24094 Freedom's Path Kerrville II - Application Summary

REAL ESTATE ANALYSIS DIVISION
July 10, 2024

PROPERTY IDENTIFICATION	
Application #	**24094**
Development	**Freedom's Path Kerrville II**
City / County	**Kerrville / Kerr**
Region/Area	**9 / Rural**
Population	**Supportive Housing**
Set-Aside	**Non-Profit**
Activity	**New Construction**

RECOMMENDATION				
TDHCA Program	**Request**	**Recommended**		
LIHTC (9% Credit)	$900,000	**$900,000**	**$17,308/Unit**	**$0.88**

KEY PRINCIPALS / SPONSOR

Craig Taylor / Freedom's Path at Kerville Developer, LLC

Related Parties	Contractor - No	Seller - No

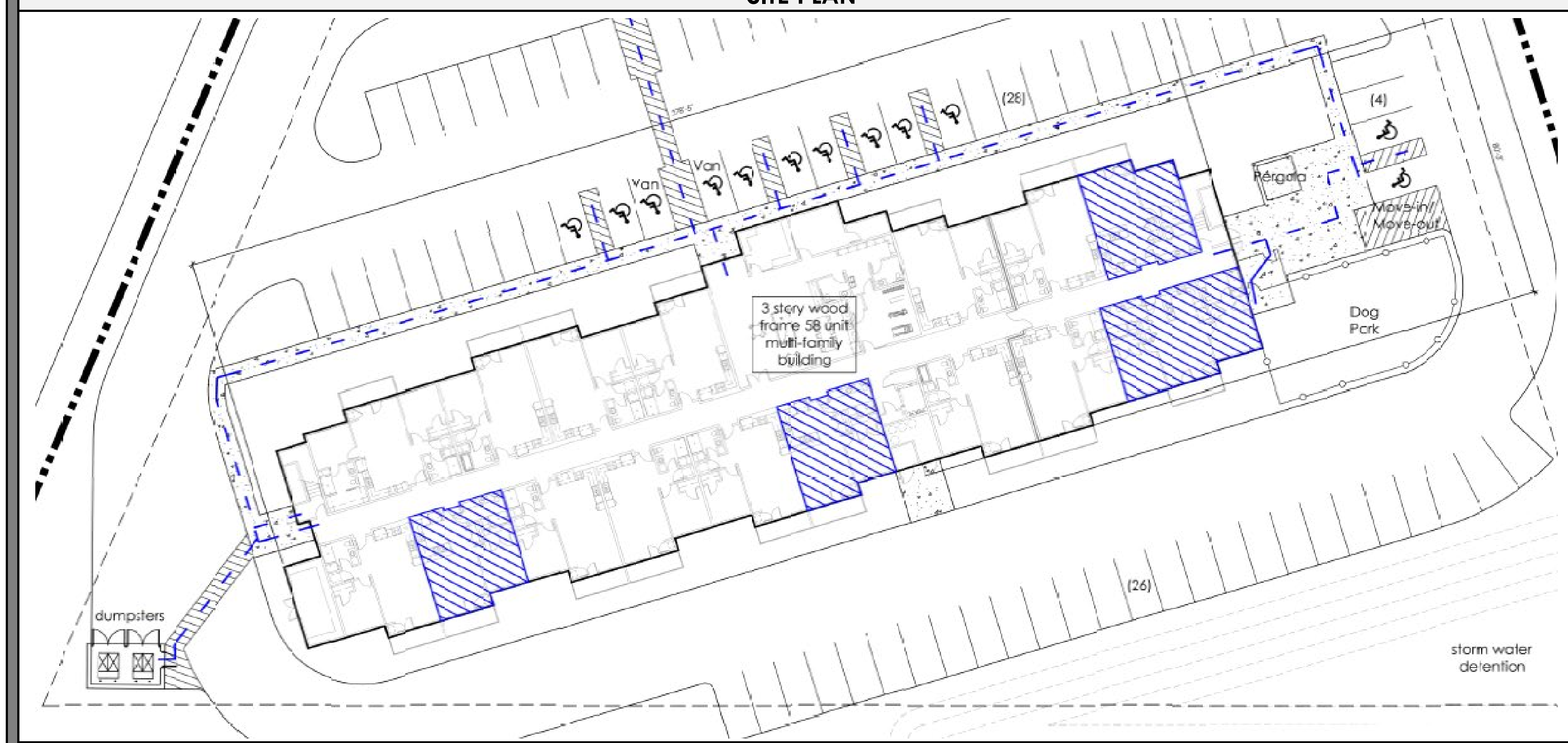
TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	**# Units**	**% Total**	**Income**	**# Units**	**% Total**
Eff	-	0%	**20%**	-	0%
1	46	88%	**30%**	18	35%
2	6	12%	**40%**	-	0%
3	-	0%	**50%**	14	27%
4	-	0%	**60%**	14	27%
			70%	-	0%
			80%	-	0%
			MR	6	12%
TOTAL	52	100%	**TOTAL**	52	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten	Applicant's Pro Forma		
Debt Coverage	N/A	**Expense Ratio**	84.1%
Breakeven Occ.	77.8%	**Breakeven Rent**	$613
Average Rent	$735	**B/E Rent Margin**	$121
Property Taxes	$346/unit	**Exemption/PILOT**	0%
Total Expense	$7,141/unit	**Controllable**	$4,761/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (30% Maximum)	2.3%		
Highest Unit Capture Rate	14%	1 BR/30%	16
Dominant Unit Cap. Rate	14%	1 BR/30%	16
Premiums (↑80% Rents)	No		
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten	Applicant's Costs		
Avg. Unit Size	797 SF	**Density**	17.3/acre
Acquisition		$00K/unit	$K
Building Cost	$143.92/SF	$115K/unit	$5,965K
Hard Cost		$131K/unit	$6,825K
Total Cost		$199K/unit	$10,362K
Developer Fee	$1,300K	(3% Deferred)	Paid Year: 1
Contractor Fee	$945K	**30% Boost**	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
TOTAL DEBT (Must Pay)			$0	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
Texas Capital Bank	0/0	0.00%	$1,820,000	N/A
Department of Veteran Affairs	0/0	0.00%	$580,000	N/A
CASH FLOW DEBT / GRANTS			$2,400,000	

