

**Real Estate Analysis Division**

December 2, 2024

Addendum to Underwriting ReportTDHCA Application #: **24503_23152**Program(s): **9% HTC****Pioneer Crossing**Address/Location: **2508 Stephen F Austin Drive**City: **Brownwood** County: **Brown** Zip: **76801**

	APPLICATION HISTORY
Report Date	PURPOSE
12/02/24	MDL Award Memo
11/22/23	9% HTC Amendment
07/27/23	Original Underwriting Report

ALLOCATION

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	Lien
TDHCA MFDL - HOME	\$0	0.00%	0	0	\$2,800,000	2.00%	30	30	1
LIHTC (9% Credit)	\$900,000				\$900,000				

* Multifamily Direct Loan and HOME ARP Terms:

* The term of a Multifamily Direct Loan or HOME ARP loan should match the term of any superior loan (within 6 months).

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

CONDITIONS STATUS**1 Receipt and acceptance before Direct Loan Contract:**

- Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.

2 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.

3 Receipt and acceptance by Project Completion:

- a: Architect certification that buildings were tested for the presence of radon and any recommended mitigation measures were implemented.

- b: If any portion of the site is determined to be a wetland area, certification that compliance with all federal, state and local wetland mitigation requirements has been met.
- c: 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	4
50% of AMI	50% of AMI	7
60% of AMI	60% of AMI	34

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% / 30%	4
50% of AMFI	Low HOME	7
60% of AMFI	High HOME	34
80% of AMFI	High HOME	4

ANALYSIS

23152 Pioneer Crossing received a \$900,000 LIHTC award from TDHCA in July 2023. In November 2023, there was an amendment that included reducing the site acreage, minor site plan update, reducing the number of parking spaces, and increasing the NRA for two B-HC Units. The Applicant has now applied for \$2,800,000 in HOME funding to replace their previously proposed permanent financing.

Operating Pro Forma

Underwriter revised Applicant's Rent Schedule to reflect the current 2024 Program Rents.

Since the prior underwriting for the 2023 amendment, projected operating expenses have increased by \$22K (from \$252K to \$274K). Expense items that have increased include:

- General & Administrative: up \$500
- Management Fee (based on higher income) - up \$630
- Repairs & Maintenance - up \$2K
- Electric - up \$4K
- Water, Sewer & Trash - up \$4K
- Property Insurance (based on higher insurance rates) - up \$8K
- Property Taxes (based on higher income) - up \$2.8K
- MDL Compliance Fees (4 previous MR units now HH80% @ \$34/unit) - up \$136

Applicant's budgeted expenses are comparable to either TDHCA's database or local comparable properties, so the increased expenses still represent plausible assumptions.

With the current rent limits offset by higher operating expenses, projected Net Operating Income has decreased by \$33K (from \$195K to \$162K) since underwriting for the 2023 amendment.

As underwritten, the DCR is 1.31 and the long-term Pro Forma exhibits a 15 year residual cash flow of \$202K after repayment of deferred developer fee in year 11.

Development Cost

Since underwriting for the 2023 amendment:

- Building Cost increased by \$250K (from \$4.29M to \$4.54M).
- Developer Fee increased by \$110K (from \$1.53M to \$1.64M).
- Total Housing Development Cost increased by \$465K (from \$10.11M to \$10.57M).

Sources of Funds

The \$2.8M MDL at 2% interest is replacing a conventional loan through Key Bank as the primary senior debt.

The permanent loan amount and interest rate changed from previous underwriting from \$2M at a 7% interest rate to \$2.8M at a 2% interest rate.

The primary equity contribution decreased by \$720K (from \$7.74M to \$7.02M), while the equity price was reduced from \$0.86 to \$0.78.

Deferred Developer Fee increased by \$110K (from \$1.53M to \$1.64M).

Recommendation

Underwriter recommends a first lien Multifamily Direct Loan in the amount of \$2,800,000 at a 2.00% interest rate for a 30 year term with payments based on a 30 year amortization. Under these terms, the annualized monthly debt service payment is \$124,192. The construction term is assumed at 24 months.

Furthermore, an annual 9% tax credit allocation of \$900,000 is still being recommended.

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

UNIT MIX/RENT SCHEDULE
<i>Pioneer Crossing, Brownwood, 9% HTC #24502_23152</i>

LOCATION DATA	
CITY:	Brownwood
COUNTY:	Brown
Area Median Income	\$71,000
PROGRAM REGION:	2
PROGRAM RENT YEAR:	2024

UNIT DISTRIBUTION					
# Beds	# Units	% Total	Assisted	MDL	ARP
Eff	-	0.0%	0	0	0
1	24	49.0%	0	24	0
2	25	51.0%	0	25	0
3	-	0.0%	0	0	0
4	-	0.0%	0	0	0
5	-	0.0%	0	0	0
TOTAL	49	100.0%	-	49	-

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	91.84%
APP % Acquisition	9.00%
APP % Construction	9.00%
Average Unit Size	754 sf

56%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average	# Units	-	4	-	7	34	-	-	4	49
Income	% Total	0.0%	8.2%	0.0%	14.3%	69.4%	0.0%	0.0%	8.2%	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%	\$424	30%/30%	\$421	2	1	1	650	\$421	\$64	\$357	\$0	\$0.55	\$357	\$714	\$714	\$357	\$0.55	\$0	\$1,085	\$1.67	\$1,085	
TC 50%	\$708	LH/50%	\$703	3	1	1	650	\$703	\$64	\$639	\$0	\$0.98	\$639	\$1,917	\$1,917	\$639	\$0.98	\$0	\$1,085	\$1.67	\$1,085	
TC 60%	\$849	HH/60%	\$820	17	1	1	650	\$820	\$64	\$756	\$0	\$1.16	\$756	\$12,852	\$12,852	\$756	\$1.16	\$0	\$1,085	\$1.67	\$1,085	
MR		HH/80%	\$820	2	1	1	650	\$820	\$64	\$756	\$0	\$1.16	\$756	\$1,512	\$1,512	\$756	\$1.16	\$0	\$1,085	\$1.67	\$1,085	
TC 30%	\$510	30%/30%	\$506	2	2	2	850	\$506	\$84	\$422	\$0	\$0.50	\$422	\$844	\$844	\$422	\$0.50	\$0	\$1,290	\$1.52	\$1,290	
TC 50%	\$850	LH/50%	\$843	4	2	2	850	\$843	\$84	\$759	\$0	\$0.89	\$759	\$3,036	\$3,036	\$759	\$0.89	\$0	\$1,290	\$1.52	\$1,290	
TC 60%	\$1,020	HH/60%	\$1,076	15	2	2	850	\$1,020	\$84	\$936	\$0	\$1.10	\$936	\$14,040	\$14,040	\$936	\$1.10	\$0	\$1,290	\$1.52	\$1,290	
MR		HH/80%	\$1,076	2	2	2	850	\$1,076	\$84	\$992	\$0	\$1.17	\$992	\$1,984	\$1,984	\$992	\$1.17	\$0	\$1,290	\$1.52	\$1,290	
TC 60%	\$1,020	HH/60%	\$1,076	2	2	2	901	\$1,020	\$84	\$936	\$0	\$1.04	\$936	\$1,872	\$1,872	\$936	\$1.04	\$0	\$1,290	\$1.43	\$1,290	
TOTALS/AVERAGES:				49				36,952				\$0	\$1.05	\$791	\$38,771	\$38,771	\$791	\$1.05	\$0	\$1,190	\$1.58	\$1,190

ANNUAL POTENTIAL GROSS RENT:		\$465,252	\$465,252
-------------------------------------	--	------------------	------------------

STABILIZED PRO FORMA
<i>Pioneer Crossing, Brownwood, 9% HTC #24502_23152</i>

STABILIZED FIRST YEAR PRO FORMA																
COMPARABLES			APPLICANT				23152 Amendment	23152 Prior Report		23152 Amendment	TDHCA				VARIANCE	
Database	Local Area Comps		% EGI	Per SF	Per Unit	Amount	Applicant	Applicant	TDHCA	TDHCA	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT				\$1.05	\$791	\$465,252	\$477,192	\$448,236	\$448,236	\$477,192	\$465,252	\$791	\$1.05		0.0%	\$0
Late Fees, NSF, Laundry, Vending					\$10.00	\$5,880	5,880	5,880								
Total Secondary Income					\$10.00				5,880	5,880	\$5,880	\$10.00			0.0%	\$0
POTENTIAL GROSS INCOME						\$471,132	\$483,072	\$454,116	\$454,116	\$483,072	\$471,132				0.0%	\$0
Vacancy & Collection Loss				7.5% PGI		(35,335)	(36,230)	(34,059)	(34,059)	(36,230)	(35,335)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME						\$435,797	\$446,842	\$420,057	\$420,057	\$446,842	\$435,797				0.0%	\$0

