Real Estate Analysis Division
December 1, 2023

Addendum to Underwriting Report

TDHCA Application #: 23511_22331 Program(s): MDL/9% HTC

Pinehurst Villas

Address/Location: 4066 W Park Ave

City: Pinehurst (Orange County) County: Orange Zip: 77630

	APPLICATION HISTORY
Report Date	PURPOSE
12/01/23	**MDL Closing Memo**
06/06/23	MDL Award Memo
08/12/22	Original Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
Multifamily Direct Loan	$4,000,000	2.00%	40	15	**$4,000,000**	**2.00%**	**40**	**15**	**1**
LIHTC (9% Credit)	$1,048,571				**$1,048,571**				

* 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 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: Substantially final draft of limited partnership agreement.

d: Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.

Status: 1 (a-d) Satisfied

\- Receipt and acceptance by Cost Certification:

- Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

Status: Cleared. Noise Study at Closing concluded No Mitigation Required.

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

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	7
50% of AMI	50% of AMI	13
60% of AMI	60% of AMI	40

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	24

ANALYSIS

The Development received $1,048,571 in 9% Housing Tax Credits in 2022, and $4,000,000 in NHTF funding under the 2023 NOFA at 2.00% interest with a 15-year term and 40-year amortization.

Operating Pro Forma

All 60 units are subject to HTC rent and income restrictions at 30%, 50%, and 60% AMI. Twenty-four (24) units are also subject to NHTF rent and income restrictions at 30% AMI, with two additional Match Units.

Underwritten Net Operating Income has decreased by $732 to $171,806. Expense-to-income ratio is 64.75%.

Development Cost

Hard Cost increased $168K to $8,370,009.

Total Development Cost increased $33K to $13,218,214.

Sources of Funds

Legacy Bank will provide a $7,311,516 24-month construction loan at WSJ Prime Rate minus 0.25% fixed at closing.

The Multifamily Direct Loan provides the only permanent debt. First-year Debt Coverage Ratio has decreased from 1.19 to 1.18.

Equity capital contribution from Alliant has decreased $210K to $8,911,962, reflecting a credit price decrease from $0.87 to $0.85.

Deferred Developer Fee is $306,252 and can be repaid in twelve years.

REA recommends proceeding to Close on the approved $4,000,000 NHTF construction-to-permanent loan, with a 24-month construction period followed by a 15-year permanent term at 2.00% interest with annualized monthly debt service of $145,356 based on 40-year amortization. The MFDL will be second lien during construction and first lien throughout the permanent term.

Underwriter:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Jeanna Adams*

Pinehurst Villas, Pinehurst (Orange County), 9% HTC #23511-22331
Unit Mix

# Units	Bed rooms	Bath rooms	Unit Size (NRA SF)	Total NRA (sf)	Tax Credit Designation	MF Direct Loan Designation
2	1	1	821	1,642	TC 30%	30%/30%
4	1	1	821	3,284	TC 50%	30%/30%
2	1	1	821	1,642	TC 60%	30%/30%
1	1	1	821	821	TC 60%	Match
9	1	1	821	7,389	TC 60%	
5	2	1	955	4,775	TC 30%	30%/30%
9	2	1	955	8,595	TC 50%	30%/30%
2	2	1	955	1,910	TC 60%	30%/30%
1	2	1	955	955	TC 60%	Match
25	2	1	955	23,875	TC 60%	
60				54,888		

Pinehurst Villas, Pinehurst (Orange County), 9% HTC #23511-22331

Uses of Funds

Description	Hard Cost	Total Development Cost
Land Acquisition		$600,000
Closing costs & acq. legal fees		$32,727
Site Work	$1,388,000	$1,388,000
Site Amenities	$60,000	$60,000
Building Cost	$6,922,009	$6,922,009
Contingency		$418,500
Contractor Fees		$1,171,800
Soft Costs		$553,918
Financing		$1,155,760
Developer Fee		$545,000
Reserves		$370,500
Totals	$8,370,009	$13,218,214

Pinehurst Villas, Pinehurst (Orange County), 9% HTC #23511-22331
Sources of Funds

		Interim			Permanent Period			
Source	Type	Principal	Term (mos)	Rate	Principal	Term (yrs)	Amort	Rate
Debt								
TDHCA	NHTF Loan	$4,000,000	24	0.00%	$4,000,000	15	40	2.00%
Legacy Bank & Trust	Construction	$7,311,516	24	9.00%				
TOTAL		**$11,311,516**			**$4,000,000**			
Third Party Equity								
Alliant	HTC Equity	$891,196			$8,911,962			
TOTAL		**$891,196**			**$8,911,962**			
PARTNERSHIP DEBT								
VCZ R2K Development, LLC	Deferred Developer Fee	$545,000			$306,252			
TOTAL		**$545,000**			**$306,252**			
CASH FLOW DEBT / GRANTS								
KnD, LLC	Direct Loan Match	$300,000			$0			
City of Pinehurst	§11.9(d)(2)LPS Contribution	$500			$0			
TOTAL		**$300,500**			**$0**			
TOTAL CAPITALIZATION		**$13,048,212**			**$13,218,214**			

Real Estate Analysis Division
June 6, 2023

Addendum to Underwriting Report

TDHCA Application #: 23511_22331 Program(s): **MDL/9% HTC**

Pinehurst Villas

Address/Location: 4066 W Park Ave

City: Pinehurst (Orange County) County: Orange Zip: 77630

	APPLICATION HISTORY
Report Date	**PURPOSE**
06/06/23	**MDL Award Memo**
08/12/22	Original Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
Multifamily Direct Loan (Repayable)					**$4,000,000**	**2.00%**	**40**	**15**	**1**
LIHTC (9% Credit)	$1,048,571				**$1,048,571**				

* Multifamily Direct Loan Terms:

* Pursuant to 10 TAC §13.8(a), the term of a Multifamily Direct Loan should match the term of any superior loan (within 6 months).

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

CONDITIONS STATUS

1 **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: Substantially final draft of limited partnership agreement.

d: Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.

\- Receipt and acceptance by Cost Certification:

- Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

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

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	7
50% of AMI	50% of AMI	13
60% of AMI	60% of AMI	40

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	22

ANALYSIS

The Development was awarded $1,048,571 in 9% Housing Tax Credits in 2022. The Development has now applied for $4M in NHTF funding under the 2023-1 Direct Loan NOFA.

Operating Pro Forma

Applicant assumed a $58K increase in their annual operating expenses from previous application, producing 64.82% expense ratio. Underwriter's expense ratio is 65.25%, but Applicant's pro forma is used for analysis.

Development Cost

Applicant's Building Cost increased by $708K and total Development Cost increased by $933k.

Total Developer Fee did not increase as required by Rule.

Sources of Funds

The $4M of MDL funds at 2% interest are replacing the $2.3M in conventional debt at 5% interest that was underwritten in 2022.

The total equity decreased due to equity price decreasing from $0.91 to $0.87. The capital contribution decreased from $9,541,042 to $9,121,655. The provider also changed from Raymond James to Alliant.

Underwriter recommends a first lien Multifamily Direct Loan in the amount of $4,000,000 at a 2% interest rate with a 15 year term and 40 year amortization. Under these terms, the annual debt service payment is $145,356. The MDL is in first lien position. Construction term is assumed at 24 months to match senior construction loan.

