

From: [Jonathan Campbell](#)
To: [Deborah Willson](#); sskconsulting@yahoo.com
Cc: [Eric Weiner](#); [Gregg Kazak](#); [Jeanna Adams](#); [Cody Campbell](#); [Connor Jones](#); [Joshua Goldberger](#); [Nicole Fisher](#); [Jason Burr](#); [Matthew Griego](#); [Chandra Taylor](#); robbye@arxadvantage.net; [Jim Washburn](#); [Craig Washburn](#)
Subject: RE: 25038 Azle Oaks Apartments UW Report
Date: Tuesday, June 17, 2025 2:14:46 PM
Attachments: [25038 Azle Oaks Apartments Appeal Letter.pdf](#)
[23081 Cleveland Square.pdf](#)

Deborah,

We are appealing the award determination based on the interpretation of how Building Value is determined. For context, I've attached our most recent Underwriting Report for Cleveland Square where the TDHCA Cost Basis for the Land Value equals the Land Value in the Appraisal.

As it relates to the subject Underwriting report for Azle:

- The Acquisition Price is estimated at \$2,451,510 (\$1,500,000 cash plus \$951,510 assumed loan balance).
- The appraised As Is value is \$2,525,000, which is the sum of the As Is Opinion of Value (\$1,950,000) plus the As Is Favorable Financing (\$575,000).
- The appraiser concluded a Land Value of \$750,000.

The Building Value is what we are solving for:

- Based on the Appraisal the Building Value is \$1,775,000, which is the As Is Value (\$2,525,000) less the Land Value (\$750,000).
- Based on our Acquisition Price the Building Value is \$1,701,510, which is the Price (\$2,451,510) less the Land Value (\$750,000).

It is apparent that TDHCA Real Estate Analysis is attempting to arrive at a new calculation of how Building Value is determined. We would recommend that before new policy is implemented, we discuss this in an open forum with industry input with input from Appraisers and CPAs to incorporate their expert opinions into the new policy.

At Cost Certification the CPA can use the appraised land value of \$750,000 to determine Building Value by subtracting it from the Acquisition Price, the CPA is not going to give favorable financing additional consideration because it is not a variable that adds value or has any aspect that impacts the land. This is because the favorable financing is not earned by the land. The favorable financing is earned by the buildings. USDA 515 did not provide financing for affordable land they financed affordable Housing.

Thank you,

Jonathan Campbell

LCJ Development, Inc. | Vice President of Investments

Direct: 281.210.5530 | Office: 281.689.2030 x126

Cell: 832.374.1343 | P.O. Box 489, New Caney, TX 77357

From: Deborah Willson <Deborah.Willson@tdhca.texas.gov>

Sent: Thursday, June 12, 2025 9:39 AM

To: Jonathan Campbell <jcampbell@lcjcompanies.com>; sskconsulting@yahoo.com

Cc: Eric Weiner <Eric.Weiner@tdhca.texas.gov>; Gregg Kazak <Gregg.Kazak@tdhca.texas.gov>;

Jeanna Adams <Jeanna.Adams@tdhca.texas.gov>; Cody Campbell

<Cody.Campbell@tdhca.texas.gov>; Connor Jones <Connor.Jones@tdhca.texas.gov>; Joshua

Goldberger <Joshua.Goldberger@tdhca.texas.gov>; Nicole Fisher <Nicole.Fisher@tdhca.texas.gov>;

Jason Burr <Jason.Burr@tdhca.texas.gov>; Matthew Griego <Matthew.Griego@tdhca.texas.gov>;

Chandra Taylor <Chandra.Taylor@tdhca.texas.gov>

Subject: 25038 Azle Oaks Apartments UW Report

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Please see the underwriting report attached and “reply all” to this email with the appeal response attached if you are responding with a “no appeal”.

Deborah Willson

Real Estate Analysis Division

Texas Department of Housing & Community Affairs

221 E. 11th Street | Austin, TX 78701

[512-475-3872](tel:512-475-3872)

NOTICE: If there is a request for any information or documentation in this email from an Applicant, it is an Administrative Deficiency as defined in §11.1(d)(2) and will be treated in accordance with §11.201(7) of the Qualified Allocation Plan. The information requested is due five (5) days after the date of this email. If you are unable to respond timely, refer to §11.201(7).”

23081 Cleveland Square - Application Summary

REAL ESTATE ANALYSIS DIVISION

July 6, 2023

PROPERTY IDENTIFICATION	
Application #	23081
Development	Cleveland Square
City / County	Cleveland / Liberty
Region/Area	6 / Rural
Population	General
Set-Aside	USDA
Activity	Acquisition/Rehab (Built in 1989)

RECOMMENDATION			
TDHCA Program	Request	Recommended	
LHTC (9% Credit)	\$796,001	\$796,001	\$16,583/Unit \$0.85

KEY PRINCIPALS / SPONSOR		
<ul style="list-style-type: none"> Jonathan Campbell / Variegata Peak Investments LLC Rebecca Armer / SSK Consulting, LLC James E. Washburn & Charles Craig Washburn / LCJ Development, Inc. 		
Related Parties	Contractor - Yes	Seller - No

