

24207 The Residence at Red Cedar - Application Summary

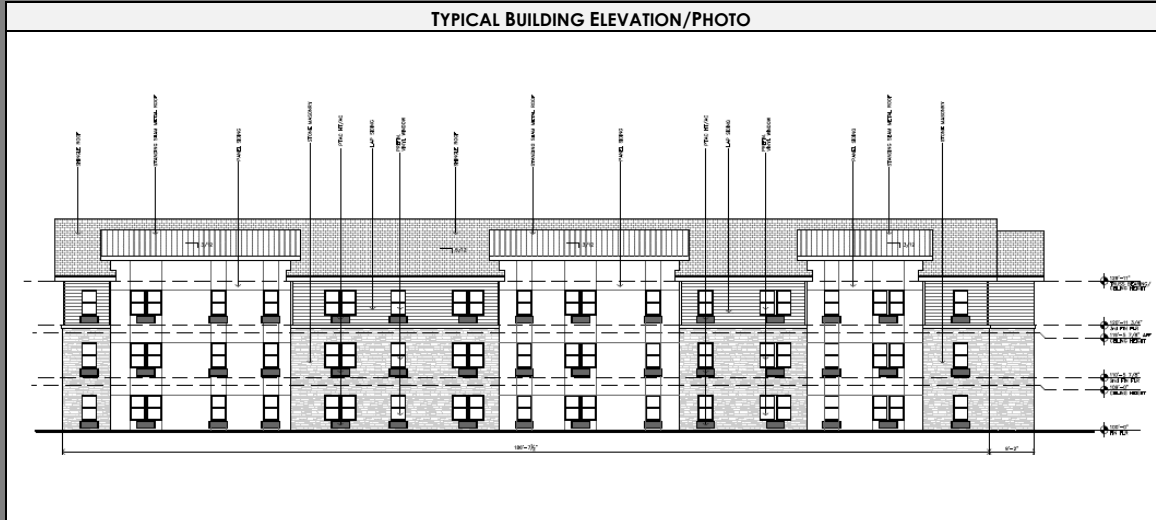
REAL ESTATE ANALYSIS DIVISION

July 12, 2024

PROPERTY IDENTIFICATION	
Application #	24207
Development	The Residence at Red Cedar
City / County	Corsicana / Navarro
Region/Area	3 / Rural
Population	Elderly Limitation
Set-Aside	General
Activity	New Construction

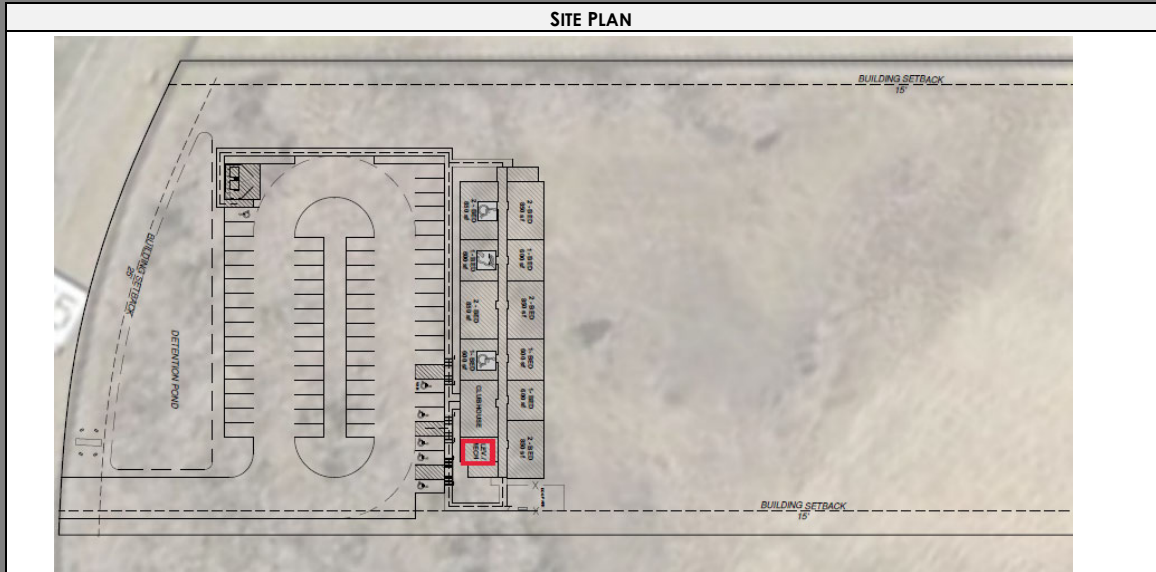
RECOMMENDATION					
TDHCA Program		Request	Recommended		
LIHTC (9% Credit)		\$802,916	\$802,916	\$25,091/Unit	\$0.87

KEY PRINCIPALS / SPONSOR		
Mathew Gillam - Overland Property Group, LLC (Kansas)		
Harrison Wreschner - Never Summer Holdings, LLC		
Joseph Cohen - RRJA, LLC		
Related Parties	Contractor - No	Seller - No



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	20%	-	0%
1	16	50%	30%	3	9%
2	16	50%	40%	-	0%
3	-	0%	50%	7	22%
4	-	0%	60%	22	69%
			70%	-	0%
			80%	-	0%
			MR	-	0%
TOTAL	32	100%	TOTAL	32	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.17	Expense Ratio	55.0%
Breakeven Occ.	86.4%	Breakeven Rent	\$693
Average Rent	\$745	B/E Rent Margin	\$51
Property Taxes	\$704/unit	Exemption/PILOT	0%
Total Expense	\$4,731/unit	Controllable	\$2,885/unit