Underwriter:	*Deborah Willson*
Manager of Real Estate Analysis:	*Gregg Kazak*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Pinehurst Villas, Pinehurst (Orange County), 9% HTC #23511_22331

LOCATION DATA

CITY:	Pinehurst (Orange County)
COUNTY:	Orange
Area Median Income	$87,800
PROGRAM REGION:	5
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	NHTF
Eff	-	0.0%	0	0
1	18	30.0%	0	7
2	42	70.0%	0	15
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**60**	**100.0%**	**-**	**22**

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	915 sf

54%	**Income**	20%	30%	40%	50%	60%	70%	80%	EO / MR	**TOTAL**
Average Income	**# Units**	-	7	-	13	40	-	-	-	**60**
	% Total	0.0%	11.7%	0.0%	21.7%	66.7%	0.0%	0.0%	0.0%	**100.0%**

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		NHTF		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%	$438	30%/30%	$438	2	1	1	821	$438	$102	$336	$0	$0.41	$336	**$672**	**$672**	$336	**$0**	**$0**	$925	$1.13	$925
TC 50%	$731	30%/30%	$438	4	1	1	821	$438	$102	$336	$0	$0.41	$336	**$1,344**	**$1,344**	$336	**$0**	**$0**	$925	$1.13	$925
TC 60%	$877	30%/30%	$438	1	1	1	821	$438	$102	$336	$0	$0.41	$336	**$336**	**$336**	$336	**$0**	**$0**	$925	$1.13	$925
TC 60%	$877	Match		1	1	1	821	$877	$102	$775	$0	$0.94	$775	**$775**	**$775**	$775	**$1**	**$0**	$925	$1.13	$925
TC 60%	$877			10	1	1	821	$877	$102	$775	$0	$0.94	$775	**$7,750**	**$7,750**	$775	**$1**	**$0**	$925	$1.13	$925
TC 30%	$526	30%/30%	$621	5	2	1	955	$526	$123	$403	$0	$0.42	$403	**$2,015**	**$2,015**	$403	**$0**	**$0**	$1,075	$1.13	$1,075
TC 50%	$877	30%/30%	$621	9	2	1	955	$621	$123	$498	$0	$0.52	$498	**$4,482**	**$4,482**	$498	**$1**	**$0**	$1,075	$1.13	$1,075
TC 60%	$1,053	30%/30%	$621	1	2	1	955	$621	$123	$498	$0	$0.52	$498	**$498**	**$498**	$498	**$1**	**$0**	$1,075	$1.13	$1,075
TC 60%	$1,053	Match		1	2	1	955	$1,053	$123	$930	$0	$0.97	$930	**$930**	**$930**	$930	**$1**	**$0**	$1,075	$1.13	$1,075
TC 60%	$1,053			26	2	1	955	$1,053	$123	$930	$0	$0.97	$930	**$24,180**	**$24,180**	$930	**$1**	**$0**	$1,075	$1.13	$1,075
TOTALS/AVERAGES:				**60**			**54,888**				**$0**	**$0.78**	**$716**	**$42,982**	**$42,982**	**$716**	**$0.78**	**$0**	**$1,030**	**$1.13**	**$1,030**

ANNUAL POTENTIAL GROSS RENT:	**$515,784**	**$515,784**	

* MDL units float amongst unit types.

STABILIZED PRO FORMA

Pinehurst Villas, Pinehurst (Orange County), 9% HTC #23511_22331

	STABILIZED FIRST YEAR PRO FORMA															
	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		Pinehurst Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.78	$716	$515,784	$449,268	$449,268	$515,784	$716	$0.78		0.0%	$0
Interest income, late fees, NSf fees, app fees							$20.00	$14,400	10,800							
Total Secondary Income							$20.00			10,800	$14,400	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$530,184	$460,068	$460,068	$530,184				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(39,764)	(34,505)	(34,505)	(39,764)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$490,420	$425,563	$425,563	$490,420				0.0%	$0
General & Administrative	$30,042	$501/Unit	$49,326	$822	4.06%	$0.36	$332	$19,900	$21,400	$28,365	$19,900	$332	$0.36	4.06%	0.0%	-
Management	$23,735	4.6% EGI	$24,318	$405	5.00%	$0.45	$409	$24,521	$17,023	$17,023	$24,521	$409	$0.45	5.00%	0.0%	(0)
Payroll & Payroll Tax	$71,204	$1,187/Unit	$75,680	$1,261	18.83%	$1.68	$1,539	$92,352	$72,384	$71,204	$92,352	$1,539	$1.68	18.83%	0.0%	-
Repairs & Maintenance	$39,581	$660/Unit	$51,171	$853	5.22%	$0.47	$427	$25,600	$30,200	$39,000	$39,000	$650	$0.71	7.95%	-34.4%	(13,400)
Electric/Gas	$10,691	$178/Unit	$10,673	$178	2.14%	$0.19	$175	$10,500	$12,000	$10,691	$10,673	$178	$0.19	2.18%	-1.6%	(173)
Water, Sewer, & Trash Tenant Pays: WS	$42,813	$714/Unit	$69,650	$1,161	3.92%	$0.35	$320	$19,200	$5,000	$6,000	$7,000	$117	$0.13	1.43%	174.3%	12,200
Property Insurance	$35,964	$0.66 /sf	$73,028	$1,217	12.23%	$1.09	$1,000	$60,000	$36,000	$35,964	$60,000	$1,000	$1.09	12.23%	0.0%	-
Property Tax (@ 100%) 2.0230	$32,737	$546/Unit	$20,812	$347	7.83%	$0.70	$640	$38,409	$40,513	$32,376	$38,409	$640	$0.70	7.83%	0.0%	-
Reserve for Replacements					3.06%	$0.27	$250	$15,000	$15,000	$15,000	$15,000	$250	$0.27	3.06%	0.0%	-
Supportive Services					2.04%	$0.18	$167	$10,000	$7,500	$7,500	$10,000	$167	$0.18	2.04%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.49%	$0.04	$40	$2,400	$2,400	$2,400	$2,400	$40	$0.04	0.49%	0.0%	-
TOTAL EXPENSES					**64.82%**	**$5.79**	**$5,298**	**$317,882**	$259,420	$265,521	**$320,003**	**$5,333**	**$5.83**	**65.25%**	**-0.7%**	**$ (2,121)**
NET OPERATING INCOME ("NOI")					**35.18%**	**$3.14**	**$2,876**	**$172,538**	$166,143	$160,042	**$170,418**	**$2,840**	**$3.10**	**34.75%**	**1.2%**	**$ 2,121**
CONTROLLABLE EXPENSES							$2,793/Unit		$2,350/Unit	$2,588/Unit		$2,815/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Pinehurst Villas, Pinehurst (Orange County), 9% HTC #23511_22331

DEBT / GRANT SOURCES

DEBT (Must Pay)	Fee	APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE: Cumulative DCR UW	Cumulative DCR App	Pmt	Rate	Amort	Term	Principal	Prior Underwriting: Applicant	Prior Underwriting: TDHCA	AS UNDERWRITTEN DEBT/GRANT STRUCTURE: Principal	Term	Amort	Rate	Pmt	Cumulative DCR	Cumulative LTC
TDHCA		1.17	1.19	145,356	2.00%	40	15	$4,000,000	$0	$0	$4,000,000	15	40	2.00%	$145,356	1.19	30.3%
Adjustment to Debt Per §11.302(c)(2)	0.00%											15	40	2.00%		1.19	0.0%
BOK Financial		1.17	1.19		0.00%	0	0	$0	$2,380,000	$2,380,000	$0	0	0	0.00%		1.19	0.0%
CASH FLOW DEBT / GRANTS																	
City of Pinehurst		1.17	1.19		0.00%	0	0	$0	$500	$500	$0	0	0	0.00%		1.19	0.0%
				$145,356	**TOTAL DEBT / GRANT SOURCES**			**$4,000,000**	$2,380,500	$2,380,500	**$4,000,000**			**TOTAL DEBT SERVICE**	**$145,356**	**1.19**	30.3%
NET CASH FLOW		$25,062	$27,182								**APPLICANT**	**NET OPERATING INCOME**		**$172,538**	**$27,182**	**NET CASH FLOW**	

