



Addendum to Underwriting Report

Application #: **22503_23907_21035** Program(s): **9% HTC**

Manson Place

Address/Location: SWQ of Reeves Stet & Scott Street

City: Houston County: Houston Zip: 77004

APPLICATION HISTORY	
Report Date	PURPOSE
03/11/24	MDL Award Memo
02/27/23	Supplemental Credit Memo
06/19/21	Original Underwriting Report

ALLOCATION

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
MF DL Amortized Repayable					\$222,000	0.50%	35	18	2
MF DL Deferred Repayable					\$3,778,000	0.50%	0	18	2
LIHTC (9% Credit)	\$1,725,000				\$1,725,000				

* The term of a Multifamily Direct Loan should match the term of any superior loan (within 6 months).

* Lien position after conversion to permanent.

CONDITIONS STATUS

- 0 Receipt and acceptance before Direct Loan Closing
 - a: Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.
 - b: Substantially final construction contract with Schedule of Values.
 - c: Updated term sheets with substantially final terms from all lenders
 - d: Substantially final draft of limited partnership agreement.
 - e: Executed HAP Contract providing Project-Based Vouchers for 66 units, with clear indication of the Voucher Rents that will be paid by the Sponsor to the Development.
 - f: Senior loan documents (and/or partnership documents) must contain a provision that any resizing of senior debt at stabilization includes the debt service on the TDHCA MDL at a minimum 1.15 DCR.
 - g: Documentation that a noise study has been completed, and Architect certification that all recommendations from the noise study are incorporated into the development plans.

2 Receipt and acceptance by Cost Certification:

a: Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.

b: Certification that subsurface environmental investigation was performed as specified in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.

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	30
60% of AMI	60% of AMI	32
80% of AMI	80% of AMI	4

ANALYSIS

Manson Place received a 9% Housing Tax Credit award and a 2023 Supplemental Housing Tax Credits Award, for a total allocation of \$1,725,000. The Development has applied for \$4M in NHTF funding (Partially Amortizing) under the 2022-1 Direct Loan NOFA.

In June 2023 the Board approved, subject to final underwriting:

\$4,000,000 NHTF loan will be in second lien position with an interest rate of 0.50%, a 20-year term, and a 35-year amortization period. The Department will attempt to underwrite the entire loan as fully amortizing, but if it is not financially feasible may have a portion of the loan as deferred payable, as was allowed in the 2022-1 NOFA. The Application also proposes a first-lien loan of \$6,175,000 from Capital One, and the development previously received \$1,500,000 in Housing Tax Credits.

Since original underwriting, unit sizes have increased from 925 sf and 1,122 sf, to 1,004 sf and 1,226 sf; Net Rentable Area has increased 9% from 73,058 sf to 79,412 sf. Current underwriting analysis of construction cost is based on a Construction Contract Schedule of Values that reflects the increased building area.

Operating Pro Forma

HTC and NHTF Rents are underwritten at 2023 Program Rents. Two Market Rate Units are underwritten at HTC 80% Gross Rents.

Houston Housing Authority provided a Commitment Letter for Project-Based Vouchers for 66 units. The commitment specifies "Contract Rents" of \$1,501 and \$1,973, Utility Allowances of \$64 and \$79, and "Net Rec'd" rent amounts of \$1,437 and \$1,894. Since the development now plans to operate as All Bills Paid, income is underwritten assuming the full pre-utility allowance rent amounts from the commitment letter. The Applicant has indicated that at Closing the utility structure may change back to tenant-paid electricity.

At MDL Closing, the executed HAP Contract needs to indicate whether the development is expected to operate with a utility allowance, and it should clearly indicate the amount of Voucher Rent that will be paid to the development.

Annual operating expense for Electricity has increased to \$60,144 (\$791/unit) due to the intended change to All Bills Paid Operation.

The Applicant's Operating Expense budget includes \$324 per unit for Replacement Reserves. This has been adjusted to \$250 based on the stated requirements in the debt and equity term sheets.

Underwritten Net Operating Income has increased \$442K to \$761,638.

Development Cost

Hard construction cost increased \$7M to \$16,293,580.

Total Developer Fee is unchanged.

Total Development Cost increased \$11.5M to \$30,242,409.

Sources of Funds

Since the Board approval in June 2023, proposed senior debt has increased to \$10,800,000. An Amegy Bank term sheet dated 10/30/23 specifies a permanent interest rate of SOFR plus 2.50%, with an 18-year term (commencing at stabilization) and 40-year amortization. The term sheet also states "A portion of the Mortgage Loan of up to \$3,700,000 will have a reduced interest rate of 2.00% throughout the Construction Loan Term and Permanent Term with interest only payments due monthly."

The Applicant's Schedule of Sources indicates \$7,100,000 amortized at 7.82%, and \$3,700,000 at 2.00% interest only.

The Amegy Bank debt will be structured as one note/one deed of trust/one superior lien for \$10,800,000, with one TDHCA-signed subordination agreement for the Multifamily Direct Loan.

The Debt Coverage Ratio for the senior debt (combined amortized and interest-only) is 1.163.

At the approved terms for the Multifamily Direct Loan (0.50% interest and 35-year amortization), \$222,000 is the maximum amount that can be amortized while maintaining the required 1.15 Debt Coverage Ratio. The remaining \$3,778,000 will be structured as Deferred Repayable.

Since the Board approval in June 2023, the Development received an award of 2023 Supplemental Housing Tax Credits. Equity proceeds have increased \$1M since original underwriting to \$15,005,999.

Deferred Developer Fee is unchanged.

REA recommends proceeding to close on a construction-to-permanent Multifamily Direct Loan in the amount of \$4,000,000 as a second lien secured by two Notes:

One Note in the amount of \$222,000 to be structured as an Amortized Repayable Loan, at 0.5% interest, with a 35-year amortization period and an 18-year term, and annualized monthly debt service of \$6,915.

A second Note in the amount of \$3,778,000 to be structured as a Deferred Repayable Loan at 0.5% interest with an 18-year term.

Any portion of the loan not repaid will be due the earlier of the end of the Loan Term or upon sale, refinance, or transfer of the Property.

The construction term is assumed at 36 months to match the senior interim construction loan. The MDL will be in a 2nd lien position during construction.

Underwriter:	<u>Thomas Cavanagh</u>
Director of Real Estate Analysis:	<u>Jeanna Adams</u>

UNIT MIX/RENT SCHEDULE
Manson Place, Houston, 9% HTC #21035

LOCATION DATA	
CITY:	Houston
COUNTY:	Harris
Area Median Income	\$93,200
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	-	0.0%	0	0
2	62	81.6%	56	47
3	14	18.4%	10	3
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	76	100.0%	66	50

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	97.19%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	1,045 sf

54%	Income	20%	30%	40%	50%	60%	70%	80%	MR	TOTAL
Average	# Units	-	8	-	30	32	-	4	2	76
Income	% Total	0.0%	10.5%	0.0%	39.5%	42.1%	0.0%	5.3%	2.6%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE																								
HTC		TDHCA Direct Loan Program		RENT ASSISTED UNIT		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS			
Type	Gross Rent	Type	Gross Rent	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%	\$629			PBV	\$1,501	7	2	2	1,004	\$1,501	\$0	\$1,501	\$0	\$1.50	\$1,501	\$10,507	\$10,507	\$1,501	\$1.50	\$0	\$1,678	\$1.67	\$1,900	
TC 50%	\$1,048	30%/30%	\$630	PBV	\$1,501	20	2	2	1,004	\$1,501	\$0	\$1,501	\$0	\$1.50	\$1,501	\$30,020	\$30,020	\$1,501	\$1.50	\$0	\$1,678	\$1.67	\$1,900	
TC 50%	\$1,048	30%/30%	\$630	PBV	\$1,501	9	2	2	1,004	\$1,501	\$0	\$1,501	\$0	\$1.50	\$1,501	\$13,509	\$13,509	\$1,501	\$1.50	\$0	\$1,678	\$1.67	\$1,900	
TC 60%	\$1,258	30%/30%	\$630	PBV	\$1,501	18	2	2	1,004	\$1,501	\$0	\$1,501	\$0	\$1.50	\$1,501	\$27,018	\$27,018	\$1,501	\$1.50	\$0	\$1,678	\$1.67	\$1,900	
TC 60%	\$1,258			PBV	\$1,501	2	2	2	1,004	\$1,501	\$0	\$1,501	\$0	\$1.50	\$1,501	\$3,002	\$3,002	\$1,501	\$1.50	\$0	\$1,678	\$1.67	\$1,900	
TC 60%	\$1,258			0		3	2	2	1,004	\$1,258	\$0	\$1,258	\$0	\$1.25	\$1,258	\$3,774	\$3,774	\$1,258	\$1.25	\$0	\$1,678	\$1.67	\$1,900	
TC 80%	\$1,678			0		2	2	2	1,004	\$1,678	\$0	\$1,678	\$0	\$1.67	\$1,678	\$3,356	\$3,356	\$1,678	\$1.67	\$0	\$1,678	\$1.67	\$1,900	
MR				0		1	2	2	1,004	\$0	\$0		NA	\$1.67	\$1,678	\$1,678	\$1,678	\$1,678	\$1.67	NA	\$1,678	\$1.67	\$1,900	
TC 30%	\$727	Match	\$814	PBV	\$1,973	1	3	2	1,226	\$1,973	\$0	\$1,973	\$0	\$1.61	\$1,973	\$1,973	\$1,973	\$1,973	\$1.61	\$0	\$1,939	\$1.58	\$2,100	
TC 50%	\$1,211	30%/30%	\$814	PBV	\$1,973	1	3	2	1,226	\$1,973	\$0	\$1,973	\$0	\$1.61	\$1,973	\$1,973	\$1,973	\$1,973	\$1.61	\$0	\$1,939	\$1.58	\$2,100	
TC 60%	\$1,454	30%/30%	\$820	PBV	\$1,973	2	3	2	1,226	\$1,973	\$0	\$1,973	\$0	\$1.61	\$1,973	\$3,946	\$3,946	\$1,973	\$1.61	\$0	\$1,939	\$1.58	\$2,100	
TC 60%	\$1,454			PBV	\$1,973	6	3	2	1,226	\$1,973	\$0	\$1,973	\$0	\$1.61	\$1,973	\$11,838	\$11,838	\$1,973	\$1.61	\$0	\$1,939	\$1.58	\$2,100	
TC 60%	\$1,454			0		1	3	2	1,226	\$1,454	\$0	\$1,454	\$0	\$1.19	\$1,454	\$1,454	\$1,454	\$1,454	\$1.19	\$0	\$1,939	\$1.58	\$2,100	
TC 80%	\$1,939			0		2	3	2	1,226	\$1,939	\$0	\$1,939	\$0	\$1.58	\$1,939	\$3,878	\$3,878	\$1,939	\$1.58	\$0	\$1,939	\$1.58	\$2,100	
MR				0		1	3	2	1,226	\$0	\$0		NA	\$1.58	\$1,939	\$1,939	\$1,939	\$1,939	\$1.58	NA	\$1,939	\$1.58	\$2,100	
TOTALS/AVERAGES:						76				79,412				\$0	\$1.51	\$1,577	\$119,865	\$119,865	\$1,577	\$1.51	\$0	\$1,726	\$1.65	\$1,937

