

**Real Estate Analysis Division**

November 6, 2023

Addendum to Underwriting ReportTDHCA Application #: **23828_22227**Program(s): **9% HTC****Lalita Senior Living**Address/Location: NEQ of Minnesota Ave and Southmost BlvdCity: BrownsvilleCounty: CameronZip: 78521

| | APPLICATION HISTORY |
|-------------|------------------------------|
| Report Date | PURPOSE |
| 11/06/23 | 9% HTC Amendment |
| 07/21/22 | Original Underwriting Report |

ALLOCATION

| TDHCA Program | Previous Allocation | | | | RECOMMENDATION | | | | |
|-------------------|---------------------|------|-------|------|----------------|------|-------|------|------|
| | Amount | Rate | Amort | Term | Amount | Rate | Amort | Term | Lien |
| LIHTC (9% Credit) | \$1,500,000 | | | | \$1,500,000 | | | | |

CONDITIONS STATUS

- Receipt and acceptance by Cost Certification:
 - Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

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 | 8 |
| 50% of AMI | 50% of AMI | 16 |
| 60% of AMI | 60% of AMI | 54 |

ANALYSIS

22227 Lalita Senior Living received a \$1,500,000 LIHTC award from TDHCA in July 2022. The applicant has submitted an amendment request related to unforeseen increase in construction costs, interest rates, and a decrease in equity pricing, since the time of application.

The amendment includes decreasing the number of units from 102 to 78 (decrease of 24) by removing the previously proposed 16 market rate units and 8 HTC units from the application.

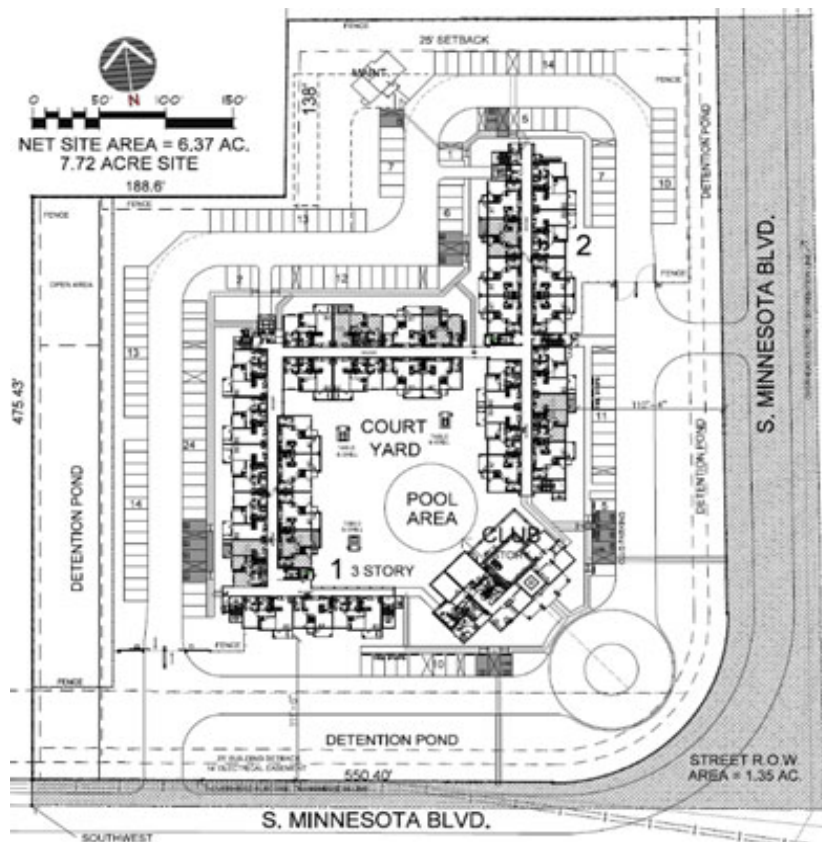
There will now be just one 4-story residential building instead of two 3-story buildings. This change reduced the total Net Rentable Area (NRA) by 19,581 SF. The total Common Area SF decreased by 6,068 SF.