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)			0.7%
Highest Unit Capture Rate	4%	1 BR/50%	4
Dominant Unit Cap. Rate	1%	1 BR/60%	11
Premiums (↑80% Rents)	N/A		N/A
Rent Assisted Units	N/A		



DEVELOPMENT COST SUMMARY			
Costs Underwritten		Applicant's Costs	
Avg. Unit Size	725 SF	Density	6.4/acre
Acquisition		\$25K/unit	\$800K
Building Cost	\$158.93/SF	\$115K/unit	\$3,687K
Hard Cost		\$155K/unit	\$4,972K
Total Cost		\$279K/unit	\$8,931K
Developer Fee	\$1,318K	(27% Deferred)	Paid Year: 15
Contractor Fee	\$622K	30% Boost	Yes

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES	
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount
Horizon Bank - Construction to Permanent Loan	16/40	6.25%	\$1,550,000	1.17	City of Corsicana - Fee Waiver	0/0	0.00%	\$250	1.17	Midwest Housing Equity Group, Inc. ("MHEG")	\$7,024,809
										Overland Property Group	\$356,149
										TOTAL EQUITY SOURCES	\$7,380,958
										TOTAL DEBT SOURCES	\$1,550,250
TOTAL DEBT (Must Pay)			\$1,550,000		CASH FLOW DEBT / GRANTS			\$250		TOTAL CAPITALIZATION	\$8,931,208

CONDITIONS

- Receipt and acceptance by Cost Certification:
 - a: Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.
 - b: If any portion of the site is determined to be a wetland area, certification that compliance with all federal, state and local wetland mitigation requirements has been met.

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		AERIAL PHOTOGRAPH(s)	
STRENGTHS/MITIGATING FACTORS			
<ul style="list-style-type: none">Low Gross Capture RateDeveloper Experience (LIHTC)			
WEAKNESSES/RISKS			
<ul style="list-style-type: none">Low number of unitsA review of the NWI map indicates a mapped wetland at the subject property.Low 15-Yr Cash Flow after Deferred Fee			
AREA MAP			
			



DEVELOPMENT IDENTIFICATION

TDHCA Application #: **24207** Program(s): **9% HTC**

The Residence at Red Cedar

Address/Location: 701 N. 45th St.

City: Corsicana County: Navarro Zip: 75110

Population: Elderly Limitation Program Set-Aside: General Area: Rural

Activity: New Construction Building Type: Elevator Served Region: 3

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)	\$802,916				\$802,916						

CONDITIONS

- Receipt and acceptance by Cost Certification:
 - a: Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.
 - b: If any portion of the site is determined to be a wetland area, certification that compliance with all federal, state and local wetland mitigation requirements has been met.

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	3
50% of AMI	50% of AMI	7
60% of AMI	60% of AMI	22

DEVELOPMENT SUMMARY

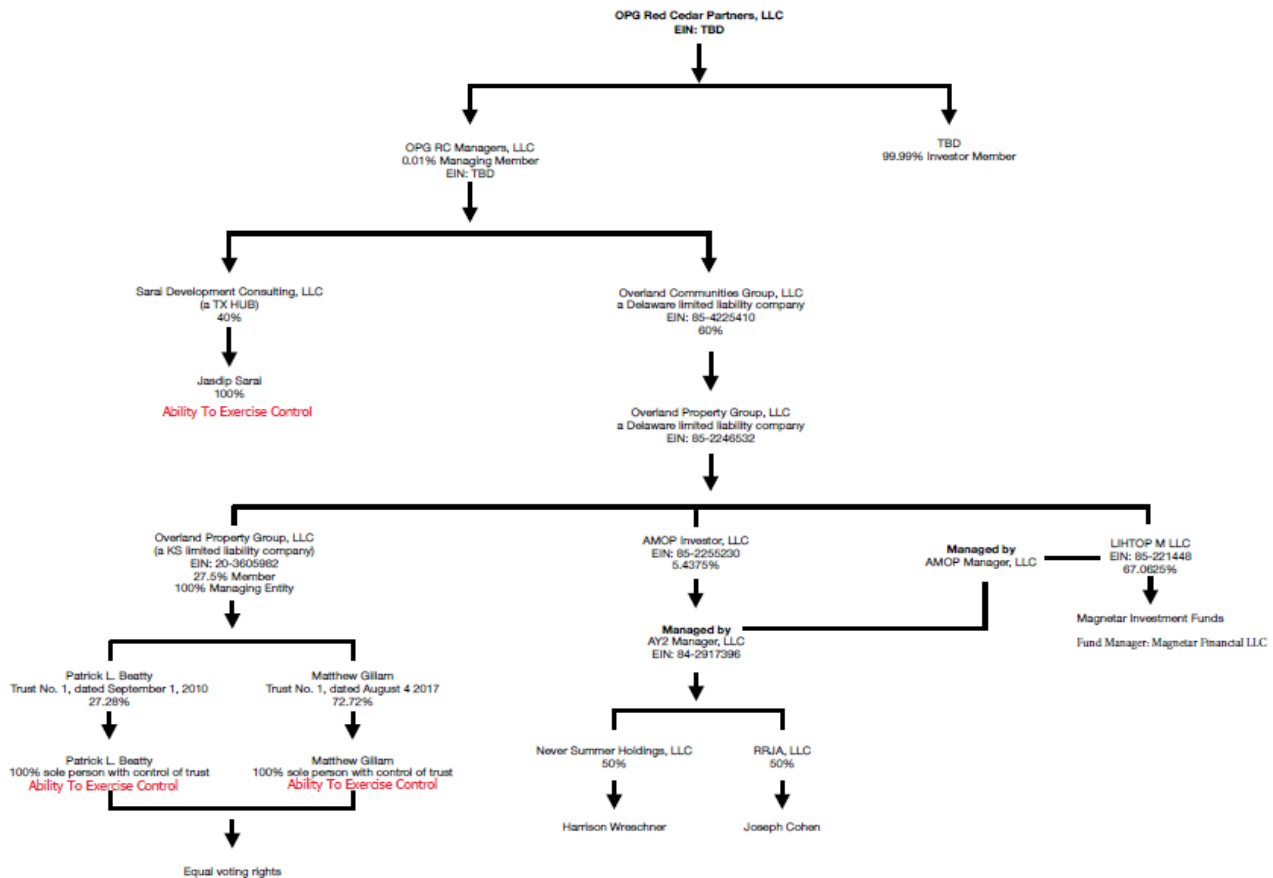
This Application is for the new construction of 32 units (16 1-BR and 16 2-BR) of housing for elderly households. The development will have one three-story elevator-served building that will contain all units and indoor common area.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS		WEAKNESSES/RISKS	
▫	Low Gross Capture Rate	▫	Low number of units
▫	Developer Experience (LIHTC)	▫	A review of the NWI map indicates a mapped wetland at the subject property.
▫		▫	Low 15-Yr Cash Flow after Deferred Fee

