



Addendum to Underwriting Report

TDHCA Application #: **22269** Program(s): **9% HTC/MDL**

Retirement Living for Seniors

Address/Location: **2305 Lingleville Rd (FM 8)**

City: **Stephenville** County: **Erath** Zip: **76401**

	APPLICATION HISTORY
Report Date	PURPOSE
10/16/24	Post Amendment Closing Update
04/23/24	Amendment Request
09/20/23	Multifamily Direct Loan Closing
08/26/22	Initial Underwriting Report

ALLOCATION

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
MF Direct Loan	\$2,500,000	0.50%	40	30	\$2,500,000	0.50%	40	30	1
LIHTC (9% Credit)	\$888,672				\$888,672				

CONDITIONS STATUS

- 1 Receipt and acceptance before Direct Loan Closing
 - a: Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.
 - b: Substantially final construction contract with Schedule of Values.
 - c: Updated term sheets with substantially final terms from all lenders.
 - d: Substantially final draft of limited partnership agreement.Status: 1 (a-d) Satisfied
- 2 Receipt and acceptance by Cost Certification:
 - The Development must meet a maximum DCR of 1.50 at cost certification without the option of using a special reserve account to meet the 1.50.

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	7
50% of AMI	50% of AMI	12
60% of AMI	60% of AMI	20

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	7
50% of AMFI	Low HOME	12
60% of AMFI	High HOME	2

ANALYSIS

The Development received a 9% HTC award in 2022 with a \$2,500,000 Multifamily Direct Loan. In May 2024 the Board approved a Material Amendment to the Application reducing the size of the Development from 48 total units to 44.

Operating Pro Forma

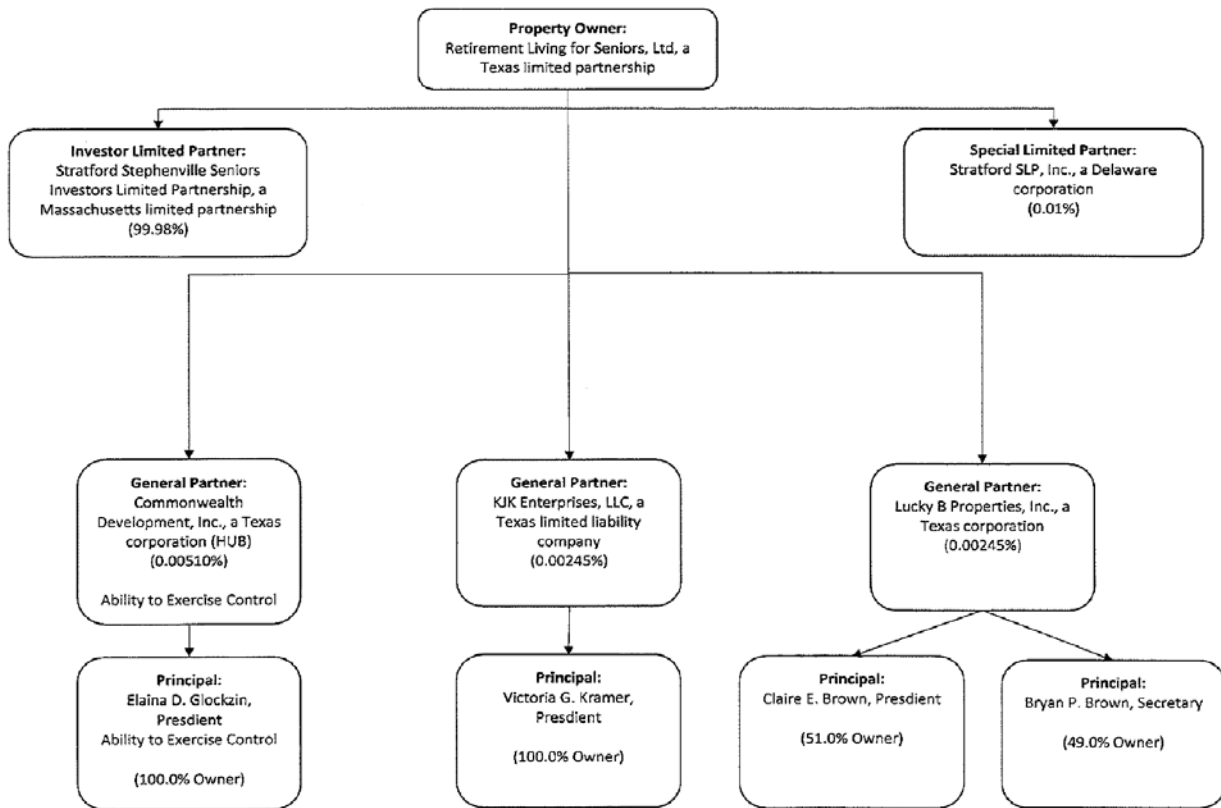
The operating pro forma has been updated to reflect 2024 HTC and HOME Program Rents. Net Operating Income has increased \$22K to \$153,601.

Development Cost

Hard Cost is unchanged from the previous underwriting.
Developer Fee is unchanged from the previous underwriting.
Underwritten Total Development Cost has increased \$120K to \$10,654,638.

Sources of Funds

The Multifamily Direct Loan remains as the first lien debt.
Second lien debt from BCLP Investments, a Related Party to the Developer, has increased \$98K to \$450,000 at 6.25% interest, with 30-year amortization and a 15-year term.
As currently underwritten, the combined Debt Coverage Ratio is 1.50.
The equity partner has changed from WNC to Stratford Stephenville Seniors Investors LP, and the credit price has decreased from \$0.81 to \$0.80, reducing the equity contribution by \$88,527. Stratford SLP, Inc is now the Special Limited Partner. An updated org chart is included below.
Underwritten Deferred Developer Fee has increased \$110K to \$407,888.



REA recommends proceeding to close the Multifamily Direct Loan as a \$2,500,000 first lien at 0.50% interest with a 30-year term and \$68,971 annualized monthly debt service based on 40-year amortization.

Underwriter: Thomas Cavanagh

Director of Real Estate Analysis: Jeanna Adams

**Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269
Unit Mix**

# Units	Bed rooms	Bath rooms	Unit Size (NRA SF)	Total NRA (sf)	Tax Credit Designation	MF Direct Loan Designation
5	1	1	812	4,060	TC 30%	30%/30%
7	1	1	812	5,684	TC 50%	LH/50%
1	1	1	812	812	TC 60%	HH/60%
1	1	1	812	812	TC 60%	Match
7	1	1	812	5,684	TC 60%	
3	1	1	812	2,436	MR	
2	2	1	1,038	2,076	TC 30%	30%/30%
5	2	1	1,038	5,190	TC 50%	LH/50%
1	2	1	1,038	1,038	TC 60%	HH/60%
1	2	1	1,038	1,038	TC 60%	Match
9	2	1	1,038	9,342	TC 60%	
2	2	1	1,038	2,076	MR	
44				40,248		

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269
Uses of Funds

<u>Description</u>	<u>Hard Cost</u>	<u>Total Development Cost</u>
Land Acquisition		\$574,800
Site Work	\$1,433,615	\$1,433,615
Site Amenities	\$150,000	\$150,000
Building Cost	\$4,329,500	\$4,329,500
Contingency		\$413,918
Contractor Fees		\$877,000
Soft Costs		\$765,115
Financing		\$220,608
Developer Fee		\$1,580,000
Reserves		\$310,082
Totals	\$5,913,115	\$10,654,638

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269
Sources of Funds

		Interim		Permanent Period			
Source	Type	Principal	Rate	Principal	Term	Amort	Rate
Debt							
TDHCA-Repayable	Multifamily Direct Loan	\$2,500,000	0.00%	\$2,500,000	30	40	0.50%
BCLP Investments	Loan	\$450,000	6.25%	\$450,000	15	30	6.25%
TOTAL		\$2,950,000		\$2,950,000			
Third Party Equity							
Stratford Stephenville Seniors	HTC Equity	\$7,109,000		\$7,109,000			
TOTAL		\$7,109,000		\$7,109,000			
PARTNERSHIP DEBT							
Commonwealth Development, Inc.	Deferred Developer Fee	\$407,888		\$407,888			
TOTAL		\$407,888		\$407,888			
CASH FLOW DEBT / GRANTS							
City of Stephenville	\$11.9(d)(2)LPS Contribution	\$250		\$250			
Callaway Lumber	Direct Loan Match	\$75,000		\$75,000			
Torres Electrical Services	Direct Loan Match	\$112,500		\$112,500			
TOTAL		\$187,750		\$187,750			
TOTAL CAPITALIZATION		\$10,654,638		\$10,654,638			



