



Addendum to Underwriting Report

TDHCA Application #: 23509_23950_21221 Program(s): 9% HTC

Providence on Park

Address/Location: Southwest Quadrant of Park Road N & Hwy 69

City: Lumberton County: Hardin Zip: 77657

APPLICATION HISTORY	
Report Date	PURPOSE
11/28/23	MDL Award Memo
03/01/23	Supplemental Credit Memo
09/24/21	Initial Underwriting Report

ALLOCATION

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
MF Direct Loan (Fully Amortized)					\$5,000,000	2.00%	40	30	1
LIHTC (9% Credit)	\$1,522,699				\$1,522,699				

* Multifamily Direct Loan Terms:

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS STATUS

1 Receipt and acceptance before Direct Loan Contract:

- A Wetlands and Jurisdictional Waters of the United States Determination Report with a clear determination of the wetland status of the subject site, indicating whether any mitigation is required.

2 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.

3 Receipt and acceptance by Cost Certification:

- If any portion of the site is determined to be a wetland area, certification that compliance with all federal, state and local wetland mitigation requirements has been met.

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

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	6
50% of AMI	50% of AMI	16
60% of AMI	60% of AMI	58

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	28

ANALYSIS

The Development was awarded \$1,324,086 in 9% Housing Tax Credits in 2021 and a 15% increase of \$198,613 in 2023 Supplemental Housing Tax Credits, for a total allocation of \$1,522,699. The Development has now applied for \$5,000,000 in NHTF funding (Fully Amortized) under the 2023-1 Direct Loan NOFA.

Operating Pro Forma

Applicant has designated 28 (35%) of the units as NHTF (30% AMI units).

2023 Rents are utilized.

Applicant expects a 50% ad valorem tax exemption due to ownership control by a CHDO, which was not presented in the original Underwriting Report.

Underwriter estimates a high expense ratio of 65.66%, which exceeds the 65% feasibility threshold. However, since TDHCA's Pro Forma is within 5% of Applicant's, the Applicant's Pro Forma is being used, which projects an expense ratio of 64.01%. Deferred developer fee does not get repaid until year 14, with a 15 year cumulative cash flow of \$58,061.

On October 28, 2021, the Department approved a reduction in the site acreage from 18.179 acres to 18.078 acres. A material amendment to further reduce the site acreage from 18.078 acres to 13.207 acres was approved by the TDHCA Board on November 9, 2023. This removes the prime farmland acreage which is not allowed to be developed into urban use per NHTF environmental guidelines. The LURA will encumber 13.207 acres.

Development Cost

Applicant's Building Cost increased by \$3.1M and total Development Cost increased by \$4.6M.

Total Developer Fee did not increase as required by Rule.

Sources of Funds

The \$5M of MDL funds at 2% interest are replacing the \$3.19M in conventional debt at 4.75% interest that was underwritten in 2021.

Applicant requested a 40 year term, but Underwriter is recommending a 30 year term since a deficit annual cash flow is projected beginning in year 31.

The Development received a 9% HTC allocation of \$1,324,086 in 2021 and a 15% increase of \$198,613 in 2023 Supplemental Housing Tax Credits, for a total HTC allocation of \$1,522,699.

Conclusion

Underwriter recommends a first lien Multifamily Direct Loan in the amount of \$5,000,000 at a 2.00% interest rate for a 30 year term with payments based on a 40 year amortization. Under these terms, the annual debt service payment is \$181,695. The construction term is assumed at 24 months.

Furthermore, an annual tax credit allocation of \$1,522,699 is still being recommended.

Underwriter:	<u>Deborah Willson</u>
Manager of Real Estate Analysis:	<u>Gregg Kazak</u>
Director of Real Estate Analysis:	<u>Jeanna Adams</u>

UNIT MIX/RENT SCHEDULE

Providence on Park, Lumberton, 9% HTC #23509 23950 21221

LOCATION DATA	
CITY:	Lumberton
COUNTY:	Hardin
Area Median Income	\$87,800
PROGRAM REGION:	5
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	48	60.0%	0	17
2	32	40.0%	0	11
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL				
	80	100.0%	-	28

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	882 sf

56%	Income	20%	30%	40%	50%	60%	70%	80%	MR	TOTAL
Average	# Units	-	6	-	16	58	-	-	-	80
Income	% Total	0.0%	7.5%	0.0%	20.0%	72.5%	0.0%	0.0%	0.0%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE																					
HTC		TDHCA Direct Loan Program		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
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 60%	\$877			30	1	1	783	\$877	\$100	\$777	\$0	\$0.99	\$777	\$23,310	\$23,310	\$777	\$1	\$0	\$950	\$1.21	\$950
TC 30%	\$438	NHTF 30%	\$438	4	1	1	783	\$438	\$100	\$338	\$0	\$0.43	\$338	\$1,352	\$1,352	\$338	\$0	\$0	\$950	\$1.21	\$950
TC 50%	\$731	NHTF 30%	\$438	10	1	1	783	\$438	\$100	\$338	\$0	\$0.43	\$338	\$3,380	\$3,380	\$338	\$0	\$0	\$950	\$1.21	\$950
TC 60%	\$877	NHTF 30%	\$438	3	1	1	783	\$438	\$100	\$338	\$0	\$0.43	\$338	\$1,014	\$1,014	\$338	\$0	\$0	\$950	\$1.21	\$950
TC 60%	\$877	Match		1	1	1	783	\$877	\$100	\$777	\$0	\$0.99	\$777	\$777	\$777	\$777	\$1	\$0	\$950	\$1.21	\$950
TC 60%	\$1,053			20	2	2	1,031	\$1,053	\$130	\$923	\$0	\$0.90	\$923	\$18,460	\$18,460	\$923	\$1	\$0	\$1,050	\$1.02	\$1,050
TC 30%	\$526	NHTF 30%	\$621	2	2	2	1,031	\$526	\$130	\$396	\$0	\$0.38	\$396	\$792	\$792	\$396	\$0	\$0	\$1,050	\$1.02	\$1,050
TC 50%	\$877	NHTF 30%	\$621	6	2	2	1,031	\$621	\$130	\$491	\$0	\$0.48	\$491	\$2,946	\$2,946	\$491	\$0	\$0	\$1,050	\$1.02	\$1,050
TC 60%	\$1,053	NHTF 30%	\$621	3	2	2	1,031	\$621	\$130	\$491	\$0	\$0.48	\$491	\$1,473	\$1,473	\$491	\$0	\$0	\$1,050	\$1.02	\$1,050
TC 60%	\$1,053	Match		1	2	2	1,031	\$1,053	\$130	\$923	\$0	\$0.90	\$923	\$923	\$923	\$923	\$1	\$0	\$1,050	\$1.02	\$1,050
TOTALS/AVERAGES:				80			70,576				\$0	\$0.77	\$680	\$54,427	\$54,427	\$680	\$0.77	\$0	\$990	\$1.12	\$990

ANNUAL POTENTIAL GROSS RENT:	\$653,124	\$653,124
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STABILIZED PRO FORMA

Providence on Park, Lumberton, 9% HTC #23509_23950_21221

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				\$0.77	\$680	\$653,124	\$650,736	\$650,736	\$653,124	\$680	\$0.77		0.0%	\$0
Laundry, Vending						\$30.00	\$28,800	19,200						
Total Secondary Income						\$30.00		19,200	\$28,800	\$30.00			0.0%	\$0
POTENTIAL GROSS INCOME						\$681,924	\$669,936	\$669,936	\$681,924				0.0%	\$0
Vacancy & Collection Loss				7.5% PGI		(51,144)	(50,245)	(50,245)	(51,144)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME						\$630,780	\$619,691	\$619,691	\$630,780				0.0%	\$0