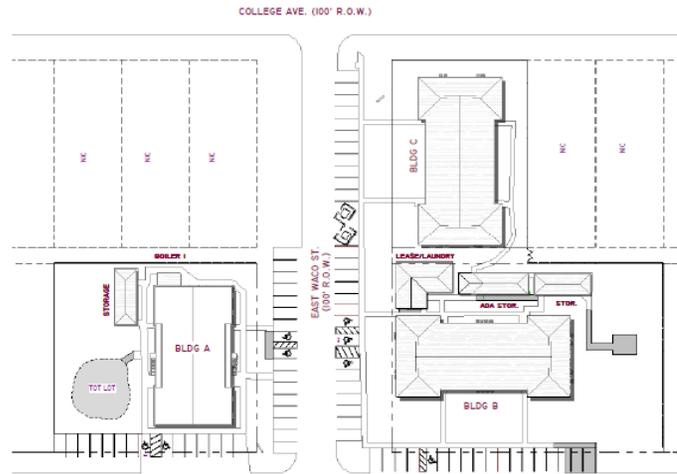
TYPICAL BUILDING ELEVATION/PHOTO



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	20%	-	0%
1	24	50%	30%	4	8%
2	24	50%	40%	-	0%
3	-	0%	50%	10	21%
4	-	0%	60%	34	71%
			70%	-	0%
			80%	-	0%
			MR	-	0%
TOTAL	48	100%	TOTAL	48	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.18	Expense Ratio	66.0%
Breakeven Occ.	87.7%	Breakeven Rent	\$793
Average Rent	\$837	B/E Rent Margin	\$44
Property Taxes	\$458/unit	Exemption/PILOT	0%
Total Expense	\$6,158/unit	Controllable	\$3,031/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS		
Rent Assisted Units	41	85% Total Units

DEVELOPMENT COST SUMMARY			
Costs Underwritten		TDHCA's Costs - Based on SCR	
Avg. Unit Size	703 SF	Density	32.0/acre
Acquisition	\$27K/unit		\$1,280K
Building Cost	\$87.70/SF		\$2,958K
Hard Cost			\$4,334K
Total Cost			\$8,834K
Developer Fee	\$1,340K	(9% Deferred)	Paid Year: 5
Contractor Fee	\$607K	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
Bellwether Enterprises	40/40	7.00%	\$1,500,000	1.27	Transferred Existing Reserves	0/0	0.00%	\$74,683	1.18	WNC & Associates	\$6,766,010
USDA Loan	30/50	1.00%	\$373,613	1.18						LCJ Development, Inc	\$119,989
TOTAL DEBT (Must Pay)			\$1,873,613		CASH FLOW DEBT / GRANTS			\$74,683		TOTAL EQUITY SOURCES	\$6,885,999
										TOTAL DEBT SOURCES	\$1,948,296
										TOTAL CAPITALIZATION	\$8,834,295

CONDITIONS

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

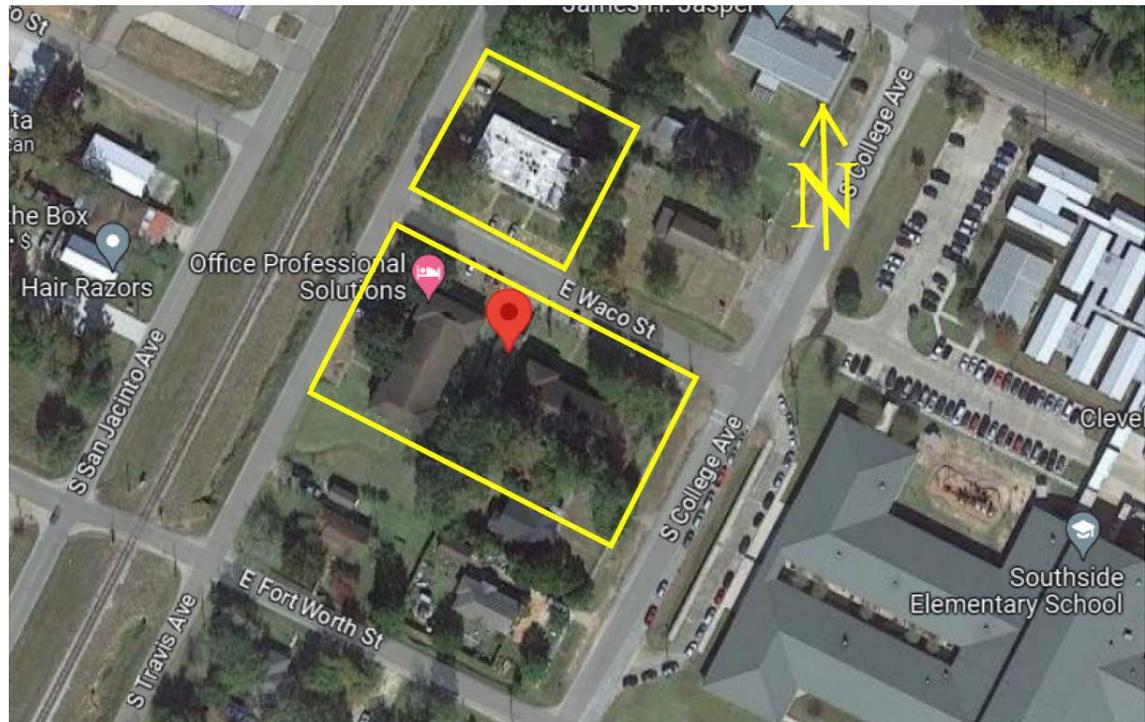
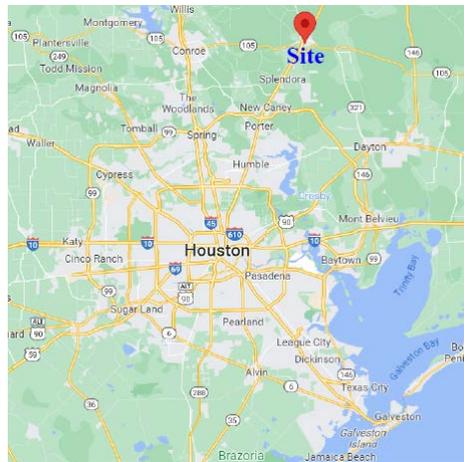
STRENGTHS/MITIGATING FACTORS

