



## Addendum to Underwriting Report

TDHCA Application #: **23100** Program(s): **9% HTC****Cabana Design District**Address/Location: **899 Stemmons Fwy**City: **Dallas** County: **Dallas** Zip: **75207**

	APPLICATION HISTORY
Report Date	PURPOSE
<b>06/19/24</b>	<b>Amendment</b>
07/14/23	New Application Initial Underwriting

## ALLOCATION

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

## CONDITIONS STATUS

## 1 Receipt and acceptance by Carryover:

- a: Formal approval for a \$41M subsidy from the City of Dallas's tax increment reinvestment zone clearly stating all terms, conditions and source of funding.

**Status:** Cleared. The September 27, 2023 Dallas City Council minutes reflect that the Dallas City Council has approval to disburse funds to Cabana Sycamore Development, Inc. (who will lend money to Partnership) up to \$41M. The funds will come from the Design District TIF District Fund.

- b: No more than \$28,535,590 can be forgiven from the City of Dallas' \$41M loan. The remaining \$12,464,410 needs to be restructured with market rate interest and deferred payable.

**Status:** Cleared. Applicant confirmed and certified that no more than \$28,535,590 will be forgiven and that the \$12,464,410 will be restructured with market rate interest and will be deferred payable.

2 Receipt and acceptance by Cost Certification:

- a: Attorney opinion validating that the City of Dallas TIRZ funds are not federally sourced and that if funds are federally sources it can be considered bona fide debt with a reasonable expectation that it will be repaid in full and further stating that the funds should not be deducted from eligible basis.
- b: Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.
- c: Certification that a subsurface environmental investigation was performed as specified in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.
- d: 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/or 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**

At Original Underwriting		
TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	27
60% of AMI	60% of AMI	9
70% of AMI	70% of AMI	14
80% of AMI	80% of AMI	14

**Total: 64**

Amendment		
TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	29
60% of AMI	60% of AMI	13
70% of AMI	70% of AMI	13
80% of AMI	80% of AMI	15

**Total: 70**

## ANALYSIS

The Applicant is requesting changes to the unit count, unit mix and set-asides for this Project. The reason this change needs to be made is due to the fact that the Structural Engineer determined that the building needs the addition of shear walls to ensure the building's stability for wind and seismic loads. The space planning effect of the addition of shear walls is that it cuts through many of the planned two bedroom units which necessitated converting many of those units to one bedroom and studio units. The Structural Engineer is also recommending to minimize penetrations through the existing floor slabs of the tower. The Applicant will need to stack identical units for utilities and eliminate the two-level lofted units.

### Operating Pro Forma

Underwriter and Applicant utilized 2024 rents. The number of overall units increased from 160 to 175 (+15). The number of efficiencies increased from 8 to 26 (+18) and one-bedroom apartments from 40 to 66 (+26). The number of two-bedroom apartments decreased from 98 to 74 (-24) and three-bedroom apartments from 14 to 9 (-5). The Set Asides also changed as the number of 30% units went from 27 to 29 (+2), 60% units from 9 to 13 (+4), 70% units from 14 to 13 (-1) and 80% units from 14 units to 15 units (+1). The number of market rate units went from 96 to 105 (+9).

Underwritten NOI has increased from \$1,568,523 to \$2,048,996 (30%) due to the increase in Program rents from original Application (2022 rents) to present day (2024 rents), as well as the addition of more total units (+15) and more market rate units (+9).

### Development Cost

Applicant submitted supporting documentation of building costs, site work, and amenities of \$52.8M which is \$1.1M lower than the Development Cost Pro Forma. Based on Applicant's Schedule of Values, the building costs increased \$5.3M and overall development cost increased by \$2.5M. Additional debt and deferred fee cover these costs.

### Sources of Funds

Applicant changed lenders from Legacy Bank & Trust to Citibank. The new conventional loan went from \$20,970,000 at 6.5% to \$22,850,000 at 7.41%. The term and amortization period did not change but Annual Debt Service (ADS) increased by \$310k per year from \$1.47M to \$1.78M. The increase in number of units and Program rents from 2022 to 2024 is sufficient to cover the difference in ADS.

Applicant changed equity partners from RBC to Hunt Capital Partners. The equity price for the \$2M in 2023 9% Housing Credits decreased from \$0.90 to \$0.85, resulting in \$1M less in equity proceeds. Changes to the State and Federal historic credits resulted in a net gain of \$166k in the total of those equity proceeds. There is sufficient deferred fee to offset the overall decrease in equity proceeds and the increase in construction costs.

### Conclusion

Underwriter recommends Applicant's request to increase the unit count from 160 units to 175 units and to change the unit mix and Set Asides.

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

# UNIT MIX/RENT SCHEDULE

Cabana Design District, Dallas, 9% HTC #23100

## LOCATION DATA

CITY:	Dallas
COUNTY:	Dallas
Area Median Income	\$0
PROGRAM REGION:	3
PROGRAM RENT YEAR:	2024

## UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	MDL	ARP
Eff	21	12.0%	0	0	0
1	71	40.6%	0	0	0
2	74	42.3%	0	0	0
3	9	5.1%	0	0	0
4	-	0.0%	0	0	0
5	-	0.0%	0	0	0
TOTAL	175	100.0%	-	-	-

## Pro Forma ASSUMPTIONS

Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	38.01%
APP % Acquisition	9.00%
APP % Construction	9.00%
Average Unit Size	917 sf

54%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average	# Units	-	29	-	-	13	13	15	105	175
Income	% Total	0.0%	16.6%	0.0%	0.0%	7.4%	7.4%	8.6%	60.0%	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%	\$579	3	0	1	517	\$579	\$53	\$526	\$0	\$1.02	\$526	\$1,578	\$1,578	\$526	\$1	\$0	\$1,350	\$2.61	\$1,400
TC 30%	\$579	2	0	1	560	\$579	\$53	\$526	\$0	\$0.94	\$526	\$1,052	\$1,052	\$526	\$1	\$0	\$1,350	\$2.41	\$1,400
TC 60%	\$1,159	2	0	1	560	\$1,159	\$53	\$1,106	\$0	\$1.98	\$1,106	\$2,212	\$2,212	\$1,106	\$2	\$0	\$1,350	\$2.41	\$1,400
TC 70%	\$1,352	2	0	1	560	\$1,352	\$53	\$1,299	\$0	\$2.32	\$1,299	\$2,598	\$2,598	\$1,299	\$2	\$0	\$1,350	\$2.41	\$1,400
TC 80%	\$1,546	2	0	1	560	\$1,546	\$53	\$1,493	\$0	\$2.67	\$1,493	\$2,986	\$2,986	\$1,493	\$3	\$0	\$1,546	\$2.76	\$1,400
MR		5	0	1	517	\$0	\$53		NA	\$3.19	\$1,650	\$8,250	\$8,250	\$1,650	\$3	NA	\$1,650	\$3.19	\$1,650
MR		5	0	1	560	\$0	\$53		NA	\$2.90	\$1,625	\$8,125	\$8,125	\$1,625	\$3	NA	\$1,625	\$2.90	\$1,650
TC 30%	\$621	5	1	1	634	\$621	\$62	\$559	\$0	\$0.88	\$559	\$2,795	\$2,795	\$559	\$1	\$0	\$1,350	\$2.13	\$1,350
TC 30%	\$621	1	1	1	672	\$621	\$62	\$559	\$0	\$0.83	\$559	\$559	\$559	\$559	\$1	\$0	\$1,462	\$2.18	\$1,723
TC 30%	\$621	1	1	1	677	\$621	\$62	\$559	\$0	\$0.83	\$559	\$559	\$559	\$559	\$1	\$0	\$1,462	\$2.16	\$1,723
TC 30%	\$621	3	1	1	757	\$621	\$62	\$559	\$0	\$0.74	\$559	\$1,677	\$1,677	\$559	\$1	\$0	\$1,462	\$1.93	\$1,723
TC 30%	\$621	2	1	1	761	\$621	\$62	\$559	\$0	\$0.73	\$559	\$1,118	\$1,118	\$559	\$1	\$0	\$1,462	\$1.92	\$1,723
TC 60%	\$1,242	1	1	1	634	\$1,242	\$62	\$1,180	\$0	\$1.86	\$1,180	\$1,180	\$1,180	\$1,180	\$2	\$0	\$1,462	\$2.31	\$1,723
TC 60%	\$1,242	2	1	1	674	\$1,242	\$62	\$1,180	\$0	\$1.75	\$1,180	\$2,360	\$2,360	\$1,180	\$2	\$0	\$1,462	\$2.17	\$1,723
TC 60%	\$1,242	1	1	1	761	\$1,242	\$62	\$1,180	\$0	\$1.55	\$1,180	\$1,180	\$1,180	\$1,180	\$2	\$0	\$1,462	\$1.92	\$1,723
TC 70%	\$1,449	2	1	1	676	\$1,449	\$62	\$1,387	\$0	\$2.05	\$1,387	\$2,774	\$2,774	\$1,387	\$2	\$0	\$1,462	\$2.16	\$1,723
TC 70%	\$1,449	2	1	1	754	\$1,449	\$62	\$1,387	\$0	\$1.84	\$1,387	\$2,774	\$2,774	\$1,387	\$2	\$0	\$1,462	\$1.94	\$1,723
TC 80%	\$1,656	1	1	1	634	\$1,656	\$62	\$1,594	\$0	\$2.51	\$1,594	\$1,594	\$1,594	\$1,594	\$3	\$0	\$1,656	\$2.61	\$1,723
TC 80%	\$1,656	2	1	1	677	\$1,656	\$62	\$1,594	\$0	\$2.35	\$1,594	\$3,188	\$3,188	\$1,594	\$2	\$0	\$1,656	\$2.45	\$1,723
TC 80%	\$1,656	1	1	1.5	698	\$1,656	\$62	\$1,594	\$0	\$2.28	\$1,594	\$1,594	\$1,594	\$1,594	\$2	\$0	\$1,656	\$2.37	\$1,723
MR		1	1	1	634	\$0	\$62		NA	\$2.92	\$1,850	\$1,850	\$1,850	\$1,850	\$3	NA	\$1,850	\$2.92	\$1,723
MR		15	1	1	673	\$0	\$62		NA	\$2.79	\$1,880	\$28,200	\$28,200	\$1,880	\$3	NA	\$1,880	\$2.79	\$1,723
MR		24	1	1	763	\$0	\$62		NA	\$2.49	\$1,900	\$45,600	\$45,600	\$1,900	\$2	NA	\$1,900	\$2.49	\$1,723
MR		7	1	1	831	\$0	\$62		NA	\$2.35	\$1,950	\$13,650	\$13,650	\$1,950	\$2	NA	\$1,950	\$2.35	\$1,723

