

**Real Estate Analysis Division**

September 23, 2025

Addendum to Underwriting ReportTDHCA Application #: **24224**Program(s): **9% HTC****Gatesville Crossing**Address/Location: Approx 2909 S Hwy 36City: GatesvilleCounty: CoryellZip: 76528

	APPLICATION HISTORY
Report Date	PURPOSE
09/09/25	Amendment
06/25/24	Initial Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION							
TDHCA Program	Amount	Int. Rate	Amort	Term	Amount	Int. Rate	Amort	Perm. Term	Perm. Lien	Const. Term	Const. Lien	
LIHTC (9% Credit)	\$1,036,766				\$1,036,766							

CONDITIONS STATUS

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.

PREVIOUS SET-ASIDES

PREVIOUS TDHCA SET-ASIDES FOR HTC LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	28

CURRENT SET-ASIDES

CURRENT TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	26

PREVIOUS SITE PLAN



NEW SITE PLAN



ANALYSIS

The development originally was awarded a 9% HTC allocation of \$1,036,766 in 2024.

The applicant is now requesting a material amendment to reduce the total number of units from 32 to 26. This request resulted from unforeseen financial circumstances. The Applicant is now seeing an increase in construction costs because of tariffs, declining equity pricing and rising interest rates.

The development originally had two buildings with 32 units, which included four Market Rate units and 28 HTC units at 60% AMI. The applicant is now proposing one building with 26 HTC units at 60% AMI.

This reflects a 18.75% decrease in the total number of units and 7.14% decrease in HTC units. The unit sizes will remain the same.

The new unit mix will now be 4 one-bedroom; 18 two-bedroom; and 4 three-bedroom units. The NRA has decreased from 32,208 s.f. to 25,308 s.f. (20.98%).

The common area has also decreased from 5,206 s.f. to 4,978 s.f. (4.38%).

Local parking requirements: 1 spaces for all units and 1 spaces for each 3-BR units;

Total units 26 plus 3 3-BR unit = 29 parking spaces required.

Total parking spaces provided now is 50 spaces. The development meets the local parking requirements.

Operating Pro Forma

2025 rents are being used.

Underwriter chose the comparables with the same property management company and updated the expense with reported year-end 2024 expenses.

Effective Gross Income has decreased from \$355,910 to \$305,339.

Total Expenses decreased by 18k; NOI has decreased by \$32k.

The DCR has increased from 1.15 to 1.31.

Applicant provided insurance quote to support \$862 per unit.

Development Cost

A Schedule of Values or contract bid was not provided, therefore, the Underwriter re-costed out the building using the Architectural Drawings provided in the application with the most current available Marshall and Swift's costs.

Underwriter adjusted the base building costs due to low numbers of units in the development.

Building cost decreased by \$680k; Site work decreased by \$314k; Site Amenities increased by \$23k;

Developer Fee decreased by \$445k.

Total Development Costs decreased by \$1.6M.

Sources of Funds

The Construction to Perm Loan lender has changed from PNC to Sterling Bank.

The construction loan amount and interest remained the same; \$8.5M / 24months / 7.25%.

The permanent phase loan decreased from \$2,204,271 to \$1,465,355 and the interest rate increased from 6.75% to 7.5%. The loan term has been increased from 15 years to 16 years.

The equity investor changed from PNC to Raymond James.

The Capital Contribution decreased from \$8,707,959 to \$7,567,635.

The credit price decreased from \$0.84 to \$0.73.

The Deferred Developer Fee decreased from \$465,113 to \$254,462 and pays off in year 7.

Applicant added a General Partner Promissory Note to be paid through cash flow. The loan amount is \$435k at 2% interest rate with a 30-year term.

The original annual 9% HTC allocation of \$1,036,766 is still recommended.

Underwriter:	<u>Bin Ni</u>
Manager of Real Estate Analysis:	<u>Robert Castillo</u>
Director of Real Estate Analysis:	<u>Jeanna Adams</u>

UNIT MIX/RENT SCHEDULE
<i>Gatesville Crossing, Gatesville, 9% HTC #24224</i>

LOCATION DATA	
CITY:	Gatesville
COUNTY:	Coryell
Area Median Income	\$88,900
PROGRAM REGION:	8
PROGRAM RENT YEAR:	2025

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	ARP	Match
Eff	-	0.0%	0	0	0	0
1	4	15.4%	0	0	0	0
2	18	69.2%	0	0	0	0
3	4	15.4%	0	0	0	0
4	-	0.0%	0	0	0	0
5	-	0.0%	0	0	0	0
TOTAL	26	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	973 sf