- Current occupancy over 95%
- Experienced USDA developer and manager
- USDA Rental Assistance on 41 units (85% of total units)

WEAKNESSES/RISKS

- High operating expense ratio
- Dependent on USDA approval of large increase in Rental Assistance

AREA MAP





DEVELOPMENT IDENTIFICATION

TDHCA Application #: 23081 Program(s): 9% HTC

Cleveland Square

Address/Location: 104 E Waco Street

City: Cleveland County: Liberty Zip: 77327

Population: General Program Set-Aside: USDA Area: Rural

Activity: Acquisition/Rehab Building Type: Garden/Townhome 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)	\$796,001				\$796,001				

CONDITIONS

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	4
50% of AMI	50% of AMI	10
60% of AMI	60% of AMI	34

DEVELOPMENT SUMMARY

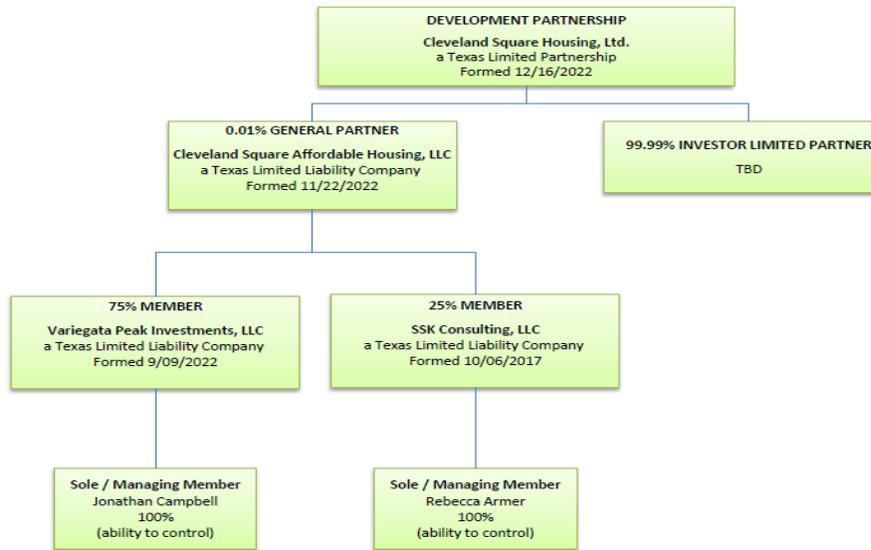
The Cleveland Square development is a USDA RD transfer application consisting of 48 total units with 24 one bed/one bath units and 24 two bed/one bath units. The property has a one story office, a maintenance building, 3 residential buildings and 3 separate storage buildings for tenant use. The project was originally constructed in 1965.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	WEAKNESSES/RISKS
<ul style="list-style-type: none"> ▫ Current occupancy over 95% 	<ul style="list-style-type: none"> ▫ High operating expense ratio
<ul style="list-style-type: none"> ▫ Experienced USDA developer and manager 	<ul style="list-style-type: none"> ▫ Dependent on USDA approval of large increase in Rental Assistance
<ul style="list-style-type: none"> ▫ USDA Rental Assistance on 41 units (85% of total units) 	<ul style="list-style-type: none"> ▫

