



City of Dallas

Longhorn Ballroom

Redevelopment Project in the
TOD TIF District

Economic Development Committee
September 6, 2022

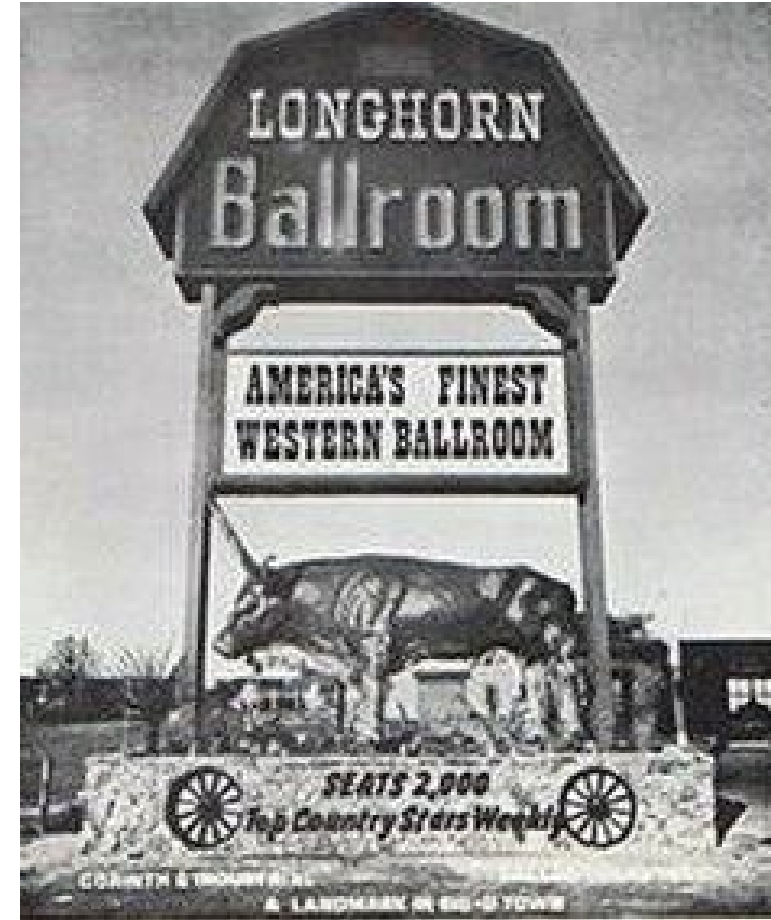
Kevin Spath, AICP, EDFP, HDFP
Assistant Director
Office of Economic Development

Presentation Overview



- Background
- Proposed Project
- Staff Recommendation
- Next Steps

- Appendix



Background: Location



- “Rock Island”
- Northeast corner of Corinth Street and Riverfront Boulevard
- Cedars West Sub-District of Transit-Oriented Development (TOD) Tax Increment Financing (TIF) District



Background: Location



- Project site: approximately 4.5 acres.
- Developer has acquired and assembled the parcel at 200 Corinth Street and 6 parcels at 2202-2222 Riverfront Boulevard.
- Developer also has parcel at 418 Corinth Street (0.969 acres) under contract.
- Cedars West Sub-District of TOD TIF District.



Background: History



- Originally built in 1950 by O.L. Nelms for country music legend Bob Wills and His Texas Playboys and was originally named Bob Wills' Ranch House.
- Early 1950s: Jack Ruby served as manager, and in 1958 "Dewey" Groom took over, renaming it the Longhorn Ballroom.
- Iconic music venue for decades hosting a wide variety of acts from country legends such as Willie Nelson, Loretta Lynn, Merle Haggard, Charley Pride, Patsy Cline, and George Jones to world renowned Jazz, Blues, and R&B artist such as B. B. King, Ray Charles, Nat King Cole, James Brown and Al Green.
- 1978: the Ballroom reached international fame for being one of the only 7 venues to host the Sex Pistols on their only U.S. tour.



Background: History

- Late 1980s: Aerosmith filmed its music video “What it Takes” in the venue.
- Early 1990s: the Queen of Tejano, Selena, performed at the venue, and hip hop artist, 2 Live Crew, refused to take the stage resulting in a riot that involved over 50 police.
- Recognitions of the venue include:
 - “America's Most Unique Ballroom” by Country Music Reporter (1971)
 - “Texas's Most Historic Music Venue” by Texas Monthly (2017)
 - “From Country to Blues, Soul to Punk, and Tejano to Swing, the Longhorn Ballroom has been a Temple of Americana, a Pillar of Texas Music Heritage.” Center for Texas Music History (2021)



Background: Existing Conditions



- In addition to the main ballroom, there is a second “mixed-use” building on the property.
- “Longhorn Ballroom” sign was designated as a landmark sign in 1984.
- Over the past three decades, the property has been underutilized and has fallen into severe disrepair.
- In 2017, City Council authorized an economic development grant agreement up to \$500,000 with S&D Longhorn Partners, LLC to revitalize the property in two phases and restore operations of the main ballroom building as a music/event venue. First phase of improvements/requirements were completed, the ballroom became operational again as a music venue, and \$156,000.00 in grant funds were disbursed. In 2019, S&D Longhorn Partners, LLC entered bankruptcy, and the ballroom closed. Since then, the property has been vacant again, subject to vandalism, burglary, and theft.



