



**Addendum to Underwriting Report**

TDHCA Application # **23510\_23952\_21235** Program(s): **9% HTC**

**Inn Town Lofts**

Address/Location: 1202 Main Street

City: Lubbock County: Lubbock Zip: 79401

	APPLICATION HISTORY
Report Date	PURPOSE
<b>05/22/24</b>	<b>MDL Closing Memo</b>
12/20/23	MDL Award Memo
02/27/23	Supplemental Credit Memo
07/19/21	Original Underwriting Report

**ALLOCATION**

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
MF Direct Loan (ERA2)	\$4,300,000	2.00%	40	40	<b>\$4,300,000</b>	<b>2.00%</b>	<b>40</b>	<b>40</b>	<b>1</b>
LIHTC (9% Credit)	\$1,453,902				<b>\$1,453,902</b>				

\* 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: **Certification of testing for lead in drinking water, as recommended in the ESA, and provide the Department any recommended mitigation measures as proposed by the ESA provider.**

**Status: Recommended mitigation includes replacement of existing plumbing systems, to be confirmed by Condition 2A at Project Completion.**

### 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.

Status: 2 (a-d) Satisfied.

### 2A Receipt and acceptance at Project Completion

a: **Certification that issues related to lead in drinking water have been resolved through replacement of existing plumbing systems.**

**Status: To be cleared by program staff.**

### 3 Receipt and acceptance by Cost Certification:

a: Certification that additional environmental investigation was performed to assess any adverse impact from underground storage tanks, hydraulic lifts, automotive shop floor drain, unknown pool fill material, and any other risks identified in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.

b: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials and lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

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	9
50% of AMI	50% of AMI	19
60% of AMI	60% of AMI	19
80% of AMI	80% of AMI	9

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
50% of AMFI	ERA-2	43

## ANALYSIS

Inn Town Lofts was awarded a 9% HTC allocation in 2021 and a Supplemental Tax Credit allocation in 2023. In February 2024 the Board approved a \$4,300,000 Emergency Rental Assistance (ERA2) Multifamily Direct Loan as a first lien at 2.00% interest with 40-year amortization and term.

### Operating Pro Forma

The operating pro forma has been updated to reflect 2024 Program Rents.

Underwritten Net Operating Income has increased \$20K to \$211,981.

First year Debt Coverage Ratio has improved to 1.36. The QAP allows a DCR greater than 1.35 when a Multifamily Direct Loan is the first lien.

### Development Cost

Hard Construction Cost is unchanged since the previous underwriting.

Total Developer Fee is unchanged since the original 9% HTC application.

Total Development Cost has increased \$180K to \$21,383,635.

### Sources of Funds

JP Morgan Chase Bank will provide a \$12,000,000 construction at 8.00% interest with 24-month term.

NEF will provide \$11,921,997 Housing Tax Credit Equity at \$0.82 and \$1,937,646 Federal Historic Credit Equity at \$0.90.

Previous underwriting included investor equity derived from State Historic Tax Credits. This financing has been revised such that the Developer will donate the State Historic Tax Credits to AM Affordable Housing, a non-profit corporation. AM Affordable will syndicate the Credits for a net price of \$0.94. AM Affordable will then provide the \$2,564,600 proceeds to the Development in the form of a 40-year deferred payable loan at 1.00% simple interest.

Permanent sources also include \$350,000 from the City of Lubbock.

Underwriting indicates \$309,392 Deferred Developer Fee.

REA recommends proceeding to Close the \$4,300,000 Multifamily Direct Loan as a first lien at 2.00% interest with 40-year amortization and term. Annualized monthly debt service is \$156,258.

MDL construction term is coterminous with senior construction loan.

Underwriter: Thomas Cavanagh

Director of Real Estate Analysis: Jeanna Adams

**Inn Town Lofts, Lubbock, 9% HTC #23510\_23952\_21235**  
**Unit Mix**

<b># Units</b>	<b>Bed rooms</b>	<b>Bath rooms</b>	<b>Unit Size (NRA SF)</b>	<b>Total NRA (sf)</b>	<b>Tax Credit Designation</b>	<b>MFDL</b>
4	0	1	558	2,232	TC 30%	ERA2
2	0	1	572	1,144	TC 30%	ERA2
4	0	1	572	2,288	TC 50%	ERA2
2	0	1	603	1,206	TC 50%	ERA2
1	0	1	610	610	TC 50%	ERA2
4	0	1	623	2,492	TC 60%	ERA2
4	0	1	626	2,504	TC 60%	ERA2
1	0	1	650	650	TC 60%	
3	0	1	650	1,950	TC 80%	
1	0	1	825	825	TC 80%	
2	1	1	653	1,306	TC 30%	ERA2
2	1	1	653	1,306	TC 60%	ERA2
3	1	1	672	2,016	TC 50%	ERA2
1	1	1	672	672	TC 60%	
1	1	1	702	702	TC 80%	
1	1	1	718	718	TC 80%	
1	2	2	859	859	TC 30%	ERA2
1	2	2	859	859	TC 50%	ERA2
2	2	1	884	1,768	TC 50%	ERA2
2	2	1	950	1,900	TC 50%	ERA2
4	2	1	1,011	4,044	TC 60%	ERA2
1	2	1	1,011	1,011	TC 60%	
1	2	1	1,011	1,011	TC 80%	
4	3	2	1,216	4,864	TC 50%	ERA2
1	3	2	1,216	1,216	TC 60%	ERA2
1	3	2	1,216	1,216	TC 60%	
2	3	2	1,216	2,432	TC 80%	
<b>56</b>				<b>43,801</b>		

**Inn Town Lofts, Lubbock, 9% HTC #23510\_23952\_21235**

**Uses of Funds**

<b><u>Description</u></b>	<b><u>Hard Cost</u></b>	<b><u>Total Development Cost</u></b>
Land Acquisition		\$500,000
Building Acquisition		\$1,895,000
Title Recording		\$20,000
Site Work	\$1,271,173	\$1,271,173
Site Amenities	\$100,000	\$100,000
Building Cost	\$8,952,880	\$8,952,880
Contingency		\$1,032,405
Contractor Fees		\$1,589,903
Soft Costs		\$1,798,178
Financing		\$2,041,019
Developer Fee		\$1,943,378
Reserves		\$239,699
<b><u>Totals</u></b>	<b><u>\$10,324,053</u></b>	<b><u>\$21,383,635</u></b>

**Inn Town Lofts, Lubbock, 9% HTC #23510\_23952\_21235**  
**Sources of Funds**

		Interim			Permanent Period			
Source	Type	Principal	Term	Rate	Principal	Term	Amort	Rate
Debt								
JP Morgan Chase N.A.	Construction Loan	\$12,000,000	24	8.00%				
TDHCA	MF Direct Loan (ERA2)	\$4,300,000	24	0.00%	\$4,300,000	40	40	2.00%
Cash Flow Debt / Grants								
AM Affordable Housing Inc	State Historic Credit Loan				\$2,564,600	40	N/A	1.00%
City of Lubbock	TIF	\$225,000			\$225,000			
City of Lubbock	Economic Development	\$125,000			\$125,000			
TOTAL		\$16,650,000			\$7,214,600			
Third Party Equity								
NEF -Housing Tax Credits	LIHTC Equity	\$5,318,013			\$11,921,997			
NEF - Historic Credits	Federal Historic Equity	\$1,032,181			\$1,937,646			
TOTAL		\$6,350,194			\$13,859,643			
Partnership Debt								
Deferred Developer Fee	Deferred Developer Fees	\$0			\$309,392			
TOTAL		\$0			\$309,392			
TOTAL CAPITALIZATION		\$23,000,194			\$21,383,635			



Real Estate Analysis Division

December 20, 2023

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LIHTC (9% Credit)	\$1,453,902				\$1,453,902				

\* 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 Contract
  - a: Certification of testing for lead in drinking water, as recommended in the ESA, and provide the Department any recommended mitigation measures as proposed by the ESA provider.

**Status:** To be cleared by program staff.
- 2 Receipt and acceptance before Direct Loan Closing
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  - b: Substantially final construction contract with Schedule of Values.
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  - b: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials and lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

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## SET-ASIDES

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TDHCA SET-ASIDES for DIRECT LOAN LURA		
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50% of AMFI	ERA-2	43

## ANALYSIS

The Development was awarded a 9% HTC allocation in 2021 and received a 15.00% increase in annual tax credit allocation consistent with the 2023 QAP Subchapter F, Supplement Housing Tax Credits. The Development was awarded \$1,264,263 in 9% Housing Tax Credits in 2021 and a 15% increase of \$189,639 in 2023 Supplemental Housing Tax Credits, for a total allocation of \$1,453,902. Tax credits will be calculated at cost certification based on actual eligible costs incurred.

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

TDHCA approved a material amendment on October 26, 2023 that included site plan, a reduced NRA and common area, and architectural design changes.

The applicant provided a contractor schedule of values to support the development cost schedule. The applicant provided a letter indicating they are receiving a sales tax exemption for construction materials, which is not shown in the development cost schedule.

Underwriter recommends a first lien Multifamily Direct Loan in the amount of \$4,300,000 at a 2.00% interest rate with a 40 year term and 40 year amortization after conversion to permanent. Under these terms, the annualized monthly debt service payment is \$156,258. The construction term is assumed at 24 months to match the senior interim construction loan. The MDL will be in a 2nd lien position during construction.