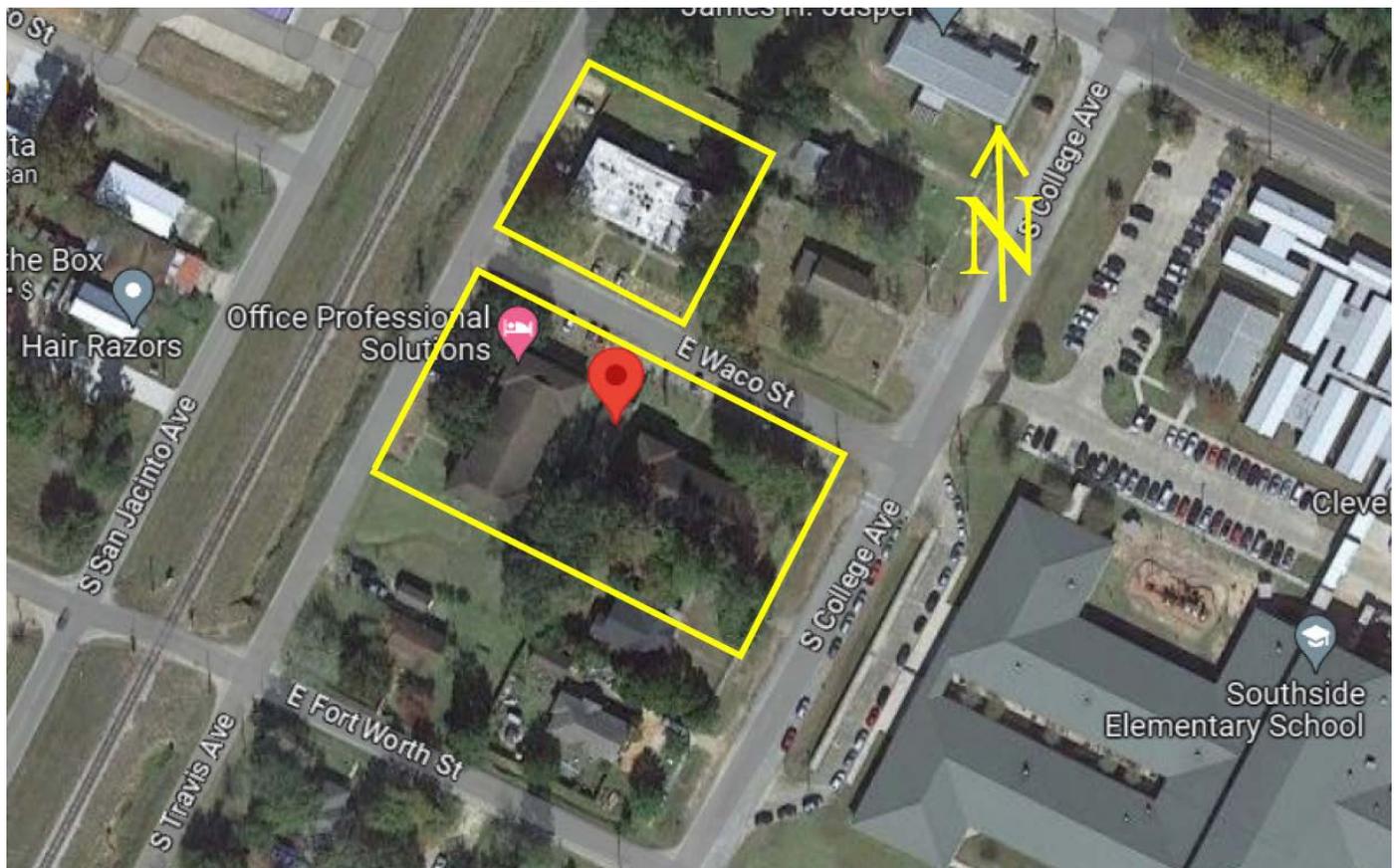
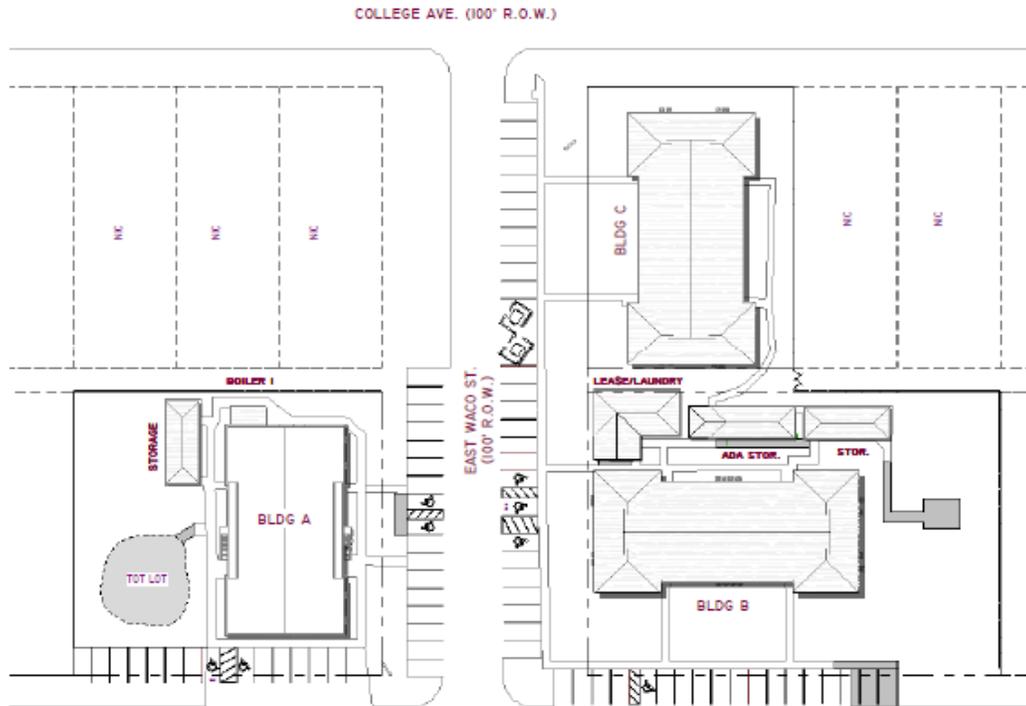
DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN



Comments:

Per TDCHA and UFA, 77 spaces are required. 77 spaces will available post-rehab at no charge to the residents.

APPRAISED VALUE

Appraiser: Pacific Southwest Valuation LLC Date: 4/17/2023

Table with 4 columns: Description, Value, Per Unit, and Unit Value. Rows include Land as Vacant, Existing Buildings, Land + Buildings, and Total Development.

SITE INFORMATION

Table with 4 columns: Question, Answer, Question, Answer. Rows include Flood Zone, Zoning, Re-Zoning Required, Year Constructed, Scattered Site?, Within 100-yr floodplain?, Utilities at Site?, and Title Issues?.

Current Uses of Subject Site: Existing multi family apartments

TENANT RELOCATION PLAN

Applicant stated in their Plan that there will be no need for relocation during the work. The work will be performed on a unit-by-unit basis, however, the Owner has included \$20K (\$417/unit) in the Cost Pro Forma for relocation expenses if needed.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Comments: Existing Developments funded by USDA are not required to supply an ESA; however, it is the Applicant's responsibility to ensure that the Development is maintained in compliance with all state and federal environmental hazard requirements.

MARKET ANALYSIS

Comments: USDA Developments with occupancy greater than 80% are not required to provide a market study. The required appraisal provides similar information regarding the market area and comparable market. The subject property as of 2/28/2023 was 95.8% occupied.