TC 30%	\$744	1	2	2	855	\$744	\$82	\$662	\$0	\$0.77	\$662	\$662	\$662	\$662	\$1	\$0	\$1,546	\$1.81	\$1,723
TC 30%	\$744	1	2	1	855	\$744	\$82	\$662	\$0	\$0.77	\$662	\$662	\$662	\$662	\$1	\$0	\$1,554	\$1.82	\$1,723
TC 30%	\$744	5	2	2	1,001	\$744	\$82	\$662	\$0	\$0.66	\$662	\$3,310	\$3,310	\$662	\$1	\$0	\$1,695	\$1.69	\$1,723
TC 30%	\$744	3	2	2	1,016	\$744	\$82	\$662	\$0	\$0.65	\$662	\$1,986	\$1,986	\$662	\$1	\$0	\$1,723	\$1.70	\$1,723
TC 30%	\$744	1	2	2	1,124	\$744	\$82	\$662	\$0	\$0.59	\$662	\$662	\$662	\$662	\$1	\$0	\$1,723	\$1.53	\$1,723
TC 60%	\$1,489	1	2	2	1,001	\$1,489	\$82	\$1,407	\$0	\$1.41	\$1,407	\$1,407	\$1,407	\$1,407	\$1	\$0	\$1,489	\$1.49	\$1,723
TC 60%	\$1,489	1	2	2	1,119	\$1,489	\$82	\$1,407	\$0	\$1.26	\$1,407	\$1,407	\$1,407	\$1,407	\$1	\$0	\$1,597	\$1.43	\$1,723
TC 60%	\$1,489	3	2	2	1,125	\$1,489	\$82	\$1,407	\$0	\$1.25	\$1,407	\$4,221	\$4,221	\$1,407	\$1	\$0	\$2,100	\$1.87	\$2,100
TC 60%	\$1,489	1	2	2	1,135	\$1,489	\$82	\$1,407	\$0	\$1.24	\$1,407	\$1,407	\$1,407	\$1,407	\$1	\$0	\$2,100	\$1.85	\$2,100
TC 70%	\$1,737	1	2	2	855	\$1,737	\$82	\$1,655	\$0	\$1.94	\$1,655	\$1,655	\$1,655	\$1,655	\$2	\$0	\$2,100	\$2.46	\$2,100
TC 70%	\$1,737	1	2	2	1,001	\$1,737	\$82	\$1,655	\$0	\$1.65	\$1,655	\$1,655	\$1,655	\$1,655	\$2	\$0	\$2,100	\$2.10	\$2,100
TC 70%	\$1,737	2	2	2	1,016	\$1,737	\$82	\$1,655	\$0	\$1.63	\$1,655	\$3,310	\$3,310	\$1,655	\$2	\$0	\$2,100	\$2.07	\$2,100
TC 70%	\$1,737	1	2	2	1,119	\$1,737	\$82	\$1,655	\$0	\$1.48	\$1,655	\$1,655	\$1,655	\$1,655	\$1	\$0	\$2,100	\$1.88	\$2,100
TC 70%	\$1,737	1	2	2	1,145	\$1,737	\$82	\$1,655	\$0	\$1.45	\$1,655	\$1,655	\$1,655	\$1,655	\$1	\$0	\$2,100	\$1.83	\$2,100
TC 80%	\$1,986	1	2	2	1,001	\$1,986	\$82	\$1,904	\$0	\$1.90	\$1,904	\$1,904	\$1,904	\$1,904	\$2	\$0	\$2,100	\$2.10	\$2,100
TC 80%	\$1,986	1	2	2	1,016	\$1,986	\$82	\$1,904	\$0	\$1.87	\$1,904	\$1,904	\$1,904	\$1,904	\$2	\$0	\$2,100	\$2.07	\$2,100
TC 80%	\$1,986	2	2	2.5	1,043	\$1,986	\$82	\$1,904	\$0	\$1.83	\$1,904	\$3,808	\$3,808	\$1,904	\$2	\$0	\$2,031	\$1.95	\$2,100
TC 80%	\$1,986	1	2	2.5	1,246	\$1,986	\$82	\$1,904	\$0	\$1.53	\$1,904	\$1,904	\$1,904	\$1,904	\$2	\$0	\$2,100	\$1.69	\$2,100
TC 80%	\$1,986	1	2	2.5	1,258	\$1,986	\$82	\$1,904	\$0	\$1.51	\$1,904	\$1,904	\$1,904	\$1,904	\$2	\$0	\$2,100	\$1.67	\$2,100
TC 80%	\$1,986	1	2	2.5	1,412	\$1,986	\$82	\$1,904	\$0	\$1.35	\$1,904	\$1,904	\$1,904	\$1,904	\$1	\$0	\$1,986	\$1.41	\$2,100
MR		4	2	2	1,013	\$0	\$82		NA	\$2.17	\$2,200	\$8,800	\$8,800	\$2,200	\$2	NA	\$2,200	\$2.17	\$2,100
MR		5	2	2	1,045	\$0	\$82		NA	\$2.20	\$2,300	\$11,500	\$11,500	\$2,300	\$2	NA	\$2,300	\$2.20	\$2,100
MR		4	2	2.5	1,045	\$0	\$82		NA	\$2.20	\$2,300	\$9,200	\$9,200	\$2,300	\$2	NA	\$2,300	\$2.20	\$2,100
MR		5	2	2	1,126	\$0	\$82		NA	\$2.13	\$2,400	\$12,000	\$12,000	\$2,400	\$2	NA	\$2,400	\$2.13	\$2,100
MR		13	2	2	1,145	\$0	\$82		NA	\$2.14	\$2,450	\$31,850	\$31,850	\$2,450	\$2	NA	\$2,450	\$2.14	\$2,100
MR		6	2	2	1,273	\$0	\$82		NA	\$2.12	\$2,700	\$16,200	\$16,200	\$2,700	\$2	NA	\$2,700	\$2.12	\$2,100
MR		1	2	2.5	1,386	\$0	\$82		NA	\$2.02	\$2,800	\$2,800	\$2,800	\$2,800	\$2	NA	\$2,800	\$2.02	\$2,100
MR		1	2	2	1,489	\$0	\$82		NA	\$1.88	\$2,800	\$2,800	\$2,800	\$2,800	\$2	NA	\$2,800	\$1.88	\$2,100
MR		3	2	2.5	1,489	\$0	\$82		NA	\$1.88	\$2,800	\$8,400	\$8,400	\$2,800	\$2	NA	\$2,800	\$1.88	\$2,100
MR		1	2	2.5	1,489	\$0	\$82		NA	\$1.88	\$2,800	\$2,800	\$2,800	\$2,800	\$2	NA	\$2,800	\$1.88	\$3,152
MR		1	2	2.5	1,515	\$0	\$82		NA	\$1.88	\$2,850	\$2,850	\$2,850	\$2,850	\$2	NA	\$2,850	\$1.88	\$3,152
TC 30%	\$860	1	3	2	1,050	\$860	\$102	\$758	\$0	\$0.72	\$758	\$758	\$758	\$758	\$1	\$0	\$3,152	\$3.00	\$3,152
TC 60%	\$1,721	1	3	2	1,050	\$1,721	\$102	\$1,619	\$0	\$1.54	\$1,619	\$1,619	\$1,619	\$1,619	\$2	\$0	\$3,152	\$3.00	\$3,152
TC 70%	\$2,008	1	3	2.5	1,597	\$2,008	\$102	\$1,906	\$0	\$1.19	\$1,906	\$1,906	\$1,906	\$1,906	\$1	\$0	\$3,152	\$1.97	\$3,152
TC 80%	\$2,295	1	3	2.5	1,392	\$2,295	\$102	\$2,193	\$0	\$1.58	\$2,193	\$2,193	\$2,193	\$2,193	\$2	\$0	\$3,025	\$2.17	\$3,152
TC 80%	\$2,295	1	3	2.5	1,597	\$2,295	\$102	\$2,193	\$0	\$1.37	\$2,193	\$2,193	\$2,193	\$2,193	\$1	\$0	\$3,027	\$1.90	\$3,152
MR		2	3	2.5	1,622	\$0	\$102		NA	\$1.88	\$3,050	\$6,100	\$6,100	\$3,050	\$2	NA	\$3,050	\$1.88	\$3,152
MR		1	3	3	1,950	\$0	\$102		NA	\$1.59	\$3,100	\$3,100	\$3,100	\$3,100	\$2	NA	\$3,100	\$1.59	\$3,152
MR		1	3	2.5	2,095	\$0	\$102		NA	\$1.53	\$3,200	\$3,200	\$3,200	\$3,200	\$2	NA	\$3,200	\$1.53	\$3,152
TOTALS/AVERAGES:		175			160,494				\$0	\$1.92	\$1,764	\$308,704	\$308,704	\$1,764	\$1.92	\$0	\$2,002	\$2.18	\$1,905

**ANNUAL POTENTIAL GROSS RENT:**

												\$3,704,448	\$3,704,448						
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\*MFDL units float among Unit Types

STABILIZED PRO FORMA
<i>Cabana Design District, Dallas, 9% HTC #23100</i>

STABILIZED FIRST YEAR PRO FORMA														
COMPARABLES			APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
Database	Comp Properties		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT				\$1.92	\$1,764	\$3,704,448	\$3,299,016	\$3,149,016	\$3,704,448	\$1,764	\$1.92		0.0%	\$0
Late fees, app fees					\$30.00	\$63,000	48,000	0						
Commercial Lease					\$0.00	\$0	68,844	0						
Total Secondary Income					\$30.00		0	48,000	\$63,000	\$30.00			0.0%	\$0
POTENTIAL GROSS INCOME						\$3,767,448	\$3,415,860	\$3,197,016	\$3,767,448				0.0%	\$0
Vacancy & Collection Loss					7.5% PGI	(282,559)	(256,190)	(239,776)	(282,559)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME						\$3,484,889	\$3,159,671	\$2,957,240	\$3,484,889				0.0%	\$0