Background: Existing Conditions



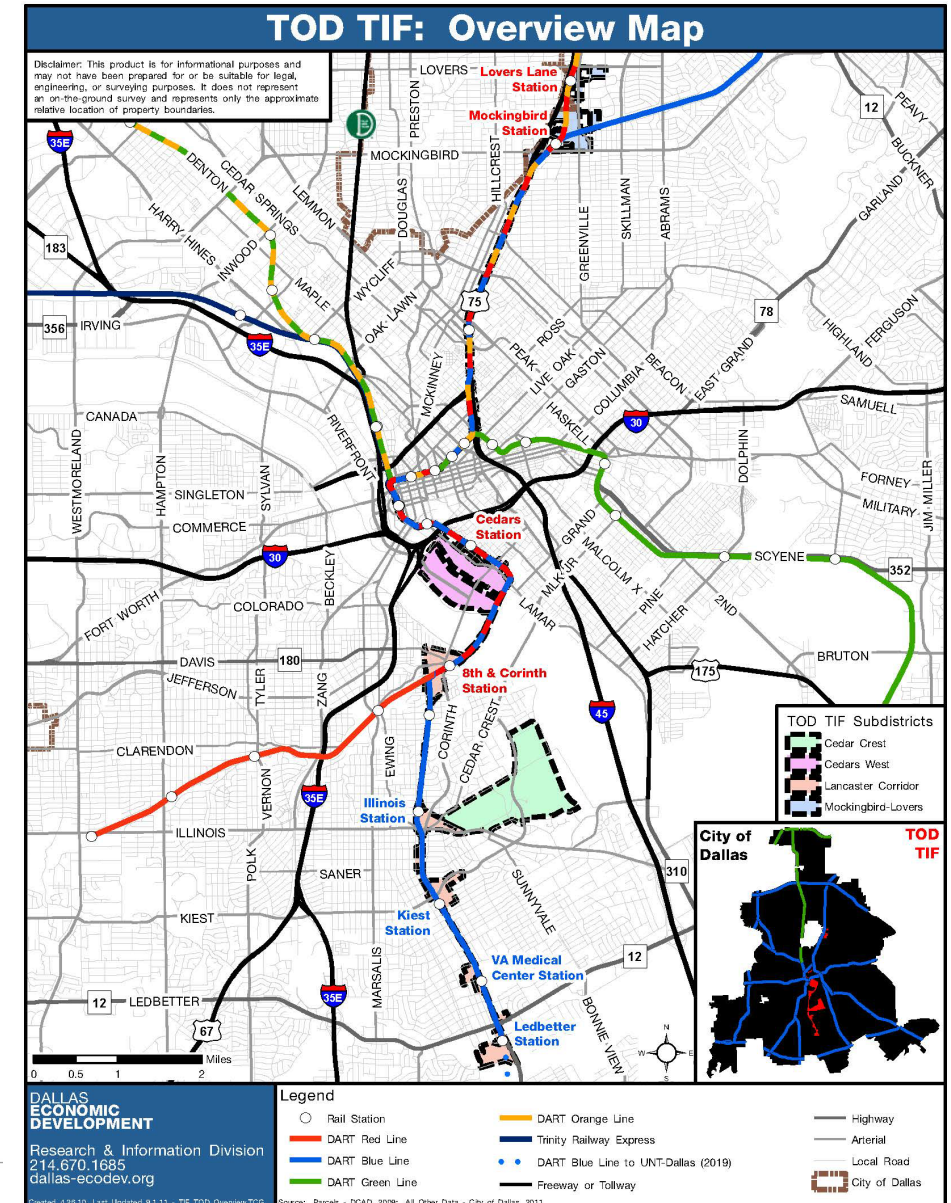
- Preservation Dallas 2020 List of Most Endangered Historic Places: “The Ballroom is not only a central element in Dallas entertainment history, but a place that has celebrated the diversity of American music.”
- May 2022: City Council approved rezoning (new sub-district with modified development standards in PD 784, the Trinity River Corridor Special Purpose Zoning District) to allow for the proposed Project, including an outdoor music venue, opening the opportunity to transform the vacant land adjacent to the buildings.



Background: TOD TIF District



- Created December 10, 2008, to encourage dense and pedestrian-friendly TOD around DART stations in the central portion of the City, help create a series of unique destinations, and foster the construction of facilities beneficial to the DART light rail system.
- 4 Sub-Districts:
 - Mockingbird/Lovers Lane
 - Cedars West
 - Lancaster Corridor (includes the 8th & Corinth, Illinois, Kiest, VA Medical Center, and Ledbetter DART station areas)
 - Cedar Crest (added in 2010)
- City's first "barbell" TIF district structure, providing a mechanism to allow for tax increment sharing to enhance funding for more distressed areas to jump start catalyst projects such as Lancaster Urban Village.
- 40% of the increment generated by the Mockingbird/Lovers Lane Sub-District and 10% of the increment generated by the Cedars West Sub-District is annually transferred to the Lancaster Corridor Sub-District.



Background: TOD TIF District



- Linking light rail station areas facilitates **tax increment sharing** to help stimulate Lancaster Corridor development by **providing additional project incentive capacity** to the Lancaster Corridor from a portion of increment **(40%)** transferred from the Mockingbird/Lovers Sub-District and **(10%)** transferred from the Cedars West Sub-District.

