



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 456

Agenda Date: 12/7/2023

Agenda #:

Presentation, discussion, and possible action regarding a Material Amendment of the Housing Tax Credit Application of HTC #23013 The Laurel at Blackhawk.

RECOMMENDED ACTION

WHEREAS, in 2023 the Board awarded 9% housing tax credits for the new construction of The Laurel at Blackhawk (the Development), an Elderly Development in Houston, Harris County, as a single, three-story, elevator-served building containing 120 units on a 5.46 acre site;

WHEREAS, substantial increases in the cost of insurance, construction loan interest and permanent loan interest have made the Development financially infeasible as originally proposed, the applicant proposes to reduce costs by downsizing the Development from 120 units to 105 units by eliminating 15 market rate units while leaving in place all 89 of the originally proposed tax credit units and 16 of the original 31 market rate units;

WHEREAS, the downsizing will reduce the Development's Net Rentable Area by 12.1%, from 94,804 square feet to 83,291 square feet, Common Area will decline by 7.1%, from 32,292 square feet to 30,016 square feet, and residential density will decrease by 12.7%, from 22.0 units per acre to 19.2 units per acre;

WHEREAS, the proposed changes do not affect the number, unit mix, square footage or rent restrictions of the tax credit units, the changes reduce the original 17 one-bedroom and 14 two-bedroom market rate units to 8 units each;

WHEREAS, the Common Areas of the Development are reduced in size by eliminating 11% of the breezeway and stair areas, 5% of the maintenance area and 3% of the amenity center, the grille house areas increase in size by 16% and a 317 square foot amenity porch and 354 square foot delivery parcel area are added to the Development;

WHEREAS, the effects of the changes are presented to the Board for evaluation under §2306.6712(d), particularly with respect to any negative effects from

- a modification of the number of units or bedroom mix of units;
- a reduction of three percent or more in the square footage of the units or common areas;
- a modification of the residential density of the development of at least five percent; and
- any other modification considered significant by the board;

NOW, therefore, it is hereby

RESOLVED, that the requested Material Amendment of the Application for The Laurel at Blackhawk is approved as presented to this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

The Laurel at Blackhawk in Houston, Harris County, received a 9% HTC award in 2023 for the new construction of 120 multifamily units for elderly tenants in one three-story, elevator served building on a 5.76 acre site, with 120 units restricted to rents for tenants within the 30% to 60% range of Area Median Gross Income and 31 market rate units. On September 20, 2023, the Owner submitted a request for approval of a Material Amendment of the Application that reduced the number of units from 120 to 105 thereby increasing the cost per unit by 21.8% from \$194,206 to \$236,510.

In its treatment of amendments of the application, Tex. Gov't Code §2306.6712 specifies six changes as material alterations and includes "any other modification considered significant by the Board" as a seventh material alteration. The following bullets discuss the alterations that the statute specifies as material alterations as such material alterations relate to the currently proposed amendment.

- There is not a significant modification of the site plan [§2306.6712(d)(1)]. The layout and building footprint of the site do not change substantially. The changes do not violate the Rules and would not have affected the scoring of the application or the recommendation for an award.
- There is a modification of the number of units and bedroom mix of units [§2306.6712(d)(2)], but the changes do not affect the tax credit units. The total number of income and rent restricted units remains at 53-1BR/1bath units + 36-2BR/2bath units = 89 units. The numbers of units restricted to 30%, 50% and 60% incomes and rents in the amendment are the same as in the Application. The number of market rate units decreases from 17-1BR/1bath units to 8-1BR/1bath units and from 14-2BR/2bath units to 8-2BR/2bath units.
- There is a reduction of more than three percent in the square footage of the units and Common Area [§2306.6712(d)(4)]. The NRA as originally proposed in the application was 94,804 square feet. As amended the NRA is 83,291 square feet. The decrease in NRA is 12.1%. The Common Area [§11.1(d)(22)] as amended, 30,016 square feet, is approximately 7.1% less than the original Common Area, 32,292 square feet. As stated in the amendment request, the decrease in Common Area is entirely due to changes in the areas of corridors and stairs. Amenity related Common Area reportedly increased by 562 square feet.
- There is not a significant modification of the architectural design [§2306.6712(d)(5)] in that the Development remains a single rectangular three-story building

ringed by a parking lot and enclosing a landscaped space. The amended building plan does not violate the Rules and would not have affected the scoring of the application or the recommendation for an award.

- There is a modification of the residential density of the development of at least five percent [§2306.6712(d)(6)]. The residential density decreases by 12.7% from 22.0 units per acre to 19.2 units per acre.
- Regarding any other modification considered significant by the Board [§2306.6712(d)(7)], there is an decrease in the total construction contract of \$1,990,806, from \$17,207,229 at application to \$15,216,423 as amended. Total development cost decreased by \$1,840,350, from \$26,673,923 at application to \$24,833,573 as amended. The tax credits requested remain the same in the amendment as at application, \$2,000,000. As reported in the amendment request, a 71% increase in insurance expense, an increase of approximately 1% in the interest rate of the construction loan, and an increase of approximately 0.65% in the interest rate of the permanent debt financing resulted in total lost proceeds from debt financing of approximately \$1,596,000.
- Department staff are instructed by §2306.6712(e) to “consider whether the need for modification proposed in the amendment was . . . reasonably foreseeable by the applicant at the time the application was submitted” [§2306.6712(e)(1)] or “preventable by the applicant” [§2306.6712(e)(1)]. As reflected by staff’s analysis of the application prior to the award of tax credits, it is staff’s opinion that the current need for modification was neither foreseeable nor preventable.

In staff’s judgement, the unforeseeable and unpreventable circumstances that created the need for the changes proposed in this amendment request support a recommendation for approval. The Development Owner has complied with the amendment requirements under 10 TAC §10.405(a).

Staff recommends approval of the amendment request as presented herein.



Addendum to Underwriting Report

TDHCA Application #: **23013** Program(s): **9% HTC**

Laurel at Blackhawk

Address/Location: 9205 Wayfarer Ln

City: Houston County: Harris Zip: 77075

APPLICATION HISTORY	
Report Date	PURPOSE
10/23/23	Underwriting Update
06/12/23	Original Underwriting Report

ALLOCATION

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
LIHTC (9% Credit)	\$2,000,000				\$2,000,000				

CONDITIONS STATUS

- Receipt and acceptance by Cost Certification:
 - Certification that testing for asbestos was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

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	9
50% of AMI	50% of AMI	36
60% of AMI	60% of AMI	44

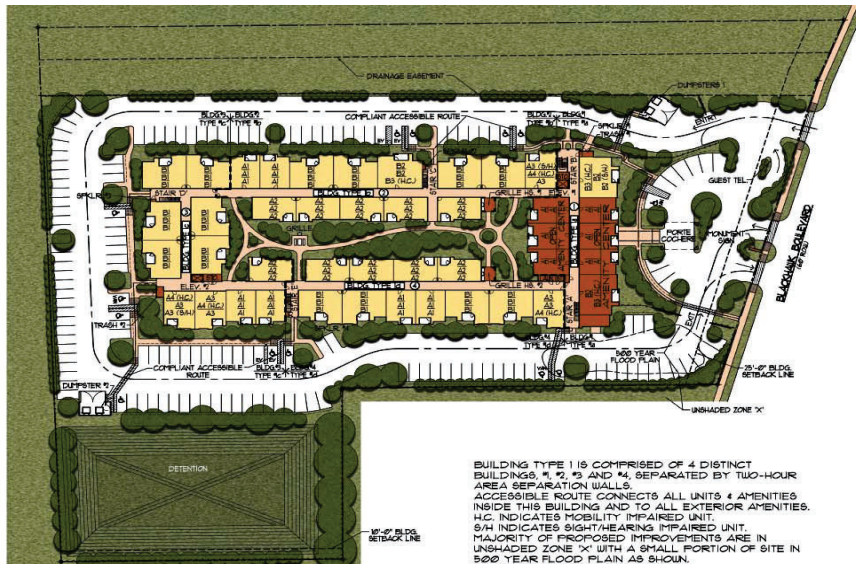
ANALYSIS

In June 2023, the development was awarded a 9% HTC allocation. Due to rising expenses and increasing interest rates, the Applicant is requesting a material amendment that involves a restructuring of the deal to ensure feasibility. These increase in costs have created an approximate \$1.6M financing gap.

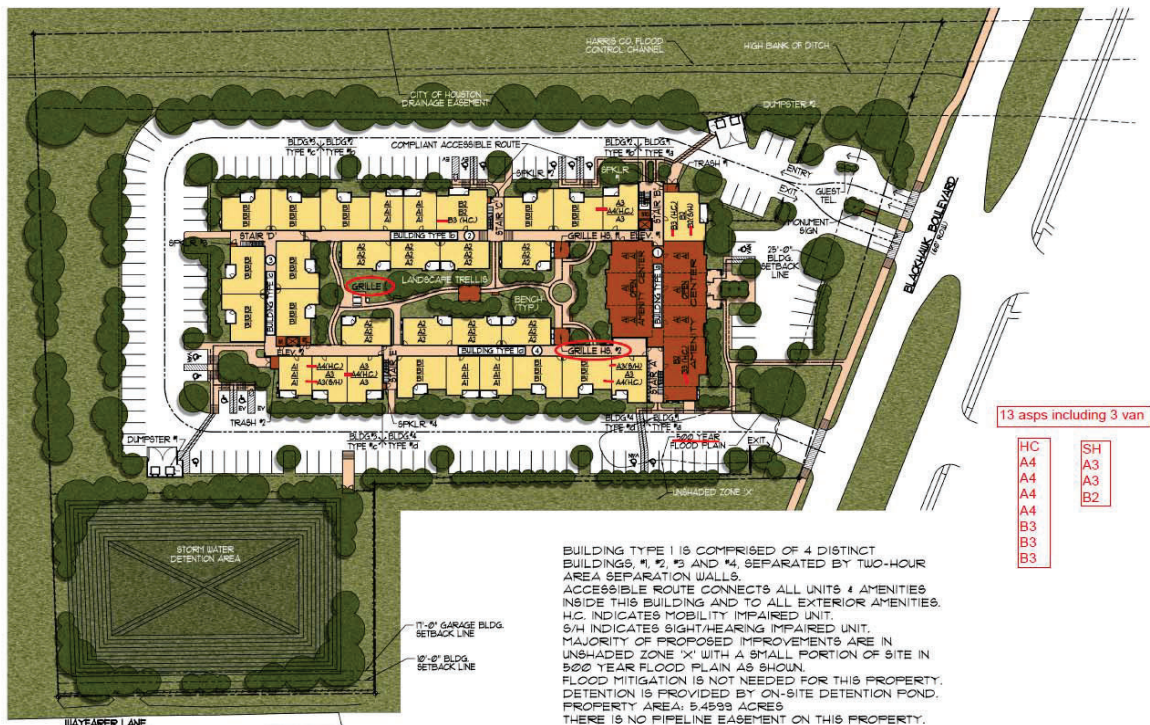
The material amendment consists of:

- A reduction of total units from 120 to 105
- A reduction of Net Rentable Area by more than 3% (94,804 SF to 83,291 SF)
- A reduction of Common Area Square Footage by more than 3% (32,292 SF to 30,016 SF)

Original Site Plan



Updated Site Plan



Original Elevation



Updated Elevation



Operating Pro Forma

The total number of units is being reduced from 120 to 105. The number of affordable units and units per AMGI band has not changed. All 15 units taken out are market rate units.

Applicant is now using 2023 rents.

Total income has been reduced by \$171K, expenses have decreased by \$54K, and NOI has decreased by \$116K. Although the number of units has decreased, insurance has increased by \$45K, approximately \$535/unit from the original estimate. Payroll was the biggest expense reduction by about \$50K.

Development Cost

Total development costs have decreased by \$1.8M with building costs decreasing by \$1.4M. Soft costs have increased.

The Applicant has overstated their new eligible financing costs by \$299K.

Sources of Funds

The Citi construction loan has decreased to \$18,995,963 with an interest rate of 8%. The permanent period loan is now \$5.4M with a 7.50%.

Underwriter recommends an annual tax credit allocation of \$2,000,000 per the Applicant's request.

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

UNIT MIX/RENT SCHEDULE

Laurel at Blackhawk, Houston, 9% HTC #23013

LOCATION DATA	
CITY:	Houston
COUNTY:	Harris
Area Median Income	\$90,100
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION					
# Beds	# Units	% Total	Assisted	MDL	ARP
Eff	-	0.0%	0	0	0
1	61	58.1%	0	0	0
2	44	41.9%	0	0	0
3	-	0.0%	0	0	0
4	-	0.0%	0	0	0
5	-	0.0%	0	0	0
TOTAL	105	100.0%	-	-	-

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	83.73%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	793 sf

53% Average Income	Income # Units	30% # Units	20% # Units	Income % Total	30% % Total	20% % Total	Income % Total	30% % Total	20% % Total	EO / MR	TOTAL
	9	36	44	0.0%	41.9%	0.0%	0.0%	41.9%	0.0%	16	105
		34.3%									100.0%

UNIT MIX / MONTHLY RENT SCHEDULE

HTC	UNIT MIX				APPLICABLE PROGRAM RENT				APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS	
	Gross Rent	# Units	# Beds	# Baths	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten	Mrkt Analyst		
TC 30%	\$524	3	1	1	\$524	\$76	\$448	\$0	\$0.68	\$448	\$1,344	\$448	\$0.68	\$0	\$1,200	\$1.83	\$1,275	
TC 50%	\$874	11	1	1	\$874	\$76	\$798	\$0	\$1.22	\$798	\$8,778	\$798	\$1.22	\$0	\$1,200	\$1.83	\$1,275	
TC 60%	\$1,049	10	1	1	\$1,049	\$76	\$973	\$0	\$1.49	\$973	\$9,730	\$973	\$1.49	\$0	\$1,200	\$1.83	\$1,275	
MR		1	1	1	\$0	\$76	\$448	NA	\$1.83	\$1,200	\$1,200	\$1,200	\$1.83	NA	\$1,200	\$1.83	\$1,275	
TC 30%	\$524	2	1	1	\$524	\$76	\$448	\$0	\$0.66	\$448	\$896	\$448	\$0.66	\$0	\$1,200	\$1.78	\$1,275	
TC 50%	\$874	7	1	1	\$874	\$76	\$798	\$0	\$1.18	\$798	\$5,586	\$798	\$1.18	\$0	\$1,200	\$1.78	\$1,275	
TC 60%	\$1,049	13	1	1	\$1,049	\$76	\$973	\$0	\$1.44	\$973	\$12,649	\$973	\$1.44	\$0	\$1,200	\$1.78	\$1,275	
MR		2	1	1	\$0	\$76	\$798	NA	\$1.78	\$1,200	\$2,400	\$1,200	\$1.78	NA	\$1,200	\$1.78	\$1,275	
TC 30%	\$1,049	2	1	1	\$1,049	\$76	\$973	\$0	\$1.25	\$973	\$1,946	\$973	\$1.25	\$0	\$1,200	\$1.54	\$1,378	
MR		5	1	1	\$0	\$76	\$798	NA	\$1.54	\$1,200	\$6,000	\$1,200	\$1.54	NA	\$1,200	\$1.54	\$1,378	
TC 50%	\$874	1	1	1	\$874	\$76	\$798	\$0	\$1.01	\$798	\$798	\$798	\$1.01	\$0	\$1,200	\$1.52	\$1,378	
TC 60%	\$1,049	3	1	1	\$1,049	\$76	\$973	\$0	\$1.24	\$973	\$2,919	\$973	\$1.24	\$0	\$1,200	\$1.52	\$1,378	
MR		3	2	2	\$629	\$100	\$529	\$0	\$0.57	\$529	\$1,587	\$529	\$0.57	\$0	\$1,450	\$1.57	\$1,475	
TC 50%	\$1,048	15	2	2	\$1,048	\$100	\$948	\$0	\$1.03	\$948	\$14,220	\$948	\$1.03	\$0	\$1,450	\$1.57	\$1,475	
TC 60%	\$1,258	13	2	2	\$1,258	\$100	\$1,158	\$0	\$1.25	\$1,158	\$15,054	\$1,158	\$1.25	\$0	\$1,450	\$1.57	\$1,475	
MR		5	2	2	\$0	\$100	\$7250	NA	\$1.57	\$1,450	\$7,250	\$1,450	\$1.57	NA	\$1,450	\$1.57	\$1,475	
TC 30%	\$629	1	2	2	\$629	\$100	\$529	\$0	\$0.52	\$529	\$529	\$529	\$0.52	\$0	\$1,450	\$1.43	\$1,565	
TC 50%	\$1,048	1	2	2	\$1,048	\$100	\$948	\$0	\$0.93	\$948	\$948	\$948	\$0.93	\$0	\$1,450	\$1.43	\$1,565	
TC 60%	\$1,258	3	2	2	\$1,258	\$100	\$1,158	\$0	\$1.14	\$1,158	\$3,474	\$1,158	\$1.14	\$0	\$1,450	\$1.43	\$1,565	
MR		3	2	2	\$0	\$100	\$4,350	NA	\$1.43	\$1,450	\$4,350	\$1,450	\$1.43	NA	\$1,450	\$1.43	\$1,565	
TOTALS/AVERAGES:		105						\$0	\$1.23	\$976	\$102,456	\$976	\$1.23	\$0	\$1,306	\$1.65	\$1,377	

ANNUAL POTENTIAL GROSS RENT:	\$1,229,472	\$1,229,472
-------------------------------------	-------------	-------------

STABILIZED PRO FORMA

Laurel at Blackhawk, Houston, 9% HTC #23013

STABILIZED FIRST YEAR PRO FORMA														
COMPARABLES			APPLICANT			PREVIOUS UW			TDHCA			VARIANCE		
Database	County	Comps	% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT														
Laundry_Vending_Deposit Forfeitures				\$1.23	\$976	\$1,229,472	\$1,411,128	\$1,411,128	\$1,229,472	\$976	\$1.23		0.0%	\$0
Total Secondary Income					\$20.00	\$25,200	28,800							\$0
POTENTIAL GROSS INCOME					\$20.00	\$1,254,672	\$1,439,928	\$1,439,928	\$1,254,672	\$20.00			0.0%	\$0
Vacancy & Collection Loss				7.5% PGI		(94,100)	(107,995)	(107,995)	(94,100)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME						\$1,160,572	\$1,331,933	\$1,331,933	\$1,160,572				0.0%	\$0

General & Administrative	\$46,259	\$441/Unit	\$348	2.52%	\$0.35	\$29,200	\$29,700	\$41,734	\$36,518	\$348	\$0.44	3.15%	-20.0%	(7,318)
Management	\$45,785	3.9% EGI	\$465	5.00%	\$0.70	\$58,029	\$66,597	\$66,597	\$58,029	\$563	\$0.70	5.00%	0.0%	0
Payroll & Payroll Tax	\$144,642	\$1,378/Unit	\$1,739	12.68%	\$1.77	\$147,200	\$198,400	\$198,400	\$147,200	\$1,402	\$1.77	12.68%	0.0%	-
Repairs & Maintenance	\$78,943	\$752/Unit	\$851	4.91%	\$0.68	\$57,000	\$65,000	\$78,000	\$68,250	\$650	\$0.82	5.88%	-16.5%	(11,250)
Electric/Gas	\$26,014	\$248/Unit	\$249	1.29%	\$0.18	\$15,000	\$20,000	\$20,000	\$15,000	\$143	\$0.18	1.29%	0.0%	-
Water, Sewer, & Trash	\$75,457	\$719/Unit	\$480	5.39%	\$0.75	\$62,500	\$70,000	\$70,000	\$62,500	\$595	\$0.75	5.39%	0.0%	-
Property Insurance	\$67,127	\$0.81 /sf	\$1,047	11.63%	\$1.62	\$135,000	\$90,000	\$90,000	\$135,000	\$1,286	\$1.62	11.63%	0.0%	-
Property Tax (@ 100%)	\$91,930	\$876/Unit		9.48%	\$1.32	\$110,000	\$125,000	\$125,000	\$110,000	\$1,048	\$1.32	9.48%	0.0%	-
Reserve for Replacements				2.26%	\$0.32	\$26,250	\$30,000	\$30,000	\$26,250	\$250	\$0.32	2.26%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)				0.31%	\$0.04	\$3,560	\$3,560	\$3,560	\$3,560	\$34	\$0.04	0.31%	0.0%	-
TOTAL EXPENSES				55.47%	\$7.73	\$643,739	\$698,257	\$723,291	\$662,306	\$6,308	\$7.95	57.07%	-2.8%	\$(18,567)
NET OPERATING INCOME ("NOI")				44.53%	\$6.21	\$516,833	\$633,676	\$608,642	\$498,265	\$4,745	\$5.98	42.93%	3.7%	\$ 18,567

CONTROLLABLE EXPENSES														
														\$3,138/Unit

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Laurel at Blackhawk, Houston, 9% HTC #23013

