



**Addendum to Underwriting Report**

TDHCA Application #: **24456** Program(s): **4% HTC**

**Residences at Pearsall Park**

Address/Location: Corner of Ray Ellison Blvd and Old Pearsall Road

City: San Antonio County: Bexar Zip: 78242

APPLICATION HISTORY	
Report Date	PURPOSE
02/17/25	Unit Mix Amendment
07/17/24	Initial Underwriting

**ALLOCATION**

TDHCA Program	Previous Allocation				RECOMMENDATION							
	Amount	Int. Rate	Amort	Term	Amount	Int. Rate	Amort	Perm. Term	Perm. Lien	Const. Term	Const. Lien	
LIHTC (4% Credit)	\$2,501,937				\$2,501,937							

**SET-ASIDES**

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	24
60% of AMI	60% of AMI	213

**ANALYSIS**

The developer for Pearsall Park is requesting to adjust their unit mix to accommodate an additional trash chute. The proposed total units decrease by one unit. The unit mix increases the 1BRs by three units and decreases the 2BRs by four units. The underwriter has updated rents to reflect 2025 Housing Tax Credit limits.

**Operating Pro Forma**

Unit Mix changes have resulted in an \$18,936 reduction in effective gross annual income. Updating rents to 2025 Housing Tax Credit limits results in a 1st year DCR of 1.32.

**Development Cost**

No changes submitted with the Amendment request.

**Sources of Funds**

No changes submitted with the Amendment request.

Underwriter recommends \$2,501,937 in annual federal tax credits as previously awarded to the applicant.

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

**UNIT MIX/RENT SCHEDULE**  
**Residences at Pearsall Park , San Antonio, 4% HTC #24456**

LOCATION DATA	
CITY:	San Antonio
COUNTY:	Bexar
Area Median Income	\$98,300
PROGRAM REGION:	9
PROGRAM RENT YEAR:	2025

UNIT DISTRIBUTION							PRO FORMA ASSUMPTIONS		
# Beds	# Units	% Total	Assisted	MDL	ARP	Match	Revenue Growth	2.00%	
Eff	-	0.0%	0	0	0	0	Expense Growth	3.00%	
1	115	48.5%	0	0	0	0	Basis Adjust	130%	
2	122	51.5%	0	0	0	0	Applicable Fraction	100.00%	
3	-	0.0%	0	0	0	0	APP % Acquisition	4.00%	
4	-	0.0%	0	0	0	0	APP % Construction	4.00%	
5	-	0.0%	0	0	0	0	Average Unit Size	819 sf	
<b>TOTAL</b>							<b>237</b>	<b>100.0%</b>	<b>-</b>

57%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average	# Units	-	24	-	-	213	-	-	-	237
Income	% Total	0.0%	10.1%	0.0%	0.0%	89.9%	0.0%	0.0%	0.0%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE														
HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				MARKET RENTS	
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Mrkt Analyst	
TC 30%	\$543	11	1	1	676	\$543	\$60	\$483	\$0	\$0.71	\$483	\$5,313	\$1,283	
TC 30%	\$543	1	1	1	715	\$543	\$60	\$483	\$0	\$0.68	\$483	\$483	\$1,283	
TC 60%	\$1,087	100	1	1	676	\$1,087	\$60	\$1,027	\$0	\$1.52	\$1,027	\$102,700	\$1,283	
TC 60%	\$1,087	3	1	1	715	\$1,087	\$60	\$1,027	\$0	\$1.44	\$1,027	\$3,081	\$1,283	
TC 30%	\$652	8	2	2	909	\$652	\$71	\$581	\$0	\$0.64	\$581	\$4,648	\$1,368	
TC 30%	\$652	2	2	2	1,024	\$652	\$71	\$581	\$0	\$0.57	\$581	\$1,162	\$1,368	
TC 30%	\$652	2	2	2	1,056	\$652	\$71	\$581	\$0	\$0.55	\$581	\$1,162	\$1,368	
TC 60%	\$1,305	73	2	2	909	\$1,305	\$71	\$1,234	\$0	\$1.36	\$1,234	\$90,082	\$1,368	
TC 60%	\$1,305	21	2	2	1,024	\$1,305	\$71	\$1,234	\$0	\$1.21	\$1,234	\$25,914	\$1,368	
TC 60%	\$1,305	12	2	2	1,056	\$1,305	\$71	\$1,234	\$0	\$1.17	\$1,234	\$14,808	\$1,368	
TC 60%	\$1,305	4	2	2	1,080	\$1,305	\$71	\$1,234	\$0	\$1.14	\$1,234	\$4,936	\$1,368	
<b>TOTALS/AVERAGES:</b>		<b>237</b>			<b>194,181</b>				<b>\$0</b>	<b>\$1.31</b>	<b>\$1,073</b>	<b>\$254,289</b>	<b>\$1,327</b>	

