



KILLEEN MULTIFAMILY PFC

A proposed partnership between
The NRP Group & the City of Killeen

The NRP Group

- #7 Largest Multifamily Developer in Country
- #6 Largest Multifamily General Contractor in Country
- Vertically Integrated – Development, Construction, Property Management
- 42,000 apartment homes developed since 1994
- 23,000 apartment homes under management currently
- NRP strives to provide quality housing, to all individuals and families, regardless of income



THE PROJECT

The Project

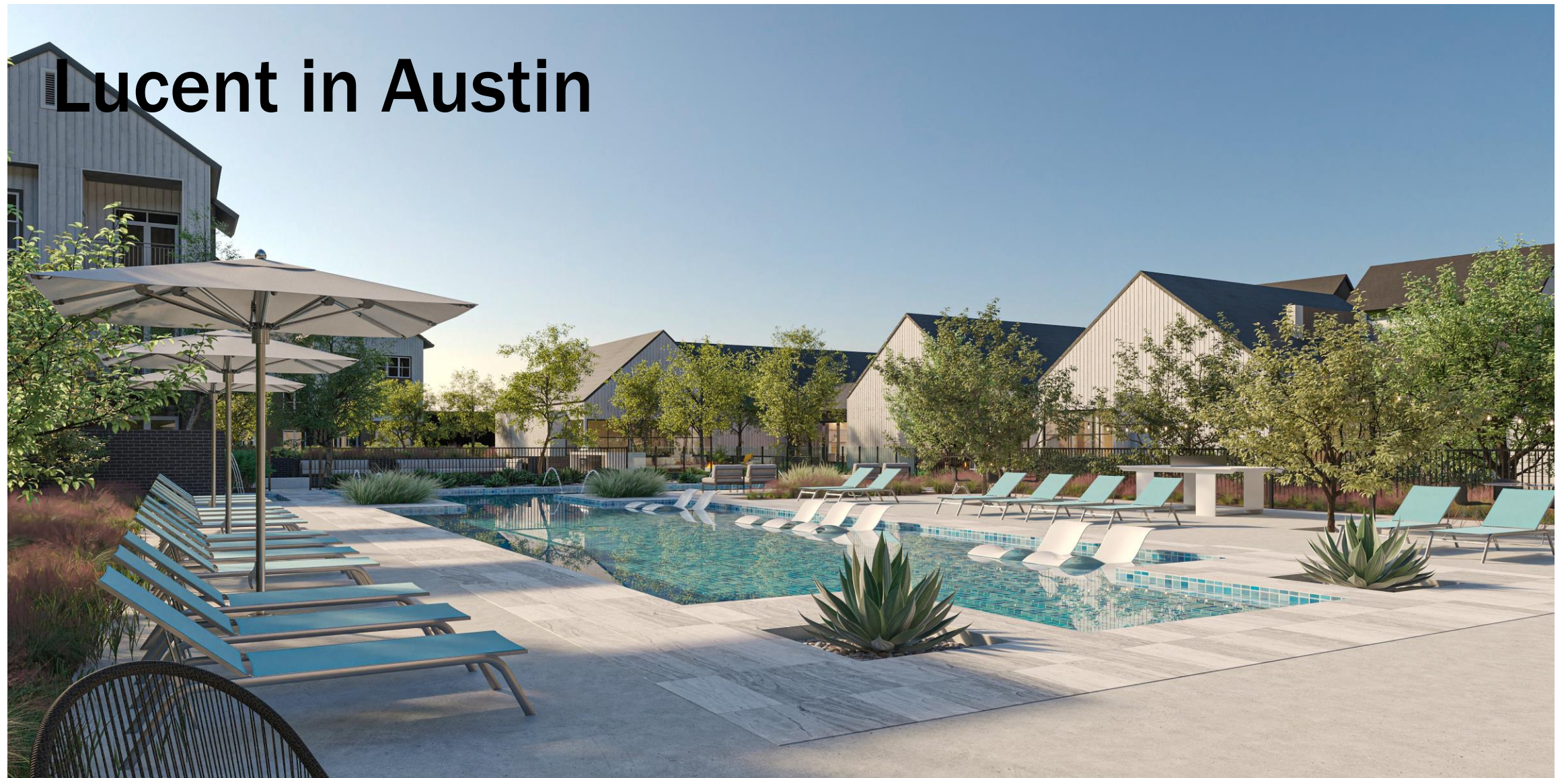
- Location: 25.77 Acres at the SW Corner of WS Young & Business 190
- Located in the North Killeen Revitalization Program area
- +/- 368 Units (one, two, and three bedroom units)
- High quality construction and finishes (20% brick/stone required)
- Amenities: Clubhouse, great room, resort style pool, state of the art fitness room, dog park, coffee bar, conference rooms, private yards