CREDIT CALCULATION ON QUALIFIED BASIS			
Applicant	TDHCA		Construction
	Acquisition	Rehabilitation	
ADJUSTED BASIS	\$0	\$21,543,375	\$21,543,375
Deduction of Federal Grants	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$21,543,375	\$21,543,375
High Cost Area Adjustment		130%	
TOTAL ADJUSTED BASIS	\$0	\$28,006,387	\$28,006,387
Applicable Fraction	83.73%	83.73%	84%
TOTAL QUALIFIED BASIS	\$0	\$23,450,234	\$23,450,234
Applicable Percentage	4.00%	9.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$2,110,521	\$2,110,521
CREDITS ON QUALIFIED BASIS	\$2,110,521		\$2,110,521

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION	
	Annual Credits	Proceeds	Credit Price \$0.9199	Variance to Request
Eligible Basis	\$2,110,521	\$19,414,852		
Needed to Fill Gap	\$2,112,502	\$19,433,073		
Previous Allocation	\$2,000,000	\$18,398,160	\$2,000,000	\$0

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	83,291 SF	\$116.09	9,689,357
Adjustments				
Exterior Wall Finish	0.00%		0.00	\$0
Elderly	3.00%		3.48	290,081
9-Ft. Ceilings	3.00%		3.48	290,081
Roof Adjustment(s)			0.00	0
Subfloor			(0.16)	(13,049)
Floor Cover			2.82	234,881
Breezeways	\$30.56	22,505	8.26	687,678
Balconies	\$30.20	8,581	3.11	259,114
Plumbing Fixtures	\$1,610	80	1.55	128,800
Rough-ins	\$600	202	1.46	121,200
Built-in Appliances	\$2,950	105	3.72	309,750
Exterior Stairs	\$3,050	18	0.66	54,900
Heating/Cooling			2.37	197,400
Storage Space	\$30.56		0.00	0
Carports	\$13.00	0	0.00	0
Garages		0	0.00	0
Common/Support Area	\$127.77	6,476	9.93	827,451
Elevators	\$132,200	2	3.17	264,400
Other:			0.00	0
Fire Sprinklers	\$3.65	112,272	4.92	409,793
SUBTOTAL			164.87	13,731,836
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			164.87	\$13,731,836
Plans, specs, survey, bldg permits	3.30%		(5.44)	(8453,151)
Contractor's OH & Profit	11.50%		(18.96)	(1,579,161)
NET BUILDING COSTS		\$111,424/unit	\$140.47/sf	\$11,689,524

Long-Term Pro Forma

Laurel at Blackhawk, Houston, 9% HTC #23013

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	\$1,160,572	\$1,183,783	\$1,207,459	\$1,231,608	\$1,256,240	\$1,386,990	\$1,531,350	\$1,690,734	\$1,866,707	\$2,060,995	\$2,275,505
TOTAL EXPENSES	\$643,739	\$662,471	\$681,753	\$701,602	\$722,034	\$833,569	\$962,507	\$1,111,583	\$1,283,964	\$1,483,314	\$1,713,880
NET OPERATING INCOME ("NOI")	\$516,833	\$521,312	\$525,706	\$530,006	\$534,206	\$553,422	\$568,843	\$579,150	\$582,743	\$577,680	\$561,625
EXPENSE/INCOME RATIO	55.5%	56.0%	56.5%	57.0%	57.5%	60.1%	62.9%	65.7%	68.8%	72.0%	75.3%
MUST -PAY DEBT SERVICE											
Citi	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909
TOTAL DEBT SERVICE	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909
DEBT COVERAGE RATIO	1.18	1.19	1.20	1.21	1.22	1.27	1.30	1.33	1.33	1.32	1.29
ANNUAL CASH FLOW	\$79,923	\$84,403	\$88,796	\$93,097	\$97,297	\$116,513	\$131,933	\$142,241	\$145,834	\$140,771	\$124,715
Deferred Developer Fee Balance	\$954,989	\$870,587	\$781,790	\$688,693	\$591,397	\$45,980	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW	\$0	\$0	\$0	\$0	\$0	\$0	\$584,608	\$1,277,541	\$2,002,571	\$2,720,450	\$3,381,060

23013 Laurel at Blackhawk - Application Summary

REAL ESTATE ANALYSIS DIVISION
June 12, 2023

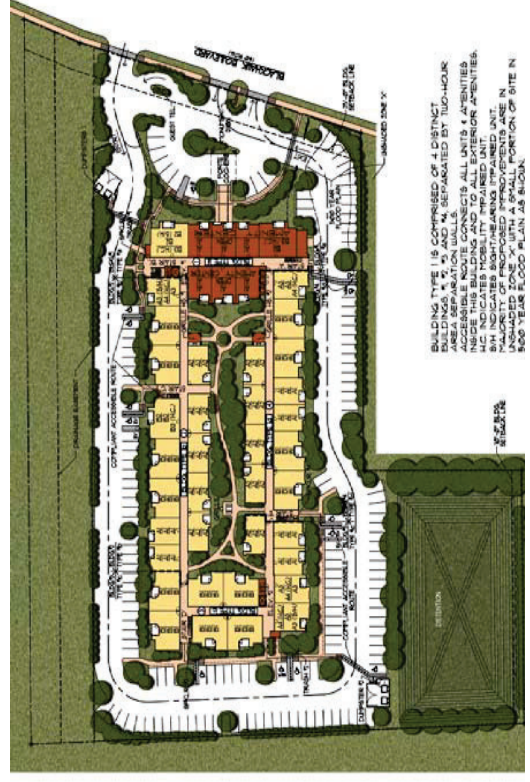
PROPERTY IDENTIFICATION		RECOMMENDATION	
Application #	23013	Request	Recommended
Development	Laurel at Blackhawk	\$2,000,000	\$16.667/Unit
City / County	Houston / Harris	\$2,000,000	\$0.92
Region/Area	6 / Urban		
Population	Elderly limitation		
Set-Aside	General		
Activity	Reconstruction		

KEY PRINCIPALS / SPONSOR	
Resolution Companies/Jeremy Bartholomew Developer/Guarantor	Contractor - TBD
Audrey Martin/Consultant	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO



SITE PLAN



UNIT DISTRIBUTION		INCOME DISTRIBUTION	
# Beds	% Total	Income	% Total
Eff	0%	20%	0%
1	58%	30%	9
2	42%	40%	0%
3	0%	50%	36
4	0%	60%	44
		70%	0%
		80%	0%
		MR	31
		TOTAL	120
			100%

PRO FORMA FEASIBILITY INDICATORS	
Pro Forma Underwritten	Applicant's Pro Forma
Debt Coverage	1.16
Breakeven Occ.	86.5%
Average Rent	\$980
Property Taxes	\$1,042/unit
Total Expense	\$5,819/unit
	Controlable
	\$3,193/unit

MARKET FEASIBILITY INDICATORS	
Gross Capture Rate (10% Maximum)	2.0%
Highest Unit Capture Rate	6%
Dominant Unit Cap. Rate	6%
Premiums (>60% Rents)	Yes
Rent Assisted Units	N/A

DEVELOPMENT COST SUMMARY	
Costs Underwritten	Applicant's Costs
Avg. Unit Size	790 SF
Acquisition	\$18K/unit
Building Cost	\$129.41/SF
Hard Cost	\$126K/unit
Total Cost	\$222K/unit
Developer Fee	\$3,090K (33% Deferred)
Contractor Fee	\$2,113K
	30% Boost
	Yes

DEBT (Must Pay)				CASH FLOW DEBT / GRANT FUNDS				EQUITY / DEFERRED FEES				
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount	
City	15/35	6.85%	\$7,250,000	1.16	City of Houston	0/0	0.00%	\$500	1.16	Hudson Housing Capital	\$18,398,160	
										The Laurel at Blackhawk Developers, LL	\$1,025,263	
TOTAL DEBT (Must Pay)					CASH FLOW DEBT / GRANTS						TOTAL EQUITY SOURCES	\$19,423,423
											TOTAL DEBT SOURCES	\$7,250,500
											TOTAL CAPITALIZATION	\$26,673,923

CONDITIONS

- Receipt and acceptance by Cost Certification:
- Certification that testing for asbestos was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

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.

BOND RESERVATION / ISSUER

RISK PROFILE

STRENGTHS/MITIGATING FACTORS

- Low gross capture rate

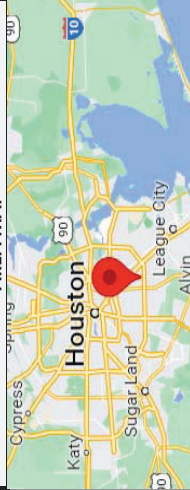
WEAKNESSES/RISKS

- Raising expense environment with 1.16 DCR

AERIAL PHOTOGRAPH(S)



AREA MAP





DEVELOPMENT IDENTIFICATION

TDHCA Application #: **23013** Program(s): **9% HTC**

Laurel at Blackhawk

Address/Location: 9205 Wayfarer Ln

City: Houston County: Harris Zip: 77075

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

Activity: Reconstruction Building Type: Elevator Served Region: 6

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)	\$2,000,000				\$2,000,000				

CONDITIONS

- Receipt and acceptance by Cost Certification:
 - Certification that testing for asbestos was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.
- 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	9
50% of AMI	50% of AMI	36
60% of AMI	60% of AMI	44

DEVELOPMENT SUMMARY

The Laurel at Blackhawk is a proposed new construction (single family residence to be demolished) development for elderly persons located in the City of Houston at 9205 Wayfarer Lane. The development will feature 1- and 2-bedroom units at 30%, 50%, and 60% of Area Median Income, as well as at market rates. The acquisition is an arms-length transaction.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS

- Low gross capture rate

WEAKNESSES/RISKS

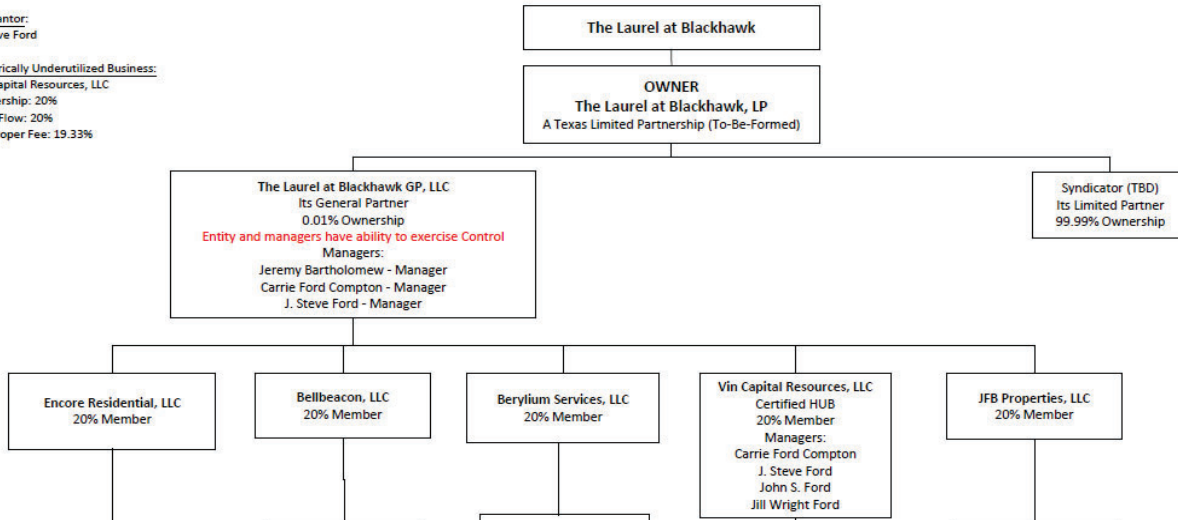
- Raising expense environment with 1.16 DCR

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE

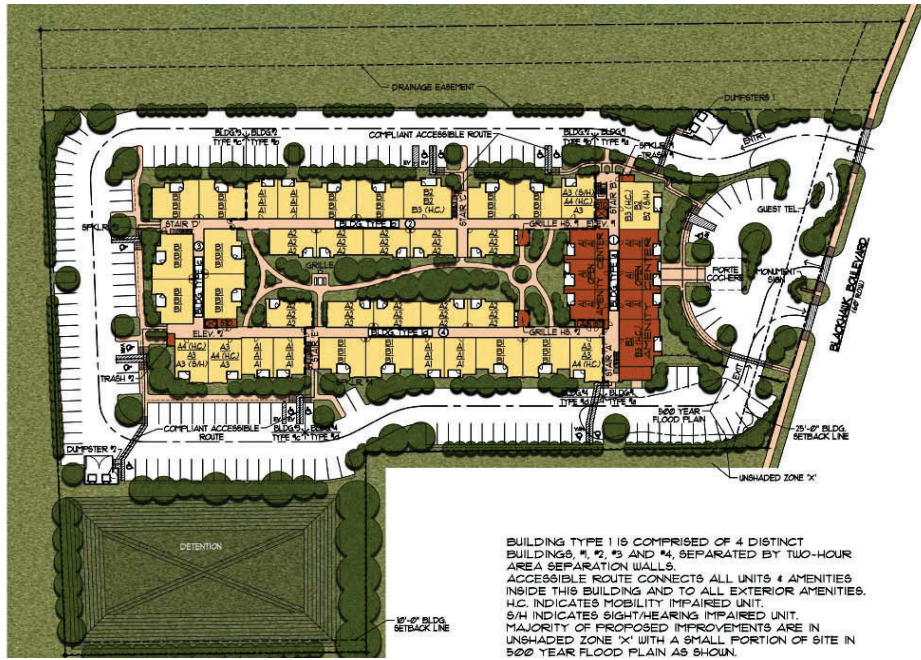
Guarantor:
J. Steve Ford

Historically Underutilized Business:
Vin Capital Resources, LLC
Ownership: 20%
Cash Flow: 20%
Developer Fee: 19.33%



DEVELOPMENT SUMMARY

SITE PLAN



Comments:

Provided parking of 155 spaces is compliant with requirements.

SITE INFORMATION

Flood Zone:	<u>Unshaded X and Shaded X</u>	Scattered Site?	<u>No</u>
Zoning:	<u>No Zoning</u>	Within 100-yr floodplain?	<u>No</u>
Re-Zoning Required?	<u>No</u>	Utilities at Site?	<u>Yes</u>
Year Constructed:	<u>NA</u>	Title Issues?	<u>No</u>

Current Uses of Subject Site:

One single family dwelling and one storage shed. The proposed development site currently includes one single family residence that is owned by the seller and occupied by a relative of the seller. There is no lease and no rent is paid.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: The Murillo Company Date: 2/23/2023

Recognized Environmental Conditions (RECs) and Other Concerns:

- Testing for asbestos containing materials is recommended considering the structure on the subject property was constructed in 1954.
- A pipeline containing highly volatile liquid is located approximately 1/4 mile south of the property. Records indicate that the pipeline contains Liquefied Petroleum Gas. According to Code of Federal Regulations (CFR) Part 51 Subpart C, liquified petroleum pipelines are an exception to the requirement of needing to determine a "Blast zone" (i.e., acceptable separation distance). CFR Part 51 Subpart C states that the term "hazard" does not include pipelines for the transmission of hazardous substances, if such pipelines are underground or comply with applicable federal, state, and local safety standards. The pipeline is underground; therefore, we do not believe that it is appropriate to assess a "blast zone" for the pipeline.

MARKET ANALYSIS

Provider: Araiza Appraisal & Consulting Date: 3/24/2023

Primary Market Area (PMA): 18 sq. miles 2 mile equivalent radius

AFFORDABLE HOUSING INVENTORY		
Stabilized Affordable Developments in PMA	Total Units	1,356
	Total Developments	7
	Average Occupancy	93%

OVERALL DEMAND ANALYSIS				
	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	31,867			
Senior Households in the Primary Market Area	9,801			
Potential Demand from the Primary Market Area	4,111			
10% External Demand	411			
Potential Demand from Other Sources	0			
GROSS DEMAND	4,522			
Subject Affordable Units	89			
Unstabilized Competitive Units	0			
RELEVANT SUPPLY	89			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE		2.0%		

Population:	Elderly Limitation	Market Area:	Urban	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	925	93	9	0	1%					
50% AMGI	1,408	141	36	0	2%					
60% AMGI	1,778	178	44	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%	544	54	5	0	1%					
1 BR/50%	433	43	20	0	4%					
1 BR/60%	440	44	28	0	6%					
2 BR/30%	258	26	4	0	1%					
2 BR/50%	395	40	16	0	4%					
2 BR/60%	581	58	16	0	3%					

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	\$633,676	Avg. Rent:	\$980	Expense Ratio:	52.4%
Debt Service:	\$546,683	B/E Rent:	\$915	Controllable Expenses:	\$3,193
Net Cash Flow:	\$86,993	UW Occupancy:	92.5%	Property Taxes/Unit:	\$1,042
Aggregate DCR:	1.16	B/E Occupancy:	86.5%	Program Rent Year:	2022

Underwriter utilized Applicant's market rents which are 6-7% lower than determined by the market study.
 Deferred fee pays off in year 10 with a 15 year cumulative cash flow of \$908k.

DEVELOPMENT COST EVALUATION

SUMMARY - AS UNDERWRITTEN (Applicant's Costs)

Acquisition	\$389,265/ac	\$17,708/unit	\$2,125,000	Contractor Fee	\$2,113,167
Off-site + Site Work		\$15,320/unit	\$1,838,400	Soft Cost + Financing	\$3,646,276
Building Cost	\$129.41/sf	\$102,235/unit	\$12,268,200	Developer Fee	\$3,089,775
Contingency	7.00%	\$8,229/unit	\$987,462	Reserves	\$605,643
Total Development Cost	\$222,283/unit	\$26,673,923		Rehabilitation Cost	N/A

Qualified for 30% Basis Boost?	High Opportunity Index [9% only]
---------------------------------------	----------------------------------

Building Cost:

Underwriter utilized Marshall & Swift's "good" base cost adjusted for Covid cost increases, and increases for the small number of units..

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$26,673,923	\$23,688,280	\$2,039,326

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Citi	Conventional Loan	\$20,544,463	7.00%	88%
Hudson Housing Capital	HTC	\$2,759,724	\$0.92	12%
City of Houston	Local Government Funds	\$500	0.00%	0%
		\$23,304,687	Total Sources	

PERMANENT SOURCES

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Citi	\$7,250,000	6.85%	35	15.0	\$7,250,000	6.85%	35	15.0	27%
City of Houston	\$500	0.00%	0	0.0	\$500	0.00%	0	0.0	0%
Total	\$7,250,500				\$7,250,500				

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN			
	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Hudson Housing Capital	\$18,398,160	\$0.92		\$18,398,160	\$0.92	69%	
The Laurel at Blackhawk Developers, LLC	\$1,025,263		33%	\$1,025,263		4%	33%
Total	\$19,423,423			\$19,423,423			
				\$26,673,923	Total Sources		

Credit Price Sensitivity based on current capital structure

\$0.971	Maximum Credit Price before the Development is oversourced and allocation is limited
\$0.874	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS**Gap Analysis:**

Total Development Cost	\$26,673,923
Permanent Sources (debt + non-HTC equity)	\$7,250,500
Gap in Permanent Financing	\$19,423,423

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$18,759,927	\$2,039,326
Needed to Balance Sources & Uses	\$19,423,423	\$2,111,453
Requested by Applicant	\$18,398,160	\$2,000,000

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	\$18,398,160	\$2,000,000

Deferred Developer Fee	\$1,025,263	(33% deferred)
Repayable in	10 years	

Recommendation:

Underwriter recommends an annual tax credit allocation of \$2,000,000 per the applicant's request.

