22135 Red Oaks - Application Summary

REAL ESTATE ANALYSIS DIVISION
January 31, 2023

PROPERTY IDENTIFICATION

Application #	**22135**
Development	**Red Oaks**
City / County	**Austin / Williamson**
Region/Area	**7 / Urban**
Population	**General**
Set-Aside	**General**
Activity	**New Construction**

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (9% Credit)	$1,600,000	**$1,600,000**	**$22,857/Unit**	**$0.92**

KEY PRINCIPALS / SPONSOR

HTG Anderson Developer LLC- 95% Developer Fee Mane Development, LLC-5% Developer Fee

Related Parties	Contractor - TBD	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO

SITE PLAN

UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	10	14%
1	25	36%
2	27	39%
3	8	11%
4	-	0%
TOTAL	70	100%

INCOME DISTRIBUTION

Income	# Units	% Total
20%	-	0%
30%	7	10%
40%	-	0%
50%	28	40%
60%	35	50%
70%	-	0%
80%	-	0%
MR	-	0%
TOTAL	70	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten	TDHCA's Pro Forma		
Debt Coverage	1.34	**Expense Ratio**	60.0%
Breakeven Occ.	83.2%	**Breakeven Rent**	$937
Average Rent	$1,046	**B/E Rent Margin**	$109
Property Taxes	$1,623/unit	**Exemption/PILOT**	0%
Total Expense	$7,170/unit	**Controllable**	$4,174/unit

MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)	2.2%		
Highest Unit Capture Rate	12%	2 BR/50%	9
Dominant Unit Cap. Rate	7%	2 BR/60%	15
Premiums (↑60% Rents)	N/A		N/A
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten	Applicant's Costs		
Avg. Unit Size	812 SF	**Density**	19.6/acre
Acquisition		$58K/unit	$4,029K
Building Cost	$134.92/SF	$110K/unit	$7,668K
Hard Cost		$150K/unit	$10,503K
Total Cost		$330K/unit	$23,112K
Developer Fee	$2,340K	(3% Deferred)	Paid Year: 1
Contractor Fee	$1,470K	**30% Boost**	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
PNC	18/35	4.82%	$4,216,000	1.34
TOTAL DEBT (Must Pay)			$4,216,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
City of Austin	18/40	0.00%	$4,000,000	1.34
City of Austin SMART Housing	0/0	0.00%	$100,000	1.34
CASH FLOW DEBT / GRANTS			$4,100,000	

EQUITY / DEFERRED FEES	
Source	Amount
PNC	$14,718,528
HTG Anderson Developer	$77,938
TOTAL EQUITY SOURCES	$14,796,466
TOTAL DEBT SOURCES	$8,316,000
TOTAL CAPITALIZATION	$23,112,466

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.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS

- Gross Capture Rate of 2.2%
- Strong feasibility indicators with a DCR of 1.34
- New construction and attractive design should enhance leasing

WEAKNESSES/RISKS

- Interest Rate Risk
- High expense ratio of 60%
- Rising material costs could adversely affect budget

AREA MAP

AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
January 31, 2023

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **22135** Program(s): **9% HTC**

Red Oaks

Address/Location:	1100 Block of Ranch Road 620 and El Salido Pkwy
City:	Austin
County:	Williamson
Zip:	78750
Population:	General
Program Set-Aside:	General
Area:	Urban
Activity:	New Construction
Building Type:	Elevator Served
Region:	7
Analysis Purpose:	New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
LIHTC (9% Credit)	$1,600,000				**$1,600,000**				

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	7
50% of AMI	50% of AMI	28
60% of AMI	60% of AMI	35