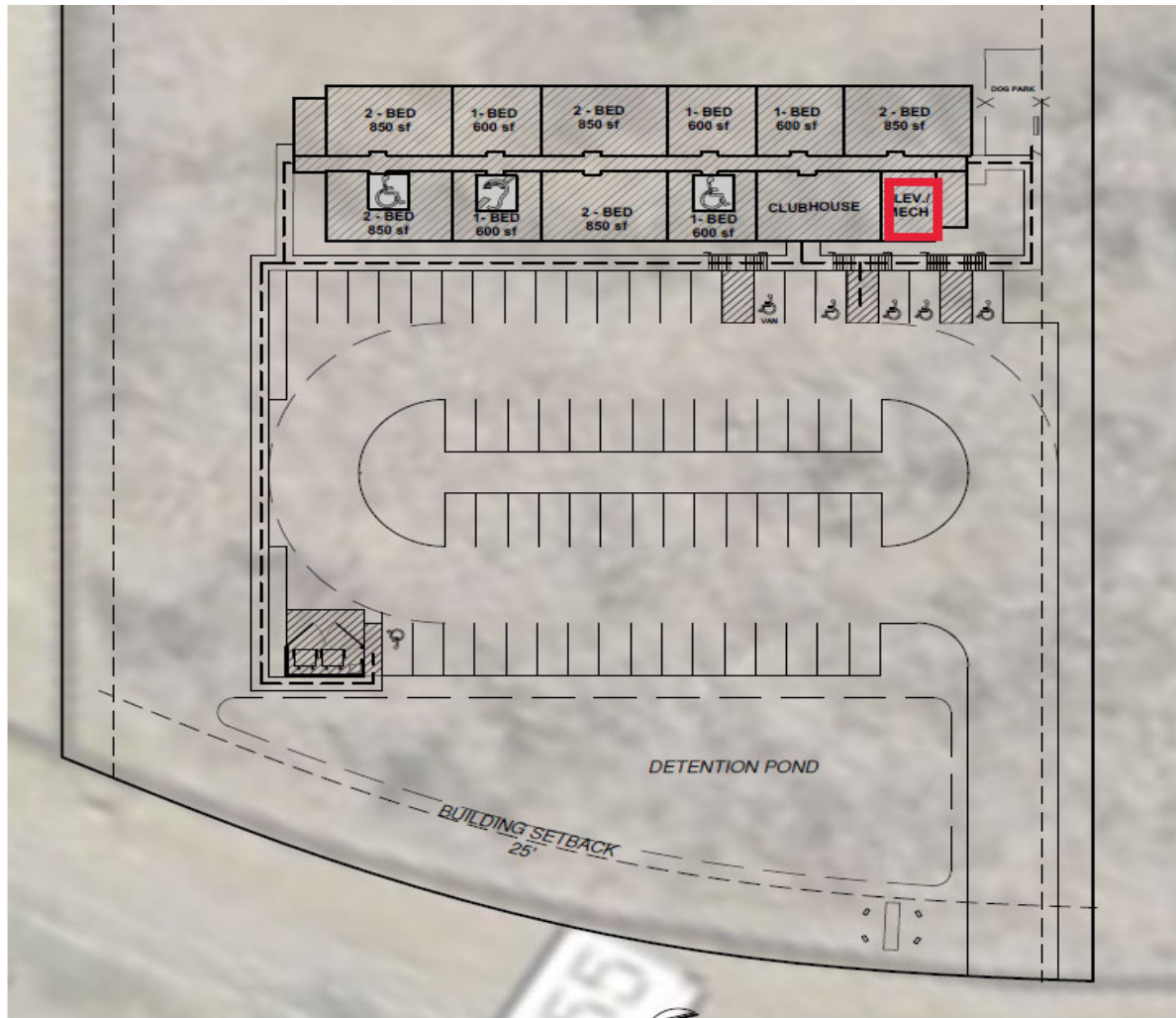
DEVELOPMENT TEAM

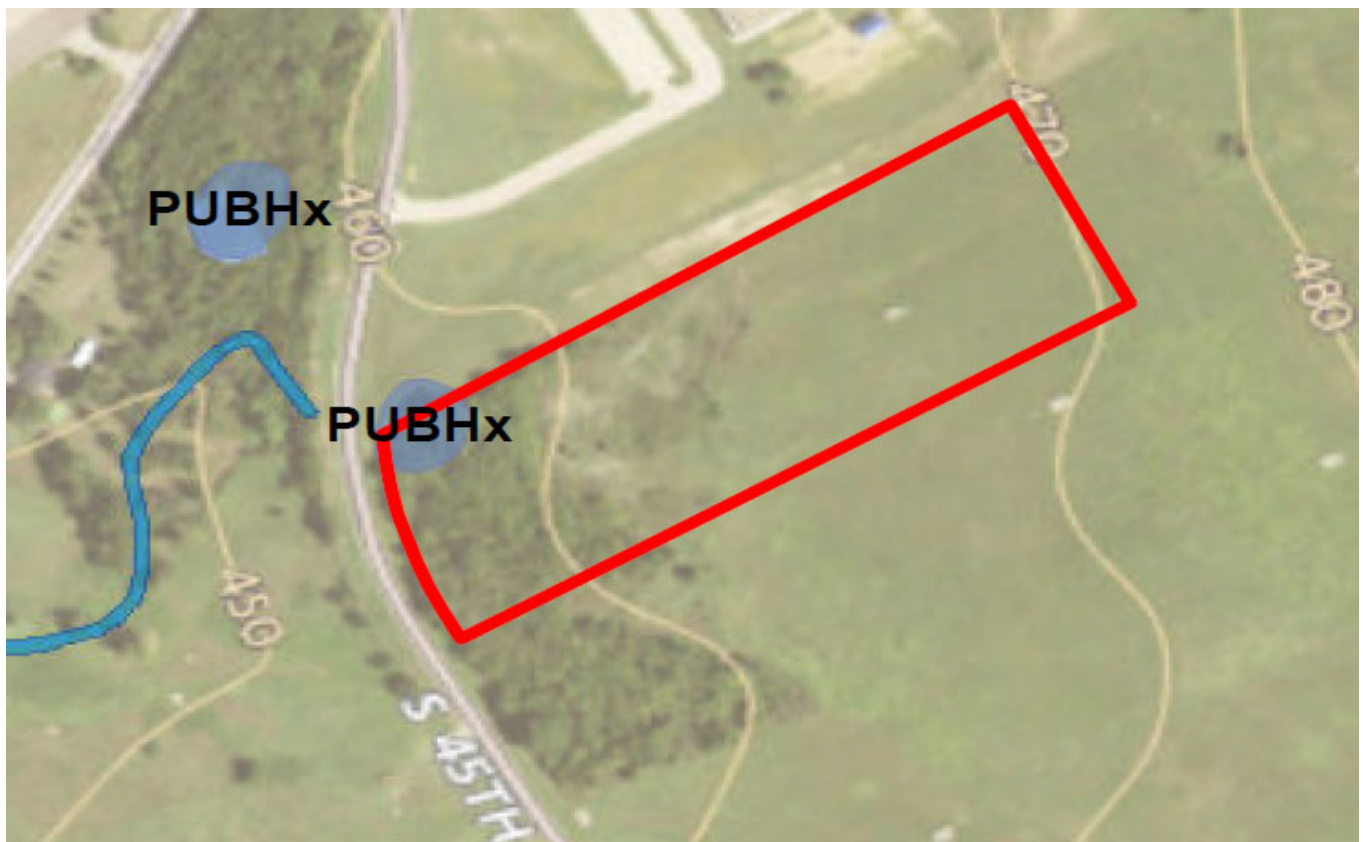
OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN





A review of the NWI map indicates a mapped wetland at the subject property. This area is depicted as PUBHx (Palustrine – Unconsolidated Bottom – Permanently Flooded - Excavated).

The Development is providing 64 open surface parking at no fee. The code requires 64 parking spaces (two spaces for each dwelling unit), the Applicant is meeting the parking requirement.

Building Type	Apt Bldg												Total Buildings
Floors/Stories	3												
Number of Bldgs	1											1	
Units per Bldg	32												
Total Units	32											32	
Avg. Unit Size (SF)		725 sf		Total NRA (SF)		23,200		Common Area (SF)*				5,662	

24207 The Residence at Red Cedar

SITE CONTROL INFO

Site Acreage: Development Site: 5.00 acres Density: 6.4 units/acre
Site Control: 5.00 **Site Plan:** 5.00 **Appraisal:** NA **ESA:** 5.00
Feasibility Report Survey: 5.00 **Feasibility Report Engineer's Plan:** 5.00 **Existing LURA:** NA