General & Administrative	\$23,053	\$470/Unit	\$20,392	\$416	5.85%	\$0.69	\$520	\$25,500	\$25,000	\$25,000	\$20,392	\$20,392	\$20,392	\$416	\$0.55	4.68%	25.1%	5,108
Management	\$19,585	5.9% EGI	\$21,904	\$447	4.00%	\$0.47	\$356	\$17,432	\$16,802	\$16,802	\$16,802	\$17,874	\$17,432	\$356	\$0.47	4.00%	0.0%	0
Payroll & Payroll Tax	\$62,919	\$1,284/Unit	\$65,959	\$1,346	16.35%	\$1.93	\$1,454	\$71,250	\$71,250	\$71,250	\$65,959	\$65,959	\$71,250	\$1,454	\$1.93	16.35%	0.0%	-
Repairs & Maintenance	\$34,274	\$699/Unit	\$28,083	\$573	7.23%	\$0.85	\$643	\$31,500	\$29,500	\$29,500	\$31,850	\$31,850	\$31,850	\$650	\$0.86	7.31%	-1.1%	(350)
Electric/Gas	\$11,629	\$237/Unit	\$10,357	\$211	2.98%	\$0.35	\$265	\$13,000	\$9,000	\$9,000	\$10,357	\$10,357	\$10,357	\$211	\$0.28	2.38%	25.5%	2,643
Water, Sewer, & Trash	\$32,215	\$657/Unit	\$43,463	\$887	7.34%	\$0.87	\$653	\$32,000	\$28,000	\$28,000	\$43,463	\$43,463	\$43,463	\$887	\$1.18	9.97%	-26.4%	(11,463)
Property Insurance	\$25,610	\$0.69 /sf	\$23,848	\$487	7.57%	\$0.89	\$673	\$33,000	\$25,000	\$25,000	\$25,000	\$25,000	\$33,000	\$673	\$0.89	7.57%	0.0%	-
Property Tax (@ 100%) 2.420200	\$24,234	\$495/Unit	\$20,405	\$416	7.07%	\$0.83	\$629	\$30,800	\$28,000	\$28,000	\$20,405	\$20,405	\$30,800	\$629	\$0.83	7.07%	0.0%	-
Reserve for Replacements					2.81%	\$0.33	\$250	\$12,250	\$12,250	\$12,250	\$12,250	\$12,250	\$12,250	\$250	\$0.33	2.81%	0.0%	-
Supportive Services					1.15%	\$0.14	\$102	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$102	\$0.14	1.15%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.41%	\$0.05	\$37	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$37	\$0.05	0.41%	0.0%	-
TDHCA MDL Compliance (\$34/MDL unit)					0.03%	\$0.00	\$3	\$136	\$0	\$0	\$0	\$0	\$136	\$3	\$0.00	0.03%	0.0%	-
TOTAL EXPENSES					62.80%	\$7.41	\$5,585	\$273,668	\$251,602	\$251,602	\$253,277	\$254,349	\$277,729	\$5,668	\$7.52	63.73%	-1.5%	\$ (4,061)
NET OPERATING INCOME ("NOI")					37.20%	\$4.39	\$3,309	\$162,129	\$195,239	\$168,455	\$166,780	\$192,493	\$158,068	\$3,226	\$4.28	36.27%	2.6%	\$ 4,061

CONTROLLABLE EXPENSES								\$3,536/Unit										\$3,619/Unit
-----------------------	--	--	--	--	--	--	--	--------------	--	--	--	--	--	--	--	--	--	--------------

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Pioneer Crossing, Brownwood, 9% HTC #24502_23152

		DEBT / GRANT SOURCES																				
		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE											AS UNDERWRITTEN DEBT/GRANT STRUCTURE									
		Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Amendme	Prior Report 23152		Amendme	Principal	Term	Amort	Rate	Pmt	Cumulative				
UW	App	Applicant	Applicant						TDHCA	TDHCA	DCR	LTC										
DEBT (Must Pay)	Fee	1.27	1.31	124,192	2.00%	30	30.0	\$2,800,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,800,000	30.0	30	2.00%	\$124,192	1.31	26.5%				
CASH FLOW DEBT / GRANTS																						
Watermark Construction		1.27	1.31		0.00%	0	0.0	\$350,000				\$350,000	0.0	0	0.00%		1.31	3.3%				
				\$124,192	TOTAL DEBT / GRANT SOURCES			\$3,150,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$3,150,000	TOTAL DEBT SERVICE			\$124,192	1.31	29.8%			
NET CASH FLOW		\$33,876	\$37,937	APPLICANT ET OPERATING INCOME															\$162,129	\$37,937	NET CASH FLOW	

EQUITY / DEFERRED FEES	EQUITY SOURCES														
	APPLICANT'S PROPOSED EQUITY STRUCTURE									AS UNDERWRITTEN EQUITY STRUCTURE					
	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Amendme	Prior Report 23152		Amendme	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Applicant						Applicant	TDHCA	TDHCA							
Raymond James	LIHTC Equity	66.4%	\$900,000	\$0.78	\$7,019,298	\$7,739,226	\$7,739,226	\$7,739,226	\$7,739,226	\$7,019,298	\$0.78	\$900,000	66.4%	\$18,367	Previous Allocation
Target Builders, LLC	Deferred Developer Fees	3.8%	(25% Deferred)		\$404,918	\$370,285	\$370,285	\$370,285	\$370,285	\$404,797	(25% Deferred)		3.8%	Total Developer Fee: \$1,635,000	
Additional (Excess) Funds Req'd		0.0%						\$0	\$0	\$0			0.0%		
TOTAL EQUITY SOURCES		70.2%			\$7,424,216	\$8,109,511	\$8,109,511	\$8,109,511	\$8,109,511	\$7,424,095			70.2%		
TOTAL CAPITALIZATION					\$10,574,216	\$10,109,511	\$10,109,511	\$10,109,511	\$10,109,511	\$10,574,095			15-Yr Cash Flow after Deferred Fee: \$201,572		

		DEVELOPMENT COST / ITEMIZED BASIS														
		APPLICANT COST / BASIS ITEMS								TDHCA COST / BASIS ITEMS				COST VARIANCE		
		Eligible Basis		Total Costs		Amendme	Prior Report 23152		Amendme	Total Costs		Eligible Basis				
		Acquisition	New Const. Rehab			Applicant	Applicant	TDHCA	TDHCA			New Const. Rehab	Acquisition			%
Land Acquisition				\$2,041 / Unit	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$2,041 / Unit			0.0%	\$0	
Off-Sites			\$0	\$3,163 / Unit	\$155,000	\$155,000	\$155,000	\$155,000	\$155,000	\$155,000	\$3,163 / Unit	\$0		0.0%	\$0	
Site Work			\$832,500	\$17,959 / Unit	\$880,000	\$880,000	\$880,000	\$880,000	\$880,000	\$880,000	\$17,959 / Unit	\$832,500		0.0%	\$0	
Site Amenities			\$195,000	\$3,980 / Unit	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$3,980 / Unit	\$195,000		0.0%	\$0	
Building Cost			\$4,536,400	\$122.76 /sf	\$92,580/Unit	\$4,536,400	\$4,286,400	\$4,286,400	\$4,496,906	\$4,514,407	\$4,516,769	#####	\$122.23 /sf	\$4,516,769	0.4%	\$19,631
Contingency			\$383,040	6.88%	6.64%	\$383,040	\$383,040	\$383,040	\$383,040	\$383,040	\$383,040	6.67%	6.91%	\$383,040	0.0%	\$0
Contractor Fees			\$832,571	14.00%	14.00%	\$860,921	\$825,922	\$825,922	\$825,922	\$825,922	\$858,173	14.00%	14.00%	\$829,823	0.3%	\$2,748
Soft Costs		\$0	\$592,000	\$12,082 / Unit	\$592,000	\$585,500	\$585,500	\$585,500	\$585,500	\$592,000	\$12,082 / Unit	\$592,000	\$0	0.0%	\$0	
Financing		\$0	\$913,000	\$21,272 / Unit	\$1,042,350	\$975,350	\$975,350	\$975,350	\$975,350	\$1,042,350	\$21,272 / Unit	\$913,000	\$0	0.0%	\$0	
Developer Fee		\$0	\$1,635,000	19.74%	19.26%	\$1,635,000	\$1,525,000	\$1,525,000	\$1,525,000	\$1,635,000	19.32%	19.79%	\$1,635,000	\$0	0.0%	\$0
Reserves			6 Months		\$194,384	\$198,300	\$198,300	\$198,300	\$198,300	\$194,384	6 Months				0.0%	\$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		\$0	\$9,919,511	\$215,798 / Unit	\$10,574,095	\$10,109,511	\$10,109,511	\$10,320,017	\$10,337,518	\$10,551,717	\$215,341 / Unit	\$9,897,133	\$0	0.2%	\$22,378	
Acquisition Cost		\$0			\$0	\$0	\$0									
Contingency		\$0			\$0	\$0										
Contractor's Fee		\$0			\$0	\$0										
Financing Cost		\$0														
Developer Fee		\$0			\$0	\$0	\$0									
Reserves				\$0	\$0	\$0										
ADJUSTED BASIS / COST		\$0	\$9,919,511	\$215,798/unit	\$10,574,095	\$10,109,511	\$10,109,511	\$10,320,017	\$10,337,518	\$10,551,717	\$215,341/unit	\$9,897,133	\$0	0.2%	\$22,378	
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					\$10,574,095											