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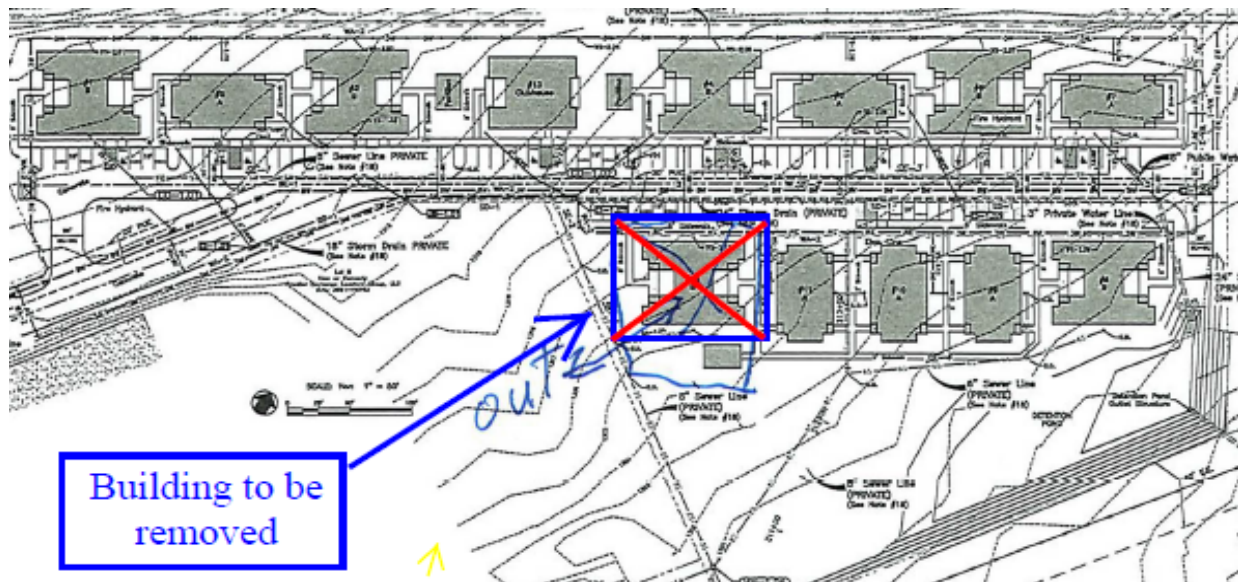
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ANALYSIS

The Owner for the Development listed above has submitted an Application Amendment for a reduction of units from 48 units to 44 units. They are reducing the rent restricted units from 42 to 39 and the market rate units from 6 to 5. The Development has HOME Match funds and the rent schedule has been reviewed and approved by the MFDL Department. The Owner has secured secondary financing for project feasibility with BCLP Investments, LLC, a related party to the Owner. The Owner is proposing to remove one building of four two bedroom units to maintain construction costs. The Development received a 9% HTC award in the 2022 cycle and was also awarded a \$2,500,000 Multifamily Direct Loan.

Site Plan



Operating Pro Forma

Underwriter adjusted 60% High HOME (HH) units to the lesser of 60% TC rents and HH rents.

Underwritten NOI has decreased from \$145,446 to \$135,604 (7%) as a result of the reduction of 4 units and increases in insurance expenses.

Development Cost

The Applicant provided a letter from the General Contractor, a related party, that due to increased materials and labor cost, the estimate for the Total Construction Contract increased from \$7,145,115 to \$7,894,624 (or by \$749,509) since the underwriting for the MDL closing. However, by eliminating one fourplex building containing four (4) 2-bedroom units, the Applicant states that they can maintain the same construction costs of \$7,145,115.

Applicant's current Cost Schedule includes Reserves equal to 16 months operating expenses and debt service. The amount included for underwriting is limited to 12 months.

Total Development Cost has increased \$35,006 since the underwriting for the MDL closing.

Sources of Funds

BCNB Investments, a related party to the Owner, will be providing a contribution of \$352,000 as a construction loan and second-lien permanent loan at 4.13% interest with a 38-year amortization period and 15-year term. The contributed amount does not exceed 5% of the Total Development Cost.

Direct Loan Matching Funds will be provided by Torres Electrical Services and Callaway Lumber.

The City of Stephenville will provide a \$250 local government contribution.

Senior debt is provided by a \$2,500,000 construction-to-permanent Multifamily Direct Loan. At the stated loan terms (0.50% interest amortized over 40 years), the Debt Coverage Ratio has increased from 1.50 to 1.91. The 2022 QAP does not require an adjustment to the assumed financing structure that normally would be required if the DCR is greater than the maximum, as the Direct Loan is the senior debt.

Underwriter recommends Applicant's request to: reduce the number of units from 48 to 44; to reduce the number of rent restricted units from 42 to 39; and to reduce the number of market rate units from 6 to 5.

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

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

STABILIZED PRO FORMA

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

STABILIZED FIRST YEAR PRO FORMA

		COMPARABLES			APPLICANT				MDL CLOSING	ORIGINAL UW		MDL CLOSING	TDHCA				VARIANCE	
		Database	City Comps		% EGI	Per SF	Per Unit	Amount	Applicant	Applicant	TDHCA	TDHCA	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT					\$0.83		\$758	\$400,188	\$419,868	\$363,000	\$363,000	\$419,868	\$397,512	\$753	\$0.82		0.7%	\$2,676
Application Fees							\$10.00	\$5,280	\$5,760	5,760								
Total Secondary Income							\$10.00				5,760	5,760	\$5,280	\$10.00			0.0%	\$0
POTENTIAL GROSS INCOME								\$405,468	\$425,628	\$368,760	\$368,760	\$425,628	\$402,792				0.7%	\$2,676
Vacancy & Collection Loss							7.5% PGI	(30,410)	(31,922)	(27,657)	(27,657)	(31,922)	(30,209)	7.5% PGI			0.7%	(201)
Rental Concessions								-	-	0	0	0	-				0.0%	-
EFFECTIVE GROSS INCOME								\$375,058	\$393,706	\$341,103	\$341,103	\$393,706	\$372,583				0.7%	\$2,475

General & Administrative	\$26,129	\$594/Unit	\$24,232	\$551	3.60%	\$0.34	\$307	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$307	\$0.34	3.62%	0.0%	-
Management	\$22,953	5.2% EGI	\$16,330	\$371	5.25%	\$0.49	\$447	\$19,680	\$19,680	\$17,000	\$17,055	\$19,685	\$18,629	\$423	\$0.46	5.00%	5.6%	1,051
Payroll & Payroll Tax	\$46,168	\$1,049/Unit	\$74,493	\$1,693	11.08%	\$1.03	\$944	\$41,540	\$41,540	\$41,540	\$41,540	\$41,540	\$41,540	\$944	\$1.03	11.15%	0.0%	-
Repairs & Maintenance	\$34,768	\$790/Unit	\$32,985	\$750	8.16%	\$0.76	\$695	\$30,600	\$30,600	\$25,200	\$31,200	\$31,200	\$28,600	\$650	\$0.71	7.68%	7.0%	2,000
Electric/Gas	\$12,074	\$274/Unit	\$7,073	\$161	2.67%	\$0.25	\$227	\$10,000	\$10,000	\$10,000	\$10,368	\$13,252	\$12,074	\$274	\$0.30	3.24%	-17.2%	(2,074)
Water, Sewer, & Trash	\$31,159	\$708/Unit	\$27,020	\$614	10.67%	\$0.99	\$909	\$40,000	\$46,000	\$42,908	\$33,991	\$33,991	\$31,159	\$708	\$0.77	8.36%	28.4%	8,841
Property Insurance	\$23,998	\$0.60 /sf	\$24,638	\$560	11.44%	\$1.07	\$975	\$42,908	\$43,628	\$19,000	\$19,000	\$43,628	\$42,908	\$975	\$1.07	11.52%	0.0%	-
Property Tax (@ 100%) 2.0782	\$32,719	\$744/Unit	\$25,337	\$576	8.27%	\$0.77	\$705	\$31,000	\$35,000	\$35,000	\$33,152	\$37,783	\$35,227	\$801	\$0.88	9.45%	-12.0%	(4,227)
Reserve for Replacements					2.93%	\$0.27	\$250	\$11,000	\$12,000	\$12,000	\$12,000	\$12,000	\$11,000	\$250	\$0.27	2.95%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.47%	\$0.04	\$40	\$1,760	\$1,920	\$1,680	\$1,680	\$1,680	\$1,560	\$35	\$0.04	0.42%	12.8%	200
TDHCA MDL Compliance (\$34/MDL unit)					0.40%	\$0.04	\$34	\$1,496	\$1,632	\$0	\$0	\$0	\$782	\$18	\$0.02	0.21%	91.3%	714
TOTAL EXPENSES					64.92%	\$6.05	\$5,534	\$243,484	\$255,500	\$217,828	\$213,486	\$248,260	\$236,979	\$5,386	\$5.89	63.60%	2.7%	\$ 6,505
NET OPERATING INCOME ("NOI")					35.08%	\$3.27	\$2,990	\$131,574	\$138,206	\$123,275	\$127,617	\$145,446	\$135,604	\$3,082	\$3.37	36.40%	-3.0%	\$ (4,030)

CONTROLLABLE EXPENSES							\$3,083/Unit						\$2,883/Unit				
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

		DEBT / GRANT SOURCES																					
		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE												AS UNDERWRITTEN DEBT/GRANT STRUCTURE									
		Cumulative DCR		Pmt	Rate	Amort	Term	Principal	MDL CLOSING	Prior Underwriting		MDL CLOSING	Principal	Term	Amort	Rate	Pmt	Cumulative					
UW	App	Applicant	Applicant						TDHCA	TDHCA	DCR	LTC											
DEBT (Must Pay)	Fee																						
TDHCA-Repayable		1.97	1.91	\$68,971	0.50%	40	40	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	30	40	0.50%	\$68,971	1.91	23.7%				
0		1.55	1.50	\$18,505	0.00%	0	0	\$0	\$450,000	\$450,000	\$450,000	\$450,000	\$0	0	0	0.000%		1.91	0.0%				
CASH FLOW DEBT / GRANTS																							
City of Stephenville		1.55	1.50		0.00%	0	0	\$250	\$250	\$250	\$250	\$250	\$250	0	0	0.00%		1.91	0.0%				
Callaway Lumber		1.55	1.50		0.00%	0	0	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	0	0	0.00%		1.91	0.7%				
Torres Electrical Services		1.55	1.50		0.00%	0	0	\$112,500	\$112,500	\$112,500	\$112,500	\$112,500	\$112,500	0	0	0.00%		1.91	1.1%				
BCLP Investments		1.55	1.50		0.00%	0	0	\$352,000	\$0	\$0	\$0	\$0	\$352,000	0	0	0.00%		1.91	3.3%				
				\$87,476	TOTAL DEBT / GRANT SOURCES			\$3,039,750	\$3,137,750	\$3,137,750	\$3,137,750	\$3,137,750	\$3,039,750	TOTAL DEBT SERVICE			\$68,971	1.908	28.9%				
NET CASH FLOW		\$48,128	\$44,098	APPLICANT NET OPERATING INCOME																\$131,574	\$62,603	NET CASH FLOW	