EQUITY SOURCES

EQUITY / DEFERRED FEES	APPLICANT'S PROPOSED EQUITY STRUCTURE: DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Prior Underwriting: Applicant	Prior Underwriting: TDHCA	AS UNDERWRITTEN EQUITY STRUCTURE: Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Alliant	LIHTC Equity	69.2%	$1,048,571	$0.87	$9,121,655	$9,541,042	$9,541,042	$9,121,655	$0.87	$1,048,571	69.2%	$17,476	Applicant Request
VCZ R2K Development, LLC	Deferred Developer Fees	0.5%	(5% Deferred)		$65,083	$329,895	$329,395	$63,083	(5% Deferred)		0.5%	**Total Developer Fee:**	**$1,300,000**
Additional (Excess) Funds Req'd		0.0%					$0	$0			0.0%		
TOTAL EQUITY SOURCES		69.7%			$9,186,738	$9,870,937	$9,870,437	$9,184,738			69.7%		
TOTAL CAPITALIZATION					**$13,186,738**	$12,251,437	$12,250,937	**$13,184,738**			**15-Yr Cash Flow after Deferred Fee:**		**$357,365**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS: Acquisition	New Const. Rehab			Total Costs	Prior Underwriting: Applicant	Prior Underwriting: TDHCA	TDHCA COST / BASIS ITEMS: Total Costs			New Const. Rehab	Acquisition	COST VARIANCE %	COST VARIANCE $
Land Acquisition				$10,000 / Unit	$600,000	$600,000	$600,000	$600,000	$10,000 / Unit				0.0%	$0
Building Acquisition	$0			$ / Unit	$0	$0	$0	$0	$ / Unit			$0	0.0%	$0
Site Work		$900,000		$22,935 / Unit	$1,376,109	$1,376,109	$1,376,109	$1,376,109	$22,935 / Unit		$900,000		0.0%	$0
Site Amenities		$53,544		$1,000 / Unit	$60,000	$53,544	$53,544	$60,000	$1,000 / Unit		$53,544		0.0%	$0
Building Cost		$6,056,916	$123.26 /sf	$112,760/Unit	$6,765,616	$6,056,916	$6,417,731	$6,417,731	$106,962/Unit	$116.92 /sf	$6,056,916		5.4%	$347,885
Contingency		$374,320	5.34%	5.00%	$410,086	$374,320	$374,320	$410,086	5.22%	5.34%	$374,320		0.0%	$0
Contractor Fees		$864,000	11.70%	14.00%	$1,205,652	$1,048,110	$1,048,110	$1,156,950	14.00%	11.70%	$864,000		4.2%	$48,702
Soft Costs	$0	$556,268		$9,604 / Unit	$576,268	$479,268	$479,268	$576,268	$9,604 / Unit		$556,268	$0	0.0%	$0
Financing	$0	$121,908		$9,405 / Unit	$564,280	$692,670	$692,670	$564,280	$9,405 / Unit		$121,908	$0	0.0%	$0
Developer Fee	$0	$1,168,000	13.08%	12.80%	$1,300,000	$1,300,000	$1,300,000	$1,300,000	13.26%	13.08%	$1,168,000	$0	0.0%	$0
Reserves				8 Months	$304,000	$270,000	$270,000	$304,000	8 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$10,094,956**		$219,746 / Unit	**$13,184,738**	$12,250,937	$12,611,752	**$12,788,151**	$213,136 / Unit		**$10,094,956**	**$0**	**3.1%**	**$396,587**
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**	**$10,094,956**		$219,746/unit	**$13,184,738**	$12,250,937	$12,611,752	**$12,788,151**	$213,136/unit		**$10,094,956**	**$0**	**3.1%**	**$396,587**
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						**$13,184,738**								

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Pinehurst Villas, Pinehurst (Orange County), 9% HTC #23511_22331

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$10,094,956	$0	$10,094,956
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$10,094,956	$0	$10,094,956
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$13,123,442	$0	$13,123,442
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$13,123,442	$0	$13,123,442
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,181,110	$0	$1,181,110
CREDITS ON QUALIFIED BASIS	$1,181,110		$1,181,110	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8699	Variance to Request	
Method	Annual Credits	Proceeds	**Credit Allocation**	Credits	Proceeds
Eligible Basis	$1,181,110	$10,274,627	----	----	----
Needed to Fill Gap	$1,055,823	$9,184,738	----	----	----
Applicant Request	$1,048,571	$9,121,655	**$1,048,571**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost: Elevator Served		54,888 SF	$87.85	4,821,774
Adjustments				
Exterior Wall Finish	2.40%		2.11	$115,723
Elderly	3.00%		2.64	144,653
9-Ft. Ceilings	0.00%		0.00	0
Roof Adjustment(s)			0.00	0
Subfloor			(0.16)	(8,782)
Floor Cover			2.82	154,784
Enclosed Corridors	$79.40	10,425	15.08	827,719
Balconies	$29.57	6,549	3.53	193,679
Plumbing Fixtures	$1,090	0	0.00	0
Rough-ins	$535	120	1.17	64,200
Built-In Appliances	$1,880	60	2.06	112,800
Exterior Stairs	$2,460	8	0.36	19,680
Heating/Cooling			2.37	130,085
Storage Space	$79.40	0	0.00	0
Carports	$13.00	0	0.00	0
Garages		0	0.00	0
Common/Support Area	$91.34	6,894	11.47	629,678
Elevators	$118,600	1	2.16	118,600
Other:	$0		0.00	0
Fire Sprinklers	$2.88	72,207	3.79	207,956
SUBTOTAL			**137.23**	**7,532,548**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**137.23**	**$7,532,548**
Plans, specs, survey, bldg permits	3.30%		(4.53)	($248,574)
Contractor's OH & Profit	11.50%		(15.78)	(866,243)
NET BUILDING COSTS		$106,962/unit	$116.92/sf	$6,417,731