General & Administrative	\$85,967	\$491/Unit	\$57,447	\$328	2.60%	\$0.56	\$517	\$90,500	\$90,500	\$80,203	\$85,967	\$491	\$0.54	2.47%	5.3%	4,533
Management	\$84,690	3.5% EGI	\$61,386	\$351	4.00%	\$0.87	\$797	\$139,396	\$127,000	\$118,290	\$139,396	\$797	\$0.87	4.00%	0.0%	0
Payroll & Payroll Tax	\$240,541	\$1,375/Unit	\$320,729	\$1,833	8.97%	\$1.95	\$1,786	\$312,500	\$312,500	\$312,500	\$312,500	\$1,786	\$1.95	8.97%	0.0%	-
Repairs & Maintenance	\$136,920	\$782/Unit	\$108,720	\$621	3.40%	\$0.74	\$677	\$118,500	\$112,500	\$112,000	\$122,500	\$700	\$0.76	3.52%	-3.3%	(4,000)
Electric/Gas	\$44,051	\$252/Unit	\$83,887	\$479	1.65%	\$0.36	\$329	\$57,500	\$52,500	\$52,500	\$44,051	\$252	\$0.27	1.26%	30.5%	13,449
Water, Sewer, & Trash	\$140,691	\$804/Unit	\$106,028	\$606	3.54%	\$0.77	\$706	\$123,500	\$188,000	\$128,632	\$140,691	\$804	\$0.88	4.04%	-12.2%	(17,191)
Property Insurance	\$100,297	\$0.62 /sf	\$84,192	\$481	3.13%	\$0.68	\$623	\$109,075	\$104,000	\$104,000	\$109,075	\$623	\$0.68	3.13%	0.0%	-
Property Tax (@ 100%) 2.6409	\$197,670	\$1,130/Unit	\$196,715	\$1,124	11.80%	\$2.56	\$2,350	\$411,250	\$376,392	\$417,532	\$411,250	\$2,350	\$2.56	11.80%	0.0%	-
Reserve for Replacements					1.51%	\$0.33	\$300	\$52,500	\$40,000	\$48,000	\$52,500	\$300	\$0.33	1.51%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.08%	\$0.02	\$16	\$2,800	\$2,560	\$2,560	\$2,800	\$16	\$0.02	0.08%	0.0%	-
Internet					0.39%	\$0.09	\$79	\$13,750	\$12,500	\$12,500	\$13,750	\$79	\$0.09	0.39%	0.0%	-
<b>TOTAL EXPENSES</b>					<b>41.07%</b>	<b>\$8.92</b>	<b>\$8,179</b>	<b>\$1,431,271</b>	<b>\$1,418,452</b>	<b>\$1,388,717</b>	<b>\$1,434,479</b>	<b>\$8,197</b>	<b>\$8.94</b>	<b>41.16%</b>	<b>-0.2%</b>	<b>\$ (3,208)</b>
<b>NET OPERATING INCOME ("NOI")</b>					<b>58.93%</b>	<b>\$12.80</b>	<b>\$11,735</b>	<b>\$2,053,618</b>	<b>\$1,741,219</b>	<b>\$1,568,523</b>	<b>\$2,050,410</b>	<b>\$11,717</b>	<b>\$12.78</b>	<b>58.84%</b>	<b>0.2%</b>	<b>\$ 3,208</b>

CONTROLLABLE EXPENSES		\$4,014/Unit				\$4,033/Unit	
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Cabana Design District, Dallas, 9% HTC #23100

		DEBT / GRANT SOURCES																			
		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE										
											Cumulative DCR							Prior Underwriting			
DEBT (Must Pay)	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC				
Citibank		1.15	1.15	1,784,265	7.41%	40	15.0	\$22,825,000	\$20,970,000	\$20,970,000	\$22,825,000	15.0	40	7.41%	\$1,784,265	1.15	19.4%				
Adjustment to Debt Per §11.302(c)(2)	0.00%									(\$1,575,000)		15.0	40	7.41%		1.15	0.0%				
CASH FLOW DEBT / GRANTS																					
City of Dallas		1.15	1.15		0.00%	0	0.0	\$500	\$500	\$500	\$500	0.0	0	0.00%		1.15	0.0%				
City of Dallas - Design District TIF		1.15	1.15		0.00%	0	0.0	\$41,000,000	\$41,000,000	\$41,000,000	\$41,000,000	0.0	0	0.00%		1.15	34.9%				
				\$1,784,265	TOTAL DEBT / GRANT SOURCES			\$63,825,500	\$61,970,500	\$60,395,500	\$63,825,500	TOTAL DEBT SERVICE			\$1,784,265	1.15	54.3%				
NET CASH FLOW		\$266,145	\$269,353	APPLICANT														NET OPERATING INCOME	\$2,053,618	\$269,353	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							
Hunt Capital Partners	LIHTC Equity	14.5%	\$2,000,000	\$0.85	\$16,998,300	\$17,998,200	\$17,998,200	\$16,998,300	\$0.85	\$2,000,000	14.5%	\$11,429	Applicant Request	
Hunt Capital Partners	State Historic Tax Credits	15.7%		\$0.88	\$18,388,647	\$17,552,478	\$17,552,478	\$18,388,647	\$0.88		15.7%			
Hunt Capital Partners	Federal Historic Tax Credits	11.4%		\$0.80	\$13,372,224	\$14,041,982	\$14,041,982	\$13,372,224	\$0.80		11.4%			
Cabana Design District LP	Deferred Developer Fees	5.2%	(54% Deferred)		\$6,089,812	\$4,771,315	\$4,411,363	\$4,913,291	(43% Deferred)		4.2%		Total Developer Fee:	\$11,332,370
Additional (Excess) Funds Req'd		0.0%					\$0	\$0			0.0%			
TOTAL EQUITY SOURCES		46.7%			\$54,848,983	\$54,363,975	\$54,004,023	\$53,672,462			45.7%			
TOTAL CAPITALIZATION					\$118,674,483	\$116,334,475	\$114,399,523	\$117,497,962	15-Yr Cash Flow after Deferred Fee:				\$2,150,271	

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		\$40,000 / Unit	\$7,000,000		\$7,000,000	\$7,000,000	\$7,000,000	\$40,000 / Unit				0.0%	\$0	
Building Acquisition	\$0	\$114,286 / Unit	\$20,000,000		\$20,000,000	\$20,000,000	\$20,000,000	\$114,286 / Unit			\$0	0.0%	\$0	
Closing costs & acq. legal fees			\$1,000,000		\$1,000,000	\$1,000,000	\$1,000,000					0.0%	\$0	
Off-Sites	\$0	\$800 / Unit	\$140,000		\$140,000	\$140,000	\$140,000	\$800 / Unit		\$0		0.0%	\$0	
Site Work	\$2,582,020	\$15,613 / Unit	\$2,732,220		\$2,732,220	\$2,250,000	\$2,274,006	\$12,994 / Unit		\$2,274,006		20.2%	\$458,214	
Site Amenities	\$460,000	\$2,629 / Unit	\$460,000		\$202,000	\$460,000	\$440,421	\$2,517 / Unit		\$440,421		4.4%	\$19,579	
Building Cost	\$48,710,640	\$316.32 /sf	\$290,097/Unit	\$50,766,924	\$46,151,750	\$44,860,000	\$50,142,181	\$286,527/Unit	\$312.42 /sf	\$48,710,640		1.2%	\$624,743	
Contingency	\$3,529,957	6.82%	6.52%	\$3,529,957	\$2,611,299	\$2,611,299	\$3,529,957	6.66%	6.86%	\$3,529,957		0.0%	\$0	
Contractor Fees	\$7,624,066	13.79%	13.80%	\$7,952,574	\$7,236,218	\$7,044,982	\$7,913,719	14.00%	13.87%	\$7,624,066		0.5%	\$38,855	
Soft Costs	\$0	\$4,552,500	\$27,157 / Unit	\$4,752,500	\$5,352,500	\$5,352,500	\$4,752,500	\$27,157 / Unit		\$4,552,500	\$0	0.0%	\$0	
Financing	\$0	\$6,846,000	\$42,086 / Unit	\$7,365,040	\$12,056,630	\$12,056,630	\$7,365,040	\$42,086 / Unit		\$6,846,000	\$0	0.0%	\$0	
Developer Fee	\$0	\$11,145,778	15.00%	14.83%	\$11,367,500	\$10,200,000	\$9,972,254	\$11,332,370	15.00%	15.00%	\$11,096,638	\$0	0.3%	\$35,130
Reserves			6 Months	\$1,607,768	\$1,651,858	\$1,651,858	\$1,607,768	6 Months				0.0%	\$0	
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		\$0	\$85,450,961	\$678,140 / Unit	\$118,674,483	\$116,334,475	\$114,399,523	\$117,497,962	\$671,417 / Unit	\$85,074,228	\$0	1.0%	\$1,176,521	
Acquisition Cost	\$0				\$0	\$0								
Contingency		\$0			\$0	\$0								
Contractor's Fee		\$0			\$0	\$0								
Financing Cost		\$0												
Developer Fee	0.00%	\$0	(\$1)	15.00%	\$0	\$0								
Reserves					\$0	\$0								
ADJUSTED BASIS / COST		\$0	\$85,450,960	\$678,140/unit	\$118,674,483	\$116,334,475	\$114,399,523	\$117,497,962	\$671,417/unit	\$85,074,228	\$0	1.0%	\$1,176,521	
TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY SCR/CNA					\$117,497,962									

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Cabana Design District, Dallas, 9% HTC #23100

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	\$0	\$85,450,960	\$0	\$85,074,228
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$85,450,960	\$0	\$85,074,228
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$111,086,249	\$0	\$110,596,497
Applicable Fraction	38.01%	38%	38%	38%
TOTAL QUALIFIED BASIS	\$0	\$42,225,427	\$0	\$42,039,266
Applicable Percentage	9.00%	9.00%	9.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$3,800,288	\$0	\$3,783,534
CREDITS ON QUALIFIED BASIS	\$3,800,288		\$3,783,534	