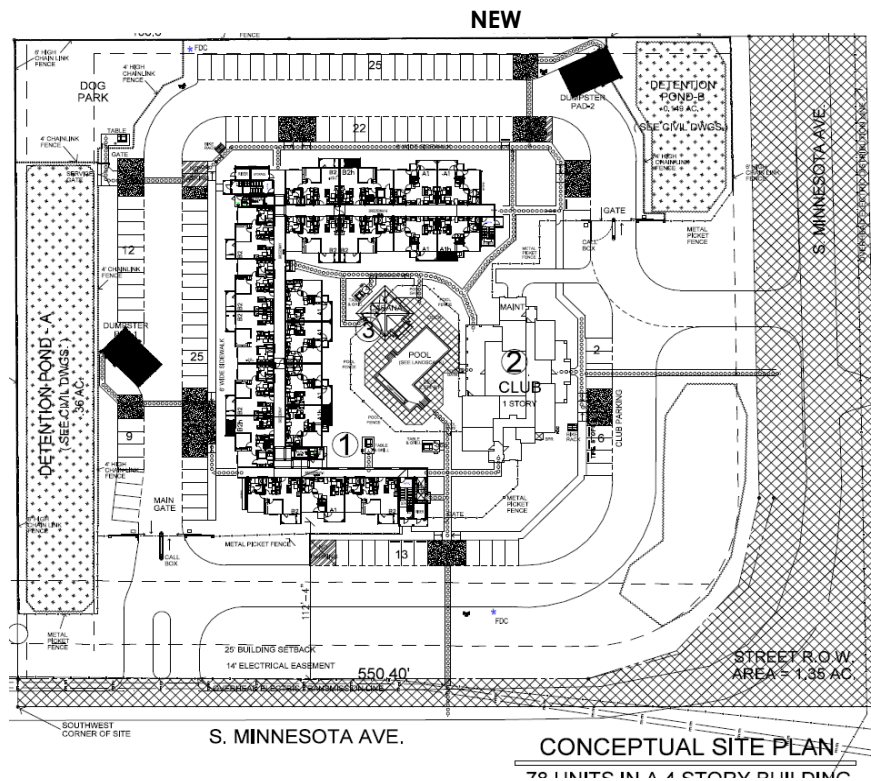
Total parking has decreased from 154 spaces (original underwriting) to 117 spaces (decrease of 37). However, the project is still maintaining 1.5 spaces per unit parking ratio as per the original application.

The amendment includes reducing the site acreage from 7.72 acres to 6.44 acres (decrease of 1.28). The total site is now 6.44 acres but there will be 1.35 acres dedicated for a Right-of-Way. The LURA is going to encumber the **5.09 acres**.

The density decreased from 16 units/acre to 15.3 units/acre.

OLD





Operating Pro Forma

The number of total units decreased from 102 to 78. Utility Allowances (UA) for one bedroom units increased from \$57 to \$69 and also increased for the two bedroom units from \$74 to \$91. Underwriter utilizing 2023 rents.

The applicant is using the UA schedule from the Housing Authority of the City of Brownsville, TX; **Unit Type: Energy Efficient Apartment**. The applicant confirmed that Energy Star appliances and energy efficient windows will be installed and will meet the standards of the Brownsville Housing Authority for purposes of qualifying to use their Energy Efficient UA.

Due to decrease in number of units, Effective Gross Income decreased by \$128,338, Total Expenses decreased by \$103,704 and as a result, Net Operating Income (NOI) decreased by \$24,634. Expense per unit increased from \$4,708 to \$4,827.

The DCR decreased from a 1.27 to a 1.17.

Development Cost

The applicant's Building Costs have increased by \$202,436 and Total Housing Development Costs have decreased by \$823,700.

Applicant did not change the \$324,200 of Off-Site costs.

Developer fee decreased by \$362,224 from previous underwriting.

Site acquisition decreased by \$25K by reducing the acreage.

The applicant provided a letter from Galaxy Builders, Ltd., indicating that they have reviewed the proposed construction budget included in the applicant's amendment package, and it appears reasonable. Based on the conceptual re-design of the project, they estimate project costs of around \$12.2M.

Underwriter costed out the building using the updated Architectural Drawings and utilized Marshall & Swift's "good" base cost adjustment.

Underwriter adjusted \$135,205 of P&P Bond (Eligible and Total) from Building Costs to the Other Financing Section - Performance Bonds line item.

