

22257 The Reserves at Magnolia - Application Summary

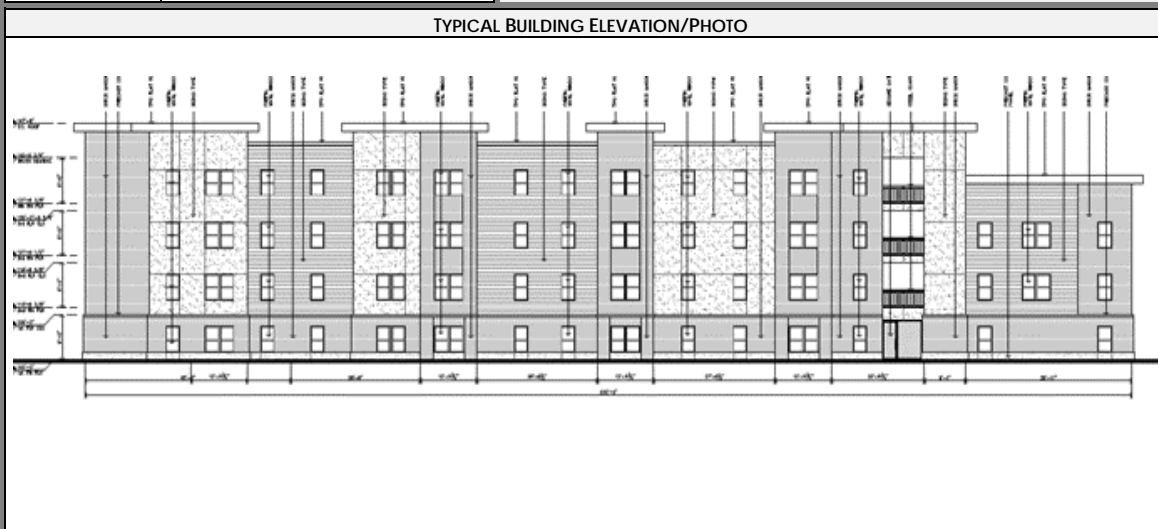
REAL ESTATE ANALYSIS DIVISION

August 8, 2022

PROPERTY IDENTIFICATION	
Application #	22257
Development	The Reserves at Magnolia
City / County	Denton / Denton
Region/Area	3 / Urban
Population	General
Set-Aside	General
Activity	New Construction

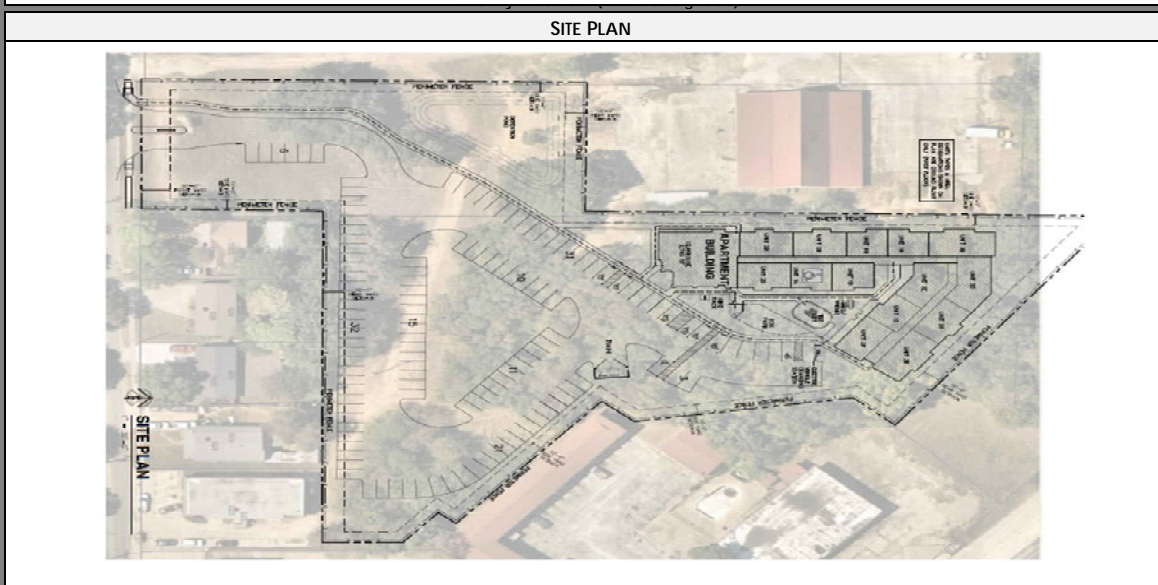
RECOMMENDATION						
TDHCA Program		Request	Recommended			
LIHTC (9% Credit)		\$1,313,203	\$1,313,203	\$21,887/Unit	\$0.90	

KEY PRINCIPALS / SPONSOR		
Overland Property Group LLC (60% Owner, 95% Developer, 100% Guarantor) Patrick Beatty, Matthew Gillam Sarai Development Consulting (40% Owner, 5% Developer) Kit Sarai		
Related Parties	Contractor - No	Seller - No



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	20%	-	0%
1	20	33%	30%	6	10%
2	28	47%	40%	-	0%
3	12	20%	50%	22	37%
4	-	0%	60%	26	43%
			70%	-	0%
			80%	-	0%
			MR	6	10%
TOTAL	60	100%	TOTAL	60	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.16	Expense Ratio	53.8%
Breakeven Occ.	86.8%	Breakeven Rent	\$920
Average Rent	\$982	B/E Rent Margin	\$62
Property Taxes	\$1,455/unit	Exemption/PILOT	0%
Total Expense	\$5,923/unit	Controllable	\$3,125/unit