Method	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.8499	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$3,783,534	\$32,156,822	----	----	----
Needed to Fill Gap	\$2,578,092	\$21,911,591	----	----	----
Applicant Request	\$2,000,000	\$16,998,300	\$2,000,000	\$0	\$0

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost: Mid-Rise (Over 5 Stories)		160,494 SF	\$77.94	12,509,227
Adjustments				
Exterior Wall Finish	0.00%		0.00	\$0
Elderly	0.00%		0.00	0
9-Ft. Ceilings	0.00%		0.00	0
Roof Adjustment(s)			0.21	33,000
Subfloor			0.86	137,646
Floor Cover			4.47	716,927
Breezeways	\$30.99	6,135	1.18	190,111
Balconies	\$31.92	1,302	0.26	41,560
Plumbing Fixtures	\$1,090	-654	-4.44	(712,860)
Rough-ins	\$535	182	0.61	97,370
Built-In Appliances	\$1,880	175	2.05	329,000
Exterior Stairs	\$3,050	6	0.11	18,300
Heating/Cooling			2.37	380,371
Storage Space	\$30.99	0	0.00	0
Carports	\$13.00	0	0.00	0
Garages		0	0.00	0
Common/Support Area	\$0.00	0	0.00	0
Elevators		6	0.00	0
Other:			0.00	0
Fire Sprinklers	\$3.65	166,629	3.79	608,196
SUBTOTAL			89.40	14,348,848
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			89.40	\$14,348,848
Plans, specs, survey, bldg permits	3.30%		(2.95)	(\$473,512)
Contractor's OH & Profit	11.50%		(10.28)	(1,650,117)
NET BUILDING COSTS		\$69,858/unit	\$76.17/sf	\$12,225,218



## Long-Term Pro Forma

*Cabana Design District, Dallas, 9% HTC #23100*

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	\$3,484,889	\$3,554,587	\$3,625,679	\$3,698,193	\$3,772,156	\$4,164,765	\$4,598,238	\$5,076,826	\$5,605,226	\$6,188,622	\$6,832,739	\$7,543,896
TOTAL EXPENSES	3.00%	\$1,431,271	\$1,472,815	\$1,515,578	\$1,559,595	\$1,604,903	\$1,852,195	\$2,138,007	\$2,468,384	\$2,850,326	\$3,291,934	\$3,802,591	\$4,393,160
<b>NET OPERATING INCOME ("NOI")</b>		<b>\$2,053,618</b>	<b>\$2,081,772</b>	<b>\$2,110,101</b>	<b>\$2,138,598</b>	<b>\$2,167,253</b>	<b>\$2,312,570</b>	<b>\$2,460,231</b>	<b>\$2,608,442</b>	<b>\$2,754,900</b>	<b>\$2,896,689</b>	<b>\$3,030,149</b>	<b>\$3,150,736</b>
EXPENSE/INCOME RATIO		41.1%	41.4%	41.8%	42.2%	42.5%	44.5%	46.5%	48.6%	50.9%	53.2%	55.7%	58.2%
<b>MUST -PAY DEBT SERVICE</b>													
Citibank		\$1,784,265	\$1,784,265	\$1,784,265	\$1,784,265	\$1,784,265	\$1,784,265	\$1,784,265	\$1,784,265	\$1,784,265	\$1,784,265	\$1,784,265	\$1,784,265
Adjustment to Debt Per §11.302(c)(2)													
TOTAL DEBT SERVICE		\$1,784,265	\$1,784,265	\$1,784,265	\$1,784,265	\$1,784,265	\$1,784,265	\$1,784,265	\$1,784,265	\$1,784,265	\$1,784,265	\$1,784,265	\$1,784,265
DEBT COVERAGE RATIO		1.15	1.17	1.18	1.20	1.21	1.30	1.38	1.46	1.54	1.62	1.70	1.77
<b>ANNUAL CASH FLOW</b>													
		<b>\$269,353</b>	<b>\$297,507</b>	<b>\$325,836</b>	<b>\$354,332</b>	<b>\$382,988</b>	<b>\$528,305</b>	<b>\$675,965</b>	<b>\$824,176</b>	<b>\$970,635</b>	<b>\$1,112,423</b>	<b>\$1,245,883</b>	<b>\$1,366,471</b>
Deferred Developer Fee Balance		\$4,643,938	\$4,346,431	\$4,020,595	\$3,666,263	\$3,283,275	\$933,623	\$0	\$0	\$0	\$0	\$0	\$0
<b>CUMULATIVE NET CASH FLOW</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$2,150,271	\$5,974,930	\$10,536,422	\$15,817,503	\$21,784,169	\$28,381,534

# 23100 Cabana Design District - Application Summary

REAL ESTATE ANALYSIS DIVISION

July 14, 2023

PROPERTY IDENTIFICATION	
Application #	23100
Development	Cabana Design District
City / County	Dallas / Dallas
Region/Area	3 / Urban
Population	General
Set-Aside	General
Activity	Adaptive Re-Use (Built in 1962)

RECOMMENDATION					
TDHCA Program		Request	Recommended		
LIHTC (9% Credit)		\$2,000,000	\$2,000,000	\$12,500/Unit	\$0.90

KEY PRINCIPALS / SPONSOR			
<ul style="list-style-type: none"> <li>Stuart Shaw &amp; Casey Bump / Stuart Shaw Family Development LLC</li> <li>Jessica Krochtengel &amp; Zachary Krochtengel / Sycamore Strategies, LLC</li> </ul>			
Related Parties	Contractor -	TBD	Seller - No

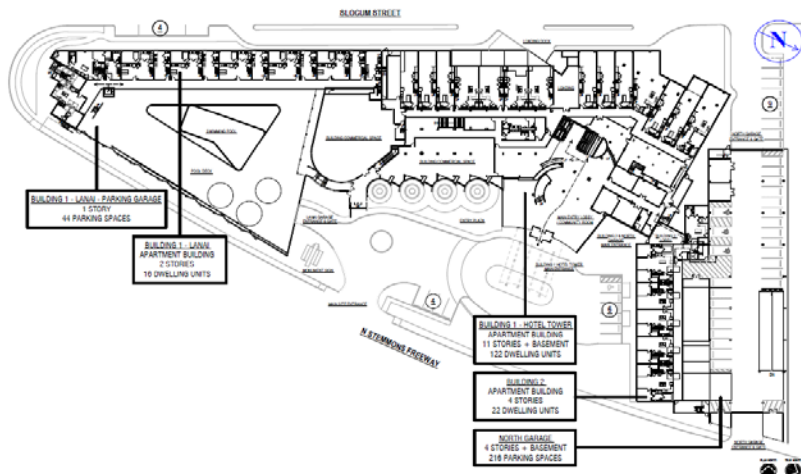
TYPICAL BUILDING ELEVATION/PHOTO



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	8	5%	20%	-	0%
1	40	25%	30%	27	17%
2	98	61%	40%	-	0%
3	14	9%	50%	-	0%
4	-	0%	60%	9	6%
			70%	14	9%
			80%	14	9%
			MR	96	60%
TOTAL	160	100%	TOTAL	160	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		TDHCA's Pro Forma	
Debt Coverage	1.15	Expense Ratio	47.0%
Breakeven Occ.	86.1%	Breakeven Rent	\$1,524
Average Rent	\$1,640	B/E Rent Margin	\$116
Property Taxes	\$2,610/unit	Exemption/PILOT	0%
Total Expense	\$8,679/unit	Controllable	\$4,286/unit

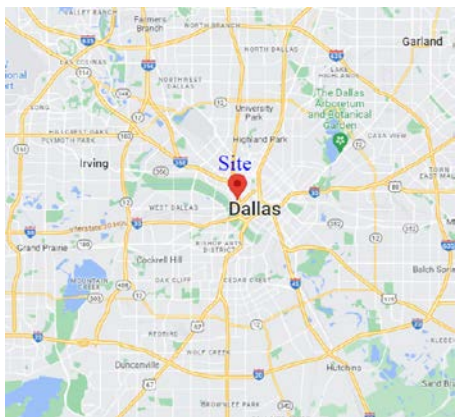

SITE PLAN



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)	0.7%		
Highest Unit Capture Rate	5%	0 BR/30%	3
Dominant Unit Cap. Rate	3%	1 BR/30%	11
Premiums (↑60% Rents)	Yes	\$825/Avg.	
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY			
Costs Underwritten		TDHCA's Costs - Based on SCR	
Avg. Unit Size	953 SF	Density	48.8/acre
Acquisition		\$175K/unit	\$28,000K
Building Cost	\$294.24/SF	\$280K/unit	\$44,860K
Hard Cost		\$315K/unit	\$50,321K
Total Cost		\$715K/unit	\$114,400K
Developer Fee	\$9,972K	(44% Deferred)	Paid Year: 14
Contractor Fee	\$7,045K	30% Boost	Yes

REHABILITATION COSTS / UNIT			
Site Work	\$14K	5%	Finishes/Fixture \$31K 10%
Building Shell	\$223K	75%	Amenities \$3K 1%
HVAC	\$20K	7%	Total Exterior \$240K 81%
Appliances	\$6K	2%	Total Interior \$58K 19%

