



Real Estate Analysis Division

December 13, 2024

Addendum to Underwriting Report

TDHCA Application #: 24019

Program(s): 9% HTC

Bailey at Berkman

Address/Location: 6405 Berkman Drive

City: Austin

County: Travis

Zip: 78723

	APPLICATION HISTORY
Report Date	PURPOSE
12/13/24	Carryover Update Memo
07/03/24	Original Underwriting Report

ALLOCATION

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

CONDITIONS STATUS

1 Receipt and acceptance by Carryover:

- a: Agreement to enter into Housing Assistance Payment Contract or written commitment from Housing Authority of the City of Austin (HACA) for 26 project-based vouchers specifying the payment standard that will apply.

Status: Satisfied.

- b: Formal approval for \$11.5M loan from the Austin Housing Finance Corporation (AHFC) clearly stating all terms, conditions and source of funding.

Status: Satisfied.

2 Receipt and acceptance by Cost Certification:

- Certification that testing for asbestos was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

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

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	21
50% of AMI	50% of AMI	63
60% of AMI	60% of AMI	20

ANALYSIS

24019 Bailey at Berkman received a \$2M LIHTC award from TDHCA in July 2024. The applicant has submitted a carryover update request related to changes in financing structure. The Development (Supportive Housing) is now including permanent debt and therefore must meet the feasibility requirements. This is consistent with the requirements outlined in §11.1(d)(125)(E)(ii) of the 2024 QAP which will be reflected in the LURA. The applicant provided documentation that satisfied the criteria in subclauses (I) - (VI) of §11.1(d)(125)(E)(ii). At original underwriting, the Development was meeting the requirements outlined in §11.1(d)(125)(E)(i) of the 2024 QAP.

The Development includes 10 Housing Choice Voucher project-based vouchers (HCVPBV) and 16 Veterans Affairs Supportive Housing project-based vouchers (VASH-PBV) from the Housing Authority of the City of Austin (HACA), which represents 25% of the units.

The key changes include the following:

- Supportive services costs have increased;
- The Applicant is now claiming a 50% tax property tax exemption through Texas tax code §11.1825 and §11.1826;
- The financing structure now includes a permanent senior loan from Key Bank;
- The total soft funds (non-federal funds) has now decreased to \$5.5M (decrease of \$6M);

Operating Pro Forma

On October 22, 2024, The Housing Authority of the City of Austin (HACA) approves the allocation of 10 HCV-PBVs and 16 VASH-PBVs at \$1,519 payment standards for Bailey at Berkman, LP. The agreement will be a Housing Assistance Payment Contract (AHAP) and 20-year Housing Assistance Payment (HAP) contract. The utility allowance for the units receiving vouchers will be \$0.00.

Underwriter is utilizing 2024 program rents.

The following Annual Operating Expenses changed from previous underwriting:

- Electric/Gas increased by \$6K;
- WS&T increased by \$21K;
- Property Tax decreased by \$52K;
- Supportive Services increased by \$43K.

The Development is now claiming 50% tax exemption. According to the applicant, they are not a certified CHDO. The 50% exemption is based on Texas Tax Codes § 11.1825 and § 11.1826.

To qualify for the exemption, the qualified non-profit for the past three years must:

- Have been exempt from the federal income taxation under IRC section 501(c)(3);
- Have been qualified as a "charitable" organization under Texas tax code;
- Have a purpose of providing low-income housing;
- A majority of board members have their principal place of residence in Texas and;
- Two board positions are individuals of low income defined by section 2306.004 in Texas;
- An individual whose residence is located in an economically disadvantaged census tract;
- A representative appointed by a neighborhood organization in Texas that represents low-income households;
- The non-profit has a policy for seeking input from low-income communities with regard to the development of housing.

Effective Gross Income increased by \$72,816, Total Expenses increased by \$22,558 and as a result, Net Operating Income (NOI) increased by \$50,258. Expense per unit increased from \$7,472 to \$7,689.

The DCR is now 1.17

Development Cost

There was no change to Building Costs from initial underwriting. However, Total Housing Development Costs have increased by \$1,024,158 related to financing and reserves.

The Voluntary Eligible Building Costs did not change from original underwriting.

There was no change to Developer fee from initial underwriting.

Eligible financing cost was overstated by \$691,938.

Sources of Funds

Original underwriting did not have any foreclosable debt. The carryover update is now including permanent debt so that the development is feasible.

There was no change to the construction loan. Key Bank is still providing the \$15M construction loan at an interest rate of 7%.

Key Bank is financing the permanent debt of \$6.7M with a 7.00% interest rate.

Initial underwriting included a total of \$11.5M of soft funds. The total soft funds (non-federal funds) has now decreased to \$5.5M (an decrease of \$6M). The funds are from Downtown Density Bonus funds (local source). The soft loan will be a Deferred-forgivable construction-to-permanent loan.

The equity investor, capital contribution, and credit price remained the same from previous underwriting.

The Deferred Developer Fee increased by \$324,158 and pays off in 12 years.

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

Underwriter:	<u>Mario Castellanos</u>
Manager of Real Estate Analysis:	<u>Robert Castillo</u>
Director of Real Estate Analysis:	<u>Jeanna Adams</u>

UNIT MIX/RENT SCHEDULE
Bailey at Berkman, Austin, 9% HTC #24019

LOCATION DATA	
CITY:	Austin
COUNTY:	Travis
Area Median Income	\$126,000
PROGRAM REGION:	7
PROGRAM RENT YEAR:	2024

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	ARP	Match
Eff	104	100.0%	26	0	0	0
1	-	0.0%	0	0	0	0
2	-	0.0%	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	104	100.0%	26	-	-	-

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	450 sf

48%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average	# Units	-	21	-	63	20	-	-	-	104
Income	% Total	0.0%	20.2%	0.0%	60.6%	19.2%	0.0%	0.0%	0.0%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE																						
HTC		RENT ASSISTED UNIT		Match Units	UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	Match Units	# 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%	\$661	PBV	\$1,519	0	21	0	1	450	\$1,519	\$0	\$1,519	\$0	\$3.38	\$1,519	\$31,899	\$31,899	\$1,519	\$3.38	\$0	\$1,365	\$3.03	\$1,365
TC 50%	\$1,102	PBV	\$1,519	0	5	0	1	450	\$1,519	\$0	\$1,519	\$0	\$3.38	\$1,519	\$7,595	\$7,595	\$1,519	\$3.38	\$0	\$1,365	\$3.03	\$1,365
TC 50%	\$1,102	0		0	58	0	1	450	\$1,102	\$88	\$1,014	\$0	\$2.25	\$1,014	\$58,812	\$58,812	\$1,014	\$2.25	\$0	\$1,365	\$3.03	\$1,365
TC 60%	\$1,323	0		0	20	0	1	450	\$1,323	\$88	\$1,235	\$0	\$2.74	\$1,235	\$24,700	\$24,700	\$1,235	\$2.74	\$0	\$1,365	\$3.03	\$1,365
TOTALS/AVERAGES:					104	46,800						\$0	\$2.63	\$1,183	\$123,006	\$123,006	\$1,183	\$2.63	\$0	\$1,365	\$3.03	\$1,365