<b>ANNUAL POTENTIAL GROSS RENT:</b>	<b>\$3,051,468</b>
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**STABILIZED PRO FORMA**  
**Residences at Pearsall Park , San Antonio, 4% HTC #24456**

<b>STABILIZED FIRST YEAR PRO FORMA</b>						
<b>COMPARABLES</b>			<b>APPLICANT</b>			
	Database		% EGI	Per SF	Per Unit	Amount
<b>POTENTIAL GROSS RENT</b>				\$1.31	\$1,073	\$3,051,468
Late Fees, Vending, Pet Fees					\$30.00	\$85,320
Total Secondary Income					\$30.00	
<b>POTENTIAL GROSS INCOME</b>						<b>\$3,136,788</b>
Vacancy & Collection Loss					7.5% PGI	(235,259)
<b>EFFECTIVE GROSS INCOME</b>						<b>\$2,901,529</b>

General & Administrative	\$128,040	\$540/Unit		2.93%	\$0.44	\$359	\$85,103
Management	\$101,868	3.6% EGI		2.97%	\$0.44	\$363	\$86,047
Payroll & Payroll Tax	\$326,695	\$1,378/Unit		10.37%	\$1.55	\$1,270	\$300,901
Repairs & Maintenance	\$189,210	\$798/Unit		4.64%	\$0.69	\$568	\$134,557
Electric/Gas	\$64,342	\$271/Unit		0.71%	\$0.11	\$87	\$20,706
Water, Sewer, & Trash <span style="float: right; font-size: small;">Tenant Pays: WS</span>	\$173,915	\$734/Unit		0.89%	\$0.13	\$108	\$25,704
Property Insurance	\$155,249	\$0.80 /sf		5.45%	\$0.82	\$668	\$158,270
Property Tax (@ 0%) 2.6386	\$183,228	\$773/Unit		0.00%	\$0.00	\$0	\$0
Reserve for Replacements				2.05%	\$0.31	\$251	\$59,500
Supportive Services				0.79%	\$0.12	\$96	\$22,848
TDHCA Compliance fees (\$40/HTC unit)				0.33%	\$0.05	\$40	\$9,520
Bond Trustee Fees				0.17%	\$0.03	\$21	\$5,000
Issuer Ongoing Compliance Fees				0.24%	\$0.04	\$29	\$6,900
<b>TOTAL EXPENSES</b>				<b>31.54%</b>	<b>\$4.71</b>	<b>\$3,861</b>	<b>\$915,056</b>
<b>NET OPERATING INCOME ("NOI")</b>				<b>68.46%</b>	<b>\$10.23</b>	<b>\$8,382</b>	<b>\$1,986,473</b>

<b>CONTROLLABLE EXPENSES</b>	\$2,392/Unit	
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**TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS**  
**Residences at Pearsall Park , San Antonio, 4% HTC #24456**