ANNUAL POTENTIAL GROSS RENT:	\$1,438,380	\$1,438,380
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STABILIZED PRO FORMA

Manson Place, Houston, 9% HTC #21035

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES		APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database	Local Comps	% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT				\$1.51	\$1,577	\$1,438,380	\$789,396	\$789,396	\$1,438,380	\$1,577	\$1.51		0.0%	\$0
Pet deposits, Late fees						\$20.00	\$18,240	18,240						
Total Secondary Income						\$20.00		18,240	\$18,240	\$20.00			0.0%	\$0
POTENTIAL GROSS INCOME						\$1,456,620	\$807,636	\$807,636	\$1,456,620				0.0%	\$0
Vacancy & Collection Loss						7.5% PGI	(109,247)	(60,573)	(60,573)	(109,247)	7.5% PGI		0.0%	-
EFFECTIVE GROSS INCOME						\$1,347,374	\$747,063	\$747,063	\$1,347,374				0.0%	\$0

General & Administrative	\$36,810	\$484/Unit	\$58,423	\$769	4.01%	\$0.68	\$711	\$54,010	\$30,940	\$31,261	\$58,423	\$769	\$0.74	4.34%	-7.6%	(4,413)
Management	\$37,625	4.4% EGI	\$33,316	\$438	4.50%	\$0.76	\$798	\$60,632	\$37,353	\$37,353	\$60,632	\$798	\$0.76	4.50%	0.0%	0
Payroll & Payroll Tax	\$105,369	\$1,386/Unit	\$125,151	\$1,647	9.02%	\$1.53	\$1,599	\$121,500	\$102,600	\$105,369	\$121,500	\$1,599	\$1.53	9.02%	0.0%	-
Repairs & Maintenance	\$58,081	\$764/Unit	\$70,292	\$925	3.38%	\$0.57	\$600	\$45,600	\$45,600	\$49,400	\$49,400	\$650	\$0.62	3.67%	-7.7%	(3,800)
Electric/Gas	\$19,700	\$259/Unit	\$12,660	\$167	4.46%	\$0.76	\$791	\$60,144	\$5,320	\$18,776	\$60,144	\$791	\$0.76	4.46%	0.0%	-
Water, Sewer, & Trash	\$53,034	\$698/Unit	\$43,129	\$567	4.06%	\$0.69	\$719	\$54,644	\$47,880	\$52,982	\$43,129	\$567	\$0.54	3.20%	26.7%	11,515
Property Insurance	\$34,088	\$0.43 /sf	\$70,780	\$931	6.77%	\$1.15	\$1,200	\$91,200	\$30,400	\$34,088	\$91,200	\$1,200	\$1.15	6.77%	0.0%	-
Property Tax (@ 100%) 2.5144	\$70,620	\$929/Unit	\$65,881	\$867	5.11%	\$0.87	\$906	\$68,856	\$99,426	\$78,334	\$68,856	\$906	\$0.87	5.11%	0.0%	-
Reserve for Replacements					1.41%	\$0.24	\$250	\$19,000	\$19,000	\$19,000	\$19,000	\$250	\$0.24	1.41%	0.0%	-
Supportive Services					0.45%	\$0.08	\$79	\$6,000	\$6,000	\$6,000	\$6,000	\$79	\$0.08	0.45%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.22%	\$0.04	\$39	\$2,960	\$2,960	\$2,960	\$2,960	\$39	\$0.04	0.22%	0.0%	-
TOTAL EXPENSES					43.47%	\$7.38	\$7,707	\$ 585,736	\$427,479	\$435,523	\$582,943	\$7,670	\$7.34	43.27%	0.5%	\$ 2,793
NET OPERATING INCOME ("NOI")					56.53%	\$9.59	\$10,022	\$761,638	\$319,584	\$311,540	\$764,430	\$10,058	\$9.63	56.73%	-0.4%	\$ (2,793)

CONTROLLABLE EXPENSES							\$4,420/Unit		\$3,057/Unit	\$3,392/Unit		\$4,376/Unit				
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Manson Place, Houston, 9% HTC #21035

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	Prior Underwriting		Principal	Term	Amort	Rate	Pmt	Cumulative						
		UW	App						Applicant	TDHCA						DCR	LTC					
Amegy Bank - Amortized		1.31	1.31	\$581,418	7.82%	40	18	\$7,100,000	\$4,397,000	\$4,397,000	\$7,100,000	18	40	7.82%	\$580,927	1.31	23.5%					
Amegy Bank - Interest Only Portion		1.17	1.16	\$74,000	2.00%	I/O	18	\$3,700,000			\$3,700,000	18	I/O	2.00%	\$74,000	1.16	12.2%					
MFDL Amortized Repayable		1.17	1.16		0.50%	35	18	\$4,000,000			\$222,000	18	35	0.50%	\$6,915	1.15	0.7%					
MFDL Deferred Repayable		1.17	1.16		0.00%	0	0	\$0			\$3,778,000	18	0	0.50%	\$0	1.15	12.5%					
CASH FLOW DEBT / GRANTS																						
City of Houston		1.17	1.16		0.00%	0	0	\$500	\$500	\$500	\$500	0	0	0.00%		1.15	0.0%					
				\$655,418	TOTAL DEBT / GRANT SOURCES				\$4,397,500	\$4,397,500	\$14,800,500	TOTAL DEBT SERVICE				\$661,843	1.151	48.9%				
NET CASH FLOW		\$109,012	\$106,220															APPLICANT	NET OPERATING INCOME	\$761,638	\$99,795	NET CASH FLOW

EQUITY SOURCES															
APPLICANT'S PROPOSED EQUITY STRUCTURE						AS UNDERWRITTEN EQUITY STRUCTURE									
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Prior Underwriting		Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method		
						Applicant	TDHCA								
Redstone	LIHTC Equity	49.6%	\$1,725,000	\$0.8699	\$15,005,999	\$13,948,605	\$13,948,605	\$15,005,999	\$0.8699	\$1,725,000	49.6%	\$22,697	Previous Allocation		
Manson Place Development, LLC	Deferred Developer Fees	1.4%	(21% Deferred)		\$435,909	\$435,910	\$435,909	\$435,910		(21% Deferred)	1.4%		Total Developer Fee:		
Additional (Excess) Funds Req'd		0.0%			\$0	\$0	\$0	\$0			0.0%		\$2,038,279		
TOTAL EQUITY SOURCES		51.1%			\$15,441,908	\$14,384,515	\$14,384,514	\$15,441,909			51.1%				
TOTAL CAPITALIZATION					\$30,242,408	\$18,782,015	\$18,782,014	\$30,242,409						15-Yr Cash Flow after Deferred Fee:	\$2,122,244

DEVELOPMENT COST / ITEMIZED BASIS														
APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS				COST VARIANCE					
Eligible Basis	Acquisition	New Const. Rehab	Total Costs	Prior Underwriting	Applicant	TDHCA	Total Costs	Eligible Basis		%	\$			
								New Const. Rehab	Acquisition					
Land Acquisition			\$24,342 / Unit	\$1,850,000	\$1,850,000	\$1,850,000	\$1,850,000	\$24,342 / Unit			0.0%	\$0		
Interest Carry and Taxes				\$125,000	\$15,000	\$15,000	\$125,000				0.0%	\$0		
Site Work		\$1,136,000	\$14,947 / Unit	\$1,136,000	\$1,102,000	\$1,102,000	\$1,136,000	\$14,947 / Unit	\$1,136,000		0.0%	\$0		
Site Amenities		\$511,000	\$6,724 / Unit	\$511,000	\$435,000	\$435,000	\$511,000	\$6,724 / Unit	\$511,000		0.0%	\$0		
Building Cost		\$14,646,580	\$184.44 /sf	\$192,718/Unit	\$14,646,580	\$7,802,550	\$7,179,179	\$14,646,580	\$192,718/Unit	\$184.44 /sf	\$14,646,580	0.0%	\$0	
Contingency		\$956,985	5.87%	5.87%	\$956,985	\$466,978	\$466,978	\$956,985	5.87%	5.87%	\$956,985	0.0%	\$0	
Contractor Fees		\$2,395,157	13.88%	13.88%	\$2,395,157	\$1,372,915	\$1,285,642	\$2,395,157	13.88%	13.88%	\$2,395,157	0.0%	\$0	
Soft Costs	\$0	\$2,836,117	\$37,449 / Unit	\$2,846,117	\$2,189,641	\$2,189,641	\$2,846,117	\$37,449 / Unit	\$2,836,117	\$0	0.0%	\$0		
Financing	\$0	\$2,569,107	\$41,358 / Unit	\$3,143,181	\$1,162,767	\$1,162,767	\$3,143,181	\$41,358 / Unit	\$2,117,380	\$0	0.0%	\$0		
Developer Fee	\$0	\$2,038,279	8.14%	8.14%	\$2,038,279	\$2,038,279	\$1,965,541	\$2,038,279	8.29%	8.29%	\$2,038,279	\$0	0.0%	\$0
Reserves			6 Months	\$594,110	\$346,886	\$346,886	\$594,110	6 Months			0.0%	\$0		
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		\$0	\$27,089,225	\$397,926 / Unit	\$30,242,409	\$18,782,015	\$17,998,634	\$30,242,409	\$397,926 / Unit	\$26,637,498	\$0	0.0%	\$0	
Acquisition Cost	\$0			\$0	\$0									
Contingency		\$0		\$0	\$0									
Contractor's Fee		\$0		\$0	(\$1)									
Financing Cost		(\$451,727)												
Developer Fee	\$0	\$0	8.14%	(\$0)	\$0									
Reserves				\$0	\$0									
ADJUSTED BASIS / COST		\$0	\$26,637,498	\$397,926/unit	\$30,242,409	\$18,782,014	\$17,998,634	\$30,242,409	\$397,926/unit	\$26,637,498	\$0	0.0%	\$0	
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					\$30,242,409									