**TIF Project & Financing Plan - Estimated Increment Generation & Allocation
by Sub-District during 30-year term**

Sub-District	Property Value Estimate - New Development	Increment Generated (NPV)	Estimated TIF Budget Allocation (NPV 2009 dollars)
Lancaster Corridor	\$171,203,800	\$13,197,448	\$49,781,005
Cedar Crest	\$325,976,685	\$25,834,552	\$25,326,728
Mockingbird - Lovers	\$839,888,351	\$76,557,143	\$30,020,910
Cedars West	\$1,094,082,000	\$69,588,554	\$54,576,532
Affordable Housing (all sub-districts)	---	---	\$21,832,521
Administration	---	---	\$3,640,000
Total		\$185,177,697	\$185,177,697



Proposed Project



- Over the past year, Office of Economic Development (OED) staff has been working with Edwin Cabaniss on a proposal to rehabilitate, revitalize, and re-operationalize both the historic Longhorn Ballroom and the overall site.
- Mr. Cabaniss has comparable experience with the Kessler Theater in Dallas and the Heights Theater in Houston.
- Mr. Cabaniss and his team are also in the process of pursuing listing of the entire property on the National Register of Historic Places.



Kessler Theater (before)



Kessler Theater (after)



Proposed Project: Summary



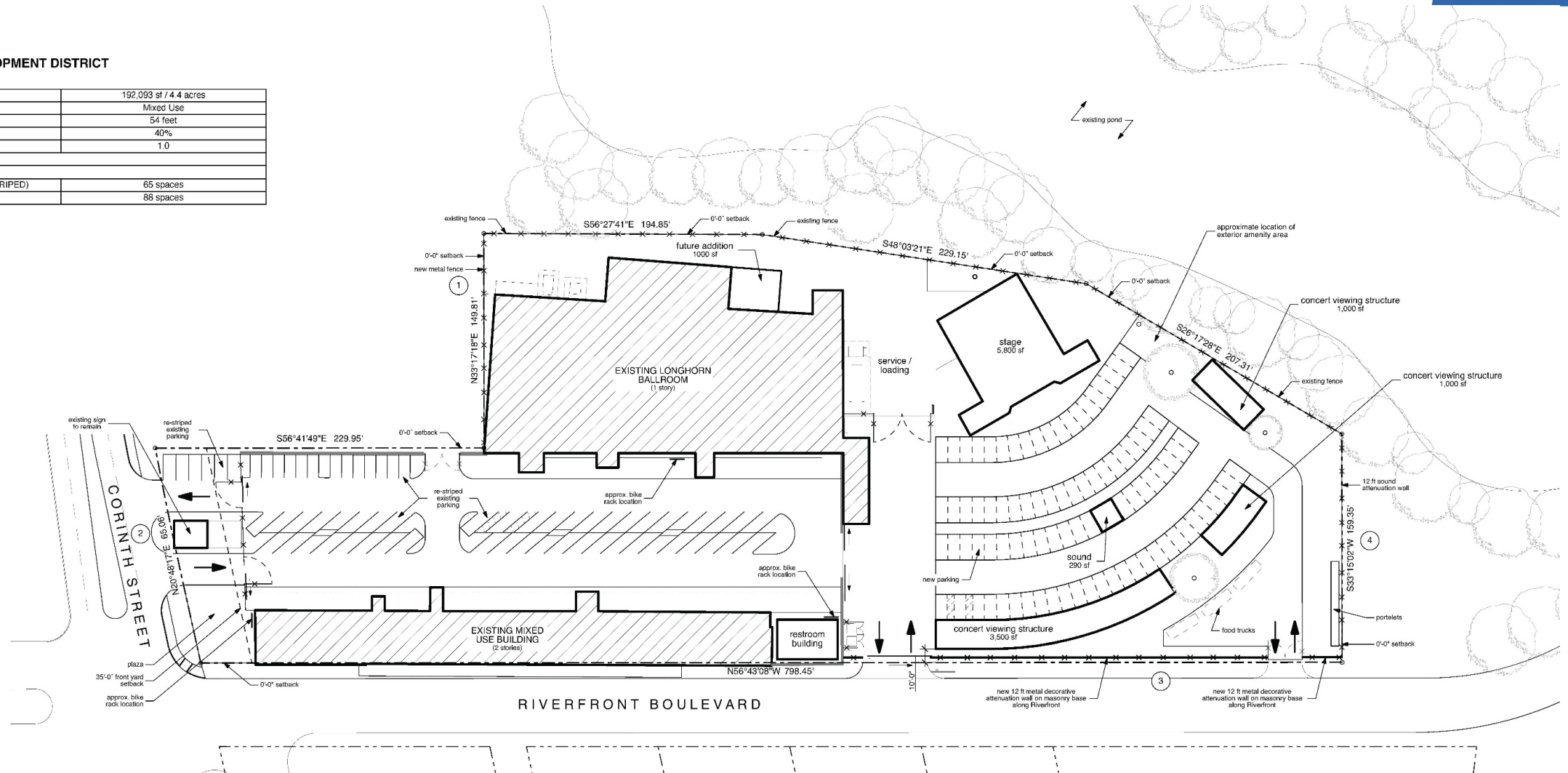
Project Developer: Island Rock Holdings, LLC (“Developer”) a Texas limited liability company and/or its assigns will, directly or indirectly, control the Project. Edwin Cabaniss is Managing Member.