Long-Term Pro Forma

Pinehurst Villas, Pinehurst (Orange County), 9% HTC #23511_22331

	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%	$490,420	$500,229	$510,233	$520,438	$530,847	$586,098	$647,099	$714,450	$788,810	$870,910	$961,555	$1,061,635
TOTAL EXPENSES	3.00%	$317,882	$327,173	$336,738	$346,585	$356,723	$412,074	$476,090	$550,133	$635,783	$734,870	$849,512	$982,164
NET OPERATING INCOME ("NOI")		**$172,538**	**$173,055**	**$173,495**	**$173,852**	**$174,124**	**$174,023**	**$171,009**	**$164,317**	**$153,027**	**$136,040**	**$112,043**	**$79,471**
EXPENSE/INCOME RATIO		64.8%	65.4%	66.0%	66.6%	67.2%	70.3%	73.6%	77.0%	80.6%	84.4%	88.3%	92.5%
MUST -PAY DEBT SERVICE													
TDHCA		$145,356	$145,356	$145,356	$145,356	$145,356	$145,356	$145,356	$145,356	$145,356	$145,356	$145,356	$145,356
TOTAL DEBT SERVICE		$145,356	$145,356	$145,356	$145,356	$145,356	$145,356	$145,356	$145,356	$145,356	$145,356	$145,356	$145,356
DEBT COVERAGE RATIO		1.19	1.19	1.19	1.20	1.20	1.20	1.18	1.13	1.05	0.94	0.77	0.55
ANNUAL CASH FLOW		**$27,182**	**$27,699**	**$28,139**	**$28,496**	**$28,768**	**$28,667**	**$25,653**	**$18,961**	**$7,671**	**($9,316)**	**($33,313)**	**($65,886)**
Deferred Developer Fee Balance		$35,902	$8,202	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$19,936	$48,432	$77,200	$221,765	$357,365	$467,196	$530,174	$520,092	$404,616	$144,111

22331 Pinehurst Villas - Application Summary

REAL ESTATE ANALYSIS DIVISION
August 12, 2022

PROPERTY IDENTIFICATION	
Application #	22331
Development	Pinehurst Villas
City / County	Pinehurst (Orange County) / Orange
Region/Area	5 / Urban
Population	Elderly Limitation
Set-Aside	General
Activity	New Construction

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (9% Credit)	$1,048,571	$1,048,571	$17,476/Unit	$0.91

KEY PRINCIPALS / SPONSOR

Vaughn C. Zimmerman/ VCZ Development, LLC (90% Managing Member)

Roger Canales / R2k Consulting (10% HUB Member)

Related Parties	Contractor - Yes	Seller - No

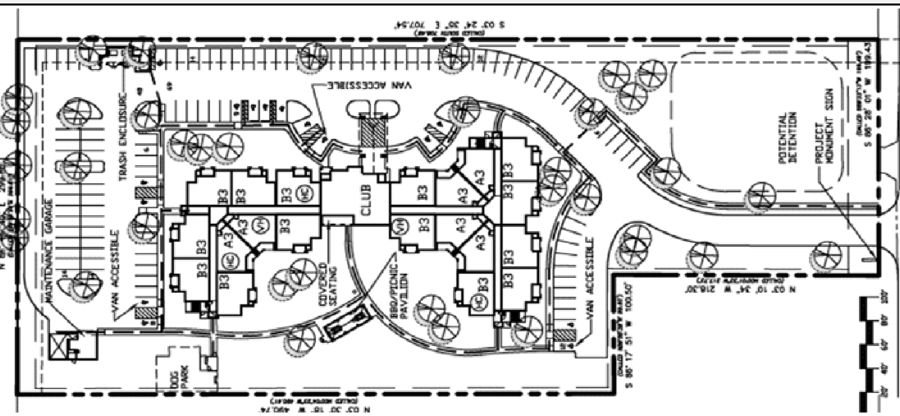
TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	20%	-	0%
1	18	30%	30%	7	12%
2	42	70%	40%	-	0%
3	-	0%	50%	13	22%
4	-	0%	60%	40	67%
			70%	-	0%
			80%	-	0%
			MR	-	0%
TOTAL	60	100%	TOTAL	60	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.15	Expense Ratio	61.0%
Breakeven Occ.	87.7%	Breakeven Rent	$591
Average Rent	$624	B/E Rent Margin	$33
Property Taxes	$675/unit	Exemption/PILOT	0%
Total Expense	$4,324/unit	Controllable	$2,350/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			0.8%
Highest Unit Capture Rate	4%	2 BR/60%	28
Dominant Unit Cap. Rate	4%	2 BR/60%	28
Premiums (↑60% Rents)	N/A		N/A
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	915 SF	Density	13.7/acre
Acquisition		$10K/unit	$600K
Building Cost	$110.35/SF	$101K/unit	$6,057K
Hard Cost		$131K/unit	$7,861K
Total Cost		$204K/unit	$12,251K
Developer Fee	$1,300K	(25% Deferred)	Paid Year: 13
Contractor Fee	$1,048K	30% Boost	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
BOK Financial	15/35	5.00%	$2,380,000	1.15
TOTAL DEBT (Must Pay)			$2,380,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
City of Pinehurst	0/0	0.00%	$500	1.15
CASH FLOW DEBT / GRANTS			$500	

EQUITY / DEFERRED FEES	
Source	Amount
Raymond James	$9,541,042
VCZ R2K Development, LLC	$329,395
TOTAL EQUITY SOURCES	**$9,870,437**
TOTAL DEBT SOURCES	**$2,380,500**
TOTAL CAPITALIZATION	**$12,250,937**

CONDITIONS

- Receipt and acceptance by Cost Certification:
  - Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

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

RISK PROFILE

STRENGTHS/MITIGATING FACTORS

- Developer experience
- Area lacking senior developments
- low gross capture rate

WEAKNESSES/RISKS

- DCR of 1.15
- Feasibility dependent on tenants paying WST
- Low long term residual cash flow

AREA MAP

AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
August 12, 2022

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **22331** Program(s): **9% HTC**

Pinehurst Villas

Address/Location: 4066 W Park Ave

City: Pinehurst (Orange County) County: Orange Zip: 77630

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

Activity: New Construction Building Type: Elevator Served Region: 5

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST		RECOMMENDATION	
LIHTC (9% Credit)	$1,048,571		**$1,048,571**	

CONDITIONS

- Receipt and acceptance by Cost Certification:
  - Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

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

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	7
50% of AMI	50% of AMI	13
60% of AMI	60% of AMI	40

DEVELOPMENT SUMMARY

Pinehurst Villas will be an elderly population development. It will consist of 60 affordable units, each being one or two bedroom units. All unit will be at or below 60%AMI.