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)

NOI:	\$152,143	Avg. Rent:	\$837	Expense Ratio:	66.0%
Debt Service:	\$128,856	B/E Rent:	\$793	Controllable Expenses:	\$3,031
Net Cash Flow:	\$23,287	UW Occupancy:	92.5%	Property Taxes/Unit:	\$458
Aggregate DCR:	1.18	B/E Occupancy:	87.7%	Program Rent Year:	2022

41 out of 48 (85%) units are supported by USDA Rental Assistance. Applicant rents are 32-46% higher than current approved USDA base rents. Actual rent increases are subject to USDA approval. The seven (7) 60% AMI units that are not covered by USDA Rental Assistance have been underwritten at the assumed USDA-RA rents, which are currently lower than max HTC program rents.

Underwriter's expenses are based on historic operations. Other income was adjusted from \$3.82/unit to \$5.00/unit and Repairs and Maintenance to \$700/unit as required under REA's rules. Underwriter utilized electricity savings of over 50% based on Applicant's assumption of adding energy efficient lighting as part of the rehabilitation. Overall underwriting will be reviewed following USDA approval based on final closing documentation.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (TDHCA's Costs- Based on SCR)

Acquisition	\$86,788/ac	\$26,659/unit	\$1,279,613	Contractor Fee	\$606,729
Off-site + Site Work		\$20,458/unit	\$982,000	Soft Cost + Financing	\$897,240
Building Cost	\$87.70/sf	\$61,621/unit	\$2,957,800	Developer Fee	\$1,340,000
Contingency	10.00%	\$8,208/unit	\$393,980	Reserves	\$376,933
Total Development Cost	\$184,048/unit		\$8,834,295	Rehabilitation Cost	\$77,913/unit
Qualified for 30% Basis Boost?	Rural [9% only]				

Acquisition:

The Applicant's cost schedule reflects an acquisition cost based on the estimated balance due on the USDA debt at yearend 2023. The actual price will be subject to USDA approval.

Off-site:

Applicant provided a CPA letter stating that the \$200K in budgeted off-site costs are potentially includable in eligible basis.

REHABILITATION COSTS / UNIT / % HARD COST							
Site Work	\$472,000	\$9,833/unit	13%	Finishes/Fixtures	\$1,199,000	\$24,979/unit	32%
Building Shell	\$1,257,800	\$26,204/unit	34%	HVAC	\$357,000	\$7,438/unit	10%
Amenities	\$310,000	\$6,458/unit	8%	Appliances	\$144,000	\$3,000/unit	4%
Total Exterior	\$2,039,800	\$42,496/unit	55%	Total Interior	\$1,700,000	\$35,417/unit	45%

SCOPE & COST REVIEW

Provider: GIBCO Environmental LLC

Date: 2/4/2023

Scope of Work:

The following list represents items provided during the course of construction to comply with program rules, threshold and scoring items:

1. Mandatory Development Amenities

- a. Screens on all operable windows (included with new Energy Star Window Installation)
- b. Energy-Star rated refrigerator (will be supplied in all units - ice maker will be supplied)
- c. Oven/Range (will be supplied in all units)
- d. Blinds (will be supplied for all windows)
- e. Energy-Star Ceiling Fan (at least 1 per unit)
- f. Energy-Star rated lighting (all lighting fixtures will be changed complex wide)
- g. HVAC (all areas of units will have heating and air conditioning – Exterior Storage excluded)
- h. Adequate parking (parking will meet requirements per local code)
- i. Energy Star rated windows (All existing windows will be replaced)
- j. Adequate accessible parking (Accessible parking will comply with 2010 ADA requirements)

2. Common Amenities

- a. Covered pavilion with sitting area
- b. Furnished Community Room

3. Unit Development Construction Features

- a. Covered Entries
- b. Microwave Oven
- c. Self-Cleaning/continuous cleaning oven
- d. Energy-Star rated refrigerator with icemaker
- e. Energy-Star rated ceiling fans in all Bedrooms
- f. EPA WaterSense qualified toilets in all bathrooms
- g. EPA WaterSense qualified showerheads and faucets in all bathrooms)

4. Development Construction Features

- a. 15 SEER HVAC
- b. Thirty (30) year roof

5. Systems & Components

- a. HVAC (existing air handlers and condensing units are replaced in all units)
- b. Water Heaters (existing water heaters are replaced in all units)
- c. Tubs and surrounds (existing tubs and surrounds are replaced in all units)

Contingency:

Pursuant to the rules, Underwriter reallocated the \$20K in Lender required contingency from Soft Costs to Contingency. As a result, Contingency is overstated by \$20K. However, this did not impact the credit recommendation.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$8,834,295	\$8,043,512	\$841,715

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
USDA Loan	USDA 515 Loan	\$373,613	1.00%	4%
BOK Financial	Construction Loan	\$5,980,797	7.00%	68%
WNC & Associates	HTC	\$1,353,020	\$0.85	15%
LCJ Development, Inc	Fee	\$997,420	0.00%	11%
Transferred Existing Reserves	Existing Reserves	\$74,683	0.00%	1%
		\$8,779,533	Total Sources	

PERMANENT SOURCES

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Bellwether Enterprises	\$1,500,000	7.00%	40	40.0	\$1,500,000	7.00%	40	40.0	17%
USDA Loan	\$373,613	1.00%	50	30.0	\$373,613	1.00%	50	30.0	4%
Transferred Existing Reserves	\$74,683	0.00%	0	0.0	\$74,683	0.00%	0	0.0	1%
Total	\$1,948,296				\$1,948,296				

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN			
	Amount	Rate	% Def	Amount	Rate	% TC	% Def
WNC & Associates	\$6,766,010	\$0.85		\$6,766,010	\$0.85	77%	
LCJ Development, Inc	\$139,989		10%	\$119,989		1%	9%
Total	\$6,905,999			\$6,885,999			
				\$8,834,295	Total Sources		

Credit Price Sensitivity based on current capital structure

\$0.865	Maximum Credit Price before the Development is oversourced and allocation is limited
\$0.818	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:	
Total Development Cost	\$8,834,295
Permanent Sources (debt + non-HTC equity)	\$1,948,296
Gap in Permanent Financing	\$6,885,999

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$7,154,576	\$841,715
Needed to Balance Sources & Uses	\$6,885,999	\$810,117
Requested by Applicant	\$6,766,010	\$796,001

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	\$6,766,010	\$796,001

Deferred Developer Fee	\$119,989	(9% deferred)
Repayable in	5 years	

Recommendation:

Underwriter recommends Applicant's request for \$796,001 in annual 9% Housing Tax Credits.