EQUITY / DEFERRED FEES	
Source	Amount
Raymond James	$7,919,129
0	$0
0	$0
Freedom's Path Kerrville Developer, LL(	$43,171
TOTAL EQUITY SOURCES	$7,962,300
TOTAL DEBT SOURCES	$2,400,000
TOTAL CAPITALIZATION	$10,362,300

CONDITIONS

1 Receipt and acceptance by Carryover:

a: Formal approval for $580,000 loan from the Department of Veteran Affairs clearly stating all terms, conditions and source of funding.

b: Formal approval for $1,820,000 loan from Texas Capital Bank clearly stating all terms, conditions and source of funding.

2 Receipt and acceptance by Cost Certification:

- Attorney opinion validating federally sourced funds 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

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

RISK PROFILE

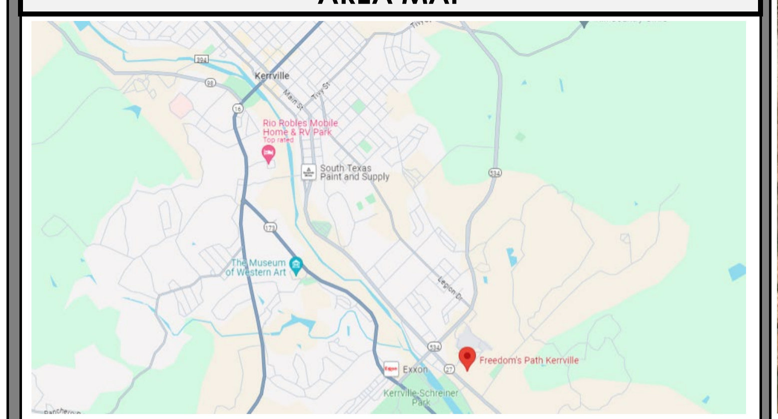
STRENGTHS/MITIGATING FACTORS

- No Long Term Debt
- Low Gross Capture
- This is Phase II of a development from 2013