Eligible Contingency is overstated by \$22,694 and Eligible Contractor's fee is overstated by \$3,175.

Sources of Funds

Construction loan decreased from \$4M to \$3,225,000 and the interest increased from 3.75% to 7.00%.

The permanent loan amount decreased by \$775K. The interest rate increased from 5.25% to 7.35% that includes .35 basis points MIP fee.

The capital contribution decreased by \$411,779 and the capital price went from \$0.88 down to \$0.8524.

The Deferred Developer Fee increased by \$363,300. Deferred fee pays off in 14 years with a projected 15-Yr Cash Flow after Deferred Fee of \$124,359.

Underwriter recommends an annual tax credit allocation of \$1,500,000 as previously awarded.

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

| UNIT MIX/RENT SCHEDULE |
|---|
| <i>Lalita Senior Living, Brownsville, 9% HTC #23828_22227</i> |

| LOCATION DATA | |
|--------------------|-------------|
| CITY: | Brownsville |
| COUNTY: | Cameron |
| Area Median Income | \$62,000 |
| PROGRAM REGION: | 11 |
| PROGRAM RENT YEAR: | 2023 |

| UNIT DISTRIBUTION | | | | |
|-------------------|-----------|---------------|----------|----------|
| # Beds | # Units | % Total | Assisted | MDL |
| Eff | - | 0.0% | 0 | 0 |
| 1 | 34 | 43.6% | 0 | 0 |
| 2 | 44 | 56.4% | 0 | 0 |
| 3 | - | 0.0% | 0 | 0 |
| 4 | - | 0.0% | 0 | 0 |
| 5 | - | 0.0% | 0 | 0 |
| | | | | |
| TOTAL | 78 | 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 | 876 sf |

| 55% | Income | 20% | 30% | 40% | 50% | 60% | 70% | 80% | EO / MR | TOTAL |
|---------|---------|------|-------|------|-------|-------|------|------|---------|--------|
| Average | # Units | - | 8 | - | 16 | 54 | - | - | - | 78 |
| Income | % Total | 0.0% | 10.3% | 0.0% | 20.5% | 69.2% | 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 | 4 | 1 | 1 | 752 | \$405 | \$69 | \$336 | \$0 | \$0.45 | \$336 | \$1,344 | \$1,344 | \$336 | \$0.45 | \$0 | \$1,025 | \$1.36 | \$1,025 |
| TC 50% | \$676 | 7 | 1 | 1 | 752 | \$676 | \$69 | \$607 | \$0 | \$0.81 | \$607 | \$4,249 | \$4,249 | \$607 | \$0.81 | \$0 | \$1,025 | \$1.36 | \$1,025 |
| TC 60% | \$811 | 23 | 1 | 1 | 752 | \$811 | \$69 | \$742 | \$0 | \$0.99 | \$742 | \$17,066 | \$17,066 | \$742 | \$0.99 | \$0 | \$1,025 | \$1.36 | \$1,025 |
| TC 30% | \$486 | 4 | 2 | 2 | 971 | \$486 | \$91 | \$395 | \$0 | \$0.41 | \$395 | \$1,580 | \$1,580 | \$395 | \$0.41 | \$0 | \$1,170 | \$1.20 | \$1,170 |
| TC 50% | \$811 | 9 | 2 | 2 | 971 | \$811 | \$91 | \$720 | \$0 | \$0.74 | \$720 | \$6,480 | \$6,480 | \$720 | \$0.74 | \$0 | \$1,170 | \$1.20 | \$1,170 |
| TC 60% | \$973 | 31 | 2 | 2 | 971 | \$973 | \$91 | \$882 | \$0 | \$0.91 | \$882 | \$27,342 | \$27,342 | \$882 | \$0.91 | \$0 | \$1,170 | \$1.20 | \$1,170 |
| TOTALS/AVERAGES: | | 78 | | | 68,292 | | | | \$0 | \$0.85 | \$744 | \$58,061 | \$58,061 | \$744 | \$0.85 | \$0 | \$1,107 | \$1.26 | \$1,107 |

| | | | |
|-------------------------------------|------------------|------------------|--|
| ANNUAL POTENTIAL GROSS RENT: | \$696,732 | \$696,732 | |
|-------------------------------------|------------------|------------------|--|

