

REAL ESTATE ANALYSIS DIVISION
June 21 2024

KEY PRINCIPALS / SPONSOR			
<p>Lone Star Capital Group/Kent Plotkowsky Developer/Owner/Guarantor</p> <p>Consultant/Sarah Andie</p>			
Related Parties	Contractor - TBD	Seller -	Yes



SITE PLAN



MARKET FEASIBILITY INDICATORS				1.9%
Gross Capture Rate (10% Maximum)			✓	
Highest Unit Capture Rate	✓	8%	1 BR/60%	98
Dominant Unit Cap. Rate	✓	8%	1 BR/60%	98
Premiums (↑80% Rents)			N/A	N/A
Rent Assisted Units			28	11% Total Units



DEVELOPMENT IDENTIFICATION

TDHCA Application #: **24457** Program(s): **4% HTC**

Solano Apartments

Address/Location: 535 W NASA Parkway

City: Webster County: Harris Zip: 77598

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

Activity: Acquisition/Rehab Building Type: Garden/Townhome Region: 6

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 (4% Credit)	\$2,173,860				\$1,985,388						

CONDITIONS

- Receipt and acceptance by Cost Certification:
 - a: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials and lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.
 - b: Certification of implementation of all recommended abatement measures for mold, and/or implementation of a Mold and Moisture Minimization Plan if required by ESA.
- 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
40% of AMI	40% of AMI	16
50% of AMI	50% of AMI	50
60% of AMI	60% of AMI	142
70% of AMI	70% of AMI	32
80% of AMI	80% of AMI	20

DEVELOPMENT SUMMARY

Solano Apartments is currently a market-rate apartment development. The development was built in 1966 and renovated in 2019. There are 19 buildings with 260 1-, 2-, and 3-bedroom apartments. The development will be rehabilitated and converted to an affordable housing development. The focus of the renovations is energy efficiency, updating water and HVAC systems, and improving tenant amenities. The current boilers and chillers will be decommissioned and all units will have their own hot water heater and AC unit. Individual units will have all plumbing updated, and will also be retrofitted with hookups for washing machines and dryers. Amenities will be improved as well-the pool and BBQ areas will be refurbished and expanded, and the landscaping and security features will be improved. All roofs will be replaced.

There are two different types of utility meters and there for utility allowances on the property. Most units are submetered and received a bill from a third party provider based on energy use. 28 Units (in Buildings O and J) are individually metered and their bills come directly from the provider.

There are currently 262 apartments in the existing buildings. However, due to accessibility requirements, 2 of the units will be converted into common space, making the new unit count 260.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Low gross capture rate

WEAKNESSES/RISKS	
▫	Developer has limited experience with LIHTC properties

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE

Entities/Individuals highlighted in yellow have the ability to exercise Control.

LSC Solano LIHTC, LP
A to-be-formed Texas Limited Partnership
Formed: tbd
EIN: tbd

HCHFC Solano GP, LLC
A Texas limited liability company
General Partner
Formed: tbd
EIN: tbd
0.01%

LSC Solano LIHTC Manager, LLC
A to-be-formed Texas limited liability company
Special Limited Partner
Formed: tbd
EIN: tbd
0.01%

Tax Credit Investor
TBD
99.98%

Harris County Housing Finance Corporation
A Texas nonprofit corporation
Formed: 6/30/1980
EIN: 52-1290770
100%