WEAKNESSES/RISKS

- Feasbility dependent on deal with VA
- Feasbility dependent on Supportive Housing Exceptions
- High Expense Ratio

AREA MAP



AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
July 10, 2024

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **24094** Program(s): **9% HTC**

Freedom's Path Kerrville II

Address/Location: Approx 3602 Memorial Blvd

City: Kerrville County: Kerr Zip: 78028

Population: Supportive Housing Program Set-Aside: Non-Profit Area: Rural
Activity: New Construction Building Type: Elevator Served Region: 9

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION						
TDHCA Program	**Amount**	**Int. Rate**	**Amort**	**Term**	**Amount**	**Int. Rate**	**Amort**	**Perm. Term**	**Perm Lien**	**Const. Term**	**Const Lien**
LIHTC (9% Credit)	$900,000				**$900,000**						

CONDITIONS

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b: Formal approval for $1,820,000 loan from Texas Capital Bank clearly stating all terms, conditions and source of funding.

2 Receipt and acceptance by Cost Certification:

- Attorney opinion validating federally sourced funds 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.

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	18
50% of AMI	50% of AMI	14
60% of AMI	60% of AMI	14

DEVELOPMENT SUMMARY

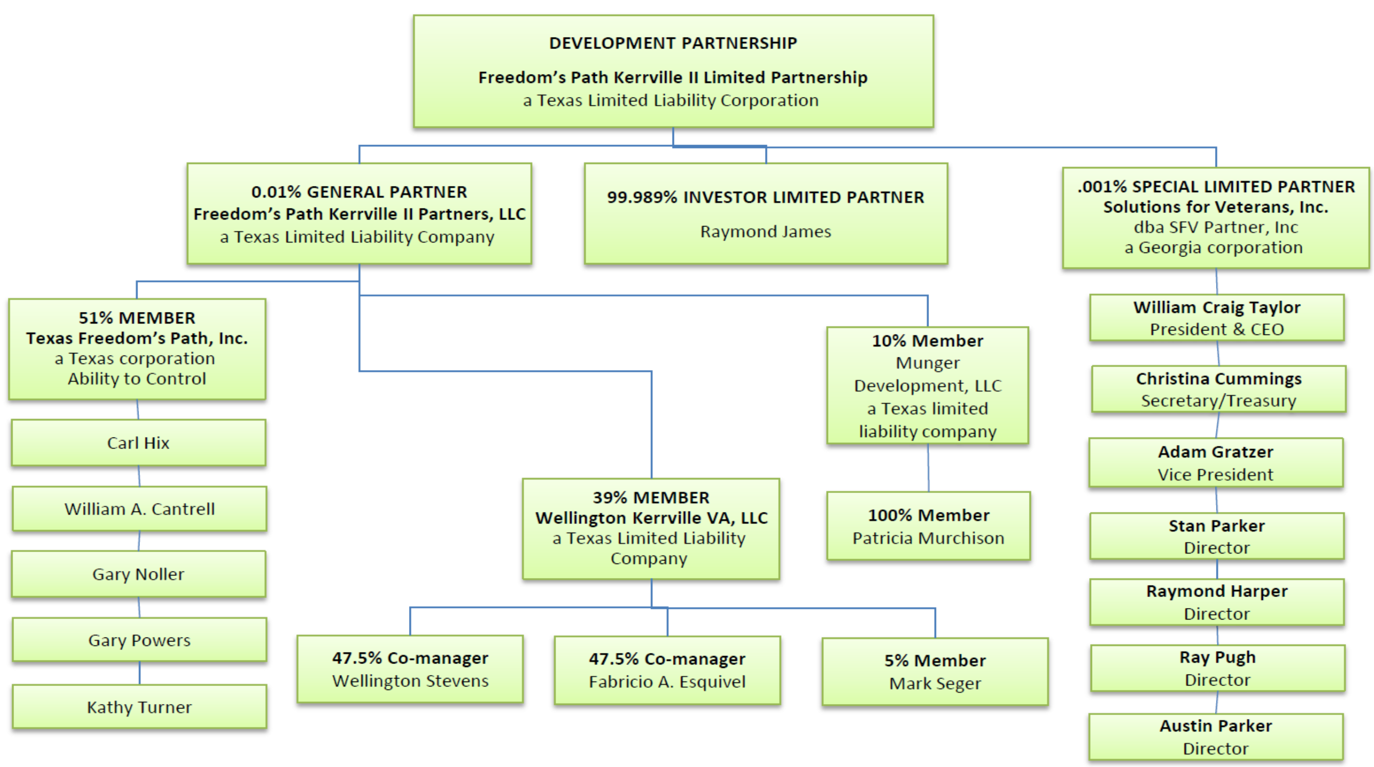
This project is part of the US Department of Veterans Affairs effort to end functional homelessness among Veterans using vacant land available to the private sector to provide service enriched housing to homeless, near homeless, rent burdened and disabled Veterans. This project involves the new construction of one residential building including a community center to create 52 total units of housing for the targeted population.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	WEAKNESSES/RISKS
▫ No Long Term Debt	▫ Feasbility dependent on deal with VA
▫ Low Gross Capture	▫ Feasbility dependent on Supportive Housing Exceptions
▫ This is Phase II of a development from 2013	▫ High Expense Ratio