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Pioneer Crossing, Brownwood, 9% HTC #24502_23152

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	\$0	\$9,919,511	\$0	\$9,897,133
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$9,919,511	\$0	\$9,897,133
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$12,895,364	\$0	\$12,866,272
Applicable Fraction	91.84%	91.84%	92%	92%
TOTAL QUALIFIED BASIS	\$0	\$11,842,682	\$0	\$11,815,965
Applicable Percentage	9.00%	9.00%	9.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$1,065,841	\$0	\$1,063,437
CREDITS ON QUALIFIED BASIS	\$1,065,841		\$1,063,437	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.7799	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$1,065,841	\$8,312,731	----	----	----
Needed to Fill Gap	\$951,902	\$7,424,095	----	----	----
Previous Allocation	\$900,000	\$7,019,298	\$900,000	\$0	\$0

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Fourplex	36,952 SF	\$103.95	3,841,253
Adjustments				
Exterior Wall Finish	2.40%		2.49	\$92,190
Elderly	3.00%		3.12	115,238
9-Ft. Ceilings	3.30%		3.43	126,761
Roof Adjustment(s)			3.74	138,016
Subfloor			(3.27)	(120,833)
Floor Cover			2.82	104,205
Breezeways	\$0.00	0	0.00	0
Balconies	\$27.83	3,244	2.44	90,281
Plumbing Fixtures	\$1,610	75	3.27	120,750
Rough-ins	\$600	98	1.59	58,800
Built-In Appliances	\$2,950	49	3.91	144,550
Exterior Stairs	\$3,275	0	0.00	0
Heating/Cooling			2.37	87,576
Storage Space	\$0.00	972	0.00	0
Carports	\$16.05	0	0.00	0
Garages		0	0.00	0
Common/Support Area	\$143.37	2,477	9.61	355,123
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	\$3.65	40,401	3.99	147,464
SUBTOTAL			143.47	\$5,301,372
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			143.47	\$5,301,372
Plans, specs, survey, bldg permits	3.30%		(4.73)	(\$174,945)
Contractor's OH & Profit	11.50%		(16.50)	(609,658)
NET BUILDING COSTS		\$92,179/unit	\$122.23/sf	\$4,516,769

Long-Term Pro Forma

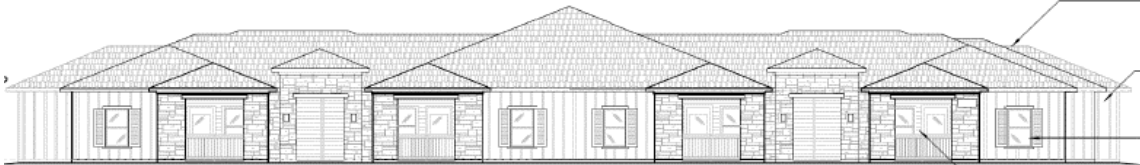
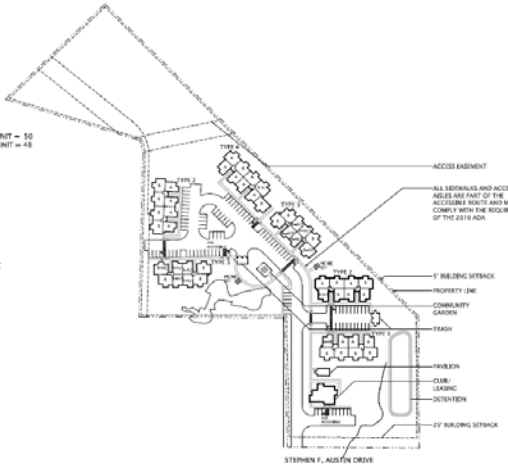
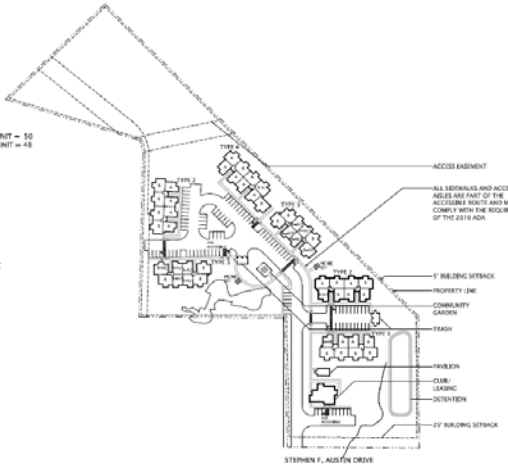
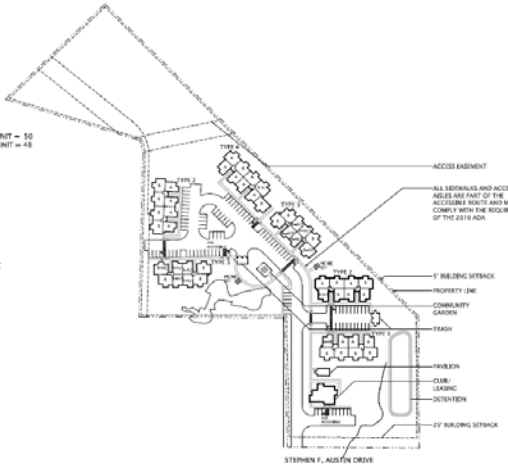
Pioneer Crossing, Brownwood, 9% HTC #24502_23152

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
EFFECTIVE GROSS INCOME	2.00%	\$435,797	\$444,513	\$453,403	\$462,471	\$471,721	\$520,818	\$575,025	\$634,874	\$700,952	\$773,908
TOTAL EXPENSES	3.00%	\$273,668	\$281,704	\$289,977	\$298,495	\$307,265	\$355,163	\$410,581	\$474,707	\$548,913	\$634,793
NET OPERATING INCOME ("NOI")		\$162,129	\$162,809	\$163,426	\$163,976	\$164,456	\$165,655	\$164,444	\$160,168	\$152,039	\$139,115
EXPENSE/INCOME RATIO		62.8%	63.4%	64.0%	64.5%	65.1%	68.2%	71.4%	74.8%	78.3%	82.0%
MUST -PAY DEBT SERVICE											
TDHCA MFDL - HOME		\$124,192	\$124,192	\$124,192	\$124,192	\$124,192	\$124,192	\$124,192	\$124,192	\$124,192	\$124,192
TOTAL DEBT SERVICE		\$124,192	\$124,192	\$124,192	\$124,192	\$124,192	\$124,192	\$124,192	\$124,192	\$124,192	\$124,192
DEBT COVERAGE RATIO		1.31	1.31	1.32	1.32	1.32	1.33	1.32	1.29	1.22	1.12
ANNUAL CASH FLOW											
Deferred Developer Fee Balance		\$366,860	\$328,243	\$289,009	\$249,224	\$208,961	\$3,196	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$0	\$0	\$201,572	\$391,374	\$548,583	\$651,173