DEVELOPMENT COST / ITEMIZED BASIS						
APPLICANT COST / BASIS ITEMS						
Eligible Basis				Prior Underwriting		
Acquisition		New Const. Rehab	Total Costs		Applicant	TDHCA
Land Acquisition			\$8,017 / Unit	\$1,900,000	\$1,900,000	
Building Acquisition	\$0		\$ / Unit	\$0	\$0	
Closing costs & acq. legal fees				\$173,840	\$173,840	
Off-Sites		\$135,000	\$570 / Unit	\$135,000	\$135,000	
Site Work		\$4,341,585	\$18,319 / Unit	\$4,341,585	\$4,341,585	
Site Amenities		\$1,052,509	\$4,441 / Unit	\$1,052,509	\$1,052,509	
Building Cost		\$26,138,330	\$134.61 /sf	\$110,288/Unit	\$26,138,330	\$26,138,330
Contingency		\$1,623,371	5.13%	5.13%	\$1,623,371	\$1,623,371
Contractor Fees		\$3,930,000	11.81%	11.81%	\$3,930,000	\$3,930,000
Soft Costs		\$0		\$8,522 / Unit	\$2,019,659	\$2,019,659
Financing		\$0		\$24,665 / Unit	\$5,845,497	\$5,845,497
Developer Fee		\$0	\$6,275,761	14.95%	14.95%	\$6,275,761
Reserves				3 Months	\$605,545	\$605,545
<b>TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)</b>	<b>\$0</b>	<b>\$48,249,171</b>		\$228,022 / Unit	<b>\$54,041,097</b>	<b>\$54,041,097</b>
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
<b>ADJUSTED BASIS / COST</b>	<b>\$0</b>	<b>\$48,249,171</b>		\$228,022/unit	<b>\$54,041,097</b>	<b>\$54,041,097</b>
<b>TOTAL HOUSING DEVELOPMENT COSTS Applicant's Uses</b>						<b>\$54,041,097</b>

**TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS**  
**Residences at Pearsall Park , San Antonio, 4% HTC #24456**

CREDIT CALCULATION ON QUALIFIED BASIS		
Applicant		
	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	\$0	\$48,249,171
Deduction of Federal Grants	\$0	\$0
<b>TOTAL ELIGIBLE BASIS</b>	<b>\$0</b>	<b>\$48,249,171</b>
High Cost Area Adjustment		130%
<b>TOTAL ADJUSTED BASIS</b>	<b>\$0</b>	<b>\$62,723,923</b>
Applicable Fraction	100.00%	100.00%
<b>TOTAL QUALIFIED BASIS</b>	<b>\$0</b>	<b>\$62,723,923</b>
Applicable Percentage	4.00%	4.00%
<b>ANNUAL CREDIT ON BASIS</b>	<b>\$0</b>	<b>\$2,508,957</b>
<b>CREDITS ON QUALIFIED BASIS</b>	<b>\$2,508,957</b>	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.9199	Variance to Request	
Method			Credit Allocation	Credits	Proceeds
Eligible Basis	\$2,508,957	\$23,080,094	----	----	----
Needed to Fill Gap	\$3,087,178	\$28,399,191	----	----	----
<b>Applicant Request</b>	<b>\$2,501,937</b>	<b>\$23,015,517</b>	<b>\$2,501,937</b>	<b>\$0</b>	<b>\$0</b>

50% Test for Bond Financing for 4% Tax Credits			
Tax-Exempt Bond Amount	\$	35,000,000	
			Applicant
Land Cost	\$	1,900,000	\$1,900,000
Depreciable Bldg Cost **	\$	48,249,171	\$48,249,171
<b>Aggregate Basis for 50% Test</b>	<b>\$</b>	<b>50,149,171</b>	<b>\$50,149,171</b>
<b>Percent Financed by Tax-Exempt Bon</b>		<b>69.79%</b>	<b>69.79%</b>

\*\*Depreciable building cost includes: Total construction contract, total building acquisition, total developer fee, plus eligible financing and soft costs.