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Manson Place, Houston, 9% HTC #21035

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	\$0	\$26,637,498	\$0	\$26,637,498
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$26,637,498	\$0	\$26,637,498
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$34,628,747	\$0	\$34,628,747
Applicable Fraction	97.19%	97.19%	97%	97%
TOTAL QUALIFIED BASIS	\$0	\$33,656,324	\$0	\$33,656,324
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	0	\$3,029,069	\$0	\$3,029,069
CREDITS ON QUALIFIED BASIS	\$3,029,069		\$3,029,069	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.8699	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$3,029,069	\$26,350,266	----	----	----
Needed to Fill Gap	\$1,775,110	\$15,441,909	----	----	----
Previous Allocation	\$1,725,000	\$15,005,999	\$1,725,000	\$0	\$0

Long-Term Pro Forma

Manson Place, Houston, 9% HTC #21035

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	\$1,347,374	\$1,374,321	\$1,401,807	\$1,429,844	\$1,458,440	\$1,610,236	\$1,777,831	\$1,962,869	\$2,167,166	\$2,392,726	\$2,641,763	\$2,916,720
TOTAL EXPENSES	3.00%	\$585,736	\$602,702	\$620,164	\$638,138	\$656,639	\$757,602	\$874,270	\$1,009,102	\$1,164,951	\$1,345,115	\$1,553,414	\$1,794,271
NET OPERATING INCOME ("NOI")		\$761,638	\$771,619	\$781,643	\$791,705	\$801,801	\$852,634	\$903,561	\$953,766	\$1,002,215	\$1,047,611	\$1,088,349	\$1,122,448
EXPENSE/INCOME RATIO		43.5%	43.9%	44.2%	44.6%	45.0%	47.0%	49.2%	51.4%	53.8%	56.2%	58.8%	61.5%
MUST -PAY DEBT SERVICE													
Amegy Bank - Amortized		\$580,927	\$580,927	\$580,927	\$580,927	\$580,927	\$580,927	\$580,927	\$580,927	\$580,927	\$580,927	\$580,927	\$580,927
Amegy Bank - Interest Only Portion		\$74,000	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000
MFDL Amortized Repayable		\$6,915	\$6,915	\$6,915	\$6,915	\$6,915	\$6,915	\$6,915	\$6,915	\$6,915	\$6,915	\$6,915	\$6,915
TOTAL DEBT SERVICE		\$661,843	\$661,843	\$661,843	\$661,843	\$661,843	\$661,843	\$661,843	\$661,843	\$661,843	\$661,843	\$661,843	\$661,843
DEBT COVERAGE RATIO		1.15	1.17	1.18	1.20	1.21	1.29	1.37	1.44	1.51	1.58	1.64	1.70
ANNUAL CASH FLOW		\$99,795	\$109,777	\$119,800	\$129,862	\$139,959	\$190,791	\$241,719	\$291,924	\$340,372	\$385,768	\$426,506	\$460,606
Deferred Developer Fee Balance		\$336,115	\$226,338	\$106,538	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$23,325	\$163,283	\$1,015,396	\$2,122,244	\$3,481,931	\$5,087,835	\$6,927,402	\$8,980,687	\$11,218,621



Addendum to Underwriting Report

TDHCA Application #: **23907_21035** Program(s): **9% HTC**

Manson Place

Address/Location: _____ SWQ of Reeves Steet & Scott Street

City: _____ Houston _____ County: _____ Houston _____ Zip: _____ 77004

APPLICATION HISTORY	
Report Date	PURPOSE
02/27/23	Supplemental Credit Memo
06/19/21	Original Underwriting Report

ALLOCATION

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
LIHTC (9% Credit)	\$1,500,000				\$1,725,000				

CONDITIONS STATUS

- 1 Receipt and acceptance by 10% test:
 - Documentation that a noise study has been completed, and Architect certification that all recommendations from the noise study are incorporated into the development plans.
- 2 Receipt and acceptance by Cost Certification:
 - a: Architect certification that all noise assessment recommendations were implemented and the
 - b: Certification that subsurface environmental investigation was performed as specified in the ESA, and 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	30
60% of AMI	60% of AMI	32
80% of AMI	80% of AMI	4

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.

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 \$1,725,000.

Underwriter: Laura Rogers

Manager of Real Estate Analysis: Gregg Kazak

Director of Real Estate Analysis: Jeanna Adams

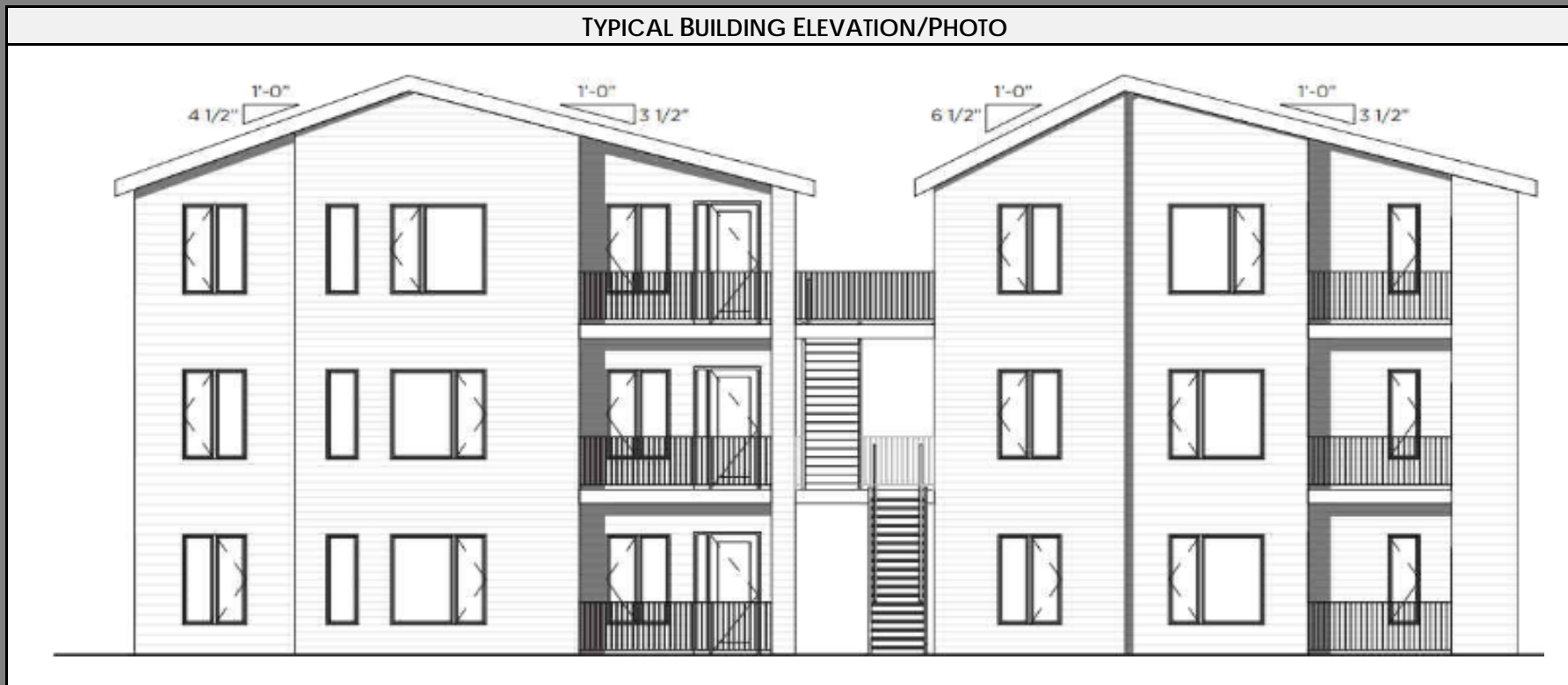
21035 Manson Place - Application Summary

REAL ESTATE ANALYSIS DIVISION
June 17, 2021

PROPERTY IDENTIFICATION	
Application #	21035
Development	Manson Place
City / County	Houston / Harris
Region/Area	6 / Urban
Population	General
Set-Aside	General
Activity	New Construction