		EQUITY SOURCES														
APPLICANT'S PROPOSED EQUITY STRUCTURE										AS UNDERWRITTEN EQUITY STRUCTURE						
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	MDL CLOSING	Prior Underwriting		MDL CLOSING	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method	
						Applicant	Applicant	TDHCA	TDHCA							
	WNC	LIHTC Equity	68.3%	\$888,672	\$0.81	\$7,197,523	\$7,197,523	\$7,244,276	\$7,153,098	\$7,197,527	\$7,197,527	\$0.8099	\$888,672	68.3%	\$20,197	Previous Allocation
Commonwealth Development, Inc.	Deferred Developer Fees	4.0%	(26% Deferred)		\$417,365	\$318,365	\$37,750	\$128,928	\$234,823	\$297,817	(19% Deferred)		2.8%	Total Developer Fee:	\$1,580,000	
Additional (Excess) Funds Req'd		0.0%						\$0	\$0	\$0			0.0%			
TOTAL EQUITY SOURCES		72.3%			\$7,614,888	\$7,515,888	\$7,282,026	\$7,282,026	\$7,432,349	\$7,495,343			71.1%			
TOTAL CAPITALIZATION					\$10,654,638	\$10,653,638	\$10,419,776	\$10,419,776	\$10,570,099	\$10,535,093	15-Yr Cash Flow after Deferred Fee:			\$650,803		

	DEVELOPMENT COST / ITEMIZED BASIS															
	APPLICANT COST / BASIS ITEMS								TDHCA COST / BASIS ITEMS				COST VARIANCE			
	Eligible Basis		Total Costs		MDL CLOSING	Prior Underwriting		MDL CLOSING	Total Costs		Eligible Basis					
	Acquisition	New Const. Rehab			Applicant	Applicant	TDHCA	Applicant			New Const. Rehab	Acquisition			%	\$
Land Acquisition			\$13,064 / Unit	\$574,800	\$574,800	\$750,000	\$750,000	\$574,800	\$574,800	\$13,064 / Unit			0.0%	\$0		
Off-Sites			\$ / Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$ / Unit			0.0%	\$0		
Site Work		\$1,433,615	\$32,582 / Unit	\$1,433,615	\$1,433,615	\$1,433,615	\$1,433,615	\$1,421,700	\$1,421,700	\$32,311 / Unit	\$1,421,700		0.8%	\$11,915		
Site Amenities		\$150,000	\$3,409 / Unit	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$3,409 / Unit	\$150,000		0.0%	\$0		
Building Cost		\$4,329,500	\$107.57 /sf	\$98,398/Unit	\$4,329,500	\$4,329,500	\$4,100,000	\$4,329,508	\$4,496,415	\$4,496,415	\$102,191/Unit	\$111.72 /sf	\$4,496,415	-3.7%	(\$166,915)	
Contingency		\$355,000	6.00%	\$355,000	\$355,000	\$355,000	\$355,000	\$200,000	\$200,000	3.30%	\$200,000	5.85%	\$355,000	77.5%	\$155,000	
Contractor Fees		\$877,000	13.99%	\$877,000	\$877,000	\$758,000	\$758,000	\$877,000	\$877,000	13.99%	\$877,000	13.65%	\$877,000	0.0%	\$0	
Soft Costs		\$0	\$765,115	\$17,389 / Unit	\$765,115	\$765,115	\$789,361	\$789,361	\$765,115	\$17,389 / Unit	\$765,115		\$0	0.0%	\$0	
Financing		\$0	\$77,000	\$3,582 / Unit	\$157,608	\$157,608	\$380,000	\$380,000	\$157,608	\$3,582 / Unit	\$77,000		\$0	0.0%	\$0	
Developer Fee		\$0	\$1,580,000	19.78%	\$1,580,000	\$1,580,000	\$1,453,800	\$1,453,800	\$1,580,000	\$1,580,000	19.78%	19.41%	\$1,580,000	\$0	0.0%	\$0
Reserves				16 Months	\$432,000	\$432,000	\$250,000	\$250,000	\$340,221	\$305,950	12 Months			41.2%	\$126,050	
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		\$0	\$9,567,230	\$242,151 / Unit	\$10,654,638	\$10,654,638	\$10,419,776	\$10,649,284	\$10,562,859	\$10,528,588	\$239,286 / Unit	\$9,722,230	\$0	1.2%	\$126,050	
Acquisition Cost		\$0			\$0	\$0										
Contingency			\$0		\$0	\$0										
Contractor's Fee					\$0	\$0										
Financing Cost			\$0													
Developer Fee		\$0	\$0		\$0	\$0			\$0							
Reserves					(\$119,545)	(\$84,539)		\$0								
ADJUSTED BASIS / COST		\$0	\$9,567,230	\$239,434/unit	\$10,535,093	\$10,570,099	\$10,419,776	\$10,649,284	\$10,562,859	\$10,528,588	\$239,286/unit	\$9,722,230	\$0	0.1%	\$6,505	
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					\$10,535,093											

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	\$0	\$9,567,230	\$0	\$9,722,230
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$9,567,230	\$0	\$9,722,230
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$12,437,399	\$0	\$12,638,899
Applicable Fraction	88.64%	88.64%	89%	89%
TOTAL QUALIFIED BASIS	\$0	\$11,024,058	\$0	\$11,202,660
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$992,165	\$0	\$1,008,239
CREDITS ON QUALIFIED BASIS	\$992,165		\$1,008,239	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Method	Annual Credits	Proceeds	Credit Price	\$0.8099
				Variance to Request	
				Credit Allocation	Credits
					Proceeds
Eligible Basis		\$992,165	\$8,035,734	----	----
Needed to Fill Gap		\$925,444	\$7,495,343	----	----
Previous Allocatio		\$888,672	\$7,197,527	\$888,672	\$0

Long-Term Pro Forma

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

	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%	\$375,058	\$382,559	\$390,210	\$398,014	\$405,975	\$448,229	\$494,881	\$546,389	\$603,257	\$666,045	\$735,367	\$811,905
TOTAL EXPENSES	3.00%	\$243,484	\$250,592	\$257,909	\$265,441	\$273,196	\$315,533	\$364,491	\$421,112	\$486,601	\$562,357	\$649,997	\$751,395
NET OPERATING INCOME ("NOI")		\$131,574	\$131,967	\$132,302	\$132,573	\$132,779	\$132,696	\$130,390	\$125,277	\$116,656	\$103,687	\$85,370	\$60,509
EXPENSE/INCOME RATIO		64.9%	65.5%	66.1%	66.7%	67.3%	70.4%	73.7%	77.1%	80.7%	84.4%	88.4%	92.5%
MUST -PAY DEBT SERVICE													
TDHCA-Repayable		\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971
0													
TOTAL DEBT SERVICE		\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971
DEBT COVERAGE RATIO		1.91	1.91	1.92	1.92	1.93	1.92	1.89	1.82	1.69	1.50	1.24	0.88
ANNUAL CASH FLOW		\$62,603	\$62,996	\$63,330	\$63,602	\$63,808	\$63,725	\$61,419	\$56,306	\$47,684	\$34,716	\$16,398	(\$8,462)
Deferred Developer Fee Balance		\$235,214	\$172,218	\$108,887	\$45,285	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$18,523	\$338,099	\$650,803	\$943,811	\$1,201,036	\$1,402,479	\$1,523,469	\$1,533,763