DEVELOPMENT SUMMARY

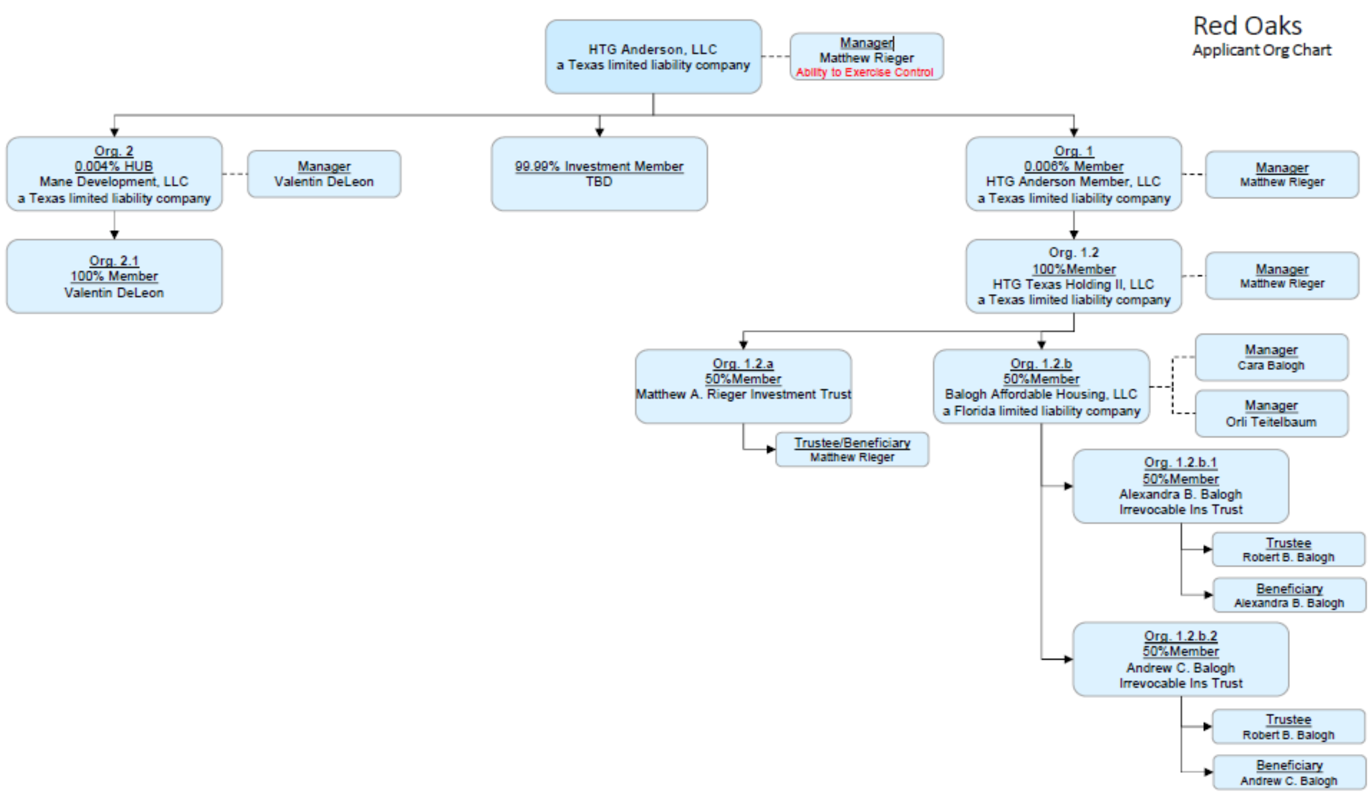
Red Oaks will be a fully restricted, 70 unit project located in northwest Austin near Lakeway. The development will consist of a three-story, elevator served building on approximately 3.573 acres.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS		WEAKNESSES/RISKS	
▫	Gross Capture Rate of 2.2%	▫	Interest Rate Risk
▫	Strong feasibility indicators with a DCR of 1.34	▫	High expense ratio of 60%
▫	New construction and attractive design should enhance leasing	▫	Rising material costs could adversely affect budget