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
<i>Inn Town Lofts, Lubbock, 9% HTC #23510 23952 21235</i>

LOCATION DATA	
CITY:	Lubbock
COUNTY:	Lubbock
Area Median Income	\$84,600
PROGRAM REGION:	1
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	26	46.4%	0	21
1	10	17.9%	0	7
2	12	21.4%	0	10
3	8	14.3%	0	5
4	-	0.0%	0	0
5	-	0.0%	0	0
<b>TOTAL</b>	<b>56</b>	<b>100.0%</b>	<b>-</b>	<b>43</b>

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	782 sf

<b>55%</b>	<b>Income</b>	20%	30%	40%	50%	60%	70%	80%	MR	<b>TOTAL</b>
<b>Average</b>	<b># Units</b>	-	9	-	19	19	-	9	-	<b>56</b>
<b>Income</b>	<b>% Total</b>	0.0%	16.1%	0.0%	33.9%	33.9%	0.0%	16.1%	0.0%	<b>100.0%</b>

UNIT MIX / MONTHLY RENT SCHEDULE																				
HTC		TDHCA ERA 2		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	ERA2	\$730	4	0	1	558	\$438	\$59	\$379	\$0	\$0.68	\$379	\$1,516	\$1,516	\$379	\$1	\$0	\$1,075	\$1.93
TC 30%	\$438	ERA2	\$730	2	0	1	572	\$438	\$59	\$379	\$0	\$0.66	\$379	\$758	\$758	\$379	\$1	\$0	\$1,075	\$1.88
TC 50%	\$730	ERA2	\$730	4	0	1	572	\$730	\$59	\$671	\$0	\$1.17	\$671	\$2,684	\$2,684	\$671	\$1	\$0	\$1,075	\$1.88
TC 50%	\$730	ERA2	\$730	2	0	1	603	\$730	\$59	\$671	\$0	\$1.11	\$671	\$1,342	\$1,342	\$671	\$1	\$0	\$1,075	\$1.78
TC 50%	\$730	ERA2	\$730	1	0	1	610	\$730	\$59	\$671	\$0	\$1.10	\$671	\$671	\$671	\$671	\$1	\$0	\$1,075	\$1.76
TC 60%	\$876	ERA2	\$730	4	0	1	623	\$730	\$59	\$671	\$0	\$1.08	\$671	\$2,684	\$2,684	\$671	\$1	\$0	\$1,075	\$1.73
TC 60%	\$876	ERA2	\$730	4	0	1	626	\$730	\$59	\$671	\$0	\$1.07	\$671	\$2,684	\$2,684	\$671	\$1	\$0	\$1,075	\$1.72
TC 60%	\$876			1	0	1	650	\$876	\$59	\$817	\$0	\$1.26	\$817	\$817	\$817	\$817	\$1	\$0	\$1,075	\$1.65
TC 80%	\$1,168			3	0	1	650	\$1,168	\$59	\$1,109	\$0	\$1.71	\$1,109	\$3,327	\$3,225	\$1,075	\$2	(\$34)	\$1,075	\$1.65
TC 80%	\$1,168			1	0	1	825	\$1,168	\$59	\$1,109	\$0	\$1.34	\$1,109	\$1,109	\$1,109	\$1,109	\$1	\$0	\$1,170	\$1.42
TC 30%	\$469	ERA2	\$781	2	1	1	653	\$469	\$69	\$400	\$0	\$0.61	\$400	\$800	\$800	\$400	\$1	\$0	\$1,420	\$2.17
TC 60%	\$938	ERA2	\$781	2	1	1	653	\$781	\$69	\$712	\$0	\$1.09	\$712	\$1,424	\$1,424	\$712	\$1	\$0	\$1,420	\$2.17
TC 50%	\$781	ERA2	\$781	3	1	1	672	\$781	\$69	\$712	\$0	\$1.06	\$712	\$2,136	\$2,136	\$712	\$1	\$0	\$1,275	\$1.90
TC 60%	\$938			1	1	1	672	\$938	\$69	\$869	\$0	\$1.29	\$869	\$869	\$869	\$869	\$1	\$0	\$1,275	\$1.90
TC 80%	\$1,251			1	1	1	702	\$1,251	\$69	\$1,182	\$0	\$1.68	\$1,182	\$1,182	\$1,182	\$1,182	\$2	\$0	\$1,275	\$1.82
TC 80%	\$1,251			1	1	1	718	\$1,251	\$69	\$1,182	\$0	\$1.65	\$1,182	\$1,182	\$1,182	\$1,182	\$2	\$0	\$1,275	\$1.78
TC 30%	\$562	ERA2	\$937	1	2	2	859	\$562	\$86	\$476	\$0	\$0.55	\$476	\$476	\$476	\$476	\$1	\$0	\$1,500	\$1.75
TC 50%	\$937	ERA2	\$937	1	2	2	859	\$937	\$86	\$851	\$0	\$0.99	\$851	\$851	\$851	\$851	\$1	\$0	\$1,500	\$1.75
TC 50%	\$937	ERA2	\$937	2	2	1	884	\$937	\$86	\$851	\$0	\$0.96	\$851	\$1,702	\$1,702	\$851	\$1	\$0	\$1,500	\$1.70
TC 50%	\$937	ERA2	\$937	2	2	1	950	\$937	\$86	\$851	\$0	\$0.90	\$851	\$1,702	\$1,702	\$851	\$1	\$0	\$1,500	\$1.58
TC 60%	\$1,125	ERA2	\$937	4	2	1	1,011	\$937	\$86	\$851	\$0	\$0.84	\$851	\$3,404	\$3,404	\$851	\$1	\$0	\$1,500	\$1.48
TC 60%	\$1,125			1	2	1	1,011	\$1,125	\$86	\$1,039	\$0	\$1.03	\$1,039	\$1,039	\$1,039	\$1,039	\$1	\$0	\$1,500	\$1.48
TC 80%	\$1,500			1	2	1	1,011	\$1,500	\$86	\$1,414	\$0	\$1.40	\$1,414	\$1,414	\$1,414	\$1,414	\$1	\$0	\$1,500	\$1.48
TC 50%	\$1,083	ERA2	\$1,083	4	3	2	1,216	\$1,083	\$100	\$983	\$0	\$0.81	\$983	\$3,932	\$3,932	\$983	\$1	\$0	\$2,000	\$1.64
TC 60%	\$1,299	ERA2	\$1,083	1	3	2	1,216	\$1,083	\$100	\$983	\$0	\$0.81	\$983	\$983	\$983	\$983	\$1	\$0	\$2,000	\$1.64
TC 60%	\$1,299			1	3	2	1,216	\$1,299	\$100	\$1,199	\$0	\$0.99	\$1,199	\$1,199	\$1,199	\$1,199	\$1	\$0	\$2,000	\$1.64
TC 80%	\$1,733			2	3	2	1,216	\$1,733	\$100	\$1,633	\$0	\$1.34	\$1,633	\$3,266	\$3,266	\$1,633	\$1.34	\$0	\$2,000	\$1.64
<b>TOTALS/AVERAGES:</b>				<b>56</b>			<b>43,801</b>				<b>\$0</b>	<b>\$1.03</b>	<b>\$806</b>	<b>\$45,153</b>	<b>\$45,051</b>	<b>\$804</b>	<b>\$1.03</b>	<b>(\$2)</b>	<b>\$1,346</b>	<b>\$1.72</b>

<b>ANNUAL POTENTIAL GROSS RENT:</b>	\$541,836	\$540,612
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# STABILIZED PRO FORMA

Inn Town Lofts, Lubbock, 9% HTC #23510\_23952\_21235

STABILIZED FIRST YEAR PRO FORMA															
COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
Database	2023 Lubbock			% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT					\$1.03	\$806	\$541,836	\$472,872	\$472,872	\$540,612	\$804	\$1.03		0.2%	\$1,224
Secondary Income						\$30.00	\$20,160	13,440							
Total Secondary Income						\$30.00			13,440	\$20,160	\$30.00			0.0%	\$0
POTENTIAL GROSS INCOME							\$561,996	\$486,312	\$486,312	\$560,772				0.2%	\$1,224
Vacancy & Collection Loss						7.5% PGI	(42,150)	(36,473)	(36,473)	(42,058)	7.5% PGI			0.2%	(92)
EFFECTIVE GROSS INCOME							\$519,846	\$449,839	\$449,839	\$518,714				0.2%	\$1,132

General & Administrative	\$31,235	\$558/Unit	\$26,391		4.59%	\$0.54	\$426	\$23,844	\$23,788	\$25,344	\$23,844	\$426	\$0.54	4.60%	0.0%	-
Management	\$21,128	6.6% EGI	\$18,988		5.92%	\$0.70	\$550	\$30,793	\$22,492	\$22,492	\$30,726	\$549	\$0.70	5.92%	0.2%	67
Payroll & Payroll Tax	\$65,294	\$1,166/Unit	\$96,896		17.31%	\$2.05	\$1,607	\$90,000	\$64,612	\$65,294	\$90,000	\$1,607	\$2.05	17.35%	0.0%	-
Repairs & Maintenance	\$35,164	\$628/Unit	\$26,916		5.62%	\$0.67	\$521	\$29,198	\$36,094	\$33,600	\$36,400	\$650	\$0.83	7.02%	-19.8%	(7,202)
Electric/Gas	\$10,352	\$185/Unit	\$15,674		3.94%	\$0.47	\$366	\$20,472	\$17,226	\$20,472	\$15,674	\$280	\$0.36	3.02%	30.6%	4,798
Water, Sewer, & Trash	\$25,578	\$457/Unit	\$27,938		4.92%	\$0.58	\$457	\$25,578	\$25,838	\$25,578	\$25,578	\$457	\$0.58	4.93%	0.0%	0
Property Insurance	\$16,330	\$0.37 /sf	\$49,940		9.22%	\$1.09	\$856	\$47,946	\$25,704	\$25,704	\$47,946	\$856	\$1.09	9.24%	0.0%	-
Property Tax (@ 100%) 2.1416	\$23,254	\$415/Unit	\$41,637		7.36%	\$0.87	\$683	\$38,236	\$48,272	\$48,272	\$41,637	\$744	\$0.95	8.03%	-8.2%	(3,401)
Reserve for Replacements					3.23%	\$0.38	\$300	\$16,800	\$16,800	\$16,800	\$16,800	\$300	\$0.38	3.24%	0.0%	-
Cable TV					0.58%	\$0.07	\$54	\$3,036	\$3,036	\$3,036	\$3,036	\$54	\$0.07	0.59%	0.0%	-
Supportive Services					0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.43%	\$0.05	\$40	\$2,240	\$2,240	\$2,240	\$2,240	\$40	\$0.05	0.43%	0.0%	-
TOTAL EXPENSES					63.12%	\$7.49	\$5,860	\$ 328,143	\$286,102	\$288,832	\$333,880	\$5,962	\$7.62	64.37%	-1.7%	\$ (5,737)
NET OPERATING INCOME ("NOI")					36.88%	\$4.38	\$3,423	\$191,703	\$163,737	\$161,007	\$184,834	\$3,301	\$4.22	35.63%	3.7%	\$ 6,870

CONTROLLABLE EXPENSES							\$3,377/Unit					\$3,420/Unit				
-----------------------	--	--	--	--	--	--	--------------	--	--	--	--	--------------	--	--	--	--

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS
<i>Inn Town Lofts, Lubbock, 9% HTC #23510 23952 21235</i>

