

# **SUPPLEMENT FOR JULY 30, 2009 BOARD MEETING**



**TEXAS DEPARTMENT OF  
HOUSING & COMMUNITY AFFAIRS**  
*Building Homes. Strengthening Communities.*

1a

**LEGAL SERVICES DIVISION**  
**BOARD ACTION REQUEST**  
**July 30, 2009**

**Action Item**

Presentation, Discussion and Possible Approval of an award of outside bond counsel contract, subject to the approval of the Office of the Attorney General, for FY 2010 and 2011.

**Requested Action**

Approve, deny or approve with changes staff recommendation for Vinson & Elkins LLP to serve as Bond Counsel for FY 2010 with an option for a one year extension for FY 2011.

**Background and Recommendations**

TDHCA issues complex bond transactions in both the single family and multi-family arenas. Because of the complexity of these issuances, it is both practical and necessary to receive outside legal counsel to complete the transactions. The Request for Proposals was issued on June 29, 2009 after Board approval of the RFP.

The Legal Services Division caused the RFP to be published in the *Texas Register*, the *Texas Electronic State Business Daily* and made potential firms generally aware of its availability. Staff received four responses to the RFP from: Vinson & Elkins, LLP, Greenberg Taurig, Hawkins Delafield and Wood LLP and Mahomes Bolden Warren Sigmon PC. After reviewing the responses, the committee voted 3-1 for Vinson & Elkins LLP. Staff recommends that Vinson & Elkins LLP be selected as it is clearly qualified to perform these functions. If the Board concurs with this recommendation, the selected firm will be submitted to the Attorney General for approval and a contract will be developed to begin services on or around September 1, 2009.

**Staff Recommendation:** Staff recommends that the Board approve the selection of Vinson & Elkins LLP as outside bond counsel for FY 2010 and FY 2011, subject to review by the Office of the Attorney General.

1b



**LEGAL SERVICES DIVISION**  
**BOARD ACTION REQUEST**  
**July 30, 2009**

**Action Item**

Presentation, Discussion and Possible Approval of an award of outside tax credit counsel contract, subject to the approval of the Office of the Attorney General, for FY 2010 and 2011.

**Requested Action**

Approve, deny or approve with changes staff recommendation for tax credit counsel for FY 2010 with an option for a one year extension for FY 2011.

**Background and Recommendations**

Because of the specialized nature of the tax code involving the low income housing tax credit program, the Department generally retains outside counsel to assist with this function. The Office of the Attorney General has approved the use of outside counsel for this function. The Department issued a Request for Proposals (RFP) on June 29, 2009 after Board approval of the RFP.

The Legal Services Division caused the RFP to be published in the *Texas Register*, the *Texas State Business Daily* and made potential firms generally aware of its availability. The Department received two highly qualified responses from Holland & Knight LLP and Nixon Peabody LLP. The committee voted 3-0 to name Holland & Knight LLP as senior tax credit counsel and to contract with Nixon Peabody LLP as co-counsel as needed, assuming they are agreeable to this arrangement. With the complexities associated with Tax Credit Exchange Program, the Tax Credit Assistance Program and the potential partner/equity interests, it would behoove the Department to have additional resources available in this very difficult period for tax credits. If the Board concurs with this recommendation, the selected firms will be submitted to the Attorney General for approval and a contract will be developed to begin services on or around September 1, 2009.

**Staff Recommendation:**

Staff recommends that the Board approve the selection of Holland & Knight LLP as senior outside tax credit counsel and Nixon Peabody LLP as co-counsel, as needed, for FY 2010 and FY 2011, subject to review by the Office of the Attorney General.

1c

**LEGAL SERVICES DIVISION**  
**BOARD ACTION REQUEST**  
**July 30, 2009**

**Action Item**

Presentation, Discussion and Possible Approval of an award of administrative law judge contract, subject to the approval of the Office of the Attorney General, for FY 2010 and 2011.

**Requested Action**

Approve, deny or approve with changes staff recommendation for Larry J. Craddock to serve as administrative law judge for FY 2010 with an option for a one year extension for FY 2011.

**Background and Recommendations**

The 80<sup>th</sup> Legislature gave the Board the authority to impose administrative penalties on persons violating Chapter 2306 of the Government Code, the Department's rules or its orders. In a subsequent rulemaking, the Board required the Executive Director to employ under contract an administrative law judge (ALJ) to assist the Board in its enforcement actions. The Compliance and Asset Oversight Division has prepared several possible penalty cases that could go forward to a hearing within the next 60 days and so the services on an ALJ are now needed.

The Legal Services Division caused the RFP to be published in the *Texas Register*, the *Texas Electronic State Business Daily* and made potential applicants generally aware of its availability. Staff received four responses to the RFP from: Larry J. Craddock, Diana King Smith, Sandra Garcia Huhn and Ken Mills. After reviewing the responses, the committee voted 3-0 to recommend that Larry J. Craddock be selected as the best candidate. The recommended attorney is an administrative law judge for the Texas Department of Banking, the Department of Savings and Mortgage Lending, and the Office of Consumer Credit Commissioner. As such, he has a great deal of experience with the process and would be able to operate efficiently. If the Board concurs with this recommendation, the selected firm will be submitted to the Attorney General for approval and a contract will be developed to begin services on or around September 1, 2009.

**Staff Recommendation:** Staff recommends that the Board approve the selection of Larry J. Craddock as administrative law judge for FY 2010, with a possible extension through FY 2011. Approval is subject to review by the Office of the Attorney General.

2c

**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**BOARD ACTION REQUEST**  
**July 30, 2009**

**Action Item**

Presentation, Discussion and Possible Action for 2009 Competitive Housing Tax Credit (HTC) Appeals

**Requested Action**

Approve, Deny or Approve with Amendments a determination on the appeal of termination for Lincoln Terrace.

**Background and Recommendations**

**Lincoln Terrace - 09135**

On February 27, 2009, an Application was submitted for the above-referenced development. In accordance with §49.9(d)(7) of the 2009 Qualified Allocation Plan and Rules (QAP), the Department performed a compliance review audit of previous participation in the Housing Tax Credit program. The Cedar Ridge Apartments (91053), a property affiliated with the co-developer of the above referenced application, was discovered to have a noncompliance score of 53. Pursuant to 10 TAC §60, Housing Tax Credit properties with a score of 30 or higher are considered to be in Material Noncompliance.

Pursuant to §49.5(b)(2) of the QAP:

“The Applicant, Development Owner, Developer or Guarantor or anyone that has Controlling ownership interest in the Development Owner, Developer or Guarantor, or any Affiliate of such entities that is active in the ownership or Control of one or more other rent restricted rental housing properties in the state of Texas administered by the Department is in Material Noncompliance with the LURA (or any other document containing an Extended Housing Commitment) or the program rules in effect for such property as further described in Chapter 60 of this title on May 1, 2009 for Competitive Housing Tax Credit Applications”

Mr. Printice Gary, a Principal of the Co-Developer, listed Cedar Ridge Apartments (91053), on the Previous Participation and Background Certification Form. The Material Noncompliance attaches to Mr. Gary by way of Carleton Development, Ltd. because his level of ownership is greater than 10%. The noncompliance score of the development remains above the Department’s threshold. Therefore, the application is disqualified from consideration pursuant to §49.5(b)(2) of the Qualified Allocation Plan and Rules.

Relevant documentation related to this appeal is provided behind the Board Action Request.

Applicant:	Lincoln Terrace, L.P.
Site Location:	4714 Horne Street
City/County:	Fort Worth/Tarrant
Regional Allocation Category:	Urban
Population Served:	General
Region:	3
Set Aside:	At-Risk
Type of Development:	Acquisition/Rehabilitation
Units:	72
Credits Requested:	\$968,585

**Staff Recommendation:** The Executive Director denied the original appeal. Staff is recommending that the Board also deny the appeal.

09135  
Lincoln  
Terrace

Termination  
Letter



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

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July 15, 2009

Ms. Barbara Holston  
Lincoln Terrace, L.P.  
1201 E. 13th St.  
Fort Worth, Texas 76102

RE: Application #09135, Lincoln Terrace

Dear Ms. Holston:

The Texas Department of Housing and Community Affairs received an application for the above referenced development on February 27, 2009. During the review process of the application, the Department performed a compliance status evaluation in accordance with §49.9(d)(7) of the 2009 Qualified Allocation Plan (QAP).

The Center Ridge Apartments (91053) is a rental development listed on the Previous Participation and Background Certification Form submitted for Carleton Development, Ltd. The property was in Material Noncompliance on May 1, 2009 with a score of 53. A property is considered to be in Material Noncompliance if the score exceeds 30 points and has financing with Housing Tax Credits.

Pursuant to §49.5(b)(2) of the QAP, the Department is required to disqualify an application if:

*“The Applicant, Development Owner, Developer or Guarantor or anyone that has Controlling ownership interest in the Development Owner, Developer or Guarantor, or any Affiliate of such entities that is active in the ownership or Control of one or more other rent restricted rental housing properties in the state of Texas administered by the Department is in Material Noncompliance with the LURA (or any other document containing an Extended Housing Commitment) or the program rules in effect for such property as further described in Chapter 60 of this title on May 1, 2009 for Competitive Housing Tax Credit Applications...”*



Staff has terminated the application pursuant to §49.5(b)(2) of the 2009 QAP, because the property was in Material Noncompliance on May 1, 2009 and remains in Material Noncompliance.

You have a right to appeal this termination to the Executive Director in accordance with §49.17(b) of the 2009 QAP. We have included an election form requesting an appeal to the Board, should the Executive Director deny the appeal. If you would like to preserve your rights for an appeal to the Board, please complete the form and return it with your appeal to the Executive Director no later than **12:00 p.m. on July 22, 2009.**

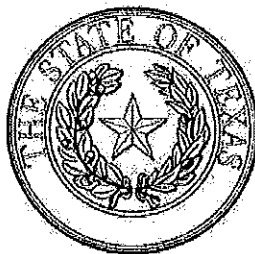
If you have any questions, please do not hesitate to contact Sharon Gamble at 512-475-4610 or [sharon.gamble@tdhca.state.tx.us](mailto:sharon.gamble@tdhca.state.tx.us).

Sincerely,

A handwritten signature in black ink, appearing to read 'RM', with a long, sweeping horizontal line extending to the right.

Robbye Meyer  
Director of Multifamily Finance

MFF/sg



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY  
AFFAIRS**

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**2009 HOUSING TAX CREDIT APPEAL ELECTION FORM**

This form is to notify the Department that I am filing a formal appeal to the Executive Director for processing. My appeal documentation, which identifies my specific grounds for appeal, is attached.

**If my appeal is denied by the Executive Director, I: (check one)**

Do wish to appeal to the Board of Directors and request that my application be added to the July 30, 2009 Board of Directors meeting agenda. I understand that my Board appeal documentation must be submitted by 12:00 p.m. Wednesday, July 22, 2009 to be placed in the July 30, 2009 Board materials. If no further documentation is submitted, the appeal documentation to the Executive Director will be utilized.

Do not wish to appeal to the Board of Directors.

Development Name:	
Development Address:	
Signer's Name	
Signer's Title:	
Date:	

Signed: \_\_\_\_\_

09135  
Lincoln  
Terrace

Appeal  
Documents



**FORT WORTH HOUSING AUTHORITY**

*"Investing in the Community"*

BARBARA HOLSTON  
Executive Director

July 21, 2009

By E-mail Submission

Texas Department of Housing  
and Community Affairs  
221 E. 11<sup>th</sup> Street  
Austin, Texas 78701-2410  
Attention: Mr. Michael Gerber

RE: Lincoln Terrace Apartments (TDHCA # 09135);  
Appeal of 9% Tax Credit Application Termination.

Dear Mr. Gerber:

This letter is to appeal the decision of TDHCA staff to terminate the Lincoln Terrace Apartments 9% tax credit application. The July 15, 2009 notice sent by Robbye Meyer, Director of Multifamily Finance, stated that the termination was based upon material noncompliance issues raised against one of the developers. Ms. Meyer concluded that the application had to be terminated because of a relationship between Cedar Ridge Apartments (91053) and Carleton Development, Ltd. We appeal that decision to the Executive Director.

**Background of Project**

The Fort Worth Housing Authority (the "Housing Authority") is the sponsor of Lincoln Terrace Apartments (the "Project"), which is the proposed reconstruction of an existing 72-unit complex which is subsidized with Project-Based Section 8 Vouchers. The Housing Authority has owned the Project since 1994 and has been working since 2007 to obtain an allocation of tax credits for the Project. The Project is the highest scoring application in the At-Risk Set-Aside, which is under-subscribed in the 2009 Round. Its 215 points also makes the Project the highest scoring application in Region 3.

This Project has the enthusiastic support of the community, as well as the support of the City Council Member for its district and support from the State Representative.

The Project has three Co-Developers. The Housing Authority is a Co-Developer and will receive 50% of the developer fee. Additionally, there is a joint venture between Carleton Development, Ltd. ("Carleton"), which will receive 37.5% of the developer fee and Ramel Company, which will receive 12.5% of the developer fee as an inexperienced developer.

### Basis of Termination

Ms. Meyer's letter indicates that because Cedar Ridge Apartments (TDHCA # 91053) had a Noncompliance score of 53 on May 1, 2009, that Carleton is charged with Material Noncompliance. She based this upon Cedar Ridge being listed in the Volume 1, Tab 5 Part E Previous Participation and Background Certification Form for Printice I. Gary. Carleton does not have a relationship with Cedar Ridge. Effectively, the Material Noncompliance of Cedar Ridge Apartments is being asserted against the Project by virtue of Carleton's relationship with Printice L. Gary, who does have a relationship with Cedar Ridge.

Carleton is the Co-Developer whose Experience Certificate was submitted for this Project. Mr. Gary is a 49% limited partner in Carleton. The general partner of Carleton is CGB Southwest, Inc. ("CGB") and owns 1% of the limited partnership. The application indicates that Mr. Gary is president of CGB and owns 50% of that corporation, which makes him a Principal of the corporation. Mr. Gary is NOT a Principal of Carleton because he is only a limited partner in that entity. (See the definition of "Principal" in the 2009 QAP).

The QAP states that a Developer is any Person who provides development services and receives a fee or a portion of the development fee. An Affiliate of a Developer is someone who directly or indirectly Controls, is Controlled by, or is under common Control with any other Person, and specifically includes parents and subsidiaries. The definition of "Affiliate" also specifically states: "**Affiliates also include all General Partners, Special Limited Partners, and Principals with an ownership interest unless the entity is an experienced Developer as described in §49.9(h)(9)(D) of this chapter.**" [emphasis added].

"Control" and related words mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person, whether through the ownership of voting securities, by contract or otherwise, including specifically ownership of more than 50% of the General Partner interest in a limited partnership, or designation as a managing member of a limited liability company.

### Printice L. Gary's Affiliations Are Not Attributed to Carleton

From the above definitions, it appears clear that Mr. Gary is a Principal of CGB, the general partner of Carleton. It is also clear, however, that Carleton is an experienced developer, as evidenced by its Experience Certificate, issued by the TDHCA on February 25, 2004, which was included in the application. As indicated in the boldfaced language of the definition of Affiliates cited above, **General Partners, Special Limited Partners and Principals with an ownership interest are not considered Affiliates of experienced Developers, due to a specific exception for experienced Developers in the definition of "Affiliates."** There is no reason for the final sentence in the definition of "Affiliate" to be there, except to create this exception. For this reason, CGB (as General Partner) and Mr. Gary (as a Principal of the General Partner with an ownership interest as a limited partner) are not considered Affiliates of Carleton. Mr. Gary's relationship with Cedar Ridge is not attributable to Carleton and therefore not relevant to the Project.

### Request for Reinstatement with Carleton as Co-Developer

Since it is Mr. Gary's relationship with Cedar Ridge that connects that development with the Project, and not Carleton's relationship, we think it is clear that the TDHCA staff erroneously terminated this application. We sincerely request that you rectify this understandable error by reinstating this application because Carleton, as an experienced Developer, is not considered to be Affiliated with CGB Southwest, Inc. or with Printice L. Gary, per the definition of an "Affiliate".

### Request for Reinstatement Without Carleton as Co-Developer

We hope that upon review of the discussion above, you will agree with us that under the clear language of the QAP, the relationship Mr. Gary has with Cedar Ridge is not to be attributed to the Project because CGB and Mr. Gary are excepted out of the definition of Affiliate as it applies to an experienced Developer. If, however, you are not convinced by the facts of this case, then we request that you reinstate the application without involvement by Carleton by either (i) permitting the Housing Authority to qualify itself as the experienced Developer, or (ii) requiring that a condition of the Commitment Notice be that the Housing Authority must issue a request for proposals from experienced Developers other than Carleton and enter into a co-development agreement with such an experienced Developer on or before the equity and construction loan closing. In that regard, please carefully consider the following:

- The Housing Authority has owned the Project for nearly 15 years, and neither Carleton nor Mr. Gary now has or will in the future have any ownership interest in the Project or its tax credit limited partnership.
- Carleton is a hired developer, procured by the Housing Authority through a Request for Proposals, pursuant to HUD regulations.
- It is inherently unfair to penalize the Housing Authority's Project for a material noncompliance issue for a development that has no relationship whatsoever to the Housing Authority and over which the Housing Authority has no control.
- The Housing Authority is qualified to have served as the experienced Developer on its own, having developed 216 units of affordable housing through the 4% program and 582 units of affordable housing through the 9% program as owner (through its affiliated entities, since a Housing Authority may not participate directly in a tax credit limited partnership) and having been Co-Developer for all 798 residential units developed through the Housing Tax Credit Program.
- If this Project does not qualify for tax credits, its affordability will terminate because the deed restriction limiting the property to occupancy by low- and moderate-income persons or families will expire on October 31, 2009.
- We would like to point out that the Project is located in Tarrant County which has been acknowledged by the TDHCA's Neighborhood Stabilization Program as having the highest need in the State of Texas for the redevelopment of abandoned and foreclosed homes and residential properties, as evidenced by a "Needs" score of 13,320, which is over 2,600 points higher than the next highest county in the State. Tarrant County truly needs affordable housing, and the Project can provide reconstructed housing that will provide safe and affordable homes to 72 families.
- The accomplishment of being the highest scoring project in both Region 3 and in the under-subscribed At-Risk Set-Aside demonstrates the quality of the proposed Project. Termination of this application because of the attenuated relationship between Mr. Gary and Cedar Ridge, which has no relationship to the Housing Authority or the Project, would have a long-lasting detrimental impact upon the residents of Lincoln Terrace Apartments.

In summary, the Housing Authority has owned the Project for nearly 15 years and should not be deemed ineligible as an applicant because of a material noncompliance at Cedar Ridge, a development unrelated to the Housing Authority and over which the Housing Authority has no control. In November 2006 a similar situation came before the TDHCA Board. Mr. Ike Monty, as developer, was going to have a tax credit commitment for Spanish Creek Townhomes rescinded due to the material noncompliance of a development in which his company was a minority owner. The majority owner was a nonprofit over which Mr. Monty had no control and due to the actions of the nonprofit, the development was in material noncompliance. Mr. Monty's inability to exercise control over the development was persuasive, and the TDHCA Board reinstated his commitment notice. (See pages 111-126 of the November 9, 2006 TDHCA Board Transcript). We think the same principle is at work here. The Housing Authority is the entity principally involved here, and it has no ability to influence whether or not Cedar Ridge is in material noncompliance with the TDHCA.

Summary

We believe that the material noncompliance of Cedar Ridge Apartments should not be attributable to Carleton under the clear language of the 2009 QAP. For that reason, we request that the Lincoln Terrace Apartments application be reinstated without any change in its Co-Developers. In the event, however, that you believe that Carleton is required to be charged with the material noncompliance of Cedar Ridge, then we ask that Carleton be dropped from the Project application. It is inappropriate for the Housing Authority and the residents of Lincoln Terrace Apartments to be the ones to be punished for compliance infractions attributable to a hired Co-Developer. We implore you in that instance to permit the application for the Project to proceed based upon either the experience of the Housing Authority or upon the condition that the Housing Authority procure a replacement Co-Developer who holds an Experience Certificate from the TDHCA.

Thank you for your consideration of this appeal.

Sincerely,



Barbara Holston  
President and CEO

cc: Robbye Meyer  
Barry J. Palmer  
Tamea A. Dula

09135

Lincoln Terrace

Executive Director's  
Response





# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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Thomas H. Gann  
Juan S. Muñoz, Ph.D.

July 27, 2009

Ms. Barbara Holston  
Lincoln Terrace, L.P.  
1201 E. 13th St.  
Fort Worth, Texas 76102

RE: Application #09135, Lincoln Terrace

Dear Ms. Holston:

## Appeal Review

I have carefully reviewed the appeal received on June 19, 2009, regarding your request for the termination of your application be reconsidered and the application be reinstated in the 2009 Competitive Housing Tax Credit cycle.

The above referenced application was terminated in accordance with §49.5(b)(2) which states:

“The Applicant, Development Owner, Developer or Guarantor or anyone that has Controlling ownership interest in the Development Owner, Developer or Guarantor, or any Affiliate of such entities that is active in the ownership or Control of one or more other rent restricted rental housing properties in the state of Texas administered by the Department is in Material Noncompliance with the LURA (or any other document containing an Extended Housing Commitment) or the program rules in effect for such property as further described in Chapter 60 of this title on May 1, 2009 for Competitive Housing Tax Credit Applications...”

Mr. Printice Gary, a Principal of the Co-Developer, listed Cedar Ridge Apartments (91053), on the Previous Participation and Background Certification Form. The Cedar Ridge Apartments was identified to be in material noncompliance on May 1, 2009 with a score of 53. The Material Noncompliance attaches to Mr. Gary by way of Carleton Development, Ltd. because his level of ownership is greater than 10%. The noncompliance score of the development remains above the Department's threshold. Therefore, the application is disqualified from consideration pursuant to §49.5(b)(2) of the Qualified Allocation Plan and Rules.

**Appeal Determination**

Your appeal is denied.

Per your request, your appeal to the Board has been placed on the July 30, 2009 Board meeting agenda.

Sincerely,

A handwritten signature in black ink, appearing to read 'M Gerber', written over the word 'Sincerely,'.

Michael Gerber  
Executive Director

MFF/sg

09102 Magnolia  
Trails

and

09103 Trebah  
Village

**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**BOARD ACTION REQUEST**  
**July 30, 2009**

**Action Item**

Presentation, Discussion and Possible Action for 2009 Competitive Housing Tax Credit (HTC) Appeals

**Requested Action**

Approve, Deny or Approve with Amendments a determination on the appeal of the Credit Amounts for Magnolia Trails and Trebah Village.

**Background and Recommendations**

**Magnolia Trails – 09102 and Trebah Village - 09103**

On February 27, 2009, the two Applications referenced above were submitted to the Department for participation in the 2009 Competitive Housing Tax Credit Program. Each Application was reviewed independent of the other and each was found to be financially feasible at the amount that was requested.

In accordance with §49.9(d)(6) of the 2009 Qualified Allocation Plan and Rules (“QAP”),

“An Applicant may not change or supplement any part of an Application in any manner after the filing deadline, and may not add any set-asides, increase their credit amount, or revise their unit mix (both income levels and bedroom mixes), except in response to a direct request from the Real Estate Analysis Division to remedy an Administrative Deficiency as further described in §49.3(2) of this chapter or by amendment of an Application after a commitment or allocation of tax credits as further described in §49.17(d) of this chapter.”

Review by the Real Estate Analysis Division did result in the issuance of an Administrative Deficiency that potentially would have resulted in a change of the amount tax credit requested however the Applicant was able to justify the originally requested credit amount at that time. The Applicant now realizes that the requested and recommended credit amounts exceed the \$2M limit and therefore wishes to unilaterally reduce the underwritten credit amount. The Applicant has not indicated that staff erred in the underwriting analysis and staff has not asked for any additional information after the underwriting was completed therefore, there was no reason for a supplement to the Application at appeal.

Pursuant to §49.6(d) of the 2009 QAP which states:

“The Department shall not allocate more than \$2 million of tax credits in any given Application Round to any Applicant, Developer, Related Party or Guarantor. Competitive Housing Tax Credits approved by the Board during the 2009 calendar year, including commitments from the 2009 Credit Ceiling and forward commitments from the 2010 Credit Ceiling, are applied to the credit cap limitation for the 2009 Application Round.”

The staff only recommended on Application for award because the total of the two Applications exceed the \$2 million cap.

Relevant documentation related to this appeal is provided behind the Board Action Request.

Applicant:	Magnolia Trails, L.P.
Site Location:	31000 Nichols Sawmill Rd
City/County:	Magnolia/Montgomery
Regional Allocation Category:	Rural
Population Served:	Elderly
Region:	6
Set Aside:	None
Type of Development:	New Construction
Units:	80
Credits Requested:	\$805,336

Applicant:	Trebah Village, L.P.
Site Location:	19000 W. Little York Rd.
City/County:	Houston/Harris
Regional Allocation Category:	Urban
Population Served:	Elderly
Region:	6
Set Aside:	None
Type of Development:	New Construction
Units:	129
Credits Requested:	\$1,244,034

**Staff Recommendation:** The Executive Director denied the original appeal. Staff is recommending that the Board also deny the appeal.

09102  
Magnolia Trails  
And

09103  
Trebah Village

Appeal Documents

**MARK-DANA CORPORATION**

26302 Oak Ridge Dr., Suite 100  
Spring, Texas 77380  
(713) 906-4460  
(281) 419-1991 Fax  
[dkoogler@mark-dana.com](mailto:dkoogler@mark-dana.com)

July 21, 2009

Texas Department of Housing and  
Community Affairs  
State Insurance Building Annex  
221 East 11<sup>th</sup> Street  
Austin, TX 78701-2410  
Attn.: Mr. Michael Gerber  
Mr. Tom Gouris  
Ms. Robbye Meyer  
Ms. Sharon Gamble

Re: Trebah Village (TDHCA # 09103) and Magnolia Trails (TDHCA # 09102):  
Appeal of 2009 Application Round Site and Development Restrictions

Ladies and Gentlemen,

We are in receipt of the 2009 Underwriting Report for Trebah Village issued July 15, 2009 and the Underwriting Report for Magnolia Trails issued June 17, 2009 (“Underwriting Reports”) and the July 8, 2009 email from Sharon Gamble notifying us that because the total amount of credits requested exceeds \$2 million, the Department cannot award both Applications (“Developer Cap Notice”). We responded via email to the Developer Cap Notice on July 13, 2009 (a copy of the Developer Cap Notice along with our response is enclosed for your convenience. We are filing this letter as a formal appeal to the Executive Director of the Texas Department of Housing and Community Affairs (“Department”).

The Developer Cap Notice stated that per Section 49.6(d) of the Qualified Allocation Plan and Rules (“QAP”), “The Department shall not allocate more than \$2 million of tax credits in any given Application Round to any Applicant, Developer, Related Party or Guarantor; Competitive Housing Tax Credits approved by the Board during the 2009 calendar year, including commitments from the 2009 Credit Ceiling and Forward commitments from the 2010 Credit Ceiling, are applied to the credit cap limitation for the 2009 Application Round.”

Please note that Section 49.6(k) of the QAP provides that an Application or Development found to be in violation under subsections (a) – (j) of Section 49.6 will be notified in accordance with the Administrative Deficiency process described in Section 49.9(d)(4) of the QAP. Section 49.6(k) further provides that the appeals process described in Section 49.17(b) of the QAP may also be utilized. It is not clear from Section 49.17(b) when the time for appeal of an Administrative Deficiency for Site and Development Restrictions would arise.

The Developer Cap Notice provided that we must determine the preferred order in which we would like the Department to consider the Applications and that the Department will give our preference as much consideration as possible during the Department’s review.

The Developer Cap Notice noted that the Applications and requested credit amounts are:

09102 Magnolia Trails:	\$805,336
09103 Trebah Village:	\$1,244,034
Total:	\$2,049,370

At the time we received the Developer Cap Notice the Underwriting Report for Trebah Village had not yet been issued. Until both Underwriting Reports were issued, we did not know whether the two applications would exceed the \$2 million limit.

Exceeding the \$2 million limit established by Section 49.6(d) of the QAP can be resolved by reducing the credits awarded for the Applications in a manner that results in meeting the \$2 million limit and the most efficient use of tax credits in a financially feasible manner.

The time for appealing the Trebah Village Underwriting Report expires July 22, 2009. It is not clear when the time for appealing Site and Development Restrictions begins and ends, but it seems the time for appeal should not expire any earlier than the time for appealing the Trebah Village Underwriting Report as we did not know until the Trebah Village Underwriting Report was issued that we would exceed the \$2,000,000 limit of Section 49.6(d).

In our response to the Developer Cap Notice, we noted that the two projects exceed the \$2 million level by \$49,370 and that we would prefer for the Department to reduce the credits allocated to the two projects to \$2 million and increase the deferred developer fee of each project by a commensurate amount in a manner that would enable the projects to pay the deferred developer fees as quickly as possible (and in any event, within 15 years). We also noted that once the underwriting reports are complete for both projects, we would like the opportunity to revisit the question of priority.

After receipt of the Developer Cap Notice, we evaluated each Application and determined that the credit amounts can be reduced to the following amounts and the gap created thereby can be covered by additional deferred developer fees as follows:

TDHCA #	Application	Original Credits	Reduction	Total Credits	Deferred Developer Fee	% Deferred Developer Fee
09102	Magnolia Trails	\$805,336	\$41,393	\$763,943	\$477,231	50%
09103	Trebah Village	\$1,244,034	\$7,977	\$1,236,057	\$555,783	37.4%
	Total	\$2,049,370	\$49,370	\$2,000,000		

With these reductions in credits and the corresponding increases in deferred developer fees, each project can pay the total deferred developer fee within eleven years.

In accordance with Section 49.6(k) of the QAP, the Department has the authority and discretion to reduce the credits requested as outlined above. Such a reduction in credits would result in a more efficient use of tax credits and allow two high scoring Applications to be recommended which would seem preferable than requiring that one of the Applications be withdrawn or not recommended so that a lower scoring application can be reached.



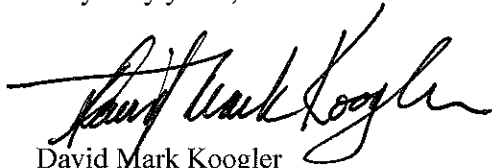
We note that it appears that there are only two other developers in the State that could be in a similar situation.

In conclusion, we believe that the Department's objectives will be best served by reducing the credits requested to amounts that will permit the two Applications to proceed in compliance with Section 49.6(d) of the QAP. As you know, Section 49.6(k) of the QAP gives the Department the authority to make the requested remedy available.

Due to timing requirements for appeal submission, if the Executive Director denies this appeal, we would like this appeal to be automatically considered by the Board.

If you have any questions or would like more information, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "David Mark Koogler". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

David Mark Koogler  
President of Mark-Dana Corporation  
Authorized Representative of Magnolia Trails, LP  
Authorized Representative of Trebah Village, LP

## David Koogler

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**From:** David Koogler [dkoogler@mark-dana.com]  
**Sent:** Monday, July 13, 2009 4:16 PM  
**To:** 'Sharon Gamble'  
**Cc:** 'Robbye Meyer'; koogtx@mark-dana.com; 'Toby Williams'  
**Subject:** RE: 2009 HTC Applications - Magnolia Trails 09102 & Trebah Village 09103

Sharon and Robbye,

We are responding to the email attached below regarding Magnolia Trails (TDHCA # 09102) and Trebah Village (TDHCA # 09103). It is very difficult to choose a priority between these two projects because they are both great projects.

At this point in time, our preferred order in which we would like for the Department to consider the Applications is: (1) Trebah Village and (2) Magnolia Trails.

We understand that we do not have to withdraw any applications at this time and that as circumstances change, we can change our order of priority.

Of course, we would prefer to be able to pursue both projects. The two projects exceed the \$2 million level by \$49,370. We would prefer for TDHCA to reduce the credits allocated to the two projects to \$2 million and increase the deferred developer fee of each project by a commensurate amount in a manner that would enable the projects to pay the deferred developer fees as quickly as possible (and in any event, within 15 years).

Once the underwriting reports are complete for both projects, we would like the opportunity to revisit the question of priority.

Please reply to this email to confirm your receipt of same.

If you have any questions or need additional information, please let me know.

Thank you,  
David

David Mark Koogler  
President  
Mark-Dana Corporation  
26302 Oak Ridge Dr., Suite 100  
Spring, Texas 77380  
(713) 906-4460  
(281) 419-1991 Fax  
[dkoogler@mark-dana.com](mailto:dkoogler@mark-dana.com)

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**From:** Sharon Gamble [mailto:sharon.gamble@tdhca.state.tx.us]  
**Sent:** Wednesday, July 08, 2009 3:20 PM  
**To:** dkoogler@mark-dana.com; twilliams@mark-dana.com  
**Cc:** Robbye Meyer  
**Subject:** 2009 HTC Applications

David:

The Department has identified that you are part of two Applications that are active in the 2009 HTC cycle. The Applications and requested credit amounts are:

09102 Magnolia Trails: \$805,336  
09103 Trebah Village: \$1,244,034

Per §49.6(d) of the 2009 Qualified Allocation Plan and Rules ("QAP"), "The Department shall not allocate more than \$2 million of tax credits in any given Application Round to any Applicant, Developer, Related Party or Guarantor; Competitive Housing Tax Credits approved by the Board during the 2009 calendar year, including commitments from the 2009 Credit Ceiling and forward commitments from the 2010 Credit Ceiling, are applied to the credit cap limitation for the 2009 Application Round."

Because the total amount of credits requested exceeds \$2 million, the Department cannot award both of the Applications. **You must determine the preferred order in which you would like for the Department to consider the Applications.** The Department will give your preference as much consideration as possible during our review.

If you determine that you wish to have one particular Application considered for an award over the other one, you will be required to withdraw the other Application from the 2009 HTC cycle and allow the Department to consider only the one Application you have chosen. At this time, please respond to this email, giving us an order of preference. You do not have to withdraw any Applications at this time.

**Please respond by 5:00 p.m. CST on Monday, July 13, 2009.**

If you have questions, please contact me.

Sharon D. Gamble  
Multifamily HTC Program Administrator  
(512) 475-4610 (direct)  
(512) 475-0764 (fax)

09102  
Magnolia Trails  
And

09103  
Trebah Village

Executive Director's  
Response



# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

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July 27, 2009

David Mark Koogler  
Mark-Dana Corporation  
26302 Oak Ridge Dr., Suite 100  
Spring, Texas 77380

RE: Applications #09102, Magnolia Trails and 09103 Trebah Village

Dear Mr. Koogler:

## Appeal Review

I have carefully reviewed your appeal that was received on July 21, 2009, regarding your request that the Department reconsider our determination that your two Applications together exceed statutory the \$2 million tax credit award cap, and requesting that the Department adjust the tax credit request in each of the Applications so that the cap is not exceeded.

During our review, we determined that the Magnolia Trails Application included a tax credit request of \$805,336, and the Trebah Village Application included a tax credit request of \$1,244,034. Per §49.6(d) of the 2009 Qualified Allocation Plan and Rules ("QAP"),

"The Department shall not allocate more than \$2 million of tax credits in any given Application Round to any Applicant, Developer, Related Party or Guarantor. Competitive Housing Tax Credits approved by the Board during the 2009 calendar year, including commitments from the 2009 Credit Ceiling and forward commitments from the 2010 Credit Ceiling, are applied to the credit cap limitation for the 2009 Application Round."

Because the total amount of credits requested exceeds \$2 million, the Department cannot award both of the Applications. On July 8, 2009, the Department contacted you via email informing you of this issue and requesting that you select one of your Applications to move forward in the 2009 Competitive Housing Tax Credit Cycle. In response, you selected the Trebah Village Application.

Per §49.9(d)(6) of the 2009 Qualified Allocation Plan and Rules (“QAP”),

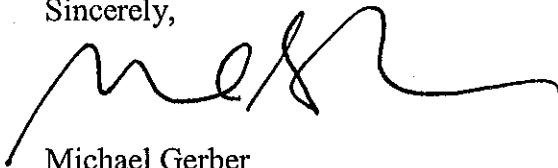
“An Applicant may not change or supplement any part of an Application in any manner after the filing deadline, and may not add any set-asides, increase their credit amount, or revise their unit mix (both income levels and bedroom mixes), except in response to a direct request from the Real Estate Analysis Division to remedy an Administrative Deficiency as further described in §49.3(2) of this chapter or by amendment of an Application after a commitment or allocation of tax credits as further described in §49.17(d) of this chapter.”

Each of your Applications was reviewed independently of the other, and each was found to be financially feasible and recommended for the amount of tax credits requested. Review by the Real Estate Analysis Division did result in the issuance of an Administrative Deficiency that questioned the sources of funds and may have required a change in the amount tax credit requested however you were able to document the funds and justify the original credit request. Pursuant to the QAP, you may not change your requests except as part of a deficiency request. Your request for reduction in credit amount in your appeal is not part of a deficiency request and accordingly I must deny your request.

Per your request, your appeal to the Board has been placed on the July 30, 2009 Board meeting agenda.

If you have any questions, please do not hesitate to contact Sharon Gamble at 512-475-4610 or [sharon.gamble@tdhca.state.tx.us](mailto:sharon.gamble@tdhca.state.tx.us).

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Gerber', written over a horizontal line.

Michael Gerber  
Executive Director

MFF/sg

5b

**BOARD ACTION REQUEST**  
**July 30, 2009**

**Action Item**

Presentation, consideration, and possible action to adopt a policy regarding the Exchange of Tax Credits and the process for allocation of funds received under any Exchange.

**Required Action**

Approve, approve with changes, or take no action on the proposed Policy and Supplement.

**Summary**

At the last Board meeting, staff sought and received input on the proposed policy for the Tax Credit Exchange Program (sometimes called the Section 1602 Program based on its enabling section of the American Recovery and Reinvestment Act of 2009). This Policy addresses the Department's opportunity to collect returned unused tax credits from prior years along with a portion of credits from the current year and exchange them with the U.S. Treasury for cash that can be distributed to developments that are ready to move forward but for the lack of investors in the tax credit market. The proposed Policy remains consistent with the draft policy outline provided at the last meeting.

The program is presented in the form of two documents, the Policy in the form of a Board Resolution which gives direction on the parameters of the program and the Policy Supplement which provides the administrative details of how the program will be implemented. Highlights of the program are as follows:

- 2007 and 2008 9% developments which have not previously returned their allocation will be able to return their credit allocation and have priority in receiving exchange funds.
- 2009 9% transactions will also be able to participate and compete for approximately \$180M in exchange funds though additional preference will be given to developments At-Risk of losing existing federal funding and developments located in Rural areas.
- Exchange funds will be provided in a grant like fashion with a limited partnership interest for the Department that will help the Department ensure compliance and proper asset oversight as well as provide some residual income where available.
- The Exchange with Treasury will be at \$0.85 per credit while the funding to developments will be capped in a range of between \$0.75 to \$0.83 in order to help fill the funding gaps for potentially more developments. The range of \$0.75 to \$0.83 is consistent with their previous and projections.
- There will be no additional application or commitment fees associated with the Exchange, although all existing application and tax credit commitment fees will need to be paid to remain eligible for the Exchange Program.



- Developments interested in the program will have until August 7<sup>th</sup> to formally make that interest known to the Department and roughly 30 days to provide supplemental application updates resulting from the changing financing structure.
- Exchange funds will be awarded in an expedited manner with the expectation of closing and beginning construction by year end and disbursing all funds by December 31, 2010.

Based upon public comment and additional research there are several areas that have been enhanced to provide the program both a broader and more affordability focused approach:

- Incentives for reaching more 30% households were added such that:
  - a 10% increase in 30% units = max exchange rate \$0.78 and 85% residuals
  - a 20% increase in 30% units = max exchange rate \$0.83 and 90% residuals
- Allows for Exchange funds to be made in the form of loans if an equity stake is not possible
- Allows development that received 4% credits or 9% developments that previously returned credits to participate if excess exchange credits are available.

The timeline for the Exchange Program would be as follows:

- July 30 Board approves draft policy and directs staff to begin implementation.
- August 7 all 2007, 2008 and 2009 awardees that are eligible for Exchange wishing to exchange must provide notice of intent to return and request exchange.
- August 31 Department will notify eligible applicants of exchange status
- September 3 Staff reports/requests initial exchange request to Treasury, may bring may bring initial or discrete groups of conditional exchange awards if available and analysis complete.
- August 10 – October 2 Staff will conduct due diligence/underwriting review on all exchange requests.
- October 15 Staff brings final Exchange award recommendations to the Board.
- October 16 Exchange award agreements sent to awardees,
- December 16 Exchange awardees meet 60 day deadline for final readiness to proceed.
- December 31 deadline for closing construction loans and Exchange financing.
- January 2010 Awardees provide confirmation of commencement of construction.
- January – December 2010 Status updates and funding draws.
- December 31, 2010 last day disbursements can be made for Exchange awardees, last date for placement in service for original 2008 awards and 2007 awards with placed in service date extensions.
- January 2011 return of any unused exchange funds to Treasury

### **Recommendation**

Approve the proposed Section 1602 Tax Credit Exchange Program Policy and Supplement.

Board Resolution No. 09-047  
Texas Department of Housing and Community Affairs  
**Multifamily and HOME Divisions**  
**American Recovery and Reinvestment Act of 2009,**  
**Section 1602 Tax Credit Exchange Program (“Exchange”) Policy (“the Policy”)**

President Barack Obama signed into law the American Recovery and Reinvestment Act of 2009 (the “Act”) on February 17, 2009, which provided for the exchange of a portion of the annual allocation amount of tax credits for grant funds available to the state housing credit agency to assist in the development of properties that agree to be operated as and under the restrictions of the low income housing tax credit (“LIHTC”) program established under the rules of the state’s qualified allocation plan (“QAP”). These funds are to be used to help provide additional financing at a level determined by the State to create jobs and provide affordable housing. Under current Federal law and regulation, all the funds awarded under the Exchange program must be disbursed or returned by January 1, 2011.

The Governing Board of the Texas Department of Housing and Community Affairs, through the authority granted to it under the laws duly passed and authorized in Chapter 2306 of the Texas Government Code, hereby establishes the following policy to further the goals of the aforementioned laws and does hereby find that:

***Whereas, the federal and state governments do desire to create economic development by assisting in productive job creation; and***

***Whereas, the state needs to increase the amount of affordable housing to meet the demand of safe decent and affordable housing; and***

***Whereas, economic development and stability in our communities benefits all Texans***

***Therefore, the Governing Board of the Texas Department of Housing and Community Affairs has determined that the state should maximize the exchange of tax credits and utilize all funds made available to the state by the Federal Government under the Tax Credit Exchange Program and resolves to exchange and make awards to further these goals consistent with the following criteria:***

**Section I. Eligible Applicants**

1. Only Applicants that received an allocation of LIHTC for award years 2007, 2008 and/or 2009, have paid all required tax credit commitment fees, and intend to return 100% of their tax credit allocation will be eligible to request Exchange funds (Applicants who wish to return partial credits are encouraged to participate in the TCAP program).
2. Applicants must provide a notice of intent to return credits and request Exchange funds (“Notice”) and document that they are able to move forward and meet their existing

- deadlines (except where federal regulation for the Exchange program requires a more restrictive deadline).
3. Developments receiving Exchange funds must continue to meet the threshold and scoring requirements as included in the original application or most recent amendment approved by the Board and all other requirements of the QAP under which they were originally allocated tax credits.
  4. The Department may make awards of Exchange funds to any 2007 and 2008 9% credit development that provides Notice.
  5. The Department may make awards of Exchange funds to 2009 9% credit developments that provide Notice, in accordance with this Policy and as Exchange funds are available up to the Exchange limit available to the Department as provided by the Act, regulation covering the Act and any subsequent legislation. As of July 30, 2009 the Department is limited to exchange 40% of the 2009 regular annual credit ceiling. Developments that provide Notice but are not funded due the limited amount of Exchange funds will be allowed to withdraw their Notice.
  6. The amount of Exchange funds that may be requested and awarded is limited to the lesser of: eligible basis as defined by Section 42 of the Internal Revenue Code, unless otherwise allowed by written U. S. Treasury Department guidance; the amount necessary to support the total development cost less any committed permanent financing or permanent financing with a 30 year amortization and 8% interest rate based on a 1.25 debt coverage ratio on Net Income (as further defined in 10 TAC § 1.32, the Department's Real Estate Analysis Rules) and other sources of funds including previously identified sources of funds; or the amount of total credit allocated to the development times 10 times the Credit Price Ceiling. The Credit Price Ceiling shall be \$0.75 except where the Applicant agrees to increase the number of units restricted by rent and income to households earning not more than 30% of the area median income as defined by the QAP ("30% units"). Where the Applicant agrees to restrict not less than an additional 10% of the total number of units as 30% units the Credit Price Ceiling shall be \$0.79 and the development gap will be re-evaluated by the Department. Where the Applicant agrees to restrict not less than an additional 20% of the total number of units as 30% units the Credit Price Ceiling shall be \$0.83 and the development gap will be re-evaluated by the Department.
  7. Applicants requesting funds must provide evidence of a Good Faith Effort to obtain equity commitments. A Good Faith Effort is an attempt by the Applicant to secure final financing commitments from an equity investor as evidenced by term sheets or letters of interest with or without paid due diligence or commitment fees for due diligence efforts and a subsequent retraction or denial letter from the previously committed equity investor.
  8. Applicants, as defined in the QAP, must not be in material non-compliance for any Department program. The Department may check for material non-compliance at the time of Notice. The Department may also check for material non-compliance at the time of execution of the Exchange Agreement and at closing to the extent that any of these subsequent events occur more than three months after the initial review at application.

## Section II. Priority for awarding of Exchange Funds

1. Applicants that can certify that the Development can be nearly completed and be able to request and receive reimbursement of eligible costs sufficient for the requested Exchange funds to be fully disbursed by December 31, 2010, or earlier as may be required under existing funding source requirements.
2. Developments that maximize the use of prior awards and tax credit resources.
3. Priority for the allocation of Exchange funds will be given to developments that have a valid allocation of 9% tax credits at the time the Notice is made by the Development Owner .
4. Developments that had a tax credit allocation but returned their credits prior to July 30, 2009 and any recipient of tax credits associated 4% bond transactions (“Eligible Non Priority Exchange Applicants”) will only be considered for Exchange funds if any Exchange funds remain available after all developments who provided Notice and return their tax credits after July 30, 2009 have been considered and awarded if eligible. To the extent that any such excess Exchange funds remain available they will be awarded to Eligible Non Priority Exchange Applicants on a first come first serve basis based on the day a request for Exchange funds is submitted. Where multiple requests from different developers are submitted on the same day, awards of Exchange funds will be made to Eligible Non Priority Exchange Applicants with the highest original tax credit allocation score first and lowest amount of Exchange request second.
5. Developments that obtained the highest application scores in the round they applied in general accordance with regional allocation formula including set asides of 20% for At-Risk developments and 30% for Rural developments (the dollar amounts of the set asides in accordance with this Policy to be established in the Policy Supplement).

## Section III. Affordability, Repayment, Ownership and Asset Management

1. **Affordability.** It is the intent of the Texas Department of Housing and Community Affairs to achieve the same or greater levels of affordability that would have been achieved under state and federal law had tax credits under 26 USC §42 been issued. The Applicant will be subject to the recapture provisions as defined by the U. S. Treasury Department.
2. **Repayment and Ownership.** The Texas Department of Housing and Community Affairs desires to provide these funds in the form of equity partnership investments, where possible, in a manner that treats third party lenders appropriately, giving due consideration for their relative risk position and other relevant factors. The Department will retain a minimum stake in the limited partnership and retain typical rights of a special limited partner to remove or replace the general partner under certain conditions of nonperformance under the LURA and partnership agreement. The Department’s stake in the development will allow for the maximum amount of depreciation to remain available to the general partner and the other partners however provide not less than a 20% distribution to the Department of any net cash flow, residual funds and/or net sale proceeds. Where the Applicant has increased the number of 30% units in the development by not less than 10% of the total number of units in the development, the cash distribution to the Department shall be reduced to not less than 15%. Where the Applicant has increased the number of 30% units in the development by not less than

20% of the total number of units in the development, the cash distribution to the Department shall be reduced to not less than 10%. Should it be determined that an equity structure can not be created to satisfy the parameters of this section, the Department may enter into a loan structure which can best satisfy the parameters of this section and this Policy.

3. **Asset Management.** Any activity funded under this Policy will be required to enter into a written contract for asset management with the Department. In order to reduce the asset oversight burden on the property, the Department may enter into agreement(s) with the lender or other third party to accomplish the asset management objectives of the Department and assure the long term viability of the development. The Department may require a fee for asset management and/or require reserves be established and maintained for the duration of the Compliance Period and Extended Housing Commitment.

The Governing Board hereby adopts this policy and directs staff to develop guidelines consistent with this policy to fully implement this resolution.

Passed this the 30<sup>th</sup> day of July, 2009 by a majority vote of \_\_\_ ayes \_\_\_ nays \_\_\_ abstentions will all members present except for \_\_\_\_\_.

\_\_\_\_\_  
Kent Conine  
Chair

\_\_\_\_\_  
Tim Irvine  
Secretary to the Board

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Texas Department of Housing and Community Affairs  
**SUPPLEMENTAL INFORMATION TO THE BOARD POLICY ON**  
**American Recovery and Reinvestment Act of 2009,**  
**Section 1602 Tax Credit Exchange Program (“the Policy Supplement”)**

**1) Definitions.** Terms in this Policy that are also defined in 10 TAC §49.3 of the QAP have the same meaning as in the QAP unless redefined herein.

- a) *Credit Price Ceiling.* A key component of one of three limits on the maximum amount of Exchange funds that may be awarded to any development akin to the syndication price. The Credit Price Ceiling shall be \$0.75 except where the Applicant agrees to increase the number of units restricted by rent and income to households earning not more than 30% of the area median income as defined by the QAP (“30% units”). Where the Applicant agrees to restrict not less than an additional 10% of the total number of units as 30% units the Credit Price Ceiling shall be \$0.79 and the development gap will be re-evaluated by the Department. Where the Applicant agrees to restrict not less than an additional 20% of the total number of units as 30% units the Credit Price Ceiling shall be \$0.83 and the development gap will be re-evaluated by the Department.
- b) *Good Faith Effort.* Attempts by the Applicant to secure final financing commitments from an equity investor as evidenced by term sheets or letters of interest with or without paid due diligence or commitment fees for due diligence efforts and a subsequent retraction or denial letter from the previously committed equity investor.
- c) *Notice.* The document promulgated by the Department and executed by the Development Owner to express the intent to return credits and request Exchange funds
- d) *Written Agreement.* (or “Contract”). A contract governing the award of Exchange funds between the Department and Applicant which may include the General Partner as well as the Limited Partner(s).

**2) Additional Requirements of Program**

- a) Closing on Exchange funds committed under this Policy must be by December 31, 2009 unless otherwise extended by the Department.
- b) The Department may enter into a master funding agreement with the construction lender to cooperate in the distribution of draw funds where the Exchange funds are drawn with priority for eligible cost reimbursement to ensure that the funds can be fully disbursed by the federal deadline. Where a master funding agreement with the construction lender can not be reached, funds shall be drawn for eligible costs incurred according to the schedule of funding evidenced in the partnership agreement and based upon the percentage of completion with a maximum of three draws.
- c) Should it be determined that an equity structure including the Department can not be created, any loan alternative shall bare an interest rate equal to 0% for the entire period

during which funds are drawn. No payments on such a loan will be required for the first 15 years or thereafter unless allowed by Federal law, regulation or guidance, however if allowed, 20% of any net cash flow, residual funds and/or net sale proceeds shall be paid to the Department. Where the Applicant has increased the number of 30% units in the development by not less than 10%, the cash payment to the Department shall be reduced to not less than 15%. Where the Applicant has increased the number of 30% units in the development by not less than 20%, the cash payment to the Department shall be reduced to not less than 10%. Any loan funded by the Department shall be secured by a subordinate deed of trust against the property.

- d) Funds made available under the Policy for 2009 9% awards shall be subject to the following set-asides and regional allocation:
- i) At least 20% of the funds shall be set aside to Developments awarded under the At-Risk Development Set-Aside and will be deducted from the total funds made available in the Policy prior to the application of the regional formula required under paragraph (iii) of this subsection. Awards to meet this requirement shall be made in the same manner as prescribed in 10 TAC §49.7 for housing tax credits except that the At-Risk Set Aside amount is increased from 15% to 20%.
  - ii) At least 30% of the funds shall be set aside through the regional allocation formula to award to Developments which are located in Rural areas. Awards to meet this requirement shall be made in the same manner as prescribed in 10 TAC §49.7 for housing tax credits except that the Rural Allocation target is increased from 20% to 30%.
  - iii) Except as otherwise provided herein, the funds made available in the Policy shall be regionally allocated based upon the following table (Table 0), which excludes the funds to meet paragraph (i) of this subsection. Awards shall be made in similar manner to that prescribed in 10 TAC §49.7 for housing tax credits as applied by the Department.

Table 0. Regional, Rural, and Urban Funding Amounts

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	\$ 5,657,957	3.5%	\$ 3,181,803	56.2%	\$ 2,476,154	43.8%
2	Abilene	\$ 3,338,146	2.0%	\$ 2,210,722	66.2%	\$ 1,127,424	33.8%
3	Dallas/Fort Worth	\$ 37,647,159	23.0%	\$ 6,491,986	17.2%	\$31,155,172	82.8%
4	Tyler	\$ 5,814,100	3.5%	\$ 3,998,685	68.8%	\$ 1,815,416	31.2%
5	Beaumont	\$ 4,139,371	2.5%	\$ 2,898,625	70.0%	\$ 1,240,746	30.0%
6	Houston	\$ 39,981,663	24.4%	\$ 6,460,763	16.2%	\$33,520,899	83.8%
7	Austin/Round Rock	\$ 10,877,111	6.6%	\$ 2,853,278	26.2%	\$ 8,023,833	73.8%
8	Waco	\$ 7,783,586	4.7%	\$ 2,764,313	35.5%	\$ 5,019,273	64.5%
9	San Antonio	\$ 11,690,316	7.1%	\$ 2,992,870	25.6%	\$ 8,697,445	74.4%
10	Corpus Christi	\$ 6,063,919	3.7%	\$ 2,936,470	48.4%	\$ 3,127,449	51.6%
11	Brownsville/Harlingen	\$ 20,846,297	12.7%	\$ 7,561,438	36.3%	\$13,284,858	63.7%
12	San Angelo	\$ 2,810,393	1.7%	\$ 2,212,842	78.7%	\$ 597,551	21.3%
13	El Paso	\$ 7,327,359	4.5%	\$ 2,629,417	35.9%	\$ 4,697,942	64.1%
	Total	\$163,977,377	100.0%	\$49,193,213	30.0%	\$114,784,164	70.0%

**3) Threshold Criteria.** Any Development Owner wishing to participate in the program with an existing allocation of tax credits from 2007, 2008 or award from 2009 must submit the Notice

of intent to return credits and request Exchange funds in the form prescribed and attached as Exhibit 1. The Department will notify the Development Owner of the Department's acceptance of the return at which point the Development Owner will have 10 days to complete and submit the following mandatory requirements Threshold Criteria, unless specifically indicated otherwise:

- a) Certification that Development Complies with this Policy and all threshold and scoring under the QAP remain true and contemplated as part of the development and that the Development can be nearly completed and be able to request and receive reimbursement of eligible costs sufficient for the requested Exchange funds to be fully disbursed by December 31, 2010, or earlier as may be required under existing funding source requirements;
- b) Good Faith Effort Documentation
- c) Submission of items impacted by the change in the development costs and financing structure contemplated herein. The Applicant must provide the following updated information, as applicable, using the forms in the 2009 Uniform Application and supplemental application documents:
  - i) Funding Request [Part C(3)];
  - ii) Rent schedule reflecting current rent and utility allowances [Vol. 1, Tab 2, Parts B & C];
  - iii) Annual operating expenses [Vol. 1, Tab 2, Part D];
  - iv) 30 Year Operating Proforma [Vol. 1, Tab 2, Part D];
  - v) Development Cost Schedule [Vol. 1, Tab 3, Part A];
  - vi) Offsite Cost Breakdown [Vol. 1, Tab 3, Part B];
  - vii) Site Work Costs [Vol. 1, Tab 3, Part C];
  - viii) Summary of Sources & Uses Costs [Vol. 1, Tab 4, Part A];
  - ix) Financing Participants [Vol. 1, Tab 4, Part B], Financing Narrative, executed grant/subsidy, and updated construction loan commitment;
  - x) Tax Assessor valuation and tax rates by taxing jurisdiction;
  - xi) Evidence of Site Control;
  - xii) Title Commitment;
  - xiii) Acquisition and/or Rehabilitation Information [Vol. 3, Tab 6]; and
  - xiv) Updated Property Condition Assessment ("PCA") meeting the requirements of 10 TAC §1.36, if applicable.

Within 60 days of an award of Exchange funds and prior to any release of said funds by the Department, the Development Owner will be required to provide any and all remaining conditions of the original award including underwriting conditions that must be met prior to commencement of construction, proof of a final construction loan approval, construction set of architectural drawings, and final building permits. Construction must commence prior to January 31, 2009 and any extensions must be approved by the Board.



**4) Application Deadlines.** The notice of intent to return credits and request Exchange funds must be received on or before **5:00 p.m. Austin local time on August 7, 2009**. The additional application information described in Section (3)(a)-(c) above is due within 10 days notice of acceptance of the credit return but no later than September 10, 2009.

- a) The Department will accept Notices and additional application information from 8 a.m. to 5 p.m. Austin local time each business day, excluding federal and state holidays from the date this Policy is published on the Department's web site until the deadline. For questions regarding this Policy please contact Robbye Meyer at 512-475-2213 or via e-mail at [robbye.meyer@tdhca.state.tx.us](mailto:robbye.meyer@tdhca.state.tx.us).
- b) Applicants must submit the Application materials on forms established by the Department and as may be detailed in an Application Submission Procedures Manual. In addition to the application requirements herein and in an Application Submission Procedures Manual, staff may use discretion to determine if additional information that is typically required in the full application (including third party reports) is necessary or prudent in order to review for compliance with state or federal rules or due to changes in the market since last reviewed by the Department.
- c) Notices and additional application information must be submitted by one of the following delivery methods:

via overnight delivery to:

**Texas Department of Housing and Community Affairs  
Attn: Tax Credit Exchange  
221 East 11th Street  
Austin, TX 78701-2410**

or via the U.S. Postal Service to:

**Texas Department of Housing and Community Affairs  
Attn: Tax Credit Exchange  
Post Office Box 13941  
Austin, TX 78711-3941**

**5) Review and Assessment of Applications.** Applications submitted for consideration for Exchange funding under this Policy will be reviewed according to the process outlined in this section.

- a) **Eligibility Criteria Review.** All Applications will be reviewed to confirm eligibility for funding.
- b) **Threshold Criteria Review.** Applications will be reviewed for Threshold. Applications not meeting Threshold Criteria will be notified of any Administrative Deficiencies, in each event the Applicant will be given an opportunity to correct such deficiencies. Applications not meeting Threshold Criteria after receipt and review of the Administrative Deficiency response will be terminated and the Applicant will be provided a written notice to that effect.
- c) **Administrative Deficiencies.** If an Application contains Administrative Deficiencies pursuant to 10 TAC §49.3(2) which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies. Because the review for Eligibility, Selection, Threshold Criteria, and review

for financial feasibility by the Department's Real Estate Analysis Division may occur separately, Administrative Deficiency requests may be made several times. The Department staff will request clarification or correction in a deficiency notice in the form of an email, or if an e-mail address is not provided in the Application, by facsimile, and a telephone call (only if there has not been confirmation of the receipt within 24 hours) to the Applicant and one other party identified by the Applicant in the Application advising that such a request has been transmitted. If Administrative Deficiencies are not clarified or corrected to the satisfaction of the Department by 5:00 p.m. Austin local time on the fifth business day following the date of the deficiency notice, then the Application shall be terminated. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. This Administrative Deficiency process applies to requests for information made by the Real Estate Analysis Division review.

- d) Financial Evaluation. The Department shall underwrite an Application to determine the financial feasibility and amount of need of the Development to arrive at an appropriate level of Exchange funds. Underwriting of a Development will include a determination by the Department, pursuant to the Notice, that the amount of Exchange funds recommended for commitment to a Development is necessary for the financial feasibility of the Development and its viability as a qualified rent restricted housing property. In making this determination, the Department will use the Underwriting Rules and Guidelines, 10 TAC §1.32.
  - e) The Department may decline to consider any application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any applications which are received and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department strives, through its loan terms, to securitize its funding while ensuring the financial feasibility of a Development. The Department reserves the right to negotiate individual elements of any application.
  - f) Compliance Evaluation. After the Department has determined which Developments will be reviewed for financial feasibility, those same Developments will be reviewed for evaluation of the compliance status by the Department's Compliance and Asset Oversight Division, in accordance with 10 TAC Chapter 60.
  - g) Alternative Dispute Resolution. In accordance with §2306.082 Texas Government Code and 10 TAC §53.6, it is the Department's policy to encourage the use of appropriate Alternative Dispute Resolution procedures "ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Cod, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. If at anytime an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rules on ADR at 10 TAC §1.17.
- 6) **Contract Administration.** Any activity funded under this Policy will be governed by a Written Agreement or Contract that identifies the terms and conditions related to the

awarded funds. The Contract will not be effective until executed by all parties to the Contract. Any amendments must be in writing and are subject to the requirements of the Department's amendment process for the tax credit program and the requirements of this section.

- a) Unless otherwise changed by agreement of the parties in a Contract and approved by the Board, the terms found in Contract shall be consistent with the following:
  - i) Up to seventy-five percent of the developer fee may be disbursed in accordance with the percentage completion of construction. The remaining twenty-five percent of developer fee may be caused to be withheld until the later of the following:
    - (1) 100% completion of the Department's Cost Certification process; or
    - (2) Sufficient sources of funds are available as determined by the Department.
  - ii) Department authorized pre-award costs for eligible pre-development costs, including but not limited to legal, architectural, engineering, appraisal, surveying, and market study fees, may be paid if incurred before the effective date of the Contract.
  - iii) The Department may withhold any draw until completion of a site/construction inspection as deemed necessary by the Department to ensure that construction progress is being made in accordance with the Contract.
  - iv) All applicable sections of the Department's rules for Loans and Contract Administration as reflected in 10 TAC Chapter 53 Subchapter G shall apply; where HOME funds are specifically referenced in this Chapter, the Department may interpret such language to also apply to the funds provided under this Policy.
- b) Unless otherwise changed by agreement of the parties in a Contract and approved by the Board, performance under the Contract will be evaluated with the following benchmarks:
  - i) Closing must occur by December 31, 2009;
  - ii) Construction must begin by January 31, 2010;
  - iii) Fifty percent of construction completion must occur within 8 months of the closing date;
  - iv) Construction sufficient to justify request and receipt of reimbursement of eligible costs to fulfill the requested Exchange funds to be disbursed by December 31, 2010
  - v) Completion of construction and receipt of certificates of occupancy, or certification of completion by an architect for rehabilitation, must occur within 24 months of the date of actual closing.
- c) The Executive Director may collectively provide up to one six-month extension to the end date of any Contract except those limited by Federal or state law or regulation. Any additional time extension granted by the Executive Director shall include a statement by the Executive Director relating to unusual, non foreseeable, or extenuating circumstances that warrant more than a six-month extension. If the extension is longer than six months and the Executive Director determines that a statement related to unusual, non-foreseeable, or extenuating circumstances cannot be issued, it will be presented to the Board for approval, approval with modifications, or denial of the requested extension.
- d) If the Development Owner fails to meet a benchmark requirement and does not seek, or is not granted, an extension of a benchmark, the awarded funds related to the lack of performance may be entirely or partially de-obligated at the Department's sole discretion.

- e) Individual benchmarks. Each benchmark reflected in Subsection (b) of this Section is an individual term and subject to the amendment processes. An interim benchmark extension may or may not extend the entire Contract at the Department's discretion.
  - f) Waiver. The Board, in its discretion and within the limits of federal and state law, may waive any one or more of the requirements of the Contract if the Board finds that waiver is appropriate to fulfill the purposes or policies of Chapter 2306, Texas Government Code, or for good cause, as determined by the Board.
  - g) Accounting Requirements. Within sixty (60) days after the Contract end date, the Administrator or Development Owner shall provide a full accounting of funds expended under the terms of the Contract in accordance with the Cost Certification requirements of 10 TAC §49.15(b). Failure of a Development Owner to provide full accounting of funds expended under the terms of a Contract shall be sufficient reason for the Department to deny any future Contract to the Development Owner.
- 7) **Asset Management.** Any activity funded under this Policy will be required to enter into a written contract for asset management with the Department. In order to reduce the asset oversight burden on the property, the Department may enter into agreement(s) with the syndicator, lender or other third party to accomplish the asset management objectives of the Department and assure the long term viability of the development. The Department may require a fee for asset management and/or require reserves be established and maintained for the duration of the Compliance Period and Extended Housing Commitment.
- 8) **Crosscutting Requirements.** Any activity funded under this Policy will be required meet all requirements of the Act and Section 42 of the IRC.

***NOTE:** This Policy does not include the text of the various applicable regulatory provisions that may be important to Exchange. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*

NOTICE OF INTENT TO RETURN CREDITS AND REQUEST EXCHANGE FUNDS  
IN CONNECTION WITH THE SECTION 1602 TAX CREDIT EXCHANGE PROGRAM

\_\_\_\_\_  
(DATE)

Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, Texas 78701

To Whom It May Concern:

On \_\_\_\_\_, 200\_\_, \_\_\_\_\_ (the "Awardee") was awarded \$ \_\_\_\_\_ in low income housing tax credits by the Texas Department of Housing and Community Affairs (the "Department") under application number \_\_\_\_\_, such low income housing tax credits being referred to herein as the "Credits." The Awardee, acting by and through its duly authorized officer or representative, hereby gives notice to the Department of its intent to return the Credits to the Department to enable the Department to exchange the with the U. S. Treasury for cash, all as provided for in Section 1602 of the American Recovery and Reinvestment Act ("ARRA"). Further, the Awardee intends to request a sub award of Exchange funds not to exceed \$ \_\_\_\_\_ which is the lesser of: eligible basis as defined by Section 42 of the Internal Revenue Code, unless otherwise allowed by written U. S. Treasury Department guidance; the amount necessary to support the total development cost less any committed permanent financing or permanent financing with a 30 year amortization and 8% interest rate based on a 1.25 debt coverage ratio on Net Income (as further defined in 10 TAC § 1.32, the Department's Real Estate Analysis Rules) and other sources of funds including previously identified sources of funds; or the amount of total credit allocated to the development times 10 times the Credit Price Ceiling.

The Awardee understands and acknowledges that once it has returned the Credits to the Department, any cash or other funds received by the Department from the U. S. Treasury will be awarded in accordance with the Department's Exchange Policy, as adopted by the Department's Governing Board on July 30, 2009. The Awardee represents and warrants to the Department that it has reviewed the above-referenced Exchange Policy, has had the opportunity to consult with counsel of its choosing, and understands the requirements and limitations of the Exchange Policy.

\_\_\_\_\_  
("Awardee")

By and through: \_\_\_\_\_  
Its duly authorized officer or  
representative

9

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**July 30, 2009**

**Action Item**

Presentation, Discussion, and Possible Approval of the Final Commitments from the 2009 State Housing Credit Ceiling for the Allocation of Competitive Housing Tax Credits and the Waiting List for the 2009 Housing Tax Credit Application Round.

**Requested Action**

Approve, deny, or approve with amendments:

- ❖ A list of recommended Applications for Final Commitments of Housing Tax Credits from the 2009 State Housing Credit Ceiling; and
- ❖ A 2009 Housing Tax Credit Waiting List.

**Background and Recommendations**

The Board is required, by §2306.6724(f) of the Texas Government Code, to “issue final commitments for allocations of housing tax credits each year in accordance with the qualified allocation plan not later than July 31.” Further, the Board is required by §2306.6711(c) of the Texas Government Code to “establish a waiting list of additional Applications ranked by score in descending order of priority based on set-aside categories and regional allocation goals” concurrently with the initial issuance of commitments for Competitive Housing Tax Credits (“tax credits”). This agenda item satisfies these two requirements for the 2009 Competitive Housing Tax Credit (“HTC”) Application Round.

The Competitive Housing Tax Credit recommendations for July 30, 2009 are presented in a separate addendum to the Board materials. The addendum contains the following information that reflects the recommendations of the Executive Award and Review Advisory Committee (“EARAC”):

***Reports located in the Board Book***

- Report 1A: **At-Risk and USDA Recommended Applications (“At-Risk R”)** (only shows those Applications recommended for an award in the At-Risk and USDA Allocations).
- Report 1B: **Regional Recommended Applications (“Regional R”)** (only shows those Applications recommended for an award in the Rural and Urban Regional Allocations).

- Report 1C: **Hurricane Ike County Recommended Applications (“Ike R”)** (Only shows those Applications recommended for an award in the Hurricane Ike Affected Counties.)
- Report 2A: **At-Risk and USDA Awarded and Active Applications (“At-Risk A/R/N”)** (complete list of all Applications previously awarded, recommended for an award and the waiting list of all active Applications not recommended for an award for the At-Risk Allocation)
- Report 2B: **Regional Awarded and Active Applications (“Regional A/R/N”)** (complete list of all Applications previously awarded, recommended for an award and the waiting list of all active Applications not recommended for an award for the Regional Allocations)
- Report 2C: **Hurricane Ike Awarded and Active Applications ( “Ike A/R/N”)** (complete list of all Applications previously awarded, recommended for an award and the waiting list of all active Applications not recommended for an award for the Ike Allocations. These Applications are also listed in the appropriate Sub-Region)
- Report 3: **Applications Recommended to Meet the Federal Non-Profit Allocation** (only shows those Applications recommended for an award from the federal Nonprofit Set-Aside)
- Report 4: **Applications Recommended to Meet the State Rural Allocation** (only shows those Applications recommended for an award from the state required Rural Allocation).

***Located in the Board Material Addendum***

- Board Summary: Development Information, Public Input and Staff Recommendation for each application (provided in Development number order for all active/eligible Applications)
- Real Estate Analysis Report for each application that has been underwritten as of July 23, 2009.

**I. REGIONAL ALLOCATION FORMULA AND SET-ASIDES**

The total amount of Housing Tax Credits available for the state of Texas to allocate in 2009 is \$92,283,012. This is comprised of approximately \$62M in State Housing Credit Ceiling and \$30M disaster area credits.

The total State Housing Credit Ceiling (“credit ceiling”) for 2009 is \$62,470,692 (as of July 23, 2009). This figure includes the amount of annual allocation authorized to the state, based on population, of \$51,086,645; amount carried forward from 2008 of \$1,733,504; and returned credits from previous years of \$4,785,148. This amount also includes \$4,865,395 that the Department received through the H.R. 3221 (HERA) legislation for the years 2008 and 2009. The National Pool has not been announced as of July 23, 2009. The amount of total State Housing Credit Ceiling for 2009 to be awarded at this meeting is reduced by the forward commitments made by the Board in 2008. The forward commitments that remain active total \$12,225,929.

In addition, last October the State received \$14,906,160 in disaster credits to help in the relief efforts of Hurricane Ike. The Department swapped these “Ike” credits with regular ceiling credits



and then carried forward the 2008 ceiling to be used in 2009 but dedicated to the Hurricane Ike affected areas. There is \$29,812,320 available allocation in the hurricane affected counties for 2009.

As required by §2306.111 of the Texas Government Code, and further addressed in §50.7(a) of the 2009 Qualified Allocation Plan and Rules (“QAP”), the Department utilizes a regional allocation formula to distribute eighty-five percent of the housing tax credits from the credit ceiling. There are thirteen Uniform State Service Regions which receive varying portions of the credit ceiling based on need in those regions. A map of those regions follows this Board Action Request. Each region is further divided into two allocations: a Rural Regional Allocation and an Urban Regional Allocation, as required. Based on the regional allocation formula, each of these twenty-six geographic areas, or sub-regions, is to have available a specific amount of tax credits.

### ***Nonprofit Set-Aside***

As required by §50.7(b) of the 2009 QAP, several Set-Asides/allocation, are also required to be met with 2009 Housing Tax Credits. The only federally legislated Set-Aside is the Nonprofit Set-aside, which requires that at least ten percent of the credit ceiling be allocated to Qualified Nonprofit Developments. As described in §50.9(d), Applications in the Nonprofit Set-Aside compete with Applications in the general pool, rather than competing with one another in a separate pool. Only if the ten percent Set-Aside is not met when evaluating Applications based on score, will the Department then add the highest scoring Qualified Nonprofit Developments statewide until the ten percent Nonprofit Set-Aside is met. It should be noted that for the 2009 credit ceiling, the Nonprofit Set-Aside is satisfied purely through the general scoring competitiveness; it is unnecessary to recommend additional Nonprofit Applications for non-scoring reasons.

### ***At-Risk Set-Aside and USDA Allocation***

Pursuant to §50.7(b)(2) of the 2009 QAP, an At-Risk Set-Aside, which is legislated by Texas Government Code, requires that at least fifteen percent of the State Housing Credit Ceiling be set-aside for existing Developments that are at risk of losing their affordability. Pursuant to §50.7(a) of the 2009 QAP, there is also a United States Department of Agriculture (“USDA”) Allocation that requires that at least five percent of the State Housing Credit Ceiling be awarded to Developments, proposing rehabilitation, that are funded by USDA. The five percent USDA set-aside is required to be taken from the fifteen percent At-Risk set-aside.

### ***Allocation Distribution***

The table below reflects the portion of the State Housing Credit Ceiling available to each region, the amount of tax credits dedicated to the Rural Allocation and the Urban Allocation, as well as the fifteen percent that must be allocated to At-Risk Applications. The fifteen percent dedicated to the At-Risk Allocation is calculated from the amount of State Credit Ceiling allocated to the state. The fifteen percent excludes any credit amounts returned from previous years. Returned Credits are returned back to the sub-region they were originally allocated from. The Total Allocation includes all returned credits. **(Table 1 on following page).**

**Table 1**

<u>Region</u>	<u>Total Allocation for Each Region</u>	<u>Rural Allocation</u>	<u>Urban Allocation</u>
1	\$ 3,529,491	\$1,841,098	\$1,688,393
2	\$ 998,176	\$596,456	\$401,712
3	\$12,234,218	\$1,212,828	\$11,021,390
4	\$ 1,738,539	\$1,083,198	\$655,342
5	\$ 1,237,760	\$786,660	\$451,100
6	\$11,955,365	\$1,158,323	\$10,797,042
7	\$ 3,873,864	\$1,264,113	\$2,609,751
8	\$ 2,327,457	\$675,988	\$1,651,469
9	\$ 3,495,652	\$668,742	\$2,826,910
10	\$ 2,109,952	\$1,057,452	\$1,052,501
11	\$ 6,233,485	\$1,857,687	\$4,375,797
12	\$ 840,367	\$607,310	\$233,057
13	\$ 2,895,459	\$644,479	\$2,250,980
<b>Total Regions</b>	<b>\$ 53,469,785</b>	<b>\$ 13,454,342</b>	<b>\$ 40,015,444</b>
<b>At-Risk</b>	<b>\$ 9,000,908</b>		
<b>Total Allocation</b>	<b>\$62,470,693</b>		

**II. APPLICATION SUBMISSION**

There are currently 109 eligible for consideration which are requesting credits totaling \$128,163,778. This amount plus the 2008 forwards results in an oversubscription of the total 2009 allocation of 1.5 times the available allocation amount.

The attached lists include applications that received forward commitments by the Board in 2008 out of the 2009 State Housing Tax Credit Ceiling. The Developments that received forward commitments are indicated by an "A" in the column titled "Status" as they have already received an award from the 2009 cycle. The Applications being recommended for award are indicated by a "R" in the "Status" column. The Applications not being recommended for award are indicated by a "N" in the "Status" column.

### **III. APPLICATION EVALUATION**

#### ***Evaluation and Review***

Central to the each Application Round is the Department's commitment to ensuring fairness and consistency in evaluating all Applications and ensuring adherence to all required guidelines. Each Application has been reviewed in accordance with the Eligibility and Selection Criteria. The eligible Applications were assessed a score according to the documentation that was submitted to the Department.

The Applications that appeared to be most competitive were reviewed in detail for Threshold Criteria, financial feasibility, and material non-compliance with Department programs. The final reviews of these few Applications were completed after the determination of appeals, challenges, and financial feasibility

#### ***Public Comment***

The Department held six public hearings in April 2009 throughout the state (Lubbock, El Paso, Harlingen, Houston, Beaumont and Dallas) to receive public comment from citizens, neighborhood groups, and elected officials concerning the 2009 Applications. In addition, the Department accepted written comments on all Applications, pursuant to §50.11(a)(9) of the 2009 QAP. A summary of the public comment received for each Application is provided in each Application's Development Information, Public Input and Board Summary ("Board Summary") report.

### **IV. STAFF RECOMMENDATION PROCESS**

In making recommendations, staff relied on regional allocations, set-aside requirements and scores.

The recommended credit amounts are noted with an asterisk if the credit amount has not yet been evaluated; in these cases the credit amount reflected is the credit amount requested by the Applicant. If an Underwriting Report has not been completed for an Application, the Application may still be found to be infeasible, have the credit amount reduced and/or may have additional conditions placed on the allocation and the credit award will not exceed the requested amount. All recommendations made by staff are subject to underwriting conditions, application review conditions and any other special conditions the Board may consider appropriate.

#### ***Recommendation Methodology***

Consistent with the Board's direction to reserve the 2008 Ike area credits and combine them with the 2009 Ike credits to allocate to 2009 application in the Ike affected counties, staff's recommendation methodology started with reserving credits in those counties by utilizing the first \$29,812,320 for those areas. Staff the followed the traditional regional allocation methodology for the remaining credits. It should be noted that developments that are initially recommended in the pool of Ike area reserved credits may not ultimately receive "Ike Credits" and may be eligible, as the highest scoring application in a region, for Section 1602 Exchange. Conversely, allocations reflected as regionally allocated but located in Ike areas may ultimately receive "Ike Credits."

The recommendations in each Regional Sub-region are made by identifying the Applications, in descending scoring order, whose recommended credit amounts total the credit amount available

in the sub-region, without exceeding the credit amounts available in each sub-region. By not exceeding the amounts available, in a few instances, there will be a significant balance of tax credits remaining in each sub-region.

All credits remaining in the Rural sub-regions are then combined together. Applications are then selected in order, by highest score, in the most under-served Rural sub-region, in the 2009 regional allocation, until the total combined amount is reached but not exceeded. These recommendations are considered the “Rural collapse.”

Any tax credits that have not been utilized from the “Rural collapse” will be combined with any remaining amounts from the Urban sub-regions. Applications are then selected in order, by highest score, in the most under-served sub-region, whether Urban or Rural. These recommendations are considered the “Statewide collapse.”

## **V. DISCUSSION OF OUTSTANDING EVIDENCE FOR ADDITIONAL FUNDING AND ZONING**

Two selection criteria items under the 2009 QAP require Applicants to substantiate evidence of funding at the time their Commitment Notice is due, which is ten days from the date the Commitment Notice is issued: Commitment of Development Funding by Local Political Subdivisions and Leveraging of Private, State, and Federal Resources. These requirements are reflected in the Board Summary report for each Application as a condition to the award. The deadline for submission of the conditions of the Commitment Notice may not be extended beyond the ten-day deadline as it relates to the submission of this documentation to ensure that there is sufficient time to reissue the tax credits to other fully compliant Applications. The 2009 QAP clearly dictates how the handling of these funds will occur: if the funding commitment is not received with the Commitment Notice, the Application will be evaluated to determine if the loss of these points would have resulted in the Department not recommending the Application for an award of tax credits. If the loss of points would have made the Application noncompetitive, the Commitment Notice will be rescinded and the tax credits reallocated to the next Application on the Waiting List.

If the Application would still be competitive even with the loss of points and the loss would not have impacted the recommendation for an award, the Application will be reevaluated for financial feasibility. If the Application is infeasible without the funds, the Commitment Notice will be rescinded and the tax credits reallocated.

Additionally, evidence of final zoning is required to be submitted to the Department at the time the Commitment Notice is due. If awarded Applicants are unable to provide the appropriate evidence by the deadline of the Commitment Notice, the Commitment Notice will be rescinded and the tax credits reallocated.

In the event that tax credits must be rescinded, the Department will issue a notice of rescission to the Applicant. The rescission will be eligible for an appeal at the Executive Director and Board levels at the option of the Applicant. Tax credits will not be reissued to another Applicant until the Applicant whose tax credits are rescinded has had the opportunity to appeal. The Commitment Fee must be submitted with the Commitment Notice.

When a rescission is final and appeals have been exhausted, the Department will recommend to the Board that the next appropriate Application on the Waiting List be awarded tax credits. To

the extent that the Application needs to substantiate conditions of the Commitment Notice, the same timing and processes noted above will apply.

## **VI. STAFF RECOMMENDATION – WAITING LIST**

Consistent with §2306.6711 of the Texas Government Code and §50.10(b) of the 2009 QAP, “...the Board shall generate, concurrently with the issuance of commitments, a Waiting List of additional Applications ranked by score in descending order of priority based on Set-Aside categories and regional allocation goals...”

Staff recommends that the Board consider the Waiting List to be composed of all Applications that have not been approved by the Board for a commitment of 2009 Housing Tax Credits, and have not been terminated by the Department or withdrawn by the Applicant. Staff further recommends that the report entitled “Report 4: 2009 Competitive Housing Tax Credit Award Recommendations and Waiting List” as approved or amended and approved by the Board today be accepted as the Waiting List “ranked by score in descending order of priority” for regional allocation purposes.

Developments will be awarded from the waiting list as follows:

- If tax credits are returned from the Nonprofit Set-Aside, and the return of tax credits causes the Department to achieve less than the required 10% Set-Aside, the next highest scoring Qualified Nonprofit Development will be recommended for a commitment to the Board, regardless of the region in which it is located. If tax credits are returned from the Nonprofit Set-Aside, and the return of tax credits does not cause the Department to go below the required 10% Set-Aside, then the next highest scoring Development in the sub-region of the returned tax credits will be recommended for a commitment to the Board, regardless of Set-Aside.
- If tax credits are returned from the USDA Set-Aside Allocation and the return of tax credits causes the Department to achieve less than the required five percent allocation, the next highest scoring USDA Development from the At-Risk Waiting List will be recommended to the Board for a commitment. If there are no eligible USDA Applications available, then the next highest scoring At-Risk Application will be recommended for a commitment to the Board. If there are no eligible At-Risk Applications available, then the remaining ceiling will be added to the Statewide collapse pool.
- If tax credits are returned from the At-Risk Set-Aside Allocation and the return of tax credits causes the Department to achieve less than the required fifteen percent At-Risk set-aside, the next highest scoring At-Risk Development from the At-Risk Waiting List will be recommended for a commitment to the Board. If there are no eligible Applications available in the At-Risk set-aside, then the remaining ceiling will be added to the Statewide collapse pool.
- For all other Developments, if tax credits are returned from a Development not associated with any Set-Aside, the next highest scoring Development from that sub- region’s waiting list, regardless of inclusion in a set-side, will be recommended for a commitment to the Board.

**Note: The return of credit as part of the Section 1602 Exchange Program will not trigger an allocation to an applicant on the waiting list.**

All Developments on the Waiting List not yet reviewed for Threshold or underwritten must still be found to be Acceptable, or Acceptable with Conditions, by the Multifamily and Real Estate Analysis Divisions. Credit amounts and conditions are subject to change based on underwriting and underwriting appeals. Allocations from the Waiting List remain subject to review by the Portfolio Management and Compliance Division to ensure no issues of Material Noncompliance exist. In the event that the credit amount returned is insufficient to fund the next appropriate Application, staff may wait to determine if other return credits would make the application whole or offer the Applicant an opportunity to adjust the size of their Development. If the Applicant declines the offer, staff will contact the next appropriate Applicant on the Waiting List, continuing in this manner until the Waiting List is exhausted. Staff will also review to ensure that no awards from the Waiting List would cause a violation of any sections of the 2009 QAP (for example, the \$2 million credit limitation, the one-mile rules, etc.).

## **VII. REQUESTED BOARD ACTION**

In summary, staff is seeking action on the following:

- 1. Approval of the Staff Recommendations to Issue Commitments for Allocations of Competitive Housing Tax Credits to Applications in the 2009 Application Round (as amended and approved by the Board); and**
- 2. Approval of a Waiting List as outlined in “Report 2A: At-Risk and USDA Awarded and Active Applications (“At-Risk A/R/N”) and Report 2B: Regional Awarded and Active Applications (“Regional A/R/N”)” (as amended and approved by the Board). The Waiting List will be composed of all Applications that have not been recommended for an allocation and have not been terminated or withdrawn. The recommended prioritization of the waiting list for approval is as discussed above.**
- 3. In situations where any condition of the Commitment Notice is not substantiated by the required deadline, approval to grant Commitment Notices without first bringing the decision to the Board for approval, but conditioned on ratification of that action by the Board at the next subsequent meeting. This will ensure that the subsequent awardees being allocated have sufficient time to proceed.**

**It should be noted that the recommendation could be changed as a result of the outcome of appeals.**

**Report 1A: At-Risk and USDA Awarded and Active Applications ("At-Risk A/R")  
2009 Competitive Housing Tax Credit Program  
(As of July 30, 2009, the recommendations may change due to pending appeals)**

**Estimated State Ceiling to be Allocated: \$9,000,908**

File #	Region Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP AR	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
09165	8 R	Cherrywood Apts	701 W. Tokio Rd.	West	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	44	44	E	2 RH	<input checked="" type="checkbox"/>	\$290,139*	Pete Potterpin	<input checked="" type="checkbox"/>	203.0	Competitive in USDA Allocation
09150	8 R	Prairie Village Apts	611 Paul St.	Rogers	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	24	24	G	2 RH	<input checked="" type="checkbox"/>	\$150,471	Patrick A. Barbolla	<input checked="" type="checkbox"/>	187.0	Competitive in USDA Allocation
09148	8 R	Whispering Oaks Apts	1209 West 8th	Goldthwaite	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	24	24	E	2 RH	<input checked="" type="checkbox"/>	\$163,083	Patrick A. Barbolla	<input checked="" type="checkbox"/>	187.0	Competitive in USDA Allocation
09146	2 R	Oakwood Apts	3501 Rhodes Rd.	Brownwood	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	47	48	G	2 RH	<input checked="" type="checkbox"/>	\$275,731*	Patrick A. Barbolla	<input checked="" type="checkbox"/>	185.0	Competitive in USDA Allocation
09100	3 R	Crestmoor Park South Apts	514 SE Gardens	Burleson	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	68	68	G	2 RH	<input checked="" type="checkbox"/>	\$468,004	Joe Chamy	<input checked="" type="checkbox"/>	183.0	Competitive in USDA Allocation
09232	6 R	Brazos Bend Villa	2020 Rocky Falls Rd.	Richmond	Rural	<input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	120	120	G	2 RH	<input checked="" type="checkbox"/>	\$1,368,982	Kenneth Tann	<input type="checkbox"/>	177.0	Competitive in At-Risk Set-Aside
09294	7 R	Northgate Apts and Rhomberg Apts	105 Northgate Circle & 806 N. Rhomberg	Burnet	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	60	60	G	2 RH	<input checked="" type="checkbox"/>	\$319,092*	Dennis Hoover	<input checked="" type="checkbox"/>	177.0	Competitive in USDA Allocation
09149	8 R	Autumn Villas	100 Autumn Villas Dr.	Lorena	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	16	16	E	2 RH	<input checked="" type="checkbox"/>	\$106,245	Patrick A. Barbolla	<input checked="" type="checkbox"/>	177.0	Competitive in USDA Allocation
09147	8 R	Village Place Apts	111 Village Place Dr.	Lorena	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	32	32	G	2 RH	<input checked="" type="checkbox"/>	\$205,533	Patrick A. Barbolla	<input checked="" type="checkbox"/>	173.0	Competitive in USDA Allocation
09318	10 R	Hyatt Manor I and II Apts	1701 Waco St.	Gonzales	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	65	65	G	2 RH	<input checked="" type="checkbox"/>	\$344,536	Dennis Hoover	<input checked="" type="checkbox"/>	162.0	Competitive in USDA Allocation
09126	8 R	Holland House Apts	616 Josephine St.	Holland	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	68	68	G	2 RH	<input checked="" type="checkbox"/>	\$513,496	Warren Maupin	<input checked="" type="checkbox"/>	160.0	Competitive in USDA Allocation
09000	6 R	Courtwood Apts	400 S. Austin Rd.	Eagle Lake	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	50	50	E	2 RH	<input checked="" type="checkbox"/>	\$295,095*	Ronald Potterpin	<input checked="" type="checkbox"/>	125.0	Competitive in At-Risk Set-Aside
09001	6 R	Hillwood Apts	308 N. East St.	Weimar	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	24	24	E	2 RH	<input checked="" type="checkbox"/>	\$151,449*	Ronald Potterpin	<input checked="" type="checkbox"/>	113.0	Competitive in At-Risk Set-Aside
<b>Total:</b>							<b>642</b>	<b>643</b>				<b>\$4,651,856</b>				
<b>13 Total Applications</b>							<b>642</b>	<b>643</b>				<b>\$4,651,856</b>				

1 = Status of Award Abbreviation: Development Previously Awarded 2008 Housing Tax Credits=A, Recommended for Award=R, Not Recommended for Award=N.  
2 = Allocation: Rural Regional Allocation or Urban Regional Allocation.  
3 = Set-Aside Abbreviations: TRDO-USDA=USDA, Nonprofit=NP, At-Risk=AR.  
4 = Target Population Abbreviation: Intergenerational=I, Elderly=E, General=G.  
5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.  
6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.  
7 = Comment: Reason for Recommendation  
\* = Recommended Credit: Development is displaying the requested amount because a real estate analysis has not yet been completed.

**Report 1B: Regional Awarded and Active Applications ("Regional A/R")  
2009 Competitive Housing Tax Credit Program  
(As of July 30, 2009, the recommendations may change due to pending appeals)**

**Estimated State Ceiling to be Allocated: \$53,590,111**

Region File #	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Target <sup>4</sup> Units	Housing <sup>5</sup> Pop	Activity	Housing <sup>5</sup> ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>	
<b>Region: 1</b>																	
<b>Allocation Information for Region 1:</b>		<b>Total Credits Available for Region: \$3,529,491</b>					<b>Urban Allocation: \$1,688,393</b>					<b>Rural Allocation: \$1,841,098</b>					
<b>Applications Submitted in Region 1: Urban</b>																	
09315	1 R	Canyons Retirement Community	2200 W. 7th Ave.	Amarillo	Urban	<input type="checkbox"/> <input type="checkbox"/>	106	111	E	RH	<input checked="" type="checkbox"/>	\$1,025,960	Jan Thompson	<input type="checkbox"/>	217.0	Competitive in Region	
09179	1 R	Emory Senior Living Apts	500 Blk of N. MLK Blvd. and Emory St.	Lubbock	Urban	<input type="checkbox"/> <input type="checkbox"/>	102	102	E	NC	<input type="checkbox"/>	\$986,330 *	John Czapski	<input type="checkbox"/>	204.0	Significant Sub-Regional Shortfall in State Collapse	
							<b>Total:</b>	<b>208</b>	<b>213</b>				<b>\$2,012,290</b>				
							<b>Total:</b>	<b>208</b>	<b>213</b>				<b>\$2,012,290</b>				
<b>Applications Submitted in Region 1: Rural</b>																	
09006	1 A	Cedar Street Apts	N. Cedar St. N. of Hwy 380	Brownfield	Rural	<input type="checkbox"/> <input type="checkbox"/>	48	48	G	NC	<input type="checkbox"/>	\$510,685	Justin Zimmerman	<input type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008	
							<b>Total:</b>	<b>48</b>	<b>48</b>				<b>\$510,685</b>				
09101	1 R	Hampton Villages	1517 W. Alcock St.	Pampa	Rural	<input type="checkbox"/> <input type="checkbox"/>	76	76	G	NC	<input type="checkbox"/>	\$1,156,723	Tim Lang	<input type="checkbox"/>	200.0	Competitive in Region	
							<b>Total:</b>	<b>76</b>	<b>76</b>				<b>\$1,156,723</b>				
							<b>Total:</b>	<b>124</b>	<b>124</b>				<b>\$1,667,408</b>				
<b>4 Applications in Region</b>							<b>Region Total:</b>	<b>332</b>	<b>337</b>				<b>\$3,679,698</b>				

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5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.  
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7 = Comment: Reason for Recommendation  
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Region	File #	Status	Development Name	Address	City	Allocation	Set-Asides USDA NP	LI Units	Total Units	Target Pop	Housing Activity	ACQ	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment
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Region: 2

Allocation Information for Region 2:	Total Credits Available for Region:	\$998,176	Urban Allocation:	\$401,712	Rural Allocation:	\$596,465
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Applications Submitted in Region 2:		Urban															
09175	2 R	Abilene Senior Village	Lot 2 at Covenant Dr. & Memorial Dr.	Abilene	Urban	<input type="checkbox"/>	<input type="checkbox"/>	92	92	E	NC	<input type="checkbox"/>	\$1,126,281	Bonita Williams	<input type="checkbox"/>	210.0	Significant Sub-Regional Shortfall in State Collapse
						<b>Total:</b>		<b>92</b>	<b>92</b>				<b>\$1,126,281</b>				
						<b>Total:</b>		<b>92</b>	<b>92</b>				<b>\$1,126,281</b>				
Applications Submitted in Region 2:		Rural															
09164	2 R	Gholson Hotel	215 Main St.	Ranger	Rural	<input type="checkbox"/>	<input type="checkbox"/>	50	50	E	RH	<input checked="" type="checkbox"/>	\$369,189	Chad Asarch	<input type="checkbox"/>	222.0	Competitive in Region
09105	2 R	Villages at Snyder	1001 37th St.	Snyder	Rural	<input type="checkbox"/>	<input checked="" type="checkbox"/>	80	80	I	NC	<input type="checkbox"/>	\$1,221,403 *	Jay Collins	<input type="checkbox"/>	198.0	Significant Sub-Regional Shortfall in Rural Collapse
						<b>Total:</b>		<b>130</b>	<b>130</b>				<b>\$1,590,592</b>				
						<b>Total:</b>		<b>130</b>	<b>130</b>				<b>\$1,590,592</b>				
<b>3 Applications in Region</b>						<b>Region Total:</b>		<b>222</b>	<b>222</b>				<b>\$2,716,873</b>				

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7 = Comment: Reason for Recommendation  
\* = Recommended Credit: Development is displaying the requested amount because a real estate analysis has not yet been completed.

Region	File #	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Target <sup>4</sup> Units	Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
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Region: 3

Allocation Information for Region 3:	Total Credits Available for Region: \$12,234,218	Urban Allocation: \$11,021,390	Rural Allocation: \$1,212,828
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Applications Submitted in Region 3: Urban																		
09023	3	A	Four Seasons at Clear Creek	Oak Grove Shelby & S. Race St.	Fort Worth	Urban	<input type="checkbox"/>	<input type="checkbox"/>	92	96	G	NC	<input type="checkbox"/>	\$921,081	Susan R. Sheeran	<input type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
09007	3	A	Mill Stone Apts	8600 Randoll Mill Rd.	Fort Worth	Urban	<input type="checkbox"/>	<input type="checkbox"/>	144	144	G	NC	<input type="checkbox"/>	\$1,410,399	Bert Magill	<input type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
09033	3	A	Residences at Eastland	5500 Eastland St.	Fort Worth	Urban	<input type="checkbox"/>	<input type="checkbox"/>	140	146	G	NC	<input type="checkbox"/>	\$99,820	Dan Allgeier	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008
09030	3	A	Heritage Park Vista	8500 Ray White Rd.	Fort Worth	Urban	<input type="checkbox"/>	<input type="checkbox"/>	135	140	E	NC	<input type="checkbox"/>	\$161,776	Dan Allgeier	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008
									<b>Total:</b>	<b>511</b>	<b>526</b>			<b>\$2,593,076</b>				
09225	3	R	Hacienda Del Sol	9200 Mountain Cabin Rd.	Dallas	Urban	<input type="checkbox"/>	<input type="checkbox"/>	55	55	G	NC	<input type="checkbox"/>	\$1,067,103	Jeffrey S. Spicer	<input type="checkbox"/>	209.0	Competitive in Region
09115	3	R	Magnolia Trace	S. of Crouch Rd. & W. of Lancaster Rd.	Dallas	Urban	<input type="checkbox"/>	<input checked="" type="checkbox"/>	112	112	E	NC	<input type="checkbox"/>	\$1,000,000	Ted Stokely	<input type="checkbox"/>	200.0	Competitive in Region
09172	3	R	Evergreen at Vista Ridge	NEQ of Highland Dr. and Rockbrook Dr.	Lewisville	Urban	<input type="checkbox"/>	<input type="checkbox"/>	120	120	E	NC	<input type="checkbox"/>	\$1,513,526	Brad Forslund	<input checked="" type="checkbox"/>	200.0	Competitive in Region
09116	3	R	Tuscany Villas	7200 Blk of Chase Oaks Blvd.	Plano	Urban	<input type="checkbox"/>	<input checked="" type="checkbox"/>	90	90	E	NC	<input type="checkbox"/>	\$1,000,000	Ted Stokely	<input type="checkbox"/>	198.0	Competitive in Region
09189	3	R	Crestshire Village	2300 N. St. Augustine Dr.	Dallas	Urban	<input type="checkbox"/>	<input type="checkbox"/>	74	74	G	NC	<input type="checkbox"/>	\$1,128,274	* J. Eugene Thomas	<input type="checkbox"/>	195.0	Competitive in Region
09223	3	R	Kleberg Commons	12700 Kleberg Rd.	Dallas	Urban	<input type="checkbox"/>	<input type="checkbox"/>	200	200	E	NC	<input type="checkbox"/>	\$2,000,000	* Rodney Holloman	<input type="checkbox"/>	193.0	Competitive in Region
									<b>Total:</b>	<b>651</b>	<b>651</b>			<b>\$7,708,903</b>				
									<b>Total:</b>	<b>1,162</b>	<b>1,177</b>			<b>\$10,301,979</b>				

Applications Submitted in Region 3: Rural

1 = Status of Award Abbreviation: Development Previously Awarded 2009 Housing Tax Credits=A, Recommended for Award=R, Not Recommended for Award=N.  
2 = Allocation: Rural Regional Allocation or Urban Regional Allocation.  
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7 = Comment: Reason for Recommendation  
\* = Recommended Credit: Development is displaying the requested amount because a real estate analysis has not yet been completed.

Region File #	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
09010	3 A	Mineral Wells Pioneer Crossing	2509 E. Hubbard	Mineral Wells	Rural	<input type="checkbox"/> <input type="checkbox"/>	80	80	G	NC	<input type="checkbox"/>	\$855,825	Noor Jooma	<input checked="" type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
<b>Total:</b>							<b>80</b>	<b>80</b>				<b>\$855,825</b>				
09237	3 R	Woodland Park at Decatur	3108 S. Murvil St.	Decatur	Rural	<input type="checkbox"/> <input type="checkbox"/>	72	72	E	NC	<input type="checkbox"/>	\$576,558	* Mark E. Feaster	<input type="checkbox"/>	150.0	Significant Sub-Regional Shortfall in Rural Collapse
<b>Total:</b>							<b>72</b>	<b>72</b>				<b>\$576,558</b>				
<b>Total:</b>							<b>152</b>	<b>152</b>				<b>\$1,432,383</b>				
<b>12 Applications in Region</b>							<b>Region Total: 1,314 1,329</b>					<b>\$11,734,362</b>				

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5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.

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7 = Comment: Reason for Recommendation

\* = Recommended Credit: Development is displaying the requested amount because a real estate analysis has not yet been completed.

Region	File #	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
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Region: 4

Allocation Information for Region 4:	Total Credits Available for Region: \$1,738,539	Urban Allocation: \$655,342	Rural Allocation: \$1,083,198
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Applications Submitted in Region 4: Urban																		
09031	4	A	Lake View Apartment Homes	N. Broadway at Loop 323	Tyler	Urban	<input type="checkbox"/>	<input type="checkbox"/>	134	140	E	NC	<input type="checkbox"/>	\$281,675	Michael Lankford	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008
									<b>Total:</b>	<b>134</b>	<b>140</b>			<b>\$281,675</b>				
09260	4	R	Millie Street Apts	SEC of Millie St. & Green St.	Longview	Urban	<input type="checkbox"/>	<input type="checkbox"/>	59	60	G	NC	<input type="checkbox"/>	\$665,000	Justin Zimmerman	<input type="checkbox"/>	184.0	Significant Sub-Regional Shortfall in State Collapse
									<b>Total:</b>	<b>59</b>	<b>60</b>			<b>\$665,000</b>				
									<b>Total:</b>	<b>193</b>	<b>200</b>			<b>\$946,675</b>				
Applications Submitted in Region 4: Rural																		
09019	4	A	Timber Village Apts II	2707 Norwood St.	Marshall	Rural	<input type="checkbox"/>	<input type="checkbox"/>	72	72	G	NC	<input type="checkbox"/>	\$817,794	Rick J. Deyoe	<input checked="" type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
									<b>Total:</b>	<b>72</b>	<b>72</b>			<b>\$817,794</b>				
09261	4	R	Turner Street Apts	NWC of State Hwy 155 & Turner St.	Palestine	Rural	<input type="checkbox"/>	<input type="checkbox"/>	59	60	G	NC	<input type="checkbox"/>	\$665,000*	Justin Zimmerman	<input type="checkbox"/>	186.0	Competitive in Region
									<b>Total:</b>	<b>59</b>	<b>60</b>			<b>\$665,000</b>				
									<b>Total:</b>	<b>131</b>	<b>132</b>			<b>\$1,482,794</b>				
<b>4 Applications in Region</b>							<b>Region Total:</b>		<b>324</b>	<b>332</b>			<b>\$2,429,469</b>					

1 = Status of Award Abbreviation: Development Previously Awarded 2009 Housing Tax Credits=A, Recommended for Award=R, Not Recommended for Award=N.  
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5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.  
6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.  
7 = Comment: Reason for Recommendation  
\* = Recommended Credit: Development is displaying the requested amount because a real estate analysis has not yet been completed.

Region	File #	Status	Development Name	Address	City	Allocation	Set-Asides USDA NP	LI Units	Total Target Units	Target Pop	Housing Activity	ACQ	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment
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**Region: 5**

<b>Allocation Information for Region 5:</b>	<b>Total Credits Available for Region:</b> \$1,237,760	<b>Urban Allocation:</b> \$451,100	<b>Rural Allocation:</b> \$786,660
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Applications Submitted in Region 5:		Urban															
09027	5 A Timber Creek Senior Living	Proposed Sienna Trails Dr. & Timber Creek Loop	Beaumont	Urban	<input type="checkbox"/>	<input type="checkbox"/>	115	120	E	NC	<input type="checkbox"/>	\$147,561	Ofelia Elizondo	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008	
							<b>Total:</b>	<b>115</b>	<b>120</b>			<b>\$147,561</b>					
09104	5 R Stone Hearst Seniors	1650 E. Lucas Dr.	Beaumont	Urban	<input type="checkbox"/>	<input type="checkbox"/>	36	36	E	NC	<input type="checkbox"/>	\$542,549	R.J. Collins	<input type="checkbox"/>	202.0	Competitive in Hurricane Ike Counties	
09183	5 R Grace Lake Townhomes	4060 West Cardinal Drive	Beaumont	Urban	<input type="checkbox"/>	<input type="checkbox"/>	112	128	G	NC	<input type="checkbox"/>	\$1,287,056	K.T. (Ike) Akbari	<input type="checkbox"/>	189.0	Significant Sub-Regional Shortfall in State Collapse	
							<b>Total:</b>	<b>148</b>	<b>164</b>			<b>\$1,829,605</b>					
							<b>Total:</b>	<b>263</b>	<b>284</b>			<b>\$1,977,166</b>					

Applications Submitted in Region 5:		Rural															
09184	5 R Oakmont Apts	711 Interstate 10 East	Orange	Rural	<input type="checkbox"/>	<input type="checkbox"/>	80	80	G	NC	<input type="checkbox"/>	\$910,348	K.T. (Ike) Akbari	<input type="checkbox"/>	197.0	Competitive in Hurricane Ike Counties	
09228	5 R Lufkin Pioneer Crossing for Seniors	1404 Old Gobblers Knob Rd.	Lufkin	Rural	<input type="checkbox"/>	<input type="checkbox"/>	80	80	E	NC	<input type="checkbox"/>	\$958,558	* Noor Jooma	<input checked="" type="checkbox"/>	192.0	Significant Sub-Regional Shortfall in Rural Collapse	
09162	5 R Arbor Pines Apartment Homes	W. of MLK Dr. near to Tulane Rd.	Orange	Rural	<input type="checkbox"/>	<input type="checkbox"/>	76	76	E	NC	<input type="checkbox"/>	\$915,220	* Marc Caldwell	<input type="checkbox"/>	192.0	Significant Sub-Regional Shortfall in Rural Collapse	
							<b>Total:</b>	<b>236</b>	<b>236</b>			<b>\$2,784,126</b>					
							<b>Total:</b>	<b>236</b>	<b>236</b>			<b>\$2,784,126</b>					
<b>6 Applications in Region</b>							<b>Region Total:</b>	<b>499</b>	<b>520</b>			<b>\$4,761,292</b>					

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**Region: 6**

<b>Allocation Information for Region 6:</b>	<b>Total Credits Available for Region:</b> \$11,955,365	<b>Urban Allocation:</b> \$10,797,042	<b>Rural Allocation:</b> \$1,158,323
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Applications Submitted in Region 6:			Urban															
09026	6 A	Jackson Village Retirement Center	200 Abner Jackson Blvd.	Lake Jackson	Urban	<input type="checkbox"/>	<input type="checkbox"/>	92	96	E	NC	<input type="checkbox"/>	\$116,848	Ofelia Elizondo	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008	
						<b>Total:</b>		<b>92</b>	<b>96</b>			<b>\$116,848</b>						
09142	6 R	Floral Gardens	NEQ of Beltway 8 & Fondren Rd.	Houston	Urban	<input type="checkbox"/>	<input type="checkbox"/>	100	100	E	NC	<input type="checkbox"/>	\$1,404,350	Uwe Nahuina	<input type="checkbox"/>	210.0	Competitive in Hurricane Ike Counties	
09265	6 R	Greenhouse Place	SEQ West & Greenhouse	Houston	Urban	<input type="checkbox"/>	<input type="checkbox"/>	140	140	E	NC	<input type="checkbox"/>	\$1,461,953	Manish Verma	<input type="checkbox"/>	210.0	Competitive in Hurricane Ike Counties	
09132	6 R	Chelsea Senior Community	6900 Blk of TC Jester & W. Little York Rd.	Houston	Urban	<input type="checkbox"/>	<input type="checkbox"/>	150	150	E	NC	<input type="checkbox"/>	\$1,956,673	Cherno M. Njie	<input type="checkbox"/>	209.0	Competitive in Hurricane Ike Counties	
09281	6 R	Mariposa at Keith Harrow	SWQ of Keith Harrow Blvd. & Hwy 6	Houston	Urban	<input type="checkbox"/>	<input type="checkbox"/>	180	180	E	NC	<input type="checkbox"/>	\$2,000,000 *	Stuart Shaw	<input type="checkbox"/>	204.0	Competitive in Hurricane Ike Counties	
09254	6 R	Irvington Court	4004 Irvington Blvd.	Houston	Urban	<input type="checkbox"/>	<input checked="" type="checkbox"/>	115	144	G	NC	<input type="checkbox"/>	\$1,343,499 *	Jason Holoubek	<input type="checkbox"/>	204.0	Competitive in Hurricane Ike Counties	
09103	6 R	Trebah Village	19000 Blk of West Little York Rd. (S. side)	Katy	Urban	<input type="checkbox"/>	<input type="checkbox"/>	121	129	E	NC	<input type="checkbox"/>	\$1,244,034	David Mark Koogler	<input type="checkbox"/>	204.0	Competitive in Hurricane Ike Counties	
09267	6 R	Heritage Crossing	NWC of 11th St. & FM 646	Santa Fe	Urban	<input type="checkbox"/>	<input type="checkbox"/>	68	72	E	NC	<input type="checkbox"/>	\$851,779 *	Ron Williams	<input checked="" type="checkbox"/>	203.0	Competitive in Hurricane Ike Counties	
09270	6 R	Northline Apartment Homes	N. Side of W. Grenfell Ln. & W. Side of Northline Dr.	Houston	Urban	<input type="checkbox"/>	<input type="checkbox"/>	172	172	G	NC	<input type="checkbox"/>	\$1,988,105 *	Kenneth Cash	<input type="checkbox"/>	203.0	Competitive in Hurricane Ike Counties	
09193	6 R	Sierra Meadows	BW 8 & E. of Wilson Rd.	Houston	Urban	<input type="checkbox"/>	<input type="checkbox"/>	85	90	E	NC	<input type="checkbox"/>	\$1,182,413	Paula B. Burns	<input type="checkbox"/>	202.0	Competitive in Hurricane Ike Counties	

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File #	Region Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	Housing <sup>5</sup> ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
09170	6 R	South Acres Ranch II	E. Side of 11400 Blk of Scott St.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	48	49	G	NC	<input type="checkbox"/>	\$1,008,077	W. Barry Kahn	<input type="checkbox"/>	200.0	Competitive in Hurricane Ike Counties
09248	6 R	Pearland Senior Village	8100 Blk of Broadway St. (S. side)	Pearland	Urban	<input type="checkbox"/> <input type="checkbox"/>	126	126	E	NC	<input type="checkbox"/>	\$1,537,571	Doak Brown	<input checked="" type="checkbox"/>	200.0	Competitive in Hurricane Ike Counties
09188	6 R	Casa Brazoria	152nd Blk of Brazoswood Dr.	Clute	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/>	36	36	G	NC	<input type="checkbox"/>	\$876,319	Vincent A. Marquez	<input type="checkbox"/>	200.0	Competitive in Hurricane Ike Counties
09161	6 R	Sterling Court Senior Residences	NWC of Minnesota & Alameda Genoa	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	140	140	E	NC	<input type="checkbox"/>	\$1,818,532	Michael Robinson	<input type="checkbox"/>	200.0	Competitive in Hurricane Ike Counties
09287	6 R	Horizon Meadows Apts	Approx. 8.7 acres SWC of Main St. & Bayou Rd.	La Marque	Urban	<input type="checkbox"/> <input type="checkbox"/>	96	96	G	NC	<input type="checkbox"/>	\$1,294,092	* Rick J. Deyoe	<input checked="" type="checkbox"/>	199.0	Competitive in Hurricane Ike Counties
09201	6 R	Ventana Pointe	Red Oak & Butterfield Rd.	Houston	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/>	96	96	E	NC	<input type="checkbox"/>	\$1,091,199	Vincent A. Marquez	<input type="checkbox"/>	199.0	Competitive in Hurricane Ike Counties
09242	6 R	Beechnut Oaks	NWC of Beechnut & Eldridge Pkwy.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	144	144	E	NC	<input type="checkbox"/>	\$1,686,794	Les Kilday	<input type="checkbox"/>	198.0	Competitive in Region
09316	6 R	Champion Homes at Bay Walk	7200 Heards Ln.	Galveston	Urban	<input type="checkbox"/> <input type="checkbox"/>	192	192	G	RH	<input checked="" type="checkbox"/>	\$1,443,759	* Saleem Jafar	<input type="checkbox"/>	197.0	Competitive in Hurricane Ike Counties
09266	6 R	Skytop Apts	2455 N. Frazier	Conroe	Urban	<input type="checkbox"/> <input type="checkbox"/>	174	192	G	NC	<input type="checkbox"/>	\$2,000,000	Richard Bowe	<input type="checkbox"/>	195.0	Competitive in Hurricane Ike Counties
09177	6 R	Orchard at Oak Forest	NEQ of Brinkman St. & 34th St.	Houston	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/>	118	118	E	NC	<input type="checkbox"/>	\$1,497,001	Stephan Fairfield	<input type="checkbox"/>	185.0	Competitive in Region
09196	6 R	Golden Bamboo Village II	E. Side of 12000 N. Gessner Rd.	Houston	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/>	116	116	G	NC	<input type="checkbox"/>	\$1,621,465	Michael Nguyen	<input type="checkbox"/>	185.0	Competitive in Region
09249	6 R	Dixie Gardens	1216 Dixie Farm Rd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	148	148	I	NC	<input type="checkbox"/>	\$2,000,000	* H. Elizabeth Young	<input type="checkbox"/>	177.0	Competitive in Region
09185	6 R	Maplewood Village II	550 Hobbs Rd.	League City	Urban	<input type="checkbox"/> <input type="checkbox"/>	80	80	E	NC	<input checked="" type="checkbox"/>	\$1,149,880	* Thomas H. Scott	<input checked="" type="checkbox"/>	165.0	Competitive in Region
09156	6 R	Park Lane Apts	7515 Cook Rd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	144	144	G	NC	<input type="checkbox"/>	\$1,968,935	* Brian Cogburn	<input type="checkbox"/>	164.0	Competitive in Region

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File #	Region Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>	
09312	6 R	Villas at El Dorado Apts	200 Blk of W. El Dorado Blvd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	159	159	E	NC	<input type="checkbox"/>	\$2,000,000 *	Ken Brinkley	<input type="checkbox"/>	155.0	Competitive in Region	
							<b>Total:</b>	<b>2,948</b>	<b>3,013</b>			<b>\$36,426,430</b>					
							<b>Total:</b>	<b>3,040</b>	<b>3,109</b>			<b>\$36,543,278</b>					
<b>Applications Submitted in Region 6: Rural</b>																	
09120	6 R	Senior Villages of Huntsville	140 Essex Blvd.	Huntsville	Rural	<input type="checkbox"/> <input type="checkbox"/>	36	36	E	NC	<input type="checkbox"/>	\$496,797	R.J. Collins	<input type="checkbox"/>	203.0	Competitive in Hurricane Ike Counties	
							<b>Total:</b>	<b>36</b>	<b>36</b>			<b>\$496,797</b>					
							<b>Total:</b>	<b>36</b>	<b>36</b>			<b>\$496,797</b>					
<b>26 Applications in Region</b>							<b>Region Total:</b>	<b>3,076</b>	<b>3,145</b>			<b>\$37,040,075</b>					

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Region	File #	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Target <sup>4</sup> Units	Housing <sup>5</sup> Pop	Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
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**Region: 7**

<b>Allocation Information for Region 7:</b>	<b>Total Credits Available for Region: \$3,873,864</b>	<b>Urban Allocation: \$2,609,751</b>	<b>Rural Allocation: \$1,264,113</b>
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<b>Applications Submitted in Region 7: Urban</b>																					
09008	7	A	Huntington	FM 118, 1550' N. of FM 2001	Buda	Urban	<input type="checkbox"/>	<input type="checkbox"/>	116	120	E	NC	<input type="checkbox"/>	\$1,014,586	Ofelia Elizondo	<input type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008			
09034	7	A	Tuscany Park at Buda	FM 2001 E of IH35	Buda	Urban	<input type="checkbox"/>	<input type="checkbox"/>	170	176	G	NC	<input type="checkbox"/>	\$131,841	Mark Musemeche	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008			
									<b>Total:</b>	<b>286</b>	<b>296</b>										
09159	7	R	Malibu Apts	8600 N. Lamar Blvd.	Austin	Urban	<input type="checkbox"/>	<input type="checkbox"/>	428	476	G	RH	<input checked="" type="checkbox"/>	\$2,417,862 *	Joe McLaughlin	<input type="checkbox"/>	215.0	Significant Sub-Regional Shortfall in State Collapse			
									<b>Total:</b>	<b>428</b>	<b>476</b>										
									<b>Total:</b>	<b>714</b>	<b>772</b>										
<hr/>																					
<b>Applications Submitted in Region 7: Rural</b>																					
09012	7	A	Park Ridge Apts	SEC of Legend Hills Blvd. & RM 152	Llano	Rural	<input type="checkbox"/>	<input type="checkbox"/>	62	64	G	NC	<input type="checkbox"/>	\$697,017	Mark Mayfield	<input checked="" type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008			
									<b>Total:</b>	<b>62</b>	<b>64</b>										
09310	7	R	San Gabriel Crossing	155 Hillcrest Ln.	Liberty Hill	Rural	<input type="checkbox"/>	<input type="checkbox"/>	71	76	G	NC	<input type="checkbox"/>	\$928,369 *	Mark Mayfield	<input type="checkbox"/>	199.0	Significant Sub-Regional Shortfall in Rural Collapse			
									<b>Total:</b>	<b>71</b>	<b>76</b>										
									<b>Total:</b>	<b>133</b>	<b>140</b>										
									<b>Total:</b>	<b>847</b>	<b>912</b>										
<b>5 Applications in Region</b>													<b>Region Total:</b>			<b>847</b>	<b>912</b>				

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Region	File #	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Target <sup>4</sup> Units	Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
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**Region: 8**

<b>Allocation Information for Region 8:</b>	<b>Total Credits Available for Region: \$2,327,457</b>	<b>Urban Allocation: \$1,651,469</b>	<b>Rural Allocation: \$675,988</b>
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<b>Applications Submitted in Region 8: Urban</b>																		
09024	8	A	Costa Esmeralda	Gurley Ln. & S. 16th St.	Waco	Urban	<input type="checkbox"/>	<input type="checkbox"/>	112	112	G	NC	<input type="checkbox"/>	\$1,086,058	Mark Mayfield	<input type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
									<b>Total:</b>	<b>112</b>	<b>112</b>			<b>\$1,086,058</b>				
09163	8	R	Tremont Apartment Homes	1600 Bacon Ranch Rd.	Killeen	Urban	<input type="checkbox"/>	<input type="checkbox"/>	112	112	E	NC	<input type="checkbox"/>	\$1,274,491	Jeff Gannon	<input type="checkbox"/>	204.0	Significant Sub-Regional Shortfall in State Collapse
									<b>Total:</b>	<b>112</b>	<b>112</b>			<b>\$1,274,491</b>				
									<b>Total:</b>	<b>224</b>	<b>224</b>			<b>\$2,360,549</b>				
<b>2 Applications in Region</b>							<b>Region Total:</b>		<b>224</b>	<b>224</b>			<b>\$2,360,549</b>					

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**Region: 9**

<b>Allocation Information for Region 9:</b>	<b>Total Credits Available for Region: \$3,495,652</b>	<b>Urban Allocation: \$2,826,910</b>	<b>Rural Allocation: \$668,742</b>
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<b>Applications Submitted in Region 9: Urban</b>																		
09015	9	A	Sutton Homes	909 Runnels	San Antonio	Urban	<input type="checkbox"/>	<input type="checkbox"/>	186	194	G	RH	<input checked="" type="checkbox"/>	\$1,650,000	Ryan Wilson	<input type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
									<b>Total:</b>	<b>186</b>	<b>194</b>							<b>\$1,650,000</b>
09190	9	R	San Juan Square III	300 Gante Walk	San Antonio	Urban	<input type="checkbox"/>	<input checked="" type="checkbox"/>	32	32	G	RH	<input type="checkbox"/>	\$602,456	David Casso	<input type="checkbox"/>	220.0	Competitive in Region
09198	9	R	Montabella Pointe	W. Side of Foster Rd. and S. Side of FM 78	San Antonio	Urban	<input type="checkbox"/>	<input checked="" type="checkbox"/>	144	144	G	NC	<input type="checkbox"/>	\$1,731,393	Gilbert Piette	<input type="checkbox"/>	210.0	Significant Sub-Regional Shortfall in State Collapse
									<b>Total:</b>	<b>176</b>	<b>176</b>							<b>\$2,333,849</b>
									<b>Total:</b>	<b>362</b>	<b>370</b>							<b>\$3,983,849</b>
<b>Applications Submitted in Region 9: Rural</b>																		
09192	9	R	Tierra Pointe	W. of Hwy 181/123 & S. of Vista Rd.	Karnes City	Rural	<input type="checkbox"/>	<input checked="" type="checkbox"/>	76	80	G	NC	<input type="checkbox"/>	\$1,061,463	Susan R. Sheeran	<input type="checkbox"/>	195.0	Significant Sub-Regional Shortfall in Rural Collapse
									<b>Total:</b>	<b>76</b>	<b>80</b>							<b>\$1,061,463</b>
									<b>Total:</b>	<b>76</b>	<b>80</b>							<b>\$1,061,463</b>
<b>4 Applications in Region</b>									<b>Region Total:</b>	<b>438</b>	<b>450</b>							<b>\$5,045,312</b>

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File #	Region	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
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Region: 10

Allocation Information for Region 10:	Total Credits Available for Region: \$2,109,952	Urban Allocation: \$1,052,501	Rural Allocation: \$1,057,452
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Applications Submitted in Region 10: Urban																		
09158	10	R	Arrowsmith Apts	5701 Williams Dr.	Corpus Christi	Urban	<input type="checkbox"/>	<input type="checkbox"/>	70	70	G	RH	<input checked="" type="checkbox"/>	\$444,645	Chad Asarch	<input type="checkbox"/>	217.0	Competitive in Region
09211	10	R	Corban Townhomes	1455 Southgate	Corpus Christi	Urban	<input type="checkbox"/>	<input checked="" type="checkbox"/>	128	128	G	NC	<input type="checkbox"/>	\$1,594,705	Richard J. Franco	<input type="checkbox"/>	194.0	Significant Sub-Regional Shortfall in State Collapse
									<b>Total:</b>	<b>198</b>	<b>198</b>			<b>\$2,039,350</b>				
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									<b>Total:</b>	<b>198</b>	<b>198</b>			<b>\$2,039,350</b>				
Applications Submitted in Region 10: Rural																		
09245	10	R	Heights at Corral	1000 W. Corral Ave.	Kingsville	Rural	<input type="checkbox"/>	<input type="checkbox"/>	80	80	G	RH	<input checked="" type="checkbox"/>	\$894,750	Socorro ("Cory") Hinojosa	<input checked="" type="checkbox"/>	217.0	Competitive in Region
									<b>Total:</b>	<b>80</b>	<b>80</b>			<b>\$894,750</b>				
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									<b>Total:</b>	<b>80</b>	<b>80</b>			<b>\$894,750</b>				
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<b>3 Applications in Region</b>									<b>Region Total:</b>	<b>278</b>	<b>278</b>			<b>\$2,934,100</b>				

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Region	File #	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Target <sup>4</sup> Units	Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
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**Region: 11**

<b>Allocation Information for Region 11:</b>	<b>Total Credits Available for Region: \$6,233,485</b>	<b>Urban Allocation: \$4,375,797</b>	<b>Rural Allocation: \$1,857,687</b>
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<b>Applications Submitted in Region 11: Urban</b>																		
09180	11	R	Weslaco Hills Apts	1900 Blk of W. Business 83	Weslaco	Urban	<input type="checkbox"/>	<input type="checkbox"/>	120	120	G	NC	<input type="checkbox"/>	\$1,301,448	Steve Lollis	<input type="checkbox"/>	205.0	Competitive in Region
09181	11	R	Bowie Garden Apts	4700 Blk of Bowie Rd.	Brownsville	Urban	<input type="checkbox"/>	<input type="checkbox"/>	86	86	G	NC	<input type="checkbox"/>	\$970,564	John Czapski	<input type="checkbox"/>	203.0	Competitive in Region
									<b>Total:</b>	<b>206</b>	<b>206</b>			<b>\$2,272,012</b>				
									<b>Total:</b>	<b>206</b>	<b>206</b>			<b>\$2,272,012</b>				
<b>Applications Submitted in Region 11: Rural</b>																		
09119	11	R	Legacy Villas	S. Side of 2nd St. and W. Side of US 57	Eagle Pass	Rural	<input type="checkbox"/>	<input type="checkbox"/>	64	64	G	NC	<input type="checkbox"/>	\$1,000,000	Clifton Phillips	<input type="checkbox"/>	203.0	Competitive in Region
									<b>Total:</b>	<b>64</b>	<b>64</b>			<b>\$1,000,000</b>				
									<b>Total:</b>	<b>64</b>	<b>64</b>			<b>\$1,000,000</b>				
<b>3 Applications in Region</b>							<b>Region Total:</b>		<b>270</b>	<b>270</b>			<b>\$3,272,012</b>					

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3 = Set-Aside Abbreviations: TRDO-USDA=USDA, Nonprofit=NP.  
4 = Target Population Abbreviation: Intergenerational=I, Elderly=E, General=G.  
5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.  
6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.  
7 = Comment: Reason for Recommendation  
\* = Recommended Credit: Development is displaying the requested amount because a real estate analysis has not yet been completed.

Region	File #	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup>	LI	Total	Target <sup>4</sup>	Housing <sup>5</sup>	Recommended*	Owner	TDHCA	Final	7	
							USDA NP	Units	Units	Pop	Activity	ACQ <sup>6</sup>	Credit	Contact	HOME	Score	Comment

Region: 12

Allocation Information for Region 12:	Total Credits Available for Region:	\$840,367	Urban Allocation:	\$233,057	Rural Allocation:	\$607,310
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Applications Submitted in Region 12: Urban																		
09127	12	R	Sage Brush Village	3500 West 8th St.	Odessa	Urban	<input type="checkbox"/>	<input type="checkbox"/>	112	112	G	NC	<input type="checkbox"/>	\$1,252,049	Randy Stevenson	<input type="checkbox"/>	204.0	Significant Sub-Regional Shortfall in State Collapse
									<b>Total:</b>	<b>112</b>	<b>112</b>			<b>\$1,252,049</b>				
									<b>Total:</b>	<b>112</b>	<b>112</b>			<b>\$1,252,049</b>				
Applications Submitted in Region 12: Rural																		
09136	12	R	Gateway to Eden	Grant/Rudder Streets & Kelly Street	Eden	Rural	<input type="checkbox"/>	<input type="checkbox"/>	20	20	G	NC	<input type="checkbox"/>	\$476,746 *	Ethan Horne	<input checked="" type="checkbox"/>	172.0	Competitive in Region
									<b>Total:</b>	<b>20</b>	<b>20</b>			<b>\$476,746</b>				
									<b>Total:</b>	<b>20</b>	<b>20</b>			<b>\$476,746</b>				
<b>2 Applications in Region</b>							<b>Region Total:</b>		<b>132</b>	<b>132</b>			<b>\$1,728,795</b>					

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Region	File #	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Target <sup>4</sup> Units	Housing <sup>5</sup> Pop	Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
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**Region: 13**

<b>Allocation Information for Region 13:</b>	<b>Total Credits Available for Region: \$2,895,459</b>	<b>Urban Allocation: \$2,250,980</b>	<b>Rural Allocation: \$644,479</b>
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**Applications Submitted in Region 13: Urban**

09025	13 A		Ysleta del Sur Pueblo Homes I	Tomas Granillo St.	Socorro	Urban	<input type="checkbox"/> <input type="checkbox"/>	60	60	G	NC	<input type="checkbox"/>	\$781,794	Albert Joseph	<input type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
09013	13 A		Desert Villas	SWQ of Alameda Ave. & Coronado Rd.	El Paso	Urban	<input type="checkbox"/> <input type="checkbox"/>	94	94	G	NC	<input type="checkbox"/>	\$1,085,932	Ike J. Monty	<input type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
09028	13 A		Tres Palmas	Rich Beem, Approx. 300' N. of Montana St.	El Paso	Urban	<input type="checkbox"/> <input type="checkbox"/>	172	172	G	NC	<input type="checkbox"/>	\$187,790	R.L. (Bobby) Bowling, IV	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008
09032	13 A		Paseo Palms	910 Sun Fire Blvd.	El Paso	Urban	<input type="checkbox"/> <input type="checkbox"/>	180	180	G	NC	<input type="checkbox"/>	\$195,464	R.L. (Bobby) Bowling, IV	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008

**Total: 506 506 \$2,250,980**

**Total: 506 506 \$2,250,980**

**Applications Submitted in Region 13: Rural**

09029	13 A		San Elizario Palms	13800 Blk of Socorro Rd. near Herring Rd.	San Elizario	Rural	<input type="checkbox"/> <input type="checkbox"/>	80	80	G	NC	<input type="checkbox"/>	\$71,980	R.L. (Bobby) Bowling, IV	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008
09131	13 R		Presidio Palms	Near the intersection of Gonzalez & Alarcon Rd.	San Elizario	Rural	<input type="checkbox"/> <input type="checkbox"/>	80	80	G	NC	<input type="checkbox"/>	\$930,115	R.L. (Bobby) Bowling, IV	<input type="checkbox"/>	173.0	Significant Sub-Regional Shortfall in Rural Collapse

**Total: 80 80 \$71,980**

**Total: 80 80 \$930,115**

**Total: 160 160 \$1,002,095**

**6 Applications in Region**

**Region Total: 666 666 \$3,253,075**

**80 Total Applications**

**8,622 8,817 \$86,145,287**

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**Report 1C: Hurricane Ike Awarded and Active Applications ("Ike A/R")**  
**2009 Competitive Housing Tax Credit Program**  
**(As of July 30, 2009, the recommendations may change due to pending appeals)**

**Estimated State Ceiling to be Allocated: \$29,812,320**

File #	Region Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP AR	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended Credit	Owner Contact	TDHCA HOME	Final Score
09019	4 A	Timber Village Apts II	2707 Norwood St.	Marshall	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	72	72	G	NC	<input type="checkbox"/>	\$817,794	Rick J. Deyoe	<input checked="" type="checkbox"/>	301.0
09031	4 A	Lake View Apartment Homes	N. Broadway at Loop 323	Tyler	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	134	140	E	NC	<input type="checkbox"/>	\$281,675	Michael Lankford	<input type="checkbox"/>	300.0
09027	5 A	Timber Creek Senior Living	Proposed Sienna Trails Dr. & Timber Creek Loop	Beaumont	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	115	120	E	NC	<input type="checkbox"/>	\$147,561	Ofelia Elizondo	<input type="checkbox"/>	300.0
09026	6 A	Jackson Village Retirement Center	200 Abner Jackson Blvd.	Lake Jackson	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	92	96	E	NC	<input type="checkbox"/>	\$116,848	Ofelia Elizondo	<input type="checkbox"/>	300.0
<b>Total:</b>							<b>413</b>	<b>428</b>				<b>\$1,363,878</b>			
09142	6 R	Floral Gardens	NEQ of Beltway 8 & Fondren Rd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	100	100	E	NC	<input type="checkbox"/>	\$1,404,350	Uwe Nahuina	<input type="checkbox"/>	210.0
09265	6 R	Greenhouse Place	SEQ West & Greenhouse	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	140	140	E	NC	<input type="checkbox"/>	\$1,461,953	Manish Verma	<input type="checkbox"/>	210.0
09132	6 R	Chelsea Senior Community	6900 Blk of TC Jester & W. Little York Rd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	150	150	E	NC	<input type="checkbox"/>	\$1,956,673	Cherno M. Njie	<input type="checkbox"/>	209.0
09103	6 R	Trebah Village	19000 Blk of West Little York Rd. (S. side)	Katy	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	121	129	E	NC	<input type="checkbox"/>	\$1,244,034	David Mark Koogler	<input type="checkbox"/>	204.0
09254	6 R	Irvington Court	4004 Irvington Blvd.	Houston	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	115	144	G	NC	<input type="checkbox"/>	\$1,343,499*	Jason Holoubek	<input type="checkbox"/>	204.0
09281	6 R	Mariposa at Keith Harrow	SWQ of Keith Harrow Blvd. & Hwy 6	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	180	180	E	NC	<input type="checkbox"/>	\$2,000,000*	Stuart Shaw	<input type="checkbox"/>	204.0
09120	6 R	Senior Villages of Huntsville	140 Essex Blvd.	Huntsville	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	36	36	E	NC	<input type="checkbox"/>	\$496,797	R.J. Collins	<input type="checkbox"/>	203.0
09267	6 R	Heritage Crossing	NWC of 11th St. & FM 646	Santa Fe	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	68	72	E	NC	<input type="checkbox"/>	\$851,779*	Ron Williams	<input checked="" type="checkbox"/>	203.0
09270	6 R	Northline Apartment Homes	N. Side of W. Grenfell Ln. & W. Side of Northline Dr.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	172	172	G	NC	<input type="checkbox"/>	\$1,988,105*	Kenneth Cash	<input type="checkbox"/>	203.0
09104	5 R	Stone Hearst Seniors	1650 E. Lucas Dr.	Beaumont	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	36	36	E	NC	<input type="checkbox"/>	\$542,549	R.J. Collins	<input type="checkbox"/>	202.0
09193	6 R	Sierra Meadows	BW 8 & E. of Wilson Rd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	85	90	E	NC	<input type="checkbox"/>	\$1,182,413	Paula B. Burns	<input type="checkbox"/>	202.0
09188	6 R	Casa Brazoria	152nd Blk of Brazoswood Dr.	Clute	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	36	36	G	NC	<input type="checkbox"/>	\$876,319	Vincent A. Marquez	<input type="checkbox"/>	200.0
09161	6 R	Sterling Court Senior Residences	NWC of Minnesota & Alameda Genoa	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	140	140	E	NC	<input type="checkbox"/>	\$1,818,532	Michael Robinson	<input type="checkbox"/>	200.0

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File #	Region Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP AR	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended Credit	Owner Contact	TDHCA HOME	Final Score
09170	6 R	South Acres Ranch II	E. Side of 11400 Blk of Scott St.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	48	49	G	NC	<input type="checkbox"/>	\$1,008,077	W. Barry Kahn	<input type="checkbox"/>	200.0
09248	6 R	Pearland Senior Village	8100 Blk of Broadway St. (S. side)	Pearland	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	126	126	E	NC	<input type="checkbox"/>	\$1,537,571	Doak Brown	<input checked="" type="checkbox"/>	200.0
09201	6 R	Ventana Pointe	Red Oak & Butterfield Rd.	Houston	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	96	96	E	NC	<input type="checkbox"/>	\$1,091,199	Vincent A. Marquez	<input type="checkbox"/>	199.0
09287	6 R	Horizon Meadows Apts	Approx. 8.7 acres SWC of Main St. & Bayou Rd.	La Marque	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	96	96	G	NC	<input type="checkbox"/>	\$1,294,092*	Rick J. Deyoe	<input checked="" type="checkbox"/>	199.0
09242	6 R	Beechnut Oaks	NWC of Beechnut & Eldridge Pkwy.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	144	144	E	NC	<input type="checkbox"/>	\$1,686,794	Les Kilday	<input type="checkbox"/>	198.0
09184	5 R	Oakmont Apts	711 Interstate 10 East	Orange	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	80	80	G	NC	<input type="checkbox"/>	\$910,348	K.T. (Ike) Akbari	<input type="checkbox"/>	197.0
09316	6 R	Champion Homes at Bay Walk	7200 Heards Ln.	Galveston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	192	192	G	RH	<input checked="" type="checkbox"/>	\$1,443,759*	Saleem Jafar	<input type="checkbox"/>	197.0
09266	6 R	Skytop Apts	2455 N. Frazier	Conroe	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	174	192	G	NC	<input type="checkbox"/>	\$2,000,000	Richard Bowe	<input type="checkbox"/>	195.0
09162	5 R	Arbor Pines Apartment Homes	W. of MLK Dr. near to Tulane Rd.	Orange	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	76	76	E	NC	<input type="checkbox"/>	\$915,220*	Marc Caldwell	<input type="checkbox"/>	192.0
09228	5 R	Lufkin Pioneer Crossing for Seniors	1404 Old Gobblers Knob Rd.	Lufkin	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	80	80	E	NC	<input type="checkbox"/>	\$958,558*	Noor Jooma	<input checked="" type="checkbox"/>	192.0
09183	5 R	Grace Lake Townhomes	4060 West Cardinal Drive	Beaumont	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	112	128	G	NC	<input type="checkbox"/>	\$1,287,056	K.T. (Ike) Akbari	<input type="checkbox"/>	189.0
09196	6 R	Golden Bamboo Village II	E. Side of 12000 N. Gessner Rd.	Houston	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	116	116	G	NC	<input type="checkbox"/>	\$1,621,465	Michael Nguyen	<input type="checkbox"/>	185.0
09177	6 R	Orchard at Oak Forest	NEQ of Brinkman St. & 34th St.	Houston	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	118	118	E	NC	<input type="checkbox"/>	\$1,497,001	Stephan Fairfield	<input type="checkbox"/>	185.0
09260	4 R	Millie Street Apts	SEC of Millie St. & Green St.	Longview	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	59	60	G	NC	<input type="checkbox"/>	\$665,000	Justin Zimmerman	<input type="checkbox"/>	184.0
09249	6 R	Dixie Gardens	1216 Dixie Farm Rd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	148	148	I	NC	<input type="checkbox"/>	\$2,000,000*	H. Elizabeth Young	<input type="checkbox"/>	177.0
09232	6 R	Brazos Bend Villa	2020 Rocky Falls Rd.	Richmond	Rural	<input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	120	120	G	RH	<input checked="" type="checkbox"/>	\$1,368,982	Kenneth Tann	<input type="checkbox"/>	177.0
09185	6 R	Maplewood Village II	550 Hobbs Rd.	League City	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	80	80	E	NC	<input checked="" type="checkbox"/>	\$1,149,880*	Thomas H. Scott	<input checked="" type="checkbox"/>	165.0
09156	6 R	Park Lane Apts	7515 Cook Rd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	144	144	G	NC	<input type="checkbox"/>	\$1,968,935*	Brian Cogburn	<input type="checkbox"/>	164.0
09312	6 R	Villas at El Dorado Apts	200 Blk of W. El Dorado Blvd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	159	159	E	NC	<input type="checkbox"/>	\$2,000,000*	Ken Brinkley	<input type="checkbox"/>	155.0
							<b>Total:</b>	<b>3,547</b>	<b>3,629</b>			<b>\$43,570,940</b>			
<b>36</b>	<b>Total Applications</b>	<b>Sum of Awarded Credits:</b>		<b>Sum of Recommended Credits:</b>			<b>3,960</b>	<b>4,057</b>				<b>\$44,934,818</b>			
		<b>\$1,363,878</b>		<b>\$43,570,940</b>											

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**Report 2A: At-Risk and USDA Awarded and Active Applications ("At-Risk A/R/N")**  
**2009 Competitive Housing Tax Credit Program**  
**(As of July 30, 2009, the recommendations may change due to pending appeals)**

**Estimated State Ceiling to be Allocated: \$9,000,908**

File #	Region Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP AR	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>	
09165	8 R	Cherrywood Apts	701 W. Tokio Rd.	West	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	44	44	E	2 RH	<input checked="" type="checkbox"/>	\$290,139*	Pete Potterpin	<input checked="" type="checkbox"/>	203.0	Competitive in USDA Allocation	
09150	8 R	Prairie Village Apts	611 Paul St.	Rogers	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	24	24	G	2 RH	<input checked="" type="checkbox"/>	\$150,471	Patrick A. Barbolla	<input checked="" type="checkbox"/>	187.0	Competitive in USDA Allocation	
09148	8 R	Whispering Oaks Apts	1209 West 8th	Goldthwaite	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	24	24	E	2 RH	<input checked="" type="checkbox"/>	\$163,083	Patrick A. Barbolla	<input checked="" type="checkbox"/>	187.0	Competitive in USDA Allocation	
09146	2 R	Oakwood Apts	3501 Rhodes Rd.	Brownwood	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	47	48	G	2 RH	<input checked="" type="checkbox"/>	\$275,731*	Patrick A. Barbolla	<input checked="" type="checkbox"/>	185.0	Competitive in USDA Allocation	
09100	3 R	Crestmoor Park South Apts	514 SE Gardens	Burleson	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	68	68	G	2 RH	<input checked="" type="checkbox"/>	\$468,004	Joe Chamy	<input checked="" type="checkbox"/>	183.0	Competitive in USDA Allocation	
09232	6 R	Brazos Bend Villa	2020 Rocky Falls Rd.	Richmond	Rural	<input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	120	120	G	2 RH	<input checked="" type="checkbox"/>	\$1,368,982	Kenneth Tann	<input type="checkbox"/>	177.0	Competitive in At-Risk Set-Aside	
09294	7 R	Northgate Apts and Rhomberg Apts	105 Northgate Circle & 806 N. Rhomberg	Burnet	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	60	60	G	2 RH	<input checked="" type="checkbox"/>	\$319,092*	Dennis Hoover	<input checked="" type="checkbox"/>	177.0	Competitive in USDA Allocation	
09149	8 R	Autumn Villas	100 Autumn Villas Dr.	Lorena	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	16	16	E	2 RH	<input checked="" type="checkbox"/>	\$106,245	Patrick A. Barbolla	<input checked="" type="checkbox"/>	177.0	Competitive in USDA Allocation	
09147	8 R	Village Place Apts	111 Village Place Dr.	Lorena	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	32	32	G	2 RH	<input checked="" type="checkbox"/>	\$205,533	Patrick A. Barbolla	<input checked="" type="checkbox"/>	173.0	Competitive in USDA Allocation	
09318	10 R	Hyatt Manor I and II Apts	1701 Waco St.	Gonzales	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	65	65	G	2 RH	<input checked="" type="checkbox"/>	\$344,536	Dennis Hoover	<input checked="" type="checkbox"/>	162.0	Competitive in USDA Allocation	
09126	8 R	Holland House Apts	616 Josephine St.	Holland	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	68	68	G	2 RH	<input checked="" type="checkbox"/>	\$513,496	Warren Maupin	<input checked="" type="checkbox"/>	160.0	Competitive in USDA Allocation	
09000	6 R	Courtwood Apts	400 S. Austin Rd.	Eagle Lake	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	50	50	E	2 RH	<input checked="" type="checkbox"/>	\$295,095*	Ronald Potterpin	<input checked="" type="checkbox"/>	125.0	Competitive in At-Risk Set-Aside	
09001	6 R	Hillwood Apts	308 N. East St.	Weimar	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	24	24	E	2 RH	<input checked="" type="checkbox"/>	\$151,449*	Ronald Potterpin	<input checked="" type="checkbox"/>	113.0	Competitive in At-Risk Set-Aside	
<b>Total:</b>							<b>642</b>	<b>643</b>				<b>\$4,651,856</b>					
09135	3 N	Lincoln Terrace	4714 Home St.	Fort Worth	Urban	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	72	72	G	3 RH	<input checked="" type="checkbox"/>	\$0	Barbara Holston	<input type="checkbox"/>	215.0	Not Recommended	
<b>Total:</b>							<b>72</b>	<b>72</b>				<b>\$0</b>					
<b>14 Total Applications</b>							<b>714</b>	<b>715</b>				<b>\$4,651,856</b>					

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3 = Set-Aside Abbreviations: TRDO-USDA=USDA, Nonprofit=NP, At-Risk=AR.  
4 = Target Population Abbreviation: Intergenerational=I, Elderly=E, General=G.  
5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.  
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\* = Recommended Credit: Development is displaying the requested amount because a real estate analysis has not yet been completed.

**Report 2B: Regional Awarded and Active Applications ("Regional A/R/N")**  
**2009 Competitive Housing Tax Credit Program**  
(As of July 30, 2009, the recommendations may change due to pending appeals)

**Estimated State Ceiling to be Allocated: \$53,469,785**

Region	File #	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI	Total Target <sup>4</sup> Units	Housing <sup>5</sup> Pop	Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
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**Region: 1**

<b>Allocation Information for Region 1:</b>	<b>Total Credits Available for Region: \$3,529,491</b>	<b>Urban Allocation: \$1,688,393</b>	<b>Rural Allocation: \$1,841,098</b>
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<b>Applications Submitted in Region 1: Urban</b>																		
09315	1	R	Canyons Retirement Community	2200 W. 7th Ave.	Amarillo	Urban	<input type="checkbox"/>	<input type="checkbox"/>	106	111	E	RH	<input checked="" type="checkbox"/>	\$1,025,960	Jan Thompson	<input type="checkbox"/>	217.0	Competitive in Region
09179	1	R	Emory Senior Living Apts	500 Blk of N. MLK Blvd. and Emory St.	Lubbock	Urban	<input type="checkbox"/>	<input type="checkbox"/>	102	102	E	NC	<input type="checkbox"/>	\$986,330*	John Czapski	<input type="checkbox"/>	204.0	Significant Sub-Regional Shortfall in State Collapse
<b>Total:</b>									<b>208</b>	<b>213</b>				<b>\$2,012,290</b>				
09320	1	N	Oxford Street Apts	Ventura Dr. and Viking Dr.	Amarillo	Urban	<input type="checkbox"/>	<input type="checkbox"/>	127	128	G	NC	<input type="checkbox"/>	\$0	Justin Zimmerman	<input type="checkbox"/>	180.0	Not Competitive in Region
09113	1	N	Estacado Place Apts	Intersection of MLK & Loop 289	Lubbock	Urban	<input type="checkbox"/>	<input type="checkbox"/>	120	120	E	NC	<input type="checkbox"/>	\$0	G. Granger MacDonald	<input type="checkbox"/>	160.0	Not Competitive in Region
<b>Total:</b>									<b>247</b>	<b>248</b>				<b>\$0</b>				
<b>Total:</b>									<b>455</b>	<b>461</b>				<b>\$2,012,290</b>				
<b>Applications Submitted in Region 1: Rural</b>																		
09006	1	A	Cedar Street Apts	N. Cedar St. N. of Hwy 380	Brownfield	Rural	<input type="checkbox"/>	<input type="checkbox"/>	48	48	G	NC	<input type="checkbox"/>	\$510,685	Justin Zimmerman	<input type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
<b>Total:</b>									<b>48</b>	<b>48</b>				<b>\$510,685</b>				
09101	1	R	Hampton Villages	1517 W. Alcock St.	Pampa	Rural	<input type="checkbox"/>	<input type="checkbox"/>	76	76	G	NC	<input type="checkbox"/>	\$1,156,723	Tim Lang	<input type="checkbox"/>	200.0	Competitive in Region
<b>Total:</b>									<b>76</b>	<b>76</b>				<b>\$1,156,723</b>				
<b>Total:</b>									<b>124</b>	<b>124</b>				<b>\$1,667,408</b>				
<b>6 Applications in Region</b>									<b>Region Total:</b>	<b>579</b>	<b>585</b>				<b>\$3,679,698</b>			

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\* = Recommended Credit: Development is displaying the requested amount because a real estate analysis has not yet been completed.

Region	File #	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
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Region: 2

<b>Allocation Information for Region 2:</b>	<b>Total Credits Available for Region:</b>	<b>\$998,176</b>	<b>Urban Allocation:</b>	<b>\$401,712</b>	<b>Rural Allocation:</b>	<b>\$596,465</b>
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Applications Submitted in Region 2:		Urban		Rural													
09175	2 R	Abilene Senior Village	Lot 2 at Covenant Dr. & Memorial Dr.	Abilene	Urban	<input type="checkbox"/> <input type="checkbox"/>	92	92	E	NC	<input type="checkbox"/>	\$1,126,281	Bonita Williams	<input type="checkbox"/>	210.0	Significant Sub-Regional Shortfall in State Collapse	
						<b>Total:</b>	<b>92</b>	<b>92</b>				<b>\$1,126,281</b>					
						<b>Total:</b>	<b>92</b>	<b>92</b>				<b>\$1,126,281</b>					
Applications Submitted in Region 2:		Rural															
09164	2 R	Gholson Hotel	215 Main St.	Ranger	Rural	<input type="checkbox"/> <input type="checkbox"/>	50	50	E	RH	<input checked="" type="checkbox"/>	\$369,189	Chad Asarch	<input type="checkbox"/>	222.0	Competitive in Region	
09105	2 R	Villages at Snyder	1001 37th St.	Snyder	Rural	<input type="checkbox"/> <input checked="" type="checkbox"/>	80	80	I	NC	<input type="checkbox"/>	\$1,221,403*	Jay Collins	<input type="checkbox"/>	198.0	Significant Sub-Regional Shortfall in Rural Collapse	
						<b>Total:</b>	<b>130</b>	<b>130</b>				<b>\$1,590,592</b>					
09110	2 N	Mustang Heights Apts	Intersection of Arizona Ave. & I-20 frontage Rd.	Sweetwater	Rural	<input type="checkbox"/> <input type="checkbox"/>	80	80	G	NC	<input type="checkbox"/>	\$0	Leslie Clark	<input type="checkbox"/>	160.0	Not Competitive in Region	
						<b>Total:</b>	<b>80</b>	<b>80</b>				<b>\$0</b>					
						<b>Total:</b>	<b>210</b>	<b>210</b>				<b>\$1,590,592</b>					
<b>4 Applications in Region</b>						<b>Region Total:</b>	<b>302</b>	<b>302</b>				<b>\$2,716,873</b>					

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5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.  
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**Region: 3**

<b>Allocation Information for Region 3:</b>	<b>Total Credits Available for Region: \$12,234,218</b>	<b>Urban Allocation: \$11,021,390</b>	<b>Rural Allocation: \$1,212,828</b>
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<b>Applications Submitted in Region 3: Urban</b>																		
09007	3	A	Mill Stone Apts	8600 Randoll Mill Rd.	Fort Worth	Urban	<input type="checkbox"/>	<input type="checkbox"/>	144	144	G	NC	<input type="checkbox"/>	\$1,410,399	Bert Magill	<input type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
09023	3	A	Four Seasons at Clear Creek	Oak Grove Shelby & S. Race St.	Fort Worth	Urban	<input type="checkbox"/>	<input type="checkbox"/>	92	96	G	NC	<input type="checkbox"/>	\$921,081	Susan R. Sheeran	<input type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
09033	3	A	Residences at Eastland	5500 Eastland St.	Fort Worth	Urban	<input type="checkbox"/>	<input type="checkbox"/>	140	146	G	NC	<input type="checkbox"/>	\$99,820	Dan Allgeier	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008
09030	3	A	Heritage Park Vista	8500 Ray White Rd.	Fort Worth	Urban	<input type="checkbox"/>	<input type="checkbox"/>	135	140	E	NC	<input type="checkbox"/>	\$161,776	Dan Allgeier	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008
									<b>Total:</b>	<b>511</b>	<b>526</b>			<b>\$2,593,076</b>				
09225	3	R	Hacienda Del Sol	9200 Mountain Cabin Rd.	Dallas	Urban	<input type="checkbox"/>	<input type="checkbox"/>	55	55	G	NC	<input type="checkbox"/>	\$1,067,103	Jeffrey S. Spicer	<input type="checkbox"/>	209.0	Competitive in Region
09172	3	R	Evergreen at Vista Ridge	NEQ of Highland Dr. and Rockbrook Dr.	Lewisville	Urban	<input type="checkbox"/>	<input type="checkbox"/>	120	120	E	NC	<input type="checkbox"/>	\$1,513,526	Brad Forslund	<input checked="" type="checkbox"/>	200.0	Competitive in Region
09115	3	R	Magnolia Trace	S. of Crouch Rd. & W. of Lancaster Rd.	Dallas	Urban	<input type="checkbox"/>	<input checked="" type="checkbox"/>	112	112	E	NC	<input type="checkbox"/>	\$1,000,000	Ted Stokely	<input type="checkbox"/>	200.0	Competitive in Region
09116	3	R	Tuscany Villas	7200 Blk of Chase Oaks Blvd.	Plano	Urban	<input type="checkbox"/>	<input checked="" type="checkbox"/>	90	90	E	NC	<input type="checkbox"/>	\$1,000,000	Ted Stokely	<input type="checkbox"/>	198.0	Competitive in Region
09189	3	R	Crestshire Village	2300 N. St. Augustine Dr.	Dallas	Urban	<input type="checkbox"/>	<input type="checkbox"/>	74	74	G	NC	<input type="checkbox"/>	\$1,128,274*	J. Eugene Thomas	<input type="checkbox"/>	195.0	Competitive in Region
09223	3	R	Kleberg Commons	12700 Kleberg Rd.	Dallas	Urban	<input type="checkbox"/>	<input type="checkbox"/>	200	200	E	NC	<input type="checkbox"/>	\$2,000,000*	Rodney Holloman	<input type="checkbox"/>	193.0	Competitive in Region
									<b>Total:</b>	<b>651</b>	<b>651</b>			<b>\$7,708,903</b>				
09108	3	N	Peachtree Seniors	5009 Peachtree/11209 Rylie Crest Dr.	Balch Springs	Urban	<input type="checkbox"/>	<input type="checkbox"/>	144	144	E	NC	<input type="checkbox"/>	\$0	Ron Pegram	<input type="checkbox"/>	214.0	Not Recommended

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File #	Region Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
09200	3 N	Mariposa Pointe	E. Side JJ Lemmon Rd .3m N. of Lancaster	Hutchins	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/>	128	128	G	NC	<input type="checkbox"/>	\$0	Cynthia Mickens-Smith	<input type="checkbox"/>	210.0	Not Recommended due to \$2 million cap violation.
09140	3 N	Village of Salado	9.549 acres at approx. 201 N. Joe Wilson Rd.	Cedar Hill	Urban	<input type="checkbox"/> <input type="checkbox"/>	83	83	G	NC	<input type="checkbox"/>	\$0	Uwe Nahuina	<input type="checkbox"/>	205.0	Not Recommended due to \$2 million cap violation.
09264	3 N	Sedona Ranch	6101 Old Denton Rd.	Fort Worth	Urban	<input type="checkbox"/> <input type="checkbox"/>	200	208	G	NC	<input type="checkbox"/>	\$0	Manish Verma	<input type="checkbox"/>	196.0	Not Recommended due to \$2 million cap violation.
09314	3 N	Taylor Farms	32 Pinnacle Park Blvd.	Dallas	Urban	<input type="checkbox"/> <input type="checkbox"/>	144	160	G	NC	<input type="checkbox"/>	\$0	Jason Hutton	<input type="checkbox"/>	176.0	Not Competitive in Region
09168	3 N	LifeNet Lofts	2621 Jeffries St. and 2600 Block of Merlin St.	Dallas	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/>	125	125	G	NC	<input type="checkbox"/>	\$0	Liam Mulvaney	<input type="checkbox"/>	176.0	Not Competitive in Region
09129	3 N	Napa Villas	NW corner Town Square Dr. & Gratitude Trl.	Plano	Urban	<input type="checkbox"/> <input type="checkbox"/>	123	123	E	NC	<input type="checkbox"/>	\$0	Dan Allgeier	<input type="checkbox"/>	133.0	Not Competitive in Region
<b>Total:</b>							<b>947</b>	<b>971</b>				<b>\$0</b>				
<b>Total:</b>							<b>2,109</b>	<b>2,148</b>				<b>\$10,301,979</b>				
<b>Applications Submitted in Region 3:</b>		<b>Rural</b>														
09010	3 A	Mineral Wells Pioneer Crossing	2509 E. Hubbard	Mineral Wells	Rural	<input type="checkbox"/> <input type="checkbox"/>	80	80	G	NC	<input type="checkbox"/>	\$855,825	Noor Jooma	<input checked="" type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
<b>Total:</b>							<b>80</b>	<b>80</b>				<b>\$855,825</b>				
09237	3 R	Woodland Park at Decatur	3108 S. Murvil St.	Decatur	Rural	<input type="checkbox"/> <input type="checkbox"/>	72	72	E	NC	<input type="checkbox"/>	\$576,558*	Mark E. Feaster	<input type="checkbox"/>	150.0	Significant Sub-Regional Shortfall in Rural Collapse
<b>Total:</b>							<b>72</b>	<b>72</b>				<b>\$576,558</b>				
<b>Total:</b>							<b>152</b>	<b>152</b>				<b>\$1,432,383</b>				
<b>19 Applications in Region</b>							<b>Region Total: 2,261 2,300</b>					<b>\$11,734,362</b>				

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7 = Comment: Reason for Recommendation

\* = Recommended Credit: Development is displaying the requested amount because a real estate analysis has not yet been completed.

Region	File #	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
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**Region: 4**

<b>Allocation Information for Region 4:</b>	<b>Total Credits Available for Region: \$1,738,539</b>	<b>Urban Allocation: \$655,342</b>	<b>Rural Allocation: \$1,083,198</b>
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<b>Applications Submitted in Region 4: Urban</b>																		
09031	4	A	Lake View Apartment Homes	N. Broadway at Loop 323	Tyler	Urban	<input type="checkbox"/>	<input type="checkbox"/>	134	140	E	NC	<input type="checkbox"/>	\$281,675	Michael Lankford	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008
									<b>Total:</b>	<b>134</b>	<b>140</b>			<b>\$281,675</b>				
09260	4	R	Millie Street Apts	SEC of Millie St. & Green St.	Longview	Urban	<input type="checkbox"/>	<input type="checkbox"/>	59	60	G	NC	<input type="checkbox"/>	\$665,000	Justin Zimmerman	<input type="checkbox"/>	184.0	Significant Sub-Regional Shortfall in State Collapse
									<b>Total:</b>	<b>59</b>	<b>60</b>			<b>\$665,000</b>				
									<b>Total:</b>	<b>193</b>	<b>200</b>			<b>\$946,675</b>				
<b>Applications Submitted in Region 4: Rural</b>																		
09019	4	A	Timber Village Apts II	2707 Norwood St.	Marshall	Rural	<input type="checkbox"/>	<input type="checkbox"/>	72	72	G	NC	<input type="checkbox"/>	\$817,794	Rick J. Deyoe	<input checked="" type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
									<b>Total:</b>	<b>72</b>	<b>72</b>			<b>\$817,794</b>				
09261	4	R	Turner Street Apts	NWC of State Hwy 155 & Turner St.	Palestine	Rural	<input type="checkbox"/>	<input type="checkbox"/>	59	60	G	NC	<input type="checkbox"/>	\$665,000*	Justin Zimmerman	<input type="checkbox"/>	186.0	Competitive in Region
									<b>Total:</b>	<b>59</b>	<b>60</b>			<b>\$665,000</b>				
									<b>Total:</b>	<b>131</b>	<b>132</b>			<b>\$1,482,794</b>				
<b>4 Applications in Region</b>							<b>Region Total:</b>		<b>324</b>	<b>332</b>			<b>\$2,429,469</b>					

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6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.  
7 = Comment: Reason for Recommendation  
\* = Recommended Credit: Development is displaying the requested amount because a real estate analysis has not yet been completed.

Region	File #	Status	Development Name	Address	City	Allocation	Set-Asides USDA NP	LI Units	Total Units	Target Pop	Housing Activity	ACQ	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment
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**Region: 5**

<b>Allocation Information for Region 5:</b>	<b>Total Credits Available for Region:</b> \$1,237,760	<b>Urban Allocation:</b> \$451,100	<b>Rural Allocation:</b> \$786,660
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Applications Submitted in Region 5:		Urban															
09027	5 A Timber Creek Senior Living	Proposed Sienna Trails Dr. & Timber Creek Loop	Beaumont	Urban	<input type="checkbox"/>	<input type="checkbox"/>	115	120	E	NC	<input type="checkbox"/>	\$147,561	Ofelia Elizondo	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008	
							<b>Total:</b>	<b>115</b>	<b>120</b>			<b>\$147,561</b>					
09104	5 R Stone Hearst Seniors	1650 E. Lucas Dr.	Beaumont	Urban	<input type="checkbox"/>	<input type="checkbox"/>	36	36	E	NC	<input type="checkbox"/>	\$542,549	R.J. Collins	<input type="checkbox"/>	202.0	Competitive in Hurricane Ike Counties	
09183	5 R Grace Lake Townhomes	4060 West Cardinal Drive	Beaumont	Urban	<input type="checkbox"/>	<input type="checkbox"/>	112	128	G	NC	<input type="checkbox"/>	\$1,287,056	K.T. (Ike) Akbari	<input type="checkbox"/>	189.0	Significant Sub-Regional Shortfall in State Collapse	
							<b>Total:</b>	<b>148</b>	<b>164</b>			<b>\$1,829,605</b>					
							<b>Total:</b>	<b>263</b>	<b>284</b>			<b>\$1,977,166</b>					

Applications Submitted in Region 5:		Rural															
09184	5 R Oakmont Apts	711 Interstate 10 East	Orange	Rural	<input type="checkbox"/>	<input type="checkbox"/>	80	80	G	NC	<input type="checkbox"/>	\$910,348	K.T. (Ike) Akbari	<input type="checkbox"/>	197.0	Competitive in Hurricane Ike Counties	
09162	5 R Arbor Pines Apartment Homes	W. of MLK Dr. near to Tulane Rd.	Orange	Rural	<input type="checkbox"/>	<input type="checkbox"/>	76	76	E	NC	<input type="checkbox"/>	\$915,220*	Marc Caldwell	<input type="checkbox"/>	192.0	Significant Sub-Regional Shortfall in Rural Collapse	
09228	5 R Lufkin Pioneer Crossing for Seniors	1404 Old Gobblers Knob Rd.	Lufkin	Rural	<input type="checkbox"/>	<input type="checkbox"/>	80	80	E	NC	<input type="checkbox"/>	\$958,558*	Noor Jooma	<input checked="" type="checkbox"/>	192.0	Significant Sub-Regional Shortfall in Rural Collapse	
							<b>Total:</b>	<b>236</b>	<b>236</b>			<b>\$2,784,126</b>					
							<b>Total:</b>	<b>236</b>	<b>236</b>			<b>\$2,784,126</b>					
<b>6 Applications in Region</b>							<b>Region Total:</b>	<b>499</b>	<b>520</b>			<b>\$4,761,292</b>					

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4 = Target Population Abbreviation: Intergenerational=I, Elderly=E, General=G.  
5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.  
6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.  
7 = Comment: Reason for Recommendation  
\* = Recommended Credit: Development is displaying the requested amount because a real estate analysis has not yet been completed.



**Region: 6**

<b>Allocation Information for Region 6:</b>	<b>Total Credits Available for Region:</b> \$11,955,365	<b>Urban Allocation:</b> \$10,797,042	<b>Rural Allocation:</b> \$1,158,323
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Applications Submitted in Region 6: Urban																		
09026	6 A	Jackson Village Retirement Center	200 Abner Jackson Blvd.	Lake Jackson	Urban	<input type="checkbox"/>	<input type="checkbox"/>	92	96	E	NC	<input type="checkbox"/>	\$116,848	Ofelia Elizondo	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008	
								<b>Total:</b>	<b>92</b>	<b>96</b>								<b>\$116,848</b>
09142	6 R	Floral Gardens	NEQ of Beltway 8 & Fondren Rd.	Houston	Urban	<input type="checkbox"/>	<input type="checkbox"/>	100	100	E	NC	<input type="checkbox"/>	\$1,404,350	Uwe Nahuina	<input type="checkbox"/>	210.0	Competitive in Hurricane Ike Counties	
09265	6 R	Greenhouse Place	SEQ West & Greenhouse	Houston	Urban	<input type="checkbox"/>	<input type="checkbox"/>	140	140	E	NC	<input type="checkbox"/>	\$1,461,953	Manish Verma	<input type="checkbox"/>	210.0	Competitive in Hurricane Ike Counties	
09132	6 R	Chelsea Senior Community	6900 Blk of TC Jester & W. Little York Rd.	Houston	Urban	<input type="checkbox"/>	<input type="checkbox"/>	150	150	E	NC	<input type="checkbox"/>	\$1,956,673	Cherno M. Njie	<input type="checkbox"/>	209.0	Competitive in Hurricane Ike Counties	
09254	6 R	Irvington Court	4004 Irvington Blvd.	Houston	Urban	<input type="checkbox"/>	<input checked="" type="checkbox"/>	115	144	G	NC	<input type="checkbox"/>	\$1,343,499*	Jason Holoubek	<input type="checkbox"/>	204.0	Competitive in Hurricane Ike Counties	
09103	6 R	Trebah Village	19000 Blk of West Little York Rd. (S. side)	Katy	Urban	<input type="checkbox"/>	<input type="checkbox"/>	121	129	E	NC	<input type="checkbox"/>	\$1,244,034	David Mark Koogler	<input type="checkbox"/>	204.0	Competitive in Hurricane Ike Counties	
09281	6 R	Mariposa at Keith Harrow	SWQ of Keith Harrow Blvd. & Hwy 6	Houston	Urban	<input type="checkbox"/>	<input type="checkbox"/>	180	180	E	NC	<input type="checkbox"/>	\$2,000,000*	Stuart Shaw	<input type="checkbox"/>	204.0	Competitive in Hurricane Ike Counties	
09270	6 R	Northline Apartment Homes	N. Side of W. Grenfell Ln. & W. Side of Northline Dr.	Houston	Urban	<input type="checkbox"/>	<input type="checkbox"/>	172	172	G	NC	<input type="checkbox"/>	\$1,988,105*	Kenneth Cash	<input type="checkbox"/>	203.0	Competitive in Hurricane Ike Counties	
09267	6 R	Heritage Crossing	NWC of 11th St. & FM 646	Santa Fe	Urban	<input type="checkbox"/>	<input type="checkbox"/>	68	72	E	NC	<input type="checkbox"/>	\$851,779*	Ron Williams	<input checked="" type="checkbox"/>	203.0	Competitive in Hurricane Ike Counties	
09193	6 R	Sierra Meadows	BW 8 & E. of Wilson Rd.	Houston	Urban	<input type="checkbox"/>	<input type="checkbox"/>	85	90	E	NC	<input type="checkbox"/>	\$1,182,413	Paula B. Burns	<input type="checkbox"/>	202.0	Competitive in Hurricane Ike Counties	

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File #	Region Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	Housing <sup>5</sup> ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
09248	6 R	Pearland Senior Village	8100 Blk of Broadway St. (S. side)	Pearland	Urban	<input type="checkbox"/> <input type="checkbox"/>	126	126	E	NC	<input type="checkbox"/>	\$1,537,571	Doak Brown	<input checked="" type="checkbox"/>	200.0	Competitive in Hurricane Ike Counties
09170	6 R	South Acres Ranch II	E. Side of 11400 Blk of Scott St.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	48	49	G	NC	<input type="checkbox"/>	\$1,008,077	W. Barry Kahn	<input type="checkbox"/>	200.0	Competitive in Hurricane Ike Counties
09188	6 R	Casa Brazoria	152nd Blk of Brazoswood Dr.	Clute	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/>	36	36	G	NC	<input type="checkbox"/>	\$876,319	Vincent A. Marquez	<input type="checkbox"/>	200.0	Competitive in Hurricane Ike Counties
09161	6 R	Sterling Court Senior Residences	NWC of Minnesota & Alameda Genoa	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	140	140	E	NC	<input type="checkbox"/>	\$1,818,532	Michael Robinson	<input type="checkbox"/>	200.0	Competitive in Hurricane Ike Counties
09287	6 R	Horizon Meadows Apts	Approx. 8.7 acres SWC of Main St. & Bayou Rd.	La Marque	Urban	<input type="checkbox"/> <input type="checkbox"/>	96	96	G	NC	<input type="checkbox"/>	\$1,294,092*	Rick J. Deyoe	<input checked="" type="checkbox"/>	199.0	Competitive in Hurricane Ike Counties
09201	6 R	Ventana Pointe	Red Oak & Butterfield Rd.	Houston	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/>	96	96	E	NC	<input type="checkbox"/>	\$1,091,199	Vincent A. Marquez	<input type="checkbox"/>	199.0	Competitive in Hurricane Ike Counties
09242	6 R	Beechnut Oaks	NWC of Beechnut & Eldridge Pkwy.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	144	144	E	NC	<input type="checkbox"/>	\$1,686,794	Les Kilday	<input type="checkbox"/>	198.0	Competitive in Region
09316	6 R	Champion Homes at Bay Walk	7200 Heards Ln.	Galveston	Urban	<input type="checkbox"/> <input type="checkbox"/>	192	192	G	RH	<input checked="" type="checkbox"/>	\$1,443,759*	Saleem Jafar	<input type="checkbox"/>	197.0	Competitive in Hurricane Ike Counties
09266	6 R	Skytop Apts	2455 N. Frazier	Conroe	Urban	<input type="checkbox"/> <input type="checkbox"/>	174	192	G	NC	<input type="checkbox"/>	\$2,000,000	Richard Bowe	<input type="checkbox"/>	195.0	Competitive in Hurricane Ike Counties
09177	6 R	Orchard at Oak Forest	NEQ of Brinkman St. & 34th St.	Houston	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/>	118	118	E	NC	<input type="checkbox"/>	\$1,497,001	Stephan Fairfield	<input type="checkbox"/>	185.0	Competitive in Region
09196	6 R	Golden Bamboo Village II	E. Side of 12000 N. Gessner Rd.	Houston	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/>	116	116	G	NC	<input type="checkbox"/>	\$1,621,465	Michael Nguyen	<input type="checkbox"/>	185.0	Competitive in Region
09249	6 R	Dixie Gardens	1216 Dixie Farm Rd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	148	148	I	NC	<input type="checkbox"/>	\$2,000,000*	H. Elizabeth Young	<input type="checkbox"/>	177.0	Competitive in Region
09185	6 R	Maplewood Village II	550 Hobbs Rd.	League City	Urban	<input type="checkbox"/> <input type="checkbox"/>	80	80	E	NC	<input checked="" type="checkbox"/>	\$1,149,880*	Thomas H. Scott	<input checked="" type="checkbox"/>	165.0	Competitive in Region
09156	6 R	Park Lane Apts	7515 Cook Rd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	144	144	G	NC	<input type="checkbox"/>	\$1,968,935*	Brian Cogburn	<input type="checkbox"/>	164.0	Competitive in Region

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File #	Region Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
09312	6 R	Villas at El Dorado Apts	200 Blk of W. El Dorado Blvd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	159	159	E	NC	<input type="checkbox"/>	\$2,000,000*	Ken Brinkley	<input type="checkbox"/>	155.0	Competitive in Region
							<b>Total: 2,948</b>	<b>3,013</b>				<b>\$36,426,430</b>				
09272	6 N	Mason Apartment Homes	Mason Rd. b/t Franz & Morton Rd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	120	120	E	NC	<input type="checkbox"/>	\$0	Kenneth Cash	<input type="checkbox"/>	207.0	Not Recommended due to \$2 million cap violation.
09280	6 N	Mariposa at Ella Blvd	Approx. 0.1 mi SE of Southridge Rd. on Ella Blvd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	180	180	E	NC	<input type="checkbox"/>	\$0	Stuart Shaw	<input type="checkbox"/>	204.0	Not Recommended due to \$2 million cap violation.
09160	6 N	Stone Court Senior Residences	NEC of Smithstone Dr. & Somerrall Dr.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	80	80	E	NC	<input type="checkbox"/>	\$0	Michael Robinson	<input type="checkbox"/>	200.0	Not Recommended due to \$2 million cap violation.
09191	6 N	Sendero Pointe	S. Side of Addicks Satsuma approx. 10m E. of Hwy 6	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	120	120	E	NC	<input type="checkbox"/>	\$0	Thomas W. Troll	<input type="checkbox"/>	199.0	Not Recommended due to \$2 million cap violation.
09269	6 N	Eldridge Oaks	8.5 acres on N. Eldridge Pkwy., N. of FM 529	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	160	160	G	NC	<input type="checkbox"/>	\$0	Kenneth Cash	<input type="checkbox"/>	194.0	Not Recommended due to \$2 million cap violation.
09317	6 N	Champion Homes at Marina Landing	7302 Heards Ln.	Galveston	Urban	<input type="checkbox"/> <input type="checkbox"/>	256	256	G	RH	<input checked="" type="checkbox"/>	\$0	Saleem Jafar	<input type="checkbox"/>	193.0	Not Recommended due to \$2 million cap violation.
09276	6 N	Cypress Creek at Calder Drive	N. Side of FM 517 approx. 1/2 mi W. of FM 646	Dickinson	Urban	<input type="checkbox"/> <input type="checkbox"/>	180	180	G	NC	<input type="checkbox"/>	\$0	Stuart Shaw	<input type="checkbox"/>	181.0	Not Recommended due to \$2 million cap violation.
09167	6 N	Fondren Ranch	15800 Blk of Fondren at Fort Bend Tollway	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	100	101	G	NC	<input type="checkbox"/>	\$0	W. Barry Kahn	<input type="checkbox"/>	160.0	Not Recommended due to \$2 million cap violation.
09169	6 N	Orem Ranch	W. Side of 12500 Blk of Almeda	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	80	81	G	NC	<input type="checkbox"/>	\$0	W. Barry Kahn	<input type="checkbox"/>	160.0	Not Recommended due to \$2 million cap violation.
09313	6 N	Hampshire Court Apts	3400 Blk of S. Burke Dr. near Vista Rd.	Pasadena	Urban	<input type="checkbox"/> <input type="checkbox"/>	159	159	E	NC	<input type="checkbox"/>	\$0	J. Steve Ford	<input type="checkbox"/>	150.0	Not Competitive in Region
09311	6 N	Deerbrook Place Apts	19700 Blk of the W. Side of Deerbrook Park Blvd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/>	159	159	E	NC	<input type="checkbox"/>	\$0	William D. Henson	<input type="checkbox"/>	141.0	Not Competitive in Region
							<b>Total: 1,594</b>	<b>1,596</b>				<b>\$0</b>				
							<b>Total: 4,634</b>	<b>4,705</b>				<b>\$36,543,278</b>				

**Applications Submitted in Region 6: Rural**

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File #	Region Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	Housing <sup>5</sup> ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>	
09120	6 R	Senior Villages of Huntsville	140 Essex Blvd.	Huntsville	Rural	<input type="checkbox"/> <input type="checkbox"/>	36	36	E	NC	<input type="checkbox"/>	\$496,797	R.J. Collins	<input type="checkbox"/>	203.0	Competitive in Hurricane Ike Counties	
<b>Total:</b>							<b>36</b>	<b>36</b>				<b>\$496,797</b>					
09102	6 N	Magnolia Trails	31000 Blk of Nichols Rd. (W. side)	Magnolia	Rural	<input type="checkbox"/> <input type="checkbox"/>	76	80	E	NC	<input type="checkbox"/>	\$0	David Mark Koogler	<input type="checkbox"/>	212.0	Not Recommended due to \$2 million cap violation.	
<b>Total:</b>							<b>76</b>	<b>80</b>				<b>\$0</b>					
<b>Total:</b>							<b>112</b>	<b>116</b>				<b>\$496,797</b>					
<b>38 Applications in Region</b>						<b>Region Total:</b>		<b>4,746</b>	<b>4,821</b>			<b>\$37,040,075</b>					

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**Region: 7**

<b>Allocation Information for Region 7:</b>	<b>Total Credits Available for Region: \$3,873,864</b>	<b>Urban Allocation: \$2,609,751</b>	<b>Rural Allocation: \$1,264,113</b>
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<b>Applications Submitted in Region 7: Urban</b>																		
09008	7	A	Huntington	FM 118, 1550' N. of FM 2001	Buda	Urban	<input type="checkbox"/>	<input type="checkbox"/>	116	120	E	NC	<input type="checkbox"/>	\$1,014,586	Ofelia Elizondo	<input type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
09034	7	A	Tuscany Park at Buda	FM 2001 E of IH35	Buda	Urban	<input type="checkbox"/>	<input type="checkbox"/>	170	176	G	NC	<input type="checkbox"/>	\$131,841	Mark Musemeche	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008
									<b>Total:</b>	<b>286</b>	<b>296</b>							<b>\$1,146,427</b>
09159	7	R	Malibu Apts	8600 N. Lamar Blvd.	Austin	Urban	<input type="checkbox"/>	<input type="checkbox"/>	428	476	G	RH	<input checked="" type="checkbox"/>	\$2,417,862*	Joe McLaughlin	<input type="checkbox"/>	215.0	Significant Sub-Regional Shortfall in State Collapse
									<b>Total:</b>	<b>428</b>	<b>476</b>							<b>\$2,417,862</b>
09138	7	N	Belmont Senior Village	12.3 acres of Lots 1-3 Blk A, Replat of Lots 1-9, Blk "A" of Leander 2243 subdivision	Leander	Urban	<input type="checkbox"/>	<input type="checkbox"/>	168	192	E	NC	<input type="checkbox"/>	\$0	Colby Denison	<input checked="" type="checkbox"/>	212.0	Not Competitive in Region
09268	7	N	Wildflower Terrace	NEC of Berkman Dr. & Tom Miller St.	Austin	Urban	<input type="checkbox"/>	<input type="checkbox"/>	171	201	E	NC	<input type="checkbox"/>	\$0	Diana Mclver	<input type="checkbox"/>	211.0	Not Competitive in Region
09130	7	N	M Station	2906 E. MLK Jr. Blvd.	Austin	Urban	<input type="checkbox"/>	<input checked="" type="checkbox"/>	135	150	G	NC	<input type="checkbox"/>	\$0	Walter Moreau	<input type="checkbox"/>	211.0	Not Competitive in Region
									<b>Total:</b>	<b>474</b>	<b>543</b>							<b>\$0</b>
									<b>Total:</b>	<b>1,188</b>	<b>1,315</b>							<b>\$3,564,289</b>
<b>Applications Submitted in Region 7: Rural</b>																		
09012	7	A	Park Ridge Apts	SEC of Legend Hills Blvd. & RM 152	Llano	Rural	<input type="checkbox"/>	<input type="checkbox"/>	62	64	G	NC	<input type="checkbox"/>	\$697,017	Mark Mayfield	<input checked="" type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
									<b>Total:</b>	<b>62</b>	<b>64</b>							<b>\$697,017</b>
09310	7	R	San Gabriel Crossing	155 Hillcrest Ln.	Liberty Hill	Rural	<input type="checkbox"/>	<input type="checkbox"/>	71	76	G	NC	<input type="checkbox"/>	\$928,369*	Mark Mayfield	<input type="checkbox"/>	199.0	Significant Sub-Regional Shortfall in Rural Collapse

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Region File #	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
						<b>Total:</b>	<b>71</b>	<b>76</b>				<b>\$928,369</b>				
09293	7 N	Villas of Shady Grove	North FM 963 at Hill St. and Rhomberg St.	Burnet	Rural	<input type="checkbox"/> <input type="checkbox"/>	72	80	G	NC	<input type="checkbox"/>	\$0	Dennis Hoover	<input checked="" type="checkbox"/>	179.0	Not Competitive in Region
						<b>Total:</b>	<b>72</b>	<b>80</b>				<b>\$0</b>				
						<b>Total:</b>	<b>205</b>	<b>220</b>				<b>\$1,625,386</b>				
<b>9 Applications in Region</b>						<b>Region Total:</b>	<b>1,393</b>	<b>1,535</b>				<b>\$5,189,675</b>				

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Region	File #	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Target <sup>4</sup> Units	Housing <sup>5</sup> Pop	Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
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**Region: 8**

<b>Allocation Information for Region 8:</b>	<b>Total Credits Available for Region: \$2,327,457</b>	<b>Urban Allocation: \$1,651,469</b>	<b>Rural Allocation: \$675,988</b>
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<b>Applications Submitted in Region 8: Urban</b>																		
09024	8	A	Costa Esmeralda	Gurley Ln. & S. 16th St.	Waco	Urban	<input type="checkbox"/>	<input type="checkbox"/>	112	112	G	NC	<input type="checkbox"/>	\$1,086,058	Mark Mayfield	<input type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
									<b>Total:</b>	<b>112</b>	<b>112</b>			<b>\$1,086,058</b>				
09163	8	R	Tremont Apartment Homes	1600 Bacon Ranch Rd.	Killeen	Urban	<input type="checkbox"/>	<input type="checkbox"/>	112	112	E	NC	<input type="checkbox"/>	\$1,274,491	Jeff Gannon	<input type="checkbox"/>	204.0	Significant Sub-Regional Shortfall in State Collapse
									<b>Total:</b>	<b>112</b>	<b>112</b>			<b>\$1,274,491</b>				
09121	8	N	Red Oak Seniors	920 S. Loop 340	Waco	Urban	<input type="checkbox"/>	<input type="checkbox"/>	36	36	E	NC	<input type="checkbox"/>	\$0	R.J. Collins	<input type="checkbox"/>	204.0	Not Competitive in Region
09118	8	N	Fairways at Sammons Park	SWC of W. Adams & 43rd St.	Temple	Urban	<input type="checkbox"/>	<input type="checkbox"/>	92	92	E	NC	<input type="checkbox"/>	\$0	Clifton Phillips	<input type="checkbox"/>	204.0	Not Competitive in Region
									<b>Total:</b>	<b>128</b>	<b>128</b>			<b>\$0</b>				
									<b>Total:</b>	<b>352</b>	<b>352</b>			<b>\$2,360,549</b>				
<b>4 Applications in Region</b>						<b>Region Total:</b>		<b>352</b>	<b>352</b>			<b>\$2,360,549</b>						

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**Region: 9**

<b>Allocation Information for Region 9:</b>	<b>Total Credits Available for Region:</b> \$3,495,652	<b>Urban Allocation:</b> \$2,826,910	<b>Rural Allocation:</b> \$668,742
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**Applications Submitted in Region 9: Urban**

09015	9 A	Sutton Homes	909 Runnels	San Antonio	Urban	<input type="checkbox"/>	<input type="checkbox"/>	186	194	G	RH	<input checked="" type="checkbox"/>	\$1,650,000	Ryan Wilson	<input type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
								<b>Total:</b>	<b>186</b>	<b>194</b>			<b>\$1,650,000</b>				
09190	9 R	San Juan Square III	300 Gante Walk	San Antonio	Urban	<input type="checkbox"/>	<input checked="" type="checkbox"/>	32	32	G	RH	<input type="checkbox"/>	\$602,456	David Casso	<input type="checkbox"/>	220.0	Competitive in Region
09198	9 R	Montabella Pointe	W. Side of Foster Rd. and S. Side of FM 78	San Antonio	Urban	<input type="checkbox"/>	<input checked="" type="checkbox"/>	144	144	G	NC	<input type="checkbox"/>	\$1,731,393	Gilbert Piette	<input type="checkbox"/>	210.0	Significant Sub-Regional Shortfall in State Collapse
								<b>Total:</b>	<b>176</b>	<b>176</b>			<b>\$2,333,849</b>				
09230	9 N	Darson Marie Terrace	3142 Weir Ave.	San Antonio	Urban	<input type="checkbox"/>	<input type="checkbox"/>	56	57	E	NC	<input type="checkbox"/>	\$0	Richard Washington	<input type="checkbox"/>	207.0	Not Competitive in Region
09187	9 N	Pleasanton Farms	SE Loop 410 & Pleasanton Rd.	San Antonio	Urban	<input type="checkbox"/>	<input type="checkbox"/>	165	165	G	NC	<input type="checkbox"/>	\$0	Mike Sugrue	<input type="checkbox"/>	163.0	Not Competitive in Region
09307	9 N	Medio Springs Ranch Apts	1530 Marbach Oaks	San Antonio	Urban	<input type="checkbox"/>	<input type="checkbox"/>	200	252	G	NC	<input type="checkbox"/>	\$0	Stephen J. Poppoon	<input type="checkbox"/>	158.0	Not Competitive in Region
09202	9 N	Tesoro Hills	Sweet Maiden Dr. at Tesoro Hills	San Antonio	Urban	<input type="checkbox"/>	<input type="checkbox"/>	158	158	G	NC	<input type="checkbox"/>	\$0	Mike Sugrue	<input type="checkbox"/>	150.0	Not Competitive in Region
								<b>Total:</b>	<b>579</b>	<b>632</b>			<b>\$0</b>				
								<b>Total:</b>	<b>941</b>	<b>1,002</b>			<b>\$3,983,849</b>				

**Applications Submitted in Region 9: Rural**

09192	9 R	Tierra Pointe	W. of Hwy 181/123 & S. of Vista Rd.	Karnes City	Rural	<input type="checkbox"/>	<input checked="" type="checkbox"/>	76	80	G	NC	<input type="checkbox"/>	\$1,061,463	Susan R. Sheeran	<input type="checkbox"/>	195.0	Significant Sub-Regional Shortfall in Rural Collapse
								<b>Total:</b>	<b>76</b>	<b>80</b>			<b>\$1,061,463</b>				
09304	9 N	Gardens at Clearwater Apts	400 Blk of Clearwater Paseo	Kerrville	Rural	<input type="checkbox"/>	<input type="checkbox"/>	80	80	E	NC	<input type="checkbox"/>	\$0	Lucille Jones	<input type="checkbox"/>	179.0	Not Competitive in Region
								<b>Total:</b>	<b>80</b>	<b>80</b>			<b>\$0</b>				
								<b>Total:</b>	<b>156</b>	<b>160</b>			<b>\$1,061,463</b>				

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4 = Target Population Abbreviation: Intergenerational=I, Elderly=E, General=G.  
5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.  
6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.  
7 = Comment: Reason for Recommendation  
\* = Recommended Credit: Development is displaying the requested amount because a real estate analysis has not yet been completed.



Region	File #	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Target <sup>4</sup> Units	Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
<b>9 Applications in Region</b>						<b>Region Total: 1,097 1,162</b>						<b>\$5,045,312</b>					

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**Region: 10**

<b>Allocation Information for Region 10:</b>	<b>Total Credits Available for Region: \$2,109,952</b>	<b>Urban Allocation: \$1,052,501</b>	<b>Rural Allocation: \$1,057,452</b>
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<b>Applications Submitted in Region 10: Urban</b>																		
09158	10	R	Arrowsmith Apts	5701 Williams Dr.	Corpus Christi	Urban	<input type="checkbox"/>	<input type="checkbox"/>	70	70	G	RH	<input checked="" type="checkbox"/>	\$444,645	Chad Asarch	<input type="checkbox"/>	217.0	Competitive in Region
09211	10	R	Corban Townhomes	1455 Southgate	Corpus Christi	Urban	<input type="checkbox"/>	<input checked="" type="checkbox"/>	128	128	G	NC	<input type="checkbox"/>	\$1,594,705	Richard J. Franco	<input type="checkbox"/>	194.0	Significant Sub-Regional Shortfall in State Collapse
									<b>Total:</b>	<b>198</b>	<b>198</b>			<b>\$2,039,350</b>				
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									<b>Total:</b>	<b>198</b>	<b>198</b>			<b>\$2,039,350</b>				
<b>Applications Submitted in Region 10: Rural</b>																		
09245	10	R	Heights at Corral	1000 W. Corral Ave.	Kingsville	Rural	<input type="checkbox"/>	<input type="checkbox"/>	80	80	G	RH	<input checked="" type="checkbox"/>	\$894,750	Socorro ("Cory") Hinojosa	<input checked="" type="checkbox"/>	217.0	Competitive in Region
									<b>Total:</b>	<b>80</b>	<b>80</b>			<b>\$894,750</b>				
-----																		
									<b>Total:</b>	<b>80</b>	<b>80</b>			<b>\$894,750</b>				
-----																		
<b>3 Applications in Region</b>						<b>Region Total:</b>		<b>278</b>	<b>278</b>			<b>\$2,934,100</b>						

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Region	File #	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Target <sup>4</sup> Units	Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
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**Region: 11**

<b>Allocation Information for Region 11:</b>	<b>Total Credits Available for Region: \$6,233,485</b>	<b>Urban Allocation: \$4,375,797</b>	<b>Rural Allocation: \$1,857,687</b>
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<b>Applications Submitted in Region 11: Urban</b>																		
09180	11	R	Weslaco Hills Apts	1900 Blk of W. Business 83	Weslaco	Urban	<input type="checkbox"/>	<input type="checkbox"/>	120	120	G	NC	<input type="checkbox"/>	\$1,301,448	Steve Lollis	<input type="checkbox"/>	205.0	Competitive in Region
09181	11	R	Bowie Garden Apts	4700 Blk of Bowie Rd.	Brownsville	Urban	<input type="checkbox"/>	<input type="checkbox"/>	86	86	G	NC	<input type="checkbox"/>	\$970,564	John Czapski	<input type="checkbox"/>	203.0	Competitive in Region
									<b>Total:</b>	<b>206</b>	<b>206</b>			<b>\$2,272,012</b>				
									<b>Total:</b>	<b>206</b>	<b>206</b>			<b>\$2,272,012</b>				
<b>Applications Submitted in Region 11: Rural</b>																		
09119	11	R	Legacy Villas	S. Side of 2nd St. and W. Side of US 57	Eagle Pass	Rural	<input type="checkbox"/>	<input type="checkbox"/>	64	64	G	NC	<input type="checkbox"/>	\$1,000,000	Clifton Phillips	<input type="checkbox"/>	203.0	Competitive in Region
									<b>Total:</b>	<b>64</b>	<b>64</b>			<b>\$1,000,000</b>				
									<b>Total:</b>	<b>64</b>	<b>64</b>			<b>\$1,000,000</b>				
<b>3 Applications in Region</b>							<b>Region Total:</b>		<b>270</b>	<b>270</b>			<b>\$3,272,012</b>					

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Region	File #	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Target <sup>4</sup> Units	Housing <sup>5</sup> Pop	Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
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**Region: 12**

<b>Allocation Information for Region 12:</b>	<b>Total Credits Available for Region:</b>	<b>\$840,367</b>	<b>Urban Allocation:</b>	<b>\$233,057</b>	<b>Rural Allocation:</b>	<b>\$607,310</b>
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<b>Applications Submitted in Region 12: Urban</b>																		
09127	12	R	Sage Brush Village	3500 West 8th St.	Odessa	Urban	<input type="checkbox"/>	<input type="checkbox"/>	112	112	G	NC	<input type="checkbox"/>	\$1,252,049	Randy Stevenson	<input type="checkbox"/>	204.0	Significant Sub-Regional Shortfall in State Collapse
									<b>Total:</b>	<b>112</b>	<b>112</b>			<b>\$1,252,049</b>				
09299	12	N	Hillcrest Acres	19.9 acres b/w Cuthbert Ave. & Princeton Ave., W. of Midland Dr.	Midland	Urban	<input type="checkbox"/>	<input type="checkbox"/>	93	93	G	NC	<input type="checkbox"/>	\$0	Max Schleder	<input type="checkbox"/>	197.0	Not Competitive in Region
									<b>Total:</b>	<b>93</b>	<b>93</b>			<b>\$0</b>				
									<b>Total:</b>	<b>205</b>	<b>205</b>			<b>\$1,252,049</b>				
<b>Applications Submitted in Region 12: Rural</b>																		
09136	12	R	Gateway to Eden	Grant/Rudder Streets & Kelly Street	Eden	Rural	<input type="checkbox"/>	<input type="checkbox"/>	20	20	G	NC	<input type="checkbox"/>	\$476,746*	Ethan Horne	<input checked="" type="checkbox"/>	172.0	Competitive in Region
									<b>Total:</b>	<b>20</b>	<b>20</b>			<b>\$476,746</b>				
									<b>Total:</b>	<b>20</b>	<b>20</b>			<b>\$476,746</b>				
<b>3 Applications in Region</b>									<b>Region Total:</b>	<b>225</b>	<b>225</b>			<b>\$1,728,795</b>				

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**Region: 13**

<b>Allocation Information for Region 13:</b>	<b>Total Credits Available for Region: \$2,895,459</b>	<b>Urban Allocation: \$2,250,980</b>	<b>Rural Allocation: \$644,479</b>
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**Applications Submitted in Region 13: Urban**

09025	13 A	Ysleta del Sur Pueblo Homes I	Tomas Granillo St.	Socorro	Urban	<input type="checkbox"/> <input type="checkbox"/>		60	60	G	NC	<input type="checkbox"/>	\$781,794	Albert Joseph	<input type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
09013	13 A	Desert Villas	SWQ of Alameda Ave. & Coronado Rd.	El Paso	Urban	<input type="checkbox"/> <input type="checkbox"/>		94	94	G	NC	<input type="checkbox"/>	\$1,085,932	Ike J. Monty	<input type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008
09028	13 A	Tres Palmas	Rich Beem, Approx. 300' N. of Montana St.	El Paso	Urban	<input type="checkbox"/> <input type="checkbox"/>		172	172	G	NC	<input type="checkbox"/>	\$187,790	R.L. (Bobby) Bowling, IV	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008
09032	13 A	Paseo Palms	910 Sun Fire Blvd.	El Paso	Urban	<input type="checkbox"/> <input type="checkbox"/>		180	180	G	NC	<input type="checkbox"/>	\$195,464	R.L. (Bobby) Bowling, IV	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008

**Total: 506 506 \$2,250,980**

09306	13 N	Canyon Square Village	8622 & 8624 N. Loop Rd.	El Paso	Urban	<input type="checkbox"/> <input type="checkbox"/>		104	104	G	NC	<input type="checkbox"/>	\$0	Ike J. Monty	<input type="checkbox"/>	156.0	Sub-region over allocated by forward commitment in 2008
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**Total: 104 104 \$0**

**Total: 610 610 \$2,250,980**

**Applications Submitted in Region 13: Rural**

09029	13 A	San Elizario Palms	13800 Blk of Socorro Rd. near Herring Rd.	San Elizario	Rural	<input type="checkbox"/> <input type="checkbox"/>		80	80	G	NC	<input type="checkbox"/>	\$71,980	R.L. (Bobby) Bowling, IV	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008
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**Total: 80 80 \$71,980**

09131	13 R	Presidio Palms	Near the intersection of Gonzalez & Alarcon Rd.	San Elizario	Rural	<input type="checkbox"/> <input type="checkbox"/>		80	80	G	NC	<input type="checkbox"/>	\$930,115	R.L. (Bobby) Bowling, IV	<input type="checkbox"/>	173.0	Significant Sub-Regional Shortfall in Rural Collapse
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**Total: 80 80 \$930,115**

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7 = Comment: Reason for Recommendation

\* = Recommended Credit: Development is displaying the requested amount because a real estate analysis has not yet been completed.

File #	Region Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
						<b>Total:</b>	<b>160</b>	<b>160</b>				<b>\$1,002,095</b>				
<b>7 Applications in Region</b>						<b>Region Total:</b>	<b>770</b>	<b>770</b>				<b>\$3,253,075</b>				
<b>115 Total Applications</b>							<b>13,096</b>	<b>13,452</b>				<b>\$86,145,287</b>				

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**Report 2C: Hurricane Ike Awarded and Active Applications ("Ike A/R/N")**  
**2009 Competitive Housing Tax Credit Program**  
**(As of July 30, 2009, the recommendations may change due to pending appeals)**

**Estimated State Ceiling to be Allocated: \$29,812,320**

File #	Region Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP AR	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended Credit	Owner Contact	TDHCA HOME	Final Score
09019	4 A	Timber Village Apts II	2707 Norwood St.	Marshall	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	72	72	G	NC	<input type="checkbox"/>	\$817,794	Rick J. Deyoe	<input checked="" type="checkbox"/>	301.0
09031	4 A	Lake View Apartment Homes	N. Broadway at Loop 323	Tyler	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	134	140	E	NC	<input type="checkbox"/>	\$281,675	Michael Lankford	<input type="checkbox"/>	300.0
09027	5 A	Timber Creek Senior Living	Proposed Sienna Trails Dr. & Timber Creek Loop	Beaumont	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	115	120	E	NC	<input type="checkbox"/>	\$147,561	Ofelia Elizondo	<input type="checkbox"/>	300.0
09026	6 A	Jackson Village Retirement Center	200 Abner Jackson Blvd.	Lake Jackson	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	92	96	E	NC	<input type="checkbox"/>	\$116,848	Ofelia Elizondo	<input type="checkbox"/>	300.0
<b>Total:</b>							<b>413</b>	<b>428</b>				<b>\$1,363,878</b>			
09265	6 R	Greenhouse Place	SEQ West & Greenhouse	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	140	140	E	NC	<input type="checkbox"/>	\$1,461,953	Manish Verma	<input type="checkbox"/>	210.0
09142	6 R	Floral Gardens	NEQ of Beltway 8 & Fondren Rd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	100	100	E	NC	<input type="checkbox"/>	\$1,404,350	Uwe Nahuina	<input type="checkbox"/>	210.0
09132	6 R	Chelsea Senior Community	6900 Blk of TC Jester & W. Little York Rd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	150	150	E	NC	<input type="checkbox"/>	\$1,956,673	Cherno M. Njie	<input type="checkbox"/>	209.0
09254	6 R	Irvington Court	4004 Irvington Blvd.	Houston	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	115	144	G	NC	<input type="checkbox"/>	\$1,343,499*	Jason Holoubek	<input type="checkbox"/>	204.0
09103	6 R	Trebah Village	19000 Blk of West Little York Rd. (S. side)	Katy	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	121	129	E	NC	<input type="checkbox"/>	\$1,244,034	David Mark Koogler	<input type="checkbox"/>	204.0
09281	6 R	Mariposa at Keith Harrow	SWQ of Keith Harrow Blvd. & Hwy 6	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	180	180	E	NC	<input type="checkbox"/>	\$2,000,000*	Stuart Shaw	<input type="checkbox"/>	204.0
09120	6 R	Senior Villages of Huntsville	140 Essex Blvd.	Huntsville	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	36	36	E	NC	<input type="checkbox"/>	\$496,797	R.J. Collins	<input type="checkbox"/>	203.0
09270	6 R	Northline Apartment Homes	N. Side of W. Grenfell Ln. & W. Side of Northline Dr.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	172	172	G	NC	<input type="checkbox"/>	\$1,988,105*	Kenneth Cash	<input type="checkbox"/>	203.0
09267	6 R	Heritage Crossing	NWC of 11th St. & FM 646	Santa Fe	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	68	72	E	NC	<input type="checkbox"/>	\$851,779*	Ron Williams	<input checked="" type="checkbox"/>	203.0
09104	5 R	Stone Hearst Seniors	1650 E. Lucas Dr.	Beaumont	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	36	36	E	NC	<input type="checkbox"/>	\$542,549	R.J. Collins	<input type="checkbox"/>	202.0
09193	6 R	Sierra Meadows	BW 8 & E. of Wilson Rd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	85	90	E	NC	<input type="checkbox"/>	\$1,182,413	Paula B. Burns	<input type="checkbox"/>	202.0
09188	6 R	Casa Brazoria	152nd Blk of Brazoswood Dr.	Clute	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	36	36	G	NC	<input type="checkbox"/>	\$876,319	Vincent A. Marquez	<input type="checkbox"/>	200.0
09170	6 R	South Acres Ranch II	E. Side of 11400 Blk of Scott St.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	48	49	G	NC	<input type="checkbox"/>	\$1,008,077	W. Barry Kahn	<input type="checkbox"/>	200.0

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2 = Allocation: Rural Regional Allocation or Urban Regional Allocation

3 = Set-Aside Abbreviations: TRDO-USDA=USDA, Nonprofit=NP, At-Risk=AR. Only USDA applications proposing Rehabilitation are reflected on this log. USDA applications proposing New Construction will be attributed to, and come from, the applicable Uniform State Service Region, and are located on the "Regional" log.

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5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR

6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested

\* = Recommended Credit: Development is displaying the requested amount because a real estate analysis has not yet been completed.

File #	Region Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP AR	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended Credit	Owner Contact	TDHCA HOME	Final Score
09161	6 R	Sterling Court Senior Residences	NWC of Minnesota & Alameda Genoa	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	140	140	E	NC	<input type="checkbox"/>	\$1,818,532	Michael Robinson	<input type="checkbox"/>	200.0
09248	6 R	Pearland Senior Village	8100 Blk of Broadway St. (S. side)	Pearland	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	126	126	E	NC	<input type="checkbox"/>	\$1,537,571	Doak Brown	<input checked="" type="checkbox"/>	200.0
09201	6 R	Ventana Pointe	Red Oak & Butterfield Rd.	Houston	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	96	96	E	NC	<input type="checkbox"/>	\$1,091,199	Vincent A. Marquez	<input type="checkbox"/>	199.0
09287	6 R	Horizon Meadows Apts	Approx. 8.7 acres SWC of Main St. & Bayou Rd.	La Marque	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	96	96	G	NC	<input type="checkbox"/>	\$1,294,092*	Rick J. Deyoe	<input checked="" type="checkbox"/>	199.0
09242	6 R	Beechnut Oaks	NWC of Beechnut & Eldridge Pkwy.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	144	144	E	NC	<input type="checkbox"/>	\$1,686,794	Les Kilday	<input type="checkbox"/>	198.0
09184	5 R	Oakmont Apts	711 Interstate 10 East	Orange	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	80	80	G	NC	<input type="checkbox"/>	\$910,348	K.T. (Ike) Akbari	<input type="checkbox"/>	197.0
09316	6 R	Champion Homes at Bay Walk	7200 Heards Ln.	Galveston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	192	192	G	RH	<input checked="" type="checkbox"/>	\$1,443,759*	Saleem Jafar	<input type="checkbox"/>	197.0
09266	6 R	Skytop Apts	2455 N. Frazier	Conroe	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	174	192	G	NC	<input type="checkbox"/>	\$2,000,000	Richard Bowe	<input type="checkbox"/>	195.0
09162	5 R	Arbor Pines Apartment Homes	W. of MLK Dr. near to Tulane Rd.	Orange	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	76	76	E	NC	<input type="checkbox"/>	\$915,220*	Marc Caldwell	<input type="checkbox"/>	192.0
09228	5 R	Lufkin Pioneer Crossing for Seniors	1404 Old Gobblers Knob Rd.	Lufkin	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	80	80	E	NC	<input type="checkbox"/>	\$958,558*	Noor Jooma	<input checked="" type="checkbox"/>	192.0
09183	5 R	Grace Lake Townhomes	4060 West Cardinal Drive	Beaumont	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	112	128	G	NC	<input type="checkbox"/>	\$1,287,056	K.T. (Ike) Akbari	<input type="checkbox"/>	189.0
09177	6 R	Orchard at Oak Forest	NEQ of Brinkman St. & 34th St.	Houston	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	118	118	E	NC	<input type="checkbox"/>	\$1,497,001	Stephan Fairfield	<input type="checkbox"/>	185.0
09196	6 R	Golden Bamboo Village II	E. Side of 12000 N. Gessner Rd.	Houston	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	116	116	G	NC	<input type="checkbox"/>	\$1,621,465	Michael Nguyen	<input type="checkbox"/>	185.0
09260	4 R	Millie Street Apts	SEC of Millie St. & Green St.	Longview	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	59	60	G	NC	<input type="checkbox"/>	\$665,000	Justin Zimmerman	<input type="checkbox"/>	184.0
09249	6 R	Dixie Gardens	1216 Dixie Farm Rd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	148	148	I	NC	<input type="checkbox"/>	\$2,000,000*	H. Elizabeth Young	<input type="checkbox"/>	177.0
09232	6 R	Brazos Bend Villa	2020 Rocky Falls Rd.	Richmond	Rural	<input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	120	120	G	RH	<input checked="" type="checkbox"/>	\$1,368,982	Kenneth Tann	<input type="checkbox"/>	177.0
09185	6 R	Maplewood Village II	550 Hobbs Rd.	League City	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	80	80	E	NC	<input checked="" type="checkbox"/>	\$1,149,880*	Thomas H. Scott	<input checked="" type="checkbox"/>	165.0
09156	6 R	Park Lane Apts	7515 Cook Rd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	144	144	G	NC	<input type="checkbox"/>	\$1,968,935*	Brian Cogburn	<input type="checkbox"/>	164.0
09312	6 R	Villas at El Dorado Apts	200 Blk of W. El Dorado Blvd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	159	159	E	NC	<input type="checkbox"/>	\$2,000,000*	Ken Brinkley	<input type="checkbox"/>	155.0
						<b>Total: 3,547 3,629</b>									
									<b>\$43,570,940</b>						
09102	6 N	Magnolia Trails	31000 Blk of Nichols Sawmill Rd. (W. side)	Magnolia	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	76	80	E	NC	<input type="checkbox"/>	\$0	David Mark Koogler	<input type="checkbox"/>	212.0
09272	6 N	Mason Apartment Homes	Mason Rd. b/t Franz & Morton Rd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	120	120	E	NC	<input type="checkbox"/>	\$0	Kenneth Cash	<input type="checkbox"/>	207.0
09280	6 N	Mariposa at Ella Blvd	Approx. 0.1 mi SE of Southridge Rd. on Ella Blvd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	180	180	E	NC	<input type="checkbox"/>	\$0	Stuart Shaw	<input type="checkbox"/>	204.0

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6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested

\* = Recommended Credit: Development is displaying the requested amount because a real estate analysis has not yet been completed.



File #	Region Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP AR	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended Credit	Owner Contact	TDHCA HOME	Final Score
09160	6 N	Stone Court Senior Residences	NEC of Smithstone Dr. & Somerall Dr.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	80	80	E	NC	<input type="checkbox"/>	\$0	Michael Robinson	<input type="checkbox"/>	200.0
09191	6 N	Sendero Pointe	S. Side of Addicks Satsuma approx. 10m E. of Hwy 6	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	120	120	E	NC	<input type="checkbox"/>	\$0	Thomas W. Troll	<input type="checkbox"/>	199.0
09269	6 N	Eldridge Oaks	8.5 acres on N. Eldridge Pkwy., N. of FM 529	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	160	160	G	NC	<input type="checkbox"/>	\$0	Kenneth Cash	<input type="checkbox"/>	194.0
09317	6 N	Champion Homes at Marina Landing	7302 Heards Ln.	Galveston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	256	256	G	RH	<input checked="" type="checkbox"/>	\$0	Saleem Jafar	<input type="checkbox"/>	193.0
09276	6 N	Cypress Creek at Calder Drive	N. Side of FM 517 approx. 1/2 mi W. of FM 646	Dickinson	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	180	180	G	NC	<input type="checkbox"/>	\$0	Stuart Shaw	<input type="checkbox"/>	181.0
09167	6 N	Fondren Ranch	15800 Blk of Fondren at Fort Bend Tollway	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	100	101	G	NC	<input type="checkbox"/>	\$0	W. Barry Kahn	<input type="checkbox"/>	160.0
09169	6 N	Orem Ranch	W. Side of 12500 Blk of Almeda	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	80	81	G	NC	<input type="checkbox"/>	\$0	W. Barry Kahn	<input type="checkbox"/>	160.0
09313	6 N	Hampshire Court Apts	3400 Blk of S. Burke Dr. near Vista Rd.	Pasadena	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	159	159	E	NC	<input type="checkbox"/>	\$0	J. Steve Ford	<input type="checkbox"/>	150.0
09311	6 N	Deerbrook Place Apts	19700 Blk of the W. Side of Deerbrook Park Blvd.	Houston	Urban	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	159	159	E	NC	<input type="checkbox"/>	\$0	William D. Henson	<input type="checkbox"/>	141.0
							<b>Total:</b>	<b>1,670</b>	<b>1,676</b>			<b>\$0</b>			
<b>48</b>	<b>Total Applications</b>	<b>Sum of Awarded Credits:</b>		<b>Sum of Recommended Credits:</b>			<b>5,630</b>	<b>5,733</b>				<b>\$44,934,818</b>			
		<b>\$1,363,878</b>		<b>\$43,570,940</b>											

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4 = Target Population Abbreviation: Intergenerational=I, Elderly=E, General=G

5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR

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**Report 3: 2009 9% Active Non Profit Applications ("Non Profit A/R/N")**  
**2009 Competitive Housing Tax Credit Program**  
**(As of July 30, 2009, the recommendations may change due to pending appeals)**

**Estimated Non-Profit Allocation: \$9,228,301**

File #	Region Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP AR	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
09190	9 R	San Juan Square III	300 Gante Walk	San Antonio	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	32	32	G	2 RH	<input type="checkbox"/>	\$602,456	David Casso	<input type="checkbox"/>	220.0	Competitive in Region
09198	9 R	Montabella Pointe	W. Side of Foster Rd. and S. Side of FM 78	San Antonio	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	144	144	G	2 NC	<input type="checkbox"/>	\$1,731,393	Gilbert Piette	<input type="checkbox"/>	210.0	Significant Sub-Regional Shortfall in State Collapse
09254	6 R	Irvington Court	4004 Irvington Blvd.	Houston	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	115	144	G	2 NC	<input type="checkbox"/>	\$1,343,499 *	Jason Holoubek	<input type="checkbox"/>	204.0	Competitive in Hurricane Ike Counties
09115	3 R	Magnolia Trace	S. of Crouch Rd. & W. of Lancaster Rd.	Dallas	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	112	112	E	2 NC	<input type="checkbox"/>	\$1,000,000	Ted Stokely	<input type="checkbox"/>	200.0	Competitive in Region
09188	6 R	Casa Brazoria	152nd Blk of Brazoswood Dr.	Clute	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	36	36	G	2 NC	<input type="checkbox"/>	\$876,319	Vincent A. Marquez	<input type="checkbox"/>	200.0	Competitive in Hurricane Ike Counties
09201	6 R	Ventana Pointe	Red Oak & Butterfield Rd.	Houston	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	96	96	E	2 NC	<input type="checkbox"/>	\$1,091,199	Vincent A. Marquez	<input type="checkbox"/>	199.0	Competitive in Hurricane Ike Counties
09105	2 R	Villages at Snyder	1001 37th St.	Snyder	Rural	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	80	80	I	2 NC	<input type="checkbox"/>	\$1,221,403 *	Jay Collins	<input type="checkbox"/>	198.0	Significant Sub-Regional Shortfall in Rural Collapse
09116	3 R	Tuscany Villas	7200 Blk of Chase Oaks Blvd.	Plano	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	90	90	E	2 NC	<input type="checkbox"/>	\$1,000,000	Ted Stokely	<input type="checkbox"/>	198.0	Competitive in Region
09192	9 R	Tierra Pointe	W. of Hwy 181/123 & S. of Vista Rd.	Karnes City	Rural	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	76	80	G	2 NC	<input type="checkbox"/>	\$1,061,463	Susan R. Sheeran	<input type="checkbox"/>	195.0	Significant Sub-Regional Shortfall in Rural Collapse
09211	10 R	Corban Townhomes	1455 Southgate	Corpus Christi	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	128	128	G	2 NC	<input type="checkbox"/>	\$1,594,705	Richard J. Franco	<input type="checkbox"/>	194.0	Significant Sub-Regional Shortfall in State Collapse
09196	6 R	Golden Bamboo Village II	E. Side of 12000 N. Gessner Rd.	Houston	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	116	116	G	2 NC	<input type="checkbox"/>	\$1,621,465	Michael Nguyen	<input type="checkbox"/>	185.0	Competitive in Region
09177	6 R	Orchard at Oak Forest	NEQ of Brinkman St. & 34th St.	Houston	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	118	118	E	2 NC	<input type="checkbox"/>	\$1,497,001	Stephan Fairfield	<input type="checkbox"/>	185.0	Competitive in Region
09232	6 R	Brazos Bend Villa	2020 Rocky Falls Rd.	Richmond	Rural	<input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	120	120	G	2 RH	<input checked="" type="checkbox"/>	\$1,368,982	Kenneth Tann	<input type="checkbox"/>	177.0	Competitive in At-Risk Set-Aside

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4 = Target Population Abbreviation: Intergenerational=I, Elderly=E, General=G.

5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.

6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.

7 = Comment: Reason for Recommendation

\* = Recommended Credit: Development is displaying the requested amount because a real estate analysis has not yet been completed.

File #	Region Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP AR	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>	
						<b>Total: 1,263</b>		<b>1,296</b>			<b>\$16,009,885</b>						
09130	7 N	M Station	2906 E. MLK Jr. Blvd.	Austin	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	135	150	G	3 NC	<input type="checkbox"/>	\$0	Walter Moreau	<input type="checkbox"/>	211.0	Not Competitive in Region	
09200	3 N	Mariposa Pointe	E. Side JJ Lemmon Rd .3m N. of Lancaster Hutchins Rd.	Hutchins	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	128	128	G	3 NC	<input type="checkbox"/>	\$0	Cynthia Mickens-Smith	<input type="checkbox"/>	210.0	Not Recommended due to \$2 million cap violation.	
09168	3 N	LifeNet Lofts	2621 Jeffries St. and 2600 Block of Merlin St.	Dallas	Urban	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	125	125	G	3 NC	<input type="checkbox"/>	\$0	Liam Mulvaney	<input type="checkbox"/>	176.0	Not Competitive in Region	
						<b>Total: 388</b>		<b>403</b>			<b>\$0</b>						
<b>16 Total Applications</b>							<b>1,651</b>		<b>1,699</b>			<b>\$16,009,885</b>					

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7 = Comment: Reason for Recommendation

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**Report 4: Awarded and Active Applications to Meet the State Rural Allocation ("Rural A-R-N")  
2009 Competitive Housing Tax Credit Program  
(As of July 30, 2009, the recommendations may change due to pending appeals)**

**Estimated Rural Allocation: \$11,537,109**

File #	Region Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP AR	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>	
09006	1 A	Cedar Street Apts	N. Cedar St. N. of Hwy 380	Brownfield	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	48	48	G	1 NC	<input type="checkbox"/>	\$510,685	Justin Zimmerman	<input type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008	
09010	3 A	Mineral Wells Pioneer Crossing	2509 E. Hubbard	Mineral Wells	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	80	80	G	1 NC	<input type="checkbox"/>	\$855,825	Noor Jooma	<input checked="" type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008	
09019	4 A	Timber Village Apts II	2707 Norwood St.	Marshall	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	72	72	G	1 NC	<input type="checkbox"/>	\$817,794	Rick J. Deyoe	<input checked="" type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008	
09012	7 A	Park Ridge Apts	SEC of Legend Hills Blvd. & RM 152	Llano	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	62	64	G	1 NC	<input type="checkbox"/>	\$697,017	Mark Mayfield	<input checked="" type="checkbox"/>	301.0	Forward Commitment of 2009 Credits Made in 2008	
09029	13 A	San Elizario Palms	13800 Blk of Socorro Rd. near Herring Rd.	San Elizario	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	80	80	G	1 NC	<input type="checkbox"/>	\$71,980	R.L. (Bobby) Bowling, IV	<input type="checkbox"/>	300.0	Commitment of Additional 2009 Credits Made in 2008	
							<b>Total:</b>	<b>342</b>	<b>344</b>			<b>\$2,953,301</b>					
09164	2 R	Gholson Hotel	215 Main St.	Ranger	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	50	50	E	2 RH	<input checked="" type="checkbox"/>	\$369,189	Chad Asarch	<input type="checkbox"/>	222.0	Competitive in Region	
09245	10 R	Heights at Corral	1000 W. Corral Ave.	Kingsville	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	80	80	G	2 RH	<input checked="" type="checkbox"/>	\$894,750	Socorro ("Cory") Hinojosa	<input checked="" type="checkbox"/>	217.0	Competitive in Region	
09120	6 R	Senior Villages of Huntsville	140 Essex Blvd.	Huntsville	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	36	36	E	2 NC	<input type="checkbox"/>	\$496,797	R.J. Collins	<input type="checkbox"/>	203.0	Competitive in Hurricane Ike Counties	
09165	8 R	Cherrywood Apts	701 W. Tokio Rd.	West	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	44	44	E	2 RH	<input checked="" type="checkbox"/>	\$290,139 *	Pete Potterpin	<input checked="" type="checkbox"/>	203.0	Competitive in USDA Allocation	
09119	11 R	Legacy Villas	S. Side of 2nd St. and W. Side of US 57	Eagle Pass	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	64	64	G	2 NC	<input type="checkbox"/>	\$1,000,000	Clifton Phillips	<input type="checkbox"/>	203.0	Competitive in Region	

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File #	Region Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP AR	LI Units	Total Units	Target <sup>4</sup> Pop	Housing <sup>5</sup> Activity	ACQ <sup>6</sup>	Recommended* Credit	Owner Contact	TDHCA HOME	Final Score	Comment <sup>7</sup>
09101	1 R	Hampton Villages	1517 W. Alcock St.	Pampa	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	76	76	G	2 NC	<input type="checkbox"/>	\$1,156,723	Tim Lang	<input type="checkbox"/>	200.0	Competitive in Region
09310	7 R	San Gabriel Crossing	155 Hillcrest Ln.	Liberty Hill	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	71	76	G	2 NC	<input type="checkbox"/>	\$928,369 *	Mark Mayfield	<input type="checkbox"/>	199.0	Significant Sub-Regional Shortfall in Rural Collapse
09105	2 R	Villages at Snyder	1001 37th St.	Snyder	Rural	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	80	80	I	2 NC	<input type="checkbox"/>	\$1,221,403 *	Jay Collins	<input type="checkbox"/>	198.0	Significant Sub-Regional Shortfall in Rural Collapse
09184	5 R	Oakmont Apts	711 Interstate 10 East	Orange	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	80	80	G	2 NC	<input type="checkbox"/>	\$910,348	K.T. (Ike) Akbari	<input type="checkbox"/>	197.0	Competitive in Hurricane Ike Counties
09192	9 R	Tierra Pointe	W. of Hwy 181/123 & S. of Vista Rd.	Karnes City	Rural	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	76	80	G	2 NC	<input type="checkbox"/>	\$1,061,463	Susan R. Sheeran	<input type="checkbox"/>	195.0	Significant Sub-Regional Shortfall in Rural Collapse
09162	5 R	Arbor Pines Apartment Homes	W. of MLK Dr. near to Tulane Rd.	Orange	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	76	76	E	2 NC	<input type="checkbox"/>	\$915,220 *	Marc Caldwell	<input type="checkbox"/>	192.0	Significant Sub-Regional Shortfall in Rural Collapse
09228	5 R	Lufkin Pioneer Crossing for Seniors	1404 Old Gobblers Knob Rd.	Lufkin	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	80	80	E	2 NC	<input type="checkbox"/>	\$958,558 *	Noor Jooma	<input checked="" type="checkbox"/>	192.0	Significant Sub-Regional Shortfall in Rural Collapse
09150	8 R	Prairie Village Apts	611 Paul St.	Rogers	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	24	24	G	2 RH	<input checked="" type="checkbox"/>	\$150,471	Patrick A. Barbolla	<input checked="" type="checkbox"/>	187.0	Competitive in USDA Allocation
09148	8 R	Whispering Oaks Apts	1209 West 8th	Goldthwaite	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	24	24	E	2 RH	<input checked="" type="checkbox"/>	\$163,083	Patrick A. Barbolla	<input checked="" type="checkbox"/>	187.0	Competitive in USDA Allocation
09261	4 R	Turner Street Apts	NWC of State Hwy 155 & Turner St.	Palestine	Rural	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	59	60	G	2 NC	<input type="checkbox"/>	\$665,000 *	Justin Zimmerman	<input type="checkbox"/>	186.0	Competitive in Region
09146	2 R	Oakwood Apts	3501 Rhodes Rd.	Brownwood	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	47	48	G	2 RH	<input checked="" type="checkbox"/>	\$275,731 *	Patrick A. Barbolla	<input checked="" type="checkbox"/>	185.0	Competitive in USDA Allocation
09100	3 R	Crestmoor Park South Apts	514 SE Gardens	Burleson	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	68	68	G	2 RH	<input checked="" type="checkbox"/>	\$468,004	Joe Chamy	<input checked="" type="checkbox"/>	183.0	Competitive in USDA Allocation
09232	6 R	Brazos Bend Villa	2020 Rocky Falls Rd.	Richmond	Rural	<input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	120	120	G	2 RH	<input checked="" type="checkbox"/>	\$1,368,982	Kenneth Tann	<input type="checkbox"/>	177.0	Competitive in At-Risk Set-Aside
09294	7 R	Northgate Apts and Rhomberg Apts	105 Northgate Circle & 806 N. Rhomberg	Burnet	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	60	60	G	2 RH	<input checked="" type="checkbox"/>	\$319,092 *	Dennis Hoover	<input checked="" type="checkbox"/>	177.0	Competitive in USDA Allocation
09149	8 R	Autumn Villas	100 Autumn Villas Dr.	Lorena	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	16	16	E	2 RH	<input checked="" type="checkbox"/>	\$106,245	Patrick A. Barbolla	<input checked="" type="checkbox"/>	177.0	Competitive in USDA Allocation
09147	8 R	Village Place Apts	111 Village Place Dr.	Lorena	Rural	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	32	32	G	2 RH	<input checked="" type="checkbox"/>	\$205,533	Patrick A. Barbolla	<input checked="" type="checkbox"/>	173.0	Competitive in USDA Allocation

1 = Status of Award Abbreviation: Development Previously Awarded 2009 Housing Tax Credits=A, Recommended for Award=R, Not Recommended for Award=N.

2 = Allocation: Rural Regional Allocation or Urban Regional Allocation.

3 = Set-Aside Abbreviations: TRDO=USDA=USDA, Nonprofit=NP, At-Risk=AR.

4 = Target Population Abbreviation: Intergenerational=I, Elderly=E, General=G.

5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.

6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.

7 = Comment: Reason for Recommendation

\* = Recommended Credit: Development is displaying the requested amount because a real estate analysis has not yet been completed.

Region	File #	Status <sup>1</sup>	Development Name	Address	City	Allocation <sup>2</sup>	Set-Asides <sup>3</sup>			LI	Total	Target <sup>4</sup>	Housing <sup>5</sup>		ACQ <sup>6</sup>	Recommended*Owner	TDHCA	Final	Comment <sup>7</sup>	
							USDA	NP	AR	Units	Units	Pop	Activity		Credit	Contact	HOME	Score		
	09131	13 R	Presidio Palms	Near the intersection of Gonzalez & Alarcon Rd.	San Elizario	Rural	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	80	80	G	2 NC	<input type="checkbox"/>	\$930,115	R.L. (Bobby) Bowling, IV	<input type="checkbox"/>	173.0	Significant Sub-Regional Shortfall in Rural Collapse	
	09136	12 R	Gateway to Eden	Grant/Rudder Streets & Kelly Street	Eden	Rural	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	20	20	G	2 NC	<input type="checkbox"/>	\$476,746 *	Ethan Horne	<input checked="" type="checkbox"/>	172.0	Competitive in Region	
	09318	10 R	Hyatt Manor I and II Apts	1701 Waco St.	Gonzales	Rural	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	65	65	G	2 RH	<input checked="" type="checkbox"/>	\$344,536	Dennis Hoover	<input checked="" type="checkbox"/>	162.0	Competitive in USDA Allocation	
	09126	8 R	Holland House Apts	616 Josephine St.	Holland	Rural	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	68	68	G	2 RH	<input checked="" type="checkbox"/>	\$513,496	Warren Maupin	<input checked="" type="checkbox"/>	160.0	Competitive in USDA Allocation	
	09237	3 R	Woodland Park at Decatur	3108 S. Murvil St.	Decatur	Rural	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	72	72	E	2 NC	<input type="checkbox"/>	\$576,558 *	Mark E. Feaster	<input type="checkbox"/>	150.0	Significant Sub-Regional Shortfall in Rural Collapse	
	09000	6 R	Courtwood Apts	400 S. Austin Rd.	Eagle Lake	Rural	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	50	50	E	2 RH	<input checked="" type="checkbox"/>	\$295,095 *	Ronald Potterpin	<input checked="" type="checkbox"/>	125.0	Competitive in At-Risk Set-Aside	
	09001	6 R	Hillwood Apts	308 N. East St.	Weimar	Rural	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	24	24	E	2 RH	<input checked="" type="checkbox"/>	\$151,449 *	Ronald Potterpin	<input checked="" type="checkbox"/>	113.0	Competitive in At-Risk Set-Aside	
							<b>Total:</b>			<b>1,642</b>	<b>1,653</b>				<b>\$17,213,095</b>					
	09102	6 N	Magnolia Trails	31000 Blk of Nichols Sawmill Rd. (W. side)	Magnolia	Rural	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	76	80	E	3 NC	<input type="checkbox"/>	\$0	David Mark Koogler	<input type="checkbox"/>	212.0	Not Recommended due to \$2 million cap violation.	
	09293	7 N	Villas of Shady Grove	North FM 963 at Hill St. and Rhomberg St.	Burnet	Rural	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	72	80	G	3 NC	<input type="checkbox"/>	\$0	Dennis Hoover	<input checked="" type="checkbox"/>	179.0	Not Competitive in Region	
	09304	9 N	Gardens at Clearwater Apts	400 Blk of Clearwater Paseo	Kerrville	Rural	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	80	80	E	3 NC	<input type="checkbox"/>	\$0	Lucille Jones	<input type="checkbox"/>	179.0	Not Competitive in Region	
	09110	2 N	Mustang Heights Apts	Intersection of Arizona Ave. & I-20 frontage Rd.	Sweetwater	Rural	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	80	80	G	3 NC	<input type="checkbox"/>	\$0	Leslie Clark	<input type="checkbox"/>	160.0	Not Competitive in Region	
							<b>Total:</b>			<b>308</b>	<b>320</b>				<b>\$0</b>					
<b>37 Total Applications</b>										<b>2,292</b>	<b>2,317</b>				<b>\$20,166,396</b>					

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4 = Target Population Abbreviation: Intergenerational=I, Elderly=E, General=G.  
5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.  
6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.  
7 = Comment: Reason for Recommendation  
\* = Recommended Credit: Development is displaying the requested amount because a real estate analysis has not yet been completed.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Crestmoor Park South Apts, TDHCA Number 09100**

BASIC DEVELOPMENT INFORMATION

Site Address: 514 SE Gardens Development #: 09100  
 City: Burleson Region: 3 Population Served: General  
 County: Johnson Zip Code: 76028 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Crestmoor Park South Apartments, Ltd.  
 Owner Contact and Phone: Joe Chamy, (817) 285-6315  
 Developer: Valcrest Investments, Inc.  
 Housing General Contractor: Compass Point Development Co., Inc.  
 Architect: Apex Architectural Designers, Inc.  
 Market Analyst: N/A  
 Syndicator: WNC & Associates, Inc.  
 Supportive Services: Consumer Credit Counseling Services of Great Dallas  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	68	
	0	0	54	14	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	20	48	0	0	0	
Type of Building:						Total Development Units:	68
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$5,216,695
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	11
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	14
<input checked="" type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	54

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$468,098	\$468,004			
HOME Activity Fund Amount:	\$1,215,089	\$1,215,089	40	17	1.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Crestmoor Park South Apts, TDHCA Number 09100

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Averitt, District 22, S

Points: 14 US Representative: Edwards, District 17, NC

TX Representative: Orr, District 58, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0 In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 4

Harvest House, S, Alice Bleeker, Executive Director

Burleson Area Chamber of Commerce, S, Dan O. Strog, President

**General Summary of Comment:**

Support received from elected officials, and resolution from city of Burleson supporting as well.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance, prior to carryover, of documentation that an Operation and Maintenance Plan has been developed and implemented to manage asbestos-containing materials at the subject property.
2. Receipt, review, and acceptance, by carryover, of USDA-RD approval of the same rates and terms transfer of the existing USDA-RD loans and acceptance of the additional HOME loan funds and a parity first lien.
3. Receipt, review, and acceptance, by cost certification, of documentation that USDA-RD has approved an increase in the current basic rents as proposed by the Applicant.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the allocation amount may be warranted.
5. Receipt of a commitment of funding from the City of Burleson in the amount of \$1,026,892, or a commitment from a qualifying substitute source in an amount not less than \$260,835, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Crestmoor Park South Apts, TDHCA Number 09100**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **21**

Total # Monitored: **21**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **183**  Meeting a Required Set-Aside Credit Amount\*: \$468,004

Recommendation: Competitive in USDA Allocation

HOME Activity Funds:

Loan Amount: \$1,215,089

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/10/09 PROGRAM: HTC 9 % FILE NUMBER: 09100

**DEVELOPMENT**

Crestmoor Park South Apartments

Location: 514 S.E. Gardens Region: 3  
 City: Burleson County: Johnson Zip: 76028  OCT  DDA  
 Key Attributes: Family, Rural, At-Risk Preservation, USDA, Acquisition/Rehabilitation

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
HOME Activity Funds	\$1,215,089	1.00%	40/40	<b>\$1,215,089</b>	<b>1.00%</b>	<b>40/17*</b>
Housing Tax Credit (Annual)	\$468,098			<b>\$468,004</b>		

\* Parity lien position; fully amortized over a term equal to remaining term of the USDA loan.

**CONDITIONS**

- 1 Receipt, review, and acceptance, prior to carryover, of documentation that an Operation and Maintenance Plan has been developed and implemented to manage asbestos-containing materials at the subject property.
- 2 Receipt, review, and acceptance, by carryover, of USDA-RD approval of the same rates and terms transfer of the existing USDA-RD loans and acceptance of the additional HOME loan funds and a parity first lien.
- 3 Receipt, review, and acceptance, by cost certification, of documentation that USDA-RD has approved an increase in the current basic rents as proposed by the Applicant.
- 4 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	54
60% of AMI	60% of AMI	14

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	Low HOME	54
60% of AMI	High HOME	14

**STRENGTHS/MITIGATING FACTORS**

- USDA/RD financed properties are exempt from the 65% expense to income ratio due to the rental subsidy provided by USDA which has historically adjusted rents to cover operating expense increases.
- The developer is experienced in working with USDA/RD and tax credit properties.

**WEAKNESSES/RISKS**

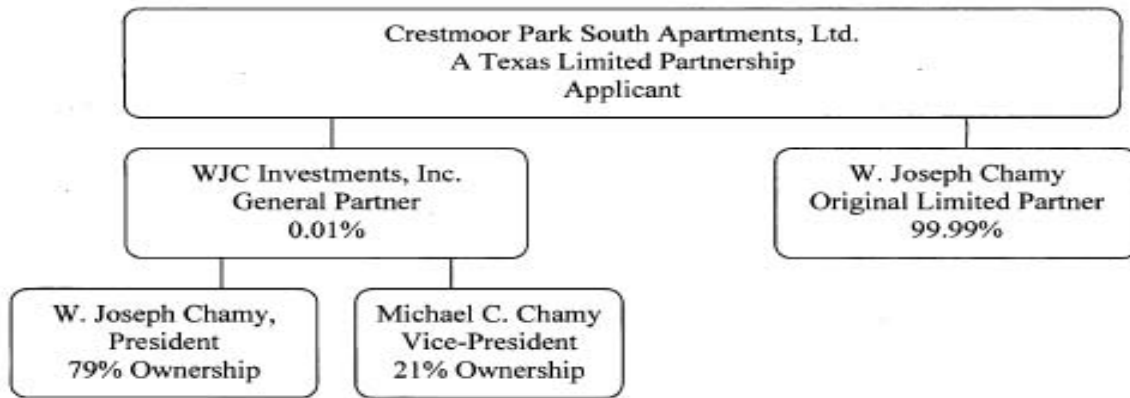
- Both the Applicant's and the Underwriter's expense to income ratios are 70% and 73%, respectively, indicating that the property would not be able to sustain periods of flat rental growth over the long term.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Joe Chamy Phone: (817) 285-6315 Fax: (817) 285-7157  
 Email: jchamy@chamyinvestments.com

**KEY PARTICIPANTS**

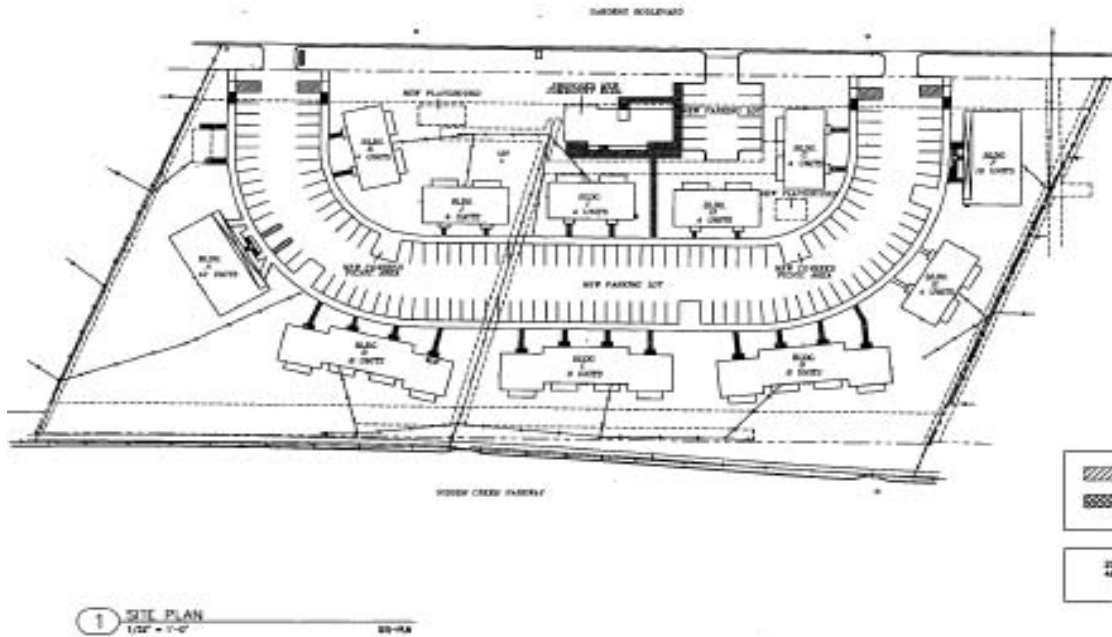
Name	Net Assets	Liquidity <sup>1</sup>	# Completed Developments
Valcrest Investments, Inc.	Confidential		8
WJC Investments, Inc.	Confidential		1
W. Joseph Chamy	Confidential		8

**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	1	2	3	4	5	6	7	8	9	10	Total Buildings
Floors/Stories	2	2	2	2	2	2	2	2	2	2	
Number	1	1	1	1	1	1	1	1	1	2	<b>11</b>

BR/BA	SF	Units										Total Units	Total SF
1BR/1BA	551	10					10					20	11,020
2BR/2BA	966		8	8	8	4		4	4	4	4	48	46,368
Units per Building		10	8	8	8	4	10	4	4	4	4	<b>68</b>	<b>57,388</b>

Development Plan:

The Applicant's development plan will include tearing out 40,000 square feet of asphalt paving and replacing it with concrete, repair and replace sidewalks as needed, build and screen dumpster pads, install speed bumps and get new striping and signage, replace 30,700 square feet of tar and gravel roofing, replace shingles (part of Mansard Roof System) with hardboard siding cementitious board, replace all A/C roof top units/air handlers and place them on the ground, construct a 2,900 square foot office/community building, install guttering, paint exterior of all buildings, add landscaping, install two playgrounds and one tot lot, install fencing along rear parking, tear down existing laundry facility, and replace outside stairs/railings in front of Building A.

Replace all air compressors and handlers, ranges, dishwashers, vent-a-hoods, refrigerators and add disposers, re-carpet all units, overlay vinyl flooring as needed, install storm windows and replace all cabinetry, replace sinks, interior doors, exterior doors, install fans in bedrooms and living areas, refinish all bathtubs, install GFI plugs in all units, replace all hot water heaters, paint all unit interiors and convert 4 units for handicap access.

Relocation Plan:

The Applicant will renovate the unit interiors in groups of 8 at a time. It is anticipated that through unit vacancies based upon a normal turnover of 4 units per month, there will be 8 units available for remodeling almost immediately. Based upon this schedule of renovating 8 units at a time, most existing tenants will not have to move away from the development during construction; however, in the event that any tenants have to move, the Applicant will provide accommodations in local motels. The outside renovations will be done in the interim and simultaneously with the interior units renovations. The Applicant has budgeted \$20,440 to pay tenant costs for moving their furniture and belongings, for utility transfers and for motel stays when necessary.

SITE ISSUES

Total Size:	<u>4.614 acres</u>	Scattered site?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Flood Zone:	<u>X</u>	Within 100-yr floodplain?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Zoning:	<u>Multifamily</u>	Needs to be re-zoned?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No <input type="checkbox"/> N/A

TDHCA SITE INSPECTION

Inspector: ORCA Staff Date: 4/24/2009

Overall Assessment:  
 Excellent  Acceptable  Questionable  Poor  Unacceptable

Surrounding Uses:  
North: Single family residential East: Single family residential  
South: Hidden Creek Parkway/Chisenhall Park West: Single family residential

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Hodges Engineering, Inc. Date: 2/4/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- HEI found no issues of environmental concern.
- The ESA provider reports that "The apartments were tested for Asbestos Containing Material (ACM) by Analytical Labs Environmental Service Company and the results were attached to the HEI Phase 1 Report. The only ACM reported was in the ceiling and wall texture, the joint compound in Apt. 140 and the air conditioning supply duct insulation in Apt. 156 as noted on page 6 of the report. None of this material is to be disturbed in the renovation of the apartment complex." (email 06/03/09)

Comments:  
Any recommended funding will be subject to receipt, review, and acceptance, prior to carryover, of documentation that an Operation and Maintenance Plan has been developed and implemented to manage asbestos-containing materials at the subject property.

MARKET HIGHLIGHTS

Provider: Sherrill & Associates, Inc. Date: 1/20/2009

Contact: Jerry Sherrill Phone: (817) 557-1791 Fax: (817) 557-1792

Number of Revisions: none Date of Last Applicant Revision: N / A

Market Area

"The subject is located in Burleson, Johnson County, Texas which is located south of the City of Fort Worth at the intersection of IH-35 and SH 174. It is approximately 14 miles south of downtown Fort Worth, 35 miles southwest of downtown Dallas and straddles the Tarrant County & Johnson County border. Johnson County had a population of 126,811 in the year 2000 and it had an estimated population of 149,016 in 2006 which is an increase of 17.5% over year 2000 while the population has increased 12.7% statewide ... a large portion of the inhabitants of Burleson and Johnson County work in the Dallas - Fort Worth area employment centers ... This is a predominantly urban area that is influenced by the DFW Metroplex economic condition." (p. 10)

INCOME LIMITS						
Johnson						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,850	\$15,850	\$17,800	\$19,800	\$21,400	\$22,950
40	\$18,480	\$21,120	\$23,760	\$26,400	\$28,520	\$30,640
50	\$23,100	\$26,400	\$29,700	\$33,000	\$35,650	\$38,300
60	\$27,720	\$31,680	\$35,640	\$39,600	\$42,780	\$45,960

Primary Market Occupancy Rates:

"Current vacancies in the area range from 1% to 15% on properties that are well managed and maintained." (p. 62)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Current Contract Rent	Proposed Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
1 BR	551 SF	50%	365	385	\$365	\$385	\$20
1 BR	551 SF	60%	365	385	\$365	\$385	\$20
2 BR	966 SF	50%	465	525	\$610	\$525	\$60
2 BR	966 SF	60%	465	525	\$610	\$525	\$60

Comments:

USDA Developments with occupancy greater than 80% are not required to provide a market study. The required appraisal provides similar information regarding the market area and comparable market rents. The rent roll provided with the application indicates one vacancy out of 68 total units, or 98.5% occupancy. Given the strong occupancy and USDA Rental Assistance available on 61 of the 68 units, market absorption is not a concern.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      none      Date of Last Applicant Revision:      n/a

The Applicant's net rents are anticipated basic rent levels. These basic rents have not yet been approved by USDA-RD. The anticipated basic rents are 11% higher than the current USDA-RD basic rent levels. The property currently receives Rental Assistance for 61 of the 68 total units; however, it should be noted that USDA guidelines require that like units at a development without rental assistance cannot have rents that exceed the contract rents.

As a result, the Underwriter has used the Applicant's anticipated basic rents, but receipt, review, and acceptance, by cost certification, of documentation that USDA-RD has approved an increase in the current basic rents as proposed by the Applicant is a condition of this report. The Applicant's secondary income and vacancy and collection loss estimates are in line with Department standards.

Expense:      Number of Revisions:      none      Date of Last Applicant Revision:      n/a

The Applicant's total annual operating expense projection of \$3,854 per unit is within 5% of the Underwriter's estimate of \$4,007 derived from the TDHCA database and third party data sources. However, the Applicant's estimates of several line items differ significantly from the Underwriter's, specifically, general and administrative (\$9K lower), payroll and payroll taxes (\$20K lower), utilities (\$9K lower), and water, sewer and trash (\$20K higher).

This section intentionally left blank.

Conclusion:

The Applicant's estimate of effective gross income and total expenses are within 5% of the Underwriter's estimates; however, net operating income is not within 5%; therefore, the Underwriter's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR). The proposed permanent financing structure results in an initial year's debt coverage ratio of 1.20 which falls within the Department's guidelines.

The Applicant's expense to income ratios of 70% and the Underwriter's ratio of 73% are both above the Department's 65% maximum ratio; however the development can be considered acceptable due to the fact that the risk can be mitigated because the development will have USDA Rural Development subsidies on at least 50% of the total units as is permitted under Section 1.32(i)(4)(B)(ii) of the 2009 Underwriting Rules and Guidelines.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

APPRAISED VALUE

Provider:	<u>Sherrill &amp; Associates, Inc.</u>	Date:	<u>2/14/2009</u>
Number of Revisions:	<u>none</u>	Date of Last Applicant Revision:	<u>n/a</u>
Land Only:	<u>4.614 acres</u>	<u>\$169,000</u>	As of: <u>1/20/2009</u>
Existing Buildings: (as-is)		<u>\$1,276,000</u>	As of: <u>1/20/2009</u>
Total Development: (as-is)		<u>\$1,445,000</u>	As of: <u>1/20/2009</u>

ASSESSED VALUE

Land Only:	<u>4.614 acres</u>	<u>\$160,800</u>	Tax Year:	<u>2008</u>
Existing Buildings:		<u>\$1,085,452</u>	Valuation by:	<u>Johnson CAD</u>
Total Assessed Value:		<u>\$1,246,252</u>	Tax Rate:	<u>2.522298</u>

EVIDENCE of PROPERTY CONTROL

Type:	<u>Option to Purchase Real Property</u>	Acreage:	<u>4.614</u>
Contract Expiration:	<u>3/20/2010</u>	Valid Through Board Date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost:	<u>\$1,196,861</u>	Other:	<u></u>
Seller:	<u>Bob A. Rogers Estate</u>	Related to Development Team?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Comment:

The Applicant shows a total acquisition cost of \$1,491,046 on the Earnest Money Contract which includes equity, the assumption of existing debt; however, when the sale is closed adjustments will be made to include the reserve account of approximately \$175K which will be transferred to the Applicant. The final amounts and adjustments will be made at the time of cost certification when the Applicant has exact numbers of final amounts.

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: none Date of Last Applicant Revision: n/a

Acquisition Value:

The acquisition cost of \$21,927 per unit is considered to be reasonable since this is an arm's length transaction. It should also be noted that the "as is" appraised value of the subject development is \$1,445,000 which is very close to the price that is being paid by the Applicant.

Sitework Cost:

The Applicant's proposed site work cost of \$5,941 per unit is lower than the CNA estimate of \$6,472 per unit. The underwriting analysis will reflect the CNA estimate of sitework costs.

Direct Construction Cost:

The Applicant's direct construction costs is 1% higher than the Underwriter's estimate which came directly from an independent third party estimate provided by the Capital Needs Assessment provider. The underwriting analysis will reflect the estimate provided in the CNA.

Contingency & Fees:

Contractor's and developer's fees were overstated by \$1,399 and \$209 respectively; therefore, adjustments have been made for these items.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; however, since this is an acquisition/rehabilitation development, the Underwriter's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. A total eligible basis of \$4,853,274 supports annual tax credits of \$470,008. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: none Date of Last Applicant Revision: n/a

Source: USDA/RD Type: Interim to Permanent Financing

Permanent: \$804,309 Interest Rate: 1.0%  Fixed Term: 360 months

Comments:

The USDA/RD loan was originally executed in the original amount of \$967,000 in May 1978 with an interest rate of 8.25% and a term of 40 years. The maturity date of this loan is May 2018. Although the original interest rate was 8.25%, USDA granted an interest credit on the loan that reduced the effective interest rate to 1%. Additionally, in May 1991 the existing development owner executed a second loan in the amount of \$500,000 that is secured by the same Real Estate Deed of Trust. This loan originally had a term of 35 years with a maturity date of May 2026 and an interest rate of 8.75%. USDA also granted an interest credit on this loan that reduced the effective interest rate to 1%. The Applicant will be provided the same interest credit to reduce the effective interest rate to 1% on the assumption of the existing debt.

The unpaid balance of approximately \$804,309 is to be assumed by the Applicant on the same rates and terms as the original owner.

Source: TDHCA HOME Loan Type: Interim to Permanent Financing

Interim: \$1,215,089 Interest Rate: 1.0%  Fixed Term: 480 months

Permanent: \$1,215,089 Interest Rate: 1.0%  Fixed Term: 480 months



Source: Existing Reserve Account Type: Reserve Account

Interim:	<u>\$157,630</u>	Interest Rate:	<u>0.00%</u>	<input type="checkbox"/>	Fixed	Amort:	<u>N/A</u>	months
Permanent:	<u>\$157,630</u>	Interest Rate:	<u>0.00%</u>	<input type="checkbox"/>	Fixed	Amort:	<u>N/A</u>	months

Comments:

Upon closing of the acquisition of the subject property, any funds remaining in the reserve account will be transferred to the Purchaser, and can be used for repairs and replacements. This amount is estimated to be \$157,630.

Source: WNC & Associates, Inc. Type: Syndication

Proceeds:	<u>\$3,042,637</u>	Syndication Rate:	<u>65%</u>	Anticipated HTC:	<u>\$ 468,098</u>
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Commitment Expiration: Date not specified

Comments:

The committed credit price appears to be consistent with recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that the credit price can decline to \$0.57. Beyond this point, the required deferred developer fee would exceed the projected 15 year cashflow and the transaction would not meet the Department's feasibility criteria. Alternatively, should the final credit price increase to more than \$0.73, all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Market Uncertainty:

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

**CONCLUSIONS**

Recommended Financing Structure:

The development demonstrates a need for the requested HOME funds of \$1,215,089; however, the HOME loan should be in a parity lien position. Accordingly, it is a condition of this report that a USDA/RD parity lien agreement be provided for the TDHCA HOME loan by carryover. The HOME loan should be at a rate of 1% interest, with an amortization of 40 years with a term of 17 years. The 17 year term is recommended so that the HOME loan is paid in full at the same approximate time that the last USDA loan is paid in full.

The Underwriter's total development cost estimate less the permanent debt of \$2,174,671 indicates the need for \$3,042,024 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$468,004 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$468,098), the gap-driven amount (\$468,004), and eligible basis-derived estimate (\$470,008), the gap-driven amount of \$468,004 is recommended resulting in proceeds of \$3,042,024 based on a syndication rate of 65%.

Based on this recommended financing structure there is no need for additional permanent funds.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units.

This section intentionally left blank.

Return on Equity:

This is a USDA-RD transaction, in which the Applicant is restricted by the loan agreement to a return of no more than 8% per annum on the borrower's original investment, with any excess cash flow going to fund replacement reserves. USDA-RD will manage this return on equity restriction.

Underwriter:

*D.P. Burrell*

Date: July 10, 2009

Reviewing Underwriter:

*Raquel Morales*

Date: July 10, 2009

Director of Real Estate Analysis:

*Brent Stewart*

Date: July 10, 2009

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Crestmoor Park South Apartments, Burleson, HTC 9 % #09100**

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 50%	LH	16	1	1	551	\$618	\$385	\$6,160	\$0.70	\$89.00	\$78.00
TC 60%	HH	4	1	1	551	\$742	\$385	\$1,540	\$0.70	\$89.00	\$78.00
TC 50%	LH	38	2	1.5	966	\$742	\$525	\$19,950	\$0.54	\$142.00	\$89.00
TC 60%	HH	10	2	1.5	966	\$891	\$525	\$5,250	\$0.54	\$142.00	\$89.00
<b>TOTAL:</b>		<b>68</b>		<b>AVERAGE:</b>	<b>844</b>		<b>\$484</b>	<b>\$32,900</b>	<b>\$0.57</b>	<b>\$126.41</b>	<b>\$85.76</b>

**INCOME**

Total Net Rentable Sq Ft: **57,388**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$10.00

Other Support Income: Per Unit Per Month

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.04%	\$276	0.33	\$18,791	\$10,300	\$0.18	\$151	2.76%
Management	7.46%	409	0.48	27,814	32,079	0.56	472	8.61%
Payroll & Payroll Tax	14.07%	771	0.91	52,438	32,000	0.56	471	8.59%
Repairs & Maintenance	13.26%	727	0.86	49,416	54,100	0.94	796	14.51%
Utilities	6.52%	357	0.42	24,289	15,000	0.26	221	4.02%
Water, Sewer, & Trash	5.84%	320	0.38	21,784	42,400	0.74	624	11.38%
Property Insurance	5.39%	295	0.35	20,086	17,800	0.31	262	4.78%
Property Tax	8.84%	485	0.57	32,949	34,500	0.60	507	9.26%
Reserve for Replacements	5.47%	300	0.36	20,400	20,400	0.36	300	5.47%
TDHCA Compliance Fees	0.73%	40	0.05	2,720	1,700	0.03	25	0.46%
Other:	0.47%	26	0.03	1,760	1,760	0.03	26	0.47%
<b>TOTAL EXPENSES</b>	<b>73.09%</b>	<b>\$4,007</b>	<b>\$4.75</b>	<b>\$272,446</b>	<b>\$262,039</b>	<b>\$4.57</b>	<b>\$3,854</b>	<b>70.30%</b>
<b>NET OPERATING INC</b>	<b>26.91%</b>	<b>\$1,475</b>	<b>\$1.75</b>	<b>\$100,292</b>	<b>\$110,693</b>	<b>\$1.93</b>	<b>\$1,628</b>	<b>29.70%</b>

**DEBT SERVICE**

USDA/RD Assumption	12.53%	\$687	\$0.81	\$46,701	\$46,701	\$0.81	\$687	12.53%
TDHCA HOME Loan	9.89%	\$542	\$0.64	36,869	36,869	\$0.64	\$542	9.89%
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>4.49%</b>	<b>\$246</b>	<b>\$0.29</b>	<b>\$16,722</b>	<b>\$27,123</b>	<b>\$0.47</b>	<b>\$399</b>	<b>7.28%</b>

AGGREGATE DEBT COVERAGE RATIO

1.20      1.32

RECOMMENDED DEBT COVERAGE RATIO

1.20

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		22.94%	\$17,598	\$20.85	\$1,196,679	\$1,196,679	\$20.85	\$17,598	22.93%
Off-Sites		0.00%	0	0.00	0		0.00	0	0.00%
Sitework		8.44%	6,472	7.67	440,112	403,982	7.04	5,941	7.74%
Direct Construction		39.09%	29,990	35.54	2,039,326	2,065,457	35.99	30,374	39.57%
Contingency	1.81%	0.86%	662	0.78	45,000	45,000	0.78	662	0.86%
Contractor's Fees	14.00%	6.65%	5,105	6.05	347,120	347,120	6.05	5,105	6.65%
Indirect Construction		5.33%	4,093	4.85	278,306	278,306	4.85	4,093	5.33%
Ineligible Costs		0.82%	629	0.75	42,760	42,760	0.75	629	0.82%
Developer's Fees	14.96%	12.11%	9,290	11.01	631,731	631,731	11.01	9,290	12.10%
Interim Financing		0.84%	647	0.77	44,000	44,000	0.77	647	0.84%
Reserves		2.91%	2,230	2.64	151,661	164,630	2.87	2,421	3.15%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$76,716</b>	<b>\$90.90</b>	<b>\$5,216,695</b>	<b>\$5,219,665</b>	<b>\$90.95</b>	<b>\$76,760</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>55.05%</b>	<b>\$42,229</b>	<b>\$50.04</b>	<b>\$2,871,558</b>	<b>\$2,861,559</b>	<b>\$49.86</b>	<b>\$42,082</b>	<b>54.82%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
USDA/RD Assumption	15.42%	\$11,828	\$14.02	\$804,309	\$804,309	\$804,309	Developer Fee Available
TDHCA HOME Loan	23.29%	\$17,869	\$21.17	1,215,089	1,215,089	1,215,089	\$631,522
Reserve Account	3.02%	\$2,318	\$2.75	157,630	157,630	155,273	
HTC Syndication Proceeds	58.32%	\$44,745	\$53.02	3,042,637	3,042,637	3,042,024	% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	\$0	\$0.00	0			0%
Additional (Excess) Funds Req'd	-0.06%	(\$44)	(\$0.05)	(2,970)	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$5,216,695</b>	<b>\$5,219,665</b>	<b>\$5,216,695</b>	<b>\$165,581</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

**Crestmoor Park South Apartments, Burleson, HTC 9 % #09100**

**PAYMENT COMPUTATION**

<b>Primary</b>	\$804,309	Amort	360
Int Rate	1.00%	DCR	2.15

<b>Secondary</b>	\$1,215,089	Amort	480
Int Rate	1.00%	Subtotal DCR	1.20

<b>Additional</b>	\$3,042,637	Amort	
Int Rate		Aggregate DCR	1.20

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$46,701
Secondary Debt Service	36,869
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$16,722</b>

<b>Primary</b>	\$804,309	Amort	360
Int Rate	1.00%	DCR	2.15

<b>Secondary</b>	\$1,215,089	Amort	480
Int Rate	1.00%	Subtotal DCR	1.20

<b>Additional</b>	\$0	Amort	360
Int Rate	0.00%	Aggregate DCR	1.20

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

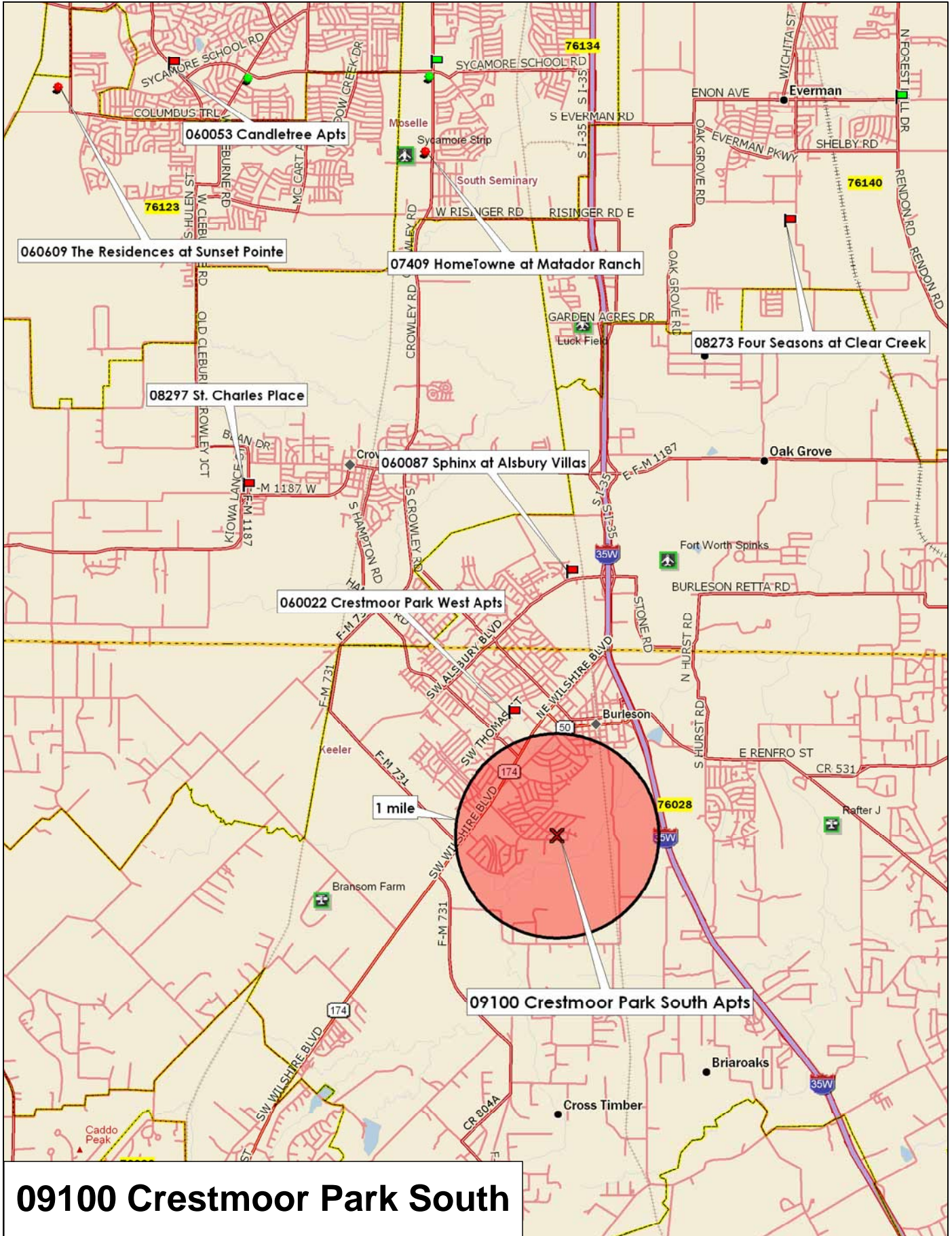
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$394,800	\$402,696	\$410,750	\$418,965	\$427,344	\$471,823	\$520,930	\$575,149	\$701,103
Secondary Income	8,160	8,323	8,490	8,659	8,833	9,752	10,767	11,888	14,491
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	402,960	411,019	419,240	427,624	436,177	481,575	531,697	587,037	715,594
Vacancy & Collection Loss	(30,222)	(30,826)	(31,443)	(32,072)	(32,713)	(36,118)	(39,877)	(44,028)	(53,670)
Employee or Other Non-Rental Units or C	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$372,738</b>	<b>\$380,193</b>	<b>\$387,797</b>	<b>\$395,553</b>	<b>\$403,464</b>	<b>\$445,456</b>	<b>\$491,820</b>	<b>\$543,009</b>	<b>\$661,925</b>
EXPENSES at 3.00%									
General & Administrative	\$18,791	\$19,355	\$19,935	\$20,533	\$21,149	\$24,518	\$28,423	\$32,950	\$44,282
Management	27,814	28,370	28,937	29,516	30,106	33,240	36,700	40,519	49,393
Payroll & Payroll Tax	52,438	54,011	55,631	57,300	59,019	68,419	79,316	91,950	123,572
Repairs & Maintenance	49,416	50,899	52,426	53,998	55,618	64,477	74,746	86,652	116,452
Utilities	24,289	25,017	25,768	26,541	27,337	31,691	36,739	42,591	57,238
Water, Sewer & Trash	21,784	22,437	23,110	23,804	24,518	28,423	32,950	38,198	51,335
Insurance	20,086	20,688	21,309	21,948	22,607	26,207	30,382	35,221	47,334
Property Tax	32,949	33,938	34,956	36,005	37,085	42,991	49,839	57,777	77,647
Reserve for Replacements	20,400	21,012	21,642	22,292	22,960	26,617	30,857	35,772	48,074
Other	4,480	4,614	4,753	4,895	5,042	5,845	6,776	7,856	10,557
<b>TOTAL EXPENSES</b>	<b>\$272,446</b>	<b>\$280,341</b>	<b>\$288,468</b>	<b>\$296,832</b>	<b>\$305,442</b>	<b>\$352,430</b>	<b>\$406,728</b>	<b>\$469,483</b>	<b>\$625,885</b>
<b>NET OPERATING INCOME</b>	<b>\$100,292</b>	<b>\$99,852</b>	<b>\$99,329</b>	<b>\$98,720</b>	<b>\$98,021</b>	<b>\$93,027</b>	<b>\$85,092</b>	<b>\$73,525</b>	<b>\$36,040</b>
DEBT SERVICE									
First Lien Financing	\$46,701	\$46,701	\$46,701	\$46,701	\$46,701	\$46,701	\$46,701	\$46,701	\$46,701
Second Lien	36,869	36,869	36,869	36,869	36,869	36,869	36,869	36,869	36,869
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$16,722</b>	<b>\$16,281</b>	<b>\$15,759</b>	<b>\$15,150</b>	<b>\$14,451</b>	<b>\$9,457</b>	<b>\$1,522</b>	<b>(\$10,045)</b>	<b>(\$47,530)</b>
DEBT COVERAGE RATIO	1.20	1.19	1.19	1.18	1.17	1.11	1.02	0.88	0.43

**HTC ALLOCATION ANALYSIS -Crestmoor Park South Apartments, Burleson, HTC 9 % #09100**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>						
Purchase of land	\$169,000	\$169,000				
Purchase of buildings	\$1,027,679	\$1,027,679	\$1,027,679	\$1,027,679		
<b>Off-Site Improvements</b>						
Sitework	\$403,982	\$440,112			\$403,982	\$440,112
<b>Construction Hard Costs</b>	\$2,065,457	\$2,039,326			\$2,065,457	\$2,039,326
<b>Contractor Fees</b>	\$347,120	\$347,120			\$345,721	\$347,120
<b>Contingencies</b>	\$45,000	\$45,000			\$45,000	\$45,000
<b>Eligible Indirect Fees</b>	\$278,306	\$278,306			\$278,306	\$278,306
<b>Eligible Financing Fees</b>	\$44,000	\$44,000			\$44,000	\$44,000
<b>All Ineligible Costs</b>	\$42,760	\$42,760				
<b>Developer Fees</b>			\$154,152		\$477,370	
Developer Fees	\$631,731	\$631,731		\$153,787		\$477,944
<b>Development Reserves</b>	\$164,630	\$151,661				
<b>TOTAL DEVELOPMENT COSTS</b>	\$5,219,665	\$5,216,695	\$1,181,831	\$1,181,466	\$3,659,836	\$3,671,808

<b>Deduct from Basis:</b>						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
<b>TOTAL ELIGIBLE BASIS</b>			\$1,181,831	\$1,181,466	\$3,659,836	\$3,671,808
High Cost Area Adjustment					130%	130%
<b>TOTAL ADJUSTED BASIS</b>			\$1,181,831	\$1,181,466	\$4,757,787	\$4,773,351
Applicable Fraction			100%	100%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>			\$1,181,831	\$1,181,466	\$4,757,787	\$4,773,351
Applicable Percentage			3.42%	3.42%	9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$40,419	\$40,406	\$428,201	\$429,602

<b>Syndication Proceeds</b>	<b>0.6500</b>	<b>\$262,721</b>	<b>\$262,640</b>	<b>\$2,783,306</b>	<b>\$2,792,410</b>
<b>Total Tax Credits (Eligible Basis Method)</b>				<b>\$468,619</b>	<b>\$470,008</b>
<b>Syndication Proceeds</b>				<b>\$3,046,027</b>	<b>\$3,055,050</b>
<b>Requested Tax Credits</b>				<b>\$468,098</b>	
<b>Syndication Proceeds</b>				<b>\$3,042,637</b>	
<b>Gap of Syndication Proceeds Needed</b>				<b>\$3,200,267</b>	<b>\$3,042,024</b>
<b>Total Tax Credits (Gap Method)</b>				<b>\$492,349</b>	<b>\$468,004</b>

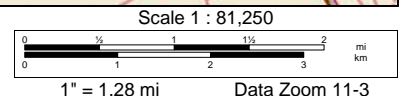


# 09100 Crestmoor Park South

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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Hampton Villages, TDHCA Number 09101**

BASIC DEVELOPMENT INFORMATION

Site Address: 1517 W. Alcock St. Development #: 09101  
 City: Pampa Region: 1 Population Served: General  
 County: Gray Zip Code: 79065 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Hampton Villages LP  
 Owner Contact and Phone: Tim Lang, (417) 890-3239  
 Developer: Eagles Nest Enterprises LLC  
 Housing General Contractor: Charter Contractors LP  
 Architect: Cross Architects  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: Newlife Housing Foundation  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	76	
	4	0	38	34	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	0	14	40	22	0	
Type of Building:						Total Development Units:	76
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$10,695,682
<input type="checkbox"/> Triplex	<input checked="" type="checkbox"/> Detached Residence					Number of Residential Buildings:	76
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,336,962	\$1,156,723			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Hampton Villages, TDHCA Number 09101

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Duncan, District 28, NC

Points: 0

US Representative: Thornberry, District 13, NC

TX Representative: Chisum, District 88, S

Points: 14

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

S, Lonny Robbins, Mayor

S, Hohn Horst, City Manager

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Pampa Economic Development Corporation, S, Dwight Feash, President

Eastern Texas Panhandle Chapter American Red Cross, S, Jana Gregory, CEO

Golden Spread Council, S, Bob Altman, Council Assistant Scout Executive

Pampa Meals on Wheels, S, Jeane Autry, Director

Greater Pampa Area Chamber of Commerce, S, Patrick Vanderpool, Executive Director

**General Summary of Comment:**

Support received from elected officials and Pampa city manager.

**CONDITIONS OF COMMITMENT**

1. Receipt, review and acceptance of documentation of approval by USDA of the proposed section 538 loan and interest rate subsidy.
2. Receipt, review and acceptance prior to commencement of construction of proof of removal of all household and commercial debris and plastic insulated pipe material from the development site.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.
4. Receipt of a commitment of funding from Charter Contractors, LP in the amount of \$400,000, or a commitment from a qualifying substitute source (s) in an amount not less than \$213,914 as required by §49.9(i)(27) of the 2009 QAP. The provider of funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Hampton Villages, TDHCA Number 09101**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **7**

Total # Monitored: **6**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **200**  Meeting a Required Set-Aside Credit Amount\*: \$1,156,723

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/22/09 PROGRAM: 9% HTC FILE NUMBER: 09101

**DEVELOPMENT**

Hampton Villages

Location: 1517 W. Alcock Street Region: 1  
 City: Pampa County: Gray Zip: 79065  OCT  DDA  
 Key Attributes: Multifamily, Family, New Construction, Rural

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,336,962			\$1,156,723		

**CONDITIONS**

- 1 Receipt, review and acceptance of documentation of approval by USDA of the proposed section 538 loan and interest rate subsidy.
- 2 Receipt, review and acceptance prior to commencement of construction of proof of removal of all household and commercial debris and plastic insulated pipe material from the development site.
- 3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	4
50% of AMI	50% of AMI	38
60% of AMI	60% of AMI	34

**STRENGTHS/MITIGATING FACTORS**

- Financed with USDA 538 Guarantee Program which offers some additional oversight of property operations.
- Overall capture rate is 45% and the sub-market occupancy reported at the time of the market study was 98%. Overall underwritten rents are 26% less than market rents.
- Single-family product type should compete well against typical garden-style properties.
- Principal of Applicant has LIHTC development and operations experience.

**WEAKNESSES/RISKS**

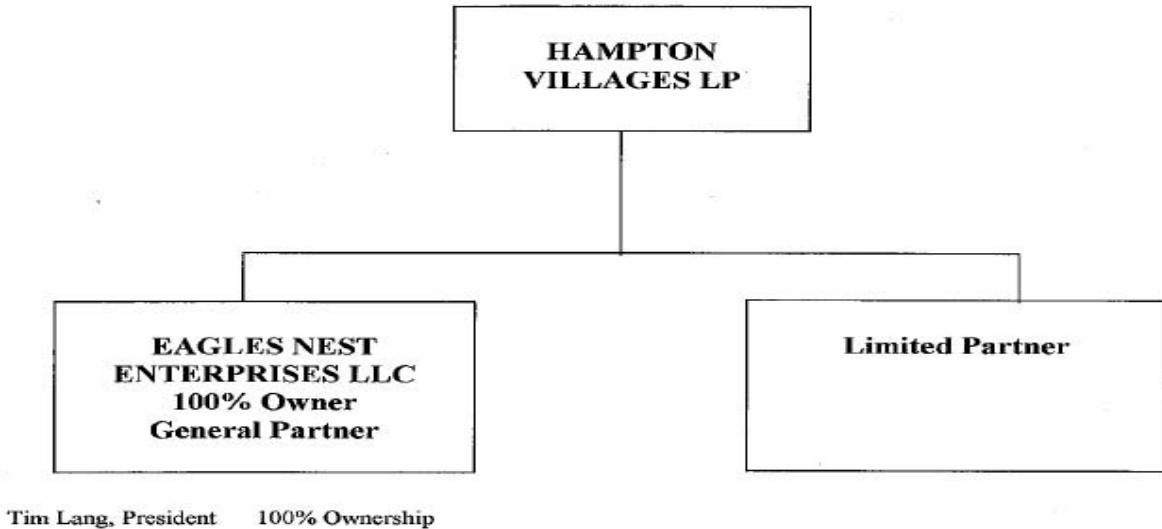
- Syndication price of \$.72 is at the high end of the range currently seen by the Underwriter.
- 50% and 60% AMI units have individual capture rates ranging from 149% to 322%.

**PREVIOUS UNDERWRITING REPORTS**

The applicant submitted an application in 2007. The 2007 application, #07137, was awarded an allocation of \$1,038,857 in credits. The Applicant subsequently returned the 2007 credits during the Board approved amnesty period to enable them to reapply for a 2009 allocation.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Tim Lang Phone: (512) 249-9095 Fax: (512) 249-6660  
 Email: tlangtejas@austin.rr.com

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Eagles Nest Enterprises, LLC	N/A	None
Tim Lang	CONFIDENTIAL	None reported
Michael Hartman	CONFIDENTIAL	4

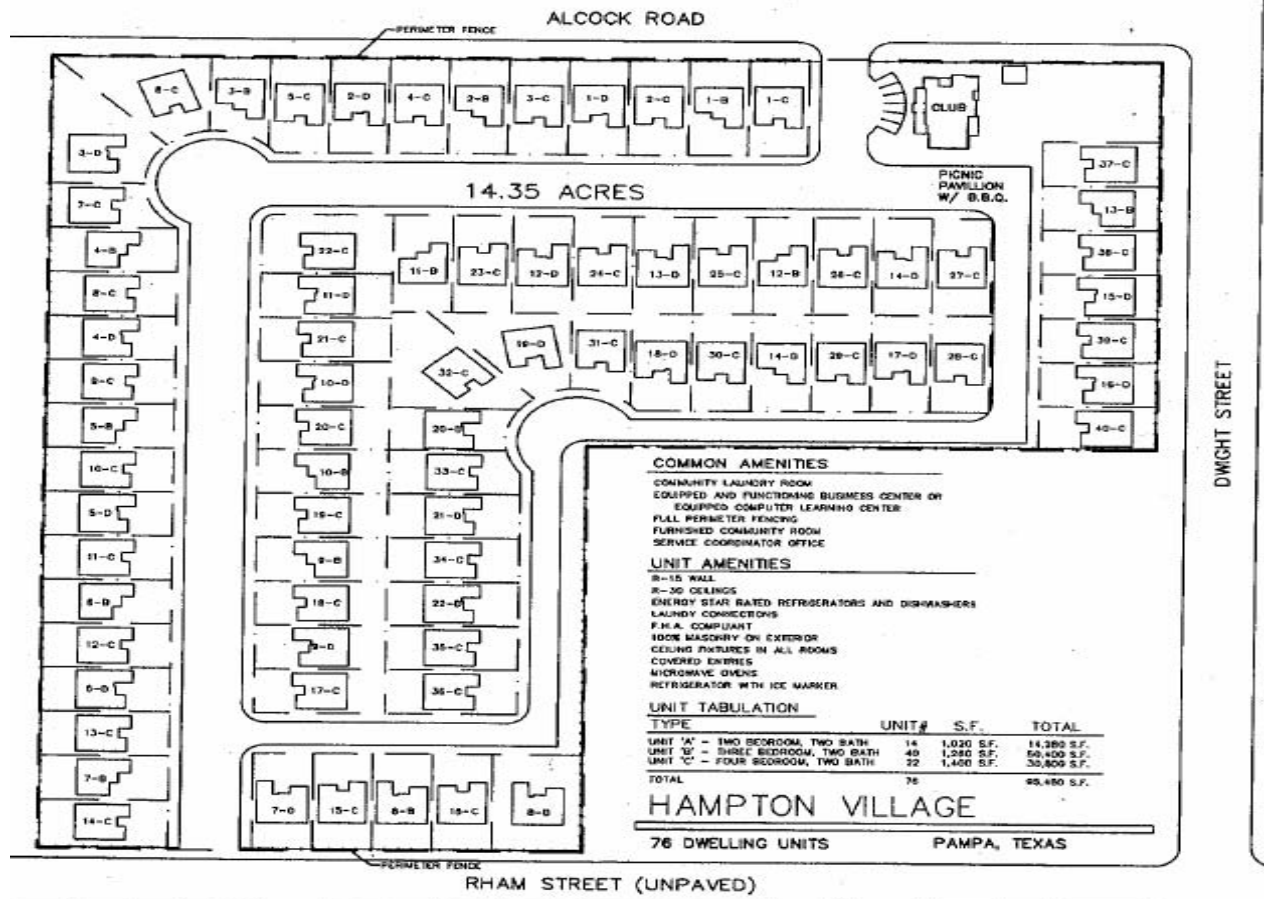
**IDENTITIES of INTEREST**

- The Applicant and Developer are related entities. These are common relationships for HTC-funded developments.
- The seller may be regarded as a related party to member(s) of the development team. However, the Applicant has not claimed any acquisition costs. This is discussed at greater length in the construction cost section of this report.

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PROPOSED SITE

SITE PLAN



COMMON AMENITIES

- COMMUNITY LAUNDRY ROOM
- EQUIPPED AND FUNCTIONING BUSINESS CENTER OR EQUIPPED COMPUTER LEARNING CENTER
- FULL PERIMETER FENCING
- FURNISHED COMMUNITY ROOM
- SERVICE COORDINATOR OFFICE

UNIT AMENITIES

- 8-15 WALL
- R-30 CEILING
- ENERGY STAR RATED REFRIGERATORS AND DISHWASHERS
- LAUNDRY CONNECTIONS
- P.M.A. COMPLIANT
- 100% MASONRY ON EXTERIOR
- CEILING FIXTURES IN ALL ROOMS
- COVERED ENTRIES
- HYDROGRAPHIC OVENS
- REFRIGERATOR WITH ICE MAKER

UNIT TABULATION

TYPE	UNIT#	S.F.	TOTAL
UNIT 'A' - TWO BEDROOM, TWO BATH	14	1,020 S.F.	14,280 S.F.
UNIT 'B' - THREE BEDROOM, TWO BATH	40	1,260 S.F.	50,400 S.F.
UNIT 'C' - FOUR BEDROOM, TWO BATH	22	1,400 S.F.	30,800 S.F.
<b>TOTAL</b>	<b>76</b>		<b>95,480 S.F.</b>

HAMPTON VILLAGE

76 DWELLING UNITS PAMPA, TEXAS

BUILDING CONFIGURATION

Building Type	A	B	C							Total Buildings
Floors/Stories	1	1	1							
Number	14	40	22							<b>76</b>

BR/BA	SF	Units								Total Units	Total SF
2/2	1,020	1								14	14,280
3/2	1,260		1							40	50,400
4/2	1,400			1						22	30,800
Units per Building		1	1	1						<b>76</b>	<b>95,480</b>

SITE ISSUES

Total Size: 14.35 acres Scattered site?  Yes  No

Flood Zone: C Within 100-yr floodplain?  Yes  No

Zoning: Commercial Needs to be re-zoned?  Yes  No  N/A

This section intentionally left blank.

Comments:

Flood Zone: According to the ESA provider "Flood maps were not available for the subject property. The Federal Emergency Management Agency (FEMA) has issued a Special Notice to Community Number 480256 which is the City of Pampa. Based on the available flood map data in this notice the adjacent property to the North and the adjacent property to the East of the subject property appear to be as Zone C. Since the subject property is outside the corporate limits of the City of Pampa the adjacent areas to the South and West are not classified." (p. 19)

TDHCA SITE INSPECTION

Inspector: ORCA Staff Date: 4/20/2007

Overall Assessment:

Excellent  Acceptable  Questionable  Poor  Unacceptable

Surrounding Uses:

North: Commercial/ Undeveloped East: Single Family Residential  
South: Single Family Res./Commercial West: Single Family Residential

Comments:

Inspector: The site is somewhat isolated, but is still acceptable.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Matrix Environmental Sciences, Inc. Date: 3/3/2007

Of note, the subject development received an award of tax credits in 2007; those credits have been returned and the subject is reapplying as part of the 2009 cycle. On February 5, 2009 the Board approved the use of the Phase I Environmental Assessment from 2007 for purposes of the current 2009 applications.

Recognized Environmental Concerns (RECs) and Other Concerns:

- "At the time of the Phase I Environmental Site Assessment and based on current historical information reviewed no recognized environmental conditions were revealed in connection with the property." (p. 3) However, Matrix recommends the following:
- "Remove all household and commercial debris prior to development. Most of this is concentrated on the southern portion of Lot 1 off Dwight Street." (p. 31)
- "Remove the plastic insulated pipe material on the south portion of Lot 1 near the fence (property) line." (p. 31)

Comments:

Receipt, review and acceptance, by carryover, of proof of removal of all household and commercial debris and plastic insulated pipe material from the development site is a condition of this report.

MARKET HIGHLIGHTS

Provider: Apartment MarketData Date: 3/30/2007

Contact: Linda Powers Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: none Date of Last Applicant Revision: N / A

The subject development received an award of tax credits in 2007; those credits have been returned and the subject is reapplying as part of the 2009 cycle. On February 5, 2009 the Board approved the use of the Market Study from 2007 for purposes of the current application.

Primary Market Area (PMA): 925 sq. miles 17 mile equivalent radius

The Primary Market Area is defined as all of Gray County. Gray County had an estimated 2006 population of 20,298, comprised of 7,499 households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
none				none			

2009 RURAL INCOME LIMITS						
Gray						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$10,770	\$12,300	\$13,860	\$15,390	\$16,620	\$17,850
40	\$14,360	\$16,400	\$18,480	\$20,520	\$22,160	\$23,800
50	\$17,950	\$20,500	\$23,100	\$25,650	\$27,700	\$29,750
60	\$21,540	\$24,600	\$27,720	\$30,780	\$33,240	\$35,700

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
2 BR/30%	18	-1	0	17	2	0	12%
2 BR/60%	27	-1	0	26	12	0	46%
3 BR/30%	6	0	0	6	4	0	67%
3 BR/60%	17	-1	0	16	36	0	225%
4 BR/30%	2	0	0	2	2	0	100%
4 BR/60%	10	0	0	10	20	0	200%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
2 BR/30%	6	0	0	6	2	0	32%
2 BR/50%	4	0	0	4	6	0	149%
2 BR/60%	4	0	0	4	6	0	157%
3 BR/30%	4	0	0	3	2	0	58%
3 BR/50%	7	0	0	7	18	0	277%
3 BR/60%	8	-1	0	7	20	0	287%
4 BR/50%	5	0	0	4	14	0	322%
4 BR/60%	4	0	0	4	8	0	222%

OVERALL DEMAND							
	Target Households	Household Size	Income Eligible	Tenure	Demand		
PMA DEMAND from TURNOVER				turnover			
Market Analyst p. 55				490	65%	314	
Underwriter	100% 6,779	73% 4,974	29% 1,441	28% 403	44%	177	
PMA DEMAND from GROWTH				growth			
Market Analyst p. 55						-10	
Underwriter	100% -128	73% -94	29% -27	28% -8	100%	-8	

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		INCLUSIVE CAPTURE RATE					
		Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst	p. 56	76	0	0	76	304	<b>25%</b>
Underwriter		76	0	0	76	170	<b>45%</b>

Proposed, Under Construction, and Unstabilized Comparable Supply:

There are no unstabilized comparable units located within the Primary Market Area.

Supply and Demand Analysis:

The Market Analyst identified 490 income-eligible renter households of 1-6 persons; based on the IREM turnover rate of 64.5%, this results in demand for 314 units due to household turnover. The market study also reports a projected decline in eligible households, resulting in a reduction of demand by 10 units. Overall demand for 304 units indicates a capture rate of 25% for the 76 subject units.

The smallest unit at the subject is two-bedroom, and the maximum incomes for a one-person household are below the minimum incomes for the two-bedroom units. The underwriting analysis has therefore only included households of 2-6 persons. Based on the TDHCA turnover rate of 44% for non-senior households in Region 1, the underwriting analysis identifies demand for 177 units due to turnover, and a reduction in demand of 8 units due to the projected decline in eligible households. Overall demand for 170 units indicates a capture rate of 45% for the 76 subject units, well below the limit of 75% for rural developments.

Primary Market Occupancy Rates:

At the time of the market study, the Market Analyst reported "The current occupancy of the market area is 98.3% as a result of limited new supply. Apartment units built since 1990 report an overall average occupancy of 100%." (p. 100)

Absorption Projections:

"Within the PMA, there is one 'affordable' family rental project, Pampa Manor, which was constructed in 1993. Therefore, there are no recent absorption rates available." (p. 103) "Based on occupancy rates currently reported by existing projects, we opine that the market will readily accept the subject's units." (p. 100)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
2 BR 1,020 SF 30%	\$219	\$232	\$600	\$232	\$368		
2 BR 1,020 SF 50%	\$441	\$463	\$600	\$463	\$137		
2 BR 1,020 SF 60%	\$552	\$579	\$600	\$579	\$21		
3 BR 1,260 SF 30%	\$247	\$263	\$750	\$263	\$487		
3 BR 1,260 SF 50%	\$503	\$529	\$750	\$529	\$221		
3 BR 1,260 SF 60%	\$631	\$663	\$750	\$663	\$87		
4 BR 1,400 SF 50%	\$543	\$571	\$850	\$571	\$279		
4 BR 1,400 SF 60%	\$686	\$720	\$850	\$720	\$130		

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. There is one existing "affordable" housing project, and it has an overall occupancy of 100%. The only affordable project built in the last two decades, Pampa Manor (1993) is 100% occupied." (p. 98)

Comments:

The market study provides sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income: Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of February 2, 2008, maintained by Gray County Housing Authority from the 2008 Rural program gross rent limits. Tenants will be required to pay electric, water and sewer utility costs. The Underwriter's projected rents were calculated by subtracting tenant-paid utilities from the current 2009 HTC Rural program rents. It should be noted that at the time the application was submitted the 2009 Rural program rent limits were not yet available.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines, and effective gross income is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: 2 Date of Last Applicant Revision: 5/5/2009

The Applicant's total annual operating expense projection at \$3,927 per unit is within 5% of the Underwriter's estimate of \$3,942, derived from the TDHCA database, and third-party data sources. The Applicant's budget shows Property Tax to be \$9K higher when compared to the Underwriter's estimate.

**Conclusion:**

The Applicant's net operating income is not within 5% of the Underwriter's estimates; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proforma and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.35. Therefore, the recommended financing structure reflects an increase in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	13.1 acres	<u>\$29,640</u>	Tax Year:	<u>2008</u>
Existing Buildings:		<u>\$0</u>	Valuation by:	<u>Gray CAD</u>
Total Assessed Value:		<u>\$29,640</u>	Tax Rate:	<u>2.49562</u>

**EVIDENCE of PROPERTY CONTROL**

Type: General Warranty Deed Acreage: 14.35

Contract Expiration: N/A Valid Through Board Date?  Yes  No

Acquisition Cost: \$265,780 Other: See comments below

Seller: Heathmore Inc. Related to Development Team?  Yes  No

**Comments:**

During review of the 2007 application the property transfer was considered to be an arm's length transaction. However, upon review of the documentation provided in the current application for the subject, an affiliation between the seller and the development team was revealed. Therefore, for purposes of this analysis the acquisition is considered to be identity of interest and, therefore, subject to the identity of interest rules.



## CONSTRUCTION COST ESTIMATE EVALUATION

*COST SCHEDULE* Number of Revisions: 1 Date of Last Applicant Revision: 7/8/2009

### Acquisition Value:

As stated above, the property transfer has been characterized as an identity of interest transaction since the seller of the property, Heathmore, Inc. shares an officer with the supportive services provider for the subject application. Subsequent to a request for additional information, the Applicant opted to omit the land cost from the cost schedule in order to resolve any identity of interest issues. Therefore, both the Applicant and the Underwriter have not reflected any acquisition cost.

### Sitework Cost:

The Applicant's claimed sitework costs of \$9K per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

### Direct Construction Cost:

The Applicant's direct construction cost estimate is \$789K or 13% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Of note, the Applicant's direct construction cost estimate in the current 2009 application reflects a 30% increase from the estimate provided in the 2007 application. The Underwriter's current Marshall & Swift estimate reflects a 10% increase from the estimate provided in the 2007 underwriting analysis.

### Contingency & Fees:

The Applicant's eligible contingency costs were adjusted down by \$150 to meet the Department guideline of 5% of eligible sitework and direct construction costs for new construction developments. The Applicant's developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines; however, the Applicant's contractor fees exceed the 14% maximum allowed by HTC guidelines by a total of \$421 based on their own construction costs. Consequently, the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs.

### Conclusion:

The Applicant's total development cost is not within 5% of the Underwriter's estimate; therefore, the Underwriter's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$10,392,272 supports annual tax credits of \$1,215,896. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

## FINANCING STRUCTURE

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: Stearns Bank Type: Interim Financing

Principal: \$4,500,000 Interest Rate: 7.5%  Fixed Term: 18 months

#### Comments:

Rate is stated to be Wall Street Journal Prime plus 1.00% with floor rate of 7.5%

Source: Lancaster Pollard Mortgage Company Type: Permanent Financing

Principal: \$1,500,000 Interest Rate: 5.96%  Fixed Amort: 480 months

#### Comments:

The interest rate is AFR plus a maximum of 2.5%. This loan has a 90% USDA Section 538 guarantee.

Source: Charter Contractors LP Type: Permanent Financing

Principal: \$400,000 Interest Rate: 4.60%  Fixed Amort: 480 months

#### Comments:

Loan is secured by a second lien deed of trust and must close by February 2011

Source: Pampa Economic Development Corp. Type: Interim Financing

Principal: \$525,000 Conditions: 2 Year term, 4.50 % Interest Rate

Comments:  
Accrued interest payable monthly, principal due at maturity

Source: Raymond James Type: Syndication

Proceeds: \$9,692,005 Syndication Rate: 73% Anticipated HTC: \$ 1,336,962

Comments:  
Due to the recent volatility in credit pricing, it should be noted, any increase in rate could warrant further adjustment to the credit amount.

Amount: \$432,450 Type: Deferred Developer Fees

### CONCLUSIONS

#### Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. The underwriting analysis assumes an increase in the permanent loan amount to \$1,910,279 based on the terms reflected in the application materials. As a result the development's gap in financing will decrease.

The Underwriter's total development cost estimate less the adjusted permanent loan of \$1,910,279 and \$400K private loan indicates the need for \$8,385,403 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,156,723 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,336,962), the gap-driven amount (\$1,156,723), and eligible basis-derived estimate (\$1,215,896), the gap-driven amount of \$1,156,723 is recommended resulting in proceeds of \$8,385,403 based on a syndication rate of 73%.

The Underwriter's recommended financing structure indicates no need for deferred developer fees.

Underwriter: \_\_\_\_\_ Date: July 22, 2009  
Thomas Kincaid/Diamond Unique Thompson

Reviewing Underwriter: \_\_\_\_\_ Date: July 22, 2009  
*Raquel Morales*

Director of Real Estate Analysis: \_\_\_\_\_ Date: July 22, 2009  
*Brent Stewart*

MULTIFAMILY COMPARATIVE ANALYSIS

Hampton Villages, Pampa, 9% HTC #09101

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	T only
TC 30%	2	2	2	1,020	\$346	\$232	\$464	\$0.23	\$114.00	\$16.00
TC 50%	6	2	2	1,020	\$577	\$463	\$2,778	\$0.45	\$114.00	\$16.00
TC 60%	6	2	2	1,020	\$693	\$579	\$3,474	\$0.57	\$114.00	\$16.00
TC 30%	2	3	2	1,260	\$400	\$263	\$526	\$0.21	\$137.00	\$18.00
TC 50%	18	3	2	1,260	\$666	\$529	\$9,522	\$0.42	\$137.00	\$18.00
TC 60%	20	3	2	1,260	\$800	\$663	\$13,260	\$0.53	\$137.00	\$18.00
TC 50%	14	4	2	1,400	\$743	\$571	\$7,994	\$0.41	\$172.00	\$22.00
TC 60%	8	4	2	1,400	\$892	\$720	\$5,760	\$0.51	\$172.00	\$22.00
<b>TOTAL:</b>	<b>76</b>		<b>AVERAGE:</b>	<b>1,256</b>		<b>\$576</b>	<b>\$43,778</b>	<b>\$0.46</b>	<b>\$142.89</b>	<b>\$18.79</b>

**INCOME**

Total Net Rentable Sq Ft: 95,480

				TDHCA	APPLICANT	COUNTY	I REM REGION	COMPT. REGION
POTENTIAL GROSS RENT				\$525,336	\$499,848	Gray		1
Secondary Income	Per Unit Per Month:	\$15.00		13,680	13,680	\$15.00	Per Unit Per Month	
Other Support Income:				0		\$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				\$539,016	\$513,528			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(40,426)	(38,520)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0				
EFFECTIVE GROSS INCOME				\$498,590	\$475,008			

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI	
General & Administrative	5.53%	\$363	0.29	\$27,588	\$29,875	\$0.31	\$393	6.29%	
Management	5.00%	328	0.26	24,929	23,817	0.25	313	5.01%	
Payroll & Payroll Tax	15.90%	1,043	0.83	79,284	76,140	0.80	1,002	16.03%	
Repairs & Maintenance	7.77%	510	0.41	38,740	34,552	0.36	455	7.27%	
Utilities	2.15%	141	0.11	10,718	8,650	0.09	114	1.82%	
Water, Sewer, & Trash	3.90%	256	0.20	19,450	15,025	0.16	198	3.16%	
Property Insurance	3.83%	251	0.20	19,096	21,900	0.23	288	4.61%	
Property Tax	2.49562	9.51%	624	0.50	47,417	56,088	0.59	738	11.81%
Reserve for Replacements	3.81%	250	0.20	19,000	19,000	0.20	250	4.00%	
TDHCA Compliance Fees	0.61%	40	0.03	3,040	3,040	0.03	40	0.64%	
Other: Supp Serv Contract Fees	2.08%	136	0.11	10,360	10,360	0.11	136	2.18%	
<b>TOTAL EXPENSES</b>	<b>60.09%</b>	<b>\$3,942</b>	<b>\$3.14</b>	<b>\$299,622</b>	<b>\$298,447</b>	<b>\$3.13</b>	<b>\$3,927</b>	<b>62.83%</b>	
<b>NET OPERATING INC</b>	<b>39.91%</b>	<b>\$2,618</b>	<b>\$2.08</b>	<b>\$198,967</b>	<b>\$176,561</b>	<b>\$1.85</b>	<b>\$2,323</b>	<b>37.17%</b>	

**DEBT SERVICE**

Lancaster Pollard	16.81%	\$1,103	\$0.88	\$83,836	\$83,836	\$0.88	\$1,103	17.65%
Charter Contractors, LP	4.39%	\$288	\$0.23	21,889	24,607	\$0.26	\$324	5.18%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>18.70%</b>	<b>\$1,227</b>	<b>\$0.98</b>	<b>\$93,242</b>	<b>\$68,118</b>	<b>\$0.71</b>	<b>\$896</b>	<b>14.34%</b>

AGGREGATE DEBT COVERAGE RATIO

1.88 1.63

RECOMMENDED DEBT COVERAGE RATIO

1.35

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.00%	\$0	\$0.00	\$0	\$0	\$0.00	\$0	0.00%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		6.40%	9,000	7.16	684,000	684,000	7.16	9,000	5.82%
Direct Construction		57.44%	80,839	64.35	6,143,772	6,932,760	72.61	91,221	58.96%
Contingency	5.00%	3.19%	4,492	3.58	341,389	380,988	3.99	5,013	3.24%
Contractor's Fees	14.00%	8.94%	12,577	10.01	955,888	1,066,767	11.17	14,036	9.07%
Indirect Construction		5.78%	8,141	6.48	618,680	618,680	6.48	8,141	5.26%
Ineligible Costs		1.21%	1,703	1.36	129,401	129,401	1.36	1,703	1.10%
Developer's Fees	15.00%	12.67%	17,836	14.20	1,355,514	1,450,801	15.19	19,089	12.34%
Interim Financing		2.74%	3,856	3.07	293,030	293,030	3.07	3,856	2.49%
Reserves		1.63%	2,290	1.82	174,009	202,250	2.12	2,661	1.72%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$140,733</b>	<b>\$112.02</b>	<b>\$10,695,682</b>	<b>\$11,758,677</b>	<b>\$123.15</b>	<b>\$154,719</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>75.97%</b>	<b>\$106,909</b>	<b>\$85.10</b>	<b>\$8,125,048</b>	<b>\$9,064,515</b>	<b>\$94.94</b>	<b>\$119,270</b>	<b>77.09%</b>

**SOURCES OF FUNDS**

						RECOMMENDED	
Lancaster Pollard	14.02%	\$19,737	\$15.71	\$1,500,000	\$1,500,000	\$1,910,279	Developer Fee Available
Charter Contractors, LP	3.74%	\$5,263	\$4.19	400,000	400,000	400,000	\$1,450,801
Donco Grant							
HTC Syndication Proceeds	90.62%	\$127,526	\$101.51	9,692,007	9,692,007	8,385,403	% of Dev. Fee Deferred
Deferred Developer Fees	4.04%	\$5,690	\$4.53	432,450	432,450		0%
Additional (Excess) Funds Req'd	-12.42%	(\$17,484)	(\$13.92)	(1,328,775)	(265,780)	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$10,695,682</b>	<b>\$11,758,677</b>	<b>\$10,695,682</b>	<b>\$866,744</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Hampton Villages, Pampa, 9% HTC #09101*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook*

Average Quality Single Family Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$84.91	\$8,107,067
Adjustments				
Exterior Wall Finish			\$0.00	\$0
Subdivision Discount	-10.00%		(8.49)	(810,707)
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.55)	(243,474)
Floor Cover			3.73	355,854
Patios	\$5.92	6,080	0.38	35,994
Covered Entries	\$22.29	2,264	0.53	50,460
Rough-ins	\$475	76	0.38	36,100
Built-In Appliances	\$2,775	76	2.21	210,900
Exterior Stairs	\$1,875		0.00	0
Enclosed Corridors	\$74.99		0.00	0
Heating/Cooling			1.92	183,322
Garages/Carports	\$28.02	19,253	5.65	539,478
Comm &/or Aux Bldgs	\$74.25	3,086	2.40	229,136
Other: fire sprinkler	\$2.15	0	0.00	0
<b>SUBTOTAL</b>			<b>91.06</b>	<b>8,694,129</b>
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.87		(11.84)	(1,130,237)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$79.22</b>	<b>\$7,563,892</b>
Plans, specs, survy, bld prm	3.90%		(\$3.09)	(\$294,992)
Interim Construction Interest	3.38%		(2.67)	(255,281)
Contractor's OH & Profit	11.50%		(9.11)	(869,848)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$64.35</b>	<b>\$6,143,772</b>

**PAYMENT COMPUTATION**

TK Costing 7,595,302 -511,765	<b>Primary</b>	\$1,500,000	Amort	480
	Int Rate	4.75%	DCR	2.37
7,296,360	<b>Secondary</b>	\$400,000	Amort	480
	Int Rate	4.60%	Subtotal DCR	1.88
	<b>Additional</b>	\$9,692,007	Amort	
	Int Rate		Aggregate DCR	1.88

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$125,489
Secondary Debt Service	21,889
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$51,590</b>

<b>Primary</b>	\$1,910,279	Amort	480
Int Rate	5.96%	DCR	1.59

<b>Secondary</b>	\$400,000	Amort	480
Int Rate	4.60%	Subtotal DCR	1.35

<b>Additional</b>	\$9,692,007	Amort	0
Int Rate	0.00%	Aggregate DCR	1.35

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

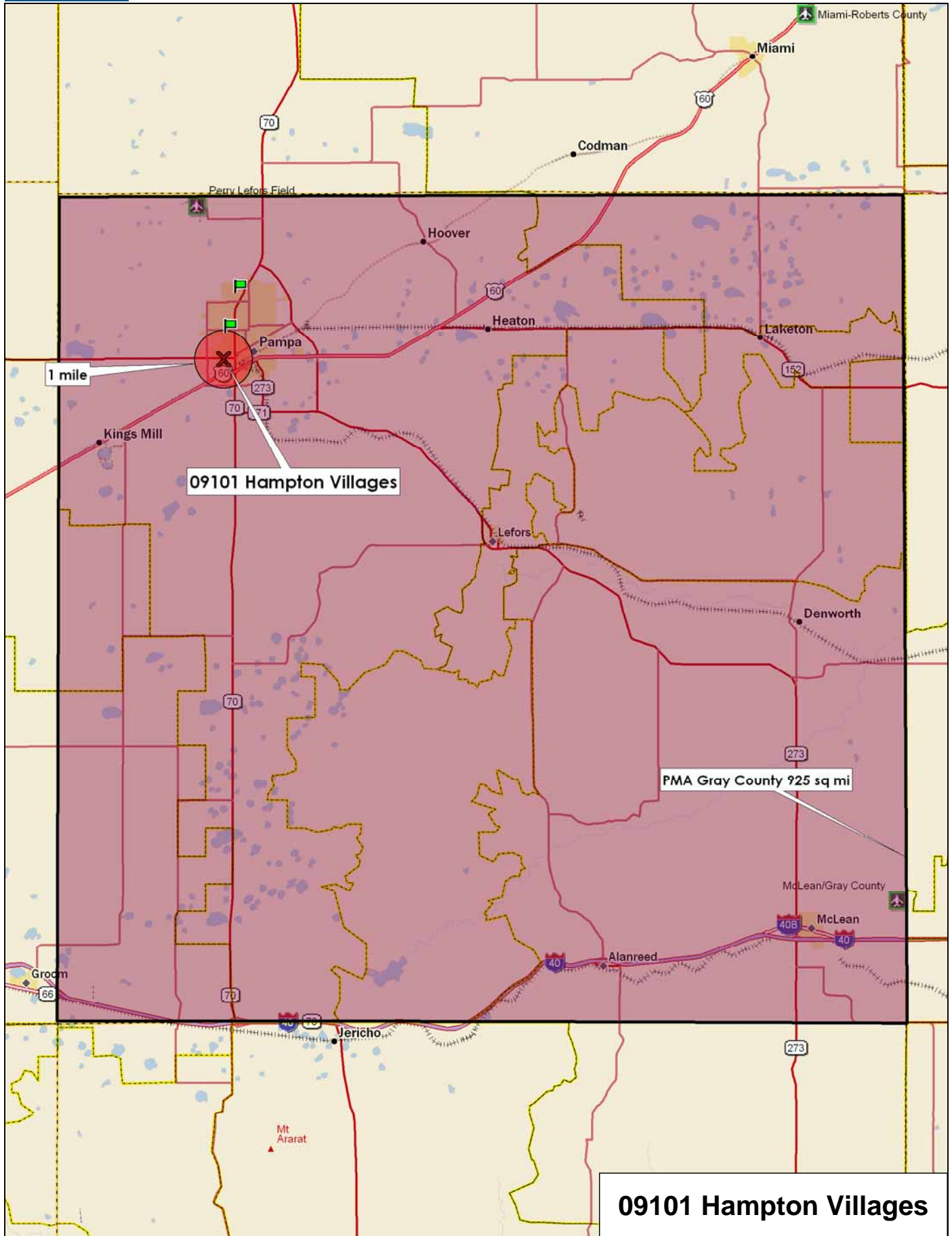
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$525,336	\$535,843	\$546,560	\$557,491	\$568,641	\$627,825	\$693,170	\$765,315	\$932,915
Secondary Income	13,680	13,954	14,233	14,517	14,808	16,349	18,050	19,929	24,294
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	539,016	549,796	560,792	572,008	583,448	644,174	711,220	785,245	957,209
Vacancy & Collection Loss	(40,426)	(41,235)	(42,059)	(42,901)	(43,759)	(48,313)	(53,342)	(58,893)	(71,791)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFEKTIVE GROSS INCOME</b>	<b>\$498,590</b>	<b>\$508,562</b>	<b>\$518,733</b>	<b>\$529,107</b>	<b>\$539,690</b>	<b>\$595,861</b>	<b>\$657,879</b>	<b>\$726,351</b>	<b>\$885,418</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$27,588	\$28,416	\$29,268	\$30,146	\$31,050	\$35,996	\$41,729	\$48,376	\$65,013
Management	24,929	25,428	25,937	26,455	26,984	29,793	32,894	36,318	44,271
Payroll & Payroll Tax	79,284	81,663	84,112	86,636	89,235	103,448	119,924	139,025	186,838
Repairs & Maintenance	38,740	39,902	41,099	42,332	43,602	50,547	58,598	67,931	91,294
Utilities	10,718	11,040	11,371	11,712	12,064	13,985	16,213	18,795	25,259
Water, Sewer & Trash	19,450	20,033	20,634	21,253	21,891	25,377	29,419	34,105	45,834
Insurance	19,096	19,669	20,259	20,867	21,493	24,916	28,884	33,485	45,001
Property Tax	47,417	48,839	50,304	51,814	53,368	61,868	71,722	83,146	111,741
Reserve for Replacements	19,000	19,570	20,157	20,762	21,385	24,791	28,739	33,317	44,775
Other	13,400	13,802	14,216	14,643	15,082	17,484	20,269	23,497	31,578
<b>TOTAL EXPENSES</b>	<b>\$299,622</b>	<b>\$308,362</b>	<b>\$317,358</b>	<b>\$326,620</b>	<b>\$336,154</b>	<b>\$388,205</b>	<b>\$448,392</b>	<b>\$517,993</b>	<b>\$691,603</b>
<b>NET OPERATING INCOME</b>	<b>\$198,967</b>	<b>\$200,200</b>	<b>\$201,375</b>	<b>\$202,488</b>	<b>\$203,536</b>	<b>\$207,656</b>	<b>\$209,487</b>	<b>\$208,358</b>	<b>\$193,815</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$125,489	\$125,489	\$125,489	\$125,489	\$125,489	\$125,489	\$125,489	\$125,489	\$125,489
Second Lien	21,889	21,889	21,889	21,889	21,889	21,889	21,889	21,889	21,889
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$51,590</b>	<b>\$52,823</b>	<b>\$53,997</b>	<b>\$55,110</b>	<b>\$56,159</b>	<b>\$60,279</b>	<b>\$62,110</b>	<b>\$60,981</b>	<b>\$46,438</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.35</b>	<b>1.36</b>	<b>1.37</b>	<b>1.37</b>	<b>1.38</b>	<b>1.41</b>	<b>1.42</b>	<b>1.41</b>	<b>1.32</b>

**HTC ALLOCATION ANALYSIS -Hampton Villages, Pampa, 9% HTC #09101**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land				
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$684,000	\$684,000	\$684,000	\$684,000
<b>Construction Hard Costs</b>	\$6,932,760	\$6,143,772	\$6,932,760	\$6,143,772
<b>Contractor Fees</b>	\$1,066,767	\$955,888	\$1,066,346	\$955,888
<b>Contingencies</b>	\$380,988	\$341,389	\$380,838	\$341,389
<b>Eligible Indirect Fees</b>	\$618,680	\$618,680	\$618,680	\$618,680
<b>Eligible Financing Fees</b>	\$293,030	\$293,030	\$293,030	\$293,030
<b>All Ineligible Costs</b>	\$129,401	\$129,401		
<b>Developer Fees</b>				
Developer Fees	\$1,450,801	\$1,355,514	\$1,450,801	\$1,355,514
<b>Development Reserves</b>	\$202,250	\$174,009		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$11,758,677</b>	<b>\$10,695,682</b>	<b>\$11,426,455</b>	<b>\$10,392,272</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$11,426,455	\$10,392,272
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$14,854,392	\$13,509,953
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$14,854,392	\$13,509,953
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,336,895	\$1,215,896

<b>Syndication Proceeds</b>	<b>0.7249</b>	<b>\$9,691,521</b>	<b>\$8,814,363</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,336,895</b>	<b>\$1,215,896</b>
<b>Syndication Proceeds</b>		<b>\$9,691,521</b>	<b>\$8,814,363</b>
<b>Requested Tax Credits</b>		<b>\$1,336,962</b>	
<b>Syndication Proceeds</b>		<b>\$9,692,005</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$9,448,398</b>	<b>\$8,385,403</b>
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,303,358</b>	<b>\$1,156,723</b>



09101 Hampton Villages

PMA Gray County 925 sq mi

09101 Hampton Villages



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Magnolia Trails, TDHCA Number 09102**

BASIC DEVELOPMENT INFORMATION

Site Address: 31000 Blk of Nichols Sawmill Rd. (W. side) Development #: 09102  
 City: Magnolia Region: 6 Population Served: Elderly  
 County: Montgomery Zip Code: 77355 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Magnolia Trails, LP  
 Owner Contact and Phone: David Mark Koogler, (713) 906-4460  
 Developer: Mark-Dana Corporation  
 Housing General Contractor: Koogler Construction of Texas, L.L.C.  
 Architect: Mucasey & Associates Architects  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: PNC Multi Family Capital  
 Supportive Services: TBD  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	76	
	4	0	35	37	Market Rate Units:	4	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	50	30	0	0	0	
Type of Building:						Total Development Units:	80
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$8,266,007
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	3
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$805,336	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Magnolia Trails, TDHCA Number 09102

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

State and Federal Officials with Jurisdiction:

TX Senator: Nichols, District 3, NC Points: 0 US Representative: Brady, District 8, NC
TX Representative: Eissler, District 15, S Points: 14 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: NC Resolution of Support from Local Government [checked]

Individuals and Businesses: In Support: 0 In Opposition: 0

Quantifiable Community Participation Input:

Citizens for a Better Magnolia, Roy White Letter Score: 24 S or O: S

The Development will bring much needed housing to this community and it will benefit seniors.

Community Input Other than Quantifiable Community Participation Input:

Total Score for All Input: 0
Montgomery County United Way, S, Julie P. Martineau, President
Habitat for Humanity of Montgomery County, S, Barbara Smith, Executive Director
Magnolia Lions Club, S, Larry Barrow, President
Magnolia Area Chamber of Commerce, S, Anne Sundquist, President

General Summary of Comment:

Support received from elected official and local community groups (2).

CONDITIONS OF COMMITMENT

- 1. Receipt, review, and acceptance, by carryover, of documentation of a thorough assessment of the site to determine the status of potentially regulated wetland areas, and that any subsequent recommendations have been implemented.
2. Receipt, review, and acceptance, by cost certification, of documentation that the development has been constructed as required by §49.6(a) of the QAP relating to developments constructed in flood hazard areas.
3. Receipt, review, and acceptance, by cost certification, of an executed Land Use Restriction Agreement (LURA) with the Department restricting the entire 9.89 acre site.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.
5. Receipt of a commitment of funding from Montgomery County Community Development in the amount of \$270,000, or a commitment from a qualifying substitute source in an amount not less than \$253,981, as required by §49.9(i)(5) of the 2009 QAP.





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Magnolia Trails, TDHCA Number 09102**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **1**

Total # Monitored: **0**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **212**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended due to \$2 million cap violation.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 06/12/09 PROGRAM: 9% HTC / HOME FILE NUMBER: 09102

**DEVELOPMENT**

Magnolia Trails

Location: 31000 Block of Nichols Sawmill Road Region: 6  
 City: Magnolia County: Montgomery Zip: 77355  OCT  DDA  
 Key Attributes: Elderly, Rural, New Construction

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$805,336			<b>\$805,336</b>		

**CONDITIONS**

- 1 Receipt, review, and acceptance, by carryover, of documentation of a thorough assessment of the site to determine the status of potentially regulated wetland areas, and that any subsequent recommendations have been implemented.
- 2 Receipt, review, and acceptance, by cost certification, of documentation that the development has been constructed as required by §49.6(a) of the QAP relating to developments constructed in flood hazard areas.
- 3 Receipt, review, and acceptance, by cost certification, of an executed Land Use Restriction Agreement (LURA) with the Department restricting the entire 9.89 acre site.
- 4 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	4
50% of AMI	50% of AMI	35
60% of AMI	60% of AMI	37

**PROS**

- The principals of the Applicant have considerable financial capacity to support this transaction including a protracted lease-up, if necessary.

**CONS**

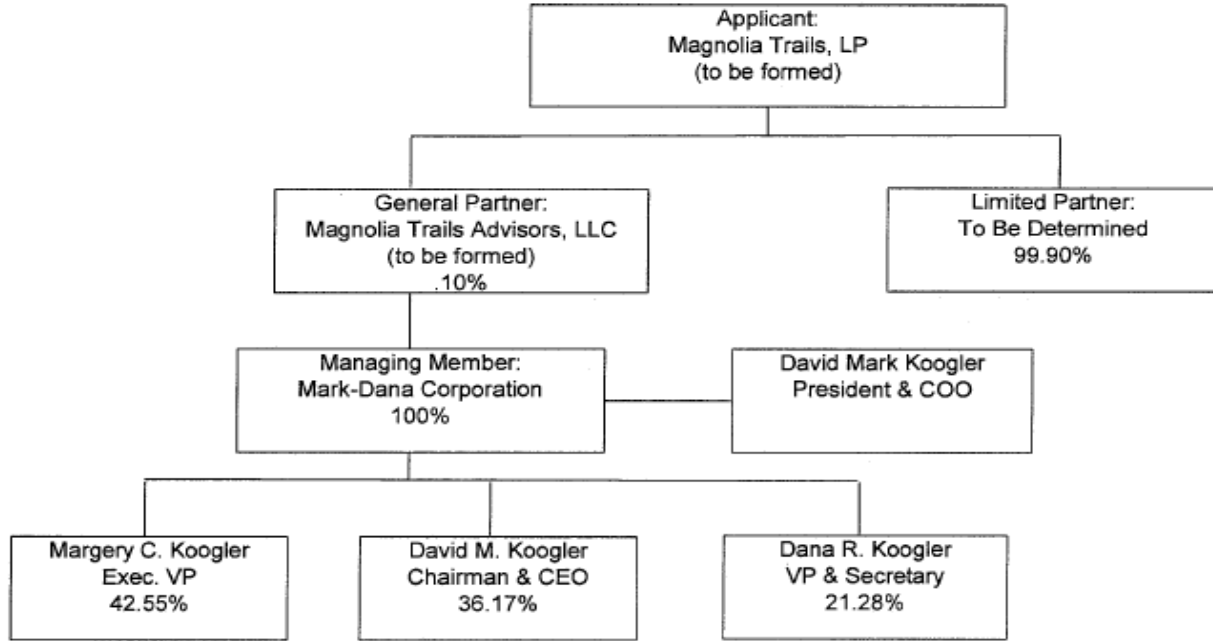
- The 50% AMI and 60% AMI units show a capture rate in excess of 100%.

**PREVIOUS UNDERWRITING REPORTS**

None.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: David Mark Koogler Phone: 713-906-4460 Fax: 281-419-1991  
 Email: [dkoogler@mark-dana.com](mailto:dkoogler@mark-dana.com)

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Mark-Dana Corporation	N/A	2
Dana R. Koogler	N/A	2
David M. & Margery C. Koogler	N/A	2

**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor, and property manager are related entities. These are common relationships for HTC-funded developments.

This section intentionally left blank.

**PROPOSED SITE**

**SITE PLAN**



**Comments:**

The Applicant has indicated that the entire 9.89 acre site will be restricted by the Tax Credit LURA.

**BUILDING CONFIGURATION**

Building Type	1	2	3		Total Buildings
Floors/Stories	3	3	3		<b>3</b>
Number	1	1	1		

BR/BA	SF	Units				Total Units	Total SF
1/1	729	8	20	20	48	34,992	
1/1	729		1	1	2	1,458	
2/2	990		14	14	28	27,720	
2/2	990		1	1	2	1,980	
Units per Building		8	36	36	<b>80</b>	<b>66,150</b>	

**SITE ISSUES**

Total Size: 9.896 acres      Scattered site?       Yes       No  
 Flood Zone: Zone X, AE      Within 100-yr floodplain?       Yes       No  
 Zoning: N/A      Needs to be re-zoned?       Yes       No       N/A

**Comments:**

The City of Magnolia does not have a zoning ordinance.

The Applicant has acknowledged in the application that part of the site is located within the 100-year Flood Hazard Area, and that the development will be designed and constructed as required by the QAP §49.6(a): "Any Development proposing New Construction located within the 100 year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements."

**TDHCA SITE INSPECTION**

Inspector: ORCA Staff Date: 4/21/2009

Overall Assessment:

Excellent     Acceptable     Questionable     Poor     Unacceptable

Surrounding Uses:

North: Single residence; Wooded/School East: Subdivision Entrance; Housing  
 South: Residences; self-storage complex West: Wooded; wooded

Comments:

None

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Phase Engineering Date: 3/24/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- The assessment revealed no recognized environmental conditions in connection with the property.
- "A wetland determination of the 9.896 acres ... determined that potential jurisdictional wetland areas and riparian areas exist in the area of the onsite tributary. U.S. Army Corps of Engineers determination and possible permitting would be required prior to filling these areas. The appropriate Corps of Engineers District Office must make the final determination of whether an area is a jurisdictional wetland.

Comments:

Any funding recommendation will be subject to receipt, review, and acceptance, by carryover, of documentation of a thorough assessment of the site to determine the status of potentially regulated wetland areas, and that any subsequent recommendations have been implemented.

**MARKET HIGHLIGHTS**

Provider: Apartment MarketData Date: 3/14/2009

Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 427 sq. miles 12 mile equivalent radius

The Primary Market Area is defined as the following census tracts:

481851801.02      483396901.00      483396902.00      483396903.00      483396904.00  
 483396945.00      483396946.00      484736806.00

The PMA includes sections of Montgomery, Grimes, and Waller Counties; the estimated 2008 population was 70,721, with 7,783 senior households.

Secondary Market Area (SMA):

None

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
None				None			

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INCOME LIMITS						
Montgomery						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
40	\$17,880	\$20,400	\$22,960	\$25,520	\$27,560	\$29,600
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	13	3	0	16	4	0	25%
1 BR/50%	4	14	0	18	27	0	150%
1 BR/60%	13	4	0	17	19	0	112%
2 BR/50%	2	4	0	6	9	0	150%
2 BR/60%	9	2	0	11	17	0	155%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	11	2	0	14	4	0	29%
1 BR/50%	13	3	0	16	26	0	161%
1 BR/60%	4	1	0	6	20	0	355%
2 BR/50%	9	2	0	11	9	0	86%
2 BR/60%	5	1	0	6	17	0	288%

OVERALL DEMAND					
	Target Households	Household Size	Income Eligible	Tenure	Demand
PMA DEMAND from TURNOVER					turnover
Market Analyst p. 64				191	26% 49
Underwriter				236	26% 61
PMA DEMAND from GROWTH					growth
Market Analyst p. 65					14
Underwriter					100% 15
DEMAND from OTHER SOURCES					homeowner turnover
Market Analyst p. 66				1,825	10% 183
Underwriter				1,974	9% 180

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 67	76	0	0	76	246	<b>31%</b>
Underwriter	76	0	0	76	256	<b>30%</b>

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**Supply and Demand Analysis:**

The market study analysis is based on 1-3 person senior households with eligible incomes determined by the 2008 HTC program limits. Applying a renter turnover rate of 25.8% published by the Department for senior developments in Region 6, the market study identifies demand for 49 units due to renter household turnover, and demand for 14 units due to renter household growth.

The underwriting analysis does not adjust senior demand based on household size. The eligible income range is \$8,592 to \$34,440 based on the 2009 HTC program rent and income limits. The underwriting analysis identifies demand for 61 units from turnover, and demand for 15 units based on the projected annual growth of eligible renter households.

The 2009 Real Estate Analysis Rules allow for consideration of demand from senior homeowner households up to a turnover rate of 10% with appropriate supporting data. The Market Analyst included demand for 183 units based on a 10% turnover rate among income-eligible senior homeowners, but provided no specific supportive data. The underwriting analysis applied a turnover rate of 9% based on the 2000 Census data for the PMA, resulting in demand for 180 units.

Based on total demand for 246 units, and an unstabilized supply of 76 affordable units (only the subject), the Market Analyst concludes an inclusive capture rate of 31%. The underwriting analysis identifies total demand for 256 units, resulting in an inclusive capture rate of 30%. Both results are below the maximum rate of 75% for developments targeting seniors.

**Primary Market Occupancy Rates:**

"The overall occupancy reported in the market is 95.6%." (p. 47)

**Absorption Projections:**

"We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p.49)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	729 SF	30%	\$265	\$279	\$735	\$279	\$456
1 BR	729 SF	50%	\$494	\$519	\$735	\$519	\$216
1 BR	729 SF	60%	\$608	\$638	\$735	\$638	\$97
2 BR	990 SF	50%	\$593	\$623	\$920	\$623	\$297
2 BR	990 SF	60%	\$731	\$767	\$920	\$767	\$153
2 BR	990 SF	MR	\$856	\$0	\$920	\$920	\$0
2 BR	990 SF	MR	\$950	\$0	\$920	\$920	\$0

**Market Impact:**

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market." (p. 54)

**Comments:**

The market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income: \_\_\_\_\_ Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances, as of July 1, 2008 maintained by the Montgomery County Housing Authority, from the 2008 program gross rent limits. At the time the application was submitted the 2009 program rents were not yet available. The Applicant's secondary income and vacancy and collection loss assumptions are within current TDHCA underwriting guidelines.

The Underwriter's projected rents were calculated by subtracting tenant paid utilities from the current 2009 program rents. Despite the difference in rents described, the Applicant's estimate of effective gross income is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 4/16/2009

The Applicant's total annual operating expense projection at \$3,918 per unit is within 5% of the Underwriter's estimate of \$4,087 per unit, as derived from TDHCA and IREM databases as well as third-party reports.

**Conclusion:**

The Applicant's income, operating expenses, and net operating income are all within 5% of the Underwriter's estimates; therefore, the Applicant's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.21, which falls within the Department's current guidelines.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with 2009 TDHCA guidelines. The Applicant's base year effective gross income, expense, and net operating income were utilized resulting in a DCR that remains above 1.15 and continued positive cashflow.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	20.1 acres	<u>\$404,250</u>	Tax Year:	<u>2007</u>
Existing Buildings:		<u>\$0</u>	Valuation by:	<u>Montgomery CAD</u>
Value per acre:		<u>\$20,112</u>	Tax Rate:	<u>2.6613</u>
Total Value (9.896 acres):		<u>\$199,028</u>		

**EVIDENCE of PROPERTY CONTROL**

Type:	<u>Commercial Contract to Purchase Unimproved Property</u>	Acreage:	<u>9.896</u>
Contract Expiration:	<u>10/31/2009</u>	Valid Through Board Date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost:	<u>\$549,302</u>	Other:	<u></u>
Seller:	<u>The Power Partnership - Robert Whitaker</u>	Related to Development Team?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

**Acquisition Value:**

The acquisition cost of \$557,459 (\$55,507 per acre or \$6,866 per unit) is considered acceptable by the Department as this is an arm's length transaction. The sales price is for \$547,459 plus \$10,000 in closing costs and acquisition legal fees.

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It should be noted that based on the information provided in the application, it appears that the Applicant will acquire a total of 9.89 acres but will develop only a portion of this site with the proposed development. The site plan submitted in the application reflects a portion of the site reserved for "future development." The Underwriter has confirmed with the Applicant that the entire 9.89 acres will be restricted in the HTC LURA. However, any funding recommendation will be conditioned upon receipt, review and acceptance, by Cost Certification, of an executed Land Use Restriction Agreement (LURA) with the Department restricting all 9.89 acres of the subject site.

**Sitework Cost:**

The Applicant's estimate of \$5,256 per unit for sitework costs is within the Department's guidelines and therefore is acceptable.

**Direct Construction Cost:**

The Applicant's direct construction cost estimate is within 5% of the Underwriter's estimates derived from the *Marshall & Swift Residential Cost Handbook*.

**Contingency & Fees:**

The Applicant's contractor's and developer's fee for all general requirements; general and administrative expenses; and profit are all within the maximum's allowed by TDHCA guidelines.

**Reserves:**

Originally the Applicant stated \$424,092 as a reserve amount, however upon discussion with the Applicant, and agreement between the Applicant and conventional lender (PNC Multifamily) it has been decided that a reduction to the reserve amount is appropriate. Thus, the reserve amount has been reduced by \$200K to \$224,092 or \$2,801 per unit.

**Conclusion:**

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the need for permanent funds and to calculate the eligible basis. An eligible basis of \$7,321,786 supports annual tax credits of \$805,367. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: PNC Multifamily Capital Type: Interim Financing

Principal: \$3,353,328 Interest Rate: 7.0%  Fixed Term: 24 months

Comments:

Interest rate is equal PNC Prime + 1%.

Source: Lancaster Pollard Type: Permanent Financing

Principal: \$2,580,087 Interest Rate: 8.0%  Fixed Amort: 480 months

Comments:

Applicant intends to apply for an Interest Rate Credit of 250 bps which will allow up to \$1.5M of the principal balance to carry an interest rate of 5.0% plus the guaranty fee of 50 bps. The remaining principal balance will carry a 7.5% interest rate plus the guaranty fee of 50 bps.

Source: The Power Partnership Type: Grant

Principal: \$180,000 Conditions: \_\_\_\_\_

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Source: PNC Multifamily Capital Type: Syndication  
 Proceeds: \$5,490,919 Syndication Rate: 68% Anticipated HTC: \$ 805,336  
 Expiration : 12/31/2009

Comments:

Should the syndication rate fall below \$0.57 per tax credit dollar the amount of deferred developer fee would exceed the amount of cash flow available in year 15 years, thus jeopardizing the feasibility of the development. Commitment expiration date is not specified.

Amount: \$195,000 Type: Deferred Developer Fees

**CONCLUSIONS**

Recommended Financing Structure:

The Applicant's total development cost estimate less the permanent loan of \$2,580,087 indicates the need for \$5,685,920 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$833,936 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

Allocation determined by eligible basis:	\$805,367
Allocation determined by gap in financing:	\$833,936
<b><u>Allocation requested by Applicant:</u></b>	<b><u>\$805,336</u></b>

The allocation amount requested by the Applicant is recommended. A tax credit allocation of \$805,336 per year for 10 years results in total equity proceeds of \$5,490,919 at a syndication rate of \$0.68 per tax credit dollar.

The Underwriter's recommended financing structure indicates the need for \$195,001 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within 5 years of stabilized operation.