ANNUAL POTENTIAL GROSS RENT:	\$1,476,072	\$1,476,072
-------------------------------------	--------------------	--------------------

STABILIZED PRO FORMA
<i>Bailey at Berkman, Austin, 9% HTC #24019</i>

STABILIZED FIRST YEAR PRO FORMA														
COMPARABLES			APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
Database	Travis County Supportive Housing		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT				\$2.63	\$1,183	\$1,476,072	\$1,397,352	\$1,397,352	\$1,476,072	\$1,183	\$2.63		0.0%	\$0
Late fees, pet deposits						\$23.00	28,704							
Laundry						\$7.00	8,736							
Total Secondary Income						\$30.00		37,440	\$37,440	\$30.00			0.0%	\$0
POTENTIAL GROSS INCOME						\$1,513,512	\$1,434,792	\$1,434,792	\$1,513,512				0.0%	\$0
Vacancy & Collection Loss						7.5% PGI	(113,513)	(107,609)	(113,513)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME						\$1,399,999	\$1,327,183	\$1,327,183	\$1,399,999				0.0%	\$0

General & Administrative	\$46,060	\$443/Unit	\$57,322	\$551	3.93%	\$1.18	\$529	\$55,000	\$55,000	\$57,322	\$57,322	\$551	\$1.22	4.09%	-4.1%	(2,322)
Management	\$41,576	3.3% EGI	\$55,164	\$530	5.00%	\$1.50	\$673	\$70,000	\$66,359	\$66,359	\$70,000	\$673	\$1.50	5.00%	0.0%	-
Payroll & Payroll Tax	\$150,717	\$1,449/Unit	\$207,416	\$1,994	13.20%	\$3.95	\$1,777	\$184,800	\$184,800	\$184,800	\$184,800	\$1,777	\$3.95	13.20%	0.0%	-
Repairs & Maintenance	\$91,324	\$878/Unit	\$132,583	\$1,275	6.43%	\$1.92	\$865	\$90,000	\$90,000	\$90,000	\$90,000	\$865	\$1.92	6.43%	0.0%	-
Electric/Gas	\$25,182	\$242/Unit	\$31,821	\$306	1.52%	\$0.46	\$205	\$21,331	\$15,100	\$25,182	\$25,182	\$242	\$0.54	1.80%	-15.3%	(3,851)
Water, Sewer, & Trash Tenant Pays: WS	\$86,400	\$831/Unit	\$49,169	\$473	3.41%	\$1.02	\$459	\$47,725	\$26,500	\$49,169	\$49,169	\$473	\$1.05	3.51%	-2.9%	(1,444)
Property Insurance	\$57,575	\$1.23 /sf	\$48,801	\$469	7.14%	\$2.14	\$962	\$100,000	\$100,000	\$99,142	\$99,142	\$953	\$2.12	7.08%	0.9%	858
Property Tax (@ 50%) 1.809247	\$70,770	\$680/Unit	\$35,820	\$344	3.71%	\$1.11	\$500	\$52,000	\$104,000	\$94,964	\$49,452	\$476	\$1.06	3.53%	5.2%	2,548
Reserve for Replacements					2.23%	\$0.67	\$300	\$31,200	\$31,200	\$31,200	\$31,200	\$300	\$0.67	2.23%	0.0%	-
Supportive Services					10.25%	\$3.07	\$1,379	\$143,461	\$100,000	\$100,000	\$143,461	\$1,379	\$3.07	10.25%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.30%	\$0.09	\$40	\$4,160	\$4,160	\$4,160	\$4,160	\$40	\$0.09	0.30%	0.0%	-
TOTAL EXPENSES					57.12%	\$17.09	\$7,689	\$799,677	\$777,119	\$802,299	\$803,888	\$7,730	\$17.18	57.42%	-0.5%	\$ (4,211)
NET OPERATING INCOME ("NOI")					42.88%	\$12.83	\$5,772	\$600,322	\$550,063	\$524,884	\$596,110	\$5,732	\$12.74	42.58%	0.7%	\$ 4,211

CONTROLLABLE EXPENSES							\$3,835/Unit					\$3,908/Unit				
-----------------------	--	--	--	--	--	--	--------------	--	--	--	--	--------------	--	--	--	--

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Bailey at Berkman, Austin, 9% HTC #24019

		DEBT / GRANT SOURCES																			
		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE										
		Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Prior Underwriting		Principal	Term	Amort	Rate	Pmt	Cumulative					
DEBT (Must Pay)	Fee	UW	App						Applicant	TDHCA						DCR	LTC				
KeyBank National Association		1.16	1.17	513,642	7.00%	35	15.0	\$6,700,000	\$11,500,000	\$11,500,000	\$6,700,000	15.0	35	7.00%	\$513,641	1.17	22.2%				
CASH FLOW DEBT / GRANTS																					
City of Austin - Fee Waivers		1.16	1.17		0.00%	0	0.0	\$500	\$500	\$500	\$500	0.0	0.0	0.00%		1.17	0.0%				
Austin Housing Finance Corporation (AHFC) - Deferred-forgivable construction-to-permanent loan (Cash Flow)		1.16	1.17		0.00%	0	45.0	\$5,500,000			\$5,500,000	45.0	0.0	0.00%		1.17	18.2%				
				\$513,642	TOTAL DEBT / GRANT SOURCES			\$12,200,500	\$11,500,500	\$11,500,500	\$12,200,500	TOTAL DEBT SERVICE			\$513,641	1.17	40.4%				
NET CASH FLOW		\$82,468	\$86,680	APPLICANT														NET OPERATING INCOME	\$600,322	\$86,681	NET CASH FLOW

EQUITY / DEFERRED FEES	EQUITY SOURCES												
	APPLICANT'S PROPOSED EQUITY STRUCTURE							AS UNDERWRITTEN EQUITY STRUCTURE					
													Prior Underwriting
	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Hudson Housing Capital LLC	LIHTC Equity	55.6%	\$2,000,000	\$0.84	\$16,798,320	\$16,798,320	\$16,798,320	\$16,798,320	\$0.84	\$2,000,000	55.6%	\$19,231	Previous Allocation
NCRT/Diva	Deferred Developer Fees	4.1%	(37% Deferred)		\$1,233,017	\$908,859	\$908,859	\$1,233,017	(37% Deferred)		4.1%	Total Developer Fee: \$3,300,000	
Additional (Excess) Funds Req'd		0.0%				\$0	\$0	\$0			0.0%		
TOTAL EQUITY SOURCES		59.6%			\$18,031,337	\$17,707,179	\$17,707,179	\$18,031,337			59.6%		
TOTAL CAPITALIZATION					\$30,231,837	\$29,207,679	\$29,207,679	\$30,231,837	15-Yr Cash Flow after Deferred Fee:			\$491,397	