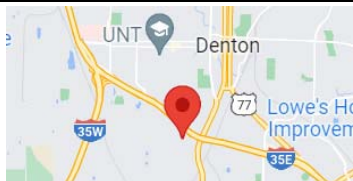


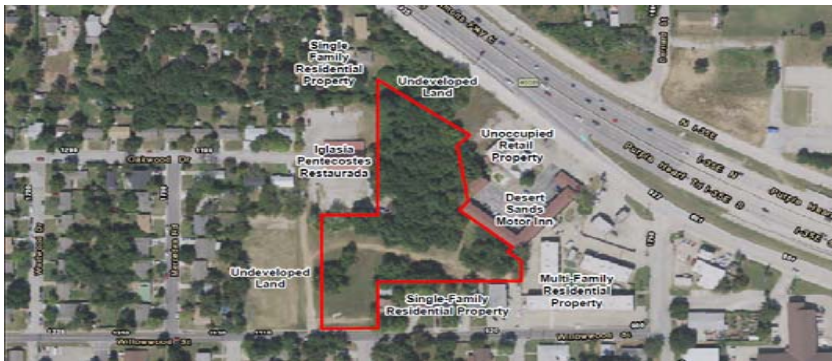
MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)			2.0%
Highest Unit Capture Rate	5%	3 BR/50%	11
Dominant Unit Cap. Rate	3%	2 BR/50%	11
Premiums (↑60% Rents)	Yes		\$69/Avg.
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY			
Costs Underwritten		Applicant's Costs	
Avg. Unit Size	885 SF	Density	18.1/acre
Acquisition		\$14K/unit	\$825K
Building Cost	\$140.36/SF	\$124K/unit	\$7,453K
Hard Cost		\$172K/unit	\$10,306K
Total Cost		\$287K/unit	\$17,206K
Developer Fee	\$1,651K	(35% Deferred)	Paid Year: 11
Contractor Fee	\$1,443K	30% Boost	Yes

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES	
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount
Legacy Bank and Trust FHA 223 (F	35/35	4.00%	\$4,750,000	1.16						Red Stone Equity	\$11,882,299
										Overland Property Group	\$574,184
										TOTAL EQUITY SOURCES	\$12,456,483
										TOTAL DEBT SOURCES	\$4,750,000
										TOTAL CAPITALIZATION	\$17,206,483
TOTAL DEBT (Must Pay)			\$4,750,000		CASH FLOW DEBT / GRANTS			\$0			

CONDITIONS
<ul style="list-style-type: none">- Receipt and acceptance by Cost Certification:<ul style="list-style-type: none">- Architect certification that a noise assesment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.
Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

RISK PROFILE
STRENGTHS/MITIGATING FACTORS
<ul style="list-style-type: none">Developer Experience
WEAKNESSES/RISKS
<ul style="list-style-type: none">1.16 DCR
AREA MAP



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DEVELOPMENT IDENTIFICATION

TDHCA Application #: 22257 Program(s): 9% HTC

The Reserves at Magnolia

Address/Location: 1015 Willowwood Drive

City: Denton County: Denton Zip: 76205

Population: General Program Set-Aside: General Area: Urban

Activity: New Construction Building Type: Elevator Served Region: 3

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

TDHCA Program	REQUEST				RECOMMENDATION				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	Lien
LIHTC (9% Credit)	\$1,313,203				\$1,313,203				

CONDITIONS

- Receipt and acceptance by Cost Certification:
- Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	6
50% of AMI	50% of AMI	22
60% of AMI	60% of AMI	26

DEVELOPMENT SUMMARY

The Reserves at Magnolia is a proposed new construction development with 60 units serving the general population. The development will have one 4-story elevator-served building that contains all residential units and the clubhouse space will be located on the first floor. The property will serve populations in 30%, 50%, and 60% AMGI bands and will also have 6 market rate units. The unit mix is split 33% one bedroom units, 47% two bedroom units, and 20% three bedroom units.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS

▫ Developer Experience

WEAKNESSES/RISKS

▫ 1.16 DCR

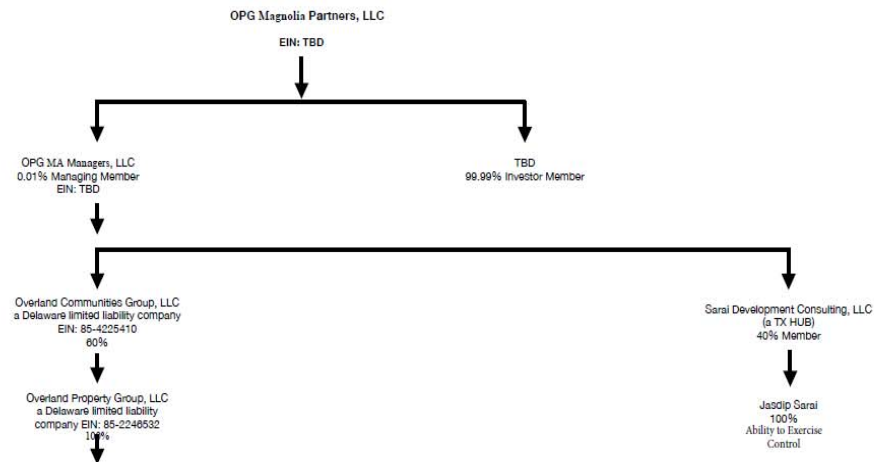
DEVELOPMENT TEAM

PRIMARY CONTACTS

Name: Matthew Gillam
 Phone: (785) 766-4096
 Relationship: Developer

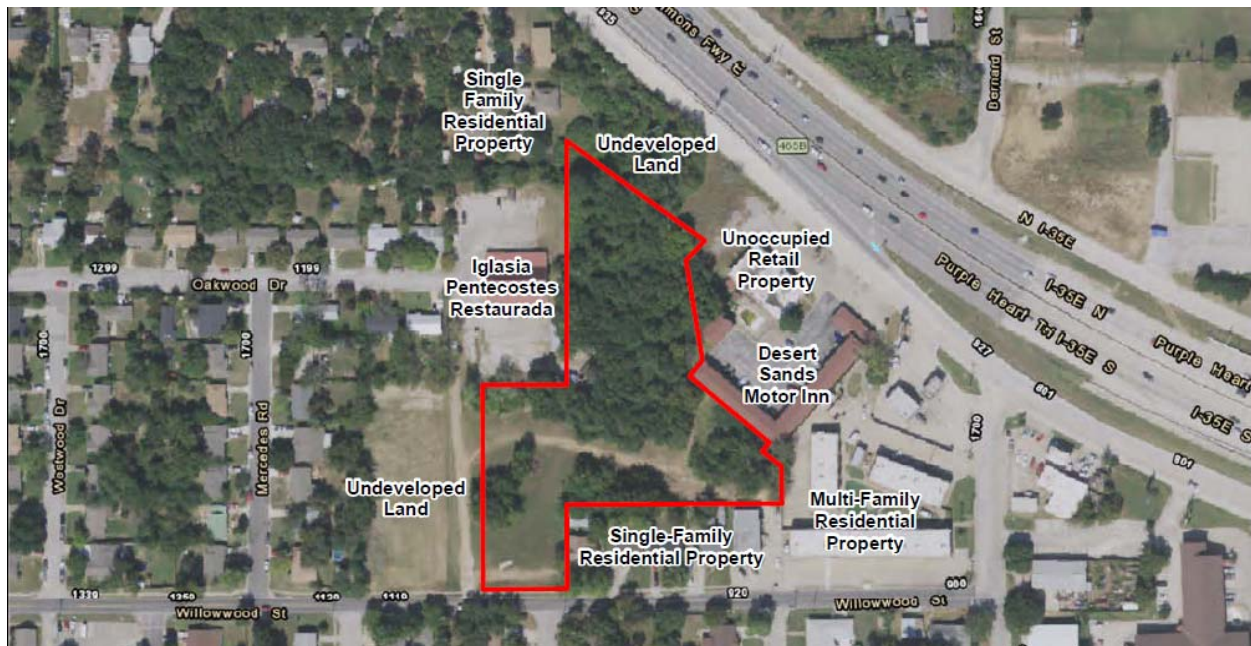
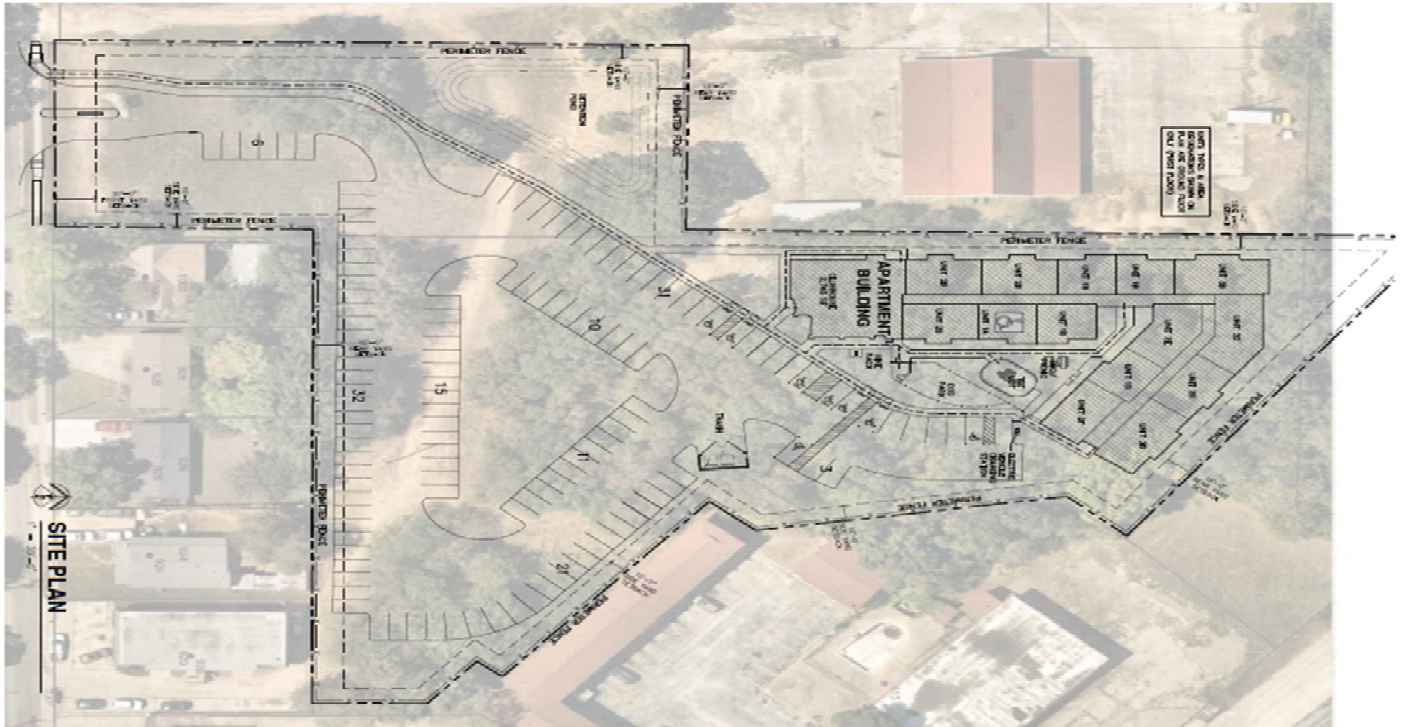
Name: Alyssa Carpenter
 Phone: (512) 789-1295
 Relationship: Consultant

OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN



Comments:

Provided parking of 129 spaces compliant with local parking requirements of 129.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering, LLC

Date: 2/8/2022

Recognized Environmental Conditions (RECs) and Other Concerns:

- Due to proximity to several major roadways, a noise study is recommended for the proposed development. It is likely noise mitigation will be required to establish a noise environment below 65 dB in proposed noise sensitive locations of the new development.

MARKET ANALYSIS

Provider: Novogradac Consulting

Date: 2/14/2022

Contact: Kelly Powell

Phone: 913-312-4624

Primary Market Area (PMA): 36 sq. miles 3 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME

Denton County Income Limits								
HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	\$15,000	\$15,000	\$18,000	\$18,000	\$20,820	\$20,820	---
	Max	\$18,690	\$21,360	\$24,030	\$26,700	\$28,860	\$30,990	---
50% AMGI	Min	\$25,020	\$25,020	\$30,030	\$30,030	\$34,710	\$34,710	---
	Max	\$31,150	\$35,600	\$40,050	\$44,500	\$48,100	\$51,650	---
60% AMGI	Min	\$30,030	\$30,030	\$36,030	\$36,030	\$41,670	\$41,670	---
	Max	\$37,380	\$42,720	\$48,060	\$53,400	\$57,720	\$61,980	---

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
22258	Reserves at Monarch	Yes	New	General	61	68
22234	Westview Heights at Denton	Yes	New	General	90	126
21478	Pebblebrook Parkside Apts	Yes	New	General	144	216
21474	Denton Grove	Yes	New	General	276	276

Stabilized Affordable Developments in PMA

Total Units	1,999
Total Developments	11
Average Occupancy	99%

Proposed, Under Construction, and Unstabilized Competitive Supply:

21474 Denton Grove and 21478 Pebblebrook Parkside Apartments are bond developments awarded after this 9% application was submitted. If we include the 420 competitive units from these developments, the GCR is 5.9%.

OVERALL DEMAND ANALYSIS				
		Market Analyst		
		HTC	Assisted	
Total Households in the Primary Market Area		36,808		
Potential Demand from the Primary Market Area		9,554		
10% External Demand		955		
Potential Demand from Other Sources		0		
GROSS DEMAND		10,509		
Subject Affordable Units		54		
Unstabilized Competitive Units		151		
RELEVANT SUPPLY		205		
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE		2.0%		

Population:	General	Market Area:	Urban	Maximum Gross Capture Rate:	10%
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UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND									
		Market Analyst							
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate				
30% AMGI	2,861	286	6	17	1%				
50% AMGI	5,423	542	22	63	1%				
60% AMGI	1,270	127	26	71	7%				

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE									
		Market Analyst							
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate				
1 BR/30%	597	60	2	7	1%				
1 BR/50%	693	69	3	7	1%				
1 BR/60%	233	23	1	3	2%				
2 BR/30%	946	95	7	33	4%				
2 BR/50%	1,112	111	11	24	3%				
2 BR/60%	365	37	4	6	2%				
3 BR/30%	836	84	9	18	3%				
3 BR/50%	957	96	11	45	5%				
3 BR/60%	313	31	6	8	4%				

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)

NOI:	\$305,259	Avg. Rent:	\$982	Expense Ratio:	53.8%
Debt Service:	\$264,257	B/E Rent:	\$920	Controllable Expenses:	\$3,125
Net Cash Flow:	\$41,002	UW Occupancy:	92.5%	Property Taxes/Unit:	\$1,455
Aggregate DCR:	1.16	B/E Occupancy:	86.8%	Program Rent Year:	2021

Per TDHCA rules, in developments with less than 15% of market rate units, underwriter has limited market rate rents to gross 60% AMGI rents.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)

Acquisition	\$249,245/ac	\$13,750/unit	\$825,000	Contractor Fee	\$1,442,817
Off-site + Site Work		\$37,987/unit	\$2,279,205	Soft Cost + Financing	\$2,672,092
Building Cost	\$140.36/sf	\$124,215/unit	\$7,452,916	Developer Fee	\$1,650,929
Contingency	5.90%	\$9,562/unit	\$573,717	Reserves	\$309,807
Total Development Cost		\$286,775/unit	\$17,206,483	Rehabilitation Cost	N/A

Qualified for 30% Basis Boost?