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

UNIT MIX RENT SCHEDULE
Laurel at Blackhawk, Houston, 9% HTC #23013

LOCATION DATA	
CITY:	Houston
COUNTY:	Harris
Area Median Income	\$90,100
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2022

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	ARP	
Eff	-	0.0%	0	0	0	
1	70	58.3%	0	0	0	
2	50	41.7%	0	0	0	
3	-	0.0%	0	0	0	
4	-	0.0%	0	0	0	
5	-	0.0%	0	0	0	
TOTAL	120	100.0%	-	-	-	-

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	73.58%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	790 sf

53% Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average Income	-	9	-	36	44	-	-	31	120
% Total	0.0%	7.5%	0.0%	30.0%	36.7%	0.0%	0.0%	25.8%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE																				
HTC	Type	Gross Rent	UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS			TDHCA PRO FORMA RENTS			MARKET RENTS				
			# 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	Markt Analyst	
	TC 30%	\$498	3	1	1	655	\$498	\$76	\$422	\$0	\$0.64	\$422	\$1,266	\$1,266	\$422	\$0.64	\$0	\$1,200	\$1.83	\$1,275
	TC 50%	\$831	8	1	1	655	\$831	\$76	\$755	\$0	\$1.15	\$755	\$6,040	\$6,040	\$755	\$1.15	\$0	\$1,200	\$1.83	\$1,275
	TC 60%	\$997	10	1	1	655	\$997	\$76	\$921	\$0	\$1.41	\$921	\$9,210	\$9,210	\$921	\$1.41	\$0	\$1,200	\$1.83	\$1,275
	MR		7	1	1	655	\$0	\$76		NA	\$1.83	\$1,200	\$8,400	\$8,400	\$1,200	\$1.83	NA	\$1,200	\$1.83	\$1,275
	TC 30%	\$498	2	1	1	674	\$498	\$76	\$422	\$0	\$0.63	\$422	\$844	\$844	\$422	\$0.63	\$0	\$1,200	\$1.78	\$1,275
	TC 50%	\$831	10	1	1	674	\$831	\$76	\$755	\$0	\$1.12	\$755	\$7,550	\$7,550	\$755	\$1.12	\$0	\$1,200	\$1.78	\$1,275
	TC 60%	\$997	13	1	1	674	\$997	\$76	\$921	\$0	\$1.37	\$921	\$11,973	\$11,973	\$921	\$1.37	\$0	\$1,200	\$1.78	\$1,275
	MR		5	1	1	674	\$0	\$76		NA	\$1.78	\$1,200	\$6,000	\$6,000	\$1,200	\$1.78	NA	\$1,200	\$1.78	\$1,275
	TC 50%	\$831	2	1	1	777	\$831	\$76	\$755	\$0	\$0.97	\$755	\$1,510	\$1,510	\$755	\$0.97	\$0	\$1,200	\$1.54	\$1,378
	TC 60%	\$997	5	1	1	777	\$997	\$76	\$921	\$0	\$1.19	\$921	\$4,605	\$4,605	\$921	\$1.19	\$0	\$1,200	\$1.54	\$1,378
	MR		5	1	1	777	\$0	\$76		NA	\$1.54	\$1,200	\$6,000	\$6,000	\$1,200	\$1.54	NA	\$1,200	\$1.54	\$1,378
	TC 30%	\$598	3	2	2	924	\$598	\$100	\$498	\$0	\$0.54	\$498	\$1,494	\$1,494	\$498	\$0.54	\$0	\$1,450	\$1.57	\$1,475
	TC 50%	\$997	15	2	2	924	\$997	\$100	\$897	\$0	\$0.97	\$897	\$13,455	\$13,455	\$897	\$0.97	\$0	\$1,450	\$1.57	\$1,475
	TC 60%	\$1,197	13	2	2	924	\$1,197	\$100	\$1,097	\$0	\$1.19	\$1,097	\$14,261	\$14,261	\$1,097	\$1.19	\$0	\$1,450	\$1.57	\$1,475
	MR		11	2	2	924	\$0	\$100		NA	\$1.57	\$1,450	\$15,950	\$15,950	\$1,450	\$1.57	NA	\$1,450	\$1.57	\$1,475
	TC 30%	\$598	1	2	2	1,014	\$598	\$100	\$498	\$0	\$0.49	\$498	\$498	\$498	\$498	\$0.49	\$0	\$1,450	\$1.43	\$1,565
	TC 50%	\$997	1	2	2	1,014	\$997	\$100	\$897	\$0	\$0.88	\$897	\$897	\$897	\$897	\$0.88	\$0	\$1,450	\$1.43	\$1,565
	TC 60%	\$1,197	3	2	2	1,014	\$1,197	\$100	\$1,097	\$0	\$1.08	\$1,097	\$3,291	\$3,291	\$1,097	\$1.08	\$0	\$1,450	\$1.43	\$1,565
	MR		3	2	2	1,014	\$0	\$100		NA	\$1.43	\$1,450	\$4,350	\$4,350	\$1,450	\$1.43	NA	\$1,450	\$1.43	\$1,565
	TOTAL/AVERAGES:		120			94,804				\$0	\$1.24	\$980	\$117,594	\$117,594	\$980	\$1.24	\$0	\$1,304	\$1.65	\$1,375

ANNUAL POTENTIAL GROSS RENT:	\$1,411,128
-------------------------------------	-------------

STABILIZED PRO FORMA

Laurel at Blackhawk, Houston, 9% HTC #23013

STABILIZED FIRST YEAR PRO FORMA													
COMPARABLES				APPLICANT				TDHCA				VARIANCE	
Database	County Comps			% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT					\$1.24	\$980	\$1,411,128	\$1,411,128	\$980	\$1.24		0.0%	\$0
Laundry, Vending, Deposit Forfeitures						\$20.00	\$28,800						
Total Secondary Income					\$20.00		\$28,800		\$20.00			0.0%	\$0
POTENTIAL GROSS INCOME							\$1,439,928	\$1,439,928				0.0%	\$0
Vacancy & Collection Loss						7.5% PGI	(107,995)	(107,995)				0.0%	-
EFFECTIVE GROSS INCOME							\$1,331,933	\$1,331,933				0.0%	\$0

General & Administrative	\$52,761	\$440/Unit	\$41,734	\$348	2.23%	\$0.31	\$29,700	\$41,734	\$348	\$0.44	3.13%	-28.8%	(12,034)
Management	\$52,222	3.9% EGI	\$54,565	\$455	5.00%	\$0.70	\$66,597	\$66,597	\$555	\$0.70	5.00%	0.0%	0
Payroll & Payroll Tax	\$165,305	\$1,378/Unit	\$208,657	\$1,739	14.90%	\$2.09	\$198,400	\$198,400	\$1,653	\$2.09	14.90%	0.0%	-
Repairs & Maintenance	\$90,221	\$752/Unit	\$102,107	\$851	4.89%	\$0.69	\$65,000	\$78,000	\$650	\$0.82	5.86%	-16.7%	(13,000)
Electric/Gas	\$29,667	\$247/Unit	\$29,933	\$249	1.50%	\$0.21	\$20,000	\$20,000	\$167	\$0.21	1.50%	0.0%	-
Water, Sewer, & Trash	\$86,236	\$719/Unit	\$57,653	\$480	5.26%	\$0.74	\$70,000	\$70,000	\$583	\$0.74	5.26%	0.0%	-
Property Insurance	\$76,717	\$0.81 /sf	\$125,603	\$1,047	6.76%	\$0.95	\$90,000	\$90,000	\$750	\$0.95	6.76%	0.0%	-
Property Tax (@ 100%)	\$104,858	\$874/Unit			9.38%	\$1.32	\$125,000	\$125,000	\$1,042	\$1.32	9.38%	0.0%	-
Reserve for Replacements					2.25%	\$0.32	\$30,000	\$30,000	\$250	\$0.32	2.25%	0.0%	-
Supportive Services					0.00%	\$0.00	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.27%	\$0.04	\$3,560	\$3,560	\$30	\$0.04	0.27%	0.0%	-
Security					0.00%	\$0.00	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
TOTAL EXPENSES					52.42%	\$7.37	\$698,257	\$723,291	\$6,027	\$7.63	54.30%	-3.5%	\$ (25,034)
NET OPERATING INCOME ("NOI")					47.58%	\$6.68	\$633,676	\$608,642	\$5,072	\$6.42	45.70%	4.1%	\$ 25,034

CONTROLLABLE EXPENSES													
													\$3,401/Unit

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS
Laurel at Blackhawk, Houston, 9% HTC #23013

DEBT / GRANT SOURCES																
APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE					AS UNDERWRITTEN DEBT/GRANT STRUCTURE											
DEBT (Must Pay)	Cumulative DCR	UW	App	Fee	Pmt	Rate	Amort	Term	Principal							
										Principal	Amort	Rate	Pmt	DCR	LTC	
City	1.11	1.16	1.16		546,683	6.85%	35	15.0	\$7,250,000	\$7,250,000	15.0	35	6.85%	\$546,683	1.16	27.2%
CASH FLOW DEBT / GRANTS																
City of Houston	1.11	1.16	1.16			0.00%	0	0.0	\$500	\$500	0.0	0	0.00%		1.16	0.0%
					\$546,683				\$7,250,500	\$7,250,500				\$546,683	1.16	27.2%
NET CASH FLOW	\$61,959	\$86,993							APPLICANT	NET OPERATING INCOME	\$633,676			\$86,993	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	Annual Credit	% Cost	Annual Credits per Unit
Hudson Housing Capital	LIHTC Equity	69.0%	\$2,000,000	\$0.92	\$18,398,160	\$18,398,160	\$2,000,000	69.0%	\$16,667
The Laurel at Blackhawk Developers, LLC	Deferred Developer Fees	3.8%	(33% Deferred)		\$1,025,263	\$1,025,263	(33% Deferred)	3.8%	Total Developer Fee: \$3,089,775
Additional (Excess) Funds Req'd		0.0%			\$0	\$0		0.0%	
TOTAL EQUITY SOURCES		72.8%			\$19,423,423	\$19,423,423		72.8%	
TOTAL CAPITALIZATION					\$26,673,923	\$26,673,923			15-Yr Cash Flow after Deferred Fee: \$908,289

DEVELOPMENT COST / ITEMIZED BASIS									
APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS				
Eligible Basis	Acquisition	New Const. Rehab	Total Costs	Total Costs	Total Costs	Total Costs	Total Costs	Total Costs	Total Costs
Land Acquisition	\$0		\$17,708 / Unit	\$2,125,000	\$17,708 / Unit	\$2,125,000	\$17,708 / Unit	\$2,125,000	\$0
Building Acquisition			\$ / Unit	\$0	\$ / Unit	\$0	\$ / Unit	\$0	\$0
Off-Sites			\$ / Unit	\$0	\$ / Unit	\$0	\$ / Unit	\$0	\$0
Site Work	\$1,391,400		\$11,595 / Unit	\$1,391,400	\$11,595 / Unit	\$1,391,400	\$11,595 / Unit	\$1,391,400	\$0
Site Amenities	\$447,000		\$3,725 / Unit	\$447,000	\$3,725 / Unit	\$447,000	\$3,725 / Unit	\$447,000	\$0
Building Cost	\$12,268,200		\$102,235/Unit	\$12,268,200	\$111,417/Unit	\$12,268,200	\$111,417/Unit	\$12,268,200	\$0
Contingency	\$987,462		7.00%	\$987,462	6.49%	\$987,462	7.00%	\$987,462	(\$1,101,884)
Contractor Fees	\$2,113,167		14.00%	\$2,113,167	13.05%	\$2,113,167	14.00%	\$2,113,167	\$0
Soft Costs	\$1,509,410		\$12,578 / Unit	\$1,509,410	\$12,578 / Unit	\$1,509,410	\$12,578 / Unit	\$1,509,410	\$0
Financing	\$1,881,866		\$17,807 / Unit	\$2,136,866	\$17,807 / Unit	\$2,136,866	\$17,807 / Unit	\$1,881,866	\$0
Developer Fee	\$0		15.00%	\$3,089,775	14.24%	\$3,089,775	15.00%	\$3,089,775	\$0
Reserves			6 Months	\$605,643	6 Months	\$605,643	6 Months	\$605,643	\$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	\$0	\$23,688,280	\$222,283 / Unit	\$26,673,923	\$231,465 / Unit	\$27,775,807	\$231,465 / Unit	\$23,688,280	\$0
Acquisition Cost	\$0			\$0		\$0		\$0	
Contingency				\$0		\$0		\$0	
Contractor's Fee				\$0		\$0		\$0	
Financing Cost				\$0		\$0		\$0	
Developer Fee				\$0		\$0		\$0	
Reserves				\$0		\$0		\$0	
ADJUSTED BASIS / COST	\$0	\$23,688,280	\$222,283/unit	\$26,673,923	\$231,465/unit	\$27,775,807	\$231,465/unit	\$23,688,280	\$0
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):				\$26,673,923		\$26,673,923		\$23,688,280	(\$1,101,884)

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Laurel at Blackhawk, Houston, 9% HTC #23013

CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA
	Acquisition	Construction Rehabilitation	
ADJUSTED BASIS	\$0	\$23,688,280	\$0
Deduction of Federal Grants	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$23,688,280	\$0
High Cost Area Adjustment		130%	
TOTAL ADJUSTED BASIS	\$0	\$30,794,764	\$0
Applicable Fraction	73.58%	73.58%	74%
TOTAL QUALIFIED BASIS	\$0	\$22,659,182	\$0
Applicable Percentage	4.00%	9.00%	4.00%
ANNUAL CREDIT ON BASIS	\$0	\$2,039,326	\$0
CREDITS ON QUALIFIED BASIS	\$2,039,326		\$2,039,326

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION	
	Annual Credits	Proceeds	Credit Price \$0.9199	Variance to Request
Eligible Basis	\$2,039,326	\$18,759,927	-----	-----
Needed to Fill Gap	\$2,111,453	\$19,423,423	-----	-----
Applicant Request	\$2,000,000	\$18,398,160	\$2,000,000	\$0

BUILDING COST ESTIMATE					
CATEGORY	FACTOR	UNITS/SF	PER SF	PER SF	
Base Cost:	Elevator Served	94,804 SF	\$115.82	\$115.82	10,980,215
Adjustments					
Exterior Wall Finish	1.36%		1.58	1.58	\$149,331
Elderly	3.00%		3.47	3.47	329,406
9-Ft. Ceilings	3.17%		3.67	3.67	348,073
Roof Adjustment(s)			0.00	0.00	0
Subfloor			(0.16)	(0.16)	(14,853)
Floor Cover			2.82	2.82	267,347
Breezeways	\$30.56	25,343	8.17	8.17	774,398
Balconies	\$30.67	6,943	2.25	2.25	212,976
Plumbing Fixtures	\$1,610	150	2.55	2.55	241,500
Rough-ins	\$600	240	1.52	1.52	144,000
Built-in Appliances	\$2,950	120	3.73	3.73	354,000
Exterior Stairs	\$3,050	18	0.58	0.58	54,900
Heating/Cooling			2.37	2.37	224,685
Storage Space	\$30.56		0.00	0.00	0
Carports	\$13.00	0	0.00	0.00	0
Garages		0	0.00	0.00	0
Common/Support Area	\$126.12	7,118	9.47	9.47	897,691
Elevators	\$132.200	2	2.79	2.79	264,400
Other:			0.00	0.00	0
Fire Sprinklers	\$3.65	127,265	4.90	4.90	464,517
SUBTOTAL			165.53	165.53	15,692,587
Current Cost Multiplier	1.00		0.00	0.00	0
Local Multiplier	1.00		0.00	0.00	0
Reserved					0
TOTAL BUILDING COSTS			165.53	165.53	\$15,692,587
Plans, specs, survey, bldg permits	3.30%		(5.46)	(5.46)	(\$517,855)
Contractor's OH & Profit	11.50%		(19.04)	(19.04)	(1,804,647)
NET BUILDING COSTS		\$111,417/unit	\$141.03/sf		\$13,370,084

Long-Term Pro Forma

Laurel at Blackhawk, Houston, 9% HTC #23013

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	\$1,331,933	\$1,358,572	\$1,385,744	\$1,413,458	\$1,441,728	\$1,591,784	\$1,757,458	\$1,940,375	\$2,142,331	\$2,365,307	\$2,611,490
TOTAL EXPENSES	\$698,257	\$718,539	\$739,416	\$760,905	\$783,026	\$903,763	\$1,043,316	\$1,204,639	\$1,391,152	\$1,606,814	\$1,856,210
NET OPERATING INCOME ("NOI")	\$633,676	\$640,033	\$646,328	\$652,553	\$658,702	\$688,021	\$714,142	\$735,737	\$751,179	\$758,493	\$755,279
EXPENSE/INCOME RATIO	52.4%	52.9%	53.4%	53.8%	54.3%	56.8%	59.4%	62.1%	64.9%	67.9%	71.1%
MUST -PAY DEBT SERVICE											
Citi	\$546,683	\$546,683	\$546,683	\$546,683	\$546,683	\$546,683	\$546,683	\$546,683	\$546,683	\$546,683	\$546,683
TOTAL DEBT SERVICE	\$546,683	\$546,683	\$546,683	\$546,683	\$546,683	\$546,683	\$546,683	\$546,683	\$546,683	\$546,683	\$546,683
DEBT COVERAGE RATIO	1.16	1.17	1.18	1.19	1.20	1.26	1.31	1.35	1.37	1.39	1.38
ANNUAL CASH FLOW	\$86,993	\$93,350	\$99,645	\$105,870	\$112,019	\$141,338	\$167,459	\$189,053	\$204,496	\$211,810	\$208,596
Deferred Developer Fee Balance	\$938,270	\$844,920	\$745,275	\$639,405	\$527,366	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW	\$0	\$0	\$0	\$0	\$0	\$121,712	\$908,289	\$1,812,479	\$2,806,902	\$3,855,021	\$4,909,179

THE LAUREL AT BLACKHAWK, LP

1500 N. Post Oak, Suite 190
Houston, TX 77055

September 20, 2023

Texas Department of Housing and Community Affairs
Asset Management Division
Attn: Rosalio Banuelos, Director
221 E. 11th Street
Austin, TX 78748

**Re: TDHCA #21013, The Laurel at Blackhawk
Request for Material Amendment to Reduce Total Number of Units**

Dear Mr. Banuelos,

Please accept this letter and the attached documentation on behalf of The Laurel at Blackhawk, LP (the "Applicant") as a formal request for a material amendment pursuant to Section 10.405(a) of the Post Award and Asset Management Requirements.

By way of background, the Applicant received a 2023 9% housing tax credit award of \$2,000,000 for The Laurel at Blackhawk. The application originally proposed 120 total units, of which 89 were proposed to be affordable, and 31 were proposed to be offered at market rents.

Summary

Due to rising operating expenses (particularly insurance), and increasing interest rates, a restructure of the development is necessary to maintain feasibility. The Applicant is requesting TDHCA approval for the following changes:

1. Total Units – Reduction from 120 to 105 total units. Note, the 15 units being eliminated are all market units. No affordable units will be eliminated. Additionally, the number of units at each AMI level remains unchanged. Therefore, the number and AMI levels of affordable units the Applicant committed to at application will not change. The development will continue to be mixed-income, with 16 market rate units still proposed. See Tables 1 and 2.
2. Net Rentable Area – Net Rentable Area will decrease by more than 3%, from 94,804 square feet to 83,291 square feet. This is a 12.1% reduction in Net Rentable Area, which is caused by the elimination of 15 market rate units.
3. Common Area – Common Area will decrease by more than 3%, from 32,292 square feet to 30,016 square feet. This decrease is entirely due to a reduction in the breezeway and stair square footages, which is a result of the need for less breezeway space to serve fewer units. The actual amenity related common area square footage available to residents has actually increased by 562 square feet since application. Note, at application the Engineer/Architect Certification cited Common Area square footage as 31,986. However, this inadvertently excluded 306 square feet of Grille House space, so total Common Area at application was actually 32,292 square feet at application. See Table 3.

Description of Request and Good Cause

Change in Economic Conditions

Since the application was submitted to TDHCA in March 2023, the Applicant has conducted additional due diligence related to design and financial modeling to prepare for closing of the transaction. The following changes have caused an increase to the funding gap for the originally proposed 120-unit development such that the proposed changes are necessary to preserve the feasibility of the transaction:

1. Insurance Expense – Insurance was originally proposed to be \$90,000 for the 120-unit development, or \$750/unit. However, the Applicant has since received an estimate of approximately \$1,286/unit for the same development, representing a 71% increase. This change alone results in the loss of \$735,000 in permanent loan proceeds.
2. Construction Loan Interest Rate – Since application, interest rates for the construction loan have increased from 7% to 8%, increasing the construction period interest in the development budget approximately \$361,000.
3. Permanent Loan Interest Rate – Since application the permanent interest rate has increased from 6.85% to 7.5%. This caused an approximate \$500,000 reduction to permanent loan proceeds.

The combined effect of the increase in insurance expense and increase in interest rates is an approximate \$1.6M increase to the financing gap for the originally proposed 120-unit development. This is without the assumption of an increase in construction costs, which also will likely occur by the time the transaction closes. Because the 31 originally proposed market rate units are financed completely by debt, a reduction in the number of market units was the best option to offset the financing gap.

Summary of Changes

Table 1 - Unit Count			
	Proposed	Application	Change
1BR/1BA	61	70	-9
Type A1 - 655 sf	25	28	-3
Type A2 - 674 sf	24	30	-6
Type A3 - 777 sf	8	8	0
Type A4 (HC) - Orig. 777 sf, Proposed 787 sf	4	4	0
2BR/2BA	44	50	-6
Type B1 - 924 sf	36	42	-6
Type B2 - 1,014 sf	5	5	0
Type B3 (HC) - 1,014 sf	3	3	0
TOTAL	105	120	-15

Table 2 - Income / Rent Levels

	Proposed	Application	Change
30% AMI	9	9	0
1BR/1BA	5	5	0
2BR/2BA	4	4	0
50% AMI	36	36	0
1BR/1BA	20	20	0
2BR/2BA	16	16	0
60% AMI	44	44	0
1BR/1BA	28	28	0
2BR/2BA	16	16	0
Market Rate	16	31	-15
1BR/1BA	8	17	-9
2BR/2BA	8	14	-6
TOTAL	105	120	-15

Table 3 - Common Area

	Proposed SF	Application SF	SF Change	% Change
Amenity Center	6,939	7,118	-179	-3%
Breezeways & Stairs	22,505	25,343	-2,838	-11%
Grille House	354	306	48	16%
Maintenance	-453	-475	22	-5%
Amenity Porch	317	0	317	100%
Parcels	354	0	354	100%
TOTAL	30,016	32,292	-2,276	-7%

Reason and Good Cause for Amendment Request

As discussed previously, significant changes in insurance expense as well as interest rate increases caused a financing gap increase of approximately \$1.6M under the original development proposal. This would have caused the originally proposed development plan to be infeasible. At application, the Applicant structured the transaction using the best information available at the time. The changes in economic conditions since that time are outside the control of the applicant, and these changes, particularly the 71% increase in insurance expense, could not have been anticipated by the Applicant.