		DEVELOPMENT COST / ITEMIZED BASIS													
		APPLICANT COST / BASIS ITEMS							TDHCA COST / BASIS ITEMS					COST VARIANCE	
		Eligible Basis		Total Costs			Prior Underwriting		Total Costs			Eligible Basis			
		Acquisition	New Const. Rehab.				Applicant	TDHCA				New Const. Rehab.	Acquisition		
Land Acquisition				\$18,606 / Unit	\$1,935,000	\$1,935,000	\$1,935,000	\$1,935,000	\$18,606 / Unit			0.0%	\$0		
Building Acquisition		\$0		\$ / Unit	\$0	\$0	\$0	\$0	\$ / Unit		\$0	0.0%	\$0		
Broker fee					\$58,050	\$58,050	\$58,050	\$58,050				0.0%	\$0		
Off-Sites			\$0	\$3,053 / Unit	\$317,500	\$317,500	\$317,500	\$317,500	\$3,053 / Unit		\$0	0.0%	\$0		
Site Work			\$1,575,000	\$16,346 / Unit	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	\$16,346 / Unit		\$1,575,000	0.0%	\$0		
Site Amenities			\$262,500	\$2,524 / Unit	\$262,500	\$262,500	\$262,500	\$262,500	\$2,524 / Unit		\$262,500	0.0%	\$0		
Building Cost			\$7,901,166	\$291.61 /sf	\$131,224/Unit	\$13,647,256	\$13,647,256	\$12,585,321	\$121.013/Unit	\$268.92 /sf	\$7,901,166	8.4%	\$1,061,935		
Contingency			\$681,707	7.00%	6.90%	\$1,099,683	\$1,099,683	\$1,040,572	\$1,040,572	7.00%	7.00%	\$681,707	5.7%	\$59,111	
Contractor Fees			\$1,458,851	14.00%	13.91%	\$2,368,760	\$2,368,760	\$2,226,825	\$2,226,825	14.00%	14.00%	\$1,458,851	6.4%	\$141,935	
Soft Costs			\$0	\$2,522,810	\$24,979 / Unit	\$2,597,810	\$2,597,810	\$2,597,810	\$24,979 / Unit		\$2,522,810	\$0	0.0%	\$0	
Financing			\$0	\$2,053,938	\$21,942 / Unit	\$2,281,958	\$1,500,120	\$1,500,120	\$2,281,958	\$21,942 / Unit		\$1,362,000	\$0	0.0%	\$0
Developer Fee			\$0	\$2,240,000	13.61%	14.31%	\$3,300,000	\$3,300,000	\$3,187,433	15.00%	14.21%	\$2,240,000	\$0	3.5%	\$112,567
Reserves					6 Months	\$663,320	\$421,000	\$421,000	\$663,320	6 Months				0.0%	\$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		\$0	\$18,695,972		\$290,691 / Unit	\$30,231,837	\$29,207,679	\$27,832,131	\$28,856,289	\$277,464 / Unit	\$18,004,034	\$0	4.8%	\$1,375,548	
Acquisition Cost		\$0				\$0	\$0								
Contingency						\$0	\$0								
Contractor's Fee						\$0	\$0								
Financing Cost															
Developer Fee		\$0	\$0			\$0	\$0								
Reserves						\$0	\$0								
ADJUSTED BASIS / COST		\$0	\$18,004,034		\$290,691/unit	\$30,231,837	\$29,207,679	\$27,832,131	\$28,856,289	\$277,464/unit	\$18,004,034	\$0	4.8%	\$1,375,548	
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						\$30,231,837									

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Bailey at Berkman, Austin, 9% HTC #24019

CREDIT CALCULATION ON QUALIFIED BASIS				
Applicant		TDHCA		
Acquisition	Construction Rehabilitation	Acquisition	Construction	
ADJUSTED BASIS	\$0	\$18,004,034	\$0	\$18,004,034
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$18,004,034	\$0	\$18,004,034
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$23,405,244	\$0	\$23,405,244
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	\$0	\$23,405,244	\$0	\$23,405,244
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$2,106,472	\$0	\$2,106,472
CREDITS ON QUALIFIED BASIS	\$2,106,472		\$2,106,472	

ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS			FINAL ANNUAL LIHTC ALLOCATION		
Method	Annual Credits	Proceeds	Credit Price \$0.8399	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$2,106,472	\$17,692,595	----	----	----
Needed to Fill Gap	\$2,146,802	\$18,031,337	----	----	----
Previous Allocation	\$2,000,000	\$16,798,320	\$2,000,000	\$0	\$0

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	46,800 SF	\$201.62	9,435,922
Adjustments				
Exterior Wall Finish	0.88%		1.77	\$83,036
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.11%		6.27	293,457
Roof Adjustment(s)			5.66	264,791
Subfloor			0.30	13,806
Floor Cover			3.68	172,224
Enclosed Corridors	\$190.27	7,279	29.59	1,384,992
Balconies	\$0.00	0	0.00	0
Plumbing Fixtures	\$1,420	0	0.00	0
Rough-ins	\$700	104	1.56	72,800
Built-In Appliances	\$2,280	104	5.07	237,120
Exterior Stairs	\$3,550	6	0.46	21,300
Heating/Cooling			3.12	146,016
Storage Space	\$190.27	549	2.23	104,459
Carports	\$16.05	0	0.00	0
Garages	\$30.00	0	0.00	0
Common/Support Area	\$125.06	5,574	14.89	697,065
Elevators	\$150,400	1	3.21	150,400
Other: Windows & Glass, Metal Package and Plumbing		0	31.50	1,474,378
Fire Sprinklers	\$3.65	60,202	4.70	219,737
SUBTOTAL			315.63	14,771,503
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			315.63	\$14,771,503
Plans, specs, survey, bldg permits	3.30%		(10.42)	(\$487,460)
Contractor's OH & Profit	11.50%		(36.30)	(1,698,723)
NET BUILDING COSTS		\$121.013/unit	\$268.92/sf	\$12,585,321

Long-Term Pro Forma

Bailey at Berkman, Austin, 9% HTC #24019

	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%	\$1,399,999	\$1,427,999	\$1,456,559	\$1,485,690	\$1,515,404	\$1,673,128	\$1,847,268	\$2,039,534	\$2,251,810	\$2,486,180	\$2,744,944
TOTAL EXPENSES	3.00%	\$799,677	\$822,967	\$846,942	\$871,622	\$897,028	\$1,035,719	\$1,196,065	\$1,381,470	\$1,595,874	\$1,843,841	\$2,130,656
NET OPERATING INCOME ("NOI")		\$600,322	\$605,031	\$609,616	\$614,067	\$618,375	\$637,409	\$651,203	\$658,064	\$655,936	\$642,339	\$614,288
EXPENSE/INCOME RATIO		57.1%	57.6%	58.1%	58.7%	59.2%	61.9%	64.7%	67.7%	70.9%	74.2%	77.6%
MUST -PAY DEBT SERVICE												
KeyBank National Association		\$513,641	\$513,641	\$513,641	\$513,641	\$513,641	\$513,641	\$513,641	\$513,641	\$513,641	\$513,641	\$513,641
TOTAL DEBT SERVICE		\$513,641	\$513,641	\$513,641	\$513,641	\$513,641	\$513,641	\$513,641	\$513,641	\$513,641	\$513,641	\$513,641
DEBT COVERAGE RATIO		1.17	1.18	1.19	1.20	1.20	1.24	1.27	1.28	1.28	1.25	1.20
ANNUAL CASH FLOW		\$86,681	\$91,391	\$95,976	\$100,427	\$104,735	\$123,768	\$137,563	\$144,423	\$142,296	\$128,699	\$100,648
Deferred Developer Fee Balance		\$1,146,336	\$1,054,945	\$958,969	\$858,542	\$753,807	\$171,237	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$0	\$0	\$491,397	\$1,202,948	\$1,922,740	\$2,598,572	\$3,164,363