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



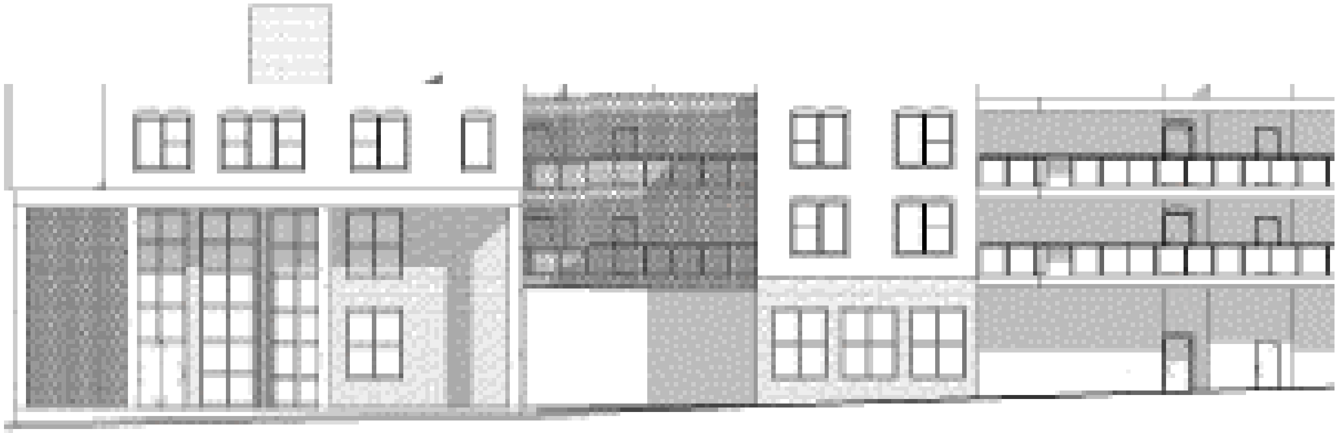
DEVELOPMENT SUMMARY

SITE PLAN

Comments:

There are a total of 95 parking spaces reflected on the Site Plan (1.4/unit). Parking requirements are based on City of Austin Affordability Unlocked Ordinance which waives minimum parking requirements with some exceptions. There will be 22 covered bike parking spaces which is in compliance with the 19 spaces required by the city. All parking will be provided at no charge to the residents.

BUILDING ELEVATION



BUILDING CONFIGURATION

													Total Buildings
Building Type	1												
Floors/Stories	3												
Number of Bldgs	1												1
Units per Bldg	70												
Total Units	70												**70**

Avg. Unit Size (SF)	**812 sf**	**Total NRA (SF)**	**56,829**	**Common Area (SF)***	**22,173**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 3.57 acres Density: 19.6 units/acre

Site Control: 3.573 **Site Plan:** 3.57 **Appraisal:** N/A **ESA:** 3.573

Feasibility Report Survey: 3.573 **Feasibility Report Engineer's Plan:** 3.573

Control Type: Commercial Contract - Unimproved Property

Development Site: 3.57 acres Cost: $4,000,000 $57,143 per unit

Seller: MAGNA PROPERTIES LTD

Buyer: Housing Trust Group, LLC and/or Assigns

Related-Party Seller/Identity of Interest: No

SITE INFORMATION

Flood Zone:	X	Scattered Site?	No
Zoning:	GR-CO	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	NA	Title Issues?	No

Other Observations:

The site is currently subject to the City of Austin Community Commercial with Conditional Overlay (GR-CO) Zoning. Community Commercial (GR) zoning does not allow for Multifamily use, however, if the use is approved for the Affordability Unlocked Program the zoning is acceptable.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: ECS Southwest, LLP   Date: 2/10/2022

Recognized Environmental Conditions (RECs) and Other Concerns:

- A combined DNL for the major roads and railroads in the vicinity of the subject property was calculated by the HUD Exchange Day/Night Noise Level (DNL) Calculator to be 67 decibels. This calculated level is considered “normally unacceptable” under the HUD noise guidelines. Further assessment is warranted as additional modeling such as the Sound Transmission and Classification Tool (STraCAT) may indicate a lower day/night noise level and assist with potential mitigation.