Fortunately, the Applicant is able to continue to meet all of its obligations to provide affordable housing units, while restructuring the development in a way that maintains financial feasibility. Because market rate units are not financed with housing tax credit equity proceeds, and instead are financed by debt, the proposed reduction of 15 market units solves the financing gap issue.

The applicant believes that the proposed elimination of 15 market units is an ideal solution. While Net Rentable Area is decreasing by more than 3%, the square footage of the remaining units is not being decreased. Additionally, while total Common Area square footage is decreasing by more than 3%, this is entirely due to less breezeway square footage being needed to serve a smaller number of units. Actual amenity related common area square footage available to residents is proposed to increase as compared to the application. The applicant will deliver the same number, mix, and size of affordable housing units as proposed at application. Further, the applicant is still able to provide 16 market rate units, preserving the originally-contemplated mixed-income nature of the development.

Project Documents for Amendment Consideration

The following revised application documents are included for staff's consideration:

1. Amendment Fee – \$2,500 – A check for the Amendment Fee was mailed to TDHCA, and a copy of the check and a payment receipt are provided under separate cover.
2. Architectural Items
 - a. Architectural Plans
 - b. Architect Certifications
3. Financing Exhibits
 - a. Rent Schedule
 - b. Utility Allowance Schedule
 - c. Annual Operating Expenses
 - d. 15 Year Rental Housing Operating Pro Forma
 - e. Development Cost Schedule
 - f. Schedule of Sources of Funds
4. Financing Letters – Provided for all sources. Where a source has changed since the original application, an updated commitment letter is provided.

The Applicant appreciates TDHCA's consideration of this amendment request, which will allow for the provision of the same number and quality of affordable housing units as proposed in the application. If you have any questions or need any additional information, please feel free to contact me at (713) 334-5514 or carrie@resolutioncompanies.com.

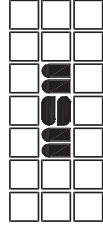
Sincerely,



Carrie Ford Compton
Authorized Representative

THE LAUREL AT BLACKHAWK

A Seniors Community



MUCASEY
&
Associates

Architects

4808 Gibson, Suite 200
Houston, Texas 77007
Tel. (713) 521-1233
Fax (713) 520-1904

office@mucaseyarchitects.com
Job No. 2244

CONTENTS

THE LAUREL AT BLACKHAWK

- Project Summary
- Site Plan
- Typical Elevations
- Amenity Center - Floor Plan
 - Unit "A1" Floor Plan
 - Unit "A2" Floor Plan
 - Unit "A3" Floor Plan
 - Unit "A4" H.C. Floor Plan
- Unit "B1" Floor Plan
- Unit "B2" Floor Plan
- Unit "B3" H.C. Floor Plan
- Building Floor Plans
- Exterior Elevations

Project Summary

Apartments:

Type	Description	Qty	Area
A1	One Bedroom, 1 Bath	25	655 s.f.
A2	One Bedroom, 1 Bath	24	674 s.f.
A3	One Bedroom, 1 Bath	8	777 s.f.
A4	One Bedroom, 1 Bath (H.C.)	4	787 s.f.
Total One Bedroom Units		61 Units	
B1	Two Bedroom, 2 Bath	36	924 s.f.
B2	Two Bedroom, 2 Bath	5	1,014 s.f.
B3	Two Bedroom, 2 Bath (H.C.)	3	1,014 s.f.
Total Two Bedroom Units		44 Units	

Apartments Net Rentable Total 105 Units 83,291 s.f.

Amenity Center	6,939 s.f.
Amenity Center Entry Porch	317 s.f.
Grille Houses	354 s.f.
Unit Patio / Balcony	7,545 s.f.
Total Breezeway & Stairs	22,505 s.f.
Other Support Areas	1,452 s.f.
Storage	679 s.f.
Trash Rooms	271 s.f.
Project Total	123,353 s.f.

Sight / Hearing Accessible Units
A3 One Bedroom, 1 Bath - 2 units
B2 Two Bedroom, 2 Bath - 1 unit

Parking:

Parking required :

105 Units at 0.75 cars = 78.75 cars
Staff = 4 People 4.00 cars

Total Project Parking Required: 82.75 cars

Total Parking Provided:

Open Parking (secured): 2 8 106 116 cars
Open Parking (non-secured): 1 0 10 11 cars
EV Parking (secured): 0 2 2 4 cars

Total Parking Provided: 3 10 118 131 cars

Building Matrix:

Bldg. Type 1a (Bldg. #1)	Bldg. Type 1b (Bldg. #2)	Bldg. Type 1c (Bldg. #3)	Bldg. Type 1d (Bldg. #4)
Amenity Center	6 A1 units	3 A1 units	6 A1 units
10 A1 units	12 A2 units	3 A2 units	9 A2 units
3 B2 units	2 A3 units	4 A3 units	2 A3 units
2 B3 HC units	1 A4 HC unit	2 A4 HC units	1 A4 HC unit
15 Total units	9 B1 units	18 B1 units	9 B1 units
	2 B2 units	30 Total units	27 Total units
	1 B3 HC unit		
	33 Total units		

PROJECT SUMMARY

The Laurel At Blackhawk

Mucasey & Associates, Architects



BUILDING TYPE 1 IS COMPRISED OF 4 DISTINCT BUILDINGS #1, #2, #3 AND #4, SEPARATED BY TWO-HOUR AREA SEPARATION WALLS. ACCESSIBLE ROUTE CONNECTS ALL UNITS & AMENITIES INSIDE THIS BUILDING AND TO ALL EXTERIOR AMENITIES. H.C. INDICATES MOBILITY IMPAIRED UNIT. S/H INDICATES SIGHT/HEARING IMPAIRED UNIT. MAJORITY OF PROPOSED IMPROVEMENTS ARE IN UNSHADED ZONE 'X' WITH A SMALL PORTION OF SITE IN 5000 YEAR FLOOD PLAIN AS SHOWN. FLOOD MITIGATION IS NOT NEEDED FOR THIS PROPERTY. DETENTION IS PROVIDED BY ON-SITE DETENTION POND. PROPERTY AREA: 5.4599 ACRES THERE IS NO PIPELINE EASEMENT ON THIS PROPERTY.

SITE PLAN

The Laurel At Blackhawk

Mucasey & Associates, Architects

TDHCA Disclosure: In accordance with the rules of the Texas Department of Housing and Community Affairs, aspects of this development may be subject to change, including but not limited to, changes in the amenities ultimately selected and provided.



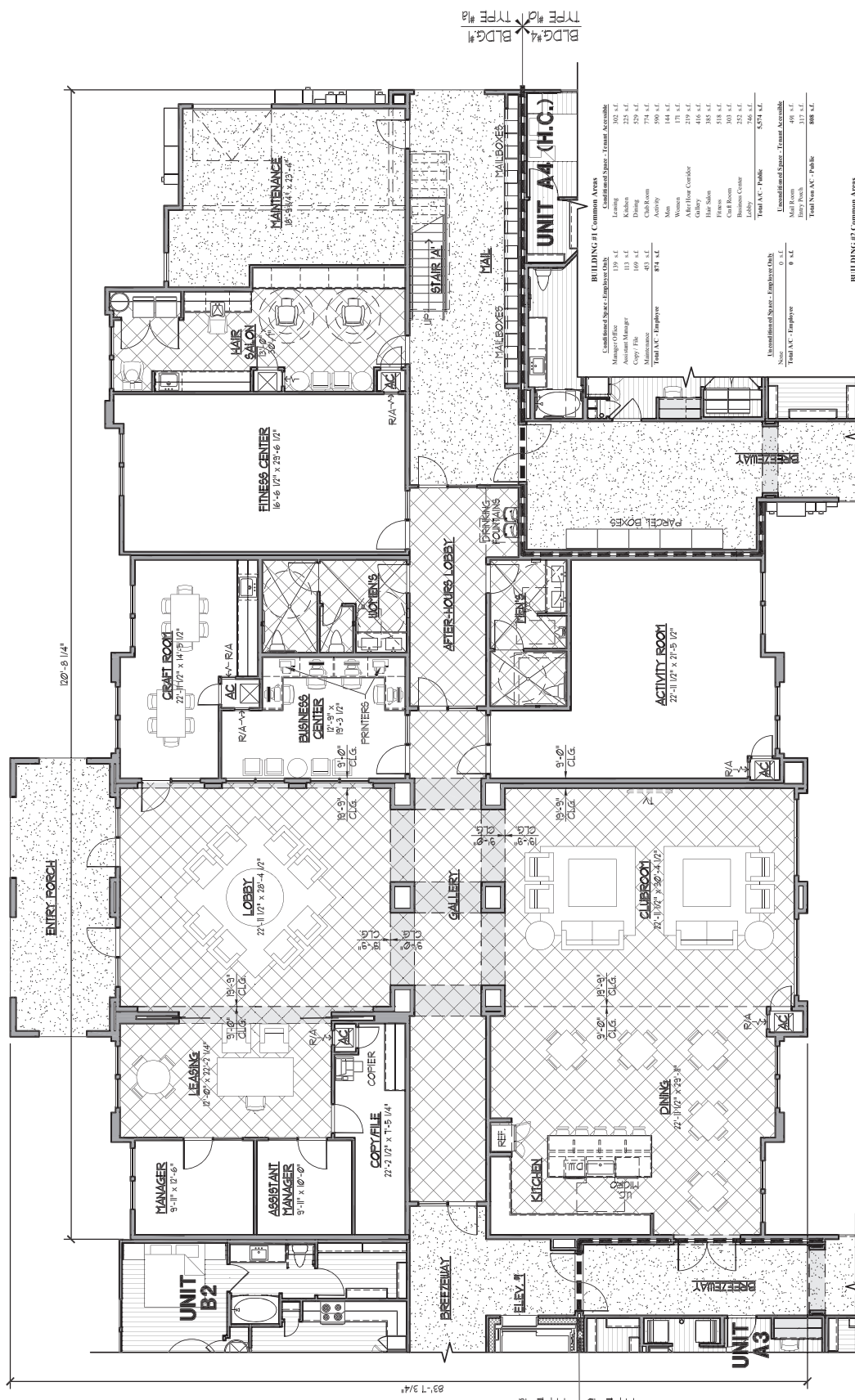
FRONT ELEVATION



SIDE ELEVATION

THE LAUREL AT BLACKHAWK

Mucasey & Associates, Architects
August 18, 2023



83'-1 3/4" 120'-8 1/4"

BLDG # 2 TYPE # 1

BLDG # 4 TYPE # 10

BUILDING #1 Common Areas		BUILDING #2 Common Areas	
Unconditioned Space - Employee Only	Conditioned Space - Employee Only	Unconditioned Space - Tenant Accessible	Conditioned Space - Tenant Accessible
Reception	139 s.f.	Waiting	252 s.f.
Mail	169 s.f.	Waiting	252 s.f.
Maintenance	453 s.f.	Dining	529 s.f.
Total A.C. - Employee	851 s.f.	Club Room	774 s.f.
		Activity	596 s.f.
		Women	171 s.f.
		Men	171 s.f.
		Alder House Corridor	279 s.f.
		Gallery	416 s.f.
		Hair Salon	355 s.f.
		Reception	169 s.f.
		Call Room	301 s.f.
		Business Center	252 s.f.
		Lobby	746 s.f.
		Total A.C. - Public	5271 s.f.
Unconditioned Space - Employee Only	0 s.f.	Unconditioned Space - Tenant Accessible	498 s.f.
Total A.C. - Employee	0 s.f.	Employee Only	317 s.f.
		Total New A.C. - Public	988 s.f.

BUILDING #3 Common Areas		BUILDING #4 Common Areas	
Unconditioned Space - Employee Only	Conditioned Space - Employee Only	Unconditioned Space - Tenant Accessible	Conditioned Space - Tenant Accessible
Reception	139 s.f.	Waiting	252 s.f.
Mail	169 s.f.	Waiting	252 s.f.
Maintenance	453 s.f.	Dining	529 s.f.
Total A.C. - Employee	851 s.f.	Club Room	774 s.f.
		Activity	596 s.f.
		Women	171 s.f.
		Men	171 s.f.
		Alder House Corridor	279 s.f.
		Gallery	416 s.f.
		Hair Salon	355 s.f.
		Reception	169 s.f.
		Call Room	301 s.f.
		Business Center	252 s.f.
		Lobby	746 s.f.
		Total A.C. - Public	5271 s.f.
Unconditioned Space - Employee Only	0 s.f.	Unconditioned Space - Tenant Accessible	498 s.f.
Total A.C. - Employee	0 s.f.	Employee Only	317 s.f.
		Total New A.C. - Public	988 s.f.



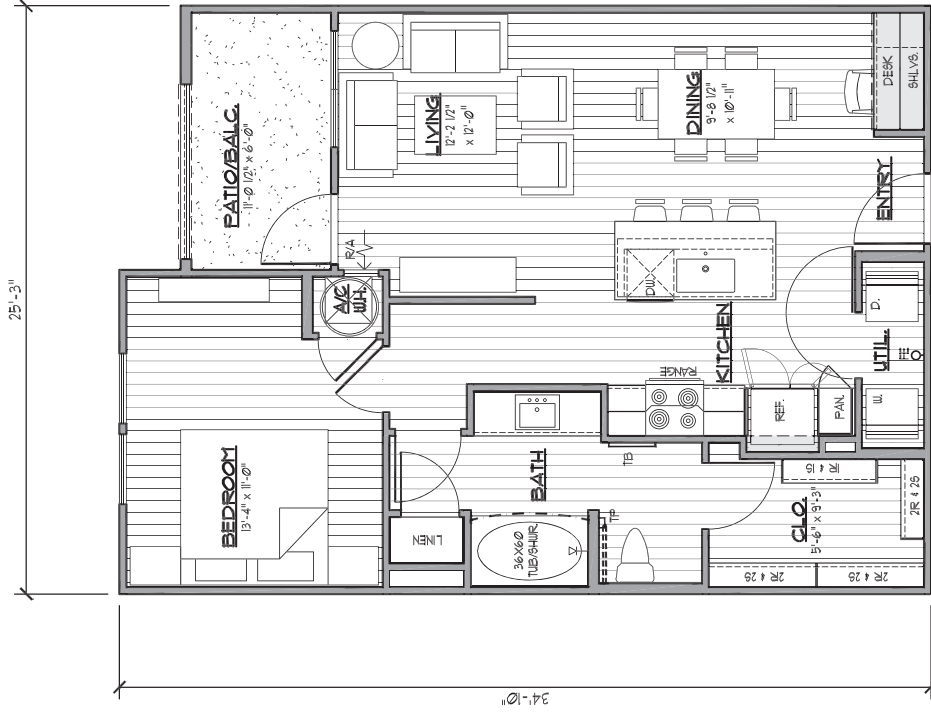
AMENITY CENTER - Floor Plan

The Laurel At Blackhawk
 AMENITY: 6,939 s.f.
 AMENITY PORCH: 317 s.f.

Mucasey & Associates, Architects

TDHCA Disclosure: In accordance with the rules of the Texas Department of Housing and Community Affairs, aspects of this development may be subject to change, including but not limited to, changes in the amenities ultimately selected and provided.



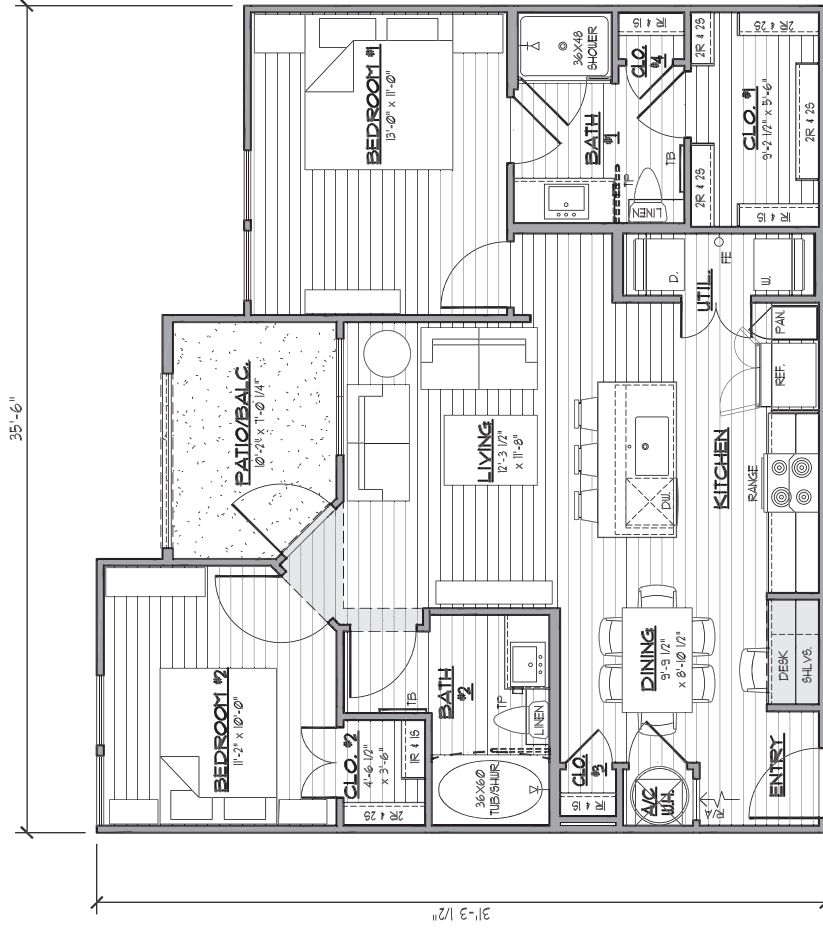


UNIT "A3" - One Bedroom, 1 Bath
 (Fair Housing Accessible) 777 s.f.

The Laurel At Blackhawk
 Mucasey & Associates, Architects

TDHCA Disclosure: In accordance with the rules of the Texas Department of Housing and Community Affairs, aspects of this development may be subject to change, including but not limited to, changes in the amenities ultimately selected and provided.





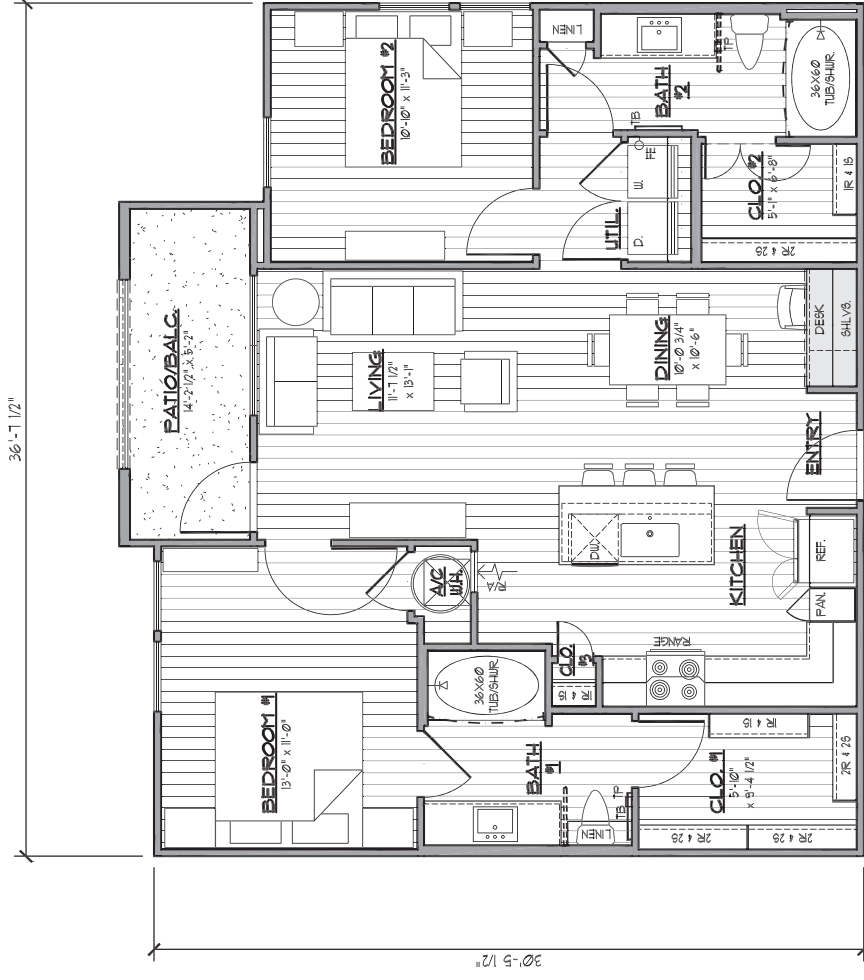
UNIT "B1" - Two Bedroom, 2 Bath

(Fair Housing Accessible) 924 s.f.