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN

Parking	No Fee		Tenant-Paid		Total	
Open Surface	85	*1.6/unit*	0	--	85	*1.6/unit*
Carport	0	--	0	--	0	--
Garage	0	--	0	--	0	--
Total Parking	**85**	*1.6/unit*	**0**	--	**85**	*1.6/unit*

Comments:

Parking requirements for the site include 1 space per 1BR and 2 spaces per 2BR. Total requirement is 58 spaces, Freedom's Path is well covered with 85 spaces.

BUILDING ELEVATION

BUILDING CONFIGURATION

Building Type	1											**Total Buildings**
Floors/Stories	3											
Number of Bldgs	1											**1**
Units per Bldg	52											
Total Units	52											**52**

Avg. Unit Size (SF)	**797 sf**	**Total NRA (SF)**	**41,448**	**Common Area (SF)***	**13,519**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 3.00 acres — Density: 17.3 units/acre

Site Control: 3.00 **Site Plan:** 3.00 **Appraisal:** N/A **ESA:** 3.00

Feasibility Report Survey: 3.00 **Feasibility Report Engineer's Plan:** 3.00 **Existing LURA:** N/A

Control Type: Enhanced Use Lease

Development Site: 3.00 acres — Cost: N/A — N/A per unit

Seller: Department of Veterans Affairs

Buyer: Solutions for Veterans, Inc

Related-Party Seller/Identity of Interest: No

Comments:

VA will continue to work with SFV in anticipation of executing an EUL agreement for a term of up to 99 years. SFV will provide priority placement for and supportive services to Veterans and there is no monetary cost to SFV for this leasehold interest.

SITE INFORMATION

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

Current Uses of Subject Site:

Undeveloped

Other Observations:

The property is zoned Public Institution (PI) and will be rezoned to Multi-Family (R3). A zoning application has been received and acknowledged by the City.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering — Date: 2/1/2024

Recognized Environmental Conditions (RECs) and Other Concerns:

- None

MARKET ANALYSIS

Provider: Apartment Market Data

Date: 3/10/22024

Primary Market Area (PMA): 355 sq. miles 11 mile equivalent radius

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
20186	The Residence at Ridgehill	Yes	New Const.	Elderly	n/a	43
21114	Reserves at Holdsworth	Yes	New Const.	General	n/a	36
22159	Riverview Manor	Yes	New Const.	Elderly	n/a	36

Stabilized Affordable Developments in PMA

Total Units	405
Total Developments	6
Average Occupancy	98%

OVERALL DEMAND ANALYSIS

	Market Analyst			
	HTC	**Assisted**		
Total Households in the Primary Market Area	19,482			
Senior Households in the Primary Market Area				
Potential Demand from the Primary Market Area	1,784			
10% External Demand	178			
Potential Demand from Other Sources				
GROSS DEMAND	1,962			
Subject Affordable Units	46			
Unstabilized Competitive Units	0			
RELEVANT SUPPLY	46			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**2.3%**			

Population:	**Supportive Housing**	**Market Area:**	**Rural**	**Maximum Gross Capture Rate:**	**30%**

