



Addendum to Underwriting Report

TDHCA Application #: 23015 Program(s): 9% HTC

Avanti Legacy del Sol

Address/Location: NWC of Ruben M. Torres Blvd. & Laredo Rd.

City: Brownsville County: Cameron Zip: 78520

APPLICATION HISTORY	
Report Date	PURPOSE
10/21/24	9% HTC Amendment / Force Majeure Request
06/12/23	Original Underwriting Report

ALLOCATION

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
LIHTC (9% Credit)	\$2,000,000				\$2,000,000				

CONDITIONS STATUS

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	17
60% of AMI	60% of AMI	58

ANALYSIS

23015 Avanti Legacy del Sol received a \$2,000,000 LIHTC award from TDHCA in June 2023. The applicant has submitted a Material Application Amendment request related to higher interest rates, increased insurance costs, lower equity pricing, design modifications, and change in ownership.

In addition, the necessary redesign has extended the project's pre-development and construction timelines. The Applicant did not anticipate the unforeseen circumstances and believe constitute a force majeure event as defined in §11.6(5) and are requesting an extension of the placed-in-service deadline to December 31, 2026.

As part of the ownership change, the applicant is requesting restructuring to include the admission of the Brownsville Housing Opportunity Corporation (BHOC) as a new member owning 100% of the new general partner entity, thereby providing property tax exemption to the development.

Design Modification:

The total net rental area per sf decreased from 70,719 to 68,573 (approximately a 3% reduction). The unit sizes were reduced as follows:

- Type A Units: from 675 sf to 655 sf(difference of 20 sf)
- Type A-HC Units: from 681 sf to 655 sf(difference of 20 sf)
- Type B Units: from 933 sf to 906 sf(difference of 27 sf)
- Type B-HC Units: from 956 sf to 906 sf(difference of 50 sf)

Total clubhouse square footage is reduced from 3,504 sf to 2,827 sf along with the removal of the resident services room.

Total corridor square footage is reduced from 16,440 sf to 10,292 sf (difference of 6,148 sf).

Total common area including corridors will be 16,515 square ft.

Carports are being removed from the site plan.

Removal of 1 elevator from original plan of 2 elevators.

Replacing the originally proposed pool with other affordable outdoor amenities such as picnic area and bocce ball court.

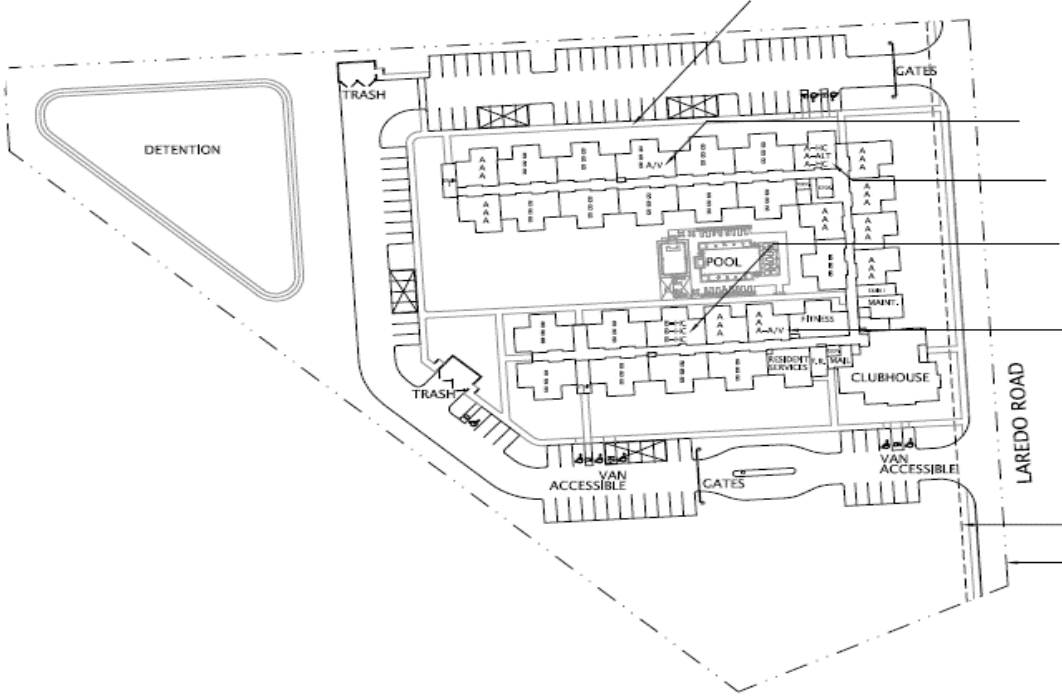
Total parking has decreased from 110 spaces to 90 spaces (20 space decrease). The new parking reduction still meets minimum code compliance of 1 space per unit (84 spaces).