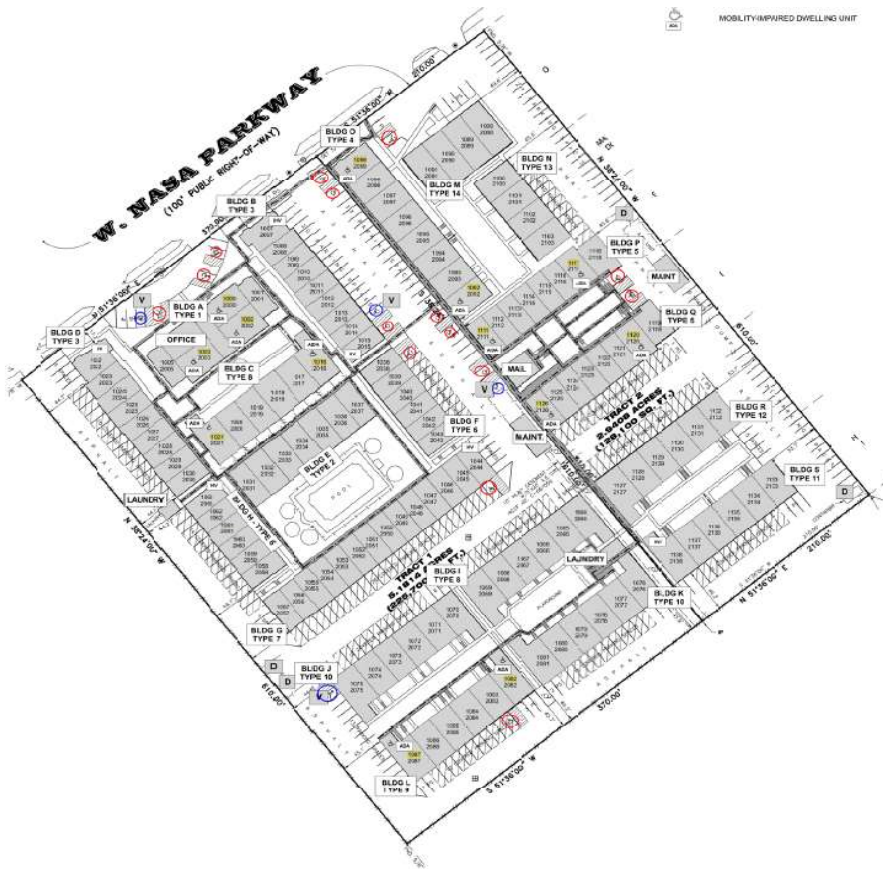
Kent Piotrkowski
Principal Member
100%

Directors and Board Members
David Corpus - President
Jason McLemore - Vice President
Chad Khan— Treasurer and Secretary
Dwight Jefferson - Director
Thao Costis - Director
Mercedes Sanchez - Director
Robert Belt - Director
Francisco Castillo – Director

DEVELOPMENT SUMMARY

SITE PLAN

I	—
J	—
K	—
L	—
M	—
N	—
O	—
P	—
Q	—
R	—
S	—
LAUNDRY	223 SF
MAINTENANCE	789 SF
MAINTENANCE	960 SF
LAUNDRY	288 SF
MSE	772 SF
TOTALS:	5,333 SF
COMMON AREAS:	
BUILDING	NET 5'
A	7,351 SF
B	—
C	—
D	—
E	—
F	—
G	—
H	—
I	—
J	—
K	—
L	—
M	—
N	—
O	—
P	—
Q	—
R	—
S	—
LAUNDRY	223 SF
MAINTENANCE	—SF
MAINTENANCE	—SF
LAUNDRY	288 SF
MSE	772 SF
TOTALS:	7,351 SF



MOBILITYIMPAIRED DWELLING UNIT

100% 1/2" DIA. MAX. AND WILL INCLUDE THE RING OF BRASS/PLATE 1/2" DIA. STEEL PIPE RAIL PER CODE, AS WELL AS APPLICABLE CURBS/ LOWER PROTECTION PER ADA GUIDELINES.

1) PROVIDE ALL LABOR, MATERIAL AND EQUIPMENT TO COMPLETE THE FLATWORK, RAMMING AND FINISHES AS INDICATED IN THE CONSTRUCTION DOCUMENTS.

2) ASPHALT NOT IMPACTED BY ACCESSIBLE DESIGN COMPLIANCE SHALL BE RESEALED AND IMPROVED AS REQUIRED. ALL PARKING AREAS TO RECEIVE NEW STRIPING AND ACCESSIBLE STRIPING, DESIGNATIONS AND NOTATIONS AS INDICATED IN THE CONSTRUCTION DOCUMENTS.

3) PROVIDE AND INSTALL FOUR (4) NEW DRILLS AT EACH LOCATION DETERMINED BY OWNER. SLOPE SHALL INCLUDE ASH RECEPTACLES AND GARBAGE RECEPTACLES, ALONG WITH AN ACCESSIBLE ROUTE TO EACH GRILL.

4) PROVIDE AND INSTALL NEW BUILDING UNIT (B) THROUGHOUT NEW BUILDING(S) TO MEET ALL APPLICABLE LOCAL, STATE AND FEDERAL CODES. NEW UNIT SIGNAGE TO MEET ALL LOCAL, STATE AND FEDERAL CODES AND SHALL INCLUDE UNIT NUMBERING (LETTERING AND RUGGED WALLS).