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	446	45	18	0	4%					
50% AMGI	381	38	14	0	3%					
60% AMGI	957	96	14	0	1%					

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE											
	Market Analyst										
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate						
1 BR/30%	103	10	16	0	14%						
1 BR/50%	157	16	13	0	8%						
1 BR/60%	234	23	12	0	5%						
2 BR/30%	78	8	2	0	2%						
2 BR/50%	126	13	1	0	1%						
2 BR/60%	206	21	2	0	1%						

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$69,976	Avg. Rent:	$735	Expense Ratio:	84.1%
Debt Service:	$0	B/E Rent:	$613	Controllable Expenses:	$4,761
Net Cash Flow:	$69,976	UW Occupancy:	92.5%	Property Taxes/Unit:	$346
Aggregate DCR:	N/A	B/E Occupancy:	77.8%	Program Rent Year:	2023

An exemption of the maxium Expense to Income ratio of 65% is applied because the development meets the requirements for allowable exceptions provided in §11.302(i)(5) for Supportive Housing. They are also exempt from the 1.15 DCR minimum.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$/ac	$/unit	**$0**	Contractor Fee	**$945,000**
Off-site + Site Work		$10,288/unit	**$535,000**	Soft Cost + Financing	**$1,023,000**
Building Cost	$143.92/sf	$114,712/unit	**$5,965,000**	Developer Fee	**$1,300,000**
Contingency	5.00%	$6,250/unit	**$325,000**	Reserves	**$269,300**
Total Development Cost	$199,275/unit	**$10,362,300**		**Rehabilitation Cost**	**N/A**

Qualified for 30% Basis Boost?	100% Supportive Housing [9% only]

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$10,362,300	**$10,033,000**	**$1,036,786**

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Low Income Investment Fund	Construction Loan	$6,000,000	6.89%	58%
Raymond James	HTC	$1,979,782	$0.00	19%
Texas Capital Bank	Federal Home Loan Bank	$1,820,000	0.00%	18%
Department of Veteran Affairs	Private Grant	$580,000	0.00%	6%
		$10,379,782	**Total Sources**	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Texas Capital Bank	$1,820,000	0.00%	0	0.0	$1,820,000	0.00%	0	0.0	18%
Department of Veteran Affairs	$580,000	0.00%	0	0.0	$580,000	0.00%	0	0.0	6%
Total	**$2,400,000**				**$2,400,000**				

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Raymond James	$7,919,129	$0.88		$7,919,129	$0.88	76%	
Freedom's Path Kerrville Developer, LLC	$43,171		3%	$43,171		0%	3%
Total	**$7,962,300**			**$7,962,300**			
				$10,362,300	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.885	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.801	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$10,362,300
Permanent Sources (debt + non-HTC equity)	$2,400,000
Gap in Permanent Financing	$7,962,300

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$9,122,713	$1,036,786
Needed to Balance Sources & Uses	$7,962,300	$904,906
Requested by Applicant	$7,919,129	$900,000

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$7,919,129**	**$900,000**

Deferred Developer Fee	**$43,171**	**(3% deferred)**
Repayable in	**1 years**	

Recommendation:

The underwriter recommends a $900,000 annual credit allocation per the applicant's request.

Underwriter:	*Jack Scholz*
Manager of Real Estate Analysis:	*Diamond Unique Thompson*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Freedom's Path Kerrville II, Kerrville, 9% HTC #24094

LOCATION DATA

CITY:	Kerrville
COUNTY:	Kerr
Area Median Income	$84,600
PROGRAM REGION:	9
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	MDL	ARP	Match
Eff	-	0.0%	0	0	0	0
1	46	88.5%	0	0	0	0
2	6	11.5%	0	0	0	0
3	-	0.0%	0	0	0	0
4	-	0.0%	0	0	0	0
5	-	0.0%	0	0	0	0
TOTAL	**52**	**100.0%**	**-**	**-**	**-**	**-**

PRO FORMA ASSUMPTIONS

Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	88.32%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	797 sf