24019 Bailey at Berkman - Application Summary

REAL ESTATE ANALYSIS DIVISION

July 3, 2024

PROPERTY IDENTIFICATION	
Application #	24019
Development	Bailey at Berkman
City / County	Austin / Travis
Region/Area	7 / Urban
Population	Supportive Housing
Set-Aside	General
Activity	New Construction

RECOMMENDATION				
TDHCA Program	Request	Recommended		
LIHTC (9% Credit)	\$2,000,000	\$2,000,000	\$19,231/Unit	\$0.84

KEY PRINCIPALS / SPONSOR		
Michael Ruane - National Community Renaissance of Texas, Inc.		
Sallie Burchett - Diva Imaging LLC		
Related Parties	Contractor - TBD	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	104	100%	20%	-	0%
1	-	0%	30%	21	20%
2	-	0%	40%	-	0%
3	-	0%	50%	63	61%
4	-	0%	60%	20	19%
			70%	-	0%
			80%	-	0%
			MR	-	0%
TOTAL	104	100%	TOTAL	104	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	N/A	Expense Ratio	58.6%
Breakeven Occ.	54.2%	Breakeven Rent	\$643
Average Rent	\$1,120	B/E Rent Margin	\$476
Property Taxes	\$1,000/unit	Exemption/PILOT	0%
Total Expense	\$7,472/unit	Controllable	\$3,571/unit

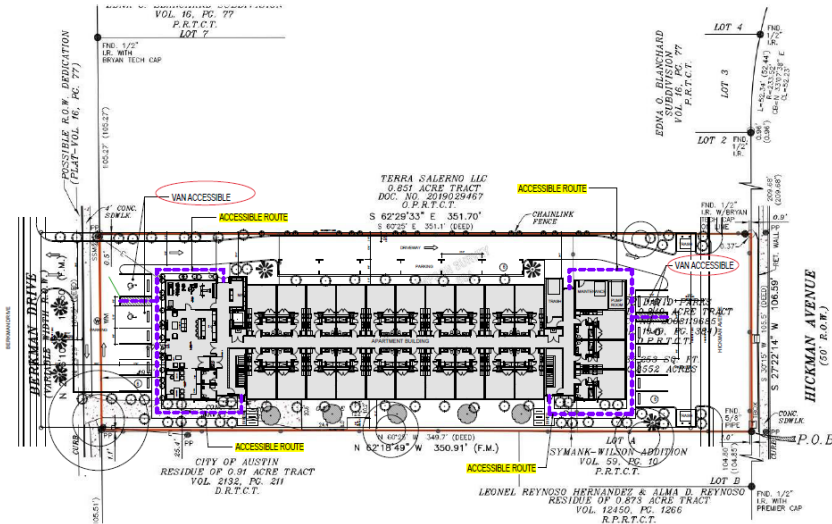
MARKET FEASIBILITY INDICATORS

Gross Capture Rate (30% Maximum)	1.9%
Highest Unit Capture Rate	2% 0 BR/50% 58
Dominant Unit Cap. Rate	2% 0 BR/50% 58
Premiums (↑80% Rents)	N/A N/A
Rent Assisted Units	26 25% Total Units

DEVELOPMENT COST SUMMARY

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	450 SF	Density	128.2/acre
Acquisition		\$19K/unit	\$1,993K
Building Cost	\$291.61/SF	\$131K/unit	\$13,647K
Hard Cost		\$164K/unit	\$17,027K
Total Cost		\$281K/unit	\$29,208K
Developer Fee	\$3,300K	(28% Deferred)	Paid Year: 2
Contractor Fee	\$2,369K	30% Boost	Yes

SITE PLAN



DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES		
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount	
Austin Housing Finance Corporation (AHFC) - Deferred-payable (Cash Flow) - Local Government Loan	40/0	0.00%	\$11,500,000	n/A	City of Austin - Fee Waivers	0/0	0.00%	\$500	n/A	Hudson Housing Capital LLC ("Hudson")	\$16,798,320	
											NCRT/Diva	\$908,859
											TOTAL EQUITY SOURCES	\$17,707,179
											TOTAL DEBT SOURCES	\$11,500,500
											TOTAL CAPITALIZATION	\$29,207,679
TOTAL DEBT (Must Pay)			\$11,500,000		CASH FLOW DEBT / GRANTS			\$500				

CONDITIONS
1 Receipt and acceptance by Carryover: a: Agreement to enter into Housing Assistance Payment Contract or written commitment from Housing Authority of the City of Austin (HACA) for 26 project-based vouchers specifying the payment standard that will apply. b: Formal approval for \$11.5M loan from the Austin Housing Finance Corporation (AHFC) clearly stating all terms, conditions and source of funding.
2 Receipt and acceptance by Cost Certification: • Certification that testing for asbestos was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.
Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

RISK PROFILE
STRENGTHS/MITIGATING FACTORS
▣ No Foreclosable Debt
▣ Low Gross Capture Rate
WEAKNESSES/RISKS
▣ High Expense Ratio
▣ Parking less than one space per unit

AREA MAP

AERIAL PHOTOGRAPH(s)



DEVELOPMENT IDENTIFICATION

TDHCA Application #: **24019** Program(s): **9% HTC**

Bailey at Berkman

Address/Location: 6405 Berkman Drive

City: Austin County: Travis Zip: 78723

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

Activity: New Construction Building Type: Elevator Served Region: 7

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

TDHCA Program	REQUEST				RECOMMENDATION						
	Amount	Int. Rate	Amort	Term	Amount	Int. Rate	Amort	Perm. Term	Perm Lien	Const. Term	Const Lien
LIHTC (9% Credit)	\$2,000,000				\$2,000,000						

CONDITIONS

- 1 Receipt and acceptance by Carryover:
 - a: Agreement to enter into Housing Assistance Payment Contract or written commitment from Housing Authority of the City of Austin (HACA) for 26 project-based vouchers specifying the payment standard that will apply.
 - b: Formal approval for \$11.5M loan from the Austin Housing Finance Corporation (AHFC) clearly stating all terms, conditions and source of funding.
- 2 Receipt and acceptance by Cost Certification:
 - Certification that testing for asbestos was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