General & Administrative	\$40,094	\$501/Unit	\$45,507	\$569	6.36%	\$0.57	\$501	\$40,103	\$42,103	\$40,094	\$40,094	\$501	\$0.57	6.36%	0.0%	9
Management	\$30,368	5.0% EGI	\$29,451	\$368	4.92%	\$0.44	\$388	\$31,065	\$30,985	\$30,985	\$31,539	\$394	\$0.45	5.00%	-1.5%	(474)
Payroll & Payroll Tax	\$91,594	\$1,145/Unit	\$109,007	\$1,363	13.86%	\$1.24	\$1,092	\$87,398	\$87,398	\$91,594	\$87,398	\$1,092	\$1.24	13.86%	0.0%	-
Repairs & Maintenance	\$64,362	\$805/Unit	\$56,205	\$703	8.36%	\$0.75	\$659	\$52,750	\$56,175	\$52,000	\$52,000	\$650	\$0.74	8.24%	1.4%	750
Electric/Gas	\$16,430	\$205/Unit	\$13,366	\$167	1.68%	\$0.15	\$133	\$10,623	\$10,623	\$12,352	\$13,366	\$167	\$0.19	2.12%	-20.5%	(2,743)
Water, Sewer, & Trash	\$51,522	\$644/Unit	\$30,229	\$378	6.65%	\$0.59	\$525	\$41,972	\$41,972	\$51,522	\$51,522	\$644	\$0.73	8.17%	-18.5%	(9,550)
Property Insurance	\$36,668	\$0.52 /sf	\$57,489	\$719	13.95%	\$1.25	\$1,100	\$88,000	\$39,143	\$36,668	\$88,000	\$1,100	\$1.25	13.95%	0.0%	-
Property Tax (@ 50%) 1.879649	\$38,134	\$477/Unit	\$41,925	\$524	3.35%	\$0.30	\$265	\$21,162	\$48,709	\$42,685	\$18,608	\$233	\$0.26	2.95%	13.7%	2,554
Reserve for Replacements					3.17%	\$0.28	\$250	\$20,000	\$24,000	\$24,000	\$20,000	\$250	\$0.28	3.17%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.51%	\$0.05	\$40	\$3,200	\$3,200	\$3,200	\$3,200	\$40	\$0.05	0.51%	0.0%	-
Security					0.79%	\$0.07	\$63	\$5,000	\$5,000	\$5,000	\$5,000	\$63	\$0.07	0.79%	0.0%	-
Internet					0.40%	\$0.04	\$31	\$2,500	\$2,500	\$2,500	\$2,500	\$31	\$0.04	0.40%	0.0%	-
TOTAL EXPENSES					64.01%	\$5.72	\$5,047	\$403,773	\$391,808	\$392,599	\$414,179	\$5,177	\$5.87	65.66%	-2.5%	\$ (10,406)
NET OPERATING INCOME ("NOI")					35.99%	\$3.22	\$2,838	\$227,007	\$227,883	\$227,092	\$216,601	\$2,708	\$3.07	34.34%	4.8%	\$ 10,406

CONTROLLABLE EXPENSES		\$2,911/Unit		\$3,055/Unit	
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Providence on Park, Lumberton, 9% HTC #23509 23950 21221

DEBT / GRANT SOURCES																						
APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									Prior Underwriting		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					
TDHCA MFDL		1.19	1.25	181,695	2.00%	40	40	\$5,000,000	\$3,190,000	\$3,190,000	\$5,000,000	30	40	2.00%	\$181,695	1.25	25.7%					
CASH FLOW DEBT / GRANTS																						
Match Funds Cook Construction		1.19	1.25		0.00%	0	0	\$375,000			\$375,000	0	0	0.00%		1.25	1.9%					
				\$181,695	TOTAL DEBT / GRANT SOURCES			\$5,375,000	\$3,190,000	\$3,190,000	\$5,375,000	TOTAL DEBT SERVICE			\$181,695	1.25	27.7%					
NET CASH FLOW		\$34,906	\$45,312															APPLICANT	NET OPERATING INCOME	\$227,007	\$45,311	NET CASH FLOW

EQUITY SOURCES														
APPLICANT'S PROPOSED EQUITY STRUCTURE						Prior Underwriting		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							
Enterprise	LIHTC Equity	69.0%	\$1,522,699	\$0.88	\$13,398,410	\$11,650,792	\$11,650,792	\$13,398,410	\$0.88	\$1,522,699	69.0%	\$19,034	Applicant Request	
ITEX Development, LLC / Nautical Aff. Hsg., Inc.	Deferred Developer Fees	3.4%	(37% Deferred)		\$655,660	\$3,220	\$3,220	\$655,661		(37% Deferred)	3.4%		Total Developer Fee: \$1,765,838	
Additional (Excess) Funds Req'd		0.0%					\$0	\$0			0.0%			
TOTAL EQUITY SOURCES					72.3%	\$14,054,070	\$11,654,012	\$11,654,012	\$14,054,071		72.3%			
TOTAL CAPITALIZATION						\$19,429,070	\$14,844,012	\$14,844,012	\$19,429,071				15-Yr Cash Flow after Deferred Fee:	\$58,061

DEVELOPMENT COST / ITEMIZED BASIS																
APPLICANT COST / BASIS ITEMS					Prior Underwriting		TDHCA COST / BASIS ITEMS					COST VARIANCE				
	Eligible Basis		Total Costs			Applicant	TDHCA	Total Costs	Eligible Basis							
	Acquisition	New Const. Rehab							New Const. Rehab	Acquisition						
Land Acquisition			\$7,274 / Unit	\$581,920	\$581,920	\$581,920	\$581,920	\$7,274 / Unit				0.0%	\$0			
Off-Sites			\$5,985 / Unit	\$478,825	\$20,000	\$20,000	\$478,825	\$5,985 / Unit				0.0%	\$0			
Site Work		\$1,199,451	\$19,574 / Unit	\$1,565,956	\$1,273,436	\$1,273,436	\$1,565,956	\$19,574 / Unit	\$1,199,451			0.0%	\$0			
Site Amenities		\$294,464	\$3,681 / Unit	\$294,464	\$240,050	\$240,050	\$294,464	\$3,681 / Unit	\$294,464			0.0%	\$0			
Building Cost		\$9,975,499	\$141.34 /sf	\$124,694/Unit	\$9,975,499	\$6,918,195	\$6,891,750	\$9,560,956	\$119.512/Unit	\$135.47 /sf	\$9,560,956	4.3%	\$414,543			
Contingency		\$573,471	5.00%	5.00%	\$615,737	\$442,265	\$442,265	\$615,737	5.17%	5.19%	\$573,471	0.0%	\$0			
Contractor Fees		\$1,686,004	14.00%	13.48%	\$1,743,231	\$1,242,395	\$1,241,450	\$1,743,231	13.93%	14.00%	\$1,627,968	0.0%	\$0			
Soft Costs	\$0	\$870,059	\$11.001 / Unit	\$880,059	\$886,814	\$886,814	\$880,059	\$11.001 / Unit	\$870,059	\$0	\$0	0.0%	\$0			
Financing	\$0	\$1,061,610	\$15.704 / Unit	\$1,256,296	\$1,183,996	\$1,183,996	\$1,256,296	\$15.704 / Unit	\$1,061,610	\$0	\$0	0.0%	\$0			
Developer Fee	\$0	\$1,765,838	11.28%	10.67%	\$1,765,838	\$1,765,838	\$1,761,871	\$1,765,838	10.98%	11.63%	\$1,765,838	\$0	0.0%	\$0		
Reserves			6 Months	\$271,246	\$289,102	\$289,102	\$271,246	5 Months				0.0%	\$0			
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)					\$0	\$17,426,396	\$242,863 / Unit	\$19,429,071	\$14,844,012	\$14,812,655	\$19,014,528	\$237,682 / Unit	\$16,953,816	\$0	2.2%	\$414,543
Acquisition Cost	\$0			\$0	\$0											
Contingency		\$0		\$0	\$0											
Contractor's Fee		(\$0)		\$0	\$0											
Financing Cost		\$0		\$0	\$0											
Developer Fee	\$0	\$0		\$0	(\$0)											
Reserves		\$0		\$0	\$0											
ADJUSTED BASIS / COST					\$0	\$17,426,395	\$242,863/unit	\$19,429,071	\$14,844,012	\$14,812,655	\$19,014,528	\$237,682/unit	\$16,953,816	\$0	2.2%	\$414,543
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):								\$19,429,071								