STABILIZED PRO FORMA

Lalita Senior Living, Brownsville, 9% HTC #23828_22227

| | | | STABILIZED FIRST YEAR PRO FORMA | | | | | | | | | | | | | |
|-----------------------------------|--|--|---------------------------------|----------------|--|-----------|----------|-----------|--------------|-----------|-----------|----------|----------|--------|----------|-----|
| | | | COMPARABLES | | | APPLICANT | | | PRIOR REPORT | | TDHCA | | | | VARIANCE | |
| | | | Database | Cameron County | | % EGI | Per SF | Per Unit | Amount | Applicant | TDHCA | Amount | Per Unit | Per SF | % EGI | % |
| POTENTIAL GROSS RENT | | | | | | | | | | | | | | | | |
| late fees, phone , cable, laundry | | | | | | \$0.85 | \$744 | \$696,732 | \$826,836 | \$826,836 | \$696,732 | \$744 | \$0.85 | | 0.0% | \$0 |
| | | | | | | | \$30.00 | \$28,080 | 36,720 | | | | | | | |
| Total Secondary Income | | | | | | | \$30.00 | | | 36,720 | \$28,080 | \$30.00 | | | 0.0% | \$0 |
| POTENTIAL GROSS INCOME | | | | | | | | \$724,812 | \$863,556 | \$863,556 | \$724,812 | | | | 0.0% | \$0 |
| Vacancy & Collection Loss | | | | | | | 7.5% PGI | (54,361) | (64,767) | (64,767) | (54,361) | 7.5% PGI | | | 0.0% | - |
| EFFECTIVE GROSS INCOME | | | | | | | | \$670,451 | \$798,789 | \$798,789 | \$670,451 | | | | 0.0% | \$0 |

| | | | | | | | | | | | | | | | | |
|---------------------------------------|----------|--------------|----------|---------|--------|--------|---------|-----------|-----------|-----------|-----------|---------|--------|--------|--------|-------------|
| General & Administrative | \$26,965 | \$346/Unit | \$35,368 | \$453 | 4.30% | \$0.42 | \$369 | \$28,820 | \$35,980 | \$34,992 | \$26,965 | \$346 | \$0.39 | 4.02% | 6.9% | 1,855 |
| Management | \$25,842 | 4.6% EGI | \$25,093 | \$322 | 5.00% | \$0.49 | \$430 | \$33,523 | \$39,940 | \$39,939 | \$33,523 | \$430 | \$0.49 | 5.00% | 0.0% | 0 |
| Payroll & Payroll Tax | \$86,072 | \$1,103/Unit | \$91,711 | \$1,176 | 13.61% | \$1.34 | \$1,170 | \$91,230 | \$114,210 | \$112,556 | \$91,230 | \$1,170 | \$1.34 | 13.61% | 0.0% | - |
| Repairs & Maintenance | \$38,706 | \$496/Unit | \$49,543 | \$635 | 7.40% | \$0.73 | \$636 | \$49,622 | \$64,864 | \$66,300 | \$50,700 | \$650 | \$0.74 | 7.56% | -2.1% | (1,078) |
| Electric/Gas | \$13,843 | \$177/Unit | \$16,007 | \$205 | 2.41% | \$0.24 | \$207 | \$16,128 | \$21,096 | \$17,954 | \$16,007 | \$205 | \$0.23 | 2.39% | 0.8% | 121 |
| Water, Sewer, & Trash | \$46,980 | \$602/Unit | \$37,310 | \$478 | 6.26% | \$0.61 | \$538 | \$41,952 | \$54,228 | \$47,314 | \$37,310 | \$478 | \$0.55 | 5.56% | 12.4% | 4,642 |
| Property Insurance | \$40,815 | \$0.60 /sf | \$44,823 | \$575 | 4.84% | \$0.47 | \$416 | \$32,438 | \$42,179 | \$53,374 | \$36,280 | \$465 | \$0.53 | 5.41% | -10.6% | (3,842) |
| Property Tax (@ 100%) 2.5700 | \$56,552 | \$725/Unit | \$63,638 | \$816 | 8.98% | \$0.88 | \$772 | \$60,200 | \$78,800 | \$81,255 | \$72,748 | \$933 | \$1.07 | 10.85% | -17.2% | (12,548) |
| Reserve for Replacements | | | | | 2.91% | \$0.29 | \$250 | \$19,500 | \$25,500 | \$25,500 | \$19,500 | \$250 | \$0.29 | 2.91% | 0.0% | - |
| TDHCA Compliance fees (\$40/HTC unit) | | | | | 0.47% | \$0.05 | \$40 | \$3,120 | \$3,440 | \$3,440 | \$3,120 | \$40 | \$0.05 | 0.47% | 0.0% | - |
| TOTAL EXPENSES | | | | | 56.16% | \$5.51 | \$4,827 | \$376,533 | \$480,237 | \$482,623 | \$387,383 | \$4,966 | \$5.67 | 57.78% | -2.8% | \$ (10,850) |
| NET OPERATING INCOME ("NOI") | | | | | 43.84% | \$4.30 | \$3,768 | \$293,918 | \$318,552 | \$316,166 | \$283,068 | \$3,629 | \$4.14 | 42.22% | 3.8% | \$ 10,850 |