Underwriter:	<u>Colton Sanders</u>	Date:	<u>June 12, 2009</u>
Manager of Real Estate Analysis:	<u>Raquel Morales</u>	Date:	<u>June 12, 2009</u>
Director of Real Estate Analysis:	<u>Brent Stewart</u>	Date:	<u>June 12, 2009</u>

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Magnolia Trails, Magnolia , 9% HTC / HOME #09102**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	4	1	1	729	\$358	\$279	\$1,116	\$0.38	\$79.00	\$44.00
TC 50%	26	1	1	729	\$598	\$519	\$13,494	\$0.71	\$79.00	\$44.00
TC 60%	20	1	1	729	\$717	\$638	\$12,760	\$0.88	\$79.00	\$44.00
TC 50%	9	2	2	990	\$717	\$623	\$5,607	\$0.63	\$94.00	\$44.00
TC 60%	17	2	2	990	\$861	\$767	\$13,039	\$0.77	\$94.00	\$44.00
MR	1	2	2	990	\$0	\$920	\$920	\$0.93	\$94.00	\$44.00
MR	3	2	2	990	\$0	\$920	\$2,760	\$0.93	\$94.00	\$44.00
<b>TOTAL:</b>	<b>80</b>		<b>AVERAGE:</b>	<b>827</b>		<b>\$621</b>	<b>\$49,696</b>	<b>\$0.75</b>	<b>\$84.63</b>	<b>\$44.00</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	66,150	<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>	
<b>POTENTIAL GROSS RENT</b>						\$596,352	\$570,408	Montgomery		6	
Secondary Income		Per Unit Per Month:	\$8.00			7,680	7,680	\$8.00	Per Unit Per Month		
Other Support Income:						0	0	\$0.00	Per Unit Per Month		
<b>POTENTIAL GROSS INCOME</b>						\$604,032	\$578,088				
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(45,302)	(43,356)	-7.50%	of Potential Gross Income		
Employee or Other Non-Rental Units or Concessions						0	0				
<b>EFFECTIVE GROSS INCOME</b>						\$558,730	\$534,732				
<b>EXPENSES</b>				<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>		<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>	
General & Administrative		4.42%	\$309	0.37		\$24,711	\$22,450	\$0.34	\$281	4.20%	
Management		5.00%	349	0.42		27,936	26,683	0.40	334	4.99%	
Payroll & Payroll Tax		13.49%	942	1.14		75,393	70,300	1.06	879	13.15%	
Repairs & Maintenance		6.65%	464	0.56		37,159	33,100	0.50	414	6.19%	
Utilities		3.64%	254	0.31		20,310	16,500	0.25	206	3.09%	
Water, Sewer, & Trash		4.54%	317	0.38		25,369	20,200	0.31	253	3.78%	
Property Insurance		4.14%	289	0.35		23,153	29,280	0.44	366	5.48%	
Property Tax	2.6613	11.43%	798	0.97		63,871	65,861	1.00	823	12.32%	
Reserve for Replacements		3.58%	250	0.30		20,000	20,000	0.30	250	3.74%	
TDHCA Compliance Fees		0.54%	38	0.05		3,040	3,080	0.05	39	0.58%	
Other: Support Services		1.07%	75	0.09		6,000	6,000	0.09	75	1.12%	
<b>TOTAL EXPENSES</b>				<b>58.52%</b>	<b>\$4,087</b>	<b>\$4.94</b>	<b>\$326,942</b>	<b>\$313,454</b>	<b>\$4.74</b>	<b>\$3,918</b>	<b>58.62%</b>
<b>NET OPERATING INC</b>				<b>41.48%</b>	<b>\$2,897</b>	<b>\$3.50</b>	<b>\$231,788</b>	<b>\$221,278</b>	<b>\$3.35</b>	<b>\$2,766</b>	<b>41.38%</b>
<b>DEBT SERVICE</b>											
Lancaster Pollard - USDA/TXRD Lo:		15.27%	\$1,066	\$1.29		\$85,293	\$182,958	\$2.77	\$2,287	34.21%	
Additional Financing		16.62%	\$1,160	\$1.40		92,839		\$0.00	\$0	0.00%	
Additional Financing		0.00%	\$0	\$0.00		0		\$0.00	\$0	0.00%	
<b>NET CASH FLOW</b>				<b>9.60%</b>	<b>\$671</b>	<b>\$0.81</b>	<b>\$53,656</b>	<b>\$38,320</b>	<b>\$0.58</b>	<b>\$479</b>	<b>7.17%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>						1.30	1.21				
<b>RECOMMENDED DEBT COVERAGE RATIO</b>							1.24				

<b>CONSTRUCTION COST</b>						<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>	
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT		\$557,459	\$557,459	\$8.43	\$6,968	6.74%	
Acquisition Cost (site or bldg)		6.94%	\$6,968	\$8.43		0	0	0.00	0	0.00%	
Off-Sites		0.00%	0	0.00		420,500	420,500	6.36	5,256	5.09%	
Sitework		5.23%	5,256	6.36		4,089,516	4,259,529	64.39	53,244	51.53%	
Direct Construction		50.89%	51,119	61.82		225,501	233,533	3.53	2,919	2.83%	
Contingency	5.00%	2.81%	2,819	3.41		631,402	653,801	9.88	8,173	7.91%	
Contractor's Fees	14.00%	7.86%	7,893	9.55		492,561	492,561	7.45	6,157	5.96%	
Indirect Construction		6.13%	6,157	7.45		162,670	162,670	2.46	2,033	1.97%	
Ineligible Costs		2.02%	2,033	2.46		925,032	954,462	14.43	11,931	11.55%	
Developer's Fees	15.00%	11.51%	11,563	13.98		307,400	307,400	4.65	3,842	3.72%	
Interim Financing		3.83%	3,842	4.65		224,048	224,092	3.39	2,801	2.71%	
Reserves		2.79%	2,801	3.39							
<b>TOTAL COST</b>				<b>100.00%</b>	<b>\$100,451</b>	<b>\$121.48</b>	<b>\$8,036,088</b>	<b>\$8,266,007</b>	<b>\$124.96</b>	<b>\$103,325</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>				<b>66.79%</b>	<b>\$67,086</b>	<b>\$81.13</b>	<b>\$5,366,919</b>	<b>\$5,567,363</b>	<b>\$84.16</b>	<b>\$69,592</b>	<b>67.35%</b>

<b>SOURCES OF FUNDS</b>						<b>RECOMMENDED</b>		
Lancaster Pollard - USDA/TXRD Lo:	32.11%	\$32,251	\$39.00	\$2,580,087	\$2,580,087	\$2,580,087		Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	0	0		\$954,462
PNC Multifamily Capital	68.33%	\$68,636	\$83.01	5,490,919	5,490,919	5,490,919		% of Dev. Fee Deferred
Deferred Developer Fees	2.43%	\$2,438	\$2.95	195,000	195,000	195,001		20%
Additional (Excess) Funds Req'd	-2.86%	(\$2,874)	(\$3.48)	(229,918)	1	0		15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$8,036,088</b>	<b>\$8,266,007</b>	<b>\$8,266,007</b>		<b>\$773,788</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Magnolia Trails, Magnolia , 9% HTC / HOME #09102*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$56.51	\$3,737,859
<b>Adjustments</b>				
Exterior Wall Finish	0.56%		\$0.32	\$20,932
Elderly	3.00%		1.70	112,136
9-Ft. Ceilings	3.00%		1.70	112,136
Roofing			0.00	0
Subfloor			(0.81)	(53,361)
Floor Cover			2.27	150,094
Breezeways/Balconies	\$21.88	20,176	6.67	441,423
Plumbing Fixtures	\$835	140	1.77	116,900
Rough-ins	\$410	80	0.50	32,800
Built-In Appliances	\$1,800	80	2.18	144,000
Exterior Stairs	\$1,875	8	0.23	15,000
Enclosed Corridors	\$46.59	0	0.00	0
Heating/Cooling			1.83	121,055
Elevator	\$53,600.00	1	0.81	53,600
Comm &/or Aux Bldgs	\$70.66	4,611	4.93	325,813
Other: fire sprinkler	\$2.15	66,150	2.15	142,223
<b>SUBTOTAL</b>			<b>82.73</b>	<b>5,472,608</b>
Current Cost Multiplier	1.01		0.83	54,726
Local Multiplier	0.91		(7.45)	(492,535)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$76.11</b>	<b>\$5,034,799</b>
Plans, specs, survy, bld prn	3.90%		(2.97)	(196,357)
Interim Construction Interest	3.38%		(2.57)	(169,924)
Contractor's OH & Profit	11.50%		(8.75)	(579,002)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$61.82</b>	<b>\$4,089,516</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,080,087	Amort	480
Int Rate	7.50%	DCR	2.72

<b>Secondary</b>	\$1,500,000	Amort	480
Int Rate	5.50%	Subtotal DCR	1.30

<b>Additional</b>	\$5,490,919	Amort	
Int Rate		Aggregate DCR	1.30

**RECOMMENDED FINANCING STRUCTURE**

**APPLICANT'S NOI:**

Primary Debt Service	\$85,293
Secondary Debt Service	92,839
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$43,147</b>

<b>Primary</b>	\$1,080,087	Amort	480
Int Rate	7.50%	DCR	2.59

<b>Secondary</b>	\$1,500,000	Amort	480
Int Rate	5.50%	Subtotal DCR	1.24

<b>Additional</b>	\$5,490,919	Amort	0
Int Rate	0.00%	Aggregate DCR	1.24

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$570,408	\$581,816	\$593,452	\$605,322	\$617,428	\$681,690	\$752,641	\$830,977	\$1,012,956
Secondary Income	7,680	7,834	7,990	8,150	8,313	9,178	10,134	11,188	13,638
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	578,088	589,650	601,443	613,472	625,741	690,869	762,775	842,165	1,026,595
Vacancy & Collection Loss	(43,356)	(44,224)	(45,108)	(46,010)	(46,931)	(51,815)	(57,208)	(63,162)	(76,995)
Employee or Other Non-Renta	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$534,732</b>	<b>\$545,426</b>	<b>\$556,335</b>	<b>\$567,461</b>	<b>\$578,810</b>	<b>\$639,054</b>	<b>\$705,567</b>	<b>\$779,003</b>	<b>\$949,600</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$22,450	\$23,124	\$23,817	\$24,532	\$25,268	\$29,292	\$33,958	\$39,366	\$52,905
Management	26,683	27,217	27,761	28,316	28,883	31,889	35,208	38,872	47,385
Payroll & Payroll Tax	70,300	72,409	74,581	76,819	79,123	91,726	106,335	123,271	165,667
Repairs & Maintenance	33,100	34,093	35,116	36,169	37,254	43,188	50,067	58,041	78,002
Utilities	16,500	16,995	17,505	18,030	18,571	21,529	24,958	28,933	38,883
Water, Sewer & Trash	20,200	20,806	21,430	22,073	22,735	26,356	30,554	35,421	47,603
Insurance	29,280	30,158	31,063	31,995	32,955	38,204	44,289	51,343	69,000
Property Tax	65,861	67,837	69,872	71,968	74,127	85,934	99,621	115,488	155,206
Reserve for Replacements	20,000	20,600	21,218	21,855	22,510	26,095	30,252	35,070	47,131
Other	9,080	9,352	9,633	9,922	10,220	11,847	13,734	15,922	21,398
<b>TOTAL EXPENSES</b>	<b>\$313,454</b>	<b>\$322,591</b>	<b>\$331,996</b>	<b>\$341,679</b>	<b>\$351,646</b>	<b>\$406,060</b>	<b>\$468,974</b>	<b>\$541,727</b>	<b>\$723,179</b>
<b>NET OPERATING INCOME</b>	<b>\$221,278</b>	<b>\$222,835</b>	<b>\$224,338</b>	<b>\$225,783</b>	<b>\$227,165</b>	<b>\$232,994</b>	<b>\$236,592</b>	<b>\$237,276</b>	<b>\$226,420</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$85,293	\$85,293	\$85,293	\$85,293	\$85,293	\$85,293	\$85,293	\$85,293	\$85,293
Second Lien	92,839	92,839	92,839	92,839	92,839	92,839	92,839	92,839	92,839
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$43,147</b>	<b>\$44,704</b>	<b>\$46,207</b>	<b>\$47,651</b>	<b>\$49,033</b>	<b>\$54,862</b>	<b>\$58,461</b>	<b>\$59,144</b>	<b>\$48,289</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.24</b>	<b>1.25</b>	<b>1.26</b>	<b>1.27</b>	<b>1.28</b>	<b>1.31</b>	<b>1.33</b>	<b>1.33</b>	<b>1.27</b>

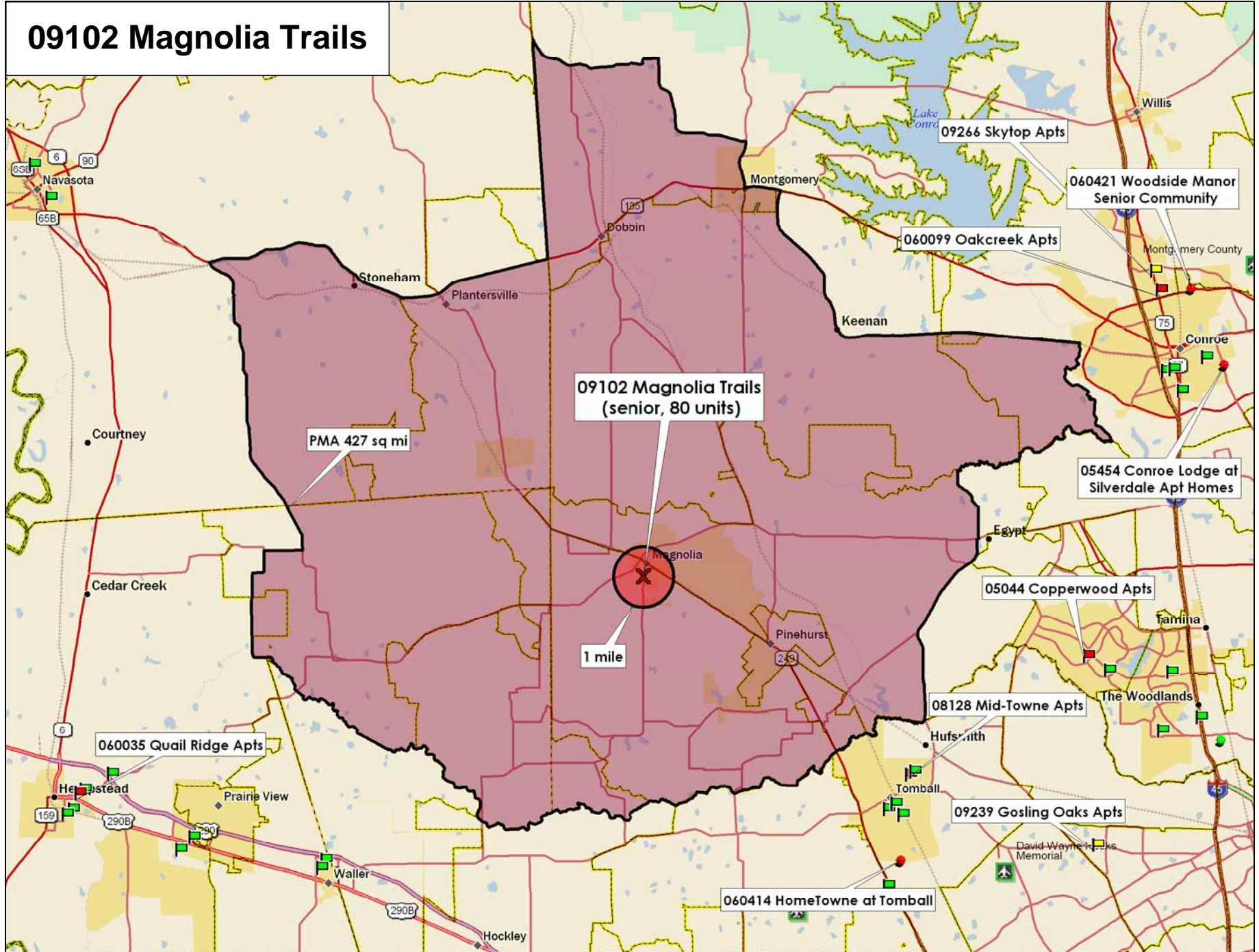
**HTC ALLOCATION ANALYSIS -Magnolia Trails, Magnolia , 9% HTC / HOME #09102**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$557,459	\$557,459		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$420,500	\$420,500	\$420,500	\$420,500
<b>Construction Hard Costs</b>	\$4,259,529	\$4,089,516	\$4,259,529	\$4,089,516
<b>Contractor Fees</b>	\$653,801	\$631,402	\$653,801	\$631,402
<b>Contingencies</b>	\$233,533	\$225,501	\$233,533	\$225,501
<b>Eligible Indirect Fees</b>	\$492,561	\$492,561	\$492,561	\$492,561
<b>Eligible Financing Fees</b>	\$307,400	\$307,400	\$307,400	\$307,400
<b>All Ineligible Costs</b>	\$162,670	\$162,670		
<b>Developer Fees</b>				
Developer Fees	\$954,462	\$925,032	\$954,462	\$925,032
<b>Development Reserves</b>	\$224,092	\$224,048		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$8,266,007</b>	<b>\$8,036,088</b>	<b>\$7,321,786</b>	<b>\$7,091,911</b>

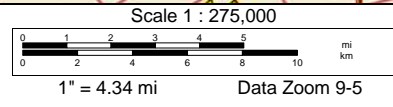
<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		<b>\$7,321,786</b>	<b>\$7,091,911</b>
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		<b>\$9,518,321</b>	<b>\$9,219,484</b>
Applicable Fraction		94.01%	94.01%
<b>TOTAL QUALIFIED BASIS</b>		<b>\$8,948,517</b>	<b>\$8,667,569</b>
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		<b>\$805,367</b>	<b>\$780,081</b>

<b>Syndication Proceeds</b>	<b>0.6818</b>	<b>\$5,491,127</b>	<b>\$5,318,728</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$805,367</b>	<b>\$780,081</b>
<b>Syndication Proceeds</b>		<b>\$5,491,127</b>	<b>\$5,318,728</b>
<b>Requested Tax Credits</b>		<b>\$805,336</b>	
<b>Syndication Proceeds</b>		<b>\$5,490,919</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$5,685,920</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$833,936</b>	

# 09102 Magnolia Trails



Data use subject to license.







MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Trebah Village, TDHCA Number 09103**

BASIC DEVELOPMENT INFORMATION

Site Address: 19000 Blk of West Little York Rd. (S. side) Development #: 09103  
 City: Katy Region: 6 Population Served: Elderly  
 County: Harris Zip Code: 77449 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Trebah Village, LP.  
 Owner Contact and Phone: David Mark Koogler, (713) 906-4460  
 Developer: Mark-Dana Corporation  
 Housing General Contractor: Koogler Construction of Texas, L.L.C.  
 Architect: Mucasey & Associates Architects  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: PNC Multi Family Capital  
 Supportive Services: N/A  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	121
	7	0	55	59	Market Rate Units:	8
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	80	49	0	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	129
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$12,660,254
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	4
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,244,034	\$1,244,034			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

Trebah Village, TDHCA Number 09103

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Patrick, District 7, NC Points: 0 US Representative: McCaul, District 10, NC  
TX Representative: Callegari, District 132, S Points: 14 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC Resolution of Support from Local Government

N, Marty Edwards, Cypress Fairbanks ISD, Director of General Admin.

**Individuals and Businesses:** In Support: 2 In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6  
Bering Omega Community Services, S, Ann Reed, Vice President of Operations  
Bear Creek Assistance Ministries-Impact for Life Campus, S, Terry Emick, Executive Director  
Plantation Lakes Civic Improvement Association, Inc., S, Michael Crahan, President  
Habitat for Humanity, S, Lee Schenell, Executive Director

**General Summary of Comment:**

Support from elected official, school district, and 4 community organizations. Two citizens spoke in support.

**CONDITIONS OF COMMITMENT**

1. The subject is recommended on the condition that a maximum of 165 additional units (in addition to the subject) are approved within the subject Primary Market Area.
2. Receipt, review, and acceptance by carryover of documentation verifying that the property has access to the dedicated roadway.
3. Receipt, review, and acceptance by carryover of documentation confirming that the seller will not have an ongoing interest in the development following the close of the sale of the property.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.
5. Receipt of a commitment of funding from the Harris County HFC in the amount of \$680,000, or a commitment from a qualifying substitute source in an amount not less than \$633,013, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Trebah Village, TDHCA Number 09103**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **1**

Total # Monitored: **0**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **204**  Meeting a Required Set-Aside Credit Amount\*: \$1,244,034

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/13/09 PROGRAM: 9%/HTC FILE NUMBER: 09103

DEVELOPMENT	
Trebah Village	
Location: 19000 Block of West Little York Road (south side)	Region: 6
City: Katy County: Harris Zip: 77449	<input type="checkbox"/> OCT <input checked="" type="checkbox"/> DDA
Key Attributes: Seniors, New Construction, Urban	

ALLOCATION						
	REQUEST*			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$1,244,034			<b>\$1,244,034</b>		

- | CONDITIONS  |
|---|
| <ol style="list-style-type: none"> <li>1 The subject is recommended on the condition that a maximum of 165 additional units (in addition to the subject) are approved within the subject Primary Market Area.</li> <li>2 Receipt, review, and acceptance by carryover of documentation verifying that the property has access to the dedicated roadway.</li> <li>3 Receipt, review, and acceptance by carryover of documentation confirming that the seller will not have an ongoing interest in the development following the close of the sale of the property.</li> <li>4 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.</li> </ol> |

SALIENT ISSUES		
TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	7
50% of AMI	50% of AMI	55
60% of AMI	60% of AMI	59

- STRENGTHS/MITIGATING FACTORS**
- The underwriter concludes that while the total number of proposed units remains a concern, a capture rate analysis on the general market area that includes all six concurrent 2009 applications concludes an acceptable capture rate of 59%.
  - Overall capture rate of 32% based on only the subject units and PMA.

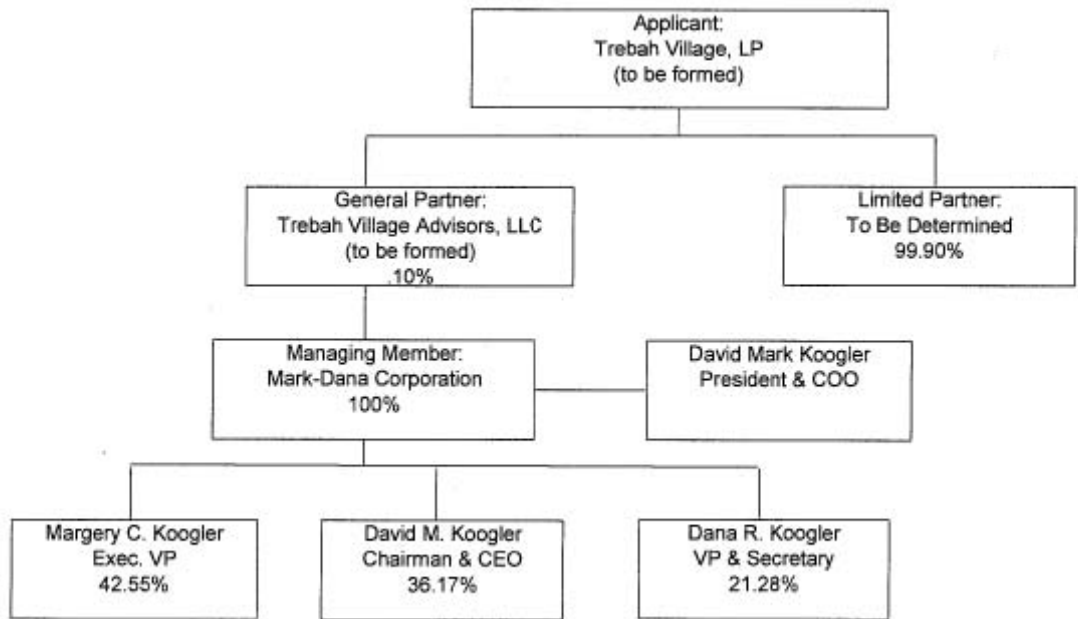
- WEAKNESSES/RISKS**
- Including the subject, there are a total of 769 proposed senior units within the general sub-market including 260 units in two additional properties within the subject's defined PMA.
  - Capture rates on the 2-bedroom units and the 50% AMI 1-bedroom units exceed 100%.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: David Koogler Phone: (713) 906-4460 Fax: (281) 419-1991  
 Email: [dkoogler@mark-dana.com](mailto:dkoogler@mark-dana.com)

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Mark-Dana Corporation	N/A	1
Dana R. Koogler	N/A	1
David M. & Margery C. Koogler	N/A	1

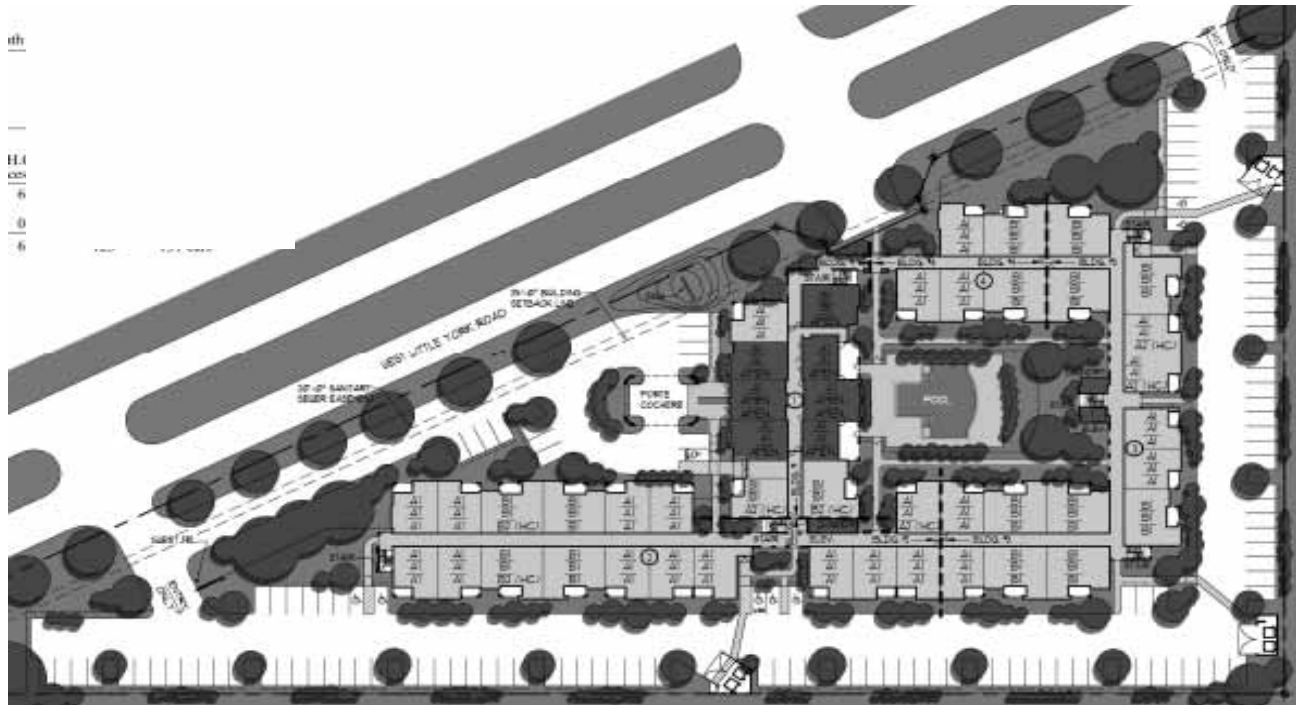
**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor, and property manager are related entities. These are common relationships for HTC-funded developments.
- The seller Bear Creek Plantation, Ltd, could be regarded as a related party as they also plan to provide interim financing used for QAP competitive points purposes; however, the Underwriter does not consider this a true identity of interest given that they will not maintain an ongoing financial stake in the applicant, the development team or in the operations of the property once it is completed. In order to confirm this is the case, receipt review and acceptance of a certification from the seller confirming that they will not have an ongoing interest in the development following the close of the sale of the property is a condition of this report.

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**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	I	II	III	IV							Total Buildings
Floors/Stories	3	3	3	3							
Number	1	1	1	1							<b>4</b>

BR/BA	SF	Units								Total Units	Total SF
1/1	729	14	39	18	9					80	58,320
2/2	990	7	12	24	6					49	48,510
Units per Building		21	51	42	15					<b>129</b>	<b>106,830</b>

**SITE ISSUES**

Total Size: 4.3 acres      Scattered site?       Yes       No  
 Flood Zone: Zone X      Within 100-yr floodplain?       Yes       No  
 Zoning: N/A      Needs to be re-zoned?       Yes       No       N/A  
 Comments:  
 The City of Houston does not have a zoning ordinance.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff      Date: 5/28/2009  
 Overall Assessment:  
 Excellent       Acceptable       Questionable       Poor       Unacceptable  
 Surrounding Uses:  
 North: West Little York Rd, Cottage School Rd, River Bottom Rd, & residential uses.      East: vacant land  
 South: residential uses & vacant land      West: \_\_\_\_\_

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Phase Engineering, Inc. Date: 2/24/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- The assessment revealed no evidence of recognized environmental conditions in connection with the property.

**MARKET HIGHLIGHTS**

Provider: Apartment MarketData Date: 3/14/2009

Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: 1 Date of Last Applicant Revision: 7/2/2009

Primary Market Area (PMA): 29 sq. miles 3 mile equivalent radius

The Primary Market Area is bounded by Spencer Road / FM 529 to the north, State Hwy 6 to the east, Interstate 10 to the south, and N. Fry Road to the west. The PMA had an estimated 2008 population of 99,592, including 6,296 senior households.

Secondary Market Area (SMA):

The market study submitted with the application did not define a Secondary Market Area. However, during the underwriting process, the Market Analyst provided an addendum to the market study, defining a Secondary Market Area which incorporates the primary market for another current application, Stone Court Residences (# 09160). The combined Primary and Secondary Market Areas for the subject had an estimated 2008 population of 149,737, including 10,566 senior households.

**PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS**

PMA				Outside the PMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Mariposa at Keith Harrow	09281	180	0	Mason Apt Homes	09272	120	0
				Sendero Pointe	09191	120	0
Stone Court	09160	80	0	Greenhouse Place	09265	140	0

**INCOME LIMITS**

Harris

% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
40	\$17,880	\$20,400	\$22,960	\$25,520	\$27,560	\$29,600
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

**MARKET ANALYST'S PMA DEMAND by UNIT TYPE**

Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	18	9	0	27	7	0	26%
1 BR/50%	10	42	0	52	49	0	94%
1 BR/60%	49	18	1	68	23	0	34%
2 BR/50%	2	7	0	9	9	0	100%
2 BR/60%	19	6	0	25	30	0	120%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	19	7	0	25	7	0	27%
1 BR/50%	29	10	0	39	45	0	114%
1 BR/60%	37	10	0	47	28	0	59%
2 BR/50%	7	2	0	9	10	0	106%
2 BR/60%	18	4	0	22	31	0	141%

OVERALL DEMAND						
	Target Households	Household Size	Income Eligible	Tenure	Demand	
PMA DEMAND from TURNOVER						turnover
Market Analyst p.						107
Underwriter					26%	159
PMA DEMAND from GROWTH						growth
Market Analyst p.						44
Underwriter					100%	55
SMA DEMAND from TURNOVER						
Market Analyst p.						77
Underwriter						95
DEMAND from OTHER SOURCES						homeowner turnover
Market Analyst p.				811	10%	81
Underwriter				951	8%	73

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p.	121	0	0	121	309	<b>39%</b>
Underwriter	121	0	0	121	382	<b>32%</b>

**Proposed, Under Construction, and Unstabilized Comparable Supply:**

The Market Analyst failed to report other proposed, under construction, or unstabilized comparable units. The underwriter determined there are two other 2009 applications for senior developments in the subject's PMA: Mariposa at Keith Harrow (#09281), with a proposed 180 units, and Stone Court Senior Residences (#09160), with a proposed 80 units. Both are located roughly 3.5 miles east of the subject. At the time of this underwriting, the subject has a higher priority score than both Mariposa and Stone Court. A third application, Sendero Pointe (#09191), with 120 proposed units, is located just to the east of the Subject PMA, and is included in the subject Secondary Market Area.

It should also be noted, there are two additional 2009 applications for developments targeting seniors located outside the subject market areas, but within a short distance. In all there are six proposed developments, with 769 proposed senior units, all within seven miles of each other, most with overlapping market areas as defined by the various market studies. The Underwriter is concerned about this potential concentration of senior developments within the general area. Therefore, in addition to considering supply and demand within each of the six individually defined PMAs, the Underwriter evaluated overall supply and demand in an area defined by overlaying all six PMAs, as discussed in the comments section.

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Demand Analysis:

The market study analysis considers only one-to-three person senior households, and applies a 25.8% turnover rate for senior renters in Region 6 from the TDHCA database. The Market Analyst identifies demand for 107 units due to renter turnover and demand for 44 units due to household growth. The market study also considers demand from existing senior homeowners. The 2009 Real Estate Analysis Rules allow for demand from senior homeowners up to a 10% turnover rate if supported by appropriate data. The Market Analyst applies a 10% turnover rate to the homeowner household population but does not provide any specific data. This results in additional demand for 81 units.

The Market Analyst's Secondary Market calculations indicate demand for 180 units from renter turnover, renter household growth, and existing homeowners. This is overstated, since the Rules only allow for renter household turnover demand from a Secondary Market Area. The turnover component amounted to demand for 115 units. The Rules also state that demand from the SMA can account for no more than 25% of total demand for the subject; based on this, the Market Analyst included demand for only 77 units from the SMA.

Considering all sources, the Market Analyst identifies total demand of 309 units; with a total supply of 121 units, this indicates an inclusive capture rate of 39%.

The underwriting analysis does not generally adjust senior demand based on household size. Including all income-eligible senior households indicates demand for 159 units due to renter turnover and demand for 55 units due to household growth. A turnover rate of 7.7% for senior homeowners (from the 2000 census) indicates additional demand for 73 units. The underwriting analysis also identifies demand for 107 units from the Secondary Market Area; since secondary market demand can only account for 25% of total demand, SMA demand is limited to 95 units. Total demand for 382 units indicates an inclusive capture rate of 32% for the 121 proposed restricted units at the subject. This is well below the maximum capture rate of 75% for developments targeting seniors.

However, this applies only because the subject currently has a higher priority than either of the two proposed developments in the PMA or the one proposed development in the SMA. The underwriting analysis indicates that the subject PMA can accommodate up 165 units (in addition to the subject 121 units) before the inclusive capture rate would exceed the 75% limit. Mariposa at Keith Harrow, the next priority application in the market area, proposes 180 units, which would result in an inclusive capture rate of 79%.

Primary Market Occupancy Rates:

"The overall occupancy reported in the market is 92.8%." (p. 48)

Absorption Projections:

"There are no other 'affordable' projects within the PMA. The nearest senior project, Providence Place, reported that it achieved a stabilized occupancy of 90%+ in just eight months of leasing. Today, the project reports an occupancy of 100%." (p. 52) "We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p. 50)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
1 BR 729 SF 30%	\$265	\$273	\$770	\$273	\$497		
1 BR 729 SF 50%	\$494	\$513	\$770	\$513	\$257		
1 BR 729 SF 60%	\$606	\$632	\$770	\$632	\$138		
2 BR 990 SF 50%	\$593	\$616	\$875	\$616	\$259		
2 BR 990 SF 60%	\$731	\$760	\$875	\$760	\$115		
2 BR 990 SF Mkt	\$1,006	\$875	\$875	\$875	\$0		
2 BR 990 SF Mkt	\$1,235	\$875	\$875	\$875	\$0		
2 BR 990 SF EO	\$0	\$0	\$875	\$0	\$875		

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Newer "affordable" units have been easily absorbed." (p. 56)

Comments:

The demand analysis supports a funding recommendation for the subject, with the condition that no more than 165 units in addition to the subject be approved in the subject Primary Market Area.

Additionally, the subject is one of six applications for senior developments all located within seven miles of each other. At the time of underwriting, the subject has the third highest priority of the six. The Department is concerned about this proposed concentration of senior units, and has looked closely at the overall demand in the area. The combined market areas have a total of 120,592 households, including 29,130 senior households. The underwriting analysis indicates total demand for 1,298 units, resulting in an inclusive capture rate of 59% for the 769 total proposed units. This is below the maximum 75%, suggesting that the combined area can support the proposed units in all six properties.

The total number of units in this overlapping market area remains a general concern and could affect leasing velocity and result in a potentially protracted stabilization period for the subject.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:          1          Date of Last Applicant Revision:        3/24/2009  

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of April 1, 2008, maintained by Harris County Housing Authority from the 2008 program gross rent limits. Tenants will be required to pay electric utility costs only.

Of note, although the Market Analyst concludes market rate estimates of \$770 & \$875 for the 1 & 2 bedroom units respectively, the Applicant indicates two different rent levels for the seven 2-bedroom market rate units (\$1,006 & \$1,235). The Applicant justifies using the higher rents for the market units because the submitted market study indicates, "...the market rate units at Providence Place (LIHTC) appear to be the most comparable project. As such, we believe that actual market rent Trebah Village will be able to charge may be much higher. Compared only to Providence Place (LIHTC), we think the market rent could be as high as \$835 (one bdrm.) and \$1,235 (two bdrm.)." (p.14)

The Applicant also indicates that although all seven market rate units are identical, they are required to designate at least 10% of the non-LI units to be at or below 80% of AMGI rents; therefore, they have calculated a market rent of \$1,006 for the one market rate unit using the 2008 Preservation Rent Limits and the 2008 Maximum Incomes, less utility allowances.

The Underwriter's projected rents were calculated by subtracting tenant-paid utilities as of May 1, 2009 from the current 2009 HTC program rents. The Underwriter also utilized the Market Analyst's concluded market rent estimate of \$875 for the market rate units. It should be noted that at the time the application was submitted the 2009 program rent limits were not yet available.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines, and despite Applicant's use of the lower 2008 program rents and higher market rent estimates for the market rate units, effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:        None        Date of Last Applicant Revision:        N/A  

The Applicant's total annual operating expense projection at \$4,092 per unit is within 5% of the Underwriter's estimate of \$4,125 derived from the TDHCA database, and third-party data sources. The Applicant's budget shows compliance fees to be slightly overstated.



Conclusion:

The Applicant's effective gross income, operating expenses, and net operating income are within 5% of the Underwriter's estimates; therefore, the Applicant's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.15, which is within the Department's DCR guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	3.99 acres	<u>\$468,635</u>	Tax Year:	<u>2008</u>
Existing Buildings:		<u>N/A</u>	Valuation by:	<u>Harris CAD</u>
Total Assessed Value:		<u>\$468,635</u>	Tax Rate:	<u>3.40505</u>

Comments:

The Applicant indicates that "HCAD records of acreage are usually office approximations developed from plat maps and deed sketches using...GIS programs," and have verified through a surveyor, a more accurate (~4.3 acres) determination of the site acreage.

**EVIDENCE of PROPERTY CONTROL**

Type: Unimproved Commercial Property Acreage: 4.32

Contract Expiration: 10/31/2009 Valid Through Board Date?  Yes  No

Acquisition Cost: \$757,524 Other: \_\_\_\_\_

Seller: Bear Creek Plantation, Ltd Related to Development Team?  Yes  No

**TITLE**

Comments:

Schedule B, item 10d of the title commitment indicates that a one-foot reserve along West Little York, created via the roadway dedication, currently prevents access to the roadway from the property. This reserve will likely be eliminated or an easement granted for access prior to or at closing. Receipt, review, and acceptance, by carryover of appropriate documentation verifying that access is resolved is a condition of this report.

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: 1 Date of Last Applicant Revision: 5/22/2009

Acquisition Value:

The site cost of \$174,240 per acre or \$5,835 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Off-Site Cost:

The Applicant claimed off-site costs of \$40K for the construction of a turning lane and provided sufficient third party certification through a professional engineer to justify these costs.

Sitework Cost:

The Applicant's claimed sitework costs of \$5,256 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$240K or 4% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Applicant's total revised development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$11,377,742 supports annual tax credits of \$1,256,486. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: None Date of Last Applicant Revision: N/A

Source: Harris County HFC Type: Interim Financing

Principal: \$680,000 Interest Rate: AFR  Fixed Term: 12 months

Comments:

Intent to Apply

Source: Bear Creek Plantation, Ltd Type: Interim Financing

Principal: \$272,000 Interest Rate: 6.0%  Fixed Amort: 12 months

Comments:

Source is also current owner of subject site

Source: PNC Multi Family Capital Type: Interim to Permanent Financing

Interim: \$5,229,959 Interest Rate: 7.00%  Fixed Amort: 24 months

Permanent: \$3,460,723 Interest Rate: 8.00%  Fixed Amort: 360 months

Comments:

Interim loan includes \$1,769,236 Bridge Loan

Source: PNC Multi Family Capital Type: Syndication

Proceeds: \$8,699,529 Syndication Rate: 69.93% Anticipated HTC: \$ 1,244,034

Comments:

Due to the recent volatility in credit pricing, it should be noted, any decrease in rate could increase the amount of deferred developer fee. Additionally, a decrease below \$0.67 per dollar of credit may jeopardize the financial viability of the transaction. Alternatively, should the final credit price increase to more than \$0.74, all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Amount: \$500,000 Type: Deferred Developer Fees

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## CONCLUSIONS

### Recommended Financing Structure:

The Applicant's total development cost estimate less the permanent loan of \$3,460,723 indicates the need for \$9,199,531 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,315,534 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,244,034), the gap-driven amount (\$1,315,534), and eligible basis-derived estimate (\$1,256,486), the Applicant's request of \$1,244,034 is recommended resulting in proceeds of \$8,786,605 based on a syndication rate of 70%.

The Underwriter's recommended financing structure indicates the need for \$500,002 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within ten years of stabilized operation.

Underwriter:

\_\_\_\_\_  
*Diamond Unique Thompson*

Date: July 13, 2009

Manager of Real Estate Analysis:

\_\_\_\_\_  
*Raquel Morales*

Date: July 13, 2009

Director of Real Estate Analysis:

\_\_\_\_\_  
*Brent Stewart*

Date: July 13, 2009

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Trebah Village, Katy, 9%/HTC #09103**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	7	1	1	729	\$358	\$273	\$1,911	\$0.37	\$85.00	\$50.00
TC 50%	45	1	1	729	\$598	\$513	\$23,085	\$0.70	\$85.00	\$50.00
TC 60%	28	1	1	729	\$717	\$632	\$17,696	\$0.87	\$85.00	\$50.00
TC 50%	10	2	2	990	\$717	\$616	\$6,160	\$0.62	\$101.00	\$50.00
TC 60%	31	2	2	990	\$861	\$760	\$23,560	\$0.77	\$101.00	\$50.00
MR	1	2	2	990		\$875	\$875	\$0.88	\$101.00	\$50.00
MR	6	2	2	990		\$875	\$5,250	\$0.88	\$101.00	\$50.00
EO	1	2	2	990	\$0		\$0	\$0.00	\$101.00	\$50.00
<b>TOTAL:</b>	<b>129</b>		<b>AVERAGE:</b>	<b>828</b>		<b>\$609</b>	<b>\$78,537</b>	<b>\$0.74</b>	<b>\$91.08</b>	<b>\$50.00</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	106,830	<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>						\$942,444	\$937,392	Harris		6
Secondary Income		Per Unit Per Month:	\$8.00			12,384	12,384	\$8.00	Per Unit Per Month	
Other Support Income:						0		\$0.00	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>						\$954,828	\$949,776			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(71,612)	(71,232)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions						0				
<b>EFFECTIVE GROSS INCOME</b>						\$883,216	\$878,544			
<b>EXPENSES</b>				% OF EGI	PER UNIT	PER SQ FT		PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.51%	\$309	0.37		\$39,875	\$36,200	\$0.34	\$281	4.12%
Management		5.00%	342	0.41		44,161	43,839	0.41	340	4.99%
Payroll & Payroll Tax		13.77%	943	1.14		121,660	113,350	1.06	879	12.90%
Repairs & Maintenance		6.79%	465	0.56		59,962	53,400	0.50	414	6.08%
Utilities		3.99%	273	0.33		35,247	24,500	0.23	190	2.79%
Water, Sewer, & Trash		4.64%	317	0.38		40,938	34,650	0.32	269	3.94%
Property Insurance		4.23%	290	0.35		37,391	46,053	0.43	357	5.24%
Property Tax	3.40505	12.43%	851	1.03		109,813	132,694	1.24	1,029	15.10%
Reserve for Replacements		3.65%	250	0.30		32,250	32,250	0.30	250	3.67%
TDHCA Compliance Fees		0.55%	38	0.05		4,840	4,880	0.05	38	0.56%
Other: Supportive Services		0.68%	47	0.06		6,000	6,000	0.06	47	0.68%
<b>TOTAL EXPENSES</b>		<b>60.25%</b>	<b>\$4,125</b>	<b>\$4.98</b>		<b>\$532,136</b>	<b>\$527,816</b>	<b>\$4.94</b>	<b>\$4,092</b>	<b>60.08%</b>
<b>NET OPERATING INC</b>		<b>39.75%</b>	<b>\$2,722</b>	<b>\$3.29</b>		<b>\$351,080</b>	<b>\$350,728</b>	<b>\$3.28</b>	<b>\$2,719</b>	<b>39.92%</b>
<b>DEBT SERVICE</b>										
PNC Multi Family Capital		34.50%	\$2,362	\$2.85		\$304,723	\$304,723	\$2.85	\$2,362	34.68%
Additional Financing		0.00%	\$0	\$0.00		0		\$0.00	\$0	0.00%
Additional Financing		0.00%	\$0	\$0.00		0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>		<b>5.25%</b>	<b>\$359</b>	<b>\$0.43</b>		<b>\$46,357</b>	<b>\$46,005</b>	<b>\$0.43</b>	<b>\$357</b>	<b>5.24%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>						1.15	1.15			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>							1.15			

<b>CONSTRUCTION COST</b>										
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL	
Acquisition Cost (site or bldg)		6.22%	\$5,950	\$7.18	\$767,524	\$767,524	\$7.18	\$5,950	6.06%	
Off-Sites		0.32%	310	0.37	40,000	40,000	0.37	310	0.32%	
Sitework		5.50%	5,256	6.35	678,001	678,001	6.35	5,256	5.36%	
Direct Construction		53.81%	51,441	62.12	6,635,948	6,875,751	64.36	53,300	54.31%	
Contingency	5.00%	2.97%	2,835	3.42	365,697	376,932	3.53	2,922	2.98%	
Contractor's Fees	14.00%	8.30%	7,938	9.58	1,023,953	1,055,260	9.88	8,180	8.34%	
Indirect Construction		4.19%	4,006	4.84	516,756	516,756	4.84	4,006	4.08%	
Ineligible Costs		0.78%	750	0.91	96,809	96,809	0.91	750	0.76%	
Developer's Fees	15.00%	11.69%	11,177	13.50	1,441,831	1,483,193	13.88	11,498	11.72%	
Interim Financing		3.18%	3,038	3.67	391,849	391,849	3.67	3,038	3.10%	
Reserves		3.04%	2,905	3.51	374,804	378,179	3.54	2,932	2.99%	
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$95,606</b>	<b>\$115.45</b>	<b>\$12,333,172</b>	<b>\$12,660,254</b>	<b>\$118.51</b>	<b>\$98,142</b>	<b>100.00%</b>	
<b>Construction Cost Recap</b>		<b>70.57%</b>	<b>\$67,470</b>	<b>\$81.47</b>	<b>\$8,703,599</b>	<b>\$8,985,944</b>	<b>\$84.11</b>	<b>\$69,658</b>	<b>70.98%</b>	

<b>SOURCES OF FUNDS</b>										
					TDHCA	APPLICANT	RECOMMENDED			
PNC Multi Family Capital		28.06%	\$26,827	\$32.39	\$3,460,723	\$3,460,723	\$3,460,723		Developer Fee Available	
Additional Financing		0.00%	\$0	\$0.00					\$1,483,193	
PNC Multi Family Capital		70.54%	\$67,438	\$81.43	8,699,529	8,699,529	8,699,529		% of Dev. Fee Deferred	
Deferred Developer Fees		4.05%	\$3,876	\$4.68	500,000	500,000	500,002		34%	
Additional (Excess) Funds Req'd		-2.65%	(\$2,536)	(\$3.06)	(327,080)	2	0		15-Yr Cumulative Cash Flow	
<b>TOTAL SOURCES</b>					<b>\$12,333,172</b>	<b>\$12,660,254</b>	<b>\$12,660,254</b>		<b>\$854,099</b>	

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Trebah Village, Katy, 9%/HTC #09103*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$56.52	\$6,038,539
Adjustments				
Exterior Wall Finish	2.40%		\$1.36	\$144,925
Elderly	3.00%		1.70	181,156
9-Ft. Ceilings	3.30%		1.87	199,272
Roofing			0.00	0
Subfloor			(0.81)	(86,176)
Floor Cover			2.38	254,255
Breezeways/Balconies	\$22.95	32,954	7.08	756,291
Plumbing Fixtures	\$835	147	1.15	122,745
Rough-ins	\$410	129	0.50	52,890
Built-In Appliances	\$1,800	129	2.17	232,200
Exterior Stairs	\$1,875	12	0.21	22,500
Enclosed Corridors	\$46.60		0.00	0
Heating/Cooling			1.83	195,499
Elevators	\$53,600	2	1.00	107,200
Comm &/or Aux Bldgs	\$68.75	6,244	4.02	429,275
Other: fire sprinkler	\$2.15	106,830	2.15	229,685
<b>SUBTOTAL</b>			<b>83.13</b>	<b>8,880,255</b>
Current Cost Multiplier	1.01		0.83	88,803
Local Multiplier	0.91		(7.48)	(799,223)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$76.48</b>	<b>\$8,169,834</b>
Plans, specs, survy, bld prm	3.90%		(\$2.98)	(\$318,624)
Interim Construction Interest	3.38%		(2.58)	(275,732)
Contractor's OH & Profit	11.50%		(8.79)	(939,531)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$62.12</b>	<b>\$6,635,948</b>

**PAYMENT COMPUTATION**

	<b>Primary</b>	\$3,460,723	Amort	360
	Int Rate	8.00%	DCR	1.15
30%	<b>Secondary</b>	\$0	Amort	
70%	Int Rate	0.00%	Subtotal DCR	1.15
63%	<b>Additional</b>	\$8,699,529	Amort	
80%	Int Rate		Aggregate DCR	1.15

**RECOMMENDED FINANCING STRUCTURE**

**APPLICANT'S NOI:**

Primary Debt Service	\$304,723
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$46,005</b>

	<b>Primary</b>	\$3,460,723	Amort	360
	Int Rate	8.00%	DCR	1.15
	<b>Secondary</b>	\$350,000	Amort	0
	Int Rate	0.00%	Subtotal DCR	1.15
	<b>Additional</b>	\$8,699,529	Amort	0
	Int Rate	0.00%	Aggregate DCR	1.15

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$937,392	\$956,140	\$975,263	\$994,768	\$1,014,663	\$1,120,270	\$1,236,869	\$1,365,603	\$1,664,663
Secondary Income	12,384	12,632	12,884	13,142	13,405	14,800	16,340	18,041	21,992
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	949,776	968,772	988,147	1,007,910	1,028,068	1,135,070	1,253,209	1,383,644	1,686,655
Vacancy & Collection Loss	(71,232)	(72,658)	(74,111)	(75,593)	(77,105)	(85,130)	(93,991)	(103,773)	(126,499)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$878,544</b>	<b>\$896,114</b>	<b>\$914,036</b>	<b>\$932,317</b>	<b>\$950,963</b>	<b>\$1,049,940</b>	<b>\$1,159,219</b>	<b>\$1,279,871</b>	<b>\$1,560,156</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$36,200	\$37,286	\$38,405	\$39,557	\$40,743	\$47,233	\$54,756	\$63,477	\$85,308
Management	43,839	44,716	45,610	46,523	47,453	52,392	57,845	63,865	77,852
Payroll & Payroll Tax	113,350	116,751	120,253	123,861	127,576	147,896	171,452	198,760	267,117
Repairs & Maintenance	53,400	55,002	56,652	58,352	60,102	69,675	80,772	93,637	125,841
Utilities	24,500	25,235	25,992	26,772	27,575	31,967	37,058	42,961	57,736
Water, Sewer & Trash	34,650	35,690	36,760	37,863	38,999	45,210	52,411	60,759	81,655
Insurance	46,053	47,435	48,858	50,323	51,833	60,089	69,659	80,754	108,527
Property Tax	132,694	136,674	140,775	144,998	149,348	173,135	200,711	232,679	312,701
Reserve for Replacements	32,250	33,218	34,214	35,240	36,298	42,079	48,781	56,551	75,999
Other	10,880	11,206	11,543	11,889	12,246	14,196	16,457	19,078	25,639
<b>TOTAL EXPENSES</b>	<b>\$527,816</b>	<b>\$543,212</b>	<b>\$559,061</b>	<b>\$575,377</b>	<b>\$592,173</b>	<b>\$683,872</b>	<b>\$789,903</b>	<b>\$912,520</b>	<b>\$1,218,374</b>
<b>NET OPERATING INCOME</b>	<b>\$350,728</b>	<b>\$352,902</b>	<b>\$354,975</b>	<b>\$356,940</b>	<b>\$358,790</b>	<b>\$366,068</b>	<b>\$369,316</b>	<b>\$367,351</b>	<b>\$341,781</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$304,723	\$304,723	\$304,723	\$304,723	\$304,723	\$304,723	\$304,723	\$304,723	\$304,723
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$46,005</b>	<b>\$48,179</b>	<b>\$50,252</b>	<b>\$52,217</b>	<b>\$54,067</b>	<b>\$61,346</b>	<b>\$64,593</b>	<b>\$62,627</b>	<b>\$37,059</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.15</b>	<b>1.16</b>	<b>1.16</b>	<b>1.17</b>	<b>1.18</b>	<b>1.20</b>	<b>1.21</b>	<b>1.21</b>	<b>1.12</b>

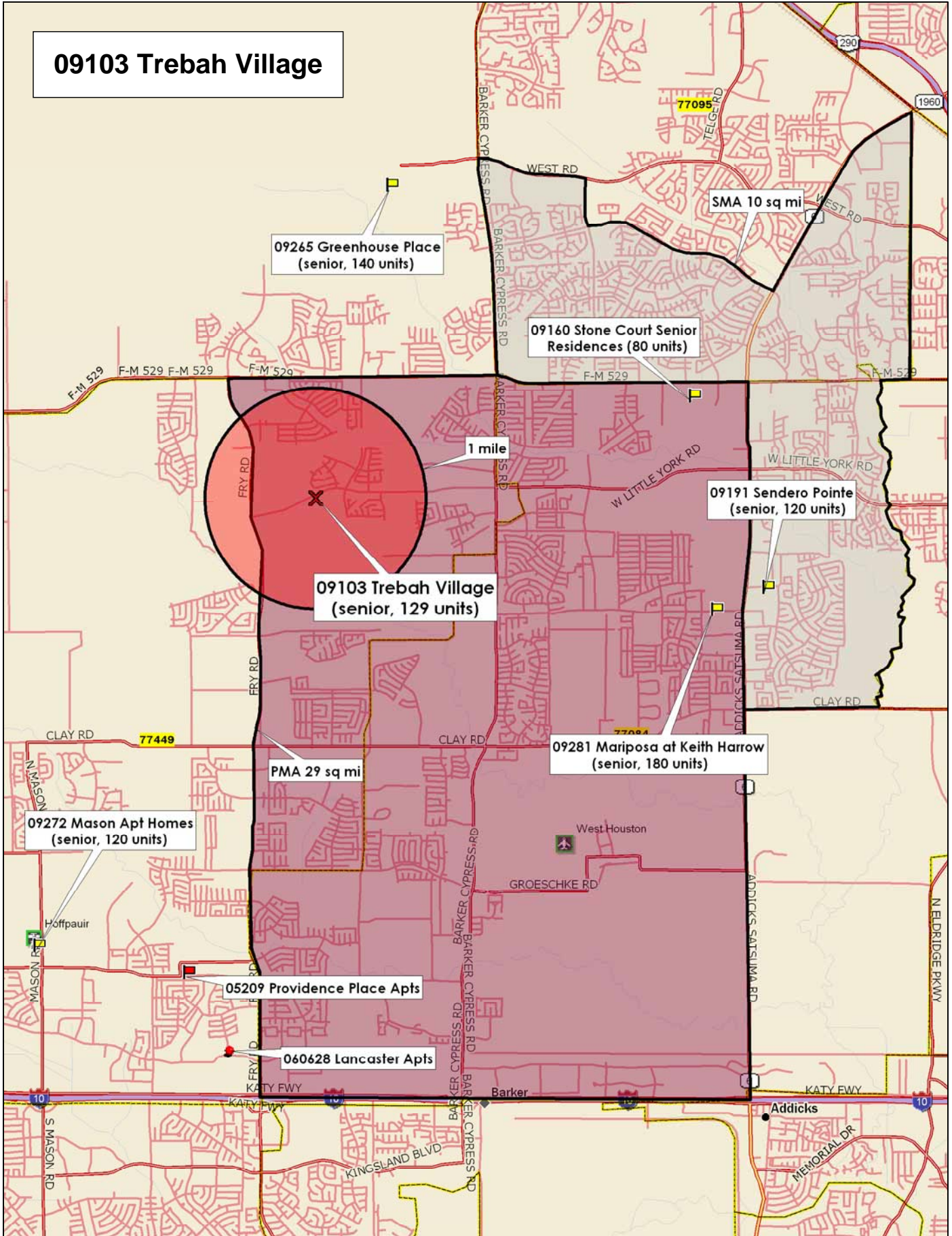
**HTC ALLOCATION ANALYSIS -Trebah Village, Katy, 9%/HTC #09103**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$767,524	\$767,524		
Purchase of buildings				
<b>Off-Site Improvements</b>	\$40,000	\$40,000		
<b>Sitework</b>	\$678,001	\$678,001	\$678,001	\$678,001
<b>Construction Hard Costs</b>	\$6,875,751	\$6,635,948	\$6,875,751	\$6,635,948
<b>Contractor Fees</b>	\$1,055,260	\$1,023,953	\$1,055,260	\$1,023,953
<b>Contingencies</b>	\$376,932	\$365,697	\$376,932	\$365,697
<b>Eligible Indirect Fees</b>	\$516,756	\$516,756	\$516,756	\$516,756
<b>Eligible Financing Fees</b>	\$391,849	\$391,849	\$391,849	\$391,849
<b>All Ineligible Costs</b>	\$96,809	\$96,809		
<b>Developer Fees</b>				
Developer Fees	\$1,483,193	\$1,441,831	\$1,483,193	\$1,441,831
<b>Development Reserves</b>	\$378,179	\$374,804		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$12,660,254</b>	<b>\$12,333,172</b>	<b>\$11,377,742</b>	<b>\$11,054,035</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$11,377,742	\$11,054,035
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$14,791,065	\$14,370,245
Applicable Fraction		94.39%	94.39%
<b>TOTAL QUALIFIED BASIS</b>		\$13,960,954	\$13,563,752
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,256,486	\$1,220,738

<b>Syndication Proceeds</b>	<b>0.6993</b>	<b>\$8,786,605</b>	<b>\$8,536,618</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,256,486</b>	<b>\$1,220,738</b>
<b>Syndication Proceeds</b>		<b>\$8,786,605</b>	<b>\$8,536,618</b>
<b>Requested Tax Credits</b>		<b>\$1,244,034</b>	
<b>Syndication Proceeds</b>		<b>\$8,699,529</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$9,199,531</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,315,534</b>	

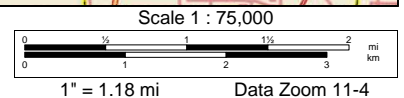
# 09103 Trebah Village



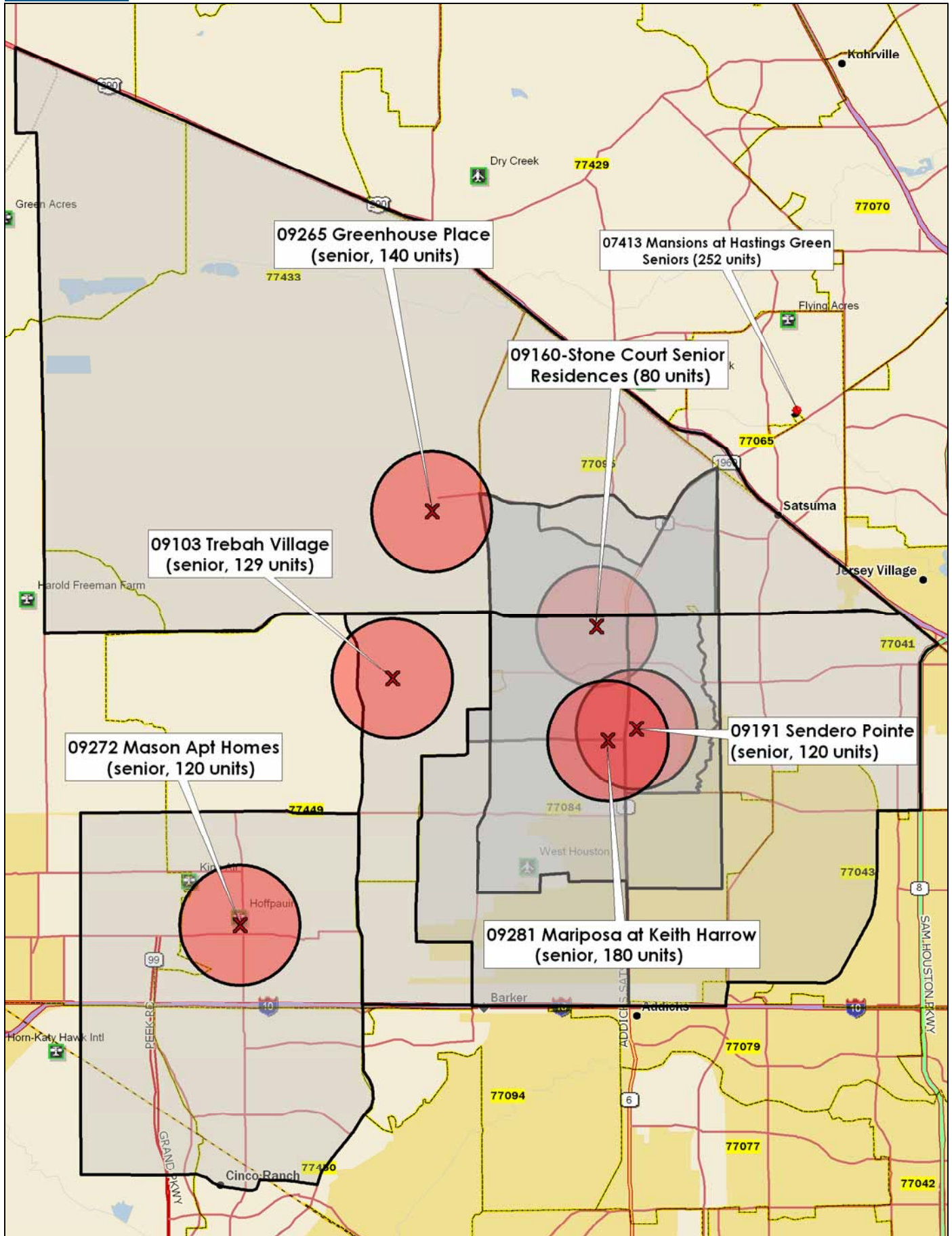
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Scale 1 : 137,500



1" = 2.17 mi

Data Zoom 10-5





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Stone Hearst Seniors, TDHCA Number 09104**

BASIC DEVELOPMENT INFORMATION

Site Address: 1650 E. Lucas Dr. Development #: 09104  
 City: Beaumont Region: 5 Population Served: Elderly  
 County: Jefferson Zip Code: 77703 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Stone Way II Limited Partnership  
 Owner Contact and Phone: R.J. Collins, (512) 249-6240  
 Developer: Tejas Housing LP  
 Housing General Contractor: Charter Contractors LP  
 Architect: Cross Architects  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Raymond James Tax Credit Funds Inc.  
 Supportive Services: Newlife Housing Foundation  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	36	
	2	0	18	16	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	22	14	0	0	0	
Type of Building:						Total Development Units:	36
<input checked="" type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$5,014,716
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	18
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$543,750	\$542,549			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Stone Hearst Seniors, TDHCA Number 09104

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Williams, District 4, S

Points: 14 US Representative: Poe, District 2, NC

TX Representative: Deshotel, District 22, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Some Other Place, S, Paula O'Neil, Director

Greater Beaumont Chamber of Commerce, S, James M H., Business Development Manager

Nutrition & Services for Seniors, S, Elaine Shellenberger, Executive Director

**General Summary of Comment:**

One letter of support received from elected official.

**CONDITIONS OF COMMITMENT**

1. Receipt, review and acceptance, by Commitment, of a firm commitment from New Life Housing Foundation for the proposed funds with terms of the funds clearly stated.
2. Receipt, review, and acceptance, by Cost Certification, of a survey of the subject property that delineates the floodplain boundary in relation to the subject property, and in accordance with Section 49.6(a) of the 2009 TDHCA QAP, the Applicant must develop the site so that all finished ground elevations are at least one foot above the floodplain and parking areas are no lower than six inches below the floodplain, subject to more stringent local requirements.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the allocation amount may be warranted.
4. Receipt of a commitment of funding from the Jefferson County HFC in the amount of \$257,500, or a commitment from a qualifying substitute source in an amount not less than \$250,736, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.
5. Receipt of a commitment of funding from New Life Housing in the amount of \$350,000, or a commitment from a qualifying substitute source (s) in an amount not less than \$100,295 as required by §49.9(i)(27) of the 2009 QAP. The provider of funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Stone Hearst Seniors, TDHCA Number 09104**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **10**

Total # Monitored: **10**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **202**  Meeting a Required Set-Aside Credit Amount\*: \$542,549

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/15/09 PROGRAM: HTC 9% FILE NUMBER: 09104

DEVELOPMENT	
Stone Hearst Seniors	
Location: <u>1650 E. Lucas Drive</u>	Region: <u>5</u>
City: <u>Beaumont</u> County: <u>Jefferson</u> Zip: <u>77703</u>	<input checked="" type="checkbox"/> OCT <input type="checkbox"/> DDA
Key Attributes: <u>Elderly, Urban, New Construction</u>	

ALLOCATION						
	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$543,750			<b>\$542,549</b>		

- CONDITIONS**
- 1 Receipt, review and acceptance, by Commitment, of a firm commitment from New Life Housing Foundation for the proposed funds with terms of the funds clearly stated.
  - 2 Receipt, review, and acceptance, by Cost Certification, of a survey of the subject property that delineates the floodplain boundary in relation to the subject property, and in accordance with Section 49.6(a) of the 2009 TDHCA QAP, the Applicant must develop the site so that all finished ground elevations are at least one foot above the floodplain and parking areas are no lower than six inches below the floodplain, subject to more stringent local requirements.
  - 3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	2
50% of AMI	50% of AMI	18
60% of AMI	60% of AMI	16

**STRENGTHS/MITIGATING FACTORS**

- Principal of Applicant has LIHTC development experience.

**WEAKNESSES/RISK**

- The Underwriter's expense to income ratio exceeds the Department's maximum guideline. The Applicant's expense to income ratio of 64.80% is marginally below the maximum, but considered acceptable.
- The market for two-bedroom senior units appears to be saturated based on unit capture rates exceeding 100%.

- The development becomes financially infeasible should the proposed New Life Housing Foundation funds, or an acceptable alternative source, not be provided to this development.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: R.J. Collins Phone: (512) 249-6240 Fax: (512) 249-7451  
 Email: emitejas@austin.rr.com

**KEY PARTICIPANTS**

Name	Net Assets	Liquidity <sup>1</sup>	# Completed Developments
R.J. Collins	N/A		6
Tejas Housing, LP	N/A		2

<sup>1</sup> Liquidity = Current Assets - Current Liabilities

**IDENTITIES of INTEREST**

- The Applicant, Developer and General Contractor are related entities. These are common relationships for HTC-funded developments.

**PROPOSED SITE**

**SITE PLAN**

**SITE AMENITIES**  
 1500 S.F. CLUBHOUSE  
 ACCESSIBLE WALKING/JOGGING PATH

**UNIT TABULATION**  
 ONE BEDROOM = 2  
 TWO BEDROOM = 4  
 TOTAL = 36 UNITS



**Cross ARCHITECTS**  
 1258 W. 15TH STREET, SUITE 125  
 PLANO, TEXAS 75075  
 PH: 972.308.8844  
 FAX: 972.312.8668  
 trumsey@crossarchitects.com

DESCRIPTION  
**SP02**

**STONE HEARST II  
 SENIOR VILLAGE**

BEAUMONT, TX  
 DUVAL CONSTRUCTION  
 FEBRUARY 11, 2009

**BUILDING CONFIGURATION**

Building Type	A	B																		Total Buildings	
Floors/Stories	1	1																			
Number	11	7																			<b>18</b>

BR/BA	SF	Units										Total Units	Total SF		
1BR/1BA	800	2												22	17,600
2BR/2BA	1,100		2											14	15,400
Units per Building		2	2											<b>36</b>	<b>33,000</b>

**Comments:**

A Reciprocal Use Agreement to facilitate the common use and operation between the subject application and an existing property located adjacent to the proposed development was provided in the application. Stone Hearst Apartments (#04228) is an existing 104-unit family development that is located southwest of the proposed development. The existing development is reflected in the Reciprocal Use Agreement as "Stone Hearst Tract I" and the subject application is reflected as "Stone Hearst Tract II." The Agreement grants use of the common areas and buildings located within these two tracts to the Owners and their tenants.

**SITE ISSUES**

Total Size:	<u>7.58</u> acres	Scattered site?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Flood Zone:	<u>X and AE</u>	Within 100-yr floodplain?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Zoning:	<u>RM-H</u>	Needs to be re-zoned?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> N/A

Comments:

According to the ESA provider, the majority of the subject site is located in Flood Zone X; however, a portion of the site is located in Flood Zone AE. The flood zone map indicates that the low area toward the central portion of the subject property is designated Flood Zone "AE" According to the Applicant's site plans, no buildings will be constructed in Flood Zone AE, all of the buildings are to be in Zone X. However, as a safeguard to protect tenants, it is a condition of this report that an as-built survey be provided, by Cost Certification, delineating the floodplain boundary in relation to the subject property, and in accordance with Section 49.6(a) of the 2009 TDHCA QAP, the Applicant must develop the site so that all finished ground elevations are at least one foot above the floodplain and parking areas are no lower than six inches below the floodplain, subject to more stringent local requirements.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 4/22/2009  
 Overall Assessment:  
 Excellent  Acceptable  Questionable  Poor  Unacceptable  
 Surrounding Uses:  
 North: Vacant land East: Country Club and vacant land  
 South: Vacant land/single family residential West: Stone Hearst I/school/vacant land

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Matrix Environmental Date: 3/13/2009  
 Recognized Environmental Concerns (RECs) and Other Concerns:  
 • "At the time of the Phase I Environmental Site Assessment and based on current and historical information reviewed, no recognized environmental conditions were revealed in connection with the subject property." (p. 9)

MARKET HIGHLIGHTS

Provider: Apartment MarketData Date: 3/27/2009  
 Contact: Linda Powers Phone: (210) 530-0040 Fax: (210) 340-5830  
 Number of Revisions: none Date of Last Applicant Revision: N / A  
 Primary Market Area (PMA): 54 sq. miles 4 mile equivalent radius  
 The Primary Market Area is bounded by Highway 105 to the north, the Beaumont City limits to the east, Highway 69 to the south, and Keith Road to the west. The PMA had an estimated 2008 population of 99,552, including 14,660 senior households.  
 Secondary Market Area (SMA):  
 The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Timber Creek Senior Living	08133	120	115				

This section intentionally left blank.

INCOME LIMITS						
Jefferson						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$10,800	\$12,300	\$13,850	\$15,400	\$16,650	\$17,850
40	\$14,400	\$16,440	\$18,520	\$20,560	\$22,200	\$23,840
50	\$18,000	\$20,550	\$23,150	\$25,700	\$27,750	\$29,800
60	\$21,600	\$24,660	\$27,780	\$30,840	\$33,300	\$35,760

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	106	3	0	109	2	3	5%
1 BR/50%	41	1	0	42	10	28	90%
1 BR/60%	145	7	1	153	10	95	69%
2 BR/50%	12	0	0	12	8	14	183%
2 BR/60%	39	1	0	40	6	46	130%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	75	2	0	77	2	3	7%
1 BR/50%	76	3	0	79	10	28	48%
1 BR/60%	83	4	0	87	10	27	43%
2 BR/50%	21	0	0	21	8	14	105%
2 BR/60%	25	0	0	25	6	40	182%

OVERALL DEMAND						
	Target Households	Household Size	Income Eligible	Tenure	Demand	
PMA DEMAND from TURNOVER						turnover
Market Analyst p. 63				1,681	23%	381
Underwriter				1,732	23%	392
PMA DEMAND from GROWTH						growth
Market Analyst p. 64						14
Underwriter					100%	13
DEMAND from OTHER SOURCES					homeowners	
Market Analyst p. 65					10%	309
Underwriter					3.3%	105

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 66	36	210	0	246	704	35%
Underwriter	36	115	0	151	511	30%

This section intentionally left blank.



Proposed, Under Construction, and Unstabilized Comparable Supply:

The market study identified two comparable developments in the PMA. Timber Creek Seniors (#08133) with a total of 120 units, and Seville Row (#08417), with 90 units. Both are located approximately 2.5 miles west of the subject. The market study calculation of an inclusive capture rate includes all 210 units at both properties. The underwriting analysis does not consider Seville Row because it was reported to be 97% occupied at the time it was underwritten, and expected to maintain occupancy after rehabilitation. Timber Creek Seniors has 5 market rate units; the 115 restricted units are included in the underwriting calculations.

Supply and Demand Analysis:

The 2000 census data for Jefferson County indicates a 22.7% turnover rate for senior renter households. Based on this, and considering only senior households with 3 persons or less, the market study analysis identifies demand for 381 units due to renter turnover, and demand for 14 units due to household growth. The underwriting analysis does not generally adjust senior demand based on household size; this results in demand for 392 units due to turnover, and demand for 13 units due to household growth.

The market study also considers demand from existing senior homeowner households. The 2009 Real Estate Analysis Rules allow for demand from turnover of homeowners up to a rate of 10% if supported by appropriate data. The Market Analyst applies a 10% turnover rate to the senior homeowner household population, but provides no specific supporting data; the Analyst concludes demand for 309 units from homeowner turnover. The underwriting analysis applies a turnover rate of 3.3%, as indicated by the 2000 census, resulting in demand for 105 units from existing homeowners.

The market study concludes an inclusive capture rate of 35% based on total demand for 704 units and a total supply of 246 units. The underwriting analysis concludes an inclusive capture rate of 30% based on total demand for 511 units and a total supply of 151 units. Both results are well below the maximum capture rate of 75% for developments targeting seniors.

Primary Market Occupancy Rates:

"The overall occupancy reported in the market is 98.7%." (p. 10)

Absorption Projections:

"Stone Hearst Apartments is the most recently built (2006) affordable family project and is 100% occupied. According to our records, it reached a stabilized occupancy of 90% after just 8 months of leasing. No senior projects have been built and occupied in the PMA." (p. 12)

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market	
1 BR 800 SF 30%	\$186	\$186	\$870	\$186	\$684	
1 BR 800 SF 50%	\$389	\$389	\$870	\$389	\$481	
1 BR 800 SF 60%	\$491	\$491	\$870	\$491	\$379	
2 BR 1,100 SF 50%	\$457	\$457	\$1,140	\$457	\$683	
2 BR 1,100 SF 60%	\$579	\$579	\$1,140	\$579	\$561	

Market Impact:

"We assess that the submarket could immediately absorb 1,119 units without the overall market occupancy falling below a stabilized occupancy of 93% ... The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market." (p. 12)

Comments:

The market study provides sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      1      Date of Last Applicant Revision:      4/28/2009

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utilities as of 2008, maintained by the Beaumont Housing Authority from 2009 program rent limits. The Applicant's estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. Tenants will be required to pay all electric utilities and water and sewer costs. The Underwriter's projected rents collected per unit were calculated by subtracting tenant paid utilities from the 2009 program rents. The Applicant's estimate of secondary income and vacancy and collection loss are in line with underwriting guidelines. The Applicant's estimate of effective gross income is exact to the Underwriter's.

Expense:      Number of Revisions:      1      Date of Last Applicant Revision:      4/28/2009

The Applicant's total annual operating expense projection of \$3,365 per unit is within 5% of the Underwriter's estimate of \$3,417 per unit derived from the TDHCA database and third party data sources. However, the Applicant's estimates of some line items differ significantly from the Underwriter's, specifically, payroll and payroll taxes (\$8K higher) and repairs and maintenance (\$8K lower).

**Conclusion:**

The Applicant's estimate of effective gross income, total expenses and net operating income are all within 5% of the Underwriter's estimates; therefore, the Applicant's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR). The proposed permanent financing structure results in an initial year's debt coverage ratio of 1.23 which falls within the Department's guidelines.

The Underwriter's expense to income ratio of 65.79% is just above the Department's 65% maximum. The Applicant's expense to income ratio of 64.80% is marginally below the Department's 65% maximum. However, since the Applicant's year one proforma is used to determine the development's debt capacity, the Applicant's ratio is utilized and considered acceptable.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	7.58 acres	<u>\$11,370</u>	Tax Year:	<u>2008</u>
Existing Buildings:		<u>\$0</u>	Valuation by:	<u>Jefferson CAD</u>
Total Assessed Value:		<u>\$11,370</u>	Tax Rate:	<u>2.484262</u>

**EVIDENCE of PROPERTY CONTROL**

Type:      Warranty Deed with Vendor's Lien      Acreage:      7.58  
 Contract Expiration:      N/A      Valid Through Board Date?       Yes       No

Acquisition Cost: \$212,525 Other: \_\_\_\_\_

Seller: Investments of Jefferson County Related to Development Team?  Yes  No

Comment:

The Applicant closed on the purchase of the subject property on December 15, 2008.

### CONSTRUCTION COST ESTIMATE EVALUATION

*COST SCHEDULE* Number of Revisions: 1 Date of Last Applicant Revision: 4/28/2009

Acquisition Value:

The site cost of \$28,037 per acre or \$5,903 per unit is assumed to be reasonable since the acquisition is an arm's length transaction.

Sitework Cost:

The Applicant's proposed site work cost of \$9,000 per unit is within the Department's guidelines; therefore, no further third party substantiation is required.

Direct Construction Cost:

The Applicant's direct construction cost is \$19K or less than 1% higher than the Underwriter's Marshall and Swift Residential Cost Handbook-derived estimate.

Interim Interest Expense:

The Applicant overstated eligible interim expense by \$10,150. As a result the Underwriter has re-allocated this cost to the ineligible cost line item to allow for one year of fully drawn interim expense.

Contingency & Fees:

The Applicant's contractors fees are overstated by \$85 and contingency fees are overstated by \$30; accordingly, the Underwriter has moved these to ineligible costs.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$4,637,168 supports annual tax credits of \$542,549. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

### FINANCING STRUCTURE

*SOURCES & USES* Number of Revisions: 1 Date of Last Applicant Revision: 4/28/2009

Source: Stearns Bank Type: Interim Financing

Principal: \$2,220,000 Interest Rate: 7.5%  Fixed Term: 24 months

Source: Lancaster Pollock Mortgage Co. Type: Permanent Financing

Principal: \$761,527 Interest Rate: 6.5%  Fixed Amort: 480 months

Comments:

This will be a first lien loan with a 40 year amortization and 40 year term.

Source: Jefferson County Housing Corporation Type: Interim Financing

Principal: \$275,000 Interest Rate: AFR  Fixed Term: 24 months

Comments:

This will be a 2nd lien loan during construction.

Source: New Life Housing Foundation Type: Permanent Financing

Principal: \$105,000 Interest Rate: 0.0%  Fixed Amort: 216 months

Comments:

The Applicant has submitted an application for the anticipated funding and has requested these funds be structured as a loan with a term of 18 years at 0% interest, and all payments deferred until maturity. Any funding recommendation will be conditioned upon receipt, review and acceptance, by Commitment, of a firm commitment for the proposed funds with terms of the funds clearly stated.

Source: Raymond James Tax Credit Funds, Inc. Type: Syndication

Proceeds: \$4,023,347 Syndication Rate: 74% Anticipated HTC: \$ 543,750  
Expiration: 12/31/2009

Comments:

The committed credit price appears to be consistent with recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that the credit price can decline to \$0.7325. At this point the financial viability of the transaction may be jeopardized.

Amount: \$158,164 Type: Deferred Developer Fees

**CONCLUSIONS**

Recommended Financing Structure:

The Applicant's total development cost estimate less the permanent debt of \$866,527 indicates the need for \$4,148,189 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$560,622 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$543,750), the gap-driven amount (\$560,622), and eligible basis-derived estimate (\$542,549), the eligible basis-derived estimate of \$542,549 is recommended resulting in proceeds of \$4,014,459 based on a syndication rate of 74%.

The Underwriter's recommended financing structure indicates the need for \$133,731 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 15 years of stabilized operation.

Underwriter: \_\_\_\_\_ Date: July 15, 2009  
*D.P. Burrell*

Reviewing Underwriter: \_\_\_\_\_ Date: July 15, 2009  
*Raquel Morales*

Director of Real Estate Analysis: \_\_\_\_\_ Date: July 15, 2009  
*Brent Stewart*

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Stone Hearst Seniors, Beaumont, HTC 9% #09104**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash Only
TC 30%	2	1	1	800	\$305	\$186	\$372	\$0.23	\$119.00	\$14.00
TC 50%	10	1	1	800	\$508	\$389	\$3,890	\$0.49	\$119.00	\$14.00
TC 60%	10	1	1	800	\$610	\$491	\$4,910	\$0.61	\$119.00	\$14.00
TC 50%	8	2	2	1,100	\$611	\$457	\$3,656	\$0.42	\$154.00	\$14.00
TC 60%	6	2	2	1,100	\$733	\$579	\$3,474	\$0.53	\$154.00	\$14.00
<b>TOTAL:</b>	<b>36</b>		<b>AVERAGE:</b>	<b>917</b>		<b>\$453</b>	<b>\$16,302</b>	<b>\$0.49</b>	<b>\$132.61</b>	<b>\$14.00</b>

**INCOME**

Total Net Rentable Sq Ft: **33,000**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
 Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	6.25%	\$325	0.35
Management	4.10%	213	0.23
Payroll & Payroll Tax	14.14%	734	0.80
Repairs & Maintenance	11.94%	620	0.68
Utilities	3.23%	168	0.18
Water, Sewer, & Trash	3.64%	189	0.21
Property Insurance	6.18%	321	0.35
Property Tax 2.48	8.16%	424	0.46
Reserve for Replacements	4.81%	250	0.27
TDHCA Compliance Fees	0.77%	40	0.04
Other:	2.57%	133	0.15
<b>TOTAL EXPENSES</b>	<b>65.79%</b>	<b>\$3,417</b>	<b>\$3.73</b>
<b>NET OPERATING INC</b>	<b>34.21%</b>	<b>\$1,776</b>	<b>\$1.94</b>

TDHCA	APPLICANT
\$195,624	\$195,624
6,480	6,480
0	0
\$202,104	\$202,104
(15,158)	(15,156)
0	
\$186,946	\$186,948
\$11,693	\$7,975
7,663	7,478
26,427	35,200
22,321	14,045
6,043	4,680
6,805	7,200
11,550	11,880
15,256	15,650
9,000	10,800
1,440	1,440
4,800	4,800
\$122,996	\$121,148
\$63,950	\$65,800

COUNTY	IREM REGION	COMPT. REGION
Jefferson		5
\$15.00	Per Unit Per Month	
\$0.00	Per Unit Per Month	
-7.50%	of Potential Gross Income	
PER SQ FT	PER UNIT	% OF EGI
\$0.24	\$222	4.27%
0.23	208	4.00%
1.07	978	18.83%
0.43	390	7.51%
0.14	130	2.50%
0.22	200	3.85%
0.36	330	6.35%
0.47	435	8.37%
0.33	300	5.78%
0.04	40	0.77%
0.15	133	2.57%
\$3.67	\$3,365	64.80%
\$1.99	\$1,828	35.20%

**DEBT SERVICE**

Lancaster Pollock	28.62%	\$1,486	\$1.62
New Life Housing Foundation	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>5.59%</b>	<b>\$290</b>	<b>\$0.32</b>

\$53,501	\$53,501
0	
0	0
\$10,449	\$12,299
1.20	1.23
	1.23

\$1.62	\$1,486	28.62%
\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$0.37	\$342	6.58%

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		4.26%	\$5,903	\$6.44
Off-Sites		0.00%	0	0.00
Sitework		6.49%	9,000	9.82
Direct Construction		45.86%	63,591	69.37
Contingency	5.00%	2.62%	3,630	3.96
Contractor's Fees	14.00%	7.33%	10,163	11.09
Indirect Construction		8.57%	11,883	12.96
Ineligible Costs		1.86%	2,581	2.82
Developer's Fees	19.97%	15.39%	21,333	23.27
Interim Financing		6.18%	8,566	9.34
Reserves		1.44%	2,000	2.18
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$138,649</b>	<b>\$151.25</b>
<b>Construction Cost Recap</b>		<b>62.30%</b>	<b>\$86,383</b>	<b>\$94.24</b>

TDHCA	APPLICANT
\$212,525	\$212,525
0	
324,000	324,000
2,289,269	2,308,794
130,663	131,670
365,858	368,676
427,800	427,800
92,908	92,908
767,974	767,974
308,370	308,370
72,000	72,000
\$4,991,367	\$5,014,716
\$3,109,791	\$3,133,140

PER SQ FT	PER UNIT	% of TOTAL
\$6.44	\$5,903	4.24%
0.00	0	0.00%
9.82	9,000	6.46%
69.96	64,133	46.04%
3.99	3,658	2.63%
11.17	10,241	7.35%
12.96	11,883	8.53%
2.82	2,581	1.85%
23.27	21,333	15.31%
9.34	8,566	6.15%
2.18	2,000	1.44%
\$151.96	\$139,298	100.00%
\$94.94	\$87,032	62.48%

**SOURCES OF FUNDS**

**RECOMMENDED**

Lancaster Pollock	15.26%	\$21,154	\$23.08
New Life Housing Foundation	2.10%	\$2,917	\$3.18
HTC Syndication Proceeds	80.61%	\$111,760	\$121.92
Deferred Developer Fees	2.50%	\$3,468	\$3.78
Additional (Excess) Funds Req'd	-0.47%	(\$649)	(\$0.71)
<b>TOTAL SOURCES</b>			

\$761,527	\$761,527	\$761,527
105,000	105,000	105,000
4,023,347	4,023,347	4,014,458
124,843	124,843	133,731
(23,350)	(1)	0
\$4,991,367	\$5,014,716	\$5,014,716

Developer Fee Available \$767,974  
 % of Dev. Fee Deferred 17%  
 15-Yr Cumulative Cash Flow \$186,782

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Stone Hearst Seniors, Beaumont, HTC 9% #09104*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$68.76	\$2,269,080
<b>Adjustments</b>				
Exterior Wall Finish	1.75%		\$1.20	\$39,709
Elderly	3.00%		2.06	68,072
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor				0
Floor Cover			3.16	104,280
Breezeways/Balconies	\$34.68	6,026	6.33	208,982
Plumbing Fixtures	\$1,000	36	1.09	36,000
Rough-ins	\$435	72	0.95	31,320
Built-In Appliances	\$2,500	36	2.73	90,000
Exterior Stairs	\$1,875		0.00	0
Hurricane (wind adj)	\$1.03	33,000	1.03	33,990
Heating/Cooling			1.83	60,390
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$81.13	1,500	3.69	121,688
Other: fire sprinkler	\$2.15	0	0.00	0
<b>SUBTOTAL</b>			<b>92.83</b>	<b>3,063,510</b>
Current Cost Multiplier	1.01		0.93	30,635
Local Multiplier	0.91		(8.36)	(275,716)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$85.41</b>	<b>\$2,818,430</b>
Plans, specs, survy, bld prmt	3.90%		(\$3.33)	(\$109,919)
Interim Construction Interes	3.38%		(2.88)	(95,122)
Contractor's OH & Profit	11.50%		(9.82)	(324,119)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$69.37</b>	<b>\$2,289,269</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$761,527	Amort	480
Int Rate	6.50%	DCR	1.20

<b>Secondary</b>	\$105,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.20

<b>Additional</b>	\$4,023,347	Amort	0
Int Rate	0.00%	Aggregate DCR	1.20

**RECOMMENDED FINANCING STRUCTURE APPLICATION**

Primary Debt Service	\$53,501
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$12,299</b>

<b>Primary</b>	\$761,527	Amort	480
Int Rate	6.50%	DCR	1.23

<b>Secondary</b>	\$105,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.23

<b>Additional</b>	\$4,023,347	Amort	0
Int Rate	0.00%	Aggregate DCR	1.23

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$195,624	\$199,536	\$203,527	\$207,598	\$211,750	\$233,789	\$258,122	\$284,987	\$347,398
Secondary Income	6,480	6,610	6,742	6,877	7,014	7,744	8,550	9,440	11,507
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	202,104	206,146	210,269	214,474	218,764	241,533	266,672	294,427	358,905
Vacancy & Collection Loss	(15,158)	(15,461)	(15,770)	(16,086)	(16,407)	(18,115)	(20,000)	(22,082)	(26,918)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$186,946</b>	<b>\$190,685</b>	<b>\$194,499</b>	<b>\$198,389</b>	<b>\$202,357</b>	<b>\$223,418</b>	<b>\$246,672</b>	<b>\$272,345</b>	<b>\$331,987</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$11,693	\$12,044	\$12,405	\$12,777	\$13,161	\$15,257	\$17,687	\$20,504	\$27,555
Management	7,663	7,816	7,973	8,132	8,295	9,158	10,111	11,163	13,608
Payroll & Payroll Tax	26,427	27,219	28,036	28,877	29,743	34,481	39,973	46,339	62,276
Repairs & Maintenance	22,321	22,990	23,680	24,390	25,122	29,123	33,762	39,139	52,600
Utilities	6,043	6,224	6,411	6,603	6,801	7,884	9,140	10,596	14,240
Water, Sewer & Trash	6,805	7,009	7,219	7,436	7,659	8,879	10,293	11,932	16,036
Insurance	11,550	11,897	12,253	12,621	13,000	15,070	17,470	20,253	27,218
Property Tax	15,256	15,714	16,185	16,671	17,171	19,906	23,076	26,751	35,952
Reserve for Replacements	9,000	9,270	9,548	9,835	10,130	11,743	13,613	15,782	21,209
Other	6,240	6,427	6,620	6,819	7,023	8,142	9,439	10,942	14,705
<b>TOTAL EXPENSES</b>	<b>\$122,996</b>	<b>\$126,610</b>	<b>\$130,330</b>	<b>\$134,160</b>	<b>\$138,103</b>	<b>\$159,642</b>	<b>\$184,563</b>	<b>\$213,401</b>	<b>\$285,399</b>
<b>NET OPERATING INCOME</b>	<b>\$63,950</b>	<b>\$64,076</b>	<b>\$64,169</b>	<b>\$64,229</b>	<b>\$64,253</b>	<b>\$63,776</b>	<b>\$62,108</b>	<b>\$58,944</b>	<b>\$46,588</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$53,501	\$53,501	\$53,501	\$53,501	\$53,501	\$53,501	\$53,501	\$53,501	\$53,501
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$10,449</b>	<b>\$10,575</b>	<b>\$10,668</b>	<b>\$10,728</b>	<b>\$10,752</b>	<b>\$10,275</b>	<b>\$8,607</b>	<b>\$5,443</b>	<b>(\$6,912)</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.20</b>	<b>1.20</b>	<b>1.20</b>	<b>1.20</b>	<b>1.20</b>	<b>1.19</b>	<b>1.16</b>	<b>1.10</b>	<b>0.87</b>

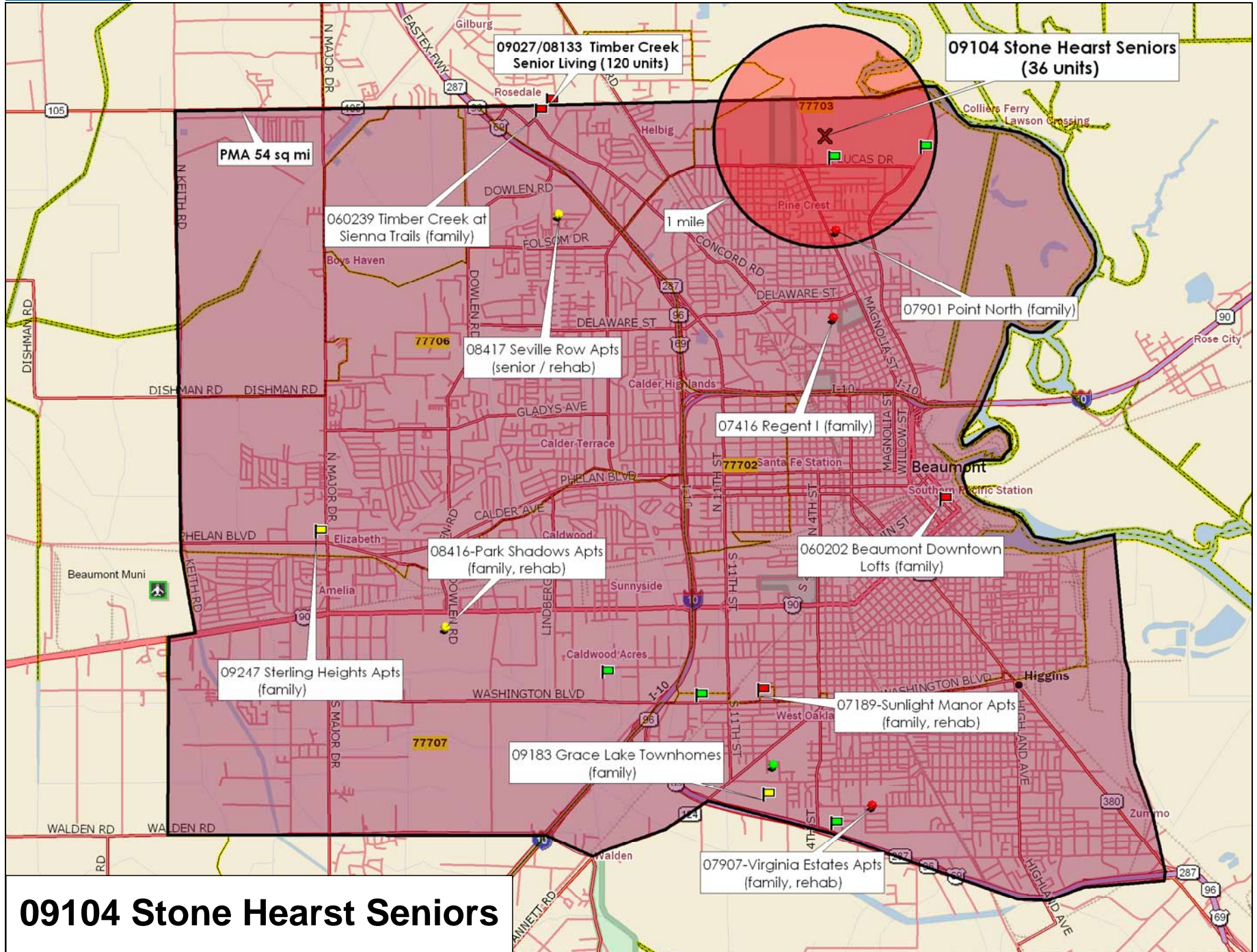
**HTC ALLOCATION ANALYSIS -Stone Hearst Seniors, Beaumont, HTC 9% #09104**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$212,525	\$212,525		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$324,000	\$324,000	\$324,000	\$324,000
<b>Construction Hard Costs</b>	\$2,308,794	\$2,289,269	\$2,308,794	\$2,289,269
<b>Contractor Fees</b>	\$368,676	\$365,858	\$368,591	\$365,858
<b>Contingencies</b>	\$131,670	\$130,663	\$131,640	\$130,663
<b>Eligible Indirect Fees</b>	\$427,800	\$427,800	\$427,800	\$427,800
<b>Eligible Financing Fees</b>	\$308,370	\$308,370	\$308,370	\$308,370
<b>All Ineligible Costs</b>	\$92,908	\$92,908		
<b>Developer Fees</b>				
Developer Fees	\$767,974	\$767,974	\$767,974	\$767,974
<b>Development Reserves</b>	\$72,000	\$72,000		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$5,014,716</b>	<b>\$4,991,367</b>	<b>\$4,637,168</b>	<b>\$4,613,934</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		<b>\$4,637,168</b>	<b>\$4,613,934</b>
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		<b>\$6,028,319</b>	<b>\$5,998,114</b>
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		<b>\$6,028,319</b>	<b>\$5,998,114</b>
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		<b>\$542,549</b>	<b>\$539,830</b>

<b>Syndication Proceeds</b>	<b>0.7399</b>	<b>\$4,014,458</b>	<b>\$3,994,344</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$542,549</b>	<b>\$539,830</b>
<b>Syndication Proceeds</b>		<b>\$4,014,458</b>	<b>\$3,994,344</b>
<b>Requested Tax Credits</b>		<b>\$543,750</b>	
<b>Syndication Proceeds</b>		<b>\$4,023,347</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$4,148,189</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$560,622</b>	



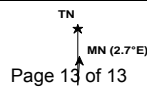


# 09104 Stone Hearst Seniors

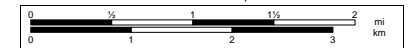
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Scale 1 : 75,000



1" = 1.18 mi

Data Zoom 11-4





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Villages at Snyder, TDHCA Number 09105**

BASIC DEVELOPMENT INFORMATION

Site Address: 1001 37th St. Development #: 09105  
 City: Snyder Region: 2 Population Served: Intergenerational  
 County: Scurry Zip Code: 79549 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Bison Country Housing LP  
 Owner Contact and Phone: Jay Collins, (512) 249-6240  
 Developer: Duval Construction Specialties, Inc.  
 Housing General Contractor: Charter Contractors LP  
 Architect: Cross Architects  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: Newlife Housing Foundation  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	80	
	4	0	40	36	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	22	38	16	4	0	
Type of Building:						Total Development Units:	80
<input checked="" type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	60
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,221,403	\$1,221,403			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Villages at Snyder, TDHCA Number 09105**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Duncan, District 28, NC

Points: 0

US Representative: Conaway, District 11, NC

TX Representative: Darby, District 72, S

Points: 14

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: **0**

In Opposition: **0**

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Lions Club, S, Cyrus A. Posey, President

Gateway Family Services, Inc., S, Lyndia Allen, Executive Director

Scurry County United Fund, Inc., S, Rana Anderson, Executive Secretary

**General Summary of Comment:**

One letter of support received from elected official.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Villages at Snyder, TDHCA Number 09105**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **8**

Total # Monitored: **7**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **198**  Meeting a Required Set-Aside Credit Amount\*: \$1,221,403

Recommendation: Recommended because without this award included, this sub-region's allocation shortfall would have been a significant portion of their total targeted sub-regional allocation when Rural tax credits are collapsed.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/23/09 PROGRAM: 9% HTC/HTF FILE NUMBER: 09105

**DEVELOPMENT**

The Villages at Snyder

Location: 1001 37th Street Region: 2  
 City: Snyder County: Scurry Zip: 79549  OCT  DDA  
 Key Attributes: Intergenerational/Multifamily/Single Family/New Construction/Rural

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Trust Fund (1)	\$275,000	0.00%	40/40	\$0	NA	NA
Housing Tax Credit (Annual)	\$1,175,723			\$1,173,109		

(1) Applicant applied for Housing Trust Fund for which no funds are available for award.

**CONDITIONS**

- 1 Receipt, review, and acceptance, by carryover, of documentation reflecting the property for the proposed development has been donated or gifted to the Applicant.
- 2 Receipt, review, and acceptance, by carryover, of documentation that the ESA recommendations regarding the storm cellar and old water tower have been implemented.
- 3 Receipt, review, and acceptance, by commitment, of approval of the rezoning or a variance to allow for the proposed development.
- 4 Receipt, review, and acceptance of documentation, by cost certification, that no buildings and/or improvements to include drives are located in the 100-year floodplain, or that any improvements in the floodplain are constructed as required by QAP§49(6)(a). Should buildings or improvements be found to be in the floodplain, a flood hazard mitigation plan should be provided to include, at a minimum, consideration and documentation of floodplain reclamation sitework costs, building flood insurance and tenant flood insurance costs.
- 6 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	4
50% of AMI	50% of AMI	40
60% of AMI	60% of AMI	36

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**STRENGTHS/MITIGATING FACTORS**

- Inclusive capture rates for the senior and family units are 66% and 46%, respectively. Market occupancy is reported at 92%.
- Going in DCR of 1.33 times.

**WEAKNESSES/RISKS**

- All of the family units show individual capture rates ranging from 101% to 260%. Three of the six senior units show individual capture rates above 100%.
- Both expense to income ratios are just below the 65% maximum guideline, indicating risk that the development will not typically be able to sustain a moderate period of no rental rates increases.

**PREVIOUS UNDERWRITING REPORTS**

An application for the proposed development was submitted in the 2008 9% HTC cycle, #08143, and was not recommended for an allocation.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Jay Collins Phone: 512-749-7451 Fax: 512-249-6660  
 Email: duval3@austin.rr.com

**KEY PARTICIPANTS**

Name	Net Assets	Liquidity <sup>1</sup>	# Completed Developments
NewLife Housing Foundation	Confidential		0
Ronni Hodges	Confidential		1
Duval Construction Specialties, Inc	Confidential		1
Jay Collins	Confidential		1

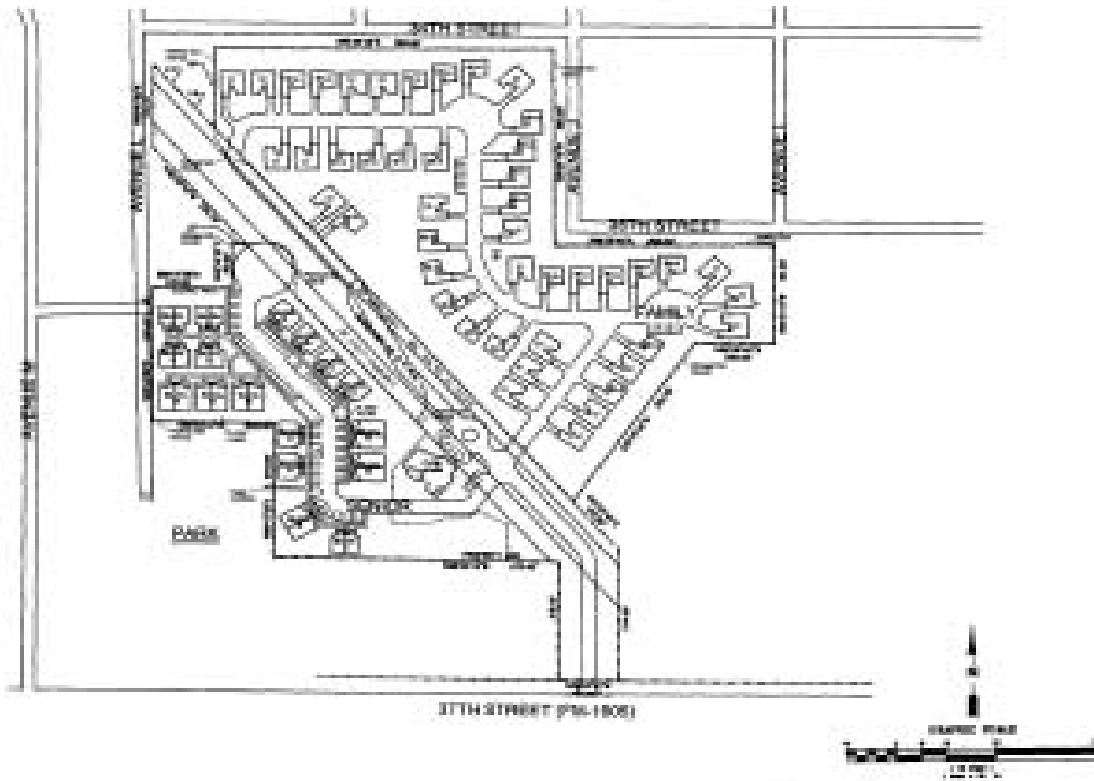
<sup>1</sup> Liquidity = Current Assets - Current Liabilities

**IDENTITIES of INTEREST**

- o The Applicant, Developer, General Contractor and Supportive Service Provider are related entities. These are common relationships for HTC-funded developments.
- o The Underwriter discovered an identity of interest between the land seller and the supportive services provider (who is also the general partner of the Applicant). The Applicant revised the application such that the property is being donated to the Applicant.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	A	B	C	D	E							Total Buildings
Floors/Stories	1	1	1	1	1							
Number	11	6	26	16	4							<b>63</b>

BR/BA	SF	Units										Total Units	Total SF
1/1	800	2										22	17,600
2/2	1,020		2									12	12,240
2/2	1,020			1								26	26,520
3/2	1,260				1							16	20,160
4/2	1,450					1						4	5,800
Units per Building		2	2	1	1	1						<b>80</b>	<b>82,320</b>

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**SITE ISSUES**

Total Size:	<u>15.42 acres</u>	Scattered site?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Flood Zone:	<u>Partial - 100 yr</u>	Within 100-yr floodplain?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Zoning:	<u>M-1</u>	Needs to be re-zoned?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A

Comments:

The property is presently zoned M-1 (Light Manufacturing Zone). The applicant is requesting a change in zoning to C-2 (Multifamily). Receipt, review, and acceptance, by commitment, of approval of the rezoning or a variance to allow for the proposed development is a condition of this report.

Also, although the FEMA map indicates that no flood data for the City of Snyder exists the ESA indicates it is possible that portions of the subject site may fall into the Flood Zone A area, near Deep Creek basin. The Applicant has indicated in the application that the site may be located in the floodplain and that the development will be constructed as required by the QAP. Any recommended funding will be subject to receipt, review, and acceptance of documentation, by cost certification, of verification that no buildings and/or improvements to include drives are located in the 100-year floodplain, or that any improvements in the floodplain are constructed as required by QAP§49(6)(a). Should buildings or improvements be found to be in the floodplain, a flood hazard mitigation plan should be provided to include, at a minimum, consideration and documentation of floodplain reclamation sitework costs, building flood insurance and tenant flood insurance costs.

**TDHCA SITE INSPECTION**

Inspector: ORCA by: Alvino Lopez Date: 4/2/2009

Overall Assessment:

Excellent     Acceptable     Questionable     Poor     Unacceptable

Surrounding Uses:

North: Vacant Field, Single family housing      East: Vacant lots, Convenience store  
 South: Open Field, Baseball Field      West: City of Snyder Municipal Center

Comments:

Site is located in an area that is easily accessed from east and west. Amenities are also easily accessed and most are within walking distance.

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Matrix Environmental Date: 3/4/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "At the time of the Updated Phase I Environmental Site Assessment and based on current and historical information reviewed no recognized environmental conditions were revealed in connection with the subject property." (p. 4)
- "The storm cellar and stairs should be fenced off or filled in with materials to prevent accidents related to the cellar." (p. 3)
- "It is recommended that this structure (the old water tower) be sealed off with fence and signage to prevent accidents." (p. 3)

Comments:

Any recommended funding will be subject to receipt, review, and acceptance, by carryover, of documentation that the ESA recommendations regarding the storm cellar and old water tower have been implemented.

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## MARKET HIGHLIGHTS

Provider: Apartment MarketData Date: 3/23/2009  
 Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830  
 Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 907 sq. miles 17 mile equivalent radius

The Primary Market Area is defined as all of Scurry County. The PMA had an estimated 2008 population of 16,168, with 5,770 total households, of which 2,529 are senior households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
none				none			

INCOME LIMITS						
2009 Rural Income Limits						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$10,770	\$12,300	\$13,860	\$15,390	\$16,620	\$17,850
40	\$14,360	\$16,400	\$18,480	\$20,520	\$22,160	\$23,800
50	\$17,950	\$20,500	\$23,100	\$25,650	\$27,700	\$29,750
60	\$21,540	\$24,600	\$27,720	\$30,780	\$33,240	\$35,700

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
<b>Senior Units</b>							
1 BR/30%	12	0	0	12	2	0	17%
1 BR/50%	4	0	0	4	14	0	350%
1 BR/60%	16	0	0	16	6	0	38%
2 BR/30%	2	0	0	2	2	0	100%
2 BR/50%	1	0	0	1	5	0	500%
2 BR/60%	4	0	0	4	5	0	125%
<b>Family Units</b>							
2 BR/50%	19	-1	0	18	17	0	94%
2 BR/60%	21	-1	0	20	9	0	45%
3 BR/50%	19	0	0	19	4	0	21%
3 BR/60%	27	0	0	27	12	0	44%
4 BR/60%	11	0	0	11	4	0	36%

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UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
<b>Senior Units</b>							
1 BR/30%	9	0	0	9	2	0	22%
1 BR/50%	12	-1	0	11	14	0	125%
1 BR/60%	13	0	0	13	6	0	48%
2 BR/30%	2	0	0	2	2	0	120%
2 BR/50%	4	0	0	4	5	0	135%
2 BR/60%	5	0	0	5	5	0	97%
<b>Family Units</b>							
2 BR/50%	7	0	0	7	17	0	260%
2 BR/60%	8	0	0	8	9	0	117%
3 BR/50%	3	0	0	3	4	0	139%
3 BR/60%	5	0	0	5	12	0	260%
4 BR/60%	4	0	0	4	4	0	101%

OVERALL DEMAND -- SENIOR UNITS						
	Target Households	Household Size	Income Eligible	Tenure	Demand	
PMA DEMAND from TURNOVER						turnover
Market Analyst p. 76				184	22%	40
Underwriter				196	22%	43
PMA DEMAND from GROWTH						growth
Market Analyst p. 77						1
Underwriter						1
DEMAND from OTHER SOURCES				senior homeowners		
Market Analyst p. 78				544	10%	54
Underwriter				593	1%	8

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 79	34	0	0	34	95	<b>36%</b>
Underwriter	34	0	0	34	51	<b>66%</b>

**Demand Analysis:**

The market study analysis is based on the 2008 rural rent and income limits, the most recent available at the time of application. The Market Analyst applied a 21.7% turnover rate for senior renters, taken from the 2000 census data for Scurry County, and the analysis only considers senior households of 1-3 persons. The Market Analyst demand for 40 units due to turnover of senior renter households, and demand for 1 unit due to growth. The underwriting analysis does not generally adjust senior demand based on household size; this results in demand for 43 units due to turnover, and demand for 1 unit due to household growth.

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The market study also considers demand from existing senior homeowner households. The 2009 Real Estate Analysis Rules allow for demand from turnover of homeowners up to a rate of 10% if supported by appropriate data. The Market Analyst applies a 10% turnover rate to the senior homeowner household population, but provides no specific supporting data; the Analyst concludes demand for 54 units from homeowner turnover. The underwriting analysis applies a turnover rate of 1.34%, as indicated by the 2000 census, resulting in demand for 8 units from existing homeowners.

The market study concludes an inclusive capture rate of 36% based on total demand for 95 units and a total supply of 34 senior units. The underwriting analysis concludes an inclusive capture rate of 66% based on total demand for 51 units. Both results are below the maximum capture rate of 75% for developments targeting seniors.

OVERALL DEMAND -- FAMILY UNITS						
	Target Households	Household Size	Income Eligible	Tenure	Demand	
PMA DEMAND from TURNOVER						turnover
Market Analyst p.				121	62%	75
Underwriter				168	62%	104
PMA DEMAND from GROWTH						growth
Market Analyst p.						-1
Underwriter					100%	-5
INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p.	46	0	0	46	74	<b>62%</b>
Underwriter	46	0	0	46	99	<b>46%</b>

**Demand Analysis:**

The market study analysis of demand for the family units only considers households of three or more; and has applied a turnover rate of 61.7% taken from the TDHCA database for family households in Region 2. The Market Analyst identifies demand for 75 units due to household turnover, and reduction in demand by one unit due to a projected decrease in eligible households. Total demand for 74 units and a total supply of 46 family units results in an inclusive capture rate of 62%.

The underwriting analysis includes households of two or more since two-person households are eligible for the two-bedroom units at the subject; however, only households below age 55 have been included since seniors have been counted in the demand for the senior units. The underwriting analysis identifies demand for 104 units due to household turnover, and reduction in demand by 5 units due to a projected decrease in eligible households. Total demand for 99 units and a total supply of 46 family units results in an inclusive capture rate of 46%. This is below the maximum capture rate of 75% for rural developments targeting families.

**Primary Market Occupancy Rates:**

"The overall occupancy reported in the market is 91.5%." (p. 44)

**Absorption Projections:**

"We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p. 46)

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RENT ANALYSIS (Tenant-Paid Net Rents)								
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market	
Senior Units								
1 BR	800 SF	30%	\$184	\$177	\$522	\$177	\$345	
1 BR	800 SF	50%	\$368	\$369	\$522	\$369	\$153	
1 BR	800 SF	60%	\$461	\$465	\$522	\$465	\$57	
2 BR	1,020 SF	30%	\$215	\$205	\$607	\$205	\$402	
2 BR	1,020 SF	50%	\$437	\$436	\$607	\$436	\$171	
2 BR	1,020 SF	60%	\$548	\$552	\$607	\$552	\$55	
Family Units								
2 BR	1,020 SF	50%	\$437	\$426	\$607	\$426	\$181	
2 BR	1,020 SF	60%	\$548	\$542	\$607	\$542	\$65	
3 BR	1,260 SF	50%	\$496	\$484	\$748	\$484	\$264	
3 BR	1,260 SF	60%	\$624	\$618	\$748	\$618	\$130	
4 BR	1,450 SF	60%	\$681	\$677	\$869	\$677	\$192	

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. There are no affordable units in the PMA." (p.49)

Comments:

The market study provides sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:    Number of Revisions:    1    Date of Last Applicant Revision:    6/5/2008

The Applicant's projected rents collected per unit were calculated by subtracting the Garden/Apartment tenant-paid utility allowances as of September 21, 2006, maintained by Abilene Housing Authority from the 2008 program gross rural rent limits. Tenants will be required to pay utility costs and water and sewer.

The Underwriter's projected rents were calculated by subtracting the Single Family and Duplex tenant-paid utilities as of June 5, 2009 from the current 2009 rural program rents. It should be noted that at the time the application was submitted the 2009 program rural rent limits and updated utility allowances were not yet available. Of note, the updated rents and utility allowances are both higher than what were available to the applicant.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines, and despite Applicant's use of the lower 2008 rural program rents and lower utility allowances, the effective gross income is within 5% of the Underwriter's estimate.

Expense:    Number of Revisions:    1    Date of Last Applicant Revision:    6/5/2009

The Applicant's total annual operating expense projection at \$3,546 per unit is within 5% of the Underwriter's estimate of \$3,501 derived from the TDHCA database, IREM and third-party data sources. However, the Applicant's estimates of some line items differ significantly from the Underwriter's, specifically, general and administrative (\$9K lower), payroll and payroll taxes (\$18K higher), water, sewer and trash (\$7K lower) and property tax (\$10K higher).

The 51% owner of the general partner is a non-profit entity that may qualify for a 50% or 100% property tax exemption. Both the Underwriter and the Applicant have included property taxes in the expense assumptions. Should the Applicant secure a partial or full property tax exemption, a re-evaluation at cost certification of any credit award sizing would be warranted.

Conclusion:

The Applicant's effective gross income, operating expenses, and net operating income are within 5% of the Underwriter's estimates; therefore, the Applicant's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.33, which is within the Department's DCR guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

ASSESSED VALUE

Land Only:	acres	<u>\$15,245</u>	Tax Year:	<u>2008</u>
Existing Buildings:		<u>\$0</u>	Valuation by:	<u>Scurry County CAD</u>
Total Assessed Value:		<u>\$15,245</u>	Tax Rate:	<u>2.1482</u>

TITLE

Comments:

No issues.

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: 1 Date of Last Applicant Revision: 6/5/2009

Acquisition Value:

The land is to be contributed to the Applicant, therefore there is no cost reflected in the cost schedule.

Sitework Cost:

The Applicant's claimed sitework costs of slightly less than \$9K per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$77K or 1% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Interim Interest Expense:

The Underwriter reduced the Applicant's eligible interim financing fees by \$17,815 to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

Contingency & Fees:

The Applicant's contractor's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines, but the Applicant's developer fees exceeded 15% of the Applicant's adjusted eligible basis by \$4,533 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$10,026,573 supports annual tax credits of \$1,173,109. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: 2 Date of Last Applicant Revision: 6/11/2009

Source: Stearns Bank Type: Interim Financing

Principal: \$3,500,000 Interest Rate: 7.5%  Variable Term: 24 months

Comments:

Rate is stated to be Wall Street Journal Prime plus 1.00% with floor rate of 7.5%

Source: Lancaster Pollard Mortgage Company Type: Permanent Financing

Principal: \$1,500,000 Interest Rate: 7.25%  Fixed Amort: 480 months

Comments:

Base rate is stated to be 7.25%. The lender and borrower can apply for an interest rate credit to lower the rate by 250 bps or to approx. 4.75%. There is however guarantee and other fees which would increase the rate. The applicant used a rate of 6.5% for their proforma. This loan has a 90% UDSA Section 538 guarantee.

Source: Donco, Inc. Type: Permanent Financing

Principal: \$220,000 Interest Rate: 2.50%  Fixed Amort: 360 months

Comments:

Source: City of Snyder Type: Interim Financing

Principal: \$350,000 Interest Rate: 3.81%  Fixed Amort:      months

Comments:

The application letter states the funds if a loan must be for a minimum of 1year and have an interest rate equal to or below the Applicable Federal Rate.

Source: Raymond James Type: Syndication

Proceeds: \$8,533,673 Syndication Rate: 72.5% Anticipated HTC: \$ 1,175,723

Comments:

Terms and conditions seem to reasonable in the current market environment. Commitment expires 05/01/10 if closing has not occurred subject to extension if mutually agreed to in writing.

Amount: \$99,940 Type: Deferred Developer Fees

This section intentionally left blank.

## CONCLUSIONS

### Recommended Financing Structure:

The Applicant's total development cost estimate indicates the need for \$8,633,613 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,189,942 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,175,723), the gap-driven amount (\$1,189,492), and eligible basis-derived estimate (\$1,173,109), the eligible basis-derived estimate of \$1,173,109 is recommended. The \$1,173,109 in annual tax credits results in proceeds of \$8,514,700 based on a syndication rate of 72.50%.

The Underwriter's recommended financing structure indicates the need for \$99,940 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within approximately three years of stabilized operation.

Underwriter:

\_\_\_\_\_  
*Thomas Kincaid*

Date: July 23, 2009

Reviewing Underwriter:

\_\_\_\_\_  
*Raquel Morales*

Date: July 23, 2009

Director of Real Estate Analysis:

\_\_\_\_\_  
*R. Brent Stewart*

Date: July 23, 2009

MULTIFAMILY COMPARATIVE ANALYSIS

The Villages at Snyder, Snyder, 9% HTC/HTF #09105

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash Only
ELDERLY PHASE										
TC 30%	2	1	1	800	\$288	\$177	\$354	\$0.22	\$111.00	\$15.00
TC 50%	14	1	1	800	\$480	\$369	\$5,166	\$0.46	\$111.00	\$15.00
TC 60%	6	1	1	800	\$576	\$465	\$2,790	\$0.58	\$111.00	\$15.00
TC 30%	2	2	2	1,020	\$346	\$205	\$410	\$0.20	\$141.00	\$15.00
TC 50%	5	2	2	1,020	\$577	\$436	\$2,180	\$0.43	\$141.00	\$15.00
TC 60%	5	2	2	1,020	\$693	\$552	\$2,760	\$0.54	\$141.00	\$15.00
FAMILY PHASE										
TC 50%	17	2	2	1,020	\$577	\$426	\$7,242	\$0.42	\$151.00	\$15.00
TC 60%	9	2	2	1,020	\$693	\$542	\$4,878	\$0.53	\$151.00	\$15.00
TC 50%	4	3	2	1,260	\$666	\$484	\$1,936	\$0.38	\$182.00	\$15.00
TC 60%	12	3	2	1,260	\$800	\$618	\$7,416	\$0.49	\$182.00	\$15.00
TC 60%	4	4	2	1,450	\$892	\$677	\$2,708	\$0.47	\$215.00	\$15.00
<b>TOTAL:</b>	<b>80</b>		<b>AVERAGE:</b>	<b>1,029</b>		<b>\$473</b>	<b>\$37,840</b>	<b>\$0.46</b>	<b>\$147.90</b>	<b>\$15.00</b>

INCOME		Total Net Rentable Sq Ft:	82,320		TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
<b>POTENTIAL GROSS RENT</b>					\$454,080	\$458,376	Scurry		2
Secondary Income		Per Unit Per Month:	\$15.00		14,400	14,400	\$15.00	Per Unit Per Month	
Other Support Income:					0		\$0.00	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>					\$468,480	\$472,776			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%		(35,136)	(35,460)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0				
<b>EFFECTIVE GROSS INCOME</b>					\$433,344	\$437,316			
<b>EXPENSES</b>									
	% OF EGI	PER UNIT	PER SQ FT				PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.98%	\$270	0.26	\$21,594	\$12,860	\$0.16	\$161	2.94%	
Management	5.62%	305	0.30	24,360	22,170	0.27	277	5.07%	
Payroll & Payroll Tax	17.34%	939	0.91	75,125	92,900	1.13	1,161	21.24%	
Repairs & Maintenance	7.87%	426	0.41	34,088	34,290	0.42	429	7.84%	
Utilities	3.73%	202	0.20	16,160	9,980	0.12	125	2.28%	
Water, Sewer, & Trash	5.05%	273	0.27	21,876	14,550	0.18	182	3.33%	
Property Insurance	4.93%	267	0.26	21,356	17,500	0.21	219	4.00%	
Property Tax	2.1482	8.10%	439	0.43	35,120	45,000	0.55	563	10.29%
Reserve for Replacements	4.62%	250	0.24	20,000	24,000	0.29	300	5.49%	
TDHCA Compliance Fees	0.74%	40	0.04	3,200	3,200	0.04	40	0.73%	
Other: Supportive Services	1.66%	90	0.09	7,200	7,200	0.09	90	1.65%	
<b>TOTAL EXPENSES</b>	<b>64.63%</b>	<b>\$3,501</b>	<b>\$3.40</b>	<b>\$280,079</b>	<b>\$283,650</b>	<b>\$3.45</b>	<b>\$3,546</b>	<b>64.86%</b>	
<b>NET OPERATING INC</b>	<b>35.37%</b>	<b>\$1,916</b>	<b>\$1.86</b>	<b>\$153,265</b>	<b>\$153,666</b>	<b>\$1.87</b>	<b>\$1,921</b>	<b>35.14%</b>	
<b>DEBT SERVICE</b>									
Lancaster Pollard	24.32%	\$1,317	\$1.28	\$105,382	\$105,995	\$1.29	\$1,325	24.24%	
Donco Housing Group, LLC	2.41%	\$130	\$0.13	10,431	10,431	\$0.13	\$130	2.39%	
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%	
<b>NET CASH FLOW</b>	<b>8.64%</b>	<b>\$468</b>	<b>\$0.45</b>	<b>\$37,452</b>	<b>\$37,240</b>	<b>\$0.45</b>	<b>\$466</b>	<b>8.52%</b>	
<b>AGGREGATE DEBT COVERAGE RATIO</b>					1.32	1.32			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>						1.33			

<b>CONSTRUCTION COST</b>									
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.00%	\$0	\$0.00	\$0	\$0	\$0.00	\$0	0.00%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.06%	8,998	8.74	719,830	719,830	8.74	8,998	6.95%
Direct Construction		52.54%	66,921	65.03	5,353,646	5,430,926	65.97	67,887	52.45%
Contingency	5.00%	2.98%	3,796	3.69	303,674	307,538	3.74	3,844	2.97%
Contractor's Fees	13.94%	8.31%	10,582	10.28	846,590	846,590	10.28	10,582	8.18%
Indirect Construction		8.68%	11,057	10.75	884,590	884,590	10.75	11,057	8.54%
Ineligible Costs		0.84%	1,066	1.04	85,307	85,307	1.04	1,066	0.82%
Developer's Fees	15.00%	12.72%	16,196	15.74	1,295,642	1,312,347	15.94	16,404	12.68%
Interim Financing		5.19%	6,616	6.43	529,285	529,285	6.43	6,616	5.11%
Reserves		1.67%	2,132	2.07	170,566	237,200	2.88	2,965	2.29%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$127,364</b>	<b>\$123.77</b>	<b>\$10,189,130</b>	<b>\$10,353,613</b>	<b>\$125.77</b>	<b>\$129,420</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>70.90%</b>	<b>\$90,297</b>	<b>\$87.75</b>	<b>\$7,223,739</b>	<b>\$7,304,884</b>	<b>\$88.74</b>	<b>\$91,311</b>	<b>70.55%</b>

<b>SOURCES OF FUNDS</b>									
					RECOMMENDED				
Lancaster Pollard	14.72%	\$18,750	\$18.22	\$1,500,000	\$1,500,000	\$1,500,000			Developer Fee Available
Donco Housing Group, LLC	2.16%	\$2,750	\$2.67	220,000	220,000	220,000			\$1,307,814
Raymond James	83.75%	\$106,671	\$103.66	8,533,673	8,533,673	8,514,700			% of Dev. Fee Deferred
Deferred Developer Fees	0.98%	\$1,249	\$1.21	99,940	99,940	118,913			9%
Additional (Excess) Funds Req'd	-1.61%	(\$2,056)	(\$2.00)	(164,483)	0	0			15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$10,189,130</b>	<b>\$10,353,613</b>	<b>\$10,353,613</b>			<b>\$578,193</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*The Villages at Snyder , Snyder, 9% HTC/HTF #09105*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality TH & SF Interpolation*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$76.84	\$6,325,687
<b>Adjustments</b>				
Exterior Wall Finish			\$0.00	0
Elderly	3.00%		0.76	62,205
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.31)	(189,923)
Floor Cover			3.33	273,776
Porches	\$20.39	5,908	1.46	120,459
Plumbing Fixtures	\$1,000	(32)	(0.39)	(32,000)
Rough-ins	\$458	80	0.45	36,640
Built-In Appliances	\$2,658	80	2.58	212,650
Exterior Stairs	\$1,875		0.00	0
Enclosed Corridors	\$66.92		0.00	0
Heating/Cooling			1.89	155,369
Garages/Carports	\$30.53	11,803	4.38	360,361
Comm &/or Aux Bldgs	\$69.83	3,200	2.71	223,456
Other: fire sprinkler	\$2.15	0	0.00	0
<b>SUBTOTAL</b>			<b>91.70</b>	<b>7,548,679</b>
Current Cost Multiplier	1.00		0.29	23,780
Local Multiplier	0.87		(11.92)	(981,328)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$80.07</b>	<b>\$6,591,130</b>
Plans, specs, survy, bld prnt	3.90%		(\$3.12)	(\$257,054)
Interim Construction Interests	3.38%		(2.70)	(222,451)
Contractor's OH & Profit	11.50%		(9.21)	(757,980)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$65.03</b>	<b>\$5,353,646</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,500,000	Amort	480
Int Rate	6.50%	DCR	1.45

<b>Secondary</b>	\$220,000	Amort	360
Int Rate	2.50%	Subtotal DCR	1.32

<b>Additional</b>	\$8,533,673	Amort	
Int Rate		Aggregate DCR	1.32

**RECOMMENDED FINANCING STRUCTURE**

**APPLICANT'S NOI:**

Primary Debt Service	\$105,382
Secondary Debt Service	10,431
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$37,853</b>

<b>Primary</b>	\$1,500,000	Amort	480
Int Rate	6.50%	DCR	1.46

<b>Secondary</b>	\$220,000	Amort	360
Int Rate	2.50%	Subtotal DCR	1.33

<b>Additional</b>	\$8,533,673	Amort	0
Int Rate	0.00%	Aggregate DCR	1.33

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$454,080	\$463,162	\$472,425	\$481,873	\$491,511	\$542,668	\$599,149	\$661,509	\$806,376
Secondary Income	14,400	14,688	14,982	15,281	15,587	17,209	19,000	20,978	25,572
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	468,480	477,850	487,407	497,155	507,098	559,877	618,149	682,487	831,948
Vacancy & Collection Loss	(35,136)	(35,839)	(36,555)	(37,287)	(38,032)	(41,991)	(46,361)	(51,187)	(62,396)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$433,344</b>	<b>\$442,011</b>	<b>\$450,851</b>	<b>\$459,868</b>	<b>\$469,065</b>	<b>\$517,886</b>	<b>\$571,788</b>	<b>\$631,300</b>	<b>\$769,552</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$21,594	\$22,242	\$22,909	\$23,596	\$24,304	\$28,175	\$32,663	\$37,865	\$50,887
Management	24,360	24,847	25,344	25,851	26,368	29,113	32,143	35,488	43,260
Payroll & Payroll Tax	75,125	77,378	79,700	82,091	84,553	98,021	113,633	131,732	177,036
Repairs & Maintenance	34,088	35,111	36,164	37,249	38,367	44,477	51,562	59,774	80,331
Utilities	16,160	16,645	17,144	17,658	18,188	21,085	24,443	28,337	38,082
Water, Sewer & Trash	21,876	22,532	23,208	23,904	24,622	28,543	33,089	38,360	51,552
Insurance	21,356	21,997	22,657	23,336	24,036	27,865	32,303	37,448	50,327
Property Tax	35,120	36,173	37,259	38,376	39,528	45,823	53,122	61,583	82,762
Reserve for Replacements	20,000	20,600	21,218	21,855	22,510	26,095	30,252	35,070	47,131
Other	10,400	10,712	11,033	11,364	11,705	13,570	15,731	18,236	24,508
<b>TOTAL EXPENSES</b>	<b>\$280,079</b>	<b>\$288,238</b>	<b>\$296,636</b>	<b>\$305,282</b>	<b>\$314,182</b>	<b>\$362,768</b>	<b>\$418,940</b>	<b>\$483,892</b>	<b>\$645,878</b>
<b>NET OPERATING INCOME</b>	<b>\$153,265</b>	<b>\$153,773</b>	<b>\$154,215</b>	<b>\$154,586</b>	<b>\$154,884</b>	<b>\$155,119</b>	<b>\$152,848</b>	<b>\$147,408</b>	<b>\$123,674</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$105,382	\$105,382	\$105,382	\$105,382	\$105,382	\$105,382	\$105,382	\$105,382	\$105,382
Second Lien	10,431	10,431	10,431	10,431	10,431	10,431	10,431	10,431	10,431
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$37,452</b>	<b>\$37,960</b>	<b>\$38,401</b>	<b>\$38,773</b>	<b>\$39,070</b>	<b>\$39,305</b>	<b>\$37,035</b>	<b>\$31,594</b>	<b>\$7,860</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.32</b>	<b>1.33</b>	<b>1.33</b>	<b>1.33</b>	<b>1.34</b>	<b>1.34</b>	<b>1.32</b>	<b>1.27</b>	<b>1.07</b>

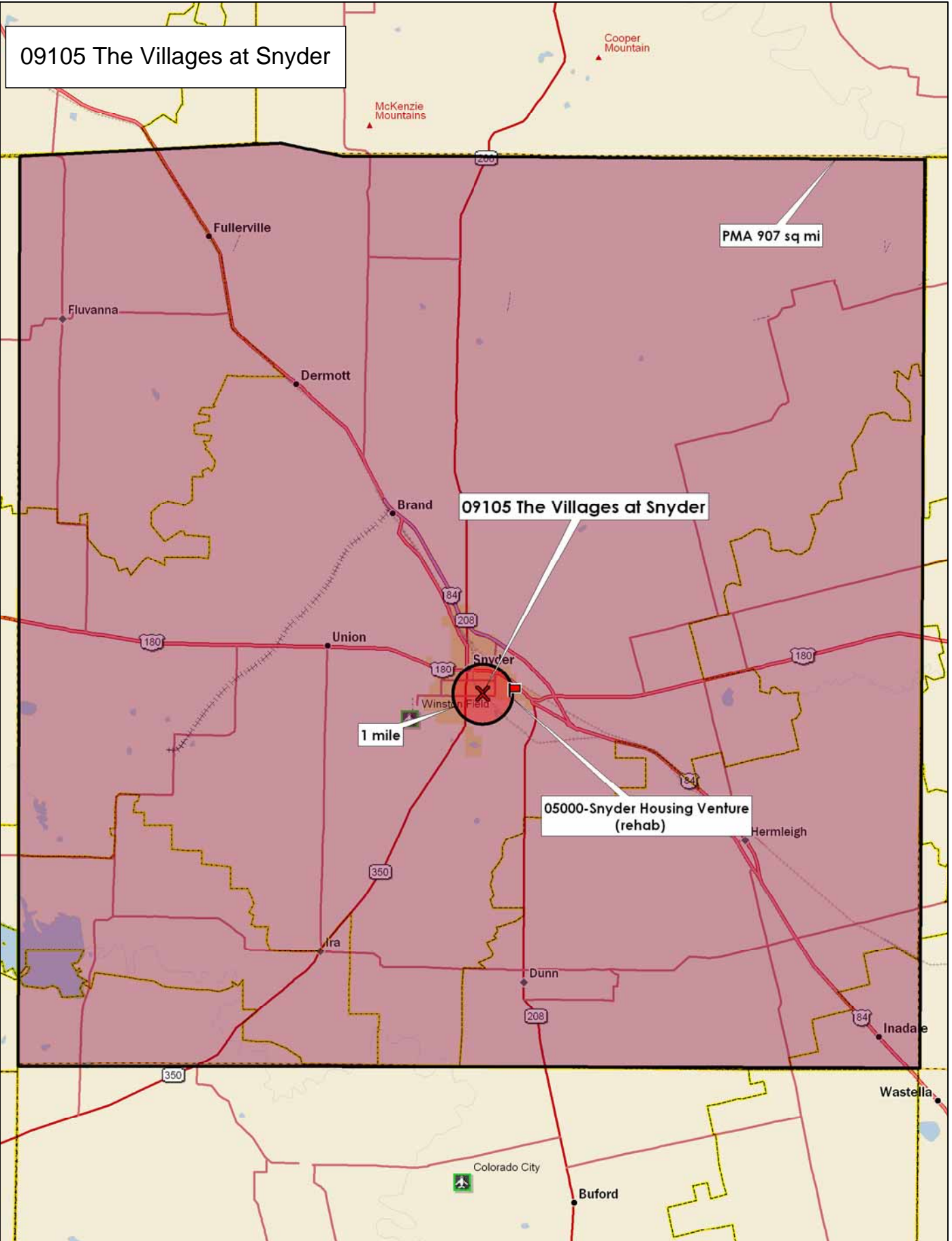


**HTC ALLOCATION ANALYSIS -The Villages at Snyder , Snyder, 9% HTC/HTF #09105**

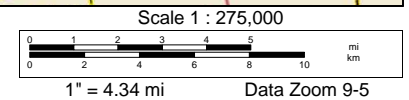
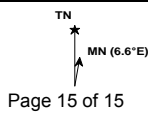
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land				
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$719,830	\$719,830	\$719,830	\$719,830
<b>Construction Hard Costs</b>	\$5,430,926	\$5,353,646	\$5,430,926	\$5,353,646
<b>Contractor Fees</b>	\$846,590	\$846,590	\$846,590	\$846,590
<b>Contingencies</b>	\$307,538	\$303,674	\$307,538	\$303,674
<b>Eligible Indirect Fees</b>	\$884,590	\$884,590	\$884,590	\$884,590
<b>Eligible Financing Fees</b>	\$529,285	\$529,285	\$529,285	\$529,285
<b>All Ineligible Costs</b>	\$85,307	\$85,307		
<b>Developer Fees</b>			\$1,307,814	
Developer Fees	\$1,312,347	\$1,295,642		\$1,295,642
<b>Development Reserves</b>	\$237,200	\$170,566		
<b>TOTAL DEVELOPMENT COSTS</b>	\$10,353,613	\$10,189,130	\$10,026,573	\$9,933,257

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$10,026,573	\$9,933,257
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$13,034,544	\$12,913,234
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$13,034,544	\$12,913,234
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,173,109	\$1,162,191

<b>Syndication Proceeds</b>	<b>0.7258</b>	<b>\$8,514,700</b>	<b>\$8,435,455</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,173,109</b>	<b>\$1,162,191</b>
<b>Syndication Proceeds</b>		<b>\$8,514,700</b>	<b>\$8,435,455</b>
<b>Requested Tax Credits</b>		<b>\$1,175,723</b>	
<b>Syndication Proceeds</b>		<b>\$8,533,673</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$8,633,613</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,189,492</b>	



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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Peachtree Seniors, TDHCA Number 09108**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 5009 Peachtree/11209 Rylie Crest Dr. Development #: 09108  
 City: Balch Springs Region: 3 Population Served: Elderly  
 County: Dallas Zip Code: 75180 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: Peachtree Housing, LP  
 Owner Contact and Phone: Ron Pegram, (817) 267-2492  
 Developer: RLP Development, LLC  
 Housing General Contractor: Integrated Construction & Development, LP  
 Architect: KSNG Architects, Inc.  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: National Equity Fund, Inc.  
 Supportive Services: N/A  
 Consultant: AKP & Associates

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	144	
	29	0	0	115	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	38	106	0	0	0	
Type of Building:						Total Development Units:	144
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	1
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,926,574	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Peachtree Seniors, TDHCA Number 09108**

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Deuell, District 2, S

Points: 14 US Representative: Johnson, District 30, NC

TX Representative: Miklos, District 101, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: S, Cedric W. Davis, Sr., Mayor

Resolution of Support from Local Government

S, John Wiley Price, Commissioner, District 3

**Individuals and Businesses:** In Support: 1

In Opposition: 0

**Quantifiable Community Participation Input:**

Hilltop Homeowners Association, Wendy L. Lister

Letter Score: 24 S or O: S

Yes we support this application. The proposed 144 unit senior community will substantially improve a corridor the City of Balch Springs has targeted for an enhanced medical center.

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 0

Dallas Department of Health and Human Services, S, Dianne Rucker, Assistant Director

Balch Springs Chamber of Commerce, S, Sandra Wood, President/CEO

**General Summary of Comment:**

Support received from elected officials, two city departments, and chamber of commerce. One additional city representative spoke in support, and one qualified neighborhood association.

CONDITIONS OF COMMITMENT



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Peachtree Seniors, TDHCA Number 09108**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **1**

Total # Monitored: **1**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **214**  Meeting a Required Set-Aside Credit Amount\*: **\$0**

Recommendation: Not Recommended: Has a \$3 million difference between Sources and Uses of Funds.

HOME Activity Funds:

Loan Amount: **\$0**

HOME CHDO Operating Expense Grant:

Grant Amount: **\$0**

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Mustang Heights Apts, TDHCA Number 09110**

BASIC DEVELOPMENT INFORMATION

Site Address: Intersection of Arizona Ave. & I-20 frontage Rd. Development #: 09110  
 City: Sweetwater Region: 2 Population Served: General  
 County: Nolan Zip Code: 79556 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Sweetwater Mustang Heights Apartments, LP  
 Owner Contact and Phone: Leslie Clark, (830) 257-5323  
 Developer: Sweetwater Mustang Heights Builders, L.L.C.  
 Housing General Contractor: G. G. MacDonald, Inc.  
 Architect: ARCHON Corp.  
 Market Analyst: O'Connor & Associates  
 Syndicator: Alliant Capital, Ltd.  
 Supportive Services: J.C. Ventures, L.L.C.  
 Consultant: MacDonald & Associates

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	80	
	8	0	0	72	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	24	32	24	0	0	
Type of Building:						Total Development Units:	80
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	5
<input checked="" type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$952,875	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Mustang Heights Apts, TDHCA Number 09110**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Duncan, District 28, NC

Points: 0

US Representative: Conaway, District 11, NC

TX Representative: King, District 71, S

Points: 14

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: S, Tim Fambrough, County Judge

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 1

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 0

Abilene Housing Authority, S, Gene A Reed, Executive Director

**General Summary of Comment:**

One letter of support from elected official, county, and housing authority.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Mustang Heights Apts, TDHCA Number 09110**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **160**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Estacado Place Apts, TDHCA Number 09113**

BASIC DEVELOPMENT INFORMATION

Site Address: Intersection of MLK & Loop 289 Development #: 09113  
 City: Lubbock Region: 1 Population Served: Elderly  
 County: Lubbock Zip Code: 79403 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Lubbock Estacado Place Apartments, LP  
 Owner Contact and Phone: G. Granger MacDonald, (830) 257-5323  
 Developer: Lubbock Estacado Place Builders, LLC  
 Housing General Contractor: G. G. MacDonald, Inc.  
 Architect: ARCHON Corp.  
 Market Analyst: Mark Temple Real Estate Analyst  
 Syndicator: Alliant Capital, Ltd.  
 Supportive Services: J.C. Ventures, L.L.C.  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	120	
	12	0	0	108	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	60	60	0	0	0	
Type of Building:						Total Development Units:	120
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	3
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,388,828	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Estacado Place Apts, TDHCA Number 09113**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Duncan, District 28, NC

Points: 0 US Representative: Neugebauer, District 19, NC

TX Representative: Isett, District 84, S

Points: 14 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 2

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 2

Griswold Special Care, S, Joy Lynn Pool, Service Director - Lubbock Office

Meals on Wheels, S, Lorrie Lushnat Bellair, Executive Director

**General Summary of Comment:**

Letters of support from elected official and community organization. One citizen spoke in support as well.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Estacado Place Apts, TDHCA Number 09113**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **160**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Magnolia Trace, TDHCA Number 09115**

BASIC DEVELOPMENT INFORMATION

Site Address: S. of Crouch Rd. & W. of Lancaster Rd. Development #: 09115  
 City: Dallas Region: 3 Population Served: Elderly  
 County: Dallas Zip Code: 75241 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: UHF Magnolia Trace LP  
 Owner Contact and Phone: Ted Stokely, (214) 750-8845  
 Developer: Unified Housing Foundation, Inc.  
 Housing General Contractor: N.E. Construction, LLP  
 Architect: GTF Design Associates  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: TBD  
 Consultant: Roundstone Development, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	112	
	6	0	50	56	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	60	52	0	0	0	
Type of Building:						Total Development Units:	112
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$11,894,699
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	2
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,000,000	\$1,000,000			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Magnolia Trace, TDHCA Number 09115

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: West, District 23, NC

Points: 0

US Representative: Johnson, District 30, NC

TX Representative: Giddings, District 109, S

Points: 14

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 2

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Excon Foundation, S, Betty Culbreath-Lister, Director

Alameda Heights Outreach Foundation, S, Artis Dean, Executive Director

Urban League Greater Dallas and North Central Texas, S, Beverly Mitchell-Brooks, Ph.D., President/CEO

**General Summary of Comment:**

Letter of support from elected official, city of Dallas, and resolution from the city also in support. Two citizens spoke in opposition to the development citing an increase of crime coinciding with the development's presence.

CONDITIONS OF COMMITMENT

1. Receipt, review, and acceptance, by carryover, of a detailed survey of the subject property clearly identifying any flood hazard areas; and, if any 100-year flood hazard area exists on the site, receipt, review, and acceptance of a flood mitigation plan to include certification that all construction will be completed in accordance with the requirements of QAP §49.6(a).
2. Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Dallas for the anticipated \$600,000 with terms of the funds clearly stated.
3. Receipt, review and acceptance, by carryover, of a zoning change from the City of Dallas approving a zoning change to MU-1 Mixed Use District within Planned Development District No. 625 to allow for multifamily and senior housing uses.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the allocation amount may be warranted.
5. Receipt of a commitment of funding from the City of Dallas in the amount of \$600,000, or a commitment from a qualifying substitute source in an amount not less than \$594,735, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.
6. Receipt of a letter from the City of Dallas stating that the City acknowledges that TDHCA will not enforce the conditions included in Resolution 09-0798 outlining the additional requirements for the Project Owner. The requirements in the resolution will not be part of the tax credit LURA. TDHCA will not be responsible for monitoring for the restrictions. The requirements will have to be separate and apart from the LURA.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Magnolia Trace, TDHCA Number 09115**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **5**

Total # Monitored: **5**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **200**  Meeting a Required Set-Aside Credit Amount\*: \$1,000,000

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 06/12/09 PROGRAM: 9% HTC FILE NUMBER: 09115

**DEVELOPMENT**

Magnolia Trace

Location: South of Crouch Road & West of Lancaster Road Region: 3  
 City: Dallas County: Dallas Zip: 75241  OCT  DDA  
 Key Attributes: Elderly, Urban, New Construction and Multifamily

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,000,000			\$1,000,000		

**CONDITIONS**

- 1 Receipt, review, and acceptance, by carryover, of a detailed survey of the subject property clearly identifying any flood hazard areas; and, if any 100-year flood hazard area exists on the site, receipt, review, and acceptance of a flood mitigation plan to include certification that all construction will be completed in accordance with the requirements of QAP §49.6(a).
- 3 Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Dallas for the anticipated \$600,000 with terms of the funds clearly stated.
- 4 Receipt, review and acceptance, by carryover, of a zoning change from the City of Dallas approving a zoning change to MU-1 Mixed Use District within Planned Development District No. 625 to allow for multifamily and senior housing uses.
- 5 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	6
50% of AMI	50% of AMI	50
60% of AMI	60% of AMI	56

Strengths/Mitigating Factors

- All senior properties in the submarket are stabilized at an overall occupancy of 92.1%. The Underwriter is not aware of any other planned senior developments in the submarket.

Weaknesses/Risks

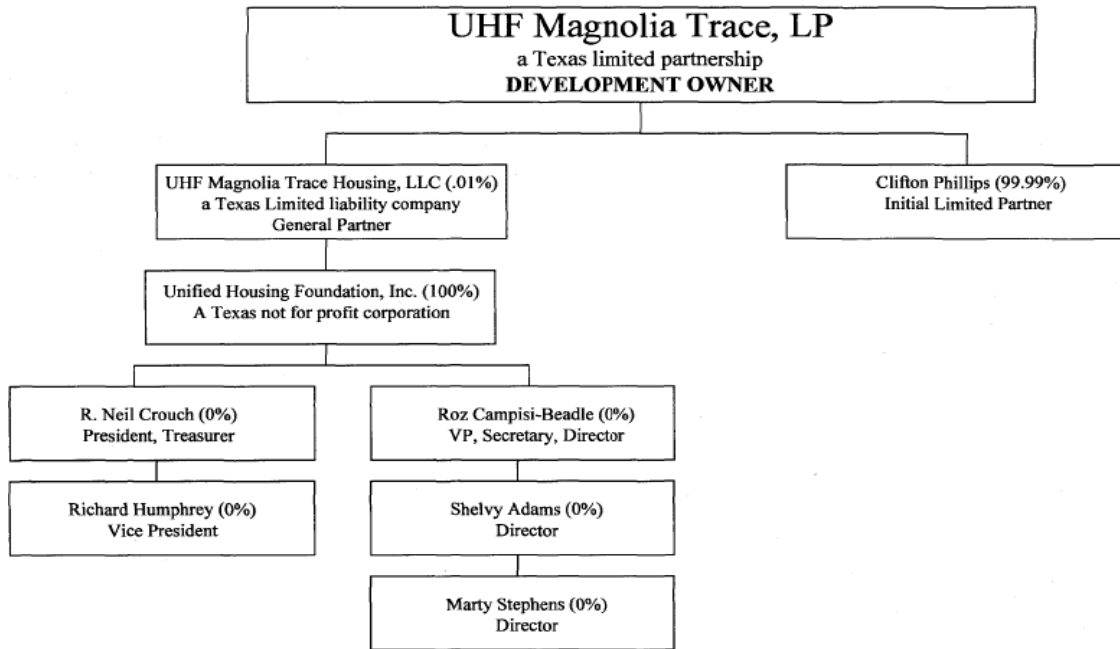
- The market for 2 bedroom units is saturated as evidenced by a capture rate exceeding 100% on these units.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Ted Stokely Phone: (214) 750-8845 Fax: (972) 488-9999  
 Email: tps@unifiedhousing.com

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Unified Housing Foundation, Inc.	N/A	3

**IDENTITIES of INTEREST**

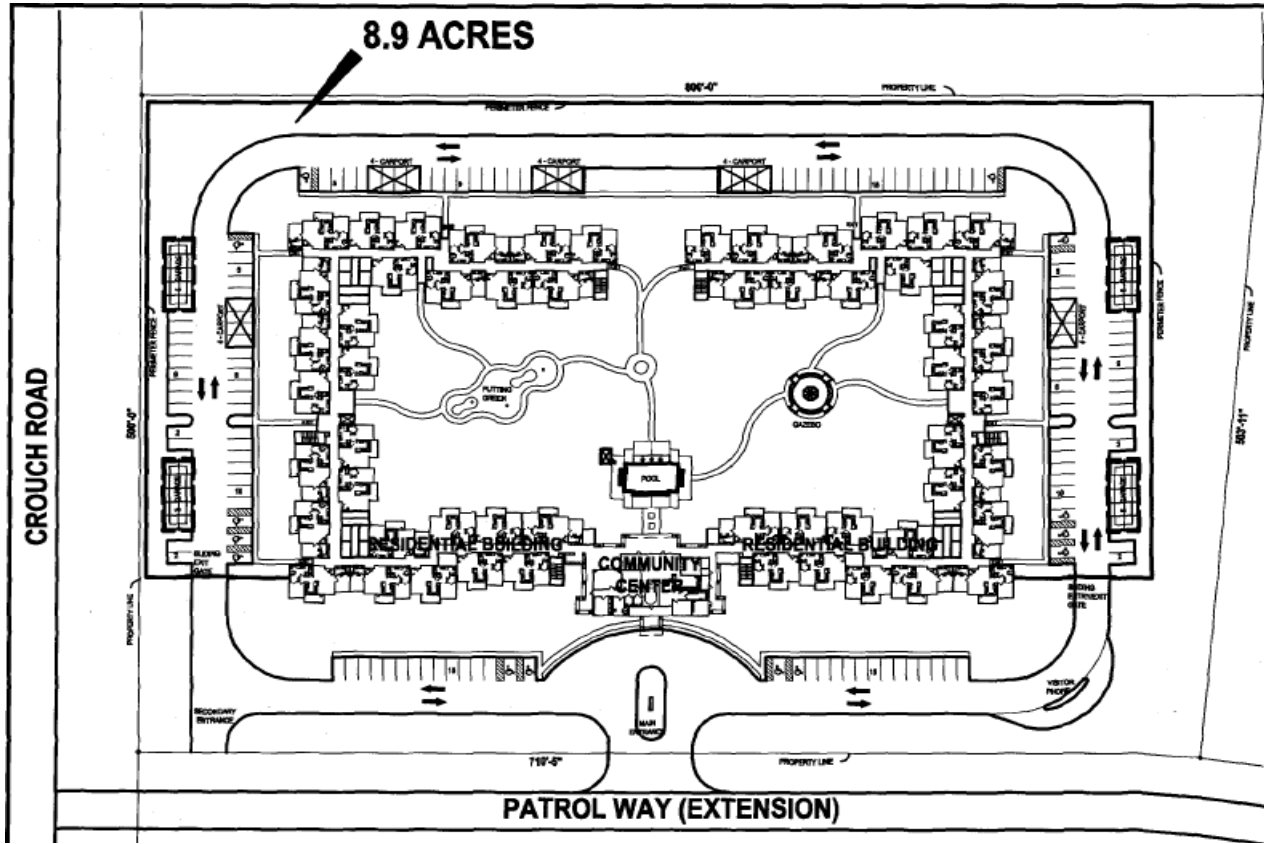
- The Applicant and Developer are related entities. These are common relationships for HTC-funded developments.

This section intentionally left blank.



PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B										Total Buildings
Floors/Stories	2	2										
Number	1	1										2

BR/BA	SF	Units										Total Units	Total SF
1/1	750	30	30									60	45,000
2/1	950	26	26									52	49,400
Units per Building		56	56									112	94,400

SITE ISSUES

Total Size: 8.93 acres      Scattered site?       Yes       No

Flood Zone: X, AE      Within 100-yr floodplain?       Yes       No

Zoning: PUD      Needs to be re-zoned?       Yes       No       N/A

Comments:

The City of Dallas is in receipt of the rezoning-application from Unified Housing Foundation, Inc. for the proposed Magnolia Trace community located on an 8.93 acre parcel which is now zoned for single family residential uses within Planned Development District No. 625. The zoning now being requested is MU-1 Mixed Use District within Planned Development District No. 625 to allow for multifamily and senior housing uses. This change of zoning will be made a condition to this report.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff Date: 4/23/2009

Overall Assessment:

- Excellent   
  Acceptable   
  Questionable   
  Poor   
  Unacceptable

Surrounding Uses:

North: Vacant Land and Residential beyond      East: Vacant Land and Residential beyond  
 South: Vacant Land      West: Vacant Land and Residential beyond

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: AquaTerra Assessments Date: 1/26/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- The assessment revealed no evidence of recognized environmental conditions in connection with the property.
- "The western property boundary lies within or abuts shaded Flood Zone X ... and/or Flood Zone AE, Special Flood Hazard Areas Inundated by 100-Year Flood ... Aquaterra recommends that a survey of the subject property be prepared that delineates any areas of the floodplain, if any, that are located on the subject property". (p. 31)

Comments:

Any funding recommendation will be subject to receipt, review, and acceptance, by Carryover, of a detailed survey of the subject property clearly identifying any flood hazard areas; and, if any 100-year flood hazard area exists on the site, receipt, review, and acceptance of a flood mitigation plan to include certification that all construction will be completed in accordance with the requirements of QAP §49.6(a).

**MARKET HIGHLIGHTS**

Provider: Apartment Marketdata Date: 3/4/2009

Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA):      25 sq. miles      3 mile equivalent radius

The Primary Market Area is bounded by E. Illinois Avenue and E. Elmore Avenue to the north; Interstate 45 to the east; Interstate 20 to the south; and S. Hampton Road and US Hwy 67 to the west. The PMA had an estimated 2008 population of 99,168, including 13,363 senior households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
none				none			

INCOME LIMITS						
Dallas						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$14,200	\$16,250	\$18,250	\$20,300	\$21,900	\$23,550
40	\$18,920	\$21,640	\$24,320	\$27,040	\$29,200	\$31,360
60	\$28,380	\$32,460	\$36,480	\$40,560	\$43,800	\$47,040

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	60	7	0	67	6	0	9%
1 BR/50%	23	329	0	352	28	0	8%
1 BR/60%	53	32	0	85	26	0	31%
2 BR/50%	13	13	0	26	22	0	85%
2 BR/60%	23	2	0	25	30	0	120%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	41	5	0	46	6	0	13%
1 BR/50%	34	4	0	39	28	0	72%
1 BR/60%	24	3	0	27	26	0	96%
2 BR/50%	18	2	0	20	22	0	110%
2 BR/60%	14	1	0	16	30	0	193%

OVERALL DEMAND										
	Target Households		Household Size		Income Eligible		Tenure		Demand	
					PMA DEMAND from TURNOVER					turnover
Market Analyst p. 68							905	24%	218	
Underwriter	25%	13,378	100%	13,378	36%	4,821	18%	846	19%	157
					PMA DEMAND from GROWTH					growth
Market Analyst p. 68									21	
Underwriter	25%	55	100%	55	36%	20	18%	3	100%	3
					DEMAND from OTHER SOURCES					homeowner turnover
Market Analyst p. 69							3,909	10%	391	
Underwriter							4,621	2%	81	

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 70	112	0	0	112	630	18%
Underwriter	112	0	0	112	242	46%

Supply and Demand Analysis:

The market study analysis is based primarily on the HISTA Data provided by Ribbon Demographics. The Market Analyst only considered households of one to three persons as qualified for the subject units; the Analyst considered an eligible income range of \$8,976 to \$35,940 based on the 2008 HTC program rent and income limits; and the Analyst reported a senior turnover rate of 24% from the 2000 Census data. The analysis identified 905 income-eligible size-appropriate senior renter households, resulting in demand for 218 units from turnover. The market study also identifies demand for 21 units based on the projected annual growth of eligible renter households in the PMA.

This section intentionally left blank.

The underwriting analysis does not adjust senior demand based on household size. The eligible income range is \$9,120 to \$36,480 based on the 2009 HTC program rent and income limits; and the Underwriter determined a senior turnover rate of 19% from the 2000 Census data for the PMA. A total of 846 income eligible senior renter households indicates demand for 157 units from turnover. The underwriting analysis identifies demand for 3 units based on the projected annual growth of eligible renter households.

The 2009 Real Estate Analysis Rules allow for consideration of demand from senior homeowner households up to a turnover rate of 10% with appropriate supporting data. The Market Analyst included demand for 391 units based on a 10% turnover rate among income-eligible senior homeowners, but provided no specific supportive data. The underwriting analysis applied a turnover rate of 2% based on the 2000 Census data for the PMA, resulting in demand for 81 units.

Based on total demand for 630 units, and an unstabilized supply of 112 units (only the subject), the Market Analyst concludes an inclusive capture rate of 18%. The underwriting analysis identifies total demand for 242 units, resulting in an inclusive capture rate of 46%. Both results are below the maximum rate of 75% for developments targeting seniors.

**Primary Market Occupancy Rates:**

"The overall occupancy reported in the market is 92.1%." (p. 10)

**Absorption Projections:**

"Absorption over the previous eight years for all unit types has been 257 units per year. We expect this to continue as the number of new household continues to grow, and as additional rental units become available." (p.10)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	750 SF	30%	\$294	\$285	\$730	\$285	\$445
1 BR	750 SF	50%	\$543	\$538	\$730	\$538	\$192
1 BR	750 SF	60%	\$668	\$665	\$730	\$665	\$65
2 BR	950 SF	50%	\$648	\$640	\$790	\$640	\$150
2 BR	950 SF	60%	\$794	\$792	\$790	\$792	(\$2)

**Market Impact:**

"Overall, the analyst feels that this project would be well positioned to meet the needed demand for affordable elderly housing in the sub-market." (p.14)

**Comments:**

The market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

At the time of application, the 2009 rent limits were not available and thus the Applicant used estimated 2008 rent limits in setting rents. Based on the Applicant's intention to charge maximum program rents, the Underwriter used the 2009 maximum rents in this analysis. The Applicant's projected rents collected per unit were calculated by subtracting the tenant-paid utility allowances as of August 1, 2007, maintained by the Dallas Housing Authority from the 2008 program gross rent limits. Tenants will be required to pay all natural gas and electric utility costs. The Underwriter's projected rents were calculated by subtracting more recent tenant paid utility allowances as of October 1, 2008 maintained by the Dallas Housing Authority from the 2009 program rent limits. The projected rents are achievable based on the market rents determined by the Market Analyst.

The Applicant included in secondary income the rent for carports at \$10 per month and garages at \$20 per month. The Applicant's estimate of secondary income and vacancy and collection loss are within the Department's guidelines. Overall the Applicant's effective gross income is within 1% of the Underwriter's estimate.

Expense: Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's total annual operating expense projection at \$4,272 per unit is within 5% of the Underwriter's estimate of \$4,201, derived from the TDHCA database, IREM, and third-party data sources. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: utilities (\$23.2 lower) water, sewer, & trash (\$17.8K higher) property insurance (\$13.2 higher) and property tax (\$8.4K higher).

**Conclusion:**

The Applicant's income, operating expenses and net operating income are all within 5% of the Underwriter's estimates; therefore, the Applicant's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio of 1.22 based on the proposed terms of the permanent debt, which is within the Department's DCR guideline of 1.15 to 1.35.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio within acceptable Department's guidelines. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only: 104.46 acres	<u>\$1,566,900</u>	Tax Year:	<u>2008</u>
Prorated 1 acre:	<u>\$15,000</u>	Valuation by:	<u>Dallas CAD</u>
Total Prorated 8.9 acres:	<u>\$133,500</u>	Tax Rate:	<u>2.50773</u>

**EVIDENCE of PROPERTY CONTROL**

Type: Contract for Purchase and Sale of Real Property Acreage: 8.9  
 Contract Expiration: 12/1/2009 Valid Through Board Date?  Yes  No  
 Acquisition Cost: \$875,000 Other: \_\_\_\_\_  
 Seller: 261 C.W. Springs, LP Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

**Acquisition Value:**

The site cost of \$875,000 (\$98,315 per acre or \$7,813 per unit) is assumed to be reasonable since the acquisition is an arm's-length transaction.

**Sitework Cost:**

The Applicant's claimed sitework costs of \$9,000 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

**Direct Construction Cost:**

The Applicant's direct construction cost estimate is \$348.2K or 6% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

**Ineligible Costs:**

The Applicant included the cost of construction for twenty carports and twenty garages in the cost schedule under accessory structures for \$40,000. The Underwriter has calculated the cost of the forty carports and garages to be \$141,263 which has been moved to ineligible costs.

**Contingency & Fees:**

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

**Conclusion:**

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$10,515,387 and the 9% applicable percentage rate supports annual tax credits of \$1,230,300. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: Raymond James Multifamily Finance, Inc. Type: Interim Financing

Principal: \$8,400,000 Interest Rate: 4.8%  Fixed Term: 24 months

Comments:

Interest rate set by the Prime Rate as reported in the Wall Street Journal plus 150 basis points changing whenever such index changes.

Source: N.E. Millworks, Inc. Type: Interim Financing

Principal: \$240,000 Interest Rate: 3.6%  Fixed Term: 24 months

Comments:

Interest rate set by the Applicable Federal Rate.

Source: City of Dallas Type: Permanent Financing

Principal: \$600,000 Interest Rate: 0.0%  Fixed Term: 24 months

Comments:

The Applicant provided an intent to apply to the City of Dallas for local government contribution in the form of a \$600,000 loan. According to the Applicant the proposed terms of the loan include a 32 year term, a rate of 0%, no payments for the first two years and thereafter payment will be due prorata over the remaining 30 years.

The Applicant's proforma includes a \$20K yearly debt service for this source of financing based on the 0% interest rate and 30-year amortization. The Underwriter has included this debt service in the proforma analysis also. However, any funding recommendation will be conditioned upon receipt, review and acceptance, by Commitment, of a firm commitment for the anticipated financing with terms of the financing clearly stated.

This section intentionally left blank.

Source: Raymond James Multifamily Finance, Inc. Type: Permanent Financing

Principal: \$3,335,090 Interest Rate: 6.9%  Fixed Amort: 360 months

Comments:

Interest rate set by the 10-year US Treasury yield plus 396 basis points.

Source: Raymond James Tax Credit Funds, Inc. Type: Syndication

Proceeds: \$7,399,260 Syndication Rate: 74% Anticipated HTC: \$ 1,000,000

Comments:

The Underwriter has determined that should the credit pricing for this transaction fall below \$0.66, the financial feasibility of the transaction could be jeopardized. If the Closing has not occurred by April 30, 2010, this Agreement shall automatically terminate.

Amount: \$560,349 Type: Deferred Developer Fees

### CONCLUSIONS

Recommended Financing Structure:

The Applicant's total development cost estimate less the permanent loan of \$3,335,090 and the City of Dallas' contribution of \$600,000 indicates the need for \$7,959,609 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,075,730 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,000,000), the gap-driven amount (\$1,075,730), and eligible basis-derived estimate (\$1,230,300), the Applicant's request of \$1,000,000 is recommended resulting in proceeds of \$7,399,260 based on a syndication rate of 74%.

The Underwriter's recommended financing structure indicates the need for \$560,349 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within one year of stabilized operation.

Underwriter: \_\_\_\_\_ Date: June 12, 2009  
*Carl Hoover*

Manager of Real Estate Analysis: \_\_\_\_\_ Date: June 12, 2009  
*Raquel Morales*

Director of Real Estate Analysis: \_\_\_\_\_ Date: June 12, 2009  
*Brent Stewart*

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Magnolia Trace, Dallas, 9% HTC #09115**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	6	1	1	750	\$380	\$285	\$1,710	\$0.38	\$95.00	\$37.00
TC 50%	28	1	1	750	\$633	\$538	\$15,064	\$0.72	\$95.00	\$37.00
TC 60%	26	1	1	750	\$760	\$665	\$17,290	\$0.89	\$95.00	\$37.00
TC 50%	22	2	2	950	\$760	\$640	\$14,080	\$0.67	\$120.00	\$43.00
TC 60%	30	2	2	950	\$912	\$792	\$23,760	\$0.83	\$120.00	\$43.00
<b>TOTAL:</b>	<b>112</b>		<b>AVERAGE:</b>	<b>843</b>		<b>\$642</b>	<b>\$71,904</b>	<b>\$0.76</b>	<b>\$106.61</b>	<b>\$39.79</b>

**INCOME**

Total Net Rentable Sq Ft: **94,400**

**POTENTIAL GROSS RENT**

Secondary Income	Per Unit Per Month:	\$15.00
Other Support Income:		

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%
Employee or Other Non-Rental Units or Concessions		

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.19%	\$306	0.36
Management	5.00%	365	0.43
Payroll & Payroll Tax	13.21%	963	1.14
Repairs & Maintenance	7.04%	513	0.61
Utilities	4.35%	317	0.38
Water, Sewer, & Trash	6.55%	477	0.57
Property Insurance	3.19%	232	0.28
Property Tax	2.50773	8.60%	627
Reserve for Replacements	3.43%	250	0.30
TDHCA Compliance Fees	0.55%	40	0.05
Other: Supp. Serv.	1.51%	110	0.13
<b>TOTAL EXPENSES</b>	<b>57.61%</b>	<b>\$4,201</b>	<b>\$4.98</b>
<b>NET OPERATING INC</b>	<b>42.39%</b>	<b>\$3,092</b>	<b>\$3.67</b>

**DEBT SERVICE**

Raymond James Multifamily Finance	32.20%	\$2,349	\$2.79
City of Dallas	2.45%	\$179	\$0.21
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>7.74%</b>	<b>\$564</b>	<b>\$0.67</b>

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		7.57%	\$7,813	\$9.27	\$875,000	\$875,000	\$9.27	\$7,813	7.36%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.72%	9,000	10.68	1,008,000	1,008,000	10.68	9,000	8.47%
Direct Construction		47.89%	49,423	58.64	5,535,360	5,883,600	62.33	52,532	49.46%
Contingency	5.00%	2.83%	2,921	3.47	327,168	344,580	3.65	3,077	2.90%
Contractor's Fees	14.00%	7.92%	8,179	9.70	916,070	964,824	10.22	8,615	8.11%
Indirect Construction		5.18%	5,348	6.34	598,940	598,940	6.34	5,348	5.04%
Ineligible Costs		3.95%	4,077	4.84	456,574	315,311	3.34	2,815	2.65%
Developer's Fees	15.00%	11.33%	11,691	13.87	1,309,411	1,371,573	14.53	12,246	11.53%
Interim Financing		2.97%	3,070	3.64	343,871	343,871	3.64	3,070	2.89%
Reserves		1.64%	1,688	2.00	189,000	189,000	2.00	1,688	1.59%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$103,209</b>	<b>\$122.45</b>	<b>\$11,559,395</b>	<b>\$11,894,699</b>	<b>\$126.00</b>	<b>\$106,203</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>67.36%</b>	<b>\$69,523</b>	<b>\$82.49</b>	<b>\$7,786,598</b>	<b>\$8,201,004</b>	<b>\$86.88</b>	<b>\$73,223</b>	<b>68.95%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
Raymond James Multifamily Finance	28.85%	\$29,778	\$35.33	\$3,335,090	\$3,335,090	\$3,335,090	Developer Fee Available
City of Dallas	5.19%	\$5,357	\$6.36	600,000	600,000	600,000	\$1,371,572
HTC Syndication Proceeds	64.01%	\$66,065	\$78.38	7,399,260	7,399,260	7,399,260	% of Dev. Fee Deferred
Deferred Developer Fees	4.85%	\$5,003	\$5.94	560,349	560,349	560,349	41%
Additional (Excess) Funds Req'd	-2.90%	(\$2,994)	(\$3.55)	(335,304)	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$11,559,395</b>	<b>\$11,894,699</b>	<b>\$11,894,699</b>	<b>\$1,120,645</b>



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Magnolia Trace, Dallas, 9% HTC #09115*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.90	\$5,277,247
<b>Adjustments</b>				
Exterior Wall Finish	1.60%		\$0.89	\$84,436
Elderly	3.00%		1.68	158,317
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(1.21)	(114,224)
Floor Cover			2.38	224,672
Breezeways/Balconies	\$22.31	41,758	9.87	931,621
Plumbing Fixtures	\$835	156	1.38	130,260
Rough-ins	\$410	224	0.97	91,840
Built-In Appliances	\$1,800	112	2.14	201,600
Exterior Stairs	\$2,200	12	0.28	26,400
Carpools	\$10.37	4000	0.44	41,480
Heating/Cooling			1.83	172,752
Garages	\$37.94	4,000	1.61	151,760
Comm &/or Aux Bldgs	\$72.88	3,436	2.65	250,399
Other: Elevators	\$25,700	2	0.54	51,400
<b>SUBTOTAL</b>			<b>81.36</b>	<b>7,679,960</b>
Current Cost Multiplier	1.01		0.81	76,800
Local Multiplier	0.90		(8.14)	(767,996)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$74.03</b>	<b>\$6,988,763</b>
Plans, specs, survy, bld prn	3.90%		(\$2.89)	(\$272,562)
Interim Construction Interes	3.38%		(2.50)	(235,871)
Contractor's OH & Profit	11.50%		(8.51)	(803,708)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$60.13</b>	<b>\$5,676,623</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$3,335,090	Amort	360
Int Rate	6.88%	DCR	1.32

<b>Secondary</b>	\$600,000	Amort	360
Int Rate	0.00%	Subtotal DCR	1.22

<b>Additional</b>	\$7,399,260	Amort	
Int Rate		Aggregate DCR	1.22

**RECOMMENDED FINANCING STRUCTURE**

**APPLICANT'S NOI:**

Primary Debt Service	\$263,044
Secondary Debt Service	20,000
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$60,895</b>

<b>Primary</b>	\$3,335,090	Amort	360
Int Rate	6.88%	DCR	1.31

<b>Secondary</b>	\$600,000	Amort	360
Int Rate	0.00%	Subtotal DCR	1.22

<b>Additional</b>	\$7,399,260	Amort	0
Int Rate	0.00%	Aggregate DCR	1.22

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$868,944	\$886,323	\$904,049	\$922,130	\$940,573	\$1,038,469	\$1,146,553	\$1,265,887	\$1,543,110
Secondary Income	20,160	20,563	20,974	21,394	21,822	24,093	26,601	29,369	35,801
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	889,104	906,886	925,024	943,524	962,395	1,062,562	1,173,154	1,295,257	1,578,911
Vacancy & Collection Loss	(66,684)	(68,016)	(69,377)	(70,764)	(72,180)	(79,692)	(87,987)	(97,144)	(118,418)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$822,420</b>	<b>\$838,870</b>	<b>\$855,647</b>	<b>\$872,760</b>	<b>\$890,215</b>	<b>\$982,869</b>	<b>\$1,085,167</b>	<b>\$1,198,112</b>	<b>\$1,460,492</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$36,512	\$37,607	\$38,736	\$39,898	\$41,095	\$47,640	\$55,228	\$64,024	\$86,043
Management	41,121	41,943	42,782	43,638	44,511	49,143	54,258	59,906	73,025
Payroll & Payroll Tax	100,800	103,824	106,939	110,147	113,451	131,521	152,469	176,753	237,542
Repairs & Maintenance	53,872	55,488	57,153	58,867	60,633	70,291	81,486	94,465	126,953
Utilities	12,320	12,690	13,070	13,462	13,866	16,075	18,635	21,603	29,033
Water, Sewer & Trash	71,232	73,369	75,570	77,837	80,172	92,942	107,745	124,906	167,863
Insurance	39,200	40,376	41,587	42,835	44,120	51,147	59,294	68,737	92,377
Property Tax	78,624	80,983	83,412	85,915	88,492	102,586	118,926	137,868	185,283
Reserve for Replacements	28,000	28,840	29,705	30,596	31,514	36,534	42,353	49,098	65,984
Other	16,800	17,304	17,823	18,358	18,909	21,920	25,412	29,459	39,590
<b>TOTAL EXPENSES</b>	<b>\$478,481</b>	<b>\$492,424</b>	<b>\$506,778</b>	<b>\$521,553</b>	<b>\$536,763</b>	<b>\$619,799</b>	<b>\$715,805</b>	<b>\$826,819</b>	<b>\$1,103,692</b>
<b>NET OPERATING INCOME</b>	<b>\$343,939</b>	<b>\$346,445</b>	<b>\$348,869</b>	<b>\$351,207</b>	<b>\$353,452</b>	<b>\$363,070</b>	<b>\$369,363</b>	<b>\$371,293</b>	<b>\$356,800</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$263,044	\$263,044	\$263,044	\$263,044	\$263,044	\$263,044	\$263,044	\$263,044	\$263,044
Second Lien	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$60,895</b>	<b>\$63,402</b>	<b>\$65,826</b>	<b>\$68,163</b>	<b>\$70,408</b>	<b>\$80,027</b>	<b>\$86,319</b>	<b>\$88,250</b>	<b>\$73,756</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.22</b>	<b>1.22</b>	<b>1.23</b>	<b>1.24</b>	<b>1.25</b>	<b>1.28</b>	<b>1.30</b>	<b>1.31</b>	<b>1.26</b>

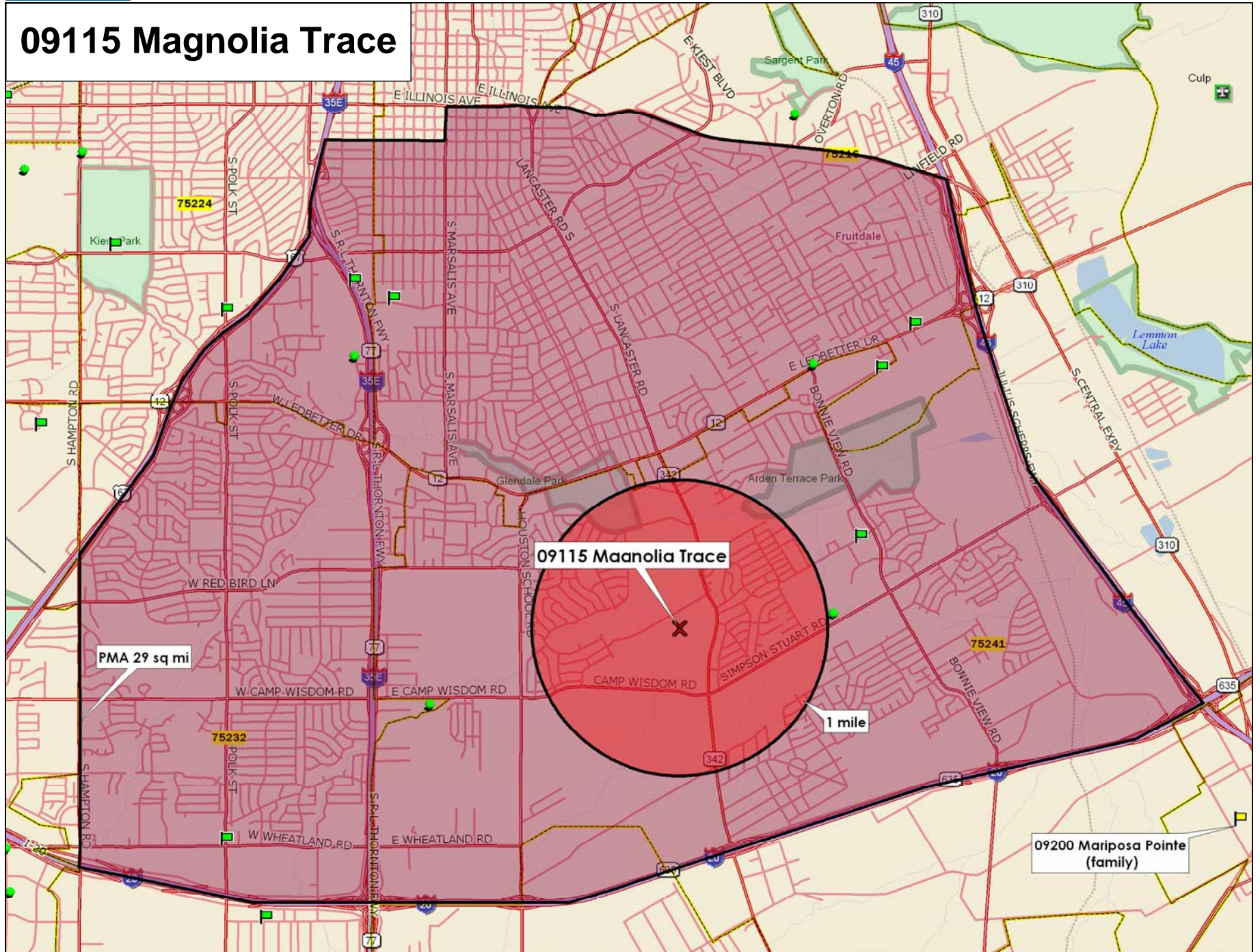
**HTC ALLOCATION ANALYSIS -Magnolia Trace, Dallas, 9% HTC #09115**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$875,000	\$875,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,008,000	\$1,008,000	\$1,008,000	\$1,008,000
<b>Construction Hard Costs</b>	\$5,883,600	\$5,535,360	\$5,883,600	\$5,535,360
<b>Contractor Fees</b>	\$964,824	\$916,070	\$964,824	\$916,070
<b>Contingencies</b>	\$344,580	\$327,168	\$344,580	\$327,168
<b>Eligible Indirect Fees</b>	\$598,940	\$598,940	\$598,940	\$598,940
<b>Eligible Financing Fees</b>	\$343,871	\$343,871	\$343,871	\$343,871
<b>All Ineligible Costs</b>	\$315,311	\$456,574		
<b>Developer Fees</b>			\$1,371,572	
Developer Fees	\$1,371,573	\$1,309,411		\$1,309,411
<b>Development Reserves</b>	\$189,000	\$189,000		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$11,894,699</b>	<b>\$11,559,395</b>	<b>\$10,515,387</b>	<b>\$10,038,821</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$10,515,387	\$10,038,821
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$13,670,003	\$13,050,467
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$13,670,003	\$13,050,467
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,230,300	\$1,174,542

<b>Syndication Proceeds</b>	<b>0.7399</b>	<b>\$9,103,312</b>	<b>\$8,690,742</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,230,300</b>	<b>\$1,174,542</b>
<b>Syndication Proceeds</b>		<b>\$9,103,312</b>	<b>\$8,690,742</b>
<b>Requested Tax Credits</b>		<b>\$1,000,000</b>	
<b>Syndication Proceeds</b>		<b>\$7,399,260</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$7,959,609</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,075,730</b>	

# 09115 Magnolia Trace

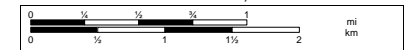


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Scale 1 : 56,250



1" = 4,687.5 ft Data Zoom 11-7



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Tuscany Villas, TDHCA Number 09116**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 7200 Blk of Chase Oaks Blvd. Development #: 09116  
 City: Plano Region: 3 Population Served: Elderly  
 County: Collin Zip Code: 75025 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: UHF Tuscany Villas Housing, LP  
 Owner Contact and Phone: Ted Stokely, (214) 750-8845  
 Developer: Unified Housing Foundation, Inc.  
 Housing General Contractor: N.E. Construction, LLP  
 Architect: GTF Design Associates  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: TBD  
 Consultant: Roundstone Development, LLC

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	90	
	5	0	40	45	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	45	45	0	0	0	
Type of Building:						Total Development Units:	90
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$10,251,264
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	2
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,000,000	\$1,000,000			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Tuscany Villas, TDHCA Number 09116

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Shapiro, District 8, NC

Points: 0 US Representative: Johnson, District 3, NC

TX Representative: Madden, District 67, S

Points: 14 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

American Red Cross, S, Sharon Trimboli, President

Plano Chamber of Commerce, S, Brad C. Shamklin, President/CEO

Chase Oaks Church, S, Ginny Stanley, Director of Finance

**General Summary of Comment:**

Letter of support from elected official.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance, prior to Carryover, of evidence that the 55-gallon drum identified by the ESA has been properly removed from the site and disposed of.
2. Receipt, review and acceptance, by cost certification, of an executed Land Use Restriction Agreement (LURA) restricting a total of 7.97 acres as contemplated in this application.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the allocation amount may be warranted.
4. Receipt of a commitment of funding from the City of Plano in the amount of \$545,000, or a commitment from a qualifying substitute source in an amount not less than \$512,564, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Tuscany Villas, TDHCA Number 09116**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **5**

Total # Monitored: **5**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **198**  Meeting a Required Set-Aside Credit Amount\*: \$1,000,000

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/21/09 PROGRAM: HTC 9% FILE NUMBER: 09116

DEVELOPMENT	
Tuscany Villas	
Location: <u>7200 Block of Chase Oaks Blvd.</u>	Region: <u>3</u>
City: <u>Plano</u> County: <u>Collin</u> Zip: <u>75025</u> <input checked="" type="checkbox"/> OCT <input type="checkbox"/> DDA	
Key Attributes: <u>Elderly, Urban, Non-Profit, New Construction</u>	

ALLOCATION						
	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$1,000,000			\$1,000,000		

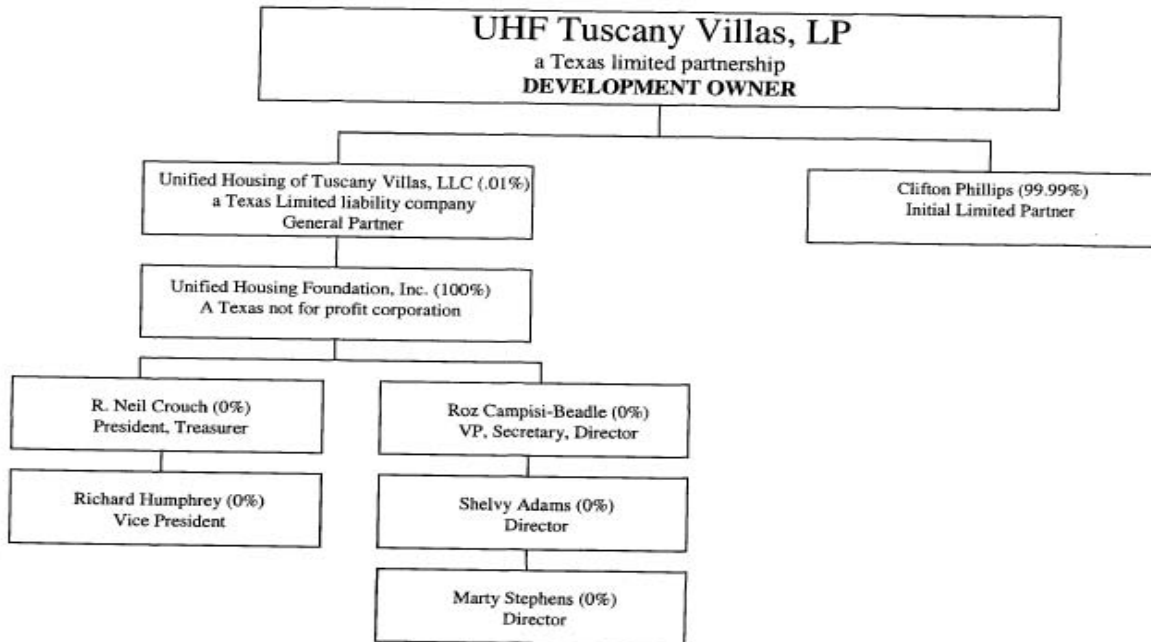
- | CONDITIONS  |
|---|
| <ol style="list-style-type: none"> <li>1 Receipt, review, and acceptance, prior to Carryover, of evidence that the 55-gallon drum identified by the ESA has been properly removed from the site and disposed of.</li> <li>2 Receipt, review and acceptance, by cost certification, of an executed Land Use Restriction Agreement (LURA) restricting a total of 7.97 acres as contemplated in this application.</li> <li>3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.</li> </ol> |

SALIENT ISSUES																	
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="3" style="text-align: center;">TDHCA SET-ASIDES for LURA</th> </tr> <tr> <th style="text-align: center;">Income Limit</th> <th style="text-align: center;">Rent Limit</th> <th style="text-align: center;">Number of Units</th> </tr> <tr> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">40</td> </tr> <tr> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">45</td> </tr> </table>			TDHCA SET-ASIDES for LURA			Income Limit	Rent Limit	Number of Units	30% of AMI	30% of AMI	5	50% of AMI	50% of AMI	40	60% of AMI	60% of AMI	45
TDHCA SET-ASIDES for LURA																	
Income Limit	Rent Limit	Number of Units															
30% of AMI	30% of AMI	5															
50% of AMI	50% of AMI	40															
60% of AMI	60% of AMI	45															
<p style="text-align: center;"><b>STRENGTHS/MITIGATING FACTORS</b></p> <ul style="list-style-type: none"> <li>▫ Sensitivity on the syndication rate shows a floor of \$.60 before deal becomes infeasible.</li> <li>▫ Overall rents are 40% below reported market rates.</li> <li>▫ Capture rates on the one-bedroom units are below 40% and the overall inclusive capture rate is 19%.</li> </ul>	<p style="text-align: center;"><b>WEAKNESSES/RISKS</b></p> <ul style="list-style-type: none"> <li>▫ LIHTC syndication price at \$.74 is at the upper end of the range seen by the Underwriter.</li> </ul>																

PREVIOUS UNDERWRITING REPORTS
No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Ted Stokely Phone: (214) 750-8845 Fax: (972) 488-9999  
 Email: tps@unifiedhousing.com

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Unified Housing Foundation, Inc.	N/A	3
R. Neil Crouch	N/A	1
Richard Humphrey	N/A	3

**IDENTITIES of INTEREST**

- o The Applicant and Developer are related entities. These are common relationships for HTC-funded developments.
- o The seller, Unified Housing of Chase Oaks, LLC is regarded as a related party because it is a wholly owned subsidiary of Unified Housing Foundation, Inc. the developer and 100% owner of the development General Partner, Unified Housing of Tuscany Villas, LLC.

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PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B																		Total Buildings	
Floors/Stories	3	3																			
Number	1	1																			2

BR/BA	SF	Units										Total Units	Total SF		
1BR/1BA	750	24	21											45	33,750
2BR/2BA	950	24	21											45	42,750
Units per Building		48	42											90	76,500

SITE ISSUES

Total Size:	5.81 acres	Scattered site?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Flood Zone:	X	Within 100-yr floodplain?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Zoning:	PD-277-R/02	Needs to be re-zoned?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> N/A

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Comments:

The subject property is zoned PD-277-R/O2, Planned Development - Retail/Office O2 under which independent living facilities are permitted. Independent living facilities are defined by the Plano zoning ordinances as developments providing units specifically designed for the needs of elderly persons. In addition to housing, this type of facility may provide convenience services, such as meals, housekeeping, transportation, and community facilities, such as central dining rooms and activity rooms.

TDHCA SITE INSPECTION

Inspector: ORCA Staff Date: 4/1/2009

Overall Assessment:

Excellent  Acceptable  Questionable  Poor  Unacceptable

Surrounding Uses:

North: Multi & Single-family residential East: Office development  
 South: Movie theater West: Multi-family residential

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Aqua Terra Assessments Date: 1/26/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "This assessment has revealed no evidence of recognized environmental conditions in connection with the property." (p. 2)
- "One 55-gallon drum containing an unknown liquid was observed near the dirt mound near the south corner of the property. Aquaterra recommends this drum be removed from the property." (p. 3)

Comments:

Any funding recommendation will be subject to receipt, review, and acceptance, by carryover, of evidence that the 55-gallon drum identified by the ESA has been properly removed from the site and disposed of.

MARKET HIGHLIGHTS

Provider: Apartment MarketData Date: 2/27/2009

Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 28 sq. miles 3 mile equivalent radius

The Primary Market Area is bounded by McDermott Rd. (FM 2171) to the north; S. Juniper Rd., E. Spring Creek Pkwy, and Shiloh Rd. to the east; Renner Road to the south; and Custer Road to the west. The PMA had an estimated 2008 population of 99,985, including 8,443 senior households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
The Plaza at Chase Oaks	05164	240	0	none			

INCOME LIMITS						
Collin						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$14,200	\$16,250	\$18,250	\$20,300	\$21,900	\$23,550
40	\$18,920	\$21,640	\$24,320	\$27,040	\$29,200	\$31,360
50	\$23,650	\$27,050	\$30,400	\$33,800	\$36,500	\$39,200
60	\$28,380	\$32,460	\$36,480	\$40,560	\$43,800	\$47,040

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	48	9	0	57	5	0	9%
1 BR/50%	15	68	0	83	25	0	30%
1 BR/60%	83	23	0	106	15	0	14%
2 BR/50%	6	16	0	22	15	0	68%
2 BR/60%	25	7	0	32	30	0	94%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	49	6	0	55	5	0	9%
1 BR/50%	56	8	0	64	25	0	39%
1 BR/60%	72	13	0	85	15	0	18%
2 BR/50%	21	3	0	24	15	0	63%
2 BR/60%	33	5	0	38	30	0	78%

OVERALL DEMAND							
	Target Households	Household Size	Income Eligible	Tenure	Demand		
PMA DEMAND from TURNOVER turnover							
Market Analyst p.				845	24%	204	
Underwriter	17%	2,279	100%	2,279	47%	1,067	100%
PMA DEMAND from GROWTH growth							
Market Analyst p.						50	
Underwriter						100%	57
DEMAND from OTHER SOURCES senior homeowner turnover							
Market Analyst p.				1,446	10%	145	
Underwriter				1,534	5%	78	

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p.	90	0	0	90	398	23%
Underwriter	90	0	0	90	473	19%

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Supply and Demand Analysis:

The market study analysis is based primarily on the HISTA Data provided by Ribbon Demographics. The Market Analyst only considered households of one to three persons as qualified for the subject units; the Analyst considered an eligible income range of \$8,976 to \$35,940 based on the 2008 HTC program rent and income limits; and the Analyst reported a senior turnover rate of 24% from the 2000 Census data. The analysis identified 845 income-eligible size-appropriate senior renter households, resulting in demand for 204 units from turnover. The market study also identifies demand for 50 units based on the projected annual growth of eligible renter households in the PMA.

The underwriting analysis does not adjust senior demand based on household size. The eligible income range is \$9,120 to \$36,480 based on the 2009 HTC program rent and income limits; and the Underwriter determined a senior turnover rate of 32% from the 2000 Census data for the PMA. A total of 1,067 income eligible senior renter households indicates demand for 339 units from turnover. The underwriting analysis identifies demand for 57 units based on the projected annual growth of eligible renter households.

The 2009 Real Estate Analysis Rules allow for consideration of demand from senior homeowner households up to a turnover rate of 10% with appropriate supporting data. The Market Analyst included demand for 145 units based on a 10% turnover rate among income-eligible senior homeowners, but provided no specific supportive data. The underwriting analysis applied a turnover rate of 5% based on the 2000 Census data for the PMA, resulting in demand for 78 units.

The most recent comparable property developed in the PMA is the Plaza at Chase Oaks, a 2005 development with 240 units located less than a mile from the subject. The market study reports this property as having achieved stabilized occupancy; this is confirmed by Department data. Based on total demand for 398 units, and an unstabilized supply of 90 units (only the subject), the Market Analyst concludes an inclusive capture rate of 23%. The underwriting analysis identifies total demand for 473 units, resulting in an inclusive capture rate of 19%. Both results are well below the maximum rate of 75% for developments targeting seniors.

Primary Market Occupancy Rates:

"Affordable properties in the Trade Area report an overall average occupancy of 97.8%, while the one senior affordable project, which is also the newest affordable community reports occupancy of 100%." (p. 12)

Absorption Projections:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Newer affordable senior units have been easily absorbed." (p. 12)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	750 SF	30%	\$257	\$263	\$790	\$263	\$527
1 BR	750 SF	50%	\$506	\$516	\$790	\$516	\$274
1 BR	750 SF	60%	\$631	\$643	\$790	\$643	\$147
2 BR	950 SF	30%	\$614	\$626	\$1,050	\$626	\$424
2 BR	950 SF	50%	\$764	\$778	\$1,050	\$778	\$272

Comments:

The market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      none      Date of Last Applicant Revision:      n/a

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utilities from the 2008 program rent limits; however, the Underwriter's projected rents were calculated using 2009 program rents. This difference resulted in slightly higher income of approximately \$11K per year for the Underwriter. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. Tenants will be required to pay all electric utilities.

Expense:      Number of Revisions:      none      Date of Last Applicant Revision:      n/a

The Applicant's total annual operating expense projection of \$4,233 per unit is within 5% of the Underwriter's estimate of \$4,278 derived from the TDHCA database and other third party data sources. The Applicant's estimates of several line items differ significantly from the Underwriter's, specifically, general and administrative (\$7K higher), utilities (\$17K lower) and property insurance (\$10K higher).

**Conclusion:**

The Applicant's estimate of effective gross income, operating expenses and net operating income are within 5% of the Underwriter's estimates. Therefore the Applicant's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR). The proposed permanent financing structure based on the Underwriter's proforma results in an initial year's debt coverage ratio of 1.21 which falls within the Department's guidelines.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider:	<u>The Powers Group</u>	Date:	<u>2/23/2009</u>
Number of Revisions:	<u>none</u>	Date of Last Applicant Revision:	<u>n/a</u>
Land Only:	5.81 acres	<u>\$1,375,000</u>	As of: <u>2/23/2009</u>
Existing Buildings: (as-is)		<u>\$0</u>	As of: <u>2/23/2009</u>
Total Development: (as-is)		<u>\$1,375,000</u>	As of: <u>2/23/2009</u>

**ASSESSED VALUE**

Land Only:	5.83 acres	<u>\$762,949</u>	Tax Year:	<u>2008</u>
Existing Buildings:		<u>\$0</u>	Valuation by:	<u>Collin CAD</u>
Total Assessed Value:		<u>\$762,949</u>	Tax Rate:	<u>2.105893</u>

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EVIDENCE of PROPERTY CONTROL

Type: Contract for Purchase and Sale of Real Property Acreage: 5.81

Contract Expiration: 12/1/2009 Valid Through Board Date?  Yes  No

Acquisition Cost: \$1,350,000 Other: \_\_\_\_\_

Seller: Unified Housing of Chase Oaks, LLC Related to Development Team?  Yes  No

Comments:

The seller of the property, Unified Housing of Chase Oaks, LLC is a wholly owned subsidiary of Unified Housing Foundation, Inc., the sole member of the GP. As a result, this transfer is considered an identify of interest transaction.

CONSTRUCTION COST ESTIMATE EVALUATION

*COST SCHEDULE* Number of Revisions: none Date of Last Applicant Revision: n/a

Acquisition Value:

Due to the related party nature of the property transfer, the Applicant is subject to the identity of interest rules as specified in the 2009 Real Estate Analysis Rules and Guidelines. Specifically, the Applicant must provide the original acquisition cost listed in the submitted settlement statement for the proposed site as well as documentation of any additional holding costs to support the claimed amount of acquisition cost reflected in the application.

The Applicant provided a closing statement dated 10/18/2004 whereby Unified Housing of Chase Oaks, LLC (the seller) purchased a total of 22.38 acres for a total sales price of \$2,650,000. In addition, the Applicant provided statements supporting accrued interest payments totaling \$411,985 and calculated \$255,880 based upon a 8% return on equity for the cash paid into the original acquisition for a total holding period of four years and four months. These amounts combined total \$3,317,866. The Applicant then prorated this total amount by 14 of the total 22.38 acres, indicating that 8.38 of the total acreage is unusable. This would amount to \$236,990 per acre, or \$1,377,625 for the total acquisition cost for the subject 5.813 acres to be developed with this application.

While the Applicant has been able to justify the amounts utilized in calculating the acquisition cost, the amount of acres used to come to a prorata amount per acre is inconsistent with the Department's underwriting policy. Specifically, the Applicant prorated the total supported costs of \$3.3M by 14 acres, rather than the total 22.38 acres purchased in 2004. The Underwriter requested additional information from the Applicant with respect to the unusable acreage and why this portion of the acreage was not included in the Applicant's calculation. According to the Applicant, of the 22 acres purchased 14 acres are zoned to allow for Retail/Office (which allows for independent living and other uses) and the remaining eight acres is comprised of a small sliver of land that stretches the entire length of the property and is zoned commercial corridor.

The Applicant further states that although the eight acres may have some value, it is probably negligible because the property has limited access to the North and is hidden behind a movie theatre to the east and two apartment communities to the west. The eight acres are also zoned for commercial corridor and requires a special use permit due to its proximity to State Highway 75. Due to these and other reasons the owner feels that the property offers very little to no marketable value. Despite this, however, the owner does not want to restrict the entire portion of the land in the HTC LURA in order to maintain the property for its benefit and for any future use. Therefore, the Applicant has indicated that for purposes of this application, a total of 7.97 acres will be restricted (5.81 acres for the development plus an additional 2.16 acres consisting of the area underneath the transmission line) in the HTC LURA.

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As a result of the Applicant's response above the Underwriter has appropriately prorated the original acquisition cost to the seller, plus all documented holding costs, by the total acreage purchased in 2004 (\$3,317,866/22.38). This amounts to \$148,251 per acre or \$1,181,564 for the total 7.97 acres proposed for this application. Additionally, any funding recommendation will be conditioned upon receipt, review and acceptance, by cost certification, of an executed Land Use Restriction Agreement (LURA) restricting a total of 7.97 acres.

**Sitework Cost:**

The Applicant's proposed site work cost of \$9,000 per unit is within the Department's guidelines; therefore, no further third party substantiation is required.

**Direct Construction Cost:**

The Applicant's direct construction cost is \$146K or 3% lower than the Underwriter's Marshall and Swift Residential Cost Handbook-derived estimate.

**Conclusion:**

The Applicant's total development cost, adjusted for the acquisition cost as described above, is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to calculate eligible basis and determine the development's need for permanent funds. An eligible basis of \$8,639,450 supports annual tax credits of \$1,010,816. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: none Date of Last Applicant Revision: n/a

Source: Raymond James Multifamily Finance Type: Interim to Permanent Financing  
 Interim: \$7,775,000 Interest Rate: 4.75%  Fixed Term: 24 months  
 Permanent: \$2,617,972 Interest Rate: 6.88%  Fixed Term: 216 months  
 Comments:

The permanent loan will have a 30 year amortization with an 18 year term.

Source: City of Plano Type: Interim Financing  
 Principal: \$470,000 Interest Rate: AFR  Fixed Term: 24 months

Source: N.E. Millworks, LLC. Type: Interim Financing  
 Principal: \$210,000 Interest Rate: AFR  Fixed Term: 24 months

Source: Raymond James Tax Credit Funds, Inc. Type: Syndication  
 Proceeds: \$7,399,260 Syndication Rate: 74% Anticipated HTC: \$ 1,000,000  
 Comments:

Any increase in the credit price may warrant an adjustment to the recommended credit amount. Alternatively, a decrease in the credit pricing to below \$0.60 may jeopardize the financial viability of this transaction.

Amount: \$402,468 Type: Deferred Developer Fees

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## CONCLUSIONS

### Recommended Financing Structure:

The Applicant's adjusted total development cost estimate less the permanent loan of \$2,617,972 indicates the need for \$7,633,292 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,031,629 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,000,000), the gap-driven amount (\$1,031,629), and eligible basis-derived estimate (\$1,010,816), the Applicant's request of \$1,000,000 is recommended resulting in proceeds of \$7,399,260 based on a syndication rate of 74%.

The Underwriter's recommended financing structure indicates the need for \$234,032 in additional funds, which appears to be repayable from development cash flow within 10 years.

Underwriter:

\_\_\_\_\_  
*D.P. Burrell*

Date: July 21, 2009

Reviewing Underwriter:

\_\_\_\_\_  
*Raquel Morales*

Date: July 21, 2009

Director of Real Estate Analysis:

\_\_\_\_\_  
*Brent Stewart*

Date: July 21, 2009



**MULTIFAMILY COMPARATIVE ANALYSIS**

**Tuscany Villas, Plano, HTC 9% #09116**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	5	1	1	750	\$380	\$263	\$1,315	\$0.35	\$117.00	\$52.00
TC 50%	25	1	1	750	\$633	\$516	\$12,900	\$0.69	\$117.00	\$52.00
TC 60%	15	1	1	750	\$760	\$643	\$9,645	\$0.86	\$117.00	\$52.00
TC 50%	15	2	2	950	\$760	\$626	\$9,390	\$0.66	\$134.00	\$55.00
TC 60%	30	2	2	950	\$912	\$778	\$23,340	\$0.82	\$134.00	\$55.00
<b>TOTAL:</b>	<b>90</b>		<b>AVERAGE:</b>	<b>850</b>		<b>\$629</b>	<b>\$56,590</b>	<b>\$0.74</b>	<b>\$125.50</b>	<b>\$53.50</b>

**INCOME**

Total Net Rentable Sq Ft: 76,500

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00

Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.30%	\$307	0.36	\$27,641	\$34,650	\$0.45	\$385	5.49%
Management	5.00%	357	0.42	32,157	31,568	0.41	351	5.00%
Payroll & Payroll Tax	13.54%	967	1.14	87,061	84,000	1.10	933	13.30%
Repairs & Maintenance	7.21%	515	0.61	46,378	45,900	0.60	510	7.27%
Utilities	4.46%	319	0.37	28,675	11,250	0.15	125	1.78%
Water, Sewer, & Trash	8.98%	642	0.76	57,780	57,690	0.75	641	9.14%
Property Insurance	3.27%	233	0.27	21,008	31,500	0.41	350	4.99%
Property Tax 2.11	7.37%	526	0.62	47,383	47,520	0.62	528	7.53%
Reserve for Replacements	3.50%	250	0.29	22,500	22,500	0.29	250	3.56%
TDHCA Compliance Fees	0.56%	30	0.05	3,600	3,600	0.05	40	0.57%
Other: Compliance	1.68%	120	0.14	10,800	10,800	0.14	120	1.71%
<b>TOTAL EXPENSES</b>	<b>59.86%</b>	<b>\$4,278</b>	<b>\$5.03</b>	<b>\$384,982</b>	<b>\$380,978</b>	<b>\$4.98</b>	<b>\$4,233</b>	<b>60.34%</b>
<b>NET OPERATING INC</b>	<b>40.14%</b>	<b>\$2,868</b>	<b>\$3.37</b>	<b>\$258,152</b>	<b>\$250,390</b>	<b>\$3.27</b>	<b>\$2,782</b>	<b>39.66%</b>

**DEBT SERVICE**

Raymond James Multifamily Finance	32.11%	\$2,294	\$2.70	\$206,484	\$217,730	\$2.85	\$2,419	34.49%
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>8.03%</b>	<b>\$574</b>	<b>\$0.68</b>	<b>\$51,668</b>	<b>\$32,660</b>	<b>\$0.43</b>	<b>\$363</b>	<b>5.17%</b>

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		11.36%	\$13,128	\$15.45	\$1,181,564	\$1,350,000	\$17.65	\$15,000	12.96%
Off-Sites		0.00%	0	0.00	0		0.00	0	0.00%
Sitework		7.79%	9,000	10.59	810,000	810,000	10.59	9,000	7.77%
Direct Construction		47.27%	54,610	64.25	4,914,890	4,768,500	62.33	52,983	45.76%
Contingency	4.87%	2.68%	3,099	3.65	278,925	278,925	3.65	3,099	2.68%
Contractor's Fees	13.64%	7.51%	8,678	10.21	780,990	780,990	10.21	8,678	7.50%
Indirect Construction		5.34%	6,169	7.26	555,200	555,200	7.26	6,169	5.33%
Ineligible Costs		2.70%	3,117	3.67	280,550	280,550	3.67	3,117	2.69%
Developer's Fees	14.71%	10.84%	12,521	14.73	1,126,885	1,126,885	14.73	12,521	10.81%
Interim Financing		3.07%	3,544	4.17	318,950	318,950	4.17	3,544	3.06%
Reserves		1.44%	1,663	1.96	149,700	149,700	1.96	1,663	1.44%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$115,529</b>	<b>\$135.92</b>	<b>\$10,397,654</b>	<b>\$10,419,700</b>	<b>\$136.21</b>	<b>\$115,774</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>65.25%</b>	<b>\$75,387</b>	<b>\$88.69</b>	<b>\$6,784,805</b>	<b>\$6,638,415</b>	<b>\$86.78</b>	<b>\$73,760</b>	<b>63.71%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
Raymond James Multifamily Finance	25.18%	\$29,089	\$34.22	\$2,617,972	\$2,617,972	\$2,617,972	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0		0	\$1,126,885
HTC Syndication Proceeds	71.16%	\$82,214	\$96.72	7,399,260	7,399,260	7,399,260	% of Dev. Fee Deferred
Deferred Developer Fees	3.87%	\$4,472	\$5.26	402,468	402,468	234,032	21%
Additional (Excess) Funds Req'd	-0.21%	(\$245)	(\$0.29)	(22,046)	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$10,397,654</b>	<b>\$10,419,700</b>	<b>\$10,251,264</b>	<b>\$770,864</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Tuscany Villas, Plano, HTC 9% #09116*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$56.03	\$4,286,377
<b>Adjustments</b>				
Exterior Wall Finish	3.20%		\$1.79	\$137,164
Elderly	3.00%		1.68	128,591
9-Ft. Ceilings	3.00%		1.68	128,591
Roofing			0.00	0
Subfloor			(0.81)	(61,710)
Floor Cover			2.38	182,070
Breezeways/Balconies	\$25.55	35,452	11.84	905,917
Plumbing Fixtures	\$835	135	1.47	112,725
Rough-ins	\$410	180	0.96	73,800
Built-In Appliances	\$1,800	90	2.12	162,000
Exterior Stairs	\$1,875	18	0.44	33,750
Elevators	\$53,600	2	1.40	107,200
Heating/Cooling			1.83	139,995
Garages/Carports	\$19.27	3,000	0.76	57,810
Comm &/or Aux Bldgs	\$74.25	3,436	3.33	255,123
Other: fire sprinkler	\$0.00	76,500	0.00	0
<b>SUBTOTAL</b>			<b>86.92</b>	<b>6,649,404</b>
Current Cost Multiplier	1.01		0.87	66,494
Local Multiplier	0.90		(8.69)	(664,940)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$79.10</b>	<b>\$6,050,957</b>
Plans, specs, survy, bid prm	3.90%		(\$3.08)	(\$235,987)
Interim Construction Interest	3.38%		(2.67)	(204,220)
Contractor's OH & Profit	11.50%		(9.10)	(695,860)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$64.25</b>	<b>\$4,914,890</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$2,617,972	Amort	360
Int Rate	6.88%	DCR	1.25

<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.25

<b>Additional</b>	\$7,399,260	Amort	
Int Rate		Aggregate DCR	1.25

**RECOMMENDED FINANCING STRUCTURE**

**APPLICANT'S NOI:**

Primary Debt Service	\$206,484
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$43,906</b>

<b>Primary</b>	\$2,617,972	Amort	360
Int Rate	6.88%	DCR	1.21

<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.21

<b>Additional</b>	\$7,399,260	Amort	0
Int Rate	0.00%	Aggregate DCR	1.21

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$666,360	\$679,687	\$693,281	\$707,147	\$721,289	\$796,362	\$879,248	\$970,761	\$1,183,352
Secondary Income	16,200	16,524	16,854	17,192	17,535	19,360	21,376	23,600	28,769
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	682,560	696,211	710,135	724,338	738,825	815,722	900,623	994,361	1,212,121
Vacancy & Collection Loss	(51,192)	(52,216)	(53,260)	(54,325)	(55,412)	(61,179)	(67,547)	(74,577)	(90,909)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$631,368</b>	<b>\$643,995</b>	<b>\$656,875</b>	<b>\$670,013</b>	<b>\$683,413</b>	<b>\$754,543</b>	<b>\$833,077</b>	<b>\$919,784</b>	<b>\$1,121,212</b>
EXPENSES at 3.00%									
General & Administrative	\$34,650	\$35,690	\$36,760	\$37,863	\$38,999	\$45,210	\$52,411	\$60,759	\$81,655
Management	31,568	32,199	32,843	33,500	34,170	37,727	41,653	45,989	56,060
Payroll & Payroll Tax	84,000	86,520	89,116	91,789	94,543	109,601	127,058	147,295	197,952
Repairs & Maintenance	45,900	47,277	48,695	50,156	51,661	59,889	69,428	80,486	108,166
Utilities	11,250	11,588	11,935	12,293	12,662	14,679	17,017	19,727	26,511
Water, Sewer & Trash	57,690	59,421	61,203	63,039	64,931	75,272	87,261	101,160	135,950
Insurance	31,500	32,445	33,418	34,421	35,454	41,100	47,647	55,235	74,232
Property Tax	47,520	48,946	50,414	51,926	53,484	62,003	71,878	83,327	111,984
Reserve for Replacements	22,500	23,175	23,870	24,586	25,324	29,357	34,033	39,454	53,023
Other	14,400	14,832	15,277	15,735	16,207	18,789	21,781	25,250	33,935
<b>TOTAL EXPENSES</b>	<b>\$380,978</b>	<b>\$392,092</b>	<b>\$403,532</b>	<b>\$415,310</b>	<b>\$427,434</b>	<b>\$493,627</b>	<b>\$570,167</b>	<b>\$658,681</b>	<b>\$879,467</b>
<b>NET OPERATING INCOME</b>	<b>\$250,390</b>	<b>\$251,904</b>	<b>\$253,343</b>	<b>\$254,703</b>	<b>\$255,979</b>	<b>\$260,916</b>	<b>\$262,909</b>	<b>\$261,103</b>	<b>\$241,744</b>
DEBT SERVICE									
First Lien Financing	\$206,484	\$206,484	\$206,484	\$206,484	\$206,484	\$206,484	\$206,484	\$206,484	\$206,484
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$43,906</b>	<b>\$45,420</b>	<b>\$46,859</b>	<b>\$48,219</b>	<b>\$49,495</b>	<b>\$54,432</b>	<b>\$56,426</b>	<b>\$54,619</b>	<b>\$35,261</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.21</b>	<b>1.22</b>	<b>1.23</b>	<b>1.23</b>	<b>1.24</b>	<b>1.26</b>	<b>1.27</b>	<b>1.26</b>	<b>1.17</b>

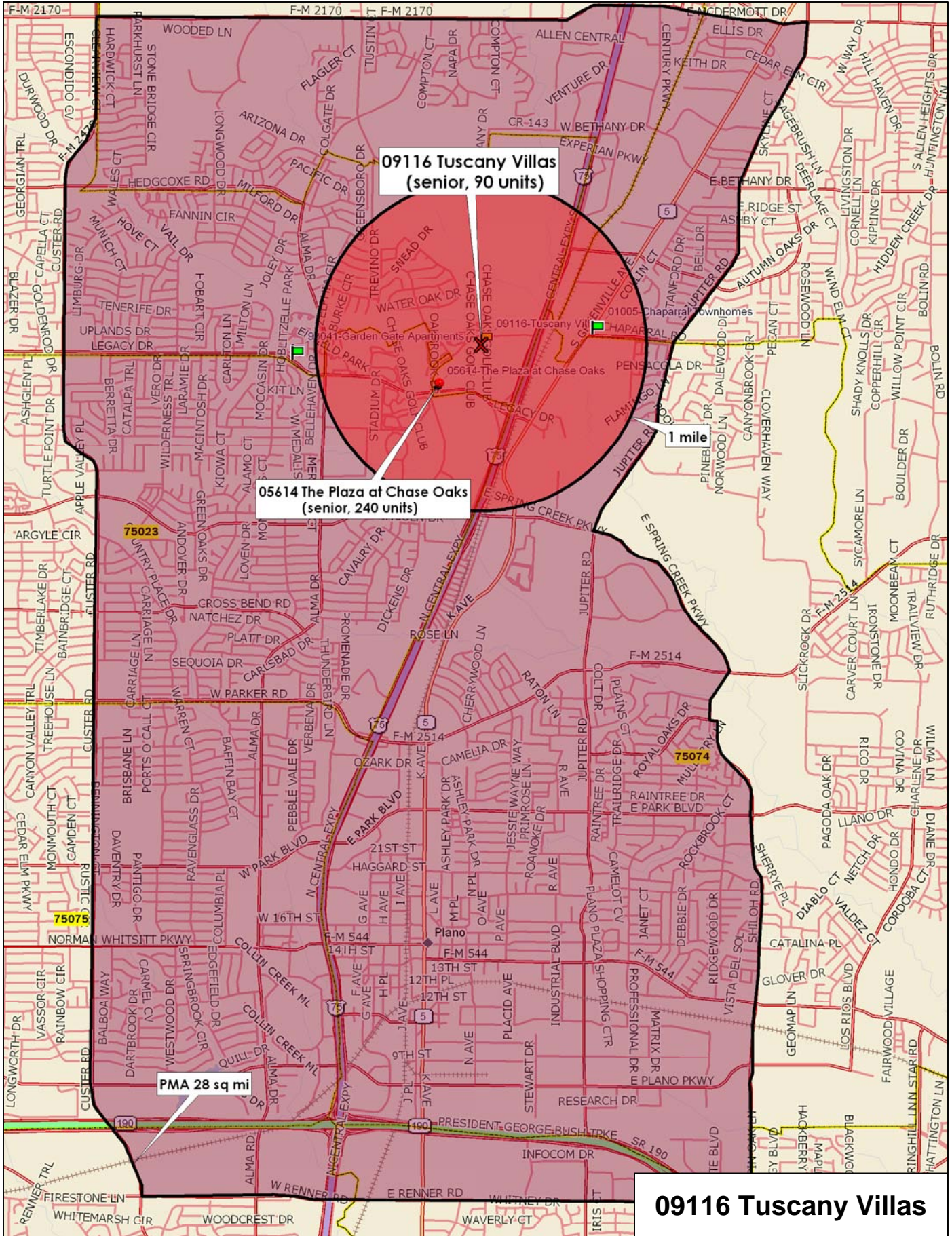
**HTC ALLOCATION ANALYSIS -Tuscany Villas, Plano, HTC 9% #09116**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$1,350,000	\$1,181,564		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$810,000	\$810,000	\$810,000	\$810,000
<b>Construction Hard Costs</b>	\$4,768,500	\$4,914,890	\$4,768,500	\$4,914,890
<b>Contractor Fees</b>	\$780,990	\$780,990	\$780,990	\$780,990
<b>Contingencies</b>	\$278,925	\$278,925	\$278,925	\$278,925
<b>Eligible Indirect Fees</b>	\$555,200	\$555,200	\$555,200	\$555,200
<b>Eligible Financing Fees</b>	\$318,950	\$318,950	\$318,950	\$318,950
<b>All Ineligible Costs</b>	\$280,550	\$280,550		
<b>Developer Fees</b>			\$1,126,885	
Developer Fees	\$1,126,885	\$1,126,885		\$1,126,885
<b>Development Reserves</b>	\$149,700	\$149,700		
<b>TOTAL DEVELOPMENT COSTS</b>	\$10,419,700	\$10,397,654	\$8,639,450	\$8,785,840

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$8,639,450	\$8,785,840
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$11,231,285	\$11,421,592
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$11,231,285	\$11,421,592
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,010,816	\$1,027,943

<b>Syndication Proceeds</b>	<b>0.7399</b>	<b>\$7,479,288</b>	<b>\$7,606,020</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,010,816</b>	<b>\$1,027,943</b>
<b>Syndication Proceeds</b>		<b>\$7,479,288</b>	<b>\$7,606,020</b>
<b>Requested Tax Credits</b>		<b>\$1,000,000</b>	
<b>Syndication Proceeds</b>		<b>\$7,399,260</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$7,633,292</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,031,629</b>	

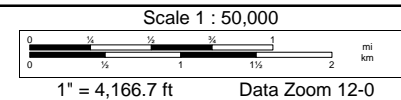
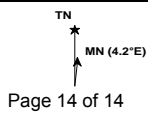




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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Fairways at Sammons Park, TDHCA Number 09118**

**BASIC DEVELOPMENT INFORMATION**

Site Address: SWC of W. Adams & 43rd St. Development #: 09118  
 City: Temple Region: 8 Population Served: Elderly  
 County: Bell Zip Code: 76504 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: RST Fairways at Sammons Park, LP  
 Owner Contact and Phone: Clifton Phillips, (972) 243-4205  
 Developer: Roundstone Development, LLC  
 Housing General Contractor: N.E. Construction, LLP  
 Architect: Beeler, Guest & Owens Architects, L.P.  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: TBD  
 Consultant: N/A

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	92	
	5	0	41	46	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	46	46	0	0	0	
Type of Building:						Total Development Units:	92
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	2
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,000,000	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Fairways at Sammons Park, TDHCA Number 09118**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Fraser, District 24, S

Points: 14 US Representative: Carter, District 31, NC

TX Representative: Sheffield, District 55, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

The Temple Health & Bioscience Economic Development District, S, Wendell C. Williams,  
Chairman

**General Summary of Comment:**

Letter of support from elected official.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Fairways at Sammons Park, TDHCA Number 09118**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **4**

Total # Monitored: **4**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **204**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Legacy Villas, TDHCA Number 09119**

BASIC DEVELOPMENT INFORMATION

Site Address: S. Side of 2nd St. and W. Side of US 57 Development #: 09119  
 City: Eagle Pass Region: 11 Population Served: General  
 County: Maverick Zip Code: 78852 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: RST Legacy Villas, LP  
 Owner Contact and Phone: Clifton Phillips, (972) 243-4205  
 Developer: Roundstone Development, LLC  
 Housing General Contractor: N.E. Construction, LLP  
 Architect: Cross Architects  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: TBD  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	64	
	4	0	28	32	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	0	0	0	64	0	
Type of Building:						Total Development Units:	64
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$9,155,793
<input type="checkbox"/> Triplex	<input checked="" type="checkbox"/> Detached Residence					Number of Residential Buildings:	64
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,000,000	\$1,000,000			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Legacy Villas, TDHCA Number 09119**

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Uresti, District 19, S

Points: 14 US Representative: Rodriguez, District 23, NC

TX Representative: King, District 80, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letters of support from elected officials.

CONDITIONS OF COMMITMENT

1. Receipt, review, and acceptance, by carryover, of approval of a change in zoning to R-2 from the City of Eagle Pass which would allow for single family development.
2. Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.
3. Receipt of a commitment of funding from the City of Eagle Pass in the amount of \$285,000, or a commitment from a qualifying substitute source in an amount not less than \$274,674, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Legacy Villas, TDHCA Number 09119**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **4**

Total # Monitored: **4**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **203**  Meeting a Required Set-Aside Credit Amount\*: \$1,000,000

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 06/12/09 PROGRAM: 9% HTC FILE NUMBER: 09119

**DEVELOPMENT**

Legacy Villas

Location: Southside of 2nd St. about 1/5 of a mile west of US 57 Region: 11  
 City: Eagle Pass County: Maverick Zip: 78852  OCT  DDA  
 Key Attributes: Family, New Construction, Rural, and Single Family

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,000,000			\$1,000,000		

**CONDITIONS**

- 1 Receipt, review, and acceptance, by carryover, of approval of a change in zoning to R-2 from the City of Eagle Pass which would allow for single family development.
- 2 Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	4
50% of AMI	50% of AMI	28
60% of AMI	60% of AMI	32

**PROS**

- The single family design is an atypical product type that should be highly competitive in the market.

**CONS**

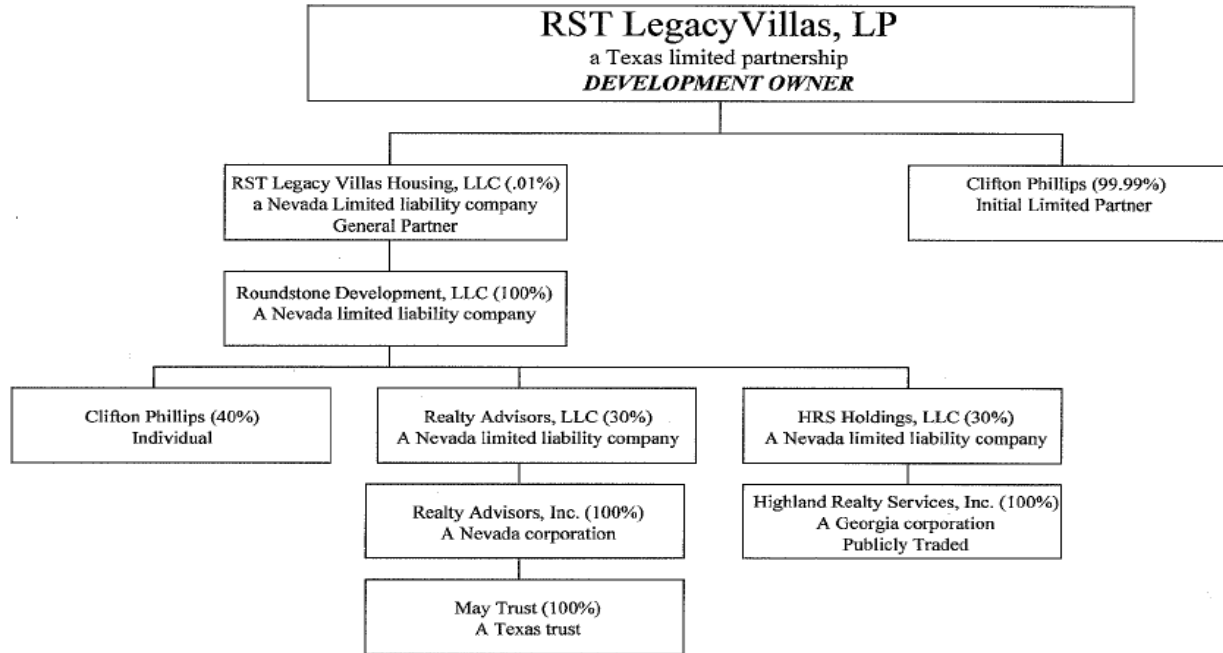
- The 60% AMI units show a capture rate in excess of 200%.
- The expense to income ratio exceeds 60% indicating that should flat rent growth occur over an extended period there is increased risk that the development will not be able to sustain breakeven operations over the long-term.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Clifton Phillips Phone: (972) 243-4205 Fax: (972) 243-4267  
 Email: cep@rstdev.com

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Roundstone Development	N/A	TDHCA Certificate of Experience
Clifton Phillips	N/A	N/A
Realty Advisors, Inc.	N/A	N/A
The May Trust	N/A	N/A
Highland Realty Services	N/A	N/A

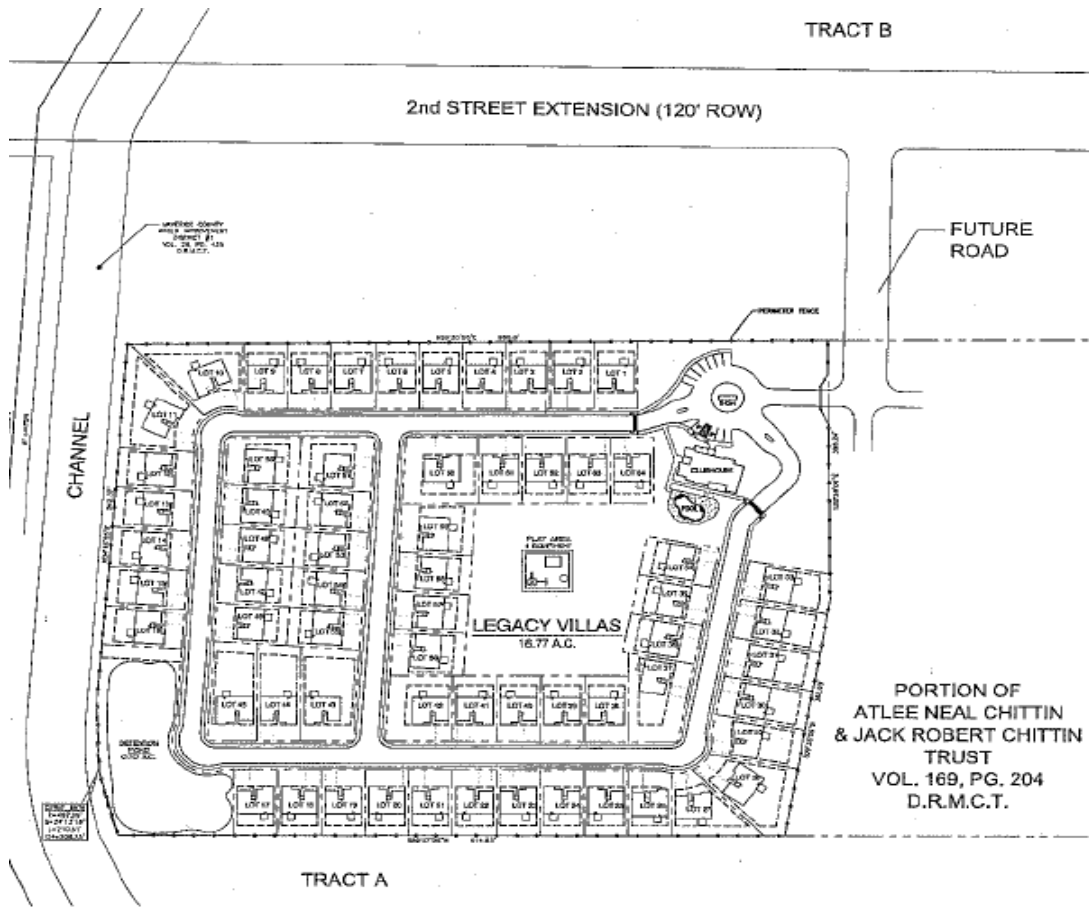
**IDENTITIES of INTEREST**

- The Applicant and Developer are related entities. These are common relationships for HTC-funded developments.
- The seller is regarded as a related party due to the fact that the seller also has ownership in the general contractor for Legacy Villas.

This section intentionally left blank.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	Single Family									Total Buildings
Floors/Stories	1									64
Number	64									64

BR/BA	SF	Units								Total Units	Total SF
4/2	1,370	1								64	87,680
Units per Building		1								64	87,680

**SITE ISSUES**

Total Size: 16.77 acres      Scattered site?       Yes       No

Flood Zone: X      Within 100-yr floodplain?       Yes       No

Zoning: R-1      Needs to be re-zoned?       Yes       No       N/A

Comments:

The Applicant has requested a zoning change from R-1 to R-2 from the City of Eagle Pass which would allow for single family development. Approval of the zoning change will be made a condition of this report.

**TDHCA SITE INSPECTION**

Inspector: ORCA Staff Date: 4/29/2009  
 Overall Assessment:  
 Excellent     Acceptable     Questionable     Poor     Unacceptable  
 Surrounding Uses:  
 North: Vacant land and Second St. beyond East: Undeveloped land  
 South: Undeveloped land West: Single Family homes

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: AquaTerra Assessments Date: 1/20/2009  
 Recognized Environmental Concerns (RECs) and Other Concerns:  
 • "This assessment has revealed no evidence of recognized environmental conditions in connection with the property." (p. 2)

**MARKET HIGHLIGHTS**

Provider: Apartment Marketdata Date: 3/14/2009  
 Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830  
 Number of Revisions: none Date of Last Applicant Revision: N / A  
 Primary Market Area (PMA): 1,296 sq. miles 20 mile equivalent radius  
 The Primary Market Area is defined as all of Maverick County. The PMA had an estimated 2008 population of 53,879, with 14,774 households.  
 Secondary Market Area (SMA):  
 The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Tammye's Pointe	07178	76	27	none			

INCOME LIMITS						
Maverick						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$9,600	\$10,950	\$12,350	\$13,700	\$14,800	\$15,900
40	\$12,760	\$14,600	\$16,400	\$18,240	\$19,680	\$21,160
50	\$15,950	\$18,250	\$20,500	\$22,800	\$24,600	\$26,450
60	\$19,140	\$21,900	\$24,600	\$27,360	\$29,520	\$31,740

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
4 BR/30%	47	-1	0	46	4	3	15%
4 BR/50%	89	4	0	93	28	0	30%
4 BR/60%	63	3	0	66	32	24	85%

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UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
4 BR/30%	15	0	0	15	4	0	26%
4 BR/50%	34	1	0	36	28	3	87%
4 BR/60%	21	0	0	21	32	24	263%

OVERALL DEMAND							
		Target Households	Household Size	Income Eligible	Tenure	Demand	
PMA DEMAND from TURNOVER				turnover			
Market Analyst p. 61					282	45%	127
Underwriter					285	44%	127
PMA DEMAND from GROWTH				growth			
Market Analyst p. 61							3
Underwriter						100%	3
INCLUSIVE CAPTURE RATE							
		Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 62		64	27	0	91	130	<b>70%</b>
Underwriter		64	27	0	91	130	<b>70%</b>

Proposed, Under Construction, and Unstabilized Comparable Supply:

There is one unstabilized comparable property in the PMA. Tammye's Pointe (#07178) is a 2007 development located approximately 4 miles from the subject. Of the total 76 units at Tammye's Pointe, 27 are 4-bedroom units which are directly comparable to the subject.

Demand Analysis:

The market study calculates demand for the subject 4-bedroom units based only on households of 5 or more. (If households of less than 5 were considered, then unstabilized supply of units smaller than 4 bedrooms would need to be included, since they would compete for the same demand.) The market study identifies demand for 127 units due to household turnover, and demand for 3 units due to household growth. The underwriting analysis confirms these calculations. Total demand for 130 units, and a total comparable supply of 91 units, indicates an inclusive capture rate of 70%. This satisfies the maximum capture rate of 75% for rural developments targeting families.

Primary Market Occupancy Rates:

"The overall occupancy reported in the market is 98.3%." (p. 46)

Absorption Projections:

"We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p. 48)

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market	
4 BR 1,370 SF 30%	\$168	\$185	\$920	\$185	\$735	
4 BR 1,370 SF 50%	\$454	\$482	\$920	\$482	\$438	
4 BR 1,370 SF 60%	\$597	\$631	\$920	\$631	\$289	

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Newer affordable family units have been easily absorbed. Today, stabilized affordable projects are 97.5% occupied." (p. 51)

Comments:

The market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:    Number of Revisions:    None    Date of Last Applicant Revision:    N/A

The Applicant's projected rents collected per unit were calculated by subtracting the tenant-paid utility allowances as of January 1, 2008, maintained by the Eagle Pass Housing Authority from the 2008 HUD rural rent limits which apply to HTC applications. Based on the Applicant's intention to charge maximum program rents, the Underwriter used the 2009 maximum rents in this analysis. It should be noted that the 2009 rent limits were not available at the time the application was submitted. Therefore, the Underwriter's use of the higher 2009 rent limits will reflect more potential income as a result. Tenants will be required to pay all natural gas and electric utility costs.

The Applicant's estimate of secondary income and vacancy and collection loss are within the Department's guidelines. Overall the Applicant's effective gross income is not within 5% of the Underwriter's estimate.

Expense:    Number of Revisions:    None    Date of Last Applicant Revision:    N/A

The Applicant's total annual operating expense projection at \$3,639 per unit is within 5% of the Underwriter's estimate of \$3,705, derived from the TDHCA database, IREM, and third-party data sources. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: utilities (\$5.4K lower), water, sewer, & trash (\$18K higher), and property tax (\$9K lower).

Conclusion:

The Applicant's estimate of gross income and net operating income are not within 5% of the Underwriter's estimates; therefore, the Underwriter's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR).

Based on the Applicant's proposed financing structure, the estimated DCR of 1.30 falls within the Department's guidelines.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only: 44.74 acres	<u>\$1,370,920</u>	Tax Year:	<u>2008</u>
Prorated 1 acre:	<u>\$30,642</u>	Valuation by:	<u>Maverick CAD</u>
Prorated 16.77 acres:	<u>\$513,865</u>	Tax Rate:	<u>2.07432</u>

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EVIDENCE of PROPERTY CONTROL

Type: Contract for Purchase and Sale of Real Property Acreage: 16.77

Contract Expiration: 12/1/2009 Valid Through Board Date?  Yes  No

Acquisition Cost: \$470,000 Other: \_\_\_\_\_

Seller: Charlie Nicholas Related to Development Team?  Yes  No

Comments:

Charlie Nicholas has an ownership interest in the general contractor NE Construction, LLC the general contractor for Legacy Villas.

CONSTRUCTION COST ESTIMATE EVALUATION

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:

The seller of the property is also the owner of development's general contractor, NE Construction. As a result the property transfer is considered an identity of interest. Originally the seller purchased a 44.74-acre tract of land in December 2006 for a total of \$1,293,804 including holding expenses and a return on investment. The site acquisition cost of \$28,026 per acre as reflected in the current application for the 16.77 acres is below the prorata amount from the original acquisition and is therefore acceptable.

Sitework Cost:

The Applicant's claimed sitework costs of \$9,000 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$272K or 5% lower than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$8,551,329 and the 9% applicable percentage rate supports annual tax credits of \$1,000,505. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: Raymond James Multifamily Finance, Inc. Type: Interim Financing

Principal: \$6,600,000 Interest Rate: 4.75%  Fixed Term: 24 months

Comments:

Prime Rate as reported in the Wall Street Journal plus 150 basis points

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Source: City of Eagle Pass Type: Interim Financing

Principal: \$285,000 Interest Rate: 3.52%  Fixed Term: 24 months

Comments:  
Interest Rate will adjust with the monthly long term AFR

Source: NE Millworks, LLC Type: Interim Financing

Principal: \$190,000 Interest Rate: 3.52%  Fixed Term: 24 months

Comments:  
Interest Rate will adjust with the monthly long term AFR

Source: Raymond James Multifamily Finance, Inc. Type: Permanent Financing

Principal: \$1,494,380 Interest Rate: 7.00%  Fixed Amort: 360 months

Comments:  
10-year US Treasury Yield plus 396 basis points, underwritten at 7%.

Source: Raymond James Type: Syndication

Proceeds: \$7,399,260 Syndication Rate: 74% Anticipated HTC: \$ 1,000,000

Comments:  
The Underwriter has determined that should the credit pricing for this transaction fall below \$0.655, the financial feasibility of the transaction could be jeopardized. According to the commitment, if the closing has not occurred by April 30, 2010, this agreement shall automatically terminate.

Amount: \$262,153 Type: Deferred Developer Fees

### CONCLUSIONS

#### Recommended Financing Structure:

The Applicant's total development cost estimate less the permanent loan of \$1,494,380 indicates the need for \$7,661,413 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,035,430 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,000,000), the gap-driven amount (\$1,035,430), and eligible basis-derived estimate (\$1,000,505), the Applicant's request of \$1,000,000 is recommended resulting in proceeds of \$7,399,260 based on a syndication rate of 74%.

The Underwriter's recommended financing structure indicates the need for \$262,153 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cash flow within fifteen years of stabilized operation.

Underwriter: \_\_\_\_\_ Date: June 12, 2009  
*Carl Hoover*

Manager of Real Estate Analysis: \_\_\_\_\_ Date: June 12, 2009  
*Raquel Morales*

Director of Real Estate Analysis: \_\_\_\_\_ Date: June 12, 2009  
*Brent Stewart*

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Legacy Villas, Eagle Pass, 9% HTC #09119**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	4	4	2	1,370	\$446	\$185	\$740	\$0.14	\$261.00	\$73.00
TC 50%	28	4	2	1,370	\$743	\$482	\$13,496	\$0.35	\$261.00	\$73.00
TC 60%	32	4	2	1,370	\$892	\$631	\$20,192	\$0.46	\$261.00	\$73.00
<b>TOTAL:</b>	<b>64</b>		<b>AVERAGE:</b>	<b>1,370</b>		<b>\$538</b>	<b>\$34,428</b>	<b>\$0.39</b>	<b>\$261.00</b>	<b>\$73.00</b>

**INCOME**

Total Net Rentable Sq Ft: **87,680**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
 Other Support Income: \$0.00 Per Unit Per Month

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions: 0

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.45%	\$273	0.20	\$17,470	\$19,008	\$0.22	\$297	5.12%
Management	5.00%	307	0.22	19,640	18,564	0.21	290	5.00%
Payroll & Payroll Tax	11.65%	715	0.52	45,763	47,786	0.55	747	12.87%
Repairs & Maintenance	8.83%	542	0.40	34,691	28,992	0.33	453	7.81%
Utilities	3.74%	229	0.17	14,676	9,280	0.11	145	2.50%
Water, Sewer, & Trash	5.28%	324	0.24	20,741	38,464	0.44	601	10.36%
Property Insurance	6.73%	413	0.30	26,425	22,400	0.26	350	6.03%
Property Tax 2.07432	7.77%	477	0.35	30,534	21,184	0.24	331	5.71%
Reserve for Replacements	4.07%	250	0.18	16,000	16,000	0.18	250	4.31%
TDHCA Compliance Fees	0.65%	40	0.03	2,560	2,560	0.03	40	0.69%
Other: Supp. Serv.	2.20%	135	0.10	8,640	8,640	0.10	135	2.33%
<b>TOTAL EXPENSES</b>	<b>60.37%</b>	<b>\$3,705</b>	<b>\$2.70</b>	<b>\$237,140</b>	<b>\$232,878</b>	<b>\$2.66</b>	<b>\$3,639</b>	<b>62.73%</b>
<b>NET OPERATING INC</b>	<b>39.63%</b>	<b>\$2,432</b>	<b>\$1.78</b>	<b>\$155,667</b>	<b>\$138,390</b>	<b>\$1.58</b>	<b>\$2,162</b>	<b>37.27%</b>

**DEBT SERVICE**

Raymond James Multifamily Finance	30.37%	\$1,864	\$1.36	\$119,306	\$119,306	\$1.36	\$1,864	32.13%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>9.26%</b>	<b>\$568</b>	<b>\$0.41</b>	<b>\$36,361</b>	<b>\$19,084</b>	<b>\$0.22</b>	<b>\$298</b>	<b>5.14%</b>

AGGREGATE DEBT COVERAGE RATIO: 1.30 / 1.16

RECOMMENDED DEBT COVERAGE RATIO: 1.30

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		4.97%	\$7,344	\$5.36	\$470,000	\$470,000	\$5.36	\$7,344	5.13%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		6.10%	9,000	6.57	576,000	576,000	6.57	9,000	6.29%
Direct Construction		55.08%	81,304	59.35	5,203,486	4,931,200	56.24	77,050	53.86%
Contingency 4.76%		2.91%	4,303	3.14	275,360	275,360	3.14	4,303	3.01%
Contractor's Fees 13.34%		8.16%	12,047	8.79	771,008	771,008	8.79	12,047	8.42%
Indirect Construction		5.99%	8,846	6.46	566,140	566,140	6.46	8,846	6.18%
Ineligible Costs		1.08%	1,601	1.17	102,464	102,464	1.17	1,601	1.12%
Developer's Fees 14.47%		11.81%	17,428	12.72	1,115,391	1,115,391	12.72	17,428	12.18%
Interim Financing		3.35%	4,941	3.61	316,230	316,230	3.61	4,941	3.45%
Reserves		0.55%	806	0.59	51,601	32,000	0.36	500	0.35%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$147,620</b>	<b>\$107.75</b>	<b>\$9,447,680</b>	<b>\$9,155,793</b>	<b>\$104.42</b>	<b>\$143,059</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>72.25%</b>	<b>\$106,654</b>	<b>\$77.85</b>	<b>\$6,825,854</b>	<b>\$6,553,568</b>	<b>\$74.74</b>	<b>\$102,400</b>	<b>71.58%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
Raymond James Multifamily Finance	15.82%	\$23,350	\$17.04	\$1,494,380	\$1,494,380	\$1,494,380	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	0	0	\$1,115,391
HTC Syndication Proceeds	78.32%	\$115,613	\$84.39	7,399,260	7,399,260	7,399,260	% of Dev. Fee Deferred
Deferred Developer Fees	2.77%	\$4,096	\$2.99	262,153	262,153	262,153	24%
Additional (Excess) Funds Req'd	3.09%	\$4,561	\$3.33	291,887	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$9,447,680</b>	<b>\$9,155,793</b>	<b>\$9,155,793</b>	<b>\$614,873</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Legacy Villas, Eagle Pass, 9% HTC #09119*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Single Family Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$77.60	\$6,803,788
<b>Adjustments</b>				
Exterior Wall Finish			\$0.00	\$0
Subdivision Discount	-12.00%		(9.31)	(816,455)
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.55)	(223,584)
Floor Cover			3.42	299,866
Porches and Patios	\$22.29	9,516	2.42	212,112
Plumbing Fixtures	\$1,200	0	0.00	0
Rough-ins	\$475	64	0.35	30,400
Built-In Appliances	\$2,775	64	2.03	177,600
Exterior Stairs	\$1,875		0.00	0
Enclosed Corridors	\$67.68		0.00	0
Heating/Cooling			1.92	168,346
Garages/Carports	\$24.77	25,344	7.16	627,771
Comm &/or Aux Bldgs			0.00	0
Other: fire sprinkler	\$2.15		0.00	0
<b>SUBTOTAL</b>			<b>83.03</b>	<b>7,279,843</b>
Current Cost Multiplier	1.01		0.83	72,798
Local Multiplier	0.87		(10.79)	(946,380)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$73.06</b>	<b>\$6,406,262</b>
Plans, specs, survy, bld prm	3.90%		(\$2.85)	(\$249,844)
Interim Construction Interest	3.38%		(2.47)	(216,211)
Contractor's OH & Profit	11.50%		(8.40)	(736,720)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$59.35</b>	<b>\$5,203,486</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,494,380	Amort	360
Int Rate	7.00%	DCR	1.30

<b>Secondary</b>	\$0	Amort	
Int Rate		Subtotal DCR	1.30

<b>Additional</b>	\$7,399,260	Amort	
Int Rate		Aggregate DCR	1.30

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$119,306
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$36,361</b>

<b>Primary</b>	\$1,494,380	Amort	360
Int Rate	7.00%	DCR	1.30

<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.30

<b>Additional</b>	\$7,399,260	Amort	0
Int Rate	0.00%	Aggregate DCR	1.30

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

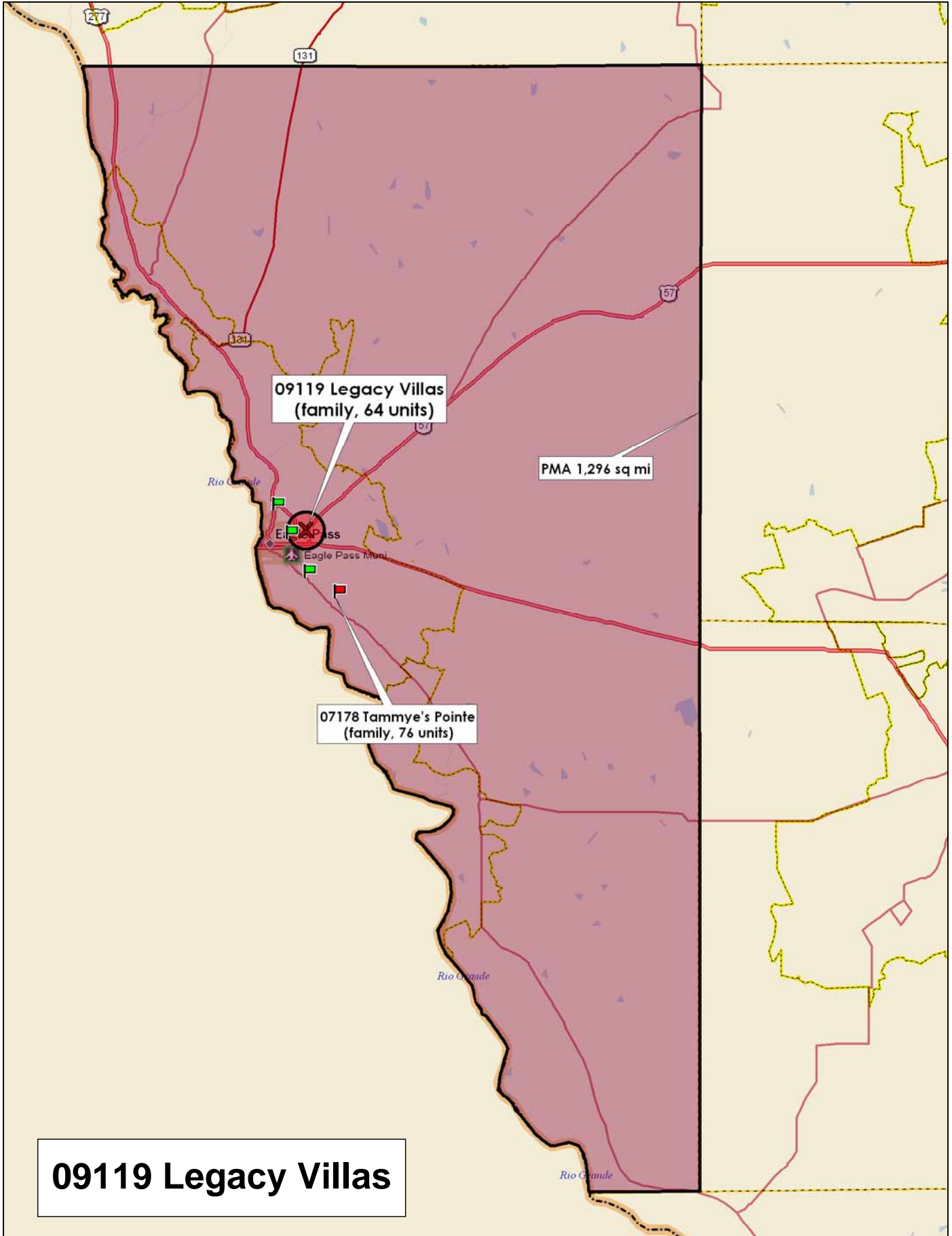
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$413,136	\$421,399	\$429,827	\$438,423	\$447,192	\$493,736	\$545,124	\$601,861	\$733,665
Secondary Income	11,520	11,750	11,985	12,225	12,470	13,767	15,200	16,782	20,458
Other Support Income:	0	0	0	0	0	0	0	0	0
<b>POTENTIAL GROSS INCOME</b>	<b>424,656</b>	<b>433,149</b>	<b>441,812</b>	<b>450,648</b>	<b>459,661</b>	<b>507,503</b>	<b>560,325</b>	<b>618,644</b>	<b>754,123</b>
Vacancy & Collection Loss	(31,849)	(32,486)	(33,136)	(33,799)	(34,475)	(38,063)	(42,024)	(46,398)	(56,559)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$392,807</b>	<b>\$400,663</b>	<b>\$408,676</b>	<b>\$416,850</b>	<b>\$425,187</b>	<b>\$469,440</b>	<b>\$518,300</b>	<b>\$572,245</b>	<b>\$697,564</b>
EXPENSES at 3.00%									
General & Administrative	\$17,470	\$17,994	\$18,534	\$19,090	\$19,663	\$22,795	\$26,425	\$30,634	\$41,170
Management	19,640	20,033	20,434	20,842	21,259	23,472	25,915	28,612	34,878
Payroll & Payroll Tax	45,763	47,135	48,549	50,006	51,506	59,710	69,220	80,245	107,842
Repairs & Maintenance	34,691	35,732	36,804	37,908	39,045	45,264	52,474	60,831	81,752
Utilities	14,676	15,116	15,570	16,037	16,518	19,149	22,199	25,735	34,585
Water, Sewer & Trash	20,741	21,363	22,004	22,664	23,344	27,062	31,372	36,369	48,877
Insurance	26,425	27,217	28,034	28,875	29,741	34,478	39,970	46,336	62,271
Property Tax	30,534	31,450	32,394	33,365	34,366	39,840	46,185	53,542	71,955
Reserve for Replacements	16,000	16,480	16,974	17,484	18,008	20,876	24,201	28,056	37,705
Other	11,200	11,536	11,882	12,239	12,606	14,613	16,941	19,639	26,394
<b>TOTAL EXPENSES</b>	<b>\$237,140</b>	<b>\$244,058</b>	<b>\$251,179</b>	<b>\$258,510</b>	<b>\$266,057</b>	<b>\$307,260</b>	<b>\$354,903</b>	<b>\$409,999</b>	<b>\$547,430</b>
<b>NET OPERATING INCOME</b>	<b>\$155,667</b>	<b>\$156,605</b>	<b>\$157,497</b>	<b>\$158,340</b>	<b>\$159,130</b>	<b>\$162,181</b>	<b>\$163,398</b>	<b>\$162,246</b>	<b>\$150,134</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$119,306	\$119,306	\$119,306	\$119,306	\$119,306	\$119,306	\$119,306	\$119,306	\$119,306
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$36,361</b>	<b>\$37,299</b>	<b>\$38,191</b>	<b>\$39,034</b>	<b>\$39,824</b>	<b>\$42,875</b>	<b>\$44,092</b>	<b>\$42,940</b>	<b>\$30,828</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.30</b>	<b>1.31</b>	<b>1.32</b>	<b>1.33</b>	<b>1.33</b>	<b>1.36</b>	<b>1.37</b>	<b>1.36</b>	<b>1.26</b>

**HTC ALLOCATION ANALYSIS -Legacy Villas, Eagle Pass, 9% HTC #09119**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$470,000	\$470,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$576,000	\$576,000	\$576,000	\$576,000
<b>Construction Hard Costs</b>	\$4,931,200	\$5,203,486	\$4,931,200	\$5,203,486
<b>Contractor Fees</b>	\$771,008	\$771,008	\$771,008	\$771,008
<b>Contingencies</b>	\$275,360	\$275,360	\$275,360	\$275,360
<b>Eligible Indirect Fees</b>	\$566,140	\$566,140	\$566,140	\$566,140
<b>Eligible Financing Fees</b>	\$316,230	\$316,230	\$316,230	\$316,230
<b>All Ineligible Costs</b>	\$102,464	\$102,464		
<b>Developer Fees</b>			\$1,115,391	
Developer Fees	\$1,115,391	\$1,115,391		\$1,115,391
<b>Development Reserves</b>	\$32,000	\$51,601		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$9,155,793</b>	<b>\$9,447,680</b>	<b>\$8,551,329</b>	<b>\$8,823,615</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$8,551,329	\$8,823,615
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$11,116,727	\$11,470,700
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$11,116,727	\$11,470,700
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,000,505	\$1,032,363

<b>Syndication Proceeds</b>	<b>0.7399</b>	<b>\$7,403,000</b>	<b>\$7,638,722</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,000,505</b>	<b>\$1,032,363</b>
<b>Syndication Proceeds</b>		<b>\$7,403,000</b>	<b>\$7,638,722</b>
<b>Requested Tax Credits</b>		<b>\$1,000,000</b>	
<b>Syndication Proceeds</b>		<b>\$7,399,260</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$7,661,413</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,035,430</b>	



**09119 Legacy Villas**

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TN  
 MN (6.1°E)  
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Scale 1 : 450,000  
 0 2 4 6 8 10 12 16 20 mi  
 0 4 8 12 16 20 km  
 1" = 7.10 mi Data Zoom 8-7



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Senior Villages of Huntsville, TDHCA Number 09120**

BASIC DEVELOPMENT INFORMATION

Site Address: 140 Essex Blvd. Development #: 09120  
 City: Huntsville Region: 6 Population Served: Elderly  
 County: Walker Zip Code: 77320 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Senior Villages of Huntsville LP  
 Owner Contact and Phone: R.J. Collins, (512) 249-6240  
 Developer: Tejas Housing LP  
 Housing General Contractor: Charter Contractors LP  
 Architect: Cross Architects  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: Newlife Housing Foundation  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	36	
	2	0	18	16	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	22	14	0	0	0	
Type of Building:						Total Development Units:	36
<input checked="" type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$4,615,648
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	18
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$543,038	\$496,797			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Senior Villages of Huntsville, TDHCA Number 09120

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Ogden, District 5, S

Points: 14 US Representative: Brady, District 8, NC

TX Representative: Kolkhorst, District 13, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: S, Danny Pierce, County Judge

Resolution of Support from Local Government

S, Bill Baine, City Manager

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Huntsville, Walker County, Chamber of Commerce, S, Tood Armstrong, Chairman of the Board

COME Center, S, Georgia Elmer, Executive Director

Senior Center of Walker County, S, James Grant, Executive Director

**General Summary of Comment:**

Letter of support from elected official and the city of Huntsville. Resolution from city council in support as well.

**CONDITIONS OF COMMITMENT**

1. Receipt, review and acceptance of documentation by cost certification verifying no buildings and/or improvements to include drives are located in the 100-year floodplain. Should buildings or improvements be found to be in the floodplain, a flood hazard mitigation plan must be provided to include , at a minimum, consideration and documentation of floodplain reclamation sitework costs, building flood insurance and tenant flood insurance costs.
2. Receipt, review and acceptance of ingress and egress easements and/or an agreement with the Phase I partnership (HTC #05179 - The Villages of Huntsville) to share common entrance area prior to cost certification is a condition of this report.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Senior Villages of Huntsville, TDHCA Number 09120**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **10**

Total # Monitored: **10**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **203**  Meeting a Required Set-Aside Credit Amount\*: \$496,797

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/22/09 PROGRAM: 9% HTC FILE NUMBER: 09120

**DEVELOPMENT**

Senior Villages of Huntsville

Location: 140 Essex Blvd. Region: 6  
 City: Huntsville County: Walker Zip: 77320  QCT  DDA  
 Key Attributes: Elderly, Rural, New Construction

**ALLOCATION**

	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$543,048			\$496,797		

**CONDITIONS**

- 1 Receipt, review, and acceptance of documentation by cost certification verifying no buildings and/or improvements to include drives are located in the 100-year floodplain. Should buildings or improvements be found to be in the floodplain, a flood hazard mitigation plan must be provided to include, at a minimum, consideration and documentation of floodplain reclamation sitework costs, building flood insurance and tenant flood insurance costs.
- 2 Receipt, review, and acceptance of ingress and egress easements and/or an agreement with the Phase I partnership (HTC #05179 - The Villages of Huntsville) to share common entrance area prior to cost certification is a condition of this report.
- 3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	2
50% of AMI	50% of AMI	18
60% of AMI	60% of AMI	16

**PROS**

- The site inspector rated this site as "acceptable", however it should be noted that this is "the nicest property out of the 9 new construction site I have evaluated this year."

**CONS**

- The Applicant's high expense to income ratio, only marginally below the Department's 65% maximum guideline, indicate that periods of flat rental income with increasing expenses could possibly cause this development to become infeasible within 30 years of operation.

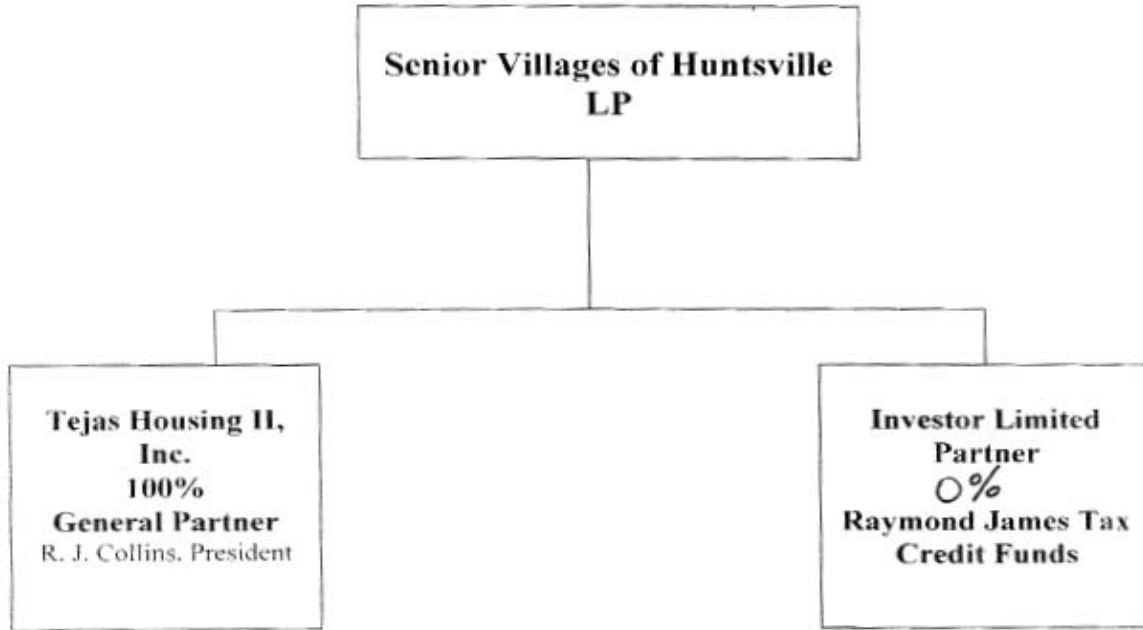
- The proposed site is Phase II of an existing LIHTC property adjacent to the subject.
- 50% and 60% AMI units show capture rates that exceed 100%.

**PREVIOUS UNDERWRITING REPORTS**

None, however this is a second phase to an original 76 unit development (#05179 - The Villages of Huntsville) that was allocated tax credits in 2005 and completed in 2007. This second and final phase of the development will share a common entrance. Receipt, review, and acceptance of ingress and egress easements and/or an agreement with the phase I partnership to share common entrance area prior to cost certification is a condition of this report.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: R.J. Collins Phone: (512) 249-6240 Fax: (512) 249-6660  
 Email: emitejas@austin.rr.com

**KEY PARTICIPANTS**

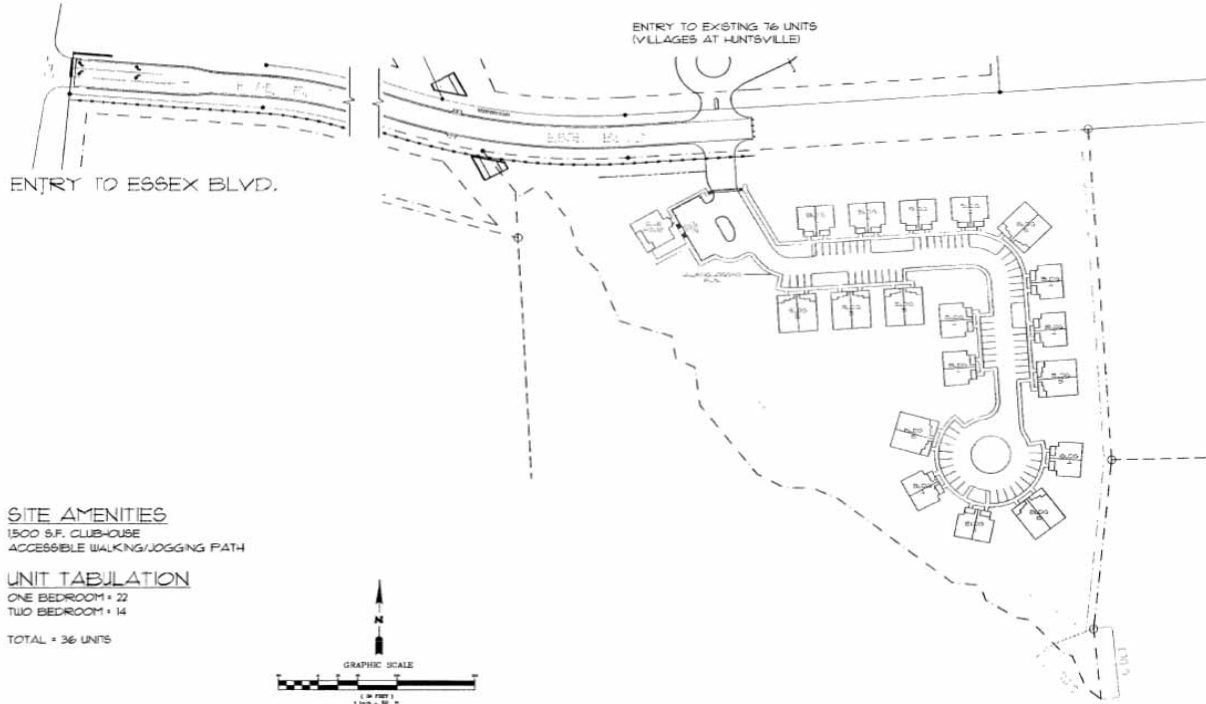
Name	Financial Notes	# Completed Developments
R.J. Collins	CONFIDENTIAL	6
Tejas Housing	CONFIDENTIAL	2
Tejas Housing II	To Be Formed	0

**IDENTITIES of INTEREST**

- The Applicant, Developer, and General Contractor are related entities. These are common relationships for HTC-funded developments.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	A-1	B-1																			Total Buildings	
Floors/Stories	1	1																				
Number	11	7																				<b>18</b>

BR/BA	SF	Units										Total Units	Total SF	
1/1	800	2											22	17,600
2/2	1,100		2										14	15,400
Units per Building		2	2										<b>36</b>	<b>33,000</b>

**SITE ISSUES**

Total Size: 7.81 acres Scattered site?  Yes  No  
 Flood Zone: Zone A & X Within 100-yr floodplain?  Yes  No  
 Zoning: Management District Needs to be re-zoned?  Yes  No  N/A

Comments:  
 A portion of the subject lies within the Flood Zone A according to the FEMA Map. Per the Phase I ESA, "The south-southwest property boundary includes an unnamed tributary of the Town Branch that is a creek. Portions of the creek bed or banks are included in "Flood Zone A" and this area will need to be excluded from the development unless the drainage area is redesigned to accommodate the flood zone." (p. 6)

This section intentionally left blank.

According to the 2009 QAP §49.6(a) "Floodplain. Any Development proposing New Construction located within the 100 year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements. If no FEMA Flood Insurance Rate Maps are available for the proposed Development, flood zone documentation must be provided from the local government with jurisdiction identifying the 100 year floodplain. No buildings or roads that are part of a Development proposing Rehabilitation, with the exception of Developments with federal funding assistance from HUD or TX USDA-RHS, will be permitted in the 100 year floodplain unless they already meet the requirements established in this subsection for New Construction."

**TDHCA SITE INSPECTION**

Inspector: ORCA Staff Date: 4/21/2009

Overall Assessment:

Excellent  Acceptable  Questionable  Poor  Unacceptable

Surrounding Uses:

North: Villages at Huntsville; wooded East: Wooded  
 South: Wooded West: Open Lots; TDCJ Byrd Unit

Comments:

"Although rated 'Acceptable', this is clearly the nicest property of the 9 potential new construction sites I have evaluated this year; adjacent property (Villages of Huntsville) appears very nice & well maintained. There is good curb appeal and nice infrastructure (entrances, streets, & surrounding properties)."

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Matrix Environmental Sciences, Inc. Date: 3/14/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- The adjacent east cemetery includes a series of grave headstones or markers immediately below the property line fence. During development extra time should be allowed to mark and protect these gravesites to prevent damage from earth moving equipment.
- The south-southwest property boundary includes an unnamed tributary of the Town Branch that is a creek. Portions of the creek bed or banks are included in Flood Zone "A" and this area will need to be excluded from the development unless the drainage area is redesigned to accommodate the flood zone.

**MARKET HIGHLIGHTS**

Provider: Apartment MarketData, LLC Date: \_\_\_\_\_

Contact: Darrell G. Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: None Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 801 sq. miles 16 mile equivalent radius

The Primary Market Area encompasses Walker County. This area was used as it complies with the definition of a PMA as defined by TDHCA. The area shown on the map (last page of this report), takes into consideration this area's housing needs, demand draw, natural, political and manmade barriers, and the appropriate demographics of the area applicable to the demand for rental apartments. At the same time, the PMA was limited to a population of 100,000; and may not be inclusive of the entire area that the analyst expects the subject to draw the majority of its residents. [pg 3 & 4]

This section intentionally left blank.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS						
PMA				SMA		
Name	File #	Total Units	Comp Units	None		
Montgomery Meadows Sr. Phase II	08254	48	48			

INCOME LIMITS						
Walker						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$10,750	\$12,300	\$13,800	\$15,350	\$16,600	\$17,800
40	\$14,320	\$16,400	\$18,440	\$20,480	\$22,120	\$23,760
50	\$17,900	\$20,500	\$23,050	\$25,600	\$27,650	\$29,700
60	\$21,480	\$24,600	\$27,660	\$30,720	\$33,180	\$35,640

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	41	1	0	42	2	1	7%
1 BR/50%	9	0	0	9	10	23	367%
1 BR/60%	48	2	0	50	10	12	44%
2 BR/50%	6	0	0	6	8	5	217%
2 BR/60%	29	2	0	31	6	5	35%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	23	1	0	24	2	1	13%
1 BR/50%	18	1	0	19	10	23	176%
1 BR/60%	20	1	0	21	10	12	107%
2 BR/50%	12	0	0	13	8	5	103%
2 BR/60%	17	1	0	19	6	5	58%

OVERALL DEMAND										
	Target Households	Household Size	Income Eligible	Tenure	Demand					
PMA DEMAND from TURNOVER				turnover						
Market Analyst p. 67			1,673	29%	485	28%	135			
Underwriter	19%	6,279	100%	6,279	28%	1,758	58%	1,020	28%	284
PMA DEMAND from GROWTH				growth						
Market Analyst p. 61							6			
Underwriter	19%	110	100%	110	28%	31	58%	18	100%	18
DEMAND from OTHER SOURCES				Homeowner Turnover						
Market Analyst p. 61					1,673	10%	167			
Underwriter					467	6%	28			

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INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 63	36	48	0	84	308	<b>27%</b>
Underwriter	36	48	0	84	331	<b>25%</b>

Supply and Demand Analysis:

The following table analyzes the current supply and demand for rental units. From this table, we assess that the submarket could immediately absorb 119 units without the market falling below a stabilized occupancy of 93%.

<b>Total Units 2009</b>	<b>9,148</b>
<b>Total Units Vacant 2009</b>	<b>521</b>
<b>Units leased at Stabilized 93% occupancy</b>	<b>8,508</b>
<b>Units left to lease to reach 93% occupancy</b>	<b>(119)</b>

The 2009 Real Estate Analysis Rules allow for demand from senior homeowners up to a 10% turnover rate if supported by appropriate data. The Market Analyst applies a 10% turnover rate to the homeowner household population but does not provide any specific data. This results in the additional demand of 167 units. The Underwriter and the Market Analyst used 27.9% for the turnover rate per the TDHCA Turnover Database. The Market Analyst's calculation of tenure resulted in lower demand than the Underwriter's calculation. This is due to the Market Analyst's use of 1, 2, and 3 person renter households only. It can be reasonably assumed that most senior households will consist of 1 or 2 persons, however the underwriting analysis takes 1 thru 6 person renter households in consideration. The overall capture rates are found to be within TDHCA guidelines.

Primary Market Occupancy Rates:

The overall occupancy reported in the market is 94.3% [pg 10]. The occupancy rate for the income restricted one bedrooms is 100% for income restricted two bedrooms it is 83.3%, and the overall average occupancy for income restricted units is 92.0% [pg 13].

Absorption Projections:

The calculated historical absorption for the PMA was 142 units annually from 2000 - 2009 [pg 16]. The overall occupancy reported in the market is 94.3%. [pg 10] It is estimated that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction. An 8% monthly lease-up rate would be as follows: [pg 47]

Month	7	8	9	10	11	12	13	14	15	16	17	18	Total: 93%
Units	3	3	3	3	3	3	3	3	3	3	3	3	33
<b>Note: During months 1-6, the project will be under construction so no units will be occupied.</b>													

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market	
1 BR 800 SF 30%	\$214	\$217	\$625	\$217	\$408	
1 BR 800 SF 50%	\$404	\$409	\$625	\$409	\$216	
1 BR 800 SF 60%	\$499	\$505	\$625	\$505	\$120	
2 BR 1,100 SF 50%	\$472	\$478	\$820	\$478	\$342	
2 BR 1,100 SF 60%	\$586	\$593	\$820	\$593	\$227	

Market Impact:

The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Newer affordable family units have been easily absorbed. Today, affordable properties in the Trade Area report an overall average occupancy of 96.5%, while newer affordable projects report occupancy levels at 92% to 100%. The newest affordable project in the Montgomery Meadows Sr. Phase I, an elderly complex, was completed in 2005 and is 92% occupied. Villages at Huntsville, a family complex that is adjacent to the proposed subject, was completed in 2008 and is 100% occupied. This demonstrates that the demand for new affordable rental housing is high. [pg 12]

Comments:

The market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of May 2008, maintained by the Walker County Housing Authority, from the 2008 program gross rent limits. The Underwriter used 2009 program rent limits which were not available at the time of application. Tenants will be required to pay electric, natural gas, water, and sewer costs as the development will be responsible solely for trash collection expenses. The Applicant's secondary income of \$15 per unit per month, and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines.

Expense:      Number of Revisions:      1      Date of Last Applicant Revision:      5/26/2009

The Applicant's total annual operating expense projection at \$3,456 per unit is within 5% of the Underwriter's estimate of \$3,563, derived from the TDHCA database, and third-party data sources. The Applicant's revised budget shows payroll and payroll taxes deviate by more than \$5K when compared to the database averages. However, it should be noted that the subject development is Phase II of HTC #05179 - The Villages of Huntsville and the two developments will share staff which should mitigate payroll expenses.

Conclusion:

The Applicant's effective gross income, operating expenses, and net operating income are all within 5% of the Underwriter's estimates; therefore, the Applicant's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.25, which is within the Department's DCR guideline of 1.15 to 1.35.

It should be noted that the Underwriter's expense to income ratio of 66.06% exceeds the Department's maximum guideline of 65%. The Applicant's estimate, at 64.83%, is marginally below the Department's guideline. Since the Applicant's proforma is being used to determine the development's debt capacity, the Applicant's expense to income ratio is considered acceptable.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow.

This section intentionally left blank.



**ACQUISITION INFORMATION****ASSESSED VALUE**

Land Only: 7.8654 acres	<u>\$78,650</u>	Tax Year:	<u>2009</u>
Existing Buildings:	<u>\$0</u>	Valuation by:	<u>Walker CAD</u>
Total Assessed:	<u>\$78,650</u>	Tax Rate:	<u>2.3094</u>

**EVIDENCE of PROPERTY CONTROL**

Type: <u>Warranty Deed with Vendor's Lien</u>	Acreage: <u>7.8654</u>
Date Recorded: <u>12/15/2008</u>	Valid Through Board Date? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost: <u>\$180,000</u>	Other: _____
Seller: <u>Lone Star, LP</u>	Related to Development Team? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: 1 Date of Last Applicant Revision: 5/6/2009

**Acquisition Value:**

The site cost of \$22,885 per acre or \$5,000 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

**Sitework Cost:**

The Applicant's claimed sitework costs of \$9,000 per unit is within current Department guidelines without further third party substantiation.

**Direct Construction Cost:**

The Applicant's direct construction cost estimate is \$264K or 13% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate. The Underwriter discussed the difference in costs with the Applicant, but was unable to reconcile the discrepancy. The Applicant cited several reasons for higher than average development costs including, the development's location in a "GO Zone" which experiences very limited supplies of qualified workers and rising material costs, and equity investor requirements for 100% performance bond which is estimated to add \$200K to the development costs.

**Interim Interest Expense:**

The Underwriter reduced the Applicant's eligible interim financing fees by \$20,560 to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

**Contingency & Fees:**

The Applicant's contractor fees and contingency costs exceed the Department's guidelines by \$115 based on the Applicant's own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs.

**Conclusion:**

The Applicant's total development cost is not within 5% of the Underwriter's estimate; therefore, the Underwriter's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$4,246,132 supports annual tax credits of \$496,797. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

This section intentionally left blank.

**FINANCING STRUCTURE**

*SOURCES & USES*    Number of Revisions: None    Date of Last Applicant Revision: N/A

Source: City of Huntsville    Type: Interim Financing

Principal: \$225,000    Interest Rate: N/A     Fixed    Term: N/A months

Comments:  
A copy of a resolution from the City of Huntsville was provided in the application granting fee waivers for permit fees, tap fees and any required infrastructure costs up to \$255K.

Source: Stearns Bank, N.A.    Type: Interim Financing

Principal: \$2,200,000    Interest Rate: 7.5%     Fixed    Term: 24 months

Source: Lancaster Pollard    Type: Permanent Financing

Principal: \$767,795    Interest Rate: 6.5%     Fixed    Amort: 480 months

Comments:  
Depending on the loan to value the debt service payment could possibly include additional costs due to a Mortgage Insurance Premium (MIP) required by the lender.

Source: New Life Housing    Type: Permanent Financing

Principal: \$110,000    Conditions: 18 year term at 0% interest with all payment deferred until maturity.

Comments:  
An application has been submitted, however the determination will be conditioned up the TDHCA tax credit allocation award. Any funding recommendation will be conditioned upon receipt, review and acceptance, by Commitment, of a firm commitment from New Life Housing for the requested loan amount.

Source: Raymond James    Type: Syndication

Proceeds: \$4,018,153    Syndication Rate: 74%    Anticipated HTC: \$ 543,048

Comments:  
Due to the recent volatility in credit pricing, it should be noted, any decrease in rate could increase the amount of deferred developer fee. Additionally, a decrease below \$0.60 per dollar of credit may jeopardize the financial viability of the transaction. Alternatively, should the final credit price increase to more than \$0.76, all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Amount: \$94,442    Type: Deferred Developer Fees

This section intentionally left blank.

## CONCLUSIONS

### Recommended Financing Structure:

The Underwriter's total development cost estimate less the permanent loan of \$767,795 and \$110,000 indicates the need for \$3,737,853 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$505,166 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

<b><u>Allocation determined by eligible basis:</u></b>	<b><u>\$496,797</u></b>
Allocation determined by gap:	\$505,166
Allocation requested by the Applicant:	\$543,048

The allocation amount determined by the Underwriter's calculation of the eligible basis is recommended. A tax credit allocation of \$496,797 per year for 10 years results in total equity proceeds of \$3,675,933 at a syndication rate of \$0.74 per tax credit dollar.

The Underwriter's recommended financing structure indicates the need for \$61,920 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within 5 years of stabilized operation.

Underwriter:	_____	Date:	_____
	<i>Colton Sanders</i>		July 22, 2009
Manager of Real Estate Analysis:	_____	Date:	_____
	<i>Raquel Morales</i>		July 22, 2009
Director of Real Estate Analysis:	_____	Date:	_____
	<i>Brent Stewart</i>		July 22, 2009

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Senior Villages of Huntsville, Huntsville, 9% HTC #09120**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	TRASH Only
TC 30%	2	1	1	800	\$288	\$217	\$434	\$0.27	\$71.00	\$15.00
TC 50%	10	1	1	800	\$480	\$409	\$4,090	\$0.51	\$71.00	\$15.00
TC 60%	10	1	1	800	\$576	\$505	\$5,050	\$0.63	\$71.00	\$15.00
TC 50%	8	2	2	1,100	\$576	\$478	\$3,824	\$0.43	\$98.00	\$15.00
TC 60%	6	2	2	1,100	\$691	\$593	\$3,558	\$0.54	\$98.00	\$15.00
<b>TOTAL:</b>	<b>36</b>		<b>AVERAGE:</b>	<b>917</b>		<b>\$471</b>	<b>\$16,956</b>	<b>\$0.51</b>	<b>\$81.50</b>	<b>\$15.00</b>

<b>INCOME</b>		Total Net Rentable Sq Ft:	33,000		<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>					\$203,472	\$201,000	Walker		6
Secondary Income		Per Unit Per Month:	\$15.00		6,480	6,480	\$15.00	Per Unit Per Month	
Other Support Income:					0	0	\$0.00	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>					\$209,952	\$207,480			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%		(15,746)	(15,564)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0	0			
<b>EFFECTIVE GROSS INCOME</b>					\$194,206	\$191,916			

<b>EXPENSES</b>	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.10%	\$275	0.30	\$9,896	\$7,975	\$0.24	\$222	4.16%
Management	5.00%	270	0.29	9,710	7,676	0.23	213	4.00%
Payroll & Payroll Tax	13.98%	754	0.82	27,150	32,385	0.98	900	16.87%
Repairs & Maintenance	11.55%	623	0.68	22,436	19,080	0.58	530	9.94%
Utilities	3.30%	178	0.19	6,414	6,490	0.20	180	3.38%
Water, Sewer, & Trash	4.57%	246	0.27	8,868	8,036	0.24	223	4.19%
Property Insurance	5.95%	321	0.35	11,550	11,880	0.36	330	6.19%
Property Tax 2.3094	8.76%	473	0.52	17,019	15,650	0.47	435	8.15%
Reserve for Replacements	4.63%	250	0.27	9,000	9,000	0.27	250	4.69%
TDHCA Compliance Fees	0.74%	40	0.04	1,440	1,440	0.04	40	0.75%
Supportive Service Fee & Audit	2.47%	133	0.15	4,800	4,800	0.15	133	2.50%
<b>TOTAL EXPENSES</b>	<b>66.06%</b>	<b>\$3,563</b>	<b>\$3.89</b>	<b>\$128,283</b>	<b>\$124,412</b>	<b>\$3.77</b>	<b>\$3,456</b>	<b>64.83%</b>
<b>NET OPERATING INC</b>	<b>33.94%</b>	<b>\$1,831</b>	<b>\$2.00</b>	<b>\$65,922</b>	<b>\$67,504</b>	<b>\$2.05</b>	<b>\$1,875</b>	<b>35.17%</b>

<b>DEBT SERVICE</b>								
Lancaster Pollard	27.78%	\$1,498	\$1.63	\$53,941	\$53,941	\$1.63	\$1,498	28.11%
New Life Housing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>6.17%</b>	<b>\$333</b>	<b>\$0.36</b>	<b>\$11,981</b>	<b>\$13,563</b>	<b>\$0.41</b>	<b>\$377</b>	<b>7.07%</b>

AGGREGATE DEBT COVERAGE RATIO	1.22	1.25
RECOMMENDED DEBT COVERAGE RATIO		1.25

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		4.17%	\$5,344	\$5.83	\$192,400	\$192,400	\$5.83	\$5,344	3.86%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.02%	9,000	9.82	324,000	324,000	9.82	9,000	6.49%
Direct Construction		44.30%	56,796	61.96	2,044,642	2,308,794	69.96	64,133	46.26%
Contingency	5.00%	2.57%	3,290	3.59	118,432	131,670	3.99	3,658	2.64%
Contractor's Fees	14.00%	7.18%	9,211	10.05	331,610	368,676	11.17	10,241	7.39%
Indirect Construction		9.14%	11,717	12.78	421,800	421,800	12.78	11,717	8.45%
Ineligible Costs		2.28%	2,920	3.19	105,116	105,116	3.19	2,920	2.11%
Developer's Fees	20.00%	15.33%	19,658	21.45	707,689	767,974	23.27	21,333	15.39%
Interim Financing		6.46%	8,277	9.03	297,960	297,960	9.03	8,277	5.97%
Reserves		1.56%	2,000	2.18	72,000	72,000	2.18	2,000	1.44%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$128,212</b>	<b>\$139.87</b>	<b>\$4,615,648</b>	<b>\$4,990,390</b>	<b>\$151.22</b>	<b>\$138,622</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>61.07%</b>	<b>\$78,297</b>	<b>\$85.41</b>	<b>\$2,818,683</b>	<b>\$3,133,140</b>	<b>\$94.94</b>	<b>\$87,032</b>	<b>62.78%</b>

**SOURCES OF FUNDS**

						<b>RECOMMENDED</b>	
Lancaster Pollard	16.63%	\$21,328	\$23.27	\$767,795	\$767,795	\$767,795	Developer Fee Available
New Life Housing	2.38%	\$3,056	\$3.33	110,000	110,000	110,000	\$767,974
Raymond James	87.06%	\$111,615	\$121.76	4,018,153	4,018,153	3,675,933	% of Dev. Fee Deferred
Deferred Developer Fees	2.05%	\$2,623	\$2.86	94,442	94,442	61,920	8%
Additional (Excess) Funds Req'd	-8.12%	(\$10,409)	(\$11.36)	(374,742)	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$4,615,648</b>	<b>\$4,990,390</b>	<b>\$4,615,648</b>	<b>\$205,719</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

**Senior Villages of Huntsville, Huntsville, 9% HTC #09120**

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Townhouse Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$68.76	\$2,269,190
<b>Adjustments</b>				
Exterior Wall Finish	1.75%		\$1.20	\$39,711
Elderly	3.00%		2.06	68,076
9-Ft. Ceilings	0.00%		0.00	0
Roofing			0.00	0
Subfloor			(2.42)	(79,860)
Floor Cover			3.88	128,106
Breezeways/Balconies	\$20.39	5,570	3.44	113,578
Plumbing Fixtures	\$1,000	(30)	(0.91)	(30,000)
Rough-ins	\$435	36	0.47	15,660
Built-In Appliances	\$2,500	36	2.73	90,000
Exterior Stairs	\$1,875	0	0.00	0
Enclosed Corridors	\$58.84	0	0.00	0
Heating/Cooling			0.00	0
Garages/Carports	\$0.00	0	0.00	0
Comm &/or Aux Bldgs	\$81.13	1,500	3.69	121,688
Other: fire sprinkler	\$0.00	33,000	0.00	0
<b>SUBTOTAL</b>			<b>82.91</b>	<b>2,736,148</b>
Current Cost Multiplier	1.01		0.83	27,361
Local Multiplier	0.91		(7.46)	(246,253)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$76.28</b>	<b>\$2,517,256</b>
Plans, specs, survy, bld prn	3.90%		(\$2.97)	(\$98,173)
Interim Construction Interes	3.38%		(2.57)	(84,957)
Contractor's OH & Profit	11.50%		(8.77)	(289,484)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$61.96</b>	<b>\$2,044,642</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$767,795	Amort	480
Int Rate	6.50%	DCR	1.22

<b>Secondary</b>	\$110,000	Amort	
Int Rate		Subtotal DCR	1.22

<b>Additional</b>	\$4,018,153	Amort	
Int Rate		Aggregate DCR	1.22

**RECOMMENDED FINANCING STRUCTURE APPLICATION**

Primary Debt Service	\$53,941
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$13,563</b>

<b>Primary</b>	\$767,795	Amort	480
Int Rate	6.50%	DCR	1.25

<b>Secondary</b>	\$110,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.25

<b>Additional</b>	\$4,018,153	Amort	0
Int Rate	0.00%	Aggregate DCR	1.25

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$201,000	\$205,020	\$209,120	\$213,303	\$217,569	\$240,214	\$265,215	\$292,819	\$356,945
Secondary Income	6,480	6,610	6,742	6,877	7,014	7,744	8,550	9,440	11,507
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	207,480	211,630	215,862	220,179	224,583	247,958	273,765	302,259	368,452
Vacancy & Collection Loss	(15,564)	(15,872)	(16,190)	(16,513)	(16,844)	(18,597)	(20,532)	(22,669)	(27,634)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$191,916	\$195,757	\$199,673	\$203,666	\$207,739	\$229,361	\$253,233	\$279,590	\$340,818
EXPENSES at 3.00%									
General & Administrative	\$7,975	\$8,214	\$8,461	\$8,714	\$8,976	\$10,406	\$12,063	\$13,984	\$18,794
Management	7,676	7,830	7,986	8,146	8,309	9,174	10,128	11,183	13,632
Payroll & Payroll Tax	32,385	33,357	34,357	35,388	36,450	42,255	48,985	56,787	76,317
Repairs & Maintenance	19,080	19,652	20,242	20,849	21,475	24,895	28,860	33,457	44,963
Utilities	6,490	6,685	6,885	7,092	7,305	8,468	9,817	11,380	15,294
Water, Sewer & Trash	8,036	8,277	8,525	8,781	9,045	10,485	12,155	14,091	18,937
Insurance	11,880	12,236	12,603	12,982	13,371	15,501	17,970	20,832	27,996
Property Tax	15,650	16,120	16,603	17,101	17,614	20,420	23,672	27,442	36,880
Reserve for Replacements	9,000	9,270	9,548	9,835	10,130	11,743	13,613	15,782	21,209
Other	6,240	6,427	6,620	6,819	7,023	8,142	9,439	10,942	14,705
TOTAL EXPENSES	\$124,412	\$128,068	\$131,831	\$135,707	\$139,696	\$161,488	\$186,702	\$215,880	\$288,728
NET OPERATING INCOME	\$67,504	\$67,690	\$67,841	\$67,959	\$68,043	\$67,873	\$66,531	\$63,710	\$52,091
<b>DEBT SERVICE</b>									
First Lien Financing	\$53,941	\$53,941	\$53,941	\$53,941	\$53,941	\$53,941	\$53,941	\$53,941	\$53,941
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$13,563	\$13,748	\$13,900	\$14,018	\$14,102	\$13,932	\$12,590	\$9,769	(\$1,851)
DEBT COVERAGE RATIO	1.25	1.25	1.26	1.26	1.26	1.26	1.23	1.18	0.97

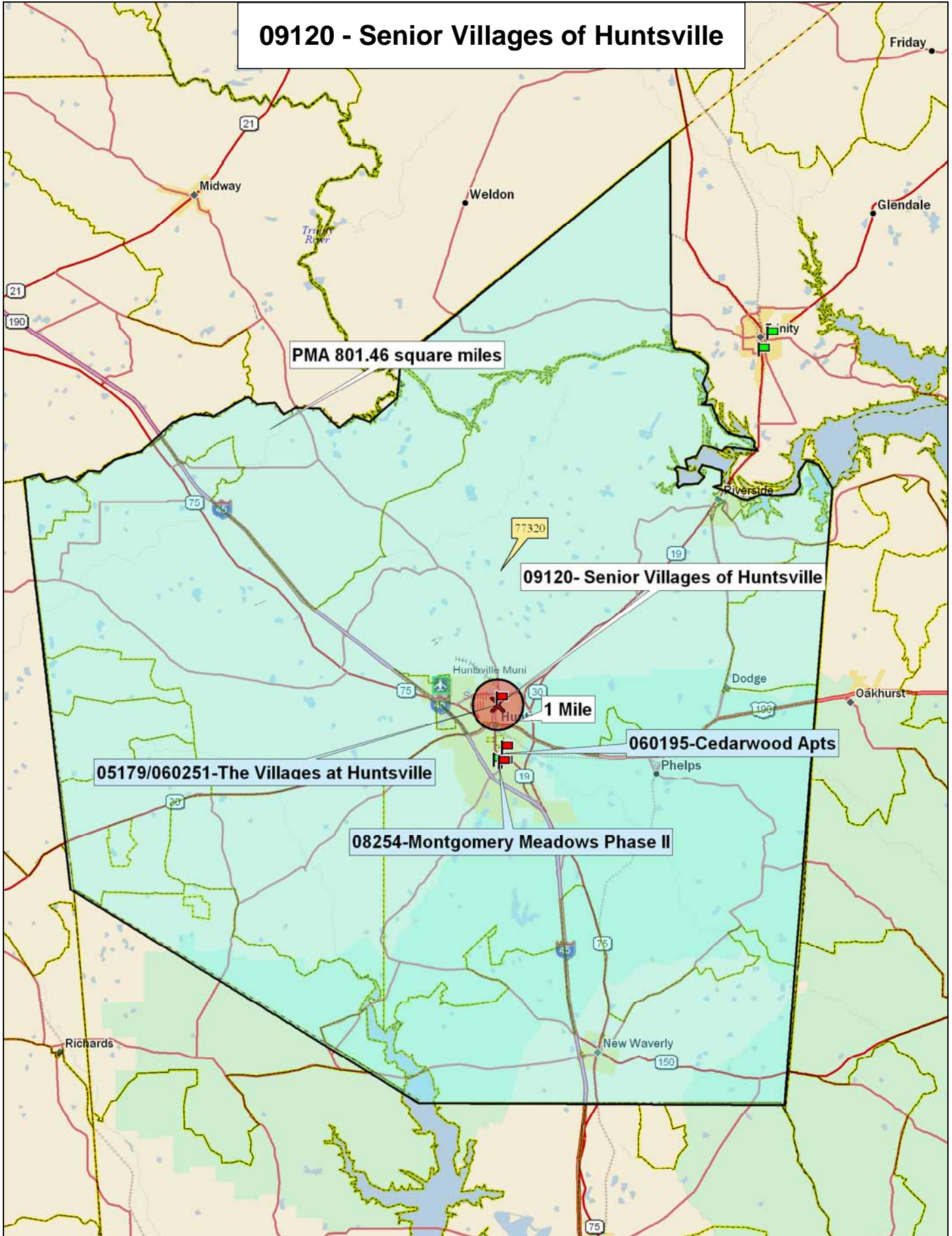
**HTC ALLOCATION ANALYSIS -Senior Villages of Huntsville, Huntsville, 9% HTC #09120**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$192,400	\$192,400		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$324,000	\$324,000	\$324,000	\$324,000
<b>Construction Hard Costs</b>	\$2,308,794	\$2,044,642	\$2,308,794	\$2,044,642
<b>Contractor Fees</b>	\$368,676	\$331,610	\$368,591	\$331,610
<b>Contingencies</b>	\$131,670	\$118,432	\$131,640	\$118,432
<b>Eligible Indirect Fees</b>	\$421,800	\$421,800	\$421,800	\$421,800
<b>Eligible Financing Fees</b>	\$297,960	\$297,960	\$297,960	\$297,960
<b>All Ineligible Costs</b>	\$105,116	\$105,116		
<b>Developer Fees</b>				
Developer Fees	\$767,974	\$707,689	\$767,974	\$707,689
<b>Development Reserves</b>	\$72,000	\$72,000		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$4,990,390</b>	<b>\$4,615,648</b>	<b>\$4,620,759</b>	<b>\$4,246,132</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		<b>\$4,620,759</b>	<b>\$4,246,132</b>
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		<b>\$6,006,987</b>	<b>\$5,519,972</b>
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		<b>\$6,006,987</b>	<b>\$5,519,972</b>
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		<b>\$540,629</b>	<b>\$496,797</b>

<b>Syndication Proceeds</b>	<b>0.7399</b>	<b>\$4,000,253</b>	<b>\$3,675,933</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$540,629</b>	<b>\$496,797</b>
<b>Syndication Proceeds</b>		<b>\$4,000,253</b>	<b>\$3,675,933</b>
<b>Requested Tax Credits</b>		<b>\$543,048</b>	
<b>Syndication Proceeds</b>		<b>\$4,018,153</b>	
<b>Gap of Syndication Proceeds Needed</b>			<b>\$3,737,853</b>
<b>Total Tax Credits (Gap Method)</b>			<b>\$505,166</b>

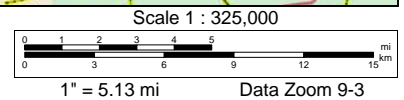
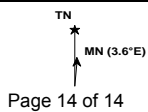
# 09120 - Senior Villages of Huntsville



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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Red Oak Seniors, TDHCA Number 09121**

BASIC DEVELOPMENT INFORMATION

Site Address: 920 S. Loop 340 Development #: 09121  
 City: Waco Region: 8 Population Served: Elderly  
 County: McLennan Zip Code: 76706 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: North Red Oak II Limited Partnership  
 Owner Contact and Phone: R.J. Collins, (512) 249-6240  
 Developer: Tejas Housing LP  
 Housing General Contractor: Charter Contractors LP  
 Architect: Cross Architects  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: Newlife Housing Foundation  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	36	
	2	0	18	16	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	22	14	0	0	0	
Type of Building:						Total Development Units:	36
<input checked="" type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	18
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$543,337	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Red Oak Seniors, TDHCA Number 09121**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Averitt, District 22, S

Points: 14 US Representative: Edwards, District 17, NC

TX Representative: Dunnam, District 57, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Shekinah Glory Baptist Church of Waco, S, Rev. Charlotte Jones, Pastor

Habitat for Humanity, S, John Alexander, Executive Director

Waco Housing Authority & Affiliates, S, Milet Hopping, Sr. Vice President/CEO

Central Texas Senior Ministry, S, Libby Bellinger, Associate Director

**General Summary of Comment:**

Letter of support from elected official.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Red Oak Seniors, TDHCA Number 09121**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **10**

Total # Monitored: **10**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **204**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Holland House Apts, TDHCA Number 09126**

BASIC DEVELOPMENT INFORMATION

Site Address: 616 Josephine St. Development #: 09126  
 City: Holland Region: 8 Population Served: General  
 County: Bell Zip Code: 76534 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Holland Apartments, Ltd  
 Owner Contact and Phone: Warren Maupin, (254) 982-4342  
 Developer: Maupin Development, Inc.  
 Housing General Contractor: Maupin Development, Inc.  
 Architect: James M Faulk, FARA  
 Market Analyst: Ipser & Associates, Inc.  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: N/A  
 Consultant: MKG Consulting, Inc.

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	68	
	4	0	24	40	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	16	48	4	0	0	
Type of Building:						Total Development Units:	68
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$5,394,360
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	5
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	40
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	28

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$513,496	\$513,496			
HOME Activity Fund Amount:	\$550,000	\$550,000	40	27	1.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Holland House Apts, TDHCA Number 09126

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Fraser, District 24, NC

Points: 0

US Representative: Carter, District 31, NC

TX Representative: Sheffield, District 55, NC

Points: 0

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Senior Citizens of Holland TX, S, Betty Wendler, President

Holland Head Start, S, Deborah White, Director

Holland PTO, S, Dr. Melissa Padole, President

**General Summary of Comment:**

No support or opposition received.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance, by Carryover, of USDA-RD approval of the same rates and terms transfer of the existing USDA-RD loans and acceptance of the additional HOME loan funds as a parity first lien with the existing USDA-RD loans.
2. Receipt, review, and acceptance, by Cost Certification, of documentation that the requested increase in existing basic rents has been approved by USDA.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the allocation amount may be warranted.
4. Receipt of a commitment of funding from TDHCA HOME funds in the amount of \$550,000, or a commitment from a qualifying substitute source in an amount not less than \$161,830, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Holland House Apts, TDHCA Number 09126**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **3**

Total # Monitored: **3**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **160**  Meeting a Required Set-Aside Credit Amount\*: \$513,496

Recommendation: Competitive in USDA Allocation

HOME Activity Funds:

Loan Amount: \$550,000

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/20/09 PROGRAM: HTC 9% % HOME FILE NUMBER: 09126

DEVELOPMENT		
Holland House Apartments		
Location: <u>616 Josephine Street</u>	Region: <u>8</u>	
City: <u>Holland</u>	County: <u>Bell</u>	Zip: <u>76534</u> <input type="checkbox"/> OCT <input type="checkbox"/> DDA
Key Attributes: <u>Family, Rural, At-Risk Preservation, Acquisition/Rehabilitation</u>		

ALLOCATION						
	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
HOME Activity Funds	\$550,000	1.00%	40/40	<b>\$550,000</b>	<b>1.00%</b>	<b>40/27</b>
Housing Tax Credit (Annual)	\$513,496			<b>\$513,496</b>		

- | CONDITIONS  |
|---|
| <ol style="list-style-type: none"> <li>1 Receipt, review, and acceptance, by Carryover, of USDA-RD approval of the same rates and terms transfer of the existing USDA-RD loans and acceptance of the additional HOME loan funds as a parity first lien with the existing USDA-RD loans.</li> <li>2 Receipt, review, and acceptance, by Cost Certification, of documentation that the requested increase in existing basic rents has been approved by USDA.</li> <li>3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.</li> </ol> |

SALIENT ISSUES																	
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="3" style="text-align: center;">TDHCA SET-ASIDES for LURA</th> </tr> <tr> <th style="text-align: center;">Income Limit</th> <th style="text-align: center;">Rent Limit</th> <th style="text-align: center;">Number of Units</th> </tr> <tr> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">4</td> </tr> <tr> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">24</td> </tr> <tr> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">40</td> </tr> </table>			TDHCA SET-ASIDES for LURA			Income Limit	Rent Limit	Number of Units	30% of AMI	30% of AMI	4	50% of AMI	50% of AMI	24	60% of AMI	60% of AMI	40
TDHCA SET-ASIDES for LURA																	
Income Limit	Rent Limit	Number of Units															
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<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="3" style="text-align: center;">TDHCA SET-ASIDES for HOME LURA</th> </tr> <tr> <th style="text-align: center;">Income Limit</th> <th style="text-align: center;">Rent Limit</th> <th style="text-align: center;">Number of Units</th> </tr> <tr> <td style="text-align: center;">Low HOME</td> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">4</td> </tr> <tr> <td style="text-align: center;">Low HOME</td> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">24</td> </tr> <tr> <td style="text-align: center;">High HOME</td> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">40</td> </tr> </table>			TDHCA SET-ASIDES for HOME LURA			Income Limit	Rent Limit	Number of Units	Low HOME	30% of AMI	4	Low HOME	50% of AMI	24	High HOME	60% of AMI	40
TDHCA SET-ASIDES for HOME LURA																	
Income Limit	Rent Limit	Number of Units															
Low HOME	30% of AMI	4															
Low HOME	50% of AMI	24															
High HOME	60% of AMI	40															

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**STRENGTHS/MITIGATING FACTORS**

- This development has USDA/RD rental assistance covering all of the units and the assistance will continue with the purchase of the property by the proposed new owner.
- The developer has experience working with HTC and USDA properties.
- This funding will provide for the preservation and rehabilitation of a 30 year old property.

**WEAKNESSES/RISK**

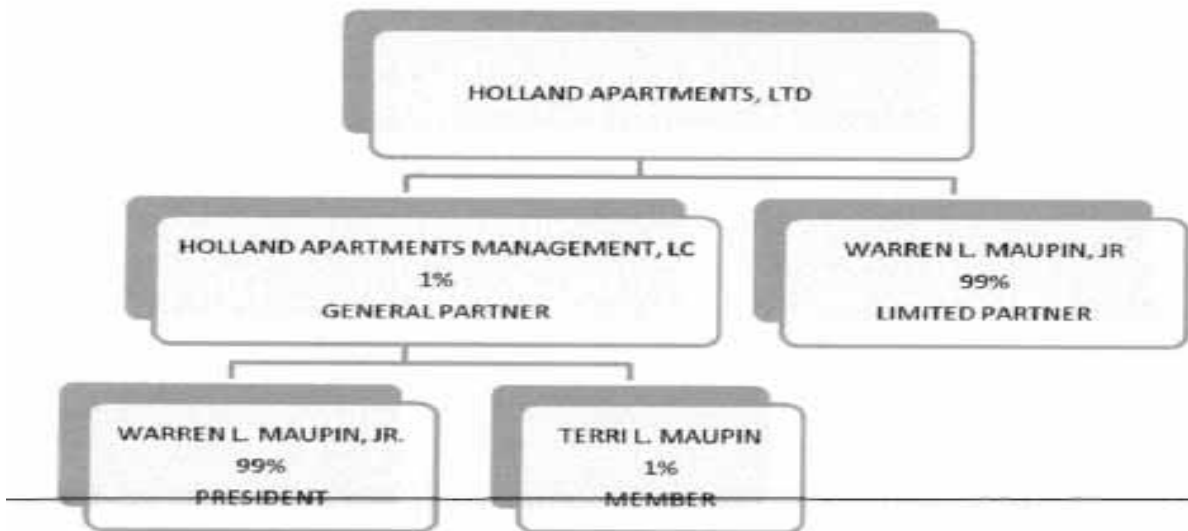
- The Applicant's expense to income ratio is 90.41% and the Underwriter's ratio is 87.25%. Both ratios are above the Department's normal 65% maximum; however, this risk is mitigated by the project based rental assistance received from USDA-RD.
  - The development is not feasible without substantial rental assistance and loan subsidies by USDA and TDHCA.
- The Applicant's deferred developer fees are not repayable within 15 years if the Debt Coverage Ratio (DCR) is within the normal 1.15 to 1.35%.

**PREVIOUS UNDERWRITING REPORTS**

This development was awarded tax credits in 2007 under application number 07180; however, the credits were returned to the Department because the Applicant could not find a syndicator for the credits.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Warren Maupin Phone: (254) 982-4342 Fax: (254) 982-4516  
 Email: wmaupin@earthlink.net

**KEY PARTICIPANTS**

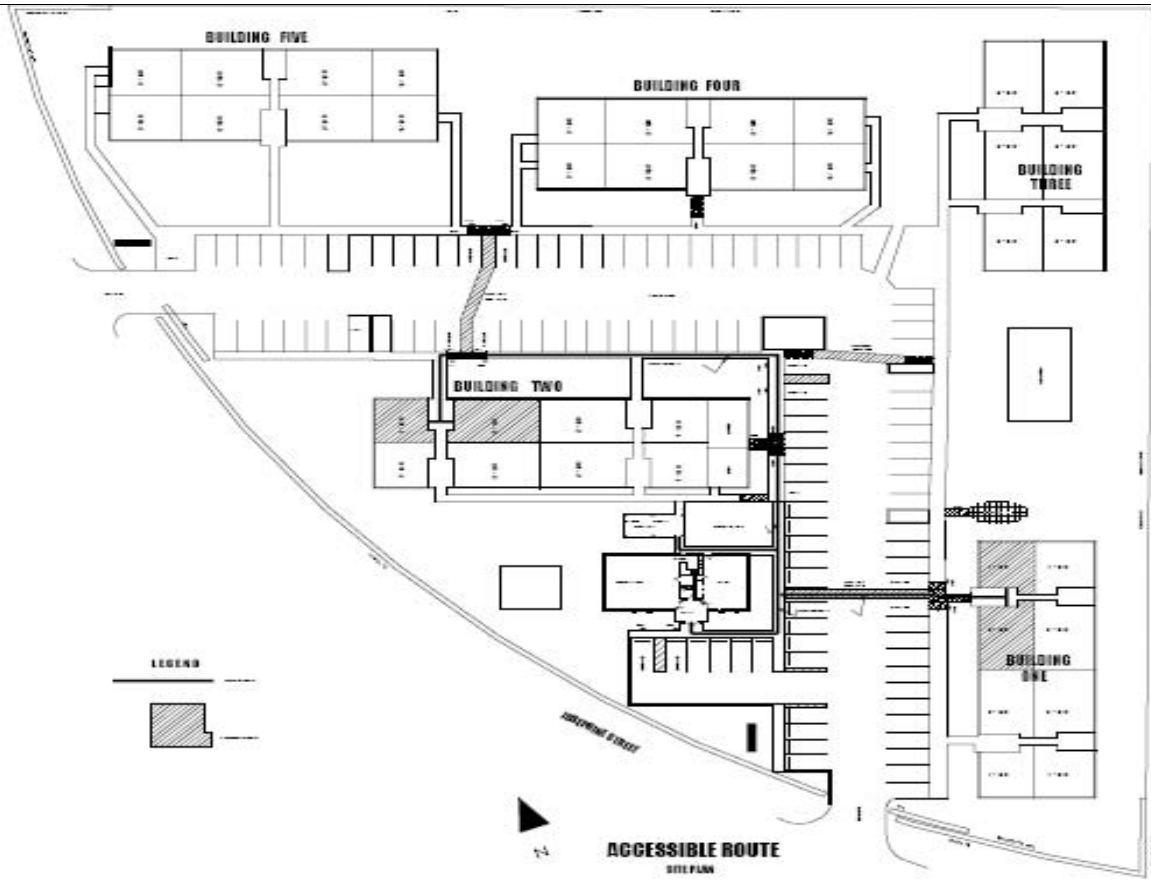
Name	Net Assets	Liquidity <sup>1</sup>	# of Complete Developments
Maupin Development	\$347,600	\$32,600	5
Warren Maupin, Jr.	Confidential		5
Terri Maupin	Confidential		5

**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor, and property manager are related entities. These are common relationships for HTC-funded developments.
- The seller is regarded as a related party; however, USDA-RD will determine the transfer price, which will be equal to the remaining balance on the three existing loans.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	1	2	3	4	5						Total Buildings
Floors/Stories	2	2	2	2	2						
Number	1	1	1	1	1						5

This section intentionally left blank.



BR/BA	SF	Units										Total Units	Total SF
1BR/1BA	652	4										8	5,216
1BR/1BA	652		4									8	5,216
2BR/1BA	850	4										8	6,800
2BR/1BA	850		4									8	6,800
2BR/1BA	850			6								12	10,200
2BR/1BA	850				4							8	6,800
2BR/1BA	850					4						8	6,800
2BR/1BA	1,313				2							4	5,252
3BR/1.5BA	1,313					2						4	5,252
Units per Building		8	8	6	6	6						<b>68</b>	<b>58,336</b>

**Development Plan:**

The plan calls for the replacement/refurbishment of roofs, windows, doors, exterior siding, stairs, interior flooring, cabinets, faucets, tub/showers, appliances, HVAC, landscaping, drives and parking, fencing, and interior and exterior painting. The Applicant provided a Capital Needs Assessment (CNA) as an acceptable substitute for the required Property Condition Assessment (PCA) and the CNA confirms these improvements.

**Relocation Plan:**

The Applicant states that the property currently has sufficient vacancy to allow for the rehabilitation/relocation within the complex. Vacant units will be rehabilitated first and once those units are finished, then current tenants will be given the choice to move to the renovated units and remain in the unit permanently or return to their existing unit when the rehabilitation is complete. Should tenants choose to remain in the rehabilitated unit the developer will pay all transfers and utilities and for the move. Should a resident choose to return to his/her original unit the developer will pay for the move both ways; however, utilities will not be transferred. The utilities will remain on in the rehabilitated units and in the units being renovated.

The developer will pay for the tenant's utilities during the period of construction and tenant will reimburse the property for utilities used while residing in the temporary housing. Tenant currently living in the property that need the handicapped units will be given first priority to apply for same. The Applicant has budgeted \$38,000 for relocation costs.

**SITE ISSUES**

Total Size: 3.48 acres      Scattered site?       Yes       No  
Flood Zone: C      Within 100-yr floodplain?       Yes       No  
Zoning: MFH-Multifamily      Needs to be re-zoned?       Yes       No       N/A

**TDHCA SITE INSPECTION**

Inspector: ORCA Staff      Date: 4/8/2009  
Overall Assessment:       Excellent       Acceptable       Questionable       Poor       Unacceptable  
Surrounding Uses:  
North: Vacant land and residential      East: Vacant land and residential  
South: Josephine Street and residential      West: Vacant land and residential

This section intentionally left blank.

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Espey Consultants, Inc. & Kelley Environmental Consulting Date: 3/19/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- None

Comments:

- "There are no further assessment or remediation action recommended for the Subject Property." (p. 15)

**MARKET HIGHLIGHTS**

A traditional Market Study report was not included, as existing USDA-RD-financed projects with over 80% occupancy are not required to submit a separate report, but must submit an appraisal. An appraisal update prepared by Rafael C. Luebbert, MAI, SRA ("Appraiser") dated August 30, 2008 was provided for an appraisal prepared by the same firm dated March 24, 2007 when the subject property was evaluated and awarded HTC funds by TDHCA in the 2007 cycle. The appraisal and update included the following market highlights:

The Appraiser identified the market area to be the "geographical region enveloped by the community of Belton and Georgetown, in Bell and Williamson Counties, Texas" (p.21).

The subject development is currently 87% occupied with a rental subsidy, and it is likely the existing tenants will choose to remain at the property. A capture rate was not calculated but is of limited value given the low vacancy at the property and limited anticipated turnover as a result of the rehabilitation.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS				
GEOGRAPHICAL REGION				SMA
Name	File #	Total Units	Comp Units	N/A
None				

INCOME LIMITS						
0						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$11,350	\$12,950	\$14,600	\$16,200	\$17,500	\$18,800
50	\$18,900	\$21,600	\$24,300	\$27,000	\$29,150	\$31,300
60	\$22,680	\$25,920	\$29,160	\$32,400	\$34,980	\$37,560

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)	Current Contract Rent	Proposed Contract Rent	Market Rent	Underwriting Rent	Savings Over Market	
1 BR 652 SF (60%)	\$0	\$355	\$394	\$355	\$39	
2 BR 850 SF (60%)	\$0	\$410	\$467	\$410	\$57	
2 BR 850 SF (60%)	\$0	\$410	\$467	\$410	\$57	
3 BR 1,313 SF (60%)	\$0	\$495	\$563	\$495	\$68	

Comments:

The Appraiser's market evaluation provides sufficient information on which to base a funding recommendation.

This section intentionally left blank.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      2      Date of Last Applicant Revision:      5/13/2009

The Applicant's rent projections are based on the anticipated USDA/RD rental assistance contract rents, however, those rents have not been approved to date. The rental assistance is to cover all 68 units. Some of the proposed contract rents are less than current Housing Tax Credit program rent limits and some are more; however, the Underwriter has used the Applicant's anticipated contract rent levels because the rents are based upon a USDA rental assistance contract.

Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines, and the Applicant's estimate of effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      none      Date of Last Applicant Revision:      n/a

The Applicant's total annual operating expense projection of \$4,185 per unit is within 5% of the Underwriter's estimate of \$4,039 derived from the TDHCA database and third party data sources. However, the Applicant's estimates of several line items differ significantly from the Underwriter's, specifically, payroll and payroll taxes (\$11K higher), repairs and maintenance (\$15K lower), water, sewer and trash (\$18K higher), and property taxes (\$10K lower).

**Conclusion:**

The Applicant's estimate of effective gross income and total expenses are within 5% of the Underwriter's estimates; however, net operating income is not. Therefore, the Underwriter's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR). The proposed permanent financing structure results in an initial year's debt coverage ratio of 2.40% based on a HOME loan interest rate of 1.0% per annum as proposed by the Applicant. The 2.40% is above the Department's maximum guideline of 1.35%; however, the projected annual cashflow is less than \$23,000, and the development is heavily monitored by USDA-RD and return on equity is restricted under the interest credit and rental assistance program. Therefore, developments receiving USDA-RD rental assistance are allowed to exceed the Department's guideline for debt coverage ratios when necessary.

The Applicant's expense to income ratio of 90.41% is substantially above the Department's 65% maximum ratio. The Underwriter's expense to income ratio of 87.25% is also considerably higher than the Department normal maximum guidelines of 65%; however, because this development is to have USDA rental assistance on more than 50% of the units, it can still be characterized as feasible under Section 1.32(i)(6)(B)(ii) of the Real Estate Analysis Rules.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that will drop below the minimum 1.15 by year 15; however, according to the 2009 Real Estate Analysis rules, if the development is to receive rental assistance on at least 50% of the units in association with USDA-RD financing, then the development can be characterized as feasible.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider:	<u>Rafael C. Luebbert, MAI, SRA</u>	Date:	<u>8/30/2008</u>
Number of Revisions:	<u>none</u>	Date of Last Applicant Revision:	<u>n/a</u>
Land Only:	<u>3.48 acres</u>	As of:	<u>8/28/2008</u>
Existing Buildings: (as-is)	<u>\$64,255</u>	As of:	<u>8/28/2008</u>
Total Development: (as-is)	<u>\$2,087,745</u>	As of:	<u>8/28/2008</u>
	<u>\$2,152,000</u>		

ASSESSED VALUE

Land Only:	3.46 acres	\$27,640	Tax Year:	2008
Existing Buildings:		\$314,646	Valuation by:	Bell CAD
Total Assessed Value:		\$342,286	Tax Rate:	2.2269

EVIDENCE of PROPERTY CONTROL

Type: Option to Purchase Real Estate Acreage: 3.48

Contract Expiration: 3/20/2011 Valid Through Board Date?  Yes  No

Acquisition Cost: \$1,208,276 Other: Price is based on balance due on loans.

Seller: Jones & Jones Joint Venture  Yes  No  
Jones & McCelvey, Ltd.  
Holland, Ltd  
Venita Jones

CONSTRUCTION COST ESTIMATE EVALUATION

*COST SCHEDULE* Number of Revisions: none Date of Last Applicant Revision: n/a

Acquisition Value:

The Applicant's purchase price of the subject property is the outstanding balance of the USDA/RD loan which is estimated to be approximately \$1,208,276, and the Applicant has provided an appraisal for the property that indicates the "as is" value to be \$2,152,000; therefore the purchase of the property is considered to be reasonable.

Sitework Cost:

The Applicant's sitework costs of \$4,121 per units is considered to be reasonable, as this is a rehabilitation development.

Direct Construction Cost:

The Applicant's direct construction costs is estimate is \$50K or 2% lower than the Underwriter's estimate, and is consider to be reasonable. The Underwriter's estimates are those provided by the Capital Needs Assessment (CAN) provider.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; however, this is an acquisition/rehabilitation development; therefore the Underwriter's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$5,226,808 supports annual tax credits of \$518,032. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

*SOURCES & USES* Number of Revisions: 1 Date of Last Applicant Revision: 5/5/2009

Source: Raymond James Multifamily Finance, Inc. Type: Interim Financing

Principal: \$900,000 Interest Rate: P+300bp  Fixed Term: 24 months

This section intentionally left blank.

Source: TDHCA HOME Loan Type: Interim to Permanent Financing  
 Interim: \$550,000 Interest Rate: 1.0%  Fixed Term: 12 months  
 Permanent: \$550,000 Interest Rate: 1.0%  Fixed Term: 480 months  
 Comments:

This is to be a second lien loan.

Source: USDA/RD Type: Permanent Financing  
 Principal: \$1,208,276 Interest Rate: 1.00%  Fixed Term 600 months  
 Comments:

The Applicant is proposing a same rates and term transfer of the USDA/RD loans that are currently on the property, which are, \$277,000 at 8.75% originated in 1979; \$400,000 at 11.5% originated in 1982; and \$903,000 at 11.375% originated in 1986. Each of the loans have an amortization of 50 years and now has an interest rate subsidy that reduces the effective rate to 1.0%. The current outstanding balance remaining from the three loans is approximately \$1,208,276, which is the estimated purchase price. A part of the feasibility of the development will depend upon the Applicant being able to maintain the favorable interest rate and terms of the existing owner; therefore, the Underwriter's recommendation will be contingent upon the Applicant being able to retain the same rates and terms on the USDA/RD loans upon the purchase of the property. The Applicant also states in the application and has provided documentation that USDA/RD has approved the property for their MPR program and payments to USDA will be deferred for 20 years at closing.

Source: Raymond James Tax Credit Fund, Inc. Type: Syndication  
 Proceeds: \$3,491,426 Syndication Rate: 68% Anticipated HTC: \$ 513,496  
 Commitment Expiration: 12/31/2009

Amount: \$11,080 Type: In-Kind Contribution by City  
 Comments:

The City of Holland has committed in-kind donations of \$11,080 for the deferral on increased sewer rates for two years to allow extra funds for the Applicant to provide rehabilitation of the property.

Amount: \$5,298 Type: Deferred Developer Fees

Comments:  
 The committed credit price appears to be consistent with recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that the credit price can decline to \$0.68. At this point the financial viability of the transaction may be jeopardized.

Market Uncertainty:  
 The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

This section intentionally left blank.

## CONCLUSIONS

### Recommended Financing Structure:

The development demonstrates a need for the requested HOME funds of \$550,000; however, the HOME loan should be in a parity lien position with the USDA loans. Accordingly, it is a condition of this report that a USDA/RD parity lien agreement be provided for the TDHCA HOME loan by Carryover. It is recommended that the TDHCA HOME loan be at a rate of 1% interest with an amortization based on 40 years, and a term of 27 years. The 27 year term is being recommended to coincide with the approximate maturity of the latest maturity date of the USDA loans currently on the property.

The Underwriter's total development cost estimate less the permanent loans of \$1,758,276 indicates the need for \$3,636,084 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$534,771 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$513,496), the gap-driven amount (\$534,771), and eligible basis-derived estimate (\$518,032), the Applicant's request of \$513,496 is recommended resulting in proceeds of \$3,491,426 based on a syndication rate of 68%.

The Underwriter's recommended financing structure indicates the need for \$133,282 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 15 years of stabilized operation.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units.

### Return on Equity:

This is a USDA-RD transaction, in which the Applicant is restricted by the loan agreement to a return of no more than 8% per annum on the borrower's original investment, with any excess cash flow going to fund replacement reserves. USDA-RD will manage this return on equity restriction.

Underwriter:	_____	Date:	July 20, 2009
	<i>D.P. Burrell</i>		
Reviewing Underwriter:	_____	Date:	July 20, 2009
	<i>Raquel Morales</i>		
Director of Real Estate Analysis:	_____	Date:	July 20, 2009
	<i>Brent Stewart</i>		

MULTIFAMILY COMPARATIVE ANALYSIS

Holland House Apartments, Holland, HTC 9% % HOME #09126

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	HTC Rent Lmt.	HOME Limit	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	LH/RD	1	1	1	652	\$303	\$506	\$355	\$355	\$0.54	\$57.00	\$43.50
TC 50%	LH/RD	7	1	1	652	\$506	\$506	\$355	\$2,485	\$0.54	\$57.00	\$43.50
TC 60%	HH/RD	8	1	1	652	\$607	\$572	\$355	\$2,840	\$0.54	\$57.00	\$43.50
TC 30%	LH/RD	2	2	1	850	\$365	\$607	\$410	\$820	\$0.48	\$63.00	\$47.50
TC 50%	LH/RD	17	2	1	850	\$607	\$607	\$410	\$6,970	\$0.48	\$63.00	\$47.50
TC 60%	HH/RD	25	2	1	850	\$729	\$726	\$410	\$10,250	\$0.48	\$63.00	\$47.50
TC 30%	LH/RD	1	3	1.5	1,313	\$421	\$701	\$495	\$495	\$0.38	\$89.00	\$54.20
TC 60%	HH/RD	7	3	1.5	1,313	\$842	\$879	\$495	\$3,465	\$0.38	\$89.00	\$54.20
<b>TOTAL:</b>		<b>68</b>		<b>AVERAGE:</b>	<b>858</b>			<b>\$407</b>	<b>\$27,680</b>	<b>\$0.47</b>	<b>\$64.65</b>	<b>\$47.35</b>

**INCOME**

Total Net Rentable Sq Ft: 58,336

**POTENTIAL GROSS RENT**

Secondary Income	Per Unit Per Month:	\$10.00
Other Support Income:		

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%
Employee or Other Non-Rental Units or Concessions		

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.13%	\$237	0.28	\$16,148	\$11,850	\$0.20	\$174	3.76%
Management	9.13%	422	0.49	26434	34,272	0.59	504	10.89%
Payroll & Payroll Tax	12.92%	598	0.70	53262	52,600	0.90	774	16.71%
Repairs & Maintenance	16.45%	761	0.89	46055	36,000	0.62	529	11.44%
Utilities	4.19%	194	0.23	13056	13,500	0.23	199	4.29%
Water, Sewer, & Trash	10.01%	463	0.54	34565	49,800	0.85	732	15.82%
Property Insurance	5.60%	259	0.30	17349	16,000	0.27	235	5.08%
Property Tax	2.2269	334	0.39	15459	12,500	0.21	184	3.97%
Reserve for Replacements	14.69%	680	0.79	20400	52,000	0.89	765	16.52%
TDHCA Compliance Fees	0.86%	40	0.05	2720	2,720	0.05	40	0.86%
Security, Cable & Consultant	1.06%	49	0.06	3,350	3,350	0.06	49	1.06%
<b>TOTAL EXPENSES</b>	<b>87.25%</b>	<b>\$4,039</b>	<b>\$4.71</b>	<b>\$274,663</b>	<b>\$284,592</b>	<b>\$4.88</b>	<b>\$4,185</b>	<b>90.41%</b>
<b>NET OPERATING INC</b>	<b>12.75%</b>	<b>\$590</b>	<b>\$0.69</b>	<b>\$40,133</b>	<b>\$30,204</b>	<b>\$0.52</b>	<b>\$444</b>	<b>9.59%</b>
<b>DEBT SERVICE</b>								
USDA/RD	0.00%	\$0	\$0.00	\$0	\$0	\$0.00	\$0	0.00%
TDHCA HOME Loan	5.30%	\$245	\$0.29	16,688	16,688	\$0.29	\$245	5.30%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>7.45%</b>	<b>\$345</b>	<b>\$0.40</b>	<b>\$23,444</b>	<b>\$13,516</b>	<b>\$0.23</b>	<b>\$199</b>	<b>4.29%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>2.40</b>	<b>1.81</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>				<b>2.40</b>				

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		22.68%	\$17,989	\$20.97	\$1,223,276	\$1,223,276	\$20.97	\$17,989	23.23%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		6.11%	4,844	5.65	329,397	280,200	4.80	4,121	5.32%
Direct Construction		40.75%	32,326	37.68	2,198,185	2,147,500	36.81	31,581	40.78%
Contingency	2.97%	1.39%	1,103	1.29	75,000	75,000	1.29	1,103	1.42%
Contractor's Fees	13.37%	6.27%	4,971	5.79	338,000	338,000	5.79	4,971	6.42%
Indirect Construction		4.78%	3,789	4.42	257,650	257,650	4.42	3,789	4.89%
Ineligible Costs		0.71%	566	0.66	38,500	38,500	0.66	566	0.73%
Developer's Fees	14.64%	12.37%	9,816	11.44	667,500	667,500	11.44	9,816	12.67%
Interim Financing		4.30%	3,409	3.97	231,800	231,800	3.97	3,409	4.40%
Reserves		0.65%	515	0.60	35,052	7,000	0.12	103	0.13%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$79,329</b>	<b>\$92.47</b>	<b>\$5,394,360</b>	<b>\$5,266,426</b>	<b>\$90.28</b>	<b>\$77,447</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>54.51%</b>	<b>\$43,244</b>	<b>\$50.41</b>	<b>\$2,940,582</b>	<b>\$2,840,700</b>	<b>\$48.70</b>	<b>\$41,775</b>	<b>53.94%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
USDA/RD	22.40%	\$17,769	\$20.71	\$1,208,276	\$1,208,276	\$1,208,276	Developer Fee Available
TDHCA HOME Loan	10.20%	\$8,088	\$9.43	550,000	550,000	550,000	\$0
City of Holland	0.21%	\$163	\$0.19	11,080	11,080	11,080	\$667,500
HTC Syndication Proceeds	64.73%	\$51,349	\$59.86	3,491,722	3,491,722	3,491,722	% of Dev. Fee Deferred
Deferred Developer Fees	0.10%	\$79	\$0.09	5,348	5,348	133,282	20%
Additional (Excess) Funds Req'd	2.37%	\$1,881	\$2.19	127,934	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$5,394,360</b>	<b>\$5,266,426</b>	<b>\$5,394,360</b>	<b>\$133,386</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Holland House Apartments, Holland, HTC 9% % HOME #09126*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

**PAYMENT COMPUTATION**

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT	
Base Cost				\$0	
Adjustments					
Exterior Wall Finish			\$0.00	\$0	
Elderly			0.00	0	
9-Ft. Ceilings			0.00	0	
Roofing			0.00	0	
Subfloor			(2.42)	(141,173)	
Floor Cover			2.38	138,840	
Breezeways/Balconies	\$22.95		0.00	0	
Plumbing Fixtures	\$835		0.00	0	
Rough-ins	\$410		0.00	0	
Built-In Appliances	\$1,800	68	2.10	122,400	
Exterior Stairs	\$1,875		0.00	0	
Enclosed Corridors	(\$9.92)		0.00	0	
Heating/Cooling			1.83	106,755	
Garages/Carports			0.00	0	
Comm &/or Aux Bldgs			0.00	0	
Other: fire sprinkler	\$2.15	58,336	2.15	125,422	
SUBTOTAL			6.04	352,244	
Current Cost Multiplier	1.01		0.06	3,522	
Local Multiplier			(6.04)	(352,244)	
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>				<b>\$0.06</b>	<b>\$3,522</b>
Plans, specs, survy, bld prmts	3.90%		(\$0.00)	(\$137)	
Interim Construction Interest	3.38%		(0.00)	(119)	
Contractor's OH & Profit	11.50%		(0.01)	(405)	
<b>NET DIRECT CONSTRUCTION COSTS</b>				<b>\$0.05</b>	<b>\$2,861</b>

<b>Primary</b>	\$1,208,276	Amort	0
Int Rate	1.00%	DCR	#DIV/0!

<b>Secondary</b>	\$550,000	Amort	480
Int Rate	1.00%	Subtotal DCR	2.40

<b>Additional</b>	\$3,491,722	Amort	
Int Rate		Aggregate DCR	2.40

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$0
Secondary Debt Service	16,688
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$23,444</b>

<b>Primary</b>	\$1,208,276	Amort	0
Int Rate	1.00%	DCR	#DIV/0!

<b>Secondary</b>	\$550,000	Amort	480
Int Rate	1.00%	Subtotal DCR	2.40

<b>Additional</b>	\$3,491,722	Amort	0
Int Rate	0.00%	Aggregate DCR	2.40

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at	2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT		\$332,160	\$338,803	\$345,579	\$352,491	\$359,541	\$396,962	\$438,278	\$483,894	\$589,865
Secondary Income		8,160	8,323	8,490	8,659	8,833	9,752	10,767	11,888	14,491
Other Support Income:		0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME		340,320	347,126	354,069	361,150	368,373	406,714	449,045	495,782	604,355
Vacancy & Collection Loss		(25,524)	(26,034)	(26,555)	(27,086)	(27,628)	(30,504)	(33,678)	(37,184)	(45,327)
Employee or Other Non-Rental Units or Concess		0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME		\$314,796	\$321,092	\$327,514	\$334,064	\$340,745	\$376,210	\$415,367	\$458,598	\$559,029
EXPENSES at	3.00%									
General & Administrative		\$16,148	\$16,633	\$17,132	\$17,646	\$18,175	\$21,070	\$24,426	\$28,316	\$38,055
Management		28,727	29,302	29,888	30,485	31,095	34,332	37,905	41,850	51,015
Payroll & Payroll Tax		40,663	41,883	43,139	44,433	45,766	53,056	61,506	71,302	95,825
Repairs & Maintenance		51,774	53,327	54,927	56,575	58,272	67,554	78,313	90,786	122,009
Utilities		13,188	13,584	13,991	14,411	14,843	17,207	19,948	23,125	31,078
Water, Sewer & Trash		31,497	32,442	33,415	34,418	35,450	41,096	47,642	55,230	74,225
Insurance		17,642	18,171	18,716	19,277	19,856	23,018	26,685	30,935	41,574
Property Tax		22,714	23,396	24,098	24,821	25,565	29,637	34,358	39,830	53,528
Reserve for Replacements		46,240	47,627	49,056	50,528	52,044	60,333	69,942	81,082	108,968
Other		6,070	6,252	6,440	6,633	6,832	7,920	9,181	10,644	14,304
TOTAL EXPENSES		\$274,663	\$282,616	\$290,801	\$299,227	\$307,899	\$355,223	\$409,906	\$473,101	\$630,580
NET OPERATING INCOME		\$40,133	\$38,476	\$36,712	\$34,837	\$32,847	\$20,988	\$5,461	(\$14,502)	(\$71,551)
<b>DEBT SERVICE</b>										
First Lien Financing		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Second Lien		16,688	16,688	16,688	16,688	16,688	16,688	16,688	16,688	16,688
Other Financing		0	0	0	0	0	0	0	0	0
NET CASH FLOW		\$23,444	\$21,787	\$20,024	\$18,149	\$16,158	\$4,299	(\$11,227)	(\$31,191)	(\$88,240)
DEBT COVERAGE RATIO		2.40	2.31	2.20	2.09	1.97	1.26	0.33	(0.87)	(4.29)



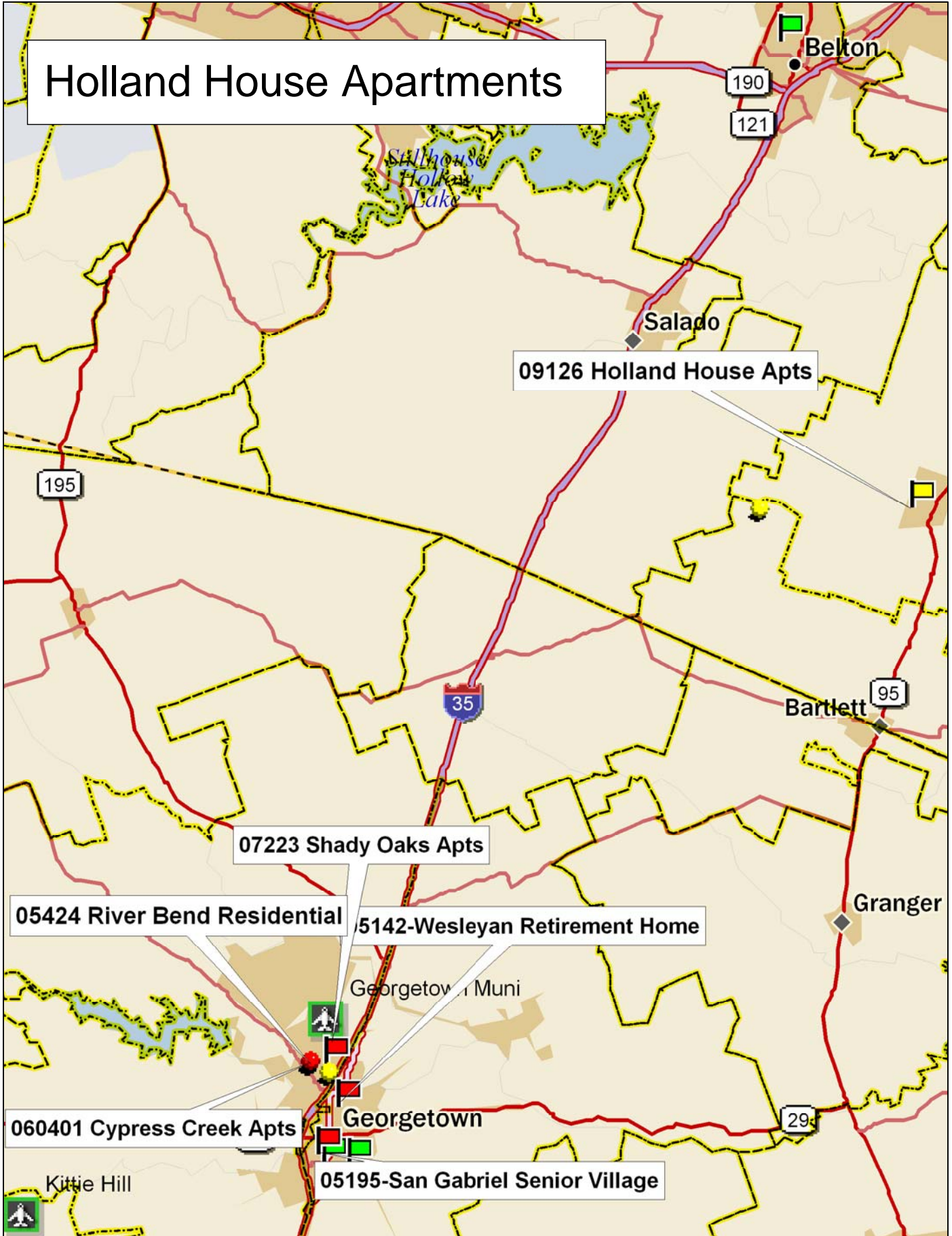
**HTC ALLOCATION ANALYSIS -Holland House Apartments, Holland, HTC 9% % HOME #09126**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>						
Purchase of land	\$79,000	\$94,000				
Purchase of buildings	\$1,144,276	\$1,129,276	\$1,144,276	\$1,129,276		
<b>Off-Site Improvements</b>						
Sitework	\$280,200	\$329,397			\$280,200	\$329,397
<b>Construction Hard Costs</b>	\$2,147,500	\$2,198,185			\$2,147,500	\$2,198,185
<b>Contractor Fees</b>	\$338,000	\$338,000			\$338,000	\$338,000
<b>Contingencies</b>	\$75,000	\$75,000			\$75,000	\$75,000
<b>Eligible Indirect Fees</b>	\$257,650	\$257,650			\$257,650	\$257,650
<b>Eligible Financing Fees</b>	\$231,800	\$231,800			\$231,800	\$231,800
<b>All Ineligible Costs</b>	\$38,500	\$38,500				
<b>Developer Fees</b>						
Developer Fees	\$667,500	\$667,500			\$667,500	\$667,500
<b>Development Reserves</b>	\$7,000	\$35,052				
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$5,266,426</b>	<b>\$5,394,360</b>	<b>\$1,144,276</b>	<b>\$1,129,276</b>	<b>\$3,997,650</b>	<b>\$4,097,532</b>

<b>Deduct from Basis:</b>						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
<b>TOTAL ELIGIBLE BASIS</b>			\$1,144,276	\$1,129,276	\$3,997,650	\$4,097,532
High Cost Area Adjustment					130%	130%
<b>TOTAL ADJUSTED BASIS</b>			\$1,144,276	\$1,129,276	\$5,196,945	\$5,326,792
Applicable Fraction			100%	100%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>			\$1,144,276	\$1,129,276	\$5,196,945	\$5,326,792
Applicable Percentage			3.42%	3.42%	9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$39,134	\$38,621	\$467,725	\$479,411

<b>Syndication Proceeds</b>	<b>0.6799</b>	<b>\$266,086</b>	<b>\$262,598</b>	<b>\$3,180,214</b>	<b>\$3,259,673</b>
<b>Total Tax Credits (Eligible Basis Method)</b>				<b>\$506,859</b>	<b>\$518,032</b>
<b>Syndication Proceeds</b>				<b>\$3,446,301</b>	<b>\$3,522,271</b>
<b>Requested Tax Credits</b>				<b>\$513,496</b>	
<b>Syndication Proceeds</b>				<b>\$3,491,426</b>	
<b>Gap of Syndication Proceeds Needed</b>				<b>\$3,497,070</b>	<b>\$3,636,084</b>
<b>Total Tax Credits (Gap Method)</b>				<b>\$514,326</b>	<b>\$534,771</b>

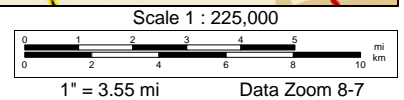
# Holland House Apartments



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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Sage Brush Village, TDHCA Number 09127**

BASIC DEVELOPMENT INFORMATION

Site Address: 3500 West 8th St. Development #: 09127  
 City: Odessa Region: 12 Population Served: General  
 County: Ector Zip Code: 79763 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: RRAH Sage Brush, LP  
 Owner Contact and Phone: Randy Stevenson, (817) 261-5088  
 Developer: Rocky Ridge Developer, LP  
 Housing General Contractor: TBD  
 Architect: Beeler, Guest & Owens Architects, L.P.  
 Market Analyst: Ipser & Associates, Inc.  
 Syndicator: WNC & Associates, Inc.  
 Supportive Services: TBD  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	112	
	17	0	51	44	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	32	40	40	0	0	
Type of Building:						Total Development Units:	112
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$11,621,703
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	7
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,256,165	\$1,252,049			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Sage Brush Village, TDHCA Number 09127

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Seliger, District 31, S

Points: 14 US Representative: Conaway, District 11, NC

TX Representative: Lewis, District 81, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: S, Susan M Redford, County Judge

Resolution of Support from Local Government

S, Richard Morton City Manager

S, Bernadine H. Spears, Executive Director, Housing Authority

**Individuals and Businesses:** In Support: 1

In Opposition: 0

**Quantifiable Community Participation Input:**

Keywest Senior Village Neighborhood Association, A.F. Biggers

Letter Score: 24 S or O: S

Bring needed housing to area, good site, help local economy and small business.