The Laurel At Blackhawk
Mucasey & Associates, Architects

TDHCA Disclosure: In accordance with the rules of the Texas Department of Housing and Community Affairs, aspects of this development may be subject to change, including but not limited to, changes in the amenities ultimately selected and provided.



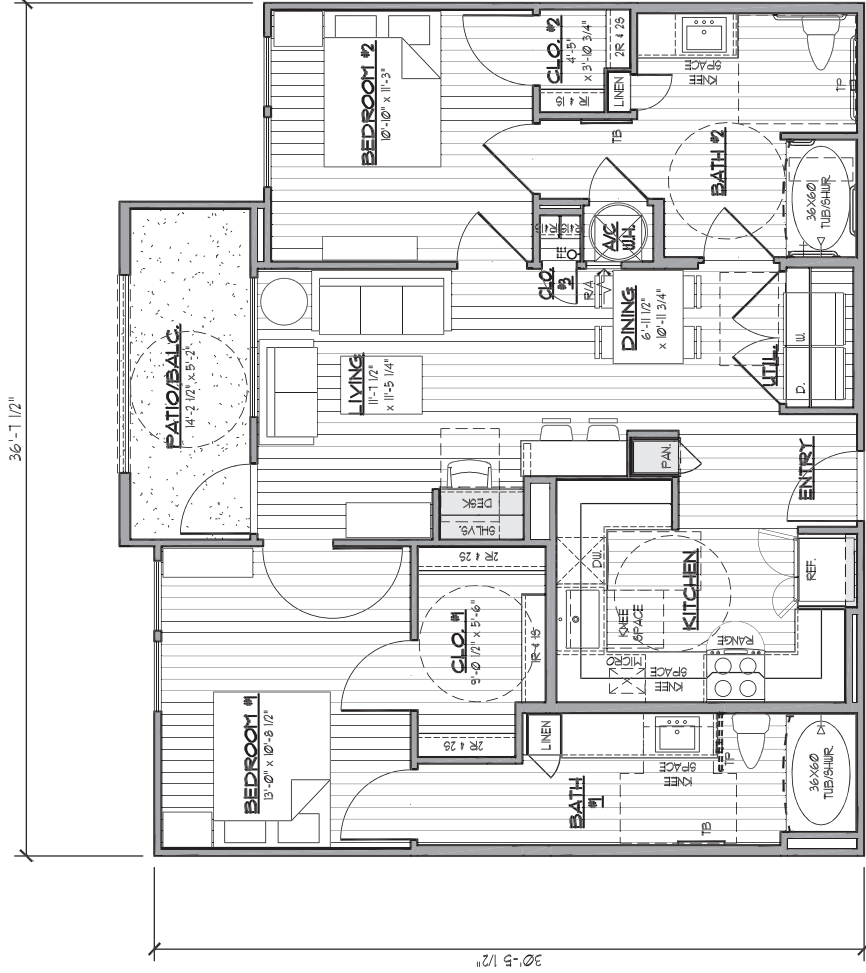
UNIT "B2" - Two Bedroom, 2 Bath

(Fair Housing Accessible) 1,014 s.f.

The Laurel At Blackhawk
Mucasey & Associates, Architects



TDHCA Disclosure: In accordance with the rules of the Texas Department of Housing and Community Affairs, aspects of this development may be subject to change, including but not limited to, changes in the amenities ultimately selected and provided.



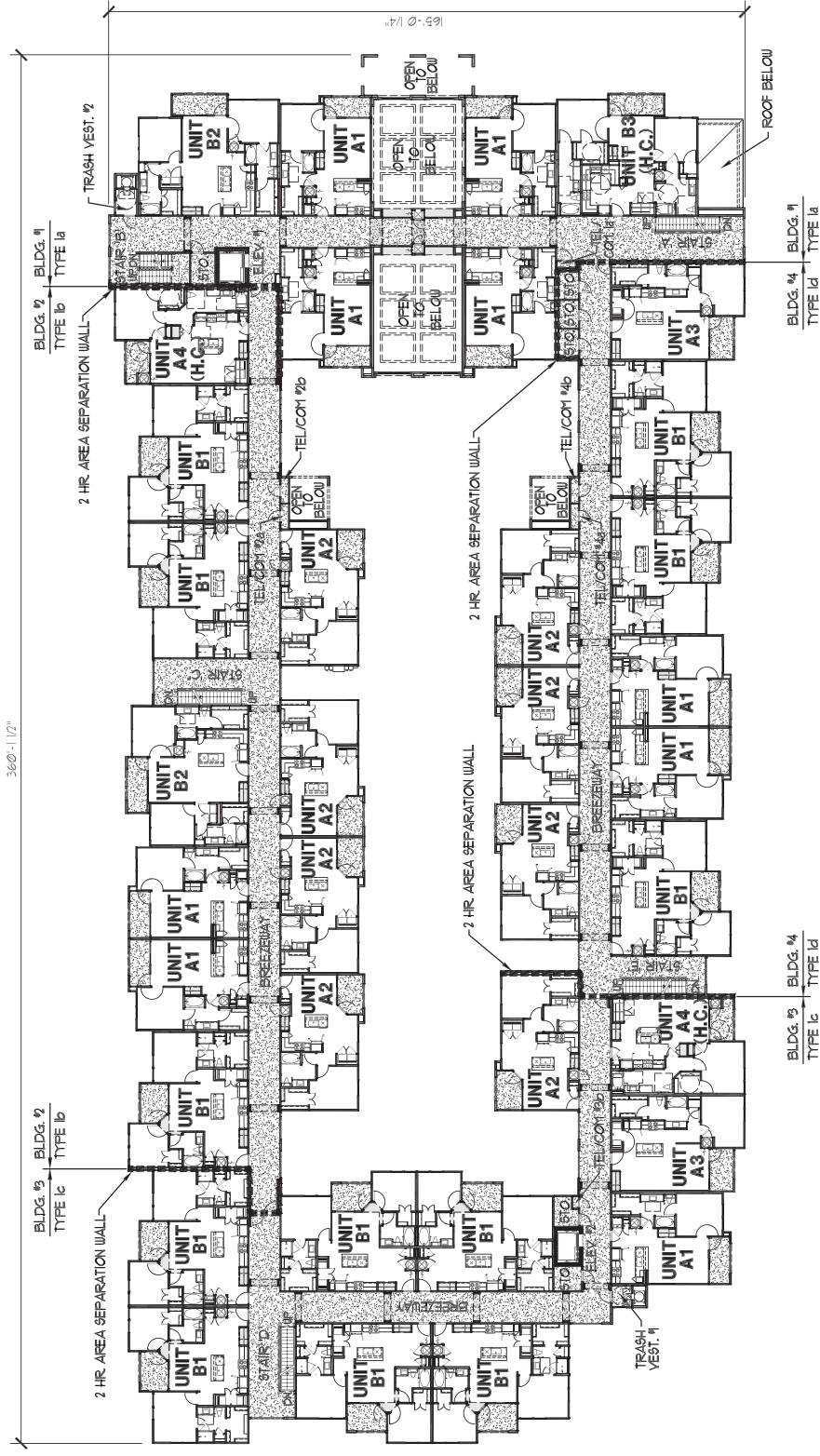
UNIT "B3" - Two Bedroom, 2 Bath

The Laurel At Blackhawk
 Mucasey & Associates, Architects

1,014 s.f.
 ADA/UFAS ACCESSIBLE

TDHCA Disclosure: In accordance with the rules of the Texas Department of Housing and Community Affairs, aspects of this development may be subject to change, including but not limited to, changes in the amenities ultimately selected and provided.





BUILDING PLAN - Second Floor

The Laurel At Blackhawk

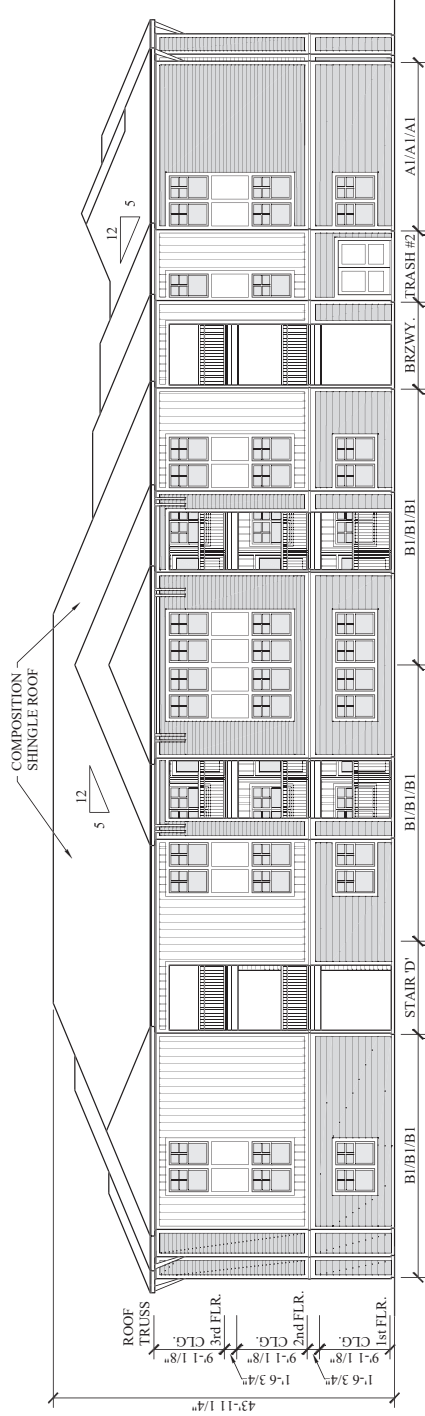
Mucasey & Associates, Architects

TDHCA Disclosure: In accordance with the rules of the Texas Department of Housing and Community Affairs, aspects of this development may be subject to change, including but not limited to, changes in the amenities ultimately selected and provided.





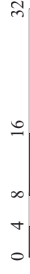
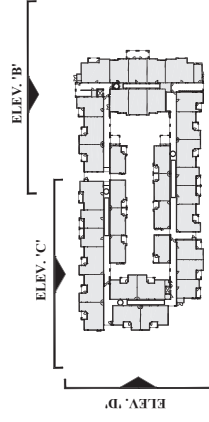
ELEVATION - 'C'



ELEVATION - 'D'

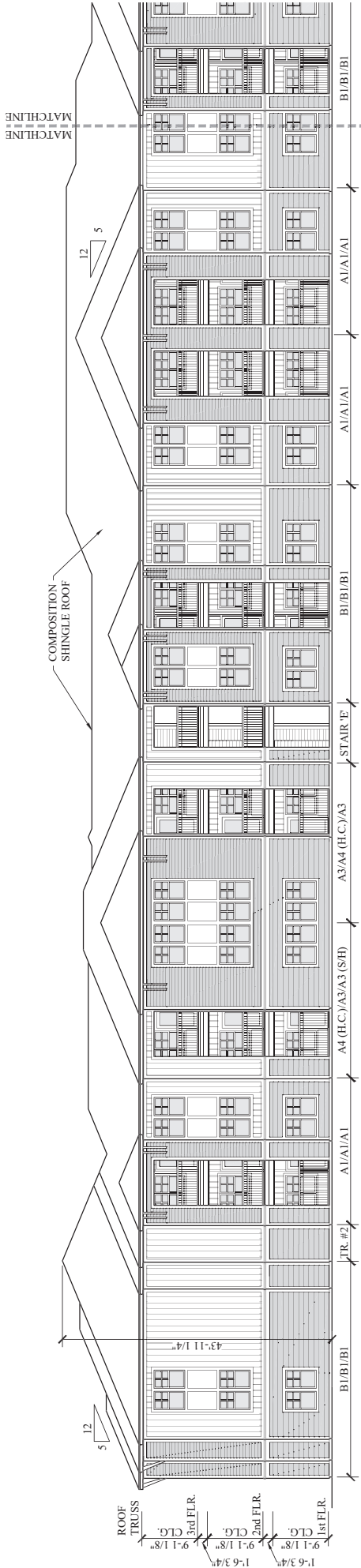
The Laurel At Blackhawk

Mucasey & Associates, Architects

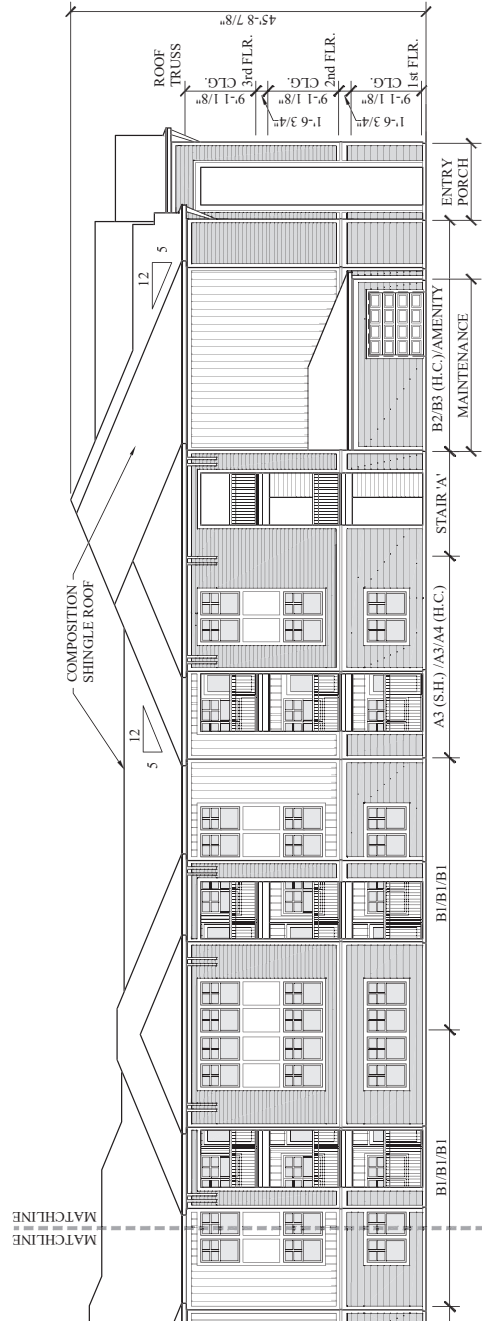
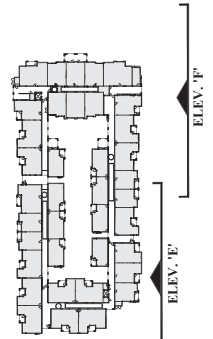


VENEER:
100% FIBER CEMENT SIDING

TDHCA Disclosure: In accordance with the rules of the Texas Department of Housing and Community Affairs, aspects of this development may be subject to change, including but not limited to, changes in the amenities ultimately selected and provided.



ELEVATION - 'E'



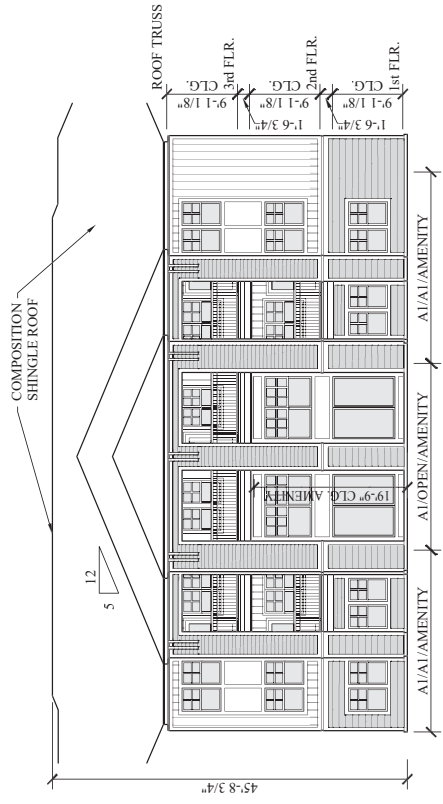
ELEVATION - 'F'

The Laurel At Blackhawk
 Mucasey & Associates, Architects

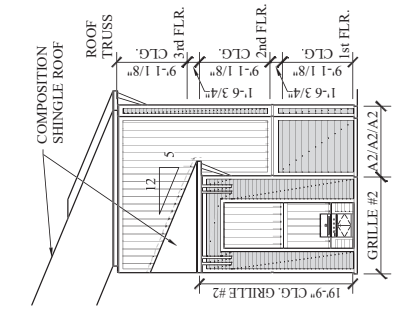


VENEER:
 100% FIBER CEMENT SIDING

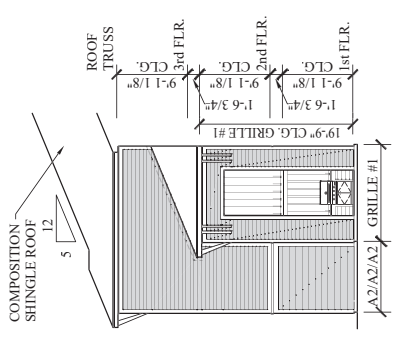
TDHCA Disclosure: In accordance with the rules of the Texas Department of Housing and Community Affairs, aspects of this development may be subject to change, including but not limited to, changes in the amenities ultimately selected and provided.



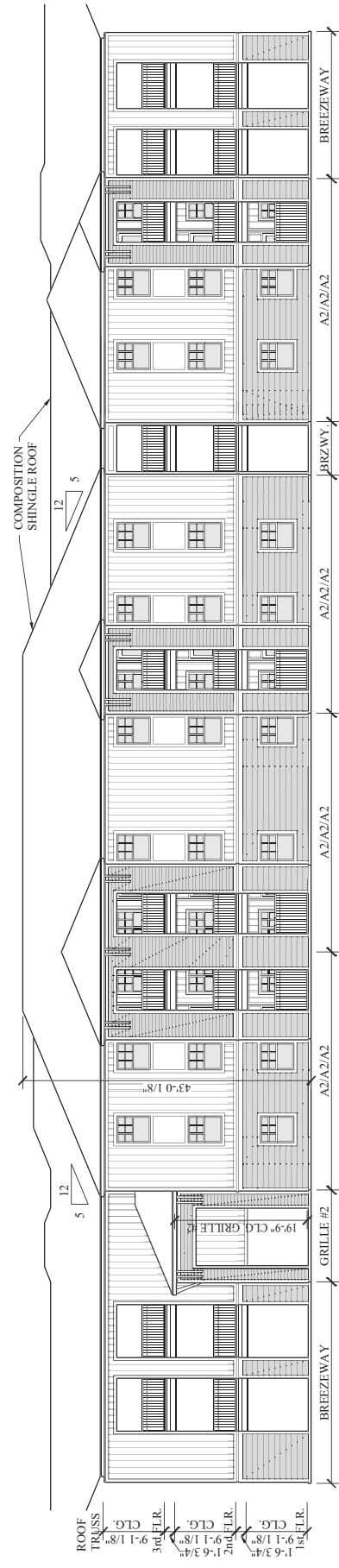
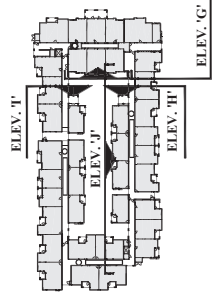
ELEVATION - 'G'



ELEV. - 'H'



ELEV. - 'I'



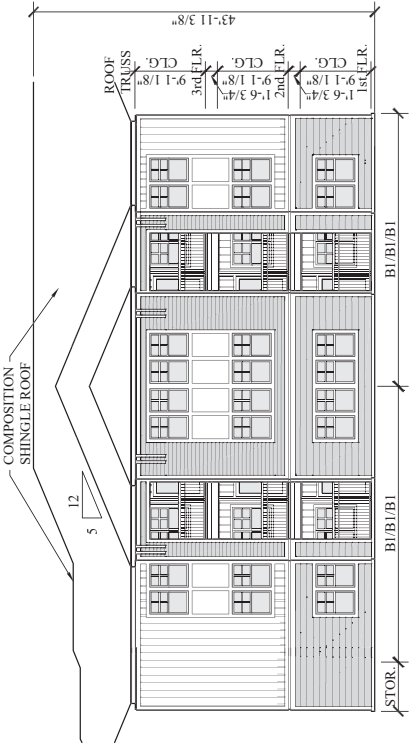
ELEVATION - 'J'

The Laurel At Blackhawk
 Mucasey & Associates, Architects

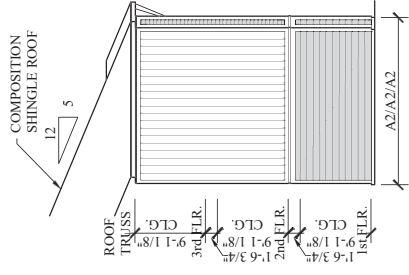


VENEER:
 100% FIBER CEMENT SIDING

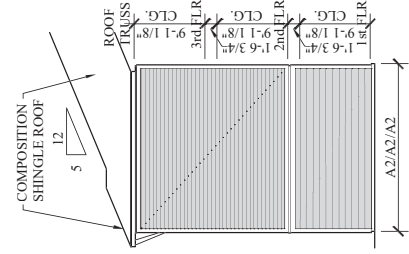
TDHCA Disclosure: In accordance with the rules of the Texas Department of Housing and Community Affairs, aspects of this development may be subject to change, including but not limited to, changes in the amenities ultimately selected and provided.



