

August 22, 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 Maple Highline 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 \$191,256. Over a 15-year period the rents subsidy is estimated to be \$3,557,154 using a 3% escalator on future rents. The property only includes 1 bedroom units. The 60% units include a 32% discount to market while the 80% units include a 9% discount to market created a combined 14% discount to market for all affordable 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)
 - Annual Rent Payment
 - Sale or Refinance Fee (Not Included in GP Revenue Summary)
- **Estimated Property Taxes –** Construction has not begun on the property. Two estimated property tax projections were completed.
 1. Based on 80% of the total cost of the development
 2. Based on the 2023 assessed value per DCAD.

The remaining analysis that included 15 year estimated property taxes one year from the 2023 assessed value, a half value from the 80% of the construction cost for one year, and the remaining 13 years are the 80% of construction cost estimate. Hilltop believes this will give an accurate representation of how the property will be valued during the rest of construction through completion if the property were to stay on the tax rolls.

- **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 58.99% is generated, not including the sale or refinance fee.

- **15-year Proforma with Property Taxes** – Based on the provided proforma when including either the developer’s or Hilltop’s estimated property taxes in the provided proforma the Debt Service Coverage (DCR) never drops below the industry standard 1.15. When using the developer’s estimated taxes the lowest DCR created is 1.29, and when using Hilltop’s estimated taxes the lowest DCR created is a 1.31. Including the property taxes would cause the development to incur an additional \$10 million in expenses over 15 years, which could reduce investor involvement. However, from a true feasibility standpoint the project would work with the additional expense.



City of Dallas Public Facility Corporation
 Maple Highline
 General Partner Revenue/Property Tax Abatement Analysis - Workforce Housing
 Draft as of 8/17/2023



Total Project Cost
\$28,058,089

Dev. Proposed

General Partner - Acquisition Fee or Upfront Fee		250,000.00
General Partner - (Annual Lease Payment)	\$	1,874,134.85
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	\$	2,124,134.85

15 Year Rent Subsidy		3,557,153.87
GP Revenues + Rent Subsidy	\$	5,681,288.73

Estimate of Taxes Abated		\$9,630,392.96
Mil Rate		2.500380%
Cap Rate		6.50%
20% of Estimate of Taxes Abated		\$3,852,157.19

Footnote:

a.	Total Cash Flow based off of "Maple Highline - PFC Model 8.13.23" numbers =	17,934,578.79
	Partnership Expenses =	1,874,134.85
	Cash Flow Remaining =	16,060,443.94



Dallas Public Facility Corporation
 Maple Highline
 Estimated Property Taxes Abated



Total Cost	28,058,089
80% of Estimated Value	22,446,471
Mil Rate	2.50038%
Cap Rate	6.50%
Loaded Cap	9.00038%

Current Assessed Value

\$1,683,600

Taxing Authority	Mil Rate	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total
DALLAS	0.745800%	\$12,556.29	12,932.98	13,320.97	13,720.60	14,132.21	14,556.18	14,992.87	15,442.65	15,905.93	16,383.11	16,874.60	17,380.84	17,902.27	18,439.33	18,992.51	214,541
DALLAS ISD	1.184935%	\$19,949.57	20,548.05	21,164.49	21,799.43	22,453.41	23,127.01	23,820.82	24,535.45	25,271.51	26,029.66	26,810.55	27,614.86	28,443.31	29,296.61	30,175.51	340,865
DALLAS COUNTY	0.217946%	\$3,669.34	3,779.42	3,892.80	4,009.59	4,129.87	4,253.77	4,381.38	4,512.82	4,648.21	4,787.65	4,931.28	5,079.22	5,231.60	5,388.55	5,550.20	62,696
DALLAS COLLEGE	0.115899%	\$1,951.28	2,009.81	2,070.11	2,132.21	2,196.18	2,262.06	2,329.93	2,399.82	2,471.82	2,545.97	2,622.35	2,701.02	2,782.05	2,865.51	2,951.48	33,340
PARKLAND HOSPITAL	0.235800%	\$3,969.93	4,089.03	4,211.70	4,338.05	4,468.19	4,602.24	4,740.30	4,882.51	5,028.99	5,179.86	5,335.25	5,495.31	5,660.17	5,829.97	6,004.87	67,831
Total Mil Rate	2.500380%	\$42,096.40	43,359.29	44,660.07	45,999.87	47,379.87	48,801.26	50,265.30	51,773.26	53,326.46	54,926.25	56,574.04	58,271.26	60,019.40	61,819.98	63,674.58	719,273

80% of Total Cost

\$22,446,471

Taxing Authority	Mil Rate	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total
DALLAS	0.745800%	\$167,405.78	172,427.95	177,600.79	182,928.82	188,416.68	194,069.18	199,891.26	205,887.99	212,064.63	218,426.57	224,979.37	231,728.75	238,680.61	245,841.03	253,216.26	2,860,349
DALLAS ISD	1.184935%	\$265,976.09	273,955.37	282,174.03	290,639.25	299,358.43	308,339.18	317,589.36	327,117.04	336,930.55	347,038.47	357,449.62	368,173.11	379,218.30	390,594.85	402,312.70	4,544,554
DALLAS COUNTY	0.217946%	\$48,921.19	50,388.82	51,900.49	53,457.50	55,061.23	56,713.06	58,414.45	60,166.89	61,971.89	63,831.05	65,745.98	67,718.36	69,749.91	71,842.41	73,997.68	835,883
DALLAS COLLEGE	0.115899%	\$26,015.24	26,795.69	27,599.56	28,427.55	29,280.38	30,158.79	31,063.55	31,995.46	32,955.32	33,943.98	34,962.30	36,011.17	37,091.50	38,204.25	39,350.38	444,505
PARKLAND HOSPITAL	0.235800%	\$52,928.78	54,516.64	56,152.14	57,836.71	59,571.81	61,358.96	63,199.73	65,095.72	67,048.59	69,060.05	71,131.85	73,265.81	75,463.78	77,727.70	80,059.53	904,358
Total Mil Rate	2.500380%	\$561,247.07	578,084.48	595,427.01	613,289.82	631,688.52	650,639.17	670,158.35	690,263.10	710,970.99	732,300.12	754,269.13	776,897.20	800,204.12	824,210.24	848,936.55	9,919,435