Control Type: Real Estate Sale Contract - Unimproved Property

Development Site: 5.00 acres Cost: \$800,000 \$25,000 per unit

Seller: Wheelock Energy, LP

Buyer: OPG Red Cedar Partners, LLC

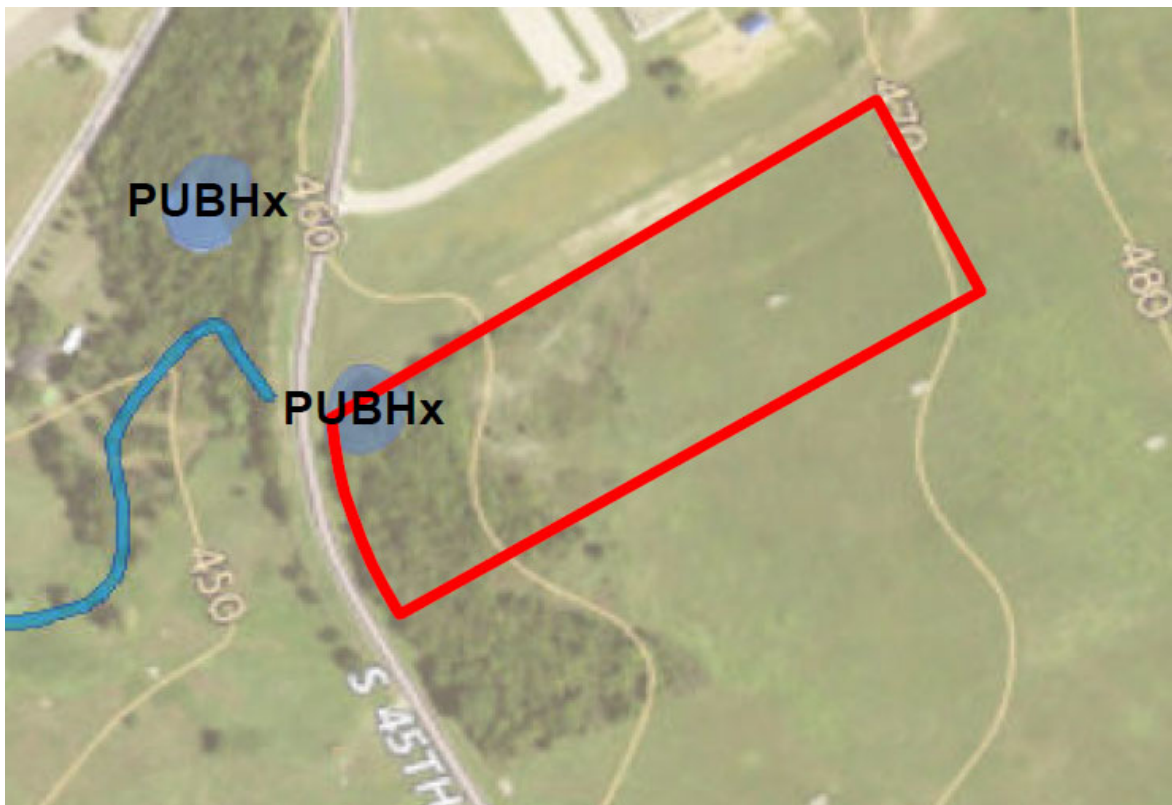
Related-Party Seller/Identity of Interest: No

Comments:

The LURA is going to encumber the entire 5.00 acres and there are no land dedications.

SITE INFORMATION

Flood Zone: <u>X</u>	Scattered Site? <u>No</u>
Zoning: <u>MF-1</u>	Within 100-yr floodplain? <u>No</u>
Re-Zoning Required? <u>No</u>	Utilities at Site? <u>Yes</u>
Year Constructed: <u>N/A</u>	Title Issues? <u>No</u>



Current Uses of Subject Site:
Pastureland and undeveloped land.

Other Observations:
A review of the NWI map indicates a mapped wetland at the subject property. This area is depicted as PUBHx (Palustrine – Unconsolidated Bottom – Permanently Flooded - Excavated).

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering, LLC Date: 2/8/2024

Recognized Environmental Conditions (RECs) and Other Concerns:

- A pond is indicated at the site of potential wetlands is located on the subject property, therefore a wetlands determination is recommended.

A review of the NWI map indicates a mapped wetland at the subject property. This area is depicted as PUBHx (Palustrine – Unconsolidated Bottom – Permanently Flooded - Excavated). Review of historical aerial photographs and topographic maps indicates a low-lying area along the southwest property boundary since the 1940s. The FEMA flood map indicates that the area is outside of the 100 & 500-year floodplains.

- Due to proximity to two major roadways, a noise study is recommended for the proposed development. It is likely noise mitigation will be required to establish a noise environment below 65 dB in proposed noise sensitive locations of the new development.

Various types of noise mitigation can be utilized in order to decrease the noise environment, especially in the more noise sensitive locations such as interior spaces and outdoor recreational areas. Most notable examples include when practicable, modifying the building configuration, moving the buildings farther away from the noise source, and incorporating noise attenuation in the building materials.

Comments:
Applicant stated that there are no plans to build on the wetland area.

MARKET ANALYSIS

Provider: Novogradac Date: 2/21/2024

Primary Market Area (PMA): 1,475 sq. miles 22 mile equivalent radius

AFFORDABLE HOUSING INVENTORY						
Competitive Supply (Proposed, Under Construction, and Unstabilized)						
File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
22958	Lakeridge Villas	Y	New Constructi	Elderly	40	48
Stabilized Affordable Developments in PMA					Total Units	1,149
					Total Developments	11
					Average Occupancy	95%

Comments:
Market Analyst is unaware of any proposed or unstabilized competitive units that are located in close proximity to the Subject's PMA that share eligible demand or have overlapping census tracts.

OVERALL DEMAND ANALYSIS				
		Market Analyst		
		HTC	Assisted	
Senior Households in the Primary Market Area		17,197		
Potential Demand from the Primary Market Area		8,863		
10% External Demand		886		
Potential Demand from Other Sources		0		
GROSS DEMAND		9,749		
Subject Affordable Units		32		
Unstabilized Competitive Units		40		
RELEVANT SUPPLY		72		
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE		0.7%		

Population:	Elderly Limitation	Market Area:	Rural	Maximum Gross Capture Rate:	10%
--------------------	---------------------------	---------------------	--------------	------------------------------------	------------

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND									
		Market Analyst							
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate				
30% AMGI	1,317	132	3	3	0.4%				
50% AMGI	668	67	7	28	4.8%				
60% AMGI	6,879	688	22	9	0.4%				

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%	704	70	1	2	0.4%				
1 BR/50%	492	49	4	19	4.2%				
1 BR/60%	1,180	118	11	5	1.2%				
2 BR/30%	478	48	2	1	0.6%				
2 BR/50%	316	32	3	9	3.5%				
2 BR/60%	1,932	193	11	4	0.7%				

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	\$123,837	Avg. Rent:	\$745	Expense Ratio:	55.0%
Debt Service:	\$105,600	B/E Rent:	\$693	Controllable Expenses:	\$2,885
Net Cash Flow:	\$18,237	UW Occupancy:	92.5%	Property Taxes/Unit:	\$704
Aggregate DCR:	1.17	B/E Occupancy:	86.4%	Program Rent Year:	2023

