



**Addendum to Underwriting Report**

TDHCA Application #: 23931\_21121 Program(s): 9% HTC

**Paige Estates**

Address/Location: 826 South 11th Street

City: Waco County: McLennan Zip: 76706

APPLICATION HISTORY	
Report Date	PURPOSE
02/21/23	Supplemental Credit Memo
07/12/21	Initial Underwriting Report

**ALLOCATION**

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
LIHTC (9% Credit)	\$1,122,000				\$1,290,300				

**CONDITIONS STATUS**

- Receipt and acceptance by Cost Certification:
  - a: Certification that testing for asbestos and lead-based paint was performed on the existing structure(s) prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.
  - b: Certification that subsurface environmental investigation was performed as specified in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.
  - c: Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.
  - d: Architect or engineer certification that the finished ground floor elevation for each building is at least one foot above the floodplain and that all drives and parking areas are not more than 6 inches below the floodplain; or certification (including a Letter of Map Amendment or Revision ("LOMA / LOMR-F") if applicable, documenting that the development is not within the 100 year floodplain.

For any buildings remaining in the floodplain, documentation that flood insurance is in place at the property owner's expense covering both the buildings and the residents' personal property; and certification from the owner that flood insurance for the buildings and for the residents' personal property will remain in force as long as the site remains a designated floodplain.

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	8
50% of AMI	50% of AMI	28
60% of AMI	60% of AMI	18
80% of AMI	80% of AMI	10

**ANALYSIS**

The Development received a 9% HTC allocation in 2021 and is requesting a 15.00% increase in annual tax credit allocation consistent with the 2023 QAP Subchapter F, Supplement Housing Tax Credits. Tax credits will be calculated at cost certification based on actual eligible costs incurred. For Developments with previously awarded Multifamily Direct Loans (MDL's), tax credits and the MDL will be re-underwritten at MDL closing.

Per SubChapter F, the developer fee cannot increase from the previously published underwriting report, and the deferred developer fee cannot decrease from the previously published underwriting report.

The underwriter recommends a total annual credit allocation of \$1,290,300.

Underwriter: Jeffrey Price  
Manager of Real Estate Analysis: Diamond Unique Thompson  
Director of Real Estate Analysis: Jeanna Adams

# 21121 Paige Estates - Application Summary

REAL ESTATE ANALYSIS DIVISION  
July 12, 2021

PROPERTY IDENTIFICATION	
Application #	21121
Development	Paige Estates
City / County	Waco / McLennan
Region/Area	8 / Urban
Population	Elderly Limitation
Set-Aside	General
Activity	New Construction

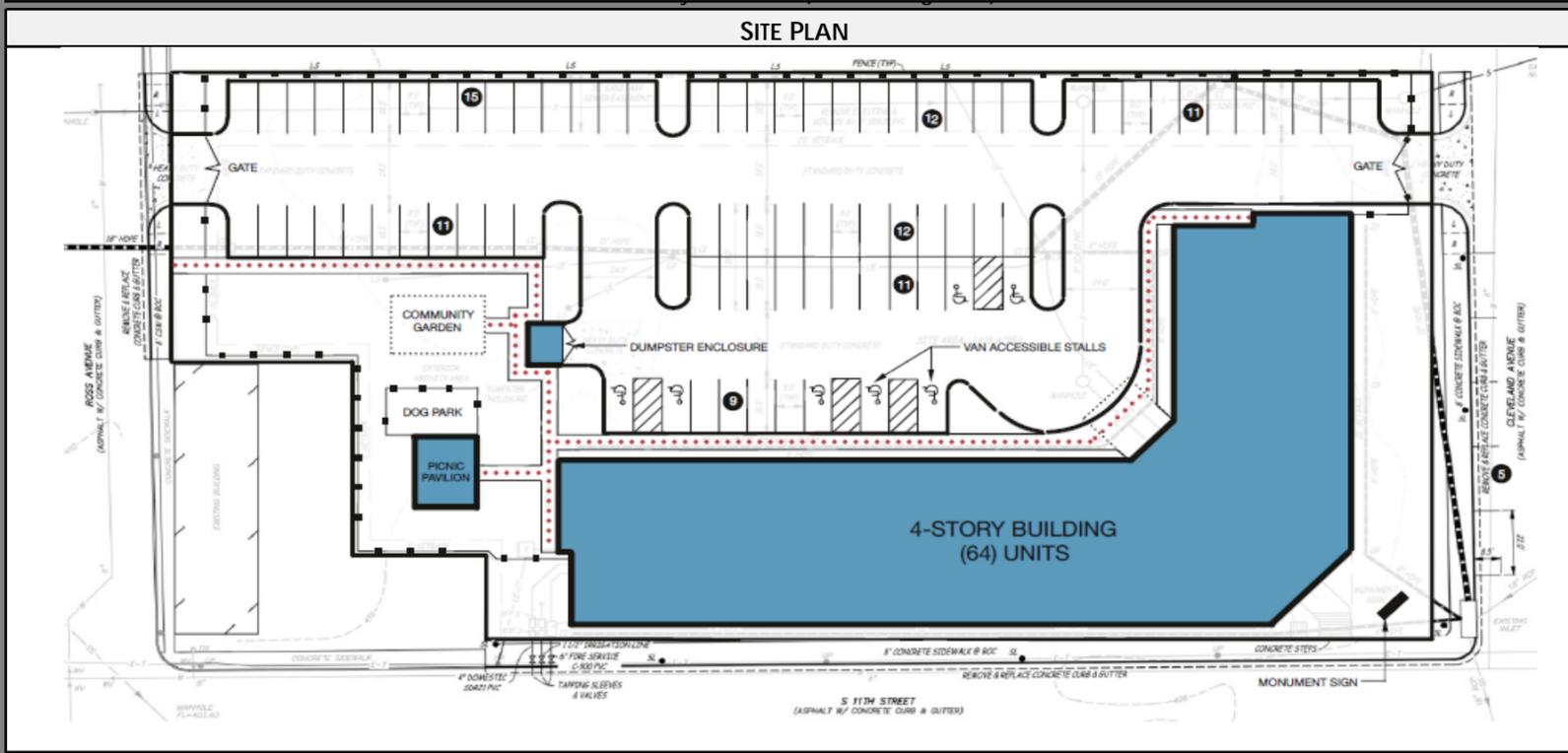
RECOMMENDATION					
TDHCA Program	Request	Recommended			
LIHTC (9% Credit)	\$1,122,000	\$1,122,000	\$17,531/Unit	\$0.89	

KEY PRINCIPALS / SPONSOR			
JES Dev Co, Inc Brian Kimes Jim Markel			
Related Parties	Contractor -	Yes	Seller - No



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	20%	-	0%
1	20	31%	30%	8	13%
2	44	69%	40%	-	0%
3	-	0%	50%	28	44%
4	-	0%	60%	18	28%
			70%	-	0%
			80%	10	16%
			MR	-	0%
<b>TOTAL</b>	<b>64</b>	<b>100%</b>	<b>TOTAL</b>	<b>64</b>	<b>100%</b>

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		TDHCA's Pro Forma	
Debt Coverage	1.15	Expense Ratio	63.2%
Breakeven Occ.	88.1%	Breakeven Rent	\$668
Average Rent	\$702	B/E Rent Margin	\$35
Property Taxes	\$783/unit	Exemption/PILOT	0%
Total Expense	\$5,070/unit	Controllable	\$3,045/unit