MARKET ANALYSIS

Provider: Novogradac Consulting LLP   Date: 3/11/2022

Primary Market Area (PMA): 53 sq. miles   4 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME								
Williamson County Income Limits								
HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	$15,570	$16,680	$20,040	$20,040	---	---	---
	Max	$20,790	$23,760	$26,730	$29,670	---	---	---
50% AMGI	Min	$25,980	$27,840	$33,390	$33,390	$38,580	$38,580	---
	Max	$34,650	$39,600	$44,550	$49,450	$53,450	$57,400	---
60% AMGI	Min	$31,170	$33,390	$40,080	$40,080	$46,290	$46,290	---
	Max	$41,580	$47,520	$53,460	$59,340	$64,140	$68,880	---

Stabilized Affordable Developments in PMA		
	Total Units	540
	Total Developments	4
	Average Occupancy	99.5%

OVERALL DEMAND ANALYSIS				
	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	39,565			
Senior Households in the Primary Market Area				
Potential Demand from the Primary Market Area	8,373			
10% External Demand	837			
Potential Demand from Other Sources				
GROSS DEMAND	9,210			
Subject Affordable Units	70			
Unstabilized Competitive Units	133			
RELEVANT SUPPLY	203			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**2.2%**			

Population:	General	Market Area:	Urban	Maximum Gross Capture Rate:	10%

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND

	Market Analyst					Underwriter				
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
30% AMGI	1,456	146	7	10	1.1%					
50% AMGI	4,021	402	28	84	2.5%					
60% AMGI	2,896	290	35	39	2.3%					

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE

	Market Analyst					Underwriter				
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
0 BR/30%	216	22	2	0	0.8%					
0 BR/50%	609	61	5	0	0.7%					
0 BR/60%	583	58	3	0	0.5%					
1 BR/30%	145	15	2	4	3.8%					
1 BR/50%	380	38	11	26	8.9%					
1 BR/60%	387	39	12	12	5.6%					
2 BR/30%	101	10	3	6	8.1%					
2 BR/50%	369	37	9	39	11.8%					
2 BR/60%	473	47	15	19	6.5%					
3 BR/50%	198	20	3	19	10.1%					
3 BR/60%	300	30	5	8	3.9%					

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (TDHCA Pro Forma)					
NOI:	$333,994	Avg. Rent:	$1,046	Expense Ratio:	60.0%
Debt Service:	$249,553	B/E Rent:	$937	Controllable Expenses:	$4,174
Net Cash Flow:	$84,441	UW Occupancy:	92.5%	Property Taxes/Unit:	$1,623
Aggregate DCR:	1.34	B/E Occupancy:	83.2%	Program Rent Year:	2021

In analyzing the Pro Forma, the largest discrepancy between TDHCA's underwriting and the Applicant's budget is the assumed property tax expense. UW disagreed with Applicant's budgeted property tax expense of $147,000 since it is significantly higher than indicated by TDHCA's database as well as the per unit average reported for 8 comparable properties in both Williamson and Travis Counties.

As a result, UW calculated property taxes by dividing TDHCA's Pro Forma NOI of $333,994 by Williamson County's low income housing capitalization rate of 7.50% and then multiplying the resulting valuation by Williamson County's mil rates for the property divided by 100, which results in an estimated property tax of $113,613.

The overall operating expense discrepancy of 7.9% exceeds REA's threshold of 5%. Therefore, UW's Pro Forma is being used for this analysis.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$1,119,507/ac	$57,550/unit	**$4,028,500**	Contractor Fee	**$1,470,393**
Off-site + Site Work		$30,687/unit	**$2,148,119**	Soft Cost + Financing	**$4,495,151**
Building Cost	$134.92/sf	$109,537/unit	**$7,667,590**	Developer Fee	**$2,340,287**
Contingency	7.00%	$9,816/unit	**$687,100**	Reserves	**$275,326**
Total Development Cost	$330,178/unit	**$ 23,112,466**		**Rehabilitation Cost**	**N/A**
Qualified for 30% Basis Boost?	High Opportunity Index [9% only]				

Financing Cost:

Eligible interim construction loan interest (limited to 12 months interest on the full loan amount) is overstated by $129,560.