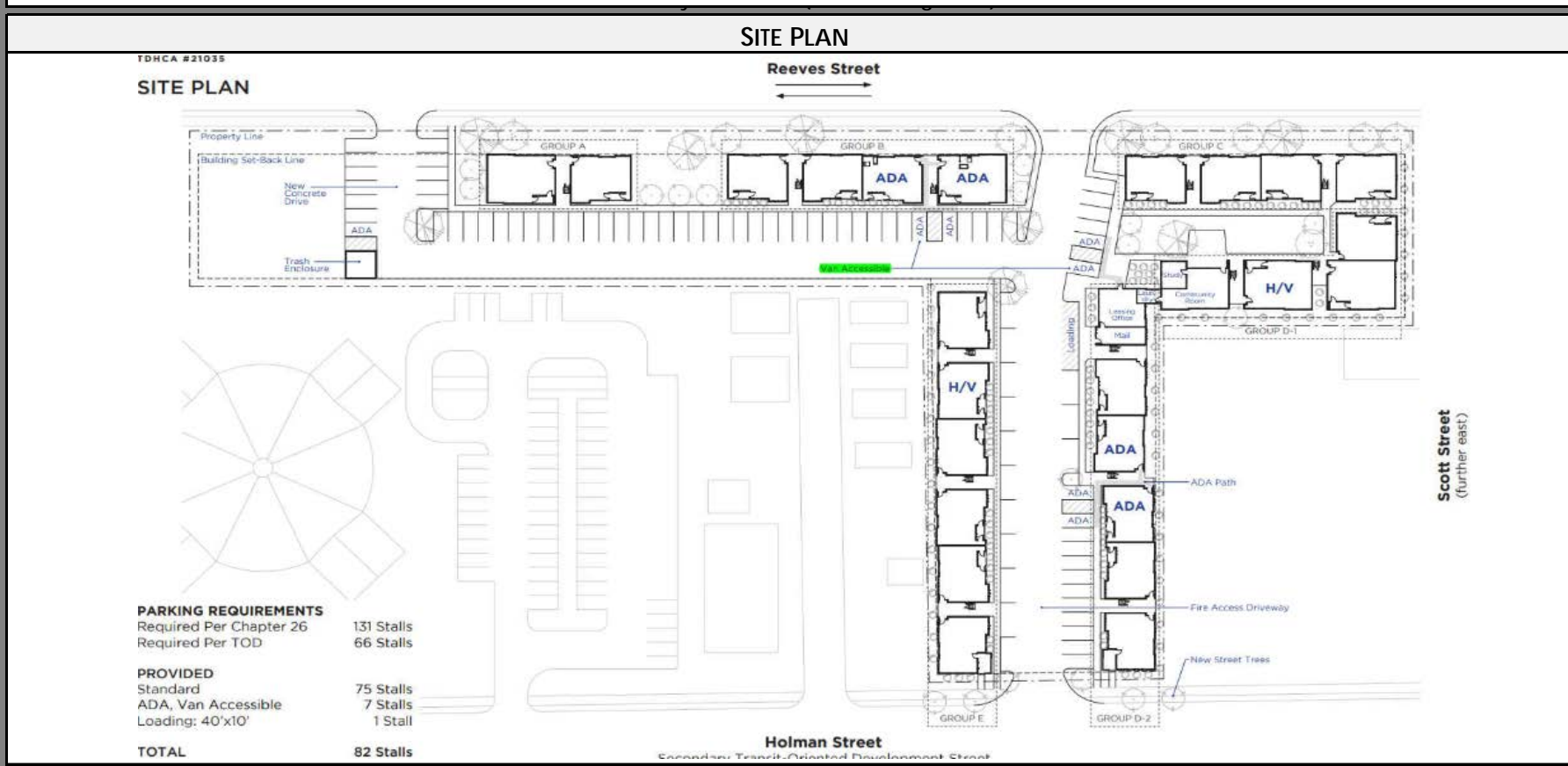
RECOMMENDATION					
TDHCA Program	Request	Recommended			
LIHTC (9% Credit)	\$1,500,000	\$1,500,000	\$19,737/Unit	\$0.93	

KEY PRINCIPALS / SPONSOR		
Richard Sciortino - Principal & David Brint - Principal of Brinshore Development, LLC		
Related Parties	Contractor - TBD	Seller - No



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	20%	-	0%
1	-	0%	30%	8	11%
2	62	82%	40%	-	0%
3	14	18%	50%	30	39%
4	-	0%	60%	32	42%
			70%	-	0%
			80%	4	5%
			MR	2	3%
TOTAL	76	100%	TOTAL	76	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.20	Expense Ratio	57.2%
Breakeven Occ.	85.9%	Breakeven Rent	\$802
Average Rent	\$866	B/E Rent Margin	\$63
Property Taxes	\$1,308/unit	Exemption/PILOT	0%
Total Expense	\$5,625/unit	Controllable	\$3,057/unit



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)			2.3%
Highest Unit Capture Rate	20%	2 BR/50%	29
Dominant Unit Cap. Rate	20%	2 BR/50%	29
Premiums (↑60% Rents)	Yes		\$119/Avg.
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY			
Costs Underwritten		Applicant's Costs	
Avg. Unit Size	961 SF	Density	29.3/acre
Acquisition		\$25K/unit	\$1,865K
Building Cost	\$106.80/SF	\$103K/unit	\$7,803K
Hard Cost		\$129K/unit	\$9,807K
Total Cost		\$247K/unit	\$18,782K
Developer Fee	\$2,038K	(21% Deferred)	Paid Year: 8
Contractor Fee	\$1,373K	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
Amegy Bank	18/35	5.00%	\$4,397,000	1.20	City of Houston	0/0	0.00%	\$500	1.20	Richman Group	\$13,948,605
TOTAL DEBT (Must Pay)			\$4,397,000		CASH FLOW DEBT / GRANTS			\$500		TOTAL EQUITY SOURCES	\$14,384,514
										TOTAL DEBT SOURCES	\$4,397,500
										TOTAL CAPITALIZATION	\$18,782,014

CONDITIONS

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 - a: Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.
 - b: Certification that subsurface environmental investigation was performed as specified in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.

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

- Low Capture Rates
- Overall Feasibility Indicators
- Proximity to transit
- Proximity to employment opportunities
- Developer Experience

WEAKNESSES/RISKS

- Low visibility
- Potential for increased costs due to noise mitigation.
- Subsurface groundwater risks.
- 1.08 parking spaces per unit
- Applicant has not yet delivered LIHTC units in Texas.

AREA MAP



AERIAL PHOTOGRAPH(S)





DEVELOPMENT IDENTIFICATION

TDHCA Application #: 21035 Program(s): 9% HTC

Manson Place

Address/Location: SWQ of Reeves Steet & Scott Street

City: Houston County: Harris Zip: 77004

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

Activity: New Construction Building Type: Garden (Up to 4-story) Region: 6

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)	\$1,500,000				\$1,500,000				

CONDITIONS

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TDHCA SET-ASIDES for HTC LURA		
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80% of AMI	80% of AMI	4

DEVELOPMENT SUMMARY

Manson Place is a proposed 76 unit development located in Houston's Historic Third Ward. The development is located in one of Houston's Complete Communities where robust community revitalization is a primary objective including significant committed funding. The 2.595 acre site will house 76 families consisting of all 2 and 3 bedroom units. Manson Place will partner with Family Scholar House to provide the parent(s) resources to enable them to earn a college degree and provide a safe, nurturing environment for their children. The development site is conveniently located next to the University of Houston as well as a light rail stop. Due to the proximity to mass transit, the City of Houston permits a 50% parking reduction.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Low Capture Rates
▫	Overall Feasibility Indicators
▫	Proximity to employment opportunities
▫	Proximity to transit
▫	Developer Experience

WEAKNESSES/RISKS	
▫	Low visibility
▫	Potential for increased costs due to noise mitigation.
▫	Subsurface groundwater risks.
▫	1.08 parking spaces per unit
▫	Applicant has not yet delivered LIHTC units in Texas.

DEVELOPMENT TEAM

PRIMARY CONTACTS

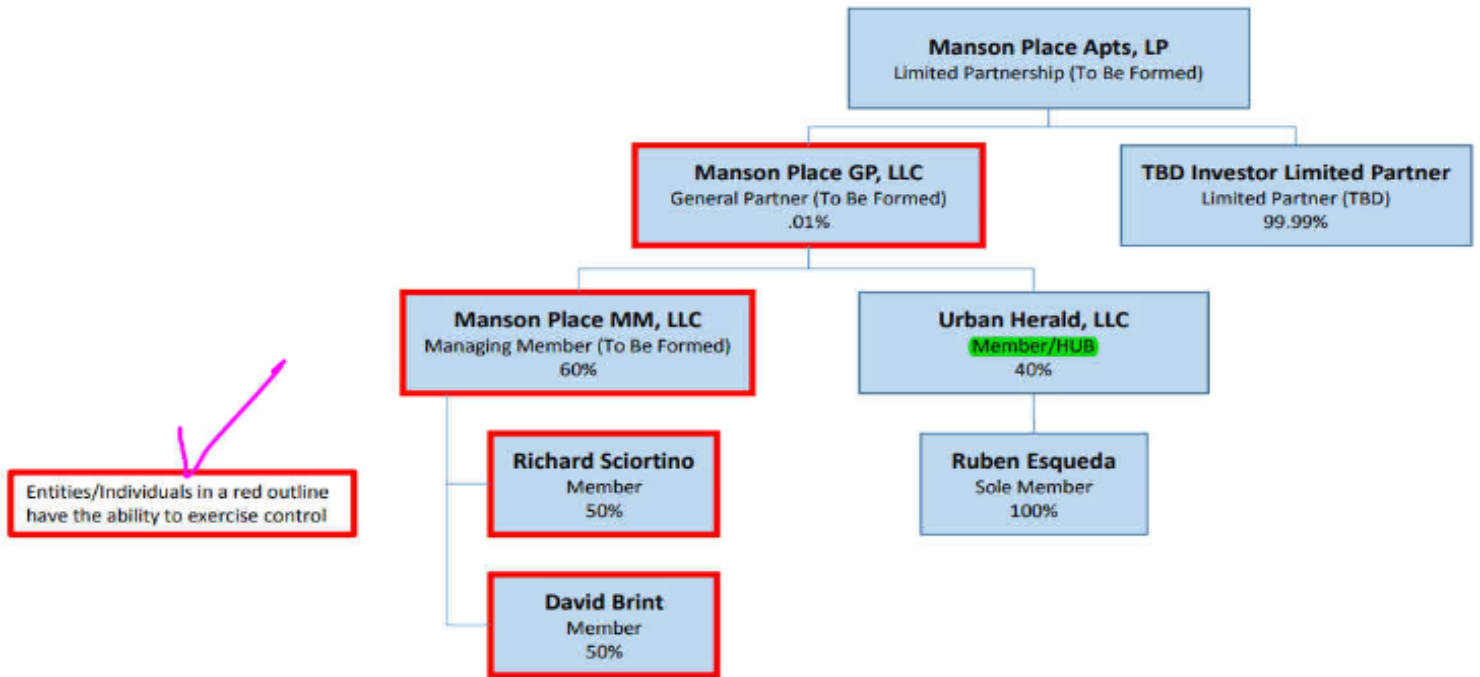
Name: Scott Puffer
Phone: (513) 603-0074
Relationship: Applicant Business Development