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)			0.9%
Highest Unit Capture Rate	3%	2 BR/50%	19
Dominant Unit Cap. Rate	3%	2 BR/50%	19
Premiums (↑60% Rents)	#DIV/0!		#DIV/0!
Rent Assisted Units	N/A		

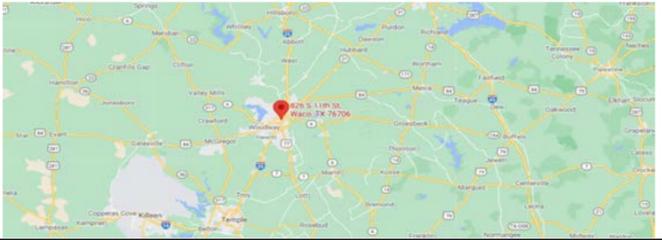
DEVELOPMENT COST SUMMARY			
Costs Underwritten		Applicant's Costs	
Avg. Unit Size	839 SF	Density	39.6/acre
Acquisition		\$21K/unit	\$1,350K
Building Cost	\$109.64/SF	\$92K/unit	\$5,890K
Hard Cost		\$116K/unit	\$7,442K
Total Cost		\$204K/unit	\$13,076K
Developer Fee	\$1,466K	(26% Deferred)	Paid Year: 14
Contractor Fee	\$1,042K	30% Boost	Yes

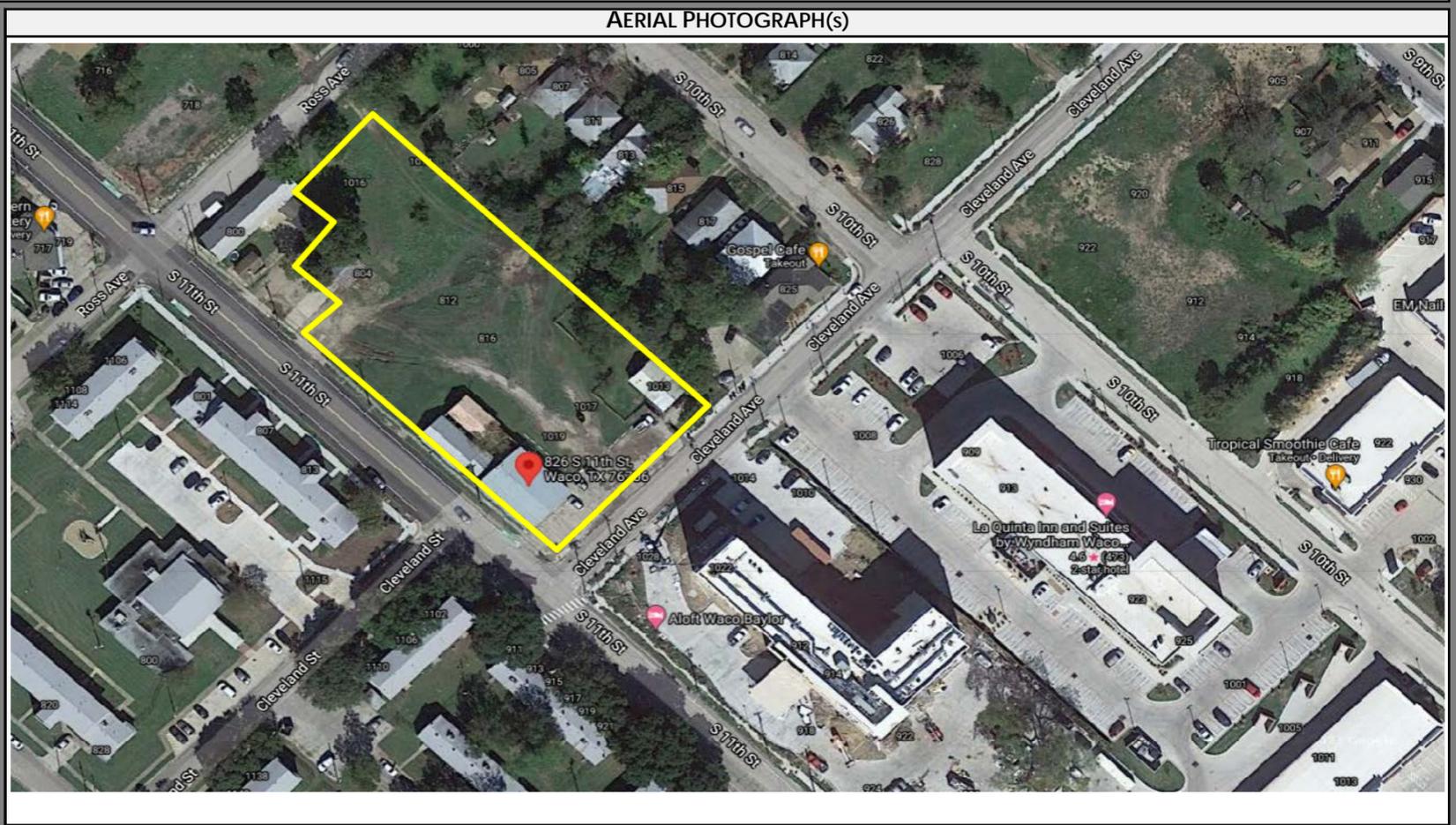
DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES	
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount
Sterling Bank	18/35	5.00%	\$2,845,000	1.09	City of Waco	0/0	0.00%	\$500	1.15	Affordable Equity Partners, Inc.	\$9,983,803
					JES Partnerships-Paige Estates, LLC	0/0	0.00%	\$110	1.15	JES Dev Co, Inc.	\$384,567
<b>TOTAL DEBT (Must Pay)</b>			<b>\$2,707,000</b>		<b>CASH FLOW DEBT / GRANTS</b>			<b>\$610</b>		<b>TOTAL EQUITY SOURCES</b>	<b>\$10,368,370</b>
										<b>TOTAL DEBT SOURCES</b>	<b>\$2,707,610</b>
										<b>TOTAL CAPITALIZATION</b>	<b>\$13,075,980</b>

**CONDITIONS**

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RISK PROFILE	
STRENGTHS/MITIGATING FACTORS	
▫ Experienced Developer	
▫ Attractive Design	
WEAKNESSES/RISKS	
▫ 69% of units are 2 BR	
▫ Potential increased cost due to unknown asbestos conditions	
▫ Development in floodplain	
AREA MAP	
	





**DEVELOPMENT IDENTIFICATION**

TDHCA Application #: 21121 Program(s): 9% HTC

Paige Estates

Address/Location: 826 South 11th Street

City: Waco County: McLennan Zip: 76706

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

Activity: New Construction Building Type: Elevator Served Region: 8

Analysis Purpose: New Application - Initial Underwriting

**ALLOCATION**

TDHCA Program	REQUEST				RECOMMENDATION				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	Lien
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**DEVELOPMENT SUMMARY**

New construction of 64 units, targeting the elderly population aged 55+. One 4-story elevator-served building, and 3,500 s.f. of community space. The unit mix is 31% one bedroom units with the other 69% being 2-bedrooms.