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Providence on Park, Lumberton, 9% HTC #21221

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
	ADJUSTED BASIS	\$0	\$17,426,395	\$0
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$17,426,395	\$0	\$16,953,816
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$22,654,314	\$0	\$22,039,961
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	\$0	\$22,654,314	\$0	\$22,039,961
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	0	\$2,038,888	\$0	\$1,983,597
CREDITS ON QUALIFIED BASIS	\$2,038,888		\$1,983,597	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.8799	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$2,038,888	\$17,940,421	----	----	----
Needed to Fill Gap	\$1,597,213	\$14,054,071	----	----	----
Applicant Request	\$1,522,699	\$13,398,410	\$1,522,699	\$0	\$0

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Fourplex	70,576 SF	\$116.56	8,226,099
Adjustments				
Exterior Wall Finish	2.40%		2.80	\$197,426
Elderly	3.00%		3.50	246,783
9-Ft. Ceilings	3.30%		3.85	271,461
Roof Adjustment(s)			5.46	385,089
Subfloor			(3.22)	(227,255)
Floor Cover			4.11	290,357
Breezeways	\$0.00	0	0.00	0
Balconies	\$27.47	3,200	1.25	87,904
Plumbing Fixtures	\$1,610	128	2.92	206,080
Rough-ins	\$600	160	1.36	96,000
Built-In Appliances	\$2,950	80	3.34	236,000
Exterior Stairs	\$2,460	0	0.00	0
Heating/Cooling			2.34	165,148
Storage Space	\$0.00	0	0.00	0
Carports	\$12.25	0	0.00	0
Garages		0	0.00	0
Common/Support Area	\$127.97	6,400	11.60	818,995
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	\$2.88	76,976	3.14	221,691
SUBTOTAL			159.00	11,221,779
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			159.00	\$11,221,779
Plans, specs, survey, bldg permits	3.30%		(5.25)	(\$370,319)
Contractor's OH & Profit	11.50%		(18.29)	(1,290,505)
NET BUILDING COSTS		\$119,512/unit	\$135.47/sf	\$9,560,956

Long-Term Pro Forma

Providence on Park, Lumberton, 9% HTC #23509_23950_21221

	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%	\$630,780	\$643,395	\$656,263	\$669,388	\$682,776	\$753,840	\$832,300	\$918,927	\$1,014,570	\$1,120,167	\$1,236,755	\$1,365,477
TOTAL EXPENSES	3.00%	\$403,773	\$415,576	\$427,726	\$440,235	\$453,112	\$523,425	\$604,744	\$698,802	\$807,605	\$933,477	\$1,079,111	\$1,247,624
NET OPERATING INCOME ("NOI")		\$227,007	\$227,820	\$228,537	\$229,154	\$229,664	\$230,415	\$227,557	\$220,125	\$206,965	\$186,689	\$157,643	\$117,853
EXPENSE/INCOME RATIO		64.0%	64.6%	65.2%	65.8%	66.4%	69.4%	72.7%	76.0%	79.6%	83.3%	87.3%	91.4%
MUST -PAY DEBT SERVICE													
TDHCA MFDL		\$181,695	\$181,695	\$181,695	\$181,695	\$181,695	\$181,695	\$181,695	\$181,695	\$181,695	\$181,695	\$181,695	\$181,695
TOTAL DEBT SERVICE		\$181,695	\$181,695	\$181,695	\$181,695	\$181,695	\$181,695	\$181,695	\$181,695	\$181,695	\$181,695	\$181,695	\$181,695
DEBT COVERAGE RATIO		1.25	1.25	1.26	1.26	1.26	1.27	1.25	1.21	1.14	1.03	0.87	0.65
ANNUAL CASH FLOW		\$45,311	\$46,124	\$46,842	\$47,459	\$47,969	\$48,720	\$45,861	\$38,430	\$25,269	\$4,994	(\$24,052)	(\$63,842)
Deferred Developer Fee Balance		\$610,349	\$564,225	\$517,383	\$469,924	\$421,955	\$178,585	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$0	\$0	\$58,061	\$267,118	\$422,337	\$491,013	\$432,723	\$197,829



Addendum to Underwriting Report

TDHCA Application #: 23950_21221 Program(s): 9% HTC

Providence on Park

Address/Location: Southwest Quadrant of Park Road N & Hwy 69

City: Lumberton County: Hardin Zip: 77657

APPLICATION HISTORY	
Report Date	PURPOSE
03/01/23	Supplemental Credit Memo
09/24/21	Initial Underwriting Report

ALLOCATION

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
LIHTC (9% Credit)	\$1,324,086				\$1,522,699				

CONDITIONS STATUS

- Receipt and acceptance by 10% test:
 - A Wetlands and Jurisdictional Waters of the United States Determination Report with a clear determination of the wetland status of the subject site, indicating whether any mitigation is required.
- Receipt and acceptance by Cost Certification:
 - If any portion of the site is determined to be a wetland area, certification that compliance with all federal, state and local wetland mitigation requirements has been met.

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

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	6
50% of AMI	50% of AMI	16
60% of AMI	60% of AMI	58

ANALYSIS

The Development received a 9% HTC allocation in 2021 and is requesting a 15% increase in annual tax credit allocation consistent with the 2023 QAP Subchapter F, Supplement Housing Tax Credits. Tax credits will be calculated at cost certification based on actual eligible costs incurred. For Developments with previously awarded Multifamily Direct Loans (MDL's), tax credits and the MDL will be re-underwritten at MDL closing.

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

The underwriter recommends a total annual credit allocation of \$1,522,699.

Underwriter: Robert Castillo

Manager of Real Estate Analysis: Diamond Unique Thompson

Director of Real Estate Analysis: Jeanna Adams

21221 Providence on Park - Application Summary

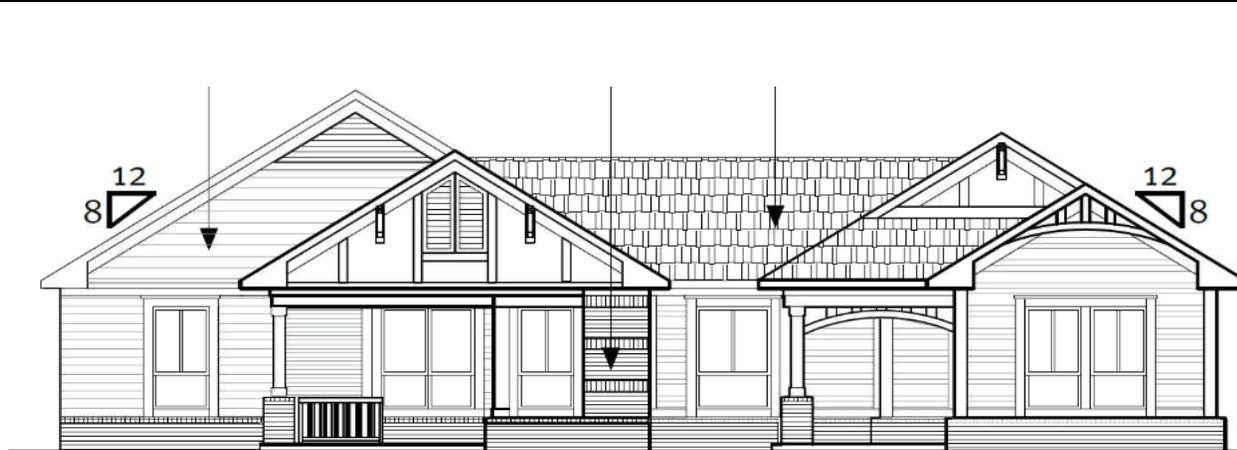
REAL ESTATE ANALYSIS DIVISION

September 24, 2021

PROPERTY IDENTIFICATION		RECOMMENDATION			
Application #	21221	TDHCA Program	Request	Recommended	
Development	Providence on Park	LIHTC (9% Credit)	\$1,324,086	\$1,324,086	\$16,551/Unit \$0.88
City / County	Lumberton / Hardin				
Region/Area	5 / Rural				
Population	Elderly Limitation				
Set-Aside	Non-Profit				
Activity	New Construction				