5) PROVIDE ALL LABOR, MATERIAL AND EQUIPMENT NECESSARY TO REPAIR AND AS REQUIRED REPLACE THE MAIN STAFF AND DRAIN LINES AT ALL BUILDING THROUGHOUT.

SITE SUMMARY:

6.11 ACRES

PARKING SUMMARY:

EXISTING PARKING SPACES:	
EXISTING STANDARD	199
EXISTING COVERED	182
EXISTING COVERED ACCESSIBLE	1
EXISTING ACCESSIBLE VAN	0
EXISTING ACCESSIBLE	4
TOTAL EXISTING PARKING:	366

POST-CONSTRUCTION, EVEN WITH ANY PARKING MODIFICATIONS, THE SITE WILL MAINTAIN A NET ZERO PARKING LOSS AND PROVIDE 366 TOTAL PARKING SPACES.

PROPOSED PARKING SPACES:	
PROPOSED STANDARD	188
PROPOSED COVERED STANDARD	159
PROPOSED COVERED ACCESSIBLE	3
PROPOSED ACCESS VAN	4
PROPOSED ACCESSIBLE	12
TOTAL PROPOSED PARKING	366

NOTE: THE PARKING QUANTITY IS AN EXISTING NON-CONFORMING CONDITION AND THE TOTAL QUANTITY OF PARKING WILL REMAIN THE SAME POST-CONSTRUCTION AS IT EXISTS TODAY.

FLOOD PLAN: NOT IN FLOOD PLAIN.

RETENTION PONDS: NO RETENTION PONDS ON SITE.



Parking	No Fee		Tenant-Paid		Total	
Open Surface	204	0.8/unit	0	--	204	0.8/unit
Carport	65	0.3/unit	97	0.4/unit	162	0.6/unit
Garage	0	--	0	--	0	--
Total Parking	269	1.0/unit	97	0.4/unit	366	1.4/unit

Comments:

Provided parking of 366 spaces is an existing non-conforming condition.

BUILDING ELEVATION



BUILDING CONFIGURATION

Building Type	A	E	B, D	O	P, Q	F, H	G	C, I	L	J, K	S	R	N	M	Total Buildings
Floors/Stories	2	2	2	2	2	2	2	2	2	2	2	2	2	2	19
Number of Bldgs	1	1	2	1	2	2	1	3	1	1	1	1	1	1	
Units per Bldg	10	14	18	16	16	12	28	12	12	12	12	12	8	8	
Total Units	10	14	36	16	32	24	28	36	12	12	12	12	8	8	260

Avg. Unit Size (SF)	900 sf	Total NRA (SF)	234,070	Common Area (SF)*	3,589
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*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 8.12 acres Density: 32.0 units/acre
Site Control: 8.12 **Site Plan:** 8.12 **Appraisal:** 8.12 **ESA:** 8.12
Feasibility Report Survey: 8.12 **Feasibility Report Engineer's Plan:** NA **Existing LURA:** NA

Control Type: Exclusive Option Agreement

Development Site: 8.12 acres Cost: \$32,000,000 \$123,077 per unit

Seller: LSC Solano LLC, K&M NASA Webster LLC, HWPO51 LLC

Buyer: LSC Solano LIHTC, LP

Assignee: _____

Related-Party Seller/Identity of Interest: Yes

Comments:

Site cost based on Applicant's development cost schedule; a ground lease will be contemplated. The Applicant's total acquisition costs are \$32M, but due to the appraisal valuing the land and buildings at \$27.9M, the Underwriter has cut the Applicant's acquisitions costs to \$27.9M.

APPRAISED VALUE

Appraiser:	Novogradac	Date:	3/4/2024
Land as Vacant:	8.12 acres	\$2,120,000	Per Unit: \$8,154
Existing Buildings: (as-is)		\$25,780,000	Per Unit: \$99,154
Total Development: (as-is)		\$27,900,000	Per Unit: \$107,308

SITE INFORMATION

Flood Zone:	Zone X	Scattered Site?	No
Zoning:	NP	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	1966	Title Issues?	No

Current Uses of Subject Site:
Solano Apartments

TENANT RELOCATION PLAN

All tenants will receive a notice of relocation eligibility/ineligibility in writing. All affected tenants, who are eligible for relocation assistance, will have ample notice (at least 90 days) in writing of the need to move and their rights with regard to monetary payment and support during this time. The Applicant will provide relocation advisory services to all tenants. Eligible tenants will have the move as well as shelter and meals covered during the move. The Applicant has budgeted \$180,449 for tenant relocation expenses.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Partner Date: 2/29/2024