**RISK PROFILE**

STRENGTHS/MITIGATING FACTORS	
▫	Experienced Developer
▫	Attractive Design
▫	

WEAKNESSES/RISKS	
▫	69% of units are 2 BR
▫	Potential increased cost due to unknown asbestos conditions
▫	Development in floodplain

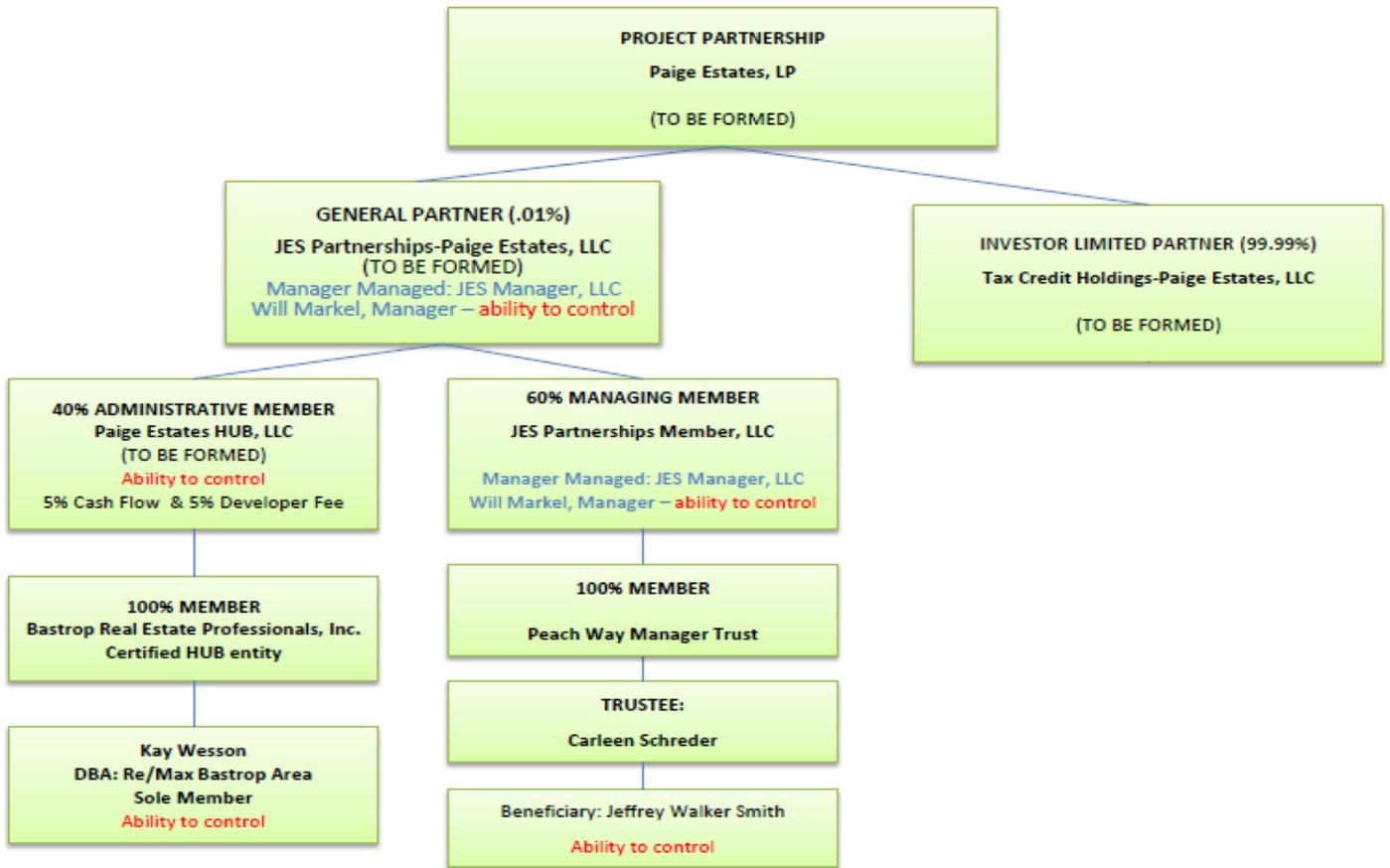
**DEVELOPMENT TEAM**

**PRIMARY CONTACTS**

Name: Brian Kimes  
Phone: (573) 443-2021  
Relationship: Developer

Name: Jim Markel  
Phone: (404) 841-2227  
Relationship: Developer

OWNERSHIP STRUCTURE



- Experienced Developer with 6 other LIHTC projects in Texas. Applicant has an in-house General Contracting and Property Management Company that will build and manage this property.



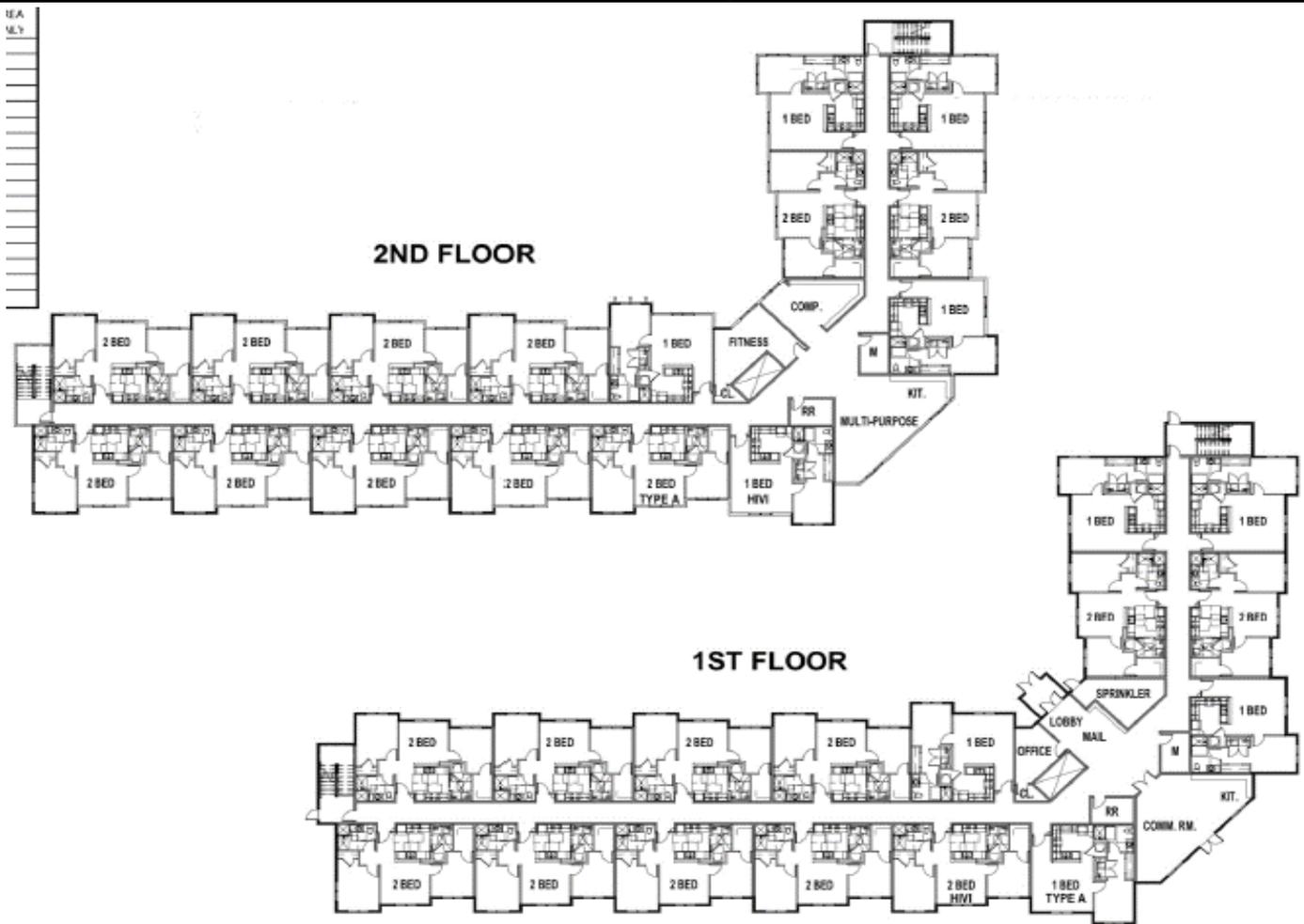
Comments:

The development of this site will require the demolition of existing building and the removal of footings and basements. The property is irregularly shaped and currently contains a single-family home, a shed, and a retail building.