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

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	21
50% of AMI	50% of AMI	63
60% of AMI	60% of AMI	20

DEVELOPMENT SUMMARY

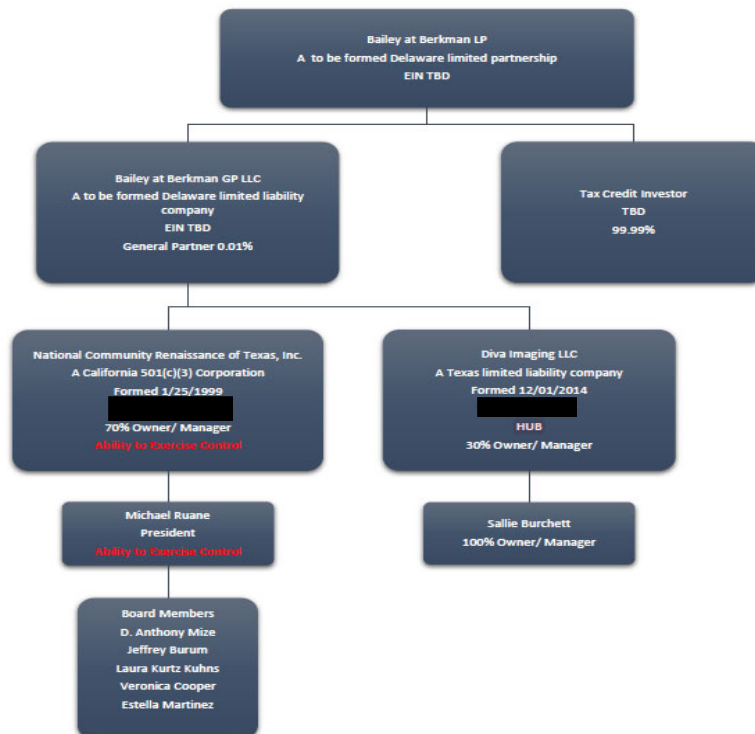
The proposed development is a new construction Supportive Housing development in Austin. There will be 104 units in one 4-story elevator-served building. The unit mix includes 104 efficiency units. The community space will be located within the building. The site currently has a vacant house on it that will be demolished. The site is currently being rezoned by the land seller. The development will qualify for Austin's Affordability Unlocked program which will allow for an exemption from any parking requirements as well as various exemptions to the zoning requirements. There will only have soft (non foreclosable) debt on the project and will secure all funds necessary to maintain the Supportive Housing Development's operations throughout the affordability period.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	WEAKNESSES/RISKS
<ul style="list-style-type: none"> No Foreclosable Debt Low Gross Capture Rate 	<ul style="list-style-type: none"> High Expense Ratio Parking less than one space per unit

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



SITE PLAN



The Development is offering 18 open surface parking at no fee and 12 bicycle spaces. This meets the City of Austin parking requirement with the Affordability Unlocked Development Bonus Program.

This architectural rendering shows a modern, multi-story building with a complex facade. The building features a combination of white, grey, and brick materials. Large, multi-paned windows are prominent, particularly on the corner tower and the central section. The building has a series of vertical elements, including a tall, narrow tower on the right and a series of smaller, rectangular volumes. The overall design is contemporary and functional, with a focus on clean lines and a mix of textures.

Building Type	A												Total Buildings
Floors/Stories	4												
Number of Bldgs	1											1	
Units per Bldg	104												
Total Units	104											104	
Avg. Unit Size (SF)	450 sf	Total NRA (SF)		46,800		Common Area (SF)*		10,882					

Related-Party Seller/Identity of Interest: No

Comments:

The site control shows 0.849 acres. The site plan and the survey both show 0.8552 acres. The site control acreage was an estimate based on the Appraisal District area. The recent on the ground survey dictates the exact acreage.

The Austin Strategic Mobility Plan (ASMP) identifies roadways that may be altered in order to align with proposed transportation projects. For the site, the ASMP is proposing the change of the right of way (ROW) of Berkman Ave from 50' to 72'. This would require an additional 11' of ROW dedication from the site along Berkman Drive. The ASMP also proposes changing the ROW of Hickman Avenue from 50' to 64'. This would require an additional 7' of ROW dedication from the site along Hickman Avenue.

The applicant estimate based on the survey lengths along Berkman and Hickman that the *dedication* will be approximately .0438 acres resulting in a .8114 acre final site. *Exact acreage will be determined after full City of Austin review and an as-built survey.*

SITE INFORMATION

Flood Zone:	<u>X</u>	Scattered Site?	<u>No</u>
Zoning:	<u>SF-6-NP</u>	Within 100-yr floodplain?	<u>No</u>
Re-Zoning Required?	<u>Yes</u>	Utilities at Site?	<u>Yes</u>
Year Constructed:	<u>N/A</u>	Title Issues?	<u>No</u>

Current Uses of Subject Site:

The Subject Property currently consists of two tracts of vacant land, totaling approximately 0.8552 acres. The Subject Property is currently developed with one single family residence, a garage structure, a wooden dog house, and a metal shed. The majority of the property is treed with the eastern portion being a vacant field with native grasses.

Other Observations:

Applicant provided a letter from the Housing Department. Per the City of Austin letter dated February 2024, no zoning change is necessary [Ordinance No. 20070809-057] for the development of multifamily residences on the site or for use of the site for multifamily residences.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Progea, Inc. (Progea) Date: 2/2/2024

Recognized Environmental Conditions (RECs) and Other Concerns:

- Subject Property was developed with the present-day residential structure in 1946. A visual inspection for friable and damaged non-friable suspect asbestos containing materials (ACMs) was not conducted as part of this Phase I ESA as the structure was boarded up. An asbestos survey will be required prior to any renovations or demolition activities.
- The Subject Property was developed with the present-day residential structure in 1946. No peeling or flaking paint was observed during the Subject Property inspection. A lead-based paint survey was beyond the scope of this assessment

Comments:

TDHCA is no longer conditioning in the report lead-based paint in buildings being demolished. It appears that this is an OSHA standard that the contractor has to comply with and a lead-based paint survey will be conducted before demolition.

Per the applicant, their demolition contractor will follow all applicable local, state, and federal requirements for the demolition and disposal of all structures.