Recognized Environmental Conditions (RECs) and Other Concerns:

- Due to the age of the subject property building/buildings, there is a potential that asbestos containing material (ACM) and/or lead-based paint (LBP) are present. Readily visible suspect ACMs and painted surfaces were observed in good condition. Should these materials be replaced, the identified suspect ACMs would need to be sampled to confirm the presence or absence of asbestos prior to any renovation or demolition activities to prevent potential exposure to workers and/or building occupants
- Approximately four square feet of mold growth was identified in the bathroom located within unit 1032. The mold growth was observed on the ceiling drywall above the shower. Based on the extensive amount of mold observed within the unit, Partner recommends that source of the leak be found and repaired to prevent further water intrusion and that the affected materials be removed and replaced.

MARKET ANALYSIS

Provider: Novogradac

Date: 3/4/2024

Primary Market Area (PMA): 34 sq. miles 3 mile equivalent radius

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
Stabilized Affordable Developments in PMA						Total Units 783
						Total Developments 5
						Average Occupancy 95%

OVERALL DEMAND ANALYSIS

					Market Analyst	
					HTC	Assisted
Total Households in the Primary Market Area					38,774	
Potential Demand from the Primary Market Area					12,513	
10% External Demand					1,251	
Potential Demand from Other Sources					0	
GROSS DEMAND					13,764	
Subject Affordable Units					260	
Unstabilized Competitive Units					0	
RELEVANT SUPPLY					260	
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE					1.9%	

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

AMGI Band	Market Analyst									
	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
40% AMGI	1,972	197	16	0	1%					
50% AMGI	3,718	372	50	0	1%					
60% AMGI	4,032	403	142	0	3%					
70% AMGI	1,767	177	32	0	2%					
80% AMGI	1,024	102	20	0	2%					

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE

Unit Type	Market Analyst									
	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
1 BR/40%	658	66	4	0	1%					
1 BR/50%	684	68	26	0	3%					
1 BR/60%	1,105	111	98	0	8%					
1 BR/70%	851	85	2	0	0%					
2 BR/40%	385	39	10	0	2%					
2 BR/50%	423	42	22	0	5%					
2 BR/60%	936	94	39	0	4%					
2 BR/70%	466	47	25	0	5%					
2 BR/80%	362	36	10	0	3%					
3 BR/40%	229	23	2	0	1%					
3 BR/50%	317	32	2	0	1%					
3 BR/60%	800	80	5	0	1%					
3 BR/70%	431	43	5	0	1%					
3 BR/80%	320	32	10	0	3%					

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	\$2,132,638	Avg. Rent:	\$1,091	Expense Ratio:	34.1%
Debt Service:	\$1,839,879	B/E Rent:	\$990	Controllable Expenses:	\$2,563
Net Cash Flow:	\$292,759	UW Occupancy:	92.5%	Property Taxes/Unit:	\$0
Aggregate DCR:	1.16	B/E Occupancy:	84.1%	Program Rent Year:	2024

Property tax exemption achieved through the Harris County Finance Corporation's participation in the General Partnership.

DEVELOPMENT COST EVALUATION

SUMMARY - AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	\$261,084/ac	\$107,308/unit	\$27,900,000	Contractor Fee	\$1,116,120
Off-site + Site Work		\$/unit	\$0	Soft Cost + Financing	\$6,347,887
Building Cost	\$33.58/sf	\$30,231/unit	\$7,860,000	Developer Fee	\$5,872,455
Contingency	10.00%	\$3,023/unit	\$786,000	Reserves	\$818,867
Total Development Cost		\$195,005/unit	\$50,701,329	Rehabilitation Cost	\$30,231/unit
Qualified for 30% Basis Boost?		Rehabilitation Development in a Qualified Census Tract			

Acquisition:

Underwriter has limited acquisition costs to match appraisal as-is value per the QAP §11.302.e.1.A.ii.. Applicant has overstated acquisition costs by \$4.1M.