| | | | | | | | | | | | | | | | | |
|-----------------------|--|--|--|--|--|--|--------------|--|--|--|--|--|--------------|--|--|--|
| CONTROLLABLE EXPENSES | | | | | | | \$2,920/Unit | | | | | | \$2,849/Unit | | | |
|-----------------------|--|--|--|--|--|--|--------------|--|--|--|--|--|--------------|--|--|--|

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Lalita Senior Living, Brownsville, 9% HTC #23828 22227

| | | DEBT / GRANT SOURCES | | | | | | | | | | | | | | | | | | | | | |
|--|-------|---|----------|-----------|----------------------------|-------|------|-------------|--------------------|-------------|--------------------------------------|--------------------|-------|-------|-----------|------------|-------|----------------------|--|-----------|----------|---------------|--|
| | | APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE | | | | | | | | | AS UNDERWRITTEN DEBT/GRANT STRUCTURE | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | |
| | | Cumulative DCR | | Pmt | Rate | Amort | Term | Principal | Prior Underwriting | | Principal | Term | Amort | Rate | Pmt | Cumulative | | | | | | | |
| UW | App | Applicant | TDHCA | | | | | | DCR | LTC | | | | | | | | | | | | | |
| DEBT (Must Pay) | Fee | | | | | | | | | | | | | | | | | | | | | | |
| PNC Bank, National Association HUD 221(d)(4) | 0.35% | 1.12 | 1.17 | 251,782 | 7.00% | 40 | 40 | \$3,225,000 | \$4,000,000 | \$4,000,000 | \$3,225,000 | 40 | 40 | 7.00% | \$251,781 | 1.17 | 19.2% | | | | | | |
| CASH FLOW DEBT / GRANTS | | | | | | | | | | | | | | | | | | | | | | | |
| City of Brownsville | | 1.12 | 1.17 | | 0.00% | 0 | 0 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | 0 | 0 | 0.00% | | 1.17 | 0.0% | | | | | | |
| | | | | \$251,782 | TOTAL DEBT / GRANT SOURCES | | | \$3,226,000 | \$4,001,000 | \$4,001,000 | \$3,226,000 | TOTAL DEBT SERVICE | | | \$251,781 | 1.17 | 19.3% | | | | | | |
| NET CASH FLOW | | \$31,286 | \$42,136 | APPLICANT | | | | | | | | | | | | | | NET OPERATING INCOME | | \$293,918 | \$42,137 | NET CASH FLOW | |