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

UNIT MIX/RENT SCHEDULE
Cleveland Square, Cleveland, 9% HTC #23081

LOCATION DATA	
CITY:	Cleveland
COUNTY:	Liberty
Area Median Income	\$90,100
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2022

UNIT DISTRIBUTION					
# Beds	# Units	% Total	Assisted	MDL	ARP
Eff	-	0.0%	0	0	0
1	24	50.0%	22	0	0
2	24	50.0%	19	0	0
3	-	0.0%	0	0	0
4	-	0.0%	0	0	0
5	-	0.0%	0	0	0
TOTAL					
	48	100.0%	41	-	-

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	703 sf

55%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average	# Units	-	4	-	10	34	-	-	-	48
Income	% Total	0.0%	8.3%	0.0%	20.8%	70.8%	0.0%	0.0%	0.0%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE																						
HTC		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	# 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%	\$498	RA	\$836	1	1	1	578	\$836	\$62	\$774	\$0	\$1.34	\$774	\$774	\$774	\$774	\$774	\$1	\$0	\$836	\$1.45	\$836
TC 50%	\$831	RA	\$836	2	1	1	578	\$836	\$62	\$774	\$0	\$1.34	\$774	\$1,548	\$1,548	\$774	\$1	\$0	\$836	\$1.45	\$836	
TC 60%	\$997	RA	\$836	5	1	1	578	\$836	\$62	\$774	\$0	\$1.34	\$774	\$3,870	\$3,870	\$774	\$1	\$0	\$836	\$1.45	\$836	
TC 30%	\$498	RA	\$836	1	1	1	618	\$836	\$62	\$774	\$0	\$1.25	\$774	\$774	\$774	\$774	\$1	\$0	\$836	\$1.35	\$836	
TC 50%	\$831	RA	\$836	3	1	1	618	\$836	\$62	\$774	\$0	\$1.25	\$774	\$2,322	\$2,322	\$774	\$1	\$0	\$836	\$1.35	\$836	
TC 60%	\$997	RA	\$836	10	1	1	618	\$836	\$62	\$774	\$0	\$1.25	\$774	\$7,740	\$7,740	\$774	\$1	\$0	\$836	\$1.35	\$836	
TC 60%	\$997	0	\$836	2	1	1	618	\$836	\$62	\$774	\$0	\$1.25	\$774	\$1,548	\$1,548	\$774	\$1	\$0	\$836	\$1.35	\$836	
TC 30%	\$598	RA	\$976	1	2	1	784	\$976	\$77	\$899	\$0	\$1.15	\$899	\$899	\$899	\$899	\$1	\$0	\$976	\$1.24	\$976	
TC 50%	\$997	RA	\$976	2	2	1	784	\$976	\$77	\$899	\$0	\$1.15	\$899	\$1,798	\$1,798	\$899	\$1	\$0	\$976	\$1.24	\$976	
TC 60%	\$1,197	RA	\$976	4	2	1	784	\$976	\$77	\$899	\$0	\$1.15	\$899	\$3,596	\$3,596	\$899	\$1	\$0	\$976	\$1.24	\$976	
TC 60%	\$1,197	0	\$976	1	2	1	784	\$976	\$77	\$899	\$0	\$1.15	\$899	\$899	\$899	\$899	\$1	\$0	\$976	\$1.24	\$976	
TC 30%	\$598	RA	\$976	1	2	1	809	\$976	\$77	\$899	\$0	\$1.11	\$899	\$899	\$899	\$899	\$1	\$0	\$976	\$1.21	\$976	
TC 50%	\$997	RA	\$976	3	2	1	809	\$976	\$77	\$899	\$0	\$1.11	\$899	\$2,697	\$2,697	\$899	\$1	\$0	\$976	\$1.21	\$976	
TC 60%	\$1,197	RA	\$976	8	2	1	809	\$976	\$77	\$899	\$0	\$1.11	\$899	\$7,192	\$7,192	\$899	\$1	\$0	\$976	\$1.21	\$976	
TC 60%	\$1,197	0	\$976	4	2	1	809	\$976	\$77	\$899	\$0	\$1.11	\$899	\$3,596	\$3,596	\$899	\$1	\$0	\$976	\$1.21	\$976	
TOTALS/AVERAGES:				48			33,728				\$0	\$1.19	\$837	\$40,152	\$40,152	\$837	\$1.19	\$0	\$906	\$1.29	\$906	

ANNUAL POTENTIAL GROSS RENT:		\$481,824	\$481,824
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*MFDL units float among Unit Types

STABILIZED PRO FORMA

Cleveland Square, Cleveland, 9% HTC #23081

STABILIZED FIRST YEAR PRO FORMA												
COMPARABLES			APPLICANT				TDHCA				VARIANCE	
Database	2022 Financials		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
	POTENTIAL GROSS RENT											
Laundry & Vending					\$1.74	\$1,000						
Tenant Charges					\$2.08	\$1,200						
Total Secondary Income					\$3.82		\$2,880	\$5.00			-23.6%	(\$680)
POTENTIAL GROSS INCOME						\$484,024	\$484,704				-0.1%	(\$680)
Vacancy & Collection Loss				7.5% PGI		(36,302)	(36,353)	7.5% PGI			-0.1%	51
EFFECTIVE GROSS INCOME						\$447,722	\$448,351				-0.1%	(\$629)

