



Real Estate Analysis Division

April 17, 2025

Addendum to Underwriting Report

TDHCA Application #: **17435**

Program(s): **4% HTC**

Lakeview Senior Living

Address/Location: 5314 Chiesa Road

City: Rowlett

County: Dallas

Zip: 75088

	APPLICATION HISTORY
Report Date	PURPOSE
04/17/25	Amendment
11/11/17	Original Underwriting Report

ALLOCATION

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
LIHTC (4% Credit)	\$1,484,250				\$2,878,163				

CONDITIONS STATUS

- Receipt and acceptance before Determination Notice:

a: Certification that if the site is in the 100-year floodplain when it places in service, the finished ground floor elevation of the buildings will be at least one foot above the floodplain and that all drives, parking and amenities will be no more than 6 inches below the floodplain; and that the Owner will provide flood insurance coverage for the buildings and for the residents' personal property until such time that the site is officially designated to be no longer in the floodplain.

Status: Condition cleared by program staff.

- b: **NEW CONDITION:** An updated letter from IBC clearly stating the amount and terms of the new Permanent bonds.

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.

ANALYSIS

The Applicant is receiving an allocation of tax-exempt bonds in 2025 for three projects, one of which is Lakeview Senior Living. The allocation is Priority 1B, which has different income and rent targeting requirements than the original award. Due to this, the unit mix will change from 100% at 60% AMGI to 85% at 60% AMGI and 15% at 30% AMGI.

Operating Pro Forma

Forty-one (41) or 15.1% of the 272 total units are being Set Aside at a 30% AMI level as required under Priority 1b bond volume cap. Although these units have lower rent and income limits, the change from the initial underwriting using 2017 program rents to 2024 program rents increased overall income by \$960K. Total expenses increased by \$352K mainly due to increases in insurance and payroll costs.

Net Operating Income increased by \$607K.

The 15-year residual cash flow is \$8.1M after the deferred developer fee is paid off in year 3.

Development Cost

Total development costs have increased by \$22.8M with building costs having increased by \$14.4M.

Contingency is now \$0.

Financing costs are overstated by \$2M, causing an adjustment to the credits. Underwriter is limiting the eligible interim interest to 2 fully drawn years per the QAP.

TDHCA's estimated development costs were calculated based on the schedule of values in the Contractor's Application for Payment submitted 1/10/2025. Per the Applicant, the Development Cost Schedule included with the amendment request includes additional costs for "forecasting any unforeseen issues." Additionally, the submitted SOVs include on average 20% in Contractor Fees. The Underwriter limits total Contractor's Fees to 14% per our rules. Consequently, TDHCA's total development cost estimate varies by approximately 10% from Applicant's budget; therefore, TDHCA's costs are used to determine eligible basis and the recommended credit award.

Sources of Funds

Applicant applied for an increased allocation of tax exempt volume cap increasing the bond amount by \$10M to \$35M. The interest rate increased from 4% to 6% on the original \$25M of bonds since the first underwriting report was issued in 2017.

IBC Bank is continuing to provide the construction and permanent term debt for the project. The construction period now has a rate of 6.0% while the permanent senior debt has increased to \$25M at 5.25%. IBC is now providing a second loan of \$3.8M with a 40-year amortization, 15-year term, and 5.75% rate.

42 Equity Partners is still providing the equity for the deal, which has increased by \$15.2M to \$30.7M. The Deferred Developer Fee has increased by \$395K.

Underwriter recommends Applicant's request to change the Set Asides for the LIHTC income and rent limits from 100% at 60% of AMI to 85% at 60% AMI and 15% at 30% AMI.

Underwriter recommends an annual tax credit allocation of \$2,878,163 per the eligible basis.