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letters of support from elected officials, city manager, and housing authority. Letter of support from qualified neighborhood association.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance prior to start of construction of evidence that all Phase I ESA recommendations have been completed.
2. Receipt, review, and acceptance by cost certification of a clean title report indicating that the City of Odessa lien was released at closing on the land.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.
4. Receipt of a commitment of funding from the City of Odessa in the amount of \$610,000, or a commitment from a qualifying substitute source in an amount not less than \$581,086, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Sage Brush Village, TDHCA Number 09127**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **8**

Total # Monitored: **6**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **204**  Meeting a Required Set-Aside Credit Amount\*: \$1,252,049

Recommendation: Recommended because without this award included, this sub-region's allocation shortfall would have been a significant portion of their total targeted sub-regional allocation when tax credits are collapsed state-wide.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/20/09 PROGRAM: 9% HTC FILE NUMBER: 09127

**DEVELOPMENT**

Sage Brush Village

Location: 3500 W 8th Street Region: 12  
 City: Odessa County: Ector Zip: 79763  OCT  DDA  
 Key Attributes: Family, New Construction, Urban

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,256,165			\$1,252,049		

**CONDITIONS**

- 1 Receipt, review, and acceptance prior to start of construction of evidence that all Phase I ESA recommendations have been completed.
- 2 Receipt, review, and acceptance by cost certification of a clean title report indicating that the City of Odessa lien was released at closing on the land.
- 3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	17
50% of AMI	50% of AMI	51
60% of AMI	60% of AMI	44

**STRENGTHS/MITIGATING FACTORS**

- Overall capture rate is 10% and sub-market occupancy is reported at 98%.
- Site is centrally located with good access to amenities.
- Principals of Applicant have LIHTC development experience.

**WEAKNESSES/RISKS**

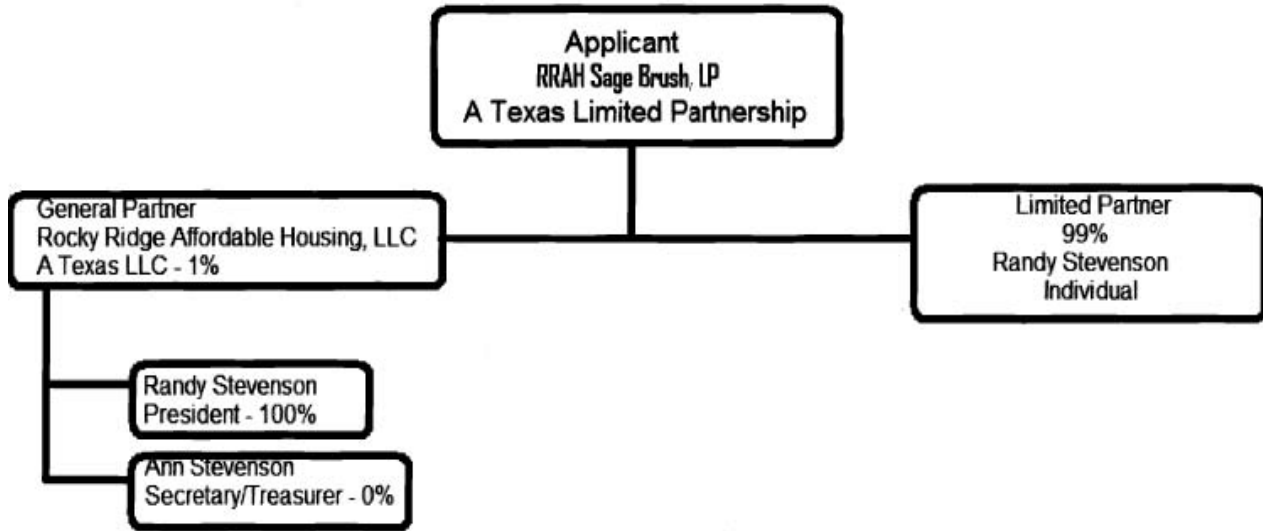
- 60% AMI three bedroom units show a capture rate of 200%, as identified by the market analyst.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Randy Stevenson Phone: (817) 261-5088 Fax: (817) 261-5095  
 Email: [randy@swrealtors.net](mailto:randy@swrealtors.net)

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Rocky Ridge Developer, LP	CONFIDENTIAL	3
Rocky Ridge Affordable Housing, LLC	CONFIDENTIAL	1
R. Randy and J. Ann Stevenson	CONFIDENTIAL	8
Matt Stevenson	CONFIDENTIAL	3

<sup>1</sup> Liquidity = Current Assets - Current Liabilities

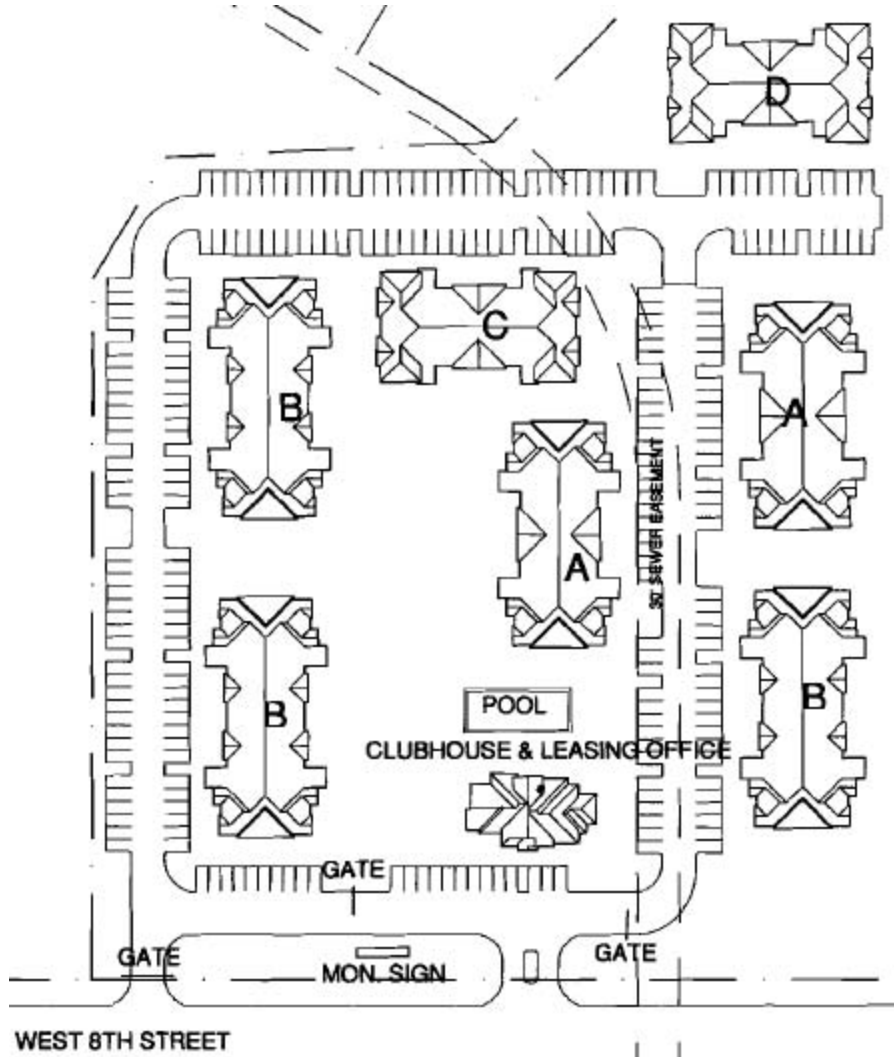
**IDENTITIES of INTEREST**

- The Applicant and Developer are related entities which is common for HTC-funded developments. However, the General Contractor, property manager, and supportive services provider are "To Be Determined" entities and their relationship is undetermined as of this Underwriting Report.

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PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C	D								Total Buildings
Floors/Stories	2	2	2	2								
Number	2	3	1	1								7

BR/BA	SF	Units										Total Units	Total SF
1/1	750	8		8	8							32	24,000
2/1	950		8	8								32	30,400
2/2	1,000				8							8	8,000
3/2	1,126	8	8									40	45,040
Units per Building		16	16	16	16							112	107,440

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SITE ISSUES

Total Size: 9.248 acres Scattered site? [ ] Yes [X] No
Flood Zone: Zone X Within 100-yr floodplain? [ ] Yes [X] No
Zoning: MF-1 & R Needs to be re-zoned? [ ] Yes [X] No [ ] N/A

Comments:

The subject property's Lots 7-15, Block 26, Henderson Heights is zoned Multi-Family-One (MF-1) and all of Block 27, Henderson Heights is zoned Retail ( R ). There are no actions underway at present to change these designations. At present a multiple-family dwelling (apartment) is an allowed use under both zoning designations.

The subject property currently lies in the Floodplain Zone X which is defined by FEMA to be an area lying outside the 500 year floodplain; areas of minimal flooding.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 4/3/2009

Overall Assessment:

[ ] Excellent [X] Acceptable [ ] Questionable [ ] Poor [ ] Unacceptable

Surrounding Uses:

North: Convenience store; then residential East: Residential; then down town
South: Residential; then I-20 Hwy West: Convenience store; then Loop 338

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering, Inc. Date: 3/4/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- Removal of miscellaneous debris by a licensed waste removal company in accordance with all applicable federal, state, and local laws.

Comments:

Past use of the site included oil & gas exploration. "If greater certainty is desired by the user of this report concerning the potential environmental impact from historical use of the subject property and / or the adjacent properties as oil / gas well exploration and production activity, further investigation would be necessary."

MARKET HIGHLIGHTS

Provider: Ipser & Associates, Inc. Date: 3/13/2009

Contact: Edward A. Ipser, Sr. Phone: (817) 927-2838 Fax: 817-927-0032

Number of Revisions: None Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 71.1 sq. miles 5 mile equivalent radius

The primary market area for the proposed housing complex is considered to be the City of Odessa. The city had a 2000 population of 90,943 with and estimated 2009 population of 97,443.

Including Census Tract numbers: 48135000400, 48135000500, 48135000600, 48135000600, 48135000700, 48135001000, 48135001100, 48135001200, 48135001300, 48135001400, 48135001500, 48135001600, 48135001700, 48135001800, 481001900, 48135002000, 48135002300, 48135002400, 48135002501, 48135002502, 48135002503, 48135002900

Secondary Market Area (SMA):

The Market Analyst defined the SMA as the remainder of Ector County, however no demand information was provided.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
None							

INCOME LIMITS						
Ector						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$10,300	\$11,750	\$13,250	\$14,700	\$15,900	\$17,050
40	\$13,720	\$15,680	\$17,640	\$19,600	\$21,160	\$22,720
50	\$17,150	\$19,600	\$22,050	\$24,500	\$26,450	\$28,400
60	\$20,580	\$23,520	\$26,460	\$29,400	\$31,740	\$34,080

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%				176	9	0	5%
1 BR/50%				57	21	0	37%
1 BR/60%				76	2	0	3%
2 BR/30%				93	4	0	4%
2 BR/50%				148	22	0	15%
2 BR/60%				124	14	0	11%
3 BR/30%				81	4	0	5%
3 BR/50%				82	8	0	10%
3 BR/60%				14	28	0	200%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	41	-1	0	40	9	0	23%
1 BR/50%	59	-3	0	56	21	0	37%
1 BR/60%	72	-3	0	70	2	0	3%
2 BR/30%	37	-3	0	34	4	0	12%
2 BR/50%	56	-4	0	51	22	0	43%
2 BR/60%	74	-5	0	69	14	0	20%
3 BR/30%	27	-2	0	25	4	0	16%
3 BR/50%	42	-4	0	38	8	0	21%
3 BR/60%	53	-4	0	49	28	0	57%

OVERALL DEMAND							
	Target Households	Household Size	Income Eligible	Tenure	Demand		
PMA DEMAND from TURNOVER				turnover			
Market Analyst p. 84				3,745	51%	1,896	
Underwriter	100% 36,170	95% 34,362	29% 9,800	36% 3,506	31%	1,101	
PMA DEMAND from GROWTH				growth			
Market Analyst p. 84						5	
Underwriter	100% 275	95% 262	29% 75	36% 27	100%	27	

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 84	112	0	0	112	1,901	<b>6%</b>
Underwriter	112	0	0	112	1,128	<b>10%</b>

Supply and Demand Analysis:

There are no additional comparable properties within the PMA. Demand was found to be within the 25% guideline for an urban development. The Market Analyst used 2010 projected populations to calculate demand while the Underwriter projected these figures for 2014. This resulted in a slight discrepancy, but is still acceptable.

Primary Market Occupancy Rates:

I&A surveyed 14 multi-family housing projects in Odessa, including four Housing Tax Credit (HTC) properties (including one elderly location), and one public housing site. These 14 apartment complexes contain a total of 1,705 housing units, 1,164 of which are in conventional complexes (68.3% of the total), 468 are in tax credit locations (27.4%), and 73 of which are public housing (4.3%). Overall occupancy is 93.6%; however, when 90 off-line units are taken out of the equation, occupancy reaches 98.8% in 1,615 units. The 4 HTC complexes are 98.3% occupied in 468 units, and the public housing units are 98.6% occupied. All of the complexes surveyed are within 3 miles of the subject, except for 2 of the HTC locations and an AHDP (market-rate) complex.

The 14 rental housing properties surveyed represented a sampling of 77 locations in Odessa that were listed with various on-line phone directories or observed from I&A's windshield survey. These 77 properties have an estimated total of 7,406 units, 1,705 (23.0%) of which were included in I&A's survey. Basic information on all projects are provided in Exhibit I-3, while more comprehensive data of the 14 complexes surveyed accompanies this Section. [pg 2-14]

Absorption Projections:

Absorption information was obtained from two HTC properties. Arbor Oaks officially opened in May 2004, and by April 2005, the 120-unit family/single HTC achieved 90% occupancy, which indicated an absorption rate of 10 units per month. Sedona Springs, which began pre-leasing units on January 3, 2006, opened on February 27, 2006. By May 1, 2006, this new HTC was 100% occupied, which suggests a monthly absorption rate ranging from 26 to 58 units. Arbor Oaks is currently 97.5% occupied and Sedona Springs is 100% occupied, with a combined waiting list of 40 applicants.

Average absorption for the subject is estimated at 14 to 16 units per month, and it is expected that an 7 to 8 month lease-up period will be required to achieve 92.5% occupancy of the 112 units. Most significantly, the Odessa Housing Authority, with a waiting list of approximately 660 will be able to provide Section 8 Vouchers for any prospective tenants in need of assistance. The new complex will likely draw some tenants from the older, poorer quality apartments in the surrounding area. [pg 2-19]

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
1 BR 750 SF 30%	\$164	\$192	\$560	\$192	\$368		
1 BR 750 SF 50%	\$346	\$376	\$560	\$376	\$184		
1 BR 750 SF 60%	\$437	\$468	\$560	\$468	\$92		
2 BR 950 SF 30%	\$192	\$225	\$710	\$225	\$485		
2 BR 950 SF 50%	\$411	\$445	\$710	\$445	\$265		
2 BR 950 SF 60%	\$520	\$555	\$710	\$555	\$155		
2 BR 1,000 SF 60%	\$520	\$555	\$745	\$555	\$190		
3 BR 1,126 SF 30%	\$218	\$252	\$855	\$252	\$603		
3 BR 1,126 SF 50%	\$470	\$506	\$855	\$506	\$349		
3 BR 1,126 SF 60%	\$596	\$634	\$855	\$634	\$221		

Market Impact:

The addition of 112 units is not expected to have any significant long-term impact on the existing rental market ... Tenants who are currently rent-burdened in the conventional apartments, are expected to relocate to the new affordable housing, and any vacancies created by such moves should be readily filled in this area with very high occupancy. [pg 3-4]

Comments:

The market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of 10/1/2008, maintained by Housing Authority of the City of Odessa, from the 2008 program gross rent limits. The Underwriter used more recent information, and calculated rents collected by subtracting tenant-paid utility allowances as of 1/1/2009 from the 2009 program gross rent limits. Tenants will be required to pay electric and natural gas utility costs. Utility allowances decreased significantly between October 2008 and January 2009. It should be noted that utility allowances decreased significantly between October 2008 and January 2009, by an average of 21%.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines; however, due to the Applicant's use of slightly lower rents from 2008 and significantly higher utility allowances, effective gross income is not within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      1      Date of Last Applicant Revision:      7/1/2009

The Applicant's total annual operating expense projection at \$3,192 per unit is within 5% of the Underwriter's estimate of \$3,239, derived from the TDHCA database, and third-party data sources. The Applicant's estimate of general and administrative expenses is \$6K or 20% higher than the Underwriter's.

Conclusion:

The Applicant's expense to income ratio, 64.8%, is very high reflecting significant deep rent targeting proposed in the application. This ratio is marginally below TDHCA's maximum 65% guideline; however, this is due in part to the Applicant's use of slightly lower 2008 rent limits and significantly higher utility allowances, rather than the updated 2009 figures which were not available at the time of application.

The Applicant's effective gross income and net operating income are not within 5% of the Underwriter's estimates, and although the Applicant's operating expenses are within 5% of the Underwriter's estimates, the Underwriter's year one proforma will be used to determine the development's debt capacity. The Applicant's debt service estimate of \$143,941 is within 1% of the Underwriter's; the difference is due to the Applicant's use of a different underwriting rate to calculate debt service than the rate included in the financing commitment. The Applicant's proposed permanent financing structure combined with the Underwriter's year-one proforma results in an initial year's debt coverage ratio (DCR) of 1.63, which is above the Department's maximum DCR guideline of 1.35. The Underwriter's recommended financing structure, which will be discussed later in the report, includes an increased permanent loan in an amount necessary to bring DCR within the Department's guidelines.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, using the recommended financing structure, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only: 15.312 acres	<u>\$332,330</u>	Tax Year:	<u>2009</u>
Existing Buildings:	<u>\$0</u>	Valuation by:	<u>Ector CAD</u>
1 acre:	<u>\$21,704</u>		
Total Prorata: 9.248 acres	<u>\$200,718</u>	Tax Rate:	<u>2.34629</u>

**EVIDENCE of PROPERTY CONTROL**

Type: <u>Commercial Contract - Unimproved Property</u>	Acreage: <u>9.248</u>
Contract Expiration: <u>12/31/2009</u>	Valid Through Board Date? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost: <u>\$449,000</u>	Other: _____
Seller: <u>Triple L Partnership</u>	Related to Development Team? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**TITLE**

Comments:

Hazardous Vegetation Lien filed by the City of Odessa dated 9/25/1995 in the amount of \$9,172.73, plus any additional interest, costs and/or fees as shown within the Ector County public records against "Drill Site #1, Lots 3 thru 6, and 8 thru 15, Block 26, and Block 27, Henderson Heights. The release of this lien by cost certification is a condition of this report.

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: 3 Date of Last Applicant Revision: 7/3/2009

Acquisition Value:

The site cost of \$48,551 per acre or \$4,009 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost:

The Applicant's claimed sitework costs of \$8,482 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$53K or 1% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's developer fee exceeds 15% of the Applicant's adjusted eligible basis by \$35,182 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$10,701,271 supports annual tax credits of \$1,252,049. This figure is lower than the Applicant's requested credits due to the Applicant's overstatement of eligible developer fee. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: 3 Date of Last Applicant Revision: 7/3/2009

Source: Stearns Bank, NA Type: Interim Financing

Principal: \$3,031,000 Interest Rate: 7.0%  Variable Term: 18 months

Comments:

Interim loan terms will have a rate based on the Wall Street Journal Prime Rate plus 1%, with an interest rate floor of 7%.

Source: City of Odessa - CDBG &/or HOME &/or HTF Type: Interim Financing

Principal: \$610,000 Interest Rate: AFR  Fixed Term: 24 months

Comments:

An intent to apply has been provided by the Applicant.

Source: Stearns Bank, NA Type: Permanent Financing

Principal: \$1,700,000 Interest Rate: 7.5%  Fixed Amort: 360 months

Source: WNC & Associates Type: Syndication

Proceeds: \$9,294,691 Syndication Rate: 74% Anticipated HTC: \$ 1,256,165

Comments:

Due to the recent volatility in credit pricing, it should be noted, any decrease in the syndication rate could increase the amount of deferred developer fee. A decrease below \$0.685 per dollar of credit may jeopardize the financial viability of the transaction. Alternatively, should the final credit price increase to more than \$0.765, under the recommended financing structure all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted. The commitment letter dated 7/1/2009 does not state a specific expiration date.

Amount: \$627,012 Type: Deferred Developer Fees

This section intentionally left blank.

## CONCLUSIONS

### Recommended Financing Structure:

The Applicant's total development cost estimate less the adjusted permanent loan of \$2,047,657, which is the amount necessary to decrease development DCR to 1.35, indicates the need for \$9,574,046 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,293,919 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

<b><u>Allocation determined by eligible basis:</u></b>	<b><u>\$1,252,049</u></b>
Allocation determined by gap in financing:	\$1,293,919
Allocation requested by the Applicant:	\$1,256,165

The allocation amount determined by the Underwriter's calculation of the Applicant's eligible basis is recommended. A tax credit allocation of \$1,252,049 per year for 10 years results in total equity proceeds of \$9,264,233 at a syndication rate of \$0.74 per tax credit dollar.

The Underwriter's recommended financing structure indicates the need for \$309,813 in additional permanent funds. This amount of deferred developer fee is available and appears to be repayable from development cashflow within 5 years of stabilized operations.

Underwriter:	_____	Date:	_____
	<i>Colton Sanders</i>		July 20, 2009
Reviewing Underwriter	_____	Date:	_____
	<i>Audrey Martin</i>		July 20, 2009
Director of Real Estate Analysis:	_____	Date:	_____
	<i>Brent Stewart</i>		July 20, 2009

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Sage Brush Village, Odessa, 9% HTC #09127**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	9	1	1	750	\$275	\$192	\$1,727	\$0.26	\$83.08	\$56.00
TC 50%	21	1	1	750	\$459	\$376	\$7,894	\$0.50	\$83.08	\$56.00
TC 60%	2	1	1	750	\$551	\$468	\$936	\$0.62	\$83.08	\$56.00
TC 30%	4	2	1	950	\$331	\$225	\$900	\$0.24	\$106.08	\$65.00
TC 50%	22	2	1	950	\$551	\$445	\$9,788	\$0.47	\$106.08	\$65.00
TC 60%	6	2	1	950	\$661	\$555	\$3,330	\$0.58	\$106.08	\$65.00
TC 60%	8	2	2	1,000	\$661	\$555	\$4,439	\$0.55	\$106.08	\$65.00
TC 30%	4	3	2	1,126	\$382	\$252	\$1,008	\$0.22	\$130.08	\$75.00
TC 50%	8	3	2	1,126	\$636	\$506	\$4,047	\$0.45	\$130.08	\$75.00
TC 60%	28	3	2	1,126	\$764	\$634	\$17,750	\$0.56	\$130.08	\$75.00
<b>TOTAL:</b>	<b>112</b>		<b>AVERAGE:</b>	<b>959</b>		<b>\$463</b>	<b>\$51,819</b>	<b>\$0.48</b>	<b>\$108.08</b>	<b>\$66.00</b>

**INCOME**

Total Net Rentable Sq Ft: 107,440

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
 Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	5.35%	\$284	0.30
Management	5.00%	265	0.28
Payroll & Payroll Tax	14.84%	787	0.82
Repairs & Maintenance	8.16%	433	0.45
Utilities	5.33%	283	0.29
Water, Sewer, & Trash	6.46%	342	0.36
Property Insurance	3.90%	207	0.22
Property Tax 2.34629	6.64%	352	0.37
Reserve for Replacements	4.72%	250	0.26
TDHCA Compliance Fees	0.75%	40	0.04
Other:	0.00%	0	0.00

**TOTAL EXPENSES**

**NET OPERATING INC**

**DEBT SERVICE**

Stearns Bank, NA

Additional financing

Additional Financing

**NET CASH FLOW**

**AGGREGATE DEBT COVERAGE RATIO**

**RECOMMENDED DEBT COVERAGE RATIO**

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		3.83%	\$4,009	\$4.18	\$449,000	\$449,000	\$4.18	\$4,009	3.86%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.96%	9,375	9.77	1,050,000	1,050,000	9.77	9,375	9.03%
Direct Construction		53.25%	55,721	58.09	6,240,757	6,125,000	57.01	54,688	52.70%
Contingency	4.91%	3.05%	3,196	3.33	358,000	358,000	3.33	3,196	3.08%
Contractor's Fees	13.76%	8.56%	8,958	9.34	1,003,333	1,003,333	9.34	8,958	8.63%
Indirect Construction		4.36%	4,559	4.75	510,620	510,620	4.75	4,559	4.39%
Ineligible Costs		2.77%	2,895	3.02	324,250	324,250	3.02	2,895	2.79%
Developer's Fees	15.00%	12.06%	12,618	13.15	1,413,182	1,431,000	13.32	12,777	12.31%
Interim Financing		2.21%	2,308	2.41	258,500	258,500	2.41	2,308	2.22%
Reserves		0.96%	1,000	1.04	112,000	112,000	1.04	1,000	0.96%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$104,640</b>	<b>\$109.08</b>	<b>\$11,719,642</b>	<b>\$11,621,703</b>	<b>\$108.17</b>	<b>\$103,765</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>73.83%</b>	<b>\$77,251</b>	<b>\$80.53</b>	<b>\$8,652,090</b>	<b>\$8,536,333</b>	<b>\$79.45</b>	<b>\$76,217</b>	<b>73.45%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
Stearns Bank, NA	14.51%	\$15,179	\$15.82	\$1,700,000	\$1,700,000	\$2,047,657	Developer Fee Available
Additional financing	0.00%	\$0	\$0.00	0	0	0	\$1,395,818
WNC & Associates	79.31%	\$82,988	\$86.51	9,294,691	9,294,691	9,264,233	% of Dev. Fee Deferred
Deferred Developer Fees	5.35%	\$5,598	\$5.84	627,012	627,012	309,813	22%
Additional (Excess) Funds Req'd	0.84%	\$874	\$0.91	97,939	0	(0)	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$11,719,642</b>	<b>\$11,621,703</b>	<b>\$11,621,703</b>	<b>\$973,628</b>



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Sage Brush Village, Odessa, 9% HTC #09127*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.82	\$5,997,232
<b>Adjustments</b>				
Exterior Wall Finish	5.20%		\$2.90	\$311,856
Elderly	0.00%		0.00	0
9-Ft. Ceilings	0.00%		0.00	0
Roofing			0.00	0
Subfloor			(1.21)	(130,002)
Floor Cover			2.18	234,649
Breezeways/Balconies	\$21.34	55,960	11.11	1,194,170
Plumbing Fixtures	\$835	144	1.12	120,240
Rough-ins	\$410	224	0.85	91,840
Built-In Appliances	\$1,800	112	1.88	201,600
Exterior Stairs	\$1,875	28	0.49	52,500
Enclosed Corridors	\$45.90		0.00	0
Heating/Cooling			1.83	196,615
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$73.98	3,100	2.13	229,323
Other: fire sprinkler	\$2.15	107,440	2.15	230,996
<b>SUBTOTAL</b>			<b>81.26</b>	<b>8,731,018</b>
Current Cost Multiplier	1.01		0.81	87,310
Local Multiplier	0.87		(10.56)	(1,135,032)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$71.51</b>	<b>\$7,683,296</b>
Plans, specs, survy, bid prm	3.90%		(\$2.79)	(\$299,649)
Interim Construction Interest	3.38%		(2.41)	(259,311)
Contractor's OH & Profit	11.50%		(8.22)	(883,579)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$58.09</b>	<b>\$6,240,757</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,700,000	Amort	360
Int Rate	7.50%	DCR	1.62

<b>Secondary</b>	\$0	Amort	
Int Rate		Subtotal DCR	1.62

<b>Additional</b>	\$9,294,691	Amort	
Int Rate		Aggregate DCR	1.62

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$171,810
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$58,953</b>

<b>Primary</b>	\$2,047,657	Amort	360
Int Rate	7.50%	DCR	1.34

<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.34

<b>Additional</b>	\$9,294,691	Amort	0
Int Rate	0.00%	Aggregate DCR	1.34

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$621,828	\$634,265	\$646,950	\$659,889	\$673,087	\$743,143	\$820,489	\$905,887	\$1,104,271
Secondary Income	20,160	20,563	20,974	21,394	21,822	24,093	26,601	29,369	35,801
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	641,988	654,828	667,925	681,283	694,909	767,236	847,090	935,256	1,140,072
Vacancy & Collection Loss	(48,149)	(49,112)	(50,094)	(51,096)	(52,118)	(57,543)	(63,532)	(70,144)	(85,505)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$593,839</b>	<b>\$605,716</b>	<b>\$617,830</b>	<b>\$630,187</b>	<b>\$642,791</b>	<b>\$709,693</b>	<b>\$783,558</b>	<b>\$865,112</b>	<b>\$1,054,566</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$31,752	\$32,705	\$33,686	\$34,697	\$35,737	\$41,430	\$48,028	\$55,678	\$74,826
Management	29,692	30,286	30,892	31,509	32,140	35,485	39,178	43,256	52,728
Payroll & Payroll Tax	88,123	90,767	93,490	96,294	99,183	114,981	133,294	154,524	207,668
Repairs & Maintenance	48,470	49,925	51,422	52,965	54,554	63,243	73,316	84,993	114,224
Utilities	31,643	32,592	33,570	34,577	35,614	41,286	47,862	55,485	74,568
Water, Sewer & Trash	38,334	39,484	40,668	41,888	43,145	50,017	57,983	67,218	90,336
Insurance	23,165	23,860	24,575	25,313	26,072	30,225	35,038	40,619	54,589
Property Tax	39,418	40,600	41,818	43,073	44,365	51,431	59,623	69,119	92,890
Reserve for Replacements	28,000	28,840	29,705	30,596	31,514	36,534	42,353	49,098	65,984
Other	4,480	4,614	4,753	4,895	5,042	5,845	6,776	7,856	10,557
<b>TOTAL EXPENSES</b>	<b>\$363,076</b>	<b>\$373,671</b>	<b>\$384,579</b>	<b>\$395,807</b>	<b>\$407,366</b>	<b>\$470,475</b>	<b>\$543,451</b>	<b>\$627,847</b>	<b>\$838,370</b>
<b>NET OPERATING INCOME</b>	<b>\$230,763</b>	<b>\$232,045</b>	<b>\$233,252</b>	<b>\$234,380</b>	<b>\$235,424</b>	<b>\$239,218</b>	<b>\$240,107</b>	<b>\$237,265</b>	<b>\$216,197</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$171,810	\$171,810	\$171,810	\$171,810	\$171,810	\$171,810	\$171,810	\$171,810	\$171,810
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$58,953</b>	<b>\$60,234</b>	<b>\$61,442</b>	<b>\$62,570</b>	<b>\$63,614</b>	<b>\$67,407</b>	<b>\$68,297</b>	<b>\$65,455</b>	<b>\$44,386</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.34</b>	<b>1.35</b>	<b>1.36</b>	<b>1.36</b>	<b>1.37</b>	<b>1.39</b>	<b>1.40</b>	<b>1.38</b>	<b>1.26</b>

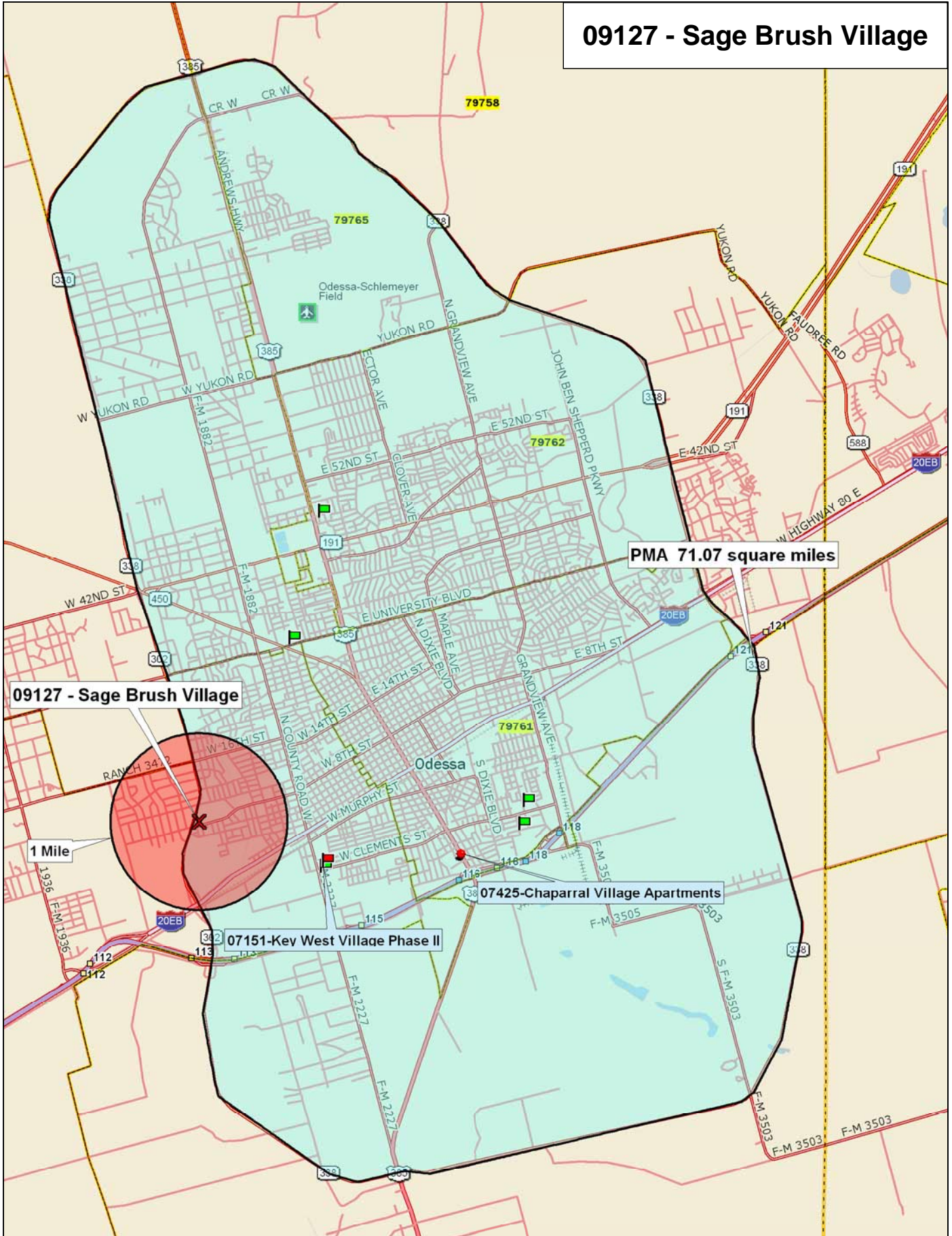
**HTC ALLOCATION ANALYSIS -Sage Brush Village, Odessa, 9% HTC #09127**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$449,000	\$449,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000
<b>Construction Hard Costs</b>	\$6,125,000	\$6,240,757	\$6,125,000	\$6,240,757
<b>Contractor Fees</b>	\$1,003,333	\$1,003,333	\$1,003,333	\$1,003,333
<b>Contingencies</b>	\$358,000	\$358,000	\$358,000	\$358,000
<b>Eligible Indirect Fees</b>	\$510,620	\$510,620	\$510,620	\$510,620
<b>Eligible Financing Fees</b>	\$258,500	\$258,500	\$258,500	\$258,500
<b>All Ineligible Costs</b>	\$324,250	\$324,250		
<b>Developer Fees</b>			\$1,395,818	
Developer Fees	\$1,431,000	\$1,413,182		\$1,413,182
<b>Development Reserves</b>	\$112,000	\$112,000		
<b>TOTAL DEVELOPMENT COSTS</b>	\$11,621,703	\$11,719,642	\$10,701,271	\$10,834,392

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$10,701,271	\$10,834,392
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$13,911,652	\$14,084,709
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$13,911,652	\$14,084,709
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,252,049	\$1,267,624

<b>Syndication Proceeds</b>	<b>0.7399</b>	<b>\$9,264,233</b>	<b>\$9,379,478</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,252,049</b>	<b>\$1,267,624</b>
<b>Syndication Proceeds</b>		<b>\$9,264,233</b>	<b>\$9,379,478</b>
<b>Requested Tax Credits</b>		<b>\$1,256,165</b>	
<b>Syndication Proceeds</b>		<b>\$9,294,691</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$9,574,046</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,293,919</b>	

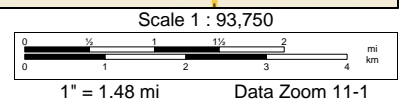
# 09127 - Sage Brush Village



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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Napa Villas, TDHCA Number 09129**

**BASIC DEVELOPMENT INFORMATION**

Site Address: NW corner Town Square Dr. & Gratitude Trl. Development #: 09129  
 City: Plano Region: 3 Population Served: Elderly  
 County: Collin Zip Code: 75024 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: Napa Villas Housing Partners, Ltd.  
 Owner Contact and Phone: Dan Allgeier, (972) 573-3411  
 Developer: NuRock Development Group, Inc.  
 Housing General Contractor: NuRock Construction, LLC  
 Architect: Morton Gruber & Associates  
 Market Analyst: Ipser & Associates, Inc.  
 Syndicator: Direct Tax Credits  
 Supportive Services: NuRock Foundation  
 Consultant: N/A

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	123	
	13	0	0	110	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	87	36	0	0	0	
Type of Building:						Total Development Units:	123
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	1
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,641,929	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Napa Villas, TDHCA Number 09129**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Shapiro, District 8, NC

Points: 0

US Representative: Johnson, District 3, NC

TX Representative: McCall, District 66, NC

Points: 0

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: S, Pat Evans, Mayor

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 0

Plano Housing Corporation, S, Catie Brooks, President

Plano Community Homes, S, Lee Ann Hubanks, Executive Director

**General Summary of Comment:**

Letter of support from elected official.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Napa Villas, TDHCA Number 09129**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **133**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**M Station, TDHCA Number 09130**

BASIC DEVELOPMENT INFORMATION

Site Address: 2906 E. MLK Jr. Blvd. Development #: 09130  
 City: Austin Region: 7 Population Served: General  
 County: Travis Zip Code: 78702 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: M Station Housing, LP  
 Owner Contact and Phone: Walter Moreau, (512) 447-2026  
 Developer: Foundation Communities, Inc.  
 Housing General Contractor: Bailey Elliott Construction, Inc.  
 Architect: Hatch + Ulland Owen Architects  
 Market Analyst: O'Connor & Associates  
 Syndicator: Bank of America  
 Supportive Services: Foundation Communities, Inc.  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	135
	15	0	75	45	Market Rate Units:	15
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	32	60	58	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	150
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	4
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,836,091	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**M Station, TDHCA Number 09130**

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Watson, District 14, S

Points: 14 US Representative: Doggett, District 25, NC

TX Representative: Dukes, District 46, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 2

In Opposition: 0

**Quantifiable Community Participation Input:**

Austin Heights Neighborhood Association, Gustavo Rodriguez

Letter Score: 24 S or O: S

Although it was not a unanimous vote the Neighborhood Association voted in a majority to support the M Station Project presented by Foundations Community. Vote: 31 in favor and 8 opposed. Neighbors support the addition of 150 units as opposed to having the land developed in an even higher density apartment complex.

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 0

,  
United Way, S, David W. Balch, President & Chief Professional Officer

Sustainable Food Center, S, Ronda Rutledge, Executive Director

Austin Children's Museum Dell Discovery Center, S, Michael Nellis, Executive Director

**General Summary of Comment:**

Letters of support from elected officials. One qualified neighborhood association supports, and one ineligible neighborhood association supports as well.

CONDITIONS OF COMMITMENT





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**M Station, TDHCA Number 09130**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **9**

Total # Monitored: **9**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **211**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Presidio Palms, TDHCA Number 09131**

BASIC DEVELOPMENT INFORMATION

Site Address: Near the intersection of Gonzalez & Alarcon Rd. Development #: 09131  
 City: San Elizario Region: 13 Population Served: General  
 County: El Paso Zip Code: 79849 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Presidio Palms, LTD/Tropicana Building Corp.  
 Owner Contact and Phone: R.L. (Bobby) Bowling, IV, (915) 821-3550  
 Developer: Tropicana Building Corporation  
 Housing General Contractor: Tropicana Building Corporation  
 Architect: ARTchitecture, Inc.  
 Market Analyst: Powers Group  
 Syndicator: Richman Group  
 Supportive Services: Tropicana Properties/Notary Services  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	80	
	8	0	8	64	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	4	40	32	4	0	
Type of Building:						Total Development Units:	80
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$8,363,794
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	20
<input checked="" type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$930,115	\$930,115			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Presidio Palms, TDHCA Number 09131

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Uresti, District 19, S

Points: 14 US Representative: Reyes, District 16, NC

TX Representative: Quintanilla, District 75, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Project Vida, S, Bill Schesinger, Co-Director

Aliviane Inc., S, Richard Perkins MHA, Executive Deputy Director

Alianza Para El Desarrollo Comunitario, Inc., S, Daniel Solis, Executive Director

**General Summary of Comment:**

Letters of support from local officials.

CONDITIONS OF COMMITMENT

1. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation may be warranted.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Presidio Palms, TDHCA Number 09131**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **18**

Total # Monitored: **12**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **173**  Meeting a Required Set-Aside Credit Amount\*: \$930,115

Recommendation: Recommended because without this award included, this sub-region's allocation shortfall would have been a significant portion of their total targeted sub-regional allocation when Rural tax credits are collapsed.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

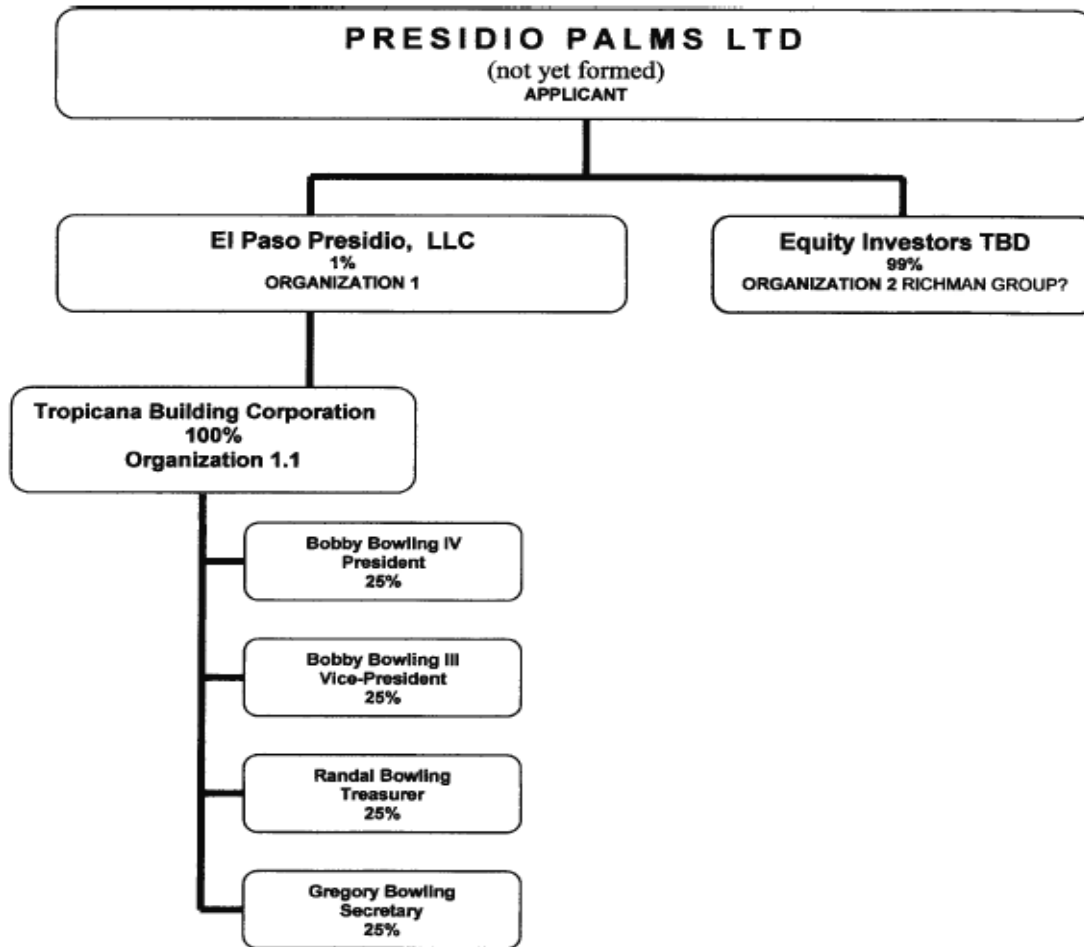
REPORT DATE: 06/12/09 PROGRAM: 9% HTC FILE NUMBER: 09131

DEVELOPMENT																					
Presidio Palms																					
Location:		Near the intersection of Gonzalez and Alarcon Roads				Region:	13														
City: San Elizario		County: El Paso		Zip: 79849	<input checked="" type="checkbox"/> QCT	<input type="checkbox"/> DDA															
Key Attributes: Family, Rural, New Construction																					
ALLOCATION																					
	REQUEST			RECOMMENDATION																	
TDHCA Program	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term															
Housing Tax Credit (Annual)	\$930,115			\$930,115																	
CONDITIONS																					
1 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation may be warranted.																					
SALIENT ISSUES																					
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">TDHCA SET-ASIDES for LURA</th> </tr> <tr> <th style="text-align: center;">Income Limit</th> <th style="text-align: center;">Rent Limit</th> <th style="text-align: center;">Number of Units</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">8</td> </tr> <tr> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">8</td> </tr> <tr> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">64</td> </tr> </tbody> </table>							TDHCA SET-ASIDES for LURA			Income Limit	Rent Limit	Number of Units	30% of AMI	30% of AMI	8	50% of AMI	50% of AMI	8	60% of AMI	60% of AMI	64
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PROS			CONS																		
<ul style="list-style-type: none"> <li>▫ The development team has considerable experience with tax credit and other affordable housing developments in the El Paso area.</li> </ul>			<ul style="list-style-type: none"> <li>▫ The acquisition is an identity of interest transaction.</li> <li>▫ The underwriting analysis indicates the market for 2 bedroom units at 60% of AMI is saturated, with a unit capture rate exceeding 200%.</li> </ul>																		
PREVIOUS UNDERWRITING REPORTS																					
None.																					

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**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Robert "Bobby" Bowling IV Phone: 915-821-3550 Fax: 915-821-3556  
 Email: [bbowling@aol.com](mailto:bbowling@aol.com)

**KEY PARTICIPANTS**

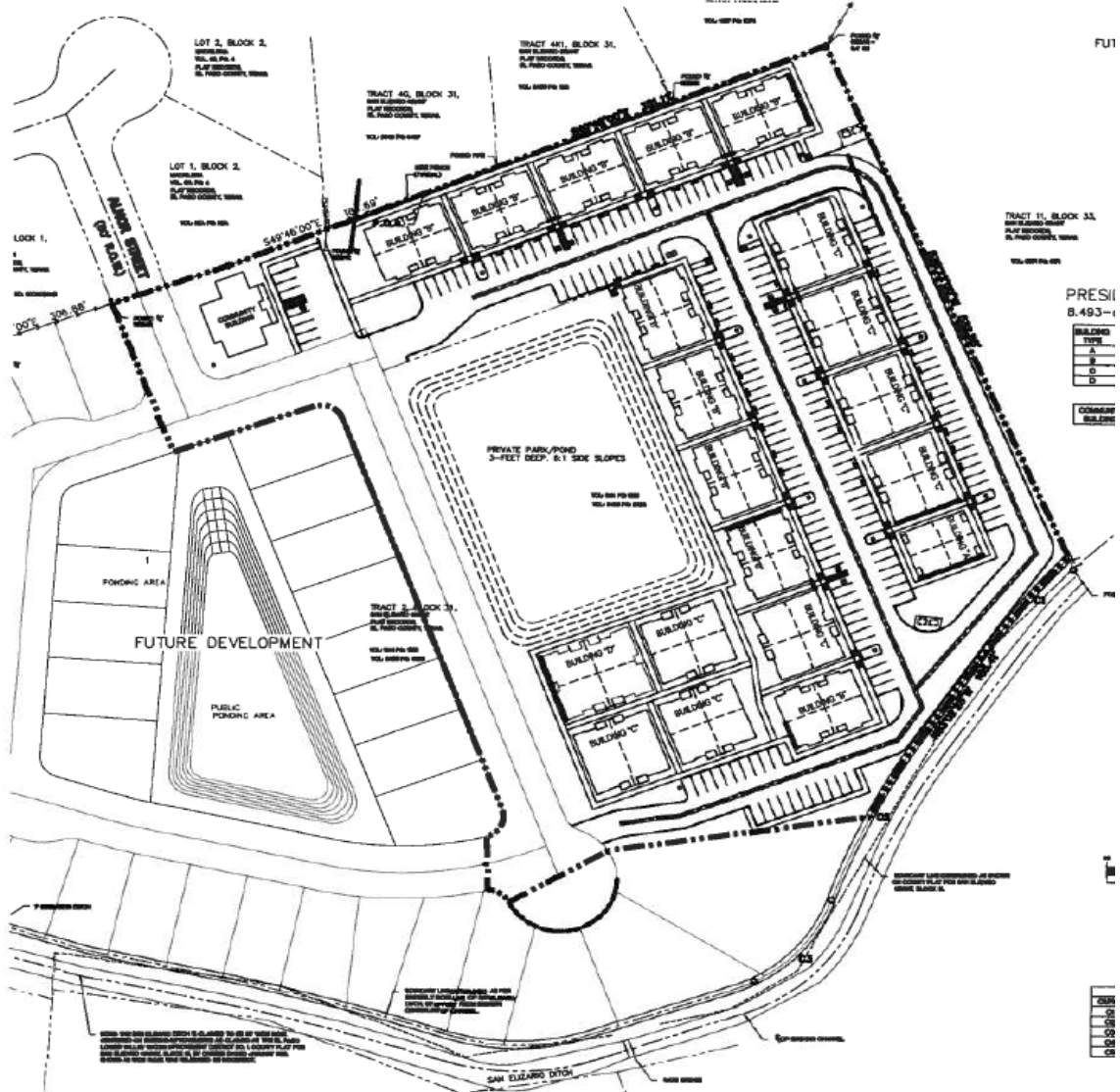
Name	Financial Notes	# Completed Developments
Tropicana Building Corp.	CONFIDENTIAL	19
R.L. "Bobby" Bowling IV, President	CONFIDENTIAL	19
El Paso Presidio, LLC	N/A	19

**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.
- The Principals of Tropicana Building Corporation are also members of the seller, Tropicana Development, Inc. This will be addressed in the Acquisition Cost Section of this report as an identity of interest transaction.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	1 Bed	2 Bed	3 Bed	4Bed							Total Buildings
Floors/Stories	1	1	1	1							
Number	1	10	8	1							20

BR/BA	SF	Units										Total Units	Total SF
1/1	706	4										4	2,824
2/1	967		4									40	38,680
3/2	1,083			4								32	34,656
4/2	1,255				4							4	5,020
Units per Building		4	4	4	4							80	81,180

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**SITE ISSUES**

Total Size: 8.493 acres Scattered site?  Yes  No  
 Flood Zone: X Within 100-yr floodplain?  Yes  No  
 Zoning: N/A Needs to be re-zoned?  Yes  No  N/A  
 Comments:  
 Site is located in a rural area of El Paso thus does not require zoning.

**TDHCA SITE INSPECTION**

Inspector: ORCA Staff Date: 4/8/2009  
 Overall Assessment:  
 Excellent  Acceptable  Questionable  Poor  Unacceptable  
 Surrounding Uses:  
 North: Single family housing; single family housing and vacant lots East: Single family housing; vacant lots and farm land  
 South: Single family housing; single family housing and vacant land West: Single family housing; Single family housing and Retail  
 Comments:  
 "Site is located in a residential area composed mainly of single family housing. Amenities are within a reasonable driving distance, approximately 5-15 minutes."

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Soil Mechanics International Date: 3/10/2009  
 Recognized Environmental Concerns (RECs) and Other Concerns:  
 • "This assessment revealed no evidence of recognized environmental conditions in connection with the property." (p. 6)

**MARKET HIGHLIGHTS**

Provider: The Powers Group Date: 2/2/2009  
 Contact: Linda Powers Phone: (915) 479-2093 Fax: (915) 613-2354  
 Number of Revisions: none Date of Last Applicant Revision: N / A  
 Primary Market Area (PMA): 73 sq. miles 5 mile equivalent radius  
 The geographic boundaries of the Primary Market Area are generally portions of Prado, Yarbrough and Zaragoza Roads in the City of El Paso's Lower Valley Planning Area to the north; Interstate 10 and Mesa Drain to the east; the community boundary of San Elizario to the South; and the U.S. Mexico International boundary to the west.  
 Secondary Market Area (SMA):  
 None.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Ysleta del Sur Pueblo	08301	60	60				
San Elizario	08163	80	80				
Canyon Square Village	09306	104	104				

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INCOME LIMITS						
El Paso						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$9,600	\$10,950	\$12,350	\$13,700	\$14,800	\$15,900
40	\$12,760	\$14,600	\$16,400	\$18,240	\$19,680	\$21,160
50	\$15,950	\$18,250	\$20,500	\$22,800	\$24,600	\$26,450
60	\$19,140	\$21,900	\$24,600	\$27,360	\$29,520	\$31,740

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	45	3	0	48	1	1	4%
1 BR/50%	58	4	0	62	1	0	2%
1 BR/60%	50	4	0	54	2	3	9%
2 BR/30%	48	1	0	49	4	4	16%
2 BR/50%	59	2	0	61	4	28	52%
2 BR/60%	59	2	0	61	32	41	120%
3 BR/30%	46	1	0	47	2	2	9%
3 BR/50%	55	2	0	57	2	20	39%
3 BR/60%	58	3	0	61	28	34	102%
4 BR/30%	43	1	0	44	1	1	5%
4 BR/50%	51	2	0	53	1	0	2%
4 BR/60%	39	3	0	42	2	6	19%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	18	1	0	19	1	1	11%
1 BR/50%	26	2	0	27	1	7	30%
1 BR/60%	19	1	0	20	2	12	70%
2 BR/30%	41	1	0	42	4	7	26%
2 BR/50%	47	2	0	49	4	43	96%
2 BR/60%	43	2	0	45	32	67	222%
3 BR/30%	74	1	0	76	2	5	9%
3 BR/50%	83	3	0	86	2	33	40%
3 BR/60%	89	4	0	94	28	58	92%
4 BR/30%	44	1	0	45	1	1	4%
4 BR/50%	48	2	0	50	1	2	6%
4 BR/60%	52	3	0	55	2	8	18%

OVERALL DEMAND							
	Target Households	Household Size	Income Eligible	Tenure	Demand		
PMA DEMAND from TURNOVER				turnover			
Market Analyst p.				3,032	45%	1,355	
Underwriter	100% 25,401	93% 23,632	48% 11,391	26% 3,003	45%	1,342	
PMA DEMAND from GROWTH				growth			
Market Analyst p.						55	
Underwriter					100%	54	

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p.	80	140		220	1,410	16%
Underwriter	80	244	0	324	1,396	23%

Supply and Demand Analysis:

The market study includes a general demographic data report for the PMA; it also includes a HISTA Data report, a customized report specifying households by income, household size, tenure, and age. The Market Analyst determined the eligible income range to be from \$9,497 to \$34,320, according to 2008 HTC program rents, the most recent at the time of application. The market study analysis is based on the HISTA demographic data; it concludes demand for 1,355 units from household turnover, and demand for 55 units due to household growth.

The market study identified two competitive developments in the PMA that must be included in the unstabilized supply: Ysleta del Sur Pueblo (#08301) with 60 units, and San Elizario Palms (#08163) with 80 units. Based on total demand for 1,410 units, and a total unstabilized supply of 220 units, the Market Analyst concludes an inclusive capture rate of 16%.

The underwriting analysis is based on the traditional method of projecting household demand from the general demographic data. Based on the 2009 HTC program limits, eligible incomes range from \$9,874 to \$35,700. The demographic data indicates demand for 1,342 units from household turnover. The HISTA data, which provides additional detail on household composition, indicates demand for 54 units due to growth of income-eligible, size-appropriate households.

In addition to the comparable supply included in the market study, the underwriting analysis takes a conservative approach and includes another pending 2009 application, Canyon Square Village (#09306), with 104 proposed units located just outside the defined PMA. Based on total demand for 1,396 units, and a total supply of 324 units, the underwriting analysis concludes an inclusive capture rate of 23%. This is well below the maximum capture rate of 75% for developments in rural area, and would in fact satisfy the 25% limit for urban areas.

Primary Market Occupancy Rates:

The Market Analyst surveyed six market rate complexes in the PMA, with average occupancy of 92.1%. The market study also reports 486 LIHTC units in the PMA, with overall occupancy of 98.8%.

Absorption Projections:

Based on overall LIHTC occupancy and recent absorption history, the Market Analyst projects the subject will be absorbed at a rate of 15-20 units per month, and achieve stabilized occupancy within 6 months.

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
1 BR 706 SF 30%	\$185	\$196	\$520	\$196	\$324		
1 BR 706 SF 50%	\$369	\$388	\$520	\$388	\$132		
1 BR 706 SF 60%	\$462	\$484	\$520	\$484	\$36		
2 BR 967 SF 30%	\$228	\$241	\$600	\$241	\$359		
2 BR 967 SF 50%	\$450	\$472	\$600	\$472	\$128		
2 BR 967 SF 60%	\$561	\$588	\$600	\$588	\$12		
3 BR 1,083 SF 30%	\$264	\$280	\$680	\$280	\$400		
3 BR 1,083 SF 50%	\$520	\$546	\$680	\$546	\$134		
3 BR 1,083 SF 60%	\$648	\$680	\$680	\$680	\$0		
4 BR 1,255 SF 30%	\$290	\$307	\$785	\$307	\$478		
4 BR 1,255 SF 50%	\$576	\$604	\$785	\$604	\$181		
4 BR 1,255 SF 60%	\$719	\$753	\$785	\$753	\$32		

Market Impact:

The Market Analyst observes "a significant amount of pent-up demand, which can quickly absorb any new development. Demand is not projected to be satisfied unless a greater number of units are developed in the future." (p. 74)

Comments:

The market study provides sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances, as of May 1, 2008 maintained by the Housing Authority of El Paso, from the increased 2008 HTC Gross Rural Rent Limits as defined by the TDHCA Compliance Division. The Underwriter's projected rents collected were calculated by subtracting tenant-paid utilities from the recently published 2009 Gross Rural Rent Limits. The Applicant's secondary income and vacancy and collection loss assumptions are within current TDHCA guidelines and effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's total operating expense projection of \$3,384 per unit is within 5% of the Underwriter's estimate of \$3,454 per unit as derived from the TDHCA and IREM databases, as well as other third-party data sources.

Conclusion:

The Applicant's income and operating expenses are both within 5% of the Underwriter's estimate, however, the Applicant's net operating income is not within 5%. As a result, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage rate (DCR) of 1.28, which is within the Departments DCR guidelines of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with 2009 TDHCA guidelines. The Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 with continued positive cashflow.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider:	<u>The Powers Group</u>	Date:	<u>2/2/2009</u>
Number of Revisions:	<u>None</u>	Date of Last Applicant Revision:	<u>N/A</u>
Land Only:	8.493 acres	\$140,000	As of: <u>2/2/2009</u>
Existing Buildings: (as-is)		\$0	As of: <u>2/2/2009</u>
Total Development: (as-is)		\$140,000	As of: <u>2/2/2009</u>

**ASSESSED VALUE**

Land Only:	16.5 acres	\$60,912	Tax Year:	2008
Prorated Per Acre:		\$3,681	Valuation by:	<u>El Paso CAD</u>
Total Assessed Value (8.49 acres):		\$31,264	Tax Rate:	<u>2.051153</u>

EVIDENCE of PROPERTY CONTROL

Type: Commercial Purchase Contract Acreage: 8.0 +/-
Contract Expiration: 12/30/2010 Valid Through Board Date? [X] Yes [ ] No
Acquisition Cost: \$145,665 Other:
Seller: Tropicana Building Corp. Related to Development Team? [X] Yes [X] No

Comments:
Tropicana Building Corporation, acting as the sole member of the GP, originally purchased 15.70 acres from The Garcia Family Trust in December 2008 for a total acquisition price of \$211,355,.45. Tropicana is now selling a portion of the total site to the Applicant, Presidio Palms, Ltd. As a result, this transfer is considered an identify of interest transaction.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:
Due to the related party nature of the property transfer, the Applicant is subject to the identity of interest rules as specified in the 2009 Real Estate Analysis Rules and Guidelines. Specifically, the Applicant must provide the original acquisition cost listed in the submitted settlement statement for the proposed site as well as documentation of any additional holding costs to support the claimed amount of acquisition cost reflected in the application.

Tropicana Building Corporation (seller) originally purchased 15.70 acres for a total cost of \$211,355.45. This amounts to \$13,462/acre or \$0.309/square foot. This amount applied to the subject 8.49 acres proposed for the subject development amounts to \$114,276. To this amount the Applicant added additional holding costs in the form of property taxes, interest paid to date and a calculated return on equity, totaling \$19,818. The amounts indicated total \$134,094.

The Applicant further explains that the difference between the amount calculated above the \$145,665 claimed in the application is due to the fact that the property was sold by a distressed seller at the time of acquisition. However, the Real Estate Analysis Rules are clear that all holding costs must be documented and supported in order to be considered in the total acquisition cost. Additionally, the Applicant's appraisal estimates a total market value for the subject 8.49 acres to be \$140K, which is less than the Applicant's claimed acquisition cost. Therefore, the Underwriter has determined that \$134,094 has been supported and documented in accordance with current REA Rules and will be utilized for purposes of this analysis.

Off-Site Cost:
None.

Sitework Cost:
The Applicant's claimed site work cost of \$8,938 per unit is within current Department guidelines. Therefore, further third-party substantiation is not required.

Direct Construction Cost:
The Applicant's direct construction cost estimate is \$271K or 5% lower than the Underwriter's Marshall & Swift Residential Cost Handbook derived estimate. The direct construction costs are marginally more expensive per square foot for this development than for that of a more typical development in the area because the Applicant proposes to include 100% ceramic tile throughout the units. The Department's costing tool is believed to overcompensate for the cost of ceramic tile especially in El Paso and other border areas where the materials and skilled installers make the use of ceramic tile more cost effective than in other areas of the state. To the extent that the plan for ceramic tile is modified in the future, a reduction in cost and therefore a reduction in the recommended tax credit amount is likely.

**Ineligible Costs:**

Ineligible costs total \$80K and only include ineligible fees that will be charged as closing costs on the permanent loan.

**Interim Interest Expense:**

The Applicant's claimed estimates are within current Department guidelines.

**Contingency & Fees:**

The Applicant's claimed estimates are within current Department guidelines.

**Conclusion:**

The Applicant's total development costs are within 5% of the Underwriter's estimates; therefore the Applicant's cost estimate, adjusted for the acquisition price as discussed above, will be used to determine the development's need for permanent funds and to calculate the eligible basis. An eligible basis of \$7,949,700 supports annual tax credits of \$930,115. This figure will be compared to the Applicant's request and the tax credits calculated based on gap in financing to determine the recommended allocation amount.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: Bank of America Type: Interim Financing  
Principal: \$3,300,000 Interest Rate: LIBOR + 3.5%  Fixed Term: 25 months

Source: Bank of America Type: Permanent Financing  
Principal: \$2,300,000 Interest Rate: 7.5%  Fixed Amort: 360 months

**Comments:**

Permanent interest rate will benefit from relationship pricing at the time of rate lock per the commitment letter which should reduce the debt service amount. For underwriting purposes a rate of 7.5% was utilized by both the Applicant and Underwriter to determine the developments debt capacity.

Source: Richman Group Type: Syndication  
Proceeds: \$6,045,747 Syndication Rate: 65% Anticipated HTC: \$ 930,115

**Comments:**

Sensitivity test shows that if the syndication rate falls below \$0.55 per tax credit dollar the deferred developer fee becomes un-repayable within 15 years and pricing above \$0.66 results in an excess of funds which would cause a reduction in the awarded allocation. It should be noted that the anticipated syndication price is \$0.65 which is marginally below the maximum pricing level which could cause a re-evaluation of the awarded allocation should any terms of the syndication pricing change. The Commitment does not state an expiration date.

Amount: \$29,618 Type: Deferred Developer Fees

This section intentionally left blank.

**CONCLUSIONS**

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio within the Department's guidelines of 1.15 to 1.35. The Applicant's total development cost estimate less the permanent loan of \$2,300,000 indicates the need \$6,063,794. Based on the submitted syndication terms, a tax credit allocation of \$932,891 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

Allocation determined by eligible basis:	\$930,115
Allocation determined by gap in financing:	\$932,891
<b>Allocation requested by Applicant:</b>	<b>\$930,115</b>

The allocation amount determined by eligible basis is equal to the Applicant's requested tax credits; therefore, the Applicant's requested amount is recommended. A tax credit allocation of \$930,115 per year for 10 years results in total equity proceeds of \$6,045,747 at a syndication rate of \$0.65 per tax credit dollar.

The Underwriter's recommended financing structure indicates the need for \$18,047 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 1 year of stabilized operation.

Underwriter:	_____	Date:	_____
	<i>Colton Sanders</i>		June 12, 2009
Reviewing Underwriter:	_____	Date:	_____
	<i>Raquel Morales</i>		June 12, 2009
Director of Real Estate Analysis:	_____	Date:	_____
	<i>Tom Gouris</i>		June 12, 2009

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Presidio Palms, San Elizario, 9% HTC #09131**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	TRASH ONLY
TC 30%	1	1	1	706	\$288	\$196	\$196	\$0.28	\$92.00	\$15.00
TC 50%	1	1	1	706	\$480	\$388	\$388	\$0.55	\$92.00	\$15.00
TC 60%	2	1	1	706	\$576	\$484	\$968	\$0.69	\$92.00	\$15.00
TC 30%	4	2	1	967	\$346	\$241	\$964	\$0.25	\$105.00	\$15.00
TC 50%	4	2	1	967	\$577	\$472	\$1,888	\$0.49	\$105.00	\$15.00
TC 60%	32	2	1	967	\$693	\$588	\$18,816	\$0.61	\$105.00	\$15.00
TC 30%	2	3	2	1,083	\$400	\$280	\$560	\$0.26	\$120.00	\$15.00
TC 50%	2	3	2	1,083	\$666	\$546	\$1,092	\$0.50	\$120.00	\$15.00
TC 60%	28	3	2	1,083	\$800	\$680	\$19,040	\$0.63	\$120.00	\$15.00
TC 30%	1	4	2	1,255	\$446	\$307	\$307	\$0.24	\$139.00	\$15.00
TC 50%	1	4	2	1,255	\$743	\$604	\$604	\$0.48	\$139.00	\$15.00
TC 60%	2	4	2	1,255	\$892	\$753	\$1,506	\$0.60	\$139.00	\$15.00
<b>TOTAL:</b>	<b>80</b>		<b>AVERAGE:</b>	<b>1,015</b>		<b>\$579</b>	<b>\$46,329</b>	<b>\$0.57</b>	<b>\$112.05</b>	<b>\$15.00</b>

<b>INCOME</b>		Total Net Rentable Sq Ft:			<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>					<b>\$555,948</b>	<b>\$529,896</b>	<b>EI Paso</b>	<b>EI Paso</b>	<b>13</b>
Secondary Income		Per Unit Per Month:	\$10.00		9,600	9,600	\$10.00	Per Unit Per Month	
Other Support Income:					0		\$0.00	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>					<b>\$565,548</b>	<b>\$539,496</b>			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%		(42,416)	(40,464)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0				
<b>EFFECTIVE GROSS INCOME</b>					<b>\$523,132</b>	<b>\$499,032</b>			

<b>EXPENSES</b>	<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>			<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>	
General & Administrative	4.40%	\$288	0.28	\$23,009	\$23,000	\$0.28	\$288	4.61%	
Management	5.00%	327	0.32	26,157	20,500	0.25	256	4.11%	
Payroll & Payroll Tax	15.30%	1,000	0.99	80,022	90,000	1.11	1,125	18.03%	
Repairs & Maintenance	4.36%	285	0.28	22,788	30,000	0.37	375	6.01%	
Utilities	4.22%	276	0.27	22,068	18,000	0.22	225	3.61%	
Water, Sewer, & Trash	3.67%	240	0.24	19,224	15,000	0.18	188	3.01%	
Property Insurance	3.41%	223	0.22	17,860	16,000	0.20	200	3.21%	
Property Tax	2.05	7.84%	513	0.51	41,023	34,000	0.42	425	6.81%
Reserve for Replacements		3.82%	250	0.25	20,000	20,000	0.25	250	4.01%
TDHCA Compliance Fees		0.61%	40	0.04	3,200	3,200	0.04	40	0.64%
Other: Supportive Service Contract Fees		0.19%	13	0.01	1,000	1,000	0.01	13	0.20%
<b>TOTAL EXPENSES</b>	<b>52.83%</b>	<b>\$3,454</b>	<b>\$3.40</b>	<b>\$276,351</b>	<b>\$270,700</b>	<b>\$3.33</b>	<b>\$3,384</b>	<b>54.25%</b>	
<b>NET OPERATING INC</b>	<b>47.17%</b>	<b>\$3,085</b>	<b>\$3.04</b>	<b>\$246,781</b>	<b>\$228,332</b>	<b>\$2.81</b>	<b>\$2,854</b>	<b>45.75%</b>	

<b>DEBT SERVICE</b>								
Bank of America	36.89%	\$2,412	\$2.38	\$192,983	\$191,785	\$2.36	\$2,397	38.43%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>10.28%</b>	<b>\$672</b>	<b>\$0.66</b>	<b>\$53,798</b>	<b>\$36,547</b>	<b>\$0.45</b>	<b>\$457</b>	<b>7.32%</b>

<b>AGGREGATE DEBT COVERAGE RATIO</b>	1.28	1.19
<b>RECOMMENDED DEBT COVERAGE RATIO</b>	1.28	

<b>CONSTRUCTION COST</b>					<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>
Acquisition Cost (site or bldg)	Factor	% of TOTAL	PER UNIT	PER SQ FT	\$134,094	\$145,665	\$1.79	\$1,821	1.74%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.40%	8,938	8.81	715,000	715,000	8.81	8,938	8.54%
Direct Construction		57.41%	61,059	60.17	4,884,754	4,740,000	58.39	59,250	56.59%
Contingency	4.82%	3.17%	3,375	3.33	270,000	270,000	3.33	3,375	3.22%
Contractor's Fees	13.64%	8.98%	9,546	9.41	763,700	763,700	9.41	9,546	9.12%
Indirect Construction		3.93%	4,175	4.11	334,000	334,000	4.11	4,175	3.99%
Ineligible Costs		0.94%	1,000	0.99	80,000	80,000	0.99	1,000	0.96%
Developer's Fees	13.62%	11.40%	12,125	11.95	970,000	970,000	11.95	12,125	11.58%
Interim Financing		1.85%	1,963	1.93	157,000	157,000	1.93	1,963	1.87%
Reserves		2.35%	2,500	2.46	200,000	200,000	2.46	2,500	2.39%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$106,357</b>	<b>\$104.81</b>	<b>\$8,508,548</b>	<b>\$8,375,365</b>	<b>\$103.17</b>	<b>\$104,692</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>77.96%</b>	<b>\$82,918</b>	<b>\$81.71</b>	<b>\$6,633,454</b>	<b>\$6,488,700</b>	<b>\$79.93</b>	<b>\$81,109</b>	<b>77.47%</b>

<b>SOURCES OF FUNDS</b>					<b>RECOMMENDED</b>			
Bank of America	27.03%	\$28,750	\$28.33	\$2,300,000	\$2,300,000	\$2,300,000	Developer Fee Available	
Additional Financing	0.00%	\$0	\$0.00	0	0	0	\$970,000	
HTC Proceeds- Richman Group	71.05%	\$75,572	\$74.47	6,045,747	6,045,747	6,045,747	% of Dev. Fee Deferred	
Deferred Developer Fees	0.35%	\$370	\$0.36	29,618	29,618	18,047	2%	
Additional (Excess) Funds Req'd	1.57%	\$1,665	\$1.64	133,183	0	0	15-Yr Cumulative Cash Flow	
<b>TOTAL SOURCES</b>				<b>\$8,508,548</b>	<b>\$8,375,365</b>	<b>\$8,363,794</b>	<b>\$1,034,776</b>	

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Presidio Palms, San Elizario, 9% HTC #09131*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$67.60	\$5,488,073
<b>Adjustments</b>				
Exterior Wall Finish	0.00%		\$0.00	\$0
Elderly	0.00%		0.00	0
9-Ft. Ceilings	0.00%		0.00	0
Roofing			0.00	0
Subfloor			(2.42)	(196,456)
Floor Cover			11.29	916,522
Breezeways/Balconies	\$20.39	4,096	1.03	83,517
Plumbing Fixtures	\$1,000	(52)	(0.64)	(52,000)
Rough-ins	\$435	0	0.00	0
Built-In Appliances	\$1,800	80	1.77	144,000
Exterior Stairs	\$1,875	0	0.00	0
Enclosed Corridors	\$57.68	0	0.00	0
Heating/Cooling			1.83	148,559
Garages/Carports	\$0.00	0	0.00	0
Comm &/or Aux Bldgs	\$74.16	3,033	2.77	224,925
Other: fire sprinkler	\$2.15	0	0.00	0
<b>SUBTOTAL</b>			<b>83.24</b>	<b>6,757,141</b>
Current Cost Multiplier	1.01		0.83	67,571
Local Multiplier	0.88		(9.99)	(810,857)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$74.08</b>	<b>\$6,013,856</b>
Plans, specs, survy, bld prn	3.90%		(\$2.89)	(\$234,540)
Interim Construction Interest	3.38%		(2.50)	(202,968)
Contractor's OH & Profit	11.50%		(8.52)	(691,593)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$60.17</b>	<b>\$4,884,754</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$2,300,000	Amort	360
Int Rate	7.50%	DCR	1.28

<b>Secondary</b>	\$0	Amort	
Int Rate		Subtotal DCR	1.28

<b>Additional</b>	\$0	Amort	
Int Rate		Aggregate DCR	1.28

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$192,983
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$53,798</b>

<b>Primary</b>	\$2,300,000	Amort	360
Int Rate	7.50%	DCR	1.28

<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.28

<b>Additional</b>	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.28

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$555,948	\$567,067	\$578,408	\$589,976	\$601,776	\$664,409	\$733,562	\$809,911	\$987,277
Secondary Income	9,600	9,792	9,988	10,188	10,391	11,473	12,667	13,985	17,048
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	565,548	576,859	588,396	600,164	612,167	675,882	746,229	823,897	1,004,325
Vacancy & Collection Loss	(42,416)	(43,264)	(44,130)	(45,012)	(45,913)	(50,691)	(55,967)	(61,792)	(75,324)
Employee or Other Non-Renta	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$523,132</b>	<b>\$533,595</b>	<b>\$544,266</b>	<b>\$555,152</b>	<b>\$566,255</b>	<b>\$625,191</b>	<b>\$690,261</b>	<b>\$762,104</b>	<b>\$929,001</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$23,009	\$23,699	\$24,410	\$25,143	\$25,897	\$30,022	\$34,803	\$40,347	\$54,222
Management	26,157	26,680	27,213	27,758	28,313	31,260	34,513	38,105	46,450
Payroll & Payroll Tax	80,022	82,423	84,895	87,442	90,066	104,411	121,041	140,319	188,577
Repairs & Maintenance	22,788	23,472	24,176	24,901	25,648	29,734	34,469	39,959	53,702
Utilities	22,068	22,730	23,412	24,114	24,838	28,794	33,380	38,696	52,005
Water, Sewer & Trash	19,224	19,801	20,395	21,007	21,637	25,083	29,078	33,709	45,303
Insurance	17,860	18,395	18,947	19,516	20,101	23,303	27,014	31,317	42,087
Property Tax	41,023	42,254	43,521	44,827	46,172	53,526	62,051	71,934	96,674
Reserve for Replacements	20,000	20,600	21,218	21,855	22,510	26,095	30,252	35,070	47,131
Other	4,200	4,326	4,456	4,589	4,727	5,480	6,353	7,365	9,898
<b>TOTAL EXPENSES</b>	<b>\$276,351</b>	<b>\$284,380</b>	<b>\$292,644</b>	<b>\$301,151</b>	<b>\$309,908</b>	<b>\$357,706</b>	<b>\$412,954</b>	<b>\$476,822</b>	<b>\$636,049</b>
<b>NET OPERATING INCOME</b>	<b>\$246,781</b>	<b>\$249,215</b>	<b>\$251,622</b>	<b>\$254,000</b>	<b>\$256,346</b>	<b>\$267,485</b>	<b>\$277,307</b>	<b>\$285,282</b>	<b>\$292,952</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$192,983	\$192,983	\$192,983	\$192,983	\$192,983	\$192,983	\$192,983	\$192,983	\$192,983
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$53,798</b>	<b>\$56,232</b>	<b>\$58,639</b>	<b>\$61,017</b>	<b>\$63,363</b>	<b>\$74,502</b>	<b>\$84,324</b>	<b>\$92,299</b>	<b>\$99,969</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.28</b>	<b>1.29</b>	<b>1.30</b>	<b>1.32</b>	<b>1.33</b>	<b>1.39</b>	<b>1.44</b>	<b>1.48</b>	<b>1.52</b>

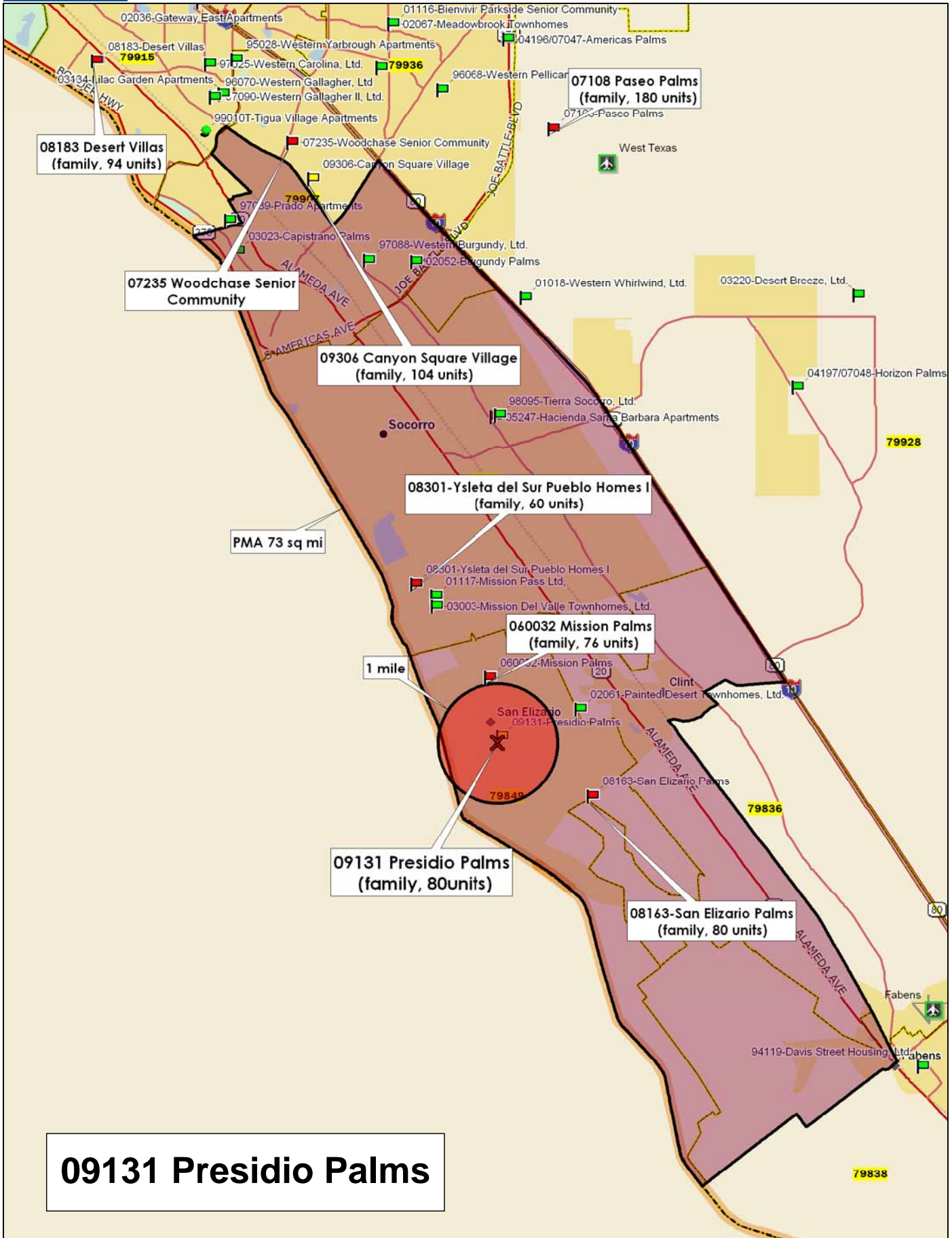


**HTC ALLOCATION ANALYSIS -Presidio Palms, San Elizario, 9% HTC #09131**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$145,665	\$134,094		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$715,000	\$715,000	\$715,000	\$715,000
<b>Construction Hard Costs</b>	\$4,740,000	\$4,884,754	\$4,740,000	\$4,884,754
<b>Contractor Fees</b>	\$763,700	\$763,700	\$763,700	\$763,700
<b>Contingencies</b>	\$270,000	\$270,000	\$270,000	\$270,000
<b>Eligible Indirect Fees</b>	\$334,000	\$334,000	\$334,000	\$334,000
<b>Eligible Financing Fees</b>	\$157,000	\$157,000	\$157,000	\$157,000
<b>All Ineligible Costs</b>	\$80,000	\$80,000		
<b>Developer Fees</b>				
Developer Fees	\$970,000	\$970,000	\$970,000	\$970,000
<b>Development Reserves</b>	\$200,000	\$200,000		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$8,375,365</b>	<b>\$8,508,548</b>	<b>\$7,949,700</b>	<b>\$8,094,454</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		<b>\$7,949,700</b>	<b>\$8,094,454</b>
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		<b>\$10,334,610</b>	<b>\$10,522,790</b>
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		<b>\$10,334,610</b>	<b>\$10,522,790</b>
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		<b>\$930,115</b>	<b>\$947,051</b>

<b>Syndication Proceeds</b>	<b>0.6500</b>	<b>\$6,045,746</b>	<b>\$6,155,832</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$930,115</b>	<b>\$947,051</b>
<b>Syndication Proceeds</b>		<b>\$6,045,746</b>	<b>\$6,155,832</b>
<b>Requested Tax Credits</b>		<b>\$930,115</b>	
<b>Syndication Proceeds</b>		<b>\$6,045,747</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$6,063,794</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$932,891</b>	

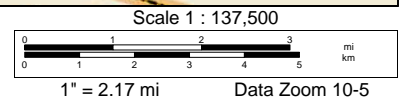
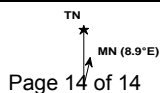


**09131 Presidio Palms**

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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Chelsea Senior Community, TDHCA Number 09132**

BASIC DEVELOPMENT INFORMATION

Site Address: 6900 Blk of TC Jester & W. Little York Rd. Development #: 09132  
 City: Houston Region: 6 Population Served: Elderly  
 County: Harris Zip Code: 77088 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Chelsea Seniors, L.P.  
 Owner Contact and Phone: Chernon M. Njie, (512) 458-5577  
 Developer: Songhai Development Company, LLC  
 Housing General Contractor: Integrated Construction & Development, LP  
 Architect: GTF Design Associates  
 Market Analyst: O'Connor & Associates  
 Syndicator: National Equity Fund, Inc.  
 Supportive Services: Capstone Real Estate Services, Inc.  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	150	
	8	0	76	66	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	45	105	0	0	0	
Type of Building:						Total Development Units:	150
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$19,657,543
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	4
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,968,604	\$1,956,673			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Chelsea Senior Community, TDHCA Number 09132

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Whitmire, District 15, S Points: 14 US Representative: Jackson Lee, District 18, NC  
TX Representative: Turner, District 139, NC Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC Resolution of Support from Local Government

O, Dr. Wanda Bamberg, Superintendent of Aldine ISD

**Individuals and Businesses:** In Support: 0 In Opposition: 0

**Quantifiable Community Participation Input:**

Inwood Area Association, Annie Rogers Letter Score: 24 S or O: S

There is a demand for senior housing in this community and the proposed development will fulfill that need, as well as, spur needed development in the area. We are also impressed with the quality of the development.

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official and qualified neighborhood association. Letter of opposition from ISD citing a loss of property tax revenue, and a letter from John Harlow, President, Sheraton homeowner's association, citing abundance of low income housing in the vicinity and lack of public services in the area.

CONDITIONS OF COMMITMENT

1. Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Houston for the proposed HOME loan with terms of the loan clearly stated.
2. Receipt, review, and acceptance, by Carryover, of an attorney's opinion and analysis validating that the proposed HOME financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.
3. Receipt, review, and acceptance, by Carryover, of a letter from a certified public accountant stating which sitework costs are includable in eligible basis.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.
5. Receipt of a commitment of funding from the City of Houston in the amount of \$1,965,755, or a commitment from a qualifying substitute source in an amount not less than \$982,878, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Chelsea Senior Community, TDHCA Number 09132**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **2**

Total # Monitored: **0**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **209**  Meeting a Required Set-Aside Credit Amount\*: \$1,956,673

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report ADDENDUM

REPORT DATE: 07/02/09      PROGRAM: 9%/HTC      FILE NUMBER: 09132

DEVELOPMENT																					
Chelsea Senior Community																					
Location: <u>6900 Block of TC Jester &amp; West Little York Rd.</u>				Region: <u>6</u>																	
City: <u>Houston</u>		County: <u>Harris</u>		Zip: <u>77088</u>		<input checked="" type="checkbox"/> OCT <input type="checkbox"/> DDA															
Key Attributes: <u>Seniors, New Construction, Urban</u>																					
ALLOCATION																					
	REQUEST			RECOMMENDATION																	
TDHCA Program	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term															
Housing Tax Credit (Annual)	\$1,968,604			<b>\$1,956,673</b>																	
CONDITIONS																					
1 Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Houston for the proposed HOME loan with terms of the loan clearly stated.  2 Receipt, review, and acceptance, by Carryover, of an attorney's opinion and analysis validating that the proposed HOME financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.  3 Receipt, review and acceptance by Carryover of a letter from a certified public accountant stating which sitework costs are includable in eligible basis.  4 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.																					
SALIENT ISSUES																					
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">TDHCA SET-ASIDES for LURA</th> </tr> <tr> <th style="text-align: center;">Income Limit</th> <th style="text-align: center;">Rent Limit</th> <th style="text-align: center;">Number of Units</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">8</td> </tr> <tr> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">76</td> </tr> <tr> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">66</td> </tr> </tbody> </table>							TDHCA SET-ASIDES for LURA			Income Limit	Rent Limit	Number of Units	30% of AMI	30% of AMI	8	50% of AMI	50% of AMI	76	60% of AMI	60% of AMI	66
TDHCA SET-ASIDES for LURA																					
Income Limit	Rent Limit	Number of Units																			
30% of AMI	30% of AMI	8																			
50% of AMI	50% of AMI	76																			
60% of AMI	60% of AMI	66																			
PROS			CONS																		
<ul style="list-style-type: none"> <li>▫ The overall capture rate for the development is 60% which is below the maximum guideline of 75%.</li> </ul>			<ul style="list-style-type: none"> <li>▫ Demand for units restricted at 50% and 60% of AMI is limited based on unit-specific capture rates well above 100%.</li> </ul>																		

**ADDENDUM**

The underwriting analysis has been revised to reflect corrections to the underwriting report dated June 12, 2009; specifically, with regard to the development costs. The Underwriter's costs were updated to identify 47,359 square feet of breezeway area as verified by the architect in a letter dated June 25, 2009. Also, through correspondence with the Applicant, the Underwriter was made aware of additional costs to construct the secondary access road to TC Jester that had been included in the Applicant's direct hard costs. As a result, the Applicant appropriately re-allocated these costs to site work. These adjustments are discussed in more detail in the "Construction Cost" section below.

The Underwriter has evaluated the impact of these changes on the financial viability of the transaction based on the revised documentation provided. Only those portions of the report that are materially affected by the proposed changes are discussed below. This report should be read in conjunction with the original underwriting report for a full evaluation of the originally proposed development plan and structure.

**PROPOSED SITE**

**BUILDING CONFIGURATION**

Building Type	1	2	3	4								Total Buildings
Floors/Stories	3	3	3	3								
Number	1	1	1	1								4

BR/BA	SF	Units										Total Units	Total SF
1/1	780	15	6	15	9							45	35,100
2/2	1,014	18	36	18	33							105	106,470
Units per Building		33	42	33	42							150	141,570

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Sitework Cost:**

The Applicant claimed sitework costs over the Departments maximum guideline of \$9,000 per unit and provided sufficient third party certification *through a detailed certified cost estimate by an engineer to justify these costs*. However, these costs have not been reviewed by the Applicant's CPA, to preliminarily opine what costs will be considered eligible. Therefore, receipt, review and acceptance by carryover of a letter from a certified public accountant stating which costs are includable in eligible basis, is a condition of this report.

**Direct Construction Cost:**

The Underwriter attempted to reconcile the cost difference with the Applicant, however, the Applicant provided no relevant additional documentation to support the higher original cost estimate. Subsequent to the publishing of the Underwriting report dated June 12, 2009, the Applicant identified costs of a secondary access road that had been embedded in direct hard costs. In response to a request for additional information of the Applicant's appeal request, the Applicant confirmed that approximately \$300K of the direct construction costs should be re-allocated to sitework costs for the construction of the secondary access road. As a result, the Applicant's revised direct construction cost estimate is \$474K or 5% higher than the Underwriter's revised Marshall & Swift Residential Cost Handbook-derived estimate.

**Interim Interest Expense:**

The Underwriter reduced the Applicant's eligible interim financing fees by \$85,749 to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

**Contingency & Fees:**

The Applicant's eligible contingency costs were adjusted down by \$415 to meet the Department guideline of 5% of eligible sitework and direct construction costs for new construction developments. The Applicant's contractor fees exceed the 14% maximum allowed by HTC guidelines by a total of \$1,161 based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant's developer fee also exceeds 15% of the Applicant's adjusted eligible basis by \$14,648 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Conclusion:

The Applicant's revised total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$16,723,702 supports annual tax credits of \$1,956,673. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**CONCLUSIONS**

Recommended Financing Structure:

As stated above, the proforma analysis based on the Applicant's proposed financing results in a debt coverage ratio within the Department's guidelines of 1.15 to 1.35. However, this does not consider any debt service on the HOME loan from the City of Houston. Since the application materials reflect the Applicant's intent to structure these funds as soft financing payable only out of available cashflow, the Underwriter's proforma analysis utilizes these same assumptions.

The Applicant's total development cost estimate less the permanent loan of \$3,565,000 and \$1.9M in HOME funds indicates the need for \$14,126,788 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$2,018,315 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,968,604), the revised gap-driven amount (\$2,018,315), and revised eligible basis-derived estimate (\$1,956,673), the revised eligible basis-derived estimate of \$1,956,673 is recommended resulting in proceeds of \$13,695,341 based on a syndication rate of 70%.

This recommended financing structure would require an additional \$431,447 in permanent funds. This amounts to 20% of the developer fee available and appears to be repayable within just over five years of stabilized operations. Moreover, this structure would provide \$1.9M of federal HOME funds with repayment subject to available cash flow, and no expectation of available cash flow for this amount for more than 20 years.

If federal financing is provided without the reasonable expectation that it will be repaid in full, it must be considered a grant under IRC§42. The Underwriter has determined that if these funds are not reasonably expected to be repaid in full, the amount of HOME funds would have to be excluded from eligible basis for purposes of determining the recommended Housing Tax Credit allocation. Such treatment of these funds would reduce the equity proceeds and would render this transaction infeasible. Therefore, any funding recommendation made in this report should be conditioned upon receipt, review, and acceptance, by Carryover, of an attorney's opinion and analysis validating that the proposed HOME financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.

Underwriter:	_____	Date:	July 2, 2009
	<i>Diamond Unique Thompson</i>		
Manager of Real Estate Analysis:	_____	Date:	July 2, 2009
	<i>Raquel Morales</i>		
Director of Real Estate Analysis:	_____	Date:	July 2, 2009
	<i>Brent Stewart</i>		



**MULTIFAMILY COMPARATIVE ANALYSIS**

**Chelsea Senior Community, Houston, 9%/HTC #09132**

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%		3	1	1	780	\$358	\$250	\$750	\$0.32	\$108.00	\$53.00
TC 50%		18	1	1	780	\$598	\$490	\$8,820	\$0.63	\$108.00	\$53.00
TC 50%	HH	5	1	1	780	\$598	\$490	\$2,450	\$0.63	\$108.00	\$53.00
TC 60%		14	1	1	780	\$717	\$609	\$8,526	\$0.78	\$108.00	\$53.00
TC 60%	HH	5	1	1	780	\$717	\$609	\$3,045	\$0.78	\$108.00	\$53.00
TC 30%		5	2	2	1,014	\$431	\$284	\$1,420	\$0.28	\$147.00	\$64.00
TC 50%		48	2	2	1,014	\$717	\$570	\$27,360	\$0.56	\$147.00	\$64.00
TC 50%	HH	5	2	2	1,014	\$717	\$570	\$2,850	\$0.56	\$147.00	\$64.00
TC 60%		42	2	2	1,014	\$861	\$714	\$29,988	\$0.70	\$147.00	\$64.00
TC 60%	HH	5	2	2	1,014	\$861	\$714	\$3,570	\$0.70	\$147.00	\$64.00
<b>TOTAL:</b>		<b>150</b>		<b>AVERAGE:</b>	<b>944</b>		<b>\$592</b>	<b>\$88,779</b>	<b>\$0.63</b>	<b>\$135.30</b>	<b>\$60.70</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	<b>141,570</b>	<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>	
<b>POTENTIAL GROSS RENT</b>						\$1,065,348	\$1,010,580	Harris	Houston	6	
Secondary Income		Per Unit Per Month:	\$15.00			27,000	9,000	\$5.00	Per Unit Per Month		
Other Support Income: Garage/Carport Income						0	27,000	\$15.00	Per Unit Per Month		
<b>POTENTIAL GROSS INCOME</b>						\$1,092,348	\$1,046,580				
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(81,926)	(78,492)	-7.50%	of Potential Gross Income		
Employee or Other Non-Rental Units or Concessions						0					
<b>EFFECTIVE GROSS INCOME</b>						\$1,010,422	\$968,088				
<b>EXPENSES</b>				<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>		<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>	
General & Administrative				4.89%	\$330	0.35	\$49,448	\$45,500	\$0.32	\$303	4.70%
Management				5.00%	337	0.36	50,521	51,460	0.36	343	5.32%
Payroll & Payroll Tax				14.93%	1,006	1.07	150,826	162,000	1.14	1,080	16.73%
Repairs & Maintenance				7.36%	495	0.52	74,322	65,000	0.46	433	6.71%
Utilities				4.35%	293	0.31	43,919	38,000	0.27	253	3.93%
Water, Sewer, & Trash				5.36%	361	0.38	54,198	40,000	0.28	267	4.13%
Property Insurance				4.90%	330	0.35	49,550	35,000	0.25	233	3.62%
Property Tax	2.675			9.93%	669	0.71	100,300	130,000	0.92	867	13.43%
Reserve for Replacements				3.71%	250	0.26	37,500	37,500	0.26	250	3.87%
TDHCA Compliance Fees				0.59%	40	0.04	6,000	6,500	0.05	43	0.67%
Other: Supp Servs, Sec				1.93%	130	0.14	19,500	19,500	0.14	130	2.01%
<b>TOTAL EXPENSES</b>				<b>62.95%</b>	<b>\$4,241</b>	<b>\$4.49</b>	<b>\$636,084</b>	<b>\$630,460</b>	<b>\$4.45</b>	<b>\$4,203</b>	<b>65.12%</b>
<b>NET OPERATING INC</b>				<b>37.05%</b>	<b>\$2,496</b>	<b>\$2.64</b>	<b>\$374,338</b>	<b>\$337,628</b>	<b>\$2.38</b>	<b>\$2,251</b>	<b>34.88%</b>
<b>DEBT SERVICE</b>											
Raymond James				29.60%	\$1,994	\$2.11	\$299,124	\$299,124	\$2.11	\$1,994	30.90%
City of Houston HOME- soft loan				0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing				0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>				<b>7.44%</b>	<b>\$501</b>	<b>\$0.53</b>	<b>\$75,214</b>	<b>\$38,504</b>	<b>\$0.27</b>	<b>\$257</b>	<b>3.98%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>						<b>1.25</b>	<b>1.13</b>				
<b>RECOMMENDED DEBT COVERAGE RATIO</b>						<b>1.25</b>					

<b>CONSTRUCTION COST</b>				<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>			
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT							
Acquisition Cost (site or bldg)		7.31%	\$9,235	\$9.78	\$1,385,208	\$1,385,208	\$9.78	\$9,235	7.05%		
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%		
Sitework		8.71%	11,000	11.66	1,650,000	1,650,000	11.66	11,000	8.39%		
Direct Construction		46.29%	58,451	61.93	8,767,575	9,241,710	65.28	61,611	47.01%		
Contingency	5.00%	2.75%	3,473	3.68	520,879	545,000	3.85	3,633	2.77%		
Contractor's Fees	14.00%	7.70%	9,723	10.30	1,458,461	1,526,000	10.78	10,173	7.76%		
Indirect Construction		6.00%	7,572	8.02	1,135,729	1,135,729	8.02	7,572	5.78%		
Ineligible Costs		4.44%	5,609	5.94	841,345	894,910	6.32	5,966	4.55%		
Developer's Fees	15.00%	11.07%	13,978	14.81	2,096,719	2,196,000	15.51	14,640	11.17%		
Interim Financing		2.35%	2,970	3.15	445,486	445,486	3.15	2,970	2.27%		
Reserves		3.37%	4,250	4.50	637,500	637,500	4.50	4,250	3.24%		
<b>TOTAL COST</b>				<b>100.00%</b>	<b>\$126,259</b>	<b>\$133.78</b>	<b>\$18,938,902</b>	<b>\$19,657,543</b>	<b>\$138.85</b>	<b>\$131,050</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>				<b>65.46%</b>	<b>\$82,646</b>	<b>\$87.57</b>	<b>\$12,396,914</b>	<b>\$12,962,710</b>	<b>\$91.56</b>	<b>\$86,418</b>	<b>65.94%</b>

<b>SOURCES OF FUNDS</b>				<b>RECOMMENDED</b>			
Raymond James	18.82%	\$23,767	\$25.18	\$3,565,000	Developer Fee Available		
City of Houston HOME- soft loan	10.38%	\$13,105	\$13.89	1,965,755	\$2,181,352		
City of Houston HOME (Non-Amort)				0			
HTC Proceeds- NEF	72.75%	\$91,859	\$97.33	13,778,848	% of Dev. Fee Deferred		
Deferred Developer Fees	1.84%	\$2,320	\$2.46	347,940	20%		
Additional (Excess) Funds Req'd	-3.79%	(\$4,791)	(\$5.08)	(718,641)	15-Yr Cumulative Cash Flow		
<b>TOTAL SOURCES</b>				<b>\$18,938,902</b>	<b>\$19,657,543</b>	<b>\$19,657,543</b>	<b>\$1,217,456</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Chelsea Senior Community, Houston, 9%/HTC #09132*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.02	\$7,788,690
<b>Adjustments</b>				
Exterior Wall Finish	4.00%		\$2.20	\$311,548
Elderly	3.00%		1.65	233,661
9-Ft. Ceilings	3.50%		1.93	272,604
Roofing			0.00	0
Subfloor			(0.81)	(114,200)
Floor Cover			2.38	336,937
Breezeways/Balconies	\$22.95	57,259	9.28	1,314,094
Plumbing Fixtures	\$835	72	0.42	60,120
Rough-ins	\$410	300	0.87	123,000
Built-In Appliances	\$1,800	150	1.91	270,000
Exterior Stairs	\$1,875	12	0.16	22,500
Elevators	\$53,600	2	0.76	107,200
Heating/Cooling			1.83	259,073
Garages	\$20.60	12,000	1.75	247,144
Carports	\$10.37	8,000	0.59	82,960
Comm &/or Aux Bldgs	\$68.06	6,507	3.13	442,883
Other: fire sprinkler	\$2.15	141,570	2.15	304,376
<b>SUBTOTAL</b>			<b>85.21</b>	<b>12,062,589</b>
Current Cost Multiplier	1.01		0.85	120,626
Local Multiplier	0.91		(7.67)	(1,085,633)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$78.39</b>	<b>\$11,097,582</b>
Plans, specs, survy, bld prmts	3.90%		(\$3.06)	(\$432,806)
Interim Construction Interest	3.38%		(2.65)	(374,543)
Contractor's OH & Profit	11.50%		(9.01)	(1,276,222)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$63.67</b>	<b>\$9,014,011</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$3,565,000	Amort	360
Int Rate	7.50%	DCR	1.25

<b>Secondary</b>	\$1,965,755	Amort	0
Int Rate	1.00%	Subtotal DCR	1.25

<b>Additional</b>	\$0	Amort	
Int Rate		Aggregate DCR	1.25

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$299,124
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$75,214</b>

<b>Primary</b>	\$3,565,000	Amort	360
Int Rate	7.50%	DCR	1.25

<b>Secondary</b>	\$1,965,755	Amort	0
Int Rate	1.00%	Subtotal DCR	1.25

<b>Additional</b>	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.25

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at	2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT		\$1,065,348	\$1,086,655	\$1,108,388	\$1,130,556	\$1,153,167	\$1,273,189	\$1,405,704	\$1,552,011	\$1,891,893
Secondary Income		27,000	27,540	28,091	28,653	29,226	32,267	35,626	39,334	47,948
Other Support Income: Garage/Carport Income		0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME		1,092,348	1,114,195	1,136,479	1,159,208	1,182,393	1,305,457	1,441,330	1,591,345	1,939,840
Vacancy & Collection Loss		(81,926)	(83,565)	(85,236)	(86,941)	(88,679)	(97,909)	(108,100)	(119,351)	(145,488)
Employee or Other Non-Rental Units or Conces		0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME		\$1,010,422	\$1,030,630	\$1,051,243	\$1,072,268	\$1,093,713	\$1,207,548	\$1,333,230	\$1,471,994	\$1,794,352
EXPENSES at	3.00%									
General & Administrative		\$49,448	\$50,932	\$52,460	\$54,033	\$55,654	\$64,519	\$74,795	\$86,708	\$116,528
Management		50,521	51,532	52,562	53,613	54,686	60,377	66,662	73,600	89,718
Payroll & Payroll Tax		150,826	155,351	160,011	164,812	169,756	196,794	228,138	264,475	355,432
Repairs & Maintenance		74,322	76,551	78,848	81,213	83,650	96,973	112,418	130,324	175,144
Utilities		43,919	45,236	46,593	47,991	49,431	57,304	66,431	77,012	103,497
Water, Sewer & Trash		54,198	55,824	57,499	59,223	61,000	70,716	81,979	95,036	127,721
Insurance		49,550	51,036	52,567	54,144	55,768	64,651	74,948	86,885	116,767
Property Tax		100,300	103,309	106,408	109,601	112,889	130,869	151,713	175,877	236,364
Reserve for Replacements		37,500	38,625	39,784	40,977	42,207	48,929	56,722	65,756	88,371
Other		25,500	26,265	27,053	27,865	28,700	33,272	38,571	44,714	60,092
TOTAL EXPENSES		\$636,084	\$654,661	\$673,785	\$693,473	\$713,741	\$824,404	\$952,377	\$1,100,387	\$1,469,634
NET OPERATING INCOME		\$374,338	\$375,970	\$377,458	\$378,795	\$379,972	\$383,144	\$380,853	\$371,607	\$324,719
<b>DEBT SERVICE</b>										
First Lien Financing		\$299,124	\$299,124	\$299,124	\$299,124	\$299,124	\$299,124	\$299,124	\$299,124	\$299,124
Second Lien		0	0	0	0	0	0	0	0	0
Other Financing		0	0	0	0	0	0	0	0	0
NET CASH FLOW		\$75,214	\$76,846	\$78,334	\$79,671	\$80,848	\$84,020	\$81,729	\$72,483	\$25,595
DEBT COVERAGE RATIO		1.25	1.26	1.26	1.27	1.27	1.28	1.27	1.24	1.09

**HTC ALLOCATION ANALYSIS -Chelsea Senior Community, Houston, 9%/HTC #09132**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$1,385,208	\$1,385,208		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,650,000	\$1,650,000	\$1,650,000	\$1,650,000
<b>Construction Hard Costs</b>	\$9,241,710	\$8,767,575	\$9,241,710	\$8,767,575
<b>Contractor Fees</b>	\$1,526,000	\$1,458,461	\$1,524,839	\$1,458,461
<b>Contingencies</b>	\$545,000	\$520,879	\$544,586	\$520,879
<b>Eligible Indirect Fees</b>	\$1,135,729	\$1,135,729	\$1,135,729	\$1,135,729
<b>Eligible Financing Fees</b>	\$445,486	\$445,486	\$445,486	\$445,486
<b>All Ineligible Costs</b>	\$894,910	\$841,345		
<b>Developer Fees</b>			\$2,181,352	
Developer Fees	\$2,196,000	\$2,096,719		\$2,096,719
<b>Development Reserves</b>	\$637,500	\$637,500		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$19,657,543</b>	<b>\$18,938,902</b>	<b>\$16,723,702</b>	<b>\$16,074,849</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$16,723,702	\$16,074,849
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$21,740,813	\$20,897,303
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$21,740,813	\$20,897,303
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,956,673	\$1,880,757

<b>Syndication Proceeds</b>	<b>0.6999</b>	<b>\$13,695,341</b>	<b>\$13,163,983</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,956,673</b>	<b>\$1,880,757</b>
<b>Syndication Proceeds</b>		<b>\$13,695,341</b>	<b>\$13,163,983</b>
<b>Requested Tax Credits</b>		<b>\$1,968,604</b>	
<b>Syndication Proceeds</b>		<b>\$13,778,848</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$14,126,788</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$2,018,315</b>	



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 06/12/09 PROGRAM: 9%/HTC FILE NUMBER: 09132

DEVELOPMENT																					
Chelsea Senior Community																					
Location: 6900 Block of TC Jester & West Little York Rd.					Region: 6																
City: Houston	County: Harris	Zip: 77088	<input checked="" type="checkbox"/> OCT	<input type="checkbox"/> DDA																	
Key Attributes: Seniors, New Construction, Urban																					
ALLOCATION																					
	REQUEST			RECOMMENDATION																	
TDHCA Program	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term															
Housing Tax Credit (Annual)	\$1,968,604			<b>\$1,743,043</b>																	
CONDITIONS																					
<ol style="list-style-type: none"> <li>1 Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Houston for the proposed HOME loan with terms of the loan clearly stated.</li> <li>2 Receipt, review, and acceptance, by Carryover, of an attorney's opinion and analysis validating that the proposed HOME financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.</li> <li>3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.</li> </ol>																					
SALIENT ISSUES																					
<table border="1" style="margin: auto; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">TDHCA SET-ASIDES for LURA</th> </tr> <tr> <th style="text-align: center;">Income Limit</th> <th style="text-align: center;">Rent Limit</th> <th style="text-align: center;">Number of Units</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">8</td> </tr> <tr> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">76</td> </tr> <tr> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">66</td> </tr> </tbody> </table>							TDHCA SET-ASIDES for LURA			Income Limit	Rent Limit	Number of Units	30% of AMI	30% of AMI	8	50% of AMI	50% of AMI	76	60% of AMI	60% of AMI	66
TDHCA SET-ASIDES for LURA																					
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**PREVIOUS UNDERWRITING REPORTS**

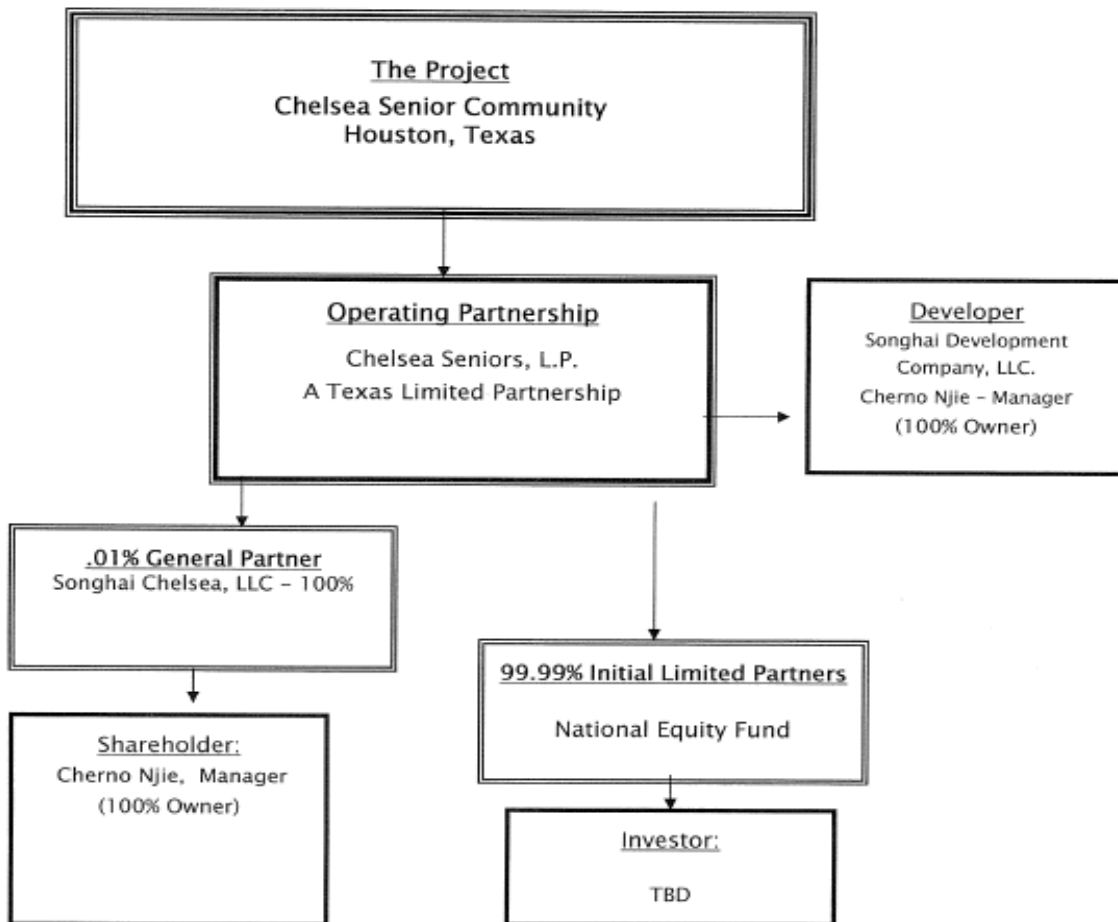
The Applicant has previously applied for tax credit funds (#07102 Chelsea Place) from the Department but it appears the application may not have scored high enough to be underwritten or receive an allocation for this development. Chelsea Senior Community (TDHCA #08228) was submitted and underwritten in December 2008 for a forward commitment of 9% Tax Credits. The previously submitted application proposed 36 units on a 6 acre site in Houston. The underwriting analysis recommended the project be approved for Housing Tax Credits in the amount of \$563,423 (includes Board Approved 10% increase) subject to the following conditions:

- \* Receipt, review, and acceptance, by the ten percent test, of documentation that the old tires and debris identified in the ESA have been properly disposed of.
- \* Receipt, review, and acceptance, by the time of the ten percent test, of an attorney's opinion and analysis validating that the entire HOME loan can be reasonably expected to be repaid in full.
- \* Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.

The subject application represents the third attempt at tax credits for this development.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Cherno M. Njie Phone: (512) 458-5577 Fax: (512) 458-5565  
 Email: Cherno@Songhaiventures.com

**KEY PARTICIPANTS**

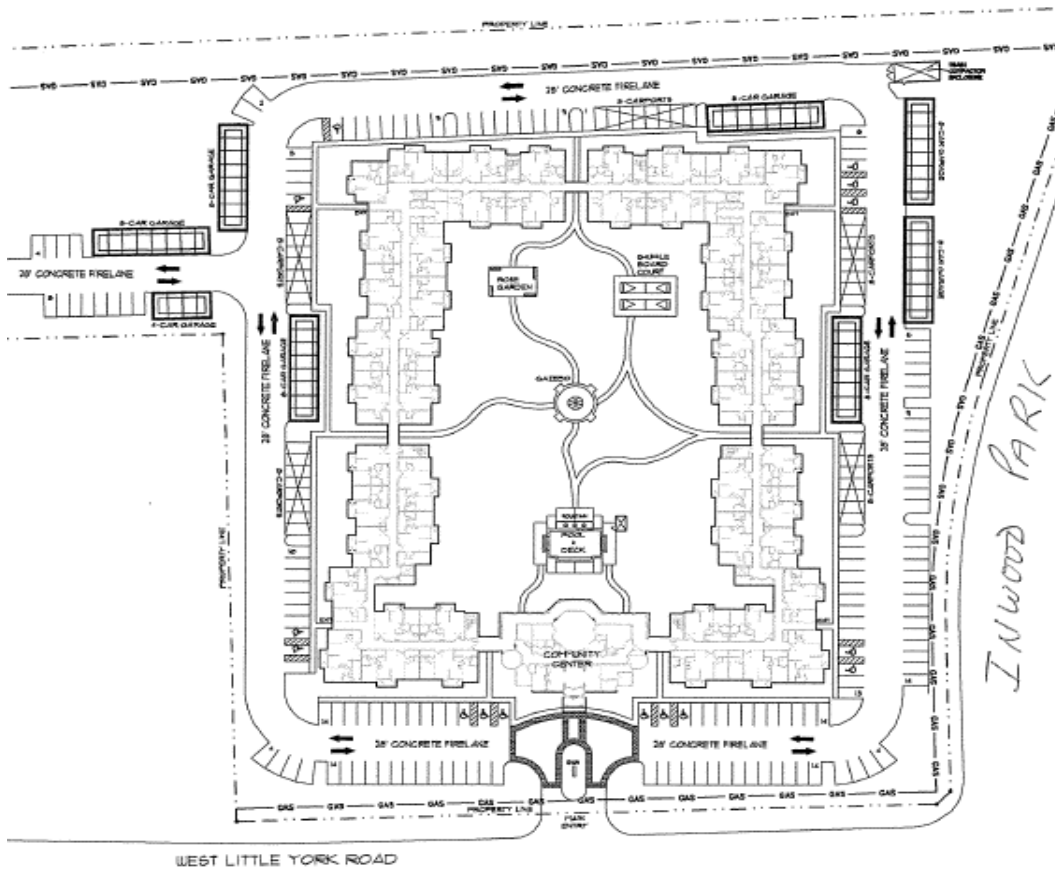
Name	Financial Notes	# Completed Developments
Cherno M. Njie	N/A	2
Songhai Development Company	N/A	

**IDENTITIES of INTEREST**

- o The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	1	2	3	4							Total Buildings
Floors/Stories	3	3	3	3							
Number	1	1	1	1							4

BR/BA	SF	Units								Total Units	Total SF
1/1	780	15	6	15	9					45	35,100
2/2	1,014	18	36	18	33					105	106,470
Units per Building		33	42	33	42					150	141,570

**SITE ISSUES**

Total Size: 10 acres      Scattered site?       Yes       No  
 Flood Zone: Zone X      Within 100-yr floodplain?       Yes       No  
 Zoning: N/A      Needs to be re-zoned?       Yes       No       N/A  
 Comments:  
 The City of Houston does not have a zoning ordinance.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff      Date: 4/14/2009  
 Overall Assessment:  
 Excellent       Acceptable       Questionable       Poor       Unacceptable  
 Surrounding Uses:  
 North: Residential uses & vacant land      East: Inwood Park Dr & residential uses  
 South: West Little York Rd, commercial & retail uses, & vacant land      West: TC Jester Blvd, commercial & residential uses

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Phase Engineering, Inc.      Date: 2/6/2009  
 Comments:  
 "This assessment has revealed no evidence of recognized environmental conditions with the property."  
 (p. 3)

**MARKET HIGHLIGHTS**

Provider: O'Connor & Associates      Date: 1/9/2009  
 Contact: Robert Coe      Phone: (713) 375-4279      Fax: (713) 686-8336  
 Number of Revisions: none      Date of Last Applicant Revision: N / A

Primary Market Area (PMA):      26 sq. miles      3 mile equivalent radius  
 The subject's Primary Market Area is defined by West Mount Houston Road and Breen Drive to the north; Old Fairbanks North Houston Road and the Northwest Freeway to the west; Pinemont Drive, Creekmont Drive, North Shepherd Drive, and Tidwell Road to the south; and Interstate Highway 45 and Veterans Memorial Drive to the east.

Secondary Market Area (SMA):  
 The Market Analyst refers to the entire City of Houston as a Secondary Market Area, and presents calculations of demand for senior units from the Houston population. However, the 2009 REA Rules specify that a Secondary Market Area should not exceed a population of 250,000. Since the stated area does not conform to the rules, the Secondary Market Area demand has not been included in the underwriting analysis.

**PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS**

PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Peppertree Apts	04464	250	250				

**INCOME LIMITS**

Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	15	24		39	3	0	8%
1 BR/50%	21	42		63	18	62	127%
1 BR/60%	23	43		66	5	63	103%
2 BR/30%	22	24		46	14	0	30%
2 BR/50%	30	50		80	5	63	85%
2 BR/60%	35	67		102	5	62	66%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	52	8	0	60	3	0	5%
1 BR/50%	62	11	0	73	18	62	110%
1 BR/60%	24	5	0	29	5	63	236%
2 BR/30%	35	5	0	40	14	0	35%
2 BR/50%	64	9	0	73	5	63	93%
2 BR/60%	24	5	0	29	5	62	230%

OVERALL DEMAND											
		Target Households	Household Size	Income Eligible	Tenure	Demand					
PMA DEMAND from TURNOVER <span style="float: right;">turnover</span>											
Market Analyst	p. 74	26%	8,550	100%	8,550	22%		1,843	20%	367	
Underwriter		18%	10,267	100%	10,267	36%	3,651	63%	2,302	26%	594
PMA DEMAND from GROWTH <span style="float: right;">growth</span>											
Market Analyst	p. 74	26%	183	100%	183	22%		39	100%	39	
Underwriter		18%	260	100%	260	36%	93	63%	58	100%	58
SMA DEMAND from TURNOVER											
Market Analyst	p.									204	
Underwriter										0	
DEMAND from OTHER SOURCES					homeowners	Section 8					
Market Analyst	p.				398		10	408			
Underwriter					0		15	15			

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst	p.	150	250	400	1,018	39%
Underwriter		150	250	400	667	60%

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#### Supply and Demand Analysis:

The Market Analyst calculated demand for 367 units from turnover of existing senior renter households based on a 20% turnover rate; demand for 39 units due to growth of existing senior renter households; and demand for 10 units from holders of Section 8 vouchers. The Market Analyst also identified demand for 398 units from existing senior homeowners. This amount includes 150 units based on 10% turnover of existing owner households and 238 units resulting from projected growth in existing owner households. The REA rules allow for up to 10% turnover of existing homeowners if supported by applicable data; no supporting documentation was provided. The REA rules do not allow for consideration of demand based on growth of homeowner households.

The Market Analyst also claims demand from a Secondary Market Area defined as the entire City of Houston. The market study identifies demand for 7,161 senior units in Houston, and an unstabilized supply of 2,686 units, resulting in a need for 5,371 additional units at a 75% capture rate. Since the REA rules limit demand from a secondary market to 25% of total demand, the Market Analyst included demand for 204 units from the SMA. However, the REA rules limit the size of the Secondary Market Area to a population no greater than 250,000. Since the data provided does not conform to the rules, the secondary market demand has not been included in the underwriting analysis.

The REA rules allow for a turnover rate based on data published by the Department or derived from U.S. Census data. The turnover rate reported for HTC senior properties in Region 6 is 26%; based on this, the underwriting analysis concludes demand for 571 units from turnover of existing senior renter households; demand for 56 units from growth of existing senior renter households; and demand for 15 units from holders of Section 8 vouchers. Demand from turnover of homeowner households and from a Secondary Market Area has not been considered because the data provided for each did not conform to the REA rules.

Peppertree Apartments (TDHCA #04464) is a 250 unit senior development located in the Primary Market Area. Based on the latest Unit Status Report for Peppertree Apartments, submitted on 12/31/2008, the property is 71.6% occupied. The property has not maintained 90% occupancy for 12 months, which is a requirement in order to be considered a stabilized property. Based on the total supply of 400 units (150 at the subject and 250 at Peppertree), the Market Analyst concluded an inclusive capture rate of 39%; the underwriting analysis has concluded an inclusive capture rate of 62%. Both results are less than the maximum limit of 75% for developments targeting seniors.

#### Primary Market Occupancy Rates:

"The selected comparable apartments surveyed in the primary market area of the proposed subject complex exhibited strong occupancy rates, with a median occupancy level of 94.60%, including one complex in its initial lease-up ... There are 24 HTC projects within the PMA. The closest HTC projects within the subject PMA include Inwood Terrace, Little York Villas, and Arbor Oaks. Little York Villas, which is a 128-unit Family HTC facility with 103 units rent-restricted, was constructed in 2005 and has a current occupancy of 98%. Arbor Oaks and Inwood Terrace are older HTC complexes built in the 1990's, and both are showing signs of aging. Arbor Oaks and Inwood Terrace reported current occupancies of 69% (pre-leased to 80%) and 60% (pre-leased to 67%)." (p.12)

#### Absorption Projections:

"Absorption over the past three years has averaged  $\pm$ 106 units per quarter. The majority of the negative absorption was in older, inferior Class C and D properties. The limited amount of new product that entered the market in 2000 through 2009 was readily or is being absorbed. Based on our research, most projects that are constructed in the Greater Houston area typically lease up within 12 months." (p.13)

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RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	780 SF	30%	\$236	\$250	\$850	\$250	\$600
1 BR	780 SF	50%	\$465	\$490	\$850	\$490	\$360
1 BR	780 SF	60%	\$465	\$490	\$850	\$490	\$360
2 BR	780 SF	30%	\$579	\$609	\$915	\$609	\$306
2 BR	780 SF	50%	\$579	\$609	\$915	\$609	\$306
2 BR	1,014 SF	60%	\$265	\$284	\$915	\$284	\$631

**Market Impact:**

"Based on the high occupancy levels of the existing properties in the market, along with the strong recent absorption history, we project that the subject property will have minimal sustained negative impact upon the existing apartment market." (p.13) This statement seems inconsistent with the stated occupancy of the two adjacent properties, Arbor Oaks and Inwood Terrace, both below 80%. Both properties target families, and are not directly competitive with the subject senior property. Calculations based on the senior population indicate sufficient demand for the subject. However, it is cause for concern that seniors choosing to live at the subject property could adversely impact the neighboring properties.

**Comments:**

Despite the fact that some of the demand identified by the Market Analyst did not conform to the REA rules, the market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:          1          Date of Last Applicant Revision:        6/9/2009  

The Applicant's revised projected rents collected per unit were calculated by subtracting tenant-paid utility allowances maintained by the Houston Housing Authority, as of December 1, 2007, from the 2008 HTC program rent limits. Tenants will be required to pay electric utilities only.

The Underwriter's projected rents were calculated by subtracting tenant-paid utilities as of December 1, 2007 from the current 2009 HTC program rents. It should be noted that at the time the application was submitted (January 2009) the 2009 program rent limits were not yet available.

The Applicant only includes secondary income of \$5 per unit; however, the Applicant also includes income from garages and carports, totaling \$15 per unit. As a result, the Applicant's secondary income estimate exceeds current maximum TDHCA underwriting guidelines by \$5 per unit. The Applicant provided limited support that this additional amount is achievable in this market. Moreover, the market study provided no support for such additional income. The Underwriter utilized the maximum amount of \$15 per unit for secondary income.

Vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines, and despite the Applicant's use of the lower 2008 program rents, effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:        None        Date of Last Applicant Revision:        N/A  

The Applicant's total annual operating expense projection at \$4,203 per unit is within 5% of the Underwriter's estimate of \$4,241, derived from the TDHCA database, and third-party data sources. The Applicant's budget shows property tax to be \$46K higher when compared to the Underwriter's estimate.

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Conclusion:

It should be noted that the Applicant chose not to revise the expense projections at the time the rent schedule was updated to incorporate the current utility allowances. As a result of the higher utility allowances and lower effective gross income, the Applicant's expense to income ratio is now slightly above the maximum 65% level and produces a DCR of 1.13.

The Applicant's effective gross income and operating expenses are within 5% of the Underwriter's estimates; however, the Applicant's net operating income is not within 5% of the Underwriter's estimate. As a result, the Underwriter's year one proforma will be used to determine the development's debt capacity. The Applicant's proposed permanent financing structure results in an initial year debt coverage ratio (DCR) of 1.25, which is within the Department's DCR guidelines of 1.15 to 1.35.

However, the Applicant's proposed financing structure includes debt service on the first lien permanent mortgage only. This suggests that the Applicant's intent for the local City of Houston HOME funds is to be structured as a soft loan payable out of available cashflow only. The structure of the local HOME funds, if awarded, could have a potentially significant impact on the feasibility of this transaction. This will be discussed in more detail in the "Conclusions" section of the report.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only:	13.6 acres	\$710,194	Tax Year:	2009
1 acre:		\$52,078	Valuation By:	Harris CAD
Total Prorata:	10 acres	\$520,785	Tax Rate:	2.67467

EVIDENCE of PROPERTY CONTROL

Type: Unimproved Commercial Property Acreage: 10

Contract Expiration: 7/31/2009 Valid Through Board Date?  Yes  No

Acquisition Cost: \$1,306,800 Other: \_\_\_\_\_

Seller: Binh Ho Related to Development Team?  Yes  No

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:

The site cost of \$130,680 per acre or \$8,712 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost:

The Applicant's claimed sitework costs of \$9K per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

**Direct Construction Cost:**

The Applicant's direct construction cost estimate is \$1M or 13% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate. The Underwriter attempted to reconcile this difference with the Applicant, however, the Applicant provided no relevant additional documentation to support the higher cost estimate.

**Interim Interest Expense:**

The Underwriter reduced the Applicant's eligible interim financing fees by \$85,749 to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

**Contingency & Fees:**

The Applicant's eligible contingency costs were adjusted down by \$415 to meet the Department guideline of 5% of eligible sitework and direct construction costs for new construction developments. The Applicant's contractor fees exceed the 14% maximum allowed by HTC guidelines by a total of \$1,161 based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant's developer fee also exceeds 15% of the Applicant's adjusted eligible basis by \$14,648 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

**Conclusion:**

The Applicant's total development cost is not within 5% of the Underwriter's estimate; therefore, the Underwriter's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$14,897,806 supports annual tax credits of \$1,743,043. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: City of Houston Type: Permanent Financing

Principal: \$1,965,755 Interest Rate: 1.0%  Fixed Amort: 360 months

**Comments:**

The Applicant provided an intent to apply for the local HOME funds. The application indicates a request for HOME funds amortized over 30 years at a 1% interest rate; however, the Applicant has not included any debt service associated with this funding and it appears the intention is to have this source structured as a soft loan repayable out of available cashflow. It should be noted that if this debt were amortized over 30 years at a 1% interest rate, the additional debt service would decrease the DCR to a 1.00.

For purposes of this analysis the Underwriter has not included any debt service on the anticipated City of Houston HOME funds to mirror the Applicant's expectations of a cash flow loan. However, based on the Underwriter's first year proforma the estimated DCR is at a 1.25. This suggests that at least a portion of the City of Houston HOME funds could be repayable at an acceptable DCR. Nevertheless, any funding recommendation will be conditioned upon receipt, review and acceptance, by Commitment, of a firm commitment from the City of Houston clearly stating the terms of the HOME funds.

Source: Raymond James Type: Interim to Permanent Financing

Interim: \$3,565,000 Interest Rate: 4.75%  Fixed Term: 24 months

Permanent: \$3,565,000 Interest Rate: 7.50%  Fixed Amort: 360 months

**Comments:**

Interim Rate Index: Prime + 150 bps

Source: HTC Proceeds- NEF Type: Syndication

Proceeds: \$13,778,848 Syndication Rate: 70% Anticipated HTC: \$ 1,968,604

Comments:

Due to the recent volatility in credit pricing, it should be noted, any decrease in rate could increase the amount of deferred developer fee. Additionally, a decrease below \$0.615 per dollar of credit may jeopardize the financial viability of the transaction. Alternatively, any increase in credit price may cause all deferred developer fees to be eliminated and further adjustment to the credit amount may be warranted.

Amount: \$347,940 Type: Deferred Developer Fees

**CONCLUSIONS**

Recommended Financing Structure:

As stated above, the proforma analysis based on the Applicant's proposed financing results in a debt coverage ratio within the Department's guidelines of 1.15 to 1.35. However, this does not consider any debt service on the HOME loan from the City of Houston. Since the application materials reflect the Applicant's intent to structure these funds as soft financing payable only out of available cashflow, the Underwriter's proforma analysis utilizes these same assumptions.

The Underwriter's total development cost estimate less the permanent loan of \$3,565,000 and \$1.9M in HOME funds indicates the need for \$12,231,105 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,747,476 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,968,604), the gap-driven amount (\$1,747,476), and eligible basis-derived estimate (\$1,743,043), the eligible basis-derived estimate of \$1,743,043 is recommended resulting in proceeds of \$12,200,081 based on a syndication rate of 70%.

This recommended financing structure would require an additional \$31,023 in permanent funds. This amounts to 1% of the developer fee available and appears to be repayable within one year of stabilized operations. Moreover, this structure would provide \$1.9M of federal HOME funds with repayment subject to available cash flow, and no expectation of available cash flow for this amount for more than 20 years.

If federal financing is provided without the reasonable expectation that it will be repaid in full, it must be considered a grant under IRC§42. The Underwriter has determined that if these funds are not reasonably expected to be repaid in full, the amount of HOME funds would have to be excluded from eligible basis for purposes of determining the recommended Housing Tax Credit allocation. Such treatment of these funds would reduce the equity proceeds and would render this transaction infeasible. Therefore, any funding recommendation made in this report should be conditioned upon receipt, review, and acceptance, by Carryover, of an attorney's opinion and analysis validating that the proposed HOME financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.

Underwriter: \_\_\_\_\_ Date: June 12, 2009

*Diamond Unique Thompson*

Manager of Real Estate Analysis: \_\_\_\_\_ Date: June 12, 2009

*Raquel Morales*

Director of Real Estate Analysis: \_\_\_\_\_ Date: June 12, 2009

*Brent Stewart*

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Chelsea Senior Community, Houston, 9%/HTC #09132**

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%		3	1	1	780	\$358	\$250	\$750	\$0.32	\$108.00	\$53.00
TC 50%		18	1	1	780	\$598	\$490	\$8,820	\$0.63	\$108.00	\$53.00
TC 50%	HH	5	1	1	780	\$598	\$490	\$2,450	\$0.63	\$108.00	\$53.00
TC 60%		14	1	1	780	\$717	\$609	\$8,526	\$0.78	\$108.00	\$53.00
TC 60%	HH	5	1	1	780	\$717	\$609	\$3,045	\$0.78	\$108.00	\$53.00
TC 30%		5	2	2	1,014	\$431	\$284	\$1,420	\$0.28	\$147.00	\$64.00
TC 50%		48	2	2	1,014	\$717	\$570	\$27,360	\$0.56	\$147.00	\$64.00
TC 50%	HH	5	2	2	1,014	\$717	\$570	\$2,850	\$0.56	\$147.00	\$64.00
TC 60%		42	2	2	1,014	\$861	\$714	\$29,988	\$0.70	\$147.00	\$64.00
TC 60%	HH	5	2	2	1,014	\$861	\$714	\$3,570	\$0.70	\$147.00	\$64.00
<b>TOTAL:</b>		<b>150</b>		<b>AVERAGE:</b>	<b>944</b>		<b>\$592</b>	<b>\$88,779</b>	<b>\$0.63</b>	<b>\$135.30</b>	<b>\$60.70</b>

**INCOME**

Total Net Rentable Sq Ft: 141,570

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
 Other Support Income: Garage/Carport Income

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI	
General & Administrative	4.89%	\$330	0.35	\$49,448	\$45,500	\$0.32	\$303	4.70%	
Management	5.00%	337	0.36	50,521	51,460	0.36	343	5.32%	
Payroll & Payroll Tax	14.93%	1,006	1.07	150,826	162,000	1.14	1,080	16.73%	
Repairs & Maintenance	7.36%	495	0.52	74,322	65,000	0.46	433	6.71%	
Utilities	4.35%	293	0.31	43,919	38,000	0.27	253	3.93%	
Water, Sewer, & Trash	5.36%	361	0.38	54,198	40,000	0.28	267	4.13%	
Property Insurance	4.90%	330	0.35	49,550	35,000	0.25	233	3.62%	
Property Tax	2.675	9.93%	669	0.71	100,300	130,000	0.92	867	13.43%
Reserve for Replacements	3.71%	250	0.26	37,500	37,500	0.26	250	3.87%	
TDHCA Compliance Fees	0.59%	40	0.04	6,000	6,500	0.05	43	0.67%	
Other: Supp Servs, Sec	1.93%	130	0.14	19,500	19,500	0.14	130	2.01%	
<b>TOTAL EXPENSES</b>	<b>62.95%</b>	<b>\$4,241</b>	<b>\$4.49</b>	<b>\$636,084</b>	<b>\$630,460</b>	<b>\$4.45</b>	<b>\$4,203</b>	<b>65.12%</b>	
<b>NET OPERATING INC</b>	<b>37.05%</b>	<b>\$2,496</b>	<b>\$2.64</b>	<b>\$374,338</b>	<b>\$337,628</b>	<b>\$2.38</b>	<b>\$2,251</b>	<b>34.88%</b>	

**DEBT SERVICE**

Raymond James	29.60%	\$1,994	\$2.11	\$299,124	\$299,124	\$2.11	\$1,994	30.90%
City of Houston HOME- soft loan	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>7.44%</b>	<b>\$501</b>	<b>\$0.53</b>	<b>\$75,214</b>	<b>\$38,504</b>	<b>\$0.27</b>	<b>\$257</b>	<b>3.98%</b>

**AGGREGATE DEBT COVERAGE RATIO**

1.25      1.13

**RECOMMENDED DEBT COVERAGE RATIO**

1.25

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		7.80%	\$9,235	\$9.78	\$1,385,208	\$1,385,208	\$9.78	\$9,235	7.05%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.60%	9,000	9.54	1,350,000	1,350,000	9.54	9,000	6.87%
Direct Construction		46.21%	54,717	57.97	8,207,478	9,541,710	67.40	63,611	48.54%
Contingency	5.00%	2.69%	3,186	3.38	477,874	545,000	3.85	3,633	2.77%
Contractor's Fees	14.00%	7.53%	8,920	9.45	1,338,047	1,526,000	10.78	10,173	7.76%
Indirect Construction		6.39%	7,572	8.02	1,135,729	1,135,729	8.02	7,572	5.78%
Ineligible Costs		4.74%	5,609	5.94	841,345	894,910	6.32	5,966	4.55%
Developer's Fees	15.00%	10.94%	12,955	13.73	1,943,192	2,196,000	15.51	14,640	11.17%
Interim Financing		2.51%	2,970	3.15	445,486	445,486	3.15	2,970	2.27%
Reserves		3.59%	4,250	4.50	637,500	637,500	4.50	4,250	3.24%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$118,412</b>	<b>\$125.46</b>	<b>\$17,761,860</b>	<b>\$19,657,543</b>	<b>\$138.85</b>	<b>\$131,050</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>64.03%</b>	<b>\$75,823</b>	<b>\$80.34</b>	<b>\$11,373,399</b>	<b>\$12,962,710</b>	<b>\$91.56</b>	<b>\$86,418</b>	<b>65.94%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
Raymond James	20.07%	\$23,767	\$25.18	\$3,565,000	\$3,565,000	\$3,565,000	Developer Fee Available
City of Houston HOME- soft loan	11.07%	\$13,105	\$13.89	1,965,755	1,965,755	1,965,755	\$2,181,352
HTC Proceeds- NEF	77.58%	\$91,859	\$97.33	13,778,848	13,778,848	12,200,081	% of Dev. Fee Deferred
Deferred Developer Fees	1.96%	\$2,320	\$2.46	347,940	347,940	31,023	1%
Additional (Excess) Funds Req'd	-10.67%	(\$12,638)	(\$13.39)	(1,895,683)	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$17,761,860</b>	<b>\$19,657,543</b>	<b>\$17,761,860</b>	<b>\$1,217,456</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Chelsea Senior Community, Houston, 9%/HTC #09132*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.02	\$7,788,690
Adjustments				
Exterior Wall Finish	4.00%		\$2.20	\$311,548
Elderly	3.00%		1.65	233,661
9-Ft. Ceilings	3.50%		1.93	272,604
Roofing			0.00	0
Subfloor			(0.81)	(114,200)
Floor Cover			2.38	336,937
Breezeways/Balconies	\$22.95	24,600	3.99	564,570
Plumbing Fixtures	\$835	72	0.42	60,120
Rough-ins	\$410	300	0.87	123,000
Built-In Appliances	\$1,800	150	1.91	270,000
Exterior Stairs	\$1,875	12	0.16	22,500
Elevators	\$53,600	2	0.76	107,200
Heating/Cooling			1.83	259,073
Garages	\$20.60	12,000	1.75	247,144
Carpports	\$10.37	8,000	0.59	82,960
Comm &/or Aux Bldgs	\$68.06	6,507	3.13	442,883
Other: fire sprinkler	\$2.15	141,570	2.15	304,376
<b>SUBTOTAL</b>			<b>79.91</b>	<b>11,313,065</b>
Current Cost Multiplier	1.01		0.80	113,131
Local Multiplier	0.91		(7.19)	(1,018,176)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$73.52</b>	<b>\$10,408,019</b>
Plans, specs, survy, bld prmts	3.90%		(\$2.87)	(\$405,913)
Interim Construction Interest	3.38%		(2.48)	(351,271)
Contractor's OH & Profit	11.50%		(8.45)	(1,196,922)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$59.72</b>	<b>\$8,453,914</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$3,565,000	Amort	360
Int Rate	7.50%	DCR	1.25

<b>Secondary</b>	\$1,965,755	Amort	0
Int Rate	1.00%	Subtotal DCR	1.25

<b>Additional</b>	\$0	Amort	
Int Rate		Aggregate DCR	1.25

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$299,124
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$75,214</b>

<b>Primary</b>	\$3,565,000	Amort	360
Int Rate	7.50%	DCR	1.25

<b>Secondary</b>	\$1,965,755	Amort	0
Int Rate	1.00%	Subtotal DCR	1.25

<b>Additional</b>	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.25

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,065,348	\$1,086,655	\$1,108,388	\$1,130,556	\$1,153,167	\$1,273,189	\$1,405,704	\$1,552,011	\$1,891,893
Secondary Income	27,000	27,540	28,091	28,653	29,226	32,267	35,626	39,334	47,948
Other Support Income: Garage/Carpport Income	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,092,348	1,114,195	1,136,479	1,159,208	1,182,393	1,305,457	1,441,330	1,591,345	1,939,840
Vacancy & Collection Loss	(81,926)	(83,565)	(85,236)	(86,941)	(88,679)	(97,909)	(108,100)	(119,351)	(145,488)
Employee or Other Non-Rental Units or Concessio	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,010,422</b>	<b>\$1,030,630</b>	<b>\$1,051,243</b>	<b>\$1,072,268</b>	<b>\$1,093,713</b>	<b>\$1,207,548</b>	<b>\$1,333,230</b>	<b>\$1,471,994</b>	<b>\$1,794,352</b>
EXPENSES at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
General & Administrative	\$49,448	\$50,932	\$52,460	\$54,033	\$55,654	\$64,519	\$74,795	\$86,708	\$116,528
Management	50,521	51,532	52,562	53,613	54,686	60,377	66,662	73,600	89,718
Payroll & Payroll Tax	150,826	155,351	160,011	164,812	169,756	196,794	228,138	264,475	355,432
Repairs & Maintenance	74,322	76,551	78,848	81,213	83,650	96,973	112,418	130,324	175,144
Utilities	43,919	45,236	46,593	47,991	49,431	57,304	66,431	77,012	103,497
Water, Sewer & Trash	54,198	55,824	57,499	59,223	61,000	70,716	81,979	95,036	127,721
Insurance	49,550	51,036	52,567	54,144	55,768	64,651	74,948	86,885	116,767
Property Tax	100,300	103,309	106,408	109,601	112,889	130,869	151,713	175,877	236,364
Reserve for Replacements	37,500	38,625	39,784	40,977	42,207	48,929	56,722	65,756	88,371
Other	25,500	26,265	27,053	27,865	28,700	33,272	38,571	44,714	60,092
<b>TOTAL EXPENSES</b>	<b>\$636,084</b>	<b>\$654,661</b>	<b>\$673,785</b>	<b>\$693,473</b>	<b>\$713,741</b>	<b>\$824,404</b>	<b>\$952,377</b>	<b>\$1,100,387</b>	<b>\$1,469,634</b>
<b>NET OPERATING INCOME</b>	<b>\$374,338</b>	<b>\$375,970</b>	<b>\$377,458</b>	<b>\$378,795</b>	<b>\$379,972</b>	<b>\$383,144</b>	<b>\$380,853</b>	<b>\$371,607</b>	<b>\$324,719</b>
DEBT SERVICE									
First Lien Financing	\$299,124	\$299,124	\$299,124	\$299,124	\$299,124	\$299,124	\$299,124	\$299,124	\$299,124
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$75,214</b>	<b>\$76,846</b>	<b>\$78,334</b>	<b>\$79,671</b>	<b>\$80,848</b>	<b>\$84,020</b>	<b>\$81,729</b>	<b>\$72,483</b>	<b>\$25,595</b>
DEBT COVERAGE RATIO	1.25	1.26	1.26	1.27	1.27	1.28	1.27	1.24	1.09

**HTC ALLOCATION ANALYSIS -Chelsea Senior Community, Houston, 9%/HTC #09132**

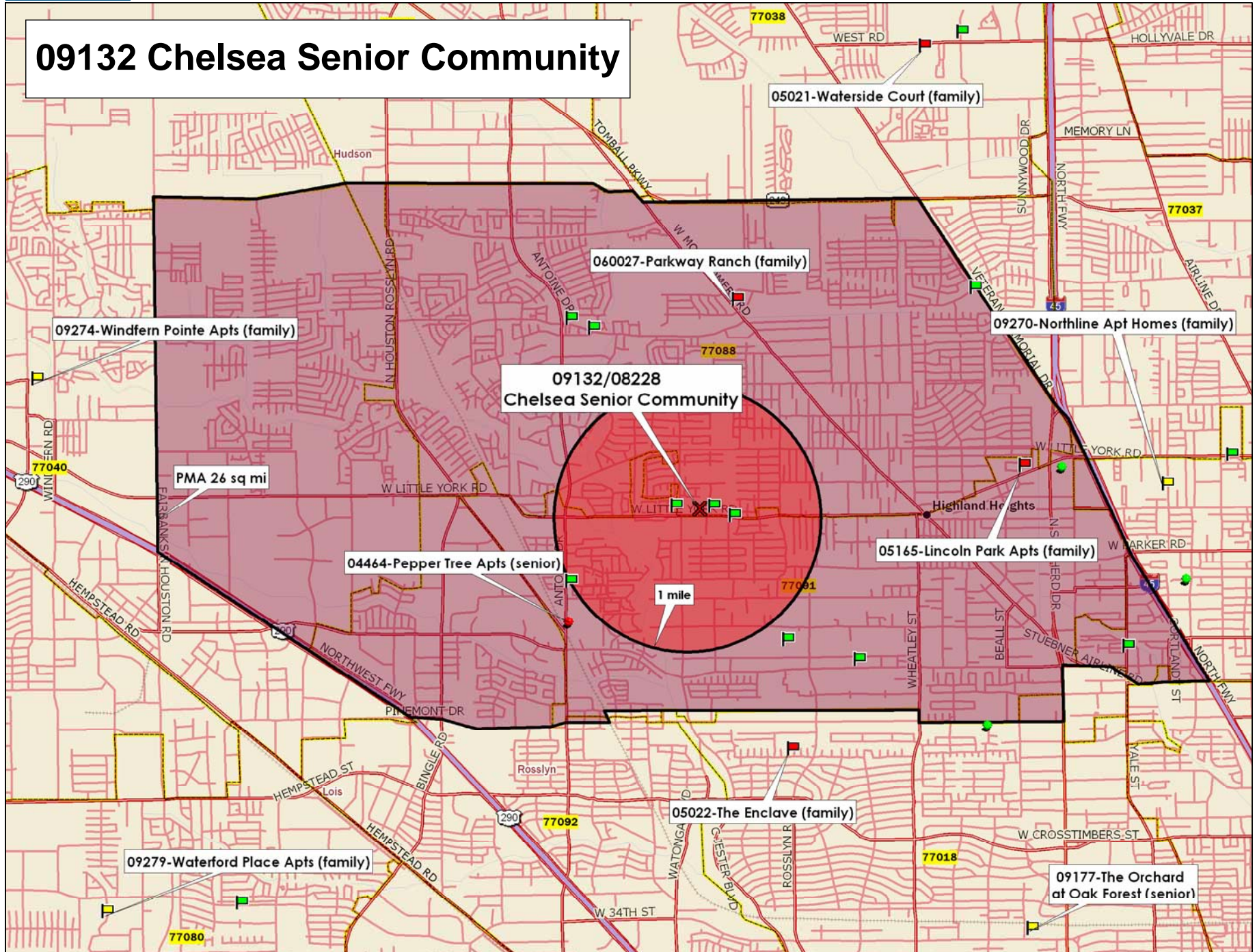
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$1,385,208	\$1,385,208		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,350,000	\$1,350,000	\$1,350,000	\$1,350,000
<b>Construction Hard Costs</b>	\$9,541,710	\$8,207,478	\$9,541,710	\$8,207,478
<b>Contractor Fees</b>	\$1,526,000	\$1,338,047	\$1,524,839	\$1,338,047
<b>Contingencies</b>	\$545,000	\$477,874	\$544,586	\$477,874
<b>Eligible Indirect Fees</b>	\$1,135,729	\$1,135,729	\$1,135,729	\$1,135,729
<b>Eligible Financing Fees</b>	\$445,486	\$445,486	\$445,486	\$445,486
<b>All Ineligible Costs</b>	\$894,910	\$841,345		
<b>Developer Fees</b>			\$2,181,352	
Developer Fees	\$2,196,000	\$1,943,192		\$1,943,192
<b>Development Reserves</b>	\$637,500	\$637,500		
<b>TOTAL DEVELOPMENT COSTS</b>	\$19,657,543	\$17,761,860	\$16,723,702	\$14,897,806

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$16,723,702	\$14,897,806
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$21,740,813	\$19,367,148
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$21,740,813	\$19,367,148
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,956,673	\$1,743,043

<b>Syndication Proceeds</b>	<b>0.6999</b>	<b>\$13,695,341</b>	<b>\$12,200,081</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,956,673</b>	<b>\$1,743,043</b>
<b>Syndication Proceeds</b>		<b>\$13,695,341</b>	<b>\$12,200,081</b>
<b>Requested Tax Credits</b>		<b>\$1,968,604</b>	
<b>Syndication Proceeds</b>		<b>\$13,778,848</b>	
<b>Gap of Syndication Proceeds Needed</b>			<b>\$12,231,105</b>
<b>Total Tax Credits (Gap Method)</b>			<b>\$1,747,476</b>



# 09132 Chelsea Senior Community



PMA 26 sq mi

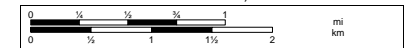
1 mile

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Scale 1 : 62,500



1" = 5,208.3 ft Data Zoom 11-6



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Lincoln Terrace, TDHCA Number 09135**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 4714 Horne St. Development #: 09135  
 City: Fort Worth Region: 3 Population Served: General  
 County: Tarrant Zip Code: 76107 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: Lincoln Terrace, L.P.  
 Owner Contact and Phone: Barbara Holston, (817) 333-3401  
 Developer: Carleton Dev., Ltd/Ramel Co/Housing Authority of the City of Fort Worth  
 Housing General Contractor: Carleton Construction, Ltd.  
 Architect: Schwartz Hanson Architects  
 Market Analyst: Integra Realty Resources  
 Syndicator: Red Capital Group  
 Supportive Services: Housing Authority of the City of Fort Worth  
 Consultant: N/A

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	72	
	11	0	26	35	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	18	38	16	0	0	
Type of Building:						Total Development Units:	72
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$8,772,504
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	5
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	<u>Applicant Request</u>	<u>Department Analysis*</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
Competitive Housing Tax Credit Amount:	\$968,585	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Lincoln Terrace, TDHCA Number 09135

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Nelson, District 12, NC

Points: 0 US Representative: Granger, District 12, NC

TX Representative: Burnam, District 90, S

Points: 14 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

S, Roy C Brooks, County Commissioner Precinct 1

**Individuals and Businesses:** In Support: 1

In Opposition: 0

**Quantifiable Community Participation Input:**

ComoNeighborhood Advisory Council, Dorothy DeBose

Letter Score: 24 S or O: S

The Como Neighborhood Advisory Council (NAC) support the Fort Worth Housing Authority Affordable Rental Housing Application for the Rehabilitation Plan for the Lincoln Terrace Apartment complex at 4714 Horne Street, Fort Worth, Texas, 76107. We support the demolition and rebuilding of the Lincoln Terrace because decent affordable apartments are needed in the community. The apartments are over forty (40) years old and in need of extensive renovation. It will be more cost effective to rebuild the apartments. The apartment complex does not have a playground for children, nor is there any green space. The rebuilding of the apartment complex will provide green space, playground for children, each apartment will have modern amenities and be energy efficient. The apartment complex is located across the street from our Community Center is on the main street of our community; the rebuilding of the Lincoln Terrace apartments will enhance the neighborhood and stimulate economic development.

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 0

Eden Heritage Preservation, S, Carolyn Moody, President

**General Summary of Comment:**

Letters of support from elected officials, community organization, and qualified neighborhood association.

CONDITIONS OF COMMITMENT

1. Receipt, review, and acceptance, by Cost Certification, that HUD will extend the Housing Assistance Payments Contract to the 72 new units that are to be constructed after demolition and reconstruction.
2. Receipt, review, and acceptance, by Carryover, of documentation that a comprehensive asbestos survey has been completed as indicated in the ESA, and that all relevant recommendations have been implemented.
3. Receipt, review, and acceptance, by Carryover, of documentation that a comprehensive noise assessment has been completed as indicated in the ESA, and that all relevant recommendations have been implemented.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.
5. Receipt of a commitment of funding from the City of Fort Worth HOME in the amount of \$495,000, or a commitment from a qualifying substitute source in an amount not less than \$438,626, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Lincoln Terrace, TDHCA Number 09135**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **16**

Total # Monitored: **13**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **215**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Termination Appeal Pending

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/20/09 PROGRAM: HTC 9 % FILE NUMBER: 09135

**DEVELOPMENT**

Lincoln Terrace Apartments

Location: 4714 Horne Street Region: 3  
 City: Fort Worth County: Tarrant Zip: 76107  QCT  DDA  
 Key Attributes: Family, Urban, At-Risk Preservation, Reconstruction

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$968,585			<b>\$928,806</b>		

**CONDITIONS**

- 1 Receipt, review, and acceptance, by Cost Certification, that HUD will extend the Housing Assistance Payments Contract to the 72 new units that are to be constructed after demolition and reconstruction.
- 2 Receipt, review, and acceptance, by Carryover, of documentation that a comprehensive asbestos survey has been completed as indicated in the ESA, and that all relevant recommendations have been implemented.
- 3 Receipt, review, and acceptance, by Carryover, of documentation that a comprehensive noise assessment has been completed as indicated in the ESA, and that all relevant recommendations have been implemented.
- 4 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	11
50% of AMI	50% of AMI	26
60% of AMI	60% of AMI	35

**STRENGTHS/MITIGATING FACTORS**

- HAP contract on 100% of the units
- Overall capture rate of 2%.
- Principals of Applicant have LIHTC development

**WEAKNESSES/RISKS**

- Sub-market occupancy is reported at 81%.

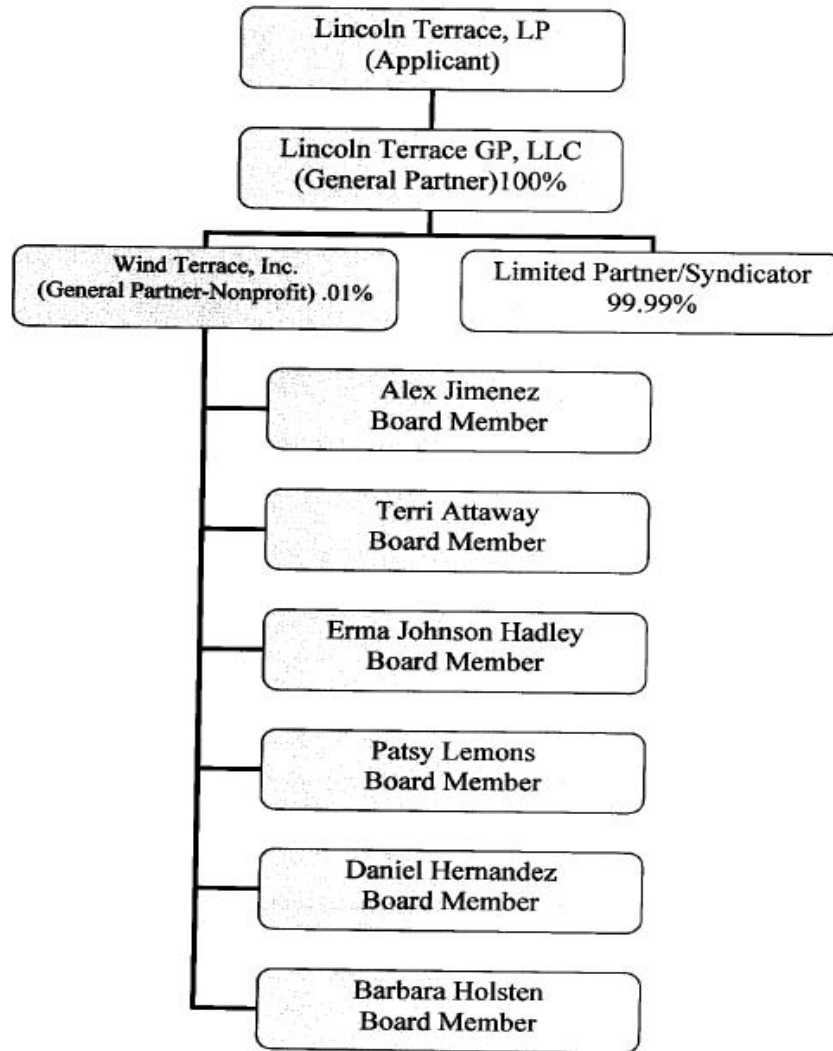


**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Barbara Holston Phone: (817) 333-3401 Fax: (817) 332-4830  
 Email: barbara@ftwha.org

**KEY PARTICIPANTS**

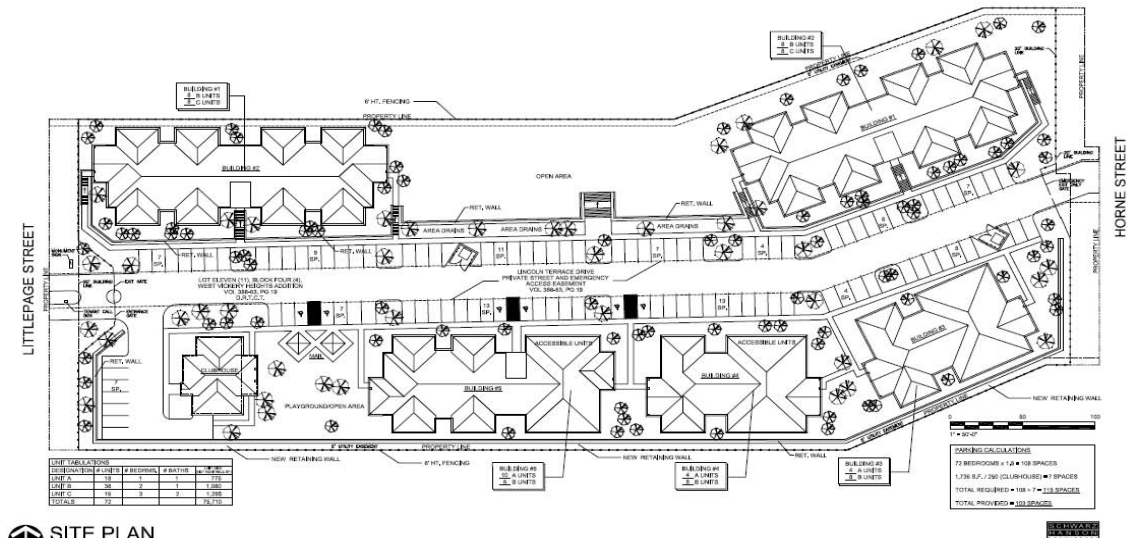
Name	Financial Notes	# Completed Developments
Housing Authority-City of Fort Worth	N/A	4
Carleton Development, Ltd.	N/A	15
Neal Hildebrandt	N/A	13
Barbara Holston	N/A	4

**IDENTITIES of INTEREST**

- o The Applicant, Developer and General Contractor are related entities. These are common relationships for HTC-funded developments.
- o The land owner, the Housing Authority of the City of Fort Worth is regarded as a related party because it will retain ownership of the property and will lease it to the Applicant under a 75 year ground lease.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

**Development Plan:**

The Applicant will demolish all of the buildings of the existing 35 plus year old 72 unit affordable housing development, and will construct and build a new 72 unit development that will have a different unit mix. Demolition of the existing units is estimated to cost \$200,000.

**Relocation Plan:**

Eligible tenants who are in good standing on their lease of units in the existing development will be notified of the redevelopment and will be provided with advisory services to help with their move. Tenants will be provided with Housing Choice Vouchers that can be used at other developments, and their moving expenses, utility transfers and deposits will be paid by the Applicant. Upon completion of reconstruction, tenants may use their vouchers to move back to the new development. Additionally, displaced persons may elect to move to an area where housing cooperative or mutual housing associations interests may be purchased. They may be eligible to receive a lump sum payment to assist in the purchase of a replacement unit; however, this payment option is not available for the purchase of housing other than cooperatives or mutual housing association developments.

Building Type	A	B	C								Total Buildings
Floors/Stories	2	2	2								
Number	2	2	1								<b>5</b>

BR/BA	SF	Units									Total Units	Total SF
1BR/1BA	775		4	10							18	13,950
2BR/1BA	1,080	8	8	6							38	41,040
3BR/2BA	1,295	8									16	20,720
Units per Building		16	12	16							<b>72</b>	<b>75,710</b>

**SITE ISSUES**

Total Size: 4.34 acres      Scattered site?       Yes       No  
 Flood Zone: X      Within 100-yr floodplain?       Yes       No  
 Zoning: C & E      Needs to be re-zoned?       Yes       No       N/A  
 Comments:  
 "C" zoning is for Medium Density Multifamily and "E" is for Neighborhood Commercial District.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff      Date: 4/16/2009  
 Overall Assessment:  
 Excellent       Acceptable       Questionable       Poor       Unacceptable  
 Surrounding Uses:  
 North: Sports complex/residential beyond      East: Residential/small business beyond  
 South: Convenience store/residential beyond      West: Vacant lot/residential beyond

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Alpha Testing, Inc.      Date: 2/18/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "This assessment has revealed no evidence of recognized environmental conditions in connection with the Site." (p. 2)
- "Based on the date of construction for the apartment complex (1971), asbestos containing materials (ACMs) and lead-based paint may be present at the Site. Additionally, drinking water at the Site may be affected by lead from building piping." (p.1) In an addendum submitted April 29, 2009, the ESA provider clarified that, since "the existing apartment complex is planned for complete demolition, and the property will be redeveloped with a new apartment complex facility ... a lead-based paint assessment and a lead-in-drinking water assessment are not required."
- "Based on the HUD Noise Guidebook's Noise Assessment Guidelines, the subject Site is considered to have an 'unacceptable' level of combined noise." (p.2)

Comments:

- "A comprehensive asbestos survey must be performed by a State of Texas licensed and EPA accredited asbestos inspector in accordance with Texas Asbestos Health Protection Rules and the EPA's NESHAP regulation (40 CFR Part 61) prior to the initiation of renovation or demolition activities." (p. 2) Any funding recommendation will be subject to receipt, review, and acceptance, by Carryover, of documentation that a comprehensive asbestos survey has been completed as indicated in the ESA, and that all relevant recommendations have been implemented.
- "An on-site noise survey would be required to further evaluate real-time noise level at the Site. Additionally, noise barriers and/or noise engineering controls may be required during renovation and/or redevelopment of the subject Site." (p. 2) Any funding recommendation will be subject to receipt, review, and acceptance, by carryover, of documentation that a comprehensive noise assessment has been completed as indicated in the ESA, and that all relevant recommendations have been implemented."

**MARKET HIGHLIGHTS**

Provider: Integra Realty Resource DFW      Date: 2/15/2009  
 Contact: Charles Bissell      Phone: (972) 960-1222      Fax: N / A  
 Number of Revisions: none      Date of Last Applicant Revision: N / A  
 Primary Market Area (PMA):      25 sq. miles      3 mile equivalent radius  
 The Primary Market Area consists of zip codes 76116 and 76107. The PMA had an estimated 2008 population of 78,135, with 35,078 households.



Secondary Market Area (SMA):

The market study defines a Secondary Market Area consisting of fifteen census tracts; however, no analysis is presented to determine demand from the SMA.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units <sub>25%</sub>
Cambridge Court	05005	330	0				
Wind River	08205	168	0				

INCOME LIMITS						
Tarrant						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,850	\$15,850	\$17,800	\$19,800	\$21,400	\$22,950
40	\$18,480	\$21,120	\$23,760	\$26,400	\$28,520	\$30,640
50	\$23,100	\$26,400	\$29,700	\$33,000	\$35,650	\$38,300
60	\$27,720	\$31,680	\$35,640	\$39,600	\$42,780	\$45,960

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	169	5	0	174	4	0	2%
1 BR/50%	72	2	0	74	5	0	7%
1 BR/60%	731	24	0	755	9	0	1%
2 BR/30%	134	4	0	138	4	0	3%
2 BR/50%	1	1	0	2	16	0	800%
2 BR/60%	605	20	0	625	18	0	3%
3 BR/30%	172	6	0	178	3	0	2%
3 BR/50%	47	2	0	49	5	0	10%
3 BR/60%	772	25	0	797	8	0	1%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	148	1	0	149	4	0	3%
1 BR/50%	240	4	0	244	5	0	2%
1 BR/60%	287	5	0	291	9	0	3%
2 BR/30%	106	-3	0	103	4	0	4%
2 BR/50%	204	-4	0	200	16	0	8%
2 BR/60%	241	-1	0	240	18	0	7%
3 BR/30%	64	-2	0	62	3	0	5%
3 BR/50%	136	-1	0	135	5	0	4%
3 BR/60%	161	-1	0	160	8	0	5%

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OVERALL DEMAND						
	Target Households	Household Size	Income Eligible	Tenure	Demand	
PMA DEMAND from TURNOVER						turnover
Market Analyst					48%	2,706
Underwriter	100% 35,087	97% 34,098	40% 13,627	56% 7,696	48%	3,702
PMA DEMAND from GROWTH						growth
Market Analyst						89
Underwriter	100% 567	97% 551	40% 220	56% 124	100%	124
INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst	72	13	0	85	2,795	3%
Underwriter	72	0	0	72	3,826	2%

Supply and Demand Analysis:

The Market Analyst determined the eligible income range for each unit type, with adjustments to avoid double-counting households that are income-qualified for more than one unit. (However, two-person households have been counted as eligible for both one and two-bedroom units). This method identifies demand for 2,706 units from household turnover, based on the TDHCA turnover rate of 48% for non-elderly properties in Fort Worth; and demand for 89 units from household growth.

The Market Analyst's treatment of unstabilized supply is not consistent with TDHCA rules. The market study identifies Wind River (#08205), a rehabilitation project funded in 2008, as unstabilized because occupancy has dropped to 82% in anticipation of the remodeling. But the Analyst only includes 13 units as unstabilized supply (the number of additional occupied units needed to achieve 90%). The Real Estate Analysis Rules require that if a development is considered unstabilized, all units must be included. However, underwriting practice does not consider a rehabilitation as unstabilized if the property had greater than 80% occupancy prior to the rehab and if it is expected that most tenants will remain after completion. Since both Wind River and Cambridge Court (a 2005 rehabilitation project in the PMA) will provide a leasing preference for pre-existing tenants, the underwriting analysis has not included either in the unstabilized supply.

Based on total demand for 2,795 units, and unstabilized supply of 85 units (72 at the subject and 13 at Wind River), the Market Analyst concludes an inclusive capture rate of 3%. The underwriting analysis follows the traditional approach of considering all income-eligible households within the overall income limits for all units. The analysis identified demand for 3,702 units from household turnover and demand for 124 units from household growth. With no other unstabilized comparable supply, this results in an inclusive capture rate of 2% for the 72 units at the subject.

This analysis indicates substantial demand for the subject and satisfies the requirement. However, it should be noted that there is a Housing Assistance Payment contract with HUD for the existing units at the subject. It is an underwriting condition that the Applicant verify that the HAP contract will be extended to cover all the units at the reconstructed development. The maximum inclusive capture rate as a feasibility criterion would not apply to a development receiving rental assistance on at least 50% of the units.

Primary Market Occupancy Rates:

"The average occupancy level for all rental properties within the PMA is 81%. There are currently 13,718 units within the PMA." (p. 31)

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Absorption Projections:

"A new project, the size of the subject as proposed with 72 units, is likely to be absorbed within 6 months of opening, equating to an absorption pace of approximately 12 units per month." (p. 33)

Unit Type (% AMI)	Current Contract Rent	Proposed Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
1 BR 775 SF 30%	569	569	\$700	569	0
1 BR 775 SF 50%	569	569	\$700	569	0
1 BR 775 SF 60%	569	569	\$700	569	0
2 BR 1,080 SF 30%	664	664	\$850	664	0
2 BR 1,080 SF 50%	664	664	\$850	664	0
2 BR 1,080 SF 60%	664	664	\$850	664	0
3 BR 1,295 SF 30%	741	741	\$1,000	741	0
3 BR 1,295 SF 50%	741	741	\$1,000	741	0
3 BR 1,295 SF 60%	741	741	\$1,000	741	0

Market Impact:

Since the subject expects to retain its current occupancy following reconstruction, there should be no significant impact on the surrounding rental market, particularly if the HAP contract is extended and continues to cover the entire development.

Comments:

The market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      none      Date of Last Applicant Revision:      n/a

The Applicant's projected rents collected per unit appear to have been calculated by subtracting tenant-paid utilities from rents that are currently lower than the program maximum or the HAP rents currently in place. According to the Applicant, lenders will not underwrite rents above the maximum tax credit rent even if Section 8 vouchers are paying a higher amount. The Applicant is aware of the Department's underwriting rules that require underwritten rents to be based either on the maximum program rents or on the current HAP contract rents in place at the time of application. Based on the application all tenants will be required to pay electric utilities.

The Underwriter utilized the current HAP contract rents effective as of 11/1/2008 as reflected in the contract provided and verified by the 2/17/2009 rent roll. The Applicant does not appear to anticipate an increase in the HAP rents. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. Due to the differences in rental income described above, the Applicant's effective gross income is 16% lower than the Underwriter's estimate.

Expense:      Number of Revisions:      none      Date of Last Applicant Revision:      n/a

The Applicant's total annual operating expense projection of \$3,654 per unit is within 5% of the Underwriter's estimate of \$3,809 derived from the TDHCA database and third party data sources. The Applicant provided 2008 actual operating history for the subject reflecting significantly higher expenses with much of that due to a high repairs and replacement expense as well as high utilities expense. Several of the Applicant's line item estimates differ significantly from the Underwriter's, specifically, payroll and payroll taxes (\$12K lower).

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The Applicant has reflected a full property tax exemption due to the Housing Authority's role in the organizational structure of the partnership. This is typical of HTC transactions where the Housing Authority remains owner of the property.

**Conclusion:**

The Applicant's estimates of income, operating expenses and net operating income are not within 5% of the Underwriter's estimates; therefore, the Underwriter's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR). The proposed permanent financing structure results in an initial year's debt coverage ratio of 1.60. This ratio is above the Department's maximum allowable ratio of 1.35 which suggests that the development has the capacity to service additional debt. Therefore, the Underwriter's recommended debt structure will reflect an increased permanent loan amount in order to bring the DCR to an acceptable level and will be discussed further in the "Recommended Financing Structure" section of the report.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Underwriter's base year effective gross income, expenses and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider: Integra Realty Resources Date: 2/15/2009  
 Number of Revisions: none Date of Last Applicant Revision: n/a  
 Land Only: 4.337 acres \$380,000 As of: 2/15/2009  
 Existing Buildings: (as-is) \$0 As of: 2/15/2009  
 Total Development: (as-is) \$380,000 As of: 2/15/2009

**Comments:**

The appraised value is for the land only; however, the subject site currently consist of 4.337 acres that is improved with an older 72 unit Public Housing Authority multifamily complex. The existing complex is proposed to be demolished, and a new 72 unit multifamily complex is to be constructed in its place.

**ASSESSED VALUE**

Land Only: 4.128 acres \$89,918 Tax Year: 2008  
 Existing Buildings: \$1,307,889 Valuation by: Tarrant CAD  
 Total Assessed Value: \$1,397,807 Tax Rate: 2.701277

**Comments:**

As stated above, the subject site currently has a 35 plus year old 72 unit development that will be demolished and re-constructed.

**EVIDENCE of PROPERTY CONTROL**

Type: Contract For Ground Lease Acreage: 4.1285  
 Contract Expiration: 12/31/2010 Valid Through Board Date?  Yes  No  
 Acquisition Cost: \$0 Other: This will be a 75 year ground lease.  
 Seller: Housing Authority of Fort Worth Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: none Date of Last Applicant Revision: n/a

**Acquisition Value:**

A ground lease will be executed between the Housing Authority and the Applicant. The lease is to be in effect for a term of 75 years and an annual rent of \$100.

**Sitework Cost:**

The Applicant's proposed sitework cost of \$6,192 per unit, excluding the cost of demolition is within the Department's guidelines of \$9,000 per unit and is considered to be reasonable. The \$200,000 demolition cost is not considered to be eligible for tax credit purposes and has been included in the ineligible cost line item by both the Applicant and Underwriter.

**Direct Construction Cost:**

The Applicant's direct construction cost is \$153K or 3% higher than the Underwriter's Marshall and Swift Residential Cost Handbook-derived estimate and is considered to be reasonable.

**Contingency & Fees:**

The Applicant's developer's fees are overstated by \$81,017 based on their own costs. As a result this amount has been re-allocated to ineligible costs.

**Conclusion:**

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$8,197,488 supports annual tax credits of \$959,106. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: none Date of Last Applicant Revision: n/a

Source: Red Capital Group Type: Interim to Permanent Financing

Interim:	<u>\$4,592,091</u>	Interest Rate:	<u>4.5%</u>	<input type="checkbox"/>	Fixed	Term:	<u>24</u>	months
Permanent:	<u>\$1,841,585</u>	Interest Rate:	<u>8.0%</u>	<input checked="" type="checkbox"/>	Fixed	Term:	<u>360</u>	months

**Comments:**

The interim construction loan interest rate is to be prime plus 125 basis points, adjusted monthly. It is estimated to be 4.5% for the underwriting of this development. The permanent loan will have a fixed interest rate of 8% with a 30 year amortization and a 18 year term.

Source: City of Fort Worth Type: Interim Financing

Interim:	<u>\$495,000</u>	Interest Rate:	<u>TBD</u>	<input checked="" type="checkbox"/>	Fixed	Term:	<u>24</u>	months
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**Comments:**

The interest rate is to be determined at a later date; however, it was calculated at AFR for the underwriting of the application.

Source: Red Capital Group Type: Syndication

Proceeds:	<u>\$6,876,266</u>	Syndication Rate:	<u>71%</u>	Anticipated HTC:	<u>\$ 968,585</u>
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**Comments:**

The committed credit price appears to be consistent with recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that the credit price can decline to \$0.66. Beyond this point, the feasibility of the development could be jeopardized. Alternatively, should the final credit price increase to more than \$0.72, all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Commitment Expiration: \_\_\_\_\_ Date not specified

Amount: \$54,652

Type: Deferred Developer Fees

### CONCLUSIONS

**Recommended Financing Structure:**

As discussed earlier in the report, the Underwriter's Year One proforma indicates a debt coverage ratio of 1.60 which is above the Department's maximum guideline. Therefore, the Underwriter has adjusted the permanent loan upward to \$2,178,642 based upon the terms reflected in the permanent financing commitment. This increased loan amount brings the DCR to an acceptable 1.35.

The Applicant's total development cost estimate less the adjusted permanent loan of \$2,178,642 indicates the need for \$6,593,862 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$928,806 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$968,585), the gap-driven amount (\$928,806), and eligible basis-derived estimate (\$959,106), the gap-driven estimate of \$928,806 is recommended resulting in proceeds of \$6,593,862 based on a syndication rate of 71%.

The Underwriter's recommended financing structure does not indicate the need for any additional permanent funds; however, deferred developer fees should be available for use if there is a need for additional funds due to cost overruns or other unforeseen costs.

Underwriter: \_\_\_\_\_

Date: July 20, 2009

*D.P. Burrell*

Reviewing Underwriter: \_\_\_\_\_

Date: July 20, 2009

*Raquel Morales*

Director of Real Estate Analysis: \_\_\_\_\_

Date: July 20, 2009

*Brent Stewart*

MULTIFAMILY COMPARATIVE ANALYSIS

Lincoln Terrace Apartments, Fort Worth, HTC 9 % #09135

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	HTC Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	HAP	4	1	1	775	\$371	\$569	\$2,276	\$0.73	\$69.00	\$22.00
TC 50%	HAP	5	1	1	775	\$618	\$569	\$2,845	\$0.73	\$69.00	\$22.00
TC 60%	HAP	9	1	1	775	\$742	\$569	\$5,121	\$0.73	\$69.00	\$22.00
TC 30%	HAP	4	2	1	1,080	\$445	\$664	\$2,656	\$0.61	\$84.00	\$24.00
TC 50%	HAP	16	2	1	1,080	\$742	\$664	\$10,624	\$0.61	\$84.00	\$24.00
TC 60%	HAP	18	2	1	1,080	\$891	\$664	\$11,952	\$0.61	\$84.00	\$24.00
TC 30%	HAP	3	3	2	1,295	\$515	\$741	\$2,223	\$0.57	\$96.00	\$28.00
TC 50%	HAP	5	3	2	1,295	\$858	\$741	\$3,705	\$0.57	\$96.00	\$28.00
TC 60%	HAP	8	3	2	1,295	\$1,029	\$741	\$5,928	\$0.57	\$96.00	\$28.00
<b>TOTAL:</b>		<b>72</b>		<b>AVERAGE:</b>	<b>1,052</b>		<b>\$657</b>	<b>\$47,330</b>	<b>\$0.63</b>	<b>\$82.92</b>	<b>\$24.39</b>

**INCOME**

POTENTIAL GROSS RENT

Secondary Income	Per Unit Per Month:	\$10.00
Other Support Income:		

POTENTIAL GROSS INCOME

Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%
Employee or Other Non-Rental Units or Concessions		

EFFECTIVE GROSS INCOME

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ.FT	TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
General & Administrative	3.73%	\$276	0.26	\$19,896	\$18,395	Tarrant		3
Management	5.00%	370	0.35	26,668	24,302	\$10.00	Per Unit Per Month	
Payroll & Payroll Tax	15.97%	1,183	1.12	85,173	73,347	\$0.00	Per Unit Per Month	
Repairs & Maintenance	8.37%	620	0.59	44,640	39,799			
Utilities	5.51%	408	0.39	29,363	38,044			
Water, Sewer, & Trash	7.28%	540	0.51	38,853	39,597			
Property Insurance	1.64%	122	0.12	8,759	8,759			
Property Tax	2.70%	0	0.00	0	0			
Reserve for Replacements	3.37%	250	0.24	18,000	18,000			
TDHCA Compliance Fees	0.54%	40	0.04	2,880	2,880			
Other:	0.00%	0	0.00	0	0			
<b>TOTAL EXPENSES</b>	<b>51.42%</b>	<b>\$3,809</b>	<b>\$3.62</b>	<b>\$274,233</b>	<b>\$263,123</b>	<b>\$3.48</b>	<b>\$3,654</b>	<b>58.53%</b>
<b>NET OPERATING INC</b>	<b>48.58%</b>	<b>\$3,599</b>	<b>\$3.42</b>	<b>\$259,122</b>	<b>\$186,457</b>	<b>\$2.46</b>	<b>\$2,590</b>	<b>41.47%</b>
<b>DEBT SERVICE</b>								
Red Capital Group	30.40%	\$2,252	\$2.14	\$162,155	\$149,168	\$1.97	\$2,072	33.18%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>18.18%</b>	<b>\$1,347</b>	<b>\$1.28</b>	<b>\$96,967</b>	<b>\$37,289</b>	<b>\$0.49</b>	<b>\$518</b>	<b>8.29%</b>

AGGREGATE DEBT COVERAGE RATIO 1.60  
 RECOMMENDED DEBT COVERAGE RATIO 1.25

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ.FT	TDHCA	APPLICANT	PER SQ.FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.00%	\$0	\$0.00	\$0	\$0	\$0.00	\$0	0.00%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		5.25%	6,193	5.89	445,879	445,879	5.89	6,193	5.08%
Direct Construction		54.83%	64,636	61.47	4,653,784	4,807,081	63.49	66,765	54.80%
Contingency	4.89%	2.94%	3,465	3.30	249,512	249,512	3.30	3,465	2.84%
Contractor's Fees	14.00%	8.41%	9,916	9.43	713,953	733,059	9.68	10,181	8.36%
Indirect Construction		6.09%	7,174	6.82	516,500	516,500	6.82	7,174	5.89%
Ineligible Costs		3.46%	4,083	3.88	294,000	294,000	3.88	4,083	3.35%
Developer's Fees	15.00%	12.29%	14,491	13.78	1,043,377	1,150,254	15.19	15,976	13.11%
Interim Financing		4.43%	5,225	4.97	376,219	376,219	4.97	5,225	4.29%
Reserves		2.29%	2,700	2.57	194,420	200,000	2.64	2,778	2.28%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$117,884</b>	<b>\$112.11</b>	<b>\$8,487,644</b>	<b>\$8,772,504</b>	<b>\$115.87</b>	<b>\$121,840</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>71.43%</b>	<b>\$84,210</b>	<b>\$80.08</b>	<b>\$6,063,128</b>	<b>\$6,235,531</b>	<b>\$82.36</b>	<b>\$86,605</b>	<b>71.08%</b>

**SOURCES OF FUNDS**

				RECOMMENDED	
Red Capital Group	21.70%	\$25,578	\$24.32	\$1,841,585	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	\$1,069,238
HTC Proceeds- Red Capital Group	81.02%	\$95,504	\$90.82	6,876,266	% of Dev. Fee Deferred
Deferred Developer Fees	0.64%	\$759	\$0.72	54,653	0%
Additional (Excess) Funds Req'd	-3.36%	(\$3,956)	(\$3.76)	(284,860)	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$8,487,644</b>	<b>\$8,772,504</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Lincoln Terrace Apartments, Fort Worth, HTC 9 % #09135*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.00	\$4,163,758
<b>Adjustments</b>				
Exterior Wall Finish	4.40%		\$2.42	\$183,205
Elderly			0.00	0
9-Ft. Ceilings	3.00%		1.65	124,913
Roofing			0.00	0
Subfloor			(1.21)	(91,609)
Floor Cover			2.38	180,190
Breezeways/Balconies	\$32.28	28,592	12.19	922,807
Plumbing Fixtures	\$835	48	0.53	40,080
Rough-ins	\$410	144	0.78	59,040
Built-In Appliances	\$1,800	72	1.71	129,600
Exterior Stairs	\$2,100	13	0.36	27,300
Enclosed Corridors	\$45.08		0.00	0
Heating/Cooling			1.83	138,549
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$78.38	2,053	2.13	160,904
Other: fire sprinkler	\$3.40	75,710	3.40	257,414
<b>SUBTOTAL</b>			<b>83.16</b>	<b>6,296,151</b>
Current Cost Multiplier	1.01		0.83	62,962
Local Multiplier	0.90		(8.32)	(629,615)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$75.68</b>	<b>\$5,729,498</b>
Plans, specs, survy, bld prmts	3.90%		(\$2.95)	(\$223,450)
Interim Construction Interest	3.38%		(2.55)	(193,371)
Contractor's OH & Profit	11.50%		(8.70)	(658,892)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$61.47</b>	<b>\$4,653,784</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,841,585	Amort	360
Int Rate	8.00%	DCR	1.60

<b>Secondary</b>	\$0	Amort	
Int Rate		Subtotal DCR	1.60

<b>Additional</b>	\$6,876,266	Amort	
Int Rate		Aggregate DCR	1.60

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$191,833
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$67,289</b>

<b>Primary</b>	\$2,178,642	Amort	360
Int Rate	8.00%	DCR	1.35

<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.35

<b>Additional</b>	\$6,876,266	Amort	0
Int Rate	0.00%	Aggregate DCR	1.35

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$567,960	\$579,319	\$590,906	\$602,724	\$614,778	\$678,765	\$749,411	\$827,410	\$1,008,609
Secondary Income	8,640	8,813	8,989	9,169	9,352	10,326	11,400	12,587	15,343
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	576,600	588,132	599,895	611,893	624,130	689,090	760,811	839,997	1,023,952
Vacancy & Collection Loss	(43,245)	(44,110)	(44,992)	(45,892)	(46,810)	(51,682)	(57,061)	(63,000)	(76,796)
Employee or Other Non-Rental Units or Co	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$533,355	\$544,022	\$554,903	\$566,001	\$577,321	\$637,409	\$703,751	\$776,998	\$947,156
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$19,896	\$20,493	\$21,108	\$21,741	\$22,393	\$25,960	\$30,095	\$34,888	\$46,887
Management	26,668	27,201	27,745	28,300	28,866	31,870	35,188	38,850	47,358
Payroll & Payroll Tax	85,173	87,728	90,360	93,071	95,863	111,132	128,832	149,352	200,716
Repairs & Maintenance	44,640	45,979	47,359	48,779	50,243	58,245	67,522	78,277	105,197
Utilities	29,363	30,244	31,152	32,086	33,049	38,313	44,415	51,489	69,197
Water, Sewer & Trash	38,853	40,019	41,219	42,456	43,730	50,695	58,769	68,129	91,560
Insurance	8,759	9,022	9,292	9,571	9,858	11,429	13,249	15,359	20,641
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	18,000	18,540	19,096	19,669	20,259	23,486	27,227	31,563	42,418
Other	2,880	2,966	3,055	3,147	3,241	3,758	4,356	5,050	6,787
TOTAL EXPENSES	\$274,233	\$282,193	\$290,387	\$298,821	\$307,503	\$354,887	\$409,652	\$472,957	\$630,761
NET OPERATING INCOME	\$259,122	\$261,829	\$264,516	\$267,180	\$269,818	\$282,522	\$294,099	\$304,041	\$316,395
<b>DEBT SERVICE</b>									
First Lien Financing	\$191,833	\$191,833	\$191,833	\$191,833	\$191,833	\$191,833	\$191,833	\$191,833	\$191,833
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$67,289	\$69,996	\$72,682	\$75,346	\$77,985	\$90,689	\$102,266	\$112,208	\$124,561
DEBT COVERAGE RATIO	1.35	1.36	1.38	1.39	1.41	1.47	1.53	1.58	1.65



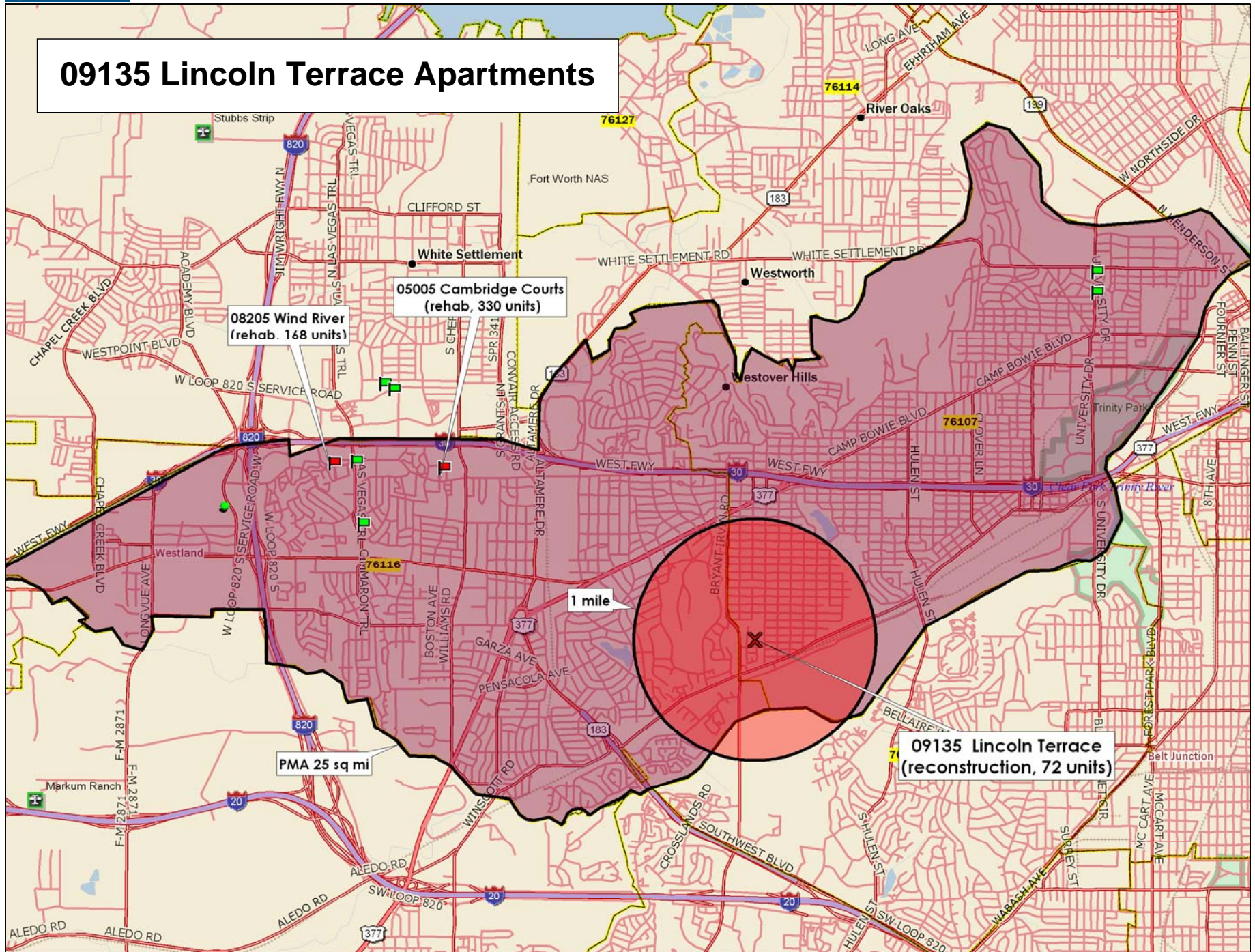
**HTC ALLOCATION ANALYSIS - Lincoln Terrace Apartments, Fort Worth, HTC 9 % #09135**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land				
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$445,879	\$445,879	\$445,879	\$445,879
<b>Construction Hard Costs</b>	\$4,807,081	\$4,653,784	\$4,807,081	\$4,653,784
<b>Contractor Fees</b>	\$733,059	\$713,953	\$733,059	\$713,953
<b>Contingencies</b>	\$249,512	\$249,512	\$249,512	\$249,512
<b>Eligible Indirect Fees</b>	\$516,500	\$516,500	\$516,500	\$516,500
<b>Eligible Financing Fees</b>	\$376,219	\$376,219	\$376,219	\$376,219
<b>All Ineligible Costs</b>	\$294,000	\$294,000		
<b>Developer Fees</b>			\$1,069,238	
Developer Fees	\$1,150,254	\$1,043,377		\$1,043,377
<b>Development Reserves</b>	\$200,000	\$194,420		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$8,772,504</b>	<b>\$8,487,644</b>	<b>\$8,197,488</b>	<b>\$7,999,224</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$8,197,488	\$7,999,224
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$10,656,734	\$10,398,992
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$10,656,734	\$10,398,992
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$959,106	\$935,909

<b>Syndication Proceeds</b>	<b>0.7099</b>	<b>\$6,808,972</b>	<b>\$6,644,291</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$959,106</b>	<b>\$935,909</b>
<b>Syndication Proceeds</b>		<b>\$6,808,972</b>	<b>\$6,644,291</b>
<b>Requested Tax Credits</b>		<b>\$968,585</b>	
<b>Syndication Proceeds</b>		<b>\$6,876,266</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$6,593,862</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$928,806</b>	

# 09135 Lincoln Terrace Apartments



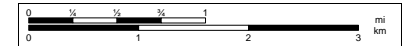
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Scale 1 : 68,750



1" = 1.09 mi

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**MULTIFAMILY FINANCE DIVISION**

July 30, 2009

**Competitive Housing Tax Credit Program****Development Information, Public Input and Board Summary****Gateway to Eden, TDHCA Number 09136****BASIC DEVELOPMENT INFORMATION**

Site Address: Grant/Rudder Streets & Kelly Street      Development #: 09136  
City: Eden      Region: 12      Population Served: General  
County: Concho      Zip Code: 76837      Allocation: Rural  
HTC Set Asides:  At-Risk    Nonprofit    USDA    Rural Rescue   HTC Housing Activity\*: NC  
HOME Set Asides:    CHDO    Preservation    General      Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: Gateway to Eden, LP  
Owner Contact and Phone: Ethan Horne, (512) 484-1727  
Developer: Maupin Development, Inc.  
Housing General Contractor: N/A  
Architect: Hatch + Ulland Owen Architects  
Market Analyst: Ipser & Associates, Inc.  
Syndicator: Raymond James Tax Credit Funds, Inc.  
Supportive Services: N/A  
Consultant: MKG Consulting, Inc.

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	20	
	2	0	5	13	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	0	6	8	6	0	
Type of Building:						Total Development Units:	20
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input checked="" type="checkbox"/> Detached Residence					Number of Residential Buildings:	20
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	12
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	8

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	<u>Applicant Request</u>	<u>Department Analysis*</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
Competitive Housing Tax Credit Amount:	\$476,746	\$476,746			
HOME Activity Fund Amount:	\$1,050,000	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Gateway to Eden, TDHCA Number 09136**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Duncan, District 28, NC

Points: 0 US Representative: Conaway, District 11, NC

TX Representative: Hilderbran, District 53, S

Points: 14 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: **0**

In Opposition: **0**

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official.

**CONDITIONS OF COMMITMENT**





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Gateway to Eden, TDHCA Number 09136**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **3**

Total # Monitored: **3**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **172**  Meeting a Required Set-Aside Credit Amount\*: \$476,746

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Belmont Senior Village, TDHCA Number 09138**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 12.3 acres of Lots 1-3 Blk A, Replat of Lots 1-9, Blk "A" of Lea      Development #: 09138  
 City: Leander      Region: 7      Population Served: Elderly  
 County: Williamson      Zip Code: 78641      Allocation: Urban  
 HTC Set Asides:  At-Risk    Nonprofit    USDA    Rural Rescue   HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO    Preservation    General      Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: DDC Belmont, Ltd.  
 Owner Contact and Phone: Colby Denison, (512) 732-1226  
 Developer: DDC Investments, Ltd. / Crossroads Housing Development Corporation  
 Housing General Contractor: TBD  
 Architect: Architettura, Inc.  
 Market Analyst: O'Connor & Associates  
 Syndicator: PNC Multi Family Capital  
 Supportive Services: Better Texans  
 Consultant: N/A

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	168
	17	0	151	0	Market Rate Units:	24
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	76	116	0	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	192
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	12
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	22
		HOME Low Total Units:	17

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$2,000,000	\$0			
HOME Activity Fund Amount:	\$4,000,000	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Belmont Senior Village, TDHCA Number 09138**

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Ogden, District 5, S

Points: 14 US Representative: Carter, District 31, NC

TX Representative: Gattis, District 20, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

Leander 2243 Neighborhood Association, Inc., Kathy R. Howell

Letter Score: 24 S or O: S

1) There is a need for senior affordable housing in Leander. The location of the Belmont Senior Village is ideally located in a major arterial road and walking distance from HEB grocery, many commercial amenities, restaurants and the Leander rail stop providing public transportation to downtown Austin.

2) The City of Leander has a very strict development and architectural guidelines which will be met by the developer resulting in a quality development. In addition, the amenities provided by the developer will provide opportunities for a high quality of life for the residents. Therefore, it is our opinion that the City of Leander and our neighborhood would benefit from the development of Belmont Senior Village.

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official and qualified neighborhood association. Resolution from city council in support as well.

CONDITIONS OF COMMITMENT



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Belmont Senior Village, TDHCA Number 09138**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **8**

Total # Monitored: **4**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **212**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Village of Salado, TDHCA Number 09140**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 9.549 acres at approx. 201 N. Joe Wilson Rd. Development #: 09140  
 City: Cedar Hill Region: 3 Population Served: General  
 County: Dallas Zip Code: 75104 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: Village of Salado LDG, LP  
 Owner Contact and Phone: Uwe Nahuina, (512) 963-1363  
 Developer: Village of Salado LDG, LP  
 Housing General Contractor: Xpert Design and Construction LLC  
 Architect: Weber Group, Inc.  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: RBC Capital Markets  
 Supportive Services: Capstone Real Estate Services, Inc.  
 Consultant: Sarah Anderson Consulting

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	83	
	5	0	38	40	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	5	45	33	0	0	
Type of Building:						Total Development Units:	83
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$15,300,950
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	11
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input checked="" type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,557,463	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Village of Salado, TDHCA Number 09140

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: West, District 23, NC

Points: 0

US Representative: Johnson, District 30, NC

TX Representative: Giddings, District 109, S

Points: 14

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 1

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official. One person spoke in opposition. One ineligible neighborhood association supported.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance, by carryover, of documentation that a comprehensive noise study has been completed to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.
2. Receipt, review, and acceptance, by commitment, of a firm commitment from the North Texas Central Texas HFC for the anticipated \$766,608 loan with terms of the funds clearly stated.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the allocation amount may be warranted.
4. Receipt of a commitment of funding from North Central Texas HFC in the amount of \$766,608, or a commitment from a qualifying substitute source in an amount not less than \$765,048, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Village of Salado, TDHCA Number 09140**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **8**

Total # Monitored: **2**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **205**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended due to \$2 million cap violation.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/10/09 PROGRAM: HTC 9% FILE NUMBER: 09140

**DEVELOPMENT**

**Village of Salado**

Location: 201 N. Joe Wilson Rd. Region: 3  
 City: Cedar Hill County: Dallas Zip: 75104  OCT  DDA  
 Key Attributes: Family, Urban, New Construction, Townhomes

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,557,463			\$1,557,463		

**CONDITIONS**

- 1 Receipt, review, and acceptance, by carryover, of documentation that a comprehensive noise study has been completed to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.
- 2 Receipt, review, and acceptance, by commitment, of a firm commitment from the North Texas Central Texas HFC for the anticipated \$766,608 loan with terms of the funds clearly stated.
- 3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	5
50% of AMI	50% of AMI	38
60% of AMI	60% of AMI	40

**STRENGTHS/MITIGATING FACTORS**

- Sub-market is stabilized indicated by a 95% occupancy rate and an overall subject capture rate of 10%.
- Large townhome units (1,379 Avg. SF) with attached garages and semi-private front lawns will compete well in the sub-market particularly in cyclical downturns. These features are often preferred by potential residents over common area amenities.
- Principals of the Applicant have LIHTC development experience.

**WEAKNESSES/RISKS**

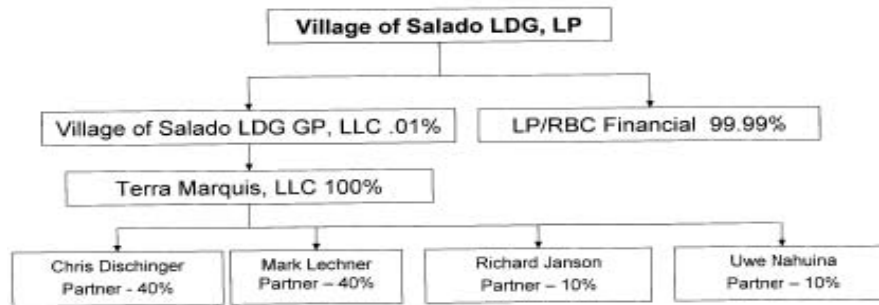
- Very little open space or common area and no pool could be a leasing detriment for some resident prospects.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Uwe Nahuina Phone: (512) 963-1363 Fax: (512) 331-4804  
 Email: unahuina@att.net

**KEY PARTICIPANTS**

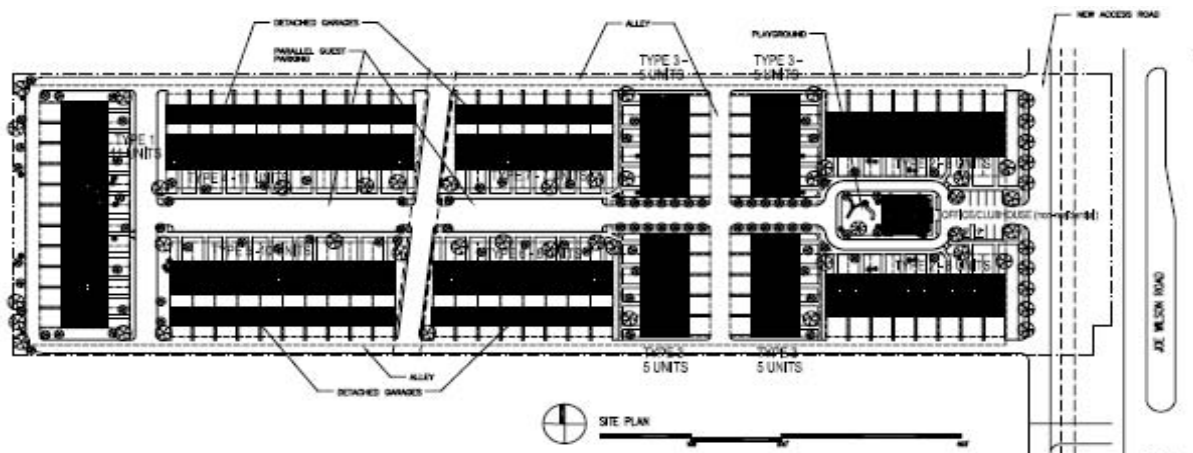
Name	Financial Notes	# Completed Developments
Tierra Marquis	N/A	5
Chris Dischinger	N/A	5
Mark Lechner	N/A	5
Richard Janson	N/A	5
Uwe Nahuina	N/A	5

**IDENTITIES of INTEREST**

- The Applicant, Developer and General Contractor are related entities. These are common relationships for HTC-funded developments.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	1	2	3	4	5	6	7				Total Buildings
Floors/Stories	2	2	2	2	2	2	2				
Number	1	2	4	1	1	1	1				<b>11</b>

BR/BA	SF	Units									Total Units	Total SF
1/2	1,312				1		2	2			5	6,560
2/2	1,312	7	6	2	6	6	3	3			45	59,040
3/2	1,456				4	4	3	2			13	18,928
3/2	1,497	4	2	3							20	29,940
Units per Building		11	8	5	11	10	8	7			<b>83</b>	<b>114,468</b>

The application reflects that the one and two bedroom units are of the exact same square footage. Upon further review it appears that the unit floor plans for these two unit types are identical, with the exception of the one bedroom unit which classifies the other bedroom as an office/sitting area. In order to be considered a bedroom as defined in §49.3(15) of the 2009 QAP, the room must be no less than 100 square feet, must have no width or length less than 8 feet, must be self contained with a door, have at least one window that provides exterior access, and must have at least one closet that is not less than 2 feet deep and 3 feet wide. For the one bedroom unit, the office/sitting room meets all of the above requirements except for having a closet.

**SITE ISSUES**

Total Size: 9.549 acres      Scattered site?       Yes       No  
 Flood Zone: X      Within 100-yr floodplain?       Yes       No  
 Zoning: TH - Town Homes      Needs to be re-zoned?       Yes       No       N/A

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff      Date: 4/3/2009  
 Overall Assessment:  
 Excellent       Acceptable       Questionable       Poor       Unacceptable  
 Surrounding Uses:  
 North: Multifamily residential and single family beyond      East: Joe Wilson Road and undeveloped land beyond  
 South: East Belt Line Road with commercial and undeveloped land beyond      West: Single family residential and commercial developments beyond

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: ECS Texas LLP      Date: 3/20/2009  
 Recognized Environmental Concerns (RECs) and Other Concerns:  
 ◦ "This assessment has revealed no evidence of RECs in connection with the property." (p. 1)  
 ◦ "A noise study is recommended for the target property based on its proximity to civil airfields and other potential sources of excessive noise in accordance with current HUD guidelines. The potential noise sources identified and examined show that the target property is less than 1,000 feet from a road (fronts East Beltline Road and North Joe Wilson Road)." (p. 22)  
 Comments:  
 Any funding recommendation will be subject to receipt, review, and acceptance, by carryover, of documentation that a comprehensive noise study has been completed to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.

## MARKET HIGHLIGHTS

Provider: Apartment Market data Date: 3/25/2009  
 Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830  
 Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 61 sq. miles 4 mile equivalent radius

The Primary Market Area is bound by Wheatland Road and Danieldale Road to the north; Hampton Road and Westmoreland Road to the east; the Ellis County line to the south; and Joe Pool lake to the west. The PMA had an estimated 2008 population of 99,199, consisting of 32,048 households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
none				none			

INCOME LIMITS						
Dallas						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$14,200	\$16,250	\$18,250	\$20,300	\$21,900	\$23,550
40	\$18,920	\$21,640	\$24,320	\$27,040	\$29,200	\$31,360
50	\$23,650	\$27,050	\$30,400	\$33,800	\$36,500	\$39,200
60	\$28,380	\$32,460	\$36,480	\$40,560	\$43,800	\$47,040

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	53	4	0	57	4	0	7%
2 BR/50%	110	1	0	111	33	0	30%
2 BR/60%	98	2	0	100	13	0	13%
3 BR/50%	67	2	0	69	4	0	6%
3 BR/60%	83	2	0	85	29	0	34%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	25	1	0	26	5	0	19%
2 BR/50%	52	1	0	53	33	0	63%
2 BR/60%	43	1	0	44	12	0	27%
3 BR/50%	76	2	0	78	5	0	6%
3 BR/60%	83	-18	0	66	28	0	43%

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OVERALL DEMAND						
	Target Households	Household Size	Income Eligible	Tenure	Demand	
PMA DEMAND from TURNOVER						turnover
Market Analyst p.				2,181	47%	1,021
Underwriter	100% 33,058	94% 30,975	15% 4,602	36% 1,650	47%	777
PMA DEMAND from GROWTH						growth
Market Analyst p.						30
Underwriter	100% 625	94% 586	15% 87	36% 31	100%	31
INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p.	83	0	0	83	1,051	<b>8%</b>
Underwriter	83	0	0	83	808	<b>10%</b>

**Proposed, Under Construction, and Unstabilized Comparable Supply:**

There are no proposed, under construction, or unstabilized comparable units located in the PMA. There is one located just north of the market area. Center Ridge Apartments (#060616) was a 2006 rehabilitation of a 224 unit property. Center Ridge was only 57% occupied in 2006, and it has only recently managed to exceed 80%. But based on the occupancy information in the market study, and further investigation by the Underwriter, Center Ridge seems to be an exception; the market area appears to be stable.

**Demand Analysis:**

The market study provides a general demographic report on the PMA from Map Info, as well as a HISTA Data report from Ribbon Demographics, which provides a more detailed breakdown of households by income, size, tenure, and age. The market study analysis is based on the HISTA data. The analysis uses eligible income bands determined from the 2008 HTC program limits, which were the most recent available at the time of application. Applying a turnover rate of 47% from the TDHCA data for Dallas County, the market study identifies demand for 1,021 units due to household turnover; and demand for 30 units due to household growth.

The underwriting analysis is based on the Map Info data and eligible income bands determined by the 2009 HTC program limits. The analysis identifies demand for 777 units from turnover of income-eligible renter households of 5 or less; and demand for 31 units from growth of eligible households.

The market study concludes an inclusive capture rate of 8% based on total demand for 1,051 units and a total supply of 83 units. The underwriting analysis concludes an inclusive capture rate of 10% based on total demand for 808 units. Both conclusions are below the maximum 25% capture rate for urban developments targeting families.

**Primary Market Occupancy Rates:**

The market study reports a total of 5,029 units at 26 properties in the PMA, with an average occupancy of 95.2%. This includes 7 subsidized or restricted properties, all at stabilized occupancy with an average of 95.3%. "Providence on the Park (2004) is the most recently built affordable family project in the Trade Area. This project is currently 94% occupied. Hickory Manor (2005) is the most recently completed affordable senior project in the Trade Area. Hickory Manor is 100% occupied." (p. 54) Most of these are clustered near the northeast corner of the PMA, and there are a number of additional affordable properties outside the boundaries of the market area. The Underwriter has verified several of these to also have occupancies in the mid to high 90's.

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Absorption Projections:

"Absorption over the previous eight years for all unit types has been 206 units per year. We expect this to continue as the number of new households continues to grow, and as additional rental units become available ... We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (pp. 51-52)

RENT ANALYSIS (Tenant-Paid Net Rents)								
Unit Type (% AMI)				Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	1,312 SF	30%		\$279	\$286	\$960	\$286	\$674
2 BR	1,312 SF	50%		\$630	\$642	\$1,010	\$642	\$368
2 BR	1,312 SF	60%		\$780	\$794	\$1,010	\$794	\$216
3 BR	1,456 SF	50%		\$725	\$739	\$1,205	\$739	\$466
3 BR	1,456 SF	60%		\$898	\$915	\$1,205	\$915	\$290
3 BR	1,497 SF	60%		\$898	\$915	\$1,205	\$915	\$290

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Newer affordable family units have been easily absorbed. Today, affordable properties in the Trade Area report an overall average occupancy of 95.3%." (p. 59)

Comments:

The market study provides sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The application reflects that the one and two bedroom units are of the exact same square footage. Upon further review it appears that the unit floor plans for these two unit types are identical, with the exception of the one bedroom unit which classifies the other bedroom as an office/sitting area. In order to be considered a bedroom as defined in §49.3(15) of the 2009 QAP, the room must be no less than 100 square feet, must have no width or length less than 8 feet, must be self contained with a door, have at least one window that provides exterior access, and must have at least one closet that is not less than 2 feet deep and 3 feet wide. For the one bedroom unit, the office/sitting room meets all of the above requirements except for having a closet.

The Applicant's estimate of secondary income and vacancy and collection loss are within the Department's guidelines. Overall the Applicant's effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's total annual operating expense projection at \$3,932 per unit is within 5% of the Underwriter's estimate of \$4,110, derived from the TDHCA database, IREM, and third-party data sources. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: general & administrative (\$7K higher), payroll & payroll tax (\$36K lower), utilities (\$14K lower), and property insurance (\$27.8K higher).

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Conclusion:

The Applicant's estimate of income, expenses and net operating income are all within 5% of the Underwriter's estimates; therefore, the Applicant's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR). The proposed permanent financing structure results in an initial year's debt coverage ratio of 1.20 which falls within the Department's guidelines without adjustment.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

ASSESSED VALUE

Land Only: 21.5 acres	\$538,100	Tax Year:	2008
Prorated Value Per Acre	\$25,000	Valuation by:	Dallas CAD
Total Value (9.549 Acres):	\$238,725	Tax Rate:	2.717828

EVIDENCE of PROPERTY CONTROL

Type: Commercial Contract-Unimproved Property Acreage: 9.549

Contract Expiration: 11/1/2009 Valid Through Board Date?  Yes  No

Acquisition Cost: \$935,898 Other: \_\_\_\_\_

Seller: Beltline/Joe Wilson, Ltd. Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: One Date of Last Applicant Revision: 6/12/2009

Acquisition Value:

The site cost of \$11,276 per unit is assumed to be reasonable since the acquisition is an arm's length transaction.

Sitework Cost:

The Applicant's proposed site work cost of \$9,000 per unit is within the Department's guidelines; therefore, no further third party substantiation is required.

Direct Construction Cost:

The Applicant's direct construction cost is \$421,092 or 6% higher than the Underwriter's Marshall and Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$13,311,648 supports annual tax credits of \$1,557,463, this figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: One Date of Last Applicant Revision: 6/12/2009

Source: MMA Financial Type: Interim to Permanent Financing  
 Interim: \$3,776,000 Interest Rate: 6.00%  Fixed Term: 24 months  
 Permanent: \$3,776,000 Interest Rate: 7.25%  Fixed Term: 420 months  
 Comments:

The interim construction interest rate is to be 30-day LIBOR plus 3.5% with a 6% floor. The permanent loan will have an amortization based upon 420 months (35 years), with a term of 216 months (18 years).

Source: North Central Texas HFC Type: Interim to Permanent Financing  
 Interim: \$765,048 Interest Rate: AFR  Fixed Term:        months  
 Permanent: \$765,048 Interest Rate: AFR  Fixed Term:        months  
 Comments:

The interest rate will be based on the applicable federal rate and the permanent loan will be payable out of available cash flow. An intent to apply for these funds has been provided by the Applicant. Any funding recommendation will be conditioned upon receipt, review and acceptance, by commitment, of a firm commitment for the proposed funds with terms clearly stated.

Source: Summit Development, Inc. Type: Interim to Permanent Financing  
 Interim: \$306,652 Interest Rate: AFR  Fixed Term:        months  
 Permanent: \$306,652 Interest Rate: AFR  Fixed Term:        months  
 Comments:

The interest rate will be based on the applicable federal rate and the permanent loan will be payable out of available cash flow.

Source: RBC Capital Markets Type: Syndication  
 Proceeds: \$10,433,958 Syndication Rate: 67% Anticipated HTC: \$ 1,557,463  
 Comments:

The committed credit price appears to be consistent with recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that the credit price can decline to \$0.61. At this point, the financial viability of the transaction may be jeopardized. In the event the closing does not occur by the anticipated closing date, RBC reserves the right to modify this letter to be consistent with the prevailing market conditions.

Amount: \$19,292 Type: Deferred Developer Fees

**CONCLUSIONS**

Recommended Financing Structure:  
 The Applicant's total development cost estimate less the permanent funds totaling \$4,847,700 indicates the need for \$10,453,250 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,560,343 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,557,463), the gap-driven amount (\$1,560,343), and eligible basis-derived estimate (\$1,557,463), the Applicant's request of \$1,557,463 is recommended resulting in proceeds of \$10,433,958 based on a syndication rate of 67%.

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The Underwriter's recommended financing structure indicates the need for \$19,292 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within one year of stabilized operation.

Underwriter:	_____	Date:	July 10, 2009
	<i>Carl Hoover</i>		
Manager of Real Estate Analysis:	_____	Date:	July 10, 2009
	<i>Raquel Morales</i>		
Director of Real Estate Analysis:	_____	Date:	July 10, 2009
	<i>Brent Stewart</i>		

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Village of Salado, Cedar Hill, HTC 9% #09140**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	5	1	2	1,312	\$380	\$286	\$1,430	\$0.22	\$94.00	\$37.00
TC 50%	33	2	2	1,312	\$760	\$642	\$21,186	\$0.49	\$118.00	\$43.00
TC 60%	12	2	2	1,312	\$912	\$794	\$9,528	\$0.61	\$118.00	\$43.00
TC 50%	5	3	2	1,456	\$878	\$739	\$3,695	\$0.51	\$139.00	\$48.00
TC 60%	8	3	2	1,456	\$1,054	\$915	\$7,320	\$0.63	\$139.00	\$48.00
TC 60%	20	3	2	1,497	\$1,054	\$915	\$18,300	\$0.61	\$139.00	\$48.00
<b>TOTAL:</b>	<b>83</b>		<b>AVERAGE:</b>	<b>1,379</b>		<b>\$740</b>	<b>\$61,459</b>	<b>\$0.54</b>	<b>\$124.90</b>	<b>\$44.63</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	114,468	<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>										
Secondary Income		Per Unit Per Month:	\$15.00			\$737,508	\$723,768	Dallas		3
Other Support Income:						14,940	14,940	\$15.00	Per Unit Per Month	
						0		\$0.00	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>										
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			\$752,448	\$738,708			
Employee or Other Non-Rental Units or Concessions						(56,434)	(55,404)	-7.50%	of Potential Gross Income	
						0				
<b>EFFECTIVE GROSS INCOME</b>										
						\$696,014	\$683,304			

<b>EXPENSES</b>	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.78%	\$401	0.29	\$33,271	\$40,670	\$0.36	\$490	5.95%
Management	4.10%	344	0.25	28,530	27,332	0.24	329	4.00%
Payroll & Payroll Tax	11.74%	985	0.71	81,743	45,650	0.40	550	6.68%
Repairs & Maintenance	6.23%	523	0.38	43,384	50,022	0.44	603	7.32%
Utilities	3.79%	318	0.23	26,355	12,000	0.10	145	1.76%
Water, Sewer, & Trash	3.82%	320	0.23	26,560	21,200	0.19	255	3.10%
Property Insurance	3.63%	305	0.22	25,292	53,120	0.46	640	7.77%
Property Tax 2.717828	7.45%	625	0.45	51,883	52,290	0.46	630	7.65%
Reserve for Replacements	2.98%	250	0.18	20,750	20,750	0.18	250	3.04%
TDHCA Compliance Fees	0.48%	40	0.03	3,320	3,320	0.03	40	0.49%
Other: Supportive Services	0.00%	0	0.00	0		0.00	0	0.00%
<b>TOTAL EXPENSES</b>	<b>49.01%</b>	<b>\$4,110</b>	<b>\$2.98</b>	<b>\$341,089</b>	<b>\$326,354</b>	<b>\$2.85</b>	<b>\$3,932</b>	<b>47.76%</b>
<b>NET OPERATING INC</b>	<b>50.99%</b>	<b>\$4,276</b>	<b>\$3.10</b>	<b>\$354,925</b>	<b>\$356,950</b>	<b>\$3.12</b>	<b>\$4,301</b>	<b>52.24%</b>

<b>DEBT SERVICE</b>									
MMA Financial	42.74%	\$3,584	\$2.60	\$297,458	\$297,459	\$2.60	\$3,584	43.53%	
North Central Texas HFC- cash flow	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%	
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%	
<b>NET CASH FLOW</b>	<b>8.26%</b>	<b>\$692</b>	<b>\$0.50</b>	<b>\$57,467</b>	<b>\$59,491</b>	<b>\$0.52</b>	<b>\$717</b>	<b>8.71%</b>	

AGGREGATE DEBT COVERAGE RATIO	1.19	1.20
RECOMMENDED DEBT COVERAGE RATIO		1.20

<b>CONSTRUCTION COST</b>									
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		6.39%	\$11,276	\$8.18	\$935,898	\$935,898	\$8.18	\$11,276	6.12%
Off-Sites		0.00%	0	0.00	0		0.00	0	0.00%
Sitework		5.10%	9,000	6.53	747,000	747,000	6.53	9,000	4.88%
Direct Construction		47.11%	83,127	60.27	6,899,508	7,320,600	63.95	88,200	47.84%
Contingency 5.00%		2.61%	4,606	3.34	382,325	403,380	3.52	4,860	2.64%
Contractor's Fees 14.00%		7.31%	12,898	9.35	1,070,511	1,129,464	9.87	13,608	7.38%
Indirect Construction		4.33%	7,636	5.54	633,819	633,819	5.54	7,636	4.14%
Ineligible Costs		4.64%	8,183	5.93	679,205	679,205	5.93	8,183	4.44%
Developer's Fees 15.00%		11.34%	20,018	14.51	1,661,482	1,734,000	15.15	20,892	11.33%
Interim Financing		9.17%	16,185	11.74	1,343,385	1,343,385	11.74	16,185	8.78%
Reserves		2.00%	3,530	2.56	292,974	374,199	3.27	4,508	2.45%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$176,459</b>	<b>\$127.95</b>	<b>\$14,646,107</b>	<b>\$15,300,950</b>	<b>\$133.67</b>	<b>\$184,349</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>62.13%</b>	<b>\$109,631</b>	<b>\$79.49</b>	<b>\$9,099,344</b>	<b>\$9,600,444</b>	<b>\$83.87</b>	<b>\$115,668</b>	<b>62.74%</b>

<b>SOURCES OF FUNDS</b>				<b>RECOMMENDED</b>			
MMA Financial	25.78%	\$45,494	\$32.99	\$3,776,000	\$3,776,000	\$3,776,000	Developer Fee Available
North Central Texas HFC- cash flow	5.22%	\$9,217	\$6.68	765,048	765,048	765,048	\$1,734,000
Summit Development, Inc.- cash flow	#VALUE!	#VALUE!	#VALUE!				
HTC Syndication Proceeds	71.24%	\$125,710	\$91.15	10,433,958	10,433,958	10,433,958	% of Dev. Fee Deferred
Deferred Developer Fees	0.13%	\$232	\$0.17	19,292	19,292	19,292	1%
Additional (Excess) Funds Req'd	-2.38%	(\$4,195)	(\$3.04)	(348,191)	306,652	306,652	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$14,646,107</b>	<b>\$15,300,950</b>	<b>\$15,300,950</b>	<b>\$1,300,093</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Village of Salado, Cedar Hill, HTC 9% #09140*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$58.01	\$6,640,204
<b>Adjustments</b>				
Exterior Wall Finish	5.25%		\$3.05	\$348,611
Elderly			0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(0.94)	(107,600)
Floor Cover			3.16	361,719
Breezeways/Balconies	\$22.31	3,527	0.69	78,687
Plumbing Fixtures	\$1,000	83	0.73	83,000
Rough-ins	\$435	83	0.32	36,105
Built-In Appliances	\$2,500	83	1.81	207,500
Exterior Stairs	\$1,875		0.00	0
Attached Garages	\$24.56	18800	4.03	461,728
Heating/Cooling			1.83	209,476
Detached Garages	\$33.14	14,400	4.17	477,216
Comm &/or Aux Bldgs	\$79.75	1,863	1.30	148,574
Other: fire sprinkler	\$3.40	114,468	3.40	389,191
<b>SUBTOTAL</b>			<b>81.55</b>	<b>9,334,412</b>
Current Cost Multiplier	1.01		0.82	93,344
Local Multiplier	0.90		(8.15)	(933,441)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$74.21</b>	<b>\$8,494,315</b>
Plans, specs, survy, bld prn	3.90%		(\$2.89)	(\$331,278)
Interim Construction Interes	3.38%		(2.50)	(286,683)
Contractor's OH & Profit	11.50%		(8.53)	(976,846)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$60.27</b>	<b>\$6,899,508</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$3,776,000	Amort	420
Int Rate	7.25%	DCR	1.19

<b>Secondary</b>	\$765,048	Amort	
Int Rate		Subtotal DCR	1.19

<b>Additional</b>		Amort	
Int Rate		Aggregate DCR	1.19

**RECOMMENDED FINANCING STRUCTURE**

**APPLICANT'S NOI:**

Primary Debt Service	\$297,458
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$59,492</b>

<b>Primary</b>	\$3,776,000	Amort	420
Int Rate	7.25%	DCR	1.20

<b>Secondary</b>	\$765,048	Amort	0
Int Rate	0.00%	Subtotal DCR	1.20

<b>Additional</b>		Amort	0
Int Rate	0.00%	Aggregate DCR	1.20

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$723,768	\$738,243	\$753,008	\$768,068	\$783,430	\$864,970	\$954,997	\$1,054,393	\$1,285,300
Secondary Income	14,940	15,239	15,544	15,854	16,172	17,855	19,713	21,765	26,531
Other Support Income:	0	0	0	0	0	0	0	0	0
<b>POTENTIAL GROSS INCOME</b>	<b>738,708</b>	<b>753,482</b>	<b>768,552</b>	<b>783,923</b>	<b>799,601</b>	<b>882,824</b>	<b>974,710</b>	<b>1,076,158</b>	<b>1,311,831</b>
Vacancy & Collection Loss	(55,404)	(56,511)	(57,641)	(58,794)	(59,970)	(66,212)	(73,103)	(80,712)	(98,387)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$683,304</b>	<b>\$696,971</b>	<b>\$710,910</b>	<b>\$725,129</b>	<b>\$739,631</b>	<b>\$816,613</b>	<b>\$901,606</b>	<b>\$995,446</b>	<b>\$1,213,443</b>
EXPENSES at 3.00%									
General & Administrative	\$40,670	\$41,890	\$43,147	\$44,441	\$45,774	\$53,065	\$61,517	\$71,315	\$95,842
Management	27,332	27,879	28,436	29,005	29,585	32,664	36,064	39,818	48,537
Payroll & Payroll Tax	45,650	47,020	48,430	49,883	51,379	59,563	69,050	80,048	107,577
Repairs & Maintenance	50,022	51,523	53,068	54,660	56,300	65,267	75,663	87,714	117,880
Utilities	12,000	12,360	12,731	13,113	13,506	15,657	18,151	21,042	28,279
Water, Sewer & Trash	21,200	21,836	22,491	23,166	23,861	27,661	32,067	37,174	49,959
Insurance	53,120	54,714	56,355	58,046	59,787	69,310	80,349	93,146	125,181
Property Tax	52,290	53,859	55,474	57,139	58,853	68,227	79,093	91,691	123,225
Reserve for Replacements	20,750	21,373	22,014	22,674	23,354	27,074	31,386	36,385	48,899
Other	3,320	3,420	3,522	3,628	3,737	4,332	5,022	5,822	7,824
<b>TOTAL EXPENSES</b>	<b>\$326,354</b>	<b>\$335,871</b>	<b>\$345,669</b>	<b>\$355,754</b>	<b>\$366,137</b>	<b>\$422,820</b>	<b>\$488,362</b>	<b>\$564,155</b>	<b>\$753,202</b>
<b>NET OPERATING INCOME</b>	<b>\$356,950</b>	<b>\$361,100</b>	<b>\$365,242</b>	<b>\$369,374</b>	<b>\$373,494</b>	<b>\$393,792</b>	<b>\$413,245</b>	<b>\$431,292</b>	<b>\$460,241</b>
DEBT SERVICE									
First Lien Financing	\$297,458	\$297,458	\$297,458	\$297,458	\$297,458	\$297,458	\$297,458	\$297,458	\$297,458
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$59,492</b>	<b>\$63,641</b>	<b>\$67,783</b>	<b>\$71,916</b>	<b>\$76,036</b>	<b>\$96,334</b>	<b>\$115,786</b>	<b>\$133,833</b>	<b>\$162,783</b>
DEBT COVERAGE RATIO	1.20	1.21	1.23	1.24	1.26	1.32	1.39	1.45	1.55

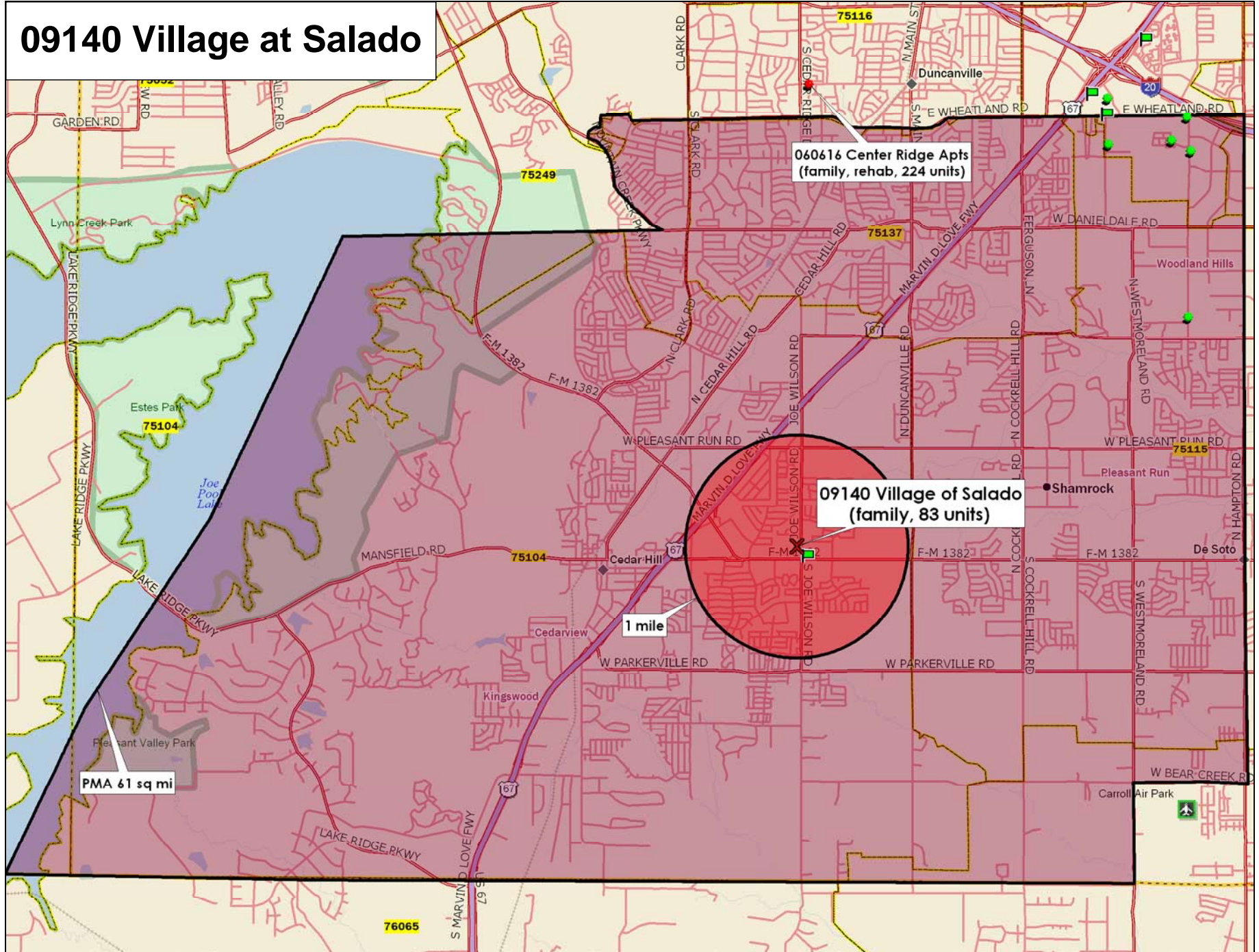
**HTC ALLOCATION ANALYSIS -Village of Salado, Cedar Hill, HTC 9% #09140**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$935,898	\$935,898		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$747,000	\$747,000	\$747,000	\$747,000
<b>Construction Hard Costs</b>	\$7,320,600	\$6,899,508	\$7,320,600	\$6,899,508
<b>Contractor Fees</b>	\$1,129,464	\$1,070,511	\$1,129,464	\$1,070,511
<b>Contingencies</b>	\$403,380	\$382,325	\$403,380	\$382,325
<b>Eligible Indirect Fees</b>	\$633,819	\$633,819	\$633,819	\$633,819
<b>Eligible Financing Fees</b>	\$1,343,385	\$1,343,385	\$1,343,385	\$1,343,385
<b>All Ineligible Costs</b>	\$679,205	\$679,205		
<b>Developer Fees</b>				
Developer Fees	\$1,734,000	\$1,661,482	\$1,734,000	\$1,661,482
<b>Development Reserves</b>	\$374,199	\$292,974		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$15,300,950</b>	<b>\$14,646,107</b>	<b>\$13,311,648</b>	<b>\$12,738,030</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$13,311,648	\$12,738,030
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$17,305,142	\$16,559,439
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$17,305,142	\$16,559,439
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,557,463	\$1,490,350

<b>Syndication Proceeds</b>	<b>0.6699</b>	<b>\$10,433,957</b>	<b>\$9,984,343</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,557,463</b>	<b>\$1,490,350</b>
<b>Syndication Proceeds</b>		<b>\$10,433,957</b>	<b>\$9,984,343</b>
<b>Requested Tax Credits</b>		<b>\$1,557,463</b>	
<b>Syndication Proceeds</b>		<b>\$10,433,958</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$10,759,902</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,606,116</b>	

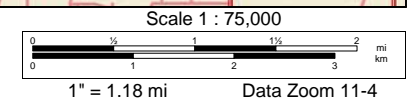
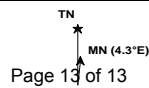
# 09140 Village at Salado



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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Floral Gardens, TDHCA Number 09142**

BASIC DEVELOPMENT INFORMATION

Site Address: NEQ of Beltway 8 & Fondren Rd. Development #: 09142  
 City: Houston Region: 6 Population Served: Elderly  
 County: Harris Zip Code: 77085 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Floral Senior LDG, LP  
 Owner Contact and Phone: Uwe Nahuina, (512) 963-1363  
 Developer: Floral Senior LDG, LP  
 Housing General Contractor: Xpert Design and Construction LLC  
 Architect: Weber Group, Inc.  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: RBC Capital Markets  
 Supportive Services: Capstone Real Estate Services, Inc.  
 Consultant: Sarah Anderson Consulting

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	100	
	5	0	45	50	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	30	70	0	0	0	
Type of Building:						Total Development Units:	100
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$14,245,589
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	1
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,409,362	\$1,404,350			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Floral Gardens, TDHCA Number 09142

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Ellis, District 13, NC Points: 0 US Representative: Green, District 9, S  
TX Representative: Allen, District 131, S Points: 14 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC Resolution of Support from Local Government   
S, Wanda Adams, Houston City Council Member District D

**Individuals and Businesses:** In Support: 60 In Opposition: 0

**Quantifiable Community Participation Input:**

Super Neighborhoods No. 39 and No. 40, Ronald Sinnette Letter Score: 24 S or O: S

Super Neighborhoods No. 39 and No. 40 support the Floral Garden Project No. 09142. These apartments are for Senior residents age 55+.

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 0

**General Summary of Comment:**

Letters of support from elected officials, three ineligible neighborhood associations, and one qualified neighborhood association. One community organization spoke in support as did fifty-nine citizens.

CONDITIONS OF COMMITMENT

1. Receipt, review, and acceptance, by carryover, of documentation that a noise study has been conducted to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.
2. Receipt, review, and acceptance, by carryover, of documentation that the trash pile identified in the ESA has been removed and disposed of properly.
3. Receipt, review and acceptance, by commitment, of a firm commitment from The City of Houston for the anticipated \$979K in funds at the terms proposed.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.
5. Receipt of a commitment of funding from the City of Houston in the amount of \$979,029, or a commitment from a qualifying substitute source in an amount not less than \$712,280, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Floral Gardens, TDHCA Number 09142**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **8**

Total # Monitored: **2**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **210**  Meeting a Required Set-Aside Credit Amount\*: \$1,404,350

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/10/09 PROGRAM: 9%/HTC FILE NUMBER: 09142

DEVELOPMENT	
Floral Garden	
Location: <u>±5.15 Acres on the NE side of Beltway 8 &amp; Fondren Rd</u>	Region: <u>6</u>
City: <u>Houston</u> County: <u>Harris</u> Zip: <u>77085</u>	<input type="checkbox"/> QCT <input checked="" type="checkbox"/> DDA
Key Attributes: <u>Seniors, New Construction, Urban</u>	

ALLOCATION						
	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$1,409,362			<b>\$1,404,350</b>		

- | CONDITIONS   |
|--|
| <ol style="list-style-type: none"> <li>1 Receipt, review, and acceptance, by carryover, of documentation that a noise study has been conducted to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.</li> <li>2 Receipt, review, and acceptance, by carryover, of documentation that the trash pile identified in the ESA has been removed and disposed of properly.</li> <li>3 Receipt, review and acceptance, by commitment, of a firm commitment from The City of Houston for the anticipated \$979K in funds at the terms proposed.</li> <li>4 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.</li> </ol> |

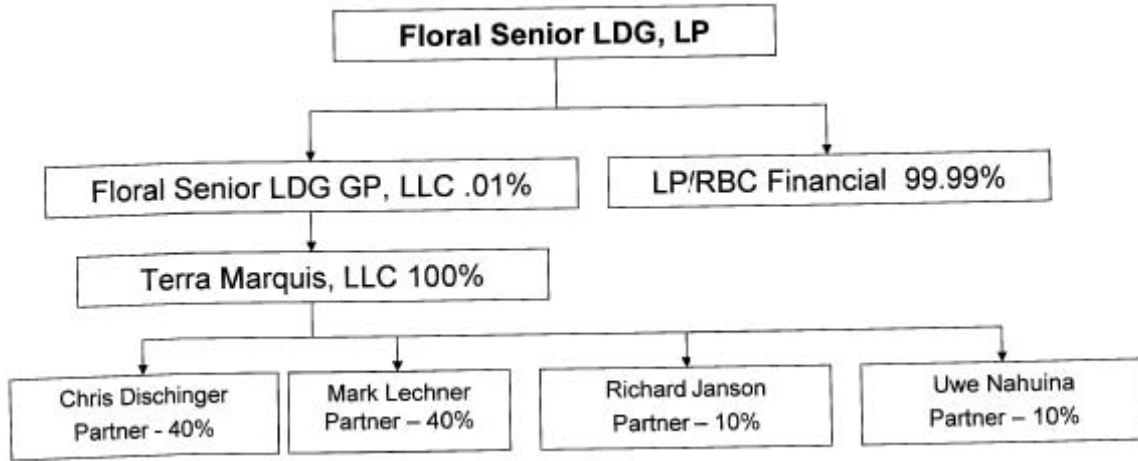
SALIENT ISSUES																	
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="3" style="text-align: center;">TDHCA SET-ASIDES for LURA</th> </tr> <tr> <th style="text-align: center;">Income Limit</th> <th style="text-align: center;">Rent Limit</th> <th style="text-align: center;">Number of Units</th> </tr> <tr> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">45</td> </tr> <tr> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">50</td> </tr> </table>			TDHCA SET-ASIDES for LURA			Income Limit	Rent Limit	Number of Units	30% of AMI	30% of AMI	5	50% of AMI	50% of AMI	45	60% of AMI	60% of AMI	50
TDHCA SET-ASIDES for LURA																	
Income Limit	Rent Limit	Number of Units															
30% of AMI	30% of AMI	5															
50% of AMI	50% of AMI	45															
60% of AMI	60% of AMI	50															
<p><b>PROS</b></p> <ul style="list-style-type: none"> <li>◦ The principals of the Applicant have considerable experience and financial resources.</li> </ul>	<p><b>CONS</b></p> <ul style="list-style-type: none"> <li>◦ The number of 2-bedroom units targeting 60% households may be more than needed based upon a unit capture rate greater than 200%.</li> <li>◦ The anticipated syndication proceeds as a percentage of total cost (79%) is higher than the typical percentage (less than 70%) for a 9% transaction due to the level of low income targeting and the QCT 130% boost.</li> </ul>																

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Uwe Nahuina Phone: (512) 963-1363 Fax: (512) 331-4804  
 Email: unahuina@att.net

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Terra Marquis, LLC	N/A	5
Uwe Nahuina	CONFIDENTIAL	5
Richard Jason	CONFIDENTIAL	5
Mark Lechner	CONFIDENTIAL	5
Chris Dischinger	CONFIDENTIAL	5

<sup>1</sup> Liquidity = Current Assets - Current Liabilities

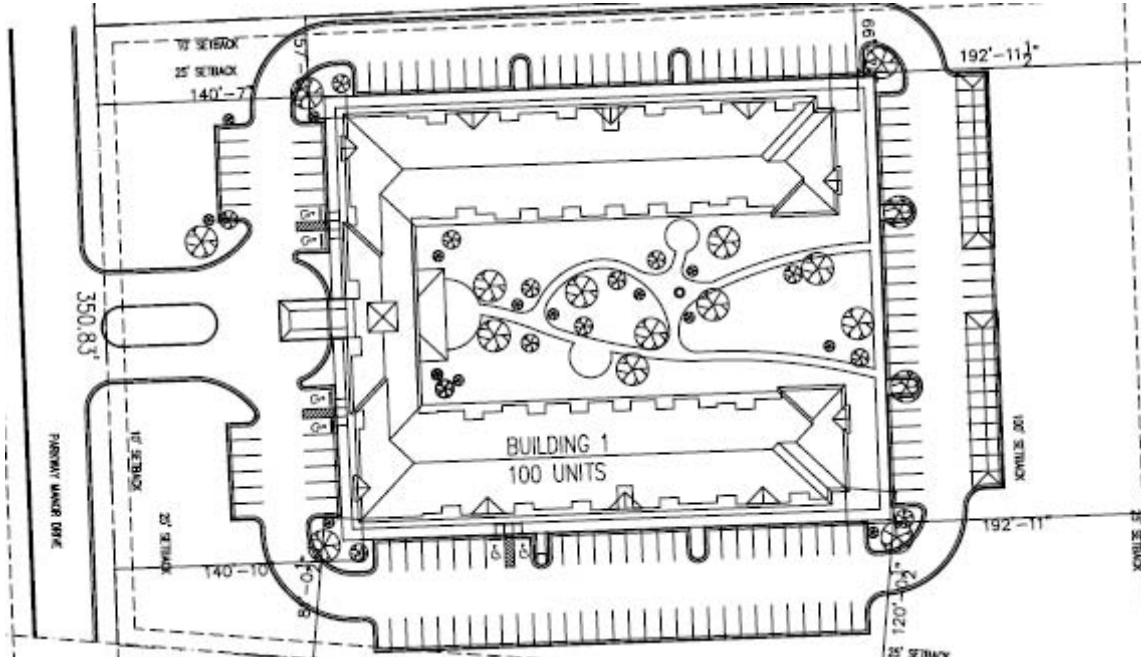
**IDENTITIES of INTEREST**

- The Applicant, Developer, and General Contractor are related entities. These are common relationships for HTC-funded developments.

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PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	1										Total Buildings
Floors/Stories	3										
Number	1										1

BR/BA	SF	Units								Total Units	Total SF
1/1	604	30								30	18,120
2/2	851	58								58	49,358
2/2	983	12								12	11,796
Units per Building	100									100	79,274

SITE ISSUES

Total Size: 5.15 acres      Scattered site?       Yes       No  
 Flood Zone: Zone X      Within 100-yr floodplain?       Yes       No  
 Zoning: N/A      Needs to be re-zoned?       Yes       No       N/A  
 Comments:  
 The city of Houston does not have a zoning ordinance.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff      Date: 4/24/2009  
 Overall Assessment:  
 Excellent       Acceptable       Questionable       Poor       Unacceptable  
 Surrounding Uses:  
 North: West Orem Dr and vacant land      East: residential & commercial uses  
 South: Sam Houston Pkwy & vacant land      West: Fondren rd & vacant land

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: ECS Texas LLP Date: 3/26/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "This assessment has revealed no evidence of RECs in connection with the property." (p. 1)
- "A noise study is recommended for the target property based on its proximity to civil airfields and other potential sources of excessive noise in accordance with current HUD guidelines. The potential noise sources identified and examined show that the target property is less than 1,000 feet from a road (fronts South Sam Houston Parkway)." (p. 22)
- "There is a solid waste pile located on the northeast side of the site. The pile consists of underbrush and common household trash. This should be removed and disposed of properly." (p. 1)

Comments:

Any recommended funding will be subject to receipt, review, and acceptance, by carryover, of documentation that a noise study has been conducted to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.

Any recommended funding will be subject to receipt, review, and acceptance, by carryover, of documentation that the trash pile identified in the ESA has been removed and disposed of properly.

**MARKET HIGHLIGHTS**

Provider: Apartment MarketData Date: 3/14/2009

Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 17 sq. miles 2 mile equivalent radius

The Primary Market Area is bound by Bissonnet Street and South Braeswood Blvd to the north; Hillcroft Street to the east; West Fuqua Drive to the south; and Texas Pkwy, Pike Road, the Fort Bend County Line, Hwy 59, and Beltway 8 to the west. The PMA had an estimated 2008 population of 98,641, including 9,008 senior households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
Notting Hill Gate	07204	108	108				

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
40	\$17,880	\$20,400	\$22,960	\$25,520	\$27,560	\$29,600
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	101	20	0	121	5	1	5%
1 BR/50%	144	32	0	176	25	0	14%
2 BR/50%	14	34	1	49	20	0	41%
2 BR/60%	47	8	0	55	50	90	255%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	89	15	0	104	5	1	6%
1 BR/50%	96	18	0	114	25	0	22%
2 BR/50%	26	4	0	30	20	0	66%
2 BR/60%	45	6	0	51	50	90	275%

OVERALL DEMAND						
	Target Households	Household Size	Income Eligible	Tenure	Demand	
PMA DEMAND from TURNOVER				turnover		
Market Analyst p. 65				1,428	26%	368
Underwriter				1,711	26%	441
PMA DEMAND from GROWTH				growth		
Market Analyst p. 66						72
Underwriter						84
DEMAND from OTHER SOURCES				senior homeowners		
Market Analyst p. 67				1,384	10%	138
Underwriter				1,615	3%	52

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 68	100	108	0	208	578	<b>36%</b>
Underwriter	100	108	0	208	578	<b>36%</b>

Proposed, Under Construction, and Unstabilized Comparable Supply:

The market study identifies one unstabilized comparable development within the PMA. Notting Hill Gate Apartments (#07204), a senior development with 108 units, is located approximately two miles northwest of the subject.

Supply and Demand Analysis:

The market study analysis considers only one-to-three person senior households, and applies a 25.8% turnover rate for senior renters in Region 6 from the TDHCA database. The Market Analyst identifies demand for 368 units due to renter turnover and demand for 72 units due to household growth. The market also considers demand from existing senior homeowners. The 2009 Real Estate Analysis Rules allow for demand from senior homeowners up to a 10% turnover rate if supported by appropriate data. The Market Analyst applies a 10% turnover rate to the homeowner household population but does not provide any specific data. This results in additional demand for 138 units.

The underwriting analysis does not generally adjust senior demand based on household size. Including all income-eligible senior households indicates demand for 441 units due to renter turnover and demand for 84 units due to household growth. A turnover rate of 3.25% for senior homeowners (from the 2000 census) indicates additional demand for 52 units.

The market study and the underwriting analysis results both add up to a total demand for 578 units. With a total supply of 208, the inclusive capture rate is 36%, which is well below the maximum 75% capture rate for developments targeting seniors.

Primary Market Occupancy Rates:

"The overall occupancy reported in the market is 92.4%." (p. 48)



Absorption Projections:

"We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p. 50)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	604 SF	30%	\$236	\$250	\$729	\$250	\$479
1 BR	604 SF	50%	\$465	\$490	\$729	\$490	\$239
2 BR	851 SF	50%	\$540	\$570	\$944	\$570	\$374
2 BR	851 SF	60%	\$678	\$714	\$944	\$714	\$230
2 BR	983 SF	60%	\$678	\$714	\$996	\$714	\$282

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Affordable senior units are 96% occupied." (p. 56)

Comments:

The market study provides sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income: Number of Revisions: 0 Date of Last Applicant Revision: N/A

The Applicant's revised projected rents collected per unit were calculated by subtracting tenant-paid utility allowances maintained by the Houston Housing Authority, as of December 1, 2007, from the 2008 HTC program rent limits. Tenants will be required to pay electric utilities only.

The Underwriter's projected rents were calculated by subtracting tenant-paid utilities from the current 2009 HTC program rents. It should be noted that at the time the application was submitted (January 2009) the 2009 program rent limits were not yet available.

The Applicant includes secondary income from 15 garages, totaling \$9.75 per unit. As a result, the Applicant's secondary income estimate exceeds current maximum TDHCA underwriting guidelines by \$9.75 per unit. The Applicant provided limited support that this additional amount is achievable in this market. Moreover, the market study provided no support for such additional income. The Underwriter utilized the maximum amount of \$15 per unit for secondary income.

Vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines, and despite the Applicant's use of the lower 2008 program rents and higher secondary income, effective gross income is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 6/3/2009

The Applicant's total annual operating expense projection at \$3,866 per unit is within 5% of the Underwriter's estimate of \$4,033, derived from the TDHCA database, and third-party data sources. The Applicant's revised budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: General & Administrative (\$19K higher), Payroll and Payroll Tax (\$25K lower), Utilities (\$12K lower), Water, Sewer & Trash (\$11K lower), and Property Tax (\$7K higher).

Conclusion:

The Applicant's effective gross income, operating expenses, and net operating income are within 5% of the Underwriter's estimates; therefore, the Applicant's year one proforma will be used to determine the development's debt capacity.

The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.15, which is within the Department's DCR guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	45 acres	<u>\$3,355,140</u>	Tax Year:	<u>2008</u>
1 acre:		<u>\$74,618</u>	Valuation by:	<u>Harris CAD</u>
Total Prorata:	5.15 acres	<u>\$384,285</u>	Tax Rate:	<u>2.53127</u>

**EVIDENCE of PROPERTY CONTROL**

Type: Unimproved Commercial Property Acreage: 5.15

Contract Expiration: 11/1/2009 Valid Through Board Date?  Yes  No

Acquisition Cost: \$729,358 Other: \_\_\_\_\_

Seller: Blossom Development, Inc Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: 3 Date of Last Applicant Revision: 7/6/2009

Acquisition Value:

The site cost of \$141,623 per acre or \$7,294 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost:

The Applicant's claimed sitework costs of \$15,869 per unit are not within current Department guidelines of \$9K; therefore, further third party substantiation is required, and has been provided.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$45K or 1% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate. Both the Applicant's and Underwriter's estimates include the cost of a back-up generator that, per the Applicant is required by the City. The Applicant provided quotes for 3 generators, ranging from \$404K to \$505K. The Applicant's cost estimate included a cost of \$500K, while the Underwriter's estimate included a cost of \$450K.

Based on the documentation provided by the Applicant, the Underwriter's direct construction cost estimate appears to be in line with the actual costs of similar developments.

Interim Interest Expense:

The Underwriter reduced the Applicant's eligible interim financing fees by \$38,513 to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

Contingency & Fees:

The Applicant's eligible contingency costs were adjusted down by \$50K to meet the Department guideline of 5% of eligible sitework and direct construction costs for new construction developments. The Applicant's contractor's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

The Applicant's estimate of eligible developer fee is overstated by \$4,393. The credit recommendation based on the eligible basis method will take into account this overstatement.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$12,002,990 supports annual tax credits of \$1,404,350. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: 2 Date of Last Applicant Revision: 7/6/2009

Source: Summit Development Type: Permanent Financing

Principal: \$285,342 Interest Rate: TBD  Fixed Amort: TBD months

Source: MMA Financial Type: Interim to Permanent Financing

Interim: \$3,081,000 Interest Rate: 6.00%  Fixed Term: 24 months

Principal \$3,081,000 Interest Rate: 7.25%  Fixed Amort: 420 months

Comments:

Interim Rate Index: 30-day LIBOR + 3.5% w/ 6% floor. Underwritten @ 6%

Source: City of Houston (CDBG) Type: Soft Loan

Principal: \$979,029 Interest Rate: N/A  Fixed Amort: N/A months

Comments:

The Applicant provided an Intent to Apply reflecting that these anticipated funds, at the terms proposed, will be applied for through various sources available through the City of Houston. Any funding recommendation will be conditioned upon receipt, review and acceptance, by Commitment, of a firm commitment from The City of Houston for the anticipated funds at the terms proposed.

Source: RBC Capital Markets Type: Syndication

Proceeds: \$9,582,703 Syndication Rate: 68% Anticipated HTC: \$ 1,409,362

Expiration: 120 days

Comments:

Due to the recent volatility in credit pricing, it should be noted, any increase in the final credit price may warrant further adjustment to the credit amount.

Amount: \$238,083 Type: Net Cash Flow From Operations

Amount: \$79,432 Type: Deferred Developer Fees

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## CONCLUSIONS

### Recommended Financing Structure:

The Applicant's total development cost estimate less the permanent loan of \$3,081,000, \$979K City of Houston CDBG funds and \$285,342 private loan indicates the need for \$10,185,560 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,498,026 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,409,362), the gap-driven amount (\$1,498,026), and eligible basis-derived estimate (\$1,404,350), the eligible basis-driven amount of \$1,404,350 is recommended resulting in proceeds of \$9,548,623 based on a syndication rate of 68%.

The Underwriter's recommended financing structure indicates a need for \$336,937 in deferred developer fees, which can be repaid within 7 years of stabilized operations.

Underwriter:

\_\_\_\_\_  
*Diamond Unique Thompson*

Date: July 10, 2009

Reviewing Underwriter:

\_\_\_\_\_  
*Audrey Martin*

Date: July 10, 2009

Director of Real Estate Analysis:

\_\_\_\_\_  
*Brent Stewart*

Date: July 10, 2009

MULTIFAMILY COMPARATIVE ANALYSIS

Floral Garden, Houston, 9%/HTC #09142

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	5	1	1	604	\$358	\$250	\$1,250	\$0.41	\$108.00	\$53.00
TC 50%	25	1	1	604	\$598	\$490	\$12,250	\$0.81	\$108.00	\$53.00
TC 50%	20	2	2	851	\$717	\$570	\$11,400	\$0.67	\$147.00	\$64.00
TC 60%	38	2	2	851	\$861	\$714	\$27,132	\$0.84	\$147.00	\$64.00
TC 60%	12	2	2	983	\$861	\$714	\$8,568	\$0.73	\$147.00	\$64.00
<b>TOTAL:</b>	<b>100</b>		<b>AVERAGE:</b>	<b>793</b>		<b>\$606</b>	<b>\$60,600</b>	<b>\$0.76</b>	<b>\$135.30</b>	<b>\$60.70</b>

<b>INCOME</b>				<b>Total Net Rentable Sq Ft: 79,274</b>		<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>	
<b>POTENTIAL GROSS RENT</b>											
Secondary Income		Per Unit Per Month:	\$15.00			\$727,200	\$690,060	Harris	Houston	6	
Other Support Income: 15 garages						18,000	18,000	\$15.00	Per Unit Per Month		
						0	11,700	\$9.75	Per Unit Per Month		
<b>POTENTIAL GROSS INCOME</b>											
						\$745,200	\$719,760				
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(55,890)	(53,988)	-7.50%	of Potential Gross Income		
Employee or Other Non-Rental Units or Concessions						0					
<b>EFFECTIVE GROSS INCOME</b>											
						\$689,310	\$665,772				
<b>EXPENSES</b>				<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>		<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>	
General & Administrative				4.39%	\$303	0.38	\$30,282	\$49,000	\$0.62	\$490	7.36%
Management				3.69%	254	0.32	25,424	26,631	0.34	266	4.00%
Payroll & Payroll Tax				13.40%	924	1.17	92,400	67,000	0.85	670	10.06%
Repairs & Maintenance				6.61%	455	0.57	45,544	50,000	0.63	500	7.51%
Utilities				3.89%	268	0.34	26,837	15,000	0.19	150	2.25%
Water, Sewer, & Trash				4.80%	331	0.42	33,101	22,000	0.28	220	3.30%
Property Insurance				9.43%	650	0.82	65,000	65,000	0.82	650	9.76%
Property Tax	2.53127			8.08%	557	0.70	55,688	63,000	0.79	630	9.46%
Reserve for Replacements				3.63%	250	0.32	25,000	25,000	0.32	250	3.76%
TDHCA Compliance Fees				0.58%	40	0.05	4,000	4,000	0.05	40	0.60%
Other: Supportive Services				0.00%	0	0.00	0		0.00	0	0.00%
<b>TOTAL EXPENSES</b>				<b>58.50%</b>	<b>\$4,033</b>	<b>\$5.09</b>	<b>\$403,276</b>	<b>\$386,631</b>	<b>\$4.88</b>	<b>\$3,866</b>	<b>58.07%</b>
<b>NET OPERATING INC</b>				<b>41.50%</b>	<b>\$2,860</b>	<b>\$3.61</b>	<b>\$286,034</b>	<b>\$279,141</b>	<b>\$3.52</b>	<b>\$2,791</b>	<b>41.93%</b>
<b>DEBT SERVICE</b>											
MMA Financial				35.21%	\$2,427	\$3.06	\$242,709	\$242,736	\$3.06	\$2,427	36.46%
City of Houston (CDBG)				0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
Additional Financing				0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>				<b>6.29%</b>	<b>\$433</b>	<b>\$0.55</b>	<b>\$43,325</b>	<b>\$36,405</b>	<b>\$0.46</b>	<b>\$364</b>	<b>5.47%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>							<b>1.18</b>	<b>1.15</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>								<b>1.15</b>			

<b>CONSTRUCTION COST</b>										
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL	
Acquisition Cost (site or bldg)		5.19%	\$7,294	\$9.20	\$729,358	\$729,358	\$9.20	\$7,294	5.12%	
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%	
Sitework		11.29%	15,869	20.02	1,586,904	1,586,904	20.02	15,869	11.14%	
Direct Construction		38.48%	54,101	68.25	5,410,108	5,455,000	68.81	54,550	38.29%	
Contingency	5.00%	2.49%	3,499	4.41	349,851	402,029	5.07	4,020	2.82%	
Contractor's Fees	14.00%	6.97%	9,796	12.36	979,582	985,866	12.44	9,859	6.92%	
Indirect Construction		4.42%	6,220	7.85	622,017	622,017	7.85	6,220	4.37%	
Ineligible Costs		7.78%	10,943	13.80	1,094,344	1,083,382	13.67	10,834	7.61%	
Developer's Fees	15.00%	11.08%	15,576	19.65	1,557,594	1,570,000	19.80	15,700	11.02%	
Interim Financing		10.21%	14,355	18.11	1,435,500	1,435,500	18.11	14,355	10.08%	
Reserves		2.10%	2,958	3.73	295,780	375,533	4.74	3,755	2.64%	
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$140,610</b>	<b>\$177.37</b>	<b>\$14,061,038</b>	<b>\$14,245,589</b>	<b>\$179.70</b>	<b>\$142,456</b>	<b>100.00%</b>	
<b>Construction Cost Recap</b>		<b>59.22%</b>	<b>\$83,264</b>	<b>\$105.03</b>	<b>\$8,326,444</b>	<b>\$8,429,799</b>	<b>\$106.34</b>	<b>\$84,298</b>	<b>59.17%</b>	

<b>SOURCES OF FUNDS</b>										
					<b>RECOMMENDED</b>					
MMA Financial	21.91%	\$30,810	\$38.87	\$3,081,000	\$3,081,000	\$3,081,000	Developer Fee Available			
City of Houston (CDBG)	6.96%	\$9,790	\$12.35	979,029	979,029	979,029	\$1,565,607			
Summit Development	2.03%	\$2,853	\$3.60	285,342	285,342	300,000				
RBC Capital Markets	68.15%	\$95,827	\$120.88	9,582,703	9,582,703	9,548,623	% of Dev. Fee Deferred			
Net Cash Flow From Operations	1.69%	\$2,381	\$3.00	238,083	238,083	0				
Deferred Developer Fees	0.56%	\$794	\$1.00	79,432	79,432	336,937	22%			
Additional (Excess) Funds Req'd	-1.31%	(\$1,846)	(\$2.33)	(184,551)	0	(0)	15-Yr Cumulative Cash Flow			
<b>TOTAL SOURCES</b>				<b>\$14,061,038</b>	<b>\$14,245,589</b>	<b>\$14,245,589</b>	<b>\$708,466</b>			

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Floral Garden, Houston, 9%/HTC #09142*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$54.12	\$4,290,166
<b>Adjustments</b>				
Exterior Wall Finish	0.40%		\$0.22	\$17,161
Elderly	5.00%		2.71	214,508
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(0.10)	(7,927)
Floor Cover			2.38	188,672
Breezeways/Balconies	\$22.95	6,274	1.82	143,988
Plumbing Fixtures	\$835	210	2.21	175,350
Rough-ins	\$410	200	1.03	82,000
Built-In Appliances	\$1,800	100	2.27	180,000
Exterior Stairs	\$6,339	8	0.64	50,715
Enclosed Corridors	\$49.54	13521	8.45	669,806
Heating/Cooling			1.83	145,071
Garages	\$37.66	4,000	1.90	150,650
Elevators	\$67,737	2	1.71	135,473
Comm &/or Aux Bldgs	\$78.38	1,900	1.88	148,913
Other: fire sprinkler	\$2.15	94,695	2.57	203,594
<b>SUBTOTAL</b>			<b>85.63</b>	<b>6,788,141</b>
Current Cost Multiplier	1.01		0.86	67,881
Local Multiplier	0.91		(7.71)	(610,933)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$78.78</b>	<b>\$6,245,089</b>
Plans, specs, survy, bld prm	3.90%		(\$3.07)	(\$243,558)
Interim Construction Interest	3.38%		(2.66)	(210,772)
Contractor's OH & Profit	11.50%		(9.06)	(718,185)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$63.99</b>	<b>\$5,072,574</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$3,081,000	Amort	420
Int Rate	7.25%	DCR	1.18

<b>Secondary</b>	\$979,029	Amort	
Int Rate		Subtotal DCR	1.18

<b>Additional</b>	\$285,342	Amort	
Int Rate		Aggregate DCR	1.18

**RECOMMENDED FINANCING STRUCTURE**

**APPLICANT'S NOI:**

Primary Debt Service	\$242,709
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$36,432</b>

<b>Primary</b>	\$3,081,000	Amort	420
Int Rate	7.25%	DCR	1.15

<b>Secondary</b>	\$979,029	Amort	0
Int Rate	0.00%	Subtotal DCR	1.15

<b>Additional</b>	\$285,342	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$690,060	\$703,861	\$717,938	\$732,297	\$746,943	\$824,686	\$910,520	\$1,005,287	\$1,225,439
Secondary Income	18,000	18,360	18,727	19,102	19,484	21,512	23,751	26,223	31,965
Other Support Income: 15 gara	11,700	11,934	12,173	12,416	12,664	13,983	15,438	17,045	20,777
POTENTIAL GROSS INCOME	719,760	734,155	748,838	763,815	779,091	860,180	949,708	1,048,554	1,278,182
Vacancy & Collection Loss	(53,988)	(55,062)	(56,163)	(57,286)	(58,432)	(64,513)	(71,228)	(78,642)	(95,864)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$665,772</b>	<b>\$679,094</b>	<b>\$692,675</b>	<b>\$706,529</b>	<b>\$720,660</b>	<b>\$795,666</b>	<b>\$878,480</b>	<b>\$969,913</b>	<b>\$1,182,318</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$49,000	\$50,470	\$51,984	\$53,544	\$55,150	\$63,934	\$74,117	\$85,922	\$115,472
Management	26,631	27,164	27,707	28,261	28,827	31,827	35,139	38,797	47,293
Payroll & Payroll Tax	67,000	69,010	71,080	73,213	75,409	87,420	101,344	117,485	157,890
Repairs & Maintenance	50,000	51,500	53,045	54,636	56,275	65,239	75,629	87,675	117,828
Utilities	15,000	15,450	15,914	16,391	16,883	19,572	22,689	26,303	35,348
Water, Sewer & Trash	22,000	22,660	23,340	24,040	24,761	28,705	33,277	38,577	51,844
Insurance	65,000	66,950	68,959	71,027	73,158	84,810	98,318	113,978	153,177
Property Tax	63,000	64,890	66,837	68,842	70,907	82,201	95,293	110,471	148,464
Reserve for Replacements	25,000	25,750	26,523	27,318	28,138	32,619	37,815	43,838	58,914
Other	4,000	4,120	4,244	4,371	4,502	5,219	6,050	7,014	9,426
<b>TOTAL EXPENSES</b>	<b>\$386,631</b>	<b>\$397,964</b>	<b>\$409,631</b>	<b>\$421,643</b>	<b>\$434,010</b>	<b>\$501,545</b>	<b>\$579,672</b>	<b>\$670,059</b>	<b>\$895,657</b>
<b>NET OPERATING INCOME</b>	<b>\$279,141</b>	<b>\$281,130</b>	<b>\$283,044</b>	<b>\$284,886</b>	<b>\$286,650</b>	<b>\$294,121</b>	<b>\$298,808</b>	<b>\$299,854</b>	<b>\$286,662</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$242,709	\$242,709	\$242,709	\$242,709	\$242,709	\$242,709	\$242,709	\$242,709	\$242,709
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$36,432</b>	<b>\$38,421</b>	<b>\$40,335</b>	<b>\$42,177</b>	<b>\$43,941</b>	<b>\$51,412</b>	<b>\$56,099</b>	<b>\$57,145</b>	<b>\$43,953</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.15</b>	<b>1.16</b>	<b>1.17</b>	<b>1.17</b>	<b>1.18</b>	<b>1.21</b>	<b>1.23</b>	<b>1.24</b>	<b>1.18</b>

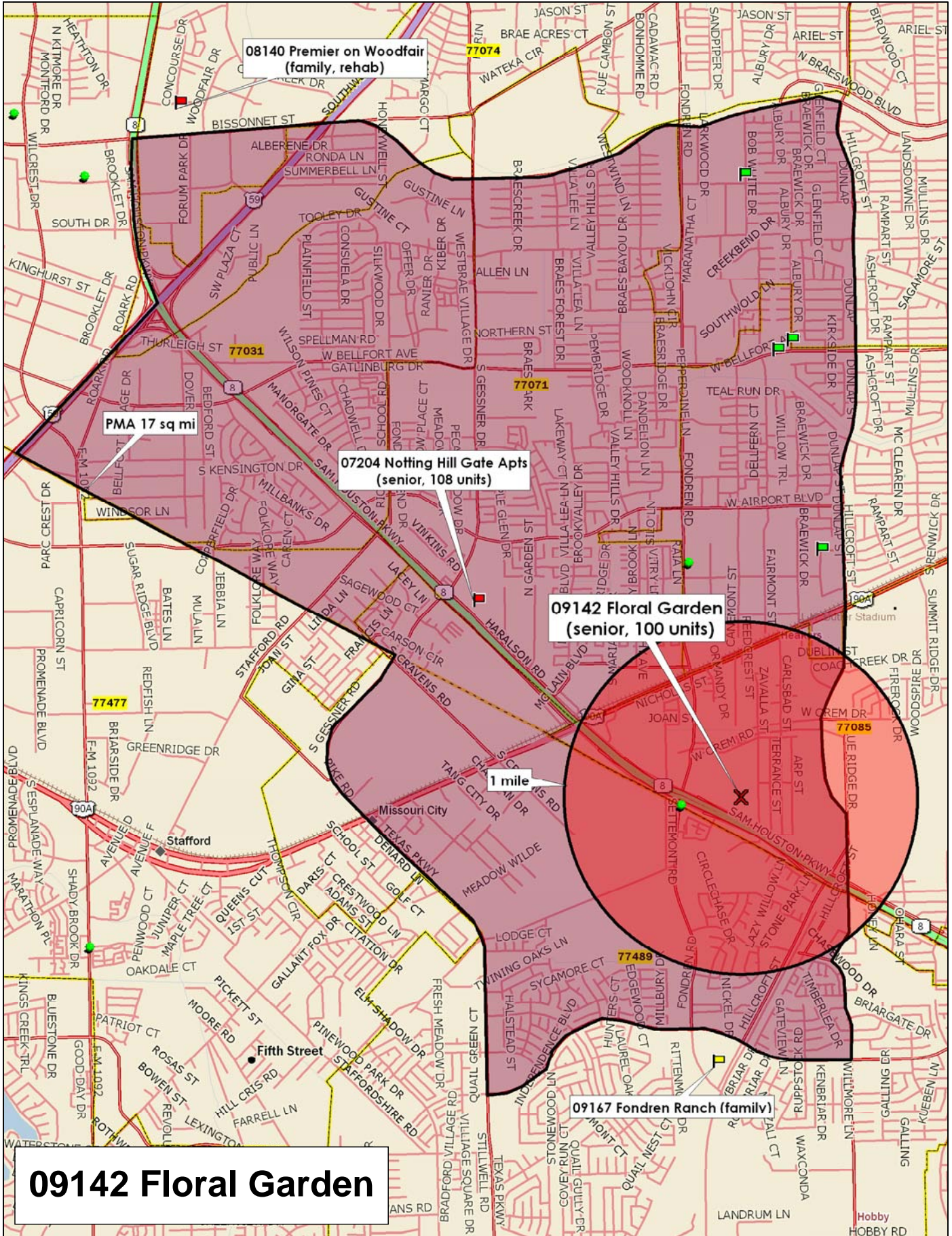
**HTC ALLOCATION ANALYSIS -Floral Garden, Houston, 9%/HTC #09142**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$729,358	\$729,358		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,586,904	\$1,586,904	\$1,586,904	\$1,586,904
<b>Construction Hard Costs</b>	\$5,455,000	\$5,410,108	\$5,455,000	\$5,410,108
<b>Contractor Fees</b>	\$985,866	\$979,582	\$985,866	\$979,582
<b>Contingencies</b>	\$402,029	\$349,851	\$352,095	\$349,851
<b>Eligible Indirect Fees</b>	\$622,017	\$622,017	\$622,017	\$622,017
<b>Eligible Financing Fees</b>	\$1,435,500	\$1,435,500	\$1,435,500	\$1,435,500
<b>All Ineligible Costs</b>	\$1,083,382	\$1,094,344		
<b>Developer Fees</b>			\$1,565,607	
Developer Fees	\$1,570,000	\$1,557,594		\$1,557,594
<b>Development Reserves</b>	\$375,533	\$295,780		
<b>TOTAL DEVELOPMENT COSTS</b>	\$14,245,589	\$14,061,038	\$12,002,990	\$11,941,555

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$12,002,990	\$11,941,555
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$15,603,886	\$15,524,022
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$15,603,886	\$15,524,022
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,404,350	\$1,397,162

<b>Syndication Proceeds</b>	<b>0.6799</b>	<b>\$9,548,623</b>	<b>\$9,499,751</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,404,350</b>	<b>\$1,397,162</b>
<b>Syndication Proceeds</b>		<b>\$9,548,623</b>	<b>\$9,499,751</b>
<b>Requested Tax Credits</b>		<b>\$1,409,362</b>	
<b>Syndication Proceeds</b>		<b>\$9,582,703</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$10,185,560</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,498,026</b>	



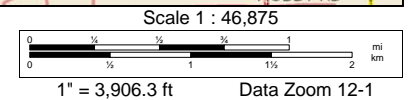
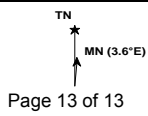


**09142 Floral Garden**

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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Oakwood Apts, TDHCA Number 09146**

BASIC DEVELOPMENT INFORMATION

Site Address: 3501 Rhodes Rd. Development #: 09146  
 City: Brownwood Region: 2 Population Served: General  
 County: Brown Zip Code: 76801 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Brownwood Fountainhead, L.P.  
 Owner Contact and Phone: Patrick A. Barbolla, (817) 732-1055  
 Developer: Fountainhead Affiliates, Inc.  
 Housing General Contractor: Fountainhead Construction, Inc.  
 Architect: J. Douglas Cain Associates, Architects, Inc.  
 Market Analyst: N/A  
 Syndicator: Boston Capital Corporation  
 Supportive Services: N/A  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	47	
	0	0	43	4	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	16	32	0	0	0	
Type of Building:						Total Development Units:	48
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	8
<input checked="" type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	37
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	10

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$275,731	\$275,731			
HOME Activity Fund Amount:	\$600,000	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Oakwood Apts, TDHCA Number 09146**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Fraser, District 24, S

Points: 14 US Representative: Conaway, District 11, NC

TX Representative: Keffer, District 60, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official and resolution supporting as well from the city.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Oakwood Apts, TDHCA Number 09146**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **33**

Total # Monitored: **33**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **185**  Meeting a Required Set-Aside Credit Amount\*: \$275,731

Recommendation: Competitive in USDA Allocation

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Village Place Apts, TDHCA Number 09147**

BASIC DEVELOPMENT INFORMATION

Site Address: 111 Village Place Dr. Development #: 09147  
 City: Lorena Region: 8 Population Served: General  
 County: McLennan Zip Code: 76655 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Lorena Fountainhead, L.P.  
 Owner Contact and Phone: Patrick A. Barbolla, (817) 732-1055  
 Developer: Fountainhead Affiliates, Inc.  
 Housing General Contractor: Fountainhead Construction, Inc.  
 Architect: J. Douglas Cain Associates, Architects, Inc.  
 Market Analyst: N/A  
 Syndicator: Boston Capital Corporation  
 Supportive Services: N/A  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	32	
	0	0	30	2	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	16	16	0	0	0	
Type of Building:						Total Development Units:	32
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$2,785,522
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	2
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	25
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	7

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$205,533	\$205,533			
HOME Activity Fund Amount:	\$450,000	\$450,000	330	330	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Village Place Apts, TDHCA Number 09147**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Averitt, District 22, S

Points: 14 US Representative: Edwards, District 17, NC

TX Representative: Anderson, District 56, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance, by Carryover, that a release of the Builder's and Mechanic's lien of Howe Building Corporation dated 11/26/1984 in the amount of \$781,000 is recorded on or before the closing on the purchase of the subject property by the Applicant.
2. Receipt, review, and acceptance, by Carryover, of USDA/RD agreement of lien parity of their existing loan with the proposed TDHCA HOME loan; and of their approval of the same rates and terms transfer of the existing loan.
3. Receipt, review, and acceptance, by Cost Certification, of documentation that USDA-RD has approved the proposed basic rents which reflect an 11% increase over the current basic rents.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the allocation amount may be warranted.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Village Place Apts, TDHCA Number 09147**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **33**

Total # Monitored: **33**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **173**  Meeting a Required Set-Aside Credit Amount\*: \$205,533

Recommendation: Competitive in USDA Allocation

HOME Activity Funds:

Loan Amount: \$450,000

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/15/09 PROGRAM: 9% HTC / HOME FILE NUMBER: 09147

DEVELOPMENT	
Village Place Apartments	
Location: <u>111 Village Place Drive</u>	Region: <u>8</u>
City: <u>Lorena</u> County: <u>McLennan</u> Zip: <u>76655</u> <input checked="" type="checkbox"/> OCT <input type="checkbox"/> DDA	
Key Attributes: <u>Family, Rural, At-Risk Preservation, USDA, Acquisition/Rehabilitation</u>	

ALLOCATION						
	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
HOME Activity Funds	\$450,000	0.00%	360/360	<b>\$450,000</b>	<b>0.00%</b>	<b>330/330</b>
Housing Tax Credit (Annual)	\$205,533			<b>\$205,533</b>		

\* Parity lien position: fully amortized over a term equal to the approximate remaining term of the USDA 515 loan (approximately 330 months.)

- | CONDITIONS   |
|--|
| <ol style="list-style-type: none"> <li>1 Receipt, review, and acceptance, by Carryover, that a release of the Builder's and Mechanic's lien of Howe Building Corporation dated 11/26/1984 in the amount of \$781,000 is recorded on or before the closing on the purchase of the subject property by the Applicant.</li> <li>2 Receipt, review, and acceptance, by Carryover, of USDA/RD agreement of lien parity of their existing loan with the proposed TDHCA HOME loan; and of their approval of the same rates and terms transfer of the existing loan.</li> <li>3 Receipt, review, and acceptance, by Cost Certification, of documentation that USDA-RD has approved the proposed basic rents which reflect an 11% increase over the current basic rents.</li> <li>4 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.</li> </ol> |

SALIENT ISSUES		
HTC SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	30
60% of AMI	60% of AMI	2
HOME SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	Low HOME	7
50% of AMI	High HOME	23
60% of AMI	High HOME	2

**STRENGTHS/MITIGATING FACTORS**

- Due to rent subsidies on greater than 50% of the units and the expectation that these subsidies will be increased by USDA over time, the DCR should not be affected by periods of flat rental rate increases.
- Property is currently 100% occupied.
- Principal of Applicant and Developer have extensive LIHTC and USDA experience.
- Property is monitored and financially supported through rent subsidies.
- Property is well located near IH 35 and near to Waco. Facilities have been well kept.

**WEAKNESSES/RISK**

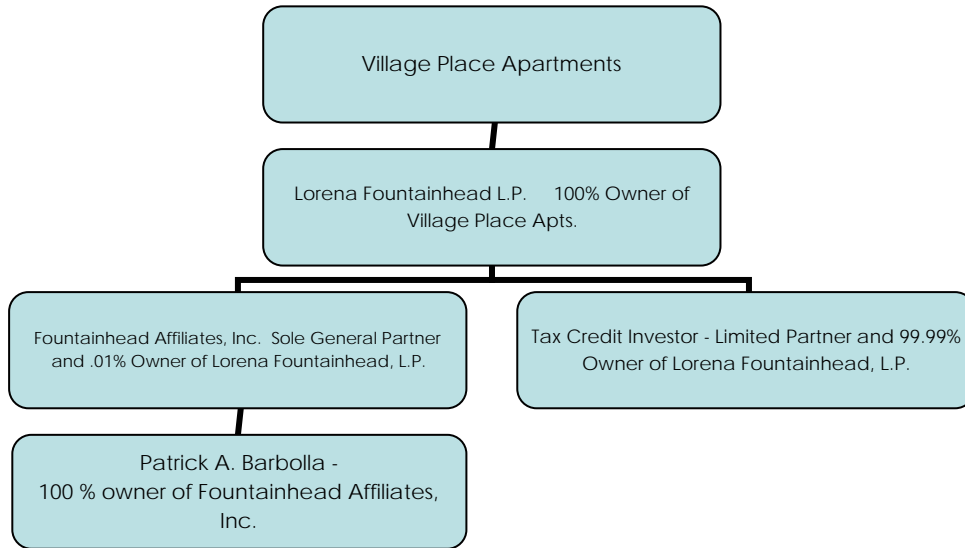
- Both the Applicant's and Underwriter's expense to income ratios exceed 65% guideline at 70% and 72%, respectively.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



This section intentionally left blank.



**CONTACT**

Contact: Patrick Barbolla Phone: (817) 732.1055 Fax: (817) 732.7716  
 Email: pabarbolla@aol.com

**KEY PARTICIPANTS**

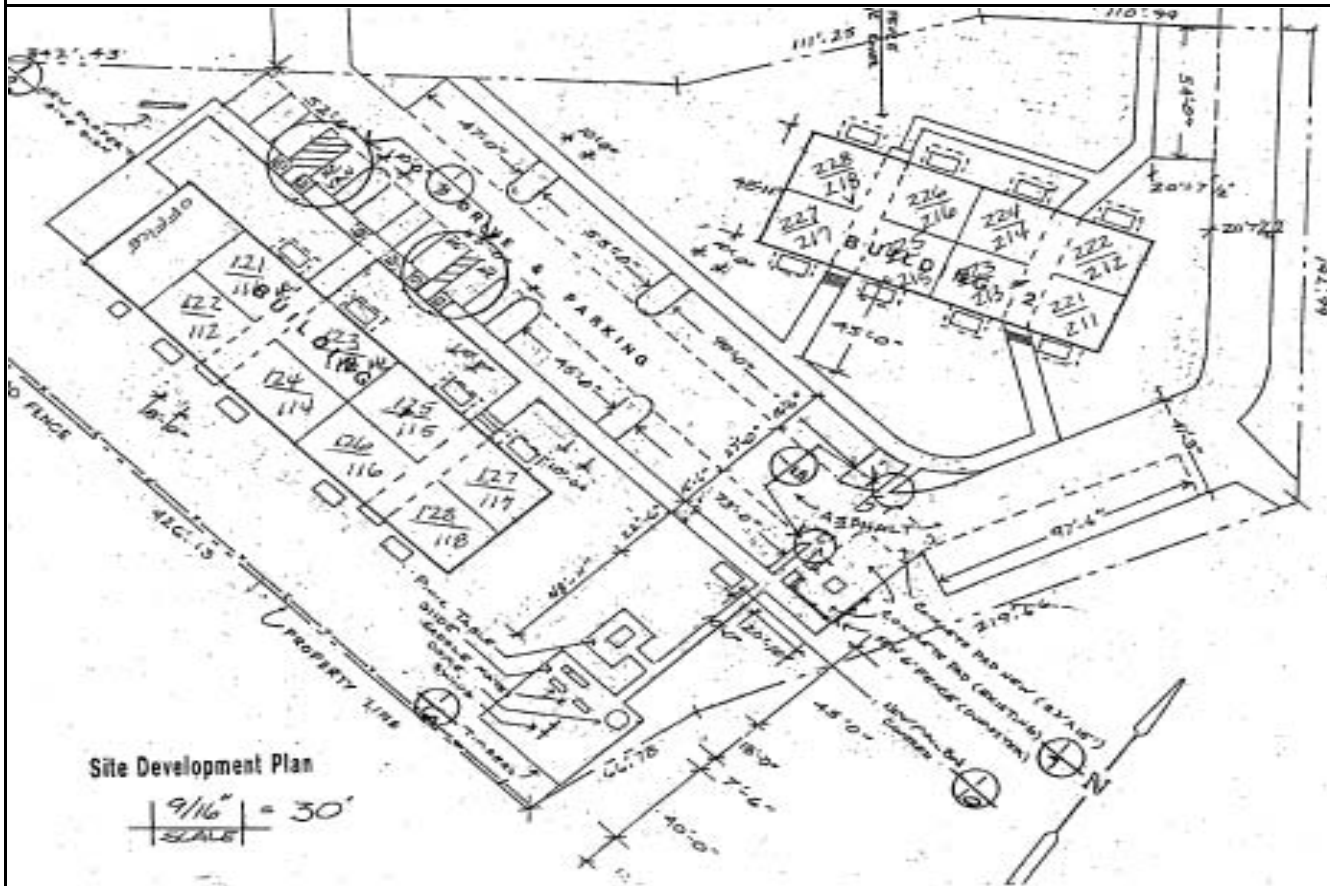
Name	Financial Notes	# Completed Developments
Fountainhead Affiliates, Inc.	N/A	22+
Patrick Barbolla	N/A	25+

**IDENTITIES of INTEREST**

- o The Applicant, Developer, General Contractor and property manager are related entities. These are common relationships for HTC-funded developments.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	A	B									Total Buildings
Floors/Stories	2	2									
Number	1	1									2

BR/BA	SF	Units									Total Units	Total SF
1BR/1BA	666		16								16	10,656
2BR/1BA	864	16									16	13,824
Units per Building		16	16								32	24,480

Development Plan:

According to the Capital Needs Assessment (CNA) provider, the property is in good overall condition. "The residential spaces, common areas, and various building systems are adequately appointed and maintained. That said, the property has substantive capital needs anticipated in the coming years; a number of systems and components are at, or approaching, the end of their useful lives. Anticipated near-term needs include moderate repairs to the sidewalks and parking areas, repairs and replacements associated with building exterior envelopes, and the continuation of in-unit upgrades. All of these items are included in the scope of work."

Relocation Plan:

There will be no permanent displacement or permanent relocation of existing residents due to the rehabilitation of the property. After the property is acquired, any units that become vacant will not be leased, and renovations will commence by first renovating the vacant units, and once those are completed, existing tenants will be moved into the recently renovated units, with the owner paying all costs associated with the move. This procedure will be used until all units are renovated.

SITE ISSUES

Total Size:	<u>2.42</u> acres	Scattered site?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Flood Zone:	<u>X</u>	Within 100-yr floodplain?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Zoning:	<u>Multifamily</u>	Needs to be re-zoned?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No <input type="checkbox"/> N/A

TDHCA SITE INSPECTION

Inspector: ORCA Staff Date: 4/8/2009

Overall Assessment:

Excellent  Acceptable  Questionable  Poor  Unacceptable

Surrounding Uses:

North:	<u>Old Lorena Rd/Commercial Property</u>	East:	<u>IH 35/Commercial Property</u>
South:	<u>Town of Lorena/Single Family</u>	West:	<u>Village Place Dr./Vacant Land</u>

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: none Date: N / A

Comments:

The 2009 QAP §49.9(h)(14)(A)(iv) states that Developments whose funds have been obligated by TRDO-USDA are not required to supply an Environmental Site Assessment; it is the Applicant's responsibility to ensure that the Development is maintained in compliance with all state and federal environmental hazard requirements.

It is worth noting that given the original construction date of 1986, asbestos and lead-based paint are unlikely to be present in the Development.

MARKET HIGHLIGHTS

Provider: Sherrill & Associates, Inc. Date: 3/16/2009

Contact: Jerry Sherrill Phone: (817) 557-1791 Fax: (817) 557-1792

Number of Revisions: none Date of Last Applicant Revision: N / A

Market Area :

"The subject is located in Lorena, McLennan County, Texas which is located on Interstate Highway 35 at the intersection of Farm Road 2837, in the central area of Texas. It is approximately 10 miles south of Waco, 93 miles south of Dallas-Fort Worth Metroplex, 22 miles north of Temple and 80 miles north of Austin. McLennan County had a population of 213,517 in the year 2000 and it had an estimated population of 228,123 in 2006 which is an increase of .83% over year 2000 while population has increased 12.7% statewide ... The economic base is made up of distribution, manufacturing, agriculture (including hunting leases), tourism and government services ... Lorena is a predominantly rural area with property values changing at a similar rate to the more urban areas in the county." (p. 9)

INCOME LIMITS						
McLennan						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$10,850	\$12,400	\$13,950	\$15,500	\$16,750	\$18,000
40	\$14,480	\$16,560	\$18,600	\$20,680	\$22,320	\$24,000
50	\$18,100	\$20,700	\$23,250	\$25,850	\$27,900	\$30,000
60	\$21,720	\$24,840	\$27,900	\$31,020	\$33,480	\$36,000

Primary Market Occupancy Rates:

"Current vacancies in the area range from 1% to 15%, on properties that are well managed and maintained." (p. 58)

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market	
1 BR 666 SF 50%/LH	\$406	\$438	\$425	\$406	\$19	
1 BR 666 SF 50%/HH	\$406	\$438	\$425	\$406	\$19	
1 BR 666 SF 60%/HH	\$406	\$535	\$425	\$406	\$19	
2 BR 864 SF 50%/LH	\$485	\$520	\$465	\$485	(\$20)	
2 BR 864 SF 50%/HH	\$485	\$520	\$465	\$485	(\$20)	
2 BR 864 SF 60%/HH	\$485	\$636	\$465	\$485	(\$20)	

Unit Type (% AMI)	Current Contract Rent	Proposed Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
1 BR 666 SF 50%/LH	364	406	\$425	\$406	42
1 BR 666 SF 50%/HH	364	406	\$425	\$406	42
1 BR 666 SF 60%/HH	364	406	\$425	\$406	42
2 BR 864 SF 50%/LH	364	485	\$465	\$485	121
2 BR 864 SF 50%/HH	364	485	\$465	\$485	121
2 BR 864 SF 60%/HH	364	485	\$465	\$485	121

Comments:

USDA Developments with occupancy greater than 80% are not required to provide a market study. The required appraisal provides similar information regarding the market area and comparable market rents. Under the Interest Rate Reduction Contract USDA sets the rent limits for the property. This operating subsidy is available to subsidize the rental and utility payments for families in order to allow them to pay no more than 30% of their adjusted monthly income for rent and utilities. The Applicant is proposing increased rent limits which, in the case of the two-bedroom unit, exceed what the appraisal has indicated to be an achievable market rent. However, the rent roll indicates that several tenants are currently paying higher rents, and the Applicant believes the proposed rates are achievable. Additionally, USDA approval of the rental assistance increases will mitigate any risk associated with this issue. Any recommended financing will be subject to USDA approval of the proposed rents.

It should be noted that an Appraiser has stated that market rents for the 2 bedroom units are \$465; however, the Applicant and the Underwriter used \$485 per unit rents. The Underwriter used the higher rents of \$485 for the 2 bedroom units because existing historical data indicates that rents of up to \$485 have already been paid by current and former tenants who have lived in the development in the past (in those cases the current owner paid overage fees to USDA to offset the reduced interest credit). This historical data would indicate that tenants will pay rents more than the \$465 stated by the appraiser.

Capture rate limits do not apply to existing Affordable Housing that is at least 80% occupied and that provides a leasing preference to existing tenants. The Applicant has provided a rent roll indicating the property is currently 100% occupied. Given the full occupancy and the fact that the rehabilitation will not require extended displacement of tenants, market absorption is not a concern.

### OPERATING PROFORMA ANALYSIS

Income:      Number of Revisions:      none      Date of Last Applicant Revision:      n/a

The Applicant has projected rents based upon a USDA Rental Assistance contract on the subject units. The Applicant is proposing to have USDA rental subsidies provided on all of the units. The subject property has had the USDA rental subsidy since it was constructed and it is anticipated that USDA will continue to provide the subsidy. This operating subsidy is available to subsidize the rental and utility payments for families in order to allow them to pay no more than 30% of their adjusted monthly income for rent and utilities.

The USDA anticipated rents are 11% higher than current rents. Market rents are 8 percent higher than the proposed USDA rents overall; however, as discussed above, the two bedroom units have proposed rents higher than market rents; however, any risk associated with this issue will be mitigated if USDA approves the proposed rent increases for their rental assistance. The Underwriter has used the anticipated rents noting that an average rent of \$445 is required to maintain a 1.15 DCR.

The Underwriter has used the Applicant's proposed rents for this analysis, but receipt, review, and acceptance, by Cost Certification, of documentation that USDA-RD has approved the proposed basic rents is a condition of this report.

The Applicant's estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. Tenants will be required to pay electrical costs. The Underwriter used the same USDA contract rents that the Applicant used.

Expense:      Number of Revisions:      none      Date of Last Applicant Revision:      n/a

The Applicant's total annual operating expense projection of \$3,573 per unit is within 5% of the Underwriter's estimate of \$3,672 derived from the TDHCA database and third party data sources. However, the Applicant's estimates of some line items differ significantly from the Underwriter's, specifically, payroll and payroll expense (\$3K higher), and reserve for replacement (\$5K lower).

The Applicant has estimated a reserve account expense of \$300 per unit per year which is the Department's minimum requirement for rehabilitation properties; however, based upon the Capital Needs Assessment provider's estimate, \$300 per unit per year will not be adequate. Based upon the CNA provider's estimated capital needs requirements during the 15 years, the Underwriter estimates that a reserve account of \$475 per unit per year will be required.

#### Conclusion:

The Applicant's estimate of effective gross income and total expenses are within 5% of the Underwriter's estimates; however, net operating income is not, therefore, the Underwriter's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR). The proposed permanent financing structure results in an initial year's debt coverage ratio of 1.18%.

The Applicant's expense to income ratio of 69.90% is above the Department's normal 65% maximum ratio. The Underwriter's expense to income ratio of 71.84% is also above the Department's maximum; however, the development is to have a USDA interest credit subsidy on more than 50% of the units in the form of an interest credit on the existing USDA loan reducing the rate from 11.875% to 1%; therefore, the development can still be characterized as feasible according to the Underwriter's proforma and under Section 1.32(i)(6)(B)(v) of the Real Estate Analysis Rules. This rule states that if the Development has other long term project based restrictions on rents for at least 50% of the units that allow rents to increase based upon expenses and those rents are currently more than 10% lower than both the Net Program Rents and Restricted Market Rents, then it can be considered feasible.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Applicant's base year effective gross income, expenses and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

APPRAISED VALUE

Provider:	<u>Sherrill &amp; Associates, Inc.</u>	Date:	<u>3/16/2009</u>
Number of Revisions:	<u>none</u>	Date of Last Applicant Revision:	<u>n/a</u>
Land Only:	<u>2.42 acres</u>	<u>\$45,000</u>	As of: <u>3/16/2009</u>
Existing Buildings: (as-is)		<u>\$1,141,000</u>	As of: <u>3/16/2009</u>
Total Development: (as-is)		<u>\$1,186,000</u>	As of: <u>3/16/2009</u>

Comments:

The appraiser provided an "as is and as restricted" market value of \$597,000, and a "Sum of Market Value and Value of Financing Subsidy" value of \$1,186,000. The Sum of Market Value and Value of Financing Subsidy is the most important value for this particular case because it provides an estimate of the price that a purchaser will pay for the property when there is an interest credit subsidy provided by USDA/RD. This value takes into account the "as is" value as restricted and added to it the value of the special financing provided by USDA/RD. According to the "as is" value provided by the appraiser, the land value is approximately 7.5% of the prorata percentage of the total appraised value; therefore, the Underwriter assigned 7.5% of the value of the Sum of Market Value and Value of Financing Subsidy to the land to obtain a land value of \$89,397 and a building value of \$1,096,603. The result is that the building eligible basis value for the Underwriter is \$1,001,563.

ASSESSED VALUE

Land Only:	<u>2.46 acres</u>	<u>\$48,221</u>	Tax Year:	<u>2008</u>
Existing Buildings:		<u>\$423,699</u>	Valuation by:	<u>McLennan CAD</u>
Total Assessed Value:		<u>\$471,920</u>	Tax Rate:	<u>2.377075</u>

EVIDENCE of PROPERTY CONTROL

Type:	<u>Real Estate Purchase Agreement</u>	Acreage:	<u>2.42</u>
Contract Expiration:	<u>3/31/2010</u>	Valid Through Board Date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost:	<u>\$1,083,212</u>	Other:	<u></u>
Seller:	<u>Village Place Apartments, Ltd.</u>	Related to Development Team?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

TITLE

Comments:

Schedule C of the Commitment for Title Insurance indicate that a Builder's and Mechanic's Lien Contract to Howe Building Corporation dated 11-26-1984 in the amount of \$781,000 is still listed against the subject property. This is a construction lien that was assigned to USDA when the initial USDA first lien loan was executed; however, it was never properly released. Accordingly, it is a requirement of this report that a release of the Builder's and Mechanic's lien be recorded before the closing on the purchase of the subject property by the Applicant.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: none Date of Last Applicant Revision: n/a

Acquisition Value:

The acquisition cost of \$33,850 per unit is assumed to be reasonable since the acquisition is an arm's length transaction. The Applicant will assume the existing unpaid balance of approximately \$843,212 owed on the Rural Housing Service, USDA loan as part of the purchase price of the existing Village Place Apartments. The "Sum of Value and Value of Financing Subsidy" appraised value of \$1,186,000 provides substantiation that the sales price of \$1,083,212 is a fair and reasonable price. Historically, the sale or transfer price of USDA properties consist of assumption of the outstanding balance on the USDA loan plus any exit taxes and original equity in the property. In this case, the Applicant did not provide documentation of exit taxes; however, the price being paid should be sufficient to cover any of those taxes and the sellers equity without providing an undue profit or gain to the seller.

The Applicant has total acquisition costs of \$1,092,322 (\$1,083,212 plus \$9,110 closing costs) which include \$75,000 for land and \$9,110 for closing costs which include the title policy. Of the closing costs stated, \$8,479 is included in eligible basis, the remaining \$631 of the title policy expense is the prorata costs attributable to the land. The Applicant estimated eligible building basis of \$1,016,691 or 93% of the total acquisition costs. This amount includes \$8,479 in costs classified as "title policy". These costs, if eligible are most often included in indirect costs; however, the Underwriter maintained these costs as part of the acquisition. As stated above, the Underwriter assigned a 7.5% value of the land on a prorata basis based upon the land value as a percentage of the "as is" market value before making an adjustment for the subsidized financing. Making this adjustment, the Underwriter calculated a land value of \$81,649 and a building eligible basis of \$1,001,563.

Sitework Cost:

The Applicant's proposed site work cost of \$3,745 per unit is within the Department's guidelines. The Underwriter's sitework cost which was provided by the Capital Needs Assessment provider is also considered acceptable at \$3,796 per unit.

Direct Construction Cost:

The Applicant's direct construction cost is \$1K higher than the Underwriter's cost. The Underwriter's cost is based upon information provided by an independent third party Capital Needs Assessment provider. The Applicant's cost is considered reasonable, but because this is a rehabilitation, the Underwriter's development cost will be used to structure a recommendation for this development.

Conclusion:

The Underwriter's cost schedule was derived from information presented in the Application material submitted by the Applicant. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$2,621,869 supports annual tax credits of \$207,450. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: none Date of Last Applicant Revision: n/a

Source: USDA/RD Type: Permanent Financing

Permanent: \$843,212 Interest Rate: 1.0%  Fixed Term: 360 months

Comments:

The USDA/RD loan was originally executed in the original amount of \$879,000 in May 1985 with an interest rate of 11.875% and a term of 50 years. Although the original interest rate was 11.875%, USDA granted an interest credit on the loan that reduced the effective interest rate to 1%. The Applicant will be provided the same interest credit to reduce the effective interest rate to 1%. The unpaid balance of approximately \$843,212 is to be assumed by the Applicant on the same rates and terms as the original owner, Village Park Apartments, Ltd. Upon assumption, the remaining term of the loan is to be less than 28 years.

Source: TDHCA HOME Loan Type: Interim to Permanent Financing

Interim: \$450,000 Interest Rate: 0.0%  Fixed Term: 24 months

Permanent: \$450,000 Interest Rate: 0.0%  Fixed Term: 360 months

Source: Existing Reserve Account Type: Interim to Permanent Bond Financing

Interim: \$65,000 Interest Rate: N/A  Fixed Term: N/A months

Permanent: \$65,000 Interest Rate: N/A  Fixed Term: N/A months

Comments:

Upon closing of the acquisition of the subject property, any funds remaining in the reserve account will be transferred to the Purchaser, and can be used for repairs and replacements. This amount is estimated to be \$65,000.

Source: Boston Capital Corporation Type: Syndication

Proceeds: \$1,356,382 Syndication Rate: 66% Anticipated HTC: \$ 205,533

Commitment Expiration: Date not specified

Amount: \$71,749 Type: Deferred Developer Fees

Comments:

The committed credit price appears to be consistent with recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that the credit price can decline to \$0.59. At this point the financial viability of the transaction may be jeopardized.

Market Uncertainty:

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

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## CONCLUSIONS

### Recommended Financing Structure:

The development demonstrates a need for the requested HOME funds of \$450,000. However, the HOME loan should be in a parity lien position with the USDA loan and its amortization and term should be fully amortized over a term equal to the term of the USDA loan; therefore, it is recommended that the HOME loan have an amortization and term of 330 months. Additionally, it is a condition of this report that a USDA/RD parity lien agreement be provided for the TDHCA HOME loan by Carryover.

The Underwriter's total development cost estimate less the permanent loans of \$1,293,212 indicates the need for \$1,492,310 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$226,130 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$205,533), the gap-driven amount (\$226,130), and eligible basis-derived estimate (\$207,450), the Applicant's request of \$205,533 is recommended resulting in proceeds of \$1,356,382 based on a syndication rate of 66%.

The Underwriter's recommended financing structure indicates the need for \$70,928 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 15 years of stabilized operation.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units.

### Return on Equity:

This is a USDA-RD transaction, in which the Applicant is restricted by the loan agreement to a return of no more than 8% per annum on the borrower's original investment, with any excess cash flow going to fund replacement reserves. USDA-RD will manage this return on equity restriction.

Underwriter:	_____	Date:	July 15, 2009
	<i>D.P. Burrell</i>		
Reviewing Underwriter:	_____	Date:	July 15, 2009
	<i>Raquel Morales</i>		
Director of Real Estate Analysis:	_____	Date:	July 15, 2009
	<i>Brent Stewart</i>		



**MULTIFAMILY COMPARATIVE ANALYSIS**

**Village Place Apartments, Lorena, HTC 9 % #09147**

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	HTC Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 50%	LH/USDA	3	1	1	666	\$485	\$406	\$1,218	\$0.61	\$47.00	\$29.00
TC 50%	HH/USDA	12	1	1	666	\$485	\$406	\$4,872	\$0.61	\$47.00	\$29.00
TC 60%	LH/USDA	1	1	1	666	\$582	\$406	\$406	\$0.61	\$47.00	\$29.00
TC 50%	LH/USDA	4	2	1	864	\$581	\$485	\$1,940	\$0.56	\$61.00	\$31.00
TC 50%	HH/USDA	11	2	1	864	\$581	\$485	\$5,335	\$0.56	\$61.00	\$31.00
TC 60%	HH/USDA	1	2	1	864	\$697	\$485	\$485	\$0.56	\$61.00	\$31.00
<b>TOTAL:</b>		<b>32</b>		<b>AVERAGE:</b>	<b>765</b>		<b>\$446</b>	<b>\$14,256</b>	<b>\$0.58</b>	<b>\$54.00</b>	<b>\$30.00</b>

**INCOME**

Total Net Rentable Sq Ft: **24,480**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
 Other Support Income: Per Unit Per Month

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.39%	\$224	0.29	\$7,173	\$7,610	\$0.31	\$238	4.65%
Management	7.80%	398	0.52	12,752	13,440	0.55	420	8.22%
Payroll & Payroll Tax	11.03%	564	0.74	18,045	21,450	0.88	670	13.11%
Repairs & Maintenance	12.13%	620	0.81	19,840	20,200	0.83	631	12.35%
Utilities	3.17%	162	0.21	5,184	4,600	0.19	144	2.81%
Water, Sewer, & Trash	11.18%	572	0.75	18,288	18,300	0.75	572	11.19%
Property Insurance	4.79%	245	0.32	7,835	5,596	0.23	175	3.42%
Property Tax	2.377075%	372	0.49	11,907	12,258	0.50	383	7.49%
Reserve for Replacements	9.29%	475	0.62	15,200	9,600	0.39	300	5.87%
TDHCA Compliance Fees	0.78%	40	0.05	1,280	1,280	0.05	40	0.78%
Other:	0.00%	0	0.00	0	0	0.00	0	0.00%
<b>TOTAL EXPENSES</b>	<b>71.84%</b>	<b>\$3,672</b>	<b>\$4.80</b>	<b>\$117,504</b>	<b>\$114,334</b>	<b>\$4.67</b>	<b>\$3,573</b>	<b>69.90%</b>
<b>NET OPERATING INC</b>	<b>28.16%</b>	<b>\$1,440</b>	<b>\$1.88</b>	<b>\$46,066</b>	<b>\$49,238</b>	<b>\$2.01</b>	<b>\$1,539</b>	<b>30.10%</b>

**DEBT SERVICE**

USDA/RD	13.77%	\$704	\$0.92	\$22,523	\$22,523	\$0.92	\$704	13.77%
TDHCA HOME Loan	10.00%	\$511	\$0.67	16,364	15,000	\$0.61	\$469	9.17%
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>4.39%</b>	<b>\$224</b>	<b>\$0.29</b>	<b>\$7,179</b>	<b>\$11,715</b>	<b>\$0.48</b>	<b>\$366</b>	<b>7.16%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>1.18</b>	<b>1.31</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>				<b>1.18</b>				

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		39.21%	\$34,135	\$44.62	\$1,092,322	\$1,092,322	\$44.62	\$34,135	39.20%
Off-Sites		0.00%	0	0.00	0		0.00	0	0.00%
Sitework		4.36%	3,796	4.96	121,481	119,843	4.90	3,745	4.30%
Direct Construction		28.27%	24,611	32.17	787,544	788,582	32.21	24,643	28.30%
Contingency	3.85%	1.26%	1,094	1.43	35,000	35,000	1.43	1,094	1.26%
Contractor's Fees	13.99%	4.57%	3,974	5.20	127,178	127,178	5.20	3,974	4.56%
Indirect Construction		3.32%	2,891	3.78	92,519	92,519	3.78	2,891	3.32%
Ineligible Costs		0.33%	291	0.38	9,315	9,315	0.38	291	0.33%
Developer's Fees	19.75%	15.52%	13,514	17.66	432,434	432,434	17.66	13,514	15.52%
Interim Financing		0.87%	755	0.99	24,150	24,150	0.99	755	0.87%
Reserves		2.28%	1,987	2.60	63,579	65,000	2.66	2,031	2.33%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$87,048</b>	<b>\$113.79</b>	<b>\$2,785,522</b>	<b>\$2,786,343</b>	<b>\$113.82</b>	<b>\$87,073</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>38.46%</b>	<b>\$33,475</b>	<b>\$43.76</b>	<b>\$1,071,203</b>	<b>\$1,070,603</b>	<b>\$43.73</b>	<b>\$33,456</b>	<b>38.42%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
USDA/RD	30.27%	\$26,350	\$34.44	\$843,212	\$843,212	\$843,212	Developer Fee Available
TDHCA HOME Loan	16.15%	\$14,063	\$18.38	450,000	450,000	450,000	\$432,434
Reserve Account	2.33%	\$2,031	\$2.66	65,000	65,000	65,000	\$232,952
HTC Syndication Proceeds	48.69%	\$42,387	\$55.41	1,356,382	1,356,382	1,356,382	% of Dev. Fee Deferred
Deferred Developer Fees	2.58%	\$2,242	\$2.93	71,749	71,749	70,928	16%
Additional (Excess) Funds Req'd	-0.03%	(\$26)	(\$0.03)	(821)	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$2,785,522</b>	<b>\$2,786,343</b>	<b>\$2,785,522</b>	<b>\$78,004</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Village Place Apartments, Lorena, HTC 9 % #09147*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

**PAYMENT COMPUTATION**

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost				\$0
Adjustments				
Exterior Wall Finish			\$0.00	\$0
Elderly			0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			0.00	0
Floor Cover			0.00	0
Breezeways/Balconies	\$22.95		0.00	0
Plumbing Fixtures	\$835		0.00	0
Rough-ins	\$410		0.00	0
Built-In Appliances	\$1,800	0	0.00	0
Exterior Stairs	\$1,875		0.00	0
Enclosed Corridors	(\$9.92)		0.00	0
Heating/Cooling			0.00	0
Garages/Carports			0.00	0
Comm &/or Aux Bldgs			0.00	0
Other: fire sprinkler	\$2.15	0	0.00	0
SUBTOTAL			0.00	0
Current Cost Multiplier	1.01		0.00	0
Local Multiplier			0.00	0
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>				<b>\$0.00</b>
Plans, specs, survy, bld prmts	3.90%		\$0.00	\$0
Interim Construction Interest	3.38%		0.00	0
Contractor's OH & Profit	11.50%		0.00	0
<b>NET DIRECT CONSTRUCTION COSTS</b>				<b>\$0.00</b>

<b>Primary</b>	\$879,000	Amort	330
Int Rate	1.00%	DCR	2.05

<b>Secondary</b>	\$450,000	Amort	330
Int Rate	0.00%	Subtotal DCR	1.18

<b>Additional</b>	\$1,356,382	Amort	
Int Rate		Aggregate DCR	1.18

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$22,523
Secondary Debt Service	16,364
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$7,179</b>

<b>Primary</b>	\$843,212	Amort	330
Int Rate	1.00%	DCR	2.05

<b>Secondary</b>	\$450,000	Amort	330
Int Rate	0.00%	Subtotal DCR	1.18

<b>Additional</b>	\$1,356,382	Amort	0
Int Rate	0.00%	Aggregate DCR	1.18

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

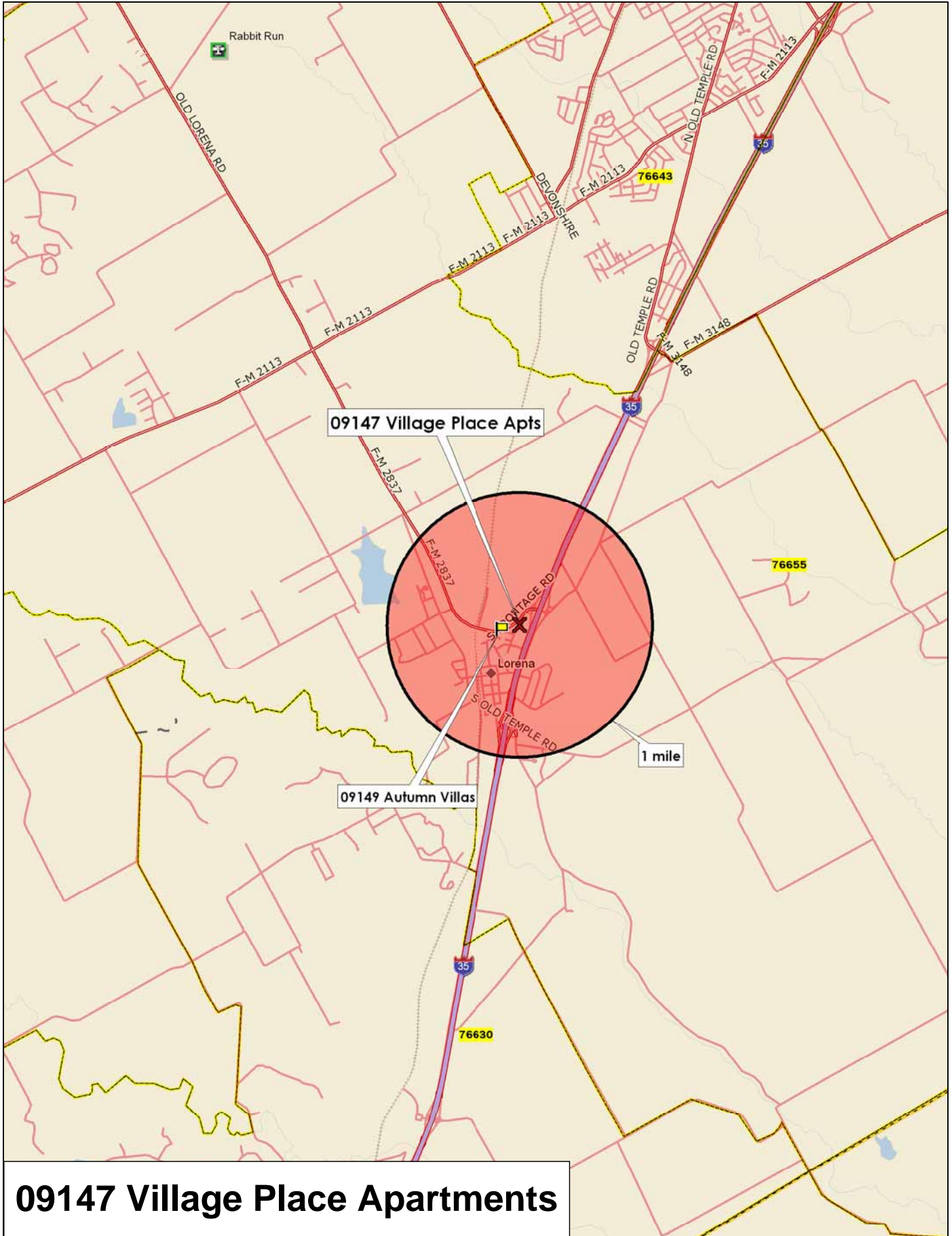
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$171,072	\$174,493	\$177,983	\$181,543	\$185,174	\$204,447	\$225,726	\$249,220	\$303,797
Secondary Income	5,760	5,875	5,993	6,113	6,235	6,884	7,600	8,391	10,229
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	176,832	180,369	183,976	187,656	191,409	211,331	233,326	257,611	314,026
Vacancy & Collection Loss	(13,262)	(13,528)	(13,798)	(14,074)	(14,356)	(15,850)	(17,499)	(19,321)	(23,552)
Employee or Other Non-Rental Units or Concess	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$163,570	\$166,841	\$170,178	\$173,581	\$177,053	\$195,481	\$215,827	\$238,290	\$290,474
EXPENSES at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
General & Administrative	\$7,173	\$7,388	\$7,610	\$7,838	\$8,073	\$9,359	\$10,849	\$12,577	\$16,903
Management	12,752	13,007	13,267	13,532	13,803	15,239	16,826	18,577	22,645
Payroll & Payroll Tax	18,045	18,587	19,144	19,719	20,310	23,545	27,295	31,643	42,525
Repairs & Maintenance	19,840	20,436	21,049	21,680	22,331	25,887	30,010	34,790	46,755
Utilities	5,184	5,340	5,500	5,665	5,835	6,764	7,841	9,090	12,216
Water, Sewer & Trash	18,288	18,837	19,402	19,984	20,583	23,862	27,662	32,068	43,097
Insurance	7,835	8,070	8,312	8,561	8,818	10,223	11,851	13,738	18,463
Property Tax	11,907	12,264	12,632	13,011	13,401	15,535	18,010	20,878	28,059
Reserve for Replacements	15,200	15,656	16,126	16,609	17,108	19,833	22,991	26,653	35,820
Other	1,280	1,318	1,358	1,399	1,441	1,670	1,936	2,244	3,016
TOTAL EXPENSES	\$117,504	\$120,901	\$124,398	\$127,997	\$131,702	\$151,917	\$175,272	\$202,260	\$269,500
NET OPERATING INCOME	\$46,066	\$45,940	\$45,780	\$45,584	\$45,351	\$43,564	\$40,554	\$36,030	\$20,974
DEBT SERVICE									
First Lien Financing	\$22,523	\$22,523	\$22,523	\$22,523	\$22,523	\$22,523	\$22,523	\$22,523	\$22,523
Second Lien	16,364	16,364	16,364	16,364	16,364	16,364	16,364	16,364	16,364
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$7,179	\$7,053	\$6,893	\$6,697	\$6,464	\$4,677	\$1,668	(\$2,856)	(\$17,912)
DEBT COVERAGE RATIO	1.18	1.18	1.18	1.17	1.17	1.12	1.04	0.93	0.54

**HTC ALLOCATION ANALYSIS -Village Place Apartments, Lorena, HTC 9 % #09147**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>						
Purchase of land	\$75,631	\$90,759				
Purchase of buildings	\$1,016,691	\$1,001,563	\$1,016,691	\$1,001,563		
<b>Off-Site Improvements</b>						
Sitework	\$119,843	\$121,481			\$119,843	\$121,481
Construction Hard Costs	\$788,582	\$787,544			\$788,582	\$787,544
Contractor Fees	\$127,178	\$127,178			\$127,178	\$127,178
Contingencies	\$35,000	\$35,000			\$35,000	\$35,000
Eligible Indirect Fees	\$92,519	\$92,519			\$92,519	\$92,519
Eligible Financing Fees	\$24,150	\$24,150			\$24,150	\$24,150
All Ineligible Costs	\$9,315	\$9,315				
<b>Developer Fees</b>						
Developer Fees	\$432,434	\$432,434	\$199,482	\$197,818	\$232,952	\$234,616
Development Reserves	\$65,000	\$63,579				
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$2,786,343</b>	<b>\$2,785,522</b>	<b>\$1,216,173</b>	<b>\$1,199,381</b>	<b>\$1,420,224</b>	<b>\$1,422,488</b>

<b>Deduct from Basis:</b>						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
<b>TOTAL ELIGIBLE BASIS</b>			<b>\$1,216,173</b>	<b>\$1,199,381</b>	<b>\$1,420,224</b>	<b>\$1,422,488</b>
High Cost Area Adjustment					130%	130%
<b>TOTAL ADJUSTED BASIS</b>			<b>\$1,216,173</b>	<b>\$1,199,381</b>	<b>\$1,846,291</b>	<b>\$1,849,234</b>
Applicable Fraction			100%	100%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>			<b>\$1,216,173</b>	<b>\$1,199,381</b>	<b>\$1,846,291</b>	<b>\$1,849,234</b>
Applicable Percentage			3.42%	3.42%	9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			<b>\$41,593</b>	<b>\$41,019</b>	<b>\$166,166</b>	<b>\$166,431</b>

Syndication Proceeds	0.6599	\$274,487	\$270,697	\$1,096,587	\$1,098,335
<b>Total Tax Credits (Eligible Basis Method)</b>				<b>\$207,759</b>	<b>\$207,450</b>
Syndication Proceeds				\$1,371,074	\$1,369,032
Requested Tax Credits				<b>\$205,533</b>	
Syndication Proceeds				\$1,356,382	
<b>Gap of Syndication Proceeds Needed</b>				<b>\$1,493,131</b>	<b>\$1,492,310</b>
<b>Total Tax Credits (Gap Method)</b>				<b>\$226,255</b>	<b>\$226,130</b>

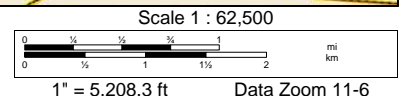
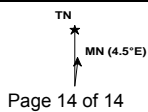


# 09147 Village Place Apartments

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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Whispering Oaks Apts, TDHCA Number 09148**

BASIC DEVELOPMENT INFORMATION

Site Address: 1209 West 8th Development #: 09148  
 City: Goldthwaite Region: 8 Population Served: Elderly  
 County: Mills Zip Code: 76844 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Goldthwaite Fountainhead, L.P.  
 Owner Contact and Phone: Patrick A. Barbolla, (817) 732-1055  
 Developer: Fountainhead Affiliates, Inc.  
 Housing General Contractor: Fountainhead Construction, Inc.  
 Architect: J. Douglas Cain Associates, Architects, Inc.  
 Market Analyst: N/A  
 Syndicator: Boston Capital Corporation  
 Supportive Services: N/A  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	24	
	0	0	23	1	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	20	4	0	0	0	
Type of Building:						Total Development Units:	24
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$2,172,796
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	6
<input checked="" type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	19
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	5

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$163,083	\$163,083			
HOME Activity Fund Amount:	\$400,000	\$400,000	312	312	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Whispering Oaks Apts, TDHCA Number 09148

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Fraser, District 24, S

Points: 14 US Representative: Conaway, District 11, NC

TX Representative: Miller, District 59, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

S, Mike Jackson, State Senator District 11

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letters of support from elected officials and resolution supporting from city as well.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance, by Carryover, of USDA/RD agreement of lien parity of their existing loan with the proposed TDHCA HOME loan, and of their approval of the same rates and terms transfer of the existing loan.
2. Receipt, review, and acceptance, by Cost Certification, of documentation that USDA-RD has approved the proposed basic rents which reflect a 20% increase over the current basic rents.
3. Receipt, review, and acceptance, by Carryover, of the results of a noise study to determine whether the property is compliant with current HUD guidelines, and evidence that any resulting recommendations have been implemented.
4. Receipt, review, and acceptance, by Carryover, of the results of a thorough survey for asbestos containing materials, and evidence that any resulting recommendations have been implemented.
5. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the allocation amount may be warranted.
6. Receipt of a commitment of funding for TDHCA HOME funds in the amount of \$400,000, or a commitment from a qualifying substitute source in an amount not less than \$65,184, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party, or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Whispering Oaks Apts, TDHCA Number 09148**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **34**

Total # Monitored: **34**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **187**  Meeting a Required Set-Aside Credit Amount\*: \$163,083

Recommendation: Competitive in USDA Allocation

HOME Activity Funds:

Loan Amount: \$400,000

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/15/09 PROGRAM: 9% HTC / HOME FILE NUMBER: 09148

**DEVELOPMENT**

Whispering Oaks Apartments

Location: 1209 W. 8th Street Region: 8  
 City: Goldthwaite County: Mills Zip: 76844  OCT  DDA  
 Key Attributes: Elderly, Rural, At-Risk, Acquisition/Rehabilitation

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
HOME Activity Funds	\$400,000	0.00%	360/360	<b>\$400,000</b>	<b>0.00%</b>	<b>312/312</b>
Housing Tax Credit (Annual)	\$163,083			<b>\$163,083</b>		

\* Parity lien position; fully amortized over a term equal to the approximate remaining term of the USDA 515 loan (approximately 312 months.)

**CONDITIONS**

- 1 Receipt, review, and acceptance, by Carryover, of USDA/RD agreement of lien parity of their existing loan with the proposed TDHCA HOME loan, and of their approval of the same rates and terms transfer of the existing loan.
- 2 Receipt, review, and acceptance, by Cost Certification, of documentation that USDA-RD has approved the proposed basic rents which reflect a 20% increase over the current basic rents.
- 3 Receipt, review, and acceptance, by Carryover, of the results of a noise study to determine whether the property is compliant with current HUD guidelines, and evidence that any resulting recommendations have been implemented.
- 4 Receipt, review, and acceptance, by Carryover, of the results of a thorough survey for asbestos containing materials, and evidence that any resulting recommendations have been implemented.
- 5 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	23
60% of AMI	60% of AMI	1

TDHCA SET-ASIDES for HOME LURA (*)		
Income Limit	Rent Limit	Number of Units
50% of AMI	Low HOME	5
50% of AMI	High HOME	18
60% of AMI	High HOME	1

\*Corrected from 7/13/09 version



**STRENGTHS/MITIGATING FACTORS**

- Due to rent subsidies on greater than 50% of the units and the expectation that these subsidies will be increased by USDA over time, the DCR should not be affected by periods of flat rental rate increases.
- Historically the property has been 88% plus occupied; however, current occupancy has resulted from non-lease renewals because of anticipated rehabilitation.
- Principal of Applicant and Developer have extensive LIHTC and USDA experience.
- Property is monitored and financially supported through rent subsidies.

**WEAKNESSES/RISKS**

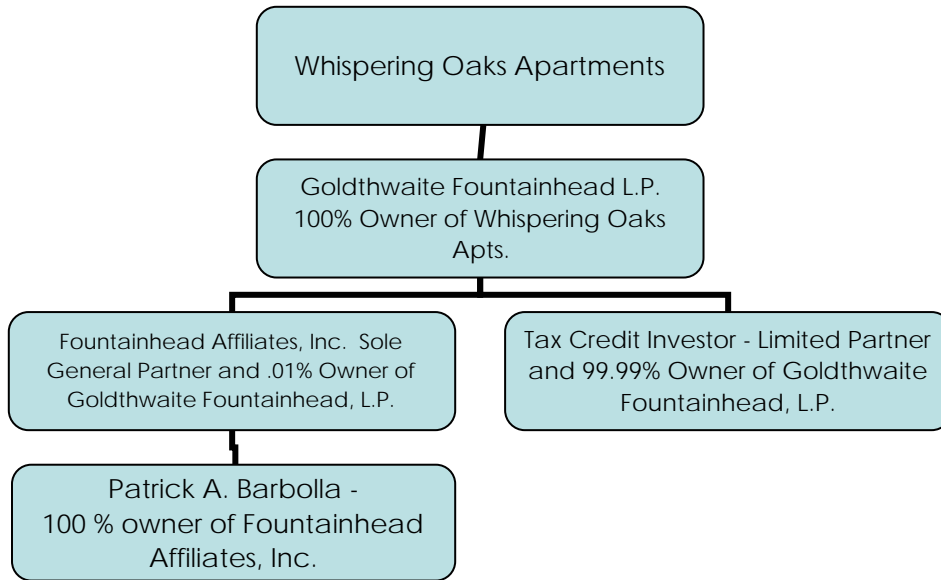
- Both the Applicant's and Underwriter's expense to income ratios of 66% exceed the Department's 65% guideline.
- Property is currently 71% occupied.

**PREVIOUS UNDERWRITING REPORTS**

This development was underwritten and awarded Housing Tax Credits in the amount of \$135,597 and a HOME loan of \$210,000 in July 2008; however, the Applicant returned the credits.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Patrick Barbolla Phone: (817) 732.1055 Fax: (817) 732.7716  
 Email: [pabarbolla@aol.com](mailto:pabarbolla@aol.com)

KEY PARTICIPANTS

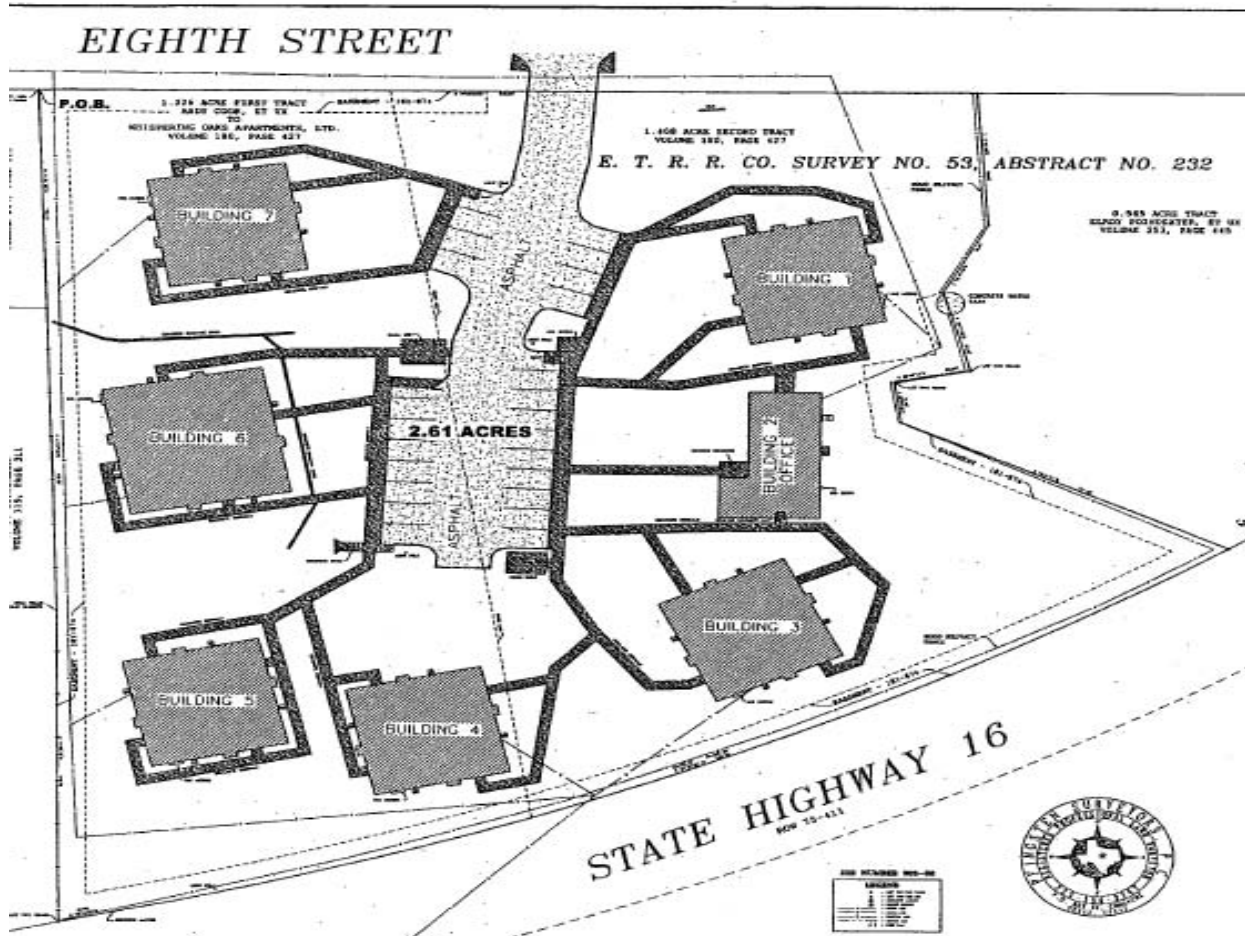
Name	Financial Notes	# Completed Developments
Fountainhead Affiliates, Inc.	N/A	22+
Patrick Barbolla	N/A	25+

IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor and property manager are related entities. These are common relationships for HTC-funded developments.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B								Total Buildings
Floors/Stories	1	1								
Number	5	1								6

BR/BA	SF	Units								Total Units	Total SF
1BR/1BA	574	4								20	11,480
2BR/1BA	772		4							4	3,088
Units per Building		4	4							24	14,568

Development Plan:

According to the Capital Needs Assessment (CNA) provider, the property is in good overall condition. "The residential spaces, common areas, and various building systems are adequately appointed and maintained. That said, the property has substantive capital needs anticipated in the coming years; a number of systems and components are at, or approaching, the end of their useful lives.

The specific rehabilitation to be completed is to repair damaged sidewalks and parking; install new fencing with steel posts on three sides; replace two dumpster enclosures; replace all resilient flooring with tile; replace all carpet areas; new landscaping; repair and repaint wood trim; replace all roofing material; add R-15 insulation to all attics, replace ten water heaters as needed; replace kitchen cabinets as needed; paint all exterior areas; replace HVAC as needed; replace ranges and range hoods as needed; replace refrigerators as needed; and replace windows as needed.