45%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average Income	# Units	-	18	-	14	14	-	-	6	**52**
	% Total	0.0%	34.6%	0.0%	26.9%	26.9%	0.0%	0.0%	11.5%	**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%	$437	16	1	1	766	$437	$0	$437	$0	$0.57	$437	**$6,992**	**$6,992**	$437	$0.57	$0	$1,364	$1.78	$1,364
TC 50%	$728	11	1	1	766	$728	$0	$728	$0	$0.95	$728	**$8,008**	**$8,008**	$728	$0.95	$0	$1,364	$1.78	$1,364
TC 60%	$874	10	1	1	766	$874	$0	$874	$0	$1.14	$874	**$8,740**	**$8,740**	$874	$1.14	$0	$1,364	$1.78	$1,364
MR		5	1	1	766	$0	$0		NA	$1.52	$1,166	**$5,830**	**$5,830**	$1,166	$1.52	NA	$1,166	$1.52	$1,364
TC 50%	$728	2	1	1	804	$728	$0	$728	$0	$0.91	$728	**$1,456**	**$1,456**	$728	$0.91	$0	$1,400	$1.74	$1,400
TC 60%	$874	2	1	1	804	$874	$0	$874	$0	$1.09	$874	**$1,748**	**$1,748**	$874	$1.09	$0	$1,400	$1.74	$1,400
TC 30%	$525	2	2	2	1,010	$525	$0	$525	$0	$0.52	$525	**$1,050**	**$1,050**	$525	$0.52	$0	$1,565	$1.55	$1,565
TC 50%	$875	1	2	2	1,010	$875	$0	$875	$0	$0.87	$875	**$875**	**$875**	$875	$0.87	$0	$1,565	$1.55	$1,565
TC 60%	$1,050	2	2	2	1,010	$1,050	$0	$1,050	$0	$1.04	$1,050	**$2,100**	**$2,100**	$1,050	$1.04	$0	$1,565	$1.55	$1,565
MR		1	2	2	1,010	$0	$0		NA	$1.39	$1,400	**$1,400**	**$1,400**	$1,400	$1.39	NA	$1,400	$1.39	$1,565
TOTALS/AVERAGES:		**52**			**41,448**				**$0**	**$0.92**	**$735**	**$38,199**	**$38,199**	**$735**	**$0.92**	**$0**	**$1,368**	**$1.72**	**$1,390**

ANNUAL POTENTIAL GROSS RENT:	**$458,388**	**$458,388**	

*MFDL units float among Unit Types

STABILIZED PRO FORMA

Freedom's Path Kerrville II, Kerrville, 9% HTC #24094

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Freedom's Path Kerrville I		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.92	$735	$458,388	$458,388	$735	$0.92		0.0%	$0
App fees, late fees, pet fees, key replaceme							$30.00	$18,720						
Total Secondary Income							$30.00		$18,720	$30.00			0.0%	$0
POTENTIAL GROSS INCOME								$477,108	$477,108				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(35,783)	(35,783)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$441,325	$441,325				0.0%	$0
General & Administrative	$33,726	$649/Unit	$35,510	$683	3.58%	$0.38	$304	$15,800	$15,800	$304	$0.38	3.58%	0.0%	-
Management	$34,436	5.7% EGI	$23,953	$461	5.43%	$0.58	$461	$23,949	$22,066	$424	$0.53	5.00%	8.5%	1,883
Payroll & Payroll Tax	$67,693	$1,302/Unit	$134,712	$2,591	27.27%	$2.90	$2,315	$120,360	$120,360	$2,315	$2.90	27.27%	0.0%	-
Repairs & Maintenance	$46,170	$888/Unit	$25,353	$488	6.80%	$0.72	$577	$30,000	$33,800	$650	$0.82	7.66%	-11.2%	(3,800)
Electric/Gas	$18,186	$350/Unit	$18,888	$363	12.93%	$1.38	$1,098	$57,072	$57,072	$1,098	$1.38	12.93%	0.0%	-
Water, Sewer, & Trash	$37,112	$714/Unit	$16,671	$321	5.52%	$0.59	$468	$24,360	$24,360	$468	$0.59	5.52%	0.0%	-
Property Insurance	$34,141	$0.82 /sf	$44,365	$853	10.51%	$1.12	$892	$46,400	$44,365	$853	$1.07	10.05%	4.6%	2,035
Property Tax (@ 100%) 1.8580	$37,568	$722/Unit			4.08%	$0.43	$346	$18,000	$18,000	$346	$0.43	4.08%	0.0%	-
Reserve for Replacements					2.95%	$0.31	$250	$13,000	$13,000	$250	$0.31	2.95%	0.0%	-
Cable TV					0.47%	$0.05	$40	$2,088	$2,088	$40	$0.05	0.47%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.53%	$0.06	$45	$2,320	$1,840	$35	$0.04	0.42%	26.1%	480
Resident Services/Activities & Entertainmer					4.08%	$0.43	$346	$18,000	$18,000	$346	$0.43	4.08%	0.0%	-
TOTAL EXPENSES					**84.14%**	**$8.96**	**$7,141**	**$371,349**	**$370,751**	**$7,130**	**$8.94**	**84.01%**	**0.2%**	**$ 598**
NET OPERATING INCOME ("NOI")					**15.86%**	**$1.69**	**$1,346**	**$69,976**	**$70,574**	**$1,357**	**$1.70**	**15.99%**	**-0.8%**	**$ (598)**
CONTROLLABLE EXPENSES							$4,761/Unit			$4,834/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Freedom's Path Kerrville II, Kerrville, 9% HTC #24094