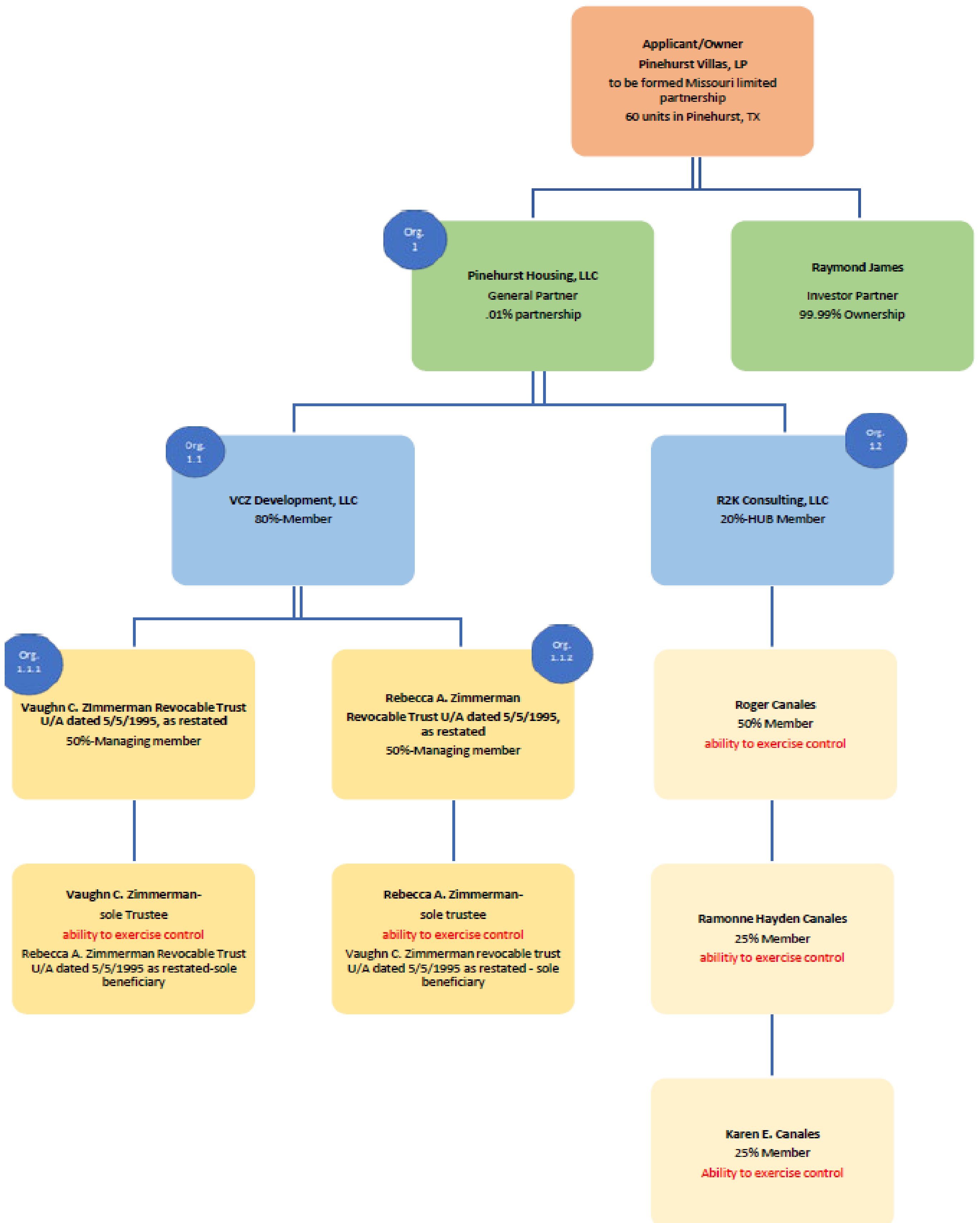
RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Developer experience
▫	Area lacking senior developments
▫	low gross capture rate

WEAKNESSES/RISKS	
▫	DCR of 1.15
▫	Feasibility dependent on tenants paying WST
▫	Low long term residual cash flow

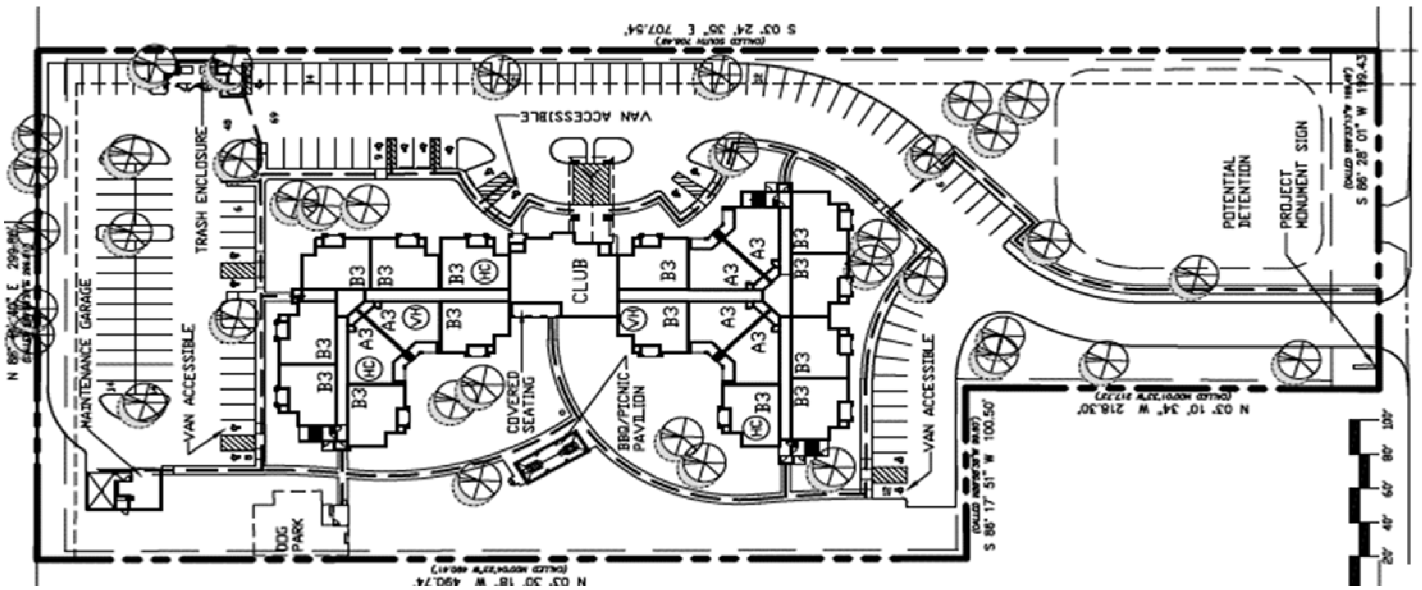
DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN



Comments:
Code requires 117 parking spaces. Applicant is offering 117 parking spaces. Applicant is meeting the requirement.

BUILDING ELEVATION

BUILDING CONFIGURATION

Building Type	1											Total Buildings
Floors/Stories	3											
Number of Bldgs	1											1
Units per Bldg	60											
Total Units	60											**60**

Avg. Unit Size (SF)	**915 sf**	**Total NRA (SF)**	**54,888**	**Common Area (SF)***	**18,104**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 4.365 acres Density: 13.7 units/acre

Site Control: 4.365 **Site Plan:** 4.364 **Appraisal:** N/A **ESA:** 4.33

Feasibility Report Survey: 4.365 **Feasibility Report Engineer's Plan:** 4.365

Control Type: Commercial Contract

Development Site: 4.365 acres Cost: $600,000 $10,000 per unit

Seller: Watler B. Young and Karen A. Young

Buyer: Zimmerman Properties Development, LLC

Assignee: VCZ Development, LLC

Related-Party Seller/Identity of Interest: No

Comments:

The 4.3(+/-) acres is defined in the purchase contract with legal on survey to govern. The land was measured and surveyed at 4.365 acres. The differences between Site Plan and ESA are due to rounding differences.

The Applicant is not expecting land dedication to occur therefore, the LURA will encumber 4.365 acres.

SITE INFORMATION

Flood Zone:	X	Scattered Site?	No
Zoning:	No Classification	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	N/A	Title Issues?	No

Current Uses of Subject Site:

Land is currently vacant.

Other Observations:

Subject site is not within the 100-year floodplain however, the code enforcer stressed the importance of runoff detention and approval by the Orange County drainage district. A detention pond has been provided on site as part of the preliminary site plan to handle the amount of flow required with the development of this site as required by the City of Pinehurst Construction Specifications Manual.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Targus Associates, LLC   Date: 2/14/2022

Recognized Environmental Conditions (RECs) and Other Concerns:

- Based on the subject property's proximity to Park Avenue (four-lane thoroughfare with numerous residential developments and commercial/retail businesses in the vicinity) and proximity to the Orange County Airport (3.2 miles southwest of the subject property), a noise survey would be recommended.