Name: Ruben Esqueda
Phone: (817) 329-8051
Relationship: Applicant Sr. Vice President

OWNERSHIP STRUCTURE

Manson Place Apartments

Ownership Organization Chart



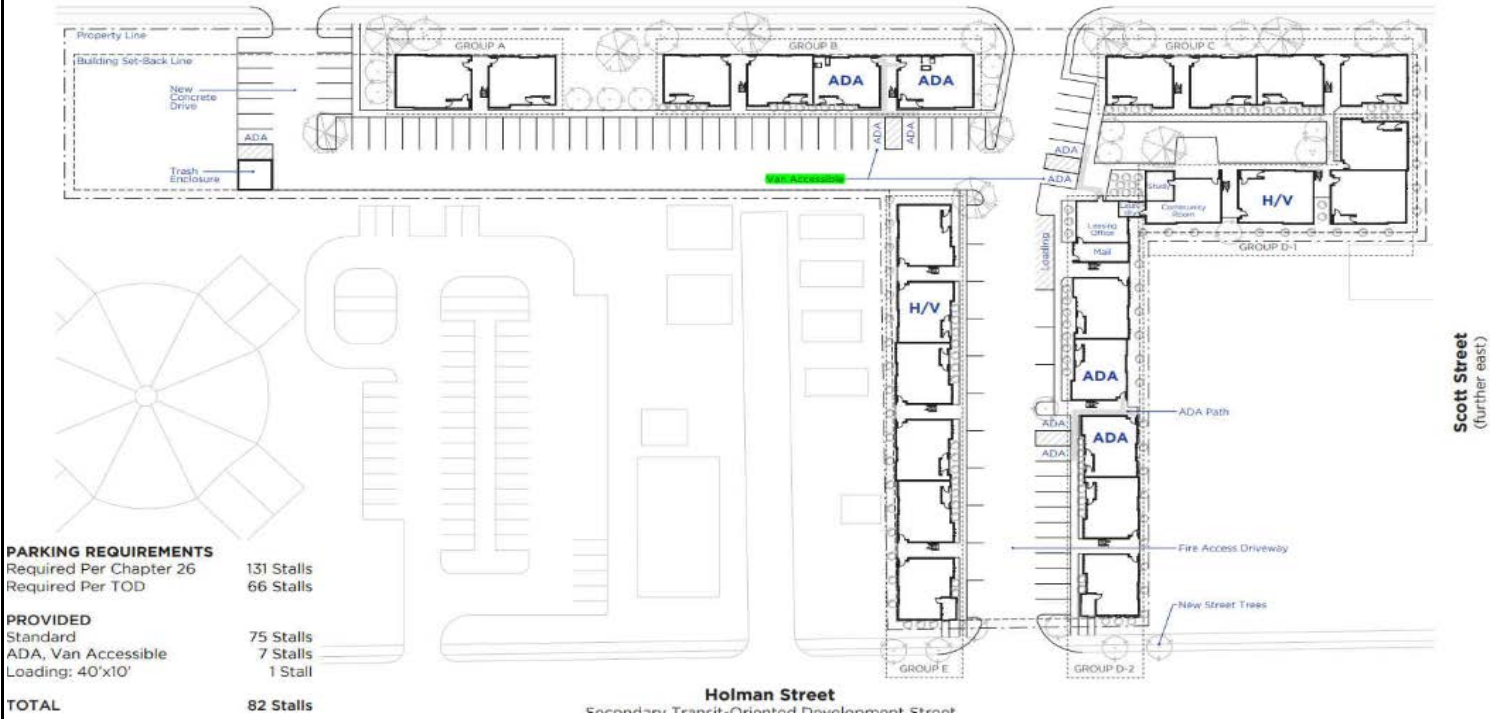
- The managing members of Manson Place MM, LLC are principals of the applicant, Brinshore Development. Brinshore has successfully developed over 7,500 units in 15 cities nationally, and has recently begun development of one Bond development in Waco and two other 9% developments in Houston.

DEVELOPMENT SUMMARY

SITE PLAN

TDHCA #21035

SITE PLAN



PARKING REQUIREMENTS	
Required Per Chapter 26	131 Stalls
Required Per TOD	66 Stalls
PROVIDED	
Standard	75 Stalls
ADA, Van Accessible	7 Stalls
Loading: 40'x10'	1 Stall
TOTAL	82 Stalls

Comments:

Parking requirement is reduced 50% because the project is a Transit-Oriented Development (TOD). Seventy (70) parking spaces are provided (139 spaces required before 50% TOD bonus, 82 spaces provided). There is no remaining room for Site Amenities, and all amenities have been included in the Common Spaces. Similarly, there is no greenspace, but the developer will provide landscaping along Reeves St.

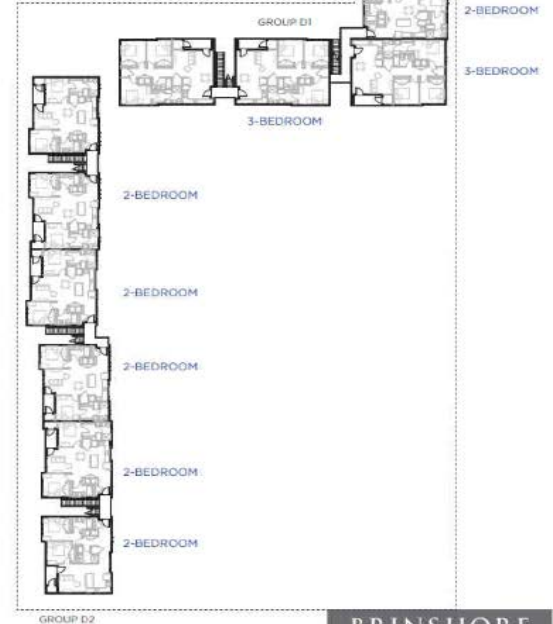
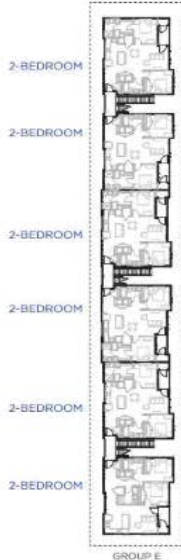
When parking, there's no room to turn around on-site and tenants may need to exit and reenter the site through any one of three places of ingress/egress.

BUILDING PLAN (Typical)

SECOND & THIRD FLOOR PLAN



UNIT MIX SECOND & THIRD FLOORS
 2-BEDROOM 21 UNITS
 3-BEDROOM 5 UNITS



	GROUP A	GROUP B	GROUP C	GROUP D1	GROUP D2	GROUP E
GROSS BUILDING	2,261 SF	4,300 SF	4,085 SF	4,734 SF	6,103 SF	6,148 SF
UTILITY*	27 SF	57 SF	52 SF	56 SF	75 SF	75 SF
BREEZEWAY	77 SF	136 SF	117 SF	232 SF	194 SF	176 SF
CORRIDOR	0 SF	0 SF	0 SF	0 SF	0 SF	0 SF
BALCONY*	105 SF	195 SF	189 SF	225 SF	225 SF	270 SF
PATIO*	0 SF	0 SF	0 SF	0 SF	0 SF	0 SF

*SEE UNIT PLANS FOR DIMENSIONS AND SQUARE FOOTAGES FOR UTILITY, BALCONY, PATIO

1" = 40'-0"



Comments:

All units are 2-3 Bedroom, with large walk-in closets in the Master Bedroom leading to the Master Bathroom. All units have in-unit laundry, along with sizable balconies on the 2nd and 3rd floors. Minimal breezeways are necessary, as all units are accessed from exterior stairways.

BUILDING ELEVATION



Comments:

Roof pitches vary from 3.5/12 to 6.5/12, so a small adjuster has been added to account for the inconsistencies. Minimal ornamentation, with 100% of exterior materials either cementitious siding or glazing surrounding the windows.