Project Summary: In 2021, Developer submitted an incentive application to the Office of Economic Development for the Longhorn Ballroom Redevelopment Project (the “Project”):

- **Various interior improvements** to the approximately 30,052 square foot **existing Longhorn Ballroom building (“Building #1”)**, including structural; mechanical; electrical; plumbing; lighting; heating, ventilation and air-conditioning (HVAC); fire alarm/sprinkler; security system; finish-out;
- **Various exterior and interior improvements** to the approximately 20,351 square feet existing mixed-use commercial building (**“Building #2”**), including structural; mechanical; electrical; plumbing; lighting; HVAC; fire alarm/sprinkler; finish-out; façade restoration;
- **Site improvements to include the courtyard/parking lot and creation of a 2-acre outdoor “backyard” event space**, including grading; paving; parking; irrigation; landscape; hardscape; retaining wall; fencing; gates; lighting); and
- **Public infrastructure improvements and streetscape improvements** along the Project’s Corinth Street frontage and at the intersection of Corinth Street and Riverfront Boulevard.



TOTAL SITE AREA	192,093 sf / 4.4 acres
LAND USE	Mixed Use
MAX. BUILDING HEIGHT	54 feet
MAX. LOT COVERAGE	40%
MAX. FAR	1.0
PARKING	
EXISTING PARKING (RE-STRIPED)	65 spaces
NEW OVERFLOW PARKING	88 spaces



Proposed Project: Rendering



Longhorn Ballroom - Exterior Rendering

22 October 2021

Not for regulatory approval,
permitting, or construction.
Issued under the authority of
Robert L. Meckfessel, FAIA.



Proposed Project: Rendering



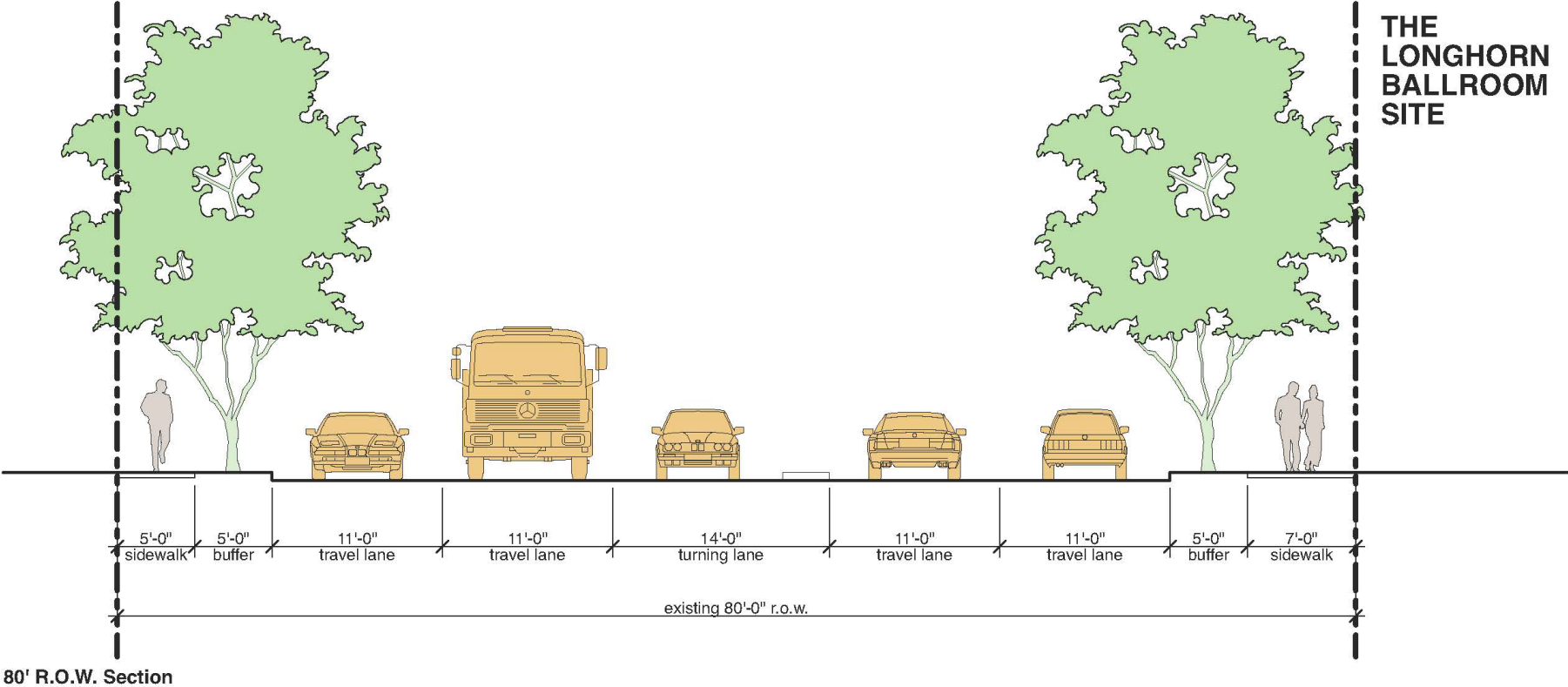
Longhorn Ballroom - Exterior Rendering

22 October 2021

Not for regulatory approval,
permitting, or construction.
Issued under the authority of
Robert L. Meckfessel, FAIA.



Proposed Project: Public Infrastructure



Longhorn Ballroom - Corinth Conceptual Cross Section

22 October 2021

Not for regulatory approval,
permitting, or construction.
Issued under the authority of
Robert L. Meckfessel, FAIA.



