



Addendum to Underwriting Report

TDHCA Application #: **25013** Program(s): **9% HTC**

Palo Verde Senior Apartments

Address/Location: 5501 Huntwick Ave

City: Corpus Christi County: Nueces Zip: 78413

APPLICATION HISTORY	
Report Date	PURPOSE
03/13/26	Amendment
07/11/25	Initial Underwriting

ALLOCATION

TDHCA Program	Previous Allocation				RECOMMENDATION						
	Amount	Int. Rate	Amort	Term	Amount	Int. Rate	Amort	Perm. Term	Perm. Lien	Const. Term	Const. Lien
FHTC (9% Credit)	\$1,948,110				\$1,948,110						

CONDITIONS STATUS

- Receipt and acceptance by 10% Test:
 - o Formal approval for \$1,000,000 loan from City of Corpus Christi clearly stating all terms, conditions and source of funding.
 - Status:** Cleared 11/5/2025
- Receipt and acceptance by 10% Test:
 - o **NEW CONDITION:** Formal approval for \$2,000,000 loan from City of Corpus Christi clearly stating all terms, conditions and source of funding.

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	15
60% of AMI	60% of AMI	52

ANALYSIS

The Applicant submitted a request to modify the site plan, add 5 market units, and decrease the common area.

Operating Pro Forma

Updating rents to 2025 Housing Tax Credit limits results in a 1st year DCR of 1.23

Unit Mix changes have resulted in the following changes to the Applicant's Pro Forma:

\$164k increase to effective gross annual income;

\$42k increase to total expenses; and

\$104k increase to Net Operating Income.

Water and Sewer utility payments have moved to the landlord's responsibility.

Tenant utility allowances have been reduced by:

1 bedroom units down from \$94 to \$43

2 bedroom units down from \$108 to \$54

The applicant submitted a Rent Schedule that was not in compliance with §11.302 (d)(1)(A)(i). To correct this, the underwriter altered the Applicant's amendment from what they submitted to reflect the following following changes which reduced gross income by \$9k:

1 bed market unit rent changed from \$1200 to \$1085

2 bed market unit rent changed from \$1500 to \$1300

Development Cost

Total Development Costs increased \$2.3M:

Building Costs increased \$2M

Total Contractor Fees increased \$300k

The amended DCS received included \$60k in Soft Cost contingency that needed to be reclassified to Contingency. This issue was previous highlighted in the initial underwriting report.

Sources of Funds

Total Debt has increased from \$5.1M to \$7.7M. Citi Bank has increased their principal from \$4.1M to \$5.7M and the City of Corpus Christi has reportedly increased their principal from \$1m to \$2M.

Citi Bank has changed their terms from 6% with 35 years of amortization to 5.75% at 40 years. The City of Corpus Christi has reportedly changed from a 40 year amortization to none.

Underwriter recommends \$1,948,110 in annual federal tax credits as requested by the applicant.

Underwriter: Beau Fannon

Manager of Real Estate Analysis: Diamond Unique Thompson

Director of Real Estate Analysis: Jeanna Adams

UNIT MIX/RENT SCHEDULE
Palo Verde Senior Apartments, Corpus Christi, 9% HTC #25013

LOCATION DATA	
CITY:	Corpus Christi
COUNTY:	Nueces
Area Median Income	\$82,700
PROGRAM REGION:	10
PROGRAM RENT YEAR:	2025

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	SHTC	Match
Eff	-	0.0%	0	0	0	0
1	41	51.3%	0	0	0	0
2	39	48.8%	0	0	0	0
3	-	0.0%	0	0	0	0
4	-	0.0%	0	0	0	0
5	-	0.0%	0	0	0	0
TOTAL						
	80	100.0%	-	-	-	-

PRO FORMA ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	93.75%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	722 sf