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES	
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount
Legacy Bank & Trust	15/40	6.50%	#####	1.06	City of Dallas	0/0	0.00%	\$500	1.15	RBC	\$17,998,200
Adjustment to Debt Per \$11.302(c)(2)	15/40	6.50%	(\$1,575,000)	1.15	City of Dallas - Design District TIF	0/0	0.00%	\$41,000,000	1.15	RBC	\$17,552,478
										RBC	\$14,041,982
										Cabana Design District LP	\$4,411,363
										<b>TOTAL EQUITY SOURCES</b>	<b>\$54,004,023</b>
										<b>TOTAL DEBT SOURCES</b>	<b>\$60,395,500</b>
<b>TOTAL DEBT (Must Pay)</b>			<b>\$19,395,000</b>		<b>CASH FLOW DEBT / GRANTS</b>			<b>\$41,000,500</b>		<b>TOTAL CAPITALIZATION</b>	<b>\$114,399,523</b>
CONDITIONS											
<p>1 Receipt and acceptance by Carryover:</p> <p>a: Formal approval for \$41M subsidy from the City of Dallas' tax increment reinvestment zone clearly stating all terms, conditions and source of funding.</p> <p>b: No more than \$28,535,590 can be forgiven from the City of Dallas' \$41M loan. The remaining \$12,464,410 needs to be restructured with market rate interest and deferred payable.</p> <p>2 Receipt and acceptance by Cost Certification:</p> <p>a: Attorney opinion validating that the City of Dallas TIRZ funds are not federally sourced and that if funds are federally sources it can be considered bona fide debt with a reasonable expectation that it will be repaid in full and further stating that the funds should not be deducted from eligible basis.</p> <p>b: Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.</p> <p>c: Certification that a subsurface environmental investigation was performed as specified in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.</p> <p>d: 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/or lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&amp;M) program.</p> <p>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.</p>											
RISK PROFILE											
STRENGTHS/MITIGATING FACTORS											
<ul style="list-style-type: none"> <li>◦ Easily accessible to highways, transit, jobs</li> <li>◦ Appealing urban design</li> <li>◦ Very low gross capture rate</li> <li>◦ Developer's construction and management experience with LIHTC properties in Texas</li> </ul>											
WEAKNESSES/RISKS											
<ul style="list-style-type: none"> <li>◦ Infeasible without \$41M that is not committed</li> <li>◦ Complicated project with high costs</li> <li>◦ Feasibility dependent on market rents</li> </ul>											
AREA MAP											
											
											



#### DEVELOPMENT IDENTIFICATION

TDHCA Application #: **23100** Program(s): **9% HTC**

**Cabana Design District**

Address/Location: **899 Stemmons Fwy**

City: **Dallas** County: **Dallas** Zip: **75207**

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

Activity: **Adaptive Re-Use** Building Type: **Mid-Rise (Over 5 Stories)** Region: **3**

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)	\$2,000,000				\$2,000,000				

#### CONDITIONS

- 1 Receipt and acceptance by Carryover:
  - a: Formal approval for **\$41M** subsidy from the City of Dallas' tax increment reinvestment zone clearly stating all terms, conditions and source of funding.
  - b: No more than \$28,535,590 can be forgiven from the City of Dallas' \$41M loan. The remaining \$12,464,410 needs to be restructured with market rate interest and deferred payable.
- 2 Receipt and acceptance by Cost Certification:
  - a: Attorney opinion validating that the City of Dallas TIRZ funds are not federally sourced and that if funds are federally sources it can be considered bona fide debt with a reasonable expectation that it will be repaid in full and further stating that the funds should not be deducted from eligible basis.
  - b: Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.
  - c: Certification that a subsurface environmental investigation was performed as specified in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.
  - d: 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/or 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	27
60% of AMI	60% of AMI	9
70% of AMI	70% of AMI	14
80% of AMI	80% of AMI	14

## DEVELOPMENT SUMMARY

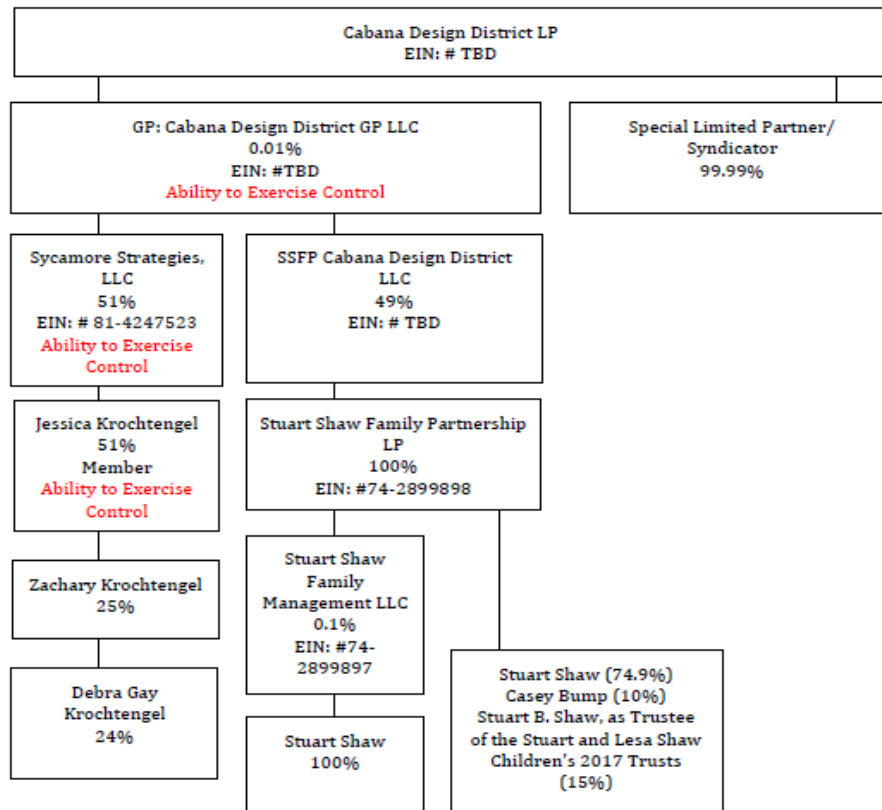
The project consists of renovating the existing vacant former Cabana Hotel at 899 North Stemmons Freeway in Dallas, TX into 160 affordable apartments with related parking, leasing and management office as well as common and apartment amenities pursuant to TDHCA 2023 Tax Credit Apartment requirements. The original 1962 facility consists of a 10-story and two-story hotel area with hotel amenities in the 10-story tower and site parking, including surface parking and two underground parking garages. A four-story parking garage was added in 1984 when the hotel was converted to a corrections facility.

## RISK PROFILE

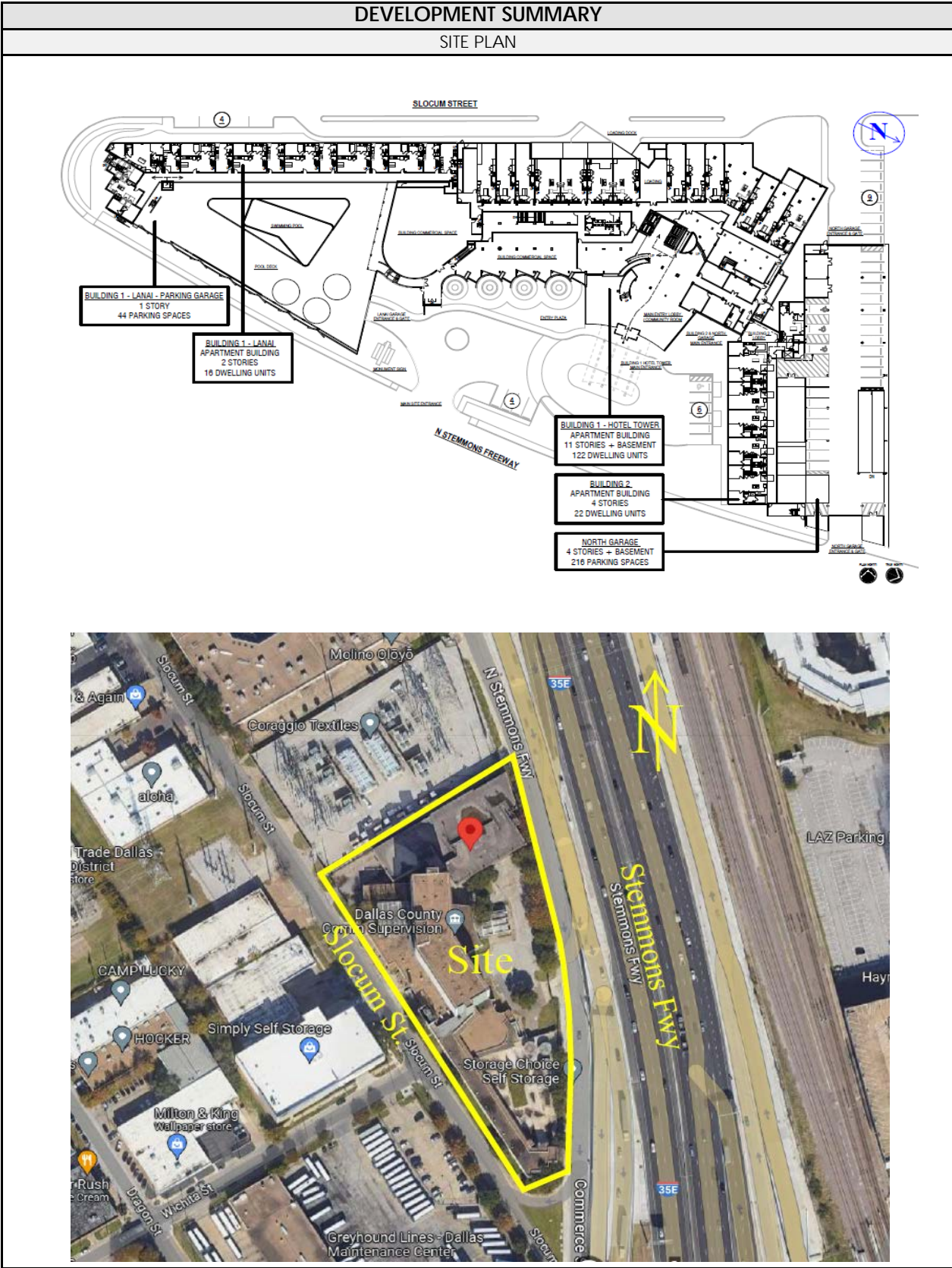
STRENGTHS/MITIGATING FACTORS	WEAKNESSES/RISKS
<ul style="list-style-type: none"> <li>▫ Easily accessible to highways, transit, jobs</li> <li>▫ Appealing urban design</li> <li>▫ Very low gross capture rate</li> <li>▫ Developer's construction and management experience with LIHTC properties in Texas</li> </ul>	<ul style="list-style-type: none"> <li>▫ Infeasible without \$41M that is not committed</li> <li>▫ Complicated project with high costs</li> <li>▫ Feasibility dependent on market rents</li> <li>▫ </li> </ul>

## DEVELOPMENT TEAM

### OWNERSHIP STRUCTURE







Parking	No Fee		Tenant-Paid		Total	
Open Surface	23	0.1/unit	0	--	23	0.1/unit
Garage	260	1.6/unit	0	--	260	1.6/unit
<b>Total Parking</b>	<b>283</b>	<b>1.8/unit</b>	<b>0</b>	<b>--</b>	<b>283</b>	<b>1.8/unit</b>

Comments:

Code requires 240 (1.5/unit) spaces for residential units. 283 spaces will be provided of which 260 are garage spaces and 23 are surface spaces.