General & Administrative	\$23,007	\$479/Unit	\$13,775	\$287	2.87%	\$0.38	\$268	\$12,850	\$13,775	\$287	\$0.41	3.07%	-6.7%	(925)
Management	\$26,105	5.9% EGI	\$39,340	\$820	10.16%	\$1.35	\$948	\$45,504	\$45,568	\$949	\$1.35	10.16%	-0.1%	(64)
Payroll & Payroll Tax	\$64,435	\$1,342/Unit	\$50,071	\$1,043	14.59%	\$1.94	\$1,361	\$65,325	\$65,325	\$1,361	\$1.94	14.57%	0.0%	-
Repairs & Maintenance	\$36,938	\$770/Unit	\$32,497	\$677	5.32%	\$0.71	\$496	\$23,800	\$33,600	\$700	\$1.00	7.49%	-29.2%	(9,800)
Electric/Gas	\$8,707	\$181/Unit	\$13,370	\$279	1.34%	\$0.18	\$125	\$6,000	\$6,000	\$125	\$0.18	1.34%	0.0%	-
Water, Sewer, & Trash	\$29,064	\$606/Unit	\$37,477	\$781	8.38%	\$1.11	\$781	\$37,500	\$37,500	\$781	\$1.11	8.36%	0.0%	-
Property Insurance	\$30,167	\$0.89/sf	\$20,541	\$428	13.40%	\$1.78	\$1,250	\$60,000	\$60,000	\$1,250	\$1.78	13.38%	0.0%	-
Property Tax (@ 100%) 2.4067	\$26,177	\$545/Unit	\$16,447	\$343	4.91%	\$0.65	\$458	\$22,000	\$16,447	\$343	\$0.49	3.67%	33.8%	5,553
Reserve for Replacements					4.56%	\$0.60	\$425	\$20,400	\$20,400	\$425	\$0.60	4.55%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.49%	\$0.07	\$46	\$2,200	\$2,200	\$46	\$0.07	0.49%	0.0%	-
TOTAL EXPENSES					66.02%	\$8.76	\$6,158	\$295,579	\$300,815	\$6,267	\$8.92	67.09%	-1.7%	\$ (5,236)
NET OPERATING INCOME ("NOI")					33.98%	\$4.51	\$3,170	\$152,143	\$147,536	\$3,074	\$4.37	32.91%	3.1%	\$ 4,607

CONTROLLABLE EXPENSES							\$3,031/Unit				\$3,254/Unit			
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Cleveland Square, Cleveland, 9% HTC #23081

DEBT / GRANT SOURCES															
		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	Cumulative	
DEBT (Must Pay)	Fee	UW	App											DCR	LTC
Bellwether Enterprises	0.50%	1.25	1.29	\$117,858	7.00%	40	40.0	\$1,500,000	\$1,500,000	40.0	40	7.00%	\$119,358	1.27	17.0%
USDA Loan		1.16	1.19	\$9,498	1.00%	50	30.0	\$373,613	\$373,613	30.0	50	1.00%	\$9,498	1.18	4.2%
CASH FLOW DEBT / GRANTS															
Transferred Existing Reserves		1.16	1.19		0.00%	0	0.0	\$74,683	\$74,683	0.0	0	0.00%		1.18	0.8%
				\$127,356	TOTAL DEBT / GRANT SOURCES			\$1,948,296	\$1,948,296	TOTAL DEBT SERVICE			\$128,856	1.18	22.1%
NET CASH FLOW		\$20,180	\$24,787					APPLICANT NET OPERATING INCOME		\$152,143	\$23,287	NET CASH FLOW			

EQUITY SOURCES												
		APPLICANT'S PROPOSED EQUITY STRUCTURE					AS UNDERWRITTEN EQUITY STRUCTURE					
		DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
EQUITY / DEFERRED FEES												
WNC & Associates		LIHTC Equity	76.6%	\$796,001	\$0.85	\$6,766,010	\$6,766,010	\$0.85	\$796,001	76.6%	\$16,583	Applicant Request
LCJ Development, Inc		Deferred Developer Fees	1.6%	(10% Deferred)		\$139,989	\$119,989	(9% Deferred)		1.4%		Total Developer Fee: \$1,340,000
Additional (Excess) Funds Req'd			0.0%			\$0				0.0%		
TOTAL EQUITY SOURCES			78.2%			\$6,905,999	\$6,885,999			77.9%		
TOTAL CAPITALIZATION							\$8,854,295	\$8,834,295	15-Yr Cash Flow after Deferred Fee:			\$256,958