| EQUITY SOURCES | | | | | | | | | | | | | | |
|---------------------------------------|-------------------------|--------|----------------|--------------|---------------------|----------------------------------|---------------------|---------------------|----------------|---------------|--------|-------------------------|--|--|
| APPLICANT'S PROPOSED EQUITY STRUCTURE | | | | | | AS UNDERWRITTEN EQUITY STRUCTURE | | | | | | | | |
| EQUITY / DEFERRED FEES | DESCRIPTION | % Cost | Annual Credit | Credit Price | Amount | Prior Underwriting | | Amount | Credit Price | Annual Credit | % Cost | Annual Credits per Unit | Allocation Method | |
| | | | | | | Applicant | TDHCA | | | | | | | |
| PNC Bank, National Association | LIHTC Equity | 76.3% | \$1,500,000 | \$0.85 | \$12,786,000 | \$13,198,000 | \$13,198,000 | \$12,786,221 | \$0.8524 | \$1,500,000 | 76.3% | \$19,231 | Previous Allocation | |
| VDC Lalita, LLC | Deferred Developer Fees | 4.4% | (43% Deferred) | | \$741,988 | \$378,688 | \$378,688 | \$741,767 | (43% Deferred) | | 4.4% | | Total Developer Fee: \$1,717,650 | |
| Additional (Excess) Funds Req'd | | 0.0% | | | | \$0 | \$0 | \$0 | | | 0.0% | | | |
| TOTAL EQUITY SOURCES | | 80.7% | | | \$13,527,988 | \$13,576,688 | \$13,576,688 | \$13,527,988 | | | 80.7% | | | |
| TOTAL CAPITALIZATION | | | | | \$16,753,988 | \$17,577,688 | \$17,577,688 | \$16,753,988 | | | | | 15-Yr Cash Flow after Deferred Fee: \$124,359 | |

| | | DEVELOPMENT COST / ITEMIZED BASIS | | | | | | | | | | | | | | | |
|---|--|-----------------------------------|------------------|--------------|----------------|------------------|--------------|--------------------|--------------|--------------------------|------------------|--------------|-----|------------------|-------------|---------------|-----------|
| | | APPLICANT COST / BASIS ITEMS | | | | | | Prior Underwriting | | TDHCA COST / BASIS ITEMS | | | | | | COST VARIANCE | |
| | | Eligible Basis | | Total Costs | | | | Applicant | | TDHCA | | Total Costs | | Eligible Basis | | % | \$ |
| | | Acquisition | New Const. Rehab | | | | | | | | | | | New Const. Rehab | Acquisition | | |
| Land Acquisition | | | | | | \$1,350 / Unit | \$105,323 | \$130,346 | \$130,346 | \$105,323 | \$1,350 / Unit | | | | | 0.0% | \$0 |
| Off-Sites | | | \$0 | | | \$4,156 / Unit | \$324,200 | \$324,200 | \$324,200 | \$324,200 | \$4,156 / Unit | | | | | 0.0% | \$0 |
| Site Work | | | \$1,150,067 | | | \$14,744 / Unit | \$1,150,067 | \$1,406,990 | \$1,406,990 | \$1,150,067 | \$14,744 / Unit | \$1,150,067 | | | | 0.0% | \$0 |
| Site Amenities | | | \$427,500 | | | \$5,481 / Unit | \$427,500 | \$469,500 | \$469,500 | \$427,500 | \$5,481 / Unit | \$427,500 | | | | 0.0% | \$0 |
| Building Cost | | | \$6,048,622 | \$124.40 /sf | \$108,916/Unit | \$8,495,484 | \$8,293,048 | \$8,504,869 | \$7,950,068 | \$101,924/Unit | \$116.41 /sf | \$6,048,622 | | | | 6.9% | \$545,416 |
| Contingency | | | \$556,527 | 7.30% | 5.35% | \$556,527 | \$698,852 | \$698,852 | \$556,527 | 5.65% | 7.00% | \$533,833 | | | | 0.0% | \$0 |
| Contractor Fees | | | \$1,145,578 | 14.00% | 10.46% | \$1,145,578 | \$1,450,155 | \$1,450,155 | \$1,145,578 | 11.01% | 14.00% | \$1,142,403 | | | | 0.0% | \$0 |
| Soft Costs | | \$0 | \$1,848,772 | | | \$23,702 / Unit | \$1,848,772 | \$1,723,423 | \$1,723,423 | \$1,848,772 | \$23,702 / Unit | \$1,848,772 | \$0 | | | 0.0% | \$0 |
| Financing | | \$0 | \$409,142 | | | \$8,087 / Unit | \$630,787 | \$589,000 | \$589,000 | \$630,787 | \$8,087 / Unit | \$409,142 | \$0 | | | 0.0% | \$0 |
| Developer Fee | | \$0 | \$1,717,650 | 14.82% | 11.96% | \$1,717,650 | \$2,079,874 | \$2,079,874 | \$1,717,650 | 12.44% | 14.86% | \$1,717,650 | \$0 | | | 0.0% | \$0 |
| Reserves | | | | | | 7 Months | \$352,100 | \$412,300 | \$412,300 | \$352,100 | 7 Months | | | | | 0.0% | \$0 |
| TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS) | | \$0 | \$13,303,858 | | | \$214,795 / Unit | \$16,753,988 | \$17,577,688 | \$17,789,509 | \$16,208,572 | \$207,802 / Unit | \$13,277,989 | \$0 | | | 3.4% | \$545,416 |
| Acquisition Cost | | \$0 | | | | | \$0 | \$0 | | | | | | | | | |
| Contingency | | | (\$22,694) | | | | \$0 | \$0 | | | | | | | | | |
| Contractor's Fee | | | (\$3,175) | | | | \$0 | \$0 | | | | | | | | | |
| Financing Cost | | | \$0 | | | | | | | | | | | | | | |
| Developer Fee | | \$0 | \$0 | | | | \$0 | \$0 | | | | | | | | | |
| Reserves | | | | | | | \$0 | \$0 | | | | | | | | | |
| ADJUSTED BASIS / COST | | \$0 | \$13,277,989 | | | \$214,795/unit | \$16,753,988 | \$17,577,688 | \$17,789,509 | \$16,208,572 | \$207,802/unit | \$13,277,989 | \$0 | | | 3.4% | \$545,416 |
| TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): | | | | | | \$16,753,988 | | | | | | | | | | | |