The site will be provided direct access from Ross Avenue and Cleveland Avenue.

The site is proposed to provide 86 vehicular parking stalls with 7 accessible parking spaces. The required parking for this development would be 108 stalls based on the provided unit count. However, the College and University Neighborhood Overlay District, allows a 20 percent multimodal parking reduction, which reduces the required stalls onsite to 86. This site can claim the reduction since it is located along a transit route. Additionally, pedestrian lighting, on-street parking, bike racks, and an 8-foot-wide concrete sidewalk along the site's frontages will be provided.

BUILDING PLAN (Typical)



Comments:

Standard rectangular units with some articulation, multiple plumbing runs throughout the building, 9 foot ceilings and walk-in showers only in all units.

**BUILDING ELEVATION**



**Comments:**

A single 4-story, elevator-served building with 9ft ceilings, 6:12 roof pitches, conditioned corridors, above average articulation and 45% masonry exteriors.

**BUILDING CONFIGURATION**

Building Type	4-Story													Total Buildings
Floors/Stories	4													1
Number of Bldgs	1													64
Units per Bldg	64													64
<b>Total Units</b>	<b>64</b>													<b>64</b>
<b>Avg. Unit Size (SF)</b>		<b>839 sf</b>	<b>Total NRA (SF)</b>		<b>53,720</b>	<b>Common Area (SF)*</b>		<b>14,165</b>						

\*Common Area Square Footage as specified on Architect Certification

**SITE CONTROL INFO**

**Site Acreage:** Development Site: 1.62 acres Density: 39.6 units/acre  
**Site Control:** 1.618 **Site Plan:** 1.618 **Appraisal:** N/A **ESA:** 1.618  
**Feasibility Report Survey:** 1.618 **Feasibility Report Engineer's Plan:** 1.618

Control Type: Commercial Contract

Development Site: 1.62 acres Cost: \$1,350,000 \$21,094 per unit

Seller: Lilia Gonzales Cruz

Buyer: JES Dev Co, Inc.

Related-Party Seller/Identity of Interest: No

SITE INFORMATION

Flood Zone:	<u>AE</u>	Scattered Site?	<u>No</u>
Zoning:	<u>C-3</u>	Within 100-yr floodplain?	<u>No</u>
Re-Zoning Required?	<u>yes</u>	Utilities at Site?	<u>Yes</u>
Year Constructed:	<u>N/A</u>	Title Issues?	<u>No</u>

Current Uses of Subject Site:

The subject property is currently one (1) single-story single-family structure, one (1) single-story vacant convenience store structure, three (3) single-story vacant ancillary structures, and undeveloped grassland.

Surrounding Uses:

- North:** Ross Avenue, residential, undeveloped grassland
- South:** South 11th Street, Cleveland Avenue, Cleveland Street, and Kate Ross Apartments
- East:** Cleveland Avenue, residential, La Quinta, and A Loft Hotel
- West:** South 11th Street, Ross Avenue, and Iglesia Kairos De Dios (Church)

Other Observations:

The property is currently located outside the 500-year floodplain and within Zone X, area of minimal flood hazard, as shown on FIRM Map dated December 20, 2019. However, upon speaking with Roger Glick (City Development Engineer), this property will be located within the floodplain within the next couple of months after FEMA approves the new floodplain boundaries.

Due to future floodplain elevations this site's earthwork is not expected to balance. Approximately 4,300 cubic yards of fill material is going to have to be hauled onsite in order to raise the entire site above the proposed future base flood elevation. The building will be a minimum of twelve inches (12") above the base flood elevation and the parking and drive areas no less than six inches (6") below the base flood elevation.

According to Chapter 11 of the city code, all developments within the floodplain shall be reviewed by the floodplain administrator for compliance. The proposed development will place the building finished floor a minimum of 12" above base flood elevation and the parking and drive areas no less than 6" below base flood elevation to meet federal, local, and TDHCA standards. Since the floodplain is heavily developed by flood-flow obstructing structures, the proposed building was aligned with these existing structures to minimize the impact to the base flood elevation in accordance with local requirements.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Dominion Due Diligence Group Date: 3/2/2021

Recognized Environmental Conditions (RECs) and Other Concerns:

- D3G recommends performing a limited subsurface investigation at the subject property, which includes performing a Ground Penetrating Radar (GPR) study in order to determine if a UST is present at the locations of the suspected unknown piping. If USTs are present, they should be properly closed in accordance with local, state, and federal regulations.
- D3G recommends performing a limited subsurface investigation at the subject property to determine whether the past subject property and vicinity detrimental activities have negatively affected the environmental integrity of the subject property.

- Prior to demolition activities, D3G recommends conducting a pre-demolition asbestos inspection of the site structures in accordance with 40 CFR Part 61 Subpart M by a licensed asbestos inspector. Identified ACMs should be removed from the structures prior to demolition activities in accordance with applicable regulations.
- Exterior mitigation (i.e. barrier attenuation) will need to reduce the exterior noise level.
- All generated debris containing lead-based paint is to be appropriately disposed of in accordance with applicable EPA RCRA requirements.

## MARKET ANALYSIS

Provider: Novogradac Date: 3/9/2021  
 Contact: Houston Leifester Phone: 913-677-4600

Primary Market Area (PMA): 34 sq. miles 3 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME								
McLennan County Income Limits								
HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	\$8,856	\$8,856	\$10,656	\$10,656	---	---	---
	Max	\$13,800	\$15,780	\$17,760	\$19,710	---	---	---
50% AMGI	Min	\$14,784	\$14,784	\$17,760	\$17,760	---	---	---
	Max	\$23,000	\$26,300	\$29,600	\$32,850	---	---	---
60% AMGI	Min	\$17,736	\$17,736	\$21,312	\$21,312	---	---	---
	Max	\$27,600	\$31,560	\$35,520	\$39,420	---	---	---
80% AMGI	Min	\$23,664	\$23,664	\$28,416	\$28,416	---	---	---
	Max	\$36,800	\$42,080	\$47,360	\$52,560	---	---	---

AFFORDABLE HOUSING INVENTORY						
Competitive Supply (Proposed, Under Construction, and Unstabilized)						
File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
19063	Residences at Lake Waco	No	New	Elderly	79	90
Other Affordable Developments in PMA since 2016						
20171	Avanti Viking Hills		New	General	n/a	82
21024	Freedom's Path at Waco		New	Supp	n/a	34
<b>Stabilized Affordable Developments in PMA</b>					Total Units	1,527
					Total Developments	12
					Average Occupancy	99%

Proposed, Under Construction, and Unstabilized Competitive Supply:

Per Market Analyst: "Residences at Lake Waco is a proposed senior LIHTC development to be located at 1700 W. State Highway 6 that received LIHTC allocation in 2019. The mixed income development will provide 102 affordable units and 18 market rate units. It is located outside of the defined PMA, but is discussed here given its proximity to the PMA and it will also compete for low-income senior renters in Waco, similar to the Subject. We have not included the units at this proposed development in our calculations; however, when factoring these units into the analysis, the resulting capture rates are still healthy and indicative that the Subject will not burden the existing or under construction affordable developments in or around the PMA."