#### BUILDING ELEVATION



#### BUILDING CONFIGURATION

Building Type	1	1												Total Buildings
Floors/Stories	11	4												
Number of Bldgs	1	1												2
Units per Bldg	138	22												
<b>Total Units</b>	<b>138</b>	<b>22</b>												<b>160</b>
<b>Avg. Unit Size (SF)</b>		<b>953 sf</b>	<b>Total NRA (SF)</b>		<b>152,463</b>		<b>Common Area (SF)*</b>		<b>168,516</b>					

\*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO											
<b>Site Acreage:</b>	Development Site: <u>3.28</u> acres	Density: <u>48.8</u> units/acre									
	<b>Site Control:</b> <u>3.278</u>	<b>Site Plan:</b> <u>3.278</u>	<b>Appraisal:</b> <u>NA</u> <b>ESA:</b> <u>3.278</u>								
	<b>Feasibility Report Survey:</b> <u>3.278</u>	<b>Feasibility Report Engineer's Plan:</b> <u>3.278</u>									
Control Type: <u>Agreement of Sale and Purchase</u>											
Development Site: <u>3.28</u> acres      Cost: <u>\$27,000,000</u> <u>\$168,750</u> per unit											
Seller: <u>Cabana Development, LLC</u>											
Buyer: <u>Anthem Interests LLC</u>											
Assignee: <u>Cabana Design District LP</u>											
Related-Party Seller/Identity of Interest: <u>No</u>											
SITE INFORMATION											
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Flood Zone: <u>X</u></td> <td style="width: 50%;">Scattered Site? <u>No</u></td> </tr> <tr> <td>Zoning: <u>PD 621</u></td> <td>Within 100-yr floodplain? <u>No</u></td> </tr> <tr> <td>Re-Zoning Required? <u>No</u></td> <td>Utilities at Site? <u>Yes</u></td> </tr> <tr> <td>Year Constructed: <u>1962</u></td> <td>Title Issues? <u>No</u></td> </tr> </table>				Flood Zone: <u>X</u>	Scattered Site? <u>No</u>	Zoning: <u>PD 621</u>	Within 100-yr floodplain? <u>No</u>	Re-Zoning Required? <u>No</u>	Utilities at Site? <u>Yes</u>	Year Constructed: <u>1962</u>	Title Issues? <u>No</u>
Flood Zone: <u>X</u>	Scattered Site? <u>No</u>										
Zoning: <u>PD 621</u>	Within 100-yr floodplain? <u>No</u>										
Re-Zoning Required? <u>No</u>	Utilities at Site? <u>Yes</u>										
Year Constructed: <u>1962</u>	Title Issues? <u>No</u>										
Current Uses of Subject Site: The site has a vacant ten story building originally used as a hotel, a three level parking garage and a pool deck with a connected parking garage.											
HIGHLIGHTS of ENVIRONMENTAL REPORTS											
Provider: <u>Terracon Consultants, Inc.</u> Date: <u>2/16/2023</u>											
Recognized Environmental Conditions (RECs) and Other Concerns: <ul style="list-style-type: none"> <li>Significant roads are within 1000 feet (Stemmons and Rogers Fwys) and railroads within 3000 feet (DART, TRE), thereby indicating the need for a noise study.</li> <li>Concentrations of chlorinated Volatile Organic Compounds (VOC's) in groundwater remaining at the facility poses as a potential Vapor Encroachment Condition (VEC) to the site. The former Engraving and former Colour IV/Currently Storage Choice Design District/GE Greenway Environmental and Colour IV, Inc. were identified in the regulatory database.</li> </ul>											
Comments: In Terracon's opinion, the subsurface conditions around the on-site hydraulic elevators should be evaluated either when the elevators are removed or during site redevelopment.											



## MARKET ANALYSIS

Provider: Araiza Appraisal & Consulting

Date: 3/29/2023

Primary Market Area (PMA): 37 sq. miles 3 mile equivalent radius

### AFFORDABLE HOUSING INVENTORY

#### Other Affordable Developments in PMA since 2017

20197	Villas at Western Heights	New Const	Elderly	N/A	130
Stabilized Affordable Developments in PMA		Total Units			1,855
		Total Developments			12
		Average Occupancy			97%

### OVERALL DEMAND ANALYSIS

		Market Analyst			
		HTC	Assisted		
Total Households in the Primary Market Area		24,426			
Potential Demand from the Primary Market Area		7,972			
10% External Demand		797			
GROSS DEMAND		8,769			
Subject Affordable Units		64			
Unstabilized Competitive Units		0			
RELEVANT SUPPLY		64			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE		0.7%			

Population:	General	Market Area:	Urban	Maximum Gross Capture Rate:	10%
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### UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND

AMGI Band	Market Analyst									
	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
30% AMGI	2,099	210	27	0	1%					
60% AMGI	2,403	240	9	0	0%					
70% AMGI	2,768	277	14	0	0%					
80% AMGI	702	70	14	0	2%					

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE										
Unit Type	Market Analyst									
	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
0 BR/30%	55	6	3	0	5%					
0 BR/60%	54	5	2	0	3%					
0 BR/70%	116	12	1	0	1%					
0 BR/80%	344	34	1	0	0%					
1 BR/30%	344	34	11	0	3%					
1 BR/60%	279	28	3	0	1%					
1 BR/70%	241	24	4	0	2%					
1 BR/80%	747	75	4	0	0%					
2 BR/30%	255	26	11	0	4%					
2 BR/60%	179	18	3	0	2%					
2 BR/70%	149	15	7	0	4%					
2 BR/80%	347	35	7	0	2%					
3 BR/30%	399	40	2	0	0%					
3 BR/60%	239	24	1	0	0%					
3 BR/70%	177	18	2	0	1%					
3 BR/80%	556	56	2	0	0%					

Market Analyst Comments:

Based on the high occupancy levels of the existing properties in the market, the lack of good quality affordable housing along with the recent strong absorption history, the Market Analyst projects the subject property's absorption rate to be 10-20 units per month and stabilization within 14 months.(p.15)

## OPERATING PRO FORMA

### SUMMARY- AS UNDERWRITTEN (TDHCA Pro Forma)

NOI:	\$1,568,523	Avg. Rent:	\$1,640	Expense Ratio:	47.0%
Debt Service:	\$1,362,592	B/E Rent:	\$1,524	Controllable Expenses:	\$4,286
Net Cash Flow:	\$205,931	UW Occupancy:	92.5%	Property Taxes/Unit:	\$2,610
Aggregate DCR:	1.15	B/E Occupancy:	86.1%	Program Rent Year:	2022

Applicant elected to use Income Averaging at 54% and restrict only 40% of the Units. Underwriter did not include commercial lease income and used Applicant's number of \$25/unit for other income. Replacement reserves were underwritten at \$300/unit since this is an adaptive reuse project and water/trash expenses are based on TDHCA's database. The projected 15-year cash flow is \$616K after deferred developer fee is paid in Year 14.

Market rents were underwritten with Market Analyst rents. After Underwriter adjusted Applicant's market rents, there was a \$1.575M adjustment to Debt Per \$11.302(c)(2) to achieve feasibility of a 1.15 DCR.

## DEVELOPMENT COST EVALUATION

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

Acquisition	\$2,135,448/ac	\$175,000/unit	<b>\$28,000,000</b>	Contractor Fee	<b>\$7,044,982</b>
Off-site + Site Work		\$17,813/unit	<b>\$2,850,000</b>	Soft Cost + Financing	<b>\$17,409,130</b>
Building Cost	\$294.24/sf	\$280,375/unit	<b>\$44,860,000</b>	Developer Fee	<b>\$9,972,254</b>
Contingency	5.47%	\$16,321/unit	<b>\$2,611,299</b>	Reserves	<b>\$1,651,858</b>
<b>Total Development Cost</b>		<b>\$714,997/unit</b>	<b>\$114,399,523</b>	<b>Rehabilitation Cost</b>	<b>\$297,313/unit</b>
<b>Qualified for 30% Basis Boost?</b>		Non-Qualified Elderly not in QCT covered by Revitalization Plan [9% only]			

Building Cost:

Underwriter used SCR estimate of \$42.6M (\$266,313/unit).

REHABILITATION COSTS / UNIT / % HARD COST							
Site Work	\$2,250,000	\$14,063/unit	5%	Finishes/Fixtures	\$4,950,000	\$30,938/unit	10%
Building Shell	\$35,660,000	\$222,875/unit	75%	HVAC	\$3,250,000	\$20,313/unit	7%
Amenities	\$460,000	\$2,875/unit	1%	Appliances	\$1,000,000	\$6,250/unit	2%
<b>Total Exterior</b>	<b>\$38,370,000</b>	<b>\$239,813/unit</b>	<b>81%</b>	<b>Total Interior</b>	<b>\$9,200,000</b>	<b>\$57,500/unit</b>	<b>19%</b>

#### SCOPE & COST REVIEW

Provider: Coda Consulting Group

Date: 2/28/2023

#### Scope of Work:

- Water line upgrades and fire hydrants
  - Demolition allowance
  - Site grading allowance
  - Site concrete for paving, courtyard and loading docks
  - Sidewalks
  - Site masonry, sound wall, and building screen walls
  - Landscape and irrigation
  - Pool deck fencing
  - Perimeter metal fencing and three automatic gates
  - Roll-up south garage door
  - Site plumbing, water, and sewer improvements
  - Site electrical, replace due to age
  - Garage and building reinforced concrete restoration
  - Clean, prime and paint steel garage
  - Replace metal garage stairs (2)
  - Add metal mesh screens to garage exterior
  - Masonry Tower screen wall repairs and cleaning
  - Exterior stair and railing repairs and/or replacement as needed
  - Interior stair repairs as needed
  - Replace storefront systems
  - Replace roofs
  - Drywall and metal studs
  - Insulation
  - Interior painting
  - Apartment entrance and interior doors and trim
  - Windows with balcony doors
  - Cabinets and countertops
  - Appliances
  - Flooring
  - Lighting
- 
- Window treatments
  - Common amenities allowance
  - Common area finishes
  - Building mechanical systems
  - Building electrical systems
  - Building plumbing systems
  - Building and garage fire protection systems
  - Building trash collection systems
  - Asbestos abatement
  - Lead paint abatement

#### Contingency:

\$150K in soft cost contingency moved to overall contingency. Does not effect credit request as eligible basis is still greater than Applicant's request and no adjustment is needed.