Underwriter: Jeffrey Price

Manager of Real Estate Analysis: Diamond Unique Thompson

Director of Real Estate Analysis: Jeanna Adams

UNIT MIX/RENT SCHEDULE
<i>Lakeview Senior Living, Rowlett, 4% HTC #17435</i>

LOCATION DATA	
CITY:	Rowlett
COUNTY:	Dallas
Area Median Income	\$110,300
PROGRAM REGION:	3
PROGRAM RENT YEAR:	2024

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	60	22.1%	0	30%	41	15.1%
1	152	55.9%	0	40%	-	0.0%
2	60	22.1%	0	50%	-	0.0%
3	-	0.0%	0	60%	231	84.9%
4	-	0.0%	0	MR	-	0.0%
TOTAL	272	100.0%	-	TOTAL	272	100.0%

Applicable Programs
4% Housing Tax Credits

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	4.00%
APP % Construction	4.00%
Average Unit Size	691 sf

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%	\$579	9	0	1	560	\$579	\$53	\$526	\$0	\$0.94	\$526	\$4,734	\$4,734	\$526	\$0.94	\$0	\$1,159	\$2.07	\$1,159	
TC 60%	\$1,159	51	0	1	560	\$1,159	\$53	\$1,106	\$0	\$1.98	\$1,106	\$56,406	\$56,406	\$1,106	\$1.98	\$0	\$1,159	\$2.07	\$1,159	
TC 30%	\$621	23	1	1	673	\$621	\$62	\$559	\$0	\$0.83	\$559	\$12,857	\$12,857	\$559	\$0.83	\$0	\$1,242	\$1.85	\$1,242	
TC 60%	\$1,242	129	1	1	673	\$1,242	\$62	\$1,180	\$0	\$1.75	\$1,180	\$152,220	\$152,220	\$1,180	\$1.75	\$0	\$1,242	\$1.85	\$1,242	
TC 30%	\$744	9	2	2	869	\$744	\$81	\$663	\$0	\$0.76	\$663	\$5,967	\$5,967	\$663	\$0.76	\$0	\$1,489	\$1.71	\$1,489	
TC 60%	\$1,489	51	2	2	869	\$1,489	\$81	\$1,408	\$0	\$1.62	\$1,408	\$71,808	\$71,808	\$1,408	\$1.62	\$0	\$1,489	\$1.71	\$1,489	
TOTALS/AVERAGES:		272				188,036				\$0	\$1.62	\$1,118	\$303,992	\$303,992	\$1,118	\$1.62	\$0	\$1,278	\$1.85	\$1,278

ANNUAL POTENTIAL GROSS RENT:	\$3,647,904	\$3,647,904	
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STABILIZED PRO FORMA

Lakeview Senior Living, Rowlett, 4% HTC #17435

STABILIZED FIRST YEAR PRO FORMA

COMPARABLES		APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT			\$1.62	\$1,118	\$3,647,904	\$2,609,904	\$2,609,904	\$3,647,904	\$1,118	\$1.62		0.0%	\$0
Pet rent, vending income				\$15.00	\$48,960	48,960							
Late Fee and deposit forfeitures				\$15.00	\$48,960	48,960							
Total Secondary Income				\$30.00			65,280	\$97,920	\$30.00			0.0%	\$0
POTENTIAL GROSS INCOME					\$3,745,824	\$2,707,824	\$2,675,184	\$3,745,824				0.0%	\$0
Vacancy & Collection Loss			7.5% PGI		(280,937)	(203,087)	(200,639)	(280,937)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME					\$3,464,887	\$2,504,737	\$2,474,545	\$3,464,887				0.0%	\$0