22269 Retirement Living for Seniors - Application Summary

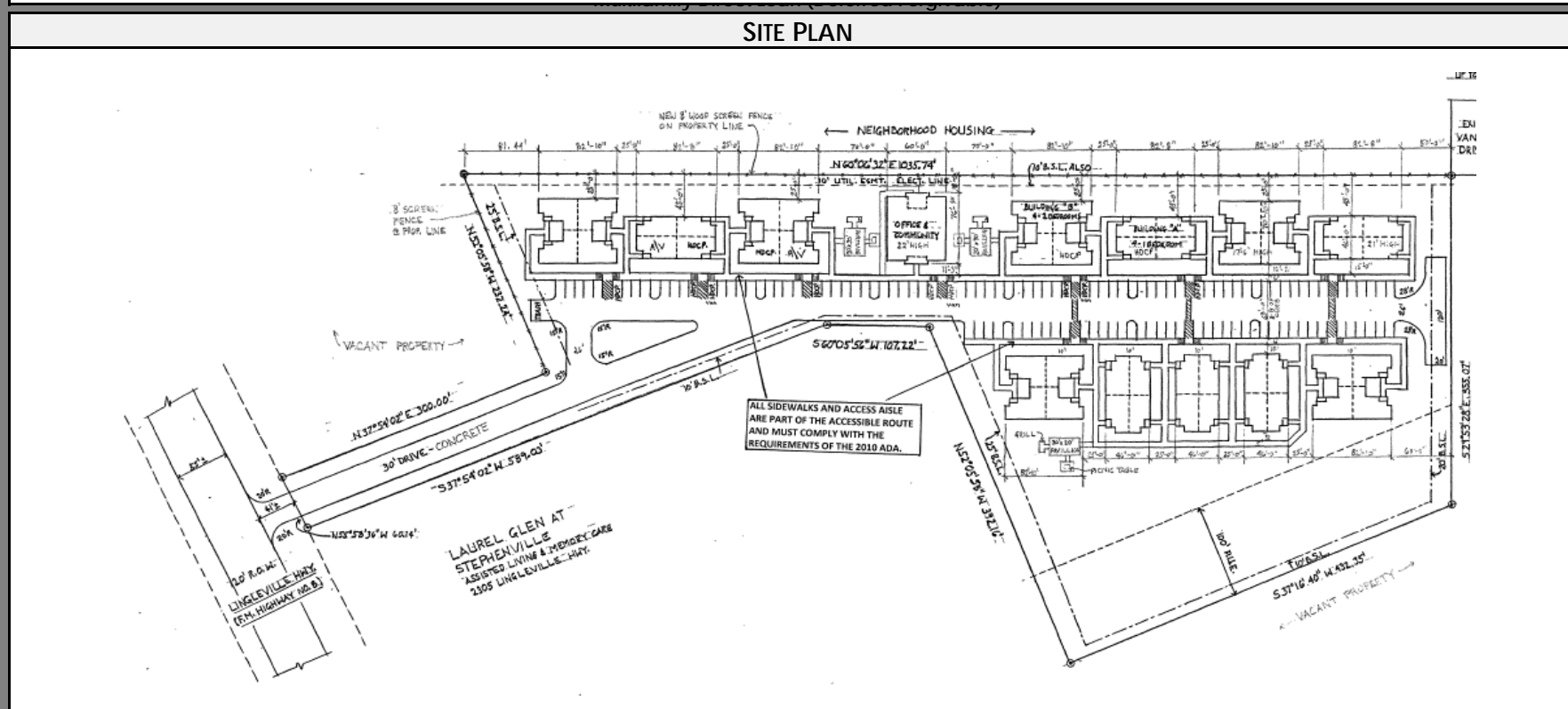
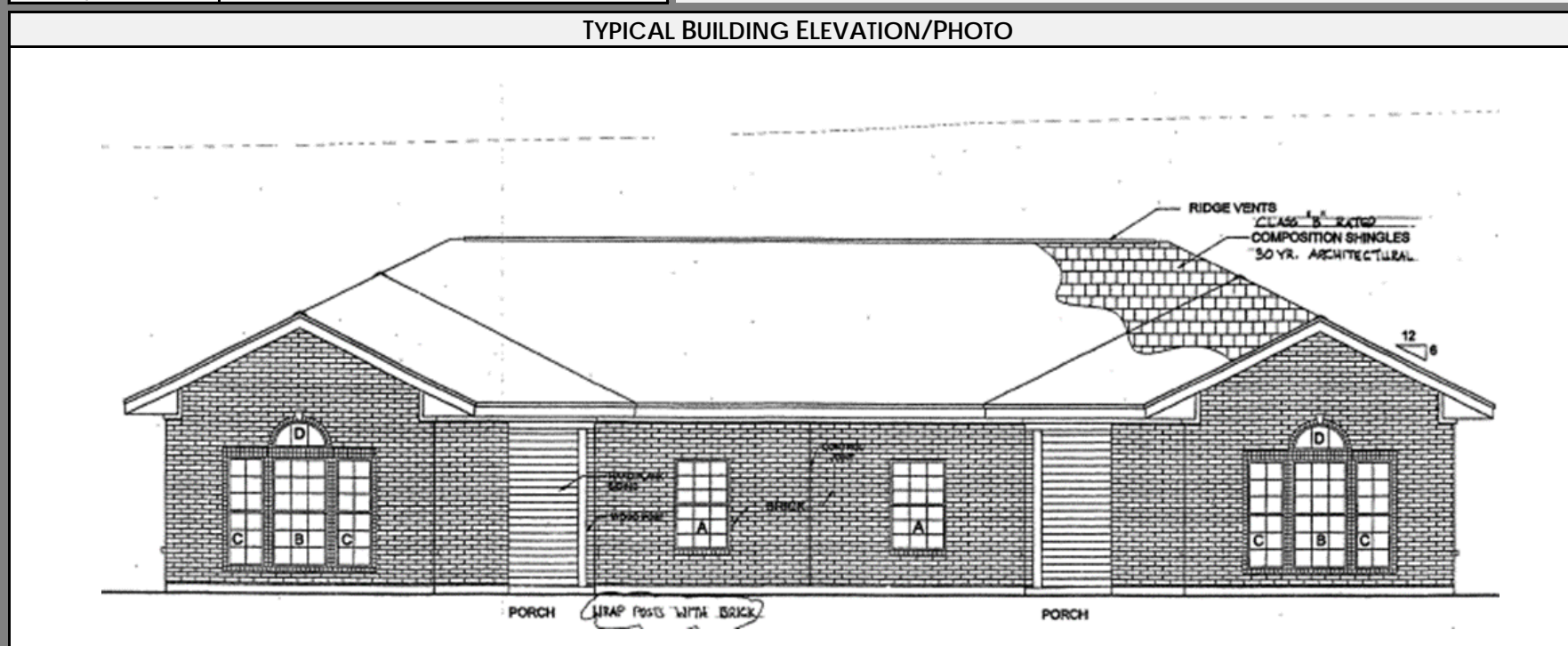
REAL ESTATE ANALYSIS DIVISION

August 26, 2022

PROPERTY IDENTIFICATION	
Application #	22269
Development	Retirement Living for Seniors
City / County	Stephenville / Erath
Region/Area	3 / Rural
Population	Elderly Limitation
Set-Aside	General
Activity	New Construction

RECOMMENDATION						
TDHCA Program		Request		Recommended		
LIHTC (9% Credit)		\$900,000		\$888,672	\$18,514/Unit	\$0.80
		Amount	Rate	Amort	Term	Lien
MF Direct Loan Const. to Perm. (Repayable)		\$2,500,000	0.50%	40	30	1

KEY PRINCIPALS / SPONSOR		
<ul style="list-style-type: none"> Elaina Glockzin / Commonwealth Development, Inc. (90% of Developer Fee) Claire Brown / Lucky 8 Properties, Inc. (5% of Developer Fee) Victoria Kramer / KJK Enterprises, LLC (5% of Developer Fee) 		
Related Parties	Contractor - Yes	Seller - No



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	20%	-	0%
1	24	50%	30%	12	25%
2	24	50%	40%	-	0%
3	-	0%	50%	9	19%
4	-	0%	60%	21	44%
			70%	-	0%
			80%	-	0%
			MR	6	13%
TOTAL	48	100%	TOTAL	48	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.38	Expense Ratio	63.9%
Breakeven Occ.	83.2%	Breakeven Rent	\$566
Average Rent	\$630	B/E Rent Margin	\$64
Property Taxes	\$729/unit	Exemption/PILOT	0%
Total Expense	\$4,538/unit	Controllable	\$2,774/unit

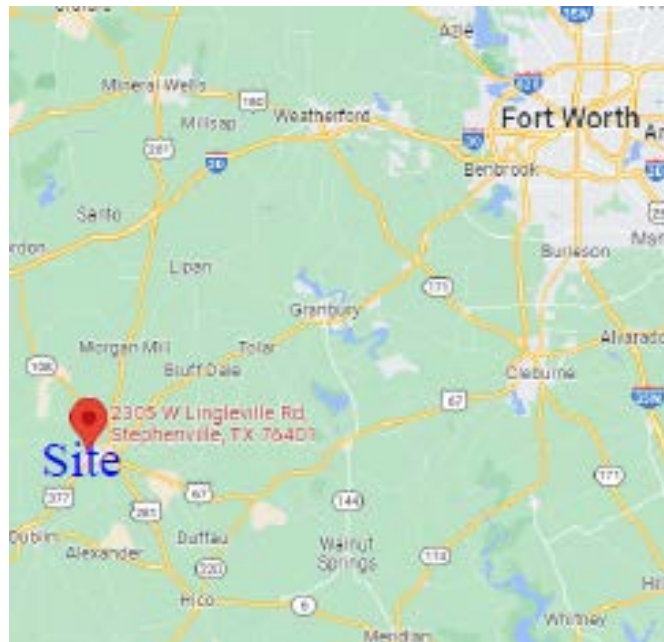
MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)			1.7%
Highest Unit Capture Rate	2%	2 BR/30%	6
Dominant Unit Cap. Rate	1%	2 BR/60%	11
Premiums (↑60% Rents)	Yes		\$68/Avg.
Rent Assisted Units	N/A		