55%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average	# Units	-	8	-	15	52	-	-	5	80
Income	% Total	0.0%	10.0%	0.0%	18.8%	65.0%	0.0%	0.0%	6.3%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE																			
FEDERAL 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%	\$465	4	1	1	600	\$465	\$43	\$422	\$0	\$0.70	\$422	\$1,688	\$1,688	\$422	\$0.70	\$0	\$1,125	\$1.88	\$1,125
TC 50%	\$775	7	1	1	600	\$775	\$43	\$732	\$0	\$1.22	\$732	\$5,124	\$5,124	\$732	\$1.22	\$0	\$1,125	\$1.88	\$1,125
TC 60%	\$930	27	1	1	600	\$930	\$43	\$887	\$0	\$1.48	\$887	\$23,949	\$23,949	\$887	\$1.48	\$0	\$1,125	\$1.88	\$1,125
MR		3	1	1	600	\$0	\$43		NA	\$1.81	\$1,085	\$3,255	\$3,255	\$1,085	\$1.81	NA	\$1,085	\$1.81	\$1,125
TC 30%	\$558	4	2	1	850	\$558	\$54	\$504	\$0	\$0.59	\$504	\$2,016	\$2,016	\$504	\$0.59	\$0	\$1,300	\$1.53	\$1,300
TC 50%	\$931	8	2	1	850	\$931	\$54	\$877	\$0	\$1.03	\$877	\$7,016	\$7,016	\$877	\$1.03	\$0	\$1,300	\$1.53	\$1,300
TC 60%	\$1,117	25	2	1	850	\$1,117	\$54	\$1,063	\$0	\$1.25	\$1,063	\$26,575	\$26,575	\$1,063	\$1.25	\$0	\$1,300	\$1.53	\$1,300
MR		2	2	1	850	\$0	\$54		NA	\$1.53	\$1,300	\$2,600	\$2,600	\$1,300	\$1.53	NA	\$1,300	\$1.53	\$1,300
TOTALS/AVERAGES:		80				57,750			\$0	\$1.25	\$903	\$72,223	\$72,223	\$903	\$1.25	\$0	\$1,209	\$1.67	\$1,210

ANNUAL POTENTIAL GROSS RENT:	\$866,676	\$866,676
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*MFDL units float among Unit Types

STABILIZED PRO FORMA

Palo Verde Senior Apartments, Corpus Christi, 9% HTC #25013

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES		APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database	Regional Comps	% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT				\$1.25	\$903	\$866,676	\$711,000	\$711,000	\$866,676	\$903	\$1.25		0.0%	\$0
Late fees, pet deposits						\$30.00	\$28,800	27,000						
Total Secondary Income						\$30.00		27,000	\$28,800	\$30.00			0.0%	\$0
POTENTIAL GROSS INCOME							\$895,476	\$738,000	\$738,000	\$895,476			0.0%	\$0
Vacancy & Collection Loss						7.5% PGI	(67,161)	(55,350)	(55,350)	(67,161)	7.5% PGI		0.0%	-
EFFECTIVE GROSS INCOME							\$828,315	\$682,650	\$682,650	\$828,315			0.0%	\$0