MARKET ANALYSIS

Provider: Novogradac Consulting LLP   Date: 3/23/2022

Primary Market Area (PMA): 367 sq. miles   11 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME								
Orange County Income Limits								
HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	$8,880	$8,880	$10,656	$10,656	---	---	---
	Max	$13,830	$15,810	$17,790	$19,740	---	---	---
50% AMGI	Min	$14,808	$14,808	$17,784	$17,784	---	---	---
	Max	$23,050	$26,350	$29,650	$32,900	---	---	---
60% AMGI	Min	$17,784	$17,784	$21,336	$21,336	---	---	---
	Max	$27,660	$31,620	$35,580	$39,480	---	---	---

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 2017						
	None					
Stabilized Affordable Developments in PMA					Total Units	1,076
					Total Developments	15
					Average Occupancy	96.4%

Proposed, Under Construction, and Unstabilized Competitive Supply:

Market Analyst stated in the report, "We are unaware of any proposed and unstabilized comparable units that are located in close proximity to the Subject PMA if that are likely to share eligible demand or if the PMA's have overlapping census tracts.

OVERALL DEMAND ANALYSIS

	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	32,311			
Senior Households in the Primary Market Area	15,334			
Potential Demand from the Primary Market Area	6,864			
10% External Demand	686			
Potential Demand from Other Sources	0			
GROSS DEMAND	7,550			
Subject Affordable Units	60			
Unstabilized Competitive Units	0			
RELEVANT SUPPLY	60			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**0.8%**			

Population:	**Elderly Limitation**	**Market Area:**	**Urban**	**Maximum Gross Capture Rate:**	**10%**

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	776	78	7	0	0.82%					
50% AMGI	2,561	256	13	0	0.46%					
60% AMGI	3,528	353	40	0	1.03%					

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%	443	44	2	0	0.41%					
1 BR/50%	558	56	4	0	0.65%					
1 BR/60%	934	93	12	0	1.17%					
2 BR/30%	270	27	5	0	1.68%					
2 BR/50%	430	43	9	0	1.90%					
2 BR/60%	716	72	28	0	3.56%					

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$166,143	Avg. Rent:	$624	Expense Ratio:	61.0%
Debt Service:	$144,139	B/E Rent:	$591	Controllable Expenses:	$2,350
Net Cash Flow:	$22,004	UW Occupancy:	92.5%	Property Taxes/Unit:	$675
Aggregate DCR:	1.15	B/E Occupancy:	87.7%	Program Rent Year:	2021

Tenant paid water, sewer, trash.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$137,457/ac	$10,000/unit	**$600,000**	Contractor Fee	**$1,048,110**
Off-site + Site Work		$23,828/unit	**$1,429,653**	Soft Cost + Financing	**$1,171,938**
Building Cost	$110.35/sf	$100,949/unit	**$6,056,916**	Developer Fee	**$1,300,000**
Contingency	5.00%	$6,239/unit	**$374,320**	Reserves	**$270,000**
Total Development Cost	$204,182/unit	**$12,250,937**		**Rehabilitation Cost**	**N/A**

Qualified for 30% Basis Boost?	High Opportunity Index [9% only]

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$12,250,937	**$8,962,479**	**$1,048,610**

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES				
Funding Source	**Description**	**Amount**	**Rate**	**LTC**
BOK Financial	Construction / Perm Loan	$7,392,174	4.25%	89%
Raymond James	HTC	$954,104	$0.91	11%
City of Pinehurst	§11.9(d)(2)LPS Contribution	$500	0.00%	0%
		$8,346,778	**Total Sources**	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
BOK Financial	$2,380,000	5.00%	35	15	$2,380,000	5.00%	35	15	19%
City of Pinehurst	$500	Permit Fees			$500	Permit Fees			0%
Total	**$2,380,500**				**$2,380,500**				

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
Raymond James	$9,541,042	$0.91		$9,541,042	$0.91	78%	
VCZ R2K Development, LLC	$329,895		25%	$329,395		3%	25%
Total	**$9,870,937**			**$9,870,437**			
				$12,250,937	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.941	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.904	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	$12,250,937
Permanent Sources (debt + non-HTC equity)	$2,380,500
Gap in Permanent Financing	$9,870,437

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$9,541,397	$1,048,610
Needed to Balance Sources & Uses	$9,870,437	$1,084,772
Requested by Applicant	$9,541,042	$1,048,571

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$9,541,042**	**$1,048,571**

Deferred Developer Fee	**$329,395**	**(25% deferred)**
Repayable in	**13 years**	

Recommendation:

Underwriter recommends an annual tax credit allocation of $1,048,571 as requested by Applicant.

Underwriter:	*Robert Castillo*
Manager of Real Estate Analysis:	*Diamond Unique Thompson*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Pinehurst Villas, Pinehurst (Orange County), 9% HTC/MDL #22331

LOCATION DATA	
CITY:	Pinehurst (Orange County)
COUNTY:	Orange
Area Median Income	$65,800
PROGRAM REGION:	5
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	18	30.0%	0	0
2	42	70.0%	0	0
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**60**	**100.0%**	**-**	**-**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	915 sf

54%	**Income**	20%	30%	40%	50%	60%	70%	80%	EO / MR	**TOTAL**
Average Income	**# Units**	-	7	-	13	40	-	-	-	**60**
	% Total	0.0%	11.7%	0.0%	21.7%	66.7%	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%	$370	2	1	1	821	$370	$126	$244	$0	$0.30	$244	**$488**	**$488**	$244	**$0**	**$0**	$925	$1.13	$925
TC 50%	$617	4	1	1	821	$617	$126	$491	$0	$0.60	$491	**$1,964**	**$1,964**	$491	**$1**	**$0**	$925	$1.13	$925
TC 60%	$741	12	1	1	821	$741	$126	$615	$0	$0.75	$615	**$7,380**	**$7,380**	$615	**$1**	**$0**	$925	$1.13	$925
TC 30%	$444	5	2	1	955	$444	$147	$297	$0	$0.31	$297	**$1,485**	**$1,485**	$297	**$0**	**$0**	$1,075	$1.13	$1,075
TC 50%	$741	9	2	1	955	$741	$147	$594	$0	$0.62	$594	**$5,346**	**$5,346**	$594	**$1**	**$0**	$1,075	$1.13	$1,075
TC 60%	$889	28	2	1	955	$889	$147	$742	$0	$0.78	$742	**$20,776**	**$20,776**	$742	**$1**	**$0**	$1,075	$1.13	$1,075
TOTALS/AVERAGES:		**60**			**54,888**				**$0**	**$0.68**	**$624**	**$37,439**	**$37,439**	**$624**	**$0.68**	**$0**	**$1,030**	**$1.13**	**$1,030**