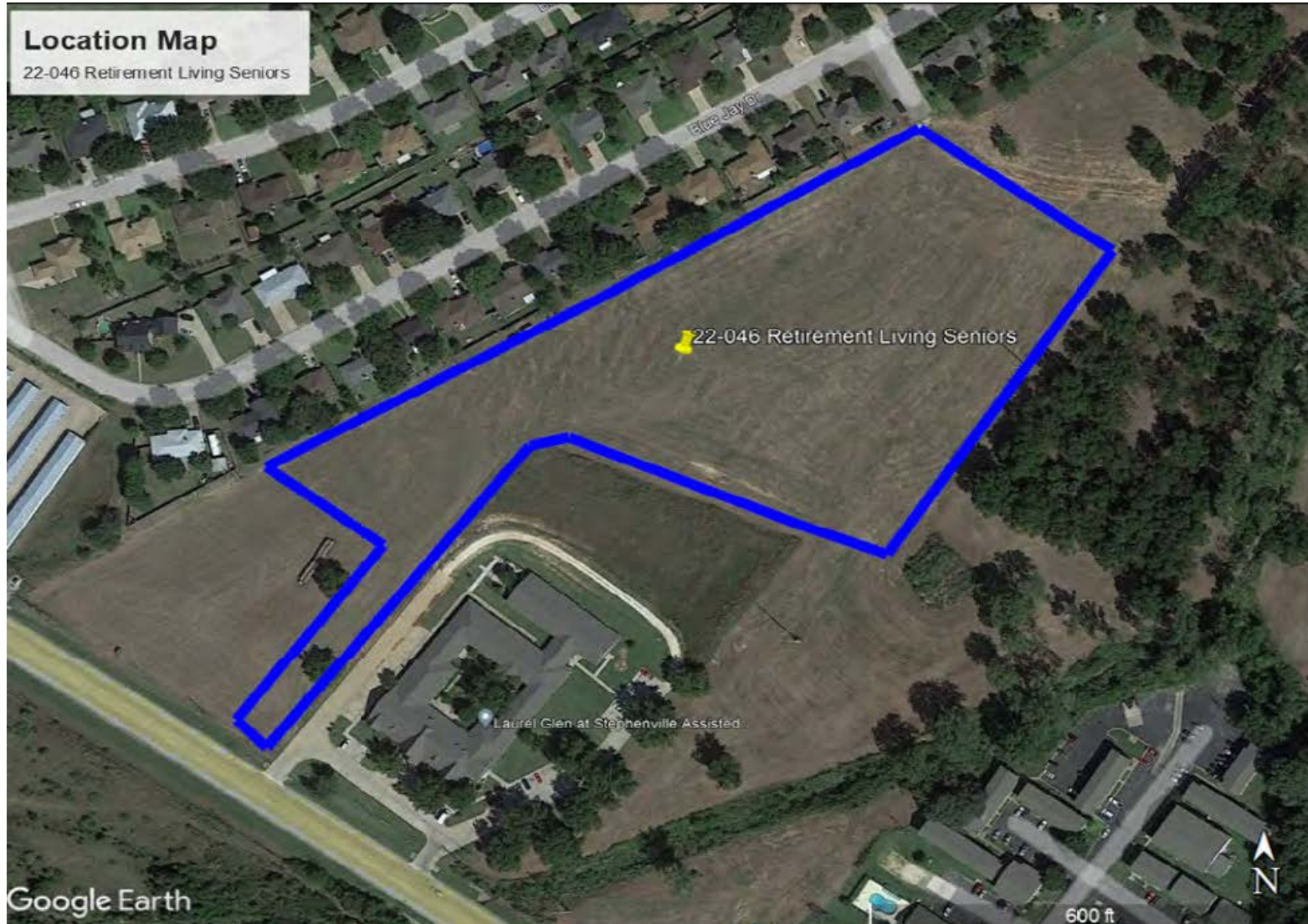
DEVELOPMENT COST SUMMARY			
Costs Underwritten		Applicant's Costs	
Avg. Unit Size	925 SF	Density	6.3/acre
Acquisition		\$16K/unit	\$750K
Building Cost	\$92.34/SF	\$85K/unit	\$4,100K
Hard Cost		\$126K/unit	\$6,039K
Total Cost		\$217K/unit	\$10,420K
Developer Fee	\$1,454K	(9% Deferred)	Paid Year: 4
Contractor Fee	\$758K	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	
TDHCA-Repayable	30/40	0.50%	\$2,500,000	1.79	City of Stephenville	0/0	0.00%	\$250	1.38	WNC	\$7,153,098	
Prosperity Bank	15/40	3.25%	\$450,000	1.38	Callaway Lumber	0/0	0.00%	\$75,000	1.38	Commonwealth Development, Inc.	\$128,928	
					Torres Electrical Services	0/0	0.00%	\$112,500	1.38			
										TOTAL EQUITY SOURCES		\$7,282,026
										TOTAL DEBT SOURCES		\$3,137,750
TOTAL DEBT (Must Pay)			\$2,950,000		CASH FLOW DEBT / GRANTS			\$187,750	TOTAL CAPITALIZATION			\$10,419,776

CONDITIONS
1 Receipt and acceptance before Direct Loan Closing
a: Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.
b: Substantially final construction contract with Schedule of Values.
c: Updated term sheets with substantially final terms from all lenders.
d: Substantially final draft of limited partnership agreement.
2 Receipt and acceptance by Cost Certification:
- The Development must meet a maximum DCR of 1.50 at cost certification without the option of using a special reserve account to meet the 1.50.

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
Low Gross Capture Rates
No new LIHTC properties since 2017
Experienced Developer
WEAKNESSES/RISKS
High Expense to Income Ratio
AREA MAP


AERIAL PHOTOGRAPH(s)




DEVELOPMENT IDENTIFICATION

TDHCA Application #: **22269** Program(s): **9% HTC/MDL**

Retirement Living for Seniors

Address/Location: **2305 Lingleville Rd (FM 8)**

City: **Stephenville** County: **Erath** Zip: **76401**

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

Activity: **New Construction** Building Type: **Fourplex** Region: **3**

Analysis Purpose: **New Application - Initial Underwriting**

ALLOCATION

TDHCA Program	REQUEST				RECOMMENDATION				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	Lien
MF Direct Loan Const. to Perm. (Repayable)	\$2,500,000	0.50%	40	40	\$2,500,000	0.50%	40	30	1
LIHTC (9% Credit)	\$900,000				\$888,672				

* Multifamily Direct Loan Terms:

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS

- Receipt and acceptance before Direct Loan Closing
 - Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.
 - Substantially final construction contract with Schedule of Values.
 - Updated term sheets with substantially final terms from all lenders.
 - Substantially final draft of limited partnership agreement.
- Receipt and acceptance by Cost Certification:
 - The Development must meet a maximum DCR of 1.50 at cost certification without the option of using a special reserve account to meet the 1.50.**

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	12
50% of AMI	50% of AMI	9
60% of AMI	60% of AMI	21

TDHCA SET-ASIDES for DIRECT LOAN LURA

Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	12
50% of AMFI	Low HOME	9

DEVELOPMENT SUMMARY

Retirement Living for Seniors is a proposed New Construction development to have forty-eight (48) units; to be located off Lingleville Highway Stephenville, Erath County, Texas. The development will serve the Elderly population and there will be forty-two (42) units that will be income restricted under the Housing Tax-Credit program and there will be six (6) market rate units. There will be a twenty-four (24) one bedroom units and twenty-four (24) two bedroom units. The units will each have amenities such as washer and dryer connections, carpet and vinyl flooring, refrigerator, range, disposal and window coverings. There will also be a furnished community room, a community laundry room, gazebo with sitting area and bbq grills with picnic tables.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS

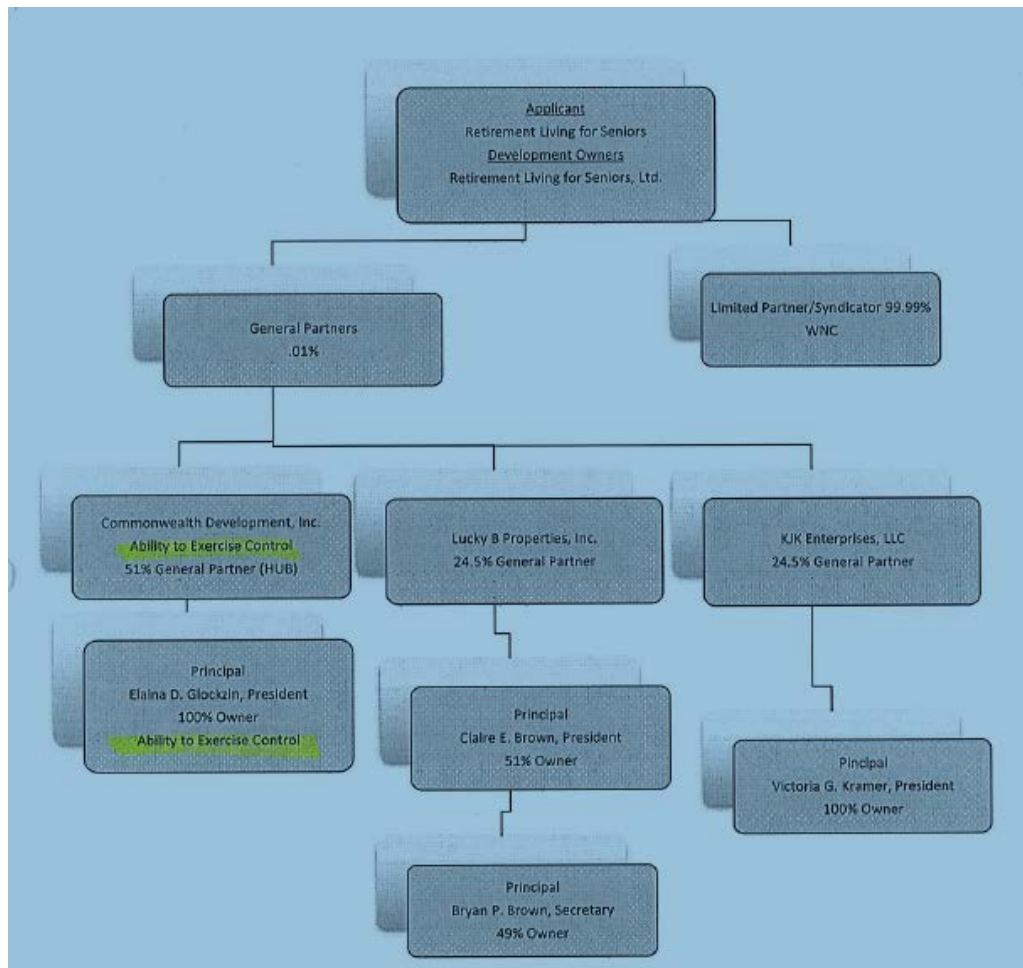
▫	Low Gross Capture Rates
▫	No new LIHTC properties since 2017
▫	Experienced Developer