23152 Pioneer Crossing - Application Summary

REAL ESTATE ANALYSIS DIVISION

July 27, 2023

PROPERTY IDENTIFICATION		RECOMMENDATION				KEY PRINCIPALS / SPONSOR																																																																			
Application #	23152	TDHCA Program	Request	Recommended		• Khairunissa Jooma & Noorallah Jooma / Target Builders																																																																			
Development	Pioneer Crossing	LIHTC (9% Credit)	\$900,000	\$900,000	\$18,367/Unit			\$0.86																																																																	
City / County	Brownwood / Brown																																																																								
Region/Area	2 / Rural																																																																								
Population	Elderly Limitation																																																																								
Set-Aside	Rural					Related Parties Contractor - No Seller - No																																																																			
Activity	New Construction																																																																								
TYPICAL BUILDING ELEVATION/PHOTO																																																																									
 <p>FRONT ELEVATION</p>																																																																									
<table border="1"> <thead> <tr> <th colspan="3">UNIT DISTRIBUTION</th> <th colspan="3">INCOME DISTRIBUTION</th> </tr> <tr> <th># Beds</th> <th># Units</th> <th>% Total</th> <th>Income</th> <th># Units</th> <th>% Total</th> </tr> </thead> <tbody> <tr> <td>Eff</td> <td>-</td> <td>0%</td> <td>20%</td> <td>-</td> <td>0%</td> </tr> <tr> <td>1</td> <td>24</td> <td>49%</td> <td>30%</td> <td>4</td> <td>8%</td> </tr> <tr> <td>2</td> <td>25</td> <td>51%</td> <td>40%</td> <td>-</td> <td>0%</td> </tr> <tr> <td>3</td> <td>-</td> <td>0%</td> <td>50%</td> <td>7</td> <td>14%</td> </tr> <tr> <td>4</td> <td>-</td> <td>0%</td> <td>60%</td> <td>34</td> <td>69%</td> </tr> <tr> <td></td> <td></td> <td></td> <td>70%</td> <td>-</td> <td>0%</td> </tr> <tr> <td></td> <td></td> <td></td> <td>80%</td> <td>-</td> <td>0%</td> </tr> <tr> <td></td> <td></td> <td></td> <td>MR</td> <td>4</td> <td>8%</td> </tr> <tr> <td>TOTAL</td> <td>49</td> <td>100%</td> <td>TOTAL</td> <td>49</td> <td>100%</td> </tr> </tbody> </table>								UNIT DISTRIBUTION			INCOME DISTRIBUTION			# Beds	# Units	% Total	Income	# Units	% Total	Eff	-	0%	20%	-	0%	1	24	49%	30%	4	8%	2	25	51%	40%	-	0%	3	-	0%	50%	7	14%	4	-	0%	60%	34	69%				70%	-	0%				80%	-	0%				MR	4	8%	TOTAL	49	100%	TOTAL	49	100%
UNIT DISTRIBUTION			INCOME DISTRIBUTION																																																																						
# Beds	# Units	% Total	Income	# Units	% Total																																																																				
Eff	-	0%	20%	-	0%																																																																				
1	24	49%	30%	4	8%																																																																				
2	25	51%	40%	-	0%																																																																				
3	-	0%	50%	7	14%																																																																				
4	-	0%	60%	34	69%																																																																				
			70%	-	0%																																																																				
			80%	-	0%																																																																				
			MR	4	8%																																																																				
TOTAL	49	100%	TOTAL	49	100%																																																																				
<table border="1"> <thead> <tr> <th colspan="4">PRO FORMA FEASIBILITY INDICATORS</th> </tr> <tr> <th colspan="2">Pro Forma Underwritten</th> <th colspan="2">Applicant's Pro Forma</th> </tr> </thead> <tbody> <tr> <td>Debt Coverage</td> <td>1.16</td> <td>Expense Ratio</td> <td>59.9%</td> </tr> <tr> <td>Breakeven Occ.</td> <td>87.3%</td> <td>Breakeven Rent</td> <td>\$719</td> </tr> <tr> <td>Average Rent</td> <td>\$762</td> <td>B/E Rent Margin</td> <td>\$43</td> </tr> <tr> <td>Property Taxes</td> <td>\$571/unit</td> <td>Exemption/PILOT</td> <td>0%</td> </tr> <tr> <td>Total Expense</td> <td>\$5,135/unit</td> <td>Controllable</td> <td>\$3,321/unit</td> </tr> </tbody> </table>								PRO FORMA FEASIBILITY INDICATORS				Pro Forma Underwritten		Applicant's Pro Forma		Debt Coverage	1.16	Expense Ratio	59.9%	Breakeven Occ.	87.3%	Breakeven Rent	\$719	Average Rent	\$762	B/E Rent Margin	\$43	Property Taxes	\$571/unit	Exemption/PILOT	0%	Total Expense	\$5,135/unit	Controllable	\$3,321/unit																																						
PRO FORMA FEASIBILITY INDICATORS																																																																									
Pro Forma Underwritten		Applicant's Pro Forma																																																																							
Debt Coverage	1.16	Expense Ratio	59.9%																																																																						
Breakeven Occ.	87.3%	Breakeven Rent	\$719																																																																						
Average Rent	\$762	B/E Rent Margin	\$43																																																																						
Property Taxes	\$571/unit	Exemption/PILOT	0%																																																																						
Total Expense	\$5,135/unit	Controllable	\$3,321/unit																																																																						
<table border="1"> <thead> <tr> <th colspan="4">MARKET FEASIBILITY INDICATORS</th> </tr> </thead> <tbody> <tr> <td>Gross Capture Rate (10% Maximum)</td> <td></td> <td></td> <td>1.2%</td> </tr> <tr> <td>Highest Unit Capture Rate</td> <td>3%</td> <td>2 BR/50%</td> <td>4</td> </tr> <tr> <td>Dominant Unit Cap. Rate</td> <td>2%</td> <td>1 BR/60%</td> <td>17</td> </tr> <tr> <td>Premiums (↑60% Rents)</td> <td>Yes</td> <td></td> <td>\$70/Avg.</td> </tr> <tr> <td>Rent Assisted Units</td> <td>N/A</td> <td></td> <td></td> </tr> </tbody> </table>								MARKET FEASIBILITY INDICATORS				Gross Capture Rate (10% Maximum)			1.2%	Highest Unit Capture Rate	3%	2 BR/50%	4	Dominant Unit Cap. Rate	2%	1 BR/60%	17	Premiums (↑60% Rents)	Yes		\$70/Avg.	Rent Assisted Units	N/A																																												
MARKET FEASIBILITY INDICATORS																																																																									
Gross Capture Rate (10% Maximum)			1.2%																																																																						
Highest Unit Capture Rate	3%	2 BR/50%	4																																																																						
Dominant Unit Cap. Rate	2%	1 BR/60%	17																																																																						
Premiums (↑60% Rents)	Yes		\$70/Avg.																																																																						
Rent Assisted Units	N/A																																																																								
<table border="1"> <thead> <tr> <th colspan="4">DEVELOPMENT COST SUMMARY</th> </tr> <tr> <th colspan="2">Costs Underwritten</th> <th colspan="2">Applicant's Costs</th> </tr> </thead> <tbody> <tr> <td>Avg. Unit Size</td> <td>753 SF</td> <td>Density</td> <td>5.2/acre</td> </tr> <tr> <td>Acquisition</td> <td></td> <td>\$02K/unit</td> <td>\$100K</td> </tr> <tr> <td>Building Cost</td> <td>\$116.19/SF</td> <td>\$87K/unit</td> <td>\$4,286K</td> </tr> <tr> <td>Hard Cost</td> <td></td> <td>\$120K/unit</td> <td>\$5,899K</td> </tr> <tr> <td>Total Cost</td> <td></td> <td>\$206K/unit</td> <td>\$10,110K</td> </tr> <tr> <td>Developer Fee</td> <td>\$1,525K</td> <td>(24% Deferred)</td> <td>Paid Year: 14</td> </tr> <tr> <td>Contractor Fee</td> <td>\$826K</td> <td>30% Boost</td> <td>Yes</td> </tr> </tbody> </table>								DEVELOPMENT COST SUMMARY				Costs Underwritten		Applicant's Costs		Avg. Unit Size	753 SF	Density	5.2/acre	Acquisition		\$02K/unit	\$100K	Building Cost	\$116.19/SF	\$87K/unit	\$4,286K	Hard Cost		\$120K/unit	\$5,899K	Total Cost		\$206K/unit	\$10,110K	Developer Fee	\$1,525K	(24% Deferred)	Paid Year: 14	Contractor Fee	\$826K	30% Boost	Yes																														
DEVELOPMENT COST SUMMARY																																																																									
Costs Underwritten		Applicant's Costs																																																																							
Avg. Unit Size	753 SF	Density	5.2/acre																																																																						
Acquisition		\$02K/unit	\$100K																																																																						
Building Cost	\$116.19/SF	\$87K/unit	\$4,286K																																																																						
Hard Cost		\$120K/unit	\$5,899K																																																																						
Total Cost		\$206K/unit	\$10,110K																																																																						
Developer Fee	\$1,525K	(24% Deferred)	Paid Year: 14																																																																						
Contractor Fee	\$826K	30% Boost	Yes																																																																						
<table border="1"> <thead> <tr> <th colspan="2">SITE PLAN</th> </tr> </thead> <tbody> <tr> <td colspan="2">  <p>NO PORTION OF THE SEE IS LOCATED WITHIN A FLOOD PLAIN.</p> </td> </tr> </tbody> </table>								SITE PLAN		 <p>NO PORTION OF THE SEE IS LOCATED WITHIN A FLOOD PLAIN.</p>																																																															
SITE PLAN																																																																									
 <p>NO PORTION OF THE SEE IS LOCATED WITHIN A FLOOD PLAIN.</p>																																																																									

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES		
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount	
KeyBank	15/35	6.50%	\$2,000,000	1.16						Raymond James	\$7,739,226	
										Target Builders, LLC	\$370,285	
										TOTAL EQUITY SOURCES	\$8,109,511	
										TOTAL DEBT SOURCES	\$2,000,000	
TOTAL DEBT (Must Pay)			\$2,000,000		CASH FLOW DEBT / GRANTS			\$0		TOTAL CAPITALIZATION		\$10,109,511

CONDITIONS
- Receipt and acceptance by Cost Certification: a: Architect certification that buildings were tested for the presence of radon and any recommended mitigation measures were implemented. b: If any portion of the site is determined to be a wetland area, certification that compliance with all federal, state and local wetland mitigation requirements has been met. c: 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.