15 Year Pro Forma with Property Taxes
Dallas Public Facility Corporation
Maple Highline



Proforma	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total
Year																
Estimated Property Taxes (2.50038% MIL Rate)	42,096	289,042	595,427	613,290	631,689	650,639	670,158	690,263	710,971	732,300	754,269	776,897	800,204	824,210	848,937	9,630,393
Total Developer's Estimated Debt Service	\$ -	\$ -	\$ 1,059,381	\$ 1,155,689	\$ 1,155,689	\$ 1,155,689	\$ 1,155,689	\$ 1,368,864	\$ 1,388,559	\$ 1,388,559	\$ 1,388,559	\$ 1,388,559	\$ 1,388,559	\$ 1,388,559	\$ 1,388,559	16,770,913
Net Operating Income	\$ (42,096)	\$ 720,552	\$ 1,448,818	\$ 1,535,656	\$ 1,595,853	\$ 1,658,351	\$ 1,723,236	\$ 1,790,597	\$ 1,860,527	\$ 1,933,123	\$ 2,008,483	\$ 2,086,712	\$ 2,167,918	\$ 2,252,210	\$ 2,335,158	\$ 25,075,099
Additional Income Needed to Achieve 1.15 DCR	\$ 42,096.40	\$ (720,552.42)	\$ (230,529.66)	\$ (206,613.67)	\$ (266,811.31)	\$ (329,309.36)	\$ (394,194.13)	\$ (216,403.49)	\$ (263,684.30)	\$ (336,279.71)	\$ (411,640.27)	\$ (489,869.48)	\$ (571,074.69)	\$ (655,367.19)	\$ (738,315.59)	\$ (5,788,549)
DCR			1.37	1.33	1.38	1.43	1.49	1.31	1.34	1.39	1.45	1.50	1.56	1.62	1.68	
CF Available for Waterfall after Hard Debt	(42,096)	720,552	389,437	379,967	440,165	502,663	567,547	421,733	471,968	544,564	619,924	698,153	779,359	863,651	946,599	8,304,186



**15 Year Pro Forma with Property Taxes
Dallas Public Facility Corporation
Maple Highline (Developer's Estimated Taxes)**



Proforma	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total
Year																
Estimated Property Taxes (2.50038% MIL Rate)	533,761	603,006	621,097	639,729	658,921	678,689	699,050	720,021	741,622	763,870	786,786	810,390	834,702	859,743	885,535	10,836,923
Total Developer's Estimated Debt Service	\$ -	\$ -	\$ 1,059,381	\$ 1,155,689	\$ 1,155,689	\$ 1,155,689	\$ 1,155,689	\$ 1,368,864	\$ 1,388,559	\$ 1,388,559	\$ 1,388,559	\$ 1,388,559	\$ 1,388,559	\$ 1,388,559	\$ 1,388,559	16,770,913
Net Operating Income	\$ (533,761)	\$ 406,588	\$ 1,423,149	\$ 1,509,216	\$ 1,568,620	\$ 1,630,302	\$ 1,694,345	\$ 1,760,839	\$ 1,829,876	\$ 1,901,552	\$ 1,975,966	\$ 2,053,219	\$ 2,133,420	\$ 2,216,677	\$ 2,298,560	\$ 23,868,569
Additional Income Needed to Achieve 1.15 DCR	\$ 533,761.28	\$ (406,588.33)	\$ (204,860.14)	\$ (180,174.08)	\$ (239,578.53)	\$ (301,259.59)	\$ (365,302.87)	\$ (186,645.49)	\$ (233,033.56)	\$ (304,709.45)	\$ (379,122.90)	\$ (456,376.59)	\$ (536,577.01)	\$ (619,834.58)	\$ (701,717.01)	\$ (4,582,019)
DCR			1.34	1.31	1.36	1.41	1.47	1.29	1.32	1.37	1.42	1.48	1.54	1.60	1.66	
CF Available for Waterfall after Hard Debt	(533,761)	406,588	363,767	353,527	412,932	474,613	538,656	391,975	441,317	512,993	587,407	664,660	744,861	828,118	910,001	7,097,656



City of Dallas Public Facility Corporation
Maple Highline



Rent Subsidy and Property Tax Abatement Comparison - Workforce Housing
Draft as of 8/17/2023

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	60%	80%
1,980	1bd/1ba	661	1,188	13	32%	7,306	87,672	1,584	52	9%	8,632	103,584	1,750	65	88%	191,256	4.2	4.9
Total/Avg			1,188	13	32.11%	7,306	87,672	1,584	52	9.49%	8,632	103,584	1,750	65		191,256	32.1%	9.5%

Unit Mix	# of Units
10% at 60% AMI	13
40% at 80% AMI	52
50% at Market	65
Total	130

	Units	Avg. Rent	Disc. to Market
Total Market Rate	65	1,750	
Total Affordable	65	1,505	14%