Developer Fee:

Underwriting adjustments to eligible financing cost results in eligible developer fee being overstated by $19,434.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$23,112,466	**$13,752,871**	**$1,609,086**

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
PNC	Conventional Loan	$14,896,000	3.75%	64%
City of Austin	Local Government Loan	$4,000,000	0.00%	17%
PNC	HTC	$4,100,000	$0.92	18%
City of Austin SMART Housing	Fee Waiver	$100,000	0.00%	0%
		$23,096,000	**Total Sources**	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
PNC	$4,216,000	4.82%	35	18	$4,216,000	4.82%	35	18	18%
City of Austin	$4,000,000	0.00%	40	18	$4,000,000	0.00%	40	18	17%
City of Austin SMART Housing	$100,000	0.00%	0	0	$100,000	0.00%	0	0	0%
Total	**$8,316,000**				**$8,316,000**				

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
PNC	$14,718,528	$0.92		$14,718,528	$0.92	64%	
HTG Anderson Developer	$77,938		3%	$77,938		0%	3%
Total	**$14,796,466**			**$14,796,466**			
				$23,112,466	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.925	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.836	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$23,112,466
Permanent Sources (debt + non-HTC equity)	$8,316,000
Gap in Permanent Financing	$14,796,466

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$14,802,110	$1,609,086
Needed to Balance Sources & Uses	$14,796,466	$1,608,472
Requested by Applicant	$14,718,528	$1,600,000

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$14,718,528**	**$1,600,000**

Deferred Developer Fee	**$77,938**	**(3% deferred)**
Repayable in	**1 years**	

Recommendation:

Underwriter recommends an annual credit allocation of $1,600,000 as requested by the Applicant.

Underwriter:	*Georgia* Simmons
Manager of Real Estate Analysis:	*Gregg Kazak*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Red Oaks, Austin, 9% HTC #22135

LOCATION DATA	
CITY:	Austin
COUNTY:	Williamson
Area Median Income	$98,900
PROGRAM REGION:	7
PROGRAM RENT YEAR:	2022

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	10	14.3%	0	0
1	25	35.7%	0	0
2	27	38.6%	0	0
3	8	11.4%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**70**	**100.0%**	**-**	**-**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	812 sf

53%	**Income**	20%	30%	40%	50%	60%	70%	80%	EO / MR	**TOTAL**
Average Income	**# Units**	-	7	-	28	35	-	-	-	**70**
	% Total	0.0%	10.0%	0.0%	40.0%	50.0%	0.0%	0.0%	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%	$519	2	0	1	567	$519	$41	$478	$0	$0.84	$478	**$956**	**$956**	$478	**$1**	**$0**	$519	$0.92	$1,425
TC 30%	$556	2	1	1	663	$556	$46	$510	$0	$0.77	$510	**$1,020**	**$1,020**	$510	**$1**	**$0**	$556	$0.84	$1,550
TC 30%	$668	3	2	2	928	$668	$56	$612	$0	$0.66	$612	**$1,836**	**$1,836**	$612	**$1**	**$0**	$668	$0.72	$1,760
TC 50%	$866	5	0	1	567	$866	$41	$825	$0	$1.46	$825	**$4,125**	**$4,125**	$825	**$1**	**$0**	$866	$1.53	$1,425
TC 50%	$928	11	1	1	663	$928	$46	$882	$0	$1.33	$882	**$9,702**	**$9,702**	$882	**$1**	**$0**	$928	$1.40	$1,550
TC 50%	$1,113	9	2	2	928	$1,113	$56	$1,057	$0	$1.14	$1,057	**$9,513**	**$9,513**	$1,057	**$1**	**$0**	$1,113	$1.20	$1,760
TC 50%	$1,286	3	3	2	1,191	$1,286	$65	$1,221	$0	$1.03	$1,221	**$3,663**	**$3,663**	$1,221	**$1**	**$0**	$1,286	$1.08	$2,150
TC 60%	$1,039	3	0	1	567	$1,039	$41	$998	$0	$1.76	$998	**$2,994**	**$2,994**	$998	**$2**	**$0**	$1,039	$1.83	$1,425
TC 60%	$1,113	12	1	1	663	$1,113	$46	$1,067	$0	$1.61	$1,067	**$12,804**	**$12,804**	$1,067	**$2**	**$0**	$1,113	$1.68	$1,550
TC 60%	$1,336	15	2	2	928	$1,336	$56	$1,280	$0	$1.38	$1,280	**$19,200**	**$19,200**	$1,280	**$1**	**$0**	$1,336	$1.44	$1,760
TC 60%	$1,543	5	3	2	1,191	$1,543	$65	$1,478	$0	$1.24	$1,478	**$7,390**	**$7,390**	$1,478	**$1**	**$0**	$1,543	$1.30	$2,150
TOTALS/AVERAGES:		**70**			**56,829**				**$0**	**$1.29**	**$1,046**	**$73,203**	**$73,203**	**$1,046**	**$1.29**	**$0**	**$1,097**	**$1.35**	**$1,682**
ANNUAL POTENTIAL GROSS RENT:												**$878,436**	**$878,436**						