Relocation Plan:

There will be no permanent displacement or permanent relocation of existing residents due to the rehabilitation of the property. There may be temporary relocation of some residents off-site, at the expense of the owner, for a period of up to two weeks.

After the property is acquired, any units that become vacant will not be leased; therefore, it is anticipated that due to normal attrition of tenants, at least 7 units will be vacant at the time that renovations commence. Renovations will commence by first renovating the vacant units, and once those are completed, then existing tenants will be offered the opportunity to move into the recently renovated units, with the owner paying all costs associated with the move. This procedure will be used until all units are renovated. In the event that there are not enough vacant units available at any given time, complex volunteers will be solicited to stay at a local motel for up to two weeks at the expense of the owner while the interior renovations are being completed.

SITE ISSUES

Total Size:	<u>2.634</u> acres	Scattered site?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Flood Zone:	<u>X</u>	Within 100-yr floodplain?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Zoning:	<u>None</u>	Needs to be re-zoned?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> N/A

Comments:

Goldthwaite does not have any zoning ordinances.

The ESA provider indicates that the subject is located in an area not currently covered by FEMA Flood Insurance Rate Maps. "Terracon subsequently contacted the City of Goldthwaite to inquire about further information regarding flood plain areas. Ms. Paula Gore with the City of Goldthwaite confirmed that the City is not currently mapped. The city is located on a topographic high and, to her knowledge, there is no flood hazard concerns in the area." (p. ii) The Appraiser provided an archival flood map from the Federal Insurance Administration dated 1975 which does not indicate any flood hazard area at the subject location.

TDHCA SITE INSPECTION

Inspector: ORCA Staff Date: 4/23/2009

Overall Assessment:

Excellent  Acceptable  Questionable  Poor  Unacceptable

Surrounding Uses:

North:	<u>Single family residences</u>	East:	<u>Single family residences</u>
South:	<u>State Highway 16 and a city park</u>	West:	<u>Single family residences</u>

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Terracon Consultants, Inc. Date: 11/24/2008

Recognized Environmental Concerns (RECs) and Other Concerns:

- "Evidence of RECs was not identified on the site based on the site reconnaissance, current site conditions, and current site use." (p. ii)
- "Based on the proximity to State Highway 16 and in accordance with TDHCA requirements, Terracon recommends that a noise study be conducted." (p.ii)
- Terracon recommends conducting a thorough asbestos survey prior to disturbance of suspect ACM during planned renovations or building demolition.

Comments:

- Any funding recommendation will be conditioned on receipt, review, and acceptance, by carryover, of the results of a noise study to determine whether the property is compliant with current HUD guidelines, and evidence that any resulting recommendations have been implemented.
- Any funding recommendation will be conditioned on receipt, review, and acceptance, before carryover, of the results of a thorough survey for asbestos containing materials, and evidence that any resulting recommendations have been implemented.

**MARKET HIGHLIGHTS**

Provider: Sherrill & Associates, Inc. Date: 3/9/2009

Contact: Jerry Sherrill Phone: (817) 557-1791 Fax: (817) 557-1792

Number of Revisions: none Date of Last Applicant Revision: N / A

Market Area:

"The subject is located in Goldthwaite, Mills County, Texas which is located at the intersection of US Highway 84 and US Highway 183, in the central area of Texas. It is approximately 100 miles southeast of Abilene, 120 miles southwest of Fort Worth, 95 miles northwest of Austin and 85 miles west of Waco. Mills County had a population of 5,151 in the year 2000 and it had an estimated population of 5,184 in 2006 which is an increase of 0.6% over year 2000 while population has increased 12.7% statewide. Persons aged 65 and over make up only 21.5% of the county population compared to 9.9% of the state population." (p. 9)

"The economic base is made up of agriculture, tourism and government services. This area is becoming a popular area for retirement of older and more affluent people. The Colorado River forms the southwest county line between Mills and San Saba counties and is about 10 miles south of Goldthwaite. This river is very popular for fishing and camping. This is a predominantly rural area with property values increasing at a slower rate than the urban areas in the state." (p. 9)

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS	
PMA	SMA
None	None

INCOME LIMITS						
Mills						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
50	\$15,700	\$17,900	\$20,150	\$22,400	\$24,200	\$26,000
60	\$18,840	\$21,480	\$24,180	\$26,880	\$29,040	\$31,200

Primary Market Occupancy Rates:

Current vacancies in the area range from 1% to 15%, on properties that are well managed and maintained.

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Current Contract Rent	Proposed Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
1 BR	574 SF	Low HOME	315	386	\$330	\$386	\$71
1 BR	574 SF	High HOME	315	386	\$330	\$386	\$71
1 BR	574 SF	High HOME	315	386	\$330	\$386	\$71
2 BR	772 SF	Low HOME	429	474	\$430	\$474	\$45
2 BR	772 SF	High HOME	429	474	\$430	\$474	\$45

Comments:

As indicated previously, existing USDA 515 transactions are not required to provide a market study. The appraisal provides some general information regarding the market and achievable market rents for the subject, but no specific data or calculations regarding demand. The property has a current occupancy of 71% according to a rent roll provided at application. The application indicates an intention to allow up to 7 vacancies to accumulate due to attrition in anticipation of the rehabilitation. The Applicant's anticipated contract rental rates are higher than the Appraiser's estimate of market rents; however, the Department's risks are mostly mitigated by the fact that the USDA will be providing rental assistance on 19 of the 24 units.

The Real Estate Analysis rules require a minimum inclusive capture rate for existing affordable properties that are less than 80% occupied; however, the Rules provide an exception from this requirement for developments receiving rental assistance for at least 50% of the units in association with USDA-RD financing. With rental assistance on 19 of the 24 units, the subject meets the condition for this exception.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      1      Date of Last Applicant Revision:      3/23/2009

The Applicant has projected rents based upon a USDA rental subsidy to be provided on 19 of the 24 units. USDA approved the Applicant's projected 2009 budget with rent increases on October 23, 2008. USDA has in the past provided project based rental assistance to the development under 4 year renewable contracts and has now agreed to continue to provide rental assistance for at least 19 of the units. However, under current USDA-RD guidelines, like units at a development without rental assistance cannot have rents that exceed the contract rents. This operating subsidy will be available to subsidize the rental and utility payments for families in order to allow them to pay no more than 30% of their adjusted monthly income for rent and utilities. The terms of the contracts are normally 4 years.

The USDA anticipated rents are 20% higher than current rents. Market rents are 16 percent lower than the proposed USDA rents; however, most risks associated with this issue will be mitigated if USDA approves the proposed rent increases for the rental assistance. The Underwriter has used the anticipated rents noting that an average rent of \$401 is required to maintain a 1.15 DCR.

The Applicant has not yet obtained an executed rental assistance contract from USDA; therefore, it is a condition of this report that the Applicant provide, by Cost Certification, a fully executed USDA Rental Assistance Contract reflecting rents of at least those reflected in their projected rent schedule.

The Applicant's estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. Tenants will be required to pay electric, water and sewer costs.

Expenses:      Number of Revisions:      none      Date of Last Applicant Revision:      n/a

The Applicant's total annual operating expense projection of \$3,063 per unit is within 5% of the Underwriter's estimate of \$3,061 derived from the TDHCA database and third party data sources; however, one of the Applicant's estimates, management fees (\$2K higher) differ significantly from the Underwriter's.

The Applicant has estimated a reserve account expense of \$300 per unit per year which is the Department's minimum requirement for rehabilitation properties. According to the CNA provider this reserve amount should be sufficient to provide for necessary repairs until year 18. The CNA provider states that at year 18 the \$300 per unit may not be sufficient to cover repairs through year 30 based upon a 3% inflation factor. However, the Underwriter calculated the estimated repairs needed based upon the CNA provider's annual repair estimate requirements, and determined that \$355 per unit per year will be needed to maintain a positive balance in the escrow account during the first 15 years.

**Conclusion:**

The Applicant's estimate of effective gross income, total expense and net operating income are all within 5% of the Underwriter's estimates; therefore, the Applicant's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR). The proposed permanent financing structure results in an initial year's debt coverage ratio of 1.19.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Applicant's base year effective gross income, expenses and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

The Applicant's expense to income ratio of 66.39% is above the Department's normal 65% maximum ratio; however, the development can still be characterized as feasible under Section 1.32(i)(6)(B)(ii) because the development will receive rental assistance for more than 50% of its units in association with their USDA-RD financing.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider:	<u>Sherrill &amp; Associates, Inc.</u>	Date:	<u>3/9/2009</u>
Number of Revisions:	<u>none</u>	Date of Last Applicant Revision:	<u>n/a</u>
Land Only:	2.63 acres	<u>\$135,817</u>	As of: <u>3/9/2009</u>
Existing Buildings: (as-is)		<u>\$718,183</u>	As of: <u>3/9/2009</u>
Total Development: (as-is)		<u>\$854,000</u>	As of: <u>3/9/2009</u>

**Comments:**

The appraiser provided an "as is and as restricted" market value of \$415,000, and a "Sum of Market Value and Value of Financing Subsidy" value of \$854,000. The Sum of Market Value and Value of Financing Subsidy is the most important value for this particular case because it provides an estimate of the price that a purchaser will pay for the property when there is an interest credit subsidy provided by USDA/RD. This value takes into account the "as is" value as restricted and added to it the value of the special financing provided by USDA/RD. According to the "as is" value provided by the appraiser, the land value is approximately 16% of the prorata percentage of the total appraised value; therefore, the Underwriter assigned 16% of the value of the Sum of Market Value and Value of Financing Subsidy to the land to come up with a land value of \$135,871 and a building value of \$718,183. The result is that the building eligible basis value for the Underwriter is \$673,848.

**ASSESSED VALUE**

Land Only:	2.63 acres	<u>\$13,170</u>	Tax Year:	<u>2008</u>
Existing Buildings:		<u>\$286,490</u>	Valuation by:	<u>Mills CAD</u>
Total Assessed Value:		<u>\$299,660</u>	Tax Rate:	<u>1.7753</u>

**EVIDENCE of PROPERTY CONTROL**

Type: Real Estate Purchase Agreement Acreage: 2.634  
 Contract Expiration: 3/31/2010 Valid Through Board Date?  Yes  No  
 Acquisition Cost: \$801,281 Other: \_\_\_\_\_  
 Seller: Whispering Oaks Apartments, Ltd. Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: none Date of Last Applicant Revision: n/a

**Acquisition Value:**

The development cost of \$33,386 per unit is assumed to be reasonable since the acquisition is an arm's length transaction. The Applicant will assume the existing unpaid balance of approximately \$631,281 owed on the Rural Housing Service, USDA loan as part of the purchase price of the existing Whispering Oaks Apartments. The "Sum of Value and Value of Financing Subsidy" appraised value of \$854,000 provides substantiation that the sales price of \$801,281 is a fair and reasonable price. Historically, the sale or transfer price of USDA properties consist of assumption of the outstanding balance on the USDA loan plus any exit taxes and original equity in the property. In this case, the Applicant did not provide documentation of exit taxes; however, the price being paid should be sufficient to cover any of those taxes and the sellers equity without providing an undue profit or gain to the seller.

The Applicant has total acquisition costs of \$807,676 (\$801,281 plus \$6,395 closing costs) which include \$84,000 for land and \$6,395 for closing costs which include the title policy. Of the closing costs stated, \$5,724 is included in eligible basis. The Applicant estimated eligible building basis of \$723,005 or 89.5% of the total acquisition costs. This amount includes \$5,724 in costs classified as "title policy". These costs, if eligible are most often included in indirect costs; however, the Underwriter maintained these costs as part of the acquisition. The Applicant did not justify the 10.5% value attributed to the land. It appears that the \$84,000 value came from an appraisal on the property from the previous year. However, as stated above, the Underwriter assigned a 16% value of the land on a prorata basis based upon the land value as a percentage of the "as is" market value before making an adjustment for the subsidized financing. Making this adjustment, the Underwriter calculated a land value of \$127,433 and a building eligible basis of \$673,848.

**Sitework Cost:**

The Applicant's proposed site work cost of \$7,124 per unit is within the Department's guidelines. The Underwriter's sitework cost which was provided by the Capital Needs Assessment provider is acceptable at \$7,849 per unit.

**Direct Construction Cost:**

The Applicant's direct construction costs are slightly more than the Underwriter's estimate. The Underwriter's estimate was provided by the Capital Needs Assessment provider since this is an acquisition/rehabilitation development. The Applicant's estimate of direct construction costs is \$562,560 and the Underwriter's estimate is \$559,900, a difference of \$2,660.

**Conclusion:**

The Underwriter's cost schedule was derived from information presented in the Application material submitted by the Applicant. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$1,982,139 supports annual tax credits of \$164,904. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: none Date of Last Applicant Revision: n/a

Source: USDA/RD Type: Interim to Permanent Financing  
 Permanent: \$631,281 Interest Rate: 1.0%  Fixed Term: 312 months

Comments:  
 The USDA/RD loan was originally executed in the original amount of \$659,400 in November 1985 with an interest rate of 11.375% and a term of 50 years. Although the original interest rate was 11.375%, USDA granted an interest credit on the loan that reduced the effective interest rate to 1%. The Applicant will be provided the same interest credit to reduce the effective interest rate to 1%. The unpaid balance of approximately \$631,281 is to be assumed by the Applicant on the same rates and terms as the original owner, Whispering Oaks Apartments, Ltd. Upon assumption, the remaining term of the loan is to be no less than 26 years.

Source: TDHCA HOME loan Type: Interim to Permanent Financing  
 Interim: \$400,000 Interest Rate: 0.0%  Fixed Term:          months  
 Permanent: \$400,000 Interest Rate: 0.0%  Fixed Term: 360 months

Source: Existing Reserve Account Type: Interim to Permanent Financing  
 Permanent: \$46,000 Interest Rate: N/A  Fixed Term: N/A months

Comments:  
 Upon closing of the acquisition of the subject property, any funds remaining in the reserve account will be transferred to the Purchaser, and can be used for repairs and replacements. This amount is estimated to be \$46,000.

Source: Boston Capital Type: Syndication  
 Proceeds: \$1,076,240 Syndication Rate: 66% Anticipated HTC: \$ 163,083

Commitment Expiration: Date not specified

Amount: \$14,094 Type: Deferred Developer Fees

Comments:  
 The committed credit price appears to be consistent with recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that the credit price can decline to \$0.58. Beyond this point, the required deferred developer fee would exceed the projected 15 year cashflow and the transaction would not meet the Department's feasibility criteria.

Market Uncertainty:  
 The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

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## CONCLUSIONS

### Recommended Financing Structure:

The development demonstrates a need for the requested HOME funds of \$400,000. However, the HOME loan should be in a parity lien position with the USDA loan and its amortization and term should be fully amortized over a term equal to the term of the USDA loan; therefore, it is recommended that the HOME loan have an amortization and term of 312 months. Additionally, it is a condition of this report that a USDA/RD parity lien agreement be provided for the TDHCA HOME loan by Carryover.

The Underwriter's total development cost estimate less the permanent loans of \$1,031,281 indicates the need for \$1,141,515 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$172,974 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$163,083), the gap-driven amount (\$172,974), and eligible basis-derived estimate (\$164,957), the Applicant's request of \$163,083 is recommended resulting in proceeds of \$1,076,240 based on a syndication rate of 66%.

The Underwriter's recommended financing structure indicates the need for \$19,275 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 15 years of stabilized operation as required by the Department's rules.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number of HOME units to total units.

### Return on Equity:

This is a USDA/RD transaction, in which the Applicant is restricted by the loan agreement to a return of no more than 8% per annum on the borrower's original investment, with any excess cash flow going to fund replacement reserves. USDA-RD will manage this return on equity restriction.

Underwriter:	_____	Date:	July 15, 2009
	<i>D.P. Burrell</i>		
Reviewing Underwriter:	_____	Date:	July 15, 2009
	<i>Raquel Morales</i>		
Director of Real Estate Analysis:	_____	Date:	July 15, 2009
	<i>Brent Stewart</i>		

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Whispering Oaks Apartments, Goldthwaite, HTC 9% #09148**

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	HTC Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 50%	LH/RA	3	1	1	574	\$439	\$386	\$1,158	\$0.67	\$75.00	\$35.50
TC 50%	HH/RA	16	1	1	574	\$439	\$386	\$6,176	\$0.67	\$75.00	\$35.50
TC 60%	HH	1	1	1	574	\$527	\$386	\$386	\$0.67	\$75.00	\$35.50
TC 50%	LH	2	2	1	772	\$527	\$474	\$948	\$0.61	\$81.00	\$40.70
TC 50%	HH	2	2	1	772	\$527	\$474	\$948	\$0.61	\$81.00	\$40.70
<b>TOTAL:</b>		<b>24</b>		<b>AVERAGE:</b>	<b>607</b>		<b>\$401</b>	<b>\$9,616</b>	<b>\$0.66</b>	<b>\$76.00</b>	<b>\$36.37</b>

**INCOME**

Total Net Rentable Sq Ft: 14,568

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$14.96  
 Other Support Income: Per Unit Per Month

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.37%	\$201	0.33	\$4,835	\$4,662	\$0.32	\$194	4.21%
Management	8.72%	402	0.66	\$9,652	12,240	0.84	510	11.05%
Payroll & Payroll Tax	19.57%	903	1.49	\$21,670	20,817	1.43	867	18.80%
Repairs & Maintenance	8.44%	389	0.64	\$9,344	10,320	0.71	430	9.32%
Utilities	1.42%	65	0.11	\$1,567	1,400	0.10	58	1.26%
Water, Sewer, & Trash	5.92%	273	0.45	\$6,554	6,554	0.45	273	5.92%
Property Insurance	3.59%	166	0.27	3,974	3,935	0.27	164	3.55%
Property Tax	1.7753	266	0.44	6,391	5,420	0.37	226	4.90%
Reserve for Replacements	7.69%	355	0.58	8,520	7,200	0.49	300	6.50%
TDHCA Compliance Fees	0.87%	40	0.07	960	960	0.07	40	0.87%
Other:	0.00%	0	0.00	0	0	0.00	0	0.00%
<b>TOTAL EXPENSES</b>	<b>66.35%</b>	<b>\$3,061</b>	<b>\$5.04</b>	<b>\$73,467</b>	<b>\$73,508</b>	<b>\$5.05</b>	<b>\$3,063</b>	<b>66.39%</b>
<b>NET OPERATING INC</b>	<b>33.65%</b>	<b>\$1,552</b>	<b>\$2.56</b>	<b>\$37,255</b>	<b>\$37,214</b>	<b>\$2.55</b>	<b>\$1,551</b>	<b>33.61%</b>

**DEBT SERVICE**

USDA/RD	15.28%	\$705	\$1.16	\$16,913	\$16,913	\$1.16	\$705	15.28%
TDHCA HOME Loan	13.89%	\$641	\$1.06	15,385	13,333	\$0.92	\$556	12.04%
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>4.48%</b>	<b>\$207</b>	<b>\$0.34</b>	<b>\$4,958</b>	<b>\$6,968</b>	<b>\$0.48</b>	<b>\$290</b>	<b>6.29%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>1.15</b>	<b>1.23</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>				<b>1.15</b>				

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		37.17%	\$33,653	\$55.44	\$807,676	\$807,676	\$55.44	\$33,653	37.26%
Off-Sites		0.00%	0	0.00	0		0.00	0	0.00%
Sitework		8.67%	7,849	12.93	188,381	170,976	11.74	7,124	7.89%
Direct Construction		25.77%	23,329	38.43	559,900	562,560	38.62	23,440	25.95%
Contingency	2.00%	0.69%	625	1.03	15,000	15,000	1.03	625	0.69%
Contractor's Fees	13.72%	4.73%	4,279	7.05	102,694	102,694	7.05	4,279	4.74%
Indirect Construction		4.25%	3,850	6.34	92,409	92,409	6.34	3,850	4.26%
Ineligible Costs		0.62%	563	0.93	13,513	13,513	0.93	563	0.62%
Developer's Fees	20.00%	15.20%	13,765	22.68	330,356	337,238	23.15	14,052	15.56%
Interim Financing		0.90%	815	1.34	19,550	19,550	1.34	815	0.90%
Reserves		1.99%	1,805	2.97	43,316	46,000	3.16	1,917	2.12%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$90,533</b>	<b>\$149.15</b>	<b>\$2,172,796</b>	<b>\$2,167,616</b>	<b>\$148.79</b>	<b>\$90,317</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>39.86%</b>	<b>\$36,082</b>	<b>\$59.44</b>	<b>\$865,975</b>	<b>\$851,230</b>	<b>\$58.43</b>	<b>\$35,468</b>	<b>39.27%</b>

**SOURCES OF FUNDS**

				RECOMMENDED		
USDA/RD	29.05%	\$26,303	\$43.33	\$631,281	\$631,281	\$631,281
TDHCA HOME Loan	18.41%	\$16,667	\$27.46	400,000	400,000	400,000
Existing Reserve Funds	2.12%	\$1,917	\$3.16	46,000	46,000	46,000
HTC Syndication Proceeds	49.53%	\$44,843	\$73.88	1,076,240	1,076,240	1,076,240
Deferred Developer Fees	0.65%	\$587	\$0.97	14,094	14,094	19,275
Additional (Excess) Funds Req'd	0.24%	\$216	\$0.36	5,181	)	0
<b>TOTAL SOURCES</b>				<b>\$2,172,796</b>	<b>\$2,167,615</b>	<b>\$2,172,796</b>
						<b>\$78,823</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Whispering Oaks Apartments, Goldthwaite, HTC 9% #09148*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

**PAYMENT COMPUTATION**

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$0.00	\$0
<b>Adjustments</b>				
Exterior Wall Finish			\$0.00	\$0
Elderly			0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			0.00	0
Floor Cover			0.00	0
Breezeways/Balconies	\$22.95		0.00	0
Plumbing Fixtures	\$835		0.00	0
Rough-ins	\$410		0.00	0
Built-In Appliances	\$1,800	0	0.00	0
Exterior Stairs	\$1,875		0.00	0
Enclosed Corridors	(\$9.92)		0.00	0
Heating/Cooling			0.00	0
Garages/Carports			0.00	0
Comm &/or Aux Bldgs			0.00	0
Other: fire sprinkler	\$0.00	14,568	0.00	0
<b>SUBTOTAL</b>			0.00	0
Current Cost Multiplier	1.01		0.00	0
Local Multiplier			0.00	0
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			\$0.00	\$0
Plans, specs, survy, bld prmts	3.90%		\$0.00	\$0
Interim Construction Interest	3.38%		0.00	0
Contractor's OH & Profit	11.50%		0.00	0
<b>NET DIRECT CONSTRUCTION COSTS</b>			\$0.00	\$0

<b>Primary</b>	\$631,281	Amort	312
Int Rate	1.00%	DCR	2.20

<b>Secondary</b>	\$400,000	Amort	312
Int Rate	0.00%	Subtotal DCR	1.15

<b>Additional</b>	\$1,076,240	Amort	
Int Rate		Aggregate DCR	1.15

**RECOMMENDED FINANCING STRUCTURE**

**APPLICANT'S NOI:**

Primary Debt Service	\$16,913
Secondary Debt Service	15,385
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$4,916</b>

<b>Primary</b>	\$631,281	Amort	312
Int Rate	1.00%	DCR	2.20

<b>Secondary</b>	\$400,000	Amort	312
Int Rate	0.00%	Subtotal DCR	1.15

<b>Additional</b>	\$1,076,240	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$115,392	\$117,700	\$120,054	\$122,455	\$124,904	\$137,904	\$152,257	\$168,104	\$204,918
Secondary Income	4,308	4,394	4,482	4,572	4,663	5,148	5,684	6,276	7,650
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	119,700	122,094	124,536	127,027	129,567	143,053	157,942	174,380	212,569
Vacancy & Collection Loss	(8,978)	(9,157)	(9,340)	(9,527)	(9,718)	(10,729)	(11,846)	(13,079)	(15,943)
Employee or Other Non-Rental Units or Concess	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$110,723</b>	<b>\$112,937</b>	<b>\$115,196</b>	<b>\$117,500</b>	<b>\$119,850</b>	<b>\$132,324</b>	<b>\$146,096</b>	<b>\$161,302</b>	<b>\$196,626</b>
EXPENSES at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
General & Administrative	\$4,835	\$4,980	\$5,130	\$5,284	\$5,442	\$6,309	\$7,314	\$8,479	\$11,395
Management	9,652	9,845	10,042	10,243	10,448	11,535	12,736	14,061	17,140
Payroll & Payroll Tax	21,670	22,320	22,990	23,679	24,390	28,274	32,778	37,998	51,066
Repairs & Maintenance	9,344	9,624	9,913	10,210	10,517	12,192	14,134	16,385	22,020
Utilities	1,567	1,614	1,662	1,712	1,764	2,045	2,370	2,748	3,693
Water, Sewer & Trash	6,554	6,751	6,953	7,162	7,377	8,551	9,914	11,492	15,445
Insurance	3,974	4,093	4,216	4,342	4,473	5,185	6,011	6,968	9,365
Property Tax	6,391	6,583	6,780	6,984	7,193	8,339	9,667	11,207	15,061
Reserve for Replacements	8,520	8,776	9,039	9,310	9,589	11,117	12,887	14,940	20,078
Other	960	989	1,018	1,049	1,080	1,253	1,452	1,683	2,262
<b>TOTAL EXPENSES</b>	<b>\$73,467</b>	<b>\$75,575</b>	<b>\$77,744</b>	<b>\$79,975</b>	<b>\$82,272</b>	<b>\$94,800</b>	<b>\$109,262</b>	<b>\$125,962</b>	<b>\$167,525</b>
<b>NET OPERATING INCOME</b>	<b>\$37,255</b>	<b>\$37,362</b>	<b>\$37,452</b>	<b>\$37,524</b>	<b>\$37,577</b>	<b>\$37,524</b>	<b>\$36,834</b>	<b>\$35,340</b>	<b>\$29,101</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$16,913	\$16,913	\$16,913	\$16,913	\$16,913	\$16,913	\$16,913	\$16,913	\$16,913
Second Lien	15,385	15,385	15,385	15,385	15,385	15,385	15,385	15,385	15,385
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$4,958</b>	<b>\$5,065</b>	<b>\$5,154</b>	<b>\$5,227</b>	<b>\$5,280</b>	<b>\$5,227</b>	<b>\$4,536</b>	<b>\$3,043</b>	<b>(\$3,197)</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.15</b>	<b>1.16</b>	<b>1.16</b>	<b>1.16</b>	<b>1.16</b>	<b>1.16</b>	<b>1.14</b>	<b>1.09</b>	<b>0.90</b>

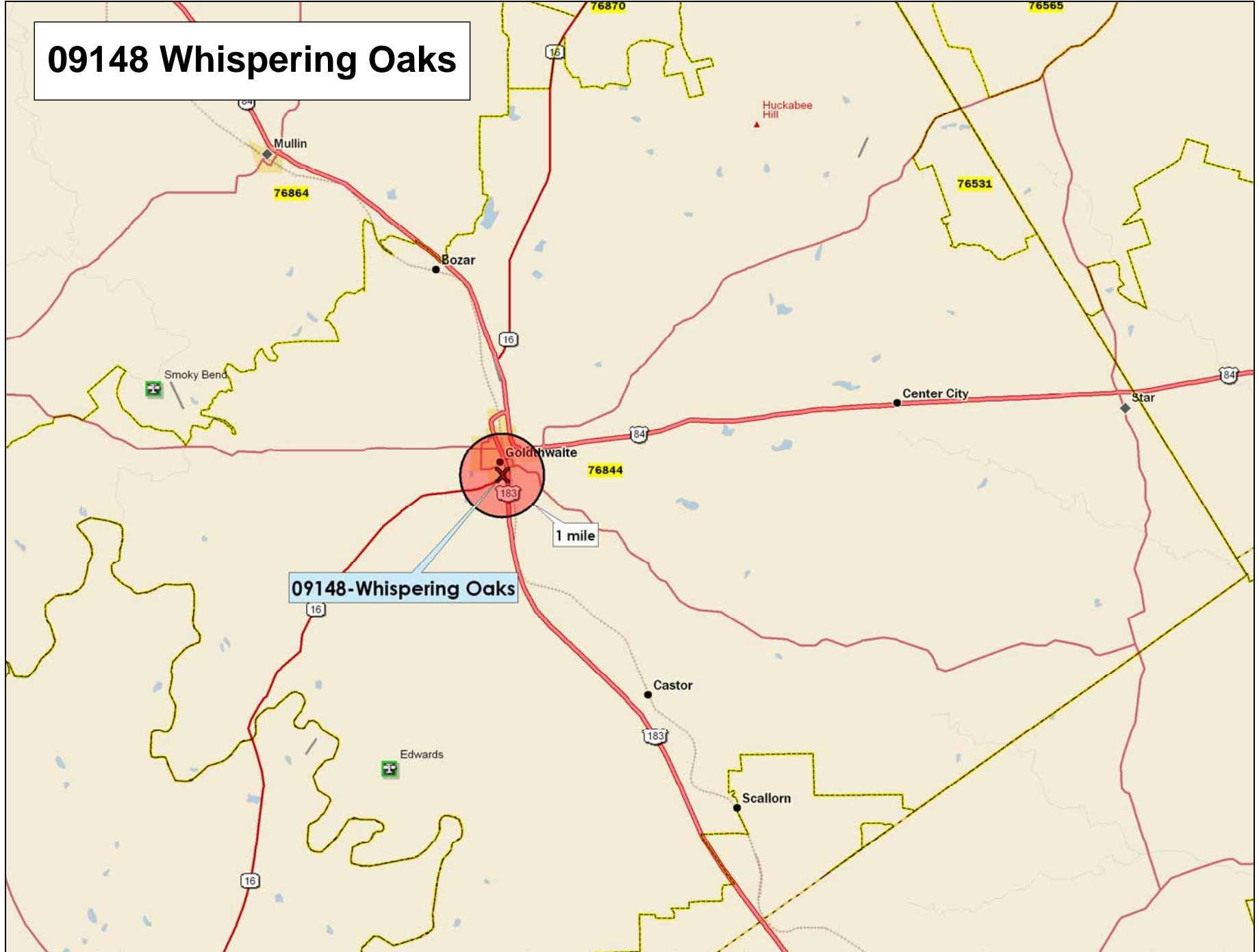
**HTC ALLOCATION ANALYSIS -Whispering Oaks Apartments, Goldthwaite, HTC 9% #09148**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>						
Purchase of land	\$84,671	\$133,828				
Purchase of buildings	\$723,005	\$673,848	\$723,005	\$673,848		
<b>Off-Site Improvements</b>						
Sitework	\$170,976	\$188,381			\$170,976	\$188,381
Construction Hard Costs	\$562,560	\$559,900			\$562,560	\$559,900
Contractor Fees	\$102,694	\$102,694			\$102,694	\$102,694
Contingencies	\$15,000	\$15,000			\$15,000	\$15,000
Eligible Indirect Fees	\$92,409	\$92,409			\$92,409	\$92,409
Eligible Financing Fees	\$19,550	\$19,550			\$19,550	\$19,550
All Ineligible Costs	\$13,513	\$13,513				
<b>Developer Fees</b>				\$134,770		\$195,587
Developer Fees	\$337,238	\$330,356	\$144,601		\$192,637	
<b>Development Reserves</b>	\$46,000	\$43,316				
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$2,167,616</b>	<b>\$2,172,796</b>	<b>\$867,606</b>	<b>\$808,618</b>	<b>\$1,155,826</b>	<b>\$1,173,521</b>

<b>Deduct from Basis:</b>						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
<b>TOTAL ELIGIBLE BASIS</b>			\$867,606	\$808,618	\$1,155,826	\$1,173,521
High Cost Area Adjustment					130%	130%
<b>TOTAL ADJUSTED BASIS</b>			\$867,606	\$808,618	\$1,502,574	\$1,525,577
Applicable Fraction			100%	100%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>			\$867,606	\$808,618	\$1,502,574	\$1,525,577
Applicable Percentage			3.42%	3.42%	9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$29,672	\$27,655	\$135,232	\$137,302

<b>Syndication Proceeds</b>	<b>0.6599</b>	<b>\$195,816</b>	<b>\$182,503</b>	<b>\$892,440</b>	<b>\$906,102</b>
<b>Total Tax Credits (Eligible Basis Method)</b>				<b>\$164,904</b>	<b>\$164,957</b>
<b>Syndication Proceeds</b>				<b>\$1,088,256</b>	<b>\$1,088,605</b>
<b>Requested Tax Credits</b>				<b>\$163,083</b>	
<b>Syndication Proceeds</b>				<b>\$1,076,240</b>	
<b>Gap of Syndication Proceeds Needed</b>				<b>\$1,136,335</b>	<b>\$1,141,515</b>
<b>Total Tax Credits (Gap Method)</b>				<b>\$172,189</b>	<b>\$172,974</b>

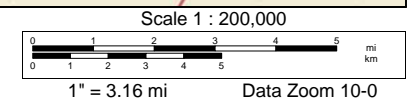
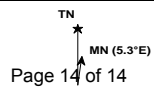
# 09148 Whispering Oaks



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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Autumn Villas, TDHCA Number 09149**

BASIC DEVELOPMENT INFORMATION

Site Address: 100 Autumn Villas Dr. Development #: 09149  
 City: Lorena Region: 8 Population Served: Elderly  
 County: McLennan Zip Code: 76655 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Lorena Autumn Fountainhead, L.P.  
 Owner Contact and Phone: Patrick A. Barbolla, (817) 732-1055  
 Developer: Fountainhead Affiliates, Inc.  
 Housing General Contractor: Fountainhead Construction, Inc.  
 Architect: J. Douglas Cain Associates, Architects, Inc.  
 Market Analyst: N/A  
 Syndicator: Boston Capital Corporation  
 Supportive Services: N/A  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	16	
	0	0	15	1	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	12	4	0	0	0	
Type of Building:						Total Development Units:	16
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$1,414,469
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	4
<input checked="" type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	12
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	4

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$106,245	\$106,245			
HOME Activity Fund Amount:	\$310,000	\$310,000	354	354	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Autumn Villas, TDHCA Number 09149**

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Averitt, District 22, S

Points: 14 US Representative: Edwards, District 17, NC

TX Representative: Anderson, District 56, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letters of support from elected officials.

CONDITIONS OF COMMITMENT

1. Receipt, review, and acceptance, by Carryover, of USDA/RD agreement of lien parity of their existing loan with the proposed TDHCA HOME loan; and of their approval of the same rates and terms transfer of the existing loan.
2. Receipt, review, and acceptance, by Cost Certification, of documentation that USDA-RD has approved the proposed basic rents which reflect an 8% increase over current basic rents.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the allocation amount may be warranted.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Autumn Villas, TDHCA Number 09149**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **33**

Total # Monitored: **33**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **177**  Meeting a Required Set-Aside Credit Amount\*: \$106,245

Recommendation: Competitive in USDA Allocation

HOME Activity Funds:

Loan Amount: \$310,000

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/15/09 PROGRAM: 9% HTC / HOME FILE NUMBER: 09149

DEVELOPMENT	
Autumn Villas	
Location: <u>100 Autumn Villas Drive</u>	Region: <u>8</u>
City: <u>Lorena</u> County: <u>McLennan</u> Zip: <u>76655</u>	<input checked="" type="checkbox"/> OCT <input type="checkbox"/> DDA
Key Attributes: <u>Elderly, Rural, At-Risk, USDA, Acquisition/Rehabilitation</u>	

ALLOCATION						
	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
HOME Activity Funds	\$310,000	0.00%	360/360	<b>\$310,000</b>	<b>0.00%</b>	<b>354/354</b>
Housing Tax Credit (Annual)	\$106,245			<b>\$106,245</b>		

\* Parity lien position; fully amortized over a term equal to the remaining term of the USDA 515 loan (approximately 354 months.)

- | CONDITIONS  |
|---|
| <ol style="list-style-type: none"> <li>1 Receipt, review, and acceptance, by Carryover, of USDA/RD agreement of lien parity of their existing loan with the proposed TDHCA HOME loan; and of their approval of the same rates and terms transfer of the existing loan.</li> <li>2 Receipt, review, and acceptance, by Cost Certification, of documentation that USDA-RD has approved the proposed basic rents which reflect an 8% increase over current basic rents.</li> <li>3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.</li> </ol> |

SALIENT ISSUES		
TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	15
60% of AMI	60% of AMI	1
TDHCA SET-ASIDES for HOME LURA (*)		
Income Limit	Rent Limit	Number of Units
50% of AMI	Low HOME	4
50% of AMI	High HOME	11
60% of AMI	High HOME	1

\* Corrected from 7/13/09 version

This section intentionally left blank.

**STRENGTHS/MITIGATING FACTORS**

- Due to rent subsidies on greater than 50% of the units and the expectation that these subsidies will be increased by USDA over time, the DCR should not be affected by periods of flat rental rate increases.
- Property is currently 100% occupied.
- Principal of Applicant and Developer have extensive LIHTC and USDA experience.
- Property is monitored and financially supported through rent subsidies.
- The property is in a good location and has been well maintained.

**WEAKNESSES/RISK**

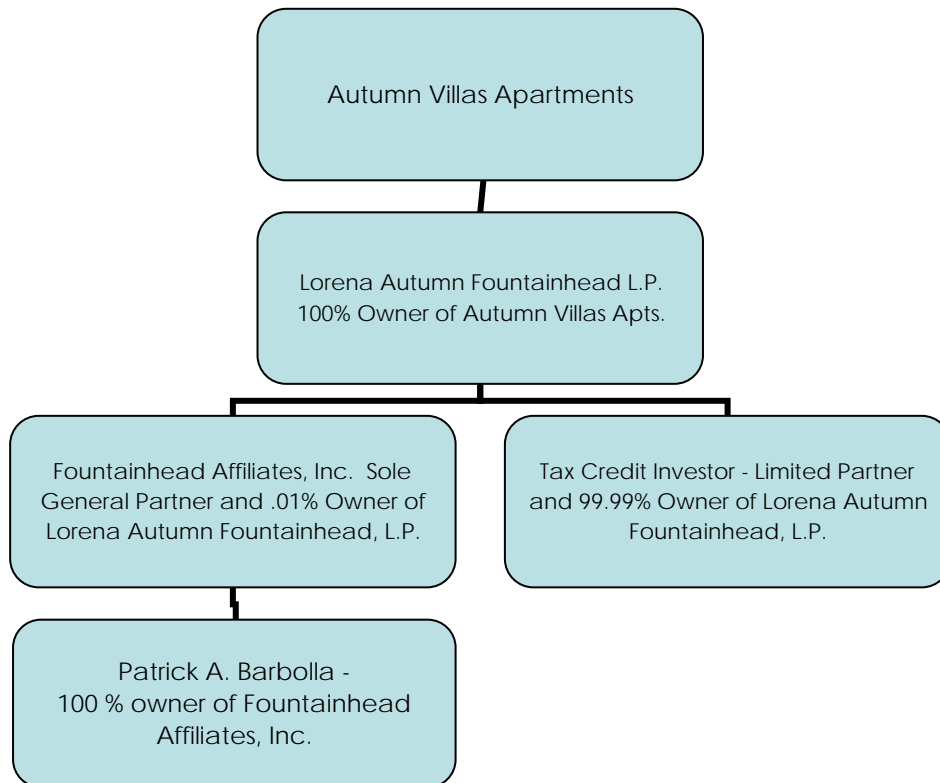
- Applicant and Underwriter's expense to income ratios are around 65% however this risk is not applicable due to the USDA rent subsidy.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Patrick Barbolla Phone: (817) 732-1055 Fax: (817) 732-7716  
 Email: pabarbolla@aol.com

**KEY PARTICIPANTS**

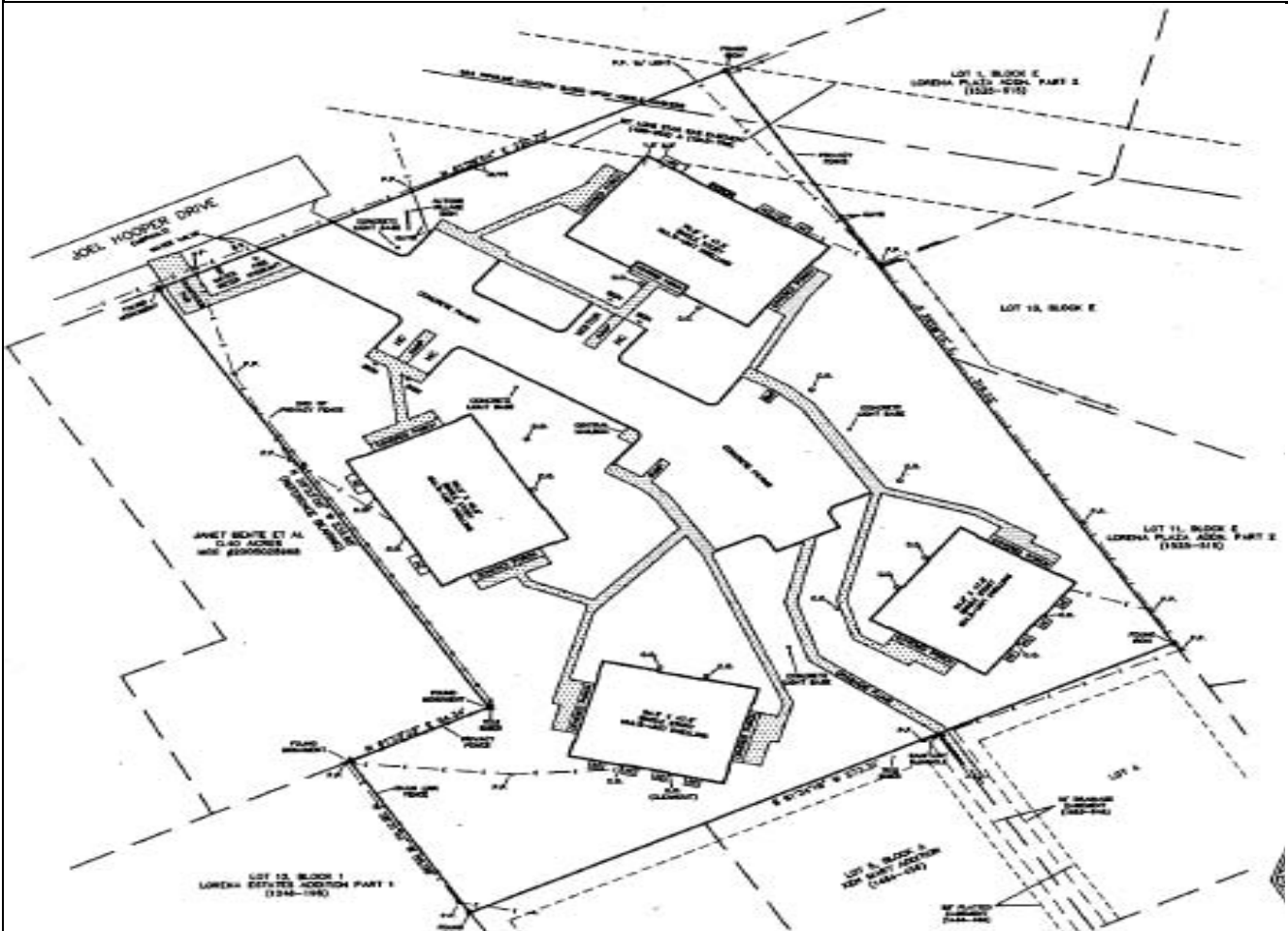
Name	Financial Notes	# Completed Developments
Fountainhead Affiliates, Inc.	N/A	22+
Patrick Barbolla	N/A	25+

**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor and property manager are related entities. These are common relationships for HTC-funded developments.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	A	B	C									Total Buildings
Floors/Stories	1	1	1									
Number	1	2	1									4

BR/BA	SF	Units								Total Units	Total SF
1BR/1BA	589	4	4							12	7,068
2BR/1BA	763			4						4	3,052
Units per Building		4	4	4						<b>16</b>	<b>10,120</b>

Development Plan:

According to the Capital Needs Assessment (CNA) provider, the property is in good overall condition. The residential spaces, common areas, and various building systems are adequately appointed and maintained. That said, the property has substantive capital needs anticipated in the coming years; a number of systems and components are at, or approaching, the end of their useful lives. Anticipated near-term needs include moderate repairs to the sidewalks and parking areas, replacement of fencing, landscaping and mail facilities, unit and common area mechanical replacements, door and window replacements, siding maintenance, attic improvements, unit and common area painting and flooring, unit kitchen and bathroom upgrades, and handicap accessibility modifications.

Relocation Plan:

There will be no permanent displacement or permanent relocation of existing residents due to the rehabilitation of the property. After the property is acquired, any units that become vacant will not be leased, and renovations will commence by first renovating the vacant units, and once those are completed, existing tenants will be moved into the recently renovated units, with the owner paying all costs associated with the move. This procedure will be used until all units are renovated.

SITE ISSUES

Total Size: 1.719 acres Scattered site?  Yes  No  
 Flood Zone: X Within 100-yr floodplain?  Yes  No  
 Zoning: Multifamily Needs to be re-zoned?  Yes  No  N/A

TDHCA SITE INSPECTION

Inspector: ORCA Staff Date: 4/8/2009  
 Overall Assessment:  
 Excellent  Acceptable  Questionable  Poor  Unacceptable  
 Surrounding Uses:  
 North: Vacant Land & Old Lorena Road East: Single Family Residential & IH 35  
 South: Single Family Residential & IH 35 West: Single Family Residential & N. Borden St.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: N / A Date: N / A

Comments:

The 2009 QAP §49.9(h)(14)(A)(iv) states that Developments whose funds have been obligated by TRDO-USDA are not required to supply an Environmental Site Assessment; it is the Applicant's responsibility to ensure that the Development is maintained in compliance with all state and federal environmental hazard requirements.

It is worth noting that given the original construction date of 1984, asbestos and lead-based paint are unlikely to be present in the Development.

**MARKET HIGHLIGHTS**

Provider: Sherrill & Associates, Inc. Date: 3/16/2009  
 Contact: Jerry Sherrill Phone: (817) 557-1791 Fax: (817) 557-1792  
 Number of Revisions: none Date of Last Applicant Revision: N / A

Market Area:

"The subject is located in Lorena, McLennan County, Texas which is located at the intersection of Interstate Highway 35 and Farm to Market Road 2837, in the central area of Texas. It is approximately 13 miles south of downtown Waco, 24 miles north of Temple, 81 miles north of Austin and 92 miles south of the Fort Worth-Dallas Metroplex. McLennan County had a population of 213,517 in the year 2000 and it had an estimated population of 228,123 in 2007 which is an increase of 6.8% over year 2000 while population has increased 14.6% statewide. Persons aged 65 and over make up 12.3% of the county population compared to 10.0% of the state population." (p. 10)

Primary Market Occupancy Rates:

"Current vacancies in the area range from 1% to 15%, on properties that are well managed and maintained." (p. 60)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Current Contract Rent	Proposed Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
1 BR	589 SF	50%	376	431	\$500	\$440	\$55
2 BR	763 SF	50%	458	518	\$550	\$527	\$60
2 BR	763 SF	60%	458	518	\$550	\$527	\$60

Comments:

USDA Developments with occupancy greater than 80% are not required to provide a market study. The required appraisal provides similar information regarding the market area and comparable market rents. The rent roll provided with the application indicates the development is currently 100% occupied. Given the full occupancy and USDA Rental Assistance covering all the units, market absorption is not a concern.

**OPERATING PROFORMA ANALYSIS**

Income: Number of Revisions: none Date of Last Applicant Revision: n/a

The Applicant has projected rents based upon a USDA Rental Assistance contract on the subject units. The Applicant is proposing to have USDA rental subsidies provided on all of the units. The subject property has had the USDA rental subsidy since it was constructed and it is anticipated that USDA will continue to provide the subsidy. The Applicant provided a copy of the 2008 USDA approved budget indicating the subsidy but the approved 2009 budget is not available. USDA historically provided rental assistance under 4 year renewable contracts. This operating subsidy is available to subsidize the rental and utility payments for families in order to allow them to pay no more than 30% of their adjusted monthly income for rent and utilities.

The USDA anticipated rents are 8% higher than current rents. Market rents are 10 percent higher than the proposed USDA rents overall. The Underwriter has used the anticipated rents noting that an average rent of \$462 is required to maintain a 1.43 DCR.

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The Underwriter has used the Applicant's proposed rents for this analysis, but receipt, review, and acceptance, by Cost Certification, of documentation that USDA-RD has approved the proposed basic rents is a condition of this report.

The Applicant's estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. Tenants will be required to pay electrical costs. The Underwriter used the same USDA contract rents that the Applicant used.

Expense:    Number of Revisions:          none          Date of Last Applicant Revision:          n/a      

The Applicant's total annual operating expense projection of \$3,544 per unit is within 5% of the Underwriter's estimate of \$3,433 derived from the TDHCA database and third party data sources; however, some of the Applicant's estimates differ significantly from the Underwriter's, specifically, management fees (\$4K higher) and payroll and payroll taxes (\$3K higher).

The Applicant has estimated a reserve account expense of \$300 per unit per year which is the Department's minimum requirement for rehabilitation properties; however, based upon the Capital Needs Assessment provider's estimate, \$300 per unit per year will not be adequate. Based upon the CNA provider's estimated capital needs requirements during the 15 years, the Underwriter estimates that a reserve account of \$400 per unit per year will be required.

**Conclusion:**

The Applicant's estimate of effective gross income and total expenses are within 5% of the Underwriter's estimates; however, net operating income is not; therefore, the Underwriter's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR). The proposed permanent financing structure results in an initial year's debt coverage ratio of 1.43% which is above the Department's maximum guideline of 1.35; however, the projected annual cashflow is less than \$10,000, the development is heavily monitored by USDA-RD and return on equity is restricted under the interest credit and rental assistance program. Therefore, developments receiving USDA-RD rental assistance are allowed to exceed the Department's guideline for debt coverage ratios when necessary.

The Applicant's expense to income ratio of 66.99% is above the Department's normal 65% maximum ratio; however, as stated immediately above, the Underwriter's Year One proforma is being used to determine the development's debt capacity, and the Underwriter's expense to income ratio is 64.88% which is below the Department's maximum. Additionally, since the development is to have USDA rental assistance on more than 50% of the units, it can still be characterized as feasible according to the Underwriter's proforma, and under Section 1.32(i)(6)(B)(ii) of the Real Estate Analysis Rules.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Underwriter's base year effective gross income, expenses and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider:	<u>Sherrill &amp; Associates, Inc.</u>	Date:	<u>3/16/2009</u>
Number of Revisions:	<u>      none      </u>	Date of Last Applicant Revision:	<u>      n/a      </u>
Land Only:	1.719 acres	\$32,000	As of: <u>3/16/2009</u>
Existing Buildings: (as-is)		\$531,000	As of: <u>3/16/2009</u>
Total Development: (as-is)		\$563,000	As of: <u>3/16/2009</u>

Comments:

The appraiser provided an "as is and as restricted" market value of \$302,000, and a "Sum of Market Value and Value of Financing Subsidy" value of \$563,000. The Sum of Market Value and Value of Financing Subsidy is the most important value for this particular case because it provides an estimate of the price that a purchaser will pay for the property when there is an interest credit subsidy provided by USDA/RD. This value takes into account the "as is" value as restricted and adds to it the value of the special financing provided by USDA/RD. According to the "as is" value provided by the appraiser, the land value is approximately 10.5% of the prorata percentage of the total appraised value; therefore, the Underwriter assigned 10.5% of the value of the Sum of Market Value and Value of Financing Subsidy to the land to obtain a land value of \$53,970 and a building value of \$509,030. The result is that the building's eligible basis value for the Underwriter is \$460,030.

ASSESSED VALUE

Land Only: 1.719 acres	\$14,409	Tax Year:	2008
Existing Buildings:	\$122,566	Valuation by:	McLennan CAD
Total Assessed Value:	\$136,975	Tax Rate:	2.369998

EVIDENCE of PROPERTY CONTROL

Type: Real Estate Purchase Agreement	Acreage: 1.719
Contract Expiration: 3/31/2010	Valid Through Board Date? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost: \$514,000	Other: _____
Seller: Autumn Villas, Ltd.	Related to Development Team? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: none Date of Last Applicant Revision: n/a

Acquisition Value:

The acquisition cost of \$32,414 per unit is assumed to be reasonable since the acquisition is an arm's length transaction. The Applicant will assume the existing unpaid balance of approximately \$384,000 owed on the Rural Housing Service, USDA loan as part of the purchase price of the existing Autumn Villas Apartments. The "Sum of Value and Value of Financing Subsidy" appraised value of \$563,000 provides substantiation that the sales price of \$514,000 is a fair and reasonable price. Historically, the sale or transfer price of USDA properties consist of assumption of the outstanding balance on the USDA loan plus any exit taxes and original equity in the property. In this case, the Applicant did not provide documentation of exit taxes; however, the price being paid should be sufficient to cover any of those taxes and the seller's equity without providing an undue profit or gain to the seller.

The Applicant has total acquisition costs of \$518,627 (\$514,000 plus \$4,627 closing costs) which include \$25,000 for land and \$4,627 for closing costs which include the title policy. Of the closing costs stated, \$4,402 is included in eligible basis, the remaining \$225 of the title policy expense is the prorata costs attributable to the land. The Applicant estimated eligible building basis of \$493,402 or 95% of the total acquisition costs. This amount includes \$4,627 in costs classified as "title policy". These costs, if eligible are most often included in indirect costs; however, the Underwriter maintained these costs as part of the acquisition. The Applicant did not justify the 4.8% value attributed to the land. However, as stated above, the Underwriter assigned a 10.5% value of the land on a prorata basis based upon the land value as a percentage of the "as is" market value before making an adjustment for the subsidized financing. Making this adjustment, the Underwriter calculated a land value of \$53,090 and a building eligible basis of \$460,030.

Sitework Cost:

The Applicant's proposed site work cost of \$6,341 per unit is within the Department's guidelines. The Underwriter's sitework cost which was provided by the Capital Needs Assessment provider is also considered acceptable at \$6,364 per unit.

Direct Construction Cost:

The Applicant's direct construction cost is \$11K or (3% lower) than the Underwriter's cost. The Underwriter's cost is based upon information provided by an independent third party Capital Needs Assessment provider. The Applicant's cost is considered reasonable, but because this is a rehabilitation, the Underwriter's development cost will be used to structure a recommendation for this development.

Interim Interest Expense:

The Applicant's eligible interest expense was overstated by \$2,060, and accordingly an adjustment has been made, moving that amount to ineligible basis.

Contingency & Fees:

The Applicant's developer's fees are overstated by \$1,291, and accordingly an adjustment has been made.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; however, this is an acquisition/rehabilitation development; therefore the Underwriter's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$1,314,100 supports annual tax credits of \$108,041. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: none Date of Last Applicant Revision: n/a

Source: USDA/RD Type: Permanent Financing

Permanent: \$384,000 Interest Rate: 1.0%  Fixed Term: 360 months

Comments:

The USDA/RD loan was originally executed in the original amount of \$402,800 in June 1989 with an interest rate of 9.5% and a term of 50 years. Although the original interest rate was 9.5%, USDA granted an interest credit on the loan that reduced the effective interest rate to 1%. The Applicant will be provided the same interest credit to reduce the effective interest rate to 1%. The unpaid balance of approximately \$384,000 is to be assumed by the Applicant on the same rates and terms as the original owner, Autumn Villas Apartments, Ltd. Upon assumption, the remaining term of the loan should be slightly less than 30 years. This loan is to be in a parity lien position with the TDHCA HOME loan.

Source: TDHCA HOME Loan Type: Interim to Permanent Financing

Interim: \$310,000 Interest Rate: 0.0%  Fixed Term: 24 months

Permanent: \$310,000 Interest Rate: 0.0%  Fixed Term: 360 months

Source: Existing Reserve Account Type: Equity

Interim: \$46,000 Interest Rate: 0.00%  Fixed Term: N/A months

Permanent: \$46,000 Interest Rate: 0.00%  Fixed Term: N/A months

Comments:

Upon closing of the acquisition of the subject property, any funds remaining in the reserve account will be transferred to the Purchaser, and can be used for repairs and replacements. This amount is estimated to be \$46,000.

Source: Boston Capital Type: Syndication

Proceeds: \$701,146 Syndication Rate: 66% Anticipated HTC: \$ 106,245

Commitment Expiration: Date not specified

Amount: \$42,000 Type: Deferred Developer Fees



Comments:

The committed credit price appears to be consistent with recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that the credit price can decline to \$0.57. At this point the financial viability of the transaction may be jeopardized.

Market Uncertainty:

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

**CONCLUSIONS**

Recommended Financing Structure:

The development demonstrates a need for the requested HOME funds of \$310,000. However, the HOME loan should be in a parity lien position with the USDA loan and its amortization and term should be fully amortized over a term equal to the term of the USDA loan; therefore, it is recommended that the HOME loan have an amortization and term of 354 months. Additionally, it is a condition of this report that a USDA/RD parity lien agreement be provided for the TDHCA HOME loan by Carryover.

The Applicant's total development cost estimate less the permanent loans of \$694,000 indicates the need for \$720,469 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$109,173 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$106,245), the gap-driven amount (\$109,173), and eligible basis-derived estimate (\$108,041), the Applicant's request of \$106,245 is recommended resulting in proceeds of \$701,146 based on a syndication rate of 66%.

The Underwriter's recommended financing structure indicates the need for \$19,323 in additional permanent funds; however, the Applicant has proposed to use escrowed replacement reserve funds to cover a portion of the costs; therefore, it is recommended that \$19,323 of the reserve funds be used to fund this gap. It does not appear that any deferred developer fees will be needed to fund the acquisition or rehabilitation of the development; however, should the need arise due to cost overruns, etc., some of these funds should be available to fund those items.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number of HOME units to total units.

Return on Equity:

This is a USDA/RD transaction, in which the Applicant is restricted by the loan agreement to a return of no more than 8% per annum on the borrower's original investment, with any excess cash flow going to fund replacement reserves. USDA-RD will manage this return on equity restriction.

Underwriter:	_____	Date:	July 15, 2009
	<i>D.P. Burrell</i>		
Reviewing Underwriter:	_____	Date:	July 15, 2009
	<i>Raquel Morales</i>		
Director of Real Estate Analysis:	_____	Date:	July 15, 2009
	<i>Brent Stewart</i>		

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Autumn Villas, Lorena, 9% HTC / HOME #09149**

Type of Unit		Number	Bedrooms	No. of Baths	Size in SF	HTC Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 50%	LH/RA	4	1	1	589	\$485	\$440	\$1,760	\$0.75	\$58.00	\$29.00
TC 50%	HH/RA	8	1	1	589	\$485	\$440	\$3,520	\$0.75	\$58.00	\$29.00
TC 50%	HH/RA	3	2	1	763	\$581	\$527	\$1,581	\$0.69	\$78.00	\$31.00
TC 60%	HH/RA	1	2	1	763	\$697	\$527	\$527	\$0.69	\$78.00	\$31.00
<b>TOTAL:</b>		<b>16</b>		<b>AVERAGE:</b>	<b>633</b>		<b>\$462</b>	<b>\$7,388</b>	<b>\$0.73</b>	<b>\$63.00</b>	<b>\$29.50</b>

<b>INCOME</b>		Total Net Rentable Sq Ft:			<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>			10,120		\$88,656	\$88,656	McLennan		8
Secondary Income		Per Unit Per Month:	\$14.88		2,856	2,856	\$14.88	Per Unit Per Month	
Other Support Income:					0		\$0.00	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>					\$91,512	\$91,512			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%		(6,863)	(6,864)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0				
<b>EFFECTIVE GROSS INCOME</b>					\$84,649	\$84,648			
<b>EXPENSES</b>		<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>			<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>
General & Administrative		3.88%	\$205	0.32	\$3,282	\$2,900	\$0.29	\$181	3.43%
Management		7.60%	402	0.64	6,435	10,880	1.08	680	12.85%
Payroll & Payroll Tax		10.71%	567	0.90	9,068	12,649	1.25	791	14.94%
Repairs & Maintenance		12.46%	659	1.04	10,544	8,700	0.86	544	10.28%
Utilities		3.24%	172	0.27	2,746	3,200	0.32	200	3.78%
Water, Sewer, & Trash		7.77%	411	0.65	6,576	7,000	0.69	438	8.27%
Property Insurance		4.18%	221	0.35	3,542	2,465	0.24	154	2.91%
Property Tax	2.369998	6.72%	355	0.56	5,688	3,475	0.34	217	4.11%
Reserve for Replacements		7.56%	400	0.63	6,400	4,800	0.47	300	5.67%
TDHCA Compliance Fees		0.76%	40	0.06	640	640	0.06	40	0.76%
Other:		0.00%	0	0.00	0	0	0.00	0	0.00%
<b>TOTAL EXPENSES</b>		<b>64.88%</b>	<b>\$3,433</b>	<b>\$5.43</b>	<b>\$54,921</b>	<b>\$56,709</b>	<b>\$5.60</b>	<b>\$3,544</b>	<b>66.99%</b>
<b>NET OPERATING INC</b>		<b>35.12%</b>	<b>\$1,858</b>	<b>\$2.94</b>	<b>\$29,728</b>	<b>\$27,939</b>	<b>\$2.76</b>	<b>\$1,746</b>	<b>33.01%</b>
<b>DEBT SERVICE</b>									
TDHCA HOME Loan		12.41%	\$657	\$1.04	\$10,508	\$10,333	\$1.02	\$646	12.21%
USDA/RD Loan		12.13%	\$642	\$1.01	10,265	10,265	\$1.01	\$642	12.13%
Additional Financing		0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>		<b>10.58%</b>	<b>\$560</b>	<b>\$0.88</b>	<b>\$8,954</b>	<b>\$7,341</b>	<b>\$0.73</b>	<b>\$459</b>	<b>8.67%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>					1.43	1.36			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>					1.43				

<b>CONSTRUCTION COST</b>		<b>Factor</b>	<b>% of TOTAL</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>	<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>
Acquisition Cost (site or bldg)			36.67%	\$32,414	\$51.25	\$518,627	\$518,627	\$51.25	\$32,414	35.87%
Off-Sites			0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework			7.20%	6,364	10.06	101,831	101,456	10.03	6,341	7.02%
Direct Construction			26.20%	23,160	36.62	370,561	358,846	35.46	22,428	24.82%
Contingency	4.17%	1.39%	1,232	1.95	19,711	19,711	1.95	1,232	1.36%	
Contractor's Fees	13.64%	4.56%	4,028	6.37	64,442	64,442	6.37	4,028	4.46%	
Indirect Construction		4.04%	3,571	5.65	57,137	57,137	5.65	3,571	3.95%	
Ineligible Costs		0.75%	666	1.05	10,663	10,663	1.05	666	0.74%	
Developer's Fees	20.00%	15.48%	13,689	21.64	219,017	223,684	22.10	13,980	15.47%	
Interim Financing		1.51%	1,336	2.11	21,371	21,371	2.11	1,336	1.48%	
Reserves		2.20%	1,944	3.07	31,110	70,000	6.92	4,375	4.84%	
<b>TOTAL COST</b>			<b>100.00%</b>	<b>\$88,404</b>	<b>\$139.77</b>	<b>\$1,414,469</b>	<b>\$1,445,937</b>	<b>\$142.88</b>	<b>\$90,371</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>			<b>39.35%</b>	<b>\$34,784</b>	<b>\$54.99</b>	<b>\$556,545</b>	<b>\$544,455</b>	<b>\$53.80</b>	<b>\$34,028</b>	<b>37.65%</b>

<b>SOURCES OF FUNDS</b>		<b>Factor</b>	<b>% of TOTAL</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>	<b>TDHCA</b>	<b>APPLICANT</b>	<b>RECOMMENDED</b>	
TDHCA HOME Loan		21.92%	\$19,375	\$30.63	\$310,000	\$310,000	\$310,000		Developer Fee Available
USDA/RD Loan		27.15%	\$24,000	\$37.94	384,000	384,000	384,000		\$222,393
Sellers Reserve Account Transfer					42,000	42,000	19,323		
HTC Syndication Proceeds		49.57%	\$43,822	\$69.28	701,146	701,146	701,146		% of Dev. Fee Deferred
Deferred Developer Fees		0.62%	\$549	\$0.87	8,791	8,791	0		0%
Additional (Excess) Funds Req'd		-2.22%	(\$1,967)	(\$3.11)	(31,468)	0	0		15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>					<b>\$1,414,469</b>	<b>\$1,445,937</b>	<b>\$1,414,469</b>		<b>\$138,933</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Autumn Villas, Lorena, 9% HTC / HOME #09149*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

**PAYMENT COMPUTATION**

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost				\$0
Adjustments				
Exterior Wall Finish			\$0.00	\$0
Elderly			0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			0.00	0
Floor Cover			0.00	0
Breezeways/Balconies	\$22.95		0.00	0
Plumbing Fixtures	\$835		0.00	0
Rough-ins	\$410		0.00	0
Built-In Appliances	\$0	16	0.00	0
Exterior Stairs	\$1,875		0.00	0
Enclosed Corridors	(\$9.92)		0.00	0
Heating/Cooling			0.00	0
Garages/Carports			0.00	0
Comm &/or Aux Bldgs			0.00	0
Other: fire sprinkler	\$2.15	0	0.00	0
SUBTOTAL			0.00	0
Current Cost Multiplier	1.01		0.00	0
Local Multiplier			0.00	0
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$0.00</b>	<b>\$0</b>
Plans, specs, survy, bld prmts	3.90%		\$0.00	\$0
Interim Construction Interest	3.38%		0.00	0
Contractor's OH & Profit	11.50%		0.00	0
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$0.00</b>	<b>\$0</b>

<b>Primary</b>	\$310,000	Amort	354
Int Rate	0.00%	DCR	2.83

<b>Secondary</b>	\$384,000	Amort	354
Int Rate	1.00%	Subtotal DCR	1.43

<b>Additional</b>	\$701,146	Amort	
Int Rate		Aggregate DCR	1.43

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$10,508
Secondary Debt Service	10,265
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$8,954</b>

<b>Primary</b>	\$310,000	Amort	354
Int Rate	0.00%	DCR	2.83

<b>Secondary</b>	\$384,000	Amort	354
Int Rate	1.00%	Subtotal DCR	1.43

<b>Additional</b>	\$701,146	Amort	0
Int Rate	0.00%	Aggregate DCR	1.43

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

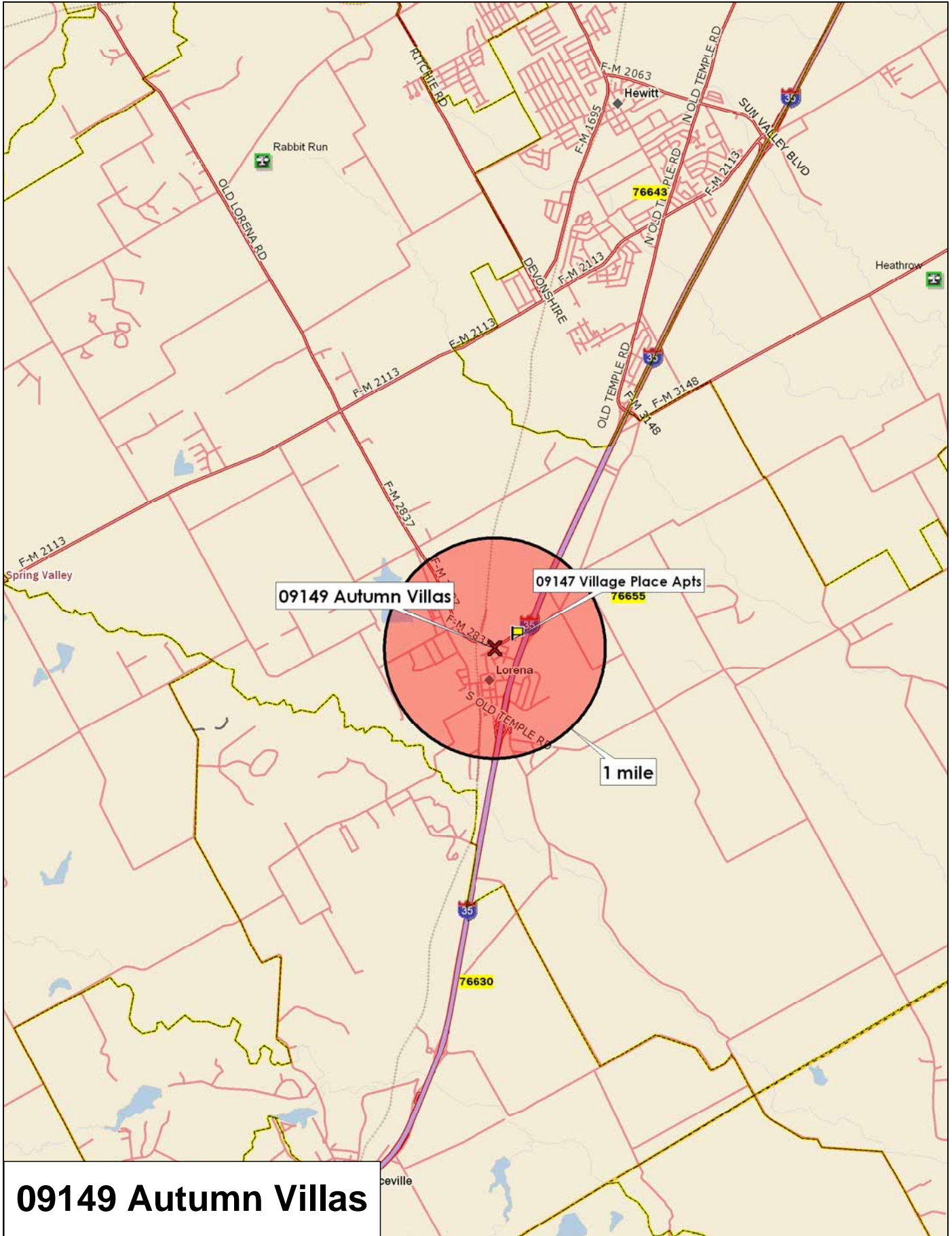
INCOME at	2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT		\$88,656	\$90,429	\$92,238	\$94,082	\$95,964	\$105,952	\$116,980	\$129,155	\$157,439
Secondary Income		2,856	2,913	2,971	3,031	3,091	3,413	3,768	4,161	5,072
Other Support Income:		0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME		91,512	93,342	95,209	97,113	99,056	109,365	120,748	133,316	162,511
Vacancy & Collection Loss		(6,863)	(7,001)	(7,141)	(7,283)	(7,429)	(8,202)	(9,056)	(9,999)	(12,188)
Employee or Other Non-Rental Units or Concess		0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME		\$84,649	\$86,342	\$88,068	\$89,830	\$91,626	\$101,163	\$111,692	\$123,317	\$150,323
EXPENSES at	3.00%									
General & Administrative		\$3,282	\$3,381	\$3,482	\$3,586	\$3,694	\$4,282	\$4,964	\$5,755	\$7,735
Management		6,435	6,563	6,695	6,829	6,965	7,690	8,490	9,374	11,427
Payroll & Payroll Tax		9,068	9,340	9,621	9,909	10,207	11,832	13,717	15,901	21,370
Repairs & Maintenance		10,544	10,860	11,186	11,522	11,867	13,757	15,948	18,489	24,847
Utilities		2,746	2,828	2,913	3,000	3,090	3,583	4,153	4,815	6,471
Water, Sewer & Trash		6,576	6,773	6,976	7,186	7,401	8,580	9,947	11,531	15,497
Insurance		3,542	3,648	3,758	3,870	3,987	4,622	5,358	6,211	8,347
Property Tax		5,688	5,859	6,034	6,215	6,402	7,422	8,604	9,974	13,404
Reserve for Replacements		6,400	6,592	6,790	6,993	7,203	8,351	9,681	11,222	15,082
Other		640	659	679	699	720	835	968	1,122	1,508
TOTAL EXPENSES		\$54,921	\$56,504	\$58,134	\$59,811	\$61,537	\$70,953	\$81,830	\$94,395	\$125,688
NET OPERATING INCOME		\$29,728	\$29,837	\$29,935	\$30,019	\$30,090	\$30,209	\$29,862	\$28,922	\$24,635
DEBT SERVICE										
First Lien Financing		\$10,508	\$10,508	\$10,508	\$10,508	\$10,508	\$10,508	\$10,508	\$10,508	\$10,508
Second Lien		10,265	10,265	10,265	10,265	10,265	10,265	10,265	10,265	10,265
Other Financing		0	0	0	0	0	0	0	0	0
NET CASH FLOW		\$8,954	\$9,064	\$9,161	\$9,246	\$9,316	\$9,436	\$9,089	\$8,149	\$3,862
DEBT COVERAGE RATIO		1.43	1.44	1.44	1.45	1.45	1.45	1.44	1.39	1.19

**HTC ALLOCATION ANALYSIS -Autumn Villas, Lorena, 9% HTC / HOME #09149**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>						
Purchase of land	\$29,627	\$58,597				
Purchase of buildings	\$489,000	\$460,030	\$489,000	\$460,030		
<b>Off-Site Improvements</b>						
<b>Sitework</b>	\$101,456	\$101,831			\$101,456	\$101,831
<b>Construction Hard Costs</b>	\$358,846	\$370,561			\$358,846	\$370,561
<b>Contractor Fees</b>	\$64,442	\$64,442			\$64,442	\$64,442
<b>Contingencies</b>	\$19,711	\$19,711			\$19,711	\$19,711
<b>Eligible Indirect Fees</b>	\$57,137	\$57,137			\$57,137	\$57,137
<b>Eligible Financing Fees</b>	\$21,371	\$21,371			\$21,371	\$21,371
<b>All Ineligible Costs</b>	\$10,663	\$10,663				
<b>Developer Fees</b>			\$97,800	\$92,006	\$124,593	\$127,011
Developer Fees	\$223,684	\$219,017				
<b>Development Reserves</b>	\$70,000	\$31,110				
<b>TOTAL DEVELOPMENT COSTS</b>	\$1,445,937	\$1,414,469	\$586,800	\$552,036	\$747,556	\$762,064

<b>Deduct from Basis:</b>						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
<b>TOTAL ELIGIBLE BASIS</b>			\$586,800	\$552,036	\$747,556	\$762,064
High Cost Area Adjustment					130%	130%
<b>TOTAL ADJUSTED BASIS</b>			\$586,800	\$552,036	\$971,822	\$990,683
Applicable Fraction			100%	100%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>			\$586,800	\$552,036	\$971,822	\$990,683
Applicable Percentage			3.42%	3.42%	9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$20,069	\$18,880	\$87,464	\$89,161

<b>Syndication Proceeds</b>	<b>0.6599</b>	<b>\$132,439</b>	<b>\$124,593</b>	<b>\$577,204</b>	<b>\$588,406</b>
<b>Total Tax Credits (Eligible Basis Method)</b>				<b>\$107,533</b>	<b>\$108,041</b>
<b>Syndication Proceeds</b>				<b>\$709,643</b>	<b>\$712,999</b>
<b>Requested Tax Credits</b>				<b>\$106,245</b>	
<b>Syndication Proceeds</b>				<b>\$701,146</b>	
<b>Gap of Syndication Proceeds Needed</b>				<b>\$751,937</b>	<b>\$720,469</b>
<b>Total Tax Credits (Gap Method)</b>				<b>\$113,941</b>	<b>\$109,173</b>

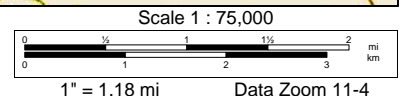


# 09149 Autumn Villas

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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Prairie Village Apts, TDHCA Number 09150**

BASIC DEVELOPMENT INFORMATION

Site Address: 611 Paul St. Development #: 09150  
 City: Rogers Region: 8 Population Served: General  
 County: Bell Zip Code: 76569 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Bell Fountainhead, L.P.  
 Owner Contact and Phone: Patrick A. Barbolla, (817) 732-1055  
 Developer: Fountainhead Affiliates, Inc.  
 Housing General Contractor: Fountainhead Construction, Inc.  
 Architect: J. Douglas Cain Associates, Architects, Inc.  
 Market Analyst: N/A  
 Syndicator: Boston Capital Corporation  
 Supportive Services: N/A  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	24
	0	0	23	1	Market Rate Units:	0
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	12	12	0	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	24
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$2,006,822
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	3
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	19
		HOME Low Total Units:	5

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$150,471	\$150,471			
HOME Activity Fund Amount:	\$375,000	\$375,000	308	308	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Prairie Village Apts, TDHCA Number 09150

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Fraser, District 24, S

Points: 14 US Representative: Carter, District 31, NC

TX Representative: Sheffield, District 55, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support received from elected official.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance by Cost Certification, of documentation that USDA-RD has approved the proposed basic rents which reflect a 40% increase over the current basic rents.
2. Receipt, review, and acceptance, by the Carryover, of USDA-RD approval of the same rates and terms transfer of the existing USDA-RD loans and acceptance of the additional HOME loan funds and a parity first lien.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the allocation amount may be warranted.
4. Receipt of a commitment of funding for TDHCA HOME funds in the amount of \$400,000, or a commitment from a qualifying substitute source in an amount not less than \$65,184, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party, or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Prairie Village Apts, TDHCA Number 09150**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **33**

Total # Monitored: **33**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **187**  Meeting a Required Set-Aside Credit Amount\*: \$150,471

Recommendation: Competitive in USDA Allocation

HOME Activity Funds:

Loan Amount: \$375,000

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/15/09 PROGRAM: 9% HTC / HOME FILE NUMBER: 09150

DEVELOPMENT	
Prairie Village Apartments	
Location: <u>611 Paul St.</u>	Region: <u>8</u>
City: <u>Rogers</u> County: <u>Bell</u> Zip: <u>76569</u>	<input checked="" type="checkbox"/> OCT <input type="checkbox"/> DDA
Key Attributes: <u>Family, Rural, At Risk Preservation, Acquisition/Rehabilitation</u>	

ALLOCATION						
	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
HOME Activity Funds	\$375,000	0.00%	360/360	<b>\$375,000</b>	<b>0.00%</b>	<b>308/308</b>
Housing Tax Credit (Annual)	\$150,471			<b>\$150,471</b>		

\* Parity lien position; fully amortized over a term equal to the approximate remaining term of the USDA 515 loan (approximately 308 months.)

- | CONDITIONS   |
|--|
| <ol style="list-style-type: none"> <li>1 Receipt, review, and acceptance by Cost Certification, of documentation that USDA-RD has approved the proposed basic rents which reflect a 40% increase over the current basic rents.</li> <li>2 Receipt, review, and acceptance, by the Carryover, of USDA-RD approval of the same rates and terms transfer of the existing USDA-RD loans and acceptance of the additional HOME loan funds and a parity first lien.</li> <li>3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.</li> </ol> |

SALIENT ISSUES		
HTC SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	23
60% of AMI	60% of AMI	1
HOME SET-ASIDES for LURA (*)		
Income Limit	Rent Limit	Number of Units
50% of AMI	Low HOME	5
50% of AMI	High HOME	18
65% of AMI	High HOME	1

\* Corrected from 7/14/09 version

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**STRENGTHS/MITIGATING FACTORS**

- Due to rent subsidies on greater than 50% of the units and the expectation that these subsidies will be increased by USDA over time, the DCR should not be affected by periods of flat rental rate increases.
- Property is currently 100% occupied.
- Principal of Applicant and Developer have extensive LIHTC and USDA experience.
- Property is monitored and financially supported through rent subsidies.
- Property is well located near IH 35 and Waco, and has been well maintained.

**WEAKNESSES/RISK**

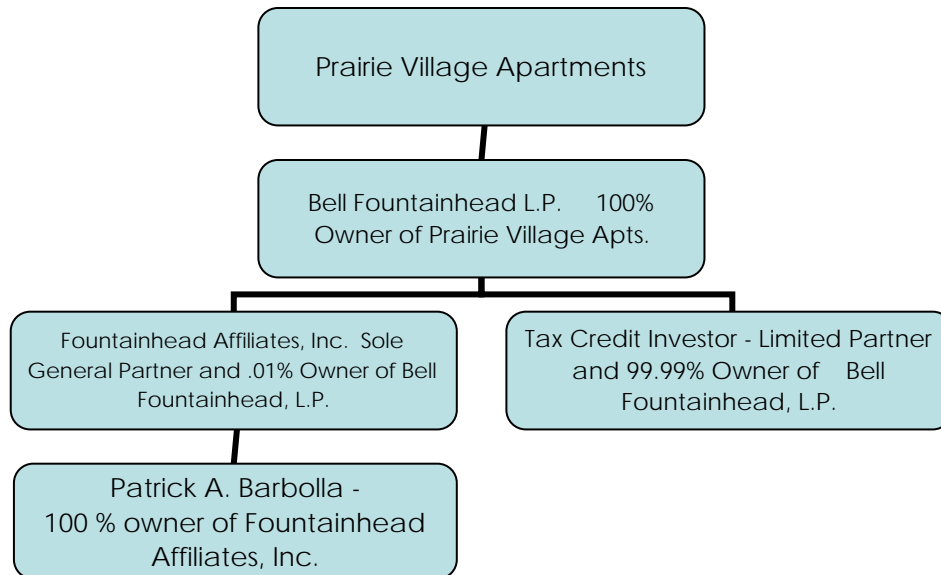
- Both the Applicant's and Underwriter's expense to income ratios exceed 65% guideline at 70% each.

**PREVIOUS UNDERWRITING REPORTS**

The Applicant was awarded an HTC award of \$104,992 and a HOME loan of \$330,000 in the 2008 HTC cycle, but returned the credits to the Department.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Patrick A. Barbolla Phone: (817) 732-1055 Fax: (817) 732-7716  
Email: [pabarbolla@aol.com](mailto:pabarbolla@aol.com)

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KEY PARTICIPANTS

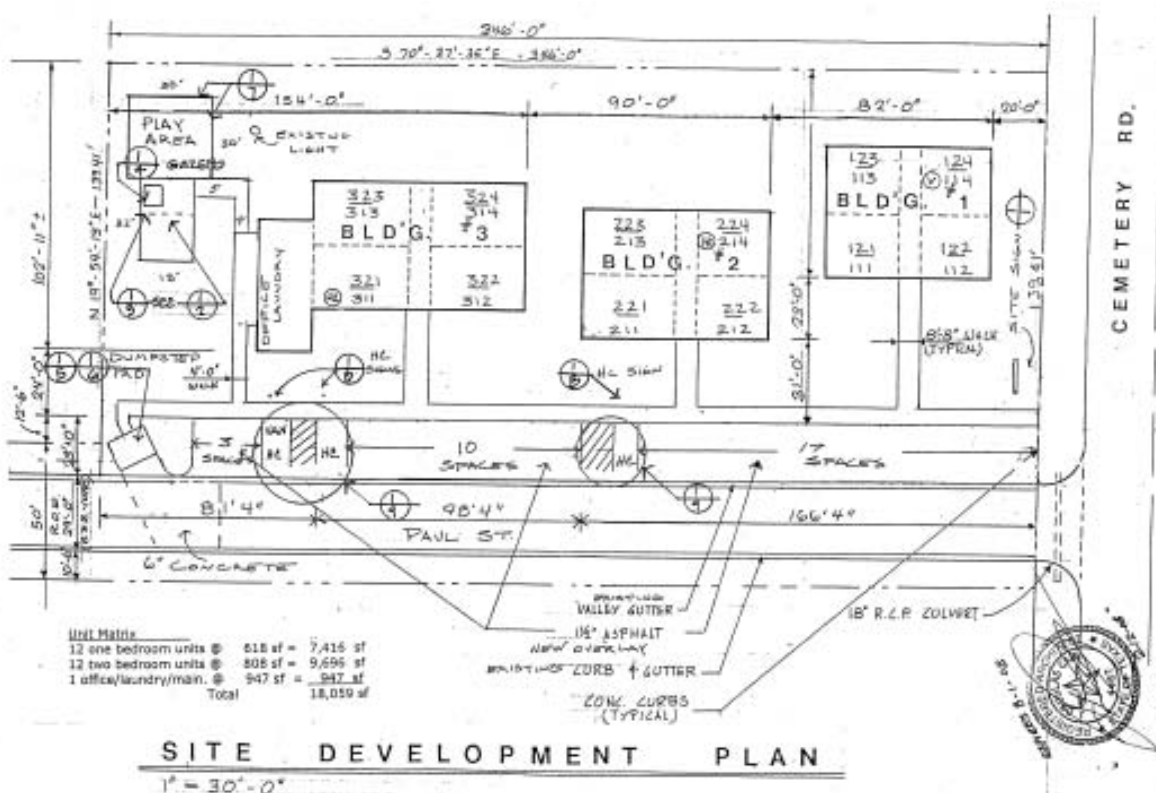
Name	Financial Notes	# Completed Developments
Fountainhead Affiliates, Inc.	N/A	22 +
Patrick Barbolla	N/A	25+

IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor and property manager are related entities. These are common relationships for HTC-funded developments.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	1	2	3								Total Buildings
Floors/Stories	2	2	2								
Number	1	1	1								3

BR/BA	SF	Units									Total Units	Total SF
1BR/1BA	618	8	4								12	7,416
2BR/1BA	808		4	8							12	9,696
Units per Building		8	8	8							24	17,112

Development Plan:

The Applicant provided a Capital Needs Assessment reflecting the following scope of work:

Repair damaged sidewalks and asphalt paving; install new fencing with steel posts on three sides of the dumpster enclosure area; replace all resilient flooring with tile; replace all carpet areas; new landscaping; repair and repaint wood trim; repair all roofing material; add R-15 insulation to all attics, replace water heaters as needed; replace kitchen cabinets as needed; paint all exterior areas; replace HVAC as needed; replace ranges and range hoods as needed; replace refrigerators as needed; and replace windows as needed.

Relocation Plan:

There will be no permanent displacement or permanent relocation of existing residents due to the rehabilitation of the property. After the property is acquired, any units that become vacant will not be leased, and renovations will commence by first renovating the vacant units, and once those are completed, existing tenants will be moved into the recently renovated units, with the owner paying all costs associated with the move. This procedure will be used until all units are renovated.

SITE ISSUES

Total Size:	<u>1.105</u> acres	Scattered site?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Flood Zone:	<u>X</u>	Within 100-yr floodplain?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Zoning:	<u>Multifamily</u>	Needs to be re-zoned?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No <input type="checkbox"/> N/A

TDHCA SITE INSPECTION

Inspector: ORCA Staff Date: 4/14/2009

Overall Assessment:  
 Excellent  Acceptable  Questionable  Poor  Unacceptable

Surrounding Uses:  
North: Hwy 190/Rogers ISD/PHA East: PHA/Cemetery/Apartments beyond  
South: Farmland/Apartments West: School Under Construction/Apartments

Comments:  
The site inspector has stated that the apartments are not well kept or maintained and is in serious disrepair.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: None Date: N / A

Comments:  
The 2009 QAP §49.9(h)(14)(A)(iv) states that Developments whose funds have been obligated by TRDO-USDA are not required to supply an Environmental Site Assessment; it is the Applicant's responsibility to ensure that the Development is maintained in compliance with all state and federal environmental hazard requirements.

It is worth noting that given the original construction date of 1985, asbestos and lead-based paint are unlikely to be present in the Development.

MARKET HIGHLIGHTS

Provider: Sherrill & Associates, Inc. Date: 3/16/2009

Contact: Jerry Sherrill Phone: (817) 557-1791 Fax: (817) 557-1792

Number of Revisions: None Date of Last Applicant Revision: N / A

Market Area:

"The subject is located in Rogers, Bell County, Texas which is located at the intersection of US Highway 190 and Texas Farm Road 437, in the central area of Texas. It is approximately 13 miles southeast of Temple, 44 miles northeast of Austin, 55 miles northwest of Bryan/College Station and 1.75 miles northwest of the Bell County & Milam County border. Bell County had a population of 237,974 in the year 2000 and it had an estimated population of 276,975 in 2007 which is an increase of 16.4% over year 2000 while population has increased 14.67% statewide ... The economic base is made up of Fort Hood, manufacturing, agribusiness, medical services, tourism and government services ... This is a predominantly urban area with property values increasing at a similar rate with the other urban areas in the state." (p. 9)

INCOME LIMITS						
Bell						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$10,900	\$12,500	\$14,050	\$15,600	\$16,850	\$18,100
40	\$14,560	\$16,640	\$18,720	\$20,800	\$22,480	\$24,120
50	\$18,200	\$20,800	\$23,400	\$26,000	\$28,100	\$30,150
60	\$21,840	\$24,960	\$28,080	\$31,200	\$33,720	\$36,180

Primary Market Occupancy Rates:

"Current vacancies in the area range from 1% to 15%, on properties that are well managed and maintained." (p. 55)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Current Contract Rent	Proposed Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
1 BR	618 SF	50%	285	410	\$385	\$410	125
2 BR	808 SF	50%	335	485	\$485	\$485	150
2 BR	808 SF	60%	335	485	\$485	\$485	150

Comments:

USDA Developments with occupancy greater than 80% are not required to provide a market study. The required appraisal provides similar information regarding the market area and comparable market rents. The rent roll provided with the application suggests the development is currently fully occupied; the Applicant's narrative regarding the relocation plans indicate there are currently "only a few vacancies", which will facilitate the start of the rehabilitation. Given the strong occupancy and USDA Rental Assistance available for 10 of the 24 units, market absorption is not a concern. It should also be noted that the Applicant's projected rents on the one bedroom units are higher than market rents; however, it is anticipated that the units will have USDA rental assistance, and therefore, the risk of not being able to lease the units is mostly mitigated.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's projected rents are USDA/RD Rental Assistance anticipated basic rent levels. These basic rents have not yet been approved by USDA; however, it is anticipated that USDA approval will be granted. The property currently receives Rental Assistance on eleven of the twenty-four units; however, it should be noted that USDA guidelines require that like units at a development without rental assistance cannot have rents that exceed the contract rents. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. Tenants will be required to pay electrical costs.

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The USDA anticipated rents are 40% higher than current rents. Current basic rents are 2.9 percent higher than the Appraiser's market rents and provides \$39K more in gross potential income than is available currently and roughly \$3K more than the market rents. Restricted rents on the one bedroom units are higher than market rents, but they are the same as market rents on the two bedroom units. The Underwriter has used the anticipated rents noting that an average rent of \$448 is required to maintain a 1.20 DCR.

The Underwriter has used the Applicant's proposed rents for this analysis, but receipt, review, and acceptance, by Cost Certification, of documentation that USDA-RD has approved the proposed basic rents is a condition of this report.

Expense:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's total annual operating expense projection of \$3,575 per unit is within 5% of the Underwriter's estimate of \$3,580 derived from historical operating expenses, TDHCA database and third party data sources. The Applicant's estimates of some line items differ significantly from the Underwriter's, specifically, payroll and payroll taxes (\$7K higher), repairs and maintenance (\$8K lower), and water, sewer and trash (\$3K higher).

The Applicant has estimated a reserve account expense of \$300/unit; however, the Underwriter has estimated an expense of \$353/unit for this line item in order to account for the repairs and maintenance required over the next 15 years as reflected in the Capital Needs Assessment (CNA) provided. Based on the Applicant's proforma, using the \$300/unit in reserve expense, the reserve balance becomes negative before Year 15; however, this negative balance will be mitigated if the Applicant increases the reserve expense to the recommended \$353/unit.

**Conclusion:**

The Applicant's estimates of effective gross income, total expenses and net operating income are all within 5% of the Underwriter's estimates; therefore, the Applicant's Year One proforma is used to determine the debt capacity and debt coverage ratio (DCR). The proposed permanent financing structure results in an initial year's debt coverage ratio of 1.29.

The Applicant's expense to income ratio of 69.65% and the Underwriter's expense to income ratio of 69.73% are both above the normal 65% Department maximum; however, since the development is to have USDA rental assistance and all of its units will be restricted, it can still be characterized as feasible according to the Underwriter's proforma, and under Section 1.32(i)(6)(B)(vi) of the Real Estate Analysis Rules.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider:	<u>Sherrill &amp; Associates, Inc.</u>	Date:	<u>3/16/2009</u>
Number of Revisions:	<u>1</u>	Date of Last Applicant Revision:	<u>7/13/2009</u>
Land Only:	<u>1.105 acres</u>	As of:	<u>3/16/2009</u>
Existing Buildings: (as-is)	<u>\$20,000</u>	As of:	<u>3/16/2009</u>
Total Development: (as-is)	<u>\$611,000</u>	As of:	<u>3/16/2009</u>
	<u>\$631,000</u>		

Comments:

The appraiser provided an "as is and as restricted" market value of \$631,000, and a "Sum of Market Value and Value of Financing Subsidy" value of \$805,000. The Sum of Market Value and Value of Financing Subsidy is the most important value for this particular case because it provides an estimate of the price that a purchaser will pay for the property when there is an interest credit subsidy provided by USDA/RD. This value takes into account the "as is" value as restricted and adds to it the value of the special financing provided by USDA/RD. According to the "as is" value provided by the appraiser, the land value is approximately 3.2% of the prorata percentage of the total appraised value; therefore, the Underwriter assigned 3.2% of the value of the Sum of Market Value and Value of Financing Subsidy to the land to obtain a land value of \$25,360 plus eligible closing costs of \$375 for a total of \$26,725 and a building value of \$723,762.

It should be noted that when the original Prairie Village Apartments were constructed, the City of Rogers required the owner to purchase land that was used for the extension of Paul Street. That land totaling 1.284 consisted of two tracts that were used to construct the street extension and was dedicated to the City for public use, but with a reversionary clause that in the event the land would no longer be used for a public street, then ownership will revert to Prairie Village Apartments, Ltd. The Applicant is acquiring whatever rights that Prairie Village has in those tracts with the purchase of the apartments.

ASSESSED VALUE

Land Only: 1.115 Acres	\$4,181	Tax Year:	2008
Existing Buildings:	\$148,341	Valuation by:	Bell CAD
Total Assessed Value:	\$152,522	Tax Rate:	2.7135

EVIDENCE of PROPERTY CONTROL

Type: Real Estate Purchase Agreement	Acreage: 1.105
Contract Expiration: 3/31/2010	Valid Through Board Date? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost: \$744,000	Other: _____
Seller: Prairie Village Apartments, Ltd.	Related to Development Team? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: None Date of Last Applicant Revision: n/a

Acquisition Value:

The development cost of \$31,000 per unit is assumed to be reasonable since the acquisition is an arm's length transaction. The Applicant will assume the existing unpaid balance of approximately \$619,000 owed on the Rural Housing Service, USDA loan as part of the purchase price of the existing Prairie Village Apartments. The "Sum of Value and Value of Financing Subsidy" appraised value of \$805,000 provides substantiation that the sales price of \$744,000 is a fair and reasonable price. Historically, the sale or transfer price of USDA properties consist of assumption of the outstanding balance on the USDA loan plus any exit taxes and original equity in the property. In this case, the Applicant did not provide documentation of exit taxes; however, the price being paid should be sufficient to cover any of those taxes and the sellers equity without providing an undue profit or gain to the seller.

The Applicant has total acquisition costs of \$750,487 (\$744,000 plus \$6,487 closing costs) which include \$20,000 for land and \$6,487 for closing costs which include the title policy. Of the closing costs stated, \$6,112 is included in eligible basis, the remaining \$375 of the title policy expense is the prorata costs attributable to the land. The Applicant estimated eligible building basis of \$730,112 or 92.7% of the total acquisition costs. This amount includes the \$6,112 in costs classified as "title policy". These costs, if eligible are most often included in indirect costs; however, the Underwriter maintained these costs as part of the acquisition. As stated above, the Underwriter assigned a 3.2% value of the land on a prorata basis based upon the land value as a percentage of the "as is" market value before making an adjustment for the subsidized financing. Making this adjustment, the Underwriter calculated a building eligible basis of \$723,762.

Sitework Cost:

The Applicant's proposed site work cost of \$4,526 per unit is within the Department's guidelines. The Underwriter's sitework cost which was provided by the Capital Needs Assessment provider is also considered acceptable at \$5,232 per unit.

Direct Construction Cost:

The Applicant's direct construction cost is \$27K or (5% higher) than the Underwriter's cost which is based upon information provided by an independent third party Capital Needs Assessment provider. The Applicant's cost is considered reasonable, but the Underwriter's development cost will be used to structure a recommendation for this development.

Contingency & Fees:

The Applicant's eligible indirect fees are overstated by \$28,598; and accordingly, an adjustment for that amount has been made.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; however, this is an acquisition/rehabilitation development; therefore the Underwriter's cost schedule, which is based on information provided in the application and Capital Needs Assessment will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$1,873,208 supports annual tax credits of \$151,091. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

Source: USDA/RD Type: Permanent Financing

Permanent: \$619,000 Interest Rate: 1.0%  Fixed Term: 336 months

Comments:

The USDA loan was originally executed in the original amount of \$ 641,000 in August 1985 with an interest rate of 11.875% and a term of 50 years. Although the original interest rate was 11.875%, USDA granted an interest credit on the loan that reduced the effective interest rate to 1%. The unpaid balance of approximately \$619,000 is to be assumed by the Applicant on the same rates and terms as the original owner, Prairie Village Apartments, Ltd. Upon assumption, the remaining terms of the loan is to be no less than 26 years.

Source: TDHCA HOME Loan Type: Interim to Permanent Financing

Interim: \$375,000 Interest Rate: 0.0%  Fixed Term 24 months

Permanent: \$375,000 Interest Rate: 0.0%  Fixed Term 360 months

Source: Boston Capital Corporation Type: Syndication

Proceeds: \$993,009 Syndication Rate: 66% Anticipated HTC: \$ 150,471

Commitment Expiration: Date not specified

Amount: \$49,592 Type: Deferred Developer Fees

Comments:

The committed credit price appears to be consistent with recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that the credit price can decline to \$0.48. At this point the financial viability of the transaction may be jeopardized.



Market Uncertainty:

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

**CONCLUSIONS**

Recommended Financing Structure:

The development demonstrates a need for the requested HOME funds of \$375,000. However, the HOME loan should be in a parity lien position with the USDA loan and its amortization and term should be fully amortized over a term equal to the term of the USDA loan; therefore, it is recommended that the HOME loan have an amortization and term of 308 months. Accordingly, it is a condition of this report that a USDA/RD parity lien agreement be provided for the TDHCA HOME loan by Carryover.

The Underwriter's total development cost estimate less the permanent loans of \$994,000 indicates the need for \$1,012,822 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$153,473 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$150,471), the gap-driven amount (\$153,473), and eligible basis-derived estimate (\$152,601), the Applicant's request of \$150,471 is recommended resulting in proceeds of \$993,009 based on a syndication rate of 66%.

The Underwriter's recommended financing structure indicates the need for \$119,813 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 15 years of stabilized operation.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number of HOME units to total units.

Return on Equity:

This is a USDA/RD transaction, in which the Applicant is restricted by the loan agreement to a return of no more than 8% per annum on the borrower's original investment, with any excess cash flow going to fund replacement reserves. USDA-RD will manage this return on equity restriction.

Underwriter:	_____	Date:	July 15, 2009
	<i>D.P. Burrell</i>		
Reviewing Underwriter:	_____	Date:	July 15, 2009
	<i>Audrey Martin</i>		
Director of Real Estate Analysis:	_____	Date:	July 15, 2009
	<i>Brent Stewart</i>		

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Prairie Village Apartments, Rogers, 9% HTC / HOME #09150**

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	HTC Rent Limit	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 50%	LH/RA	3	1	1	618	\$506	\$410	\$1,230	\$0.66	\$64.00	\$43.50
TC 50%	HH	9	1	1	618	\$506	\$410	\$3,690	\$0.66	\$64.00	\$43.50
TC 50%	LH/RA	2	2	1	808	\$607	\$485	\$970	\$0.60	\$70.00	\$47.50
TC 50%	HH/RA	6	2	1	808	\$607	\$485	\$2,910	\$0.60	\$70.00	\$47.50
TC 50%	HH	3	2	1	808	\$607	\$485	\$1,455	\$0.60	\$70.00	\$47.50
TC 60%	HH	1	2	1	808	\$729	\$485	\$485	\$0.60	\$70.00	\$47.50
<b>TOTAL:</b>		<b>24</b>		<b>AVERAGE:</b>	<b>713</b>		<b>\$448</b>	<b>\$10,740</b>	<b>\$0.63</b>	<b>\$67.00</b>	<b>\$45.50</b>

**INCOME**

Total Net Rentable Sq Ft: **17,112**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
 Other Support Income: \$0.00 Per Unit Per Month

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions: \$0.00

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.22%	\$217	0.30	\$5,200	\$4,250	\$0.25	\$177	3.45%
Management	7.50%	385	0.54	9,242	12,240	0.72	510	9.93%
Payroll & Payroll Tax	11.04%	567	0.79	13,603	20,900	1.22	871	16.96%
Repairs & Maintenance	12.08%	620	0.87	14,880	6,754	0.39	281	5.48%
Utilities	2.09%	107	0.15	2,571	2,400	0.14	100	1.95%
Water, Sewer, & Trash	13.65%	701	0.98	16,814	20,105	1.17	838	16.32%
Property Insurance	3.57%	183	0.26	4,400	3,950	0.23	165	3.21%
Property Tax	2.7135%	407	0.57	9,769	7,050	0.41	294	5.72%
Reserve for Replacements	6.88%	353	0.50	8,472	7,200	0.42	300	5.84%
TDHCA Compliance Fees	0.78%	40	0.06	960	960	0.06	40	0.78%
Other:	0.00%	0	0.00	0	0	0.00	0	0.00%
<b>TOTAL EXPENSES</b>	<b>69.73%</b>	<b>\$3,580</b>	<b>\$5.02</b>	<b>\$85,910</b>	<b>\$85,809</b>	<b>\$5.01</b>	<b>\$3,575</b>	<b>69.65%</b>
<b>NET OPERATING INC</b>	<b>30.27%</b>	<b>\$1,554</b>	<b>\$2.18</b>	<b>\$37,300</b>	<b>\$37,395</b>	<b>\$2.19</b>	<b>\$1,558</b>	<b>30.35%</b>

**DEBT SERVICE**

USDA/RD	13.37%	\$686	\$0.96	\$16,468	\$16,468	\$0.96	\$686	13.37%
TDHCA HOME Loan	11.86%	\$609	\$0.85	14,610	12,500	\$0.73	\$521	10.15%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>5.05%</b>	<b>\$259</b>	<b>\$0.36</b>	<b>\$6,221</b>	<b>\$8,427</b>	<b>\$0.49</b>	<b>\$351</b>	<b>6.84%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>1.20</b>	<b>1.29</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>					<b>1.10</b>			

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		37.40%	\$31,270	\$43.86	\$750,487	\$750,487	\$43.86	\$31,270	36.85%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		6.26%	5,232	7.34	125,571	108,618	6.35	4,526	5.33%
Direct Construction		26.38%	22,054	30.93	529,306	556,442	32.52	23,185	27.32%
Contingency	2.67%	0.87%	729	1.02	17,500	17,500	1.02	729	0.86%
Contractor's Fees	14.00%	4.57%	3,820	5.36	91,683	93,106	5.44	3,879	4.57%
Indirect Construction		4.50%	3,766	5.28	90,376	90,376	5.28	3,766	4.44%
Ineligible Costs		0.61%	513	0.72	12,322	12,322	0.72	513	0.61%
Developer's Fees	19.94%	15.89%	13,291	18.64	318,980	318,980	18.64	13,291	15.66%
Interim Financing		1.07%	893	1.25	21,440	21,440	1.25	893	1.05%
Reserves		2.45%	2,048	2.87	49,158	67,330	3.93	2,805	3.31%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$83,618</b>	<b>\$117.28</b>	<b>\$2,006,822</b>	<b>\$2,036,601</b>	<b>\$119.02</b>	<b>\$84,858</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>38.07%</b>	<b>\$31,836</b>	<b>\$44.65</b>	<b>\$764,060</b>	<b>\$775,666</b>	<b>\$45.33</b>	<b>\$32,319</b>	<b>38.09%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
USDA/RD	30.84%	\$25,792	\$36.17	\$619,000	\$619,000	\$619,000	Developer Fee Available
TDHCA HOME Loan	18.69%	\$15,625	\$21.91	375,000	375,000	375,000	\$318,980
HTC Syndication Proceeds	49.48%	\$41,375	\$58.03	993,009	993,009	993,009	% of Dev. Fee Deferred
Deferred Developer Fees	2.47%	\$2,066	\$2.90	49,592	49,592	19,813	6%
Additional (Excess) Funds Req'd	-1.48%	(\$1,241)	(\$1.74)	(29,779)	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$2,006,822</b>	<b>\$2,036,601</b>	<b>\$2,006,822</b>	<b>\$39,977</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Prairie Village Apartments, Rogers, 9% HTC / HOME #09150*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$0.00	\$0
<b>Adjustments</b>				
Exterior Wall Finish			\$0.00	\$0
Elderly			0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			0.00	0
Floor Cover			0.00	0
Breezeways/Balconies			0.00	0
Plumbing Fixtures			0.00	0
Rough-ins			0.00	0
Built-In Appliances			0.00	0
Exterior Stairs			0.00	0
Enclosed Corridors			0.00	0
Heating/Cooling			0.00	0
Garages/Carports			0.00	0
Comm &/or Aux Bldgs			0.00	0
Other: fire sprinkler			0.00	0
<b>SUBTOTAL</b>			0.00	0
Current Cost Multiplier			0.00	0
Local Multiplier			0.00	0
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			\$0.00	\$0
Plans, specs, survy, bld prmts	3.90%		\$0.00	\$0
Interim Construction Interest	3.38%		0.00	0
Contractor's OH & Profit	11.50%		0.00	0
<b>NET DIRECT CONSTRUCTION COSTS</b>			\$0.00	\$0

**PAYMENT COMPUTATION**

<b>Primary</b>	\$619,000	Amort	308
Int Rate	1.00%	DCR	2.26

<b>Secondary</b>	\$375,000	Amort	308
Int Rate	0.00%	Subtotal DCR	1.20

<b>Additional</b>	\$993,009	Amort	
Int Rate		Aggregate DCR	1.20

**RECOMMENDED FINANCING STRUCTURE**

**APPLICANT'S NOI:**

Primary Debt Service	\$16,468
Secondary Debt Service	17,612
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$3,315</b>

<b>Primary</b>	\$619,000	Amort	308
Int Rate	1.00%	DCR	2.27

<b>Secondary</b>	\$375,000	Amort	308
Int Rate	1.50%	Subtotal DCR	1.10

<b>Additional</b>	\$993,009	Amort	0
Int Rate	0.00%	Aggregate DCR	1.10

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at	2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT		\$128,880	\$131,458	\$134,087	\$136,768	\$139,504	\$154,024	\$170,054	\$187,754	\$228,871
Secondary Income		4,320	4,406	4,495	4,584	4,676	5,163	5,700	6,293	7,672
Other Support Income:		0	0	0	0	0	0	0	0	0
<b>POTENTIAL GROSS INCOME</b>		<b>133,200</b>	<b>135,864</b>	<b>138,581</b>	<b>141,353</b>	<b>144,180</b>	<b>159,186</b>	<b>175,755</b>	<b>194,047</b>	<b>236,543</b>
Vacancy & Collection Loss		(9,996)	(10,190)	(10,394)	(10,601)	(10,813)	(11,939)	(13,182)	(14,554)	(17,741)
Employee or Other Non-Rental Units or Conces		0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>		<b>\$123,204</b>	<b>\$125,674</b>	<b>\$128,188</b>	<b>\$130,751</b>	<b>\$133,366</b>	<b>\$147,247</b>	<b>\$162,573</b>	<b>\$179,494</b>	<b>\$218,802</b>
EXPENSES at	3.00%									
General & Administrative		\$4,250	\$4,378	\$4,509	\$4,644	\$4,783	\$5,545	\$6,429	\$7,452	\$10,015
Management		12,240	12,485	12,735	12,990	13,250	14,629	16,151	17,832	21,737
Payroll & Payroll Tax		20,900	21,527	22,173	22,838	23,523	27,270	31,613	36,648	49,252
Repairs & Maintenance		6,754	6,957	7,165	7,380	7,602	8,812	10,216	11,843	15,916
Utilities		2,400	2,472	2,546	2,623	2,701	3,131	3,630	4,208	5,656
Water, Sewer & Trash		20,105	20,708	21,329	21,969	22,628	26,232	30,411	35,254	47,379
Insurance		3,950	4,069	4,191	4,316	4,446	5,154	5,975	6,926	9,308
Property Tax		7,050	7,262	7,479	7,704	7,935	9,199	10,664	12,362	16,614
Reserve for Replacements		7,200	7,416	7,638	7,868	8,104	9,394	10,891	12,625	16,967
Other		960	989	1,018	1,049	1,080	1,253	1,452	1,683	2,262
<b>TOTAL EXPENSES</b>		<b>\$85,809</b>	<b>\$88,261</b>	<b>\$90,784</b>	<b>\$93,381</b>	<b>\$96,052</b>	<b>\$110,620</b>	<b>\$127,431</b>	<b>\$146,836</b>	<b>\$195,108</b>
<b>NET OPERATING INCOME</b>		<b>\$37,395</b>	<b>\$37,413</b>	<b>\$37,403</b>	<b>\$37,371</b>	<b>\$37,314</b>	<b>\$36,628</b>	<b>\$35,142</b>	<b>\$32,658</b>	<b>\$23,694</b>
<b>DEBT SERVICE</b>										
First Lien Financing		\$16,468	\$16,468	\$16,468	\$16,468	\$16,468	\$16,468	\$16,468	\$16,468	\$16,468
Second Lien		17,612	17,612	17,612	17,612	17,612	17,612	17,612	17,612	17,612
Other Financing		0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>		<b>\$3,315</b>	<b>\$3,333</b>	<b>\$3,323</b>	<b>\$3,291</b>	<b>\$3,234</b>	<b>\$2,548</b>	<b>\$1,062</b>	<b>(\$1,422)</b>	<b>(\$10,386)</b>
<b>DEBT COVERAGE RATIO</b>		<b>1.10</b>	<b>1.10</b>	<b>1.10</b>	<b>1.10</b>	<b>1.09</b>	<b>1.07</b>	<b>1.03</b>	<b>0.96</b>	<b>0.70</b>

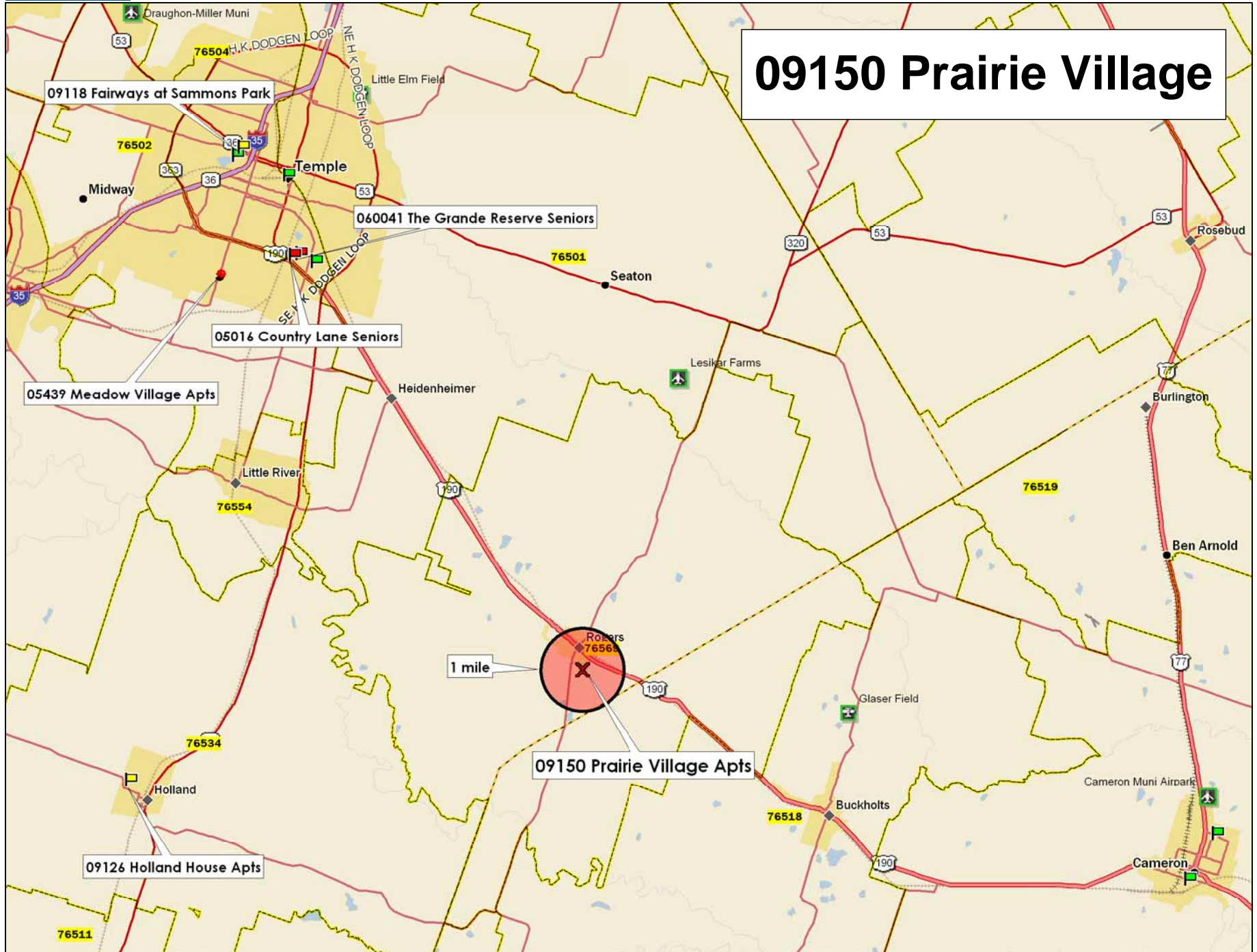
**HTC ALLOCATION ANALYSIS -Prairie Village Apartments, Rogers, 9% HTC / HOME #09150**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>						
Purchase of land	\$20,375	\$26,725				
Purchase of buildings	\$730,112	\$723,762	\$730,112	\$723,762		
<b>Off-Site Improvements</b>						
Sitework	\$108,618	\$125,571			\$108,618	\$125,571
Construction Hard Costs	\$556,442	\$529,306			\$556,442	\$529,306
Contractor Fees	\$93,106	\$91,683			\$93,106	\$91,683
Contingencies	\$17,500	\$17,500			\$17,500	\$17,500
Eligible Indirect Fees	\$90,376	\$90,376	\$28,598		\$90,376	\$90,376
Eligible Financing Fees	\$21,440	\$21,440			\$21,440	\$21,440
All Ineligible Costs	\$12,322	\$12,322				
<b>Developer Fees</b>						
Developer Fees	\$318,980	\$318,980	\$147,014	\$144,324	\$171,966	\$174,656
Development Reserves	\$67,330	\$49,158				
<b>TOTAL DEVELOPMENT COSTS</b>	#####	\$2,006,822	\$905,724	\$868,086	\$1,059,448	\$1,050,532

<b>Deduct from Basis:</b>						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
<b>TOTAL ELIGIBLE BASIS</b>			\$905,724	\$868,086	\$1,059,448	\$1,050,532
High Cost Area Adjustment					130%	130%
<b>TOTAL ADJUSTED BASIS</b>			\$905,724	\$868,086	\$1,377,282	\$1,365,692
Applicable Fraction			100%	100%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>			\$905,724	\$868,086	\$1,377,282	\$1,365,692
Applicable Percentage			3.42%	3.42%	9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$30,976	\$29,689	\$123,955	\$122,912

<b>Syndication Proceeds</b>	<b>0.6599</b>	<b>\$204,420</b>	<b>\$195,925</b>	<b>\$818,024</b>	<b>\$811,140</b>
<b>Total Tax Credits (Eligible Basis Method)</b>				<b>\$154,931</b>	<b>\$152,601</b>
<b>Syndication Proceeds</b>				<b>\$1,022,443</b>	<b>\$1,007,064</b>
<b>Requested Tax Credits</b>				<b>\$150,471</b>	
<b>Syndication Proceeds</b>				<b>\$993,009</b>	
<b>Gap of Syndication Proceeds Needed</b>				<b>\$1,042,601</b>	<b>\$1,012,822</b>
<b>Total Tax Credits (Gap Method)</b>				<b>\$157,986</b>	<b>\$153,473</b>

# 09150 Prairie Village

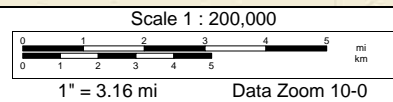


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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Park Lane Apts, TDHCA Number 09156**

BASIC DEVELOPMENT INFORMATION

Site Address: 7515 Cook Rd. Development #: 09156  
 City: Houston Region: 6 Population Served: General  
 County: Harris Zip Code: 77072 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: One Park Lane Partners, L.P.  
 Owner Contact and Phone: Brian Cogburn, (713) 626-7796  
 Developer: TBF Acre, LLC  
 Housing General Contractor: William Taylor & Co., Inc.  
 Architect: The Thompson Nelson Group  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: RBC Capital Markets  
 Supportive Services: TBD  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	144
	0	0	130	14	Market Rate Units:	0
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	10	78	56	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Owner/Employee Units:	0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Units:	144
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Total Development Cost*:	\$0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	Number of Residential Buildings:	7
		HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,968,935	\$1,968,935			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Park Lane Apts, TDHCA Number 09156

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Ellis, District 13, NC

Points: 0 US Representative: Green, District 9, NC

TX Representative: Vo, District 149, O

Points: -14 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

O, Kristi Thibaut, State Representative District 133

O, M J Khan, Houston City Councilman District F

O, Steve Radack, County Commissioner Precinct 3

O, Louis Stoerner, ED D. Alief ISD

**Individuals and Businesses:** In Support: 0

In Opposition: 3

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letters of opposition from elected officials, ISD, neighborhood associations, and three citizens. Reasons for opposition include abundance of low income housing in the area, inadequate community resources, and location of site in 100 yr floodplain. One letter of support from elected official.

CONDITIONS OF COMMITMENT



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Park Lane Apts, TDHCA Number 09156**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **164**  Meeting a Required Set-Aside Credit Amount\*: \$1,968,935

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Arrowsmith Apts, TDHCA Number 09158**

BASIC DEVELOPMENT INFORMATION

Site Address: 5701 Williams Dr. Development #: 09158  
 City: Corpus Christi Region: 10 Population Served: General  
 County: Nueces Zip Code: 78412 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: CHC Arrowsmith LLC  
 Owner Contact and Phone: Chad Asarch, (303) 322-8888  
 Developer: Steele CHC Projects LLC  
 Housing General Contractor: TBD  
 Architect: TBD  
 Market Analyst: Gill Group  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: TBD  
 Consultant: S2A Development Consulting, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	70	
	4	0	32	34	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	38	24	8	0	0	
Type of Building:						Total Development Units:	70
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$5,532,570
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	8
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$457,518	\$444,645			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Arrowsmith Apts, TDHCA Number 09158

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Hinojosa, District 20, S

Points: 14 US Representative: Ortiz, District 27, NC

TX Representative: Ortiz, District 33, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

Arrowsmith Tenant Council, Alma L. Pena

Letter Score: 24 S or O: S

It would be a major improvement to the property.

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official and qualified neighborhood association.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance, by carryover, of documentation that an Operations and Maintenance Plan for asbestos-containing materials has been developed and implemented; that a comprehensive assessment for asbestos-containing materials has been completed; and any subsequent recommendations have been implemented.
2. Receipt, review, and acceptance, by carryover, of documentation that a comprehensive assessment for lead-based paint has been completed, and any subsequent recommendations have been implemented.
3. Receipt, review, and acceptance, by carryover, of documentation that a comprehensive evaluation has been completed to determine the source of lead in the drinking water, and that appropriate corrective actions have been implemented.
4. Receipt, review, and acceptance, by carryover, of documentation that a noise assessment has been completed to determine compliance with HUD guidelines, and that any subsequent recommendations have been implemented.
5. Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.
6. Receipt of a commitment of funding from the City of Corpus Christi in the amount of \$277,239, or a commitment from a qualifying substitute source in an amount not less than \$276,629, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Arrowsmith Apts, TDHCA Number 09158**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **3**

Total # Monitored: **0**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **217**  Meeting a Required Set-Aside Credit Amount\*: \$444,645

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 06/19/09 PROGRAM: 9% HTC FILE NUMBER: 09158

**DEVELOPMENT**

Arrowsmith Apartments

Location: 5701 Williams Drive Region: 10  
 City: Corpus Christi County: Nueces Zip: 78412  OCT  DDA  
 Key Attributes: Family, Urban, Acq/Rehab and Multifamily

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$457,518			<b>\$444,645</b>		

**CONDITIONS**

- 1 Receipt, review, and acceptance, by carryover, of documentation that an Operations and Maintenance Plan for asbestos-containing materials has been developed and implemented; that a comprehensive assessment for asbestos-containing materials has been completed; and any subsequent recommendations have been implemented.
- 2 Receipt, review, and acceptance, by carryover, of documentation that a comprehensive assessment for lead-based paint has been completed, and any subsequent recommendations have been implemented.
- 3 Receipt, review, and acceptance, by carryover, of documentation that a comprehensive evaluation has been completed to determine the source of lead in the drinking water, and that appropriate corrective actions have been implemented.
- 4 Receipt, review, and acceptance, by carryover, of documentation that a noise assessment has been completed to determine compliance with HUD guidelines, and that any subsequent recommendations have been implemented.
- 5 Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	4
50% of AMI	50% of AMI	32
60% of AMI	60% of AMI	34

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**PROS**

- As a currently 100% occupied property, the market/lease-up risk is mitigated

**CONS**

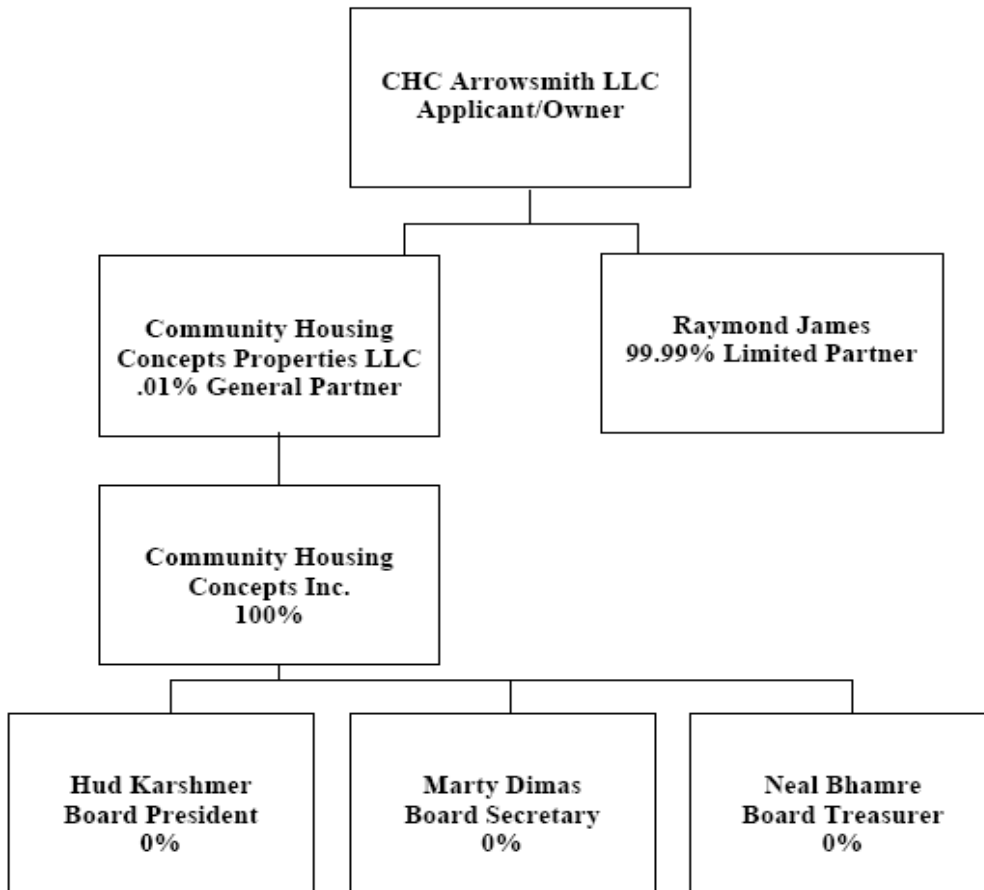
- The Applicant purchased the property in 2007; an ESA conducted at the time of purchase detected asbestos-containing materials and lead in the drinking water, and recommended further testing and development of an O&M plan. The ESA provided for the subject application indicates that no action has been taken regarding these recommendations.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Chad Asarch Phone: (303) 322-8888 Fax: (303) 322-2320  
 Email: chad@steelellc.com

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KEY PARTICIPANTS

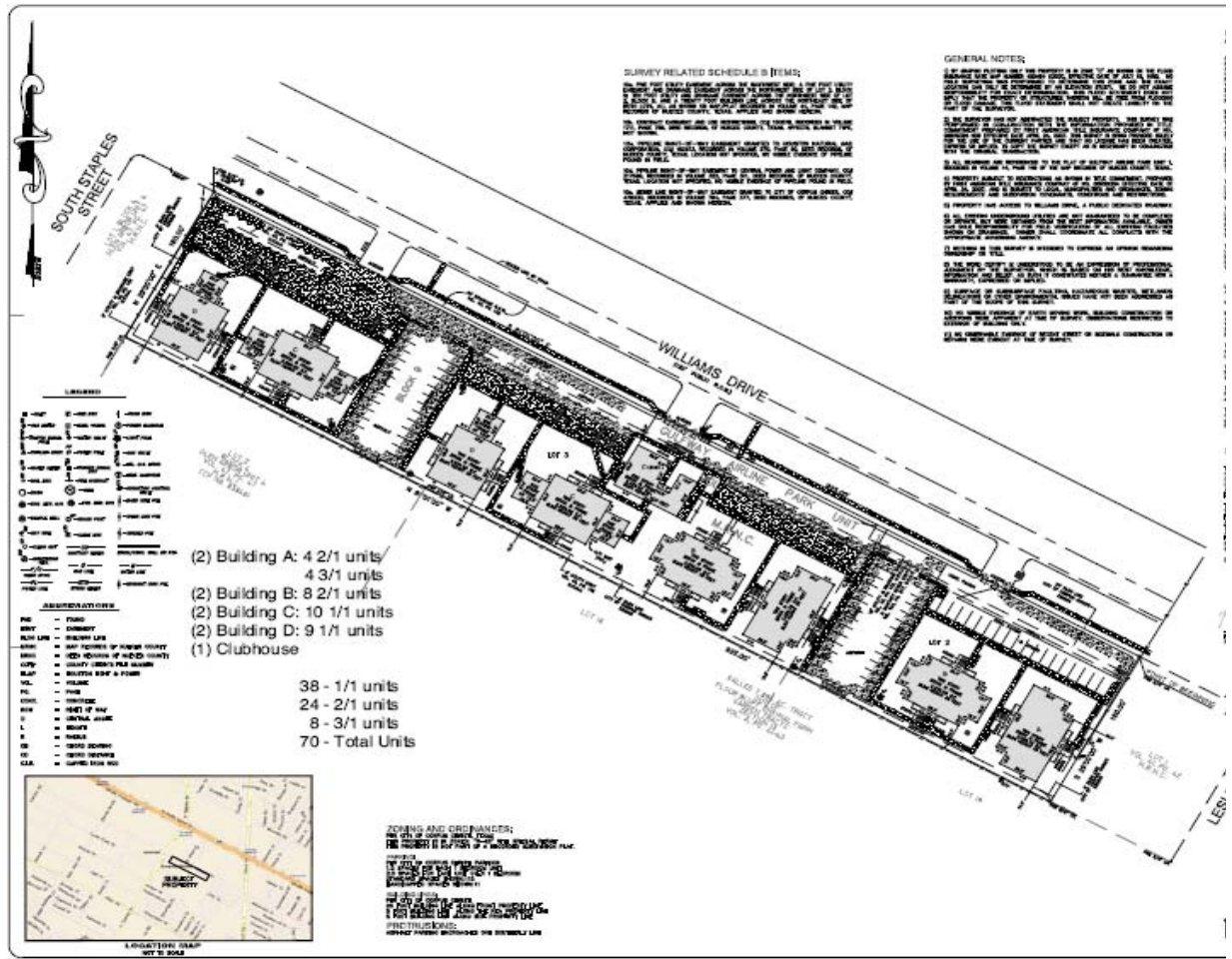
Name	Financial Notes	# Completed Developments
Community Housing Concepts Properties	N/A	3

IDENTITIES of INTEREST

- o The Applicant, Developer and property manager are related entities. These are common relationships for HTC-funded developments.
- o The seller is regarded as a related party due to the to the fact that the General Partner is the current owner.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C	D								Total Buildings
Floors/Stories	2	2	2	2								
Number	2	2	2	2								8

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BR/BA	SF	Units										Total Units	Total SF
1/1	604			10	9							38	22,952
2/1	736	4	8									24	17,664
3/1	846	4										8	6,768
Units per Building		8	8	10	9							<b>70</b>	<b>47,384</b>

Development Plan:

The Applicant provided a Property Condition Assessment reflecting the following scope of work:

The apartment buildings will be renovated without the demolition of any buildings. A full rehabilitation of the interior and the exterior of the units is proposed. Interior renovation will consist of new appliances, new vinyl flooring in the living areas and carpet in the bedrooms, cabinets and counter tops in the kitchens and bathrooms will be replaced where needed, new ceiling fans and light fixtures in the bedrooms and in the living room, and new interior doors. Exterior renovation will consist of replace wood soffit and fascia with fiber cement siding, replace roofs, gutters and downspouts, replace all windows with vinyl-framed insulated windows, new exterior doors, new paint, new A/C units, upgrade landscaping, replace approximately 5,000 square feet of sidewalks, restriped and sealed parking lot, and replace site signage.

Relocation Plan:

Neither tenant relocation nor relocation funding is necessary, as they will complete renovations to individual units during pre-scheduled 8-hour days for occupied units. When necessary, the construction teams will enter an apartment and rehabilitate specific items. At the end of each day, the apartment will continue to be functional. Typically, they will only need to ask tenants to allow construction team to enter their units on three or four days throughout the entire renovation process. They will notify residents of upcoming renovations to their unit and then give them the opportunity to choose a convenient date for the renovations to take place. On the scheduled day, the construction team will enter the unit and make all repairs and replacements ensuring that the resident will return home to a functional and refurbished unit. They have found that most tenants much prefer these in-place renovations to relocation for an extended period.

SITE ISSUES

Total Size: 3.39 acres Scattered site?  Yes  No  
 Flood Zone: C Within 100-yr floodplain?  Yes  No  
 Zoning: R-1B District\* Needs to be re-zoned?  Yes  No  N/A  
 Comments:  
 \*A special permit in the R-1B was granted May 10, 1978 (ordinance 14313) on the subject property for an apartment complex. The special permit is attached to the property regardless of ownership.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 4/28/2009  
 Overall Assessment:  
 Excellent  Acceptable  Questionable  Poor  Unacceptable  
 Surrounding Uses:  
 North: Office Buildings and Retail beyond East: Single Family and Retail beyond  
 South: School and Single Family beyond West: Multifamily

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: URS Date: 2/23/2009  
 Recognized Environmental Concerns (RECs) and Other Concerns:  
 ◦ "no recognized environmental conditions (RECs) were identified." (p. ii)

- "URS prepared a Phase I ESA for the site in September 2007 ... URS collected eight samples of potential asbestos-containing materials (ACMs) within the subject buildings for laboratory analysis, (and) three tap water samples for lead analysis ... Chrysotile at a concentration of 3 percent was detected in black floor tile mastic collected in one of the buildings ... Lead was detected in one sample at 0.0675 mg/L, and exceeded the U.S. EPA action level for lead in drinking water of 0.015 mg/L ... URS recommended that an Operation and Maintenance Plan (O&M) Plan be developed and implemented to manage ACM at the site, and an evaluation of the source of lead in water at the site should be conducted and control technologies evaluated." (pp. i-ii)
- "Based on the date of construction of the apartment complex (1978), lead-based paints may have been used on site." (p. ii)
- "ACMs have been identified on the subject site, and based upon the age of construction, potential ACMs may be present in the buildings. An O&M Plan has not been identified for the property. URS recommends an O&M Plan be developed and implemented for the site, and a comprehensive survey for ACMs be conducted prior to any renovation or demolition." (p. ii)
- "Lead was detected in drinking water samples collected in 2007. No information regarding work done to identify and rectify the source of lead in drinking water was provided. URS recommends that water samples for lead analysis be collected from each building to confirm the 2007 results." (p. ii)
- "Three military airfields were mapped within the noise screening distance used by U.S. Department of Housing and Urban Development (HUD). Further testing would be recommended to evaluate the level of noise at the apartment complex prior to any renovation or new construction on the property according to HUD guidelines." (pp. ii-iii)

Comments:

The Applicant was questioned as to why there has been no follow-up to the recommendations from the 2007 ESA regarding asbestos-containing materials and lead in drinking water. The email response on June 5, 2009 stated: "The 2007 ESA was ordered by the lender, US Bank, and was not provided to the Developer until the most recent ESA was completed as part of the LIHTC application. Per the suggestions of the ESA provider, the developer is in the process of developing an Operations and Management (O&M) plan to deal with this issue."

Any funding recommendation will be subject to receipt, review, and acceptance, by carryover, of documentation that:

- an Operations and Maintenance Plan for asbestos-containing materials has been developed and implemented; that a comprehensive assessment for asbestos-containing materials has been completed; and any subsequent recommendations have been implemented.
- a comprehensive assessment for lead-based paint has been completed, and any subsequent recommendations have been implemented.
- a comprehensive evaluation has been completed to determine the source of lead in the drinking water, and that appropriate corrective actions have been implemented.
- a noise assessment has been completed to determine compliance with HUD guidelines, and that any subsequent recommendations have been implemented.

**MARKET HIGHLIGHTS**

Provider: The Gill Group Date: 2/25/2009  
 Contact: Samuel Gill Phone: (573) 624-6614 Fax: (573) 624-2942  
 Number of Revisions: \_\_\_\_\_ Date of Last Applicant Revision: \_\_\_\_\_



Primary Market Area (PMA): 20 sq. miles 3 mile equivalent radius

"The primary market area consists of Census Tracts 0014.00, 0021.00, 0022.00, 0023.01, 0023.03, 0023.04, 0024.00, 0025.00, 0026.00, 0027.01, 0027.03, 0032.01, 0033.01, 0033.02, 0034.01 and 0034.02." (p. 41) The approximate geographic boundaries for these tracts are Hwy 357 (Rodd Field Rd.) to the east, Hwy 357 (Saratoga Blvd.) to the south, Kostoryz Rd. and S. Staples St. to the west, and Corpus Christi Bay to the north.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
none				none			

INCOME LIMITS						
Nueces						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$10,100	\$11,550	\$13,000	\$14,450	\$15,600	\$16,750
40	\$13,480	\$15,440	\$17,360	\$19,280	\$20,840	\$22,360
50	\$16,850	\$19,300	\$21,700	\$24,100	\$26,050	\$27,950
60	\$20,220	\$23,160	\$26,040	\$28,920	\$31,260	\$33,540

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	212	96	0	308	4	0	1%
1 BR/50%	374	137	0	511	32	0	6%
1 BR/60%	448	165	0	613	2	0	0%
2 BR/60%	143	-102	0	41	24	0	59%
2 BR/60%	122	22	0	144	8	0	6%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	163	14	0	177	4	0	2%
1 BR/50%	125	6	0	131	32	0	24%
1 BR/60%	62	4	0	66	2	0	3%
2 BR/60%	39	-3	0	36	24	0	66%
3 BR/60%	30	-1	0	29	8	0	28%

OVERALL DEMAND					
	Target Households	Household Size	Income Eligible	Tenure	Demand
PMA DEMAND from TURNOVER					turnover
Market Analyst p. 131				8,853	11% 965
Underwriter				8,653	11% 943
PMA DEMAND from GROWTH					growth
Market Analyst p. 131					123
Underwriter					100% 2

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p.	70	0	0	70	1,088	6%
Underwriter	70	0	0	70	945	7%

Supply and Demand Analysis:

There is one recent comparable development in the PMA; Hampton Port received Tax Credit funding in 2005 as an acquisition/rehabilitation project. Hampton Port was 100% occupied at the time of application and has maintained stabilized occupancy.

The subject property has a Housing Assistance (HAP) contract covering all units; therefore, all households with incomes below 60% of AMI will be eligible to rent. The Market Analyst identified demand for 965 units based on a turnover rate of 10.9% for income-eligible renter households; and demand for 123 units due to household growth. This results in an inclusive capture rate of 6%. The underwriting analysis identified demand for 943 units due to household turnover, and demand for 2 units due to household growth, resulting in an inclusive capture rate of 7%. Both results are well below the maximum capture rate of 25% for urban developments targeting families.

Primary Market Occupancy Rates:

"There were 17 comparable properties surveyed within the market area. Of the 3,601 total units surveyed, 301 units are vacant. Overall the vacancy of apartments surveyed was eight percent." (p. 136)

Absorption Projections:

"The property is currently 100 percent occupied with a waiting list of 32 applicants. The developer does not intend for tenants to be displaced during the rehabilitation of the subject's units ... It is estimated that the subject will maintain a 95+ percent occupancy rate during and after rehabilitation." (p. 63)

Unit Type (% AMI)	Current Contract Rent	Proposed Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
1 BR 604 SF 30%	478	478	\$560	\$478	0
1 BR 604 SF 50%	478	478	\$560	\$478	0
1 BR 604 SF 60%	478	478	\$560	\$478	0
2 BR 736 SF 60%	567	567	\$685	\$567	0
3 BR 846 SF 60%	631	631	\$800	\$631	0

Market Impact:

"The rehabilitated development will not have an adverse impact on the market area. Its one-, two, and three-bedroom units are suitable in the market." (p. 63)

Comments:

The market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income: \_\_\_\_\_ Number of Revisions: None Date of Last Applicant Revision: N/A

All seventy units are currently under a HAP contract and have been historically 100% occupied. The Applicant's rents collected per unit reflect the current HAP contract rents as reflected in the most current rent roll for the property (dated April 2009). Tenants will be required to pay all electric utility costs. The Underwriter's rents collected per unit also reflect the current HAP contract rents.

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The Applicant's estimate of secondary income is within the Department's guidelines, but the vacancy and collection loss is based on 5%, whereas the Department's is calculated using 7.5%. Overall the Applicant's effective gross income is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's total expense estimate of \$3,607 per unit is not within 5% of the Underwriter's estimate of \$3,395 per unit derived from actual 2008 operating statements for the property, the TDHCA database, and IREM data. In addition, the Applicant's estimates of property tax differs from the Underwriter's (\$13.4K higher) which was taken off of the actual 2008 tax statement.

**Conclusion:**

The Applicant's estimate of total expenses are not within 5% of the Underwriter's estimate; therefore, the Underwriter's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR). The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.32.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 with positive cashflow through Year 15. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider: Gill Group Date: 2/25/2009  
 Number of Revisions: None Date of Last Applicant Revision: N/A  
 Land Only: 3.39 acres \$70,000 As of: 2/25/2009  
 Existing Buildings: (as-is) \$2,450,000 As of: 2/25/2009  
 Total Development: (as-is) \$2,520,000 As of: 2/25/2009

**ASSESSED VALUE**

Land Only: 3.39 acres \$147,973 Tax Year: 2008  
 Existing Buildings: \$1,295,381 Valuation by: Nueces CAD  
 Total Assessed Value: \$1,443,354 Tax Rate: 2.462445

**EVIDENCE of PROPERTY CONTROL**

Type: Special Warranty Deed Acreage: 3.39  
 Acquisition Cost: \$1,707,926 Other: \_\_\_\_\_  
 Seller: Arrowsmith, LTD. Related to Development Team?  Yes  No

**Comments:**

Arrowsmith, LTD. (c/o: AIMCO), sold the property to Community Housing Concepts Properties, LLC (General Partner) on October 31, 2007 for \$1,707,926 as reflected in a settlement statement of the same date. Community Housing Concepts Properties, LLC will transfer the property to the Applicant.

## CONSTRUCTION COST ESTIMATE EVALUATION

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

### Acquisition Value:

As stated previously, the property transfer is considered an identity of interest transaction. The Applicant claimed a total acquisition cost of \$1,873,894 which includes the original acquisition cost of \$1,707,926 plus \$165,968 in brokerage fee paid by buyer. No other documentation of holding or improvement costs was provided by the Applicant. The brokerage fees were incorrectly considered eligible costs by the Applicant. For purposes of this analysis the Underwriter has moved the \$165,968 related party broker fee to ineligible developer fees. As a result of this adjustment the actual total acquisition cost is \$1,707,926.

### Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs are minimal. The Applicant has estimated sitework costs of \$2,474 per unit, whereas the Property Condition Assessment (PCA) estimate was \$3,549 per unit. The underwriting analysis will reflect the value in the PCA. Site work costs were for the following work:

- Upgrade landscaping – re-grade and re-sod.
- Allowance to replace approximately 5,000 square feet of sidewalk.
- Construct tot lot/playground.
- Repair, seal coat and re-stripe parking lot.
- Upgrade site lighting at building perimeters.
- Replace site signage.
- Replace wood timbers at planter beds.
- Construct ADA-compliant ramps as required throughout the property.

### Direct Construction Cost:

The Applicant has estimated direct construction costs of \$26,107 per unit, whereas the Property Condition Assessment (PCA) estimate was \$25,032 per unit. The underwriting analysis will reflect the value in the PCA.

### Ineligible Costs:

The Applicant included \$165,968 for "Other" Acquisition expense which was later described as a seller brokerage fee as an eligible cost. This cost is regarded to be ineligible; therefore, the Underwriter reduced the Applicant's eligible basis by an equivalent amount.

### Contingency & Fees:

The Applicant's contractor's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

However, the Applicant's developer fees for rehab exceeded 15% of the Applicant's adjusted eligible basis by \$25,001 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount. Additionally, the Applicant included a developer fee associated with the acquisition of the property. However, as this is an identity of interest transaction §1.32(e)(7)(B)(ii) of the 2009 Real Estate Analysis Rules states no developer fee attributable to an identity of interest acquisition will be included in eligible basis. Therefore, the Underwriter has removed all acquisition developer fee.

### Conclusion:

The Underwriter's cost schedule was derived from the PCA and information presented in the Application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule will be used to determine the development's need for permanent funds and calculate eligible basis. An eligible basis of \$4,902,913 supports annual tax credits of \$444,645. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.



**MULTIFAMILY COMPARATIVE ANALYSIS**

**Arrowsmith Apartments, Corpus Christi, 9% HTC #09158**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	4	1	1	604	\$270	\$478	\$1,912	\$0.79	\$78.00	\$69.00
TC 50%	32	1	1	604	\$451	\$478	\$15,296	\$0.79	\$78.00	\$69.00
TC 60%	2	1	1	604	\$542	\$478	\$956	\$0.79	\$78.00	\$69.00
TC 60%	24	2	1	736	\$651	\$567	\$13,608	\$0.77	\$131.00	\$82.00
TC 60%	8	3	1	846	\$752	\$631	\$5,048	\$0.75	\$152.00	\$95.00
<b>TOTAL:</b>	<b>70</b>		<b>AVERAGE:</b>	<b>677</b>		<b>\$526</b>	<b>\$36,820</b>	<b>\$0.78</b>	<b>\$104.63</b>	<b>\$76.43</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	47,384	<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>						\$441,840	\$441,840	Nueces	Corpus Christ	10
Secondary Income		Per Unit Per Month:	\$5.00			4,200	4,044	\$4.81	Per Unit Per Month	
Other Support Income:						0		\$0.00	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>						\$446,040	\$445,884			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(33,453)	(22,296)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions						0				
<b>EFFECTIVE GROSS INCOME</b>						\$412,587	\$423,588			

<b>EXPENSES</b>				<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>
General & Administrative	4.37%	\$258	0.38	\$18,030	\$21,505	5.08%
Management	5.00%	295	0.44	20,629	21,274	5.02%
Payroll & Payroll Tax	11.36%	669	0.99	46,860	45,307	10.70%
Repairs & Maintenance	8.31%	490	0.72	34,268	36,072	8.52%
Utilities	5.33%	314	0.46	21,972	23,000	5.43%
Water, Sewer, & Trash	5.93%	350	0.52	24,473	23,056	5.44%
Property Insurance	4.02%	237	0.35	16,584	14,091	3.33%
Property Tax	2.462445	443	0.65	31,025	44,399	10.48%
Reserve for Replacements	5.09%	300	0.44	21,000	21,000	4.96%
TDHCA Compliance Fees	0.68%	40	0.06	2,800	2,800	0.66%
Other:	0.00%	0	0.00	0	0	0.00%
<b>TOTAL EXPENSES</b>	<b>57.60%</b>	<b>\$3,395</b>	<b>\$5.02</b>	<b>\$237,642</b>	<b>\$252,504</b>	<b>59.61%</b>
<b>NET OPERATING INC</b>	<b>42.40%</b>	<b>\$2,499</b>	<b>\$3.69</b>	<b>\$174,945</b>	<b>\$171,084</b>	<b>40.39%</b>

<b>DEBT SERVICE</b>				<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>
US Bank	27.13%	\$1,599	\$2.36	\$111,936	\$111,936	26.43%
Community Housing Concepts	4.97%	\$293	\$0.43	20,500	20,500	4.84%
Additional Financing	0.00%	\$0	\$0.00	0	0	0.00%
<b>NET CASH FLOW</b>	<b>10.30%</b>	<b>\$607</b>	<b>\$0.90</b>	<b>\$42,510</b>	<b>\$38,648</b>	<b>9.12%</b>

AGGREGATE DEBT COVERAGE RATIO	1.32	1.29
RECOMMENDED DEBT COVERAGE RATIO	1.32	

<b>CONSTRUCTION COST</b>						<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>
Acquisition Cost (site or bldg)	30.87%	\$24,399	\$36.04	\$1,707,926	\$1,873,894	\$39.55	\$26,770	33.80%		
Off-Sites	0.00%	0	0.00	0	0	0.00	0	0.00%		
Sitework	4.49%	3,549	5.24	248,414	173,199	3.66	2,474	3.12%		
Direct Construction	31.67%	25,032	36.98	1,752,250	1,827,465	38.57	26,107	32.96%		
Contingency	5.00%	1,429	2.11	100,033	100,033	2.11	1,429	1.80%		
Contractor's Fees	13.98%	3,996	5.90	279,733	279,733	5.90	3,996	5.04%		
Indirect Construction	5.92%	4,676	6.91	327,308	327,308	6.91	4,676	5.90%		
Ineligible Costs	3.46%	2,738	4.05	191,694	25,726	0.54	368	0.46%		
Developer's Fees	15.00%	9,571	14.14	669,992	694,992	14.67	9,928	12.53%		
Interim Financing	3.63%	2,871	4.24	200,946	200,946	4.24	2,871	3.62%		
Reserves	0.98%	775	1.15	54,275	41,469	0.88	592	0.75%		
<b>TOTAL COST</b>	<b>100.00%</b>	<b>\$79,037</b>	<b>\$116.76</b>	<b>\$5,532,570</b>	<b>\$5,544,765</b>	<b>\$117.02</b>	<b>\$79,211</b>	<b>100.00%</b>		
<b>Construction Cost Recap</b>	<b>43.03%</b>	<b>\$34,006</b>	<b>\$50.24</b>	<b>\$2,380,430</b>	<b>\$2,380,430</b>	<b>\$50.24</b>	<b>\$34,006</b>	<b>42.93%</b>		

<b>SOURCES OF FUNDS</b>						<b>RECOMMENDED</b>		
US Bank	23.50%	\$18,571	\$27.44	\$1,300,000	\$1,300,000	\$1,300,000	Developer Fee Available	
Community Housing Concepts	9.60%	\$7,587	\$11.21	531,122	531,122	531,122	\$669,992	
HTC Syndication Proceeds	57.88%	\$45,747	\$67.58	3,202,309	3,202,309	3,112,203	% of Dev. Fee Deferred	
Deferred Developer Fees	9.24%	\$7,305	\$10.79	511,334	511,334	589,245	88%	
Additional (Excess) Funds Req'd	-0.22%	(\$174)	(\$0.26)	(12,195)	0	0	15-Yr Cumulative Cash Flow	
<b>TOTAL SOURCES</b>				<b>\$5,532,570</b>	<b>\$5,544,765</b>	<b>\$5,532,570</b>	<b>\$749,822</b>	

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

**Arrowsmith Apartments, Corpus Christi, 9% HTC #09158**

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,300,000	Amort	360
Int Rate	8.10%	DCR	1.56

<b>Secondary</b>	\$531,122	Amort	360
Int Rate	1.00%	Subtotal DCR	1.32

<b>Additional</b>	\$3,202,309	Amort	
Int Rate		Aggregate DCR	1.32

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$111,936
Secondary Debt Service	20,500
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$42,510</b>

<b>Primary</b>	\$1,300,000	Amort	360
Int Rate	8.10%	DCR	1.56

<b>Secondary</b>	\$531,122	Amort	360
Int Rate	1.00%	Subtotal DCR	1.32

<b>Additional</b>	\$3,202,309	Amort	0
Int Rate	0.00%	Aggregate DCR	1.32

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$441,840	\$450,677	\$459,690	\$468,884	\$478,262	\$528,040	\$582,998	\$643,677	\$784,639
Secondary Income	4,200	4,284	4,370	4,457	4,546	5,019	5,542	6,119	7,459
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	446,040	454,961	464,060	473,341	482,808	533,059	588,540	649,796	792,098
Vacancy & Collection Loss	(33,453)	(34,122)	(34,805)	(35,501)	(36,211)	(39,979)	(44,141)	(48,735)	(59,407)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$412,587	\$420,839	\$429,256	\$437,841	\$446,597	\$493,080	\$544,400	\$601,061	\$732,690
EXPENSES at 3.00%									
General & Administrative	\$18,030	\$18,571	\$19,128	\$19,702	\$20,293	\$23,525	\$27,272	\$31,615	\$42,488
Management	20,629	21,042	21,463	21,892	22,330	24,654	27,220	30,053	36,635
Payroll & Payroll Tax	46,860	48,266	49,714	51,205	52,742	61,142	70,880	82,170	110,429
Repairs & Maintenance	34,268	35,296	36,355	37,445	38,569	44,712	51,833	60,089	80,755
Utilities	21,972	22,631	23,310	24,009	24,730	28,668	33,235	38,528	51,778
Water, Sewer & Trash	24,473	25,207	25,963	26,742	27,544	31,932	37,017	42,913	57,672
Insurance	16,584	17,082	17,594	18,122	18,666	21,639	25,085	29,081	39,082
Property Tax	31,025	31,956	32,914	33,902	34,919	40,481	46,928	54,403	73,112
Reserve for Replacements	21,000	21,630	22,279	22,947	23,636	27,400	31,764	36,824	49,488
Other	2,800	2,884	2,971	3,060	3,151	3,653	4,235	4,910	6,598
TOTAL EXPENSES	\$237,642	\$244,564	\$251,691	\$259,027	\$266,579	\$307,806	\$355,470	\$410,585	\$548,038
NET OPERATING INCOME	\$174,945	\$176,274	\$177,565	\$178,814	\$180,018	\$185,274	\$188,929	\$190,476	\$184,652
DEBT SERVICE									
First Lien Financing	\$111,936	\$111,936	\$111,936	\$111,936	\$111,936	\$111,936	\$111,936	\$111,936	\$111,936
Second Lien	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$42,510	\$43,839	\$45,129	\$46,378	\$47,583	\$52,838	\$56,494	\$58,041	\$52,217
DEBT COVERAGE RATIO	1.32	1.33	1.34	1.35	1.36	1.40	1.43	1.44	1.39

**HTC ALLOCATION ANALYSIS -Arrowsmith Apartments, Corpus Christi, 9% HTC #09158**

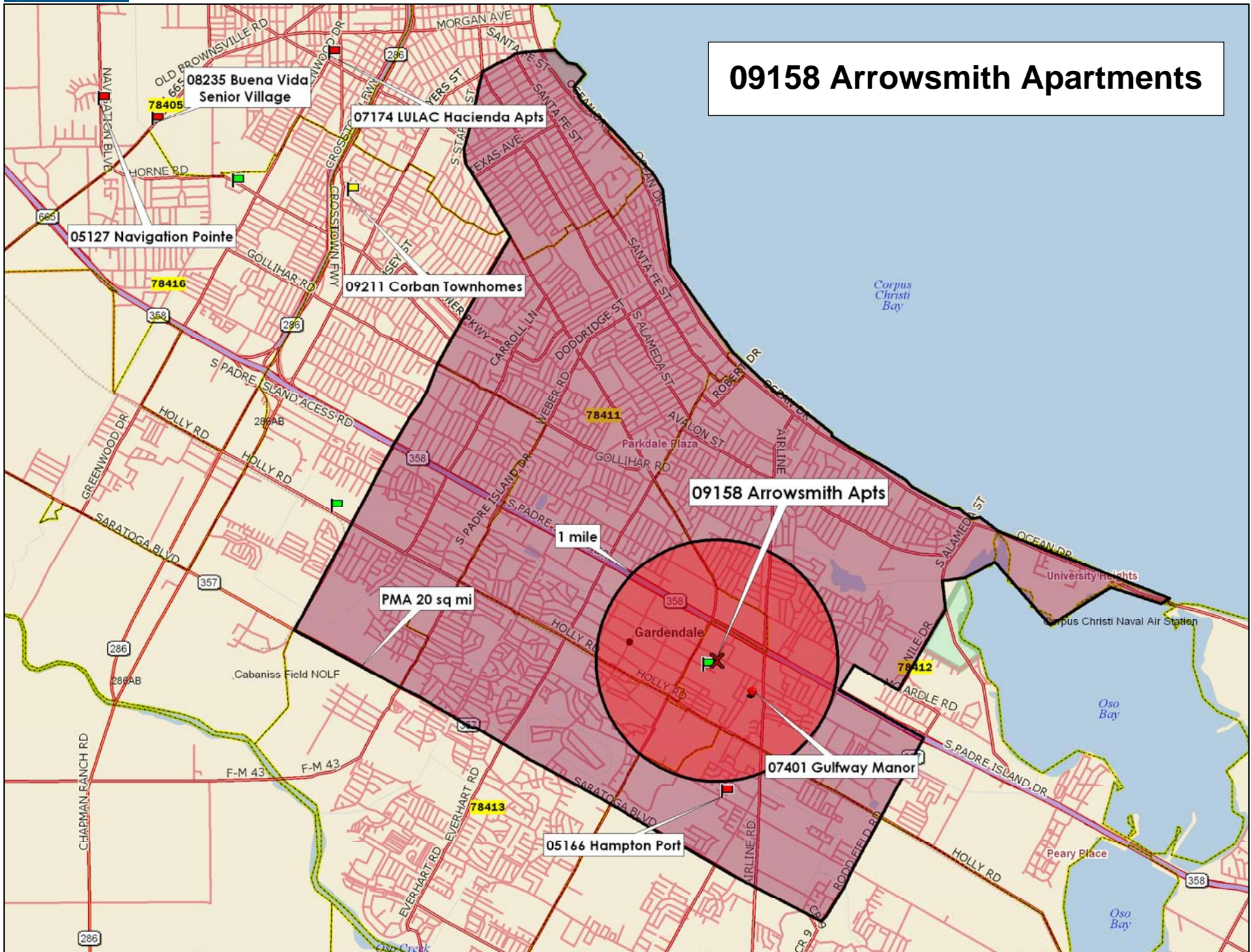
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>						
Purchase of land	\$315,968	\$150,000				
Purchase of buildings	\$1,557,926	\$1,557,926	\$1,557,926	\$1,557,926		
<b>Off-Site Improvements</b>						
Sitework	\$173,199	\$248,414			\$173,199	\$248,414
<b>Construction Hard Costs</b>	\$1,827,465	\$1,752,250			\$1,827,465	\$1,752,250
Contractor Fees	\$279,733	\$279,733			\$279,733	\$279,733
Contingencies	\$100,033	\$100,033			\$100,033	\$100,033
Eligible Indirect Fees	\$327,308	\$327,308			\$327,308	\$327,308
Eligible Financing Fees	\$200,946	\$200,946			\$200,946	\$200,946
<b>All Ineligible Costs</b>	\$25,726	\$191,694				
<b>Developer Fees</b>			\$233,689		\$436,303	\$436,303
Developer Fees	\$694,992	\$669,992				
<b>Development Reserves</b>	\$41,469	\$54,275				
<b>TOTAL DEVELOPMENT COSTS</b>	\$5,544,765	\$5,532,570	\$1,791,615	\$1,557,926	\$3,344,987	\$3,344,987

<b>Deduct from Basis:</b>						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
<b>TOTAL ELIGIBLE BASIS</b>			\$1,791,615	\$1,557,926	\$3,344,987	\$3,344,987
High Cost Area Adjustment					130%	130%
<b>TOTAL ADJUSTED BASIS</b>			\$1,791,615	\$1,557,926	\$4,348,483	\$4,348,483
Applicable Fraction			100%	100%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>			\$1,791,615	\$1,557,926	\$4,348,483	\$4,348,483
Applicable Percentage			3.42%	3.42%	9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$61,273	\$53,281	\$391,363	\$391,363

<b>Syndication Proceeds</b>	<b>0.6999</b>	<b>\$428,870</b>	<b>\$372,931</b>	<b>\$2,739,273</b>	<b>\$2,739,273</b>
<b>Total Tax Credits (Eligible Basis Method)</b>				<b>\$452,637</b>	<b>\$444,645</b>
<b>Syndication Proceeds</b>				<b>\$3,168,143</b>	<b>\$3,112,203</b>
<b>Requested Tax Credits</b>				<b>\$457,518</b>	
<b>Syndication Proceeds</b>				<b>\$3,202,309</b>	
<b>Gap of Syndication Proceeds Needed</b>				<b>\$3,713,643</b>	<b>\$3,701,448</b>
<b>Total Tax Credits (Gap Method)</b>				<b>\$530,573</b>	<b>\$528,831</b>



# 09158 Arrowsmith Apartments



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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Malibu Apts, TDHCA Number 09159**

BASIC DEVELOPMENT INFORMATION

Site Address: 8600 N. Lamar Blvd. Development #: 09159  
 City: Austin Region: 7 Population Served: General  
 County: Travis Zip Code: 78753 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: TMG - TX Austin 1, LP  
 Owner Contact and Phone: Joe McLaughlin, (212) 661-5015  
 Developer: TMG-TX Austin I, LP  
 Housing General Contractor: Greystone Property Management Services  
 Architect: CF Architecture  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: TBD  
 Consultant: S2A Development Consulting, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	428
	22	0	193	213	Market Rate Units:	48
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	276	112	88	0	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	476
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	21
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$2,417,862	\$2,417,862			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Malibu Apts, TDHCA Number 09159**

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Watson, District 14, NC

Points: 0

US Representative: McCaul, District 10, NC

TX Representative: Dukes, District 46, S

Points: 14

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

Malibu Resident's Council, Francisco Romero

Letter Score: 24 S or O: S

We feel that the proposed plans for our community will be overwhelmingly supported by the community improving the area.

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official and qualified neighborhood association.

CONDITIONS OF COMMITMENT



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Malibu Apts, TDHCA Number 09159**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **0**

Total # Monitored: **0**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **215**  Meeting a Required Set-Aside Credit Amount\*: \$2,417,862

Recommendation: Recommended because without this award included, this sub-region's allocation shortfall would have been a significant portion of their total targeted sub-regional allocation when tax credits are collapsed state-wide.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Stone Court Senior Residences, TDHCA Number 09160**

BASIC DEVELOPMENT INFORMATION

Site Address: NEC of Smithstone Dr. & Somerall Dr. Development #: 09160  
 City: Houston Region: 6 Population Served: Elderly  
 County: Harris Zip Code: 77084 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Somerall Stone Court Senior Residences, L.P.  
 Owner Contact and Phone: Michael Robinson, (713) 850-7168  
 Developer: Robinson Capital & Investments, Inc.  
 Housing General Contractor: RCI Construction, L.L.C.  
 Architect: Hill & Frank Architects, Inc.  
 Market Analyst: O'Connor & Associates  
 Syndicator: Alliant Capital, Ltd.  
 Supportive Services: Southwestern Housing Resources, Inc.  
 Consultant: Sarah Anderson Consulting

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	80	
	4	8	36	32	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	40	40	0	0	0	
Type of Building:						Total Development Units:	80
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	1
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,027,552	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Stone Court Senior Residences, TDHCA Number 09160

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Patrick, District 7, NC

Points: 0

US Representative: Culberson, District 7, NC

TX Representative: Fletcher, District 130, S

Points: 14

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

S, Bill Callegari, State Representative District 132

O, Marty Edwards, Director of Gen. Admin.

**Individuals and Businesses:** In Support: 0

In Opposition: 1

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 2

Sheltering Arms Senior Services, S, Pete Trentacost, Director

Houston Esperanza, Inc., S, John Gonzales, Secretary/Treasurer

**General Summary of Comment:**

Letters of support from elected officials and ISD. One citizen in opposition citing the strain on police, fire, ISD, and traffic.

CONDITIONS OF COMMITMENT



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Stone Court Senior Residences, TDHCA Number 09160**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **14**

Total # Monitored: **14**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **200**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended due to \$2 million cap violation.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Sterling Court Senior Residences, TDHCA Number 09161**

BASIC DEVELOPMENT INFORMATION

Site Address: NWC of Minnesota & Alameda Genoa Development #: 09161  
 City: Houston Region: 6 Population Served: Elderly  
 County: Harris Zip Code: 77075 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Houston Sterling Court Senior Residences LP  
 Owner Contact and Phone: Michael Robinson, (713) 850-7168  
 Developer: Robinson Capital & Investments, Inc.  
 Housing General Contractor: RCI Construction, L.L.C.  
 Architect: Hill & Frank Architects, Inc.  
 Market Analyst: O'Connor & Associates  
 Syndicator: Alliant Capital, Ltd.  
 Supportive Services: Southwestern Housing Resources, Inc.  
 Consultant: Sarah Anderson Consulting

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	140	
	7	14	63	56	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	60	80	0	0	0	
Type of Building:						Total Development Units:	140
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$17,653,362
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	5
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,849,413	\$1,818,532			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Sterling Court Senior Residences, TDHCA Number 09161**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Gallegos, District 6, S

Points: 14 US Representative: Green, District 29, NC

TX Representative: Coleman, District 147, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 2

Sheltering Arms Senior Services, S, Pete Trentacost, Director

Houston Esperanza, Inc., S, John Gonzales, Secretary/Treasurer

**General Summary of Comment:**

Letters of support from elected officials.

**CONDITIONS OF COMMITMENT**

1. Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Houston for the proposed \$2.4M with terms of the loan clearly stated.
2. Receipt, review, and acceptance, by Carryover, of an attorney's opinion and analysis validating that the proposed City of Houston financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.
4. Receipt of a commitment of funding from the City of Houston in the amount of \$2,449,929, or a commitment from a qualifying substitute source in an amount not less than \$882,669, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Sterling Court Senior Residences, TDHCA Number 09161**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **14**

Total # Monitored: **14**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **200**  Meeting a Required Set-Aside Credit Amount\*: \$1,818,532

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/21/09 PROGRAM: 9%/HTC FILE NUMBER: 09161

DEVELOPMENT	
Sterling Court Senior Residences	
Location: <u>NW corner of Minnesota and Almeda-Genoa</u>	Region: <u>6</u>
City: <u>Houston</u> County: <u>Harris</u> Zip: <u>77075</u>	<input type="checkbox"/> OCT <input checked="" type="checkbox"/> DDA
Key Attributes: <u>Seniors; New Construction, Urban</u>	

ALLOCATION						
	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$1,849,413			<b>\$1,818,532</b>		

- CONDITIONS**
- 1 Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Houston for the proposed \$2.4M with terms of the loan clearly stated.
  - 2 Receipt, review, and acceptance, by Carryover, of an attorney's opinion and analysis validating that the proposed City of Houston financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.
  - 3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	7
40% of AMI	40% of AMI	14
50% of AMI	50% of AMI	63
60% of AMI	60% of AMI	56

- STRENGTHS/MITIGATING FACTORS**
- Overall average rents are 52% below market.
  - Overall capture rate of 52%.
  - Principals of Applicant have LIHTC development experience.

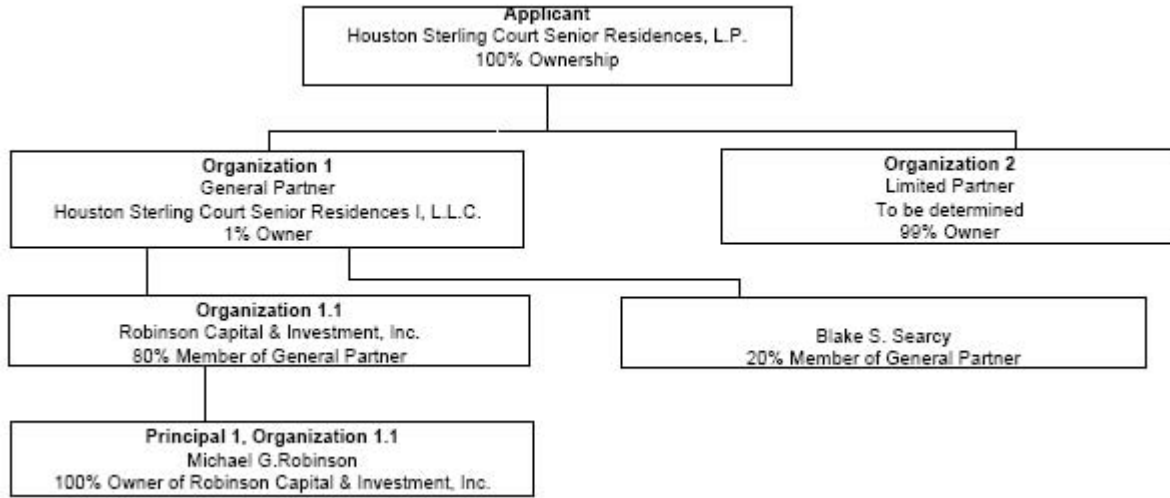
- WEAKNESSES/RISKS**
- Applicant's expense to income ratio of 63.38% is marginally below the maximum guideline.
  - 50% AMI and 60% AMI two-bedroom units show capture rates of 380% and 175%, respectively. 50% AMI one-bedroom units show a rate of 110%.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Mike Robinson Phone: (713) 850-7168 Fax: (713) 621-9166  
 Email: mike.robinson@robcap.com

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Robinson Capital & Investment, Inc	N/A	11
Michael Robinson	CONFIDENTIAL	11
Blake Searcy	CONFIDENTIAL	1

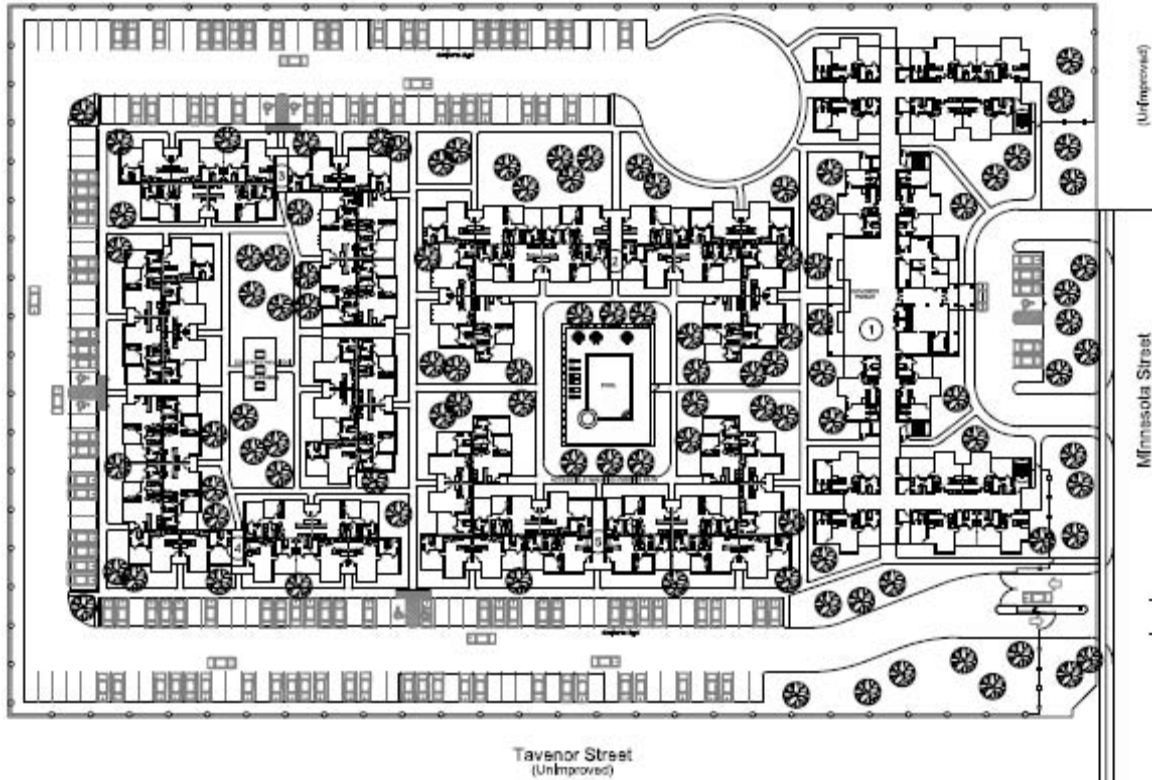
**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

This section intentionally left blank.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	I	II & V	III & IV									Total Buildings
Floors/Stories	3	1	1									
Number	1	2	2									5

BR/BA	SF	Units										Total Units	Total SF
1/1	750	36	5	7								60	45,000
2/2	950	40	11	9								80	76,000
Units per Building		76	16	16								140	121,000

SITE ISSUES

Total Size: 6.891 acres      Scattered site?       Yes       No  
 Flood Zone: Zone X      Within 100-yr floodplain?       Yes       No  
 Zoning: N/A      Needs to be re-zoned?       Yes       No       N/A  
 Comments:  
 The City of Houston does not have a zoning ordinance.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff      Date: 4/23/2009  
 Overall Assessment:  
 Excellent       Acceptable       Questionable       Poor       Unacceptable  
 Surrounding Uses:  
 North: A detention pond      East: Minnesota Street & retail uses  
 South: Tavenor Street & vacant land      West: residential uses

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Live Oak Environmental Date: 3/13/2009

**Recognized Environmental Concerns (RECs) and Other Concerns:**

- "This assessment has revealed no evidence of recognized environmental conditions in connection with the property." (sec. 1.3)
- "Based on the information reviewed for this property, a noise survey is not recommended. There are no major highways or active rail lines in the area of the subject property. While the site is in proximity to both Hobby Airport & Ellington Field, the site is rated as being in Tier 2 of the Land Use Compatibility Matrix by the City of Houston (Houston Airport System, Airport Compatible Land Use Study, 12/03/08). As such, the City of Houston requires the structures to be designed with additional insulation/soundproofing. This determination by the City makes the property suitable for multifamily development." (ESA addendum 6/5/09)

**MARKET HIGHLIGHTS**

Provider: O'Connor & Associates Date: 3/15/2009

Contact: Robert Coe Phone: (713) 375-4279 Fax: (713) 686-8336

Number of Revisions: \_\_\_\_\_ Date of Last Applicant Revision: \_\_\_\_\_

Primary Market Area (PMA): 22 sq. miles 3 mile equivalent radius

The market study describes a Primary Market Area, but the demographic data provided, and used as the basis for the market study analysis does not exactly match the description. Based on the data provided, the Primary Market Area is bound by Airport Boulevard, Interstate 45, and Edgebrook Drive to the north; Galveston Road to the east; Beltway 8, Hall Road, Kingspoint Road, Telephone Road, and Clear Creek to the south; and Mykawa Road to the west. The PMA had an estimated 2008 population of 55,656, including 5,093 senior households.

**Secondary Market Area (SMA):**

The market study defines the Secondary Market Area (SMA) as the entire City of Houston. While the 2009 Real Estate Analysis Rules set a population limit of 250,000 for a Secondary Market Area "for developments targeting families", there is no limit stated for senior developments. However, the rules also state that "25% of the Comparable Units from Unstabilized Developments within the Secondary Market Area must be included in the calculation of inclusive capture rate." The Market Analyst discusses the supply in the proposed Secondary Market Area; but the calculation of inclusive capture rate includes demand from the SMA without including any supply.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
none				none			

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
40	\$17,880	\$20,400	\$22,960	\$25,520	\$27,560	\$29,600
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	37	25	0	62	3	0	5%
1 BR/40%	55	42	0	97	7	0	7%
1 BR/50%	50	39	0	89	27	0	30%
1 BR/60%	40	28	0	68	23	0	34%
2 BR/30%	114	74	0	188	4	0	2%
2 BR/40%	135	87	0	222	7	0	3%
2 BR/50%	80	51	0	131	36	0	27%
2 BR/60%	20	8	0	28	33	0	118%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	18	5	0	22	3	0	14%
1 BR/40%	19	5	0	24	7	0	29%
1 BR/50%	19	5	0	24	27	0	110%
1 BR/60%	26	7	0	32	23	0	71%
2 BR/30%	9	2	0	11	4	0	36%
2 BR/40%	9	2	0	10	7	0	67%
2 BR/50%	8	2	0	9	36	0	380%
2 BR/60%	16	3	0	19	33	0	175%

OVERALL DEMAND										
	Target Households	Household Size	Income Eligible	Tenure	Demand					
PMA DEMAND from TURNOVER turnover										
Market Analyst p. 75				798	20%	159				
Underwriter	16%	5,661	100%	5,661	31%	1,772	62%	1,103	20%	222
PMA DEMAND from GROWTH growth										
Market Analyst p. 75						41				
Underwriter	16%	215	100%	215	31%	67	62%	42	100%	42
DEMAND from Senior HOMEOWNERS				turnover	growth					
Market Analyst p. 75				2%	51	109	160			
Underwriter				2%	27	0	27			
DEMAND from OTHER SOURCES			Secondary Market	Section 8						
Market Analyst p. 75				91	2	93				
Underwriter				0	0	0				

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 75	140	0	0	140	453	<b>31%</b>
Underwriter	140	0	0	140	270	<b>52%</b>

#### Proposed, Under Construction, and Unstabilized Comparable Supply:

There are no proposed, under construction, or unstabilized comparable units located in the PMA. However, there are several other 2009 applications for senior developments in the surrounding area. Pearland Senior Village (#09248) is located approximately 8 miles southwest of the subject, and the southwest corner of the subject market area overlaps the defined market area for Pearland Senior. At the time of this underwriting, Pearland Senior has a higher priority than the subject; also, there appears to be little to no population in the overlapping area, so the market areas are effectively separate.

There are two additional applications that share a significant portion of the subject Primary Market Area: Hampshire Court (#09313), with 159 senior units, and Dixie Gardens (#09249) with 98 senior units, both overlap the same southeast portion of the subject market area. At the time of this underwriting, both Hampshire Court and Dixie Gardens have lower priorities than the subject, and neither has been approved to be considered for funding. Therefore, the underwriting analysis for the subject will not include these units. In the event that Hampshire Court or Dixie Gardens are approved for underwriting, the interaction with the subject will need to be considered.

#### Demand Analysis:

Although the market study includes a HISTA Data demographic report that clearly specifies senior households, the Market Analyst determines senior households indirectly by the size of the senior population relative to the adult population. By this method, the market study analysis determines demand for 159 units from renter household turnover, and demand for 41 units from renter household growth.

As explained above, the Market Analyst identifies the entire City of Houston as a Secondary Market Area. The market study analysis identifies 7,161 income-qualified senior renter households in the City of Houston, and 2,686 comparable unstabilized units. The analysis states that a 75% capture rate applied to this SMA data indicates demand for 5,371 units; since the REA rules limit SMA demand to 25% of total demand, the Market Analyst has included demand for 91 units in the calculation of an inclusive capture rate. This methodology does not conform to the REA rules, which require that 25% of the unstabilized comparable supply be included in the capture rate calculation. The underwriting analysis has therefore not considered the Secondary Market Demand.

The Market Analyst also identified demand for 160 units from existing senior homeowners. The 2009 Real Estate Analysis Rules allow for demand from turnover of senior homeowner households, up to a 10% turnover rate, if supported by applicable data. The 2000 census data for the PMA indicates a senior homeowner turnover rate of 2.3%. The Market Analyst applied the census turnover rate; however, the calculations appear to be based on an incorrect demographic report that indicates more than double the correct number of senior homeowner households. The Market Analyst also includes demand from growth of senior homeowner households, which is not considered by the Rules.

The underwriting analysis identifies demand for 27 units due to turnover of existing income-qualified senior homeowner households; demand from projected growth of homeowner households is not allowed by the rules and will not be considered.

The Market Analyst identifies additional demand for 2 units from holders of Section 8 Housing Choice Vouchers. The underwriting analysis has not calculated demand from voucher holders as there is sufficient demand without it.

Based on total demand for 453 units, and a total supply consisting of the 140 subject units, the Market Analyst calculates an inclusive capture rate of 31%. The underwriting analysis identifies total demand for only 270 units, resulting in an inclusive capture rate of 52%. This is within the maximum rate of 75% for developments targeting seniors.

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Primary Market Occupancy Rates:

"The occupancy of the comparable rentals included in this study range from 93% to 100%, with an average occupancy of 96.20%. The average occupancy for comparable apartments in the subject's primary market area was reported at 88.34% in the most recent O'Connor Data survey (December 2008). According to the survey, occupancy in the primary market area in December 2008 has increased slightly from the prior quarter. Average occupancy in the primary market area has remained in the high 80% to mid 90's since September 1995." (p. 41)

Absorption Projections:

"Absorption over the past three years has averaged negative 58 units per quarter. The majority of the negative absorption was in older, inferior Class C and D properties. Absorption has been limited due to the moderate recent construction. Additionally, the older average age and relatively poor condition of a significant portion of the existing inventory has resulted in some of the negative absorption.

Net overall absorption has been positive in the Houston market for the past several years. Class A and B projects have reported mostly positive absorption. Class C and D projects have reported some negative absorption trends in recent years, as tenants move from the older Class D projects to Class C projects, and from Class C projects to Class B projects.

Overall absorption levels are relatively low, primarily due to the limited amount of new construction activity in this area. New construction in the subject's neighborhood has been moderate over the past 12 - 48 months. 12 complexes have been constructed in the PMA since the end of 1999 ... The limited amount of new product that entered the market in 2000 through 2009 has been, or are being readily absorbed. Based on our research, most projects that are constructed in the Greater Houston area typically lease up within 12 months." (pp. 38-39)

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market	
1 BR 750 SF 30%	\$236	\$250	\$840	\$250	\$590	
1 BR 750 SF 40%	\$350	\$370	\$840	\$370	\$470	
1 BR 750 SF 50%	\$465	\$490	\$840	\$490	\$350	
1 BR 750 SF 60%	\$579	\$609	\$840	\$609	\$231	
2 BR 950 SF 30%	\$265	\$284	\$950	\$284	\$666	
2 BR 950 SF 40%	\$403	\$427	\$950	\$427	\$523	
2 BR 950 SF 50%	\$540	\$570	\$950	\$570	\$380	
2 BR 950 SF 60%	\$678	\$714	\$950	\$714	\$236	

Market Impact:

"Based on the high occupancy levels of the existing properties in the market, along with the strong recent absorption history, we project that the subject property will have minimal sustained negative impact upon the existing apartment market." (p. 12)

Comments:

The market study provides sufficient information on which to base a funding recommendation.

This section intentionally left blank.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      1      Date of Last Applicant Revision:      4/14/2009

The Applicant's revised projected rents collected per unit were calculated by subtracting tenant-paid utility allowances maintained by the Houston Housing Authority, as of December 1, 2007, from the 2008 HTC program rent limits. Tenants will be required to pay electric utilities only. The Underwriter's projected rents were calculated by subtracting tenant-paid utilities as of December 1, 2007 from the current 2009 HTC program rents. It should be noted that at the time the application was submitted the 2009 program rent limits were not yet available.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines; however, due to the Applicant's use of the lower 2008 program rents, effective gross income is slightly outside 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      1      Date of Last Applicant Revision:      4/14/2009

The Applicant's total revised annual operating expense projection at \$3,860 per unit is within 5% of the Underwriter's estimate of \$3,993, derived from the TDHCA database, and third-party data sources. The Applicant's revised budget shows two line item estimates that deviate significantly when compared to the database averages, specifically: General & Administrative (\$10K lower) and Utilities (\$18K lower).

**Conclusion:**

The Applicant's effective gross income and net operating income are not within 5% of the Underwriter's estimates; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proforma and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.35. Therefore, the recommended financing structure reflects an increase in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

Also of note, the Applicant's proposed financing structure includes debt service on the first lien permanent mortgage only. This suggests that the Applicant's intent for the \$2.4M in local funds from the City of Houston is to be structured as a soft loan payable out of available cashflow only. The structure of the local funds, if awarded, could have a potentially significant impact on the feasibility of this transaction. This will be discussed in more detail in the "Conclusions" section of the report.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	6.97 acres	<u>\$75,873</u>	Tax Year:	<u>2008</u>
			Valuation by:	<u>Harris CAD</u>
			Tax Rate:	<u>2.787981</u>

**EVIDENCE of PROPERTY CONTROL**

Type: Purchase and Sale Agreement Acreage: 6.8961  
 Contract Expiration: 9/2/2009 Valid Through Board Date?  Yes  No  
 Acquisition Cost: \$1,249,640 Other: \_\_\_\_\_  
 Seller: Almeda-Rowlett Retail, LP Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: 1 Date of Last Applicant Revision: 4/14/2009

Acquisition Value:

The site cost of \$181,210 per acre or \$8,926 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost:

The Applicant's claimed sitework costs of \$9K per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost:

The Applicant's revised direct construction cost estimate is \$298K or 4% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's contractor's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines; however, the Applicant's developer fee exceeds 15% of the Applicant's adjusted eligible basis by \$172,500 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$15,634,446 supports annual tax credits of \$1,829,230. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: City of Houston Type: Permanent Financing

Principal: \$2,449,929 Interest Rate: AFR  Fixed Term: 24 months

Comments:

The Applicant provided an intent to apply for the City of Houston funds. Conflicting information presented in the application materials indicated that these funds may be granted. However, correspondence with the Applicant confirms that in order to avoid the funds being removed from basis, the funds will be in the form of a loan.

In spite of this, the Applicant has not included any debt service associated with this funding. Any funding recommendation will be conditioned upon receipt, review and acceptance, by Commitment, of a firm commitment from the City of Houston clearly stating the terms of the proposed \$2.4M in requested funds.

Source: Resolution Real Estate Services, LLC Type: Permanent Financing

Principal: \$375,000 Interest Rate: TBD  Fixed Term: 24 months

Source: Alliant Capital Type: Interim to Permanent Financing  
 Interim: \$12,059,744 Interest Rate: 5.75%  Fixed Amort:          months  
 Permanent: \$2,640,000 Interest Rate: 8.00%  Fixed Amort: 360 months  
 Comments:

Interim Rate Index: Prime + 250 bps; Permanent Rate Index: 500 bps over the 10-year Treasury Bill. Currently projected to be 8.0%.

Source: Alliant Capital Type: Syndication  
 Proceeds: \$12,563,432 Syndication Rate: 68% Anticipated HTC: \$ 1,849,413  
 Comments:

Due to the recent volatility in credit pricing, it should be noted, any increase in the final credit price may warrant an adjustment to the credit amount.

Amount: \$0 Type: Deferred Developer Fees

### CONCLUSIONS

**Recommended Financing Structure:**

As stated above, the proforma analysis based on the Applicant's proposed financing results in a debt coverage ratio above the Department's maximum guideline of 1.35. However, this does not consider any debt service on the loan from the City of Houston. Since the application materials reflect, and the Applicant confirms, their intent is to structure these funds as soft financing payable only out of available cashflow; the Underwriter's proforma analysis also utilizes these same assumptions. Therefore, the Underwriter's recommended financing structure includes an increase in the permanent loan amount based on the interest rate and amortization period indicated in the permanent financing documentation in order to bring the DCR to acceptable levels.

The Applicant's total development cost estimate less the adjusted permanent loan of \$2,849,780 and \$2.4M in local City funds indicates the need for \$12,353,653 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,818,532 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,849,413), the gap-driven amount (\$1,818,532), and eligible basis-derived estimate (\$1,829,230), the gap-driven amount of \$1,818,532 is recommended resulting in proceeds of \$12,353,653 based on a syndication rate of 68%.

The Underwriter's recommended financing structure indicates no need for additional permanent funds. Moreover, this structure would provide \$2.4M of federal funds with repayment subject to available cash flow, and no expectation of available cash flow for this amount for more than 20 years.

If federal financing is provided without the reasonable expectation that it will be repaid in full, it must be considered a grant under IRC§42. The Underwriter has determined that if these funds are not reasonably expected to be repaid in full, the amount of City funds would have to be excluded from eligible basis for purposes of determining the recommended Housing Tax Credit allocation. Such treatment of these funds would reduce the equity proceeds and could render this transaction infeasible. Therefore, any funding recommendation made in this report should be conditioned upon receipt, review, and acceptance, by Carryover, of an attorney's opinion and analysis validating that the proposed City financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.

Underwriter:	<i>Diamond Unique Thompson</i>	Date: <u>July 21, 2009</u>
Manager of Real Estate Analysis:	<i>Raquel Morales</i>	Date: <u>July 21, 2009</u>
Director of Real Estate Analysis:	<i>Brent Stewart</i>	Date: <u>July 21, 2009</u>

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Sterling Court Senior Residences, Houston, 9%/HTC #09161**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	3	1	1	750	\$358	\$250	\$750	\$0.33	\$108.00	\$53.00
TC 40%	7	1	1	750	\$478	\$370	\$2,590	\$0.49	\$108.00	\$53.00
TC 50%	27	1	1	750	\$598	\$490	\$13,230	\$0.65	\$108.00	\$53.00
TC 60%	23	1	1	750	\$717	\$609	\$14,007	\$0.81	\$108.00	\$53.00
TC 30%	4	2	2	950	\$431	\$284	\$1,136	\$0.30	\$147.00	\$64.00
TC 40%	7	2	2	950	\$574	\$427	\$2,989	\$0.45	\$147.00	\$64.00
TC 50%	36	2	2	950	\$717	\$570	\$20,520	\$0.60	\$147.00	\$64.00
TC 60%	33	2	2	950	\$861	\$714	\$23,562	\$0.75	\$147.00	\$64.00
<b>TOTAL:</b>	<b>140</b>		<b>AVERAGE:</b>	<b>864</b>		<b>\$563</b>	<b>\$78,784</b>	<b>\$0.65</b>	<b>\$130.29</b>	<b>\$59.29</b>

**INCOME**

Total Net Rentable Sq Ft: 121,000

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.92%	\$316	0.37	\$44,174	\$34,200	\$0.28	\$244	4.01%
Management	5.00%	321	0.37	44,891	42,638	0.35	305	5.00%
Payroll & Payroll Tax	15.01%	963	1.11	134,764	140,000	1.16	1,000	16.42%
Repairs & Maintenance	7.40%	474	0.55	66,416	54,540	0.45	390	6.40%
Utilities	4.37%	280	0.32	39,191	21,000	0.17	150	2.46%
Water, Sewer, & Trash	5.39%	346	0.40	48,395	52,080	0.43	372	6.11%
Property Insurance	4.72%	303	0.35	42,350	49,000	0.40	350	5.75%
Property Tax 2.787981	10.00%	641	0.74	89,773	98,000	0.81	700	11.49%
Reserve for Replacements	3.90%	250	0.29	35,000	35,000	0.29	250	4.10%
TDHCA Compliance Fees	0.62%	40	0.05	5,600	5,600	0.05	40	0.66%
Other: Supp. Services	0.94%	60	0.07	8,400	8,400	0.07	60	0.99%
<b>TOTAL EXPENSES</b>	<b>62.26%</b>	<b>\$3,993</b>	<b>\$4.62</b>	<b>\$558,955</b>	<b>\$540,458</b>	<b>\$4.47</b>	<b>\$3,860</b>	<b>63.38%</b>
<b>NET OPERATING INC</b>	<b>37.74%</b>	<b>\$2,420</b>	<b>\$2.80</b>	<b>\$338,858</b>	<b>\$312,298</b>	<b>\$2.58</b>	<b>\$2,231</b>	<b>36.62%</b>

**DEBT SERVICE**

Alliant Capital	25.89%	\$1,660	\$1.92	\$232,457	\$237,600	\$1.96	\$1,697	27.86%
City of Houston	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>11.85%</b>	<b>\$760</b>	<b>\$0.88</b>	<b>\$106,401</b>	<b>\$74,698</b>	<b>\$0.62</b>	<b>\$534</b>	<b>8.76%</b>

**AGGREGATE DEBT COVERAGE RATIO**

1.46 1.31

**RECOMMENDED DEBT COVERAGE RATIO**

1.35

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		7.33%	\$8,926	\$10.33	\$1,249,640	\$1,249,640	\$10.33	\$8,926	7.08%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.40%	9,000	10.41	1,260,000	1,260,000	10.41	9,000	7.14%
Direct Construction		47.34%	57,612	66.66	8,065,650	8,363,505	69.12	59,739	47.38%
Contingency 5.00%		2.74%	3,331	3.85	466,283	481,175	3.98	3,437	2.73%
Contractor's Fees 14.00%		7.66%	9,326	10.79	1,305,591	1,347,290	11.13	9,624	7.63%
Indirect Construction		4.68%	5,698	6.59	797,700	797,700	6.59	5,698	4.52%
Ineligible Costs		1.24%	1,513	1.75	211,777	211,777	1.75	1,513	1.20%
Developer's Fees 15.00%		11.66%	14,186	16.41	1,986,109	2,211,775	18.28	15,798	12.53%
Interim Financing		7.90%	9,611	11.12	1,345,500	1,345,500	11.12	9,611	7.62%
Reserves		2.05%	2,491	2.88	348,760	385,000	3.18	2,750	2.18%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$121,693</b>	<b>\$140.80</b>	<b>\$17,037,010</b>	<b>\$17,653,362</b>	<b>\$145.90</b>	<b>\$126,095</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>65.14%</b>	<b>\$79,268</b>	<b>\$91.72</b>	<b>\$11,097,524</b>	<b>\$11,451,970</b>	<b>\$94.64</b>	<b>\$81,800</b>	<b>64.87%</b>

**SOURCES OF FUNDS**

					RECOMMENDED	
Alliant Capital	15.50%	\$18,857	\$21.82	\$2,640,000	\$2,640,000	\$2,849,780
City of Houston	14.38%	\$17,499	\$20.25	2,449,929	2,449,929	2,449,929
Alliant Capital	73.74%	\$89,739	\$103.83	12,563,432	12,563,432	12,353,653
Deferred Developer Fees	0.00%	\$0	\$0.00	0	0	0
Additional (Excess) Funds Req'd	-3.62%	(\$4,403)	(\$5.09)	(616,351)	1	0
<b>TOTAL SOURCES</b>				<b>\$17,037,010</b>	<b>\$17,653,362</b>	<b>\$17,653,362</b>

Developer Fee Available \$2,039,276  
% of Dev. Fee Deferred 0%  
15-Yr Cumulative Cash Flow \$1,419,623

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Sterling Court Senior Residences, Houston, 9%/HTC #09161*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$60.14	\$7,277,293
<b>Adjustments</b>				
Exterior Wall Finish	2.64%		\$1.59	\$192,121
Elderly	3.00%		1.80	218,319
9-Ft. Ceilings	3.33%		2.00	242,334
Roofing			0.00	0
Subfloor			(1.30)	(157,713)
Floor Cover			2.74	331,660
Breezeways/Balconies	\$39.27	26,150	8.49	1,026,878
Plumbing Fixtures	\$911	160	1.21	145,818
Rough-ins	\$422	180	0.63	75,883
Built-In Appliances	\$2,124	140	2.46	297,355
Exterior Stairs	\$1,875	12	0.19	22,500
Enclosed Corridors	\$50.22		0.00	0
Elevators	\$53,600	2	0.89	107,200
Heating/Cooling			1.83	221,430
Carports	\$9.90	28,000	2.29	277,200
Comm &/or Aux Bldgs	\$72.88	3,500	2.11	255,063
Other: fire sprinkler	\$2.15	121,000	2.15	260,150
<b>SUBTOTAL</b>			<b>89.20</b>	<b>10,793,489</b>
Current Cost Multiplier	1.01		0.89	107,935
Local Multiplier	0.91		(8.03)	(971,414)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$82.07</b>	<b>\$9,930,010</b>
Plans, specs, survy, bld prn	3.90%		(\$3.20)	(\$387,270)
Interim Construction Interes	3.38%		(2.77)	(335,138)
Contractor's OH & Profit	11.50%		(9.44)	(1,141,951)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$66.66</b>	<b>\$8,065,650</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$2,640,000	Amort	360
Int Rate	8.00%	DCR	1.46

<b>Secondary</b>	\$2,449,929	Amort	
Int Rate		Subtotal DCR	1.46

<b>Additional</b>	\$12,563,432	Amort	
Int Rate		Aggregate DCR	1.46

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$250,928
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$87,929</b>

<b>Primary</b>	\$2,849,780	Amort	360
Int Rate	8.00%	DCR	1.35

<b>Secondary</b>	\$2,449,929	Amort	
Int Rate	0.00%	Subtotal DCR	1.35

<b>Additional</b>	\$12,563,432	Amort	0
Int Rate	0.00%	Aggregate DCR	1.35

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$945,408	\$964,316	\$983,602	\$1,003,275	\$1,023,340	\$1,129,850	\$1,247,446	\$1,377,281	\$1,678,898
Secondary Income	25,200	25,704	26,218	26,742	27,277	30,116	33,251	36,712	44,751
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	970,608	990,020	1,009,821	1,030,017	1,050,617	1,159,966	1,280,697	1,413,993	1,723,649
Vacancy & Collection Loss	(72,796)	(74,252)	(75,737)	(77,251)	(78,796)	(86,997)	(96,052)	(106,049)	(129,274)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$897,812</b>	<b>\$915,769</b>	<b>\$934,084</b>	<b>\$952,766</b>	<b>\$971,821</b>	<b>\$1,072,969</b>	<b>\$1,184,644</b>	<b>\$1,307,943</b>	<b>\$1,594,375</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$44,174	\$45,500	\$46,865	\$48,271	\$49,719	\$57,638	\$66,818	\$77,460	\$104,100
Management	44,891	45,788	46,704	47,638	48,591	53,648	59,232	65,397	79,719
Payroll & Payroll Tax	134,764	138,807	142,971	147,261	151,678	175,837	203,843	236,310	317,581
Repairs & Maintenance	66,416	68,409	70,461	72,575	74,752	86,658	100,461	116,462	156,515
Utilities	39,191	40,367	41,578	42,825	44,110	51,135	59,280	68,722	92,356
Water, Sewer & Trash	48,395	49,847	51,342	52,883	54,469	63,144	73,202	84,861	114,046
Insurance	42,350	43,621	44,929	46,277	47,665	55,257	64,058	74,261	99,801
Property Tax	89,773	92,466	95,240	98,097	101,040	117,133	135,790	157,417	211,556
Reserve for Replacements	35,000	36,050	37,132	38,245	39,393	45,667	52,941	61,373	82,480
Other	14,000	14,420	14,853	15,298	15,757	18,267	21,176	24,549	32,992
<b>TOTAL EXPENSES</b>	<b>\$558,955</b>	<b>\$575,275</b>	<b>\$592,075</b>	<b>\$609,370</b>	<b>\$627,175</b>	<b>\$724,386</b>	<b>\$836,800</b>	<b>\$966,812</b>	<b>\$1,291,145</b>
<b>NET OPERATING INCOME</b>	<b>\$338,858</b>	<b>\$340,494</b>	<b>\$342,009</b>	<b>\$343,396</b>	<b>\$344,646</b>	<b>\$348,583</b>	<b>\$347,844</b>	<b>\$341,131</b>	<b>\$303,231</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$250,928	\$250,928	\$250,928	\$250,928	\$250,928	\$250,928	\$250,928	\$250,928	\$250,928
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$87,929</b>	<b>\$89,566</b>	<b>\$91,081</b>	<b>\$92,467</b>	<b>\$93,718</b>	<b>\$97,655</b>	<b>\$96,916</b>	<b>\$90,203</b>	<b>\$52,303</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.35</b>	<b>1.36</b>	<b>1.36</b>	<b>1.37</b>	<b>1.37</b>	<b>1.39</b>	<b>1.39</b>	<b>1.36</b>	<b>1.21</b>

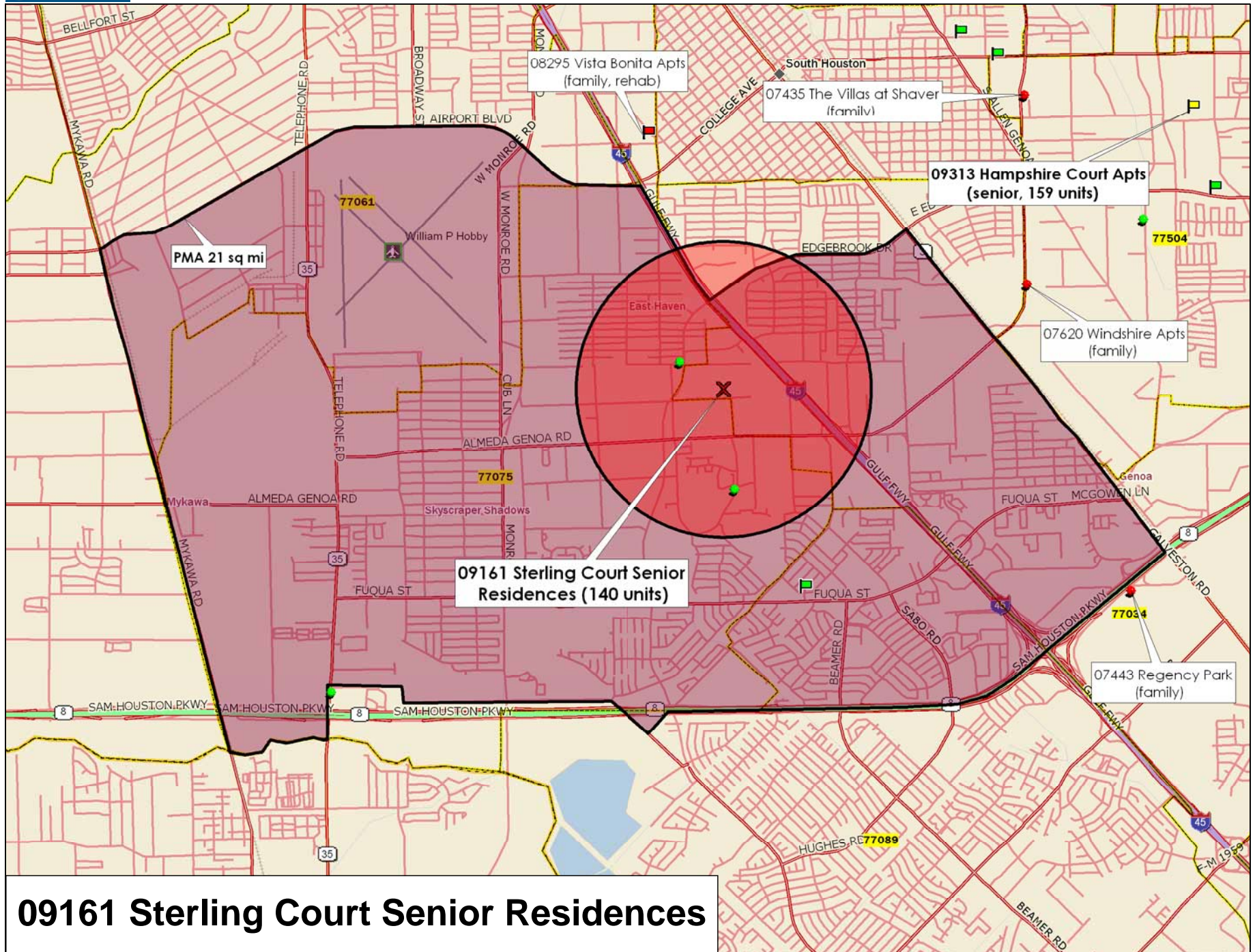
**HTC ALLOCATION ANALYSIS -Sterling Court Senior Residences, Houston, 9%/HTC #09161**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$1,249,640	\$1,249,640		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,260,000	\$1,260,000	\$1,260,000	\$1,260,000
<b>Construction Hard Costs</b>	\$8,363,505	\$8,065,650	\$8,363,505	\$8,065,650
<b>Contractor Fees</b>	\$1,347,290	\$1,305,591	\$1,347,290	\$1,305,591
<b>Contingencies</b>	\$481,175	\$466,283	\$481,175	\$466,283
<b>Eligible Indirect Fees</b>	\$797,700	\$797,700	\$797,700	\$797,700
<b>Eligible Financing Fees</b>	\$1,345,500	\$1,345,500	\$1,345,500	\$1,345,500
<b>All Ineligible Costs</b>	\$211,777	\$211,777		
<b>Developer Fees</b>			\$2,039,276	
Developer Fees	\$2,211,775	\$1,986,109		\$1,986,109
<b>Development Reserves</b>	\$385,000	\$348,760		
<b>TOTAL DEVELOPMENT COSTS</b>	\$17,653,362	\$17,037,010	\$15,634,446	\$15,226,833

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$15,634,446	\$15,226,833
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$20,324,779	\$19,794,882
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$20,324,779	\$19,794,882
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,829,230	\$1,781,539

<b>Syndication Proceeds</b>	<b>0.6793</b>	<b>\$12,426,326</b>	<b>\$12,102,353</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,829,230</b>	<b>\$1,781,539</b>
<b>Syndication Proceeds</b>		<b>\$12,426,326</b>	<b>\$12,102,353</b>
<b>Requested Tax Credits</b>		<b>\$1,849,413</b>	
<b>Syndication Proceeds</b>		<b>\$12,563,432</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$12,353,653</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,818,532</b>	



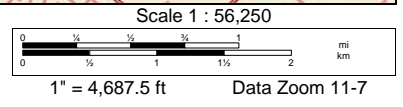
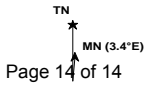


# 09161 Sterling Court Senior Residences

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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Arbor Pines Apartment Homes, TDHCA Number 09162**

BASIC DEVELOPMENT INFORMATION

Site Address: W. of MLK Dr. near to Tulane Rd. Development #: 09162  
 City: Orange Region: 5 Population Served: Elderly  
 County: Orange Zip Code: 77630 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Orange Arbor Pines Apartment Homes, L.P.  
 Owner Contact and Phone: Marc Caldwell, (713) 626-9655  
 Developer: Del Mar Development LLC  
 Housing General Contractor: Lankford Construction, LLC  
 Architect: Hill & Frank Architects, Inc.  
 Market Analyst: O'Connor & Associates  
 Syndicator: National Equity Fund, Inc.  
 Supportive Services: Texas Post Oak Residential Resources, LLC  
 Consultant: Sarah Anderson Consulting

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	76
	8	0	8	60	Market Rate Units:	0
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	28	48	0	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building	Total Development Units:	76
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input checked="" type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	19
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	5

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	<u>Applicant Request</u>	<u>Department Analysis*</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
Competitive Housing Tax Credit Amount:	\$915,220	\$915,220			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Arbor Pines Apartment Homes, TDHCA Number 09162**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Williams, District 4, S

Points: 14 US Representative: Brady, District 8, NC

TX Representative: Hamilton, District 19, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

The Salvation Army, S, John P. Queener, Jr., Major Corps Officer, Orange, Texas

Greater Orange Chamber of Commerce, S, B.J. Hanneman, Membership Coordinator

American Red Cross, S, Janie Johnson, Chapter Executive

**General Summary of Comment:**

Letters of support from elected officials and a resolution from the city in support as well.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Arbor Pines Apartment Homes, TDHCA Number 09162**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **192**  Meeting a Required Set-Aside Credit Amount\*: \$915,220

Recommendation: Recommended because without this award included, this sub-region's allocation shortfall would have been a significant portion of their total targeted sub-regional allocation when Rural tax credits are collapsed.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Tremont Apartment Homes, TDHCA Number 09163**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 1600 Bacon Ranch Rd. Development #: 09163  
 City: Killeen Region: 8 Population Served: Elderly  
 County: Bell Zip Code: 76542 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: K Tremont Apartment Homes LP  
 Owner Contact and Phone: Jeff Gannon, (713) 626-9655  
 Developer: Lankford Interests, LLC  
 Housing General Contractor: Lankford Construction, LLC  
 Architect: Hill & Frank Architects, Inc.  
 Market Analyst: O'Connor & Associates  
 Syndicator: National Equity Fund, Inc.  
 Supportive Services: Texas Post Oak Residential Resources, LLC  
 Consultant: Sarah Anderson Consulting

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	112	
	8	14	35	55	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	36	76	0	0	0	
Type of Building:						Total Development Units:	112
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$12,649,660
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	28
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	2
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	9

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,348,786	\$1,274,491			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Tremont Apartment Homes, TDHCA Number 09163

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Fraser, District 24, S

Points: 14 US Representative: Carter, District 31, NC

TX Representative: Aycock, District 54, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: S, Timothy L Hancock, Mayor

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

The United Way, S, Aaron Montemayor, The United Way Killeen Texas

The Salvation Army, S, Major Mary Tolcher, The Salvation Army Killeen Texas

American Red Cross, S, Bob Roberts, Killeen Branch Manager

**General Summary of Comment:**

Letters of support from elected officials and non qualified neighborhood association.

**CONDITIONS OF COMMITMENT**

1. Receipt, review and acceptance, by Carryover, of approval of the zoning change from B-5 to R-3 Multifamily Residential.
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the allocation amount may be warranted.
3. Receipt of a commitment of funding from the City of Killeen in the amount of \$635,000, or a commitment from a qualifying substitute source in an amount not less than \$632,483, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Tremont Apartment Homes, TDHCA Number 09163**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **17**

Total # Monitored: **15**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **204**  Meeting a Required Set-Aside Credit Amount\*: \$1,274,491

Recommendation: Recommended because without this award included, this sub-region's allocation shortfall would have been a significant portion of their total targeted sub-regional allocation when tax credits are collapsed state-wide.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

Real Estate Analysis Division  
Underwriting Report - Addendum

REPORT DATE: 06/29/09 PROGRAM: HTC 9% FILE NUMBER: 09163

DEVELOPMENT						
Tremont Apartment Homes						
Location: <u>2300 Bacon Ranch Rd</u>		Region: <u>8</u>				
City: <u>Killeen</u>	County: <u>Bell</u>	Zip: <u>76542</u>	<input checked="" type="checkbox"/> OCT	<input type="checkbox"/> DDA		
Key Attributes: <u>Elderly, Urban, New Construction</u>						
ALLOCATION						
	REQUEST			RECOMMENDATION		
TDHCA Program	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,348,789			<b>\$1,348,786</b>		
CONDITIONS						
<p>1 Receipt, review and acceptance, by Carryover, of approval of the zoning change from B-5 to R-3 Multifamily Residential.</p> <p>2 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.</p>						
ADDENDUM						
<p>In the original underwriting report, the \$635,000 in HOME funds being provided by the City of Killeen were structured as a grant and removed from eligible basis in determining a recommendation for annual tax credits of \$1,274,491. Based on clarification provided in the applicant's appeal dated June 24, 2009 and upon further review of the application, the Underwriter identified inconsistencies in the application regarding whether the HOME funds are to be classified as a loan or a grant. While the preponderance of the information in the application suggests that the HOME funds were to be structured as a grant, the clarification provided in the appeal confirms other information contained in the application that the HOME funds are in fact to be structured as a loan. As a result, the Underwriter has concluded that the funds will be structured as a loan and therefore not subtracted from the eligible basis for purposes of calculating the tax credit award recommendation.</p> <p>As such, the Underwriter made the adjustment to the eligible basis and revises the recommendation of annual tax credits to \$1,348,786 which results in proceeds of \$9,305,697 based on a syndication rate of 69%.</p> <p>Under this recommended financing structure there is now a need for \$470,563 in additional funds which can be provided from deferred developer fees. Deferred developer fees in this amount appear to be repayable from development cashflow within 15 years of stabilized operation.</p>						
Underwriter:		<u>D.P. Burrell</u>			Date: <u>June 29, 2009</u>	
Manager of Real Estate Analysis:		<u>Raquel Morales</u>			Date: <u>June 29, 2009</u>	
Director of Real Estate Analysis:		<u>Brent Stewart</u>			Date: <u>June 29, 2009</u>	

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Tremont Apartment Homes, Killeen, HTC 9% #09163**

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Limit	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%		2	1	1	750	\$303	\$248	\$496	\$0.33	\$55.00	\$44.00
TC 30%	LH	2	1	1	750	\$303	\$248	\$496	\$0.33	\$55.00	\$44.00
TC 40%		2	1	1	750	\$405	\$350	\$700	\$0.47	\$55.00	\$44.00
TC 40%	LH	3	1	1	750	\$405	\$350	\$1,050	\$0.47	\$55.00	\$44.00
TC 50%		9	1	1	750	\$506	\$451	\$4,059	\$0.60	\$55.00	\$44.00
TC 60%		16	1	1	750	\$607	\$552	\$8,832	\$0.74	\$55.00	\$44.00
TC 60%	HH	2	1	1	750	\$607	\$517	\$1,034	\$0.69	\$55.00	\$44.00
TC 30%		2	2	2	950	\$365	\$284	\$568	\$0.30	\$81.00	\$48.00
TC 30%	LH	2	2	2	950	\$365	\$284	\$568	\$0.30	\$81.00	\$48.00
TC 40%		7	2	2	950	\$486	\$405	\$2,835	\$0.43	\$81.00	\$48.00
TC 40%	LH	2	2	2	950	\$486	\$405	\$810	\$0.43	\$81.00	\$48.00
TC 50%		26	2	2	950	\$607	\$526	\$13,676	\$0.55	\$81.00	\$48.00
TC 60%		37	2	2	950	\$729	\$648	\$23,976	\$0.68	\$81.00	\$48.00
<b>TOTAL:</b>		<b>112</b>		<b>AVERAGE:</b>	<b>886</b>		<b>\$528</b>	<b>\$59,100</b>	<b>\$0.60</b>	<b>\$72.64</b>	<b>\$46.71</b>

**INCOME**

Total Net Rentable Sq Ft: **99,200**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00

Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.28%	\$258	0.29	\$28,863	\$29,120	\$0.29	\$260	4.49%
Management	5.00%	301	0.34	33,733	32,398	0.33	289	5.00%
Payroll & Payroll Tax	15.72%	947	1.07	106,058	99,680	1.00	890	15.38%
Repairs & Maintenance	8.22%	495	0.56	55,446	45,920	0.46	410	7.09%
Utilities	3.62%	218	0.25	24,408	32,360	0.33	289	4.99%
Water, Sewer, & Trash	5.45%	328	0.37	36,768	49,100	0.49	438	7.58%
Property Insurance	3.50%	211	0.24	23,592	25,200	0.25	225	3.89%
Property Tax	2.38859	9.63%	580	65,000	64,400	0.65	575	9.94%
Reserve for Replacements	4.15%	250	0.28	28,000	28,000	0.28	250	4.32%
TDHCA Compliance Fees	0.66%	40	0.05	4,480	4,480	0.05	40	0.69%
Other:	1.49%	90	0.10	10,080	10,080	0.10	90	1.56%
<b>TOTAL EXPENSES</b>	<b>61.72%</b>	<b>\$3,718</b>	<b>\$4.20</b>	<b>\$416,428</b>	<b>\$420,738</b>	<b>\$4.24</b>	<b>\$3,757</b>	<b>64.93%</b>
<b>NET OPERATING INC</b>	<b>38.28%</b>	<b>\$2,306</b>	<b>\$2.60</b>	<b>\$258,230</b>	<b>\$227,226</b>	<b>\$2.29</b>	<b>\$2,029</b>	<b>35.07%</b>

**DEBT SERVICE**

Wells Fargo	29.21%	\$1,760	\$1.99	\$197,095	\$189,353	\$1.91	\$1,691	29.22%
City of Killeen/HOME Loan	3.63%	\$219	\$0.25	24,509		\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>5.43%</b>	<b>\$327</b>	<b>\$0.37</b>	<b>\$36,626</b>	<b>\$37,873</b>	<b>\$0.38</b>	<b>\$338</b>	<b>5.84%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>1.17</b>	<b>1.20</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>				<b>1.17</b>				

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		6.44%	\$7,063	\$7.97	\$791,000	\$791,000	\$7.97	\$7,063	6.25%
Off-Sites		0.00%	0	0.00	0		0.00	0	0.00%
Sitework		8.16%	8,955	10.11	1,003,000	1,003,000	10.11	8,955	7.93%
Direct Construction		50.75%	55,691	62.88	6,237,410	6,620,000	66.73	59,107	52.33%
Contingency	5.00%	2.95%	3,232	3.65	362,021	381,150	3.84	3,403	3.01%
Contractor's Fees	14.00%	8.25%	9,051	10.22	1,013,657	1,067,220	10.76	9,529	8.44%
Indirect Construction		5.46%	5,988	6.76	670,700	670,700	6.76	5,988	5.30%
Ineligible Costs		2.19%	2,408	2.72	269,720	105,572	1.06	943	0.83%
Developer's Fees	15.00%	11.68%	12,816	14.47	1,435,371	1,503,664	15.16	13,426	11.89%
Interim Financing		2.30%	2,521	2.85	282,354	282,354	2.85	2,521	2.23%
Reserves		1.83%	2,009	2.27	225,000	225,000	2.27	2,009	1.78%
<b>TOTAL COST</b>	<b>100.00%</b>	<b>\$109,734</b>	<b>\$123.89</b>	<b>\$12,290,234</b>	<b>\$12,649,660</b>	<b>\$127.52</b>	<b>\$112,943</b>	<b>100.00%</b>	
<b>Construction Cost Recap</b>		<b>70.11%</b>	<b>\$76,929</b>	<b>\$86.86</b>	<b>\$8,616,088</b>	<b>\$9,071,370</b>	<b>\$91.45</b>	<b>\$80,994</b>	<b>71.71%</b>

**SOURCES OF FUNDS**

				RECOMMENDED	
Wells Fargo	18.21%	\$19,986	\$22.56	\$2,238,400	\$2,238,400
City of Killeen/HOME Loan	5.17%	\$5,670	\$6.40	635,000	635,000
HTC Syndication Proceeds	75.72%	\$83,087	\$93.81	9,305,695	9,305,695
Deferred Developer Fees	4.43%	\$4,866	\$5.49	544,965	544,965
Additional (Excess) Funds Req'd	-3.53%	(\$3,873)	(\$4.37)	(433,826)	(74,400)
<b>TOTAL SOURCES</b>				<b>\$12,290,234</b>	<b>\$12,649,660</b>
					<b>\$2,238,400</b>
					<b>\$1,503,664</b>
					<b>31%</b>
					<b>0</b>
					<b>\$637,376</b>



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Tremont Apartment Homes, Killeen, HTC 9% #09163*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$69.39	\$6,883,488
<b>Adjustments</b>				
Exterior Wall Finish	6.00%		\$4.16	\$413,009
Elderly	3.00%		2.08	206,505
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.42)	(240,064)
Floor Cover			2.38	236,096
Breezeways/Balconies	\$16.09	16,465	2.67	264,926
Plumbing Fixtures	\$835	228	1.92	190,380
Rough-ins	\$410	224	0.93	91,840
Built-In Appliances	\$1,800	112	2.03	201,600
Exterior Stairs	\$1,875	0	0.00	0
Enclosed Corridors	\$59.47	0	0.00	0
Heating/Cooling			1.83	181,536
Garages/Carports	\$10.37	22,400	2.34	232,288
Comm &/or Aux Bldgs	\$72.19	4,078	2.97	294,381
Other: fire sprinkler	\$2.15	0	0.00	0
<b>SUBTOTAL</b>			<b>90.28</b>	<b>8,955,984</b>
Current Cost Multiplier	1.01		0.90	89,560
Local Multiplier	0.87		(11.74)	(1,164,278)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$79.45</b>	<b>\$7,881,266</b>
Plans, specs, survy, bld prmts	3.90%		(\$3.10)	(\$307,369)
Interim Construction Interest	3.38%		(2.68)	(265,993)
Contractor's OH & Profit	11.50%		(9.14)	(906,346)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$64.53</b>	<b>\$6,401,559</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$2,238,400	Amort	360
Int Rate	8.00%	DCR	1.31
<b>Secondary</b>	\$635,000	Amort	360
Int Rate	1.00%	Subtotal DCR	1.17
<b>Additional</b>	\$9,305,695	Amort	
Int Rate		Aggregate DCR	1.17

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$197,095
Secondary Debt Service	24,509
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$36,626</b>

<b>Primary</b>	\$2,238,400	Amort	360
Int Rate	8.00%	DCR	1.31
<b>Secondary</b>	\$635,000	Amort	360
Int Rate	1.00%	Subtotal DCR	1.17
<b>Additional</b>	\$9,305,695	Amort	0
Int Rate	0.00%	Aggregate DCR	1.17

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$709,200	\$723,384	\$737,852	\$752,609	\$767,661	\$847,560	\$935,774	\$1,033,170	\$1,259,429
Secondary Income	20,160	20,563	20,974	21,394	21,822	24,093	26,601	29,369	35,801
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	729,360	743,947	758,826	774,003	789,483	871,653	962,375	1,062,540	1,295,230
Vacancy & Collection Loss	(54,702)	(55,796)	(56,912)	(58,050)	(59,211)	(65,374)	(72,178)	(79,690)	(97,142)
Employee or Other Non-Rental Units or Con	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$674,658</b>	<b>\$688,151</b>	<b>\$701,914</b>	<b>\$715,952</b>	<b>\$730,272</b>	<b>\$806,279</b>	<b>\$890,197</b>	<b>\$982,849</b>	<b>\$1,198,088</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$28,863	\$29,729	\$30,621	\$31,540	\$32,486	\$37,660	\$43,658	\$50,612	\$68,018
Management	33,733	34,408	35,096	35,798	36,514	40,314	44,510	49,142	59,904
Payroll & Payroll Tax	106,058	109,240	112,517	115,893	119,370	138,382	160,423	185,974	249,934
Repairs & Maintenance	55,446	57,109	58,823	60,587	62,405	72,344	83,867	97,225	130,662
Utilities	24,408	25,140	25,894	26,671	27,471	31,847	36,919	42,800	57,519
Water, Sewer & Trash	36,768	37,871	39,007	40,177	41,383	47,974	55,615	64,473	86,646
Insurance	23,592	24,299	25,028	25,779	26,553	30,782	35,684	41,368	55,595
Property Tax	65,000	66,950	68,958	71,027	73,158	84,810	98,318	113,978	153,177
Reserve for Replacements	28,000	28,840	29,705	30,596	31,514	36,534	42,353	49,098	65,984
Other	14,560	14,997	15,447	15,910	16,387	18,997	22,023	25,531	34,312
<b>TOTAL EXPENSES</b>	<b>\$416,428</b>	<b>\$428,584</b>	<b>\$441,097</b>	<b>\$453,979</b>	<b>\$467,240</b>	<b>\$539,644</b>	<b>\$623,371</b>	<b>\$720,201</b>	<b>\$961,751</b>
<b>NET OPERATING INCOME</b>	<b>\$258,230</b>	<b>\$259,568</b>	<b>\$260,817</b>	<b>\$261,974</b>	<b>\$263,031</b>	<b>\$266,634</b>	<b>\$266,826</b>	<b>\$262,649</b>	<b>\$236,337</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$197,095	\$197,095	\$197,095	\$197,095	\$197,095	\$197,095	\$197,095	\$197,095	\$197,095
Second Lien	24,509	24,509	24,509	24,509	24,509	24,509	24,509	24,509	24,509
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$36,626</b>	<b>\$37,964</b>	<b>\$39,213</b>	<b>\$40,370</b>	<b>\$41,427</b>	<b>\$45,031</b>	<b>\$45,222</b>	<b>\$41,045</b>	<b>\$14,733</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.17</b>	<b>1.17</b>	<b>1.18</b>	<b>1.18</b>	<b>1.19</b>	<b>1.20</b>	<b>1.20</b>	<b>1.19</b>	<b>1.07</b>

**HTC ALLOCATION ANALYSIS -Tremont Apartment Homes, Killeen, HTC 9% #09163**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$791,000	\$791,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,003,000	\$1,003,000	\$1,003,000	\$1,003,000
<b>Construction Hard Costs</b>	\$6,620,000	\$6,237,410	\$6,620,000	\$6,237,410
<b>Contractor Fees</b>	\$1,067,220	\$1,013,657	\$1,067,220	\$1,013,657
<b>Contingencies</b>	\$381,150	\$362,021	\$381,150	\$362,021
<b>Eligible Indirect Fees</b>	\$670,700	\$670,700	\$670,700	\$670,700
<b>Eligible Financing Fees</b>	\$282,354	\$282,354	\$282,354	\$282,354
<b>All Ineligible Costs</b>	\$105,572	\$269,720		
<b>Developer Fees</b>			\$1,503,664	
Developer Fees	\$1,503,664	\$1,435,371		\$1,435,371
<b>Development Reserves</b>	\$225,000	\$225,000		
<b>TOTAL DEVELOPMENT COSTS</b>	\$12,649,660	\$12,290,234	\$11,528,088	\$11,004,514

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$11,528,088	\$11,004,514
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$14,986,514	\$14,305,868
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$14,986,514	\$14,305,868
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,348,786	\$1,287,528

<b>Syndication Proceeds</b>	<b>0.6899</b>	<b>\$9,305,697</b>	<b>\$8,883,058</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,348,786</b>	<b>\$1,287,528</b>
<b>Syndication Proceeds</b>		<b>\$9,305,697</b>	<b>\$8,883,058</b>
<b>Requested Tax Credits</b>		<b>\$1,348,789</b>	
<b>Syndication Proceeds</b>		<b>\$9,305,716</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$9,776,260</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,416,991</b>	



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 06/12/09

PROGRAM: HTC 9%

FILE NUMBER: 09163

**DEVELOPMENT**

Tremont Apartment Homes

Location: 2300 Bacon Ranch Rd Region: 8  
 City: Killeen County: Bell Zip: 76542  OCT  DDA  
 Key Attributes: Elderly, Urban, New Construction

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,348,789			<b>\$1,274,491</b>		

**CONDITIONS**

- 1 Receipt, review and acceptance, by Carryover, of approval of the zoning change from B-5 to R-3 Multifamily Residential.
- 2 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	8
40% of AMI	40% of AMI	14
50% of AMI	50% of AMI	35
60% of AMI	60% of AMI	55

**PROS**

- The development team has considerable experience with tax credit development.

**CONS**

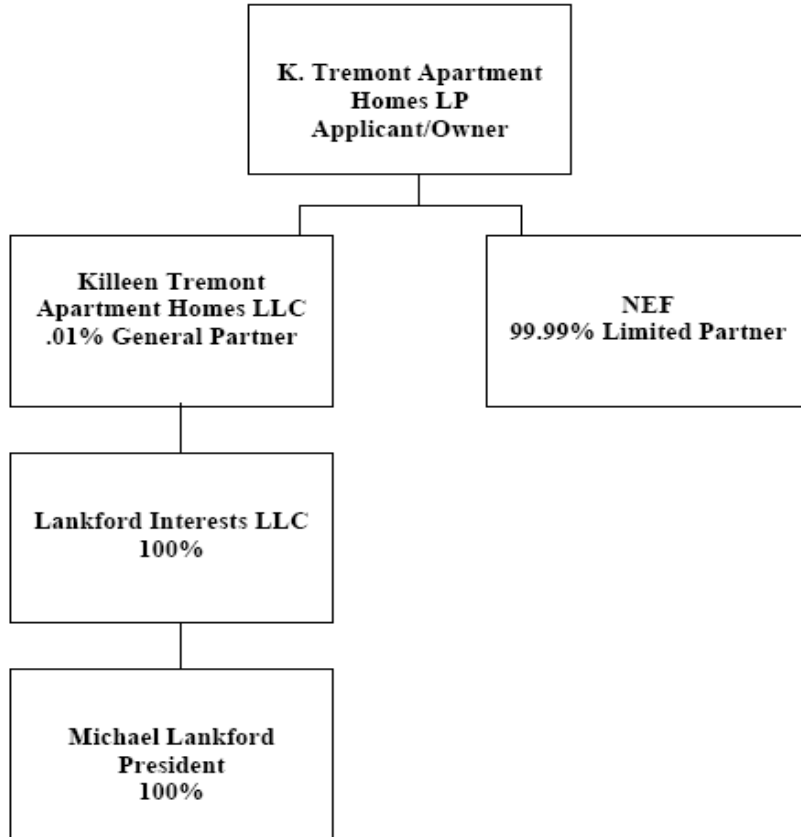
- The Applicant's expense to income ratio although acceptable, is very high at 64.93%. This is just below the Department's maximum ratio of 65%.
- While the overall demand for the subject meets the underwriting guidelines, there appears to be insufficient demand for 2 bedroom units at 50% and 60% of AMI based on unit-specific capture rates exceeding 100%.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Jeff Gannon Phone: (713) 626-9655 Fax: (713) 621-4947  
 Email: [jgannon@lankfordinterest.com](mailto:jgannon@lankfordinterest.com)

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Michael Lankford	N/A	16
Lankford Interest LLC	N/A	16

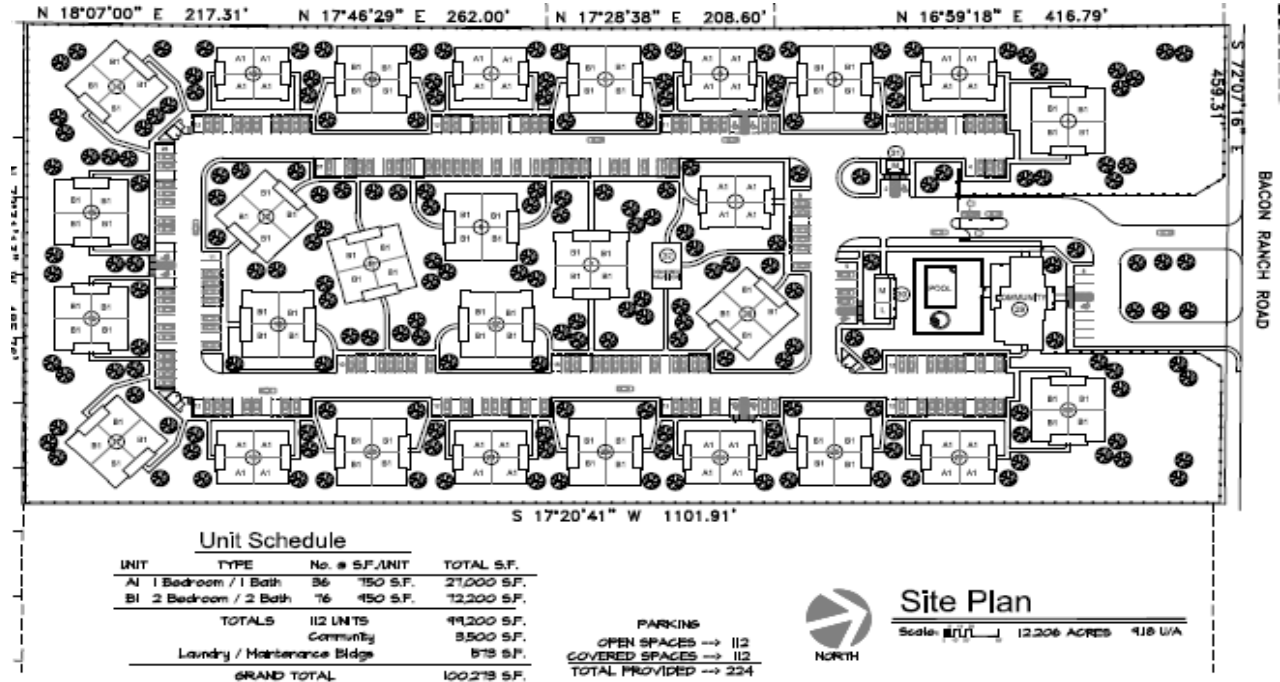
**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor and property manager are related entities. These are common relationships for HTC-funded developments.

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PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B								Total Buildings
Floors/Stories	1	1								7
Number	9	19								28

BR/BA	SF	Units								Total Units	Total SF
1BR/1BA	750	4								36	27,000
2BR/2BA	950		4							76	72,200
Units per Building		4	4							112	99,200

SITE ISSUES

Total Size: 12.2 acres Scattered site?  Yes  No  
 Flood Zone: X Within 100-yr floodplain?  Yes  No  
 Zoning: B-5 Needs to be re-zoned?  Yes  No  N/A

Comments:

The Applicant filed a Zoning Change Application on 2/24/09 to change zoning to R-3 Multifamily Development. To date the Department has not received documentation that the zoning change has been approved. Accordingly, this report will be conditioned upon receipt, review and acceptance, by Carryover, that approval of the zoning change has been obtained by the Applicant.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 4/14/2009  
 Overall Assessment:  
 Excellent  Acceptable  Questionable  Poor  Unacceptable  
 Surrounding Uses:  
 North: Restaurants/single family residential East: Restaurants/mall/commercial bldg.  
 South: Multifamily residential West: Multifamily residential

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: LFC, Inc. Date: 3/31/2009

Recognized Environmental Concerns (RECs) and Other Concerns:  
 ◦ "There are no recognized environmental conditions identified." (p. 2)

**MARKET HIGHLIGHTS**

Provider: O'Connor & Associates Date: 3/18/2009

Contact: Kenneth Ariza Phone: (713) 686-9955 Fax: (713) 686-8336

Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 47 sq. miles 4 mile equivalent radius

"The subject's primary market area is generally defined as that area contained within census tracts 48027023102, 48027023103, 48027023000, 48027023104, 48027022500, 48027022900, 48027022600, 48027022402, 48027022401, 48027022200, 48027022300, 48027022101, 48027022103, 48027022102." (p.20)

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
none				N / A			

INCOME LIMITS						
Bell						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$11,350	\$12,950	\$14,600	\$16,200	\$17,500	\$18,800
40	\$15,120	\$17,280	\$19,440	\$21,600	\$23,320	\$25,040
50	\$18,900	\$21,600	\$24,300	\$27,000	\$29,150	\$31,300
60	\$22,680	\$25,920	\$29,160	\$32,400	\$34,980	\$37,560

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	16	4	0	20	3	0	15%
1 BR/40%	21	5	0	26	5	0	19%
1 BR/50%	25	6	0	31	8	0	26%
1 BR/60%	26	7	0	33	16	0	48%
2 BR/30%	17	6	0	23	6	0	26%
2 BR/40%	22	7	0	29	6	0	21%
2 BR/50%	23	6	0	29	31	0	107%
2 BR/60%	18	5	0	23	37	0	161%

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UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	14	2	0	16	4	0	25%
1 BR/40%	13	2	0	15	5	0	34%
1 BR/50%	13	2	0	15	9	0	61%
1 BR/60%	20	3	0	23	18	0	79%
2 BR/30%	18	3	0	21	4	0	19%
2 BR/40%	16	2	0	18	9	0	50%
2 BR/50%	14	2	0	16	26	0	159%
2 BR/60%	15	2	0	17	37	0	217%

OVERALL DEMAND							
	Target Households	Household Size	Income Eligible	Tenure	Demand		
PMA DEMAND from TURNOVER							turnover
Market Analyst	6,259	100%	6,259	14%	858	30%	257
Underwriter	12% 7,708	100%	7,708	21% 1,648	66% 1,081	31%	333
PMA DEMAND from GROWTH							growth
Market Analyst							40
Underwriter	12% 282	100%	282	21% 60	66% 40	100%	40
SMA DEMAND from TURNOVER							
Market Analyst							164
Underwriter							0
DEMAND from OTHER SOURCES						Section 8	
Market Analyst							10
Underwriter							14

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst	112	0	0	112	471	24%
Underwriter	112	0	0	112	387	29%

Supply and Demand Analysis:

The market study understates the number of senior households in the PMA. Despite the fact that the market study includes a HISTA Data report clearly specifying the senior household population, the Market Analyst indirectly calculates senior households based on the senior population relative to the overall adult population; this method concludes 6,259 senior households in 2008 as compared to 6,872 senior households identified by the HISTA report for 2008. The market study identifies demand for 257 units due to senior renter household turnover; the underwriting analysis identifies demand for 333 units. The market study assumes that the growth rate of senior households will be double that of the general growth, and concludes demand for 40 units due to growth in senior renter households. The underwriting analysis includes the HISTA data specific to senior households; this analysis also concludes demand for 40 units due to growth in senior renter households.

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The market study identifies additional demand for 10 units from senior households in the PMA holding Section 8 vouchers. The underwriting analysis calculates additional demand for 14 units from voucher-holders.

The Market Analyst also identified demand for 164 units from existing senior homeowners. The REA rules allow for up to 10% turnover of existing homeowners if supported by applicable data; no documentation or calculations were provided to support this demand. As a result, the underwriting analysis has not considered this source of demand.

Overall the Market Analyst concluded total demand for 471 units. This demand represents an inclusive capture rate of 24% for the 112 units at the subject property.

The underwriting analysis identifies total demand for 387 units. This demand represents an inclusive capture rate of 29% for the 112 units at the subject property. Both conclusions are below the maximum capture rate of 75% for developments targeting seniors.

**Primary Market Occupancy Rates:**

"The average physical occupancy in the subject's primary market area was reported at 85.4%. Occupancy rates and rental rates in this primary market have suffered due to recent deployments from Ft. Hood, but overall remain stable ... The most comparable HTC senior properties are the Stone Ranch and Veranda at Twin Creek. The properties report 96% and 99% occupancy, respectively." (p. 9)

**Absorption Projections:**

"There have been no senior market-rate projects which have come on-line in the past several years. The subject is anticipated to be at stabilized occupancy within 10 months." (p. 11)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	750 SF	30%	\$237	\$248	\$750	\$248	\$502
1 BR	750 SF	30%/LH	\$237	\$248	\$750	\$248	\$502
1 BR	750 SF	40%	\$335	\$350	\$750	\$350	\$400
1 BR	750 SF	40%/LH	\$335	\$350	\$750	\$350	\$400
1 BR	750 SF	50%	\$432	\$451	\$750	\$451	\$299
1 BR	750 SF	60%	\$530	\$552	\$750	\$552	\$198
1 BR	750 SF	60%/HH	\$530	\$517	\$750	\$517	\$233
2 BR	950 SF	30%	\$270	\$284	\$850	\$284	\$566
2 BR	950 SF	30%/LH	\$270	\$284	\$850	\$284	\$566
2 BR	950 SF	40%	\$387	\$405	\$850	\$405	\$445
2 BR	950 SF	40%/LH	\$387	\$405	\$850	\$405	\$445
2 BR	950 SF	50%	\$504	\$526	\$850	\$526	\$324
2 BR	950 SF	60%	\$621	\$648	\$850	\$648	\$202

**Market Impact:**

"Based on the high occupancy levels of the existing HTC properties in the market, and the lack of good quality affordable housing, along with the recent strong absorption history, we project that the subject property will have minimal sustained negative impact upon the existing apartment market." (p. 11)

**Comments:**

The market study provided sufficient information on which to base a funding recommendation.



**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:           none           Date of Last Applicant Revision:           n/a     

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utilities from the 2008 program rent limits. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. Tenants will be required to pay electrical costs. The Underwriter's projected rents collected per unit are slightly higher due to the use of the 2009 program rent limits. The rents used by the Underwriter consists of the most conservative rent limit of the HOME or the HTC. Despite the differences described above the Applicant's estimate of effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:           none           Date of Last Applicant Revision:           n/a     

The Applicant's total annual operating expense projection of \$3,757 per unit is within 5% of the Underwriter's estimate of \$3,718 derived from the TDHCA database and third party data sources.

**Conclusion:**

The Applicant's estimate of income and expenses are within 5% of the Underwriter's estimates; however, the Applicant's estimate of net operating income is not. As a result, the Underwriter's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR). The proposed permanent financing structure results in an initial year's debt coverage ratio of 1.31 which falls within the Department's guidelines.

The Applicant's expense to income ratio of 64.93% is marginally below the Department's 65% maximum ratio and is considered acceptable. The Underwriter's expense to income ratio of 61.72% is also considered to be acceptable according to Department guidelines.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ASSESSED VALUE**

Land Only:	12.2 acres	<u>     \$42,865     </u>	Tax Year:	<u>     2008     </u>
Building		<u>     \$0     </u>	Valuation by:	<u>     Bell CAD     </u>
Total Assessed Value:		<u>     \$42,865     </u>	Tax Rate:	<u>     2.38859     </u>

**EVIDENCE of PROPERTY CONTROL**

Type:	<u>     Earnest Money Contract     </u>	Acreage:	<u>     12.2     </u>
Contract Expiration:	<u>     8/31/2009     </u>	Valid Through Board Date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost:	<u>     \$786,000     </u>	Other:	<u>         </u>
Seller:	<u>     Ameda-Rowlett Retail LP     </u>	Related to Development Team?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

This section intentionally left blank.

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: 1 Date of Last Applicant Revision: 3/20/2009

Acquisition Value:

The site cost of \$786,000 (\$64,426/acre or \$7,018/unit) is assumed to be reasonable since the acquisition is an arm's length transaction.

Sitework Cost:

The Applicant's proposed site work cost of \$8,995 per unit is within the Department's guidelines; therefore, no further third party substantiation is required.

Direct Construction Cost:

The Applicant's direct construction cost is \$211K or 3% higher than the Underwriter's Marshall and Swift Residential Cost Handbook-derived estimate.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. It should be noted that the Applicant has reflected that the funds from the City of Killeen will be in the form of a grant. As such, these funds must be taken out of the Applicant's eligible basis for purposes of determining the eligible tax credits. The Applicant's eligible basis, adjusted for the HOME grant from the City of Killeen, of \$10,893,088 supports annual tax credits of \$1,274,491. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: 1 Date of Last Applicant Revision: 3/30/2009

Source: Wells Fargo Type: Interim to Permanent Financing  
 Interim: \$3,339,722 Interest Rate: Libor+3%  Fixed Term: 24 months  
 Permanent: \$2,238,400 Interest Rate: 8.0%  Fixed Amort: 360 months

Comments:

It is estimated that the construction loan will have a rate of approximately 6%. The permanent loan will have a 30 year amortization with an 18 year term.

Source: AmeriPoint Title Type: Interim Financing  
 Principal: \$253,000 Interest Rate: TBD  Fixed Amort: TBD months

Source: City of Killeen - HOME Grant Type: Grant  
 Principal: \$635,000 Conditions: \_\_\_\_\_

Source: National Equity Fund, Inc. Type: Syndication  
 Proceeds: \$9,305,695 Syndication Rate: 69% Anticipated HTC: \$ 1,348,786

Commitment Expiration: Date not specified

Amount: \$544,965 Type: Deferred Developer Fees

Comments:

The Underwriter has determined that any decrease in price below \$0.68 would jeopardize the viability of this transaction.

Market Uncertainty:

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

**CONCLUSIONS**

Recommended Financing Structure:

The Applicant’s total development cost estimate less the permanent loan of \$2,238,400 and City of Killeen HOME grant of \$635,000 indicates the need for \$9,776,260 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,416,991 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant’s request (\$1,348,789), the gap-driven amount (\$1,416,991), and eligible basis-derived estimate (\$1,274,491), the eligible basis-derived estimate of \$1,274,491 is recommended resulting in proceeds of \$8,793,112 based on a syndication rate of 69%.

The Underwriter’s recommended financing structure indicates the need for \$983,148 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 15 years of stabilized operation.

Underwriter:	_____	Date:	_____
	<i>D.P. Burrell</i>		June 12, 2009
Manager of Real Estate Analysis:	_____	Date:	_____
	<i>Raquel Morales</i>		June 12, 2009
Director of Real Estate Analysis:	_____	Date:	_____
	<i>Brent Stewart</i>		June 12, 2009

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Tremont Apartment Homes, Killeen, HTC 9% #09163**

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Limit	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%		2	1	1	750	\$303	\$248	\$496	\$0.33	\$55.00	\$44.00
TC 30%	LH	2	1	1	750	\$303	\$248	\$496	\$0.33	\$55.00	\$44.00
TC 40%		2	1	1	750	\$405	\$350	\$700	\$0.47	\$55.00	\$44.00
TC 40%	LH	3	1	1	750	\$405	\$350	\$1,050	\$0.47	\$55.00	\$44.00
TC 50%		9	1	1	750	\$506	\$451	\$4,059	\$0.60	\$55.00	\$44.00
TC 60%		16	1	1	750	\$607	\$552	\$8,832	\$0.74	\$55.00	\$44.00
TC 60%	HH	2	1	1	750	\$607	\$517	\$1,034	\$0.69	\$55.00	\$44.00
TC 30%		2	2	2	950	\$365	\$284	\$568	\$0.30	\$81.00	\$48.00
TC 30%	LH	2	2	2	950	\$365	\$284	\$568	\$0.30	\$81.00	\$48.00
TC 40%		7	2	2	950	\$486	\$405	\$2,835	\$0.43	\$81.00	\$48.00
TC 40%	LH	2	2	2	950	\$486	\$405	\$810	\$0.43	\$81.00	\$48.00
TC 50%		26	2	2	950	\$607	\$526	\$13,676	\$0.55	\$81.00	\$48.00
TC 60%		37	2	2	950	\$729	\$648	\$23,976	\$0.68	\$81.00	\$48.00
<b>TOTAL:</b>		<b>112</b>		<b>AVERAGE:</b>	<b>886</b>		<b>\$528</b>	<b>\$59,100</b>	<b>\$0.60</b>	<b>\$72.64</b>	<b>\$46.71</b>

**INCOME**

Total Net Rentable Sq Ft: **99,200**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00

Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.28%	\$258	0.29
Management	5.00%	301	0.34
Payroll & Payroll Tax	15.72%	947	1.07
Repairs & Maintenance	8.22%	495	0.56
Utilities	3.62%	218	0.25
Water, Sewer, & Trash	5.45%	328	0.37
Property Insurance	3.50%	211	0.24
Property Tax	2.38859 9.63%	580	0.66
Reserve for Replacements	4.15%	250	0.28
TDHCA Compliance Fees	0.66%	40	0.05
Other:	1.49%	90	0.10

**TOTAL EXPENSES**

**NET OPERATING INC**

**DEBT SERVICE**

Wells Fargo	29.21%	\$1,760	\$1.99
City of Killeen/HOME Grant	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00

**NET CASH FLOW**

**AGGREGATE DEBT COVERAGE RATIO**

**RECOMMENDED DEBT COVERAGE RATIO**

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		6.44%	\$7,063	\$7.97	\$791,000	\$791,000	\$7.97	\$7,063	6.25%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.16%	8,955	10.11	1,003,000	1,003,000	10.11	8,955	7.93%
Direct Construction		50.75%	55,691	62.88	6,237,410	6,620,000	66.73	59,107	52.33%
Contingency	5.00%	2.95%	3,232	3.65	362,021	381,150	3.84	3,403	3.01%
Contractor's Fees	14.00%	8.25%	9,051	10.22	1,013,657	1,067,220	10.76	9,529	8.44%
Indirect Construction		5.46%	5,988	6.76	670,700	670,700	6.76	5,988	5.30%
Ineligible Costs		2.19%	2,408	2.72	269,720	105,572	1.06	943	0.83%
Developer's Fees	15.00%	11.68%	12,816	14.47	1,435,371	1,503,664	15.16	13,426	11.89%
Interim Financing		2.30%	2,521	2.85	282,354	282,354	2.85	2,521	2.23%
Reserves		1.83%	2,009	2.27	225,000	225,000	2.27	2,009	1.78%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$109,734</b>	<b>\$123.89</b>	<b>\$12,290,234</b>	<b>\$12,649,660</b>	<b>\$127.52</b>	<b>\$112,943</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>70.11%</b>	<b>\$76,929</b>	<b>\$86.86</b>	<b>\$8,616,088</b>	<b>\$9,071,370</b>	<b>\$91.45</b>	<b>\$80,994</b>	<b>71.71%</b>

**SOURCES OF FUNDS**

				RECOMMENDED			
Wells Fargo	18.21%	\$19,986	\$22.56	\$2,238,400	Developer Fee Available		
City of Killeen/HOME Grant	5.17%	\$5,670	\$6.40	635,000	\$1,503,664		
HTC Syndication Proceeds	75.72%	\$83,087	\$93.81	9,305,695	% of Dev. Fee Deferred		
Deferred Developer Fees	4.43%	\$4,866	\$5.49	544,965	983,148	65%	
Additional (Excess) Funds Req'd	-3.53%	(\$3,873)	(\$4.37)	(433,826)	(74,400)	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$12,290,234</b>	<b>\$12,649,660</b>	<b>\$12,649,660</b>	<b>\$1,005,010</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Tremont Apartment Homes, Killeen, HTC 9% #09163*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$69.39	\$6,883,488
<b>Adjustments</b>				
Exterior Wall Finish	6.00%		\$4.16	\$413,009
Elderly	3.00%		2.08	206,505
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.42)	(240,064)
Floor Cover			2.38	236,096
Breezeways/Balconies	\$16.09	16,465	2.67	264,926
Plumbing Fixtures	\$835	228	1.92	190,380
Rough-ins	\$410	224	0.93	91,840
Built-In Appliances	\$1,800	112	2.03	201,600
Exterior Stairs	\$1,875	0	0.00	0
Enclosed Corridors	\$59.47	0	0.00	0
Heating/Cooling			1.83	181,536
Garages/Carports	\$10.37	22,400	2.34	232,288
Comm &/or Aux Bldgs	\$72.19	4,078	2.97	294,381
Other: fire sprinkler	\$2.15	0	0.00	0
<b>SUBTOTAL</b>			<b>90.28</b>	<b>8,955,984</b>
Current Cost Multiplier	1.01		0.90	89,560
Local Multiplier	0.87		(11.74)	(1,164,278)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$79.45</b>	<b>\$7,881,266</b>
Plans, specs, survy, bld prmts	3.90%		(\$3.10)	(\$307,369)
Interim Construction Interest	3.38%		(2.68)	(265,993)
Contractor's OH & Profit	11.50%		(9.14)	(906,346)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$64.53</b>	<b>\$6,401,559</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$2,238,400	Amort	360
Int Rate	8.00%	DCR	1.31
<b>Secondary</b>	\$635,000	Amort	
Int Rate		Subtotal DCR	1.31
<b>Additional</b>	\$9,305,695	Amort	
Int Rate		Aggregate DCR	1.31

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$197,095
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$61,135</b>

<b>Primary</b>	\$2,238,400	Amort	360
Int Rate	8.00%	DCR	1.31
<b>Secondary</b>	\$635,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.31
<b>Additional</b>	\$9,305,695	Amort	0
Int Rate	0.00%	Aggregate DCR	1.31

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

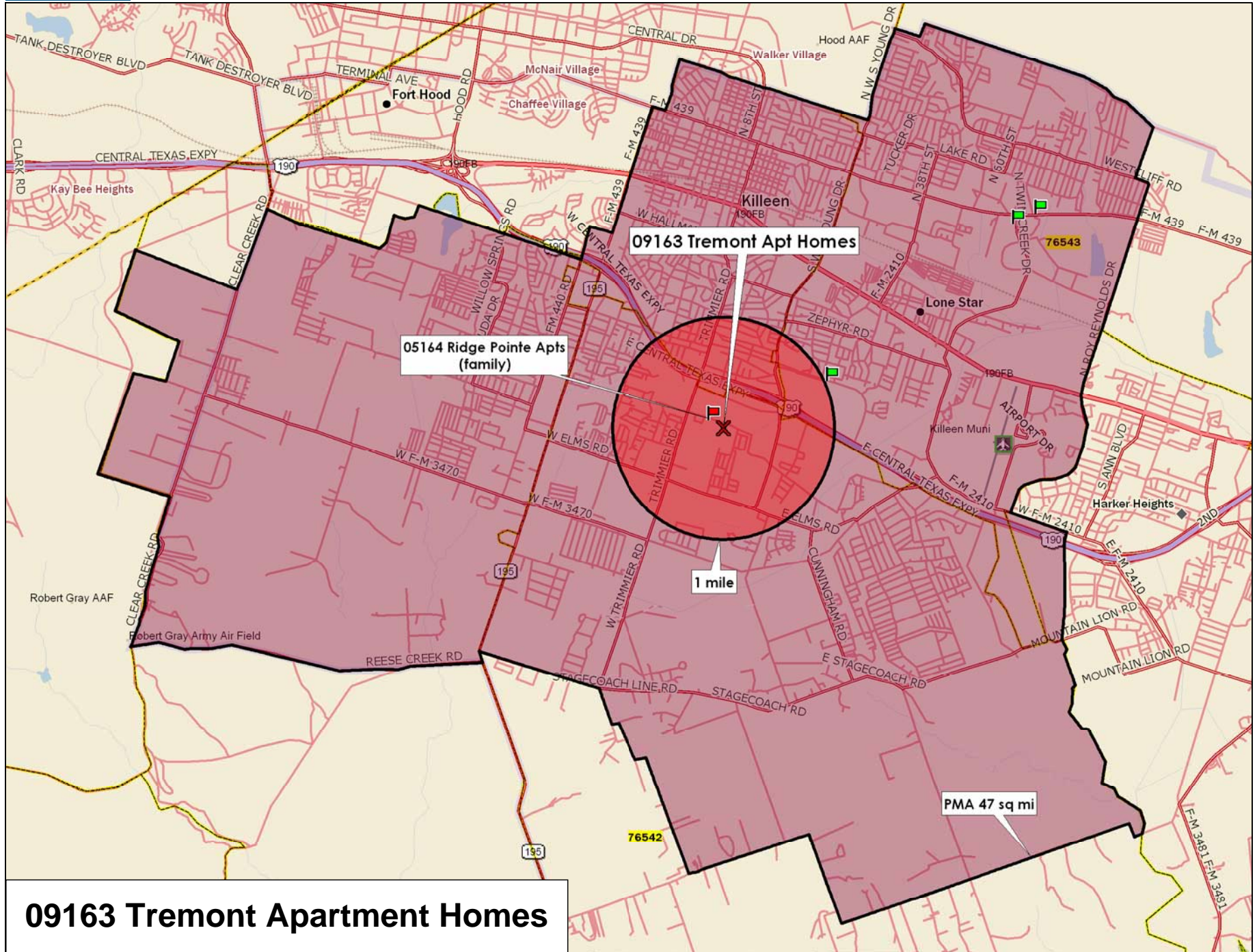
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$709,200	\$723,384	\$737,852	\$752,609	\$767,661	\$847,560	\$935,774	\$1,033,170	\$1,259,429
Secondary Income	20,160	20,563	20,974	21,394	21,822	24,093	26,601	29,369	35,801
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	729,360	743,947	758,826	774,003	789,483	871,653	962,375	1,062,540	1,295,230
Vacancy & Collection Loss	(54,702)	(55,796)	(56,912)	(58,050)	(59,211)	(65,374)	(72,178)	(79,690)	(97,142)
Employee or Other Non-Rental Units or Con	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$674,658</b>	<b>\$688,151</b>	<b>\$701,914</b>	<b>\$715,952</b>	<b>\$730,272</b>	<b>\$806,279</b>	<b>\$890,197</b>	<b>\$982,849</b>	<b>\$1,198,088</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$28,863	\$29,729	\$30,621	\$31,540	\$32,486	\$37,660	\$43,658	\$50,612	\$68,018
Management	33,733	34,408	35,096	35,798	36,514	40,314	44,510	49,142	59,904
Payroll & Payroll Tax	106,058	109,240	112,517	115,893	119,370	138,382	160,423	185,974	249,934
Repairs & Maintenance	55,446	57,109	58,823	60,587	62,405	72,344	83,867	97,225	130,662
Utilities	24,408	25,140	25,894	26,671	27,471	31,847	36,919	42,800	57,519
Water, Sewer & Trash	36,768	37,871	39,007	40,177	41,383	47,974	55,615	64,473	86,646
Insurance	23,592	24,299	25,028	25,779	26,553	30,782	35,684	41,368	55,595
Property Tax	65,000	66,950	68,958	71,027	73,158	84,810	98,318	113,978	153,177
Reserve for Replacements	28,000	28,840	29,705	30,596	31,514	36,534	42,353	49,098	65,984
Other	14,560	14,997	15,447	15,910	16,387	18,997	22,023	25,531	34,312
<b>TOTAL EXPENSES</b>	<b>\$416,428</b>	<b>\$428,584</b>	<b>\$441,097</b>	<b>\$453,979</b>	<b>\$467,240</b>	<b>\$539,644</b>	<b>\$623,371</b>	<b>\$720,201</b>	<b>\$961,751</b>
<b>NET OPERATING INCOME</b>	<b>\$258,230</b>	<b>\$259,568</b>	<b>\$260,817</b>	<b>\$261,974</b>	<b>\$263,031</b>	<b>\$266,634</b>	<b>\$266,826</b>	<b>\$262,649</b>	<b>\$236,337</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$197,095	\$197,095	\$197,095	\$197,095	\$197,095	\$197,095	\$197,095	\$197,095	\$197,095
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$61,135</b>	<b>\$62,473</b>	<b>\$63,722</b>	<b>\$64,878</b>	<b>\$65,936</b>	<b>\$69,539</b>	<b>\$69,731</b>	<b>\$65,554</b>	<b>\$39,242</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.31</b>	<b>1.32</b>	<b>1.32</b>	<b>1.33</b>	<b>1.33</b>	<b>1.35</b>	<b>1.35</b>	<b>1.33</b>	<b>1.20</b>

**HTC ALLOCATION ANALYSIS -Tremont Apartment Homes, Killeen, HTC 9% #09163**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$791,000	\$791,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,003,000	\$1,003,000	\$1,003,000	\$1,003,000
<b>Construction Hard Costs</b>	\$6,620,000	\$6,237,410	\$6,620,000	\$6,237,410
<b>Contractor Fees</b>	\$1,067,220	\$1,013,657	\$1,067,220	\$1,013,657
<b>Contingencies</b>	\$381,150	\$362,021	\$381,150	\$362,021
<b>Eligible Indirect Fees</b>	\$670,700	\$670,700	\$670,700	\$670,700
<b>Eligible Financing Fees</b>	\$282,354	\$282,354	\$282,354	\$282,354
<b>All Ineligible Costs</b>	\$105,572	\$269,720		
<b>Developer Fees</b>			\$1,503,664	
Developer Fees	\$1,503,664	\$1,435,371		\$1,435,371
<b>Development Reserves</b>	\$225,000	\$225,000		
<b>TOTAL DEVELOPMENT COSTS</b>	\$12,649,660	\$12,290,234	\$11,528,088	\$11,004,514

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis		\$635,000	\$635,000
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$10,893,088	\$10,369,514
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$14,161,014	\$13,480,368
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$14,161,014	\$13,480,368
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,274,491	\$1,213,233

<b>Syndication Proceeds</b>	<b>0.6899</b>	<b>\$8,793,112</b>	<b>\$8,370,473</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,274,491</b>	<b>\$1,213,233</b>
<b>Syndication Proceeds</b>		<b>\$8,793,112</b>	<b>\$8,370,473</b>
<b>Requested Tax Credits</b>		<b>\$1,348,789</b>	
<b>Syndication Proceeds</b>		<b>\$9,305,716</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$9,776,260</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,416,991</b>	



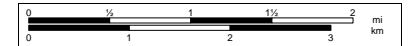
# 09163 Tremont Apartment Homes

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Scale 1 : 75,000



1" = 1.18 mi

Data Zoom 11-4





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Gholson Hotel, TDHCA Number 09164**

BASIC DEVELOPMENT INFORMATION

Site Address: 215 Main St. Development #: 09164  
 City: Ranger Region: 2 Population Served: Elderly  
 County: Eastland Zip Code: 76470 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: CHC Gholson LLC  
 Owner Contact and Phone: Chad Asarch, (303) 322-8888  
 Developer: Steele CHC Projects LLC  
 Housing General Contractor: TBD  
 Architect: TBD  
 Market Analyst: Gill Group  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: TBD  
 Consultant: S2A Development Consulting, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	50	
	3	0	23	24	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	8	42	0	0	0	0	
Type of Building:						Total Development Units:	50
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$5,483,819
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	1
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$373,238	\$369,189			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Gholson Hotel, TDHCA Number 09164

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Fraser, District 24, S

Points: 14 US Representative: Neugebauer, District 19, NC

TX Representative: Keffer, District 60, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: S, John Casey, Mayor

Resolution of Support from Local Government

S, Charles Archer, City Commissioner

S, Raymond Hart, City Commissioner

S, Margaret Green, City Commissioner

S, Linda Squyres, City Commissioner

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

Gholson Resident Council, Barbara Calvert

Letter Score: 24 S or O: S

This property has historic value to local community and any action that might help the ongoing development would be considered an asset.

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 0

U.S. Bank, S, Sarah J Archibald, Vice President.

**General Summary of Comment:**

Letters of support from elected officials, local business and qualified neighborhood association.

CONDITIONS OF COMMITMENT

1. Receipt, review and acceptance, before commencement of rehabilitation activity, of documentation that all recommendations of the ESA have been implemented.
2. Should the terms and rates of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.
3. Receipt of a commitment of funding from the City of Ranger in the amount of \$165,111, or a commitment from a qualifying substitute source in an amount not less than \$164,515, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Gholson Hotel, TDHCA Number 09164**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **3**

Total # Monitored: **0**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **222**  Meeting a Required Set-Aside Credit Amount\*: \$369,189

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/15/09 PROGRAM: 9% HTC FILE NUMBER: 09164

**DEVELOPMENT**

Gholson Hotel

Location: 215 Main Street Region: 2  
 City: Ranger County: Eastland Zip: 76470  OCT  DDA  
 Key Attributes: Elderly, Rural, Acquisition/Rehabilitation, Multifamily

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$373,238			\$369,189		

**CONDITIONS**

- 1 Receipt, review, and acceptance, before commencement of rehabilitation activity, of documentation that all recommendations of the ESA have been implemented.
- 2 Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	3
50% of AMI	50% of AMI	23
60% of AMI	60% of AMI	24

**STRENGTHS/MITIGATING FACTORS**

- The property is reported to be 98% leased.
- 100% of the units are covered by a HAP Contract.
- Overall market vacancy reported at 3%.

**WEAKNESSES/RISKS**

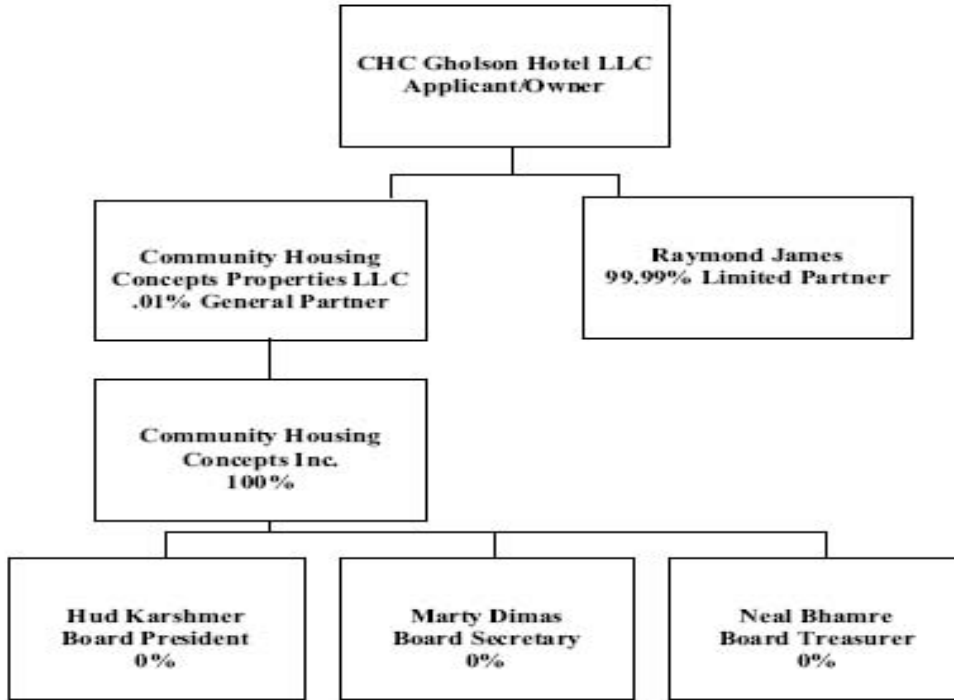
- Individual unit capture rates particularly on the one-bedroom units exceed 150%. The 60% AMI one-bedroom units show a capture rate of 531% based on the Underwriter's calculation.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Chad Asarch Phone: (303) 322-8888 Fax: (303) 322-2320  
 Email: chad@steelellc.com

**KEY PARTICIPANTS**

Name	Net Assets	Liquidity <sup>1</sup>	# Completed Developments
Community Housing Concepts Properties	Confidential		3

<sup>1</sup> Liquidity = Current Assets - Current Liabilities

**IDENTITIES OF INTEREST**

- The Applicant, Developer, and property manager are related entities. These are common relationships for HTC-funded developments.
- The seller is regarded as a related party due to the fact that the General Partner is the current owner.

This section intentionally left blank.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C									Total Buildings
Floors/Stories	5											
Number	1											<b>1</b>

BR/BA	SF	Units										Total Units	Total SF
0/1	431	8										8	3,448
1/1	554	42										42	23,268
												0	0
Units per Building	50											<b>50</b>	<b>26,716</b>

Development Plan:

The Applicant provided a Property Condition Assessment reflecting the following scope of work:

The apartment buildings will be renovated without the demolition of any buildings. Interior renovation will consist of all new appliances, replace all apartment flooring, cabinets, counter tops and fixtures in the kitchens and bathrooms, replace electrical ceiling fixtures and update GFI outlets, replace apartment PTAC units and smoke detectors and an allowance to replace 100 interior doors as needed. Exterior/Site/Community Building renovation will consist of renovating public restrooms, community room kitchen and community room furniture, replace all windows, atrium glass roof, built-up roof, building entrance doors, common area corridor and office flooring and common area lighting, install new HVAC equipment at laundry room, leasing office and community room, security cameras and resident tele-entry system, replace and seal coat asphalt parking lot and inspect masonry exterior wall and repair as necessary. Install solar thermal hot water system, modernize elevators and upgrade fire system.

This section intentionally left blank.

Relocation Plan:

Neither tenant relocation nor relocation funding is necessary, as they will complete renovations to individual units during pre-scheduled 8-hour days for occupied units. When necessary, the construction teams will enter an apartment and rehabilitate specific items. At the end of each day, the apartment will continue to be functional. Typically, they will only need to ask tenants to allow the construction team to enter their units on three or four days throughout the entire renovation process. They will notify residents of upcoming renovations to their unit and then give them the opportunity to choose a convenient date for the renovations to take place. On the scheduled day, the construction team will enter the unit and make all repairs and replacements ensuring that the resident will return home to a functional and refurbished unit. They have found that most tenants much prefer these in-place renovations to relocation for an extended period.

SITE ISSUES

Total Size: 0.594 acres Scattered site?  Yes  No  
Flood Zone: X, AE Within 100-yr floodplain?  Yes  No  
Zoning: None Needs to be re-zoned?  Yes  No  N/A  
Comments: None

TDHCA SITE INSPECTION

Inspector: Alexandra Gamble (ORCA) Date: 4/23/2009  
Overall Assessment:  Excellent  Acceptable  Questionable  Poor  Unacceptable  
Surrounding Uses:  
North: Senior Center, Commercial Bldg. East: Dollar General, Commercial Bldg.  
South: Parking, Commercial Bldg. West: Hair Salon, Parking  
Comments: Historic Hotel converted into apartments

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: URS Date: 2/25/2009  
Recognized Environmental Concerns (RECs) and Other Concerns:  
- "No RECs were identified." (p. 14)  
- "The basement reportedly floods, and the source is believed to be poorly managed stormwater runoff. Water damage and potential mold were observed in the basement. URS recommends that the source of water intrusion be rectified and damaged materials replaced." (p. 14)  
- "Hydraulic fluid was reportedly discharged to the sanitary sewer during a flood event in December 2008. A discharge of hydraulic fluid to the sanitary sewer system should be reported to the utility department as soon as it is discovered. Oil staining on the basement floor should be cleaned." (p. 14)  
- "An airport, a railroad track, and a state highway were mapped within the noise screening distance used by U.S. Department of HUD. Further testing is recommended to evaluate the level of noise at the building prior to renovation or new construction on the property using the TDHCA program." (p. 14)  
- "The Gholson Hotel underwent asbestos abatement in 1983 during the renovation that converted the building from a hotel to apartment building ... URS has requested a copy of the asbestos abatement report." (p. 10)  
Comments: The ESA states that "The southern edge of the parking area is located in Federal Emergency Management Agency (FEMA) Zone A, the 100-year flood zone." The QAP generally requires that parking and drive areas be no more than six inches below the floodplain; however, there is an exception to this requirement for existing developments "with federal funding assistance from HUD".

Any recommended funding will be subject to receipt, review, and acceptance, before commencement of rehabilitation activity, of documentation that all recommendations of the ESA have been implemented, including:

- Documentation that the source of water infiltration to the basement has been identified, and that corrective action has been incorporated into the scope of work for the proposed rehabilitation;
- Documentation that the hydraulic fluid discharge was properly reported to the relevant agencies;
- Documentation that a comprehensive noise evaluation has been completed, and that any subsequent recommendations have been implemented;
- A report from the ESA provider regarding review of the asbestos abatement report from the 1983 renovation, and a statement as to whether any further action is recommended.

### MARKET HIGHLIGHTS

Provider: The Gill Group Date: 3/13/2009  
 Contact: Samuel Gill Phone: (573) 624-6614 Fax: (573) 624-2942  
 Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 93 sq. miles 5 mile equivalent radius

The Primary Market Area is defined as Eastland County. The county had an estimated 2008 population of 18,365, including 3,669 senior households.

Secondary Market Area (SMA):

The Market Study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
none				none			

INCOME LIMITS						
Eastland						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$9,600	\$10,950	\$12,350	\$13,700	\$14,800	\$15,900
50	\$15,950	\$18,250	\$20,500	\$22,800	\$24,600	\$26,450
60	\$19,140	\$21,900	\$24,600	\$27,360	\$29,520	\$31,740

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
0 BR/30%				24	3	0	13%
0/1 BR / 50%				30	23	0	77%
1 BR/60%				34	24	0	71%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
0 BR/30%	17	-1	0	16	3	0	18%
0 BR/50%	6	0	0	6	5	0	80%
1 BR/50%	14	-2	0	12	18	0	152%
1 BR/60%	5	0	0	5	24	0	531%

OVERALL DEMAND						
	Target Households	Household Size	Income Eligible	Tenure	Demand	
PMA DEMAND from TURNOVER						turnover
Market Analyst p.				411	13%	54
Underwriter				408	16%	66
PMA DEMAND from GROWTH						growth
Market Analyst p.						-20
Underwriter					100%	-4
INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p.	50	0	0	50	34	146%
Underwriter	50	0	0	50	62	81%

Supply and Demand Analysis:

The subject is a senior property with efficiency and one-bedroom units; as such only one and two person senior households are eligible tenants. The Market Analyst determined the maximum eligible income to be \$20,940 based on the 2008 HTC program limits, which were the most recent available at the time of application. Since the subject has a Housing Assistance (HAP) contract with HUD covering all units, all households below the maximum income are income-eligible. The market study analysis identifies demand for 54 units from turnover of eligible households based on a turnover rate of 13.2%; and reduction in demand by 20 households due to the forecasted decrease in eligible households. With total demand for 34 units and no unstabilized comparable units located in the PMA, the Market Analyst concludes an inclusive capture rate of 146% for the 50 units at the subject.

The maximum income based on the 2009 program limits is \$21,900. The turnover rate for senior developments in Region 2 is 16.1%. The underwriting analysis identifies demand for 66 units from turnover of eligible households, and a reduction in demand by 4 units due to the forecasted decrease in eligible households. Total demand for 62 units and a supply of 50 units indicates an inclusive capture rate of 81%.

Both results exceed the maximum capture rate of 75% for developments targeting seniors. However, the subject is an existing affordable housing development with greater than 80% occupancy and the rehabilitation will not displace any current tenants; and the subject will maintain a rental assistance agreement for more than 50% the units; both these factors provide exceptions to the inclusive capture rate limit.

Primary Market Occupancy Rates:

"There were six conventional properties surveyed in the market area. Of the 188 units surveyed, six were vacant. An overall market vacancy of three percent was determined." (p. 118)

Absorption Projections:

"It is believed that the subject property will maintain its stabilized occupancy after rehabilitation." (p. 15)

Unit Type (% AMI)	Current Contract Rent	Proposed Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
0 BR 431 SF 30%	609	609	\$400	609	0
0 BR 431 SF 50%	609	609	\$400	609	0
1 BR 554 SF 50%	774	774	\$440	774	0
1 BR 554 SF 60%	774	774	\$440	774	0



Market Impact:

"After researching the vacancy rates of the existing units in the area, it is firmly believed that the existing development will satisfy a portion of the continued demand for the units within the market." (p. 60)

Comments:

The market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:          N/A          Date of Last Applicant Revision:          N/A    

All fifty of the units are under a HAP Contract which will reflect the contract rents on those units and have been historically 100% occupied. The Applicant's contract rents collected per unit were calculated by subtracting the tenant-paid utility allowances as of the HAP Contract dated 3/1/2009 from the 2009 gross rent limits. Tenants will be required to pay all electric utility costs. The Underwriter's projected rents were calculated on the same basis.

The Applicant's estimate of secondary income is within the Department's guidelines, but the vacancy and collection loss is based on 5%, whereas the Department's standard is calculated using 7.5%. The Underwriter adjusted the Department's standard from 7.5% to 5% as permitted by REA rules for elderly developments, existing HAP contracts and the high occupancy rates of the overall market as confirmed by the market study. Overall the Applicant's effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:          N/A          Date of Last Applicant Revision:          N/A    

The Applicant's total annual operating expense projection at \$4,771 per unit is within 5% of the Underwriter's estimate of \$4,760 derived from actual 2008 operating statements for the property, the TDHCA database, and IREM data. The Applicant's budget shows management fees slightly above 5%.

Conclusion:

The Applicant's effective gross income, operating expenses, and net operating income are within 5% of the Underwriter's estimates; therefore, the Applicant's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.29, which is within the Department's DCR guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider:          Gill Group          Date:          3/3/2009    

Number of Revisions:          N/A          Date of Last Applicant Revision:          N/A    

Land Only:      0.59 acres          \$35,000          As of:          3/13/2009    

Existing Buildings: (as-is)          \$2,553,000          As of:          3/13/2009    

Total Development: (as-is)          \$2,588,000          As of:          3/13/2009    

Comments:

The subject property neighborhood has good attractiveness and appeal. (p.28)

**ASSESSED VALUE**

Land Only: 0.59 acres	<u>\$18,750</u>	Tax Year:	2008
Existing Buildings:	<u>\$484,240</u>	Valuation by:	<u>From TaxNet USA</u>
Total Assessed Value:	<u>\$502,990</u>	Tax Rate:	<u>2.41976</u>

**EVIDENCE of PROPERTY CONTROL**

Type: <u>Special Warranty Deed</u>	Acreage: <u>0.594</u>
Contract Expiration: <u>Not Applicable</u>	Valid Through Board Date? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost: <u>\$2,430,825</u>	Other: <u>The property was purchased 10/31/07</u>
Seller: <u>Ranger Apartments, LTD. (2007)</u>	Related to Development Team? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**TITLE**

Comments:  
No issues of note.

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: N/A Date of Last Applicant Revision: N/A

**Acquisition Value:**

The Applicant, Community Housing Concepts Properties acquired the property on October 31, 2007 for \$2,430,825 and did not provide documentation for holding or related expenses; therefore, the original purchase price of \$2,430,825 was used to ensure that a windfall profit or excess developer fee is not provided to the developer as a result of the potential TDHCA funding for the project.

**Sitework Cost:**

Since this is a proposed rehabilitation the associated sitework costs are minimal. The Applicant has estimated sitework costs of \$666 per unit which is the same as the Property Condition Assessment (PCA) estimate of \$666 per unit.

**Direct Construction Cost:**

The Applicant has estimated direct construction costs of \$27,334 per unit which is the same as the Property Condition Assessment (PCA) estimate.

**Ineligible Costs:**

The Applicant included \$243,349 for "Other" Acquisition expense which was later described as a seller brokerage fee as an eligible cost. This cost is regarded to be ineligible; therefore, the Underwriter reduced the Applicant's eligible basis by an equivalent amount.

**Contingency & Fees:**

The Applicant's contractor's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines, but the Applicant's developer fees exceeded 15% of the Applicant's adjusted eligible basis by \$36,447 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

**Conclusion:**

The Underwriter's cost schedule was derived from the PCA and information presented in the Application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. The Applicant's development cost schedule is within 5% of the Underwriter's development cost schedule; however, because this is a rehabilitation, the Underwriter's development cost will be used to structure a recommendation for this development. An eligible basis of \$5,011,701 supports annual tax credits of \$369,189. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: N/A Date of Last Applicant Revision: N/A

Source: City of Ranger Type: **Interim Financing**

Principal: \$165,111 Interest Rate: 3.52%  Fixed Term:        months

Comments:

Certificate of intent to apply. The commitment did state the exact terms to be determined, but at a minimum at or below Applicable Federal Rate (AFR) and the later of one year or the Placed in Service date.

Source: Lee Mendel Type: **Interim Financing**

Principal: \$115,000 Interest Rate: 3.52%  Fixed Term: 12 months

Comments:

Conditional upon award of HTC.

Source: U.S. Bank Type: **Permanent Financing**

Principal: \$1,060,000 Interest Rate: 8.1%  Fixed Amort: 420 months

Comments:

Source: CHC HUD Assumed 2nd & 3rd Lien Type: **Permanent Financing**

Principal: \$1,446,262 Interest Rate: 1.0%  Fixed Amort: 360 months

Comments:

HUD Section 8 Mark-to-Market Structure. 3rd lien of \$301,812 is cash flow note payable only in event of default on 2nd lien. Both notes originated November 2007.

Source: Raymond James Type: **Syndication**

Proceeds: \$2,612,402 Syndication Rate: 70% Anticipated HTC: \$ 373,238

Comments:

The terms and conditions proposed appear to be reasonable in the current market environment. The expiration of the commitment is December 31, 2009 unless extended.

Amount: \$385,003 Type: **Deferred Developer Fees**

**CONCLUSIONS**

Recommended Financing Structure:

The Underwriter's total development cost estimate less the permanent debt of \$2,506,262 indicates the need for \$2,997,401 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$428,244 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$373,238), the gap-driven amount (\$428,244), and eligible basis-derived estimate (\$369,189), the eligible basis amount of \$369,189 is recommended resulting in proceeds of \$2,584,061 based on a syndication rate of 70%.

The Underwriter's recommended financing structure indicates the need for \$393,496 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within ten years of stabilized operation.

Underwriter: \_\_\_\_\_ Date: July 15, 2009

*Thomas Kincaid*

Reviewing Underwriter: \_\_\_\_\_ Date: July 15, 2009

*Raquel Morales*

Director of Real Estate Analysis: \_\_\_\_\_ Date: July 15, 2009

*Tom Gouris*

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Gholson Hotel, Ranger, 9% HTC #09164**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	3	0	1	431	\$240	\$609	\$1,827	\$1.41	\$35.00	\$9.00
TC 50%	5	0	1	431	\$398	\$609	\$3,045	\$1.41	\$35.00	\$9.00
TC 50%	18	1	1	554	\$427	\$774	\$13,932	\$1.40	\$39.00	\$9.00
TC 60%	24	1	1	554	\$513	\$774	\$18,576	\$1.40	\$39.00	\$9.00
<b>TOTAL:</b>	<b>50</b>		<b>AVERAGE:</b>	<b>534</b>		<b>\$748</b>	<b>\$37,380</b>	<b>\$1.40</b>	<b>\$38.36</b>	<b>\$9.00</b>

**INCOME**

Total Net Rentable Sq Ft: **26,716**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$5.00  
 Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -5.00%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	7.51%	\$644	1.21	\$32,205	\$33,859	\$1.27	\$677	7.91%
Management	5.00%	429	0.80	21,449	21,500	0.80	430	5.02%
Payroll & Payroll Tax	17.90%	1,536	2.87	76,785	77,884	2.92	1,558	18.19%
Repairs & Maintenance	5.11%	439	0.82	21,926	19,630	0.73	393	4.58%
Utilities	8.00%	687	1.28	34,326	30,038	1.12	601	7.02%
Water, Sewer, & Trash	1.73%	149	0.28	7,429	9,155	0.34	183	2.14%
Property Insurance	2.18%	187	0.35	9,351	9,600	0.36	192	2.24%
Property Tax 2.41976	4.23%	363	0.68	18,148	18,883	0.71	378	4.41%
Reserve for Replacements	3.50%	300	0.56	15,000	15,000	0.56	300	3.50%
TDHCA Compliance Fees	0.47%	40	0.07	2,000	2,000	0.07	40	0.47%
Other: Security	0.23%	20	0.04	1,000	1,000	0.04	20	0.23%
<b>TOTAL EXPENSES</b>	<b>55.86%</b>	<b>\$4,792</b>	<b>\$8.97</b>	<b>\$239,619</b>	<b>\$238,549</b>	<b>\$8.93</b>	<b>\$4,771</b>	<b>55.71%</b>
<b>NET OPERATING INC</b>	<b>44.14%</b>	<b>\$3,787</b>	<b>\$7.09</b>	<b>\$189,363</b>	<b>\$189,635</b>	<b>\$7.10</b>	<b>\$3,793</b>	<b>44.29%</b>

**DEBT SERVICE**

US Bank	21.28%	\$1,825	\$3.42	\$91,271	\$91,270	\$3.42	\$1,825	21.32%
Community Housing Concepts	13.01%	\$1,116	\$2.09	55,821	55,821	\$2.09	\$1,116	13.04%
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>9.85%</b>	<b>\$845</b>	<b>\$1.58</b>	<b>\$42,272</b>	<b>\$42,544</b>	<b>\$1.59</b>	<b>\$851</b>	<b>9.94%</b>

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		44.33%	\$48,617	\$90.99	\$2,430,825	\$2,430,825	\$90.99	\$48,617	44.17%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		0.61%	666	1.25	33,285	33,285	1.25	666	0.60%
Direct Construction		24.92%	27,334	51.16	1,366,715	1,366,715	51.16	27,334	24.83%
Contingency	5.00%	1.28%	1,400	2.62	70,000	70,000	2.62	1,400	1.27%
Contractor's Fees	13.98%	3.57%	3,915	7.33	195,748	195,748	7.33	3,915	3.56%
Indirect Construction		4.28%	4,692	8.78	234,619	234,619	8.78	4,692	4.26%
Ineligible Costs		4.82%	5,285	9.89	264,241	264,241	9.89	5,285	4.80%
Developer's Fees	15.00%	11.92%	13,074	24.47	653,700	690,147	25.83	13,803	12.54%
Interim Financing		3.22%	3,536	6.62	176,809	176,809	6.62	3,536	3.21%
Reserves		1.06%	1,158	2.17	57,877	41,278	1.55	826	0.75%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$109,676</b>	<b>\$205.26</b>	<b>\$5,483,819</b>	<b>\$5,503,667</b>	<b>\$206.01</b>	<b>\$110,073</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>30.38%</b>	<b>\$33,315</b>	<b>\$62.35</b>	<b>\$1,665,748</b>	<b>\$1,665,748</b>	<b>\$62.35</b>	<b>\$33,315</b>	<b>30.27%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
US Bank	19.33%	\$21,200	\$39.68	\$1,060,000	\$1,060,000	\$1,060,000	Developer Fee Available
Community Housing Concepts	26.37%	\$28,925	\$54.13	1,446,262	1,446,262	1,446,262	\$653,700
HTC Syndication Proceeds	47.64%	\$52,248	\$97.78	2,612,402	2,612,402	2,584,061	% of Dev. Fee Deferred
Deferred Developer Fees	7.02%	\$7,700	\$14.41	385,003	385,003	393,496	60%
Additional (Excess) Funds Req'd	-0.36%	(\$397)	(\$0.74)	(19,848)	0	(0)	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$5,483,819</b>	<b>\$5,503,667</b>	<b>\$5,483,819</b>	<b>\$782,366</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

**Gholson Hotel, Ranger, 9% HTC #09164**

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost				\$0
<b>Adjustments</b>				
Exterior Wall Finish			\$0.00	\$0
Elderly			0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			0.00	0
Floor Cover			0.00	0
Breezeways/Balconies	\$22.95		0.00	0
Plumbing Fixtures	\$835		0.00	0
Rough-ins	\$410		0.00	0
Built-In Appliances	\$1,800	0	0.00	0
Exterior Stairs	\$1,875		0.00	0
Enclosed Corridors	(\$9.92)		0.00	0
Heating/Cooling			0.00	0
Garages/Carports			0.00	0
Comm &/or Aux Bldgs			0.00	0
Other: fire sprinkler	\$2.15	0	0.00	0
<b>SUBTOTAL</b>			0.00	0
Current Cost Multiplier	1.01		0.00	0
Local Multiplier			0.00	0
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$0.00</b>	<b>\$0</b>
Plans, specs, survy, bld prm	3.90%		\$0.00	\$0
Interim Construction Interest	3.38%		0.00	0
Contractor's OH & Profit	11.50%		0.00	0
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$0.00</b>	<b>\$0</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,060,000	Amort	420
Int Rate	8.10%	DCR	2.07

<b>Secondary</b>	\$1,446,262	Amort	360
Int Rate	1.00%	Subtotal DCR	1.29

<b>Additional</b>	\$2,612,402	Amort	
Int Rate		Aggregate DCR	1.29

**RECOMMENDED FINANCING STRUCTURE**

**APPLICANT'S NOI:**

Primary Debt Service	\$91,271
Secondary Debt Service	55,821
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$42,543</b>

<b>Primary</b>	\$1,060,000	Amort	420
Int Rate	8.10%	DCR	2.08

<b>Secondary</b>	\$1,446,262	Amort	360
Int Rate	1.00%	Subtotal DCR	1.29

<b>Additional</b>	\$2,612,402	Amort	0
Int Rate	0.00%	Aggregate DCR	1.29

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

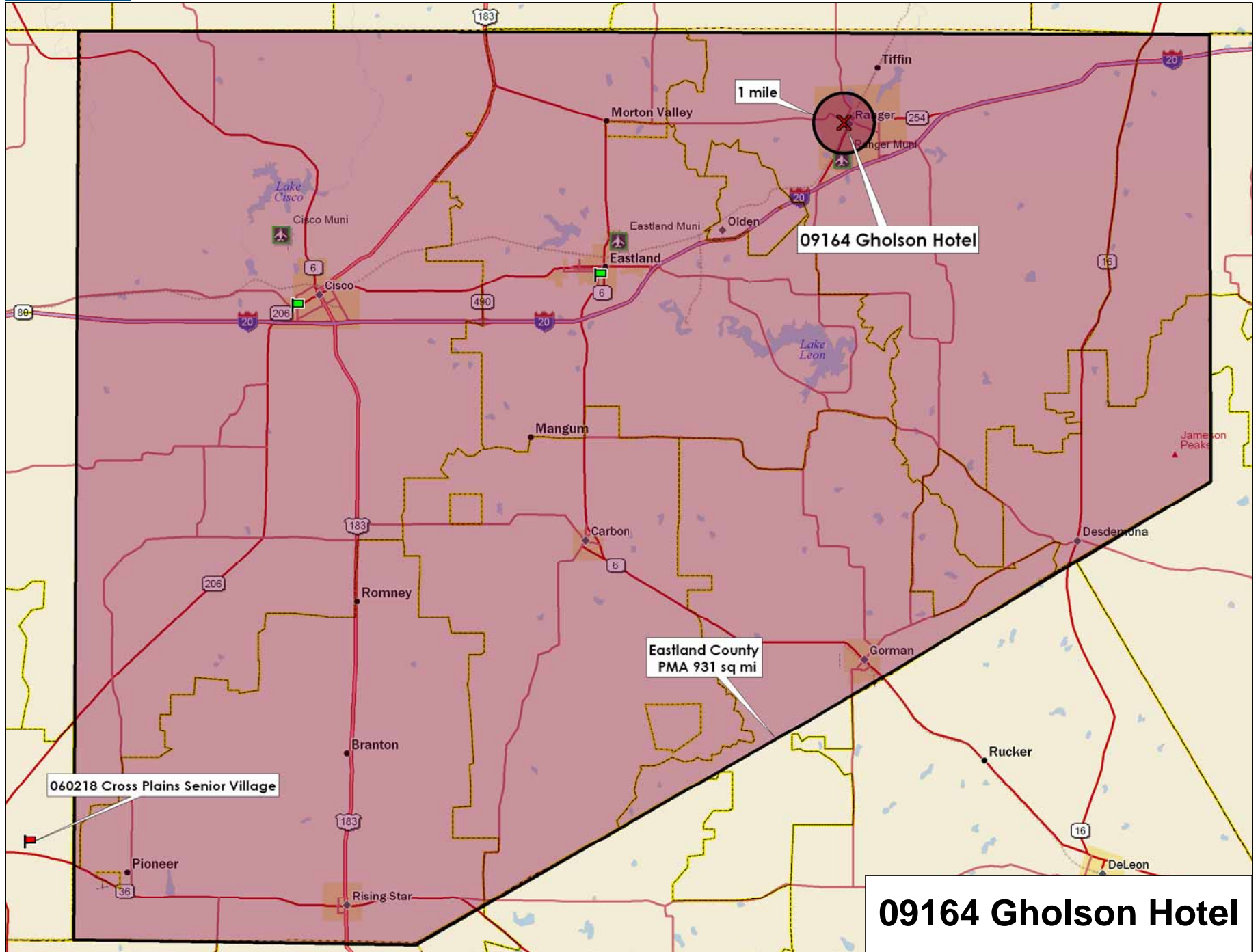
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$448,560	\$457,531	\$466,682	\$476,015	\$485,536	\$536,071	\$591,865	\$653,467	\$796,573
Secondary Income	3,000	3,060	3,121	3,184	3,247	3,585	3,958	4,370	5,328
Other Support Income:	0	0	0	0	0	0	0	0	0
<b>POTENTIAL GROSS INCOME</b>	<b>451,560</b>	<b>460,591</b>	<b>469,803</b>	<b>479,199</b>	<b>488,783</b>	<b>539,656</b>	<b>595,824</b>	<b>657,838</b>	<b>801,900</b>
Vacancy & Collection Loss	(22,578)	(23,030)	(23,490)	(23,960)	(24,439)	(26,983)	(29,791)	(32,892)	(40,095)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$428,982</b>	<b>\$437,562</b>	<b>\$446,313</b>	<b>\$455,239</b>	<b>\$464,344</b>	<b>\$512,673</b>	<b>\$566,033</b>	<b>\$624,946</b>	<b>\$761,805</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$32,205	\$33,171	\$34,166	\$35,191	\$36,247	\$42,020	\$48,713	\$56,471	\$75,893
Management	21,449	21,878	22,316	22,762	23,217	25,634	28,302	31,247	38,090
Payroll & Payroll Tax	76,785	79,088	81,461	83,905	86,422	100,186	116,144	134,642	180,948
Repairs & Maintenance	21,926	22,584	23,261	23,959	24,678	28,608	33,165	38,447	51,670
Utilities	34,326	35,356	36,417	37,509	38,635	44,788	51,922	60,192	80,892
Water, Sewer & Trash	7,429	7,652	7,881	8,118	8,361	9,693	11,237	13,027	17,507
Insurance	9,351	9,631	9,920	10,218	10,524	12,200	14,144	16,396	22,035
Property Tax	18,148	18,693	19,253	19,831	20,426	23,679	27,451	31,823	42,767
Reserve for Replacements	15,000	15,450	15,914	16,391	16,883	19,572	22,689	26,303	35,348
Other	3,000	3,090	3,183	3,278	3,377	3,914	4,538	5,261	7,070
<b>TOTAL EXPENSES</b>	<b>\$239,619</b>	<b>\$246,593</b>	<b>\$253,772</b>	<b>\$261,162</b>	<b>\$268,769</b>	<b>\$310,295</b>	<b>\$358,303</b>	<b>\$413,809</b>	<b>\$552,221</b>
<b>NET OPERATING INCOME</b>	<b>\$189,363</b>	<b>\$190,969</b>	<b>\$192,541</b>	<b>\$194,077</b>	<b>\$195,575</b>	<b>\$202,378</b>	<b>\$207,730</b>	<b>\$211,137</b>	<b>\$209,584</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$91,271	\$91,271	\$91,271	\$91,271	\$91,271	\$91,271	\$91,271	\$91,271	\$91,271
Second Lien	55,821	55,821	55,821	55,821	55,821	55,821	55,821	55,821	55,821
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$42,272</b>	<b>\$43,877</b>	<b>\$45,450</b>	<b>\$46,986</b>	<b>\$48,483</b>	<b>\$55,286</b>	<b>\$60,639</b>	<b>\$64,045</b>	<b>\$62,493</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.29</b>	<b>1.30</b>	<b>1.31</b>	<b>1.32</b>	<b>1.33</b>	<b>1.38</b>	<b>1.41</b>	<b>1.44</b>	<b>1.42</b>

**HTC ALLOCATION ANALYSIS -Gholson Hotel, Ranger, 9% HTC #09164**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>						
Purchase of land	\$150,000	\$150,000				
Purchase of buildings	\$2,280,825	\$2,280,825	\$2,280,825	\$2,280,825		
<b>Off-Site Improvements</b>						
Sitework	\$33,285	\$33,285			\$33,285	\$33,285
<b>Construction Hard Costs</b>	\$1,366,715	\$1,366,715			\$1,366,715	\$1,366,715
<b>Contractor Fees</b>	\$195,748	\$195,748			\$195,748	\$195,748
<b>Contingencies</b>	\$70,000	\$70,000			\$70,000	\$70,000
<b>Eligible Indirect Fees</b>	\$234,619	\$234,619			\$234,619	\$234,619
<b>Eligible Financing Fees</b>	\$176,809	\$176,809			\$176,809	\$176,809
<b>All Ineligible Costs</b>	\$264,241	\$264,241				
<b>Developer Fees</b>			\$342,124	\$342,124	\$311,576	\$311,576
Developer Fees	\$690,147	\$653,700				
<b>Development Reserves</b>	\$41,278	\$57,877				
<b>TOTAL DEVELOPMENT COSTS</b>	\$5,503,667	\$5,483,819	\$2,622,949	\$2,622,949	\$2,388,752	\$2,388,752

<b>Deduct from Basis:</b>						
<b>TOTAL ELIGIBLE BASIS</b>			\$2,622,949	\$2,622,949	\$2,388,752	\$2,388,752
High Cost Area Adjustment					130%	130%
<b>TOTAL ADJUSTED BASIS</b>			\$2,622,949	\$2,622,949	\$3,105,378	\$3,105,378
Applicable Fraction			100%	100%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>			\$2,622,949	\$2,622,949	\$3,105,378	\$3,105,378
Applicable Percentage			3.42%	3.42%	9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$89,705	\$89,705	\$279,484	\$279,484

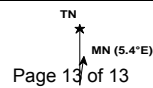
Syndication Proceeds	0.6999	\$627,870	\$627,870	\$1,956,191	\$1,956,191
<b>Total Tax Credits (Eligible Basis Method)</b>				\$369,189	<b>\$369,189</b>
Syndication Proceeds				\$2,584,061	\$2,584,061
Requested Tax Credits				\$373,238	
Syndication Proceeds				\$2,612,402	
Gap of Syndication Proceeds Needed				\$2,997,405	
Total Tax Credits (Gap Method)				\$428,244	



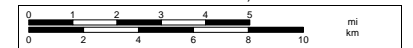
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Scale 1 : 275,000



1" = 4.34 mi

Data Zoom 9-5



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Cherrywood Apts, TDHCA Number 09165**

BASIC DEVELOPMENT INFORMATION

Site Address: 701 W. Tokio Rd. Development #: 09165  
 City: West Region: 8 Population Served: Elderly  
 County: McLennan Zip Code: 76691 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: PK Cherrywood Apartments LP  
 Owner Contact and Phone: Pete Potterpin, (517) 347-9662  
 Developer: Megan & Associates V LLC  
 Housing General Contractor: PK Construction LLC  
 Architect: Cameron Alread, Architect, Inc.  
 Market Analyst: N/A  
 Syndicator: Michel and Associates  
 Supportive Services: TBD  
 Consultant: S2A Development Consulting, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	44	
	3	0	20	21	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	36	8	0	0	0	
Type of Building:						Total Development Units:	44
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	6
<input checked="" type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	3
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	9

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$290,139	\$290,139			
HOME Activity Fund Amount:	\$1,156,092	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Cherrywood Apts, TDHCA Number 09165**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Averitt, District 22, S

Points: 14 US Representative: Edwards, District 17, NC

TX Representative: Anderson, District 56, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

S, Kenneth Kubala, City Secretary City of West

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

Cherrywood Resident Council, Charlotte Rendek  
Renovation will be good for property.

Letter Score: 24 S or O: S

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letters of support from elected officials and qualified neighborhood association.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Cherrywood Apts, TDHCA Number 09165**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **0**

Total # Monitored: **0**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **203**  Meeting a Required Set-Aside Credit Amount\*: \$290,139

Recommendation: Competitive in USDA Allocation

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Fondren Ranch, TDHCA Number 09167**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 15800 Blk of Fondren at Fort Bend Tollway Development #: 09167  
 City: Houston Region: 6 Population Served: General  
 County: Fort Bend Zip Code: 77489 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: Fondren Ranch, Ltd  
 Owner Contact and Phone: W. Barry Kahn, (713) 871-0063  
 Developer: HK/Fondren Development, LLC  
 Housing General Contractor: Hettig Construction Corp  
 Architect: JRM Architects, Inc.  
 Market Analyst: O'Connor & Associates  
 Syndicator: Hudson Housing Capital, LLC  
 Supportive Services: N/A  
 Consultant: N/A

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	100	
	5	0	45	50	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	0	1	0	100	0	
Type of Building:						Total Development Units:	101
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input checked="" type="checkbox"/> Detached Residence					Number of Residential Buildings:	101
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,986,745	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Fondren Ranch, TDHCA Number 09167

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

State and Federal Officials with Jurisdiction:

TX Senator: Ellis, District 13, NC

Points: 0 US Representative: Green, District 9, NC

TX Representative: Olivo, District 27, O

Points: -14 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: NC

Resolution of Support from Local Government

O, Grady Prestage, Fort Bend County Commissioner, Precinct 2

O, Wanda Adams, Houston City Council Member, District D

Individuals and Businesses: In Support: 0 In Opposition: 223

Quantifiable Community Participation Input:

Ford Bend Houston Super Neighborhood Council (SN41), Mary Taylor Ross Letter Score: 0 S or O: O

- 1) The applicant failed to notify the presiding officer of the county in which the proposed development would be located, per the rules of the Multifamily Finance Production Division 2009 Housing Tax Credit Program Qualified Allocation Plan and Rules (2009 QAP.)
2) The applicant failed to notify any of the elected members of the governing body of the county in which the proposed development will be located per the rules of the 2009 QAP.
3) The proposed lot sizes and house sizes will change the character of the existing neighborhood. The average lot size per house in the neighboring Briargate subdivision is approx. 62 ft by 110 ft. This proposed development would be located directly across the street and would change the character of this and neighboring communities.
4) There is no public transportation within one-quarter mile of the development per the 2009 QAP. This applies using radius and actual walk path measurements.
5) The only amenities within one mile of proposed development are a convenience store, a public elementary school (No middle or high schools) and a library. There are no grocery stores or hospital/major health clinics, pharmacies or other amenities that would provide a decent quality of life for potential residents in this location if transportation were an issue.
6) Per the 2009 QAP a non-mitigable factor may already exist at this location. The proposed southern boundary of this project would border a site dedicated to heavy industrial activity related to the pumping, storage, distribution, flaring of petroleum products, chemical products, gases or any single combination of them. One flare is located less than one-quarter mile from the proposed southern boundary of project 09167. Current residents have filed several air quality complaints because of the irritating chemical odor in the area, which may be caused by the activity on fore mentioned property. Poor air quality may adversely affect the health and safety of the residents of this new development. The presence of the industrial property is non-mitigable.
7) The proposed development serves the same type of household as Westbury Village I; a detached resident, low to moderate income development accepting subsidized rent. Westbury Village is less than one mile from the location of the proposed development. A large apartment development located approx. 1.6 miles from the proposed development serves the same type of household. Both developments may be in the same census tract.
8) Ingress and egress to the proposed location will be very limited, as it is cut off from any development to its north, south and west borders. The location of this development would potentially cause increased traffic through the bordering Briargate neighborhood by causing currently barricaded streets to be opened. The streets were barricaded to control vehicular traffic and criminal activity.

Community Input Other than Quantifiable Community Participation Input:

Total Score for All Input: 6

Child & Adult Development Center of Houston, Inc., S, Dr. LaShondia McNeal, Director
Credit Services Unlimited, S, Monica Lewis, President



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Fondren Ranch, TDHCA Number 09167**

Families Under Urban & Social Attack, S, Rev. Leslie Smith II, CEO and Founder  
United Way-Volunteers of America, S, Nadine Scamp, Houston Regional Director

**General Summary of Comment:**

Oppositions from elected official, several citizens and one qualified neighborhood association. Opposition to the development cited loss in property value, increased crime, abundance of low income housing in the area, inadequate pedestrian amenities and environmental hazards.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Fondren Ranch, TDHCA Number 09167**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **16**

Total # Monitored: **14**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **160**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended due to \$2 million cap violation.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**LifeNet Lofts, TDHCA Number 09168**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 2621 Jeffries St. and 2600 Block of Merlin St. Development #: 09168  
 City: Dallas Region: 3 Population Served: General  
 County: Dallas Zip Code: 75215 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: LifeNet Lofts, L.P.  
 Owner Contact and Phone: Liam Mulvaney, (214) 932-1937  
 Developer: LifeNet Community Behavioral Healthcare  
 Housing General Contractor: ICI Construction, Inc.  
 Architect: Cermak Rhoades Architects  
 Market Analyst: Integra Realty Resources  
 Syndicator: National Equity Fund, Inc.  
 Supportive Services: LifeNet Community Behavior Healthcare  
 Consultant: Churchill Residential, Inc.

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	125	
	13	0	13	99	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	125	0	0	0	0	
Type of Building:						Total Development Units:	125
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	1
<input type="checkbox"/> Fourplex	<input checked="" type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,000,295	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**LifeNet Lofts, TDHCA Number 09168**

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: West, District 23, NC

Points: 0

US Representative: Johnson, District 30, NC

TX Representative: Hodge, District 100, NC

Points: 0

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Central Dallas Ministries, S, Larry James, President & CEO

Metro Dallas Homeless Alliance, S, Michael M. Faenza, President & CEO

True Lee Missionary Baptist Church, S, Rev. Donald R. Parish, Sr., Pastor

The Baron and Blue Foundation, S, Beth Taylor, Executive Director

Southfair Community Development Corporation, S, Lester Nevels, Executive Director

**General Summary of Comment:**

Resolution from the city in support, and one letter of support from an ineligible neighborhood association.

CONDITIONS OF COMMITMENT





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**LifeNet Lofts, TDHCA Number 09168**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **11**

Total # Monitored: **9**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **176**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Orem Ranch, TDHCA Number 09169**

BASIC DEVELOPMENT INFORMATION

Site Address: W. Side of 12500 Blk of Alameda Development #: 09169  
 City: Houston Region: 6 Population Served: General  
 County: Harris Zip Code: 77045 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Orem Ranch, Ltd.  
 Owner Contact and Phone: W. Barry Kahn, (713) 871-0063  
 Developer: HK/Orem Development, LLC  
 Housing General Contractor: Hettig Construction Corp.  
 Architect: JRM Architects, Inc.  
 Market Analyst: O'Connor & Associates  
 Syndicator: Hudson Housing Capital, LLC  
 Supportive Services: N/A  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	80
	4	0	28	48	Market Rate Units:	0
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	0	1	0	80	0

Type of Building:

<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building	Total Development Units:	81
<input type="checkbox"/> Triplex	<input checked="" type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	81
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,597,843	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Orem Ranch, TDHCA Number 09169

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Ellis, District 13, NC

Points: 0

US Representative: Green, District 9, NC

TX Representative: Allen, District 131, NC

Points: 0

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 66

**Quantifiable Community Participation Input:**

South Houston Concerned Citizens Coalition, Linda Scurlock

Letter Score: 0 S or O: 0

We have several rental apartment projects in the SHCCC boundaries. These homes will be in the HISD Peterson Elementary, Dowling Middle School and Madison High School and these schools are already crowded. We do not need any additional apartments or rental homes within our boundaries.

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

FUUSA, S, Rev. Leslie Smith II, CEO and Founder

Child and Adult Development Center of Houston, Inc., S, Dr. LaShondia McNeal

Volunteers of America, S, Nadine Scamp, LMSW

Alameda Plaza Civic Club, O, Beulah Maxie, President

**General Summary of Comment:**

One person spoke in opposition on behalf of an eligible neighborhood association and provided a petition of 66 names also in opposition. One ineligible neighborhood association opposed.

CONDITIONS OF COMMITMENT



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Orem Ranch, TDHCA Number 09169**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **160**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended due to \$2 million cap violation.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**South Acres Ranch II, TDHCA Number 09170**

BASIC DEVELOPMENT INFORMATION

Site Address: E. Side of 11400 Blk of Scott St. Development #: 09170  
 City: Houston Region: 6 Population Served: General  
 County: Harris Zip Code: 77047 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: South Acres Ranch II, Ltd.  
 Owner Contact and Phone: W. Barry Kahn, (713) 871-0063  
 Developer: HK/South Acres II, LLC  
 Housing General Contractor: Hettig Construction Corp  
 Architect: JRM Architects, Inc.  
 Market Analyst: O'Connor & Associates  
 Syndicator: Hudson Housing Capital, LLC  
 Supportive Services: N/A  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	48	
	3	0	21	24	Market Rate Units:	1	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	0	1	0	48	0	
Type of Building:						Total Development Units:	49
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$10,036,932
<input type="checkbox"/> Triplex	<input checked="" type="checkbox"/> Detached Residence					Number of Residential Buildings:	49
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,013,194	\$1,008,077			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

South Acres Ranch II, TDHCA Number 09170

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Ellis, District 13, NC

Points: 0 US Representative: Green, District 9, NC

TX Representative: Edwards, District 146, S

Points: 14 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

Sunnyside/South Acres/Crestmont Park Super Neighborhood, Margaret Jenkins Letter Score: 24 S or O: S

Our primary support purpose for this new development is to improve the general welfare of our community with new growth and development. Our community residents are basically comprised of senior citizens. We need to revitalize our community with younger residents, newer homes and to allow our community schools to remain open.

Southeast Coalition of Civic Clubs, Bessie Swindle

Letter Score: 24 S or O: S

Our primary support purpose for this new development is to improve the general welfare of our community with new growth and development. Our community residents are basically comprised of senior citizens. We need to revitalize our community with younger residents, newer homes and allow our community schools to remain open.

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected officials and two qualified neighborhood associations. City resolution of support as well.

CONDITIONS OF COMMITMENT

1. Receipt review and acceptance of a certification from the seller confirming that they will not have an ongoing interest in the development following the close of the sale of the property.
2. Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Houston for the requested HOME funds with terms of the funds clearly stated.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.
4. Receipt of a commitment of funding from the City of Houston in the amount of \$960,000, or a commitment from a qualifying substitute source in an amount not less than \$501,847, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**South Acres Ranch II, TDHCA Number 09170**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **16**

Total # Monitored: **13**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **200**  Meeting a Required Set-Aside Credit Amount\*: \$1,008,077

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/13/09 PROGRAM: 9%/HTC FILE NUMBER: 09170

**DEVELOPMENT**

South Acres Ranch II

Location: East side of ~11400 Block of Scott Street Region: 6  
 City: Houston County: Harris Zip: 77047  OCT  DDA  
 Key Attributes: Family, New Construction, Urban

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,013,194			\$1,008,077		

**CONDITIONS**

- 1 Receipt review and acceptance of a certification from the seller confirming that they will not have an ongoing interest in the development following the close of the sale of the property.
- 2 Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Houston for the requested HOME funds with terms of the funds clearly stated.
- 3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	3
50% of AMI	50% of AMI	21
60% of AMI	60% of AMI	24

**STRENGTHS/MITIGATING FACTORS**

- Overall capture rate of 22% and sub-market occupancy (as adjusted for out-of-service units) is reported at 93%.
- Rental rates show a significant savings over market rental rates.
- Principals of Applicant have LIHTC development experience.

**WEAKNESSES/RISKS**

- 50% AMI and 60% AMI units show capture rates that exceed 100%.
- 4-bedroom, single-family style construction will potentially compete with single-family shadow rental market.

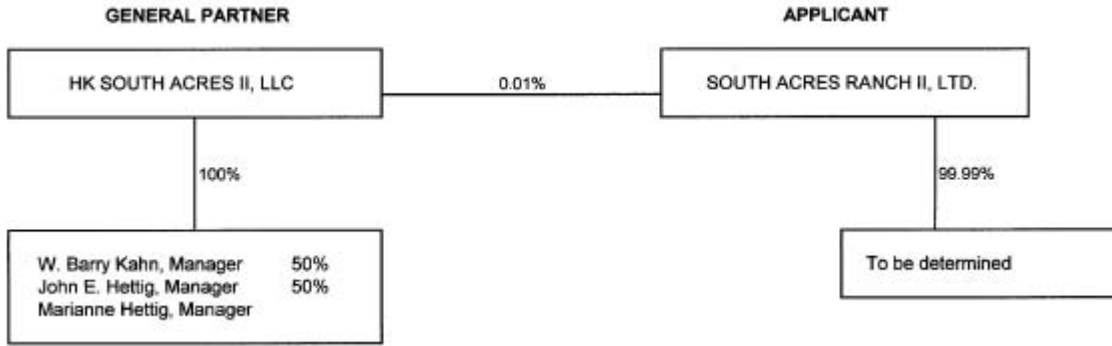
**PREVIOUS UNDERWRITING REPORTS**

No previous reports; however the proposed development will be located adjacent to South Acres Ranch I (TDHCA #08126).



**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: W. Barry Kahn Phone: (713) 871-0063 Fax: (713) 871-1916  
 Email: bkahn@hettig-kahn.com

**KEY PARTICIPANTS**

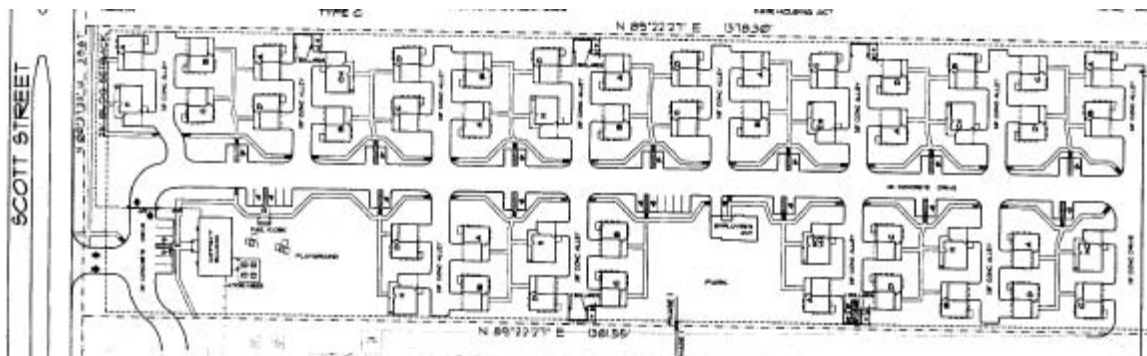
Name	Financial Notes	# Completed Developments
W. Barry Kahn	N/A	15
John E. Hettig	N/A	
Marianne Hettig	N/A	

**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor, and property manager are related entities. These are common relationships for HTC-funded developments.
- The seller PMI Scott, LP, could be regarded as a related party as they also plan to provide interim financing used for QAP 9% competitive points purposes; however, the Underwriter does not believe this a true identity of interest given that they do not maintain a financial stake in the applicant, the development team or in the operations of the property once it is completed. In order to confirm this is the case, receipt review and acceptance of a certification from the seller confirming that they will not have an ongoing interest in the development following the close of the sale of the property is a condition of this report.

**PROPOSED SITE**

**SITE PLAN**



### BUILDING CONFIGURATION

BR/BA	SF	Single Family Units										Total Units	Total SF
2/1	975	1										1	975
4/2.5	1,429	38										38	54,302
4/2	1,445	10										10	14,450
Units per Building		1										<b>49</b>	<b>69,727</b>

### SITE ISSUES

Total Size: 10 acres      Scattered site?       Yes       No  
 Flood Zone: Zone X      Within 100-yr floodplain?       Yes       No  
 Zoning: N/A      Needs to be re-zoned?       Yes       No       N/A  
 Comments:  
     The city of Houston does not have a zoning ordinance.

### TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff      Date: 4/23/2009  
 Overall Assessment:  
 Excellent       Acceptable       Questionable       Poor       Unacceptable  
 Surrounding Uses:  
 North: vacant land      East: drainage easement & residential uses  
 South: vacant land & residential      West: Scott St & vacant land

### HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering      Date: 2/5/2009  
 Recognized Environmental Concerns (RECs) and Other Concerns:  
 • The ESA revealed no evidence of Recognized Environmental Conditions related to the site.

### MARKET HIGHLIGHTS

Provider: O'Connor & Associates      Date: 1/13/2009  
 Contact: Robert Coe      Phone: (713) 375-4279      Fax: (713) 686-8336  
 Number of Revisions: 1      Date of Last Applicant Revision: 6/15/2009  
 Primary Market Area (PMA):      38 sq. miles      3 mile equivalent radius  
 The approximate geographic boundaries of the Primary Market Area are Holmes Road and Loop 610 to the north; Mykawa Road to the east; Almeda Genoa Road, Cullen Boulevard, Fuqua Street, Highway 288, Fellows Road, Almeda Road, and Anderson Road to the south; and Main Street and South Post Oak Road to the west. The PMA had an estimated 2008 population of 95,139, consisting of 30,656 households.  
 Secondary Market Area (SMA):      85 sq. miles      5 mile equivalent radius  
 The market study initially defined a Secondary Market Area as the entire City of Houston; however, the Real Estate Analysis Rules limit an SMA to a population of 250,000 for developments targeting families. The Market Analyst submitted a revised SMA of 85 sq. miles, bounded approximately by Bray's Bayou and Bellaire Blvd. to the north; Mylawawa Road to the east; the Brazoria and Fort Bend County lines to the south; and Holmes Road and Hillcroft Street to the west. The revised SMA provides an additional 2008 population of 129,149, and 56,485 households.

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PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units 25%
South Acres Ranch I	08126	80	77				
Cypress Creek at Reed Road	07291	132	33				
Orem Ranch	08169	81	N/A				

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
40	\$17,880	\$20,400	\$22,960	\$25,520	\$27,560	\$29,600
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
4 BR/30%	42	0		42	3	8	26%
4 BR/50%	53	-1		52	21	82	198%
4 BR/60%	71	1		72	24	95	165%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
4 BR/30%	30	0	7	37	3	4	19%
4 BR/50%	37	-1	10	47	21	28	105%
4 BR/60%	44	-4	13	54	24	49	136%

OVERALL DEMAND							
	Target Households	Household Size	Income Eligible	Tenure	Demand		
PMA DEMAND from TURNOVER							turnover
Market Analyst p. 80	30,656	20% 6,110	22%	1,351	50%	676	
Underwriter	100% 31,605	35% 10,964	19% 2,085	41% 864	47%	403	
PMA DEMAND from GROWTH							growth
Market Analyst p. 80	471	20% 94	22%	21	100%	21	
Underwriter	100% 491	35% 170	19% 32	41% 13	100%	13	
SMA DEMAND from TURNOVER							
Market Analyst p. 80						250	
Underwriter						178	
DEMAND from OTHER SOURCES						Section 8	
Market Analyst p. 80						55	
Underwriter						117	

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INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 80	48	185	0	233	1,002	23%
Underwriter	48	110	0	158	712	22%

Proposed, Under Construction, and Unstabilized Comparable Supply:

The subject is the second phase of a development that received funding in 2008. South Acres Ranch (#08126) consists of 80 single-family four-bedroom units similar to those at the subject, 77 of which are income and rent restricted. Cypress Creek at Reed Road (#07291) is a multifamily development located less than 2 miles from the subject. Cypress Creek has 132 total units, 33 of which (29 three-bedroom and 4 four-bedroom) are considered comparable to the subject. (Three-bedroom units are included because 4-person households are eligible tenants of either three-or four-bedroom units.)

The Applicant also has an additional application in the current cycle. Orem Ranch (#09169) proposes 81 single-family four-bedroom units, similar to the subject, and is located 3 miles to the west, within the subject's Primary Market Area. The subject currently has a higher priority than Orem Ranch based on application score. The Market Analyst included Orem Ranch in calculating an inclusive capture rate. As will be discussed further, the demand identified by the market analysis is overstated; the underwriting analysis concludes that the inclusive capture rate exceeds the maximum if the proposed units at Orem Ranch are included.

There are no unstabilized comparable units located in the Secondary Market Area.

Demand Analysis:

The market study analysis is based on 2008 HTC rent and income limits, which were the most recent available at the time of application. The Market Analyst references the TDHCA-reported turnover rate of 47% for family households in Harris County, but adjusts this rate up to 50% "to account for the propensity within the PMA for larger families to be renters". The Market Analyst has also included all households up to the 2008 maximum income for a household of eight persons at 60% of AMI, whereas underwriting guidelines typically limit household income to the maximum level for a household of six.

These adjustments might explain some differences between the conclusions of the market study and the underwriting analysis. More significantly, however, the Market Analyst simply overstates the number of eligible households. The market study states that 22.12% of PMA households are income-eligible renters; the underwriting analysis concludes this figure to be 7.9%. This difference is partially offset by the fact that the market study only considers households of 5 or more, while the underwriting analysis includes households of four.

The Market Analyst identifies demand for 676 units due to household turnover, demand for 21 units due to household growth, and additional demand for 55 units from households with Section 8 vouchers. The market study also includes demand for 250 units from turnover of households in the Secondary Market Area. (The Market Analyst calculates demand for 580 units from the SMA, but the Real Estate Analysis rules limit SMA demand to no more than 25% of total demand.) Concluding total demand for 1,002 units, and a total supply of 233 units (including the proposed units at Orem Ranch), the Market Analyst calculates an inclusive capture rate of 23%.

The underwriting analysis is based on 2009 rent and income limits, with maximum incomes for households of six at 60% of AMI; applies a 47% turnover rate for family renter households in Harris County; and includes all households of four or more persons. This analysis identifies demand for 403 units due to household turnover; demand for 13 units due to household growth; demand for 117 units from households with Section 8 vouchers who would not otherwise be eligible; and additional demand for 178 units from the Secondary Market Area. Total demand for 712 units, and a total supply of 158 units (including South Acres Ranch I and Cypress Creek, but not Orem Ranch), the underwriting analysis calculates an inclusive capture rate of 22%. This satisfies the maximum capture rate of 25% for urban developments targeting families.

If the 80 proposed restricted units at Orem Ranch are considered, the inclusive capture rate increases to 33%, well exceeding the limit of 25%.

Primary Market Occupancy Rates:

"The selected comparable apartments surveyed in the primary market area of the proposed subject complex exhibited strong occupancy rates, with a median occupancy level of 85.00%, or 93.33% excluding the two complexes under repairs from Hurricane Ike." (p. 10)

Absorption Projections:

"The limited amount of new product that entered the market in 2000 through 2009 was or is being rapidly absorbed. Based on our research, most projects that are constructed in the Greater Houston area typically lease up within 12 months." (p. 13)

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market	
2 BR 975 SF EO	\$0	N/A	\$0	\$0	\$0	
4 BR 1,429 SF 30%	\$399	\$422	\$1,250	\$422	\$828	
4 BR 1,429 SF 50%	\$753	\$792	\$1,250	\$792	\$458	
4 BR 1,429 SF 60%	\$930	\$977	\$1,250	\$977	\$273	

Market Impact:

The market study points out that "analysis of the current Harris County housing development trends including its consolidated plan, particularly multifamily development, shows that the market has produced an abundant supply of one- and two- bedroom housing units in response to estimated and projected increase of smaller households. However, the market's response to meet the needs of smaller households has created a void in meeting the needs of large households, thus enhancing the issue of overcrowding." (p. 13) The Applicant manages several developments similar to the subject around the Houston area. Sterling Green Village, Waterside Court, and The Enclave have all maintained occupancies exceeding 90%; Parkway Ranch is still under construction, and is already greater than 70% occupied. "Since there are very few four bedroom free-standing homes in the subject area which are in good condition, and considering that the subject will have attached garages, demand for the subject is expected to be favorable." (p. 12)

Comments:

The underwriting guidelines define eligible households as having a maximum of 1.5 persons per bedroom. As such, demand for the subject would be limited to six-person households, and the calculated capture rate would exceed the maximum limit. However, with little if any supply of housing with five or more bedrooms, it seems clear that properties such as the subject will serve households larger than six. As a result, households larger than six have been included in the demand, as was done in the analysis for South Acres Ranch I. While larger households have been included, the maximum income has been held at the 60% of AMI level for a household of six. The traditional underwriting methodology used here applies the maximum income to all eligible households, so four- and five-person households are already being considered up to the six-person income limit. Applying the income limit for seven- or eight-person households would significantly overstate the available demand.

The market study provides sufficient information on which to base a funding recommendation for the subject, given that the subject has a higher priority than the Applicant's other proposed development at Orem Ranch. The underwriting analysis indicates that there is not sufficient demand to support both the subject and Orem Ranch.

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**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      1      Date of Last Applicant Revision:      6/3/2009

In general, the Applicant's projected rents collected for each affordable unit were calculated by subtracting electric only tenant-paid utility allowance estimates as provided by a third party consultant and reviewed by Direct Energy (the utility provider), from the 2008 program gross rent limits. The gas portion of the utility allowance estimate for each unit type is based on gas utility allowances as of December 1, 2007, maintained by the Houston Housing Authority, and were also subtracted from the 2008 program gross rent limits.

The Underwriter has determined this is sufficient documentation for the alternate electric utility allowances; therefore, the Underwriter has applied the Direct Energy verified electric utility estimate to the electric portion of the allowance estimate. It should be noted that at the time the application was submitted the 2009 program rent limits were not yet available. Therefore, the Underwriter's projected rents were calculated by subtracting the electric only tenant-paid utilities as verified by the utility provider & gas utilities as maintained by the Houston HA from the current 2009 program gross rent limits.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines. Additionally, despite the Applicant's use of rents based on the 2008 HTC rent limits, effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      1      Date of Last Applicant Revision:      6/1/2009

The Applicant's revised total annual operating expense projection at \$5,647 per unit is within 5% of the Underwriter's estimate of \$5,437, derived from the TDHCA database, and third-party data sources. The Applicant's revised budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: Water, Sewer & Trash (\$10K higher), and Property Tax (\$5K lower).

**Conclusion:**

While the Applicant income and operating expense estimates are within 5% of the Underwriter's estimates, the Applicant's net operating income is not. As a result, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proforma and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.35. Therefore, the recommended financing structure reflects an increase in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	44.5 acres	<u>\$871,973</u>	Tax Year:	<u>2008</u>
1 acre:		<u>\$19,602</u>	Valuation by:	<u>Harris CAD</u>
Total Prorata:	10 acres	<u>\$196,020</u>	Tax Rate:	<u>2.5237</u>

**EVIDENCE of PROPERTY CONTROL**

Type: Earnest Money Contract Acreage: 10  
 Contract Expiration: 11/1/2009 Valid Through Board Date?  Yes  No  
 Acquisition Cost: \$871,200 Other: \_\_\_\_\_  
 Seller: PMI Scott, LP Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:

The site cost of \$87,120 per acre or \$17,780 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost:

The Applicant's claimed sitework costs of \$8,797 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$188K or 4% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's eligible contingency costs were adjusted down by \$36,448 to meet the Department guideline of 5% of eligible sitework and direct construction costs for new construction developments. The Applicant's contractor's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines; however, the Applicant's developer fee also exceeds 15% of the Applicant's adjusted eligible basis by \$7,290 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$8,616,044 supports annual tax credits of \$1,008,077. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: PMI Scott, LP Type: Interim Financing

Principal: \$522,720 Interest Rate: 7.0%  Fixed Term: 12 months

Comments:

Source is also current owner of subject site.

Source: City of Houston HOME Type: Soft Loan

Principal: \$960,000 Interest Rate: 0.0%  Fixed Amort: N/A months

Comments:

Application submitted. Applicant is requesting funds be structured as a loan with no interest and principal due in 30 years. Any funding recommendation will be conditioned upon receipt, review and acceptance, by Commitment, of a firm commitment from the City of Houston for the requested HOME funds with terms of the funding clearly stated.

Source: Capital One Type: Interim to Permanent Financing  
 Interim: \$6,150,000 Interest Rate: 5.00%  Fixed Amort:        months  
 Permanent: \$1,550,000 Interest Rate: 7.75%  Fixed Amort: 360 months  
 Comments:

Interim Rate Index: 1-month LIBOR + 350 bps w/ 5% floor.

Source: Syndication Proceeds- Hudson Housing Type: Syndication  
 Proceeds: \$7,192,962 Syndication Rate: 71% Anticipated HTC: \$ 1,013,195  
 Comments:

Due to the recent volatility in credit pricing, it should be noted, any decrease in rate could increase the amount of deferred developer fee. Additionally, a decrease below \$0.64 per dollar of credit may jeopardize the financial viability of the transaction. Alternatively, should the final credit price increase to more than \$0.7.29, all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Amount: \$333,970 Type: Deferred Developer Fees

### CONCLUSIONS

**Recommended Financing Structure:**

As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. The underwriting analysis assumes an increase in the permanent loan amount to \$1,719,331 based on the terms reflected in the application materials. As a result the development's gap in financing will decrease.

The Applicant's total development cost estimate less the adjusted permanent loan of \$1,719,331 and the \$960K local HOME funds indicates the need for \$7,357,601 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,036,386 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,013,194), the gap-driven amount (\$1,036,386), and eligible basis-derived estimate (\$1,008,077), the eligible basis-derived estimate of \$1,008,077 is recommended resulting in proceeds of \$7,156,629 based on a syndication rate of 71%.

The Underwriter's recommended financing structure indicates the need for \$200,972 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within four years of stabilized operation.