Reducing the amount of masonry to approximately 10%.

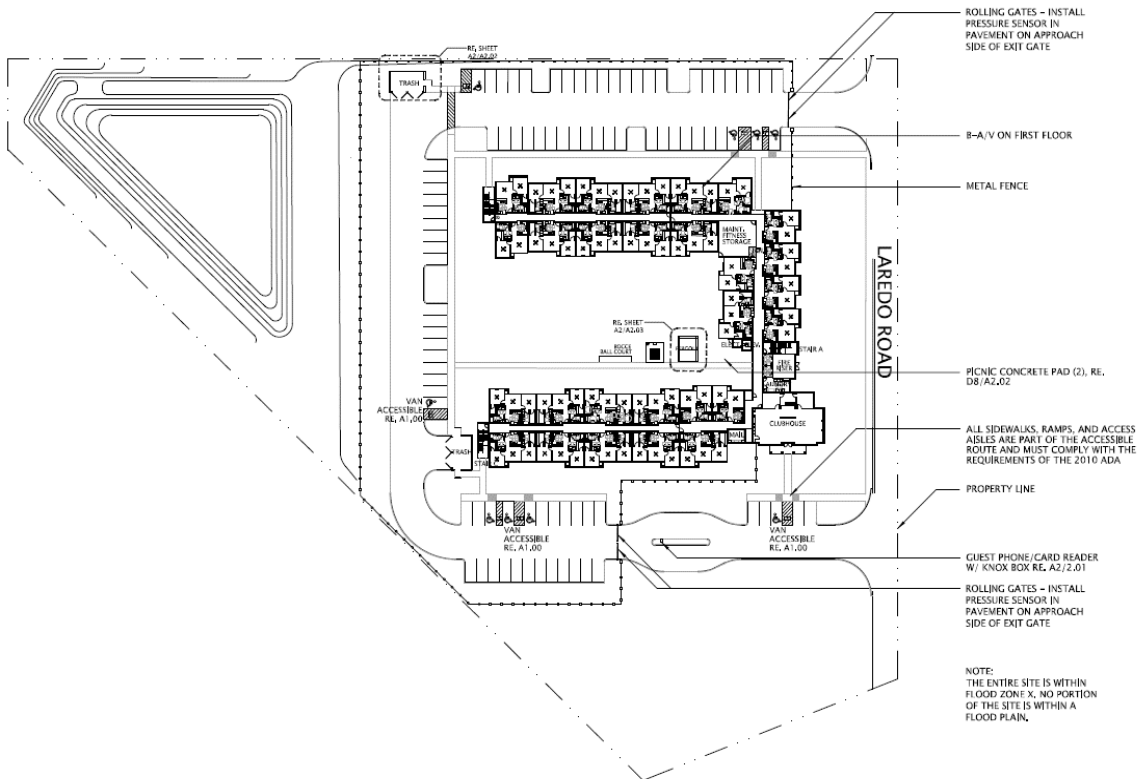
Removal of all balconies from the units.

By making the changes referenced above, the applicant anticipates a construction cost savings of approximately \$716,500.