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
DEBT (Must Pay)	**Fee**	UW	App	Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	DCR	LTC
CASH FLOW DEBT / GRANTS															
Texas Capital Bank		N/A	N/A		0.00%	0	0.0	$1,820,000	$1,820,000	0.0	0.0	0.00%		N/A	17.6%
Department of Veteran Affairs		N/A	N/A		0.00%	0	0.0	$580,000	$580,000	0.0	0.0	0.00%		N/A	5.6%
				$0	**TOTAL DEBT / GRANT SOURCES**			**$2,400,000**	**$2,400,000**	**TOTAL DEBT SERVICE**			**$0**	**N/A**	23.2%
NET CASH FLOW		$70,574	$69,976						**APPLICANT**	**NET OPERATING INCOME**		**$69,976**	**$69,976**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Raymond James	LIHTC Equity	76.4%	$900,000	$0.88	$7,919,129	$7,919,129	$0.8799	$900,000	76.4%	$17,308	Applicant Request
Freedom's Path Kerrville Developer, LLC	Deferred Developer Fees	0.4%	(3% Deferred)		$43,171	$43,171	(3% Deferred)		0.4%	**Total Developer Fee:**	**$1,300,000**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		76.8%			$7,962,300	$7,962,300			76.8%		
TOTAL CAPITALIZATION					**$10,362,300**	**$10,362,300**			**15-Yr Cash Flow after Deferred Fee:**		**$713,422**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis								Eligible Basis			
	Acquisition	New Const. Rehab		Total Costs		Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$ / Unit	$0	$0	$ / Unit				0.0%	$0
Building Acquisition	$0			$ / Unit	$0	$0	$ / Unit			$0	0.0%	$0
					$0	$0					0.0%	$0
Off-Sites				$ / Unit	$0	$0	$ / Unit		$0		0.0%	$0
Site Work		$520,000		$10,000 / Unit	$520,000	$520,000	$10,000 / Unit		$520,000		0.0%	$0
Site Amenities		$15,000		$288 / Unit	$15,000	$15,000	$288 / Unit		$15,000		0.0%	$0
Building Cost		$5,965,000	$143.92 /sf	$114,712/Unit	$5,965,000	$5,805,040	$111,635/Unit	$140.06 /sf	$5,805,040		2.8%	$159,960
Contingency		$325,000	5.00%	5.00%	$325,000	$325,000	5.13%	5.13%	$325,000		0.0%	$0
Contractor Fees		$945,000	13.85%	13.85%	$945,000	$933,106	14.00%	14.00%	$933,106		1.3%	$11,894
Soft Costs	$0	$559,000		$10,750 / Unit	$559,000	$559,000	$10,750 / Unit		$559,000	$0	0.0%	$0
Financing	$0	$404,000		$8,923 / Unit	$464,000	$464,000	$8,923 / Unit		$404,000	$0	0.0%	$0
Developer Fee	$0	$1,300,000	14.89%	14.89%	$1,300,000	$1,284,172	15.00%	15.00%	$1,284,172	$0	1.2%	$15,828
Reserves				9 Months	$269,300	$269,300	9 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$10,033,000**		$199,275 / Unit	**$10,362,300**	**$10,174,618**	$195,666 / Unit		**$9,845,318**	**$0**	**1.8%**	**$187,682**
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		$0			$0							
Financing Cost		$0										
Developer Fee	$0	$0			$0							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$10,033,000**		$199,275/unit	**$10,362,300**	**$10,174,618**	$195,666/unit		**$9,845,318**	**$0**	**1.8%**	**$187,682**
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					**$10,362,300**							