Underwriter:	<i>Diamond Unique Thompson</i>	Date:	July 13, 2009
Manager of Real Estate Analysis:	<i>Raquel Morales</i>	Date:	July 13, 2009
Director of Real Estate Analysis:	<i>Brent Stewart</i>	Date:	July 13, 2009



**MULTIFAMILY COMPARATIVE ANALYSIS**

**South Acres Ranch II, Houston, 9%/HTC #09170**

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
EO		1	2	1	975	\$0	\$0	\$0	\$0.00	\$151.00	\$67.00
TC 30%		2	4	2.5	1429	\$555	\$422	\$844	\$0.30	\$133.00	\$88.00
TC 50%		17	4	2.5	1429	\$925	\$792	\$13,464	\$0.55	\$133.00	\$88.00
TC 60%		19	4	2.5	1429	\$1,110	\$977	\$18,563	\$0.68	\$133.00	\$88.00
TC 30%	LH	1	4	2	1445	\$555	\$422	\$422	\$0.29	\$133.00	\$88.00
TC 50%		4	4	2	1445	\$925	\$792	\$3,168	\$0.55	\$133.00	\$88.00
TC 60%		1	4	2	1445	\$1,110	\$977	\$977	\$0.68	\$133.00	\$88.00
TC 60%	HH	4	4	2	1,445	\$1,110	\$977	\$3,908	\$0.68	\$133.00	\$88.00
<b>TOTAL:</b>		<b>49</b>		<b>AVERAGE:</b>	<b>1,423</b>		<b>\$844</b>	<b>\$41,346</b>	<b>\$0.59</b>	<b>\$133.37</b>	<b>\$87.57</b>

**INCOME**

Total Net Rentable Sq Ft: 69,727

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$9.80  
 Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.80%	\$454	0.32
Management	5.00%	474	0.33
Payroll & Payroll Tax	12.99%	1,230	0.86
Repairs & Maintenance	9.09%	861	0.60
Utilities	3.11%	295	0.21
Water, Sewer, & Trash	4.90%	464	0.33
Property Insurance	5.09%	482	0.34
Property Tax 2.5237	7.99%	757	0.53
Reserve for Replacements	2.64%	250	0.18
TDHCA Compliance Fees	0.41%	39	0.03
Other: Supportive Services	1.36%	129	0.09
<b>TOTAL EXPENSES</b>	<b>57.38%</b>	<b>\$5,437</b>	<b>\$3.82</b>
<b>NET OPERATING INC</b>	<b>42.62%</b>	<b>\$4,038</b>	<b>\$2.84</b>

TDHCA	APPLICANT
\$496,152	\$471,960
5,760	5,760
0	
\$501,912	\$477,720
(37,643)	(35,832)
0	
\$464,269	\$441,888

COUNTY	IREM REGION	COMPT. REGION
Harris		6
\$9.80	Per Unit Per Month	
\$0.00	Per Unit Per Month	
-7.50%	of Potential Gross Income	

**DEBT SERVICE**

	% OF EGI	PER UNIT	PER SQ FT
Capital One	28.70%	\$2,719	\$1.91
City of Houston HOME	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>13.92%</b>	<b>\$1,319</b>	<b>\$0.93</b>

TDHCA	APPLICANT
\$133,253	\$133,253
0	
0	
\$64,621	\$31,919

PER SQ FT	PER UNIT	% OF EGI
\$1.91	\$2,719	30.16%
\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$0.46	\$651	7.22%

AGGREGATE DEBT COVERAGE RATIO

1.48	1.24
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RECOMMENDED DEBT COVERAGE RATIO

1.34
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**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		9.04%	\$17,780	\$12.49
Off-Sites		0.00%	0	0.00
Sitework		4.47%	8,797	6.18
Direct Construction		49.92%	98,207	69.01
Contingency 5.00%		2.72%	5,350	3.76
Contractor's Fees 14.00%		7.61%	14,981	10.53
Indirect Construction		4.49%	8,829	6.20
Ineligible Costs		2.52%	4,950	3.48
Developer's Fees 20.00%		14.43%	28,394	19.95
Interim Financing		2.95%	5,806	4.08
Reserves		1.85%	3,632	2.55
<b>TOTAL COST</b>	<b>100.00%</b>	<b>\$196,725</b>	<b>\$138.25</b>	
<b>Construction Cost Recap</b>		<b>64.73%</b>	<b>\$127,335</b>	<b>\$89.48</b>

TDHCA	APPLICANT
\$871,200	\$871,200
0	0
431,040	431,040
4,812,148	5,000,000
262,159	308,000
734,046	760,345
432,600	432,600
242,550	242,550
1,391,299	1,443,297
284,500	284,500
177,964	263,400
\$9,639,506	\$10,036,932

PER SQ FT	PER UNIT	% of TOTAL
\$12.49	\$17,780	8.68%
0.00	0	0.00%
6.18	8,797	4.29%
71.71	102,041	49.82%
4.42	6,286	3.07%
10.90	15,517	7.58%
6.20	8,829	4.31%
3.48	4,950	2.42%
20.70	29,455	14.38%
4.08	5,806	2.83%
3.78	5,376	2.62%
\$143.95	\$204,835	100.00%
<b>\$93.21</b>	<b>\$132,641</b>	<b>64.75%</b>

**SOURCES OF FUNDS**

	% OF TOTAL	PER UNIT	PER SQ FT
Capital One	16.08%	\$31,633	\$22.23
City of Houston HOME	9.96%	\$19,592	\$13.77
Syndication Proceeds- Hudson Housing	74.62%	\$146,795	\$103.16
Deferred Developer Fees	3.46%	\$6,816	\$4.79
Additional (Excess) Funds Req'd	-4.12%	(\$8,111)	(\$5.70)
<b>TOTAL SOURCES</b>			

TDHCA	APPLICANT	RECOMMENDED
\$1,550,000	\$1,550,000	\$1,719,331
960,000	960,000	960,000
7,192,962	7,192,962	7,156,629
333,970	333,970	200,972
(397,426)	0	0
\$9,639,506	\$10,036,932	\$10,036,932

Developer Fee Available \$1,436,007  
 % of Dev. Fee Deferred 14%  
 15-Yr Cumulative Cash Flow \$880,651

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*South Acres Ranch II, Houston, 9%/HTC #09170*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$71.54	\$4,987,925
<b>Adjustments</b>				
Exterior Wall Finish			\$0.00	\$0
Elderly			0.00	0
9-Ft. Ceilings	3.10%		2.22	154,626
Roofing			0.00	0
Subfloor			(1.21)	(84,370)
Floor Cover			2.38	165,950
Porches	\$22.29	7,018	2.24	156,431
Plumbing Fixtures	\$1,200	76	1.31	91,200
Rough-ins	\$475	49	0.33	23,275
Built-In Appliances	\$2,775	49	1.95	135,975
Interior Stairs	\$1,575	48	1.08	75,600
Enclosed Corridors			0.00	0
Heating/Cooling			1.83	127,600
Built-In Garages	\$23.04	18,500	6.11	426,188
Comm &/or Aux Bldgs	\$77.69	2,282	2.54	177,283
Other: Mail Kiosk	\$17.60	111	0.03	1,954
<b>SUBTOTAL</b>			<b>92.36</b>	<b>6,439,637</b>
Current Cost Multiplier	1.01		0.92	64,396
Local Multiplier	0.91		(8.31)	(579,567)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$84.97</b>	<b>\$5,924,466</b>
Plans, specs, survy, bld prmts	3.90%		(\$3.31)	(\$231,054)
Interim Construction Interest	3.38%		(2.87)	(199,951)
Contractor's OH & Profit	11.50%		(9.77)	(681,314)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$69.01</b>	<b>\$4,812,148</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,550,000	Amort	360
Int Rate	7.75%	DCR	1.48

<b>Secondary</b>	\$960,000	Amort	
Int Rate	0.00%	Subtotal DCR	1.48

<b>Additional</b>	\$7,192,962	Amort	
Int Rate		Aggregate DCR	1.48

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$147,810
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$50,063</b>

<b>Primary</b>	\$1,719,331	Amort	360
Int Rate	7.75%	DCR	1.34

<b>Secondary</b>	\$960,000	Amort	
Int Rate		Subtotal DCR	1.34

<b>Additional</b>	\$7,192,962	Amort	0
Int Rate	0.00%	Aggregate DCR	1.34

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$496,152	\$506,075	\$516,197	\$526,520	\$537,051	\$592,948	\$654,662	\$722,800	\$881,089
Secondary Income	5,760	5,875	5,993	6,113	6,235	6,884	7,600	8,391	10,229
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	501,912	511,950	522,189	532,633	543,286	599,831	662,262	731,191	891,318
Vacancy & Collection Loss	(37,643)	(38,396)	(39,164)	(39,947)	(40,746)	(44,987)	(49,670)	(54,839)	(66,849)
Employee or Other Non-Rental Units	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$464,269	\$473,554	\$483,025	\$492,686	\$502,539	\$554,844	\$612,593	\$676,352	\$824,469
EXPENSES at 3.00%									
General & Administrative	\$22,265	\$22,933	\$23,621	\$24,330	\$25,059	\$29,051	\$33,678	\$39,042	\$52,469
Management	23,213	23,678	24,151	24,634	25,127	27,742	30,630	33,818	41,223
Payroll & Payroll Tax	60,287	62,096	63,958	65,877	67,854	78,661	91,190	105,714	142,070
Repairs & Maintenance	42,179	43,444	44,748	46,090	47,473	55,034	63,800	73,961	99,398
Utilities	14,454	14,888	15,335	15,795	16,268	18,860	21,863	25,346	34,062
Water, Sewer & Trash	22,760	23,442	24,146	24,870	25,616	29,696	34,426	39,909	53,635
Insurance	23,633	24,341	25,072	25,824	26,599	30,835	35,746	41,440	55,692
Property Tax	37,098	38,211	39,358	40,538	41,755	48,405	56,115	65,052	87,425
Reserve for Replacements	12,250	12,618	12,996	13,386	13,787	15,983	18,529	21,480	28,868
Other	8,256	8,504	8,759	9,022	9,292	10,772	12,488	14,477	19,456
TOTAL EXPENSES	\$266,395	\$274,155	\$282,143	\$290,366	\$298,830	\$345,039	\$398,464	\$460,238	\$614,297
NET OPERATING INCOME	\$197,873	\$199,399	\$200,882	\$202,320	\$203,709	\$209,805	\$214,129	\$216,113	\$210,172
<b>DEBT SERVICE</b>									
First Lien Financing	\$147,810	\$147,810	\$147,810	\$147,810	\$147,810	\$147,810	\$147,810	\$147,810	\$147,810
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$50,063	\$51,589	\$53,072	\$54,510	\$55,899	\$61,995	\$66,319	\$68,303	\$62,362
DEBT COVERAGE RATIO	1.34	1.35	1.36	1.37	1.38	1.42	1.45	1.46	1.42

**HTC ALLOCATION ANALYSIS -South Acres Ranch II, Houston, 9%/HTC #09170**

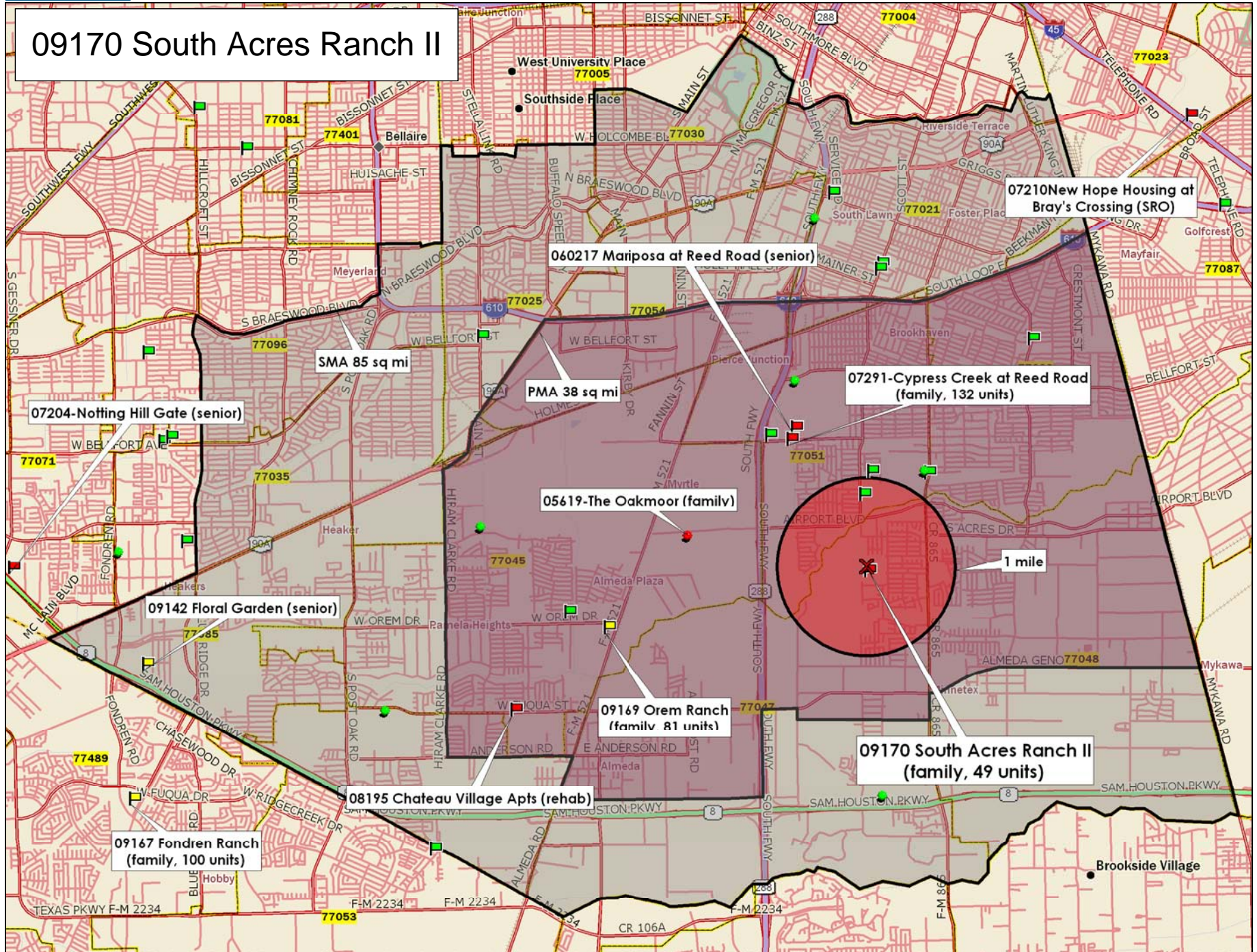
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$871,200	\$871,200		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$431,040	\$431,040	\$431,040	\$431,040
<b>Construction Hard Costs</b>	\$5,000,000	\$4,812,148	\$5,000,000	\$4,812,148
<b>Contractor Fees</b>	\$760,345	\$734,046	\$760,345	\$734,046
<b>Contingencies</b>	\$308,000	\$262,159	\$271,552	\$262,159
<b>Eligible Indirect Fees</b>	\$432,600	\$432,600	\$432,600	\$432,600
<b>Eligible Financing Fees</b>	\$284,500	\$284,500	\$284,500	\$284,500
<b>All Ineligible Costs</b>	\$242,550	\$242,550		
<b>Developer Fees</b>			\$1,436,007	
Developer Fees	\$1,443,297	\$1,391,299		\$1,391,299
<b>Development Reserves</b>	\$263,400	\$177,964		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$10,036,932</b>	<b>\$9,639,506</b>	<b>\$8,616,044</b>	<b>\$8,347,792</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$8,616,044	\$8,347,792
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$11,200,858	\$10,852,130
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$11,200,858	\$10,852,130
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,008,077	\$976,692

<b>Syndication Proceeds</b>	<b>0.7099</b>	<b>\$7,156,629</b>	<b>\$6,933,814</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,008,077</b>	<b>\$976,692</b>
<b>Syndication Proceeds</b>		<b>\$7,156,629</b>	<b>\$6,933,814</b>
<b>Requested Tax Credits</b>		<b>\$1,013,194</b>	
<b>Syndication Proceeds</b>		<b>\$7,192,955</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$7,357,601</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,036,386</b>	



# 09170 South Acres Ranch II



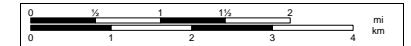
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TN  
 MN (3.5°E)  
 Page 13 of 13

Scale 1 : 93,750



1" = 1.48 mi

Data Zoom 11-1



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Evergreen at Vista Ridge, TDHCA Number 09172**

BASIC DEVELOPMENT INFORMATION

Site Address: NEQ of Highland Dr. and Rockbrook Dr. Development #: 09172  
 City: Lewisville Region: 3 Population Served: Elderly  
 County: Denton Zip Code: 75067 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Vista Ridge Senior Community, L.P.  
 Owner Contact and Phone: Brad Forslund, (972) 550-7800  
 Developer: Churchill Residential, Inc.  
 Housing General Contractor: ICI Construction, Inc.  
 Architect: GTF Design Associates  
 Market Analyst: Integra Realty Resources  
 Syndicator: National Equity Fund, Inc.  
 Supportive Services: PWA Coalition of Dallas, Inc.  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	120	
	12	0	12	96	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	60	60	0	0	0	
Type of Building:						Total Development Units:	120
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$16,033,010
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	5
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	18
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	6

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,513,526	\$1,513,526			
HOME Activity Fund Amount:	\$2,400,000	\$2,400,000	30	30	0.00%
HOME CHDO Operating Grant Amount:	\$50,000	\$50,000			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Evergreen at Vista Ridge, TDHCA Number 09172

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Harris, District 9, S

Points: 14 US Representative: Marchant, District 24, NC

TX Representative: Solomons, District 65, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

American Heart Association, S, Midge LaPorte Epstein, Executive Vice President

Visiting Nurses Association, S, Robert P. Carpenter, President and CEO

Vista Ridge United Methodist Church, S, Bill Burden, Business & Youth Administrator

**General Summary of Comment:**

Support from elected official.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance of a zoning change from the City of Lewisville approving a zoning change to MD Medical District to allow for multifamily and senior housing.
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit and or allocation amount may be warranted.
3. Receipt of a commitment of funding from TDHCA HOME funds in the amount of \$1,680,000, or a commitment from a qualifying substitute source in an amount not less than \$801,651, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.
4. Receipt of a commitment of funding from TDHCA HOME funds in the amount of \$720,000, or a commitment from a qualifying substitute source (s) in an amount not less than \$320,661 as required by §49.9(i)(27) of the 2009 QAP. The provider of funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Evergreen at Vista Ridge, TDHCA Number 09172**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **18**

Total # Monitored: **14**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **200**  Meeting a Required Set-Aside Credit Amount\*: \$1,513,526

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$2,400,000

HOME CHDO Operating Expense Grant:

Grant Amount: \$50,000

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/13/09 PROGRAM: 9% HTC / HOME FILE NUMBER: 09172

**DEVELOPMENT**

Evergreen at Vista Ridge

Location: 425 Highland Drive Region: 3  
 City: Lewisville County: Denton Zip: 75067  QCT  DDA  
 Key Attributes: Elderly, Urban, New Construction, Multifamily

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
HOME Activity Funds	\$2,400,000	0.00%	40/40	\$2,400,000	0.00%	30/30
HOME CHDO Operating Expenses	\$50,000			\$50,000		
Housing Tax Credit (Annual)	\$1,513,526			\$1,513,526		

**CONDITIONS**

- 1 Receipt, review, and acceptance of a zoning change from the City of Lewisville approving a zoning change to MD Medical District to allow for multifamily and senior housing.
- 2 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit and or allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	12
50% of AMI	50% of AMI	12
60% of AMI	60% of AMI	96

TDHCA SET-ASIDES for HOME LURA (*)		
Income Limit	Rent Limit	Number of Units
30% of AMI	Low HOME	6
50% of AMI	High HOME	18

\* Corrected from 7/10/09 version

**STRENGTHS/MITIGATING FACTORS**

- Sub-market occupancy is stabilized at 94%.

**WEAKNESSES/RISKS**

- The 60% restricted units (80% of the total units) are within \$100 of the market rents indicating a risk that potential concessions or sub-market rental rate reductions could impact gross potential rental income which would lower the NOI and DCR.



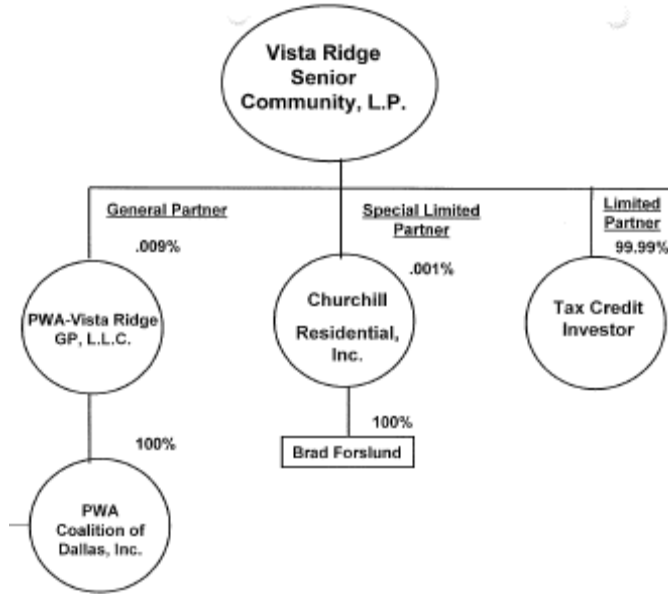
- Principals of Applicant and Developer have LIHTC development experience.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Brad Forslund Phone: (972) 550-7800 Fax: (972) 550-7900  
 Email: bforslund@cri.bz

**KEY PARTICIPANTS**

Name	Net Assets	Liquidity <sup>1</sup>	# Completed Developments
PWA Coalition of Dallas, Inc.	\$2,829,282	\$644,124	3

<sup>1</sup> Liquidity = Current Assets - Current Liabilities

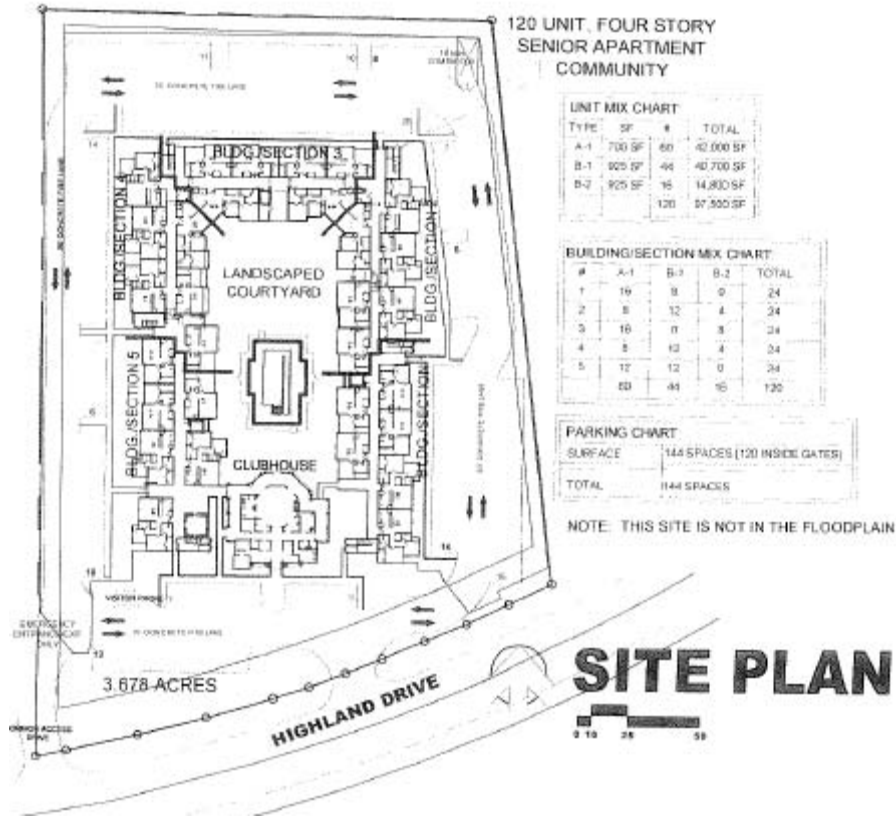
**IDENTITIES of INTEREST**

- The Applicant, Developer, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

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**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	1	2	3	4	5						Total Buildings
Floors/Stories	4	4	4	4	4						
Number	1	1	1	1	1						5

BR/BA	SF	Units										Total Units	Total SF
1/1	700	16	8	16	8	12						60	42,000
2/2	925	8	16	8	16	12						60	55,500
Units per Building		24	24	24	24	24						120	97,500

**SITE ISSUES**

Total Size: 3.678 acres      Scattered site?       Yes       No

Flood Zone: X      Within 100-yr floodplain?       Yes       No

Zoning: TH-2      Needs to be re-zoned?       Yes       No       N/A

Comments:

The Applicant has requested a zoning change to Medical District (MD) with the Planning & Community Service Manager with the City of Lewisville. This zoning change to (MD) is being made a condition of this report.

This section intentionally left blank.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff Date: 4/7/2009

Overall Assessment:

Excellent     Acceptable     Questionable     Poor     Unacceptable

Surrounding Uses:

North: Elementary School and residential beyond      East: Montessori School and multifamily beyond  
 South: Highland Drive and storage facility beyond      West: vacant land and multifamily beyond

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Rone Engineering Services, Ltd. Date: 2/3/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "This assessment has not revealed evidence of recognized environmental conditions in connection with the historical and present use of the Subject Property. Based upon the results of the ESA, Rone recommends no further environmental investigation at this time." (p.15)

**MARKET HIGHLIGHTS**

Provider: Integra Realty Resources Date: 2/17/2009

Contact: Charles A. Bissell Phone: (972) 960-1222 Fax: (972) 960-2922

Number of Revisions: None Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 28.9 sq. miles      3 mile equivalent radius

For this analysis, we consider the primary market area (PMA) for the subject to be constrained by the following boundaries:

- Bellaire Boulevard, Corporate Drive and Forest Vista Drive to the north;
- Interstate Highway 35 to the east;
- Belt Line Road to the south; and
- International Parkway and Grapevine Mills Parkway to the west.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				Outside the PMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	HTC Units
None				Villas on Raiford	07303	180	172

INCOME LIMITS						
Denton						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$14,200	\$16,250	\$18,250	\$20,300	\$21,900	\$23,550
50	\$23,650	\$27,050	\$30,400	\$33,800	\$36,500	\$39,200
60	\$28,380	\$32,460	\$36,480	\$40,560	\$43,800	\$47,040

This section intentionally left blank.

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1BR/30%	32	5	0	37	6	0	16%
1BR/50%	14	2	0	16	6	0	38%
1BR/60%	85	14	0	99	48	0	48%
2BR/30%	29	5	0	34	6	0	18%
2BR/50%	18	3	0	21	6	0	29%
2BR/60%	71	12	0	83	48	0	58%

OVERALL DEMAND								
	Target Households		Household Size		Income Eligible		Tenure	Demand
PMA DEMAND from TURNOVER				turnover				
Market Analyst p. 62					525	47%	249	
Underwriter	100%	6,196	100%	6,196	18%	1,119	43% 479	47% 227
PMA DEMAND from GROWTH				growth				
Market Analyst p. 62							41	
Underwriter	100%	557	100%	557	18%	101	43% 43	100% 43

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 63	120	0	0	120	290	41.4%
Underwriter	120	0	0	120	270	44.4%

Supply and Demand Analysis:

"The subject is the only known "seniors only" LIHTC project forecast to come online within the PMA. All of the subject's 120 units are LIHTC units. Demand for "seniors only" LIHTC units on an annual basis is 290 units, indicating a Simple Capture Rate of 41.4% (subject only) and Inclusive Capture Rate of 41.4% (subject and other proposed "seniors only" LIHTC units). The indicated Inclusive Capture Rate of 41.4% is well below the maximum permitted concentration capture rate for "seniors only" projects, which is 75%. Thus, we conclude there to be sufficient unmet demand to support the development of the subject." (p. 64)

Primary Market Occupancy Rates:

"The simple average occupancy for properties within the PMA is 94%." (p. 77)

Absorption Projections:

"A new seniors only property, the size of the subject as proposed with 120 units, is likely to be absorbed within 14 months of opening, equating to an absorption pace of approximately 8 units per month." (p. 41)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
1 BR 700 SF 30%	\$306	\$312	\$700	\$312	\$388		
1 BR 700 SF 50%	\$555	\$565	\$700	\$565	\$135		
1 BR 700 SF 60%	\$680	\$692	\$700	\$692	\$8		
2 BR 925 SF 30%	\$366	\$373	\$925	\$373	\$552		
2 BR 925 SF 50%	\$665	\$677	\$925	\$677	\$248		
2 BR 925 SF 60%	\$815	\$829	\$925	\$829	\$96		

Market Impact:

"The Dallas area as a whole has a balanced apartment market. The subject is located in an area with above average occupancy levels, above average rents, and no new competitive projects, other than the subject, forecast to come online within the next 24 months." (p. 41)

Comments:

The market study provides sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

At the time of application, the 2009 rent limits had not been released and thus the Applicant used estimated 2008 rent limits in setting rents. Based on the Applicant's intention to charge maximum program rents, the Underwriter used the 2009 maximum rents in this analysis. The Applicant's projected rents collected per unit were calculated by subtracting the tenant-paid utility allowances as of February 10, 2009, prepared by Cirro Energy specifically for Evergreen at Vista Ridge from the 2008 program gross rent limits. Tenants will be required to pay all electric costs. The Underwriter's projected rents were calculated by subtracting tenant paid utility allowances from the 2009 program rent limits.

The Applicant's estimate of secondary income and vacancy and collection loss are within the Department's guidelines. Overall the Applicant's effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's total annual operating expense projection at \$5,033 per unit is within 1% of the Underwriter's estimate of \$4,962, derived from the TDHCA database, IREM, third-party data sources and the Applicant's existing developments actual expenses were averaged on seven developments for the general & administrative expense due to the fact that the data base reflected a much lower general & administrative expense. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: payroll & payroll tax (\$18.6K higher), and repairs & maintenance (\$20.4K lower).

One of the partners in the application is a CHDO Non Profit and will likely make the development eligible for a 50% property tax exemption however no consideration of this appears to have been made by the Applicant for the purposes of this application. If the Applicant were to secure a 50% or 100% exemption, the impact on the NOI would warrant adjustment to the permanent loan amount in order to maintain a DCR within the maximum guideline. This may affect the final tax credit allocation amount. Based on the Underwriter's analysis of these two scenarios, the development appears to remain financially feasible. The Underwriter's analysis assumes the development will have full property tax expense as reflected in the application.

However, if it is determined at cost certification that the development obtained a property tax exemption, an adjustment to the credit allocation amount may be warranted.

Conclusion:

The Applicant's estimate of total expenses and net operating income are not within 5% of the Underwriter's estimates; therefore, the Underwriter's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR).

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION****ASSESSED VALUE**

Land Only: 6.112 acres	<u>\$942,907</u>	Tax Year:	<u>2008</u>
Prorated 1 acre:	<u>\$154,271</u>	Valuation by:	<u>Denton CAD</u>
Prorated 3.678 acres:	<u>\$567,410</u>	Tax Rate:	<u>2.60098</u>

## Comments:

The proposed site is currently platted for townhomes and consists of 76 separate parcels totaling the 6.112 acres of which 3.678 acres will be purchased for this development.

**EVIDENCE of PROPERTY CONTROL**

Type: <u>Contract of Sale</u>	Acreage: <u>3.678</u>
Contract Expiration: <u>9/30/2009</u>	Valid Through Board Date? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost: <u>\$1,200,000</u>	Other: _____
Seller: <u>N.V. Estates Ltd.</u>	Related to Development Team? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

## Acquisition Value:

The site cost of \$1,200,000 is assumed to be reasonable since the acquisition is an arm's-length transaction.

## Sitework Cost:

The Applicant claimed sitework costs over the Departments maximum guideline of \$9,000 per unit and provided sufficient third party certification through a detailed certified cost estimate by a licensed engineer to justify these costs. In addition, these costs have been reviewed by the Applicant's CPA, Novogradac & Company, to preliminarily opine that \$1,457,073 of the total \$1,457,073 will be considered eligible.

## Direct Construction Cost:

The Applicant's direct construction cost estimate is consistent with the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

## Contingency &amp; Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

## Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$12,936,116 supports annual tax credits of \$1,513,526, this figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: Wells Fargo, N.A. Type: Interim Financing

Principal: \$8,470,588 Interest Rate: 6.0%  Fixed Term: 24 months

## Comments:

Priced at a variable rate of 30-day LIBOR+3.00%, subject to a floor of 3.00% on the 30-day LIBOR rate.

Source: Wells Fargo, N.A. Type: Permanent Financing  
 Principal: \$2,530,000 Interest Rate: 7.5%  Fixed Amort: 360 months  
 Comments:

Priced at a fixed rate 10-yr Treasury rate plus an appropriate spread (today's rate would be 7.50%)

Source: National Equity Fund, Inc. Type: Syndication  
 Proceeds: \$10,594,000 Syndication Rate: 70% Anticipated HTC: \$ 1,513,526  
 Comments:

The Underwriter has determined that should the credit pricing for this transaction fall below \$0.67, the financial feasibility of the transaction could be jeopardized. The equity commitment did not specify an expiration date.

Amount: \$509,013 Type: Deferred Developer Fees

### CONCLUSIONS

**Recommended Financing Structure:**

The underwriting analysis assumes an interest rate of 0% with a amortization period of 360 months on the requested HOME funds of \$2,400,000 to keep the maturity date the same on both the HOME funds as well as the permanent funds which still keeps the DCR at an acceptable level of 1.21.

The Applicant's total development cost estimate less the permanent loan of \$2,530,000 and HOME funds of \$2,400,000 indicates the need for \$11,103,010 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,586,246 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,513,526), the gap-driven amount (\$1,586,246), and eligible basis-derived estimate (\$1,513,526), the Applicant's request of \$1,513,526 is recommended resulting in proceeds of \$10,594,000 based on a syndication rate of 70%.

The Underwriter's recommended financing structure indicates the need for \$509,010 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within ten years of stabilized operation.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units.

**Return on Equity:**

A subsidy layering evaluation of the cash on cash return on the deferred developer fee and syndication proceeds reflects a return of just under 5% annually over 30 years not accounting for the value of the credits to the investors. A simple return on only deferred developer fee based upon first year income is relatively high but this is less meaningful because it neglects to consider the tax credit induced equity. The Department's objectives of providing not more than is necessary to develop and operate safe decent and affordable housing will be met under the proposed financing structure.

Underwriter:	<i>Carl Hoover</i>	Date:	July 13, 2009
Manager of Real Estate Analysis:	<i>Raquel Morales</i>	Date:	July 13, 2009
Director of Real Estate Analysis:	<i>Brent Stewart</i>	Date:	July 13, 2009

**MULTIFAMILY COMPARATIVE ANALYSIS**

*Evergreen at Vista Ridge, Lewisville, 9% HTC / HOME #09172*

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30% LH	3	1	1	700	\$380	\$312	\$936	\$0.45	\$68.00	\$52.00
TC 30% HH	3	1	1	700	\$380	\$312	\$936	\$0.45	\$68.00	\$52.00
TC 50% HH	6	1	1	700	\$633	\$565	\$3,390	\$0.81	\$68.00	\$52.00
TC 60%	48	1	1	700	\$760	\$692	\$33,216	\$0.99	\$68.00	\$52.00
TC 30% LH	3	2	2	925	\$456	\$373	\$1,119	\$0.40	\$83.00	\$61.00
TC 30% HH	3	2	2	925	\$456	\$373	\$1,119	\$0.40	\$83.00	\$61.00
TC 50% HH	6	2	2	925	\$760	\$677	\$4,062	\$0.73	\$83.00	\$61.00
TC 60%	48	2	2	925	\$912	\$829	\$39,792	\$0.90	\$83.00	\$61.00
<b>TOTAL:</b>	<b>120</b>		<b>AVERAGE:</b>	<b>813</b>		<b>\$705</b>	<b>\$84,570</b>	<b>\$0.87</b>	<b>\$75.50</b>	<b>\$56.50</b>

<b>INCOME</b>		Total Net Rentable Sq Ft:	<b>TDHCA</b>		<b>APPLICANT</b>		<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>		<b>97,500</b>	\$1,014,840	\$997,344	Denton	3			
Secondary Income	Per Unit Per Month:	\$7.50	10,800	10,800	\$7.50	Per Unit Per Month			
Other Support Income:			0		\$0.00	Per Unit Per Month			
<b>POTENTIAL GROSS INCOME</b>			\$1,025,640	\$1,008,144					
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(76,923)	(75,612)	-7.50%	of Potential Gross Income			
Employee or Other Non-Rental Units or Concessions			0						
<b>EFFECTIVE GROSS INCOME</b>			\$948,717	\$932,532					

<b>EXPENSES</b>	<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>	<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>
General & Administrative	6.17%	\$488	0.60	\$58,526	\$69,000	\$0.71	\$575	7.40%
Management	5.00%	395	0.49	47,436	46,627	0.48	389	5.00%
Payroll & Payroll Tax	13.17%	1,041	1.28	124,920	143,520	1.47	1,196	15.39%
Repairs & Maintenance	7.84%	620	0.76	74,402	54,000	0.55	450	5.79%
Utilities	5.49%	434	0.53	52,095	50,000	0.51	417	5.36%
Water, Sewer, & Trash	4.78%	378	0.47	45,371	49,000	0.50	408	5.25%
Property Insurance	2.89%	228	0.28	27,404	27,000	0.28	225	2.90%
Property Tax	2.60098	599	0.74	71,862	71,391	0.73	595	7.66%
Reserve for Replacements	3.16%	250	0.31	30,000	30,000	0.31	250	3.22%
TDHCA Compliance Fees	0.51%	40	0.05	4,800	4,800	0.05	40	0.51%
Other: Supp. Serv. contract fees	6.18%	489	0.60	58,630	58,630	0.60	489	6.29%
<b>TOTAL EXPENSES</b>	<b>62.76%</b>	<b>\$4,962</b>	<b>\$6.11</b>	<b>\$595,445</b>	<b>\$603,968</b>	<b>\$6.19</b>	<b>\$5,033</b>	<b>64.77%</b>
<b>NET OPERATING INC</b>	<b>37.24%</b>	<b>\$2,944</b>	<b>\$3.62</b>	<b>\$353,272</b>	<b>\$328,564</b>	<b>\$3.37</b>	<b>\$2,738</b>	<b>35.23%</b>

<b>DEBT SERVICE</b>		<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF TOTAL</b>		
Well Fargo	22.38%	\$1,769	\$2.18	\$212,282	\$212,282	\$2.18	\$1,769	22.76%
TDHCA-HOME	6.32%	\$500	\$0.62	60,000	60,000	\$0.62	\$500	6.43%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>8.54%</b>	<b>\$675</b>	<b>\$0.83</b>	<b>\$80,990</b>	<b>\$56,282</b>	<b>\$0.58</b>	<b>\$469</b>	<b>6.04%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				1.30	1.21			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>				1.21				

<b>CONSTRUCTION COST</b>		<b>% of TOTAL</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>	<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>
Acquisition Cost (site or bldg)	Factor	7.47%	\$10,000	\$12.31	\$1,200,000	\$1,200,000	\$12.31	\$10,000	7.48%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		9.07%	12,142	14.94	1,457,072	1,457,072	14.94	12,142	9.09%
Direct Construction		39.71%	53,127	65.39	6,375,262	6,351,926	65.15	52,933	39.62%
Contingency	4.55%	2.22%	2,967	3.65	356,090	356,090	3.65	2,967	2.22%
Contractor's Fees	13.96%	6.81%	9,111	11.21	1,093,260	1,093,260	11.21	9,111	6.82%
Indirect Construction		8.48%	11,351	13.97	1,362,163	1,362,163	13.97	11,351	8.50%
Ineligible Costs		5.39%	7,208	8.87	865,002	865,002	8.87	7,208	5.40%
Developer's Fees	14.53%	10.24%	13,699	16.86	1,643,841	1,643,841	16.86	13,699	10.25%
Interim Financing		4.18%	5,598	6.89	671,764	671,764	6.89	5,598	4.19%
Reserves		6.43%	8,599	10.58	1,031,892	1,031,892	10.58	8,599	6.44%
<b>TOTAL COST</b>	<b>100.00%</b>	<b>\$133,803</b>	<b>\$164.68</b>	<b>\$16,056,346</b>	<b>\$16,033,010</b>	<b>\$164.44</b>	<b>\$133,608</b>	<b>100.00%</b>	
<b>Construction Cost Recap</b>		<b>57.81%</b>	<b>\$77,347</b>	<b>\$95.20</b>	<b>\$9,281,684</b>	<b>\$9,258,348</b>	<b>\$94.96</b>	<b>\$77,153</b>	<b>57.75%</b>

<b>SOURCES OF FUNDS</b>		<b>RECOMMENDED</b>	<b>Developer Fee Available</b>				
Well Fargo	15.76%	\$21,083	\$25.95	\$2,530,000	\$2,530,000	\$2,530,000	Developer Fee Available
TDHCA-HOME	14.95%	\$20,000	\$24.62	2,400,000	2,400,000	2,400,000	\$1,643,841
HTC Syndication Proceeds	65.98%	\$88,283	\$108.66	10,594,000	10,594,000	10,594,000	% of Dev. Fee Deferred
Deferred Developer Fees	3.17%	\$4,242	\$5.22	509,013	509,013	509,010	31%
Additional (Excess) Funds Req'd	0.15%	\$194	\$0.24	23,333	(3)	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$16,056,346</b>	<b>\$16,033,010</b>	<b>\$16,033,010</b>	<b>\$1,004,795</b>



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Evergreen at Vista Ridge, Lewisville, 9% HTC / HOME #09172*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$57.12	\$5,569,460
<b>Adjustments</b>				
Exterior Wall Finish	0.08%		\$0.05	\$4,456
Elderly	3.00%		1.71	167,084
9-Ft. Ceilings	3.00%		1.71	167,084
Roofing			0.00	0
Subfloor			2.58	251,063
Floor Cover			2.38	232,050
Breezeways/Balconies	\$20.39	1,277	0.27	26,038
Plumbing Fixtures	\$835	180	1.54	150,300
Rough-ins	\$410	240	1.01	98,400
Built-In Appliances	\$1,800	120	2.22	216,000
Interior Stairs	\$2,200	18	0.41	39,600
Enclosed Corridors	\$45.16	16548	7.67	747,352
Heating/Cooling			1.83	178,425
Elevators	\$63,600	3	1.96	190,800
Comm &/or Aux Bldgs	\$76.31	2,500	1.96	190,781
Other: fire sprinkler	\$3.40	116,548	4.06	396,263
<b>SUBTOTAL</b>			<b>88.46</b>	<b>8,625,155</b>
Current Cost Multiplier	1.01		0.88	86,252
Local Multiplier	0.90		(8.85)	(862,516)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$80.50</b>	<b>\$7,848,891</b>
Plans, specs, survy, bld prm	3.90%		(\$3.14)	(\$306,107)
Interim Construction Interes	3.38%		(2.72)	(264,900)
Contractor's OH & Profit	11.50%		(9.26)	(902,622)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$65.39</b>	<b>\$6,375,262</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$2,530,000	Amort	360
Int Rate	7.50%	DCR	1.66

<b>Secondary</b>	\$2,400,000	Amort	480
Int Rate	0.00%	Subtotal DCR	1.30

<b>Additional</b>	\$10,594,000	Amort	
Int Rate		Aggregate DCR	1.30

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$212,282
Secondary Debt Service	80,000
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$60,990</b>

<b>Primary</b>	\$2,530,000	Amort	360
Int Rate	7.50%	DCR	1.66

<b>Secondary</b>	\$2,400,000	Amort	360
Int Rate	0.00%	Subtotal DCR	1.21

<b>Additional</b>	\$10,594,000	Amort	0
Int Rate	0.00%	Aggregate DCR	1.21

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,014,840	\$1,035,137	\$1,055,840	\$1,076,956	\$1,098,495	\$1,212,828	\$1,339,060	\$1,478,430	\$1,802,198
Secondary Income	10,800	11,016	11,236	11,461	11,690	12,907	14,250	15,734	19,179
Other Support Income:	0	0	0	0	0	0	0	0	0
<b>POTENTIAL GROSS INCOME</b>	<b>1,025,640</b>	<b>1,046,153</b>	<b>1,067,076</b>	<b>1,088,417</b>	<b>1,110,186</b>	<b>1,225,735</b>	<b>1,353,310</b>	<b>1,494,164</b>	<b>1,821,377</b>
Vacancy & Collection Loss	(76,923)	(78,461)	(80,031)	(81,631)	(83,264)	(91,930)	(101,498)	(112,062)	(136,603)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$948,717</b>	<b>\$967,691</b>	<b>\$987,045</b>	<b>\$1,006,786</b>	<b>\$1,026,922</b>	<b>\$1,133,805</b>	<b>\$1,251,812</b>	<b>\$1,382,102</b>	<b>\$1,684,774</b>
EXPENSES at 3.00%									
General & Administrative	\$58,526	\$60,281	\$62,090	\$63,953	\$65,871	\$76,363	\$88,525	\$102,625	\$137,920
Management	47,436	48,385	49,352	50,339	51,346	56,690	62,591	69,105	84,239
Payroll & Payroll Tax	124,920	128,668	132,528	136,503	140,599	162,992	188,953	219,048	294,382
Repairs & Maintenance	74,402	76,634	78,933	81,301	83,740	97,077	112,539	130,464	175,332
Utilities	52,095	53,658	55,268	56,926	58,633	67,972	78,798	91,349	122,765
Water, Sewer & Trash	45,371	46,732	48,134	49,578	51,065	59,198	68,627	79,558	106,919
Insurance	27,404	28,226	29,073	29,945	30,844	35,756	41,451	48,054	64,580
Property Tax	71,862	74,018	76,238	78,525	80,881	93,763	108,698	126,010	169,347
Reserve for Replacements	30,000	30,900	31,827	32,782	33,765	39,143	45,378	52,605	70,697
Other	63,430	65,333	67,293	69,312	71,391	82,762	95,944	111,225	149,477
<b>TOTAL EXPENSES</b>	<b>\$595,445</b>	<b>\$612,834</b>	<b>\$630,735</b>	<b>\$649,164</b>	<b>\$668,135</b>	<b>\$771,718</b>	<b>\$891,504</b>	<b>\$1,030,043</b>	<b>\$1,375,658</b>
<b>NET OPERATING INCOME</b>	<b>\$353,272</b>	<b>\$354,857</b>	<b>\$356,310</b>	<b>\$357,622</b>	<b>\$358,787</b>	<b>\$362,087</b>	<b>\$360,308</b>	<b>\$352,059</b>	<b>\$309,116</b>
DEBT SERVICE									
First Lien Financing	\$212,282	\$212,282	\$212,282	\$212,282	\$212,282	\$212,282	\$212,282	\$212,282	\$212,282
Second Lien	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$60,990</b>	<b>\$62,576</b>	<b>\$64,028</b>	<b>\$65,341</b>	<b>\$66,505</b>	<b>\$69,805</b>	<b>\$68,027</b>	<b>\$59,777</b>	<b>\$16,834</b>
DEBT COVERAGE RATIO	1.21	1.21	1.22	1.22	1.23	1.24	1.23	1.20	1.06

**HTC ALLOCATION ANALYSIS -Evergreen at Vista Ridge, Lewisville, 9% HTC / HOME #09172**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$1,200,000	\$1,200,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,457,072	\$1,457,072	\$1,457,072	\$1,457,072
<b>Construction Hard Costs</b>	\$6,351,926	\$6,375,262	\$6,351,926	\$6,375,262
<b>Contractor Fees</b>	\$1,093,260	\$1,093,260	\$1,093,260	\$1,093,260
<b>Contingencies</b>	\$356,090	\$356,090	\$356,090	\$356,090
<b>Eligible Indirect Fees</b>	\$1,362,163	\$1,362,163	\$1,362,163	\$1,362,163
<b>Eligible Financing Fees</b>	\$671,764	\$671,764	\$671,764	\$671,764
<b>All Ineligible Costs</b>	\$865,002	\$865,002		
<b>Developer Fees</b>				
Developer Fees	\$1,643,841	\$1,643,841	\$1,643,841	\$1,643,841
<b>Development Reserves</b>	\$1,031,892	\$1,031,892		
<b>TOTAL DEVELOPMENT COSTS</b>	\$16,033,010	\$16,056,346	\$12,936,116	\$12,959,452

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$12,936,116	\$12,959,452
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$16,816,950	\$16,847,287
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$16,816,950	\$16,847,287
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,513,526	\$1,516,256

<b>Syndication Proceeds</b>	<b>0.7000</b>	<b>\$10,593,997</b>	<b>\$10,613,108</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,513,526</b>	<b>\$1,516,256</b>
<b>Syndication Proceeds</b>		<b>\$10,593,997</b>	<b>\$10,613,108</b>
<b>Requested Tax Credits</b>		<b>\$1,513,526</b>	
<b>Syndication Proceeds</b>		<b>\$10,594,000</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$11,103,010</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,586,246</b>	

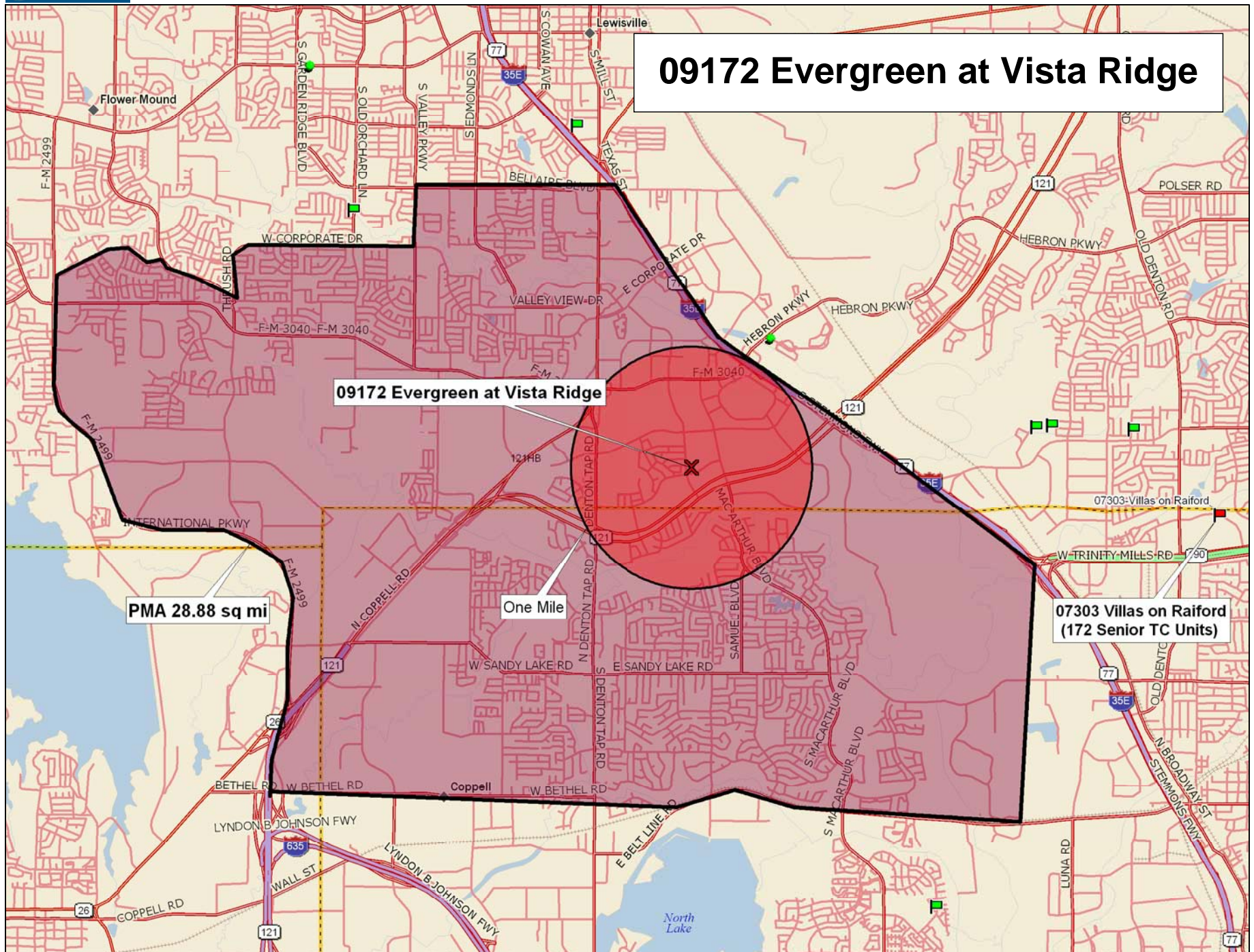
# 09172 Evergreen at Vista Ridge

09172 Evergreen at Vista Ridge

PMA 28.88 sq mi

One Mile

07303 Villas on Raiford  
(172 Senior TC Units)



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TN  
 MN (4.3°E)  
 Page 12 of 12

Scale 1 : 68,750  
 0 1 2 3 mi  
 0 1 2 3 km  
 1" = 1.09 mi  
 Data Zoom 11-5



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Abilene Senior Village, TDHCA Number 09175**

BASIC DEVELOPMENT INFORMATION

Site Address: Lot 2 at Covenant Dr. & Memorial Dr. Development #: 09175  
 City: Abilene Region: 2 Population Served: Elderly  
 County: Taylor Zip Code: 79606 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Abilene-Charger Properties LP  
 Owner Contact and Phone: Bonita Williams, (936) 560-5702  
 Developer: Charger Development, LLC  
 Housing General Contractor: Louis Williams & Associates  
 Architect: Delbert Richardson, P.E.  
 Market Analyst: O'Connor & Associates  
 Syndicator: Raymond James Tax Credit Funds Inc.  
 Supportive Services: TBD  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	92	
	5	0	41	46	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	80	12	0	0	0	
Type of Building:						Total Development Units:	92
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$10,507,884
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	23
<input checked="" type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,129,224	\$1,126,281			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program
Development Information, Public Input and Board Summary

Abilene Senior Village, TDHCA Number 09175

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

State and Federal Officials with Jurisdiction:

TX Senator: Fraser, District 24, S Points: 14 US Representative: Neugebauer, District 19, NC
TX Representative: King, District 71, S Points: 0 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: NC Resolution of Support from Local Government [ ]

Individuals and Businesses: In Support: 0 In Opposition: 0

Quantifiable Community Participation Input:

Villages of Abilene Homeowners Association, Inc., Don Whitehead Letter Score: 24 S or O: S

It is the belief of this organization that this neighborhood needs senior living facilities.

Community Input Other than Quantifiable Community Participation Input:

Total Score for All Input: 0
The Baron and Blue Foundation, S, Beth Taylor, Executive Director

General Summary of Comment:

Support from elected officials and qualified neighborhood association.

CONDITIONS OF COMMITMENT

- 1. Receipt, review and acceptance of a clean title commitment and an updated survey indicating there are no adverse issues with the subject site by carryover.
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.
3. Receipt of a commitment of funding from the Nacogdoches Housing Authority in the amount of \$263,000, or a commitment from a qualifying substitute source in an amount not less than \$262,698, as required by §49.9(i)(5) of the 2009 QAP.
4. Receipt of a commitment of funding from the City of Abilene in the amount of \$263,000, or a commitment from a qualifying substitute source in an amount not less than \$262,698, as required by §49.9(i)(5) of the 2009 QAP.
5. Receipt of a commitment of funding from Bancorp South in the amount of \$210,190, or a commitment from a qualifying substitute source (s) in an amount not less than \$210,158 as required by §49.9(i)(27) of the 2009 QAP.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Abilene Senior Village, TDHCA Number 09175**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **11**

Total # Monitored: **9**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **210**  Meeting a Required Set-Aside Credit Amount\*: \$1,126,281

Recommendation: Recommended because without this award included, this sub-region's allocation shortfall would have been a significant portion of their total targeted sub-regional allocation when tax credits are collapsed state-wide.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/15/09 PROGRAM: 9% HTC FILE NUMBER: 09175

**DEVELOPMENT**

Abilene Senior Village

Location: Lot 2 at the corner of Covenant Drive and Memorial Drive Region: 2  
 City: Abilene County: Taylor Zip: 79606  OCT  DDA  
 Key Attributes: Senior, Multifamily, Urban, New Construction

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,129,224			\$1,126,281		

**CONDITIONS**

- 1 Receipt, review and acceptance of a clean title commitment and an updated survey indicating there are no adverse issues with the subject site by carryover.
- 2 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	5
50% of AMI	50% of AMI	41
60% of AMI	60% of AMI	46

**STRENGTHS/MITIGATING FACTORS**

- The subject site has good visibility, location and an efficient site plan.
- Sub-market occupancy is reported stabilized at 93% and has demonstrate strong historical absorption.
- Overall capture rate is 22%.

**WEAKNESSES/RISKS**

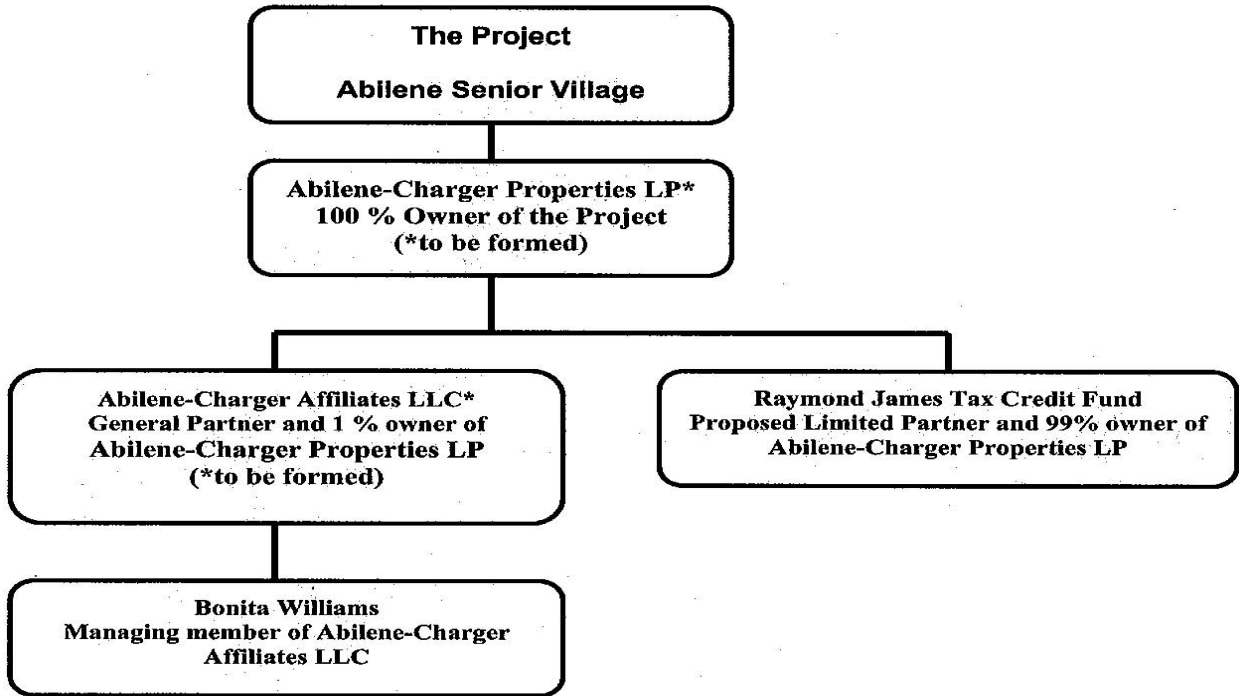
- The anticipated syndication rate of 72% is higher than the typical rate (less than 70%) typically seen by the Underwriter for current 9% transactions.
- The deferred developer fee is almost equal to 15 year cash flow. A decrease in the syndication rate of only \$0.0021 will increase fee above a level that cannot be repaid within 15 years, which would cause the development to be considered infeasible by rule.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Bonita Williams Phone: 936-560-5702 Fax: 936-560-2636  
 Email: louisw@suddenlink.net

**KEY PARTICIPANTS**

Name	Net Assets	Liquidity <sup>1</sup>	# Completed Developments
Abilene-Charger Properties LP	N/A	N/A	N/A
Abilene-Charger Affiliates LLC	N/A	N/A	N/A
Bonita/Louis Williams	Confidential		5

<sup>1</sup> Liquidity = Current Assets - Current Liabilities

**IDENTITIES of INTEREST**

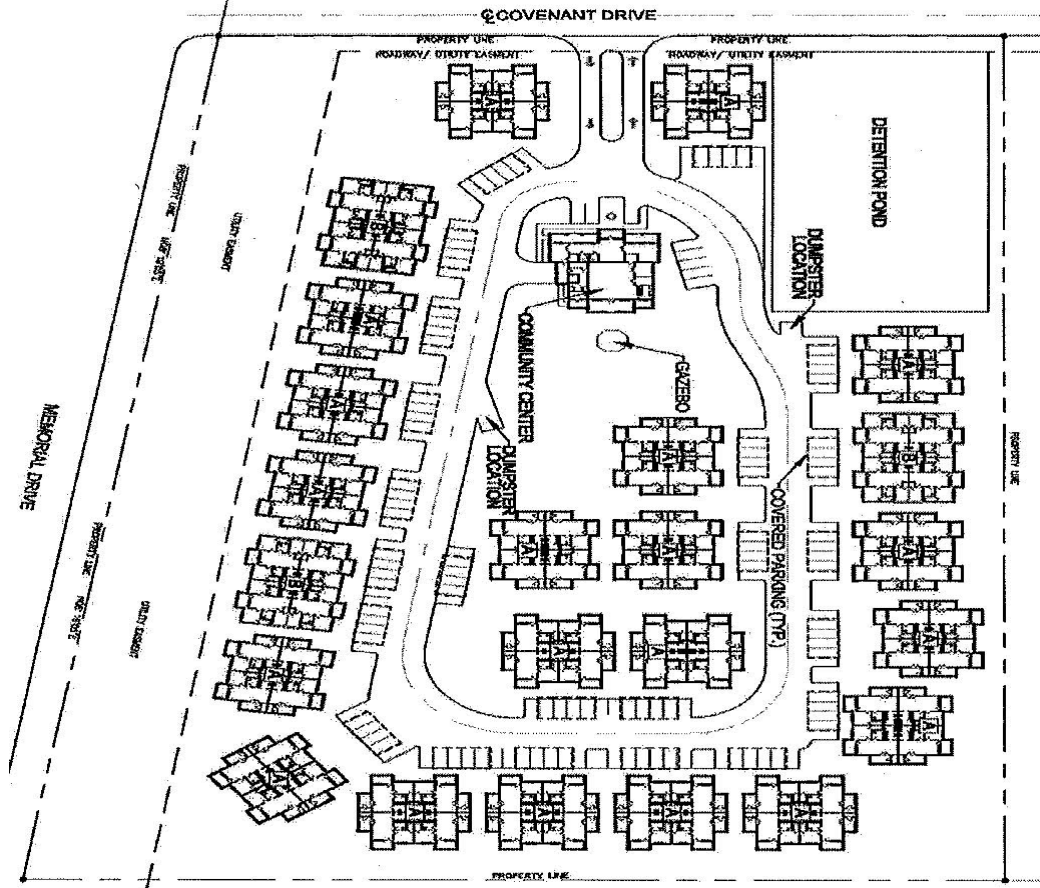
- The Applicant, Developer, and General Contractor are related entities. These are common relationships for HTC-funded developments.

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PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C									Total Buildings
Floors/Stories	1	1										
Number	20	3										23

BR/BA	SF	Units										Total Units	Total SF
1/1	853	4										80	68,240
2/2	1,113		4									12	13,356
Units per Building		4	4									92	81,596

SITE ISSUES

Total Size: 10 Acres      Scattered site?       Yes       No

Flood Zone: Zone C      Within 100-yr floodplain?       Yes       No

Zoning: PDD-33      Needs to be re-zoned?       Yes       No       N/A

Comments:  
None

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**TDHCA SITE INSPECTION**

Inspector: Pam Green/MH Date: 3/31/2009

Overall Assessment:

Excellent     Acceptable     Questionable     Poor     Unacceptable

Surrounding Uses:

North: Light Commercial, Hospital East: Major Highway, Lake  
 South: Vacant, Vacant West: Upscale Residential, Same

Comments:

The inspector noted the proposed complex is in a very nice area.

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Phase Engineering Date: 2/26/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "This assessment has revealed no evidence of recognized environmental conditions in connection with the property." (p. 2)

**MARKET HIGHLIGHTS**

Provider: O'Connor & Associates Date: 3/23/2009

Contact: Kenneth Araiza Phone: (713) 686-9955 Fax: (713) 686-8336

Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 128 sq. miles 6 mile equivalent radius

The Primary Market Area is defined by the following census tracts:

48441010600	48441010700	48441010800	48441010900	48441011000
48441011200	48441011300	48441011400	48441011500	48441011600
48441011700	48441011900	48441012000	48441012100	48441012200
48441012300	48441012400	48441012500	48441012600	48441012700
48441012800	48441012900	48441013000	48441013100	48441013401
48441013402	48441013403			

The PMA had an estimated 2008 population of 95,962, including 13,395 senior households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Anson Park	08142	80	80	none			

INCOME LIMITS						
Taylor						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$10,700	\$12,200	\$13,750	\$15,250	\$16,450	\$17,700
40	\$14,240	\$16,280	\$18,320	\$20,360	\$22,000	\$23,600
50	\$17,800	\$20,350	\$22,900	\$25,450	\$27,500	\$29,500
60	\$21,360	\$24,420	\$27,480	\$30,540	\$33,000	\$35,400

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MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	51	4	0	55	5	0	9%
1 BR/50%	76	9	0	85	41	0	48%
1 BR/60%	85	11	0	96	34	0	35%
2 BR/60%	51	6	0	57	12	0	21%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	51	1	0	52	5	4	17%
1 BR/50%	76	2	0	79	41	28	88%
1 BR/60%	87	3	0	90	34	24	64%
2 BR/60%	73	1	0	75	12	24	48%

OVERALL DEMAND								
	Target Households	Household Size	Income Eligible	Tenure	Demand			
PMA DEMAND from TURNOVER						turnover		
Market Analyst p. 64				1,636	30%	491		
Underwriter	22% 13,913	100% 13,913	25% 3,511	56% 1,977	30%	599		
PMA DEMAND from GROWTH						growth		
Market Analyst p. 64						24		
Underwriter	22% 145	100% 145	25% 36	56% 21	100%	21		
DEMAND from OTHER SOURCES						senior homeowners		
Market Analyst p. 63					6%	127		
Underwriter				2,870	6%	175		

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 65	92	0	0	92	642	<b>14%</b>
Underwriter	92	80	0	172	794	<b>22%</b>

Proposed, Under Construction, and Unstabilized Comparable Supply:

The market study does not consider any unstabilized comparable supply. There is one 2005 senior development, The Arbors at Rose Park (#05141) located in the PMA. Department records confirm that this property has been stabilized for at least twelve months. However, there is a 2008 development, Anson Park Seniors (#08142), located less than one mile outside the defined PMA. It is not clear why the PMA was drawn to exclude this property. The underwriting analysis will include the 80 units at Anson Park in the calculation of the inclusive capture rate.

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Demand Analysis:

The market study includes a HISTA Data demographic report that clearly identifies senior households. Despite this, the market study analysis calculates senior households indirectly by determining the senior population as a percentage of the adult population. The market study applies a turnover rate of 30% for senior renter households (derived from the 2000 census); this indicates demand for 491 units based on renter household turnover, and demand for 24 units due to growth of eligible senior renter households. The underwriting analysis, based on the HISTA Data senior demographics, determined demand for 599 units due to turnover of income-eligible senior renter households, and demand for 21 units due to growth of renter households.

The Market Analyst also identified demand for 127 units from existing senior homeowners. This amount includes demand for 172 units from turnover of existing owner households, based on a 6.1% rate from the 2000 census data; and reduction in demand by 24 units resulting from projected decrease in existing owner households.

The underwriting analysis identifies demand for 175 units due to turnover of existing income-qualified senior homeowner households; the projected growth of homeowner households is not considered.

The Market Analyst concludes total demand for 642 units, and a total supply of 92 units, resulting in an inclusive capture rate of 14%. The underwriting analysis identifies total demand for 794 units, and includes a total supply of 172 units, concluding an inclusive capture rate of 22%. This satisfies the maximum capture rate of 75% for developments targeting seniors.

Primary Market Occupancy Rates:

"The selected comparable apartments surveyed in the primary market area of the subject generally exhibited relatively strong occupancy rates, with an average occupancy level of 93.60%." (p. 9)

Absorption Projections:

"The most recent seniors HTC project which came on-line in 2007 (Arbors at Rose Park) reported a brisk lease up. The newest market rate property (Reserve) reportedly absorbed to 81% occupancy at a rate of 23 units per month ... Based on our research, most projects that are constructed in the Abilene area typically lease up within 6-12 months. There have been no seniors market-rate projects which have come on-line in the past several years. The subject is anticipated to be at stabilized occupancy within 8 months." (p. 11)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	853 SF	30%	\$205	\$205	\$685	\$205	\$480
1 BR	853 SF	50%	\$395	\$395	\$685	\$395	\$290
1 BR	853 SF	60%	\$491	\$491	\$685	\$491	\$194
2 BR	1,113 SF	60%	\$585	\$585	\$825	\$585	\$240

Market Impact:

"Based on the high occupancy levels of the existing HTC properties in the market, and the lack of good quality affordable housing, along with the recent strong absorption history, we project that the subject property will have minimal sustained negative impact upon the existing apartment market." (p. 11)

Comments:

The market study provides sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: N/A Date of Last Applicant Revision: N/A

The Applicant's projected rents are equal to the program rent limits less current utility allowances approved by the Housing Authority of the City of Abilene. These rent levels are achievable according to the Market Analyst's market rent determination. The Applicant has estimated secondary income of \$14 per unit per month and vacancy and collection loss of 7.5%, which are in line with Department standards. The Applicant's estimate of effective gross income is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: N/A Date of Last Applicant Revision: N/A

The Applicant's annual expense estimate of \$3,135 per unit is within 5% of the Underwriter's estimate of \$3,217 per unit derived from the TDHCA database, IREM data and third party data sources. However, several of the Applicant's specific line items vary significantly from the Underwriter's estimate including: General & Administrative (\$12K lower) and Property Tax (\$11K higher).

Conclusion:

The Applicant's estimates of effective gross income, total operating expense, and net operating income are each within 5% of the Underwriter's estimates. Therefore, the Applicant's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR). The proforma results in a DCR of 1.29, which is within the Department's current guideline of 1.15 to 1.35.

Both the Applicant's and Underwriter's expense to income ratios (61.54% and 63.14% respectively) are quite high at above 60%. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat rental income with rising expenses.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible.

ACQUISITION INFORMATION

ASSESSED VALUE

Table with 2 columns: Description and Value. Rows include Land Only (57.03 acres, \$418,014), 1 Acre (\$7,330), Total Prorata (10 acres, \$73,297), Existing Buildings (\$0), and Total Assessed Value (\$73,297). Includes Tax Year (2008) and Valuation by (Taylor CAD).

EVIDENCE of PROPERTY CONTROL

Form fields for property control details: Type (Unimproved Property Contract), Acreage (10), Contract Expiration (11/1/2009), Valid Through Board Date (checked Yes), Acquisition Cost (\$653,400), Seller (Village Investment Partners, L.P.), and Related to Development Team? (checked No).

TITLE

Comments:

The Policy covers approximately 10 acres out of a 57.03 acre tract, and is pending a survey on the approximately 10 acres to be acquired. Schedule B to the Policy lists numerous easements on the property and Schedule C item 11 states, "The Title Company reserves the right to make additional requirements and/or exceptions upon review of the survey." The survey includes a Note, item 2 that says the "survey was performed without the benefit of a recent title commitment and holds no responsibility for any easements or covenants recorded or otherwise that may affect this property." Accordingly, receipt, review and acceptance of a clean title commitment and an updated survey indicating there are no adverse issues with the subject site by carryover are a condition of this report.

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: 1 Date of Last Applicant Revision: 5/20/2009

Acquisition Value:

The site cost of \$66,229 per acre or \$7,102 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost:

The Applicant's claimed sitework costs of \$9,000 per unit is within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$96K or 1.8% lower than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Interim Interest Expense:

The Underwriter reduced the Applicant's eligible interim financing fees by \$21,869 to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

Contingency & Fees:

The Applicant's contractor's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines, but the Applicant's developer fees exceed 15% of the Applicant's adjusted eligible basis (due to the reduction to eligible interest expense) by \$3,280 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule, adjusted for eligible interest and developer fee, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$9,626,335 supports annual tax credits of \$1,126,281. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. It should be noted that this development received a 30% increase to eligible basis based on its location in an eligible area pursuant to §49.6(h)(4)(D)(ii) of the 2009 QAP.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: 1 Date of Last Applicant Revision: 5/20/2009

Source: Raymond James Multifamily Finance, Inc. Type: Interim Financing

Principal: \$1,011,284 Interest Rate: 7.0%  Variable Term: 24 months

Comments:

Interest rate is set at WSJ Prime plus 350 basis points.

Source: Raymond James Multifamily Finance, Inc. Type: Permanent Financing

Principal: \$1,747,474 Interest Rate: 7.0%  Fixed Amort: 360 months

Comments:

Interest rate is will be the 10 year US Treasury rate plus 375 bps, which was 7% as of the date of the commitment letter.

Source: City of Abilene or Nacogdoches HA Type: Loan

Principal \$263,000 Interest Rate: 3.52%  Fixed Amort: 12 months

Comments:

The owner applied for a loan from both the City of Abilene and Nacogdoches Housing Authority for a loan of \$236,000. The term will be for 1 year or the construction period, at an interest rate at or below AFR.

Source: BancorpSouth Bank Type: Loan

Principal: \$210,190 Interest Rate: 7.00%  Fixed Amort: 12 months

Comments:

The rate of 7% expires 120 days from 5/19/09.

Source: Raymond James Type: Syndication

Proceeds: \$8,129,599 Syndication Rate: 72% Anticipated HTC: \$ 1,129,224

Comments:

Terms and conditions seem to reasonable in the current market environment. Commitment expires 1/31/10 if closing has not occurred subject to extension if mutually agreed to in writing. Due to the recent volatility in credit pricing, it should be noted, any decrease in rate could increase the amount of deferred developer fee. A decrease below \$0.7178 per dollar of credit may jeopardize the financial viability of the transaction; this would only require a decrease of \$0.0021 in the syndication rate. Alternatively, should the final credit price increase to more than \$0.778, under the recommended financing structure all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Amount: \$630,000 Type: Deferred Developer Fees

## CONCLUSIONS

Recommended Financing Structure:

The Applicant's total development cost less the permanent loan of \$1,747,474 indicates the need for \$8,760,410 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,216,845 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

**Allocation determined by eligible basis: \$1,126,281**

Allocation determined by gap in financing: \$1,216,845

Allocation requested by the Applicant: \$1,129,224

The allocation determined by eligible basis is recommended. The Underwriter's recommended financing structure indicates the need for \$651,997 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 15 years of stabilized operation.

Underwriter: \_\_\_\_\_ Date: July 15, 2009  
*Thomas Kincaid*

Reviewing Underwriter: \_\_\_\_\_ Date: July 15, 2009  
*Audrey Martin*

Director of Real Estate Analysis: \_\_\_\_\_ Date: July 15, 2009  
*Brent Stewart*

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Abilene Senior Village, Abilene, 9% HTC #09175**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	5	1	1	853	\$286	\$205	\$1,025	\$0.24	\$81.00	\$40.00
TC 50%	41	1	1	853	\$476	\$395	\$16,195	\$0.46	\$81.00	\$40.00
TC 60%	34	1	1	853	\$572	\$491	\$16,694	\$0.58	\$81.00	\$40.00
TC 60%	12	2	2	1,113	\$687	\$585	\$7,020	\$0.53	\$102.00	\$46.00
<b>TOTAL:</b>	<b>92</b>		<b>AVERAGE:</b>	<b>887</b>		<b>\$445</b>	<b>\$40,934</b>	<b>\$0.50</b>	<b>\$83.74</b>	<b>\$40.78</b>

**INCOME**

Total Net Rentable Sq Ft: **81,596**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$14.00  
 Other Support Income: Laundry

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.89%	\$249	0.28	\$22,907	\$11,027	\$0.14	\$120	2.35%
Management	5.00%	255	0.29	23,433	23,433	0.29	255	5.00%
Payroll & Payroll Tax	16.83%	857	0.97	78,869	75,000	0.92	815	16.00%
Repairs & Maintenance	7.74%	395	0.44	36,294	37,000	0.45	402	7.89%
Utilities	4.08%	208	0.23	19,112	15,000	0.18	163	3.20%
Water, Sewer, & Trash	4.94%	252	0.28	23,147	23,640	0.29	257	5.04%
Property Insurance	3.91%	199	0.22	18,308	20,240	0.25	220	4.32%
Property Tax 2.2836	8.38%	427	0.48	39,287	48,484	0.59	527	10.35%
Reserve for Replacements	4.91%	250	0.28	23,000	23,000	0.28	250	4.91%
TDHCA Compliance Fees	0.79%	40	0.05	3,680	3,680	0.05	40	0.79%
Other: Supp. Serv & Synd. Fee	1.68%	86	0.10	7,888	7,888	0.10	86	1.68%
<b>TOTAL EXPENSES</b>	<b>63.14%</b>	<b>\$3,217</b>	<b>\$3.63</b>	<b>\$295,925</b>	<b>\$288,392</b>	<b>\$3.53</b>	<b>\$3,135</b>	<b>61.54%</b>
<b>NET OPERATING INC</b>	<b>36.86%</b>	<b>\$1,878</b>	<b>\$2.12</b>	<b>\$172,739</b>	<b>\$180,268</b>	<b>\$2.21</b>	<b>\$1,959</b>	<b>38.46%</b>

**DEBT SERVICE**

Raymond James	29.77%	\$1,516	\$1.71	\$139,512	\$139,512	\$1.71	\$1,516	29.77%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>7.09%</b>	<b>\$361</b>	<b>\$0.41</b>	<b>\$33,227</b>	<b>\$40,756</b>	<b>\$0.50</b>	<b>\$443</b>	<b>8.70%</b>

AGGREGATE DEBT COVERAGE RATIO

1.24

RECOMMENDED DEBT COVERAGE RATIO

1.29

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		6.16%	\$7,102	\$8.01	\$653,400	\$653,400	\$8.01	\$7,102	6.22%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.81%	9,000	10.15	828,000	828,000	10.15	9,000	7.88%
Direct Construction		50.76%	58,512	65.97	5,383,114	5,286,740	64.79	57,465	50.31%
Contingency	4.92%	2.88%	3,323	3.75	305,737	305,737	3.75	3,323	2.91%
Contractor's Fees	13.78%	8.07%	9,305	10.49	856,063	856,063	10.49	9,305	8.15%
Indirect Construction		7.75%	8,928	10.07	821,355	821,355	10.07	8,928	7.82%
Ineligible Costs		0.71%	814	0.92	74,869	74,869	0.92	814	0.71%
Developer's Fees	14.87%	11.87%	13,684	15.43	1,258,889	1,258,889	15.43	13,684	11.98%
Interim Financing		2.57%	2,966	3.34	272,831	272,831	3.34	2,966	2.60%
Reserves		1.41%	1,630	1.84	150,000	150,000	1.84	1,630	1.43%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$115,264</b>	<b>\$129.96</b>	<b>\$10,604,258</b>	<b>\$10,507,884</b>	<b>\$128.78</b>	<b>\$114,216</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>69.53%</b>	<b>\$80,140</b>	<b>\$90.36</b>	<b>\$7,372,914</b>	<b>\$7,276,540</b>	<b>\$89.18</b>	<b>\$79,093</b>	<b>69.25%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
Raymond James	16.48%	\$18,994	\$21.42	\$1,747,474	\$1,747,474	\$1,747,474	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	0	0	\$1,255,609
Raymond James	76.67%	\$88,374	\$99.64	8,130,410	8,130,410	8,108,413	% of Dev. Fee Deferred
Deferred Developer Fees	5.94%	\$6,848	\$7.72	630,000	630,000	651,997	52%
Additional (Excess) Funds Req'd	0.91%	\$1,048	\$1.18	96,374	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$10,604,258</b>	<b>\$10,507,884</b>	<b>\$10,507,884</b>	<b>\$675,562</b>



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Abilene Senior Village, Abilene, 9% HTC #09175*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook*

Average Quality Town House

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$69.38	\$5,661,351
<b>Adjustments</b>				
Exterior Wall Finish	5.60%		\$3.89	\$317,036
Elderly	3.00%		2.08	169,841
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(1.88)	(153,400)
Floor Cover			3.16	257,843
Breezeways/Balconies	\$20.39	23,026	5.75	469,500
Plumbing Fixtures	\$1,000	(148)	(1.81)	(148,000)
Rough-ins	\$435	92	0.49	40,020
Built-In Appliances	\$2,500	92	2.82	230,000
Exterior Stairs	\$1,875		0.00	0
Enclosed Corridors	\$59.46		0.00	0
Heating/Cooling			1.83	149,321
Carports	\$11.00	18,400	2.48	202,400
Comm &/or Aux Bldgs	\$72.88	3,439	3.07	250,617
Other: fire sprinkler	\$2.15	0	0.00	0
<b>SUBTOTAL</b>			<b>91.26</b>	<b>7,446,528</b>
Current Cost Multiplier	1.01		0.91	74,465
Local Multiplier	0.88		(10.95)	(893,583)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$81.22</b>	<b>\$6,627,410</b>
Plans, specs, survy, bld prm	3.90%		(\$3.17)	(\$258,469)
Interim Construction Interes	3.38%		(2.74)	(223,675)
Contractor's OH & Profit	11.50%		(9.34)	(762,152)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$65.97</b>	<b>\$5,383,114</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,747,474	Amort	360
Int Rate	7.00%	DCR	1.24

<b>Secondary</b>	\$0	Amort	
Int Rate		Subtotal DCR	1.24

<b>Additional</b>	\$8,130,410	Amort	
Int Rate		Aggregate DCR	1.24

**RECOMMENDED FINANCING STRUCTURE**

**APPLICANT'S NOI:**

Primary Debt Service	\$139,512
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$40,756</b>

<b>Primary</b>	\$1,747,474	Amort	360
Int Rate	7.00%	DCR	1.29

<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.29

<b>Additional</b>	\$8,130,410	Amort	0
Int Rate	0.00%	Aggregate DCR	1.29

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

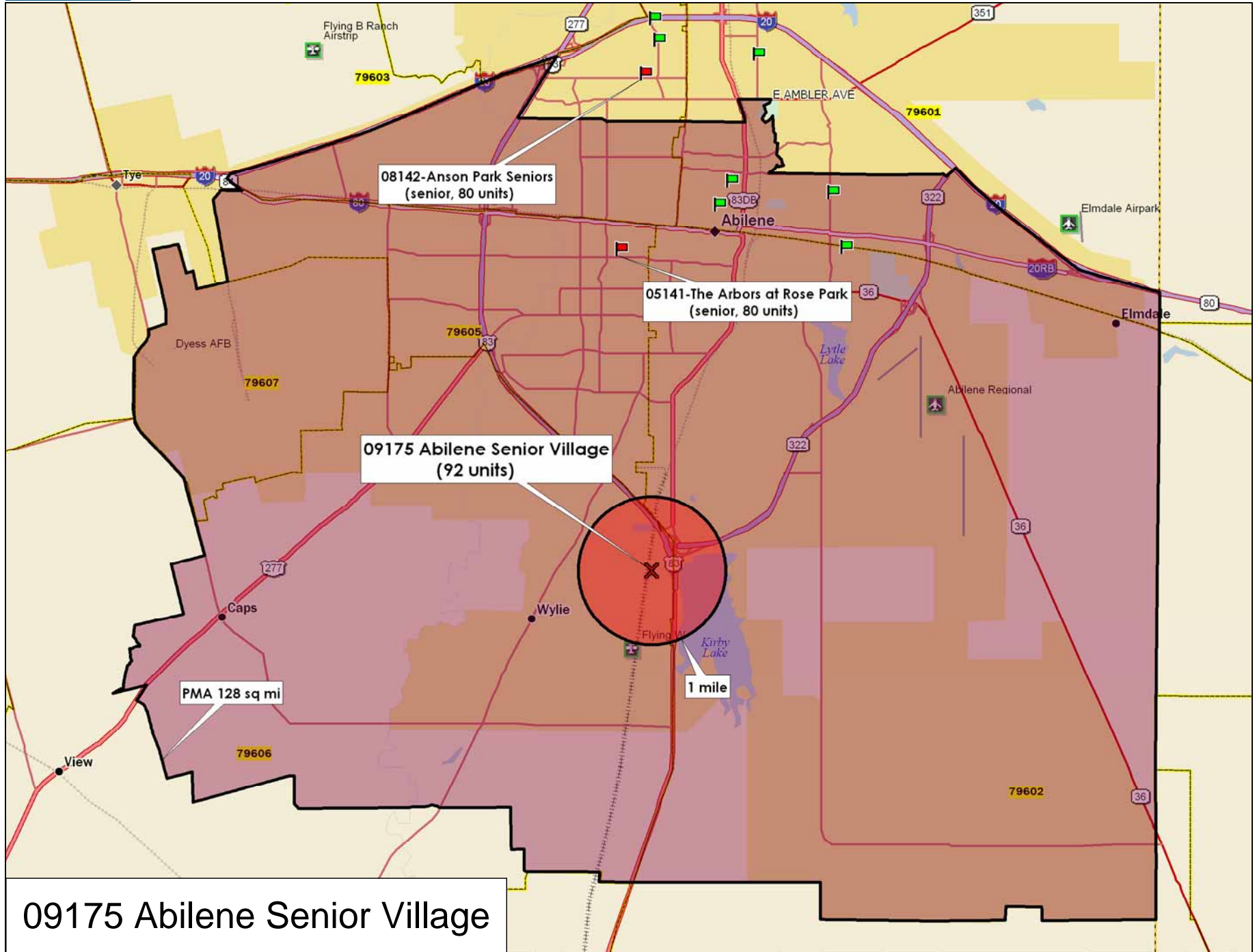
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$491,208	\$501,032	\$511,053	\$521,274	\$531,699	\$587,039	\$648,139	\$715,597	\$872,309
Secondary Income	15,456	15,765	16,080	16,402	16,730	18,471	20,394	22,516	27,447
Other Support Income: Laundr	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	506,664	516,797	527,133	537,676	548,429	605,510	668,532	738,114	899,757
Vacancy & Collection Loss	(38,004)	(38,760)	(39,535)	(40,326)	(41,132)	(45,413)	(50,140)	(55,359)	(67,482)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$468,660</b>	<b>\$478,037</b>	<b>\$487,598</b>	<b>\$497,350</b>	<b>\$507,297</b>	<b>\$560,097</b>	<b>\$618,392</b>	<b>\$682,755</b>	<b>\$832,275</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$11,027	\$11,358	\$11,699	\$12,050	\$12,411	\$14,388	\$16,679	\$19,336	\$25,986
Management	23,433	23,902	24,380	24,868	25,365	28,005	30,920	34,138	41,614
Payroll & Payroll Tax	75,000	77,250	79,568	81,955	84,413	97,858	113,444	131,513	176,742
Repairs & Maintenance	37,000	38,110	39,253	40,431	41,644	48,277	55,966	64,880	87,193
Utilities	15,000	15,450	15,914	16,391	16,883	19,572	22,689	26,303	35,348
Water, Sewer & Trash	23,640	24,349	25,080	25,832	26,607	30,845	35,758	41,453	55,709
Insurance	20,240	20,847	21,473	22,117	22,780	26,409	30,615	35,491	47,697
Property Tax	48,484	49,939	51,437	52,980	54,569	63,261	73,336	85,017	114,256
Reserve for Replacements	23,000	23,690	24,401	25,133	25,887	30,010	34,790	40,331	54,201
Other	11,568	11,915	12,272	12,641	13,020	15,094	17,498	20,285	27,261
<b>TOTAL EXPENSES</b>	<b>\$288,392</b>	<b>\$296,810</b>	<b>\$305,475</b>	<b>\$314,395</b>	<b>\$323,579</b>	<b>\$373,716</b>	<b>\$431,694</b>	<b>\$498,745</b>	<b>\$666,007</b>
<b>NET OPERATING INCOME</b>	<b>\$180,268</b>	<b>\$181,228</b>	<b>\$182,123</b>	<b>\$182,955</b>	<b>\$183,719</b>	<b>\$186,381</b>	<b>\$186,699</b>	<b>\$184,010</b>	<b>\$166,268</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$139,512	\$139,512	\$139,512	\$139,512	\$139,512	\$139,512	\$139,512	\$139,512	\$139,512
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$40,756</b>	<b>\$41,716</b>	<b>\$42,611</b>	<b>\$43,443</b>	<b>\$44,207</b>	<b>\$46,869</b>	<b>\$47,187</b>	<b>\$44,498</b>	<b>\$26,756</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.29</b>	<b>1.30</b>	<b>1.31</b>	<b>1.31</b>	<b>1.32</b>	<b>1.34</b>	<b>1.34</b>	<b>1.32</b>	<b>1.19</b>

**HTC ALLOCATION ANALYSIS -Abilene Senior Village, Abilene, 9% HTC #09175**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$653,400	\$653,400		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$828,000	\$828,000	\$828,000	\$828,000
<b>Construction Hard Costs</b>	\$5,286,740	\$5,383,114	\$5,286,740	\$5,383,114
<b>Contractor Fees</b>	\$856,063	\$856,063	\$856,063	\$856,063
<b>Contingencies</b>	\$305,737	\$305,737	\$305,737	\$305,737
<b>Eligible Indirect Fees</b>	\$821,355	\$821,355	\$821,355	\$821,355
<b>Eligible Financing Fees</b>	\$272,831	\$272,831	\$272,831	\$272,831
<b>All Ineligible Costs</b>	\$74,869	\$74,869		
<b>Developer Fees</b>			\$1,255,609	
Developer Fees	\$1,258,889	\$1,258,889		\$1,258,889
<b>Development Reserves</b>	\$150,000	\$150,000		
<b>TOTAL DEVELOPMENT COSTS</b>	\$10,507,884	\$10,604,258	\$9,626,335	\$9,725,989

<b>Deduct from Basis:</b>				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
<b>TOTAL ELIGIBLE BASIS</b>			\$9,626,335	\$9,725,989
High Cost Area Adjustment			130%	130%
<b>TOTAL ADJUSTED BASIS</b>			\$12,514,235	\$12,643,785
Applicable Fraction			100%	100%
<b>TOTAL QUALIFIED BASIS</b>			\$12,514,235	\$12,643,785
Applicable Percentage			9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$1,126,281	\$1,137,941

<b>Syndication Proceeds</b>	<b>0.7199</b>	<b>\$8,108,413</b>	<b>\$8,192,353</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,126,281</b>	<b>\$1,137,941</b>
<b>Syndication Proceeds</b>		<b>\$8,108,413</b>	<b>\$8,192,353</b>
<b>Requested Tax Credits</b>		<b>\$1,129,224</b>	
<b>Syndication Proceeds</b>		<b>\$8,129,599</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$8,760,410</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,216,845</b>	

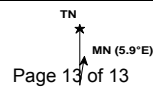


**09175 Abilene Senior Village**

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Scale 1 : 112,500



1" = 1.78 mi

Data Zoom 10-7



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Orchard at Oak Forest, TDHCA Number 09177**

BASIC DEVELOPMENT INFORMATION

Site Address: NEQ of Brinkman St. & 34th St. Development #: 09177  
 City: Houston Region: 6 Population Served: Elderly  
 County: Harris Zip Code: 77018 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Orchard Oak Forest LP  
 Owner Contact and Phone: Stephan Fairfield, (713) 223-1864  
 Developer: Orchard Oak Forest Development LLC  
 Housing General Contractor: TBD  
 Architect: Insite Architecture, Inc  
 Market Analyst: O'Connor & Associates  
 Syndicator: National Equity Fund, Inc.  
 Supportive Services: TBD  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	118	
	6	0	53	59	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	86	32	0	0	0	
Type of Building:						Total Development Units:	118
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$15,430,002
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	2
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,645,603	\$1,497,001			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Orchard at Oak Forest, TDHCA Number 09177

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Whitmire, District 15, NC

Points: 0

US Representative: Jackson Lee, District 18, NC

TX Representative: Bohac, District 138, NC

Points: 0

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

O, Jerry Eversole, County Commissioner

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Credit Coalition, S, Sherrie Young, Executive Director

Neighborhood Centers Inc., S, Angela Blanchard, President & CEO

The Houston Center for Independent Living, S, Sandra L. Bookman, Executive Director

Sheltering Arms Senior Services, S, Robert Phillips, President

**General Summary of Comment:**

Letter of opposition from elected official citing a violation of the Harris County Multi-Family and Senior Apartment Concentration policy adopted July 9, 2008.

**CONDITIONS OF COMMITMENT**

1. Receipt, review and acceptance by carryover, of evidence that a noise study of the subject site has been completed, and that any subsequent recommendations have been implemented.
2. Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Houston clearly stating the terms of the HOME funds.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.
4. Receipt of a commitment of funding from the City of Houston in the amount of \$3,540,000, or a commitment from a qualifying substitute source in an amount not less than \$771,501, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Orchard at Oak Forest, TDHCA Number 09177**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **4**

Total # Monitored: **3**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **185**  Meeting a Required Set-Aside Credit Amount\*: \$1,497,001

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/06/09 PROGRAM: 9%/HTC FILE NUMBER: 09177

DEVELOPMENT		
The Orchard at Oak Forest		
Location: <u>NE corner of Brinkman St. &amp; West 34th St.</u>	Region: <u>6</u>	
City: <u>Houston</u>	County: <u>Harris</u>	Zip: <u>77018</u> <input type="checkbox"/> OCT <input checked="" type="checkbox"/> DDA
Key Attributes: <u>Seniors, New Construction, Urban, Non-Profit</u>		

ALLOCATION						
TDHCA Program	REQUEST*			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,497,013			<b>\$1,497,001</b>		

\* The Applicant reduced the requested amount from \$1,645,603 on April 15, 2009.

- CONDITIONS**
- 1 Receipt, review, and acceptance, by carryover, of evidence that a noise study of the subject site has been completed, and that any subsequent recommendations have been implemented.
  - 2 Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Houston clearly stating the terms of the HOME funds.
  - 3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	6
50% of AMI	50% of AMI	53
60% of AMI	60% of AMI	59

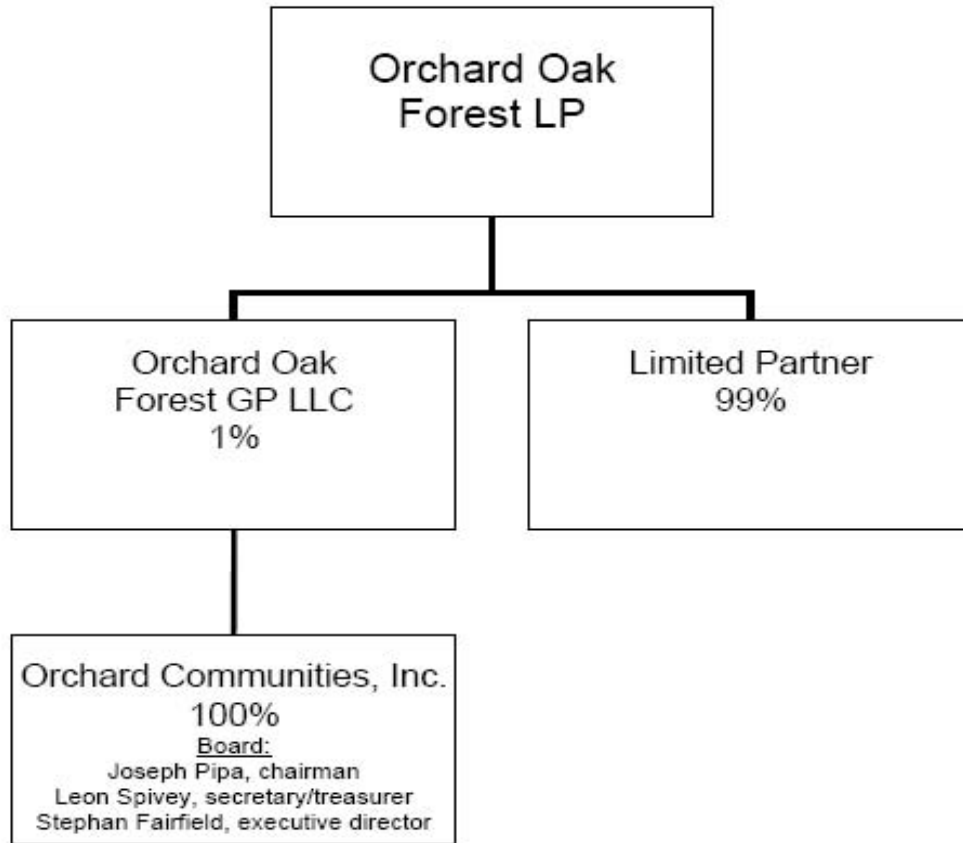
<p style="text-align: center;"><b>STRENGTHS/MITIGATING FACTORS</b></p> <ul style="list-style-type: none"> <li>▫ Underwriter's proforma used in the analysis shows a 60.48% expense to income ratio and an upward trending DCR over the long term.</li> <li>▫ A principal of the Applicant has considerable experience in LIHTC development.</li> <li>▫ Overall capture rate of 20% and stabilized sub-market occupancy of 95%.</li> </ul>	<p style="text-align: center;"><b>WEAKNESSES/RISKS</b></p> <ul style="list-style-type: none"> <li>▫ Applicant's expense to income ratio is 62.26% (nearing the maximum guideline) reflective of the deep rent targeting.</li> </ul>
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**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Stephan Fairfield Phone: (713) 223-1864 Fax: (713) 223-1853  
 Email: sfairfield@orchardcommunities.org

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Orchard Communities, Inc	N/A	N/A
Leon Spivey	CONFIDENTIAL	1
Joseph Pipa	CONFIDENTIAL	1
Stephan Fairfield	CONFIDENTIAL	8

<sup>1</sup> Liquidity = Current Assets - Current Liabilities

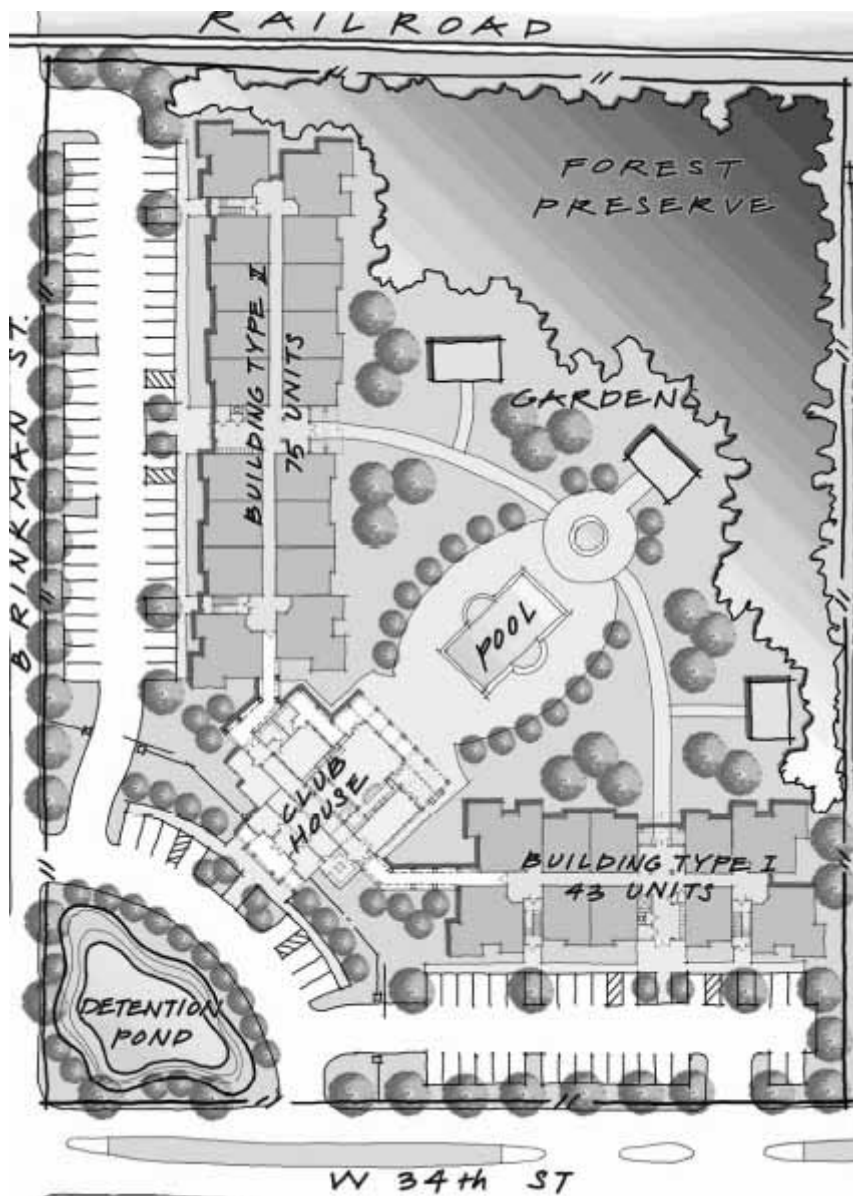
**IDENTITIES of INTEREST**

- The Applicant & Developer is a related entities. This is a common relationship for HTC-funded developments.



PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	I	II										Total Buildings
Floors/Stories	4	4										
Number	1	1										2

BR/BA	SF	Units										Total Units	Total SF
1/1	750	27	59									86	64,500
2/2	1,205	16	16									32	38,560
Units per Building		43	75									118	103,060

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SITE ISSUES

Total Size: 5.7 acres Scattered site?  Yes  No  
 Flood Zone: Zone X Within 100-yr floodplain?  Yes  No  
 Zoning: N/A Needs to be re-zoned?  Yes  No  N/A  
 Comments:  
 The City of Houston does not have a zoning ordinance.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 4/14/2009  
 Overall Assessment:  
 Excellent  Acceptable  Questionable  Poor  Unacceptable  
 Surrounding Uses:  
 North: school East: residential uses  
 South: West 34th Street & commercial West: Brinkman Street & commercial

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: The Murillo Company Date: 3/26/2009  
 Recognized Environmental Concerns (RECs) and Other Concerns:  
 • "No direct evidence was found indicating recognized environmental conditions exist at the subject property." (p.1)  
 • "A noise study is recommended for the subject property in accordance with current HUD guidelines and its proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise." (addendum p. 1)  
 Comments:  
 Any recommended financing will be subject to receipt, review, and acceptance, by carryover, of evidence that a noise study of the subject site has been completed, and that any subsequent recommendations have been implemented.

MARKET HIGHLIGHTS

Provider: O'Connor & Associates Date: 2/6/2009  
 Contact: Robert Coe Phone: (713) 375-4279 Fax: (713) 686-8336  
 Number of Revisions: none Date of Last Applicant Revision: N / A  
 Primary Market Area (PMA): 19 sq. miles 2 mile equivalent radius  
 The Primary Market Area is defined by 22 census tracts; the rough geographic boundaries are Pinemont Drive, Creekmont Drive, North Shepherd Drive, and Tidwell Road to the north; Interstate 45 to the east; Loop 610 to the south; and Loop 610 and Highway 290 to the west.  
 Secondary Market Area (SMA):  
 The Market Analyst has identified the entire City of Houston as a Secondary Market Area. While the 2009 Real Estate Analysis Rules specify a maximum population of 250,000 for a Secondary Market Area for developments targeting families, there is no mention of developments targeting seniors. The Underwriter believes this to be an oversight, and that senior developments were intended to be similarly limited. Nevertheless, the current rules appear to permit an unlimited secondary market. There is an additional restriction, that secondary market demand cannot exceed 25% of total demand; this limit applies to all applications.

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PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units <sup>25%</sup>
none				entire City of Houston		2,686	2,686

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	45	12		57	6	0	11%
1 BR/50%	54	19		73	49	0	67%
1 BR/60%	52	22		74	31	0	42%
2 BR/50%	48	15		63	4	0	6%
2 BR/60%	47	19		66	28	0	42%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	47	6	0	54	6	0	11%
1 BR/50%	59	11	0	70	7	0	10%
1 BR/60%	83	16	0	99	42	0	43%
2 BR/50%	49	7	0	56	10	0	18%
2 BR/60%	70	11	0	80	21	0	26%

OVERALL DEMAND							
	Target Households	Household Size	Income Eligible	Tenure	Demand		
PMA DEMAND from TURNOVER				turnover			
Market Analyst p. 74		10,803	19%	2,004	400		
Underwriter	22% 13,862	100% 13,862	31% 4,306	63% 2,699	20% 540		
PMA DEMAND from GROWTH				growth			
Market Analyst p. 74					26		
Underwriter	22% 243	100% 243	31% 75	63% 47	100% 47		
SMA DEMAND from TURNOVER							
Market Analyst p. 70					201		
Underwriter					0		
DEMAND from OTHER SOURCES				homeowners	Section 8		
Market Analyst p. 72			371	9	380		
Underwriter			0	12	12		

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 74					1,007	12%
Underwriter	118	0	0	118	599	20%

Supply and Demand Analysis:

The Market Analyst understates the number of senior households in the PMA. Despite the fact that the market study includes a HISTA Data report clearly specifying the senior household population, the Market Analyst indirectly calculates senior households based on the senior population relative to overall adult population; this method concludes 10,803 senior households as compared to 13,862 senior households identified by the HISTA report. The market study analysis calculates demand for 400 units from senior renter household turnover; demand for 26 units from growth of senior renter households; and additional demand for 9 units from PMA households holding Section 8 vouchers.

Using the senior demographic data from the HISTA report, the underwriting analysis identifies demand for 540 units from senior renter household turnover; demand for 47 units from growth of senior renter households; and additional demand for 12 units from PMA households holding Section 8 vouchers.

The Market Analyst also claims demand for 201 units from the Secondary Market, and demand for 380 units from senior homeowner households. The underwriting analysis has not included either of these sources, as renter household turnover and growth provide sufficient demand to recommend the subject.

Overall, the market study concludes total demand for 1,007 units, and a total unstabilized comparable supply in the PMA of 118 units (only the subject); this results in an inclusive capture rate of 12%. The underwriting analysis identifies total demand for 584 units, and a supply of 118 units, concluding an inclusive capture rate of 20%. Both results are well below the maximum capture rate of 75% for developments targeting seniors.

Primary Market Occupancy Rates:

"The selected comparable apartments surveyed in the primary market area of the proposed subject complex exhibited strong occupancy rates, with a median occupancy level of 94.60%, including one complex in its initial lease-up ... None of the existing HTC's within the PMA are Seniors complexes." (p. 11)

Absorption Projections:

"Based on our research, most projects that are constructed in the Greater Houston area typically lease up within 12 months." (p. 12)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
1 BR 750 SF 30%	\$247	\$261	\$770	\$261	\$509		
1 BR 750 SF 50%	\$476	\$501	\$770	\$501	\$269		
1 BR 750 SF 60%	\$476	\$501	\$770	\$501	\$269		
1 BR 750 SF 50%	\$590	\$620	\$770	\$620	\$150		
1 BR 750 SF 60%	\$590	\$620	\$770	\$620	\$150		

Market Impact:

"Based on the high occupancy levels of the existing properties in the market, along with the strong recent absorption history, we project that the subject property will have minimal sustained negative impact upon the existing apartment market." (p. 13)

Comments:

The market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:    Number of Revisions:    1    Date of Last Applicant Revision:    4/15/2009

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of December 1, 2007, maintained by Houston Housing Authority, from the 2008 program gross rent limits. Tenants will be required to pay electric and natural gas utility costs.

The Underwriter's projected rents were calculated by subtracting tenant-paid utilities from the current 2009 HTC program rents. It should be noted that at the time the application was submitted (January 2009) the 2009 program rent limits were not yet available.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines. Additionally, despite the Applicant's use of the lower 2008 program rents, effective gross income is within 5% of the Underwriter's estimate.

Expense:    Number of Revisions:    1    Date of Last Applicant Revision:    4/15/2009

The Applicant's total annual operating expense projection at \$3,861 per unit is within 5% of the Underwriter's estimate of \$3,943, derived from the TDHCA database, and third-party data sources.

Of note, the sole owner of the GP, Orchard Communities, Inc. is a 501(c)(3) non-profit organization and as such would qualify for a property tax exemption. If the property were to secure a 50% or 100%, the impact on the NOI would warrant adjustment to the permanent loan amount in order to maintain maximum feasibility. Based on the Underwriter's analysis of these two scenarios, the development appears to remain financially feasible. The Underwriter's analysis assumes the development will have full property tax expense as reflected in the application.

However, if it is determined at cost certification that the development obtained a property tax exemption, an adjustment to the credit allocation amount may be warranted.

**Conclusion:**

The Applicant's net operating income is not within 5% of the Underwriter's estimates; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.15, which is within the Department's DCR guideline of 1.15 to 1.35.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's/Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	4.62 acres	<u>\$408,219</u>	Tax Year:	<u>2008</u>
Existing Buildings:		<u>N/A</u>	Valuation by:	<u>Harris CAD</u>
Total Assessed Value:		<u>\$408,219</u>	Tax Rate:	<u>2.5237</u>

**Comments:**

The Applicant indicates that the tax information from Harris County reflects a smaller amount because the abandoned streets, Washington Ave, Trinity Ave & Live Oak St., were not included.

This section intentionally left blank.

**EVIDENCE of PROPERTY CONTROL**

Type: Purchase and Sale Agreement Acreage: 5.69646465  
 Contract Expiration: 8/5/2009 Valid Through Board Date?  Yes  No  
 Acquisition Cost: \$2,419,346 Other: \_\_\_\_\_  
 Seller: Label Imaging Technology, Inc Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: 1 Date of Last Applicant Revision: 4/15/2009

Acquisition Value:

The site cost of \$424,710 per acre or \$20,503 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost:

The Applicant's claimed sitework costs of \$9K per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$460K or 7% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's contractor's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines; however, the Applicant's developer fee exceeds 15% of the Applicant's adjusted eligible basis by \$103 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$12,794,878 supports annual tax credits of \$1,497,001. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: 4 Date of Last Applicant Revision: 4/21/2009

Source: NEOF, Inc. Type: Interim Financing

Principal: \$700,000 Interest Rate: AFR  Fixed Term: 30 months

Comments:

Interest only payments.

Source: City of Houston Type: Permanent Financing

Principal: \$3,540,000 Interest Rate: 0.0%  Fixed Amort: 360 months

Comments:

The Applicant provided an intent to apply for the local HOME funds in the application materials; and subsequent to a request for additional information, also provided documentation of application receipt from the City. The application indicates a request for HOME funds amortized over 30 years at a 0% interest rate.

Any funding recommendation will be conditioned upon receipt, review and acceptance, by Commitment, of a firm commitment from the City of Houston clearly stating the terms of the HOME funds.

Source: JP Morgan Chase Type: Interim to Permanent Financing

Interim: \$10,485,141 Interest Rate: 6.00%  Fixed Term: 30 months  
 Permanent: \$1,204,494 Interest Rate: 8.50%  Fixed Amort: 360 months

Comments:

**Interim Rate Index:** LIBOR plus 325 bps w/ 2.75% floor (6.00% indicative rate as of Feb 24, 2009);

**Permanent Rate Index:** Fixed at a spread over the 10 year U.S. Treasury Indicative rate as of January 23, 2009 is 8.5%.

Source: National Equity Fund, Inc. Type: Syndication

Proceeds: \$10,184,543 Syndication Rate: 68% Anticipated HTC: \$ 1,497,013

Comments:

Due to the recent volatility in credit pricing, it should be noted, any decrease in rate could increase the amount of deferred developer fee. Additionally, a decrease below \$0.64 per dollar of credit may jeopardize the financial viability of the transaction. Alternatively, an increase in credit price above \$0.714 per credit dollar may cause all deferred developer fees to be eliminated and further adjustment to the credit amount may be warranted.

Amount: \$500,963 Type: Deferred Developer Fees

### CONCLUSIONS

**Recommended Financing Structure:**

The Applicant's total development cost estimate less the permanent loan of \$1,204,494 and \$3,540,000 City Loan indicates the need for \$10,685,508 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,570,649 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's revised request (\$1,497,013), the gap-driven amount (\$1,570,649), and eligible basis-derived estimate (\$1,497,001), the eligible basis-derived estimate of \$1,497,001 is recommended resulting in proceeds of \$10,184,460 based on a syndication rate of 68%.

The Underwriter's recommended financing structure indicates the need for \$501,048 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within ten years of stabilized operation.

Underwriter:	<i>Diamond Unique Thompson</i>	Date: <u>July 6, 2009</u>
Manager of Real Estate Analysis:	<i>Raquel Morales</i>	Date: <u>July 6, 2009</u>
Director of Real Estate Analysis:	<i>Brent Stewart</i>	Date: <u>July 6, 2009</u>

**MULTIFAMILY COMPARATIVE ANALYSIS**

**The Orchard at Oak Forest, Houston, 9%/HTC #09177**

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	LH	6	1	1	750	\$358	\$261	\$1,566	\$0.35	\$97.00	\$53.00
TC 50%	LH	7	1	1	750	\$598	\$501	\$3,507	\$0.67	\$97.00	\$53.00
TC 50%	HH	42	1	1	750	\$598	\$501	\$21,042	\$0.67	\$97.00	\$53.00
TC 60%	HH	10	1	1	750	\$717	\$620	\$6,200	\$0.83	\$97.00	\$53.00
TC 60%		21	1	1	750	\$717	\$620	\$13,020	\$0.83	\$97.00	\$53.00
TC 50%	LH	4	2	2	1,205	\$717	\$586	\$2,344	\$0.49	\$131.00	\$64.00
TC 60%	HH	20	2	2	1,205	\$861	\$730	\$14,600	\$0.61	\$131.00	\$64.00
TC 60%		8	2	2	1,205	\$861	\$730	\$5,840	\$0.61	\$131.00	\$64.00
<b>TOTAL:</b>		<b>118</b>			<b>AVERAGE: 873</b>		<b>\$577</b>	<b>\$68,119</b>	<b>\$0.66</b>	<b>\$106.22</b>	<b>\$55.98</b>

**INCOME**

Total Net Rentable Sq Ft: 103,060

**POTENTIAL GROSS RENT**

Secondary Income	Per Unit Per Month:	\$10.00
Other Support Income:		

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%
Employee or Other Non-Rental Units or Concessions		

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.87%	\$317	0.36	\$37,424	\$40,990	\$0.40	\$347	5.60%
Management	4.10%	267	0.31	31,530	29,274	0.28	248	4.00%
Payroll & Payroll Tax	14.84%	968	1.11	114,167	114,127	1.11	967	15.59%
Repairs & Maintenance	7.31%	477	0.55	56,264	48,946	0.47	415	6.69%
Utilities	4.32%	281	0.32	33,206	31,152	0.30	264	4.26%
Water, Sewer, & Trash	5.00%	326	0.37	38,461	31,152	0.30	264	4.26%
Property Insurance	4.69%	306	0.35	36,071	37,406	0.36	317	5.11%
Property Tax	2.5237	606	0.69	71,471	75,938	0.74	644	10.38%
Reserve for Replacements	3.84%	250	0.29	29,500	29,500	0.29	250	4.03%
TDHCA Compliance Fees	0.61%	40	0.05	4,720	4,720	0.05	40	0.64%
Other: Supp Servs & Security	1.61%	105	0.12	12,420	12,420	0.12	105	1.70%
<b>TOTAL EXPENSES</b>	<b>60.48%</b>	<b>\$3,943</b>	<b>\$4.51</b>	<b>\$465,235</b>	<b>\$455,625</b>	<b>\$4.42</b>	<b>\$3,861</b>	<b>62.26%</b>
<b>NET OPERATING INC</b>	<b>39.52%</b>	<b>\$2,576</b>	<b>\$2.95</b>	<b>\$303,984</b>	<b>\$276,219</b>	<b>\$2.68</b>	<b>\$2,341</b>	<b>37.74%</b>

**DEBT SERVICE**

JP Morgan Chase	14.45%	\$942	\$1.08	\$111,138	\$111,138	\$1.08	\$942	15.19%
City of Houston	15.34%	\$1,000	\$1.14	118,000	118,000	\$1.14	\$1,000	16.12%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>9.73%</b>	<b>\$634</b>	<b>\$0.73</b>	<b>\$74,846</b>	<b>\$47,081</b>	<b>\$0.46</b>	<b>\$399</b>	<b>6.43%</b>

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

1.33	1.21
1.33	

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		16.41%	\$20,503	\$23.48	\$2,419,346	\$2,419,346	\$23.48	\$20,503	15.68%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.20%	9,000	10.30	1,062,000	1,062,000	10.30	9,000	6.88%
Direct Construction		42.42%	53,006	60.69	6,254,664	6,756,391	65.56	57,258	43.79%
Contingency	5.00%	2.48%	3,100	3.55	365,833	390,919	3.79	3,313	2.53%
Contractor's Fees	14.00%	6.95%	8,681	9.94	1,024,333	1,094,574	10.62	9,276	7.09%
Indirect Construction		5.59%	6,988	8.00	824,640	824,640	8.00	6,988	5.34%
Ineligible Costs		0.69%	862	0.99	101,693	101,693	0.99	862	0.66%
Developer's Fees	15.00%	10.71%	13,384	15.32	1,579,339	1,669,000	16.19	14,144	10.82%
Interim Financing		6.77%	8,453	9.68	997,457	997,457	9.68	8,453	6.46%
Reserves		0.77%	966	1.11	113,982	113,982	1.11	966	0.74%
<b>TOTAL COST</b>	<b>100.00%</b>	<b>\$124,943</b>	<b>\$143.06</b>	<b>\$14,743,287</b>	<b>\$15,430,002</b>	<b>\$149.72</b>	<b>\$130,763</b>	<b>100.00%</b>	
<b>Construction Cost Recap</b>		<b>59.06%</b>	<b>\$73,787</b>	<b>\$84.48</b>	<b>\$8,706,830</b>	<b>\$9,303,884</b>	<b>\$90.28</b>	<b>\$78,846</b>	<b>60.30%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
JP Morgan Chase	8.17%	\$10,208	\$11.69	\$1,204,494	\$1,204,494	\$1,204,494	Developer Fee Available
City of Houston	24.01%	\$30,000	\$34.35	3,540,000	3,540,000	3,540,000	\$1,668,897
National Equity Fund, Inc.	69.08%	\$86,310	\$98.82	10,184,543	10,184,543	10,184,460	% of Dev. Fee Deferred
Deferred Developer Fees	3.40%	\$4,245	\$4.86	500,963	500,963	501,048	30%
Additional (Excess) Funds Req'd	-4.66%	(\$5,820)	(\$6.66)	(686,713)	2	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$14,743,287</b>	<b>\$15,430,002</b>	<b>\$15,430,002</b>	<b>\$1,247,164</b>



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*The Orchard at Oak Forest, Houston, 9%/HTC #09177*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.38	\$5,706,985
<b>Adjustments</b>				
Exterior Wall Finish	5.20%		\$2.88	\$296,763
Elderly	3.00%		1.66	171,210
9-Ft. Ceilings	3.65%		2.02	208,305
Roofing			0.00	0
Subfloor			(0.61)	(62,351)
Floor Cover			2.38	245,283
Breezeways/Balconies	\$18.29	22,678	4.02	414,724
Plumbing Fixtures	\$835	93	0.75	77,655
Rough-ins	\$410	236	0.94	96,760
Built-In Appliances	\$1,800	118	2.06	212,400
Exterior Stairs	\$1,875	12	0.22	22,500
Enclosed Corridors	\$45.46		0.00	0
Heating/Cooling			1.83	188,600
Elevators	\$63,600	2	1.23	127,200
Comm &/or Aux Bldgs	\$68.06	6,500	4.29	442,406
Other: fire sprinkler	\$2.15	103,060	2.15	221,579
<b>SUBTOTAL</b>			<b>81.22</b>	<b>8,370,018</b>
Current Cost Multiplier	1.01		0.81	83,700
Local Multiplier	0.91		(7.31)	(753,302)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$74.72</b>	<b>\$7,700,417</b>
Plans, specs, survy, bld prmts	3.90%		(\$2.91)	(\$300,316)
Interim Construction Interest	3.38%		(2.52)	(259,889)
Contractor's OH & Profit	11.50%		(8.59)	(885,548)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$60.69</b>	<b>\$6,254,664</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,204,494	Amort	360
Int Rate	8.50%	DCR	2.74
<b>Secondary</b>	\$3,540,000	Amort	360
Int Rate	0.00%	Subtotal DCR	1.33
<b>Additional</b>	\$10,184,543	Amort	
Int Rate		Aggregate DCR	1.33

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$111,138
Secondary Debt Service	118,000
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$74,846</b>

<b>Primary</b>	\$1,204,494	Amort	360
Int Rate	8.50%	DCR	2.74
<b>Secondary</b>	\$3,540,000	Amort	360
Int Rate	0.00%	Subtotal DCR	1.33
<b>Additional</b>	\$10,184,543	Amort	0
Int Rate	0.00%	Aggregate DCR	1.33

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$817,428	\$833,777	\$850,452	\$867,461	\$884,810	\$976,902	\$1,078,579	\$1,190,838	\$1,451,625
Secondary Income	14,160	14,443	14,732	15,027	15,327	16,923	18,684	20,628	25,146
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	831,588	848,220	865,184	882,488	900,138	993,825	1,097,263	1,211,467	1,476,771
Vacancy & Collection Loss	(62,369)	(63,616)	(64,889)	(66,187)	(67,510)	(74,537)	(82,295)	(90,860)	(110,758)
Employee or Other Non-Rental Units or Conco	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$769,219</b>	<b>\$784,603</b>	<b>\$800,295</b>	<b>\$816,301</b>	<b>\$832,627</b>	<b>\$919,288</b>	<b>\$1,014,968</b>	<b>\$1,120,607</b>	<b>\$1,366,013</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$37,424	\$38,546	\$39,703	\$40,894	\$42,121	\$48,829	\$56,606	\$65,622	\$88,191
Management	31,530	32,161	32,804	33,460	34,129	37,682	41,604	45,934	55,993
Payroll & Payroll Tax	114,167	117,592	121,119	124,753	128,496	148,962	172,687	200,192	269,041
Repairs & Maintenance	56,264	57,952	59,691	61,482	63,326	73,412	85,105	98,660	132,591
Utilities	33,206	34,202	35,228	36,285	37,374	43,326	50,227	58,227	78,252
Water, Sewer & Trash	38,461	39,615	40,804	42,028	43,289	50,183	58,176	67,442	90,637
Insurance	36,071	37,153	38,268	39,416	40,598	47,064	54,561	63,251	85,004
Property Tax	71,471	73,615	75,824	78,098	80,441	93,254	108,107	125,325	168,427
Reserve for Replacements	29,500	30,385	31,297	32,235	33,203	38,491	44,621	51,728	69,519
Other	17,140	17,654	18,184	18,729	19,291	22,364	25,926	30,055	40,392
<b>TOTAL EXPENSES</b>	<b>\$465,235</b>	<b>\$478,876</b>	<b>\$492,921</b>	<b>\$507,381</b>	<b>\$522,267</b>	<b>\$603,567</b>	<b>\$697,620</b>	<b>\$806,437</b>	<b>\$1,078,045</b>
<b>NET OPERATING INCOME</b>	<b>\$303,984</b>	<b>\$305,727</b>	<b>\$307,374</b>	<b>\$308,921</b>	<b>\$310,360</b>	<b>\$315,720</b>	<b>\$317,348</b>	<b>\$314,170</b>	<b>\$287,968</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$111,138	\$111,138	\$111,138	\$111,138	\$111,138	\$111,138	\$111,138	\$111,138	\$111,138
Second Lien	118,000	118,000	118,000	118,000	118,000	118,000	118,000	118,000	118,000
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$74,846</b>	<b>\$76,589</b>	<b>\$78,236</b>	<b>\$79,782</b>	<b>\$81,222</b>	<b>\$86,582</b>	<b>\$88,210</b>	<b>\$85,032</b>	<b>\$58,830</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.33</b>	<b>1.33</b>	<b>1.34</b>	<b>1.35</b>	<b>1.35</b>	<b>1.38</b>	<b>1.38</b>	<b>1.37</b>	<b>1.26</b>

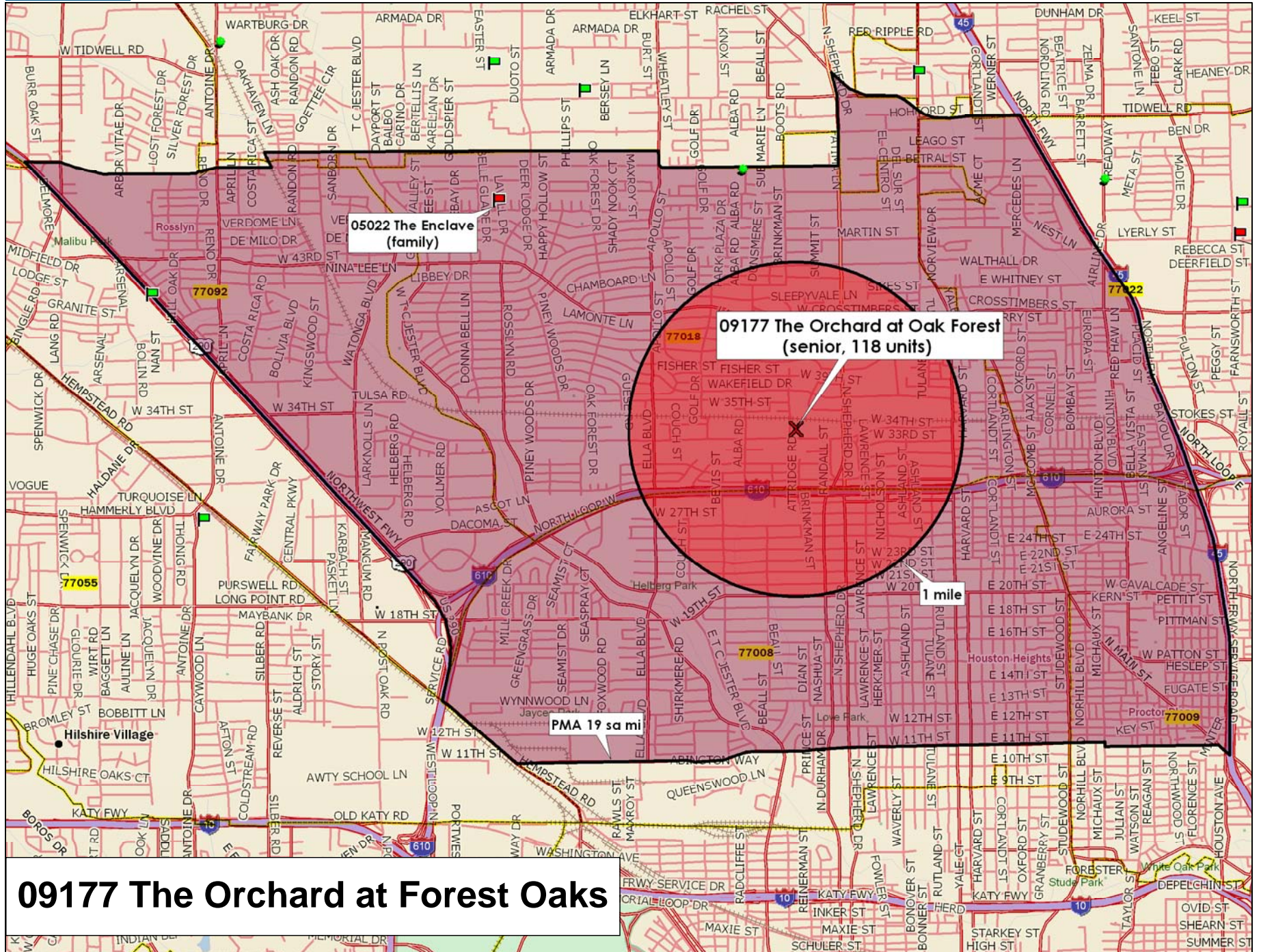
**HTC ALLOCATION ANALYSIS -The Orchard at Oak Forest, Houston, 9%/HTC #09177**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$2,419,346	\$2,419,346		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,062,000	\$1,062,000	\$1,062,000	\$1,062,000
<b>Construction Hard Costs</b>	\$6,756,391	\$6,254,664	\$6,756,391	\$6,254,664
<b>Contractor Fees</b>	\$1,094,574	\$1,024,333	\$1,094,574	\$1,024,333
<b>Contingencies</b>	\$390,919	\$365,833	\$390,919	\$365,833
<b>Eligible Indirect Fees</b>	\$824,640	\$824,640	\$824,640	\$824,640
<b>Eligible Financing Fees</b>	\$997,457	\$997,457	\$997,457	\$997,457
<b>All Ineligible Costs</b>	\$101,693	\$101,693		
<b>Developer Fees</b>			\$1,668,897	
Developer Fees	\$1,669,000	\$1,579,339		\$1,579,339
<b>Development Reserves</b>	\$113,982	\$113,982		
<b>TOTAL DEVELOPMENT COSTS</b>	\$15,430,002	\$14,743,287	\$12,794,878	\$12,108,266

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$12,794,878	\$12,108,266
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$16,633,342	\$15,740,745
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$16,633,342	\$15,740,745
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,497,001	\$1,416,667

<b>Syndication Proceeds</b>	<b>0.6803</b>	<b>\$10,184,460</b>	<b>\$9,637,930</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,497,001</b>	<b>\$1,416,667</b>
<b>Syndication Proceeds</b>		<b>\$10,184,460</b>	<b>\$9,637,930</b>
<b>Requested Tax Credits</b>		<b>\$1,497,013</b>	
<b>Syndication Proceeds</b>		<b>\$10,184,543</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$10,685,508</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,570,649</b>	





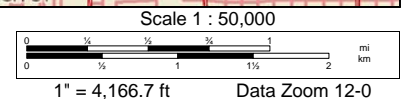
# 09177 The Orchard at Forest Oaks

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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Emory Senior Living Apts, TDHCA Number 09179**

BASIC DEVELOPMENT INFORMATION

Site Address: 500 Blk of N. MLK Blvd. and Emory St. Development #: 09179  
 City: Lubbock Region: 1 Population Served: Elderly  
 County: Lubbock Zip Code: 79403 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Senior Living at Emory, LP  
 Owner Contact and Phone: John Czapski, (713) 863-7547  
 Developer: NCM Real Estate Development Group, LLC  
 Housing General Contractor: Nations Construction Management, Inc.  
 Architect: Jim Gwin Architect, Inc.  
 Market Analyst: O'Connor & Associates  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: TBD  
 Consultant: Marque Real Estate Consultants, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	102
	6	0	46	50	Market Rate Units:	0
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	76	26	0	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	102
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	1
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$986,330	\$986,330			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Emory Senior Living Apts, TDHCA Number 09179**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Duncan, District 28, NC

Points: 0 US Representative: Neugebauer, District 19, NC

TX Representative: Isett, District 84, S

Points: 14 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: **2**

In Opposition: **0**

**Quantifiable Community Participation Input:**

Parkway/Cherry Point Neighborhood Association, Felecisima "Tina" Betts Letter Score: 24 S or O: S

The Neighborhood has a specific need to enhance economic development and assist the seniors in the area.

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official, citizens, and qualified neighborhood association.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Emory Senior Living Apts, TDHCA Number 09179**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **3**

Total # Monitored: **1**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **204**  Meeting a Required Set-Aside Credit Amount\*: \$986,330

Recommendation: Recommended because without this award included, this sub-region's allocation shortfall would have been a significant portion of their total targeted sub-regional allocation when tax credits are collapsed state-wide.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Weslaco Hills Apts, TDHCA Number 09180**

BASIC DEVELOPMENT INFORMATION

Site Address: 1900 Blk of W. Business 83 Development #: 09180  
 City: Weslaco Region: 11 Population Served: General  
 County: Hidalgo Zip Code: 78596 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Weslaco Hills Apartments, LP  
 Owner Contact and Phone: Steve Lollis, (713) 875-9456  
 Developer: Texas Grey Oaks, LLC  
 Housing General Contractor: Nations Construction Management, Inc.  
 Architect: Jim Gwin Architect, Inc.  
 Market Analyst: O'Connor & Associates  
 Syndicator: Raymond James Tax Credit Funds, Inc  
 Supportive Services: TBD  
 Consultant: Marque Real Estate Consultants, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	120	
	12	0	12	96	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	36	54	30	0	0	
Type of Building:						Total Development Units:	120
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$12,369,353
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	5
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,301,449	\$1,301,448			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Weslaco Hills Apts, TDHCA Number 09180

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

State and Federal Officials with Jurisdiction:

TX Senator: Lucio, District 27, S

Points: 14 US Representative: Hinojosa, District 15, NC

TX Representative: Martinez, District 39, S

Points: 0 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: S, Buddy de la Rosa, Mayor City of Weslaco

Resolution of Support from Local Government [checked]

Individuals and Businesses: In Support: 2 In Opposition: 0

Quantifiable Community Participation Input:

Weslaco Westside Neighborhood, Art Ortega Letter Score: 24 S or O: S

Supports the redevelopment efforts within property recently annexed into Weslaco that includes property of the members and association.

Community Input Other than Quantifiable Community Participation Input:

Total Score for All Input: 0

- Boys and Girls Club of the Mid-Valley, S, David Fox, Executive Director
Valley Nature Center, S, Martin Hagne, Executive Director
First Baptist Church Weslaco, S, Steve K. Parker, Senior Pastor

General Summary of Comment:

Letters of support from elected officials, citizens, and qualified neighborhood association. Resolution in support from the City of Weslaco in support of application.

CONDITIONS OF COMMITMENT

- 1. Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Weslaco for the anticipated \$620K with terms of the funds clearly stated.
2. Receipt, review, and acceptance, by carryover, of documentation that the ESA recommendations of soil borings to determine potential gasoline leakage from the adjacent site have been completed, and any subsequent recommendations have been implemented.
3. Receipt, review and acceptance by carryover, of documentation that a noise assessment to determine compliance with HUD guidelines has been completed, and any subsequent recommendations have been implemented.
4. Receipt, review, and acceptance, by carryover, of a zoning change from the City of Weslaco for R-2 zoning which would allow for multifamily development.
5. Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.
6. Receipt of a commitment of funding from the City of Weslaco in the amount of \$620,000, or a commitment from a qualifying substitute source in an amount not less than \$618,468, as required by §49.9(i)(5) of the 2009 QAP.
7. Receipt of a commitment of funding from the International Bank of Commerce in the amount of \$250,000, or a commitment from a qualifying substitute source (s) in an amount not less than \$247,388 as required by §49.9(i)(27) of the 2009 QAP.





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Weslaco Hills Apts, TDHCA Number 09180**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **2**

Total # Monitored: **1**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **205**  Meeting a Required Set-Aside Credit Amount\*: \$1,301,448

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report - Addendum

REPORT DATE: 06/29/09 PROGRAM: 9% HTC FILE NUMBER: 09180

DEVELOPMENT		
Weslaco Hills Apartments		
Location: 1900 block of W. Business 83	Region: 11	
City: Weslaco	County: Hidalgo	Zip: 78596 <input type="checkbox"/> OCT <input type="checkbox"/> DDA
Key Attributes: Family, Urban, New Construction and Multifamily		

ALLOCATION						
	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$1,301,449			<b>\$1,301,448</b>		

- | CONDITIONS  |
|---|
| <ol style="list-style-type: none"> <li>1 Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Weslaco for the anticipated \$620K with terms of the funds clearly stated.</li> <li>2 Receipt, review, and acceptance, by carryover, of documentation that the ESA recommendations of soil borings to determine potential gasoline leakage from the adjacent site have been completed, and any subsequent recommendations have been implemented.</li> <li>3 Receipt, review, and acceptance, by carryover, of documentation that a noise assessment to determine compliance with HUD guidelines has been completed, and any subsequent recommendations have been implemented.</li> <li>4 Receipt, review, and acceptance, by carryover, of approval of a zoning change from the City of Weslaco for R-2 zoning which would allow for multifamily development.</li> <li>5 Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.</li> </ol> |

SALIENT ISSUES																	
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">TDHCA SET-ASIDES for LURA</th> </tr> <tr> <th style="text-align: center;">Income Limit</th> <th style="text-align: center;">Rent Limit</th> <th style="text-align: center;">Number of Units</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">12</td> </tr> <tr> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">12</td> </tr> <tr> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">96</td> </tr> </tbody> </table>			TDHCA SET-ASIDES for LURA			Income Limit	Rent Limit	Number of Units	30% of AMI	30% of AMI	12	50% of AMI	50% of AMI	12	60% of AMI	60% of AMI	96
TDHCA SET-ASIDES for LURA																	
Income Limit	Rent Limit	Number of Units															
30% of AMI	30% of AMI	12															
50% of AMI	50% of AMI	12															
60% of AMI	60% of AMI	96															
<b>PROS</b>	<b>CONS</b>																
<ul style="list-style-type: none"> <li>▫ The developer has a considerable amount of experience in the development of affordable housing and the financial capacity to support a transaction if necessary.</li> </ul>	<ul style="list-style-type: none"> <li>▫ The expense to income ratio exceeds 60% indicating that should flat rent growth occur over an extended period there is increased risk that the development will not be able to sustain breakeven operations over the long-term.</li> <li>▫ Demand for the two and three-bedroom units at 60% of AMI indicate capture rates exceeding 100%.</li> </ul>																

CONTACT

Contact: Steve Lollis Phone: (713) 875-9456 Fax: (713) 465-7349  
Email: stevelollis@comcast.net

ADDENDUM

- Upon review of additional information presented that the subject property was recently annexed into the City limits of 'Weslaco and will be subject to City taxes beginning in 2009. The tax rate of 2.0119% previously used by the Applicant and Underwriter does not include the rate for the City of \$0.70 per \$100 of assessed value for a new total projected tax rate of 2.7119%. The Underwriter has now concluded that the correct tax rate for the REA proforma should include the city taxes, increasing the overall tax rate used from 2.0119% to the corrected 2.7119%. As a result, the variance between the REA proforma is now less than 5% allowing the tax credit award recommendation equal to your request by using the Eligible Basis methodology.

Underwriter: \_\_\_\_\_ Date: June 29, 2009  
*Carl Hoover*

Manager of Real Estate Analysis: \_\_\_\_\_ Date: June 29, 2009  
*Raquel Morales*

Director of Real Estate Analysis: \_\_\_\_\_ Date: June 29, 2009  
*Brent Stewart*

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Weslaco Hills Apartments, Weslaco, 9% HTC #09180**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	12	1	1	720	\$256	\$210	\$2,520	\$0.29	\$46.00	\$36.00
TC 50%	12	1	1	720	\$427	\$381	\$4,572	\$0.53	\$46.00	\$36.00
TC 60%	12	1	1	720	\$513	\$467	\$5,604	\$0.65	\$46.00	\$36.00
TC 60%	54	2	2	990	\$615	\$558	\$30,132	\$0.56	\$57.00	\$39.50
TC 60%	30	3	2	1,240	\$711	\$644	\$19,320	\$0.52	\$67.00	\$44.50
<b>TOTAL:</b>	<b>120</b>		<b>AVERAGE:</b>	<b>972</b>		<b>\$518</b>	<b>\$62,148</b>	<b>\$0.53</b>	<b>\$56.20</b>	<b>\$39.70</b>

**INCOME**

Total Net Rentable Sq Ft: **116,580**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
 Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

**% OF EGI PER UNIT PER SQ FT**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.81%	\$285	0.29	\$34,154	\$37,400	\$0.32	\$312	5.27%
Management	5.00%	296	0.30	35,491	35,492	0.30	296	5.00%
Payroll & Payroll Tax	13.07%	773	0.80	92,785	93,000	0.80	775	13.10%
Repairs & Maintenance	5.69%	337	0.35	40,398	45,900	0.39	383	6.47%
Utilities	4.45%	263	0.27	31,571	30,840	0.26	257	4.34%
Water, Sewer, & Trash	8.05%	476	0.49	57,168	58,560	0.50	488	8.25%
Property Insurance	5.47%	323	0.33	38,809	39,000	0.33	325	5.49%
Property Tax 2.71	11.46%	678	0.70	81,357	67,000	0.57	558	9.44%
Reserve for Replacements	4.23%	250	0.26	30,000	30,000	0.26	250	4.23%
TDHCA Compliance Fees	0.68%	40	0.04	4,800	4,800	0.04	40	0.68%
Other: Supp. Serv.	0.68%	40	0.04	4,800	4,800	0.04	40	0.68%
<b>TOTAL EXPENSES</b>	<b>63.58%</b>	<b>\$3,761</b>	<b>\$3.87</b>	<b>\$451,332</b>	<b>\$446,792</b>	<b>\$3.83</b>	<b>\$3,723</b>	<b>62.94%</b>
<b>NET OPERATING INC</b>	<b>36.42%</b>	<b>\$2,154</b>	<b>\$2.22</b>	<b>\$258,491</b>	<b>\$263,032</b>	<b>\$2.26</b>	<b>\$2,192</b>	<b>37.06%</b>

**DEBT SERVICE**

Amegy Mortgage Company	27.87%	\$1,649	\$1.70	\$197,847	\$197,847	\$1.70	\$1,649	27.87%
City of Weslaco - In-Kind Contributio	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>8.54%</b>	<b>\$505</b>	<b>\$0.52</b>	<b>\$60,644</b>	<b>\$65,185</b>	<b>\$0.56</b>	<b>\$543</b>	<b>9.18%</b>

AGGREGATE DEBT COVERAGE RATIO

1.31 1.33

RECOMMENDED DEBT COVERAGE RATIO

1.33

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		3.94%	\$3,958	\$4.07	\$475,000	\$475,000	\$4.07	\$3,958	3.84%
Off-Sites		4.31%	4,333	4.46	520,000	520,000	4.46	4,333	4.20%
Sitework		8.94%	8,992	9.26	1,079,099	1,079,099	9.26	8,992	8.72%
Direct Construction		50.66%	50,952	52.45	6,114,204	6,334,858	54.34	52,790	51.21%
Contingency	5.00%	2.98%	2,997	3.09	359,665	370,698	3.18	3,089	3.00%
Contractor's Fees	14.00%	8.34%	8,392	8.64	1,007,062	1,037,955	8.90	8,650	8.39%
Indirect Construction		3.82%	3,842	3.95	461,000	461,000	3.95	3,842	3.73%
Ineligible Costs		0.86%	870	0.90	104,361	104,361	0.90	870	0.84%
Developer's Fees	15.00%	11.70%	11,764	12.11	1,411,661	1,449,839	12.44	12,082	11.72%
Interim Financing		3.23%	3,250	3.35	390,043	390,043	3.35	3,250	3.15%
Reserves		1.21%	1,221	1.26	146,500	146,500	1.26	1,221	1.18%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$100,572</b>	<b>\$103.52</b>	<b>\$12,068,595</b>	<b>\$12,369,353</b>	<b>\$106.10</b>	<b>\$103,078</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>70.93%</b>	<b>\$71,334</b>	<b>\$73.43</b>	<b>\$8,560,030</b>	<b>\$8,822,610</b>	<b>\$75.68</b>	<b>\$73,522</b>	<b>71.33%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
Amegy Mortgage Company	20.13%	\$20,241	\$20.83	\$2,428,924	\$2,428,924	\$2,428,924	Developer Fee Available
City of Weslaco - In-Kind Contributio	4.31%	\$4,333	\$4.46	520,000	520,000	520,000	\$1,449,839
HTC Syndication Proceeds	77.64%	\$78,079	\$80.37	9,369,496	9,369,496	9,369,496	% of Dev. Fee Deferred
Deferred Developer Fees	0.42%	\$424	\$0.44	50,935	50,935	50,933	4%
Additional (Excess) Funds Req'd	-2.49%	(\$2,506)	(\$2.58)	(300,760)	(2)	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$12,068,595</b>	<b>\$12,369,353</b>	<b>\$12,369,353</b>	<b>\$1,040,648</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Weslaco Hills Apartments, Weslaco, 9% HTC #09180*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

**PAYMENT COMPUTATION**

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.07	\$6,419,860
<b>Adjustments</b>				
Exterior Wall Finish	2.40%		\$1.32	\$154,077
Elderly			0.00	0
9-Ft. Ceilings	3.30%		1.82	211,855
Roofing			0.00	0
Subfloor			(0.81)	(94,041)
Floor Cover			2.38	277,460
Breezeways/Balconies	\$22.95	10,691	2.10	245,358
Plumbing Fixtures	\$835	252	1.80	210,420
Rough-ins	\$410	240	0.84	98,400
Built-In Appliances	\$1,800	120	1.85	216,000
Exterior Stairs	\$2,200	40	0.75	88,000
Enclosed Corridors	\$45.15		0.00	0
Heating/Cooling			1.83	213,341
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$72.88	3,500	2.19	255,063
Other: fire sprinkler	\$2.15	120,080	2.21	258,172
<b>SUBTOTAL</b>			<b>73.37</b>	<b>8,553,966</b>
Current Cost Multiplier	1.01		0.73	85,540
Local Multiplier	0.87		(9.54)	(1,112,016)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$64.57</b>	<b>\$7,527,490</b>
Plans, specs, survy, bld prm	3.90%		(\$2.52)	(\$293,572)
Interim Construction Interest	3.38%		(2.18)	(254,053)
Contractor's OH & Profit	11.50%		(7.43)	(865,661)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$52.45</b>	<b>\$6,114,204</b>

<b>Primary</b>	\$2,428,924	Amort	360
Int Rate	7.20%	DCR	1.31

<b>Secondary</b>	\$520,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.31

<b>Additional</b>	\$9,369,496	Amort	
Int Rate	0.00%	Aggregate DCR	1.31

**RECOMMENDED FINANCING STRUCTURE APPLICANT'S**

**NOI:**

Primary Debt Service	\$197,847
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$65,185</b>

<b>Primary</b>	\$2,428,924	Amort	360
Int Rate	7.20%	DCR	1.33

<b>Secondary</b>	\$520,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.33

<b>Additional</b>	\$9,369,496	Amort	0
Int Rate	0.00%	Aggregate DCR	1.33

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$745,776	\$760,692	\$775,905	\$791,423	\$807,252	\$891,271	\$984,036	\$1,086,455	\$1,324,382
Secondary Income	21,600	22,032	22,473	22,922	23,381	25,814	28,501	31,467	38,358
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	767,376	782,724	798,378	814,346	830,632	917,085	1,012,536	1,117,922	1,362,741
Vacancy & Collection Loss	(57,552)	(58,704)	(59,878)	(61,076)	(62,297)	(68,781)	(75,940)	(83,844)	(102,206)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$709,824	\$724,019	\$738,500	\$753,270	\$768,335	\$848,304	\$936,596	\$1,034,078	\$1,260,535
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$37,400	\$38,522	\$39,678	\$40,868	\$42,094	\$48,799	\$56,571	\$65,581	\$88,136
Management	35,492	36,202	36,926	37,664	38,418	42,416	46,831	51,705	63,028
Payroll & Payroll Tax	93,000	95,790	98,664	101,624	104,672	121,344	140,671	163,076	219,161
Repairs & Maintenance	45,900	47,277	48,695	50,156	51,661	59,889	69,428	80,486	108,166
Utilities	30,840	31,765	32,718	33,700	34,711	40,239	46,648	54,078	72,676
Water, Sewer & Trash	58,560	60,317	62,126	63,990	65,910	76,408	88,577	102,685	138,000
Insurance	39,000	40,170	41,375	42,616	43,895	50,886	58,991	68,387	91,906
Property Tax	67,000	69,010	71,080	73,213	75,409	87,420	101,344	117,485	157,890
Reserve for Replacements	30,000	30,900	31,827	32,782	33,765	39,143	45,378	52,605	70,697
Other	9,600	9,888	10,185	10,490	10,805	12,526	14,521	16,834	22,623
TOTAL EXPENSES	\$446,792	\$459,841	\$473,274	\$487,103	\$501,339	\$579,069	\$668,959	\$772,922	\$1,032,284
NET OPERATING INCOME	\$263,032	\$264,178	\$265,226	\$266,167	\$266,996	\$269,235	\$267,637	\$261,156	\$228,251
<b>DEBT SERVICE</b>									
First Lien Financing	\$197,847	\$197,847	\$197,847	\$197,847	\$197,847	\$197,847	\$197,847	\$197,847	\$197,847
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$65,185	\$66,331	\$67,379	\$68,320	\$69,149	\$71,388	\$69,790	\$63,309	\$30,404
DEBT COVERAGE RATIO	1.33	1.34	1.34	1.35	1.35	1.36	1.35	1.32	1.15

**HTC ALLOCATION ANALYSIS -Weslaco Hills Apartments, Weslaco, 9% HTC #09180**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$475,000	\$475,000		
Purchase of buildings				
<b>Off-Site Improvements</b>	\$520,000	\$520,000		
<b>Sitework</b>	\$1,079,099	\$1,079,099	\$1,079,099	\$1,079,099
<b>Construction Hard Costs</b>	\$6,334,858	\$6,114,204	\$6,334,858	\$6,114,204
<b>Contractor Fees</b>	\$1,037,955	\$1,007,062	\$1,037,954	\$1,007,062
<b>Contingencies</b>	\$370,698	\$359,665	\$370,698	\$359,665
<b>Eligible Indirect Fees</b>	\$461,000	\$461,000	\$461,000	\$461,000
<b>Eligible Financing Fees</b>	\$390,043	\$390,043	\$390,043	\$390,043
<b>All Ineligible Costs</b>	\$104,361	\$104,361		
<b>Developer Fees</b>				
Developer Fees	\$1,449,839	\$1,411,661	\$1,449,839	\$1,411,661
<b>Development Reserves</b>	\$146,500	\$146,500		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$12,369,353</b>	<b>\$12,068,595</b>	<b>\$11,123,491</b>	<b>\$10,822,734</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$11,123,491	\$10,822,734
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$14,460,538	\$14,069,554
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$14,460,538	\$14,069,554
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,301,448	\$1,266,260

<b>Syndication Proceeds</b>	<b>0.7199</b>	<b>\$9,369,492</b>	<b>\$9,116,160</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,301,448</b>	<b>\$1,266,260</b>
<b>Syndication Proceeds</b>		<b>\$9,369,492</b>	<b>\$9,116,160</b>
<b>Requested Tax Credits</b>		<b>\$1,301,449</b>	
<b>Syndication Proceeds</b>		<b>\$9,369,496</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$9,420,429</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,308,524</b>	



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 06/12/09 PROGRAM: 9% HTC FILE NUMBER: 09180

**DEVELOPMENT**

Weslaco Hills Apartments

Location: 1900 block of W. Business 83 Region: 11  
 City: Weslaco County: Hidalgo Zip: 78596  OCT  DDA  
 Key Attributes: Family, Urban, New Construction and Multifamily

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,301,449			\$1,292,864		

**CONDITIONS**

- 1 Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Weslaco for the anticipated \$620K with terms of the funds clearly stated.
- 2 Receipt, review, and acceptance, by carryover, of documentation that the ESA recommendations of soil borings to determine potential gasoline leakage from the adjacent site have been completed, and any subsequent recommendations have been implemented.
- 3 Receipt, review, and acceptance, by carryover, of documentation that a noise assessment to determine compliance with HUD guidelines has been completed, and any subsequent recommendations have been implemented.
- 4 Receipt, review, and acceptance, by carryover, of approval of a zoning change from the City of Weslaco for R-2 zoning which would allow for multifamily development.
- 5 Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	12
50% of AMI	50% of AMI	12
60% of AMI	60% of AMI	96

**PROS**

- The developer has a considerable amount of experience in the development of affordable housing and the financial capacity to support a transaction if necessary.

**CONS**

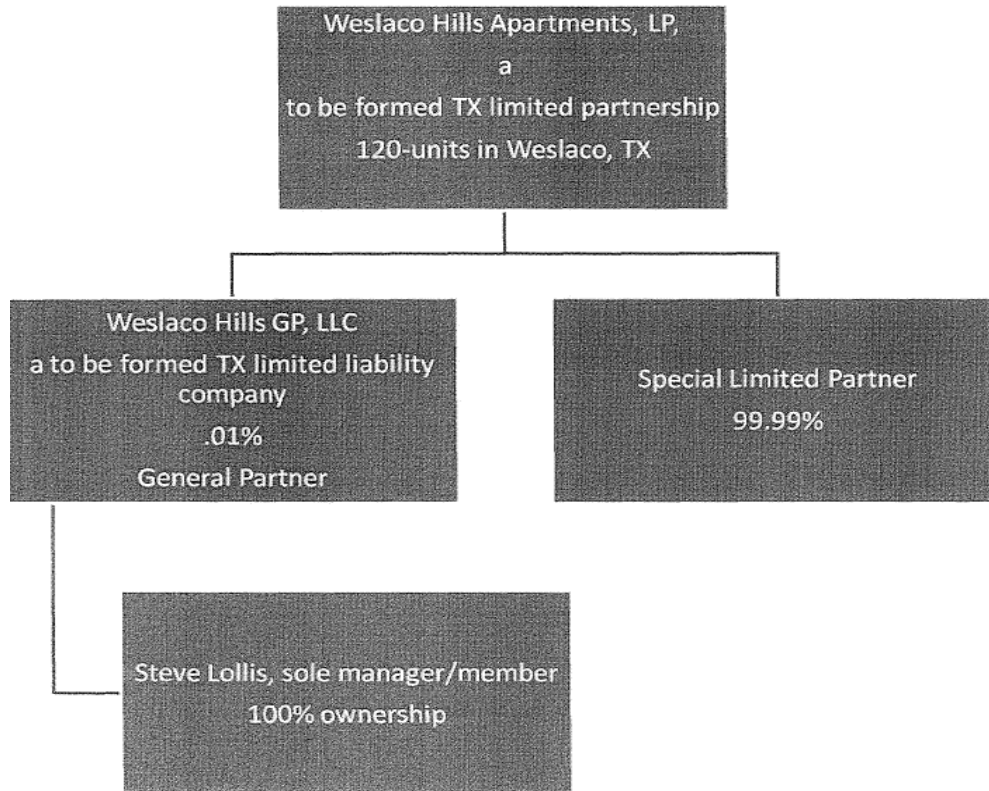
- The expense to income ratio exceeds 60% indicating that should flat rent growth occur over an extended period there is increased risk that the development will not be able to sustain breakeven operations over the long-term.
- Demand for the two and three-bedroom units at 60% of AMI indicate capture rates exceeding 100%.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Steve Lollis Phone: (713) 875-9456 Fax: (713) 465-7349  
 Email: stevelollis@comcast.net

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Steve Lollis	N/A	2

**IDENTITIES of INTEREST**

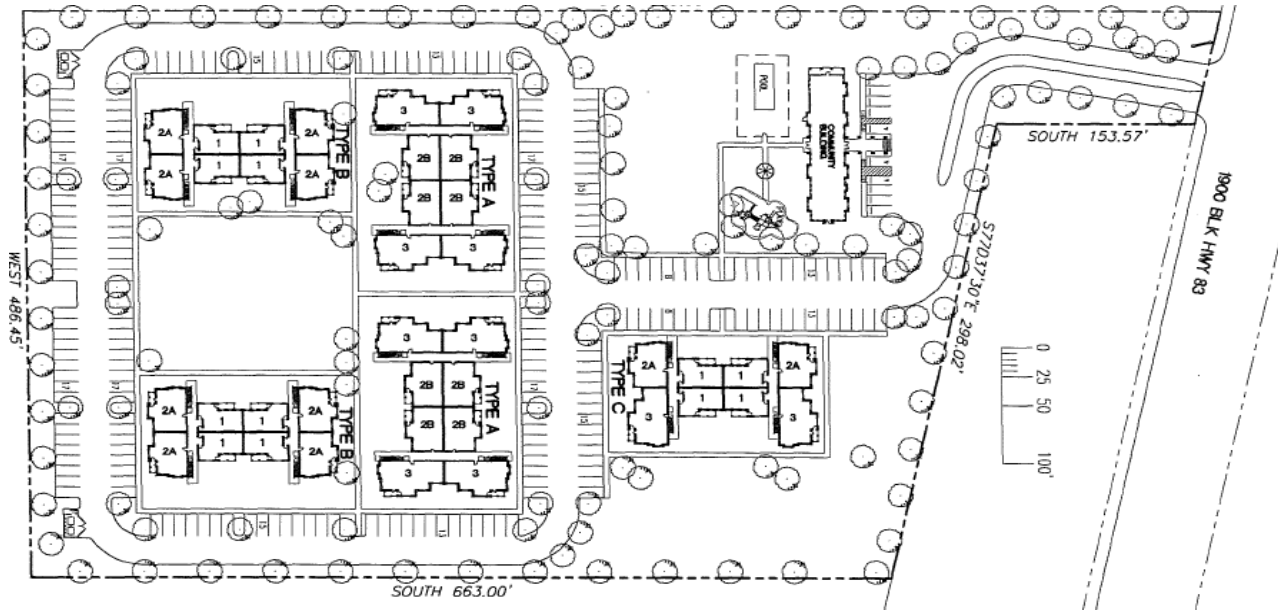
- The Applicant and Developer are related entities. These are common relationships for HTC-funded developments.

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**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	A	B	C									Total Buildings
Floors/Stories	3	3	3									
Number	2	2	1									<b>5</b>

BR/BA	SF	Units										Total Units	Total SF	
1/1	720		12	12									36	25,920
2/2	990	12	12	6									54	53,460
3/2	1,240	12		6									30	37,200
Units per Building		24	24	24									<b>120</b>	<b>116,580</b>

**SITE ISSUES**

Total Size: 8.34 acres      Scattered site?       Yes       No  
 Flood Zone: C      Within 100-yr floodplain?       Yes       No  
 Zoning: R-1      Needs to be re-zoned?       Yes       No       N/A  
 Comments:

The Applicant has requested a change to the zoning from R-1 to R-2 which would allow for multifamily development. Approval of the requested zoning change will be a condition of this report.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff      Date: 4/1/2009

Overall Assessment:       Excellent       Acceptable       Questionable       Poor       Unacceptable

Surrounding Uses:  
 North: Retail and vacant land beyond      East: Small commercial and retail beyond  
 South: Vacant land      West: Vacant land and commercial beyond

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Honesty Environmental Services, Inc. Date: 3/20/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "There is a single L.U.S.T. facility (Leaking Underground Storage Facility - definition added by underwriter) close to the subject site. The C-Mart/Coastal site is an identified L.U.S.T. facility. There are two L.U.S.T. facilities nearby. The closest listed at 1919 W. Business 83 is located adjacent to the subject site at its northeast corner. This poses a REC to the subject site since it is the same facility as the Coastal that is a leaker. An interview with the TCEQ and the attorney for Coastal has confirmed that this is the same property." (p. 2)
- "Based on the findings of this assessment, it is our opinion that there are REC's and a moderate potential for environmental risks associated with the subject property. Recommendations are for soil borings to be placed near the northeast corner of the subject site to determine if leakage from the adjacent property had the potential to migrate to the subject site." (p. 3)
- "No studies have been performed on noise levels based on available records. The rail line to the north of W. Business 83 should not pose a strong source. A noise survey may be needed to confirm minimal impact to the subject property." (p. 24)

Comments:

Any funding recommendation will be subject to receipt, review, and acceptance, by carryover, of documentation that the ESA recommendations of soil borings to determine potential gasoline leakage from the adjacent site have been completed, and any subsequent recommendations have been implemented.

Additionally, any funding recommendation will also be subject to receipt, review, and acceptance, by carryover, of documentation that a noise assessment to determine compliance with HUD guidelines has been completed, and any subsequent recommendations have been implemented.

**MARKET HIGHLIGHTS**

Provider: O'Connor & Associates Date: 3/3/2009

Contact: Daniel Hollander Phone: (713) 686-9955 Fax: (713) 686-8336

Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 70 sq. miles 5 mile equivalent radius

The Primary Market Area is defined as containing all of the following census tracts:

48215022101	48215022102	48215022201	48215022202	48215022300
48215022400	48215022501	48215022502	48215022600	48215022701
48215022702				

The PMA had an estimated 2008 population of 82,255, including 23,538 households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Sevilla Apts	05028	80	80				

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INCOME LIMITS						
Hidalgo						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$9,600	\$10,950	\$12,350	\$13,700	\$14,800	\$15,900
40	\$12,760	\$14,600	\$16,400	\$18,240	\$19,680	\$21,160
50	\$15,950	\$18,250	\$20,500	\$22,800	\$24,600	\$26,450
60	\$19,140	\$21,900	\$24,600	\$27,360	\$29,520	\$31,740

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	35	2	0	37	12	0	32%
1 BR/50%	27	2	0	29	12	0	41%
1 BR/60%	31	2	0	33	12	0	36%
2 BR/60%	35	4	0	39	54	0	138%
3 BR/60%	61	-28	0	33	36	0	109%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	30	1	0	31	12	3	48%
1 BR/50%	31	2	0	33	12	0	36%
1 BR/60%	40	3	0	42	12	2	33%
2 BR/60%	56	3	0	59	54	31	144%
3 BR/60%	109	10	0	119	30	32	52%

OVERALL DEMAND							
	Target Households	Household Size	Income Eligible	Tenure	Demand		
PMA DEMAND from TURNOVER						turnover	
Market Analyst p.					35%	505	
Underwriter	100% 24,803	85% 21,118	30% 6,390	28% 1,792	44%	780	
PMA DEMAND from GROWTH						growth	
Market Analyst p.						38	
Underwriter	100% 576	85% 490	30% 148	28% 42	100%	42	
DEMAND from OTHER SOURCES						Section 8	
Market Analyst p.						331	
Underwriter						270	

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p.	120	0	0	120	874	<b>14%</b>
Underwriter	120	80	0	200	1,091	<b>18%</b>

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**Proposed, Under Construction, and Unstabilized Comparable Supply:**

The Market Analyst does not identify any unstabilized comparable supply within the PMA. However, The Sevilla Apartments (#05028) is a rehabilitation of a family development with 80 units located approximately 2 miles from the subject. The 2005 underwriting report for Sevilla indicates the development was less than 80% occupied at the time, and Department records indicate the development has only achieved greater than 90% occupancy within the first quarter of 2009. The underwriting analysis will include the Sevilla Apartments in the calculation of an inclusive capture rate.

**Demand Analysis:**

The market study analysis considers eligible incomes based on 2008 HTC program limits, the most recent available at the time of application. The Market Analyst reports a turnover rate of 35% for renter households in Region 11 from the TDHCA database. Based on this, the market study identifies demand for 505 units due to household turnover; demand for 38 units due to household growth; and demand for 331 units from holders of Section 8 Housing Choice Vouchers from the Housing Authorities of Donna and Weslaco. (The Section 8 Voucher demand is overstated because it is based on all voucher-holders, many of whom are already included under the turnover calculation because they are income-eligible without a voucher.) With total demand for 874 units, and a total supply consisting of the 120 subject units, the Market Analyst concludes an inclusive capture rate of 14%.

The underwriting is based on 2009 program rent and income limits, and a 44% turnover rate for family developments in Region 11 (the most recent published by the Department). This analysis identifies demand for 780 units due to household turnover; demand for 42 units due to household growth; and additional demand for 270 units from holders of Section 8 vouchers who are otherwise ineligible. Total demand for 1,091 units and a total supply of 200 units indicates an inclusive capture rate of 18%. This is below the maximum capture rate of 25% for urban developments targeting families.

**Primary Market Occupancy Rates:**

"The selected comparable apartments surveyed in and near the primary market area of the subject complex exhibited strong occupancy rates, with an average occupancy level of 95.28%." (p. 10)

**Absorption Projections:**

"Absorption in the subject's primary market area over the past twelve months has been strong due to new construction activity and the high average occupancy. There have been nine HTC projects which have come on-line since 2000, all of which reported current occupancies of 100% and report reaching a stabilized occupancy between six to nine months after being tenant ready. Based on the absorption of these nine HTC projects and our research, most projects that are constructed in the Weslaco area typically lease up within 12 months." (p. 12) It should be noted that Department records regarding the Sevilla Apartments do not agree with this conclusion by the Market Analyst.

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
1 BR 720 SF 30%	\$199	\$210	\$560	\$210	\$350		
1 BR 720 SF 50%	\$362	\$381	\$560	\$381	\$179		
1 BR 720 SF 60%	\$444	\$467	\$560	\$467	\$93		
2 BR 990 SF 60%	\$531	\$558	\$700	\$558	\$142		
3 BR 1,240 SF 60%	\$613	\$644	\$775	\$644	\$131		

**Market Impact:**

"Based on the high occupancy levels of the existing properties in the market, along with the strong recent absorption history throughout other areas close to the subject's PMA, we project that the subject property will have minimal sustained negative impact upon the existing apartment market." (P. 12)

**Comments:**

The market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      One      Date of Last Applicant Revision:      5/20/2009

The Applicant's projected rents (as revised in response to a request for information from the underwriter) were calculated by subtracting the tenant-paid utility allowances as of November 1, 2007, maintained by the Weslaco Housing Authority from the 2009 program gross rent limits. Tenants will be required to pay electric utilities only. The projected rents are achievable based on the market rents determined by the Market Analyst.

The Applicant's estimate of secondary income and vacancy and collection loss are within the Department's guidelines. Overall the Applicant's effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      One      Date of Last Applicant Revision:      5/20/2009

The Applicant's total annual operating expense projection at \$3,723 per unit is within 6% of the Underwriter's estimate of \$3,586, derived from the TDHCA database, IREM, and third-party data sources. The Applicant's budget shows one line item estimate that deviate significantly when compared to the database averages, specifically: property tax (\$6K higher).

**Conclusion:**

The Applicant's estimate of net operating income is not within 5% of the Underwriter's estimates; therefore, the Underwriter's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR).

Based on the Applicant's proposed financing structure the estimated DCR of 1.41 exceeds the Department's maximum guideline of 1.35. As a result, the underwriter will recommend an adjustment to the financing structure in order to bring the DCR to an acceptable level. This will be discussed further in the "Conclusions" section of this report.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	8.34 acres	<u>\$291,900</u>	Tax Year:	<u>2008</u>
Existing Buildings:		<u>\$0</u>	Valuation by:	<u>Hildalgo CAD</u>
Total Assessed Value:		<u>\$291,900</u>	Tax Rate:	<u>2.0119</u>

**EVIDENCE of PROPERTY CONTROL**

Type: Commercial Contract - Unimproved Property      Acreage: 8.34

Contract Expiration: 12/31/2009      Valid Through Board Date?       Yes       No

Acquisition Cost: \$475,000      Other: \_\_\_\_\_

Seller: Arturo Ortega      Related to Development Team?       Yes       No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:

The site cost of \$475,000 (\$56,954 per acre or \$3,958 per unit) is assumed to be reasonable since the acquisition is an arm's-length transaction.

Off-Site Cost:

The Applicant claimed off-site costs of \$520,000 for storm and wastewater sewer lines, water lines and fire hydrants and provided sufficient third party certification through a registered engineer's statement to justify these costs. The cost of these off-sites will be reimbursed by the City.

Sitework Cost:

The Applicant's claimed sitework costs of \$8,992 per unit are within current Department guidelines.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$221K or 3.6% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$11,123,491 supports annual tax credits of \$1,301,448, this figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: One Date of Last Applicant Revision: 5/20/2009

Source: Amegy Mortgage Company, LLC Type: Interim to Permanent Financing

Principal: \$2,428,924\* Interest Rate: 7.2%  Fixed Amort: 360 months

Comments:

\*A twenty year fixed rate loan received at construction closing in the amount of \$2,428,924 for which the development pays interest only for up to 24 months then it converts to a thirty year amortization. For interim funds needed during the construction period, a variable loan amount with a 24 month duration and a floating rate based on LIBOR plus 225 basis points with a floor of 5.5% is available for \$387,885 both together providing a total construction loan amount of \$2,816,809.

Source: City of Weslaco Type: Interim to Permanent Financing

Principal: \$620,000 Interest Rate: 3.52%  Fixed Term: 24 months

Comments:

According to the application materials submitted, the Applicant has applied to the City of Weslaco for total funds of \$620,000. The Applicant indicates that the City of Waco has agreed to provide an interest only construction loan in this amount at the applicable federal rate (AFR). The City has also agreed to reimburse the partnership for the cost of the off site work to bring utilities to the site, which will be constructed by the general contractor. The estimated cost of the reimbursement is \$520K. This amount is shown as a grant in the Applicant's permanent sources and uses of funds summary in the application.

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Therefore, the original \$620K loan for which the Applicant has applied for will be reduced by the amount of reimbursement or in-kind contribution by the City of Weslaco for the off site costs leaving the balance of the original loan amount (\$100K) to be paid at completion of construction from funds available. The letter provided by the City of Weslaco only acknowledges receipt of application for the requested funds and reflects a term for the loan not later than Placed in Service date, with no amortization as it is a short term construction loan. Any funding recommendation will be conditioned upon receipt, review and acceptance, by Commitment, of a firm commitment from the City of Weslaco for anticipated \$620K with terms of the loan clearly stated.

Source: International Bank of Commerce Type: Interim Financing

Principal: \$250,000 Interest Rate: 6.5%  Fixed Term: 24 months

Source: Cassandra Investments, Ltd Type: Interim Financing

Principal: \$250,000 Interest Rate: 3.90%  Fixed Term: 24 months

Comments:

Interest rate will be LIBOR plus 225 basis points.

Source: Raymond James Type: Syndication

Proceeds: \$9,369,496 Syndication Rate: 72% Anticipated HTC: \$ 1,301,449

Comments:

The Underwriter has determined that should the credit pricing for this transaction fall below \$0.61, the financial feasibility of the transaction could be jeopardized. If the closing has not occurred by January 30, 2010, the agreement shall automatically terminate.

Amount: \$50,935 Type: Deferred Developer Fees

### CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. The underwriting analysis assumes an increase in the permanent loan amount to \$2,541,663 based on the terms reflected in the application materials. As a result the development's gap in financing will decrease.

The Applicant's total development cost estimate less the permanent loan of \$2,541,663 and the grant from the City of Weslaco for \$520,000 indicates the need for \$9,307,690 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,292,864 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,301,449), the gap-driven amount (\$1,292,864), and eligible basis-derived estimate (\$1,301,448), the gap-driven amount of \$1,292,864 is recommended resulting in proceeds of \$9,307,690 based on a syndication rate of 72%.

The Applicant initially anticipated a sizeable portion of the developer fee, \$50,935, would be deferred and paid from available cash flow. Based on the Underwriter's analysis, the developer will not be required to defer any portion of the developer fee.

Underwriter: \_\_\_\_\_ Date: June 12, 2009

*Carl Hoover*

Manager of Real Estate Analysis: \_\_\_\_\_ Date: June 12, 2009

*Raquel Morales*

Director of Real Estate Analysis: \_\_\_\_\_ Date: June 12, 2009

*Brent Stewart*

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Weslaco Hills Apartments, Weslaco, 9% HTC #09180**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	12	1	1	720	\$256	\$210	\$2,520	\$0.29	\$46.00	\$36.00
TC 50%	12	1	1	720	\$427	\$381	\$4,572	\$0.53	\$46.00	\$36.00
TC 60%	12	1	1	720	\$513	\$467	\$5,604	\$0.65	\$46.00	\$36.00
TC 60%	54	2	2	990	\$615	\$558	\$30,132	\$0.56	\$57.00	\$39.50
TC 60%	30	3	2	1,240	\$711	\$644	\$19,320	\$0.52	\$67.00	\$44.50
<b>TOTAL:</b>	<b>120</b>		<b>AVERAGE:</b>	<b>972</b>		<b>\$518</b>	<b>\$62,148</b>	<b>\$0.53</b>	<b>\$56.20</b>	<b>\$39.70</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	<u>116,580</u>	<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>										
Secondary Income		Per Unit Per Month:	\$15.00			\$745,776	\$745,776	Hidalgo		11
Other Support Income:						21,600	21,600	\$15.00	Per Unit Per Month	
						0		\$0.00	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>										
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			\$767,376	\$767,376			
Employee or Other Non-Rental Units or Concessions						(57,553)	(57,552)	-7.50%	of Potential Gross Income	
						0				
<b>EFFECTIVE GROSS INCOME</b>										
						\$709,823	\$709,824			
<b>EXPENSES</b>										
		<u>% OF EGI</u>	<u>PER UNIT</u>	<u>PER SQ FT</u>				<u>PER SQ FT</u>	<u>PER UNIT</u>	<u>% OF EGI</u>
General & Administrative		4.81%	\$285	0.29		\$34,154	\$37,400	\$0.32	\$312	5.27%
Management		5.00%	296	0.30		35,491	35,492	0.30	296	5.00%
Payroll & Payroll Tax		13.07%	773	0.80		92,785	93,000	0.80	775	13.10%
Repairs & Maintenance		5.69%	337	0.35		40,398	45,900	0.39	383	6.47%
Utilities		4.45%	263	0.27		31,571	30,840	0.26	257	4.34%
Water, Sewer, & Trash		8.05%	476	0.49		57,168	58,560	0.50	488	8.25%
Property Insurance		5.47%	323	0.33		38,809	39,000	0.33	325	5.49%
Property Tax	2.0119	8.50%	503	0.52		60,357	67,000	0.57	558	9.44%
Reserve for Replacements		4.23%	250	0.26		30,000	30,000	0.26	250	4.23%
TDHCA Compliance Fees		0.68%	40	0.04		4,800	4,800	0.04	40	0.68%
Other: Supp. Serv.		0.68%	40	0.04		4,800	4,800	0.04	40	0.68%
<b>TOTAL EXPENSES</b>		<b>60.63%</b>	<b>\$3,586</b>	<b>\$3.69</b>		<b>\$430,332</b>	<b>\$446,792</b>	<b>\$3.83</b>	<b>\$3,723</b>	<b>62.94%</b>
<b>NET OPERATING INC</b>		<b>39.37%</b>	<b>\$2,329</b>	<b>\$2.40</b>		<b>\$279,491</b>	<b>\$263,032</b>	<b>\$2.26</b>	<b>\$2,192</b>	<b>37.06%</b>
<b>DEBT SERVICE</b>										
Amegy Mortgage Company		27.87%	\$1,649	\$1.70		\$197,847	\$197,847	\$1.70	\$1,649	27.87%
City of Weslaco - In-Kind Contributi		0.00%	\$0	\$0.00		0		\$0.00	\$0	0.00%
Additional Financing		0.00%	\$0	\$0.00		0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>		<b>11.50%</b>	<b>\$680</b>	<b>\$0.70</b>		<b>\$81,644</b>	<b>\$65,185</b>	<b>\$0.56</b>	<b>\$543</b>	<b>9.18%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>						<b>1.41</b>	<b>1.33</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>						<b>1.35</b>				

<b>CONSTRUCTION COST</b>										
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL	
Acquisition Cost (site or bldg)		3.94%	\$3,958	\$4.07	\$475,000	\$475,000	\$4.07	\$3,958	3.84%	
Off-Sites		4.31%	4,333	4.46	520,000	520,000	4.46	4,333	4.20%	
Sitework		8.94%	8,992	9.26	1,079,099	1,079,099	9.26	8,992	8.72%	
Direct Construction		50.66%	50,952	52.45	6,114,204	6,334,858	54.34	52,790	51.21%	
Contingency	5.00%	2.98%	2,997	3.09	359,665	370,698	3.18	3,089	3.00%	
Contractor's Fees	14.00%	8.34%	8,392	8.64	1,007,062	1,037,955	8.90	8,650	8.39%	
Indirect Construction		3.82%	3,842	3.95	461,000	461,000	3.95	3,842	3.73%	
Ineligible Costs		0.86%	870	0.90	104,361	104,361	0.90	870	0.84%	
Developer's Fees	15.00%	11.70%	11,764	12.11	1,411,661	1,449,839	12.44	12,082	11.72%	
Interim Financing		3.23%	3,250	3.35	390,043	390,043	3.35	3,250	3.15%	
Reserves		1.21%	1,221	1.26	146,500	146,500	1.26	1,221	1.18%	
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$100,572</b>	<b>\$103.52</b>	<b>\$12,068,595</b>	<b>\$12,369,353</b>	<b>\$106.10</b>	<b>\$103,078</b>	<b>100.00%</b>	
<b>Construction Cost Recap</b>		<b>70.93%</b>	<b>\$71,334</b>	<b>\$73.43</b>	<b>\$8,560,030</b>	<b>\$8,822,610</b>	<b>\$75.68</b>	<b>\$73,522</b>	<b>71.33%</b>	

<b>SOURCES OF FUNDS</b>										
					TDHCA	APPLICANT	RECOMMENDED			
Amegy Mortgage Company		20.13%	\$20,241	\$20.83	\$2,428,924	\$2,428,924	\$2,541,663			Developer Fee Available
City of Weslaco - In-Kind Contributi		4.31%	\$4,333	\$4.46	520,000	520,000	520,000			\$1,449,839
HTC Syndication Proceeds		77.64%	\$78,079	\$80.37	9,369,496	9,369,496	9,307,690			% of Dev. Fee Deferred
Deferred Developer Fees		0.42%	\$424	\$0.44	50,935	50,935				0%
Additional (Excess) Funds Req'd		-2.49%	(\$2,506)	(\$2.58)	(300,760)	(2)	0			15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>					<b>\$12,068,595</b>	<b>\$12,369,353</b>	<b>\$12,369,353</b>			<b>\$1,206,224</b>



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Weslaco Hills Apartments, Weslaco, 9% HTC #09180*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.07	\$6,419,860
<b>Adjustments</b>				
Exterior Wall Finish	2.40%		\$1.32	\$154,077
Elderly			0.00	0
9-Ft. Ceilings	3.30%		1.82	211,855
Roofing			0.00	0
Subfloor			(0.81)	(94,041)
Floor Cover			2.38	277,460
Breezeways/Balconies	\$22.95	10,691	2.10	245,358
Plumbing Fixtures	\$835	252	1.80	210,420
Rough-ins	\$410	240	0.84	98,400
Built-In Appliances	\$1,800	120	1.85	216,000
Exterior Stairs	\$2,200	40	0.75	88,000
Enclosed Corridors	\$45.15		0.00	0
Heating/Cooling			1.83	213,341
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$72.88	3,500	2.19	255,063
Other: fire sprinkler	\$2.15	120,080	2.21	258,172
<b>SUBTOTAL</b>			<b>73.37</b>	<b>8,553,966</b>
Current Cost Multiplier	1.01		0.73	85,540
Local Multiplier	0.87		(9.54)	(1,112,016)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$64.57</b>	<b>\$7,527,490</b>
Plans, specs, survy, bld prm	3.90%		(\$2.52)	(\$293,572)
Interim Construction Interest	3.38%		(2.18)	(254,053)
Contractor's OH & Profit	11.50%		(7.43)	(865,661)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$52.45</b>	<b>\$6,114,204</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$2,428,924	Amort	360
Int Rate	7.20%	DCR	1.41

<b>Secondary</b>	\$520,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.41

<b>Additional</b>	\$9,369,496	Amort	
Int Rate	0.00%	Aggregate DCR	1.41

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$207,030
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$72,461</b>

<b>Primary</b>	\$2,541,663	Amort	360
Int Rate	7.20%	DCR	1.35

<b>Secondary</b>	\$520,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.35

<b>Additional</b>	\$9,369,496	Amort	0
Int Rate	0.00%	Aggregate DCR	1.35

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

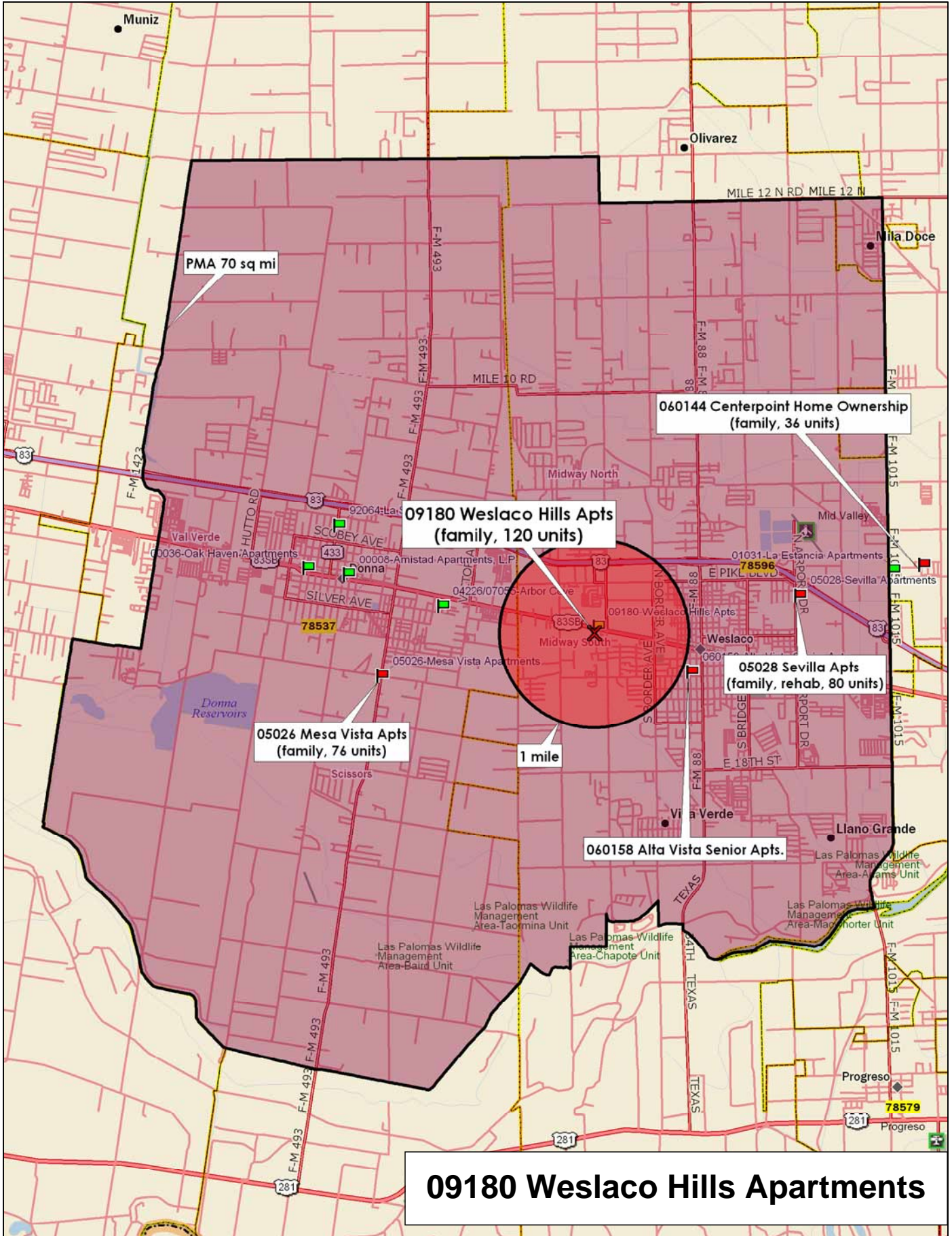
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$745,776	\$760,692	\$775,905	\$791,423	\$807,252	\$891,271	\$984,036	\$1,086,455	\$1,324,382
Secondary Income	21,600	22,032	22,473	22,922	23,381	25,814	28,501	31,467	38,358
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	767,376	782,724	798,378	814,346	830,632	917,085	1,012,536	1,117,922	1,362,741
Vacancy & Collection Loss	(57,553)	(58,704)	(59,878)	(61,076)	(62,297)	(68,781)	(75,940)	(83,844)	(102,206)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$709,823</b>	<b>\$724,019</b>	<b>\$738,500</b>	<b>\$753,270</b>	<b>\$768,335</b>	<b>\$848,304</b>	<b>\$936,596</b>	<b>\$1,034,078</b>	<b>\$1,260,535</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$34,154	\$35,178	\$36,234	\$37,321	\$38,440	\$44,563	\$51,660	\$59,888	\$80,485
Management	35,491	36,201	36,925	37,663	38,417	42,415	46,830	51,704	63,027
Payroll & Payroll Tax	92,785	95,569	98,436	101,389	104,431	121,064	140,346	162,700	218,655
Repairs & Maintenance	40,398	41,609	42,858	44,143	45,468	52,710	61,105	70,837	95,199
Utilities	31,571	32,518	33,493	34,498	35,533	41,192	47,753	55,359	74,398
Water, Sewer & Trash	57,168	58,883	60,650	62,469	64,343	74,591	86,472	100,244	134,720
Insurance	38,809	39,973	41,173	42,408	43,680	50,637	58,702	68,052	91,456
Property Tax	60,357	62,168	64,033	65,954	67,932	78,752	91,295	105,836	142,235
Reserve for Replacements	30,000	30,900	31,827	32,782	33,765	39,143	45,378	52,605	70,697
Other	9,600	9,888	10,185	10,490	10,805	12,526	14,521	16,834	22,623
<b>TOTAL EXPENSES</b>	<b>\$430,332</b>	<b>\$442,887</b>	<b>\$455,812</b>	<b>\$469,117</b>	<b>\$482,814</b>	<b>\$557,593</b>	<b>\$644,062</b>	<b>\$744,060</b>	<b>\$993,496</b>
<b>NET OPERATING INCOME</b>	<b>\$279,491</b>	<b>\$281,132</b>	<b>\$282,688</b>	<b>\$284,153</b>	<b>\$285,521</b>	<b>\$290,711</b>	<b>\$292,534</b>	<b>\$290,018</b>	<b>\$267,039</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$207,030	\$207,030	\$207,030	\$207,030	\$207,030	\$207,030	\$207,030	\$207,030	\$207,030
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$72,461</b>	<b>\$74,102</b>	<b>\$75,658</b>	<b>\$77,123</b>	<b>\$78,491</b>	<b>\$83,681</b>	<b>\$85,504</b>	<b>\$82,988</b>	<b>\$60,009</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.35</b>	<b>1.36</b>	<b>1.37</b>	<b>1.37</b>	<b>1.38</b>	<b>1.40</b>	<b>1.41</b>	<b>1.40</b>	<b>1.29</b>

**HTC ALLOCATION ANALYSIS -Weslaco Hills Apartments, Weslaco, 9% HTC #09180**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$475,000	\$475,000		
Purchase of buildings				
<b>Off-Site Improvements</b>	\$520,000	\$520,000		
<b>Sitework</b>	\$1,079,099	\$1,079,099	\$1,079,099	\$1,079,099
<b>Construction Hard Costs</b>	\$6,334,858	\$6,114,204	\$6,334,858	\$6,114,204
<b>Contractor Fees</b>	\$1,037,955	\$1,007,062	\$1,037,954	\$1,007,062
<b>Contingencies</b>	\$370,698	\$359,665	\$370,698	\$359,665
<b>Eligible Indirect Fees</b>	\$461,000	\$461,000	\$461,000	\$461,000
<b>Eligible Financing Fees</b>	\$390,043	\$390,043	\$390,043	\$390,043
<b>All Ineligible Costs</b>	\$104,361	\$104,361		
<b>Developer Fees</b>				
Developer Fees	\$1,449,839	\$1,411,661	\$1,449,839	\$1,411,661
<b>Development Reserves</b>	\$146,500	\$146,500		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$12,369,353</b>	<b>\$12,068,595</b>	<b>\$11,123,491</b>	<b>\$10,822,734</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$11,123,491	\$10,822,734
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$14,460,538	\$14,069,554
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$14,460,538	\$14,069,554
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,301,448	\$1,266,260

<b>Syndication Proceeds</b>	<b>0.7199</b>	<b>\$9,369,492</b>	<b>\$9,116,160</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,301,448</b>	<b>\$1,266,260</b>
<b>Syndication Proceeds</b>		<b>\$9,369,492</b>	<b>\$9,116,160</b>
<b>Requested Tax Credits</b>		<b>\$1,301,449</b>	
<b>Syndication Proceeds</b>		<b>\$9,369,496</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$9,307,690</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,292,864</b>	



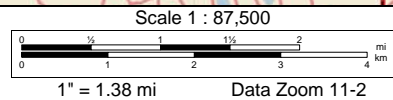
# 09180 Weslaco Hills Apartments

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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Bowie Garden Apts, TDHCA Number 09181**

BASIC DEVELOPMENT INFORMATION

Site Address: 4700 Blk of Bowie Rd. Development #: 09181  
 City: Brownsville Region: 11 Population Served: General  
 County: Cameron Zip Code: 78521 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Bowie Garden Apartments, LP  
 Owner Contact and Phone: John Czapski, (713) 863-7547  
 Developer: NCM Real Estate Development Group, LLC  
 Housing General Contractor: Nations Construction Management, Inc.  
 Architect: Jim Gwin Architect, Inc.  
 Market Analyst: O'Connor & Associates  
 Syndicator: Raymond James Tax Credit Funds, Inc  
 Supportive Services: TBD  
 Consultant: Marque Real Estate Consultants, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	86
	9	0	9	68	Market Rate Units:	0
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	24	40	22	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	86
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$8,891,964
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	6
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$970,564	\$970,564			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Bowie Garden Apts, TDHCA Number 09181

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

State and Federal Officials with Jurisdiction:

TX Senator: Lucio, District 27, S

Points: 14 US Representative: Ortiz, District 27, NC

TX Representative: Oliveira, District 37, NC

Points: 0 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: NC

Resolution of Support from Local Government

Individuals and Businesses: In Support: 72

In Opposition: 2

Quantifiable Community Participation Input:

East Bowie Road Neighborhood Organization, Gloria Torres

Letter Score: 24 S or O: S

The Development will bring vitalization to the neighborhood and hopefully bring further unity and support to the Organization. Additionally, as the Organization understands, the Development will assist in improving the quality of life of the neighborhood by attracting residents of good character.

Community Input Other than Quantifiable Community Participation Input:

Total Score for All Input: 0

Brownsville Southmost Lions Club, S, Cesario M. Leal III, President

East Congregation of Jehovah's Witnesses, S, Eleno Lopez,

Youth Services Division of Brownsville Boys and Girls Club, S, Charlie Cabler, City Manager

General Summary of Comment:

Letters of opposition citing increased traffic problems, decreased property values, and an overburdened elementary school. Letter of support from elected official, qualified neighborhood association, and from private citizens.

CONDITIONS OF COMMITMENT

- 1. Receipt, review, and acceptance by Carryover that the City of Brownsville approved the rezoning application and that the approved zoning allows for multifamily use.
2. Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit may be warranted.
3. Receipt of a commitment of funding from the City of Brownsville in the amount of \$455,000, or a commitment from a qualifying substitute source in an amount not less than \$444,599, as required by §49.9(i)(5) of the 2009 QAP.
4. Receipt of a commitment of funding from the International Bank of Commerce in the amount of \$185,000, or a commitment from a qualifying substitute source (s) in an amount not less than \$177,840 as required by §49.9(i)(27) of the 2009 QAP.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Bowie Garden Apts, TDHCA Number 09181**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **3**

Total # Monitored: **1**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **203**  Meeting a Required Set-Aside Credit Amount\*: \$970,564

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 06/19/09 PROGRAM: 9% HTC FILE NUMBER: 09181

**DEVELOPMENT**

Bowie Garden Apartments

Location: 4700 block of Bowie Road Region: 11  
 City: Brownsville County: Cameron Zip: 78521  OCT  DDA  
 Key Attributes: Family, New Construction, Urban, Multifamily

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$970,564			\$970,564		

**CONDITIONS**

- 1 Receipt, review, and acceptance by Carryover that the City of Brownsville approved the rezoning application and that the approved zoning allows for multifamily use.
- 2 Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	9
50% of AMI	50% of AMI	9
60% of AMI	60% of AMI	68

**STRENGTHS/MITIGATING FACTORS**

- Principals of the applicant have experience in the development of affordable housing using the LIHTC program.
- 9% overall capture rate and the market area is reported to be stabilized at 94% occupancy. No other affordable deals planned.
- With only 2% deferred developer fee, an ample cushion of funds exists to cover cost or interest rate increases.

**WEAKNESSES/RISKS**

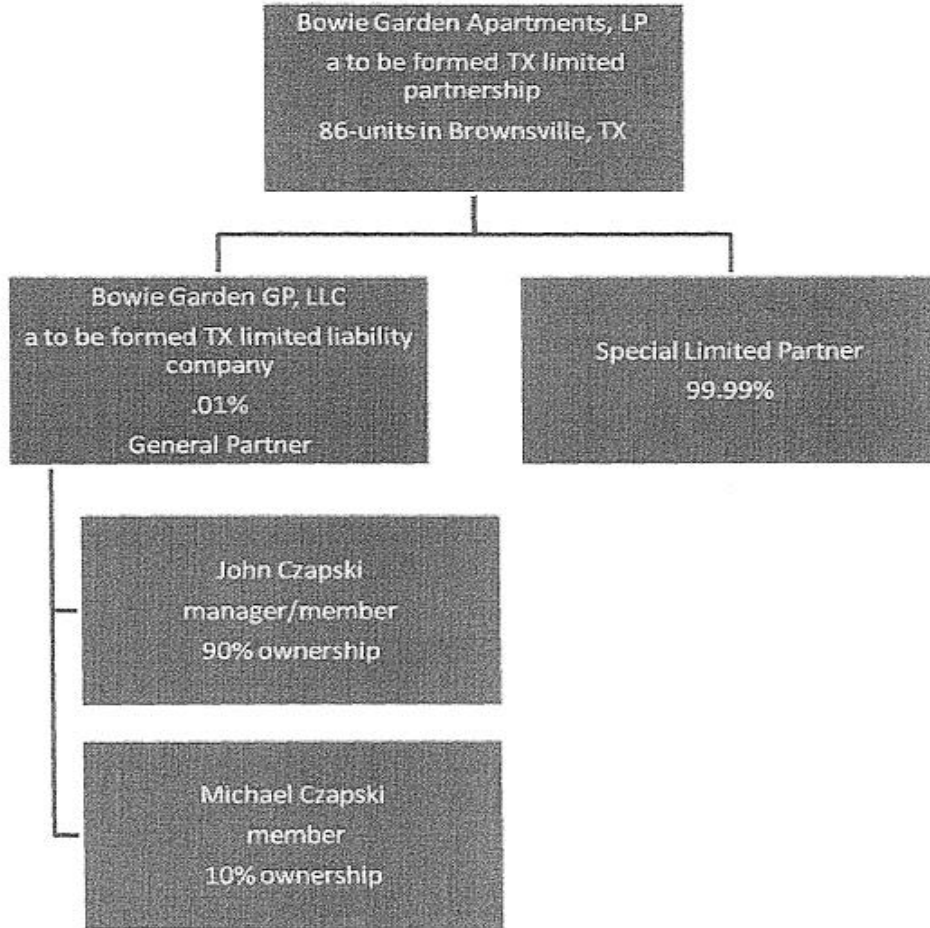
- The capture rate for 2-bedroom units is 72% indicating the subject development must capture a significant portion of demand for these units.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: John Czapski Phone: (713) 863-7547 Fax: (713) 863-8792  
 Email: jczapski@nationsconstruction.com

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
John Czapski	N/A	3
Michael J. Czapski	N/A	None

**IDENTITIES of INTEREST**

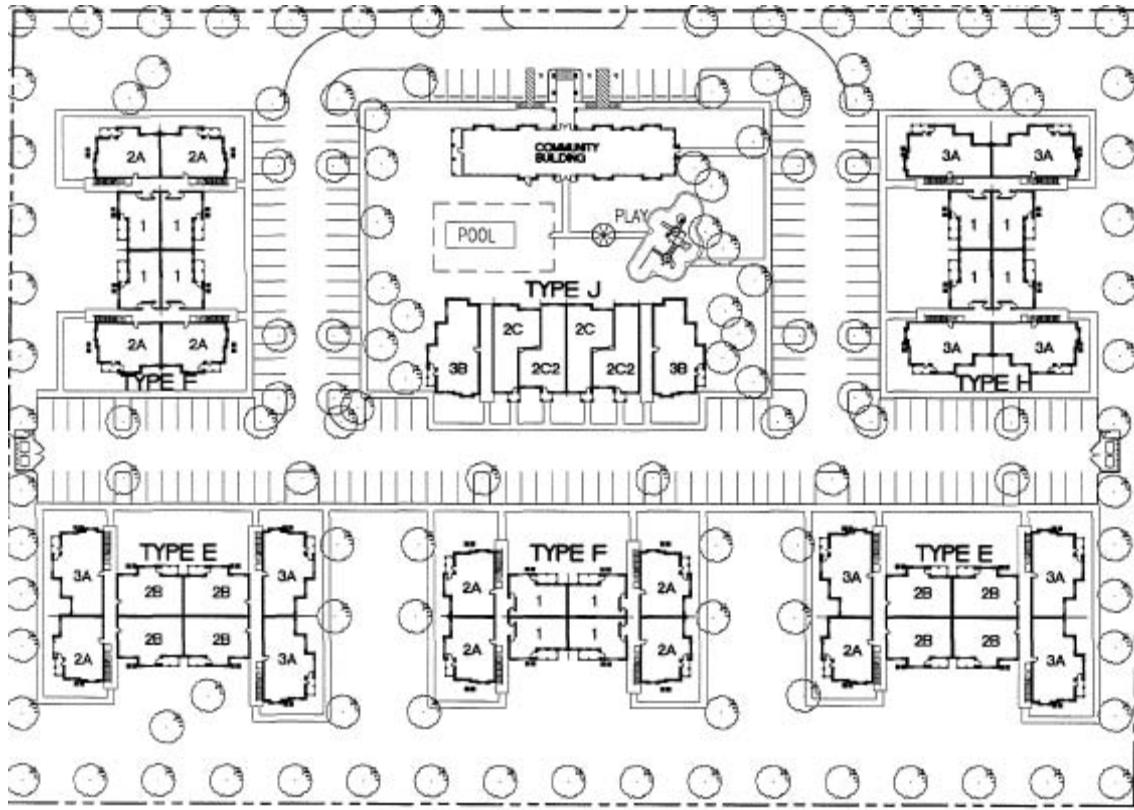
- The Applicant, Developer, and General Contractor are related entities. These are common relationships for HTC-funded developments.

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PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	E	F	H	J								Total Buildings
Floors/Stories	2	2	2	1								
Number	2	2	1	1								6

BR/BA	SF	Units										Total Units	Total SF
1/1	720		8	8								24	17,280
2/2	990	10	8		4							40	39,600
3/2	1,240	6		8	2							22	27,280
Units per Building		16	16	16	6							86	84,160

SITE ISSUES

Total Size: 7.10 acres      Scattered site?       Yes       No

Flood Zone: C      Within 100-yr floodplain?       Yes       No

Zoning: Dwelling A      Needs to be re-zoned?       Yes       No       N/A

Comments:

On February 15, 2009, the applicant applied to the City of Brownsville to rezone the site to allow for multifamily use. Evidence of the zoning approval by Carryover is a condition of this report.

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**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff Date: 4/2/2009

Overall Assessment:

Excellent     Acceptable     Questionable     Poor     Unacceptable

Surrounding Uses:

North: Bowie Rd. & vacant land beyond      East: Elementary school & vacant land beyond  
 South: Vacant land      West: Residential housing

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Honesty Environmental Services, Inc. Date: 3/20/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "The site has no REC's and no recommendations are given for the site."

**MARKET HIGHLIGHTS**

Provider: O'Connor & Associates Date: 3/22/2009

Contact: Daniel Hollander Phone: (713) 686-9955 Fax: (713) 686-8336

Number of Revisions: 1 Date of Last Applicant Revision: 6/22/2009

Primary Market Area (PMA):      17 sq. miles      2 mile equivalent radius

The Primary Market Area is defined by the following census tracts:

48061013102	48061013106	48061013203	48061013204	48061013205
48061013206	48061013207	48061013208	48061013303	48061013304
48061013305	48061013306	48061013308	48061013309	48061013401
48061013402	48061013901	48061013902	48061013903	

The rough geographic boundaries are Coffeepoint Road to the north; N. Indiana Avenue to the east; Dockberry Road and Calle Milpa Verde to the south; and US Hwy 77 and Paredes Avenue to the west. The PMA had an estimated 2008 population of 18,883 households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
none				none			

INCOME LIMITS						
Cameron						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$9,600	\$10,950	\$12,350	\$13,700	\$14,800	\$15,900
40	\$12,760	\$14,600	\$16,400	\$18,240	\$19,680	\$21,160
50	\$15,950	\$18,250	\$20,500	\$22,800	\$24,600	\$26,450
60	\$19,140	\$21,900	\$24,600	\$27,360	\$29,520	\$31,740

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UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	26	1	0	27	9	0	34%
1 BR/50%	29	1	0	30	9	0	30%
1 BR/60%	28	1	0	29	6	0	21%
2 BR/60%	60	2	0	62	40	0	64%
3 BR/60%	143	6	0	149	22	0	15%

OVERALL DEMAND					
	Target Households	Household Size	Income Eligible	Tenure	Demand
PMA DEMAND from TURNOVER					turnover
Market Analyst p.				1,447	44% 637
Underwriter				2,349	44% 1,022
PMA DEMAND from GROWTH					growth
Market Analyst p.					35
Underwriter					100% 46
DEMAND from OTHER SOURCES					Section 8
Market Analyst p.					156
Underwriter					0

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p.	86	108	0	194	828	<b>23%</b>
Underwriter	86	0	0	86	1,068	<b>8%</b>

Proposed, Under Construction, and Unstabilized Comparable Supply:

There was one other 2009 application located within the Primary Market Area, the Homes at Tropical Gardens (# 09257), with 108 proposed units. The market study includes these units as comparable supply; however, the application has since been withdrawn, so it has not been considered in the underwriting analysis.

Supply and Demand Analysis:

The demographic data provided in the market study, and the demand analysis based on it, was actually for a different market area and therefore irrelevant to the subject; the underwriting analysis uses independently generated demographics based on the definition of the PMA.

The Market Analyst subsequently submitted a corrected demand analysis; it is based on the 2008 HTC rent and income limits, and applies a 44% turnover rate (from the TDHCA database for family households in Region 11). The analysis identifies demand for 637 units due to household turnover, and demand for 35 units due to household growth. The Market Analyst also calculates additional demand for 156 units from households holding Section 8 vouchers. Total calculated demand for 828 units, and a total supply of 194 units (including the proposed units at Homes at Tropical Gardens), indicates an inclusive capture rate of 23%.

The underwriting analysis identifies demand for 1,022 units due to household turnover, and demand for 46 units due to household growth. Total demand for 1,068 units, and a total supply of 86 units, indicates an inclusive capture rate of 8%. This is well below the maximum capture rate of 25% for urban developments targeting families.

Primary Market Occupancy Rates:

"The selected comparable apartments surveyed in and near the primary market area of the subject complex exhibited strong occupancy rates, with an average occupancy level of 94.08%." (p. 10)

Absorption Projections:

"Within the subject's PMA, there have been five HTC projects which have come on-line since 2000, all of which reported current occupancy of 100% and report reaching a stabilized occupancy between seven to twelve months after being tenant ready. Based on the absorption of these five HTC projects and our research, most projects that are constructed in the Brownsville area typically lease up within 12 months." (p. 12)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	720 SF	30%	\$175	\$186	\$680	\$186	\$494
1 BR	720 SF	50%	\$338	\$357	\$680	\$357	\$323
1 BR	720 SF	60%	\$420	\$443	\$680	\$443	\$237
2 BR	990 SF	60%	\$503	\$530	\$875	\$530	\$345
3 BR	1,240 SF	60%	\$581	\$612	\$1,000	\$612	\$388

Market Impact:

"Based on the high occupancy levels of the existing properties in the market, along with the strong recent absorption history throughout other areas close to the subject's PMA, we project that the subject property will have minimal sustained negative impact upon the existing apartment market." (p.12)

Comments:

The demographic data and related calculations provided in the market study did not apply to the subject market area. However, the Analyst did provide revised calculations based on the relevant information; and, market study does provide the definition of a valid Primary Market Area, allowing the underwriting analysis to conclude that sufficient demand exists to support the subject application.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

At the time of application, the 2009 rent limits had not been released and thus the Applicant used estimated 2008 rent limits in setting rents. Based on the Applicant's intention to charge maximum program rents, the Underwriter used the 2009 maximum rents in this analysis. The Applicant's projected rents collected per unit were calculated by subtracting the tenant-paid utility allowances as represented by the letter from CPL Retail Energy dated February 23, 2009 specifically for Bowie Garden Apartments from the 2008 program gross rent limits. Tenants will be required to pay all electric utility costs. The Underwriter's projected rents were calculated by subtracting the tenant-paid utility allowances as represented by the letter from CPL Retail Energy dated February 23, 2009 specifically for Bowie Garden Apartments from the 2009 program gross rent limits.

The Applicant's estimate of secondary income and vacancy and collection loss are within the Department's guidelines. Overall the Applicant's effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's total annual operating expense projection at \$3,374 per unit is within 1% of the Underwriter's estimate of \$3,336, derived from the TDHCA database, IREM, and third-party data sources. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: payroll & payroll tax (\$8.2K higher) and utilities (\$7.2 lower).

Conclusion:

The Applicant's net operating income is not within 5% of the Underwriter's estimates; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio of 1.52, which is not within the Department's DCR guideline of 1.15 to 1.35. As a result, the permanent financing will be adjusted in order to bring the DCR to an acceptable level and will be discussed further in the "Conclusions" section of this report.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio within acceptable Department's guidelines. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only:	7.1 acres	\$106,500	Tax Year:	2008
Existing Buildings:		\$0	Valuation by:	Cameron CAD
Total Assessed Value:		\$106,500	Tax Rate:	2.419023

EVIDENCE of PROPERTY CONTROL

Type:	Commercial Contract - Unimproved Property		Acreage:	7.1
Contract Expiration:	12/31/2009	Valid Through Board Date?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Acquisition Cost:	\$304,920	Other:		
Seller:	Luis & Diana Torres	Related to Development Team?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: Three Date of Last Applicant Revision: 6/5/2009

Acquisition Value:

The site cost of \$304,920 is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost:

The Applicant's claimed sitework costs of \$8,910 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$167.4K or 4% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$8,295,418 and the 9% applicable percentage rate supports annual tax credits of \$970,564. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: iCap Realty Advisors of Texas Type: Interim Financing

Principal: \$68,512 Interest Rate: 5.5%  Fixed Term: 24 months

Principal: \$1,586,848 Interest Rate: 7.2%  Fixed Term: 24 months

Comments:

The interest rate on the fixed rate portion of the loan will equal the rate on the Dallas FHLB rate plus 3% currently at 4.2%. The interest rate on the adjustable portion is the spread of 2.25% to the 30-day LIBOR rate adjusted monthly, subject to a floor of 5.5%.

Source: City of Brownsville Type: Interim Financing

Principal: \$455,000 Interest Rate: 3.8%  Fixed Amort: 24 months

Comments:

Interest only at the Applicable Federal Rate

Source: Cassandra Investment, Ltd. Type: Interim Financing

Principal: \$185,000 Interest Rate: 2.9%  Fixed Amort: 0 months

Comments:

Interest rate will be LIBOR plus 225 basis points

Source: IBC Bank Type: Interim Financing

Principal: \$185,000 Interest Rate: 6.5%  Fixed Amort: 0 months

Source: iCap Realty Advisors of Texas Type: Permanent Financing

Principal: \$1,586,848 Interest Rate: 7.2%  Fixed Amort: 360 months

Comments:

The interest rate will equal the rate based the Dallas FHLB rate plus 3% currently at 4.2%.

Source: Raymond James Type: Syndication

Proceeds: \$7,084,409 Syndication Rate: 73% Anticipated HTC: \$ 970,564

Comments:

The Underwriter has determined that should the credit pricing for this transaction fall below \$0.65, the financial feasibility of the transaction could be jeopardized. Alternatively, if the credit price were increased to an amount above \$0.74 an adjustment to the recommended credit amount would be warranted. If the closing has not occurred by January 30, 2010, the equity commitment will terminate.

Amount: \$220,707 Type: Deferred Developer Fees

This section intentionally left blank.

## CONCLUSIONS

### Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. The underwriting analysis assumes an increase in the permanent loan amount to \$1,781,548 based on the terms reflected in the application materials. As a result the development's gap in financing will decrease.

The Applicant's total development cost estimate less the permanent loan of \$1,781,548 indicates the need for \$7,110,416 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$974,127 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$970,564), the gap-driven amount (\$974,127), and eligible basis-derived estimate (\$970,564), the Applicant's request of \$970,564 is recommended resulting in proceeds of \$7,084,409 based on a syndication rate of 73%.

The Underwriter's recommended financing structure indicates the need for \$26,007 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within one year of stabilized operation.

Underwriter:

\_\_\_\_\_  
*Carl Hoover*

Date: June 19, 2009

Manager of Real Estate Analysis:

\_\_\_\_\_  
*Raquel Morales*

Date: June 19, 2009

Director of Real Estate Analysis:

\_\_\_\_\_  
*Brent Stewart*

Date: June 19, 2009

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Bowie Garden Apartments, Brownsville, 9% HTC #09181**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	9	1	1	720	\$256	\$186	\$1,674	\$0.26	\$70.00	\$56.33
TC 50%	9	1	1	720	\$427	\$357	\$3,213	\$0.50	\$70.00	\$56.33
TC 60%	6	1	1	720	\$513	\$443	\$2,658	\$0.62	\$70.00	\$56.33
TC 60%	40	2	2	990	\$615	\$530	\$21,200	\$0.54	\$85.00	\$63.33
TC 60%	22	3	2	1,240	\$711	\$612	\$13,464	\$0.49	\$99.00	\$71.33
<b>TOTAL:</b>	<b>86</b>		<b>AVERAGE:</b>	<b>979</b>		<b>\$491</b>	<b>\$42,209</b>	<b>\$0.50</b>	<b>\$84.40</b>	<b>\$63.42</b>

**INCOME**

Total Net Rentable Sq Ft: 84,160

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
 Other Support Income: Per Unit Per Month: \$0.00

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions: 0

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.83%	\$271	0.28	\$23,332	\$21,900	\$0.26	\$255	4.77%
Management	5.00%	281	0.29	24,142	22,455	0.27	261	4.89%
Payroll & Payroll Tax	13.22%	742	0.76	63,830	72,000	0.86	837	15.69%
Repairs & Maintenance	6.02%	338	0.35	29,062	32,650	0.39	380	7.12%
Utilities	4.51%	253	0.26	21,774	14,534	0.17	169	3.17%
Water, Sewer, & Trash	6.16%	346	0.35	29,750	34,916	0.41	406	7.61%
Property Insurance	5.53%	310	0.32	26,690	25,370	0.30	295	5.53%
Property Tax 2.419023	8.49%	477	0.49	41,013	39,000	0.46	453	8.50%
Reserve for Replacements	4.45%	250	0.26	21,500	21,500	0.26	250	4.69%
TDHCA Compliance Fees	0.71%	40	0.04	3,440	3,440	0.04	40	0.75%
Other: Supp. Serv.	0.50%	28	0.03	2,400	2,400	0.03	28	0.52%
<b>TOTAL EXPENSES</b>	<b>59.43%</b>	<b>\$3,336</b>	<b>\$3.41</b>	<b>\$286,933</b>	<b>\$290,165</b>	<b>\$3.45</b>	<b>\$3,374</b>	<b>63.25%</b>
<b>NET OPERATING INC</b>	<b>40.57%</b>	<b>\$2,278</b>	<b>\$2.33</b>	<b>\$195,906</b>	<b>\$168,583</b>	<b>\$2.00</b>	<b>\$1,960</b>	<b>36.75%</b>

**DEBT SERVICE**

iCap Realty Advisors of Texas	26.77%	\$1,503	\$1.54	\$129,256	\$129,256	\$1.54	\$1,503	28.18%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>13.80%</b>	<b>\$775</b>	<b>\$0.79</b>	<b>\$66,650</b>	<b>\$39,327</b>	<b>\$0.47</b>	<b>\$457</b>	<b>8.57%</b>

AGGREGATE DEBT COVERAGE RATIO

1.52      1.30

RECOMMENDED DEBT COVERAGE RATIO

1.35

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		3.76%	\$3,778	\$3.86	\$324,920	\$324,920	\$3.86	\$3,778	3.65%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.86%	8,910	9.10	766,260	766,260	9.10	8,910	8.62%
Direct Construction		51.69%	51,979	53.12	4,470,231	4,637,660	55.11	53,926	52.16%
Contingency 5.00%		3.03%	3,044	3.11	261,825	270,196	3.21	3,142	3.04%
Contractor's Fees 14.00%		8.48%	8,525	8.71	733,109	756,549	8.99	8,797	8.51%
Indirect Construction		5.33%	5,360	5.48	461,000	461,000	5.48	5,360	5.18%
Ineligible Costs		0.86%	865	0.88	74,396	74,396	0.88	865	0.84%
Developer's Fees 15.00%		12.17%	12,235	12.50	1,052,195	1,081,546	12.85	12,576	12.16%
Interim Financing		3.73%	3,747	3.83	322,207	322,207	3.83	3,747	3.62%
Reserves		2.11%	2,120	2.17	182,354	197,230	2.34	2,293	2.22%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$100,564</b>	<b>\$102.76</b>	<b>\$8,648,495</b>	<b>\$8,891,964</b>	<b>\$105.66</b>	<b>\$103,395</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>72.05%</b>	<b>\$72,458</b>	<b>\$74.04</b>	<b>\$6,231,424</b>	<b>\$6,430,665</b>	<b>\$76.41</b>	<b>\$74,775</b>	<b>72.32%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
iCap Realty Advisors of Texas	18.35%	\$18,452	\$18.86	\$1,586,848	\$1,586,848	\$1,781,548	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	0	0	\$1,081,546
Raymond James	81.91%	\$82,377	\$84.18	7,084,409	7,084,409	7,084,409	% of Dev. Fee Deferred
Deferred Developer Fees	2.55%	\$2,566	\$2.62	220,707	220,707	26,007	2%
Additional (Excess) Funds Req'd	-2.82%	(\$2,831)	(\$2.89)	(243,469)	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$8,648,495</b>	<b>\$8,891,964</b>	<b>\$8,891,964</b>	<b>\$862,864</b>



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Bowie Garden Apartments, Brownsville, 9% HTC #09181*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$51.44	\$4,329,292
<b>Adjustments</b>				
Exterior Wall Finish	2.40%		\$1.23	\$103,903
Elderly			0.00	0
9-Ft. Ceilings	3.30%		1.70	142,867
Roofing			0.00	0
Subfloor			(1.21)	(101,834)
Floor Cover			2.38	200,301
Breezeways/Balconies	\$22.31	20,068	5.32	447,717
Plumbing Fixtures	\$835	186	1.85	155,310
Rough-ins	\$410	172	0.84	70,520
Built-In Appliances	\$1,800	86	1.84	154,800
Exterior Stairs	\$2,200	20	0.52	44,000
Enclosed Corridors	\$41.52		0.00	0
Heating/Cooling			1.83	154,013
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$72.88	3,500	3.03	255,063
Other: fire sprinkler	\$3.40	87,660	3.54	298,044
<b>SUBTOTAL</b>			<b>74.31</b>	<b>6,253,995</b>
Current Cost Multiplier	1.01		0.74	62,540
Local Multiplier	0.87		(9.66)	(813,019)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$65.39</b>	<b>\$5,503,516</b>
Plans, specs, survy, bld prm	3.90%		(\$2.55)	(\$214,637)
Interim Construction Interest	3.38%		(2.21)	(185,744)
Contractor's OH & Profit	11.50%		(7.52)	(632,904)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$53.12</b>	<b>\$4,470,231</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,586,848	Amort	360
Int Rate	7.20%	DCR	1.52

<b>Secondary</b>	\$0	Amort	
Int Rate		Subtotal DCR	1.52

<b>Additional</b>	\$7,084,409	Amort	
Int Rate		Aggregate DCR	1.52

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$145,115
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$50,790</b>

<b>Primary</b>	\$1,781,548	Amort	360
Int Rate	7.20%	DCR	1.35

<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.35

<b>Additional</b>	\$7,084,409	Amort	0
Int Rate	0.00%	Aggregate DCR	1.35

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

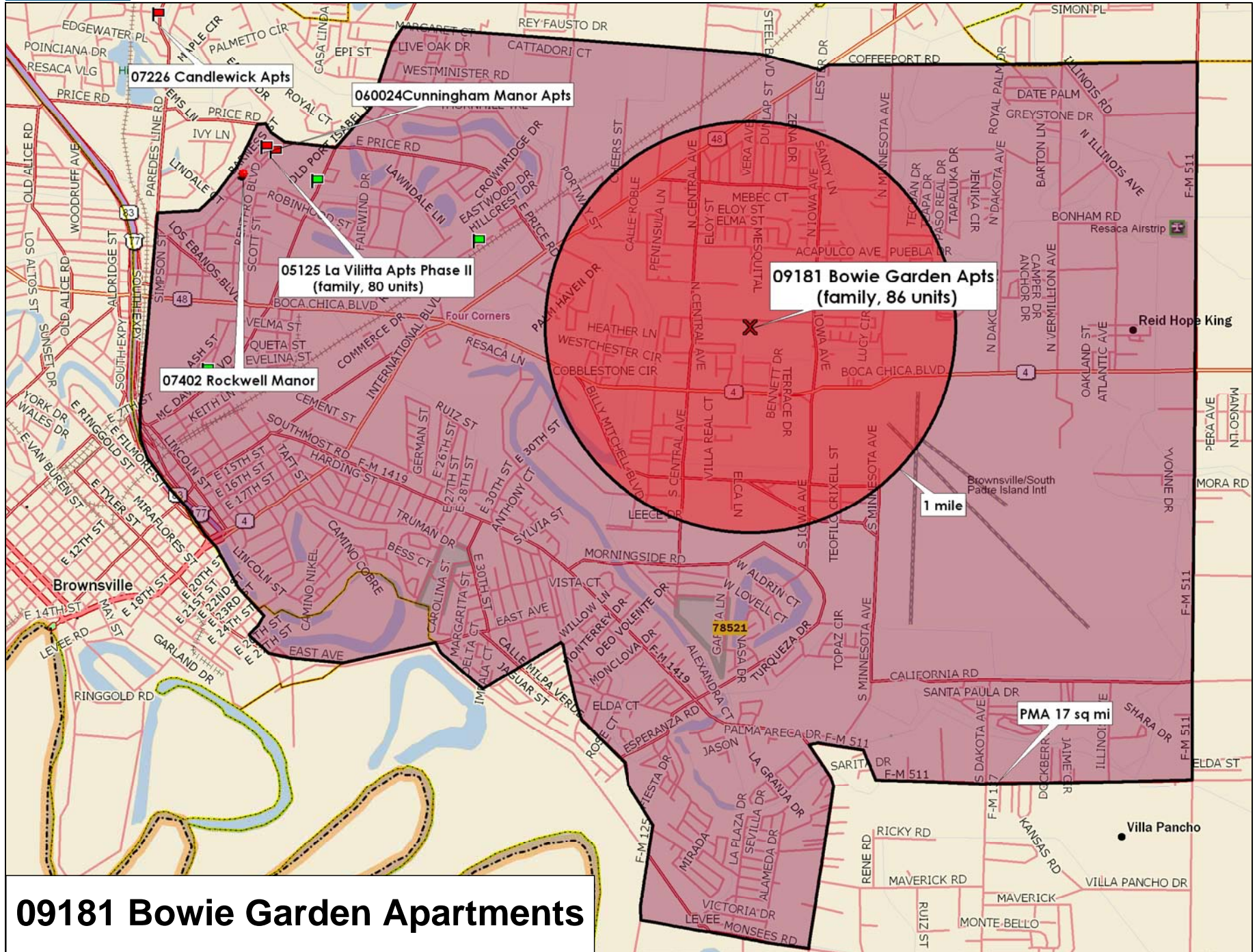
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$506,508	\$516,638	\$526,971	\$537,510	\$548,261	\$605,324	\$668,327	\$737,887	\$899,480
Secondary Income	15,480	15,790	16,105	16,427	16,756	18,500	20,426	22,551	27,490
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	521,988	532,428	543,076	553,938	565,017	623,824	688,752	760,438	926,970
Vacancy & Collection Loss	(39,149)	(39,932)	(40,731)	(41,545)	(42,376)	(46,787)	(51,656)	(57,033)	(69,523)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$482,839	\$492,496	\$502,346	\$512,393	\$522,640	\$577,037	\$637,096	\$703,405	\$857,447
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$23,332	\$24,032	\$24,753	\$25,495	\$26,260	\$30,442	\$35,291	\$40,912	\$54,983
Management	24,142	24,625	25,117	25,620	26,132	28,852	31,855	35,170	42,872
Payroll & Payroll Tax	63,830	65,745	67,718	69,749	71,842	83,284	96,549	111,927	150,421
Repairs & Maintenance	29,062	29,934	30,832	31,757	32,710	37,920	43,959	50,961	68,487
Utilities	21,774	22,427	23,100	23,793	24,507	28,410	32,935	38,181	51,312
Water, Sewer & Trash	29,750	30,643	31,562	32,509	33,484	38,818	45,000	52,168	70,109
Insurance	26,690	27,491	28,315	29,165	30,040	34,824	40,371	46,801	62,896
Property Tax	41,013	42,243	43,511	44,816	46,160	53,512	62,036	71,916	96,649
Reserve for Replacements	21,500	22,145	22,809	23,494	24,198	28,053	32,521	37,700	50,666
Other	5,840	6,015	6,196	6,382	6,573	7,620	8,834	10,240	13,762
TOTAL EXPENSES	\$286,933	\$295,300	\$303,913	\$312,779	\$321,906	\$371,735	\$429,350	\$495,977	\$662,157
NET OPERATING INCOME	\$195,906	\$197,196	\$198,433	\$199,614	\$200,734	\$205,302	\$207,745	\$207,429	\$195,289
<b>DEBT SERVICE</b>									
First Lien Financing	\$145,115	\$145,115	\$145,115	\$145,115	\$145,115	\$145,115	\$145,115	\$145,115	\$145,115
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$50,790	\$52,081	\$53,318	\$54,498	\$55,619	\$60,187	\$62,630	\$62,313	\$50,174
DEBT COVERAGE RATIO	1.35	1.36	1.37	1.38	1.38	1.41	1.43	1.43	1.35

**HTC ALLOCATION ANALYSIS -Bowie Garden Apartments, Brownsville, 9% HTC #09181**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$324,920	\$324,920		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$766,260	\$766,260	\$766,260	\$766,260
<b>Construction Hard Costs</b>	\$4,637,660	\$4,470,231	\$4,637,660	\$4,470,231
<b>Contractor Fees</b>	\$756,549	\$733,109	\$756,549	\$733,109
<b>Contingencies</b>	\$270,196	\$261,825	\$270,196	\$261,825
<b>Eligible Indirect Fees</b>	\$461,000	\$461,000	\$461,000	\$461,000
<b>Eligible Financing Fees</b>	\$322,207	\$322,207	\$322,207	\$322,207
<b>All Ineligible Costs</b>	\$74,396	\$74,396		
<b>Developer Fees</b>				
Developer Fees	\$1,081,546	\$1,052,195	\$1,081,546	\$1,052,195
<b>Development Reserves</b>	\$197,230	\$182,354		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$8,891,964</b>	<b>\$8,648,495</b>	<b>\$8,295,418</b>	<b>\$8,066,826</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		<b>\$8,295,418</b>	<b>\$8,066,826</b>
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		<b>\$10,784,043</b>	<b>\$10,486,873</b>
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		<b>\$10,784,043</b>	<b>\$10,486,873</b>
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		<b>\$970,564</b>	<b>\$943,819</b>

<b>Syndication Proceeds</b>	<b>0.7299</b>	<b>\$7,084,408</b>	<b>\$6,889,187</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$970,564</b>	<b>\$943,819</b>
<b>Syndication Proceeds</b>		<b>\$7,084,408</b>	<b>\$6,889,187</b>
<b>Requested Tax Credits</b>		<b>\$970,564</b>	
<b>Syndication Proceeds</b>		<b>\$7,084,409</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$7,110,416</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$974,127</b>	



# 09181 Bowie Garden Apartments

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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Grace Lake Townhomes, TDHCA Number 09183**

BASIC DEVELOPMENT INFORMATION

Site Address: 4060 West Cardinal Drive Development #: 09183  
 City: Beaumont Region: 5 Population Served: General  
 County: Jefferson Zip Code: 77705 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Beaumont Grace Lake Townhomes, L.P.  
 Owner Contact and Phone: K.T. (Ike) Akbari, (409) 724-0020  
 Developer: Itex Developers, LLC  
 Housing General Contractor: TBD  
 Architect: TBD  
 Market Analyst: The Gerald A. Teel Company, Inc.  
 Syndicator: Bank of America, NA  
 Supportive Services: Itex Property Management, LLC  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	112
	6	0	51	55	Market Rate Units:	16
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	32	64	32	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	128
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$13,760,165
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	16
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,287,056	\$1,287,056			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Grace Lake Townhomes, TDHCA Number 09183

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Williams, District 4, S

Points: 14 US Representative: Poe, District 2, NC

TX Representative: Deshotel, District 22, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 4

In Opposition: 1

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 2

Beaumont Neighbors, S,

Pear Orchard Neighborhood Association, S, Alice Felix Ramsey, President

Antioch Church, S, Dr. John R. Adolph, Pastor

**General Summary of Comment:**

Letter of support from elected official and citizens. One person spoke in opposition citing fear of overburdening ISD.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance, by Carryover, of a Noise Survey for the site and a wetland delineation survey before the wetland is disturbed.
2. Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Beaumont for the proposed HOME funds with terms of the funds clearly stated.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the allocation amount may be warranted.
4. Receipt of a commitment of funding from City of Beaumont HOME funds in the amount of \$690,000 or a commitment from a qualifying substitute source in an amount not less than \$688,009, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.
5. Receipt of a commitment of funding from Jefferson County HFC funds in the amount of \$280,000, or a commitment from a qualifying substitute source (s) in an amount not less than \$275,204 as required by §49.9(i)(27) of the 2009 QAP. The provider of funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Grace Lake Townhomes, TDHCA Number 09183**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **13**

Total # Monitored: **7**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **189**  Meeting a Required Set-Aside Credit Amount\*: \$1,287,056

Recommendation: Recommended because without this award included, this sub-region's allocation shortfall would have been a significant portion of their total targeted sub-regional allocation when tax credits are collapsed state-wide.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/15/09 PROGRAM: HTC 9 % FILE NUMBER: 09183

**DEVELOPMENT**

GraceLake Towne Homes

Location: 4060 West Cardinal Drive Region: 5  
 City: Beaumont County: Jefferson Zip: 77705  QCT  DDA  
 Key Attributes: Family, Urban, New Construction

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,287,056			<b>\$1,287,056</b>		

**CONDITIONS**

- 1 Receipt, review, and acceptance, by Carryover, of a Noise Survey for the site and a wetland delineation survey before the wetland is disturbed.
- 2 Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Beaumont for the proposed HOME funds with terms of the funds clearly stated.
- 3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	6
50% of AMI	50% of AMI	51
60% of AMI	60% of AMI	55

**STRENGTHS/MITIGATING FACTORS**

- Principals of Applicant have LIHTC development experience.
- Inclusive capture rate for the subject property is 16% and the sub-market occupancy on affordable properties is 99%.

**WEAKNESSES/RISK**

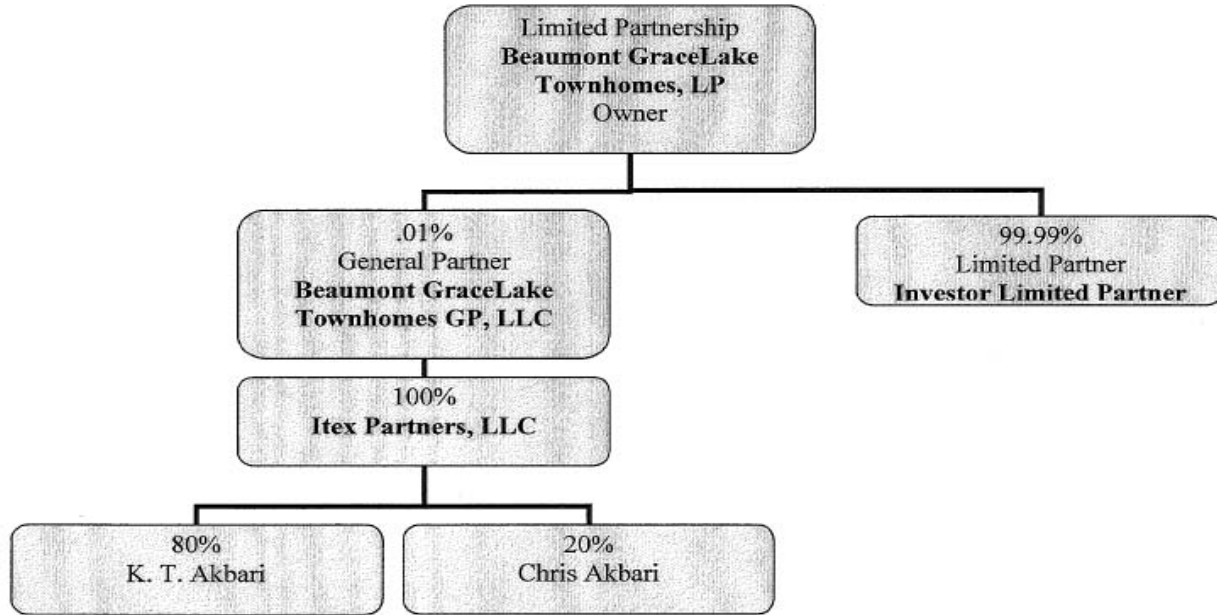
- Should the requested local HOME funds not be committed the financial feasibility of the development is jeopardized.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: K.T. (Ike) Akbari Phone: (409) 724-0020 Fax: (409) 721-6603  
 Email: [ikeakbari@itexmgt.com](mailto:ikeakbari@itexmgt.com)

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Itex Developers, LLC	N/A	9
Ike Akbari	N/A	13
Chris Akbari	N/A	7

**IDENTITIES of INTEREST**

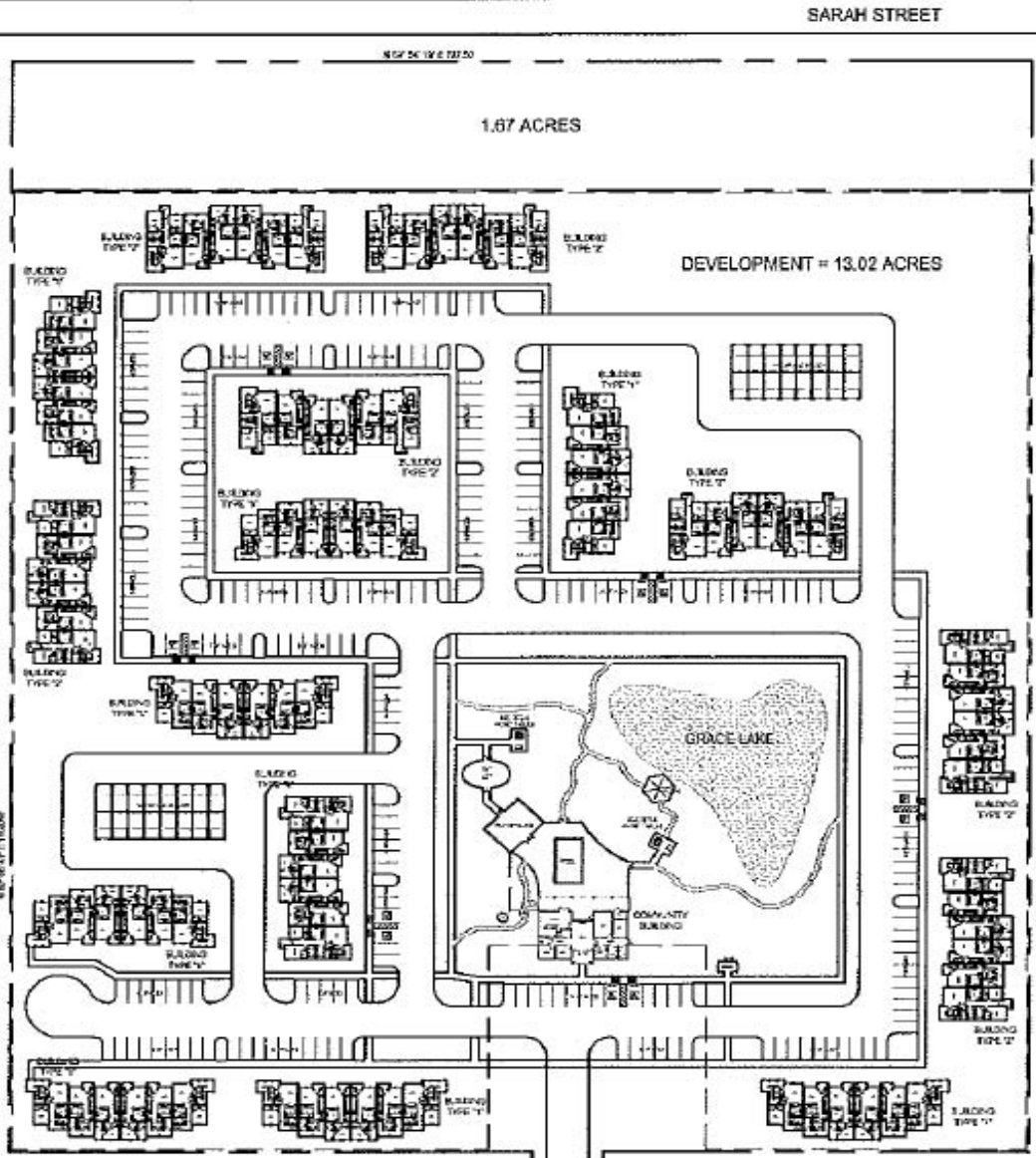
- The Applicant, Developer, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

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PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	1	2																Total Buildings
Floors/Stories	2	2																
Number	8	8																16

BR/BA	SF	Units										Total Units	Total SF	
1BR/1BA	700	2											16	11,200
1BR/BA	780	2											16	12,480
2BR/2BA	960		2										16	15,360
2BR/2BA	1,039		2										16	16,624
2BR/2.5BA	1,086	2	2										32	34,752
3BR/2.5BA	1,302	2	2										32	41,664
Units per Building		8	8										128	132,080

**SITE ISSUES**

Total Size: 20.85 acres Scattered site?  Yes  No  
 Flood Zone: X Within 100-yr floodplain?  Yes  No  
 Zoning: GC-MD Needs to be re-zoned?  Yes  No  N/A

Comments:

According to a letter from the City of Beaumont, "GC-MD is a mixed district intended for the conduct of community-wide personal and business services, specialty shops, general highway commercial uses, shopping centers, and multi-family residential development. There are no density limitations for GC-MD."

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff Date: 4/22/2009

Overall Assessment:

Excellent  Acceptable  Questionable  Poor  Unacceptable

Surrounding Uses:

North: Interstate 10 / businesses beyond East: Church / businesses beyond  
 South: Businesses West: Vacant land / businesses beyond

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Medina Consulting Company, Inc. Date: 2/27/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "MCC has performed a Phase I Environmental Site Assessment in general conformance with the scope and limitations of ASTM E1527-05 of Grace Lake Towne Homes. No further assessment of ASTM E1527-05 Phase I ESA scope items is recommended." (p. 26)
- However, "For the purposes of compliance with HUD requirements for applications for HUD funding or tax credits, MCC recommends a Noise Survey be performed for the Site. Further, investigation of the wetland delineation survey will be required. This assessment of the wetland must be completed before the wetland is disturbed." (p. 26)

Comments:

Accordingly, receipt, review, and acceptance, by Carryover, of a Noise Survey for the site and a wetland delineation survey before the wetland is disturbed is a requirement of any funding recommendation.

**MARKET HIGHLIGHTS**

Provider: Gerald A. Teel Company, Inc. Date: 2/22/2009

Contact: Tim Treadway Phone: (713) 467-5858 Fax: (713) 467-0704

Number of Revisions: none Date of Last Applicant Revision: n/a

Primary Market Area (PMA): 17.91 sq. miles 2 mile equivalent radius

The Primary Market Area is considered a defined area within Jefferson County and immediate surrounding areas. The forgoing is essentially bound by the Neches River and Sabine Lake to the east, the Gulf of Mexico to the South, the Jefferson County line to the west, and the Jefferson County line to the north. The Primary Market Area had an estimated 2008 population of 38,122 and households of 13,856.

Secondary Market Area (SMA):

The Secondary Market is the adjoining communities neighboring Orange County, Liberty County and Chambers County, including portions of Orange, Bridge City, Port Arthur, Groves, Nederland, Vidor, Port Neches and parts of Louisiana. The secondary market was not used by the Market Analyst in his analysis.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				Outside PMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Beaumont Downtown Lofts	060202	36	36	Sterling Heights	09247	96	0
Sunlight Manor Apts.	07189	120	0	0	0		
Virginia Estates Apts.	07907	110	0	0	0		

INCOME LIMITS						
Jefferson						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$11,400	\$13,050	\$14,650	\$16,300	\$17,600	\$18,900
40	\$15,200	\$17,360	\$19,560	\$21,720	\$23,440	\$25,200
50	\$19,000	\$21,700	\$24,450	\$27,150	\$29,300	\$31,500
60	\$22,800	\$26,040	\$29,340	\$32,580	\$35,160	\$37,800

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1BR/30%	46%	86	250	201	1	0	0.5%
1BR/50%	46%	25	345	184	11	0	6.0%
1BR/60%	46%	-45	382	130	16	0	12.3%
2BR/30%	46%	40	207	136	2	0	1.5%
2BR/50%	46%	71	312	215	12	0	5.6%
2BR/60%	46%	69	243	180	12	0	6.7%
3BR/30%	46%	-2	131	58	3	0	5.2%
3BR/50%	46%	260	145	327	28	0	8.6%
3BR/60%	46%	210	118	265	27	0	10.2%

OVERALL DEMAND										
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER					turnover					
Underwriter	100%	13,856	96%	13,233	41%	5,480	43%	2,378	39%	920
PMA DEMAND from GROWTH					growth					
Underwriter	100%	-38	96%	-36	41%	-15	43%	-6	100%	-6

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst	Not Provided					
Underwriter	112	36	0	148	914	16.19%

Supply and Demand Analysis:

The Market Analyst did not calculate overall demand for the subject development as is required by the Real Estate Analysis Rules. Demand analysis is provided separately for each income range (30%, 50%, and 60% of AMI); this analysis greatly overstates the demand due to the significant overlap of eligible income ranges and eligible household sizes. As a result, the reported demand cannot be combined to conclude overall demand for the development.

The Underwriter did however calculate an overall capture rate of 16.19% for the subject development based upon information provided in the Market Study provided by the Market Analyst for this property along with information available from market studies completed for other properties in the region. All of the information provided indicate that there is sufficient demand for the subject units.

**Primary Market Occupancy Rates:**

"The rental survey...included six HTC projects. All are located within the subject's primary market area. The properties were built between 2001 and 2007 and have reported occupancy levels ranging from 99% to 100%. The five conventional market rate properties were completed from 1999 to 2006 and have reported occupancy levels ranging from 91% to 100%." (p. 30)

**Absorption Projections:**

The absorption of units in other developments in the area has ranged from 3 units per month to 64 units per month; however, it is anticipated that the subject development will have absorption of 11 to 12 units per month.

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
1 BR 700 SF 30%	\$195	\$212	\$900	\$212	\$688		
1 BR 700 SF 50%	\$388	\$415	\$900	\$415	\$485		
1 BR 700 SF 60%	\$485	\$517	\$900	\$517	\$383		
1 BR 780 SF 50%	\$358	\$415	\$950	\$415	\$535		
1 BR 780 SF 60%	\$455	\$517	\$950	\$517	\$433		
2 BR 960 SF 30%	\$223	\$243	\$1,050	\$243	\$807		
2 BR 960 SF 50%	\$455	\$488	\$1,050	\$488	\$562		
2 BR 960 SF 60%	\$571	\$610	\$1,050	\$610	\$440		
2 BR 1,039 SF 30%	\$223	\$243	\$1,100	\$243	\$857		
2 BR 1,039 SF 50%	\$455	\$488	\$1,100	\$488	\$612		
2 BR 1,039 SF 60%	\$571	\$610	\$1,100	\$610	\$490		
2 BR 1,086 SF 30%	\$223	\$243	\$1,150	\$243	\$907		
2 BR 1,086 SF 50%	\$455	\$488	\$1,150	\$488	\$662		
2 BR 1,086 SF 60%	\$571	\$610	\$1,150	\$610	\$540		
3 BR 1,302 SF 30%	\$248	\$271	\$1,350	\$271	\$1,079		
3 BR 1,302 SF 50%	\$516	\$553	\$1,350	\$553	\$797		
3 BR 1,302 SF 60%	\$649	\$694	\$1,350	\$694	\$656		

**Market Impact:**

"The subject property will have minimal affect on the market, and will open up the market to a greater pool of possible renters." (p. 103)

**Comments:**

Although the Market Analyst did not provide an overall capture rate for the subject property, he did provide sufficient information on which to base a funding recommendation.

This section intentionally left blank.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      1      Date of Last Applicant Revision:      4/15/2009

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utilities maintained by the Beaumont Housing Authority from the 2008 program rent limits. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. Tenants will be required to pay electrical costs. Based on the Applicant's intent to charge the maximum program rents the Underwriter's projected rents collected per unit were calculated by subtracting tenant paid utilities from the 2009 program rent limits. As a result of this difference the Applicant's effective gross income estimate is more than 5% lower than the Underwriter's estimate.

Expense:      Number of Revisions:      none      Date of Last Applicant Revision:      n/a

The Applicant's total annual operating expense projection of \$3,832 per unit is within 5% of the Underwriter's estimate of \$3,912 derived from the TDHCA database and third party data sources; however, some of the Applicant's estimates differ significantly from the Underwriter's, specifically, general and administrative (\$5K lower), payroll and payroll taxes (\$5K lower) repairs and maintenance (\$11K lower), and property taxes (\$16K higher).

**Conclusion:**

The Applicant's estimates of income and net operating income are not within 5% of the Underwriter's estimate; therefore, the Underwriter's Year One proforma is used to determine the development's debt service capacity. Based on the proposed permanent financing structure the Underwriter's DCR is estimated to be 1.41, which exceeds the Department's maximum guideline. However, the DCR only takes debt service on the first lien permanent loan into account. The Applicant's intent for the local HOME funds is to have this be structured as a cash flow loan. Based on the Underwriter's analysis there appears to be sufficient cash flow available to service the proposed local HOME funds at the terms requested by the Applicant and at an acceptable DCR. This will be discussed further in the Conclusions section of the report.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only: 20.823 acres	<u>\$281,010</u>	Tax Year:	<u>2008</u>
Existing Buildings:	<u>\$0</u>	Valuation by:	<u>Jefferson CAD</u>
Total Assessed Value:	<u>\$281,010</u>	Tax Rate:	<u>2.275575</u>

**EVIDENCE of PROPERTY CONTROL**

Type: Commercial Contract - Unimproved Property      Acreage: 22+/- acres

Contract Expiration: 9/30/2009      Valid Through Board Date?       Yes       No

Acquisition Cost: \$710,000      Other: \_\_\_\_\_

Seller: Bar-C Ranch Co., Inc.      Related to Development Team?       Yes       No

Comments:

The Underwriter identified inconsistencies with respect to the total acreage to be purchased. The purchase contract states that 22+/- acres are to be acquired for a total of \$1,100,000. However, a survey provided as an attachment to the contract reflects a total of 23.724 acres. Further the application reflects a different 20 acres to be acquired. As a result the Underwriter asked the Applicant for clarification. The Applicant's latest information indicates that subsequent to receiving the initial survey from the seller, an independent surveyor was hired by the Applicant and provided that there were actually 20.823 acres to be acquired. For purposes of this analysis the Underwriter has reflected this correct acreage. The subject application is to be developed on only 13.02 of the total 20.823 acres.

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: none Date of Last Applicant Revision: n/a

Acquisition Value:

As mentioned previously, the Applicant will acquire more acreage than is proposed to be developed with the subject application. While this is considered to be an unrelated property transfer, the fact that more acreage will be acquired than will be utilized requires that the value ascribed to the proposed development be prorated from the total cost reflected in the site control document (§1.32(e)(1)(A)).

Therefore, the Applicant has confirmed that a total of 20.823 will be acquired with the purchase contract providing for a total cost of \$1.1M. This amounts to \$52,826 per acre. This prorata value applied to the proposed 13.02 acres for the subject supports a cost of \$687,797. The Applicant also included \$10K in closing costs/legal fees. Therefore, the total acquisition price supported amounts to \$697,797, which is less than the Applicant's claimed amount. Should the Applicant's total construction costs be used to determine the recommended credit amount an adjustment to the acquisition cost will be made accordingly.

Sitework Cost:

The Applicant's proposed site work cost of \$9,000 per unit is within the Department's guidelines; therefore, no further third party substantiation is required.

Direct Construction Cost:

The Applicant's direct construction cost is \$383K or 5% lower than the Underwriter's Marshall and Swift Residential Cost Handbook-derived estimate.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's total cost adjusted for the land acquisition discussed above will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$12,571,974 supports annual tax credits of \$1,287,056. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: none Date of Last Applicant Revision: n/a

Source: Bank of America, N.A. Type: Interim to Permanent Financing

Interim: \$7,350,000 Interest Rate: Labor +350bp  Fixed Term: 24 months

Permanent: \$2,830,600 Interest Rate: 7.25%  Fixed Term: 216 months

Comments:

The permanent loan is to have an amortization of 30 years with a term of 18 years; however, Bank of America has stated in its conditional commitment letter that a 30 year term is also available, but at a slightly higher interest rate of approximately 7.68%.

Source: City of Beaumont HOME Loan Type: Interim to Permanent Financing  
 Interim: \$690,000 Interest Rate: TBD  Fixed Term: 24 months  
 Permanent: \$690,000 Interest Rate: TBD  Fixed Term: 360 months  
 Comments:

The Applicant provided an Intent to Request for the local HOME funds. The Underwriter has confirmed, however, that the Applicant's requested terms of the funds include a loan to be structured with a term and amortization of 25 years with interest at or below AFR. According to the Applicant the preference is to have these funds structured as a cash flow loan. Any funding recommendation will be subject to receipt, review and acceptance, by Commitment, of a firm commitment from the City of Beaumont for the requested HOME funds with terms of the funds clearly stated.

Source: Jefferson County HFC Type: Interim Financing  
 Interim: \$280,000 Interest Rate: AFR  Fixed Term: 24 months  
 Comments:

The Applicant intends to obtain a construction loan from the Jefferson County Housing Finance Corporation; however, to date they have not received a commitment.

Source: Bank of America, N.A. Type: Syndication  
 Proceeds: \$9,265,875 Syndication Rate: 72% Anticipated HTC: \$ 1,287,056  
 Expiration: not specified  
 Comments:

The committed credit price appears to be consistent with recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that the credit price can decline to \$0.7175. At this point the financial viability of the transaction may be jeopardized.

Amount: \$985,893 Type: Deferred Developer Fees

## CONCLUSIONS

### Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. The DCR estimate, however, only considers debt service on the first lien permanent loan based on the Applicant's intent to have the local HOME funding structured as a cash flow loan.

For purposes of this underwriting analysis the Underwriter assumes the \$690K local HOME funds will be repayable at the terms requested by the Applicant. This recommended financing structure produces an acceptable DCR that fits within the Department's guidelines. However, should the funds ultimately be structured as a soft loan, the development's DCR would increase above 1.35 and it may become necessary to revisit the serviceable debt assumption which may warrant further adjusting of the credit allocation based on the need to fill the resulting gap in financing. Additionally, if the anticipated local HOME funds are not provided to this development the financial feasibility is placed in jeopardy unless an acceptable alternative funding source can be provided.

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The Applicant's total adjusted development cost estimate less the permanent debt of \$3,520,600 indicates the need for \$10,239,565 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,422,304 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,287,056), the gap-driven amount (\$1,422,304), and eligible basis-derived estimate (\$1,287,056), the Applicant's request of \$1,287,056 is recommended resulting in proceeds of \$9,265,875 based on a syndication rate of 72%.

The Underwriter's recommended financing structure indicates the need for \$973,690 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 15 years of stabilized operation.

Underwriter:	_____	Date:	_____ July 15, 2009
	<i>D.P. Burrell</i>		
Reviewing Underwriter:	_____	Date:	_____ July 15, 2009
	<i>Raquel Morales</i>		
Director of Real Estate Analysis:	_____	Date:	_____ July 15, 2009
	<i>Brent Stewart</i>		



MULTIFAMILY COMPARATIVE ANALYSIS

GraceLake Towne Homes, Beaumont, HTC 9 % #09183

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	1	1	1	700	\$305	\$212	\$212	\$0.30	\$93.00	\$40.00
TC 50%	5	1	1	700	\$508	\$415	\$2,075	\$0.59	\$93.00	\$40.00
TC 60%	8	1	1	700	\$610	\$517	\$4,136	\$0.74	\$93.00	\$40.00
MR	2	1	1	700	\$0	\$650	\$1,300	\$0.93	\$93.00	\$40.00
TC 50%	6	1	1	780	\$508	\$415	\$2,490	\$0.53	\$93.00	\$40.00
TC 60%	8	1	1	780	\$610	\$517	\$4,136	\$0.66	\$93.00	\$40.00
MR	2	1	1	780	\$0	\$650	\$1,300	\$0.83	\$93.00	\$40.00
TC 30%	1	2	2	960	\$366	\$243	\$243	\$0.25	\$123.00	\$45.00
TC 50%	6	2	2	960	\$611	\$488	\$2,928	\$0.51	\$123.00	\$45.00
TC 60%	6	2	2	960	\$733	\$610	\$3,660	\$0.64	\$123.00	\$45.00
MR	3	2	2	960	\$0	\$864	\$2,592	\$0.90	\$123.00	\$45.00
TC 30%	1	2	2	1,039	\$366	\$243	\$243	\$0.23	\$123.00	\$45.00
TC 50%	6	2	2	1,039	\$611	\$488	\$2,928	\$0.47	\$123.00	\$45.00
TC 60%	6	2	2	1,039	\$733	\$610	\$3,660	\$0.59	\$123.00	\$45.00
MR	3	2	2	1,039	\$0	\$864	\$2,592	\$0.83	\$123.00	\$45.00
TC 30%	1	2	2.5	1,086	\$366	\$243	\$243	\$0.22	\$123.00	\$45.00
TC 50%	13	2	2.5	1,086	\$611	\$488	\$6,344	\$0.45	\$123.00	\$45.00
TC 60%	13	2	2.5	1,086	\$733	\$610	\$7,930	\$0.56	\$123.00	\$45.00
MR	5	2	2.5	1,086	\$0	\$864	\$4,320	\$0.80	\$123.00	\$45.00
TC 30%	2	3	2.5	1,302	\$423	\$271	\$542	\$0.21	\$152.00	\$50.00
TC 50%	15	3	2.5	1,302	\$705	\$553	\$8,295	\$0.42	\$152.00	\$50.00
TC 60%	14	3	2.5	1,302	\$846	\$694	\$9,716	\$0.53	\$152.00	\$50.00
MR	1	3	2.5	1,302	\$0	\$946	\$946	\$0.73	\$152.00	\$50.00
<b>TOTAL:</b>	<b>128</b>		<b>AVERAGE:</b>	<b>1,032</b>		<b>\$569</b>	<b>\$72,831</b>	<b>\$0.55</b>	<b>\$122.75</b>	<b>\$45.00</b>

INCOME		Total Net Rentable Sq Ft:	132,080	TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				\$873,972	\$821,928	Jefferson		5
Secondary Income	Per Unit Per Month:	\$14.00		21,504	21,504	\$14.00	Per Unit Per Month	
Other Support Income:				0		\$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				\$895,476	\$843,432			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(67,161)	(63,252)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0				
EFFECTIVE GROSS INCOME				\$828,315	\$780,180			

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.65%	\$365	0.35	\$46,778	\$40,950	\$0.31	\$320	5.25%
Management	5.00%	324	0.31	41,416	39,009	0.30	305	5.00%
Payroll & Payroll Tax	12.09%	782	0.76	100,126	95,000	0.72	742	12.18%
Repairs & Maintenance	9.58%	620	0.60	79,362	67,750	0.51	529	8.68%
Utilities	3.13%	202	0.20	25,901	29,100	0.22	227	3.73%
Water, Sewer, & Trash	5.41%	350	0.34	44,792	41,600	0.31	325	5.33%
Property Insurance	5.48%	355	0.34	45,424	44,000	0.33	344	5.64%
Property Tax	2.27%	8.79%	569	72,818	89,000	0.67	695	11.41%
Reserve for Replacements	3.86%	250	0.24	32,000	32,000	0.24	250	4.10%
TDHCA Compliance Fees	0.54%	35	0.03	4,480	4,500	0.03	35	0.58%
Supportive Svr. & Cable	0.92%	60	0.06	7,620	7,620	0.06	60	0.98%
<b>TOTAL EXPENSES</b>	<b>60.45%</b>	<b>\$3,912</b>	<b>\$3.79</b>	<b>\$500,718</b>	<b>\$490,529</b>	<b>\$3.71</b>	<b>\$3,832</b>	<b>62.87%</b>
<b>NET OPERATING INC</b>	<b>39.55%</b>	<b>\$2,559</b>	<b>\$2.48</b>	<b>\$327,598</b>	<b>\$289,651</b>	<b>\$2.19</b>	<b>\$2,263</b>	<b>37.13%</b>

DEBT SERVICE				TDHCA	APPLICANT			
Bank of America	27.97%	\$1,810	\$1.75	\$231,716	\$231,716	\$1.75	\$1,810	29.70%
City of Beaumont-HOME	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>11.58%</b>	<b>\$749</b>	<b>\$0.73</b>	<b>\$95,882</b>	<b>\$57,935</b>	<b>\$0.44</b>	<b>\$453</b>	<b>7.43%</b>

AGGREGATE DEBT COVERAGE RATIO	1.41	1.25
RECOMMENDED DEBT COVERAGE RATIO	1.26	

CONSTRUCTION COST				TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF TOTAL	
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT					
Acquisition Cost (site or bldg)		4.83%	\$5,452	\$5.28	\$697,797	\$710,000	\$5.38	\$5,547	5.16%
Off-Sites		0.00%	0	0.00	0		0.00	0	0.00%
Sitework		7.97%	9,000	8.72	1,151,992	1,151,992	8.72	9,000	8.36%
Direct Construction		52.88%	59,683	57.84	7,639,374	7,256,644	54.94	56,693	52.69%
Contingency	4.78%	2.91%	3,285	3.18	420,423	420,423	3.18	3,285	3.05%
Contractor's Fees	13.39%	8.15%	9,197	8.91	1,177,184	1,177,184	8.91	9,197	8.55%
Indirect Construction		4.01%	4,527	4.39	579,500	579,500	4.39	4,527	4.21%
Ineligible Costs		4.04%	4,560	4.42	583,725	280,394	2.12	2,191	2.04%
Developer's Fees	14.09%	11.08%	12,500	12.11	1,600,000	1,600,000	12.11	12,500	11.62%
Interim Financing		2.67%	3,017	2.92	386,231	386,231	2.92	3,017	2.80%
Reserves		1.45%	1,641	1.59	210,000	210,000	1.59	1,641	1.52%
<b>TOTAL COST</b>	<b>100.00%</b>	<b>\$112,861</b>	<b>\$109.37</b>	<b>\$14,446,226</b>	<b>\$13,772,368</b>	<b>\$104.27</b>	<b>\$107,597</b>	<b>100.00%</b>	
<b>Construction Cost Recap</b>	<b>71.91%</b>	<b>\$81,164</b>	<b>\$78.66</b>	<b>\$10,388,973</b>	<b>\$10,006,243</b>	<b>\$75.76</b>	<b>\$78,174</b>	<b>72.65%</b>	

SOURCES OF FUNDS				RECOMMENDED			
Bank of America	19.59%	\$22,114	\$21.43	\$2,830,600	\$2,830,600	\$2,830,600	Developer Fee Available
City of Beaumont-HOME	4.78%	\$5,391	\$5.22	690,000	690,000	690,000	\$1,600,000
HTC Syndication Proceeds	64.14%	\$72,390	\$70.15	9,265,875	9,265,875	9,265,875	% of Dev. Fee Deferred
Deferred Developer Fees	6.82%	\$7,702	\$7.46	985,893	985,893	973,690	61%
Additional (Excess) Funds Req'd	4.66%	\$5,265	\$5.10	673,858	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$14,446,226</b>	<b>\$13,772,368</b>	<b>\$13,760,165</b>	<b>\$1,168,432</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*GraceLake Towne Homes, Beaumont, HTC 9 % #09183*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$63.04	\$8,326,323
<b>Adjustments</b>				
Exterior Wall Finish	1.40%		\$0.88	\$116,569
Elderly			0.00	0
9-Ft. Ceilings	3.00%		1.89	249,790
Roofing			0.00	0
Subfloor			(1.21)	(159,817)
Floor Cover			3.16	417,373
Breezeways/Balconies	\$22.95	19,040	3.31	436,968
Plumbing Fixtures	\$1,000	32	0.24	32,000
Rough-ins	\$435	128	0.42	55,680
Built-In Appliances	\$2,500	128	2.42	320,000
Exterior Stairs	\$1,875	0	0.00	0
Hurricane (wind adj)	\$1.03	132,080	1.03	136,042
Heating/Cooling			1.83	241,706
Garages/Carports	\$44.36	6,400	2.15	283,904
Comm &/or Aux Bldgs	\$78.38	2,200	1.31	172,425
Other: fire sprinkler	\$2.15	0	0.00	0
<b>SUBTOTAL</b>			<b>80.47</b>	<b>10,628,963</b>
Current Cost Multiplier	1.01		0.80	106,290
Local Multiplier	0.91		(7.24)	(956,607)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$74.04</b>	<b>\$9,778,646</b>
Plans, specs, survy, bld prm	3.90%		(\$2.89)	(\$381,367)
Interim Construction Interest	3.38%		(2.50)	(330,029)
Contractor's OH & Profit	11.50%		(8.51)	(1,124,544)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$60.14</b>	<b>\$7,942,705</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$2,830,600	Amort	360
Int Rate	7.25%	DCR	1.41

<b>Secondary</b>	\$690,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.41

<b>Additional</b>	\$9,265,875	Amort	
Int Rate		Aggregate DCR	1.41

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$231,716
Secondary Debt Service	27,600
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$68,282</b>

<b>Primary</b>	\$2,830,600	Amort	360
Int Rate	7.25%	DCR	1.41

<b>Secondary</b>	\$690,000	Amort	300
Int Rate	0.00%	Subtotal DCR	1.26

<b>Additional</b>	\$9,265,875	Amort	0
Int Rate	0.00%	Aggregate DCR	1.26

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$873,972	\$891,451	\$909,280	\$927,466	\$946,015	\$1,044,477	\$1,153,187	\$1,273,212	\$1,552,039
Secondary Income	21,504	21,934	22,373	22,820	23,277	25,699	28,374	31,327	38,188
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	895,476	913,386	931,653	950,286	969,292	1,070,177	1,181,562	1,304,539	1,590,226
Vacancy & Collection Loss	(67,161)	(68,504)	(69,874)	(71,271)	(72,697)	(80,263)	(88,617)	(97,840)	(119,267)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$828,315</b>	<b>\$844,882</b>	<b>\$861,779</b>	<b>\$879,015</b>	<b>\$896,595</b>	<b>\$989,913</b>	<b>\$1,092,944</b>	<b>\$1,206,699</b>	<b>\$1,470,959</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$46,778	\$48,182	\$49,627	\$51,116	\$52,649	\$61,035	\$70,757	\$82,026	\$110,236
Management	41,416	42,244	43,089	43,951	44,830	49,496	54,647	60,335	73,548
Payroll & Payroll Tax	100,126	103,130	106,223	109,410	112,692	130,641	151,449	175,571	235,953
Repairs & Maintenance	79,362	81,743	84,195	86,721	89,322	103,549	120,042	139,161	187,021
Utilities	25,901	26,678	27,479	28,303	29,152	33,796	39,178	45,418	61,038
Water, Sewer & Trash	44,792	46,136	47,520	48,946	50,414	58,444	67,752	78,544	105,556
Insurance	45,424	46,786	48,190	49,636	51,125	59,268	68,707	79,651	107,044
Property Tax	72,818	75,003	77,253	79,571	81,958	95,011	110,144	127,688	171,601
Reserve for Replacements	32,000	32,960	33,949	34,967	36,016	41,753	48,403	56,112	75,410
Other	12,100	12,463	12,837	13,222	13,619	15,788	18,302	21,217	28,514
<b>TOTAL EXPENSES</b>	<b>\$500,718</b>	<b>\$515,325</b>	<b>\$530,362</b>	<b>\$545,842</b>	<b>\$561,778</b>	<b>\$648,780</b>	<b>\$749,382</b>	<b>\$865,723</b>	<b>\$1,155,923</b>
<b>NET OPERATING INCOME</b>	<b>\$327,598</b>	<b>\$329,557</b>	<b>\$331,417</b>	<b>\$333,173</b>	<b>\$334,817</b>	<b>\$341,133</b>	<b>\$343,562</b>	<b>\$340,976</b>	<b>\$315,037</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$231,716	\$231,716	\$231,716	\$231,716	\$231,716	\$231,716	\$231,716	\$231,716	\$231,716
Second Lien	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$68,282</b>	<b>\$70,241</b>	<b>\$72,101</b>	<b>\$73,856</b>	<b>\$75,501</b>	<b>\$81,817</b>	<b>\$84,246</b>	<b>\$81,659</b>	<b>\$55,720</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.26</b>	<b>1.27</b>	<b>1.28</b>	<b>1.28</b>	<b>1.29</b>	<b>1.32</b>	<b>1.32</b>	<b>1.31</b>	<b>1.21</b>

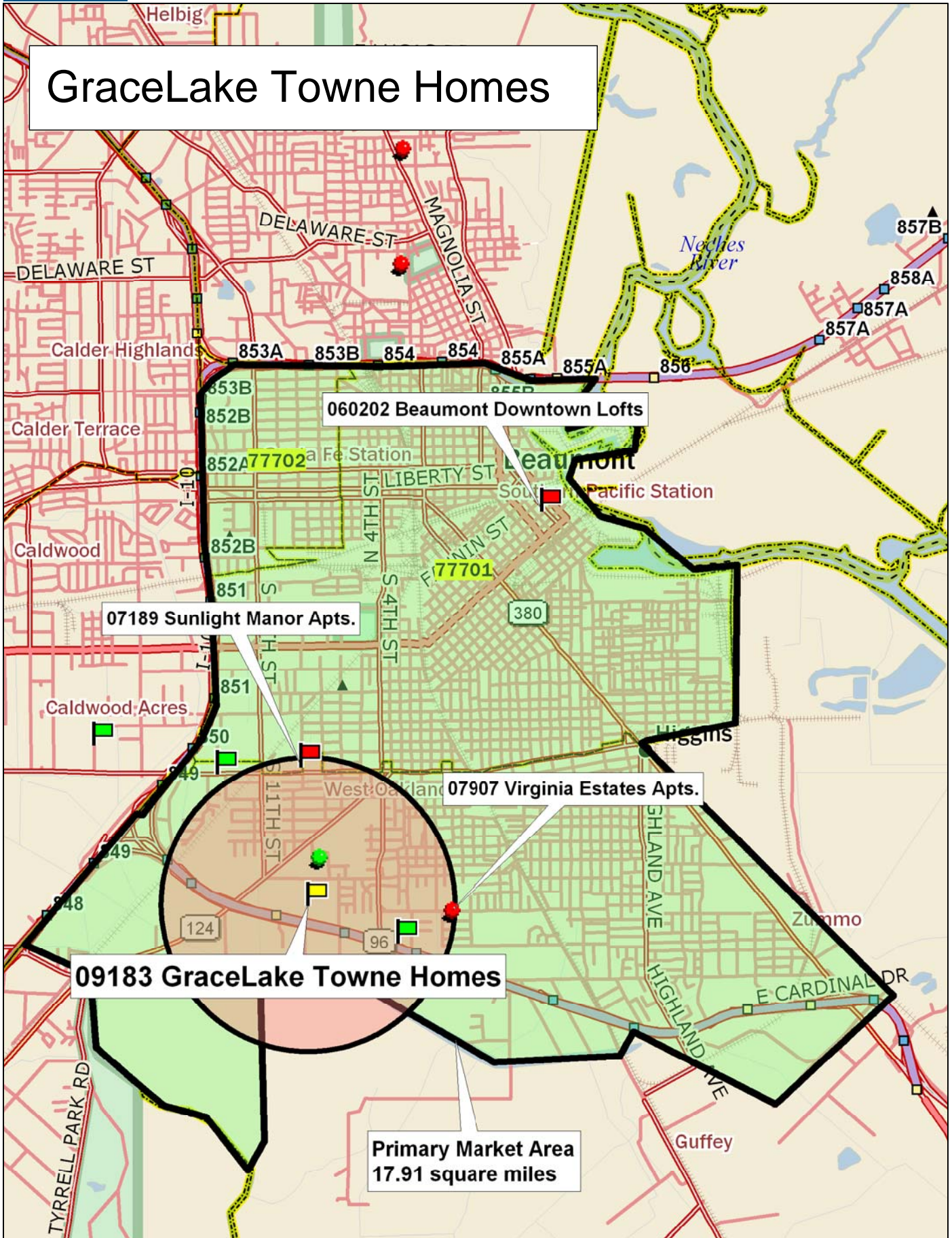
**HTC ALLOCATION ANALYSIS -GraceLake Towne Homes, Beaumont, HTC 9 % #09183**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$710,000	\$697,797		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,151,992	\$1,151,992	\$1,151,992	\$1,151,992
<b>Construction Hard Costs</b>	\$7,256,644	\$7,639,374	\$7,256,644	\$7,639,374
<b>Contractor Fees</b>	\$1,177,184	\$1,177,184	\$1,177,184	\$1,177,184
<b>Contingencies</b>	\$420,423	\$420,423	\$420,423	\$420,423
<b>Eligible Indirect Fees</b>	\$579,500	\$579,500	\$579,500	\$579,500
<b>Eligible Financing Fees</b>	\$386,231	\$386,231	\$386,231	\$386,231
<b>All Ineligible Costs</b>	\$280,394	\$583,725		
<b>Developer Fees</b>				
Developer Fees	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000
<b>Development Reserves</b>	\$210,000	\$210,000		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$13,772,368</b>	<b>\$14,446,226</b>	<b>\$12,571,974</b>	<b>\$12,954,704</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$12,571,974	\$12,954,704
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$16,343,566	\$16,841,116
Applicable Fraction		87.50%	87.50%
<b>TOTAL QUALIFIED BASIS</b>		\$14,300,620	\$14,735,976
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,287,056	\$1,326,238

<b>Syndication Proceeds</b>	<b>0.7199</b>	<b>\$9,265,874</b>	<b>\$9,547,956</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,287,056</b>	<b>\$1,326,238</b>
<b>Syndication Proceeds</b>		<b>\$9,265,874</b>	<b>\$9,547,956</b>
<b>Requested Tax Credits</b>		<b>\$1,287,056</b>	
<b>Syndication Proceeds</b>		<b>\$9,265,875</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$10,239,565</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,422,304</b>	

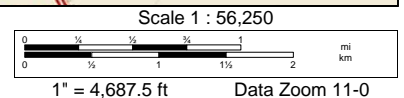
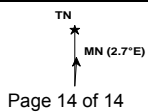
# GraceLake Towne Homes



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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Oakmont Apts, TDHCA Number 09184**

BASIC DEVELOPMENT INFORMATION

Site Address: 711 Interstate 10 East Development #: 09184  
 City: Orange Region: 5 Population Served: General  
 County: Orange Zip Code: 77630 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Orange Oakmont, LP  
 Owner Contact and Phone: K.T. (Ike) Akbari, (409) 724-0020  
 Developer: Itex Developers, LLC  
 Housing General Contractor: TBD  
 Architect: TBD  
 Market Analyst: The Gerald A. Teel Company, Inc.  
 Syndicator: Bank of America, NA  
 Supportive Services: Itex Property Management, LLC  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	80	
	4	0	36	40	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	24	40	16	0	0	
Type of Building:						Total Development Units:	80
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$8,702,218
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	5
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$921,300	\$910,348			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Oakmont Apts, TDHCA Number 09184

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Williams, District 4, S

Points: 14 US Representative: Brady, District 8, NC

TX Representative: Deshotel, District 22, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 5

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

First Baptist Church Orange, S, Barry Bradley, Pastor

Colonial Christian Community Church, S, Larry Phillips, Pastor

Neighborhood Development Corp, S, Debra S. Huffman, Executive Director

**General Summary of Comment:**

Letter of support from elected official and city resolution in support as well.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance, by Cost Certification, of an attorney or CPA opinion clearly establishing that the proposed HOME loan can be considered to be a valid debt with the reasonable expectation of full repayment.
2. Receipt, review, and acceptance, by Carryover, of documentation that a noise study has been completed to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.
3. Receipt, review and acceptance, by Commitment, of a corrected market study (or addendum) with an overall capture rate calculation pursuant to the REA Rules.
4. Receipt, review and acceptance, by Carryover, of evidence of appropriate zoning allowing for multifamily development.
5. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the allocation amount may be warranted.
6. Receipt of a commitment of funding from City of Orange HOME funds in the amount of \$429,000 or a commitment from a qualifying substitute source in an amount not less than \$261,067, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.
7. Receipt of a commitment of funding from TAT Commercial Investments for funds in the amount of \$174,045, or a commitment from a qualifying substitute source (s) in an amount not less than \$174,045 as required by §49.9(i)(27) of the 2009 QAP. The provider of funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Oakmont Apts, TDHCA Number 09184**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **13**

Total # Monitored: **7**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **197**  Meeting a Required Set-Aside Credit Amount\*: \$910,348

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/20/09 PROGRAM: HTC 9 % FILE NUMBER: 09184

DEVELOPMENT																					
Oakmont Apartments																					
Location: 711 IH 10					Region: 5																
City: Orange	County: Orange	Zip: 77630	<input checked="" type="checkbox"/> OCT	<input checked="" type="checkbox"/> DDA																	
Key Attributes: Family, Rural, New Construction																					
ALLOCATION																					
	REQUEST			RECOMMENDATION																	
TDHCA Program	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term															
Housing Tax Credit (Annual)	\$921,300			<b>\$910,348</b>																	
CONDITIONS																					
<ol style="list-style-type: none"> <li>1 Receipt, review, and acceptance, by Cost Certification, of an attorney or CPA opinion clearly establishing that the proposed HOME loan can be considered to be a valid debt with the reasonable expectation of full repayment.</li> <li>2 Receipt, review, and acceptance, by Carryover, of documentation that a noise study has been completed to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.</li> <li>3 Receipt, review and acceptance, by Commitment, of a corrected market study (or addendum) with an overall capture rate calculation pursuant to the REA Rules.</li> <li>4 Receipt, review and acceptance, by Carryover, of evidence of appropriate zoning allowing for multifamily development.</li> <li>5 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.</li> </ol>																					
SALIENT ISSUES																					
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">TDHCA SET-ASIDES for LURA</th> </tr> <tr> <th style="text-align: center;">Income Limit</th> <th style="text-align: center;">Rent Limit</th> <th style="text-align: center;">Number of Units</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">4</td> </tr> <tr> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">36</td> </tr> <tr> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">40</td> </tr> </tbody> </table>							TDHCA SET-ASIDES for LURA			Income Limit	Rent Limit	Number of Units	30% of AMI	30% of AMI	4	50% of AMI	50% of AMI	36	60% of AMI	60% of AMI	40
TDHCA SET-ASIDES for LURA																					
Income Limit	Rent Limit	Number of Units																			
30% of AMI	30% of AMI	4																			
50% of AMI	50% of AMI	36																			
60% of AMI	60% of AMI	40																			
STRENGTHS/MITIGATING FACTORS			WEAKNESSES/RISK																		
<ul style="list-style-type: none"> <li>▫ Overall capture rate is 24%, comparable LIHTC and conventional developments are reported at 99% and 96% occupied, respectively.</li> </ul>			<ul style="list-style-type: none"> <li>▫ 60% AMI two and three bedroom units have capture rates greater than 100%.</li> </ul>																		
This section intentionally left blank.																					



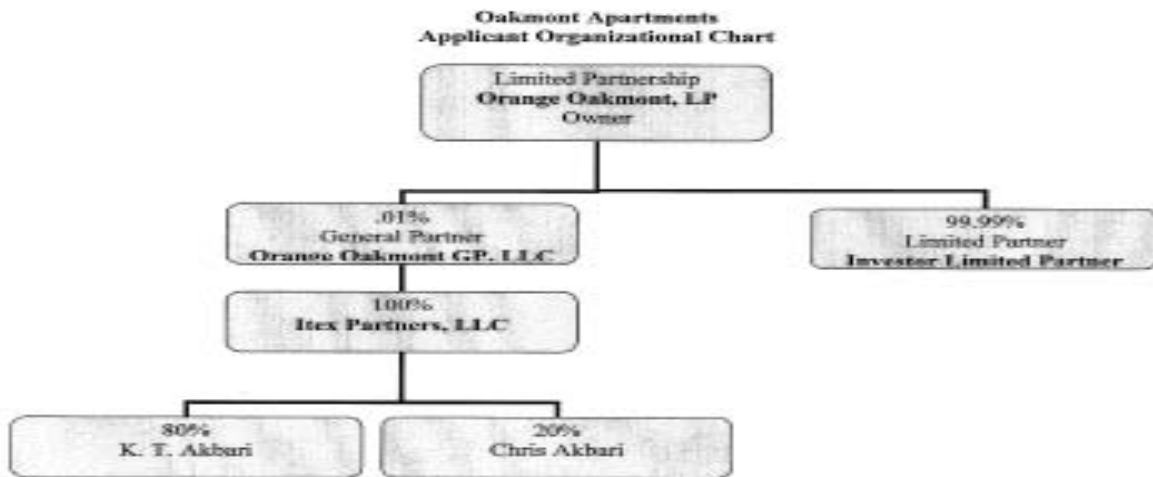
- Market analyst reports "long" waiting lists at other LIHTC developments.
- Principals of Applicant demonstrate LIHTC development experience.
- Applicant's expense to income ratio is 64.72% which is just below the 65% guideline.
- Based on both the Applicant's and Underwriter's proformas, the projected local HOME loan cannot be repaid from 25 year cash flow.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: K.T. (Ike) Akbari Phone: (409) 724-0020 Fax: (409) 721-6603  
 Email: ikeakbari@itexmgt.com

**KEY PARTICIPANTS**

Name	Net Assets	Liquidity <sup>1</sup>	# Completed Developments
K.T. (Ike) Akbari	N/A		13
Chris Akbari	N/A		7

<sup>1</sup> Liquidity = Current Assets - Current Liabilities

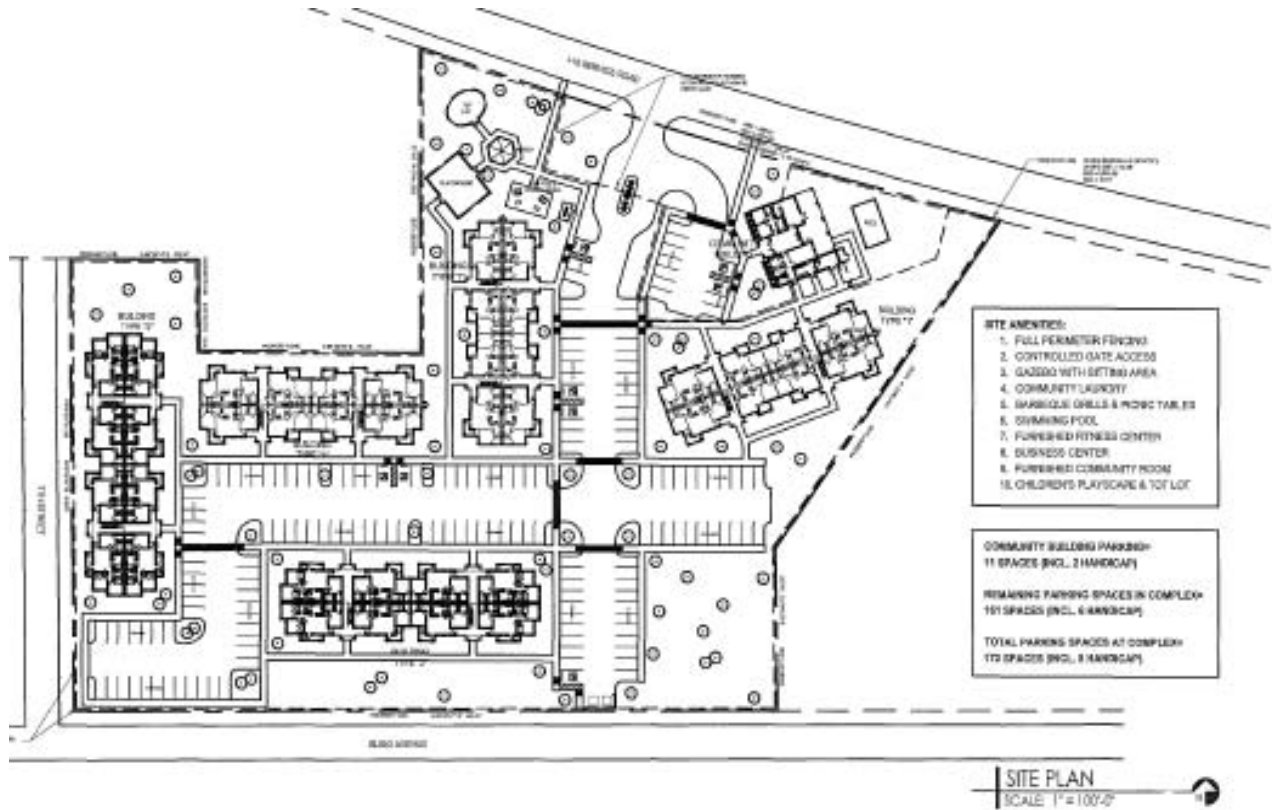
**IDENTITIES of INTEREST**

- The Applicant, Developer, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

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**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	1	2																			Total Buildings	
Floors/Stories	2	2																				
Number	3	2																				5

BR/BA	SF	Units										Total Units	Total SF	
1BR/1BA	700	8											24	16,800
2BR/2BA	960	8	8										40	38,400
3BR/2BA	1,075		8										16	17,200
Units per Building		16	16										80	72,400

**SITE ISSUES**

Total Size: 5.69 acres      Scattered site?       Yes       No

Flood Zone: X      Within 100-yr floodplain?       Yes       No

Zoning: IBD      Needs to be re-zoned?       Yes       No       N/A

Comments:

The subject property is currently zoned "IBD" Interstate Development Corridor which is not an acceptable use for multifamily residential apartments, therefore, the Applicant and the Seller is working to obtain "C-2" Light Commercial zoning which is an acceptable zoning for multifamily residential apartments.

**TDHCA SITE INSPECTION**

Inspector: ORCA Staff Date: 4/16/2009

Overall Assessment:

- Excellent   
  Acceptable   
  Questionable   
  Poor   
  Unacceptable

Surrounding Uses:

North: IH 10 / wooded area beyond      East: IH 10 / wooded area beyond  
 South: Lot / church/ wooded beyond      West: IH 10 / mixed commercial / wooded

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Medina Consulting Company, Inc. Date: 2/10/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "Based on the results of this assessment, MCC has determined that no "Recognized Environmental Conditions", as defined by ASTM, were identified in connection with activities at the subject property. Additionally, the surrounding properties do not appear to pose a potential environmental concern to the Site." (p. ii)
- "For the purposes of compliance with HUD requirements for applications for HUD funding or tax credits, MCC recommends a Noise Survey be performed for the Site."

Comments:

Any funding recommendation will be subject to receipt, review, and acceptance, by carryover, of documentation that a noise study has been completed to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.

**MARKET HIGHLIGHTS**

Provider: Gerald A. Teel Company Date: 3/21/2009

Contact: Tim Treadway Phone: (713) 467-5858 Fax: (713) 467-0704

Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA):      382 sq. miles      11 mile equivalent radius

"The immediate competitive area is the City of Orange and portions of the neighboring communities of Beaumont, Bridge City, Groves, Port Arthur, Nederland, Vidor, and other communities within the Golden Triangle. The primary market area is considered the City of Orange and immediate surrounding areas, including the whole of Orange County." (p. 4) Orange County had an estimated 2008 population of 85,453, comprised of 32,445 households.

Secondary Market Area (SMA):

"The secondary market would be the adjoining communities neighboring Jefferson County, including portions of Beaumont, Bridge City, Port Arthur, Groves, Nederland, Vidor, Port Neches and parts of Louisiana if applicable. The secondary market has not been considered in this analysis." (p. 4)

**PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS**

PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
Twelve Oaks	060092	70	70				
Cypresswood Crossing	07093	76	76				
Orange Navy Homes	07905	115	115				
Arbor Pines Apt Homes	09162	senior					

INCOME LIMITS						
Orange						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$11,400	\$13,050	\$14,650	\$16,300	\$17,600	\$18,900
40	\$15,200	\$17,360	\$19,560	\$21,720	\$23,440	\$25,200
50	\$19,000	\$21,700	\$24,450	\$27,150	\$29,300	\$31,500
60	\$22,800	\$26,040	\$29,340	\$32,580	\$35,160	\$37,800

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	106	138	0	244	2	0	1%
1 BR/50%	170	-81	0	89	16	0	18%
1 BR/60%	188	-109	0	79	6	0	8%
2 BR/30%	109	9	0	118	1	0	1%
2 BR/50%	63	217	0	280	14	0	5%
2 BR/60%	145	-34	0	111	25	0	23%
3 BR/30%	55	8	0	63	1	0	2%
3 BR/50%	62	228	0	290	6	0	2%
3 BR/60%	21	330	0	351	9	0	3%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	36	0	0	37	2	4	16%
1 BR/50%	62	0	0	62	16	0	26%
1 BR/60%	46	-1	0	46	6	28	75%
2 BR/30%	35	-1	0	34	1	6	21%
2 BR/50%	74	-3	0	71	14	0	20%
2 BR/60%	81	-3	0	78	25	58	106%
3 BR/30%	30	-1	0	29	1	11	42%
3 BR/50%	43	-2	0	41	6	0	15%
3 BR/60%	62	-3	0	60	9	154	273%

OVERALL DEMAND										
	Target Households	Household Size	Income Eligible	Tenure	Demand					
					PMA DEMAND from TURNOVER					turnover
Market Analyst	30%								46%	272
Market Analyst	50%								46%	708
Market Analyst	60%								46%	758
Underwriter	100%	3,204	96%	3,067	0%	0	0%	3,067	46%	1,411
					PMA DEMAND from GROWTH					growth
Market Analyst	30%									6
Market Analyst	50%									8
Market Analyst	60%									8
Underwriter	100%	0	96%	0	0%	0	0%	0	100%	3

This section intentionally left blank.

INCLUSIVE CAPTURE RATE							
		Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst	30%	4	0	0	4	278	1%
Market Analyst	50%	36	0	0	36	716	5%
Market Analyst	60%	40	0	0	40	766	5%
Underwriter		80	261	0	341	1,414	24%

**Proposed, Under Construction, and Unstabilized Comparable Supply:**

The Market Analyst reports that "the competitive product similar in age and appeal is completely absorbed and there are waiting lists in place. Therefore, the capture rate and inclusive capture rate are equal". (p. 71) However, the Underwriter has determined that two properties, although currently fully occupied, do not meet the definition of "stabilized" (i.e. having maintained greater than 90% occupancy for at least twelve months). Twelve Oaks Apartments (# 060092) is a 70 unit family development approximately 16 miles to the west in Vidor; Department Data indicates that in March 2008, less than twelve months before the current application cycle, Twelve Oaks was only 54% occupied. Cypresswood Crossing (# 07093) is a 76 unit family development located four miles to the southwest in the City of Orange; Cypresswood did not place in service until June of 2008. Also, Orange Navy Homes (# 07905) is a CDBG reconstruction development located less than a mile from the subject. This development is currently under construction, and will consist of 115 three-bedroom units.

The underwriting analysis includes Twelve Oaks, Cypresswood Crossing, and Orange Navy Homes as comparable supply in calculating the capture rate.

**Supply and Demand Analysis:**

The Market Analyst provides separate calculations of demand for units restricted at 30%, 50%, and 60% of AMI. This does not conform to TDHCA requirements for an overall demand calculation; this method tends to overstate demand because many households qualify under more than one income band, and for more than one unit size.

The market study identifies total demand for 278 units at 30% of AMI; total demand for 716 units at 50%; and total demand for 766 units at 60%. Since only the subject units were considered as comparable supply, the Market Analyst reports capture rates of 1% for the 30% units, 5% for the 50% units, and 5% for the 60% units.

The underwriting analysis calculates total demand for 1,414 units, and considers a total supply of 341 units (70 at Twelve Oaks, 76 at Cypresswood Crossing, 115 at Orange Navy Homes, and 80 at the subject); this results in an inclusive capture rate of 24%; this satisfies the maximum rate of 75% for rural developments.

**Primary Market Occupancy Rates:**

"All of the properties surveyed represent newer projects that are available in the subject's market area. The HTC properties were built between 1999 and 2008 and have reported occupancy levels ranging from 99% to 100%, with a mean of 99.7%. The seven conventional market rate properties were completed from 1999 to 2006 and have reported occupancy levels ranging from 91% to 100%, with a weighted average by project of approximately 96.1%. All of the properties surveyed were operating at or near stabilized occupancy levels." (p. 26)

**Absorption Projections:**

"Based on current market conditions, as well as anticipated market conditions in the near term, we consider an overall stabilized occupancy rate of 94% to be reasonable. The newer product that has come on line in recent years has been well received in the market place. As long as the population and household growth continues at its current pace, additional units are anticipated to be needed in the near future." (p. 26)

**This section intentionally left blank.**

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	700 SF	30%	\$226	\$243	\$725	\$243	\$482
1 BR	700 SF	50%	\$419	\$446	\$725	\$446	\$279
1 BR	700 SF	60%	\$516	\$548	\$725	\$548	\$177
2 BR	960 SF	30%	\$263	\$283	\$975	\$283	\$692
2 BR	960 SF	50%	\$495	\$528	\$975	\$528	\$447
2 BR	960 SF	60%	\$611	\$650	\$975	\$650	\$325
3 BR	1,075 SF	30%	\$286	\$319	\$1,090	\$319	\$771
3 BR	1,075 SF	50%	\$554	\$601	\$1,090	\$601	\$489
3 BR	1,075 SF	60%	\$687	\$742	\$1,090	\$742	\$348

Market Impact:

"The proposed subject project will represent a community that will be similar to most of the new HTC projects but superior to most of the conventional properties in the market area. The subject project will offer similar amenities and construction quality similar to other HTC projects and will represent some of the newer and more desirable multifamily product in the area. Overall, the subject property appears to be viable in this area. There are currently long waiting lists for restricted rent/HTC properties in Orange" (p. 26)

Comments:

The analysis provided by the market study fails to follow the requirements set forth in the Real Estate Analysis Rules; however, the information provided is sufficient to allow the Underwriter to support a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      1      Date of Last Applicant Revision:      5/27/2009

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utilities maintained by the Housing Authority of the City of Orange from the 2009 program rent limits. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. Tenants will be required to pay electrical costs. The Underwriter's projected rents collected per unit is slightly higher than the Applicant's because the Underwriter used 2009 program rent limits, but the Applicant calculated a slightly higher utility allowance amount on the 3 bedroom units. The Applicant overstated allowances by \$10 for 3 bedroom units.

Expense:      Number of Revisions:      1      Date of Last Applicant Revision:      5/27/2009

The Applicant's total annual operating expense projection of \$4,138 per unit is within 5% of the Underwriter's estimate of \$4,267 derived from the TDHCA database, third party data sources, and actual expenses for a comparable development in the Applicant's portfolio, Cypresswood Crossing, a 76 unit, family development in Orange. However, the Applicant's estimates of several line items differ significantly from the Underwriter's, specifically, repairs and maintenance (\$18.7K or 39% lower), utilities (\$11K or 73% higher), water, sewer and trash (\$29.8K or 69% lower) and property tax (\$13.3K or 37% higher). For repairs and maintenance, utilities, and water, sewer, trash the Underwriter relied on actual expenses from Cypresswood Crossing to estimate expenses for the subject development.

Conclusion:

The Applicant's estimate of effective gross income, total expense and net operating income are all within 5% of the Underwriter's estimates; therefore, the Applicant's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR). The proposed permanent financing structure results in an initial year's debt coverage ratio of 1.31.

The Applicant's expense to income ratio of 64.72% is below the Department's 65% maximum ratio and is considered acceptable. The Underwriter's expense to income ratio of 66.52% is higher than the Department's maximum 65%; however, because the Applicant's effective gross income, operating expenses and net operating income are all within 5% of the Underwriter's projections, the Applicant's estimates will be used to determine the development's debt service capability and feasibility.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	5.69 acres	\$39,503	Tax Year:	2008
Existing Buildings:		\$0	Valuation by:	Orange CAD
Total Assessed Value:		\$39,503	Tax Rate:	2.52012

**EVIDENCE of PROPERTY CONTROL**

Type:	Commercial Contract - Unimproved Property		Acreage:	5.9
Contract Expiration:	9/30/2009	Valid Through Board Date?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Acquisition Cost:	\$400,000	Other:		
Seller:	Edward & Clara Hawthorne	Related to Development Team?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: 1 Date of Last Applicant Revision: 5/27/2009

Acquisition Value:

The site cost of \$70,299 per acre or \$ 5,000 per unit is assumed to be reasonable since the acquisition is an arm's length transaction. Although the contract is for a larger portion of land than the development is intended to occupy, the Applicant explained that the discrepancy is due to a difference in the legal description used for the contract, as opposed to a survey completed later. For this reason, the acquisition price has not been prorated by the Underwriter.

Sitework Cost:

The Applicant's proposed site work cost of \$8,999 per unit is within the Department's guidelines; therefore, no further third party substantiation is required.

Direct Construction Cost:

The Applicant's direct construction cost is \$293K or 8% higher than the Underwriter's Marshall and Swift Residential Cost Handbook-derived estimate and is considered to be reasonable.

Interim Interest Expense:

The Underwriter reduced the Applicant's eligible interest expense by \$81,286 to limit eligible interest expense to one year of fully drawn interest. The Underwriter increased ineligible expenses by the same amount.

This section intentionally left blank.

Contingency & Fees:

Eligible developer fees are overstated by \$12,320 and accordingly have been reduced by this amount.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$7,780,750 supports annual tax credits of \$910,348. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: 1 Date of Last Applicant Revision: 5/27/2009

Source: Bank of America, N.A. Type: Interim to Permanent Financing

Interim: \$4,700,000 Interest Rate: Libor + 350bps  Fixed Term: 24 months  
Permanent: \$1,598,842 Interest Rate: 7.75%  Fixed Term: 216 months

Comments:

*Construction Loan:* The interest rate on the construction loan will float and will be equal to the one-month LIBOR plus 350 basis points. From the date of the commitment to the date of this report the one-month LIBOR has been approximately 0.3%. The Underwriter has assumed a LIBOR of 0.5% for the purpose of calculating eligible interim interest expense.

*Permanent Loan:* The interest rate on the permanent loan will be locked immediately prior to construction loan closing. Bank of America (BOA) used an underwriting rate of 7.75%, which has also been used by the Underwriter. The loan is to have an amortization of 30 years with a term of 18 years; however, BOA has stated in its conditional commitment letter that a 30 year term is also available, but at a slightly higher interest rate of approximately 7.93%.

Source: Orange Rural Consortium HOME Loan Type: Interim to Permanent Financing

Interim: \$429,000 Interest Rate: TBD  Fixed Term: 0 months  
Permanent: \$429,000 Interest Rate: AFR  Fixed Term: 300 months

Comments:

*Construction Loan:* The interest rate on the construction loan was not specified in any application exhibit; however, the QAP scoring item for which this source was submitted requires a rate at or below AFR. For this reason, the Underwriter used the short term AFR for July 2009, 0.82% for the purpose of calculating eligible interim interest expense.

*Permanent Loan:* This is to be a HOME loan through the Orange Rural Consortium. The Applicant submitted an intent to apply for a cash flow loan at AFR with a term of 25 years. The Underwriter is concerned about the structure of the loan as subject to available cash flow, as there is insufficient 25 year cash flow to repay principal and accrued interest. As a result, a condition to this report is that the Applicant submit to the Department a CPA or attorney opinion confirming that the loan can be repaid and thus may be considered true debt.

Source: Tat Commercial Investments Type: Interim Financing

Principal: \$174,045 Interest Rate: AFR  Fixed Amort: 12 months

Comments:

The interest rate will be at AFR. The Underwriter assumed the short term AFR for July 2009, 0.82% for the purpose of calculating eligible interim interest expense.



Source: Bank of America, N.A. Type: Syndication  
 Proceeds: \$6,633,360 Syndication Rate: 72% Anticipated HTC: \$ 921,300  
 Commitment Expiration: Date not specified  
 Amount: \$212,058 Type: Deferred Developer Fees

Comments:

The committed credit price appears to be consistent with recent trends in pricing. However, due to the recent volatility in credit pricing, it should be noted, any decrease in rate could increase the amount of deferred developer fee. A decrease below \$0.6608 per dollar of credit may jeopardize the financial viability of the transaction. Alternatively, should the final credit price increase to more than \$0.7332, under the recommended financing structure all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

**CONCLUSIONS**

Recommended Financing Structure:

The Applicant's total development cost estimate less the permanent loans of \$2,027,842 indicates the need for \$6,674,376 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$926,997 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

<b><u>Allocation determined by eligible basis:</u></b>	<b><u>\$910,348</u></b>
Allocation determined by gap in financing:	\$926,997
Allocation requested by the Applicant:	\$921,300

The eligible basis-derived estimate of \$910,348 is recommended resulting in proceeds of \$6,554,504 based on a syndication rate of 72%. The Underwriter's recommended financing structure indicates the need for \$119,872 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 3 years of stabilized operations.

As previously mentioned, the Underwriter is concerned about the availability of sufficient cash flow to repay the proposed Orange Rural Consortium HOME loan. The Applicant's proforma does not indicate sufficient 25 year cash flow to repay this loan. This report is conditioned on the receipt of a CPA or attorney opinion establishing that the HOME loan can be considered valid debt with the reasonable expectation of repayment.

Underwriter:	<u>D.P. Burrell</u>	Date:	<u>July 20, 2009</u>
Reviewing Underwriter:	<u>Audrey Martin</u>	Date:	<u>July 20, 2009</u>
Director of Real Estate Analysis:	<u>Brent Stewart</u>	Date:	<u>July 20, 2009</u>

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Oakmont Apartments, Orange, HTC 9 % #09184**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	2	1	1	700	\$305	\$243	\$486	\$0.35	\$62.00	\$44.00
TC 50%	16	1	1	700	\$508	\$446	\$7,136	\$0.64	\$62.00	\$44.00
TC 60%	6	1	1	700	\$610	\$548	\$3,288	\$0.78	\$62.00	\$44.00
TC 30%	1	2	2	960	\$366	\$283	\$283	\$0.29	\$83.00	\$53.00
TC 50%	14	2	2	960	\$611	\$528	\$7,392	\$0.55	\$83.00	\$53.00
TC 60%	25	2	2	960	\$733	\$650	\$16,250	\$0.68	\$83.00	\$53.00
TC 30%	1	3	2	1,075	\$423	\$319	\$319	\$0.30	\$104.00	\$61.00
TC 50%	6	3	2	1,075	\$705	\$601	\$3,606	\$0.56	\$104.00	\$61.00
TC 60%	9	3	2	1,075	\$846	\$742	\$6,678	\$0.69	\$104.00	\$61.00
<b>TOTAL:</b>	<b>80</b>		<b>AVERAGE:</b>	<b>905</b>		<b>\$568</b>	<b>\$45,438</b>	<b>\$0.63</b>	<b>\$80.90</b>	<b>\$51.90</b>

**INCOME**

Total Net Rentable Sq Ft: 72,400

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$10.00

Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	5.31%	\$340	0.38
Management	4.10%	263	0.29
Payroll & Payroll Tax	14.61%	938	1.04
Repairs & Maintenance	9.26%	594	0.66
Utilities	2.93%	188	0.21
Water, Sewer, & Trash	8.47%	543	0.60
Property Insurance	9.12%	585	0.65
Property Tax 2.52012	7.00%	449	0.50
Reserve for Replacements	3.90%	250	0.28
TDHCA Compliance Fees	0.62%	40	0.04
Supportive Svr. & Cable	1.19%	77	0.08

**TOTAL EXPENSES**

**NET OPERATING INC**

**DEBT SERVICE**

Bank of America, N.A.	26.78%	\$1,718	\$1.90
Orange Consortium HOME Loan	5.03%	\$323	\$0.36
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>1.67%</b>	<b>\$107</b>	<b>\$0.12</b>

**AGGREGATE DEBT COVERAGE RATIO**

**RECOMMENDED DEBT COVERAGE RATIO**

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		4.89%	\$5,063	\$5.59	\$405,000	\$405,000	\$5.59	\$5,063	4.65%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.69%	8,999	9.94	719,920	719,920	9.94	8,999	8.27%
Direct Construction		46.88%	48,577	53.68	3,886,151	4,179,193	57.72	52,240	48.02%
Contingency	5.00%	2.78%	2,879	3.18	230,304	244,951	3.38	3,062	2.81%
Contractor's Fees	14.00%	7.78%	8,061	8.91	644,850	685,861	9.47	8,573	7.88%
Indirect Construction		7.61%	7,888	8.72	631,000	631,000	8.72	7,888	7.25%
Ineligible Costs		3.55%	3,677	4.06	294,148	294,148	4.06	3,677	3.38%
Developer's Fees	15.00%	11.61%	12,032	13.30	962,575	1,027,200	14.19	12,840	11.80%
Interim Financing		3.68%	3,812	4.21	304,945	304,945	4.21	3,812	3.50%
Reserves		2.53%	2,625	2.90	210,000	210,000	2.90	2,625	2.41%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$103,611</b>	<b>\$114.49</b>	<b>\$8,288,893</b>	<b>\$8,702,218</b>	<b>\$120.20</b>	<b>\$108,778</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>66.13%</b>	<b>\$68,515</b>	<b>\$75.71</b>	<b>\$5,481,225</b>	<b>\$5,829,925</b>	<b>\$80.52</b>	<b>\$72,874</b>	<b>66.99%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
Bank of America, N.A.	19.29%	\$19,986	\$22.08	\$1,598,842	\$1,598,842	\$1,598,842	Developer Fee Available
Orange Consortium HOME Loan	5.18%	\$5,363	\$5.93	429,000	429,000	429,000	\$1,014,880
HTC Syndication Proceeds	80.03%	\$82,917	\$91.62	6,633,360	6,633,360	6,554,504	% of Dev. Fee Deferred
Deferred Developer Fees	0.49%	\$513	\$0.57	41,016	41,016	119,872	12%
Additional (Excess) Funds Req'd	-4.99%	(\$5,167)	(\$5.71)	(413,325)	0	(0)	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$8,288,893</b>	<b>\$8,702,218</b>	<b>\$8,702,218</b>	<b>\$658,860</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Oakmont Apartments, Orange, HTC 9 % #09184*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$56.38	\$4,081,977
<b>Adjustments</b>				
Exterior Wall Finish	1.60%		\$0.90	\$65,312
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.00%		1.69	122,459
Roofing			0.00	0
Subfloor			(1.21)	(87,604)
Floor Cover			2.38	172,312
Breezeways/Balconies	\$22.31	8,360	2.58	186,512
Plumbing Fixtures	\$835	168	1.94	140,280
Rough-ins	\$410	80	0.45	32,800
Built-In Appliances	\$1,800	80	1.99	144,000
Exterior Stairs	\$1,875	20	0.52	37,500
Enclosed Corridors	\$46.46	0	0.00	0
Heating/Cooling			1.83	132,492
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$78.38	2,200	2.38	172,425
Other: fire sprinkler	\$2.15	0	0.00	0
<b>SUBTOTAL</b>			<b>71.83</b>	<b>5,200,465</b>
Current Cost Multiplier	1.01		0.72	52,005
Local Multiplier	0.91		(6.46)	(468,042)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$66.08</b>	<b>\$4,784,427</b>
Plans, specs, survy, bld prm	3.90%		(\$2.58)	(\$186,593)
Interim Construction Interest	3.38%		(2.23)	(161,474)
Contractor's OH & Profit	11.50%		(7.60)	(550,209)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$53.68</b>	<b>\$3,886,151</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,598,842	Amort	360
Int Rate	7.75%	DCR	1.25

<b>Secondary</b>	\$429,000	Amort	300
Int Rate	3.52%	Subtotal DCR	1.05

<b>Additional</b>	\$6,633,360	Amort	
Int Rate		Aggregate DCR	1.05

**RECOMMENDED FINANCING STRUCTURE**

**APPLICANT'S NOI:**

Primary Debt Service	\$137,452
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$42,980</b>

<b>Primary</b>	\$1,598,842	Amort	360
Int Rate	7.75%	DCR	1.31

<b>Secondary</b>	\$429,000	Amort	0
Int Rate	3.52%	Subtotal DCR	1.31

<b>Additional</b>	\$6,633,360	Amort	0
Int Rate	0.00%	Aggregate DCR	1.31

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

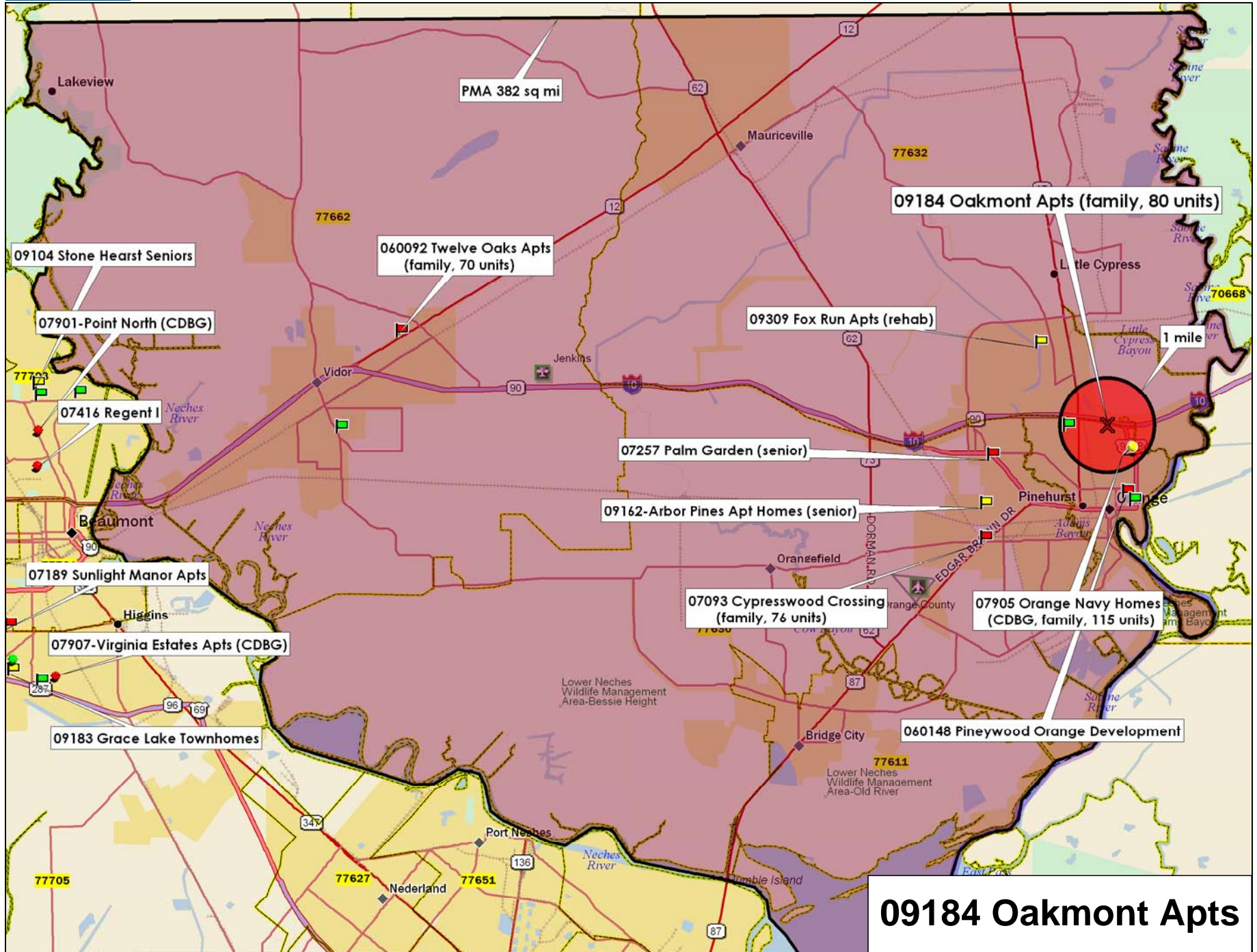
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$543,336	\$554,203	\$565,287	\$576,593	\$588,124	\$649,337	\$716,920	\$791,538	\$964,880
Secondary Income	9,600	9,792	9,988	10,188	10,391	11,473	12,667	13,985	17,048
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	552,936	563,995	575,275	586,780	598,516	660,810	729,587	805,523	981,928
Vacancy & Collection Loss	(41,472)	(42,300)	(43,146)	(44,009)	(44,889)	(49,561)	(54,719)	(60,414)	(73,645)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$511,464	\$521,695	\$532,129	\$542,772	\$553,627	\$611,249	\$674,868	\$745,109	\$908,284
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$28,096	\$28,939	\$29,807	\$30,701	\$31,622	\$36,659	\$42,498	\$49,267	\$66,210
Management	25,568	26,079	26,601	27,133	27,676	30,556	33,737	37,248	45,405
Payroll & Payroll Tax	75,500	77,765	80,098	82,501	84,976	98,510	114,201	132,390	177,921
Repairs & Maintenance	28,800	29,664	30,554	31,471	32,415	37,577	43,563	50,501	67,869
Utilities	26,040	26,821	27,626	28,455	29,308	33,976	39,388	45,661	61,365
Water, Sewer & Trash	13,680	14,090	14,513	14,949	15,397	17,849	20,692	23,988	32,238
Insurance	52,000	53,560	55,167	56,822	58,526	67,848	78,655	91,182	122,541
Property Tax	49,228	50,705	52,226	53,793	55,407	64,231	74,462	86,322	116,009
Reserve for Replacements	20,000	20,600	21,218	21,855	22,510	26,095	30,252	35,070	47,131
Other	12,120	12,484	12,858	13,244	13,641	15,814	18,333	21,252	28,562
TOTAL EXPENSES	\$331,032	\$340,707	\$350,668	\$360,922	\$371,478	\$429,117	\$495,778	\$572,881	\$765,251
NET OPERATING INCOME	\$180,432	\$180,988	\$181,461	\$181,850	\$182,149	\$182,132	\$179,090	\$172,228	\$143,033
<b>DEBT SERVICE</b>									
First Lien Financing	\$137,452	\$137,452	\$137,452	\$137,452	\$137,452	\$137,452	\$137,452	\$137,452	\$137,452
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$42,980	\$43,536	\$44,010	\$44,398	\$44,697	\$44,680	\$41,638	\$34,777	\$5,581
DEBT COVERAGE RATIO	1.31	1.32	1.32	1.32	1.33	1.33	1.30	1.25	1.04

**HTC ALLOCATION ANALYSIS -Oakmont Apartments, Orange, HTC 9 % #09184**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$405,000	\$405,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$719,920	\$719,920	\$719,920	\$719,920
<b>Construction Hard Costs</b>	\$4,179,193	\$3,886,151	\$4,179,193	\$3,886,151
<b>Contractor Fees</b>	\$685,861	\$644,850	\$685,861	\$644,850
<b>Contingencies</b>	\$244,951	\$230,304	\$244,951	\$230,304
<b>Eligible Indirect Fees</b>	\$631,000	\$631,000	\$631,000	\$631,000
<b>Eligible Financing Fees</b>	\$304,945	\$304,945	\$304,945	\$304,945
<b>All Ineligible Costs</b>	\$294,148	\$294,148		
<b>Developer Fees</b>			\$1,014,880	
Developer Fees	\$1,027,200	\$962,575		\$962,575
<b>Development Reserves</b>	\$210,000	\$210,000		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$8,702,218</b>	<b>\$8,288,893</b>	<b>\$7,780,750</b>	<b>\$7,379,745</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$7,780,750	\$7,379,745
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$10,114,976	\$9,593,669
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$10,114,976	\$9,593,669
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$910,348	\$863,430

<b>Syndication Proceeds</b>	<b>0.7200</b>	<b>\$6,554,504</b>	<b>\$6,216,697</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$910,348</b>	<b>\$863,430</b>
<b>Syndication Proceeds</b>		<b>\$6,554,504</b>	<b>\$6,216,697</b>
<b>Requested Tax Credits</b>		<b>\$921,300</b>	
<b>Syndication Proceeds</b>		<b>\$6,633,360</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$6,674,376</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$926,997</b>	



# 09184 Oakmont Apts

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TN  
 MN (2.6°E)  
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Scale 1 : 175,000  
 0 1 2 3 4 5  
 1 2 3 4 5  
 1" = 2.76 mi      Data Zoom 10-2



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Maplewood Village II, TDHCA Number 09185**

BASIC DEVELOPMENT INFORMATION

Site Address: 550 Hobbs Rd. Development #: 09185  
 City: League City Region: 6 Population Served: Elderly  
 County: Galveston Zip Code: 77573 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Maplewood Village II, L.P.  
 Owner Contact and Phone: Thomas H. Scott, (713) 953-3344  
 Developer: Coach MV Developers, LLC  
 Housing General Contractor: Coach MV Developers, LLC  
 Architect: Clerkley Watkins  
 Market Analyst: O'Connor & Associates  
 Syndicator: Alliant Asset Management, LLC  
 Supportive Services: TBD  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	80	
	4	0	36	40	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	24	56	0	0	0	
Type of Building:						Total Development Units:	80
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	7
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,149,880	\$1,149,880			
HOME Activity Fund Amount:	\$1,450,000	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Maplewood Village II, TDHCA Number 09185**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Jackson, District 11, NC

Points: 0

US Representative: Paul, District 14, NC

TX Representative: Taylor, District 24, S

Points: 14

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: S, Toni Randall, Mayor City of League City Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0 In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Christus Victor Lutheran Church, S, Marie Gabaldon, Secretary

Angel Food Ministries/ Living Faith Outreach, S, Lisa R. Frisby, Living Faith Outreach

Sheltering Arms Senior Services, S, Pete Trentacost, Director

**General Summary of Comment:**

Support from elected officials including a letter from the Mayor of League City Toni Randall. They mayor's letter indicated the city council unanimously voted to support the application. Letter of support from Sheltering Arms Senior services as well.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Maplewood Village II, TDHCA Number 09185**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **165**  Meeting a Required Set-Aside Credit Amount\*: \$1,149,880

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Pleasanton Farms, TDHCA Number 09187**

BASIC DEVELOPMENT INFORMATION

Site Address: SE Loop 410 & Pleasanton Rd. Development #: 09187  
 City: San Antonio Region: 9 Population Served: General  
 County: Bexar Zip Code: 78221 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: StoneLeaf at Pleasanton, LP  
 Owner Contact and Phone: Mike Sugrue, (903) 887-4344  
 Developer: StoneLeaf Development, LLC  
 Housing General Contractor: Tesoro Homes & Development, Ltd.  
 Architect: Architettura, Inc.  
 Market Analyst: Mark C. Temple & Associates, LLC  
 Syndicator: National Equity Fund, Inc.  
 Supportive Services: Texas Inter-Faith Supportive Services, LLC  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	165	
	9	0	74	82	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	0	0	115	50	0	
Type of Building:						Total Development Units:	165
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input checked="" type="checkbox"/> Detached Residence					Number of Residential Buildings:	165
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	57
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	9

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$2,000,000	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Pleasanton Farms, TDHCA Number 09187

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Uresti, District 19, O

Points: -14 US Representative: Rodriguez, District 23, S

TX Representative: Farias, District 118, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

O, Jennifer v. Ramos, city council woman District 3

S, Sergio, "Chico" Rodriguez, Commissioner, Precinct 1

O, Robert Jaklich, Superintendent, Harlandale ISD

**Individuals and Businesses:** In Support: 1

In Opposition: 3

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 0

P.A.C.E People Active in Community Effort, S, James L. Myers, Vice President

Our Casas Resident Council, Inc., S, Dario Chapa, Executive Director

LULAC Council 612, S, Dario Chapa, President

La Hermosa Christian Church, S, Rev. Joel C. Ybarra, Pastor

**General Summary of Comment:**

Letters of opposition from elected officials, ISD, and local citizens citing overburdened schools. Letters of support from local community programs, elected official, and citizen.

CONDITIONS OF COMMITMENT



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Pleasanton Farms, TDHCA Number 09187**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **163**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds: Loan Amount: \$0

HOME CHDO Operating Expense Grant: Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Casa Brazoria, TDHCA Number 09188**

BASIC DEVELOPMENT INFORMATION

Site Address: 152nd Blk of Brazoswood Dr. Development #: 09188  
 City: Clute Region: 6 Population Served: General  
 County: Brazoria Zip Code: 77531 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Casa Brazoria, Ltd.  
 Owner Contact and Phone: Vincent A. Marquez, (713) 228-3778  
 Developer: NRC  
 Housing General Contractor: NRP Contractors LLC  
 Architect: RDL Architects, In  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Red Stone Equity Partners  
 Supportive Services: NRC  
 Consultant: NRP Holdings, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	36	
	2	0	17	17	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	0	0	0	36	0	
Type of Building:						Total Development Units:	36
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$8,417,913
<input type="checkbox"/> Triplex	<input checked="" type="checkbox"/> Detached Residence					Number of Residential Buildings:	36
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$892,500	\$876,319			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Casa Brazoria, TDHCA Number 09188

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Huffman, District 17, S

Points: 14 US Representative: Paul, District 14, S

TX Representative: Bonnen, District 25, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

Lake Bend Neighborhood Association, Janie Valdez

Letter Score: 24 S or O: S

The need for single family homes in Clute Texas.

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letters of support from elected officials and a resolution of support from city. An ineligible letter was received from a neighborhood association as well.

CONDITIONS OF COMMITMENT

1. Receipt, review, and acceptance, by commitment, of a firm commitment from Brazoria County for the requested \$608,250 loan with terms clearly stated.
2. Receipt, review, and acceptance prior to carryover, of evidence that all Phase I ESA recommendations, including but not limited to conducting a noise survey, have been carried out.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.
4. Receipt of a commitment of funding from Brazoria County HOME funds in the amount of \$430,000, or a commitment from a qualifying substitute source in an amount not less than \$420,896, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.
5. Receipt of a commitment of funding from Brazoria County HOME funds in the amount of \$178,250, or a commitment from a qualifying substitute source (s) in an amount not less than \$168,359 as required by §49.9(i)(27) of the 2009 QAP. The provider of funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION  
July 30, 2009  
Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Casa Brazoria, TDHCA Number 09188**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **23**

Total # Monitored: **12**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **200**  Meeting a Required Set-Aside Credit Amount\*: \$876,319

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/22/09 PROGRAM: 9%/HTC FILE NUMBER: 09188

**DEVELOPMENT**

Casa Brazoria

Location: 152nd Block of Brazoswood Dr Region: 6  
 City: Clute County: Brazoria Zip: 77531  OCT  DDA  
 Key Attributes: Family, New Construction, Urban, Non-Profit

**ALLOCATION**

	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$892,500			<b>\$876,319</b>		

**CONDITIONS**

- 1 Receipt, review, and acceptance, by commitment, of a firm commitment from Brazoria County for the requested \$608,250 loan with terms clearly stated.
- 2 Receipt, review, and acceptance prior to carryover, of evidence that all Phase I ESA recommendations, including but not limited to conducting a noise survey, have been carried out.
- 2 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	2
50% of AMI	50% of AMI	17
60% of AMI	60% of AMI	17

**STRENGTHS/MITIGATING FACTORS**

- Going-in DCR of 1.35 times.
- Overall capture rate is 21% and the sub-market occupancy is reported at 91%. Current supply of four bedroom units are essentially 100% occupied with waiting lists.

**WEAKNESSES/RISKS**

- Applicant's expense to income ratio of 64.95% is slightly less than the maximum guideline, reflecting extensive deep rent targeting.
- 50% and 60% units show individual capture rates of 123% and 223%, respectively.

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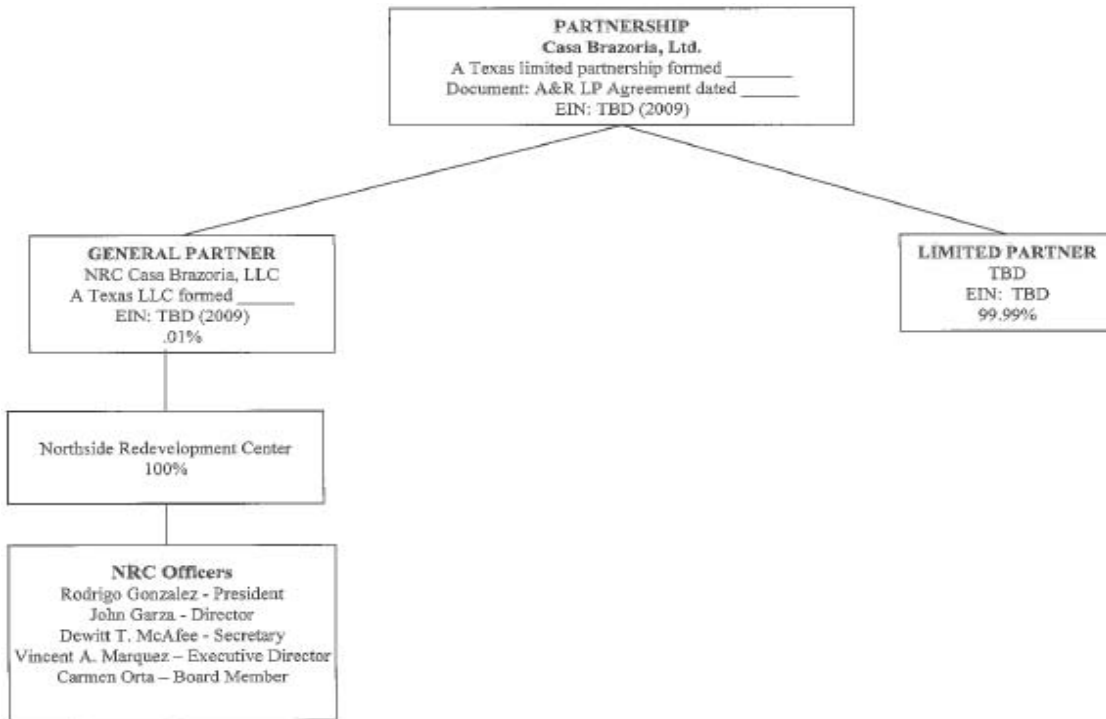
- Underwritten rents are 59% below reported market rents.
- Principals of Applicant have LIHTC development experience.
- Single-family product should compete well with other typical garden-style product existing in the market.
- Syndication price is \$.80 which is significantly above the typical range currently seen by the Underwriter (less than \$.70).

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Vincent Marquez Phone: (713) 228-3778 Fax: (713) 228-3988  
 Email: vamarquez01@msn.com

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Northside Redevelopment Center	N/A	3
NRP Holdings, LLC	N/A	16 completed; 5 current
Rodrigo Gonzalez	CONFIDENTIAL	3
John Garza	CONFIDENTIAL	3
Dewitt McAfee	CONFIDENTIAL	3



**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.
- The seller is also regarded as a related party to the General Partner. The acquisition price will be based upon the lesser of the declared price, the appraised value, and the original acquisition and holding cost. This is discussed at greater length in the construction cost section of this report.

**PROPOSED SITE**

**SITE PLAN**

BBQ and Picnic Area with  
Child Playscape and Tot Lot



**BUILDING CONFIGURATION**

Building Type	W	Y									Total Buildings
Floors/Stories	1	1									
Number	34	2									<b>36</b>

BR/BA	SF	Units								Total Units	Total SF
4/2	1,313	1								34	44,642
4/2	1,484		1							2	2,968
Units per Building		1	1							<b>36</b>	<b>47,610</b>

**SITE ISSUES**

Total Size:	<u>16.29</u> acres	Scattered site?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Flood Zone:	<u>Zone X</u>	Within 100-yr floodplain?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Zoning:	<u>R-1</u>	Needs to be re-zoned?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> N/A

Comments:

The subject property is currently zoned R-1, which permits the construction of single family developments.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 5/8/2009

Overall Assessment:

Excellent  Acceptable  Questionable  Poor  Unacceptable

Surrounding Uses:

North: Old Angleton Rd, commercial & East: Old Angleton Rd  
 South: Brazoswood Dr, residential uses & West: Lake Bend & vacant land

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Terracon Consulting Engineers & Scientists Date: 3/16/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "A Missouri Pacific Railroad track runs northwest and southeast along the northeastern boundary of the site. In accordance with U.S. Department of Housing and Urban Development guideline, based on the proximity of a railroad to the site, Terracon recommends that a noise study be conducted." (p.20)

Comments:

Receipt, review, and acceptance prior to carryover of evidence that all Phase I ESA recommendations, including but not limited to conducting a noise survey, have been carried out, is a condition of this report.

MARKET HIGHLIGHTS

Provider: Apartment MarketData, LLC Date: 3/30/2009

Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: 1 Date of Last Applicant Revision: 4/23/2009

Primary Market Area (PMA): 323 sq. miles 10 mile equivalent radius

For this analysis, we utilized a "primary market area" encompassing 323 square miles. The boundaries of the Primary Market Area are as follows: North: County Rd 339; East: FM 523; South: Gulf of Mexico; and West: San Bernard River." (p.3)

Secondary Market Area (SMA):

"For the capture rate analysis, we also utilized a "secondary market area", encompassing 684 square miles. The boundaries of the Secondary Market Area are as follows: North: State Hwy 35 / Brazos River; East: County Road 208 / Austin Bayou; South: Gulf of Mexico; and West: Brazoria County Line." (p.4)

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Costa Verde	060433	188	8				
Lexington Square	07246	rehab					
Gibraltar	07170	senior					
Jackson Village Retirement Center	08101	senior					

INCOME LIMITS						
Brazoria						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$15,000	\$17,100	\$19,250	\$21,400	\$23,100	\$24,800
50	\$25,000	\$28,550	\$32,150	\$35,700	\$38,550	\$41,400
60	\$30,000	\$34,260	\$38,580	\$42,840	\$46,260	\$49,680

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
4 BR/30%	20	0	0	20	2	0	10%
4 BR/50%	34	0	0	34	17	0	50%
4 BR/60%	37	0	0	37	17	8	68%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
4 BR/30%	10	0	0	9	2	0	21%
4 BR/50%	14	0	0	14	17	0	123%
4 BR/60%	19	-8	0	11	17	8	223%

OVERALL DEMAND										
		Target Households	Household Size	Income Eligible	Tenure	Demand				
					PMA DEMAND from TURNOVER					turnover
Market Analyst	p.					237	53%	116		
Underwriter		100% 33,976	14% 4,723	17% 786	37%	293	53%	154		
					PMA DEMAND from GROWTH					growth
Market Analyst	p.							-1		
Underwriter		100% 350	14% 49	17% 8	37%	3	100%	3		
					SMA DEMAND from TURNOVER					
Market Analyst	p.							46		
Underwriter								37		
					DEMAND from OTHER SOURCES					Section 8
Market Analyst	p.							15		
Underwriter								14		

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst	p.	36	8	44	176	<b>24.96%</b>
Underwriter		36	8	44	208	<b>21%</b>

Proposed, Under Construction, and Unstabilized Comparable Supply:

There is one unstabilized comparable property in the PMA that will impact the capture rate for the subject. Costa Verde (# 060433) is a family development with a total of 188 units, including 8 four-bedroom units. Since the subject consists of only four-bedroom units, only the 8 comparable units will be included in the analysis.

Supply and Demand Analysis:

The demand analysis initially presented in the market study included demand from existing homeowners. The Market Analyst argues that the proposed single-family four bedroom units are a different product than the typical multi-family tax credit units, and that some homeowners, particularly large households in overcrowded conditions, may consider moving to the subject. While there may be some merit to this theory, no methodology has been established to quantify this demand, and in any case, the 2009 Real Estate Analysis do not allow for homeowner demand for family developments. The Market Analyst submitted a revised analysis that considers additional demand from Section 8 Housing Choice Vouchers.

The market study provides a general demographics report on the PMS from Map Info, as well as a HISTA Data report from Ribbon Demographics, which provides a more detailed breakdown of households by income, size, tenure, and age. The market study analysis is based on the HISTA Data, considers only households of five or more, and applies a 53% turnover rate (from the TDHCA data for Brazoria County). The Market Analyst identifies demand for 116 units due to renter household turnover, and a reduction in demand by one unit as a result of a projected decrease in eligible households. The Market Analyst calculates additional demand for 46 units from the Secondary Market Area, and demand for 15 units from holders of Section 8 vouchers. Considering all sources, the Market Analyst concludes overall demand for 176 units, and a total supply of 44 units (36 at the subject, and 8 at Costa Verde), resulting in an inclusive capture rate of 24.96%.

The underwriting analysis is based on the general demographic data, adjusted for income-eligible renter households of five or more. (Four person households could be included, but they also represent demand for three-bedroom units, so the three-bedroom units at Costa Verde would have to be included in the comparable supply.) This analysis indicates demand for 154 units due to household turnover, and demand for 3 units due to household growth. The underwriting analysis also identifies demand for 37 units from the Secondary Market Area, and additional demand for 14 units from Section 8 voucher-holders in the PMA who would not otherwise be eligible. Total demand for 208 units, and a total supply of 44 units, results in an inclusive capture rate of 21%, which satisfies the limit of 25% for urban developments targeting families.

Primary Market Occupancy Rates:

"The overall occupancy reported in the market is 91.0%." (p.46) The Market Analyst also reports that of 24 four-bedroom units in the PMA, 23 are occupied; and the 8 four-bedroom units at Costa Verde are 100% occupied, with 10 households in three-bedroom units who would like to move up to a four-bedroom, and 20 additional households on a waiting list.

Absorption Projections:

"We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p.48)

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
4 BR 1,313 SF 50%	\$675	\$720	\$1,085	\$720	\$365
4 BR 1,313 SF 60%	\$755	\$927	\$1,085	\$927	\$158
4 BR 1,484 SF 30%	\$279	\$305	\$1,153	\$305	\$848

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Newer affordable family units have been easily absorbed. Today, affordable projects are 92% occupied." (p.54)

Comments:

The underwriting guidelines define eligible households as having a maximum of 1.5 persons per bedroom. As such, demand for the subject would be limited to six-person households, and the calculated capture rate would be higher. However, with little if any supply of housing with five or more bedrooms, it seems clear that properties such as the subject will serve households larger than six. As a result, households larger than six have been included in the demand. While larger households have been included, the maximum income has been held at the 60% of AMI level for a household of six. The traditional underwriting methodology used here applies the maximum income to all eligible households, so five-person households are already being considered up to the six-person income limit. Applying the income limit for seven- or eight-person households would significantly overstate the available demand.

The market study provides sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of January 1, 2009, maintained by Brazoria County Housing Authority from the 2008 program gross rent limits. Tenants will be required to pay electric, gas, water, sewer & trash utility costs. The Underwriter's projected rents were calculated by subtracting tenant-paid utilities from the current 2009 HTC program rents. It should be noted that at the time the application was submitted the 2009 program rent limits were not yet available.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines; however, due to the Applicant's use of the lower 2008 program rents, effective gross income is not within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      1      Date of Last Applicant Revision:      4/24/2009

The Applicant's total annual operating expense projection at \$5,035 per unit is within 5% of the Underwriter's estimate of \$5,373, derived from the TDHCA database, and third-party data sources.

The sole owner of the General Partner, Northside Redevelopment Center, is a non-profit entity that may qualify for a 50% or 100% property tax exemption. Both the Underwriter and the Applicant have included property taxes in the expense assumptions. Should the Applicant secure a partial or full property tax exemption, a re-evaluation at cost certification of any credit award sizing would be warranted.

Conclusion:

Both the Applicant's and the Underwriter's expense to income ratios are high reflecting the significant deep rent targeting proposed in the application. The Applicant's estimate is at 64.95%, marginally below the 65% Department guideline. Also of note, the Applicant originally submitted operating expenses that reflected an expense to income ratio of 70.33%.

The Applicant's effective gross income, expenses and net operating income are not within 5% of the Underwriter's estimates; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proforma and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.35. Therefore, the recommended financing structure reflects an increase in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider: TC Doctor & Associates, Inc. Date: 3/26/2009  
Number of Revisions: None Date of Last Applicant Revision: N/A  
Land Only: 16.5 acres \$642,000 As of: 3/26/2009

**ASSESSED VALUE**

Land Only: 18.7 acres N/A Tax Year: 2009  
Total Assessed Value: N/A Tax Rate: 2.567263

**EVIDENCE of PROPERTY CONTROL**

Type: Special Warranty Deed & Settlement Statement Acreage: 27  
Contract Expiration: N/A Valid Through Board Date?  Yes  No  
Acquisition Cost: \$10,000 Other: \_\_\_\_\_  
Seller: NRP Properties, LLC Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

**Acquisition Value:**

The Applicant provided a Special Warranty Deed and Settlement Statement for a larger 27 acre tract that indicates the property was acquired by, NRP Properties, a related party entity, on December 18, 2006 for \$10K or \$370 per acre. The property is a 16.49 acre portion of a larger 27 acre tract. The Applicant has included legal fees of \$4,526 as documentation of holding costs, that support a value of \$10K. Therefore, the Underwriter's development cost schedule reflects an acquisition cost of \$10K.

**Sitework Cost:**

The Applicant claimed sitework costs over the Departments maximum guideline of \$9,000 per unit and provided sufficient third party certification through a detailed certified cost estimate by an architect to justify these costs. In addition, these costs have been reviewed by the Applicant's CPA, Novogradac & Company, LLP, to preliminarily opine that all \$900K, or \$25K per unit will be considered eligible. The CPA has indicated that this opinion of eligibility has taken into account the effect of the recent IRS Technical Advisory Memorandums on the eligibility of sitework costs.

**Direct Construction Cost:**

The Applicant's direct construction cost estimate is \$249K or 8% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

**Contingency & Fees:**

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

**Conclusion:**

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$7,897,691 supports annual tax credits of \$924,030. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: Brazoria County HOME Type: Interim to Permanent Financing

Principal: \$608,250 Interest Rate: 0.0%  Fixed Amort: 420 months

Comments:

Application for these funds has been made. The Applicant provided a letter from the Brazoria County Community Development Department, dated 2/25/2009, confirming receipt of the application for the requested funds. Additionally, the letter outlines the requested terms of the loan, including an interest rate at 0% and term/amortization of 35 years, payable out of available cashflow.

