Parking Structure | 225 |
| Open or Covered Stalls | 0 |
| Total Parking Spaces | Ratio: 1.83 225 |

| Unit Mix Percentage | | |
|---------------------|------------|-------------|
| Studio | 26 | 21% |
| 1Bd 1Ba | 75 | 61% |
| 2Bd 2Ba | 22 | 18% |
| | 123 | 100% |

Appendix K – Atmos Complex Project *Development Team*

- Hamilton Atmos, LP an affiliate of Hamilton Properties
 - Larry Hamilton – Founder and CEO of Hamilton Properties
 - Ted Hamilton – President of Hamilton Properties
 - Hamilton Properties has successfully redeveloped other downtown Dallas buildings such as the Davis building, Dallas Power and Light building, Mosaic and Aloft Hotel
- John Greenan, Executive Director of Central Dallas Community Development Corporation (non-profit affordable housing development arm of Central Dallas Ministries)
 - Central Dallas Community Development Corporation recently completed the Citywalk @ Akard residential project