General & Administrative	\$38,912	\$486/Unit	\$37,616	\$470	2.17%	\$0.31	\$225	\$18,000	\$18,000	\$40,616	\$38,912	\$486	\$0.67	4.70%	-53.7%	(20,912)
Management	\$39,587	4.2% EGI	\$37,699	\$471	4.04%	\$0.58	\$418	\$33,463	\$34,133	\$34,133	\$33,133	\$414	\$0.57	4.00%	1.0%	330
Payroll & Payroll Tax	\$108,454	\$1,356/Unit	\$106,286	\$1,329	9.92%	\$1.42	\$1,028	\$82,200	\$82,200	\$82,200	\$82,200	\$1,028	\$1.42	9.92%	0.0%	-
Repairs & Maintenance	\$83,998	\$1,050/Unit	\$92,594	\$1,157	5.53%	\$0.79	\$573	\$45,818	\$45,818	\$48,750	\$52,000	\$650	\$0.90	6.28%	-11.9%	(6,182)
Electric/Gas	\$15,593	\$195/Unit	\$11,049	\$138	1.94%	\$0.28	\$201	\$16,040	\$16,040	\$15,184	\$15,593	\$195	\$0.27	1.88%	2.9%	447
Water, Sewer, & Trash	\$67,009	\$838/Unit	\$43,309	\$541	8.47%	\$1.21	\$877	\$70,160	\$34,290	\$34,290	\$70,160	\$877	\$1.21	8.47%	0.0%	-
Property Insurance	\$112,725	\$1.95/sf	\$98,345	\$1,229	5.24%	\$0.75	\$543	\$43,425	\$43,425	\$43,425	\$43,425	\$543	\$0.75	5.24%	0.0%	-
Property Tax (@ 50%) 2.1745	\$35,921	\$449/Unit	\$23,414	\$293	6.33%	\$0.91	\$655	\$52,416	\$47,255	\$38,413	\$35,921	\$449	\$0.62	4.34%	45.9%	16,495
Reserve for Replacements					2.41%	\$0.35	\$250	\$20,000	\$18,750	\$18,750	\$20,000	\$250	\$0.35	2.41%	0.0%	-
Supportive Services					0.48%	\$0.07	\$50	\$3,960	\$3,960	\$3,960	\$3,960	\$50	\$0.07	0.48%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.36%	\$0.05	\$37	\$2,960	\$2,960	\$3,000	\$3,000	\$38	\$0.05	0.36%	-1.3%	(40)
TOTAL EXPENSES					46.90%	\$6.73	\$4,856	\$388,442	\$346,831	\$362,720	\$398,304	\$4,979	\$6.90	48.09%	-2.5%	\$ (9,862)
NET OPERATING INCOME ("NOI")					53.10%	\$7.62	\$5,498	\$439,873	\$335,820	\$319,930	\$430,011	\$5,375	\$7.45	51.91%	2.3%	\$ 9,862

CONTROLLABLE EXPENSES							\$2,903/Unit						\$3,234/Unit			
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Palo Verde Senior Apartments, Corpus Christi, 9% HTC #25013

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	
Citi Bank		1.18	1.21	364,495	5.75%	40	15.0	\$5,700,000	\$4,100,000	\$4,100,000	\$5,700,000	15.0	40.0	5.75%	\$364,495	1.21	23.7%	
CASH FLOW DEBT / GRANTS																		
City of Corpus Christi		1.18	1.21		0.00%	0	0.0	\$500	\$500	\$500	\$500	0.0	0.0	0.00%		1.21	0.0%	
City of Corpus Christi - HOME Loan		1.18	1.21		3.00%	0	40.0	\$2,000,000	\$1,000,000	\$1,000,000	\$2,000,000	40.0	0.0	3.00%		1.21	8.3%	
				\$364,495	TOTAL DEBT / GRANT SOURCES			\$7,700,500	\$5,100,500	\$5,100,500	\$7,700,500	TOTAL DEBT SERVICE			\$364,495	1.21	32.0%	
NET CASH FLOW		\$65,516	\$75,378									APPLICANT	NET OPERATING INCOME	\$439,873	\$75,378	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						
Boston Financial	LIHTC Equity	66.4%	\$1,948,110	\$0.82	\$15,972,905	\$15,972,905	\$15,972,905	\$15,972,905	\$0.8199	\$1,948,110	66.4%	\$24,351	Applicant Request
Danco Communities	Deferred Developer Fees	1.6%	(16% Deferred)		\$378,710	\$599,415	\$599,415	\$599,415	(16% Deferred)		2.5%		Total Developer Fee: \$2,409,353
TOTAL EQUITY SOURCES		68.0%			\$16,351,615	\$16,572,320	\$16,572,320	\$16,351,614			68.0%		
TOTAL CAPITALIZATION					\$24,052,115	\$21,672,820	\$21,672,820	\$24,052,114				15-Yr Cash Flow after Deferred Fee:	\$1,297,352