MARKET ANALYSIS

Provider: Novogradac Date: 3/20/2024

Primary Market Area (PMA): 18 sq. miles 2 mile equivalent radius

AFFORDABLE HOUSING INVENTORY						
Competitive Supply (Proposed, Under Construction, and Unstabilized)						
File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
23446	Seabrook Square	Y	new	General	21	204
Stabilized Affordable Developments in PMA					Total Units	2,859
					Total Developments	19
					Average Occupancy	95.6%

Comments:

June West was awarded tax credits in 2023 for the new construction of an 80-unit LIHTC multifamily development to be located outside of the PMA, but approximately 2.5 miles northwest of the Subject. The development will offer 80 studio, one, two, and three-bedroom units restricted to households earning 30, 50, 60, and 80 percent of the AMI, or less. The development is anticipated to be completed in spring 2024. This development will offer 12 studio units restricted at the 50 percent AMI level and 12 studio units restricted at the 60 percent AMI level that will be competitive with the Subject's LIHTC units, as proposed. However, the addition of these competitive units to the relevant supply would provide negligible change to our overall capture rates. As such, we have not included any competitive units located outside the PMA in the relevant supply. Further, given the absorption rates in the market, we believe this property will be stabilized prior to the Subject entering the market. Live Make Apartments was awarded tax credits in 2022 for the new construction of a 66-unit LIHTC multifamily development to be located outside of the PMA, but approximately 3.6 miles south of the Subject. The development will offer 66 studio, one, two, and three-bedroom units restricted to households earning 30, 50, and 60 percent of the AMI, or less. The development will target the general population but will have a preference for artists and individuals transitioning out of homelessness. The development began construction in February 2023; however, an anticipated completion date was unavailable as of the date of this report. The property will offer 15 studio units restricted at the 50 percent AMI level and eight studio units restricted at the 60 percent AMI level, that will be competitive with the Subject's LIHTC units, as proposed. However, the addition of these competitive units to the relevant supply would provide negligible change to our overall capture rates. As such, we have not included any competitive units located outside the PMA in the relevant supply. Additionally, given the development will have a preference for artists, it is likely that the development will not compete with the Subject for occupancy.

OVERALL DEMAND ANALYSIS				
		Market Analyst		
		HTC	Assisted	
Total Households in the Primary Market Area		45,380		
Potential Demand from the Primary Market Area		4,703		
10% External Demand		470		
Potential Demand from Other Sources		0		
GROSS DEMAND		5,173		
Subject Affordable Units		78	26	
Unstabilized Competitive Units		21		
RELEVANT SUPPLY		99		
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE		1.9%		

Population:	Supportive Housing	Market Area:	Urban	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				
50% AMGI	2,247	225	58	0	2.3%				
60% AMGI	2,457	246	20	21	1.5%				

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE									
Unit Type	Market Analyst								
	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate				
0 BR/50%	2,247	225	58	0	2.3%				
0 BR/60%	2,457	246	20	21	1.5%				

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	\$550,063	Avg. Rent:	\$1,120	Expense Ratio:	58.6%
Debt Service:	\$0	B/E Rent:	\$643	Controllable Expenses:	\$3,571
Net Cash Flow:	\$550,063	UW Occupancy:	92.5%	Property Taxes/Unit:	\$1,000
Aggregate DCR:	N/A	B/E Occupancy:	54.2%	Program Rent Year:	2023

In March 2024, the Housing Authority of the City of Austin (HACA) committed to a total of 26 vouchers at \$1,519 payment standards:

- 10 Housing Choice Voucher project-based vouchers (HCV-PBV) and
- 16 Veterans Affairs Supportive Housing project-based vouchers (VASH-PBV).

This is going to be a 20-year Housing Assistance Payment Contract (HAP). The utility allowance for the units receiving vouchers will be \$0.00.

Expense ratio and controllable expenses are higher for supportive housing properties. They are generally assumed to operate with no foreclosable debt and the developments are exempt from the underwriting feasibility criteria related to expense ratio, debt coverage, and cash flow.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	\$2,384,767/ac	\$19,164/unit	\$1,993,050	Contractor Fee	\$2,368,760
Off-site + Site Work		\$21,923/unit	\$2,280,000	Soft Cost + Financing	\$4,097,930
Building Cost	\$291.61/sf	\$131,224/unit	\$13,647,256	Developer Fee	\$3,300,000
Contingency	6.90%	\$10,574/unit	\$1,099,683	Reserves	\$421,000
Total Development Cost		\$280,843/unit	\$29,207,679	Rehabilitation Cost	N/A
Qualified for 30% Basis Boost?		100% Supportive Housing [9% only]			

Off-site:

The Development shows \$317,500 off off-site costs:

- \$54K for storm drains & devices.
- \$13.5K for water & fire hydrants.
- \$250K for off-site utilities.

Building Cost:

Underwriter utilized Marshall & Swift's "good" base cost adjusted for small average unit size.

Underwriter utilized Marshall & Swift's "good" base cost adjusted for the following:

- 4-story build
- Inflation cost increases (high construction costs in Austin)
- Tight infill location

The applicant limited Voluntary Eligible Building Costs (After 11.9(e)(2)) by \$5,746,090 to achieve desired score.

Construction has to meet Austin Energy Green Building standards which largely contributes to the high building cost of \$291.6/sf. While that cost is significantly higher than most of the recent projects we have underwritten, it is still comparable to other supportive services deals of similar design.

The applicant provided contractor cost estimates for windows & glass, metal package and plumbing.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$29,207,679	\$18,004,034	\$2,106,472

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Austin Housing Finance Corporation (AHFC) - Deferred-payable (Cash Flow) - Local Government Loan	Deferred-payable - Local Government Loan	\$11,500,000	0.00%	39%
KeyBank National Association ("Key")	Construction Loan	\$15,000,000	7.00%	51%
Hudson Housing Capital LLC ("Hudson")	HTC	\$2,519,748	\$0.84	9%
City of Austin - Fee Waivers	Fee Waiver	\$500	0.00%	0%
NCRT/Diva	Fee	\$187,431	0.00%	1%
		\$29,207,679	Total Sources	

PERMANENT SOURCES

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Austin Housing Finance Corporation (AHFC) - Deferred-payable (Cash Flow) - Local Government Loan	\$11,500,000	0.00%	N/A	40.0	\$11,500,000	0.00%	N/A	40.0	39%
City of Austin - Fee Waivers	\$500	Fee Waiver			\$500	Fee Waiver			0%
Total	\$11,500,500				\$11,500,500				

		PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees		Amount	Rate	% Def	Amount	Rate	% TC	% Def
Hudson Housing Capital LLC ("Hudson")		\$16,798,320	\$0.84		\$16,798,320	\$0.84	58%	
NCRT/Diva		\$908,859		28%	\$908,859		3%	28%
Total		\$17,707,179			\$17,707,179			
					\$29,207,679	Total Sources		

Credit Price Sensitivity based on current capital structure

\$0.885	Maximum Credit Price before the Development is oversourced and allocation is limited
\$0.720	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:	
Total Development Cost	\$29,207,679
Permanent Sources (debt + non-HTC equity)	\$11,500,500
Gap in Permanent Financing	\$17,707,179

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$17,692,595	\$2,106,472
Needed to Balance Sources & Uses	\$17,707,179	\$2,108,208
Requested by Applicant	\$16,798,320	\$2,000,000

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	\$16,798,320	\$2,000,000

Deferred Developer Fee	\$908,859	(28% deferred)
Repayable in	2 years	

Recommendation:

Underwriter recommends an annual tax credit allocation of \$2,000,000 per the Applicant's request

Underwriter:	<u>Mario Castellanos</u>
Manager of Real Estate Analysis:	<u>Robert Castillo</u>
Director of Real Estate Analysis:	<u>Jeanna Adams</u>