**PROPOSED SOURCES OF FINANCING**

**Residences at Pearsall Park , San Antonio, 4% HTC #24456**

		Interim		Permanent Period				Debt Service		
DEBT	Type	Principal	Rate	Principal	Term	Amort	Rate	DCR	Payment	Fee
Citibank	Tranche A - TE Con to Perm	\$23,460,000	6.06%	\$23,460,000	15.0	40	5.76%	1.32	\$1,507,125	0.00%
Adjustment to Debt Per §11.302(c)(2)				\$0	15.0	40	5.76%	1.32		0.00%
Citibank	Tranche B - TE Construction	\$11,540,000	6.37%	\$0	0.0	0	0.00%	1.32		0.00%
Citibank	Tranche C - Taxable Construction	\$7,700,776	6.97%	\$0	0.0	0	0.00%	1.32		0.00%
<b>TOTAL</b>		<b>\$42,700,776</b>		<b>\$23,460,000</b>				<b>1.32</b>	<b>Cumulative DCR</b>	
<b>EQUITY</b>					<b>credit price</b>	<b>annual credits</b>				
Alliant Capital, Ltd.	\$2,501,937 HTC Equity	\$3,452,328		\$23,015,517	\$0.92	\$2,501,937				
<b>TOTAL</b>		<b>\$3,452,328</b>		<b>\$23,015,517</b>						
<b>PARTNERSHIP DEBT</b>										
Pearsall Park Developer LLC	Deferred Developer Fee	\$6,052,739		\$5,383,674						
<b>TOTAL</b>		<b>\$6,052,739</b>		<b>\$5,383,674</b>						
<b>OTHER</b>										
Pearsall Park Limited Partnership	Cash Flow from Operations	\$245,410		\$2,181,706						
San Antonio Housing Trust PFC	GP Capital Contribution	\$200		\$200						
<b>TOTAL</b>		<b>\$245,610</b>		<b>\$2,181,906</b>						
<b>TOTAL</b>		<b>\$52,451,453</b>		<b>\$54,041,097</b>						

## Long-Term Pro Forma

*Residences at Pearsall Park , San Antonio, 4% HTC #24456*

	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%	\$2,901,529	\$2,959,559	\$3,018,751	\$3,079,126	\$3,140,708	\$3,467,596	\$3,828,506	\$4,226,980	\$4,666,927	\$5,152,665	\$5,688,958	\$6,281,070
TOTAL EXPENSES	3.00%	\$915,056	\$941,647	\$969,019	\$997,194	\$1,026,197	\$1,184,503	\$1,367,488	\$1,579,027	\$1,823,606	\$2,106,420	\$2,433,484	\$2,811,764
<b>NET OPERATING INCOME ("NOI")</b>		<b>\$1,986,473</b>	<b>\$2,017,912</b>	<b>\$2,049,732</b>	<b>\$2,081,931</b>	<b>\$2,114,511</b>	<b>\$2,283,093</b>	<b>\$2,461,018</b>	<b>\$2,647,953</b>	<b>\$2,843,321</b>	<b>\$3,046,245</b>	<b>\$3,255,474</b>	<b>\$3,469,306</b>
EXPENSE/INCOME RATIO		31.5%	31.8%	32.1%	32.4%	32.7%	34.2%	35.7%	37.4%	39.1%	40.9%	42.8%	44.8%
<b>MUST -PAY DEBT SERVICE</b>													
Citibank		\$1,502,125	\$1,502,125	\$1,502,125	\$1,502,125	\$1,502,125	\$1,502,125	\$1,502,125	\$1,502,125	\$1,502,125	\$1,502,125	\$1,502,125	\$1,502,125
TOTAL DEBT SERVICE		\$1,502,125	\$1,502,125	\$1,502,125	\$1,502,125	\$1,502,125	\$1,502,125	\$1,502,125	\$1,502,125	\$1,502,125	\$1,502,125	\$1,502,125	\$1,502,125
DEBT COVERAGE RATIO		1.32	1.34	1.36	1.39	1.41	1.52	1.64	1.76	1.89	2.03	2.17	2.31
<b>ANNUAL CASH FLOW</b>		<b>\$484,348</b>	<b>\$515,787</b>	<b>\$547,607</b>	<b>\$579,806</b>	<b>\$612,386</b>	<b>\$780,968</b>	<b>\$958,893</b>	<b>\$1,145,828</b>	<b>\$1,341,196</b>	<b>\$1,544,119</b>	<b>\$1,753,349</b>	<b>\$1,967,181</b>
Deferred Developer Fee Balance		\$4,899,327	\$4,383,539	\$3,835,933	\$3,256,127	\$2,643,741	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>CUMULATIVE NET CASH FLOW</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$920,156</b>	<b>\$5,355,083</b>	<b>\$10,706,844</b>	<b>\$17,018,866</b>	<b>\$24,330,814</b>	<b>\$32,676,880</b>	<b>\$42,083,685</b>