60%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average	# Units	-	-	-	-	26	-	-	-	26
Income	% Total	0.0%	0.0%	0.0%	0.0%	100.0%	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 60%	\$925	4	1	1	751	\$925	\$61	\$864	\$0	\$1.15	\$864	\$3,456	\$3,456	\$864	\$1.15	\$0	\$925	\$1.23	\$1,200
TC 60%	\$1,110	18	2	2	974	\$1,110	\$80	\$1,030	\$0	\$1.06	\$1,030	\$18,540	\$18,540	\$1,030	\$1.06	\$0	\$1,110	\$1.14	\$1,300
TC 60%	\$1,282	4	3	2	1,193	\$1,282	\$99	\$1,183	\$0	\$0.99	\$1,183	\$4,732	\$4,732	\$1,183	\$0.99	\$0	\$1,282	\$1.07	\$1,450
TOTALS/AVERAGES:		26			25,308				\$0	\$1.06	\$1,028	\$26,728	\$26,728	\$1,028	\$1.06	\$0	\$1,108	\$1.14	\$1,308

ANNUAL POTENTIAL GROSS RENT:	\$320,736	\$320,736
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*MFDL units float among Unit Types

STABILIZED PRO FORMA

Gatesville Crossing, Gatesville, 9% HTC #24224

STABILIZED FIRST YEAR PRO FORMA														
COMPARABLES			APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
Database	Alpha Barnes Management Co.		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT				1.06	\$1,028	\$320,736	\$373,248	\$373,248	\$320,736	\$1,028	\$1.06		0.0%	\$0
late fees, app fees, pet fees, retained deposits, interest income					\$30.00	\$9,360	11,520							
Total Secondary Income					\$30.00			11,520	\$9,360	\$30.00			0.0%	\$0
POTENTIAL GROSS INCOME						\$330,096	\$384,768	\$384,768	\$330,096				0.0%	\$0
Vacancy & Collection Loss					7.5% PGI	(24,757)	(28,858)	(28,858)	(24,757)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME						\$305,339	\$355,910	\$355,910	\$305,339				0.0%	\$0

General & Administrative	\$12,618	\$485/Unit	\$14,425	\$555	3.62%	\$0.44	\$425	\$11,050	\$13,600	\$15,767	\$14,425	\$555	\$0.57	4.72%	-23.4%	(3,375)
Management	\$18,569	8.6% EGI	\$12,687	\$488	5.00%	\$0.60	\$587	\$15,267	\$17,796	\$17,796	\$15,267	\$587	\$0.60	5.00%	0.0%	0
Payroll & Payroll Tax	\$29,667	\$1,141/Unit	\$36,871	\$1,418	10.69%	\$1.29	\$1,256	\$32,650	\$32,800	\$32,800	\$32,650	\$1,256	\$1.29	10.69%	0.0%	-
Repairs & Maintenance	\$22,307	\$858/Unit	\$26,033	\$1,001	5.53%	\$0.67	\$650	\$16,900	\$20,800	\$20,800	\$16,900	\$650	\$0.67	5.53%	0.0%	-
Electric/Gas	\$8,299	\$319/Unit	\$4,015	\$154	2.13%	\$0.26	\$250	\$6,500	\$7,200	\$4,792	\$4,015	\$154	\$0.16	1.32%	61.9%	2,485
Water, Sewer, & Trash	\$17,360	\$668/Unit	\$29,495	\$1,134	5.11%	\$0.62	\$600	\$15,600	\$19,200	\$21,366	\$17,360	\$668	\$0.69	5.69%	-10.1%	(1,760)
Property Insurance	\$15,186	\$0.60 /sf	\$21,892	\$842	7.34%	\$0.89	\$862	\$22,418	\$23,060	\$23,060	\$22,418	\$862	\$0.89	7.34%	0.0%	-
Property Tax (@ 100%) 1.8389	\$12,498	\$481/Unit	\$17,820	\$685	8.52%	\$1.03	\$1,000	\$26,000	\$28,800	\$32,683	\$27,146	\$1,044	\$1.07	8.89%	-4.2%	(1,146)
Reserve for Replacements					2.13%	\$0.26	\$250	\$6,500	\$8,000	\$8,000	\$6,500	\$250	\$0.26	2.13%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.34%	\$0.04	\$40	\$1,040	\$1,120	\$1,120	\$1,040	\$40	\$0.04	0.34%	0.0%	-
TOTAL EXPENSES					50.41%	\$6.08	\$5,920	\$153,925	\$172,376	\$178,184	\$157,721	\$6,066	\$6.23	51.65%	-2.4%	\$ (3,796)
NET OPERATING INCOME ("NOI")					49.59%	\$5.98	\$5,824	\$151,414	\$183,535	\$177,726	\$147,617	\$5,678	\$5.83	48.35%	2.6%	\$ 3,796

CONTROLLABLE EXPENSES							\$3,181/Unit						\$3,283/Unit			
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS
<i>Gatesville Crossing, Gatesville, 9% HTC #24224</i>