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)

Acquisition	\$160,000/ac	\$25,000/unit	\$800,000	Contractor Fee	\$621,849
Off-site + Site Work		\$33,047/unit	\$1,057,500	Soft Cost + Financing	\$1,090,788
Building Cost	\$158.93/sf	\$115,226/unit	\$3,687,242	Developer Fee	\$1,318,103
Contingency	4.79%	\$7,101/unit	\$227,237	Reserves	\$128,488
Total Development Cost		\$279,100/unit	\$8,931,208	Rehabilitation Cost	N/A
Qualified for 30% Basis Boost?		Rural [9% only]			

Off-site:

The Development has \$200K of Total Off-site costs for sewer costs.

Site Work:

Site Work costs exceed \$20,000 per unit and are included in Eligible Basis. There is a CPA letter dated March 2024 from Novogradac & Company, LLP, which shows \$670K in Total Site-work costs and \$670K in Eligible Basis Site-work costs.

The final determination of site-work costs that are includable in eligible basis of the Property at cost certification cannot be made until the site-work is physically completed, and the character and nature of the site work can be evaluated. Furthermore, the Owner's treatment of site-work costs is not free from challenge by the IRS and the final outcome of these issues in an IRS examination is not free from doubt.

Building Cost:

Underwriter adjusted base cost for small number of units.

The applicant limited Voluntary Eligible Building Costs (After 11.9(e)(2)) by \$330,202 to achieve desired score.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$8,931,208	\$7,272,377	\$850,868

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Horizon Bank - Construction to Permanent Loan	Construction to Permanent Loan	\$4,500,000	7.00%	62%
Midwest Housing Equity Group, Inc. ("MHEG")	HTC	\$1,404,962	\$0.88	19%
City of Corsicana - Fee Waiver	\$11.9(d)(2)LPS Contribution	\$250	0.00%	0%
Overland Property Group	Deferred Developer Fee	\$1,318,103	0.00%	18%
		\$7,223,315	Total Sources	

PERMANENT SOURCES

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Horizon Bank - Construction to Permanent Loan	\$1,550,000	6.25%	40	16.0	\$1,550,000	6.25%	40	16.0	17%
City of Corsicana - Fee Waiver	\$250	0.00%	0	0.0	\$250	0.00%	0	0.0	0%
Total	\$1,550,250				\$1,550,250				

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN			
	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Midwest Housing Equity Group, Inc. ("MHEG")	\$7,024,809	\$0.87		\$7,024,809	\$0.87	79%	
Overland Property Group	\$356,149		27%	\$356,149		4%	27%
Total	\$7,380,958			\$7,380,958			
				\$8,931,208	Total Sources		

Credit Price Sensitivity based on current capital structure	
\$0.919	Maximum Credit Price before the Development is oversourced and allocation is limited
\$0.873	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	\$8,931,208
Permanent Sources (debt + non-HTC equity)	\$1,550,250
Gap in Permanent Financing	\$7,380,958

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$7,444,348	\$850,868
Needed to Balance Sources & Uses	\$7,380,958	\$843,623
Requested by Applicant	\$7,024,809	\$802,916

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	\$7,024,809	\$802,916

Deferred Developer Fee	\$356,149	(27% deferred)
Repayable in	15 years	

Recommendation:

Underwriter recommends an annual tax credit allocation of \$802,916 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
<i>The Residence at Red Cedar, Corsicana, 9% HTC #24207</i>

LOCATION DATA	
CITY:	Corsicana
COUNTY:	Navarro
Area Median Income	\$71,200
PROGRAM REGION:	3
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	ARP	Match
Eff	-	0.0%	0	0	0	0
1	16	50.0%	0	0	0	0
2	16	50.0%	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	32	100.0%	-	-	-	-

PRO FORMA ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	725 sf

55%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average	# Units	-	3	-	7	22	-	-	-	32
Income	% Total	0.0%	9.4%	0.0%	21.9%	68.8%	0.0%	0.0%	0.0%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE																			
HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	\$405	1	1	1	600	\$405	\$62	\$343	\$0	\$0.57	\$343	\$343	\$343	\$343	\$0.57	\$0	\$1,125	\$1.88	\$1,125
TC 50%	\$676	4	1	1	600	\$676	\$62	\$614	\$0	\$1.02	\$614	\$2,456	\$2,456	\$614	\$1.02	\$0	\$1,125	\$1.88	\$1,125
TC 60%	\$811	11	1	1	600	\$811	\$62	\$749	\$0	\$1.25	\$749	\$8,239	\$8,239	\$749	\$1.25	\$0	\$1,125	\$1.88	\$1,125
TC 30%	\$486	2	2	1	850	\$486	\$82	\$404	\$0	\$0.48	\$404	\$808	\$808	\$404	\$0.48	\$0	\$1,350	\$1.59	\$1,350
TC 50%	\$811	3	2	1	850	\$811	\$82	\$729	\$0	\$0.86	\$729	\$2,187	\$2,187	\$729	\$0.86	\$0	\$1,350	\$1.59	\$1,350
TC 60%	\$973	11	2	1	850	\$973	\$82	\$891	\$0	\$1.05	\$891	\$9,801	\$9,801	\$891	\$1.05	\$0	\$1,350	\$1.59	\$1,350
TOTALS/AVERAGES:		32			23,200				\$0	\$1.03	\$745	\$23,834	\$23,834	\$745	\$1.03	\$0	\$1,238	\$1.71	\$1,238