BUILDING CONFIGURATION

Building Type	A	B	C	D1	D2	E															Total Buildings	
Floors/Stories	3	3	3	3	3	3																6
Number of Bldgs	1	1	1	1	1	1																6
Units per Bldg	6	12	12	11	17	18																
Total Units	6	12	12	11	17	18																76
Avg. Unit Size (SF)	961 sf		Total NRA (SF)				73,058				Common Area (SF)*				2,145							

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 2.595 acres Density: 29.3 units/acre
Site Control: 2.6 **Site Plan:** 2.595 **Appraisal:** 2.603 **ESA:** 2.603
Feasibility Report Survey: 2.595 **Feasibility Report Engineer's Plan:** 2.595

Control Type: Contract for Sale
 Development Site: 2.595 acres Cost: \$1,850,000 \$24,342 per unit
 Seller: Holman Street Baptist Church
 Buyer: Brinshore Development, LLC or assigns
 Related-Party Seller/Identity of Interest: No

APPRAISED VALUE

Appraiser: David L. Pallante & Associates, L.L.C. Date: 1/22/2021

Land as Vacant:	2.603 acres	<u>\$1,940,000</u>	Per Unit:	<u>\$25,526</u>
Total Development: (as-is)		<u>\$1,940,000</u>	Per Unit:	<u>\$25,526</u>

Comments:
Appraiser utilized a Sales Comparison Approach since the property is vacant land.

SITE INFORMATION

Flood Zone:	<u>Zone X</u>	Scattered Site?	<u>No</u>
Zoning:	<u>None</u>	Within 100-yr floodplain?	<u>No</u>
Re-Zoning Required?	<u>No</u>	Utilities at Site?	<u>Yes</u>
Year Constructed:	<u>0</u>	Title Issues?	<u>No</u>

Current Uses of Subject Site:
Vacant, grass-covered land with a dirt road and a concrete driveway.

Surrounding Uses:
Mixed Residential and Commerical properties. Commercial property usage has included dry-cleaners, automobile repair shops, fueling stations, restaurants, banks, and convenience stores.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: EnSafe Inc. Date: 2/3/2021

- Recognized Environmental Conditions (RECs) and Other Concerns:
- Benzene and other petroleum-related chemicals of concern from an up-gradient LPST facility are likely to have migrated to and impacted soil, groundwater, and/or soil vapor at the subject property.
 - The subject property is near high-traffic roadways, outdoor sports stadiums, a non-commuter railway, and other potential noise considerations including William P. Hobby Airport.

MARKET ANALYSIS

Provider: Affordable Housing Analysts

Date: 3/23/2021

Contact: Bob Coe

Phone: 281-387-7552

Primary Market Area (PMA): 13 sq. miles 2 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME								
Harris County Income Limits								
HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	\$15,960	\$15,960	\$15,960	\$15,960	\$18,450	\$18,450	---
	Max	\$16,560	\$18,930	\$21,300	\$23,640	\$25,560	\$27,450	---
50% AMGI	Min	\$26,610	\$26,610	\$26,610	\$26,610	\$30,750	\$30,750	---
	Max	\$27,600	\$31,550	\$35,500	\$39,400	\$42,600	\$45,750	---
60% AMGI	Min	\$31,950	\$31,950	\$31,950	\$31,950	\$36,900	\$36,900	---
	Max	\$33,120	\$37,860	\$42,600	\$47,280	\$51,120	\$54,900	---
80% AMGI	Min	\$42,600	\$42,600	\$42,600	\$42,600	\$49,200	\$49,200	---
	Max	\$44,160	\$50,480	\$56,800	\$63,040	\$68,160	\$73,200	---

AFFORDABLE HOUSING INVENTORY						
Competitive Supply (Proposed, Under Construction, and Unstabilized)						
File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
21132	OST Lofts	Y	New	General	41	130
20097	Regency Lofts	Y	New	General	63	120
Other Affordable Developments in PMA since 2016						
18243	2222 Cleburne		New	Elderly Limitation	n/a	112
Stabilized Affordable Developments in PMA					Total Units	1,695
					Total Developments	9
					Average Occupancy	98%

Proposed, Under Construction, and Unstabilized Competitive Supply:

21132 OST Lofts is proposed with 41 competitive HTC units a few miles away on the south side of Hwy 90.

20097 Regency Lofts is a few miles south of the subject currently under development with 63 competitive units.

21607 Caroline Lofts is a General New Construction development in an adjacent census tract to the subject, and 21026 Vista at Park Place is a New Construction development in an adjacent census tract to the subject PMA.

Market Analysts have defined the PMA's of all deals so they don't overlap and are non-competitive.

OVERALL DEMAND ANALYSIS				
	Market Analyst		Underwriter	
	HTC	Assisted	HTC	
Total Households in the Primary Market Area	22,562		22,562	
Potential Demand from the Primary Market Area	6,966		6,966	
10% External Demand	697		697	
Potential Demand from Other Sources	0		0	
GROSS DEMAND	7,663		7,663	
Subject Affordable Units	74		74	
Unstabilized Competitive Units	112		104	
RELEVANT SUPPLY	186		178	
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	2.4%		2.3%	

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

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND										
AMGI Band	Market Analyst					Underwriter				
	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate
30% AMGI	2,303	230	8	11	1%	2,303	230	8	10	1%
50% AMGI	1,785	179	30	44	4%	1,785	179	30	33	3%
60% AMGI	1,711	171	32	57	5%	1,711	171	32	60	5%
80% AMGI	1,166	117	4	0	0%	1,166	117	4	1	0%

Demand Analysis:

The capture rate calculation determines the percentage of the qualified demand that is needed to absorb the proposed units. All capture rates reported are below the maximum thresholds.

Underwriter's capture rates are based on Market Analyst's qualified demand but include a different number of identified comp units at the Market Analyst determined comp properties. Underwriter's capture rates are used for analysis.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE										
Unit Type	Market Analyst					Underwriter				
	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate
2 BR/30%	460	46	7	8	3%	460	46	7	8	3%
2 BR/50%	265	27	29	35	22%	265	27	29	28	20%
2 BR/60%	572	57	23	48	11%	572	57	23	54	12%
2 BR/80%	380	38	2	0	0%	380	38	2	0	0%
3 BR/30%	557	56	1	3	1%	557	56	1	2	0%
3 BR/50%	303	30	1	9	3%	303	30	1	5	2%
3 BR/60%	738	74	9	9	2%	738	74	9	6	2%
3 BR/80%	478	48	2	0	0%	478	48	2	1	1%

Market Analyst Comments:

"Occupancies of the affordable housing projects are high, with some maintaining waiting lists. Therefore, the subject property need only achieve moderate penetration to be feasible." (p. 14)

"... a total of 227 units require absorption, of which 186 units will be rent-restricted. There are approximately 7,663 (HISTA) potential households (relevant to the rent restricted units) based on income eligibility, household size, and housing preference in the subject's primary market." (p. 14)

"Houston gained more residents between 2000 and 2010 than any of the nation's other 365 cities according to a new study by Kinder Institute for Urban Research at Rice University. During this period, the Greater Houston metropolitan area grew by 1.2 million people." (p. 22)

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	\$319,584	Avg. Rent:	\$866	Expense Ratio:	57.2%
Debt Service:	\$266,293	B/E Rent:	\$802	Controllable Expenses:	\$3,057
Net Cash Flow:	\$53,291	UW Occupancy:	92.5%	Property Taxes/Unit:	\$1,308
Aggregate DCR:	1.20	B/E Occupancy:	85.9%	Program Rent Year:	2020

Applicant elects to use Income Averaging.

2 market rate units and 4 80% HTC units are underwritten at gross 60% HTC rents.

Average Rent is \$64 above Break-Even Rent.

Interest rate could only increase 30bps before DCR drops below 1.15 and assumed debt would be decreased, compensated by additional Deferred Developer Fee.

\$6k of supportive services are included and will be underwritten at cost certification, regardless if actually incurred.

Applicant Electric / Gas estimate is limited to Common Area only, with LED lighting and no conditioned corridors.

Applicant's Property Tax projection is based on an 8.5% cap rate, rather than the 10% provided by QAP rules.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	\$712,909/ac	\$24,539/unit	\$1,865,000	Contractor Fee	\$1,372,914
Off-site + Site Work		\$20,224/unit	\$1,537,000	Soft Cost + Financing	\$3,352,408
Building Cost	\$106.80/sf	\$102,665/unit	\$7,802,550	Developer Fee	\$2,038,279
Contingency	5.00%	\$6,144/unit	\$466,978	Reserves	\$346,886
Total Development Cost	\$247,132/unit		\$18,782,014	Rehabilitation Cost	N/A
Qualified for 30% Basis Boost?		Located in OCT with < 20% HTC units/HH			

Acquisition:

Land acquisition cost of \$24K per unit.
 A small legal fee regarding the acquisition was added to the Acquisition rather than as a soft cost.

Site Work:

Site Amenities \$435K (Landscaping / Fencing) and \$494K (on-site utilities) contribute to the Site Work of \$20.2K/unit when divided over the low number of units.

Building Cost:

Underwriter's Building Cost estimate (\$98.27 psf) based on Marshall & Swift "average" cost model adjusted for current market conditions. Applicant's \$106.80 cost is 8.7% higher than Underwriter's estimate.

Budget for Woods & Plastics account for nearly 1/3 of Total Building Costs.

Three roof pitches ranging from 3.5/12 to 6.5/12, and underwriter added a small premium for the variance.

Adjustment added due to the lower than average number of units.

Adder applied to account for current costs of lumber and steel.

Soft Costs:

Just over \$11K / unit for Architecture & Engineering

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$18,782,014	\$13,519,460	\$1,537,457

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES				
Funding Source	Description	Amount	Rate	LTC
Amegy Bank	Conventional Loan	\$12,100,000	4.50%	81%
Richman Group	HTC	\$2,789,721	\$0.93	19%
City of Houston	§11.9(d)(2)LPS Contribution	\$500		0%
		\$14,890,221	Total Sources	

Comments:

Construction Loan through Amegy Bank will convert to a non-recourse loan when converted to Permanent.