Old Site Plan



New Site Plan



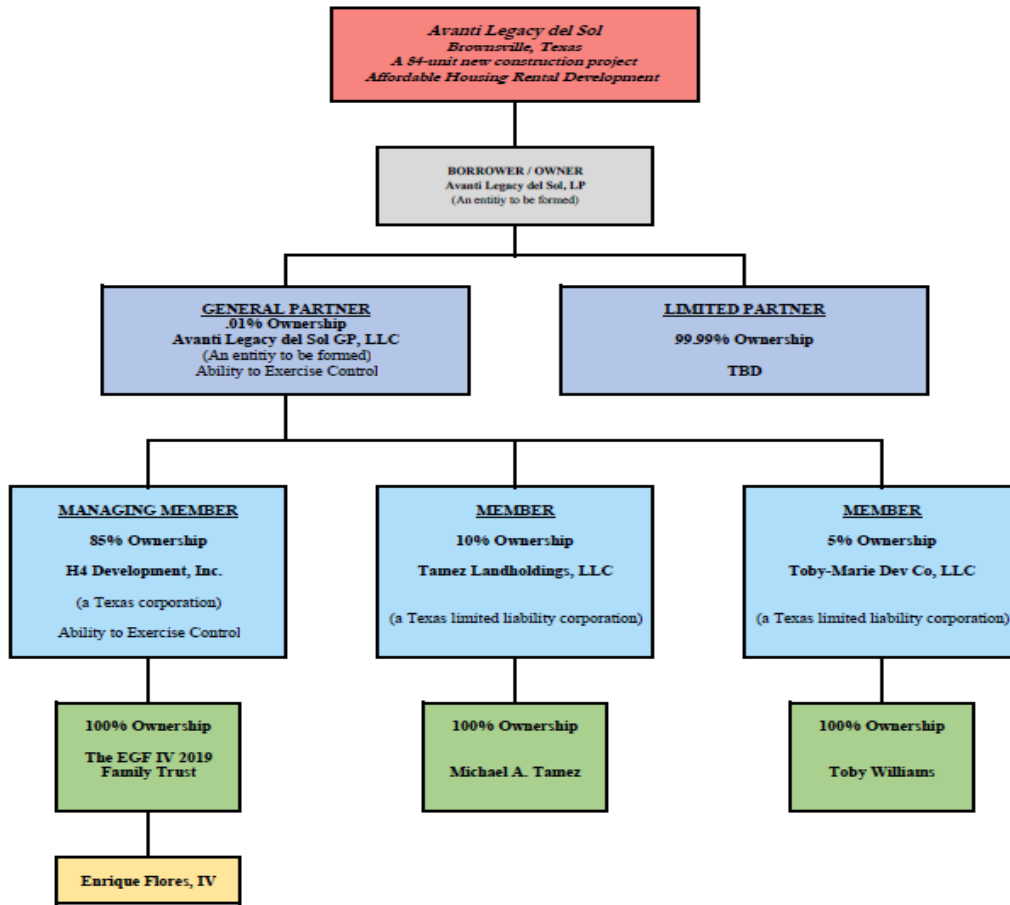
- ROLLING GATES - INSTALL PRESSURE SENSOR IN PAVEMENT ON APPROACH SIDE OF EXIT GATE
- B-A/V ON FIRST FLOOR
- METAL FENCE
- LAREDO ROAD
- PICNIC CONCRETE PAD (2), RE. D8/A2,02
- ALL SIDEWALKS, RAMPS, AND ACCESS AISLES ARE PART OF THE ACCESSIBLE ROUTE AND MUST COMPLY WITH THE REQUIREMENTS OF THE 2010 ADA
- PROPERTY LINE
- GUEST PHONE/CARD READER W/ KNOX BOX RE. A2/2,01
- ROLLING GATES - INSTALL PRESSURE SENSOR IN PAVEMENT ON APPROACH SIDE OF EXIT GATE
- NOTE: THE ENTIRE SITE IS WITHIN FLOOD ZONE X, NO PORTION OF THE SITE IS WITHIN A FLOOD PLAIN.