		DEBT / GRANT SOURCES																		
		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE									
		Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Prior Underwriting		Principal	Term	Amort	Rate	Pmt	Cumulative				
UW	App	Applicant	TDHCA						DCR	LTC										
DEBT (Must Pay)	Fee	1.18	1.23	156,258	2.00%	40	40	\$4,300,000	\$2,800,000	\$2,800,000	\$4,300,000	40	40	2.00%	\$156,258	1.23	20.3%			
CASH FLOW DEBT / GRANTS																				
City of Lubbock		1.15	1.19		0.00%	0	0	\$125,000	\$500	\$500	\$125,000	0	0	0.00%		1.23	0.6%			
City of Lubbock		1.15	1.19		0.00%	0	0	\$225,000	\$0	\$0	\$225,000	0	0	0.00%		1.23	1.1%			
				\$160,809	TOTAL DEBT / GRANT SOURCES			\$4,650,000	\$2,400,500	\$2,400,500	\$4,650,000	TOTAL DEBT SERVICE			\$156,258	1.23	21.9%			
NET CASH FLOW		\$24,025	\$30,894	APPLICANT NET OPERATING INCOME														\$191,703	\$35,445	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							
NEF - HTC	LIHTC Equity	55.2%	\$1,264,263	\$0.93	\$11,702,740	\$11,944,504	\$11,882,881	\$11,702,740	\$0.93	\$1,264,263	55.2%	\$22,576	Applicant Request	
NEF - Historic Credits - Federal	Federal Historic Equity	9.0%		\$0.90	\$1,916,700	\$1,386,401	\$1,386,401	\$1,916,700	\$0.90		9.0%			
Stonehenge - Historic Credits State	State Historic Equity	11.5%		\$0.92	\$2,448,700	\$1,840,276	\$1,840,276	\$2,448,700	\$0.92		11.5%			
Deferred Developer Fee	Deferred Developer Fees	2.3%	(25% Deferred)		\$485,496	\$138,819	\$0	\$485,496	(25% Deferred)		2.3%	Total Developer Fee:	\$1,943,378	
Additional (Excess) Funds Req'd		0.0%						\$0			0.0%			
TOTAL EQUITY SOURCES		78.1%			\$16,553,636	\$15,310,000	\$15,109,558	\$16,553,635			78.1%			
TOTAL CAPITALIZATION					\$21,203,636	\$17,710,500	\$17,510,058	\$21,203,635	15-Yr Cash Flow after Deferred Fee:				\$97,650	

DEVELOPMENT COST / ITEMIZED BASIS														
APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS					COST VARIANCE				
Eligible Basis		Total Costs			Prior Underwriting		Total Costs			Eligible Basis				
Acquisition	New Const. Rehab				Applicant	TDHCA				New Const. Rehab	Acquisition			
Land Acquisition		\$8,929 / Unit	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$8,929 / Unit				0.0%	\$0	
Building Acquisition	\$0	\$32,232 / Unit	\$1,805,000	\$1,500,000	\$1,500,000	\$1,805,000	\$32,232 / Unit		\$0			0.0%	\$0	
Title Recording		\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000					0.0%	\$0	
Off-Sites		\$ / Unit	\$0	\$0	\$0	\$0	\$ / Unit					0.0%	\$0	
Site Work		\$895,373	\$22,700 / Unit	\$1,271,173	\$545,899	\$533,320	\$1,271,173	\$22,700 / Unit	\$895,373			0.0%	\$0	
Site Amenities		\$100,000	\$1,786 / Unit	\$100,000	\$248,728	\$248,728	\$100,000	\$1,786 / Unit	\$100,000			0.0%	\$0	
Building Cost		\$8,952,880	\$204.40 /sf	\$159,873/Unit	\$8,952,880	\$7,131,493	\$8,952,880	\$159,873/Unit	\$204.40 /sf	\$8,952,880		0.0%	\$0	
Contingency		\$1,032,405	10.38%	10.00%	\$1,032,405	\$993,000	\$792,612	\$1,032,405	10.00%	\$994,825		0.0%	\$0	
Contractor Fees		\$1,537,291	14.00%	14.00%	\$1,589,903	\$1,220,677	\$1,589,903	14.00%	14.00%	\$1,532,031		0.0%	\$0	
Soft Costs	\$0	\$1,748,178	\$32,110 / Unit	\$1,798,178	\$2,392,534	\$2,392,534	\$1,798,178	\$32,110 / Unit	\$1,748,178	\$0		0.0%	\$0	
Financing	\$0	\$1,758,663	\$34,840 / Unit	\$1,951,019	\$1,138,092	\$1,138,092	\$1,951,019	\$34,840 / Unit	\$1,615,684	\$0		0.0%	\$0	
Developer Fee	\$0	\$1,400,000	8.74%	11.849%	\$1,943,378	\$1,943,378	\$1,943,378	11.96%	8.84%	\$1,400,000	\$0	0.0%	\$0	
Reserves			6 Months	\$239,699	\$76,699	\$76,699	\$239,699	6 Months				0.0%	\$0	
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		\$0	\$17,424,790	\$378,636 / Unit	\$21,203,635	\$17,710,500	\$21,203,635	\$378,636 / Unit	\$17,238,971	\$0	0.0%	\$0		
Acquisition Cost	\$0			\$0	\$0									
Contingency		(\$37,580)		\$0	(\$200,388)									
Contractor's Fee		(\$5,260)		\$0										
Financing Cost		(\$142,979)												
Developer Fee	0	\$0		\$0	\$0									
Reserves				\$0	\$0									
ADJUSTED BASIS / COST		\$0	\$17,238,971	\$378,636/unit	\$21,203,635	\$17,510,112	\$21,203,635	\$378,636/unit	\$17,238,971	\$0	0.0%	\$0		
TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY SCR/CNA														
										\$21,203,635				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS					
Inn Town Lofts, Lubbock, 9% HTC #21235					

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	\$0	\$17,238,971	\$0	\$17,238,971
Deduction of Federal Grants		(\$1,916,700)		(\$1,916,700)
TOTAL ELIGIBLE BASIS	\$0	\$15,322,271	\$0	\$15,322,271
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$19,918,953	\$0	\$19,918,953
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	\$0	\$19,918,953	\$0	\$19,918,953
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$1,792,706	\$0	\$1,792,706
CREDITS ON QUALIFIED BASIS	\$1,792,706		\$1,792,706	

Method	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.9257	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$1,792,706	\$16,594,308	----	----	----
Needed to Fill Gap	\$1,316,712	\$12,188,235	----	----	----
Applicant Request	\$1,264,263	\$11,702,740	\$1,264,263	\$0	\$0

## Long-Term Pro Forma

*Inn Town Lofts, Lubbock, 9% HTC #23510\_23952\_21235*

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
EFFECTIVE GROSS INCOME	2.00%	\$519,846	\$530,243	\$540,848	\$551,665	\$562,698	\$621,264	\$685,926	\$757,318	\$836,140	\$923,166
TOTAL EXPENSES	3.00%	\$328,143	\$337,679	\$347,496	\$357,600	\$368,001	\$424,775	\$490,399	\$566,265	\$653,980	\$755,408
<b>NET OPERATING INCOME ("NOI")</b>		<b>\$191,703</b>	<b>\$192,564</b>	<b>\$193,352</b>	<b>\$194,065</b>	<b>\$194,697</b>	<b>\$196,490</b>	<b>\$195,527</b>	<b>\$191,053</b>	<b>\$182,160</b>	<b>\$167,758</b>
EXPENSE/INCOME RATIO		63.1%	63.7%	64.3%	64.8%	65.4%	68.4%	71.5%	74.8%	78.2%	81.8%
<b>MUST -PAY DEBT SERVICE</b>											
MF Direct Loan (ERA2)		\$156,258	\$156,258	\$156,258	\$156,258	\$156,258	\$156,258	\$156,258	\$156,258	\$156,258	\$156,258
TOTAL DEBT SERVICE		\$156,258	\$156,258	\$156,258	\$156,258	\$156,258	\$156,258	\$156,258	\$156,258	\$156,258	\$156,258
DEBT COVERAGE RATIO		1.23	1.23	1.24	1.24	1.25	1.26	1.25	1.22	1.17	1.07
<b>ANNUAL CASH FLOW</b>											
Deferred Developer Fee Balance		\$450,050	\$413,744	\$376,649	\$338,843	\$300,404	\$101,863	\$0	\$0	\$0	\$0
<b>CUMULATIVE NET CASH FLOW</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$97,650	\$282,147	\$431,416	\$520,167

**Real Estate Analysis Division**

February 27, 2023

**Addendum to Underwriting Report**TDHCA Application #: **23952\_21235** Program(s): **9% HTC****Inn Town Lofts**Address/Location: **1202 Main Street**City: **Lubbock** County: **Lubbock** Zip: **79401**

	APPLICATION HISTORY
Report Date	PURPOSE
<b>02/27/23</b>	<b>Supplemental Credit Memo</b>
07/19/21	Original Underwriting Report

**ALLOCATION**

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
<b>LIHTC (9% Credit)</b>	\$1,264,263				<b>\$1,453,902</b>				

\* 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 by Cost Certification:

a: Certification that additional environmental investigation was performed to assess any adverse impact from underground storage tanks, hydraulic lifts, automotive shop floor drain, unknown pool fill material, and any other risks identified in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.

b: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials and lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

c: Certification of testing for lead in drinking water, as recommended in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.

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

**SET-ASIDES**

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	9
50% of AMI	50% of AMI	19
60% of AMI	60% of AMI	19
80% of AMI	80% of AMI	9

### ANALYSIS

The Development received a 9% HTC allocation in 2021 and is requesting a 15.00% increase in annual tax credit allocation consistent with the 2023 QAP Subchapter F, Supplement Housing Tax Credits. Tax credits will be calculated at cost certification based on actual eligible costs incurred.

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

The underwriter recommends a total annual credit allocation of \$1,453,902.

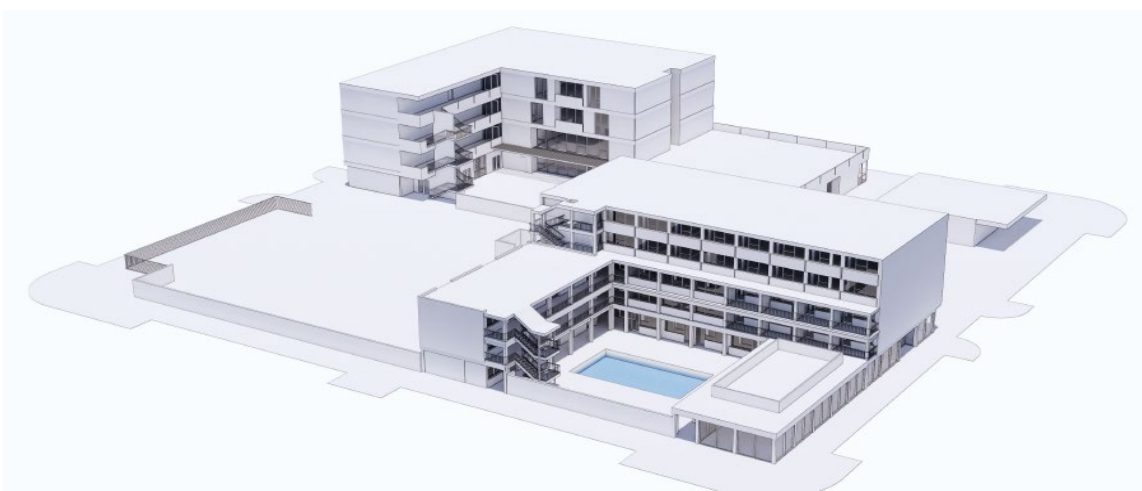
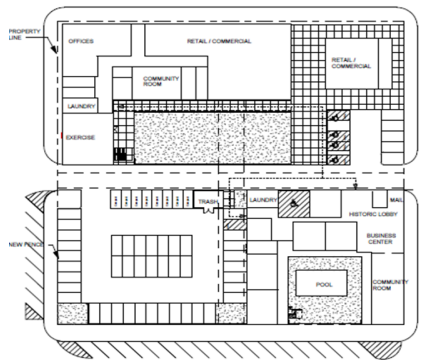
Underwriter:	<u>Laura Rogers</u>
Manager of Real Estate Analysis:	<u>Gregg Kazak</u>
Director of Real Estate Analysis:	<u>Jeanna Adams</u>