OVERALL DEMAND ANALYSIS				
	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	98,056			
Senior Households in the Primary Market Area	20,789			
Potential Demand from the Primary Market Area	6,417			
10% External Demand	642			
Potential Demand from Other Sources				
<b>GROSS DEMAND</b>	7,059			
Subject Affordable Units	64			
Unstabilized Competitive Units				
<b>RELEVANT SUPPLY</b>	64			
<b>Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE</b>				
	0.9%			

Population:	<b>Elderly Limitation</b>	Market Area:	<b>Urban</b>	Maximum Gross Capture Rate:	<b>10%</b>
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UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND										
AMGI Band	Market Analyst									
	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
30% AMGI	919	92	8	0	1%					
50% AMGI	1,705	171	28	0	1%					
60% AMGI	2,311	231	18	0	1%					
80% AMGI	1,482	148	10	0	1%					

**Demand Analysis:**

Minimum eligible income is calculated at 50% rent to income for Elderly developments. Gross demand includes all household sizes and both renter and owner households. Elderly is assumed age 55 and up.

As indicated above, if we included the 79 competitive units that are located outside the Subject PMA, but share some census tracts, the GCR would be 2%. This is a worst case scenario as it includes the outside supply, but none of the additional demand from 19063's PMA.

Because the competitive units are located outside the Market Analyst's determined PMA, and Underwriter's worst case scenario test produced an acceptable Gross Capture Rate, Market Analyst's capture rates are used for analysis.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE					
Unit Type	Market Analyst				
	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate
1 BR/30%	455	46	2	0	0%
1 BR/50%	535	54	9	0	2%
1 BR/60%	593	59	6	0	1%
1 BR/80%	609	61	3	0	0%
2 BR/30%	364	36	6	0	1%
2 BR/50%	543	54	19	0	3%
2 BR/60%	881	88	12	0	1%
2 BR/80%	1,017	102	7	0	1%

**Market Analyst Comments:**

The population in the PMA increased by 10.3 percent between 2000 and 2020, compared to the 24.0 percent increase in the regional MSA and 19.1 percent increase across the overall nation. The percentage of renter households in the PMA remained relatively stable between 2010 and 2020, and is estimated to be 58.8 percent as of 2020. The percentage of senior renters in the PMA is projected to increase from 34.8 to 35.9 percent between 2020 and 2025. As of 2020, the median income in the PMA is below the surrounding MSA, for both family and senior households. Historical median household income growth in the PMA trailed the MSA between 2000 and 2020. Both geographic areas experienced population growth below the overall nation during this time period. Of note, PMA income levels declined from 69 percent of the national median income in 2000 to 53 percent in 2020. Healthy population and household income growth bode well for future housing demand. Further, 52.4 percent of senior renter households are projected to make less than \$40,000 in 2025, indicating a strong need for affordable senior housing such as the Subject in the area. (p. 30)

**OPERATING PRO FORMA**

SUMMARY- AS UNDERWRITTEN (TDHCA Pro Forma)					
NOI:	\$188,602	Avg. Rent:	\$702	Expense Ratio:	63.2%
Debt Service:	\$163,943	B/E Rent:	\$668	Controllable Expenses:	\$3,045
Net Cash Flow:	\$24,659	UW Occupancy:	92.5%	Property Taxes/Unit:	\$783
Aggregate DCR:	1.15	B/E Occupancy:	88.1%	Program Rent Year:	2020

All units are projected at maximum HTC program rents.

In-house management company estimates a fee of 5.99%, which is consistent with their other currently managed properties.

Breakeven occupancy occurs with 7 units vacant (underwritten at 4).

Pro Forma exhibits feasibility through year 19. Any increase in the permanent loan rate would cause the pro forma to fall below the minimum 1.15 DCR threshold.

Applicant's estimate of water, sewer, trash expenses were significantly lower than the comparables. Underwriter's estimate, based on the regional comps, results in a DCR below the 1.15 minimum.

As presented, 15 year residual cash flow is \$34K with a deferral of 26% of the developer fee.

## DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	\$834,363/ac	\$21,094/unit	\$1,350,000	Contractor Fee	\$1,041,817
Off-site + Site Work		\$18,098/unit	\$1,158,250	Soft Cost + Financing	\$1,666,926
Building Cost	\$109.64/sf	\$92,030/unit	\$5,889,917	Developer Fee	\$1,465,585
Contingency	5.58%	\$6,147/unit	\$393,388	Reserves	\$110,097
<b>Total Development Cost</b>	\$204,312/unit		<b>\$13,075,980</b>	<b>Rehabilitation Cost</b>	<b>N/A</b>
<b>Qualified for 30% Basis Boost?</b>		Located in OCT with < 20% HTC units/HH			

**Site Work:**

Certified \$925K (\$14K/unit) for demolition and asbestos abatement, grading, paving, concrete and utility costs. Amenity cost of \$233K (\$3.6K/unit) was not included in certification, but is comprised of \$177K for landscaping, \$14K for fencing, \$15K for trash enclosures and signage.

**Building Cost:**

TDHCA's typical cost methodology using Marshal & Swift's ("M&S") average quality construction values adjusted for increasing lumber costs and four story build results in a total building cost estimate of \$5.7M (\$89K/unit - \$106.06/sf), which is \$193K (3.4%) lower than the Applicant's budget.

High building cost per square foot is in part due to lower number of units (64).

Applicant limited eligible basis by \$1.36M for scoring purposes.

**Contingency:**

Contingency is understated at less than 6.0%. An additional \$34K of repayable Developer fee is available for deferral as additional contingency for any cost overruns.

**Comments:**

Applicant's total development costs are less than 2% (\$248K) higher than the Underwriter's estimate. The recommended capital structure is being determined by Applicant's cost schedule.

**Credit Allocation Supported by Costs:**

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$13,075,980	\$9,593,577	\$1,122,448

## UNDERWRITTEN CAPITALIZATION

### INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Sterling Bank	Conventional Loan	\$9,924,066	5.25%	83%
Affordable Equity Partners, Inc.	HTC	\$1,996,760	\$0.89	17%
City of Waco	\$11.9(d)(2)LPS Contribution	\$500	0.00%	0%
JES Partnerships-Paige Estates, LLC	Owner Equity	\$110	0.00%	0%
		<b>\$11,921,436</b>	<b>Total Sources</b>	

### PERMANENT SOURCES

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Sterling Bank	\$2,845,000	5.00%	35	18	\$2,845,000	5.00%	35	18	22%
City of Waco	\$500	Fee Waiver			\$500	Fee Waiver			0%
JES Partnerships-Paige Estates, LLC	\$110	Owner Equity			\$110	Owner Equity			0%
<b>Total</b>	<b>\$2,845,610</b>				<b>\$2,707,610</b>				

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN			
	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Affordable Equity Partners, Inc.	\$9,983,803	\$0.89		\$9,983,803	\$0.89	76%	
JES Dev Co, Inc.	\$247,067		17%	\$384,567		3%	27%
<b>Total</b>	<b>\$10,230,870</b>			<b>\$10,368,370</b>			
				<b>\$13,075,980</b>	<b>Total Sources</b>		

#### Credit Price Sensitivity based on current capital structure

<b>\$0.924</b>	Maximum Credit Price before the Development is oversourced and allocation is limited
<b>\$0.887</b>	Minimum Credit Price below which the Development would be characterized as infeasible

## CONCLUSIONS

### Recommended Financing Structure:

The underwriting analysis assumes an \$138K adjustment to Debt Per §11.302(c)(2) to achieve the minimum 1.15x debt coverage ratio.