PERMANENT SOURCES									
Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Amegy Bank	\$4,397,000	5.00%	35	18	\$4,397,000	5.00%	35	18	23%
City of Houston	\$500	0.00%	0	0	\$500	0.00%	0	0	0%
Total	\$4,397,500				\$4,397,500				

Comments:

Permanent interest rate fixed at 15 Year Swap plus 3%.

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN			
	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Richman Group	\$13,948,605	\$0.93		\$13,948,605	\$0.93	74%	
Manson Place Development, LLC	\$435,910		21%	\$435,909		2%	22%
Total	\$14,384,515			\$14,384,514			
				\$18,782,014	Total Sources		

Credit Price Sensitivity based on current capital structure	
\$0.959	Maximum Credit Price before the Development is oversourced and allocation is limited
\$0.891	Minimum Credit Price below which the Development would be characterized as infeasible

Comments:

Applicant's Deferred Developer Fee should be fully repaid in 8 years.

CONCLUSIONS

Gap Analysis:	
Total Development Cost	\$18,782,014
Permanent Sources (debt + non-HTC equity)	\$4,397,500
Gap in Permanent Financing	\$14,384,514

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$14,296,922	\$1,537,457
Needed to Balance Sources & Uses	\$14,384,514	\$1,546,877
Requested by Applicant	\$13,948,605	\$1,500,000

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	\$13,948,605	\$1,500,000

Deferred Developer Fee	\$435,909	(22% deferred)
Repayable in	8 years	

Comments:

Underwriter recommends \$1,500,000 in annual tax credits as requested by Applicant.

Underwriter:	<i>Greg Stoll</i>
Manager of Real Estate Analysis:	<i>Jeanna Adams</i>
Director of Real Estate Analysis:	<i>Thomas Cavanagh</i>

UNIT MIX/RENT SCHEDULE
Manson Place, Houston, 9% HTC #21035

LOCATION DATA	
CITY:	Houston
COUNTY:	Harris
Area Median Income	\$78,800
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2020

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	-	0.0%	0	0
2	62	81.6%	0	0
3	14	18.4%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL				
	76	100.0%	-	-

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	97.20%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	961 sf

54%	Income	20%	30%	40%	50%	60%	70%	80%	MR	TOTAL
Average	# Units	-	8	-	30	32	-	4	2	76
Income	% Total	0.0%	10.5%	0.0%	39.5%	42.1%	0.0%	5.3%	2.6%	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%	\$532	7	2	2	925	\$532	\$107	\$425	\$0	\$0.46	\$425	\$2,975	\$2,975	\$425	\$0	\$0	\$1,065	\$1.15	\$1,340
TC 50%	\$887	29	2	2	925	\$887	\$107	\$780	\$0	\$0.84	\$780	\$22,620	\$22,620	\$780	\$1	\$0	\$1,065	\$1.15	\$1,340
TC 60%	\$1,065	23	2	2	925	\$1,065	\$107	\$958	\$0	\$1.04	\$958	\$22,034	\$22,034	\$958	\$1	\$0	\$1,065	\$1.15	\$1,340
TC 80%	\$1,420	2	2	2	925	\$1,420	\$107	\$1,313	(\$248)	\$1.15	\$1,065	\$2,130	\$2,130	\$1,065	\$1	(\$248)	\$1,065	\$1.15	\$1,340
MR		1	2	2	925	\$0	\$107		NA	\$1.15	\$1,065	\$1,065	\$1,065	\$1,065	\$1	NA	\$1,065	\$1.15	\$1,340
TC 30%	\$615	1	3	2	1,122	\$615	\$131	\$484	\$0	\$0.43	\$484	\$484	\$484	\$484	\$0	\$0	\$1,230	\$1.10	\$1,700
TC 50%	\$1,025	1	3	2	1,122	\$1,025	\$131	\$894	\$0	\$0.80	\$894	\$894	\$894	\$894	\$1	\$0	\$1,230	\$1.10	\$1,700
TC 60%	\$1,230	9	3	2	1,122	\$1,230	\$131	\$1,099	\$0	\$0.98	\$1,099	\$9,891	\$9,891	\$1,099	\$1	\$0	\$1,230	\$1.10	\$1,700
TC 80%	\$1,640	2	3	2	1,122	\$1,640	\$131	\$1,509	(\$279)	\$1.10	\$1,230	\$2,460	\$2,460	\$1,230	\$1	(\$279)	\$1,230	\$1.10	\$1,700
MR		1	3	2	1,122	\$0	\$131		NA	\$1.10	\$1,230	\$1,230	\$1,230	\$1,230	\$1	NA	\$1,230	\$1.10	\$1,700
TOTALS/AVERAGES:		76			73,058				(\$14)	\$0.90	\$866	\$65,783	\$65,783	\$866	\$0.90	(\$14)	\$1,095	\$1.14	\$1,406

ANNUAL POTENTIAL GROSS RENT:	\$789,396	\$789,396
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STABILIZED PRO FORMA

Manson Place, Houston, 9% HTC #21035

	STABILIZED FIRST YEAR PRO FORMA												
	COMPARABLES			APPLICANT				TDHCA				VARIANCE	
	Database	Local 2020 Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT					\$0.90	\$866	\$789,396	\$789,396	\$866	\$0.90		0.0%	\$0
Laundry, late fees, and pet fees						\$20.00	\$18,240						
Total Secondary Income						\$20.00		\$18,240	\$20.00			0.0%	\$0
POTENTIAL GROSS INCOME							\$807,636	\$807,636				0.0%	\$0
Vacancy & Collection Loss						7.5% PGI	(60,573)	(60,573)	7.5% PGI			0.0%	-
Rental Concessions							-	-				0.0%	-
EFFECTIVE GROSS INCOME							\$747,063	\$747,063				0.0%	\$0

General & Administrative	\$35,185	\$463/Unit	\$31,261	\$411	4.14%	\$0.42	\$407	\$30,940	\$31,261	\$411	\$0.43	4.18%	-1.0%	(321)
Management	\$35,962	4.4% EGI	\$25,638	\$337	5.00%	\$0.51	\$491	\$37,353	\$37,353	\$491	\$0.51	5.00%	0.0%	-
Payroll & Payroll Tax	\$105,369	\$1,386/Unit	\$113,758	\$1,497	13.73%	\$1.40	\$1,350	\$102,600	\$105,369	\$1,386	\$1.44	14.10%	-2.6%	(2,769)
Repairs & Maintenance	\$58,081	\$764/Unit	\$61,810	\$813	6.10%	\$0.62	\$600	\$45,600	\$49,400	\$650	\$0.68	6.61%	-7.7%	(3,800)
Electric/Gas	\$18,776	\$247/Unit	\$29,515	\$388	0.71%	\$0.07	\$70	\$5,320	\$18,776	\$247	\$0.26	2.51%	-71.7%	(13,456)
Water, Sewer, & Trash	\$53,034	\$698/Unit	\$52,982	\$697	6.41%	\$0.66	\$630	\$47,880	\$52,982	\$697	\$0.73	7.09%	-9.6%	(5,102)
Property Insurance	\$34,088	\$0.47 /sf	\$40,901	\$538	4.07%	\$0.42	\$400	\$30,400	\$34,088	\$449	\$0.47	4.56%	-10.8%	(3,688)
Property Tax (@ 100%) 2.5144	\$67,566	\$889/Unit	\$54,659	\$719	13.31%	\$1.36	\$1,308	\$99,426	\$78,334	\$1,031	\$1.07	10.49%	26.9%	21,092
Reserve for Replacements					2.54%	\$0.26	\$250	\$19,000	\$19,000	\$250	\$0.26	2.54%	0.0%	-
Supportive Services					0.80%	\$0.08	\$79	\$6,000	\$6,000	\$79	\$0.08	0.80%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.40%	\$0.04	\$39	\$2,960	\$2,960	\$39	\$0.04	0.40%	0.0%	-
TOTAL EXPENSES					57.22%	\$5.85	\$5,625	\$ 427,479	\$435,523	\$5,731	\$5.96	58.30%	-1.8%	\$ (8,044)
NET OPERATING INCOME ("NOI")					42.78%	\$4.37	\$4,205	\$319,584	\$311,540	\$4,099	\$4.26	41.70%	2.6%	\$ 8,044

CONTROLLABLE EXPENSES	\$3,057/Unit	\$3,392/Unit
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Manson Place, Houston, 9% HTC #21035

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
Amegy Bank		1.17	1.20	266,293	5.00%	35	18	\$4,397,000	\$4,397,000	18	35	5.00%	\$266,293	1.20	23.4%
CASH FLOW DEBT / GRANTS															
City of Houston		1.17	1.20		0.00%	0	0	\$500	\$500	0	0	0.00%		1.20	0.0%
				\$266,293	TOTAL DEBT / GRANT SOURCES			\$4,397,500	\$4,397,500	TOTAL DEBT SERVICE			\$266,293	1.20	23.4%
NET CASH FLOW		\$45,247	\$53,291					APPLICANT	NET OPERATING INCOME	\$319,584	\$53,291	NET CASH FLOW			

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	
Richman Group	LIHTC Equity	74.3%	\$1,500,000	0.929907	\$13,948,605	\$13,948,605	\$0.9299	\$1,500,000	74.3%	\$19,737	Applicant Request	
Manson Place Development, LLC	Deferred Developer Fees	2.3%	(21% Deferred)		\$435,910	\$435,909	(21% Deferred)		2.3%		Total Developer Fee:	\$2,038,279
Additional (Excess) Funds Req'd		0.0%				\$0			0.0%			
TOTAL EQUITY SOURCES		76.6%			\$14,384,515	\$14,384,514			76.6%			
TOTAL CAPITALIZATION						\$18,782,015	\$18,782,014				15-Yr Cash Flow after Deferred Fee:	\$587,083