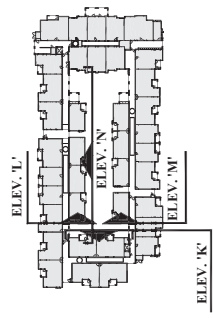
ELEVATION - 'K'



ELEV. - 'L'



ELEV. - 'M'



ELEVATION - 'N'



VENEER:
100% FIBER CEMENT SIDING

The Laurel At Blackhawk

Mucasey & Associates, Architects

TDHCA Disclosure: In accordance with the rules of the Texas Department of Housing and Community Affairs, aspects of this development may be subject to changes, including but not limited to, changes in the amenities ultimately selected and provided.

Accessible Mobility Units Calculation

Include this worksheet in the Application (or a signed and certified worksheet provided by your accessibility professional that shows the calculations).

To the maximum extent feasible and subject to reasonable health and safety requirements, accessible units must be:

- (1) Distributed throughout the Unit types **AND** the Development; and
- (2) Made available in a sufficient range of sizes and amenities so that the choice of living arrangements of qualified persons with Disabilities is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.

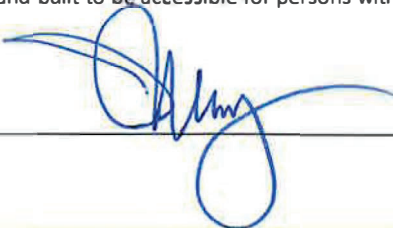
Multifamily Housing Developments covered by 10 TAC 11.101(b)(8)(A) must have a minimum of 5% of all units in the development set aside for the mobility impaired **and an additional 2%** must be set aside for the hearing and/or visually impaired.

Mobility	Total Units	Required %	Calculated Units	Units Required	Units Proposed
Unit Description	105	5%	5.25	6	7
1/1 (655 sf, 674 sf, 777 sf & 787 sf)	61	5%	3.05		4
2/2 (924 sf & 1,014 sf)	44	5%	2.2		3
		5%	0		
		5%	0		
		5%	0		
	105		5.25		7

EXAMPLE:

Mobility	Total Units	Required %	Calculated Units	Units Required	Units Proposed
Unit Description	68	5%	3.4	4	4
1/1 (874 sqft & 806 sqft)	28	5%	1.4		1
2/2 (950 sqft & 1008 sqft)	36	5%	1.8		2
3/2 (1120 sqft & 1190 sqft)	4	5%	0.2		1
D		5%	0		
E		5%	0		
	68		3.4		4

By signing below, I (WE) certify that the information above meets the requirements in Section 504 of the Rehabilitation Act of 1973 and implemented at 24 C.F.R. Part 8 as described in 10 TAC Chapter 1, Subchapter B. At least five percent (5%) of all dwelling units will be designed and built to be accessible for persons with mobility impairments.


 Signature

Mark S. Mucasey, AIA

9/15/23

 Date

Mucasey & Associates, Architects

Accessible Hearing/Visual Units Calculation

Include this worksheet in the Application (or a signed and certified worksheet provided by your accessibility professional that shows the calculations).

To the maximum extent feasible and subject to reasonable health and safety requirements, accessible units must be:

- (1) Distributed throughout the Unit types AND the Development; and
- (2) Made available in a sufficient range of sizes and amenities so that the choice of living arrangements of qualified persons with Disabilities is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.

Multifamily Housing Developments covered by 10 TAC 11.101(b)(8)(A) must have a minimum of 5% of all units in the development set aside for the mobility impaired **and an additional 2%** must be set aside for the hearing and/or visually impaired.

NOTE (New Construction): If the calculation is equal to or more than the number of unit types, then each unit type should have at least a Hearing/Visual unit.

Hearing/Visual	Total Units	Required %	Calculated Units	Units Required (Rounded)	Units Proposed
Unit Description	105	2%	2.1	3	3
1/1 (655 sf, 674 sf, 777 sf & 787 sf)	61	2%	1.22		2
2/2 (924 sf & 1,014 sf)	44	2%	0.88		1
		2%	0		
		2%	0		
		2%	0		
	105		2.1		3

*NOTE: If total is more than what is required, Applicant will select which to include under "Units Proposed"

EXAMPLE

Hearing/Visual	Total Units	Required %	Calculated Units	Units Required (Rounded)	Units Proposed
Unit Description	68	2%	1.36	2	2
1/1	28	2%	0.56		1
2/2	36	2%	0.72		1
3/3	4	2%	0.08		
D		2%	0		
E		2%	0		
	68		1.36		2

*NOTE: Required is 2, but there are more than 2 Unit Types. Applicant selects which Unit(s) to include under Units Proposed.

By signing below, I (WE) certify that the information above meets the requirements in Section 504 of the Rehabilitation Act of 1973 and implemented at 24 C.F.R. Part 8 as described in 10 TAC Chapter 1, Subchapter B. At least two percent (2%) of all dwelling units will be designed and built to be accessible for persons with hearing and/or visual impairment.

Signature

Mark S. Mucasey, AIA

9/15/23

Mucasey & Associates, Architects

Date

Accessible Parking Calculation

This worksheet is applicable to cases where ADA applies and all parking spaces are within a single parking lot. In cases where this worksheet cannot be used, create a certification specifying the types and numbers of parking spaces applicable, including standard and accessible parking for dwelling units and for amenities (e.g., office, mail kiosk, dumpster, pool, playground, etc.), and for each type of parking (e.g., surface spaces, carports, garages, etc.) for staff review. When creating your own parking certification, it is essential to state the number of standard parking spaces and accessible parking spaces (APSS) for dwelling units and for amenities and for each type of parking. Staff cannot review the proposal without this information. **Submit this worksheet or a comparable document certified by an accessibility professional .**

Instructions for Submitting Accessible Parking Information

When the number of parking spaces for Units is equal to or greater than the number of Units:

If the number of parking spaces (surface spaces, carports, garages, etc.) is equal to or greater than the number of Units and all spaces are all on a single, unified parking lot, provide information for all sections of this form. Parking lots that are connected by accessible routes can be considered a single, unified lot.

When the number of parking spaces for Units is less than the number of Units:

If the number of parking spaces that serve residential Units is less than the number of Units, use only the last section of this Accessible Parking Calculation form, i.e., "Distribution of APSS Among the Various Types of Parking". The number of accessible parking spaces required will be the number indicated by ADA table 208.2.

When parking spaces are in more than one parking lot:

If parking spaces are in separate lots (e.g., on different Development Sites, or only accessible to each other by driving outside the Development Site to drive into the other lots) **that are not connected by accessible routes**, use whichever set of instructions above applies to each of the lots. These calculations must be made independently for each such parking lot. Use as many copies of this form as needed to create your parking certification.

Although Fair Housing Standards may apply in unusual circumstances, ADA Standards typically determine the required number of Accessible Parking Spaces (APSS). Links to the applicable accessibility rules are provided below.

ADA Design Manual, Ch. 2, Sec. 208:

[-https://www.ada.gov/regs2010/2010ADAStandards/2010ADAStandards.pdf](https://www.ada.gov/regs2010/2010ADAStandards/2010ADAStandards.pdf)

FHA Design Manual Page 2.23:

[-https://www.huduser.gov/publications/pdf/fairhousing/fairch2.pdf](https://www.huduser.gov/publications/pdf/fairhousing/fairch2.pdf)

Accessible Parking for Facilities and Amenities

In the yellow spaces below, identify the individual amenities served by an APS and/or groups of amenities in close proximity that share a single APS. In the space to the right, state the number of APSS designated to serve the amenity or group identified. If parking is provided at dumpsters, at least 1 dumpster must have an APS.

Amenity:	<u>Identification of amenity, or amenities of a group, that the APS serves</u>	<u>APSS:</u>
Office, etc.:	Amenity Center	1
Amenity 1:	Trellis/Grille Houses	1
Amenity 2:	EV Parking	2
Amenity 3:	Dumpsters	1
Amenity 4:		
Amenity 5:		
Total of Accessible Parking Spaces that Do Not Serve Dwelling Units:		5

Accessible Parking for Residential Units

Enter the information indicated below.

Total dwelling Units in the Development:		<u>105</u>
Total surface parking spaces (including non-residential):		<u>131</u>
Total carports (including non-residential):		<u>0</u>
Total garages (including non-residential):		<u>0</u>
Total parking spaces of all types:	Calculated from above:	<input style="width: 30px;" type="text" value="131"/>
Total APSs that serve non-residential purposes (i.e. office, amenities, etc.):	Calculated on prior page:	<input style="width: 30px;" type="text" value="5"/>
APSs for mobility accessible units (5% of unit count, if spaces are sufficient):	Calculated from above:	<input style="width: 30px;" type="text" value="6"/>
Parking spaces in excess of one per unit (if applicable):	Calculated from above:	<input style="width: 30px;" type="text" value="26"/>
APSs required in excess of one per mobility accessible unit:	Calculated from above:	<input style="width: 30px;" type="text" value="1"/>
Total APSs required (including dwelling units and facilities/amenities):	Calculated from above:	<input style="width: 30px;" type="text" value="12"/>

Distribution of APSs Among the Various Types of Parking

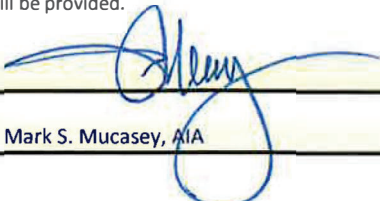
All Developments, including those having fewer than one parking space serving each dwelling unit, should use this portion of the worksheet. Enter the number of APSs indicated by ADA Table 208.2 for the total of each type of parking space, i.e., surface spaces, carports, etc., including both amenity spaces and dwelling unit spaces.

Minimum number of surface parking spaces (include dwelling unit <u>and</u> amenity spaces) that must be APSs:	<u>11</u>
Minimum number of carports that must be APSs:	<u>0</u>
Number of garages that must be APSs:	<u>0</u>

APSs that Must Be Van Spaces

Total Van APSs required, including all types of spaces:		<input style="width: 30px;" type="text" value="2"/>
Minimum number of surface parking spaces that must be van APSs:	Calculated from above:	<input style="width: 30px;" type="text" value="2"/>
Minimum number of carports that must be van APSs:	Calculated from above:	<input style="width: 30px;" type="text" value="0"/>
Minimum number of garages that must be van APSs:	Calculated from above:	<input style="width: 30px;" type="text" value="0"/>

By signing below, I (WE) certify that the information above meets the requirements in the 2010 ADA Standards for Accessible Design Title III regulations at 28 CFR part 36, subpart D, and the 2004 ADA Accessibility Guidelines at 36 CFR part 1191, appendices B and D. There will be at least one accessible parking space per accessible unit located on the closest route to the accessible unit. For every 6 or fraction of 6 accessible spaces required, at least one will be van accessible. Accessible spaces will be dispersed amongst the parking types provided. Where parking for amenities or non-residents is provided, a sufficient number of accessible spaces will be provided.



 Signature

 Mark S. Mucasey, AIA

 Printed Name

 Date: 9/15/23

 Mucasey & Associates, Architects

 Firm Name (if applicable)

Engineer/Architect Certification

I (We) certify that the Development will be designed and built to meet the accessibility requirements of the Federal Fair Housing Act as implemented by HUD at 24 CFR Part 100 and the Fair Housing Act Design Manual, Titles II and III of the Americans with Disabilities Act (42 U.S.C. Sections 12131-12189) as implemented by the Department of Justice regulations at 28 CFR Parts 35 and 36, and the Department's Accessibility rules in 10 TAC Chapter 1, Subchapter B, in effect at the time of certification.

I (we) certify that all materials submitted to the Department by the Architect or Applicant constitute records of the Department subject to Chapter 552, Tex. Gov't Code, and the Texas Public Information Act.

I (We) certify that in accordance with Section 504 of the Rehabilitation Act of 1973 and implemented at 24 CFR. Part 8, if the Development includes the New Construction or substantial rehabilitation of multifamily units (4 or more units), at least five percent (5%) of all dwelling units will be designed and built to be accessible for persons with mobility impairments. A unit that is on an accessible route and is adaptable and otherwise compliant with the 2010 ADA Standards with the exceptions listed in "Nondiscrimination on the Basis of Disability in Federally Assisted Programs and Activities" (Federal Register 79 FR 29671) meets this requirement. In addition, at least two percent (2%) of all dwelling units will be designed and built to be accessible for persons with hearing or vision impairments.

I (We) certify that the requirements of Section 504 of the Rehabilitation Act of 1973 and implemented at 24 CFR. Part 8 and Tex. Gov't Code §§2306.6722 and 2306.6730, will be met as described in 10 TAC Chapter 1, Subchapter B, including the accessibility requirements relating to Unit Type distribution.

I (We) certify that I (We) have reviewed and understand the Department's fair housing educational materials posted on the Department's website as of the beginning of the Application Acceptance Period.

I (We) acknowledge that the Department may publish the full Development Plan on the Department's website, release the Development Plan in response to a request for public information, and make other use of the Development Plan as authorized by law.

I (We) certify that if the Development includes the New Construction or Rehabilitation of single family units (1 to 3 units per building), every unit will be designed and built to meet the accessibility requirements of Tex. Gov't Code §2306.514, as it may be amended from time to time.

I (We) have attached a statement describing how, regardless of building type, all Units accessed by the ground floor or by elevator (affected units) meet the visitability requirements at 10 TAC §11.101(b)(8)(B), or the Applicant has requested a waiver of specific provisions of the visitability requirements at 10 TAC §11.101(b)(8)(B) as necessary for Rehabilitation Developments.

If the Applicant is applying for Multifamily Direct Loan funds, I (We) further certify that the Development meets the Property Standards in 24 CFR §92.251 or 24 CFR §93.301, and as further outlined in 10 TAC Chapters 11 and 13, as applicable.

If the Applicant is applying for Housing Tax Credits, Tex. Gov't Code §2306.6712(d)(4) requires that the Governing Board by vote approve or reject an amendment that would result in a reduction of three percent (3%) or more in the square footage of the units or common areas. I (We) certify that the net rentable square footage as defined by 10 TAC §11.1(d)(83) of the Development is 83,291 square feet, and the common area square footage as defined by 10 TAC §11.1(d)(22) is 30,016 square feet. This certification will be applied for square footage comparison at Cost Certification, unless the application is amended prior to Cost Certification.

This certification meets the requirement that the Applicant provide a certification from the Development engineer or an accredited architect after careful review of the Department's accessibility requirements, including Tex. Gov't Code §§2306.6722 and 2306.6730.

By:



Signature

9/15/23

Date

MARK S. MUCASEY, AIA

Printed Name of Architect or Engineer

TX 09420

License Number and State

MUCASEY & ASSOCIATES

Firm Name (If applicable)

Rent Schedule (Continued)

	% of LI	% of Total	
HOUSING TAX CREDITS	TC20%		0
	TC30%	10%	9
	TC40%		0
	TC50%	40%	36
	TC60%	49%	44
	TC70%		0
	TC80%		0
	HTC LI Total		89
	EO		0
	MR	18%	16
MR Total		16	
Total Units		105	
DIRECT LOAN (NHTF)	HTF30%		0
	NHTF LI Total		0
	HTF Total		0

	% of LI	% of Total	
DIRECT LOAN (HOME, TCAP RF, and/or NSP1 PI)	30%		0
	40%		0
	LH/50%		0
	HH/60%		0
	HH/80%		0
	Direct Loan LI Total		0
Total		0	
OTHER			0
Total OT Units			0

ACQUISITION + HARD	DO NOT USE THIS CALCULATION TO SCORE POINTS UNDER 11.9(e)(2). At the end of the Development Cost Schedule, you will have the ability to adjust your eligible costs to qualify. Points will be entered there.
Cost Per Sq. Ft	\$ 182.69
HARD	
Cost Per Sq. Ft	\$ 182.69
BUILDING	
Cost Per Sq. Ft	\$ 130.46

HOME-ARP	QP	HH/60%	HH/80%	Total HOME-ARP Units
				0
				0
				0
				0

BEDROOMS	0	1	2	3	4	5
		61				
		44				
		0				
		0				
		0				

Utility Allowances [§10.614]

Applicant must attach documentation to this form to support the "Utility Allowance" estimate used in completing the Rent Schedule provided in the Application. Where the Applicant uses any method that requires Department review, including applications for Direct Loan, such review must have been requested and **submitted to compliance** prior to submission of the Application. Please see 10 TAC §10.614(k). This exhibit must clearly indicate which utility costs are included in the estimate. If tenants will be required to pay any other mandatory fees (e.g. renter's insurance) please provide an estimate, description and documentation of those as well.

Utility	Who Pays	Energy Source	0BR	1BR	2BR	3BR	4BR	Source of Utility Allowance & Effective Date
Heating	Tenant	Electric		14.14	15.96			HUD Utility Model Schedule
Cooking	Tenant	Electric		6.06	8.77			Approved by TDHCA 2/3/23
Other Electric	Tenant			22.87	31.81			
Air Conditioning	Tenant	Electric		18.55	25.71			
Water Heater	Tenant	Electric		13.49	17.21			
Water	Landlord							
Sewer	Landlord							
Trash	Landlord							
Flat Fee	Tenant							
Other	Tenant							
Total Paid by Tenant			\$ -	\$ 76.0	\$ 100.0	\$ -	\$ -	



Other (Describe)

If a revised form is submitted, date of submission:



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

BOARD MEMBERS
Leo Vasquez, *Chair*
Kenny Marchant, *Vice Chair*
Brandon Batch, Member
Anna Maria Farías, Member
Holland Harper, Member
Ajay Thomas, Member

February 3, 2023

Writer's direct phone # (512) 475-3821
Email: cara.pollei@tdhca.state.tx.us

Audrey Martin
Purple Martin Real Estate
Austin, TX
audrey@purplemartinre.com

RE: 2023 HTC Application – proposed site located in Houston, Texas

HTC File#: 23013

Dear Ms. Martin:

The Texas Department of Housing and Community Affairs has received a request submitted for proposed a 2023 Housing Tax Credit (HTC), located in Houston, to calculate the utility allowance using the HUD Utility Schedule Model in accordance with the 10TAC§10.614(k). This allowance is calculated based on the following representations:

1. That the buildings are not HUD-Regulated;
2. That the building(s) are not RHS assisted or have RHS assisted tenants;
3. That the residents are financially responsible for electricity and that the utility is not paid to or through the owner of the building based on an allocation formula or RUBS; and,
4. That the only building type is Apartments (5+ units).

In accordance with Treasury Regulation §1.42-10, the utility allowance for those units occupied by Section 8 voucher holders remains the applicable Public Housing Authority utility allowance established from where the resident receives the assistance.

Please see attached schedule dated February 3, 2023. This allowance can be used for underwriting purposes. If Owners want to change to a utility allowance other than what was used for underwriting the Owner must submit Utility Allowance documentation for Department approval, at minimum, 90 days prior to the commencement of leasing activities. The Owner is not required to review the utility allowances, or implement new utility allowances, until the building has achieved 90% occupancy for a period of 90 consecutive days or the end of the first year of the Credit Period (if applicable), whichever is earlier.

If you have any further questions, please contact Cara Pollei toll free in Texas at (800) 643-8204, directly at (512) 475-3821, or email: cara.pollei@tdhca.state.tx.us.