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Freedom's Path Kerrville II, Kerrville, 9% HTC #24094

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$10,033,000	$0	$9,845,318
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$10,033,000	$0	$9,845,318
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$13,042,900	$0	$12,798,913
Applicable Fraction	88.32%	88.32%	88%	88%
TOTAL QUALIFIED BASIS	$0	$11,519,844	$0	$11,304,348
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,036,786	$0	$1,017,391
CREDITS ON QUALIFIED BASIS	$1,036,786		$1,017,391	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8799	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,036,786	$9,122,713	----	----	----
Needed to Fill Gap	$904,906	$7,962,300	----	----	----
Applicant Request	$900,000	$7,919,129	**$900,000**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY		FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served		41,448 SF	$104.10	4,314,687
Adjustments					
Exterior Wall Finish		2.96%		3.08	$127,715
Elderly		0.00%		0.00	0
9-Ft. Ceilings		3.37%		3.51	145,405
Roof Adjustment(s)				0.00	0
Subfloor				(0.21)	(8,842)
Floor Cover				3.68	152,529
Enclosed Corridors		$92.75	6,377	14.27	591,459
Balconies		$39.95	3,366	3.24	134,472
Plumbing Fixtures		$2,130	18	0.93	38,340
Rough-ins		$790	104	1.98	82,160
Built-In Appliances		$3,675	52	4.61	191,100
Exterior Stairs		$3,550	4	0.34	14,200
Heating/Cooling				3.12	129,318
Storage Space		$92.75	0	0.00	0
Carports		$16.05	0	0.00	0
Garages		$30.00	0	0.00	0
Common/Support Area		$133.78	4,323	13.95	578,345
Elevators		$132,200	1	3.19	132,200
Other:				0.00	0
Fire Sprinklers		$3.65	52,148	4.59	190,340
SUBTOTAL				**164.38**	**6,813,428**
Current Cost Multiplier		1.00		0.00	0
Local Multiplier		1.00		0.00	0
Reserved					0
TOTAL BUILDING COSTS				**164.38**	**$6,813,428**
Plans, specs, survey, bldg permits		3.30%		(5.42)	($224,843)
Contractor's OH & Profit		11.50%		(18.90)	(783,544)
NET BUILDING COSTS			$111,635/unit	$140.06/sf	$5,805,040

Long-Term Pro Forma

Freedom's Path Kerrville II, Kerrville, 9% HTC #24094

	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%	$441,325	$450,151	$459,154	$468,338	$477,704	$527,424	$582,319	$642,927	$709,843	$783,724
TOTAL EXPENSES	3.00%	$371,349	$382,250	$393,473	$405,028	$416,925	$481,899	$557,074	$644,057	$744,713	$861,201
NET OPERATING INCOME ("NOI")		**$69,976**	**$67,901**	**$65,681**	**$63,309**	**$60,779**	**$45,525**	**$25,245**	**($1,130)**	**($34,870)**	**($77,476)**
EXPENSE/INCOME RATIO		84.1%	84.9%	85.7%	86.5%	87.3%	91.4%	95.7%	100.2%	104.9%	109.9%
MUST -PAY DEBT SERVICE											
TOTAL DEBT SERVICE		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ANNUAL CASH FLOW		**$69,976**	**$67,901**	**$65,681**	**$63,309**	**$60,779**	**$45,525**	**$25,245**	**($1,130)**	**($34,870)**	**($77,476)**
Deferred Developer Fee Balance		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$26,805	$94,706	$160,388	$223,697	$284,476	$544,427	$713,422	$763,197	$659,556	$361,268