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			\$24,342 / Unit	\$1,850,000	\$1,850,000		\$24,342 / Unit			0.0%	\$0	
Acquisition Legal Fees				\$15,000	\$15,000					0.0%	\$0	
Site Work		\$1,102,000	\$14,500 / Unit	\$1,102,000	\$1,102,000	\$14,500 / Unit	\$1,102,000			0.0%	\$0	
Site Amenities		\$435,000	\$5,724 / Unit	\$435,000	\$435,000	\$5,724 / Unit	\$435,000			0.0%	\$0	
Building Cost		\$5,849,683	\$106.80 /sf	\$102,665/Unit	\$7,802,550	\$7,179,179	\$94,463/Unit	\$98.27 /sf	\$5,849,683	8.7%	\$623,371	
Contingency		\$466,978	6.32%	5.00%	\$466,978	\$466,978	5.36%	6.32%	\$466,978	0.0%	\$0	
Contractor Fees		\$1,099,513	14.00%	14.00%	\$1,372,915	\$1,285,642	14.00%	14.00%	\$1,099,513	6.8%	\$87,273	
Soft Costs	\$0	\$1,914,641	\$28,811 / Unit	\$2,189,641	\$2,189,641	\$28,811 / Unit	\$1,914,641	\$0	\$0	0.0%	\$0	
Financing	\$0	\$906,297	\$15,300 / Unit	\$1,162,767	\$1,162,767	\$15,300 / Unit	\$906,297	\$0	\$0	0.0%	\$0	
Developer Fee	\$0	\$1,745,349	14.82%	14.85%	\$2,038,279	\$1,965,541	15.00%	14.82%	\$1,745,349	3.7%	\$72,737	
Reserves			6 Months	\$346,886	\$346,886	6 Months				0.0%	\$0	
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		\$0	\$13,519,460	\$247,132 / Unit	\$18,782,015	\$17,998,634	\$236,824 / Unit	\$13,519,460	\$0	4.4%	\$783,381	
Acquisition Cost	\$0			\$0								
Contingency		\$0		\$0								
Contractor's Fee		(\$0)		(\$1)								
Financing Cost		\$0		\$0								
Developer Fee	\$0	\$0		\$0								
Reserves				\$0								
ADJUSTED BASIS / COST		\$0	\$13,519,460	\$247,132/unit	\$18,782,014	\$17,998,634	\$236,824/unit	\$13,519,460	\$0	4.4%	\$783,380	
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					\$18,782,014							

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Manson Place, Houston, 9% HTC #21035

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	\$0	\$13,519,460	\$0	\$13,519,460
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$13,519,460	\$0	\$13,519,460
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$17,575,297	\$0	\$17,575,297
Applicable Fraction	97.20%	97.20%	97%	97%
TOTAL QUALIFIED BASIS	\$0	\$17,082,858	\$0	\$17,082,858
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	0	\$1,537,457	\$0	\$1,537,457
CREDITS ON QUALIFIED BASIS	\$1,537,457		\$1,537,457	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.9299	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$1,537,457	\$14,296,922	----	----	----
Needed to Fill Gap	\$1,546,877	\$14,384,514	----	----	----
Applicant Request	\$1,500,000	\$13,948,605	\$1,500,000	\$0	\$0

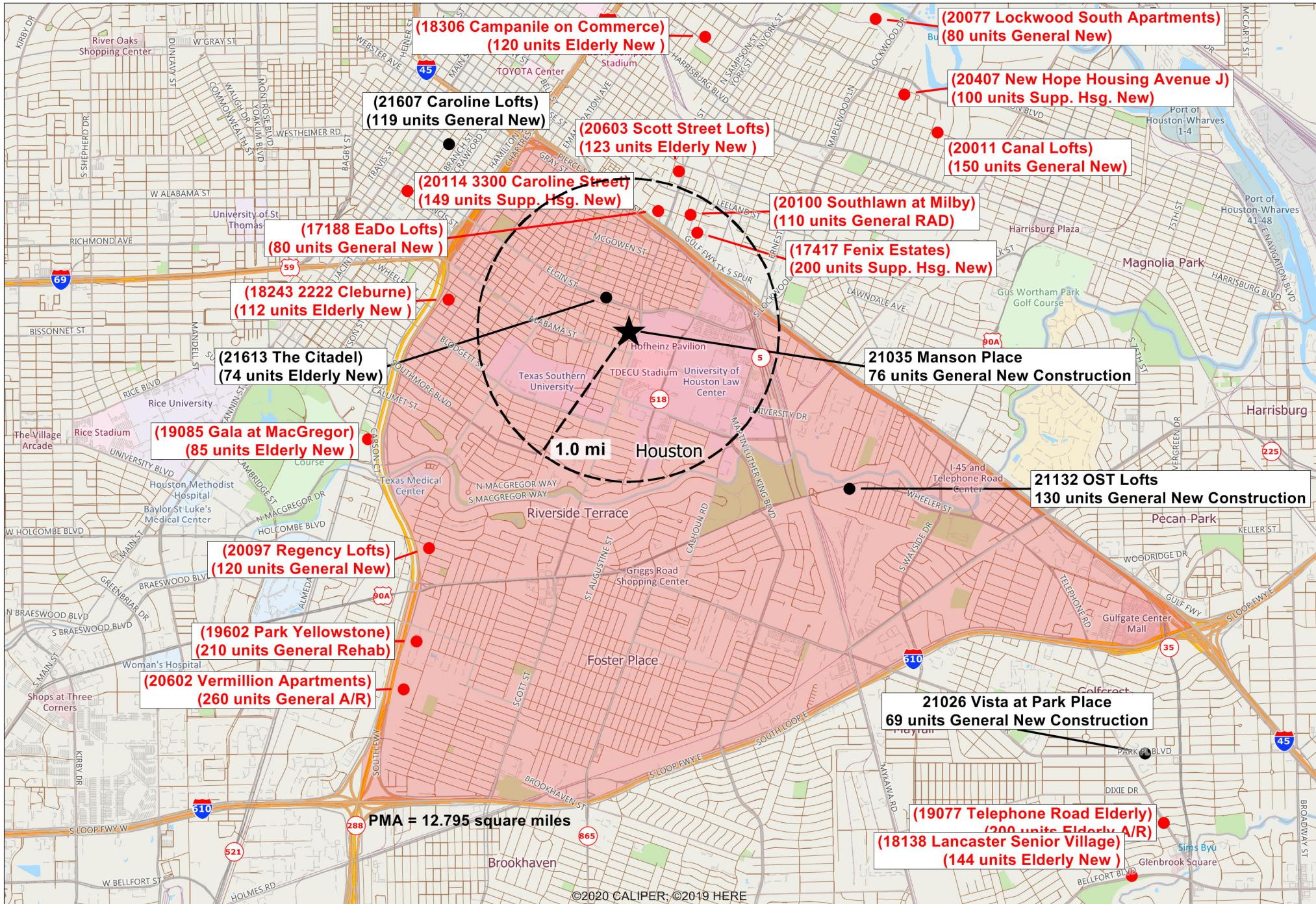
BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Garden (Up to 4-story)	73,058 SF	\$89.25	6,520,404
Adjustments				
Exterior Wall Finish	0.00%		0.00	\$0
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.00%		2.68	195,612
Roof Adjustment(s)			1.04	76,000
Subfloor			(0.16)	(11,689)
Floor Cover			2.56	187,028
Breezeways	\$30.78	6,188	2.61	190,494
Balconies	\$30.30	4,688	1.94	142,061
Plumbing Fixtures	\$1,080	228	3.37	246,240
Rough-ins	\$530	152	1.10	80,560
Built-In Appliances	\$1,830	76	1.90	139,080
Exterior Stairs	\$2,460	26	0.88	63,960
Heating/Cooling			2.34	170,956
Storage Space	\$30.78	0	0.00	0
Carports	\$12.25	0	0.00	0
Garages		0	0.00	0
Common/Support Area	\$100.12	2,145	2.94	214,758
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	\$2.59	81,391	2.89	210,803
SUBTOTAL			115.34	8,426,267
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			115.34	\$8,426,267
Plans, specs, survey, bldg permits	3.30%		(3.81)	(\$278,067)
Contractor's OH & Profit	11.50%		(13.26)	(969,021)
NET BUILDING COSTS		\$94,463/unit	\$98.27/sf	\$7,179,179

Long-Term Pro Forma

Manson Place, Houston, 9% HTC #21035

	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%	\$747,063	\$762,005	\$777,245	\$792,790	\$808,645	\$892,810	\$985,734	\$1,088,330	\$1,201,604	\$1,326,668	\$1,464,749
TOTAL EXPENSES	3.00%	\$427,479	\$439,930	\$452,747	\$465,941	\$479,523	\$553,666	\$639,387	\$738,505	\$853,126	\$985,691	\$1,139,025
NET OPERATING INCOME ("NOI")		\$319,584	\$322,075	\$324,498	\$326,849	\$329,123	\$339,143	\$346,347	\$349,825	\$348,478	\$340,978	\$325,724
EXPENSE/INCOME RATIO		57.2%	57.7%	58.3%	58.8%	59.3%	62.0%	64.9%	67.9%	71.0%	74.3%	77.8%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		\$266,293	\$266,293	\$266,293	\$266,293	\$266,293	\$266,293	\$266,293	\$266,293	\$266,293	\$266,293	\$266,293
DEBT COVERAGE RATIO		1.20	1.21	1.22	1.23	1.24	1.27	1.30	1.31	1.31	1.28	1.22
ANNUAL CASH FLOW												
ANNUAL CASH FLOW		\$53,291	\$55,781	\$58,204	\$60,555	\$62,829	\$72,850	\$80,053	\$83,532	\$82,185	\$74,684	\$59,431
Deferred Developer Fee Balance		\$382,618	\$326,837	\$268,633	\$208,077	\$145,248	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$0	\$199,928	\$587,083	\$999,481	\$1,415,277	\$1,806,459	\$2,137,579

21035 Manson Place - PMA Map



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