WEAKNESSES/RISKS

▫	High Expense to Income Ratio
▫	
▫	

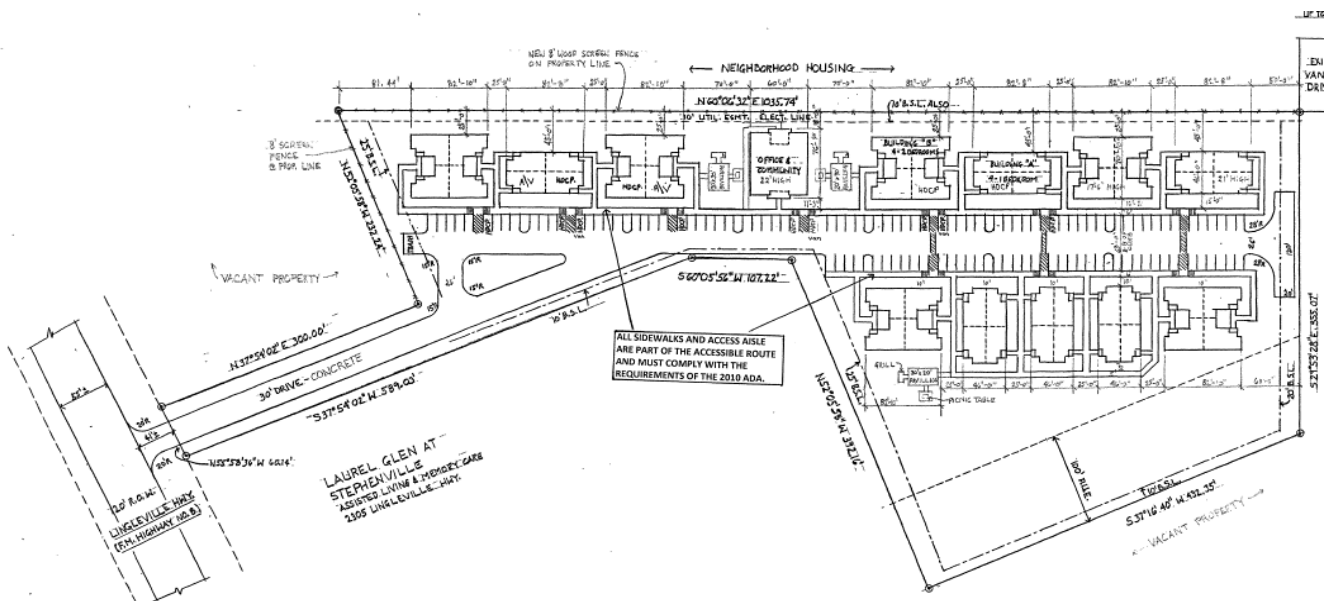
DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN



SITE CONTROL INFO

Site Acreage: Development Site: 7.66 acres Density: 6.3 units/acre
Site Control: 10 **Site Plan:** 7.664 **Appraisal:** N/A **ESA:** 8.4
Feasibility Report Survey: 8.4 **Feasibility Report Engineer's Plan:** 8.4

Control Type: Unimproved Property Contract

Development Site: 7.66 acres Cost: \$750,000 \$15,625 per unit

Seller: Covenant Legacy, LLP

Buyer: Emanuel Glockzin and/or Assigns

Assignee: Commonwealth Development, Inc.

Related-Party Seller/Identity of Interest: No

SITE INFORMATION

Flood Zone: <u>X</u>	Scattered Site? <u>No</u>	
Zoning: <u>R-1</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>	

Comments:

Zoning Amendment Application has been submitted to the City of Stephenville to change zoning from R-1 Single Family to R-3 Multifamily.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: SMS Environmental & Ecological Services, Inc. Date: 2/17/2022

Recognized Environmental Conditions (RECs) and Other Concerns:

- None

MARKET ANALYSIS

Provider: Allen & Associates, Inc.

Date: 3/17/2022

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

ELIGIBLE HOUSEHOLDS BY INCOME

Erath County Income Limits

HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	\$8,952	\$8,952	\$10,752	\$10,752	---	---	---
	Max	\$13,950	\$15,960	\$17,940	\$19,920	---	---	---
50% AMGI	Min	\$14,952	\$14,952	\$17,928	\$17,928	---	---	---
	Max	\$23,250	\$26,600	\$29,900	\$33,200	---	---	---
60% AMGI	Min	\$17,928	\$17,928	\$21,528	\$21,528	---	---	---
	Max	\$27,900	\$31,920	\$35,880	\$39,840	---	---	---

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
N/A	None	N/A	#N/A	#N/A	N/A	#N/A

Other Affordable Developments in PMA since 2017

N/A	None	#N/A	#N/A	N/A	#N/A
-----	------	------	------	-----	------

Stabilized Affordable Developments in PMA

Total Units	973
Total Developments	13
Average Occupancy	97%

OVERALL DEMAND ANALYSIS

		Market Analyst			
		HTC	Assisted		
Total Households in the Primary Market Area		16,375			
Senior Households in the Primary Market Area		6,579			
Potential Demand from the Primary Market Area		2,250			
10% External Demand		225			
GROSS DEMAND		2,475			
Subject Affordable Units		42			
Unstabilized Competitive Units		0			
RELEVANT SUPPLY		42			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE		1.7%			

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	451	45	12	0	2.4%					
50% AMGI	845	85	9	0	1.0%					
60% AMGI	954	95	21	0	2.0%					

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%	451	45	6	0	1%					
1 BR/50%	845	85	5	0	1%					
1 BR/60%	954	95	10	0	1%					
2 BR/30%	342	34	6	0	2%					
2 BR/50%	556	56	4	0	1%					
2 BR/60%	669	67	11	0	1%					

OPERATING PRO FORMA										
SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)										
NOI:	\$123,275		Avg. Rent:		\$630	Expense Ratio:		63.9%		
Debt Service:	\$89,088		B/E Rent:		\$566	Controllable Expenses:		\$2,774		
Net Cash Flow:	\$34,187		UW Occupancy:		92.5%	Property Taxes/Unit:		\$729		
Aggregate DCR:	1.38		B/E Occupancy:		83.2%	Program Rent Year:		2021		

Since the project is financed with a Direct Loan as the senior debt, TDHCA rules allow the first year DCR to exceed the standard 1.35 threshold.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)

Acquisition	\$97,860/ac	\$15,625/unit	\$750,000	Contractor Fee	\$758,000
Off-site + Site Work		\$32,992/unit	\$1,583,615	Soft Cost + Financing	\$1,169,361
Building Cost	\$92.34/sf	\$85,417/unit	\$4,100,000	Developer Fee	\$1,453,800
Contingency	6.25%	\$7,396/unit	\$355,000	Reserves	\$250,000
Total Development Cost	\$217,079/unit	\$10,419,776		Rehabilitation Cost	N/A
Qualified for 30% Basis Boost?	Rural [9% only]				

Site Work:

Site work costs exceed \$15K/unit and shows \$30K/unit. CPA provided a letter stating the \$30K/unit is eligible.

Financing Cost:

Adjustment of \$35,375 in eligible basis. Applicant claimed \$50k for one year of construction loan interest. However, the calculated annual interest is \$14k.

Developer Fee:

Adjustment of \$7040 in eligible basis. The Fee has been reduced due to the adjustment in Financing Cost.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$10,419,776	\$8,680,561	\$888,672

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
TDHCA-Repayable	Multifamily Direct Loan	\$2,500,000	0.00%	24%
Prosperity Bank	Conventional Loan	\$450,000	3.25%	4%
WNC	HTC	\$7,244,276	\$0.81	70%
City of Stephenville	Contribution	\$250	0.00%	0%
Commonwealth Development, Inc.	Deferred Developer Fee	\$37,750	0.00%	0%
Callaway Lumber	Direct Loan Match	\$75,000	0.00%	1%
Torres Electrical Services	Direct Loan Match	\$112,500	0.00%	1%
		\$10,419,776	Total Sources	

Comments:

Applicant submitted a 0.50% MDL construction interest rate. The construction interest rate is underwritten at 0% per MDL Rule in §13.8(b)(2): No interest will accrue during the construction term.

PERMANENT SOURCES

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
TDHCA-Repayable	\$2,500,000	0.50%	40	40	\$2,500,000	0.50%	40	30	24%
Prosperity Bank	\$450,000	3.25%	40	15	\$450,000	3.25%	40	15	4%
City of Stephenville	\$250	0.00%	0	0	\$250	0.00%	0	0	0%
Callaway Lumber	\$75,000	0.00%	0	0	\$75,000	0.00%	0	0	1%
Torres Electrical Services	\$112,500	0.00%	0	0	\$112,500	0.00%	0	0	1%
Total	\$3,137,750				\$3,137,750				

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN			
	Amount	Rate	% Def	Amount	Rate	% TC	% Def
WNC	\$7,244,276	\$0.80		\$7,153,098	\$0.80	69%	
Commonwealth Development, Inc.	\$37,750		3%	\$128,928		1%	9%
Total	\$7,282,026			\$7,282,026			
				\$10,419,776	Total Sources		

Credit Price Sensitivity based on current capital structure

\$0.809	Maximum Credit Price before the Development is oversourced and allocation is limited
\$0.750	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:

Total Development Cost	\$10,419,776
Permanent Sources (debt + non-HTC equity)	\$3,137,750
Gap in Permanent Financing	\$7,282,026

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$7,153,098	\$888,672
Needed to Balance Sources & Uses	\$7,282,026	\$904,690
Requested by Applicant	\$7,244,276	\$900,000

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	\$7,153,098	\$888,672

	Amount
Multifamily Direct Loan	\$2,500,000

Deferred Developer Fee	\$128,928	(9% deferred)
Repayable in	4 years	

Recommendation:

Underwriter recommends \$888,672 in annual 9% HTC as determined by Eligible Basis, and also recommends a \$2.5M Multifamily Direct Loan at a 0.50% interest rate with a 40 year amortization and 30 year term.