		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	1.28	1.31	115,717	7.50%	40	16.0	\$1,465,355	\$2,204,271	\$2,204,271	\$1,465,355	16.0	40.0	7.50%	\$115,717	1.31	15.1%
CASH FLOW DEBT / GRANTS																	
City of Gatesville		1.28	1.31		0.00%	0	0.0	\$250	\$250	\$250	\$250	0.0	0.0	0.00%		1.31	0.0%
General Partner Loan "Promissory Note"		1.28	1.31		2.00%	0	30.0	\$435,000			\$435,000	30.0	0.0	2.00%		1.31	4.5%
				\$115,717	TOTAL DEBT / GRANT SOURCES			\$1,900,605			\$1,900,605	TOTAL DEBT SERVICE			\$115,717	1.31	19.5%
NET CASH FLOW		\$31,900	\$35,697					APPLICANT				NET OPERATING INCOME		\$151,414	\$35,697	NET CASH FLOW	

EQUITY SOURCES														
APPLICANT'S PROPOSED EQUITY STRUCTURE						Prior Underwriting		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							
Raymond James	LIHTC Equity	77.8%	\$1,036,766	\$0.73	\$7,567,635	\$8,707,959	\$8,707,959	\$7,567,635	\$0.73	\$1,036,766	77.8%	\$39,876	Applicant Request	
0		0.0%			\$0	\$0					0.0%			
0		0.0%			\$0	\$0					0.0%			
Lone Star Development TX, LLC	Deferred Developer Fees	2.6%	(31% Deferred)		\$254,462	\$465,113	\$465,113	\$254,462		(31% Deferred)	2.6%		Total Developer Fee:	\$822,500
0		0.0%			\$0	\$0					0.0%			
Additional (Excess) Funds Req'd		0.0%						\$0			0.0%			
TOTAL EQUITY SOURCES		80.5%			\$7,822,097	\$9,173,072	\$9,173,072	\$7,822,097			80.5%			
TOTAL CAPITALIZATION					\$9,722,702	\$11,377,593	\$11,377,593	\$9,722,702					15-Yr Cash Flow after Deferred Fee:	\$447,229

DEVELOPMENT COST / ITEMIZED BASIS													
APPLICANT COST / BASIS ITEMS					Prior Underwriting		TDHCA COST / BASIS ITEMS					COST VARIANCE	
Eligible Basis		Total Costs			Prior Underwriting		Total Costs			Eligible Basis		%	\$
Acquisition	New Const. Rehab				Applicant	TDHCA				New Const. Rehab	Acquisition		
Land Acquisition		\$16,731 / Unit	\$435,000		\$435,000	\$435,000	\$435,000	\$16,731 / Unit				0.0%	\$0
Building Acquisition	\$0	\$ / Unit	\$0		\$0	\$0	\$0	\$ / Unit			\$0	0.0%	\$0
Off-Sites	\$0	\$5,769 / Unit	\$150,000		\$150,000	\$150,000	\$150,000	\$5,769 / Unit	\$0			0.0%	\$0
Site Work	\$1,084,686	\$43,093 / Unit	\$1,120,416		\$1,434,715	\$1,434,715	\$1,120,416	\$43,093 / Unit	\$1,084,686			0.0%	\$0
Site Amenities	\$167,000	\$6,423 / Unit	\$167,000		\$143,500	\$143,500	\$167,000	\$6,423 / Unit	\$167,000			0.0%	\$0
Building Cost	\$4,379,126	\$173.03 /sf	\$168,428/Unit	\$4,379,126	\$5,059,405	\$4,555,431	\$4,064,518	\$156,328/Unit	\$160.60 /sf	\$4,064,518		7.7%	\$314,608
Contingency	\$290,827	5.16%	5.00%	\$290,827	\$339,381	\$339,381	\$290,827	5.29%	5.47%	\$290,827		0.0%	\$0
Contractor Fees	\$817,814	13.81%	13.39%	\$817,814	\$997,780	\$927,224	\$810,987	14.00%	14.00%	\$784,984		0.8%	\$6,827
Soft Costs	\$0	\$516.347	\$20,436 / Unit	\$531,347	\$561,020	\$561,020	\$531,347	\$20,436 / Unit		\$516,347	\$0	0.0%	\$0
Financing	\$0	\$784,697	\$33,610 / Unit	\$873,851	\$823,307	\$823,307	\$873,851	\$33,610 / Unit		\$784,697	\$0	0.0%	\$0
Developer Fee	\$0	\$822,500	10.23%	10.00%	\$822,500	\$1,267,500	\$822,500	10.44%	10.69%	\$822,500	\$0	0.0%	\$0
Reserves			6 Months	\$134,821	\$165,986	\$331,971	\$269,642	12 Months				-50.0%	(\$134,821)
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		\$0	\$8,862,997	\$373,950 / Unit	\$9,722,702	\$11,377,593	\$10,969,049	\$9,536,088	\$366,773 / Unit	\$8,515,560	\$0	2.0%	\$186,614
Acquisition Cost	\$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								
ADJUSTED BASIS / COST		\$0	\$8,862,997	\$373,950/unit	\$9,722,702	\$11,377,593	\$10,969,049	\$9,536,088	\$366,773/unit	\$8,515,560	\$0	2.0%	\$186,614
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					\$9,722,702								