Site Plan

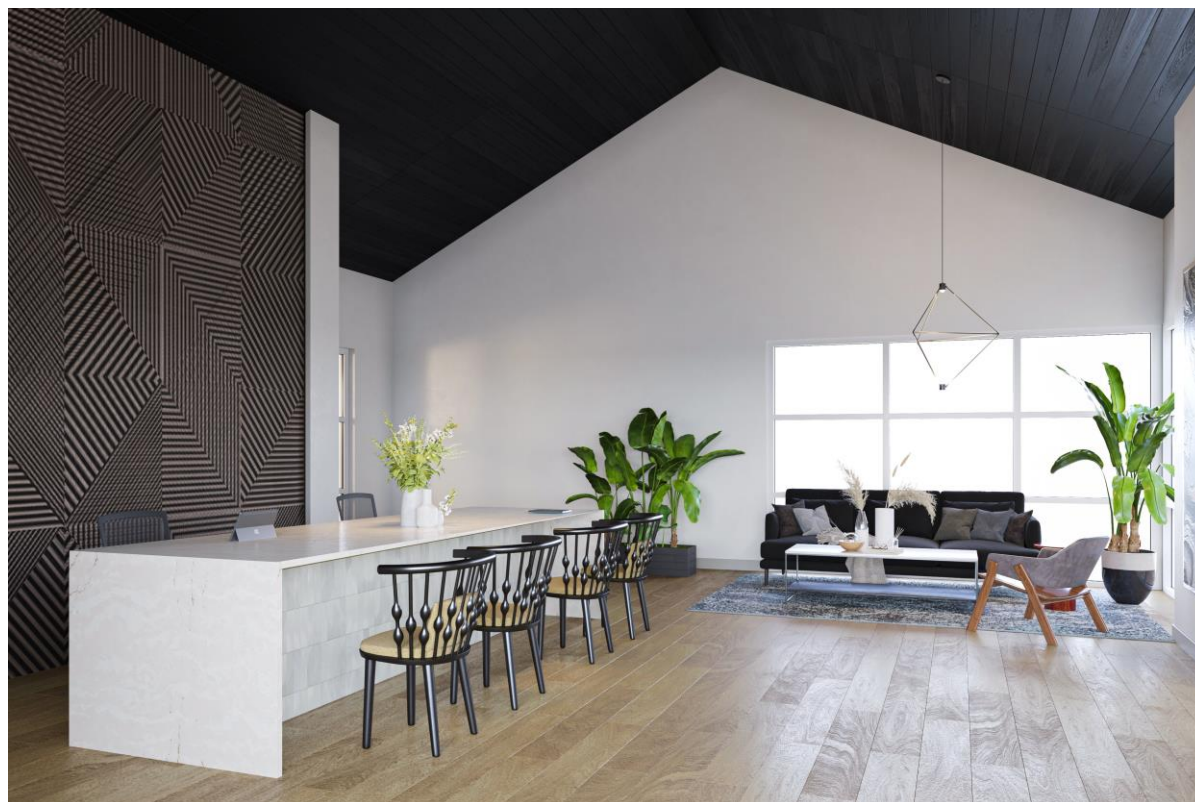


Lucent in Austin





Clubhouse



Fitness and Spin



Unit Interior Design





**Public Facility Corporation
(PFC)**

The PFC Statute

- Title 9 - Subtitle C - Chapter 303 – Public Facility Corporations (PFC)
- Section 303.042 Taxation
 - (a) A public facility, **including a leasehold estate in a public facility**, that is owned by a corporation and that, except for the purposes and nonprofit nature of the corporation, would be taxable to the corporation under Title 1, Tax Code, shall be assessed to the user of the public facility to the same extent and subject to the same exemptions from taxation as if the user owned the public facility.