# 21235 Inn Town Lofts - Application Summary

REAL ESTATE ANALYSIS DIVISION

July 19, 2021

PROPERTY IDENTIFICATION		RECOMMENDATION					KEY PRINCIPALS / SPONSOR						
Application #	21235	TDHCA Program	Request	Recommended			Housing Trust Group  Randy Rieger Valentin DeLeon						
Development	Inn Town Lofts	LIHTC (9% Credit)	\$1,270,819	\$1,264,263	\$/Unit	\$0.00							
City / County	Lubbock / Lubbock												
Region/Area	1 / Urban												
Population	General												
Set-Aside	General												
Activity	Adaptive Re-Use	(Built in 1964)						Related Parties	Contractor - TBD	Seller - No			
TYPICAL BUILDING ELEVATION/PHOTO								UNIT DISTRIBUTION		INCOME DISTRIBUTION			
								# Beds	# Units	% Total	Income	# Units	% Total
								Eff	26	46%	20%	-	0%
								1	10	18%	30%	9	16%
								2	12	21%	40%	-	0%
								3	8	14%	50%	19	34%
								4	-	0%	60%	19	34%
											70%	-	0%
											80%	9	16%
											MR	-	0%
								TOTAL	56	100%	TOTAL	56	100%
PRO FORMA FEASIBILITY INDICATORS													
Pro Forma Underwritten				Applicant's Pro Forma									
Debt Coverage	1	1.18	Expense Ratio	1	63.6%								
Breakeven Occ.	2	87.4%	Breakeven Rent	\$664									
Average Rent	\$704		B/E Rent Margin	1	\$40								
Property Taxes	\$862/unit		Exemption/PILOT	0%									
Total Expense	\$5,109/unit		Controllable	\$2,992/unit									
MARKET FEASIBILITY INDICATORS													
Gross Capture Rate (10% Maximum)				2	1.0%								
Highest Unit Capture Rate	2	7%	0 BR/60%	6									
Dominant Unit Cap. Rate	2	4%	0 BR/50%	11									
Premiums (↑60% Rents)	#DIV/0!		#DIV/0!										
Rent Assisted Units	N/A												
DEVELOPMENT COST SUMMARY													
Costs Underwritten				TDHCA's Costs - Based on PCA									
Avg. Unit Size	813 SF		Density	34.9/acre									
Acquisition			\$36K/unit	\$2,020K									
Building Cost	\$157.01/SF		\$128K/unit	\$7,144K									
Hard Cost			\$156K/unit	\$8,719K									
Total Cost			\$313K/unit	\$17,510K									
Developer Fee	\$1,943K		(0% Deferred)	Paid Year: 1									
Contractor Fee	\$1,221K		30% Boost	Yes									
SITE PLAN													
													

										<b>REHABILITATION COSTS / UNIT</b>					
										Site Work	\$10K	6%	Finishes/Fixture	\$24K	15%
										Building Shell	\$92K	59%	Amenities	\$4K	3%
										HVAC	\$10K	7%	Total Exterior	###	75%
										Appliances	\$1K	1%	Total Interior	\$35K	25%
<b>DEBT (Must Pay)</b>					<b>CASH FLOW DEBT / GRANT FUNDS</b>					<b>EQUITY / DEFERRED FEES</b>					
<b>Source</b>		<b>Term</b>	<b>Rate</b>	<b>Amount</b>	<b>DCR</b>	<b>Source</b>		<b>Term</b>	<b>Rate</b>	<b>Amount</b>	<b>DCR</b>	<b>Source</b>		<b>Amount</b>	
JP Morgan Chase N.A.		18/35	4.65%	\$2,400,000	1.18	City of Lubbock		0/0	0.00%	\$500	1.18	Raymond James		\$11,882,881	
												Monarch - Hist. Credits State		\$1,386,401	
												Monarch- Hist. Credits Fed.		\$1,840,276	
												HTG Lubbock Developer			
												<b>TOTAL EQUITY SOURCES</b>		<b>\$15,109,558</b>	
												<b>TOTAL DEBT SOURCES</b>		<b>\$2,400,500</b>	
<b>TOTAL DEBT (Must Pay)</b>										<b>\$500</b>				<b>TOTAL CAPITALIZATION</b>	
														<b>\$17,510,058</b>	

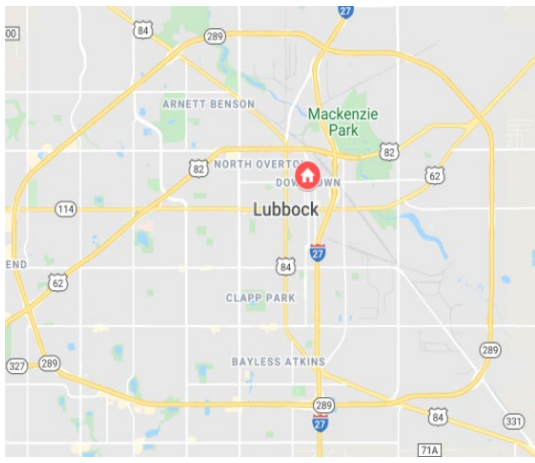

Receipt and acceptance by Cost Certification:

a: Certification that additional environmental investigation was performed to assess any adverse impact from underground storage tanks, hydraulic lifts, automotive shop floor drain, unknown pool fill material, and any other risks identified in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.

b: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials and lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

c: Certification of testing for lead in drinking water, as recommended in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.

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

										<b>AERIAL PHOTOGRAPH(s)</b>									
<b>RISK PROFILE</b>																			
<b>STRENGTHS/MITIGATING FACTORS</b>																			
Low Gross Capture Rate																			
Renovation of downtown property																			
<b>WEAKNESSES/RISKS</b>																			
63% expense-to-income ratio																			
High percentage of studio units																			
<b>AREA MAP</b>																			
																			



### DEVELOPMENT IDENTIFICATION

TDHCA Application #: **21235** Program(s): **9% HTC**

**Inn Town Lofts**

Address/Location: 1202 Main Street

City: Lubbock County: Lubbock Zip: 79401

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

Activity: Adaptive Re-Use Building Type: Elevator Served Region: 1

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)	\$1,270,819				\$1,264,263				

- Receipt and acceptance by Cost Certification:
- a: Certification that additional environmental investigation was performed to assess any adverse impact from underground storage tanks, hydraulic lifts, automotive shop floor drain, unknown pool fill material, and any other risks identified in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.
  - b: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials and lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.
  - c: Certification of testing for lead in drinking water, as recommended in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.
- Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

## SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	9
50% of AMI	50% of AMI	19
60% of AMI	60% of AMI	19
80% of AMI	80% of AMI	9

## DEVELOPMENT SUMMARY

The Subject property is currently improved with a five-story historic building and two single-story vacant commercial buildings. The 5-story building has been used as a hotel from 1964 till 1990. In 1990, the Lubbock Regional MHMR purchased the property and converted the motel into the Jim Kimmel Center, a rehabilitation facility. The Center closed in 1997 and has been vacant since. The existing 5-story historic building will be renovated and adapted to affordable units. Amenities in the historic building will include a community room and business center.

One of the single-story buildings had been used as a restaurant. It will be removed. The other single-story building had previously been used as a gasoline station. This building will be renovated and used for retail.

A new 4-story building will be constructed containing 14 units, community room, exercise room and 5,553 sq ft of retail space. The second story will have a roof garden.

## RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Low Gross Capture Rate
▫	Renovation of downtown property

WEAKNESSES/RISKS	
▫	63% expense-to-income ratio
▫	High percentage of studio units