The Applicant's original proforma did not include debt service associated with this funding source. However, revisions to the exhibit includes debt service on the Brazoria County HOME funds based on a 0% interest rate and term/amortization of 30 years. Although this doesn't appear to be consistent with the requested terms as reflected in the letter from Brazoria County, the Underwriter's analysis includes debt service based on the Applicant's latest revisions. However, any funding recommendation will be conditioned upon receipt, review and acceptance, by commitment, of a firm commitment from Brazoria County for the requested funds with terms of the loan stated.

Source: MMA Financial Type: Interim to Permanent Financing

Taxable: \$5,500,000 Interest Rate: 6.00%  Fixed Term: 24 months

Tax-Exempt: \$671,000 Interest Rate: 8.50%  Fixed Amort: 360 months

Comments:

Interim Rate Index: 30-day LIBOR + 350 bps w/ 6% floor

Source: Red Stone Equity Partners Type: Syndication

Proceeds: \$7,138,572 Syndication Rate: 80% Anticipated HTC: \$ 892,500

Comments:

The credit pricing appears to be on the high end of what the market is currently experiencing. Due to the recent volatility in credit pricing, it should be noted, any increase in the final credit price may warrant an adjustment to the credit amount.

Amount: \$91 Type: Deferred Developer Fees

This section intentionally left blank.

## CONCLUSIONS

### Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. Therefore, the underwriting analysis assumes an increase in the permanent loan amount to \$800,515 based on the terms reflected in the application materials. As a result the development's gap in financing will decrease.

The Applicant's total development cost estimate less the adjusted permanent loan of \$800,515 and \$608K in local HOME funds indicates the need for \$7,009,148 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$876,319 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$892,500), the gap-driven amount (\$876,319), and eligible basis-derived estimate (\$924,030), the gap-driven amount of \$876,319 is recommended resulting in proceeds of \$7,009,148 based on a syndication rate of 80%.

The Underwriter's recommended financing structure indicates no need for additional permanent funds.

Underwriter:

\_\_\_\_\_  
*Diamond Unique Thompson*

Date: July 22, 2009

Manager of Real Estate Analysis:

\_\_\_\_\_  
*Raquel Morales*

Date: July 22, 2009

Director of Real Estate Analysis:

\_\_\_\_\_  
*Brent Stewart*

Date: July 22, 2009



**MULTIFAMILY COMPARATIVE ANALYSIS**

**Casa Brazoria, Clute, 9%/HTC #09188**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 50%	2	4	2	1,313	\$1,035	\$720	\$1,440	\$0.55	\$315.00	
TC 50%	15	4	2	1,313	\$1,035	\$720	\$10,800	\$0.55	\$315.00	
TC 60%	17	4	2	1,313	\$1,242	\$927	\$15,759	\$0.71	\$315.00	
TC 30%	2	4	2	1,484	\$620	\$305	\$610	\$0.21	\$315.00	
<b>TOTAL:</b>	<b>36</b>		<b>AVERAGE:</b>	<b>1,323</b>		<b>\$795</b>	<b>\$28,609</b>	<b>\$0.60</b>	<b>\$315.00</b>	<b>\$0.00</b>

**INCOME**

Total Net Rentable Sq Ft: **47,610**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$7.50

Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

% OF EGI PER UNIT PER SQ FT

General & Administrative 10.26% \$914 0.69

Management 5.00% 445 0.34

Payroll & Payroll Tax 10.44% 930 0.70

Repairs & Maintenance 9.23% 822 0.62

Utilities 1.57% 140 0.11

Water, Sewer, & Trash 0.55% 49 0.04

Property Insurance 8.82% 785 0.59

Property Tax 2.567263 10.09% 899 0.68

Reserve for Replacements 2.81% 250 0.19

TDHCA Compliance Fees 0.45% 40 0.03

Other: Supp. Servs 1.12% 100 0.08

**TOTAL EXPENSES**

60.34% \$5,373 \$4.06

**NET OPERATING INC**

39.66% \$3,531 \$2.67

**DEBT SERVICE**

MMA Financial 19.31% \$1,720 \$1.30

Brazoria County HOME 6.32% \$563 \$0.43

Additional Financing 0.00% \$0 \$0.00

**NET CASH FLOW** 14.02% \$1,248 \$0.94

**AGGREGATE DEBT COVERAGE RATIO**

1.55 1.19

**RECOMMENDED DEBT COVERAGE RATIO**

1.35

**CONSTRUCTION COST**

Description Factor % of TOTAL PER UNIT PER SQ FT

Acquisition Cost (site or bldg) 0.12% \$278 \$0.21

Off-Sites 0.00% 0 0.00

Sitework 10.48% 25,000 18.90

Direct Construction 36.96% 88,150 66.65

Contingency 4.69% 2.23% 5,312 4.02

Contractor's Fees 13.14% 6.24% 14,872 11.25

Indirect Construction 19.19% 45,764 34.60

Ineligible Costs 3.57% 8,525 6.45

Developer's Fees 19.27% 15.33% 36,556 27.64

Interim Financing 4.46% 10,646 8.05

Reserves 1.43% 3,410 2.58

**TOTAL COST** 100.00% \$238,512 \$180.35

**Construction Cost Recap**

55.90% \$133,334 \$100.82

**SOURCES OF FUNDS**

**RECOMMENDED**

MMA Financial 7.81% \$18,639 \$14.09

Brazoria County HOME 7.08% \$16,896 \$12.78

Red Stone Equity Partners 83.14% \$198,294 \$149.94

Deferred Developer Fees 0.00% \$3 \$0.00

Additional (Excess) Funds Req'd 1.96% \$4,681 \$3.54

**TOTAL SOURCES**

TDHCA	APPLICANT	RECOMMENDED
\$671,000	\$671,000	\$800,515
608,250	608,250	608,250
7,138,572	7,138,572	7,009,148
91	91	0
168,529	0	0
<b>\$8,586,442</b>	<b>\$8,417,913</b>	<b>\$8,417,913</b>

Developer Fee Available \$1,316,000

% of Dev. Fee Deferred 0%

15-Yr Cumulative Cash Flow \$551,939

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Casa Brazoria, Clute, 9%/HTC #09188*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Single-Family Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$77.06	\$3,668,875
<b>Adjustments</b>				
Exterior Wall Finish	0.00%		\$0.00	\$0
Elderly			0.00	0
9-Ft. Ceilings	3.00%		2.31	110,066
Roofing			0.00	0
Subfloor			(2.55)	(121,406)
Floor Cover			2.38	113,312
Porches	\$22.29	2,160	1.01	48,146
Plumbing Fixtures	\$1,200	0	0.00	0
Rough-ins	\$475	36	0.36	17,100
Built-In Appliances	\$2,775	36	2.10	99,900
Interior Stairs	\$1,575		0.00	0
Enclosed Corridors			0.00	0
Heating/Cooling			1.83	87,126
Built-In? Garages	\$28.02	7,978	4.70	223,544
Comm &/or Aux Bldgs			0.00	0
Other:			0.00	0
<b>SUBTOTAL</b>			<b>89.20</b>	<b>4,246,664</b>
Current Cost Multiplier	1.01		0.89	42,467
Local Multiplier	0.91		(8.03)	(382,200)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$82.06</b>	<b>\$3,906,931</b>
Plans, specs, survy, bld prm	3.90%		(\$3.20)	(\$152,370)
Interim Construction Interest	3.38%		(2.77)	(131,859)
Contractor's OH & Profit	11.50%		(9.44)	(449,297)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$66.65</b>	<b>\$3,173,405</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$671,000	Amort	360
Int Rate	8.50%	DCR	2.05

<b>Secondary</b>	\$608,250	Amort	360
Int Rate	0.00%	Subtotal DCR	1.55

<b>Additional</b>	\$7,138,572	Amort	
Int Rate		Aggregate DCR	1.55

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$73,863
Secondary Debt Service	20,275
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$32,995</b>

<b>Primary</b>	\$800,515	Amort	360
Int Rate	8.50%	DCR	1.72

<b>Secondary</b>	\$608,250	Amort	360
Int Rate	0.00%	Subtotal DCR	1.35

<b>Additional</b>	\$7,138,572	Amort	0
Int Rate	0.00%	Aggregate DCR	1.35

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

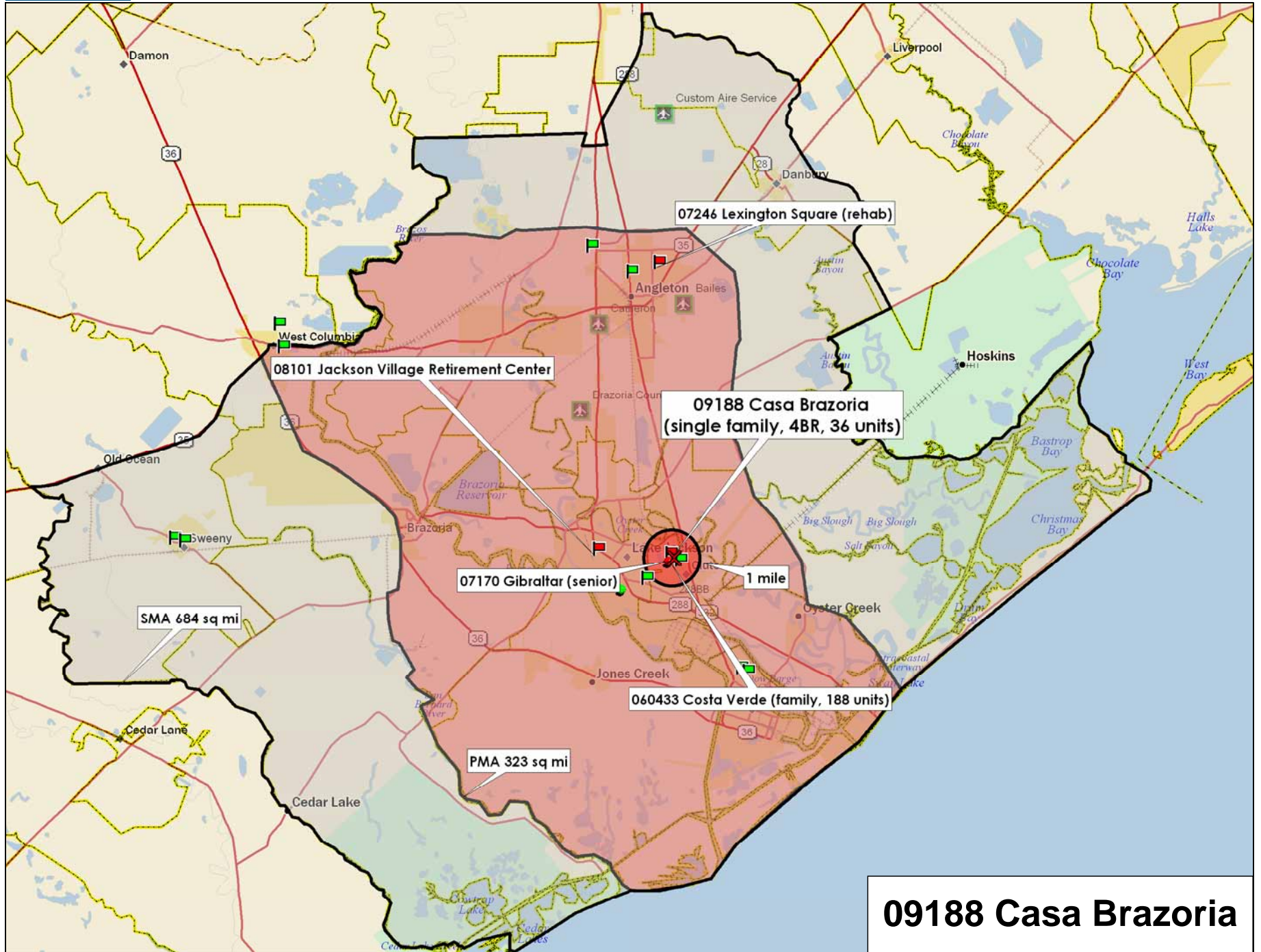
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$343,308	\$350,174	\$357,178	\$364,321	\$371,608	\$410,285	\$452,988	\$500,135	\$609,662
Secondary Income	3,240	3,305	3,371	3,438	3,507	3,872	4,275	4,720	5,754
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	346,548	353,479	360,549	367,760	375,115	414,157	457,263	504,855	615,415
Vacancy & Collection Loss	(25,991)	(26,511)	(27,041)	(27,582)	(28,134)	(31,062)	(34,295)	(37,864)	(46,156)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$320,557</b>	<b>\$326,968</b>	<b>\$333,507</b>	<b>\$340,178</b>	<b>\$346,981</b>	<b>\$383,095</b>	<b>\$422,968</b>	<b>\$466,991</b>	<b>\$569,259</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$32,886	\$33,873	\$34,889	\$35,936	\$37,014	\$42,909	\$49,743	\$57,666	\$77,499
Management	16,028	16,348	16,675	17,009	17,349	19,155	21,148	23,350	28,463
Payroll & Payroll Tax	33,466	34,470	35,504	36,569	37,666	43,666	50,620	58,683	78,865
Repairs & Maintenance	29,592	30,480	31,394	32,336	33,306	38,611	44,761	51,890	69,736
Utilities	5,029	5,180	5,335	5,496	5,660	6,562	7,607	8,819	11,852
Water, Sewer & Trash	1,775	1,828	1,883	1,939	1,998	2,316	2,685	3,112	4,182
Insurance	28,260	29,108	29,981	30,880	31,807	36,873	42,746	49,554	66,597
Property Tax	32,348	33,318	34,317	35,347	36,407	42,206	48,929	56,722	76,229
Reserve for Replacements	9,000	9,270	9,548	9,835	10,130	11,743	13,613	15,782	21,209
Other	5,040	5,191	5,347	5,507	5,673	6,576	7,623	8,838	11,877
<b>TOTAL EXPENSES</b>	<b>\$193,424</b>	<b>\$199,066</b>	<b>\$204,875</b>	<b>\$210,854</b>	<b>\$217,010</b>	<b>\$250,617</b>	<b>\$289,476</b>	<b>\$334,415</b>	<b>\$446,509</b>
<b>NET OPERATING INCOME</b>	<b>\$127,133</b>	<b>\$127,902</b>	<b>\$128,632</b>	<b>\$129,323</b>	<b>\$129,971</b>	<b>\$132,479</b>	<b>\$133,492</b>	<b>\$132,576</b>	<b>\$122,751</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$73,863	\$73,863	\$73,863	\$73,863	\$73,863	\$73,863	\$73,863	\$73,863	\$73,863
Second Lien	20,275	20,275	20,275	20,275	20,275	20,275	20,275	20,275	20,275
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$32,995</b>	<b>\$33,763</b>	<b>\$34,494</b>	<b>\$35,185</b>	<b>\$35,833</b>	<b>\$38,340</b>	<b>\$39,354</b>	<b>\$38,438</b>	<b>\$28,612</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.35</b>	<b>1.36</b>	<b>1.37</b>	<b>1.37</b>	<b>1.38</b>	<b>1.41</b>	<b>1.42</b>	<b>1.41</b>	<b>1.30</b>

**HTC ALLOCATION ANALYSIS -Casa Brazoria, Clute, 9%/HTC #09188**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$10,000	\$10,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$900,000	\$900,000	\$900,000	\$900,000
<b>Construction Hard Costs</b>	\$2,924,321	\$3,173,405	\$2,924,321	\$3,173,405
<b>Contractor Fees</b>	\$535,404	\$535,404	\$535,404	\$535,404
<b>Contingencies</b>	\$191,216	\$191,216	\$191,216	\$191,216
<b>Eligible Indirect Fees</b>	\$1,647,500	\$1,647,500	\$1,647,500	\$1,647,500
<b>Eligible Financing Fees</b>	\$383,250	\$383,250	\$383,250	\$383,250
<b>All Ineligible Costs</b>	\$306,895	\$306,895		
<b>Developer Fees</b>				
Developer Fees	\$1,316,000	\$1,316,000	\$1,316,000	\$1,316,000
<b>Development Reserves</b>	\$203,327	\$122,772		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$8,417,913</b>	<b>\$8,586,442</b>	<b>\$7,897,691</b>	<b>\$8,146,775</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		<b>\$7,897,691</b>	<b>\$8,146,775</b>
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		<b>\$10,266,998</b>	<b>\$10,590,807</b>
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		<b>\$10,266,998</b>	<b>\$10,590,807</b>
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		<b>\$924,030</b>	<b>\$953,173</b>

<b>Syndication Proceeds</b>	<b>0.7998</b>	<b>\$7,390,760</b>	<b>\$7,623,856</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$924,030</b>	<b>\$953,173</b>
<b>Syndication Proceeds</b>		<b>\$7,390,760</b>	<b>\$7,623,856</b>
<b>Requested Tax Credits</b>		<b>\$892,500</b>	
<b>Syndication Proceeds</b>		<b>\$7,138,572</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$7,009,148</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$876,319</b>	



# 09188 Casa Brazoria

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 MN (3.5°E)  
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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Crestshire Village, TDHCA Number 09189**

BASIC DEVELOPMENT INFORMATION

Site Address: 2300 N. St. Augustine Dr. Development #: 09189  
 City: Dallas Region: 3 Population Served: General  
 County: Dallas Zip Code: 75227 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Crestshire Village, Ltd.  
 Owner Contact and Phone: J. Eugene Thomas, (214) 388-2244  
 Developer: The Thomas RPDC Company  
 Housing General Contractor: NRP Contractors LLC  
 Architect: Alamo Architects, Inc.  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Red Stone Equity Partners  
 Supportive Services: N/A  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	74
	4	0	34	36	Market Rate Units:	0
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	12	30	32	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	74
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	8
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,128,274	\$1,128,274			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Crestshire Village, TDHCA Number 09189**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: West, District 23, NC

Points: 0 US Representative: Johnson, District 30, NC

TX Representative: Hodge, District 100, S

Points: 14 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: S, Tom Leppert, Mayor

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 2

Southeast Dallas Hispanic Chamber of Commerce, S, Ralph Castro, SEDHCC Chairman of the Board

**General Summary of Comment:**

Letters of support from elected officials and a resolution of support from the city of Dallas.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Crestshire Village, TDHCA Number 09189**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **195**  Meeting a Required Set-Aside Credit Amount\*: \$1,128,274

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**San Juan Square III, TDHCA Number 09190**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 300 Gante Walk Development #: 09190  
 City: San Antonio Region: 9 Population Served: General  
 County: Bexar Zip Code: 78207 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: San Juan Square III, Ltd.  
 Owner Contact and Phone: David Casso, (210) 477-6023  
 Developer: San Antonio Housing Facility Corp  
 Housing General Contractor: NRP Contractors LLC  
 Architect: Alamo Architects, Inc.  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Red Stone Equity Partners  
 Supportive Services: Community Housing Resources Partners, Inc.  
 Consultant: NRP Holdings, LLC

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	32	
	9	0	8	15	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	0	0	0	32	0	
Type of Building:						Total Development Units:	32
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$5,891,671
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	8
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input checked="" type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	<u>Applicant Request</u>	<u>Department Analysis*</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
Competitive Housing Tax Credit Amount:	\$659,417	\$602,456			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

San Juan Square III, TDHCA Number 09190

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

State and Federal Officials with Jurisdiction:

TX Senator: Van De Putte, District 26, S

Points: 14 US Representative: González, District 20, NC

TX Representative: Gutierrez, District 119, S

Points: 0 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: NC

Resolution of Support from Local Government

Individuals and Businesses: In Support: 0

In Opposition: 0

Quantifiable Community Participation Input:

San Juan Resident's Council, Theresa Quinones

Letter Score: 24 S or O: S

The proposed development will bring much needed redevelopment to the neighborhood. It will also tear down housing that is falling apart and replace with new housing for families in the area.

Community Input Other than Quantifiable Community Participation Input:

General Summary of Comment:

Letters of support from elected officials.

CONDITIONS OF COMMITMENT

- 1. Receipt, review and acceptance, by Commitment, of a firm commitment from the San Antonio Housing Authority for the anticipated \$458K loan with terms of the funds clearly stated.
2. Receipt, review, and acceptance, by Carryover, of documentation that a comprehensive assessment for asbestos-containing materials has been completed; and any subsequent recommendations have been implemented.
3. Receipt, review, and acceptance, by Carryover, of documentation that a comprehensive assessment for lead-based paint has been completed, and any subsequent recommendations have been implemented.
4. Receipt, review, and acceptance, by Carryover, of documentation that a noise assessment has been completed to determine compliance with HUD guidelines, and that any subsequent recommendations have been implemented.
5. Receipt, review and acceptance, by Cost Certification, of documentation from SAHA that the proposed operating subsidy has been approved for the subject development with amount of the per unit subsidy and term identified.
6. Receipt, review and acceptance by cost certification of evidence of actual cost for demolition of the existing structures is a condition of this report.
7. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit and or allocation amount may be warranted.
8. Receipt of a commitment of funding from the San Antonio Housing Authority in the amount of \$327,158.50, or a commitment from a qualifying substitute source in an amount not less than \$294,584, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.
9. Receipt of a commitment of funding from the San Antonio Housing Authority in the amount of \$130,863.50, or a commitment from a qualifying substitute source (s) in an amount not less than \$117,834 as required by §49.9(i)(27) of the 2009 QAP. The provider of funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**San Juan Square III, TDHCA Number 09190**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **41**

Total # Monitored: **24**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **220**  Meeting a Required Set-Aside Credit Amount\*: \$602,456

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 06/12/09 PROGRAM: 9% HTC FILE NUMBER: 09190

**DEVELOPMENT**

San Juan Square III

Location: 300 Gante Walk Region: 9  
 City: San Antonio County: Bexar Zip: 78207  OCT  DDA  
 Key Attributes: Family, Urban, Reconstruction, and Multifamily

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$602,474			<b>\$602,456</b>		

**CONDITIONS**

- 1 Receipt, review and acceptance, by Commitment, of a firm commitment from the San Antonio Housing Authority for the anticipated \$458K loan with terms of the funds clearly stated.
- 2 Receipt, review, and acceptance, by Carryover, of documentation that a comprehensive assessment for asbestos-containing materials has been completed; and any subsequent recommendations have been implemented.
- 3 Receipt, review, and acceptance, by Carryover, of documentation that a comprehensive assessment for lead-based paint has been completed, and any subsequent recommendations have been implemented.
- 4 Receipt, review, and acceptance, by Carryover, of documentation that a noise assessment has been completed to determine compliance with HUD guidelines, and that any subsequent recommendations have been implemented.
- 5 Receipt, review and acceptance, by Cost Certification, of documentation from SAHA that the proposed operating subsidy has been approved for the subject development with amount of the per unit subsidy and term identified.
- 6 Receipt, review and acceptance by cost certification of evidence of actual cost for demolition of the existing structures is a condition of this report.
- 7 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit and or allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	9
50% of AMI	50% of AMI	8
60% of AMI	60% of AMI	15

PROS

CONS

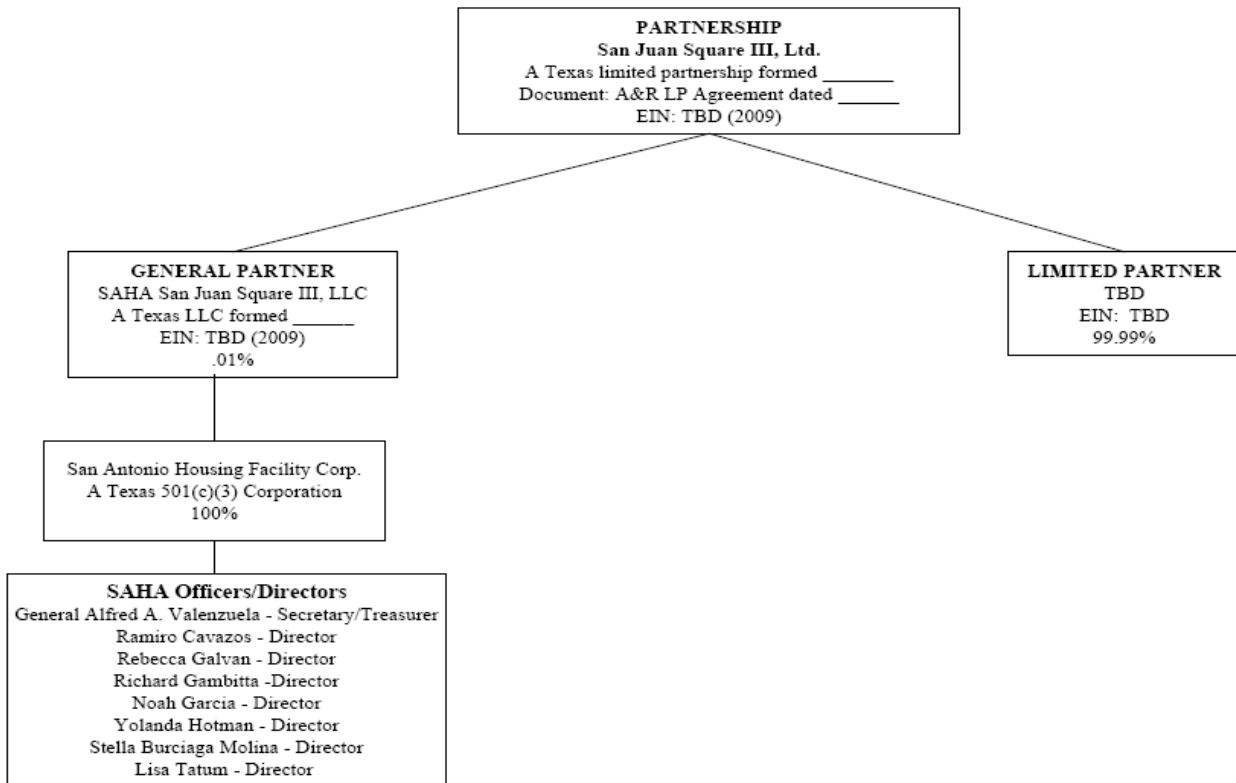
- The Applicant has considerable experience and financial resources.
- The proposed reconstruction would continue the revitalization of an existing significantly deteriorated circa 1962 public housing development.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: David Casso Phone: (210) 487-7878 Fax: (210) 477-6002  
 Email: [david\\_casso@saha.org](mailto:david_casso@saha.org)

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
San Antonio Housing Facility Corporation	N/A	26

This section intentionally left blank.

**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor, and property manager are related entities. These are common relationships for HTC-funded developments.
- The seller is a related party. The transfer price is less than the appraised value of the land. Moreover the seller is providing additional separate favorable financing in an amount greater than the transfer price.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	A										Total Buildings
Floors/Stories	2										
Number	8										<b>8</b>

BR/BA	SF	Units									Total Units	Total SF
4/2	1,561	4									32	49,952
Units per Building	4										<b>32</b>	<b>49,952</b>

**Development Plan:**

The proposed reconstruction will involve the demolition and reconstruction of 32 units of existing affordable townhouses. All of the units will be four bedroom, two bath units with 1,561 square feet. The development will include the new construction of eight residential buildings on approximately 3.5 acres.

**Relocation Plan:**

Meetings will be held with all the current residents whereby they will be informed of what options and assistance will be available to them in order to seek other housing, such as transfers to other available Public Housing units, amount of relocation benefits, relocation counseling services provided to each individual family, and transportation and moving services that may be required for any family.

Since the current owner of the property will be responsible for the relocation plan, the costs of such relocation will be the responsibility of the current owner.

**SITE ISSUES**

Total Size: 3.5 acres      Scattered site?       Yes       No  
 Flood Zone: X      Within 100-yr floodplain?       Yes       No  
 Zoning: IDZ      Needs to be re-zoned?       Yes       No       N/A  
 Comments:  
 IDZ stands for Infill Development Zone District which allows for multi-family developments.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff      Date: 4/21/2009  
 Overall Assessment:  
 Excellent       Acceptable       Questionable       Poor       Unacceptable  
 Surrounding Uses:  
 North: Multifamily and single family beyond      East: Single family  
 South: School and strip mall beyond      West: Housing Authority Office

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Terracon      Date: 3/23/2009  
 Recognized Environmental Concerns (RECs) and Other Concerns:  

- "Terracon did not identify recognized environmental conditions (RECs) during the site reconnaissance." (p. i)
- "In accordance with U.S. Department of Housing and Urban Development guideline and based on the proximity of the airport, road and railroad tracks to the site, Terracon recommends that a noise study be conducted." (p. ii)
- "Prior to conducting any renovation/demolition operations which involve the disturbance of the materials in the buildings at the site, Management should ... determine the material's asbestos status, sampling should be conducted by trained and licensed personnel in accordance with TDSHS regulations, before disturbing any such materials." (p. ii)
- "Terracon recommends lead based paint sampling of the on-site residences and buildings." (p. iii)

 Comments:  
 Any funding recommendation will be subject to receipt, review, and acceptance, by Carryover, of documentation that:  

- a comprehensive assessment for asbestos-containing materials has been completed; and any subsequent recommendations have been implemented.
- a comprehensive assessment for lead-based paint has been completed, and any subsequent recommendations have been implemented.
- a noise assessment has been completed to determine compliance with HUD guidelines, and that any subsequent recommendations have been implemented.

**MARKET HIGHLIGHTS**

Provider: Apartment MarketData      Date: 3/23/2009  
 Contact: Darrell Jack      Phone: (210) 530-0040      Fax: (210) 340-5830  
 Number of Revisions: none      Date of Last Applicant Revision: N / A  
 Primary Market Area (PMA):      15 sq. miles      2 mile equivalent radius  
 The Primary Market Area is generally defined by Culebra Road to the north; Interstate 35 to the east; Southcross Blvd. to the south; and General McMullen Drive to the west. The PMA had an estimated 2008 population of 95,236, with 26,561 households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
San Juan Square II	07171	144	8	none			
San Juan Square	05159	143	0				
Artisan at San Pedro	18401	252	0				

INCOME LIMITS						
Bexar						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$11,500	\$13,100	\$14,750	\$16,400	\$17,700	\$19,000
40	\$15,320	\$17,520	\$19,680	\$21,880	\$23,640	\$25,400
50	\$19,150	\$21,900	\$24,600	\$27,350	\$29,550	\$31,750
60	\$22,980	\$26,280	\$29,520	\$32,820	\$35,460	\$38,100

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
4 BR/30%	51	-2	0	49	9	2	22%
4 BR/50%	93	1	0	94	8	0	9%
4 BR/60%	75	2	0	77	15	6	27%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
4 BR/30%	289	-13	0	276	9	1	4%
4 BR/50%	23	0	0	23	8	0	35%
4 BR/60%	20	1	0	20	15	7	109%

OVERALL DEMAND					
	Target Households	Household Size	Income Eligible	Tenure	Demand
PMA DEMAND from TURNOVER					turnover
Market Analyst p. 66				2,244	46% 1,037
Underwriter				0% 838	34% 286
PMA DEMAND from GROWTH					growth
Market Analyst p. 67					4
Underwriter					100% -5

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 68	32	8	0	40	1,041	4%
Underwriter	32	8	0	40	281	14%

Proposed, Under Construction, and Unstabilized Comparable Supply:

The market study identifies two unstabilized developments within the PMA, but limits the number of units considered to be comparable to the 8 restricted 4-bedroom units at San Juan Square II. This is an acceptable approach, since the subject property will only include 4-bedroom units.

Demand Analysis:

The market study provides two calculations of demand, both of which overstate the eligible population given the assumptions of comparable supply.

The calculation of overall demand includes all household sizes. This analysis is inappropriate for two reasons. For one, the market study applies a minimum income based on 35% of household income allowed for rental expense; the maximum HTC incomes for households of 4 persons or less are below the minimum incomes for the 4-bedroom units, so these households would not be eligible. Second, the market study has included only unstabilized 4-bedroom units in the comparable supply. As stated, this is an acceptable approach given that the subject only includes 4-bedroom units; however, if households of less than 5 persons are included in the demand, then units with less than 4 bedrooms must be considered because they will be competing for that demand.

The market study provides a calculation of specific demand for each unit type (4 bedroom at 30%, 4 bedroom at 50%, and 4 bedroom at 60%). This analysis includes 4-person households; it is therefore inappropriate for the reasons cited above.

The Market Analyst calculated total demand for 1,041 units (including all household sizes); and a total unstabilized comparable supply of 40 units. This results in an inclusive capture rate of 4%.

Seven of the 32 units (21% of the total) will be designated as Public Housing Units; as a result, all households with incomes below 30% of AMI will be eligible to rent. Since only 4-bedroom units will be considered as comparable supply, the underwriting analysis only considers households with 5 or more persons. The 2000 census data indicates a turnover rate of 34% for renter households in the PMA. Based on this, the underwriting analysis identifies demand for 286 units due to household turnover, and a reduction in demand by 5 households per year due to a projected decrease in the number of eligible households. Total demand for 281 units and a total comparable supply of 40 units indicates an inclusive capture rate of 14%. This satisfies the maximum capture rate of 25% for urban developments targeting families.

Primary Market Occupancy Rates:

"The overall occupancy reported in the market is 92.5%, including one project with very low occupancy, Mitchell Village (1948). Excluding this project, the overall occupancy is 96.4%." (p. 48)

Absorption Projections:

"We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p. 50)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
4 BR 1,561 SF 30%	\$266	\$287	\$1,145	\$287	\$858		
4 BR 1,561 SF PHU	\$266	\$287	\$1,145	\$266	\$879		
4 BR 1,561 SF 50%	\$583	\$620	\$1,145	\$620	\$525		
4 BR 1,561 SF 60%	\$742	\$786	\$1,145	\$786	\$359		

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Newer affordable family units have been easily absorbed." (p. 56)

Comments:

The market study provided sufficient information on which to base a funding recommendation.



**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's projected rents collected per unit for the non-PHA tax credit units were calculated by subtracting tenant-paid utility allowances as of 11/1/2007, maintained by San Antonio Housing Authority, from the 2008 program gross rent limits. Tenants will be required to pay electric, natural gas, water, and sewer bills. At the time of application the 2009 rent limits had not been released and thus the Applicant used estimated 2008 rent limits in setting rents. Based on the Applicant's intention to charge maximum program rents, the Underwriter used the 2009 maximum rents for the non-PHA units in this analysis.

The Applicant has submitted a proposal for an operating subsidy commitment from the San Antonio Housing Authority (SAHA) for seven units that have been set aside as public housing assisted units. SAHA will provide an operating subsidy to the Partnership in the amount of \$266 per unit for a forty year period. Therefore, the Underwriter utilized the PHA "Rent Collected" at the projected maximum subsidy of \$266 for the PHA designated units. Any funding recommendation will be conditioned upon receipt, review and acceptance, by Cost Certification, of documentation from SAHA that the proposed operating subsidy has been approved for the subject development.

The Applicant's secondary income is understated compared to the current TDHCA underwriting minimum guideline of \$5 per unit per month, while vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines. Due to the differences in potential rent and secondary income assumptions, the Applicant's effective gross income is not within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's total annual operating expense projection of \$3,647 per unit is within 4% of the Underwriter's estimate of \$3,503 derived from the TDHCA database and third party data sources. However, the Applicant's estimates of several line items differ significantly from the Underwriter's, specifically, general & administrative (\$4.1K higher) and repairs & maintenance (\$4.3K lower).

**Conclusion:**

The Applicant's estimate of effective gross income and net operating income are not within 5% of the Underwriter's estimates; therefore, the Underwriter's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR).

Based on the proposed financing structure the Underwriter's DCR of 1.45 exceeds the Department's maximum guideline of 1.35. As a result, the permanent financing will be adjusted in order to bring the DCR to an acceptable level and will be discussed further in the "Conclusions" section of this report.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider:      T. C. Doctor & Associates, Inc.      Date:      3/9/2009  
 Number of Revisions:      None      Date of Last Applicant Revision:      N/A

Land Only:	3.38 acres	<u>\$355,000</u>	As of:	<u>3/5/2009</u>
Existing Buildings: (as-is)		<u>\$0</u>	As of:	<u></u>
Total Development: (as-is)		<u>\$355,000</u>	As of:	<u>3/5/2009</u>

**Comments:**

The appraisal considered the property as if it were vacant.

**ASSESSED VALUE**

Land Only: 7.14 acres	<u>\$351,600</u>	Tax Year: 2008
Prorated 1 acre:	<u>\$49,244</u>	Valuation by: <u>Bexar CAD</u>
Prorated 3.5 acres:	<u>\$172,353</u>	Tax Rate: <u>2.771834</u>

**EVIDENCE of PROPERTY CONTROL**

Type: Purchase and Sale Contract Acreage: 3.5

Contract Expiration: 5/31/2010 Valid Through Board Date?  Yes  No

Acquisition Cost: \$350,000 Other: \_\_\_\_\_

Seller: Housing Authority of the City of San Antonio Related to Development Team?  Yes  No

Comments:  
The site cost of \$350,000 is being used by the seller to demolish all of the existing structures

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: Three Date of Last Applicant Revision: 4/28/2009

Acquisition Value:  
The site cost of \$350,000 (\$103,550/acre, or \$10,938/unit) is substantiated by the "as vacant" value of the property provided in the appraisal of \$355,000. The Applicant has indicated the cost to demolish the existing buildings is represented within the site cost of \$350,000. Receipt, review and acceptance by cost certification of evidence of actual cost for demolition of the existing structures is a condition of this report.

Sitework Cost:  
The Applicant's proposed site work cost of \$9,000 per unit is within the Department's guidelines. Therefore further third party substantiation is not required.

Direct Construction Cost:  
The Applicant's direct construction cost is \$2K or less than 1% lower than the Underwriter's Marshall and Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:  
The Applicant's costs for contingency and developer fees are slightly overstated by a total of \$150. As a result, this overstatement will be removed from the Applicant's eligible basis.

Conclusion:  
The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$5,149,198 supports annual tax credits of \$602,456. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: MMA Financial Type: Interim Financing

Principal: \$5,020,000 Interest Rate: 6.0%  Fixed Term: 24 months

Comments:  
30-day LIBOR plus 3.50% with a 6.0% floor

Source: MMA Financial Type: Permanent Financing

Principal: \$805,000 Interest Rate: 8.0%  Fixed Amort: 360 months

Source: San Antonio Housing Authority Type: Permanent Financing

Principal: \$458,022 Interest Rate: 2.0%  Fixed Amort: 480 months

Comments:

The Applicant has made application to SAHA for the anticipated loan amount and has requested the funds be structured as a soft loan repayable out of available cash flow. Any funding recommendation will be conditioned upon receipt, review and acceptance, by Commitment, of a firm commitment for the anticipated loan amount with terms of the loan identified.

Source: Red Stone Equity Partners Type: Syndication

Proceeds: \$4,622,785 Syndication Rate: 76.74% Anticipated HTC: \$ 602,474

Comments:

The committed credit price appears to be consistent with recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that the credit price can decline to \$0.70. At this point, the financial viability of the transaction may be jeopardized.

Amount: \$5,864 Type: Deferred Developer Fees

### CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. While the Applicant's proforma does not include debt service for the local funding, this underwriting analysis includes debt service for the proposed \$458K loan from SAHA at the terms requested by the Applicant (0% interest and amortized over 40 years) in order to bring the DCR to an acceptable level. Should the Applicant ultimately choose to structure the \$458K in local funds as a soft loan, the development's DCR would increase above 1.35 and it may become necessary to resize the permanent mortgage such that a further adjustment to the credit allocation amount may be warranted based on the need to fill the resulting gap in financing.

The Applicant's total development cost estimate less the permanent loan of \$805,000 and the SAHA loan of \$458,022 indicates the need for \$4,628,649 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$603,281 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$602,474), the gap-driven amount (\$603,281), and eligible basis-derived estimate (\$602,456), the eligible basis-derived estimate of \$602,456 is recommended resulting in proceeds of \$4,622,324 based on a syndication rate of 76.72%.

The Underwriter's recommended financing structure indicates the need for \$6,325 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within one year of stabilized operation.

Underwriter: \_\_\_\_\_ Date: June 12, 2009  
*Carl Hoover*

Manager of Real Estate Analysis: \_\_\_\_\_ Date: June 12, 2009  
*Raquel Morales*

Director of Real Estate Analysis: \_\_\_\_\_ Date: June 12, 2009  
*Brent Stewart*

**MULTIFAMILY COMPARATIVE ANALYSIS**

**San Juan Square III, San Antonio, 9% HTC #09190**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash Only
TC 30%	2	4	2	1,561	\$497	\$287	\$575	\$0.18	\$209.72	\$11.70
TC30%/PH	7	4	2	1,561	\$497	\$266	\$1,862	\$0.17	\$209.72	\$11.70
TC 50%	8	4	2	1,561	\$830	\$620	\$4,962	\$0.40	\$209.72	\$11.70
TC 60%	15	4	2	1,561	\$996	\$786	\$11,794	\$0.50	\$209.72	\$11.70
<b>TOTAL:</b>	<b>32</b>		<b>AVERAGE:</b>	<b>1,561</b>		<b>\$600</b>	<b>\$19,193</b>	<b>\$0.38</b>	<b>\$209.72</b>	<b>\$11.70</b>

**INCOME**

Total Net Rentable Sq Ft: **49,952**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$5.00  
 Other Support Income: Public Housing Operating Subsidy

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

% OF EGI PER UNIT PER SQ FT

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	7.79%	\$523	0.34
Management	5.00%	336	0.22
Payroll & Payroll Tax	13.74%	923	0.59
Repairs & Maintenance	9.44%	634	0.41
Utilities	2.63%	177	0.11
Water, Sewer, & Trash	3.21%	215	0.14
Property Insurance	4.55%	305	0.20
Property Tax 2.771834	0.00%	0	0.00
Reserve for Replacements	3.72%	250	0.16
TDHCA Compliance Fees	0.60%	40	0.03
Other: Supp. Serv.	1.49%	100	0.06
<b>TOTAL EXPENSES</b>	<b>52.18%</b>	<b>\$3,503</b>	<b>\$2.24</b>

**NET OPERATING INC**

47.82% \$3,210 \$2.06

**DEBT SERVICE**

MMA Financial	33.00%	\$2,215	\$1.42
SAHA	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>14.83%</b>	<b>\$995</b>	<b>\$0.64</b>

**AGGREGATE DEBT COVERAGE RATIO**

1.45 1.20

**RECOMMENDED DEBT COVERAGE RATIO**

1.17

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		5.96%	\$10,938	\$7.01	\$350,000	\$350,000	\$7.01	\$10,938	5.94%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		4.91%	9,000	5.77	288,000	288,000	5.77	9,000	4.89%
Direct Construction		42.63%	78,186	50.09	2,501,954	2,500,000	50.05	78,125	42.43%
Contingency 5.00%		2.38%	4,359	2.79	139,498	139,500	2.79	4,359	2.37%
Contractor's Fees 13.99%		6.65%	12,195	7.81	390,250	390,250	7.81	12,195	6.62%
Indirect Construction		13.48%	24,719	15.84	791,000	791,000	15.84	24,719	13.43%
Ineligible Costs		4.91%	9,010	5.77	288,323	288,323	5.77	9,010	4.89%
Developer's Fees 19.99%		14.62%	26,820	17.18	858,250	858,250	17.18	26,820	14.57%
Interim Financing		3.11%	5,698	3.65	182,348	182,348	3.65	5,698	3.10%
Reserves		1.36%	2,496	1.60	79,873	104,000	2.08	3,250	1.77%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$183,422</b>	<b>\$117.50</b>	<b>\$5,869,495</b>	<b>\$5,891,671</b>	<b>\$117.95</b>	<b>\$184,115</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>56.56%</b>	<b>\$103,741</b>	<b>\$66.46</b>	<b>\$3,319,702</b>	<b>\$3,317,750</b>	<b>\$66.42</b>	<b>\$103,680</b>	<b>56.31%</b>

**SOURCES OF FUNDS**

**RECOMMENDED**

MMA Financial	13.71%	\$25,156	\$16.12	\$805,000	\$805,000	\$805,000	Developer Fee Available
SAHA	7.80%	\$14,313	\$9.17	458,022	458,022	458,022	\$858,200
HTC Syndication Proceeds	78.76%	\$144,462	\$92.54	4,622,785	4,622,785	4,622,324	% of Dev. Fee Deferred
Deferred Developer Fees	0.10%	\$183	\$0.12	5,864	5,864	6,325	1%
Additional (Excess) Funds Req'd	-0.38%	(\$693)	(\$0.44)	(22,176)	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$5,869,495</b>	<b>\$5,891,671</b>	<b>\$5,891,671</b>	<b>\$326,439</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*San Juan Square III, San Antonio, 9% HTC #09190*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Town Houses Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$57.27	\$2,860,948
<b>Adjustments</b>				
Exterior Wall Finish	0.70%		\$0.40	\$20,027
Elderly			0.00	0
9-Ft. Ceilings	3.10%		1.78	88,689
Roofing			0.00	0
Subfloor			(0.94)	(46,955)
Floor Cover			3.16	157,848
Breezeways/Balconies	\$22.31	3,264	1.46	72,820
Plumbing Fixtures	\$1,000	32	0.64	32,000
Rough-ins	\$435	32	0.28	13,920
Built-In Appliances	\$2,500	32	1.60	80,000
Exterior Stairs	\$1,875		0.00	0
Enclosed Corridors	\$47.35		0.00	0
Heating/Cooling			1.83	91,412
Garages/Carports			0.00	0
Comm &/or Aux Bldgs			0.00	0
Other: fire sprinkler	\$3.40	49,952	3.40	169,837
<b>SUBTOTAL</b>			<b>70.88</b>	<b>3,540,547</b>
Current Cost Multiplier	1.01		0.71	35,405
Local Multiplier	0.86		(9.92)	(495,677)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$61.66</b>	<b>\$3,080,276</b>
Plans, specs, survy, bld prn	3.90%		(\$2.40)	(\$120,131)
Interim Construction Interes	3.38%		(2.08)	(103,959)
Contractor's OH & Profit	11.50%		(7.09)	(354,232)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$50.09</b>	<b>\$2,501,954</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$805,000	Amort	360
Int Rate	8.00%	DCR	1.45

<b>Secondary</b>	\$458,022	Amort	0
Int Rate	2.00%	Subtotal DCR	1.45

<b>Additional</b>	\$4,622,785	Amort	
Int Rate		Aggregate DCR	1.45

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$70,882
Secondary Debt Service	16,644
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$15,207</b>

<b>Primary</b>	\$805,000	Amort	360
Int Rate	8.00%	DCR	1.45

<b>Secondary</b>	\$458,022	Amort	480
Int Rate	2.00%	Subtotal DCR	1.17

<b>Additional</b>	\$4,622,785	Amort	0
Int Rate	0.00%	Aggregate DCR	1.17

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$230,316	\$234,922	\$239,621	\$244,413	\$249,301	\$275,249	\$303,897	\$335,527	\$409,005
Secondary Income	1,920	1,958	1,998	2,038	2,078	2,295	2,533	2,797	3,410
Other Support Income: Public	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	232,236	236,881	241,618	246,451	251,380	277,544	306,430	338,324	412,415
Vacancy & Collection Loss	(17,418)	(17,766)	(18,121)	(18,484)	(18,853)	(20,816)	(22,982)	(25,374)	(30,931)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$214,818</b>	<b>\$219,115</b>	<b>\$223,497</b>	<b>\$227,967</b>	<b>\$232,526</b>	<b>\$256,728</b>	<b>\$283,448</b>	<b>\$312,950</b>	<b>\$381,484</b>
EXPENSES at 3.00%									
General & Administrative	\$16,737	\$17,239	\$17,757	\$18,289	\$18,838	\$21,838	\$25,317	\$29,349	\$39,442
Management	10,741	10,956	11,175	11,398	11,626	12,836	14,172	15,647	19,074
Payroll & Payroll Tax	29,525	30,410	31,323	32,262	33,230	38,523	44,659	51,772	69,577
Repairs & Maintenance	20,283	20,891	21,518	22,163	22,828	26,464	30,679	35,566	47,797
Utilities	5,659	5,829	6,004	6,184	6,369	7,384	8,560	9,923	13,336
Water, Sewer & Trash	6,887	7,094	7,306	7,526	7,751	8,986	10,417	12,076	16,230
Insurance	9,774	10,067	10,369	10,680	11,000	12,753	14,784	17,138	23,033
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	8,000	8,240	8,487	8,742	9,004	10,438	12,101	14,028	18,853
Other	4,480	4,614	4,753	4,895	5,042	5,845	6,776	7,856	10,557
<b>TOTAL EXPENSES</b>	<b>\$112,085</b>	<b>\$115,340</b>	<b>\$118,691</b>	<b>\$122,140</b>	<b>\$125,690</b>	<b>\$145,068</b>	<b>\$167,465</b>	<b>\$193,355</b>	<b>\$257,899</b>
<b>NET OPERATING INCOME</b>	<b>\$102,733</b>	<b>\$103,774</b>	<b>\$104,806</b>	<b>\$105,827</b>	<b>\$106,836</b>	<b>\$111,660</b>	<b>\$115,983</b>	<b>\$119,594</b>	<b>\$123,585</b>
DEBT SERVICE									
First Lien Financing	\$70,882	\$70,882	\$70,882	\$70,882	\$70,882	\$70,882	\$70,882	\$70,882	\$70,882
Second Lien	16,644	16,644	16,644	16,644	16,644	16,644	16,644	16,644	16,644
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$15,207</b>	<b>\$16,249</b>	<b>\$17,280</b>	<b>\$18,301</b>	<b>\$19,310</b>	<b>\$24,134</b>	<b>\$28,458</b>	<b>\$32,069</b>	<b>\$36,060</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.17</b>	<b>1.19</b>	<b>1.20</b>	<b>1.21</b>	<b>1.22</b>	<b>1.28</b>	<b>1.33</b>	<b>1.37</b>	<b>1.41</b>

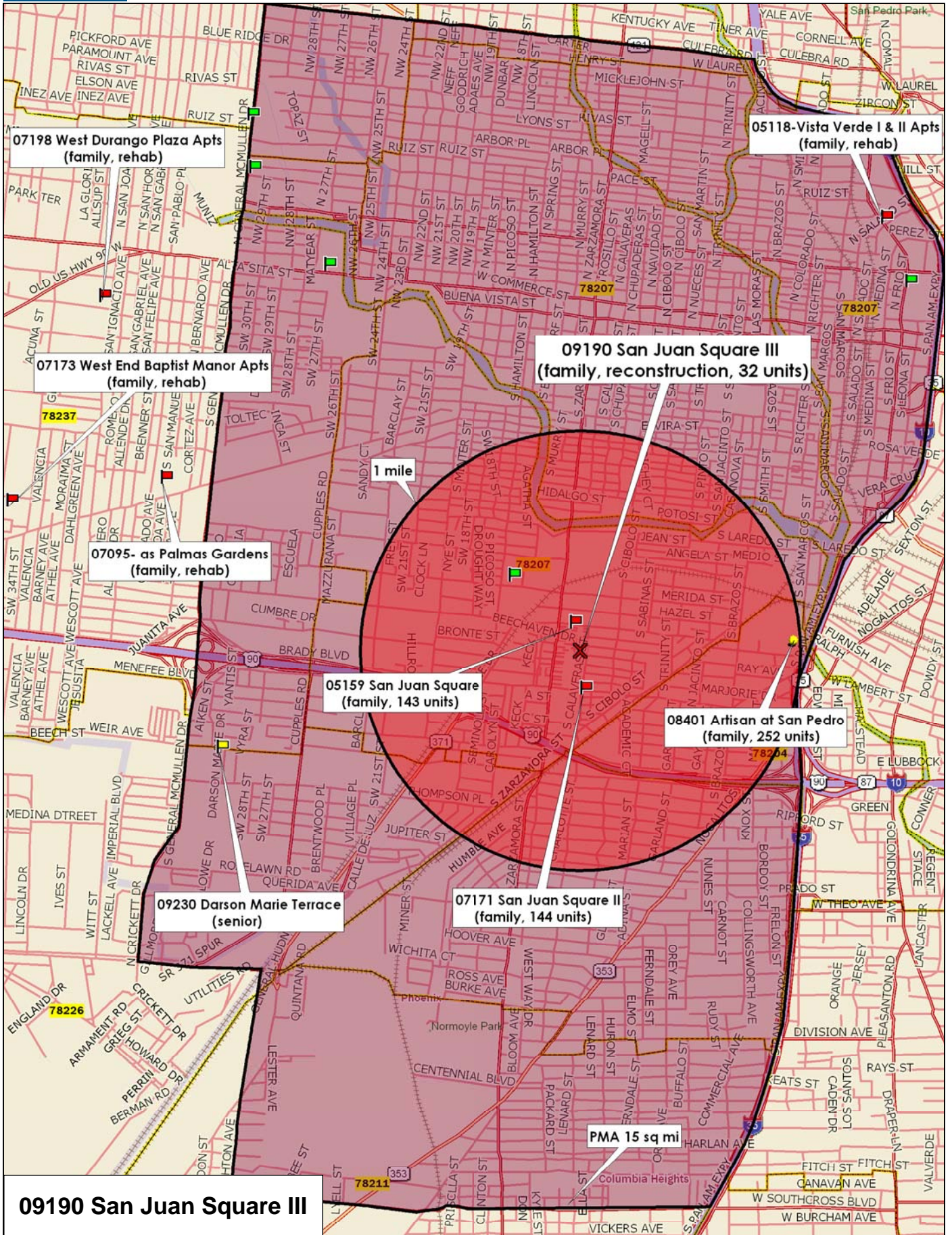
**HTC ALLOCATION ANALYSIS -San Juan Square III, San Antonio, 9% HTC #09190**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$350,000	\$350,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$288,000	\$288,000	\$288,000	\$288,000
<b>Construction Hard Costs</b>	\$2,500,000	\$2,501,954	\$2,500,000	\$2,501,954
<b>Contractor Fees</b>	\$390,250	\$390,250	\$390,250	\$390,250
<b>Contingencies</b>	\$139,500	\$139,498	\$139,400	\$139,498
<b>Eligible Indirect Fees</b>	\$791,000	\$791,000	\$791,000	\$791,000
<b>Eligible Financing Fees</b>	\$182,348	\$182,348	\$182,348	\$182,348
<b>All Ineligible Costs</b>	\$288,323	\$288,323		
<b>Developer Fees</b>			\$858,200	
Developer Fees	\$858,250	\$858,250		\$858,250
<b>Development Reserves</b>	\$104,000	\$79,873		
<b>TOTAL DEVELOPMENT COSTS</b>	\$5,891,671	\$5,869,495	\$5,149,198	\$5,151,300

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$5,149,198	\$5,151,300
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$6,693,957	\$6,696,689
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$6,693,957	\$6,696,689
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$602,456	\$602,702

<b>Syndication Proceeds</b>	<b>0.7672</b>	<b>\$4,622,324</b>	<b>\$4,624,210</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$602,456</b>	<b>\$602,702</b>
<b>Syndication Proceeds</b>		<b>\$4,622,324</b>	<b>\$4,624,210</b>
<b>Requested Tax Credits</b>		<b>\$602,474</b>	
<b>Syndication Proceeds</b>		<b>\$4,622,461</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$4,628,649</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$603,281</b>	





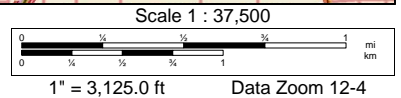
**09190 San Juan Square III**

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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Sendero Pointe, TDHCA Number 09191**

BASIC DEVELOPMENT INFORMATION

Site Address: S. Side of Addicks Satsuma approx. 10m E. of Hwy 6      Development #: 09191  
 City: Houston      Region: 6      Population Served: Elderly  
 County: Harris      Zip Code: 77084      Allocation: Urban  
 HTC Set Asides:  At-Risk    Nonprofit    USDA    Rural Rescue   HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO    Preservation    General      Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Sendero Pointe, Ltd.  
 Owner Contact and Phone: Thomas W. Troll, (210) 497-2337  
 Developer: Community Housing Resource Partners Inc  
 Housing General Contractor: NRP Contractors LLC  
 Architect: Alamo Architects, Inc.  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Red Stone Equity Partners  
 Supportive Services: Community Housing Resources Partners, Inc.  
 Consultant: NRP Holdings, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>		Total Restricted Units:	120	
	6	0	54	60		Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	Owner/Employee Units:	0
	0	60	60	0	0	0	Total Development Units:	120
Type of Building:						Total Development Cost*:	\$16,702,104	
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/>	5 units or more per building					Number of Residential Buildings:	11
<input type="checkbox"/> Triplex	<input type="checkbox"/>	Detached Residence					HOME High Total Units:	0
<input type="checkbox"/> Fourplex	<input type="checkbox"/>	Single Room Occupancy					HOME Low Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/>	Transitional						

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,634,081	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Sendero Pointe, TDHCA Number 09191

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Patrick, District 7, NC

Points: 0

US Representative: Culberson, District 7, NC

TX Representative: Elkins, District 135, S

Points: 14

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Barbara Jordan Endeavors Corporation, S, Thelma Scott and the late Otis Scott, Founders  
Bear Creek Assistance Ministries Impact for Life Campus, S, Terry Emick, Executive Director  
The League of United Latin American Citizens, S, Edward Ybarra, President, LULAC Council  
402

**General Summary of Comment:**

Letters of support from elected officials.

CONDITIONS OF COMMITMENT

1. The demand analysis supports a recommendation of the subject on the condition that a maximum of 249 units (including the 120 subject units) are approved within the subject Primary Market Area.
2. Receipt, review, and acceptance, by carryover, of documentation that:
  - A comprehensive noise study has been completed to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented;
  - The possible existence of a water well has been determined, and if so, that the well has been properly sealed and abandoned;
  - The soil mounds identified in the ESA have been tested to ensure no hazardous debris or asbestos containing materials are present, and if present, that such materials have been properly disposed of.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.
4. Receipt of a commitment of funding from Harris County Community Services Department HOME funds in the amount of \$1,500,000, or a commitment from a qualifying substitute source in an amount not less than \$835,106, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.
5. Receipt of a commitment of funding from Harris County Community Services Department HOME funds in the amount of \$500,000, or a commitment from a qualifying substitute source (s) in an amount not less than \$334,043 as required by §49.9(i)(27) of the 2009 QAP. The provider of funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Sendero Pointe, TDHCA Number 09191**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **0**

Total # Monitored: **0**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **199**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended due to \$2 million cap violation.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/15/09 PROGRAM: 9%/HTC FILE NUMBER: 09191

**DEVELOPMENT**

Sendero Pointe

Location: S. Side of Addicks Satsuma, ~ 0.10m E. of Hwy 6 Region: 6  
 City: Houston County: Harris Zip: 77084  OCT  DDA  
 Key Attributes: Seniors, New Construction, Urban

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,643,081			<b>\$1,634,080</b>		

**CONDITIONS**

- 1 The demand analysis supports a recommendation of the subject on the condition that a maximum of 249 units (including the 120 subject units) are approved within the subject Primary Market Area.
- 2 Receipt, review, and acceptance, by carryover, of documentation that:
  - A comprehensive noise study has been completed to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented;
  - The possible existence of a water well has been determined, and if so, that the well has been properly sealed and abandoned;
  - The soil mounds identified in the ESA have been tested to ensure no hazardous debris or asbestos containing materials are present, and if present, that such materials have been properly disposed of.
- 3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	6
50% of AMI	50% of AMI	54
60% of AMI	60% of AMI	60

**STRENGTHS/MITIGATING FACTORS**

- The underwriter concludes that while the total number of proposed units remains a concern, a capture rate analysis on the general market area that includes all six concurrent 2009 applications indicates an acceptable capture rate of 59%.

**WEAKNESSES/RISKS**

- The Applicant's high expense to income ratio is within 1.17% of the maximum guideline, reflecting extensive deep rent targeting, but is still acceptable.

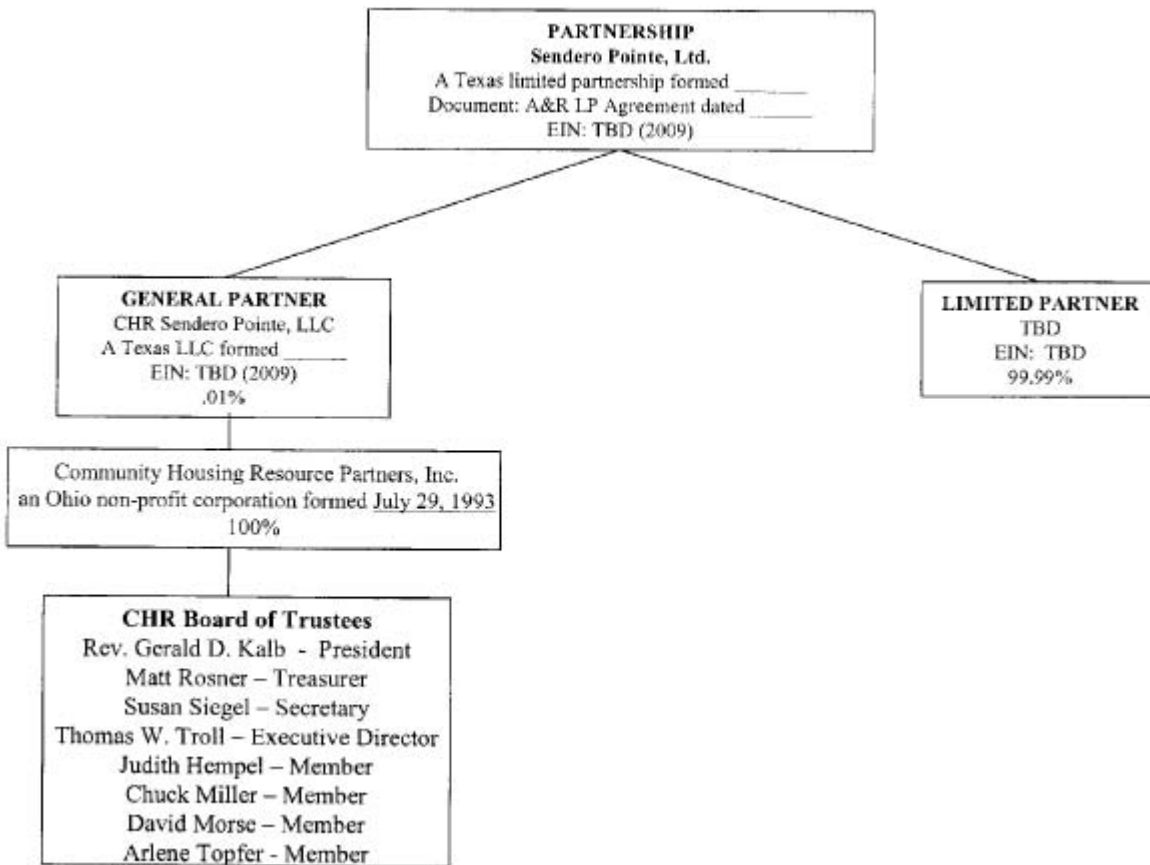
- The Primary Market Area does not provide sufficient demand for all developments proposed for the subject PMA.
- Including the subject, there are a total of 769 proposed senior units within the general sub-market.
- The anticipated syndication rate of 72% is slightly higher than the typical percentage (less than 70%) currently seen by the Underwriter.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Thomas Troll Phone: 210-497-2337 Fax: N/A  
 Email: [twtroll@swbell.net](mailto:twtroll@swbell.net)

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Community Housing Resource Partners, Inc	N/A	None Identified

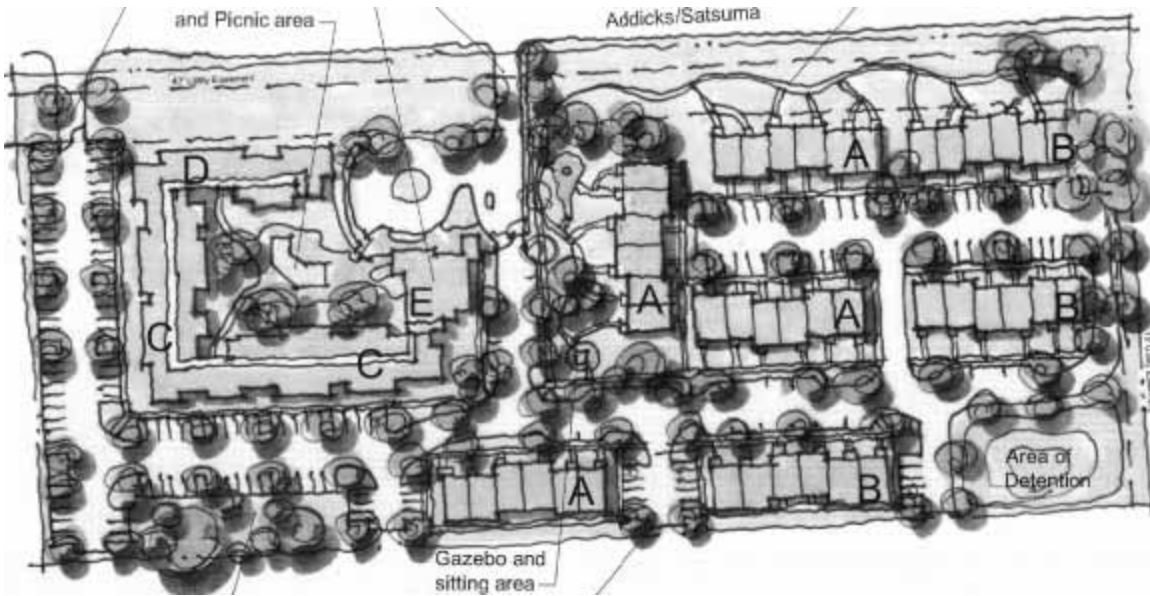
<sup>1</sup> Liquidity = Current Assets - Current Liabilities

**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	A	B	C	D	E						Total Buildings
Floors/Stories	1	1	3	3	3						
Number	4	3	2	1	1						<b>11</b>

BR/BA	SF	Units									Total Units	Total SF
1/1	750	6		15	4	2					60	45,000
2/2	1,000		6	15	10	2					60	60,000
Units per Building		6	6	30	14	4					<b>120</b>	<b>105,000</b>

**SITE ISSUES**

Total Size: 8.79 acres      Scattered site?       Yes       No

Flood Zone: Zone X      Within 100-yr floodplain?       Yes       No

Zoning: N/A      Needs to be re-zoned?       Yes       No       N/A

Comments:  
 The City of Houston does not have a zoning ordinance.

This section intentionally left blank.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 5/22/2009

Overall Assessment:

- Excellent
- Acceptable
- Questionable
- Poor
- Unacceptable

Surrounding Uses:

North: commercial uses East: Eagle Trail Dr & residential uses  
 South: Keith Harrow Blvd & residential uses West: Highway 8, vacant land & commercial uses

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Terracon Date: 3/13/09.

Recognized Environmental Concerns (RECs) and Other Concerns:

- "Terracon did not identify RECs which, in our opinion, warrant additional investigation at this time." (p. iii)
- "Highway 6 runs north to south approximately 500 feet west of the site. Based on the proximity of a major roadway to the site, Terracon recommends that a noise study be conducted." (p. 19)

"Terracon was provided with a previous Phase I Environmental Site Assessment (ESA) of site for review. The ESA was performed in September of 2008 ... The ESA recommendations section states, '1. Conduct a water well search with TCEQ to establish the site of the water well and its closure status. 2. Conduct shovel tests by a state-licensed asbestos inspector to ensure no hazardous debris or asbestos containing materials are present in the scattered dirt piles.' " (p. ii)

"During the site reconnaissance, several soil mounds were observed on the central portion of the site. Terracon did not observe any staining or odors on or in the vicinity of the soil mounds, and no waste materials were observed on the surface of the mounds. Based on the locations, these mounds may be associated with the building demolition activities in the late 1990s/early 2000s. If waste or building demolition materials are identified in the soil mounds during site redevelopment activities, the waste materials should be properly characterized and disposed." (p. ii)

Comments:

Any funding recommendation will be subject to receipt, review, and acceptance, by carryover, of documentation that:

- A comprehensive noise study has been completed to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented;
- The possible existence of a water well has been determined, and if so, that the well has been properly sealed and abandoned;
- The soil mounds identified in the ESA have been tested to ensure no hazardous debris or asbestos containing materials are present, and if present, that such materials have been properly disposed of.

MARKET HIGHLIGHTS

Provider: Apartment MarketData Date: 12/28/1985

Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: 1 Date of Last Applicant Revision: 7/7/2009

Primary Market Area (PMA): 25 sq. miles 3 mile equivalent radius

The Primary Market Area is bound by West Road and Hwy 6 to the north; an arbitrary north-south line to the east, approximately 1.5 miles east of the subject; Groeschke Road to the south; and Barker Cypress Road to the west. The PMA had an estimated 2008 population of 98,519, including 6,589 senior households.

Secondary Market Area (SMA):

The market study submitted with the application did not define a Secondary Market Area. However, during the underwriting process, the Market Analyst provided an addendum to the market study, defining a Secondary Market Area which incorporates the primary market for another current application, Trebah Village (# 09103). The combined Primary and Secondary Market Areas for the subject had an estimated 2008 population of 154,216, including 11,044 senior households.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Mariposa at Keith Harrow	09281	180	180	Trebah Village	09103	129	121
				Greenhouse Place	09265	140	0
Stone Court Senior	09160	80	80	Mason Apt Homes	09272	120	0

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
40	\$17,880	\$20,400	\$22,960	\$25,520	\$27,560	\$29,600
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	28	15	0	43	3	0	7%
1 BR/50%	16	60	0	76	27	0	36%
1 BR/60%	63	24	0	87	30	0	34%
2 BR/30%	0	0	0	0	3	0	XX
2 BR/50%	5	13	0	18	27	0	150%
2 BR/60%	22	7	0	29	30	0	103%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	31	8	0	39	3	6	23%
1 BR/50%	42	11	0	52	27	62	171%
1 BR/60%	44	14	0	58	30	61	158%
2 BR/30%	8	1	0	10	3	7	102%
2 BR/50%	12	3	0	15	27	63	612%
2 BR/60%	18	5	0	24	30	16	195%

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OVERALL DEMAND						
	Target Households	Household Size	Income Eligible	Tenure	Demand	
PMA DEMAND from TURNOVER					turnover	
Market Analyst p. 66				649	24%	156
Underwriter (Map Info)	13% 7,678	100% 7,678	8% 645	46% 294	24%	71
Underwriter (HISTA)						202
PMA DEMAND from GROWTH					growth	
Market Analyst p. 67						53
Underwriter (Map Info)	13% 571	100% 571	8% 48	46% 22	100%	22
Underwriter (HISTA)						58
SMA DEMAND from TURNOVER						
Market Analyst p.						94
Underwriter (Map Info)						41
Underwriter (HISTA)						82
DEMAND from OTHER SOURCES				Senior Homeowners		
Market Analyst p. 68				717	10%	72
Underwriter (Map Info)				351	9%	30
Underwriter (HISTA)				835	9%	73
INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 69	120	0	0	120	375	<b>32%</b>
Underwriter (Map Info)	120	260	30	410	164	<b>250%</b>
Underwriter (HISTA)	120	260	30	410	414	<b>99%</b>

Proposed, Under Construction, and Unstabilized Comparable Supply:

The market study failed to identify any proposed, under construction, or unstabilized comparable units targeting seniors located within the PMA. But, in fact, there are two 2009 applications for senior developments in the PMA: Mariposa at Keith Harrow (#09281), with a proposed 180 units, is less than one mile to the west of the subject; and Stone Court Senior Residences (#09160), with a proposed 80 units, is roughly two miles to the north. At the time of this underwriting, both Mariposa and Stone Court have higher priority than the subject, so both will be included in the calculation of the capture rate. A third application, Trebah Village (#09103), with 129 proposed units, is located just to the west of the Subject PMA, and is included in the subject Secondary Market Area.

It should be noted, also, that the subject is one of six 2009 applications for developments targeting seniors, all located within seven miles of each other, most with overlapping market areas as defined by the various market studies. The Department is concerned about this proposed concentration of senior developments within the general area. Therefore, in addition to considering supply and demand within each of the six individually defined PMAs, the Underwriter evaluated overall supply and demand in an area defined by overlaying all six PMAs, as discussed in the comments section.

Demand Analysis:

The market study provides a general demographic report on the PMA from Map Info, as well as a HISTA Data report, which provides greater detail of the household breakdown by income, household size, tenure, and age. The market study analysis is based on the HISTA Data. The analysis applies a renter turnover rate of 24% from the 2000 census data for seniors in Harris County, and considers only one to three person households. Based on these criteria, the Market Analyst identifies demand for 156 units due to turnover of renter households, and demand for 53 units due to growth of renter households.



The market study also considers demand from existing senior homeowner households. The 2009 Real Estate Analysis Rules allow for demand from turnover from homeowners up to a rate of 10% if supported by appropriate data. The Market Analyst applies a 10% turnover rate to the senior homeowner household population, but provides no specific supporting data; the Analyst concludes demand for 72 units from homeowner turnover. The 2000 census data for the PMA reports senior homeowner turnover at 8.7%; this rate will be applied in the underwriting analysis.

The original market study calculated total demand for 281 units, and reported an inclusive capture rate of 43% based on a supply limited to the 120 units at the subject.

The Market Analyst's Secondary Market calculations indicate additional demand for 124 units from renter turnover, renter household growth, and existing homeowners. This is overstated, since the Rules only allow for renter household turnover demand from a Secondary Market Area. The turnover component contributes demand for 52 units. The Rules also state that demand from the SMA can account for no more than 25% of total demand for the subject; based on this, the Market Analyst included demand for 94 units from the SMA.

Considering all sources, the Market Analyst identifies total demand for 375 units, and concludes that the combined PMA and SMA can accommodate a total of 281 units while maintaining a PMA capture rate of 75%, with no more than 25% of total demand from the SMA. Since there are 380 proposed units in the PMA, this clearly implies there is insufficient demand to support all the proposed developments.

The Map Info demographic report provides total households by age and income. The traditional underwriting approach starts with the income distribution of the overall household population, and adjusts for age and renter tenure. The underwriting analysis does not typically adjust senior demand based on household size. In this case Map Info indicates a much lower distribution of senior households in the eligible income range than indicated by HISTA; as a result, this methodology indicates demand for 71 units due to renter turnover, demand for 22 units due to household growth, and demand for 30 units from senior homeowners. Since secondary market demand is limited to 25% of total demand, the maximum contribution from the SMA would be demand for 41 units. Total supply is 410 units (120 at the subject, 180 at Mariposa at Keith Harrow, 80 at Stone Court, and 30 units representing 25% of the proposed units at Trebah Village in the SMA). Based on this, the underwriting analysis concludes an inclusive capture rate of 250%, well above the maximum capture rate of 75% for developments targeting seniors.

An underwriting analysis was also performed based on the HISTA data. Considering all senior households, the underwriting analysis calculates demand for 202 units due to renter turnover, demand for 58 units due to renter household growth, demand for 73 units due to homeowner turnover, and demand for 82 units from the Secondary Market Area. This total demand for 414 units, with a total supply of 410 units, indicates an inclusive capture rate of 99%, which exceeds the maximum of 75%.

The capture rate as determined by the Underwriter, and inclusive of all applications located in the Primary Market Area, exceeds the limit of 75%. The Primary Market Area, as defined, can accommodate 249 units and maintain an inclusive capture rate of 75% or less. This suggests that if Mariposa at Keith Harrow (180 units) is approved, there is insufficient demand to support the subject. However, should Mariposa at Keith Harrow withdraw its application or fail to be approved, demand in the PMA can support both Stone Court (80 units) and the subject (120 units).

#### Primary Market Occupancy Rates:

"The overall occupancy reported in the market is 94.5%." (p. 48)

#### Absorption Projections:

"We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p. 50) "The nearest senior project, The Manor at Jersey Village currently reports only one vacancy out of 200 total units. A recent lease-up, Providence Place, reported that it achieved a stabilized occupancy of 90%+ in just eight months of leasing. Today, the project reports an occupancy of 100%." (p. 52)

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RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market	
1 BR 750 SF 30%	\$249	\$253	\$785	\$253	\$532	
1 BR 750 SF 50%	\$479	\$493	\$785	\$493	\$292	
1 BR 750 SF 50%	\$479	\$493	\$785	\$493	\$292	
1 BR 750 SF 60%	\$593	\$612	\$785	\$609	\$176	
1 BR 750 SF 60%	\$593	\$612	\$785	\$612	\$173	
2 BR 1,000 SF 30%	\$304	\$311	\$885	\$311	\$574	
2 BR 1,000 SF 50%	\$579	\$597	\$885	\$597	\$288	
2 BR 1,000 SF 60%	\$717	\$741	\$885	\$741	\$144	

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Newer "affordable" units have been easily absorbed." (p. 56)

Comments:

The Market Analyst concluded that there is sufficient demand to support the subject application only because the comparable applications located in the PMA were not considered. The underwriting analysis, based on both available demographic sources, indicates that there is not enough demand to support all the developments proposed for the subject PMA. The subject can only be recommended on the condition that a maximum of 249 units (including the 120 units at the subject) are approved within the subject Primary Market Area.

The subject is one of six applications for senior developments located within a 3.5 mile radius. At the time of this underwriting, the subject has the lowest priority of the six. The Department is concerned about this proposed concentration of senior units, and has looked closely at the overall demand in the area. The combined market areas have a total of 120,592 households, including 29,130 senior households. The underwriting analysis indicates total demand for 1,298 units, resulting in an inclusive capture rate of 59% for the 769 total proposed units. This is below the maximum 75%, suggesting that the combined area can support the proposed units in all six properties. The total number of units in this overlapping market area remains a general concern that could affect leasing velocity and result in a potentially protracted stabilization period for the subject.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions: None      Date of Last Applicant Revision: N/A

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of April 1, 2008, maintained by Harris County Housing Authority, from the 2008 program gross rent limits. Tenants will be required to pay electric, natural gas, water, and sewer costs. The Underwriter's projected rents were calculated by subtracting tenant-paid utilities maintained by Harris County Housing Authority as of May 1, 2009 from the current 2009 HTC program rents. It should be noted that at the time the application was submitted (January 2009) the 2009 program rent limits were not yet available.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines, and despite the Applicant's use of the slightly lower 2008 program rents, effective gross income is within 5% of the Underwriter's estimate.

This section intentionally left blank.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 5/29/2009

The Applicant's total annual operating expense projection at \$4,146 per unit is within 5% of the Underwriter's estimate of \$3,960, derived from the TDHCA database, and third-party data sources. The Applicant's revised budget shows general & administrative to be \$8K higher when compared to the Underwriter's estimate.

**Conclusion:**

As mentioned previously, the 2009 HTC rent limits have been released since the application was submitted. As a result, overall increases in the rent limits for this area provide for additional income to the development that was not originally anticipated.

The Applicant's net operating income is not within 5% of the Underwriter's estimates; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proforma and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.35.

Therefore, the recommended financing structure reflects an increase in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	8.78 acres	<u>\$898,825</u>	Tax Year:	<u>2009</u>
			Valuation by:	<u>Harris CAD</u>
			Tax Rate:	<u>2.46155</u>

**EVIDENCE of PROPERTY CONTROL**

Type:	<u>Commercial Property Contract</u>	Acreage:	<u>8.7783</u>
Contract Expiration:	<u>9/30/2009</u>	Valid Through Board Date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost:	<u>\$1,650,000</u>	Other:	<u></u>
Seller:	<u>Bainbridge Houston Joint Venture</u>	Related to Development Team?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**TITLE**

Comments:  
No issues reported.

This section intentionally left blank.

## CONSTRUCTION COST ESTIMATE EVALUATION

*COST SCHEDULE* Number of Revisions: 2 Date of Last Applicant Revision: 6/19/2009

**Acquisition Value:**

The site cost of \$187,964 per acre or \$13,750 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

**Sitework Cost:**

The Applicant's revised sitework costs claim costs over the Departments maximum guideline of \$9,000 per unit. The Applicant provided sufficient third party certification through a detailed certified cost estimate by an architect to justify these additional costs. In addition, these costs have been reviewed by the Applicant's CPA, Novogradac & Company to preliminarily opine that the entire \$1,620,000 will be considered eligible. The CPA has indicated that this opinion of eligibility has taken into account the effect of the recent IRS Technical Advisory Memorandums on the eligibility of sitework costs.

**Direct Construction Cost:**

The Applicant's revised direct construction cost estimate is \$176K or less than 2.68% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

**Contingency & Fees:**

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

**Conclusion:**

The Applicant's total revised development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$13,966,500 supports annual tax credits of \$1,634,080. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

## FINANCING STRUCTURE

*SOURCES & USES* Number of Revisions: 1 Date of Last Applicant Revision: 5/29/2009

Source: MMA Financial Inc. Type: Interim to Permanent Financing

Interim: \$12,000,000 Interest Rate: 6.00%  Fixed Term: 24 months

Permanent: \$2,492,000 Interest Rate: 8.50%  Fixed Amort: 360 months

**Comments:**

Interim Rate Index: 30-day LIBOR plus 3.50% w/ 6.00% floor. Underwritten @ 6%.

Source: Harris County HOME Type: Permanent Financing

Principal: \$2,000,000 Interest Rate: 0.0%  Fixed Amort: N/A months

**Comments:**

The Applicant provided a conditional commitment for the local HOME funds. The application indicates the funds will be in the form of a forgivable loan at 0% interest rate.

Source: Red Stone Equity Partners Type: Syndication

Proceeds: \$12,090,990 Syndication Rate: 74% Anticipated HTC: \$ 1,643,081

**Comments:**

Due to the recent volatility in credit pricing, it should be noted, any increase in rate could warrant further adjustment to the credit amount.

Amount: \$119,114 Type: Deferred Developer Fees

## CONCLUSIONS

### Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. The underwriting analysis assumes an increase in the permanent loan amount to \$2,633,309 based on the terms reflected in the application materials. As a result the development's gap in financing will decrease.

The Applicant's total development cost estimate less the adjusted permanent loan of \$2,633,309 and \$2M in local HOME funds indicates the need for \$12,068,795 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,640,065 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,643,081), the gap-driven amount (\$1,640,065), and eligible basis-derived estimate (\$1,634,080), the eligible basis-derived estimate of \$1,634,080 is recommended resulting in proceeds of \$12,024,757 based on a syndication rate of 74%.

The Underwriter's recommended financing structure indicates the need for \$44,038 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within one year of stabilized operation.

Underwriter:

\_\_\_\_\_  
*Diamond Unique Thompson*

Date: July 15, 2009

Manager of Real Estate Analysis:

\_\_\_\_\_  
*Raquel Morales*

Date: July 15, 2009

Director of Real Estate Analysis:

\_\_\_\_\_  
*Brent Stewart*

Date: July 15, 2009

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Sendero Pointe, Houston, 9%/HTC #09191**

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Water & Sewer	Trash Only
TC 30%	LH	3	1	1	750	\$358	\$253	\$759	\$0.34	\$105.00	\$34.00	\$16.00
TC 50%	LH	1	1	1	750	\$598	\$493	\$493	\$0.66	\$105.00	\$34.00	\$16.00
TC 50%		26	1	1	750	\$598	\$493	\$12,818	\$0.66	\$105.00	\$34.00	\$16.00
TC 60%	HH	14	1	1	750	\$717	\$609	\$8,526	\$0.81	\$105.00	\$34.00	\$16.00
TC 60%		16	1	1	750	\$717	\$612	\$9,792	\$0.82	\$105.00	\$34.00	\$16.00
TC 30%		3	2	2	1,000	\$431	\$311	\$933	\$0.31	\$120.00	\$34.00	\$16.00
TC 50%		27	2	2	1,000	\$717	\$597	\$16,119	\$0.60	\$120.00	\$34.00	\$16.00
TC 60%		30	2	2	1,000	\$861	\$741	\$22,230	\$0.74	\$120.00	\$34.00	\$16.00
<b>TOTAL:</b>		<b>120</b>		<b>AVERAGE:</b>	<b>875</b>		<b>\$597</b>	<b>\$71,670</b>	<b>\$0.68</b>	<b>\$112.50</b>		<b>\$16.00</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	105,000	<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>						\$860,040	\$834,300	Harris	Houston	6
Secondary Income			Per Unit Per Month:	\$5.83	8,400	8,400	\$5.83	Per Unit Per Month		
Other Support Income:					0		\$0.00	Per Unit Per Month		
<b>POTENTIAL GROSS INCOME</b>						\$868,440	\$842,700			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(65,133)	(63,252)	-7.51%	of Potential Gross Income		
Employee or Other Non-Rental Units or Concessions					0					
<b>EFFECTIVE GROSS INCOME</b>						\$803,307	\$779,448			

<b>EXPENSES</b>	<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>	<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>
General & Administrative	4.74%	\$317	0.36	\$38,092	\$46,200	\$0.44	\$385	5.93%
Management	5.00%	335	0.38	40,165	38,972	0.37	325	5.00%
Payroll & Payroll Tax	14.47%	968	1.11	116,206	114,000	1.09	950	14.63%
Repairs & Maintenance	7.13%	477	0.55	57,269	66,000	0.63	550	8.47%
Utilities	4.21%	282	0.32	33,800	36,000	0.34	300	4.62%
Water, Sewer, & Trash	3.67%	246	0.28	29,466	28,000	0.27	233	3.59%
Property Insurance	4.57%	306	0.35	36,750	40,920	0.39	341	5.25%
Property Tax	2.46155	10.30%	689	82,708	86,603	0.82	722	11.11%
Reserve for Replacements	3.73%	250	0.29	30,000	30,000	0.29	250	3.85%
TDHCA Compliance Fees	0.60%	40	0.05	4,800	4,800	0.05	40	0.62%
Other: Supportive Services	0.75%	50	0.06	6,000	6,000	0.06	50	0.77%
<b>TOTAL EXPENSES</b>	<b>59.16%</b>	<b>\$3,960</b>	<b>\$4.53</b>	<b>\$475,257</b>	<b>\$497,495</b>	<b>\$4.74</b>	<b>\$4,146</b>	<b>63.83%</b>
<b>NET OPERATING INC</b>	<b>40.84%</b>	<b>\$2,734</b>	<b>\$3.12</b>	<b>\$328,050</b>	<b>\$281,953</b>	<b>\$2.69</b>	<b>\$2,350</b>	<b>36.17%</b>

<b>DEBT SERVICE</b>				<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>
MMA Financial Inc.	28.62%	\$1,916	\$2.19	\$229,936	\$229,936	\$2.19	\$1,916	29.50%
Harris County HOME	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>12.21%</b>	<b>\$818</b>	<b>\$0.93</b>	<b>\$98,114</b>	<b>\$52,017</b>	<b>\$0.50</b>	<b>\$433</b>	<b>6.67%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>1.43</b>	<b>1.23</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>				<b>1.35</b>				

<b>CONSTRUCTION COST</b>									
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		10.14%	\$13,750	\$15.71	\$1,650,000	\$1,650,000	\$15.71	\$13,750	9.88%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		9.95%	13,500	15.43	1,620,000	1,620,000	15.43	13,500	9.70%
Direct Construction		40.20%	54,522	62.31	6,542,636	6,718,235	63.98	55,985	40.22%
Contingency	5.00%	2.51%	3,401	3.89	408,132	416,912	3.97	3,474	2.50%
Contractor's Fees	14.00%	7.02%	9,523	10.88	1,142,769	1,167,353	11.12	9,728	6.99%
Indirect Construction		9.68%	13,125	15.00	1,575,000	1,575,000	15.00	13,125	9.43%
Ineligible Costs		3.61%	4,901	5.60	588,104	588,104	5.60	4,901	3.52%
Developer's Fees	15.00%	11.00%	14,921	17.05	1,790,481	1,821,000	17.34	15,175	10.90%
Interim Financing		3.98%	5,400	6.17	648,000	648,000	6.17	5,400	3.88%
Reserves		1.92%	2,601	2.97	312,114	497,500	4.74	4,146	2.98%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$135,644</b>	<b>\$155.02</b>	<b>\$16,277,235</b>	<b>\$16,702,104</b>	<b>\$159.07</b>	<b>\$139,184</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>59.68%</b>	<b>\$80,946</b>	<b>\$92.51</b>	<b>\$9,713,537</b>	<b>\$9,922,500</b>	<b>\$94.50</b>	<b>\$82,688</b>	<b>59.41%</b>

<b>SOURCES OF FUNDS</b>									
					<b>RECOMMENDED</b>				
MMA Financial Inc.	15.31%	\$20,767	\$23.73		\$2,492,000	\$2,492,000	\$2,633,309		Developer Fee Available
Harris County HOME	12.29%	\$16,667	\$19.05		2,000,000	2,000,000	2,000,000		\$1,821,000
Red Stone Equity Partners	74.28%	\$100,758	\$115.15		12,090,990	12,090,990	12,024,757		% of Dev. Fee Deferred
Deferred Developer Fees	0.73%	\$993	\$1.13		119,114	119,114	44,038		2%
Additional (Excess) Funds Req'd	-2.61%	(\$3,541)	(\$4.05)		(424,869)	0	0		15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>					<b>\$16,277,235</b>	<b>\$16,702,104</b>	<b>\$16,702,104</b>		<b>\$1,451,448</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Sendero Pointe, Houston, 9%/HTC #09191*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$58.98	\$6,192,635
<b>Adjustments</b>				
Exterior Wall Finish	0.16%		\$0.09	\$9,908
Elderly	3.00%		1.77	185,779
9-Ft. Ceilings	3.02%		1.78	187,018
Roofing			0.00	0
Subfloor			(1.40)	(147,111)
Floor Cover			2.38	249,900
Balconies	\$36.69	9,600	3.35	352,244
Plumbing Fixtures	\$892	102	0.87	90,940
Rough-ins	\$419	198	0.79	82,877
Built-In Appliances	\$2,040	120	2.33	244,800
Exterior Stairs	\$1,875	16	0.29	30,000
Enclosed Corridors	\$49.06	12156	5.68	596,343
Heating/Cooling			1.83	192,150
Elevators	\$53,600	1	0.51	53,600
Comm &/or Aux Bldgs	\$74.94	2,783	1.99	208,551
Other: fire sprinkler	\$2.15	105,000	2.15	225,750
<b>SUBTOTAL</b>			<b>83.38</b>	<b>8,755,385</b>
Current Cost Multiplier	1.01		0.83	87,554
Local Multiplier	0.91		(7.50)	(787,985)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$76.71</b>	<b>\$8,054,954</b>
Plans, specs, survy, bld prmts	3.90%		(\$2.99)	(\$314,143)
Interim Construction Interest	3.38%		(2.59)	(271,855)
Contractor's OH & Profit	11.50%		(8.82)	(926,320)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$62.31</b>	<b>\$6,542,636</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$2,492,000	Amort	360
Int Rate	8.50%	DCR	1.43

<b>Secondary</b>	\$2,000,000	Amort	
Int Rate	0.00%	Subtotal DCR	1.43

<b>Additional</b>	\$12,090,990	Amort	
Int Rate		Aggregate DCR	1.43

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$242,974
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$85,076</b>

<b>Primary</b>	\$2,633,309	Amort	360
Int Rate	8.50%	DCR	1.35

<b>Secondary</b>	\$2,000,000	Amort	
Int Rate	0.00%	Subtotal DCR	1.35

<b>Additional</b>	\$12,090,990	Amort	0
Int Rate	0.00%	Aggregate DCR	1.35

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$860,040	\$877,241	\$894,786	\$912,681	\$930,935	\$1,027,827	\$1,134,805	\$1,252,916	\$1,527,297
Secondary Income	8,400	8,568	8,739	8,914	9,092	10,039	11,084	12,237	14,917
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	868,440	885,809	903,525	921,595	940,027	1,037,866	1,145,888	1,265,153	1,542,215
Vacancy & Collection Loss	(65,133)	(66,436)	(67,764)	(69,120)	(70,502)	(77,840)	(85,942)	(94,886)	(115,666)
Employee or Other Non-Rental Units or Concess	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$803,307	\$819,373	\$835,761	\$852,476	\$869,525	\$960,026	\$1,059,947	\$1,170,267	\$1,426,548
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$38,092	\$39,235	\$40,412	\$41,624	\$42,873	\$49,702	\$57,618	\$66,795	\$89,767
Management	40,165	40,969	41,788	42,624	43,476	48,001	52,997	58,513	71,327
Payroll & Payroll Tax	116,206	119,692	123,283	126,981	130,791	151,622	175,772	203,768	273,847
Repairs & Maintenance	57,269	58,987	60,757	62,580	64,457	74,723	86,625	100,422	134,959
Utilities	33,800	34,814	35,859	36,934	38,042	44,102	51,126	59,269	79,652
Water, Sewer & Trash	29,466	30,350	31,260	32,198	33,164	38,446	44,570	51,669	69,439
Insurance	36,750	37,853	38,988	40,158	41,362	47,950	55,588	64,441	86,604
Property Tax	82,708	85,189	87,745	90,377	93,089	107,915	125,103	145,029	194,907
Reserve for Replacements	30,000	30,900	31,827	32,782	33,765	39,143	45,378	52,605	70,697
Other	10,800	11,124	11,458	11,801	12,155	14,092	16,336	18,938	25,451
TOTAL EXPENSES	\$475,257	\$489,113	\$503,377	\$518,060	\$533,176	\$615,697	\$711,112	\$821,449	\$1,096,649
NET OPERATING INCOME	\$328,050	\$330,260	\$332,384	\$334,416	\$336,350	\$344,329	\$348,834	\$348,818	\$329,899
<b>DEBT SERVICE</b>									
First Lien Financing	\$242,974	\$242,974	\$242,974	\$242,974	\$242,974	\$242,974	\$242,974	\$242,974	\$242,974
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$85,076	\$87,286	\$89,410	\$91,441	\$93,375	\$101,355	\$105,860	\$105,843	\$86,925
DEBT COVERAGE RATIO	1.35	1.36	1.37	1.38	1.38	1.42	1.44	1.44	1.36

**HTC ALLOCATION ANALYSIS -Sendero Pointe, Houston, 9%/HTC #09191**

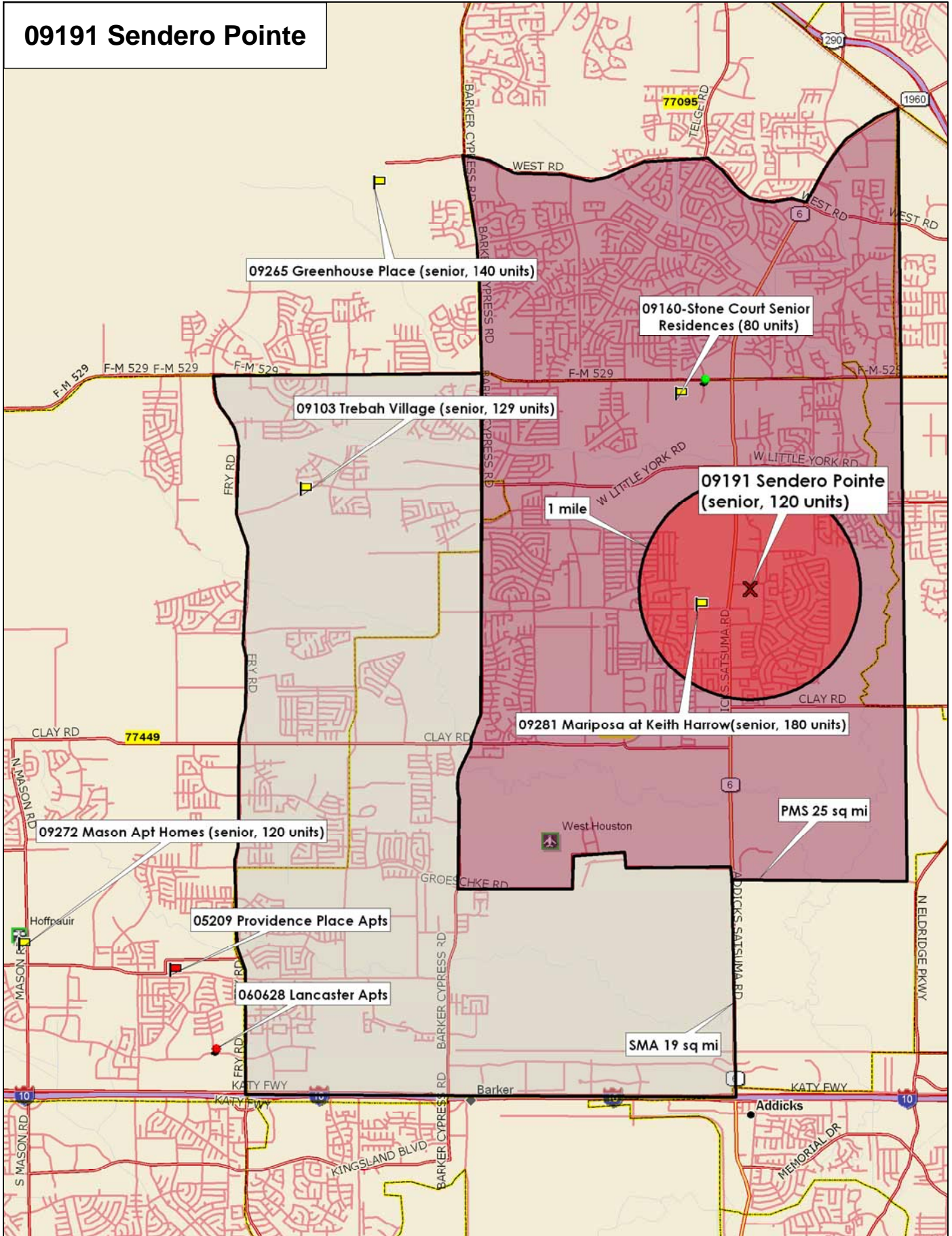
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$1,650,000	\$1,650,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,620,000	\$1,620,000	\$1,620,000	\$1,620,000
<b>Construction Hard Costs</b>	\$6,718,235	\$6,542,636	\$6,718,235	\$6,542,636
<b>Contractor Fees</b>	\$1,167,353	\$1,142,769	\$1,167,353	\$1,142,769
<b>Contingencies</b>	\$416,912	\$408,132	\$416,912	\$408,132
<b>Eligible Indirect Fees</b>	\$1,575,000	\$1,575,000	\$1,575,000	\$1,575,000
<b>Eligible Financing Fees</b>	\$648,000	\$648,000	\$648,000	\$648,000
<b>All Ineligible Costs</b>	\$588,104	\$588,104		
<b>Developer Fees</b>				
Developer Fees	\$1,821,000	\$1,790,481	\$1,821,000	\$1,790,481
<b>Development Reserves</b>	\$497,500	\$312,114		
<b>TOTAL DEVELOPMENT COSTS</b>	\$16,702,104	\$16,277,235	\$13,966,500	\$13,727,018

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$13,966,500	\$13,727,018
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$18,156,450	\$17,845,123
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$18,156,450	\$17,845,123
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,634,080	\$1,606,061

<b>Syndication Proceeds</b>	<b>0.7359</b>	<b>\$12,024,757</b>	<b>\$11,818,570</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,634,080</b>	<b>\$1,606,061</b>
<b>Syndication Proceeds</b>		<b>\$12,024,757</b>	<b>\$11,818,570</b>
<b>Requested Tax Credits</b>		<b>\$1,643,081</b>	
<b>Syndication Proceeds</b>		<b>\$12,090,990</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$12,068,795</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,640,065</b>	



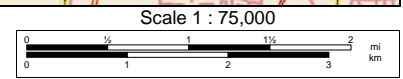
# 09191 Sendero Pointe



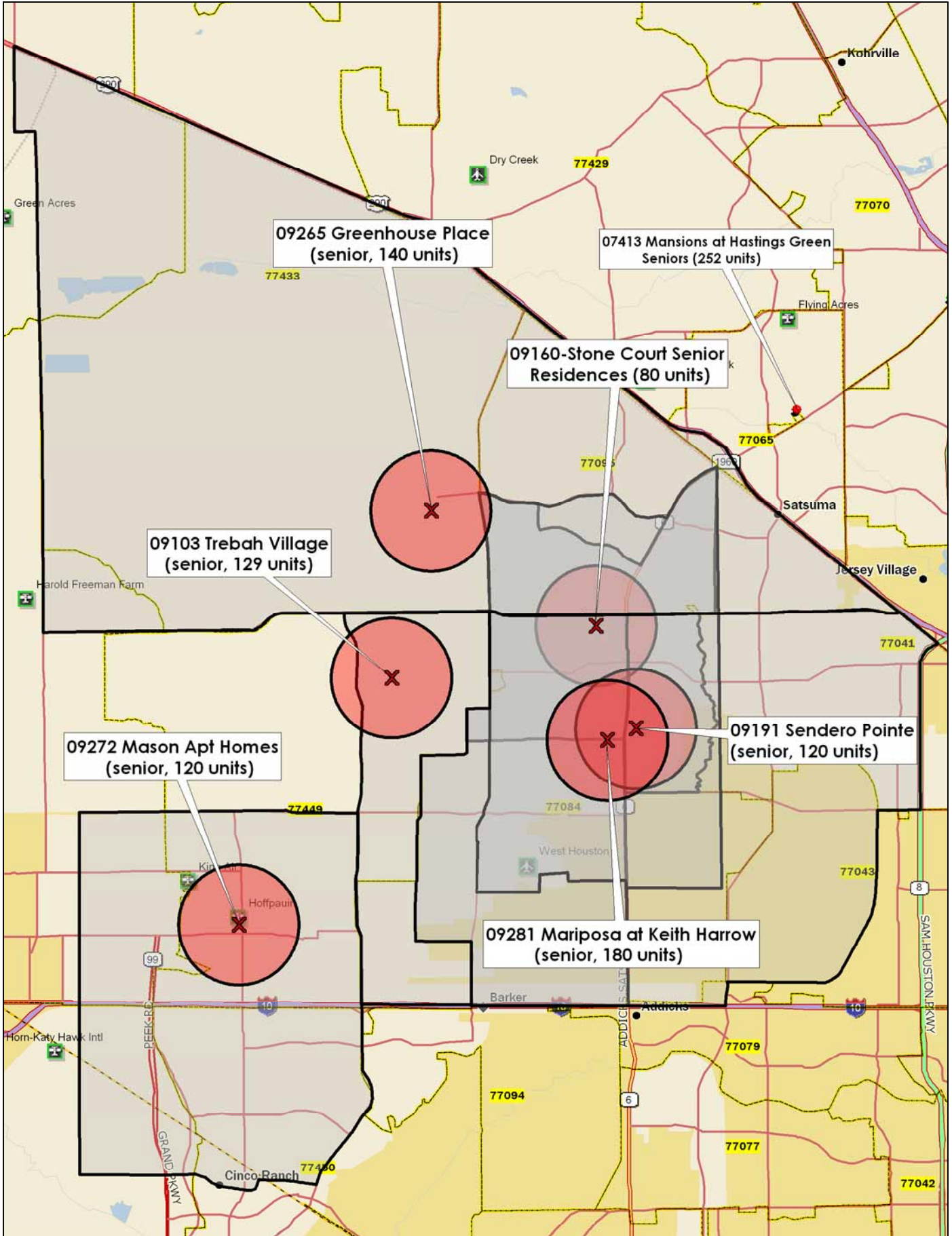
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1" = 1.18 mi Data Zoom 11-4



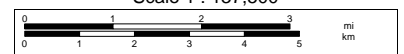
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Scale 1 : 137,500



1" = 2.17 mi

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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Tierra Pointe, TDHCA Number 09192**

BASIC DEVELOPMENT INFORMATION

Site Address: W. of Hwy 181/123 & S. of Vista Rd. Development #: 09192  
 City: Karnes City Region: 9 Population Served: General  
 County: Karnes Zip Code: 78118 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Tierra Pointe, Ltd.  
 Owner Contact and Phone: Susan R. Sheeran, (210) 281-0234  
 Developer: Merced Housing Development, LLC  
 Housing General Contractor: NRP Contractors LLC  
 Architect: Alamo Architects, Inc.  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Red Stone Equity Partners  
 Supportive Services: Merced Housing Texas  
 Consultant: NRP Holdings, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	76	
	0	0	56	20	Market Rate Units:	4	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	12	44	24	0	0	
Type of Building:						Total Development Units:	80
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$10,468,036
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	7
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,066,353	\$1,061,463			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Tierra Pointe, TDHCA Number 09192

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Zaffirini, District 21, S

Points: 14 US Representative: Hinojosa, District 15, NC

TX Representative: Gonzalez Toureilles, District 35, S Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 92

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letters of support from elected officials. Ninety-two signatures on a petition of support that was presented at a public hearing.

**CONDITIONS OF COMMITMENT**

1. Receipt, review and acceptance, by carryover, of documentation that a noise study has been completed for the site to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.
2. Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit may be warranted.
3. Receipt of a commitment of funding from the Capitol Area HFC in the amount of \$332,000, or a commitment from a qualifying substitute source in an amount not less than \$314,042, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Tierra Pointe, TDHCA Number 09192**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **32**

Total # Monitored: **18**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **195**  Meeting a Required Set-Aside Credit Amount\*: \$1,061,463

Recommendation: Recommended because without this award included, this sub-region's allocation shortfall would have been a significant portion of their total targeted sub-regional allocation when Rural tax credits are collapsed.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/01/09 PROGRAM: 9% HTC FILE NUMBER: 09192

**DEVELOPMENT**

Tierra Pointe

Location: West of Highway 181/123 South of Vista Road Region: 9  
 City: Karnes City County: Karnes Zip: 78118  OCT  DDA  
 Key Attributes: Family, Rural, New Construction and Multifamily

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,066,353			<b>\$1,061,463</b>		

**CONDITIONS**

- 1 Receipt, review, and acceptance, by carryover, of documentation that a noise study has been completed for the site to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.
- 2 Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	56
60% of AMI	60% of AMI	20

**STRENGTHS/MITIGATING FACTORS**

- Long-term proforma as underwritten shows an increasing DCR over the long term based on the Underwriter's income and expense trending assumptions.
- Overall market occupancy is 98.6% indicating an under-supply of total units.

**WEAKNESSES/RISKS**

- The Applicant's and Underwriter's initial expense to income ratios exceed 60% indicating increased risk that the development will not be able to sustain moderate periods of zero rent growth with increasing expenses.
- While the overall capture rate for the development is below the guideline maximum, the 1-bedroom at 50% of AMI is the only unit-specific capture rate below 100%.

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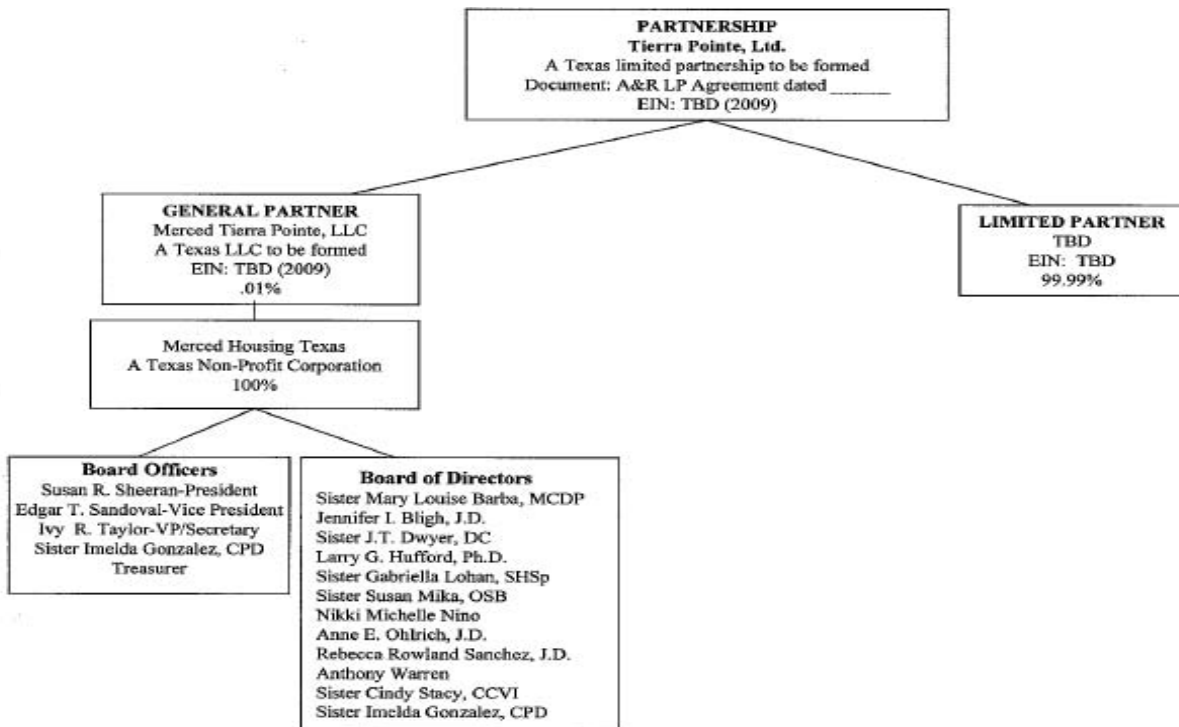
- A sensitivity analysis on the syndication rate shows that a minimum syndication rate of \$.71 would be necessary to source the development without significant restructuring.
- Principals of the Applicant have completed seven LIHTC developments.
- The submitted \$.80 syndication rate is above the high end of the range currently seen by the REA Division.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Susan R. Sheeran Phone: (210) 281-0234 Fax: (210) 281-0238  
 Email: susan@mercedhousingtexas.org

**KEY PARTICIPANTS**

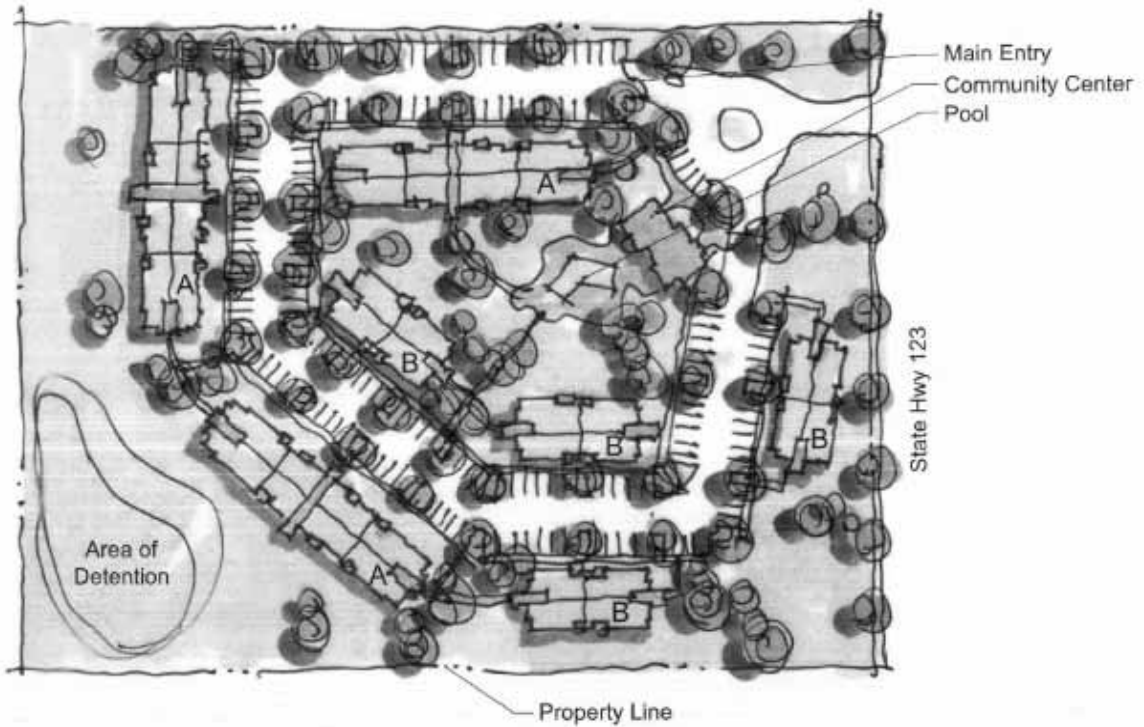
Name	Financial Notes	# Completed Developments
Merced Housing Texas	N/A	7

**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B																Total Buildings
Floors/Stories	2	2																
Number	3	4																7

BR/BA	SF																	Total Units	Total SF
1/1	712	4																12	8,544
2/2	950	4																12	11,400
2/2	963		8															32	30,816
3/2	1,142	8																24	27,408
Units per Building		16	8															80	78,168

SITE ISSUES

Total Size: 7.6 acres      Scattered site?       Yes       No  
 Flood Zone: X      Within 100-yr floodplain?       Yes       No  
 Zoning: See Comment      Needs to be re-zoned?       Yes       No       N/A  
 Comments:  
 Tierra Pointe is located in a political subdivision which does not have a zoning ordinance.

TDHCA SITE INSPECTION

Inspector: ORCA Staff      Date: 4/24/2009  
 Overall Assessment:  
 Excellent       Acceptable       Questionable       Poor       Unacceptable



Surrounding Uses:

North: Vacant land and multifamily beyond East: Highway 80 and vacant land beyond  
 South: Agricultural land West: Agricultural land and highway 181 beyond

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Terracon Date: 3/23/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "Based on the scope of services, limitations, and findings of this assessment, Terracon did not identify RECs which, in our opinion, warrant additional investigation at this time." (p. i)
- "State Highway 80 is located along the eastern boundary of the site, Highway 181 is approximately 700 feet to the southwest of the site, and Karnes County Airport is approximately 16,300 feet (3.1 miles) southeast of the site. In accordance with U.S. Department of Housing and Urban Development guideline and based on the proximity of Highway 80, Highway 181, and the Karnes County Airport to the site, Terracon recommends that a noise study be conducted." (p. ii)

Comments:

Any funding recommendation will be subject to receipt, review, and acceptance, by carryover, of documentation that a noise study has been completed for the site to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.

MARKET HIGHLIGHTS

Provider: Apartment MarketData Date: 3/15/2009  
 Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830  
 Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 642 sq. miles 14 mile equivalent radius

The Primary Market Area is defined as most of Karnes County, excluding the northernmost section surrounding the town of Gillett. The PMA had an estimated 2008 population of 14,930, comprised of 4,417 households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
none				none			

INCOME LIMITS						
Karnes						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$9,600	\$10,950	\$12,350	\$13,700	\$14,800	\$15,900
40	\$12,760	\$14,600	\$16,400	\$18,240	\$19,680	\$21,160
50	\$15,950	\$18,250	\$20,500	\$22,800	\$24,600	\$26,450
60	\$19,140	\$21,900	\$24,600	\$27,360	\$29,520	\$31,740

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MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/50%	23	0	0	23	4	0	17%
1 BR/60%	21	-1	0	20	8	0	40%
2 BR/50%	10	0	0	10	28	0	280%
2 BR/60%	9	0	0	9	12	0	133%
3 BR/50%	19	-1	0	18	24	0	133%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/50%	8	0	0	8	4	0	50%
1 BR/60%	6	0	0	6	8	0	130%
2 BR/50%	9	-1	0	8	28	0	343%
2 BR/60%	7	0	0	7	12	0	177%
3 BR/60%	16	-1	0	15	24	0	161%

OVERALL DEMAND											
	Target Households		Household Size		Income Eligible		Tenure		Demand		
					PMA DEMAND from TURNOVER					turnover	
Market Analyst p. 56							379	39%	149		
Underwriter	100%	4,439	96%	4,253	27%	1,128	31%	355	39%	140	
					PMA DEMAND from GROWTH					growth	
Market Analyst p. 57										-4	
Underwriter	100%	1	96%	1	27%	0	31%	0	100%	0	
INCLUSIVE CAPTURE RATE											
	Subject Units		Unstabilized Comparable (PMA)		Unstabilized Comparable (25% SMA)		Total Supply		Total Demand		Inclusive Capture Rate
Market Analyst p. 58	77		0		0		77		145		53%
Underwriter	76		0		0		76		140		54%

Proposed, Under Construction, and Unstabilized Comparable Supply:

There are no proposed, under construction, or unstabilized comparable units located in the PMA.

Demand Analysis:

The market study provides a general demographic report on the PMA from Map Info, as well as a HISTA Data report from Ribbon Demographics, which provides a more detailed breakdown of households by income, size, tenure, and age. The market study analysis is based on the HISTA data. The analysis uses eligible income bands determined from the 2008 HTC program limits, which were the most recent available at the time of application. Applying a turnover rate of 39% from the 2000 census data for Karnes County, the market study identifies demand for 149 units due to household turnover; and a reduction in demand by 4 units due to a projected decrease in eligible households.

The underwriting analysis is based on the Map Info data and eligible income bands determined by the 2009 HTC program limits. The analysis identifies demand for 140 units from turnover of income-eligible renter households of 5 or less; and no demand from growth of eligible households.

The market study indicates an inclusive capture rate of 53% for 77 restricted units at the subject (the correct number should be 76); the underwriting analysis concludes an inclusive capture rate of 54% for 76 proposed units; both conclusions are below the maximum 75% capture rate for rural developments.

Primary Market Occupancy Rates:

"The overall occupancy reported in the market is 98.6%." (p. 43)

Absorption Projections:

"We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p. 44)

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market	
1 BR 712 SF 50%	\$368	\$387	\$543	\$387	\$156	
1 BR 712 SF 60%	\$461	\$483	\$543	\$483	\$60	
2 BR 950 SF 50%	\$432	\$454	\$614	\$454	\$160	
2 BR 963 SF 50%	\$432	\$454	\$620	\$454	\$166	
2 BR 963 SF 60%	\$543	\$570	\$620	\$550	\$70	
2 BR 963 SF Mkt	\$550	N / A	\$620	\$550	\$70	
3 BR 1,142 SF 60%	\$495	\$521	\$721	\$521	\$200	

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Today, stabilized affordable projects are 99% occupied." (p. 47)

Comments:

The market study provides sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income: Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's projected rents collected per unit were calculated by subtracting the tenant-paid utility allowances as of April 1, 2008, maintained by the Karnes County Housing Authority from the 2008 HUD rural rent limits which apply to HTC applications. Based on the Applicant's intention to charge maximum program rents, the Underwriter used the 2009 maximum rents in this analysis. Tenants will be required to pay all natural gas and electric utility costs.

The Applicant's estimate of secondary income and vacancy and collection loss are within the Department's guidelines. Overall the Applicant's effective gross income is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's total annual operating expense projection at \$3,351 per unit is within 5% of the Underwriter's estimate of \$3,417, derived from the TDHCA database, IREM, and third-party data sources. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: general & administrative (\$8.9K higher), trash only (\$13.4 lower), and property insurance (\$8.3 higher).

Of note, the sole owner of the GP, Merced Housing Texas is a 501(c)(3) non-profit organization and as such may qualify for a property tax exemption. If the Applicant were to secure a 50% or 100% exemption, the impact on the NOI would warrant adjustment to the permanent loan amount in order to maintain a DCR within the maximum guideline. This may affect the final tax credit allocation amount. Based on the Underwriter's analysis of these two scenarios, the development appears to remain financially feasible. The Underwriter's analysis assumes the development will have full property tax expense as reflected in the application.

However, if it is determined at cost certification that the development obtained a property tax exemption, an adjustment to the credit allocation amount may be warranted.

Conclusion:

The Applicant's estimate of net operating income is not within 5% of the Underwriter's estimates; therefore, the Underwriter's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR). Based on the proposed permanent financing structure the calculated DCR of 1.25 falls within the Department's guidelines.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only: 45.3 acres	\$97,034	Tax Year:	2008
Prorated 1 acre:	\$2,143	Valuation by:	Karnes CAD
Prorated 7.6 acres:	\$16,290	Tax Rate:	2.1014

**EVIDENCE of PROPERTY CONTROL**

Type: Agreement to Purchase Unimproved Real Estate Acreage: 7.6  
Contract Expiration: 11/30/2009 Valid Through Board Date?  Yes  No  
Acquisition Cost: \$115,750 Other: \_\_\_\_\_  
Seller: Guadalupe and Marie Valdez Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:

The site cost of \$115,750 (\$15,230 per acre or \$1,447 per unit) is assumed to be reasonable since the acquisition is an arm's-length transaction.

Off-Site Cost:

The Applicant claimed off-site costs of \$250,000 for storm and wastewater sewer lines, water lines and fire hydrants and provided sufficient third party certification through a registered architect's statement to justify these costs.

Sitework Cost:

The Applicant's claimed sitework costs of \$9,000 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$224.7K or 5% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

This section intentionally left blank.

Contingency & Fees:

The Applicant's eligible contingencies exceeds the Department's maximum by \$38,627. Additionally, the Applicant's developer fee exceeds 15% of the Applicant's adjusted eligible basis by \$5,371 and therefore the eligible portion of the Applicant's eligible fees in this area has been reduced by the same amount with the overage effectively moved to ineligible costs.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$9,549,824 and the 9% applicable percentage rate supports annual tax credits of \$1,061,463. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: None Date of Last Applicant Revision: N/A

Source: MMA Financial, Inc. Type: Interim Financing

Principal: \$8,100,000 Interest Rate: 6.0%  Fixed Term: 24 months

Comments:

30-day LIBOR plus 3.50% with a floor of 6.0%

Source: Capital Area Housing Finance Corporation Type: Interim Financing

Principal: \$322,000 Interest Rate: 0.0%  Fixed Term: 24 months

Comments:

Rate set at the Applicable Federal Rate or below at the time of closing

Source: MMA Financial, Inc. Type: Permanent Financing

Principal: \$1,713,000 Interest Rate: 7.0%  Fixed Amort: 360 months

Source: Red Stone Equity Partners Type: Syndication

Proceeds: \$8,529,121 Syndication Rate: 80% Anticipated HTC: \$ 1,066,353

Comments:

The Underwriter has determined that should the credit pricing for this transaction fall below \$0.71, the financial feasibility of the transaction could be jeopardized. Alternatively, if the credit price were increased to an amount above \$0.82 an adjustment to the recommended credit amount would be warranted. The equity commitment did not specify an expiration date.

Amount: \$225,915 Type: Deferred Developer Fees

This section intentionally left blank.

## CONCLUSIONS

### Recommended Financing Structure:

The Applicant's total development cost estimate less the permanent loan of \$1,713,000 indicates the need for \$8,755,036 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,094,598 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,066,353), the gap-driven amount (\$1,094,598), and eligible basis-derived estimate (\$1,061,463), the Applicant's eligible basis-derived estimate of \$1,061,463 is recommended resulting in proceeds of \$8,490,008 based on a syndication rate of 80%.

The Underwriter's recommended financing structure indicates the need for \$265,028 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within ten years of stabilized operation.

Underwriter:	<i>Carl Hoover</i>	Date:	July 1, 2009
Manager of Real Estate Analysis:	<i>Raquel Morales</i>	Date:	July 1, 2009
Director of Real Estate Analysis:	<i>Brent Stewart</i>	Date:	July 1, 2009

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Tierra Pointe, Karnes City, 9% HTC #09192**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash Only
TC 50%	4	1	1	712	\$480	\$387	\$1,548	\$0.54	\$93.00	\$19.00
TC 60%	8	1	1	712	\$576	\$483	\$3,864	\$0.68	\$93.00	\$19.00
TC 50%	12	2	2	950	\$577	\$454	\$5,448	\$0.48	\$123.00	\$19.00
TC 50%	16	2	2	963	\$577	\$454	\$7,264	\$0.47	\$123.00	\$19.00
TC 60%	12	2	2	963	\$693	\$550	\$6,600	\$0.57	\$123.00	\$19.00
MR	4	2	2	963		\$550	\$2,200	\$0.57	\$123.00	\$19.00
TC 50%	24	3	2	1,142	\$666	\$521	\$12,504	\$0.46	\$145.00	\$19.00
<b>TOTAL:</b>	<b>80</b>		<b>AVERAGE:</b>	<b>977</b>		<b>\$493</b>	<b>\$39,428</b>	<b>\$0.50</b>	<b>\$125.10</b>	<b>\$19.00</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	<u>78,168</u>	<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>	
<b>POTENTIAL GROSS RENT</b>						\$473,136	\$454,224	Karnes		9	
Secondary Income		Per Unit Per Month:	\$7.06			6,780	6,780	\$7.06	Per Unit Per Month		
Other Support Income:						0		\$0.00	Per Unit Per Month		
<b>POTENTIAL GROSS INCOME</b>						\$479,916	\$461,004				
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(35,994)	(34,596)	-7.50%	of Potential Gross Income		
Employee or Other Non-Rental Units or Concessions						0					
<b>EFFECTIVE GROSS INCOME</b>						\$443,922	\$426,408				
<b>EXPENSES</b>				<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>		<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>	
General & Administrative				6.11%	\$339	0.35	\$27,122	\$36,000	\$0.46	\$450	8.44%
Management				5.43%	301	0.31	24,086	21,321	0.27	267	5.00%
Payroll & Payroll Tax				16.36%	908	0.93	72,609	68,000	0.87	850	15.95%
Repairs & Maintenance				8.84%	490	0.50	39,228	32,000	0.41	400	7.50%
Utilities				4.37%	243	0.25	19,421	23,200	0.30	290	5.44%
Water, Sewer, Trash				4.11%	228	0.23	18,240	4,800	0.06	60	1.13%
Property Insurance				4.56%	253	0.26	20,234	28,560	0.37	357	6.70%
Property Tax	2.1014			5.68%	315	0.32	25,217	27,000	0.35	338	6.33%
Reserve for Replacements				4.51%	250	0.26	20,000	20,000	0.26	250	4.69%
TDHCA Compliance Fees				0.72%	40	0.04	3,200	3,200	0.04	40	0.75%
Other: Supp. Serv.				0.90%	50	0.05	4,000	4,000	0.05	50	0.94%
<b>TOTAL EXPENSES</b>				<b>61.58%</b>	<b>\$3,417</b>	<b>\$3.50</b>	<b>\$273,356</b>	<b>\$268,081</b>	<b>\$3.43</b>	<b>\$3,351</b>	<b>62.87%</b>
<b>NET OPERATING INC</b>				<b>38.42%</b>	<b>\$2,132</b>	<b>\$2.18</b>	<b>\$170,567</b>	<b>\$158,327</b>	<b>\$2.03</b>	<b>\$1,979</b>	<b>37.13%</b>
<b>DEBT SERVICE</b>											
MMA Financial, Inc.				30.81%	\$1,709	\$1.75	\$136,760	\$136,760	\$1.75	\$1,710	32.07%
Additional Financing				0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
Additional Financing				0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>				<b>7.62%</b>	<b>\$423</b>	<b>\$0.43</b>	<b>\$33,807</b>	<b>\$21,567</b>	<b>\$0.28</b>	<b>\$270</b>	<b>5.06%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>							1.25	1.16			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>							1.25				

<b>CONSTRUCTION COST</b>										
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL	
Acquisition Cost (site or bldg)		1.15%	\$1,447	\$1.48	\$115,750	\$115,750	\$1.48	\$1,447	1.11%	
Off-Sites		2.49%	3,125	3.20	250,000	250,000	3.20	3,125	2.39%	
Sitework		7.17%	9,000	9.21	720,000	720,000	9.21	9,000	6.88%	
Direct Construction		45.54%	57,168	58.51	4,573,421	4,798,126	61.38	59,977	45.84%	
Contingency	5.00%	2.64%	3,308	3.39	264,671	314,533	4.02	3,932	3.00%	
Contractor's Fees	14.00%	7.38%	9,263	9.48	741,079	772,539	9.88	9,657	7.38%	
Indirect Construction		12.89%	16,188	16.57	1,295,000	1,295,000	16.57	16,188	12.37%	
Ineligible Costs		2.54%	3,194	3.27	255,543	255,543	3.27	3,194	2.44%	
Developer's Fees	15.00%	12.00%	15,069	15.42	1,205,519	1,251,000	16.00	15,638	11.95%	
Interim Financing		4.41%	5,533	5.66	442,625	442,625	5.66	5,533	4.23%	
Reserves		1.79%	2,243	2.30	179,415	252,920	3.24	3,162	2.42%	
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$125,538</b>	<b>\$128.48</b>	<b>\$10,043,023</b>	<b>\$10,468,036</b>	<b>\$133.92</b>	<b>\$130,850</b>	<b>100.00%</b>	
<b>Construction Cost Recap</b>		<b>62.72%</b>	<b>\$78,740</b>	<b>\$80.59</b>	<b>\$6,299,171</b>	<b>\$6,605,198</b>	<b>\$84.50</b>	<b>\$82,565</b>	<b>63.10%</b>	

<b>SOURCES OF FUNDS</b>										
					TDHCA	APPLICANT	RECOMMENDED			
MMA Financial, Inc.		17.06%	\$21,413	\$21.91	\$1,713,000	\$1,713,000	\$1,713,000		Developer Fee Available	
Additional Financing		0.00%	\$0	\$0.00	0		0		\$1,245,629	
HTC Syndication Proceeds		84.93%	\$106,614	\$109.11	8,529,121	8,529,121	8,490,008		% of Dev. Fee Deferred	
Deferred Developer Fees		2.25%	\$2,824	\$2.89	225,915	225,915	265,028		21%	
Additional (Excess) Funds Req'd		-4.23%	(\$5,313)	(\$5.44)	(425,013)	0	0		15-Yr Cumulative Cash Flow	
<b>TOTAL SOURCES</b>					<b>\$10,043,023</b>	<b>\$10,468,036</b>	<b>\$10,468,036</b>		<b>\$569,586</b>	

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Tierra Pointe, Karnes City, 9% HTC #09192*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.77	\$4,359,164
Adjustments				
Exterior Wall Finish	1.20%		\$0.67	\$52,310
Elderly			0.00	0
9-Ft. Ceilings	3.15%		1.76	137,314
Roofing			0.00	0
Subfloor			0.00	0
Floor Cover			2.38	186,040
Breezeways/Balconies	\$22.31	6,118	1.75	136,493
Plumbing Fixtures	\$835	204	2.18	170,340
Rough-ins	\$410	160	0.84	65,600
Built-In Appliances	\$1,800	80	1.84	144,000
Exterior Stairs	\$2,200	20	0.56	44,000
Exterior Corridors	\$43.81	11,499	6.44	503,732
Heating/Cooling			1.83	143,047
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$78.38	2,337	2.34	183,162
Other: fire sprinkler	\$3.40	80,341	3.49	273,159
<b>SUBTOTAL</b>			<b>81.85</b>	<b>6,398,361</b>
Current Cost Multiplier	1.01		0.82	63,984
Local Multiplier	0.87		(10.64)	(831,787)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$72.03</b>	<b>\$5,630,558</b>
Plans, specs, survy, bld prm	3.90%		(\$2.81)	(\$219,592)
Interim Construction Interes	3.38%		(2.43)	(190,031)
Contractor's OH & Profit	11.50%		(8.28)	(647,514)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$58.51</b>	<b>\$4,573,421</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,713,000	Amort	360
Int Rate	7.00%	DCR	1.25

<b>Secondary</b>	\$0	Amort	
Int Rate		Subtotal DCR	1.25

<b>Additional</b>	\$8,529,121	Amort	
Int Rate		Aggregate DCR	1.25

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$136,760
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$33,807</b>

<b>Primary</b>	\$1,713,000	Amort	360
Int Rate	7.00%	DCR	1.25

<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.25

<b>Additional</b>	\$8,529,121	Amort	0
Int Rate	0.00%	Aggregate DCR	1.25

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$473,136	\$482,599	\$492,251	\$502,096	\$512,138	\$565,441	\$624,293	\$689,270	\$840,216
Secondary Income	6,780	6,916	7,054	7,195	7,339	8,103	8,946	9,877	12,040
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	479,916	489,514	499,305	509,291	519,477	573,544	633,239	699,147	852,256
Vacancy & Collection Loss	(35,994)	(36,714)	(37,448)	(38,197)	(38,961)	(43,016)	(47,493)	(52,436)	(63,919)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$443,922	\$452,801	\$461,857	\$471,094	\$480,516	\$530,528	\$585,746	\$646,711	\$788,337
EXPENSES at 3.00%									
General & Administrative	\$27,122	\$27,935	\$28,773	\$29,636	\$30,526	\$35,388	\$41,024	\$47,558	\$63,914
Management	24,086	24,567	25,059	25,560	26,071	28,785	31,781	35,088	42,772
Payroll & Payroll Tax	72,609	74,787	77,031	79,342	81,722	94,738	109,827	127,320	171,107
Repairs & Maintenance	39,228	40,404	41,617	42,865	44,151	51,183	59,335	68,786	92,443
Utilities	19,421	20,003	20,603	21,222	21,858	25,340	29,376	34,054	45,766
Water, Sewer & Trash	18,240	18,787	19,351	19,931	20,529	23,799	27,590	31,984	42,984
Insurance	20,234	20,841	21,467	22,111	22,774	26,401	30,606	35,481	47,684
Property Tax	25,217	25,973	26,753	27,555	28,382	32,902	38,143	44,218	59,425
Reserve for Replacements	20,000	20,600	21,218	21,855	22,510	26,095	30,252	35,070	47,131
Other	7,200	7,416	7,638	7,868	8,104	9,394	10,891	12,625	16,967
TOTAL EXPENSES	\$273,356	\$281,316	\$289,509	\$297,944	\$306,627	\$354,026	\$408,824	\$472,185	\$630,194
NET OPERATING INCOME	\$170,567	\$171,485	\$172,347	\$173,150	\$173,889	\$176,503	\$176,922	\$174,526	\$158,143
DEBT SERVICE									
First Lien Financing	\$136,760	\$136,760	\$136,760	\$136,760	\$136,760	\$136,760	\$136,760	\$136,760	\$136,760
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$33,807	\$34,726	\$35,588	\$36,390	\$37,129	\$39,743	\$40,163	\$37,767	\$21,384
DEBT COVERAGE RATIO	1.25	1.25	1.26	1.27	1.27	1.29	1.29	1.28	1.16



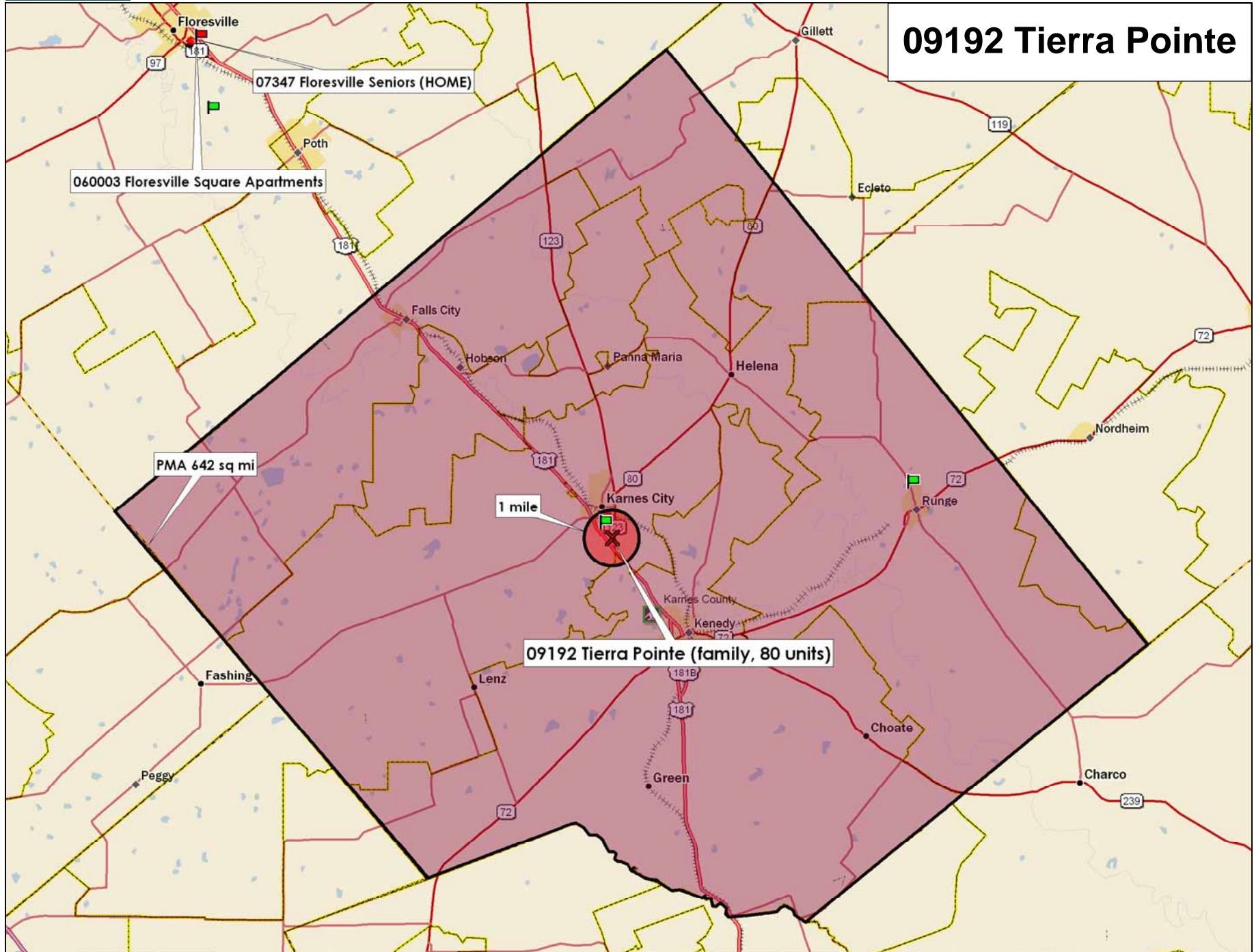
**HTC ALLOCATION ANALYSIS -Tierra Pointe, Karnes City, 9% HTC #09192**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$115,750	\$115,750		
Purchase of buildings				
<b>Off-Site Improvements</b>	\$250,000	\$250,000		
<b>Sitework</b>	\$720,000	\$720,000	\$720,000	\$720,000
<b>Construction Hard Costs</b>	\$4,798,126	\$4,573,421	\$4,798,126	\$4,573,421
<b>Contractor Fees</b>	\$772,539	\$741,079	\$772,538	\$741,079
<b>Contingencies</b>	\$314,533	\$264,671	\$275,906	\$264,671
<b>Eligible Indirect Fees</b>	\$1,295,000	\$1,295,000	\$1,295,000	\$1,295,000
<b>Eligible Financing Fees</b>	\$442,625	\$442,625	\$442,625	\$442,625
<b>All Ineligible Costs</b>	\$255,543	\$255,543		
<b>Developer Fees</b>			\$1,245,629	
Developer Fees	\$1,251,000	\$1,205,519		\$1,205,519
<b>Development Reserves</b>	\$252,920	\$179,415		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$10,468,036</b>	<b>\$10,043,023</b>	<b>\$9,549,824</b>	<b>\$9,242,315</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$9,549,824	\$9,242,315
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$12,414,771	\$12,015,010
Applicable Fraction		95%	95%
<b>TOTAL QUALIFIED BASIS</b>		\$11,794,033	\$11,414,259
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,061,463	\$1,027,283

<b>Syndication Proceeds</b>	<b>0.7998</b>	<b>\$8,490,008</b>	<b>\$8,216,626</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,061,463</b>	<b>\$1,027,283</b>
<b>Syndication Proceeds</b>		<b>\$8,490,008</b>	<b>\$8,216,626</b>
<b>Requested Tax Credits</b>		<b>\$1,066,353</b>	
<b>Syndication Proceeds</b>		<b>\$8,529,121</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$8,755,036</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,094,598</b>	

# 09192 Tierra Pointe



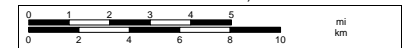
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 Page 13 of 13

Scale 1 : 300,000



1" = 4.73 mi

Data Zoom 9-4



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Sierra Meadows, TDHCA Number 09193**

BASIC DEVELOPMENT INFORMATION

Site Address: BW 8 & E. of Wilson Rd. Development #: 09193  
 City: Houston Region: 6 Population Served: Elderly  
 County: Harris Zip Code: 77396 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Sierra Meadows, Ltd.  
 Owner Contact and Phone: Paula B. Burns, (713) 578-2111  
 Developer: Integrated Sierra Meadows Development, L.L.C.  
 Housing General Contractor: Integrated Construction & Development, LP  
 Architect: GTF Design Associates  
 Market Analyst: O'Connor & Associates  
 Syndicator: Red Mortgage Markets, Inc.  
 Supportive Services: Harris County Housing Authority  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	85
	5	0	39	41	Market Rate Units:	5
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	45	45	0	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	90
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$13,385,451
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	10
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,182,413	\$1,182,413			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Sierra Meadows, TDHCA Number 09193

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Whitmire, District 15, NC Points: 0 US Representative: Poe, District 2, NC  
TX Representative: Thompson, District 141, S Points: 14 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 2 In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6  
Elijah's Promise, Inc., S, Newal Hunter, President  
Familytime Crisis and Counseling Center, S, Judy Cox, Executive Director  
Humble Area's First Baptist Church, S, Larry Dangerfield, Minister of Pastoral Care/Senior  
The League of United Latin American Citizens, S, Edward Ybarra, President, LULAC Council  
402

**General Summary of Comment:**

Letter of support from elected officials and several letters of support from local churches and community programs.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance, by carryover, of documentation that a comprehensive noise assessment has been completed to determine whether noise attenuation will be required to comply with HUD guidelines; and that any subsequent recommendations have been implemented.
2. Receipt, review, and acceptance, by cost certification, of evidence that the property has secured at least a 50% property tax exemption.
3. Receipt, review, and acceptance, by Commitment, of a firm commitment from Harris County Housing Authority for the anticipated HOME funds.
4. Receipt, review, and acceptance, by Carryover, of an attorney's opinion and analysis validating that the proposed HOME financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.
5. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.
6. Receipt of a commitment of Harris County Community Services Department HOME funds in the amount of \$1,500,000, or a commitment from a qualifying substitute source in an amount not less than \$669,273, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.
7. Receipt of a commitment of funding from Harris County Community Services Department HOME funds in the amount of \$500,000, or a commitment from a qualifying substitute source (s) in an amount not less than \$267,710 as required by §49.9(i)(27) of the 2009 QAP. The provider of funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Sierra Meadows, TDHCA Number 09193**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **16**

Total # Monitored: **9**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **202**  Meeting a Required Set-Aside Credit Amount\*: \$1,182,413

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 06/19/09 PROGRAM: 9%/HTC FILE NUMBER: 09193

**DEVELOPMENT**

Sierra Meadows

Location: Beltway 8 & East of Wilson Road Region: 6  
 City: Houston County: Harris Zip: 77396  OCT  DDA  
 Key Attributes: Seniors, New Construction, Urban

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,182,413			\$1,182,413		

**CONDITIONS**

- 1 Receipt, review, and acceptance, by carryover, of documentation that a comprehensive noise assessment has been completed to determine whether noise attenuation will be required to comply with HUD guidelines; and that any subsequent recommendations have been implemented.
- 2 Receipt, review, and acceptance, by cost certification, of evidence that the property has secured at least a 50% property tax exemption.
- 3 Receipt, review, and acceptance, by Commitment, of a firm commitment from Harris County Housing Authority for the anticipated HOME funds.
- 4 Receipt, review, and acceptance, by Carryover, of an attorney's opinion and analysis validating that the proposed HOME financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.
- 5 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	5
50% of AMI	50% of AMI	39
60% of AMI	60% of AMI	41

**PROS**

- The principals of the Applicant have considerable development experience and have demonstrated prior ability to secure local funds.
- The sole member of the general partner is a public entity familiar with securing property tax exemptions.

**CONS**

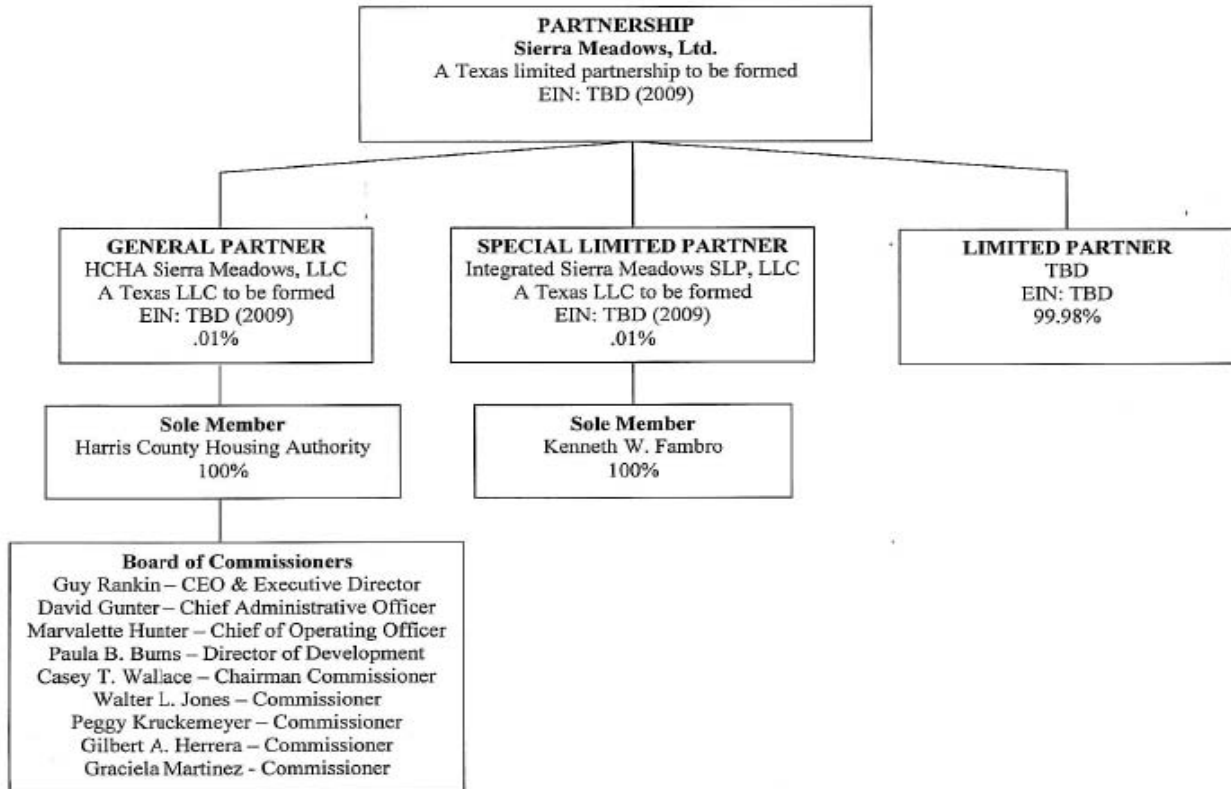
- Local government funds and at least a 50% property tax exemption are necessary for financial feasibility.

**PREVIOUS UNDERWRITING REPORTS**

None.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Paula B. Burns Phone: (713) 578-2111 Fax: (713) 578-2200  
 Email: paula.burns@hctx.net

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Harris County Housing Authority	CONFIDENTIAL	6
Kenneth W. Fambro	CONFIDENTIAL	7
Sierra Meadows, Ltd	To Be Formed	N/A

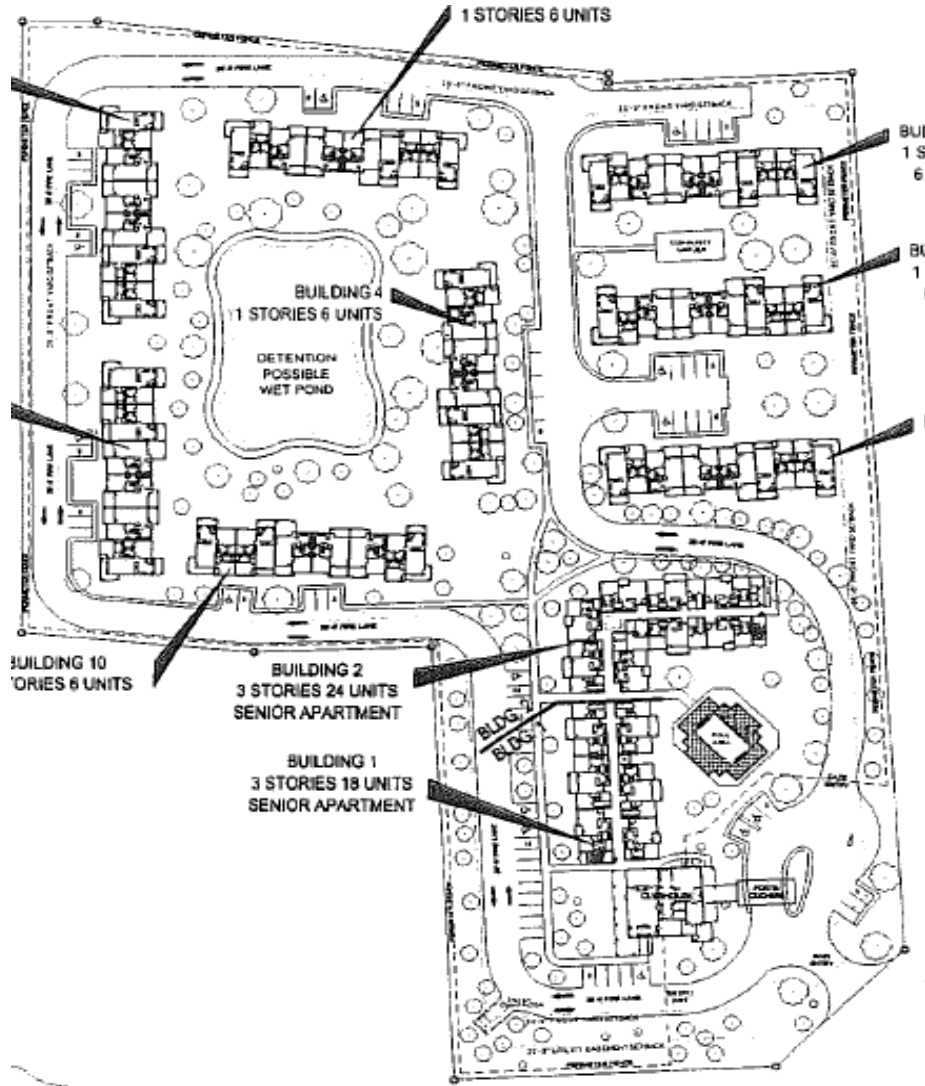
**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

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PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C																Total Buildings
Floors/Stories	3	3	1																
Number	1	1	8																10

BR/BA	SF	Units										Total Units	Total SF
1/1	775	6	15	3								45	34,875
2/2	1,039	12	9	3								45	46,755
Units per Building		18	24	48								90	81,630

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SITE ISSUES

Total Size: 9.21 acres Scattered site? [ ] Yes [X] No
Flood Zone: X Within 100-yr floodplain? [ ] Yes [X] No
Zoning: N/A Needs to be re-zoned? [ ] Yes [X] No [X] N/A

Comments:

The City of Houston does not have a zoning ordinance which would affect this development.
The most recent FEMA Flood Insurance Rate Map indicates the subject site is located in Flood Hazard Area AE. However, the Applicant provided a FEMA Letter of Map Revision Based on Fill (LOMR-F) dated September 18, 2007, identifying an area that has been reclassified as Flood Zone X (shaded); the Applicant also provided a survey of the site on which the surveyor indicates that the site is covered by the LOMR-F.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 5/14/2009

Overall Assessment:

[ ] Excellent [X] Acceptable [ ] Questionable [ ] Poor [ ] Unacceptable

Surrounding Uses:

North: Community East: Vacant
South: Beltway 8 West: Vacant

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Professional Service Industries, Inc. Date: 3/30/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "This assessment has revealed no evidence of recognized environmental conditions in connection with the property." (p. 2)
- "The subject property is bounded on the south by North Sam Houston Parkway East (Beltway 8), a four-lane divided highway with a speed zone of 60 miles per hour. Depending upon the actual location of the structures in relation to Beltway 8, noise attenuation may be necessary." (ESA Supplemental Letter 3/31/09)

Comments:

Any recommended funding will be subject to receipt, review, and acceptance, by carryover, of documentation that a comprehensive noise assessment has been completed to determine whether noise attenuation will be required to comply with HUD guidelines; and that any subsequent recommendations have been implemented.

MARKET HIGHLIGHTS

Provider: O'Connor & Associates Date: 3/6/2009

Contact: Robert Coe Phone: (713) 375-4279 Fax: (713) 686-8336

Number of Revisions: none Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 84 sq. miles 5 mile equivalent radius

The Primary Market Area is bound by FM 1960 to the north; Lake Houston and West Canal to the east; Highway 90, Mount Houston Road, and Greens Bayou to the south; and Highway 59 to the west. The PMA had an estimated 2008 population of 87,011, including 8,474 senior households.

The section intentionally left blank.

Secondary Market Area (SMA):

The market study defines the Secondary Market Area (SMA) as the entire City of Houston. While the 2009 Real Estate Analysis Rules set a population limit of 250,000 for a Secondary Market Area "for developments targeting families", there is no such limit stated for senior developments. However, the rules also state that "25% of the Comparable Units from Unstabilized Developments within the Secondary Market Area must be included in the calculation of inclusive capture rate." The Market Analyst discusses the supply in the proposed Secondary Market Area; but the calculation of inclusive capture rate includes demand from the SMA without considering any supply.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Wentworth	07300	90	90	Not considered			

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
40	\$17,880	\$20,400	\$22,960	\$25,520	\$27,560	\$29,600
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	15	9	3	27	5	0	19%
1 BR/50%	27	19	0	46	20	0	43%
1 BR/60%	39	28	0	67	26	0	39%
2 BR/30%	12	6	1	19	9	0	47%
2 BR/50%	21	13	0	34	19	0	56%
2 BR/60%	28	22	0	50	96	0	192%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	18	5	0	23	3	0	13%
1 BR/50%	21	6	0	27	20	0	75%
1 BR/60%	41	12	0	53	20	0	38%
2 BR/30%	19	4	0	23	2	0	9%
2 BR/50%	18	4	0	22	19	0	88%
2 BR/60%	35	11	0	46	21	0	45%

OVERALL DEMAND							
	Target Households	Household Size	Income Eligible	Tenure	Demand		
PMA DEMAND from TURNOVER						turnover	
Market Analyst p. 73				750	20%	149	
Underwriter	16%	10,050	100%	2,076	63%	1,301	20%

PMA DEMAND from GROWTH					growth
Market Analyst p. 73					66
Underwriter					80
DEMAND from Senior HOMEOWNERS			turnover	growth	
Market Analyst p. 73			76	148	224
Underwriter			157	0	157
DEMAND from OTHER SOURCES		Secondary Market		Section 8	
Market Analyst p. 73			110	1	111
Underwriter			0	0	0

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 75	85	90	0	175	550	32%
Underwriter	85	90	0	175	497	35%

Proposed, Under Construction, and Unstabilized Comparable Supply:

The Wentworth Apartments (#07300) is a senior development located approximately six miles northeast of the subject. The 90 units at Wentworth will be included in the determination of an inclusive capture rate.

Supply and Demand Analysis:

Although the market study includes a HISTA Data demographic report that clearly specifies senior households, the Market Analyst determines senior households indirectly by the size of the senior population relative to the adult population. By this method, the market study analysis determines demand for 149 units from renter household turnover, and demand for 66 units from renter household growth.

As explained above, the Market Analyst identifies the entire City of Houston as a Secondary Market Area. The market study analysis identifies 7,161 income-qualified senior renter households in the City of Houston, and 2,686 comparable unstabilized units. The analysis states that a 75% capture rate applied to this SMA data indicates demand for 5,371 units; since the REA rules limit SMA demand to 25% of total demand, the Market Analyst has included demand for 110 units in the calculation of an inclusive capture rate. This methodology does not conform to the REA rules, which require that 25% of the unstabilized comparable supply be included in the capture rate calculation. The underwriting analysis has therefore not considered the secondary market demand.

The Market Analyst also identified demand for 224 units from existing senior homeowners. This amount includes demand for 76 units from turnover of existing owner households. (The market study states that a 10% turnover rate was used, but the calculations appear to reflect a 5% rate.) The market study also includes demand for 148 units resulting from projected growth in existing owner households.

The underwriting analysis identifies demand for 157 units due to turnover of existing income-qualified senior homeowner households, based on a 9.1% turnover rate from the 2000 census; demand from projected growth of homeowner households is not allowed by the rules and will not be considered.

The Market Analyst identifies additional demand for 1 unit from holders of Section 8 Housing Choice Vouchers. The underwriting analysis has not considered demand from voucher holders.

Based on total demand for 550 units, and a supply consisting of only the 175 subject units, the Market Analyst concludes an inclusive capture rate of 32%. The underwriting analysis identifies total demand for only 497 units, resulting in an inclusive capture rate of 35%. Both are within the maximum rate of 75% for developments targeting seniors.

The section intentionally left blank.

Primary Market Occupancy Rates:

"The selected comparable apartments surveyed in the primary market area of the proposed subject complex exhibited strong occupancy rates, with a median occupancy level of 96.40%," (p. 12)

Absorption Projections:

"Based on our research, most projects that are constructed in the Greater Houston area typically lease up within 12 months." (p. 13)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	775 SF	30%	\$249	\$253	\$895	\$253	\$642
1 BR	775 SF	50%	\$479	\$493	\$895	\$493	\$402
1 BR	775 SF	60%	\$593	\$612	\$895	\$612	\$283
1 BR	775 SF	MR	\$761	MR	\$895	\$895	\$0
2 BR	1,039 SF	30%	\$304	\$311	\$1,150	\$311	\$839
2 BR	1,039 SF	50%	\$579	\$597	\$1,150	\$597	\$553
2 BR	1,039 SF	60%	\$717	\$741	\$1,150	\$741	\$409
2 BR	1,039 SF	MR	\$1,004	MR	\$1,150	\$1,150	\$0
2 BR	1,039 SF	MR	\$992	MR	\$1,150	\$1,150	\$0

Market Impact:

"Based on the high occupancy levels of the existing properties in the market, along with the strong recent absorption history, we project that the subject property will have minimal sustained negative impact upon the existing apartment market." (p. 13)

Comments:

The market study provides sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:    Number of Revisions:    1    Date of Last Applicant Revision:    4/29/2009

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of April 2008, maintained by Harris County Housing Authority, from the 2008 program gross rent limits. Tenants will be required to pay electric, natural gas, water, and sewer costs. Based on the Applicant's intent to charge the maximum program rents, the Underwriter's projected rents collected were calculated by subtracting updated tenant-paid utility allowances as of May 2009, maintained by Harris County Housing Authority, from the 2009 program rent limits.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines. Despite the Applicant's use of 2008 rent limits and utility allowances, the Applicant's effective gross income is within 5% of the Underwriter's estimate.

Expense:    Number of Revisions:    None    Date of Last Applicant Revision:    N/A

The Applicant's total annual operating expense projection at \$3,338 per unit is within 5% of the Underwriter's estimate of \$3,415, derived from the TDHCA database, and third-party data sources. The Applicant's revised budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: General & Administrative (\$11.4K higher), and Water, Sewer & Trash (\$12K lower). The Underwriter discussed these differences with the Applicant but was unable to reconcile them.

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The Applicant anticipates a 100% property tax exemption due to Harris County Housing Authority's involvement in the transaction, and this is reflected in the Applicant's expenses. However, the Applicant does include an estimate in the property tax line item for anticipated MUDD taxes that the property will likely have to pay. The Underwriter's analysis assumes the property tax exemption and MUDD tax estimate provided by the Applicant, but has also determined that at least a 50% property tax exemption will be required in order for the development to remain feasible. Any funding recommendation will be conditioned upon receipt, review and acceptance, by cost certification, of evidence that the property has secured at least a 50% property tax exemption.

**Conclusion:**

The Applicant's income and operating expenses are within 5% of the Underwriter's estimates; however, the Applicant's net operating income is not within 5% of the Underwriter's estimates; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.22, which is within the Department's DCR guideline of 1.15 to 1.35.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only: <u>25.4574</u> acres	<u>\$4,771,017</u>	Tax Year:	<u>2008</u>
Existing Buildings:	<u>\$0</u>	Valuation by:	<u>Harris CAD</u>
1 acre:	<u>\$187,412</u>	Tax Rate:	<u>4.06251</u>
Total Prorata: <u>9</u> acres	<u>\$1,686,707</u>		

**EVIDENCE of PROPERTY CONTROL**

Type: <u>Commercial Contract - Unimproved Property</u>	Acreage: <u>9 +/-</u>
Contract Expiration: <u>12/10/2008</u>	Valid Through Board Date? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost: <u>\$1,842,588</u>	Other: _____
Seller: <u>Canyon Project LTD.</u>	Related to Development Team? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

**Acquisition Value:**

The site cost of \$1,842,588 (\$204,732/acre or \$20,473/unit) is assumed to be reasonable since the acquisition is an arm's-length transaction. Based on the Harris County Appraisal District's assessed value, the Underwriter calculated a per acre value of \$187,412 which is lower than the contract purchase price.

**Sitework Cost:**

The Applicant's claimed sitework cost of \$9,000 per unit is at the maximum limit of current Department guidelines. Therefore, further third party substantiation is not required.

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Direct Construction Cost:

The Applicant's direct construction cost estimate is \$371K or 7% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$10,751,162 supports annual tax credits of \$1,185,969. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: None Date of Last Applicant Revision: N/A

Source: Red Mortgage Capital Type: Interim Financing

Principal: \$8,000,000 Interest Rate: 8.4%  Fixed Term: 24 months

Comments:

\$3M of loan amount carries a fixed rate of 8.37% and the remaining \$5M will carry a variable rate of 4.5% (Wall Street Journals published Prime Rate of 3.25% plus 1.25%).

Source: Red Mortgage Capital Type: Permanent Financing

Principal: \$3,000,000 Interest Rate: 7.8%  Fixed Amort: 360 months

Source: Harris County Housing Authority Type: Permanent Financing

Principal: \$2,000,000 Conditions: \_\_\_\_\_

Comments:

The Applicant provided an intent to apply to Harris County for the anticipated HOME funds reflected in the sources of permanent financing. Subsequent to the application submission, the Applicant provided a letter from the Harris County Housing Authority, dated 5/28/09, indicating that the expected terms of the HOME loan include a 20 year term, 30 year amortization and interest rate at AFR. Repayment will be subject to cash flow, the loan will not carry specific debt service requirements. Any funding recommendation will be subject to receipt, review and acceptance, by Commitment, of a firm commitment from the Harris County Housing Authority for the requested funds.

Source: Red Capital Markets, Inc. Type: Syndication

Proceeds: \$7,920,583 Syndication Rate: 67% Anticipated HTC: \$ 1,182,413

Comments:

Due to the recent volatility in credit pricing, it should be noted, any decrease in syndication rate could increase the amount of deferred developer fee. Additionally, a decrease below \$0.59 per dollar of credit may jeopardize the financial viability of the transaction.

Amount: \$464,868 Type: Deferred Developer Fees

The section intentionally left blank.

## CONCLUSIONS

### Recommended Financing Structure:

As stated above the proforma analysis results in a DCR of 1.22 which falls within acceptable TDHCA guidelines. It should be noted that the Applicant does not reflect any debt service related to the Harris County HOME funds since the application materials reflect the Applicant's intent to structure these funds as soft financing payable only out of available cashflow. Likewise, the Underwriter's proforma analysis utilizes these same assumptions.

The Applicant's total development cost estimate less the first lien permanent loan of \$3,000,000 and Harris County HOME loan of \$2,000,000 indicates the need for \$8,385,451 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,251,810 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

Allocation determined by eligible basis:	\$1,185,969
Allocation determined by gap in financing:	\$1,251,810
<b><u>Allocation requested by the Applicant:</u></b>	<b><u>\$1,182,413</u></b>

The allocation amount requested by the Applicant is recommended for this development. A tax credit allocation of \$1,82,413 per year for 10 years results in total equity proceeds of \$7,920,583 at a syndication rate of \$0.67 per tax credit dollar.

The Underwriter's recommended financing structure indicates the need for \$464,868 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow between 5 to 10 years of stabilized operation. Moreover, this structure would provide \$2M of federal HOME funds with repayment subject to available cash flow, and no expectation of available cash flow for this amount for more than 20 years.

If federal financing is provided without the reasonable expectation that it will be repaid in full, it must be considered a grant under IRC§42. The Underwriter has determined that if these funds are not reasonably expected to be repaid in full, the amount of HOME funds would have to be excluded from eligible basis for purposes of determining the recommended Housing Tax Credit allocation. Such treatment of these funds would reduce the equity proceeds and would render this transaction infeasible. Therefore, any funding recommendation made in this report should be conditioned upon receipt, review, and acceptance, by Carryover, of an attorney's opinion and analysis validating that the proposed HOME financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.

Additionally, approval of the Harris County Housing Authorities funds in the amount of \$2M have not been approved as of this underwriting report. If these funds are ultimately not available this development will be considered infeasible if other means of funding are not provided and approved.

Underwriter:	_____	Date:	_____ June 19, 2009 _____
	<i>Colton Sanders</i>		
Manager of Real Estate Analysis:	_____	Date:	_____ June 19, 2009 _____
	<i>Raquel Morales</i>		
Director of Real Estate Analysis:	_____	Date:	_____ June 19, 2009 _____
	<i>Brent Stewart</i>		

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Sierra Meadows, Houston, 9%/HTC #09193**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	TRASH Only
TC 30%	3	1	1	775	\$358	\$253	\$759	\$0.33	\$105.00	\$16.00
TC 50%	20	1	1	775	\$598	\$493	\$9,860	\$0.64	\$105.00	\$16.00
TC 60%	20	1	1	775	\$717	\$612	\$12,240	\$0.79	\$105.00	\$16.00
MR	2	1	1	775	\$895	\$895	\$1,790	\$1.15	\$105.00	\$16.00
TC 30%	2	2	2	1,039	\$431	\$311	\$622	\$0.30	\$120.00	\$16.00
TC 50%	19	2	2	1,039	\$717	\$597	\$11,343	\$0.57	\$120.00	\$16.00
TC 60%	21	2	2	1,039	\$861	\$741	\$15,561	\$0.71	\$120.00	\$16.00
MR	2	2	2	1,039	\$1,150	\$1,150	\$2,300	\$1.11	\$120.00	\$16.00
MR	1	2	2	1,039	\$0	\$1,150	\$1,150	\$1.11	\$120.00	\$16.00
<b>TOTAL:</b>	<b>90</b>		<b>AVERAGE:</b>	<b>907</b>		<b>\$618</b>	<b>\$55,625</b>	<b>\$0.68</b>	<b>\$112.50</b>	<b>\$16.00</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	<b>81,630</b>	<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>						\$667,500	\$640,500	Harris	Houston	6
Secondary Income		Per Unit Per Month:	\$5.83			6,300	6,300	\$5.83	Per Unit Per Month	
Other Support Income:						0	0	\$0.00	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>						\$673,800	\$646,800			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(50,535)	(48,516)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions						0	0			
<b>EFFECTIVE GROSS INCOME</b>						\$623,265	\$598,284			
<b>EXPENSES</b>				<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>		<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>
General & Administrative		4.67%	\$323	0.36		\$29,081	\$40,500	\$0.50	\$450	6.77%
Management		5.00%	346	0.38		31,163	29,922	0.37	332	5.00%
Payroll & Payroll Tax		14.23%	986	1.09		88,709	85,500	1.05	950	14.29%
Repairs & Maintenance		7.01%	486	0.54		43,715	40,500	0.50	450	6.77%
Utilities		3.66%	254	0.28		22,815	27,900	0.34	310	4.66%
Water, Sewer, & Trash		3.99%	276	0.30		24,840	12,600	0.15	140	2.11%
Property Insurance		5.52%	382	0.42		34,380	30,690	0.38	341	5.13%
Property Tax	4.06251	0.36%	25	0.03		2,250	2,250	0.03	25	0.38%
Reserve for Replacements		3.61%	250	0.28		22,500	22,500	0.28	250	3.76%
TDHCA Compliance Fees		0.55%	38	0.04		3,400	3,600	0.04	40	0.60%
Other: Supportive Service contract		0.72%	50	0.06		4,500	4,500	0.06	50	0.75%
<b>TOTAL EXPENSES</b>		<b>49.31%</b>	<b>\$3,415</b>	<b>\$3.77</b>		<b>\$307,353</b>	<b>\$300,462</b>	<b>\$3.68</b>	<b>\$3,338</b>	<b>50.22%</b>
<b>NET OPERATING INC</b>		<b>50.69%</b>	<b>\$3,510</b>	<b>\$3.87</b>		<b>\$315,912</b>	<b>\$297,822</b>	<b>\$3.65</b>	<b>\$3,309</b>	<b>49.78%</b>
<b>DEBT SERVICE</b>										
Red Mortgage Capital		41.58%	\$2,879	\$3.17		\$259,153	\$259,153	\$3.17	\$2,879	43.32%
Harris County Housing Authority		0.00%	\$0	\$0.00		0	0	\$0.00	\$0	0.00%
Additional Financing		0.00%	\$0	\$0.00		0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>		<b>9.11%</b>	<b>\$631</b>	<b>\$0.70</b>		<b>\$56,759</b>	<b>\$38,669</b>	<b>\$0.47</b>	<b>\$430</b>	<b>6.46%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>						<b>1.22</b>	<b>1.15</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>						<b>1.22</b>				

<b>CONSTRUCTION COST</b>										
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL	
Acquisition Cost (site or bldg)		14.71%	\$20,909	\$23.05	\$1,881,792	\$1,881,792	\$23.05	\$20,909	14.06%	
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%	
Sitework		6.33%	9,000	9.92	810,000	810,000	9.92	9,000	6.05%	
Direct Construction		39.64%	56,363	62.14	5,072,667	5,443,676	66.69	60,485	40.67%	
Contingency	5.00%	2.30%	3,268	3.60	294,133	312,684	3.83	3,474	2.34%	
Contractor's Fees	14.00%	6.44%	9,151	10.09	823,573	875,516	10.73	9,728	6.54%	
Indirect Construction		10.96%	15,589	17.19	1,403,000	1,403,000	17.19	15,589	10.48%	
Ineligible Costs		3.26%	4,639	5.11	417,495	417,495	5.11	4,639	3.12%	
Developer's Fees	15.00%	10.44%	14,846	16.37	1,336,149	1,402,000	17.18	15,578	10.47%	
Interim Financing		3.94%	5,603	6.18	504,288	504,288	6.18	5,603	3.77%	
Reserves		1.97%	2,805	3.09	252,471	335,000	4.10	3,722	2.50%	
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$142,173</b>	<b>\$156.75</b>	<b>\$12,795,570</b>	<b>\$13,385,451</b>	<b>\$163.98</b>	<b>\$148,727</b>	<b>100.00%</b>	
<b>Construction Cost Recap</b>		<b>54.71%</b>	<b>\$77,782</b>	<b>\$85.76</b>	<b>\$7,000,374</b>	<b>\$7,441,876</b>	<b>\$91.17</b>	<b>\$82,688</b>	<b>55.60%</b>	

<b>SOURCES OF FUNDS</b>										
<b>RECOMMENDED</b>										
Red Mortgage Capital		23.45%	\$33,333	\$36.75	\$3,000,000	\$3,000,000	\$3,000,000		Developer Fee Available	
Harris County Housing Authority		15.63%	\$22,222	\$24.50	2,000,000	2,000,000	2,000,000		\$1,402,000	
Red Capital Markets, Inc.		61.90%	\$88,006	\$97.03	7,920,583	7,920,583	7,920,583		% of Dev. Fee Deferred	
Deferred Developer Fees		3.63%	\$5,165	\$5.69	464,868	464,868	464,868		33%	
Additional (Excess) Funds Req'd		-4.61%	(\$6,554)	(\$7.23)	(589,881)	0	0		15-Yr Cumulative Cash Flow	
<b>TOTAL SOURCES</b>					<b>\$12,795,570</b>	<b>\$13,385,451</b>	<b>\$13,385,451</b>		<b>\$1,197,854</b>	



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Sierra Meadows, Houston, 9%/HTC #09193*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$56.71	\$4,629,294
<b>Adjustments</b>				
Exterior Wall Finish	0.80%		\$0.45	\$37,034
Elderly	4.00%		2.27	185,172
9-Ft. Ceilings	3.00%		1.70	138,879
Roofing			0.00	0
Subfloor			(1.73)	(141,103)
Floor Cover			2.18	178,280
Breezeways/Balconies	\$21.19	20,075	5.21	425,390
Plumbing Fixtures	\$835	135	1.38	112,725
Rough-ins	\$410	180	0.90	73,800
Built-In Appliances	\$1,800	90	1.98	162,000
Exterior Stairs	\$1,875	4	0.09	7,500
Enclosed Corridors	\$46.79	7800	4.47	364,967
Heating/Cooling			1.83	149,383
Elevator	\$53,600	1	0.66	53,600
Comm &/or Aux Bldgs	\$73.70	3,200	2.89	235,840
Other: fire sprinkler	\$2.15	81,630	2.15	175,505
<b>SUBTOTAL</b>			<b>83.16</b>	<b>6,788,266</b>
Current Cost Multiplier	1.01		0.83	67,883
Local Multiplier	0.91		(7.48)	(610,944)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$76.51</b>	<b>\$6,245,205</b>
Plans, specs, survy, bld prm	3.90%		(\$2.98)	(\$243,563)
Interim Construction Interest	3.38%		(2.58)	(210,776)
Contractor's OH & Profit	11.50%		(8.80)	(718,199)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$62.14</b>	<b>\$5,072,667</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$3,000,000	Amort	360
Int Rate	7.80%	DCR	1.22

<b>Secondary</b>	\$2,000,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.22

<b>Additional</b>	\$7,920,583	Amort	
Int Rate		Aggregate DCR	1.22

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$259,153
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$56,759</b>

<b>Primary</b>	\$3,000,000	Amort	360
Int Rate	7.80%	DCR	1.22

<b>Secondary</b>	\$2,000,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.22

<b>Additional</b>	\$7,920,583	Amort	0
Int Rate	0.00%	Aggregate DCR	1.22

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

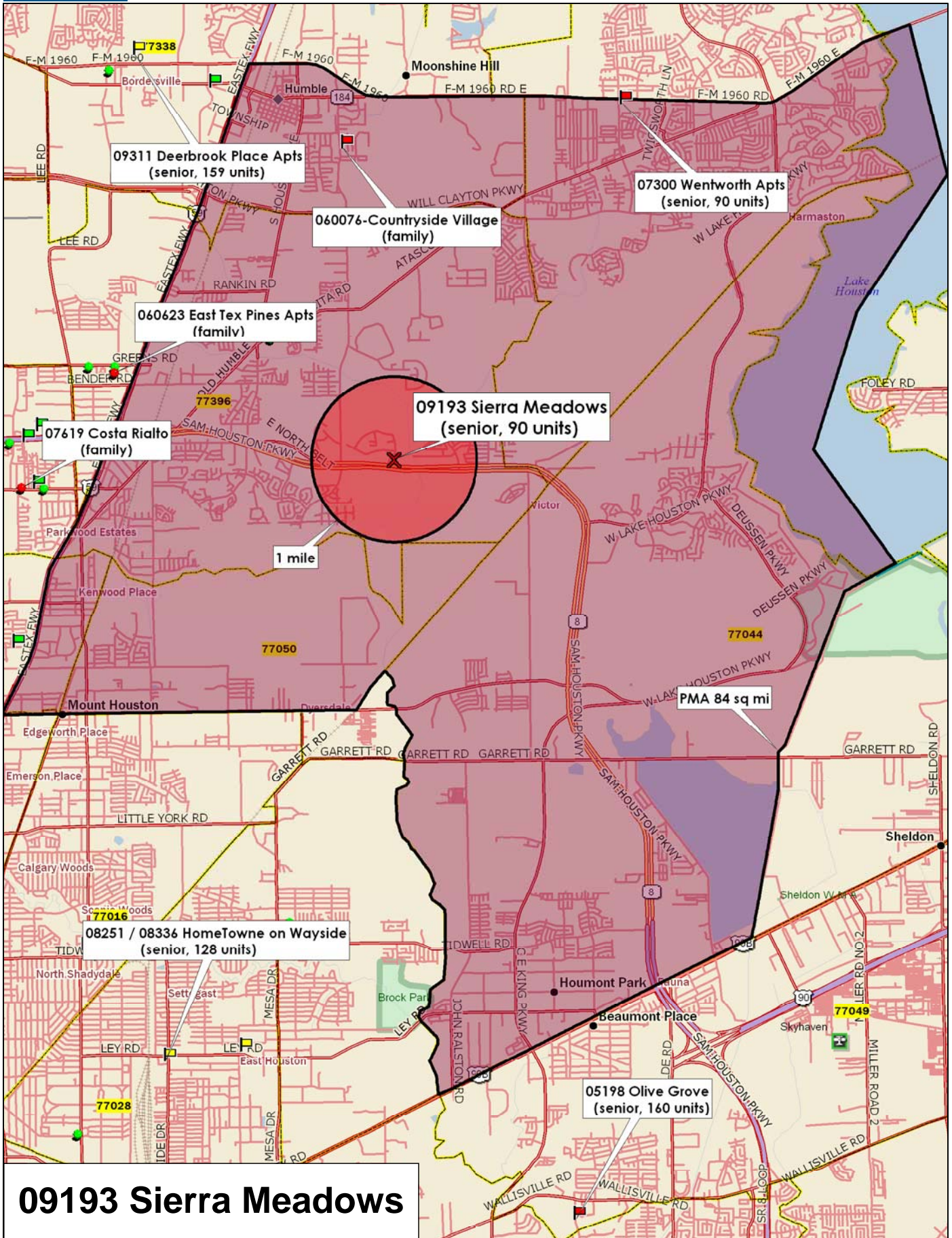
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$667,500	\$680,850	\$694,467	\$708,356	\$722,523	\$797,724	\$880,752	\$972,421	\$1,185,376
Secondary Income	6,300	6,426	6,555	6,686	6,819	7,529	8,313	9,178	11,188
Other Support Income:	0	0	0	0	0	0	0	0	0
<b>POTENTIAL GROSS INCOME</b>	<b>673,800</b>	<b>687,276</b>	<b>701,022</b>	<b>715,042</b>	<b>729,343</b>	<b>805,253</b>	<b>889,065</b>	<b>981,599</b>	<b>1,196,564</b>
Vacancy & Collection Loss	(50,535)	(51,546)	(52,577)	(53,628)	(54,701)	(60,394)	(66,680)	(73,620)	(89,742)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$623,265</b>	<b>\$635,730</b>	<b>\$648,445</b>	<b>\$661,414</b>	<b>\$674,642</b>	<b>\$744,859</b>	<b>\$822,385</b>	<b>\$907,979</b>	<b>\$1,106,822</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$29,081	\$29,953	\$30,852	\$31,777	\$32,731	\$37,944	\$43,987	\$50,993	\$68,531
Management	31,163	31,787	32,422	33,071	33,732	37,243	41,119	45,399	55,341
Payroll & Payroll Tax	88,709	91,370	94,111	96,934	99,842	115,745	134,180	155,551	209,048
Repairs & Maintenance	43,715	45,027	46,377	47,769	49,202	57,038	66,123	76,655	103,018
Utilities	22,815	23,499	24,204	24,931	25,678	29,768	34,510	40,006	53,765
Water, Sewer & Trash	24,840	25,585	26,353	27,143	27,958	32,411	37,573	43,557	58,537
Insurance	34,380	35,411	36,474	37,568	38,695	44,858	52,003	60,286	81,019
Property Tax	2,250	2,318	2,387	2,459	2,532	2,936	3,403	3,945	5,302
Reserve for Replacements	22,500	23,175	23,870	24,586	25,324	29,357	34,033	39,454	53,023
Other	7,900	8,137	8,381	8,633	8,892	10,308	11,949	13,853	18,617
<b>TOTAL EXPENSES</b>	<b>\$307,353</b>	<b>\$316,262</b>	<b>\$325,432</b>	<b>\$334,870</b>	<b>\$344,586</b>	<b>\$397,608</b>	<b>\$458,881</b>	<b>\$529,699</b>	<b>\$706,200</b>
<b>NET OPERATING INCOME</b>	<b>\$315,912</b>	<b>\$319,469</b>	<b>\$323,013</b>	<b>\$326,543</b>	<b>\$330,056</b>	<b>\$347,252</b>	<b>\$363,504</b>	<b>\$378,281</b>	<b>\$400,622</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$259,153	\$259,153	\$259,153	\$259,153	\$259,153	\$259,153	\$259,153	\$259,153	\$259,153
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$56,759</b>	<b>\$60,315</b>	<b>\$63,860</b>	<b>\$67,390</b>	<b>\$70,903</b>	<b>\$88,098</b>	<b>\$104,351</b>	<b>\$119,127</b>	<b>\$141,469</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.22</b>	<b>1.23</b>	<b>1.25</b>	<b>1.26</b>	<b>1.27</b>	<b>1.34</b>	<b>1.40</b>	<b>1.46</b>	<b>1.55</b>

**HTC ALLOCATION ANALYSIS -Sierra Meadows, Houston, 9%/HTC #09193**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$1,881,792	\$1,881,792		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$810,000	\$810,000	\$810,000	\$810,000
<b>Construction Hard Costs</b>	\$5,443,676	\$5,072,667	\$5,443,676	\$5,072,667
<b>Contractor Fees</b>	\$875,516	\$823,573	\$875,515	\$823,573
<b>Contingencies</b>	\$312,684	\$294,133	\$312,684	\$294,133
<b>Eligible Indirect Fees</b>	\$1,403,000	\$1,403,000	\$1,403,000	\$1,403,000
<b>Eligible Financing Fees</b>	\$504,288	\$504,288	\$504,288	\$504,288
<b>All Ineligible Costs</b>	\$417,495	\$417,495		
<b>Developer Fees</b>				
Developer Fees	\$1,402,000	\$1,336,149	\$1,402,000	\$1,336,149
<b>Development Reserves</b>	\$335,000	\$252,471		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$13,385,451</b>	<b>\$12,795,570</b>	<b>\$10,751,162</b>	<b>\$10,243,812</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$10,751,162	\$10,243,812
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$13,976,511	\$13,316,955
Applicable Fraction		94%	94%
<b>TOTAL QUALIFIED BASIS</b>		\$13,177,438	\$12,555,590
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,185,969	\$1,130,003

<b>Syndication Proceeds</b>	<b>0.6699</b>	<b>\$7,944,406</b>	<b>\$7,569,507</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,185,969</b>	<b>\$1,130,003</b>
<b>Syndication Proceeds</b>		<b>\$7,944,406</b>	<b>\$7,569,507</b>
<b>Requested Tax Credits</b>		<b>\$1,182,413</b>	
<b>Syndication Proceeds</b>		<b>\$7,920,583</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$8,385,451</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,251,810</b>	



# 09193 Sierra Meadows

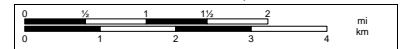
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Scale 1 : 100,000



1" = 1.58 mi

Data Zoom 11-0



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Golden Bamboo Village II, TDHCA Number 09196**

BASIC DEVELOPMENT INFORMATION

Site Address: E. Side of 12000 N. Gessner Rd. Development #: 09196  
 City: Houston Region: 6 Population Served: General  
 County: Harris Zip Code: 77064 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Costa Vizcaya II, Ltd.  
 Owner Contact and Phone: Michael Nguyen, (281) 495-8936  
 Developer: VN Team Work  
 Housing General Contractor: NRP Contractors LLC  
 Architect: Alamo Architects, Inc.  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Red Stone Equity Partners  
 Supportive Services: VN Teamwork  
 Consultant: NRP Holdings, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	116	
	6	0	53	57	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	12	60	36	8	0	
Type of Building:						Total Development Units:	116
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$14,933,003
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	8
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,621,465	\$1,621,465			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Golden Bamboo Village II, TDHCA Number 09196

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Whitmire, District 15, NC Points: 0 US Representative: Poe, District 2, NC  
TX Representative: Harless, District 126, NC Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC Resolution of Support from Local Government

S, Marty Edwards, Director of General Administration,  
Cypress-Fairbanks ISD

**Individuals and Businesses:** In Support: 0 In Opposition: 0

**Quantifiable Community Participation Input:**

Mills Road Neighborhood Association, Raquel Cantu Letter Score: 24 S or O: S

The second phase of the housing development will provide safe and quality homes for the families working in the Willowbrook Mall and Mills Road areas.

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 0

**General Summary of Comment:**

Letter of support from ISD and qualified neighborhood association.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance of documentation by cost certification verifying no buildings and/or improvements to include drives are located in the 100-year floodplain. Should buildings or improvements be found to be in the floodplain, a flood hazard mitigation plan must be provided to include, at a minimum, consideration and documentation of floodplain reclamation sitework costs, building flood insurance and tenant flood insurance costs.
2. Receipt, review, and acceptance, by carryover, of evidence that all Phase I ESA recommendations, including but not limited to conducting a noise study, have been carried out.
3. Receipt, review and acceptance, by commitment, of a firm commitment from the City of Houston for the \$1M funds structured at 0% interest and fully amortized over 30 years.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.
5. Receipt of a commitment of City of Houston HOME funds in the amount of \$750,000, or a commitment from a qualifying substitute source in an amount not less than \$746,651, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.
6. Receipt of a commitment of funding from City of Houston HOME funds in the amount of \$300,000, or a commitment from a qualifying substitute source (s) in an amount not less than \$298,661 as required by §49.9(i)(27) of the 2009 QAP. The provider of funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Golden Bamboo Village II, TDHCA Number 09196**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **0**

Total # Monitored: **0**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **185**  Meeting a Required Set-Aside Credit Amount\*: \$1,621,465

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/21/09 PROGRAM: 9%/HTC FILE NUMBER: 09196

**DEVELOPMENT**

Golden Bamboo Village II

Location: East portion of lot located at 12000 N. Gessner Dr. Region: 6  
 City: Houston County: Harris Zip: 77064  OCT  DDA  
 Key Attributes: Family, New Construction, Urban, Non-Profit

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,621,465			\$1,621,465		

**CONDITIONS**

- 1 Receipt, review, and acceptance of documentation by cost certification verifying no buildings and/or improvements to include drives are located in the 100-year floodplain. Should buildings or improvements be found to be in the floodplain, a flood hazard mitigation plan must be provided to include, at a minimum, consideration and documentation of floodplain reclamation sitework costs, building flood insurance and tenant flood insurance costs.
- 2 Receipt, review, and acceptance, by carryover, of evidence that all Phase I ESA recommendations, including but not limited to conducting a noise study, have been carried out.
- 2 Receipt, review and acceptance, by commitment, of a firm commitment from the City of Houston for the \$1M funds structured at 0% interest and fully amortized over 30 years.
- 3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	6
50% of AMI	50% of AMI	53
60% of AMI	60% of AMI	57

**STRENGTHS/MITIGATING FACTORS**

- Underwriter's expense to income ratio is just below 65% meeting the guideline. Additionally, the going-in DCR is 1.22 times.

**WEAKNESSES/RISKS**

- Applicant's expense to income ratio exceeds 65% guideline indicating a risk that the development may not remain feasible in periods of no rental rate growth.

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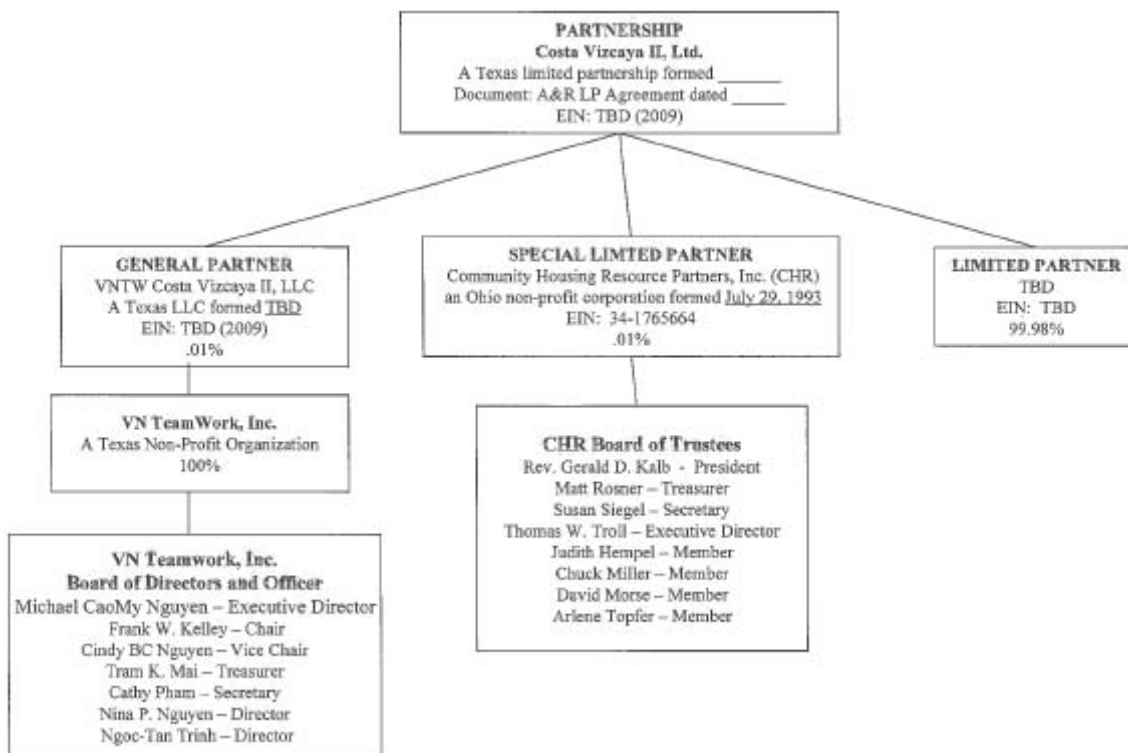
- Additionally, a decrease below \$0.656 per dollar of credit may jeopardize the financial viability of the transaction.
- Overall capture rate is 26%. Stabilized affordable properties are reported to be 98% occupied.
- Principals of Applicant demonstrate LIHTC development experience.
- Syndication price of \$.72 is slightly above rates currently seen by the Underwriter (under \$.70). Should the final credit price increase to more than \$0.72, all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.
- 60% AMI two and three bedroom units show capture rates of 184% and 235%, respectively.
- While the PMA provides sufficient demand for the subject, there are 466 unstabilized comparable units outside the PMA but within 4 miles. The Underwriter is concerned about the concentration of units in this area.

### PREVIOUS UNDERWRITING REPORTS

No previous reports; however the proposed development will be located immediately adjacent and East of Costa Viscaya (TDHCA #07415).

### DEVELOPMENT TEAM

#### OWNERSHIP STRUCTURE



### CONTACT

Contact: Michael Nguyen Phone: (281) 495-8936 Fax: (281) 495-8938  
 Email: [hiepluc@vnteamwork.org](mailto:hiepluc@vnteamwork.org)



**KEY PARTICIPANTS**

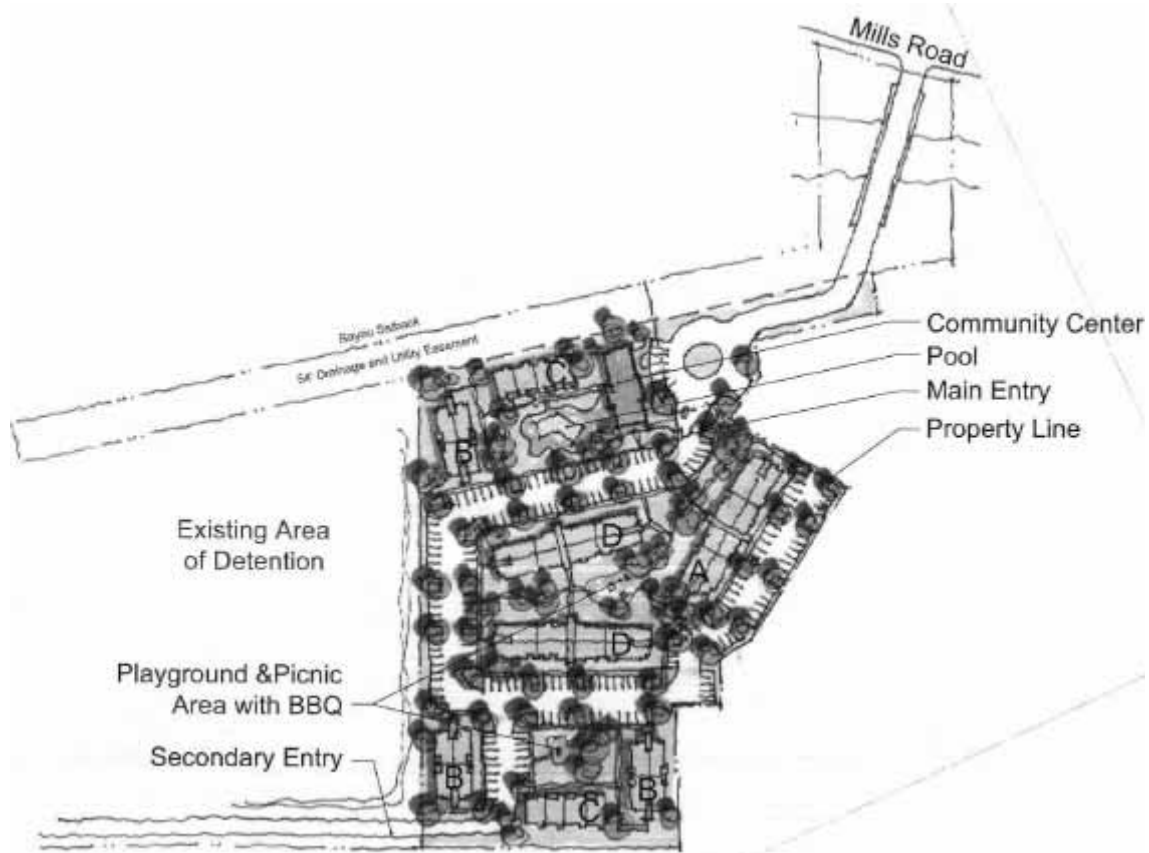
Name	Financial Notes	# Completed Developments
Costa Vizcaya II, Ltd.	N/A	None
Community Housing Resource Partners, Inc	N/A	None
VN TeamWork	N/A	None

**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.
- The seller is also regarded as a related party to the General Partner. The acquisition price will be based upon the lesser of the declared price, the appraised value, and the original acquisition and holding cost. This is discussed at greater length in the construction cost section of this report.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	A	B	C	D							Total Buildings
Floors/Stories	3	3	2	3							
Number	1	3	2	2							<b>8</b>

This section intentionally left blank.

BR/BA	SF	Units										Total Units	Total SF
1/1	712				6							12	8,544
2/2	950	12			6							24	22,800
2/2	963		12									36	34,668
3/2	1,142	12			12							36	41,112
4/2	1,561			4								8	12,488
Units per Building		24	12	4	24							<b>116</b>	<b>119,612</b>

**SITE ISSUES**

Total Size: 11.49 acres Scattered site?  Yes  No  
Flood Zone: Zones X & AE Within 100-yr floodplain?  Yes  No  
Zoning: N/A Needs to be re-zoned?  Yes  No  N/A  
Comments:

The City of Houston does not have a zoning ordinance.  
According to the 2009 QAP **§49.6(a) "Floodplain**. Any Development proposing New Construction located within the 100 year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements. If no FEMA Flood Insurance Rate Maps are available for the proposed Development, flood zone documentation must be provided from the local government with jurisdiction identifying the 100 year floodplain. No buildings or roads that are part of a Development proposing Rehabilitation, with the exception of Developments with federal funding assistance from HUD or TX USDA-RHS, will be permitted in the 100 year floodplain unless they already meet the requirements established in this subsection for New Construction."

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff Date: 4/7/2009  
Overall Assessment:  
 Excellent  Acceptable  Questionable  Poor  Unacceptable  
Surrounding Uses:  
North: Mills Rd, Greens Bayou, commercial uses & vacant land East: Commercial uses  
South: Commercial uses West: Residential uses

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Terracon Consulting Engineers & Scientists Date: 3/20/2009  
Recognized Environmental Concerns (RECs) and Other Concerns:  

- "State Highway 249 is located in a northwest/southeast orientation approximately 400 feet north of the site. In accordance with U.S. Department of Housing and Urban Development guidelines and based on the proximity of a major roadway to the site, Terracon recommends that a noise study be conducted.
- Terracon obtained a copy of the FEMA Flood Insurance Rate Map (FIRM) from the official FEMA website, and a copy of this map is located in Appendix C. The site appears to be located on FEMA FIRM No. 48201C, Panel 0435 L, dated June 18, 2007. The FIRM indicates that portions of the site are located within special flood hazard areas (100-year floodplain). Greens Bayou also transects the northeastern portion of the site." (p.21)

Comments:  
Receipt, review, and acceptance, by carryover, of evidence that all Phase I ESA recommendations, including but not limited to conducting a noise survey, have been carried out is a condition of this report.

**MARKET HIGHLIGHTS**

Provider: Apartment MarketData, LLC Date: 3/30/2009  
 Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830  
 Number of Revisions: None Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 31 sq. miles 3 mile equivalent radius  
 "The boundaries of the Primary Market Area are as follows: North: Cypresswood Drive; East: Bammel North Houston Road; South: Breen Road / W Mount Houston Road; West: Beltway 8 / Jones Road." (p.3)

Secondary Market Area (SMA):  
 The Market Analyst did not define a secondary market for the Subject.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Idlewilde Apts	060617	250	250	N/A			
Costa Vizcaya	07415	252	252				

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	152	5	0	157	1	0	1%
1 BR/50%	294	11	0	305	6	0	2%
1 BR/60%	358	14	0	372	5	64	19%
2 BR/30%	55	-1	0	54	2	0	4%
2 BR/50%	136	-2	0	134	27	0	20%
2 BR/60%	150	-1	0	149	31	244	185%
3 BR/30%	90	0	0	90	2	0	2%
3 BR/50%	186	-2	0	184	16	0	9%
3 BR/60%	233	1	0	234	18	182	85%
4 BR/30%	52	0	0	52	1	0	2%
4 BR/50%	96	1	0	97	4	0	4%
4 BR/60%	109	2	0	111	3	12	14%

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UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	55	1	0	57	1	0	2%
1 BR/50%	104	4	0	107	6	0	6%
1 BR/60%	134	4	0	138	5	64	50%
2 BR/30%	49	-1	0	49	2	0	4%
2 BR/50%	100	-1	0	99	27	0	27%
2 BR/60%	150	0	0	150	31	244	184%
3 BR/30%	32	-1	0	32	2	0	6%
3 BR/50%	65	-1	0	64	16	0	25%
3 BR/60%	87	-2	0	85	18	182	235%
4 BR/30%	19	0	0	19	1	0	5%
4 BR/50%	27	0	0	27	4	0	15%
4 BR/60%	31	-3	0	28	3	12	54%

OVERALL DEMAND							
	Target Households	Household Size	Income Eligible	Tenure	Demand		
PMA DEMAND from TURNOVER turnover							
Market Analyst p. 67				5,691	47%	2,647	
Underwriter (Map Info)	100% 34,243	97% 33,147	26% 8,772	54% 4,716	47%	2,202	
Underwriter (HISTA)				5,913	47%	2,761	
PMA DEMAND from GROWTH growth							
Market Analyst p. 68						63	
Underwriter						102	
Underwriter						66	
DEMAND from OTHER SOURCES Section 8							
Market Analyst p. 68						163	
Underwriter						45	
Underwriter						45	

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 69	116	502	0	618	2,873	<b>22%</b>
Underwriter	116	502	0	618	2,349	<b>26%</b>
Underwriter -HISTA data	116	502	0	618	2,872	<b>22%</b>

Proposed, Under Construction, and Unstabilized Comparable Supply:

Costa Vizcaya (#07415) is an adjacent property with 252 family units which just began leasing at the end of 2008. Idlewilde Apartments (#060617), with 250 family units, is located approximately 2 miles to the west. The market study reports that Idlewilde is currently 99% occupied, but only achieved 90% occupancy in June 2008, less than 12 months before the current application cycle. The Market Analyst included Costa Vizcaya and Idlewilde when determining the capture rate.

This section intentionally left blank.

#### Supply and Demand Analysis:

The market study provides a general demographic report for the PMA from MapInfo, as well as a HISTA data report from Ribbon Demographics, which provides a more detailed breakdown of households by income, size, tenure, and age. The market study analysis is based on the HISTA report, and includes all household sizes. The Market Analyst reports demand for 2,647 units due to household turnover, and demand for 63 units due to household growth.

The market study also states that the Houston and Harris County Housing Authorities have reported that there are 348 Section 8 voucher holders within the PMA. (This data is reported by zip code; the Market Analyst has prorated the quantity according to the approximate geographic percentage of each zip code contained within the PMA.) The Market Analyst applies the 47% turnover rate to the number of vouchers and concludes demand for 163 units from voucher-holders. This is overstated because it includes many households who are income-qualified and are therefore included in the turnover demand already calculated; the quantity also includes households with greater than 6 persons.

The market study reports overall demand for 2,873 units, and a total supply of 618 units (116 at the subject, 252 at Costa Vizcaya, and 250 at Idlewilde), resulting in an inclusive capture rate of 22%.

The traditional demand and capture rate analysis based on the general demographics report calculates demand for 2,202 units from turnover, and demand for 102 units from household growth; the underwriting analysis also calculates additional demand for 45 units from section 8 voucher holders who would not otherwise qualify. Total demand for 2,349 units, and a total supply of 618 units, indicates a capture rate of 26%, which exceeds the maximum rate of 25% for urban developments targeting families.

An alternative demand and capture rate analysis was also performed based on the HISTA Data report. The greater detail provided by this report indicates a higher number of income eligible renter households; this analysis results in total demand for 2,872 units, and an acceptable inclusive capture rate of 22%.

#### Primary Market Occupancy Rates:

"The overall occupancy reported in the market is 95.5%." (p.49) The Market Analyst reports occupancies of 98% and 99% at five existing tax credit properties in the PMA, including Idlewilde.

While the PMA as defined meets the requirements in the Real Estate Analysis Rules, the Department has some concern about the overall concentration of family units in the general area. An additional development, Mansions at Hastings Green (#07413) is located less than four miles west of the subject, and less than one mile outside the PMA. Mansions at Hastings Green is still in lease-up. Another property, the Meadowlands Apartments (#060610) is also only about 4 miles to the southwest. Occupancy at the Meadowlands peaked at 95% in May 2008, and has steadily declined since: 93% in August and December, 91% in January 2009, 89% in May, and 88% in June.

#### Absorption Projections:

"We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p.51)

This section intentionally left blank.

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	712 SF	30%	\$209	\$224	\$732	\$224	\$508
1 BR	712 SF	50%	\$439	\$464	\$732	\$464	\$268
1 BR	712 SF	60%	\$553	\$583	\$732	\$583	\$149
2 BR	950 SF	30%	\$233	\$252	\$1,013	\$252	\$761
2 BR	950 SF	50%	\$508	\$538	\$1,013	\$538	\$475
2 BR	950 SF	60%	\$646	\$682	\$1,013	\$682	\$331
2 BR	963 SF	30%	\$233	\$252	\$1,019	\$252	\$767
2 BR	963 SF	50%	\$508	\$538	\$1,019	\$538	\$481
2 BR	963 SF	60%	\$646	\$682	\$1,019	\$682	\$337
3 BR	1,142 SF	30%	\$252	\$274	\$1,283	\$274	\$1,009
3 BR	1,142 SF	50%	\$570	\$605	\$1,283	\$605	\$678
3 BR	1,142 SF	60%	\$729	\$771	\$1,283	\$771	\$512
4 BR	1,561 SF	30%	\$264	\$288	\$1,451	\$288	\$1,163
4 BR	1,516 SF	50%	\$619	\$658	\$1,451	\$658	\$793
4 BR	1,561 SF	60%	\$796	\$843	\$1,451	\$843	\$608

**Market Impact:**

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Newer affordable family units have been easily absorbed. Today, stabilized affordable projects are 98.2% occupied. This demonstrates that the demand for new affordable rental housing is high." (p.57)

While the Market Analyst states that the development will not have a significant effect on the market, the Department has some concern. As stated above, there is a new development (Mansions at Hastings) in lease-up just outside the PMA, and it appears this is having an impact on the ability of another project (Meadowlands) to maintain its occupancy. If the Primary Market Area were shifted by one mile to include these properties, the capture rate would exceed the limit and we would conclude there is insufficient demand.

**Comments:**

The market study provides sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of December 1, 2007, maintained by the Houston Housing Authority, from the 2008 program gross rent limits. Tenants will be required to pay electric, natural gas, water, and sewer costs.

The Underwriter's projected rents were calculated by subtracting tenant-paid utilities from the current 2009 HTC program rents. It should be noted that at the time the application was submitted the 2009 program rent limits were not yet available.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines; however, due to the Applicant's use of the lower 2008 program rents effective gross income is not within 5% of the Underwriter's estimate.

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Expense: Number of Revisions: 1 Date of Last Applicant Revision: 5/11/2009

The Applicant's total annual operating expense projection at \$4,252 per unit is within 5% of the Underwriter's estimate of \$4,377, derived from the TDHCA database, and third-party data sources. The Applicant's revised budget shows property tax to be \$12K higher when compared to the Underwriter's estimate.

**Conclusion:**

Both the Applicant's and the Underwriter's expense to income ratios are very high reflecting the significant deep rent targeting proposed in the application. The Applicant's estimate of 65%, is right at the Department's maximum guideline. Also of note, the Applicant originally submitted operating expenses that reflected an expense to income ratio of 79.95% and a DCR of 1.95.

As mentioned previously, the 2009 HTC rent limits have been released since the application was submitted. As a result, overall increases in the rent limits for this area provide for additional income to the development that was not originally anticipated.

The Applicant's effective gross income and net operating income are not within 5% of the Underwriter's estimates; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proforma and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.35. Therefore, rather than resize the permanent mortgage and possibly gap the Subject development, the Underwriter has recommended a financing structure that reflects repayment of the City HOME funds. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider: Rafael C. Luebbert Date: 3/25/2009  
 Number of Revisions: None Date of Last Applicant Revision: N/A  
 Land Only: 11.49 acres \$187,000 As of: 3/25/2009

**ASSESSED VALUE**

Land Only: 15.72 acres \$1,711,549 Tax Year: 2008  
 1 acre: \$108,900 Valuation by: Harris CAD  
 Total Prorata: 11.49 acres \$1,251,262 Tax Rate: 2.73467

**EVIDENCE of PROPERTY CONTROL**

Type: Special Warranty Deed & Settlement Statement Acreage: 16.2199  
 Contract Expiration: N/A Valid Through Board Date?  Yes  No  
 Acquisition Cost: \$100,000 Other: \_\_\_\_\_  
 Seller: NRP Properties, LLC Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:

The Applicant provided the Special Warranty Deed to the site and a settlement statement that substantiates the acquisition cost reflected in the development cost schedule. The settlement statement dated July 30, 2007 between NRP Properties, LLC and White Oak Developers, Inc is for two tracts totaling 16.22 acres and contains the subject 11.49 acre site. According to the settlement statement, the total purchase price for the 16.22 acres was \$100K or \$6,165 per acre. The Applicant plans to only restrict the 11.49 acres by the LURA. The remaining acreage will be held for future land development. The Underwriter utilized the lesser of the three possible acquisition amounts, Applicant's proposal (\$53,531), the appraised value (\$187K), and the original purchase price plus prorated for the 11.49 acres (\$70,839). The Applicant's proposal of \$53,531 is the acquisition value included in the underwriting analysis.

Sitework Cost:

The Applicant claimed sitework costs over the Departments maximum guideline of \$9,000 per unit and provided sufficient third party certification through a detailed certified cost estimate by an architect to justify these costs. In addition, these costs have been reviewed by the Applicant's CPA, Novogradac & Company, to preliminarily opine that all of the total \$1.9M will be considered eligible. The CPA has indicated that this opinion of eligibility has taken into account the effect of the recent IRS Technical Advisory Memorandums on the eligibility of sitework costs.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$211K or 3% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$13,858,676 supports annual tax credits of \$1,621,465. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: 2 Date of Last Applicant Revision: 5/19/2009

Source: City of Houston Type: Permanent Financing

Principal: \$1,050,000 Interest Rate: 0.0%  Fixed Amort: 360 months

Comments:  
Application made

Source: Oak Grove Capital Type: Interim to Permanent Financing

Interim: \$10,850,000 Interest Rate: 6.00%  Fixed Term: 24 months

Permanent: \$2,200,000 Interest Rate: 8.75%  Fixed Amort: 360 months

Comments:  
Interim Rate Index: 30 day LIBOR plus 3.5% & a floor of 6%. Underwritten at 6%

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Source: Red Stone Equity Partners Type: Syndication  
 Proceeds: \$11,672,124 Syndication Rate: 72% Anticipated HTC: \$ 1,621,465  
 Comments:

Due to the recent volatility in credit pricing, it should be noted, any decrease in rate could increase the amount of deferred developer fee. Additionally, a decrease below \$0.656 per dollar of credit may jeopardize the financial viability of the transaction. Alternatively, should the final credit price increase to more than \$0.72, all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Amount: \$10,789 Type: Deferred Developer Fees

### CONCLUSIONS

**Recommended Financing Structure:**

As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. The underwriting analysis assumes the \$1M city HOME loan will bear interest at 0% and be fully amortized over 30 years. As a result, the development's gap in financing will decrease. Of note, should the Applicant ultimately choose to structure the \$1M in city HOME funds as a soft loan, the development's DCR would increase above 1.35 and it may become necessary to resize the permanent mortgage such that a further adjustment to the credit allocation amount may be warranted based on the need to fill the resulting gap in financing.

Receipt, review and acceptance of a firm commitment from the City of Houston for the \$1M funds structured at 0% interest and fully amortized over 30 years is a condition of this report.

The Applicant's total development cost estimate less the permanent loan of \$2.2M and \$1M City HOME Loan indicates the need for \$11,683,003 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,622,976 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,621,465), the gap-driven amount (\$1,622,976), and eligible basis-derived estimate (\$1,621,465), the Applicant's requested amount of \$1,621,465 is recommended resulting in proceeds of \$11,672,125 based on a syndication rate of 72%.

The Underwriter's recommended financing structure indicates the need for \$10,879 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within one year of stabilized operation.

Underwriter:	<i>Diamond Unique Thompson</i>	Date:	July 21, 2009
Manager of Real Estate Analysis:	<i>Raquel Morales</i>	Date:	July 21, 2009
Director of Real Estate Analysis:	<i>Brent Stewart</i>	Date:	July 21, 2009

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Golden Bamboo Village II, Houston , 9%/HTC #09196**

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash Only
TC 30%	LH	1	1	1	712	\$358	\$224	\$224	\$0.31	\$134.00	\$16.00
TC 50%	HH	6	1	1	712	\$598	\$464	\$2,784	\$0.65	\$134.00	\$16.00
TC 60%		5	1	1	712	\$717	\$583	\$2,915	\$0.82	\$134.00	\$16.00
TC 30%	LH	1	2	2	950	\$431	\$252	\$252	\$0.27	\$179.00	\$16.00
TC 50%	HH	11	2	2	950	\$717	\$538	\$5,918	\$0.57	\$179.00	\$16.00
TC 60%		12	2	2	950	\$861	\$682	\$8,184	\$0.72	\$179.00	\$16.00
TC 30%		1	2	2	963	\$431	\$252	\$252	\$0.26	\$179.00	\$16.00
TC 50%		16	2	2	963	\$717	\$538	\$8,608	\$0.56	\$179.00	\$16.00
TC 60%		19	2	2	963	\$861	\$682	\$12,958	\$0.71	\$179.00	\$16.00
TC 30%		2	3	2	1,142	\$498	\$274	\$548	\$0.24	\$224.00	\$16.00
TC 50%		16	3	2	1,142	\$829	\$605	\$9,680	\$0.53	\$224.00	\$16.00
TC 60%		18	3	2	1,142	\$995	\$771	\$13,878	\$0.68	\$224.00	\$16.00
TC 30%		1	4	2	1,561	\$555	\$288	\$288	\$0.18	\$267.00	\$16.00
TC 50%		4	4	2	1,561	\$925	\$658	\$2,632	\$0.42	\$267.00	\$16.00
TC 60%		3	4	2	1,561	\$1,110	\$843	\$2,529	\$0.54	\$267.00	\$16.00
<b>TOTAL:</b>		<b>116</b>		<b>AVERAGE:</b>	<b>1,031</b>		<b>\$618</b>	<b>\$71,650</b>	<b>\$0.60</b>	<b>\$194.38</b>	<b>\$16.00</b>

**INCOME**

Total Net Rentable Sq Ft: **119,612**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$5.84  
 Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.99%	\$345	0.33	\$40,040	\$44,660	\$0.37	\$385	5.89%
Management	5.00%	346	0.34	40,141	37,944	0.32	327	5.00%
Payroll & Payroll Tax	15.21%	1,053	1.02	122,106	110,200	0.92	950	14.52%
Repairs & Maintenance	7.49%	519	0.50	60,161	57,200	0.48	493	7.54%
Utilities	4.43%	307	0.30	35,602	36,000	0.30	310	4.74%
Water, Sewer, & Trash	5.00%	346	0.34	40,140	28,460	0.24	245	3.75%
Property Insurance	5.21%	361	0.35	41,864	39,440	0.33	340	5.20%
Property Tax	2.73467	10.27%	711	82,478	94,122	0.79	811	12.40%
Reserve for Replacements	3.61%	250	0.24	29,000	29,000	0.24	250	3.82%
TDHCA Compliance Fees	0.58%	40	0.04	4,640	4,640	0.04	40	0.61%
Other: Supportive Services	1.44%	100	0.10	11,600	11,600	0.10	100	1.53%
<b>TOTAL EXPENSES</b>	<b>63.25%</b>	<b>\$4,377</b>	<b>\$4.25</b>	<b>\$507,771</b>	<b>\$493,266</b>	<b>\$4.12</b>	<b>\$4,252</b>	<b>65.00024%</b>
<b>NET OPERATING INC</b>	<b>36.75%</b>	<b>\$2,544</b>	<b>\$2.47</b>	<b>\$295,059</b>	<b>\$265,602</b>	<b>\$2.22</b>	<b>\$2,290</b>	<b>35.00%</b>

**DEBT SERVICE**

Oak Grove Capital	25.87%	\$1,790	\$1.74	\$207,689	\$207,689	\$1.74	\$1,790	27.37%
City of Houston	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>10.88%</b>	<b>\$753</b>	<b>\$0.73</b>	<b>\$87,370</b>	<b>\$57,913</b>	<b>\$0.48</b>	<b>\$499</b>	<b>7.63%</b>

AGGREGATE DEBT COVERAGE RATIO

1.42 1.28

RECOMMENDED DEBT COVERAGE RATIO

1.22

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.37%	\$461	\$0.45	\$53,531	\$53,531	\$0.45	\$461	0.36%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		13.41%	16,759	16.25	1,944,000	1,944,000	16.25	16,759	13.02%
Direct Construction		43.98%	54,971	53.31	6,376,684	6,587,272	55.07	56,787	44.11%
Contingency	4.59%	2.63%	3,289	3.19	381,564	381,564	3.19	3,289	2.56%
Contractor's Fees	14.00%	8.03%	10,042	9.74	1,164,896	1,194,377	9.99	10,296	8.00%
Indirect Construction		9.16%	11,444	11.10	1,327,500	1,327,500	11.10	11,444	8.89%
Ineligible Costs		3.77%	4,710	4.57	546,325	546,325	4.57	4,710	3.66%
Developer's Fees	15.00%	12.22%	15,274	14.81	1,771,741	1,807,000	15.11	15,578	12.10%
Interim Financing		4.26%	5,319	5.16	616,963	616,963	5.16	5,319	4.13%
Reserves		2.17%	2,716	2.63	315,039	474,471	3.97	4,090	3.18%
<b>TOTAL COST</b>	<b>100.00%</b>	<b>\$124,985</b>	<b>\$121.21</b>	<b>\$14,498,243</b>	<b>\$14,933,003</b>	<b>\$124.85</b>	<b>\$128,733</b>	<b>100.00%</b>	
<b>Construction Cost Recap</b>	<b>68.06%</b>	<b>\$85,062</b>	<b>\$82.49</b>	<b>\$9,867,144</b>	<b>\$10,107,213</b>	<b>\$84.50</b>	<b>\$87,131</b>	<b>67.68%</b>	

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
Oak Grove Capital	15.17%	\$18,966	\$18.39	\$2,200,000	\$2,200,000	\$2,200,000	Developer Fee Available
City of Houston	7.24%	\$9,052	\$8.78	1,050,000	1,050,000	1,050,000	\$1,807,000
Red Stone Equity Partners	80.51%	\$100,622	\$97.58	11,672,124	11,672,124	11,672,124	% of Dev. Fee Deferred
Deferred Developer Fees	0.07%	\$93	\$0.09	10,789	10,789	10,879	1%
Additional (Excess) Funds Req'd	-3.00%	(\$3,747)	(\$3.63)	(434,670)	90	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$14,498,243</b>	<b>\$14,933,003</b>	<b>\$14,933,003</b>	<b>\$848,320</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Golden Bamboo Village II, Houston , 9%/HTC #09196*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.02	\$6,581,418
Adjustments				
Exterior Wall Finish	1.20%		\$0.66	\$78,977
Elderly			0.00	0
9-Ft. Ceilings	3.15%		1.73	207,315
Roofing			0.00	0
Subfloor			(0.84)	(100,682)
Floor Cover			2.38	284,677
Breezeways/Balconies	\$23.76	8,556	1.70	203,298
Plumbing Fixtures	\$835	312	2.18	260,520
Rough-ins	\$410	232	0.80	95,120
Built-In Appliances	\$1,800	116	1.75	208,800
Exterior Stairs	\$1,875	36	0.56	67,500
Enclosed Corridors	\$45.10		0.00	0
Heating/Cooling			1.83	218,890
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$78.38	2,173	1.42	170,309
Other: fire sprinkler	\$2.15	119,612	2.15	257,166
<b>SUBTOTAL</b>			<b>71.34</b>	<b>8,533,307</b>
Current Cost Multiplier	1.01		0.71	85,333
Local Multiplier	0.91		(6.42)	(767,998)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$65.63</b>	<b>\$7,850,642</b>
Plans, specs, survy, bld prmts	3.90%		(\$2.56)	(\$306,175)
Interim Construction Interest	3.38%		(2.22)	(264,959)
Contractor's OH & Profit	11.50%		(7.55)	(902,824)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$53.31</b>	<b>\$6,376,684</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$2,200,000	Amort	360
Int Rate	8.75%	DCR	1.42

<b>Secondary</b>	\$1,050,000	Amort	
Int Rate		Subtotal DCR	1.42

<b>Additional</b>	\$11,672,124	Amort	
Int Rate		Aggregate DCR	1.42

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$207,689
Secondary Debt Service	35,000
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$52,370</b>

<b>Primary</b>	\$2,200,000	Amort	360
Int Rate	8.75%	DCR	1.42

<b>Secondary</b>	\$1,050,000	Amort	360
Int Rate	0.00%	Subtotal DCR	1.22

<b>Additional</b>	\$11,672,124	Amort	0
Int Rate	0.00%	Aggregate DCR	1.22

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$859,800	\$876,996	\$894,536	\$912,427	\$930,675	\$1,027,541	\$1,134,488	\$1,252,566	\$1,526,871
Secondary Income	8,124	8,286	8,452	8,621	8,794	9,709	10,719	11,835	14,427
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	867,924	885,282	902,988	921,048	939,469	1,037,250	1,145,207	1,264,401	1,541,298
Vacancy & Collection Loss	(65,094)	(66,396)	(67,724)	(69,079)	(70,460)	(77,794)	(85,891)	(94,830)	(115,597)
Employee or Other Non-Rental Units or C	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$802,830</b>	<b>\$818,886</b>	<b>\$835,264</b>	<b>\$851,969</b>	<b>\$869,009</b>	<b>\$959,456</b>	<b>\$1,059,317</b>	<b>\$1,169,571</b>	<b>\$1,425,701</b>
EXPENSES at 3.00%									
General & Administrative	\$40,040	\$41,241	\$42,478	\$43,752	\$45,065	\$52,243	\$60,563	\$70,210	\$94,356
Management	40,141	40,944	41,763	42,598	43,450	47,973	52,966	58,479	71,285
Payroll & Payroll Tax	122,106	125,769	129,542	133,428	137,431	159,320	184,696	214,113	287,750
Repairs & Maintenance	60,161	61,965	63,824	65,739	67,711	78,496	90,998	105,492	141,773
Utilities	35,602	36,670	37,770	38,903	40,070	46,452	53,851	62,428	83,898
Water, Sewer & Trash	40,140	41,344	42,585	43,862	45,178	52,374	60,715	70,386	94,593
Insurance	41,864	43,120	44,414	45,746	47,119	54,623	63,323	73,409	98,656
Property Tax	82,478	84,952	87,501	90,126	92,829	107,615	124,755	144,625	194,364
Reserve for Replacements	29,000	29,870	30,766	31,689	32,640	37,838	43,865	50,852	68,340
Other	16,240	16,727	17,229	17,746	18,278	21,190	24,564	28,477	38,271
<b>TOTAL EXPENSES</b>	<b>\$507,771</b>	<b>\$522,603</b>	<b>\$537,871</b>	<b>\$553,590</b>	<b>\$569,772</b>	<b>\$658,123</b>	<b>\$760,298</b>	<b>\$878,470</b>	<b>\$1,173,285</b>
<b>NET OPERATING INCOME</b>	<b>\$295,059</b>	<b>\$296,283</b>	<b>\$297,393</b>	<b>\$298,379</b>	<b>\$299,237</b>	<b>\$301,332</b>	<b>\$299,019</b>	<b>\$291,101</b>	<b>\$252,416</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$207,689	\$207,689	\$207,689	\$207,689	\$207,689	\$207,689	\$207,689	\$207,689	\$207,689
Second Lien	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$52,370</b>	<b>\$53,595</b>	<b>\$54,704</b>	<b>\$55,690</b>	<b>\$56,548</b>	<b>\$58,644</b>	<b>\$56,330</b>	<b>\$48,412</b>	<b>\$9,727</b>
DEBT COVERAGE RATIO	1.22	1.22	1.23	1.23	1.23	1.24	1.23	1.20	1.04

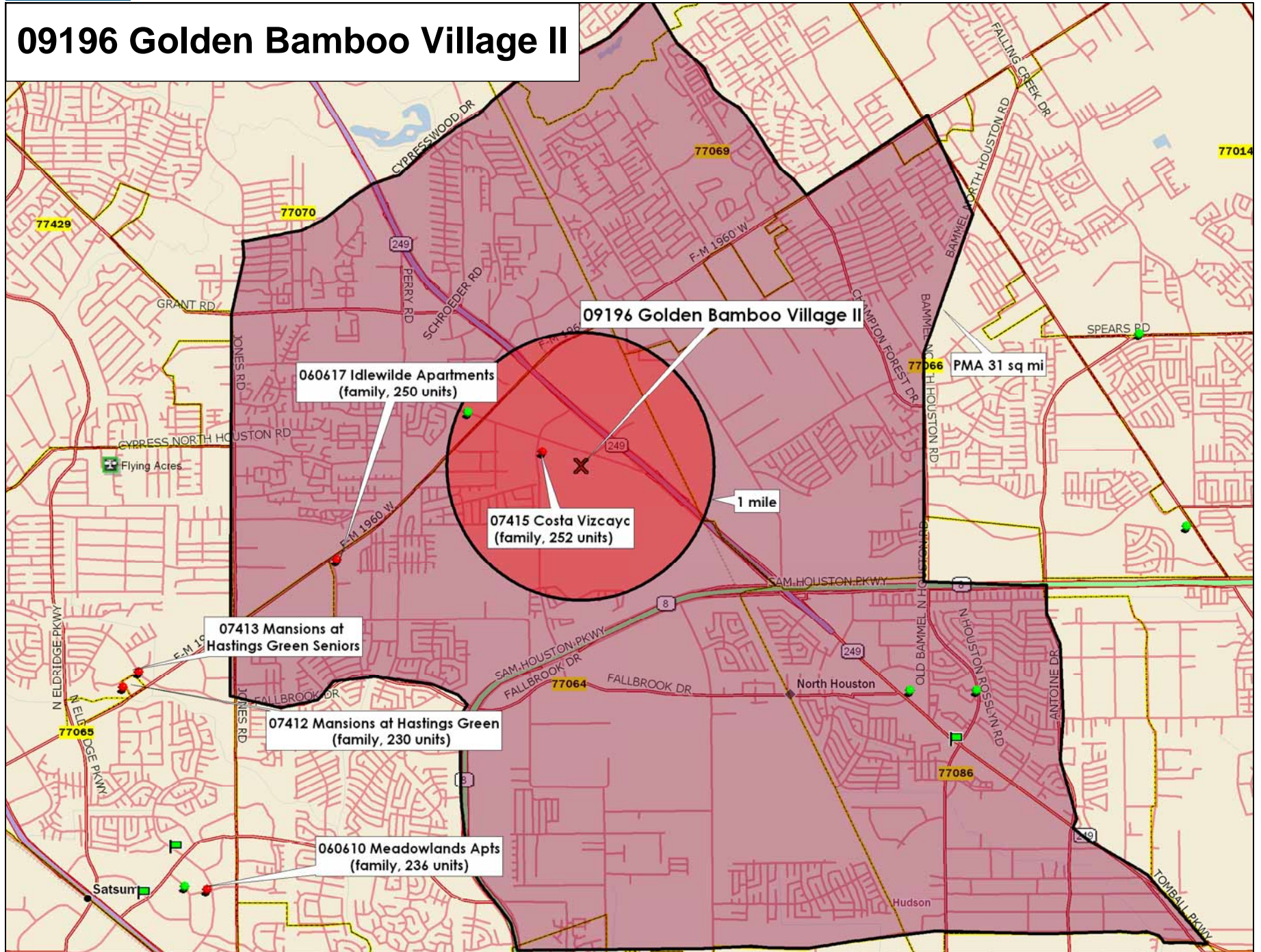
**HTC ALLOCATION ANALYSIS -Golden Bamboo Village II, Houston , 9%/HTC #09196**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$53,531	\$53,531		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,944,000	\$1,944,000	\$1,944,000	\$1,944,000
<b>Construction Hard Costs</b>	\$6,587,272	\$6,376,684	\$6,587,272	\$6,376,684
<b>Contractor Fees</b>	\$1,194,377	\$1,164,896	\$1,194,377	\$1,164,896
<b>Contingencies</b>	\$381,564	\$381,564	\$381,564	\$381,564
<b>Eligible Indirect Fees</b>	\$1,327,500	\$1,327,500	\$1,327,500	\$1,327,500
<b>Eligible Financing Fees</b>	\$616,963	\$616,963	\$616,963	\$616,963
<b>All Ineligible Costs</b>	\$546,325	\$546,325		
<b>Developer Fees</b>				
Developer Fees	\$1,807,000	\$1,771,741	\$1,807,000	\$1,771,741
<b>Development Reserves</b>	\$474,471	\$315,039		
<b>TOTAL DEVELOPMENT COSTS</b>	\$14,933,003	\$14,498,243	\$13,858,676	\$13,583,348

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$13,858,676	\$13,583,348
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$18,016,279	\$17,658,352
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$18,016,279	\$17,658,352
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,621,465	\$1,589,252

<b>Syndication Proceeds</b>	<b>0.7199</b>	<b>\$11,672,125</b>	<b>\$11,440,236</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,621,465</b>	<b>\$1,589,252</b>
<b>Syndication Proceeds</b>		<b>\$11,672,125</b>	<b>\$11,440,236</b>
<b>Requested Tax Credits</b>		<b>\$1,621,465</b>	
<b>Syndication Proceeds</b>		<b>\$11,672,124</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$11,683,003</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,622,976</b>	

# 09196 Golden Bamboo Village II

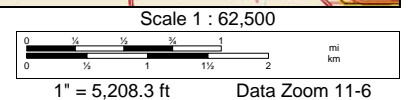


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 MN (3.6°E)  
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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Montabella Pointe, TDHCA Number 09198**

BASIC DEVELOPMENT INFORMATION

Site Address: W. Side of Foster Rd. and S. Side of FM 78 Development #: 09198  
 City: San Antonio Region: 9 Population Served: General  
 County: Bexar Zip Code: 78244 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Montabella Pointe, Ltd.  
 Owner Contact and Phone: Gilbert Piette, (210) 821-4300  
 Developer: Housing and Community Services, Inc.  
 Housing General Contractor: NRP Contractors LLC  
 Architect: Alamo Architects, Inc.  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Red Stone Equity Partners  
 Supportive Services: Housing and Community Services, Inc.  
 Consultant: NRP Holdings, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	144	
	8	0	65	71	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	36	72	36	0	0	
Type of Building:						Total Development Units:	144
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$17,759,399
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	6
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,731,393	\$1,731,393			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Montabella Pointe, TDHCA Number 09198

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

State and Federal Officials with Jurisdiction:

TX Senator: Uresti, District 19, NC Points: 0 US Representative: Smith, District 21, NC

TX Representative: Jones McClendon, District 120, S Points: 14 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: NC Resolution of Support from Local Government [ ]

Individuals and Businesses: In Support: 0 In Opposition: 0

Quantifiable Community Participation Input:

Highland Farms Neighborhood Association, Marvin Corothers Letter Score: 24 S or O: S

It will give families a helping hand plus a chance to belong.

Community Input Other than Quantifiable Community Participation Input:

Total Score for All Input: 0
SER Jobs for Progress, Inc. of San Antonio, S, Linda Rivas, President

General Summary of Comment:

Letter of support from elected official and from qualified neighborhood association.

CONDITIONS OF COMMITMENT

- 1. Receipt, review, and acceptance, by carryover, of evidence that a noise study in accordance with HUD guidelines has been performed and any recommendations have been implemented by the Applicant.
2. Receipt, review and acceptance, by carryover, of a firm commitment from the City of San Antonio for the requested HOME funds with terms of the award provided.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit and or allocation amount may be warranted.
4. Receipt of a commitment of funding from City of San Antonio HOME funds in the amount of \$890,000, or a commitment from a qualifying substitute source in an amount not less than \$887,970, as required by §49.9(i)(5) of the 2009 QAP.
5. Receipt of a commitment of funding from City of San Antonio HOME funds in the amount of \$360,000, or a commitment from a qualifying substitute source (s) in an amount not less than \$355,188 as required by §49.9(i)(27) of the 2009 QAP.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Montabella Pointe, TDHCA Number 09198**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **14**

Total # Monitored: **10**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **210**  Meeting a Required Set-Aside Credit Amount\*: \$1,731,393

Recommendation: Recommended because without this award included, this sub-region's allocation shortfall would have been a significant portion of their total targeted sub-regional allocation when tax credits are collapsed state-wide.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 06/12/09 PROGRAM: 9% HTC FILE NUMBER: 09198

DEVELOPMENT	
Montabella Pointe	
Location: <u>West side of Foster Road, approx. 2200 feet south of FM 78</u>	Region: <u>9</u>
City: <u>San Antonio</u> County: <u>Bexar</u> Zip: <u>78244</u> <input checked="" type="checkbox"/> OCT <input type="checkbox"/> DDA	
Key Attributes: <u>Family, Urban, New Construction, and Multifamily</u>	

ALLOCATION						
	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$1,731,393			\$1,731,393		

- | CONDITIONS   |
|--|
| <ol style="list-style-type: none"> <li>1 Receipt, review, and acceptance, by carryover, of evidence that a noise study in accordance with HUD guidelines has been performed and any recommendations have been implemented by the Applicant.</li> <li>2 Receipt, review and acceptance, by carryover, of a firm commitment from the City of San Antonio for the requested HOME funds with terms of the award provided.</li> <li>3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit and or allocation amount may be warranted.</li> </ol> |

SALIENT ISSUES																	
<table border="1" style="width: 100%; border-collapse: collapse; margin: 0 auto;"> <thead> <tr> <th colspan="3" style="text-align: center;">TDHCA SET-ASIDES for LURA</th> </tr> <tr> <th style="text-align: center;">Income Limit</th> <th style="text-align: center;">Rent Limit</th> <th style="text-align: center;">Number of Units</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">8</td> </tr> <tr> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">65</td> </tr> <tr> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">71</td> </tr> </tbody> </table>			TDHCA SET-ASIDES for LURA			Income Limit	Rent Limit	Number of Units	30% of AMI	30% of AMI	8	50% of AMI	50% of AMI	65	60% of AMI	60% of AMI	71
TDHCA SET-ASIDES for LURA																	
Income Limit	Rent Limit	Number of Units															
30% of AMI	30% of AMI	8															
50% of AMI	50% of AMI	65															
60% of AMI	60% of AMI	71															
<p style="text-align: center; margin: 0;"><b>PROS</b></p> <ul style="list-style-type: none"> <li>◦ The Applicant has considerable experience and adequate financial resources</li> </ul>	<p style="text-align: center; margin: 0;"><b>CONS</b></p> <ul style="list-style-type: none"> <li>◦ The Applicant's and Underwriter's high expense to income ratios are quite high at above 60%. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat income and rent growth with rising expenses.</li> </ul>																

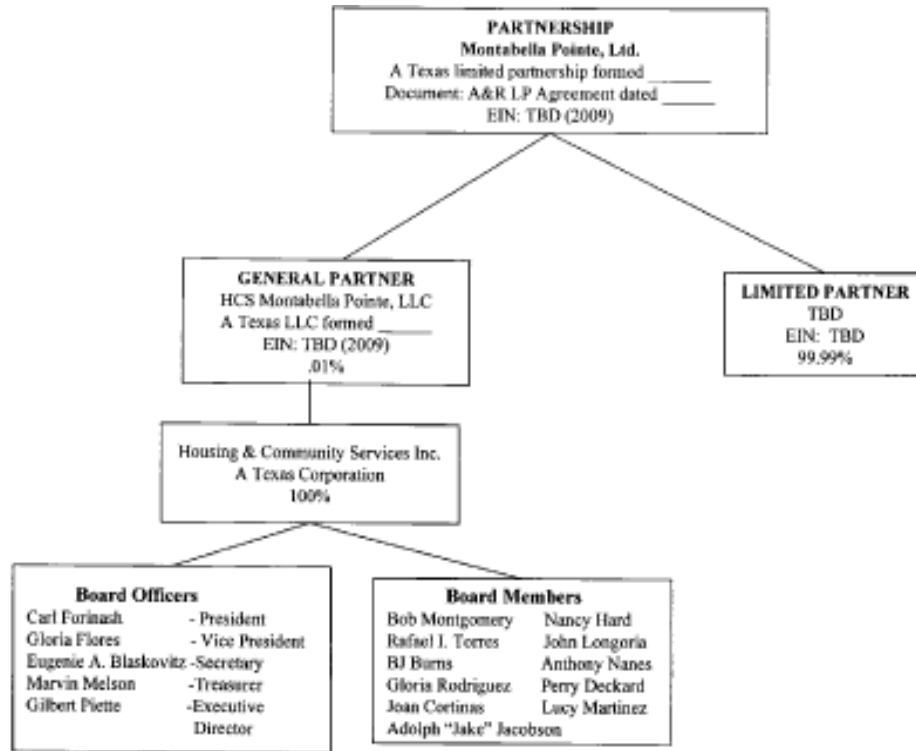
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**PREVIOUS UNDERWRITING REPORTS**

An application for this property was previously submitted in 2003 under TDHCA #03031. However, it does not appear that this application was underwritten at that time.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Gilbert M. Piette Phone: (210) 821-4300 Fax: (210) 821-4303  
 Email: gilp@hscorp.org

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Housing & Community Services, Inc.	N/A	Certificate of Experience

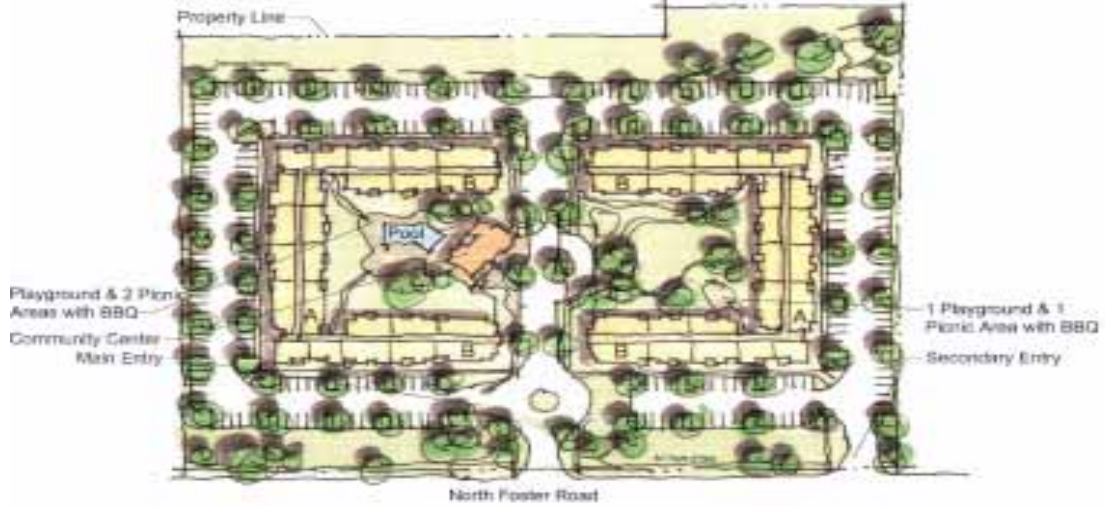
**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities since they all are controlled by the same board. These are common relationships for HTC-funded developments.
- The seller of the land is regarded as a related party since they will be the general contractor, cost estimator and property manager.

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**PROPOSED SITE**

**SITE PLAN**



**SITE PLAN**

**BUILDING CONFIGURATION**

Building Type	A	B										Total Buildings
Floors/Stories	3	3										
Number	2	4										<b>6</b>

BR/BA	SF	Units										Total Units	Total SF	
1/1	712	6	6										36	25,632
2/2	950	12	12										72	68,400
3/2	1,142	6	6										36	41,112
Units per Building		24	24										<b>144</b>	<b>135,144</b>

**SITE ISSUES**

Total Size: 8.5 acres      Scattered site?       Yes       No

Flood Zone: X      Within 100-yr floodplain?       Yes       No

Zoning: C-2      Needs to be re-zoned?       Yes       No       N/A

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff      Date: 4/17/2009

Overall Assessment:       Excellent       Acceptable       Questionable       Poor       Unacceptable

Surrounding Uses:

North: Vacant lots and residences to the northwest

East: Vacant lots and single family dwellings beyond

South: Vacant lots and single family dwellings beyond

West: Vacant lots and a school and residences beyond

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Terracon Date: 3/20/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "Terracon did not identify RECs which, in our opinion, warrant additional investigation at this time." (p. 5)
- "In accordance with U.S. Department of Housing and Urban Development guideline and based on the proximity of North Foster Road, Seguin Road and military airports to the site, Terracon recommends that a noise study be conducted." (p. 5)

Comments:

Any recommended funding will be subject to receipt, review, and acceptance, by carryover, of evidence that a noise study in accordance with HUD guidelines has been performed and any recommendations have been implemented by the Applicant.

**MARKET HIGHLIGHTS**

Provider: Apartment Market Data Date: 3/23/2009

Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 34 sq. miles 3 mile equivalent radius

The Primary Market Area is bounded by Randolph Blvd. to the north, Topperwein Rd. and FM 1516 to the east, Interstate 10 to the south, and Interstate 35 / Loop 410 to the west. There is an unstabilized HTC property, Artisan at Salado Heights (060417) approximately one mile inside of Loop 410, and a proposed HTC property, Sutton Homes (08190) approximately three miles inside Loop 410; these properties are 4 and 6 miles, respectively, from the subject, and it could be argued that they should be considered in the supply when determining the capture rate for the subject. However, Loop 410 is a recognized neighborhood demarcation boundary. The Primary Market Area defined by the Market Analyst is essentially an arc radiating out from Loop 410, San Antonio's inner loop, almost to 1604, the outer loop. The PMA incorporates the maximum population under TDHCA rules, and the subject is relatively centered within the area. Overall the PMA, as defined, appears reasonable.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Midcrowne Senior Pavilion	05428	196	senior	Sutton Homes	08190	147	N/A
				Artisan at Salado Heights	060417	252	N/A

INCOME LIMITS						
Bexar						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$12,000	\$13,700	\$15,450	\$17,150	\$18,500	\$19,900
40	\$16,000	\$18,320	\$20,600	\$22,880	\$24,720	\$26,560
50	\$20,000	\$22,900	\$25,750	\$28,600	\$30,900	\$33,200
60	\$24,000	\$27,480	\$30,900	\$34,320	\$37,080	\$39,840

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MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1BR/30%	63	0		63	2	0	3%
1BR/50%	90	1		91	16	0	18%
1BR/60%	149	3		152	18	0	12%
2BR/30%	46	-1		45	4	0	9%
2BR/50%	90	-2		88	33	0	38%
2BR/60%	90	-2		88	35	0	40%
3BR/30%	37	-1		36	2	0	6%
3BR/50%	74	-2		72	16	0	22%
3BR/60%	117	-3		114	18	0	16%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	32	0	0	32	2	0	6%
1 BR/50%	50	0	0	50	16	0	32%
1 BR/60%	66	1	0	67	18	0	27%
2 BR/30%	40	-1	0	39	4	0	10%
2 BR/50%	59	-2	0	57	33	0	58%
2 BR/60%	65	-2	0	63	35	0	55%
3 BR/30%	26	-1	0	26	2	0	8%
3 BR/50%	56	-2	0	55	16	0	29%
3 BR/60%	76	-2	0	74	18	0	24%

OVERALL DEMAND										
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER										
turnover										
Market Analyst p. 66							3,323	46%	1,535	
Underwriter	100%	33,248	93%	30,821	24%	7,315	41%	3,020	46%	1,395
PMA DEMAND from GROWTH										
growth										
Market Analyst p. 66									-17	
Underwriter	100%	581	93%	538	24%	128	41%	53	100%	53

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 66	144	0	0	144	1,518	9%
Underwriter	144	0	0	144	1,448	10%

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Supply and Demand Analysis:

The market study includes a general demographic data report from MapInfo for the PMA; it also includes a HISTA Data report, a customized report specifying households by income, household size, tenure, and age. The Market Analyst determined the eligible income range to be from \$10,526 to \$35,460, according to 2008 HTC program rents, the most recent at the time of application. Based on this, the HISTA data indicates 3,323 income-qualified renter households. The US Census data indicates a 46% turnover rate for renters in Bexar County. This results in demand for 1,535 units due to household turnover. The HISTA report projects negative household growth at -17 households per year. With 144 proposed units at the subject, and no other unstabilized comparable units in the PMA, the Market Analyst concluded an inclusive capture rate of 9%.

The underwriting analysis is based on the traditional method of projecting household demand from the general demographic data. Based on the 2009 HTC program limits, eligible incomes range from \$11,006 to \$37,080. The demographic data indicates 3,020 income-qualified renter households in the PMA; at a 46% turnover rate, this indicates demand for 1,395 units. The MapInfo demographic report differs from the HISTA report in that it indicates positive growth of 53 income-qualified renter households per year. With total demand for 1,448 units, and a supply of 144 proposed units, the underwriting analysis concludes an inclusive capture rate of 10%. This is well below the maximum capture rate of 25% for urban developments targeting families.

Primary Market Occupancy Rates:

"The overall occupancy reported in the market is 93.3% ... the overall average occupancy for income restricted units is 98.3% ... and the overall average occupancy for market rate units is 92.8%. (pp. 9-12)

Absorption Projections:

"We assess that the PMA could immediately absorb 39 units without the overall occupancy of the market falling below 93% ... The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Newer affordable family units have been easily absorbed." (p. 11)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	712 SF	30%	\$215	\$229	\$630	\$229	\$401
1 BR	712 SF	50%	\$421	\$444	\$630	\$444	\$186
1 BR	712 SF	60%	\$523	\$551	\$630	\$551	\$79
2 BR	950 SF	30%	\$258	\$275	\$835	\$275	\$560
2 BR	950 SF	50%	\$504	\$532	\$835	\$532	\$303
2 BR	950 SF	60%	\$627	\$661	\$835	\$661	\$174
3 BR	1,142 SF	30%	\$284	\$304	\$960	\$304	\$656
3 BR	1,142 SF	50%	\$569	\$602	\$960	\$602	\$358
3 BR	1,142 SF	60%	\$711	\$751	\$960	\$751	\$209

Market Impact:

"Overall, the analyst feels that this project would be well positioned to meet the needed demand for affordable housing in the sub-market." (p. 15)

Comments:

The market study provided sufficient information on which to base a funding recommendation.

This section intentionally left blank.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

At the time of application, the 2009 rent limits had not been released and thus the Applicant used estimated 2008 rent limits in setting rents. Based on the Applicant's intention to charge maximum program rents, the Underwriter used the 2009 maximum rents in this analysis. The Applicant's projected rents collected per unit were calculated by subtracting the tenant-paid utility allowances as of November 1, 2007, maintained by the San Antonio Housing Authority from the 2008 program gross rent limits. Tenants will be required to pay all utility costs including water and sewer. The Underwriter's projected rents were calculated by subtracting tenant paid utility allowances from the 2009 program rent limits. The projected rents are achievable based on the market rents determined by the Market Analyst.

The Applicant's estimate of secondary income and vacancy and collection loss are within the Department's guidelines. Overall the Applicant's effective gross income is not within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's total annual operating expense projection at \$4,234 per unit is within 1% of the Underwriter's estimate of \$4,185, derived from the TDHCA database, IREM, and third-party data sources. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: water, sewer & trash (\$16.1K lower) and property insurance (\$13.0K higher).

**Conclusion:**

The Applicant's total effective gross income and net operating income are not within 5% of the Underwriter's estimate; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. Use of the Underwriter's proforma and the Applicant's proposed financing structure results in a debt coverage ratio (DCR) of 1.56 which is above the current underwriting guideline of 1.35. However, the Applicant's proposed financing includes debt service for the first lien permanent loan amount only. The Applicant has applied to the City of San Antonio for a HOME loan in the amount of \$1.25M to be structured as a soft loan payable out of available cash flow. For purposes of this analysis the Underwriter's proforma includes debt service for the HOME funds which results in a 1.33 DCR and is acceptable per current underwriting guidelines.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio within acceptable Department's guidelines. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider:	<u>T.C. Doctor &amp; Associates, Inc.</u>	Date:	<u>3/6/2009</u>
Number of Revisions:	<u>None</u>	Date of Last Applicant Revision:	<u>N/A</u>
Land Only:	<u>8.5 acres</u>	As of:	<u>3/2/2009</u>
Existing Buildings: (as-is)	<u>\$0</u>	As of:	<u>N/A</u>
Total Development: (as-is)	<u>\$1,038,000</u>	As of:	<u>3/2/2009</u>

ASSESSED VALUE

Land Only: 12 acres \$794,530 Tax Year: 2008
Prorated 1 acre: \$66,211 Valuation by: Bexar CAD
Prorated 8.5 acres: \$562,792 Tax Rate: 2.771834

EVIDENCE of PROPERTY CONTROL

Type: Special Warranty Deed with Vendor's Lien Acreage: 22
Acquisition Cost: \$760,414 Other:
Seller: NRP Properties, LLC Related to Development Team? [X] Yes [ ] No

Comments:
The seller NRP Properties, LLC is related to the General Contractor NRP Contractors, LLC

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:
The seller, NRP Properties, LLC acquired the site as part of a larger 22 acre parcel in April 29, 2005 at a cost of \$1,437,480. The Applicant provided documentation of additional holding costs and related expenses made to the site totaling \$1,966,420 that would support the prorated cost of \$759,753 for the subject 8.5 acres. Therefore, the Underwriter used this proration of the original purchase price as the appropriate transfer price to ensure that a windfall profit or excess developer fee is not provided to the developer as a result of the potential TDHCA funding for the project.

Sitework Cost:
The Applicant's claimed sitework costs of \$9,000 per unit are within current Department guidelines.

Direct Construction Cost:
The Applicant's direct construction cost estimate is \$388K or 4.9% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:
The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:
The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$15,786,518 supports annual tax credits of \$1,847,023, this figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: None Date of Last Applicant Revision: N/A

Source: MMA Financial Type: Interim Financing
Principal: \$12,900,000 Interest Rate: 6.0% [ ] Fixed Term: 24 months

Comments:
30-day LIBOR plus 3.50% with a 6.0% floor



Source: MMA Financial Type: Permanent Financing  
 Principal: \$2,393,000 Interest Rate: 8.0%  Fixed Amort: 360 months  
 Source: City of San Antonio - HOME Type: Permanent Financing  
 Principal: \$1,250,000 Interest Rate: 0.0%  Fixed Amort: 360 months  
 Comments:

The Applicant provided a letter from the City of San Antonio dated 2/23/2009 confirming receipt of the application for the \$1.25M HOME funds. The requested terms under consideration include a loan at 0% interest for a term/amortization of 35 years and payable out of available cash flow. The Underwriter has included debt service for the proposed HOME funds for purposes of this analysis. Any funding recommendation will be conditioned upon receipt, review and acceptance, by carryover, of a firm commitment from the City of San Antonio for the requested HOME funds with terms of the award provided.

Source: Red Stone Equity Partners Type: Syndication  
 Proceeds: \$13,848,374 Syndication Rate: 80% Anticipated HTC: \$ 1,731,393  
 Comments:

The Underwriter has determined that should the credit pricing for this transaction fall below \$0.7433, the financial feasibility of the transaction could be jeopardized. Alternatively, if the credit price were increased to an amount above \$0.82 an adjustment to the recommended credit amount would be warranted. The equity commitment did not specify an expiration date.

Amount: \$268,025 Type: Deferred Developer Fees

### CONCLUSIONS

**Recommended Financing Structure:**

As stated above, the Underwriter's proforma results in a acceptable debt coverage ratio when including debt service for both the first lien permanent debt and the City of San Antonio HOME funds, as has been structured in this analysis.

The Applicant's total development cost estimate less the permanent loan of \$2,393,000 and the City of San Antonio HOME Funds of \$ 1,250,000 indicates the need for \$14,116,399 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,764,903 annually would be required to fill this gap in financing. The three possible tax credit allocations are: the Applicant's request (\$1,731,393), the gap-driven amount (\$1,764,903), and the eligible basis-derived estimate (\$1,847,023). The Applicant's request of \$1,731,393 is recommended resulting in proceeds of \$13,848,374 based on a syndication rate of 80%.

Based on the recommended financing structure it is estimated that an additional \$268,025 in permanent funds will be required. Deferred developer fees in this amount appear to be repayable within four years of stabilized operations.

Underwriter:	<i>Carl Hoover</i>	Date: _____
Manager of Real Estate Analysis:	<i>Raquel Morales</i>	Date: _____
Director of Real Estate Analysis:	<i>Brent Stewart</i>	Date: _____

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Montabella Pointe, San Antonio, 9% HTC #09198**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash Only
TC 30%	2	1	1	712	\$321	\$229	\$459	\$0.32	\$91.54	\$11.70
TC 50%	16	1	1	712	\$536	\$444	\$7,111	\$0.62	\$91.54	\$11.70
TC 60%	18	1	1	712	\$643	\$551	\$9,926	\$0.77	\$91.54	\$11.70
TC 30%	4	2	2	950	\$386	\$275	\$1,100	\$0.29	\$110.93	\$11.70
TC 50%	33	2	2	950	\$643	\$532	\$17,558	\$0.56	\$110.93	\$11.70
TC 60%	35	2	2	950	\$772	\$661	\$23,137	\$0.70	\$110.93	\$11.70
TC 30%	2	3	2	1,142	\$445	\$304	\$607	\$0.27	\$141.34	\$11.70
TC 50%	16	3	2	1,142	\$743	\$602	\$9,627	\$0.53	\$141.34	\$11.70
TC 60%	18	3	2	1,142	\$892	\$751	\$13,512	\$0.66	\$141.34	\$11.70
<b>TOTAL:</b>	<b>144</b>		<b>AVERAGE:</b>	<b>939</b>		<b>\$577</b>	<b>\$83,038</b>	<b>\$0.61</b>	<b>\$113.69</b>	<b>\$11.70</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	135,144	<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>			
<b>POTENTIAL GROSS RENT</b>						\$996,460	\$943,908	Bexar	San Antonio	9			
Secondary Income		Per Unit Per Month:	\$5.50			9,504	9,504	\$5.50	Per Unit Per Month				
Other Support Income:						0		\$0.00	Per Unit Per Month				
<b>POTENTIAL GROSS INCOME</b>						\$1,005,964	\$953,412						
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(75,447)	(71,688)	-7.52%	of Potential Gross Income				
Employee or Other Non-Rental Units or Concessions						0							
<b>EFFECTIVE GROSS INCOME</b>						\$930,517	\$881,724						
<b>EXPENSES</b>				<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>		<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>			
General & Administrative		12.80%	\$827	0.88		\$119,151	\$100,800	\$0.75	\$700	11.43%			
Management		5.00%	323	0.34		46,526	44,093	0.33	306	5.00%			
Payroll & Payroll Tax		13.75%	889	0.95		127,965	136,800	1.01	950	15.52%			
Repairs & Maintenance		7.43%	480	0.51		69,148	79,200	0.59	550	8.98%			
Utilities		3.68%	238	0.25		34,210	39,600	0.29	275	4.49%			
Water, Sewer, & Trash		3.66%	237	0.25		34,082	18,000	0.13	125	2.04%			
Property Insurance		3.83%	248	0.26		35,662	48,672	0.36	338	5.52%			
Property Tax	2.771834	8.57%	554	0.59		79,733	86,400	0.64	600	9.80%			
Reserve for Replacements		3.87%	250	0.27		36,000	36,000	0.27	250	4.08%			
TDHCA Compliance Fees		0.62%	40	0.04		5,760	5,760	0.04	40	0.65%			
Other: Supp. Serv.		1.55%	100	0.11		14,400	14,400	0.11	100	1.63%			
<b>TOTAL EXPENSES</b>						\$64.76%	\$4,185	\$4.46	\$602,635	\$609,725	\$4.51	\$4,234	69.15%
<b>NET OPERATING INC</b>						35.24%	\$2,277	\$2.43	\$327,882	\$271,999	\$2.01	\$1,889	30.85%
<b>DEBT SERVICE</b>													
MMA Financial		22.64%	\$1,463	\$1.56		\$210,708	\$210,708	\$1.56	\$1,463	23.90%			
San Antonio HOME - cashflow		0.00%	\$0	\$0.00		0		\$0.00	\$0	0.00%			
Additional Financing		0.00%	\$0	\$0.00		0		\$0.00	\$0	0.00%			
<b>NET CASH FLOW</b>						12.59%	\$814	\$0.87	\$117,175	\$61,291	\$0.45	\$426	6.95%
<b>AGGREGATE DEBT COVERAGE RATIO</b>						1.56	1.29						
<b>RECOMMENDED DEBT COVERAGE RATIO</b>						1.33							

<b>CONSTRUCTION COST</b>													
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL				
Acquisition Cost (site or bldg)		4.49%	\$5,276	\$5.62	\$759,753	\$760,414	\$5.63	\$5,281	4.28%				
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%				
Sitework		7.65%	9,000	9.59	1,296,000	1,296,000	9.59	9,000	7.30%				
Direct Construction		46.72%	54,948	58.55	7,912,533	8,300,360	61.42	57,641	46.74%				
Contingency	5.00%	2.72%	3,197	3.41	460,427	479,818	3.55	3,332	2.70%				
Contractor's Fees	14.00%	7.61%	8,953	9.54	1,289,195	1,343,491	9.94	9,330	7.56%				
Indirect Construction		9.58%	11,267	12.01	1,622,500	1,622,500	12.01	11,267	9.14%				
Ineligible Costs		3.34%	3,932	4.19	566,250	566,250	4.19	3,932	3.19%				
Developer's Fees	15.00%	11.75%	13,819	14.72	1,989,901	2,059,000	15.24	14,299	11.59%				
Interim Financing		4.05%	4,759	5.07	685,350	685,350	5.07	4,759	3.86%				
Reserves		2.10%	2,468	2.63	355,328	646,216	4.78	4,488	3.64%				
<b>TOTAL COST</b>						100.00%	\$117,620	\$125.33	\$16,937,236	\$17,759,399	\$131.41	\$123,329	100.00%
<b>Construction Cost Recap</b>						64.70%	\$76,098	\$81.09	\$10,958,154	\$11,419,669	\$84.50	\$79,303	64.30%

<b>SOURCES OF FUNDS</b>										
					TDHCA	APPLICANT	RECOMMENDED			
MMA Financial		14.13%	\$16,618	\$17.71	\$2,393,000	\$2,393,000	\$2,393,000	Developer Fee Available		
San Antonio HOME - cashflow		7.38%	\$8,681	\$9.25	1,250,000	1,250,000	1,250,000	\$2,059,000		
HTC Syndication Proceeds		81.76%	\$96,169	\$102.47	13,848,374	13,848,374	13,848,374	% of Dev. Fee Deferred		
Deferred Developer Fees		1.58%	\$1,861	\$1.98	268,025	268,025	268,025	13%		
Additional (Excess) Funds Req'd		-4.85%	(\$5,709)	(\$6.08)	(822,163)	0	0	15-Yr Cumulative Cash Flow		
<b>TOTAL SOURCES</b>						\$16,937,236	\$17,759,399	\$17,759,399	\$1,246,310	

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Montabella Pointe, San Antonio, 9% HTC #09198*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.64	\$7,519,259
<b>Adjustments</b>				
Exterior Wall Finish	1.12%		\$0.62	\$84,216
Elderly			0.00	0
9-Ft. Ceilings	3.14%		1.75	236,105
Roofing			0.00	0
Subfloor			(0.81)	(109,016)
Floor Cover			2.38	321,643
Breezeways/Balconies	\$22.95	10,527	1.79	241,595
Plumbing Fixtures	\$835	324	2.00	270,540
Rough-ins	\$410	288	0.87	118,080
Built-In Appliances	\$1,800	144	1.92	259,200
Exterior Stairs	\$1,875	16	0.22	30,000
Enclosed Corridors	\$43.68	30,606	9.89	1,336,835
Heating/Cooling			1.83	247,314
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$77.69	2,341	1.35	181,866
Other: fire sprinkler	\$3.40	135,144	3.40	459,490
<b>SUBTOTAL</b>			<b>82.85</b>	<b>11,197,126</b>
Current Cost Multiplier	1.01		0.83	111,971
Local Multiplier	0.86		(11.60)	(1,567,598)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$72.08</b>	<b>\$9,741,500</b>
Plans, specs, survy, bld prm	3.90%		(\$2.81)	(\$379,918)
Interim Construction Interest	3.38%		(2.43)	(328,776)
Contractor's OH & Profit	11.50%		(8.29)	(1,120,272)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$58.55</b>	<b>\$7,912,533</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$2,393,000	Amort	360
Int Rate	8.00%	DCR	1.56

<b>Secondary</b>	\$1,250,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.56

<b>Additional</b>	\$13,848,374	Amort	
Int Rate		Aggregate DCR	1.56

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$210,708
Secondary Debt Service	35,714
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$81,460</b>

<b>Primary</b>	\$2,393,000	Amort	360
Int Rate	8.00%	DCR	1.56

<b>Secondary</b>	\$1,250,000	Amort	420
Int Rate	0.00%	Subtotal DCR	1.33

<b>Additional</b>	\$13,848,374	Amort	0
Int Rate	0.00%	Aggregate DCR	1.33

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$996,460	\$1,016,390	\$1,036,717	\$1,057,452	\$1,078,601	\$1,190,862	\$1,314,808	\$1,451,655	\$1,769,559
Secondary Income	9,504	9,694	9,888	10,086	10,287	11,358	12,540	13,846	16,878
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,005,964	1,026,084	1,046,605	1,067,537	1,088,888	1,202,220	1,327,349	1,465,500	1,786,436
Vacancy & Collection Loss	(75,447)	(76,956)	(78,495)	(80,065)	(81,667)	(90,167)	(99,551)	(109,913)	(133,983)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$930,517</b>	<b>\$949,127</b>	<b>\$968,110</b>	<b>\$987,472</b>	<b>\$1,007,222</b>	<b>\$1,112,054</b>	<b>\$1,227,797</b>	<b>\$1,355,588</b>	<b>\$1,652,454</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$119,151	\$122,725	\$126,407	\$130,199	\$134,105	\$155,465	\$180,226	\$208,931	\$280,786
Management	46,526	47,456	48,405	49,374	50,361	55,603	61,390	67,779	82,623
Payroll & Payroll Tax	127,965	131,804	135,758	139,831	144,026	166,965	193,558	224,387	301,558
Repairs & Maintenance	69,148	71,222	73,359	75,560	77,827	90,222	104,593	121,251	162,952
Utilities	34,210	35,236	36,293	37,382	38,503	44,636	51,745	59,987	80,617
Water, Sewer & Trash	34,082	35,104	36,157	37,242	38,359	44,469	51,551	59,762	80,315
Insurance	35,662	36,732	37,833	38,968	40,138	46,530	53,941	62,533	84,039
Property Tax	79,733	82,124	84,588	87,126	89,740	104,033	120,603	139,811	187,895
Reserve for Replacements	36,000	37,080	38,192	39,338	40,518	46,972	54,453	63,126	84,836
Other	20,160	20,765	21,388	22,029	22,690	26,304	30,494	35,351	47,508
<b>TOTAL EXPENSES</b>	<b>\$602,635</b>	<b>\$620,248</b>	<b>\$638,381</b>	<b>\$657,049</b>	<b>\$676,266</b>	<b>\$781,198</b>	<b>\$902,554</b>	<b>\$1,042,919</b>	<b>\$1,393,129</b>
<b>NET OPERATING INCOME</b>	<b>\$327,882</b>	<b>\$328,879</b>	<b>\$329,729</b>	<b>\$330,423</b>	<b>\$330,955</b>	<b>\$330,855</b>	<b>\$325,243</b>	<b>\$312,668</b>	<b>\$259,324</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$210,708	\$210,708	\$210,708	\$210,708	\$210,708	\$210,708	\$210,708	\$210,708	\$210,708
Second Lien	35,714	35,714	35,714	35,714	35,714	35,714	35,714	35,714	35,714
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$81,460</b>	<b>\$82,457</b>	<b>\$83,307</b>	<b>\$84,001</b>	<b>\$84,533</b>	<b>\$84,433</b>	<b>\$78,821</b>	<b>\$66,246</b>	<b>\$12,902</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.33</b>	<b>1.33</b>	<b>1.34</b>	<b>1.34</b>	<b>1.34</b>	<b>1.34</b>	<b>1.32</b>	<b>1.27</b>	<b>1.05</b>

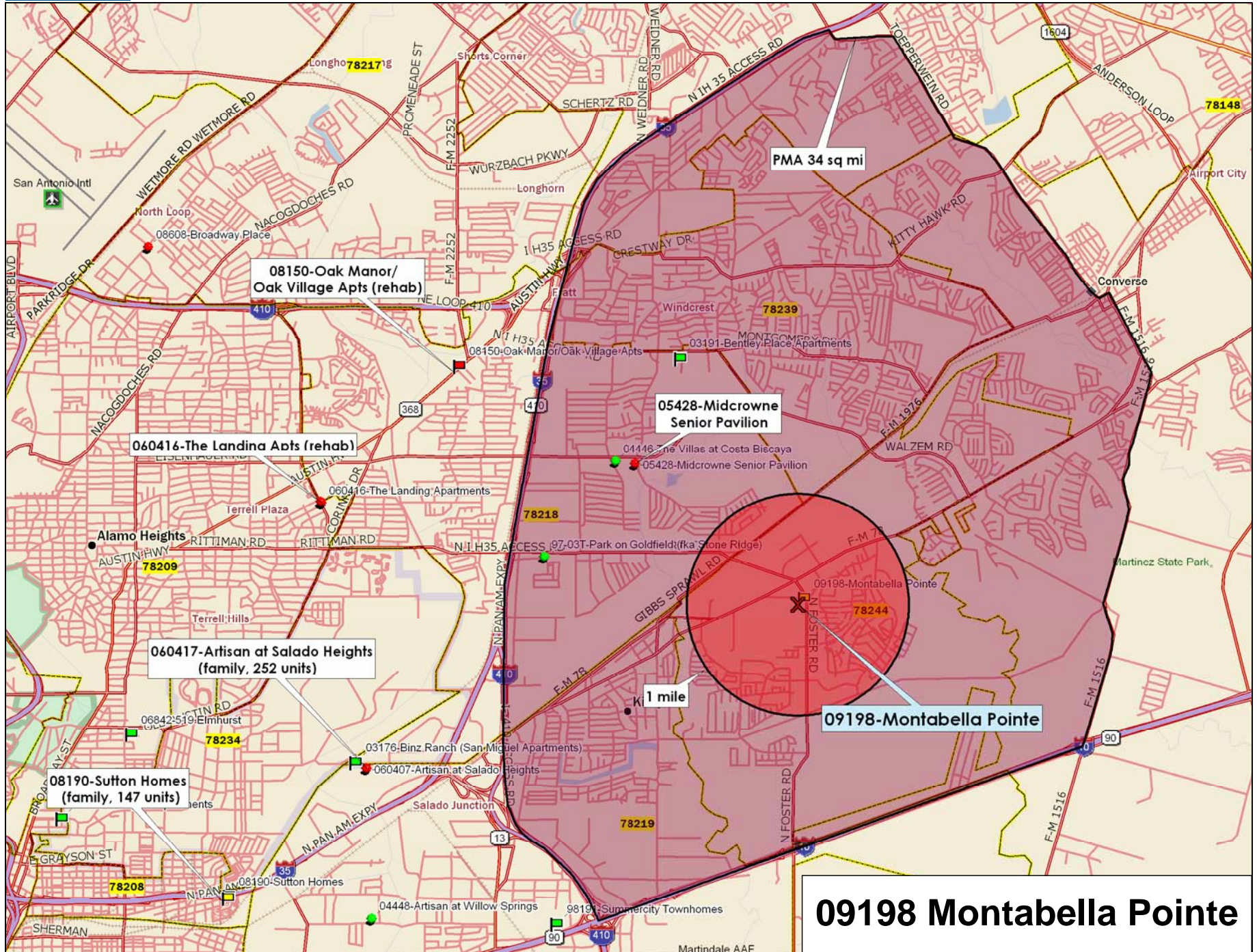
**HTC ALLOCATION ANALYSIS -Montabella Pointe, San Antonio, 9% HTC #09198**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$760,414	\$759,753		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,296,000	\$1,296,000	\$1,296,000	\$1,296,000
<b>Construction Hard Costs</b>	\$8,300,360	\$7,912,533	\$8,300,360	\$7,912,533
<b>Contractor Fees</b>	\$1,343,491	\$1,289,195	\$1,343,490	\$1,289,195
<b>Contingencies</b>	\$479,818	\$460,427	\$479,818	\$460,427
<b>Eligible Indirect Fees</b>	\$1,622,500	\$1,622,500	\$1,622,500	\$1,622,500
<b>Eligible Financing Fees</b>	\$685,350	\$685,350	\$685,350	\$685,350
<b>All Ineligible Costs</b>	\$566,250	\$566,250		
<b>Developer Fees</b>				
Developer Fees	\$2,059,000	\$1,989,901	\$2,059,000	\$1,989,901
<b>Development Reserves</b>	\$646,216	\$355,328		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$17,759,399</b>	<b>\$16,937,236</b>	<b>\$15,786,518</b>	<b>\$15,255,905</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$15,786,518	\$15,255,905
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$20,522,474	\$19,832,676
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$20,522,474	\$19,832,676
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,847,023	\$1,784,941

<b>Syndication Proceeds</b>	<b>0.7998</b>	<b>\$14,773,226</b>	<b>\$14,276,671</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,847,023</b>	<b>\$1,784,941</b>
<b>Syndication Proceeds</b>		<b>\$14,773,226</b>	<b>\$14,276,671</b>
<b>Requested Tax Credits</b>		<b>\$1,731,393</b>	
<b>Syndication Proceeds</b>		<b>\$13,848,374</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$14,116,399</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,764,903</b>	





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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Mariposa Pointe, TDHCA Number 09200**

BASIC DEVELOPMENT INFORMATION

Site Address: E. Side JJ Lemmon Rd .3m N. of Lancaster Hutchins Rd. Development #: 09200  
 City: Hutchins Region: 3 Population Served: General  
 County: Dallas Zip Code: 75141 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Mariposa Pointe, Ltd.  
 Owner Contact and Phone: Cynthia Mickens-Smith, (888) 419-0957  
 Developer: Cynthia Mickens Ministries (Co-Developer)  
 Housing General Contractor: NRP Contractors LLC  
 Architect: Alamo Architects, Inc.  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Red Stone Equity Partners  
 Supportive Services: Cynthia Mickens Ministries  
 Consultant: NRP Holdings, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	128	
	7	0	58	63	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	12	72	36	8	0	
Type of Building:						Total Development Units:	128
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$17,318,356
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	9
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,550,426	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Mariposa Pointe, TDHCA Number 09200

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: West, District 23, NC

Points: 0

US Representative: Johnson, District 30, NC

TX Representative: Giddings, District 109, S

Points: 14

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 2

**Quantifiable Community Participation Input:**

Sunrise Creek Estates South Neighborhood Association, Eddie Murphy

Letter Score: 24 S or O: S

The need for affordable housing in Hutchins. This project fits well with the City's effort to provide affordable housing for new jobs that are expected to be created by the ADESA plant relocation.

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official. Two people spoke in opposition to the development citing a lack of community amenities, fear of increased crime and negatively impacted neighborhood.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance, by Commitment, of a firm commitment for the proposed Dallas County HOME funds with terms of the funds clearly stated.
2. Receipt, review, and acceptance, by Commitment, of a firm commitment from the City of Hutchins for the proposed HOME funds with terms of the funds clearly stated.
3. Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.
4. Receipt of a commitment of funding from the City of Hutchins Economic Development Corporation in the amount of \$610,000, or a commitment from a qualifying substitute source in an amount not less than \$610,000, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.
5. Receipt of a commitment of funding from Dallas County HOME funds in the amount of \$255,918, or a commitment from a qualifying substitute source in an amount not less than \$255,918, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.
6. Receipt of a commitment of funding from Dallas County HOME funds in the amount of \$354,082, or a commitment from a qualifying substitute source (s) in an amount not less than \$346,368 as required by §49.9(i)(27) of the 2009 QAP. The provider of funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Mariposa Pointe, TDHCA Number 09200**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **24**

Total # Monitored: **11**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **210**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended due to \$2 million cap violation.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 06/19/09 PROGRAM: 9% HTC FILE NUMBER: 09200

**DEVELOPMENT**

Mariposa Pointe

Location: East side of JJ Lemon approx. 3 miles north of Lancaster Hutchins Region: 3  
 City: Hutchins County: Dallas Zip: 75141  OCT  DDA  
 Key Attributes: Family, Urban, New Construction and Multifamily

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,550,426			\$1,550,426		

**CONDITIONS**

- 1 Receipt, review, and acceptance, by Commitment, of a firm commitment for the proposed Dallas County HOME funds with terms of the funds clearly stated.
- 2 Receipt, review, and acceptance, by Commitment, of a firm commitment from the City of Hutchins for the proposed HOME funds with terms of the funds clearly stated.
- 3 Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	7
50% of AMI	50% of AMI	58
60% of AMI	60% of AMI	63

**STRENGTHS/MITIGATING FACTORS**

- The developer has demonstrated experience in the development of affordable housing and the financial capacity to support the transaction if necessary.
- Submarket is stabilized based on the overall 95% market occupancy.
- The 8% capture rate is indicative of a faster than normal absorption/high leasing velocity.

**WEAKNESSES/RISKS**

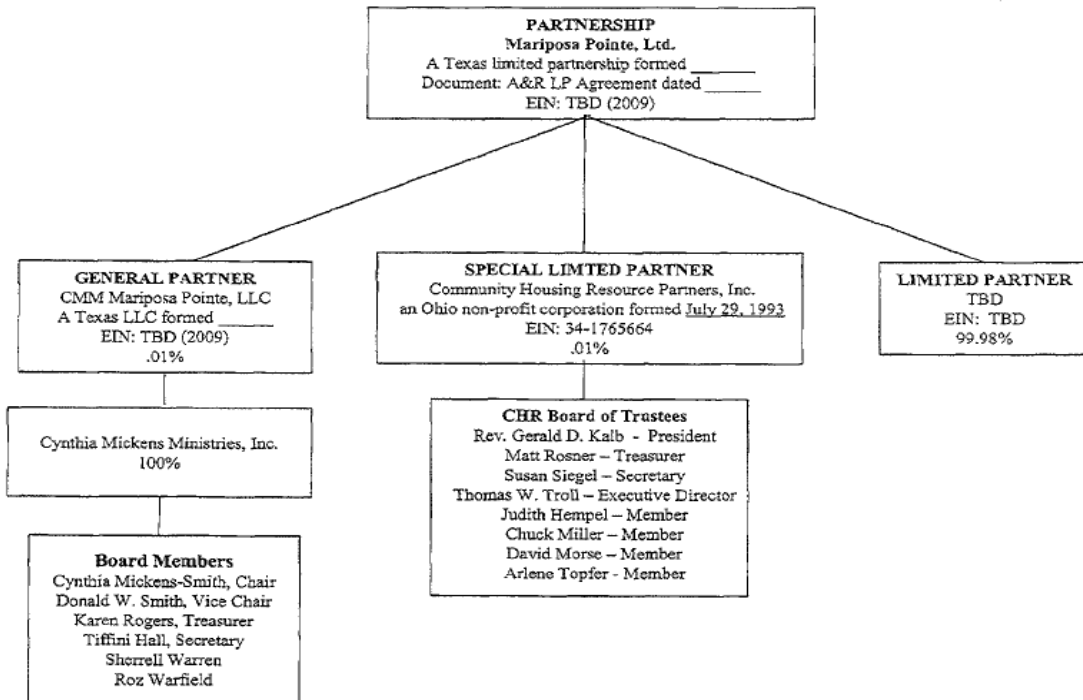
- Credit pricing at \$.80 is at the upper end of the current market based on other recently underwritten transactions. As such, there is greater risk that terms could change prior to closing.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Cynthia Mickens-Smith Phone: (888) 419-0957 Fax: (888) 419-0157  
 Email: cynthia@cynthiamickens.com

**KEY PARTICIPANTS**

Name	Financial Information	# Completed Developments
Community Housing Resource Partners, Inc.	Confidential	TDHCA Certificate of Experience
Cynthia Mickens Ministries, Inc.	Confidential	N/A

**IDENTITIES of INTEREST**

- o The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

This section intentionally left blank.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C	D								Total Buildings
Floors/Stories	3	3	2	3								
Number	1	4	2	2								9

BR/BA	SF	Units										Total Units	Total SF
1/1	712				6							12	8,544
2/2	950	12			6							24	22,800
2/2	963		12									48	46,224
3/2	1,142	12			12							36	41,112
4/2	1,561			4								8	12,488
Units per Building		24	12	4	24							128	131,168

SITE ISSUES

Total Size: 8± acres      Scattered site?       Yes       No  
 Flood Zone: X      Within 100-yr floodplain?       Yes       No  
 Zoning: MF-Residential      Needs to be re-zoned?       Yes       No       N/A

Comments:

On March 30, 2009 the City of Hutchins approved the zoning to MF-Multifamily Residential.

This section intentionally left blank.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff Date: 4/8/2009

Overall Assessment:

Excellent     Acceptable     Questionable     Poor     Unacceptable

Surrounding Uses:

Northwest: Agricultural land and residential beyond      Northeast: Agricultural land and wooded land beyond  
 Southeast: Agricultural land and wooded land beyond      Southwest: JJ Lemmon Road and multiple structures beyond

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Terracon Date: 3/20/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "Terracon did not identify RECs which, in our opinion, warrant additional investigation at this time." (p. ii)

**MARKET HIGHLIGHTS**

Provider: Apartment MarketData Date: 3/19/2009

Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 116 sq. miles      6 mile equivalent radius

The Primary Market Area is bounded by Loop 12, Elam Road, and CF Hawn Freeway (US 175) to the north; S. Beltline Road and IH45 to the east; the Ellis County line to the south; and IH35E to the west. The PMA had an estimated 2008 population of 99,619, with 30,307 households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Hacienda del Sol	09255	55	55	none			

INCOME LIMITS						
Dallas						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$14,200	\$16,250	\$18,250	\$20,300	\$21,900	\$23,550
50	\$23,650	\$27,050	\$30,400	\$33,800	\$36,500	\$39,200
60	\$28,380	\$32,460	\$36,480	\$40,560	\$43,800	\$47,040

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	85	4	0	89	1	0	1%
1 BR/50%	123	9	0	132	5	0	4%
1 BR/60%	176	12	0	188	6	0	3%
2 BR/30%	72	0	0	72	3	0	4%

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
3 BR/30%	85	4	0	89	1	0	1%
3 BR/50%	123	9	0	132	5	0	4%
3 BR/60%	176	12	0	188	6	0	3%
4 BR/30%	72	0	0	72	3	0	4%
2 BR/50%	146	3	0	149	33	0	22%
2 BR/60%	148	3	0	151	36	0	24%
3 BR/30%	45	0	0	45	2	0	4%
3 BR/50%	79	3	0	82	16	0	20%
3 BR/60%	84	3	0	87	18	0	21%
4 BR/30%	29	0	0	29	1	0	3%
4 BR/50%	56	2	0	58	4	0	7%
4 BR/60%	35	1	0	36	3	0	8%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	46	1	0	48	1	0	2%
1 BR/50%	76	4	0	80	5	0	6%
1 BR/60%	95	5	0	100	6	0	6%
2 BR/30%	72	0	0	72	3	0	4%
2 BR/50%	112	2	0	114	33	0	29%
2 BR/60%	147	4	0	151	36	0	24%
3 BR/30%	48	0	0	48	2	7	19%
3 BR/50%	93	3	0	96	16	15	32%
3 BR/60%	105	-2	0	103	18	23	40%
4 BR/30%	24	0	0	24	1	2	13%
4 BR/50%	41	1	0	42	4	4	19%
4 BR/60%	43	-4	0	38	3	4	18%

OVERALL DEMAND								
	Target Households		Household Size		Income Eligible		Tenure	Demand
PMA DEMAND from TURNOVER								
turnover								
Market Analyst p.						5,131	47%	2,401
Underwriter	100%	30,963	96%	29,569	40%	11,760	39%	4,544
47%								
PMA DEMAND from GROWTH								
growth								
Market Analyst p.								92
Underwriter	100%	441	96%	421	40%	167	39%	65
100%								
INCLUSIVE CAPTURE RATE								
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate		
Market Analyst p.	128	0	0	128	2,493	5%		
Underwriter	128	55	0	183	2,210	8%		

Supply and Demand Analysis:

The market study includes a general demographic data report from MapInfo for the PMA; it also includes a HISTA Data report, a customized report specifying households by income, household size, tenure, and age. The Market Analyst determined the eligible income range to be from \$12,823 to \$46,260, according to 2008 HTC program income and rent limits, the most recent at the time of application. Based on this, the HISTA data indicates 5,131 income-qualified renter households. The market study analysis reports a turnover rate of 46.8% from the TDHCA database for non-senior households in Dallas County. This results in demand for 2,401 units due to household turnover. The HISTA report projects demand for 92 units due to household growth. The Market Analyst failed to identify any unstabilized comparable units in the PMA; with total demand for 2,493 units, and only 128 proposed units at the subject, the Market Analyst concluded an inclusive capture rate of 5%.

The underwriting analysis is based on the traditional method of projecting household demand from the general demographic data. Based on the 2009 HTC program limits, eligible incomes range from \$13,029 to \$47,040. The demographic data indicates 4,544 income-qualified renter households with six persons or less in the PMA. (The market study analysis found a higher number because it did not exclude households larger than six persons.) The current TDHCA database indicates a 47.2% turnover rate for non-senior households in Dallas County; this indicates demand for 2,145 units. The demographic data indicates demand for 65 units due to household growth.

The underwriting analysis includes a comparable 2009 application located in the PMA. Hacienda del Sol (#09225) is located less than 5 miles from the subject, with a proposed 55 units (all three and four-bedroom units restricted to 30%, 50%, and 60% of AMI). With total demand for 2,210 units, and total proposed supply of 183 units, the underwriting analysis concludes an inclusive capture rate of 8%. This is well below the maximum capture rate of 25% for urban developments targeting families.

Primary Market Occupancy Rates:

"The overall average occupancy for income restricted units is 95.0% ... and the overall average occupancy for market rate units is 95.0%." (pp. 12-13)

Absorption Projections:

"Absorption over the previous eight years for all unit types has been 197 units per year as more rental units were added to the supply. We expect this to continue as the number of new household continues to grow, and as additional rental units become available." (p. 10)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
1 BR 712 SF 30%	\$248	\$255	\$630	\$255	\$375		
1 BR 712 SF 50%	\$498	\$508	\$630	\$508	\$122		
1 BR 712 SF 60%	\$623	\$635	\$630	\$630	\$0		
2 BR 950 SF 30%	\$292	\$300	\$775	\$300	\$475		
2 BR 950 SF 50%	\$592	\$604	\$775	\$604	\$171		
2 BR 950 SF 60%	\$742	\$756	\$775	\$756	\$19		
2 BR 963 SF 30%	\$292	\$300	\$780	\$300	\$480		
2 BR 963 SF 50%	\$592	\$604	\$780	\$604	\$176		
2 BR 963 SF 60%	\$742	\$756	\$780	\$756	\$24		
3 BR 1,142 SF 30%	\$330	\$339	\$910	\$339	\$571		
3 BR 1,142 SF 50%	\$676	\$690	\$910	\$690	\$220		
3 BR 1,142 SF 60%	\$849	\$866	\$910	\$866	\$44		
4 BR 1,561 SF 30%	\$349	\$359	\$1,040	\$359	\$681		
4 BR 1,561 SF 50%	\$734	\$751	\$1,040	\$751	\$289		
4 BR 1,561 SF 60%	\$927	\$947	\$1,040	\$947	\$93		

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Newer affordable family units have been easily absorbed." (p. 12)

Comments:

The market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

At the time of application, the 2009 rent limits had not been released and thus the Applicant used estimated 2008 rent limits in setting rents. Based on the Applicant's intention to charge maximum program rents, the Underwriter used the 2009 maximum rents in this analysis. The Applicant's projected rents collected per unit were calculated by subtracting the tenant-paid utility allowances as of August 1, 2007, maintained by the Dallas Housing Authority from the 2008 program gross rent limits. Tenants will be required to pay all utility costs including water and sewer. The Underwriter's projected rents were calculated by subtracting tenant paid utility allowances from the 2009 program rent limits.

It should be noted that all of the rents appear to be achievable based on the market rents determined by the Market Analyst except for the 60% one bedroom unit. According to the Market Analyst the market rent for this unit type is \$630 while the maximum program net rent is \$635. As a result the Underwriter's analysis capped this rent to the \$630 market rent for purposes of this analysis.

The Applicant's estimate of secondary income and vacancy and collection loss are within the Department's guidelines. Overall the Applicant's effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's total annual operating expense projection at \$4,708 per unit is not within 5% of the Underwriter's estimate of \$4,329 per unit, derived from the TDHCA database, IREM, and third-party data sources. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: general & administrative (\$33.5 higher), water, sewer and trash (\$20K lower), and property tax (\$51K higher).

Conclusion:

The Applicant's total expenses and net operating income are not within 5% of the Underwriter's estimate; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. Use of the Underwriter's proforma and the Applicant's proposed financing structure results in a debt coverage ratio (DCR) of 1.36 which is above the current underwriting guideline of 1.35. Therefore, rather than resize the permanent mortgage and possibly gap the Subject development, the Underwriter has recommended a financing structure that reflects repayment of the local funds in the analysis based on the terms proposed by the Applicant (0% interest on a 30 year amortization) that produces a DCR that fits within the underwriting parameters used for sizing the allocation. The permanent debt and overall sources remain unaffected and equivalent to the applicant's sources. As such, the proforma analysis alone has no impact on the allocation recommendation. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio within acceptable Department's guidelines. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only: 32.9 acres	<u>\$394,584</u>	Tax Year:	<u>2008</u>
Prorated 1 acre:	<u>\$12,001</u>	Valuation by:	<u>Dallas CAD</u>
Prorated 8 acres:	<u>\$96,006</u>	Tax Rate:	<u>2.287926</u>

**EVIDENCE of PROPERTY CONTROL**

Type: Agreement to Purchase Unimproved Real Estate Acreage: 8±

Contract Expiration: 10/31/2009 Valid Through Board Date?  Yes  No

Acquisition Cost: \$1,030,000 Other: \_\_\_\_\_

Seller: Hutchins Sunrise L.P. Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

**Acquisition Value:**

The site cost of \$1,030,000 (\$128,750/acre or \$8,047/unit) is assumed to be reasonable since the acquisition is an arm's-length transaction.

**Off-Site Cost:**

The Applicant claimed off-site costs of \$250,000 for storm and wastewater sewer lines, water lines and fire hydrants and provided sufficient third party certification through a registered architect's statement to justify these costs.

**Sitework Cost:**

The Applicant's claimed sitework costs of \$9,000 per unit are within current Department guidelines. Therefore, further third party substantiation is not required. The site work consisted of grading, paving, utilities, landscaping, pool and decking and fencing.

**Direct Construction Cost:**

The Applicant's direct construction cost estimate is \$459.6K or 6% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

**Contingency & Fees:**

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

**Conclusion:**

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$14,894,386 and the 9% applicable percentage rate supports annual tax credits of \$1,742,643. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

This section intentionally left blank.



**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: MMA Financial Type: Interim Financing

Principal: \$12,860,000 Interest Rate: 6.0%  Fixed Term: 24 months

Comments:  
30-day LIBOR rate plus 3.5% with a floor of 6.0%

Source: Dallas County Planning and Development Type: Interim & Permanent Financing

Principal: \$610,000 Interest Rate: 0.0%  Fixed Term: 360 months

Comments:  
The Applicant provided a letter from the Dallas County dated 2/16/2009 confirming receipt of the application for the \$610,000 HOME funds. The requested terms under consideration include a loan at 0% interest for a term/amortization of 30 years and payable out of available cash flow. The Underwriter has included debt service for the proposed HOME funds for purposes of this analysis. Any funding recommendation will be conditioned upon receipt, review and acceptance, by Commitment, of a firm commitment from Dallas County for the requested HOME funds with terms of the award provided.

Source: City of Hutchins Economic Development Type: Interim & Permanent Financing

Principal: \$610,000 Interest Rate: 0.0%  Fixed Term: 360 months

Comments:  
The Applicant provided a letter from the City of Hutchins confirming receipt of the application for the \$610,000 permanent funds. The requested terms under consideration include a loan at 0% interest for a term/amortization of 30 years and payable out of available cash flow. The Underwriter has included debt service for the proposed funds for purposes of this analysis. Any funding recommendation will be conditioned upon receipt, review and acceptance, by Commitment, of a firm commitment from the city of Hutchins for the requested permanent funds with terms of the award provided.

Source: MMA Financial Type: Permanent Financing

Principal: \$3,615,000 Interest Rate: 8.0%  Fixed Amort: 360 months

Source: Red Stone Equity Partners Type: Syndication

Proceeds: \$12,400,927 Syndication Rate: 80% Anticipated HTC: \$ 1,550,426

Comments:  
The Underwriter has determined that should the credit pricing for this transaction fall below \$0.71, the financial feasibility of the transaction could be jeopardized. Alternatively, if the credit price were increased to an amount above \$0.81 an adjustment to the recommended credit amount would be warranted. The equity commitment did not specify an expiration date.

Amount: \$82,429 Type: Deferred Developer Fees

This section intentionally left blank.

## CONCLUSIONS

### Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. While the Applicant's proforma does not include debt service for the local funding, this underwriting analysis assumes the \$610K City of Hutchins loan and \$610K Dallas County loan will bear interest at 0% and be fully amortized over 30 years. This produces an acceptable DCR that fits within the Department's guidelines. Of note, however, should the Applicant ultimately choose to structure these funds as a soft loan, the development's DCR would increase above 1.35 and it may become necessary to revisit the serviceable debt assumption which may further adjust the credit allocation amount may be warranted based on the need to fill the resulting gap in financing.

The Applicant's total development cost estimate less the permanent loan of \$3,615,000 and less the local funds totaling \$1,220,000 indicates the need for \$12,483,356 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,560,732 annually would be required to fill this gap in financing. The three possible tax credit allocations are: the Applicant's request (\$1,550,426), the gap-driven amount (\$1,560,732), and the eligible basis-derived estimate (\$1,742,643). The Applicant's request of \$1,550,426 is recommended resulting in proceeds of \$12,400,927 based on a syndication rate of 80%.

Based on the recommended financing structure it is estimated that an additional \$82,429 in permanent funds will be required. Deferred developer fees in this amount appear to be repayable within two years of stabilized operations.

Moreover, If federal financing is provided without the reasonable expectation that it will be repaid in full, it must be considered a grant under IRC§42. However, the Underwriter has determined that if these funds are not reasonably expected to be repaid in full and are excluded from eligible basis for purposes of determining the recommended Housing Tax Credit allocation, such treatment of these funds would not have a detrimental effect on the equity proceeds or feasibility of this transaction.

Underwriter:	_____	Date:	_____
	<i>Carl Hoover</i>		June 19, 2009
Manager of Real Estate Analysis:	_____	Date:	_____
	<i>Raquel Morales</i>		June 19, 2009
Director of Real Estate Analysis:	_____	Date:	_____
	<i>Brent Stewart</i>		June 19, 2009

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Mariposa Pointe, Hutchins, 9% HTC #09200**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash Only
TC 30%	1	1	1	712	\$380	\$255	\$255	\$0.36	\$125.00	\$14.00
TC 50%	5	1	1	712	\$633	\$508	\$2,540	\$0.71	\$125.00	\$14.00
TC 60%	6	1	1	712	\$760	\$630	\$3,780	\$0.88	\$125.00	\$14.00
TC 30%	1	2	2	950	\$456	\$300	\$300	\$0.32	\$156.00	\$14.00
TC 50%	11	2	2	950	\$760	\$604	\$6,644	\$0.64	\$156.00	\$14.00
TC 60%	12	2	2	950	\$912	\$756	\$9,072	\$0.80	\$156.00	\$14.00
TC 30%	2	2	2	963	\$456	\$300	\$600	\$0.31	\$156.00	\$14.00
TC 50%	22	2	2	963	\$760	\$604	\$13,288	\$0.63	\$156.00	\$14.00
TC 60%	24	2	2	963	\$912	\$756	\$18,144	\$0.79	\$156.00	\$14.00
TC 30%	2	3	2	1,142	\$527	\$339	\$678	\$0.30	\$188.00	\$14.00
TC 50%	16	3	2	1,142	\$878	\$690	\$11,040	\$0.60	\$188.00	\$14.00
TC 60%	18	3	2	1,142	\$1,054	\$866	\$15,588	\$0.76	\$188.00	\$14.00
TC 30%	1	4	2	1,561	\$588	\$359	\$359	\$0.23	\$229.00	\$14.00
TC 50%	4	4	2	1,561	\$980	\$751	\$3,004	\$0.48	\$229.00	\$14.00
TC 60%	3	4	2	1,561	\$1,176	\$947	\$2,841	\$0.61	\$229.00	\$14.00
<b>TOTAL:</b>	<b>128</b>			<b>AVERAGE: 1,025</b>		<b>\$689</b>	<b>\$88,133</b>	<b>\$0.67</b>	<b>\$166.66</b>	<b>\$14.00</b>

**INCOME**

Total Net Rentable Sq Ft: **131,168**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$6.75

Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
General & Administrative	4.38%	\$338	0.33	\$43,274	\$76,800	Dallas	Dallas	3
Management	5.00%	386	0.38	49,393	48,447	\$6.75	Per Unit Per Month	
Payroll & Payroll Tax	12.76%	985	0.96	126,061	121,600	\$0.00	Per Unit Per Month	
Repairs & Maintenance	6.77%	523	0.51	66,906	57,600			
Utilities	4.55%	351	0.34	44,989	39,600			
Water, Sewer, Trash	3.87%	299	0.29	38,208	18,000			
Property Insurance	3.33%	257	0.25	32,892	37,120			
Property Tax 2.287926	10.38%	801	0.78	102,499	153,600			
Reserve for Replacements	3.24%	250	0.24	32,000	32,000			
TDHCA Compliance Fees	0.52%	40	0.04	5,120	5,120			
Other: Supp. Serv.	1.30%	100	0.10	12,800	12,800			
<b>TOTAL EXPENSES</b>	<b>56.09%</b>	<b>\$4,329</b>	<b>\$4.22</b>	<b>\$554,143</b>	<b>\$602,687</b>	<b>\$4.59</b>	<b>\$4,708</b>	<b>62.20%</b>
<b>NET OPERATING INC</b>	<b>43.91%</b>	<b>\$3,388</b>	<b>\$3.31</b>	<b>\$433,724</b>	<b>\$366,217</b>	<b>\$2.79</b>	<b>\$2,861</b>	<b>37.80%</b>
<b>DEBT SERVICE</b>								
MMA Financial	32.22%	\$2,487	\$2.43	\$318,307	\$318,307	\$2.43	\$2,487	32.85%
Dallas County - HOME	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>11.68%</b>	<b>\$902</b>	<b>\$0.88</b>	<b>\$115,417</b>	<b>\$47,910</b>	<b>\$0.37</b>	<b>\$374</b>	<b>4.94%</b>

AGGREGATE DEBT COVERAGE RATIO

1.36 1.15

RECOMMENDED DEBT COVERAGE RATIO

1.21

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		6.24%	\$8,047	\$7.85	\$1,030,000	\$1,030,000	\$7.85	\$8,047	5.95%
Off-Sites		1.52%	1,953	1.91	250,000	250,000	1.91	1,953	1.44%
Sitework		6.98%	9,000	8.78	1,152,000	1,152,000	8.78	9,000	6.65%
Direct Construction		46.69%	60,176	58.72	7,702,467	8,162,030	62.23	63,766	47.13%
Contingency	5.00%	2.68%	3,459	3.38	442,723	465,702	3.55	3,638	2.69%
Contractor's Fees	14.00%	7.51%	9,685	9.45	1,239,625	1,303,965	9.94	10,187	7.53%
Indirect Construction		7.09%	9,141	8.92	1,170,000	1,170,000	8.92	9,141	6.76%
Ineligible Costs		3.42%	4,402	4.30	563,472	563,472	4.30	4,402	3.25%
Developer's Fees	15.00%	11.28%	14,538	14.19	1,860,826	1,942,000	14.81	15,172	11.21%
Interim Financing		4.24%	5,459	5.33	698,690	698,690	5.33	5,459	4.03%
Reserves		2.34%	3,020	2.95	386,568	580,497	4.43	4,535	3.35%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$128,878</b>	<b>\$125.77</b>	<b>\$16,496,372</b>	<b>\$17,318,356</b>	<b>\$132.03</b>	<b>\$135,300</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>63.87%</b>	<b>\$82,319</b>	<b>\$80.33</b>	<b>\$10,536,816</b>	<b>\$11,083,697</b>	<b>\$84.50</b>	<b>\$86,591</b>	<b>64.00%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
MMA Financial	21.91%	\$28,242	\$27.56	\$3,615,000	\$3,615,000	\$3,615,000	Developer Fee Available
Dallas County - HOME	3.70%	\$4,766	\$4.65	610,000	610,000	610,000	\$1,942,000
City of Hutchins - EDC	3.70%	\$4,766	\$4.65	610,000	610,000	610,000	% of Dev. Fee Deferred
HTC Syndication Proceeds				12,400,927	12,400,927	12,400,927	
Deferred Developer Fees	0.50%	\$644	\$0.63	82,429	82,429	82,429	4%
Additional (Excess) Funds Req'd	-4.98%	(\$6,422)	(\$6.27)	(\$821,984)	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$16,496,372</b>	<b>\$17,318,356</b>	<b>\$17,318,356</b>	<b>\$1,440,740</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Mariposa Pointe, Hutchins, 9% HTC #09200*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.46	\$7,274,630
<b>Adjustments</b>				
Exterior Wall Finish	1.20%		\$0.67	\$87,296
Elderly			0.00	0
9-Ft. Ceilings	3.15%		1.75	229,151
Roofing			0.00	0
Subfloor			0.00	0
Floor Cover			2.38	312,180
Breezeways/Balconies	\$22.95	9,828	1.72	225,558
Plumbing Fixtures	\$851	332	2.15	282,435
Rough-ins	\$412	248	0.78	102,270
Built-In Appliances	\$1,867	128	1.82	238,930
Exterior Stairs	\$2,200	40	0.67	88,000
Exterior Corridors	\$43.50	16,184	5.37	703,989
Heating/Cooling			1.83	240,037
Interior Stairs	\$1,575.00	8	0.10	12,600
Comm &/or Aux Bldgs	\$78.38	2,173	1.30	170,309
Other: fire sprinkler	\$3.40	133,341	3.46	453,359
<b>SUBTOTAL</b>			<b>79.45</b>	<b>10,420,744</b>
Current Cost Multiplier	1.01		0.79	104,207
Local Multiplier	0.90		(7.94)	(1,042,074)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$72.30</b>	<b>\$9,482,877</b>
Plans, specs, survy, bld pm	3.90%		(\$2.82)	(\$369,832)
Interim Construction Interest	3.38%		(2.44)	(320,047)
Contractor's OH & Profit	11.50%		(8.31)	(1,090,531)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$58.72</b>	<b>\$7,702,467</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$3,615,000	Amort	360
Int Rate	8.00%	DCR	1.36

<b>Secondary</b>	\$610,000	Amort	
Int Rate	0.00%	Subtotal DCR	1.36

<b>Additional</b>	\$610,000	Amort	
Int Rate	0.00%	Aggregate DCR	1.36

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$318,307
Secondary Debt Service	20,333
Additional Debt Service	20,333
<b>NET CASH FLOW</b>	<b>\$74,750</b>

<b>Primary</b>	\$3,615,000	Amort	360
Int Rate	8.00%	DCR	1.36

<b>Secondary</b>	\$610,000	Amort	360
Int Rate	0.00%	Subtotal DCR	1.28

<b>Additional</b>	\$610,000	Amort	360
Int Rate	0.00%	Aggregate DCR	1.21

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

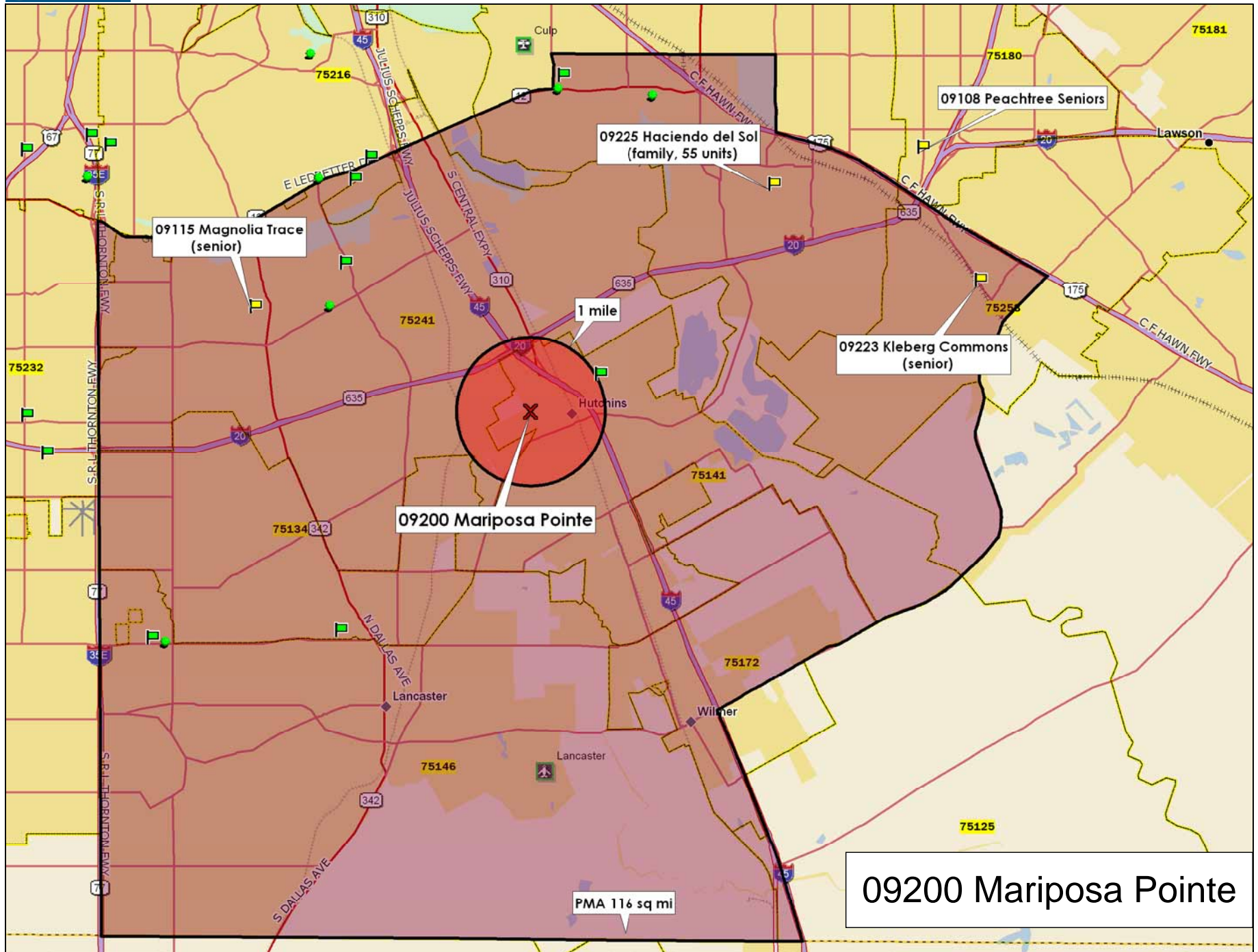
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,057,596	\$1,078,748	\$1,100,323	\$1,122,329	\$1,144,776	\$1,263,925	\$1,395,475	\$1,540,718	\$1,878,126
Secondary Income	10,368	10,575	10,787	11,003	11,223	12,391	13,680	15,104	18,412
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,067,964	1,089,323	1,111,110	1,133,332	1,155,999	1,276,316	1,409,156	1,555,822	1,896,538
Vacancy & Collection Loss	(80,097)	(81,699)	(83,333)	(85,000)	(86,700)	(95,724)	(105,687)	(116,687)	(142,240)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$987,867</b>	<b>\$1,007,624</b>	<b>\$1,027,777</b>	<b>\$1,048,332</b>	<b>\$1,069,299</b>	<b>\$1,180,592</b>	<b>\$1,303,469</b>	<b>\$1,439,135</b>	<b>\$1,754,298</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$43,274	\$44,572	\$45,910	\$47,287	\$48,705	\$56,463	\$65,456	\$75,882	\$101,978
Management	49,393	50,381	51,389	52,417	53,465	59,030	65,173	71,957	87,715
Payroll & Payroll Tax	126,061	129,843	133,738	137,750	141,883	164,481	190,679	221,049	297,071
Repairs & Maintenance	66,906	68,913	70,980	73,110	75,303	87,297	101,201	117,320	157,668
Utilities	44,989	46,338	47,728	49,160	50,635	58,700	68,049	78,888	106,019
Water, Sewer & Trash	38,208	39,354	40,535	41,751	43,003	49,853	57,793	66,998	90,040
Insurance	32,892	33,879	34,896	35,942	37,021	42,917	49,753	57,677	77,513
Property Tax	102,499	105,574	108,741	112,004	115,364	133,738	155,039	179,733	241,546
Reserve for Replacements	32,000	32,960	33,949	34,967	36,016	41,753	48,403	56,112	75,410
Other	17,920	18,458	19,011	19,582	20,169	23,382	27,106	31,423	42,230
<b>TOTAL EXPENSES</b>	<b>\$554,143</b>	<b>\$570,273</b>	<b>\$586,877</b>	<b>\$603,970</b>	<b>\$621,565</b>	<b>\$717,613</b>	<b>\$828,652</b>	<b>\$957,037</b>	<b>\$1,277,189</b>
<b>NET OPERATING INCOME</b>	<b>\$433,724</b>	<b>\$437,351</b>	<b>\$440,899</b>	<b>\$444,362</b>	<b>\$447,734</b>	<b>\$462,979</b>	<b>\$474,817</b>	<b>\$482,098</b>	<b>\$477,108</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$318,307	\$318,307	\$318,307	\$318,307	\$318,307	\$318,307	\$318,307	\$318,307	\$318,307
Second Lien	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,333
Other Financing	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,333
<b>NET CASH FLOW</b>	<b>\$74,750</b>	<b>\$78,377</b>	<b>\$81,926</b>	<b>\$85,389</b>	<b>\$88,760</b>	<b>\$104,006</b>	<b>\$115,844</b>	<b>\$123,124</b>	<b>\$118,135</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.21</b>	<b>1.22</b>	<b>1.23</b>	<b>1.24</b>	<b>1.25</b>	<b>1.29</b>	<b>1.32</b>	<b>1.34</b>	<b>1.33</b>

**HTC ALLOCATION ANALYSIS -Mariposa Pointe, Hutchins, 9% HTC #09200**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$1,030,000	\$1,030,000		
Purchase of buildings				
<b>Off-Site Improvements</b>	\$250,000	\$250,000		
<b>Sitework</b>	\$1,152,000	\$1,152,000	\$1,152,000	\$1,152,000
<b>Construction Hard Costs</b>	\$8,162,030	\$7,702,467	\$8,162,030	\$7,702,467
<b>Contractor Fees</b>	\$1,303,965	\$1,239,625	\$1,303,964	\$1,239,625
<b>Contingencies</b>	\$465,702	\$442,723	\$465,702	\$442,723
<b>Eligible Indirect Fees</b>	\$1,170,000	\$1,170,000	\$1,170,000	\$1,170,000
<b>Eligible Financing Fees</b>	\$698,690	\$698,690	\$698,690	\$698,690
<b>All Ineligible Costs</b>	\$563,472	\$563,472		
<b>Developer Fees</b>				
Developer Fees	\$1,942,000	\$1,860,826	\$1,942,000	\$1,860,826
<b>Development Reserves</b>	\$580,497	\$386,568		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$17,318,356</b>	<b>\$16,496,372</b>	<b>\$14,894,386</b>	<b>\$14,266,331</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$14,894,386	\$14,266,331
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$19,362,701	\$18,546,231
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$19,362,701	\$18,546,231
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,742,643	\$1,669,161

<b>Syndication Proceeds</b>	<b>0.7998</b>	<b>\$13,938,356</b>	<b>\$13,350,615</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,742,643</b>	<b>\$1,669,161</b>
<b>Syndication Proceeds</b>		<b>\$13,938,356</b>	<b>\$13,350,615</b>
<b>Requested Tax Credits</b>		<b>\$1,550,426</b>	
<b>Syndication Proceeds</b>		<b>\$12,400,927</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$12,483,356</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,560,732</b>	



# 09200 Mariposa Pointe

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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Ventana Pointe, TDHCA Number 09201**

**BASIC DEVELOPMENT INFORMATION**

Site Address: Red Oak & Butterfield Rd. Development #: 09201  
 City: Houston Region: 6 Population Served: Elderly  
 County: Harris Zip Code: 77090 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: Ventana Pointe, Ltd.  
 Owner Contact and Phone: Vincent A. Marquez, (713) 228-3778  
 Developer: NRC  
 Housing General Contractor: NRP Contractors LLC  
 Architect: Alamo Architects, Inc.  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Red Stone Equity Partners  
 Supportive Services: NRC  
 Consultant: NRP Holdings, LLC

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	96	
	5	0	44	47	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	48	48	0	0	0	
Type of Building:						Total Development Units:	96
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$10,944,416
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	4
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,091,199	\$1,091,199			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Ventana Pointe, TDHCA Number 09201

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Whitmire, District 15, NC

Points: 0

US Representative: Jackson Lee, District 18, NC

TX Representative: Harless, District 126, S

Points: 14

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 1

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Renaissance 1960, S, Mary L. Davis, Executive Director

League of United Latin American Citizens, S, Mary

Barbara Jordan Endeavors, S, Thelma Scott and the late Otis Scott, Founders

The League of United Latin American Citizens, S, Edward Ybarra, President, LULAC Council

402

**General Summary of Comment:**

Letter of support from elected official, community organization, and a city resolution in support as well. One letter of opposition was received from a private citizen. Opposition letter cited loss of property values, increased crime, and burden on local schools. Letter was received from Renaissance 1960 Improvement Company, opposing the location of the public comment hearings.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance, by carryover, of documentation that a comprehensive noise evaluation has been conducted to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.
2. Receipt, review and acceptance, by commitment, of a firm commitment from the Harris County Housing Authority for the \$775K loan.
3. Receipt, review, and acceptance, by carryover, of an attorney's opinion and analysis validating that the proposed HOME financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.
5. Receipt of a commitment of funding from Harris County HOME funds in the amount of \$555,000, or a commitment from a qualifying substitute source in an amount not less than \$547,221, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.
6. Receipt of a commitment of funding from Harris County HOME funds in the amount of \$220,000, or a commitment from a qualifying substitute source (s) in an amount not less than \$218,889 as required by §49.9(i)(27) of the 2009 QAP. The provider of funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Ventana Pointe, TDHCA Number 09201**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **25**

Total # Monitored: **12**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **199**  Meeting a Required Set-Aside Credit Amount\*: \$1,091,199

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 06/17/09 PROGRAM: 9% HTC FILE NUMBER: 09201

**DEVELOPMENT**

Ventana Pointe

Location: Red Oak & Butterfield Road Region: 6  
 City: Houston County: Harris Zip: 77090  OCT  DDA  
 Key Attributes: Seniors, New Construction, Urban, Non-Profit

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,091,199			\$1,091,199		

**CONDITIONS**

- 1 Receipt, review, and acceptance, by carryover, of documentation that a comprehensive noise evaluation has been conducted to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.
- 2 Receipt, review and acceptance, by commitment, of a firm commitment from the Harris County Housing Authority for the \$775K loan.
- 3 Receipt, review, and acceptance, by carryover, of an attorney's opinion and analysis validating that the proposed HOME financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.
- 4 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	5
50% of AMI	50% of AMI	44
60% of AMI	60% of AMI	47

**STRENGTHS/MITIGATING FACTORS**

- The long-term proforma shows a DCR that remains above the 1.15 times DCR required by the REA rules.

**WEAKNESSES/RISKS**

- Underwritten expense to income ratio is within less than .01% of the maximum guideline.

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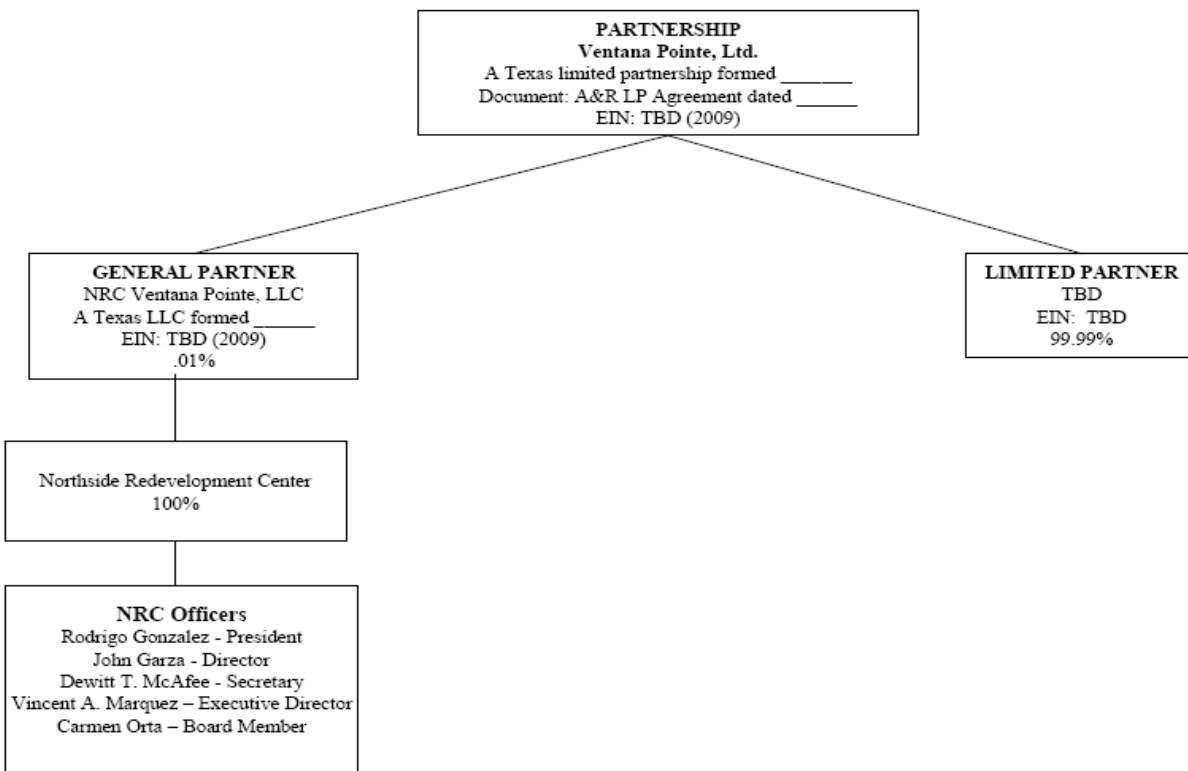
- A combination of slightly higher loan proceeds and deferred developer fee could offset a reduction of the syndication price (to \$.65) assuming HOME funds remain available.
- Syndication price is \$.75, which is higher than the typical \$.65 to \$.70 range currently seen by the Department on other transactions.
- The 50% AMI and 60% AMI units show capture rates above 100%. The general submarket (including areas within close proximity to the subject's PMA) shows a potential for excess supply of senior units based on other planned senior development in the area.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Vincent A. Marquez Phone: (713) 228-3778 Fax: (713) 228-3988  
 Email: vamarquez01@msn.com

**KEY PARTICIPANTS**

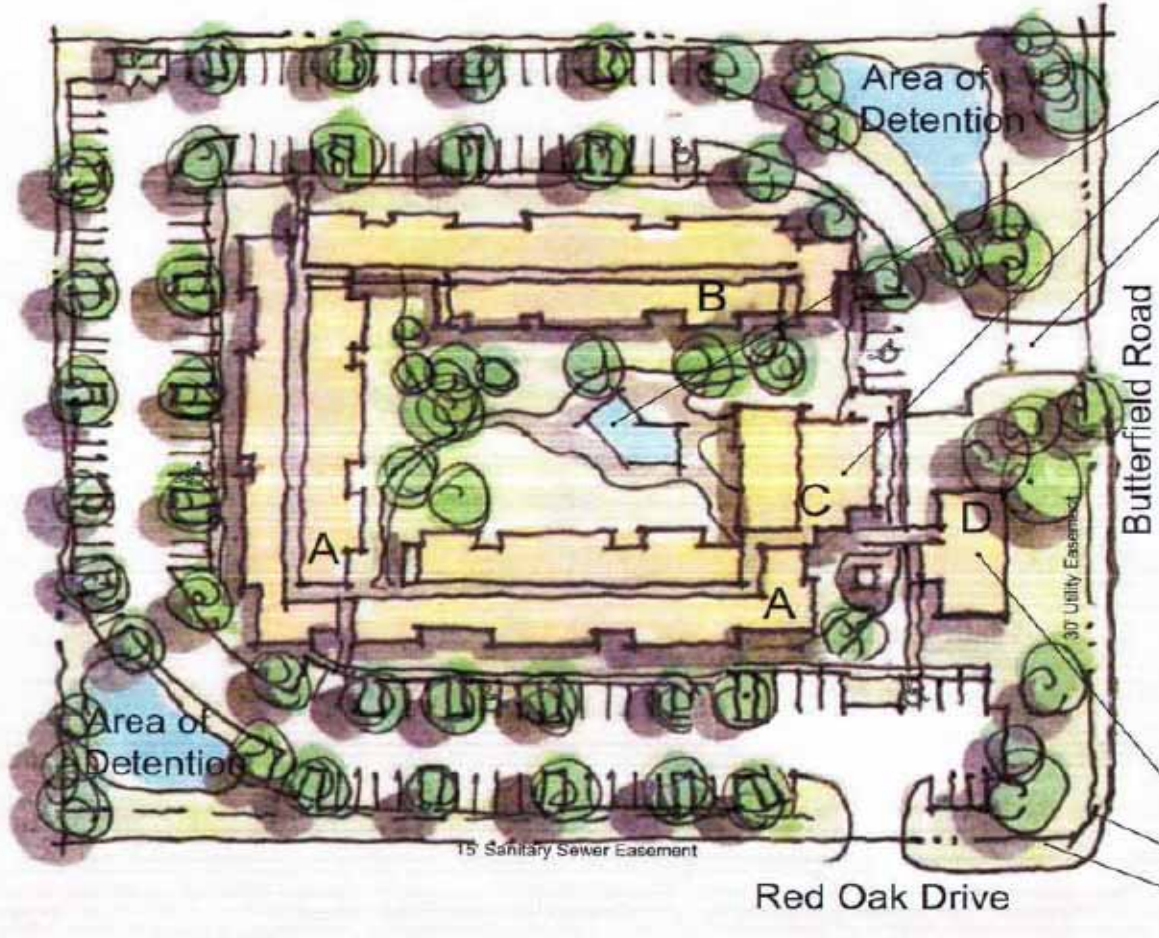
Name	Financial Notes	# Completed Developments
Ventana Pointe, Ltd.	To Be Formed	0
Northside Redevelopment Center (NRC)	N/A	3
Vincent A. Marquez	N/A	3

IDENTITIES of INTEREST

- o The Applicant, Developer, General Contractor, and property manager are related entities. The supportive services provider is to be determined at the time of underwriting. These are common relationships for HTC funded developments.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C									Total Buildings
Floors/Stories	3	3	3									
Number	2	1	1									4

BR/BA	SF	Units										Total Units	Total SF
1/1	650	15	16	2								48	31,200
2/2	849	15	16	2								48	40,752
Units per Building		30	32	4								96	71,952

SITE ISSUES

Total Size: 4.25 acres      Scattered site?       Yes       No

Flood Zone: Zone X      Within 100-yr floodplain?       Yes       No

Zoning: N/A      Needs to be re-zoned?       Yes       No       N/A

Comments:  
The City of Houston has no zoning ordinance.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff Date: 5/12/2009

Overall Assessment:  
 Excellent     Acceptable     Questionable     Poor     Unacceptable

Surrounding Uses:  
 North: Wooded East: Apartments; wooded  
 South: Apartments; wooded West: Wooded

Comments:  
 Access road ends at corner of property.

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Terracon Date: 3/4/2009

- Recognized Environmental Concerns (RECs) and Other Concerns:
- "Terracon did not identify RECs which, in our opinion, warrant additional investigation at this time." (p. iii)
  - "FM 1960 West runs northeast and southwest approximately 900 feet north of the site ... Based on the proximity of a major roadway to the site, Terracon recommends that a noise study be conducted." (p. 18)

Comments:  
 Any recommended funding will be subject to receipt, review, and acceptance, by carryover, of documentation that a comprehensive noise evaluation has been conducted to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.

**MARKET HIGHLIGHTS**

Provider: Apartment MarketData Date: 3/14/2009  
 Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830  
 Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA):            32 sq. miles            3 mile equivalent radius  
 The Primary Market Area is defined by Cypress Creek and Spring Cypress Road to the north; the Hardy Toll Road to the east; East Airtex Drive to the south; and Stuebner Airline and Kuykendahl Roads to the west. The PMA had an estimated 2008 population of 99,411, including 9,122 senior households.

Secondary Market Area (SMA):  
 The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units <sub>25%</sub>
Mariposa at Ella Blvd	09280	180	180				

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
40	\$17,880	\$20,400	\$22,960	\$25,520	\$27,560	\$29,600
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	28	9	3	40	3	0	8%
1 BR/50%	11	37	0	48	22	0	46%
1 BR/60%	59	17	0	76	23	0	30%
2 BR/30%	5	2	1	8	2	0	25%
2 BR/50%	3	7	0	10	22	0	220%
2 BR/60%	20	5	0	25	24	0	96%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	37	7	0	44	3	4	16%
1 BR/50%	58	10	0	68	22	44	97%
1 BR/60%	37	6	0	43	23	45	158%
2 BR/30%	8	2	0	10	2	5	71%
2 BR/50%	19	3	0	22	22	37	269%
2 BR/60%	13	3	0	16	24	45	439%

OVERALL DEMAND										
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER					turnover					
Market Analyst p. 66							566	24%	137	
Underwriter (HISTA Data)							704	33%	232	
Underwriter (Map Info)	25%	10,314	100%	10,314	20%	2,082	48%	999	33%	330
PMA DEMAND from GROWTH					growth					
Market Analyst p. 67									39	
Underwriter (HISTA Data)									43	
Underwriter (Map Info)									59	
DEMAND from OTHER SOURCES					Senior Homeowners					
Market Analyst p. 68							1,053	10%	105	
Underwriter (HISTA Data)							1,175	5%	61	
Underwriter (Map Info)							1,175	5%	61	

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 69	96	0	0	96	281	<b>34%</b>
Underwriter (HISTA Data)	96	180	0	276	336	<b>82%</b>
Underwriter (Map Info)	96	180	0	276	450	<b>61%</b>

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#### Proposed, Under Construction, and Unstabilized Comparable Supply:

The Market Analyst failed to identify any proposed, under construction, or unstabilized comparable supply within the PMA. However, another 2009 application, Mariposa at Ella Boulevard (#09280) is located less than one mile from the subject. Mariposa at Ella Blvd. is a proposed senior development with 180 units, and has a higher priority than the subject based on application score. The units at Mariposa must be considered when determining the inclusive capture rate.

#### Demand Analysis:

The market study provides a general demographic report on the PMA from Map Info, as well as a HISTA Data report, which provides greater detail of the household breakdown by income, household size, tenure, and age. The market study analysis is based on the HISTA Data. The analysis applies a renter turnover rate of 24% from the 2000 census data for seniors in Harris County, and considers only one to three person households. Based on these criteria, the Market Analyst identifies demand for 137 units due to turnover of renter households, and demand for 39 units due to growth of renter households.

The market study also considers demand from existing senior homeowner households. The 2009 Real Estate Analysis Rules allow for demand from turnover from homeowners up to a rate of 10% if supported by appropriate data. The Market Analyst applies a 10% turnover rate to the senior homeowner household population, but provides no specific supporting data; the Analyst concludes demand for 105 units from homeowner turnover.

The market study calculates total demand for 281 units, and reports an inclusive capture rate of 34% based on a supply limited to the 96 units at the subject. If the 180 proposed units at Mariposa at Ella Blvd. are included, the Market Analyst's calculations would result in an inclusive capture rate of 98%, significantly exceeding the maximum rate of 75% for developments targeting seniors.

The underwriting analysis applies a 33% turnover rate for senior renter households, derived from the 2000 census data for the specific census tracts in the PMA. The census data also indicates a turnover rate of 5.2% for senior homeowners. And the underwriting analysis does not typically adjust the senior population for household size. Based on these criteria, and the HISTA Data for senior households, the underwriting analysis calculates demand for 232 units due to renter turnover, demand for 43 units due to renter household growth, and demand for 61 units due to homeowner turnover. This total demand for 336 units, with a total supply of 276 units, indicates an inclusive capture rate of 82%, exceeding the maximum 75%.

The traditional underwriting approach starts with the income distribution of the overall household population, and adjusts for age and renter tenure. This methodology indicates demand for 330 units due to renter turnover and demand for 59 units due to household growth. Based on this, the underwriting analysis concludes an inclusive capture rate of 61%, which satisfies the maximum rate.

#### Primary Market Occupancy Rates:

"The overall occupancy reported in the market is 86.3%. Excluding eight projects that are undergoing rehab, we see the overall occupancy is 92.1%" (p. 48)

#### Absorption Projections:

"We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p. 50) "The most recently built senior project in the PMA is Villages of Louetta (2005), which has 300 units and reached a stabilized occupancy of 90% in just 5 months. The Villages of Louetta is currently 98.7% occupied." (p. 52)

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RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	650 SF	30%	\$249	\$253	\$668	\$253	\$415
1 BR	650 SF	50%	\$479	\$493	\$668	\$493	\$175
1 BR	650 SF	60%	\$593	\$612	\$668	\$612	\$56
2 BR	849 SF	30%	\$304	\$311	\$801	\$311	\$490
2 BR	849 SF	50%	\$579	\$597	\$801	\$597	\$204
2 BR	849 SF	60%	\$717	\$741	\$801	\$741	\$60

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Newer "affordable" senior units have been easily absorbed." (p. 56)

Comments:

Demand for senior units in this market is clearly limited. Had the Market Analyst considered the higher-priority application located less than a mile away, the conclusion would be insufficient demand to support the subject. The underwriting analysis based on the same data, and even incorporating several more favorable assumptions regarding turnover and household size, confirms that calculated demand is less than required by the Rules. The Underwriter is able to recommend approval of the subject application only based on the more general traditional demand methodology. The differing results stem from the fact that the HISTA Data indicates the percentage of renter households among seniors is much lower than for the overall population. The traditional methodology overlooks this detail, yet there is no reason to doubt the accuracy of it.

It should also be noted that two additional unstabilized senior developments are located within a relatively short distance. The Knightsbridge (#060225), with 120 units, is four miles to the east; and Langwick Senior Residences (#060056) is five miles to the southeast. These developments are outside the Primary Market Area for the subject; if they were to be included in the demand analysis, a larger population would likely need to be considered. However, the concentration of senior units in this section of Houston is cause for concern.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of April 1, 2008 as maintained by the Harris County Housing Authority, from the 2008 program gross rent limits. Tenants will be required to pay electric, natural gas, water, and sewer costs. Based on the Applicant's intention to charge the maximum program rents the Underwriter's projected rents were calculated by subtracting updated tenant-paid utility allowances as of May 2009 from the 2009 program rent limits.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines. Despite the Applicant's use of older program rents and utility allowances, the Applicant's effective gross income is within 5% of the Underwriter's estimate.

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Expense: Number of Revisions: 1 Date of Last Applicant Revision: 5/26/2009

The Applicant's total annual operating expense projection at \$4,209 per unit is within 5% of the Underwriter's estimate of \$4,369, derived from the TDHCA database, and third-party data sources. While the general partner of the applicant is a non-profit entity, the applicant has not indicated an intent to apply for a property tax exemption. For purposes of this analysis the Underwriter included a full property tax estimate. However, the Underwriter determined that should the development receive a property tax exemption, the DCR would climb over the Department's maximum 1.35 guideline, indicating that the property could service additional permanent debt. If so, the final credit recommendation at cost certification could result in a reduction to the credit allocation.