KEY PRINCIPALS / SPONSOR			
Christopher Akbari - Manager of The ITEX Group, LLC			
&			
Billy Joe Smith - President & Director of Nautical Affordable Housing, Inc.			
Related Parties	Contractor -	Yes	Seller - No

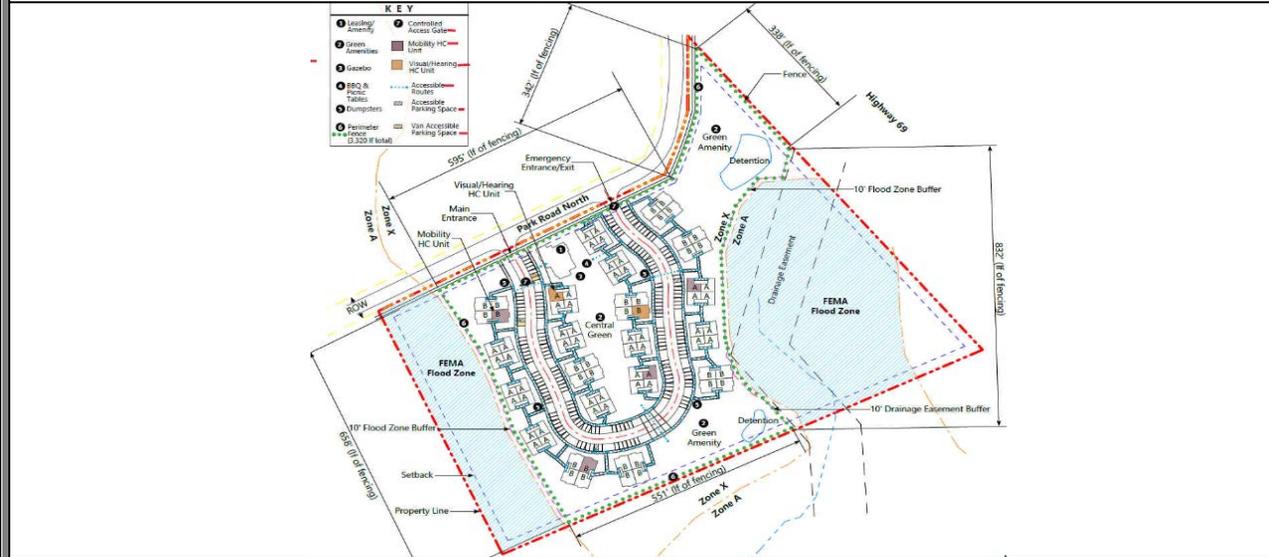
TYPICAL BUILDING ELEVATION/PHOTO



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	20%	-	0%
1	48	60%	30%	6	8%
2	32	40%	40%	-	0%
3	-	0%	50%	16	20%
4	-	0%	60%	58	73%
			70%	-	0%
			80%	-	0%
			MR	-	0%
TOTAL	80	100%	TOTAL	80	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.22	Expense Ratio	63.2%
Breakeven Occ.	86.4%	Breakeven Rent	\$632
Average Rent	\$678	B/E Rent Margin	\$46
Property Taxes	\$609/unit	Exemption/PILOT	0%
Total Expense	\$4,898/unit	Controllable	\$2,978/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)			1.3%
Highest Unit Capture Rate	3%	1 BR/60%	34
Dominant Unit Cap. Rate	3%	1 BR/60%	34
Premiums (↑60% Rents)	#DIV/0!		#DIV/0!
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY			
Costs Underwritten		Applicant's Costs	
Avg. Unit Size	882 SF	Density	4.4/acre
Acquisition		\$07K/unit	\$582K
Building Cost	\$98.02/SF	\$86K/unit	\$6,918K
Hard Cost		\$111K/unit	\$8,894K
Total Cost		\$186K/unit	\$14,844K
Developer Fee	\$1,766K	(0% Deferred)	Paid Year: 1
Contractor Fee	\$1,242K	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	
Chase	15/35	4.75%	\$3,190,000	1.22						Enterprise	\$11,650,792	
										ITEX Development, LLC / Nautical Aff. Hs	\$3,220	
TOTAL DEBT (Must Pay)			\$3,190,000		CASH FLOW DEBT / GRANTS				\$0		TOTAL EQUITY SOURCES	\$11,654,012
											TOTAL DEBT SOURCES	\$3,190,000
											TOTAL CAPITALIZATION	\$14,844,012

CONDITIONS

1 Receipt and acceptance by 10% test:
a: A Wetlands and Jurisdictional Waters of the United States Determination Report with a clear determination of the wetland status of the subject site, indicating whether any mitigation is required.

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RISK PROFILE

STRENGTHS/MITIGATING FACTORS

- Low gross capture rate
- Single story units appropriate for Elderly Limitation.
- Overall Feasibility Indicators
- Developer experience
- Potential Property Tax Exemption

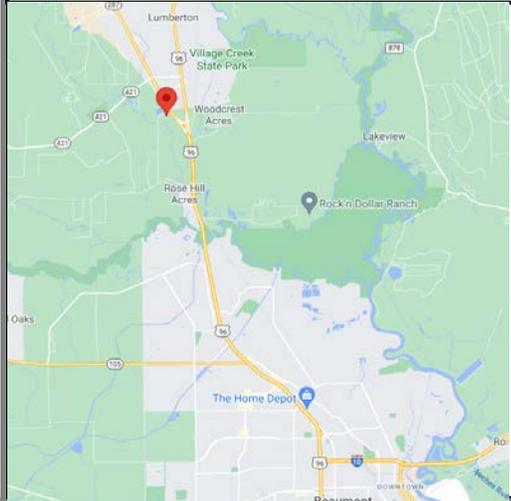
WEAKNESSES/RISKS

- Slow population growth rate in PMA.
- Low visibility
- High Expense Ratio

AERIAL PHOTOGRAPH(S)



AREA MAP





DEVELOPMENT IDENTIFICATION

TDHCA Application #: 21221 Program(s): 9% HTC

Providence on Park

Address/Location: Southwest Quadrant of Park Road N & Hwy 69

City: Lumberton County: Hardin Zip: 77657

Population: Elderly Limitation Program Set-Aside: Non-Profit Area: Rural

Activity: New Construction Building Type: Fourplex Region: 5

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)	\$1,324,086				\$1,324,086				

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50% of AMI	50% of AMI	16
60% of AMI	60% of AMI	58

DEVELOPMENT SUMMARY

Providence on Park is a new construction development for elderly households. The majority of the development site is located in Hardin County, with a small portion of the site in the City of Lumberton. Part of the development site is in the floodplain; however, no improvements are proposed in the floodplain and the site will be developed in compliance with QAP requirements. The development will provide single story units in fourplex configurations.