Scope of Work:

- Decommission the chillers and install individual HVAC units for each unit (other than 2 buildings that already have individual HVAC units).
- Decommission the boilers and install individual hot water heaters in each unit (other than 2 buildings that already have individual hot water heaters in the units.).
- Converting electric from master meter to sub-meters for each unit
- Replace/repair the roofs.
- Replace toilets, showerheads and faucets with low-flow water-saving options.
- Upgrade plumbing, primarily focusing on the main lines for each building.
- Curb appeal enhancements throughout site including:
 - New signage throughout buildings and common areas.
 - Improve landscaping.
- Convert unit next to leasing center into a fitness center/community room.
- Install security cameras throughout site (at least 1 per building)
- Add an additional 4 grills to site.
- Add washer/dryers to all units with connections that don't currently have washer/dryers (14 units do not have connections).

Developer Fee:

Applicant has overstated total developer fee by \$622K and eligible developer fee by \$615K.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$50,701,329	\$45,022,153	\$1,985,388

APPLICANT'S CAPITALIZATION

BOND RESERVATION			
Issuer	Amount	Reservation Date	Priority
Harris County Housing Finance Corporation	\$29,000,000	2/26/2024	Priority 2
Closing Deadline			
8/24/2024			

Percent of Cost Financed by Tax-Exempt Bonds	55.9%
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CONCLUSIONS

Gap Analysis:

Total Development Cost	\$50,701,329
Permanent Sources (debt + non-HTC equity)	\$30,093,187
Gap in Permanent Financing	\$20,608,142

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$17,271,144	\$1,985,388
Needed to Balance Sources & Uses	\$20,608,142	\$2,368,989
Requested by Applicant	\$18,910,684	\$2,173,860

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	\$17,271,144	\$1,985,388

Deferred Developer Fee	\$3,336,998	(57% deferred)
Repayable in	9 years	

Recommendation:

Underwriter recommends an annual tax credit allocation of \$1,985,388 per the eligible basis.

Underwriter:	<u>Jeffrey Price</u>
Manager of Real Estate Analysis:	<u>Diamond Unique Thompson</u>
Director of Real Estate Analysis:	<u>Jeanna Adams</u>

UNIT MIX/RENT SCHEDULE

Solano Apartments, Webster, 4% HTC #24457

LOCATION DATA				UNIT DISTRIBUTION						PRO FORMA ASSUMPTIONS			
PROGRAM RENT YEAR:	CITY:		Webster	# Beds	# Units	% Total	Assisted	MDL	ARP	Match	Revenue Growth		
	COUNTY:		Harris	Eff	-	0.0%	0	0	0	0	Expense Growth		
	Area Median Income		\$96,400	1	130	50.0%	0	0	0	0	Basis Adjust		
	PROGRAM REGION:		6	2	106	40.8%	24	0	0	0	Applicable Fraction		
			2024	3	24	9.2%	4	0	0	0	APP % Acquisition		
			4	-	0.0%	0	0	0	0	0	APP % Construction		
			5	-	0.0%	0	0	0	0	0	Average Unit Size		
TOTAL		260	100.0%	28	-	-	-	-					