A2 SITE PLAN

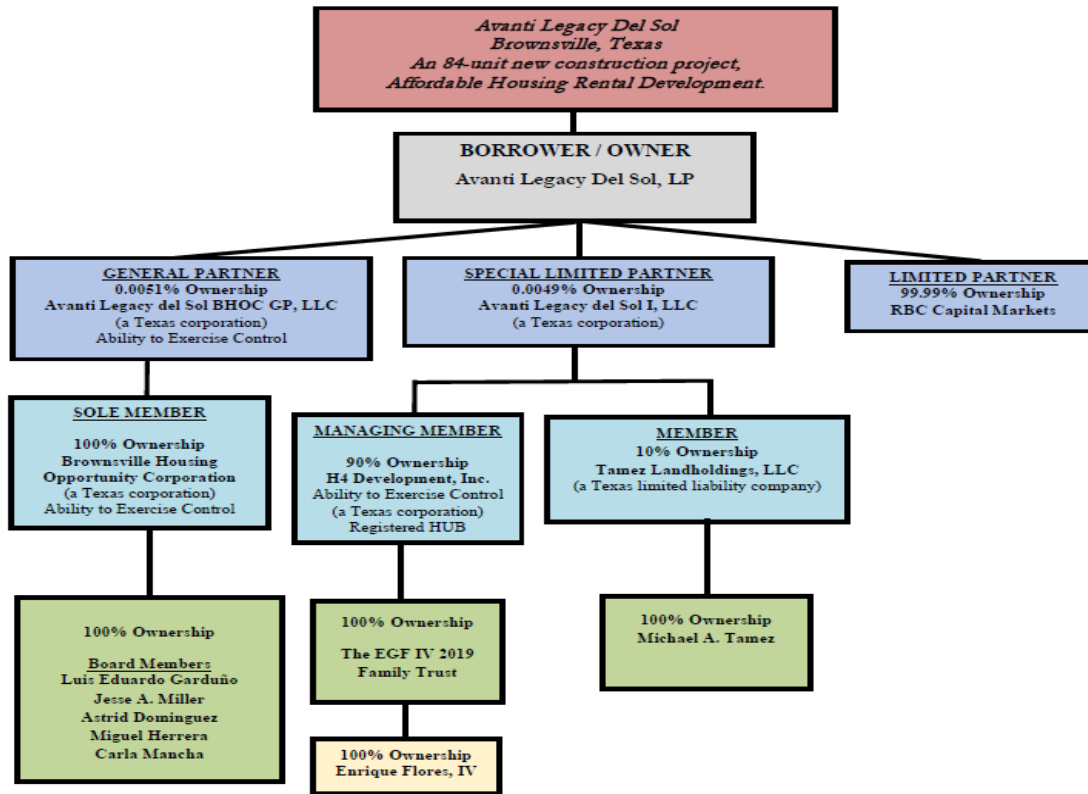
Previous Ownership Structure

Project Ownership Organizational Summary



New Ownership Structure

PROJECT OWNERSHIP ORGANIZATIONAL SUMMARY



Operating Pro Forma

Underwriter is utilizing 2024 program rents.

A 99-year ground lease with Brownsville Housing Opportunity Corporation will facilitate an ad valorem tax exemption for the project.

Property Insurance increased from \$46,200 (\$550 per unit) to \$88,457 (\$1,053 per unit).

Effective Gross Income increased by \$74,559, Total Expenses decreased by \$23,472 and as a result, Net Operating Income increased by \$97,774. Feasibility is dependent on the tax exemption.

Development Cost

The applicant's Building Costs have decreased by \$630,672 and Total Housing Development Costs have decreased by \$542,969.

Underwriter costed the building based on the construction bid from Nations Construction.

Developer fee decreased by \$118,000 from previous underwriting.

Site Acquisition remained the same however, total acquisition increased by \$69,750 due to closing costs and acquisition legal fees.

Site work costs increased by \$92,009. The applicant provided an updated recommendation from the CPA that the additional costs are includible in eligible basis.