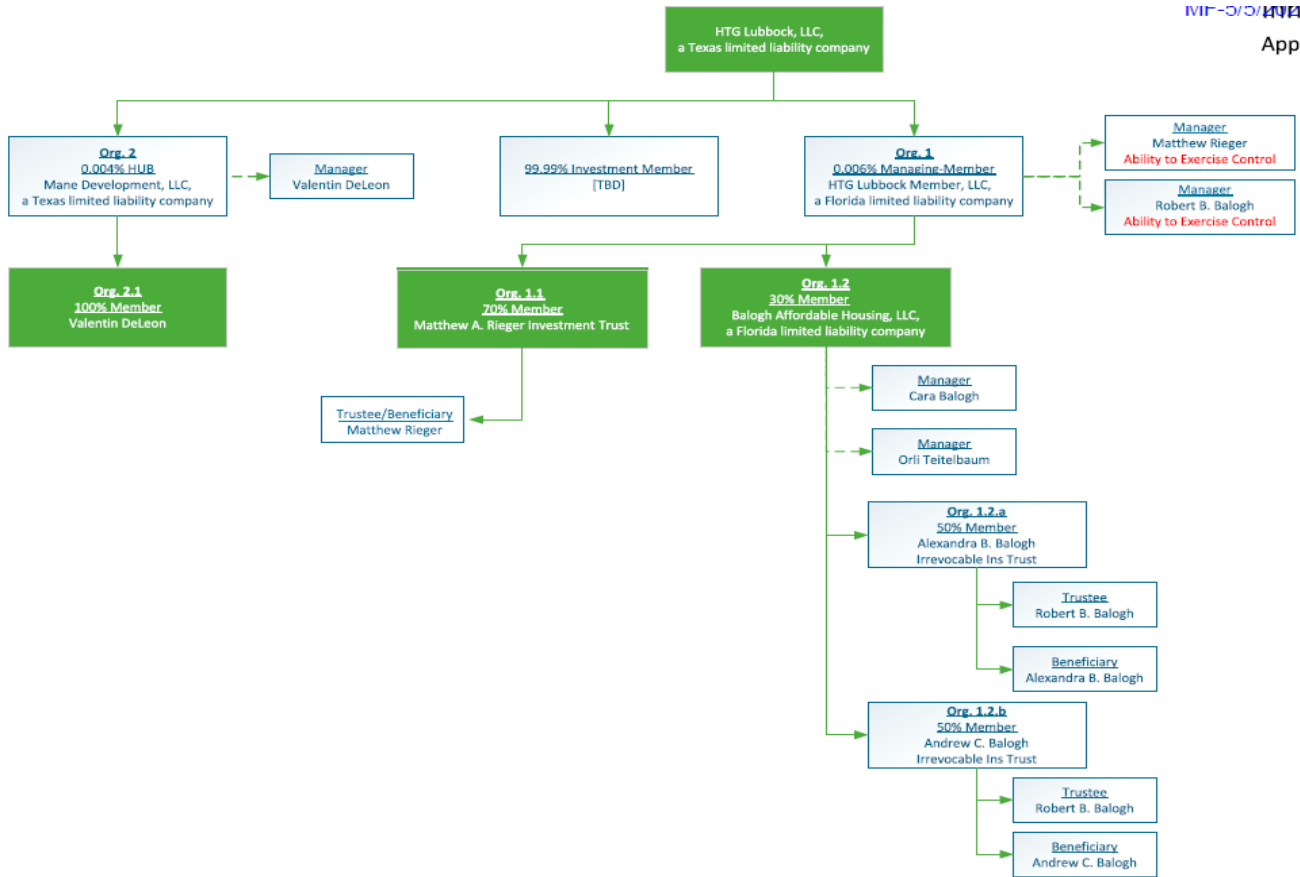
## DEVELOPMENT TEAM

### PRIMARY CONTACTS

Name: Matthew Rieger  
 Phone: (305) 860-8188  
 Relationship: Developer

Name: Valentin DeLeon  
 Phone: (786) 536-9104  
 Relationship: Developer

### OWNERSHIP STRUCTURE

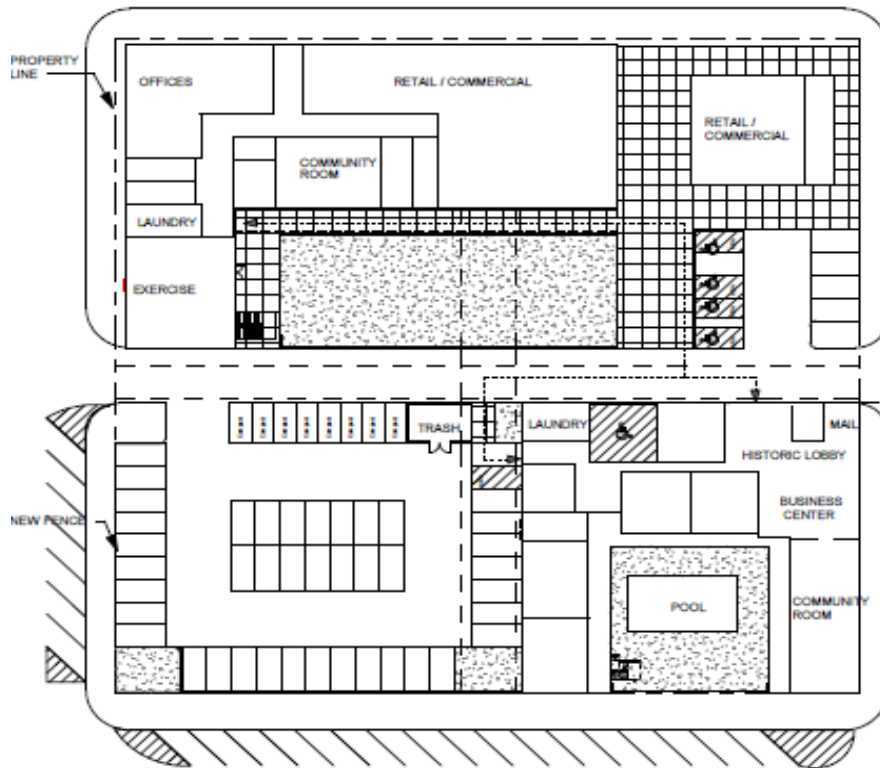


- Housing Trust Group, HTG has over 40 years of experience and have won Affordable Housing Finance's Top 50 Affordable Developer's List (2018, 2019, 2020). Their residential projects are located in Florida and throughout the Southeastern United State and Arizona and include over 4,000 units of multi-family housing. Their first development in Texas was awarded in 2020.



# DEVELOPMENT SUMMARY

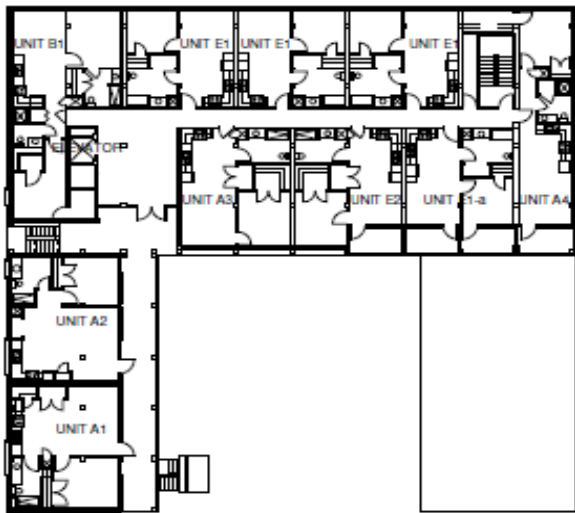
## SITE PLAN



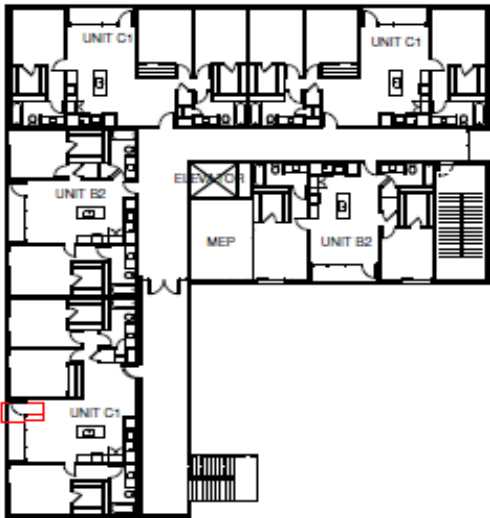
The current parking requirement for the residential use is 56 spaces plus 25 spaces for the retail use for a total of 81 spaces. The City of Lubbock is has engaged WGI to do a master parking planning of the downtown district to support an update to the parking ordinance. Reductions in requirements are anticipated. The site plan has 45 standard spaces, 8 compact spaces, 5 ADA spaces for a total of 58 spaces (1.0/unit). An additional 30 on street parking spaces are available, but not considered in the calculation.

BUILDING PLAN (Typical)

Historic Building Floor Plan

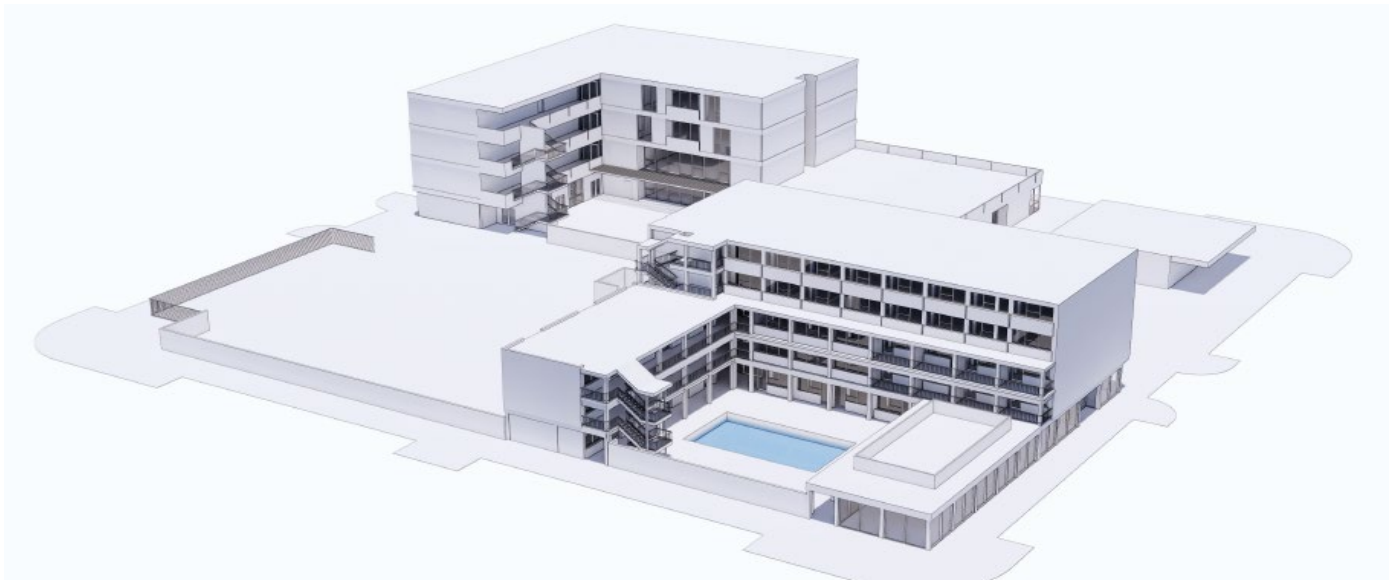


New Building Floor Plan



Comments:  
The historical building was previously used as a hotel. Reconfiguration of the layout will provide efficiency (57% of the building) and 1 and 2 bedroom units for a total of 42 units. The new building will have 2 and 3 bedroom units for a total of 14 units. Layout of the units provides efficiencies.

BUILDING ELEVATION



## BUILDING CONFIGURATION

Building Type	1	2											Total Buildings
Floors/Stories	5	4											
Number of Bldgs	1	1											
Units per Bldg	42	14											
Total Units	42	14											56
Avg. Unit Size (SF)		813 sf		Total NRA (SF)		45,501		Common Area (SF)*		25,115			

\*Common Area Square Footage as specified on Architect Certification

## SITE CONTROL INFO

<b>Site Acreage:</b>	Development Site:	1.61	acres	Density:	34.9	units/acre
	<b>Site Control:</b>	1.606	<b>Site Plan:</b>	1.606	<b>Appraisal:</b>	N/A
				<b>ESA:</b>	1.606	
<b>Feasibility Report Survey:</b>	y	Repor	<b>Feasibility Report Engineer's Plan:</b>	1.606		

Control Type: Commercial Contract - Improved Property

Development Site: 1.61 acres Cost: \$2,000,000 \$35,714 per unit

Seller: Gedala, LLC

Buyer: Housing Trust Group, LLC

Related-Party Seller/Identity of Interest: No

## SITE INFORMATION

Flood Zone: X &amp; AE

Scattered Site?	No
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Zoning: (Central Business Dis

Within 100-yr floodplain? Yes

Re-Zoning Required?	No
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Utilities at Site? Yes

Year Constructed: 1964

Title Issues? No

Current Uses of Subject Site:

There are 3 existing buildings which are all currently unoccupied. The buildings are a 5-story former motel / rehabilitation center, a one-story former automotive shop, a one-story former restaurant.

### Surrounding Uses:

The property is bounded on each side by streets. Property uses across the streets are:

North: Parking lot

East: Commercial use & parking

South: Commercial use & parking

West: Commercial use & parking



Other Observations:

Applicant confirmed that no residential structures will be constructed in the floodplain.