Gap Analysis:	
Total Development Cost	\$13,075,980
Permanent Sources (debt + non-HTC equity)	\$2,707,610
<b>Gap in Permanent Financing</b>	<b>\$10,368,370</b>

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$9,987,794	\$1,122,448
Needed to Balance Sources & Uses	\$10,368,370	\$1,165,218
Requested by Applicant	\$9,983,803	\$1,122,000

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
<b>Tax Credit Allocation</b>	<b>\$9,983,803</b>	<b>\$1,122,000</b>

Deferred Developer Fee	\$384,567	( 27% deferred)
Repayable in	14 years	

### Comments:

Recommended credit allocation is \$1,122,000 as requested by the Applicant.

Underwriter:	<u>Diamond Unique Thompson</u>
Manager of Real Estate Analysis:	<u>Jeanna Adams</u>
Director of Real Estate Analysis:	<u>Thomas Cavanagh</u>

**UNIT MIX/RENT SCHEDULE**  
*Paige Estates, Waco, 9% HTC #21121*

LOCATION DATA	
CITY:	Waco
COUNTY:	McLennan
Area Median Income	\$65,700
PROGRAM REGION:	8
PROGRAM RENT YEAR:	2020

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	20	31.3%	0	0
2	44	68.8%	0	0
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
<b>TOTAL</b>				
	<b>64</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	839 sf

55%	Income	20%	30%	40%	50%	60%	70%	80%	MR	TOTAL
Average	# Units	-	8	-	28	18	-	10	-	64
Income	% Total	0.0%	12.5%	0.0%	43.8%	28.1%	0.0%	15.6%	0.0%	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%	\$369	2	1	1	750	\$369	\$57	\$312	\$0	\$0.42	\$312	\$624	\$624	\$312	\$0	\$0	\$1,150	\$1.53	\$1,150
TC 50%	\$616	9	1	1	750	\$616	\$57	\$559	\$0	\$0.75	\$559	\$5,031	\$5,031	\$559	\$1	\$0	\$1,150	\$1.53	\$1,150
TC 60%	\$739	6	1	1	750	\$739	\$57	\$682	\$0	\$0.91	\$682	\$4,092	\$4,092	\$682	\$1	\$0	\$1,150	\$1.53	\$1,150
TC 80%	\$986	3	1	1	750	\$986	\$57	\$929	\$0	\$1.24	\$929	\$2,787	\$2,787	\$929	\$1	\$0	\$1,150	\$1.53	\$1,150
TC 30%	\$444	6	2	1	880	\$444	\$74	\$370	\$0	\$0.42	\$370	\$2,220	\$2,220	\$370	\$0	\$0	\$1,250	\$1.42	\$1,250
TC 50%	\$740	19	2	1	880	\$740	\$74	\$666	\$0	\$0.76	\$666	\$12,654	\$12,654	\$666	\$1	\$0	\$1,250	\$1.42	\$1,250
TC 60%	\$888	12	2	1	880	\$888	\$74	\$814	\$0	\$0.93	\$814	\$9,768	\$9,768	\$814	\$1	\$0	\$1,250	\$1.42	\$1,250
TC 80%	\$1,184	7	2	1	880	\$1,184	\$74	\$1,110	\$0	\$1.26	\$1,110	\$7,770	\$7,770	\$1,110	\$1	\$0	\$1,250	\$1.42	\$1,250
<b>TOTALS/AVERAGES:</b>		<b>64</b>			<b>53,720</b>				<b>\$0</b>	<b>\$0.84</b>	<b>\$702</b>	<b>\$44,946</b>	<b>\$44,946</b>	<b>\$702</b>	<b>\$0.84</b>	<b>\$0</b>	<b>\$1,219</b>	<b>\$1.45</b>	<b>\$1,219</b>

<b>ANNUAL POTENTIAL GROSS RENT:</b>	<b>\$539,352</b>	<b>\$539,352</b>
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## STABILIZED PRO FORMA

*Paige Estates, Waco, 9% HTC #21121*

STABILIZED FIRST YEAR PRO FORMA												
	COMPARABLES		APPLICANT				TDHCA				VARIANCE	
	Database	Senior Comps	% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
<b>POTENTIAL GROSS RENT</b>				\$0.84	\$702	\$539,352	\$539,352	\$702	\$0.84		0.0%	\$0
Late Rent, forfeited deposits, vending					\$20.00	\$15,360						
Total Secondary Income					\$20.00		\$15,360	\$20.00			0.0%	\$0
<b>POTENTIAL GROSS INCOME</b>						\$554,712	\$554,712				0.0%	\$0
Vacancy & Collection Loss					7.5% PGI	(41,603)	(41,603)	7.5% PGI			0.0%	-
Rental Concessions						-	-				0.0%	-
<b>EFFECTIVE GROSS INCOME</b>						\$513,109	\$513,109				0.0%	\$0

General & Administrative	\$23,006	\$359/Unit	\$14,510	\$227	3.87%	\$0.37	\$310	\$19,850	\$14,510	\$227	\$0.27	2.83%	36.8%	5,340
Management	\$26,393	5.7% EGI	\$21,213	\$331	5.99%	\$0.57	\$480	\$30,720	\$30,735	\$480	\$0.57	5.99%	0.0%	(15)
Payroll & Payroll Tax	\$53,943	\$843/Unit	\$54,808	\$856	13.56%	\$1.30	\$1,087	\$69,574	\$69,574	\$1,087	\$1.30	13.56%	0.0%	-
Repairs & Maintenance	\$46,559	\$727/Unit	\$49,034	\$766	9.00%	\$0.86	\$722	\$46,200	\$41,600	\$650	\$0.77	8.11%	11.1%	4,600
Electric/Gas	\$13,545	\$212/Unit	\$8,521	\$133	2.34%	\$0.22	\$188	\$12,000	\$8,521	\$133	\$0.16	1.66%	40.8%	3,479
Water, Sewer, & Trash	\$36,234	\$566/Unit	\$60,665	\$948	7.11%	\$0.68	\$570	\$36,500	\$60,665	\$948	\$1.13	11.82%	-39.8%	(24,165)
Property Insurance	\$24,032	\$0.45 /sf	\$20,579	\$322	5.61%	\$0.54	\$450	\$28,800	\$28,800	\$450	\$0.54	5.61%	0.0%	-
Property Tax (@ 100%) 2.6586	\$31,787	\$497/Unit	\$41,894	\$655	9.98%	\$0.95	\$800	\$51,200	\$50,142	\$783	\$0.93	9.77%	2.1%	1,058
Reserve for Replacements					3.12%	\$0.30	\$250	\$16,000	\$16,000	\$250	\$0.30	3.12%	0.0%	-
Cable TV					0.16%	\$0.01	\$13	\$800	\$800	\$13	\$0.01	0.16%	0.0%	-
Supportive Services					0.00%	\$0.00	\$0	\$0	\$0	\$0.00	\$0.00	0.00%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.50%	\$0.05	\$40	\$2,560	\$2,560	\$40	\$0.05	0.50%	0.0%	-
Security					0.12%	\$0.01	\$9	\$600	\$600	\$9	\$0.01	0.12%	0.0%	-
<b>TOTAL EXPENSES</b>					<b>61.35%</b>	<b>\$5.86</b>	<b>\$4,919</b>	<b>\$314,804</b>	<b>\$324,507</b>	<b>\$5,070</b>	<b>\$6.04</b>	<b>63.24%</b>	<b>-3.0%</b>	<b>\$ (9,703)</b>
<b>NET OPERATING INCOME ("NOI")</b>					<b>38.65%</b>	<b>\$3.69</b>	<b>\$3,099</b>	<b>\$198,305</b>	<b>\$188,602</b>	<b>\$2,947</b>	<b>\$3.51</b>	<b>36.76%</b>	<b>5.1%</b>	<b>\$ 9,703</b>