ANNUAL POTENTIAL GROSS RENT:	\$286,008	\$286,008	
-------------------------------------	-----------	-----------	--

STABILIZED PRO FORMA

The Residence at Red Cedar, Corsicana, 9% HTC #24207

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES		APPLICANT				TDHCA				VARIANCE	
	Database	Ellis, Hill, Henderson	% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT				\$1.03	\$745	\$286,008	\$286,008	\$745	\$1.03		0.0%	\$0
late fees, app fees & retained deposits					\$30.00	\$11,520						
0					\$0.00	\$0						
Total Secondary Income					\$30.00		\$11,520	\$30.00			0.0%	\$0
POTENTIAL GROSS INCOME						\$297,528	\$297,528				0.0%	\$0
Vacancy & Collection Loss					7.5% PGI	(22,315)	(22,315)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME						\$275,213	\$275,213				0.0%	\$0

General & Administrative	\$18,688	\$584/Unit	\$14,063	\$439	4.94%	\$0.59	\$425	\$13,600	\$14,063	\$439	\$0.61	5.11%	-3.3%	(463)
Management	\$18,905	5.8% EGI	\$11,378	\$356	4.00%	\$0.47	\$344	\$11,009	\$11,009	\$344	\$0.47	4.00%	0.0%	-
Payroll & Payroll Tax	\$34,725	\$1,085/Unit	\$29,812	\$932	12.21%	\$1.45	\$1,050	\$33,600	\$33,600	\$1,050	\$1.45	12.21%	0.0%	-
Repairs & Maintenance	\$28,781	\$899/Unit	\$22,967	\$718	7.27%	\$0.86	\$625	\$20,000	\$20,800	\$650	\$0.90	7.56%	-3.8%	(800)
Electric/Gas	\$8,097	\$253/Unit	\$4,852	\$152	2.15%	\$0.26	\$185	\$5,920	\$4,852	\$152	\$0.21	1.76%	22.0%	1,068
Water, Sewer, & Trash	\$21,309	\$666/Unit	\$28,837	\$901	6.98%	\$0.83	\$600	\$19,200	\$21,309	\$666	\$0.92	7.74%	-9.9%	(2,109)
Property Insurance	\$21,128	\$0.91 /sf	\$25,745	\$805	5.90%	\$0.70	\$508	\$16,240	\$16,547	\$517	\$0.71	6.01%	-1.9%	(307)
Property Tax (@ 100%) 1.84579	\$22,060	\$689/Unit	\$13,708	\$428	8.19%	\$0.97	\$704	\$22,528	\$22,400	\$700	\$0.97	8.14%	0.6%	128
Reserve for Replacements					2.91%	\$0.34	\$250	\$8,000	\$8,000	\$250	\$0.34	2.91%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.47%	\$0.06	\$40	\$1,280	\$1,280	\$40	\$0.06	0.47%	0.0%	-
TOTAL EXPENSES					55.00%	\$6.52	\$4,731	\$151,377	\$153,859	\$4,808	\$6.63	55.91%	-1.6%	\$ (2,482)
NET OPERATING INCOME ("NOI")					45.00%	\$5.34	\$3,870	\$123,837	\$121,355	\$3,792	\$5.23	44.09%	2.0%	\$ 2,482

CONTROLLABLE EXPENSES							\$2,885/Unit				\$2,957/Unit			
-----------------------	--	--	--	--	--	--	--------------	--	--	--	--------------	--	--	--

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS
<i>The Residence at Red Cedar, Corsicana, 9% HTC #24207</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
Horizon Bank - Construction to Permanent Loan		1.15	1.17	105,600	6.25%	40	16.0	\$1,550,000	\$1,550,000	16.0	40.0	6.25%	\$105,600	1.17	17.4%
CASH FLOW DEBT / GRANTS															
City of Corsicana - Fee Waiver		1.15	1.17		0.00%	0	0.0	\$250	\$250	0.0	0.0	0.00%		1.17	0.0%
				\$105,600	TOTAL DEBT / GRANT SOURCES			\$1,550,250	\$1,550,250	TOTAL DEBT SERVICE			\$105,600	1.17	17.4%
NET CASH FLOW		\$15,755	\$18,237	APPLICANT NET OPERATING INCOME \$123,837 \$18,237 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											
Midwest Housing Equity Group, Inc. ("MHEG")	LIHTC Equity	78.7%	\$802,916	\$0.87	\$7,024,809	\$7,024,809	\$0.875	\$802,916	78.7%	\$25,091	Applicant Request
Overland Property Group	Deferred Developer Fees	4.0%	(27% Deferred)		\$356,149	\$356,149	(27% Deferred)		4.0%	Total Developer Fee: \$1,318,103	
Additional (Excess) Funds Req'd		0.0%				\$0			0.0%		
TOTAL EQUITY SOURCES		82.6%			\$7,380,958	\$7,380,958			82.6%		
TOTAL CAPITALIZATION					\$8,931,208	\$8,931,208	15-Yr Cash Flow after Deferred Fee:			\$18,170	