Located in QCT with < 20% HTC units/HH

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$17,206,483	\$12,657,121	\$1,327,663

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Legacy Bank and Trust	Construction Loan	\$14,500,000	4.95%	89%
Red Stone Equity	HTC	\$1,782,494	\$0.91	11%
		\$16,282,494	Total Sources	

PERMANENT SOURCES

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Legacy Bank and Trust FHA 223	\$4,750,000	4.00%	35	35	\$4,750,000	4.00%	35	35	28%
Total	\$4,750,000				\$4,750,000				

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN			
	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Red Stone Equity	\$11,882,299	\$0.90		\$11,882,299	\$0.90	69%	
Overland Property Group	\$573,184		35%	\$574,184		3%	35%
Total	\$12,455,483			\$12,456,483			
				\$17,206,483	Total Sources		

Credit Price Sensitivity based on current capital structure

\$0.949	Maximum Credit Price before the Development is oversourced and allocation is limited
\$0.879	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:	
Total Development Cost	\$17,206,483
Permanent Sources (debt + non-HTC equity)	\$4,750,000
Gap in Permanent Financing	\$12,456,483

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$12,013,141	\$1,327,663
Needed to Balance Sources & Uses	\$12,456,483	\$1,376,660
Requested by Applicant	\$11,882,299	\$1,313,203

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	\$11,882,299	\$1,313,203

Deferred Developer Fee	\$574,184	(35% deferred)
Repayable in	11 years	

Comments:

Underwriter recommends an annual tax credit allocation of \$1,313,203 as requested by Applicant.

Underwriter:	<u>Jeffrey Price</u>
Manager of Real Estate Analysis:	<u>Diamond Unique Thompson</u>
Manager of Real Estate Analysis:	<u>Gregg Kazak</u>
Director of Real Estate Analysis:	<u>Jeanna Adams</u>

UNIT MIX/RENT SCHEDULE
<i>The Reserves at Magnolia, Denton, 9% HTC #22257</i>

LOCATION DATA	
CITY:	Denton
COUNTY:	Denton
Area Median Income	\$89,000
PROGRAM REGION:	3
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	20	33.3%	0	0
2	28	46.7%	0	0
3	12	20.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	60	100.0%	-	-

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	89.65%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	885 sf

53%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average	# Units	-	6	-	22	26	-	-	6	60
Income	% Total	0.0%	10.0%	0.0%	36.7%	43.3%	0.0%	0.0%	10.0%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE																			
HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten	Mrkt Analyst	
TC 30%	\$500	2	1	1	701	\$500	\$54	\$446	\$0	\$0.64	\$446	\$892	\$892	\$446	\$1	\$0	\$1,001	\$1.43	\$1,335
TC 50%	\$834	7	1	1	701	\$834	\$54	\$780	\$0	\$1.11	\$780	\$5,460	\$5,460	\$780	\$1	\$0	\$1,001	\$1.43	\$1,335
TC 60%	\$1,001	9	1	1	701	\$1,001	\$54	\$947	\$0	\$1.35	\$947	\$8,523	\$8,523	\$947	\$1	\$0	\$1,001	\$1.43	\$1,335
MR		2	1	1	701	\$0	\$54		NA	\$1.43	\$1,001	\$2,002	\$2,002	\$1,001	\$1	NA	\$1,001	\$1.43	\$1,335
TC 60%	\$1,201	6	2	2	858	\$1,201	\$67	\$1,134	\$0	\$1.32	\$1,134	\$6,804	\$6,804	\$1,134	\$1	\$0	\$1,201	\$1.40	\$1,625
TC 30%	\$600	3	2	2	896	\$600	\$67	\$533	\$0	\$0.59	\$533	\$1,599	\$1,599	\$533	\$1	\$0	\$1,201	\$1.34	\$1,625
TC 50%	\$1,001	11	2	2	896	\$1,001	\$67	\$934	\$0	\$1.04	\$934	\$10,274	\$10,274	\$934	\$1	\$0	\$1,201	\$1.34	\$1,625
TC 60%	\$1,201	2	2	2	896	\$1,201	\$67	\$1,134	\$0	\$1.27	\$1,134	\$2,268	\$2,268	\$1,134	\$1	\$0	\$1,201	\$1.34	\$1,625
TC 60%	\$1,201	3	2	2	961	\$1,201	\$67	\$1,134	\$0	\$1.18	\$1,134	\$3,402	\$3,402	\$1,134	\$1	\$0	\$1,201	\$1.25	\$1,625
MR		1	2	2	961	\$0	\$67		NA	\$1.25	\$1,201	\$1,201	\$1,201	\$1,201	\$1	NA	\$1,201	\$1.25	\$1,625
MR		2	2	2	1,002	\$0	\$67		NA	\$1.20	\$1,201	\$2,402	\$2,402	\$1,201	\$1	NA	\$1,201	\$1.20	\$1,625
TC 30%	\$694	1	3	2	1,127	\$694	\$87	\$607	\$0	\$0.54	\$607	\$607	\$607	\$607	\$1	\$0	\$1,389	\$1.23	\$1,995
TC 50%	\$1,157	4	3	2	1,127	\$1,157	\$87	\$1,070	\$0	\$0.95	\$1,070	\$4,280	\$4,280	\$1,070	\$1	\$0	\$1,389	\$1.23	\$1,995
TC 60%	\$1,389	2	3	2	1,127	\$1,389	\$87	\$1,302	\$0	\$1.16	\$1,302	\$2,604	\$2,604	\$1,302	\$1	\$0	\$1,389	\$1.23	\$1,995
MR		1	3	2	1,127	\$0	\$87		NA	\$1.23	\$1,389	\$1,389	\$1,389	\$1,389	\$1	NA	\$1,389	\$1.23	\$1,995
TC 60%	\$1,389	1	3	2	1,183	\$1,389	\$87	\$1,302	\$0	\$1.10	\$1,302	\$1,302	\$1,302	\$1,302	\$1	\$0	\$1,389	\$1.17	\$1,995
TC 60%	\$1,389	3	3	2	1,183	\$1,389	\$87	\$1,302	\$0	\$1.10	\$1,302	\$3,906	\$3,906	\$1,302	\$1	\$0	\$1,389	\$1.17	\$1,995
TOTALS/AVERAGES:		60			53,100				\$0	\$1.11	\$982	\$58,915	\$58,915	\$982	\$1.11	\$0	\$1,172	\$1.32	\$1,602