RISK PROFILE	AERIAL PHOTOGRAPH(S)
<div>STRENGTHS/MITIGATING FACTORS<ul style="list-style-type: none">Gross Capture Rate of 1.2%No new LIHTC properties in PMAExperienced developer, manager in Rural areas</div> <div>WEAKNESSES/RISKS<ul style="list-style-type: none">High operating expense ratioInterest rate risk</div> <div>AREA MAP</div>	<div></div>

<div></div>	<div></div>
-------------	-------------



Real Estate Analysis Division

Underwriting Report

July 27, 2023

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **23152** Program(s): **9% HTC**

Pioneer Crossing

Address/Location: ~2508 Stephen F Austin Drive

City: **Brownwood** County: **Brown** Zip: **76801**

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

Activity: **New Construction** Building Type: **Fourplex** Region: **2**

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

ALLOCATION

TDHCA Program	REQUEST				RECOMMENDATION				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	Lien
LIHTC (9% Credit)	\$900,000				\$900,000				

CONDITIONS

- Receipt and acceptance by Cost Certification:
 - a: Architect certification that buildings were tested for the presence of radon and any recommended mitigation measures were implemented.
 - b: If any portion of the site is determined to be a wetland area, certification that compliance with all federal, state and local wetland mitigation requirements has been met.
 - c: 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	4
50% of AMI	50% of AMI	7
60% of AMI	60% of AMI	34

DEVELOPMENT SUMMARY

This development will be a single story, garden style development tailored to seniors 55+. It will comprise of 24 one-bedroom units and 25 two-bedroom units. It will target persons with incomes of 30%, 50%, and 60% AMI.

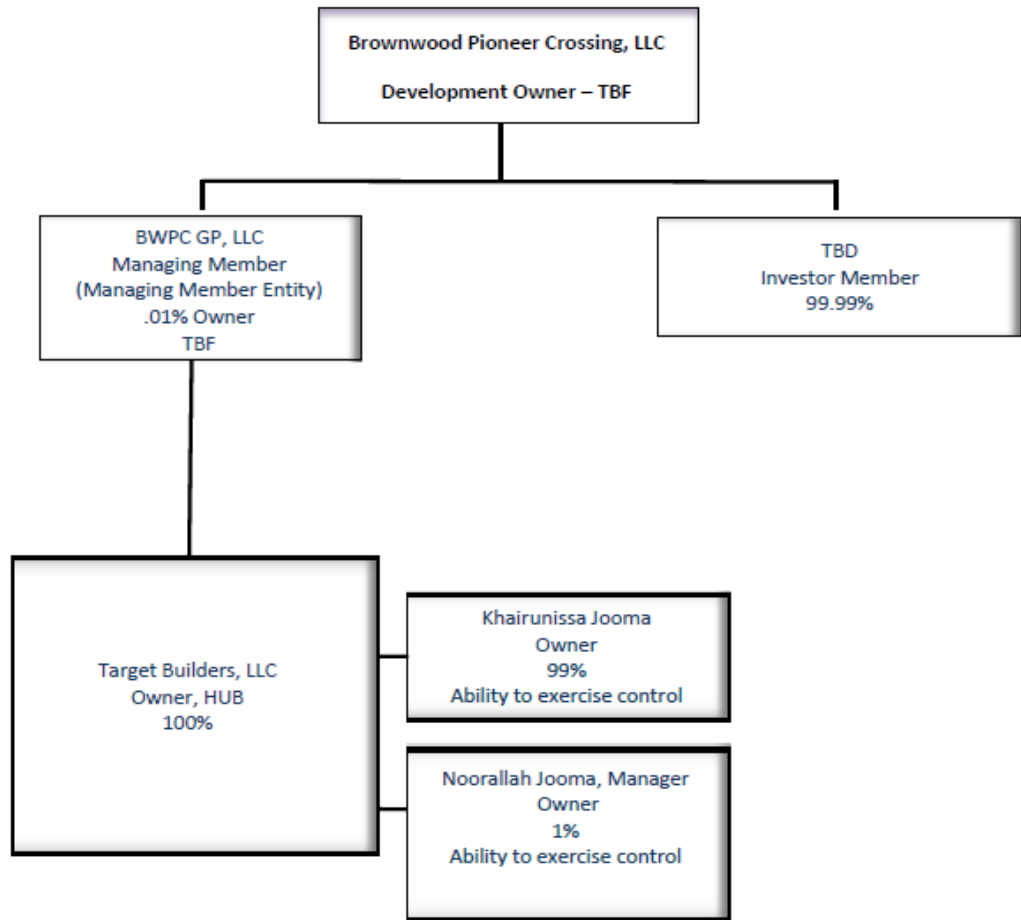
RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Gross Capture Rate of 1.2%
▫	No new LIHTC properties in PMA
▫	Experienced developer, manager in Rural areas

WEAKNESSES/RISKS	
▫	High operating expense ratio
▫	Interest rate risk
▫	

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN

PARKING CALCULATIONS:

ONE BEDROOM – 25 UNITS @ 2.0 PER UNIT = 50
TWO BEDROOM – 24 UNITS @ 2.0 PER UNIT = 48

TOTAL PARKING REQUIRED 98
TOTAL PARKING PROVIDED 107

HC PARKING REQUIRED 3
HC PARKING PROVIDED 7
VAN ACCESSIBLE PROVIDED 2

BUILDING MATRIX:

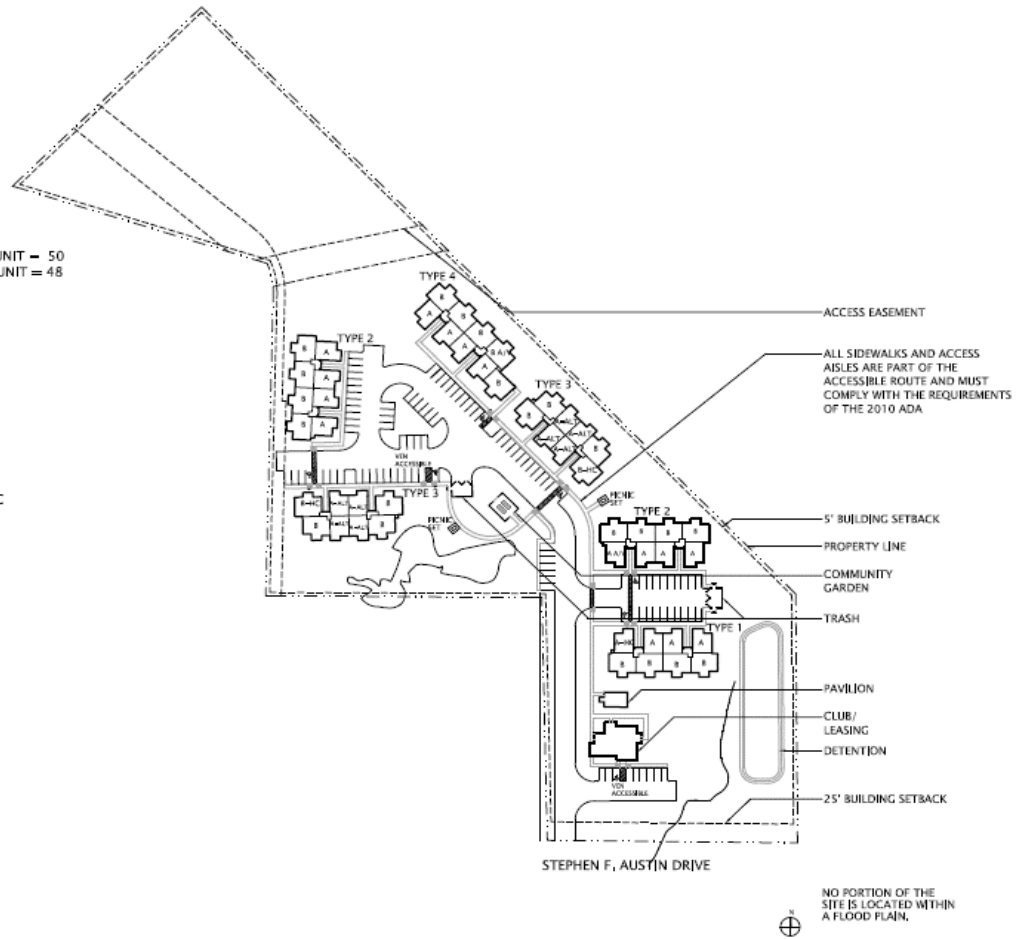
TYPE #	STORIES	#/TYPE UNITS
1	1	3 A, 1 A-HC, 4 B
2	2	3 A, 1 A A/V, 4B
3	2	4 A-ALT, 3 B, 1 B-HC
4	1	4 A, 4 B, 1 B A/V