The Applicant, ITEX Development, LLC, has completed more than 30 HTC developments in Texas since 2008. General Partner Nautical Affordable Housing, Inc. has also partnered with ITEX Development on 10 TX developments since 2009. The Civil Engineer is local and Property Management will be administered by the applicant.

There have been three senior HTC developments in the PMA since 2016 that all quickly reached full occupancy.

RISK PROFILE

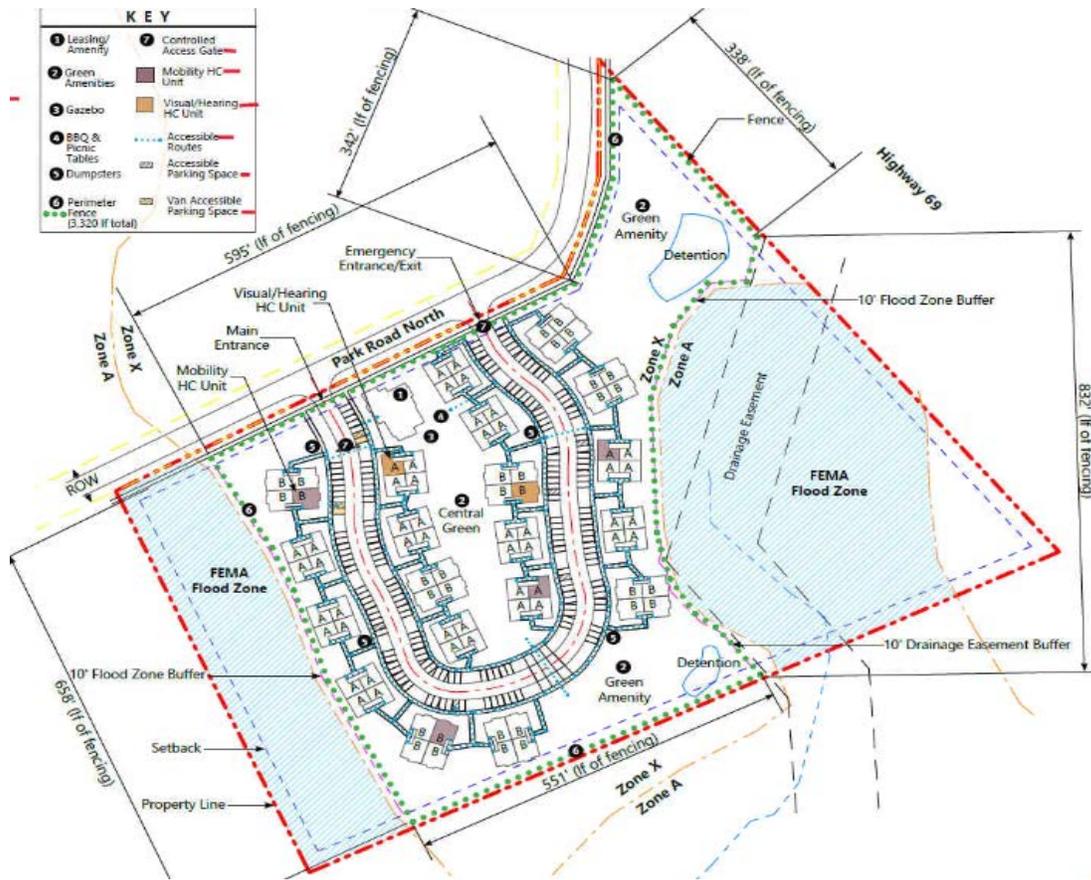
STRENGTHS/MITIGATING FACTORS		WEAKNESSES/RISKS	
<input type="checkbox"/>	Low gross capture rate	<input type="checkbox"/>	Slow population growth rate in PMA.
<input type="checkbox"/>	Single story units appropriate for Elderly Limitation.	<input type="checkbox"/>	Low visibility
<input type="checkbox"/>	Overall Feasibility Indicators	<input type="checkbox"/>	High Expense Ratio
<input type="checkbox"/>	Developer experience	<input type="checkbox"/>	
<input type="checkbox"/>	Potential Property Tax Exemption	<input type="checkbox"/>	

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name: Miranda Sprague
Phone: (409) 853-3681

Name: Tamea Dula
Phone: (713) 653-7322



Comments:

This Site Plan is a series of one story fourplexes on both sides of the single loop, with the Leasing / Community Center along one of the entrances on Park Road North. There will remain significant greenspaces in both the Central Green and the Green Amenity designations.

SITE CONTROL INFO

Site Acreage: Development Site: 18.19 acres Density: 4.4 units/acre
Site Control: 18.19 **Site Plan:** 18.2 **Appraisal:** N/A **ESA:** 18.19
Feasibility Report Survey: 18.18 **Feasibility Report Engineer's Plan:** 18.18

Control Type: Unimproved Property Contract

Development Site: 18.19 acres Cost: \$581,920 \$7,274 per unit

Seller: PICA Investment Venture, LLP

Buyer: ITEX Acquisitions, LLC

Related-Party Seller/Identity of Interest: No

SITE INFORMATION

Flood Zone:	<u>X and A</u>	Scattered Site?	<u>No</u>
Zoning:	<u>No Zoning Hardin Co</u>	Within 100-yr floodplain?	<u>Yes</u>
Re-Zoning Required?	<u>No</u>	Utilities at Site?	<u>No</u>
Year Constructed:	<u>N/A</u>	Title Issues?	<u>No</u>

Current Uses of Subject Site:
 Vacant Forestry

Surrounding Uses:
 The parcel is surrounded by Undeveloped Land on all sides, expect for a Single Family Residence to the South and an Unidentified Commercial building to the East.

Other Observations:
 The subject has a very small piece of its site contained within the city of Lumberton, the remainder being unincorporated. Lumberton City is a community of about 13,000 persons. There is not currently water or sewer directly along Park Road North in front of the property. Lumberton Municipal Utility District (LMUD) stated they have capacity to support the development. LMUD will extend the water and sewer down Park Road North to the development at the Developer's expense. The site will require a sanitary sewer lift station.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering, Inc. Date: 2/11/2021

Recognized Environmental Conditions (RECs) and Other Concerns:
 ▪ None.

Comments:
 A Wetlands Determination has been recommended.

MARKET ANALYSIS

Provider: Valbridge Property Advisors | Houston

Date: 3/17/2021

Contact: David Magnuson

Phone: 713-467-5858

Primary Market Area (PMA): 948 sq. miles 17 mile equivalent radius

The area is roughly bounded by the Hardin County line on its north boundary, at or near the Newton County line on the east, at or near FM 105 on the south, and at or near the Hardin County line on the west.

ELIGIBLE HOUSEHOLDS BY INCOME

Hardin County Income Limits

HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	\$9,096	\$9,096	\$10,944	\$10,944	---	---	---
	Max	\$14,190	\$16,200	\$18,240	\$20,250	---	---	---
50% AMGI	Min	\$15,192	\$15,192	\$18,240	\$18,240	---	---	---
	Max	\$23,650	\$27,000	\$30,400	\$33,750	---	---	---
60% AMGI	Min	\$18,216	\$18,216	\$21,888	\$21,888	---	---	---
	Max	\$28,380	\$32,400	\$36,480	\$40,500	---	---	---

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
	None					

Other Affordable Developments in PMA since 2016

18283	Pines at Allen Street	New	General	n/a	80
16172	Lumberton Senior Village	New	Senior	n/a	76
16363	Mill Town Seniors	New	Senior	n/a	80
17004	Old Dowlen Cottages	New	Senior	n/a	72

Stabilized Affordable Developments in PMA

Total Units	1,611
Total Developments	20
Average Occupancy	94%

Proposed, Under Construction, and Unstabilized Competitive Supply:

Although there are three Elderly Limitation developments in the PMA since 2016, all three are fully occupied and therefore non-competitive.