		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				\$25,000 / Unit	\$800,000	\$800,000	\$25,000 / Unit				0.0%	\$0		
Building Acquisition		\$0		\$ / Unit	\$0	\$0	\$ / Unit			\$0	0.0%	\$0		
Off-Sites			\$0	\$6,250 / Unit	\$200,000	\$200,000	\$6,250 / Unit		\$0		0.0%	\$0		
Site Work			\$670,000	\$20,938 / Unit	\$670,000	\$670,000	\$20,938 / Unit		\$670,000		0.0%	\$0		
Site Amenities			\$187,500	\$5,859 / Unit	\$187,500	\$187,500	\$5,859 / Unit		\$187,500		0.0%	\$0		
Building Cost			\$3,357,040	\$158.93 /sf	\$115,226/Unit	\$3,687,242	\$3,624,349	\$113,261/Unit	\$156.22 /sf	\$3,357,040		1.7%	\$62,893	
Contingency			\$227,237	5.39%	4.79%	\$227,237	\$227,237	4.85%	5.39%	\$227,237		0.0%	\$0	
Contractor Fees			\$621,849	14.00%	12.51%	\$621,849	\$621,849	12.67%	14.00%	\$621,849		0.0%	\$0	
Soft Costs		\$0	\$588,008	\$18,688 / Unit		\$598,008	\$18,688 / Unit		\$588,008	\$0	0.0%	\$0		
Financing		\$0	\$408,680	\$15,399 / Unit		\$492,780	\$15,399 / Unit		\$408,680	\$0	0.0%	\$0		
Developer Fee		\$0	\$1,212,063	20.00%	20.00%	\$1,318,103	\$1,305,525	20.00%	20.00%	\$1,212,063	\$0	1.0%	\$12,579	
Reserves			6 Months			\$128,488	\$128,488	6 Months				0.0%	\$0	
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		\$0	\$7,272,377	\$279,100 / Unit		\$8,931,208	\$8,855,736	\$276,742 / Unit		\$7,272,377	\$0	0.9%	\$75,472	
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	\$7,272,377	\$279,100/unit		\$8,931,208	\$8,855,736	\$276,742/unit		\$7,272,377	\$0	0.9%	\$75,472	
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						\$8,931,208								

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Residence at Red Cedar, Corsicana, 9% HTC #24207

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	\$0	\$7,272,377	\$0	\$7,272,377
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$7,272,377	\$0	\$7,272,377
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$9,454,090	\$0	\$9,454,090
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	\$0	\$9,454,090	\$0	\$9,454,090
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$850,868	\$0	\$850,868
CREDITS ON QUALIFIED BASIS	\$850,868		\$850,868	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.8749	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$850,868	\$7,444,348	----	----	----
Needed to Fill Gap	\$843,623	\$7,380,958	----	----	----
Applicant Request	\$802,916	\$7,024,809	\$802,916	\$0	\$0

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	23,200 SF	\$112.22	2,603,470
Adjustments				
Exterior Wall Finish	2.64%		2.96	\$68,732
Elderly	9.00%		10.10	234,312
9-Ft. Ceilings	3.33%		3.74	86,696
Roof Adjustment(s)			0.00	0
Subfloor			(0.21)	(4,949)
Floor Cover			3.68	85,376
Enclosed Corridors	\$100.87	3,390	14.74	341,944
Balconies	\$0.00	0	0.00	0
Plumbing Fixtures	\$1,420	0	0.00	0
Rough-ins	\$700	64	1.93	44,800
Built-In Appliances	\$2,280	32	3.14	72,960
Exterior Stairs	\$3,550	4	0.61	14,200
Heating/Cooling			3.12	72,384
Storage Space	\$100.87	0	0.00	0
Carports	\$16.05	0	0.00	0
Garages	\$30.00	0	0.00	0
Common/Support Area	\$139.34	2,272	13.65	316,572
Elevators	\$132,200	1	5.70	132,200
Other: Elect. & Mech.	\$101	792	3.44	79,888
Fire Sprinklers	\$3.65	28,862	4.54	105,346
SUBTOTAL			183.36	4,253,931
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			183.36	\$4,253,931
Plans, specs, survey, bldg permits	3.30%		(6.05)	(\$140,380)
Contractor's OH & Profit	11.50%		(21.09)	(489,202)
NET BUILDING COSTS		\$113,261/unit	\$156.22/sf	\$3,624,349

Long-Term Pro Forma

The Residence at Red Cedar, Corsicana, 9% HTC #24207

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	\$275,213	\$280,718	\$286,332	\$292,059	\$297,900	\$328,905	\$363,138	\$370,401	\$377,809	\$385,365	\$393,073	\$400,934	\$442,663	\$488,736	\$539,604	\$595,767
TOTAL EXPENSES	3.00%	\$151,377	\$155,808	\$160,370	\$165,066	\$169,901	\$196,305	\$226,845	\$233,505	\$240,362	\$247,422	\$254,690	\$262,173	\$303,046	\$350,336	\$405,056	\$468,380
NET OPERATING INCOME ("NOI")		\$123,837	\$124,910	\$125,962	\$126,992	\$127,998	\$132,601	\$136,294	\$136,896	\$137,447	\$137,944	\$138,382	\$138,760	\$139,618	\$138,400	\$134,548	\$127,387
EXPENSE/INCOME RATIO		55.0%	55.5%	56.0%	56.5%	57.0%	59.7%	62.5%	63.0%	63.6%	64.2%	64.8%	65.4%	68.5%	71.7%	75.1%	78.6%
MUST -PAY DEBT SERVICE																	
Horizon Bank - Construction to Permanent Loan		\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600
TOTAL DEBT SERVICE		\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600	\$105,600
DEBT COVERAGE RATIO		1.17	1.18	1.19	1.20	1.21	1.26	1.29	1.30	1.30	1.31	1.31	1.31	1.32	1.31	1.27	1.21
ANNUAL CASH FLOW		\$18,237	\$19,310	\$20,363	\$21,393	\$22,399	\$27,001	\$30,694	\$31,297	\$31,848	\$32,344	\$32,783	\$33,161	\$34,018	\$32,801	\$28,949	\$21,787
Deferred Developer Fee Balance		\$337,912	\$318,601	\$298,239	\$276,846	\$254,447	\$128,337	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$0	\$0	\$18,170	\$49,467	\$81,314	\$113,659	\$146,441	\$179,602	\$348,709	\$516,082	\$669,709	\$794,442