Underwriter adjusted \$5,000 of Travel expense from Soft Costs to the General & Administrative section of Developer Fee.

Developer Fee total costs is overstated by \$6,357.

The Developer Fee eligible basis is overstated by \$12,410.

Sources of Funds

The construction and loan lender changed from Regions Bank FHA 221(d)(4) to Stellar Bank. The construction loan increased from \$14,820,000 to \$15,545,000 and the interest rate also increased from 7% to 8.5%.

The permanent loan lender changed from Regions Bank to Stellar Bank, the interest rate increased from 5% to 6.82%, amortization decreased from 40 years to 35 years, and term decreased from 40 yrs to 18 yrs.

The Equity capital contribution decreased from \$17,998,200 to \$16,998,300.

The credit price decreased from .90 to .85

The deferred developer fee increased by \$456,931

Underwriter recommends an annual tax credit allocation of \$2,000,000 as previously awarded.

Underwriter: Travis Mason

Manager of Real Estate Analysis: Robert Castillo

Director of Real Estate Analysis: Jeanna Adams

UNIT MIX/RENT SCHEDULE
Avanti Legacy del Sol, Brownsville, 9% HTC #23015

LOCATION DATA	
CITY:	Brownsville
COUNTY:	Cameron
Area Median Income	\$60,400
PROGRAM REGION:	11
PROGRAM RENT YEAR:	2024

UNIT DISTRIBUTION					
# Beds	# Units	% Total	Assisted	MDL	ARP
Eff	-	0.0%	0	0	0
1	30	35.7%	0	0	0
2	54	64.3%	0	0	0
3	-	0.0%	0	0	0
4	-	0.0%	0	0	0
5	-	0.0%	0	0	0
TOTAL	84	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	816 sf

55%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average	# Units	-	9	-	17	58	-	-	-	84
Income	% Total	0.0%	10.7%	0.0%	20.2%	69.0%	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%	\$421	3	1	1	655	\$421	\$78	\$343	\$0	\$0.52	\$343	\$1,029	\$1,029	\$343	\$1	\$0	\$1,000	\$1.53	\$1,000
TC 50%	\$703	5	1	1	655	\$703	\$78	\$625	\$0	\$0.95	\$625	\$3,125	\$3,125	\$625	\$1	\$0	\$1,000	\$1.53	\$1,000
TC 60%	\$843	21	1	1	655	\$843	\$78	\$765	\$0	\$1.17	\$765	\$16,065	\$16,065	\$765	\$1	\$0	\$1,000	\$1.53	\$1,000
TC 60%	\$843	1	1	1	654	\$843	\$78	\$765	\$0	\$1.17	\$765	\$765	\$765	\$765	\$1	\$0	\$1,000	\$1.53	\$1,000
TC 30%	\$506	6	2	2	906	\$506	\$103	\$403	\$0	\$0.44	\$403	\$2,418	\$2,418	\$403	\$0	\$0	\$1,205	\$1.33	\$1,205
TC 50%	\$843	12	2	2	906	\$843	\$103	\$740	\$0	\$0.82	\$740	\$8,880	\$8,880	\$740	\$1	\$0	\$1,205	\$1.33	\$1,205
TC 60%	\$1,012	33	2	2	906	\$1,012	\$103	\$909	\$0	\$1.00	\$909	\$29,997	\$29,997	\$909	\$1	\$0	\$1,205	\$1.33	\$1,205
TC 60%	\$1,012	3	2	2	906	\$1,012	\$103	\$909	\$0	\$1.00	\$909	\$2,727	\$2,727	\$909	\$1	\$0	\$1,205	\$1.33	\$1,205
TOTALS/AVERAGES:		84			68,573				\$0	\$0.95	\$774	\$65,006	\$65,006	\$774	\$0.95	\$0	\$1,132	\$1.39	\$1,132

ANNUAL POTENTIAL GROSS RENT:	\$780,072	\$780,072
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STABILIZED PRO FORMA