General & Administrative	\$99,225	\$365/Unit	\$129,376	\$476	1.58%	\$0.29	\$202	\$54,900	\$65,200	\$99,225	\$99,225	\$365	\$0.53	2.86%	-44.7%	(44,325)
Management	\$92,531	4.4% EGI	147,228	\$541	3.97%	\$0.73	\$505	\$137,443	\$99,647	\$98,982	\$137,443	\$505	\$0.73	3.97%	0.0%	-
Payroll & Payroll Tax	\$323,929	\$1,191/Unit	354,967	\$1,305	10.25%	\$1.89	\$1,306	\$355,250	\$288,000	\$288,000	\$354,967	\$1,305	\$1.89	10.24%	0.1%	283
Repairs & Maintenance	\$177,423	\$652/Unit	237,527	\$873	4.04%	\$0.74	\$515	\$140,000	\$120,500	\$163,200	\$177,423	\$600	\$0.94	5.12%	-21.1%	(37,423)
Electric/Gas	\$61,703	\$227/Unit	113,744	\$418	0.69%	\$0.13	\$88	\$24,000	\$60,000	\$68,594	\$61,703	\$227	\$0.33	1.78%	-61.1%	(37,703)
Water, Sewer, & Trash	\$178,382	\$656/Unit	114,789	\$422	5.63%	\$1.04	\$717	\$195,000	\$195,000	\$128,559	178,382	\$656	\$0.95	5.15%	9.3%	16,618
Property Insurance	\$75,608	\$0.40 /sf	188,974	\$695	7.85%	\$1.45	\$1,000	\$272,000	\$70,000	\$75,608	\$188,974	\$695	\$1.00	5.45%	43.9%	83,026
Property Tax (@ 0%) 0.7872	\$170,239	\$626/Unit		\$0	0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
Reserve for Replacements	\$84,654	\$311/Unit		\$0	2.75%	\$0.51	\$350	\$95,200	\$68,000	\$68,000	\$95,200	\$350	\$0.51	2.75%	0.0%	-
Cable TV			-	\$0	0.00%	\$0.00	\$0	\$0	\$2,000	\$2,000	\$0	\$0	\$0.00	0.00%	0.0%	-
Supportive Services			-	\$0	0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees			-	\$0	0.31%	\$0.06	\$40	\$10,880	\$10,880	\$10,880	\$10,880	\$40	\$0.06	0.31%	0.0%	-
TDHCA Bond Compliance Fee			-	\$0	0.14%	\$0.03	\$18	\$5,000	\$0	\$0	\$5,000	\$18	\$0.03	0.14%	0.0%	-
Security			-	\$0	0.00%	\$0.00	\$0	\$0	\$2,650	\$2,650	\$0	\$0	\$0.00	0.00%	0.0%	-
Annual Bond Issuer Fees			-	\$0	1.30%	\$0.24	\$165	\$45,000	\$0	\$0	\$45,000	\$165	\$0.24	1.30%	0.0%	-
TOTAL EXPENSES					38.52%	\$7.10	\$4,907	\$1,334,673	\$981,877	\$1,005,699	\$1,354,197	\$4,979	\$7.20	39.08%	-1.4%	\$ (19,524)
NET OPERATING INCOME ("NOI")					61.48%	\$11.33	\$7,832	\$2,130,214	\$1,522,860	\$1,468,847	\$2,110,690	\$7,760	\$11.22	60.92%	0.9%	\$ 19,524