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS
<i>Gatesville Crossing, Gatesville, 9% HTC #24224</i>

CREDIT CALCULATION ON QUALIFIED BASIS				
Applicant		TDHCA		
Acquisition	Construction Rehabilitation	Acquisition	Construction	
ADJUSTED BASIS	\$0	\$8,862,997	\$0	\$8,515,560
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$8,862,997	\$0	\$8,515,560
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$11,521,896	\$0	\$11,070,228
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	\$0	\$11,521,896	\$0	\$11,070,228
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$1,036,971	\$0	\$996,320
CREDITS ON QUALIFIED BASIS	\$1,036,971		\$996,320	

ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS			FINAL ANNUAL LIHTC ALLOCATION		
Method	Annual Credits	Proceeds	Credit Price \$0.7299	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$1,036,971	\$7,569,129	----	----	----
Needed to Fill Gap	\$1,071,627	\$7,822,097	----	----	----
Applicant Request	\$1,036,766	\$7,567,635	\$1,036,766	\$0	\$0

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Garden/Townhome	25,308 SF	\$139.77	3,537,334
Adjustments				
Exterior Wall Finish	3.20%		4.47	\$113,195
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.40%		4.75	120,269
Roof Adjustment(s)			0.00	0
Subfloor			(0.21)	(5,399)
Floor Cover			3.68	93,133
Breezeways	\$38.92	3,024	4.65	117,695
Balconies	\$38.96	1,931	2.97	75,228
Plumbing Fixtures	\$2,130	66	5.55	140,580
Rough-ins	\$790	52	1.62	41,080
Built-In Appliances	\$3,675	26	3.78	95,550
Exterior Stairs	\$3,550	5	0.70	17,750
Heating/Cooling			3.12	78,961
Storage Space	\$38.92	0	0.00	0
Carports	\$16.05	0	0.00	0
Garages	\$30.00	0	0.00	0
Common/Support Area	\$151.63	1,557	9.33	236,091
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	\$3.65	29,889	4.31	109,095
SUBTOTAL			188.50	4,770,561
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			188.50	\$4,770,561
Plans, specs, survey, bldg permits	3.30%		(6.22)	(\$157,429)
Contractor's OH & Profit	11.50%		(21.68)	(\$48,615)
NET BUILDING COSTS		\$156,328/unit	\$160.60/sf	\$4,064,518

Long-Term Pro Forma

Gatesville Crossing, Gatesville, 9% HTC #24224

	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%	\$305,339	\$311,446	\$317,674	\$324,028	\$330,509	\$364,908	\$402,888	\$444,821	\$491,118	\$542,234	\$598,670	\$660,981
TOTAL EXPENSES	3.00%	\$153,925	\$158,390	\$162,986	\$167,717	\$172,586	\$199,163	\$229,877	\$265,379	\$306,419	\$353,868	\$408,734	\$472,183
NET OPERATING INCOME ("NOI")		\$151,414	\$153,055	\$154,688	\$156,311	\$157,922	\$165,745	\$173,011	\$179,442	\$184,699	\$188,366	\$189,936	\$188,798
EXPENSE/INCOME RATIO		50.4%	50.9%	51.3%	51.8%	52.2%	54.6%	57.1%	59.7%	62.4%	65.3%	68.3%	71.4%
MUST -PAY DEBT SERVICE													
Sterling Bank		\$115,717	\$115,717	\$115,717	\$115,717	\$115,717	\$115,717	\$115,717	\$115,717	\$115,717	\$115,717	\$115,717	\$115,717
TOTAL DEBT SERVICE		\$115,717	\$115,717	\$115,717	\$115,717	\$115,717	\$115,717	\$115,717	\$115,717	\$115,717	\$115,717	\$115,717	\$115,717
DEBT COVERAGE RATIO		1.31	1.32	1.34	1.35	1.36	1.43	1.50	1.55	1.60	1.63	1.64	1.63
ANNUAL CASH FLOW													
Deferred Developer Fee Balance		\$218,765	\$181,426	\$142,455	\$101,861	\$59,655	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$0	\$175,016	\$447,229	\$753,390	\$1,088,334	\$1,444,976	\$1,813,884	\$2,182,787