ANNUAL POTENTIAL GROSS RENT:	\$706,980	\$706,980	
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STABILIZED PRO FORMA

The Reserves at Magnolia, Denton, 9% HTC #22257

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES		APPLICANT				TDHCA				VARIANCE	
	Database	Local Comparables	% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT				\$1.11	\$982	\$706,980	\$706,980	\$982	\$1.11		0.0%	\$0
Late fees, app fees, retained deposits					\$10.00	\$7,200						
Total Secondary Income					\$10.00		\$7,200	\$10.00			0.0%	\$0
POTENTIAL GROSS INCOME						\$714,180	\$714,180				0.0%	\$0
Vacancy & Collection Loss				7.5% PGI		(53,564)	(53,564)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME						\$660,617	\$660,617				0.0%	\$0

General & Administrative	\$35,036	\$584/Unit	\$28,288	\$471	3.86%	\$0.48	\$425	\$25,500	\$25,500	\$425	\$0.48	3.86%	0.0%	-
Management	\$30,766	5.2% EGI	\$29,282	\$488	5.06%	\$0.63	\$557	\$33,419	\$33,031	\$551	\$0.62	5.00%	1.2%	388
Payroll & Payroll Tax	\$62,956	\$1,049/Unit	\$82,425	\$1,374	11.35%	\$1.41	\$1,250	\$75,000	\$75,000	\$1,250	\$1.41	11.35%	0.0%	-
Repairs & Maintenance	\$47,411	\$790/Unit	\$39,914	\$665	5.90%	\$0.73	\$650	\$39,000	\$39,000	\$650	\$0.73	5.90%	0.0%	-
Electric/Gas	\$16,176	\$270/Unit	\$8,697	\$145	1.82%	\$0.23	\$200	\$12,000	\$12,000	\$200	\$0.23	1.82%	0.0%	-
Water, Sewer, & Trash	\$42,489	\$708/Unit	\$36,444	\$607	5.45%	\$0.68	\$600	\$36,000	\$36,444	\$607	\$0.69	5.52%	-1.2%	(444)
Property Insurance	\$32,725	\$0.62 /sf	\$23,122	\$385	4.54%	\$0.56	\$500	\$30,000	\$32,725	\$545	\$0.62	4.95%	-8.3%	(2,725)
Property Tax (@ 100%) 2.1609	\$43,842	\$731/Unit	\$66,022	\$1,100	13.21%	\$1.64	\$1,455	\$87,279	\$82,889	\$1,381	\$1.56	12.55%	5.3%	4,390
Reserve for Replacements					2.27%	\$0.28	\$250	\$15,000	\$15,000	\$250	\$0.28	2.27%	0.0%	-
Supportive Services					0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.33%	\$0.04	\$36	\$2,160	\$2,160	\$36	\$0.04	0.33%	0.0%	-
TOTAL EXPENSES					53.79%	\$6.69	\$5,923	\$355,358	\$353,749	\$5,896	\$6.66	53.55%	0.5%	\$ 1,609
NET OPERATING INCOME ("NOI")					46.21%	\$5.75	\$5,088	\$305,259	\$306,868	\$5,114	\$5.78	46.45%	-0.5%	\$ (1,609)

CONTROLLABLE EXPENSES							\$3,125/Unit				\$3,132/Unit			
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS
<i>The Reserves at Magnolia, Denton, 9% HTC #22257</i>

		DEBT / GRANT SOURCES																
		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE									
		Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	Cumulative				
DEBT (Must Pay)	Fee	UW	App											DCR	LTC			
Legacy Bank and Trust FHA 223 (f)	0.25%	1.16	1.16	264,257	4.00%	35	35	\$4,750,000	\$4,750,000	35	35	4.00%	\$264,257	1.16	27.6%			
CASH FLOW DEBT / GRANTS																		
				\$264,257	TOTAL DEBT / GRANT SOURCES			\$4,750,000	\$4,750,000	TOTAL DEBT SERVICE			\$264,257	1.16	27.6%			
NET CASH FLOW		\$42,611	\$41,002	APPLICANT NET OPERATING INCOME												\$305,259	\$41,002	NET CASH FLOW

EQUITY / DEFERRED FEES	EQUITY SOURCES										
	APPLICANT'S PROPOSED EQUITY STRUCTURE					AS UNDERWRITTEN EQUITY STRUCTURE					
	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Red Stone Equity	LIHTC Equity	69.1%	\$1,313,203	\$0.90	\$11,882,299	\$11,882,299	\$0.905	\$1,313,203	69.1%	\$21,887	Applicant Request
Overland Property Group	Deferred Developer Fees	3.3%	(35% Deferred)		\$573,184	\$574,184	(35% Deferred)		3.3%	Total Developer Fee:	\$1,650,929
Additional (Excess) Funds Req'd		0.0%				\$0			0.0%		
TOTAL EQUITY SOURCES		72.4%			\$12,455,483	\$12,456,483			72.4%		
TOTAL CAPITALIZATION					\$17,205,483	\$17,206,483	15-Yr Cash Flow after Deferred Fee:			\$340,658	