Proposed Project: Urban Design



- In October 2021, the City's Urban Design Peer Review Panel ("UDPRP") reviewed the Project and applauded Developer's efforts to rehabilitate the Longhorn Ballroom and bring it back to its former glory. The Panel encouraged the development team work to establish the Project as a bold statement for new development in this area of the city in the future.
- UDPRP recommendations:
 - Prioritize low impact development practices on this site, including preserving trees, maximizing pervious surfaces, and reducing urban heat island impacts. It was also noted to explore on-site rainwater capture.
 - Explore ways to connect and engage the site with the adjacent sump to serve as an amenity, while considering long-term opportunities for celebrating its unique location on Rock Island.
 - Advises the development plan show the southwest corner at Riverfront/Corinth as a plaza and suggests the development team explore opportunities for on-site bike parking.
 - Maximize how the two-story structure engages Riverfront Boulevard and providing a buffer between the sidewalk and the security wall to soften the pedestrian experience. It is also advised to consider the wall as an opportunity for public art or as an opportunity for an engaging, semi-transparent design.
 - Explore ways to minimize gravel and other pervious materials from becoming hazards on the Riverfront Boulevard bike lanes. Alternatively, it is recommended the design team explore bike facilities behind the back-of-curb to double as a widened sidewalk during events.
- As a result, Developer made changes to accommodate UDPRP's recommendations (see Appendix for more details)



Proposed Project: Budget



Uses	Amount	Percent	Investment Expenditure (eligible toward minimum investment requirement)
Acquisition	\$7,783,550	54.4%	\$7,783,550
Demolition	\$0	0.0%	
On-Site Improvements	\$0	0.0%	
Off-Site Infrastructure	\$1,393,385	9.7%	\$1,393,385
Building (Hard) Construction Costs	\$3,332,204	23.3%	\$3,332,204
General Conditions and Contingency	\$831,972	5.8%	
Professional Fees	\$350,000	2.4%	\$350,000
Soft Costs	\$413,370	2.9%	
Reserves	\$0	0.0%	
Developer Fee	\$214,846	1.5%	
Total Uses	\$14,319,327	100.0%	\$12,859,139

Note: the budget shown does not include \$850,000 in additional public improvements such as a traffic signal that may be required by the City.



Proposed Project: Sources



Sources	Amount	Percent
Bank Loan	\$3,500,000	24%
Investor Equity	\$10,819,327	76%
Total Sources	\$14,319,327	100%



Staff Recommendation: City Subsidy



City Subsidy in an amount **not to exceed \$4,150,000** comprised of:

- 1) **Tax increment financing (TIF) development agreement** with Island Rock Holdings, LLC and/or its affiliates in an amount **not to exceed \$2,100,000** payable from TOD TIF District funds ("**TIF Subsidy**")
- 2) **Chapter 380 economic development grant agreement** with Island Rock Holdings, LLC and/or its affiliates in an **amount not to exceed \$2,050,000** (\$250,000 payable from Equity Revitalization Capital funds and \$1,800,000 payable from 2012 General Obligation Bond funds) in accordance with the City's Public/Private Partnership Program ("**PPP Grant**")



Staff Recommendation: TIF Subsidy



- TIF Subsidy: an amount not to exceed **\$2,100,000 as reimbursement for actual TIF-eligible costs** and payable upon Developer's satisfaction of all terms and conditions in the development agreement
- A portion of the TIF Subsidy, \$850,000, is contingent on whether Developer is required to perform public improvements in addition to those described on the Project's site plan (for example, installing a traffic signal) and will not be disbursed to Developer if additional improvements are not required

Category	Amount
Cedars (West) Sub-District:	
Public Infrastructure Improvements	\$2,100,000
TOTAL TIF portion of CITY SUBSIDY – amount not to exceed	\$2,100,000

Note: The TIF Subsidy to the Project could be less if final (actual documented) costs for public infrastructure improvements are less than \$2,100,000 or if adequate increment does not accrue to the TIF fund.



Staff Recommendation: TIF Subsidy



Pursuant to the TIF District's Increment Allocation Policy:

- The Longhorn Ballroom Redevelopment Project is eligible for TIF funding from the 80% of tax increment retained by the Cedars West Sub-District.
- Based on current cash available (\$986,000) in the Cedars West Sub-District and anticipated collections in upcoming years, the full amount of TIF Subsidy (\$2,100,000) committed to the Longhorn Ballroom Redevelopment Project is projected to be collected by 2024.
- TIF District's Increment Allocation Policy will continue to provide that 40% of the increment generated by the Mockingbird/Lovers Lane Sub-District and 10% of the increment generated by the Cedars West Sub-District be transferred to the Lancaster Corridor Sub-District.
- Once completed, the Longhorn Ballroom Redevelopment Project is projected to generate approximately \$6,286 annually (estimated cumulative total of \$79,291 over the remaining life of the TIF District) to the Lancaster Corridor Sub-District (in addition to the other transfers based on completed development since the creation of the TOD TIF District).