Avanti Legacy del Sol, Brownsville, 9% HTC #23015

STABILIZED FIRST YEAR PRO FORMA														
COMPARABLES			APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
Database	Cameron / Hidalgo County		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT				\$0.95	\$774	\$780,072	\$699,468	\$699,468	\$780,072	\$774	\$0.95		0.0%	\$0
App Fees, Deposit Forfeitures, Carports,					\$30.00	\$30,240	30,240							
Total Secondary Income					\$30.00			30,240	\$30,240	\$30.00			0.0%	\$0
POTENTIAL GROSS INCOME						\$810,312	\$729,708	\$729,708	\$810,312				0.0%	\$0
Vacancy & Collection Loss					7.5% PGI	(60,773)	(54,728)	(54,728)	(60,773)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME						\$749,539	\$674,980	\$674,980	\$749,539				0.0%	\$0

General & Administrative	\$31,386	\$374/Unit	\$30,953	\$368	3.92%	\$0.43	\$350	\$29,400	\$29,400	\$29,400	\$30,953	\$368	\$0.45	4.13%	-5.0%	(1,553)
Management	\$27,128	4.3% EGI	\$19,712	\$235	5.00%	\$0.55	\$446	\$37,477	\$33,749	\$33,749	\$37,477	\$446	\$0.55	5.00%	0.0%	0
Payroll & Payroll Tax	\$101,245	\$1,205/Unit	\$79,796	\$950	12.15%	\$1.33	\$1,084	\$91,095	\$91,095	\$91,095	\$91,095	\$1,084	\$1.33	12.15%	0.0%	-
Repairs & Maintenance	\$45,407	\$541/Unit	\$43,402	\$517	6.70%	\$0.73	\$598	\$50,200	\$52,200	\$54,600	\$54,600	\$650	\$0.80	7.28%	-8.1%	(4,400)
Electric/Gas	\$12,732	\$152/Unit	\$16,409	\$195	1.85%	\$0.20	\$165	\$13,900	\$13,900	\$12,914	\$12,732	\$152	\$0.19	1.70%	9.2%	1,168
Water, Sewer, & Trash	\$51,437	\$612/Unit	\$38,272	\$456	5.24%	\$0.57	\$468	\$39,300	\$39,300	\$51,437	\$51,437	\$612	\$0.75	6.86%	-23.6%	(12,137)
Property Insurance	\$53,417	\$0.78 /sf	\$70,577	\$840	11.80%	\$1.29	\$1,053	\$88,457	\$46,200	\$46,200	\$88,457	\$1,053	\$1.29	11.80%	0.0%	-
Property Tax (@ 100%) 2.5937	\$61,696	\$734/Unit	\$47,652	\$567	0.00%	\$0.00	\$0	\$0	\$67,200	\$65,801	\$0	\$0	\$0.00	0.00%	0.0%	-
Reserve for Replacements					2.80%	\$0.31	\$250	\$21,000	\$21,000	\$21,000	\$21,000	\$250	\$0.31	2.80%	0.0%	-
Supportive Services					1.56%	\$0.17	\$140	\$11,723	\$11,723	\$11,723	\$11,723	\$140	\$0.17	1.56%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.45%	\$0.05	\$40	\$3,360	\$3,360	\$3,360	\$3,360	\$40	\$0.05	0.45%	0.0%	-
TOTAL EXPENSES					51.49%	\$5.63	\$4,594	\$385,912	\$409,127	\$421,280	\$402,834	\$4,796	\$5.87	53.74%	-4.2%	\$ (16,922)
NET OPERATING INCOME ("NOI")					48.51%	\$5.30	\$4,329	\$363,627	\$265,853	\$253,700	\$346,705	\$4,127	\$5.06	46.26%	4.9%	\$ 16,922

CONTROLLABLE EXPENSES							\$2,665/Unit						\$2,867/Unit			
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Avanti Legacy del Sol, Brownsville, 9% HTC #23015