Beaumont Trails is located just outside the subject PMA. If we include the 57 competitive units from Beaumont Trails, the GCR would be 2.1%.

OVERALL DEMAND ANALYSIS				
	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	42,847			
Senior Households in the Primary Market Area	17,139			
Potential Demand from the Primary Market Area	5,801			
10% External Demand	580			
Potential Demand from Other Sources				
GROSS DEMAND	6,381			
Subject Affordable Units	80			
Unstabilized Competitive Units	0			
RELEVANT SUPPLY	80			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	1.3%			

Population:	Elderly Limitation	Market Area:	Rural	Maximum Gross Capture Rate:	10%
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UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND										
	Market Analyst									
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
30% AMGI	975	98	6	0	1%					
50% AMGI	2,148	215	16	0	1%					
60% AMGI	2,678	268	58	0	2%					

Demand Analysis:

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

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE										
	Market Analyst									
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
1 BR/30%	836	84	4	0	0%					
1 BR/50%	940	94	10	0	1%					
1 BR/60%	1,162	116	34	0	3%					
2 BR/30%	415	42	2	0	0%					
2 BR/50%	458	46	6	0	1%					
2 BR/60%	1,102	110	24	0	2%					

Market Analyst Comments:

"Most of the residential real estate is owner occupied. Many of the residences in the City Center neighborhood are established but not old, having been built between 1970 and 1999. A number of residences were also built between 2000 and the present." (p. 21)

"The PMA is projected to grow more rapidly than the MSA, but slower than the other cohorts." (p. 27)

"The PMA has generally income levels above the MSA. This tends to produce more demand rental product, which is currently the case. Rental households are projected to increase nominally over the near term, following a trend that started in 2010 and is projected to remain in place." (p. 32)

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	\$227,883	Avg. Rent:	\$678	Expense Ratio:	63.2%
Debt Service:	\$187,134	B/E Rent:	\$632	Controllable Expenses:	\$2,978
Net Cash Flow:	\$40,748	UW Occupancy:	92.5%	Property Taxes/Unit:	\$609
Aggregate DCR:	1.22	B/E Occupancy:	86.4%	Program Rent Year:	2020

All units are underwritten at max HTC rents.

With nearly no Deferred Developer Fee, almost 100% of the Net Cash Flow will go to the Partnership.

63.2% Expense Ratio is the only weak feasibility indicators, mostly due to full property tax liability.

General Partner is a non-profit company with an opportunity for future 50% property tax exemption. As underwritten, if the 50% exemption is received, the DCR would increase to 1.33.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	\$31,991/ac	\$7,274/unit	\$581,920	Contractor Fee	\$1,242,395
Off-site + Site Work		\$19,169/unit	\$1,533,486	Soft Cost + Financing	\$2,070,811
Building Cost	\$98.02/sf	\$86,477/unit	\$6,918,195	Developer Fee	\$1,765,838
Contingency	5.23%	\$5,528/unit	\$442,265	Reserves	\$289,102
Total Development Cost	\$185,550/unit		\$14,844,012	Rehabilitation Cost	N/A
Qualified for 30% Basis Boost?	High Opportunity Index [9% only]				

Acquisition:

Acquisition for \$31,991/acre or \$7,272/unit.

Off-site:

There is not currently Water or Sewer directly in front of the property on Park Road North; \$20k to run the utilities to site.

Site Work:

More the 1/2 of Site Work costs allocated for Grading and Paving, with another 1/3 for On-site Utilities.

Building Cost:

Very efficient building types with no necessary breezeways/corridors or stairs.

Standalone community building with 2,700 SF in Common Area and another 3,700 SF for Leasing / Amenity.

All units include an in-unit Washer/Dryer, walk-in closets in the Master Bedrooms, and double vanity sinks.

Applicant limited Eligible Building Costs by \$1.364M (19.7%) for scoring purposes.

Contingency:

Contingency includes both Hard and Soft Cost contingencies.

Soft Costs:

22% of Soft Costs allocated for Hazard & Liability Insurance.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$14,844,012	\$11,777,717	\$1,377,993

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES				
Funding Source	Description	Amount	Rate	LTC
Chase	Conventional Loan	\$11,045,151	4.75%	81%
Enterprise	HTC	\$1,165,079	\$0.88	9%
ITEX Development, LLC / Nautical Aff. Hsg, Inc.	Deferred Developer Fee	\$1,410,094		10%
		\$13,620,324	Total Sources	

Comments:

The partnership will fund 10% of total costs with Deferred Developer Fee during construction period.

PERMANENT SOURCES

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Chase / Impact CIL, LLC	\$3,190,000	4.75%	35	15	\$3,190,000	4.75%	35	15	21%
Total	\$3,190,000				\$3,190,000				

Comments:

\$3,190,000 Permanent Loan is subject to final underwriting. Permanent Loan to be sold to Impact CIL, LLC ("Impact") in accordance with, and subject to satisfaction of, Impact's requirements.

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN			
	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Enterprise	\$11,650,792	\$0.88		\$11,650,792	\$0.88	78%	
ITEX Development, LLC / Nautical Aff. Hsg, Inc.	\$3,220		0%	\$3,220		0%	0%
Total	\$11,654,012			\$11,654,012			
				\$14,844,012	Total Sources		

Credit Price Sensitivity based on current capital structure	
\$0.880	Maximum Credit Price before the Development is oversourced and allocation is limited
\$0.830	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:	
Total Development Cost	\$14,844,012
Permanent Sources (debt + non-HTC equity)	\$3,190,000
Gap in Permanent Financing	\$11,654,012

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$12,125,125	\$1,377,993
Needed to Balance Sources & Uses	\$11,654,012	\$1,324,452
Requested by Applicant	\$11,650,792	\$1,324,086

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	\$11,650,792	\$1,324,086

Deferred Developer Fee	\$3,220	(% deferred)
Repayable in	1 years	

Comments:

Total Tax Credit Recommendation is \$1,324,086 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
Providence on Park, Lumberton, 9% HTC #21221

LOCATION DATA	
CITY:	Lumberton
COUNTY:	Hardin
Area Median Income	\$67,500
PROGRAM REGION:	5
PROGRAM RENT YEAR:	2020

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	48	60.0%	0	0
2	32	40.0%	0	0
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL				
	80	100.0%	-	-

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	882 sf

56%	Income	20%	30%	40%	50%	60%	70%	80%	MR	TOTAL
Average	# Units	-	6	-	16	58	-	-	-	80
Income	% Total	0.0%	7.5%	0.0%	20.0%	72.5%	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%	\$379	4	1	1	783	\$379	\$76	\$303	\$0	\$0.39	\$303	\$1,212	\$1,212	\$303	\$0	\$0	\$950	\$1.21	\$950
TC 50%	\$633	10	1	1	783	\$633	\$76	\$557	\$0	\$0.71	\$557	\$5,570	\$5,570	\$557	\$1	\$0	\$950	\$1.21	\$950
TC 60%	\$759	34	1	1	783	\$759	\$76	\$683	\$0	\$0.87	\$683	\$23,222	\$23,222	\$683	\$1	\$0	\$950	\$1.21	\$950
TC 30%	\$456	2	2	2	1,031	\$456	\$98	\$358	\$0	\$0.35	\$358	\$716	\$716	\$358	\$0	\$0	\$1,050	\$1.02	\$1,050
TC 50%	\$760	6	2	2	1,031	\$760	\$98	\$662	\$0	\$0.64	\$662	\$3,972	\$3,972	\$662	\$1	\$0	\$1,050	\$1.02	\$1,050
TC 60%	\$912	24	2	2	1,031	\$912	\$98	\$814	\$0	\$0.79	\$814	\$19,536	\$19,536	\$814	\$1	\$0	\$1,050	\$1.02	\$1,050
TOTALS/AVERAGES:		80			70,576				\$0	\$0.77	\$678	\$54,228	\$54,228	\$678	\$0.77	\$0	\$990	\$1.12	\$990