CONTROLLABLE EXPENSES							\$2,828/Unit					\$3,152/Unit				
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS
<i>Lakeview Senior Living, Rowlett, 4% HTC #17435</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	
DEBT (Must Pay)	Fee	UW	App						Applicant	TDHCA						DCR	LTC
IBC Bank		1.19	1.20	1,776,130	5.25%	40	15	\$25,000,000	\$21,600,000	\$21,600,000	\$25,000,000	15	40	5.25%	\$1,496,611	1.42	39.7%
IBC Bank		1.19	1.20		5.75%	40	15	\$3,800,000			\$3,800,000	15	40	5.75%	\$242,997	1.22	6.0%
CASH FLOW DEBT / GRANTS																	
Rowlett City		1.19	1.20		0.00%	0	0	\$0	\$120,000	\$120,000	\$0	0	0	0.00%		1.22	0.0%
Insurance proceeds from fire		1.19	1.20		0.00%	0	0	\$6,500,000			\$6,500,000	0	0	0.00%		1.22	10.3%
				\$1,776,130	TOTAL DEBT / GRANT SOURCES			\$35,300,000	\$21,720,000	\$21,720,000	\$35,300,000	TOTAL DEBT SERVICE			\$1,739,608	1.22	56.1%
NET CASH FLOW		\$334,560	\$354,084					APPLICANT				NET OPERATING INCOME		\$2,130,214	\$390,606	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							
42 Equity Partners	LIHTC Equity	48.8%	\$3,322,701	0.925	\$30,734,986	\$15,467,100	\$14,097,863	\$26,623,006	\$0.9250	\$2,878,163	42.3%	\$10,581	Eligible Basis	
RRC Development DDF Note	Deferred Developer Fees	5.5%	(43% Deferred)		\$3,473,114	\$3,077,900		\$1,036,276	(14% Deferred)		1.6%	Total Developer Fee:		\$7,219,472
Additional (Excess) Funds Req'd		0.0%					\$3,171,787	\$0			0.0%			
TOTAL EQUITY SOURCES		54.3%			\$34,208,100	\$18,545,000	\$17,269,650	\$27,659,282			43.9%			
TOTAL CAPITALIZATION					\$69,508,100	\$40,145,000	\$40,145,000	\$62,959,282	15-Yr Cash Flow after Deferred Fee:					\$8,145,310

DEVELOPMENT COST / ITEMIZED BASIS													
APPLICANT COST / BASIS ITEMS						Prior Underwriting		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		\$8,088 / Unit	\$2,200,000		\$2,200,000	\$2,200,000	\$2,200,000	\$8,088 / Unit				0.0%	\$0
Building Acquisition	\$0	\$ / Unit	\$0		\$0	\$0	\$0	\$ / Unit			\$0	0.0%	\$0
Closing costs & acq. legal fees, Title and legal			\$175,000		\$75,000	\$75,000	\$175,000						\$0
Off-Sites		\$ / Unit	\$0		\$0	\$0	\$0	\$ / Unit				0.0%	\$0
Site Work	\$3,265,000	\$12,004 / Unit	\$3,265,000		\$3,265,000	\$3,265,000	\$2,310,518	\$8,495 / Unit		\$2,310,518		41.3%	\$954,482
Site Amenities	\$1,650,000	\$6,066 / Unit	\$1,650,000		\$825,000	\$825,000	\$317,830	\$1,168 / Unit		\$317,830		419.1%	\$1,332,170
Building Cost	\$34,150,000	\$181.61 /sf	\$125,551/Unit	\$34,150,000	\$16,905,000	\$17,145,065	\$31,376,749	\$115,356/Unit	\$166.87 /sf	\$31,376,749		8.8%	\$2,773,251
Contingency	\$0	0.00%	0.00%	\$0	\$2,625,000	\$1,486,455	\$0	0.00%	0.00%	\$0		0.0%	\$0
Contractor Fees	\$5,469,100	14.00%	14.00%	\$5,469,100	\$3,779,500	\$3,181,013	\$4,760,714	14.00%	14.00%	\$4,760,714		14.9%	\$708,386
Soft Costs	0	\$2,549,000	\$9,463 / Unit	\$2,574,000	\$1,512,500	\$1,512,500	\$2,574,000	\$9,463 / Unit		\$2,549,000	\$0	0.0%	\$0
Financing	0	\$8,815,000	\$40,533 / Unit	\$11,025,000	\$3,526,000	\$3,526,000	\$11,025,000	\$40,533 / Unit		\$6,815,000	\$0	0.0%	\$0
Developer Fee	\$0	\$8,000,000	14.31%	\$8,000,000	\$4,418,255	\$4,418,255	\$7,219,472	15.00%	15.00%	\$7,219,472	\$0	10.8%	\$780,528
Reserves		\$3,676 / Unit	\$1,000,000		\$665,000	\$665,000	\$1,000,000	\$3,676 / Unit				0.0%	\$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	\$0	\$63,898,100	\$255,544 / Unit	\$69,508,100	\$40,145,000	\$38,299,287	\$62,959,282	\$231,468 / Unit		\$55,349,282	\$0	10.4%	\$6,548,818
Acquisition Cost	\$0			\$0	\$0								
Contingency		\$0		\$0	(\$1,155,350)								
Contractor's Fee		\$0		\$0									
Interim Interest/Financing Costs		(\$2,000,000)											
Developer Fee	\$0	\$0		\$211,413	\$0								
Reserves				\$0	\$0								
ADJUSTED BASIS / COST	\$0	\$61,898,100	\$256,322/unit	\$69,719,513	\$38,989,650	\$38,299,287	\$62,959,282	\$231,468/unit		\$55,349,282	\$0	10.7%	\$6,760,231
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are not within 5% of TDHCA Estimate):					\$62,959,282								