The PFC Statute

- Title 9 - Subtitle C - Chapter 303 – Public Facility Corporations (PFC)
- Section 303.042 Taxation
 - (d) An exemption under this section for a multifamily residential development which is owned by a public facility corporation created by a housing authority under this chapter and which does not have at least 20 percent of its units reserved for public housing units, applies only if:
 - (1) the housing authority holds a public hearing, at a regular meeting of the authority's governing body, to approve the development;
 - (2) at least 50 percent of the units in the multifamily residential development are reserved for occupancy by individuals and families earning less than 80 percent of the area median family income.

Basic PFC Structure

- City of Killeen forms a PFC
- NRP is currently under contract to purchase the property
- At Closing, title to the property is conveyed to the PFC and contemporaneously a 75 year lease is signed between the PFC and the developer Joint Venture (JV) entity
- NRP builds the project – at completion the PFC is the owner of the land and the improvements, but the project is encumbered by the lease allowing the JV to operate the project

Project Financing

- Project Cost = \$51,000,000
- Cash Equity (35%) = \$17,850,000
- Construction Loan (65%) = \$33,150,000
 - NRP provides repayment and completion guaranty on the loan
- PFC takes no liability on the project (both from a construction standpoint and from a loan guarantee standpoint)
- PFC/City doesn't fund any of the development costs

City / PFC Benefits

- Affordability – reservation of units for moderate income citizens, Killeen incomes ranging from \$35,000 - \$50,000 (HUD published for Bell County)
- Economic Development – High quality new construction in North Killeen (MOU requires a minimum of 20% brick/stone façade)
- Financial
 - Origination Fee paid at Closing = \$350,000
 - Sales Commission at Initial Sale = \$250,000
 - Annual Asset Management Fee = \$25,000
 - 15% carried interest in the JV entity (share in cash flow once equity investors receive a 10% preferred return), based on project performance (see next slide for forecasted cash flow)
 - 3.5 Acres of Commercial Land not to be encumbered by the lease (+/- \$300,000)
 - At lease expiration, project estimated value (2.5% inflation assuming \$65m value at stabilization) = \$386,000,000

City / PFC Benefits

- Cash Flow from 15% carried interest (assuming JV holds 10 Years)
 - Year 1: \$350,000 (origination fee)
 - Year 2 & 3: \$0 (construction/lease-up)
 - Year 4: \$202,869
 - Year 5: \$212,702
 - Year 6: \$222,663
 - Year 7: \$101,994 (I/O Period of Loan Ends, Amortization begins)
 - Year 8: \$112,213
 - Year 9: \$122,562
 - Year 10: \$133,041 + \$250,000 sales commission

Commercial Land





PFC PROJECTS

PFC Project: Upton Longhorn



PFC Project: Upton Longhorn



PFC Project: Baldwin



PFC Project: Baldwin



PFC Project: The Kennedy



PFC Project: The Kennedy



PFC Projects in Design and Construction

- Design
 - Highland Village – 300 units in Austin
 - Princeton Crossroads – 300 units in Princeton (Dallas suburb)
 - Montrose – 366 units in Houston
- Construction
 - The Martingale – 270 units in Austin
 - Vega Flats – 330 units in Austin
 - The Exchange – 300 units in Houston
 - Broadway Jones – 284 units in San Antonio
 - Trophy Oaks – 324 units in Cibolo (San Antonio suburb)



**PFC CASE STUDY
ECONOMIC DEVELOPMENT**

Economic Development – Case Study

- Cevallos Lofts – San Antonio, TX
- Built in 2011
- 50% at 60% AMI
- 50% at market rents

Economic Development – Cevallos Lofts



Economic Development – Cevallos Lofts



Economic Development – Case Study

PROJECT NAME	TAX APPRAISAL VALUE	ANNUAL TAXES COLLECTED
Agave	\$73,200,000	\$1,982,506
The Flats at Big Tex	\$66,415,600	\$1,565,637
Southtown Flats	\$42,000,000	\$1,178,365
MELA (Mission Escondido)	\$34,974,000	\$981,241
Heritage Plaza Apartments	\$29,416,607	\$825,321
Peanut Factory Lofts	\$7,077,500	\$198,568
1010 S Flores St	\$5,578,780	\$132,447
Liberty Bar	\$1,437,657	\$40,335
Battalion Restaurant	\$1,100,030	\$30,862



THANK YOU