CONTROLLABLE EXPENSES	\$2,877/Unit	\$3,045/Unit
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**CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS**

*Paige Estates, Waco, 9% HTC #21121*

DEBT / GRANT SOURCES															
		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
DEBT (Must Pay)	Fee	Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	Cumulative	
		UW	App											DCR	LTC
Sterling Bank		1.09	1.15	172,300	5.00%	35	18	\$2,845,000	\$2,845,000	18	35	5.00%	\$172,300	1.09	21.8%
Adjustment to Debt Per §11.302(c)(2)	0.00%								(\$138,000)	18	35	5.00%	(\$8,358)	1.15	-1.1%
<b>CASH FLOW DEBT / GRANTS</b>															
City of Waco		1.09	1.15		0.00%	0	0	\$500	\$500	0	0	0.00%		1.15	0.0%
JES Partnerships-Paige Estates, LLC		1.09	1.15		0.00%	0	0	\$110	\$110	0	0	0.00%		1.15	0.0%
				<b>\$172,300</b>	<b>TOTAL DEBT / GRANT SOURCES</b>			<b>\$2,845,610</b>	<b>\$2,707,610</b>	<b>TOTAL DEBT SERVICE</b>			<b>\$163,943</b>	<b>1.15</b>	<b>20.7%</b>
<b>NET CASH FLOW</b>		\$16,301	\$26,004					<b>TDHCA</b>	<b>NET OPERATING INCOME</b>	\$188,602	\$24,659	<b>NET CASH FLOW</b>			

EQUITY SOURCES												
		APPLICANT'S PROPOSED EQUITY STRUCTURE					AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method	
Affordable Equity Partners, Inc.	LIHTC Equity	76.4%	\$1,122,000	\$0.89	\$9,983,803	\$9,983,803	\$0.8898	\$1,122,000	76.4%	\$17,531	Applicant Request	
JES Dev Co, Inc.	Deferred Developer Fees	1.9%	(17% Deferred)		\$247,067	\$384,567	(26% Deferred)		2.9%	<b>Total Developer Fee: \$1,465,585</b>		
Additional (Excess) Funds Req'd		0.0%			\$0				0.0%			
<b>TOTAL EQUITY SOURCES</b>		<b>78.2%</b>			<b>\$10,230,870</b>	<b>\$10,368,370</b>			<b>79.3%</b>			
<b>TOTAL CAPITALIZATION</b>						<b>\$13,076,480</b>	<b>\$13,075,980</b>				15-Yr Cash Flow after Deferred Fee:	<b>\$34,341</b>

DEVELOPMENT COST / ITEMIZED BASIS													
		APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis	Acquisition	New Const. Rehab	Total Costs		Total Costs		Eligible Basis		%	\$		
								New Const. Rehab	Acquisition				
Land Acquisition				\$21,094 / Unit	\$1,350,000	\$1,350,000	\$21,094 / Unit			0.0%	\$0		
Off-Sites				\$ / Unit	\$0	\$0	\$ / Unit			0.0%	\$0		
Site Work			\$855,627	\$14,458 / Unit	\$925,321	\$925,321	\$14,458 / Unit	\$855,627		0.0%	\$0		
Site Amenities			\$232,929	\$3,640 / Unit	\$232,929	\$232,929	\$3,640 / Unit	\$232,929		0.0%	\$0		
Building Cost			\$4,531,282	\$109.64 /sf	\$92,030/Unit	\$5,889,917	\$5,697,341	\$89,021/Unit	\$106.06 /sf	\$4,531,282	3.4%	\$192,576	
Contingency			\$393,388	7.00%	5.58%	\$393,388	\$393,388	5.74%	7.00%	\$393,388	0.0%	\$0	
Contractor Fees			\$841,853	14.00%	14.00%	\$1,041,817	\$1,014,857	14.00%	14.00%	\$841,852	2.7%	\$26,960	
Soft Costs		\$0	\$824,064	\$13,345 / Unit	\$854,064	\$854,064	\$13,345 / Unit	\$824,064	\$0	0.0%	\$0		
Financing		\$0	\$663,099	\$12,701 / Unit	\$812,862	\$812,862	\$12,701 / Unit	\$663,099	\$0	0.0%	\$0		
Developer Fee		\$0	\$1,251,336	15.00%	15.00%	\$1,465,585	\$1,436,699	15.00%	15.00%	\$1,251,336	2.0%	\$28,886	
Reserves				3 Months	\$110,097	\$110,097	3 Months			0.0%	\$0		
<b>TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)</b>		<b>\$0</b>	<b>\$9,593,578</b>	\$204,312 / Unit	<b>\$13,075,980</b>	<b>\$12,827,558</b>	\$200,431 / Unit	<b>\$9,593,577</b>	<b>\$0</b>	<b>1.9%</b>	<b>\$248,422</b>		
Acquisition Cost		\$0			\$0								
Contingency			\$0		\$0								
Contractor's Fee			(\$1)		\$0								
Financing Cost			\$0										
Developer Fee		\$0	\$0		\$0								
Reserves					\$0								
<b>ADJUSTED BASIS / COST</b>		<b>\$0</b>	<b>\$9,593,577</b>	\$204,312/unit	<b>\$13,075,980</b>	<b>\$12,827,558</b>	\$200,431/unit	<b>\$9,593,577</b>	<b>\$0</b>	<b>1.9%</b>	<b>\$248,422</b>		
<b>TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):</b>						<b>\$13,075,980</b>							

**CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS**

*Paige Estates, Waco, 9% HTC #21121*

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
	<b>ADJUSTED BASIS</b>	\$0	\$9,593,577	\$0
Deduction of Federal Grants	\$0	\$0	\$0	\$0
<b>TOTAL ELIGIBLE BASIS</b>	\$0	\$9,593,577	\$0	\$9,593,577
High Cost Area Adjustment		130%		130%
<b>TOTAL ADJUSTED BASIS</b>	\$0	\$12,471,650	\$0	\$12,471,650
Applicable Fraction	100.00%	100.00%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>	\$0	\$12,471,650	\$0	\$12,471,650
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
<b>ANNUAL CREDIT ON BASIS</b>	0	\$1,122,448	\$0	\$1,122,448
<b>CREDITS ON QUALIFIED BASIS</b>	\$1,122,448		\$1,122,448	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price	Variance to Request	
			\$0.8898	Credit Allocation	Credits
<b>Eligible Basis</b>	\$1,122,448	\$9,987,794	----	----	----
<b>Needed to Fill Gap</b>	\$1,165,218	\$10,368,370	----	----	----
<b>Applicant Request</b>	\$1,122,000	\$9,983,803	<b>\$1,122,000</b>	<b>\$0</b>	<b>\$0</b>