Sincerely,

Digitally signed by
Cara Pollei
Date: 2023.02.03
13:15:03 -06'00'

Cara Pollei
Senior Compliance Monitor



**Allowances for
Tenant-Furnished Utilities
and Other Services**

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

Locality		Green Discount		Unit Type			Date (mm/dd/yyyy)
The Laurel at Blackhawk		None		Larger Apartment Bldgs. (5+ units)			2/3/2023
Utility or Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Space Heating	Natural Gas						
	Bottled Gas						
	Electric Resistance	\$12.67	\$14.14	\$15.96	\$17.78	\$19.60	\$21.42
	Electric Heat Pump						
	Fuel Oil						
Cooking	Natural Gas						
	Bottled Gas						
	Electric	\$5.15	\$6.06	\$8.77	\$11.47	\$14.18	\$16.89
	Other						
Other Electric		\$19.44	\$22.87	\$31.81	\$40.76	\$49.71	\$58.66
Air Conditioning		\$15.77	\$18.55	\$25.71	\$32.88	\$40.05	\$47.21
Water Heating	Natural Gas						
	Bottled Gas						
	Electric	\$11.46	\$13.49	\$17.21	\$20.94	\$24.66	\$28.39
	Fuel Oil						
Water							
Sewer							
Trash Collection							
Range/Microwave							
Refrigerator							
Other - specify							
Total		\$64.49	\$75.09	\$99.46	\$123.83	\$148.20	\$172.57
Total Allowance (Rounded Up)		\$65.00	\$76.00	\$100.00	\$124.00	\$149.00	\$173.00

ANNUAL OPERATING EXPENSES			
General & Administrative Expenses			
Accounting	\$	6,000	
Advertising	\$	3,000	
Legal fees	\$	5,000	
Leased equipment	\$	7,200	
Postage & office supplies	\$	2,000	
Telephone	\$	6,000	
Other	\$		
Other	\$		
Total General & Administrative Expenses:			\$ 29,200
Management Fee:	Percent of Effective Gross Income:	5.00%	\$ 58,029
Payroll, Payroll Tax & Employee Benefits			
Management	\$	70,000	
Maintenance	\$	45,000	
Other	\$	32,200	
Other	\$		
Total Payroll, Payroll Tax & Employee Benefits:			\$ 147,200
Repairs & Maintenance			
Elevator	\$	9,000	
Exterminating	\$	7,000	
Grounds	\$	9,000	
Make-ready	\$	12,500	
Repairs	\$	12,000	
Pool	\$		
Other	\$	7,500	
Other	\$		
Total Repairs & Maintenance:			\$ 57,000
Utilities (Enter Only Property Paid Expense)			
Electric	\$	15,000	
Natural gas	\$		
Trash	\$	12,500	
Water/Sewer	\$	50,000	
Other	\$		
Other	\$		
Total Utilities:			\$ 77,500
Annual Property Insurance:	Rate per net rentable square foot:	\$ 1.62	\$ 135,000
Property Taxes:			
Published Capitalization Rate: _____ Source: _____			
Annual Property Taxes	\$	110,000	
Payments in Lieu of Taxes	\$		
Total Property Taxes:			\$ 110,000
Reserve for Replacements:	Annual reserves per unit:	\$ 250	\$ 26,250
Other Expenses			
Cable TV	\$		
Supportive Services (Staffing/Contracted Services)	\$		
TDHCA Compliance fees (\$40/HTC unit)	\$	3,560	
TDHCA Direct Loan Compliance Fees (\$34/MDL unit)	\$		
TDHCA Bond Compliance Fees (TDHCA as Bond Issuer Only - \$25/unit)	\$		
Bond Trustee Fees (ALL Tax-Exempt Bond Developments; entry or explanation required)	\$		
Issuer Ongoing Compliance Fees (entry or explanation required)	\$		
Security	\$		
Other	\$		
Other	\$		
Total Other Expenses:			\$ 3,560
TOTAL ANNUAL EXPENSES		Expense per unit: \$ 6131	\$ 643,739
		Expense to Income Ratio: 55.47%	
NET OPERATING INCOME (before debt service)			\$ 516,833
Annual Debt Service			
	\$	436,909	
	\$		
	\$		
	\$		
	\$		
TOTAL ANNUAL DEBT SERVICE			\$ 436,909
		Debt Coverage Ratio: 1.183	
NET CASH FLOW			\$ 79,923

If a revised form is submitted, date of submission: _____

15 Year Rental Housing Operating Pro Forma (All Programs)

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. **The exception is HOME-ARP Capitalized Operating Cost Assistance (COCA) requests that increase at 3% annually.** Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
INCOME	\$1,229,472	\$1,254,061	\$1,279,143	\$1,304,726	\$1,330,820	\$1,469,333	\$1,622,262
Secondary Income	\$ 25,200	\$ 25,704	\$ 26,218	\$ 26,742	\$ 27,277	\$ 30,116	\$ 33,251
POTENTIAL GROSS ANNUAL INCOME	\$1,254,672	\$1,279,765	\$1,305,361	\$1,331,468	\$1,358,097	\$1,499,449	\$1,655,513
Provision for Vacancy & Collection Loss	(\$94,100)	(\$95,982)	(\$97,902)	(\$99,860)	(\$101,857)	(\$112,459)	(\$124,163)
Rental Concessions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
HOME-ARP COCA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EFFECTIVE GROSS ANNUAL INCOME	\$1,160,572	\$1,183,783	\$1,207,459	\$1,231,608	\$1,256,240	\$1,386,990	\$1,531,350
EXPENSES							
General & Administrative Expenses	\$29,200	\$30,076	\$30,978	\$31,908	\$32,865	\$38,099	\$44,168
Management Fee	\$ 58,029	\$ 59,190	\$ 60,373	\$ 61,581	\$ 62,812	\$ 69,350	\$ 76,568
Payroll, Payroll Tax & Employee Benefits	\$147,200	\$151,616	\$156,164	\$160,849	\$165,675	\$192,063	\$222,653
Repairs & Maintenance	\$ 57,000	\$ 58,710	\$ 60,471	\$ 62,285	\$ 64,154	\$ 74,372	\$ 86,218
Electric & Gas Utilities	\$ 15,000	\$ 15,450	\$ 15,914	\$ 16,391	\$ 16,883	\$ 19,572	\$ 22,689
Water, Sewer & Trash Utilities	\$ 62,500	\$ 64,375	\$ 66,306	\$ 68,295	\$ 70,344	\$ 81,548	\$ 94,537
Annual Property Insurance Premiums	\$135,000	\$139,050	\$143,222	\$147,518	\$151,944	\$176,144	\$204,200
Property Tax	\$110,000	\$113,300	\$116,699	\$120,200	\$123,806	\$143,525	\$166,385
Reserve for Replacements	\$ 26,250	\$ 27,038	\$ 27,849	\$ 28,684	\$ 29,545	\$ 34,250	\$ 39,705
Other Expenses	\$ 3,560	\$ 3,667	\$ 3,777	\$ 3,890	\$ 4,007	\$ 4,645	\$ 5,385
TOTAL ANNUAL EXPENSES	\$643,739	\$662,471	\$681,753	\$701,602	\$722,034	\$833,569	\$962,507
NET OPERATING INCOME	\$516,833	\$521,312	\$525,706	\$530,006	\$534,206	\$553,422	\$568,843
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	\$79,923	\$84,403	\$88,796	\$93,097	\$97,297	\$116,513	\$131,933
CUMULATIVE NET CASH FLOW	\$79,923	\$164,326	\$253,123	\$346,219	\$443,516	\$978,039	\$1,599,154
Debt Coverage Ratio	1.1829	1.1932	1.2032	1.2131	1.2227	1.2667	1.3020
Other (Describe)							
Other (Describe)							

By signing below I (we) are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature required for Tax-Exempt Bond Applications and if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility for Competitive HTC Applications)

Signature, Authorized Representative,
Construction or Permanent Lender

Phone:
Email:

Date

Joshua Lappen

9/18/2023

Printed Name

Date

Signature, Authorized Representative,
Equity Provider

If a revised form is submitted, date of submission:

15 Year Rental Housing Operating Pro Forma (All Programs)

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. **The exception is HOME-ARP Capitalized Operating Cost Assistance (COCA) requests that increase at 3% annually.** Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
INCOME							
INCOME	\$1,229,472	\$1,254,061	\$1,279,143	\$1,304,726	\$1,330,820	\$1,469,333	\$1,622,262
Secondary Income	\$ 25,200	\$ 25,704	\$ 26,218	\$ 26,742	\$ 27,277	\$ 30,116	\$ 33,251
POTENTIAL GROSS ANNUAL INCOME	\$1,254,672	\$1,279,765	\$1,305,361	\$1,331,468	\$1,358,097	\$1,499,449	\$1,655,513
Provision for Vacancy & Collection Loss	(\$94,100)	(\$95,982)	(\$97,902)	(\$99,860)	(\$101,857)	(\$112,459)	(\$124,163)
Rental Concessions	\$0						
HOME-ARP COCA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EFFECTIVE GROSS ANNUAL INCOME	\$1,160,572	\$1,183,783	\$1,207,459	\$1,231,608	\$1,256,240	\$1,386,990	\$1,531,350
EXPENSES							
General & Administrative Expenses	\$29,200	\$30,076	\$30,978	\$31,908	\$32,865	\$38,099	\$44,168
Management Fee	\$ 58,029	\$ 59,190	\$ 60,373	\$ 61,581	\$ 62,812	\$ 69,350	\$ 76,568
Payroll, Payroll Tax & Employee Benefits	\$147,200	\$151,616	\$156,164	\$160,849	\$165,675	\$192,063	\$222,653
Repairs & Maintenance	\$ 57,000	\$ 58,710	\$ 60,471	\$ 62,285	\$ 64,154	\$ 74,372	\$ 86,218
Electric & Gas Utilities	\$ 15,000	\$ 15,450	\$ 15,914	\$ 16,391	\$ 16,883	\$ 19,572	\$ 22,689
Water, Sewer & Trash Utilities	\$ 62,500	\$ 64,375	\$ 66,306	\$ 68,295	\$ 70,344	\$ 81,548	\$ 94,537
Annual Property Insurance Premiums	\$135,000	\$139,050	\$143,222	\$147,518	\$151,944	\$176,144	\$204,200
Property Tax	\$110,000	\$113,300	\$116,699	\$120,200	\$123,806	\$143,525	\$166,385
Reserve for Replacements	\$ 26,250	\$ 27,038	\$ 27,849	\$ 28,684	\$ 29,545	\$ 34,250	\$ 39,705
Other Expenses	\$ 3,560	\$ 3,667	\$ 3,777	\$ 3,890	\$ 4,007	\$ 4,645	\$ 5,385
TOTAL ANNUAL EXPENSES	\$643,739	\$662,471	\$681,753	\$701,602	\$722,034	\$833,569	\$962,507
NET OPERATING INCOME	\$516,833	\$521,312	\$525,706	\$530,006	\$534,206	\$553,422	\$568,843
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909	\$436,909
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	\$79,923	\$84,403	\$88,796	\$93,097	\$97,297	\$116,513	\$131,933
CUMULATIVE NET CASH FLOW	\$79,923	\$164,326	\$253,123	\$346,219	\$443,516	\$978,039	\$1,599,154
Debt Coverage Ratio	1.1829	1.1932	1.2032	1.2131	1.2227	1.2667	1.3020
Other (Describe)							
Other (Describe)							

By signing below I (we) are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature required for Tax-Exempt Bond Applications and if using this pro forma for points under § 17(e)(1) relating to Financial Feasibility for Competitive HTC Applications)



Signature, Authorized Representative,
Construction or Permanent Lender

Catherine Lee

Printed Name
September 15, 2023

Date

713-752-5052

Phone:
Email: Carrie.e.lee@citi.com

Signature, Authorized Representative,
Equity Provider

Printed Name

Date

If a revised form is submitted, date of submission:

Development Cost Schedule

Self Score Total: 137

This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All Applications must complete the Total Cost column. Direct Loan Applicants should review costs ineligible for reimbursement with Direct Loan funds in 10 TAC §13.3(e), while all HTC Applicants must complete the Eligible Basis columns and the Requested Credit calculation below:

ACQUISITION

Site acquisition cost
 Existing building acquisition cost
 Closing costs & acq. legal fees
 Other (specify) - see footnote 1
 Other (specify) - see footnote 1
Subtotal Acquisition Cost

TOTAL DEVELOPMENT SUMMARY		
Total Cost	Eligible Basis (If Applicable)	
	Acquisition	New/Rehab.
2,125,000		
\$2,125,000	\$0	\$0

Scratch Paper/Notes

OFF-SITES²

Off-site concrete
 Storm drains & devices
 Water & fire hydrants
 Off-site utilities
 Sewer lateral(s)
 Off-site paving
 Off-site electrical
 Other (specify) - see footnote 1
 Other (specify) - see footnote 1
Subtotal Off-Sites Cost

		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
\$0	\$0	\$0

ALL OFF-SITE COSTS REQUIRE DOCUMENTATION. THOSE ENTERED IN BASIS REQUIRE MORE DOCUMENTATION!!! SEE 10 TAC §11.204(8)(E)(ii).

SITE WORK³

Demolition
 Asbestos Abatement (Demolition Only)
 Detention
 Rough grading
 Fine grading
 On-site concrete
 On-site electrical
 On-site paving
 On-site utilities
 Decorative masonry
 Bumper stops, striping & signs
 Other (specify) - see footnote 1
Subtotal Site Work Cost

		0
262,500		262,500
0		0
262,500		262,500
0		0
36,750		36,750
606,375		606,375
0		0
49,350		49,350
0		0
\$1,217,475	\$0	\$1,217,475

Includes Detention

SITE AMENITIES

Landscaping
 Pool and decking
 Athletic court(s), playground(s)
 Fencing
 Other (specify) - see footnote 1
Subtotal Site Amenities Cost

210,000		210,000
63,000		63,000
0		0
118,125		118,125
0		0
\$391,125	\$0	\$391,125

BUILDING COSTS*:

Concrete
 Masonry
 Metals
 Woods and Plastics
 Thermal and Moisture Protection
 Roof Covering
 Doors and Windows
 Finishes
 Specialties
 Equipment
 Furnishings
 Special Construction
 Conveying Systems (Elevators)
 Mechanical (HVAC; Plumbing)
 Electrical

783,300		783,300
0		0
131,250		131,250
3,643,500		3,643,500
199,500		199,500
231,000		231,000
0		0
1,792,875		1,792,875
168,000		168,000
283,500		283,500
0		0
0		0
220,500		220,500
2,097,375		2,097,375
1,262,625		1,262,625

FINANCING:

CONSTRUCTION LOAN(S)³

Interest	1,818,980		1,519,677
Loan origination fees	189,960		189,960
Title & recording fees	105,000		105,000
Closing costs & legal fees	120,000		120,000
Inspection fees	10,000		10,000
Credit Report	0		0
Discount Points	0		0
Loan Application	25,000		25,000
Other (specify) - see footnote 1			0

PERMANENT LOAN(S)

Loan origination fees	54,000		
Title & recording fees	10,000		
Closing costs & legal	30,000		
Bond premium	0		
Credit report	0		
Discount points	0		
Credit enhancement fees	0		
Prepaid MIP	0		
Conversion Fee and Expenses	17,500		
Other (specify) - see footnote 1			

BRIDGE LOAN(S)

Interest			0
Loan origination fees			0
Title & recording fees			0
Closing costs & legal fees			0
Other (specify) - see footnote 1			0
Other (specify) - see footnote 1			0

OTHER FINANCING COSTS³

Tax credit fees	75,000		
Tax and/or bond counsel	10,000		10,000
Payment bonds			
Performance bonds			0
Credit enhancement fees			0
Mortgage insurance premiums			0
Cost of underwriting & issuance			0
Syndication organizational cost	60,000		
Tax opinion	10,000		
Refinance (existing loan payoff amt)			
Other (specify) - see footnote 1			0
Other (specify) - see footnote 1			0
Subtotal Financing Cost	\$2,535,440	\$0	\$1,979,637

DEVELOPER FEES³

Housing consultant fees ⁴			
General & administrative			
Profit or fee	2,810,005		2,810,005
Subtotal Developer Fees	\$2,810,005	\$0	\$2,810,005

RESERVES

Rent-up - new funds	50,000		
Rent-up - existing reserves*			
Operating - new funds	559,395		
Operating - existing reserves*			0
Replacement - new funds			
Replacement - existing reserves*			
Escrows - new funds			
Escrows - existing reserves*			
Subtotal Reserves	\$609,395	\$0	\$0

*Any existing reserve amounts should be listed on the Schedule of Sources.

TOTAL HOUSING DEVELOPMENT COSTS⁵	\$24,833,573	\$0	\$21,543,375
--	---------------------	------------	---------------------

INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent, and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. If cash from operations, interest income, etc is being used as a source, provide a description of how those amounts are calculated. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments). For Direct Loan or Tax-Exempt Bond Applications that contemplate an FHA-insured loan, this includes the anticipated date that FHA application will be submitted to HUD (if not already submitted).

Sources of funds include a construction and permanent loan, tax credit equity, a contribution from the local jurisdiction, and deferred developer fee. The construction loan will have an interest rate of 8%, and the permanent loan will have an estimated interest rate of 7.5%. Tax credit equity will be provided at a rate of \$0.92 per credit dollar.

Describe the replacement reserves. Are there any existing reserve accounts that will transfer with the property? If so, describe what will be done with these funds.

There are no existing replacement reserves. The annual deposit to replacement reserve is \$250/unit/year.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

There are no operating subsidies proposed.

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.


Signature, Authorized Representative, Construction, Equity Provider and Permanent Lender

Telephone: 212-218-4446

Email address: josh.lappen@hudsonhousing.com

Joshua Lappen

Printed Name

9/18/2023

Date

If a revised form is submitted, date of submission: _____

INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent, and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. If cash from operations, interest income, etc is being used as a source, provide a description of how those amounts are calculated. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments). For Direct Loan or Tax-Exempt Bond Applications that contemplate an FHA-insured loan, this includes the anticipated date that FHA application will be submitted to HUD (if not already submitted).

Sources of funds include a construction and permanent loan, tax credit equity, a contribution from the local jurisdiction, and deferred developer fee. The construction loan will have an interest rate of 8%, and the permanent loan will have an estimated interest rate of 7.5%. Tax credit equity will be provided at a rate of \$0.92 per credit dollar.

Describe the replacement reserves. Are there any existing reserve accounts that will transfer with the property? If so, describe what will be done with these funds.

There are no existing replacement reserves. The annual deposit to replacement reserve is \$250/unit/year.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

There are no operating subsidies proposed.

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.



Signature, Authorized Representative, Construction, Equity Provider and Permanent Lender

Telephone: 713-752-5052

Email address: catherine.e.lee@citi.com

Catherine Lee

Printed Name

September 15, 2023

Date

If a revised form is submitted, date of submission: _____

HUDSON

HOUSING CAPITAL

September 15, 2023

Mr. J. Steve Ford
The Laurel at Blackhawk, LP
1500 North Post Oak Road, Suite 190
Houston, TX 77055

Re: **The Laurel at Blackhawk - Houston, TX**

Dear Steve:

Thank you for providing Hudson Housing Capital with the opportunity to provide a letter of interest to purchase a 99.99% limited partnership interest in the entity that will own the project referenced above.

Hudson is a New York City based tax credit syndicator committed to promoting and fostering the development of attractive affordable housing with high social impact. Founded by industry veterans in 1998, Hudson places equity capital in high-quality tax credit developments around the country. Our portfolio features a range of mixed-use, mixed-income and supportive housing developments in Texas and throughout the country.

It is our understanding that the proposed development will consist of the new construction of 105 units for seniors. Eighty-nine (89) of the 105 units will qualify for Low Income Housing Tax Credits using and will be set aside for households with incomes at or below 30%, 50%, and 60% of AMI. The remaining 16 units will be designated as market rate. All units will be underwritten assuming at 7.5% vacancy rate.

You have estimated that the \$2,000,000 of annual 9% Federal Tax Credits anticipated for the project would generate equity proceeds of approximately \$18,398,160 based on pricing of \$0.92 for the Federal Tax Credits. Additional capital sources are anticipated to include (i) construction period financing in the approximate amount of \$18,995,963, (ii) a permanent loan in the approximate amount of \$5,400,000 and (iii) a City of Houston contribution in the approximate amount of \$500.

The tax credit equity shall be contributed per the following schedule:

Closing	15%
Completion	65%
Stabilization	15%
8609	5%

Additionally, please note that business terms including, but not limited to, completion, operating and rent-up guarantees, credit adjusters, and project reserves will be negotiated prior to Hudson committing to final pricing. Syndication fees are anticipated to be approximately \$40,000.

We look forward to working with you on these projects and having the opportunity to leverage our experience in Texas and with the respective financing programs as we pursue an efficient development and closing process. Please keep us apprised of your progress.

Sincerely,

Hudson Housing Capital LLC

A handwritten signature in blue ink, appearing to read "Joshua Lappen", is positioned above the typed name and title.

By: _____
Joshua Lappen
Senior Vice President

Community Capital



September 15, 2023

The Laurel at Blackhawk, LP

C/O Resolution Real Estate Services, LLC

150 N. Post Oak Drive, Suite 190

Houston, TX 77055

Attn: Jeremy Bartholomew & Carrie Ford Compton

Re: The Laurel at Blackhawk
Houston, TX 77075

Dear Jeremy & Carrie:

Citibank, N.A. ("CITI") understands that The Laurel at Blackhawk, LP on behalf of ("The Laurel at Blackhawk") (the "Project") intends to submit an application to TDHCA for 9% Low Income Housing Tax Credits. CITI is interested in providing the related construction and permanent loan for the Project (see attached Term Sheet, "Exhibit A").

This letter is not intended to be, and shall not constitute, a commitment to lend, syndicate a financing, underwrite or purchase securities, commit capital, or provide or arrange any portion of the financing for the Project. Such obligations would arise only under separate written agreements acceptable to CITI in its sole discretion. Furthermore, any such commitments would be subject to, among other things, (a) the satisfactory completion of CITI's customary due diligence review; (b) approval by CITI internal committees; (c) the receipt of any necessary governmental, contractual and regulatory consents or approvals in connection with the Project and the related financing; (d) the negotiation and documentation of the financing referred to above, including the terms and conditions of the financing, in form and substance satisfactory to CITI and its counsel; and (e) there not having occurred any disruption of or change in financial, banking or capital market conditions that, in CITI's judgment, could make it inadvisable or impractical to proceed with any portion of the financing of the Project.

Neither CITI nor any of its affiliates shall have any liability (whether direct or indirect, or in contract, tort or otherwise) to The Laurel at Blackhawk, the Project or any other person, claiming through The Laurel at Blackhawk or the Project, as the case may be, for or in connection with the delivery of this letter.