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Lalita Senior Living, Brownsville, 9% HTC #23828_22227

| CREDIT CALCULATION ON QUALIFIED BASIS | | | | |
|---------------------------------------|-------------|-----------------------------|-------------|--------------|
| | Applicant | | TDHCA | |
| | Acquisition | Construction Rehabilitation | Acquisition | Construction |
| ADJUSTED BASIS | \$0 | \$13,277,989 | \$0 | \$13,277,989 |
| Deduction of Federal Grants | \$0 | \$0 | \$0 | \$0 |
| TOTAL ELIGIBLE BASIS | \$0 | \$13,277,989 | \$0 | \$13,277,989 |
| High Cost Area Adjustment | | 130% | | 130% |
| TOTAL ADJUSTED BASIS | \$0 | \$17,261,386 | \$0 | \$17,261,386 |
| Applicable Fraction | 100.00% | 100.00% | 100% | 100% |
| TOTAL QUALIFIED BASIS | \$0 | \$17,261,386 | \$0 | \$17,261,386 |
| Applicable Percentage | 4.00% | 9.00% | 4.00% | 9.00% |
| ANNUAL CREDIT ON BASIS | \$0 | \$1,553,525 | \$0 | \$1,553,525 |
| CREDITS ON QUALIFIED BASIS | \$1,553,525 | | \$1,553,525 | |

| Method | ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS | | FINAL ANNUAL LIHTC ALLOCATION | | |
|---------------------|--|--------------|-------------------------------|---------------------|----------|
| | Annual Credits | Proceeds | Credit Price \$0.8524 | Variance to Request | |
| | | | Credit Allocation | Credits | Proceeds |
| Eligible Basis | \$1,553,525 | \$13,242,474 | ---- | ---- | ---- |
| Needed to Fill Gap | \$1,587,019 | \$13,527,988 | ---- | ---- | ---- |
| Previous Allocation | \$1,500,000 | \$12,786,221 | \$1,500,000 | \$0 | \$0 |