60%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average	# Units	-	-	16	50	142	32	20	-	260
Income	% Total	0.0%	0.0%	6.2%	19.2%	54.8%	12.3%	7.7%	0.0%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE															
HTC			UNIT MIX			APPLICABLE PROGRAM RENT				APPLICANT'S PRO FORMA RENTS				MARKET RENTS	
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent paf	Net Rent per Unit	Total Monthly Rent		Mkt Analyst	
TC 40%	\$710	4	1	1	720	\$710	\$78	\$632	\$0	\$0.88	\$632	\$2,528		\$1,200	
TC 50%	\$887	26	1	1	720	\$887	\$78	\$809	\$0	\$1.12	\$809	\$21,034		\$1,200	
TC 60%	\$1,065	38	1	1	720	\$1,065	\$78	\$987	\$0	\$1.37	\$987	\$37,506		\$1,200	
TC 60%	\$1,065	1	1	1	720	\$1,065	\$78	\$987	\$0	\$1.37	\$987	\$987		\$1,200	
TC 60%	\$1,065	41	1	1	720	\$1,065	\$78	\$987	\$0	\$1.37	\$987	\$40,467		\$1,245	
TC 60%	\$1,065	18	1	1	860	\$1,065	\$78	\$987	\$0	\$1.15	\$987	\$17,766		\$1,245	
TC 70%	\$1,242	2	1	1	860	\$1,242	\$78	\$1,164	\$0	\$1.35	\$1,164	\$2,328		\$1,600	
TC 40%	\$852	2	1	1	1,010	\$852	\$108	\$744	\$0	\$0.74	\$744	\$1,488		\$1,600	
TC 50%	\$1,065	11	2	1	1,010	\$1,065	\$108	\$957	\$0	\$0.95	\$957	\$10,527		\$1,600	
TC 60%	\$1,278	10	2	1	1,010	\$1,278	\$108	\$1,170	\$0	\$1.16	\$1,170	\$11,700		\$1,600	
TC 60%	\$1,278	8	2	1	1,010	\$1,278	\$121	\$1,157	\$0	\$1.15	\$1,157	\$9,256		\$1,600	
TC 70%	\$1,491	5	2	1	1,010	\$1,491	\$108	\$1,383	\$0	\$1.37	\$1,383	\$6,915		\$1,600	
TC 80%	\$1,704	2	2	1	1,010	\$1,704	\$108	\$1,596	\$0	\$1.58	\$1,596	\$3,192		\$1,600	
TC 40%	\$852	2	2	1.5	1,010	\$852	\$108	\$744	\$0	\$0.74	\$744	\$1,488		\$1,625	
TC 50%	\$1,065	11	2	1.5	1,010	\$1,065	\$108	\$957	\$0	\$0.95	\$957	\$10,527		\$1,625	
TC 60%	\$1,278	20	2	1.5	1,010	\$1,278	\$108	\$1,170	\$0	\$1.16	\$1,170	\$23,400		\$1,625	
TC 70%	\$1,491	8	2	1.5	1,010	\$1,491	\$121	\$1,370	\$0	\$1.36	\$1,370	\$10,960		\$1,625	
TC 70%	\$1,491	3	2	1.5	1,010	\$1,491	\$108	\$1,383	\$0	\$1.37	\$1,383	\$4,149		\$1,625	
TC 80%	\$1,704	2	2	1.5	1,010	\$1,704	\$108	\$1,596	\$0	\$1.58	\$1,596	\$3,192		\$1,625	
TC 40%	\$852	2	2	1.5	1,105	\$852	\$108	\$744	\$0	\$0.67	\$744	\$1,488		\$1,655	
TC 70%	\$1,491	5	2	1.5	1,105	\$1,491	\$108	\$1,383	\$0	\$1.25	\$1,383	\$6,915		\$1,655	
TC 80%	\$1,704	2	2	1.5	1,105	\$1,704	\$108	\$1,596	\$0	\$1.44	\$1,596	\$3,192		\$1,655	
TC 40%	\$852	2	2	2	1,010	\$852	\$121	\$731	\$0	\$0.72	\$731	\$1,462		\$1,650	
TC 70%	\$1,491	4	2	2	1,010	\$1,491	\$121	\$1,370	\$0	\$1.36	\$1,370	\$5,480		\$1,650	
TC 80%	\$1,704	2	2	2	1,010	\$1,704	\$121	\$1,563	\$0	\$1.57	\$1,563	\$3,166		\$1,650	
TC 40%	\$852	2	2	2	1,105	\$852	\$108	\$744	\$0	\$0.67	\$744	\$1,488		\$1,680	
TC 60%	\$1,278	1	2	2	1,105	\$1,278	\$108	\$1,170	\$0	\$1.06	\$1,170	\$1,170		\$1,680	
TC 80%	\$1,704	2	2	2	1,105	\$1,704	\$108	\$1,596	\$0	\$1.44	\$1,596	\$3,192		\$1,680	
TC 40%	\$884	2	3	2	1,220	\$884	\$136	\$848	\$0	\$0.70	\$848	\$1,696		\$1,940	
TC 50%	\$1,230	2	3	2	1,220	\$1,230	\$150	\$1,080	\$0	\$0.89	\$1,080	\$2,160		\$1,940	
TC 60%	\$1,476	2	3	2	1,220	\$1,476	\$150	\$1,326	\$0	\$1.09	\$1,326	\$2,652		\$1,940	
TC 60%	\$1,476	3	3	2	1,220	\$1,476	\$136	\$1,340	\$0	\$1.10	\$1,340	\$4,020		\$1,940	
TC 70%	\$1,722	5	3	2	1,220	\$1,722	\$136	\$1,586	\$0	\$1.30	\$1,586	\$7,930		\$1,940	
TC 80%	\$1,968	10	3	2	1,220	\$1,968	\$136	\$1,832	\$0	\$1.50	\$1,832	\$18,320		\$1,940	
TOTALS/AVERAGES:		260			234,070				\$0	\$1.21	\$1,091	\$283,741		\$1,444	