		DEVELOPMENT COST / ITEMIZED BASIS												
		APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS				COST VARIANCE			
		Eligible Basis		Total Costs			Total Costs		Eligible Basis		%	\$		
		Acquisition	New Const. Rehab						New Const. Rehab	Acquisition				
Land Acquisition				\$13,750 / Unit		\$825,000	\$825,000	\$13,750 / Unit				0.0%	\$0	
Off-Sites				\$ / Unit		\$0	\$0	\$ / Unit				0.0%	\$0	
Site Work			\$1,614,735	\$26,912 / Unit		\$1,614,735	\$1,614,735	\$26,912 / Unit		\$1,614,735		0.0%	\$0	
Site Amenities			\$664,470	\$11,075 / Unit		\$664,470	\$664,470	\$11,075 / Unit		\$664,470		0.0%	\$0	
Building Cost			\$4,703,067	\$140.36 /sf	\$124,215/Unit	\$7,452,916	\$7,531,169	\$125,519/Unit	\$141.83 /sf	\$4,703,067		-1.0%	(\$78,253)	
Contingency			\$488,759	7.00%	5.90%	\$573,717	\$573,717	5.85%	7.00%	\$488,759		0.0%	\$0	
Contractor Fees			\$1,045,944	14.00%	14.00%	\$1,442,817	\$1,442,817	13.89%	14.00%	\$1,045,944		0.0%	\$0	
Soft Costs		\$0	\$1,333,999	\$22,483 / Unit		\$1,348,999	\$1,348,999	\$22,483 / Unit		\$1,333,999	\$0	0.0%	\$0	
Financing		\$0	\$1,155,217	\$22,052 / Unit		\$1,323,092	\$1,323,092	\$22,052 / Unit		\$1,155,217	\$0	0.0%	\$0	
Developer Fee			\$0	\$1,650,929	15.00%	11.93%	\$1,650,929	\$1,650,929	11.86%	15.00%	\$1,650,929	\$0	0.0%	\$0
Reserves				6 Months		\$309,807	\$309,807	6 Months				0.0%	\$0	
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		\$0	\$12,657,121	\$286,775 / Unit		\$17,206,483	\$17,284,736	\$288,079 / Unit		\$12,657,121	\$0	-0.5%	(\$78,253)	
Acquisition Cost		\$0				\$0								
Contingency			\$0			\$0								
Contractor's Fee			\$0			\$0								
Financing Cost			\$0											
Developer Fee		\$0	(\$0)	15.00%	\$0									
Reserves				\$0										
ADJUSTED BASIS / COST		\$0	\$12,657,121	\$286,775/unit		\$17,206,483	\$17,284,736	\$288,079/unit		\$12,657,121	\$0	-0.5%	(\$78,253)	
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						\$17,206,483								

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Reserves at Magnolia, Denton, 9% HTC #22257

CREDIT CALCULATION ON QUALIFIED BASIS				
Applicant		TDHCA		
Acquisition	Construction Rehabilitation	Acquisition	Construction	
ADJUSTED BASIS	\$0	\$12,657,121	\$0	\$12,657,121
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$12,657,121	\$0	\$12,657,121
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$16,454,257	\$0	\$16,454,257
Applicable Fraction	89.65%	89.65%	90%	90%
TOTAL QUALIFIED BASIS	\$0	\$14,751,815	\$0	\$14,751,815
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$1,327,663	\$0	\$1,327,663
CREDITS ON QUALIFIED BASIS	\$1,327,663		\$1,327,663	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price \$0.9048	Variance to Request	
	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	\$1,327,663	\$12,013,141	----	----	----
Needed to Fill Gap	\$1,376,660	\$12,456,483	----	----	----
Applicant Request	\$1,313,203	\$11,882,299	\$1,313,203	\$0	\$0