#### Contractor Fee:

\$19K adjustment made as a result of limited eligible contingency. Does not effect credit request as eligible basis is still greater than Applicant's request and no adjustment is needed.

#### Developer Fee:

\$39K adjustment made as a result of limited eligible contingency. Does not effect credit request as eligible basis is still greater than Applicant's request and no adjustment is needed.

## Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$114,399,523	\$47,522,523	\$2,035,722

## UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES				
Funding Source	Description	Amount	Rate	LTC
Legacy Bank & Trust	Conventional Loan	\$76,000,000	8.00%	65%
RBC	HTC	\$10,437,162	\$0.90	9%
RBC	State Historic Tax Credits	\$8,776,285	\$0.87	8%
RBC	Federal Historic Tax Credits	\$7,021,028	\$0.87	6%
City of Dallas - Design District TIF	Local Government Grant	\$4,100,000	0.00%	4%
Cabana Design District LP	Deferred Developer Fee	\$10,000,000	0.00%	9%
		<b>\$116,334,475</b>	<b>Total Sources</b>	

PERMANENT SOURCES									
Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Legacy Bank & Trust	\$20,970,000	6.50%	40	15.0	\$20,970,000	6.50%	40	15.0	18%
Adjustment to Debt Per §11.302(c)(2)	\$0	0.00%	0	0.0	(\$1,575,000)	6.50%	40	15.0	-1%
City of Dallas	\$500	0.00%	0	0.0	\$500	0.00%	0	0.0	0%
City of Dallas - Design District TIF	\$41,000,000	0.00%	0	0.0	\$41,000,000	0.00%	0	0.0	36%
<b>Total</b>	<b>\$61,970,500</b>				<b>\$60,395,500</b>				

## Comments:

No more than \$28,535,590 can be forgiven from the City of Dallas' \$41M loan. The remaining \$12,464,410 needs to be restructured with market rate interest deferred payable. Additional developer fee does not need to be increased as Underwriter is using SCR costs which is lower than the Applicant's costs.

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN			
	Amount	Rate	% Def	Amount	Rate	% TC	% Def
RBC	\$17,998,200	\$0.90		\$17,998,200	\$0.90	16%	
RBC	\$17,552,478	\$0.87		\$17,552,478	\$0.87	15%	
RBC	\$14,041,982	\$0.87		\$14,041,982	\$0.87	12%	
Cabana Design District LP	\$4,771,315		47%	\$4,411,363		4%	44%
<b>Total</b>	<b>\$54,363,975</b>			<b>\$54,004,023</b>			
				<b>\$114,399,523</b>	<b>Total Sources</b>		

Credit Price Sensitivity based on current capital structure	
<b>\$1.120</b>	Maximum Credit Price before the Development is oversourced and allocation is limited
<b>\$0.869</b>	Minimum Credit Price below which the Development would be characterized as infeasible

## CONCLUSIONS

### Recommended Financing Structure:

The underwriting analysis assumes a \$1,575,000 adjustment to Debt Per \$11.302(c)(2) to achieve the minimum 1.15x debt coverage ratio.

Gap Analysis:	
Total Development Cost	\$114,399,523
Permanent Sources (debt + non-HTC equity)	\$91,989,960
<b>Gap in Permanent Financing</b>	<b>\$22,409,563</b>

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$18,319,667	\$2,035,722
Needed to Balance Sources & Uses	\$22,409,563	\$2,490,200
Requested by Applicant	\$17,998,200	\$2,000,000

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
<b>Tax Credit Allocation</b>	<b>\$17,998,200</b>	<b>\$2,000,000</b>

Deferred Developer Fee	\$4,411,363	( 44% deferred)
Repayable in	14 years	

### Recommendation:

Underwriter recommends Applicant request for \$2,000,000 in annual 9% tax credits.

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

UNIT MIX/RENT SCHEDULE												
Cabana Design District, Dallas, 9% HTC #23100												
LOCATION DATA					UNIT DISTRIBUTION					Pro Forma ASSUMPTIONS		
CITY:		Dallas			# Beds	# Units	% Total	Assisted	MDL	ARP	Revenue Growth	2.00%
COUNTY:		Dallas			E#	8	5.0%	0	0	0	Expense Growth	3.00%
Area Median Income		\$97,400			1	40	25.0%	0	0	0	Basic Adjust	130%
PROGRAM REGION:		3			2	98	61.3%	0	0	0	Applicable Fraction	36.61%
PROGRAM RENT YEAR:		2022			3	14	8.8%	0	0	0	APP % Acquisition	9.00%
					4	-	0.0%	0	0	0	APP % Construction	9.00%
					5	-	0.0%	0	0	0	Average Unit Size	953 sf
					TOTAL	160	100.0%	-	-	-		

<b>STABILIZED PRO FORMA</b>
<i>Cabana Design District, Dallas, 9% HTC #23100</i>

STABILIZED FIRST YEAR PRO FORMA												
COMPARABLES			APPLICANT				TDHCA				VARIANCE	
Database	Comp Properties		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT				\$1.80	\$1,718	\$3,299,016	\$3,149,016	\$1,640	\$1.72		4.8%	\$150,000
Storage & Application/Late Fees					\$25.00	\$48,000						
Commercial Lease					\$35.86	\$68,844						
Total Secondary Income					\$60.86		\$48,000	\$25.00			143.4%	\$68,844
POTENTIAL GROSS INCOME						\$3,415,860	\$3,197,016				6.8%	\$218,844
Vacancy & Collection Loss				7.5% PGI		(256,190)	(239,776)	7.5% PGI			6.8%	(16,413)
EFFECTIVE GROSS INCOME						\$3,159,671	\$2,957,240				6.8%	\$202,431

General & Administrative	\$80,203	\$501/Unit	\$57,447	\$359	2.86%	\$0.59	\$566	\$90,500	\$80,203	\$501	\$0.53	2.71%	12.8%	10,297
Management	\$79,025	3.5% EGI	\$61,386	\$384	4.02%	\$0.83	\$794	\$127,000	\$118,290	\$739	\$0.78	4.00%	7.4%	8,710
Payroll & Payroll Tax	\$219,924	\$1,375/Unit	\$320,729	\$2,005	9.89%	\$2.05	\$1,953	\$312,500	\$312,500	\$1,953	\$2.05	10.57%	0.0%	-
Repairs & Maintenance	\$125,184	\$782/Unit	\$108,720	\$679	3.56%	\$0.74	\$703	\$112,500	\$112,000	\$700	\$0.73	3.79%	0.4%	500
Electric/Gas	\$41,119	\$257/Unit	\$83,887	\$524	1.66%	\$0.34	\$328	\$52,500	\$52,500	\$328	\$0.34	1.78%	0.0%	-
Water, Sewer, & Trash	\$128,632	\$804/Unit	\$106,028	\$663	5.95%	\$1.23	\$1,175	\$188,000	\$128,632	\$804	\$0.84	4.35%	46.2%	59,368
Property Insurance	\$91,700	\$0.60 /sf	\$84,192	\$526	3.29%	\$0.68	\$650	\$104,000	\$104,000	\$650	\$0.68	3.52%	0.0%	-
Property Tax (@ 100%) 2.6409	\$184,372	\$1,152/Unit	\$196,715	\$1,229	11.91%	\$2.47	\$2,352	\$376,392	\$417,532	\$2,610	\$2.74	14.12%	-9.9%	(41,140)
Reserve for Replacements					1.27%	\$0.26	\$250	\$40,000	\$48,000	\$300	\$0.31	1.62%	-16.7%	(8,000)
TDHCA Compliance fees (\$40/HTC unit)					0.08%	\$0.02	\$16	\$2,560	\$2,560	\$16	\$0.02	0.09%	0.0%	-
Internet					0.40%	\$0.08	\$78	\$12,500	\$12,500	\$78	\$0.08	0.42%	0.0%	-
TOTAL EXPENSES					44.89%	\$9.30	\$8,865	\$1,418,452	\$1,388,717	\$8,679	\$9.11	46.96%	2.1%	\$ 29,735
NET OPERATING INCOME ("NOI")					55.11%	\$11.42	\$10,883	\$1,741,219	\$1,568,523	\$9,803	\$10.29	53.04%	11.0%	\$ 172,696

CONTROLLABLE EXPENSES		\$4,725/Unit		\$4,286/Unit	
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS
<i>Cabana Design District, Dallas, 9% HTC #23100</i>

		DEBT / GRANT SOURCES													
		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	Cumulative	
DEBT (Must Pay)	Fee	UW	App											DCR	LTC
Legacy Bank & Trust		1.06	1.18	1,473,244	6.50%	40	15.0	\$20,970,000	\$20,970,000	15.0	40	6.50%	\$1,473,244	1.06	18.3%
Adjustment to Debt Per §11.302(c)(2)		0.00%						(\$1,575,000)	15.0	40	6.50%	(\$110,651)	1.15	-1.4%	
CASH FLOW DEBT / GRANTS															
City of Dallas		1.06	1.18		0.00%	0	0.0	\$500	\$500	0.0	0	0.00%		1.15	0.0%
City of Dallas - Design District TIF		1.06	1.18		0.00%	0	0.0	\$41,000,000	\$41,000,000	0.0	0	0.00%		1.15	35.8%
				\$1,473,244	TOTAL DEBT / GRANT SOURCES			\$61,970,500	\$60,395,500	TOTAL DEBT SERVICE			\$1,362,592	1.15	52.8%
NET CASH FLOW		\$95,279	\$267,975	TDHCA   NET OPERATING INCOME   \$1,568,523   \$205,931   NET CASH FLOW											