Staff Recommendation: PPP Grant



PPP Grant (\$2,050,000) will be payable in two installments:

- Installment #1: \$1,025,000 upon completion of Building #1 and commencement of operations as required (see *Slide 30*)
- Installment #2: \$1,025,000 upon completion of Building #2 and compliance with the requirements (see *Slide 30*)



Staff Recommendation: Conditions



- Minimum Investment: Developer shall invest and document a **minimum of \$10,000,000 in eligible expenditures** in the Project, including capitalized costs for site acquisition, off-site infrastructure, on-site preparation, site amenities, building construction/finish-out/furnishings, and professional fees
- Minimum Project Requirements: Project shall include a minimum of **40,000 square feet of commercial and/or entertainment venue space** including both the **ballroom (Building #1)** and the **adjacent multipurpose building (Building #2)**, **site improvements including the courtyard/parking lot and creation of a new 2-acre outdoor “backyard” event space, and all public infrastructure improvements and streetscape improvements** required for the Project to obtain certificate(s) of occupancy and/or as described in the conceptual site plan and renderings.
- Building Permit Deadline: Developer shall **obtain a building permit for all Project components** as described on Slide 12 **by June 30, 2025**; a demolition permit or grading permit does not constitute meeting the obligation of this requirement.
- Completion Deadline: Construction of all the Project components described on Slide 12 shall be complete, and all portions of Building #1, Building #2, and the “backyard” event space shall be occupiable by **June 30, 2026** as evidenced by certificate(s) of occupancy, letter(s) of acceptance, certificate(s) of completion, and/or similar documentation from the City.



Staff Recommendation: Conditions



- Public Access to Infrastructure not owned by City: Prior to completion of the Project and at no cost to City, Developer shall provide reasonable **public access easements, deed restrictions, or other instruments** reasonably acceptable to the Director if any street and utility infrastructure improvements associated with the Project remain in non-City ownership but require public access.
- Property Management: The **proposed management group** for all Project components described on Slide 12 shall be submitted at least three months prior to Project completion for review by the Director to consider acceptance based on the management entity's comparable experience managing other comparable properties, such approval not being unreasonably withheld. Notwithstanding any provision to the contrary, any affiliate of the Developer shall be considered an approved manager for any component of the Project.
- Operating and Maintenance Agreement: If applicable and prior to Project completion, Developer shall execute a **20-year Operating and Maintenance Agreement** for all **non-standard public improvements**.
- Business Inclusion: Developer shall make a good faith effort to comply with City's Business Inclusion and Development ("BID") **goal of 32% participation by certified Minority/Women-owned Business Enterprises ("M/WBE")** for **all hard construction expenditures** of the Project and meet all reporting requirements.



Staff Recommendation: Conditions



- Quarterly Reporting: Until the Project has passed final building inspection and all required paperwork documenting Project completion for all components described on Slide 12 has been submitted to the OED, Developer shall submit to the OED **quarterly status reports** for ongoing work on the Project (including any public improvements). Such status reports shall be due within 30 calendar days following the end of each calendar quarter after the City Council approval date.
- Urban Design: Developer shall construct the Project (public and private improvements) in **substantial conformance with the conceptual site plan and conceptual renderings approved by the City's Planning and Urban Design Department, addressing the comments provided by the Urban Design Peer Review Panel on October 22, 2021**; allowable minor modifications may include those required for compliance with development regulations.
- Local Hiring: For all permanent employment opportunities created by the operation of the Project, Developer shall submit **a written plan describing how Developer or property management group shall use and document best efforts to recruit and hire residents of the City of Dallas**. At a minimum, the written plan shall describe how local recruitment will be targeted through local advertisement, community outreach, local engagement, participation in local job fairs, and/or coordination with local hiring sources.



Staff Recommendation: Conditions



- Local Education/Workforce Development Partnership: Developer or affiliate shall use best efforts to **partner with Dallas College and/or other mutually-approved non-profit service providers** (collectively, the “Non-Profit Partners”) to create **paid experiential learning opportunities** that would provide students in **Dallas College’s Commercial Music Program at the Cedar Valley Campus** (or equivalent) with **opportunities to gain exposure and experience in the commercial music industry** (e.g. composition and digital music production; music business and entrepreneurship; music performance; recording technology). Developer or affiliate shall endeavor to deliver to Director an agreement executed by Developer or affiliate and the Non-Profit Partners **documenting the terms of the proposed program no later than December 31, 2023**. At a minimum, Developer or affiliate shall use **best efforts to participate in the program through December 31, 2028**. Developer or affiliate shall provide to Director an **annual summary report regarding the status and outcomes of the paid experiential learning program involving the educational partner, including number of participants, salaries or other benefits paid to participants, and race/gender/ethnicity of participants, and a summary of the program activities**. The City shall not deem it a default of the development agreement if a Non-Profit Partner refuses participation or if program participants are terminated in the normal course of Developer’s (or affiliate’s) business for reasons consistent with their normal business practices.



Staff Recommendation: Conditions



- Public Safety Measures: Developer or affiliate shall **coordinate with the City's Office of Integrated Public Safety Solutions (OIPSS) and the Dallas Police Department (DPD) to create a reasonable security plan for the Project**, including any specific property improvements and/or operational considerations. Such a security plan may include increased security patrols during construction; a modern security camera system with DPD access; LED lighting throughout the property; perimeter fencing repairs; etc. The **security plan shall be approved** by OIPSS, DPD, and Director of Office of Economic Development (such approval not to be unreasonably withheld, conditioned, or delayed) **within 6 months** of the execution of the development agreement (with ongoing compliance with the security plan to be required throughout the term of the agreement). This requirement will be enforceable by specific performance.



Staff Recommendation: Conditions



- Minor Modifications: **The Director of the OED** may **authorize minor modifications** to the Project, and, in his or her sole discretion, the Director may refer any proposed design modifications to the TIF Board and/or UDPRP if the proposed design modifications materially affect the Project. In addition, **subject to TIF Board approval, the Director may extend all Project deadlines up to 12 months.**
- PPP Grant security and subordination: **The PPP Grant portion of the City Subsidy** shall be secured by **a performance lien deed of trust (or other instrument approved by the City Attorney's Office)** in favor of the City and shall be recorded in the real property records of Dallas County within 30 calendar days of execution of the agreement. City's lien shall be subordinate to the senior lender, whether the loan is made for construction or permanent financing purposes and to any lien encumbering the Property to secure any new market tax credits (NMTC). The City shall also consent and subordinate to any Property Assessed Clean Energy (PACE) assessment lien providing financing for any portion of the Project. The City's lien shall be released upon expiration of the 5-year period specifically referenced in the "Continued Minimum Occupancy Requirement in Building #2" on the next slide.