*MFDL units float among Unit Types

STABILIZED PRO FORMA

Red Oaks, Austin, 9% HTC #22135

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Local Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.29	$1,046	$878,436	$878,436	$1,046	$1.29		0.0%	$0
Laundry							$15.00	$12,600						
Pet fees, rental fees, vending							$15.00	$12,600						
Total Secondary Income							$30.00		$25,200	$30.00			0.0%	$0
POTENTIAL GROSS INCOME								$903,636	$903,636				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(67,773)	(67,773)	7.5% PGI			0.0%	-
Rental Concessions								-	-				0.0%	-
EFFECTIVE GROSS INCOME								$835,863	$835,863				0.0%	$0
General & Administrative	$40,204	$574/Unit	$41,215	$589	6.02%	$0.89	$719	$50,339	$41,215	$589	$0.73	4.93%	22.1%	9,124
Management	$37,878	5.0% EGI	$43,130	$616	4.00%	$0.59	$478	$33,435	$33,435	$478	$0.59	4.00%	0.0%	-
Payroll & Payroll Tax	$84,751	$1,211/Unit	$111,044	$1,586	15.23%	$2.24	$1,818	$127,262	$127,262	$1,818	$2.24	15.23%	0.0%	-
Repairs & Maintenance	$55,414	$792/Unit	$68,689	$981	5.69%	$0.84	$679	$47,524	$45,500	$650	$0.80	5.44%	4.4%	2,024
Electric/Gas	$19,814	$283/Unit	$17,185	$246	2.39%	$0.35	$286	$20,000	$17,185	$246	$0.30	2.06%	16.4%	2,815
Water, Sewer, & Trash	$56,601	$809/Unit	$61,010	$872	6.36%	$0.94	$759	$53,138	$61,010	$872	$1.07	7.30%	-12.9%	(7,872)
Property Insurance	$24,886	$0.44 /sf	$25,590	$366	5.07%	$0.75	$605	$42,350	$42,350	$605	$0.75	5.07%	0.0%	-
Property Tax (@ 100%) 2.5512	$49,660	$709/Unit	$47,871	$684	17.59%	$2.59	$2,100	$147,000	$113,613	$1,623	$2.00	13.59%	29.4%	33,387
Reserve for Replacements					2.09%	$0.31	$250	$17,500	$17,500	$250	$0.31	2.09%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.33%	$0.05	$40	$2,800	$2,800	$40	$0.05	0.33%	0.0%	-
TOTAL EXPENSES					**64.77%**	**$9.53**	**$7,734**	**$541,348**	**$501,869**	**$7,170**	**$8.83**	**60.04%**	**7.9%**	**$ 39,478**
NET OPERATING INCOME ("NOI")					**35.23%**	**$5.18**	**$4,207**	**$294,516**	**$333,994**	**$4,771**	**$5.88**	**39.96%**	**-11.8%**	**$ (39,478)**

CONTROLLABLE EXPENSES							$4,261/Unit			$4,174/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Red Oaks, Austin, 9% HTC #22135