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Lakeview Senior Living, Rowlett, 4% HTC #17435

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	\$0	\$61,898,100	\$0	\$55,349,282
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$61,898,100	\$0	\$55,349,282
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$80,467,530	\$0	\$71,954,066
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	\$0	\$80,467,530	\$0	\$71,954,066
Applicable Percentage	4.00%	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	\$0	\$3,218,701	\$0	\$2,878,163
CREDITS ON QUALIFIED BASIS	\$3,218,701		\$2,878,163	

	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Method	Annual Credits	Proceeds	Credit Price \$0.9250	Variance to Request
				Credit Allocation	Credits Proceeds
Eligible Basis		\$2,878,163	\$26,623,006	\$2,878,163	(\$444,538) (\$4,111,980)
Needed to Fill Gap		\$2,990,192	\$27,659,282	----	----
Applicant Request		\$3,322,701	\$30,734,986	----	----

50% Test for Bond Financing for 4% Tax Credits					
Tax-Exempt Bond Amount	\$35,000,000		Percent Financed by Tax-Exempt Bonds	Applicant	TDHCA
Aggregate Basis Limit for 50% Test	\$70,000,000			60.2%	69.5%
	Applicant	TDHCA			
Land Cost	\$2,200,000	\$2,200,000	amount aggregate basis can increase before 50% test fails	\$11,876,900	\$19,645,190
Depreciable Bldg Cost	\$55,923,100	\$48,154,810		20.4%	39.0%
Aggregate Basis for 50% Test	\$58,123,100	\$50,354,810			

Long-Term Pro Forma

Lakeview Senior Living, Rowlett, 4% HTC #17435

	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%	\$3,464,887	\$3,534,185	\$3,604,869	\$3,676,966	\$3,750,505	\$4,140,861	\$4,571,845	\$5,047,686	\$5,573,054	\$6,153,102
TOTAL EXPENSES	3.00%	\$1,334,673	\$1,373,339	\$1,413,137	\$1,454,101	\$1,496,266	\$1,726,371	\$1,992,271	\$2,299,579	\$2,654,791	\$3,065,428
NET OPERATING INCOME ("NOI")		\$2,130,214	\$2,160,846	\$2,191,732	\$2,222,865	\$2,254,240	\$2,414,490	\$2,579,574	\$2,748,108	\$2,918,263	\$3,087,673
EXPENSE/INCOME RATIO		38.5%	38.9%	39.2%	39.5%	39.9%	41.7%	43.6%	45.6%	47.6%	49.8%
MUST -PAY DEBT SERVICE											
TOTAL DEBT SERVICE		\$1,739,608	\$1,739,608	\$1,739,608	\$1,739,608	\$1,739,608	\$1,739,608	\$1,739,608	\$1,739,608	\$1,739,608	\$1,739,608
DEBT COVERAGE RATIO		1.22	1.24	1.26	1.28	1.30	1.39	1.48	1.58	1.68	1.77
ANNUAL CASH FLOW											
Deferred Developer Fee Balance		\$645,669	\$224,431	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$227,693	\$710,950	\$1,225,582	\$4,277,332	\$8,145,310	\$12,849,693	\$18,402,440	\$24,804,796