ANNUAL POTENTIAL GROSS RENT:	\$650,736	\$650,736
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STABILIZED PRO FORMA

Providence on Park, Lumberton, 9% HTC #21221

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES		APPLICANT				TDHCA				VARIANCE	
	Database	Elderly Hardin	% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT			\$0.77		\$678	\$650,736	\$650,736	\$678	\$0.77		0.0%	\$0
Laundry, Vending					\$20.00	\$19,200						
Total Secondary Income					\$20.00		\$19,200	\$20.00			0.0%	\$0
POTENTIAL GROSS INCOME						\$669,936	\$669,936				0.0%	\$0
Vacancy & Collection Loss					7.5% PGI	(50,245)	(50,245)	7.5% PGI			0.0%	-
Rental Concessions						-	-				0.0%	-
EFFECTIVE GROSS INCOME						\$619,691	\$619,691				0.0%	\$0

General & Administrative	\$40,094	\$501/Unit	\$32,870	\$411	6.79%	\$0.60	\$526	\$42,103	\$40,094	\$501	\$0.57	6.47%	5.0%	2,009
Management	\$30,368	5.0% EGI	\$32,341	\$404	5.00%	\$0.44	\$387	\$30,985	\$30,985	\$387	\$0.44	5.00%	0.0%	0
Payroll & Payroll Tax	\$91,594	\$1,145/Unit	\$88,011	\$1,100	14.10%	\$1.24	\$1,092	\$87,398	\$91,594	\$1,145	\$1.30	14.78%	-4.6%	(4,196)
Repairs & Maintenance	\$64,362	\$805/Unit	\$53,136	\$664	9.07%	\$0.80	\$702	\$56,175	\$52,000	\$650	\$0.74	8.39%	8.0%	4,175
Electric/Gas	\$16,430	\$205/Unit	\$12,352	\$154	1.71%	\$0.15	\$133	\$10,623	\$12,352	\$154	\$0.18	1.99%	-14.0%	(1,729)
Water, Sewer, & Trash	\$51,522	\$644/Unit	\$33,817	\$423	6.77%	\$0.59	\$525	\$41,972	\$51,522	\$644	\$0.73	8.31%	-18.5%	(9,550)
Property Insurance	\$36,668	\$0.52 /sf	\$24,531	\$307	6.32%	\$0.55	\$489	\$39,143	\$36,668	\$458	\$0.52	5.92%	6.7%	2,475
Property Tax (@ 100%) 1.8796	\$38,134	\$477/Unit	\$37,281	\$466	7.86%	\$0.69	\$609	\$48,709	\$42,685	\$534	\$0.60	6.89%	14.1%	6,024
Reserve for Replacements					3.87%	\$0.34	\$300	\$24,000	\$24,000	\$300	\$0.34	3.87%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.52%	\$0.05	\$40	\$3,200	\$3,200	\$40	\$0.05	0.52%	0.0%	-
Security					0.81%	\$0.07	\$63	\$5,000	\$5,000	\$63	\$0.07	0.81%	0.0%	-
Internet					0.40%	\$0.04	\$31	\$2,500	\$2,500	\$31	\$0.04	0.40%	0.0%	-
TOTAL EXPENSES					63.23%	\$5.55	\$4,898	\$391,808	\$392,599	\$4,907	\$5.56	63.35%	-0.2%	\$ (791)
NET OPERATING INCOME ("NOI")					36.77%	\$3.23	\$2,849	\$227,883	\$227,092	\$2,839	\$3.22	36.65%	0.3%	\$ 791

CONTROLLABLE EXPENSES							\$2,978/Unit				\$3,095/Unit			
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Providence on Park, Lumberton, 9% HTC #21221

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
Chase		1.22	1.22	186,397	4.75%	35	15	\$3,190,000	\$3,190,000	15	35	4.75%	\$187,134	1.22	21.5%
				\$186,397	TOTAL DEBT / GRANT SOURCES			\$3,190,000	\$3,190,000	TOTAL DEBT SERVICE			\$187,134	1.22	21.5%
NET CASH FLOW		\$40,695	\$41,486					APPLICANT	NET OPERATING INCOME			\$227,883	\$40,748	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	
												Total Developer Fee:
Enterprise	LIHTC Equity	78.5%	\$1,324,086	\$0.88	\$11,650,792	\$11,650,792	\$0.88	\$1,324,086	78.5%	\$16,551	Applicant Request	
ITEX Development, LLC / Nautical Aff. Hsg. Inc.	Deferred Developer Fees	0.0%	(0% Deferred)		\$3,220	\$3,220	(0% Deferred)		0.0%	Total Developer Fee: \$1,765,838		
Additional (Excess) Funds Req'd		0.0%			\$0				0.0%			
TOTAL EQUITY SOURCES		78.5%			\$11,654,012	\$11,654,012			78.5%			
TOTAL CAPITALIZATION						\$14,844,012	\$14,844,012				15-Yr Cash Flow after Deferred Fee:	\$659,584

DEVELOPMENT COST / ITEMIZED BASIS													
APPLICANT COST / BASIS ITEMS						TDHCA COST / BASIS ITEMS						COST VARIANCE	
	Eligible Basis		Total Costs	Total Costs	Eligible Basis		Total Costs	Total Costs	%	\$			
	Acquisition	New Const. Rehab			New Const. Rehab	Acquisition							
Land Acquisition			\$7,274 / Unit	\$581,920	\$581,920	\$7,274 / Unit			0.0%	\$0			
Off-Sites			\$250 / Unit	\$20,000	\$20,000	\$250 / Unit			0.0%	\$0			
Site Work		\$1,199,436	\$15,918 / Unit	\$1,273,436	\$1,273,436	\$15,918 / Unit	\$1,199,436		0.0%	\$0			
Site Amenities		\$240,050	\$3,001 / Unit	\$240,050	\$240,050	\$3,001 / Unit	\$240,050		0.0%	\$0			
Building Cost		\$5,554,331	\$98.02 /sf	\$86,477/Unit	\$6,918,195	\$6,891,750	\$86,147/Unit	\$97.65 /sf	\$5,554,331	0.4%	\$26,445		
Contingency		\$369,372	5.28%	5.23%	\$442,265	\$442,265	5.25%	5.28%	\$369,372	0.0%	\$0		
Contractor Fees		\$1,028,090	13.96%	13.97%	\$1,242,395	\$1,241,450	14.00%	13.96%	\$1,028,090	0.1%	\$945		
Soft Costs	\$0	\$876,814	\$11,085 / Unit	\$886,814	\$886,814	\$11,085 / Unit	\$876,814	\$0	0.0%	\$0			
Financing	\$0	\$973,400	\$14,800 / Unit	\$1,183,996	\$1,183,996	\$14,800 / Unit	\$973,400	\$0	0.0%	\$0			
Developer Fee	\$0	\$1,536,224	15.00%	15.00%	\$1,765,838	\$1,761,871	15.00%	15.00%	\$1,536,224	0.2%	\$3,967		
Reserves			6 Months	\$289,102	\$289,102	6 Months			0.0%	\$0			
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)				\$185,550 / Unit	\$14,844,012	\$14,812,655	\$185,158 / Unit	\$11,777,717	\$0	0.2%	\$31,357		
Acquisition Cost	\$0				\$0								
Contingency		\$0			\$0								
Contractor's Fee		\$0			\$0								
Financing Cost		\$0			\$0								
Developer Fee	\$0	(\$0)	15.00%	15.00%	(\$0)								
Reserves					\$0								
ADJUSTED BASIS / COST				\$185,550/unit	\$14,844,012	\$14,812,655	\$185,158/unit	\$11,777,717	\$0	0.2%	\$31,357		
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						\$14,844,012							