DEBT / GRANT SOURCES

DEBT (Must Pay)	Fee	APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE: Cumulative DCR UW	Cumulative DCR App	Pmt	Rate	Amort	Term	Principal	AS UNDERWRITTEN DEBT/GRANT STRUCTURE: Principal	Term	Amort	Rate	Pmt	Cumulative DCR	Cumulative LTC
PNC		1.33	1.17	251,658	4.82%	35	18	$4,216,000	$4,216,000	18	35	4.82%	$249,553	1.34	18.2%
CASH FLOW DEBT / GRANTS															
City of Austin		1.33	1.17		0.00%	40	18	$4,000,000	$4,000,000	18	40	0.00%	$0	1.34	17.3%
City of Austin SMART Housing		1.33	1.17		0.00%	0	0	$100,000	$100,000	0	0	0.00%		1.34	0.4%
				$251,658	**TOTAL DEBT / GRANT SOURCES**			**$8,316,000**	**$8,316,000**	**TOTAL DEBT SERVICE**			**$249,553**	**1.34**	36.0%
NET CASH FLOW		$82,336	$42,858					**TDHCA**	**NET OPERATING INCOME**			**$333,994**	**$84,441**	**NET CASH FLOW**	

EQUITY SOURCES

EQUITY / DEFERRED FEES	APPLICANT'S PROPOSED EQUITY STRUCTURE: DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	AS UNDERWRITTEN EQUITY STRUCTURE: Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
PNC	LIHTC Equity	63.7%	$1,600,000	$0.92	$14,718,528	$14,718,528	$0.92	$1,600,000	63.7%	$22,857	Applicant Request
HTG Anderson Developer	Deferred Developer Fees	0.3%	(3% Deferred)		$77,938	$77,938	(3% Deferred)		0.3%	**Total Developer Fee:**	**$2,340,287**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		64.0%			$14,796,466	$14,796,466			64.0%		
TOTAL CAPITALIZATION					**$23,112,466**	**$23,112,466**			**15-Yr Cash Flow after Deferred Fee:**		**$1,343,122**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS: Eligible Basis Acquisition	Eligible Basis New Const. Rehab	Total Costs			TDHCA COST / BASIS ITEMS: Total Costs			Eligible Basis New Const. Rehab	Eligible Basis Acquisition	COST VARIANCE %	COST VARIANCE $
Land Acquisition				$57,143 / Unit	$4,000,000	$4,000,000	$57,143 / Unit				0.0%	$0
Closing costs & acq. legal fees, Title insurance - Recording					$28,500	$28,500					0.0%	$0
Off-Sites		$0		$ / Unit	$0	$0	$ / Unit				0.0%	$0
Site Work		$973,871		$23,187 / Unit	$1,623,119	$1,623,119	$23,187 / Unit		$973,871		0.0%	$0
Site Amenities		$525,000		$7,500 / Unit	$525,000	$525,000	$7,500 / Unit		$525,000		0.0%	$0
Building Cost		$5,033,345	$134.92 /sf	$109,537/Unit	$7,667,590	$7,545,783	$107,797/Unit	$132.78 /sf	$5,033,345		1.6%	$121,807
Contingency		$457,255	7.00%	7.00%	$687,100	$678,573	7.00%	7.00%	$457,255		1.3%	$8,526
Contractor Fees		$978,526	14.00%	14.00%	$1,470,393	$1,452,147	14.00%	14.00%	$978,526		1.3%	$18,247
Soft Costs	$0	$2,437,977		$36,614 / Unit	$2,562,977	$2,562,977	$36,614 / Unit		$2,437,977	$0	0.0%	$0
Financing	$0	$1,682,604		$27,602 / Unit	$1,932,174	$1,932,174	$27,602 / Unit		$1,553,044	$0	0.0%	$0
Developer Fee	$0	$1,813,287	15.00%	15.00%	$2,340,287	$2,301,303	15.00%	15.00%	$1,793,853	$0	1.7%	$38,984
Reserves				4 Months	$275,326	$275,326	4 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$13,901,865**		$330,178 / Unit	**$23,112,466**	**$22,924,903**	$327,499 / Unit		**$13,752,871**	**$0**	**0.8%**	**$187,564**
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		$0			$0							
Financing Cost		($129,560)										
Developer Fee	$0	($19,434)	15.00%		$0							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$13,752,871**		$330,178/unit	**$23,112,466**	**$22,924,903**	$327,499/unit		**$13,752,871**	**$0**	**0.8%**	**$187,564**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): **$23,112,466**