Staff Recommendation: Conditions



Commencement of Operations of the Longhorn Ballroom. Prior to City's disbursement of Installment #1 of the PPP Grant portion of the City Subsidy, the Longhorn Ballroom (Building #1) shall be open to the public and shall have commenced daily operations as an entertainment/event venue.

Continued Operations Requirement for Longhorn Ballroom. Subject to the occurrence of force majeure events, failure to maintain and operate the Longhorn Ballroom (Building #1) as an entertainment/event venue for 5 years after the date that Developer obtains a CO for Building #1 shall be a default of the agreement.

Minimum Occupancy Requirement in Building #2. Prior to City's disbursement of Installment #2 of the PPP Grant portion of the City Subsidy, Developer shall use reasonable commercial efforts to lease and occupy a minimum of 50% of the total gross floor area of Building #2 and shall provide reasonable evidence of such efforts to the City.

Continued Minimum Occupancy Requirement in Building #2. Subject to the occurrence of force majeure events, failure to use reasonable efforts to maintain a minimum of 50% of the total gross floor area of Building #2 as leased and occupied for 5 years after the date Developer initially meets the "Minimum Occupancy Requirement in Building #2" shall be a default of the agreement.

Specific Uses not Allowed in the Project. Pawn shops, sexually oriented businesses, payday lenders, and indoor gaming/gambling shall not be permitted in any portion of the Project for 5 years after the date that Developer obtains a CO for Building #1.



Staff Recommendation: Conditions



- IRS Section 118 Provisions. Without altering or excusing any obligation of the Developer under the agreement, the City acknowledges that the City Subsidy may be funded directly to Developer, or to an affiliate of Developer as Developer may direct, as necessary to facilitate the treatment of all City Subsidy payments under the agreement as non-shareholder contributions to capital, in accordance with the provisions of Section 118 of the Internal Revenue Code of 1986 (the "Code"). Developer acknowledges and agrees that the City expresses no opinion with respect to the appropriate federal income tax treatment of such payments and that the City has not made any representations or covenants other than in this section with respect to such federal income tax treatment of the City Subsidy. For purposes of this LOI, an "affiliate" of the Developer means an entity owned (in whole or part) and controlled by Developer's principal, Edwin Cabaniss.
- Assignment. Until completion of the Project, an assignment of the Developer's duties and obligations under the agreement shall only be allowed to a direct affiliate of Developer with the prior written approval of the Director, not to be unreasonably withheld, conditioned, or delayed. After completion of the Project, Developer may assign its rights or obligations under the agreement to any entity provided the assignee expressly assumes all of the obligations of the Developer under the agreement for the balance of the term of the agreement.



Next Steps



- On August 30, 2022, the TOD TIF District Board of Directors reviewed and unanimously recommended for approval a development agreement and a City Subsidy for the Longhorn Ballroom Redevelopment Project in an amount not to exceed \$4,150,000 as recommended by staff
- An agenda item will be placed on the City Council voting agenda on September 28, 2022





City of Dallas

Longhorn Ballroom

redevelopment project in the
TOD TIF District

Economic Development Committee
September 6, 2022

Kevin Spath, AICP, EDFP, HDFP
Assistant Director
Office of Economic Development

Appendix: Development Team



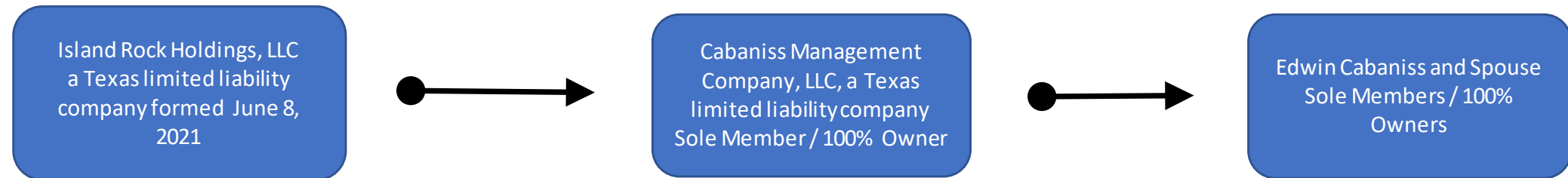
Role	Party Name
Developer/Primary Contact	Island Rock Holdings, LLC (Edwin Cabaniss, Managing Member)
Architect	DSGN Associates, Inc
Engineer	Basharkhah Engineering & Pierce Engineering
General Contractor	TBD
Property Management	Kessler Entertainment Group, LLC