UNIT MIX/RENT SCHEDULE
Bailey at Berkman, Austin, 9% HTC #24019

LOCATION DATA	
CITY:	Austin
COUNTY:	Travis
Area Median Income	\$122,300
PROGRAM REGION:	7
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	ARP	Match
Eff	104	100.0%	26	0	0	0
1	-	0.0%	0	0	0	0
2	-	0.0%	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	104	100.0%	26	-	-	-

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	450 sf

48%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average	# Units	-	21	-	63	20	-	-	-	104
Income	% Total	0.0%	20.2%	0.0%	60.6%	19.2%	0.0%	0.0%	0.0%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		RENT ASSISTED UNIT		Match Units	UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS			
Type	Gross Rent	Type	Gross Rent	Match Units	# 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%	\$613	PBV	\$1,519	0	21	0	1	450	\$1,519	\$0	\$1,519	\$0	\$3.38	\$1,519	\$31,899	\$31,899	\$1,519	\$3.38	\$0	\$1,365	\$3.03	\$1,365	
TC 50%	\$1,022	PBV	\$1,519	0	5	0	1	450	\$1,519	\$0	\$1,519	\$0	\$3.38	\$1,519	\$7,595	\$7,595	\$1,519	\$3.38	\$0	\$1,365	\$3.03	\$1,365	
TC 50%	\$1,022	0		0	58	0	1	450	\$1,022	\$88	\$934	\$0	\$2.08	\$934	\$54,172	\$54,172	\$934	\$2.08	\$0	\$1,365	\$3.03	\$1,365	
TC 60%	\$1,227	0		0	20	0	1	450	\$1,227	\$88	\$1,139	\$0	\$2.53	\$1,139	\$22,780	\$22,780	\$1,139	\$2.53	\$0	\$1,365	\$3.03	\$1,365	
TOTALS/AVERAGES:					104				46,800				\$0	\$2.49	\$1,120	\$116,446	\$116,446	\$1,120	\$2.49	\$0	\$1,365	\$3.03	\$1,365

ANNUAL POTENTIAL GROSS RENT:	\$1,397,352	\$1,397,352
-------------------------------------	--------------------	--------------------

STABILIZED PRO FORMA

Bailey at Berkman, Austin, 9% HTC #24019

STABILIZED FIRST YEAR PRO FORMA

COMPARABLES		APPLICANT				TDHCA				VARIANCE	
Database	Travis County Supportive Housing	% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT			\$2.49	\$1,120	\$1,397,352	\$1,397,352	\$1,120	\$2.49		0.0%	\$0
Late fees, pet deposits				\$23.00	\$28,704						
Laundry				\$7.00	\$8,736						
Total Secondary Income				\$30.00		\$37,440	\$30.00			0.0%	\$0
POTENTIAL GROSS INCOME					\$1,434,792	\$1,434,792				0.0%	\$0
Vacancy & Collection Loss				7.5% PGI	(107,609)	(107,609)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME					\$1,327,183	\$1,327,183				0.0%	\$0

General & Administrative	\$46,060	\$443/Unit	\$57,322	\$551	4.14%	\$1.18	\$529	\$55,000	\$57,322	\$551	\$1.22	4.32%	-4.1%	(2,322)
Management	\$41,576	3.3% EGI	\$55,164	\$530	5.00%	\$1.42	\$638	\$66,359	\$66,359	\$638	\$1.42	5.00%	0.0%	-
Payroll & Payroll Tax	\$150,717	\$1,449/Unit	\$207,416	\$1,994	13.92%	\$3.95	\$1,777	\$184,800	\$184,800	\$1,777	\$3.95	13.92%	0.0%	-
Repairs & Maintenance	\$91,324	\$878/Unit	\$132,583	\$1,275	6.78%	\$1.92	\$865	\$90,000	\$90,000	\$865	\$1.92	6.78%	0.0%	-
Electric/Gas	\$25,182	\$242/Unit	\$31,821	\$306	1.14%	\$0.32	\$145	\$15,100	\$25,182	\$242	\$0.54	1.90%	-40.0%	(10,082)
Water, Sewer, & Trash Tenant Pays: WS	\$86,400	\$831/Unit	\$49,169	\$473	2.00%	\$0.57	\$255	\$26,500	\$49,169	\$473	\$1.05	3.70%	-46.1%	(22,669)
Property Insurance	\$57,575	\$1.23 /sf	\$48,801	\$469	7.53%	\$2.14	\$962	\$100,000	\$99,142	\$953	\$2.12	7.47%	0.9%	858
Property Tax (@ 100%) 1.809247	\$70,770	\$680/Unit	\$35,820	\$344	7.84%	\$2.22	\$1,000	\$104,000	\$94,964	\$913	\$2.03	7.16%	9.5%	9,036
Reserve for Replacements					2.35%	\$0.67	\$300	\$31,200	\$31,200	\$300	\$0.67	2.35%	0.0%	-
Supportive Services					7.53%	\$2.14	\$962	\$100,000	\$100,000	\$962	\$2.14	7.53%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.31%	\$0.09	\$40	\$4,160	\$4,160	\$40	\$0.09	0.31%	0.0%	-
TOTAL EXPENSES					58.55%	\$16.61	\$7,472	\$777,119	\$802,299	\$7,714	\$17.14	60.45%	-3.1%	\$ (25,180)
NET OPERATING INCOME ("NOI")					41.45%	\$11.75	\$5,289	\$550,063	\$524,884	\$5,047	\$11.22	39.55%	4.8%	\$ 25,180

CONTROLLABLE EXPENSES	\$3,571/Unit		\$3,908/Unit	
-----------------------	--------------	--	--------------	--

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS
<i>Bailey at Berkman, Austin, 9% HTC #24019</i>

DEBT / GRANT SOURCES															
APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE								AS UNDERWRITTEN DEBT/GRANT STRUCTURE							
DEBT (Must Pay)	Fee	Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	Cumulative	
		UW	App											DCR	LTC
Austin Housing Finance Corporation (AHFC) - Deferred-payable (Cash Flow) - Local Government Loan				-	0.00%	0	40.0	\$11,500,000	\$11,500,000	40.0	0	0.00%			39.4%
CASH FLOW DEBT / GRANTS															
City of Austin - Fee Waivers					0.00%	0	0.0	\$500	\$500	0.0	0.0	0.00%			0.0%
				\$0	TOTAL DEBT / GRANT SOURCES			\$11,500,500	\$11,500,500	TOTAL DEBT SERVICE			\$0		39.4%