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Red Oaks, Austin, 9% HTC #22135

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$13,752,871	$0	$13,752,871
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$13,752,871	$0	$13,752,871
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$17,878,732	$0	$17,878,732
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$17,878,732	$0	$17,878,732
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,609,086	$0	$1,609,086
CREDITS ON QUALIFIED BASIS	$1,609,086		$1,609,086	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9199	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,609,086	$14,802,110	----	----	----
Needed to Fill Gap	$1,608,472	$14,796,466	----	----	----
Applicant Request	$1,600,000	$14,718,528	**$1,600,000**	**$0**	**$0**

BUILDING COST ESTIMATE				
CATEGORY	**FACTOR**	**UNITS/SF**	**PER SF**	
Base Cost:	Elevator Served	56,829 SF	$104.16	5,919,197
Adjustments				
Exterior Wall Finish	6.80%		7.08	$402,505
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.85%		4.01	227,889
Roof Adjustment(s)			1.85	105,000
Subfloor			(0.16)	(8,903)
Floor Cover			2.82	160,258
Breezeways	$30.56	18,198	9.78	556,070
Balconies	$0.00	0	0.00	0
Plumbing Fixtures	$1,610	105	2.97	169,050
Rough-ins	$600	140	1.48	84,000
Built-In Appliances	$2,950	70	3.63	206,500
Exterior Stairs	$3,050	5	0.27	15,250
Heating/Cooling			2.37	134,685
Storage Space	$30.56	0	0.00	0
Carports	$13.00	0	0.00	0
Garages		0	0.00	0
Common/Support Area	$135.51	3,977	9.48	538,921
Elevators	$118,600	1	2.09	118,600
Other:			0.00	0
Fire Sprinklers	$2.88	79,004	4.00	227,532
SUBTOTAL			**155.85**	**8,856,553**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**155.85**	**$8,856,553**
Plans, specs, survey, bldg permits	3.30%		(5.14)	($292,266)
Contractor's OH & Profit	11.50%		(17.92)	(1,018,504)
NET BUILDING COSTS		$107,797/unit	$132.78/sf	$7,545,783

Long-Term Pro Forma

Red Oaks, Austin, 9% HTC #22135

	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%	$835,863	$852,581	$869,632	$887,025	$904,765	$998,934	$1,102,904	$1,217,695	$1,344,434	$1,484,363	$1,638,857
TOTAL EXPENSES	3.00%	$501,869	$516,591	$531,748	$547,352	$563,418	$651,158	$752,666	$870,111	$1,006,008	$1,163,271	$1,345,273
NET OPERATING INCOME ("NOI")		**$333,994**	**$335,990**	**$337,885**	**$339,673**	**$341,347**	**$347,776**	**$350,238**	**$347,584**	**$338,425**	**$321,092**	**$293,584**
EXPENSE/INCOME RATIO		60.0%	60.6%	61.1%	61.7%	62.3%	65.2%	68.2%	71.5%	74.8%	78.4%	82.1%
MUST -PAY DEBT SERVICE												
PNC		$249,553	$249,553	$249,553	$249,553	$249,553	$249,553	$249,553	$249,553	$249,553	$249,553	$249,553
TOTAL DEBT SERVICE		$249,553	$249,553	$249,553	$249,553	$249,553	$249,553	$249,553	$249,553	$249,553	$249,553	$249,553
DEBT COVERAGE RATIO		1.34	1.35	1.35	1.36	1.37	1.39	1.40	1.39	1.36	1.29	1.18
ANNUAL CASH FLOW		**$84,441**	**$86,436**	**$88,331**	**$90,119**	**$91,794**	**$98,222**	**$100,685**	**$98,031**	**$88,872**	**$71,539**	**$44,030**
Deferred Developer Fee Balance		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$6,503	$92,939	$181,270	$271,389	$363,184	$842,821	$1,343,122	$1,840,890	$2,306,480	$2,702,483	$2,982,169