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				\$4,935 / Unit	\$236,860	\$130,000	\$2,708 / Unit		82.2%	\$106,860			
Building Acquisition		\$1,042,753		\$21,724 / Unit	\$1,042,753	\$1,149,613	\$23,950 / Unit	\$1,042,753	-9.3%	(\$106,860)			
Off-Sites			\$200,000	\$4,167 / Unit	\$200,000	\$200,000	\$4,167 / Unit	\$200,000	0.0%	\$0			
Site Work			\$472,000	\$9,833 / Unit	\$472,000	\$472,000	\$9,833 / Unit	\$472,000	0.0%	\$0			
Site Amenities			\$310,000	\$6,458 / Unit	\$310,000	\$310,000	\$6,458 / Unit	\$310,000	0.0%	\$0			
Building Cost			\$2,957,800	\$87.70 /sf	\$61,621/Unit	\$2,957,800	\$2,957,800	\$61,621/Unit \$87.70 /sf	\$2,957,800	0.0%	\$0		
Contingency			\$413,980	10.51%	10.51%	\$413,980	\$393,980	10.00%	10.00%	\$393,980	5.1%	\$20,000	
Contractor Fees			\$606,729	13.94%	13.94%	\$606,729	\$606,729	14.00%	14.00%	\$606,729	0.0%	\$0	
Soft Costs		\$0	\$325,250	\$7,234 / Unit	\$347,250	\$347,250	\$7,234 / Unit	\$325,250	\$0	0.0%	\$0		
Financing		\$0	\$395,000	\$11,458 / Unit	\$549,990	\$549,990	\$11,458 / Unit	\$395,000	\$0	0.0%	\$0		
Developer Fee	25.70%	\$268,000	\$1,072,000	18.87%	19.93%	\$1,340,000	\$1,340,000	19.99%	19.99%	\$1,092,152	\$247,848	0.0%	\$0
Reserves				11 Months	\$376,933	\$376,933	11 Months			0.0%	\$0		
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		\$1,310,753	\$6,752,759		\$184,464 / Unit	\$8,854,295	\$8,834,295	\$184,048 / Unit	\$6,752,911	\$1,290,601	0.2%	\$20,000	
Acquisition Cost		\$0				\$0							
Contingency			(\$20,000)			(\$20,000)							
Contractor's Fee			\$0			\$0							
Financing Cost			\$0			\$0							
Developer Fee	19.99%	(\$59,559)	\$59,559	19.99%		\$0							
Reserves						\$0							
ADJUSTED BASIS / COST		\$1,251,194	\$6,792,318		\$184,048/unit	\$8,834,295	\$8,834,295	\$184,048/unit	\$6,752,911	\$1,290,601	0.0%	\$0	
TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY SCR/CNA						\$8,834,295							

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Cleveland Square, Cleveland, 9% HTC #23081

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	\$1,251,194	\$6,792,318	\$1,290,601	\$6,752,911
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$1,251,194	\$6,792,318	\$1,290,601	\$6,752,911
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$1,251,194	\$8,830,013	\$1,290,601	\$8,778,784
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	\$1,251,194	\$8,830,013	\$1,290,601	\$8,778,784
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	\$50,048	\$794,701	\$51,624	\$790,091
CREDITS ON QUALIFIED BASIS	\$844,749		\$841,715	

Method	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.8500	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$841,715	\$7,154,576	----	----	----
Needed to Fill Gap	\$810,117	\$6,885,999	----	----	----
Applicant Request	\$796,001	\$6,766,010	\$796,001	\$0	\$0

Long-Term Pro Forma

Cleveland Square, Cleveland, 9% HTC #23081

Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 25	Year 30	Year 35	Year 40	
EFFECTIVE GROSS INCOME	2.00%	\$447,722	\$456,677	\$465,810	\$475,127	\$484,629	\$535,070	\$590,760	\$602,575	\$614,627	\$626,919	\$639,458	\$652,247	\$720,133	\$795,085	\$877,839	\$969,205
TOTAL EXPENSES	3.00%	\$295,579	\$303,991	\$312,647	\$321,553	\$330,717	\$380,673	\$438,302	\$450,851	\$463,764	\$477,052	\$490,727	\$504,799	\$581,541	\$670,126	\$772,400	\$890,499
NET OPERATING INCOME ("NOI")		\$152,143	\$152,686	\$153,163	\$153,574	\$153,912	\$154,397	\$152,458	\$151,724	\$150,863	\$149,867	\$148,731	\$147,448	\$138,592	\$124,959	\$105,439	\$78,706
EXPENSE/INCOME RATIO		66.0%	66.6%	67.1%	67.7%	68.2%	71.1%	74.2%	74.8%	75.5%	76.1%	76.7%	77.4%	80.8%	84.3%	88.0%	91.9%
MUST -PAY DEBT SERVICE																	
Bellwether Enterprises		\$119,358	\$119,322	\$119,284	\$119,244	\$119,200	\$118,929	\$118,546	\$118,452	\$118,351	\$118,243	\$118,127	\$118,003	\$117,232	\$116,140	\$114,591	\$112,396
USDA Loan		\$9,498	\$9,498	\$9,498	\$9,498	\$9,498	\$9,498	\$9,498	\$9,498	\$9,498	\$9,498	\$9,498	\$9,498	\$9,498	\$9,498	\$9,498	\$9,498
TOTAL DEBT SERVICE		\$128,856	\$128,821	\$128,783	\$128,742	\$128,698	\$128,428	\$128,044	\$127,950	\$127,849	\$127,741	\$127,625	\$127,501	\$126,730	\$125,638	\$124,090	\$121,895
DEBT COVERAGE RATIO		1.18	1.19	1.19	1.19	1.20	1.20	1.19	1.19	1.18	1.17	1.17	1.16	1.09	0.99	0.85	0.65
ANNUAL CASH FLOW																	
		\$23,287	\$23,865	\$24,381	\$24,832	\$25,214	\$25,969	\$24,413	\$23,774	\$23,013	\$22,126	\$21,106	\$19,947	\$11,862	(\$679)	(\$18,651)	(\$43,189)
Deferred Developer Fee Balance		\$96,702	\$72,837	\$48,456	\$23,624	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$1,590	\$130,743	\$256,958	\$280,732	\$303,745	\$325,871	\$346,977	\$366,924	\$444,008	\$467,661	\$412,737	\$248,743