ANNUAL POTENTIAL GROSS RENT:	**$449,268**	**$449,268**

STABILIZED PRO FORMA

Pinehurst Villas, Pinehurst (Orange County), 9% HTC/MDL #22331

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Pinehurst Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.68	$624	$449,268	$449,268	$624	$0.68		0.0%	$0
Interest income, late fees, NSf fees, app fees							$15.00	$10,800						
Total Secondary Income							$15.00		$10,800	$15.00			0.0%	$0
POTENTIAL GROSS INCOME								$460,068	$460,068				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(34,505)	(34,505)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$425,563	$425,563				0.0%	$0
General & Administrative	$30,042	$501/Unit	$28,365	$473	5.03%	$0.39	$357	$21,400	$28,365	$473	$0.52	6.67%	-24.6%	(6,965)
Management	$23,735	4.6% EGI	$22,692	$378	4.00%	$0.31	$284	$17,023	$17,023	$284	$0.31	4.00%	0.0%	0
Payroll & Payroll Tax	$71,204	$1,187/Unit	$78,759	$1,313	17.01%	$1.32	$1,206	$72,384	$71,204	$1,187	$1.30	16.73%	1.7%	1,180
Repairs & Maintenance	$39,581	$660/Unit	$42,674	$711	7.10%	$0.55	$503	$30,200	$39,000	$650	$0.71	9.16%	-22.6%	(8,800)
Electric/Gas	$10,691	$178/Unit	$8,659	$144	2.82%	$0.22	$200	$12,000	$10,691	$178	$0.19	2.51%	12.2%	1,309
Water, Sewer, & Trash — Tenant Pays: WST	$42,813	$714/Unit	$59,100	$985	1.17%	$0.09	$83	$5,000	$6,000	$100	$0.11	1.41%	-16.7%	(1,000)
Property Insurance	$35,964	$0.66 /sf	$45,303	$755	8.46%	$0.66	$600	$36,000	$35,964	$599	$0.66	8.45%	0.1%	36
Property Tax (@ 100%) 2.0230	$32,737	$546/Unit	$33,887	$565	9.52%	$0.74	$675	$40,513	$32,376	$540	$0.59	7.61%	25.1%	8,137
Reserve for Replacements					3.52%	$0.27	$250	$15,000	$15,000	$250	$0.27	3.52%	0.0%	-
Supportive Services					1.76%	$0.14	$125	$7,500	$7,500	$125	$0.14	1.76%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.56%	$0.04	$40	$2,400	$2,400	$40	$0.04	0.56%	0.0%	-
TOTAL EXPENSES					**60.96%**	**$4.73**	**$4,324**	**$259,420**	**$265,521**	**$4,425**	**$4.84**	**62.39%**	**-2.3%**	**$ (6,101)**
NET OPERATING INCOME ("NOI")					**39.04%**	**$3.03**	**$2,769**	**$166,143**	**$160,042**	**$2,667**	**$2.92**	**37.61%**	**3.8%**	**$ 6,101**
CONTROLLABLE EXPENSES							$2,350/Unit			$2,588/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Pinehurst Villas, Pinehurst (Orange County), 9% HTC/MDL #22331

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
DEBT (Must Pay)	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	DCR	LTC
BOK Financial		1.11	1.15	144,139	5.00%	35	15	$2,380,000	$2,380,000	15	35	5.00%	$144,139	1.15	19.4%
CASH FLOW DEBT / GRANTS															
City of Pinehurst		1.11	1.15		0.00%	0	0	$500	$500	0	0	0.00%		1.15	0.0%
				$144,139	**TOTAL DEBT / GRANT SOURCES**			**$2,380,500**	**$2,380,500**	**TOTAL DEBT SERVICE**			**$144,139**	**1.15**	19.4%
NET CASH FLOW		$15,903	$22,004						**APPLICANT**	**NET OPERATING INCOME**		**$166,143**	**$22,004**	**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
Raymond James	LIHTC Equity	77.9%	$1,048,571	$0.91	$9,541,042	$9,541,042	$0.91	$1,048,571	77.9%	$17,476	Applicant Request
VCZ R2K Development, LLC	Deferred Developer Fees	2.7%	(25% Deferred)		$329,895	$329,395	(25% Deferred)		2.7%	**Total Developer Fee:**	**$1,300,000**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		80.6%			$9,870,937	$9,870,437			80.6%		

TOTAL CAPITALIZATION	**$12,251,437**	**$12,250,937**	**15-Yr Cash Flow after Deferred Fee:** **$65,252**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis								Eligible Basis			
	Acquisition	New Const. Rehab		Total Costs		Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$10,000 / Unit	$600,000	$600,000	$10,000 / Unit				0.0%	$0
Building Acquisition	$0			$ / Unit	$0	$0	$ / Unit			$0	0.0%	$0
Site Work		$900,000		$22,935 / Unit	$1,376,109	$1,376,109	$22,935 / Unit		$900,000		0.0%	$0
Site Amenities		$53,544		$892 / Unit	$53,544	$53,544	$892 / Unit		$53,544		0.0%	$0
Building Cost		$4,860,385	$110.35 /sf	$100,949/Unit	$6,056,916	$6,417,731	$106,962/Unit	$116.92 /sf	$4,860,385		-5.6%	($360,815)
Contingency		$374,320	6.44%	5.00%	$374,320	$374,320	4.77%	6.44%	$374,320		0.0%	$0
Contractor Fees		$864,000	13.96%	13.33%	$1,048,110	$1,048,110	12.75%	13.96%	$864,000		0.0%	$0
Soft Costs	$0	$479,268		$7,988 / Unit	$479,268	$479,268	$7,988 / Unit		$479,268	$0	0.0%	$0
Financing	$0	$262,963		$11,545 / Unit	$692,670	$692,670	$11,545 / Unit		$262,963	$0	0.0%	$0
Developer Fee	$0	$1,168,000	14.98%	13.73%	$1,300,000	$1,300,000	13.23%	14.98%	$1,168,000	$0	0.0%	$0
Reserves				8 Months	$270,000	$270,000	8 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$8,962,479**		$204,182 / Unit	**$12,250,937**	**$12,611,752**	$210,196 / Unit		**$8,962,479**	**$0**	**-2.9%**	**($360,815)**
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		$0			$0							
Financing Cost		$0										
Developer Fee	$0	$0			$0							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$8,962,479**		$204,182/unit	**$12,250,937**	**$12,611,752**	$210,196/unit		**$8,962,479**	**$0**	**-2.9%**	**($360,815)**
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					**$12,250,937**							

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Pinehurst Villas, Pinehurst (Orange County), 9% HTC/MDL #22331

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$8,962,479	$0	$8,962,479
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$8,962,479	$0	$8,962,479
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$11,651,223	$0	$11,651,223
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$11,651,223	$0	$11,651,223
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,048,610	$0	$1,048,610
CREDITS ON QUALIFIED BASIS	$1,048,610		$1,048,610	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9099	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,048,610	$9,541,397	----	----	----
Needed to Fill Gap	$1,084,772	$9,870,437	----	----	----
Applicant Request	$1,048,571	$9,541,042	**$1,048,571**	**$0**	**$0**