| BUILDING COST ESTIMATE | | | | |
|--|------------------------|----------------|-------------|-------------|
| CATEGORY | FACTOR | UNITS/SF | PER SF | |
| Base Cost: | Garden (Up to 4-story) | 68,292 SF | \$93.28 | 6,370,407 |
| Adjustments | | | | |
| Exterior Wall Finish | 2.40% | | 2.24 | \$152,890 |
| Elderly | 3.00% | | 2.80 | 191,112 |
| 9-Ft. Ceilings | 0.00% | | 0.00 | 0 |
| Roof Adjustment(s) | | | 1.14 | 78,000 |
| Subfloor | | | 0.22 | 15,195 |
| Floor Cover | | | 3.37 | 230,076 |
| Breezeways | \$30.44 | 13,927 | 6.21 | 424,007 |
| Balconies | \$29.84 | 8,288 | 3.62 | 247,326 |
| Plumbing Fixtures | \$1,090 | 132 | 2.11 | 143,880 |
| Rough-ins | \$535 | 156 | 1.22 | 83,460 |
| Built-In Appliances | \$1,880 | 78 | 2.15 | 146,640 |
| Exterior Stairs | \$2,460 | 9 | 0.32 | 22,140 |
| Heating/Cooling | | | 2.37 | 161,852 |
| Storage Space | \$30.44 | 1,867 | 0.83 | 56,841 |
| Carports | \$13.00 | 0 | 0.00 | 0 |
| Garages | | 0 | 0.00 | 0 |
| Common/Support Area | \$96.02 | 4,439 | 6.24 | 426,219 |
| Elevators | \$150,400 | 2 | 4.40 | 300,800 |
| Other: Mech., Mail, IT, Riser, Porches | \$30.44 | 830 | 0.37 | 25,269 |
| Fire Sprinklers | \$2.88 | 88,525 | 3.73 | 254,952 |
| SUBTOTAL | | | 136.63 | 9,331,066 |
| Current Cost Multiplier | 1.00 | | 0.00 | 0 |
| Local Multiplier | 1.00 | | 0.00 | 0 |
| Reserved | | | | 0 |
| TOTAL BUILDING COSTS | | | 136.63 | \$9,331,066 |
| Plans, specs, survey, bldg permits | 3.30% | | (4.51) | (\$307,925) |
| Contractor's OH & Profit | 11.50% | | (15.71) | (1,073,073) |
| NET BUILDING COSTS | | \$101,924/unit | \$116.41/sf | \$7,950,068 |

Long-Term Pro Forma

Lalita Senior Living, Brownsville, 9% HTC #23828_22227

| | 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% | \$670,451 | \$683,860 | \$697,537 | \$711,488 | \$725,718 | \$801,251 | \$884,646 | \$976,721 | \$1,078,379 | \$1,190,617 | \$1,314,537 | \$1,451,356 |
| TOTAL EXPENSES | 3.00% | \$376,533 | \$387,494 | \$398,777 | \$410,391 | \$422,347 | \$487,613 | \$563,066 | \$650,307 | \$751,188 | \$867,857 | \$1,002,799 | \$1,158,891 |
| NET OPERATING INCOME ("NOI") | | \$293,918 | \$296,366 | \$298,761 | \$301,097 | \$303,371 | \$313,638 | \$321,580 | \$326,414 | \$327,190 | \$322,760 | \$311,739 | \$292,465 |
| EXPENSE/INCOME RATIO | | 56.2% | 56.7% | 57.2% | 57.7% | 58.2% | 60.9% | 63.6% | 66.6% | 69.7% | 72.9% | 76.3% | 79.8% |
| MUST -PAY DEBT SERVICE | | | | | | | | | | | | | |
| PNC Bank, National Association HUD 221 | | \$251,781 | \$251,728 | \$251,671 | \$251,610 | \$251,544 | \$251,137 | \$250,560 | \$249,742 | \$248,582 | \$246,939 | \$244,608 | \$241,305 |
| TOTAL DEBT SERVICE | | \$251,781 | \$251,728 | \$251,671 | \$251,610 | \$251,544 | \$251,137 | \$250,560 | \$249,742 | \$248,582 | \$246,939 | \$244,608 | \$241,305 |
| DEBT COVERAGE RATIO | | 1.17 | 1.18 | 1.19 | 1.20 | 1.21 | 1.25 | 1.28 | 1.31 | 1.32 | 1.31 | 1.27 | 1.21 |
| ANNUAL CASH FLOW | | | | | | | | | | | | | |
| Deferred Developer Fee Balance | | \$699,630 | \$654,992 | \$607,902 | \$558,415 | \$506,588 | \$214,697 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CUMULATIVE NET CASH FLOW | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$124,359 | \$497,720 | \$888,562 | \$1,275,353 | \$1,631,010 | \$1,921,965 |