The existing water line is a 10-inch cast iron main built in 1909. It may provide some challenges to utilize this line. An alternative connection is the 12-inch PVC main along Maini Street constructed in 2008. There are 2-inch cast iron service lines running throughout the property. The engineer recommends that these lines be abandoned and new service lines put in place. The wastewater line is a 6" vitrified clay pipe that runs through middle of the block. It was installed in 1909. The engineer recommends these lines be abandoned and new service lines put in place.

An alley that once ran through the middle of the site was abandoned by the City of Lubbock. The site has been assembled into a single tract.

#### HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: ECS Southwest, LLP

Date: 2/26/2021

Recognized Environmental Conditions (RECs) and Other Concerns:

- A filling station was located on the southeast portion of the property from approximately 1936 until sometime prior to 1979. Three (3) gas tanks were located to the south of the building.

A filling station and automotive repair shop was located at the southwest portion of the property from at least 1926 until sometime prior to 1952. Up to four (4) tanks have been located on the property. Records of the removal were not found. Considered to be a REC.

The former automotive repair shop and filling station located at the northeast corner of the property contain two hydraulic lifts and one floor drain located in the former automotive repair shop and filling station. The site was reported on the LPST, PST and EDR Historical Auto databases. These are considered to be a REC.

- The unknown fill material used to fill the swimming pool associated with the former motel is considered to be a REC.

Comments:

The buildings on the property were built in 1964, 1964 and 1979. The improvements built in 1964 have the potential for both asbestos and lead-based paint. An asbestos and lead-based paint survey is recommended.

Due to the age of the improvements, it is possible that the Subject property has lead-soldered pipe fittings. Lead is considered a Business Environmental Risk (BER) for the property. Additional site-specific testing would be required to ascertain actual lead in drinking water concentrations.

The LPST case associated with the northeast portion of the subject property may be a vapor encroachment condition (VEC).

## MARKET ANALYSIS

Provider: Novogradac  
 Contact: Kelly Powell

Date: 3/22/2021  
 Phone: 913-312-4624

Primary Market Area (PMA): 46 sq. miles 4 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME								
Lubbock County Income Limits								
HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	\$10,560	\$11,310	\$13,590	\$13,590	---	---	---
	Max	\$14,100	\$16,110	\$18,120	\$20,130	---	---	---
50% AMGI	Min	\$17,610	\$18,870	\$22,650	\$22,650	\$26,160	\$26,160	---
	Max	\$23,500	\$26,850	\$30,200	\$33,550	\$36,250	\$38,950	---
60% AMGI	Min	\$21,150	\$22,650	\$27,180	\$27,180	\$31,410	\$31,410	---
	Max	\$28,200	\$32,220	\$36,240	\$40,260	\$43,500	\$46,740	---
80% AMGI	Min	\$28,200	\$30,210	\$36,240	\$36,240	\$41,880	\$41,880	---
	Max	\$37,600	\$42,960	\$48,320	\$53,680	\$58,000	\$62,320	---

AFFORDABLE HOUSING INVENTORY						
Competitive Supply (Proposed, Under Construction, and Unstabilized)						
File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
19088	Metro Tower Lofts	Yes	New	General	75	89
Other Affordable Developments in PMA since 2016						
18162	Guadalupe Villas		New	Elderly Limitation	n/a	128
Stabilized Affordable Developments in PMA				Total Units	11	
				Total Developments	1,447	
				Average Occupancy	95%	

Proposed, Under Construction, and Unstabilized Competitive Supply:

Metro Tower Lofts (#19088) is an awarded 9% deal located in the PMA with 75 units that will directly compete with Subject; these units are included in the capture rates. Guadalupe Villas (#18162) is a senior project, therefore, it's units do not compete with the Subject.

OVERALL DEMAND ANALYSIS				
	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	20,661			
Potential Demand from the Primary Market Area	12,256			
10% External Demand	1,226			
Potential Demand from Other Sources	0			
<b>GROSS DEMAND</b>	13,482			
Subject Affordable Units	56		56	
Unstabilized Competitive Units	74		75	
<b>RELEVANT SUPPLY</b>	130			
<b>Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE</b>				
	<b>1.0%</b>			

<b>Population:</b>	<b>General</b>	<b>Market Area:</b>	<b>Urban</b>	<b>Maximum Gross Capture Rate:</b>	<b>10%</b>
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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	3,010	301	9	8	0.5%				
50% AMGI	1,361	136	19	15	2.3%				
60% AMGI	6,055	606	19	51	1.1%				
80% AMGI	1,830	183	9	0	0.4%				

**Demand Analysis:**

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

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE											
		Market Analyst									
Unit Type		Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
0 BR/30%		359	36	6	4	2.5%					
0 BR/50%		366	37	11	6	4.2%					
0 BR/60%		462	46	6	28	6.7%					
0 BR/80%		419	6	3	0	0.7%					
1 BR/30%		336	34	2	2	1.1%					
1 BR/50%		262	2	2	2	1.5%					
1 BR/60%		433	43	5	8	2.7%					
1 BR/80%		487	49	1	0	0.2%					
2 BR/30%		581	58	1	2	0.5%					
2 BR/50%		495	50	3	7	1.8%					
2 BR/60%		854	85	5	15	2.1%					
2 BR/80%		817	82	3	0	0.3%					
3 BR/50%		397	40	3	0	0.7%					
3 BR/60%	769	77	3	0	0.4%						
3 BR/80%	527	53	2	0	0.3%						

Market Analyst Comments:

Approximately 10.2 percent of the rental housing in Subject's PMA is affordable, while 7.0 percent of the rental housing in the Secondary Market Area (SMA) is affordable. This suggests a strong need for maintaining affordable housing in the PMA and SMA. (p. 38)

The overall average vacancy rate among the comparable is 6.2 percent. We anticipate the Subject will maintain a vacancy rate of five percent or less upon stabilization. (p 98)

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	\$163,737	Avg. Rent:	\$704	Expense Ratio:	63.6%
Debt Service:	\$138,986	B/E Rent:	\$664	Controllable Expenses:	\$2,992
Net Cash Flow:	\$24,751	UW Occupancy:	92.5%	Property Taxes/Unit:	\$862
Aggregate DCR:	1.18	B/E Occupancy:	87.4%	Program Rent Year:	2020

Pro forma assumes full HTC rents on all units.

Applicant's pro forma includes \$250 per unit replacement reserves. Underwriter adjusted to \$300 consistent with REA guidelines for Adaptive Reuse developments.

Applicant provided letter from tax consultant to document estimation of property taxes.

Income, expenses and NOI are all within 5%, so feasibility analysis is based on the Applicant's pro forma.

As underwritten 15-year cumulative cash flow is \$402,641.

## DEVELOPMENT COST EVALUATION

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

Acquisition	\$311,333/ac	\$36,071/unit	\$2,020,000	Contractor Fee	\$1,220,622
Off-site + Site Work		\$13,965/unit	\$782,048	Soft Cost + Financing	\$3,530,626
Building Cost	\$157.01/sf	\$127,573/unit	\$7,144,072	Developer Fee	\$1,943,378
Contingency	10.00%	\$14,154/unit	\$792,612	Reserves	\$76,699
<b>Total Development Cost</b>		\$312,680/unit	<b>\$17,510,058</b>	<b>Rehabilitation Cost</b>	<b>\$141,538/unit</b>
<b>Qualified for 30% Basis Boost?</b>		High Opportunity Index [9% only]			

#### Site Work:

Certified cost off \$546K includes \$118K for demoition and \$47K for asbestos removal during demolition; thies costs are not included in eligible basis. The remain \$380K (\$6,794/unit) is utilized for grading, on-site utilities, paving and detention.

#### Building Cost:

Building Cost is determined by the third party Scope and Cost Review. The SCR report estimates \$3,771,053 for the restoration/re-configuration of the historic building (\$77K per unit for 42 dwelling units); and \$4,155,067 for the construction of the new building containing 14 dwelling units plus 13,211 sq ft of common area. The cost for the new building is \$91.56 per gross sq ft.

### SCOPE & COST REVIEW

Provider: Phase Engineering, Inc.

Date: 3/3/2021

#### Contingency:

Applicant's Cost Schedule includes \$200,000 Soft Cost Contingency. When this amount is combined with Hard Cost Contingency, overall Contingency exceeds the 10% limit. Total Contingency is adjusted by the excess \$200,000.

#### Ineligible Costs:

\$500,000 of budgeted construction cost for commercial space is not included in eligible basis.

#### Soft Costs:

Underwriter re-classified \$200K Soft Cost Contingency and combined with Total Contingency.

#### Developer Fee:

Total Developer Fee represents 14.57% of development costs. Applicant limited Eligible Developer Fee to 11.11% of eligible cost.

#### Reserves:

Capitalized Reserves in the Applicant's budget represent less than three months of operating expenses and debt service.

#### Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$17,510,058	\$13,805,038	\$1,399,877

## UNDERWRITTEN CAPITALIZATION

### INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
JP Morgan Chase N.A.	Conventional	\$10,570,299	4.38%	69%
Raymond James	HTC	\$4,828,629	\$0.94	31%
City of Lubbock	§11.9(d)(2)LPS Contribution	\$500		0%
			<b>\$15,399,428</b>	<b>Total Sources</b>

### PERMANENT SOURCES

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
JP Morgan Chase N.A.	\$2,400,000	4.65%	35	18	\$2,400,000	4.65%	35	18	14%
City of Lubbock	\$500				\$500				0%
<b>Total</b>	<b>\$2,400,500</b>				<b>\$2,400,500</b>				

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN			
	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Raymond James	\$11,944,504	\$0.94		\$11,882,881	\$0.940	68%	
Monarch - Hist. Credits State	\$1,386,401	\$0.82		\$1,386,401	\$0.82	8%	
Monarch- Hist. Credits Fed.	\$1,840,276	\$0.78		\$1,840,276	\$0.78	11%	
HTG Lubbock Developer	\$138,819		7%	\$0		0%	0%
<b>Total</b>	<b>\$15,310,000</b>			<b>\$15,109,558</b>			
				<b>\$17,510,058</b>		<b>Total Sources</b>	

Comments:

Equity received for Federal Historic Credits is treated as a federal grant and is excluded from LIHTC Eligible Basis.

### Credit Price Sensitivity based on current capital structure

<b>\$0.935</b>	Maximum Credit Price before the Development is oversourced and allocation is limited
<b>\$0.903</b>	Minimum Credit Price below which the Development would be characterized as infeasible

Comments:

Due to the adjustment to Contingency, Total Sources of Funds exceeds Total Development Cost by \$200,442. Applicant's proposed deferred Developer Fee is eliminated, and the HTC equity needed to balance sources and uses is reduced by \$61,623.

## CONCLUSIONS

### Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	\$17,510,058
Permanent Sources (debt + non-HTC equity)	\$5,627,177
<b>Gap in Permanent Financing</b>	<b>\$11,882,881</b>

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$13,157,530	\$1,399,877
Needed to Balance Sources & Uses	\$11,882,881	\$1,264,263
Requested by Applicant	\$11,944,504	\$1,270,819

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
<b>Tax Credit Allocation</b>	<b>\$11,882,881</b>	<b>\$1,264,263</b>

#### Comments:

Credit recommendation is \$1,264,263 as determined by the amount needed to balance sources and uses.