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Providence on Park, Lumberton, 9% HTC #21221

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
	ADJUSTED BASIS	\$0	\$11,777,717	\$0
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$11,777,717	\$0	\$11,777,717
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$15,311,032	\$0	\$15,311,032
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	\$0	\$15,311,032	\$0	\$15,311,032
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	0	\$1,377,993	\$0	\$1,377,993
CREDITS ON QUALIFIED BASIS		\$1,377,993		\$1,377,993

ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS

Method	Annual Credits	Proceeds	FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price \$0.8799	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$1,377,993	\$12,125,125	----	----	----
Needed to Fill Gap	\$1,324,452	\$11,654,012	----	----	----
Applicant Request	\$1,324,086	\$11,650,792	\$1,324,086	\$0	\$0

BUILDING COST ESTIMATE

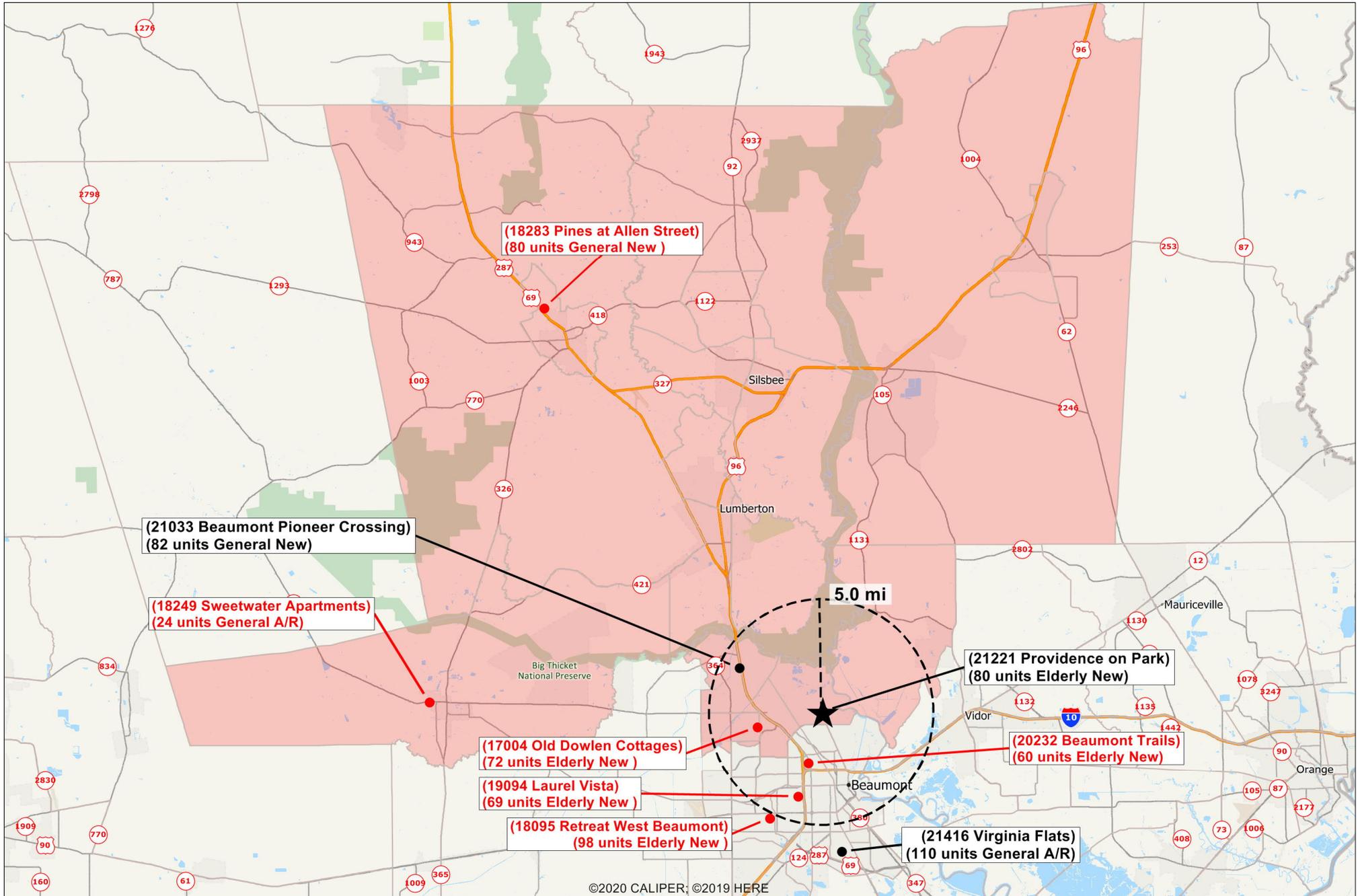
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Fourplex	70,576 SF	\$80.90	5,709,785
Adjustments				
Exterior Wall Finish	2.40%		1.94	\$137,035
Elderly	3.00%		2.43	171,294
9-Ft. Ceilings	3.30%		2.67	188,423
Roof Adjustment(s)			5.46	385,089
Subfloor			(3.22)	(227,255)
Floor Cover			4.11	290,357
Breezeways	\$0.00	0	0.00	0
Balconies	\$27.47	3,184	1.24	87,464
Plumbing Fixtures	\$1,080	128	1.96	138,240
Rough-ins	\$530	160	1.20	84,800
Built-In Appliances	\$1,830	80	2.07	146,400
Exterior Stairs	\$2,460	0	0.00	0
Heating/Cooling			2.34	165,148
Storage Space	\$0.00	0	0.00	0
Carports	\$12.25	0	0.00	0
Garages		0	0.00	0
Common/Support Area	\$92.26	6,400	8.37	590,438
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	\$2.88	76,976	3.14	221,691
SUBTOTAL			114.61	8,088,909
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			114.61	\$8,088,909
Plans, specs, survey, bldg permits	3.30%		(3.78)	(\$266,934)
Contractor's OH & Profit	11.50%		(13.18)	(930,225)
NET BUILDING COSTS		\$86,147/unit	\$97.65/sf	\$6,891,750

Long-Term Pro Forma

Providence on Park, Lumberton, 9% HTC #21221

	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%	\$619,691	\$632,085	\$644,726	\$657,621	\$670,773	\$740,588	\$817,669	\$902,772	\$996,734	\$1,100,475	\$1,215,013
TOTAL EXPENSES	3.00%	\$391,808	\$403,252	\$415,034	\$427,163	\$439,649	\$507,822	\$586,661	\$677,845	\$783,316	\$905,328	\$1,046,486
NET OPERATING INCOME ("NOI")		\$227,883	\$228,832	\$229,692	\$230,458	\$231,125	\$232,766	\$231,008	\$224,928	\$213,417	\$195,147	\$168,527
EXPENSE/INCOME RATIO		63.2%	63.8%	64.4%	65.0%	65.5%	68.6%	71.7%	75.1%	78.6%	82.3%	86.1%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		\$187,134	\$187,134	\$187,134	\$187,134	\$187,134	\$187,134	\$187,134	\$187,134	\$187,134	\$187,134	\$187,134
DEBT COVERAGE RATIO		1.22	1.22	1.23	1.23	1.24	1.24	1.23	1.20	1.14	1.04	0.90
ANNUAL CASH FLOW		\$40,748	\$41,698	\$42,558	\$43,324	\$43,990	\$45,631	\$43,873	\$37,794	\$26,283	\$8,013	(\$18,607)
Deferred Developer Fee Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$37,528	\$79,226	\$121,784	\$165,108	\$209,099	\$435,169	\$659,584	\$862,646	\$1,019,503	\$1,099,108	\$1,063,007

21221 Providence on Park - PMA Map



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