**Conclusion:**

The Applicant's effective gross income, operating expenses and net operating income are all within 5% of the Underwriter's estimates; therefore, the Applicant's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial The Underwriter's expense to income ratio of 65.41% exceeds the Department's maximum guideline of 65%. However, since the Applicant's proforma is being utilized to determine the debt service capacity, the Applicant's estimate while marginally below the limit, 64.98%, is considered acceptable.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only: 4.259 acres	<u>\$278,283</u>	Tax Year:	<u>2009</u>
Existing Buildings:	<u>\$0</u>	Valuation by:	<u>Harris CAD</u>
1 acre:	<u>\$65,340</u>	Tax Rate:	<u>3.46366</u>
Total Prorata: 4.25 acres	<u>\$277,695</u>		

**EVIDENCE of PROPERTY CONTROL**

Type: Purchase and Sale Agreement for Unimproved Real Estate Acreage: 4 +/-  
 Contract Expiration: 9/2/2009 Valid Through Board Date?  Yes  No  
 Acquisition Cost: \$827,640 Other: \_\_\_\_\_  
 Seller: 1960 Medical Village Physicians, LP Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: 1 Date of Last Applicant Revision: 6/1/2009

**Acquisition Value:**

The acquisition cost of \$827,640 (\$194,739 per acre or \$8,621 per unit) is assumed to be reasonable since the acquisition is an arm's-length transaction.

**Sitework Cost:**

The Applicant's claimed sitework costs of \$9,000 per unit is the maximum allowed by Department guidelines. Therefore, further third party substantiation is not required as long as this figure is not exceeded.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$229K or 5% lower than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$9,326,489 supports annual tax credits of \$1,091,199. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: 1 Date of Last Applicant Revision: 5/26/2009

Source: Oak Grove Capital Type: Interim Financing

Principal: \$7,350,000 Interest Rate: 6.0%  Fixed Term: 24 months

Comments:

Interest rate is based on 30-day LIBOR plus 3.50% with a 6% floor rate. The lender used 6% for initial feasibility evaluation purposes. This rate was also utilized by the underwriter in this report.

Source: Oak Grove Capital Type: Permanent Financing

Principal: \$1,961,000 Interest Rate: 8.5%  Fixed Amort: 360 months

Comments:

Although MMA Financial provided the commitment letter and is now Oak Grove Capital, all the terms of the commitment remain unchanged.

Source: Harris County HA HOME Type: Permanent Financing

Principal: \$775,000 Conditions: \_\_\_\_\_

Comments:

The Applicant provided an intent to request for the Harris County funds as well as a letter from Harris County acknowledging receipt of the application for the requested \$775K in HOME funds. According to the acknowledgement letter from Harris County the requested terms of the funds include a term and amortization of 35 years and 0% interest rate with repayment subject to available cashflow. Any funding recommendation will be subject to receipt, review and acceptance, by Commitment, of a firm commitment from the Harris County Housing Authority for the \$775K loan.

Source: Red Stone Equity Partners Type: Syndication

Proceeds: \$8,183,174 Syndication Rate: 75% Anticipated HTC: \$ 1,091,199

Comments:

If the syndication rate falls below \$0.65 this development will be considered infeasible. The syndication commitment will expire on 12-31-2009. The syndication rate has decreased by \$0.05 since the 2-24-2009 commitment letter submitted with the application. The latest commitment is dated 5-26-2009.

Amount: \$25,242 Type: Deferred Developer Fees

## CONCLUSIONS

### Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio within the Department's maximum guidelines. It should be noted that the Applicant does not reflect any debt service related to the Harris County HOME funds since the application materials reflect the Applicant's intent to structure these funds as soft financing payable only out of available cashflow. Likewise, the Underwriter's proforma analysis utilizes these same assumptions.

The Applicant's total development cost estimate less the permanent loan of \$1,961,000 and the \$775,000 Harris County HA funds indicates the need for \$8,208,416 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,094,565 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

Allocation determined by eligible basis:	\$1,091,199
Allocation determined by gap in financing:	\$1,094,565
<b>Allocation requested by the Applicant:</b>	<b>\$1,091,199</b>

The allocation amount requested by the Applicant and confirmed by the Underwriter's calculation of the eligible basis is recommended. A tax credit allocation of \$1,091,199 per year for 10 years results in total equity proceeds of \$8,183,174 at a syndication rate of \$0.75 per tax credit dollar.

The Underwriter's recommended financing structure indicates the need for \$25,242 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within one years of stabilized operation. Moreover, this structure would provide \$755K of federal HOME funds with repayment subject to available cash flow, and no expectation of available cash flow for this amount for more than 20 years.

If federal financing is provided without the reasonable expectation that it will be repaid in full, it must be considered a grant under IRC§42. The Underwriter has determined that if these funds are not reasonably expected to be repaid in full, the amount of HOME funds would have to be excluded from eligible basis for purposes of determining the recommended Housing Tax Credit allocation. Such treatment of these funds would reduce the equity proceeds and would render this transaction infeasible. Therefore, any funding recommendation made in this report should be conditioned upon receipt, review, and acceptance, by Carryover, of an attorney's opinion and analysis validating that the proposed HOME financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.

Additionally, approval of the Harris County Housing Authorities funds in the amount of \$755K have not been approved as of this underwriting report. If these funds are ultimately not available this development will be considered infeasible if other means of funding are not provided and approved.

Underwriter:	_____	Date:	_____ June 17, 2009 _____
	<i>Colton Sanders</i>		
Manager of Real Estate Analysis:	_____	Date:	_____ June 17, 2009 _____
	<i>Raquel Morales</i>		
Director of Real Estate Analysis:	_____	Date:	_____ June 17, 2009 _____
	<i>Brent Stewart</i>		

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Ventana Pointe, Houston, 9% HTC #09201**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	TRASH Only
TC 30%	3	1	1	650	\$358	\$253	\$759	\$0.39	\$105.00	\$16.00
TC 50%	22	1	1	650	\$598	\$493	\$10,846	\$0.76	\$105.00	\$16.00
TC 60%	23	1	1	650	\$717	\$612	\$14,076	\$0.94	\$105.00	\$16.00
TC 30%	2	2	2	849	\$431	\$311	\$622	\$0.37	\$120.00	\$16.00
TC 50%	22	2	2	849	\$717	\$597	\$13,134	\$0.70	\$120.00	\$16.00
TC 60%	24	2	2	849	\$861	\$741	\$17,784	\$0.87	\$120.00	\$16.00
<b>TOTAL:</b>	<b>96</b>		<b>AVERAGE:</b>	<b>750</b>		<b>\$596</b>	<b>\$57,221</b>	<b>\$0.80</b>	<b>\$112.50</b>	<b>\$16.00</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	71,952	<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>										
Secondary Income		Per Unit Per Month:	\$5.67			\$686,652	\$665,736	Harris	Houston	6
Other Support Income:						6,528	6,528	\$5.67	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>						\$693,180	\$672,264	\$0.00	Per Unit Per Month	
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(51,989)	(50,436)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions						0	0			
<b>EFFECTIVE GROSS INCOME</b>						\$641,192	\$621,828			

<b>EXPENSES</b>	<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>	<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>	
General & Administrative	4.42%	\$295	0.39	\$28,334	\$28,600	\$0.40	\$298	4.60%	
Management	5.00%	334	0.45	32,060	31,091	0.43	324	5.00%	
Payroll & Payroll Tax	13.48%	901	1.20	86,464	86,500	1.20	901	13.91%	
Repairs & Maintenance	6.65%	444	0.59	42,622	43,200	0.60	450	6.95%	
Utilities	3.80%	254	0.34	24,336	19,000	0.26	198	3.06%	
Water, Sewer, & Trash	4.13%	276	0.37	26,496	19,900	0.28	207	3.20%	
Property Insurance	5.50%	367	0.49	35,271	32,736	0.45	341	5.26%	
Property Tax	3.46	16.59%	1,108	1.48	106,404	105,600	1.47	1,100	16.98%
Reserve for Replacements	3.74%	250	0.33	24,000	24,000	0.33	250	3.86%	
TDHCA Compliance Fees	0.60%	40	0.05	3,840	3,840	0.05	40	0.62%	
Other: Supportive Service	1.50%	100	0.13	9,600	9,600	0.13	100	1.54%	
<b>TOTAL EXPENSES</b>	<b>65.41%</b>	<b>\$4,369</b>	<b>\$5.83</b>	<b>\$419,426</b>	<b>\$404,067</b>	<b>\$5.62</b>	<b>\$4,209</b>	<b>64.98%</b>	
<b>NET OPERATING INC</b>	<b>34.59%</b>	<b>\$2,310</b>	<b>\$3.08</b>	<b>\$221,765</b>	<b>\$217,761</b>	<b>\$3.03</b>	<b>\$2,268</b>	<b>35.02%</b>	

<b>DEBT SERVICE</b>	<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>	<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>
Oak Grove Capital	28.22%	\$1,885	\$2.51	\$180,941	\$180,941	\$2.51	\$1,885	29.10%
Harris County HA HOME	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>6.37%</b>	<b>\$425</b>	<b>\$0.57</b>	<b>\$40,825</b>	<b>\$36,820</b>	<b>\$0.51</b>	<b>\$384</b>	<b>5.92%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>1.23</b>	<b>1.20</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>					<b>1.20</b>			

<b>CONSTRUCTION COST</b>									
<b>Description</b>	<b>Factor</b>	<b>% of TOTAL</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>	<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>
Acquisition Cost (site or bldg)		7.50%	\$8,621	\$11.50	\$827,640	\$827,640	\$11.50	\$8,621	7.56%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.82%	9,000	12.01	864,000	864,000	12.01	9,000	7.89%
Direct Construction		40.79%	46,919	62.60	4,504,189	4,275,046	59.42	44,532	39.06%
Contingency	4.79%	2.33%	2,677	3.57	256,952	256,952	3.57	2,677	2.35%
Contractor's Fees	13.40%	6.52%	7,494	10.00	719,467	719,467	10.00	7,494	6.57%
Indirect Construction		13.86%	15,938	21.26	1,530,000	1,530,000	21.26	15,938	13.98%
Ineligible Costs		3.56%	4,100	5.47	393,555	393,555	5.47	4,100	3.60%
Developer's Fees	14.58%	11.01%	12,667	16.90	1,216,000	1,216,000	16.90	12,667	11.11%
Interim Financing		4.21%	4,844	6.46	465,025	465,025	6.46	4,844	4.25%
Reserves		2.40%	2,765	3.69	265,434	396,731	5.51	4,133	3.62%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$115,024</b>	<b>\$153.47</b>	<b>\$11,042,262</b>	<b>\$10,944,416</b>	<b>\$152.11</b>	<b>\$114,004</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>57.46%</b>	<b>\$66,090</b>	<b>\$88.18</b>	<b>\$6,344,608</b>	<b>\$6,115,465</b>	<b>\$84.99</b>	<b>\$63,703</b>	<b>55.88%</b>

<b>SOURCES OF FUNDS</b>									
					<b>TDHCA</b>	<b>APPLICANT</b>	<b>RECOMMENDED</b>		
Oak Grove Capital	17.76%	\$20,427	\$27.25		\$1,961,000	\$1,961,000	\$1,961,000		Developer Fee Available
Harris County HA HOME	7.02%	\$8,073	\$10.77		775,000	775,000	775,000		\$1,216,000
Red Stone Equity Partners	74.11%	\$85,241	\$113.73		8,183,174	8,183,174	8,183,174		% of Dev. Fee Deferred
Deferred Developer Fees	0.23%	\$263	\$0.35		25,242	25,242	25,242		2%
Additional (Excess) Funds Req'd	0.89%	\$1,019	\$1.36		97,846	0	0		15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>					<b>\$11,042,262</b>	<b>\$10,944,416</b>	<b>\$10,944,416</b>		<b>\$564,234</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Ventana Pointe, Houston, 9% HTC #09201*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$58.00	\$4,173,550
<b>Adjustments</b>				
Exterior Wall Finish	1.20%		\$0.70	\$50,083
Elderly	3.00%		1.74	125,207
9-Ft. Ceilings	3.00%		1.74	125,207
Roofing			0.00	0
Subfloor			(2.42)	(174,124)
Floor Cover			2.03	145,746
Breezeways/Balconies	\$21.81	6,150	1.86	134,115
Plumbing Fixtures	\$835	144	1.67	120,240
Rough-ins	\$410	192	1.09	78,720
Built-In Appliances	\$1,800	96	2.40	172,800
Exterior Stairs	\$1,875	10	0.26	18,750
Enclosed Corridors	\$51.40	9885	7.06	508,135
Heating/Cooling			1.83	131,672
Elevator	1	53,600	0.74	53,600
Comm &/or Aux Bldgs	\$75.15	2,783	2.91	209,129
Other: fire sprinkler	\$2.15	71,952	2.15	154,697
<b>SUBTOTAL</b>			<b>83.77</b>	<b>6,027,526</b>
Current Cost Multiplier	1.01		0.84	60,275
Local Multiplier	0.91		(7.54)	(542,477)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$77.07</b>	<b>\$5,545,324</b>
Plans, specs, survy, bld prj	3.90%		(\$3.01)	(\$216,268)
Interim Construction Interes	3.38%		(2.60)	(187,155)
Contractor's OH & Profit	11.50%		(8.86)	(637,712)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$62.60</b>	<b>\$4,504,189</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,961,000	Amort	360
Int Rate	8.50%	DCR	1.23

<b>Secondary</b>	\$775,000	Amort	
Int Rate		Subtotal DCR	1.23

<b>Additional</b>	\$8,183,174	Amort	
Int Rate		Aggregate DCR	1.23

**RECOMMENDED FINANCING STRUCTURE APPLICANT'S NO. 1**

Primary Debt Service	\$180,941
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$36,820</b>

<b>Primary</b>	\$1,961,000	Amort	360
Int Rate	8.50%	DCR	1.20

<b>Secondary</b>	\$775,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.20

<b>Additional</b>	\$8,183,174	Amort	0
Int Rate	0.00%	Aggregate DCR	1.20

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NO. 1)**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$665,736	\$679,051	\$692,632	\$706,484	\$720,614	\$795,616	\$878,425	\$969,852	\$1,182,244
Secondary Income	6,528	6,659	6,792	6,928	7,066	7,802	8,614	9,510	11,593
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	672,264	685,709	699,423	713,412	727,680	803,418	887,038	979,362	1,193,836
Vacancy & Collection Loss	(50,436)	(51,428)	(52,457)	(53,506)	(54,576)	(60,256)	(66,528)	(73,452)	(89,538)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$621,828	\$634,281	\$646,967	\$659,906	\$673,104	\$743,161	\$820,510	\$905,910	\$1,104,299
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$28,600	\$29,458	\$30,342	\$31,252	\$32,190	\$37,317	\$43,260	\$50,150	\$67,398
Management	31,091	31,714	32,348	32,995	33,655	37,158	41,025	45,295	55,214
Payroll & Payroll Tax	86,500	89,095	91,768	94,521	97,357	112,863	130,839	151,678	203,843
Repairs & Maintenance	43,200	44,496	45,831	47,206	48,622	56,366	65,344	75,751	101,804
Utilities	19,000	19,570	20,157	20,762	21,385	24,791	28,739	33,317	44,775
Water, Sewer & Trash	19,900	20,497	21,112	21,745	22,398	25,965	30,101	34,895	46,896
Insurance	32,736	33,718	34,730	35,772	36,845	42,713	49,516	57,403	77,145
Property Tax	105,600	108,768	112,031	115,392	118,854	137,784	159,729	185,170	248,853
Reserve for Replacements	24,000	24,720	25,462	26,225	27,012	31,315	36,302	42,084	56,558
Other	13,440	13,843	14,258	14,686	15,127	17,536	20,329	23,567	31,672
TOTAL EXPENSES	\$404,067	\$415,879	\$428,038	\$440,556	\$453,443	\$523,807	\$605,185	\$699,311	\$934,157
NET OPERATING INCOME	\$217,761	\$218,402	\$218,929	\$219,350	\$219,662	\$219,355	\$215,326	\$206,599	\$170,142
<b>DEBT SERVICE</b>									
First Lien Financing	\$180,941	\$180,941	\$180,941	\$180,941	\$180,941	\$180,941	\$180,941	\$180,941	\$180,941
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$36,820	\$37,461	\$37,988	\$38,409	\$38,721	\$38,414	\$34,385	\$25,658	(\$10,799)
DEBT COVERAGE RATIO	1.20	1.21	1.21	1.21	1.21	1.21	1.19	1.14	0.94

**HTC ALLOCATION ANALYSIS -Ventana Pointe, Houston, 9% HTC #09201**

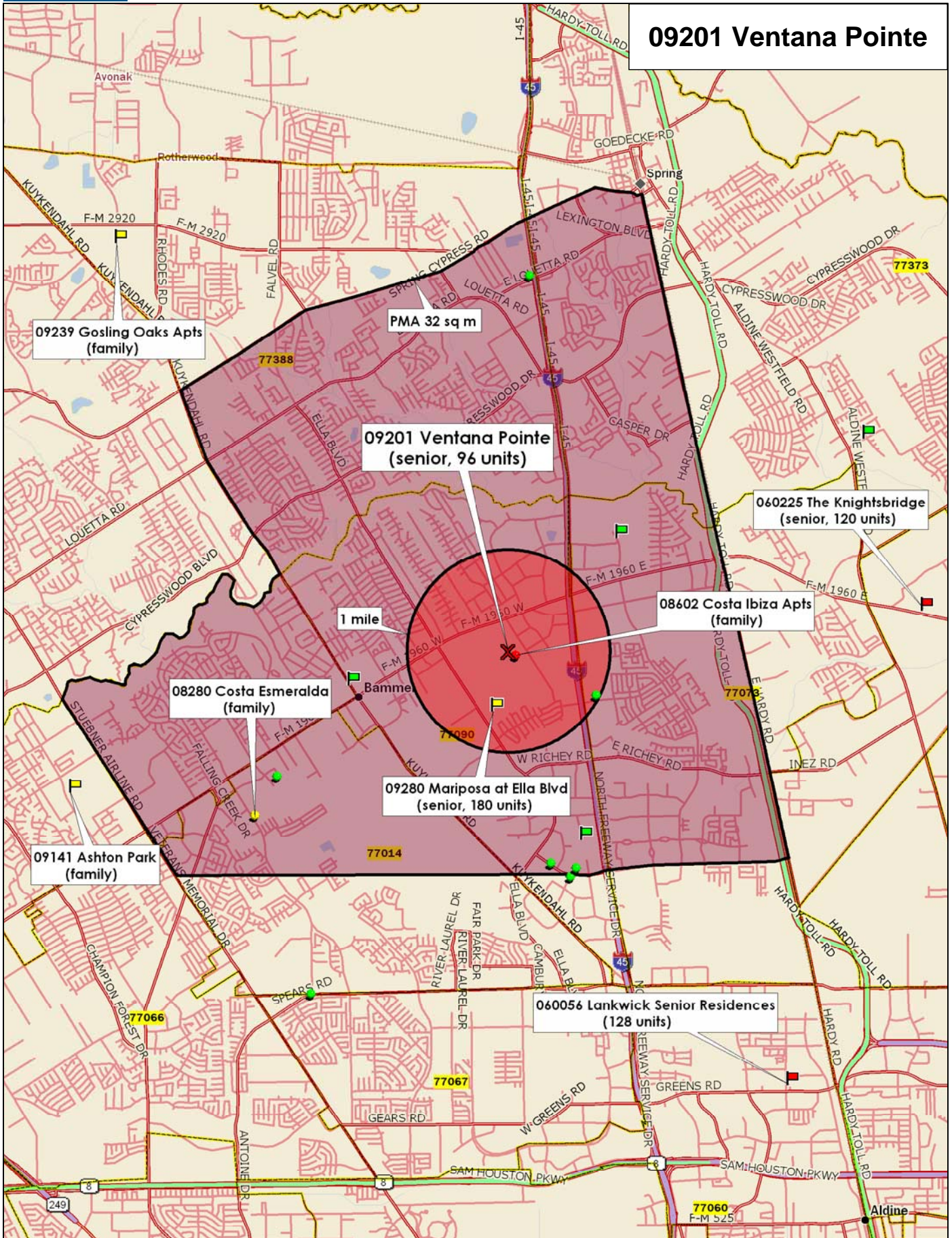
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$827,640	\$827,640		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$864,000	\$864,000	\$864,000	\$864,000
<b>Construction Hard Costs</b>	\$4,275,046	\$4,504,189	\$4,275,046	\$4,504,189
<b>Contractor Fees</b>	\$719,467	\$719,467	\$719,466	\$719,467
<b>Contingencies</b>	\$256,952	\$256,952	\$256,952	\$256,952
<b>Eligible Indirect Fees</b>	\$1,530,000	\$1,530,000	\$1,530,000	\$1,530,000
<b>Eligible Financing Fees</b>	\$465,025	\$465,025	\$465,025	\$465,025
<b>All Ineligible Costs</b>	\$393,555	\$393,555		
<b>Developer Fees</b>				
Developer Fees	\$1,216,000	\$1,216,000	\$1,216,000	\$1,216,000
<b>Development Reserves</b>	\$396,731	\$265,434		
<b>TOTAL DEVELOPMENT COSTS</b>	\$10,944,416	\$11,042,262	\$9,326,489	\$9,555,633

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$9,326,489	\$9,555,633
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$12,124,436	\$12,422,323
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$12,124,436	\$12,422,323
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,091,199	\$1,118,009

<b>Syndication Proceeds</b>	<b>0.7499</b>	<b>\$8,183,176</b>	<b>\$8,384,230</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,091,199</b>	<b>\$1,118,009</b>
<b>Syndication Proceeds</b>		<b>\$8,183,176</b>	<b>\$8,384,230</b>
<b>Requested Tax Credits</b>		<b>\$1,091,199</b>	
<b>Syndication Proceeds</b>		<b>\$8,183,174</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$8,208,416</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,094,565</b>	



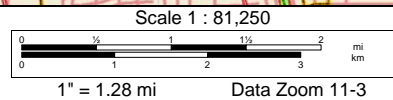
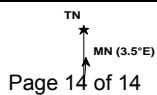
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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Tesoro Hills, TDHCA Number 09202**

BASIC DEVELOPMENT INFORMATION

Site Address: Sweet Maiden Dr. at Tesoro Hills Development #: 09202  
 City: San Antonio Region: 9 Population Served: General  
 County: Bexar Zip Code: 78242 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Tesoro Hills, LP  
 Owner Contact and Phone: Mike Sugrue, (903) 887-4344  
 Developer: StoneLeaf Development, LLC  
 Housing General Contractor: Tesoro Homes & Development, Ltd.  
 Architect: Architettura, Inc.  
 Market Analyst: Mark C. Temple & Associates, LLC  
 Syndicator: NEF Assignment Corp.  
 Supportive Services: Texas Inter-Faith Supportive Services, LLC  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	158	
	8	0	71	79	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	0	0	113	45	0	
Type of Building:						Total Development Units:	158
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input checked="" type="checkbox"/> Detached Residence					Number of Residential Buildings:	158
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	56
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	8

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$2,000,000	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Tesoro Hills, TDHCA Number 09202**

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Uresti, District 19, O

Points: -14 US Representative: Rodriguez, District 23, S

TX Representative: Leibowitz, District 117, O

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

S, Sergio "Chico" Rodriguez, Cty. Commissioner Precinct 1

O, Philip A. Cortez, City Councilman, District 4

**Individuals and Businesses:** In Support: 413 In Opposition: 9

**Quantifiable Community Participation Input:**

Southwest Community Association (SWCA), Carole Abitz

Letter Score: 0 S or O: O

The first indication received about the project was from Solutions Plus, Inc. dated Jan 6, 2009. It was a one paragraph letter supposedly with more details attached, but nothing was attached. The first information with any detail came from a one page attachment to a TDHCA letter dated Jan 19, 2009. Such a short time frame is not adequate for due diligence.

A Feb 23, 2009 meeting was the first opportunity to speak with the two developers (Clay Schlinke and Mike Sugrue). They cited a pressing need to get in TDHCA paperwork on time as the reason for not speaking with the neighborhood sooner even though both are well versed in TDHCA's programs, cycles and time frames.

The 3rd party that would manage the project for the next 15-45 years sent no representative to the meeting.

We understand that if they do not get the 2009 funding they can apply again in 2010. If so, hopefully, they will start coordinating with the affected community far in advance of submitting any paperwork to TDHCA

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 0

Hidden Cove/Indian Creek, O, Joe De La Rosa, COP Coordinator

La Hermosa Christian Church, S, Rev. Joel C. Ybarra, Pastor

**General Summary of Comment:**

Letters of support from elected officials, local community groups, and petition of 411 individuals in support. Letters of opposition were received from elected officials, qualified neighborhood association, and two private citizens. Opposition letters cited an abundance of rental housing in the immediate area, poor neighborhood driving conditions, and increased burden on schools.

CONDITIONS OF COMMITMENT



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Tesoro Hills, TDHCA Number 09202**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **150**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Corban Townhomes, TDHCA Number 09211**

BASIC DEVELOPMENT INFORMATION

Site Address: 1455 Southgate Development #: 09211  
 City: Corpus Christi Region: 10 Population Served: General  
 County: Nueces Zip Code: 78415 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Corban Townhomes, L.P.  
 Owner Contact and Phone: Richard J. Franco, (361) 889-3349  
 Developer: Bluebonnet Gardens  
 Housing General Contractor: Bluebonnet Gardens  
 Architect: AG Associates Architects  
 Market Analyst: VOGT Williams & Bowen, LLC  
 Syndicator: Hudson Housing Capital, LLC  
 Supportive Services: Corpus Christi Housing Authority  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	128	
	7	0	58	63	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	26	58	44	0	0	
Type of Building:						Total Development Units:	128
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$14,750,177
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	22
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input checked="" type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,594,705	\$1,594,705			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Corban Townhomes, TDHCA Number 09211

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Hinojosa, District 20, N Points: 14 US Representative: Ortiz, District 27, NC  
TX Representative: Ortiz, District 33, S Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: S, Henry Garrett, Mayor of The City of Corpus Christi Resolution of Support from Local Government

S, John Marez, Council Member District 2

S, Daniel Gallegos Jr., CD Administrator for the City of Corpus Christi

**Individuals and Businesses:** In Support: 1 In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected officials, ineligible neighborhood association, and from the city of Corpus Christi.

CONDITIONS OF COMMITMENT

- Any funding recommendation will be subject to receipt, review, and acceptance, prior to carryover, of documentation that all Phase I and Phase II ESA recommendations have been implemented, including:
  - An O&M plan for testing and monitoring of the underground storage tanks;
  - An O&M plan for the management of asbestos-containing materials in the existing buildings;
  - Results of sampling for lead in the drinking water in all existing buildings.
  - A statement from the ESA provider indicating whether a noise assessment would be recommended to assess compliance with HUD guidelines.
- Receipt, review and acceptance, by Cost Certification, of documentation from CCHA that the proposed operating subsidy has been approved for the subject development with the amount of the per unit subsidy and term identified.
- Receipt, review, and acceptance by carryover of an executed ground lease with clear lease terms including, but not limited to the annual rent amount.
- Should the terms and amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Corban Townhomes, TDHCA Number 09211**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **2**

Total # Monitored: **1**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **194**  Meeting a Required Set-Aside Credit Amount\*: \$1,594,705

Recommendation: Recommended because without this award included, this sub-region's allocation shortfall would have been a significant portion of their total targeted sub-regional allocation when tax credits are collapsed state-wide.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/13/09 PROGRAM: 9% HTC FILE NUMBER: 09211

**DEVELOPMENT**

Corban Townhomes

Location: 1455 Southgate Region: 10  
 City: Corpus Christi County: Nueces Zip: 78415  OCT  DDA  
 Key Attributes: Family, New Construction, Urban, Townhomes

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,594,705			<b>\$1,594,705</b>		

**CONDITIONS**

- 1 Any funding recommendation will be subject to receipt, review, and acceptance, prior to carryover, of documentation that all Phase I and Phase II ESA recommendations have been implemented, including:
  - An O&M plan for testing and monitoring of the underground storage tanks;
  - An O&M plan for the management of asbestos-containing materials in the existing buildings;
  - Results of sampling for lead in the drinking water in all existing buildings.
  - A statement from the ESA provider indicating whether a noise assessment would be recommended to assess compliance with HUD guidelines.
- 2 Receipt, review and acceptance, by Cost Certification, of documentation from CCHA that the proposed operating subsidy has been approved for the subject development with the amount of the per unit subsidy and term identified.
- 3 Receipt, review, and acceptance by carryover of an executed ground lease with clear lease terms including, but not limited to the annual rent amount.
- 4 Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	7
50% of AMI	50% of AMI	58
60% of AMI	60% of AMI	63

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**STRENGTHS/MITIGATING FACTORS**

- Low capture rates on 30% AMI and 50% AMI units with an overall capture rate of 12%.
- USDA operating subsidy on 65 PHA units (50% of total units).
- Two-story townhomes units should compete well in the sub-market for the non-PHA units.
- Principals of Applicant have LIHTC development experience.

**WEAKNESSES/RISKS**

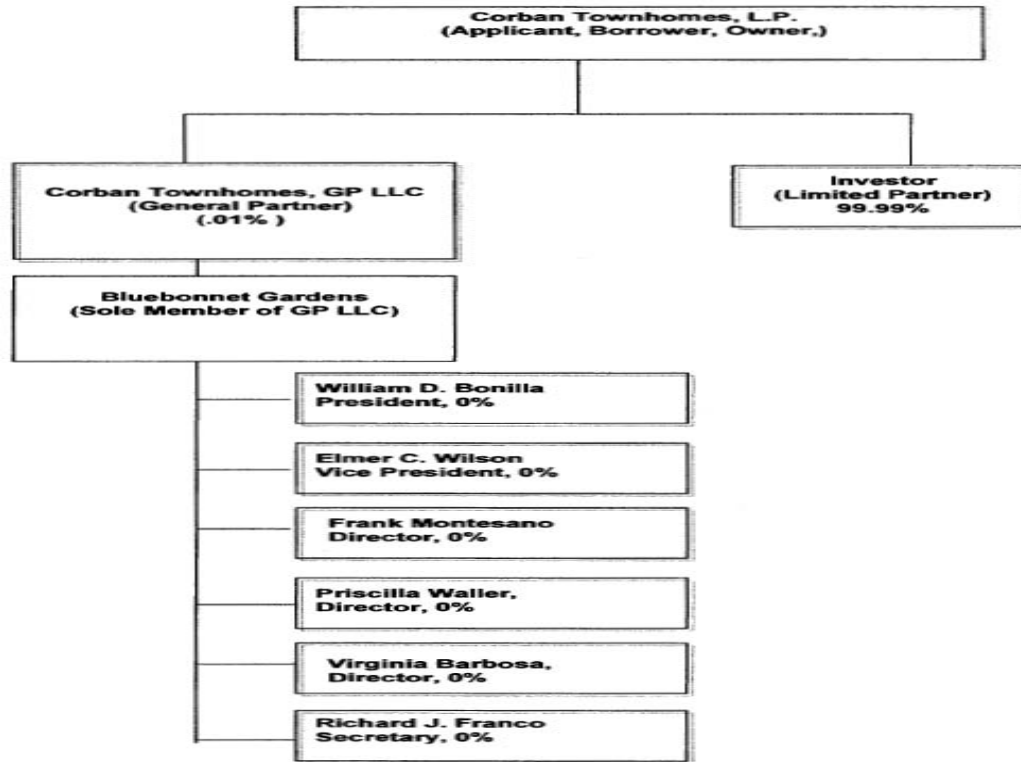
- Site plan contains more than average SF of driveway and non-traditional building placement. This is likely caused by the development being a phase of a larger redevelopment project.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Richard J. Franco Phone: (361) 889-3349 Fax: (361) 889-3326  
 Email: [richard\\_franco@hacc.org](mailto:richard_franco@hacc.org)

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KEY PARTICIPANTS

Name	Financial Notes	# Completed Developments
Bluebonnet Gardens	N/A	2
Housing Authority of the City of Corpus Christi	N/A	2

<sup>1</sup> Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	1	2	3	4	5						Total Buildings
Floors/Stories	2	2	2	2	2						
Number	2	7	7	3	3						<b>22</b>

BR/BA	SF	Units									Total Units	Total SF
1/1	750		2		2	2					26	19,500
2/1.5	950	5	4	2		2					58	55,100
3/2	1,100	2		4	2	2					44	48,400
Units per Building		7	6	6	4	6					<b>128</b>	<b>123,000</b>

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**SITE ISSUES**

Total Size: 11.94 acres Scattered site?  Yes  No  
 Flood Zone: X Within 100-yr floodplain?  Yes  No  
 Zoning: A-1 Needs to be re-zoned?  Yes  No  N/A  
 Comments:  
 The A-1 zoning permits single-family, duplex, multi-family, and apartment uses.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff Date: 4/3/2009  
 Overall Assessment:  
 Excellent  Acceptable  Questionable  Poor  Unacceptable  
 Surrounding Uses:  
 North: Multifamily and single-family beyond East: Multifamily and single-family beyond  
 South: Multifamily and commercial beyond West: South Port Ave. and commercial beyond

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Envirotest Date: 2/20/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "The presence of the underground storage tank on the Subject Property constitutes a recognized environmental condition to the Subject Property at this time. Although the Subject Property has had no violations or reports of leakage of the underground storage tank, potential exists for the release of contaminants to the environment. Envirotest recommends a Limited Phase II Subsurface Investigation to determine if any leakage of the underground storage tanks has taken place and contaminated the soil and/or groundwater." (p. viii) As a result of this finding, the ESA provider proceeded to perform a Limited Phase II Subsurface Investigation.
- "The Limited Phase II did not detect any Chemicals Of Concern in soil at the Subject Property. The Limited Phase II did not detect BTEX or TPH constituents in groundwater; however, the Limited Phase II detected MTBE in groundwater at concentrations below applicable regulatory limits. MTBE is generally considered an indicator that a petroleum release has occurred in the vicinity of the detection; additionally, MTBE often migrates more rapidly in groundwater than BTEX and TPH constituents. Envirotest therefore recommends (i) tightness testing of all UST components, and (ii) careful monitoring of UST usage and refilling volumes, in addition to all applicable UST-system monitoring requirements established by regulating authorities at all organizational levels (i.e. local and state). If tank-pit monitoring wells were not installed during installation of the UST and UST system, installation of tank-pit monitoring wells would provide additional release monitoring capabilities. Other than the aforementioned testing and verification activities, no additional soil or groundwater investigation is recommended at this time." (Phase II Report)
- "The site inspection identified various materials in the building suspected of containing asbestos including, but not necessarily limited to, floor tile/mastic, ceiling tiles, plaster, pipe insulation, and roofing materials. These materials were observed to be in overall good condition with an overall low potential for asbestos fiber release. Therefore, the materials do not present any immediate environmental concerns. However, if future renovation requires the removal or disturbance of these materials, they should be inspected by a Texas-licensed asbestos inspector then properly abated and disposed of in accordance with all applicable regulatory guidelines." (p. viii)
- "Based on the construction date, lead in drinking water may be present at the Subject Property in the Corpus Christi Housing Authority Maintenance Building and Head Start Child Center. Lead in drinking water cannot be verified or denied without conducting proper sampling procedures. Further investigation including sampling of the drinking water would be required for confirmation purposes." (p. 47)

Comments:

Any funding recommendation will be subject to receipt, review, and acceptance, prior to carryover, of

- An O&M plan for testing and monitoring of the underground storage tanks;
- An O&M plan for the management of asbestos-containing materials in the existing buildings;
- documentation of sampling for lead in the drinking water in all existing buildings, and any subsequent recommendations.
  
- A statement from the ESA provider indicating whether a noise assessment would be recommended to assess compliance with HUD guidelines.

**MARKET HIGHLIGHTS**

Provider: Vogt, Williams, Bowen Research Date: 3/20/2009

Contact: Robert Vogt Phone: (614) 225-9500 Fax: N / A

Number of Revisions: none Date of Last Applicant Revision: none

Primary Market Area (PAM): 23 sq. miles 3 mile equivalent radius

"The Corpus Christi Site PMA includes the northern and western portions of Corpus Christi. The boundaries of the Site PMA are the railroad tracks south of Tule Lake Channel, Nueces Bay Boulevard, and Interstate 37 to the north; Ocean Drive, Doddridge Street, and Everhart Road to the east; State Route 358 (North Padre Island Drive) to the south; and State Route 358 (South Padre Island Drive) to the west." (p. IV-9)

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Navigation Pointe	05127	124	124	none			

INCOME LIMITS						
Nueces						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$10,550	\$12,050	\$13,550	\$15,050	\$16,250	\$17,450
40	\$14,040	\$16,080	\$18,080	\$20,080	\$21,680	\$23,280
50	\$17,550	\$20,100	\$22,600	\$25,100	\$27,100	\$29,100
60	\$21,060	\$24,120	\$27,120	\$30,120	\$32,520	\$34,920

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30% PHU	2,664	-7	0	2,657	2	0	0%
1 BR/50% PHU	4,366	-11	0	4,355	13	0	0%
1 BR/60%	748	-2	0	746	11	0	1%
2 BR/30% PHU	2,982	-8	0	2,974	3	0	0%
2 BR/50% PHU	4,786	-13	0	4,773	25	0	1%
2 BR/60%	424	-1	0	423	30	0	7%
3 BR/30% PHU	3,558	-9	0	3,549	2	0	0%
3 BR/50% PHU	5,464	-14	0	5,450	20	0	0%
3 BR/60%	768	-2	0	766	22	0	3%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	706	10	0	716	2	6	1%
1 BR/50%	1,036	19	0	1,055	13	0	1%
1 BR/60%	77	2	0	79	11	38	62%
2 BR/30%	432	-9	0	423	3	4	2%
2 BR/50%	726	-14	0	712	25	0	4%
2 BR/60%	106	-1	0	106	30	40	66%
3 BR/30%	328	-10	0	318	2	3	2%
3 BR/50%	593	-14	0	578	20	0	3%
3 BR/60%	98	0	0	98	22	33	56%

OVERALL DEMAND						
		Target Households	Household Size	Income Eligible	Tenure	Demand
PMA DEMAND from TURNOVER				turnover		
Market Analyst PH Units					8,381	65% 5,464
Market Analyst non-PHU					3,040	65% 1,982
Underwriter					6,103	35% 2,161
PMA DEMAND from GROWTH				growth		
Market Analyst PH Units						-14
Market Analyst non-PHU						-5
Underwriter						6

INCLUSIVE CAPTURE RATE							
		Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst PH Units		65	0	0	65	5,450	<b>1%</b>
Market Analyst non-PHU		63	0	0	63	1,977	<b>3%</b>
Underwriter		128	124	0	252	2,166	<b>12%</b>

Proposed, Under Construction, and Unstabilized Comparable Supply:

The market study identifies three family projects in the PMA that would be competitive with the subject, reporting that all three are 100% occupied. However, Department data indicates that Navigation Pointe (# 05127) was only 83% occupied as of March 31, 2008, less than a year before the current application period. REA rules define a property as stabilized only if it has maintained greater than 90% occupancy for at least twelve months; therefore, the underwriting analysis will include the 124 units at Navigation Pointe when calculating an inclusive capture rate.

Demand Analysis:

The market study presents separate demand calculations for the public housing units and the non-assisted units at the subject. The separate calculations are consistent with Department methodology, but cannot be combined because there is significant overlap of eligible households. The market study also applies a 65% turnover rate sourced from IREM; REA rules require that turnover rates be referenced from either Department data of the U.S. census. The underwriting analysis calculates overall demand for the development as a whole, and applies the TDHCA turnover rate for family developments in Nueces County.

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In calculating demand for the public housing units, the market study identifies demand for 5,464 units due to turnover, and a reduction in demand by 14 units resulting from a projected decrease in eligible households. This indicates a capture rate of 1% for the 65 public housing units. For the 63 non-assisted units, the market study identifies demand for 1,982 units due to turnover and a reduction of 5 units from the decrease in eligible households, resulting in a capture rate of 3%.

The underwriting analysis calculates demand for 2,161 units based on a 35% turnover rate, and demand for 6 units from household growth. This total demand for 2,166 units, and a total supply of 252 units (128 at the subject and 124 at Navigation Pointe) indicates an inclusive capture rate of 12%. This is well below the maximum capture rate of 25% for urban developments targeting families.

**Primary Market Occupancy Rates:**

"Within the Corpus Christi PMA, we identified and personally surveyed 35 conventional apartment properties totaling 4,614 units ... the market-rate units were 95.8% occupied and the non-subsidized Tax Credit units are 100.0% occupied. The high occupancy rate among Tax Credit product is an indication of demand for additional affordable housing units within the Corpus Christi Site PMA." (p. II-2)

**Absorption Projections:**

"Given the extensive waiting list for affordable housing managed by the Corpus Christi Housing Authority, we expect the 65 subsidized units to be leased within one to two months of opening. We expect the remaining 63 unsubsidized Tax Credit units to reach a stabilized occupancy rate of 95.0% (a 5.0% vacancy factor) within six months of opening. This absorption rate is based on an average monthly absorption of 10 to 12 units per month." (p. II-3)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
1 BR 750 SF 30%/PH	\$518	\$158	\$625	\$518	\$107		
1 BR 750 SF 50%/PH	\$518	\$346	\$625	\$518	\$107		
1 BR 750 SF 60%	\$418	\$440	\$625	\$440	\$185		
2 BR 950 SF 30%/PH	\$613	\$155	\$710	\$613	\$97		
2 BR 950 SF 50%/PH	\$613	\$382	\$710	\$613	\$97		
2 BR 950 SF 60%	\$468	\$495	\$710	\$495	\$215		
3 BR 1,100 SF 30%/PH	\$887	\$185	\$840	\$887	(\$47)		
3 BR 1,100 SF 50%/PH	\$887	\$446	\$840	\$887	(\$47)		
3 BR 1,100 SF 60%	\$546	\$577	\$840	\$577	\$263		

**Market Impact:**

"The proposed development will be competitive with the existing LIHTC projects in the market based on unit size (square feet) and the number of baths offered. The lack of a second bathroom in the proposed two-bedroom units will put these units at a competitive disadvantage with some of the comparable properties. However, we believe this will be offset by the lower rents at the subject project and its comprehensive amenity package." (p. V-8)

**Comments:**

The market study provides sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income: \_\_\_\_\_ Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's projected rents collected per unit for the non-PHA tax credit units were calculated by subtracting tenant-paid utility allowances as of 12/1/2008, maintained by Corpus Christi Housing Authority, from the 2008 program gross rent limits. Tenants will be required to pay electric, water, and sewer bills. At the time of application the 2009 rent limits had not been released and thus the Applicant used estimated 2008 rent limits in setting rents. Based on the Applicant's intention to charge maximum program rents, the Underwriter used the 2009 maximum rents for the non-PHA units in this analysis.

The Applicant has submitted a proposal for an operating subsidy commitment from the Corpus Christ Housing Authority (CCHA) for sixty-five units that have been set aside as public housing assisted units. Therefore, the Underwriter utilized the PHA "Rent Collected" at the projected maximum subsidy for the PHA designated units. Any funding recommendation will be conditioned upon receipt, review and acceptance, by Cost Certification, of documentation from CCHA that the proposed operating subsidy has been approved for the subject development.

The Applicant's estimate of secondary income and vacancy and collection loss are within the Department's guidelines. Overall the Applicant's effective gross income is within 5% of the Underwriter's estimate.

Expense:    Number of Revisions:    None    Date of Last Applicant Revision:    N/A

The Applicant's total annual operating expense projection of \$3,393 per unit is within 2% of the Underwriter's estimate of \$3,468 derived from the TDHCA database and third party data sources. However, the Applicant's estimates of several line items differ significantly from the Underwriter's, specifically, repairs & maintenance (\$19.9K higher) and utilities (\$16.2K lower).

The sole owner of the GP and the land owner is the Corpus Christi Housing Authority making the Applicant property tax exempt.

**Conclusion:**

The Applicant's income, operating expenses and net operating income are all within 5% of the Underwriter's estimates; therefore, the Applicant's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio of 1.25, which is within the Department's DCR guideline of 1.15 to 1.35.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio within acceptable Department's guidelines. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	11.9 acres	<u>\$0</u>	Tax Year:	<u>2008</u>
Existing Buildings:		<u>\$0</u>	Valuation by:	<u>Nueces CAD</u>
Total Assessed Value:		<u>\$0</u>	Tax Rate:	<u>2.482138</u>

**Comments:**

This property is exempt from ad valorem property tax and shall remain under exempt status provided CC Housing Authority and subsidiaries continues to meet tax code requirements.

**EVIDENCE of PROPERTY CONTROL**

Type:    Exclusive Option Agreement    Acreage:    11.94  
 Contract Expiration:    12/31/2009    Valid Through Board Date?     Yes     No

**Comments:**

A executed ground lease with clear lease terms including, but not limited to the annual rent amount by carryover between the Housing Authority of the City of Corpus Christi and Bluebonnet Gardens is a condition of this report.

## CONSTRUCTION COST ESTIMATE EVALUATION

*COST SCHEDULE* Number of Revisions: One Date of Last Applicant Revision: 6/10/2009

### Acquisition Value:

There is no site cost represented since the Corpus Christi Housing Authority already owns the 11.94 acres. CCAH will lease the land to the Applicant under a long-term lease.

### Sitework Cost:

The Applicant's proposed site work cost of \$8,996 per unit is within the Department's guidelines. Therefore further third party substantiation is not required.

### Direct Construction Cost:

The Applicant's direct construction cost estimate is \$508K or 7.1% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate. The product type is two-story townhome units and costed appropriately.

### Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

### Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$13,629,956 supports annual tax credits of \$1,594,705. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

## FINANCING STRUCTURE

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: Capital One Type: Interim Financing

Principal: \$8,500,000 Interest Rate: 5.5%  Fixed Term: 24 months

### Comments:

The banks lending rate will re-price monthly with a floor rate of 5.0%

Source: Capital One Type: Permanent Financing

Principal: \$3,750,000 Interest Rate: 8.0%  Fixed Amort: 360 months

### Comments:

Interest shall accrue at a fixed rate determined by a 24-month forward rate lock at or before closing of the loan. A rate of 8.0% was used for underwriting purposes.

Source: Hudson Housing Capital Type: Syndication

Proceeds: \$10,683,453 Syndication Rate: 67% Anticipated HTC: \$ 1,594,705

### Comments:

The committed credit price appears to be consistent with recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that the credit price can decline to \$0.59. At this point, the financial viability of the transaction may be jeopardized. The equity commitment did not specify an expiration date.

Amount: \$316,721 Type: Deferred Developer Fees

## CONCLUSIONS

### Recommended Financing Structure:

The Applicant's total development cost estimate less the permanent loan of \$3,750,000 indicates the need for \$11,000,177 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,641,982 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,594,705), the gap-driven amount (\$1,641,982), and eligible basis-derived estimate (\$1,594,705), the Applicant's request of \$1,594,705 is recommended resulting in proceeds of \$10,683,453 based on a syndication rate of 67%.

The Underwriter's recommended financing structure indicates the need for \$316,721 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within four years of stabilized operation.

Underwriter:	_____	Date:	_____
	<i>Carl Hoover</i>		July 13, 2009
Manager of Real Estate Analysis:	_____	Date:	_____
	<i>Raquel Morales</i>		July 13, 2009
Director of Real Estate Analysis:	_____	Date:	_____
	<i>Brent Stewart</i>		July 13, 2009

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Corban Townhomes, Corpus Christi, 9% HTC #09211**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash Only
TC 30%/PH	2	1	1.5	750	\$282	\$518	\$1,036	\$0.69	\$124.00	\$16.00
TC 50%/PH	13	1	1.5	750	\$470	\$518	\$6,734	\$0.69	\$124.00	\$16.00
TC 60%	11	1	1.5	750	\$564	\$440	\$4,840	\$0.59	\$124.00	\$16.00
TC 30%/PH	3	2	1.5	950	\$338	\$613	\$1,839	\$0.65	\$183.00	\$16.00
TC 50%/PH	25	2	1.5	950	\$565	\$613	\$15,325	\$0.65	\$183.00	\$16.00
TC 60%	30	2	1.5	950	\$678	\$495	\$14,850	\$0.52	\$183.00	\$16.00
TC 30%/PH	2	3	2	1,100	\$391	\$887	\$1,774	\$0.81	\$206.00	\$16.00
TC 50%/PH	20	3	2	1,100	\$652	\$887	\$17,740	\$0.81	\$206.00	\$16.00
TC 60%	22	3	2	1,100	\$783	\$577	\$12,694	\$0.52	\$206.00	\$16.00
<b>TOTAL:</b>	<b>128</b>		<b>AVERAGE:</b>	<b>961</b>		<b>\$600</b>	<b>\$76,832</b>	<b>\$0.62</b>	<b>\$178.92</b>	<b>\$16.00</b>

<b>INCOME</b>		Total Net Rentable Sq Ft:	123,000	<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>				\$921,984	\$901,176	Nueces	Corpus Christ	10
Secondary Income	Per Unit Per Month:	\$10.00		15,360	15,360	\$10.00	Per Unit Per Month	
Other Support Income:				0		\$0.00	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>				\$937,344	\$916,536			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(70,301)	(68,736)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0				
<b>EFFECTIVE GROSS INCOME</b>				\$867,043	\$847,800			

<b>EXPENSES</b>	<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>	<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>
General & Administrative	4.60%	\$312	0.32	\$39,914	\$37,720	\$0.31	\$295	4.45%
Management	5.00%	339	0.35	43,352	42,390	0.34	331	5.00%
Payroll & Payroll Tax	15.37%	1,041	1.08	133,248	128,563	1.05	1,004	15.16%
Repairs & Maintenance	4.79%	325	0.34	41,550	61,408	0.50	480	7.24%
Utilities	4.98%	338	0.35	43,202	27,000	0.22	211	3.18%
Water, Sewer, & Trash	5.03%	341	0.35	43,602	31,200	0.25	244	3.68%
Property Insurance	4.73%	320	0.33	41,006	48,000	0.39	375	5.66%
Property Tax	2.482138	0	0.00	0	10	0.00	0	0.00%
Reserve for Replacements	3.69%	250	0.26	32,000	32,000	0.26	250	3.77%
TDHCA Compliance Fees	0.59%	40	0.04	5,120	5,120	0.04	40	0.60%
Other: Supp. Serv, Security	2.41%	164	0.17	20,935	20,935	0.17	164	2.47%
<b>TOTAL EXPENSES</b>	<b>51.20%</b>	<b>\$3,468</b>	<b>\$3.61</b>	<b>\$443,930</b>	<b>\$434,346</b>	<b>\$3.53</b>	<b>\$3,393</b>	<b>51.23%</b>
<b>NET OPERATING INC</b>	<b>48.80%</b>	<b>\$3,306</b>	<b>\$3.44</b>	<b>\$423,113</b>	<b>\$413,454</b>	<b>\$3.36</b>	<b>\$3,230</b>	<b>48.77%</b>

<b>DEBT SERVICE</b>		<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>	<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>
Capital One	38.08%	\$2,580	\$2.68	38.95%	\$330,194	\$330,194	\$2.68	\$2,580	38.95%
Additional Financing	0.00%	\$0	\$0.00	0.00%	0	0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0.00%	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>10.72%</b>	<b>\$726</b>	<b>\$0.76</b>	<b>9.82%</b>	<b>\$92,919</b>	<b>\$83,260</b>	<b>\$0.68</b>	<b>\$650</b>	<b>9.82%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>					1.28	1.25			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>						1.25			

<b>CONSTRUCTION COST</b>		<b>% of TOTAL</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>	<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>
Acquisition Cost (site or bldg)	Factor	0.00%	\$0	\$0.00	\$0	\$0	\$0.00	\$0	0.00%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.19%	8,996	9.36	1,151,475	1,151,475	9.36	8,996	7.81%
Direct Construction		50.69%	55,660	57.92	7,124,507	7,632,900	62.06	59,632	51.75%
Contingency	5.00%	2.94%	3,233	3.36	413,799	439,219	3.57	3,431	2.98%
Contractor's Fees	14.00%	8.24%	9,052	9.42	1,158,637	1,229,814	10.00	9,608	8.34%
Indirect Construction		5.04%	5,538	5.76	708,800	708,800	5.76	5,538	4.81%
Ineligible Costs		2.81%	3,084	3.21	394,757	394,757	3.21	3,084	2.68%
Developer's Fees	15.00%	12.00%	13,180	13.72	1,687,072	1,777,821	14.45	13,889	12.05%
Interim Financing		4.91%	5,390	5.61	689,929	689,929	5.61	5,390	4.68%
Reserves		5.16%	5,668	5.90	725,462	725,462	5.90	5,668	4.92%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$109,800</b>	<b>\$114.26</b>	<b>\$14,054,439</b>	<b>\$14,750,177</b>	<b>\$119.92</b>	<b>\$115,236</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>70.07%</b>	<b>\$76,941</b>	<b>\$80.07</b>	<b>\$9,848,419</b>	<b>\$10,453,408</b>	<b>\$84.99</b>	<b>\$81,667</b>	<b>70.87%</b>

<b>SOURCES OF FUNDS</b>		<b>%</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>	<b>TDHCA</b>	<b>APPLICANT</b>	<b>RECOMMENDED</b>	<b>Notes</b>
Capital One	26.68%	\$29,297	\$30.49	\$3,750,000	\$3,750,000	\$3,750,000	Developer Fee Available	
Additional Financing	0.00%	\$0	\$0.00	0	0	0	\$1,777,820	
HTC Syndication Proceeds	76.01%	\$83,464	\$86.86	10,683,453	10,683,453	10,683,453	% of Dev. Fee Deferred	
Deferred Developer Fees	2.25%	\$2,474	\$2.57	316,721	316,721	316,724	18%	
Additional (Excess) Funds Req'd	-4.95%	(\$5,435)	(\$5.66)	(695,735)	3	0	15-Yr Cumulative Cash Flow	
<b>TOTAL SOURCES</b>				<b>\$14,054,439</b>	<b>\$14,750,177</b>	<b>\$14,750,177</b>	<b>\$1,664,353</b>	



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Corban Townhomes, Corpus Christi, 9% HTC #09211*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Townhome Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$62.86	\$7,732,249
<b>Adjustments</b>				
Exterior Wall Finish	2.10%		\$1.32	\$162,377
Elderly			0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			0.00	0
Floor Cover			3.16	388,680
Breezeways/Balconies	\$22.31	10,688	1.94	238,444
Plumbing Fixtures	\$1,000	44	0.36	44,000
Rough-ins	\$435	128	0.45	55,680
Built-In Appliances	\$2,500	128	2.60	320,000
Exterior Stairs	\$1,875		0.00	0
Hurricane (Wind) Adj.	\$1.46	128,800	1.53	188,048
Heating/Cooling			1.83	225,090
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	\$70.13	5,800	3.31	406,725
Other: fire sprinkler	\$3.40	128,800	3.56	437,920
<b>SUBTOTAL</b>			<b>82.92</b>	<b>10,199,213</b>
Current Cost Multiplier	1.01		0.83	101,992
Local Multiplier	0.85		(12.44)	(1,529,882)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$71.31</b>	<b>\$8,771,323</b>
Plans, specs, survy, bld prnt	3.90%		(\$2.78)	(\$342,082)
Interim Construction Interest	3.38%		(2.41)	(296,032)
Contractor's OH & Profit	11.50%		(8.20)	(1,008,702)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$57.92</b>	<b>\$7,124,507</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$3,750,000	Amort	360
Int Rate	8.00%	DCR	1.28

<b>Secondary</b>	\$0	Amort	
Int Rate		Subtotal DCR	1.28

<b>Additional</b>	\$10,683,453	Amort	
Int Rate		Aggregate DCR	1.28

**RECOMMENDED FINANCING STRUCTURE**

**APPLICANT'S NOI:**

Primary Debt Service	\$330,194
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$83,260</b>

<b>Primary</b>	\$3,750,000	Amort	360
Int Rate	8.00%	DCR	1.25

<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.25

<b>Additional</b>	\$10,683,453	Amort	0
Int Rate	0.00%	Aggregate DCR	1.25

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$901,176	\$919,200	\$937,584	\$956,335	\$975,462	\$1,076,989	\$1,189,083	\$1,312,843	\$1,600,349
Secondary Income	15,360	15,667	15,981	16,300	16,626	18,357	20,267	22,377	27,277
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	916,536	934,867	953,564	972,635	992,088	1,095,345	1,209,350	1,335,220	1,627,626
Vacancy & Collection Loss	(68,736)	(70,115)	(71,517)	(72,948)	(74,407)	(82,151)	(90,701)	(100,141)	(122,072)
Employee or Other Non-Renta	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$847,800</b>	<b>\$864,752</b>	<b>\$882,047</b>	<b>\$899,688</b>	<b>\$917,681</b>	<b>\$1,013,194</b>	<b>\$1,118,649</b>	<b>\$1,235,078</b>	<b>\$1,505,554</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$37,720	\$38,852	\$40,017	\$41,218	\$42,454	\$49,216	\$57,055	\$66,142	\$88,890
Management	42,390	43,238	44,102	44,984	45,884	50,660	55,932	61,754	75,278
Payroll & Payroll Tax	128,563	132,420	136,392	140,484	144,699	167,746	194,463	225,436	302,967
Repairs & Maintenance	61,408	63,250	65,148	67,102	69,115	80,124	92,885	107,679	144,712
Utilities	27,000	27,810	28,644	29,504	30,389	35,229	40,840	47,345	63,627
Water, Sewer & Trash	31,200	32,136	33,100	34,093	35,116	40,709	47,193	54,709	73,525
Insurance	48,000	49,440	50,923	52,451	54,024	62,629	72,604	84,168	113,115
Property Tax	10	10	11	11	11	13	15	18	24
Reserve for Replacements	32,000	32,960	33,949	34,967	36,016	41,753	48,403	56,112	75,410
Other	26,055	26,837	27,642	28,471	29,325	33,996	39,411	45,688	61,400
<b>TOTAL EXPENSES</b>	<b>\$434,346</b>	<b>\$446,952</b>	<b>\$459,928</b>	<b>\$473,285</b>	<b>\$487,034</b>	<b>\$562,073</b>	<b>\$648,801</b>	<b>\$749,051</b>	<b>\$998,948</b>
<b>NET OPERATING INCOME</b>	<b>\$413,454</b>	<b>\$417,799</b>	<b>\$422,118</b>	<b>\$426,402</b>	<b>\$430,647</b>	<b>\$451,121</b>	<b>\$469,848</b>	<b>\$486,027</b>	<b>\$506,606</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$330,194	\$330,194	\$330,194	\$330,194	\$330,194	\$330,194	\$330,194	\$330,194	\$330,194
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$83,260</b>	<b>\$87,605</b>	<b>\$91,924</b>	<b>\$96,208</b>	<b>\$100,453</b>	<b>\$120,927</b>	<b>\$139,653</b>	<b>\$155,833</b>	<b>\$176,412</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.25</b>	<b>1.27</b>	<b>1.28</b>	<b>1.29</b>	<b>1.30</b>	<b>1.37</b>	<b>1.42</b>	<b>1.47</b>	<b>1.53</b>

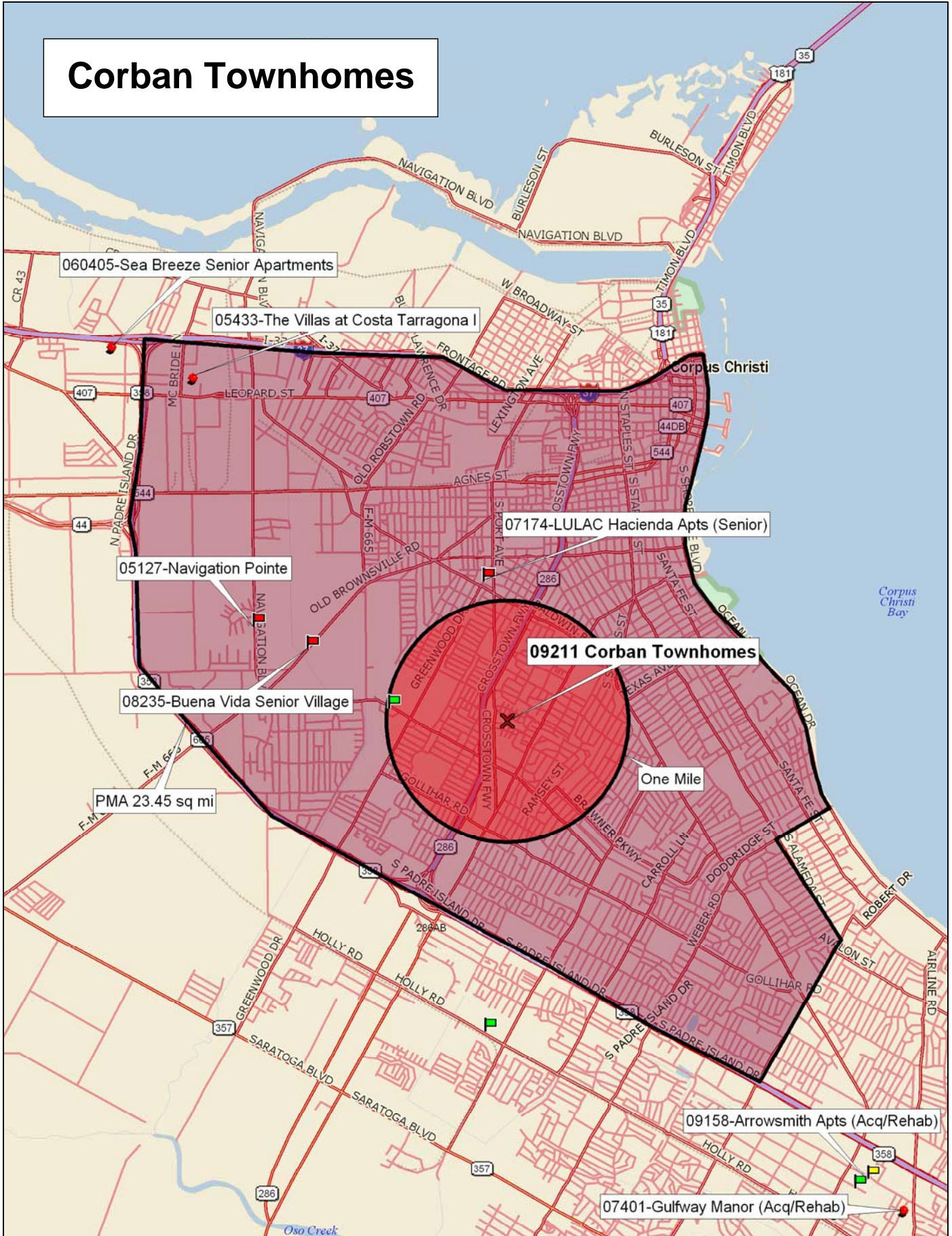
**HTC ALLOCATION ANALYSIS -Corban Townhomes, Corpus Christi, 9% HTC #09211**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land				
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,151,475	\$1,151,475	\$1,151,475	\$1,151,475
<b>Construction Hard Costs</b>	\$7,632,900	\$7,124,507	\$7,632,900	\$7,124,507
<b>Contractor Fees</b>	\$1,229,814	\$1,158,637	\$1,229,813	\$1,158,637
<b>Contingencies</b>	\$439,219	\$413,799	\$439,219	\$413,799
<b>Eligible Indirect Fees</b>	\$708,800	\$708,800	\$708,800	\$708,800
<b>Eligible Financing Fees</b>	\$689,929	\$689,929	\$689,929	\$689,929
<b>All Ineligible Costs</b>	\$394,757	\$394,757		
<b>Developer Fees</b>			\$1,777,820	
Developer Fees	\$1,777,821	\$1,687,072		\$1,687,072
<b>Development Reserves</b>	\$725,462	\$725,462		
<b>TOTAL DEVELOPMENT COSTS</b>	\$14,750,177	\$14,054,439	\$13,629,956	\$12,934,220

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$13,629,956	\$12,934,220
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$17,718,942	\$16,814,486
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$17,718,942	\$16,814,486
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,594,705	\$1,513,304

<b>Syndication Proceeds</b>	<b>0.6699</b>	<b>\$10,683,452</b>	<b>\$10,138,119</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,594,705</b>	<b>\$1,513,304</b>
<b>Syndication Proceeds</b>		<b>\$10,683,452</b>	<b>\$10,138,119</b>
<b>Requested Tax Credits</b>		<b>\$1,594,705</b>	
<b>Syndication Proceeds</b>		<b>\$10,683,453</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$11,000,177</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,641,982</b>	

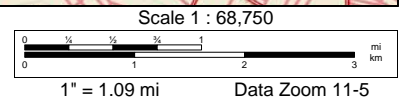
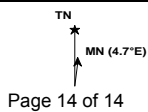
# Corban Townhomes



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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Kleberg Commons, TDHCA Number 09223**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 12700 Kleberg Rd. Development #: 09223  
 City: Dallas Region: 3 Population Served: Elderly  
 County: Dallas Zip Code: 75253 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: Kleberg Leased Housing, LP  
 Owner Contact and Phone: Rodney Holloman, (214) 979-0555  
 Developer: Wildwood Development Company I, Ltd  
 Housing General Contractor: Independent American Const.  
 Architect: Ikemire Architects  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: RBC Capital Markets  
 Supportive Services: N/A  
 Consultant: State Street Housing Advisors, LP

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	200
	30	0	70	100	Market Rate Units:	0
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	140	60	0	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building	Total Development Units:	200
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input checked="" type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	50
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$2,000,000	\$2,000,000			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Kleberg Commons, TDHCA Number 09223**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Deuell, District 2, S

Points: 14 US Representative: Johnson, District 30, NC

TX Representative: Mallory Caraway, District 110, NC Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0 In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected officials and resolution of support from the city of Dallas.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Kleberg Commons, TDHCA Number 09223**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **193**  Meeting a Required Set-Aside Credit Amount\*: \$2,000,000

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Hacienda Del Sol, TDHCA Number 09225**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 9200 Mountain Cabin Rd. Development #: 09225  
 City: Dallas Region: 3 Population Served: General  
 County: Dallas Zip Code: 75217 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: GS 360 Housing, LP  
 Owner Contact and Phone: Jeffrey S. Spicer, (214) 346-0707  
 Developer: State Street Housing Development, LP  
 Housing General Contractor: GS Housing Construction, LP  
 Architect: Ikemire Architects  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: RBC Capital Markets  
 Supportive Services: Housing Services Incorporated  
 Consultant: N/A

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	55	
	9	0	19	27	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	0	0	45	10	0	
Type of Building:						Total Development Units:	55
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$10,517,399
<input type="checkbox"/> Triplex	<input checked="" type="checkbox"/> Detached Residence					Number of Residential Buildings:	55
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,067,103	\$1,067,103			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Hacienda Del Sol, TDHCA Number 09225

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Deuell, District 2, S Points: 14 US Representative: Johnson, District 30, NC  
TX Representative: Mallory Caraway, District 110, NC Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 1 In Opposition: 2

**Quantifiable Community Participation Input:**

Hacienda Del sol I & II HOA, Inc., Derek Ryan Letter Score: 24 S or O: S

We have met with the developer and believe the quality development they propose will be a benefit to our neighborhood and our city. This much needed new housing in the convenient location they propose will help us continue along a path of responsible neighborhood growth.

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official and resolution of support from the city of Dallas. Two citizens spoke in opposition citing increased crime and lack of public transportation.

CONDITIONS OF COMMITMENT

1. Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Dallas for the anticipated \$900K with terms of the funds clearly stated.
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit and or allocation amount may be warranted.
3. Receipt of a commitment of funding from the City of Dallas in the amount of \$900,000, or a commitment from a qualifying substitute source in an amount not less than \$525,870, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.
4. Receipt of a commitment of funding from Capital Area HFC in the amount of \$250,000, or a commitment from a qualifying substitute source (s) in an amount not less than \$210,348 as required by §49.9(i)(27) of the 2009 QAP. The provider of funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.
5. Receipt of a letter from the City of Dallas stating that the City acknowledges that TDHCA will not enforce the conditions included in Resolution 09-0796 outlining the additional requirements for the Project Owner. The requirements in the resolution will not be part of the tax credit LURA. TDHCA will not be responsible for monitoring for the restrictions. The requirements will have to be separate and apart from the LURA.





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Hacienda Del Sol, TDHCA Number 09225**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **14**

Total # Monitored: **12**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **209**  Meeting a Required Set-Aside Credit Amount\*: \$1,067,103

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/20/09 PROGRAM: 9% HTC FILE NUMBER: 09225

**DEVELOPMENT**

Hacienda Del Sol

Location: 9200 Mountain Cabin Road Region: 3  
 City: Dallas County: Dallas Zip: 75217  OCT  DDA  
 Key Attributes: Family, New Construction, Urban, Single-Family

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,067,103			\$1,067,103		

**CONDITIONS**

- 1 Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Dallas for the anticipated \$900K with terms of the funds clearly stated.
- 2 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit and or allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	9
50% of AMI	50% of AMI	19
60% of AMI	60% of AMI	27

**STRENGTHS/MITIGATING FACTORS**

- Principal of Applicant and Developer have LIHTC development experience.
- The single family design with attached garages and private back-yards should be highly competitive in the market. These features are often preferred by potential residents over common area amenities.
- The front lawns of all the properties will be maintained by the management and the expense to the tenants will be included in the rent.

**WEAKNESSES/RISKS**

- The fifty-five single family are non-contiguous units
- The community building/leasing office is not centrally located for the fifty-five property's use.
- The repairs and maintenance are consistent with the database, this development would likely have much higher repairs and maintenance expenses.

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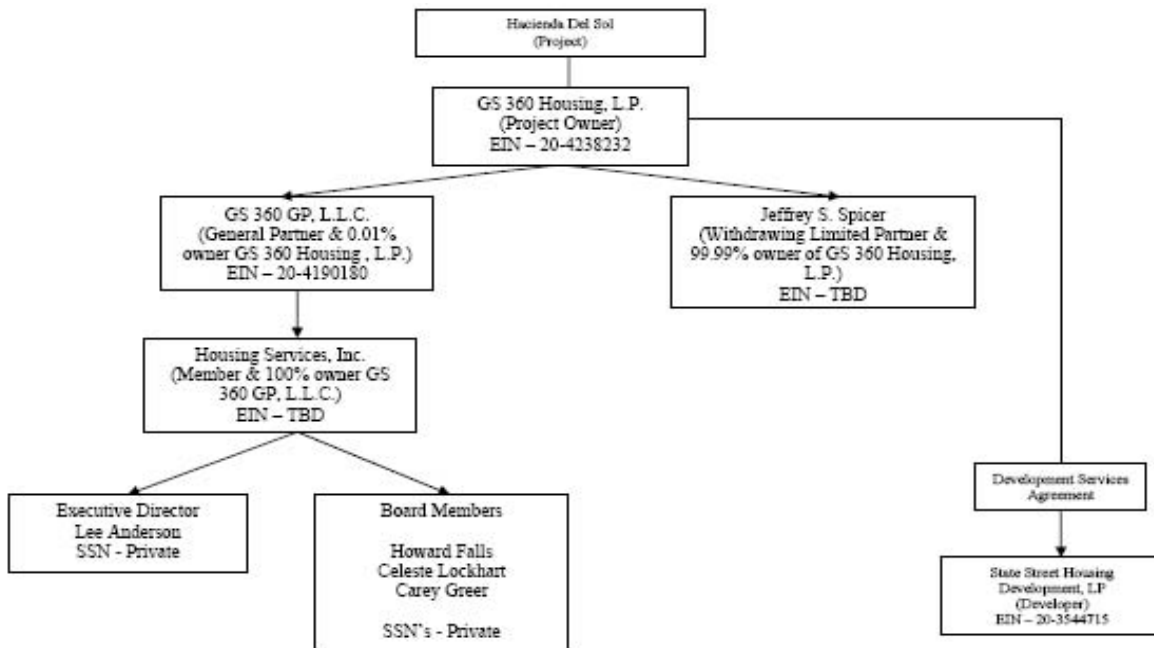
- While it is likely that the subject will be assessed based on an income-producing property basis, there is an argument that the tax assessor may value the units at a single-family value or somewhere greater than a multifamily per unit value.
- Should the development not receive the anticipated \$900K in local funds the development's financial feasibility is placed in jeopardy unless an acceptable alternative source of gap financing is provided.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Jeffrey Spicer Phone: (214) 696-6077 Fax: (214) 594-9188  
 Email: jspicer@statestreethousing.com

**KEY PARTICIPANTS**

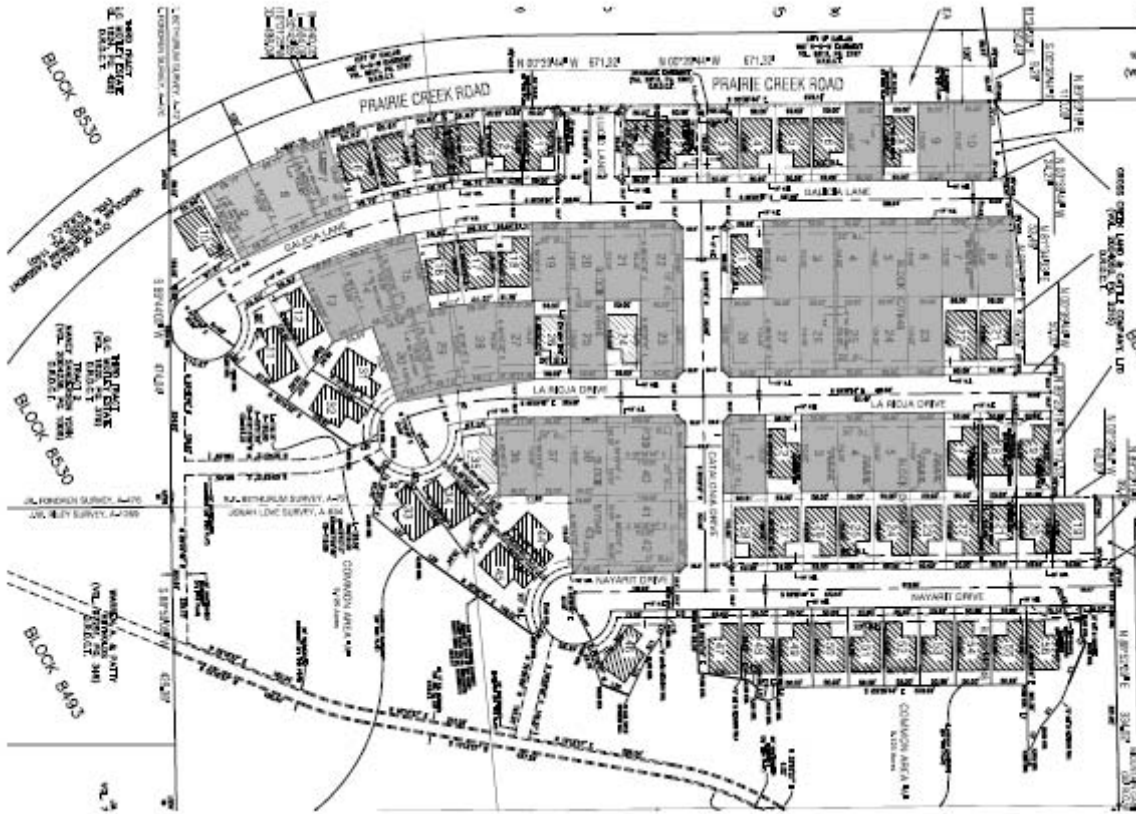
Name	Financial Notes	# Completed Developments
Housing Services, Inc.	N/A	12

**IDENTITIES of INTEREST**

- o The Applicant, Developer, General Contractor, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

**PROPOSED SITE**

**SITE PLAN**



Note - The shaded areas are not part of the 56 sites to be developed consisting of fifty-five single-family structures and one community building.

**BUILDING CONFIGURATION**

Building Type	Single Family									Total Buildings
Floors/Stories	1									
Number	55									<b>55</b>

BR/BA	SF	Units								Total Units	Total SF
3/2	1,255	1								45	56,475
4/2	1,694	1								10	16,940
Units per Building		1								<b>55</b>	<b>73,415</b>

**SITE ISSUES**

Total Size:	<u>8.15*</u> acres	Scattered site?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Flood Zone:	<u>X</u>	Within 100-yr floodplain?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Zoning:	<u>R-7.5 Single Family</u>	Needs to be re-zoned?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> N/A

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Comments:

\*The scattered sites consist of 56 improved single family lots which will contain 55 three and four bedroom homes and one community building.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff Date: 4/22/2009

Overall Assessment:

Excellent  Acceptable  Questionable  Poor  Unacceptable

Surrounding Uses:

North: Residential Housing East: Pastureland  
 South: Wooded land West: Prairie Creek Road

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Bucher, Willis, & Ratliff Corp. Date: 3/30/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "Based upon the findings and conclusions of this assessment of the 56 residential lots comprising the Property, BWR did not identify recognized environmental conditions associated with the subject Property." (p. 25)

**MARKET HIGHLIGHTS**

Provider: Apartment MarketData Date: 3/19/2009

Contact: Rick Proffer Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 42 sq. miles 4 mile equivalent radius

The Primary Market Area is bound by Bruton Road to the north; IH 635, Eastgate Drive, S. Beltline, and W. Lawson Road to the east; US 175, Jordan Valley Road, Middlefield Street, Merlin Road, Dowdy Ferry Road, and IH 20 to the south; and S. Central Expressway, Loop 12, and Pemberton Hill Road to the west. The PMA had an estimated 2009 population of 99,415, comprised of 27,489 households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				Outside the PMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units <sup>25%</sup>
none				Mariposa Pointe	09200	128	44
				Crestshire Village	09189	74	32

INCOME LIMITS						
Dallas						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$14,200	\$16,250	\$18,250	\$20,300	\$21,900	\$23,550
40	\$18,920	\$21,640	\$24,320	\$27,040	\$29,200	\$31,360
50	\$23,650	\$27,050	\$30,400	\$33,800	\$36,500	\$39,200
60	\$28,380	\$32,460	\$36,480	\$40,560	\$43,800	\$47,040

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MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
3 BR/30%	60	-1	0	59	7	0	12%
3 BR/50%	86	0	0	86	14	0	16%
3 BR/60%	98	1	0	99	24	0	24%
4 BR/30%	41	-1	0	40	2	0	5%
4 BR/50%	87	0	0	87	4	0	5%
4 BR/60%	63	1	0	64	4	0	6%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
3 BR/30%	58	-1	0	57	7	0	12%
3 BR/50%	91	1	0	92	15	0	16%
3 BR/60%	103	-5	0	98	23	0	23%
4 BR/30%	31	-1	0	30	2	0	7%
4 BR/50%	70	0	0	70	4	0	6%
4 BR/60%	76	-7	0	68	4	0	6%

OVERALL DEMAND										
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER					turnover					
Market Analyst p. 68							4,020	47%	1,881	
Underwriter	100%	27,265	65%	17,722	31%	5,415	34%	1,836	47%	859
PMA DEMAND from GROWTH					growth					
Market Analyst p. 68									5	
Underwriter	100%	-22	65%	-15	31%	-4	34%	-2	100%	-2
INCLUSIVE CAPTURE RATE										
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate				
Market Analyst p. 69	55	0	0	55	1,886	<b>3%</b>				
Underwriter	55	0	0	55	858	<b>6%</b>				

Proposed, Under Construction, and Unstabilized Comparable Supply:

There are no proposed, under construction, or unstabilized comparable units located in the PMA. There are, however, two additional 2009 applications for developments targeting families which, though outside the defined PMA, are located less than five miles from the subject. Mariposa Pointe (# 09200), with 128 total proposed units, is 4.4 miles to the southwest, and Crestshire Village (#09189), with 74 proposed units, is 4.2 miles to the north. (It is noted that the subject development is located within the market area defined for Mariposa Pointe by the same Market Analyst).

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Demand Analysis:

The market study includes a general demographic data report from MapInfo for the PMA; it also includes a HISTA Data report, a customized report specifying households by income, household size, tenure, and age. The Market Analyst determined the eligible income range to be from \$17,760 to \$46,260, according to 2008 HTC program income and rent limits, the most recent at the time of application. As minimum and maximum levels, these figures are slightly lower than the 2009 amounts. More importantly, there is a significant gap in the eligible income band due to the proposed mix of unit restrictions at the subject. The maximum eligible income for 30% of AMI units is \$23,550, and the minimum income for 50% units is \$30,103. By failing to exclude this gap, the Market Analyst has overstated the number of income-eligible households. The Market Analyst further overstates demand by including all household sizes, despite the fact that the subject only includes three- and four-bedroom units, and the maximum income for two-person households is below the minimum income for the three-bedroom units. The underwriting analysis will only consider households of three or more.

The market study analysis reports a turnover rate of 46.8% from the TDHCA database for non-senior households in Dallas County. Considering all households with incomes between \$17,760 and \$46,260, this results in demand for 1,881 units due to household turnover. The HISTA report projects demand for 5 units due to household growth. With total demand for 1,886 units, and only 55 proposed units at the subject, the Market Analyst concludes an inclusive capture rate of 3%.

The underwriting analysis is based on the traditional method of projecting household demand from the general demographic data. Based on the 2009 HTC program limits, eligible incomes range from \$18,069 to \$23,550 and from \$30,103 to \$47,040. Considering all households of three or more indicates demand for 859 units due to household turnover, and a decrease in demand by 2 units due to a projected decrease in eligible households. Total demand for 858 units, and a supply of 55 units at the subject, results in an inclusive capture rate of 6%, well below the limit of 25% for urban developments targeting families.

Primary Market Occupancy Rates:

The Market Analyst reports overall occupancy of 94% for 5,179 units surveyed in the market area.

Absorption Projections:

"We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p. 51) "The most recent completions of affordable units were Spring Oaks (2006) and The Masters (2005). Spring Oaks, consisting of 160 units, is currently 98.1% occupied. The Masters, consisting of 144 units, is 92.4% occupied. Both of these projects leased up rapidly." (p. 52)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
3 BR 1,255 SF 30%	\$320	\$329	\$1,050	\$329	\$721		
3 BR 1,255 SF 50%	\$666	\$680	\$1,050	\$680	\$370		
3 BR 1,255 SF 60%	\$839	\$856	\$1,050	\$856	\$194		
4 BR 1,694 SF 30%	\$335	\$345	\$1,220	\$345	\$875		
4 BR 1,694 SF 50%	\$721	\$737	\$1,220	\$737	\$483		
4 BR 1,694 SF 60%	\$914	\$933	\$1,220	\$933	\$287		

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Newer affordable family units have been easily absorbed. Today, affordable properties in the Trade Area report an overall average occupancy of 92.0%, with more than half of them at 97% or above." (p. 58)

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Comments:

The underwriting guidelines define eligible households as having a maximum of 1.5 persons per bedroom. As such, demand for the subject would be limited to six-person households, and the calculated capture rate would be higher than indicated. However, with little if any supply of housing with five or more bedrooms, it seems clear that properties such as the subject will serve households larger than six. As a result, households larger than six have been included in the demand. While larger households have been included, the maximum income has been held at the 60% of AMI level for a household of six. The traditional underwriting methodology used here applies the maximum income to all eligible households, so three-, four-, and five-person households are already being considered up to the six-person income limit. Applying the income limit for seven- or eight-person households would significantly overstate the available demand.

While Mariposa Pointe and Crestshire Village are outside the defined PMA, it is noted that the subject is within the defined market area for Mariposa Pointe. Given this, and the close proximity of the three developments, the Underwriter has considered the overall demand. Proposed two-bedroom units at the other properties should be included since they will compete for the three-person households included in the demand analysis for the subject. If all two-, three-, and four-bedroom units at Mariposa Pointe and Crestshire Village are added to the supply, the inclusive capture rate for the subject PMA increases to 27%. This exceeds the 25% limit, suggesting there is insufficient demand to support all three developments.

An alternative approach is to only consider households of four or more, and exclude two-bedroom units from the comparable supply. This analysis concludes an inclusive capture rate of 21% for all proposed three- and four-bedroom units at Hacienda del Sol (the subject), Mariposa Pointe, and Crestshire Village. This indicates there is sufficient demand among larger households to support the proposed number of larger units.

The market study provides sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:    Number of Revisions:    None    Date of Last Applicant Revision:    N/A

The Applicant's projected rents collected per unit were calculated by subtracting the tenant-paid utility allowances as of August 1, 2007, maintained by the Dallas Housing Authority from the 2008 HUD rent limits which apply to HTC applications. Based on the Applicant's intention to charge maximum program rents, the Underwriter used the 2009 maximum rents in this analysis. It should be noted that the 2009 rent limits were not available at the time the application was submitted. Therefore, the Underwriter's use of the higher 2009 rent limits will reflect more potential income as a result. Tenants will be required to pay electric utility costs and water and sewer.

The Applicant's estimate of secondary income and vacancy and collection loss are within the Department's guidelines. Overall the Applicant's effective gross income is within 5% of the Underwriter's estimate.

Expense:    Number of Revisions:    None    Date of Last Applicant Revision:    N/A

The Applicant's total annual operating expense projection at \$4,132 per unit is within 3% of the Underwriter's estimate of \$4,273 derived from the TDHCA database, IREM, and third-party data sources. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: property tax (\$8.4K lower), and reserve for replacements (\$2.8K higher).

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The Applicant's tax estimate is based on an assessed value of \$33,869 per unit. According to the Dallas CAD, other homes in the subdivision are currently assessed at an average of \$79,991. While it is likely that the subject will be assessed based on an income-producing property basis, there is an argument that the tax assessor may value the units at a single-family value or somewhere greater than a multifamily per unit value. The Underwriter has assumed a per unit assessed value of \$40,000 for proforma purposes. However, risk remains that the value could equal the average single-family assessed value.

**Conclusion:**

The Applicant's estimate of total expenses and net operating income are within 5% of the Underwriter's estimates; therefore, the Applicant's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR).

Based on the Applicant's proposed financing structure, the estimated DCR of 1.18 falls within the Department's guidelines.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	8.15* acres	\$1,120,000	Tax Year:	2008
Existing Buildings:		\$0	Valuation by:	Dallas CAD
Total Assessed Value:		\$1,120,000	Tax Rate:	2.50773

**Comments:**

\*The scattered sites consist of 56 improved single family lots which will contain 55 three and four bedroom homes and one community building. Each lot had an appraised value of \$20,000 each.

**EVIDENCE of PROPERTY CONTROL**

Type:	<u>Commercial Contract - Improved Property</u>	Acreage:	<u>8.15*</u>
Contract Expiration:	<u>8/31/2009</u>	Valid Through Board Date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost:	<u>\$850,000</u>	Other:	<u></u>
Seller:	<u>Hatfield Branch, LP</u>	Related to Development Team?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Comments:**

\*The scattered sites consist of 56 improved single family lots which will contain 55 three and four bedroom homes and one community building.

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

**Acquisition Value:**

The site cost of \$15.2k per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

**Sitework Cost:**

The Applicant's site work costs are within the Department's limits without further third party certification.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$296.7K or 6% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$9,120,542 and the 9% applicable percentage rate supports annual tax credits of \$1,067,103. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: None Date of Last Applicant Revision: N/A

Source: JPMorgan Chase Type: Interim Financing

Principal: \$4,000,000 Interest Rate: 7.0%  Fixed Term: 24 months

Comments:

One month LIBOR rate + 650 bps, or 7.0% subject to bank fees

Source: City of Dallas Type: Interim Financing

Principal: \$900,000 Interest Rate: 1.0%  Fixed Term:      months

Comments:

Interest only payments until stabilization

Source: Capital Area HFC Type: Interim Financing

Principal: \$250,000 Interest Rate: 4.3%  Fixed Term: 24 months

Comments:

The interest rate will be set at AFR

Source: JPMorgan Chase Type: Permanent Financing

Principal: \$1,700,000 Interest Rate: 8.0%  Fixed Amort: 360 months

Comments:

Fixed at a spread over the 10 year U.S. Treasury

Source: City of Dallas Type: Permanent Financing

Principal: \$900,000 Interest Rate: 1.0%  Fixed Amort: 480 months

Comments:

Applicant provided an intent to apply for these funds with terms requested to include an interest set at below AFR and amortization of 40 years. Any funding recommendation will be conditioned upon receipt, review and acceptance, by commitment, of a firm commitment from the City of Dallas of these funds with terms of funds clearly stated.

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Source: RBC Capital Markets Type: Syndication

Proceeds: \$7,682,377 Syndication Rate: 72% Anticipated HTC: \$ 1,067,103

Comments:

The Underwriter has determined that should the credit pricing for this transaction fall below \$0.65, the financial feasibility of the transaction could be jeopardized. Once executed by both parties, this agreement shall be a binding agreement and will remain in effect for a period of 90 days (the Expiration Date).

Amount: \$235,023 Type: Deferred Developer Fees

### CONCLUSIONS

Recommended Financing Structure:

The Applicant's total development cost estimate less the permanent loans of \$1,700,000 and 900,000 indicates the need for \$7,917,399 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,099,748 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,067,103), the gap-driven amount (\$1,099,748), and eligible basis-derived estimate (\$1,067,103), the Applicant's request of \$1,067,103 is recommended resulting in proceeds of \$7,682,377 based on a syndication rate of 72%.

The Underwriter's recommended financing structure indicates the need for \$235,022 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within five years of stabilized operation.

Underwriter: \_\_\_\_\_ Date: July 20, 2009

*Carl Hoover*

Manager of Real Estate Analysis: \_\_\_\_\_ Date: July 20, 2009

*Raquel Morales*

Director of Real Estate Analysis: \_\_\_\_\_ Date: July 20, 2009

*Brent Stewart*

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Hacienda Del Sol, Dallas, 9% HTC #09225**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash Only
TC 30%	7	3	2	1,255	\$527	\$329	\$2,303	\$0.26	\$198.00	\$14.00
TC 50%	15	3	2	1,255	\$878	\$680	\$10,200	\$0.54	\$198.00	\$14.00
TC 60%	23	3	2	1,255	\$1,054	\$856	\$19,688	\$0.68	\$198.00	\$14.00
TC 30%	2	4	2	1,694	\$588	\$345	\$690	\$0.20	\$243.00	\$14.00
TC 50%	4	4	2	1,694	\$980	\$737	\$2,948	\$0.44	\$243.00	\$14.00
TC 60%	4	4	2	1,694	\$1,176	\$933	\$3,732	\$0.55	\$243.00	\$14.00
<b>TOTAL:</b>	<b>55</b>		<b>AVERAGE:</b>	<b>1,335</b>		<b>\$719</b>	<b>\$39,561</b>	<b>\$0.54</b>	<b>\$206.18</b>	<b>\$14.00</b>

**INCOME**

Total Net Rentable Sq Ft: 73,415

**POTENTIAL GROSS RENT**

Secondary Income	Per Unit Per Month:	\$10.49
Other Support Income:		

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%
Employee or Other Non-Rental Units or Concessions		

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.76%	\$385	0.29	\$21,199	\$23,319	\$0.32	\$424	5.34%
Management	4.12%	333	0.25	18,342	21,819	0.30	397	5.00%
Payroll & Payroll Tax	9.52%	771	0.58	42,413	41,925	0.57	762	9.61%
Repairs & Maintenance	8.22%	666	0.50	36,617	35,750	0.49	650	8.19%
Utilities	2.28%	185	0.14	10,152	8,250	0.11	150	1.89%
Water, Sewer, & Trash	2.85%	231	0.17	12,696	14,250	0.19	259	3.27%
Property Insurance	5.04%	408	0.31	22,451	16,500	0.22	300	3.78%
Property Tax	2.50773	1,003	0.75	55,170	46,750	0.64	850	10.71%
Reserve for Replacements	3.09%	250	0.19	13,750	16,500	0.22	300	3.78%
TDHCA Compliance Fees	0.49%	40	0.03	2,200	2,200	0.03	40	0.50%
Other:	0.00%	0	0.00	0		0.00	0	0.00%
<b>TOTAL EXPENSES</b>	<b>52.74%</b>	<b>\$4,273</b>	<b>\$3.20</b>	<b>\$234,991</b>	<b>\$227,263</b>	<b>\$3.10</b>	<b>\$4,132</b>	<b>52.08%</b>
<b>NET OPERATING INC</b>	<b>47.26%</b>	<b>\$3,828</b>	<b>\$2.87</b>	<b>\$210,541</b>	<b>\$209,117</b>	<b>\$2.85</b>	<b>\$3,802</b>	<b>47.92%</b>

**DEBT SERVICE**

JPMorgan Chase	33.60%	\$2,722	\$2.04	\$149,688	\$149,688	\$2.04	\$2,722	34.30%
City of Dallas	6.13%	\$497	\$0.37	27,308	27,308	\$0.37	\$497	6.26%
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>7.53%</b>	<b>\$610</b>	<b>\$0.46</b>	<b>\$33,545</b>	<b>\$32,121</b>	<b>\$0.44</b>	<b>\$584</b>	<b>7.36%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>1.19</b>	<b>1.18</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>					<b>1.18</b>			

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		8.45%	\$15,455	\$11.58	\$850,000	\$850,000	\$11.58	\$15,455	8.08%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		3.61%	6,604	4.95	363,200	363,200	4.95	6,604	3.45%
Direct Construction		51.58%	94,298	70.64	5,186,389	5,483,066	74.69	99,692	52.13%
Contingency	5.00%	2.76%	5,045	3.78	277,479	292,313	3.98	5,315	2.78%
Contractor's Fees	14.00%	7.73%	14,126	10.58	776,942	818,477	11.15	14,881	7.78%
Indirect Construction		5.58%	10,206	7.65	561,350	561,350	7.65	10,206	5.34%
Ineligible Costs		3.01%	5,498	4.12	302,382	302,382	4.12	5,498	2.88%
Developer's Fees	15.00%	11.30%	20,667	15.48	1,136,679	1,189,636	16.20	21,630	11.31%
Interim Financing		4.10%	7,500	5.62	412,500	412,500	5.62	7,500	3.92%
Reserves		1.88%	3,434	2.57	188,847	244,475	3.33	4,445	2.32%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$182,832</b>	<b>\$136.97</b>	<b>\$10,055,769</b>	<b>\$10,517,399</b>	<b>\$143.26</b>	<b>\$191,225</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>65.67%</b>	<b>\$120,073</b>	<b>\$89.95</b>	<b>\$6,604,011</b>	<b>\$6,957,056</b>	<b>\$94.76</b>	<b>\$126,492</b>	<b>66.15%</b>

**SOURCES OF FUNDS**

				RECOMMENDED	
JPMorgan Chase	16.91%	\$30,909	\$23.16	\$1,700,000	Developer Fee Available
City of Dallas	8.95%	\$16,364	\$12.26	900,000	\$1,189,636
HTC Syndication Proceeds	76.40%	\$139,680	\$104.64	7,682,377	% of Dev. Fee Deferred
Deferred Developer Fees	2.34%	\$4,273	\$3.20	235,023	20%
Additional (Excess) Funds Req'd	-4.59%	(\$8,393)	(\$6.29)	(461,631)	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$10,055,769</b>	<b>\$10,517,399</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Hacienda Del Sol, Dallas, 9% HTC #09225*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Single-Family Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$78.59	\$5,769,843
<b>Adjustments</b>				
Exterior Wall Finish			\$0.00	\$0
Subdivision Discount	0.00%		0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.55)	(187,208)
Floor Cover			3.42	251,079
Porches and Decks	\$22.28	6,855	2.08	152,729
Plumbing Fixtures	\$1,200	0	0.00	0
Rough-ins	\$475	55	0.36	26,125
Built-In Appliances	\$2,775	55	2.08	152,625
Exterior Stairs	\$1,875		0.00	0
Enclosed Corridors	\$68.67		0.00	0
Heating/Cooling			1.92	140,957
Garages/Carports	\$24.74	22,960	7.74	568,030
Comm &/or Aux Bldgs	\$81.13	1,757	1.94	142,537
Other: fire sprinkler	\$2.150		0.00	0
<b>SUBTOTAL</b>			<b>95.58</b>	<b>7,016,717</b>
Current Cost Multiplier	1.01		0.96	70,167
Local Multiplier	0.90		(9.56)	(701,672)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$86.97</b>	<b>\$6,385,213</b>
Plans, specs, survy, bld prmt	3.90%		(\$3.39)	(\$249,023)
Interim Construction Interest	3.38%		(2.94)	(215,501)
Contractor's OH & Profit	11.50%		(10.00)	(734,299)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$70.64</b>	<b>\$5,186,389</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,700,000	Amort	360
Int Rate	8.00%	DCR	1.41

<b>Secondary</b>	\$900,000	Amort	480
Int Rate	1.00%	Subtotal DCR	1.19

<b>Additional</b>	\$7,682,377	Amort	
Int Rate		Aggregate DCR	1.19

**RECOMMENDED FINANCING STRUCTURE**

**APPLICANT'S NOI:**

Primary Debt Service	\$149,688
Secondary Debt Service	27,308
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$32,121</b>

<b>Primary</b>	\$1,700,000	Amort	360
Int Rate	8.00%	DCR	1.40

<b>Secondary</b>	\$900,000	Amort	480
Int Rate	1.00%	Subtotal DCR	1.18

<b>Additional</b>	\$7,682,377	Amort	0
Int Rate	0.00%	Aggregate DCR	1.18

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$464,844	\$474,141	\$483,624	\$493,296	\$503,162	\$555,532	\$613,352	\$677,190	\$825,491
Secondary Income	6,924	7,062	7,204	7,348	7,495	8,275	9,136	10,087	12,296
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	471,768	481,203	490,827	500,644	510,657	563,806	622,488	687,277	837,787
Vacancy & Collection Loss	(35,388)	(36,090)	(36,812)	(37,548)	(38,299)	(42,285)	(46,687)	(51,546)	(62,834)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$436,380	\$445,113	\$454,015	\$463,096	\$472,358	\$521,521	\$575,801	\$635,731	\$774,953
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$23,319	\$24,018	\$24,739	\$25,481	\$26,245	\$30,426	\$35,272	\$40,890	\$54,952
Management	21,819	22,256	22,701	23,155	23,618	26,076	28,790	31,787	38,748
Payroll & Payroll Tax	41,925	43,183	44,478	45,813	47,187	54,703	63,415	73,516	98,799
Repairs & Maintenance	35,750	36,823	37,927	39,065	40,237	46,646	54,075	62,688	84,247
Utilities	8,250	8,498	8,752	9,015	9,285	10,764	12,479	14,466	19,442
Water, Sewer & Trash	14,250	14,678	15,118	15,571	16,039	18,593	21,554	24,987	33,581
Insurance	16,500	16,995	17,505	18,030	18,571	21,529	24,958	28,933	38,883
Property Tax	46,750	48,153	49,597	51,085	52,618	60,998	70,714	81,976	110,169
Reserve for Replacements	16,500	16,995	17,505	18,030	18,571	21,529	24,958	28,933	38,883
Other	2,200	2,266	2,334	2,404	2,476	2,871	3,328	3,858	5,184
<b>TOTAL EXPENSES</b>	<b>\$227,263</b>	<b>\$233,863</b>	<b>\$240,656</b>	<b>\$247,649</b>	<b>\$254,847</b>	<b>\$294,134</b>	<b>\$339,542</b>	<b>\$392,033</b>	<b>\$522,889</b>
<b>NET OPERATING INCOME</b>	<b>\$209,117</b>	<b>\$211,250</b>	<b>\$213,359</b>	<b>\$215,447</b>	<b>\$217,511</b>	<b>\$227,387</b>	<b>\$236,259</b>	<b>\$243,698</b>	<b>\$252,063</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$149,688	\$149,688	\$149,688	\$149,688	\$149,688	\$149,688	\$149,688	\$149,688	\$149,688
Second Lien	27,308	27,308	27,308	27,308	27,308	27,308	27,308	27,308	27,308
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$32,121</b>	<b>\$34,254</b>	<b>\$36,363</b>	<b>\$38,451</b>	<b>\$40,515</b>	<b>\$50,391</b>	<b>\$59,263</b>	<b>\$66,701</b>	<b>\$75,067</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.18</b>	<b>1.19</b>	<b>1.21</b>	<b>1.22</b>	<b>1.23</b>	<b>1.28</b>	<b>1.33</b>	<b>1.38</b>	<b>1.42</b>

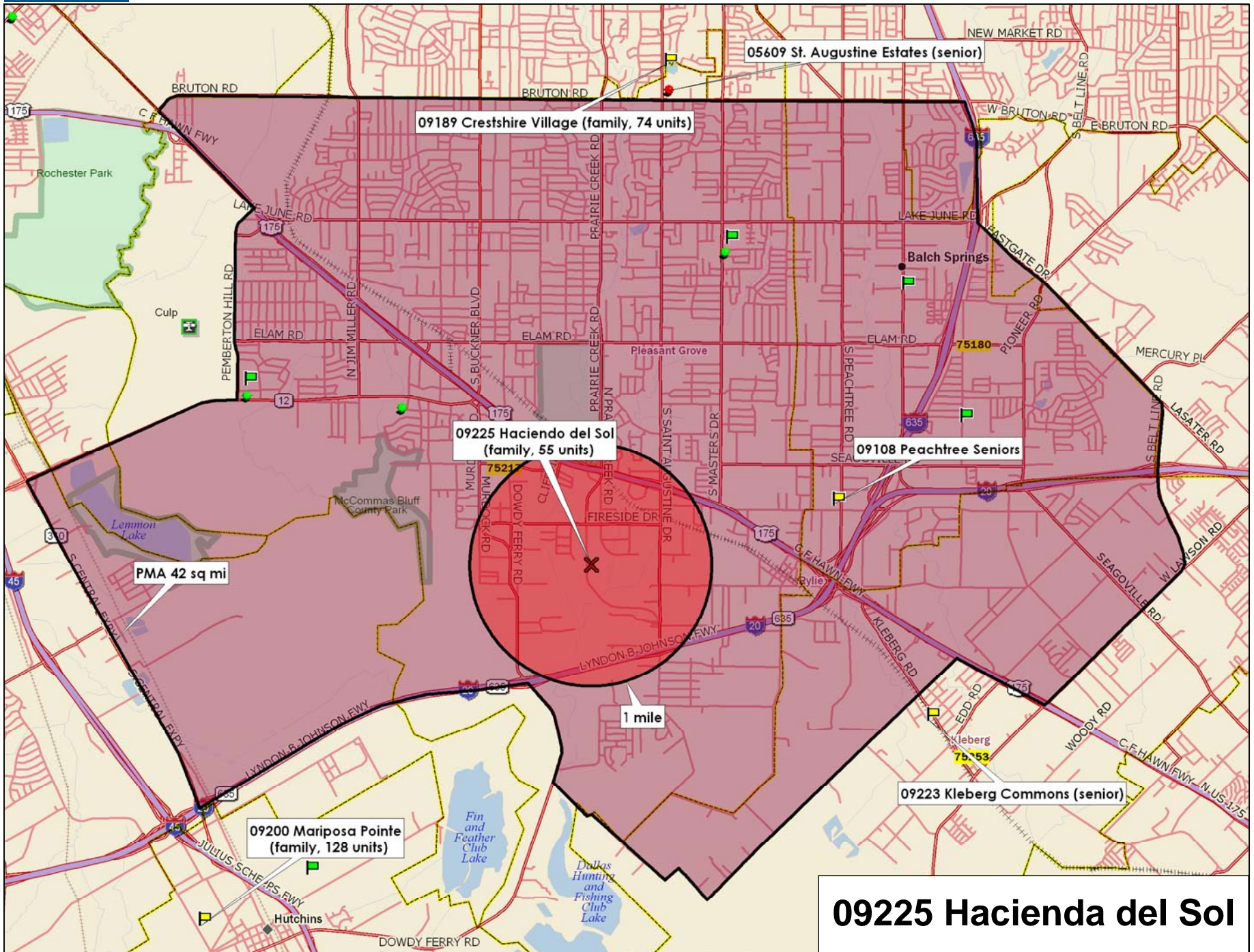
**HTC ALLOCATION ANALYSIS -Hacienda Del Sol, Dallas, 9% HTC #09225**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$850,000	\$850,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$363,200	\$363,200	\$363,200	\$363,200
<b>Construction Hard Costs</b>	\$5,483,066	\$5,186,389	\$5,483,066	\$5,186,389
<b>Contractor Fees</b>	\$818,477	\$776,942	\$818,477	\$776,942
<b>Contingencies</b>	\$292,313	\$277,479	\$292,313	\$277,479
<b>Eligible Indirect Fees</b>	\$561,350	\$561,350	\$561,350	\$561,350
<b>Eligible Financing Fees</b>	\$412,500	\$412,500	\$412,500	\$412,500
<b>All Ineligible Costs</b>	\$302,382	\$302,382		
<b>Developer Fees</b>			\$1,189,636	
Developer Fees	\$1,189,636	\$1,136,679		\$1,136,679
<b>Development Reserves</b>	\$244,475	\$188,847		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$10,517,399</b>	<b>\$10,055,769</b>	<b>\$9,120,542</b>	<b>\$8,714,540</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$9,120,542	\$8,714,540
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$11,856,704	\$11,328,902
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$11,856,704	\$11,328,902
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,067,103	\$1,019,601

<b>Syndication Proceeds</b>	<b>0.7199</b>	<b>\$7,682,380</b>	<b>\$7,340,398</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,067,103</b>	<b>\$1,019,601</b>
<b>Syndication Proceeds</b>		<b>\$7,682,380</b>	<b>\$7,340,398</b>
<b>Requested Tax Credits</b>		<b>\$1,067,103</b>	
<b>Syndication Proceeds</b>		<b>\$7,682,377</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$7,917,399</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,099,748</b>	



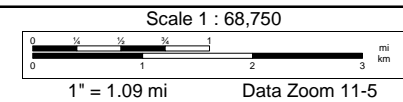


# 09225 Hacienda del Sol

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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Lufkin Pioneer Crossing for Seniors, TDHCA Number 09228**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 1404 Old Gobblers Knob Rd. Development #: 09228  
 City: Lufkin Region: 5 Population Served: Elderly  
 County: Angelina Zip Code: 75904 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: Pioneer Crossing of Lufkin, LP  
 Owner Contact and Phone: Noor Jooma, (214) 448-0829  
 Developer: Jubilee Development, LLC  
 Housing General Contractor: Urban Progress CDC  
 Architect: Architettura, Inc.  
 Market Analyst: Mark C. Temple & Associates, LLC  
 Syndicator: Alliant Capital, Ltd.  
 Supportive Services: N/A  
 Consultant: N/A

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	80	
	4	0	36	40	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	32	48	0	0	0	
Type of Building:						Total Development Units:	80
<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	12
<input checked="" type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	16
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	16

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	<u>Applicant Request</u>	<u>Department Analysis*</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
Competitive Housing Tax Credit Amount:	\$958,558	\$958,558			
HOME Activity Fund Amount:	\$2,796,156	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Lufkin Pioneer Crossing for Seniors, TDHCA Number 09228**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Nichols, District 3, S

Points: 14 US Representative: Gohmert, District 1, NC

TX Representative: McReynolds, District 12, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: **0**

In Opposition: **3**

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official and ineligible neighborhood association. Letters of opposition all citing the narrow road that will not be widened and will increase traffic.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Lufkin Pioneer Crossing for Seniors, TDHCA Number 09228**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **5**

Total # Monitored: **5**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **192**  Meeting a Required Set-Aside Credit Amount\*: \$958,558

Recommendation: Recommended because without this award included, this sub-region's allocation shortfall would have been a significant portion of their total targeted sub-regional allocation when Rural tax credits are collapsed.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Darson Marie Terrace, TDHCA Number 09230**

BASIC DEVELOPMENT INFORMATION

Site Address: 3142 Weir Ave. Development #: 09230  
 City: San Antonio Region: 9 Population Served: Elderly  
 County: Bexar Zip Code: 78226 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Darson Marie RHF Partners, L.P.  
 Owner Contact and Phone: Richard Washington, (562) 257-5110  
 Developer: Retirement Housing Foundation  
 Housing General Contractor: Cook Construction, LLP  
 Architect: M Group Architects  
 Market Analyst: Integra Realty Resources  
 Syndicator: NHT I, Inc.  
 Supportive Services: N/A  
 Consultant: Diana McIver & Associates, Inc

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	56
	3	0	25	28	Market Rate Units:	1
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	48	29	0	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	57
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	1
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$705,442	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Darson Marie Terrace, TDHCA Number 09230**

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Van De Putte, District 26, NC

Points: 0

US Representative: González, District 20, NC

TX Representative: Menéndez, District 124, S

Points: 14

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

Thompson Community Association, Tina Morales, President

Letter Score: 24 S or O: S

There is a need for affordable senior housing in our neighborhood.

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 0

**General Summary of Comment:**

Letter of support from elected official and qualified neighborhood association.

CONDITIONS OF COMMITMENT



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Darson Marie Terrace, TDHCA Number 09230**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **25**

Total # Monitored: **17**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **207**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Brazos Bend Villa, TDHCA Number 09232**

BASIC DEVELOPMENT INFORMATION

Site Address: 2020 Rocky Falls Rd. Development #: 09232  
 City: Richmond Region: 6 Population Served: General  
 County: Fort Bend Zip Code: 77469 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Brazos Bend Housing II, LP  
 Owner Contact and Phone: Kenneth Tann, (281) 281-7999  
 Developer: MMM Brazos Bend Housing, LLC  
 Housing General Contractor: Kingdom Builders  
 Architect: Dan Burbine Associates  
 Market Analyst: The Gerald A. Teel Company, Inc.  
 Syndicator: Evanston Financial Corp  
 Supportive Services: Multi-Family Mission Ministries, Inc  
 Consultant: Hoke Development Services, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	120	
	6	0	62	52	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	24	48	40	8	0	
Type of Building:						Total Development Units:	120
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$14,777,380
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	13
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,368,982	\$1,368,982			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Brazos Bend Villa, TDHCA Number 09232**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Hegar, District 18, NC

Points: 0

US Representative: Olson, District 22, NC

TX Representative: Olivo, District 27, S

Points: 14

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

O, Thomas Randle, Superintendent, Lamar CISD

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 0

**General Summary of Comment:**

Letter of support from elected official and letter of opposition from ISD citing overburdened schools.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance by carryover that all Phase I ESA recommendations have been carried out.
2. Receipt, review, and acceptance by carryover of documentation verifying the approval of the renewed HAP Contract Rents.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Brazos Bend Villa, TDHCA Number 09232**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **3**

Total # Monitored: **3**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **177**  Meeting a Required Set-Aside Credit Amount\*: \$1,368,982

Recommendation: Competitive in At-Risk Set-Aside

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/15/09 PROGRAM: 9% HTC FILE NUMBER: 09232

**DEVELOPMENT**

Brazos Bend Villa

Location: 2020 Rocky Falls Road Region: 6  
 City: Richmond County: Fort Bend Zip: 77469  OCT  DDA  
 Key Attributes: Family, Acquisition/Rehabilitation, Rural, At-Risk/Preservation, Non-Profit

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TCAP Funds	\$923,771	3.52%	99 YRS	\$0	0.00%	0
Housing Tax Credit (Annual)	\$1,368,982			\$1,368,982		

Comments:

Applicant requested TCAP Funds. The allocation of these funds is unknown to the Department at the time of this report. Should these funds become available the allocation of such will be subject to a re-evaluation of the awarded allocation.

**CONDITIONS**

- 1 Receipt, review, and acceptance by carryover that all Phase I ESA recommendations have been carried out.
- 2 Receipt, review, and acceptance by carryover of documentation verifying the approval of the renewed HAP Contract Rents.
- 3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	6
50% of AMI	50% of AMI	62
60% of AMI	60% of AMI	52

**STRENGTHS/MITIGATING FACTORS**

- HAP contract on 100% of the units.

**WEAKNESSES/RISKS**

- Feasibility is dependent on the approval of increase HAP rents that have been requested by the Applicant, but which have not been approved by HUD.

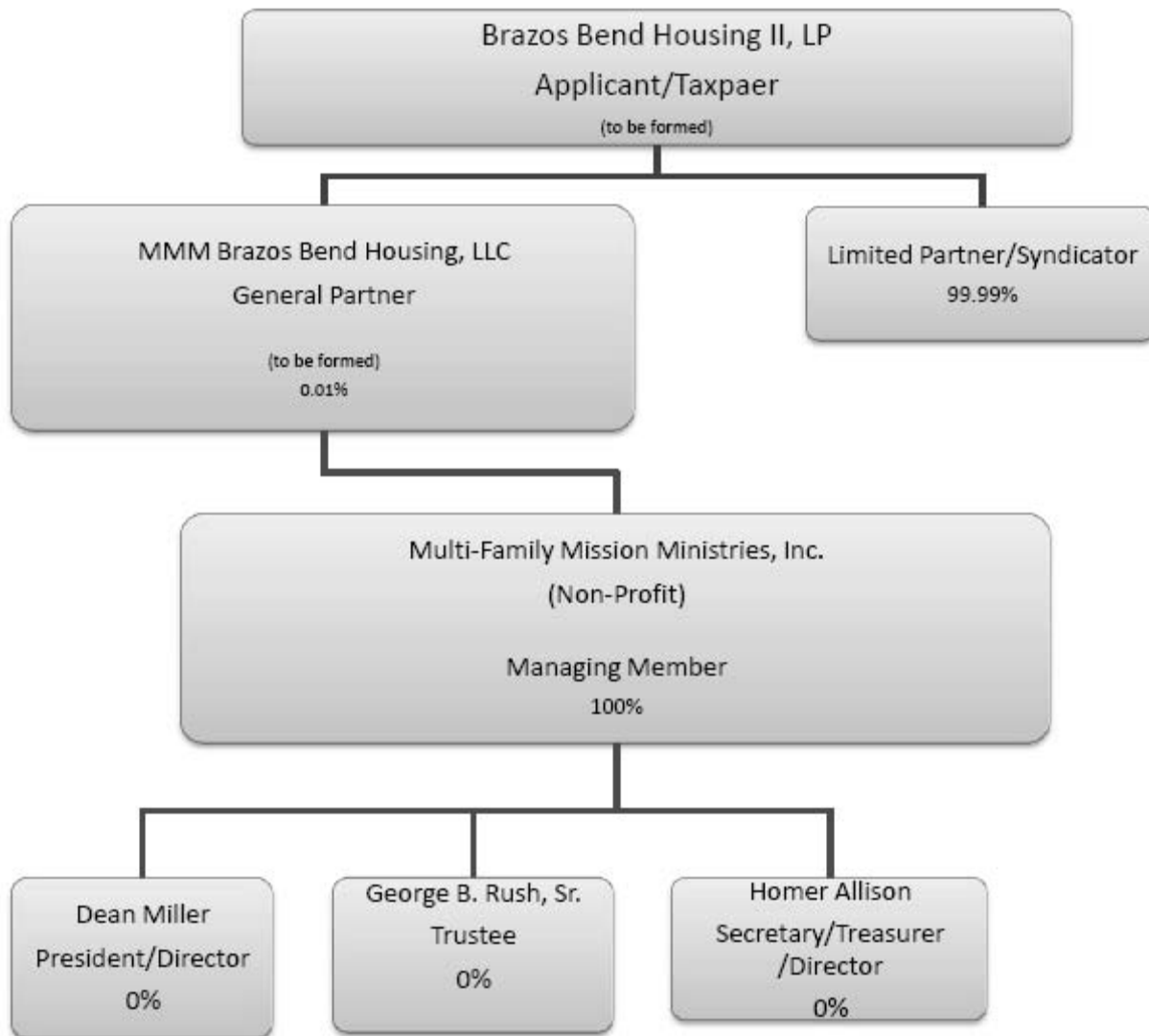
- Underwriter's analysis shows that the development is feasible without an allocation of TCAP funds, which have been requested.
- Overall capture rate is 6%.
- Current occupancy in sub-market is reported at 93% and the subject property is 97% occupied.
- Principals of Applicant have LIHTC development experience.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Kenneth Tann Phone: (281) 298-7999 Fax: (281) 298-9926  
 Email: ktann@mmmhousing.org

**KEY PARTICIPANTS**

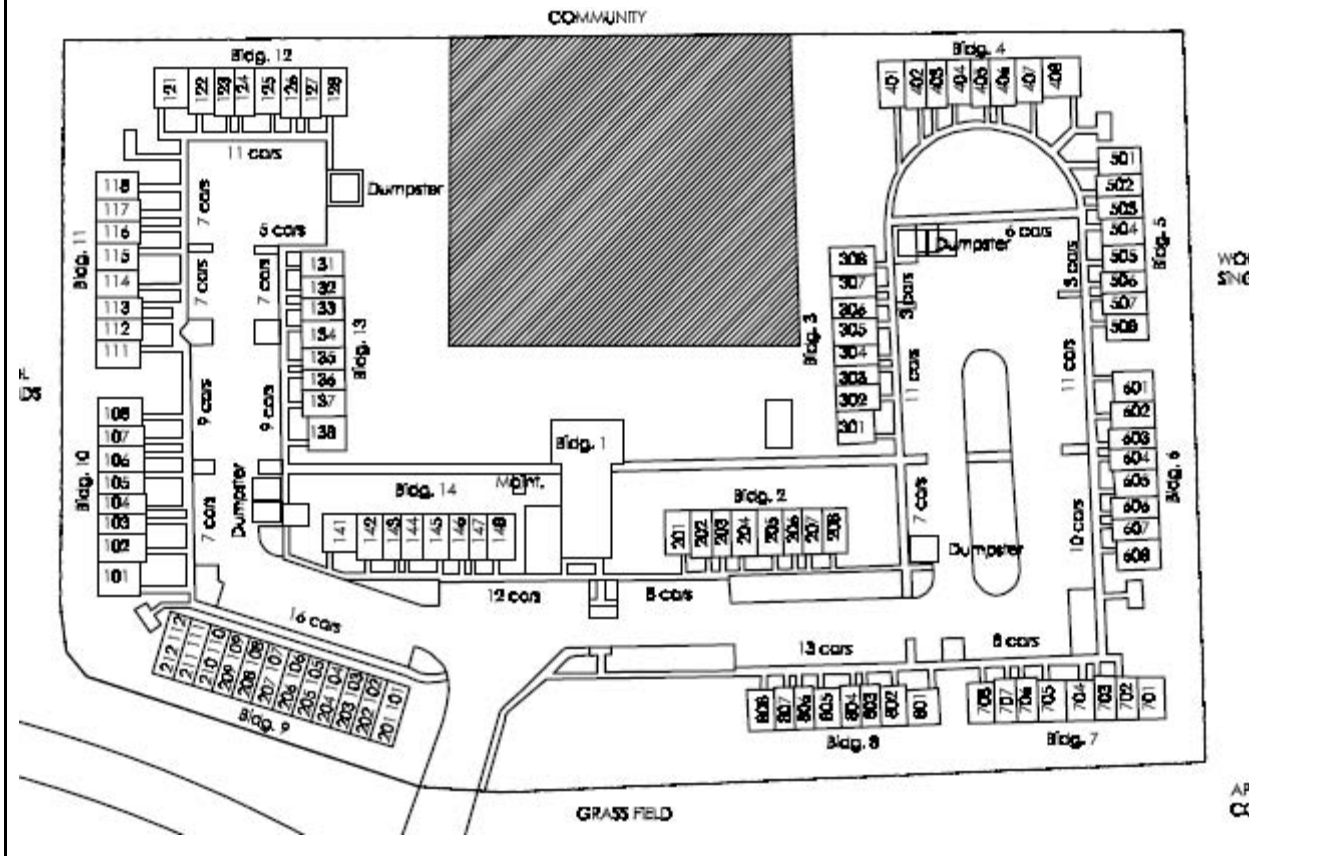
Name	Financial Notes	# Completed Developments
Multi-Family Mission Ministries, Inc	CONFIDENTIAL	5
MMM Brazos Bend Housing, LLC	To Be Formed	0
Brazos Bend Housing II, LP	To Be Formed	0

<sup>1</sup> Liquidity = Current Assets - Current Liabilities

**IDENTITIES of INTEREST**

- The Applicant, Developer, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.
- The seller is also regarded as a related party to the General Partner. The acquisition price will be based upon the lesser of the declared price, the appraised value, and the original acquisition and holding cost. This is discussed at greater length in the construction cost section of this report.

**PROPOSED SITE  
SITE PLAN**



This section intentionally left blank.

**BUILDING CONFIGURATION**

Building Type	1	2	3									Total Buildings
Floors/Stories												
Number	4	8	1									<b>13</b>

BR/BA	SF	Units										Total Units	Total SF
1/1	536			24								24	12,864
2/1	802	4	4									48	38,496
3/1.5	1,023	4	3									40	40,920
4/2	1,141		1									8	9,128
Units per Building		8	8	24								<b>120</b>	<b>101,408</b>

Rehabilitation summary:

The plan calls for the replacement, installation, and/or improvement of the following items: roofs, energy efficient windows, thermally & draft energy efficient doors, exterior siding, stairs, interior flooring, cabinets, faucets, tub/showers, appliances, HVAC, ceiling fixtures in all bedrooms/living rooms, landscaping, barbecue grills, picnic tables, drives and parking, fencing, and interior and exterior painting. The Applicant provided a Property Condition Assessment (PCA) which confirms these improvements. Even after this work is completed, however, the PCA projects significant amount of required repair and replacement over the first 15 years after the proposed rehabilitation is completed.

**SITE ISSUES**

Total Size: 6.99 acres      Scattered site?       Yes       No  
 Flood Zone: Zone X      Within 100-yr floodplain?       Yes       No  
 Zoning: None      Needs to be re-zoned?       Yes       No       N/A  
 Comments:  
 The City of Richmond has no zoning restrictions or requirements.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff      Date: 4/24/2009  
 Overall Assessment:  
 Excellent       Acceptable       Questionable       Poor       Unacceptable  
 Surrounding Uses:  
 North: property; units      East: units; commercial / residential  
 South: forest land      West: grassland

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Ensource Corporation      Date: 3/30/2009  
 Recognized Environmental Concerns (RECs) and Other Concerns:  
 • This assessment has revealed no evidence of recognized environmental conditions in connection with the subject property except the following:  
 • The leaking transformers should be repaired or replaced and the oil in each transformer should be characterized with respect to the concentration of polychlorinated biphenyls (PCBs).  
 • The impacted soil/mulch around the leaking transformers should be removed, characterized and disposed at a properly permitted facility.

- Following removal of the impacted soil, confirmation samples should be collected in accordance with applicable federal and state regulation. Analysis should include total petroleum hydrocarbons and PCB's.
- Because of the age of the property and the lack of information regarding the materials of construction of the faucets and piping, a lead in drinking water survey should be conducted at the facility.
- During the inspection, Mr. Thompson observed the presence of "popcorn" texture in the office area, which can contain significant concentrations of asbestos. For these reasons an asbestos survey should be conducted at the facility.

Comments:

Any funding recommendation will be subject to receipt, review, and acceptance, by carryover, of documentation that:

- the leaking transformers have been properly repaired or replaced, the affected areas have been cleaned up and analyzed for the presence of hazardous materials, and any subsequent recommendations have been implemented;
- the drinking water at the site has been sampled and tested for the presence of lead, and any subsequent recommendations have been implemented;
- a comprehensive asbestos survey has been completed, and any subsequent recommendations have been implemented.

**MARKET HIGHLIGHTS**

Provider: Gerald A Teel Company Date: 3/10/2009  
 Contact: Gerald Teel Phone: (713) 467-5858 Fax: (713) 467-0704  
 Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 180 sq. miles 8 mile equivalent radius

"The subject property is located in Richmond, Texas a suburban type community in Fort Bend County. Although it is also the county seat, it is one of the smaller cities in the county. As a suburban city, it draws from its own city limits as well as nearby southwestern suburbs of the Houston MSA. Some of these areas would include large swaths of rural land either under cultivation or awaiting development as Houston grows. It would certainly draw from nearby Rosenberg, another small suburban town a few miles to the southwest." (p. 4)

Secondary Market Area (SMA):

"No secondary market analysis outside these boundaries has been considered." (p. 4)

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
none				none			

INCOME LIMITS						
Fort Bend						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
40	\$17,880	\$20,400	\$22,960	\$25,520	\$27,560	\$29,600
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	141	8	0	149	6	0	4%
1 BR/50%	182	32	0	214	18	0	8%
2 BR/50%	207	13	0	220	42	0	19%
2 BR/60%	220	15	0	235	6	0	3%
3 BR/60%	121	7	0	128	40	0	31%
4 BR/60%	31	21	0	52	8	0	15%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	336	26	0	362	6	0	2%
1 BR/50%	550	41	0	590	18	0	3%
2 BR/50%	447	12	0	459	42	0	9%
2 BR/60%	48	1	0	48	6	0	12%
3 BR/50%	428	1	0	430	1	0	0%
3 BR/60%	71	-2	0	69	39	0	57%
4 BR/50%	110	0	0	110	1	0	1%
4 BR/60%	22	-1	0	21	7	0	33%

OVERALL DEMAND									
		Target Households	Household Size	Income Eligible	Tenure	Demand			
PMA DEMAND from TURNOVER						turnover			
Market Analyst	30%					41%	737		
Market Analyst	50%					41%	746		
Market Analyst	60%					41%	1,245		
Underwriter		100%	29,842	97%	28,887	32%	9,321	52%	4,823
PMA DEMAND from GROWTH						growth			
Market Analyst	30%						57		
Market Analyst	50%						87		
Market Analyst	60%						146		
Underwriter		100%	1,305	97%	1,263	32%	408	52%	211
INCLUSIVE CAPTURE RATE									
		Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate		
Market Analyst	30%	6	0	0	6	794	1%		
Market Analyst	50%	60	0	0	60	833	7%		
Market Analyst	60%	54	0	0	54	1,391	4%		
Underwriter		120	0	0	120	2,159	6%		

Proposed, Under Construction, and Unstabilized Comparable Supply:

The are no proposed, under construction, or under construction comparable units located within the PMA.

Supply and Demand Analysis:

The Market Analyst provides separate calculations of demand for units restricted at 30%, 50%, and 60% of AMI. This does not conform to TDHCA requirements for an overall demand calculation; this method tends to overstate demand because many households qualify under more than one income band. The Market Analyst's calculation in this case are also understated because eligible households are limited by a 35% rent to income ratio. Since all units at the subject are covered by a Housing Assistance Program contract, all households below the HTC maximum incomes are eligible renters.

The market study identifies total demand for 794 units at 30% of AMI; total demand for 833 units at 50%; and total demand for 1,391 units at 60%.

The underwriting analysis calculates total demand for 2,159 units. With no unstabilized comparable supply, this indicates a capture rate of 6% for the 120 subject units.

Primary Market Occupancy Rates:

"Fort Bend County shows that apartments operating in its boundaries exhibit an 89.9% occupancy rate; the Richmond/Rosenberg market shows a better average of 92.9%. Since the subject is more directly tied to the Richmond/Rosenberg area than larger Fort Bend market, a reasonable occupancy for the area might be closer to the 92.9% mark. Amenities for the property are similar to the other properties in the area." (pp. 29-30)

Absorption Projections:

"The submarket has absorbed units every year except the year ending March 2007. The latest figure (partial year) shows the market weakness that became apparent with the recession and the credit crisis, but positive absorption remains evident, attesting to the strength of the market in comparison to larger MSA ... The most current data suggests absorption of 4 to 20 units per month, with the high end of the range being an extreme exception. For an estimate a range of about 6 to 8 units per month would be plausible. However, we note that the subject is already occupied and stabilized, and existing tenants would almost certainly have an incentive to remain at a low income project with rent restrictions rather than move to lesser accommodations. We note that this market is one of the stronger submarkets in the PMA. The owner intends to work with existing tenants so as to maintain occupancy throughout the construction process." (p. 31)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Current Contract Rent	Proposed Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
1 BR	536 SF	30%	516	599	\$580	\$599	83
1 BR	536 SF	50%	516	599	\$580	\$599	83
1 BR	536 SF	50%	516	599	\$580	\$599	83
2 BR	802 SF	50%	606	709	\$710	\$709	103
2 BR	802 SF	50%	606	709	\$710	\$709	103
2 BR	802 SF	60%	606	709	\$710	\$709	103
3 BR	1,023 SF	50%	747	809	\$800	\$809	62
3 BR	1,023 SF	60%	747	809	\$800	\$809	62
3 BR	1,023 SF	60%	747	809	\$800	\$809	62
4 BR	1,141 SF	50%	823	889	\$880	\$889	66
4 BR	1,141 SF	60%	823	889	\$880	\$889	66

Market Impact:

"The subject property appears to be viable as evidenced by submarket characteristics and by the occupancy of the subject, currently. The current occupancies in the vicinity appear to be stabilized and may hint at future strength through population growth." (p. 32)

Comments:

The market study provides sufficient information on which to base a funding recommendation.

## OPERATING PROFORMA ANALYSIS

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's projected rents collected per unit were calculated by applying the requested renewal HAP rents, which have not yet been approved by HUD. The requested rents are approximately 16.5% higher for 1 and 2 bedroom units, and 8% higher for 3 and 4 bedroom units. The use of current rents results in a DCR of 0.82. The requested rents are \$599 for a one-bedroom unit, \$709 for a two-bedroom unit, \$809 for a three-bedroom unit, and \$889 for a four-bedroom unit. A condition of this report is the acceptance and approval of the Applicant's requested HAP Contract Rents. The Underwriter used the same rents as the Applicant's for the underwriting analysis. Utility allowances have not been subtracted, as the Applicant's rents are net of utilities. Tenants will be required to pay electric cooling, general electric, water, sewer, and trash expenses. The development will pay for natural gas (heating, water heating, and cooking) and trash collection expenses.

The Applicant's secondary income is not in line with current TDHCA underwriting guidelines of \$5 to \$15 per unit per month, nor are vacancy and collection loss assumptions in line with TDHCA's 7.5% allowance. The Applicant submitted actual operating statements from 2006 to present which justify the below tolerance secondary income. The underwriting analysis used the Department's minimum of \$5 per unit per month in secondary income. The Applicant's estimate of effective gross income is within 5% of the Underwriter's estimates.

Expense:      Number of Revisions:      1      Date of Last Applicant Revision:      5/13/2009

The Applicant's total annual operating expense projection at \$5,082 per unit is not within 5% of the Underwriter's estimate of \$4,679, derived from actual operating history of the development, the TDHCA database, and third-party data sources. The Applicant's revised budget shows one line item estimate that deviates significantly when compared to the database averages, specifically: Payroll and Payroll Tax (\$36.9K higher).

The Underwriter discussed these differences with the Applicant but was unable to corroborate them using available data. The Applicant explained that annual payroll expenses will be reduced once completion of rehabilitation scope of work has taken place. Historically higher than average cost of repairs & maintenance expenses contributed to a higher than average cost of payroll expenses because the development had to maintain an on-site staff of maintenance professionals in order to complete required repairs and maintenance throughout the property. Upon review of a 4 year average of payroll expenses as viewed in the Development's actual historical operating statements, the Underwriter has determined that \$1,594 per unit annually has been incurred for this line-item. The Applicant has estimated an annual per unit expense of \$1,387, while the Underwriter's available data is able to support annual per unit expenses of this line-item anywhere from \$992 per unit from the TDHCA database to \$1,594 per unit as calculated from the development's historical operating statements.

The Underwriter considered historical operating expenses for the development from 2006 to present. It should be noted, that the underwriting analysis of the expected repairs over time presented in the Property Condition Assessment indicates a need for the initial reserve for replacement requirement to be set at \$300 per unit per month which is also required by the lender.

Of note, the sole owner of the GP is a 501(c)(3) non-profit organization and as such may qualify for a property tax exemption. If the Applicant were to secure a 50% or 100% exemption, the impact on the NOI would warrant adjustment to the permanent loan amount in order to maintain a DCR within the maximum guideline. This may affect the final tax credit allocation amount. Based on the Underwriter's analysis of these two scenarios, the development appears to remain financially feasible. The Underwriter's analysis assumes the development will have full property tax expense as reflected in the application.



Conclusion:

The Applicant's effective gross income is within 5% of the Underwriter's; however operating expenses and net operating income are not within 5% of the Underwriter's estimates. Therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.19, which is within the Department's DCR guideline of 1.15 to 1.35. However, this is based on the higher requested HAP rents. The use of current HAP rents result in a DCR of 0.89, making the development infeasible.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term. However, this is based on proposed HAP rents that have not yet been approved.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: Gerald A. Teel Company, Inc. Date: 3/20/2009
Number of Revisions: None Date of Last Applicant Revision: N/A
Land Only: 6.99 acres \$290,000 As of: 3/3/2009
Existing Buildings: (as-is) \$2,750,000 As of: 3/3/2009
Total Development: (as-is) \$3,040,000 As of: 3/3/2009

Comments:

As is value of \$3.2M using a fee simple interest approach. As complete, as stabilized value of \$4.31M using a fee simple interest approach. The "as stabilized" market value, subject to the requirements of the HTC program is \$3,040,000 as of March 3, 2009.

ASSESSED VALUE

Land Only: 9.45 acres \$137,430 Tax Year: 2008
Existing Buildings: \$1,784,570 Valuation by: Fort Bend CAD
1 acre: \$14,543
Total Prorata: 6.99 acres \$101,655
Total Assessed Value: \$1,922,000 Tax Rate: 2.58741

EVIDENCE of PROPERTY CONTROL

Type: Agreement to Sell and Purchase Acreage: 6.99
Contract Expiration: 12/1/2009 Valid Through Board Date? [X] Yes [ ] No
Acquisition Cost: \$3,000,000 Other: This is an identity of interest transaction.
Seller: Brazos Bend Housing, Inc Related to Development Team? [X] Yes [ ] No

This section intentionally left blank.

## CONSTRUCTION COST ESTIMATE EVALUATION

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

### Acquisition Value:

The purchase is regarded as an Identity of Interest transaction by the Department. The site cost of \$429,185 per acre or \$25,000 per unit is assumed to be reasonable since the Appraisal confirmed a value of \$3,040,000, and the original acquisition cost and improvement costs (\$2,814,632), plus holding costs during the 37 year ownership of the property can reasonably be expected to exceed the \$3M acquisition price indicated in the Agreement to Sell. The Applicant has claimed eligible acquisition cost of \$2,862,000. The Underwriter's eligible acquisition cost is limited to \$2,710,000, which is the contract sales price of \$3M less the land value of \$290K identified in the appraisal.

### Sitework Cost:

The Applicant's claimed sitework costs of \$8,638 per unit are within current Department guidelines. Therefore, further third party substantiation is not required. The Underwriter's estimated site work costs are derived from the estimate in the Property Condition Assessment (PCA), and are \$32,240, or 3% higher than the Applicant's estimate.

### Direct Construction Cost:

The Applicant's direct construction cost estimate is \$33.6K or 1% higher than the estimate provided in the Property Condition Assessment (PCA). It appears that the Applicant included a small portion, \$3,388, of the PCA estimate for general requirements in direct construction costs, which results in the cost being double counted. The underwriting analysis reflects the PCA value.

### Ineligible Costs:

The Applicant included more than one year of fully drawn construction interest expense in eligible basis. Therefore, the Underwriter reduced the Applicant's eligible basis by the \$20,250 overstatement in eligible interest expense.

### Interim Interest Expense:

The Underwriter reduced the Applicant's eligible interim financing fees by \$20,250 to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

### Contingency & Fees:

The Applicant's contractor's fees for general requirements, general and administrative expenses, and profit, and contingency are all within the maximums allowed by TDHCA guidelines based on the Applicant's sitework and direct construction costs. The Applicant's eligible developer fee has been overstated by \$50K, however, based on the Applicant's costs, as adjusted for the overstated eligible interest expense. The Underwriter's estimates of contractor's fees and contingency are in line with the Applicant's estimates. The Underwriter's estimate of developer fees is lower than the Applicant's based on the previously discussed differences in acquisition value and direct construction cost estimates.

### Conclusion:

The Underwriter's cost schedule was derived from information presented in the Application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$14,019,630 supports annual tax credits of \$1,382,251. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: Evanston Financial Type: Interim Financing

Principal: \$4,500,000 Interest Rate: 6.55%  Fixed Term: 24 months

Source: Evanston Financial Type: Permanent Financing

Principal: \$4,500,000 Interest Rate: 7.00%  Fixed Amort: 480 months

Source: TDHCA TCAP Type: Grant

Principal: \$923,771 Conditions: \_\_\_\_\_

Comments:

**It should be noted that the availability of these funds has not yet been determined by TDHCA as of the date of this report. Therefore, these funds will not be included within the recommended financing structure.**

Source: Equity - Evanston Financial Type: Syndication

Proceeds: \$9,308,147 Syndication Rate: 68% Anticipated HTC: \$ 1,368,982

Comments:

Due to the recent volatility in credit pricing, it should be noted, any decrease in rate could increase the amount of deferred developer fee. A decrease below \$0.637 per dollar of credit may jeopardize the financial viability of the transaction. Alternatively, should the final credit price increase to more than \$0.751, under the recommended financing structure all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Amount: \$0 Type: Deferred Developer Fee

Amount: \$120,000 Type: Cash From Operations

Comments:

Because this is an occupied rehabilitation development, the Applicant has included operating income during the rehabilitation as a source of financing. The Underwriter's recommended financing structure will not include these funds as a source of financing.

**CONCLUSIONS**

Recommended Financing Structure:

The Underwriter's total development cost estimate less the permanent loan of \$4,500,000 indicates the need for \$10,277,380 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,511,531 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

Allocation determined by eligible basis:	\$1,382,251
Allocation determined by gap in financing:	\$1,511,531
<b><u>Allocation requested by the Applicant:</u></b>	<b><u>\$1,368,982</u></b>

The allocation amount requested by the Applicant is recommended. A tax credit allocation of \$1,368,982 per year for 10 years results in total equity proceeds of \$9,308,147 at a syndication rate of \$0.68 per tax credit dollar.

The Underwriter's recommended financing structure indicates the need for \$969,233 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within 11 years of stabilized operations.

The availability of TCAP funds is uncertain at the time of underwriting. If these funds become available a re-evaluation of the allocation award is warranted. However, it should be noted that this development is able to remain financially feasible without these additional funds by using \$969,233 (or 52%) of the available deferred developer fee.

Underwriter:	<u>Colton Sanders</u>	Date:	<u>July 15, 2009</u>
Reviewing Underwriter	<u>Audrey Martin</u>	Date:	<u>July 15, 2009</u>
Director of Real Estate Analysis:	<u>Brent Stewart</u>	Date:	<u>July 15, 2009</u>

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Brazos Bend Villa, Richmond, 9% HTC #09232**

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected - Proposed HAP	Rent per Month	Rent per SF	Tnt-Pd Util (Elec, W, S)	Gas, Trash
TC 30%		6	1	1	536	\$358	\$599	\$3,594	\$1.12	\$108.00	\$45.00
TC 50%		13	1	1	536	\$598	\$599	\$7,787	\$1.12	\$108.00	\$45.00
TC 50%	LH	5	1	1	536	\$598	\$599	\$2,995	\$1.12	\$108.00	\$45.00
TC 50%	LH	4	2	1	802	\$717	\$709	\$2,836	\$0.88	\$137.00	\$50.00
TC 50%		38	2	1	802	\$717	\$709	\$26,942	\$0.88	\$137.00	\$50.00
TC 60%	HH	6	2	1	802	\$861	\$709	\$4,254	\$0.88	\$137.00	\$50.00
TC 50%	LH	1	3	1.5	1,023	\$829	\$809	\$809	\$0.79	\$167.00	\$55.00
TC 60%	HH	7	3	1.5	1,023	\$995	\$809	\$5,663	\$0.79	\$167.00	\$55.00
TC 60%		32	3	1.5	1,023	\$995	\$809	\$25,888	\$0.79	\$167.00	\$55.00
TC 50%	LH	1	4	2	1,141	\$925	\$889	\$889	\$0.78	\$196.00	\$61.00
TC 60%		7	4	2	1,141	\$1,110	\$889	\$6,223	\$0.78	\$196.00	\$61.00
<b>TOTAL:</b>		<b>120</b>		<b>AVERAGE:</b>	<b>845</b>		<b>\$732</b>	<b>\$87,880</b>	<b>\$0.87</b>	<b>\$145.13</b>	<b>\$51.40</b>

**INCOME**

Total Net Rentable Sq Ft: **101,408**

**POTENTIAL GROSS RENT**

Secondary Income	Per Unit Per Month:	\$5.00
Other Support Income:		
<b>POTENTIAL GROSS INCOME</b>		
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%
Employee or Other Non-Rental Units or Concessions		

TDHCA	APPLICANT
\$1,054,560	\$1,054,560
7,200	2,988
0	0
\$1,061,760	\$1,057,548
(79,632)	(52,872)
0	0
\$982,128	\$1,004,676

COUNTY	IREM REGION	COMPT. REGION
Fort Bend	Houston	6
\$2.08	Per Unit Per Month	
\$0.00	Per Unit Per Month	
-5.00%	of Potential Gross Income	

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	
General & Administrative	3.81%	\$312	0.37	
Management	5.00%	409	0.48	
Payroll & Payroll Tax	13.19%	1,079	1.28	
Repairs & Maintenance	7.33%	600	0.71	
Utilities	6.54%	536	0.63	
Water, Sewer, & Trash	4.18%	342	0.40	
Property Insurance	4.75%	388	0.46	
Property Tax	2.58741	5.53%	453	0.54
Reserve for Replacements	3.67%	300	0.36	
TDHCA Compliance Fees	0.49%	40	0.05	
Other:	2.69%	220	0.26	
<b>TOTAL EXPENSES</b>	<b>57.17%</b>	<b>\$4,679</b>	<b>\$5.54</b>	
<b>NET OPERATING INC</b>	<b>42.83%</b>	<b>\$3,505</b>	<b>\$4.15</b>	

	PER SQ FT	PER UNIT	% OF EGI	
\$37,454	\$42,473	\$0.42	\$354	4.23%
49,106	56,076	0.55	467	5.58%
129,494	166,413	1.64	1,387	16.56%
72,036	70,047	0.69	584	6.97%
64,276	81,658	0.81	680	8.13%
41,009	38,027	0.37	317	3.79%
46,613	38,928	0.38	324	3.87%
54,336	49,022	0.48	409	4.88%
36,000	36,000	0.36	300	3.58%
4,800	4,800	0.05	40	0.48%
26,376	26,376	0.26	220	2.63%
<b>\$561,499</b>	<b>\$609,820</b>	<b>\$6.01</b>	<b>\$5,082</b>	<b>60.70%</b>
<b>\$420,629</b>	<b>\$394,856</b>	<b>\$3.89</b>	<b>\$3,290</b>	<b>39.30%</b>

**DEBT SERVICE**

Evanston Financial	34.17%	\$2,796	\$3.31
TDHCA TCAP	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>8.66%</b>	<b>\$709</b>	<b>\$0.84</b>

\$335,573	\$335,573	\$3.31	\$2,796	33.40%
0	0	\$0.00	\$0	0.00%
0	0	\$0.00	\$0	0.00%
<b>\$85,056</b>	<b>\$59,283</b>	<b>\$0.58</b>	<b>\$494</b>	<b>5.90%</b>
1.25	1.18			
1.25				

**RECOMMENDED DEBT COVERAGE RATIO**

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		20.30%	\$25,000	\$29.58
Off-Sites		0.00%	0	0.00
Sitework		7.23%	8,907	10.54
Direct Construction		39.92%	49,155	58.17
Contingency	9.62%	4.53%	5,583	6.61
Contractor's Fees	13.98%	6.59%	8,117	9.60
Indirect Construction		2.87%	3,540	4.19
Ineligible Costs		2.24%	2,765	3.27
Developer's Fees	15.00%	12.37%	15,239	18.03
Interim Financing		3.01%	3,706	4.39
Reserves		0.92%	1,133	1.34
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$123,145</b>	<b>\$145.72</b>
<b>Construction Cost Recap</b>		<b>58.27%</b>	<b>\$71,762</b>	<b>\$84.92</b>

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
\$3,000,000	\$3,000,000	\$29.58	\$25,000	20.20%	
0	0	0.00	0	0.00%	
1,068,810	1,036,570	10.22	8,638	6.98%	
5,898,594	5,932,192	58.50	49,435	39.94%	
670,000	670,000	6.61	5,583	4.51%	
974,000	974,000	9.60	8,117	6.56%	
424,829	424,829	4.19	3,540	2.86%	
331,750	331,750	3.27	2,765	2.23%	
1,828,647	1,901,827	18.75	15,849	12.81%	
444,750	444,750	4.39	3,706	2.99%	
136,000	136,000	1.34	1,133	0.92%	
<b>\$14,777,380</b>	<b>\$14,851,918</b>	<b>\$146.46</b>	<b>\$123,766</b>	<b>100.00%</b>	
<b>\$8,611,404</b>	<b>\$8,612,762</b>	<b>\$84.93</b>	<b>\$71,773</b>	<b>57.99%</b>	

**SOURCES OF FUNDS**

Evanston Financial	30.45%	\$37,500	\$44.38
TDHCA TCAP	6.25%	\$7,698	\$9.11
Equity - Evanston Financial	62.99%	\$77,568	\$91.79
Cash From Operations	0.81%	\$1,000	\$1.18
Deferred Developer Fee	0.00%	\$0	\$0.00
Additional (Excess) Funds Req'd	-0.50%	(\$621)	(\$0.74)
<b>TOTAL SOURCES</b>			

	TDHCA	APPLICANT	RECOMMENDED	
\$4,500,000	\$4,500,000	\$4,500,000	Developer Fee Available	
923,771	923,771	0	\$1,851,651	
9,308,147	9,308,147	9,308,147	% of Dev. Fee Deferred	
120,000	120,000			
0	0	969,233	52%	
(74,538)	0	0	15-Yr Cumulative Cash Flow	
<b>\$14,777,380</b>	<b>\$14,851,918</b>	<b>\$14,777,380</b>	<b>\$1,557,208</b>	

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Brazos Bend Villa, Richmond, 9% HTC #09232*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost				\$0
<b>Adjustments</b>				
Exterior Wall Finish	0.00%		\$0.00	\$0
Elderly			0.00	0
9-Ft. Ceilings	0.00%		0.00	0
Roofing			0.00	0
Subfloor			0.00	0
Floor Cover			0.00	0
Breezeways/Balconies	\$22.95		0.00	0
Plumbing Fixtures	\$835		0.00	0
Rough-ins	\$410		0.00	0
Built-In Appliances	\$1,800		0.00	0
Exterior Stairs	\$1,875		0.00	0
Enclosed Corridors	(\$9.92)		0.00	0
Heating/Cooling				0
Garages/Carports			0.00	0
Comm &/or Aux Bldgs			0.00	0
Other: fire sprinkler	\$2.15		0.00	0
SUBTOTAL			0.00	0
Current Cost Multiplier	1.01		0.00	0
Local Multiplier			0.00	0
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$0.00</b>	<b>\$0</b>
Plans, specs, survy, bld prmts	3.90%		\$0.00	\$0
Interim Construction Interest	3.38%		0.00	0
Contractor's OH & Profit	11.50%		0.00	0
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$0.00</b>	<b>\$0</b>

**PAYMENT COMPUTAT**

<b>Primary</b>	\$4,500,000	Amort	480
Int Rate	7.00%	DCR	1.25

<b>Secondary</b>	\$923,771	Amort	0
Int Rate	0.00%	Subtotal DCR	1.25

<b>Additional</b>	\$9,308,147	Amort	
Int Rate		Aggregate DCR	1.25

**RECOMMENDED FINANCING S**

Primary Debt Service	\$335,573
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$85,056</b>

<b>Primary</b>	\$4,500,000	Amort	480
Int Rate	7.00%	DCR	1.25

<b>Secondary</b>	\$923,771	Amort	0
Int Rate	0.00%	Subtotal DCR	1.25

<b>Additional</b>	\$9,308,147	Amort	0
Int Rate	0.00%	Aggregate DCR	1.25

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

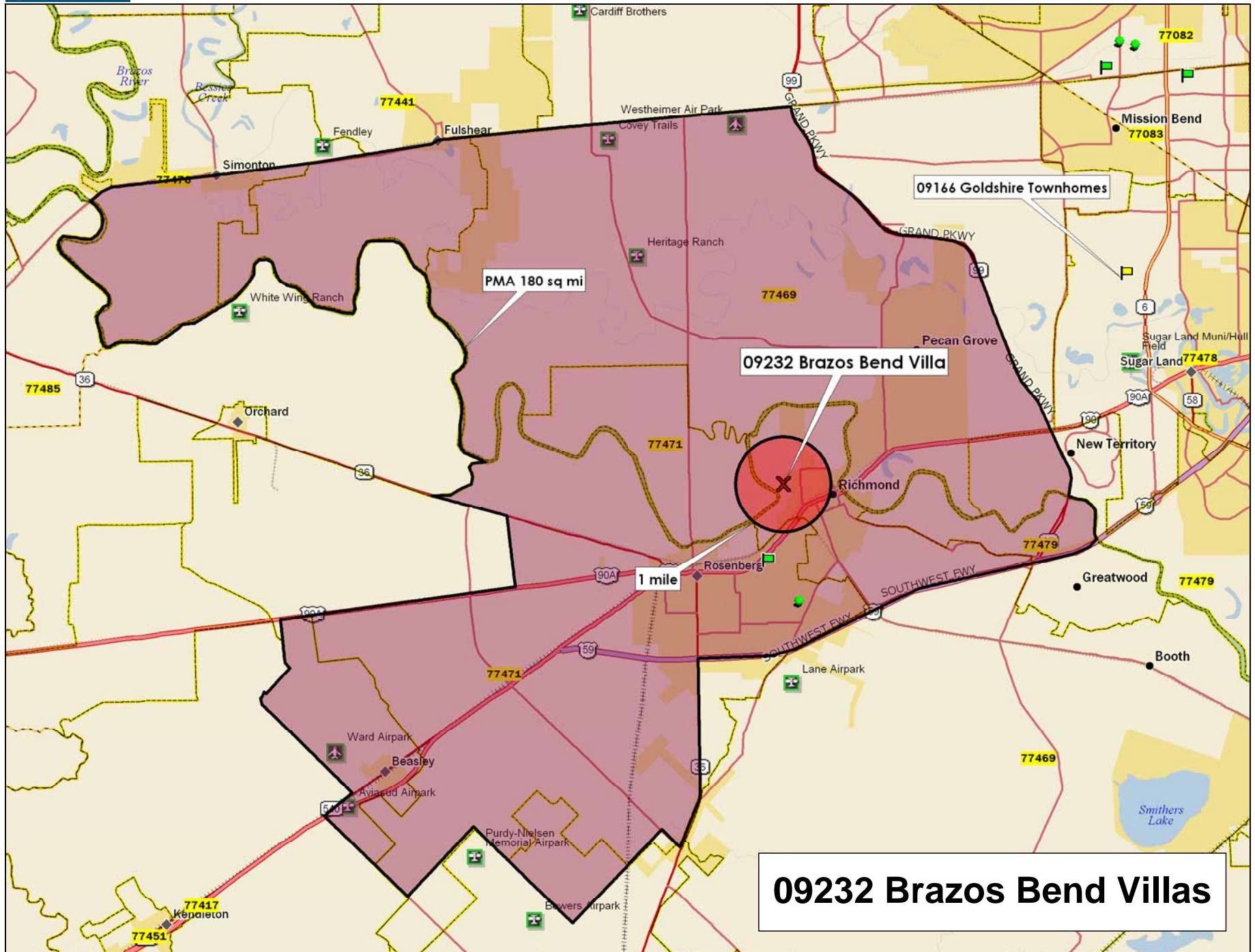
INCOME at	2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT		\$1,054,560	\$1,075,651	\$1,097,164	\$1,119,108	\$1,141,490	\$1,260,297	\$1,391,470	\$1,536,295	\$1,872,735
Secondary Income		7,200	7,344	7,491	7,641	7,794	8,605	9,500	10,489	12,786
Other Support Income:		0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME		1,061,760	1,082,995	1,104,655	1,126,748	1,149,283	1,268,901	1,400,970	1,546,784	1,885,521
Vacancy & Collection Loss		(79,632)	(81,225)	(82,849)	(84,506)	(86,196)	(95,168)	(105,073)	(116,009)	(141,414)
Employee or Other Non-Rental Units or Concess		0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME		\$982,128	\$1,001,771	\$1,021,806	\$1,042,242	\$1,063,087	\$1,173,734	\$1,295,897	\$1,430,775	\$1,744,107
EXPENSES at	3.00%									
General & Administrative		\$37,454	\$38,578	\$39,735	\$40,927	\$42,155	\$48,869	\$56,653	\$65,676	\$88,263
Management		49,106	50,089	51,090	52,112	53,154	58,687	64,795	71,539	87,205
Payroll & Payroll Tax		129,494	133,379	137,380	141,502	145,747	168,960	195,871	227,069	305,161
Repairs & Maintenance		72,036	74,197	76,423	78,716	81,077	93,991	108,961	126,315	169,757
Utilities		64,276	66,204	68,190	70,236	72,343	83,865	97,223	112,708	151,470
Water, Sewer & Trash		41,009	42,239	43,506	44,811	46,156	53,507	62,029	71,909	96,640
Insurance		46,613	48,011	49,451	50,935	52,463	60,819	70,506	81,736	109,846
Property Tax		54,336	55,966	57,645	59,374	61,155	70,896	82,187	95,278	128,045
Reserve for Replacements		36,000	37,080	38,192	39,338	40,518	46,972	54,453	63,126	84,836
Other		31,176	32,111	33,075	34,067	35,089	40,678	47,156	54,667	73,468
TOTAL EXPENSES		\$561,499	\$577,853	\$594,688	\$612,018	\$629,857	\$727,243	\$839,835	\$970,023	\$1,294,693
NET OPERATING INCOME		\$420,629	\$423,917	\$427,118	\$430,224	\$433,230	\$446,491	\$456,062	\$460,752	\$449,414
<b>DEBT SERVICE</b>										
First Lien Financing		\$335,573	\$335,573	\$335,573	\$335,573	\$335,573	\$335,573	\$335,573	\$335,573	\$335,573
Second Lien		0	0	0	0	0	0	0	0	0
Other Financing		0	0	0	0	0	0	0	0	0
NET CASH FLOW		\$85,056	\$88,344	\$91,545	\$94,652	\$97,657	\$110,918	\$120,489	\$125,179	\$113,841
DEBT COVERAGE RATIO		1.25	1.26	1.27	1.28	1.29	1.33	1.36	1.37	1.34

**HTC ALLOCATION ANALYSIS -Brazos Bend Villa, Richmond, 9% HTC #09232**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>						
Purchase of land	\$138,000	\$290,000				
Purchase of buildings	\$2,862,000	\$2,710,000	\$2,862,000	\$2,710,000		
<b>Off-Site Improvements</b>						
<b>Sitework</b>	\$1,036,570	\$1,068,810			\$1,036,570	\$1,068,810
<b>Construction Hard Costs</b>	\$5,932,192	\$5,898,594			\$5,932,192	\$5,898,594
<b>Contractor Fees</b>	\$974,000	\$974,000			\$974,000	\$974,000
<b>Contingencies</b>	\$670,000	\$670,000			\$670,000	\$670,000
<b>Eligible Indirect Fees</b>	\$424,829	\$424,829			\$424,829	\$424,829
<b>Eligible Financing Fees</b>	\$444,750	\$444,750			\$444,750	\$444,750
<b>All Ineligible Costs</b>	\$331,750	\$331,750				
<b>Developer Fees</b>			\$429,300	\$406,500	\$1,422,351	\$1,422,147
Developer Fees	\$1,901,827	\$1,828,647				
<b>Development Reserves</b>	\$136,000	\$136,000				
<b>TOTAL DEVELOPMENT COSTS</b>	\$14,851,918	\$14,777,380	\$3,291,300	\$3,116,500	\$10,904,692	\$10,903,130

<b>Deduct from Basis:</b>						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
<b>TOTAL ELIGIBLE BASIS</b>			\$3,291,300	\$3,116,500	\$10,904,692	\$10,903,130
High Cost Area Adjustment					130%	130%
<b>TOTAL ADJUSTED BASIS</b>			\$3,291,300	\$3,116,500	\$14,176,100	\$14,174,070
Applicable Fraction			100%	100%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>			\$3,291,300	\$3,116,500	\$14,176,100	\$14,174,070
Applicable Percentage			3.42%	3.42%	9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$112,562	\$106,584	\$1,275,849	\$1,275,666

<b>Syndication Proceeds</b>	<b>0.6799</b>	<b>\$765,348</b>	<b>\$724,701</b>	<b>\$8,674,906</b>	<b>\$8,673,663</b>
<b>Total Tax Credits (Eligible Basis Method)</b>				<b>\$1,388,411</b>	<b>\$1,382,251</b>
<b>Syndication Proceeds</b>				<b>\$9,440,254</b>	<b>\$9,398,364</b>
<b>Requested Tax Credits</b>				<b>\$1,368,982</b>	
<b>Syndication Proceeds</b>				<b>\$9,308,147</b>	
<b>Gap of Syndication Proceeds Needed</b>					<b>\$10,277,380</b>
<b>Total Tax Credits (Gap Method)</b>					<b>\$1,511,531</b>



**09232 Brazos Bend Villas**

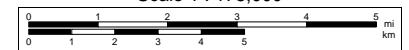
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Scale 1 : 175,000



1" = 2.76 mi

Data Zoom 10-2





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Woodland Park at Decatur, TDHCA Number 09237**

BASIC DEVELOPMENT INFORMATION

Site Address: 3108 S. Murvil St. Development #: 09237  
 City: Decatur Region: 3 Population Served: Elderly  
 County: Wise Zip Code: 76234 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Woodland Park at Decatur, LP  
 Owner Contact and Phone: Mark E. Feaster, (785) 286-0642  
 Developer: Hersh Development Company  
 Housing General Contractor: Hersh Construction Co.  
 Architect: Architettura, Inc.  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: WNC & Associates, Inc.  
 Supportive Services: N/A  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	72	
	4	0	25	43	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	16	56	0	0	0	
Type of Building:						Total Development Units:	72
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	9
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$576,558	\$576,558			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Woodland Park at Decatur, TDHCA Number 09237**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Estes, District 30, NC

Points: 0 US Representative: Granger, District 12, NC

TX Representative: King, District 61, S

Points: 14 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Woodland Park at Decatur, TDHCA Number 09237**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **0**

Total # Monitored: **0**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **150**  Meeting a Required Set-Aside Credit Amount\*: \$576,558

Recommendation: Recommended because without this award included, this sub-region's allocation shortfall would have been a significant portion of their total targeted sub-regional allocation when Rural tax credits are collapsed.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Beechnut Oaks, TDHCA Number 09242**

BASIC DEVELOPMENT INFORMATION

Site Address: NWC of Beechnut & Eldridge Pkwy. Development #: 09242  
 City: Houston Region: 6 Population Served: Elderly  
 County: Harris Zip Code: 77083 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Beechnut Oaks LP  
 Owner Contact and Phone: Les Kilday, (713) 914-9400  
 Developer: Kilday Partners, LLC  
 Housing General Contractor: TBD  
 Architect: Jim Gwin Architect, Inc.  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Red Capital Markets, Inc.  
 Supportive Services: TBD  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	144	
	8	0	65	71	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	86	58	0	0	0	
Type of Building:						Total Development Units:	144
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$16,678,997
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	4
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,686,794	\$1,686,794			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Beechnut Oaks, TDHCA Number 09242**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Huffman, District 17, S

Points: 14 US Representative: Green, District 9, NC

TX Representative: Vo, District 149, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

S, Fred Fraser, President Beechnut Municipal Utility District

**Individuals and Businesses:** In Support: 0 In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Alief Baptist Church, S, Pastor Burgs Jr., Senior Pastor

Dominion International Center, S, Tolu Areola, Director of Operations

YMCA of Greater Houston (Alief) 77083, S, Heidi Brasher, Senior Program Director

**General Summary of Comment:**

Letters of support from elected official and local MUD.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance at commitment that Harris County Housing Finance Corporation has approved and provided a firm commitment of the \$850K interim loan.
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.
3. Receipt of a commitment of funding from the Harris County HFC in the amount of \$850,000, or a commitment from a qualifying substitute source in an amount not less than \$833,950, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Beechnut Oaks, TDHCA Number 09242**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **14**

Total # Monitored: **11**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **198**  Meeting a Required Set-Aside Credit Amount\*: \$1,686,794

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/10/09 PROGRAM: 9% HTC FILE NUMBER: 09242

**DEVELOPMENT**

Beechnut Oaks Apartments

Location: \_\_\_\_\_ NW corner of Beechnut & Eldridge Parkway \_\_\_\_\_ Region: 6  
 City: Houston (ETJ) County: Harris Zip: 77083  OCT  DDA  
 Key Attributes: \_\_\_\_\_ Seniors, New Construction, Urban \_\_\_\_\_

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,686,794			<b>\$1,686,794</b>		

**CONDITIONS**

- 1 Receipt, review, and acceptance at commitment that Harris County Housing Finance Corporation has approved and provided a firm commitment of the \$850K interim loan.
- 2 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	8
50% of AMI	50% of AMI	65
60% of AMI	60% of AMI	71

**STRENGTHS/MITIGATING FACTORS**

- The delivery of the subject units would likely occur after the lease-up is complete on the comparable 2008 deal. Also, affordable properties in sub-market are stabilized and no senior units exist within the defined PMA.
- Principals of the Applicant have LIHTC development experience.

**WEAKNESSES/RISKS**

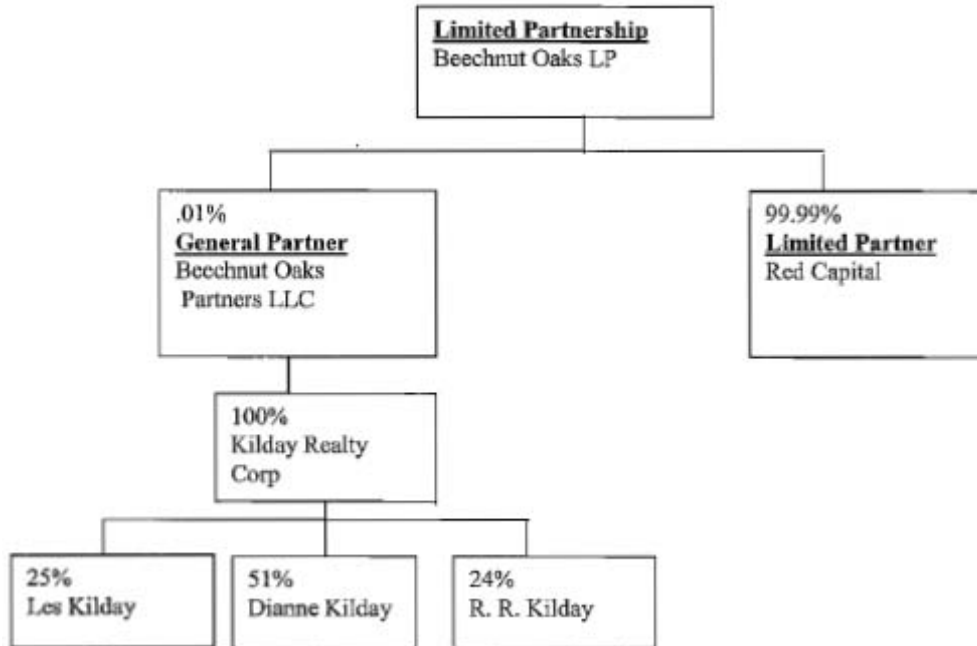
- A 2008 LIHTC seniors property lies just outside the PMA and would likely be direct competition to the subject. A current status on this development is not available.

**PREVIOUS UNDERWRITING REPORTS**

None.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Les Kilday Phone: (713) 914-9400 Fax: (713) 914-9439  
 Email: leskilday@kildayrealtycorp.net

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Kilday Realty Corp	CONFIDENTIAL	11
Kilday Partners LLC	CONFIDENTIAL	5
R.R. Kilday & Dianne D. Kilday	CONFIDENTIAL	11
Les Kilday	CONFIDENTIAL	11
Beechnut Oaks Partners, LLC	To Be Formed	N/A

<sup>1</sup> Liquidity = Current Assets - Current Liabilities

**IDENTITIES of INTEREST**

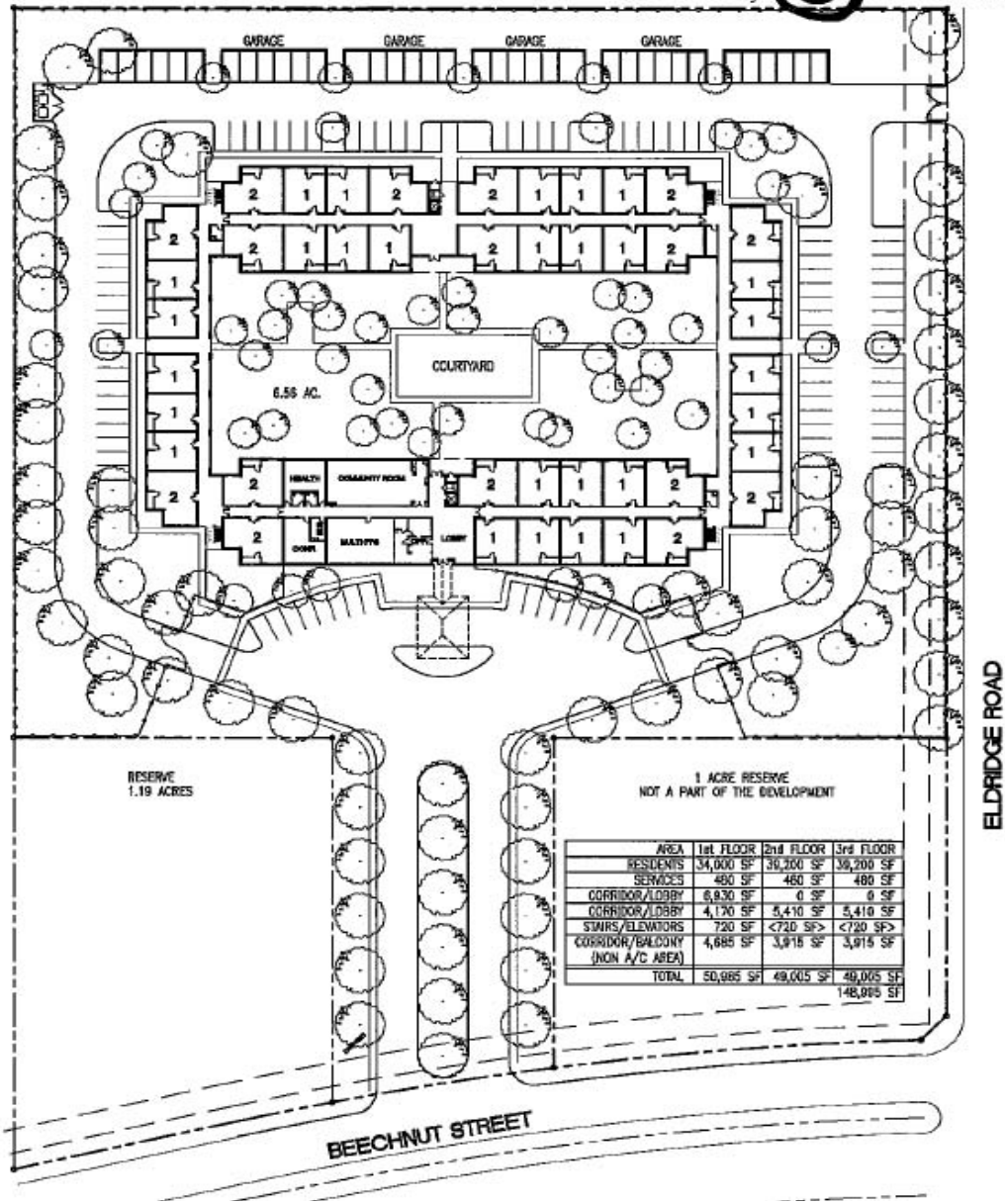
- The General Contractor, property manager, and supportive services provider are all "to be determined" at the time of application. Should these business turn out to be related entities there will be no compliance issue as these are common relationships for HTC-funded developments.

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PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	North	South	East	West						Total Buildings
Floors/Stories	3	3	3	3						
Number	1	1	1	1						4

BR/BA	SF	Units						Total Units	Total SF
1/1	700	29	31	13	13			86	60,200
2/2	900	19	23	8	8			58	52,200
Units per Building		48	54	21	21			144	112,400

**SITE ISSUES**

Total Size: 7.75 acres      Scattered site?       Yes       No  
 Flood Zone: Zone X      Within 100-yr floodplain?       Yes       No  
 Zoning: N/A      Needs to be re-zoned?       Yes       No       N/A  
 Comments:  
 There is no zoning ordinance in Harris County which would affect this development.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff, TDHCA Staff, ORCA Staff      Date: 4/15/2009  
 Overall Assessment:  
 Excellent       Acceptable       Questionable       Poor       Unacceptable  
 Surrounding Uses:  
 North: Parking lot; Subdivision      East: Eldridge Street; Businesses, Church, Subdivision  
 South: Beechnut Street; Subdivision      West: Businesses

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Phase Engineering      Date: 3/20/2009  
 Recognized Environmental Concerns (RECs) and Other Concerns:  
 • The assessment revealed no Recognized Environmental Conditions related to the site.

**MARKET HIGHLIGHTS**

Provider: Apartment Market Data      Date: 3/14/2009  
 Contact: Darrell Jack      Phone: (210) 530-0040      Fax: (210) 340-5830  
 Number of Revisions: none      Date of Last Applicant Revision: N / A  
 Primary Market Area (PMA):      12 sq. miles      2 mile equivalent radius  
 The Primary Market Area is defined by Westpark Drive, Shiller Road, and Alief Clodine Road to the north; S. Dairy Ashford Street and S. Kirkwood Road to the east; Bissonnet Street, Huntington Estates Drive, Beechnut Street, and the Fort Bend County line to the south; and Addicks Clodine Road to the west. The PMA had an estimated 2008 population of 78,723, including 5,711 senior households.

Secondary Market Area (SMA):  
 The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
none				none			

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
40	\$17,880	\$20,400	\$22,960	\$25,520	\$27,560	\$29,600
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	49	13	0	62	5	0	8%
1 BR/50%	22	72	0	94	39	0	41%
1 BR/60%	79	23	0	102	42	0	41%
2 BR/30%	25	5	0	30	3	0	10%
2 BR/50%	13	30	0	43	26	0	60%
2 BR/60%	31	12	0	43	29	0	67%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	44	9	0	53	5	0	9%
1 BR/50%	50	11	0	61	39	0	64%
1 BR/60%	46	12	0	58	42	0	72%
2 BR/30%	30	5	0	35	3	0	9%
2 BR/50%	32	7	0	39	26	0	67%
2 BR/60%	34	11	0	45	29	0	64%

OVERALL DEMAND										
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER					turnover					
Market Analyst p. 66							868	26%	224	
Underwriter (Map Info)	15%	6,425	100%	6,425	15%	952	51%	481	26%	124
Underwriter (HISTA)							1,120	26%	289	
PMA DEMAND from GROWTH					growth					
Market Analyst p. 67									63	
Underwriter (Map Info)	15%	383	100%	383	15%	57	51%	29	100%	29
Underwriter (HISTA)									71	
DEMAND from OTHER SOURCES					Senior Homeowners					
Market Analyst p. 68							767	10%	77	
Underwriter (Map Info)							471	6%	30	
Underwriter (HISTA)							1,055	6%	67	

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 69	144	0	0	144	364	<b>40%</b>
Underwriter (Map Info)	144	0	0	144	183	<b>79%</b>
Underwriter (HISTA)	144	0	0	144	428	<b>34%</b>

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#### Proposed, Under Construction, and Unstabilized Comparable Supply:

There are no proposed, under construction, or unstabilized comparable units targeting seniors located within the PMA. It should be noted, however, that a comparable development is located a short distance outside the PMA. West Oaks Village Seniors (#08603), with 232 units, is less than 3.5 miles northwest of the subject, and less than one mile outside the market area. Since West Oaks is outside the defined PMA, it need not be included in determining the capture rate, and if it were to be included, a larger population would need to be considered. However, the presence of such a large comparable property in such proximity to the subject raises some concern regarding the concentration of senior units in the general area.

#### Supply and Demand Analysis:

The market study provides a general demographic report on the PMA from Map Info, as well as a HISTA Data report, which provides greater detail of the household breakdown by income, household size, tenure, and age. The market study analysis is based on the HISTA Data. The analysis applies a renter turnover rate of 5.8% from the TDHCA data for seniors in Region 6, and considers only one to three person households. Based on these criteria, the Market Analyst identifies demand for 224 units due to turnover of renter households, and demand for 63 units due to growth of renter households.

The market study also considers demand from existing senior homeowner households. The 2009 Real Estate Analysis Rules allow for demand from turnover from homeowners up to a rate of 10% if supported by appropriate data. The Market Analyst applies a 10% turnover rate to the senior homeowner household population, but provides no specific supporting data. The Analyst concludes demand for 84 units from homeowner turnover. The 2000 census for the PMA indicates a turnover rate of 6.4% for senior homeowners.

The market study calculates total demand for 364 units, and reports an inclusive capture rate of 40% based on a supply limited to the 144 units at the subject.

The Map Info demographic report provides total households by age and income. The traditional underwriting approach starts with the income distribution of the overall household population, and adjusts for age and renter tenure. The underwriting analysis does not typically adjust senior demand based on household size. In this case the HISTA Data report used by the Market Analyst indicates a much higher distribution of senior households in the eligible income range than indicated by MapInfo demographics; as a result, the traditional methodology indicates demand for only 124 units due to renter turnover, demand for 29 units due to household growth, and demand for 29 units from senior homeowners. Based on this, the underwriting analysis concludes an inclusive capture rate of 79%, exceeding the maximum capture rate of 75% for developments targeting seniors.

An underwriting analysis was also performed based on the HISTA data. Considering all senior households, without adjusting for household size, this analysis calculates demand for 289 units due to renter turnover, demand for 71 units due to renter household growth, and demand for 67 units due to homeowner turnover. This total demand for 428 units, with a total supply of 144 units, indicates an inclusive capture rate of 34%, which is below the maximum of 75%.

Based on this analysis, it is possible to conclude there is sufficient demand to support the proposed development.

#### Primary Market Occupancy Rates:

"The overall occupancy reported in the market is 84.5%. Excluding three projects that are undergoing rehab, we see the overall occupancy is 89.5%." (p. 48) The Market Analyst goes on to break down the occupancy by the age of the property, indicating that 1,830 units constructed in the 1970's report an average occupancy of 73%; 6,477 units constructed in the 1980's report occupancy of 86%; 563 units constructed in the 1990's report 96%; and 408 units constructed since 2000 report 99% occupancy. This suggests that the newer properties to which the subject will be most comparable are maintaining a very high level of occupancy.

Absorption Projections:

"We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p. 50)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
1 BR 700 SF 30%	\$265	\$273	\$755	\$273	\$482		
1 BR 700 SF 50%	\$494	\$513	\$755	\$513	\$242		
1 BR 700 SF 60%	\$608	\$632	\$755	\$632	\$123		
2 BR 900 SF 30%	\$318	\$330	\$898	\$330	\$568		
2 BR 900 SF 50%	\$593	\$616	\$898	\$616	\$282		
2 BR 900 SF 60%	\$731	\$760	\$898	\$760	\$138		

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. There are no affordable senior units in the PMA, and affordable family units are 94.2% occupied." (p. 56)

Comments:

The market study provides sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income: Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of May 2009, maintained by Harris County Housing Authority, from the 2008 program gross rent limits. Tenants will be required to pay electric utility costs only. The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines. Secondary income of \$17.50 per unit per month is slightly above the maximum of \$15 per unit per month. This is due to garage rental fees of \$50 per month for 36 garages and the Applicant is estimating \$5 per unit per month for laundry, late fees, and interest on deposits.

Expense: Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's total annual operating expense projection at \$4,005 per unit is within 5% of the Underwriter's estimate of \$4,136, derived from actual operating history of the development, the TDHCA database, and third-party data sources.

Conclusion:

The Applicant's effective gross income, operating expenses, and net operating income are all within 5% of the Underwriter's estimates; therefore, the Applicant's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.31, which is within the Department's DCR guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's/Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only: 8.74708 acres	\$2,667,161	Tax Year:	2009
Existing Buildings:	\$0	Valuation by:	Harris CAD
1 acre:	\$304,920		
Total Prorata: 7.75 acres	\$2,362,215		
Total Assessed Value:	\$2,667,161	Tax Rate:	3.22055

**EVIDENCE of PROPERTY CONTROL**

Type: <u>Commercial Contract - Unimproved Property</u>	Acreage: <u>7.747</u>
Contract Expiration: <u>12/9/2009</u>	Valid Through Board Date? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost: <u>\$1,602,952</u>	Other: _____
Seller: <u>Houston Waterpark Assoc., Ltd.</u>	Related to Development Team? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**TITLE**

Comments:

- 1 Abstract of Judgment filed for record May 23, 2006 in favor of Reliant Energy Retail Services, LLC, against Houston Waterpark Associates, LLC for the amount of \$74,768.16, plus costs, interest, and attorney's fees.
- 2 Abstract of Judgment filed for record April 2, 2008 in favor of Beechnut Crossing Maintenance Association, against Houston Waterpark Associates, LTD for the amount of \$4,775.56, plus costs, interest, and attorney's fees.
- 3 There is a pending District Court suit between Alief ISD versus Houston Waterpark Associates, LLC for unpaid ad valorem taxes. Said taxes must be paid together with all penalty and interest, filing fees, attorney fees and court costs, if any, and it will require satisfactory disposition of said suit.

It is assumed by the Underwriter that the above title issues will be resolved by the Seller at or prior to closing to provide a clean title to the purchaser.

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:  
 The acquisition cost of \$11,132 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction. The Applicant's site plan shows a 1.19 acre tract that will be reserved as detention (detention requirements not established at this time). If this portion is not used for the subject development, a prorata amount of the purchase price will need to be excluded from the land cost which may affect the final credit amount at cost certification. The Applicant states that this parcel is unusable aside for detention purposes.

Off-Site Cost:  
 None.

Sitework Cost:  
 The Applicant's claimed sitework costs of \$9,000 per unit is the maximum allowed under current Department guidelines. Therefore, further third party substantiation is not required, however if this figure is exceeded third party substantiation will be necessary.

Direct Construction Cost:  
 The Applicant's direct construction cost estimate is \$513K or 7% higher than the Underwriter's *Marshall & Swift Residential Cost Handbook* derived estimate.

It should be noted that the Applicant did not include a line-item expense for carports & garages in the development cost schedule of the application. The applicant intends to charge \$50 per month rent for use of 1 of 36 available garage spaces, then the cost to construct this amenity will be removed from eligible basis pursuant to: *§ 1.32(d) (B) (v) If the total secondary income is over the maximum per unit per month limit, any cost associated with the construction, acquisition, or development of the hard assets needed to produce an additional fee may also need to be reduced from Eligible Basis for Tax Credit Developments as they may, in that case, be considered to be a commercial cost rather than an incidental to the housing cost of the Development.*

**Ineligible Costs:**

None.

**Interim Interest Expense:**

The Underwriter reduced the Applicant's eligible interim financing fees by \$79,855 to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

**Contingency & Fees:**

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

**Conclusion:**

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$14,417,044 supports annual tax credits of \$1,686,794. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: Red Capital Type: Interim Financing

Principal: \$4,850,000 Interest Rate: 7.0%  Fixed Term: 24 months

**Comments:**

Red Capital has divided the total loan amount into two loans. The first being a note for \$3.7M carrying an interest rate of 7% which is fixed. The second being a note for \$1.15M carrying an interest rate of 4.41% which varies monthly according to the Fannie Mae Pass-through rate. All terms estimated as of February 20, 2009.

Source: Red Capital Type: Permanent Financing

Principal: \$3,700,000 Interest Rate: 7.0%  Fixed Amort: 360 months

Source: Harris County HFC Type: Loan - Construction Stage

Principal: \$850,000 Conditions: \_\_\_\_\_

Source: Red Capital Type: Syndication

Proceeds: \$11,975,042 Syndication Rate: 71% Anticipated HTC: \$ 1,686,794

**Comments:**

If the syndication rate falls below \$0.66 this development will be considered infeasible. The commitment letter does not specifically state an expiration date. However the interim and permanent financing letters will expire on 12-31-2009. The lender and syndicator are the same entity.

Amount: \$1,003,956 Type: Deferred Developer Fees

## CONCLUSIONS

### Recommended Financing Structure:

The Applicant's total development cost estimate less the permanent loan of \$3,700,000 indicates the need for \$12,978,997 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,828,210 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

Allocation determined by eligible basis: \$1,686,794

Allocation determined by gap in financing: \$1,828,210

**Allocation requested by the Applicant: \$1,686,794**

The allocation amount determined by the eligible basis calculation which is equal to the request of the Applicant is recommended. A tax credit allocation of \$1,686,794 per year for 10 years results in total equity proceeds of \$11,975,042 at a syndication rate of \$0.71 per tax credit dollar.

The Underwriter's recommended financing structure indicates the need for \$1,003,955 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within 15 years of stabilized operation.

Underwriter:	_____	Date:	July 10, 2009
	<i>Colton Sanders</i>		
Manager of Real Estate Analysis:	_____	Date:	July 10, 2009
	<i>Raquel Morales</i>		
Director of Real Estate Analysis:	_____	Date:	July 10, 2009
	<i>Brent Stewart</i>		



**MULTIFAMILY COMPARATIVE ANALYSIS**

**Beechnut Oaks Apartments, Houston (ETJ), 9% HTC #09242**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	5	1	1	700	\$358	\$273	\$1,365	\$0.39	\$85.00	\$50.00
TC 50%	39	1	1	700	\$598	\$513	\$20,007	\$0.73	\$85.00	\$50.00
TC 60%	42	1	1	700	\$717	\$632	\$26,544	\$0.90	\$85.00	\$50.00
TC 30%	3	2	2	900	\$431	\$330	\$990	\$0.37	\$101.00	\$50.00
TC 50%	26	2	2	900	\$717	\$616	\$16,016	\$0.68	\$101.00	\$50.00
TC 60%	29	2	2	900	\$861	\$760	\$22,040	\$0.84	\$101.00	\$50.00
<b>TOTAL:</b>	<b>144</b>		<b>AVERAGE:</b>	<b>781</b>		<b>\$604</b>	<b>\$86,962</b>	<b>\$0.77</b>	<b>\$91.44</b>	<b>\$50.00</b>

**INCOME**

Total Net Rentable Sq Ft: **112,400**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
 Other Supp Garages - \$50 per space/month

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.38%	\$301	0.39
Management	5.00%	343	0.44
Payroll & Payroll Tax	15.11%	1,038	1.33
Repairs & Maintenance	6.02%	414	0.53
Utilities	3.88%	266	0.34
Water, Sewer, & Trash	4.78%	329	0.42
Property Insurance	5.45%	374	0.48
Property Tax 3.22055	9.84%	676	0.87
Reserve for Replacements	3.64%	250	0.32
TDHCA Compliance Fees	0.58%	40	0.05
Other:	1.52%	104	0.13
<b>TOTAL EXPENSES</b>	<b>60.20%</b>	<b>\$4,136</b>	<b>\$5.30</b>
<b>NET OPERATING INC</b>	<b>39.80%</b>	<b>\$2,734</b>	<b>\$3.50</b>

TDHCA	APPLICANT
\$1,043,544	\$1,004,376
25,920	8,640
0	21,600
\$1,069,464	\$1,034,616
(80,210)	(72,420)
0	0
\$989,254	\$962,196

COUNTY	IREM REGION	COMPT. REGION
Harris	Houston	6
\$5.00	Per Unit Per Month	
\$12.50	Per Unit Per Month	
-7.00%	of Potential Gross Income	

PER SQ FT	PER UNIT	% OF EGI
\$0.45	\$354	5.29%
0.43	334	5.00%
1.30	1,014	15.17%
0.52	406	6.08%
0.32	250	3.74%
0.38	295	4.42%
0.46	361	5.40%
0.76	596	8.93%
0.32	250	3.74%
0.05	40	0.60%
0.13	104	1.56%
<b>\$5.13</b>	<b>\$4,005</b>	<b>59.93%</b>
<b>\$3.43</b>	<b>\$2,677</b>	<b>40.07%</b>

**DEBT SERVICE**

Red Capital	29.86%	\$2,051	\$2.63
Harris County HFC	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>9.94%</b>	<b>\$683</b>	<b>\$0.87</b>

TDHCA	APPLICANT
\$295,394	\$295,398
0	0
0	0
\$98,319	\$90,122
1.33	1.31
	1.31

AGGREGATE DEBT COVERAGE RATIO  
 RECOMMENDED DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		10.01%	\$11,132	\$14.26
Off-Sites		0.00%	0	0.00
Sitework		8.10%	9,000	11.53
Direct Construction		46.88%	52,121	66.77
Contingency	5.00%	2.75%	3,056	3.92
Contractor's Fees	14.00%	7.70%	8,557	10.96
Indirect Construction		4.68%	5,208	6.67
Ineligible Costs		2.33%	2,590	3.32
Developer's Fees	15.00%	11.20%	12,452	15.95
Interim Financing		4.56%	5,069	6.49
Reserves		1.79%	1,986	2.54
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$111,172</b>	<b>\$142.43</b>
<b>Construction Cost Recap</b>		<b>65.43%</b>	<b>\$72,734</b>	<b>\$93.18</b>

TDHCA	APPLICANT
\$1,602,952	\$1,602,952
0	0
1,296,000	1,296,000
7,505,432	7,995,227
440,072	464,561
1,232,200	1,300,773
750,000	750,000
373,000	373,000
1,793,056	1,880,484
730,000	730,000
286,000	286,000
\$16,008,712	\$16,678,997
\$10,473,704	\$11,056,561

PER SQ FT	PER UNIT	% of TOTAL
\$14.26	\$11,132	9.61%
0.00	0	0.00%
11.53	9,000	7.77%
71.13	55,522	47.94%
4.13	3,226	2.79%
11.57	9,033	7.80%
6.67	5,208	4.50%
3.32	2,590	2.24%
16.73	13,059	11.27%
6.49	5,069	4.38%
2.54	1,986	1.71%
<b>\$148.39</b>	<b>\$115,826</b>	<b>100.00%</b>
<b>\$98.37</b>	<b>\$76,782</b>	<b>66.29%</b>

**SOURCES OF FUNDS**

Red Capital	23.11%	\$25,694	\$32.92
Harris County HFC	0.00%	\$0	\$0.00
Red Capital	74.80%	\$83,160	\$106.54
Deferred Developer Fees	6.27%	\$6,972	\$8.93
Additional (Excess) Funds Req'd	-4.19%	(\$4,655)	(\$5.96)
<b>TOTAL SOURCES</b>			

TDHCA	APPLICANT	RECOMMENDED
\$3,700,000	\$3,700,000	\$3,700,000
0	0	0
11,975,042	11,975,042	11,975,042
1,003,956	1,003,956	1,003,955
(670,286)	(1)	0
\$16,008,712	\$16,678,997	\$16,678,997

Developer Fee Available  
**\$1,880,484**  
 % of Dev. Fee Deferred  
**53%**  
 15-Yr Cumulative Cash Flow  
**\$1,456,866**

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Beechnut Oaks Apartments, Houston (ETJ), 9% HTC #09242*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$57.14	\$6,422,797
<b>Adjustments</b>				
Exterior Wall Finish	2.40%		\$1.37	\$154,147
Elderly	3.00%		1.71	192,684
9-Ft. Ceilings	3.00%		1.71	192,684
Roofing			0.00	0
Subfloor			(0.81)	(90,669)
Floor Cover			2.17	243,571
Breezeways/Balconies	\$21.97	12,515	2.45	274,948
Plumbing Fixtures	\$835	174	1.29	145,290
Rough-ins	\$410	288	1.05	118,080
Built-In Appliances	\$1,800	144	2.31	259,200
Exterior Stairs	\$1,875	8	0.13	15,000
Enclosed Corridors	\$57.14	14,990	7.62	856,563
Elevator	53,600	2	0.95	107,200
Heating/Cooling			1.83	205,692
Garages/Carports	\$26.18	7,200	1.68	188,496
Comm &/or Aux Bldgs	\$69.87	6,930	4.31	484,232
Other: fire sprinkler	\$2.15	127,390	2.44	273,889
<b>SUBTOTAL</b>			<b>89.36</b>	<b>10,043,802</b>
Current Cost Multiplier	1.01		0.89	100,438
Local Multiplier	0.91		(8.04)	(903,942)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$82.21</b>	<b>\$9,240,298</b>
Plans, specs, survy, bld prn	3.90%		(\$3.21)	(\$360,372)
Interim Construction Interes	3.38%		(2.77)	(311,860)
Contractor's OH & Profit	11.50%		(9.45)	(1,062,634)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$66.77</b>	<b>\$7,505,432</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$3,700,000	Amort	360
Int Rate	7.00%	DCR	1.33

<b>Secondary</b>	\$0	Amort	
Int Rate		Subtotal DCR	1.33

<b>Additional</b>	\$11,975,042	Amort	
Int Rate		Aggregate DCR	1.33

**RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI**

Primary Debt Service	\$295,394
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$90,126</b>

<b>Primary</b>	\$3,700,000	Amort	360
Int Rate	7.00%	DCR	1.31

<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.31

<b>Additional</b>	\$11,975,042	Amort	0
Int Rate	0.00%	Aggregate DCR	1.31

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

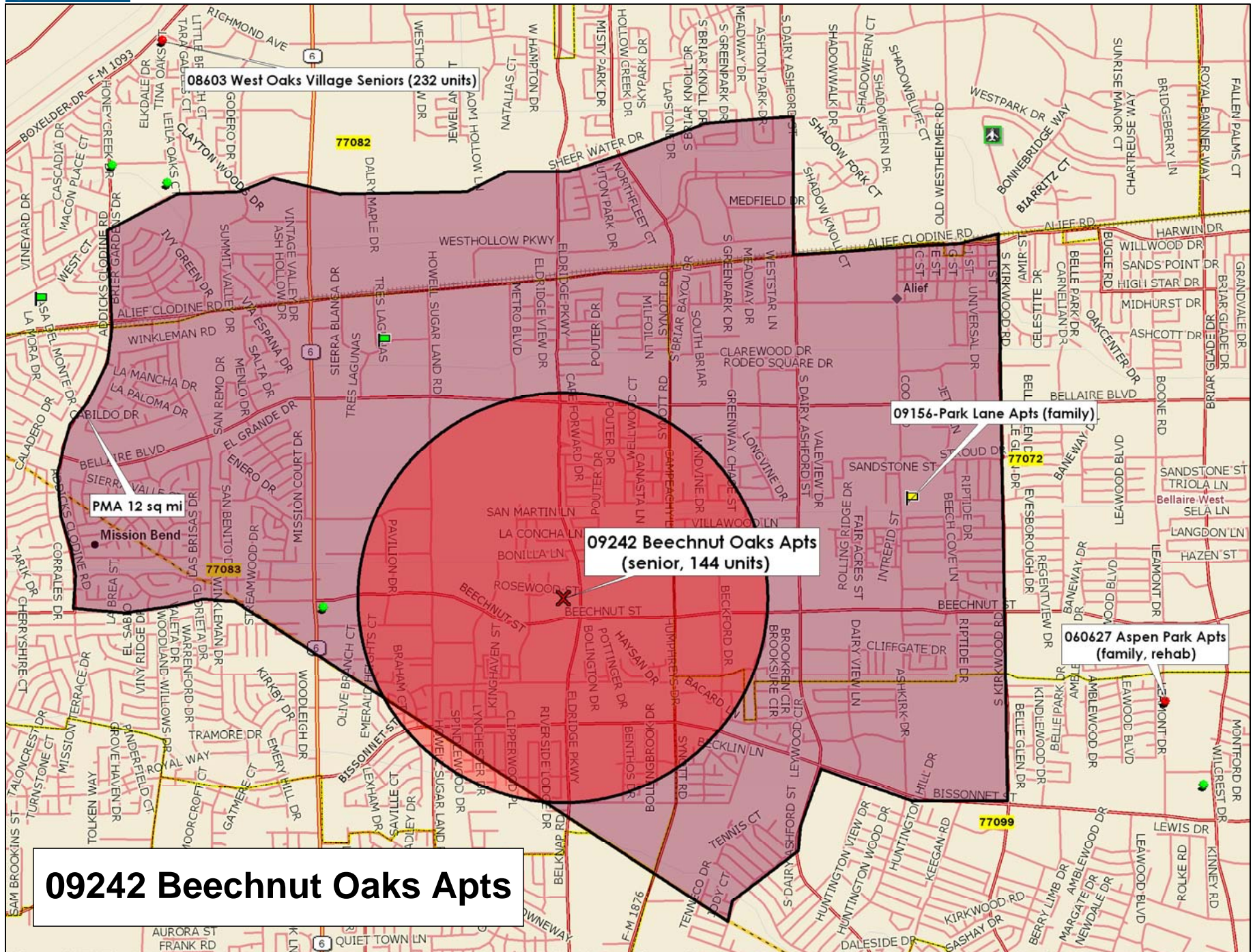
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,004,376	\$1,024,464	\$1,044,953	\$1,065,852	\$1,087,169	\$1,200,322	\$1,325,253	\$1,463,186	\$1,783,616
Secondary Income	8,640	8,813	8,989	9,169	9,352	10,326	11,400	12,587	15,343
Other Support Income:	21,600	22,032	22,473	22,922	23,381	25,814	28,501	31,467	38,358
<b>POTENTIAL GROSS INCOME</b>	<b>1,034,616</b>	<b>1,055,308</b>	<b>1,076,414</b>	<b>1,097,943</b>	<b>1,119,902</b>	<b>1,236,462</b>	<b>1,365,154</b>	<b>1,507,240</b>	<b>1,837,317</b>
Vacancy & Collection Loss	(72,420)	(79,148)	(80,731)	(82,346)	(83,993)	(92,735)	(102,387)	(113,043)	(137,799)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$962,196</b>	<b>\$976,160</b>	<b>\$995,683</b>	<b>\$1,015,597</b>	<b>\$1,035,909</b>	<b>\$1,143,727</b>	<b>\$1,262,767</b>	<b>\$1,394,197</b>	<b>\$1,699,519</b>
EXPENSES at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
General & Administrative	\$50,916	\$52,443	\$54,017	\$55,637	\$57,306	\$66,434	\$77,015	\$89,282	\$119,987
Management	48,110	48,808	49,784	50,780	51,796	57,187	63,139	69,710	84,976
Payroll & Payroll Tax	146,000	150,380	154,891	159,538	164,324	190,497	220,838	256,012	344,059
Repairs & Maintenance	58,500	60,255	62,063	63,925	65,842	76,329	88,486	102,580	137,859
Utilities	36,000	37,080	38,192	39,338	40,518	46,972	54,453	63,126	84,836
Water, Sewer & Trash	42,500	43,775	45,088	46,441	47,834	55,453	64,285	74,524	100,154
Insurance	52,000	53,560	55,167	56,822	58,526	67,848	78,655	91,182	122,541
Property Tax	85,890	88,467	91,121	93,854	96,670	112,067	129,916	150,609	202,405
Reserve for Replacements	36,000	37,080	38,192	39,338	40,518	46,972	54,453	63,126	84,836
Other	20,760	21,383	22,024	22,685	23,366	27,087	31,401	36,403	48,922
<b>TOTAL EXPENSES</b>	<b>\$576,676</b>	<b>\$593,231</b>	<b>\$610,540</b>	<b>\$628,358</b>	<b>\$646,701</b>	<b>\$746,845</b>	<b>\$862,642</b>	<b>\$996,554</b>	<b>\$1,330,577</b>
<b>NET OPERATING INCOME</b>	<b>\$385,520</b>	<b>\$382,929</b>	<b>\$385,143</b>	<b>\$387,239</b>	<b>\$389,208</b>	<b>\$396,882</b>	<b>\$400,125</b>	<b>\$397,643</b>	<b>\$368,942</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$295,394	\$295,394	\$295,394	\$295,394	\$295,394	\$295,394	\$295,394	\$295,394	\$295,394
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$90,126</b>	<b>\$87,535</b>	<b>\$89,749</b>	<b>\$91,844</b>	<b>\$93,813</b>	<b>\$101,488</b>	<b>\$104,731</b>	<b>\$102,249</b>	<b>\$73,548</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.31</b>	<b>1.30</b>	<b>1.30</b>	<b>1.31</b>	<b>1.32</b>	<b>1.34</b>	<b>1.35</b>	<b>1.35</b>	<b>1.25</b>

**HTC ALLOCATION ANALYSIS -Beechnut Oaks Apartments, Houston (ETJ), 9% HTC #09242**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$1,602,952	\$1,602,952		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,296,000	\$1,296,000	\$1,296,000	\$1,296,000
<b>Construction Hard Costs</b>	\$7,995,227	\$7,505,432	\$7,995,227	\$7,505,432
<b>Contractor Fees</b>	\$1,300,773	\$1,232,200	\$1,300,772	\$1,232,200
<b>Contingencies</b>	\$464,561	\$440,072	\$464,561	\$440,072
<b>Eligible Indirect Fees</b>	\$750,000	\$750,000	\$750,000	\$750,000
<b>Eligible Financing Fees</b>	\$730,000	\$730,000	\$730,000	\$730,000
<b>All Ineligible Costs</b>	\$373,000	\$373,000		
<b>Developer Fees</b>			\$1,880,484	
Developer Fees	\$1,880,484	\$1,793,056		\$1,793,056
<b>Development Reserves</b>	\$286,000	\$286,000		
<b>TOTAL DEVELOPMENT COSTS</b>	\$16,678,997	\$16,008,712	\$14,417,044	\$13,746,760

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$14,417,044	\$13,746,760
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$18,742,157	\$17,870,788
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$18,742,157	\$17,870,788
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,686,794	\$1,608,371

<b>Syndication Proceeds</b>	<b>0.7099</b>	<b>\$11,975,043</b>	<b>\$11,418,294</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,686,794</b>	<b>\$1,608,371</b>
<b>Syndication Proceeds</b>		<b>\$11,975,044</b>	<b>\$11,418,294</b>
<b>Requested Tax Credits</b>		<b>\$1,686,794</b>	
<b>Syndication Proceeds</b>		<b>\$11,975,042</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$12,978,997</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,828,210</b>	

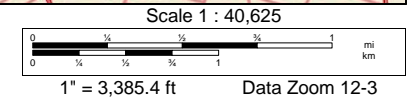
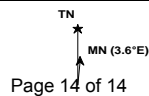


# 09242 Beechnut Oaks Apts

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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Heights at Corral, TDHCA Number 09245**

BASIC DEVELOPMENT INFORMATION

Site Address: 1000 W. Corral Ave. Development #: 09245  
 City: Kingsville Region: 10 Population Served: General  
 County: Kleberg Zip Code: 78363 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: The Heights at Corral, LTD  
 Owner Contact and Phone: Socorro ("Cory") Hinojosa, (361) 592-6783  
 Developer: Brownstone Affordable Housing, Ltd.  
 Housing General Contractor: Brownstone Construction, Ltd.  
 Architect: Brownstone Architects & Planners, Inc.  
 Market Analyst: The Gerald A. Teel Company, Inc.  
 Syndicator: Hudson Housing Capital, LLC  
 Supportive Services: TBD  
 Consultant: Leslie Holleman & Associates, Inc.

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	80	
	4	0	40	36	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	24	38	18	0	0	
Type of Building:						Total Development Units:	80
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$9,321,251
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	13
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	29

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$894,750	\$894,750			
HOME Activity Fund Amount:	\$3,000,000	\$3,000,000	30	30	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Heights at Corral, TDHCA Number 09245

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Lucio, District 27, S

Points: 14 US Representative: Ortiz, District 27, NC

TX Representative: Ybarra, District 43, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

Kingsville Resident Association, Reina V. Sustaita

Letter Score: 24 S or O: S

The proposed development will replace the old units with new affordable housing units. The proposed development will provide additional tenant services and amenities that are not currently provided to the existing tenants.

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letters of support from elected officials and qualified neighborhood association.

CONDITIONS OF COMMITMENT

1. Receipt, review, and acceptance, by carryover, of documentation that a comprehensive asbestos survey has been completed, and that appropriate procedures are incorporated for the demolition and removal of any identified asbestos-containing-materials.
2. Receipt, review and acceptance, by carryover of an executed ground lease with clear lease terms including, but not limited to the annual rent amount.
3. Receipt, review and acceptance, by cost certification, of documentation from the Kingsville Housing Authority that the proposed operating subsidy has been approved for the subject development with amount of the per unit subsidy and term identified.
4. Receipt, review and acceptance, by cost certification, of a project based HAP contract from the Kingsville Housing Authority for the proposed 25 units.
5. Receipt, review and acceptance, by commitment, of a corrected market study (or addendum) with an overall capture rate calculation pursuant to the REA Rules.
6. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit and or allocation amount may be warranted.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Heights at Corral, TDHCA Number 09245**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **10**

Total # Monitored: **5**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **217**  Meeting a Required Set-Aside Credit Amount\*: \$894,750

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$3,000,000

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/10/09 PROGRAM: 9% / HOME FILE NUMBER: 09245

**DEVELOPMENT**

The Heights at Corral

Location: 1000 West Corral Avenue Region: 10  
 City: Kingsville County: Kleberg Zip: 78363  OCT  DDA  
 Key Attributes: Family, Rural, Reconstruction, and Townhomes/Multifamily

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
HOME Activity Funds	\$3,000,000	0.00%	30/30	<b>\$3,000,000</b>	<b>0.00%</b>	<b>30/30</b>
Housing Tax Credit (Annual)	\$894,750			<b>\$894,750</b>		

**CONDITIONS**

- 1 Receipt, review, and acceptance, by carryover, of documentation that a comprehensive asbestos survey has been completed, and that appropriate procedures are incorporated for the demolition and removal of any identified asbestos-containing-materials.
- 2 Receipt, review and acceptance, by carryover of an executed ground lease with clear lease terms including, but not limited to the annual rent amount.
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- 5 Receipt, review and acceptance, by commitment, of a corrected market study (or addendum) with an overall capture rate calculation pursuant to the REA Rules.
- 6 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit and or allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	4
50% of AMI	50% of AMI	40
60% of AMI	60% of AMI	36

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	Low HOME	4
50% of AMI	Low HOME	25



**STRENGTHS/MITIGATING FACTORS**

- Non-deferred developer fee of \$880k should be able to absorb any additional demolition costs due to asbestos, if any.
- LIHTC properties in PMA are full (98% to 100% occupied) and market rate deals are stabilized.
- Lease-up and ongoing occupancy risk mitigated as 40 units are either public housing or HAP units and the property is essentially replacement housing.
- Principals of Applicant demonstrate LIHTC development experience.

**WEAKNESSES/RISKS**

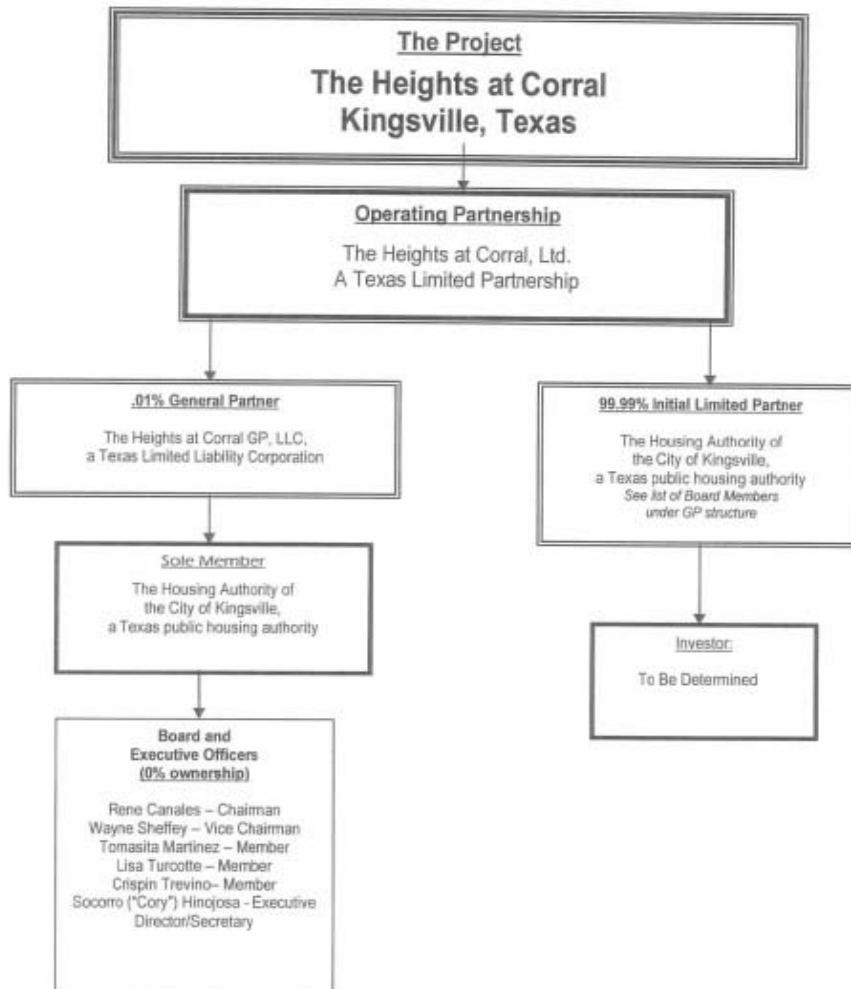
- Should the existing structures contain asbestos materials, the Underwriter is concerned that the demolition costs may increase substantially.

**PREVIOUS UNDERWRITING REPORTS**

This application was previously approved last year for 9% credits, but returned the credits due to lack of equity investor interest in rural projects per the Applicant.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Socorro Hinojosa Phone: (361) 592-6783 Fax: (361) 595-1997  
 Email: chinojosa@khatx.com

**KEY PARTICIPANTS**

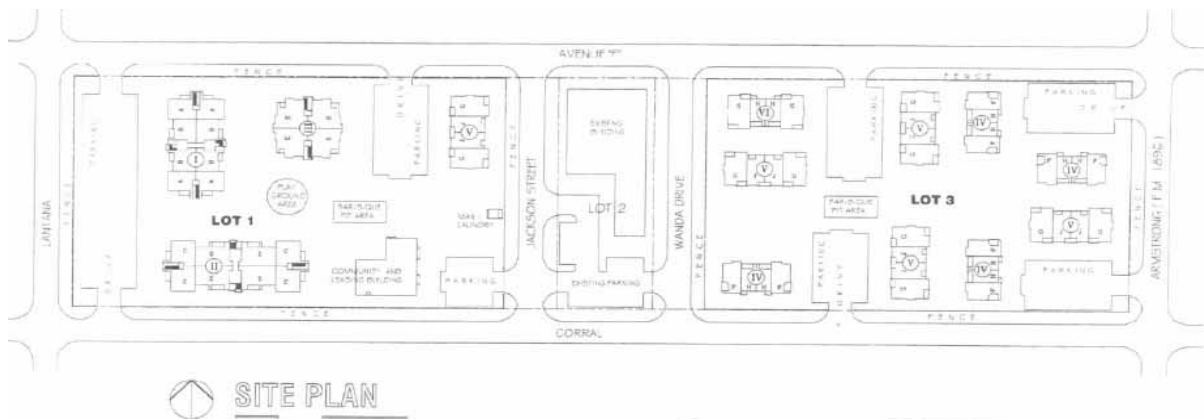
Name	Financial Notes	# Completed Developments
Housing Authority of Kingsville.	N/A	2
Brownstone Affordable Housing, Ltd.	N/A	7
William Brown	N/A	7

**IDENTITIES of INTEREST**

- o The Applicant, Developer, and General Contractor are related entities. These are common relationships for HTC-funded developments.

**PROPOSED SITE**

**SITE PLAN**



**SITE PLAN**

**BUILDING CONFIGURATION**

Building Type	I	II	III	IV	V	VI					Total Buildings
Floors/Stories	2	2	2	1	1	1					
Number	1	1	1	4	5	1					<b>13</b>

BR/BA	SF	Units								Total Units	Total SF
1/1	750	16			2					24	18,000
2/2	980		8		2	2	4			30	29,400
2/2	1,015		8							8	8,120
3/2	1,150			8		2				18	20,700
Units per Building		16	16	8	4	4	4			<b>80</b>	<b>76,220</b>

**Development Plan:**

The proposed reconstruction will involve the demolition and reconstruction of 80 units of existing affordable housing. The development will include the new construction of thirteen residential buildings consisting of apartment and townhome units and a clubhouse/community building on approximately 6.81 acres.

Relocation Plan:

Meetings will be held with all the current residents whereby they will be informed of what options and assistance will be available to them in order to seek other housing, such as transfers to other available Public Housing units, amount of relocation benefits, relocation counseling services provided to each individual family, and transportation and moving services that may be required for any family.

Since the current owner of the property will be responsible for the relocation plan, the costs of such relocation will be the responsibility of the current owner. To the extent necessary, the Housing Authority will coordinate relocation with Housing Authorities in nearby cities of Corpus Christi, Robstown, and Alice.

SITE ISSUES

Total Size:	<u>6.81</u> acres	Scattered site?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Flood Zone:	<u>C</u>	Within 100-yr floodplain?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Zoning:	<u>Multifamily R-3</u>	Needs to be re-zoned?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> N/A

TDHCA SITE INSPECTION

Inspector: ORCA staff Date: 4/29/2009

Overall Assessment:  
 Excellent     Acceptable     Questionable     Poor     Unacceptable

Surrounding Uses:

North:	<u>Avenue F and single-family residences beyond</u>	East:	<u>Armstrong Street undeveloped land beyond</u>
South:	<u>Avenue F and single-family residences beyond</u>	West:	<u>Lantana Drive and multifamily apartments beyond</u>

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Astex Environmental Services Date: 2/5/2008

Recognized Environmental Concerns (RECs) and Other Concerns:

- The assessment revealed no Recognized Environmental Conditions related to the subject site.
- "Due to the age of construction and interior finish out and the nature of the buildings, it is likely that a comprehensive survey would result in some of the suspect building materials/finishes, i.e. floor tiles, gypsum walls, etc., being analyzed as asbestos containing. As repair or renovation plans require the removal or disturbance of any of these suspect building materials/finishes and in adherence with the Texas Asbestos Health Protection Rules (TAHPR) a Texas licensed Asbestos Inspector (i.e. Astex) must be called to conduct a comprehensive asbestos survey of the subject site." (p. 10)

Comments:  
Any funding recommendation will be subject to receipt, review, and acceptance, by carryover, of documentation that a comprehensive asbestos survey has been completed, and that appropriate procedures are incorporated for the demolition and removal of any identified asbestos-containing materials.

MARKET HIGHLIGHTS

Provider: Gerald A. Teel Company Date: 2/16/2009

Contact: Tim Treadway Phone: (713) 467-5858 Fax: (713) 467-0704

Number of Revisions: None Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 1029 sq. miles 18 mile equivalent radius

"The primary market area is considered the City of Kingsville and immediate surrounding areas, including the whole of Kleberg County. The foregoing area is essentially bound by the Gulf of Mexico to the east, Baffin Bay and the Kleberg County/Kennedy County/Brooks County lines to the south, the Kleberg County/Jim Wells County line to the west, and the Kleberg County/Jim Wells County/Nueces County lines to the north." (p. 4)

Secondary Market Area (SMA):

"The secondary market would be the adjoining communities neighboring Kleberg County, including portions of Alice, Bishop, Robstown and Corpus Christi, Jim Wells County, Nueces County, and Brooks County if applicable. The secondary market has not been considered in the analysis." (p. 4)

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
none				none			

INCOME LIMITS						
Kleberg						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$9,600	\$10,950	\$12,350	\$13,700	\$14,800	\$15,900
40	\$12,760	\$14,600	\$16,400	\$18,240	\$19,680	\$21,160
50	\$15,950	\$18,250	\$20,500	\$22,800	\$24,600	\$26,450
60	\$19,140	\$21,900	\$24,600	\$27,360	\$29,520	\$31,740

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	123	-4	0	119	2	0	2%
1 BR/50%	97	32	0	129	9	0	7%
1 BR/60%	106	-22	0	84	14	0	17%
2 BR/30%	138	-65	0	73	1	0	1%
2 BR/50%	117	-10	0	107	11	0	10%
2 BR/60%	94	-32	0	62	25	0	40%
3 BR/30%	42	2	0	44	1	0	2%
3 BR/50%	47	102	0	149	8	0	5%
3 BR/60%	42	88	0	130	9	0	7%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	229	-7	0	222	2	0	1%
1 BR/50%	101	0	0	102	11	0	11%
1 BR/60%	31	0	0	31	11	0	35%
2 BR/30%	192	-13	0	180	1	0	1%
2 BR/50%	117	-4	0	113	19	0	17%
2 BR/60%	39	-2	0	37	18	0	49%
3 BR/30%	136	-9	0	127	1	0	1%
3 BR/50%	79	-5	0	74	10	0	14%
3 BR/60%	30	-2	0	28	7	0	25%

OVERALL DEMAND						
	Target Households	Household Size	Income Eligible	Tenure	Demand	
PMA DEMAND from TURNOVER						turnover
Market Analyst	30%					172
	50%					453
	60%					330
Underwriter						1,180
PMA DEMAND from GROWTH						growth
Market Analyst	30%					-4
	50%					-6
	60%					-4
Underwriter						-45
INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst	Not Provided (see comments)					
Underwriter	80	0	0	80	1,135	<b>7%</b>

Proposed, Under Construction, and Unstabilized Comparable Supply:

There are no proposed, under construction, or unstabilized comparable units located in the PMA.

Demand Analysis:

The Market Analyst does not calculate overall demand for the subject development as required by the Real Estate Analysis Rules. Demand analysis is provided separately for each income range (30%, 50%, and 60% of AMI); this analysis greatly overstates the demand due to the significant overlap of eligible income ranges and eligible household sizes. As a result, the reported demand cannot be combined to conclude overall demand for the subject.

While the market study overstates demand for the reasons stated above, at the same time it understates demand by limiting eligible households based on a maximum of 35% of household income available to pay rent. Forty of the subject units are either public housing units or are covered by a HAP contract; as a result, all households below 50% of AMI are eligible tenants.

The underwriting analysis identifies demand for 1,180 units due to household turnover. And a projected decrease in the number of eligible households indicates a reduction in demand by 45 units. Total demand for 1,135 units, and a total supply of 80 units, indicates an inclusive capture rate of 7%, well below the maximum capture rate of 75% for rural developments.

Primary Market Occupancy:

"The rental survey ... was conducted on three HTC projects. All are located within the subject's primary market area. The properties were built between 1999 and 2006 and have reported occupancy levels ranging from 98% to 100%. The five conventional market rate properties were completed from 1977 to 2000 and have reported occupancy levels ranging from 93% to 98%." (p. 24)

Absorption Projections:

"The subject property is for reconstruction of an older Public Housing Project. It is replacing units on a 1 to 1 basis, and this is the same for the tenants, which will be offered the new housing on a 1 to 1 basis. Thus in effect, the subject units are already absorbed" (p. 73)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	750 SF	30%	\$170	\$181	\$745	\$181	\$564
1 BR	750 SF	50%	\$453	\$352	\$745	\$453	\$292
1 BR	750 SF	50%	\$100	\$352	\$745	\$100	\$645
1 BR	750 SF	60%	\$415	\$438	\$745	\$438	\$307
2 BR	980 SF	30%	\$200	\$213	\$885	\$213	\$672
2 BR	980 SF	50%	\$498	\$417	\$885	\$498	\$387
2 BR	980 SF	50%	\$125	\$417	\$885	\$125	\$760
2 BR	980 SF	60%	\$493	\$520	\$900	\$520	\$380
2 BR	980 SF	50%	\$498	\$417	\$925	\$498	\$427
2 BR	1,015 SF	60%	\$493	\$520	\$935	\$520	\$415
3 BR	1,150 SF	30%	\$224	\$240	\$1,000	\$240	\$760
3 BR	1,150 SF	50%	\$750	\$476	\$1,000	\$750	\$250
3 BR	1,150 SF	50%	\$150	\$476	\$1,000	\$150	\$850
3 BR	1,150 SF	60%	\$564	\$595	\$1,000	\$595	\$405

Market Impact:

"The subject property will have minimal affect on the market ... As this is replacement product, the effect on the market will be negligible, other than to improve the existing conditions of those that will reside at the property." (p. 86)

Comments:

The Underwriter's calculated capture rate is well below the maximum. Additionally, the subject will replace existing Affordable Housing and current residents will be offered a leasing preference following reconstruction; as such, the capture rate limit is not applicable. The market study provides sufficient information on which to base a funding recommendation.

Notwithstanding the above, the market analyst failed to calculate an overall capture rate. While it is not material to the decision and funding recommendation, this report is subject to receipt, review and acceptance of a revised market study containing the overall capture rate calculation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's projected rents collected per unit for the non-PHA and HAP tax credit units were calculated by subtracting tenant-paid utility allowances as of 11/1/2007, maintained by the Housing Authority of the City of Kingsville, from the 2008 program gross rent limits. Tenants will be required to pay electric bills. At the time of application the 2009 rent limits had not been released and thus the Applicant used estimated 2008 rent limits in setting rents. Based on the Applicant's intention to charge maximum program rents, the Underwriter used the 2009 maximum rents for the non-PHA units. For the PHA and HAP units the Underwriter used the Applicant's estimated rents. Any funding recommendation will be conditioned upon receipt, review and acceptance, by cost certification, of a commitment from the City of Kingsville Housing Authority for the proposed operating subsidy and evidence of an executed HAP contract for the proposed HAP units.

The Applicant's estimate of secondary income and vacancy and collection loss are within the Department's guidelines. Overall the Applicant's effective gross income is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's total annual operating expense projection of \$3,437 per unit is more than 5% lower than the Underwriter's estimate of \$3,640 derived from the TDHCA database and third party data sources. Additionally, the Applicant's estimates of several line items differ significantly from the Underwriter's, specifically, payroll and payroll tax (\$14K lower) and repairs & maintenance (\$13.2K lower).

Due to the housing authority's involvement in the subject application the Applicant has reflected no property taxes estimated for the subject. This is typical in HTC transactions where a housing authority holds some ownership in the property. The Underwriter's analysis also assumes no property taxes.

**Conclusion:**

The Applicant's estimate of total expenses are not within 5% of the Underwriter's estimates; therefore, the Underwriter's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR).

The Applicant's and Underwriter's expense to income ratios (67.38% and 68.91%, respectively) are above the TDHCA guideline of 65%. However, the 2009 Real Estate Analysis rules provide that a transaction with a ratio greater than 65% will be re-characterized as feasible if "the Development will receive project-based section 8 rental assistance for at least 50% of the units and or the development will be characterized as public housing as defined by HUD for at least 50% of the units." [§1.32(6)(B)(ii & iii)]. As such the subject development proposes to have 40 public housing and HAP units out of the total 80 and therefore meets this feasibility exception.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	6.81 acres	<u>\$0</u>	Tax Year:	<u>2008</u>
Existing Buildings:		<u>\$0</u>	Valuation by:	<u>Kleberg CAD</u>
Total Assessed Value:		<u>\$0</u>	Tax Rate:	<u>2.87232</u>

**Comments:**

This property is exempt from ad valorem property tax and shall remain under exempt status provided the Kingsville Housing Authority and subsidiaries continues to meet tax code requirements.

**EVIDENCE of PROPERTY CONTROL**

Type: Contract for Lease Acreage: 6.81  
 Contract Expiration: 12/31/2009 Valid Through Board Date?  Yes  No

**Comments:**

An executed ground lease, by carryover, with clear lease terms including, but not limited to the annual rent amount between the Housing Authority of the City of Kingsville and The Heights at Corral, Ltd. is a condition of this report.

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

**Ground Lease Terms:**

The property shall be leased to the partnership pursuant to a ground lease with a fifty year term with the rent being set at \$10 per year.

Sitework Cost:

The Applicant's proposed site work cost of \$8,676 per unit is within the Department's guidelines. Therefore further third party substantiation is not required.

Direct Construction Cost:

The Applicant's direct construction cost is \$65.3K or less than 2% lower than the Underwriter's Marshall and Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$7,647,432 supports annual tax credits of \$894,750. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: None Date of Last Applicant Revision: N/A

Source: Capital One Type: Interim Financing

Principal: \$3,300,000 Interest Rate: 5.5%  Fixed Term: 24 months

Comments:

Interest shall accrue at a variable rate which was 5.5% at the time of underwriting with a floor of 5%

Source: Kingsville Housing Authority Type: Relocation Vouchers

Principal: \$567,216 Conditions: \_\_\_\_\_

Comments:

The Kingsville Housing Authority proposes vouchers for relocation of the existing 80 households residing at The Heights at Corral. The 80 displaced families will be provided vouchers from either a new allocation of vouchers from HUD or from the Housing Authority's current voucher allocation. The Applicant has indicated that HUD approval would not be needed if the Housing Authority's existing voucher pool is used; although it is unclear that 80 of the Housing Authority's existing vouchers are not already committed.

The Applicant reflected a comparable relocation cost as ineligible in the development cost schedule and the Underwriter did likewise.

Source: Hudson Housing Capital Type: Syndication

Proceeds: \$5,636,359 Syndication Rate: 63% Anticipated HTC: \$ 894,750

Comments:

The committed credit price appears to be consistent with recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that the credit price can decline to \$0.60. At this point, the financial viability of the transaction may be jeopardized. The equity commitment did not specify an expiration date.

Amount: \$117,678 Type: Deferred Developer Fees



## CONCLUSIONS

### Recommended Financing Structure:

The Applicant's total development cost estimate less the permanent loan of \$3,000,000 and the Kingsville Housing Authority relocation vouchers totaling \$567,216 indicates the need for \$5,754,035 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$913,431 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$894,750), the gap-driven amount (\$913,431), and eligible basis-derived estimate (\$894,750), the Applicant's request is recommended resulting in proceeds of \$5,636,359 based on a syndication rate of 63%.

The Underwriter's recommended financing structure indicates the need for \$117,678 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within four years of stabilized operation.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units.

### Return on Equity:

A subsidy layering evaluation of the cash on cash return on the deferred developer fee and syndication proceeds reflects a return of just over 1% annually over 30 years not accounting for the value of the credits to the investors. A simple return on only deferred developer fee based upon first year income is relatively high but this is less meaningful because it neglects to consider the tax credit induced equity. The Department's objectives of providing not more than is necessary to develop and operate safe decent and affordable housing will be met under the proposed financing structure.

Underwriter:

\_\_\_\_\_  
*Carl Hoover*

Date: July 10, 2009

Manager of Real Estate Analysis:

\_\_\_\_\_  
*Raquel Morales*

Date: July 10, 2009

Director of Real Estate Analysis:

\_\_\_\_\_  
*Brent Stewart*

Date: July 10, 2009

MULTIFAMILY COMPARATIVE ANALYSIS

The Heights at Corral, Kingsville, 9% / HOME #09245

Type of Unit	Other	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	LH		2	1	1	750	\$256	\$181	\$362	\$0.24	\$75.00	\$44.00
TC 50%	LH	HAP	7	1	1	750	\$427	\$453	\$3,171	\$0.60	\$75.00	\$44.00
TC 50%		PH	4	1	1	750	\$427	\$100	\$400	\$0.13	\$75.00	\$44.00
TC 60%			11	1	1	750	\$513	\$438	\$4,818	\$0.58	\$75.00	\$44.00
TC 30%	LH		1	2	1	980	\$308	\$213	\$213	\$0.22	\$95.00	\$48.50
TC 50%	LH	HAP	4	2	1	980	\$512	\$498	\$1,992	\$0.51	\$95.00	\$48.50
TC 50%		PH	7	2	1	980	\$512	\$125	\$875	\$0.13	\$95.00	\$48.50
TC 60%			10	2	1.5	980	\$615	\$520	\$5,200	\$0.53	\$95.00	\$48.50
TC 50%	LH	HAP	8	2	2	980	\$512	\$498	\$3,984	\$0.51	\$95.00	\$48.50
TC 60%			8	2	2	1,015	\$615	\$520	\$4,160	\$0.51	\$95.00	\$48.50
TC 30%	LH		1	3	2	1,150	\$356	\$240	\$240	\$0.21	\$116.00	\$54.00
TC 50%	LH	HAP	6	3	2	1,150	\$592	\$750	\$4,500	\$0.65	\$116.00	\$54.00
TC 50%		PH	4	3	2	1,150	\$592	\$150	\$600	\$0.13	\$116.00	\$54.00
TC 60%			7	3	2	1,150	\$711	\$595	\$4,165	\$0.52	\$116.00	\$54.00
<b>TOTAL:</b>			<b>80</b>			<b>AVERAGE: 953</b>		<b>\$434</b>	<b>\$34,680</b>	<b>\$0.45</b>	<b>\$93.73</b>	<b>\$48.39</b>

**INCOME**

Total Net Rentable Sq Ft: 76,220

**POTENTIAL GROSS RENT**

Secondary Income	Per Unit Per Month:	\$15.00
Other Support Income: Public Housing Operating Subsidy		

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%
Employee or Other Non-Rental Units or Concessions		

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.63%	\$244	0.26	\$19,553	\$23,000	\$0.30	\$288	5.64%
Management	5.00%	264	0.28	21,128	20,402	0.27	255	5.00%
Payroll & Payroll Tax	21.22%	1,121	1.18	89,659	75,690	0.99	946	18.55%
Repairs & Maintenance	12.63%	667	0.70	53,383	40,200	0.53	503	9.85%
Utilities	5.32%	281	0.30	22,494	21,600	0.28	270	5.29%
Water, Sewer, & Trash	6.46%	341	0.36	27,282	33,060	0.43	413	8.10%
Property Insurance	6.04%	319	0.33	25,518	28,800	0.38	360	7.06%
Property Tax	2.87232	0	0.00	0	10	0.00	0	0.00%
Reserve for Replacements	4.73%	250	0.26	20,000	20,000	0.26	250	4.90%
TDHCA Compliance Fees	0.76%	40	0.04	3,200	3,200	0.04	40	0.78%
Other: Supp. Serv, Security	2.12%	112	0.12	8,971	8,971	0.12	112	2.20%
<b>TOTAL EXPENSES</b>	<b>68.91%</b>	<b>\$3,640</b>	<b>\$3.82</b>	<b>\$291,188</b>	<b>\$274,933</b>	<b>\$3.61</b>	<b>\$3,437</b>	<b>67.38%</b>
<b>NET OPERATING INC</b>	<b>31.09%</b>	<b>\$1,642</b>	<b>\$1.72</b>	<b>\$131,373</b>	<b>\$133,115</b>	<b>\$1.75</b>	<b>\$1,664</b>	<b>32.62%</b>

**DEBT SERVICE**

TDHCA-HOME	23.67%	\$1,250	\$1.31	\$100,000	\$100,000	\$1.31	\$1,250	24.51%
Kingsville Housing Authority	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>7.42%</b>	<b>\$392</b>	<b>\$0.41</b>	<b>\$31,373</b>	<b>\$33,115</b>	<b>\$0.43</b>	<b>\$414</b>	<b>8.12%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>1.31</b>	<b>1.33</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>				<b>1.31</b>				

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.00%	\$0	\$0.00	\$0	\$0	\$0.00	\$0	0.00%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.50%	8,676	9.11	694,100	694,100	9.11	8,676	7.45%
Direct Construction		46.24%	53,512	56.17	4,280,975	4,215,665	55.31	52,696	45.23%
Contingency	4.93%	2.65%	3,069	3.22	245,488	245,488	3.22	3,069	2.63%
Contractor's Fees	13.82%	7.42%	8,592	9.02	687,367	687,367	9.02	8,592	7.37%
Indirect Construction		5.30%	6,133	6.44	490,600	490,600	6.44	6,133	5.26%
Ineligible Costs		14.87%	17,204	18.06	1,376,353	1,376,353	18.06	17,204	14.77%
Developer's Fees	14.85%	10.77%	12,469	13.09	997,491	997,491	13.09	12,469	10.70%
Interim Financing		3.42%	3,959	4.16	316,721	316,721	4.16	3,959	3.40%
Reserves		1.82%	2,112	2.22	168,945	297,466	3.90	3,718	3.19%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$115,725</b>	<b>\$121.46</b>	<b>\$9,258,040</b>	<b>\$9,321,251</b>	<b>\$122.29</b>	<b>\$116,516</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>63.81%</b>	<b>\$73,849</b>	<b>\$77.51</b>	<b>\$5,907,930</b>	<b>\$5,842,620</b>	<b>\$76.65</b>	<b>\$73,033</b>	<b>62.68%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
TDHCA-HOME	32.40%	\$37,500	\$39.36	\$3,000,000	\$3,000,000	\$3,000,000	Developer Fee Available
Kingsville Housing Authority	6.13%	\$7,090	\$7.44	567,216	567,216	567,216	\$997,491
HTC Syndication Proceeds	60.88%	\$70,454	\$73.95	5,636,359	5,636,359	5,636,359	% of Dev. Fee Deferred
Deferred Developer Fees	1.27%	\$1,471	\$1.54	117,678	117,678	117,676	12%
Additional (Excess) Funds Req'd	-0.68%	(\$790)	(\$0.83)	(63,213)	(2)	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$9,258,040</b>	<b>\$9,321,251</b>	<b>\$9,321,251</b>	<b>\$421,604</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*The Heights at Corral, Kingsville, 9% / HOME #09245*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$60.29	\$4,595,427
<b>Adjustments</b>				
Exterior Wall Finish			\$0.00	\$0
Elderly			0.00	0
9-Ft. Ceilings	3.00%		1.81	137,863
Roofing			0.00	0
Subfloor			(1.21)	(92,226)
Floor Cover			2.77	211,129
Breezeways/Balconies	\$22.30	6,348	1.86	141,529
Plumbing Fixtures	\$918	144	1.73	132,120
Rough-ins	\$423	160	0.89	67,600
Built-In Appliances	\$2,150	80	2.26	172,000
Exterior Stairs	\$2,200	10	0.29	22,000
Enclosed Corridors	\$50.37		0.00	0
Heating/Cooling			1.83	139,483
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$72.19	4,134	3.92	298,423
Other: fire sprinkler	\$2.15	76,220	2.15	163,873
<b>SUBTOTAL</b>			<b>78.58</b>	<b>5,989,220</b>
Current Cost Multiplier	1.01		0.79	59,892
Local Multiplier	0.87		(10.22)	(778,599)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$69.15</b>	<b>\$5,270,514</b>
Plans, specs, survy, bld prmts	3.90%		(\$2.70)	(\$205,550)
Interim Construction Interest	3.38%		(2.33)	(177,880)
Contractor's OH & Profit	11.50%		(7.95)	(606,109)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$56.17</b>	<b>\$4,280,975</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$3,000,000	Amort	360
Int Rate	0.00%	DCR	1.31

<b>Secondary</b>	\$567,216	Amort	
Int Rate		Subtotal DCR	1.31

<b>Additional</b>	\$5,636,359	Amort	
Int Rate		Aggregate DCR	1.31

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$100,000
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$31,373</b>

<b>Primary</b>	\$3,000,000	Amort	360
Int Rate	0.00%	DCR	1.31

<b>Secondary</b>	\$567,216	Amort	0
Int Rate	0.00%	Subtotal DCR	1.31

<b>Additional</b>	\$5,636,359	Amort	0
Int Rate	0.00%	Aggregate DCR	1.31

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

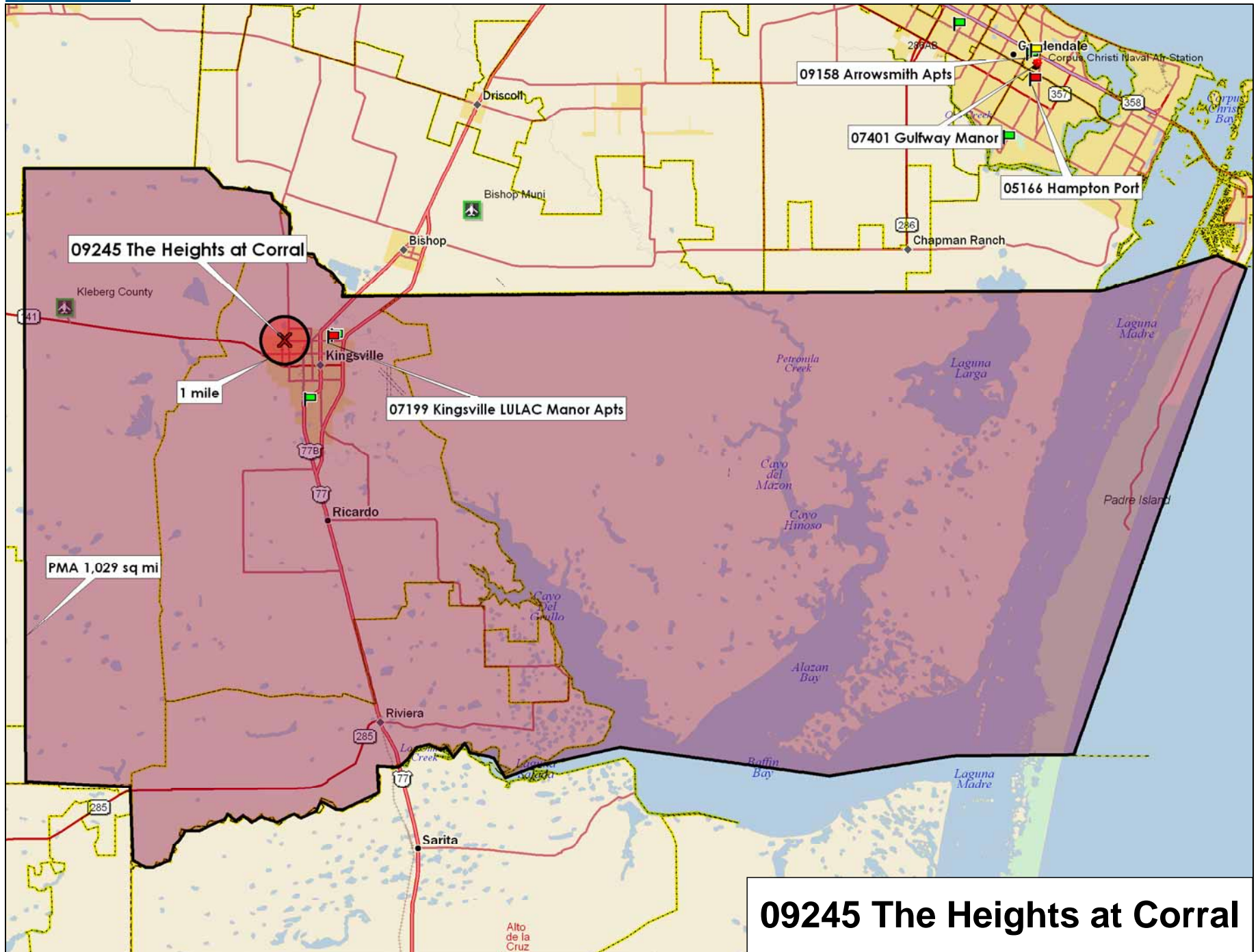
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$416,160	\$424,483	\$432,973	\$441,632	\$450,465	\$497,350	\$549,114	\$606,267	\$739,036
Secondary Income	14,400	14,688	14,982	15,281	15,587	17,209	19,000	20,978	25,572
Other Support Income: Public Housing Oper:	26,263	26,788	27,324	27,871	28,428	31,387	34,654	38,260	46,639
<b>POTENTIAL GROSS INCOME</b>	<b>456,823</b>	<b>465,960</b>	<b>475,279</b>	<b>484,784</b>	<b>494,480</b>	<b>545,946</b>	<b>602,768</b>	<b>665,505</b>	<b>811,247</b>
Vacancy & Collection Loss	(34,262)	(34,947)	(35,646)	(36,359)	(37,086)	(40,946)	(45,208)	(49,913)	(60,844)
Employee or Other Non-Rental Units or Conc	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$422,561</b>	<b>\$431,013</b>	<b>\$439,633</b>	<b>\$448,426</b>	<b>\$457,394</b>	<b>\$505,000</b>	<b>\$557,561</b>	<b>\$615,592</b>	<b>\$750,403</b>
EXPENSES at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
General & Administrative	\$19,553	\$20,140	\$20,744	\$21,367	\$22,008	\$25,513	\$29,576	\$34,287	\$46,079
Management	21,128	21,551	21,982	22,421	22,870	25,250	27,878	30,780	37,520
Payroll & Payroll Tax	89,659	92,348	95,119	97,972	100,912	116,984	135,617	157,217	211,286
Repairs & Maintenance	53,383	54,985	56,634	58,333	60,083	69,653	80,747	93,608	125,801
Utilities	22,494	23,169	23,864	24,580	25,317	29,350	34,024	39,443	53,009
Water, Sewer & Trash	27,282	28,100	28,943	29,812	30,706	35,597	41,266	47,839	64,291
Insurance	25,518	26,284	27,073	27,885	28,721	33,296	38,599	44,747	60,136
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	20,000	20,600	21,218	21,855	22,510	26,095	30,252	35,070	47,131
Other	12,171	12,536	12,912	13,300	13,699	15,880	18,410	21,342	28,682
<b>TOTAL EXPENSES</b>	<b>\$291,188</b>	<b>\$299,713</b>	<b>\$308,489</b>	<b>\$317,523</b>	<b>\$326,825</b>	<b>\$377,617</b>	<b>\$436,368</b>	<b>\$504,332</b>	<b>\$673,935</b>
<b>NET OPERATING INCOME</b>	<b>\$131,373</b>	<b>\$131,300</b>	<b>\$131,144</b>	<b>\$130,902</b>	<b>\$130,569</b>	<b>\$127,383</b>	<b>\$121,192</b>	<b>\$111,260</b>	<b>\$76,468</b>
DEBT SERVICE									
First Lien Financing	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$31,373</b>	<b>\$31,300</b>	<b>\$31,144</b>	<b>\$30,902</b>	<b>\$30,569</b>	<b>\$27,383</b>	<b>\$21,192</b>	<b>\$11,260</b>	<b>(\$23,532)</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.31</b>	<b>1.31</b>	<b>1.31</b>	<b>1.31</b>	<b>1.31</b>	<b>1.27</b>	<b>1.21</b>	<b>1.11</b>	<b>0.76</b>

**HTC ALLOCATION ANALYSIS -The Heights at Corral, Kingsville, 9% / HOME #09245**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land				
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$694,100	\$694,100	\$694,100	\$694,100
<b>Construction Hard Costs</b>	\$4,215,665	\$4,280,975	\$4,215,665	\$4,280,975
<b>Contractor Fees</b>	\$687,367	\$687,367	\$687,367	\$687,367
<b>Contingencies</b>	\$245,488	\$245,488	\$245,488	\$245,488
<b>Eligible Indirect Fees</b>	\$490,600	\$490,600	\$490,600	\$490,600
<b>Eligible Financing Fees</b>	\$316,721	\$316,721	\$316,721	\$316,721
<b>All Ineligible Costs</b>	\$1,376,353	\$1,376,353		
<b>Developer Fees</b>				
Developer Fees	\$997,491	\$997,491	\$997,491	\$997,491
<b>Development Reserves</b>	\$297,466	\$168,945		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$9,321,251</b>	<b>\$9,258,040</b>	<b>\$7,647,432</b>	<b>\$7,712,742</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		<b>\$7,647,432</b>	<b>\$7,712,742</b>
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		<b>\$9,941,662</b>	<b>\$10,026,564</b>
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		<b>\$9,941,662</b>	<b>\$10,026,564</b>
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		<b>\$894,750</b>	<b>\$902,391</b>

<b>Syndication Proceeds</b>	<b>0.6299</b>	<b>\$5,636,356</b>	<b>\$5,684,491</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$894,750</b>	<b>\$902,391</b>
<b>Syndication Proceeds</b>		<b>\$5,636,356</b>	<b>\$5,684,491</b>
<b>Requested Tax Credits</b>		<b>\$894,750</b>	
<b>Syndication Proceeds</b>		<b>\$5,636,359</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$5,754,035</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$913,431</b>	



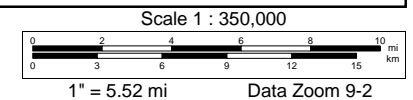
# 09245 The Heights at Corral

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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Pearland Senior Village, TDHCA Number 09248**

BASIC DEVELOPMENT INFORMATION

Site Address: 8100 Blk of Broadway St. (S. side) Development #: 09248  
 City: Pearland Region: 6 Population Served: Elderly  
 County: Brazoria Zip Code: 77581 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Brownstone Pearland Senior Village, Ltd.  
 Owner Contact and Phone: Doak Brown, (713) 705-3507  
 Developer: Brownstone Affordable Housing, Ltd.  
 Housing General Contractor: Brownstone Construction, Ltd.  
 Architect: Brownstone Architects & Planners, Inc.  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Hudson Housing Capital, LLC  
 Supportive Services: TBD  
 Consultant: Leslie Holleman & Associates, Inc.

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	126	
	7	0	56	63	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	88	38	0	0	0	
Type of Building:						Total Development Units:	126
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$15,178,834
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	4
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	28

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,537,571	\$1,537,571			
HOME Activity Fund Amount:	\$3,000,000	\$3,000,000	30	30	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Pearland Senior Village, TDHCA Number 09248

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Jackson, District 11, S

Points: 14 US Representative: Olson, District 22, NC

TX Representative: Weber, District 29, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

New Life Lutheran Church, Pearland, S, Rev. Dr. Brian K. Gige, Lead Pastor

First Presbyterian Church, Pearland, S, Winfield "Casey" Jones. D. Min. , Pastor

First United Methodist Church, Pearland, S, Dr. Keith Whitaker, Senior Pastor

**General Summary of Comment:**

Letters of support from elected officials and resolution from the city in support as well.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance, by Commitment, of approval by Capital One or other replacement lender of parity first lien position for the requested \$3M in HOME funds.
2. Receipt, review, and acceptance, by Carryover of documentation verifying the appropriate re-zoning of the site for the use as planned.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.
4. Receipt of a commitment of funding from TDHCA HOME funds in the amount of \$3,000,000, or a commitment from a qualifying substitute source in an amount not less than \$758,942, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Pearland Senior Village, TDHCA Number 09248**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **7**

Total # Monitored: **2**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **200**  Meeting a Required Set-Aside Credit Amount\*: \$1,537,571

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$3,000,000

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/20/09 PROGRAM: 9%/HTC/HOME FILE NUMBER: 09248

**DEVELOPMENT**

Pearland Senior Village

Location: South side of 8100 Block of Broadway Street Region: 6  
 City: Pearland County: Brazoria Zip: 77581  QCT  DDA  
 Key Attributes: Seniors; New Construction, Urban

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
HOME Activity Funds	\$3,000,000	0.00%	30/30	\$3,000,000	0.00%	30/30
Housing Tax Credit (Annual)	\$1,537,571			\$1,537,571		

Recommended HOME award is subject to availability of funds. As of the date of this report it does not appear that the application will score high enough in the TDHCA HOME allocation to be awarded funds. Without the HOME funds or a viable alternative, the application is not financially viable and no such alternative source has been provided. Should HOME funds not be awarded to this development or an acceptable confirmed alternative not be provided by commitment notice of the tax credit, an allocation of tax credits would not be recommended.

**CONDITIONS**

- 1 Receipt, review, and acceptance, by loan closing, of approval by Capital One or other replacement lender of subordinate lien position to the requested \$3M in HOME funds.
- 2 Receipt, review, and acceptance by commitment of documentation verifying the appropriate re-zoning of the site for the use as planned.
- 3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	7
50% of AMI	50% of AMI	56
60% of AMI	60% of AMI	63

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	Low HOME	7
50% of AMI	Low HOME	21

**STRENGTHS/MITIGATING FACTORS**

- Overall capture rate based on HISTA data is 55% and the overall sub-market occupancy is reported at 97%.

**WEAKNESSES/RISKS**

- Capture rates on the 50% AMI and 60% AMI 1-bedroom units exceed 100%.

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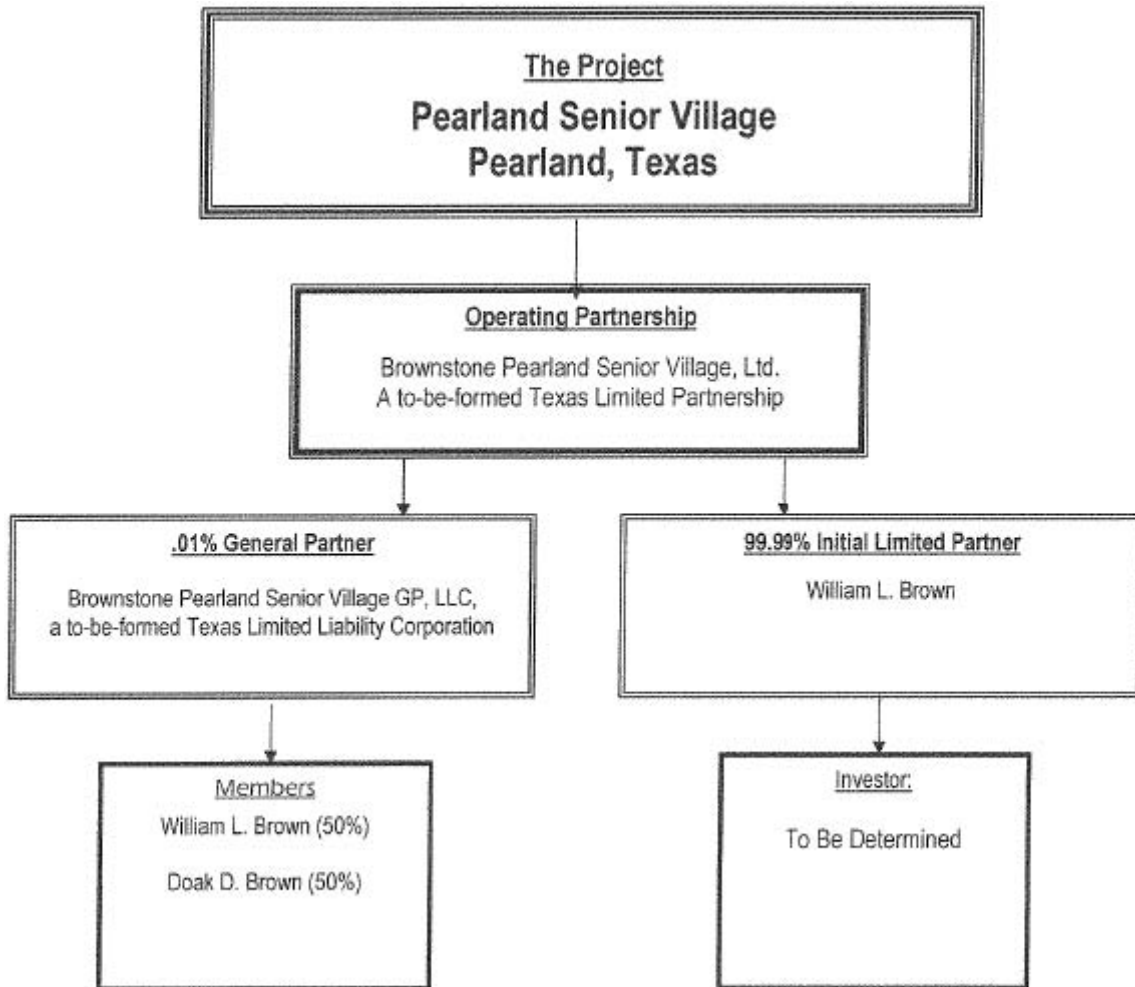
- Syndication price of 65% is within range of current prices seen by the Underwriter.
- Principals of Applicant have previous LIHTC development experience.
- Should the syndication price drop below \$.66, an adjustment to the recommended credit amount may be warranted.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Doak Brown Phone: (713) 705-3507 Fax: (713) 432-0120  
 Email: doak@thebrownstonegroup.net

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KEY PARTICIPANTS

Name	Financial Notes	# Completed Developments
Brownstone Affordable Housing, Ltd.	N/A	None Identified
Three B Ventures	N/A	7
William Lee Brown GS Trust	N/A	7
William, Doak, Jed, & Will C. Brown	CONFIDENTIAL	7

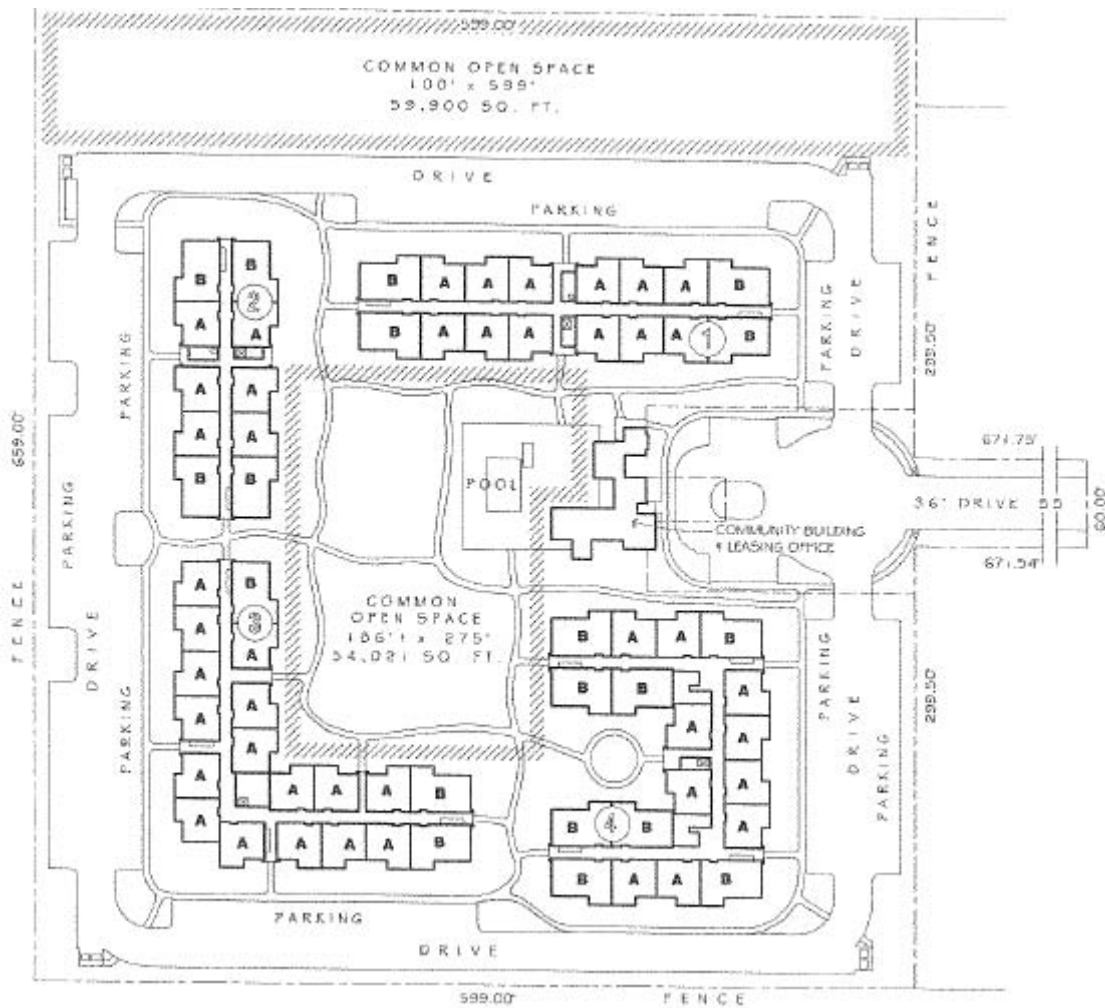
<sup>1</sup> Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

- The Applicant, Developer and General Contractor are related entities. These are common relationships for HTC-funded developments.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	I	II	III	IV							Total Buildings
Floors/Stories	2	2	2	2							
Number	1	1	1	1							4

BR/BA	SF	Units								Total Units	Total SF
1/1	750	24	12	32	20					88	66,000
2/2	1,035	8	8	6	16					38	39,330
Units per Building		32	20	38	36					<b>126</b>	<b>105,330</b>

**SITE ISSUES**

Total Size: 10 acres      Scattered site?       Yes       No  
Flood Zone: Zone X      Within 100-yr floodplain?       Yes       No  
Zoning: General Business      Needs to be re-zoned?       Yes       No       N/A  
Comments:

The subject property is currently zoned General Business. The Applicant has made application to the city for a zoning change to Planned Development (PD) with an underlying Multi Family (MF) zone, which allows for the proposed property.

Receipt, review, and acceptance by carryover of evidence of the appropriate zoning change or a variance for the proposed development from the City is a condition of this report.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff      Date: 4/23/2009  
Overall Assessment:  
 Excellent       Acceptable       Questionable       Poor       Unacceptable  
Surrounding Uses:  
North: Broadway St, vacant land, residential, retail & commercial uses      East: residential uses  
South: vacant land & commercial uses      West: vacant land & commercial uses

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Astex Environmental, Inc.      Date: 2/17/2009  
Recognized Environmental Concerns (RECs) and Other Concerns:  
• The assessment did not identify any recognized environmental conditions related to the site.

**MARKET HIGHLIGHTS**

Provider: Apartment MarketData      Date: 2/24/2009  
Contact: Darrell Jack      Phone: (210) 530-0040      Fax: (210) 340-5830  
Number of Revisions: none      Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 74 sq. miles      5 mile equivalent radius  
The Primary Market Area is bound to the north by Alameda Genoa Road; to the west by FM 521; to the south by CR 100 / McKeever Road (extended to the east and west); and to the east by an arbitrary north-south line approximately 4.5 miles from the subject. The PMA had an estimated 2008 population of 98,678, including 17,012 senior households.

Secondary Market Area (SMA):  
The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
none							

INCOME LIMITS						
Brazoria						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$15,000	\$17,100	\$19,250	\$21,400	\$23,100	\$24,800
40	\$20,000	\$22,840	\$25,720	\$28,560	\$30,840	\$33,120
50	\$25,000	\$28,550	\$32,150	\$35,700	\$38,550	\$41,400
60	\$30,000	\$34,260	\$38,580	\$42,840	\$46,260	\$49,680

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	15	4	0	19	5	0	26%
1 BR/50%	6	21	0	27	39	0	144%
1 BR/60%	33	5	0	38	44	0	116%
2 BR/30%	5	1	0	6	2	0	33%
2 BR/50%	4	9	0	13	17	0	131%
2 BR/60%	13	2	0	15	19	0	127%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	13	3	0	16	5	0	31%
1 BR/50%	25	4	0	29	39	0	134%
1 BR/60%	32	4	0	36	44	0	122%
2 BR/30%	7	2	0	9	2	0	23%
2 BR/50%	16	2	0	18	17	0	94%
2 BR/60%	19	2	0	21	19	0	90%

OVERALL DEMAND											
	Target Households		Household Size		Income Eligible		Tenure		Demand		
					PMA DEMAND from TURNOVER					turnover	
Market Analyst p.							295	26%	76		
Underwriter (MapInfo)	17%	12,022	100%	12,022	14%	1,673	10%	173	26%	45	
Underwriter (HISTA)							401	26%	104		
					PMA DEMAND from GROWTH					growth	
Market Analyst p.										14	
Underwriter (MapInfo)	17%	937	100%	937	14%	130	10%	13	100%	13	
Underwriter (HISTA)										18	
							DEMAND from OTHER SOURCES				Senior Homeowners
Market Analyst p.							2,580	10%	258		
Underwriter (MapInfo)							1,501	3%	48		
Underwriter (HISTA)							3,389	3%	109		

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INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p.	126	0	0	126	348	<b>36%</b>
Underwriter (MapInfo)	126	0	0	126	106	<b>119%</b>
Underwriter (HISTA)	126	0	0	126	230	<b>55%</b>

**Proposed, Under Construction, and Unstabilized Comparable Supply:**

There are no proposed, under construction, or unstabilized comparable units located within the PMA. Sterling Heights (# 09161) is a comparable 2009 application with 140 proposed senior units; Sterling Heights is located approximately 8 miles northeast of the subject, and there is a small area (about 3 square miles) of overlap between the respective market areas defined for the two developments. There is also a 2006 allocation located approximately 7 miles north of the subject; Mariposa at Reed Road (# 060217), with 180 senior units, was just recently placed in service.

**Demand Analysis:**

The market study provides a general demographic report on the PMA from Map Info, as well as a HISTA Data report, which provides greater detail of the household breakdown by income, household size, tenure, and age. The market study analysis is based on the HISTA Data. The analysis applies a renter turnover rate of 25.8% from the TDHCA data for seniors in Region 6, and considers only one to three person households. Based on these criteria, the Market Analyst identifies demand for 76 units due to turnover of renter households, and demand for 14 units due to growth of renter households.

The market study also considers demand from existing senior homeowner households. The 2009 Real Estate Analysis Rules allow for demand from turnover from homeowners up to a rate of 10% if supported by appropriate data. The Market Analyst applies a 10% turnover rate to the senior homeowner household population, but provides no specific supporting data. The Analyst concludes demand for 84 units from homeowner turnover. The underwriting calculation of homeowner turnover will apply the 3.2% rate indicated by the 2000 census data for the PMA.

The market study calculates total demand for 348 units, and reports an inclusive capture rate of 36% based on a supply limited to the 126 units at the subject.

The Map Info demographic report provides total households by age and income. The traditional underwriting approach starts with the income distribution of the overall household population, and adjusts for age and renter tenure. The underwriting analysis does not typically adjust senior demand based on household size. In this case Map Info indicates a much lower distribution of senior households in the eligible income range than indicated by HISTA; as a result, this methodology indicates demand for 45 units due to renter turnover, demand for 13 units due to household growth, and demand for 48 units from senior homeowners. Based on this, the underwriting analysis concludes an inclusive capture rate of 119%, well above the maximum capture rate of 75% for developments targeting seniors.

An underwriting analysis was also performed based on the HISTA data. Considering all senior households, the underwriting analysis calculates demand for 104 units due to renter turnover, demand for 18 units due to renter household growth, and demand for 109 units due to homeowner turnover. This total demand for 230 units, with a total supply of 126 units, indicates an inclusive capture rate of 55%, which is below the maximum of 75%.

**Primary Market Occupancy Rates:**

The market study reports overall occupancy of 96.8% for 4,590 units surveyed in the PMA.

**Absorption Projections:**

"Alta Gardens was the last affordable project to be built within the PMA. The project was a 2005 allocation that opened in February 2006. The project reports an occupancy of 100%. There are no affordable senior projects within the PMA. In 2008, Towne Place Reserve received an allocation of 9% tax credits, but failed to proceed due to a failure to rezone the site." (p. 52) "We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p. 50)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	750 SF	30%/LH	\$289	\$306	\$790	\$306	\$484
1 BR	750 SF	50%/LH	\$545	\$574	\$790	\$503	\$287
1 BR	750 SF	50%	\$545	\$574	\$790	\$574	\$216
1 BR	750 SF	60%	\$673	\$708	\$790	\$708	\$82
2 BR	1,035 SF	30%/LH	\$333	\$353	\$990	\$353	\$637
2 BR	1,035 SF	50%/LH	\$640	\$675	\$990	\$589	\$401
2 BR	1,035 SF	50%	\$640	\$675	\$990	\$675	\$315
2 BR	1,035 SF	60%	\$794	\$836	\$990	\$836	\$154

**Market Impact:**

Based on "the current supply and demand for rental units ... we assess that the PMA could immediately absorb 293 units without the overall occupancy of the PMA falling below 93%. The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market." (p. 56)

**Comments:**

The market study provides sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of January 1, 2009, maintained by the Brazoria County Housing Authority, from the 2008 program gross rent limits. Tenants will be required to pay electric utility costs only.

The Underwriter's net rents are equal to the lesser of the HOME program rent limits less utility allowances or the current 2009 HTC program rent limits less utility allowances. It should be noted that at the time the application was submitted (January 2009) the 2009 program rent limits were not yet available. The Applicant is proposing that all the HOME units be low HOME or units targeting households earning 50% or less of the area median income. However, fair market rent does not appear to be above the calculated 50% rent, as the HOME rent for the 50% one and two bedroom units is less than the tax credit rent.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines, and despite the Applicant's use of slightly lower 2008 program rents, effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's total annual operating expense projection at \$4,169 per unit is within 5% of the Underwriter's estimate of \$4,243, derived from the TDHCA database, and third-party data sources.

**Conclusion:**

The Applicant's net operating income is not within 5% of the Underwriter's estimates; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proforma and estimated debt service result in a debt coverage ratio (DCR) at the current underwriting maximum guideline of 1.35.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	10.2 acres	\$1,754,130	Tax Year:	2009
1 acre:		\$172,498	Valuation by:	Brazoria CAD
Total Prorata:	9.99 acres	\$1,722,787	Tax Rate:	2.605845

**EVIDENCE of PROPERTY CONTROL**

Type: Purchase and Sale Agreement, Earnest Money Contract, General Warr      Acreage: 9.9873

Contract Expiration: 10/1/2009      Valid Through Board Date?       Yes       No

Acquisition Cost: \$1,225,000      Other: \_\_\_\_\_

Seller: George Glass, M.D.      Related to Development Team?       Yes       No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE*    Number of Revisions: None      Date of Last Applicant Revision: N/A

**Acquisition Value:**

The site cost of \$122,656 per acre or \$9,722 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

**Sitework Cost:**

The Applicant's claimed sitework costs of \$8,996 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

**Direct Construction Cost:**

The Applicant's direct construction cost estimate is \$456K or 7% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

**Contingency & Fees:**

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

**Conclusion:**

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$13,141,635 supports annual tax credits of \$1,537,571. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES*    Number of Revisions: 1      Date of Last Applicant Revision: 4/2/2009

Source: DDC Residential, Ltd.      Type: Interim Financing

Principal: \$305,000      Interest Rate: 5.5%       Fixed      Term: 6 months

Source: Capital One Bank      Type: Interim to Permanent Financing

Interim: \$8,300,000      Interest Rate: 5.50%       Fixed      Term: 24 months

Permanent: \$2,000,000      Interest Rate: 8.25%       Fixed      Amort: 360 months

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**MULTIFAMILY COMPARATIVE ANALYSIS**

**Pearland Senior Village, Pearland, 9%/HTC/HOME #09248**

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	LH	5	1	1	750	\$401	\$306	\$1,530	\$0.41	\$95.00	\$46.00
TC 50%	LH	15	1	1	750	\$669	\$503	\$7,545	\$0.67	\$95.00	\$46.00
TC 50%		24	1	1	750	\$669	\$574	\$13,776	\$0.77	\$95.00	\$46.00
TC 60%		44	1	1	750	\$803	\$708	\$31,152	\$0.94	\$95.00	\$46.00
TC 30%	LH	2	2	2	1,035	\$481	\$353	\$706	\$0.34	\$128.00	\$55.00
TC 50%	LH	6	2	2	1,035	\$803	\$589	\$3,534	\$0.57	\$128.00	\$55.00
TC 50%		11	2	2	1,035	\$803	\$675	\$7,425	\$0.65	\$128.00	\$55.00
TC 60%		19	2	2	1,035	\$964	\$836	\$15,884	\$0.81	\$128.00	\$55.00
<b>TOTAL:</b>		<b>126</b>		<b>AVERAGE:</b>	<b>836</b>		<b>\$647</b>	<b>\$81,552</b>	<b>\$0.77</b>	<b>\$104.95</b>	<b>\$48.71</b>

**INCOME**

Total Net Rentable Sq Ft: 105,330

**POTENTIAL GROSS RENT**

Secondary Income	Per Unit Per Month:	\$5.00
Other Support Income:		

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%
Employee or Other Non-Rental Units or Concessions		

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.48%	\$324	0.39	\$40,827	\$24,600	\$0.23	\$195	2.79%
Management	5.00%	362	0.43	45,611	44,164	0.42	351	5.00%
Payroll & Payroll Tax	13.71%	992	1.19	125,051	116,510	1.11	925	13.19%
Repairs & Maintenance	6.45%	467	0.56	58,829	60,936	0.58	484	6.90%
Utilities	3.80%	275	0.33	34,695	33,000	0.31	262	3.74%
Water, Sewer, & Trash	4.40%	319	0.38	40,173	50,496	0.48	401	5.72%
Property Insurance	4.04%	293	0.35	36,866	40,950	0.39	325	4.64%
Property Tax	2.605845	782	0.94	98,501	100,664	0.96	799	11.40%
Reserve for Replacements	3.45%	250	0.30	31,500	31,500	0.30	250	3.57%
TDHCA Compliance Fees	0.55%	40	0.05	5,040	5,040	0.05	40	0.57%
Other: Supportive Services, Security, 3rd party R	1.92%	139	0.17	17,486	17,486	0.17	139	1.98%
<b>TOTAL EXPENSES</b>	<b>58.60%</b>	<b>\$4,243</b>	<b>\$5.08</b>	<b>\$534,578</b>	<b>\$525,346</b>	<b>\$4.99</b>	<b>\$4,169</b>	<b>59.48%</b>
<b>NET OPERATING INC</b>	<b>41.40%</b>	<b>\$2,997</b>	<b>\$3.59</b>	<b>\$377,642</b>	<b>\$357,926</b>	<b>\$3.40</b>	<b>\$2,841</b>	<b>40.52%</b>

**DEBT SERVICE**

Capital One Bank	19.77%	\$1,431	\$1.71	\$180,304	\$180,304	\$1.71	\$1,431	20.41%
TDHCA HOME	10.96%	\$794	\$0.95	100,000	100,000	\$0.95	\$794	11.32%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>10.67%</b>	<b>\$773</b>	<b>\$0.92</b>	<b>\$97,338</b>	<b>\$77,622</b>	<b>\$0.74</b>	<b>\$616</b>	<b>8.79%</b>

**AGGREGATE DEBT COVERAGE RATIO**

1.35      1.28

**RECOMMENDED DEBT COVERAGE RATIO**

1.35

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		8.46%	\$9,722	\$11.63	\$1,225,000	\$1,225,000	\$11.63	\$9,722	8.07%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.83%	8,996	10.76	1,133,500	1,133,500	10.76	8,996	7.47%
Direct Construction		44.62%	51,290	61.36	6,462,530	6,918,550	65.68	54,909	45.58%
Contingency	5.00%	2.62%	3,014	3.61	379,801	402,603	3.82	3,195	2.65%
Contractor's Fees	14.00%	7.34%	8,440	10.10	1,063,444	1,127,287	10.70	8,947	7.43%
Indirect Construction		8.68%	9,976	11.93	1,257,000	1,257,000	11.93	9,976	8.28%
Ineligible Costs		2.65%	3,051	3.65	384,374	384,374	3.65	3,051	2.53%
Developer's Fees	15.00%	11.27%	12,958	15.50	1,632,727	1,714,126	16.27	13,604	11.29%
Interim Financing		4.06%	4,671	5.59	588,569	588,569	5.59	4,671	3.88%
Reserves		2.47%	2,838	3.40	357,622	427,825	4.06	3,395	2.82%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$114,957</b>	<b>\$137.52</b>	<b>\$14,484,567</b>	<b>\$15,178,834</b>	<b>\$144.11</b>	<b>\$120,467</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>62.41%</b>	<b>\$71,740</b>	<b>\$85.82</b>	<b>\$9,039,275</b>	<b>\$9,581,940</b>	<b>\$90.97</b>	<b>\$76,047</b>	<b>63.13%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
Capital One Bank	13.81%	\$15,873	\$18.99	\$2,000,000	\$2,000,000	\$2,000,000	Developer Fee Available
TDHCA HOME	20.71%	\$23,810	\$28.48	3,000,000	3,000,000	3,000,000	\$1,714,126
Hudson Housing Capital	68.99%	\$79,311	\$94.88	9,993,214	9,993,214	9,993,214	% of Dev. Fee Deferred
Deferred Developer Fees	1.28%	\$1,473	\$1.76	185,619	185,619	185,620	11%
Additional (Excess) Funds Req'd	-4.79%	(\$5,510)	(\$6.59)	(694,266)	1	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$14,484,567</b>	<b>\$15,178,834</b>	<b>\$15,178,834</b>	<b>\$1,676,693</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Pearland Senior Village, Pearland, 9%/HTC/HOME #09248*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

**PAYMENT COMPUTATION**

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$56.48	\$5,949,180
Adjustments				
Exterior Wall Finish			\$0.00	\$0
Elderly	3.00%		1.69	178,475
9-Ft. Ceilings	3.00%		1.69	178,475
Roofing			0.00	0
Subfloor			(1.21)	(127,449)
Floor Cover			2.38	250,685
Breezeways/Balconies	\$32.28	30,894	9.47	997,104
Plumbing Fixtures	\$835	114	0.90	95,190
Rough-ins	\$410	252	0.98	103,320
Built-In Appliances	\$1,800	126	2.15	226,800
Exterior Stairs	\$1,875	12	0.21	22,500
Enclosed Corridors	\$46.56		0.00	0
Heating/Cooling			1.83	192,754
Elevators	\$25,700	4	0.98	102,800
Comm &/or Aux Bldgs	\$72.82	3,459	2.39	251,891
Other: fire sprinkler	\$2.15	105,330	2.15	226,460
<b>SUBTOTAL</b>			<b>82.11</b>	<b>8,648,186</b>
Current Cost Multiplier	1.01		0.82	86,482
Local Multiplier	0.91		(7.39)	(778,337)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$75.54</b>	<b>\$7,956,331</b>
Plans, specs, survy, bld prmts	3.90%		(\$2.95)	(\$310,297)
Interim Construction Interest	3.38%		(2.55)	(268,526)
Contractor's OH & Profit	11.50%		(8.69)	(914,978)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$61.36</b>	<b>\$6,462,530</b>

<b>Primary</b>	\$2,000,000	Amort	360
Int Rate	8.25%	DCR	2.09

<b>Secondary</b>	\$3,000,000	Amort	360
Int Rate	0.00%	Subtotal DCR	1.35

<b>Additional</b>	\$9,993,214	Amort	
Int Rate		Aggregate DCR	1.35

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$180,304
Secondary Debt Service	100,000
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$97,338</b>

<b>Primary</b>	\$2,000,000	Amort	360
Int Rate	8.25%	DCR	2.09

<b>Secondary</b>	\$3,000,000	Amort	360
Int Rate	0.00%	Subtotal DCR	1.35

<b>Additional</b>	\$9,993,214	Amort	0
Int Rate	0.00%	Aggregate DCR	1.35

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$978,624	\$998,196	\$1,018,160	\$1,038,524	\$1,059,294	\$1,169,546	\$1,291,274	\$1,425,670	\$1,737,884
Secondary Income	7,560	7,711	7,865	8,023	8,183	9,035	9,975	11,013	13,425
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	986,184	1,005,908	1,026,026	1,046,546	1,067,477	1,178,581	1,301,249	1,436,684	1,751,310
Vacancy & Collection Loss	(73,964)	(75,443)	(76,952)	(78,491)	(80,061)	(88,394)	(97,594)	(107,751)	(131,348)
Employee or Other Non-Rental Units or Concess	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$912,220</b>	<b>\$930,465</b>	<b>\$949,074</b>	<b>\$968,055</b>	<b>\$987,416</b>	<b>\$1,090,188</b>	<b>\$1,203,655</b>	<b>\$1,328,933</b>	<b>\$1,619,961</b>
EXPENSES at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
General & Administrative	\$40,827	\$42,052	\$43,314	\$44,613	\$45,952	\$53,271	\$61,755	\$71,591	\$96,212
Management	45,611	46,523	47,454	48,403	49,371	54,509	60,183	66,447	80,998
Payroll & Payroll Tax	125,051	128,803	132,667	136,647	140,746	163,163	189,151	219,278	294,691
Repairs & Maintenance	58,829	60,593	62,411	64,284	66,212	76,758	88,984	103,156	138,634
Utilities	34,695	35,736	36,808	37,912	39,049	45,269	52,479	60,837	81,760
Water, Sewer & Trash	40,173	41,378	42,619	43,898	45,215	52,416	60,765	70,443	94,670
Insurance	36,866	37,971	39,111	40,284	41,492	48,101	55,762	64,644	86,876
Property Tax	98,501	101,456	104,500	107,635	110,864	128,521	148,992	172,722	232,124
Reserve for Replacements	31,500	32,445	33,418	34,421	35,454	41,100	47,647	55,235	74,232
Other	22,526	23,202	23,898	24,615	25,353	29,391	34,073	39,499	53,084
<b>TOTAL EXPENSES</b>	<b>\$534,578</b>	<b>\$550,159</b>	<b>\$566,199</b>	<b>\$582,710</b>	<b>\$599,707</b>	<b>\$692,500</b>	<b>\$799,789</b>	<b>\$923,853</b>	<b>\$1,233,280</b>
<b>NET OPERATING INCOME</b>	<b>\$377,642</b>	<b>\$380,306</b>	<b>\$382,875</b>	<b>\$385,345</b>	<b>\$387,709</b>	<b>\$397,687</b>	<b>\$403,866</b>	<b>\$405,080</b>	<b>\$386,681</b>
DEBT SERVICE									
First Lien Financing	\$180,304	\$180,304	\$180,304	\$180,304	\$180,304	\$180,304	\$180,304	\$180,304	\$180,304
Second Lien	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$97,338</b>	<b>\$100,002</b>	<b>\$102,571</b>	<b>\$105,041</b>	<b>\$107,405</b>	<b>\$117,383</b>	<b>\$123,562</b>	<b>\$124,776</b>	<b>\$106,377</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.35</b>	<b>1.36</b>	<b>1.37</b>	<b>1.37</b>	<b>1.38</b>	<b>1.42</b>	<b>1.44</b>	<b>1.45</b>	<b>1.38</b>

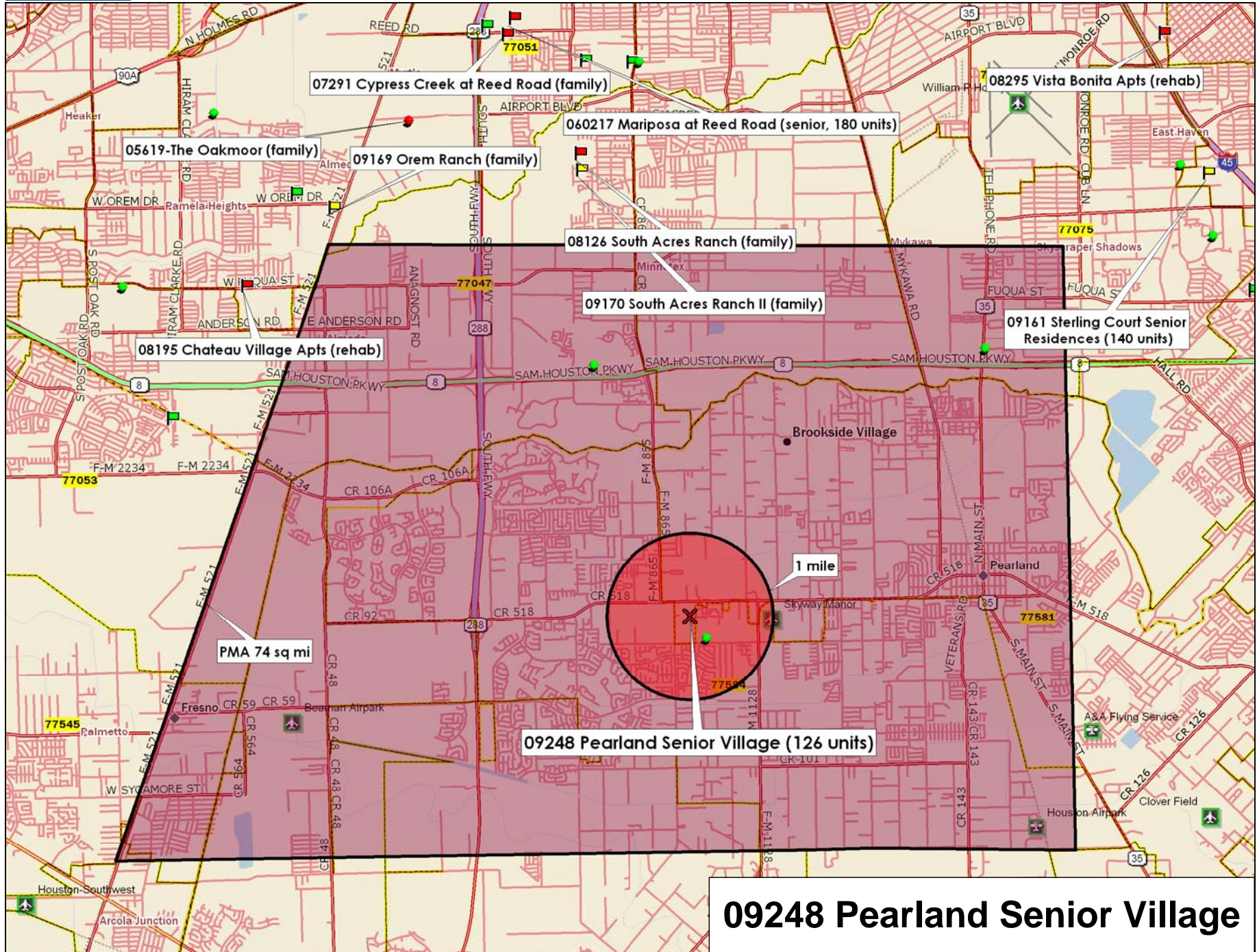
**HTC ALLOCATION ANALYSIS -Pearland Senior Village, Pearland, 9%/HTC/HOME #09248**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$1,225,000	\$1,225,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,133,500	\$1,133,500	\$1,133,500	\$1,133,500
<b>Construction Hard Costs</b>	\$6,918,550	\$6,462,530	\$6,918,550	\$6,462,530
<b>Contractor Fees</b>	\$1,127,287	\$1,063,444	\$1,127,287	\$1,063,444
<b>Contingencies</b>	\$402,603	\$379,801	\$402,603	\$379,801
<b>Eligible Indirect Fees</b>	\$1,257,000	\$1,257,000	\$1,257,000	\$1,257,000
<b>Eligible Financing Fees</b>	\$588,569	\$588,569	\$588,569	\$588,569
<b>All Ineligible Costs</b>	\$384,374	\$384,374		
<b>Developer Fees</b>				
Developer Fees	\$1,714,126	\$1,632,727	\$1,714,126	\$1,632,727
<b>Development Reserves</b>	\$427,825	\$357,622		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$15,178,834</b>	<b>\$14,484,567</b>	<b>\$13,141,635</b>	<b>\$12,517,571</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$13,141,635	\$12,517,571
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$17,084,125	\$16,272,842
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$17,084,125	\$16,272,842
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,537,571	\$1,464,556

<b>Syndication Proceeds</b>	<b>0.6499</b>	<b>\$9,993,216</b>	<b>\$9,518,662</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,537,571</b>	<b>\$1,464,556</b>
<b>Syndication Proceeds</b>		<b>\$9,993,216</b>	<b>\$9,518,662</b>
<b>Requested Tax Credits</b>		<b>\$1,537,571</b>	
<b>Syndication Proceeds</b>		<b>\$9,993,214</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$10,178,834</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,566,131</b>	



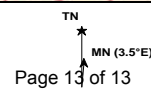


# 09248 Pearland Senior Village

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Scale 1 : 100,000



1" = 1.58 mi

Data Zoom 11-0



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Dixie Gardens, TDHCA Number 09249**

BASIC DEVELOPMENT INFORMATION

Site Address: 1216 Dixie Farm Rd. Development #: 09249  
 City: Houston Region: 6 Population Served: Intergenerational  
 County: Harris Zip Code: 77089 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Dixie Gardens, Ltd.  
 Owner Contact and Phone: H. Elizabeth Young, (713) 626-1400  
 Developer: Artisan/American Corp.  
 Housing General Contractor: Galleria Homes, Ltd.  
 Architect: Stogsdill Architects  
 Market Analyst: O'Connor & Associates  
 Syndicator: Evanston Financial Corp  
 Supportive Services: Texas Inter-Faith Housing Corporation  
 Consultant: Tim Smith

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	148
	9	15	66	58	Market Rate Units:	0
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	49	49	0	50	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	148
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	60
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$2,000,000	\$2,000,000			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Dixie Gardens, TDHCA Number 09249**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Jackson, District 11, NC

Points: 0

US Representative: Olson, District 22, NC

TX Representative: Davis, District 129, O

Points: 0

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: **0**

In Opposition: **1288**

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 2

FUUSA, S, Danielle Stag, Assistant Director

Silverlake Church, Pearland, S, Reginald DeVaughn, Sr., Pastor/CEO

**General Summary of Comment:**

Opposition from non-officials citing, decreased property values, increased traffic, crime, burden on local schools, and lack of amenities to accommodate such an influx of residents. Letters of opposition from elected officials as well citing the overwhelming opposition from constituents.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Dixie Gardens, TDHCA Number 09249**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **177**  Meeting a Required Set-Aside Credit Amount\*: \$2,000,000

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Irvington Court, TDHCA Number 09254**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 4004 Irvington Blvd. Development #: 09254  
 City: Houston Region: 6 Population Served: General  
 County: Harris Zip Code: 77009 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: Irvington Court, LP  
 Owner Contact and Phone: Jason Holoubek, (713) 864-8099  
 Developer: Irvington Development LLC  
 Housing General Contractor: Realtex Construction, LLC  
 Architect: Northfield Design Associates, Inc.  
 Market Analyst: O'Conner & Associates  
 Syndicator: Bank of America, NA  
 Supportive Services: Avenue Community Development Corporation  
 Consultant: N/A

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	115
	6	0	52	57	Market Rate Units:	29
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	36	72	36	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Number of Residential Buildings:	5
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	HOME High Total Units:	0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	HOME Low Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional		

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,343,499	\$1,343,499			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Irvington Court, TDHCA Number 09254

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Gallegos, District 6, S

Points: 14 US Representative: Jackson Lee, District 18, NC

TX Representative: Farrar, District 148, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

North Central Civic Association, Fernando Cisneroz

Letter Score: 24 S or O: S

To provide affordable rental housing.

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected officials and qualified neighborhood association.

CONDITIONS OF COMMITMENT



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Irvington Court, TDHCA Number 09254**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **4**

Total # Monitored: **4**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **204**  Meeting a Required Set-Aside Credit Amount\*: \$1,343,499

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE:

PROGRAM: 9%/HTC

FILE NUMBER: **09254**

**DEVELOPMENT**

Irvington Court

Location: 4004 Irvington Boulevard Region: 6  
 City: Houston County: Harris Zip: 77007  OCT  DDA  
 Key Attributes: Family, New Construction, Urban, Non-Profit

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,343,499			\$1,208,125		

**CONDITIONS**

- 1 Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Houston for the anticipated \$3M in permanent funds with terms of the loan clearly stated.
- 2 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	6
50% of AMI	50% of AMI	52
60% of AMI	60% of AMI	57

**STRENGTHS/MITIGATING FACTORS**

- Overall capture rate is 7% and the sub-market occupancy is reported at 95%.
- Restricted units show an overall average rent savings of 50% of the market rents.
- Applicant has LIHTC development experience.

**WEAKNESSES/RISKS**

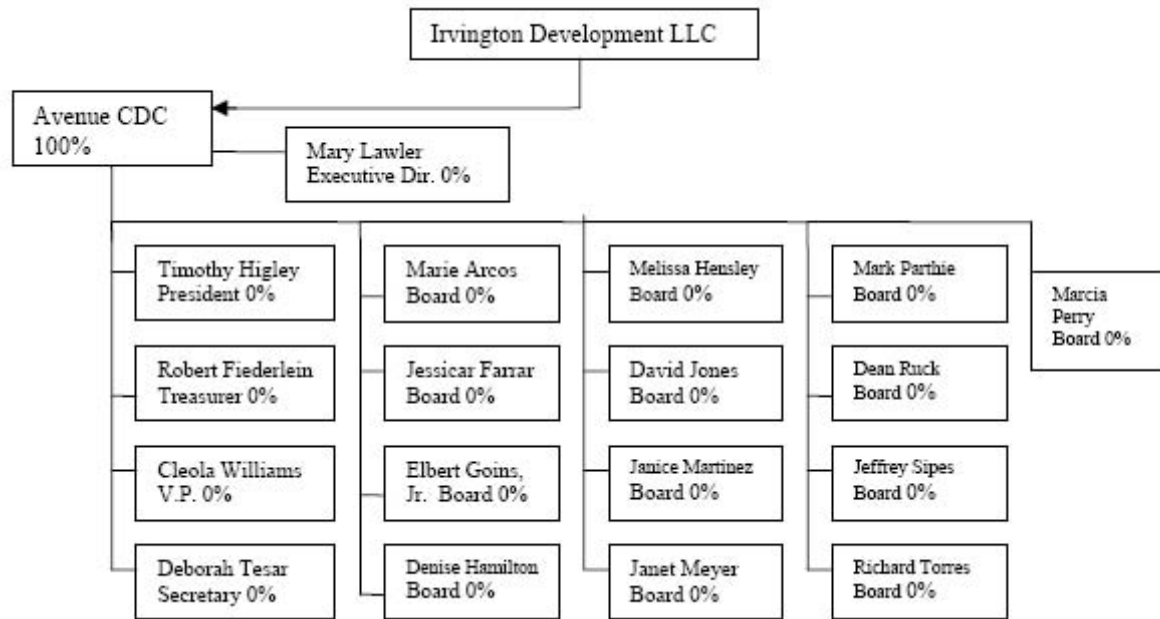
- General inability to reconcile the differences between the Underwriter's and Applicant's operating proforma and development costs.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Jason Holoubek Phone: (713) 864-8099 Fax: (713) 864-0027  
 Email: jasonh@avenuecdc.org

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Avenue Community Development Corp	N/A	4

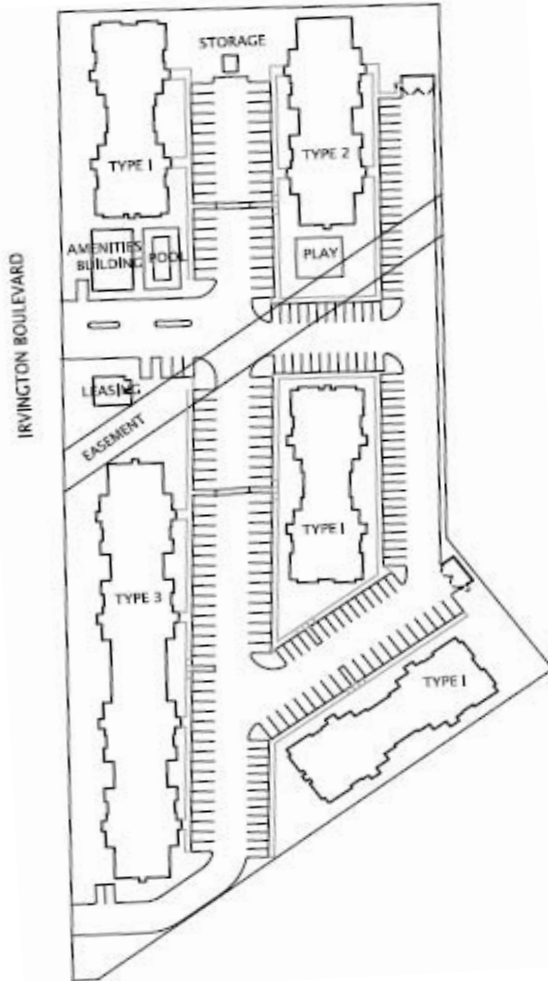
**IDENTITIES of INTEREST**

- The Applicant, Developer and supportive services provider are related entities. These are common relationships for HTC-funded developments.
- The seller is the General Partner of the applicant. The acquisition price will be based upon the lesser of the declared price, the appraised value, or the original acquisition plus supported holding costs. This is discussed at greater length in the construction cost section of this report.

This section intentionally left blank.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	I	II	III									Total Buildings
Floors/Stories	3	3	3									
Number	3	1	1									<b>5</b>

BR/BA	SF	Units										Total Units	Total SF
1/1	700	12										36	25,200
2/2	970		12	24								36	34,920
2/2	1,026		12	24								36	36,936
3/2	1,152	12										36	41,472
Units per Building		24	24	48								<b>144</b>	<b>138,528</b>

**SITE ISSUES**

Total Size: 5.72 acres      Scattered site?       Yes       No

Flood Zone: Zone X      Within 100-yr floodplain?       Yes       No

Zoning: N/A      Needs to be re-zoned?       Yes       No       N/A

Comments:

The City of Houston does not have a zoning ordinance.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff Date: 5/14/2009

Overall Assessment:

- Excellent   
  Acceptable   
  Questionable   
  Poor   
  Unacceptable

Surrounding Uses:

North: residential & commercial uses      East: vacant land  
 South: residential uses                              West: Irvington Blvd, residential & commercial uses

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Four Star Environmental, Inc. Date: 3/24/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "A Phase I/II report dated May 6, 2008 by Four Star for Avenue CDC ... indicated that several RECs were identified at that address. However, a review of the records and interviews with site personnel indicated that these RECs are not directly associated with the subject property, but instead with the larger neighboring property to the east." (p. 9)
- "Four Star concludes that there are no recognized environmental conditions at the subject property based on this ESA." (p. 30)

**MARKET HIGHLIGHTS**

Provider: O'Connor & Associates Date: 3/13/2009

Contact: Robert Coe Phone: (713) 375-4279 Fax: (713) 686-8336

Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA):            20 sq. miles            3 mile equivalent radius

The Primary Market Area is defined by the following census tracts:

482012102	482012103	482012104	482012105	482012106
482012107	482012108	482012109	482012110	482012111
482012113	482015103	482015104	482015105	482015109
482015110	482015111	482015112	482015113	482015114
482015115	482015116			

The geographic boundaries are Loop 610 to the north and west; Interstate 10 to the south; and Kashmere Road, Liberty Road, and Lockwood Drive to the east. The PMA had an estimated 2008 population of 99,120, with 36,447 households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Village Park North	05204	100	100	none			

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
40	\$17,880	\$20,400	\$22,960	\$25,520	\$27,560	\$29,600
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	81	-1	0	80	2	0	3%
1 BR/50%	123	-2	0	121	13	0	11%
1 BR/60%	132	-3	0	129	14	0	11%
2 BR/30%	60	-2	0	58	3	0	5%
2 BR/50%	111	-4	0	107	26	0	24%
2 BR/60%	111	-2	0	109	29	0	27%
3 BR/30%	25	-1	0	24	1	0	4%
3 BR/50%	49	-2	0	47	13	0	28%
3 BR/60%	43	0	0	43	14	0	33%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	81	-1	0	80	2	0	2%
1 BR/50%	102	-2	0	100	13	0	13%
1 BR/60%	133	-3	0	130	14	0	11%
2 BR/30%	89	-3	0	86	3	0	3%
2 BR/50%	143	-5	0	138	26	0	19%
2 BR/60%	163	-4	0	159	29	0	18%
3 BR/30%	113	-5	0	108	1	0	1%
3 BR/50%	172	-3	0	170	13	0	8%
3 BR/60%	188	-6	0	182	14	0	8%

OVERALL DEMAND										
	Target Households		Household Size		Income Eligible		Tenure		Demand	
					PMA DEMAND from TURNOVER					turnover
Market Analyst p. 70							6,949	47%	3,266	
Underwriter	100%	36,782	91%	33,600	36%	11,946	60%	7,140	44%	3,170
					PMA DEMAND from GROWTH					growth
Market Analyst p. 70									32	
Underwriter									36	
					DEMAND from OTHER SOURCES					Section 8
Market Analyst p. 70									152	
Underwriter									N / A	

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 71	115	0	0	115	3,450	<b>3%</b>
Underwriter	115	100	0	215	3,206	<b>7%</b>

This section intentionally left blank.



Proposed, Under Construction, and Unstabilized Comparable Supply:

The market study does not identify any unstabilized comparable supply in the Primary Market Area. However, Village Park North (#05204, fka Ambassador North) is located less than three miles north of the subject. Village Park North was a rehabilitated development; although it was 83% occupied at the time of application in 2005, Department records indicate its occupancy was down to 38% in mid 2008. The underwriting analysis has included the 100 units at Village Park North in the capture rate calculation for the subject.

Demand Analysis:

The market study analysis identifies demand for 3,266 units due to turnover of income eligible renter households, and demand for 32 units due to household growth. The market study also calculates additional demand for 152 units from holders of Section 8 vouchers.

The underwriting analysis determines demand for 3,170 units due to household turnover, and demand for 36 units due to household growth. Demand from Section 8 vouchers was not considered as there is sufficient demand from traditional sources.

The market study concludes an inclusive capture rate of 3% based on total demand for 3,450 units, and a total supply of 115 restricted units at the subject. The underwriting analysis concludes an inclusive capture rate of 7% based on total demand for 3,206 units and total supply of 215 units. Both results are well below the maximum capture rate of 25% for urban developments targeting families.

Primary Market Occupancy Rates:

"The selected comparable apartments surveyed in the primary market area of the proposed subject complex exhibited strong occupancy rates, with a median occupancy level of 94.80% ... The closest HTC project within the subject PMA is Fulton Village Apartments, which is a 108-unit Family HTC facility, which has a current occupancy of 99%." (p. 11)

Absorption Projections:

"Absorption in the subject's primary market area over the past twelve quarters ending December 2008 totals a positive 684 units. Absorption has been positive in nine of the past twelve quarters. Absorption over the past three years has averaged 0157 units per quarter. The moderately-high amount of new product that entered the market in 2000 through 2009 was or is being readily absorbed. Based on our research, most projects that are constructed in the Greater Houston area typically lease up within 12 months." (p. 12)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
1 BR 700 SF 30%	\$266	\$280	\$865	\$280	\$585		
1 BR 700 SF 50%	\$495	\$520	\$865	\$520	\$345		
1 BR 700 SF 60%	\$609	\$639	\$865	\$639	\$226		
1 BR 700 SF Mkt	\$704	\$865	\$865	\$865	\$0		
1 BR 700 SF Mkt	\$704	\$865	\$865	\$865	\$0		
2 BR 970 SF 30%	\$305	\$324	\$1,125	\$324	\$801		
2 BR 970 SF 50%	\$580	\$610	\$1,125	\$610	\$515		
2 BR 970 SF 60%	\$718	\$754	\$1,125	\$754	\$371		
2 BR 970 SF Mkt	\$830	\$1,125	\$1,125	\$1,125	\$0		
2 BR 970 SF Mkt	\$830	\$1,125	\$1,125	\$1,125	\$0		
2 BR 1,026 SF 30%	\$305	\$324	\$1,165	\$324	\$841		
2 BR 1,026 SF 50%	\$580	\$610	\$1,165	\$610	\$555		
2 BR 1,026 SF 60%	\$718	\$754	\$1,165	\$754	\$411		
2 BR 1,026 SF Mkt	\$830	\$1,165	\$1,165	\$1,165	\$0		
2 BR 1,026 SF Mkt	\$830	\$1,165	\$1,165	\$1,165	\$0		
3 BR 1,152 SF 30%	\$338	\$360	\$1,385	\$360	\$1,025		

RENT ANALYSIS (Tenant-Paid Net Rents) (cont.)								
Unit Type (% AMI)				Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
3 BR	1,152 SF	50%		\$656	\$691	\$1,385	\$691	\$694
3 BR	1,152 SF	60%		\$815	\$857	\$1,385	\$857	\$528
3 BR	1,152 SF	Mkt		\$990	\$1,385	\$1,385	\$1,385	\$0
3 BR	1,152 SF	Mkt		\$990	\$1,385	\$1,385	\$1,385	\$0

**Market Impact:**

"Based on the high occupancy levels of the existing properties in the market, along with the strong recent absorption history, we project that the subject property will have minimal sustained negative impact upon the existing apartment market." (p. 12)

**Comments:**

The market study provides sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Underwriter utilized the lesser of the Market Analyst's market rent conclusion or the rents calculated by subtracting tenant-paid utility allowances as of December 1, 2007, maintained by the Houston Housing Authority, from the 2009 program gross rent limits. It should be noted that at the time the application was submitted (January 2009) the 2009 program rent limits were not yet available. Tenants will be required to pay electric & natural gas utility costs.

For the market units, the Applicant's proforma uses an average rent of \$844 per unit which is \$304 less than the market rents as determined by the market analyst at \$1,148 per unit. The Applicant indicates that the proforma market rents are based on their market research on comparable properties in the area, as adjusted, and rents on two other properties owned by the applicant (these two properties show an average rent of \$796 per unit and \$1,009 per unit, respectively). Based on review of the market study and the additional information provided by the Applicant, the underwriter used the market rents provided by the Applicant in the market study pursuant to Section 1.32 of the 2009 Real Estate Analysis Rules.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines; however, due to the Applicant's use of the lower 2008 program rents and lower rents for the Market rate units, effective gross income is not within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      2      Date of Last Applicant Revision:      4/22/2009

The Applicant's total annual operating expense projection at \$4,334 per unit is within 5% of the Underwriter's estimate of \$4,435, derived from the TDHCA database, and third-party data sources. The Applicant's revised budget shows general & administrative to be \$16K higher when compared to the Underwriter's estimate. While the general partner of the applicant is a non-profit entity, the applicant has not indicated an intent to apply for a property tax exemption. For purposes of this analysis the Underwriter included a full property tax estimate. However, the Underwriter determined that should the development receive a property tax exemption, the DCR would climb over the Department's maximum 1.35 guideline, indicating that the property could service additional permanent debt. If so, the final credit recommendation at cost certification could result in a reduction to the credit allocation.

**Conclusion:**

As mentioned previously, the 2009 HTC rent limits have been released since the application was submitted. As a result, overall increases in the rent limits for this area provide for additional income to the development that was not originally anticipated.

The Applicant's effective gross income and net operating income are not within 5% of the Underwriter's estimates; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proforma and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.35. Therefore, rather than resize the permanent mortgage and possibly gap the Subject development, the Underwriter has recommended a financing structure that reflects repayment of the City HOME funds in the analysis (0% interest on a 30 year amortization) that produces a DCR that fits within the underwriting parameters used for sizing the allocation. The permanent debt and overall sources remain unaffected and equivalent to the applicant's sources. As such, the proforma analysis alone has no impact on the allocation recommendation. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider: GARY BROWN & ASSOCIATES, INC. Date: 3/27/2009  
 Number of Revisions: None Date of Last Applicant Revision: N/A  
 Land Only: 5.72 acres \$3,990,000 As of: 3/27/2009

**ASSESSED VALUE**

Land Only: 20.3 acres \$1,075,945 Tax Year: 2008  
 Existing Buildings: \$1,747,516 Valuation by: Harris CAD  
 1 acre: \$53,126  
 Total Prorata 5.72 acres  
 (Land Only): \$303,882

**EVIDENCE of PROPERTY CONTROL**

Type: Special Warranty Deed Acreage: 20.3448  
 Contract Expiration: N/A Valid Through Board Date?  Yes  No  
 Acquisition Cost: \$6,400,000 Other: \_\_\_\_\_  
 Seller: Avenue Community Development Corporation Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

**Acquisition Value:**

The general partner of the Applicant, as a related party, purchased a 20.3 acre tract for \$6.4M, or \$7.22 per square foot, in November 2008. The subject property is a 5.72 acre portion out of the 20.3 acres and will be conveyed to the Applicant entity for \$2.5M or \$10.17 per square foot. Upon the Underwriter's request for verifiable holding cost information, the Applicant indicated \$120K of interest carry (representing \$.48 per square foot) but did not provide supporting documentation. The applicant indicated that the value allocation of \$10.17 to the subject site is due to the site's frontage and visibility on Irvington Boulevard.

While the value assigned to the subject site by the Applicant may be reasonable due to higher visibility, better access and is supported by the appraised value, Section 1.32(e)(1)(B)(iii) of the Real Estate Analysis Rules require the underwriter to use the lesser of the Applicant's, or Related Party's, actual costs or the appraised value. Therefore, the acquisition cost used in the Underwriter's analysis is \$1,799,379 as a proration of the original \$6.4M acquisition of the larger tract.

**Sitework Cost:**

The Applicant's claimed sitework costs of \$8,197 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

**Direct Construction Cost:**

The Applicant's direct construction cost estimate is \$935K or 12% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

**Interim Interest Expense:**

The Underwriter reduced the Applicant's eligible interim financing fees by \$106,889 to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

**Contingency & Fees:**

The Applicant's eligible contingency costs were adjusted down by \$3,032 to meet the Department guideline of 5% of eligible sitework and direct construction costs for new construction developments. The Applicant's developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines; however, the Applicant's contractor fees exceed the 14% maximum allowed by HTC guidelines by a total of \$8,490 based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs.

**Conclusion:**

The Applicant's total development cost is not within 5% of the Underwriter's estimate; therefore, the Underwriter's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$13,172,222 supports annual tax credits of \$1,226,797. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: City of Houston Type: Soft Loan

Principal: \$3,000,000 Interest Rate: 0.0%  Fixed Amort: N/A months

**Comments:**

The Applicant provided an intent to apply for the local HOME funds. The application indicates a request for a cash flow loan that will carry an interest rate at or below that of the Applicable Federal Rate, and will carry a minimum term of the later of one year or the placed in service date.

For purposes of this analysis, the Underwriter has included debt service on the anticipated City of Houston HOME funds in order to bring the estimated DCR down from a 1.55. This suggests that the City of Houston HOME funds could be repayable at a an acceptable DCR of 1.22.

Therefore, receipt, review and acceptance of a firm commitment from the City of Houston for the \$3M funds structured at 0% interest and fully amortized over 30 years is a condition of this report.

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Source: Bank of America Type: Interim to Permanent Financing  
 Interim: \$6,482,356 Interest Rate: 3.97%  Fixed Amort: 24 months  
 Permanent: \$4,350,000 Interest Rate: 7.75%  Fixed Amort: 360 months  
 Comments:

Interim Rate Index: Daily Floating 1 month BBA LIBOR + 350 bps, floating. Interest only.  
 Permanent Note Rate: Fixed 7.25%, underwritten @ 7.75%.

Source: Houston Endowment Type: Grant  
 Principal: \$400,000 Conditions: \_\_\_\_\_  
 Comments:

The Applicant received \$2M on November 20, 2008 to go towards land acquisition.

Source: Bank of America Type: Syndication  
 Proceeds: \$9,403,553 Syndication Rate: 70% Anticipated HTC: \$ 1,343,499  
 Comments:

Due to the recent volatility in credit pricing, it should be noted, any increase in the final credit price may warrant an adjustment to the credit amount.

Amount: \$544,312 Type: Deferred Developer Fees

### CONCLUSIONS

**Recommended Financing Structure:**

As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. While the Applicant's proforma does not include debt service for the local funding, this underwriting analysis assumes the \$3M city loan will bear interest at 0% and be fully amortized over 30 years. Should the \$3M in city HOME funds be eventually structured as a soft loan, the development's DCR based on this underwriting would increase above 1.35. As such, it may become necessary to revisit the serviceable debt assumption at cost certification and may adjust the credit allocation.

The Underwriter's total development cost estimate less the permanent loan of \$4,350,000 and \$3M in local HOME funds indicates the need for \$8,456,032 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,208,125 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,343,499), the gap-driven amount (\$1,208,125), and eligible basis-derived estimate (\$1,226,797), the gap-driven amount of \$1,208,125 is recommended resulting in proceeds of \$8,456,032 based on a syndication rate of 70%.

The Underwriter's recommended financing structure indicates no need for additional permanent funds.

Underwriter:	<i>Diamond Unique Thompson</i>	Date: <u>January 0, 1900</u>
Manager of Real Estate Analysis:	<i>Raquel Morales</i>	Date: <u>January 0, 1900</u>
Director of Real Estate Analysis:	<i>Brent Stewart</i>	Date: <u>January 0, 1900</u>

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Irvington Court, Houston, 9%/HTC #09254**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	2	1	1	700	\$358	\$280	\$560	\$0.40	\$78.00	\$53.00
TC 50%	13	1	1	700	\$598	\$520	\$6,760	\$0.74	\$78.00	\$53.00
TC 60%	14	1	1	700	\$717	\$639	\$8,946	\$0.91	\$78.00	\$53.00
MR	6	1	1	700		\$865	\$5,190	\$1.24	\$78.00	\$53.00
MR	1	1	1	700		\$865	\$865	\$1.24	\$78.00	\$53.00
TC 30%	2	2	2	970	\$431	\$324	\$648	\$0.33	\$107.00	\$64.00
TC 50%	16	2	2	970	\$717	\$610	\$9,760	\$0.63	\$107.00	\$64.00
TC 60%	14	2	2	970	\$861	\$754	\$10,556	\$0.78	\$107.00	\$64.00
MR	3	2	2	970		\$1,125	\$3,375	\$1.16	\$107.00	\$64.00
MR	1	2	2	970		\$1,125	\$1,125	\$1.16	\$107.00	\$64.00
TC 30%	1	2	2	1,026	\$431	\$324	\$324	\$0.32	\$107.00	\$64.00
TC 50%	10	2	2	1,026	\$717	\$610	\$6,100	\$0.59	\$107.00	\$64.00
TC 60%	15	2	2	1,026	\$861	\$754	\$11,310	\$0.73	\$107.00	\$64.00
MR	9	2	2	1,026		\$1,165	\$10,485	\$1.14	\$107.00	\$64.00
MR	1	2	2	1,026		\$1,165	\$1,165	\$1.14	\$107.00	\$64.00
TC 30%	1	3	2	1,152	\$498	\$360	\$360	\$0.31	\$138.00	\$74.00
TC 50%	13	3	2	1,152	\$829	\$691	\$8,983	\$0.60	\$138.00	\$74.00
TC 60%	14	3	2	1,152	\$995	\$857	\$11,998	\$0.74	\$138.00	\$74.00
MR	7	3	2	1,152		\$1,385	\$9,695	\$1.20	\$138.00	\$74.00
MR	1	3	2	1,152		\$1,385	\$1,385	\$1.20	\$138.00	\$74.00
<b>TOTAL:</b>	<b>144</b>		<b>AVERAGE:</b>	<b>962</b>		<b>\$761</b>	<b>\$109,590</b>	<b>\$0.79</b>	<b>\$107.50</b>	<b>\$63.75</b>

INCOME		36	Total Net Rentable Sq Ft:	138,528						
<b>POTENTIAL GROSS RENT</b>						<b>TDHCA</b>	<b>APPLICANT</b>	COUNTY	IREM REGION	COMPT. REGION
						\$1,315,080	\$1,164,648	Harris	Houston	6
Secondary Income			Per Unit Per Month:	\$15.00		25,920	25,920	\$15.00	Per Unit Per Month	
Other Support Income:						0		\$0.00	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>						\$1,341,000	\$1,190,568			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%		(100,575)	(89,292)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions						0				
<b>EFFECTIVE GROSS INCOME</b>						\$1,240,425	\$1,101,276			
<b>EXPENSES</b>			<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>			<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>
General & Administrative			3.97%	\$342	0.36	\$49,212	\$65,664	\$0.47	\$456	5.96%
Management			5.00%	431	0.45	62,021	52,728	0.38	366	4.79%
Payroll & Payroll Tax			12.05%	1,038	1.08	149,499	153,504	1.11	1,066	13.94%
Repairs & Maintenance			5.81%	500	0.52	72,043	64,800	0.47	450	5.88%
Utilities			3.43%	296	0.31	42,586	33,696	0.24	234	3.06%
Water, Sewer, & Trash			4.24%	365	0.38	52,538	50,400	0.36	350	4.58%
Property Insurance			3.91%	337	0.35	48,485	42,600	0.31	296	3.87%
Property Tax		1.88495	8.75%	754	0.78	108,573	106,990	0.77	743	9.72%
Reserve for Replacements			2.90%	250	0.26	36,000	36,000	0.26	250	3.27%
TDHCA Compliance Fees			0.37%	32	0.03	4,600	4,600	0.03	32	0.42%
Other: Cable, Supp. Servs, Sec			1.05%	91	0.09	13,072	13,072	0.09	91	1.19%
<b>TOTAL EXPENSES</b>			<b>51.48%</b>	<b>\$4,435</b>	<b>\$4.61</b>	<b>\$638,630</b>	<b>\$624,054</b>	<b>\$4.50</b>	<b>\$4,334</b>	<b>56.67%</b>
<b>NET OPERATING INC</b>			<b>48.52%</b>	<b>\$4,179</b>	<b>\$4.34</b>	<b>\$601,795</b>	<b>\$477,222</b>	<b>\$3.44</b>	<b>\$3,314</b>	<b>43.33%</b>
<b>DEBT SERVICE</b>										
Bank of America			30.15%	\$2,597	\$2.70	\$373,967	\$373,967	\$2.70	\$2,597	33.96%
City of Houston			0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing			0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>			<b>18.37%</b>	<b>\$1,582</b>	<b>\$1.64</b>	<b>\$227,828</b>	<b>\$103,255</b>	<b>\$0.75</b>	<b>\$717</b>	<b>9.38%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>						<b>1.61</b>	<b>1.28</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>						<b>1.27</b>				

<b>CONSTRUCTION COST</b>										
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL	
Acquisition Cost (site or bldg)		11.38%	\$12,496	\$12.99	\$1,799,379	\$2,533,310	\$18.29	\$17,592	14.31%	
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%	
Sitework		7.47%	8,197	8.52	1,180,356	1,180,356	8.52	8,197	6.67%	
Direct Construction		48.17%	52,879	54.97	7,614,507	8,550,000	61.72	59,375	48.31%	
Contingency	5.00%	2.78%	3,054	3.17	439,743	489,550	3.53	3,400	2.77%	
Contractor's Fees	14.00%	7.79%	8,551	8.89	1,231,281	1,370,740	9.90	9,519	7.75%	
Indirect Construction		4.13%	4,538	4.72	653,532	653,532	4.72	4,538	3.69%	
Ineligible Costs		2.44%	2,680	2.79	385,979	385,979	2.79	2,680	2.18%	
Developer's Fees	14.99%	10.86%	11,923	12.39	1,716,953	1,716,953	12.39	11,923	9.70%	
Interim Financing		2.12%	2,332	2.42	335,850	335,850	2.42	2,332	1.90%	
Reserves		2.84%	3,114	3.24	448,452	481,596	3.48	3,344	2.72%	
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$109,764</b>	<b>\$114.10</b>	<b>\$15,806,032</b>	<b>\$17,697,866</b>	<b>\$127.76</b>	<b>\$122,902</b>	<b>100.00%</b>	
<b>Construction Cost Recap</b>		<b>66.21%</b>	<b>\$72,680</b>	<b>\$75.55</b>	<b>\$10,465,887</b>	<b>\$11,590,646</b>	<b>\$83.67</b>	<b>\$80,491</b>	<b>65.49%</b>	

<b>SOURCES OF FUNDS</b>										
							<b>RECOMMENDED</b>			
Bank of America		27.52%	\$30,208	\$31.40	\$4,350,000	\$4,350,000	\$4,350,000		Developer Fee Available	
City of Houston		18.98%	\$20,833	\$21.66	3,000,000	3,000,000	3,000,000		\$1,716,953	
Bank of America		59.49%	\$65,302	\$67.88	9,403,553	9,403,553	8,456,032		% of Dev. Fee Deferred	
Houston Endowment		2.53%	\$2,778	\$2.89	400,000	400,000				
Deferred Developer Fees		3.44%	\$3,780	\$3.93	544,312	544,312			0%	
Additional (Excess) Funds Req'd		-11.97%	(\$13,138)	(\$13.66)	(1,891,833)	1	0		15-Yr Cumulative Cash Flow	
<b>TOTAL SOURCES</b>					<b>\$15,806,032</b>	<b>\$17,697,866</b>	<b>\$15,806,032</b>		<b>\$2,514,632</b>	

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Irvington Court, Houston, 9%/HTC #09254*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.14	\$7,638,772
<b>Adjustments</b>				
Exterior Wall Finish	3.20%		\$1.76	\$244,441
Hurricane Wind Adj	\$1.03	138,528	1.03	142,684
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(0.81)	(111,746)
Floor Cover			2.38	329,697
Breezeways/Balconies	\$22.95	20,028	3.32	459,643
Plumbing Fixtures	\$835	324	1.95	270,540
Rough-ins	\$410	288	0.85	118,080
Built-in Appliances	\$1,800	144	1.87	259,200
Exterior Stairs	\$1,875	48	0.65	90,000
Enclosed Corridors	\$45.22		0.00	0
Heating/Cooling			1.83	253,506
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$76.31	2,583	1.42	197,115
Other: fire sprinkler	\$2.15	138,528	2.15	297,835
<b>SUBTOTAL</b>			<b>73.56</b>	<b>10,189,767</b>
Current Cost Multiplier	1.01		0.74	101,898
Local Multiplier	0.91		(6.62)	(917,079)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$67.67</b>	<b>\$9,374,586</b>
Plans, specs, survy, bld prm	3.90%		(\$2.64)	(\$365,609)
Interim Construction Interest	3.38%		(2.28)	(316,392)
Contractor's OH & Profit	11.50%		(7.78)	(1,078,077)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$54.97</b>	<b>\$7,614,507</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$4,350,000	Amort	360
Int Rate	7.75%	DCR	1.61
<b>Secondary</b>	\$3,000,000	Amort	
Int Rate		Subtotal DCR	1.61
<b>Additional</b>	\$9,403,553	Amort	
Int Rate		Aggregate DCR	1.61

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$373,967
1,960,000 Secondary Debt Service	100,000
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$127,828</b>

<b>Primary</b>	\$4,350,000	Amort	360
Int Rate	7.75%	DCR	1.61
<b>Secondary</b>	\$3,000,000	Amort	360
Int Rate	0.00%	Subtotal DCR	1.27
<b>Additional</b>	\$9,403,553	Amort	0
Int Rate	0.00%	Aggregate DCR	1.27

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,315,080	\$1,341,382	\$1,368,209	\$1,395,573	\$1,423,485	\$1,571,642	\$1,735,220	\$1,915,823	\$2,335,378
Secondary Income	25,920	26,438	26,967	27,507	28,057	30,977	34,201	37,761	46,030
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,341,000	1,367,820	1,395,176	1,423,080	1,451,542	1,602,619	1,769,421	1,953,584	2,381,408
Vacancy & Collection Loss	(100,575)	(102,587)	(104,638)	(106,731)	(108,866)	(120,196)	(132,707)	(146,519)	(178,606)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,240,425</b>	<b>\$1,265,234</b>	<b>\$1,290,538</b>	<b>\$1,316,349</b>	<b>\$1,342,676</b>	<b>\$1,482,423</b>	<b>\$1,636,714</b>	<b>\$1,807,065</b>	<b>\$2,202,802</b>
EXPENSES at 3.00%									
General & Administrative	\$49,212	\$50,688	\$52,209	\$53,775	\$55,388	\$64,210	\$74,437	\$86,293	\$115,971
Management	62,021	63,262	64,527	65,817	67,134	74,121	81,836	90,353	110,140
Payroll & Payroll Tax	149,499	153,984	158,604	163,362	168,263	195,063	226,131	262,148	352,305
Repairs & Maintenance	72,043	74,205	76,431	78,724	81,086	94,000	108,972	126,329	169,775
Utilities	42,586	43,863	45,179	46,535	47,931	55,565	64,415	74,674	100,356
Water, Sewer & Trash	52,538	54,114	55,738	57,410	59,132	68,550	79,469	92,126	123,809
Insurance	48,485	49,939	51,438	52,981	54,570	63,262	73,338	85,018	114,258
Property Tax	108,573	111,830	115,185	118,641	122,200	141,663	164,227	190,384	255,860
Reserve for Replacements	36,000	37,080	38,192	39,338	40,518	46,972	54,453	63,126	84,836
Other	17,672	18,202	18,748	19,311	19,890	23,058	26,730	30,988	41,645
<b>TOTAL EXPENSES</b>	<b>\$638,630</b>	<b>\$657,168</b>	<b>\$676,251</b>	<b>\$695,893</b>	<b>\$716,111</b>	<b>\$826,464</b>	<b>\$954,007</b>	<b>\$1,101,439</b>	<b>\$1,468,955</b>
<b>NET OPERATING INCOME</b>	<b>\$601,795</b>	<b>\$608,065</b>	<b>\$614,288</b>	<b>\$620,456</b>	<b>\$626,564</b>	<b>\$655,959</b>	<b>\$682,707</b>	<b>\$705,626</b>	<b>\$733,847</b>
DEBT SERVICE									
First Lien Financing	\$373,967	\$373,967	\$373,967	\$373,967	\$373,967	\$373,967	\$373,967	\$373,967	\$373,967
Second Lien	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$127,828</b>	<b>\$134,098</b>	<b>\$140,320</b>	<b>\$146,489</b>	<b>\$152,597</b>	<b>\$181,991</b>	<b>\$208,740</b>	<b>\$231,658</b>	<b>\$259,880</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.27</b>	<b>1.28</b>	<b>1.30</b>	<b>1.31</b>	<b>1.32</b>	<b>1.38</b>	<b>1.44</b>	<b>1.49</b>	<b>1.55</b>

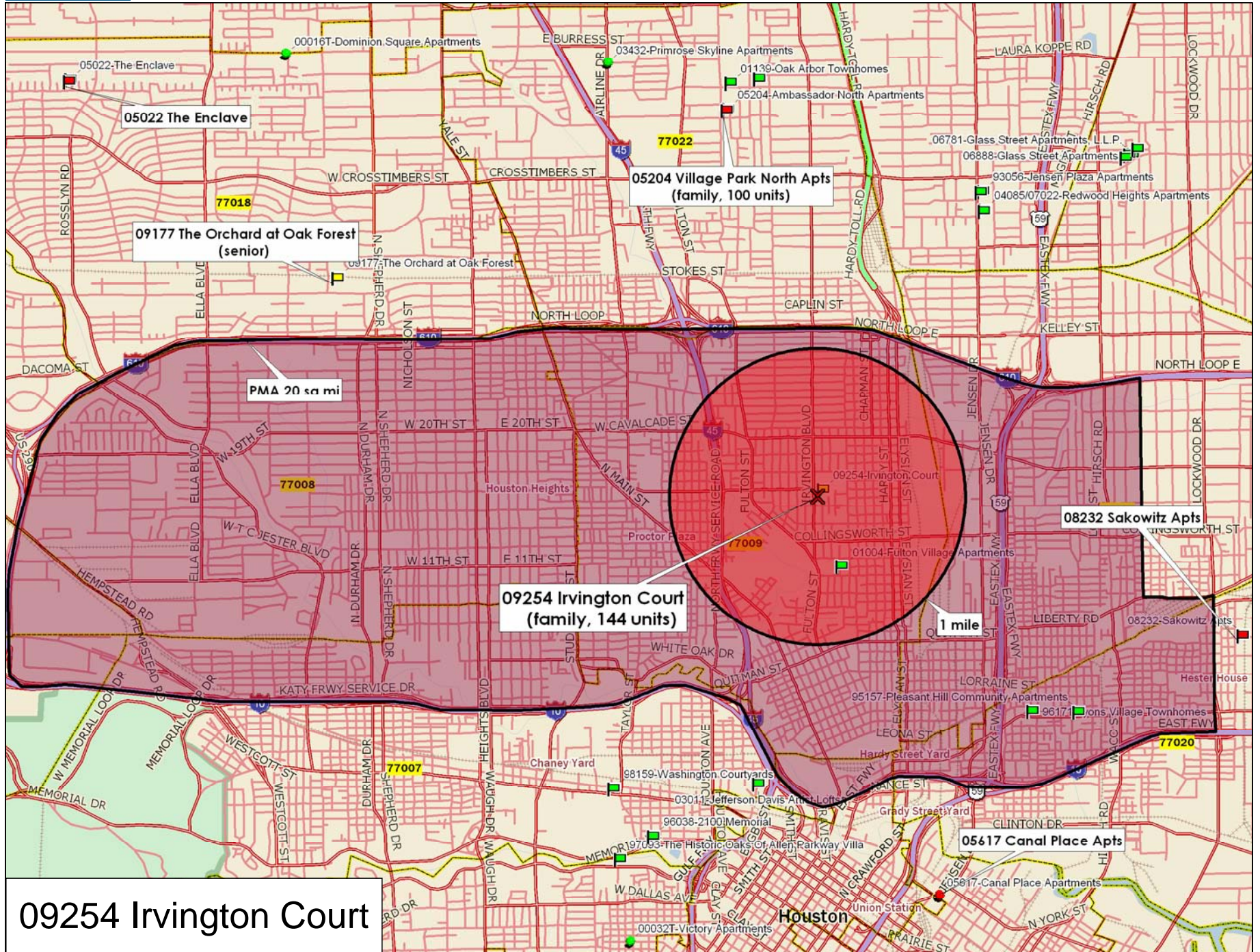
**HTC ALLOCATION ANALYSIS -Irvington Court, Houston, 9%/HTC #09254**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$2,533,310	\$1,799,379		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,180,356	\$1,180,356	\$1,180,356	\$1,180,356
<b>Construction Hard Costs</b>	\$8,550,000	\$7,614,507	\$8,550,000	\$7,614,507
<b>Contractor Fees</b>	\$1,370,740	\$1,231,281	\$1,362,250	\$1,231,281
<b>Contingencies</b>	\$489,550	\$439,743	\$486,518	\$439,743
<b>Eligible Indirect Fees</b>	\$653,532	\$653,532	\$653,532	\$653,532
<b>Eligible Financing Fees</b>	\$335,850	\$335,850	\$335,850	\$335,850
<b>All Ineligible Costs</b>	\$385,979	\$385,979		
<b>Developer Fees</b>				
Developer Fees	\$1,716,953	\$1,716,953	\$1,716,953	\$1,716,953
<b>Development Reserves</b>	\$481,596	\$448,452		
<b>TOTAL DEVELOPMENT COSTS</b>	\$17,697,866	\$15,806,032	\$14,285,458	\$13,172,222

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$14,285,458	\$13,172,222
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$18,571,096	\$17,123,888
Applicable Fraction		80%	80%
<b>TOTAL QUALIFIED BASIS</b>		\$14,783,090	\$13,631,074
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,330,478	\$1,226,797

<b>Syndication Proceeds</b>	<b>0.6999</b>	<b>\$9,312,416</b>	<b>\$8,586,718</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,330,478</b>	<b>\$1,226,797</b>
<b>Syndication Proceeds</b>		<b>\$9,312,416</b>	<b>\$8,586,718</b>
<b>Requested Tax Credits</b>		<b>\$1,343,499</b>	
<b>Syndication Proceeds</b>		<b>\$9,403,553</b>	
<b>Gap of Syndication Proceeds Needed</b>			<b>\$8,456,032</b>
<b>Total Tax Credits (Gap Method)</b>			<b>\$1,208,125</b>





# 09254 Irvington Court

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TN  
 MN (3.5°E)  
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Scale 1 : 56,250  
 0 1/4 1/2 3/4 1 1 1/2 2 mi  
 0 3/16 1/8 1/4 1/2 1 km  
 1" = 4,687.5 ft Data Zoom 11-7



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Millie Street Apts, TDHCA Number 09260**

BASIC DEVELOPMENT INFORMATION

Site Address: SEC of Millie St. & Green St. Development #: 09260  
 City: Longview Region: 4 Population Served: General  
 County: Gregg Zip Code: 75602 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Longview Millie Street Apartments, LP  
 Owner Contact and Phone: Justin Zimmerman, (417) 890-3239  
 Developer: Zimmerman Properties. LLC  
 Housing General Contractor: Zimmerman Properties Construction, LLC  
 Architect: Parker & Associates  
 Market Analyst: Integra Realty Resources  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: Texas Inter-Faith Housing Corporation  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	59	
	3	0	27	29	Market Rate Units:	1	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	12	24	24	0	0	
Type of Building:						Total Development Units:	60
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$6,100,000
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	4
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$665,000	\$665,000			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Millie Street Apts, TDHCA Number 09260

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Eltife, District 1, NC

Points: 0 US Representative: Gohmert, District 1, NC

TX Representative: Merritt, District 7, S

Points: 14 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official.

CONDITIONS OF COMMITMENT

1. Receipt, review, and acceptance, by cost certification, of evidence that the recommendations of the ESA provider with regard to radon gas have been implemented.
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the allocation amount may be warranted.
3. Receipt of a commitment of funding from the City of Longview in the amount of \$309,250, or a commitment from a qualifying substitute source in an amount not less than \$305,000, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Millie Street Apts, TDHCA Number 09260**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **14**

Total # Monitored: **10**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **184**  Meeting a Required Set-Aside Credit Amount\*: \$665,000

Recommendation: Recommended because without this award included, this sub-region's allocation shortfall would have been a significant portion of their total targeted sub-regional allocation when tax credits are collapsed state-wide.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/10/09 PROGRAM: HTC 9% FILE NUMBER: 09260

**DEVELOPMENT**

Millie Street Apartments

Location: SE Corner of Millie Street and Green Street Region: 4  
 City: Longview County: Gregg Zip: 75602  OCT  DDA  
 Key Attributes: Family, Urban, Multifamily, New Construction

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$665,000			<b>\$665,000</b>		

**CONDITIONS**

- 1 Receipt, review, and acceptance, by cost certification, of evidence that the recommendations of the ESA provider with regard to radon gas have been implemented.
- 2 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	3
50% of AMI	50% of AMI	27
60% of AMI	60% of AMI	29

**STRENGTHS/MITIGATING FACTORS**

- Inclusive capture rate is 6% and the overall market occupancy is reported at 97%.
- Principals of Applicant are experienced developers of HTC properties.