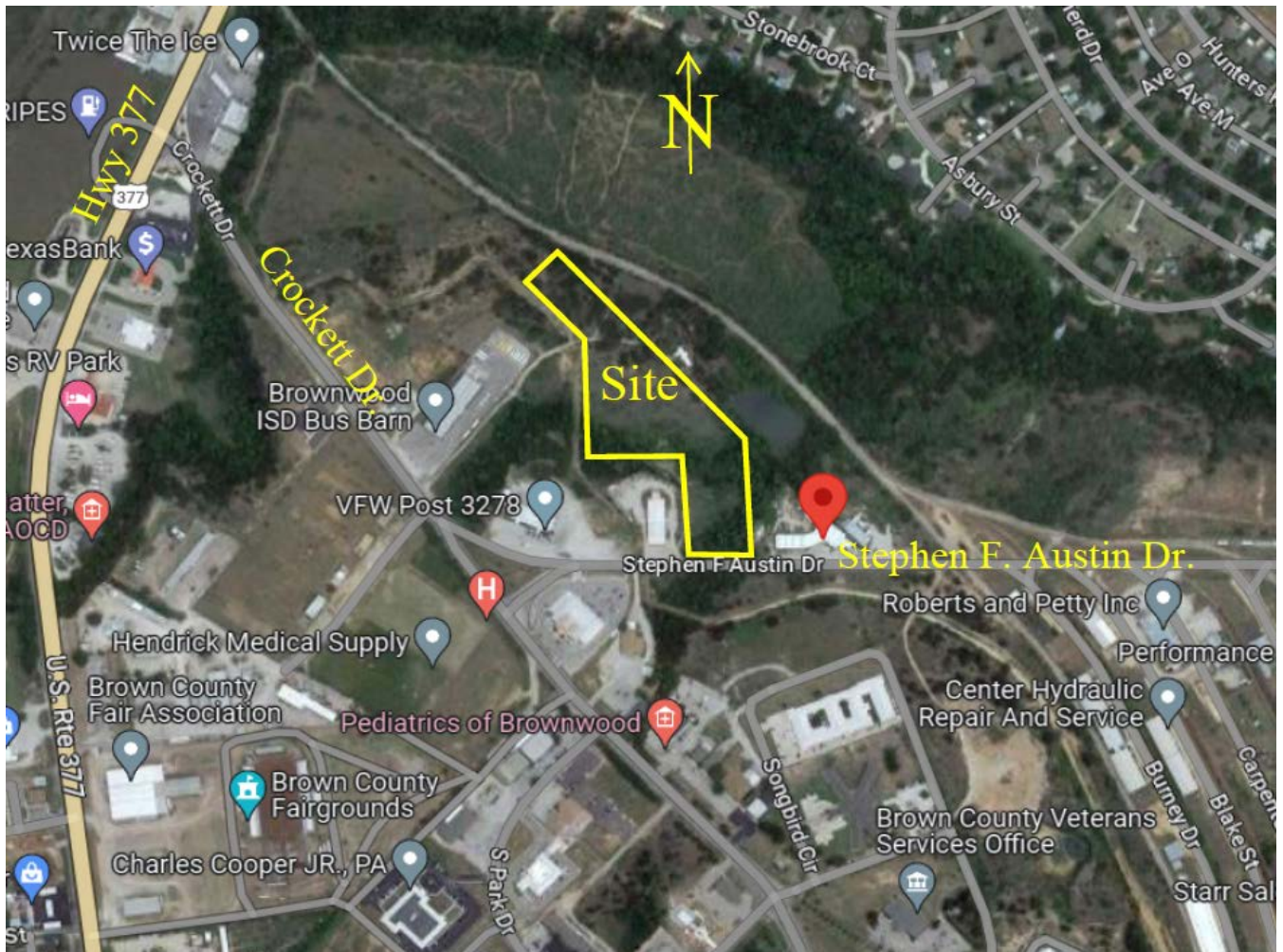
UNIT MATRIX:

TYPE	BR/BA	#	NRA
A	1/1	15	650 SQ. FT.
A-ALT	1/1	8	650 SQ. FT.
A-HC	1/1	1	650 SQ. FT.
B	2/2	23	850 SQ. FT.
B-HC	2/2	2	870 SQ. FT.

BUILDING COMMON AREAS:

CLUBHOUSE 2,287 SQ. FT.





Comments:

98 spaces are required by Code and 107 surface parking spaces will be provided at no charge to the residents.

BUILDING ELEVATION



FRONT ELEVATION

BUILDING CONFIGURATION

Building Type	Type 1	Type 2	Type 3	Type 4									Total Buildings
Floors/Stories	1	1	1	1									6
Number of Bldgs	1	2	2	1									6
Units per Bldg	8	8	8	9									49
Total Units	8	16	16	9									49
Avg. Unit Size (SF)	753 sf			Total NRA (SF)		36,890		Common Area (SF)*				2,287	

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 9.42 acres Density: 5.2 units/acre
Site Control: 9.695 **Site Plan:** 9.42 **Appraisal:** n/a **ESA:** 9.697
Feasibility Report Survey: 9.42 **Feasibility Report Engineer's Plan:** 9.42

Control Type: Commercial Contract of Sale

Development Site: 9.42 acres Cost: \$100,000 \$2,041 per unit

Seller: Joann Ledsome

Buyer: DFW Advisors Ltd. Co.

Assignee: Target Builders, LLC

Related-Party Seller/Identity of Interest: No

Comments:

Target Builders LLC will assign their interests to Brownwood Pioneer Crossing, LLC after tax credits are awarded.

SITE INFORMATION

Flood Zone: <u>Zone X</u>	Scattered Site? <u>No</u>
Zoning: <u>M-1 Restricted Industrial</u>	Within 100-yr floodplain? <u>No</u>
Re-Zoning Required? <u>No</u>	Utilities at Site? <u>Yes</u>
Year Constructed: <u>n/a</u>	Title Issues? <u>No</u>

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering Date: 2/23/2023

Recognized Environmental Conditions (RECs) and Other Concerns:

- No REC's were reported.
- Property is in a designated Zone 3 EPA Radon Zone.
- A review of historical aerial photographs and topographic maps indicated a stream on the southern portion of the subject property. Hydrophytic vegetation, low-lying areas with pooled rainwater and a stream were observed during the site visit.
- Two major roads (Crockett Drive and Stephen F Austin Drive) were identified within 1000 feet from the subject property. One railroad (Texas Rock Crusher Railway) was identified within 3000 feet of the subject property. The projected DNL was in the 60-68 dB range which is considered "Normally Unacceptable."

MARKET ANALYSIS

Provider: Novogradac Consulting

Date: 3/27/2023

Primary Market Area (PMA): 356 sq. miles 11 mile equivalent radius

AFFORDABLE HOUSING INVENTORY

Stabilized Affordable Developments in PMA	Total Units	1,601
	Total Developments	10
	Average Occupancy	96%

OVERALL DEMAND ANALYSIS

	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	13,137			
Senior Households in the Primary Market Area	6,493			
Potential Demand from the Primary Market Area	3,329			
10% External Demand	333			
GROSS DEMAND	3,662			
Subject Affordable Units	45			
Unstabilized Competitive Units	0			
RELEVANT SUPPLY	45			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE				
	1.2%			

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		575	58	4	0	1%				
50% AMGI		1,182	118	7	0	1%				
60% AMGI		1,573	157	34	0	2%				

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%		288	29	2	0	1%				
1 BR/50%		175	18	3	0	2%				
1 BR/60%		739	74	17	0	2%				
2 BR/30%		155	16	2	0	1%				
2 BR/50%		111	11	4	0	3%				
2 BR/60%		656	66	17	0	2%				

Market Analyst Comments:

The Demand Analysis illustrates demand for the Subject based on capture rates of size and income eligible households. When viewing total eligible renter households for the Subject's LIHTC units, the calculation illustrates an overall gross capture rate of 1.2 percent for all LIHTC units. This capture rate is considered excellent and is indicative of strong demand for the Subject's units. Further, all of the Subject's capture rates are below the TDHCA thresholds. (p. 112)

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)

NOI:	\$168,455	Avg. Rent:	\$762	Expense Ratio:	59.9%
Debt Service:	\$144,997	B/E Rent:	\$719	Controllable Expenses:	\$3,321
Net Cash Flow:	\$23,458	UW Occupancy:	92.5%	Property Taxes/Unit:	\$571
Aggregate DCR:	1.16	B/E Occupancy:	87.3%	Program Rent Year:	2022

Applicant anticipates achieving max program rents on restricted units. There are 4 market rate units that Applicant projected at HTC 60% gross rents.