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

UNIT MIX/RENT SCHEDULE
<i>Inn Town Lofts, Lubbock, 9% HTC #21235</i>

LOCATION DATA	
CITY:	Lubbock
COUNTY:	Lubbock
Area Median Income	\$69,200
PROGRAM REGION:	1
PROGRAM RENT YEAR:	2020

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	26	46.4%	0	0
1	10	17.9%	0	0
2	12	21.4%	0	0
3	8	14.3%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
<b>TOTAL</b>	<b>56</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>

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	813 sf

<b>55%</b>	<b>Income</b>	20%	30%	40%	50%	60%	70%	80%	MR	<b>TOTAL</b>
<b>Average</b>	<b># Units</b>	-	9	-	19	19	-	9	-	<b>56</b>
<b>Income</b>	<b>% Total</b>	0.0%	16.1%	0.0%	33.9%	33.9%	0.0%	16.1%	0.0%	<b>100.0%</b>

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%	\$352	6	0	1	560	\$352	\$33	\$319	\$0	\$0.57	\$319	\$1,914	\$1,914	\$319	\$1	\$0	\$925	\$1.65
TC 50%	\$587	11	0	1	560	\$587	\$33	\$554	\$0	\$0.99	\$554	\$6,094	\$6,094	\$554	\$1	\$0	\$925	\$1.65
TC 60%	\$705	6	0	1	560	\$705	\$33	\$672	\$0	\$1.20	\$672	\$4,032	\$4,032	\$672	\$1	\$0	\$925	\$1.65
TC 80%	\$940	1	0	1	560	\$940	\$33	\$907	\$0	\$1.62	\$907	\$907	\$907	\$907	\$2	\$0	\$925	\$1.65
TC 80%	\$940	2	0	1	629	\$940	\$33	\$907	\$0	\$1.44	\$907	\$1,814	\$1,814	\$907	\$1	\$0	\$925	\$1.47
TC 30%	\$377	2	1	1	687	\$377	\$43	\$334	\$0	\$0.49	\$334	\$668	\$668	\$334	\$0	\$0	\$1,060	\$1.54
TC 50%	\$629	2	1	1	696	\$629	\$43	\$586	\$0	\$0.84	\$586	\$1,172	\$1,172	\$586	\$1	\$0	\$1,060	\$1.52
TC 60%	\$755	3	1	1	724	\$755	\$43	\$712	\$0	\$0.98	\$712	\$2,136	\$2,136	\$712	\$1	\$0	\$1,060	\$1.46
TC 60%	\$755	2	1	1	725	\$755	\$43	\$712	\$0	\$0.98	\$712	\$1,424	\$1,424	\$712	\$1	\$0	\$1,060	\$1.46
TC 80%	\$1,007	1	1	1	725	\$1,007	\$43	\$964	\$0	\$1.33	\$964	\$964	\$964	\$964	\$1	\$0	\$1,060	\$1.46
TC 30%	\$453	1	2	2	887	\$453	\$51	\$402	\$0	\$0.45	\$402	\$402	\$402	\$402	\$0	\$0	\$1,275	\$1.44
TC 50%	\$755	3	2	2	887	\$755	\$51	\$704	\$0	\$0.79	\$704	\$2,112	\$2,112	\$704	\$1	\$0	\$1,275	\$1.44
TC 60%	\$906	2	2	2	887	\$906	\$51	\$855	\$0	\$0.96	\$855	\$1,710	\$1,710	\$855	\$1	\$0	\$1,275	\$1.44
TC 60%	\$906	3	2	2	1,120	\$906	\$51	\$855	\$0	\$0.76	\$855	\$2,565	\$2,565	\$855	\$1	\$0	\$1,275	\$1.14
TC 80%	\$1,208	3	2	2	1,120	\$1,208	\$51	\$1,157	\$0	\$1.03	\$1,157	\$3,471	\$3,471	\$1,157	\$1	\$0	\$1,275	\$1.14
TC 50%	\$872	3	3	2	1,456	\$872	\$66	\$806	\$0	\$0.55	\$806	\$2,418	\$2,418	\$806	\$1	\$0	\$1,500	\$1.03
TC 60%	\$1,047	3	3	2	1,456	\$1,047	\$66	\$981	\$0	\$0.67	\$981	\$2,943	\$2,943	\$981	\$1	\$0	\$1,500	\$1.03
TC 80%	\$1,396	2	3	2	1,456	\$1,396	\$66	\$1,330	\$0	\$0.91	\$1,330	\$2,660	\$2,660	\$1,330	\$0.91	\$0	\$1,500	\$1.03
<b>TOTALS/AVERAGES:</b>		<b>56</b>			<b>45,501</b>				<b>\$0</b>	<b>\$0.87</b>	<b>\$704</b>	<b>\$39,406</b>	<b>\$39,406</b>	<b>\$704</b>	<b>\$0.87</b>	<b>\$0</b>	<b>\$1,106</b>	<b>\$1.36</b>

<b>ANNUAL POTENTIAL GROSS RENT:</b>	<b>\$472,872</b>	<b>\$472,872</b>	
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# STABILIZED PRO FORMA

Inn Town Lofts, Lubbock, 9% HTC #21235

STABILIZED FIRST YEAR PRO FORMA													
COMPARABLES				APPLICANT				TDHCA				VARIANCE	
Database	Lubbock			% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT				\$0.87		\$704	\$472,872	\$472,872	\$704	\$0.87		0.0%	\$0
Laundry, pet fees, app fees							\$20.00	\$13,440					
0							\$0.00	\$0					
0							\$0.00	\$0					
Total Secondary Income							\$20.00	\$13,440	\$20.00			0.0%	\$0
POTENTIAL GROSS INCOME							\$486,312	\$486,312				0.0%	\$0
Vacancy & Collection Loss					7.5% PGI		(36,473)	(36,473)	7.5% PGI			0.0%	-
Rental Concessions							-	-				0.0%	-
EFFECTIVE GROSS INCOME							\$449,839	\$449,839				0.0%	\$0

General & Administrative	\$31,812	\$568/Unit	\$25,344		5.29%	\$0.52	\$425	\$23,788	\$25,344	\$453	\$0.56	5.63%	-6.1%	(1,556)
Management	\$21,540	6.6% EGI	\$16,148		5.00%	\$0.49	\$402	\$22,492	\$22,492	\$402	\$0.49	5.00%	0.0%	-
Payroll & Payroll Tax	\$65,294	\$1,166/Unit	\$60,980		14.36%	\$1.42	\$1,154	\$64,612	\$65,294	\$1,166	\$1.44	14.52%	-1.0%	(682)
Repairs & Maintenance	\$35,164	\$628/Unit	\$30,925		8.02%	\$0.79	\$645	\$36,094	\$33,600	\$600	\$0.74	7.47%	7.4%	2,494
Electric/Gas	\$10,543	\$188/Unit	\$20,472		3.83%	\$0.38	\$308	\$17,226	\$20,472	\$366	\$0.45	4.55%	-15.9%	(3,246)
Water, Sewer, & Trash	\$25,578	\$457/Unit	\$39,499		5.74%	\$0.57	\$461	\$25,838	\$25,578	\$457	\$0.56	5.69%	1.0%	260
Property Insurance	\$16,330	\$0.36 /sf	\$15,362		5.71%	\$0.56	\$459	\$25,704	\$25,704	\$459	\$0.56	5.71%	0.0%	-
Property Tax (@ 100%) 2.1416	\$23,676	\$423/Unit	\$37,090		10.73%	\$1.06	\$862	\$48,272	\$48,272	\$862	\$1.06	10.73%	0.0%	-
Reserve for Replacements					3.73%	\$0.37	\$300	\$16,800	\$16,800	\$300	\$0.37	3.73%	0.0%	-
Cable TV					0.67%	\$0.07	\$54	\$3,036	\$3,036	\$54	\$0.07	0.67%	0.0%	-
Supportive Services					0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.50%	\$0.05	\$40	\$2,240	\$2,240	\$40	\$0.05	0.50%	0.0%	-
TDHCA MDL Compliance (\$34/MDL unit)					0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
TDHCA Bond Compliance Fee					0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
Bond Trustee Fees					0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
Issuer Ongoing Compliance Fees					0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
Security					0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
TOTAL EXPENSES					63.60%	\$6.29	\$5,109	\$ 286,102	\$288,832	\$5,158	\$6.35	64.21%	-0.9%	\$ (2,730)
NET OPERATING INCOME ("NOI")					36.40%	\$3.60	\$2,924	\$163,737	\$161,007	\$2,875	\$3.54	35.79%	1.7%	\$ 2,730