NET CASH FLOW	\$524,884	\$550,063	APPLICANT		NET OPERATING INCOME	\$550,063	\$550,063	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											
Hudson Housing Capital LLC ("Hudson")	LIHTC Equity	57.5%	\$2,000,000	\$0.84	\$16,798,320	\$16,798,320	\$0.8399	\$2,000,000	57.5%	\$19,231	Applicant Request
NCRT/Diva	Deferred Developer Fees	3.1%	(28% Deferred)		\$908,859	\$908,859	(28% Deferred)		3.1%	Total Developer Fee: \$3,300,000	
Additional (Excess) Funds Req'd		0.0%				\$0			0.0%		
TOTAL EQUITY SOURCES		60.6%			\$17,707,179	\$17,707,179			60.6%		
TOTAL CAPITALIZATION					\$29,207,679	\$29,207,679				15-Yr Cash Flow after Deferred Fee:	\$7,675,723

		DEVELOPMENT COST / ITEMIZED BASIS												
		APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS				COST VARIANCE			
		Eligible Basis		Total Costs			Total Costs		Eligible Basis		%	\$		
		Acquisition	New Const. Rehab						New Const. Rehab	Acquisition				
Land Acquisition				\$18,606 / Unit	\$1,935,000	\$1,935,000	\$18,606 / Unit			0.0%	\$0			
Building Acquisition		\$0		\$ / Unit	\$0	\$0	\$ / Unit		\$0	0.0%	\$0			
Broker fee					\$58,050	\$58,050				0.0%	\$0			
Off-Sites			\$0	\$3,053 / Unit	\$317,500	\$317,500	\$3,053 / Unit		\$0	0.0%	\$0			
Site Work			\$1,575,000	\$16,346 / Unit	\$1,700,000	\$1,700,000	\$16,346 / Unit		\$1,575,000	0.0%	\$0			
Site Amenities			\$262,500	\$2,524 / Unit	\$262,500	\$262,500	\$2,524 / Unit		\$262,500	0.0%	\$0			
Building Cost			\$7,901,166	\$291.61 /sf	\$131,224/Unit	\$13,647,256	\$121,013/Unit	\$268.92 /sf	\$7,901,166	8.4%	\$1,061,935			
Contingency			\$681,707	7.00%	6.90%	\$1,099,683	\$1,040,572	7.00%	7.00%	\$681,707	5.7%	\$59,111		
Contractor Fees			\$1,458,851	14.00%	13.91%	\$2,368,760	\$2,226,825	14.00%	14.00%	\$1,458,851	6.4%	\$141,935		
Soft Costs			\$0	\$2,522,810	\$24,979 / Unit	\$2,597,810	\$2,597,810	\$24,979 / Unit	\$2,522,810	\$0	0.0%	\$0		
Financing			\$0	\$1,362,000	\$14,424 / Unit	\$1,500,120	\$1,500,120	\$14,424 / Unit	\$1,362,000	\$0	0.0%	\$0		
Developer Fee			\$0	\$2,240,000	14.21%	14.75%	\$3,300,000	\$3,187,433	15.00%	14.21%	\$2,240,000	\$0	3.5%	\$112,567
Reserves				7 Months		\$421,000	\$421,000	6 Months				0.0%	\$0	
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		\$0	\$18,004,034	\$280,843 / Unit		\$29,207,679	\$27,832,131	\$267,617 / Unit		\$18,004,034	\$0	4.9%	\$1,375,548	
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	\$18,004,034	\$280,843/unit		\$29,207,679	\$27,832,131	\$267,617/unit		\$18,004,034	\$0	4.9%	\$1,375,548	
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						\$29,207,679								

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Bailey at Berkman, Austin, 9% HTC #24019

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	\$0	\$18,004,034	\$0	\$18,004,034
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$18,004,034	\$0	\$18,004,034
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$23,405,244	\$0	\$23,405,244
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	\$0	\$23,405,244	\$0	\$23,405,244
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$2,106,472	\$0	\$2,106,472
CREDITS ON QUALIFIED BASIS	\$2,106,472		\$2,106,472	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price \$0.8399	Variance to Request	
	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	\$2,106,472	\$17,692,595	----	----	----
Needed to Fill Gap	\$2,108,208	\$17,707,179	----	----	----
Applicant Request	\$2,000,000	\$16,798,320	\$2,000,000	\$0	\$0

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	46,800 SF	\$201.62	9,435,922
Adjustments				
Exterior Wall Finish	0.88%		1.77	\$83,036
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.11%		6.27	293,457
Roof Adjustment(s)			5.66	264,791
Subfloor			0.30	13,806
Floor Cover			3.68	172,224
Enclosed Corridors	\$190.27	7,279	29.59	1,384,992
Balconies	\$0.00	0	0.00	0
Plumbing Fixtures	\$1,420	0	0.00	0
Rough-ins	\$700	104	1.56	72,800
Built-In Appliances	\$2,280	104	5.07	237,120
Exterior Stairs	\$3,550	6	0.46	21,300
Heating/Cooling			3.12	146,016
Storage Space	\$190.27	549	2.23	104,459
Carports	\$16.05	0	0.00	0
Garages	\$30.00	0	0.00	0
Common/Support Area	\$125.06	5,574	14.89	697,065
Elevators	\$150,400	1	3.21	150,400
Other: Windows & Glass, Metal Package and Plumbing		0	31.50	1,474,378
Fire Sprinklers	\$3.65	60,202	4.70	219,737
SUBTOTAL			315.63	14,771,503
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			315.63	\$14,771,503
Plans, specs, survey, bldg permits	3.30%		(10.42)	(\$487,460)
Contractor's OH & Profit	11.50%		(36.30)	(1,698,723)
NET BUILDING COSTS		\$121,013/unit	\$268.92/sf	\$12,585,321

Long-Term Pro Forma

Bailey at Berkman, Austin, 9% HTC #24019

	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%	\$1,327,183	\$1,353,726	\$1,380,801	\$1,408,417	\$1,436,585	\$1,586,106	\$1,751,189	\$1,933,454	\$2,134,690	\$2,356,870	\$2,602,175	\$2,873,012
TOTAL EXPENSES	3.00%	\$777,119	\$799,769	\$823,085	\$847,087	\$871,796	\$1,006,686	\$1,162,648	\$1,342,995	\$1,551,563	\$1,792,796	\$2,071,838	\$2,394,647
NET OPERATING INCOME ("NOI")		\$550,063	\$553,957	\$557,715	\$561,329	\$564,789	\$579,420	\$588,542	\$590,460	\$583,127	\$564,074	\$530,337	\$478,365
EXPENSE/INCOME RATIO		58.6%	59.1%	59.6%	60.1%	60.7%	63.5%	66.4%	69.5%	72.7%	76.1%	79.6%	83.3%
MUST -PAY DEBT SERVICE													
Corporation (AHFC) - Deferred-payable (Cash Flow) - Local			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL DEBT SERVICE		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DEBT COVERAGE RATIO													
ANNUAL CASH FLOW		\$550,063	\$553,957	\$557,715	\$561,329	\$564,789	\$579,420	\$588,542	\$590,460	\$583,127	\$564,074	\$530,337	\$478,365
Deferred Developer Fee Balance		\$358,796	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$195,162	\$752,877	\$1,314,206	\$1,878,996	\$4,748,739	\$7,675,723	\$10,627,448	\$13,561,908	\$16,425,625	\$19,151,323	\$21,655,180