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	Prior Underwriting		Principal	Term	Amort	Rate	Pmt	Cumulative		
		UW	App							Applicant	TDHCA						DCR	LTC	
Stellar Bank	0.00%	1.26	1.33	274,251	6.82%	35	18.0	\$3,650,000	\$3,650,000	\$3,650,000	\$3,650,000	18.0	35	6.82%	\$274,312	1.33	16.8%		
CASH FLOW DEBT / GRANTS																			
City of Brownsville		1.26	1.33		0.00%	0	0.0	\$500	\$500	\$500	\$500	0.0	0	0.00%			1.33	0.0%	
				\$274,251	TOTAL DEBT / GRANT SOURCES				\$3,650,500	\$3,650,500	\$3,650,500	\$3,650,500	TOTAL DEBT SERVICE				\$274,312	1.33	16.8%
NET CASH FLOW		\$72,454	\$89,376											APPLICANT NET OPERATING INCOME	\$363,627	\$89,315	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								
Regions Affordable Housing, LLC	LIHTC Equity	78.3%	\$2,000,000	\$0.85	\$16,998,300	\$17,998,200	\$17,998,200	\$16,998,300	\$0.8499	\$2,000,000	78.3%	\$23,810	Previous Allocation		
Avanti Legacy del Sol Development, LLC	Deferred Developer Fees	4.9%	(45% Deferred)		\$1,055,168	\$598,237	\$598,237	\$1,048,811		(45% Deferred)	4.8%		Total Developer Fee:		
Additional (Excess) Funds Req'd		0.0%			\$0	\$0	\$0	\$0			0.0%		\$2,345,643		
TOTAL EQUITY SOURCES		83.2%			\$18,053,468	\$18,596,437	\$18,596,437	\$18,047,111			83.2%				
TOTAL CAPITALIZATION					\$21,703,968	\$22,246,937	\$22,246,937	\$21,697,611						15-Yr Cash Flow after Deferred Fee:	\$669,981

DEVELOPMENT COST / ITEMIZED BASIS															
APPLICANT COST / BASIS ITEMS					Prior Underwriting		TDHCA COST / BASIS ITEMS					COST VARIANCE			
Eligible Basis	Acquisition	New Const. Rehab	Total Costs	Total Costs	Prior Underwriting		Total Costs	Total Costs	Eligible Basis		%	\$			
					Applicant	TDHCA			New Const. Rehab	Acquisition					
Land Acquisition			\$27,679 / Unit	\$2,325,000	\$2,325,000	\$2,325,000	\$2,325,000	\$27,679 / Unit			0.0%	\$0			
Closing costs & acq. legal fees				\$69,750	\$0	\$0	\$69,750				0.0%	\$0			
Off-Sites		\$0	\$ / Unit	\$0	\$0	\$0	\$0	\$ / Unit	\$0		0.0%	\$0			
Site Work		\$1,781,310	\$21,206 / Unit	\$1,781,310	\$1,689,301	\$1,689,301	\$1,781,310	\$21,206 / Unit	\$1,781,310		0.0%	\$0			
Site Amenities		\$944,490	\$11,244 / Unit	\$944,490	\$993,407	\$993,407	\$944,490	\$11,244 / Unit	\$944,490		0.0%	\$0			
Building Cost		\$7,505,315	\$110.00 /sf	\$89,798/Unit	\$7,543,030	\$8,173,702	\$8,768,852	\$7,543,030	\$89,798/Unit	\$110.00 /sf	\$7,505,315	0.0%	\$0		
Contingency		\$716,178	7.00%	7.00%	\$718,818	\$759,949	\$759,949	\$718,818	7.00%	7.00%	\$716,178	0.0%	\$0		
Contractor Fees		\$1,532,622	14.00%	14.00%	\$1,538,271	\$1,626,290	\$1,626,290	\$1,538,271	14.00%	14.00%	\$1,532,621	0.0%	\$0		
Soft Costs	\$0	\$1,803,966	\$23,194 / Unit	\$1,948,332	\$1,811,516	\$1,811,516	\$1,948,332	\$23,194 / Unit	\$1,803,966		0.0%	\$0			
Financing	\$0	\$1,313,386	\$25,631 / Unit	\$2,153,014	\$1,936,481	\$1,936,481	\$2,153,014	\$25,631 / Unit	\$1,313,386		0.0%	\$0			
Developer Fee	\$0	\$2,352,000	15.08%	15.04%	\$2,352,000	\$2,470,000	\$2,470,000	\$2,345,643	15.00%	15.00%	\$2,339,590	0.3%	\$6,357		
Reserves			6 Months	\$329,953	\$461,291	\$461,291	\$329,953	6 Months			0.0%	\$0			
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)				\$0	\$17,949,267	\$258,381 / Unit	\$21,703,968	\$22,246,937	\$22,842,087	\$21,697,611	\$258,305 / Unit	\$17,936,856	\$0	0.0%	\$6,357
Acquisition Cost	\$0				\$0	\$0									
Contingency		\$0			\$0	\$0									
Contractor's Fee		(\$1)			(\$0)	\$0									
Financing Cost		\$0													
Developer Fee	\$0	(\$12,410)	15.00%	15.00%	(\$6,357)	\$0									
Reserves					\$0	\$0									
ADJUSTED BASIS / COST				\$0	\$17,936,856	\$258,305/unit	\$21,697,611	\$22,246,937	\$22,842,087	\$21,697,611	\$258,305/unit	\$17,936,856	\$0	0.0%	\$0
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):								\$21,697,611							