In connection with this transaction, CITI will be acting solely as a principal and not as your agent, advisor or fiduciary. CITI has not assumed a fiduciary responsibility with respect to this transaction, and nothing in this transaction or in any prior relationship between you and CITI will be deemed to create an advisory, fiduciary or agency relationship between us in respect of this transaction. You should consider carefully whether you would like to engage an independent advisor to represent or otherwise advise you in connection with this transaction, if you have not already done so.

Very truly yours,
CITIBANK, N.A.

A handwritten signature in black ink, appearing to be "CL", written over the printed name of Catherine Lee.

Catherine Lee
Authorized Signatory
Encl. - Exhibit A

**EXHIBIT A
TERM SHEET**

**Multifamily Rental Developments with Rent Restrictions
New Construction and/or Substantial Rehabilitation and/or Term Mortgages**

The Laurel at Blackhawk

September 15, 2023

NOTE: This Term Sheet constitutes a brief summary of certain, but not all, transaction terms and conditions for discussion purposes only. The summary that follows is subject to credit approval and does not constitute an offer or commitment.

In connection with this Term Sheet, CITI will be acting solely as a principal and not as your agent, advisor or fiduciary. CITI has not assumed a fiduciary responsibility with respect to this Term Sheet, and nothing in this transaction or in any prior relationship between you and CITI will be deemed to create an advisory, fiduciary or agency relationship between us in respect of this Term Sheet. You should consider carefully whether you would like to engage an independent advisor to represent or otherwise advise you in connection with this Term Sheet, if you have not already done so.

PRELIMINARY LOAN TERMS

Transaction

Summary:

Citibank, N.A. (“CITI”) proposes to arrange a construction/permanent loan (“Loan”) to the Borrower (defined below) in connection with the acquisition and construction the Property described below.

For purposes of this Term Sheet, the term “Construction Phase” means the period from the Closing Date through the day prior to the Conversion Date and the term “Permanent Phase” means the period from the Conversion Date (inclusive) through the maturity date (or earlier termination) of the Project’s permanent financing.

Property:

A to-be-constructed multifamily project containing 105 units located in Houston, TX. The property is commonly referred to as “The Laurel at Blackhawk” (“Property”)

Set-Asides:

9 of the units are reserved for senior individuals whose income is no greater than 30% of Area Median Income (“AMI”), 36 of the units are reserved for senior individuals whose income is no greater than 50% of AMI, 44 of the units are reserved for senior individuals whose income is no greater than 60% of AMI, and 16 of the units are unrestricted at market rate.

Applicant:

The Laurel at Blackhawk, LP.

Borrower:

A single asset entity whose manager or general partner is the Applicant or an affiliate of Applicant. Borrower entity, its constituent entities and its operating (or partnership) agreement must be acceptable to CITI in all respects.

**LIHTC Investor/
Syndicator:**

The Low-Income Housing Tax Credit (“LIHTC”) Investor / Syndicator, the upper tier investor(s) and the terms and conditions of the operating (or partnership) agreement must be acceptable to CITI in all respects including, particularly, the timing and conditions to funding capital contributions

- Guarantor(s):** J. Steve Ford and/or other individual(s) or corporate entity acceptable to CITI in all respects. The Guarantor(s)' financial condition(s) must be acceptable to CITI in all respects.
- Subordinate Debt:** If applicable, the sources of subordinate debt and the subordinate loan documents must be acceptable to CITI in all respects. All subordinate debt must fund prior to Loan funding unless CITI approves other arrangements.
- Loan Security:** First lien on land or leasehold estate and any improvements, UCC filings for fixtures; assignment of all leases and rents; and, a first priority collateral assignment of all contracts, management agreements, and other agreements and all permits relating to the Property. Ground leases must be subordinate to CITI's lien position unless the fee interest is owned by a government agency to ensure long-term affordability. All income and rent restrictions will be subordinate to the CITI security instrument.
- Construction Phase Recourse Guarantees:** Prior to Conversion of the Loan to the Permanent Phase (described below) and during the Construction Phase (described below), the Loan will be fully recourse to the Borrower and to the Guarantor(s) and Completion and Repayment Guarantees are required from the Borrower and the Guarantor(s).
- Guarantees, Permanent Phase:** None, except for industry standard carve outs ("Carve Outs"). Carve Outs include guarantees against fraud, misrepresentation, bankruptcy and environmental issues.
- Environmental Indemnity:** Borrower and Guarantor(s) will be liable for CITI's standard environmental indemnity.
- Closing:** Closing is subject to full satisfaction of CITI's standard due diligence, underwriting and credit approval processes, and the execution and delivery of all required loan documents, delivery of opinions, payment of fees and other customary requirements.
- Closing Date (est.):** 2nd Quarter 2024
- CONSTRUCTION PHASE**
- Construction Phase Loan Amount:** The Construction Phase Loan amount is currently estimated to be \$18,995,963, but in any event, an amount not to exceed 80% of costs covered through the Construction Phase.
- Term:** 30 months, plus two 6-month extension(s). Fees for the extension(s) are indicated below under "Fees & Expenses."
- Construction Phase Interest Rate:** CITI is underwriting to a variable rate that is currently estimated to be 8.00%. Pricing is based on current market conditions and is subject to change. The rate will be committed at the time of closing of the Construction Phase financing.
- Construction Phase Interest Day Count:** Actual/360
- Availability:** Loan proceeds will be advanced to Borrower on a "draw down" basis upon receipt of a written request from Borrower, supported by documentation acceptable to CITI. Borrower will be required to submit a loan budget worksheet with each draw request tracking all Property sources and uses of funds. Draw requests limited to one per month.

Loan in Balance: The Loan must remain “in balance” during the Construction Phase. “In balance” means that (1) the funds available during the Construction Phase (from the Loan and all other debt and equity sources) are sufficient to complete the construction or rehabilitation of the Property and all other expenses reasonably expected to be necessary to achieve the conditions for conversion of the Loan to the Permanent Phase; and (2) the sources available at Conversion are sufficient to pay down the Construction Phase Loan Amount to the Permanent Phase Loan Amount, along with any other funding requirements for Conversion.

Amortization: None. Payments on the Loan during the Construction Phase will be interest only.

Prepayment and Yield Maintenance: Voluntary prepayment of Loan principal amounts during the Construction Phase, including those as a result of a Borrower default, may be made without prepayment fee or penalty unless the Construction Phase Loan Amount is reduced to less than ninety percent (90%) of the Permanent Phase Loan Amount (as defined below).

If the prepayment reduces the Loan amount to an amount less than ninety percent (90%) of the Permanent Phase Loan Amount, the Borrower shall pay the greater of: (i) 1% of the amount of the Loan prepaid below 90% of the Permanent Phase Loan Amount; or (ii) CITI’s standard yield maintenance amount on the amount of the Loan prepaid below 90% of the Permanent Phase Loan Amount.

In the event that a Loan prepayment resulting from a Loan resizing, as determined by CITI in its sole discretion, reduces the Loan amount to an amount less than the Permanent Phase Loan Amount, the Borrower shall pay the greater of: (i) 1% of the amount of the Loan prepaid below 90% of the Permanent Phase Loan Amount; or (ii) CITI’s standard yield maintenance amount on the amount of the Loan prepaid below 90% of the Permanent Phase Loan Amount.

Notwithstanding any of the above, in the event the amount of such prepayment would cause the Loan amount to fall below 50% of the Permanent Phase Loan Amount, the Borrower shall be required to repay the Loan in full plus the greater of: (i) 1% of the amount of the Loan repaid below 90% of the Permanent Phase Loan Amount; or (ii) CITI’s standard yield maintenance amount on the amount of the Loan repaid below 90% of the Permanent Phase Loan Amount.

If Borrower prepays Loan principal amounts through the application of insurance proceeds or a condemnation award, no prepayment fee shall be payable to CITI.

Interest Reserve: Calculated at the Construction Phase Interest Rate noted above, plus a cushion acceptable to CITI at time of final Credit approval. Currently, CITI is underwriting with a cushion of 0.75%. The Interest Reserve will be sized based on an analysis of the projected draw schedule for the Loan from closing on the Construction Phase financing through Conversion.

Budget and Contingencies: The budget for the Construction Phase, including all budget line items, is subject to CITI approval. The budget shall include a hard cost contingency of no less than 5% of budgeted hard costs for new construction projects and no less than 10% of budgeted hard costs for rehabilitation projects. The budget shall include a soft cost contingency of no less than 5% of budgeted soft costs, excluding 1) soft costs incurred prior to or in connection with closing; 2) interest reserve and bank fees; 3) capitalized operating reserve deposits and other costs that may be due in connection with Conversion for which specific sources are identified; and 4) developer fees.

General Contractor and Bonding Requirements:

The general contractor and the construction contract must be acceptable to CITI. CITI will require payment and performance bonds equal to 100% of the construction contract amount. Surety issuing bonds must have an A.M. Best rating of "A/VIII" or better and must be acceptable to CITI in all other respects. In lieu of bonds, CITI will accept a letter of credit ("LC") equal to 10% of the hard cost budget. LC provider must be rated "BBB" or better.

Retainage:

Construction contract will provide for a minimum retainage of 10% of each construction pay application until "substantial completion" (as defined in the Loan documents) unless there are other requirements under State law or other arrangements have been approved by CITI. Retainage percentage amounts can be revised, but only down to a minimum of 10% until 50% completion and then 0% retention withheld thereafter. No release of retainage is permitted for achieving 50% completion. All retained amounts will be released upon final, lien-free completion of construction, as approved by CITI.

PERMANENT PHASE

Permanent Phase Loan Amount:

The Permanent Phase Loan Amount is currently estimated to be in the maximum amount of \$5,400,000 or such other loan amount supported by CITI's underwriting of the Property at the time of Conversion in accordance with CITI's underwriting requirements including those listed below.

Term/Amortization:

15/35 years

Lockout Period:

None.

Yield Maintenance Period:

From the Closing Date until 6 months prior to the end of the Permanent Phase.

Permanent Phase Interest Rate:

CITI is underwriting to a fixed that is currently estimated to be 7.50%. Pricing is based on current market conditions and is subject to change. The rate will be committed at the time of closing of the Construction Phase financing. CITI reserves the right to change the permanent loan to a Freddie Mac execution should the pricing become more favorable.

If the Conversion to the Permanent Phase does not occur on or before month 30 following Closing, 0.05% will be added to the above quoted rate for each 6 month period past the initial 30 month period in which Conversion occurs.

Permanent Phase Interest Day Count: Actual/360

Conversion to Permanent Phase Requirements:

Conversion requirements include completion of construction and 90% physical occupancy of Project for three consecutive calendar months. CITI will review the Property's net operating income to determine the maximum Permanent Phase Loan Amount based on the Debt Service Coverage and Loan-to-Value noted below.

Debt Service Coverage: A minimum of 1.15 to 1.00.

- Loan-to-Value:** 90% of market value, based on restricted rents and inclusive of value of permanent below market financing (if applicable), assuming project rents on 80% or more of the units are discounted to a level at least 10% below market. Otherwise, 85%.
- Replacement Reserve:** Upon Conversion, Borrower will be required to fund a Replacement Reserve for each of the first five years following Conversion in a minimum amount of \$250/unit/year for new construction projects or, for renovation projects, in an amount determined by a Physical Needs Assessment acceptable to CITI, but in a minimum amount of \$300/unit/year. For each successive five year period thereafter until Permanent Loan maturity, the Replacement Reserve level will be determined by a new Physical Needs Assessment acceptable to CITI.
- Taxes and Insurance:** Commencing upon Conversion, real estate taxes and insurance premiums must be escrowed with the Loan servicer (“Servicer”) on a monthly prorated basis in an amount sufficient to enable the Servicer to pay (at least 30 days before due) all taxes, assessments, insurance premiums or other similar charges affecting the Property.

OTHER

Appraisal, Environmental, Plan/Cost Reviews:

Appraisal and Plan/Cost Review reports will be commissioned and reviewed by CITI. CITI may rely upon environmental reports commissioned by Borrower if report is current (within 12 months) and CITI has been provided evidence of acceptable E&O insurance coverage carried by Borrower’s environmental consultant and a reliance letter in form acceptable to CITI. Appraisal, environmental and plan/cost reviews must be acceptable to CITI in all respects. Otherwise, CITI will commission its own environmental report. CITI reserves the right to either co-engage any vendor providing the foregoing services and/or to share the reports with a LIHTC Investor/Syndicator.

Property Tax

Abatements, Incentives:

All documentation related to any tax abatement or tax incentives must be acceptable to CITI in all respects.

Developer Fee:

Any developer fee paid prior to conversion to the Permanent Phase shall be pre-approved by CITI in its sole discretion.

TDHCA

Acknowledgement:

Please note that in providing this proposal for submission to TDHCA as part of the application process to get an award of 9% Housing Tax Credits, CITI (the “Bank”) acknowledges the following:

- 1) The Bank has reviewed the sponsor’s application for the proposed development and finds that the project is feasible for financing by the Bank. Please also see attached exhibit regarding the 15-year pro forma that the Bank finds acceptable which demonstrates a debt service coverage of no less than 1.15x for 15 years.
- 2) The Bank has reviewed the creditworthiness and quality of the principals involved and has determined that the principals are acceptable to the Bank.
- 3) The Bank has reviewed in substance, the creditworthiness and quality of the financial strength of the guarantors as noted above and finds such guarantors acceptable as part of the financing outlined in this proposal.

FEES & EXPENSES


Application Fee:	\$25,000, which amount shall be non-refundable (except as set forth in the “Exclusivity” section of the Loan Application, if applicable) and due and payable upon acceptance of a Preliminary Application. This fee is applicable toward third party reports, loan underwriting and processing (in the minimum amount of \$5,000), and CITI’s initial legal fees. Applicant is responsible for the payment of all reasonable costs incurred in connection with the underwriting, processing and/or closing of the Loan (including CITI legal fees).
Origination Fee:	A non-refundable Origination Fee equal to 1.00% of the Construction Phase Loan amount (“Origination Fee”) shall be earned in full by CITI upon the closing of the Loan and is due and payable at that time.
CITI Legal Fees (est):	<p>Estimated fees of CITI’s counsel for the initial closing are to be determined and assumes no significant negotiation over CITI’s form documents. A portion of the Application Fee will be applied to initial CITI counsel fees. Applicant agrees to make a supplemental deposit to cover CITI’s counsel fees once the drafting of legal documentation commences, if requested.</p> <p>Fees of CITI’s counsel for work associated with Conversion of the Loan to the Permanent Phase are to be determined.</p>
Course of Construction Inspections (est):	\$TBD/monthly report.
Construction Term Extension Fee:	See Permanent Phase Interest Rate.
Conversion Fee and Expenses:	A Conversion fee equal to \$10,000 will be charged by CITI. Other expenses, including insurance review, site inspection and loan servicer set-up fees are estimated to be \$7,500.
Rate Lock:	No earlier than 5 business days prior to Closing. Rate lock must occur on or before one hundred fifty (150) days following the date of the Preliminary Application.
Other Costs:	Applicant is responsible for costs of survey, title insurance policy, hazard insurance policy, tax escrow fee and all other normal and customary loan closing expenses.
Term Sheet Expiration Date:	October 1, 2023, unless attached to a signed Preliminary Application letter received by CITI on or before October 1, 2023, along with the Application Fee, in which case 150 days following the date of the Preliminary Application. Pricing is based on current market conditions and is subject to change.

This Term Sheet is an indication of our proposal to finance the Property. It is understood and agreed that this Term Sheet does not, in any manner, constitute a commitment to lend. The financing documents evidencing the Loan will be documented separately and will contain terms and conditions that may be in addition to or in substitution of those set forth in this Term Sheet.

Any terms set forth herein are intended for discussion purposes only and are subject to the final terms as set forth in separate definitive written agreements. This Term Sheet is not a commitment to lend, syndicate a financing, underwrite or purchase securities, or commit capital. By accepting this Term Sheet, subject to applicable law or regulation, you agree to keep confidential the existence of and proposed terms for any transaction contemplated hereby (a "Transaction").

The undersigned hereby accepts the foregoing Commitment and agrees to be bound by the terms, requirements and conditions set forth herein.

SPONSOR:

By: 
Name: Jeremy Bartholomew
Title: Manager

This Term Sheet is an indication of our proposal to finance the Property. It is understood and agreed that this Term Sheet does not, in any manner, constitute a commitment to lend. The financing documents evidencing the Loan will be documented separately and will contain terms and conditions that may be in addition to or in substitution of those set forth in this Term Sheet.

Any terms set forth herein are intended for discussion purposes only and are subject to the final terms as set forth in separate definitive written agreements. This Term Sheet is not a commitment to lend, syndicate a financing, underwrite or purchase securities, or commit capital. By accepting this Term Sheet, subject to applicable law or regulation, you agree to keep confidential the existence of and proposed terms for any transaction contemplated hereby (a "Transaction").

The provision of information in this Term Sheet is not based on your individual circumstances and should not be relied upon as an assessment of suitability for you of a particular product or transaction. Even if CITI possesses information as to your objectives in relation to any transaction, series of transactions or trading strategy, this will not be deemed sufficient for any assessment of suitability for you of any transaction, series of transactions or trading strategy.

This Term Sheet is provided for information purposes and is intended for your use only. Except in those jurisdictions where it is impermissible to make such a statement, CITI hereby informs you that this Term Sheet should not be considered as a solicitation or offer to sell or purchase any securities or other financial products. This Term Sheet does not constitute investment advice and does not purport to identify all risks or material considerations which should be considered when undertaking a transaction. CITI makes no recommendation as to the suitability of any of the products or transactions mentioned. Any trading or investment decisions you take are in reliance on your own analysis and judgment and/or that of your advisors and not in reliance on us.

CITI often acts as (i) a market maker; (ii) an issuer of financial instruments and other products; and (iii) trades as principal in many different financial instruments and other products, and can be expected to perform or seek to perform investment banking and other services for the issuer of such financial instruments or other products. The author of this Term Sheet may have discussed the information contained herein with others within or outside CITI and the author and/or such other Citi personnel may have already acted on the basis of this information (including by trading for CITI's proprietary accounts or communicating the information contained herein to other customers of CITI). CITI, CITI's personnel (including those with whom the author may have consulted in the preparation of this Term Sheet), and other customers of CITI may be long or short the financial instruments or other products referred to in this Term Sheet, may have acquired such positions at prices and market conditions that are no longer available, and may have Interests different from or adverse to your interests.

CITI is required to obtain, verify and record certain information that identifies each entity that enters into a formal business relationship with CITI. CITI will ask for your complete name, street address, and taxpayer ID number. CITI may also request corporate formation documents, or other forms of identification, to verify information provided.

Although Citibank, N.A. (together with its subsidiaries and branches worldwide, "Citibank") is an affiliate of CITI, you should be aware that none of the financial instruments or other products mentioned in this term sheet (unless expressly stated otherwise) are (i) insured by the Federal Deposit Insurance Corporation or any other governmental authority, or (ii) deposits or other obligations of, or guaranteed by, Citibank or any other insured depository institution.



CITY OF HOUSTON

Housing & Community Development Department

Sylvester Turner

Mayor

Keith W. Bynam
Director
2100 Travis, 9th Floor
Houston, Texas 77002

T. (832) 394-6200
F. (832) 395-9662
www.houstontx.gov/housing

February 23, 2023

The Laurel at Blackhawk, LP

1500 N Post Oak Rd
Houston, TX 77055
Attn: Jeremy Bartholomew

RE: **Conditional Grant Commitment TDHCA Application no. 23013 The Laurel at Blackhawk**

Dear Mr. Bartholomew:

This letter represents the Housing and Community Development Department's conditional grant commitment to support eligible pre-development costs for the above referenced property subject to the terms and conditions listed below. The City of Houston ("City") affirms and attests that any funds herein committed were not first provided to the City by the applicant, the developer, consultant, related party, or any individual or entity acting on behalf of the proposed applicant.

1. APPLICANT: THE LAUREL AT BLACKHAWK, LP
2. TOTAL GRANT AMOUNT: \$500
3. Source: Local TIRZ allocation
4. COMMITMENT CANCELLATION: This commitment shall be deemed cancelled and void upon the event of any of the following: a) withdrawal of the application by applicant, or b) upon TDHCA's termination or cancellation, if any, of the application or subsequent tax credit award letter, or c) failure to receive a 2023 award of tax credits from TDHCA

Please indicate your acceptance and agreement with the above terms and conditions by executing this letter agreement below. Please return the original to me and keep a copy for your records. This commitment shall remain in effect for no more than 30 days from the above date unless it is accepted and fully executed by all parties within that 30-day period. Beyond that expiration date this commitment shall be null and void. This commitment shall not be transferable or assignable by the applicant or to any other party.

CITY OF HOUSTON
HOUSING & COMMUNITY DEVELOPMENT DEPARTMENT

DocuSigned by:

Ryan Bibbs

B3C16F93919A4B0...
Ryan Bibbs
Division Manager

ACCEPTED AND AGREED:

THE LAUREL AT BLACKHAWK, LP

DocuSigned by:

Jeremy Bartholomew

By: _____
198F1194B625440...

Date: 2/23/2023

Name: Jeremy Bartholomew

Title: Manager