Appendix: Developer



ISLAND ROCK HOLDINGS, LLC ORGANIZATIONAL CHART



Appendix: Urban Design



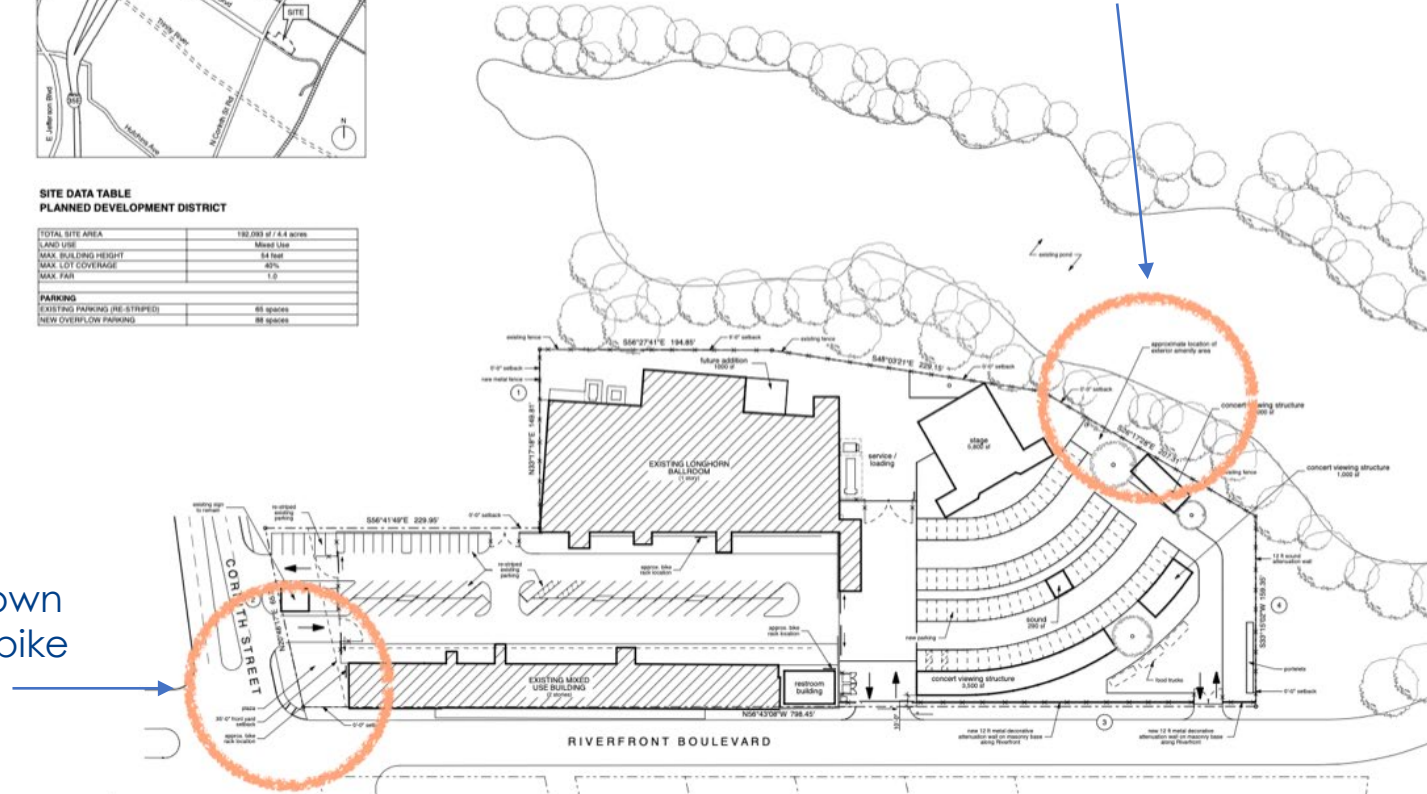
Developer modified design to respond to UDPRP recommendation:



SITE DATA TABLE
PLANNED DEVELOPMENT DISTRICT

TOTAL SITE AREA	180,000 sq ft / 4.1 acres
LAND USE	Mixed Use
MAX BUILDING HEIGHT	64 feet
MAX LOT COVERAGE	40%
MAX FAR	1.0
PARKING	
EXISTING PARKING (RE-STRIPED)	65 spaces
NEW OVERFLOW PARKING	88 spaces

Amenity area highlighted – potential connections & improvements depend on what may be allowed on or near City sump.



DSGN

Longhorn Ballroom Master Development Plan
Dallas, TX
Project 2036.00

Owner
Big D Development

Architect
DSGN Associates, Inc.
115 West Greenville Lane
Dallas, Texas 75208 USA

28 January 2022

Issue Date/ Rev

25 Oct 21	Issue for Application
07 Dec 21	Issue for Application
10 Dec 21	Issue for Application
28 Jan 22	Issue for Application
28 Mar 22	Issue for Application

Development Plan Case Z201-337



Appendix: Underwriting



- Developer's original incentive application requested \$3,959,858 in City incentives.
- National Development Council (NDC), under contract with the City, conducted independent underwriting of the incentive application. The staff recommended City subsidy is within a range of gap analysis provided by the underwriter. Conclusions of independent underwriting:
 - **Development team:** highly qualified and experienced to carry out the project
 - **Financial capacity:** Developer is bringing personal and other investor equity into the project.
 - **Permanent debt capacity of Project:** Debt capacity is being maximized. Project could support a maximum of \$3.5 million in debt capacity given the current nature and conditions of the local entertainment industry.
 - **Appraisal and Market Study:** Developer's assumptions are consistent with information presented; project appears viable.
 - **Cost estimates of Project:** costs reasonable in current market; construction costs could be higher than projected since the figures provided by the Developer do not represent contracted prices.
 - **Rationale for City subsidy based on Costs and Returns:** Developer has maximized private debt and internal rate of return of 10.4% is reflective of a higher risk project.