		EQUITY SOURCES										
		APPLICANT'S PROPOSED EQUITY STRUCTURE					AS UNDERWRITTEN EQUITY STRUCTURE					
		DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
EQUITY / DEFERRED FEES		LIHTC Equity	15.7%	\$2,000,000	\$0.90	\$17,998,200	\$17,998,200	\$0.90	\$2,000,000	15.7%	\$12,500	Applicant Request
	RBC	State Historic Tax Credits	15.3%		\$0.87	\$17,552,478	\$17,552,478	\$0.87		15.3%		
	RBC	Federal Historic Tax Credits	12.3%		\$0.87	\$14,041,982	\$14,041,982	\$0.87		12.3%		
	Cabana Design District LP	Deferred Developer Fees	4.2%	(47% Deferred)		\$4,771,315	\$4,411,363	(44% Deferred)		3.9%	Total Developer Fee:	\$9,972,254
	Additional (Excess) Funds Req'd		0.0%				\$0			0.0%		
TOTAL EQUITY SOURCES			47.5%			\$54,363,975	\$54,004,023			47.2%		
TOTAL CAPITALIZATION							\$116,334,475	\$114,399,523	15-Yr Cash Flow after Deferred Fee:			\$616,333

DEVELOPMENT COST / ITEMIZED BASIS																																									
APPLICANT COST / BASIS ITEMS																																									
TDHCA COST / BASIS ITEMS																																									
COST VARIANCE																																									
Eligible Basis																																									
Total Costs																																									
Total Costs																																									
Eligible Basis																																									
New Const. Rehab																																									
Acquisition																																									
%																																									
\$																																									
Land Acquisition						\$43,750 / Unit			\$7,000,000			\$7,000,000			\$43,750 / Unit						0.0%			\$0																	
Building Acquisition			\$0			\$125,000 / Unit			\$20,000,000			\$20,000,000			\$125,000 / Unit						\$0			0.0%			\$0														
Closing costs & acq. legal fees									\$1,000,000			\$1,000,000									0.0%			\$0																	
Off-Sites						\$0			\$875 / Unit			\$140,000			\$140,000			\$875 / Unit			\$0			0.0%			\$0														
Site Work						\$2,582,020			\$17,076 / Unit			\$2,732,220			\$2,250,000			\$14,063 / Unit			\$2,250,000			21.4%			\$482,220														
Site Amenities						\$202,000			\$1,263 / Unit			\$202,000			\$460,000			\$2,875 / Unit			\$202,000			-56.1%			(\$258,000)														
Building Cost						\$20,423,943			\$302.71 /sf			\$288,448/Unit			\$46,151,750			\$44,860,000			\$280,375/Unit			\$294.24 /sf			\$20,423,943			2.9%			\$1,291,750								
Contingency						\$2,611,299			11.25%			5.30%			\$2,611,299			\$2,611,299			5.47%			10.00%			\$2,287,594			0.0%			\$0								
Contractor Fees						\$3,593,697			13.92%			13.96%			\$7,236,218			\$7,044,982			14.00%			14.00%			\$3,522,895			2.7%			\$191,236								
Soft Costs			\$0			\$5,152,500						\$33,453 / Unit			\$5,352,500			\$5,352,500			\$33,453 / Unit			\$5,152,500			\$0			0.0%			\$0								
Financing			\$0			\$7,485,000						\$75,354 / Unit			\$12,056,630			\$12,056,630			\$75,354 / Unit			\$7,485,000			\$0			0.0%			\$0								
Developer Fee						\$0			\$6,300,000			14.98%			14.98%			\$10,200,000			\$9,972,254			15.00%			15.00%			\$6,198,590			\$0			2.3%			\$227,746		
Reserves												7 Months			\$1,651,858			\$1,651,858			7 Months									0.0%			\$0								
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)			\$0			\$48,350,459						\$727,090 / Unit			\$116,334,475			\$114,399,523			\$714,997 / Unit			\$47,522,523			\$0			1.7%			\$1,934,952								
Acquisition Cost			\$0												\$0																										
Contingency						(\$290,503)									\$0																										
Contractor's Fee						(\$19,670)									\$0																										
Financing Cost						\$0																																			
Developer Fee			0.00%			\$0			(\$38,957)			15.00%						\$0																							
Reserves															\$0																										
ADJUSTED BASIS / COST			\$0			\$48,001,329						\$727,090/unit			\$116,334,475			\$114,399,523			\$714,997/unit			\$47,522,523			\$0			1.7%			\$1,934,952								
TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY SCR/CNA													\$114,399,523																												

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS
<i>Cabana Design District, Dallas, 9% HTC #23100</i>

CREDIT CALCULATION ON QUALIFIED BASIS				
Applicant		TDHCA		
Acquisition	Construction Rehabilitation	Acquisition	Construction	
ADJUSTED BASIS	\$0	\$48,001,329	\$0	\$47,522,523
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$48,001,329	\$0	\$47,522,523
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$62,401,728	\$0	\$61,779,280
Applicable Fraction	36.61%	36.61%	37%	37%
TOTAL QUALIFIED BASIS	\$0	\$22,847,031	\$0	\$22,619,135
Applicable Percentage	9.00%	9.00%	9.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$2,056,233	\$0	\$2,035,722
CREDITS ON QUALIFIED BASIS	\$2,056,233		\$2,035,722	

ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS			FINAL ANNUAL LIHTC ALLOCATION		
Method	Annual Credits	Proceeds	Credit Price \$0.8999	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$2,035,722	\$18,319,667	----	----	----
Needed to Fill Gap	\$2,490,200	\$22,409,563	----	----	----
Applicant Request	\$2,000,000	\$17,998,200	\$2,000,000	\$0	\$0

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Mid-Rise (Over 5 Stories)	152,463 SF	\$77.94	11,883,275
Adjustments				
Exterior Wall Finish	0.00%		0.00	\$0
Elderly	0.00%		0.00	0
9-Ft. Ceilings	0.00%		0.00	0
Roof Adjustment(s)			0.22	33,000
Subfloor			0.86	130,758
Floor Cover			4.47	681,052
Breezeways	\$30.99	6,135	1.25	190,111
Balconies	\$31.92	1,302	0.27	41,560
Plumbing Fixtures	\$1,090	-654	-4.68	(712,860)
Rough-ins	\$535	182	0.64	97,370
Built-In Appliances	\$1,880	160	1.97	300,800
Exterior Stairs	\$3,050	6	0.12	18,300
Heating/Cooling			2.37	361,337
Storage Space	\$30.99	0	0.00	0
Carports	\$13.00	0	0.00	0
Garages		0	0.00	0
Common/Support Area	\$0.00	0	0.00	0
Elevators		6	0.00	0
Other:			0.00	0
Fire Sprinklers	\$3.65	158,598	3.80	578,883
SUBTOTAL			89.23	13,603,586
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			89.23	\$13,603,586
Plans, specs, survey, bldg permits	3.30%		(2.94)	(\$448,918)
Contractor's OH & Profit	11.50%		(10.26)	(1,564,412)
NET BUILDING COSTS		\$72,439/unit	\$76.02/sf	\$11,590,256

## Long-Term Pro Forma

*Cabana Design District, Dallas, 9% HTC #23100*

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	\$2,957,240	\$3,016,385	\$3,076,712	\$3,138,247	\$3,201,011	\$3,534,175	\$3,902,015	\$4,308,140	\$4,756,535	\$5,251,599	\$5,798,189	\$6,401,669
TOTAL EXPENSES	3.00%	\$1,388,717	\$1,429,196	\$1,470,865	\$1,513,760	\$1,557,918	\$1,798,987	\$2,077,716	\$2,400,028	\$2,772,779	\$3,203,909	\$3,702,615	\$4,279,545
<b>NET OPERATING INCOME ("NOI")</b>		<b>\$1,568,523</b>	<b>\$1,587,189</b>	<b>\$1,605,847</b>	<b>\$1,624,486</b>	<b>\$1,643,094</b>	<b>\$1,735,189</b>	<b>\$1,824,299</b>	<b>\$1,908,112</b>	<b>\$1,983,756</b>	<b>\$2,047,689</b>	<b>\$2,095,574</b>	<b>\$2,122,125</b>
EXPENSE/INCOME RATIO		47.0%	47.4%	47.8%	48.2%	48.7%	50.9%	53.2%	55.7%	58.3%	61.0%	63.9%	66.9%
<b>MUST -PAY DEBT SERVICE</b>													
Legacy Bank & Trust		\$1,473,244	\$1,473,244	\$1,473,244	\$1,473,244	\$1,473,244	\$1,473,244	\$1,473,244	\$1,473,244	\$1,473,244	\$1,473,244	\$1,473,244	\$1,473,244
Adjustment to Debt Per §11.302(c)(2)		(\$110,651)	(\$110,651)	(\$110,651)	(\$110,651)	(\$110,651)	(\$110,651)	(\$110,651)	(\$110,651)	(\$110,651)	(\$110,651)	(\$110,651)	(\$110,651)
TOTAL DEBT SERVICE		\$1,362,592	\$1,362,592	\$1,362,592	\$1,362,592	\$1,362,592	\$1,362,592	\$1,362,592	\$1,362,592	\$1,362,592	\$1,362,592	\$1,362,592	\$1,362,592
DEBT COVERAGE RATIO		1.15	1.16	1.18	1.19	1.21	1.27	1.34	1.40	1.46	1.50	1.54	1.56
<b>ANNUAL CASH FLOW</b>													
ANNUAL CASH FLOW		\$205,931	\$224,597	\$243,255	\$261,894	\$280,502	\$372,596	\$461,707	\$545,520	\$621,164	\$685,097	\$732,982	\$759,532
Deferred Developer Fee Balance		\$4,205,432	\$3,980,836	\$3,737,581	\$3,475,686	\$3,195,185	\$1,515,599	\$0	\$0	\$0	\$0	\$0	\$0
<b>CUMULATIVE NET CASH FLOW</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$616,333	\$3,178,955	\$6,137,408	\$9,440,514	\$13,017,054	\$16,771,341