DEVELOPMENT COST / ITEMIZED BASIS																
APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS			COST VARIANCE								
Acquisition	Eligible Basis		Total Costs		Prior Underwriting		Total Costs	Eligible Basis		%	\$					
	New Const. Rehab				Applicant	TDHCA		New Const. Rehab	Acquisition							
Land Acquisition			\$31,250 / Unit	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$31,250 / Unit		0.0%	\$0					
Building Acquisition	\$0		\$ / Unit	\$0	\$0	\$0	\$0	\$ / Unit	\$0	0.0%	\$0					
Site Work		\$1,490,315	\$18,629 / Unit	\$1,490,315	\$1,490,315	\$1,490,315	\$1,490,315	\$18,629 / Unit	\$1,490,315	0.0%	\$0					
Site Amenities		\$212,610	\$2,658 / Unit	\$212,610	\$212,610	\$212,610	\$212,610	\$2,658 / Unit	\$212,610	0.0%	\$0					
Building Cost	\$10,932,661	\$189.31 /sf	\$136,658/Unit	\$10,932,661	\$8,927,575	\$8,960,501	\$10,617,614	\$132,720/Unit	\$183.85 /sf	\$10,617,614	3.0%	\$315,047				
Contingency		\$580,220	4.59%	5.47%	\$691,779	\$686,745	\$691,779	5.61%	4.71%	\$580,220	0.0%	\$0				
Contractor Fees	\$1,529,449	11.57%	13.94%	\$1,857,431	\$1,576,014	\$1,576,014	\$1,821,724	14.00%	11.86%	\$1,529,449	2.0%	\$35,707				
Soft Costs	\$0	\$1,664,650	\$26,863 / Unit	\$2,149,070	\$2,149,070	\$2,149,070	\$2,149,070	\$26,863 / Unit	\$1,664,650	\$0	0.0%	\$0				
Financing	\$0	\$1,220,000	\$20,183 / Unit	\$1,614,674	\$1,530,992	\$1,530,992	\$1,614,674	\$20,183 / Unit	\$1,220,000	\$0	0.0%	\$0				
Developer Fee	\$0	\$2,261,647	12.83%	13.58%	\$2,409,353	\$2,409,353	\$2,409,353	13.83%	13.06%	\$2,261,647	\$0	0.0%	\$0			
Reserves			3 Months	\$194,221	\$190,146	\$190,146	\$194,221	3 Months		\$0	0.0%	\$0				
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)				\$0	\$19,891,552	\$300,651 / Unit	\$24,052,114	\$21,672,820	\$21,705,747	\$23,701,360	\$296,267 / Unit	\$19,576,504	\$0	1.48%	\$350,754	
Acquisition Cost	\$0				\$0	\$0										
Contingency		\$0			\$0	\$0										
Contractor's Fee		\$0			\$0	\$0										
Financing Cost		\$0														
Developer Fee	\$0	\$0			\$0	\$0										
Reserves					\$0	\$0										
ADJUSTED BASIS / COST				\$0	\$19,891,552	\$300,651/unit	\$24,052,114	\$21,672,820	\$21,705,747	\$23,701,360	\$296,267/unit	\$19,576,504	\$0	1.5%	\$350,754	
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):							\$24,052,114									

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Palo Verde Senior Apartments, Corpus Christi, 9% HTC #25013

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
	ADJUSTED BASIS	\$0	\$19,891,552	\$0
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$19,891,552	\$0	\$19,576,504
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$25,859,017	\$0	\$25,449,456
Applicable Fraction	93.75%	93.75%	94%	94%
TOTAL QUALIFIED BASIS	\$0	\$24,242,829	\$0	\$23,858,865
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$2,181,855	\$0	\$2,147,298
CREDITS ON QUALIFIED BASIS	\$2,181,855		\$2,147,298	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$2,181,855	\$17,889,419	----	----	----
Needed to Fill Gap	\$1,994,299	\$16,351,614	----	----	----
Applicant Request	\$1,948,110	\$15,972,905	\$1,948,110	\$0	\$0