ANNUAL POTENTIAL GROSS RENT:		\$3,404,892
*MFOL units float among Unit Types		

STABILIZED PRO FORMA
<i>Solano Apartments, Webster, 4% HTC #24457</i>

STABILIZED FIRST YEAR PRO FORMA					
COMPARABLES			APPLICANT		
	Database		% EGI	Per SF	Per Unit
					Amount
POTENTIAL GROSS RENT					
Late fees, pet deposits				\$1.21	\$3,404,892
Total Secondary Income					\$93,600
POTENTIAL GROSS INCOME					\$3,498,492
Vacancy & Collection Loss					
EFFECTIVE GROSS INCOME				7.5% PGI	(262,387)
					\$3,236,105

General & Administrative	\$140,865	\$542/Unit	2.52%	\$0.35	\$313	\$81,436
Management	\$130,511	4.8% EGI	3.00%	\$0.41	\$373	\$97,083
Payroll & Payroll Tax	\$384,883	\$1,480/Unit	9.50%	\$1.31	\$1,183	\$307,563
Repairs & Maintenance	\$205,541	\$791/Unit	5.29%	\$0.73	\$658	\$171,192
Electric/Gas	\$81,007	\$312/Unit	1.13%	\$0.16	\$141	\$36,711
Water, Sewer, & Trash	\$200,040	\$769/Unit	2.15%	\$0.30	\$268	\$69,606
Property Insurance	\$212,105	\$0.91 /sf	7.48%	\$1.03	\$931	\$241,976
Property Tax (@ 0%)	\$251,087	\$966/Unit	0.00%	\$0.00	\$0	\$0
Reserve for Replacements			2.41%	\$0.33	\$300	\$78,000
TDHCA Compliance fees (\$40/HTC unit)			0.32%	\$0.04	\$40	\$10,400
Bond Trustee Fees			0.15%	\$0.02	\$19	\$5,000
Issuer Ongoing Compliance Fees			0.14%	\$0.02	\$17	\$4,500
TOTAL EXPENSES			34.10%	\$4.71	\$4,244	\$1,103,467
NET OPERATING INCOME ("NOI")			65.90%	\$9.11	\$8,202	\$2,132,638

CONTROLLABLE EXPENSES		\$2,563/Unit
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TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS				
Solano Apartments, Webster, 4% HTC #24457				

DEVELOPMENT COST / ITEMIZED BASIS				
APPLICANT COST / BASIS ITEMS				
	Eligible Basis		Total Costs	
	Acquisition	New Const. Rehab		
Land Acquisition			\$8,154 / Unit	\$2,120,000
Building Acquisition	\$29,880,000		\$114,923 / Unit	\$29,880,000
Off-Sites		\$0	\$ / Unit	\$0
Site Work		\$0	\$ / Unit	\$0
Site Amenities		\$0	\$ / Unit	\$0
Building Cost		\$7,860,000	\$33.58 /sf	\$30,231/Unit
Contingency		\$786,000	10.00%	10.00%
Contractor Fees		\$1,116,120	12.91%	12.91%
Soft Costs	\$0	\$788,778	\$3,863 / Unit	\$1,004,293
Financing	\$0	\$2,818,800	\$20,552 / Unit	\$5,343,594
Developer Fee	17.39%	\$4,482,000	\$2,003,000	14.98%
Reserves			16.59%	\$6,495,000
			3 Months	\$818,867
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	\$34,362,000	\$15,372,698	\$213,169 / Unit	\$55,423,874
Acquisition Cost	(\$4,100,000)			(\$4,100,000)
Contingency		\$0		\$0
Contractor's Fee		\$0		\$0
Financing Cost		\$0		
Developer Fee	15.00%	(\$615,000)	\$2,455	15.00%
Reserves				(\$622,545)
				\$0
ADJUSTED BASIS / COST	\$29,647,000	\$15,375,153	\$195,005/unit	\$50,701,329
TOTAL HOUSING DEVELOPMENT COSTS Applicant's Uses				\$50,701,329

TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS				
Solano Apartments, Webster, 4% HTC #24457				

CREDIT CALCULATION ON QUALIFIED BASIS		
	Applicant	
	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	\$29,647,000	\$15,375,153
Deduction of Federal Grants	\$0	\$0
TOTAL ELIGIBLE BASIS	\$29,647,000	\$15,375,153
High Cost Area Adjustment		130%
TOTAL ADJUSTED BASIS	\$29,647,000	\$19,987,698
Applicable Fraction	100.00%	100.00%
TOTAL QUALIFIED BASIS	\$29,647,000	\$19,987,698
Applicable Percentage	4.00%	4.00%
ANNUAL CREDIT ON BASIS	\$1,185,880	\$799,508
CREDITS ON QUALIFIED BASIS	\$1,985,388	