BUILDING COST ESTIMATE

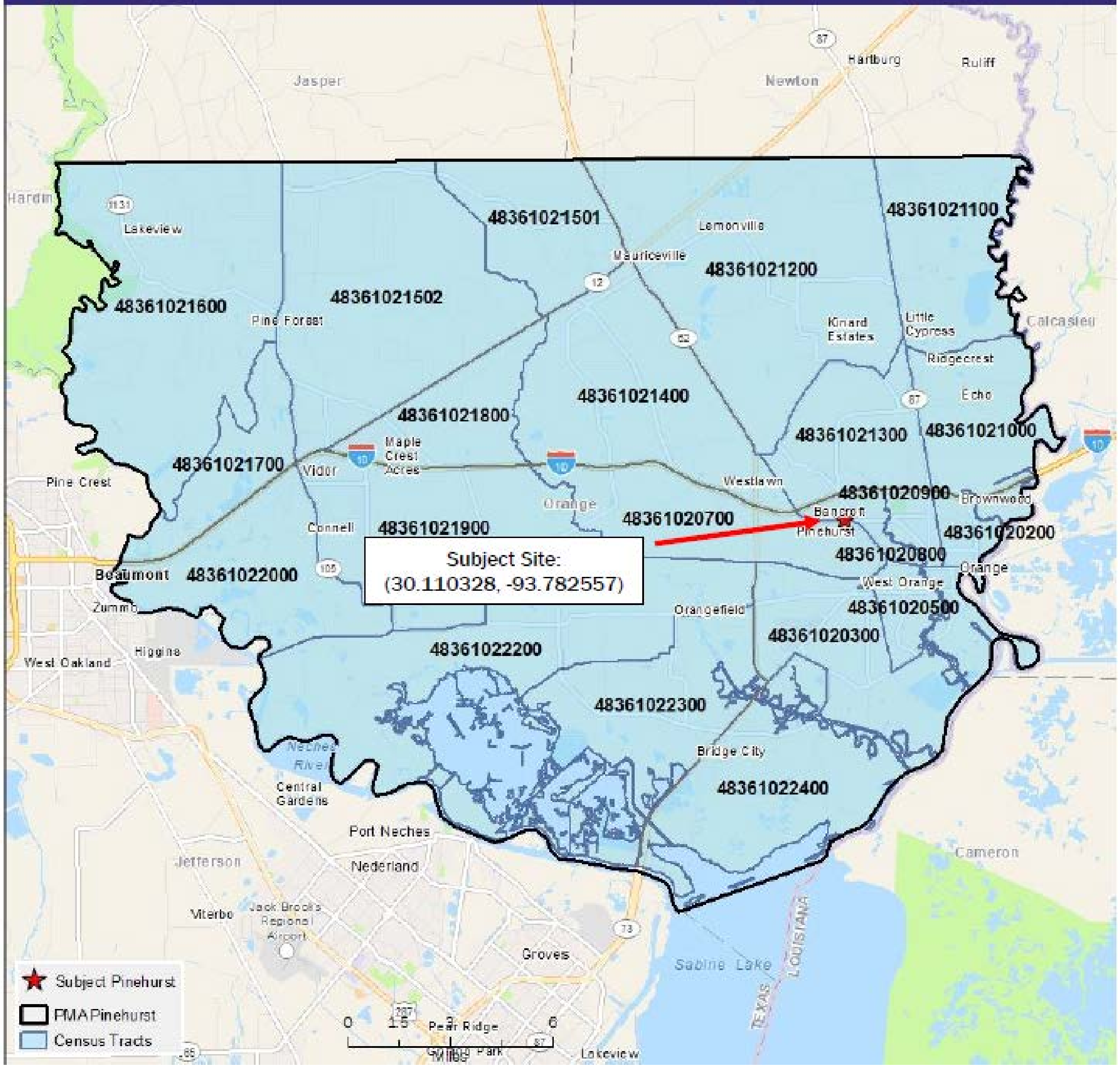
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	54,888 SF	$87.85	4,821,774
Adjustments				
Exterior Wall Finish	2.40%		2.11	$115,723
Elderly	3.00%		2.64	144,653
9-Ft. Ceilings	0.00%		0.00	0
Roof Adjustment(s)			0.00	0
Subfloor			(0.16)	(8,782)
Floor Cover			2.82	154,784
Enclosed Corridors	$79.40	10,425	15.08	827,719
Balconies	$29.57	6,549	3.53	193,679
Plumbing Fixtures	$1,090	0	0.00	0
Rough-ins	$535	120	1.17	64,200
Built-In Appliances	$1,880	60	2.06	112,800
Exterior Stairs	$2,460	8	0.36	19,680
Heating/Cooling			2.37	130,085
Storage Space	$79.40	0	0.00	0
Carports	$13.00	0	0.00	0
Garages		0	0.00	0
Common/Support Area	$91.34	6,894	11.47	629,678
Elevators	$118,600	1	2.16	118,600
Other:	$0		0.00	0
Fire Sprinklers	$2.88	72,207	3.79	207,956
SUBTOTAL			**137.23**	**7,532,548**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**137.23**	**$7,532,548**
Plans, specs, survey, bldg permits	3.30%		(4.53)	($248,574)
Contractor's OH & Profit	11.50%		(15.78)	(866,243)
NET BUILDING COSTS		$106,962/unit	$116.92/sf	$6,417,731

Long-Term Pro Forma

Pinehurst Villas, Pinehurst (Orange County), 9% HTC/MDL #22331

	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%	$425,563	$434,074	$442,756	$451,611	$460,643	$508,587	$561,521	$619,965	$684,491	$755,734	$834,391
TOTAL EXPENSES	3.00%	$259,420	$267,032	$274,870	$282,939	$291,246	$336,617	$389,109	$449,844	$520,124	$601,455	$695,582
NET OPERATING INCOME ("NOI")		**$166,143**	**$167,042**	**$167,886**	**$168,672**	**$169,397**	**$171,970**	**$172,413**	**$170,121**	**$164,368**	**$154,279**	**$138,809**
EXPENSE/INCOME RATIO		61.0%	61.5%	62.1%	62.7%	63.2%	66.2%	69.3%	72.6%	76.0%	79.6%	83.4%
MUST -PAY DEBT SERVICE												
BOK Financial		$144,139	$144,139	$144,139	$144,139	$144,139	$144,139	$144,139	$144,139	$144,139	$144,139	$144,139
TOTAL DEBT SERVICE		$144,139	$144,139	$144,139	$144,139	$144,139	$144,139	$144,139	$144,139	$144,139	$144,139	$144,139
DEBT COVERAGE RATIO		1.15	1.16	1.16	1.17	1.18	1.19	1.20	1.18	1.14	1.07	0.96
ANNUAL CASH FLOW		**$22,004**	**$22,903**	**$23,747**	**$24,533**	**$25,258**	**$27,831**	**$28,274**	**$25,982**	**$20,229**	**$10,140**	**($5,330)**
Deferred Developer Fee Balance		$307,391	$284,488	$260,741	$236,208	$210,950	$76,195	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$65,252	$200,975	$315,174	$387,982	$394,658

PMA Tracts


Jasper
Newton
Hartburg
Ruliff
Hardin
Lakeview
48361021501
48361021100
Lemonville
Mauriceville
48361021200
48361021600
48361021502
Pine Forest
Kinard Estates
Little Cypress
Calcasieu
Ridgecrest
Echo
48361021400
48361021800
48361021300
48361021000
Maple Crest Acres
48361021700
Vidor
Pine Crest
Orange
Westlawn
48361020900
Brownwood
Bancroft
48361020700
Connell
48361021900
Pinehurst
48361020200
Subject Site:
(30.110328, -93.782557)
48361020800
Beaumont
48361022000
Orange
West Orange
Orangefield
48361020500
Zummo
48361020300
Higgins
West Oakland
48361022200
48361022300
Neches River
Bridge City
Central Gardens
48361022400
Port Neches
Cameron
Jefferson
Nederland
Viterbo
Jack Brooks Regional Airport
Groves
Sabine Lake
LOUISIANA
TEXAS
Subject Pinehurst
PMA Pinehurst
Census Tracts
Pear Ridge
Lakeview
Miles
0
1.5
3
6