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

UNIT MIX/RENT SCHEDULE

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

LOCATION DATA	
CITY:	Stephenville
COUNTY:	Erath
Area Median Income	\$67,500
PROGRAM REGION:	3
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	24	50.0%	0	11
2	24	50.0%	0	10
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	48	100.0%	-	21

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	87.50%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	925 sf

49%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average Income	# Units	-	12	-	9	21	-	-	6	48
	% Total	0.0%	25.0%	0.0%	18.8%	43.8%	0.0%	0.0%	12.5%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE																							
HTC		MF Direct Loan Units (HOME Rent/Inc)			UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS					MARKET RENTS		
Type	Gross Rent	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%	\$373	30%/30%	\$373		6	1	1	812	\$373	\$61	\$312	\$0	\$0.38	\$312	\$1,872	\$1,872	\$312	\$0.38	\$0	\$740	\$0.91	\$950	
TC 50%	\$623	LH/50%	\$623		5	1	1	812	\$623	\$61	\$562	\$0	\$0.69	\$562	\$2,810	\$2,810	\$562	\$0.69	\$0	\$740	\$0.91	\$950	
TC 60%	\$747			1-Match HH60	10	1	1	812	\$747	\$61	\$686	\$0	\$0.84	\$686	\$6,860	\$6,860	\$686	\$0.84	\$0	\$740	\$0.91	\$950	
MR					3	1	1	812	\$0	\$61		NA	\$0.91	\$740	\$2,220	\$2,220	\$740	\$0.91	NA	\$740	\$0.91	\$950	
TC 30%	\$448	30%/30%	\$448		6	2	1	1,038	\$448	\$83	\$365	\$0	\$0.35	\$365	\$2,190	\$2,190	\$365	\$0.35	\$0	\$896	\$0.86	\$1,175	
TC 50%	\$747	LH/50%	\$747		4	2	1	1,038	\$747	\$83	\$664	\$0	\$0.64	\$664	\$2,656	\$2,656	\$664	\$0.64	\$0	\$896	\$0.86	\$1,175	
TC 60%	\$897				9	2	1	1,038	\$897	\$83	\$814	\$0	\$0.78	\$814	\$7,326	\$7,326	\$814	\$0.78	\$0	\$896	\$0.86	\$1,175	
MR					3	2	1	1,038	\$0	\$83		NA	\$0.86	\$896	\$2,688	\$2,688	\$896	\$0.86	NA	\$896	\$0.86	\$1,175	
TC 60%	\$897			1-Match HH60	2	2	1	1,038	\$897	\$83	\$814	\$0	\$0.78	\$814	\$1,628	\$1,628	\$814	\$0.78	\$0	\$896	\$0.86	\$1,175	
TOTALS/AVERAGES:					48				44,400				\$0	\$0.68	\$630	\$30,250	\$30,250	\$630	\$0.68	\$0	\$818	\$0.88	\$1,063

ANNUAL POTENTIAL GROSS RENT:	\$363,000	\$363,000	
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*MFDL units float among unit type.

STABILIZED PRO FORMA													
Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269													

STABILIZED FIRST YEAR PRO FORMA													
COMPARABLES				APPLICANT				TDHCA				VARIANCE	
Database	City Comps			% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT					\$0.68	\$630	\$363,000	\$363,000	\$630	\$0.68		0.0%	\$0
Application Fees						\$10.00	\$5,760						
Total Secondary Income						\$10.00		\$5,760	\$10.00			0.0%	\$0
POTENTIAL GROSS INCOME							\$368,760	\$368,760				0.0%	\$0
Vacancy & Collection Loss						7.5% PGI	(27,657)	(27,657)	7.5% PGI			0.0%	-
Rental Concessions							-	-				0.0%	-
EFFECTIVE GROSS INCOME							\$341,103	\$341,103				0.0%	\$0

General & Administrative	\$28,669	\$597/Unit	\$24,232	\$505	3.96%	\$0.30	\$281	\$13,500	\$13,500	\$281	\$0.30	3.96%	0.0%	-
Management	\$25,186	5.2% EGI	\$16,330	\$340	4.98%	\$0.38	\$354	\$17,000	\$17,055	\$355	\$0.38	5.00%	-0.3%	(55)
Payroll & Payroll Tax	\$50,365	\$1,049/Unit	\$74,493	\$1,552	12.18%	\$0.94	\$865	\$41,540	\$41,540	\$865	\$0.94	12.18%	0.0%	-
Repairs & Maintenance	\$37,929	\$790/Unit	\$32,985	\$687	7.39%	\$0.57	\$525	\$25,200	\$31,200	\$650	\$0.70	9.15%	-19.2%	(6,000)
Electric/Gas	\$13,252	\$276/Unit	\$7,073	\$147	2.93%	\$0.23	\$208	\$10,000	\$10,368	\$216	\$0.23	3.04%	-3.5%	(368)
Water, Sewer, & Trash	\$33,991	\$708/Unit	\$27,020	\$563	12.58%	\$0.97	\$894	\$42,908	\$33,991	\$708	\$0.77	9.97%	26.2%	8,917
Property Insurance	\$26,180	\$0.59 /sf	\$24,638	\$513	5.57%	\$0.43	\$396	\$19,000	\$19,000	\$396	\$0.43	5.57%	0.0%	-
Property Tax (@ 100%) 2.0782	\$35,908	\$748/Unit	\$25,337	\$528	10.26%	\$0.79	\$729	\$35,000	\$33,152	\$691	\$0.75	9.72%	5.6%	1,848
Reserve for Replacements					3.52%	\$0.27	\$250	\$12,000	\$12,000	\$250	\$0.27	3.52%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.49%	\$0.04	\$35	\$1,680	\$1,680	\$35	\$0.04	0.49%	0.0%	-
TDHCA MDL Compliance (\$34/MDL unit)					0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
TOTAL EXPENSES					63.86%	\$4.91	\$4,538	\$217,828	\$213,486	\$4,448	\$4.81	62.59%	2.0%	\$ 4,342
NET OPERATING INCOME ("NOI")					36.14%	\$2.78	\$2,568	\$123,275	\$127,617	\$2,659	\$2.87	37.41%	-3.4%	\$ (4,342)

CONTROLLABLE EXPENSES						\$2,774/Unit				\$2,721/Unit				
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS														
Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269														

		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	
UW	App	DCR	LTC												
DEBT (Must Pay)	Fee														
TDHCA-Repayable		1.83	1.77	\$69,760	0.50%	40	40	\$2,500,000	\$2,500,000	30	40	0.50%	\$68,971	1.79	24.0%
Prosperity Bank		1.37	1.32	\$23,710	3.25%	40	15	\$450,000	\$450,000	15	40	3.25%	\$20,117	1.38	4.3%
CASH FLOW DEBT / GRANTS															
City of Stephenville		1.37	1.32		0.00%	0	0	\$250	\$250	0	0	0.00%		1.38	0.0%
Callaway Lumber		1.37	1.32		0.00%	0	0	\$75,000	\$75,000	0	0	0.00%		1.38	0.7%
Torres Electrical Services		1.37	1.32		0.00%	0	0	\$112,500	\$112,500	0	0	0.00%		1.38	1.1%
				\$93,470	TOTAL DEBT / GRANT SOURCES			\$3,137,750	\$3,137,750	TOTAL DEBT SERVICE			\$89,088	1.38	30.1%

NET CASH FLOW	\$34,147	\$29,805	APPLICANT		NET OPERATING INCOME		\$123,275	\$34,187	NET CASH FLOW
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EQUITY / DEFERRED FEES	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
WNC	LIHTC Equity	69.5%	\$900,000	\$0.80	\$7,244,276	\$7,153,098	\$0.80	\$888,672	68.6%	\$18,514	Eligible Basis
Commonwealth Development, Inc.	Deferred Developer Fees	0.4%	(3% Deferred)		\$37,750	\$128,928	(9% Deferred)		1.2%	Total Developer Fee:	\$1,453,800
Additional (Excess) Funds Req'd		0.0%				\$0			0.0%		
TOTAL EQUITY SOURCES		69.9%			\$7,282,026	\$7,282,026			69.9%		