Underwriter utilized local area property expenses for G&A, Payroll, Utilities and Real Estate Taxes Pro Forma expenses.

The Lender signed a long-term Pro Forma that includes a \$5,000 annual expense for Supportive Services. Pursuant to §11.302(d)(2)(K), the estimated expenses underwritten at Application will be included in the DCR calculation at Cost Cert regardless if actually incurred.

As underwritten, estimated 15 year residual cash flow is \$61K after repayment of deferred developer fee in year 14.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)

Acquisition	\$10,616/ac	\$2,041/unit	\$100,000	Contractor Fee	\$825,922
Off-site + Site Work		\$25,102/unit	\$1,230,000	Soft Cost + Financing	\$1,560,850
Building Cost	\$116.19/sf	\$87,478/unit	\$4,286,400	Developer Fee	\$1,525,000
Contingency	6.94%	\$7,817/unit	\$383,040	Reserves	\$198,300
Total Development Cost		\$206,317/unit	\$10,109,511	Rehabilitation Cost	N/A
Qualified for 30% Basis Boost?		Rural [9% only]			

Building Cost:

Underwriter utilized Marshall & Swift's "Good Quality" base cost adjusted for cost increases related to Covid. Underwriter's resulting estimate compares favorably to Applicants budgeted costs.

Contingency:

Eligible Contingency is overstated by \$11K. This adjustment did not affect the credit recommendation.

Contractor Fee:

Eligible Contractor Fee is overstated by \$2K. This adjustment did not affect the credit recommendation.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$10,109,511	\$9,329,145	\$1,002,407

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
KeyBank	Conventional Loan	\$7,500,000	7.00%	74%
Raymond James	HTC	\$1,547,845	\$0.86	15%
		\$10,109,511	Total Sources	

PERMANENT SOURCES

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
KeyBank	\$2,000,000	6.50%	35	15.0	\$2,000,000	6.50%	35	15.0	20%
Total	\$2,000,000				\$2,000,000				

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Raymond James	\$7,739,226	\$0.86		\$7,739,226	\$0.86	77%	
Target Builders, LLC	\$370,285		24%	\$370,285		4%	24%
	Total	\$8,109,511		\$8,109,511			
				\$10,109,511	Total Sources		

Credit Price Sensitivity based on current capital structure

\$0.901	Maximum Credit Price before the Development is oversourced and allocation is limited
\$0.853	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	\$10,109,511
Permanent Sources (debt + non-HTC equity)	\$2,000,000
Gap in Permanent Financing	\$8,109,511

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$8,619,839	\$1,002,407
Needed to Balance Sources & Uses	\$8,109,511	\$943,061
Requested by Applicant	\$7,739,226	\$900,000

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	\$7,739,226	\$900,000

Deferred Developer Fee	\$370,285	(24% deferred)
Repayable in	14 years	

Recommendation:

Underwriter recommends Applicant request for \$900,000 in annual 9% Housing Tax Credits.

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

UNIT MIX/RENT SCHEDULE
<i>Pioneer Crossing, Brownwood, 9% HTC #23152</i>

LOCATION DATA	
CITY:	Brownwood
COUNTY:	Brown
Area Median Income	\$68,800
PROGRAM REGION:	2
PROGRAM RENT YEAR:	2022

UNIT DISTRIBUTION					
# Beds	# Units	% Total	Assisted	MDL	ARP
Eff	-	0.0%	0	0	0
1	24	49.0%	0	0	0
2	25	51.0%	0	0	0
3	-	0.0%	0	0	0
4	-	0.0%	0	0	0
5	-	0.0%	0	0	0
TOTAL	49	100.0%	-	-	-

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	91.84%
APP % Acquisition	9.00%
APP % Construction	9.00%
Average Unit Size	753 sf

56%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average	# Units	-	4	-	7	34	-	-	4	49
Income	% Total	0.0%	8.2%	0.0%	14.3%	69.4%	0.0%	0.0%	8.2%	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%	\$400	2	1	1	650	\$400	\$60	\$340	\$0	\$0.52	\$340	\$680	\$680	\$340	\$1	\$0	\$801	\$1,085
TC 50%	\$668	3	1	1	650	\$668	\$60	\$608	\$0	\$0.94	\$608	\$1,824	\$1,824	\$608	\$1	\$0	\$801	\$1,085
TC 60%	\$801	17	1	1	650	\$801	\$60	\$741	\$0	\$1.14	\$741	\$12,597	\$12,597	\$741	\$1	\$0	\$801	\$1,085
MR		2	1	1	650	\$0	\$60		NA	\$1.23	\$801	\$1,602	\$1,602	\$801	\$1	NA	\$801	\$1,085
TC 30%	\$481	2	2	2	850	\$481	\$79	\$402	\$0	\$0.47	\$402	\$804	\$804	\$402	\$0	\$0	\$963	\$1,290
TC 50%	\$802	4	2	2	850	\$802	\$79	\$723	\$0	\$0.85	\$723	\$2,892	\$2,892	\$723	\$1	\$0	\$963	\$1,290
TC 60%	\$963	15	2	2	850	\$963	\$79	\$884	\$0	\$1.04	\$884	\$13,260	\$13,260	\$884	\$1	\$0	\$963	\$1,290
MR		2	2	2	850	\$0	\$79		NA	\$1.13	\$963	\$1,926	\$1,926	\$963	\$1	NA	\$963	\$1,290
TC 60%	\$963	2	2	2	870	\$963	\$79	\$884	\$0	\$1.02	\$884	\$1,768	\$1,768	\$884	\$1	\$0	\$963	\$1,290
TOTALS/AVERAGES:		49			36,890				\$0	\$1.01	\$762	\$37,353	\$37,353	\$762	\$1.01	\$0	\$884	\$1,190

ANNUAL POTENTIAL GROSS RENT:	\$448,236	\$448,236	
-------------------------------------	------------------	------------------	--

*MFDL units float among Unit Types

STABILIZED PRO FORMA
<i>Pioneer Crossing, Brownwood, 9% HTC #23152</i>

STABILIZED FIRST YEAR PRO FORMA													
COMPARABLES				APPLICANT				TDHCA				VARIANCE	
Database	Local Area Comps			% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT					\$1.01	\$762	\$448,236	\$448,236	\$762	\$1.01		0.0%	\$0
Late Fees, NSF, Laundry, Vending							\$10.00	\$5,880					
Total Secondary Income							\$10.00	\$5,880	\$10.00			0.0%	\$0
POTENTIAL GROSS INCOME							\$454,116	\$454,116				0.0%	\$0
Vacancy & Collection Loss					7.5% PGI		(34,059)	(34,059)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME							\$420,057	\$420,057				0.0%	\$0

General & Administrative	\$23,035	\$470/Unit	\$20,392	\$416	5.95%	\$0.68	\$510	\$25,000	\$20,392	\$416	\$0.55	4.85%	22.6%	4,608
Management	\$19,569	5.9% EGI	\$21,904	\$447	4.00%	\$0.46	\$343	\$16,802	\$16,802	\$343	\$0.46	4.00%	0.0%	-
Payroll & Payroll Tax	\$62,919	\$1,284/Unit	\$65,959	\$1,346	16.96%	\$1.93	\$1,454	\$71,250	\$65,959	\$1,346	\$1.79	15.70%	8.0%	5,291
Repairs & Maintenance	\$34,274	\$699/Unit	\$28,083	\$573	7.02%	\$0.80	\$602	\$29,500	\$31,850	\$650	\$0.86	7.58%	-7.4%	(2,350)
Electric/Gas	\$11,619	\$237/Unit	\$10,357	\$211	2.14%	\$0.24	\$184	\$9,000	\$10,357	\$211	\$0.28	2.47%	-13.1%	(1,357)
Water, Sewer, & Trash	\$32,215	\$657/Unit	\$43,463	\$887	6.67%	\$0.76	\$571	\$28,000	\$43,463	\$887	\$1.18	10.35%	-35.6%	(15,463)
Property Insurance	\$25,610	\$0.69 /sf	\$23,848	\$487	5.95%	\$0.68	\$510	\$25,000	\$25,000	\$510	\$0.68	5.95%	0.0%	-
Property Tax (@ 100%) 2.4202	\$24,216	\$494/Unit	\$20,405	\$416	6.67%	\$0.76	\$571	\$28,000	\$20,405	\$416	\$0.55	4.86%	37.2%	7,595
Reserve for Replacements					2.92%	\$0.33	\$250	\$12,250	\$12,250	\$250	\$0.33	2.92%	0.0%	-
Supportive Services					1.19%	\$0.14	\$102	\$5,000	\$5,000	\$102	\$0.14	1.19%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.43%	\$0.05	\$37	\$1,800	\$1,800	\$37	\$0.05	0.43%	0.0%	-
TOTAL EXPENSES					59.90%	\$6.82	\$5,135	\$251,602	\$253,277	\$5,169	\$6.87	60.30%	-0.7%	\$ (1,675)
NET OPERATING INCOME ("NOI")					40.10%	\$4.57	\$3,438	\$168,455	\$166,780	\$3,404	\$4.52	39.70%	1.0%	\$ 1,675