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Avanti Legacy del Sol, Brownsville, 9% HTC #23015

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	\$0	\$17,936,856	\$0	\$17,936,856
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$17,936,856	\$0	\$17,936,856
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$23,317,913	\$0	\$23,317,913
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	\$0	\$23,317,913	\$0	\$23,317,913
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$2,098,612	\$0	\$2,098,612
CREDITS ON QUALIFIED BASIS	\$2,098,612		\$2,098,612	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.8499	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$2,098,612	\$17,836,420	----	----	----
Needed to Fill Gap	\$2,123,402	\$18,047,111	----	----	----
Previous Allocation	\$2,000,000	\$16,998,300	\$2,000,000	\$0	\$0

Long-Term Pro Forma

Avanti Legacy del Sol, Brownsville, 9% HTC #23015

	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%	\$749,539	\$764,529	\$779,820	\$795,416	\$811,325	\$895,768	\$989,000	\$1,091,936	\$1,205,586	\$1,331,064	\$1,469,602
TOTAL EXPENSES	3.00%	\$385,912	\$397,115	\$408,646	\$420,515	\$432,733	\$499,417	\$576,489	\$665,580	\$768,576	\$887,663	\$1,025,372
NET OPERATING INCOME ("NOI")		\$363,627	\$367,415	\$371,174	\$374,901	\$378,592	\$396,351	\$412,511	\$426,356	\$437,010	\$443,401	\$444,231
EXPENSE/INCOME RATIO		51.5%	51.9%	52.4%	52.9%	53.3%	55.8%	58.3%	61.0%	63.8%	66.7%	69.8%
MUST -PAY DEBT SERVICE												
Stellar Bank		\$274,312	\$274,312	\$274,312	\$274,312	\$274,312	\$274,312	\$274,312	\$274,312	\$274,312	\$274,312	\$274,312
Adjustment to Debt Per §11.302(c)(2)												
TOTAL DEBT SERVICE		\$274,312	\$274,312	\$274,312	\$274,312	\$274,312	\$274,312	\$274,312	\$274,312	\$274,312	\$274,312	\$274,312
DEBT COVERAGE RATIO		1.33	1.34	1.35	1.37	1.38	1.44	1.50	1.55	1.59	1.62	1.62
ANNUAL CASH FLOW												
		\$89,315	\$93,103	\$96,863	\$100,590	\$104,280	\$122,039	\$138,199	\$152,045	\$162,698	\$169,089	\$169,919
Deferred Developer Fee Balance		\$959,496	\$866,393	\$769,530	\$668,941	\$564,661	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$0	\$10,532	\$669,981	\$1,403,603	\$2,197,263	\$3,031,874	\$3,882,327