TOTAL CAPITALIZATION	\$10,419,776	\$10,419,776	15-Yr Cash Flow after Deferred Fee:		\$404,412
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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		\$15,625 / Unit	\$750,000	\$750,000	\$15,625 / Unit					0.0%	\$0
Off-Sites		\$ / Unit	\$0	\$0	\$ / Unit					0.0%	\$0
Site Work	\$1,433,615	\$29,867 / Unit	\$1,433,615	\$1,433,615	\$29,867 / Unit	\$1,433,615				0.0%	\$0
Site Amenities	\$150,000	\$3,125 / Unit	\$150,000	\$150,000	\$3,125 / Unit	\$150,000				0.0%	\$0
Building Cost	\$3,493,200	\$92.34 /sf	\$85,417/Unit	\$4,100,000	\$4,329,508	\$90,198/Unit	\$97.51 /sf	\$3,493,200		-5.3%	(\$229,508)
Contingency	\$355,000	6.99%	6.25%	\$355,000	\$355,000	6.00%	6.99%	\$355,000		0.0%	\$0
Contractor Fees	\$758,000	13.95%	12.55%	\$758,000	\$758,000	12.09%	13.95%	\$758,000		0.0%	\$0
Soft Costs	\$0	\$789,361	\$16,445 / Unit	\$789,361	\$789,361	\$16,445 / Unit		\$789,361	\$0	0.0%	\$0
Financing	\$0	\$290,000	\$7,917 / Unit	\$380,000	\$380,000	\$7,917 / Unit		\$254,625	\$0	0.0%	\$0
Developer Fee	\$0	\$1,453,800	20.00%	18.46%	\$1,453,800	\$1,453,800	18.01%	20.00%	\$1,446,760	\$0	\$0
Reserves			10 Months	\$250,000	\$250,000	10 Months				0.0%	\$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		\$0	\$8,722,976	\$217,079 / Unit	\$10,419,776	\$10,649,284	\$221,860 / Unit	\$8,680,561	\$0	-2.2%	(\$229,508)
Acquisition Cost	\$0			\$0							
Contingency		\$0		\$0							
Contractor's Fee		\$0		\$0							
Financing Cost		(\$35,375)									
Developer Fee	\$0	(\$7,040)	20.00%	\$0							
Reserves				\$0							
ADJUSTED BASIS / COST		\$0	\$8,680,561	\$217,079/unit	\$10,419,776	\$10,649,284	\$221,860/unit	\$8,680,561	\$0	-2.2%	(\$229,508)
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						\$10,419,776					

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS
Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	\$0	\$8,680,561	\$0	\$8,680,561
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$8,680,561	\$0	\$8,680,561
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$11,284,730	\$0	\$11,284,730
Applicable Fraction	87.50%	87.50%	88%	88%
TOTAL QUALIFIED BASIS	\$0	\$9,874,138	\$0	\$9,874,138
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$888,672	\$0	\$888,672
CREDITS ON QUALIFIED BASIS	\$888,672		\$888,672	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price \$0.8049	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	\$888,672	\$7,153,098	\$888,672	(\$11,328)	(\$91,178)
Needed to Fill Gap	\$904,690	\$7,282,026	----	----	----
Applicant Request	\$900,000	\$7,244,276	----	----	----

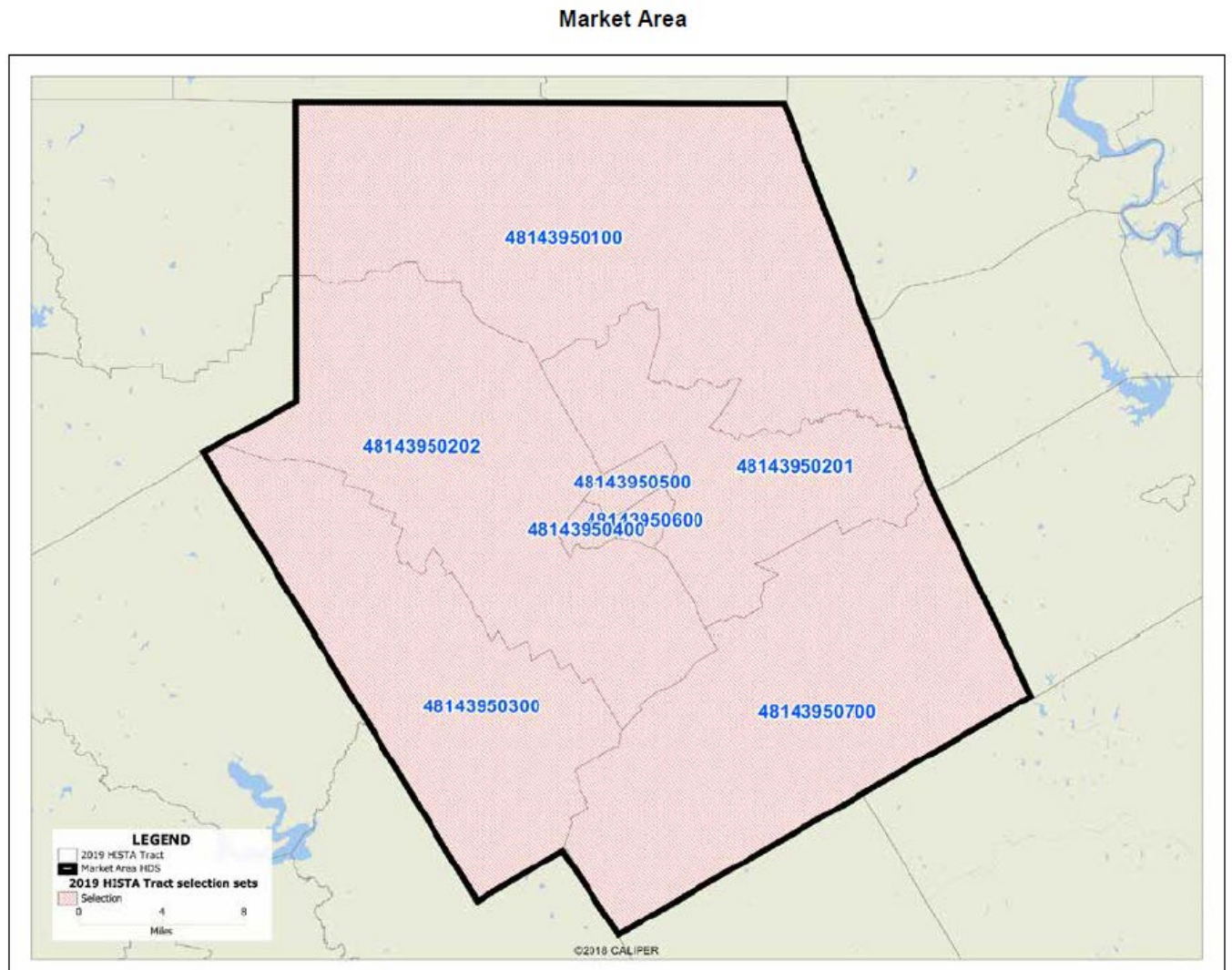
BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Fourplex	44,400 SF	\$80.60	3,578,609
Adjustments				
Exterior Wall Finish	7.20%		5.80	\$257,660
Elderly	3.00%		2.42	107,358
9-Ft. Ceilings	3.90%		3.14	139,566
Roof Adjustment(s)			4.82	213,834
Subfloor			(3.22)	(142,968)
Floor Cover			2.82	125,208
Breezeways	\$0.00	0	0.00	0
Balconies	\$27.47	2,642	1.63	72,576
Plumbing Fixtures	\$1,090	0	0.00	0
Rough-ins	\$535	96	1.16	51,360
Built-In Appliances	\$1,880	48	2.03	90,240
Exterior Stairs	\$2,460	0	0.00	0
Heating/Cooling			2.37	105,228
Storage Space	\$0.00	252	0.00	0
Carports	\$13.00	0	0.00	0
Garages		0	0.00	0
Common/Support Area	\$98.61	3,491	7.75	344,260
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	\$2.88	48,143	3.12	138,652
SUBTOTAL			114.45	5,081,582
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			114.45	\$5,081,582
Plans, specs, survey, bldg permits	3.30%		(3.78)	(\$167,692)
Contractor's OH & Profit	11.50%		(13.16)	(584,382)
NET BUILDING COSTS		\$90,198/unit	\$97.51/sf	\$4,329,508

Long-Term Pro Forma

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

	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%	\$341,103	\$347,925	\$354,884	\$361,981	\$369,221	\$407,650	\$450,078	\$496,923	\$548,643	\$605,746	\$668,792	\$738,401
TOTAL EXPENSES	3.00%	\$217,828	\$224,193	\$230,745	\$237,491	\$244,435	\$282,352	\$326,202	\$376,919	\$435,585	\$503,454	\$581,975	\$672,828
NET OPERATING INCOME ("NOI")		\$123,275	\$123,732	\$124,138	\$124,491	\$124,786	\$125,298	\$123,877	\$120,004	\$113,057	\$102,292	\$86,818	\$65,573
EXPENSE/INCOME RATIO		63.9%	64.4%	65.0%	65.6%	66.2%	69.3%	72.5%	75.9%	79.4%	83.1%	87.0%	91.1%
MUST -PAY DEBT SERVICE													
TDHCA-Repayable		\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971
Prosperity Bank		\$20,117	\$20,117	\$20,117	\$20,117	\$20,117	\$20,117	\$20,117	\$20,117	\$20,117	\$20,117	\$20,117	\$20,117
TOTAL DEBT SERVICE		\$89,088	\$89,088	\$89,088	\$89,088	\$89,088	\$89,088	\$89,088	\$89,088	\$89,088	\$89,088	\$89,088	\$89,088
DEBT COVERAGE RATIO		1.38	1.39	1.39	1.40	1.40	1.41	1.39	1.35	1.27	1.15	0.97	0.74
ANNUAL CASH FLOW		\$34,187	\$34,644	\$35,050	\$35,402	\$35,697	\$36,210	\$34,788	\$30,915	\$23,969	\$13,204	(\$2,270)	(\$23,516)
Deferred Developer Fee Balance		\$94,741	\$60,097	\$25,047	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$10,355	\$46,052	\$226,758	\$404,412	\$567,831	\$702,938	\$792,181	\$813,860	\$741,316

22269 Retirement Living for Seniors PMA Map



Market Area

42

Allen and Associates Consulting

Disclaimer: This map is not a survey. Boundaries, distance and scale are approximate only.