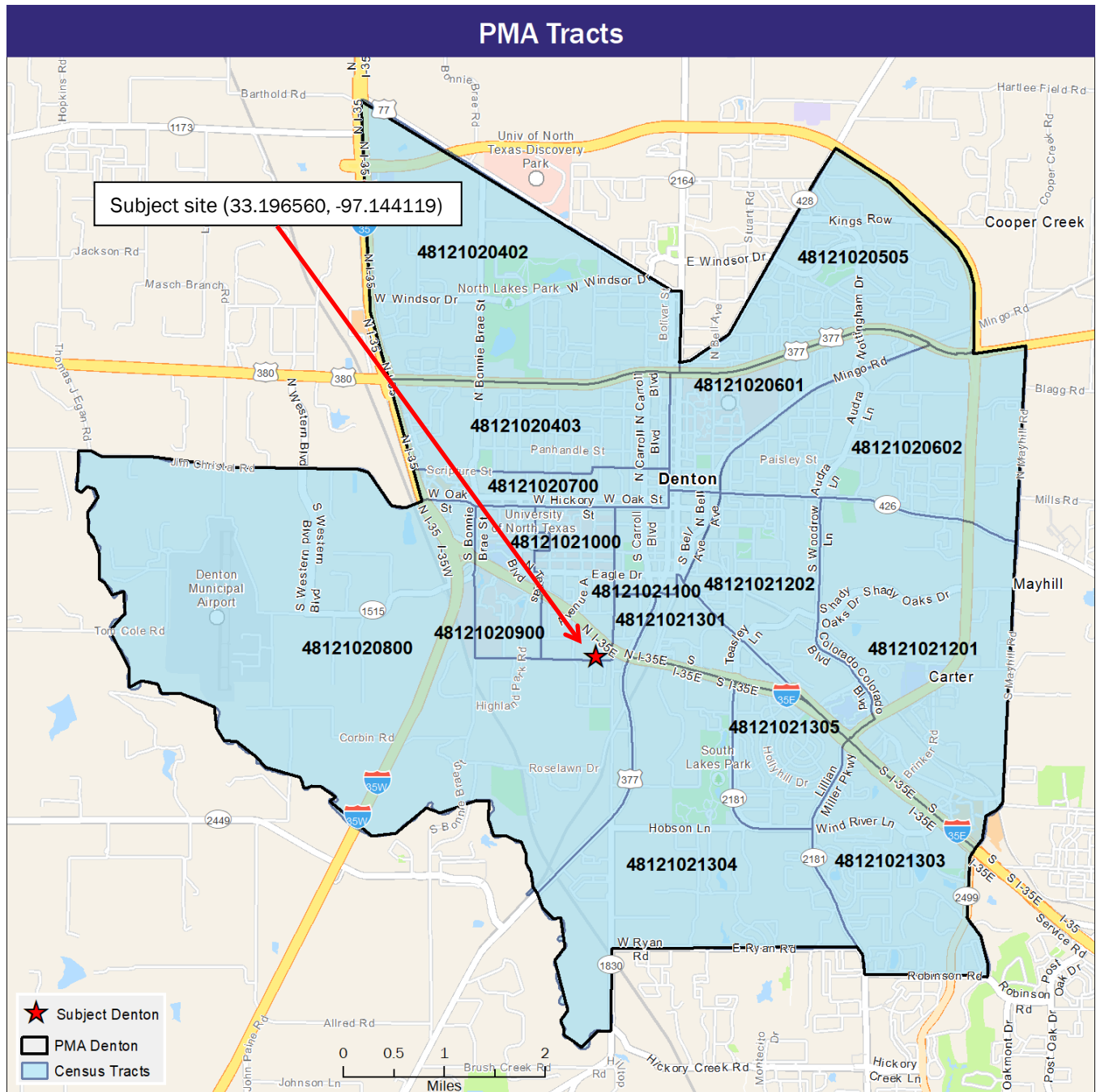
BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	53,100 SF	\$128.91	6,845,264
Adjustments				
Exterior Wall Finish	3.22%		4.16	\$220,691
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.40%		4.39	232,944
Roof Adjustment(s)			1.69	90,000
Subfloor			0.22	11,815
Floor Cover			2.82	149,742
Breezeways	\$30.63	7,500	4.33	229,760
Balconies	\$0.00	0	0.00	0
Plumbing Fixtures	\$1,090	120	2.46	130,800
Rough-ins	\$535	120	1.21	64,200
Built-In Appliances	\$1,880	60	2.12	112,800
Exterior Stairs	\$2,460	6	0.28	14,760
Heating/Cooling			2.37	125,847
Storage Space	\$30.63	1,057	0.61	32,381
Carports	\$13.00	0	0.00	0
Garages		0	0.00	0
Common/Support Area	\$102.19	2,686	5.17	274,488
Elevators	\$118,600	1	2.23	118,600
Other:			0.00	0
Fire Sprinklers	\$2.88	64,343	3.49	185,308
SUBTOTAL			166.47	8,839,401
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			166.47	\$8,839,401
Plans, specs, survey, bldg permits	3.30%		(5.49)	(\$291,700)
Contractor's OH & Profit	11.50%		(19.14)	(1,016,531)
NET BUILDING COSTS		\$125,519/unit	\$141.83/sf	\$7,531,169

Long-Term Pro Forma

The Reserves at Magnolia, Denton, 9% HTC #22257

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	\$660,617	\$673,829	\$687,305	\$701,052	\$715,073	\$789,498	\$871,669	\$962,393	\$1,062,560	\$1,173,152	\$1,295,255
TOTAL EXPENSES	3.00%	\$355,358	\$365,684	\$376,314	\$387,256	\$398,519	\$459,996	\$531,057	\$613,207	\$708,188	\$818,017	\$945,030
NET OPERATING INCOME ("NOI")		\$305,259	\$308,144	\$310,991	\$313,796	\$316,554	\$329,502	\$340,612	\$349,186	\$354,372	\$355,135	\$350,224
EXPENSE/INCOME RATIO		53.8%	54.3%	54.8%	55.2%	55.7%	58.3%	60.9%	63.7%	66.6%	69.7%	73.0%
MUST -PAY DEBT SERVICE												
Legacy Bank and Trust FHA 223 (f)		\$264,257	\$264,098	\$263,932	\$263,760	\$263,581	\$262,570	\$261,336	\$259,829	\$257,989	\$255,742	\$252,999
TOTAL DEBT SERVICE		\$264,257	\$264,098	\$263,932	\$263,760	\$263,581	\$262,570	\$261,336	\$259,829	\$257,989	\$255,742	\$252,999
DEBT COVERAGE RATIO		1.16	1.17	1.18	1.19	1.20	1.25	1.30	1.34	1.37	1.39	1.38
ANNUAL CASH FLOW												
Deferred Developer Fee Balance		\$41,002	\$44,047	\$47,059	\$50,035	\$52,972	\$66,931	\$79,276	\$89,357	\$96,383	\$99,393	\$97,225
		\$533,182	\$489,135	\$442,077	\$392,041	\$339,069	\$31,799	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$0	\$0	\$340,658	\$768,335	\$1,237,600	\$1,730,367	\$2,223,160

PMA Map



Source: U.S. Census Bureau, March 2022