CONTROLLABLE EXPENSES	\$3,321/Unit		\$3,511/Unit	
-----------------------	--------------	--	--------------	--

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS
<i>Pioneer Crossing, Brownwood, 9% HTC #23152</i>

DEBT / GRANT SOURCES															
APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
DEBT (Must Pay)	Fee	Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	Cumulative	
		UW	App											DCR	LTC
KeyBank		1.15	1.16	144,997	6.50%	35	15.0	\$2,000,000	\$2,000,000	15.0	35	6.50%	\$144,997	1.16	19.8%
				\$144,997	TOTAL DEBT / GRANT SOURCES			\$2,000,000	\$2,000,000	TOTAL DEBT SERVICE			\$144,997	1.16	19.8%

NET CASH FLOW	\$21,783	\$23,458		APPLICANT	NET OPERATING INCOME	\$168,455	\$23,458	NET CASH FLOW
---------------	----------	----------	--	-----------	----------------------	-----------	----------	---------------

EQUITY SOURCES											
APPLICANT'S PROPOSED EQUITY STRUCTURE						AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Raymond James	LIHTC Equity	76.6%	\$900,000	\$0.86	\$7,739,226	\$7,739,226	\$0.86	\$900,000	76.6%	\$18,367	Applicant Request
Target Builders, LLC	Deferred Developer Fees	3.7%	(24% Deferred)		\$370,285	\$370,285	(24% Deferred)		3.7%	Total Developer Fee: \$1,525,000	
Additional (Excess) Funds Req'd		0.0%			\$0			0.0%			
TOTAL EQUITY SOURCES		80.2%			\$8,109,511	\$8,109,511			80.2%		

TOTAL CAPITALIZATION					\$10,109,511	\$10,109,511			15-Yr Cash Flow after Deferred Fee:		\$61,391
----------------------	--	--	--	--	--------------	--------------	--	--	-------------------------------------	--	----------

		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					\$2,041 / Unit	\$100,000	\$100,000	\$2,041 / Unit				0.0%	\$0	
Off-Sites			\$0		\$3,163 / Unit	\$155,000	\$155,000	\$3,163 / Unit		\$0		0.0%	\$0	
Site Work			\$832,500		\$17,959 / Unit	\$880,000	\$880,000	\$17,959 / Unit		\$832,500		0.0%	\$0	
Site Amenities			\$195,000		\$3,980 / Unit	\$195,000	\$195,000	\$3,980 / Unit		\$195,000		0.0%	\$0	
Building Cost			\$4,286,400	\$116.19 /sf	\$87,478/Unit	\$4,286,400	\$4,496,906	\$91,774/Unit	\$121.90 /sf	\$4,286,400		-4.7%	(\$210,506)	
Contingency			\$383,040	7.21%	6.94%	\$383,040	\$383,040	6.69%	7.00%	\$371,973		0.0%	\$0	
Contractor Fees			\$797,572	14.00%	14.00%	\$825,922	\$825,922	13.52%	14.00%	\$796,022		0.0%	\$0	
Soft Costs		\$0	\$585,500		\$11,949 / Unit	\$585,500	\$585,500	\$11,949 / Unit		\$585,500	\$0	0.0%	\$0	
Financing		\$0	\$736,750		\$19,905 / Unit	\$975,350	\$975,350	\$19,905 / Unit		\$736,750	\$0	0.0%	\$0	
Developer Fee			\$0	\$1,525,000	19.51%	19.02%	\$1,525,000	\$1,525,000	18.53%	19.54%	\$1,525,000	\$0	0.0%	\$0
Reserves					6 Months	\$198,300	\$198,300	6 Months				0.0%	\$0	
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		\$0	\$9,341,762		\$206,317 / Unit	\$10,109,511	\$10,320,017	\$210,613 / Unit		\$9,329,145	\$0	-2.0%	(\$210,506)	
Acquisition Cost		\$0				\$0								
Contingency			(\$11,067)			\$0								
Contractor's Fee			(\$1,549)			\$0								
Financing Cost			\$0											
Developer Fee			\$0	\$0		\$0								
Reserves						\$0								
ADJUSTED BASIS / COST		\$0	\$9,329,145		\$206,317/unit	\$10,109,511	\$10,320,017	\$210,613/unit		\$9,329,145	\$0	-2.0%	(\$210,506)	
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						\$10,109,511								

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS <i>Pioneer Crossing, Brownwood, 9% HTC #23152</i>
--

CREDIT CALCULATION ON QUALIFIED BASIS				
Applicant		TDHCA		
Acquisition	Construction Rehabilitation	Acquisition	Construction	
ADJUSTED BASIS	\$0	\$9,329,145	\$0	\$9,329,145
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$9,329,145	\$0	\$9,329,145
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$12,127,889	\$0	\$12,127,889
Applicable Fraction	91.84%	91.84%	92%	92%
TOTAL QUALIFIED BASIS	\$0	\$11,137,857	\$0	\$11,137,857
Applicable Percentage	9.00%	9.00%	9.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$1,002,407	\$0	\$1,002,407
CREDITS ON QUALIFIED BASIS	\$1,002,407		\$1,002,407	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.8599	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$1,002,407	\$8,619,839	----	----	----
Needed to Fill Gap	\$943,061	\$8,109,511	----	----	----
Applicant Request	\$900,000	\$7,739,226	\$900,000	\$0	\$0

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Fourplex	36,890 SF	\$103.98	3,835,697
Adjustments				
Exterior Wall Finish	2.40%		2.50	\$92,057
Elderly	3.00%		3.12	115,071
9-Ft. Ceilings	3.30%		3.43	126,578
Roof Adjustment(s)			3.74	137,784
Subfloor			(3.27)	(120,630)
Floor Cover			2.82	104,030
Breezeways	\$0.00	0	0.00	0
Balconies	\$27.83	2,644	1.99	73,583
Plumbing Fixtures	\$1,610	75	3.27	120,750
Rough-ins	\$600	98	1.59	58,800
Built-In Appliances	\$2,950	49	3.92	144,550
Exterior Stairs	\$3,275	0	0.00	0
Heating/Cooling			2.37	87,429
Storage Space	\$0.00	972	0.00	0
Carports	\$16.05	0	0.00	0
Garages		0	0.00	0
Common/Support Area	\$143.37	2,477	9.63	355,123
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	\$3.65	40,339	3.99	147,237
SUBTOTAL			143.08	5,278,059
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			143.08	\$5,278,059
Plans, specs, survey, bldg permits	3.30%		(4.72)	(\$174,176)
Contractor's OH & Profit	11.50%		(16.45)	(606,977)
NET BUILDING COSTS		\$91,774/unit	\$121.90/sf	\$4,496,906

Long-Term Pro Forma

Pioneer Crossing, Brownwood, 9% HTC #23152

	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%	\$420,057	\$428,458	\$437,028	\$445,768	\$454,684	\$502,007	\$554,257	\$611,944	\$675,636	\$745,957	\$823,596
TOTAL EXPENSES	3.00%	\$251,602	\$258,982	\$266,580	\$274,403	\$282,457	\$326,441	\$377,326	\$436,201	\$504,325	\$583,160	\$674,395
NET OPERATING INCOME ("NOI")		\$168,455	\$169,476	\$170,447	\$171,365	\$172,227	\$175,566	\$176,930	\$175,743	\$171,310	\$162,797	\$149,201
EXPENSE/INCOME RATIO		59.9%	60.4%	61.0%	61.6%	62.1%	65.0%	68.1%	71.3%	74.6%	78.2%	81.9%
MUST -PAY DEBT SERVICE												
KeyBank		\$144,997	\$144,997	\$144,997	\$144,997	\$144,997	\$144,997	\$144,997	\$144,997	\$144,997	\$144,997	\$144,997
TOTAL DEBT SERVICE		\$144,997	\$144,997	\$144,997	\$144,997	\$144,997	\$144,997	\$144,997	\$144,997	\$144,997	\$144,997	\$144,997
DEBT COVERAGE RATIO		1.16	1.17	1.18	1.18	1.19	1.21	1.22	1.21	1.18	1.12	1.03
ANNUAL CASH FLOW		\$23,458	\$24,479	\$25,450	\$26,368	\$27,230	\$30,569	\$31,933	\$30,746	\$26,313	\$17,800	\$4,204
Deferred Developer Fee Balance		\$346,827	\$322,348	\$296,898	\$270,530	\$243,300	\$96,445	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$0	\$0	\$61,391	\$218,646	\$360,532	\$468,377	\$518,845