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	57,750 SF	\$141.52	8,172,838
Adjustments				
Exterior Wall Finish	0.48%		0.68	\$39,230
Elderly	9.00%		12.74	735,555
9-Ft. Ceilings	3.06%		4.33	250,089
Roof Adjustment(s)			2.08	120,000
Subfloor			(0.23)	(13,283)
Floor Cover			3.75	216,563
Enclosed Corridors	\$129.27	10,821	24.22	1,398,841
Balconies	\$47.40	480	0.39	22,752
Plumbing Fixtures	\$2,180	0	0.00	0
Rough-ins	\$810	160	2.24	129,600
Built-In Appliances	\$4,405	80	6.10	352,400
Exterior Stairs	\$4,250	0	0.00	0
Heating/Cooling			4.11	237,353
Storage Space	\$129.27	0	0.00	0
Carports	\$21.40	0	0.00	0
Garages	\$41.00	0	0.00	0
Common/Support Area	\$214.81	1,220	4.54	262,065
Elevators	\$129,800	1	2.25	129,800
Other:			0.00	0
Fire Sprinklers	\$4.60	69,791	5.56	321,039
SUBTOTAL			214.28	12,374,841
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			214.28	\$12,374,841
Plans, specs, survey, bldg permits	3.10%		(6.64)	(\$383,620)
Contractor's OH & Profit	11.10%		(23.79)	(1,373,607)
NET BUILDING COSTS		\$132,720/unit	\$183.85/sf	\$10,617,614

Long-Term Pro Forma

Palo Verde Senior Apartments, Corpus Christi, 9% HTC #25013

	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%	\$828,315	\$844,882	\$861,779	\$879,015	\$896,595	\$989,913	\$1,092,944	\$1,206,699	\$1,332,293	\$1,470,959	\$1,624,058	\$1,793,091
TOTAL EXPENSES	3.00%	\$388,442	\$399,761	\$411,412	\$423,406	\$435,753	\$503,158	\$581,091	\$671,207	\$775,422	\$895,956	\$1,035,379	\$1,196,667
NET OPERATING INCOME ("NOI")		\$439,873	\$445,121	\$450,367	\$455,608	\$460,842	\$486,755	\$511,853	\$535,492	\$556,871	\$575,003	\$588,679	\$596,424
EXPENSE/INCOME RATIO		46.9%	47.3%	47.7%	48.2%	48.6%	50.8%	53.2%	55.6%	58.2%	60.9%	63.8%	66.7%
MUST -PAY DEBT SERVICE													
Citi Bank		\$364,495	\$364,495	\$364,495	\$364,495	\$364,495	\$364,495	\$364,495	\$364,495	\$364,495	\$364,495	\$364,495	\$364,495
TOTAL DEBT SERVICE		\$364,495	\$364,495	\$364,495	\$364,495	\$364,495	\$364,495	\$364,495	\$364,495	\$364,495	\$364,495	\$364,495	\$364,495
DEBT COVERAGE RATIO		1.21	1.22	1.24	1.25	1.26	1.34	1.40	1.47	1.53	1.58	1.62	1.64
ANNUAL CASH FLOW		\$75,378	\$80,626	\$85,872	\$91,113	\$96,347	\$122,260	\$147,358	\$170,997	\$192,376	\$210,508	\$224,184	\$231,929
Deferred Developer Fee Balance		\$303,331	\$222,705	\$136,833	\$45,720	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$50,627	\$610,314	\$1,297,352	\$2,105,790	\$3,025,996	\$4,043,794	\$5,139,417	\$6,286,277