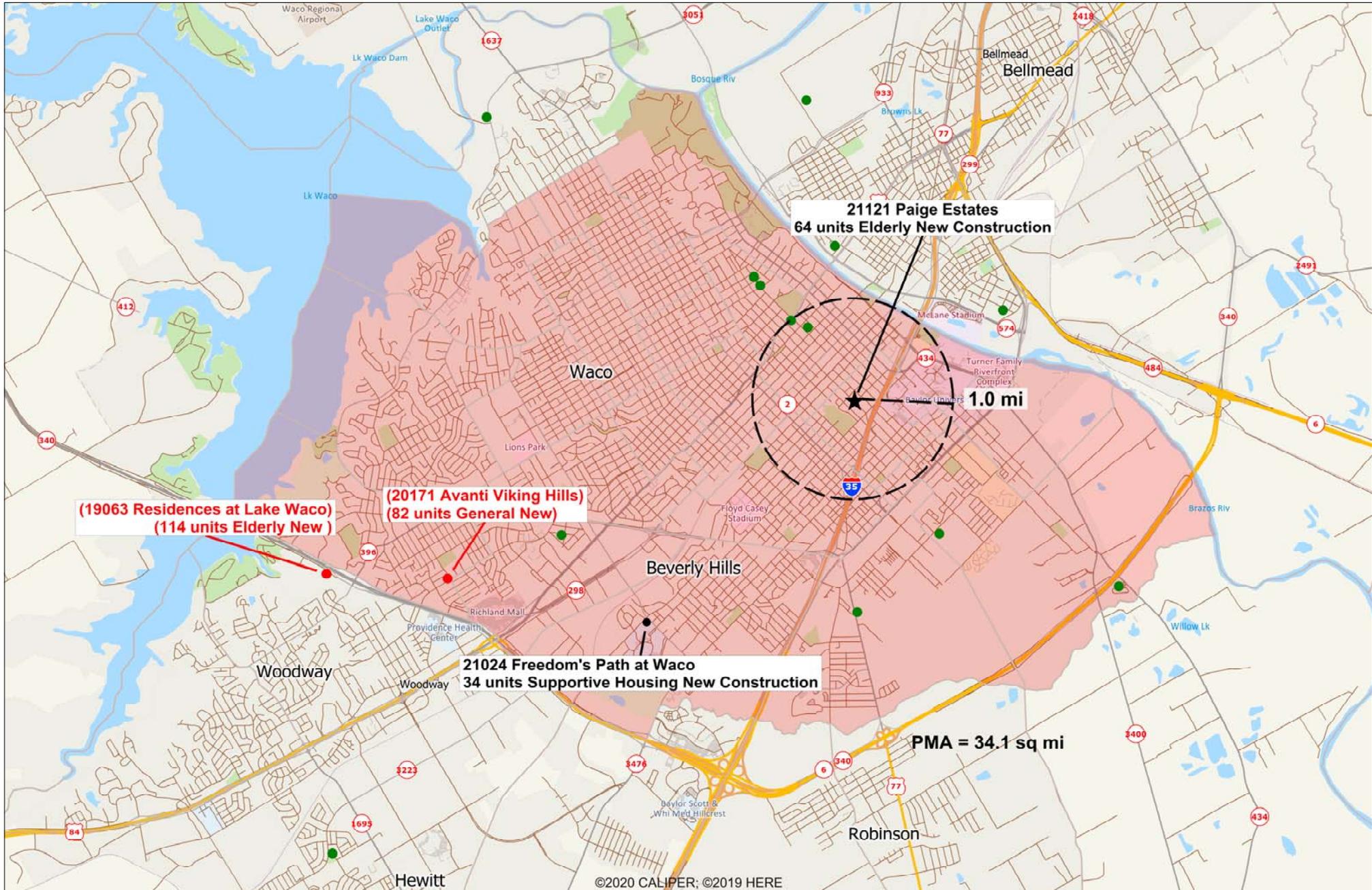
BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	53,720 SF	\$77.44	4,159,817
Adjustments				
Exterior Wall Finish	3.60%		2.79	\$149,753
Elderly	3.00%		2.32	124,795
9-Ft. Ceilings	3.45%		2.67	143,514
Roof Adjustment(s)			1.19	64,000
Subfloor			0.22	11,953
Floor Cover			2.56	137,523
Enclosed Corridors	\$68.99	10,635	13.66	733,657
Balconies	\$0.00	0	0.00	0
Plumbing Fixtures	\$1,080	132	2.65	142,560
Rough-ins	\$530	128	1.26	67,840
Built-In Appliances	\$1,830	64	2.18	117,120
Exterior Stairs	\$2,460	6	0.27	14,760
Heating/Cooling			2.34	125,705
Storage Space	\$68.99	0	0.00	0
Carports	\$12.25	0	0.00	0
Garages		0	0.00	0
Common/Support Area	\$98.52	3,530	6.47	347,790
Elevators	\$150,724	1	2.81	150,724
<b>Other:</b>			0.00	0
Fire Sprinklers	\$2.88	67,885	3.64	195,509
<b>SUBTOTAL</b>			<b>124.48</b>	<b>6,687,019</b>
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
<b>TOTAL BUILDING COSTS</b>			<b>124.48</b>	<b>\$6,687,019</b>
Plans, specs, survey, bldg permits	3.30%		(4.11)	(\$220,672)
Contractor's OH & Profit	11.50%		(14.32)	(769,007)
<b>NET BUILDING COSTS</b>		\$89,021/unit	\$106.06/sf	\$5,697,341

## Long-Term Pro Forma

*Paige Estates, Waco, 9% HTC #21121*

	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%	\$513,109	\$523,371	\$533,838	\$544,515	\$555,405	\$613,212	\$677,036	\$747,502	\$825,303	\$911,201	\$1,006,040
TOTAL EXPENSES	3.00%	\$324,507	\$333,935	\$343,639	\$353,629	\$363,911	\$420,037	\$484,911	\$559,906	\$646,613	\$746,873	\$862,818
<b>NET OPERATING INCOME ("NOI")</b>		<b>\$188,602</b>	<b>\$189,436</b>	<b>\$190,199</b>	<b>\$190,886</b>	<b>\$191,494</b>	<b>\$193,175</b>	<b>\$192,125</b>	<b>\$187,596</b>	<b>\$178,690</b>	<b>\$164,328</b>	<b>\$143,221</b>
EXPENSE/INCOME RATIO		63.2%	63.8%	64.4%	64.9%	65.5%	68.5%	71.6%	74.9%	78.3%	82.0%	85.8%
<b>MUST -PAY DEBT SERVICE</b>												
TOTAL DEBT SERVICE		\$163,943	\$163,943	\$163,943	\$163,943	\$163,943	\$163,943	\$163,943	\$163,943	\$163,943	\$163,943	\$163,943
DEBT COVERAGE RATIO		1.15	1.16	1.16	1.16	1.17	1.18	1.17	1.14	1.09	1.00	0.87
<b>ANNUAL CASH FLOW</b>		<b>\$24,659</b>	<b>\$25,493</b>	<b>\$26,256</b>	<b>\$26,943</b>	<b>\$27,551</b>	<b>\$29,233</b>	<b>\$28,183</b>	<b>\$23,654</b>	<b>\$14,747</b>	<b>\$385</b>	<b>(\$20,721)</b>
Deferred Developer Fee Balance		\$359,908	\$334,415	\$308,159	\$281,215	\$253,664	\$109,904	\$0	\$0	\$0	\$0	\$0
<b>CUMULATIVE NET CASH FLOW</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$34,341</b>	<b>\$163,226</b>	<b>\$256,727</b>	<b>\$289,800</b>	<b>\$231,392</b>

# 21121 Paige Estates PMA Map



Disclaimer: This map is not a survey. Boundaries, distance and scale are approximate only.