CONTROLLABLE EXPENSES							\$2.992/Unit				\$3.041/Unit			
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS																					
Inn Town Lofts, Lubbock, 9% HTC #21235																					
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					
JP Morgan Chase N.A.			1.15	1.17	140,159	4.65%	35	18	\$2,400,000	\$2,400,000	18	35	4.65%	\$138,986	1.18	13.7%					
CASH FLOW DEBT / GRANTS																					
City of Lubbock			1.15	1.17		0.00%	0	0	\$500	\$500	0	0	0.00%		1.18	0.0%					
					\$140,159	TOTAL DEBT / GRANT SOURCES			\$2,400,500	\$2,400,500	TOTAL DEBT SERVICE			\$138,986	1.18	13.7%					
NET CASH FLOW			\$20,847	\$23,577	APPLICANT											NET OPERATING INCOME		\$163,737	\$24,751	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			68.2%	\$1,270,819	\$0.94	\$11,944,504	\$11,882,881	\$0.94	\$1,264,263	67.9%	\$22,576	Needed to Fill Gap							
Monarch - Hist. Credits State					7.9%		\$0.82	\$1,386,401	\$1,386,401	\$0.82		7.9%									
Monarch- Hist. Credits Fed.					10.5%		\$0.78	\$1,840,276	\$1,840,276	\$0.78		10.5%									
HTG Lubbock Developer		Deferred Developer Fees			0.8%	(7% Deferred)		\$138,819		(0% Deferred)		0.0%	Total Developer Fee:		\$1,943,378						
Additional (Excess) Funds Req'd					0.0%				\$0			0.0%									
TOTAL EQUITY SOURCES					87.4%			\$15,310,000	\$15,109,558			86.3%									
TOTAL CAPITALIZATION									\$17,710,500	\$17,510,058	15-Yr Cash Flow after Deferred Fee:			\$402,641							
502																					
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		\$8,929 / Unit \$500,000						\$500,000	\$8,929 / Unit				0.0%	\$0							
Building Acquisition		\$0		\$26,786 / Unit \$1,500,000						\$1,500,000	\$26,786 / Unit		\$0		0.0%	\$0					
				\$20,000						\$20,000					0.0%	\$0					
Off-Sites				\$ / Unit \$0						\$0	\$ / Unit				0.0%	\$0					
Site Work				\$380,442 \$9,748 / Unit \$545,899						\$533,320	\$9,524 / Unit		\$380,442		2.4%	\$12,579					
Site Amenities				\$248,728 \$4,442 / Unit \$248,728						\$248,728	\$4,442 / Unit		\$248,728		0.0%	\$0					
Building Cost				\$6,631,493 \$156.73 /sf \$127,348/Unit \$7,131,493						\$7,144,072	\$127,573/Unit \$157.01 /sf		\$6,631,493		-0.2%	(\$12,579)					
Contingency				\$926,066 12.75% 12.528% \$993,000						\$792,612	10.00% 10.00%		\$726,066		25.3%	\$200,388					
Contractor Fees				\$1,118,000 13.66% 13.69% \$1,220,677						\$1,220,622	14.00% 14.00%		\$1,118,000		0.0%	\$54					
Soft Costs		\$0		\$2,362,534 \$42,724 / Unit \$2,392,534						\$2,392,534	\$42,724 / Unit		\$2,362,534		\$0	0.0%	\$0				
Financing		\$0		\$937,775 \$20,323 / Unit \$1,138,092						\$1,138,092	\$20,323 / Unit		\$937,775		\$0	0.0%	\$0				
Developer Fee		\$0		\$1,400,000 11.11% 14.571% \$1,943,378						\$1,943,378	14.79% 11.29%		\$1,400,000		\$0	0.0%	\$0				
Reserves				2 Months \$76,699						\$76,699	2 Months				0.0%	\$0					
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)				\$0	\$14,005,038	\$316,259 / Unit \$17,710,500						\$17,510,058	\$312,680 / Unit \$13,805,038						\$0	1.1%	\$200,442
Acquisition Cost		\$0								\$0											
Contingency				(\$200,000)						(\$200,388)											
Contractor's Fee				\$0						\$0											
Financing Cost				\$0																	
Developer Fee		0		\$0						\$0											
Reserves										\$0											
ADJUSTED BASIS / COST				\$0	\$13,805,038	\$312,681/unit \$17,510,112						\$17,510,058	\$312,680/unit \$13,805,038						\$0	0.0%	\$54
TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY SCR/CNA									\$17,510,058												

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS
<i>Inn Town Lofts, Lubbock, 9% HTC #21235</i>

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	\$0	\$13,805,038	\$0	\$13,805,038
Deduction of Federal Grants	\$0	(\$1,840,276)	\$0	(\$1,840,276)
TOTAL ELIGIBLE BASIS	\$0	\$11,964,762	\$0	\$11,964,762
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$15,554,191	\$0	\$15,554,191
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	\$0	\$15,554,191	\$0	\$15,554,191
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	0	\$1,399,877	\$0	\$1,399,877
CREDITS ON QUALIFIED BASIS	\$1,399,877		\$1,399,877	

Method	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.9399	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$1,399,877	\$13,157,530	----	----	----
Needed to Fill Gap	\$1,264,263	\$11,882,881	\$1,264,263	(\$6,556)	(\$61,623)
Applicant Request	\$1,270,819	\$11,944,504	----	----	----

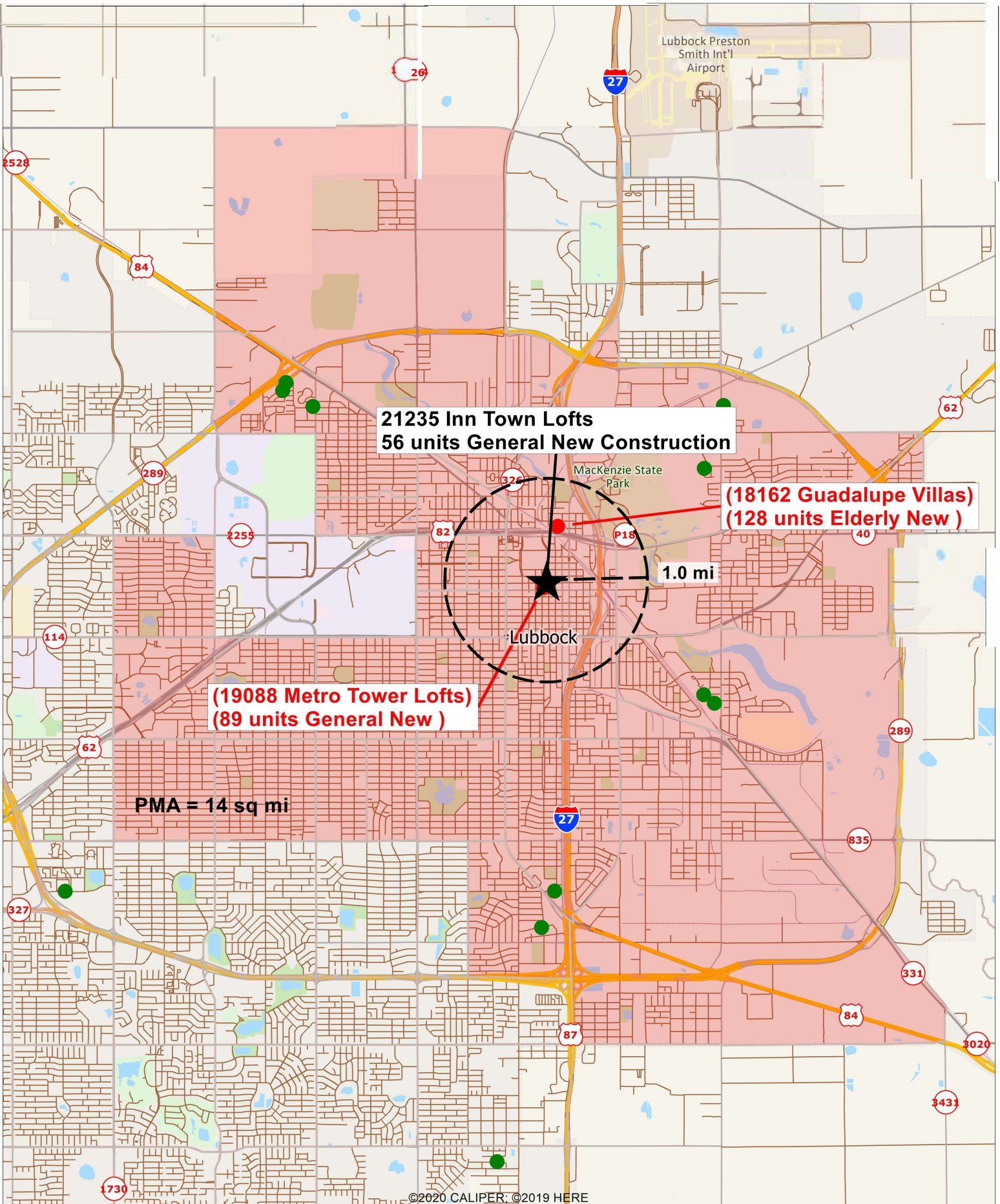
BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	45,501 SF	\$72.16	3,283,391
Adjustments				
Exterior Wall Finish	0.00%		0.00	\$0
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.00%		2.16	98,502
Roof Adjustment(s)			0.00	0
Subfloor			0.36	16,256
Floor Cover			2.56	116,483
Enclosed Corridors	\$63.71	9,368	13.12	596,843
Balconies	\$31.60	1,370	0.95	43,292
Plumbing Fixtures	\$1,610	-280	-9.91	(450,800)
Rough-ins	\$600	56	0.74	33,600
Built-In Appliances	\$2,950	56	3.63	165,200
Exterior Stairs	\$2,460	18	0.97	44,280
Heating/Cooling			2.34	106,472
Storage Space	\$63.71	0	0.00	0
Carports	\$12.25	0	0.00	0
Garages		0	0.00	0
Common/Support Area	\$0.00	0	0.00	0
Elevators	\$59,700	2	2.62	119,400
Other:			0.00	0
Fire Sprinklers	\$2.59	54,869	3.12	142,111
<b>SUBTOTAL</b>			<b>94.83</b>	<b>4,315,029</b>
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.87		(12.33)	(560,954)
Reserved				0
<b>TOTAL BUILDING COSTS</b>			<b>82.51</b>	<b>\$3,754,075</b>
Plans, specs, survey, bldg permits	3.30%		(2.72)	(\$123,884)
Contractor's OH & Profit	11.50%		(9.49)	(431,719)
<b>NET BUILDING COSTS</b>		\$57,116/unit	\$70.29/sf	\$3,198,472

## Long-Term Pro Forma

*Inn Town Lofts, Lubbock, 9% HTC #21235*

	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%	\$449,839	\$458,835	\$468,012	\$477,372	\$486,920	\$537,599	\$593,552	\$655,330	\$723,537	\$798,843	\$881,988
TOTAL EXPENSES	3.00%	\$286,102	\$294,460	\$303,064	\$311,922	\$321,041	\$370,831	\$428,411	\$495,008	\$572,042	\$661,156	\$764,257
<b>NET OPERATING INCOME ("NOI")</b>		<b>\$163,737</b>	<b>\$164,375</b>	<b>\$164,948</b>	<b>\$165,450</b>	<b>\$165,878</b>	<b>\$166,768</b>	<b>\$165,141</b>	<b>\$160,322</b>	<b>\$151,495</b>	<b>\$137,687</b>	<b>\$117,731</b>
EXPENSE/INCOME RATIO		63.6%	64.2%	64.8%	65.3%	65.9%	69.0%	72.2%	75.5%	79.1%	82.8%	86.7%
<b>MUST -PAY DEBT SERVICE</b>												
TOTAL DEBT SERVICE		\$138,986	\$138,986	\$138,986	\$138,986	\$138,986	\$138,986	\$138,986	\$138,986	\$138,986	\$138,986	\$138,986
DEBT COVERAGE RATIO		1.18	1.18	1.19	1.19	1.19	1.20	1.19	1.15	1.09	0.99	0.85
<b>ANNUAL CASH FLOW</b>		<b>\$24,751</b>	<b>\$25,390</b>	<b>\$25,962</b>	<b>\$26,464</b>	<b>\$26,893</b>	<b>\$27,782</b>	<b>\$26,156</b>	<b>\$21,336</b>	<b>\$12,510</b>	<b>(\$1,298)</b>	<b>(\$21,255)</b>
Deferred Developer Fee Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>CUMULATIVE NET CASH FLOW</b>		<b>\$24,751</b>	<b>\$50,141</b>	<b>\$76,103</b>	<b>\$102,567</b>	<b>\$129,460</b>	<b>\$267,478</b>	<b>\$402,641</b>	<b>\$520,390</b>	<b>\$602,377</b>	<b>\$625,712</b>	<b>\$562,070</b>

# 21235 Inn Town Lofts PMA Map



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