Method	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price	Variance to Request	
			\$0.8699	Credits	Proceeds
Eligible Basis	\$1,985,388	\$17,271,144	\$1,985,388	(\$188,472)	(\$1,639,539)
Needed to Fill Gap	\$2,368,989	\$20,608,142	----	----	----
Applicant Request	\$2,173,860	\$18,910,684	----	----	----

50% Test for Bond Financing for 4% Tax Credits			
Tax-Exempt Bond Amount	\$	29,000,000	
			Applicant
Land Cost	\$	2,120,000	\$2,120,000
Depreciable Bldg Cost **	\$	49,744,698	\$49,744,698
Aggregate Basis for 50% Test	\$	51,864,698	\$51,864,698
Percent Financed by Tax-Exempt Bond		55.91%	55.91%

PROPOSED SOURCES OF FINANCING	
Solano Apartments, Webster, 4% HTC #24457	

DEBT	Type	Interim		Permanent Period				Debt Service		
		Principal	Rate	Principal	Term	Amort	Rate	DCR	Payment	Fee
Merchants Capital	Construction to Perm Loan	\$27,846,480	5.58%		15.0	35	5.58%	1.16	\$1,839,879	0.10%
Merchants Capital	Bridge Loan	\$16,846,399	7.82%	\$0	0.0	0	0.00%	1.16		0.00%
TOTAL		\$44,692,879		\$27,846,480				1.16	Cumulative DCR	

EQUITY		credit price	annual credits
Merchants Capital	\$2,173,860 HTC Equity	\$0.87	\$1,985,388
TOTAL		\$17,271,144	

PARTNERSHIP DEBT	
Lone Star Capital Group	Deferred Developer Fee
TOTAL	\$6,420,000

CASH FLOW DEBT/GRANTS	
TOTAL	\$0

OTHER	
Operating Income during construction	Operating Income
Good Faith Deposit	Deposit
TOTAL	\$1,701,647
TOTAL	\$54,705,595

Long-Term Pro Forma

Solano Apartments, Webster, 4% HTC #24457

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%	\$3,236,105	\$3,300,827	\$3,366,844	\$3,434,181	\$3,502,864	\$3,867,445	\$4,269,972	\$4,714,394	\$5,205,072	\$5,746,820	\$6,344,954
TOTAL EXPENSES	3.00%	\$1,103,467	\$1,135,600	\$1,168,678	\$1,202,728	\$1,237,780	\$1,429,126	\$1,650,345	\$1,906,132	\$2,201,924	\$2,544,014	\$2,939,694
NET OPERATING INCOME ("NOI")		\$2,132,638	\$2,165,227	\$2,198,166	\$2,231,452	\$2,265,084	\$2,438,319	\$2,619,627	\$2,808,262	\$3,003,148	\$3,202,806	\$3,405,259
EXPENSE/INCOME RATIO		34.1%	34.4%	34.7%	35.0%	35.3%	37.0%	38.7%	40.4%	42.3%	44.3%	46.3%
MUST -PAY DEBT SERVICE												
Merchants Capital		\$1,839,879	\$1,839,614	\$1,839,334	\$1,839,038	\$1,838,725	\$1,836,870	\$1,834,418	\$1,831,181	\$1,826,904	\$1,821,254	\$1,813,791
TOTAL DEBT SERVICE		\$1,839,879	\$1,839,614	\$1,839,334	\$1,839,038	\$1,838,725	\$1,836,870	\$1,834,418	\$1,831,181	\$1,826,904	\$1,821,254	\$1,813,791
DEBT COVERAGE RATIO		1.16	1.18	1.20	1.21	1.23	1.33	1.43	1.53	1.64	1.76	1.88
ANNUAL CASH FLOW												
		\$292,759	\$325,613	\$358,831	\$392,414	\$426,359	\$601,449	\$785,208	\$977,081	\$1,176,245	\$1,381,552	\$1,591,468
Deferred Developer Fee Balance		\$3,044,239	\$2,718,626	\$2,359,795	\$1,967,381	\$1,541,022	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$0	\$1,112,496	\$4,667,645	\$9,166,202	\$14,646,385	\$21,141,348	\$28,677,373