**WEAKNESSES/RISKS**

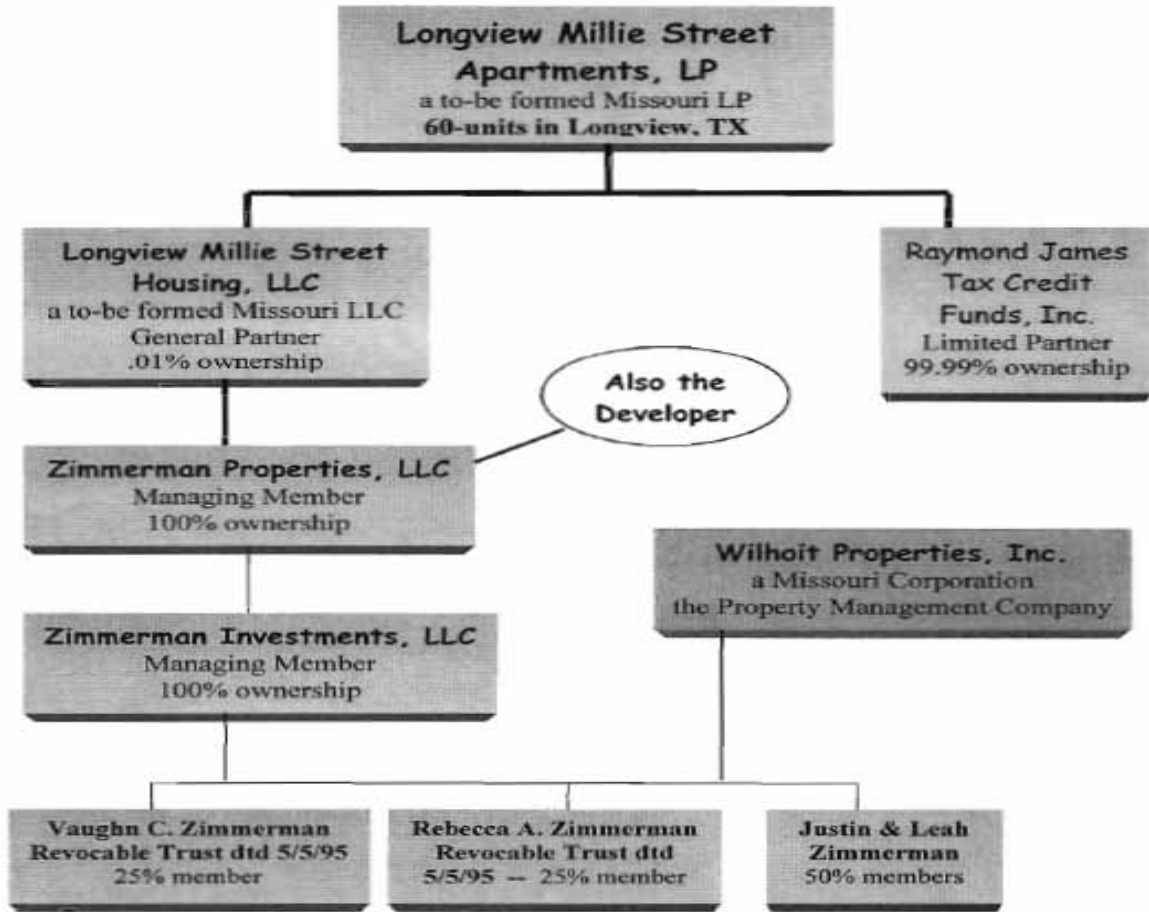
- 5 units types show restricted rents within \$100/month of the market rents with one unit type at market. This indicates that some, albeit slight, risk exists that tax credit rents may not be achievable on some unit types.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Justin Zimmerman Phone: 417-890-8250 Fax: 417-883-6343  
 Email: [jzimmerman@wilholtproperties.com](mailto:jzimmerman@wilholtproperties.com)

**KEY PARTICIPANTS**

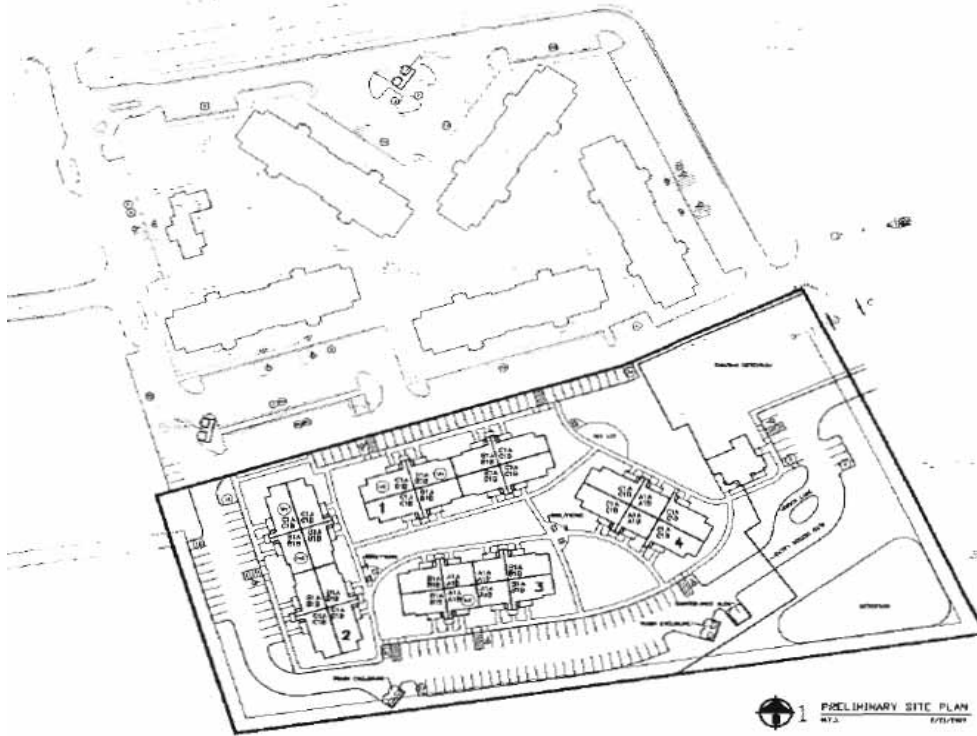
Name	Financial Notes	# Completed Developments
Zimmerman Investments, LLC	N/A	12
Justin Zimmerman	N/A	12
Vaughn Zimmerman	N/A	12

**IDENTITIES of INTEREST**

- The Applicant, Developer and General Contractor are related entities. These are common relationships for HTC-funded developments.
- The seller of the land is as related party.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	1	2	3																Total Buildings
Floors/Stories	2	2	2																
Number	2	1	1																<b>4</b>

BR/BA	SF	Units										Total Units	Total SF		
1/1	710		4	2										6	4,260
1/1	768		4	2										6	4,608
2/2	962	4	4											12	11,544
2/2	1,021	4	4											12	12,252
3/2	1,129	4		4										12	13,548
3/2	1,188	4		4										12	14,256
Units per Building		16	16	12										<b>60</b>	<b>60,468</b>

**SITE ISSUES**

Total Size: 5.087 acres      Scattered site?       Yes       No  
 Flood Zone: X      Within 100-yr floodplain?       Yes       No  
 Zoning: Commercial & SF4      Needs to be re-zoned?       Yes       No       N/A

**Comments:**

The property is zoned "C" Heavy Commercial and SF-4 Single Family; however, according to the City of Longview in a letter to the Applicant this zoning designation allows for the development of multifamily properties up to 60 units.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff Date: 4/22/2009  
 Overall Assessment:  Excellent  Acceptable  Questionable  Poor  Unacceptable

Surrounding Uses:  
 North: Mill Creek Apts./University beyond East: Single family residential  
 South: Single family residential West: Residential/commercial/industrial

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Kew Valley Engineering Date: 3/11/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "The Phase I ESA has not disclosed evidence indicating the site to have recognized environmental conditions which would preclude the further development of the property." (p. 1)
- "Regional radon testing indicates that radon levels reached a maximum of 7.1 pick/L with a mean of 1.0 pick/L in Gregg County, Texas ... Site specific testing would need to be performed in the future buildings in order to identify the exact levels that might concentrate within the structures. It is our opinion that the use of a vicuña vapor barrier beneath the concrete slabs will preclude any excessive radon migration into the future buildings." (p. 9)

Comments:

Any funding recommendation will be subject to receipt, review, and acceptance, by cost certification, of evidence that the recommendations of the ESA provider with regard to radon gas have been implemented.

**MARKET HIGHLIGHTS**

Provider: Integra Realty Resources - DEW Date: 3/18/2009  
 Contact: Amy D.P. White Phone: (972) 960-1222 Fax: N / A  
 Number of Revisions: none Date of Last Applicant Revision: n/a

Primary Market Area (PMA): 236 sq. miles 9 mile equivalent radius

The Primary Market Area is defined as zip codes 75601, 75602, 75603, 75604, and 75605. The PMA had an estimated 2008 population of 98,345, including 37,822 households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Lexington Court Phase II	08258	76	76				

INCOME LIMITS						
Gregg						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$10,900	\$12,500	\$14,050	\$15,600	\$16,850	\$18,100
40	\$14,560	\$16,640	\$18,720	\$20,800	\$22,480	\$24,120
50	\$18,200	\$20,800	\$23,400	\$26,000	\$28,100	\$30,150
60	\$21,840	\$24,960	\$28,080	\$31,200	\$33,720	\$36,180



MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	277	5	0	282	1	0	not provided
1 BR/50%	292	5	0	297	5	0	not provided
1 BR/60%	391	6	0	397	6	0	not provided
2 BR/30%	97	2	0	99	1	0	not provided
2 BR/50%	107	2	0	109	11	0	not provided
2 BR/60%	137	2	0	139	11	0	not provided
3 BR/30%	130	2	0	132	1	0	not provided
3 BR/50%	132	2	0	134	11	0	not provided
3 BR/60%	173	3	0	176	12	0	not provided

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	74	-1	0	73	1	1	3%
1 BR/50%	83	1	0	84	5	5	12%
1 BR/60%	364	-1	0	363	6	14	6%
2 BR/30%	75	-3	0	72	1	1	3%
2 BR/50%	64	-2	0	62	10	14	39%
2 BR/60%	258	-9	0	250	7	21	11%
3 BR/30%	41	-2	0	40	1	2	8%
3 BR/50%	40	-2	0	38	11	11	58%
3 BR/60%	147	-5	0	142	12	7	13%

OVERALL DEMAND							
	Target Households	Household Size	Income Eligible	Tenure	Demand		
PMA DEMAND from TURNOVER turnover							
Market Analyst					53%	1,735	
Underwriter	100% 38,500	97% 37,214	30% 11,071	36% 3,963	53%	2,101	
PMA DEMAND from GROWTH growth							
Market Analyst						29	
Underwriter	100% 337	97% 325	30% 97	36% 35	100%	35	
INCLUSIVE CAPTURE RATE							
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate	
Market Analyst	59	0	0	59	1,764	3%	
Underwriter	59	76	0	135	2,135	6%	

Supply and Demand Analysis:

The market study analysis calculates minimum qualifying incomes based on the proposed rents net of utility allowances rather than the gross program rent; the market study also uses incorrect maximum household incomes. The Market Analyst identifies demand for 1,735 units from household turnover, and demand for 29 units due to household growth. The market study does not identify any unstabilized comparable units in the PMA; based on total demand for 1,764 units and a total supply of 59 units (the proposed affordable units at the subject), the Market Analyst concludes an inclusive capture rate of 3%.

The underwriting analysis identifies demand for 2,101 units from household turnover, and demand for 35 units due to household growth. Lexington Court Phase II (#08258) is a family development with 76 units; while it is located outside the defined PMA, it is only 7 miles from the subject. The 76 units at Lexington Court have been included in the unstabilized comparable supply. Total demand for 2,135 units and a total supply of 135 units indicates an inclusive capture rate of 6%. This is well below the maximum capture rate of 25% for urban developments targeting families.

**Primary Market Occupancy Rates:**

"The average occupancy level for all rental properties within the PMA is 97% ... The occupancy rate for the existing LIHTC properties within the PMA is 98%." (pp. 36-38)

**Absorption Projections:**

"A new project, the size of the subject as proposed with 60 units, is likely to be absorbed within 7 months of opening, equating to an absorption pace of approximately 9.00 units per month." (p. 41)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
1 BR 710 SF 30%	\$204	\$214	\$500	\$214	\$286		
1 BR 710 SF 50%	\$392	\$409	\$500	\$409	\$91		
1 BR 710 SF 60%	\$475	\$507	\$500	\$500	\$0		
1 BR 768 SF 50%	\$392	\$409	\$550	\$409	\$141		
1 BR 768 SF 60%	\$475	\$507	\$550	\$507	\$43		
2 BR 962 SF 30%	\$236	\$248	\$650	\$248	\$402		
2 BR 962 SF 50%	\$462	\$482	\$650	\$482	\$168		
2 BR 962 SF 60%	\$560	\$599	\$650	\$599	\$51		
2 BR 1,021 SF 50%	\$560	\$560	\$700	\$560	\$140		
2 BR 1,021 SF 60%	\$462	\$482	\$700	\$482	\$218		
3 BR 1,129 SF 30%	\$266	\$280	\$750	\$280	\$470		
3 BR 1,129 SF 50%	\$527	\$551	\$750	\$551	\$199		
3 BR 1,129 SF 60%	\$640	\$686	\$750	\$686	\$64		
3 BR 1,188 SF 50%	\$527	\$551	\$800	\$551	\$249		
3 BR 1,188 SF 60%	\$640	\$686	\$800	\$686	\$114		

**Market Impact:**

"we conclude there to be sufficient demand to support the additional LIHTC income and rent restrictions." (P. 63)

**Comments:**

The market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      1      Date of Last Applicant Revision:      4/21/2009

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utilities from the 2008 program rent limits. Tenants will be required to pay electrical costs. The Applicant's estimated utility allowance are an average based on actual usage for 12 months from an adjacent property (Mill Creek Apartments) owned by the same developer. However, the 2009 Real Estate Analysis Rules require that the Applicant document the estimated utility allowance by providing either the local PHA estimate, or an alternative estimate from the utility provider proposed in the Application as long as it is specific to the subject development. In the absence of a specific utility allowance estimate from the local utility provider, the utility allowances maintained by the City of Longview Housing Authority will be utilized by the Underwriter for purposes of determining the projected rents collected.

This section intentionally left blank.

Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. It should be noted that the Underwriter's analysis reflects the rent collected for the smaller 60% one-bedroom unit capped at the market rent of \$500. As a result of the differences described above the Applicant's effective gross income is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: none Date of Last Applicant Revision: n/a

The Applicant's total annual operating expense projection of \$3,500 per unit is within 5% of the Underwriter's estimate of \$3,668 derived from the TDHCA database and third party data sources. However, the Applicant's estimates of several line items differ significantly from the Underwriter's, specifically, repairs and maintenance (\$22K lower), water, sewer and trash (\$6K higher) and property taxes (\$6K higher).

**Conclusion:**

The Applicant's estimate of effective gross income and annual operating expenses are within 5% of the Underwriter's estimates; however, net operating income is not; therefore, the Underwriter's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR). The proposed permanent financing structure results in an initial year's debt coverage ratio of 1.31, which falls within the Department's guidelines.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Underwriters' base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider: Integra Realty Resources Date: 5.23/09  
 Number of Revisions: none Date of Last Applicant Revision: N/A  
 Land Only: 5.09 acres \$220,000 As of: 5/23/2009  
 Existing Buildings: (as-is) \$0 As of: 5/23/2009  
 Total Development: (as-is) \$220,000 As of: 5/23/2009

**ASSESSED VALUE**

Land Only: 9.81 acres \$83,850 Tax Year: 2008  
 Prorated value per acre \$8,550 Valuation by: Gregg CAD  
 Total Value (5.087 acres) \$43,494 Tax Rate: 2.04945

**EVIDENCE of PROPERTY CONTROL**

Type: Commercial & Industrial Real Estate Sales Contract Acreage: 5.087  
 Contract Expiration: 10/31/2009 Valid Through Board Date?  Yes  No  
 Acquisition Cost: \$220,000 Other: N/A  
 Seller: Zimmerman Properties, LLC Related to Development Team?  Yes  No

This section intentionally left blank.

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: 2 Date of Last Applicant Revision: 4/30/2009

**Acquisition Value:**

The acquisition is being evaluated as an identity of interest transaction because the seller, Zimmerman Properties, LLC is also sole owner of the General Partner for the subject application. Zimmerman Properties, LLC originally purchased 9.806 acres in October 2003 for a sales price of \$287,500. During the six years that the Applicant has held the property an additional \$128,306 in costs have been incurred that qualify as costs of holding, owning or improving the property. Therefore, the original acquisition cost of \$287,500 plus an additional \$128,306 in holding costs add up to a total of \$415,806 or \$42,403 per acre. This cost prorated for the proposed 5.087 acres amounts to \$215,705 which supports the Applicant's revised acquisition cost of \$215K. The Applicant's cost schedule reflects a total acquisition cost of \$220K which consists of \$215K as documented plus an additional \$5K in closing/legal fees.

**Sitework Cost:**

The Applicant's proposed site work cost of \$9,000 per unit is within the Department's guidelines, therefore no further third party substantiation is required.

**Direct Construction Cost:**

The Applicant's direct construction cost is \$22K higher than the Underwriter's Marshall and Swift Residential Cost Handbook-derived estimate, and it is therefore considered reasonable.

**Conclusion:**

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$5,686,250 supports annual tax credits of \$653,945. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: none Date of Last Applicant Revision: n/a

Source: Great Southern Bank Type: Interim to Permanent Financing

Interim: \$2,700,000 Interest Rate: 6.3%  Fixed Term: 24 months  
Permanent: \$1,300,000 Interest Rate: 7.8%  Fixed Term: 360 months

**Comments:**

Interim construction financing is to be priced at Great Southern Bank's prime rate floating with a floor of 6.25%. Permanent financing is to be based on a 30 year amortization with a 15 year term. The interest rate on the permanent financing is to be 15 year Federal Home Loan Bank's rate plus 275 basis points (7.76% as of 2/12/2009).

Source: City of Longview Type: Interim Financing

Principal: \$309,250 Interest Rate: TBD  Fixed Term: TBD months

**Comments:**

The Applicant intends to use the City of Longview funds as a source of funding by a local political subdivision. An application has been made to the City of Longview and is under consideration.

Source: Empire Bank Type: Interim Financing

Principal: \$130,000 Interest Rate: Prime  Fixed Term: 12 months

**Comments:**

This is to be a second lien interim construction loan on the subject property.

This section intentionally left blank.

Source: Raymond James Tax Credit Funds, Inc. Type: Syndication  
 Proceeds: \$4,588,041 Syndication Rate: 69% Anticipated HTC: \$ 664,934  
 Expiration: 10/31/2009

Comments:

The Underwriter has determined should the credit price decrease below \$0.6338 the financial viability of this transaction may be jeopardized. Alternatively, should the price increase above \$0.7218 all deferred developer fee would be eliminated and an adjustment to the credit amount may be warranted.

Amount: \$296,959 Type: Deferred Developer Fees

Market Uncertainty:

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

**CONCLUSIONS**

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio that falls within the Department's guidelines. The Applicant's total development costs less the permanent loan of \$1.3M indicates the need for \$4.8M in gap funds. Based on the syndication terms provided a tax credit allocation of \$695,653 annually would be required to fill this gap in financing.

Of the three possible tax credit allocations, Applicant's request (\$665,000), the gap-driven amount (\$695,653), and eligible basis-derived estimate (\$653,945), the Applicant's eligible basis derived estimate of \$652,174 is recommended resulting in proceeds of \$4,588,496 based on a syndication rate of 69%.

The Underwriter's recommended financing structure indicates the need for \$211,504 in additional funds. This amounts to 29% of the developer fee available and appears to be repayable within 10 years of stabilized operations.

Underwriter:	<u>David P. Burrell</u>	Date:	<u>July 10, 2009</u>
Reviewing Underwriter:	<u>Raquel Morales</u>	Date:	<u>July 10, 2009</u>
Director of Real Estate Analysis:	<u>Brent Stewart</u>	Date:	<u>July 10, 2009</u>

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Millie Street Apartments, Longview, HTC 9% #09260**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	1	1	1	710	\$292	\$214	\$214	\$0.30	\$78.00	\$49.00
TC 50%	2	1	1	710	\$487	\$409	\$818	\$0.58	\$78.00	\$49.00
TC 60%	3	1	1	710	\$585	\$500	\$1,500	\$0.70	\$78.00	\$49.00
TC 50%	3	1	1	768	\$487	\$409	\$1,227	\$0.53	\$78.00	\$49.00
TC 60%	3	1	1	768	\$585	\$507	\$1,521	\$0.66	\$78.00	\$49.00
TC 30%	1	2	2	962	\$351	\$248	\$248	\$0.26	\$103.00	\$57.00
TC 50%	5	2	2	962	\$585	\$482	\$2,410	\$0.50	\$103.00	\$57.00
TC 60%	5	2	2	962	\$702	\$599	\$2,995	\$0.62	\$103.00	\$57.00
EO	1	2	2	962		\$560	\$560	\$0.58	\$103.00	\$57.00
TC 50%	6	2	2	1,021	\$585	\$482	\$2,892	\$0.47	\$103.00	\$57.00
TC 60%	6	2	2	1,021	\$702	\$560	\$3,360	\$0.55	\$103.00	\$57.00
TC 30%	1	3	2	1,129	\$405	\$280	\$280	\$0.25	\$125.00	\$62.00
TC 50%	5	3	2	1,129	\$676	\$551	\$2,755	\$0.49	\$125.00	\$62.00
TC 60%	6	3	2	1,129	\$811	\$686	\$4,116	\$0.61	\$125.00	\$62.00
TC 50%	6	3	2	1,188	\$676	\$551	\$3,306	\$0.46	\$125.00	\$62.00
TC 60%	6	3	2	1,188	\$811	\$686	\$4,116	\$0.58	\$125.00	\$62.00
<b>TOTAL:</b>	<b>60</b>		<b>AVERAGE:</b>	<b>1,008</b>		<b>\$539</b>	<b>\$32,318</b>	<b>\$0.53</b>	<b>\$106.80</b>	<b>\$57.40</b>

<b>INCOME</b>				Total Net Rentable Sq Ft: <b>60,468</b>		<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>						\$387,816	\$369,540	Gregg		4
Secondary Income		Per Unit Per Month:	\$5.00			3,600	2,880	\$4.00	Per Unit Per Month	
Other Support Income:						0		\$0.00	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>						\$391,416	\$372,420			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(29,356)	(27,936)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions						0				
<b>EFFECTIVE GROSS INCOME</b>						\$362,060	\$344,484			
<b>EXPENSES</b>										
	<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>					<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>
General & Administrative	5.20%	\$314	0.31			\$18,810	\$20,576	\$0.34	\$343	5.97%
Management	5.00%	302	0.30			18,103	17,224	0.28	287	5.00%
Payroll & Payroll Tax	10.80%	652	0.65			39,103	47,500	0.79	792	13.79%
Repairs & Maintenance	10.27%	620	0.62			37,200	15,000	0.25	250	4.35%
Utilities	2.36%	142	0.14			8,546	12,500	0.21	208	3.63%
Water, Sewer, & Trash	5.82%	351	0.35			21,089	27,000	0.45	450	7.84%
Property Insurance	3.94%	238	0.24			14,251	12,000	0.20	200	3.48%
Property Tax	2.05 8.49%	512	0.51			30,742	30,000	0.50	500	8.71%
Reserve for Replacements	4.14%	250	0.25			15,000	15,000	0.25	250	4.35%
TDHCA Compliance Fees	0.66%	40	0.04			2,400	2,400	0.04	40	0.70%
Other: Supportive Services	2.98%	180	0.18			10,800	10,800	0.18	180	3.14%
<b>TOTAL EXPENSES</b>	<b>59.67%</b>	<b>\$3,601</b>	<b>\$3.57</b>			<b>\$216,043</b>	<b>\$210,000</b>	<b>\$3.47</b>	<b>\$3,500</b>	<b>60.96%</b>
<b>NET OPERATING INC</b>	<b>40.33%</b>	<b>\$2,434</b>	<b>\$2.41</b>			<b>\$146,017</b>	<b>\$134,484</b>	<b>\$2.22</b>	<b>\$2,241</b>	<b>39.04%</b>
<b>DEBT SERVICE</b>										
Great Southern Bank	30.90%	\$1,864	\$1.85			\$111,868	\$111,868	\$1.85	\$1,864	32.47%
Additional Financing	0.00%	\$0	\$0.00			0		\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00			0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>9.43%</b>	<b>\$569</b>	<b>\$0.56</b>			<b>\$34,149</b>	<b>\$22,616</b>	<b>\$0.37</b>	<b>\$377</b>	<b>6.57%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>						<b>1.31</b>	<b>1.20</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>						<b>1.31</b>				

<b>CONSTRUCTION COST</b>						<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT						
Acquisition Cost (site or bldg)		3.62%	\$3,667	\$3.64		\$220,000	\$220,000	\$3.64	\$3,667	3.61%
Off-Sites		0.00%	0	0.00		0		0.00	0	0.00%
Sitework		8.90%	9,000	8.93		540,000	540,000	8.93	9,000	8.85%
Direct Construction		52.51%	53,128	52.72		3,187,698	3,210,000	53.09	53,500	52.62%
Contingency	5.00%	3.07%	3,106	3.08		186,385	187,500	3.10	3,125	3.07%
Contractor's Fees	14.00%	8.60%	8,698	8.63		521,878	525,000	8.68	8,750	8.61%
Indirect Construction		3.85%	3,900	3.87		234,000	234,000	3.87	3,900	3.84%
Ineligible Costs		1.40%	1,417	1.41		85,000	85,000	1.41	1,417	1.39%
Developer's Fees	15.00%	12.15%	12,297	12.20		737,807	741,000	12.25	12,350	12.15%
Interim Financing		4.10%	4,146	4.11		248,750	248,750	4.11	4,146	4.08%
Reserves		1.79%	1,813	1.80		108,750	108,750	1.80	1,813	1.78%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$101,171</b>	<b>\$100.39</b>		<b>\$6,070,267</b>	<b>\$6,100,000</b>	<b>\$100.88</b>	<b>\$101,667</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>73.08%</b>	<b>\$73,933</b>	<b>\$73.36</b>		<b>\$4,435,960</b>	<b>\$4,462,500</b>	<b>\$73.80</b>	<b>\$74,375</b>	<b>73.16%</b>

<b>SOURCES OF FUNDS</b>						<b>RECOMMENDED</b>			
Great Southern Bank	21.42%	\$21,667	\$21.50			\$1,300,000	\$1,300,000	\$1,300,000	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00			0		0	\$741,000
HTC Syndication Proceeds	75.58%	\$76,467	\$75.88			4,588,041	4,588,041	4,588,496	% of Dev. Fee Deferred
Deferred Developer Fees	3.49%	\$3,533	\$3.51			211,959	211,959	211,504	29%
Additional (Excess) Funds Req'd	-0.49%	(\$496)	(\$0.49)			(29,733)	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>						<b>\$6,070,267</b>	<b>\$6,100,000</b>	<b>\$6,100,000</b>	<b>\$584,938</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Millie Street Apartments, Longview, HTC 9% #09260*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.40	\$3,349,690
<b>Adjustments</b>				
Exterior Wall Finish	0.80%		\$0.44	\$26,798
Elderly			0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(1.21)	(73,166)
Floor Cover			2.38	143,914
Breezeways/Balconies	\$22.31	5,880	2.17	131,183
Plumbing Fixtures	\$835	144	1.99	120,240
Rough-ins	\$410	120	0.81	49,200
Built-In Appliances	\$1,800	60	1.79	108,000
Exterior Stairs	\$1,875	30	0.93	56,250
Enclosed Corridors	\$45.48		0.00	0
Heating/Cooling			1.83	110,656
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$81.13	1,971	2.64	159,897
Other: fire sprinkler	\$2.15	60,468	2.15	130,006
<b>SUBTOTAL</b>			<b>71.32</b>	<b>4,312,668</b>
Current Cost Multiplier	1.01		0.71	43,127
Local Multiplier	0.90		(7.13)	(431,267)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$64.90</b>	<b>\$3,924,528</b>
Plans, specs, survy, bld prm	3.90%		(\$2.53)	(\$153,057)
Interim Construction Interest	3.38%		(2.19)	(132,453)
Contractor's OH & Profit	11.50%		(7.46)	(451,321)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$52.72</b>	<b>\$3,187,698</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,300,000	Amort	360
Int Rate	7.76%	DCR	1.31

<b>Secondary</b>	\$0	Amort	
Int Rate		Subtotal DCR	1.31

<b>Additional</b>	\$4,588,041	Amort	
Int Rate		Aggregate DCR	1.31

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$111,868
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$34,149</b>

<b>Primary</b>	\$1,300,000	Amort	360
Int Rate	7.76%	DCR	1.31

<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.31

<b>Additional</b>	\$4,588,041	Amort	0
Int Rate	0.00%	Aggregate DCR	1.31

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$387,816	\$395,572	\$403,484	\$411,553	\$419,785	\$463,476	\$511,715	\$564,975	\$688,701
Secondary Income	3,600	3,672	3,745	3,820	3,897	4,302	4,750	5,245	6,393
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	391,416	399,244	407,229	415,374	423,681	467,778	516,465	570,219	695,094
Vacancy & Collection Loss	(29,356)	(29,943)	(30,542)	(31,153)	(31,776)	(35,083)	(38,735)	(42,766)	(52,132)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$362,060</b>	<b>\$369,301</b>	<b>\$376,687</b>	<b>\$384,221</b>	<b>\$391,905</b>	<b>\$432,695</b>	<b>\$477,730</b>	<b>\$527,453</b>	<b>\$642,962</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$18,810	\$19,374	\$19,956	\$20,554	\$21,171	\$24,543	\$28,452	\$32,983	\$44,327
Management	18,103	18,465	18,834	19,211	19,595	21,635	23,887	26,373	32,148
Payroll & Payroll Tax	39,103	40,276	41,484	42,729	44,011	51,021	59,147	68,567	92,149
Repairs & Maintenance	37,200	38,316	39,465	40,649	41,869	48,538	56,268	65,230	87,664
Utilities	8,546	8,802	9,066	9,338	9,618	11,150	12,926	14,985	20,138
Water, Sewer & Trash	21,089	21,722	22,373	23,044	23,736	27,516	31,899	36,980	49,697
Insurance	14,251	14,678	15,119	15,572	16,039	18,594	21,556	24,989	33,583
Property Tax	30,742	31,664	32,614	33,592	34,600	40,111	46,500	53,906	72,445
Reserve for Replacements	15,000	15,450	15,914	16,391	16,883	19,572	22,689	26,303	35,348
Other	13,200	13,596	14,004	14,424	14,857	17,223	19,966	23,146	31,107
<b>TOTAL EXPENSES</b>	<b>\$216,043</b>	<b>\$222,343</b>	<b>\$228,829</b>	<b>\$235,506</b>	<b>\$242,379</b>	<b>\$279,902</b>	<b>\$323,289</b>	<b>\$373,462</b>	<b>\$498,607</b>
<b>NET OPERATING INCOME</b>	<b>\$146,017</b>	<b>\$146,958</b>	<b>\$147,858</b>	<b>\$148,715</b>	<b>\$149,526</b>	<b>\$152,793</b>	<b>\$154,441</b>	<b>\$153,991</b>	<b>\$144,355</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$111,868	\$111,868	\$111,868	\$111,868	\$111,868	\$111,868	\$111,868	\$111,868	\$111,868
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$34,149</b>	<b>\$35,089</b>	<b>\$35,990</b>	<b>\$36,847</b>	<b>\$37,658</b>	<b>\$40,925</b>	<b>\$42,573</b>	<b>\$42,123</b>	<b>\$32,487</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.31</b>	<b>1.31</b>	<b>1.32</b>	<b>1.33</b>	<b>1.34</b>	<b>1.37</b>	<b>1.38</b>	<b>1.38</b>	<b>1.29</b>

**HTC ALLOCATION ANALYSIS -Millie Street Apartments, Longview, HTC 9% #09260**

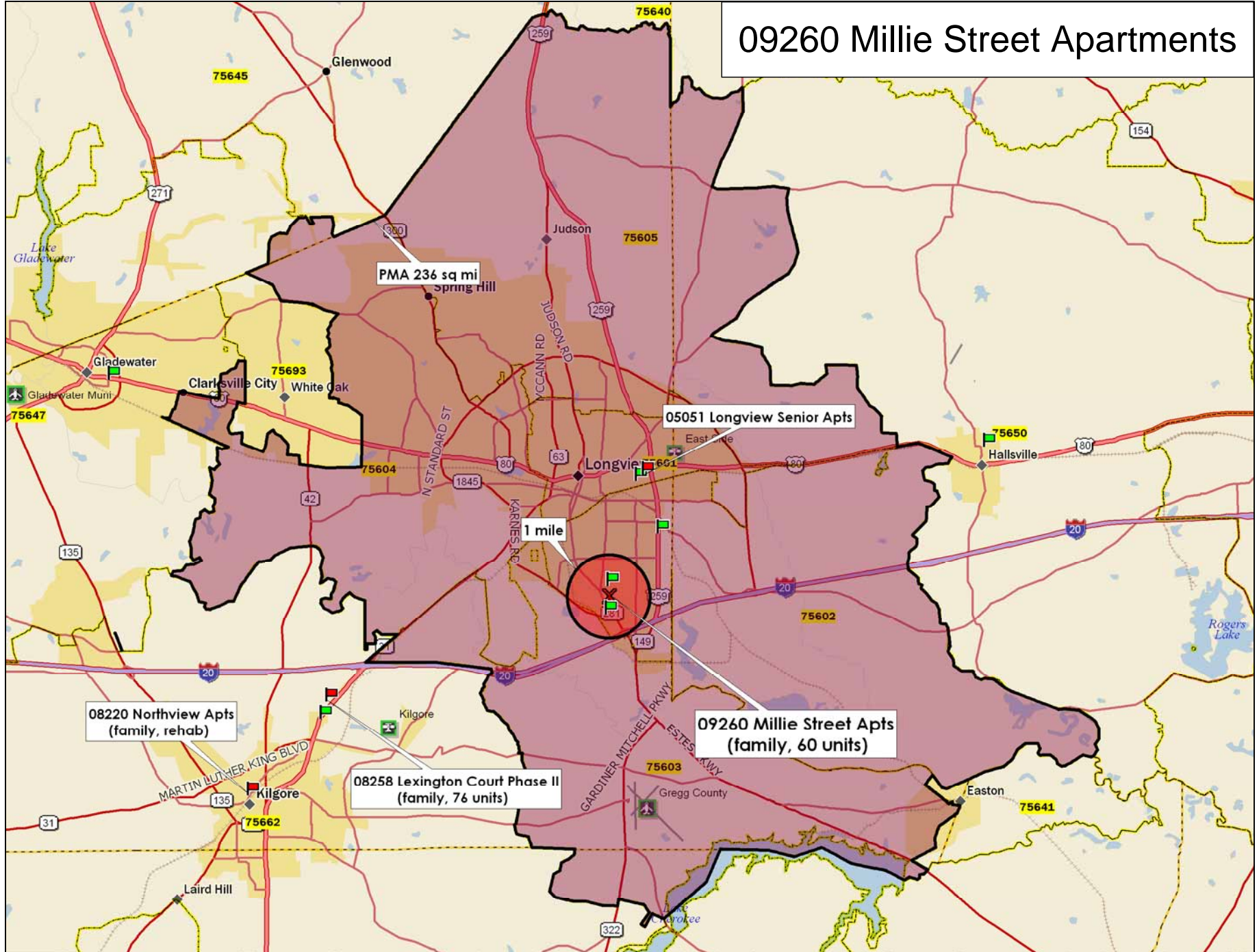
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$220,000	\$220,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$540,000	\$540,000	\$540,000	\$540,000
<b>Construction Hard Costs</b>	\$3,210,000	\$3,187,698	\$3,210,000	\$3,187,698
<b>Contractor Fees</b>	\$525,000	\$521,878	\$525,000	\$521,878
<b>Contingencies</b>	\$187,500	\$186,385	\$187,500	\$186,385
<b>Eligible Indirect Fees</b>	\$234,000	\$234,000	\$234,000	\$234,000
<b>Eligible Financing Fees</b>	\$248,750	\$248,750	\$248,750	\$248,750
<b>All Ineligible Costs</b>	\$85,000	\$85,000		
<b>Developer Fees</b>				
Developer Fees	\$741,000	\$737,807	\$741,000	\$737,807
<b>Development Reserves</b>	\$108,750	\$108,750		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$6,100,000</b>	<b>\$6,070,267</b>	<b>\$5,686,250</b>	<b>\$5,656,517</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$5,686,250	\$5,656,517
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$7,392,125	\$7,353,472
Applicable Fraction		100.00%	100.00%
<b>TOTAL QUALIFIED BASIS</b>		\$7,392,125	\$7,353,472
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$665,291	\$661,812

<b>Syndication Proceeds</b>	<b>0.6900</b>	<b>\$4,590,506</b>	<b>\$4,566,503</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$665,291</b>	<b>\$661,812</b>
<b>Syndication Proceeds</b>		<b>\$4,590,506</b>	<b>\$4,566,503</b>
<b>Requested Tax Credits</b>		<b>\$665,000</b>	
<b>Syndication Proceeds</b>		<b>\$4,588,496</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$4,800,000</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$695,653</b>	



# 09260 Millie Street Apartments

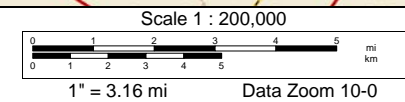


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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Turner Street Apts, TDHCA Number 09261**

**BASIC DEVELOPMENT INFORMATION**

Site Address: NWC of State Hwy 155 & Turner St. Development #: 09261  
 City: Palestine Region: 4 Population Served: General  
 County: Anderson Zip Code: 75803 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: Palestine Turner Street Apartments, L.P.  
 Owner Contact and Phone: Justin Zimmerman, (417) 890-3239  
 Developer: Zimmerman Properties, LLC  
 Housing General Contractor: Zimmerman Properties Construction, LLC  
 Architect: Parker & Associates  
 Market Analyst: Integra Realty Resources  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: Texas Inter-Faith Housing Corporation  
 Consultant: N/A

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	59
	3	0	27	29	Market Rate Units:	1
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	20	24	16	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Owner/Employee Units:	1
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Units:	60
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Total Development Cost*:	\$0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	Number of Residential Buildings:	4
		HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$665,000	\$665,000			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Turner Street Apts, TDHCA Number 09261**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Nichols, District 3, S

Points: 14 US Representative: Hensarling, District 5, NC

TX Representative: Cook, District 8, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0 In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 2

Texas Area Fund Foundation, Inc., S, Jackson Hanks, Vice President

Meals on Wheels, S, Lois F. Durant, Executive Director

**General Summary of Comment:**

Letter of support from elected official and resolution of support from city of Palestine.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Turner Street Apts, TDHCA Number 09261**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **13**

Total # Monitored: **9**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **186**  Meeting a Required Set-Aside Credit Amount\*: \$665,000

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Sedona Ranch, TDHCA Number 09264**

BASIC DEVELOPMENT INFORMATION

Site Address: 6101 Old Denton Rd. Development #: 09264  
 City: Fort Worth Region: 3 Population Served: General  
 County: Tarrant Zip Code: 76131 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Fossil Ridge, Ltd.  
 Owner Contact and Phone: Manish Verma, (210) 530-0090  
 Developer: GMAT Development - Fossil Ridge, Ltd.  
 Housing General Contractor: Galaxy Builders, Ltd.  
 Architect: Kelly Grossman Architects LLC dba Chiles Architect  
 Market Analyst: O'Connor & Associates  
 Syndicator: Hudson Housing Capital, LLC  
 Supportive Services: TBD  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	200
	10	0	90	100	Market Rate Units:	8
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	16	112	80	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	208
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	10
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,975,000	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Sedona Ranch, TDHCA Number 09264**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Nelson, District 12, NC

Points: 0 US Representative: Granger, District 12, NC

TX Representative: Geren, District 99, S

Points: 14 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 1

In Opposition: 1

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official and one non-official. Letter of opposition from local neighborhood association citing an abundance of rental housing in the immediate area.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Sedona Ranch, TDHCA Number 09264**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **196**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended due to \$2 million cap violation.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Greenhouse Place, TDHCA Number 09265**

BASIC DEVELOPMENT INFORMATION

Site Address: SEQ West & Greenhouse Development #: 09265  
 City: Houston Region: 6 Population Served: Elderly  
 County: Harris Zip Code: 77433 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: VDC Greenhouse, Ltd.  
 Owner Contact and Phone: Manish Verma, (210) 530-0090  
 Developer: VDC Development, LLC  
 Housing General Contractor: Galaxy Builders, Ltd.  
 Architect: Gonzalez Newell Bender Architects  
 Market Analyst: Land America Valuation  
 Syndicator: Hudson Housing Capital, LLC  
 Supportive Services: TBD  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	140	
	7	0	63	70	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	79	61	0	0	0	
Type of Building:						Total Development Units:	140
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$14,683,936
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	1
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,461,953	\$1,461,953			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Greenhouse Place, TDHCA Number 09265

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Patrick, District 7, NC

Points: 0

US Representative: McCaul, District 10, NC

TX Representative: Callegari, District 132, S

Points: 14

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

N, Marty Edwards, Superintendent, Cypress-Fairbanks ISD

**Individuals and Businesses:** In Support: 0

In Opposition: 3

**Quantifiable Community Participation Input:**

CLW Owner's Association, James Henrie

Letter Score: 24 S or O: S

A senior housing project should bring residents who compliment the area's younger population base; and additional, quality housing development in the area is consistent with the Association's objectives.

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official and qualified neighborhood association. Three non-officials spoke in opposition citing decreased property values, adequate senior housing, and too close to an elementary school.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance of documentation by Cost Certification verifying no buildings and/or improvements to include drives are located in the 100-year floodplain. Should buildings or improvements be found to be in the floodplain, a flood hazard mitigation plan must be provided to include, at a minimum, consideration and documentation of floodplain reclamation sitework costs, building flood insurance and tenant flood insurance costs.
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.
3. Receipt of a commitment of funding from the Harris County Community Service Department in the amount of \$830,000, or a commitment from a qualifying substitute source in an amount not less than \$734,197, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Greenhouse Place, TDHCA Number 09265**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **10**

Total # Monitored: **7**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **210**  Meeting a Required Set-Aside Credit Amount\*: \$1,461,953

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/20/09 PROGRAM: 9%/HTC FILE NUMBER: 09265

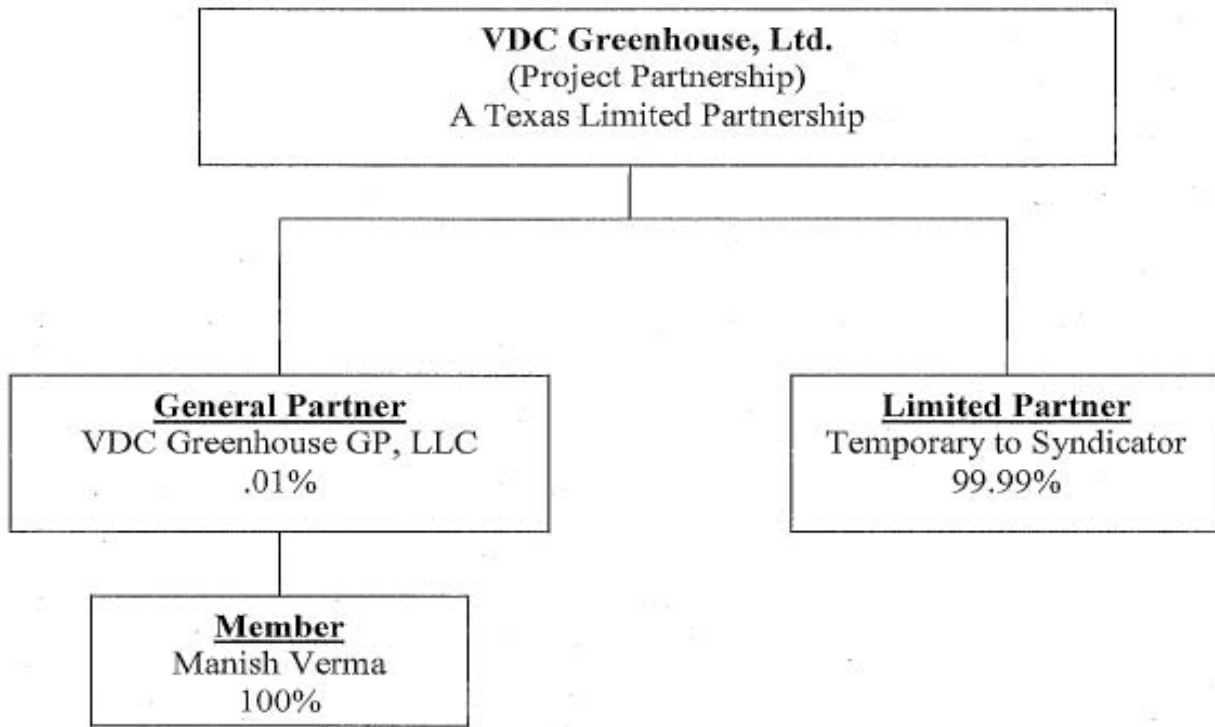
DEVELOPMENT																					
Greenhouse Place																					
Location: SEQ West & Greenhouse				Region: 6																	
City: Houston		County: Harris		Zip: 77433		<input type="checkbox"/> QCT <input checked="" type="checkbox"/> DDA															
Key Attributes: Seniors, New Construction, Urban																					
ALLOCATION																					
	REQUEST			RECOMMENDATION																	
TDHCA Program	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term															
Housing Tax Credit (Annual)	\$1,461,953			<b>\$1,461,953</b>																	
CONDITIONS																					
<p>1 Receipt, review, and acceptance of documentation by cost certification verifying no buildings and/or improvements to include drives are located in the 100-year floodplain. Should buildings or improvements be found to be in the floodplain, a flood hazard mitigation plan must be provided to include, at a minimum, consideration and documentation of floodplain reclamation sitework costs, building flood insurance and tenant flood insurance costs.</p> <p>2 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.</p>																					
SALIENT ISSUES																					
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">TDHCA SET-ASIDES for LURA</th> </tr> <tr> <th style="text-align: center;">Income Limit</th> <th style="text-align: center;">Rent Limit</th> <th style="text-align: center;">Number of Units</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">30% of AMI</td> <td style="text-align: center;">7</td> </tr> <tr> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">50% of AMI</td> <td style="text-align: center;">63</td> </tr> <tr> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">60% of AMI</td> <td style="text-align: center;">70</td> </tr> </tbody> </table>							TDHCA SET-ASIDES for LURA			Income Limit	Rent Limit	Number of Units	30% of AMI	30% of AMI	7	50% of AMI	50% of AMI	63	60% of AMI	60% of AMI	70
TDHCA SET-ASIDES for LURA																					
Income Limit	Rent Limit	Number of Units																			
30% of AMI	30% of AMI	7																			
50% of AMI	50% of AMI	63																			
60% of AMI	60% of AMI	70																			
<b>STRENGTHS/MITIGATING FACTORS</b>				<b>WEAKNESSES/RISKS</b>																	
<ul style="list-style-type: none"> <li>▫ The underwriter concludes that while the total number of proposed units remain a concern, a capture rate analysis on the general market area that includes all six concurrent 2009 applications indicates an acceptable capture rate of 59%.</li> <li>▫ Overall capture rate of 58% based on only the subject units and PMA.</li> <li>▫ Principal of Applicant demonstrates LIHTC development experience.</li> </ul>				<ul style="list-style-type: none"> <li>▫ Including the subject, there are a total of 769 proposed senior units within the general sub-market.</li> <li>▫ Capture rates on the 2 bedroom units at 50% AMI exceed 100%.</li> </ul>																	

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Manish Verma Phone: (210) 530-0099 Fax: (866) 245-4254  
 Email: manishv@versadevco.com

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
VDC Development, LLC.	N/A	N/A
Manish Verma	N/A	8

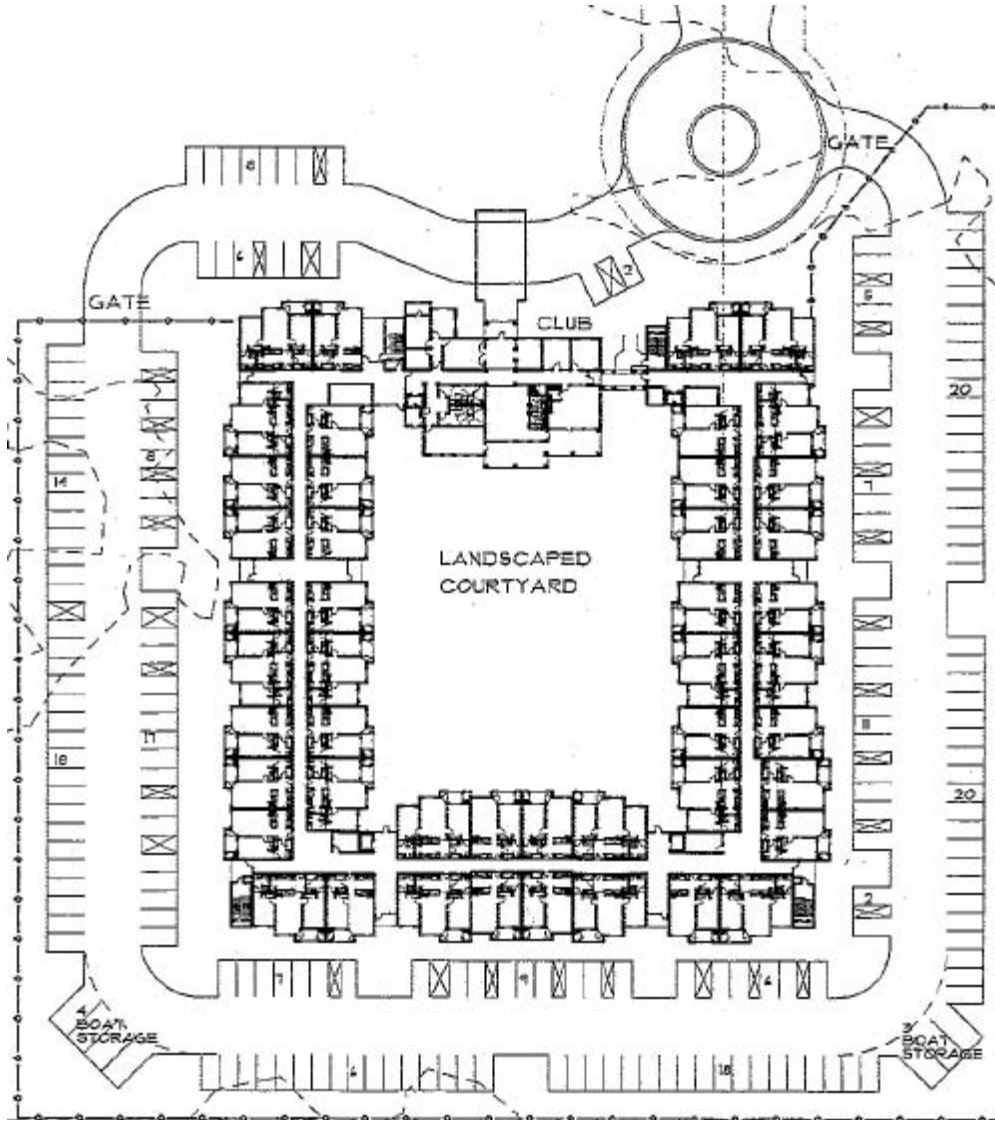
**IDENTITIES of INTEREST**

- The Applicant, Developer and General Contractor are related entities. These are common relationships for HTC-funded developments.

This section intentionally left blank.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	I	II																Total Buildings
Floors/Stories	3	3																
Number	1	1																2

BR/BA	SF	Units										Total Units	Total SF	
1/1	716	41	38										79	56,564
2/2	1,001	30	31										61	61,061
Units per Building		71	69										140	117,625

This section intentionally left blank.

**SITE ISSUES**

Total Size: 10 acres Scattered site?  Yes  No  
 Flood Zone: Zones X & AE Within 100-yr floodplain?  Yes  No  
 Zoning: N/A Needs to be re-zoned?  Yes  No  N/A

Comments:

The city of Houston does not have a zoning ordinance.

According to the 2009 QAP §49.6(a) "Floodplain. Any Development proposing New Construction located within the 100 year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements. If no FEMA Flood Insurance Rate Maps are available for the proposed Development, flood zone documentation must be provided from the local government with jurisdiction identifying the 100 year floodplain. No buildings or roads that are part of a Development proposing Rehabilitation, with the exception of Developments with federal funding assistance from HUD or TX USDA-RHS, will be permitted in the 100 year floodplain unless they already meet the requirements established in this subsection for New Construction."

Receipt, review, and acceptance of documentation by cost certification verifying no buildings and/or improvements to include drives are located in the 100-year floodplain is a condition of this report. Should buildings or improvements be found to be in the floodplain, a flood hazard mitigation plan must be provided to include, at a minimum, consideration and documentation of floodplain reclamation sitework costs, building flood insurance and tenant flood insurance costs.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff Date: 5/14/2009

Overall Assessment:  
 Excellent  Acceptable  Questionable  Poor  Unacceptable

Surrounding Uses:  
 North: West Rd, vacant land & residential uses East: West Rd, vacant land & commercial uses  
 South: vacant land West: vacant land & commercial uses

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Qore Property Sciences Date: 2/17/2009

Recognized Environmental Concerns (RECs) and Other Concerns:  
 • "The results of QORE's subject property and area reconnaissance did not indicate recognized environmental conditions associated with current subject property or surrounding land use." (p. 1)

**MARKET HIGHLIGHTS**

Provider: LandAmerica Valuation Corporation Date: 3/5/2009  
 Contact: Mary Ann Barnett Phone: (214) 269-0522 Fax: (214) 269-0562  
 Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 78 sq. miles 5 mile equivalent radius  
 The Primary Market Area is the area bounded by U.S. 290 to the north and east, FM 529 (Spencer Road) to the south, and Katy Hockley Cut-Off Road to the west. The PMA had an estimated 2008 population of 88,357, including 6,036 senior households.

Secondary Market Area (SMA):  
 The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
Outside the PMA							
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Mason Apt Homes	09272	120	0	Trebah Village	09103	129	0
Mariposa at Keith Harrow	09281	180	0	Stone Court Senior	09160	80	0
				Sendero Pointe	09191	120	0

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
40	\$17,880	\$20,400	\$22,960	\$25,520	\$27,560	\$29,600
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	14	5	13	32	4	0	13%
1 BR/50%	41	15	40	96	36	0	38%
1 BR/60%	50	18	48	116	39	0	34%
2 BR/30%	20	7	19	46	3	0	7%
2 BR/50%	50	18	48	116	27	0	23%
2 BR/60%	55	20	53	128	31	0	24%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	18	3	0	21	4	0	19%
1 BR/50%	37	6	0	44	36	0	82%
1 BR/60%	48	11	0	59	39	0	66%
2 BR/30%	6	1	0	7	3	0	41%
2 BR/50%	21	4	0	25	27	0	107%
2 BR/60%	29	7	0	36	31	0	87%

OVERALL DEMAND										
	Target Households	Household Size	Income Eligible	Tenure	Demand					
PMA DEMAND from TURNOVER										
Market Analyst p.							94			
Underwriter	13%	7,735	100%	7,735	22%	1,672	17%	288	33%	94
PMA DEMAND from GROWTH										
Market Analyst p.							35			
Underwriter							100%	31		
DEMAND from OTHER SOURCES										
homeowner turnover										
Market Analyst p.							91			
Underwriter							117			

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p.	140	0	0	140	220	64%
Underwriter	140	0	0	140	242	58%

**Proposed, Under Construction, and Unstabilized Comparable Supply:**

There are no proposed, under construction, or unstabilized comparable units targeting seniors located within the PMA.

It should be noted, however, that there are four 2009 applications for developments targeting seniors located within five miles south of the subject, and a fifth approximately seven miles to the south. In total there are six senior applications within the general area, most with overlapping market areas as defined by the various market studies. The Department is concerned about this proposed concentration of senior developments. Therefore, in addition to considering supply and demand within each of the six individually defined PMAs, the Underwriter evaluated overall supply and demand in an area generally defined by overlaying all six PMAs as discussed in the comments section.

**Demand Analysis:**

The market study analysis is based on the 2008 HTC rent and income limits. The Market Analyst identified 20% of senior households as income-eligible; 21% as renters; and applied a 33% renter turnover rate, calculated as the average of the turnover indicated by the 2000 census for Harris County, and the TDHCA published turnover rates for seniors in Harris County and for Houston. This results in demand for 94 units due to renter turnover and demand for 35 units due to household growth.

The 2009 Real Estate Analysis Rules also allow for consideration of demand from turnover of senior homeowner households, up to a rate of 10%, if supported by reasonable data. The Market Analyst applied a turnover rate of 8.42% based on the 2000 census, resulting in additional demand for 91 units from existing homeowners. Total demand for 220 units, and a total supply of 140 units, indicates an inclusive capture rate of 64%.

Based on the 2009 HTC rent and income limits, and the demographic data provided in the market study, the underwriting analysis identifies demand for 94 units due to renter turnover; demand for 31 units due to household growth; and demand for 117 units from existing senior homeowners. Total demand for 242 units, and a total supply of 140 units, indicates an inclusive capture rate of 58%. Both results are below the maximum capture rate of 75% for developments targeting seniors.

The subject PMA could accommodate a total of 181 units (i.e. 41 in addition to the 140 proposed at the subject) before the inclusive capture rate would exceed 75%.

**Primary Market Occupancy Rates:**

"The HTC senior comparables' occupancy rates range from 80% to 100% with a weighted average of 91%. However, Mansion on Hastings Green is still in initial lease-up. While none of the comparables senior properties are in the subject's submarket, they are a good representation of properties and good indicators of market conditions for the subject." (p. 79)

**Absorption Projections:**

"The data indicate absorption rates ranging from 12 to 39 units per month. However, many of these properties are market rate communities and do not reflect senior properties with income restrictions. Primrose at Heritage Park and Mansions at Hastings Green, which are senior HTC properties, are most similar to the subject. Therefore, we used a rate similar to the mean of these data in concluding an absorption rate of 14 units/month for the subject until stabilization." (p. 68)

This section intentionally left blank.



RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	716 SF	30%	\$265	\$273	\$715	\$273	\$442
1 BR	716 SF	50%	\$494	\$513	\$715	\$513	\$202
1 BR	716 SF	60%	\$608	\$632	\$715	\$632	\$83
2 BR	1,001 SF	30%	\$318	\$330	\$935	\$330	\$605
2 BR	1,001 SF	50%	\$593	\$616	\$935	\$616	\$319
2 BR	1,001 SF	60%	\$731	\$760	\$935	\$760	\$175

**Market Impact:**

"The subject is located in the Cypress/Fairbanks submarket, and it is our conclusion that the subject will be influenced by the events and trends within the same ... Over the next 5 years, demand is expected to out-pace supply, resulting in positive absorption over that time." (p. 34)

**Comments:**

The market study provides sufficient information on which to base a funding recommendation for the subject application.

Additionally, the subject is one of six applications for senior developments located within a 3.5 mile radius. At the time of underwriting, the subject has the highest priority of the six. The Department is concerned about this proposed concentration of senior units, and has looked closely at the overall demand in the area. The combined market areas have a total of 120,592 households, including 29,130 senior households. The underwriting analysis indicates total demand for 1,298 units, resulting in an inclusive capture rate of 59% for the 769 total proposed units. This is below the maximum 75%, suggesting that the combined area can support the proposed units in all six properties. The total number of units in this overlapping market area remains a general concern that could affect leasing velocity and result in a potentially protracted stabilization period for the subject.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of April 1, 2008, maintained by Harris County Housing Authority from the 2008 program gross rent limits. Tenants will be required to pay electric utility costs only.

The Underwriter's projected rents were calculated by subtracting tenant-paid utilities as of May 1, 2009 from the current 2009 HTC program rents. It should be noted that at the time the application was submitted (January 2009) the 2009 program rent limits were not yet available. It should be noted that at the time the application was submitted (January 2009) the 2009 program rent limits were not yet available.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines, and despite the Applicant's use of the lower 2008 program rents, effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's total annual operating expense projection at \$4,060 per unit is within 5% of the Underwriter's estimate of \$4,084, derived from the TDHCA database, and third-party data sources.

**Conclusion:**

The Applicant's net operating income is not within 5% of the Underwriter's estimates; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.31, which is within the Department's DCR guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only: 61.1 acres	\$1,018,959	Tax Year:	2008
1 acre:	\$16,671	Valuation by:	Harris CAD
Total Prorata: 10 acres	\$166,714	Tax Rate:	2.31462

**EVIDENCE of PROPERTY CONTROL**

Type: Purchase and Sale Agreement Acreage: 10

Contract Expiration: 11/1/2009 Valid Through Board Date?  Yes  No

Acquisition Cost: \$1,611,720 Other: \_\_\_\_\_

Seller: Canyon Lake 1892, Ltd Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:

The site cost of \$161,172 per acre or \$11,512 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Off-Site Cost:

The Applicant claimed off-site costs of \$19K for off-site paving and provided sufficient third party certification through an engineer to justify these costs.

Sitework Cost:

The Applicant's claimed sitework costs of \$9K per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$242K or 3% lower than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Of note, the Applicant included \$213K as "other" direct construction costs consisting of subcontractor & contractor general liability, builder's risk insurance, P&P Bond, lender cost review, and lender architect review. The Underwriter reallocated these costs to the appropriate line items.

Contingency & Fees:

The Applicant's contractor fees exceed the 14% maximum allowed by HTC guidelines by a total of \$74,583 based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant's developer fee also exceeds 15% of the Applicant's adjusted eligible basis by \$11,187 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$12,583,969 supports annual tax credits of \$1,472,324. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: Single Family Investments, Ltd Type: Interim Financing

Principal: \$320,000 Interest Rate: 4.25%  Fixed Term: 60 months

Comments:  
Rate Index: Prime plus 1%

Source: Harris County Community Services Type: Permanent Financing

Principal: \$830,000 Interest Rate: AFR  Fixed Amort: 480 months

Comments:  
For this analysis, the Underwriter utilized the March AFR rate of 3.46%.

Source: Keybank Real Estate Capital Type: Interim to Permanent Financing

Interim: \$3,600,000 Interest Rate: 6.93%  Fixed Term: 24 months

Permanent: \$3,600,000 Interest Rate: 6.93%  Fixed Amort: 480 months

Comments:  
Note Rate: 6.48% (Taxable); includes 0.45% MIP for a total indicative rate of 6.93%

Source: Hudson Housing Capital Type: Syndication

Proceeds: \$10,086,000 Syndication Rate: 69% Anticipated HTC: \$ 1,461,953

Comments:  
Due to the recent volatility in credit pricing, it should be noted, any decrease in rate could increase the amount of deferred developer fee. Additionally, a decrease below \$0.575 per dollar of credit may jeopardize the financial viability of the transaction. Alternatively, should the final credit price increase to more than \$0.701, all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Amount: \$167,936 Type: Deferred Developer Fees

**CONCLUSIONS**

Recommended Financing Structure:

The Applicant's total development cost estimate less the permanent loan of \$3.6M and \$830K in local HOME/CDBG funds indicates the need for \$10,253,936 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,486,295 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,461,953), the gap-driven amount (\$1,486,295), and eligible basis-derived estimate (\$1,472,324), the Applicant's request of \$1,461,953 is recommended resulting in proceeds of \$10,086,000 based on a syndication rate of 69%.

The Underwriter's recommended financing structure indicates the need for \$167,936 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within three years of stabilized operation.

Underwriter: \_\_\_\_\_ Date: July 20, 2009  
*Diamond Unique Thompson*

Manager of Real Estate Analysis: \_\_\_\_\_ Date: July 20, 2009  
*Raquel Morales*

Director of Real Estate Analysis: \_\_\_\_\_ Date: July 20, 2009  
*Brent Stewart*

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Greenhouse Place, Houston, 9%/HTC #09265**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	4	1	1	716	\$358	\$273	\$1,092	\$0.38	\$85.00	\$50.00
TC 50%	36	1	1	716	\$598	\$513	\$18,468	\$0.72	\$85.00	\$50.00
TC 60%	39	1	1	716	\$717	\$632	\$24,648	\$0.88	\$85.00	\$50.00
TC 30%	3	2	2	1,001	\$431	\$330	\$990	\$0.33	\$101.00	\$50.00
TC 50%	27	2	2	1,001	\$717	\$616	\$16,632	\$0.62	\$101.00	\$50.00
TC 60%	31	2	2	1,001	\$861	\$760	\$23,560	\$0.76	\$101.00	\$50.00
<b>TOTAL:</b>	<b>140</b>		<b>AVERAGE:</b>	<b>840</b>		<b>\$610</b>	<b>\$85,390</b>	<b>\$0.73</b>	<b>\$91.97</b>	<b>\$50.00</b>

**INCOME**

Total Net Rentable Sq Ft: **117,625**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
 Other Support Income: \$0.00 Per Unit Per Month

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions: 0

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.49%	\$311	0.37
Management	5.00%	347	0.41
Payroll & Payroll Tax	13.69%	950	1.13
Repairs & Maintenance	6.75%	468	0.56
Utilities	3.98%	276	0.33
Water, Sewer, & Trash	4.91%	341	0.41
Property Insurance	6.33%	439	0.52
Property Tax 2.31462	8.34%	579	0.69
Reserve for Replacements	3.60%	250	0.30
TDHCA Compliance Fees	0.58%	40	0.05
Other: Sup Servs	1.21%	84	0.10
<b>TOTAL EXPENSES</b>	<b>58.88%</b>	<b>\$4,084</b>	<b>\$4.86</b>
<b>NET OPERATING INC</b>	<b>41.12%</b>	<b>\$2,853</b>	<b>\$3.40</b>

	TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT	\$1,024,680	\$986,184	Harris	Houston	6
Secondary Income	25,200	25,200	\$15.00	Per Unit Per Month	
Other Support Income	0		\$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME	\$1,049,880	\$1,011,384			
Vacancy & Collection Loss	(78,741)	(75,852)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions	0				
EFFECTIVE GROSS INCOME	\$971,139	\$935,532			
	PER SQ FT	PER UNIT	% OF EGI		
General & Administrative	\$43,575	\$44,420	\$0.38	\$317	4.75%
Management	48,557	46,777	0.40	334	5.00%
Payroll & Payroll Tax	132,943	134,790	1.15	963	14.41%
Repairs & Maintenance	65,522	66,747	0.57	477	7.13%
Utilities	38,628	37,200	0.32	266	3.98%
Water, Sewer, & Trash	47,703	48,648	0.41	347	5.20%
Property Insurance	61,500	59,400	0.50	424	6.35%
Property Tax 2.31462	81,012	78,100	0.66	558	8.35%
Reserve for Replacements	35,000	35,000	0.30	250	3.74%
TDHCA Compliance Fees	5,600	5,600	0.05	40	0.60%
Other: Sup Servs	11,727	11,727	0.10	84	1.25%
<b>TOTAL EXPENSES</b>	<b>\$571,767</b>	<b>\$568,409</b>	<b>\$4.83</b>	<b>\$4,060</b>	<b>60.76%</b>
<b>NET OPERATING INC</b>	<b>\$399,372</b>	<b>\$367,123</b>	<b>\$3.12</b>	<b>\$2,622</b>	<b>39.24%</b>
	PER SQ FT	PER UNIT	% OF EGI		
Keybank Real Estate Capital	\$266,265	\$268,459	\$2.28	\$1,918	28.70%
HCCSD	38,346	44,777	\$0.38	\$320	4.79%
Additional Financing	0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>\$94,762</b>	<b>\$53,887</b>	<b>\$0.46</b>	<b>\$385</b>	<b>5.76%</b>
AGGREGATE DEBT COVERAGE RATIO	1.31	1.17			
RECOMMENDED DEBT COVERAGE RATIO	1.31				

**DEBT SERVICE**

	% OF EGI	PER UNIT	PER SQ FT
Keybank Real Estate Capital	27.42%	\$1,902	\$2.26
HCCSD	3.95%	\$274	\$0.33
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>9.76%</b>	<b>\$677</b>	<b>\$0.81</b>

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		10.87%	\$11,512	\$13.70	\$1,611,720	\$1,611,720	\$13.70	\$11,512	10.98%
Off-Sites		0.13%	137	0.16	19,200	19,200	0.16	137	0.13%
Sitework		7.78%	8,238	9.80	1,153,303	1,153,303	9.80	8,238	7.85%
Direct Construction		48.90%	51,797	61.65	7,251,601	7,057,437	60.00	50,410	48.06%
Contingency 3.14%		1.78%	1,888	2.25	264,264	264,264	2.25	1,888	1.80%
Contractor's Fees 14.00%		7.93%	8,405	10.00	1,176,687	1,224,087	10.41	8,743	8.34%
Indirect Construction		6.19%	6,561	7.81	918,580	918,580	7.81	6,561	6.26%
Ineligible Costs		1.65%	1,744	2.08	244,177	244,177	2.08	1,744	1.66%
Developer's Fees 14.80%		11.14%	11,804	14.05	1,652,574	1,652,574	14.05	11,804	11.25%
Interim Financing		2.69%	2,854	3.40	399,494	399,494	3.40	2,854	2.72%
Reserves		0.94%	994	1.18	139,100	139,100	1.18	994	0.95%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$105,934</b>	<b>\$126.08</b>	<b>\$14,830,699</b>	<b>\$14,683,936</b>	<b>\$124.84</b>	<b>\$104,885</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>66.39%</b>	<b>\$70,328</b>	<b>\$83.71</b>	<b>\$9,845,854</b>	<b>\$9,699,091</b>	<b>\$82.46</b>	<b>\$69,279</b>	<b>66.05%</b>

**SOURCES OF FUNDS**

				RECOMMENDED	
Keybank Real Estate Capital	24.27%	\$25,714	\$30.61	\$3,600,000	\$3,600,000
HCCSD	5.60%	\$5,929	\$7.06	830,000	830,000
Hudson Housing Capital	68.01%	\$72,043	\$85.75	10,086,000	10,086,000
Deferred Developer Fees	1.13%	\$1,200	\$1.43	167,936	167,936
Additional (Excess) Funds Req'd	0.99%	\$1,048	\$1.25	146,763	0
<b>TOTAL SOURCES</b>				<b>\$14,830,699</b>	<b>\$14,683,936</b>
					<b>\$1,642,915</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Greenhouse Place, Houston, 9%/HTC #09265*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.58	\$6,538,089
<b>Adjustments</b>				
Exterior Wall Finish	0.00%		\$0.00	\$0
Elderly	3.00%		1.67	196,143
9-Ft. Ceilings	3.00%		1.67	196,143
Roofing			0.00	0
Subfloor			(0.81)	(94,884)
Floor Cover			4.33	508,893
Breezeways/Patios	\$22.95	32,179	6.28	738,508
Plumbing Fixtures	\$835	183	1.30	152,805
Rough-ins	\$410	280	0.98	114,800
Built-In Appliances	\$1,800	140	2.14	252,000
Exterior Stairs	\$1,875	8	0.13	15,000
Enclosed Corridors	\$45.66		0.00	0
Heating/Cooling			1.83	215,254
Elevators	\$35,400	4	1.20	141,600
Comm &/or Aux Bldgs	\$67.38	7,078	4.05	476,880
Other: fire sprinkler	\$2.15	117,625	2.15	252,894
<b>SUBTOTAL</b>			<b>82.50</b>	<b>9,704,124</b>
Current Cost Multiplier	1.01		0.83	97,041
Local Multiplier	0.91		(7.43)	(873,371)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$75.90</b>	<b>\$8,927,794</b>
Plans, specs, survy, bld prn	3.90%		(\$2.96)	(\$348,184)
Interim Construction Interes	3.38%		(2.56)	(301,313)
Contractor's OH & Profit	11.50%		(8.73)	(1,026,696)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$61.65</b>	<b>\$7,251,601</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$3,600,000	Amort	480
Int Rate	6.93%	DCR	1.50

<b>Secondary</b>	\$830,000	Amort	480
Int Rate	3.46%	Subtotal DCR	1.31

<b>Additional</b>	\$10,086,000	Amort	
Int Rate		Aggregate DCR	1.31

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$266,265
Secondary Debt Service	38,346
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$94,762</b>

<b>Primary</b>	\$3,600,000	Amort	480
Int Rate	6.93%	DCR	1.50

<b>Secondary</b>	\$830,000	Amort	480
Int Rate	3.46%	Subtotal DCR	1.31

<b>Additional</b>	\$10,086,000	Amort	0
Int Rate	0.00%	Aggregate DCR	1.31

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,024,680	\$1,045,174	\$1,066,077	\$1,087,399	\$1,109,147	\$1,224,587	\$1,352,043	\$1,492,765	\$1,819,673
Secondary Income	25,200	25,704	26,218	26,742	27,277	30,116	33,251	36,712	44,751
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,049,880	1,070,878	1,092,295	1,114,141	1,136,424	1,254,704	1,385,294	1,529,477	1,864,424
Vacancy & Collection Loss	(78,741)	(80,316)	(81,922)	(83,561)	(85,232)	(94,103)	(103,897)	(114,711)	(139,832)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$971,139</b>	<b>\$990,562</b>	<b>\$1,010,373</b>	<b>\$1,030,580</b>	<b>\$1,051,192</b>	<b>\$1,160,601</b>	<b>\$1,281,397</b>	<b>\$1,414,766</b>	<b>\$1,724,592</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$43,575	\$44,882	\$46,229	\$47,616	\$49,044	\$56,855	\$65,911	\$76,409	\$102,687
Management	48,557	49,528	50,519	51,529	52,560	58,030	64,070	70,738	86,230
Payroll & Payroll Tax	132,943	136,931	141,039	145,271	149,629	173,461	201,088	233,117	313,289
Repairs & Maintenance	65,522	67,488	69,512	71,598	73,746	85,491	99,108	114,893	154,407
Utilities	38,628	39,787	40,980	42,210	43,476	50,401	58,428	67,734	91,029
Water, Sewer & Trash	47,703	49,134	50,608	52,126	53,690	62,242	72,155	83,648	112,416
Insurance	61,500	63,345	65,245	67,203	69,219	80,244	93,024	107,841	144,929
Property Tax	81,012	83,442	85,945	88,524	91,179	105,702	122,537	142,055	190,909
Reserve for Replacements	35,000	36,050	37,132	38,245	39,393	45,667	52,941	61,373	82,480
Other	17,327	17,847	18,382	18,934	19,502	22,608	26,209	30,383	40,832
<b>TOTAL EXPENSES</b>	<b>\$571,767</b>	<b>\$588,434</b>	<b>\$605,592</b>	<b>\$623,255</b>	<b>\$641,437</b>	<b>\$740,700</b>	<b>\$855,472</b>	<b>\$988,190</b>	<b>\$1,319,208</b>
<b>NET OPERATING INCOME</b>	<b>\$399,372</b>	<b>\$402,128</b>	<b>\$404,781</b>	<b>\$407,326</b>	<b>\$409,755</b>	<b>\$419,901</b>	<b>\$425,926</b>	<b>\$426,576</b>	<b>\$405,384</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$266,265	\$266,265	\$266,265	\$266,265	\$266,265	\$266,265	\$266,265	\$266,265	\$266,265
Second Lien	38,346	38,346	38,346	38,346	38,346	38,346	38,346	38,346	38,346
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$94,762</b>	<b>\$97,517</b>	<b>\$100,171</b>	<b>\$102,716</b>	<b>\$105,145</b>	<b>\$115,291</b>	<b>\$121,315</b>	<b>\$121,966</b>	<b>\$100,774</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.31</b>	<b>1.32</b>	<b>1.33</b>	<b>1.34</b>	<b>1.35</b>	<b>1.38</b>	<b>1.40</b>	<b>1.40</b>	<b>1.33</b>

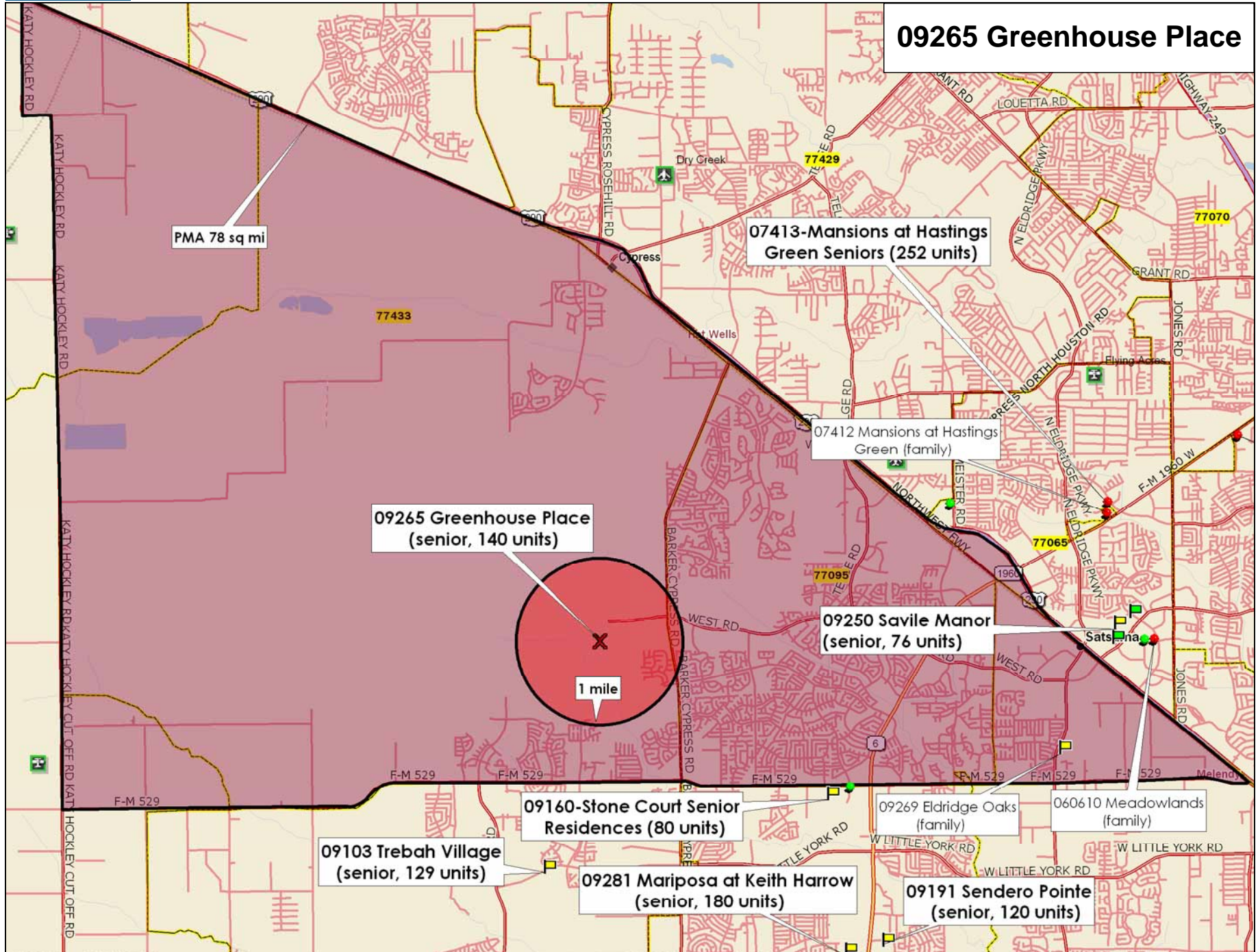
**HTC ALLOCATION ANALYSIS -Greenhouse Place, Houston, 9%/HTC #09265**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$1,611,720	\$1,611,720		
Purchase of buildings				
<b>Off-Site Improvements</b>	\$19,200	\$19,200		
<b>Sitework</b>	\$1,153,303	\$1,153,303	\$1,153,303	\$1,153,303
<b>Construction Hard Costs</b>	\$7,057,437	\$7,251,601	\$7,057,437	\$7,251,601
<b>Contractor Fees</b>	\$1,224,087	\$1,176,687	\$1,149,504	\$1,176,687
<b>Contingencies</b>	\$264,264	\$264,264	\$264,264	\$264,264
<b>Eligible Indirect Fees</b>	\$918,580	\$918,580	\$918,580	\$918,580
<b>Eligible Financing Fees</b>	\$399,494	\$399,494	\$399,494	\$399,494
<b>All Ineligible Costs</b>	\$244,177	\$244,177		
<b>Developer Fees</b>			\$1,641,387	
Developer Fees	\$1,652,574	\$1,652,574		\$1,652,574
<b>Development Reserves</b>	\$139,100	\$139,100		
<b>TOTAL DEVELOPMENT COSTS</b>	\$14,683,936	\$14,830,699	\$12,583,969	\$12,816,502

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$12,583,969	\$12,816,502
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$16,359,159	\$16,661,453
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$16,359,159	\$16,661,453
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,472,324	\$1,499,531

<b>Syndication Proceeds</b>	<b>0.6899</b>	<b>\$10,157,552</b>	<b>\$10,345,249</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,472,324</b>	<b>\$1,499,531</b>
<b>Syndication Proceeds</b>		<b>\$10,157,552</b>	<b>\$10,345,249</b>
<b>Requested Tax Credits</b>		<b>\$1,461,953</b>	
<b>Syndication Proceeds</b>		<b>\$10,086,000</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$10,253,936</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,486,295</b>	

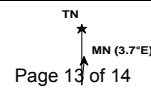
# 09265 Greenhouse Place



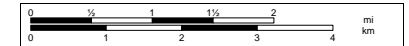
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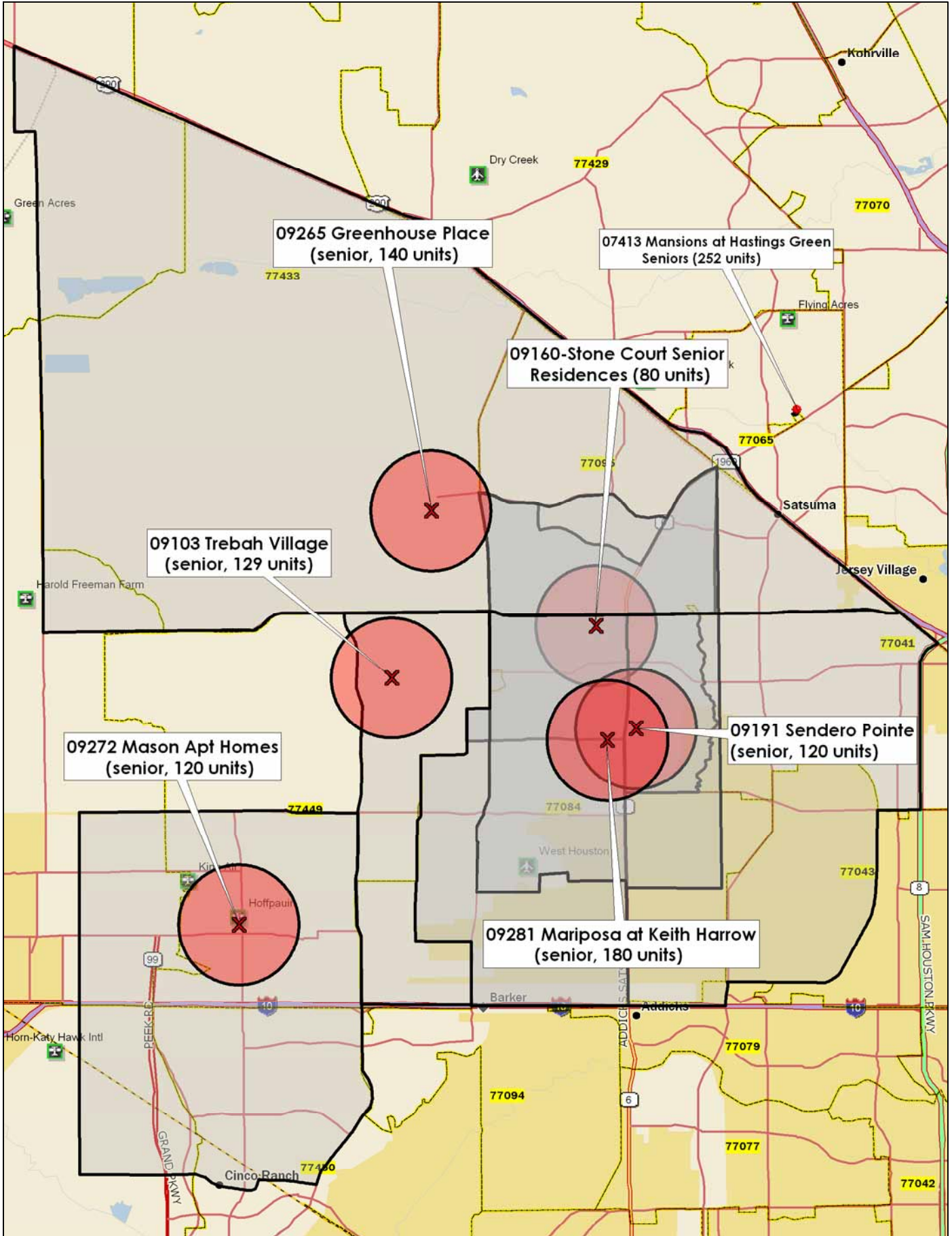
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1" = 1.58 mi

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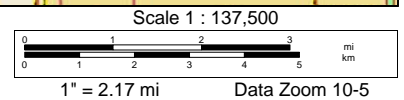
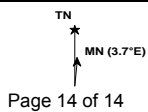




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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Skytop Apts, TDHCA Number 09266**

BASIC DEVELOPMENT INFORMATION

Site Address: 2455 N. Frazier Development #: 09266  
 City: Conroe Region: 6 Population Served: General  
 County: Montgomery Zip Code: 77303 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Nine Skytop Apartments, LP  
 Owner Contact and Phone: Richard Bowe, (713) 290-0933  
 Developer: 6OCD, LLC  
 Housing General Contractor: Sonderfan Construction, LLC  
 Architect: Ted Trout Architect and Associates, Ltd.  
 Market Analyst: Patrick O'Connor & Associates, LP  
 Syndicator: PNC Multi Family Capital  
 Supportive Services: TBD  
 Consultant: Diana McIver & Associates, Inc.

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	174	
	9	0	78	87	Market Rate Units:	18	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	60	108	24	0	0	
Type of Building:						Total Development Units:	192
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$21,676,595
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	9
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$2,000,000	\$2,000,000			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Skytop Apts, TDHCA Number 09266

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Nichols, District 3, NC

Points: 0

US Representative: Brady, District 8, NC

TX Representative: Creighton, District 16, S

Points: 14

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Alana Lane Baptist Church, S, Mark Harrison

Angel Food Ministries, S, Jane C. Springer,

Literacy Volunteers of Montgomery County, Texas, S, Pam Collins

Connecting Families, S, Diana Boulanger, Executive Director

Greater Conroe/ Lake Conroe Area Chamber of Commerce, S, E.S. "Stew" Darsey, President

**General Summary of Comment:**

Letter of support from elected official and resolution from city of Conroe in support as well.

CONDITIONS OF COMMITMENT

1. Should the terms and rates of the proposed debt to syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.

2. Receipt of a commitment of funding from the Montgomery County Community Development Department in the amount of \$541,915, or a commitment from a qualifying substitute source in an amount not less than \$541,915, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.

3. Receipt of a commitment of funding from the City of Conroe Community Development Department in the amount of \$541,915, or a commitment from a qualifying substitute source in an amount not less than \$541,915, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Skytop Apts, TDHCA Number 09266**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: 1

Total # Monitored: 1

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **195**  Meeting a Required Set-Aside Credit Amount\*: \$2,000,000

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/01/09 PROGRAM: 9% HTC FILE NUMBER: 09266

**DEVELOPMENT**

Skytop Apartments

Location: 2455 North Frazier Region: 6  
 City: Conroe County: Montgomery Zip: 77303  OCT  DDA  
 Key Attributes: Family, New Construction, Urban

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$2,000,000			\$2,000,000		

**CONDITIONS**

- Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	9
50% of AMI	50% of AMI	78
60% of AMI	60% of AMI	87

**STRENGTHS/MITIGATING FACTORS**

Overall capture rate is 13% and occupancy on four stabilized LIHTC properties in the area are 94% or better. Overall sub-market occupancy is 90%.

**WEAKNESSES/RISKS**

- Capture rates for 60% AMI units and the 50% AMI one and two bedroom units exceed program maximum.

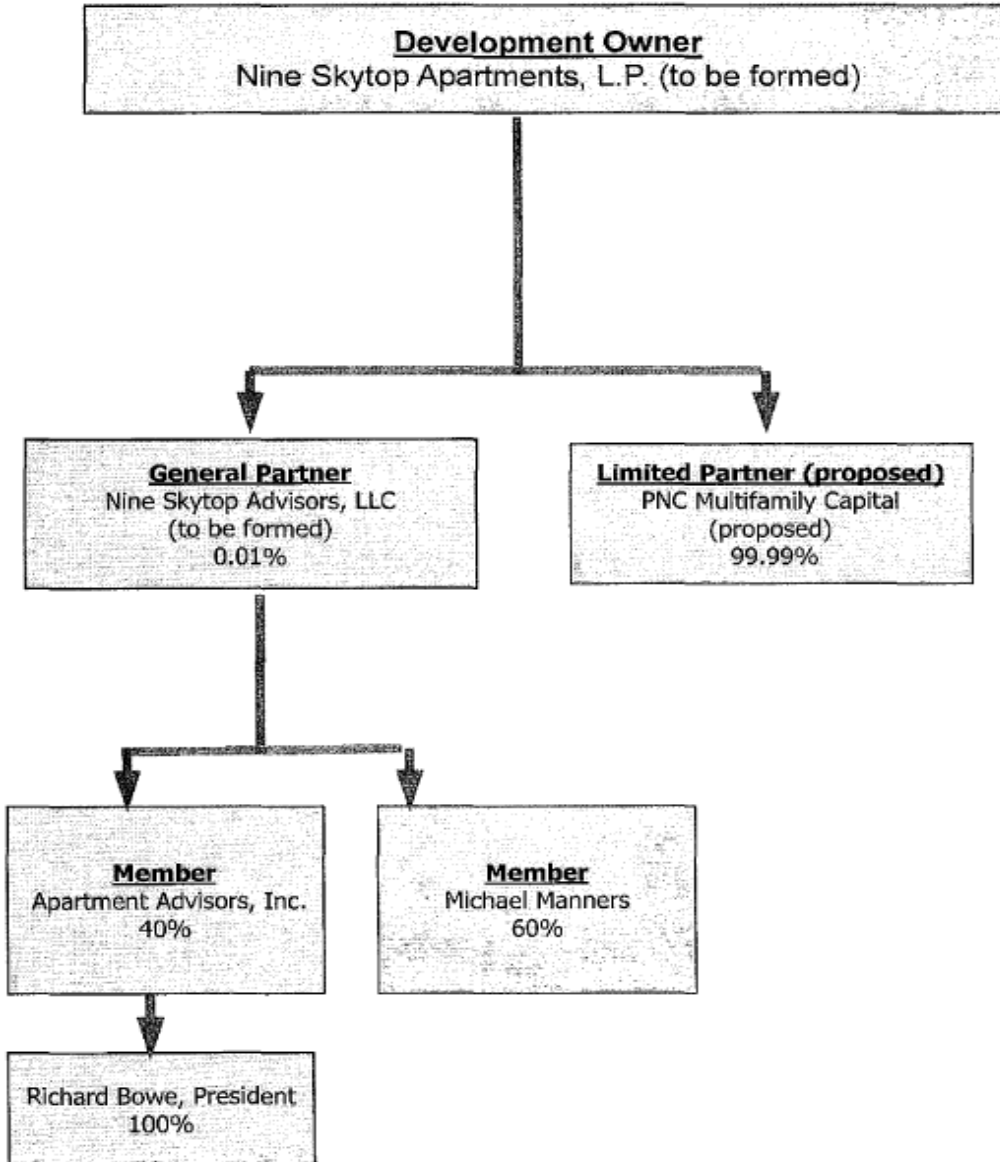
**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

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**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Richard Bowe Phone: (713) 290-0933 Fax: (713) 290-1522  
 Email: bowe1011@aol.com

**KEY PARTICIPANTS**

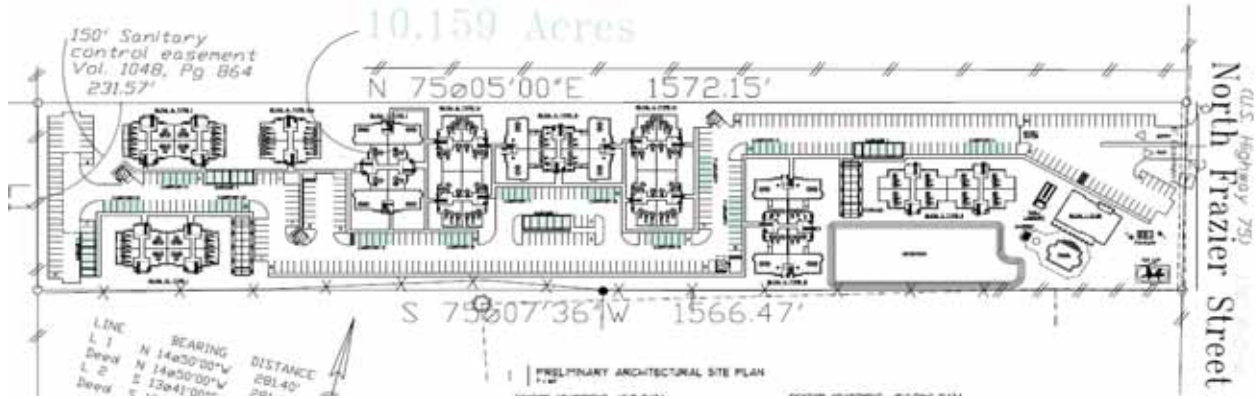
Name	Financial Notes	# Completed Developments
Richard Bowe	CONFIDENTIAL	1
Apartment Advisors, Inc.	CONFIDENTIAL	1
Skytop Apartments, LP	To Be Formed	0

**IDENTITIES of INTEREST**

- The Applicant and Developer are related entities which is common in HTC-funded development.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	I	II	III	IV	IVA	V						Total Buildings
Floors/Stories	3	3	2	3	3	3						
Number	2	1	2	2	1	1						<b>9</b>

BR/BA	SF	Units										Total Units	Total SF
1/1	706	8					8					24	16,944
1/1	711	8										16	11,376
1/1	734	4					4					12	8,808
1/1	739	4										8	5,912
2/1	951		8									8	7,608
2/2	966			4	4							16	15,456
2/2	970				4	4						12	11,640
2/2	1,010				4	4						12	12,120
2/1	1,016		8									8	8,128
2/2	1,023			4	4							16	16,368
2/2	1,027				4	4						12	12,324
2/1	1,053		8									8	8,424
2/2	1,063			4	4							16	17,008
3/2	1,225			8			8					24	29,400
Units per Building		24	24	20	24	12	20					<b>192</b>	<b>181,516</b>

**SITE ISSUES**

Total Size: 10.159 acres      Scattered site?       Yes       No

Flood Zone: Zone X      Within 100-yr floodplain?       Yes       No

Zoning: N/A      Needs to be re-zoned?       Yes       No       N/A

Comments:

The City of Conroe has no zoning ordinances that would affect this development.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff      Date: 4/9/2009

Overall Assessment:

Excellent       Acceptable       Questionable       Poor       Unacceptable

Surrounding Uses:

North: Bottling Company; Rural East: Business park; Residential  
 South: Florist shop; North Loop West: Wooded; I-45

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: DCH Environmental Consultants Date: 2/23/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- The ESA did not reveal any direct evidence indicating Recognized Environmental Conditions related to the site.

MARKET HIGHLIGHTS

Provider: O'Connor & Associates Date: 3/6/2009

Contact: Robert Coe Phone: (713) 375-4279 Fax: (713) 686-8336

Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 267 sq. miles 9 mile equivalent radius

The Primary Market Area is defined by the Montgomery/Walker County line to the north; Peach Creek to the east; State Highway 105 and FM 2854 to the south; and FM 149 and FM 1097 to the west. The PMA had an estimated 2008 population of 90,979, comprised of 34,223 households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Oakcreek Apts	060099	176	168				

INCOME LIMITS						
Montgomery						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
40	\$17,880	\$20,400	\$22,960	\$25,520	\$27,560	\$29,600
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	1,290	105	0	1,395	5	6	1%
1 BR/50%	453	35	0	488	34	0	7%
1 BR/60%	60	4	0	64	16	46	97%
2 BR/30%	57	11	0	68	4	8	18%
2 BR/50%	19	0	0	19	43	0	226%
2 BR/60%	40	-1	0	39	52	86	354%
3 BR/50%	11	0	0	11	1	0	9%
3 BR/60%	20	-1	0	19	19	18	195%

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UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	46	1	0	47	5	6	23%
1 BR/50%	63	3	0	65	34	0	52%
1 BR/60%	83	3	0	86	16	46	72%
2 BR/30%	45	0	0	44	4	8	27%
2 BR/50%	68	1	0	68	43	0	63%
2 BR/60%	98	1	0	99	52	86	139%
3 BR/50%	43	0	0	43	1	0	2%
3 BR/60%	53	-1	0	52	19	18	71%

OVERALL DEMAND										
		Target Households	Household Size	Income Eligible	Tenure	Demand				
					PMA DEMAND from TURNOVER					turnover
Market Analyst	p. 69	34,223	96%	32,731	16%	5,106	47%	2,400		
Underwriter		100% 36,748	96%	35,138	25%	8,743	58%	5,097	47%	2,396
					PMA DEMAND from GROWTH					growth
Market Analyst	p. 69							185		
Underwriter		100% 1,256	96%	1,201	25%	299	58%	174	100%	174
					DEMAND from OTHER SOURCES					Section 8
Market Analyst	p. 69							17		
Underwriter								0		

INCLUSIVE CAPTURE RATE							
		Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst	p. 70	174	168	0	342	2,602	<b>13%</b>
Underwriter		174	168	0	342	2,570	<b>13%</b>

Proposed, Under Construction, and Unstabilized Comparable Supply:

Oakcreek Apartments (#060099) is located less than one mile from the subject. Oakcreek is a family development with 176 total units, 168 of which are rent and income restricted.

Supply and Demand Analysis:

The market study analysis is based on 2008 HTC income and rent limits; the analysis calculates demand for 2,400 units due to household turnover, demand for 185 units due to household growth, and additional demand for 17 units from holders of Section 8 vouchers. Total demand for 2,602 units, and a total supply of 342 units, indicates an inclusive capture rate of 13%.

Based on the 2009 HTC rent and income limits, the underwriting analysis calculates demand for 2,396 units due to household turnover, and demand for 175 units due to household growth. Additional demand from holders of Section 8 vouchers was not considered. Total demand for 2,570 units, and a total supply of 342 units, indicates an inclusive capture rate of 13%. This satisfies the maximum capture rate of 25% for urban developments targeting families.

Primary Market Occupancy Rates:

"The average occupancy for comparable properties in the subject's primary market area was reported at 83.15% as of February 2009. Occupancy rates have declined in this market area due to a significant amount of new construction; however, rental rates have experienced gradual increases." (p. 10)



Absorption Projections:

"Absorption over the past three years has averaged +/-23units per quarter. The limited amount of new product that entered the market in 2000 through 2009 was or is being readily absorbed. Based on our research, most projects that are constructed in the Greater Houston area typically lease up within 12 months." (p. 12)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
1 BR 706 SF 30%	\$264	\$279	\$770	\$279	\$491		
1 BR 706 SF 50%	\$494	\$519	\$770	\$519	\$251		
1 BR 711 SF 50%	\$494	\$519	\$770	\$519	\$251		
1 BR 711 SF MR	\$640	\$770	\$770	\$770	\$0		
1 BR 734 SF 60%	\$608	\$638	\$780	\$638	\$142		
1 BR 739 SF 60%	\$608	\$638	\$780	\$638	\$142		
1 BR 739 SF MR	\$640	\$780	\$780	\$780	\$0		
1 BR 739 SF MR	\$640	\$780	\$780	\$780	\$0		
2 BR 951 SF 30%	\$318	\$336	\$870	\$336	\$534		
2 BR 951 SF 50%	\$593	\$622	\$870	\$622	\$248		
2 BR 966 SF 50%	\$593	\$622	\$905	\$622	\$283		
2 BR 970 SF 50%	\$593	\$622	\$905	\$622	\$283		

Market Impact:

"Based on the high occupancy levels of the existing properties in the market, along with the strong recent absorption history, we project that the subject property will have minimal sustained negative impact upon the existing apartment market." (p. 12)

Comments:

The Underwriter contacted the Market Analyst with concerns about the low occupancy and low absorption for the PMA, and inconsistencies in the market study. The low occupancy was attributed to "significant new construction", while the low absorption was attributed to "limited new product that entered the market". In response, the Market Analyst provided an updated analysis of the market area. In June 2009, the four stabilized tax credit properties in the PMA are all occupied at greater than 94%. Another project, Stone Ridge I & II, is only at 85%. This is a very old development (a 1993 rehab of a 1981 property.) Finally, Oak Creek Apartments, which was included in the unstabilized supply for the capture rate calculation, is reportedly 71% occupied and 78% pre-leased after completion in January.

The market area contains 42 total properties with combined occupancy of 90%; only two properties are reported at below 80%, one of which is in lease-up. So the overall market appears to be stable.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:          1          Date of Last Applicant Revision:          4/21/2009    

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of 7/1/2008, maintained by the Montgomery County Housing Authority, from the 2008 program gross rent limits. Tenants will be required to pay electric utility costs. Based on the Applicant's intention to charge the maximum program rents, the Underwriter's projected net rents were calculated by subtracting tenant paid utilities from the 2009 program limits.

The Applicant's secondary income exceeds the maximum guideline of \$15 per unit per month due to carport (\$20 per month), garage (\$40 per month), and storage unit (40 units at \$10 per month) rental income; however vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines. Despite the difference in rents described above, the Applicant's proposed effective gross income is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's total annual operating expense projection at \$4,118 per unit is within 5% of the Underwriter's estimate of \$4,239, derived from the TDHCA database, and third-party data sources. The Applicant's budget shows Replacement Reserves to be at \$351 per unit which is higher than typical, however, the Applicant provided documentation from the proposed first lien lender which requires this high of a reserve amount.

Conclusion:

The Applicant's effective gross income and operating expenses are within 5% of the Underwriter's estimates; however, the Applicant's net operating income is not within 5%. Therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.25, which is within the Department's DCR guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

ASSESSED VALUE

Land Only: 10.2 acres	<u>\$184,750</u>	Tax Year:	<u>2009</u>
Existing Buildings:	<u>\$0</u>	Valuation by:	<u>Montgomery CAD</u>
Prorated per acre:	<u>\$18,186</u>	Tax Rate:	<u>2.3599</u>
Total Assessed Value: 10.2 acres	<u>\$184,750</u>		

EVIDENCE of PROPERTY CONTROL

Type: <u>Commercial Contract - Unimproved Property</u>	Acreage: <u>10.2</u>
Contract Expiration: <u>11/15/2009</u>	Valid Through Board Date? <input type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost: <u>\$1,000,000</u>	Other: _____
Seller: <u>James Vernon &amp; Truman Cox</u>	Related to Development Team? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:

The site cost of \$1,000,000 (\$98,435/acre or \$5,208/unit) is assumed to be reasonable since the acquisition is an arm's-length transaction.

Off-Site Cost:

The Applicant claimed off-site costs of \$156,725 for sanitary sewer lift station, 6" force main, air relief valve, 6" force main tie-in to existing manhole, 48" HDPE storm pipe, storm sewer junction box and storm sewer outfall box. The Applicant provided sufficient third party certification through a registered professional engineer in order to justify these costs.

This section intentionally left blank.

Sitework Cost:

The Applicant's claimed sitework costs of \$9,000 per unit is the maximum limit within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$888K or 9% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Ineligible Costs:

The Applicant's cost schedule included costs to construct covered parking and storage facilities in eligible basis. However, since the Underwriter has confirmed with the Applicant that fees will be charged and collected for these amenities the Underwriter has re-allocated the Applicant's costs of covered parking and storage to the ineligible cost line item.

Contingency & Fees:

The Applicant's eligible contingency and contractor fee costs were adjusted down by a total of \$430 to meet the Department's guidelines. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. Additionally, the Applicant's developer fee also exceeds 15% of the Applicant's adjusted eligible basis by \$29,458 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$19,138,251 supports annual tax credits of \$2,017,116. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: D Ansley Company, Inc. Type: Interim Financing

Principal: \$7,320,000 Interest Rate: 6.95%  Fixed Term: 14 months

Source: D Ansley Company, Inc. Type: Permanent Financing

Principal: \$7,320,000 Interest Rate: 6.95%  Fixed Amort: 480 months

Comments:

The interest rate for both the interim and permanent financing is 6.5% plus 0.45% for the mortgage insurance premium (MIP).

Source: Montgomery County/City of Conroe Type: Interim Financing

Principal: \$1,083,830 Conditions: Receipt of tax credits.

Comments:

An intent to apply has been provided by the Applicant. The proposed terms include interest rate set at or below AFR and a minimum term of the later of 1 year or placed in service date. No interest payments are required. Interest incurred will be paid off simultaneously with the principal loan amount.

This section intentionally left blank.

Source: PNC Type: Syndication  
 Proceeds: \$13,598,640 Syndication Rate: 68% Anticipated HTC: \$ 2,000,000  
 Comments:  
 If the syndication rate falls below \$0.59 this development will become infeasible. The syndication commitment is contingent upon the allocation of tax credits, however no expiration date is explicitly stated within the commitment letter.

Amount: \$757,955 Type: Deferred Developer Fees

**CONCLUSIONS**

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio that falls within the Department's guidelines.

The Applicant's total development cost estimate less the permanent loan of \$7,320,000 indicates the need for \$14,356,595 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$2,111,475 annually would be required to fill this gap in financing. TDHCA guidelines place an allocation cap of \$2M for each development. The three possible tax credit allocations are:

Allocation determined by eligible basis:	\$2,017,116
Allocation determined by gap in financing:	\$2,111,475
<b><u>Allocation requested by the Applicant:</u></b>	<b><u>\$2,000,000</u></b>

The allocation amount requested by the Applicant is recommended. A tax credit allocation of \$2,000,000 per year for 10 years results in total equity proceeds of \$13,598,640 at a syndication rate of \$0.68 per tax credit dollar.

The Underwriter's recommended financing structure indicates the need for \$757,955 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within 5 to 10 years of stabilized operation.

Underwriter:	<i>Colton Sanders</i>	Date:	July 1, 2009
Manager of Real Estate Analysis:	<i>Raquel Morales</i>	Date:	July 1, 2009
Director of Real Estate Analysis:	<i>Brent Stewart</i>	Date:	July 1, 2009

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Skytop Apartments, Conroe, 9% HTC #09266**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	5	1	1	706	\$358	\$279	\$1,395	\$0.40	\$79.00	\$44.00
TC 50%	19	1	1	706	\$598	\$519	\$9,861	\$0.74	\$79.00	\$44.00
TC 50%	15	1	1	711	\$598	\$519	\$7,785	\$0.73	\$79.00	\$44.00
MR	1	1	1	711		\$770	\$770	\$1.08	\$79.00	\$44.00
TC 60%	12	1	1	734	\$717	\$638	\$7,656	\$0.87	\$79.00	\$44.00
TC 60%	4	1	1	739	\$717	\$638	\$2,552	\$0.86	\$79.00	\$44.00
MR	3	1	1	739		\$780	\$2,340	\$1.06	\$79.00	\$44.00
MR	1	1	1	739		\$780	\$780	\$1.06	\$79.00	\$44.00
TC 30%	4	2	1	951	\$431	\$336	\$1,344	\$0.35	\$95.00	\$44.00
TC 50%	4	2	1	951	\$717	\$622	\$2,488	\$0.65	\$95.00	\$44.00
TC 50%	16	2	2	966	\$717	\$622	\$9,952	\$0.64	\$95.00	\$44.00
TC 50%	11	2	2	970	\$717	\$622	\$6,842	\$0.64	\$95.00	\$44.00
MR	1	2	2	970		\$905	\$905	\$0.93	\$95.00	\$44.00
TC 60%	12	2	2	1,010	\$861	\$766	\$9,192	\$0.76	\$95.00	\$44.00
TC 50%	8	2	1	1,016	\$717	\$622	\$4,976	\$0.61	\$95.00	\$44.00
TC 60%	16	2	2	1,023	\$861	\$766	\$12,256	\$0.75	\$95.00	\$44.00
TC 60%	12	2	2	1,027	\$861	\$766	\$9,192	\$0.75	\$95.00	\$44.00
TC 50%	4	2	1	1,053	\$717	\$622	\$2,488	\$0.59	\$95.00	\$44.00
MR	4	2	1	1,053		\$920	\$3,680	\$0.87	\$95.00	\$44.00
TC 60%	12	2	2	1,063	\$861	\$766	\$9,192	\$0.72	\$95.00	\$44.00
MR	4	2	2	1,063		\$955	\$3,820	\$0.90	\$95.00	\$44.00
TC 50%	1	3	2	1,225	\$829	\$718	\$718	\$0.59	\$111.00	\$56.00
TC 60%	19	3	2	1,225	\$995	\$884	\$16,796	\$0.72	\$111.00	\$56.00
MR	4	3	2	1,225		\$1,090	\$4,360	\$0.89	\$111.00	\$56.00
<b>TOTAL:</b>	<b>192</b>		<b>AVERAGE:</b>	<b>945</b>		<b>\$684</b>	<b>\$131,340</b>	<b>\$0.72</b>	<b>\$92.00</b>	<b>\$45.50</b>

INCOME				Total Net Rentable Sq Ft: 181,516		TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION	
<b>POTENTIAL GROSS RENT</b>						\$1,576,080	\$1,490,616	Montgomery		6	
Secondary Income		Per Unit Per Month:	\$15.00			34,560	23,040	\$10.00	Per Unit Per Month		
Other Support Income:						0	36,000	\$15.63	Per Unit Per Month		
<b>POTENTIAL GROSS INCOME</b>						\$1,610,640	\$1,549,656				
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(120,798)	(115,680)	-7.46%	of Potential Gross Income		
Employee or Other Non-Rental Units or Concessions						0	0				
<b>EFFECTIVE GROSS INCOME</b>						\$1,489,842	\$1,433,976				
<b>EXPENSES</b>				% OF EGI	PER UNIT	PER SQ FT		PER SQ FT	PER UNIT	% OF EGI	
General & Administrative		4.25%	\$330	0.35		\$63,348	\$61,500	\$0.34	\$320	4.29%	
Management		5.00%	388	0.41		74,492	65,000	0.36	339	4.53%	
Payroll & Payroll Tax		12.97%	1,006	1.06		193,223	190,000	1.05	990	13.25%	
Repairs & Maintenance		6.39%	496	0.52		95,213	94,500	0.52	492	6.59%	
Utilities		3.56%	276	0.29		52,992	48,000	0.26	250	3.35%	
Water, Sewer, & Trash		4.38%	340	0.36		65,208	54,300	0.30	283	3.79%	
Property Insurance		5.29%	411	0.43		78,819	80,000	0.44	417	5.58%	
Property Tax	2.36	7.60%	590	0.62		113,275	120,000	0.66	625	8.37%	
Reserve for Replacements		4.35%	338	0.36		64,823	67,392	0.37	351	4.70%	
TDHCA Compliance Fees		0.47%	36	0.04		6,960	6,960	0.04	36	0.49%	
Other:		0.20%	16	0.02		3,000	3,000	0.02	16	0.21%	
<b>TOTAL EXPENSES</b>				54.46%	\$4,226	\$4.47	\$811,353	\$790,652	\$4.36	\$4,118	55.14%
<b>NET OPERATING INC</b>				45.54%	\$3,534	\$3.74	\$678,489	\$643,324	\$3.54	\$3,351	44.86%
<b>DEBT SERVICE</b>											
D Ansley Company, Inc.		36.43%	\$2,826	\$2.99		\$542,678	\$547,205	\$3.01	\$2,850	38.16%	
Additional Financing		0.00%	\$0	\$0.00		0	0	\$0.00	\$0	0.00%	
Additional Financing		0.00%	\$0	\$0.00		0	0	\$0.00	\$0	0.00%	
<b>NET CASH FLOW</b>				9.12%	\$707	\$0.75	\$135,811	\$96,119	\$0.53	\$501	6.70%
<b>AGGREGATE DEBT COVERAGE RATIO</b>						1.25	1.18				
<b>RECOMMENDED DEBT COVERAGE RATIO</b>						1.25					

CONSTRUCTION COST					TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL		
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	\$1,005,000	\$1,005,000	\$5.54	\$5,234	4.64%		
Acquisition Cost (site or bldg)		4.82%	\$5,234	\$5.54							
Off-Sites		0.75%	816	0.86	156,725	156,725	0.86	816	0.72%		
Sitework		8.28%	9,000	9.52	1,728,000	1,728,000	9.52	9,000	7.97%		
Direct Construction		49.59%	53,868	56.98	10,342,713	10,803,838	59.52	56,270	49.84%		
Contingency	5.00%	2.89%	3,143	3.32	603,536	648,000	3.57	3,375	2.99%		
Contractor's Fees	14.00%	8.10%	8,802	9.31	1,689,900	1,814,640	10.00	9,451	8.37%		
Indirect Construction		3.97%	4,311	4.56	827,750	827,750	4.56	4,311	3.82%		
Ineligible Costs		3.30%	3,590	3.80	689,322	689,322	3.80	3,590	3.18%		
Developer's Fees	15.00%	11.57%	12,573	13.30	2,413,983	2,602,000	14.33	13,552	12.00%		
Interim Financing		4.32%	4,694	4.97	901,320	901,320	4.97	4,694	4.16%		
Reserves		2.40%	2,604	2.75	500,000	500,000	2.75	2,604	2.31%		
<b>TOTAL COST</b>				100.00%	\$108,637	\$114.91	\$20,858,248	\$21,676,595	\$119.42	\$112,899	100.00%
<b>Construction Cost Recap</b>				68.87%	\$74,813	\$79.13	\$14,364,148	\$14,994,478	\$82.61	\$78,096	69.17%

SOURCES OF FUNDS					TDHCA	APPLICANT	RECOMMENDED	
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	\$7,320,000	\$7,320,000	\$7,320,000	Developer Fee Available
D Ansley Company, Inc.		35.09%	\$38,125	\$40.33				\$2,496,294
Additional Financing		0.00%	\$0	\$0.00	0	0	0	% of Dev. Fee Deferred
HTC Proceeds - PNC		65.20%	\$70,826	\$74.92	13,598,640	13,598,640	13,598,640	30%
Deferred Developer Fees		3.63%	\$3,948	\$4.18	757,955	757,955	757,955	15-Yr Cumulative Cash Flow
Additional (Excess) Funds Req'd		-3.92%	(\$4,262)	(\$4.51)	(818,347)	0	0	\$2,602,536
<b>TOTAL SOURCES</b>					\$20,858,248	\$21,676,595	\$21,676,595	

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Skytop Apartments, Conroe, 9% HTC #09266*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.65	\$10,101,992
<b>Adjustments</b>				
Exterior Wall Finish	7.84%		\$4.36	\$791,996
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.00%		1.67	303,060
Storage Facilities	\$37.94	3528	0.74	133,852
Subfloor			(0.81)	(146,423)
Floor Cover			2.38	432,008
Breezeways/Balconies	\$21.88	22,248	2.68	486,860
Plumbing Fixtures	\$835	324	1.49	270,540
Rough-ins	\$410	384	0.87	157,440
Built-In Appliances	\$1,800	192	1.90	345,600
Exterior Stairs	\$1,875	58	0.60	108,750
Heating/Cooling			1.83	332,174
Carports	10.37	14400	0.82	149,328
Garages	\$37.94	5,720	1.20	217,017
Comm &/or Aux Bldgs	\$72.66	3,660	1.46	265,917
Other: fire sprinkler	\$2.15	181,516	2.15	390,259
<b>SUBTOTAL</b>			<b>79.00</b>	<b>14,340,371</b>
Current Cost Multiplier	1.01		0.79	143,404
Local Multiplier	0.91		(7.11)	(1,290,633)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$72.68</b>	<b>\$13,193,142</b>
Plans, specs, survy, bld pr	3.90%		(\$2.83)	(\$514,533)
Interim Construction Interest	3.38%		(2.45)	(445,269)
Contractor's OH & Profit	11.50%		(8.36)	(1,517,211)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$59.04</b>	<b>\$10,716,129</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$7,320,000	Amort	480
Int Rate	6.95%	DCR	1.25
<b>Secondary</b>	\$0	Amort	
Int Rate		Subtotal DCR	1.25
<b>Additional</b>	\$13,598,640	Amort	
Int Rate		Aggregate DCR	1.25

**RECOMMENDED FINANCING STRUCTURE**

Primary Debt Service	<b>\$542,678</b>
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$135,811</b>

<b>Primary</b>	\$7,320,000	Amort	480
Int Rate	6.95%	DCR	1.25
<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.25
<b>Additional</b>	\$13,598,640	Amort	0
Int Rate	0.00%	Aggregate DCR	1.25

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,576,080	\$1,607,602	\$1,639,754	\$1,672,549	\$1,706,000	\$1,883,561	\$2,079,604	\$2,296,051	\$2,798,873
Secondary Income	34,560	35,251	35,956	36,675	37,409	41,302	45,601	50,347	61,373
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,610,640	1,642,853	1,675,710	1,709,224	1,743,409	1,924,864	2,125,205	2,346,398	2,860,246
Vacancy & Collection Loss	(120,798)	(123,214)	(125,678)	(128,192)	(130,756)	(144,365)	(159,390)	(175,980)	(214,518)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,489,842</b>	<b>\$1,519,639</b>	<b>\$1,550,032</b>	<b>\$1,581,032</b>	<b>\$1,612,653</b>	<b>\$1,780,499</b>	<b>\$1,965,815</b>	<b>\$2,170,418</b>	<b>\$2,645,728</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$63,348	\$65,249	\$67,206	\$69,222	\$71,299	\$82,655	\$95,820	\$111,081	\$149,284
Management	74,492	75,982	77,502	79,052	80,633	89,025	98,291	108,521	132,286
Payroll & Payroll Tax	193,223	199,020	204,990	211,140	217,474	252,112	292,267	338,817	455,342
Repairs & Maintenance	95,213	98,069	101,011	104,042	107,163	124,231	144,018	166,957	224,376
Utilities	52,992	54,582	56,219	57,906	59,643	69,143	80,155	92,922	124,879
Water, Sewer & Trash	65,208	67,164	69,179	71,255	73,392	85,082	98,633	114,343	153,667
Insurance	78,819	81,184	83,619	86,128	88,711	102,841	119,221	138,210	185,742
Property Tax	113,275	116,673	120,174	123,779	127,492	147,798	171,339	198,629	266,940
Reserve for Replacements	64,823	66,768	68,771	70,834	72,959	84,579	98,051	113,668	152,760
Other	9,960	10,259	10,567	10,884	11,210	12,996	15,065	17,465	23,471
<b>TOTAL EXPENSES</b>	<b>\$811,353</b>	<b>\$834,949</b>	<b>\$859,238</b>	<b>\$884,240</b>	<b>\$909,977</b>	<b>\$1,050,462</b>	<b>\$1,212,860</b>	<b>\$1,400,612</b>	<b>\$1,868,748</b>
<b>NET OPERATING INCOME</b>	<b>\$678,489</b>	<b>\$684,690</b>	<b>\$690,794</b>	<b>\$696,792</b>	<b>\$702,676</b>	<b>\$730,037</b>	<b>\$752,955</b>	<b>\$769,807</b>	<b>\$776,980</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$542,678	\$542,678	\$542,678	\$542,678	\$542,678	\$542,678	\$542,678	\$542,678	\$542,678
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$135,811</b>	<b>\$142,012</b>	<b>\$148,116</b>	<b>\$154,114</b>	<b>\$159,998</b>	<b>\$187,359</b>	<b>\$210,277</b>	<b>\$227,129</b>	<b>\$234,302</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.25</b>	<b>1.26</b>	<b>1.27</b>	<b>1.28</b>	<b>1.29</b>	<b>1.35</b>	<b>1.39</b>	<b>1.42</b>	<b>1.43</b>

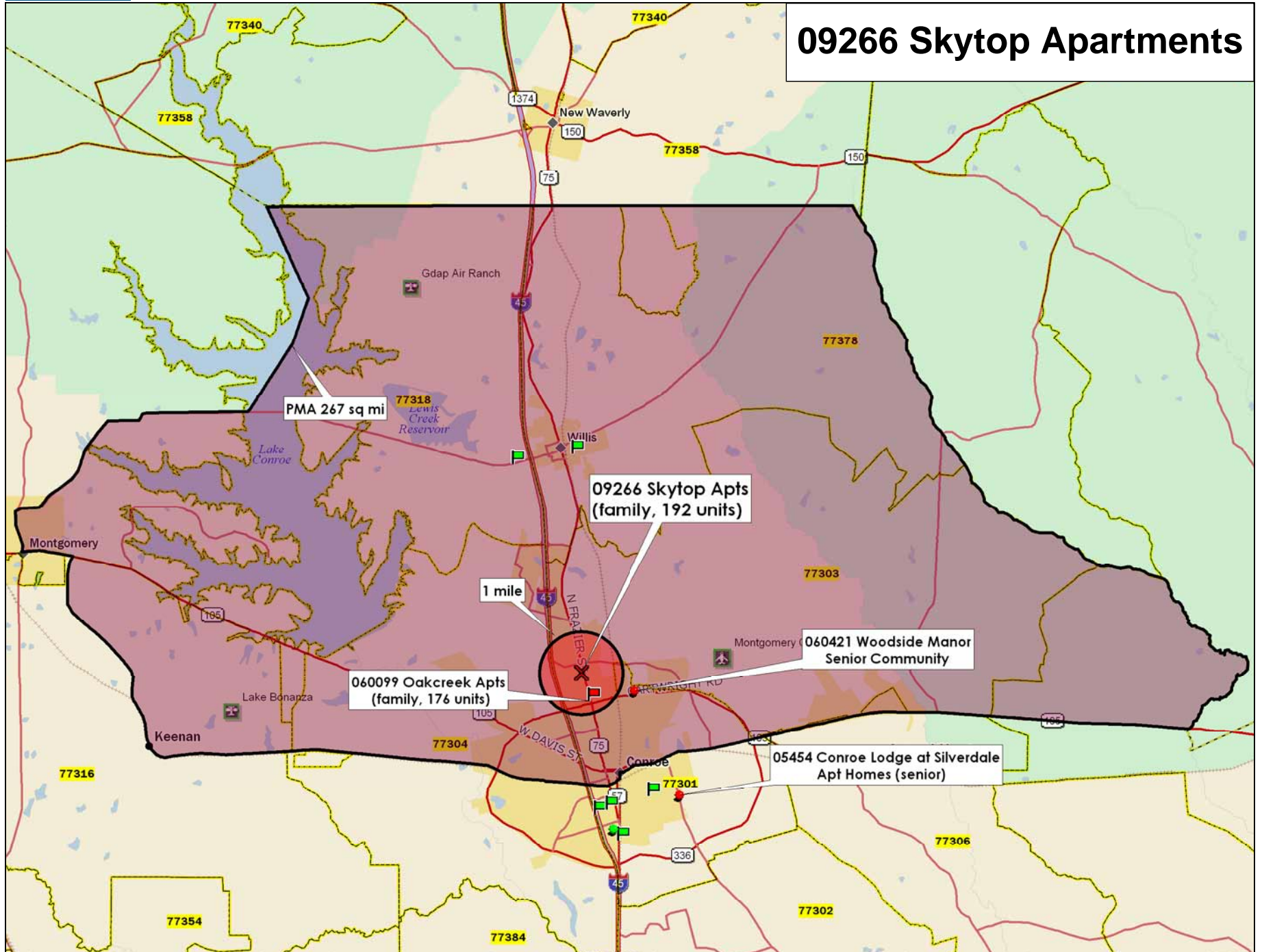
**HTC ALLOCATION ANALYSIS -Skytop Apartments, Conroe, 9% HTC #09266**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$1,005,000	\$1,005,000		
Purchase of buildings				
<b>Off-Site Improvements</b>	\$156,725	\$156,725		
<b>Sitework</b>	\$1,728,000	\$1,728,000	\$1,728,000	\$1,728,000
<b>Construction Hard Costs</b>	\$10,803,838	\$10,342,713	\$10,803,838	\$10,342,713
<b>Contractor Fees</b>	\$1,814,640	\$1,689,900	\$1,754,457	\$1,689,900
<b>Contingencies</b>	\$648,000	\$603,536	\$626,592	\$603,536
<b>Eligible Indirect Fees</b>	\$827,750	\$827,750	\$827,750	\$827,750
<b>Eligible Financing Fees</b>	\$901,320	\$901,320	\$901,320	\$901,320
<b>All Ineligible Costs</b>	\$689,322	\$689,322		
<b>Developer Fees</b>			\$2,496,294	
Developer Fees	\$2,602,000	\$2,413,983		\$2,413,983
<b>Development Reserves</b>	\$500,000	\$500,000		
<b>TOTAL DEVELOPMENT COSTS</b>	\$21,676,595	\$20,858,248	\$19,138,251	\$18,507,201

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$19,138,251	\$18,507,201
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$24,879,726	\$24,059,361
Applicable Fraction		90.08%	90.08%
<b>TOTAL QUALIFIED BASIS</b>		\$22,412,396	\$21,673,386
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$2,017,116	\$1,950,605

<b>Syndication Proceeds</b>	<b>0.6799</b>	<b>\$13,715,015</b>	<b>\$13,262,786</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$2,017,116</b>	<b>\$1,950,605</b>
<b>Syndication Proceeds</b>		<b>\$13,715,015</b>	<b>\$13,262,786</b>
<b>Requested Tax Credits</b>		<b>\$2,000,000</b>	
<b>Syndication Proceeds</b>		<b>\$13,598,640</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$14,356,595</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$2,111,475</b>	

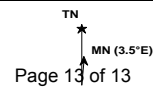
# 09266 Skytop Apartments



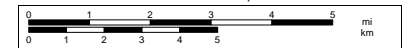
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1" = 3.16 mi Data Zoom 10-0





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Heritage Crossing, TDHCA Number 09267

BASIC DEVELOPMENT INFORMATION

Site Address: NWC of 11th St. & FM 646 Development #: 09267
City: Santa Fe Region: 6 Population Served: Elderly
County: Galveston Zip Code: 77510 Allocation: Urban
HTC Set Asides: At-Risk Nonprofit USDA Rural Rescue HTC Housing Activity\*: NC
HOME Set Asides: CHDO Preservation General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Santa Fe SETH-DMA Housing, LLC
Owner Contact and Phone: Ron Williams, (281) 484-4663
Developer: DMA Development Company, LLC
Housing General Contractor: Rampart Builders, Ltd.
Architect: Kelly Grossman Architects LLC dba Chiles Architect
Market Analyst: O'Connor & Associates
Syndicator: RBC Capital Markets
Supportive Services: DMA Properties, LLC
Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown: 30% 40% 50% 60% Total Restricted Units: 68
4 0 31 33 Market Rate Units: 4
Eff 1 BR 2 BR 3 BR 4 BR 5 BR Owner/Employee Units: 0
0 56 16 0 0 0 Total Development Units: 72
Type of Building: Total Development Cost\*: \$0
Number of Residential Buildings: 6
HOME High Total Units: 0
HOME Low Total Units: 25

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

Competitive Housing Tax Credit Amount: Applicant Request \$851,779 Department Analysis\* \$851,779
HOME Activity Fund Amount: \$2,200,000 \$0 0 0 0.00%
HOME CHDO Operating Grant Amount: \$0 \$0

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Heritage Crossing, TDHCA Number 09267**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Jackson, District 11, S

Points: 14 US Representative: Olson, District 22, NC

TX Representative: Taylor, District 24, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Santa Fe Seniors Citizens Council, Inc., S, Ellarein "Rene" Fourcade

Rotary Club of Santa Fe- Hitchcock, S, Renee Cruse, Santa Fe/ Hitchcock Rotary

Santa Fe Chamber of Commerce, S, Fay Picard, President/CEO

**General Summary of Comment:**

Letters of support from elected officials and resolution from city of Santa Fe in support as well.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Heritage Crossing, TDHCA Number 09267**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **28**

Total # Monitored: **18**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **203**  Meeting a Required Set-Aside Credit Amount\*: \$851,779

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Wildflower Terrace, TDHCA Number 09268**

**BASIC DEVELOPMENT INFORMATION**

Site Address: NEC of Berkman Dr. & Tom Miller St. Development #: 09268  
 City: Austin Region: 7 Population Served: Elderly  
 County: Travis Zip Code: 78723 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: Austin DMA Housing, LLC  
 Owner Contact and Phone: Diana McIver, (512) 328-3232  
 Developer: DMA Development Company, LLC  
 Housing General Contractor: Carleton Construction, Ltd.  
 Architect: Hailey Group Architects  
 Market Analyst: O'Connor & Associates  
 Syndicator: RBC Capital Markets  
 Supportive Services: DMA Properties, LLC  
 Consultant: N/A

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	171	
	26	0	60	85	Market Rate Units:	30	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	157	44	0	0	0	
Type of Building:						Total Development Units:	201
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	1
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$2,000,000	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Wildflower Terrace, TDHCA Number 09268

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Watson, District 14, S

Points: 14 US Representative: Doggett, District 25, NC

TX Representative: Dukes, District 46, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

S, Randi Shade, Council Member, Place 3

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

Mueller Neighborhood Organization, Grant Fisher

Letter Score: 24 S or O: S

...Among other things, they provide support services to senior citizens seeking subsidized housing. They have been kind enough to speak to our neighborhood organization and have explained in detail the future development, leading to a great partnership already forged... At our previous neighborhood association meeting there was unanimous support for the Wildflower Terrace- Senior Affordable development...

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 0

People Fund, S, Kelly Weiss, Director of Operations

Family Eldercare, S, Karen Langley, Executive Director

Mueller Municipal Airport Plan Implementation Advisory Commission, S, Jim Walker, Chair

Mueller Municipal Airport Plan Implementation Advisory Commission

Mueller Neighborhood Assoc., S, Grant Fisher, Chair Mueller Neighborhood Assoc.

Meals on Wheels and More, S, Dan Pruett, President and CEO

**General Summary of Comment:**

Letters of support from elected officials, civic organizations, qualified neighborhood association, and resolution from the city of Austin in support as well.

CONDITIONS OF COMMITMENT



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Wildflower Terrace, TDHCA Number 09268**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **25**

Total # Monitored: **17**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **211**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Eldridge Oaks, TDHCA Number 09269**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 8.5 acres on N. Eldridge Pkwy., N. of FM 529      Development #: 09269  
 City: Houston      Region: 6      Population Served: General  
 County: Harris      Zip Code: 77041      Allocation: Urban  
 HTC Set Asides:  At-Risk    Nonprofit    USDA    Rural Rescue   HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO    Preservation    General      Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: Houston Eldridge Oaks Apartments, LP  
 Owner Contact and Phone: Kenneth Cash, (281) 493-0700  
 Developer: StoneArch Development, Inc.  
 Housing General Contractor: StoneArch Builders, LLC  
 Architect: The Thompson Nelson Group  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: Social Services Management Consultants, Inc.  
 Consultant: S2A Development Consulting, LLC

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	160
	8	0	72	80	Market Rate Units:	0
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	48	64	48	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	160
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	6
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,828,649	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Eldridge Oaks, TDHCA Number 09269

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Patrick, District 7, NC

Points: 0

US Representative: Culberson, District 7, NC

TX Representative: Elkins, District 135, NC

Points: 0

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

N, Marty Edwards, Director of General Administration,  
Cypress-Fairbanks ISD

**Individuals and Businesses:** In Support: 8

In Opposition: 0

**Quantifiable Community Participation Input:**

Eldridge Park Property Owner's Association, Doan Nguyen

Letter Score: 24 S or O: S

After reviewing the presentation, we feel this will enhance our community. We believe this will provide a safe, secure and economical place for our current and future residents.

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 0

**General Summary of Comment:**

Letters of support from non-officials and qualified neighborhood association. Letter of neutrality from ISD.

CONDITIONS OF COMMITMENT





MULTIFAMILY FINANCE DIVISION  
July 30, 2009  
Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Eldridge Oaks, TDHCA Number 09269**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **4**

Total # Monitored: **2**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **194**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended due to \$2 million cap violation.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Northline Apartment Homes, TDHCA Number 09270**

BASIC DEVELOPMENT INFORMATION

Site Address: N. Side of W. Grenfell Ln. & W. Side of Northline Dr. Development #: 09270  
 City: Houston Region: 6 Population Served: General  
 County: Harris Zip Code: 77076 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Houston North Apartment Homes, LP  
 Owner Contact and Phone: Kenneth Cash, (281) 493-0700  
 Developer: StoneArch Development, Inc.  
 Housing General Contractor: StoneArch Builders, LLC  
 Architect: The Thompson Nelson Group  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: Social Services Management Consultants, Inc.  
 Consultant: S2A Development Consulting, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	172	
	9	0	78	85	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	44	68	60	0	0	
Type of Building:						Total Development Units:	172
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	9
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,988,105	\$1,988,105			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Northline Apartment Homes, TDHCA Number 09270**

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Gallegos, District 6, S

Points: 14 US Representative: Green, District 29, NC

TX Representative: Walle, District 140, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

Little York Addition, Deborah Keyser

Letter Score: 24 S or O: S

Need for more quality multi-family housing in neighborhood.

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official, qualified neighborhood association, and one ineligible neighborhood association.

CONDITIONS OF COMMITMENT



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Northline Apartment Homes, TDHCA Number 09270**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **4**

Total # Monitored: **2**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **203**  Meeting a Required Set-Aside Credit Amount\*: \$1,988,105

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Mason Apartment Homes, TDHCA Number 09272**

BASIC DEVELOPMENT INFORMATION

Site Address: Mason Rd. b/t Franz & Morton Rd. Development #: 09272  
 City: Houston Region: 6 Population Served: Elderly  
 County: Harris Zip Code: 77449 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Mason Senior Apartments, L.P.  
 Owner Contact and Phone: Kenneth Cash, (281) 493-0700  
 Developer: StoneArch Development, Inc.  
 Housing General Contractor: StoneArch Builders, LLC  
 Architect: The Thompson Nelson Group  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: Social Services Management Consultants, Inc.  
 Consultant: S2A Development Consulting, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	120
	6	0	54	60	Market Rate Units:	0
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	42	78	0	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	120
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	8
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,068,324	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Mason Apartment Homes, TDHCA Number 09272**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Patrick, District 7, NC

Points: 0 US Representative: McCaul, District 10, NC

TX Representative: Callegari, District 132, S

Points: 14 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 3

In Opposition: 1

**Quantifiable Community Participation Input:**

North Mason Road Property Owners Association, Thomas Steinweg

Letter Score: 24 S or O: S

For the benefit of the community and neighborhood as well to meet the strong need for senior apartment homes.

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official, non-officials, and qualified neighborhood association. Letter of opposition from non-official citing proximity to other low income housing, lack of public transportation, decreased property values, and a general decline in the area.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Mason Apartment Homes, TDHCA Number 09272**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **4**

Total # Monitored: **2**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **207**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended due to \$2 million cap violation.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Cypress Creek at Calder Drive, TDHCA Number 09276**

BASIC DEVELOPMENT INFORMATION

Site Address: N. Side of FM 517 approx. 1/2 mi W. of FM 646 Development #: 09276  
 City: Dickinson Region: 6 Population Served: General  
 County: Galveston Zip Code: 77539 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Cypress Creek Calder Drive LP  
 Owner Contact and Phone: Stuart Shaw, (512) 220-8000  
 Developer: SSFP CCCD XII LLC  
 Housing General Contractor: Bonner Carrington Construction  
 Architect: Kelly Grossman Architects LLC dba Chiles Architect  
 Market Analyst: O'Connor & Associates  
 Syndicator: Apollo Equity Partners  
 Supportive Services: TBD  
 Consultant: State Street Housing Advisors, LP

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	180		
	10	0	80	90	Market Rate Units:	0		
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>		
	0	36	72	64	8	0		
Type of Building:					Total Development Units:	180		
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/>	5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/>	Detached Residence					Number of Residential Buildings:	9
<input type="checkbox"/> Fourplex	<input type="checkbox"/>	Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/>	Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$2,000,000	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Cypress Creek at Calder Drive, TDHCA Number 09276**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Jackson, District 11, NC

Points: 0

US Representative: Paul, District 14, S

TX Representative: Taylor, District 24, NC

Points: 0

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: **0**

In Opposition: **0**

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 4

Bay Area Turning Point, Inc., S, Diane Savage, LBSW, President and CEO

Cares by Apartment Life, S, Wes Hood, South Central Regional Director

**General Summary of Comment:**

Letter of support from elected official.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Cypress Creek at Calder Drive, TDHCA Number 09276**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **9**

Total # Monitored: **6**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **181**  Meeting a Required Set-Aside Credit Amount\*: **\$0**

Recommendation: Not Recommended due to \$2 million cap violation.

HOME Activity Funds:

Loan Amount: **\$0**

HOME CHDO Operating Expense Grant:

Grant Amount: **\$0**

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Mariposa at Ella Blvd, TDHCA Number 09280**

BASIC DEVELOPMENT INFORMATION

Site Address: Approx. 0.1 mi SE of Southridge Rd. on Ella Blvd. Development #: 09280  
 City: Houston Region: 6 Population Served: Elderly  
 County: Harris Zip Code: 77090 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Mariposa Ella Blvd. LP  
 Owner Contact and Phone: Stuart Shaw, (512) 220-8000  
 Developer: SSFP MEB XIV LLC  
 Housing General Contractor: Bonner Carrington Construction  
 Architect: Kelly Grossman Architects LLC dba Chiles Architect  
 Market Analyst: O'Connor & Associates  
 Syndicator: Apollo Equity Partners  
 Supportive Services: TBD  
 Consultant: State Street Housing Advisors, LP

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	180	
	9	0	81	90	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	93	87	0	0	0	
Type of Building:						Total Development Units:	180
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$19,953,259
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	4
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$2,000,000	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Mariposa at Ella Blvd, TDHCA Number 09280

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Whitmire, District 15, S

Points: 14 US Representative: Jackson Lee, District 18, NC

TX Representative: Harless, District 126, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

O, Jerry Eversole, Commissioner Precinct 4

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Blueridge United Methodist Church, S, Pastor Rodney L. Graves

Cares by Apartment Life, S, Wes Hood, South Central Regional Director

Metropolitan Christian Methodist Episcopal Church, S, Reverent W. Edward Lockett

**General Summary of Comment:**

Letter of support from elected official. Letter of opposition from elected official citing inconsistent with the Harris County Multi-family and senior Apartment Concentration Policy.

CONDITIONS OF COMMITMENT

1. Receipt, review, and acceptance, by cost certification, of documentation verifying that any improvements located in the 100-year floodplain have been constructed as required by the QAP.
2. Receipt, review, and acceptance, by carryover, of documentation that a noise assessment of the site to determine compliance with HUD guidelines has been completed, and that any subsequent recommendations have been implemented.
3. Receipt, review, and acceptance, by carryover, of documentation of a thorough assessment of the site to determine the status of potentially regulated wetland areas, and that any subsequent recommendations have been implemented.
4. Receipt, review and acceptance, by commitment, of a firm commitment from Harris County for the \$2.5M in funds at the terms proposed.
5. Receipt, review and acceptance by cost certification, of a permanent easement providing access and use of the detention pond on the adjacent 3-acre tract.
6. Receipt, review and acceptance by cost certification, of documentation satisfactory to the Underwriter that the 3-acre pond tract has either been conveyed by warranty deed to the MUD or effectively conveyed through a permanent easement and/or perpetual use agreement.
7. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.
8. Receipt of a commitment of funding from Harris County in the amount of \$2,500,000, or a commitment from a qualifying substitute source in an amount not less than \$997,663, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Mariposa at Ella Blvd, TDHCA Number 09280**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **9**

Total # Monitored: **6**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **204**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended due to \$2 million cap violation.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

Real Estate Analysis Division  
Underwriting Report - ADDENDUM

REPORT DATE: 07/07/09 PROGRAM: 9%/HTC FILE NUMBER: 09280

DEVELOPMENT						
Mariposa at Ella Blvd.						
Location: ~ .1 miles southeast of Southridge Road on Ella Blvd.					Region: 6	
City: Houston		County: Harris		Zip: 77090		<input type="checkbox"/> QCT <input checked="" type="checkbox"/> DDA
Key Attributes: Seniors, New Construction, Urban						
ALLOCATION						
	REQUEST			RECOMMENDATION		
TDHCA Program	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$2,000,000			\$1,995,551		
CONDITIONS						
<ol style="list-style-type: none"> <li>1 Receipt, review, and acceptance, by cost certification, of documentation verifying that any improvements located in the 100-year floodplain have been constructed as required by the QAP.</li> <li>2 Receipt, review, and acceptance, by carryover, of documentation that a noise assessment of the site to determine compliance with HUD guidelines has been completed, and that any subsequent recommendations have been implemented.</li> <li>3 Receipt, review, and acceptance, by carryover, of documentation of a thorough assessment of the site to determine the status of potentially regulated wetland areas, and that any subsequent recommendations have been implemented.</li> <li>4 Receipt, review and acceptance, by commitment, of a firm commitment from Harris County for the \$2.5M in funds at the terms proposed.</li> <li>5 Receipt, review and acceptance by cost certification, of a permanent easement providing access and use of the detention pond on the adjacent 3-acre tract.</li> <li>6 Receipt, review and acceptance by cost certification, of documentation satisfactory to the Underwriter that the 3-acre pond tract has either been conveyed by warranty deed to the MUD or effectively conveyed through a permanent easement and/or perpetual use agreement.</li> <li>7 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.</li> </ol>						
ADDENDUM						
<p>The underwriting analysis has been revised to reflect changes to the land cost allocation contained in the underwriting report dated June 12, 2009. These changes were made as a result of the Applicant's appeal request dated June 24, 2009. The Applicant contested the Underwriter to reinstate the full acquisition price of \$1,813,215 of the 13.11 acres as indicated in the original application for the 10 usable acres for the multifamily development. The Applicant provided clarifying information that the 3-acre pond site will be either conveyed or dedicated to, and maintained, by the Municipal Utility District (MUD).</p>						

This section intentionally left blank.

The Underwriter has evaluated the impact of these changes on the financial viability of the transaction based on the re-review of the application and the clarifying information provided. Only those portions of the report that are materially affected by the proposed changes are discussed below. This report should be read in conjunction with the original underwriting report for a full evaluation of the originally proposed development plan and structure.

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:

Pursuant to the Real Estate Analysis Rules ("REA Rules") for identity of interest transactions, the Underwriter is required to use the lesser of the land appraised value or the original acquisition cost plus any holding costs. In this case, the appraised value of \$1,690,000 is less than the acquisition cost is \$1,813,215. The Underwriter originally prorated the appraised value of the total acreage and applied the per acre value to the 10 acres to be used for the multifamily development. This resulted in a land cost of \$1,304,012 in the REA underwriting report.

Upon review of the application and the REA Underwriting Report, the Underwriter has identified inconsistencies in the application with respect to the land acquisition and the detention pond tract. As a result of this review and the Applicant's clarification of the information contained in the original application, the Underwriter has concluded that the land cost as allocated and reported in the original report is in fact understated. The Underwriter concludes that the appraised value should only apply to the 10-acre tract as the 3-acre tract has no residual value to the Related Party as it is already improved with a detention pond that will be conveyed to the MUD.

As such, the Underwriter increased the land cost assumption used in the Underwriter's cost estimate to the full appraised value of \$1,690,000.

**CONCLUSIONS**

Recommended Financing Structure:

As stated in the original report, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. The underwriting analysis assumes an increase in the permanent servicable loan amount to \$3,472,717 based on the terms reflected in the application materials. With the change to the land cost assumption used by the Underwriter, the development's gap in financing decreased from the original underwriting report.

The Applicant's adjusted total development cost estimate less the adjusted permanent loan of \$3,472,717 and \$2.5M in local funds indicates the need for \$14,366,530 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,995,551 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$2M), the revised gap-driven amount (\$1,995,551), and eligible basis-derived estimate (\$2,016,920), the revised gap-driven amount of \$1,995,551 is recommended resulting in proceeds of \$14,366,530 based on a syndication rate of 72%.

The Underwriter's recommended financing structure indicates no need for deferred developer fee.

Should the Applicant not secure the \$2.5M in local funding, this source could be safely replaced with additional permanent financing and/or deferral of developer fees if needed and still remain viable.

Underwriter:	<u>Diamond Unique Thompson</u>	Date:	<u>July 7, 2009</u>
Manager of Real Estate Analysis:	<u>Raquel Morales</u>	Date:	<u>July 7, 2009</u>
Director of Real Estate Analysis:	<u>Brent Stewart</u>	Date:	<u>July 7, 2009</u>

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Mariposa at Ella Blvd., Houston, 9%/HTC #09280**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Applicant	Market	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	4	1	1	760	\$358	\$294	\$1,176	\$281.00	\$815.00	\$0.39	\$64.00	\$50.00
TC 50%	44	1	1	760	\$598	\$534	\$23,496	\$510.00	\$815.00	\$0.70	\$64.00	\$50.00
TC 60%	45	1	1	760	\$717	\$653	\$29,385	\$625.00	\$815.00	\$0.86	\$64.00	\$50.00
TC 30%	5	2	2	1,075	\$431	\$357	\$1,785	\$341.00	\$1,050.00	\$0.33	\$74.00	\$50.00
TC 50%	37	2	2	1,075	\$717	\$643	\$23,791	\$616.00	\$1,050.00	\$0.60	\$74.00	\$50.00
TC 60%	41	2	2	1,075	\$861	\$787	\$32,267	\$753.00	\$1,050.00	\$0.73	\$74.00	\$50.00
TC 60%	4	2	2	1,190	\$861	\$787	\$3,148	\$753.00	\$1,095.00	\$0.66	\$74.00	\$50.00
<b>TOTAL:</b>	<b>180</b>		<b>AVERAGE:</b>	<b>915</b>		<b>\$639</b>	<b>\$115,048</b>			<b>\$0.70</b>	<b>\$68.83</b>	<b>\$50.00</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	164,665	<b>TDHCA</b>		<b>APPLICANT</b>		<b>RURAL</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>						\$1,380,576	\$1,315,488			Harris	Houston	6	
Secondary Income		Per Unit Per Month:	\$15.00		32,400	20,364			\$9.43	Per Unit Per Month			
Other Support Income: garage & storage rental						0	12,036		\$5.57	Per Unit Per Month			
<b>POTENTIAL GROSS INCOME</b>						\$1,412,976	\$1,347,888						
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%		(105,973)	(101,088)			-7.50%	of Potential Gross Income			
Employee or Other Non-Rental Units or Concessions						0							
<b>EFFECTIVE GROSS INCOME</b>						\$1,307,003	\$1,246,800						
<b>EXPENSES</b>				% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI		
General & Administrative		4.47%	\$325	0.35	\$58,411	\$48,725			\$0.30	\$271	3.91%		
Management		5.00%	363	0.40	65,350	62,340			0.38	346	5.00%		
Payroll & Payroll Tax		13.63%	990	1.08	178,175	185,837			1.13	1,032	14.91%		
Repairs & Maintenance		6.72%	488	0.53	87,803	72,000			0.44	400	5.77%		
Utilities		2.84%	207	0.23	37,170	45,000			0.27	250	3.61%		
Water, Sewer, & Trash		4.90%	356	0.39	64,025	68,400			0.42	380	5.49%		
Property Insurance		4.41%	320	0.35	57,633	63,000			0.38	350	5.05%		
Property Tax	2.31707	11.17%	811	0.89	145,975	162,000			0.98	900	12.99%		
Reserve for Replacements		3.44%	250	0.27	45,000	45,000			0.27	250	3.61%		
TDHCA Compliance Fees		0.55%	40	0.04	7,200	7,200			0.04	40	0.58%		
Other: Supportive Services		1.31%	95	0.10	17,143	17,143			0.10	95	1.37%		
<b>TOTAL EXPENSES</b>					58.45%	\$4,244	\$4.64	\$763,886	\$776,645	\$4.72	\$4,315	62.29%	
<b>NET OPERATING INC</b>					41.55%	\$3,017	\$3.30	\$543,117	\$470,155	\$2.86	\$2,612	37.71%	
<b>DEBT SERVICE</b>													
Chase		20.21%	\$1,468	\$1.60	\$264,155	\$264,155			\$1.60	\$1,468	21.19%		
Harris County		7.38%	\$536	\$0.59	96,492	96,492			\$0.59	\$536	7.74%		
Additional Financing		0.00%	\$0	\$0.00	0	0			\$0.00	\$0	0.00%		
<b>NET CASH FLOW</b>					13.96%	\$1,014	\$1.11	\$182,470	\$109,508	\$0.67	\$608	8.78%	
<b>AGGREGATE DEBT COVERAGE RATIO</b>						1.51	1.30						
<b>RECOMMENDED DEBT COVERAGE RATIO</b>						1.35							

<b>CONSTRUCTION COST</b>													
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	REVISED	PER SQ FT	PER UNIT	% of TOTAL			
Acquisition Cost (site or bldg)		8.42%	\$9,389	\$10.26	\$1,690,000	\$1,813,215	\$1,690,000	\$11.01	\$10,073	8.86%			
Off-Sites		0.00%	0	0.00	0	0	0	0.00	0	0.00%			
Sitework		8.07%	8,995	9.83	1,619,100	1,619,100	1,619,100	9.83	8,995	7.91%			
Direct Construction		47.15%	52,568	57.46	9,462,211	9,641,075	9,641,075	58.55	53,562	47.12%			
Contingency	5.00%	2.76%	3,078	3.36	554,066	563,009	563,009	3.42	3,128	2.75%			
Contractor's Fees	14.00%	7.73%	8,619	9.42	1,551,384	1,576,423	1,576,423	9.57	8,758	7.70%			
Indirect Construction		5.47%	6,095	6.66	1,097,150	1,097,150	1,097,150	6.66	6,095	5.36%			
Ineligible Costs		5.27%	5,876	6.42	1,057,597	1,081,824	1,081,824	6.57	6,010	5.29%			
Developer's Fees	15.00%	11.04%	12,314	13.46	2,216,591	2,248,517	2,248,517	13.66	12,492	10.99%			
Interim Financing		2.46%	2,741	3.00	493,360	493,360	493,360	3.00	2,741	2.41%			
Reserves		1.64%	1,827	2.00	328,789	328,789	328,789	2.00	1,827	1.61%			
<b>TOTAL COST</b>					100.00%	\$111,501	\$121.89	\$20,070,247	\$20,462,462	\$20,339,247	\$124.27	\$113,680	100.00%
<b>Construction Cost Recap</b>					65.70%	\$73,260	\$80.08	\$13,186,760	\$13,399,607	\$81.37	\$74,442	65.48%	

<b>SOURCES OF FUNDS</b>							<b>RECOMMENDED</b>		
Chase		14.95%	\$16,667	\$18.22	\$3,000,000	\$3,000,000		\$3,472,717	Developer Fee Available
Harris County		12.46%	\$13,889	\$15.18	2,500,000	2,500,000		2,500,000	\$2,248,517
RBC Capital Markets		71.74%	\$79,992	\$87.44	14,398,560	14,398,560		14,366,530	% of Dev. Fee Deferred
Deferred Developer Fees		2.81%	\$3,133	\$3.42	563,900	563,900		0	0%
Additional (Excess) Funds Req'd		-1.95%	(\$2,179)	(\$2.38)	(392,213)	2		0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>					\$20,070,247	\$20,462,462		\$20,339,247	\$2,430,061



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Mariposa at Ella Blvd., Houston, 9%/HTC #09280*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.25	\$9,097,357
<b>Adjustments</b>				
Exterior Wall Finish	0.00%		\$0.00	\$0
Elderly	3.00%		1.66	272,921
9-Ft. Ceilings	3.00%		1.66	272,921
Roofing			0.00	0
Subfloor			(0.81)	(132,830)
Floor Cover			2.38	391,903
Breezeways/Balconies	\$22.95	41,715	5.81	957,359
Plumbing Fixtures	\$835	261	1.32	217,935
Rough-ins	\$410	360	0.90	147,600
Built-In Appliances	\$1,800	180	1.97	324,000
Exterior Stairs	\$1,875	16	0.18	30,000
Elevators	\$35,400	3	0.64	106,200
Heating/Cooling			1.83	301,337
Garages	\$37.94	2,000	0.46	75,880
Carports	\$9.90	8,000	0.48	79,200
Comm &/or Aux Bldgs	\$70.81	4,540	1.95	321,489
Other: fire sprinkler	\$2.15	164,665	2.15	354,030
<b>SUBTOTAL</b>			<b>77.84</b>	<b>12,817,301</b>
Current Cost Multiplier	1.01		0.78	128,173
Local Multiplier	0.91		(7.01)	(1,153,557)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$71.61</b>	<b>\$11,791,917</b>
Plans, specs, survy, bld prm	3.90%		(\$2.79)	(\$459,885)
Interim Construction Interest	3.38%		(2.42)	(397,977)
Contractor's OH & Profit	11.50%		(8.24)	(1,356,070)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$58.17</b>	<b>\$9,577,984</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$3,000,000	Amort	360
Int Rate	8.00%	DCR	2.06
<b>Secondary</b>	\$2,500,000	Amort	360
Int Rate	1.00%	Subtotal DCR	1.51
<b>Additional</b>	\$14,398,560	Amort	
Int Rate		Aggregate DCR	1.51

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$305,779
Secondary Debt Service	96,492
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$140,846</b>

<b>Primary</b>	\$3,472,717	Amort	360
Int Rate	8.00%	DCR	1.78
<b>Secondary</b>	\$2,500,000	Amort	360
Int Rate	1.00%	Subtotal DCR	1.35
<b>Additional</b>	\$14,398,560	Amort	0
Int Rate	0.00%	Aggregate DCR	1.35

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
<b>INCOME at 2.00%</b>									
POTENTIAL GROSS RENT	\$1,380,576	\$1,408,188	\$1,436,351	\$1,465,078	\$1,494,380	\$1,649,916	\$1,821,641	\$2,011,239	\$2,451,689
Secondary Income	32,400	33,048	33,709	34,383	35,071	38,721	42,751	47,201	57,537
Other Support Income: garage	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,412,976	1,441,236	1,470,060	1,499,461	1,529,451	1,688,637	1,864,392	2,058,439	2,509,226
Vacancy & Collection Loss	(105,973)	(108,093)	(110,255)	(112,460)	(114,709)	(126,648)	(139,829)	(154,383)	(188,192)
Employee or Other Non-Renta	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,307,003</b>	<b>\$1,333,143</b>	<b>\$1,359,806</b>	<b>\$1,387,002</b>	<b>\$1,414,742</b>	<b>\$1,561,989</b>	<b>\$1,724,562</b>	<b>\$1,904,056</b>	<b>\$2,321,034</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$58,411	\$60,163	\$61,968	\$63,827	\$65,742	\$76,213	\$88,352	\$102,424	\$137,649
Management	65,350	66,657	67,990	69,350	70,737	78,099	86,228	95,203	116,052
Payroll & Payroll Tax	178,175	183,521	189,026	194,697	200,538	232,478	269,506	312,431	419,882
Repairs & Maintenance	87,803	90,437	93,150	95,944	98,823	114,563	132,810	153,963	206,913
Utilities	37,170	38,285	39,434	40,617	41,835	48,498	56,223	65,178	87,594
Water, Sewer & Trash	64,025	65,946	67,925	69,962	72,061	83,539	96,844	112,269	150,880
Insurance	57,633	59,362	61,143	62,977	64,866	75,198	87,175	101,059	135,815
Property Tax	145,975	150,355	154,865	159,511	164,297	190,465	220,801	255,969	344,001
Reserve for Replacements	45,000	46,350	47,741	49,173	50,648	58,715	68,067	78,908	106,045
Other	24,343	25,073	25,825	26,600	27,398	31,762	36,821	42,686	57,366
<b>TOTAL EXPENSES</b>	<b>\$763,886</b>	<b>\$786,149</b>	<b>\$809,067</b>	<b>\$832,659</b>	<b>\$856,945</b>	<b>\$989,530</b>	<b>\$1,142,826</b>	<b>\$1,320,089</b>	<b>\$1,762,197</b>
<b>NET OPERATING INCOME</b>	<b>\$543,117</b>	<b>\$546,994</b>	<b>\$550,739</b>	<b>\$554,343</b>	<b>\$557,797</b>	<b>\$572,459</b>	<b>\$581,737</b>	<b>\$583,967</b>	<b>\$558,837</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$305,779	\$305,779	\$305,779	\$305,779	\$305,779	\$305,779	\$305,779	\$305,779	\$305,779
Second Lien	96,492	96,492	96,492	96,492	96,492	96,492	96,492	96,492	96,492
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$140,846</b>	<b>\$144,723</b>	<b>\$148,468</b>	<b>\$152,072</b>	<b>\$155,526</b>	<b>\$170,189</b>	<b>\$179,466</b>	<b>\$181,696</b>	<b>\$156,567</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.35</b>	<b>1.36</b>	<b>1.37</b>	<b>1.38</b>	<b>1.39</b>	<b>1.42</b>	<b>1.45</b>	<b>1.45</b>	<b>1.39</b>

**HTC ALLOCATION ANALYSIS -Mariposa at Ella Blvd., Houston, 9%/HTC #09280**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land - ADJUSTED	\$1,690,000	\$1,690,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,619,100	\$1,619,100	\$1,619,100	\$1,619,100
<b>Construction Hard Costs</b>	\$9,641,075	\$9,462,211	\$9,641,075	\$9,462,211
<b>Contractor Fees</b>	\$1,576,423	\$1,551,384	\$1,576,423	\$1,551,384
<b>Contingencies</b>	\$563,009	\$554,066	\$563,009	\$554,066
<b>Eligible Indirect Fees</b>	\$1,097,150	\$1,097,150	\$1,097,150	\$1,097,150
<b>Eligible Financing Fees</b>	\$493,360	\$493,360	\$493,360	\$493,360
<b>All Ineligible Costs</b>	\$1,081,824	\$1,057,597		
<b>Developer Fees</b>				
Developer Fees	\$2,248,517	\$2,216,591	\$2,248,517	\$2,216,591
<b>Development Reserves</b>	\$328,789	\$328,789		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$20,339,247</b>	<b>\$20,070,247</b>	<b>\$17,238,634</b>	<b>\$16,993,861</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$17,238,634	\$16,993,861
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$22,410,224	\$22,092,019
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$22,410,224	\$22,092,019
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$2,016,920	\$1,988,282

<b>Syndication Proceeds</b>	<b>0.7199</b>	<b>\$14,520,373</b>	<b>\$14,314,197</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$2,016,920</b>	<b>\$1,988,282</b>
<b>Syndication Proceeds</b>		<b>\$14,520,373</b>	<b>\$14,314,197</b>
<b>Requested Tax Credits</b>		<b>\$2,000,000</b>	
<b>Syndication Proceeds</b>		<b>\$14,398,560</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$14,366,530</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,995,551</b>	



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 06/12/09

PROGRAM: 9%/HTC

FILE NUMBER: 09280

**DEVELOPMENT**

Mariposa at Ella Blvd.

Location: ~ .1 miles southeast of Southridge Road on Ella Blvd. Region: 6  
 City: Houston County: Harris Zip: 77090  QCT  DDA  
 Key Attributes: Seniors, New Construction, Urban

**ALLOCATION**

	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$2,000,000			\$1,941,936		

**CONDITIONS**

- 1 Receipt, review, and acceptance, by cost certification, of documentation verifying that any improvements located in the 100-year floodplain have been constructed as required by the QAP.
- 2 Receipt, review, and acceptance, by carryover, of documentation that a noise assessment of the site to determine compliance with HUD guidelines has been completed, and that any subsequent recommendations have been implemented.
- 3 Receipt, review, and acceptance, by carryover, of documentation of a thorough assessment of the site to determine the status of potentially regulated wetland areas, and that any subsequent recommendations have been implemented.
- 4 Receipt, review and acceptance, by commitment, of a firm commitment from Harris County for the \$2.5M in funds at the terms proposed.
- 5 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	9
50% of AMI	50% of AMI	81
60% of AMI	60% of AMI	90

**PROS**

- The non-conventional sources of local financing for this development could be safely replaced by deferral of developer fees if needed.
- The principals of the Applicant have considerable experience and financial resources.

**CONS**

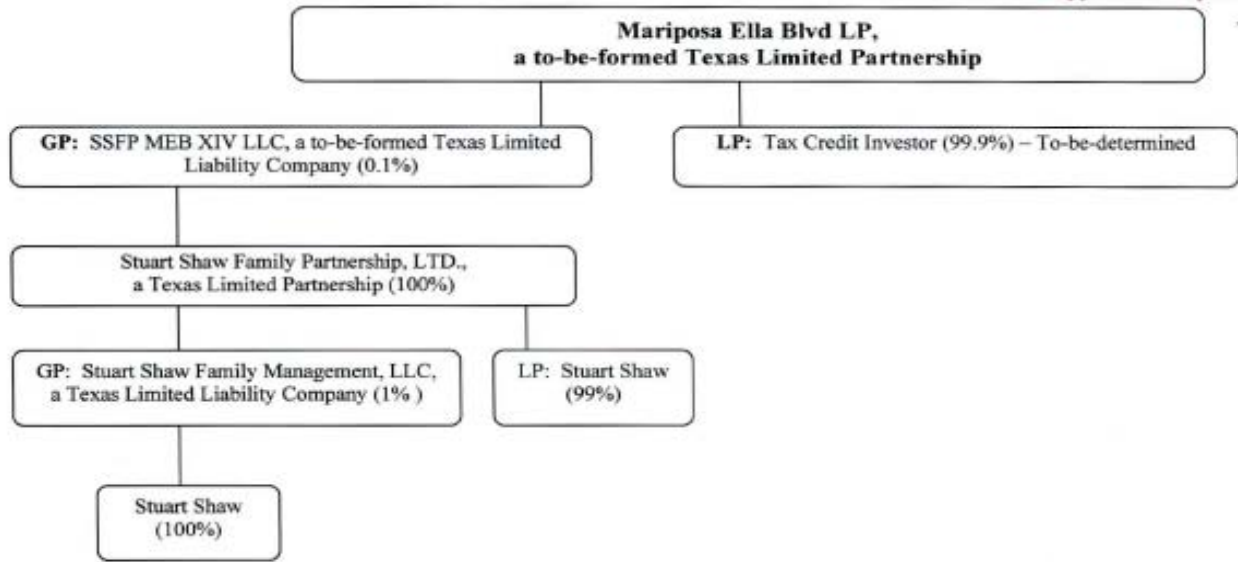
- Demand for the two-bedroom units at 50% and 60% of AMI appears to be minimal based on unit capture rates exceeding 100%.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Stuart Shaw Phone: (512) 220-8000 Fax: (512) 329-9002  
 Email: stuart@bonnercarrington.com

**KEY PARTICIPANTS**

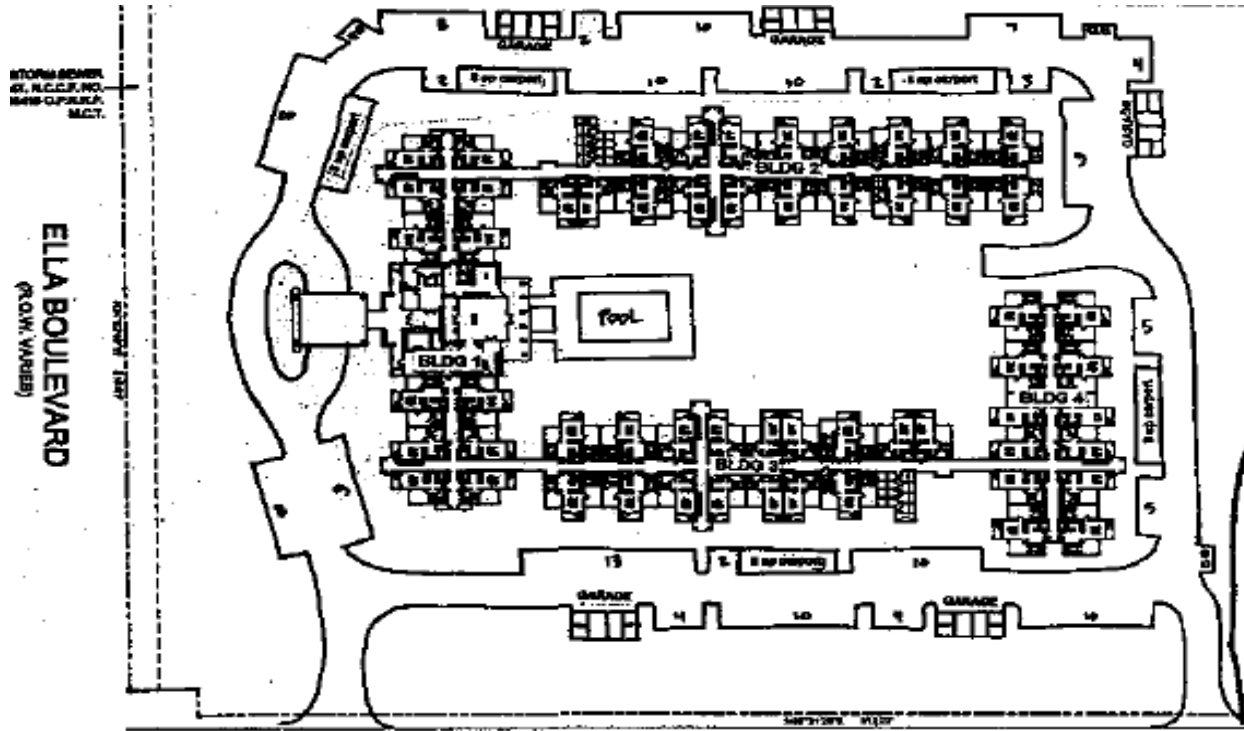
Name	Financial Notes	# Completed Developments
Bonner Carrington, LLC	N/A	None Identified
Bonner Carrington Construction, LLC	N/A	None Identified
Stuart Shaw Family Partnership	N/A	8
Stuart Shaw	CONFIDENTIAL	8

**IDENTITIES of INTEREST**

- The Applicant, Developer, and General Contractor are related entities. These are common relationships for HTC-funded developments.
- The seller is also regarded as a related party to the General Partner. The acquisition price will be based upon the lesser of the declared price, the appraised value, and the original acquisition and holding cost. This is discussed at greater length in the construction cost section of this report.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	I	II	III	IV							Total Buildings
Floors/Stories	3	3	3	3							
Number	1	1	1	1							4

BR/BA	SF	Units								Total Units	Total SF
1/1	760	24	20	31	18					93	70,680
2/2	1,075	12	35	18	18					83	89,225
2/2	1,190	4								4	4,760
Units per Building		40	55	49	36					180	164,665

SITE ISSUES

Total Size: 10 acres      Scattered site?       Yes       No  
 Flood Zone: X, AE      Within 100-yr floodplain?       Yes       No  
 Zoning: N/A      Needs to be re-zoned?       Yes       No       N/A

Comments:

The city of Houston does not have a zoning ordinance.

The FEMA Flood Insurance Rate Map provided with the Phase I ESA indicates that a substantial portion of the development site is located in Flood Hazard Area AE. The Applicant has indicated that floodplain reclamation work has been completed, and the development site is no longer below the flood level. The Applicant expects to receive a Flood Certificate from Harris County documenting this.

According to the 2009 QAP §49.6(a) "Any Development proposing New Construction located within the 100 year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements."

The Applicant has submitted a revised application document indicating that the site is located in the Flood Hazard Area, and that the development will be designed and constructed as required by the QAP. Receipt, review, and acceptance, by cost certification, of documentation verifying that any improvements located in the 100-year floodplain have been constructed as required by the QAP is a condition of this report.

### TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 5/12/2009

Overall Assessment:

Excellent    
 Acceptable    
 Questionable    
 Poor    
 Unacceptable

Surrounding Uses:

North: <u>detention pond &amp; residential uses</u>	East: <u>residential uses</u>
South: <u>detention pond, commercial &amp; residential uses</u>	West: <u>Ella Blvd and commercial uses</u>

### HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Terracon Date: 3/31/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "Terracon did not identify RECs which, in our opinion, warrant additional investigation at this time." (p. iii)
- "Ella Boulevard runs northeast and southwest and is adjoining to the site. In accordance with U.S. Department of Housing and Urban Development guidelines and based on the proximity of a major roadway to the site, Terracon recommends that a noise study be conducted." (p. ii)
- "Review of the NWI map depicted one potential wetland area on the northeastern portion of the site ... it is in the opinion of Terracon that additional investigation be conducted to determine whether or not the potential wetland area on the northeastern portion of the site may be regulated by the United States Army Corps of Engineers (USACE) under the Clean Water Act." (p. iii)

Comments:

Any recommended funding will be subject to receipt, review, and acceptance, by carryover, of documentation that a noise assessment of the site to determine compliance with HUD guidelines has been completed, and that any subsequent recommendations have been implemented.

Any recommended funding will also be subject to receipt, review, and acceptance, by carryover, of documentation of a thorough assessment of the site to determine the status of potentially regulated wetland areas, and that any subsequent recommendations have been implemented.

### MARKET HIGHLIGHTS

Provider: O'Connor & Associates Date: 3/13/2009

Contact: Kenneth Araiza Phone: (713) 686-9955 Fax: N / A

Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA):            25 sq. miles            3 mile equivalent radius

The Primary Market Area is defined as the following census tracts:

482015501	482015502	482015503	482015504	482015505
482015506	482015511	482015530	482015531	482015532
482015533				

The geographic boundaries are the zip code boundaries for 77068 and 77090 to the north; Interstate 45 to the east; Beltway 8 to the south; and Veterans' Memorial Drive to the west.

Secondary Market Area (SMA):

The market study defines the Secondary Market Area (SMA) as the entire City of Houston. While the 2009 Real Estate Analysis Rules set a population limit of 250,000 for a Secondary Market Area "for developments targeting families", there is no such limit stated for senior developments. However, the rules also state that "25% of the Comparable Units from Unstabilized Developments within the Secondary Market Area must be included in the calculation of inclusive capture rate." The Market Analyst discusses the supply in the proposed Secondary Market Area; but the calculation of inclusive capture rate includes demand from the SMA without considering any supply.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Ventana Pointe	09201	98	98	Not Considered			

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
40	\$17,880	\$20,400	\$22,960	\$25,520	\$27,560	\$29,600
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	27	15	0	42	4	0	10%
1 BR/50%	41	20	0	61	44	0	72%
1 BR/60%	53	25	0	78	45	0	58%
2 BR/30%	11	6	0	17	5	0	29%
2 BR/50%	25	12	0	37	37	0	100%
2 BR/60%	39	16	0	55	45	0	82%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	41	9	0	50	4	0	8%
1 BR/50%	40	8	0	48	44	0	91%
1 BR/60%	65	12	0	77	45	0	58%
2 BR/30%	15	3	0	18	5	0	27%
2 BR/50%	18	4	0	21	37	0	173%
2 BR/60%	37	6	0	43	45	0	106%

OVERALL DEMAND					
	Target Households	Household Size	Income Eligible	Tenure	Demand
PMA DEMAND from TURNOVER					turnover
Market Analyst p.				1,188	30% 356
Underwriter	14% 8,309	100% 8,309	29% 2,403	62% 1,492	30% 450

PMA DEMAND from GROWTH						growth				
Market Analyst p.						47				
Underwriter	14%	329	100%	329	29%	95	62%	59	100%	59
SMA DEMAND										
Market Analyst p.						142				
Underwriter						0				
DEMAND from Senior HOMEOWNERS				turnover	growth	SMA DEMAND				
Market Analyst p.				56	104	160				
Underwriter				69	0	69				
DEMAND from OTHER SOURCES						Section 8				
Market Analyst p.						5				
Underwriter						8				

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p.	180	0	0	180	710	25%
Underwriter	180	98	0	278	586	47%

Proposed, Approved, Under Construction, and Unstabilized Comparable Supply:

The market study identifies only one comparable property in the PMA. Ventana Pointe (#09201) is a proposed senior development with 98 units located less than one mile from the subject. The Market Analyst did not include this property in the calculation of an inclusive capture rate because it has a lower priority than the subject application.

Demand Analysis:

Although the market study includes a HISTA Data demographic report that clearly specifies senior households, the Market Analyst determines senior households indirectly by the size of the senior population relative to the adult population. By this method, the market study analysis determines demand for 356 units from renter household turnover, and demand for 47 units from renter household growth.

As explained above, the Market Analyst identifies the entire City of Houston as a Secondary Market Area. The market study analysis identifies 7,161 income-qualified senior renter households in the City of Houston, and 2,686 comparable unstabilized units. The analysis states that a 75% capture rate applied to this SMA data indicates demand for 5,371 units; since the REA rules limit SMA demand to 25% of total demand, the Market Analyst has included demand for 142 units in the calculation of an inclusive capture rate. This methodology does not conform to the REA rules, which require that 25% of the unstabilized comparable supply be included in the capture rate calculation. The underwriting analysis has therefore not considered the Secondary Market Demand.

The Market Analyst also identified demand for 160 units from existing senior homeowners. This amount includes demand for 56 units from turnover of existing owner households, based on a 6.7% rate from the 2000 census data; and demand for 104 units resulting from projected growth in existing owner households.

The underwriting analysis identifies demand for 69 units due to turnover of existing income-qualified senior homeowner households; demand from projected growth of homeowner households is not allowed by the rules and will not be considered.

The Market Analyst identifies additional demand for 5 units from holders of Section 8 Housing Choice Vouchers. The underwriting analysis identifies demand for 8 units from voucher holders.



Based on total demand for 710 units, and a supply consisting of only the 180 subject units, the Market Analyst concludes an inclusive capture rate of 25%. The underwriting analysis identifies total demand for only 586 units, and includes the 98 proposed units at Ventana Pointe, resulting in an inclusive capture rate of 47%. This is within the maximum rate of 75% for developments targeting seniors.

**Primary Market Occupancy Rates:**

"The average rent and occupancies in this submarket are skewed downward somewhat due to the significant number of older projects with a modest level of amenities. The average physical occupancy in the subject's primary market area was reported at 83.84%. Occupancy rates and rental rates for adequately maintained properties in this primary market area have remained healthy over the past few years, with overall stable rental rates." (p. 10)

**Absorption Projections:**

"We project absorption at 10 units a month and the property will stabilize within 7 to 10 months of opening." (p. 12)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	760 SF	30%	\$281	\$294	\$815	\$294	\$521
1 BR	760 SF	50%	\$510	\$534	\$815	\$534	\$281
1 BR	760 SF	60%	\$625	\$653	\$815	\$653	\$162
2 BR	1,075 SF	30%	\$341	\$357	\$1,050	\$357	\$693
2 BR	1,075 SF	50%	\$616	\$643	\$1,050	\$643	\$407
2 BR	1,075 SF	60%	\$753	\$787	\$1,050	\$787	\$263
2 BR	1,190 SF	60%	\$753	\$787	\$1,050	\$787	\$263

**Market Impact:**

"Based on the high occupancy levels of the existing properties in the market, and the lack of good quality affordable housing, along with the recent strong absorption history, we project that the subject property will have minimal sustained negative impact upon the existing apartment market." (p. 12)

**Comments:**

The market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      1      Date of Last Applicant Revision:      6/3/2009

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of May 1, 2009, maintained by Harris County Housing Authority from the 2008 program gross rent limits. Tenants will be required to pay electric & natural gas utility costs only.

Based on the Applicant's intent to charge the maximum program rents, the Underwriter's projected rents were calculated by subtracting tenant-paid utilities from the current 2009 HTC program rents. It should be noted that at the time the application was submitted the 2009 program rent limits were not yet available.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines, and despite the Applicant's use of the lower 2008 program rents, effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      1      Date of Last Applicant Revision:      6/3/2009

The Applicant's revised total annual operating expense projection at \$4,315 per unit is within 5% of the Underwriter's estimate of \$4,244, derived from the TDHCA database, and third-party data sources. The Applicant's revised budget shows property tax to be \$16K higher when compared to the Underwriter's estimate.

Conclusion:

The Applicant's net operating income is not within 5% of the Underwriter's estimates; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proforma and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.35. Therefore, the recommended financing structure reflects an increase in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: O'Connor & Associates Date: 3/10/2009
Number of Revisions: None Date of Last Applicant Revision: N/A
Land Only: 12.96 acres \$1,690,000 As of: 3/10/2009

ASSESSED VALUE

Land Only: 29.49 acres \$1,006,140 Tax Year: 2008
1 acre: \$34,119 Valuation by: Harris CAD
Total Prorata: 10 acres \$341,192 Tax Rate: 2.31707

EVIDENCE of PROPERTY CONTROL

Type: Purchase and Sale Agreement Acreage: 10
Contract Expiration: 9/15/2009 Valid Through Board Date? [checked] Yes [ ] No
Acquisition Cost: \$1,813,215 Other:
Seller: Stuart Shaw Family Partnership, Ltd Related to Development Team? [checked] Yes [ ] No

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:

The Applicant provided a Purchase and Sale Agreement in which Stuart Shaw Family Partnership will purchase a larger 13.11 acre tract from a third party seller, ELOC Venture, LLC for a cost of \$3 per gross square foot or \$130,680 per acre (\$1,713,215 total). The original purchase contract, dated 1/7/09, between Stuart Shaw Family Partnership and Mariposa Ellas Blvd LP reflect that the entire 13.11 acres will be transferred. However, an amendment to the contract, dated 2/1/09, revises the land purchase area to 10 acres +/- subject to a final survey. Subsequently, the 10 acre Subject site will be transferred to Mariposa Keith Harrow LP at a cost of \$1.8M or \$180K per acre.

For all identity of interest transactions the Applicant must provide documentation of the original acquisition cost. Additionally, if the original acquisition cost is less than the cost claimed in the Applicant's cost schedule the Applicant must also provide an appraisal and documentation of any other verifiable holding costs. §1.32(e)(1)(B)(iii) of the 2009 Real Estate Analysis Rules indicates that in no instance will the acquisition cost utilized by the Underwriter exceed the lesser of the original acquisition cost to the seller plus any holding costs, or the "as-is" value conclusion in the submitted appraisal.

Accordingly, the Underwriter has calculated a land acquisition cost for the subject 10 acres by multiplying the original contract price for the 13.11 acres of \$130,680 per acre times the subject 10 acres to achieve a prorated land value of \$1,306,800. Alternatively, the appraised "as-is" land value for 12.96 acres is \$1,690,000, which on a prorated value for the subject 10 acres amounts to \$1,304,012.

In order to reduce the potential excess profit attributed to this transfer of land, the Underwriter's total acquisition cost has been adjusted to reflect the "as-is" value conclusion in the appraisal prorated for the subject 10 acres, or \$1,304,012. If the Applicant's total development costs are otherwise acceptable for the determination of total development costs used for eligible basis, an adjustment to the sources of funds will be made to account for this excess.

**Sitework Cost:**

The Applicant's claimed sitework costs of \$8,995 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

**Direct Construction Cost:**

The Applicant's direct construction cost estimate is \$179K or 2% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

**Contingency & Fees:**

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

**Conclusion:**

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule, adjusted for excess acquisition, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$17,238,634 supports annual tax credits of \$2,016,920. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: 1 Date of Last Applicant Revision: 4/16/2009

Source: Brock Investment Group, Inc. Type: Interim Financing

Principal: \$450,000 Interest Rate: 7.0%  Fixed Term: 15 months

Comments:

The Loan will accrue interest at the greater of seven percent (7%) or prime plus two percent (2%).

Source: Harris County Type: Permanent Financing

Principal: \$2,500,000 Interest Rate: 1.0%  Fixed Amort: 360 months

Comments:

The Applicant provided an Intent to Apply reflecting that these anticipated funds, at the terms proposed, will be applied for through various sources available through Harris County. Any funding recommendation will be conditioned upon receipt, review and acceptance, by Commitment, of a firm commitment from Harris County for the anticipated funds at the terms proposed.

Source: Chase Type: Interim to Permanent Financing  
 Interim: \$8,750,000 Interest Rate: 7.00%  Fixed Term: 24 months  
 Permanent: \$3,000,000 Interest Rate: 8.00%  Fixed Amort: 360 months  
 Comments:

Interim Rate Index: 1 month LIBOR + 650 bps or 7%; Permanent Rate Index: Fixed spread over 10 Yr Treasury. Current indicative of 8%

Source: RBC Capital Markets Type: Syndication  
 Proceeds: \$14,398,560 Syndication Rate: 72% Anticipated HTC: \$ 2,000,000  
 Expiration: 90 days

Comments:  
 Due to the recent volatility in credit pricing, it should be noted, any increase in the final credit price may warrant further adjustment to the credit amount.

Amount: \$563,900 Type: Deferred Developer Fees

### CONCLUSIONS

**Recommended Financing Structure:**

As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. The underwriting analysis assumes an increase in the permanent loan amount to \$3,472,717 based on the terms reflected in the application materials. As a result the development's gap in financing will decrease.

The Applicant's adjusted total development cost estimate less the adjusted permanent loan of \$3,472,717 and \$2.5M in local funds indicates the need for \$13,980,543 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,941,936 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$2M), the gap-driven amount (\$1,941,936), and eligible basis-derived estimate (\$2,016,920), the gap-driven amount of \$1,941,936 is recommended resulting in proceeds of \$13,980,543 based on a syndication rate of 72%.

The Underwriter's recommended financing structure indicates no need for deferred developer fee.

Of note, should the \$2.5M in local financing not be received, these funds could be safely replaced with additional permanent financing and deferral of developer fees if needed and still remain viable.

Underwriter:	<i>Diamond Unique Thompson</i>	Date: <u>June 12, 2009</u>
Manager of Real Estate Analysis:	<i>Raquel Morales</i>	Date: <u>June 12, 2009</u>
Director of Real Estate Analysis:	<i>Brent Stewart</i>	Date: <u>June 12, 2009</u>

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Mariposa at Ella Blvd., Houston, 9%/HTC #09280**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	4	1	1	760	\$358	\$294	\$1,176	\$0.39	\$64.00	\$50.00
TC 50%	44	1	1	760	\$598	\$534	\$23,496	\$0.70	\$64.00	\$50.00
TC 60%	45	1	1	760	\$717	\$653	\$29,385	\$0.86	\$64.00	\$50.00
TC 30%	5	2	2	1,075	\$431	\$357	\$1,785	\$0.33	\$74.00	\$50.00
TC 50%	37	2	2	1,075	\$717	\$643	\$23,791	\$0.60	\$74.00	\$50.00
TC 60%	41	2	2	1,075	\$861	\$787	\$32,267	\$0.73	\$74.00	\$50.00
TC 60%	4	2	2	1,190	\$861	\$787	\$3,148	\$0.66	\$74.00	\$50.00
<b>TOTAL:</b>	<b>180</b>		<b>AVERAGE:</b>	<b>915</b>		<b>\$639</b>	<b>\$115,048</b>	<b>\$0.70</b>	<b>\$68.83</b>	<b>\$50.00</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	164,665	<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>						\$1,380,576	\$1,315,488	Harris	Houston	6
Secondary Income		Per Unit Per Month:	\$15.00			32,400	20,364	\$9.43	Per Unit Per Month	
Other Support Income: garage & storage rental						0	12,036	\$5.57	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>						\$1,412,976	\$1,347,888			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(105,973)	(101,088)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions						0				
<b>EFFECTIVE GROSS INCOME</b>						\$1,307,003	\$1,246,800			

<b>EXPENSES</b>	% OF EGI	PER UNIT	PER SQ FT	<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>
General & Administrative	4.47%	\$325	0.35	\$58,411	\$48,725	\$0.30	\$271	3.91%
Management	5.00%	363	0.40	65,350	62,340	0.38	346	5.00%
Payroll & Payroll Tax	13.63%	990	1.08	178,175	185,837	1.13	1,032	14.91%
Repairs & Maintenance	6.72%	488	0.53	87,803	72,000	0.44	400	5.77%
Utilities	2.84%	207	0.23	37,170	45,000	0.27	250	3.61%
Water, Sewer, & Trash	4.90%	356	0.39	64,025	68,400	0.42	380	5.49%
Property Insurance	4.41%	320	0.35	57,633	63,000	0.38	350	5.05%
Property Tax	2,31707 11.17%	811	0.89	145,975	162,000	0.98	900	12.99%
Reserve for Replacements	3.44%	250	0.27	45,000	45,000	0.27	250	3.61%
TDHCA Compliance Fees	0.55%	40	0.04	7,200	7,200	0.04	40	0.58%
Other: Supportive Services	1.31%	95	0.10	17,143	17,143	0.10	95	1.37%
<b>TOTAL EXPENSES</b>	<b>58.45%</b>	<b>\$4,244</b>	<b>\$4.64</b>	<b>\$763,886</b>	<b>\$776,645</b>	<b>\$4.72</b>	<b>\$4,315</b>	<b>62.29%</b>
<b>NET OPERATING INC</b>	<b>41.55%</b>	<b>\$3,017</b>	<b>\$3.30</b>	<b>\$543,117</b>	<b>\$470,155</b>	<b>\$2.86</b>	<b>\$2,612</b>	<b>37.71%</b>
<b>DEBT SERVICE</b>								
Chase	20.21%	\$1,468	\$1.60	\$264,155	\$264,155	\$1.60	\$1,468	21.19%
Harris County	7.38%	\$536	\$0.59	96,492	96,492	\$0.59	\$536	7.74%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>13.96%</b>	<b>\$1,014</b>	<b>\$1.11</b>	<b>\$182,470</b>	<b>\$109,508</b>	<b>\$0.67</b>	<b>\$608</b>	<b>8.78%</b>

AGGREGATE DEBT COVERAGE RATIO	1.51	1.30
RECOMMENDED DEBT COVERAGE RATIO	1.35	

<b>CONSTRUCTION COST</b>						<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>
Acquisition Cost (site or bldg)	6.62%	\$7,245	\$7.92	\$1,304,012	\$1,813,215	\$11.01	\$10,073	8.86%		
Off-Sites	0.00%	0	0.00	0	0	0.00	0	0.00%		
Sitework	8.23%	8,995	9.83	1,619,100	1,619,100	9.83	8,995	7.91%		
Direct Construction	48.07%	52,568	57.46	9,462,211	9,641,075	58.55	53,562	47.12%		
Contingency	5.00%	2,811	3.06	554,066	563,009	3.42	3,128	2.75%		
Contractor's Fees	14.00%	7,888	8.619	1,551,384	1,576,423	9.57	8,758	7.70%		
Indirect Construction	5.57%	6,095	6.66	1,097,150	1,097,150	6.66	6,095	5.36%		
Ineligible Costs	5.37%	5,876	6.42	1,057,597	1,081,824	6.57	6,010	5.29%		
Developer's Fees	15.00%	11,266	13.46	2,216,591	2,248,517	13.66	12,492	10.99%		
Interim Financing	2.51%	2,741	3.00	493,360	493,360	3.00	2,741	2.41%		
Reserves	1.67%	1,827	2.00	328,789	328,789	2.00	1,827	1.61%		
<b>TOTAL COST</b>	<b>100.00%</b>	<b>\$109,357</b>	<b>\$119.54</b>	<b>\$19,684,260</b>	<b>\$20,462,462</b>	<b>\$124.27</b>	<b>\$113,680</b>	<b>100.00%</b>		
<b>Construction Cost Recap</b>	<b>66.99%</b>	<b>\$73,260</b>	<b>\$80.08</b>	<b>\$13,186,760</b>	<b>\$13,399,607</b>	<b>\$81.37</b>	<b>\$74,442</b>	<b>65.48%</b>		

<b>SOURCES OF FUNDS</b>						<b>RECOMMENDED</b>		
Chase	15.24%	\$16,667	\$18.22	\$3,000,000	\$3,000,000	\$3,472,717	Developer Fee Available	
Harris County	12.70%	\$13,889	\$15.18	2,500,000	2,500,000	2,500,000	\$2,248,517	
RBC Capital Markets	73.15%	\$79,992	\$87.44	14,398,560	14,398,560	13,980,543	% of Dev. Fee Deferred	
Deferred Developer Fees	2.86%	\$3,133	\$3.42	563,900	563,900		0%	
Additional (Excess) Funds Req'd	-3.95%	(\$4,323)	(\$4.73)	(778,200)	2	0	15-Yr Cumulative Cash Flow	
<b>TOTAL SOURCES</b>				<b>\$19,684,260</b>	<b>\$20,462,462</b>	<b>\$19,953,259</b>	<b>\$2,430,061</b>	

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Mariposa at Ella Blvd., Houston, 9%/HTC #09280*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.25	\$9,097,357
<b>Adjustments</b>				
Exterior Wall Finish	0.00%		\$0.00	\$0
Elderly	3.00%		1.66	272,921
9-Ft. Ceilings	3.00%		1.66	272,921
Roofing			0.00	0
Subfloor			(0.81)	(132,830)
Floor Cover			2.38	391,903
Breezeways/Balconies	\$22.95	41,715	5.81	957,359
Plumbing Fixtures	\$835	261	1.32	217,935
Rough-ins	\$410	360	0.90	147,600
Built-In Appliances	\$1,800	180	1.97	324,000
Exterior Stairs	\$1,875	16	0.18	30,000
Elevators	\$35,400	3	0.64	106,200
Heating/Cooling			1.83	301,337
Garages	\$37.94	2,000	0.46	75,880
Carports	\$9.90	8,000	0.48	79,200
Comm &/or Aux Bldgs	\$70.81	4,540	1.95	321,489
Other: fire sprinkler	\$2.15	164,665	2.15	354,030
<b>SUBTOTAL</b>			<b>77.84</b>	<b>12,817,301</b>
Current Cost Multiplier	1.01		0.78	128,173
Local Multiplier	0.91		(7.01)	(1,153,557)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$71.61</b>	<b>\$11,791,917</b>
Plans, specs, survy, bld prm	3.90%		(\$2.79)	(\$459,885)
Interim Construction Interes	3.38%		(2.42)	(397,977)
Contractor's OH & Profit	11.50%		(8.24)	(1,356,070)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$58.17</b>	<b>\$9,577,984</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$3,000,000	Amort	360
Int Rate	8.00%	DCR	2.06

<b>Secondary</b>	\$2,500,000	Amort	360
Int Rate	1.00%	Subtotal DCR	1.51

<b>Additional</b>	\$14,398,560	Amort	
Int Rate		Aggregate DCR	1.51

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$305,779
Secondary Debt Service	96,492
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$140,846</b>

<b>Primary</b>	\$3,472,717	Amort	360
Int Rate	8.00%	DCR	1.78

<b>Secondary</b>	\$2,500,000	Amort	360
Int Rate	1.00%	Subtotal DCR	1.35

<b>Additional</b>	\$14,398,560	Amort	0
Int Rate	0.00%	Aggregate DCR	1.35

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,380,576	\$1,408,188	\$1,436,351	\$1,465,078	\$1,494,380	\$1,649,916	\$1,821,641	\$2,011,239	\$2,451,689
Secondary Income	32,400	33,048	33,709	34,383	35,071	38,721	42,751	47,201	57,537
Other Support Income: garage	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,412,976	1,441,236	1,470,060	1,499,461	1,529,451	1,688,637	1,864,392	2,058,439	2,509,226
Vacancy & Collection Loss	(105,973)	(108,093)	(110,255)	(112,460)	(114,709)	(126,648)	(139,829)	(154,383)	(188,192)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,307,003</b>	<b>\$1,333,143</b>	<b>\$1,359,806</b>	<b>\$1,387,002</b>	<b>\$1,414,742</b>	<b>\$1,561,989</b>	<b>\$1,724,562</b>	<b>\$1,904,056</b>	<b>\$2,321,034</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$58,411	\$60,163	\$61,968	\$63,827	\$65,742	\$76,213	\$88,352	\$102,424	\$137,649
Management	65,350	66,657	67,990	69,350	70,737	78,099	86,228	95,203	116,052
Payroll & Payroll Tax	178,175	183,521	189,026	194,697	200,538	232,478	269,506	312,431	419,882
Repairs & Maintenance	87,803	90,437	93,150	95,944	98,823	114,563	132,810	153,963	206,913
Utilities	37,170	38,285	39,434	40,617	41,835	48,498	56,223	65,178	87,594
Water, Sewer & Trash	64,025	65,946	67,925	69,962	72,061	83,539	96,844	112,269	150,880
Insurance	57,633	59,362	61,143	62,977	64,866	75,198	87,175	101,059	135,815
Property Tax	145,975	150,355	154,865	159,511	164,297	190,465	220,801	255,969	344,001
Reserve for Replacements	45,000	46,350	47,741	49,173	50,648	58,715	68,067	78,908	106,045
Other	24,343	25,073	25,825	26,600	27,398	31,762	36,821	42,686	57,366
<b>TOTAL EXPENSES</b>	<b>\$763,886</b>	<b>\$786,149</b>	<b>\$809,067</b>	<b>\$832,659</b>	<b>\$856,945</b>	<b>\$989,530</b>	<b>\$1,142,826</b>	<b>\$1,320,089</b>	<b>\$1,762,197</b>
<b>NET OPERATING INCOME</b>	<b>\$543,117</b>	<b>\$546,994</b>	<b>\$550,739</b>	<b>\$554,343</b>	<b>\$557,797</b>	<b>\$572,459</b>	<b>\$581,737</b>	<b>\$583,967</b>	<b>\$558,837</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$305,779	\$305,779	\$305,779	\$305,779	\$305,779	\$305,779	\$305,779	\$305,779	\$305,779
Second Lien	96,492	96,492	96,492	96,492	96,492	96,492	96,492	96,492	96,492
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$140,846</b>	<b>\$144,723</b>	<b>\$148,468</b>	<b>\$152,072</b>	<b>\$155,526</b>	<b>\$170,189</b>	<b>\$179,466</b>	<b>\$181,696</b>	<b>\$156,567</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.35</b>	<b>1.36</b>	<b>1.37</b>	<b>1.38</b>	<b>1.39</b>	<b>1.42</b>	<b>1.45</b>	<b>1.45</b>	<b>1.39</b>

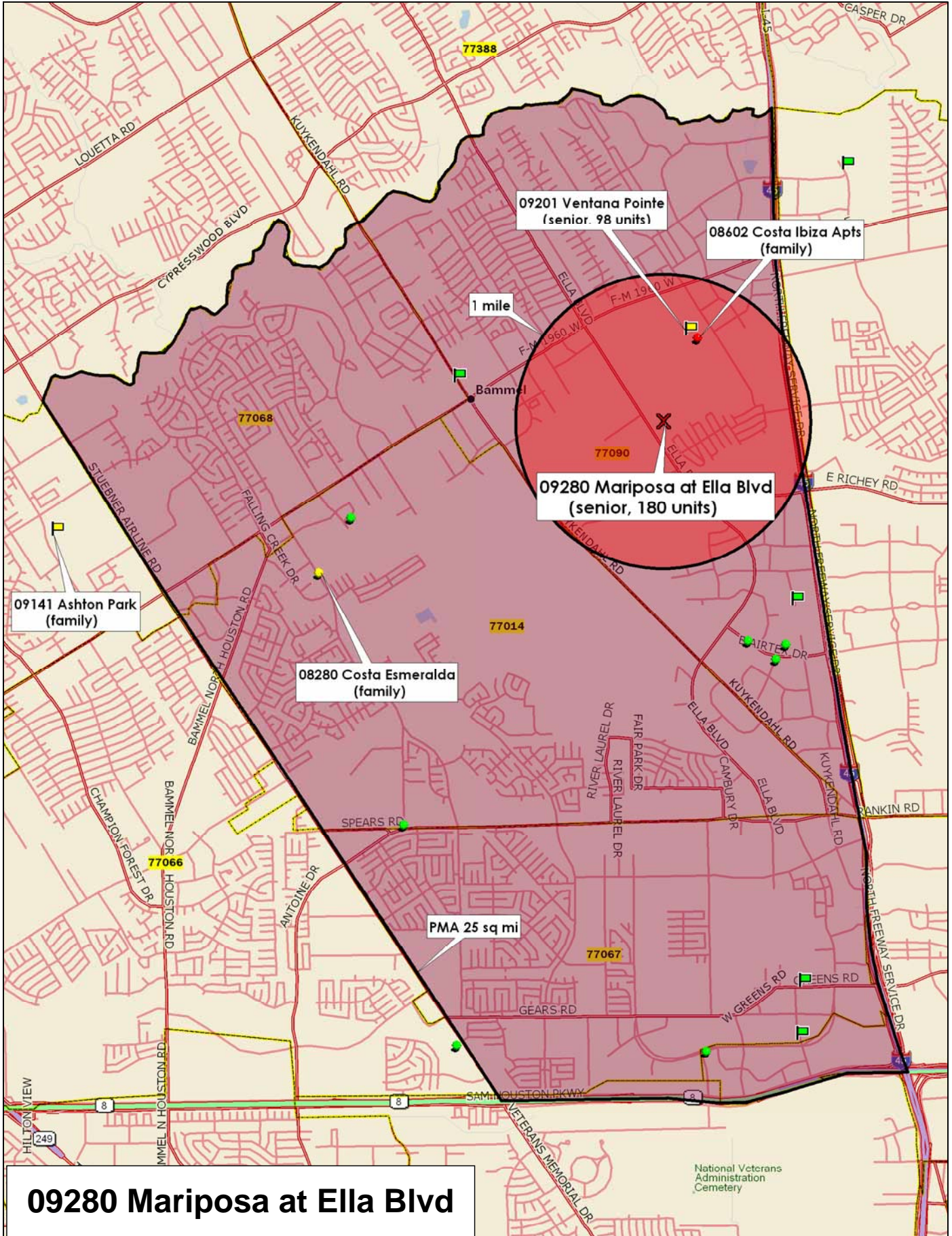
**HTC ALLOCATION ANALYSIS -Mariposa at Ella Blvd., Houston, 9%/HTC #09280**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$1,813,215	\$1,304,012		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,619,100	\$1,619,100	\$1,619,100	\$1,619,100
<b>Construction Hard Costs</b>	\$9,641,075	\$9,462,211	\$9,641,075	\$9,462,211
<b>Contractor Fees</b>	\$1,576,423	\$1,551,384	\$1,576,423	\$1,551,384
<b>Contingencies</b>	\$563,009	\$554,066	\$563,009	\$554,066
<b>Eligible Indirect Fees</b>	\$1,097,150	\$1,097,150	\$1,097,150	\$1,097,150
<b>Eligible Financing Fees</b>	\$493,360	\$493,360	\$493,360	\$493,360
<b>All Ineligible Costs</b>	\$1,081,824	\$1,057,597		
<b>Developer Fees</b>				
Developer Fees	\$2,248,517	\$2,216,591	\$2,248,517	\$2,216,591
<b>Development Reserves</b>	\$328,789	\$328,789		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$20,462,462</b>	<b>\$19,684,260</b>	<b>\$17,238,634</b>	<b>\$16,993,861</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$17,238,634	\$16,993,861
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$22,410,224	\$22,092,019
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$22,410,224	\$22,092,019
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$2,016,920	\$1,988,282

<b>Syndication Proceeds</b>	<b>0.7199</b>	<b>\$14,520,373</b>	<b>\$14,314,197</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$2,016,920</b>	<b>\$1,988,282</b>
<b>Syndication Proceeds</b>		<b>\$14,520,373</b>	<b>\$14,314,197</b>
<b>Requested Tax Credits</b>		<b>\$2,000,000</b>	
<b>Syndication Proceeds</b>		<b>\$14,398,560</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$13,980,543</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,941,936</b>	





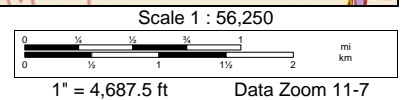
# 09280 Mariposa at Ella Blvd

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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Mariposa at Keith Harrow, TDHCA Number 09281**

BASIC DEVELOPMENT INFORMATION

Site Address: SWQ of Keith Harrow Blvd. & Hwy 6 Development #: 09281  
 City: Houston Region: 6 Population Served: Elderly  
 County: Harris Zip Code: 77084 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Mariposa Keith Harrow Blvd. LP  
 Owner Contact and Phone: Stuart Shaw, (512) 220-8000  
 Developer: SSFP MKH X LLC  
 Housing General Contractor: Bonner Carrington Construction  
 Architect: Kelly Grossman Architects LLC dba Chiles Architect  
 Market Analyst: O'Connor & Associates  
 Syndicator: Apollo Equity Partners  
 Supportive Services: TBD  
 Consultant: State Street Housing Advisors, LP

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	180
	9	0	81	90	Market Rate Units:	0
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	93	87	0	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	180
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	4
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$2,000,000	\$2,000,000			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Mariposa at Keith Harrow, TDHCA Number 09281**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Patrick, District 7, S

Points: 14 US Representative: Culberson, District 7, NC

TX Representative: Callegari, District 132, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

S, Marty Edwards, Cypress-Fairbanks ISD

**Individuals and Businesses:** In Support: **3**

In Opposition: **336**

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Habitat for Humanity, S, Lee Schnell, Executive Director

Cares by Apartment Life, S, Wes Hood, South Central Regional Director

Metropolitan Christian Methodist Episcopal Church, S, Reverent W. Edward Lockett

**General Summary of Comment:**

Letters of support from elected officials, and non-officials. Several letters in opposition citing lack of community amenities, employment opportunities, and fear of traffic congestion.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Mariposa at Keith Harrow, TDHCA Number 09281**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **9**

Total # Monitored: **6**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **204**  Meeting a Required Set-Aside Credit Amount\*: \$2,000,000

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Horizon Meadows Apts, TDHCA Number 09287**

BASIC DEVELOPMENT INFORMATION

Site Address: Approx. 8.7 acres SWC of Main St. & Bayou Rd. Development #: 09287  
 City: La Marque Region: 6 Population Served: General  
 County: Galveston Zip Code: 77568 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Horizon Meadows Apartments, Ltd.  
 Owner Contact and Phone: Rick J. Deyoe, (512) 306-9206  
 Developer: Horizon Meadows Development I, LLC  
 Housing General Contractor: Realtex Construction, LLC  
 Architect: Northfield Design Associates, Inc.  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: PNC Multi Family Capital  
 Supportive Services: Texas Inter-Faith Housing Corporation  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	96
	5	0	44	47	Market Rate Units:	0
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	12	48	36	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Owner/Employee Units:	0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Units:	96
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Total Development Cost*:	\$0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	Number of Residential Buildings:	4
		HOME High Total Units:	0
		HOME Low Total Units:	20

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,294,092	\$1,294,092			
HOME Activity Fund Amount:	\$1,700,000	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Horizon Meadows Apts, TDHCA Number 09287**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Jackson, District 11, S

Points: 14 US Representative: Olson, District 22, NC

TX Representative: Taylor, District 24, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

S, Deanie Barrett, Councilperson District D, City of La  
Marque

**Individuals and Businesses:** In Support: 1 In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 2

Texas First Bank, S, Matthew T. Doyle, Vice Chairman

Texas City La Marque Chamber of Commerce, S, Jimmy Hayley, President of Chamber of  
Commerce

**General Summary of Comment:**

Letters of support from elected officials, local businesses, civic organization, and resolution from the city of La Marque in support.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Horizon Meadows Apts, TDHCA Number 09287**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **16**

Total # Monitored: **13**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **199**  Meeting a Required Set-Aside Credit Amount\*: \$1,294,092

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Villas of Shady Grove, TDHCA Number 09293**

BASIC DEVELOPMENT INFORMATION

Site Address: North FM 963 at Hill St. and Rhomberg St. Development #: 09293  
 City: Burnet Region: 7 Population Served: General  
 County: Burnet Zip Code: 78611 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: HVM Northside, Ltd.  
 Owner Contact and Phone: Dennis Hoover, (512) 756-6809  
 Developer: Dennis Hoover  
 Housing General Contractor: Hoover Construction Company, Inc.  
 Architect: Myriad Designs, Ltd.  
 Market Analyst: Ipser & Associates, Inc.  
 Syndicator: Michel and Associates  
 Supportive Services: WBCO  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	72
	0	0	65	7	Market Rate Units:	8
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	24	40	16	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	80
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	17
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	22
		HOME Low Total Units:	6

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$859,980	\$0			
HOME Activity Fund Amount:	\$2,971,483	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Villas of Shady Grove, TDHCA Number 09293**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Fraser, District 24, NC

Points: 0 US Representative: Conaway, District 11, NC

TX Representative: Aycock, District 54, S

Points: 14 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 1

In Opposition: 29

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Rotary Club of Burnet, S, Gary Wideman, Vice President

Epsilon Sigma Alpha International, S, Nell Sanders, President

Burnet Neighborhood Center, S, Dorothy Johnson, Burnet Neighborhood Center

**General Summary of Comment:**

Letter of support from elected official, non-official, and resolution from city of Burnet in support. Letters of opposition citing increased traffic/safety concerns for the elementary school adjacent to the development, increased crime/drugs, and better use of land would be for school expansion.

**CONDITIONS OF COMMITMENT**





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Villas of Shady Grove, TDHCA Number 09293**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **179**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Northgate Apts and Rhomberg Apts, TDHCA Number 09294**

BASIC DEVELOPMENT INFORMATION

Site Address: 105 Northgate Circle & 806 N. Rhomberg Development #: 09294  
 City: Burnet Region: 7 Population Served: General  
 County: Burnet Zip Code: 78611 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: HVM Burnet N & R, Ltd.  
 Owner Contact and Phone: Dennis Hoover, (512) 756-6809  
 Developer: Dennis Hoover  
 Housing General Contractor: Hoover Construction Company, Inc.  
 Architect: Myriad Designs, Ltd.  
 Market Analyst: Ipser & Associates, Inc.  
 Syndicator: Michel and Associates  
 Supportive Services: WBCO  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	60
	3	0	27	30	Market Rate Units:	0
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	28	32	0	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building	Total Development Units:	60
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input checked="" type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	10
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	10

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$319,092	\$319,092			
HOME Activity Fund Amount:	\$638,140	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Northgate Apts and Rhomberg Apts, TDHCA Number 09294

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Fraser, District 24, NC

Points: 0

US Representative: Conaway, District 11, NC

TX Representative: Aycock, District 54, NC

Points: 0

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

Northgate Tenants Association, William Harrison

Letter Score: 24 S or O: S

We support the tax credit application because several of the proposed upgrades are for a more energy efficient complex. R-15 walls/R30 roof & ceiling.

Rhomberg I Tenants Association, Ameta R Davis

Letter Score: 24 S or O: S

Many of our residents are long term residents, living on fixed incomes, the proposed rehabilitation will not only improve the energy efficiency of units, but lowering the cost of living while at the same time making their home attractive and comfortable. The idea of a community room was exciting to the tenants association because it gives everyone the option of planning events that can involve all residents and bring everyone closer.

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Resolution from the city of Burnet that gives the applicant the right to act on their behalf in applying form HOME funds and directing the City Manager to provide necessary documents to the department.

CONDITIONS OF COMMITMENT



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Northgate Apts and Rhomberg Apts, TDHCA Number 09294**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **64**

Total # Monitored: **59**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **177**  Meeting a Required Set-Aside Credit Amount\*: \$319,092

Recommendation: Competitive in USDA Allocation

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Hillcrest Acres, TDHCA Number 09299**

BASIC DEVELOPMENT INFORMATION

Site Address: 19.9 acres b/w Cuthbert Ave. & Princeton Ave., W. of Midland      Development #: 09299  
 City: Midland      Region: 12      Population Served: General  
 County: Midland      Zip Code: 79703      Allocation: Urban  
 HTC Set Asides:  At-Risk    Nonprofit    USDA    Rural Rescue   HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO    Preservation    General      Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Hillcrest Acres LLC  
 Owner Contact and Phone: Max Schleder, (512) 357-6636  
 Developer: ST Ventures, LLC  
 Housing General Contractor: ST Ventures, LLC  
 Architect: TBD  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: TBD  
 Consultant: S2A Development Consulting, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	93
	5	0	42	46	Market Rate Units:	0
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	0	25	68	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input type="checkbox"/> 5 units or more per building	Total Development Units:	93
<input type="checkbox"/> Triplex	<input checked="" type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	93
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,191,077	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Hillcrest Acres, TDHCA Number 09299

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Seliger, District 31, NC

Points: 0

US Representative: Conaway, District 11, NC

TX Representative: Craddick, District 82, NC

Points: 0

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 147

**Quantifiable Community Participation Input:**

Hillcrest Acres Addition Community POA, Mark Blanton

Letter Score: 24 S or O: S

Our entire block contained in the boundary will greatly benefit from the proposed development. It will create future opportunity for our residents to connect water and sewer supplies as well as grant additional access.

The project, as proposed, shall benefits neighbors aesthetically and help raise all property values affected. We welcome new residents and encourage this type of conscientious development

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Several letters from non-officials in opposition citing increased crime, decreased property values, increased traffic, and the proposed development is not consistent with the current building density.

CONDITIONS OF COMMITMENT



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Hillcrest Acres, TDHCA Number 09299**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **0**

Total # Monitored: **0**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **197**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Gardens at Clearwater Apts, TDHCA Number 09304**

BASIC DEVELOPMENT INFORMATION

Site Address: 400 Blk of Clearwater Paseo Development #: 09304  
 City: Kerrville Region: 9 Population Served: Elderly  
 County: Kerr Zip Code: 78028 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Kerrville Gardens at Clearwater Apartments, LP  
 Owner Contact and Phone: Lucille Jones, (830) 257-5323  
 Developer: Kerrville Gardens of Clearwater Builders, L.L.C  
 Housing General Contractor: G. G. MacDonald, Inc.  
 Architect: A. Ray Payne, A.I.A.  
 Market Analyst: O'Connor & Associates  
 Syndicator: Boston Capital Corporation  
 Supportive Services: J.C. Ventures, L.L.C.  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	80	
	8	0	0	72	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	40	40	0	0	0	
Type of Building:						Total Development Units:	80
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	17
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$903,549	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Gardens at Clearwater Apts, TDHCA Number 09304**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Fraser, District 24, S

Points: 14 US Representative: Smith, District 21, NC

TX Representative: Hilderbran, District 53, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

S, Eugene C. Smith, Mayor of Kerrville

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Partners in Ministry, S, Bill Blackburn, President

Dietert Center, S, Tina Woods, Executive Director

Central Kerrville Development Corporation, S, Ken Bruner, President

**General Summary of Comment:**

Letters of support from elected officials, and local civic organizations.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Gardens at Clearwater Apts, TDHCA Number 09304**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **179**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Canyon Square Village, TDHCA Number 09306**

BASIC DEVELOPMENT INFORMATION

Site Address: 8622 & 8624 N. Loop Rd. Development #: 09306  
 City: El Paso Region: 13 Population Served: General  
 County: El Paso Zip Code: 79907 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Canyon Square , Ltd.  
 Owner Contact and Phone: Ike J. Monty, (915) 599-1245  
 Developer: Investment Builders, Inc.  
 Housing General Contractor: Investment Builders, Inc.  
 Architect: Dimensions Architects, Inc.  
 Market Analyst: Ipser & Associates, Inc.  
 Syndicator: Alliant Capital, Ltd.  
 Supportive Services: Texas Rio Grande Legal Aide  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	104	
	6	0	37	61	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	16	44	40	4	0	
Type of Building:						Total Development Units:	104
<input checked="" type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	15
<input checked="" type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,264,047	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Canyon Square Village, TDHCA Number 09306**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Shapleigh, District 29, S

Points: 14 US Representative: Reyes, District 16, NC

TX Representative: Chávez, District 76, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 1

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 4

Opportunity Center for the Homeless, S, Raymond M. Tullius Jr., Executive Director

TVP Nonprofit Corp, S, David W. Gillooly, Executive Director

**General Summary of Comment:**

Letter of support from elected official and one non-official spoke in support.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Canyon Square Village, TDHCA Number 09306**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **29**

Total # Monitored: **27**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **156**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Due to forward commitments of credits made in 2008, funds available in sub-region are insufficient to award any Application in sub-region.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Medio Springs Ranch Apts, TDHCA Number 09307**

BASIC DEVELOPMENT INFORMATION

Site Address: 1530 Marbach Oaks Development #: 09307  
 City: San Antonio Region: 9 Population Served: General  
 County: Bexar Zip Code: 78245 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Medio Springs, LP  
 Owner Contact and Phone: Stephen J. Poppoon, (210) 682-1500  
 Developer: Hogan Real Estate Services  
 Housing General Contractor: Galaxy Builders, Ltd.  
 Architect: Gonzalez Newell Bender Architects  
 Market Analyst: Apartment Market Data, LLC  
 Syndicator: Red Capital Markets  
 Supportive Services: Home Spring Residential  
 Consultant: Stephen J. Poppoon

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	200
	20	0	20	160	Market Rate Units:	52
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	68	124	60	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	252
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	12
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,340,000	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Medio Springs Ranch Apts, TDHCA Number 09307**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Van De Putte, District 26, S

Points: 14 US Representative: González, District 20, NC

TX Representative: Menéndez, District 124, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter in support from elected officials.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Medio Springs Ranch Apts, TDHCA Number 09307**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **158**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds: Loan Amount: \$0

HOME CHDO Operating Expense Grant: Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**San Gabriel Crossing, TDHCA Number 09310**

BASIC DEVELOPMENT INFORMATION

Site Address: 155 Hillcrest Ln. Development #: 09310  
 City: Liberty Hill Region: 7 Population Served: General  
 County: Williamson Zip Code: 78642 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Liberty Hill THF Housing, L.P.  
 Owner Contact and Phone: Mark Mayfield, (830) 693-4521  
 Developer: THF Development Company, LLC  
 Housing General Contractor: Nash Builders, Ltd.  
 Architect: Cameron Ahead, Architect, Inc.  
 Market Analyst: O'Connor & Associates  
 Syndicator: PNC Multi Family Capital  
 Supportive Services: TBD  
 Consultant: Diana McIver & Associates, Inc.

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	71
	4	0	32	35	Market Rate Units:	5
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	12	32	32	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	76
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	11
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$928,369	\$928,369			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**San Gabriel Crossing, TDHCA Number 09310**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Ogden, District 5, S

Points: 14 US Representative: Carter, District 31, NC

TX Representative: Gattis, District 20, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 1

In Opposition: 1

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

Liberty Hill Morning Lions Club, S, Jimmy Oliver, President

Liberty Hill Chamber of Commerce, S, David Pope, Chairman of the Board

Over The Hill Gang, S, Charlotte West, President

**General Summary of Comment:**

Letter of support from elected official and from non-official. Letter of opposition from non-official citing lack of amenities in the vicinity.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**San Gabriel Crossing, TDHCA Number 09310**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **11**

Total # Monitored: **10**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **199**  Meeting a Required Set-Aside Credit Amount\*: \$928,369

Recommendation: Recommended because without this award included, this sub-region's allocation shortfall would have been a significant portion of their total targeted sub-regional allocation when Rural tax credits are collapsed.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Deerbrook Place Apts, TDHCA Number 09311**

BASIC DEVELOPMENT INFORMATION

Site Address: 19700 Blk of the W. Side of Deerbrook Park Blvd. Development #: 09311  
 City: Houston Region: 6 Population Served: Elderly  
 County: Harris Zip Code: 77338 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: HFI Deerbrook Place Apartment, L.P.  
 Owner Contact and Phone: William D. Henson, (713) 334-5808  
 Developer: HFI Deerbrook Place Developers, L.L.C.  
 Housing General Contractor: HFI Deerbrook Place Contractors, L.L.C.  
 Architect: Mucasey & Associates Architects  
 Market Analyst: O'Connor & Associates  
 Syndicator: Bank of America  
 Supportive Services: Texas Inter-Faith Housing Corporation  
 Consultant: LBK, Ltd

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	159
	0	0	72	87	Market Rate Units:	0
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	93	66	0	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	159
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	18
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$2,000,000	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Deerbrook Place Apts, TDHCA Number 09311**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Patrick, District 7, NC

Points: 0

US Representative: Poe, District 2, NC

TX Representative: Riddle, District 150, S

Points: 0

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

S, Wanda Bamberg, Superintendent, Aldine ISD

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 0

**General Summary of Comment:**

Letter of support from ISD, elected official, and ineligible neighborhood association.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Deerbrook Place Apts, TDHCA Number 09311**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **141**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Villas at El Dorado Apts, TDHCA Number 09312**

BASIC DEVELOPMENT INFORMATION

Site Address: 200 Blk of W. El Dorado Blvd. Development #: 09312  
 City: Houston Region: 6 Population Served: Elderly  
 County: Harris Zip Code: 77546 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: KGR Villas at El Dorado Apartment, L.P.  
 Owner Contact and Phone: Ken Brinkley, (281) 467-3847  
 Developer: KGR Villas at El Dorado Developers, L.L.C.  
 Housing General Contractor: KGR Villas at El Dorado Contractors, L.L.C.  
 Architect: Mucasey & Associates Architects  
 Market Analyst: O'Connor & Associates  
 Syndicator: Bank of America  
 Supportive Services: Texas Inter-Faith Housing Corporation  
 Consultant: LBK, Ltd.

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	159	
	0	0	72	87	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	93	66	0	0	0	
Type of Building:						Total Development Units:	159
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	18
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$2,000,000	\$2,000,000			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Villas at El Dorado Apts, TDHCA Number 09312**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Jackson, District 11, NC

Points: 0

US Representative: Olson, District 22, NC

TX Representative: Davis, District 129, S

Points: 14

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 0

Westminster Presbyterian Church, S, Bill Combs, Pastor

**General Summary of Comment:**

Letter of support from elected official, ineligible neighborhood association, and civic organization.

**CONDITIONS OF COMMITMENT**





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Villas at El Dorado Apts, TDHCA Number 09312**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **155**  Meeting a Required Set-Aside Credit Amount\*: \$2,000,000

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Hampshire Court Apts, TDHCA Number 09313**

BASIC DEVELOPMENT INFORMATION

Site Address: 3400 Blk of S. Burke Dr. near Vista Rd. Development #: 09313  
 City: Pasadena Region: 6 Population Served: Elderly  
 County: Harris Zip Code: 77504 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Hampshire Court Apartment, L.P.  
 Owner Contact and Phone: J. Steve Ford, (713) 334-5514  
 Developer: Hampshire Court Developers. L.L.C.  
 Housing General Contractor: Hampshire Court Contractors, L.L.C.  
 Architect: Mucasey & Associates Architects  
 Market Analyst: O'Connor & Associates  
 Syndicator: Bank of America  
 Supportive Services: Texas Inter-Faith Housing Corporation  
 Consultant: LBK, Ltd.

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	159	
	0	0	72	87	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	93	66	0	0	0	
Type of Building:						Total Development Units:	159
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	18
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$2,000,000	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Hampshire Court Apts, TDHCA Number 09313**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Jackson, District 11, S

Points: 14 US Representative: Olson, District 22, NC

TX Representative: Legler, District 144, NC

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0

In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected official and ineligible neighborhood association.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Hampshire Court Apts, TDHCA Number 09313**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **150**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Taylor Farms, TDHCA Number 09314**

BASIC DEVELOPMENT INFORMATION

Site Address: 32 Pinnacle Park Blvd. Development #: 09314  
 City: Dallas Region: 3 Population Served: General  
 County: Dallas Zip Code: 75211 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: TF Development, LP  
 Owner Contact and Phone: Jason Hutton, (214) 205-7492  
 Developer: GFD Opportunity I, LLC  
 Housing General Contractor: KWA Construction  
 Architect: RTKL Associates, Inc.  
 Market Analyst: Ipser & Associates, Inc.  
 Syndicator: WNC & Associates, Inc.  
 Supportive Services: TBD  
 Consultant: Anderson Capital, LLC

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	144
	16	0	14	114	Market Rate Units:	16
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	48	88	24	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	160
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	7
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,879,930	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Taylor Farms, TDHCA Number 09314**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: West, District 23, NC

Points: 0 US Representative: Sessions, District 32, NC

TX Representative: Alonzo, District 104, S

Points: 14 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

S, Kenneth A Mayfield Cty. Commissioner, District 4

**Individuals and Businesses:** In Support: **1** In Opposition: **0**

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letter of support from elected officials, resolution from city in support, and letter from ineligible neighborhood association. One non-official spoke requesting more information.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Taylor Farms, TDHCA Number 09314**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **176**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Canyons Retirement Community, TDHCA Number 09315**

BASIC DEVELOPMENT INFORMATION

Site Address: 2200 W. 7th Ave. Development #: 09315  
 City: Amarillo Region: 1 Population Served: Elderly  
 County: Potter Zip Code: 79106 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Canyons Senior Living, L.P.  
 Owner Contact and Phone: Jan Thompson, (512) 329-6716  
 Developer: Sears Methodist Retirement System, Inc.  
 Housing General Contractor: Western Builders of Amarillo, Inc.  
 Architect: Dekker/Perich/Sabatini  
 Market Analyst: Integra Realty Resources  
 Syndicator: PNC Multi Family Capital  
 Supportive Services: Sears Panhandle Retirement Corporation  
 Consultant: Diana McIver & Associates, Inc.

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	106	
	12	0	0	93	Market Rate Units:	5	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	2	71	38	0	0	0	
Type of Building:						Total Development Units:	111
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$11,181,371
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	1
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,025,960	\$1,025,960			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Canyons Retirement Community, TDHCA Number 09315

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

State and Federal Officials with Jurisdiction:

TX Senator: Seliger, District 31, S

Points: 14 US Representative: Thornberry, District 13, NC

TX Representative: Swinford, District 87, NC

Points: 0 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: NC

Resolution of Support from Local Government

Individuals and Businesses: In Support: 2

In Opposition: 0

Quantifiable Community Participation Input:

Resident Association Council, David T. McReynolds

Letter Score: 24 S or O: S

Support for this application came at a General meeting, January 2009, at which time all residents unanimously gave their approval. To provide safe and adequate housing; repairs and or replacements to current heating, air-conditioning, hot water, plumbing and appliances are of urgent need.

Community Input Other than Quantifiable Community Participation Input:

General Summary of Comment:

Letter of support from elected official, qualified neighborhood association, and two non-officials spoke in favor as well.

CONDITIONS OF COMMITMENT

- 1. Board acceptance of the Applicant's revised direct construction cost estimate without an updated PCA to support the higher estimate.
2. Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Amarillo clearly stating the terms of the CDBG funds.
3. Any funding recommendation will be subject to receipt, review, and acceptance, by carryover, of documentation that a comprehensive asbestos survey has been completed, and that any subsequent recommendations have been implemented.
4. Receipt, review, and acceptance, by carryover, of a statement from the ESA provider clearly specifying whether any further action is recommended regarding lead-based paint and lead in the drinking water.
5. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.
6. Receipt of a commitment of funding from the City of Amarillo in the amount of \$650,000, or a commitment from a qualifying substitute source in an amount not less than \$559,069, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Canyons Retirement Community, TDHCA Number 09315**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **0**

Total # Monitored: **0**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **217**  Meeting a Required Set-Aside Credit Amount\*: \$1,025,960

Recommendation: Has a competitive score within its allocation type and region

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/22/09 PROGRAM: 9%/HTC FILE NUMBER: 09315

**DEVELOPMENT**

The Canyons Retirement Community

Location: 2200 West 7th Avenue Region: 1  
 City: Amarillo County: Potter Zip: 79106  OCT  DDA  
 Key Attributes: Elderly, Multifamily, Urban, Acquisition/Rehabilitation

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,025,960			\$1,025,960		

**CONDITIONS**

- Board acceptance of the Applicant's revised direct construction cost estimate without an updated PCA to support the higher estimate.
- Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Amarillo clearly stating the terms of the CDBG funds.
- Any funding recommendation will be subject to receipt, review, and acceptance, by carryover, of documentation that a comprehensive asbestos survey has been completed, and that any subsequent recommendations have been implemented.
- Receipt, review, and acceptance, by carryover, of a statement from the ESA provider clearly specifying whether any further action is recommended regarding lead-based paint and lead in the drinking water.
- Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	12
60% of AMI	60% of AMI	93

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STRENGTHS/MITIGATING FACTORS

- Going-in DCR of 1.22 times.
  
- Principals of the Applicant have LIHTC development experience.

WEAKNESSES/RISKS

- Applicant's expense to income ratio is within 0.1% of the maximum 65% guideline caused by deep rent targeting indicating risk that the property could not withstand protracted periods of no rent growth (DCR over proforma period is constant).
  
- 60% AMI units are at market rent subjecting the development to some market risk.

**PREVIOUS UNDERWRITING REPORTS**

The applicant submitted an application for the subject development in 2006 (TDHCA #060098); which did not score high enough to be underwritten.

(TDHCA #07219) was submitted and underwritten in March 2007 for 9% Tax Credits. The underwriting analysis recommended the project be approved for Housing Tax Credits in the amount of \$876,745 subject to the following conditions:

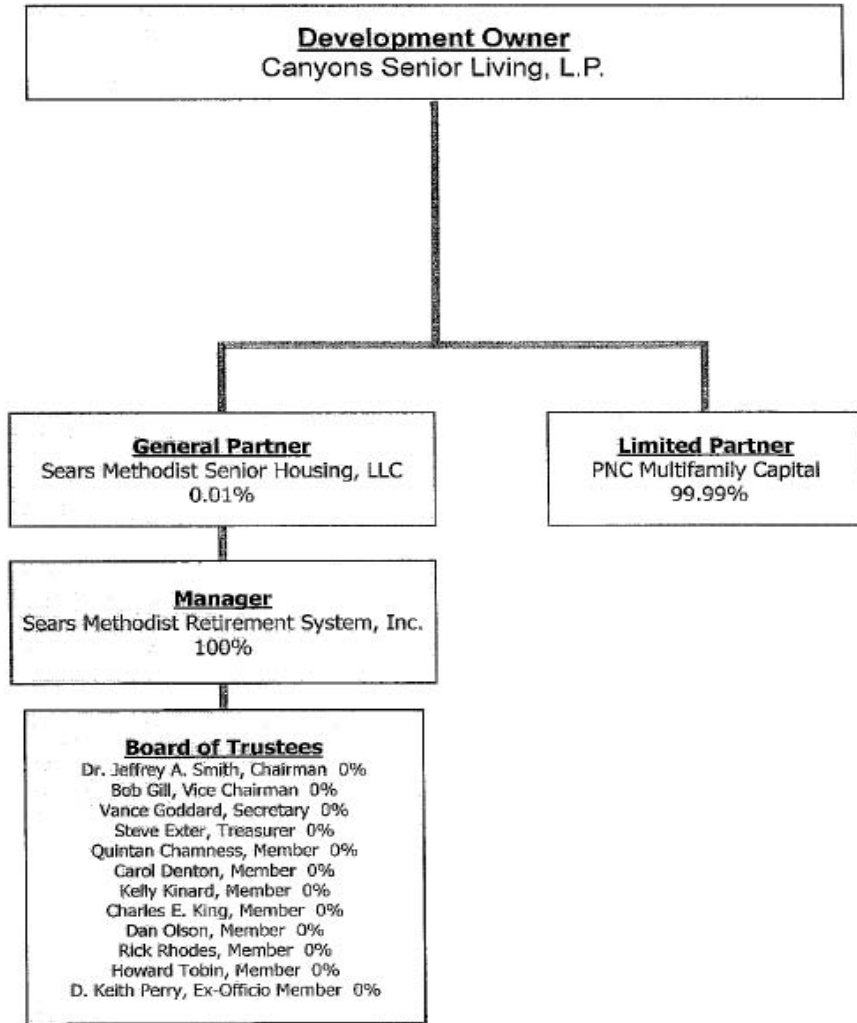
- Receipt, review and acceptance by cost certification of proper abatement of asbestos and lead-based paint in compliance with O & M plans and federal and state regulations is required as it relates to renovation and demolition at the subject Site.
  
- Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

The applicant subsequently returned the 2007 credits during the Board approved amnesty period to enable them to reapply for a 2009 allocation.

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**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Jan Thompson Phone: (512) 329-6716 Fax: (512) 329-0933  
 Email: jsthompson@sears-methodist.com

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Sears Methodist Retirement System	N/A	2
Diana McIver & Associates	N/A	24

**IDENTITIES of INTEREST**

- o The Applicant, Developer, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.
- o The seller is regarded as a related party due to the proposed 14-year seller financing. This has been addressed in the acquisition cost section of this report by ensuring that the sales price is not more than their investment in the property and that no developer fee for acquisition is being garnered.



**SITE ISSUES**

Total Size: 4.245 acres Scattered site?  Yes  No  
 Flood Zone: Zone X Within 100-yr floodplain?  Yes  No  
 Zoning: Light Industrial Needs to be re-zoned?  Yes  No  N/A  
 Comments:  
 Multifamily use is a legal use within the I-1 zoning designation according to Section 4-10-82 of the Amarillo Zoning Ordinance.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff Date: 4/8/2009  
 Overall Assessment:  
 Excellent  Acceptable  Questionable  Poor  Unacceptable  
 Surrounding Uses:  
 North: 5 A's Antiques, Commercial East: Old Town Apts, Res. & Comm.  
 South: Gideon Offices, Res. & Comm. West: Storage Units, Res. & Comm.

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: EcoSystems Environmental Inc. Date: 2/26/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

- "According to a previous ESA conducted by ESEI dated March 6, 2006, ESEI conducted a limited sampling and analysis of suspect asbestos-containing material (ACM) in readily accessible portions of the buildings at the Site ... Analysis of the samples collected indicated that nine of the sixteen samples contained regulated amounts of ACM. The identified ACM consisted of floor tile, floor tile mastic, and thermal system insulation. ESEI identified these materials at the time of the site visit. These materials were assessed to be in good condition at the time of the site visit. ESEI believes that the presence of ACM at the Site constitutes a REC.

These materials were recommended to be managed under an Asbestos Operations & Maintenance Program at the Site ... based upon the completion of the O&M Programs, no further action is required regarding these recommendations. However, in the event renovation or demolition activities are scheduled, further asbestos testing must be performed in the areas of renovation or demolition to comply with applicable federal and state regulations." (Executive Summary)

- "According to a previous ESA conducted by ESEI dated March 6, 2006, ESEI conducted a limited sampling of suspect lead-based paint (LBP) in readily accessible portions of the buildings at the Site ... Analysis of the samples indicated three of the fifty-five samples contained regulated amounts of LBP. LBP was identified on the interior walls in the basement custodial room and on a handrail located in the stairwell at the Site during this sampling program. This LBP was assessed to be in good condition at the time of the site visit.

According to the previous Phase I ESA conducted by ESEI, these materials were recommended to be managed under a lead based paint Operations & Maintenance Program at the Site ... based upon the completion of the O&M program, no further action is required regarding these recommendations." (Executive Summary)

Comments:

The subject development received an award of tax credits in 2007; those credits have been returned and the subject is reapplying as part of the 2009 cycle. On February 5, 2009 the Board approved the use of the Phase I Environmental Assessment from 2007 for purposes of the current applications.

This section intentionally left blank.

Any funding recommendation will be subject to receipt, review, and acceptance, by carryover, of documentation that a comprehensive asbestos survey has been completed, and that any subsequent recommendations have been implemented.

### MARKET HIGHLIGHTS

Provider: Integra Date: 2/6/2007  
 Contact: Charles Bissell Phone: (972) 960-1222 Fax: N / A  
 Number of Revisions: none Date of Last Applicant Revision: N / A

The subject development received an award of tax credits in 2007; those credits have been returned and the subject is reapplying as part of the 2009 cycle. On February 5, 2009 the Board approved the use of the Market Study from 2007 for purposes of the current application. The market analysis has therefore been evaluated according to the 2007 guidelines under which the market study was prepared.

Primary Market Area (PMA): 647 sq. miles 14 mile equivalent radius

The Primary Market Area is defined by Zip Codes 79124, 79106, 79109, 79121, 79110, 79119, 79103, 79104, 79107, 79118, 79108, and 79111. The market study indicates the senior population in 2006 was 44,238; overall population is not provided. Based on the household population data, it appears the PMA exceeds the current limit on total population to 100,000; however, the market study was prepared when the subject application was first submitted in 2007, at which time the population limit for a development targeting seniors was 250,000. The Underwriter estimates the overall population in 2008 to be approximately 200,000, including 27,105 senior households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units <sup>25%</sup>
Jason Ave Residential	08414	252	96	none			

INCOME LIMITS						
Potter						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$11,600	\$13,300	\$14,950	\$16,600	\$17,950	\$19,250
40	\$15,480	\$17,680	\$19,920	\$22,120	\$23,880	\$25,640
50	\$19,350	\$22,100	\$24,900	\$27,650	\$29,850	\$32,050
60	\$23,220	\$26,520	\$29,880	\$33,180	\$35,820	\$38,460

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
0 BR/30%	62	6	0	68	2	0	3%
1 BR/30%	51	5	0	56	10	0	18%
1 BR/60%	125	12	0	137	60	0	44%
2 BR/60%	78	15	0	93	33	0	35%

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UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
0 BR/30%	16	1	0	17	2	0	12%
1 BR/30%	127	7	0	134	10	0	7%
1 BR/60%	177	14	0	191	60	50	58%
2 BR/60%	88	6	0	95	33	46	84%

OVERALL DEMAND							
	Target Households	Household Size	Income Eligible	Tenure	Demand		
PMA DEMAND from TURNOVER						turnover	
Market Analyst p. 66					50%	315	
Underwriter	2,629	0%	0	0%	2,629	33%	862
PMA DEMAND from GROWTH						growth	
Market Analyst p. 66						38	
Underwriter	763	0%	763	0%	228	33%	75
INCLUSIVE CAPTURE RATE							
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate	
Market Analyst p. 66	105	0	0	105	353	<b>30%</b>	
Underwriter	105	96	0	201	324	<b>62%</b>	

Proposed, Under Construction, and Unstabilized Comparable Supply:

The market study reports no unstabilized comparable units in the PMA that would impact the inclusive capture rate. However, the market study was prepared when the subject application was first submitted in 2007. Since then, the Department has approved Jason Avenue Residential (#08414), an intergenerational tax exempt bond development located about 3 miles northeast of the subject. The 96 senior units at Jason Avenue must be included in the capture rate for the subject.

Supply and Demand Analysis:

The Market Analyst provides separate calculations of demand for each unit size and income restriction, and simply adds up the results to determine total demand. This does not conform to TDHCA requirements for an overall demand calculation; this method tends to overstate demand because many households qualify under more than one income band, and for more than one unit size.

The market study reports total demand for 315 units due to household turnover, and total demand for 38 units due to household growth. Considering a supply of only the 105 restricted units at the subject, the Market Analyst concludes a capture rate of 30%.

The underwriting analysis identifies demand for 249 units due to household turnover, and demand for 75 units due to household growth. Total demand for 324 units, and a total supply of 201 units (105 at the subject and 96 at Jason Avenue) indicates an inclusive capture rate of 62%. This is below the maximum capture rate of 75% for developments targeting seniors.

Primary Market Occupancy Rates:

The market study presents occupancy data for approximately 80 properties. The average occupancy level for all rental properties within the PMA at the time of the market study was 96%.

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Absorption Projections:

"The most recently constructed property within the PMA, Winchester Apartments, opened in March 2006 and is reporting occupancy of 98%. Based upon conversations with leasing representatives, a period of 6 months was needed to reach 98% occupancy. This project, based on the 256 units, projects an absorption of approximately 42 units per month." (p. 52)

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market	
0 BR 279 SF 30%	\$282	\$290	\$425	\$290	\$135	
1 BR 374 SF 30%	\$303	\$311	\$500	\$311	\$189	
1 BR 457 SF 60%	\$550	\$621	\$560	\$560	\$0	
1 BR 602 SF EO	\$600	N / A	\$630	\$600	\$30	
1 BR 625 SF 60%	\$606	\$621	\$640	\$621	\$19	
1 BR 708 SF 60%	\$606	\$621	\$725	\$621	\$104	
2 BR 638 SF 60%	\$620	\$747	\$640	\$640	\$0	
2 BR 703 SF 60%	\$680	\$747	\$675	\$675	\$0	
2 BR 788 SF 60%	\$727	\$747	\$715	\$715	\$0	
2 BR 1,011 SF MR	\$850	N / A	\$870	\$850	\$20	
2 BR 1,197 SF MR	\$850	N / A	\$970	\$850	\$120	

Market Impact:

"The subject is located in an area with average occupancy levels, average rents, and two new projects forecast to come online within the next 24 months ... Demand for "seniors only" LIHTC units on an annual basis is 344 units ... The indicated Inclusive Capture Rate of 29.7% is below the maximum permitted concentration capture rate for "seniors only" projects, which is 75%. The subject is currently 100% occupied and is considered stabilized. Thus, we conclude there to be sufficient unmet demand to support the subject." (p. 91)

Comments:

The 2007 market study states that the subject is 100% occupied. However, the rent roll provided with the current application indicates 25 vacant units, or 78% occupancy. Moreover, since the subject is not currently rent or income restricted, it is unknown how many current tenants will qualify under the proposed restrictions. Nevertheless, the information provided in the market study has enabled the underwriting analysis to conclude that there is sufficient demand in the market area to support the subject.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions: None      Date of Last Applicant Revision: N/A

The Applicant's projected rents are the 2008 program gross rent limits. All utility bills will be paid by the development. The Underwriter utilized the lesser of the Market Analyst's market rent conclusion or the 2009 program rents.

The Applicant's vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines; however, secondary income assumptions are not, as the Applicant included an additional \$14 per unit over the \$15 guideline. The Applicant indicates that this revenue would be from parking, storage and other commercial space.

Moreover, for the market rate units the Applicant chose not to anticipate the rents quoted by the Market Analyst as achievable but rather utilized rents that are \$20 to \$120 less. If the Applicant were able to collect the estimated market rents for these units as indicated by the Market Analyst, an additional \$3,600 in rental income could be achieved per year.

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Expense:    Number of Revisions:    2    Date of Last Applicant Revision:    6/18/2009

The Applicant's total annual operating expense projection at \$4,514 per unit is within 5% of the Underwriter's estimate of \$4,368, derived from actual operating history of the development, the TDHCA database, and third-party data sources. The Applicant's revised budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: General & Administrative (\$8K lower), Payroll and Payroll Tax (\$24K higher), Water, Sewer & Trash (\$9K lower), and Property Insurance (\$16K higher).

The managing member and sole owner of the general partner is a non-profit entity that may qualify for a 50% or 100% property tax exemption. Both the Underwriter and the Applicant have included property taxes in the expense assumptions. Should the Applicant secure a partial or full property tax exemption, a re-evaluation at cost certification of any credit award amount would be warranted.

**Conclusion:**

The Applicant's effective gross income, operating expenses, and net operating income are within 5% of the Underwriter's estimates; therefore, the Applicant's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.21, which is within the Department's DCR guideline of 1.15 to 1.35.

Both the Applicant's and the Underwriter's expense to income ratio are very high reflecting the significant deep rent targeting proposed in the application. The Applicant's estimate is at 64.9%, marginally below the 65% Department guideline. Because the Applicant's NOI is generally accepted, the Applicant's expense to income ratio is also used and is acceptable.

**Feasibility:**

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider:	<u>The Steve Rogers Company</u>	Date:	<u>2/28/2007</u>
Number of Revisions:	<u>0</u>	Date of Last Applicant Revision:	<u>N//A</u>
Land Only:	<u>4.23 acres</u>	<u>\$275,000</u>	As of: <u>2/22/2007</u>
Existing Buildings: (as-is)	<u>\$1,625,000</u>		As of: <u>2/22/2007</u>
Total Development: (as-is)	<u>\$1,900,000</u>		As of: <u>2/22/2007</u>

**Comments:**

Of note, the subject development is a previous 2007 deal that received a waiver from the Board to update third party reports; therefore, the original appraisal has been used in the current analysis.

**ASSESSED VALUE**

Land Only:	<u>4.2 acres</u>	<u>\$184,500</u>	Tax Year:	<u>2008</u>
Existing Buildings:		<u>\$1,646,455</u>	Valuation by:	<u>Potter CAD</u>
Total Assessed Value:		<u>\$1,830,955</u>	Tax Rate:	<u>2.26968</u>

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EVIDENCE of PROPERTY CONTROL

Type: Special Warranty Deed With Vendor's Liens Acreage: 4.245

Contract Expiration: N/A Valid Through Board Date?  Yes  No

Acquisition Cost: \$1,900,000 Other: See Comments Below.

Seller: Sears Panhandle Retirement Corp. Related to Development Team?  Yes  No

Comments:

The transfer of the property to the Applicant was completed in April 2008.

CONSTRUCTION COST ESTIMATE EVALUATION

*COST SCHEDULE* Number of Revisions: 1 Date of Last Applicant Revision: 6/18/2009

Acquisition Value:

In order to fully understand the history of the Subject transaction, the Underwriter has included an excerpt from the originally approved underwriting report (TDHCA #07219), dated July 16, 2007:

"The seller of the subject property is related to the Applicant; therefore, the acquisition cost is limited to the lesser of the contract price, appraised value, and original acquisition plus holding costs. In this case the original acquisition plus holding costs were established by submission of a Fixed Asset Summary Report for the period ended January 31, 2007. The original asset value of \$1,500,000 for the buildings plus the itemized capital improvements were provided to support the proposed acquisition cost of \$1,800,000. Note however that the property was donated to the current owner so that the original asset value was the value of the donation but the current owner paid nothing for the property at that time. Since that time the owner has reportedly spent over \$1,600,000 on capital improvements to the property. In addition, the appraised value of \$1,900,000 supports the claimed acquisition cost. The underwriting analysis includes the full amount of the improvements which is slightly less than contract price of \$1,800,000.

The Fixed Asset Summary Report for the period ended January 31, 2007 indicates capital improvements totaling \$1,653,553...."

Similarly, the Appraisal determined the underlying value of the land to be \$275K and the current tax assessed value of the land is \$184,500. Both the Applicant and the Underwriter have assumed the higher land value of \$275K, and the Applicant has claimed the originally approved acquisition basis of \$1,378,553 (total capital improvements since donation \$1,653,553 less land value of \$275,000).

Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs are minimal. The Applicant has estimated sitework costs of \$1,269 per unit, which is consistent with the estimate in the Property Condition Assessment (PCA).

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$303K or 6% higher than the estimate provided in the Property Condition Assessment (PCA). It should be noted that the subject application received a waiver from the TDHCA Board at its February 2009 meeting to use the previously submitted 2007 third party reports for its 2009 application. As a result, the Applicant did not provide an update to the PCA, but did reflect a \$300K or 6% increase in the direct construction costs from those last evaluated by the Department. The Applicant was given the opportunity to provide an update to the PCA report to support their current construction cost estimate, but opted not to do so.

This section intentionally left blank.

The underwriting analysis will reflect the Applicant's higher direct construction cost estimate, but any funding recommendation will be conditioned upon TDHCA Board acceptance of the Applicant's revised direct construction cost estimate without an updated PCA to support the higher costs.

**Contingency & Fees:**

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

**Conclusion:**

The Underwriter's cost schedule was derived from information presented in the Application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$9,985,047 supports annual tax credits of \$971,105. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: 1 Date of Last Applicant Revision: 6/18/2009

Source: City of Amarillo (CDBG) Type: Interim Financing

Principal: \$650,000 Interest Rate: 0.0%  Fixed Term: 24 months

**Comments:**

The Applicant provided an intent to apply for the local CDBG funds. The application indicates a request for CDBG funds provided as an interest free forgivable loan. Accordingly, the Applicant has not included any debt service associated with this funding. It should be noted that if this debt were amortized over 30 years at a 0% interest rate, the additional debt service would decrease the DCR to a 1.11.

For purposes of this analysis the Underwriter has not included any debt service on the anticipated City of Amarillo funds to mirror the Applicant's expectations of a cash flow loan. However, based on the Underwriter's first year proforma the estimated DCR is at a 1.21. This suggests that at least a portion of the City funds could be repayable at an acceptable DCR. Nevertheless, any funding recommendation will be conditioned upon receipt, review and acceptance, by Commitment, of a firm commitment from the City of Amarillo clearly stating the terms of the CDBG funds.

Source: Sears Methodist Type: Permanent Financing

Principal: \$500,000 Interest Rate: 4.4%  Fixed Amort: N/A months

**Comments:**

The 4.40% rate is AFR long term rate set at execution of the note. This appears to be a cash flow loan which is how the application is underwritten; however, it has a stated maturity of 14 years.

Source: Wells Fargo Type: Interim to Permanent Financing

Interim: \$2,600,000 Interest Rate: 6.00%  Fixed Term: 24 months  
 Permanent: \$2,600,000 Interest Rate: 7.75%  Fixed Amort: 360 months

**Comments:**

Interim Rate Index: 30-day LIBOR + 3%, w/ 3% floor; Permanent Rate Index: 10-year Treasury plus an "appropriate" spread. Underwritten at 7.75%

Source: PNC Multifamily Capital Type: Syndication

Proceeds: \$7,386,173 Syndication Rate: 72% Anticipated HTC: \$ 1,025,960

Comments:

Due to the recent volatility in credit pricing, it should be noted, any decrease in rate could increase the amount of deferred developer fee. Additionally, a decrease below \$0.65 per dollar of credit may jeopardize the financial viability of the transaction. Alternatively, any increase in credit price may warrant further adjustment to the credit amount.

Amount: \$291,645 Type: Deferred Developer Fees

### CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis based on the Applicant's proposed financing results in a debt coverage ratio within the Department's guidelines of 1.15 to 1.35. However, this does not consider any debt service on the CDBG loan from the City of Amarillo. Since the application materials reflect the Applicant's intent to structure these funds as soft financing payable only out of available cashflow, the Underwriter's proforma analysis utilizes these same assumptions.

The Underwriter's total development cost estimate less the permanent loan of \$2.6M, \$650K city funds, and \$500K in funds from the Seller indicates the need for \$7,431,371 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,032,238 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,025,960), the gap-driven amount (\$1,032,238), and eligible basis-derived estimate (\$1,039,495), the Applicant's requested amount of \$1,025,960 is recommended resulting in proceeds of \$7,386,173 based on a syndication rate of 72%.

This recommended financing indicates the need for \$45,198 in additional permanent funds. This amounts to 3% of the developer fee available and is repayable within the first year of stabilized operations.

Underwriter: \_\_\_\_\_ Date: July 22, 2009  
*Diamond Unique Thompson*

Manager of Real Estate Analysis: \_\_\_\_\_ Date: July 22, 2009  
*Raquel Morales*

Director of Real Estate Analysis: \_\_\_\_\_ Date: July 22, 2009  
*Brent Stewart*

**MULTIFAMILY COMPARATIVE ANALYSIS**

**The Canyons Retirement Community, Amarillo, 9%/HTC #09315**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	2	0	1	279	\$290	\$290	\$580	\$1.04	\$67.00	\$39.00
TC 30%	10	1	1	374	\$311	\$311	\$3,110	\$0.83	\$89.00	\$43.00
TC 60%	28	1	1	457	\$621	\$560	\$15,680	\$1.23	\$89.00	\$43.00
EO	1	1	1	602	#N/A	\$600	\$600	\$1.00	\$89.00	\$43.00
TC 60%	27	1	1	625	\$621	\$621	\$16,767	\$0.99	\$89.00	\$43.00
TC 60%	5	1	2	708	\$621	\$621	\$3,105	\$0.88	\$89.00	\$43.00
TC 60%	3	2	1	638	\$747	\$640	\$1,920	\$1.00	\$111.00	\$45.00
TC 60%	13	2	2	703	\$747	\$675	\$8,775	\$0.96	\$111.00	\$45.00
TC 60%	17	2	2	788	\$747	\$715	\$12,155	\$0.91	\$111.00	\$45.00
MR	3	2	2	1,011		\$850	\$2,550	\$0.84	\$111.00	\$45.00
MR	2	2	1	1,197		\$850	\$1,700	\$0.71	\$111.00	\$45.00
<b>TOTAL:</b>	<b>111</b>		<b>AVERAGE:</b>	<b>612</b>		<b>\$603</b>	<b>\$66,942</b>	<b>\$0.98</b>	<b>\$96.14</b>	<b>\$43.61</b>

**INCOME**

Total Net Rentable Sq Ft: **67,987**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
 Other Support Income: Sears, parking, storage, other commercial

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	2.88%	\$198	0.32
Management	4.10%	281	0.46
Payroll & Payroll Tax	10.89%	747	1.22
Repairs & Maintenance	5.97%	410	0.67
Utilities	21.02%	1,442	2.35
Water, Sewer, & Trash	3.48%	239	0.39
Property Insurance	2.50%	171	0.28
Property Tax 2.27	4.96%	340	0.56
Reserve for Replacements	4.37%	300	0.49
TDHCA Compliance Fees	0.55%	38	0.06
Other: Security	2.95%	203	0.33
<b>TOTAL EXPENSES</b>	<b>63.67%</b>	<b>\$4,368</b>	<b>\$7.13</b>
<b>NET OPERATING INC</b>	<b>36.33%</b>	<b>\$2,492</b>	<b>\$4.07</b>

TDHCA	APPLICANT
\$803,304	\$795,540
19,980	13,740
0	25,320
\$823,284	\$834,600
(61,746)	(62,592)
0	
\$761,538	\$772,008

COUNTY	IREM REGION	COMPT. REGION
Potter		1
\$10.32	Per Unit Per Month	
\$19.01	Per Unit Per Month	
-7.50%	of Potential Gross Income	

**DEBT SERVICE**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
Wells Fargo	29.35%	\$2,014	\$3.29	\$223,521	\$225,526	\$3.32	\$2,032	29.21%
City of Amarillo (CDBG)	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>6.97%</b>	<b>\$479</b>	<b>\$0.78</b>	<b>\$53,115</b>	<b>\$45,432</b>	<b>\$0.67</b>	<b>\$409</b>	<b>5.88%</b>

AGGREGATE DEBT COVERAGE RATIO

1.24 1.20

RECOMMENDED DEBT COVERAGE RATIO

1.21

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		14.79%	\$14,897	\$24.32	\$1,653,553	\$1,900,000	\$27.95	\$17,117	16.63%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		1.26%	1,269	2.07	140,807	140,807	2.07	1,269	1.23%
Direct Construction		45.03%	45,364	74.06	5,035,355	5,035,355	74.06	45,364	44.06%
Contingency	9.95%	4.61%	4,640	7.57	515,000	515,000	7.57	4,640	4.51%
Contractor's Fees	14.00%	6.48%	6,527	10.66	724,500	724,500	10.66	6,527	6.34%
Indirect Construction		9.29%	9,362	15.29	1,039,208	1,039,208	15.29	9,362	9.09%
Ineligible Costs		0.73%	739	1.21	82,084	82,084	1.21	739	0.72%
Developer's Fees	15.00%	12.39%	12,477	20.37	1,385,000	1,385,000	20.37	12,477	12.12%
Interim Financing		3.59%	3,620	5.91	401,864	401,864	5.91	3,620	3.52%
Reserves		1.82%	1,838	3.00	204,000	204,000	3.00	1,838	1.79%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$100,733</b>	<b>\$164.46</b>	<b>\$11,181,371</b>	<b>\$11,427,818</b>	<b>\$168.09</b>	<b>\$102,953</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>57.38%</b>	<b>\$57,799</b>	<b>\$94.37</b>	<b>\$6,415,662</b>	<b>\$6,415,662</b>	<b>\$94.37</b>	<b>\$57,799</b>	<b>56.14%</b>

**SOURCES OF FUNDS**

				RECOMMENDED	
Wells Fargo	23.25%	\$23,423	\$38.24	\$2,600,000	\$2,600,000
City of Amarillo (CDBG)	5.81%	\$5,856	\$9.56	650,000	650,000
Sears Methodist	4.47%	\$4,505	\$7.35	500,000	500,000
PNC Multifamily Capital	66.06%	\$66,542	\$108.64	7,386,173	7,386,173
Deferred Developer Fees	2.61%	\$2,627	\$4.29	291,645	291,645
Additional (Excess) Funds Req'd	-2.20%	(\$2,220)	(\$3.62)	(246,447)	0
<b>TOTAL SOURCES</b>				<b>\$11,181,371</b>	<b>\$11,427,818</b>

Developer Fee Available \$1,385,000  
 % of Dev. Fee Deferred 3%  
 15-Yr Cumulative Cash Flow \$721,123

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*The Canyons Retirement Community, Amarillo, 9%/HTC #09315*

**PAYMENT COMPUTATION**

<b>Primary</b>	\$2,600,000	Amort	360
Int Rate	7.75%	DCR	1.24

<b>Secondary</b>	\$650,000	Amort	
Int Rate	0.00%	Subtotal DCR	1.24

<b>Additional</b>	\$500,000	Amort	
Int Rate	4.40%	Aggregate DCR	1.24

**RECOMMENDED FINANCING STRUCTURE APPLICANT'S**

Primary Debt Service	\$223,521
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$47,437</b>

<b>Primary</b>	\$2,600,000	Amort	360
Int Rate	7.75%	DCR	1.21

<b>Secondary</b>	\$650,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.21

<b>Additional</b>	\$500,000	Amort	0
Int Rate	4.40%	Aggregate DCR	1.21

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$795,540	\$811,451	\$827,680	\$844,233	\$861,118	\$950,744	\$1,049,698	\$1,158,952	\$1,412,755
Secondary Income	13,740	14,015	14,295	14,581	14,873	16,421	18,130	20,017	24,400
Other Support Income: Sears,	25,320	25,826	26,343	26,870	27,407	30,260	33,409	36,886	44,964
POTENTIAL GROSS INCOME	834,600	851,292	868,318	885,684	903,398	997,424	1,101,237	1,215,855	1,482,120
Vacancy & Collection Loss	(62,592)	(63,847)	(65,124)	(66,426)	(67,755)	(74,807)	(82,593)	(91,189)	(111,159)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$772,008	\$787,445	\$803,194	\$819,258	\$835,643	\$922,617	\$1,018,644	\$1,124,666	\$1,370,961
EXPENSES at 3.00%									
General & Administrative	\$14,400	\$14,832	\$15,277	\$15,735	\$16,207	\$18,789	\$21,781	\$25,250	\$33,935
Management	33,000	33,660	34,333	35,020	35,720	39,438	43,543	48,075	58,603
Payroll & Payroll Tax	106,750	109,953	113,251	116,649	120,148	139,285	161,469	187,187	251,563
Repairs & Maintenance	40,500	41,715	42,966	44,255	45,583	52,843	61,260	71,017	95,441
Utilities	159,000	163,770	168,683	173,744	178,956	207,459	240,502	278,807	374,694
Water, Sewer & Trash	17,400	17,922	18,460	19,013	19,584	22,703	26,319	30,511	41,004
Insurance	35,000	36,050	37,132	38,245	39,393	45,667	52,941	61,373	82,480
Property Tax	35,000	36,050	37,132	38,245	39,393	45,667	52,941	61,373	82,480
Reserve for Replacements	33,300	34,299	35,328	36,388	37,479	43,449	50,369	58,392	78,474
Other	26,700	27,501	28,326	29,176	30,051	34,837	40,386	46,819	62,920
TOTAL EXPENSES	\$501,050	\$515,751	\$530,887	\$546,471	\$562,515	\$650,137	\$751,510	\$868,803	\$1,161,593
NET OPERATING INCOME	\$270,958	\$271,694	\$272,307	\$272,787	\$273,129	\$272,480	\$267,134	\$255,862	\$209,368
DEBT SERVICE									
First Lien Financing	\$223,521	\$223,521	\$223,521	\$223,521	\$223,521	\$223,521	\$223,521	\$223,521	\$223,521
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$47,437	\$48,173	\$48,786	\$49,267	\$49,608	\$48,960	\$43,613	\$32,342	(\$14,153)
DEBT COVERAGE RATIO	1.21	1.22	1.22	1.22	1.22	1.22	1.20	1.14	0.94



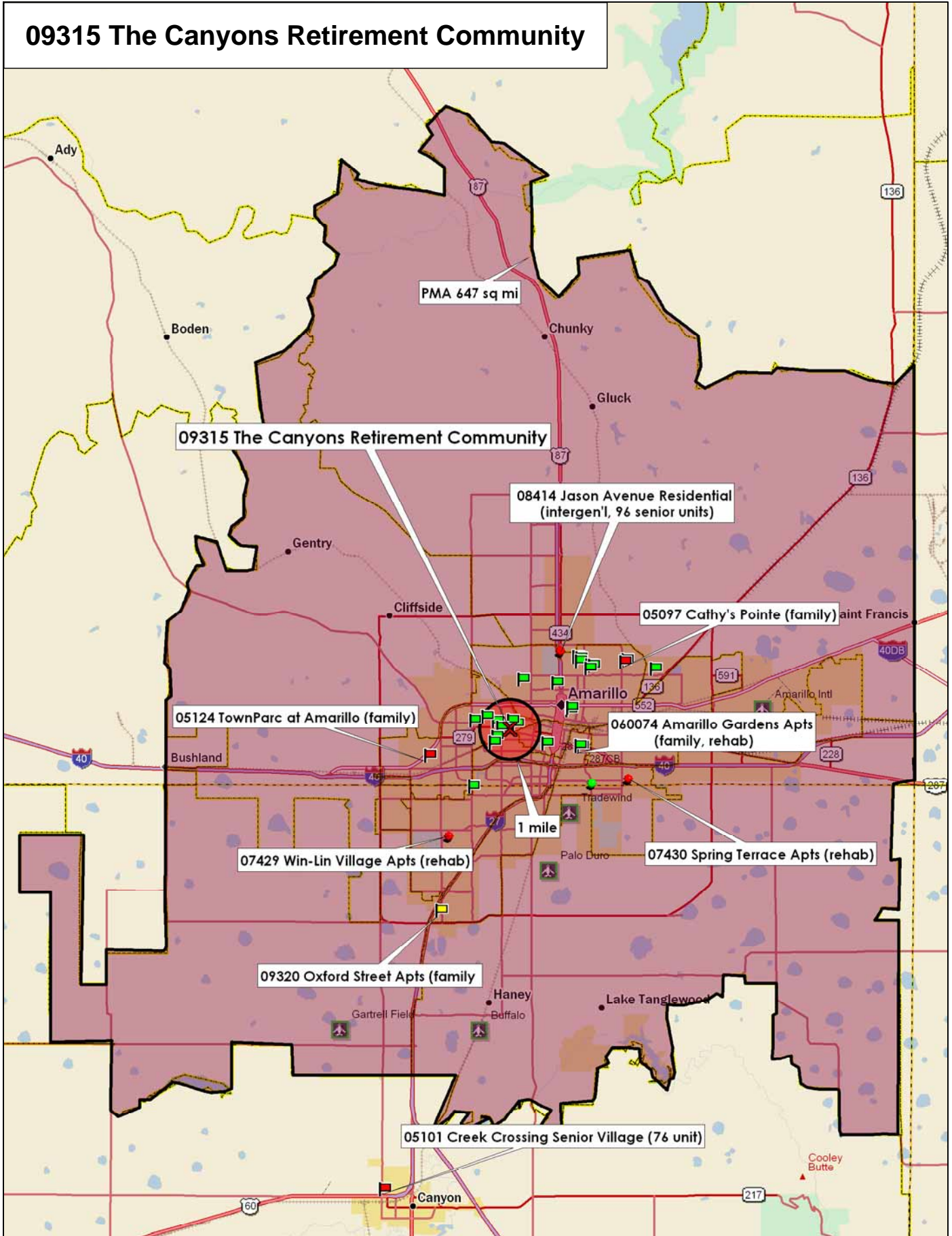
**HTC ALLOCATION ANALYSIS -The Canyons Retirement Community, Amarillo, 9%/HTC #09315**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>						
Purchase of land	\$521,447	\$275,000				
Purchase of buildings	\$1,378,553	\$1,378,553	\$1,378,553	\$1,378,553		
<b>Off-Site Improvements</b>						
<b>Sitework</b>	\$140,807	\$140,807			\$140,807	\$140,807
<b>Construction Hard Costs</b>	\$5,035,355	\$5,035,355			\$5,035,355	\$5,035,355
<b>Contractor Fees</b>	\$724,500	\$724,500			\$724,500	\$724,500
<b>Contingencies</b>	\$515,000	\$515,000			\$515,000	\$515,000
<b>Eligible Indirect Fees</b>	\$1,039,208	\$1,039,208			\$1,039,208	\$1,039,208
<b>Eligible Financing Fees</b>	\$401,864	\$401,864			\$401,864	\$401,864
<b>All Ineligible Costs</b>	\$82,084	\$82,084				
<b>Developer Fees</b>						
Developer Fees	\$1,385,000	\$1,385,000			\$1,385,000	\$1,385,000
<b>Development Reserves</b>	\$204,000	\$204,000				
<b>TOTAL DEVELOPMENT COSTS</b>	\$11,427,818	\$11,181,371	\$1,378,553	\$1,378,553	\$9,241,734	\$9,241,734

<b>Deduct from Basis:</b>						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
<b>TOTAL ELIGIBLE BASIS</b>			\$1,378,553	\$1,378,553	\$9,241,734	\$9,241,734
High Cost Area Adjustment					130%	130%
<b>TOTAL ADJUSTED BASIS</b>			\$1,378,553	\$1,378,553	\$12,014,254	\$12,014,254
Applicable Fraction			92%	92%	92%	92%
<b>TOTAL QUALIFIED BASIS</b>			\$1,268,511	\$1,268,511	\$11,055,227	\$11,055,227
Applicable Percentage			3.51%	3.51%	9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$44,525	\$44,525	\$994,970	\$994,970

<b>Syndication Proceeds</b>	<b>0.7199</b>	<b>\$320,546</b>	<b>\$320,546</b>	<b>\$7,163,071</b>	<b>\$7,163,071</b>
<b>Total Tax Credits (Eligible Basis Method)</b>				<b>\$1,039,495</b>	<b>\$1,039,495</b>
<b>Syndication Proceeds</b>				<b>\$7,483,617</b>	<b>\$7,483,617</b>
<b>Requested Tax Credits</b>				<b>\$1,025,960</b>	
<b>Syndication Proceeds</b>				<b>\$7,386,173</b>	
<b>Gap of Syndication Proceeds Needed</b>				<b>\$8,177,818</b>	<b>\$7,431,371</b>
<b>Total Tax Credits (Gap Method)</b>				<b>\$1,135,922</b>	<b>\$1,032,238</b>

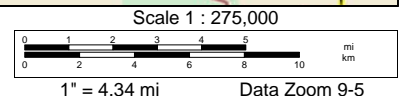
# 09315 The Canyons Retirement Community



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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Champion Homes at Bay Walk, TDHCA Number 09316**

BASIC DEVELOPMENT INFORMATION

Site Address: 7200 Heards Ln. Development #: 09316  
 City: Galveston Region: 6 Population Served: General  
 County: Galveston Zip Code: 77551 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Chicory Court VII, LP  
 Owner Contact and Phone: Saleem Jafar, (972) 701-5551  
 Developer: Odyssey Residential Holdings, L.P.  
 Housing General Contractor: Odyssey Residential Construction, LP  
 Architect: K+ Architects  
 Market Analyst: Land America  
 Syndicator: First Sterling Financial, Inc  
 Supportive Services: N/A  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	192	
	21	0	0	171	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	48	144	0	0	0	
Type of Building:						Total Development Units:	192
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,443,759	\$1,443,759			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Champion Homes at Bay Walk, TDHCA Number 09316**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Jackson, District 11, NC

Points: 14 US Representative: Paul, District 14, S

TX Representative: Eiland, District 23, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

O, Steve LeBanc, City Manager

S, Joan Huffman, State Senator, District 17

**Individuals and Businesses:** In Support: **0**

In Opposition: **1**

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letters of support from elected officials and ineligible neighborhood association. Letter of opposition from the city of Galveston, citing a desire to promote home ownership. One non-official generally was opposed.

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Champion Homes at Bay Walk, TDHCA Number 09316**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **19**

Total # Monitored: **15**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **197**  Meeting a Required Set-Aside Credit Amount\*: \$1,443,759

Recommendation: Has a competitive score within the Hurricane Ike counties

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/23/09 PROGRAM: 9%/HTC FILE NUMBER: 09316

**DEVELOPMENT**

Champion Homes at Bay Walk

Location: 7200 Heard's Ln Region: 6  
 City: Galveston County: Galveston Zip: 77551  OCT  DDA  
 Key Attributes: Family, Urban, Acquisition/Rehabilitation

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,443,541			<b>\$1,426,915</b>		

**CONDITIONS**

- 1 Pursuant to §49.6(d) of the 2009 QAP, "The Department shall not allocate more than \$2 million of tax credits in any given Application Round to any Applicant, Developer, Related Party or Guarantor; Competitive Housing Tax Credits approved by the Board during the 2009 calendar year, including commitments from the 2009 Credit Ceiling and forward commitments from the 2010 Credit Ceiling, are applied to the credit cap limitation for the 2009 Application Round." Champion Homes at Marina Landing (TDHCA #09317) is also a proposed acquisition/rehabilitation for 2009 by the Developer. Therefore, this development is only recommended to the extent that Champion Homes at Marina Landing #09317 is not allocated tax credits out of the 2009 credit ceiling.
- 2 Any funding recommendation will be subject to receipt, review, and acceptance, by carryover, of documentation that:
  - A noise study has been completed for the site to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.
  - a comprehensive asbestos inspection has been completed by a licensed ACM inspector, and that any subsequent recommendations have been implemented.
  - a comprehensive Lead-based paint inspection has been completed by a licensed LBP inspector, and that any subsequent recommendations have been implemented.
  - sample testing for lead in the drinking water at the site has been completed by a qualified professional, and that any subsequent recommendations have been implemented.
- 3 Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Galveston clearly stating the terms of the HOME funds.
- 4 Receipt, review, and acceptance, by Carryover, of an attorney's opinion and analysis validating that the proposed HOME financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.
- 5 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	20
50% of AMI	50% of AMI	20
60% of AMI	60% of AMI	152

**STRENGTHS/MITIGATING FACTORS**

- Overall capture rate is 12% and occupancy in the sub-market is reported to be 90% exclusive of units off the market due to hurricane damage.
- Overall rents are 32% below the reported market rents.
- Principals of Applicant have LIHTC development experience.

**WEAKNESSES/RISKS**

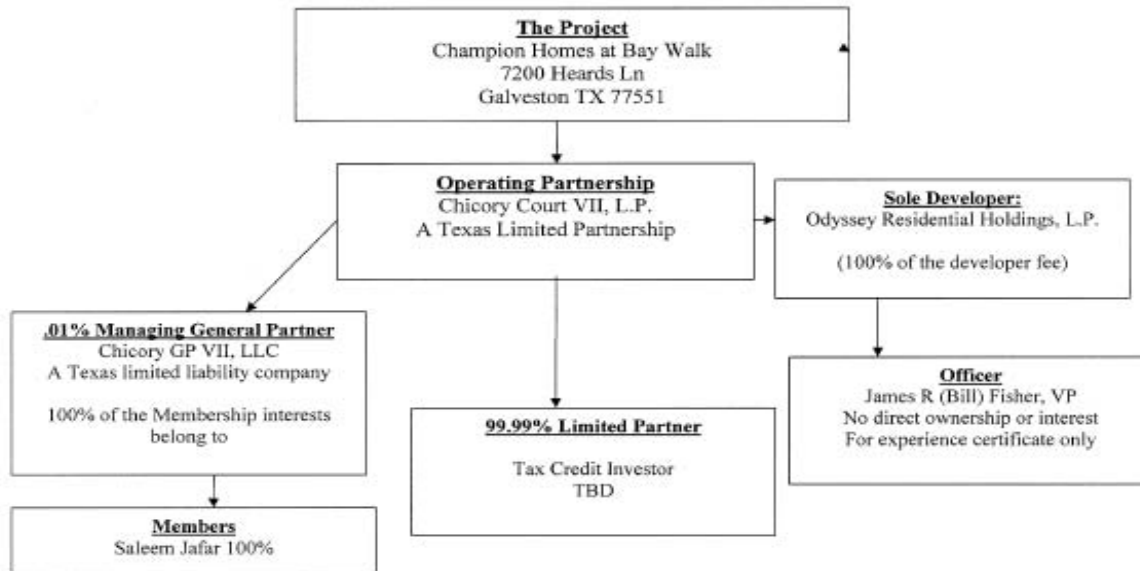
- Multiple Recognized Environmental Concerns were identified in the submitted Environmental Site Assessment.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Saleem Jafar/Bill Fisher Phone: (972) 701-5551 Fax: (972) 701-5562  
 Email: sjafar@orhlp.com/bfisher@orhlp.com

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Odyssey Residential Holdings, LP	CONFIDENTIAL	None Identified
Saleem Jafar	CONFIDENTIAL	13

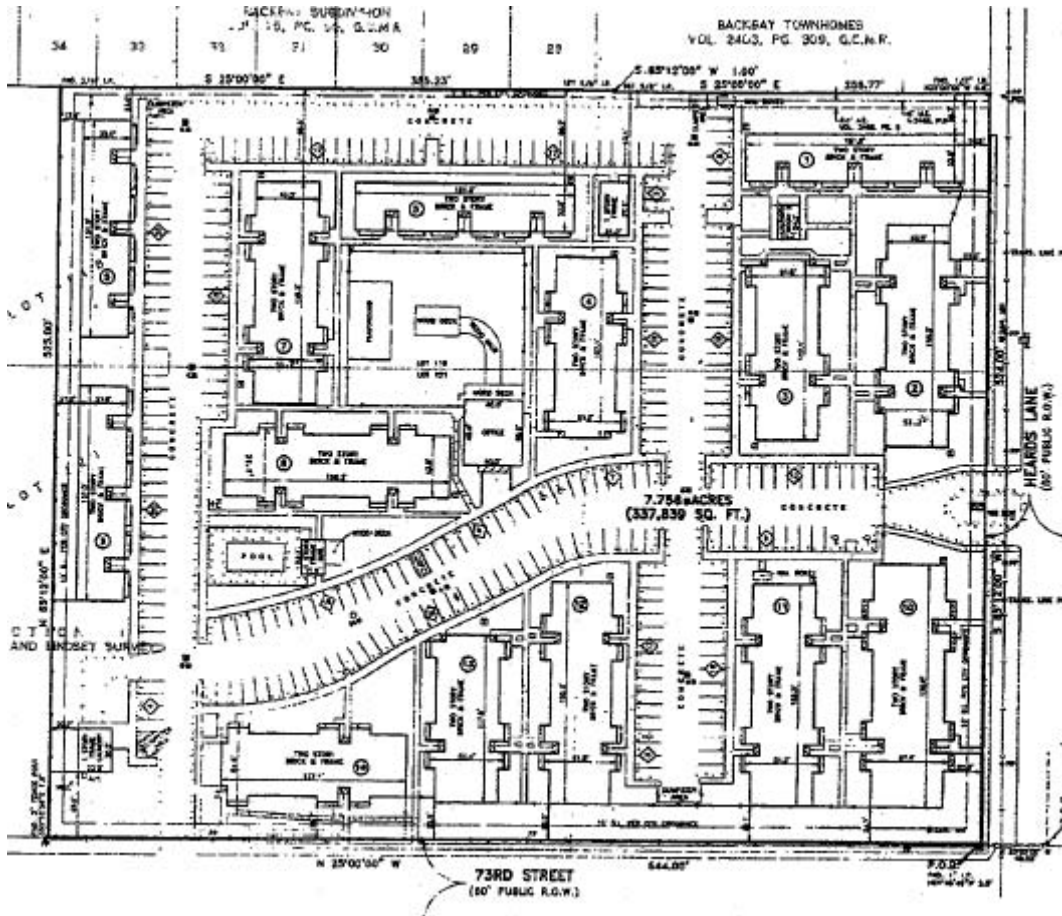
<sup>1</sup> Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

- o The Applicant and Developer is related entity. This is a common relationship for HTC-funded developments.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C	D	E	F						Total Buildings
Floors/Stories	2	2	2	2	2	2						
Number	4	5	2	1	1	1						14

BR/BA	SF	Units							Total Units	Total SF
1/1	661	12							48	31,728
2/1	804		16				12		92	73,968
2/1.5	890			12					24	21,360
2/2	876				12				12	10,512
2/2	972					16			16	15,552
Units per Building		12	16	12	12	16	12		192	153,120

Rehabilitation summary:

The plan calls for: the replacement of roofs, windows, doors, exterior siding, interior flooring, cabinets, faucets, tub/showers, appliances, HVAC, landscaping, drives and parking, fencing, and interior and exterior painting. The Applicant provided the required Property Condition Assessment (PCA) and the PCA confirms these improvements.



**SITE ISSUES**

Total Size:	<u>7.76</u> acres	Scattered site?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Flood Zone:	<u>AE</u>	Within 100-yr floodplain?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Zoning:	<u>MF-1</u>	Needs to be re-zoned?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> N/A

Comments:

According to the 2009 QAP **§49.6(a) "Floodplain**. Any Development proposing New Construction located within the 100 year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements ... No buildings or roads that are part of a Development proposing Rehabilitation, with the exception of Developments with federal funding assistance from HUD or TX USDA-RHS, will be permitted in the 100 year floodplain unless they already meet the requirements established in this subsection for New Construction."

The entire site is situated in Flood Hazard Area AE, which is defined as being within the 100 year floodplain. The Applicant has provided finished-floor elevation certificates that demonstrate that the buildings meet the requirements set out in the QAP. There remains doubt, however, as to whether the drives and parking areas meet the minimum requirement of being no lower than six inches below the floodplain. The Applicant has stated that "All the parking areas and building approaches are being re-graded to comply with 504 accessibility requirements. The drive and parking areas will also meet the department's minimum standard of not more than 6" below the flood hazard elevation following completion of this work." This will not satisfy the QAP requirement, since a property proposed for rehabilitation must meet the requirements before any rehabilitation work is completed.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff Date: 5/21/2009

Overall Assessment:

Excellent     Acceptable     Questionable     Poor     Unacceptable

Surrounding Uses:

North:	<u>Ave N &amp; residential uses</u>	East:	<u>residential uses</u>
South:	<u>Heards Ln and residential uses</u>	West:	<u>73rd St Ln &amp; residential uses</u>

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Ginn Environmental Date: 3/21/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "Based on the proximity of the Scholes Airport to the site, and according to the HUD noise guidelines, a noise study may possibly be required." (p. ii)
- "Based on the age of the buildings – early 1950's – it is likely that ACM is present. Ginn Environmental recommends an asbestos inspection by a licensed ACM inspector, and all state and federal guidelines should be implemented." (p. 14)
- "Based on the age of the buildings – early 1950's – it is likely that Lead-Based Paint is present. Ginn Environmental recommends an LBP inspection by a licensed Lead Based Paint inspector, and all state and federal guidelines should be implemented." (p. 15)
- "Ginn Environmental recommends testing of the drinking water. The apartments were built in 1971, which pre-dates the lead ban in 1987." (addendum 07/08/09)

This section intentionally left blank.

Comments:

Any funding recommendation will be subject to receipt, review, and acceptance, by carryover, of documentation that:

- A noise study has been completed for the site to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.
- a comprehensive asbestos inspection has been completed by a licensed ACM inspector, and that any subsequent recommendations have been implemented.
- a comprehensive lead-based paint inspection has been completed by a licensed LBP inspector, and that any subsequent recommendations have been implemented.
- sample testing for lead in the drinking water at the site has been completed by a qualified professional, and that any subsequent recommendations have been implemented.

**MARKET HIGHLIGHTS**

Provider: LandAmerica Date: 3/9/2009  
 Contact: Mary Ann Barnett Phone: (214) 739-0700 Fax: N / A  
 Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 82 sq. miles 5 mile equivalent radius

The Primary Market Area is defined as Galveston Island, which had an estimated 2008 population of 57,715, comprised of 24,202 households.

Secondary Market Area (SMA):

The market study identifies the Secondary Market Area as Galveston county; however, no demand analysis is presented relative to the secondary market.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
Champion Homes at Marina Landing	09317	256	256				

INCOME LIMITS						
Galveston						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
40	\$17,880	\$20,400	\$22,960	\$25,520	\$27,560	\$29,600
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	189	3	0	192	5	0	3%
1 BR/60%	456	17	0	473	43	0	9%
2 BR/30%	218	17	0	235	16	0	7%
2 BR/60%	353	5	0	358	128	0	36%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	89	-1	0	88	5	0	6%
1 BR/50%	98	0	0	98	5	0	5%
1 BR/60%	128	-1	0	127	38	0	30%
2 BR/30%	89	-4	0	84	15	0	18%
2 BR/50%	109	-3	0	107	15	0	14%
2 BR/60%	151	-5	0	146	114	0	78%

OVERALL DEMAND											
		Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER										turnover	
Market Analyst p.										1,345	
Underwriter		100%	24,548	82%	20,178	26%	5,334	65%	3,490	44%	1,532

PMA DEMAND from GROWTH										growth	
Market Analyst p.										17	
Underwriter		100%	160	82%	131	26%	35	65%	23	100%	23

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p.	192	256	-310	138	1,362	<b>10%</b>
Underwriter (w/ Marina Landing)	192	256	0	448	1,555	<b>29%</b>
Underwriter	192	0	0	192	1,555	<b>12%</b>

Proposed, Under Construction, and Unstabilized Comparable Supply:

The subject contains 192 units, and is currently 48% occupied as a result of damage sustained during Hurricane Ike. There is one comparable 2009 application in the PMA. Champion Homes at Marina Landing (# 09317), submitted by the same Applicant, is located across the street from the subject. Marina Landing consists of 256 units and is completely vacant as a result of Hurricane Ike. Both applications (Marina Landing and the subject) were submitted by the same Applicant; the Applicant has chosen to designate the subject as the higher priority.

The market study also discusses four public housing properties that have been condemned in the wake of Hurricane Ike, and a legal challenge that will delay the replacement of the public housing units. The Market Analyst argues that "This delay would initially impact 310 apartment units ... Since the subject would accept vouchers given to these prior public housing residents, these damaged units result in a decrease in supply which should be considered along with demand for the subject." (p. 65)

But TDHCA underwriting methodology considers the "supply" of proposed, recently approved, and recently constructed comparable units ... i.e. known units which will need to be absorbed by the market ... in relation to the available demand. Previously existing public housing units would not be included in this supply, so their removal from the market does not reduce the supply. It could be argued that the displaced tenants with vouchers represent additional demand, but there is no reason to assume the subject will absorb all of them, especially considering the expected lapse of time before the proposed rehabilitation will be complete.

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#### Supply and Demand Analysis:

The market study is based on a proposed unit mix that only includes units restricted at 30% and 60% of AMI, whereas the application submitted also includes one- and two-bedroom units at 50% of AMI. As a result, the market study analysis considers a narrower range of eligible incomes. This is partially offset by the fact that the Market Analyst failed to adjust demand for household size. Since the subject includes only one- and two-bedroom units, the underwriting analysis will only consider households of three or less.

The market study analysis calculates demand for 1,346 units due to household turnover, and demand for 20 units due to projected household growth, resulting in total demand for 1,366 units. Total supply was determined to be 138 units by including the 192 units at the subject, 256 units at Marina Landing, and deducting the 310 units of public housing lost to Hurricane Ike. The Market Analyst thus concludes an inclusive capture rate of 10%.

The Market Analyst also presents an alternate argument that the capture rate should be considered to be zero because the subject should be considered replacement housing: "one can assume that the income range was similar to what we are projecting now and that occupants residing at the subject prior to the Hurricane could live there today if it were considered an HTC property. As such, based on the rental rates obtained prior to the hurricane and those net encumbered rents we calculate later in this report, it is the opinion of LVC that the subject was actually "affordable" and would be considered replacement housing as the same number of units are being offered after the renovation and the same target population will be served." (p. 53)

The Real Estate Analysis Rules provide an exception to the capture rate limit for "Replacement Housing", which is defined as "Affordable Housing which replaces previously existing substandard Affordable Housing"; but the Rules also define "Affordable Housing" as "Housing that has been funded through one or more of the Department's programs or other local, state or federal programs or has at least one unit that is restricted in the rent that can be charged either by a Land Use Restriction Agreement or other form of Deed Restriction." The subject property does not meet this definition of Affordable Housing.

The underwriting analysis calculates demand for 1,537 units due to household turnover, and demand for 23 units due to household growth. This total demand for 1,559 units indicates that the Primary Market Area can accommodate up to 390 units and maintain an inclusive capture rate below 25%. The capture rate for the 192 subject units is 12%. If the 256 units at Champion Homes at Marina Landing are included in the supply, the inclusive capture rate increases to 29%, exceeding the limit.

#### Primary Market Occupancy Rates:

"The submarket's current overall average rental rate is \$0.94/SF, while the current overall occupancy rate is 74.6%. However, please note that the low occupancy is due to the fact that the majority of apartments in Galveston are still "down" due to the hurricane. Please note that the majority of apartment projects we surveyed were in the high 90% range on available units." (p. 26)

#### Absorption Projections:

"As there has been only a limited amount of multifamily construction recently completed within the Galveston area, we have included historical absorption data for the most recently completed properties in the Greater Houston market ... The best absorption indication is provided by Baypoint, Sweetwater and Freeport, as they are HTC properties. As such, absorption of 15 per month for the subject units is reasonable. However, the subject is currently nearly 50% occupied, and it is likely that the residents will continue to live at the existing property given the income characteristics associated with the tenants." (p. 67)

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RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
1 BR 661 SF 30%	\$246	\$260	\$650	\$260	\$390		
1 BR 661 SF 50%	\$500	\$500	\$650	\$500	\$150		
1 BR 661 SF 60%	\$589	\$619	\$650	\$619	\$31		
2 BR 804 SF 30%	\$282	\$301	\$750	\$301	\$449		
2 BR 804 SF 50%	\$587	\$587	\$750	\$587	\$163		
2 BR 804 SF 60%	\$695	\$731	\$750	\$731	\$19		
2 BR 876 SF 30%	\$282	\$301	\$825	\$301	\$524		
2 BR 876 SF 50%	\$587	\$587	\$825	\$587	\$238		
2 BR 876 SF 60%	\$695	\$731	\$825	\$731	\$94		
2 BR 890 SF 30%	\$282	\$301	\$775	\$301	\$474		
2 BR 890 SF 50%	\$587	\$587	\$775	\$587	\$188		
2 BR 890 SF 60%	\$695	\$731	\$775	\$731	\$44		
2 BR 972 SF 30%	\$282	\$301	\$850	\$301	\$549		
2 BR 972 SF 50%	\$587	\$587	\$850	\$587	\$263		
2 BR 972 SF 60%	\$695	\$731	\$850	\$731	\$119		

**Market Impact:**

"The Galveston multifamily market has endured heavy losses and numerous properties are still recovering from the storm as several properties have up to 55% of units down from water damage. Although absorption has been negative in the first quarter of 2009, a positive 164 units have been absorbed in March, suggesting demand is still recovering from Ike. Most owner's/managers surveyed indicated that strong demand exists for apartments and once available, absorption should increase dramatically." (p. 28)

**Comments:**

The demand analysis indicates the Primary Market Area should be able to accommodate up to 390 units. It is therefore possible to recommend the subject. It should be noted that the Underwriter has concerns, dependant on the status of the public housing units, that the PMA might not accommodate both the subject and Champion Homes at Marina Landing.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      2      Date of Last Applicant Revision:      6/12/2009

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of January 1, 2009, maintained by The City of Galveston Housing Authority, from the 2008 program gross rent limits. Tenants will be required to pay electric utility costs only. The Underwriter's projected rents were calculated by subtracting tenant-paid utilities from the current 2009 HTC program rents. It should be noted that at the time the application was submitted the 2009 program rent limits were not yet available.

The Applicant's vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines; however, secondary income assumptions are not, as the Applicant included an additional \$5 per unit over the \$15 guideline. The additional income appears to be largely attributed to deposit forfeitures, laundry and fees; however, the exact cause of the overage in income cannot be determined. The Applicant provided limited support that these additional amounts are achievable in this market. Moreover, the market study provided no support for such additional income. Despite the Applicant's use of the slightly lower 2008 program rents and additional secondary income, effective gross income is within 5% of the Underwriter's estimate.

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Expense: Number of Revisions: 3 Date of Last Applicant Revision: 7/9/2009

The Applicant's total revised annual operating expense projection at \$3,742 per unit is not within 5% of the Underwriter's estimate of \$3,783, derived from the TDHCA database, and third-party data sources. The Applicant's revised budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: General & Administrative (\$29K lower) and Property Insurance (\$20K higher).

Conclusion:

The Applicant's net operating income is not within 5% of the Underwriter's estimates; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.24, which is within the Department's DCR guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	<u>7.76 acres</u>	<u>\$472,930</u>	Tax Year:	<u>2009</u>
Existing Buildings:		<u>\$2,840,960</u>	Valuation by:	<u>Galveston CAD</u>
Total Assessed Value:		<u>\$3,313,890</u>	Tax Rate:	<u>2.431019</u>

**EVIDENCE of PROPERTY CONTROL**

Type:	<u>Purchase and Sale Agreement</u>	Acreage:	<u>7.756</u>
Contract Expiration:	<u>8/3/2009</u>	Valid Through Board Date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost:	<u>\$7,540,000</u>	Other:	<u></u>
Seller:	<u>BW Apartments, LP</u>	Related to Development Team?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: 3 Date of Last Applicant Revision: 7/9/2009

Acquisition Value:

The site cost of \$972,151 per acre or \$39,271 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs are minimal. The Applicant has estimated sitework costs of \$5,700 per unit, which is 40% lower than the \$9,459 per unit estimate in the Property Condition Assessment (PCA).

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$832K or 15% lower than the estimate provided in the Property Condition Assessment (PCA). The underwriting analysis will reflect the PCA value.

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Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Underwriter's cost schedule was derived from information presented in the Application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$12,195,856 supports annual tax credits of \$1,426,915. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: 4 Date of Last Applicant Revision: 7/9/2009

Source: City of Galveston (HOME) Type: Permanent Financing

Principal: \$4,000,000 Interest Rate: AFR  Fixed Amort: 360 months

Comments:

The Applicant has applied for the local HOME funds. The Applicant indicates that the requested HOME funds will be loaned at AFR with the balance being paid off at maturity with a balloon payment. It should be noted that if this debt were amortized over 30 years at a 0% interest rate, the additional debt service would decrease the DCR to a 1.07.

For purposes of this analysis the Underwriter has not included any debt service on the anticipated City of Houston HOME funds to mirror the Applicant's expectations of a soft loan. However, based on the Underwriter's first year proforma the estimated DCR is at a 1.24. This suggests that at least a portion of the City of Houston HOME funds could be repayable at an acceptable DCR. Nevertheless, any funding recommendation will be conditioned upon receipt, review and acceptance, by Commitment, of a firm commitment from the City of Houston clearly stating the terms of the HOME funds.

Source: MMA Financial Type: Interim to Permanent Financing

Interim: \$7,000,000 Interest Rate: 8.00%  Fixed Term: 18 months

Permanent: \$6,250,000 Interest Rate: 8.00%  Fixed Amort: 360 months

Source: First Sterling Type: Syndication

Proceeds: \$10,467,254 Syndication Rate: 73% Anticipated HTC: \$ 1,443,759

Comments:

Due to the recent volatility in credit pricing, it should be noted, any decrease in rate could increase the amount of deferred developer fee. Additionally, a decrease below \$0.50 per dollar of credit may jeopardize the financial viability of the transaction. Alternatively, should the final credit price increase to more than \$0.74, all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Amount: \$104,031 Type: Deferred Developer Fees

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## CONCLUSIONS

### Recommended Financing Structure:

As stated above, the proforma analysis based on the Applicant's proposed financing results in a debt coverage ratio within the Department's guidelines of 1.15 to 1.35. However, this does not consider any debt service on the loan from the City of Houston. Since the application materials reflect the Applicant's intent to structure these funds as soft financing payable only out of available cashflow, the Underwriter's proforma analysis utilizes these same assumptions.

The Underwriter's total development cost estimate less the permanent loan of \$6,250,000 and \$4M in local HOME funds indicates the need for \$10,429,180 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,438,507 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,443,541), the gap-driven amount (\$1,438,507), and eligible basis-derived estimate (\$1,426,915), the eligible basis-derived estimate of \$1,426,915 is recommended resulting in proceeds of \$10,345,136 based on a syndication rate of 73%.

The Underwriter's recommended financing structure indicates the need for \$84,044 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within one year of stabilized operation. Moreover, this structure would provide \$4M of federal HOME funds with repayment subject to available cash flow, and no expectation of available cash flow for this amount for more than 20 years.

If federal financing is provided without the reasonable expectation that it will be repaid in full, it must be considered a grant under IRC§42. The Underwriter has determined that if these funds are not reasonably expected to be repaid in full, the amount of HOME funds would have to be excluded from eligible basis for purposes of determining the recommended Housing Tax Credit allocation. Such treatment of these funds would reduce the equity proceeds and would render this transaction infeasible. Therefore, any funding recommendation made in this report should be conditioned upon receipt, review, and acceptance, by Carryover, of an attorney's opinion and analysis validating that the proposed HOME financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.

Underwriter:	<i>Diamond Unique Thompson</i>	Date: <u>July 23, 2009</u>
Manager of Real Estate Analysis:	<i>Raquel Morales</i>	Date: <u>July 23, 2009</u>
Director of Real Estate Analysis:	<i>Brent Stewart</i>	Date: <u>July 23, 2009</u>



**MULTIFAMILY COMPARATIVE ANALYSIS**

**Champion Homes at Bay Walk, Galveston, 9%/HTC #09316**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	5	1	1	661	\$358	\$260	\$1,300	\$0.39	\$98.00	\$43.00
TC 50%	5	1	1	661	\$598	\$500	\$2,500	\$0.76	\$98.00	\$43.00
TC 60%	38	1	1	661	\$717	\$619	\$23,522	\$0.94	\$98.00	\$43.00
TC 30%	9	2	1	804	\$431	\$301	\$2,709	\$0.37	\$130.00	\$43.00
TC 50%	8	2	1	804	\$717	\$587	\$4,696	\$0.73	\$130.00	\$43.00
TC 60%	75	2	1	804	\$861	\$731	\$54,825	\$0.91	\$130.00	\$43.00
TC 30%	1	2	2	876	\$431	\$301	\$301	\$0.34	\$130.00	\$55.00
TC 50%	2	2	2	876	\$717	\$587	\$1,174	\$0.67	\$130.00	\$55.00
TC 60%	9	2	2	876	\$861	\$731	\$6,579	\$0.83	\$130.00	\$55.00
TC 30%	2	2	1.5	890	\$431	\$301	\$602	\$0.34	\$130.00	\$55.00
TC 50%	3	2	1.5	890	\$717	\$587	\$1,761	\$0.66	\$130.00	\$55.00
TC 60%	19	2	1.5	890	\$861	\$731	\$13,889	\$0.82	\$130.00	\$55.00
TC 30%	3	2	2	972	\$431	\$301	\$903	\$0.31	\$130.00	\$55.00
TC 50%	2	2	2	972	\$717	\$587	\$1,174	\$0.60	\$130.00	\$55.00
TC 60%	11	2	2	972	\$861	\$731	\$8,041	\$0.75	\$130.00	\$55.00
<b>TOTAL:</b>	<b>192</b>		<b>AVERAGE:</b>	<b>798</b>		<b>\$646</b>	<b>\$123,976</b>	<b>\$0.81</b>	<b>\$122.00</b>	<b>\$46.25</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	153,120	<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>						\$1,487,712	\$1,420,524	Galveston		6
Secondary Income		Per Unit Per Month:	\$15.00			34,560	46,080	\$20.00	Per Unit Per Month	
Other Support Income:						0		\$0.00	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>						\$1,522,272	\$1,466,604			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(114,170)	(109,992)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions						0				
<b>EFFECTIVE GROSS INCOME</b>						\$1,408,102	\$1,356,612			
<b>EXPENSES</b>										
	<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>					<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>
General & Administrative	4.14%	\$304	0.38			\$58,304	\$28,950	\$0.19	\$151	2.13%
Management	4.00%	293	0.37			56,324	54,264	0.35	283	4.00%
Payroll & Payroll Tax	12.63%	927	1.16			177,900	180,950	1.18	942	13.34%
Repairs & Maintenance	6.23%	457	0.57			87,687	74,604	0.49	389	5.50%
Utilities	3.67%	269	0.34			51,674	51,200	0.33	267	3.77%
Water, Sewer, & Trash	4.25%	312	0.39			59,813	65,250	0.43	340	4.81%
Property Insurance	3.81%	279	0.35			53,592	73,900	0.48	385	5.45%
Property Tax	2.431019	486	0.61			93,351	101,475	0.66	529	7.48%
Reserve for Replacements	4.09%	300	0.38			57,600	57,600	0.38	300	4.25%
TDHCA Compliance Fees	0.55%	40	0.05			7,680	7,680	0.05	40	0.57%
Other: cable, supp servs, security	1.60%	117	0.15			22,500	22,500	0.15	117	1.66%
<b>TOTAL EXPENSES</b>	<b>51.59%</b>	<b>\$3,783</b>	<b>\$4.74</b>			<b>\$726,426</b>	<b>\$718,373</b>	<b>\$4.69</b>	<b>\$3,742</b>	<b>52.95%</b>
<b>NET OPERATING INC</b>	<b>48.41%</b>	<b>\$3,550</b>	<b>\$4.45</b>			<b>\$681,676</b>	<b>\$638,239</b>	<b>\$4.17</b>	<b>\$3,324</b>	<b>47.05%</b>
<b>DEBT SERVICE</b>										
MMA Financial	39.08%	\$2,866	\$3.59			\$550,323	\$555,171	\$3.63	\$2,892	40.92%
City of Galveston (HOME)	0.00%	\$0	\$0.00			0		\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00			0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>9.33%</b>	<b>\$684</b>	<b>\$0.86</b>			<b>\$131,352</b>	<b>\$83,068</b>	<b>\$0.54</b>	<b>\$433</b>	<b>6.12%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>						1.24	1.15			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>						1.24				

<b>CONSTRUCTION COST</b>						<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>
<b>Description</b>	<b>Factor</b>	<b>% of TOTAL</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>						
Acquisition Cost (site or bldg)		37.20%	\$40,068	\$50.24		\$7,693,000	\$7,693,000	\$50.24	\$40,068	36.95%
Off-Sites		0.00%	0	0.00		0	0	0.00	0	0.00%
Sitework		8.78%	9,459	11.86		1,816,090	1,094,400	7.15	5,700	5.26%
Direct Construction		27.05%	29,129	36.52		5,592,697	6,424,694	41.96	33,462	30.86%
Contingency	5.00%	1.79%	1,929	2.42		370,439	375,955	2.46	1,958	1.81%
Contractor's Fees	14.00%	5.02%	5,402	6.77		1,037,230	1,052,674	6.87	5,483	5.06%
Indirect Construction		4.77%	5,141	6.45		987,000	987,000	6.45	5,141	4.74%
Ineligible Costs		2.85%	3,075	3.86		590,324	590,324	3.86	3,075	2.84%
Developer's Fees	15.00%	7.69%	8,285	10.39		1,590,764	1,601,600	10.46	8,342	7.69%
Interim Financing		3.88%	4,175	5.24		801,636	801,636	5.24	4,175	3.85%
Reserves		0.97%	1,042	1.31		200,000	200,000	1.31	1,042	0.96%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$107,704</b>	<b>\$135.05</b>		<b>\$20,679,180</b>	<b>\$20,821,283</b>	<b>\$135.98</b>	<b>\$108,444</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>42.63%</b>	<b>\$45,919</b>	<b>\$57.58</b>		<b>\$8,816,457</b>	<b>\$8,947,723</b>	<b>\$58.44</b>	<b>\$46,603</b>	<b>42.97%</b>

<b>SOURCES OF FUNDS</b>						<b>RECOMMENDED</b>			
MMA Financial	30.22%	\$32,552	\$40.82			\$6,250,000	\$6,250,000	\$6,250,000	Developer Fee Available
City of Galveston (HOME)	19.34%	\$20,833	\$26.12			4,000,000	4,000,000	4,000,000	\$1,601,600
First Sterling	50.62%	\$54,517	\$68.36			10,467,254	10,467,254	10,345,136	% of Dev. Fee Deferred
Deferred Developer Fees	0.50%	\$542	\$0.68			104,031	104,031	84,044	5%
Additional (Excess) Funds Req'd	-0.69%	(\$740)	(\$0.93)			(142,105)	(2)	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>						<b>\$20,679,180</b>	<b>\$20,821,283</b>	<b>\$20,679,180</b>	<b>\$2,625,667</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Champion Homes at Bay Walk, Galveston, 9%/HTC #09316*

**PAYMENT COMPUTATION**

<b>Primary</b>	\$6,250,000	Amort	360
Int Rate	8.00%	DCR	1.24

<b>Secondary</b>	\$4,000,000	Amort	
Int Rate	3.46%	Subtotal DCR	1.24

<b>Additional</b>	\$10,467,254	Amort	
Int Rate		Aggregate DCR	1.24

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$550,323
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$131,352</b>

<b>Primary</b>	\$6,250,000	Amort	360
Int Rate	8.00%	DCR	1.24

<b>Secondary</b>	\$4,000,000	Amort	0
Int Rate	3.46%	Subtotal DCR	1.24

<b>Additional</b>	\$10,467,254	Amort	0
Int Rate	0.00%	Aggregate DCR	1.24

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

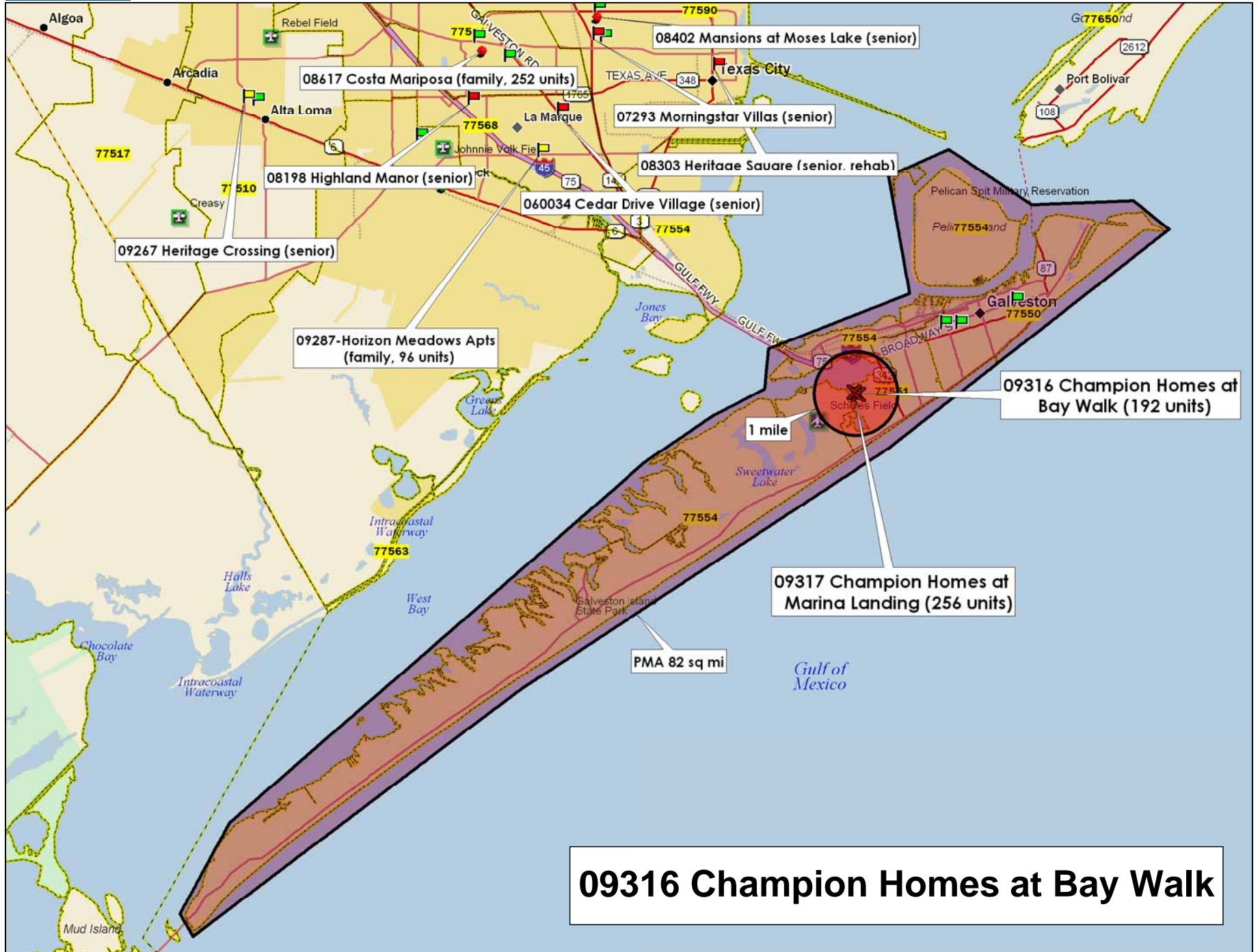
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,487,712	\$1,517,466	\$1,547,816	\$1,578,772	\$1,610,347	\$1,777,954	\$1,963,004	\$2,167,315	\$2,641,945
Secondary Income	34,560	35,251	35,956	36,675	37,409	41,302	45,601	50,347	61,373
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,522,272	1,552,717	1,583,772	1,615,447	1,647,756	1,819,256	2,008,606	2,217,663	2,703,319
Vacancy & Collection Loss	(114,170)	(116,454)	(118,783)	(121,159)	(123,582)	(136,444)	(150,645)	(166,325)	(202,749)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,408,102	\$1,436,264	\$1,464,989	\$1,494,289	\$1,524,174	\$1,682,812	\$1,857,960	\$2,051,338	\$2,500,570
EXPENSES at 3.00%									
General & Administrative	\$58,304	\$60,054	\$61,855	\$63,711	\$65,622	\$76,074	\$88,191	\$102,237	\$137,398
Management	56,324	57,451	58,600	59,772	60,967	67,312	74,318	82,054	100,023
Payroll & Payroll Tax	177,900	183,237	188,735	194,397	200,228	232,120	269,090	311,949	419,234
Repairs & Maintenance	87,687	90,317	93,027	95,818	98,692	114,411	132,634	153,759	206,640
Utilities	51,674	53,225	54,821	56,466	58,160	67,423	78,162	90,611	121,774
Water, Sewer & Trash	59,813	61,607	63,455	65,359	67,320	78,042	90,472	104,882	140,953
Insurance	53,592	55,200	56,856	58,561	60,318	69,925	81,063	93,974	126,293
Property Tax	93,351	96,152	99,036	102,007	105,068	121,802	141,202	163,692	219,988
Reserve for Replacements	57,600	59,328	61,108	62,941	64,829	75,155	87,125	101,002	135,738
Other	30,180	31,085	32,018	32,979	33,968	39,378	45,650	52,921	71,121
TOTAL EXPENSES	\$726,426	\$747,656	\$769,511	\$792,010	\$815,173	\$941,644	\$1,087,908	\$1,257,081	\$1,679,162
NET OPERATING INCOME	\$681,676	\$688,608	\$695,478	\$702,279	\$709,002	\$741,168	\$770,052	\$794,257	\$821,408
DEBT SERVICE									
First Lien Financing	\$550,323	\$550,323	\$550,323	\$550,323	\$550,323	\$550,323	\$550,323	\$550,323	\$550,323
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$131,352	\$138,285	\$145,155	\$151,955	\$158,678	\$190,845	\$219,729	\$243,933	\$271,084
DEBT COVERAGE RATIO	1.24	1.25	1.26	1.28	1.29	1.35	1.40	1.44	1.49

**HTC ALLOCATION ANALYSIS -Champion Homes at Bay Walk, Galveston, 9%/HTC #09316**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$7,693,000	\$7,693,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,094,400	\$1,816,090	\$1,094,400	\$1,816,090
<b>Construction Hard Costs</b>	\$6,424,694	\$5,592,697	\$6,424,694	\$5,592,697
<b>Contractor Fees</b>	\$1,052,674	\$1,037,230	\$1,052,673	\$1,037,230
<b>Contingencies</b>	\$375,955	\$370,439	\$375,955	\$370,439
<b>Eligible Indirect Fees</b>	\$987,000	\$987,000	\$987,000	\$987,000
<b>Eligible Financing Fees</b>	\$801,636	\$801,636	\$801,636	\$801,636
<b>All Ineligible Costs</b>	\$590,324	\$590,324		
<b>Developer Fees</b>				
Developer Fees	\$1,601,600	\$1,590,764	\$1,601,600	\$1,590,764
<b>Development Reserves</b>	\$200,000	\$200,000		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$20,821,283</b>	<b>\$20,679,180</b>	<b>\$12,337,958</b>	<b>\$12,195,856</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$12,337,958	\$12,195,856
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$16,039,345	\$15,854,613
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$16,039,345	\$15,854,613
Applicable Percentage		9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,443,541	\$1,426,915

<b>Syndication Proceeds</b>	<b>0.7250</b>	<b>\$10,465,674</b>	<b>\$10,345,136</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,443,541</b>	<b>\$1,426,915</b>
<b>Syndication Proceeds</b>		<b>\$10,465,674</b>	<b>\$10,345,136</b>
<b>Requested Tax Credits</b>		<b>\$1,443,541</b>	
<b>Syndication Proceeds</b>		<b>\$10,465,673</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$10,571,283</b>	<b>\$10,429,180</b>
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,458,108</b>	<b>\$1,438,507</b>



# 09316 Champion Homes at Bay Walk

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MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Champion Homes at Marina Landing, TDHCA Number 09317**

BASIC DEVELOPMENT INFORMATION

Site Address: 7302 Heards Ln. Development #: 09317  
 City: Galveston Region: 6 Population Served: General  
 County: Galveston Zip Code: 77551 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: Chicory Court I, LP  
 Owner Contact and Phone: Saleem Jafar, (972) 701-5551  
 Developer: Odyssey Residential Holdings, L.P.  
 Housing General Contractor: Odyssey Residential Construction, LP  
 Architect: K+ Architects  
 Market Analyst: Land America  
 Syndicator: First Sterling Financial, Inc.  
 Supportive Services: N/A  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	256	
	27	0	0	229	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	112	144	0	0	0	
Type of Building:						Total Development Units:	256
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$0
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,643,824	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Champion Homes at Marina Landing, TDHCA Number 09317**

PUBLIC COMMENT SUMMARY

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Jackson, District 11, NC

Points: 14 US Representative: Paul, District 14, S

TX Representative: Eiland, District 23, S

Points: 0 US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

O, Steve LeBanc, City Manager

S, Joan Huffman, State Senator, District 17

**Individuals and Businesses:** In Support: 0

In Opposition: 1

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

Letters of support from elected officials and ineligible neighborhood association. Letter of opposition from the city of Galveston, citing a desire to promote home ownership. One non-official generally was opposed.

CONDITIONS OF COMMITMENT



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Champion Homes at Marina Landing, TDHCA Number 09317**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance**

Total # Monitored: **No Compliance**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **193**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended due to \$2 million cap violation.

HOME Activity Funds:

Loan Amount: \$0

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Hyatt Manor I and II Apts, TDHCA Number 09318**

BASIC DEVELOPMENT INFORMATION

Site Address: 1701 Waco St. Development #: 09318  
 City: Gonzales Region: 10 Population Served: General  
 County: Gonzales Zip Code: 78629 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: RH  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

OWNER AND DEVELOPMENT TEAM

Owner: HVM Gonzales County, Ltd.  
 Owner Contact and Phone: Dennis Hoover, (512) 756-6809  
 Developer: Dennis Hoover  
 Housing General Contractor: Hoover Construction Company, Inc.  
 Architect: Myriad Designs, Ltd.  
 Market Analyst: Ipser & Associates, Inc.  
 Syndicator: Michel and Associates  
 Supportive Services: N/A  
 Consultant: N/A

UNIT/BUILDING INFORMATION

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	65	
	2	0	57	6	Market Rate Units:	0	
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	
	0	40	24	1	0	0	
Type of Building:						Total Development Units:	65
<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building					Total Development Cost*:	\$4,694,769
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence					Number of Residential Buildings:	14
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy					HOME High Total Units:	0
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional					HOME Low Total Units:	15

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$350,058	\$344,536			
HOME Activity Fund Amount:	\$946,081	\$946,081	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

Hyatt Manor I and II Apts, TDHCA Number 09318

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Hegar, District 18, NC

Points: 0

US Representative: Doggett, District 25, NC

TX Representative: Kuempel, District 44, NC

Points: 0

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: S, Bobby O'Neal, Mayor, City of Gonzales Resolution of Support from Local Government

**Individuals and Businesses:** In Support: 0 In Opposition: 0

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

Total Score for All Input: 6

The Catholic Community of Gonzales & Waelder, S, Rev. Paul A. Raaz, Pastor

Gonzales County Senior Citizens Association, S, Sandra Huber, Director

Gonzales Chamber of Commerce, S, Barbara Hand, Executive Director

**General Summary of Comment:**

Letter of support from city of Gonzales, and ineligible neighborhood association.

**CONDITIONS OF COMMITMENT**

1. Recommended HOME award is subject to availability of funds. As of the date of this report it does not appear that the application will score high enough in the TDHCA HOME allocation to be awarded funds. Without the HOME funds or a viable alternative, the application is not financially viable and no such alternative source has been provided. Should HOME funds not be awarded to this development or an acceptable confirmed alternative not be provided by commitment notice of the tax credit, an allocation of tax credits would not be recommended.
2. At the February 2009 Board meeting, the Board agreed to consider waivers of the 2009 Qualified Allocation Plan and Rules for 2007 applications that returned their awards and reapplied in the 2009 application cycle. As a part of this action, the Board allowed 2007 Applicants to resubmit their existing third party reports with their 2009 application. Hyatt Manor was approved by the Board with a condition to provide an updated Property Condition Assessment (PCA) to support the rehab budget. The Applicant has not provided this updated report. This recommendation is subject to receipt, review, and acceptance, by commitment, of a revised PCA including the entire scope of planned rehab work. To the extent that the costs do not agree with the Applicant's budget as presented at application, an adjustment to the allocation amount may be warranted.
3. Receipt, review and acceptance by the carryover, of USDA-RD approval of the same rates and terms transfer of the existing USDA-RD loans and acceptance of the additional HOME funds and a parity first lien.
4. Receipt, review and acceptance by cost certification, of documentation that USDA has approved an increase of at least 6.8% on average to the current contract rents.
5. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.
6. Receipt of a commitment of funding for TDHCA HOME funds in the amount of \$946,081, or a commitment from a qualifying substitute source in an amount not less than \$140,843, as required by §49.9(i)(5) of the 2009 QAP. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party, or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.
7. Receipt of a commitment of funding from USDA Rural Development for funds in the amount of \$1,115,495, or a commitment from a qualifying substitute source (s) in an amount not less than \$93,896 as required by §49.9(i)(27) of the 2009 QAP. The provider of funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision. If the terms or amount of funding are different than those of the source for which points were awarded, the Application may be reevaluated for financial feasibility.



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Hyatt Manor I and II Apts, TDHCA Number 09318**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **64**

Total # Monitored: **58**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **162**  Meeting a Required Set-Aside Credit Amount\*: \$344,536

Recommendation: Competitive in USDA Allocation

HOME Activity Funds:

Loan Amount: \$946,081

HOME CHDO Operating Expense Grant:

Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/22/09 PROGRAM: 9% HTC / HOME FILE NUMBER: 09318

**DEVELOPMENT**

Hyatt Manor I and II Apartments

Location: 1701 Waco Street Region: 10  
 City: Gonzales County: Gonzales Zip: 78629  OCT  DDA  
 Key Attributes: Family, Acq/Rehab, Rural, and Multifamily

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
HOME Activity Funds	\$946,081	0.00%	30/30	<b>\$946,081</b>	<b>0.50%</b>	<b>30/30</b>
Housing Tax Credit (Annual)	\$350,058			<b>\$344,536</b>		

**CONDITIONS**

- 1 Recommended HOME award is subject to availability of funds. As of the date of this report it does not appear that the application will score high enough in the TDHCA HOME allocation to be awarded funds. Without the HOME funds or a viable alternative, the application is not financially viable and no such alternative source has been provided. Should HOME funds not be awarded to this development or an acceptable confirmed alternative not be provided by commitment notice of the tax credit, an allocation of tax credits would not be recommended.
- 2 At the February 2009 Board meeting, the Board agreed to consider waivers of the 2009 Qualified Allocation Plan and Rules for 2007 applications that returned their awards and reapplied in the 2009 application cycle. As a part of this action, the Board allowed 2007 Applicants to resubmit their existing third party reports with their 2009 application. Hyatt Manor was approved by the Board with a condition to provide an updated Property Condition Assessment (PCA) to support the rehab budget. The Applicant has not provided this updated report. This recommendation is subject to receipt, review, and acceptance, by commitment, of a revised PCA including the entire scope of planned rehab work. To the extent that the costs do not agree with the Applicant's budget as presented at application, an adjustment to the allocation amount may be warranted.
- 3 Receipt, review, and acceptance by the carryover, of USDA-RD approval of the same rates and terms transfer of the existing USDA-RD loans and acceptance of the additional HOME funds and a parity first lien.
- 4 Receipt, review, and acceptance by cost certification, of documentation that USDA has approved an increase of at least 6.8% on average to the current contract rents.
- 5 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

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**SALIENT ISSUES**

TDHCA SET-ASIDES for LIHTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	2
50% of AMI	50% of AMI	57
60% of AMI	60% of AMI	6

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	Low HOME	2
50% of AMI	Low HOME	13

**STRENGTHS/MITIGATING RISKS**

- Property is monitored and financially supported by USDA through adjustable rental subsidies.
- Property is 98% occupied.
- Principal of Applicant and Developer have LIHTC and USDA development experience.

**WEAKNESSES/RISKS**

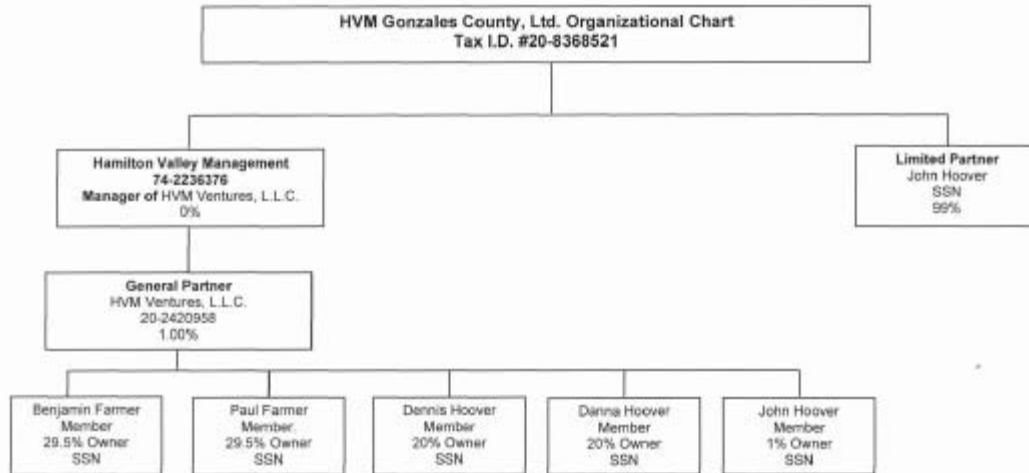
- Both the Underwriter's and Applicant's expense to income ratios exceed 65%.
- Rehabilitation costs may be higher than underwritten costs due to a dated PCA report.

**PREVIOUS UNDERWRITING REPORTS**

This application was previously underwritten and approved in July 2007 and returned the credits.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Dennis Hoover Phone: (512) 756-6809 Fax: (512) 756-9885  
 Email: dennishoover@hamiltonvalley.com

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KEY PARTICIPANTS

Name	Net Assets	Liquidity <sup>1</sup>	# Completed Developments
HVM Ventures, LLC	Newly Formed		N/A
Hoover and Hoover Ltd	Confidential		N/A
Dennis Hoover	Confidential		18
Dana Hoover	Confidential		8
Benjamin Farmer	Confidential		N/A
Paul Farmer	Confidential		N/A

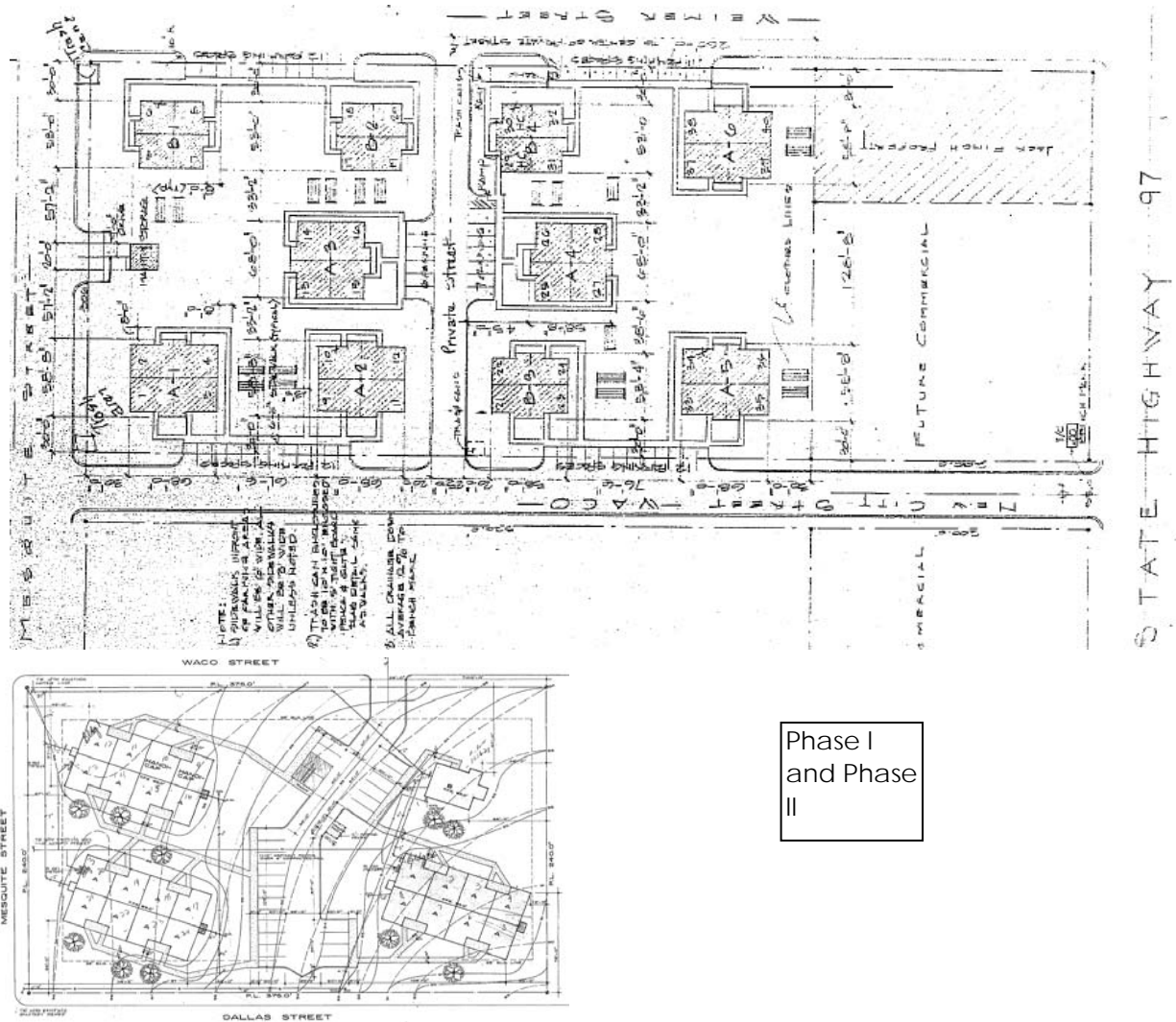
<sup>1</sup> Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

- o The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.
- o The current owner of the property is related to the Applicant and development team and this has been addressed in the acquisition cost section of this report.

PROPOSED SITE

SITE PLAN



**BUILDING CONFIGURATION**

Building Type	A1	B1	A2	B2								Total Buildings
Floors/Stories	1	1	1	1								
Number	6	4	3	1								<b>14</b>

BR/BA	SF	Units										Total Units	Total SF
1/1	582			8								24	13,968
1/1	615		4									16	9,840
2/1	889	4										24	21,336
3/2	994				1							1	994
Units per Building		4	4	8	1							<b>65</b>	<b>46,138</b>

Rehabilitation summary:

The development comprises two separate USDA properties that were originally developed in 1981 according to the Appraiser.

The Applicant provided a Physical Condition Analysis (PCA) performed by On-Site Insight, Inc. to evaluate the cost of the rehabilitation and the prospective future reserve requirements. However, the PCA provided in this case does not contemplate the entire scope of work that the Applicant is planning. As such, the PCA cost estimate cannot be used to reasonably verify the Applicant's cost estimate or to project the property's long-term capital needs.

Staff has discussed these issues with the Applicant and the Applicant has agreed to provide a revision to the PCA that accounts for the entire planned scope of work. There has been some confusion over the requirements between the report provider and the Applicant. Due to scheduling issues with the report provider, the said revision has not been completed as of the date of this report. The Underwriter has used the Applicant's estimates subject to verification. Therefore, receipt, review, and acceptance, by commitment, of a revised Physical Condition Analysis with the entire scope of planned rehab work and which fully accounts for the Applicant's budget is a condition of this report.

**SITE ISSUES**

Total Size: 5.85 acres      Scattered site?       Yes       No  
 Flood Zone: Zone C      Within 100-yr floodplain?       Yes       No  
 Zoning: R2/Multifamily      Needs to be re-zoned?       Yes       No       N/A

**TDHCA SITE INSPECTION**

Inspector: ORCA Staff      Date: 4/3/2009  
 Overall Assessment:  
 Excellent       Acceptable       Questionable       Poor       Unacceptable  
 Surrounding Uses:  
 North: Weimer Street/residential      East: Commercial/Highway 97  
 South: Dallas Street/vacant land      West: Mesquite Street/residential  
 Comments:  
 The site is bisected by Waco Street which separates Phase I and Phase II of the development.

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Comments:  
 A Phase I Environmental Site Assessment was not submitted with the application. Developments receiving a USDA rental subsidy are not required to submit a Phase I ESA.

**MARKET HIGHLIGHTS (From Appraisal)**

Comments:

At the December 16, 2008 Board meeting, the Board agreed to consider waivers of the 2009 Qualified Allocation Plan and Rules for 2007 applications that returned their awards and reapplied in the 2009 application cycle. As a part of this action, the Board allowed 2007 Applicant's to resubmit their existing 3rd party reports with their 2009 application.

Provider: Rafael C Luebbert Date: 3/12/2007  
 Contact: Rafael C Luebbert Phone: 210.408.6041 Fax: 210.408.2539  
 Number of Revisions: 0 Date of Last Applicant Revision: N/A

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
N/A				N/A			

Only one LIHTC property appears to be located within the vicinity of the subject development: Oaks at Winding Way (#98147) which received a 9% HTC allocation during the 1998 cycle.

INCOME LIMITS						
Gonzales						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$9,600	\$10,950	\$12,350	\$13,700	\$14,800	\$15,900
50	\$15,950	\$18,250	\$20,500	\$22,800	\$24,600	\$26,450
60	\$19,140	\$21,900	\$24,600	\$27,360	\$29,520	\$31,740

Unit Type (% AMI)	Current Contract Rent	Proposed Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
1 BR 582 SF 30	\$456	\$506	Unknown	\$506	\$50
1 BR 582 SF 50	\$456	\$506	Unknown	\$506	\$50
1 BR 582 SF 60	\$456	\$481	Unknown	\$481	\$25
1 BR 615 SF 50	\$454	\$441	Unknown	\$441	(\$13)
2 BR 889 SF 30	\$454	\$504	Unknown	\$504	\$50
2 BR 889 SF 50	\$454	\$479	Unknown	\$479	\$25
2 BR 889 SF 60	\$454	\$479	Unknown	\$479	\$25
3 BR 994 SF 50	\$629	\$654	Unknown	\$654	\$25

The market rents concluded by the Appraiser were not well justified and did not appear to be a focus for the report provider. The rents at the nearest tax credit property in the area reflected max collected rents of \$419, \$600 and \$650 for one, two and three-bedroom units respectively. This would suggest that the increase in proposed rents for the two and three bedroom units can be justified while the one bedroom units may need more justification. It should also be noted that the underwritten rents for the 30% units are higher than the 30% rent limit rents because these units are under a rental assistance agreement and as such the total collected rent for a tax credit unit can exceed the rent limit rent so long as the tenant is not paying more than the rent limit rent which, in this case, will be \$185 and \$199 for one and two bedroom units respectively.

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Comments:

A Market Study report was not included, as USDA-RD-financed projects are not required to submit this report. A required appraisal is sufficient to satisfy the requirement for a market analysis. An "As Is" appraisal dated March 12, 2007 was prepared by Rafael C Luebbert ("Appraiser"). Additionally, the property is currently 98.5% occupied and it is likely that many of the existing tenants will choose to remain at the property after rehabilitation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's projected net rents per unit are the contract rents that the Applicant has requested as part of the proposal to USDA-RD. The requested contract rents are 6.8% higher than the current contract rents, on average. The Underwriter has used the Applicant's requested higher rents to determine potential gross rent.

The Applicant's estimate of secondary income is in line with Department guidelines. However, the Applicant's estimate of vacancy and collection loss is lower than the Department standard of 7.5%. Based on the current occupancy rate and the affordability of the USDA-RD contract rents, both the Underwriter's and Applicant's analysis assumes a vacancy and collection loss of 5%. Overall, the Applicant's effective gross income projection is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's total annual operating expense projection of \$4,257 per unit is within 10% of the Underwriter's estimate of \$4,161 derived from the TDHCA database, third party data sources and actual historical expenses from 2006 to 2008. However, the Applicant's estimates of several line items differ significantly from the Underwriter's, specifically, water, sewer, & trash (\$7K or 19% higher), and property insurance (\$5K or 31% lower).

The Applicant provided a Physical Condition Analysis (PCA) in order to meet USDA-RD requirements. However, the PCA is dated in 2007 and does not fully take into account the proposed rehabilitation plan. A revised PCA with the entire scope of planned rehab work has been made a condition of this report. The Underwriter has assumed actual 2008 for the annual reserve requirement.

Conclusion:

The Applicant's net operating income is not within 5% of the Underwriter's estimate; therefore, the Underwriter's Year One proforma is used to determine the development's debt coverage ratio (DCR) and debt capacity. The Underwriter's Year One DCR results in a DCR of 1.38, which is higher than the Department's maximum of 1.35. As a result, the HOME loan interest rate will be adjusted in order to bring the DCR to an acceptable level and will be discussed further in the "Conclusions" section of this report.

However, the development receives USDA rental assistance and USDA will continue to actively monitor the return to owner to ensure that it is not more than 8% per year on the original equity investment. Any profits over that amount will be required to be funded into reserves until such time as 10% of the outstanding loan balance is funded and any profit over that amount is returned to USDA and/or tenants. Moreover, future rent increases under such a scenario would be hampered.

Feasibility:

Both the Applicant's and Underwriter's initial expense to income ratio are greater than the Department's 65% maximum; however, the rule allows for mitigation of this concern in the form of an ongoing operating subsidy. The Rental Assistance agreement which covers a majority of the units provides such ongoing subsidy. Therefore, the development can be characterized as feasible under this criterion.

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The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow for the minimum 15 year period. Therefore, the development can be characterized as feasible. While the development maintains a DCR above 1.15, USDA-RD properties receiving rental assistance are not required to meet this guideline.

### ACQUISITION INFORMATION

#### APPRAISED VALUE

Provider: Rafael C Luebbert Date: 3/12/2007  
 Number of Revisions: 1 Date of Last Applicant Revision: 4/25/2007

Land Only: 5.86 acres	<u>\$225,903</u>	As of:	<u>3/12/2007</u>
Existing Buildings: (as-is)	<u>\$1,165,097</u>	As of:	<u>3/12/2007</u>
Favorable Financing	<u>\$473,000</u>	As of:	<u>3/12/2007</u>
Total Development: (as-is)	<u>\$1,864,000</u>	As of:	<u>3/12/2007</u>

**Comments:**

The partnership will be assuming the existing USDA-RD loans; therefore, the favorable financing is included in the appraised value for the purposes of reviewing the reasonableness of the contract purchase price.

At the December 18, 2008 Board meeting, the Board agreed to consider waivers of the 2009 Qualified Allocation Plan and Rules for 2007 applications that returned their awards and reapplied in the 2009 application cycle thus allowing the use of the same 2007 third-party reports.

#### ASSESSED VALUE

Land Only: 5.85 acres	<u>\$259,320</u>	Tax Year:	<u>2008</u>
Existing Buildings:	<u>\$691,760</u>	Valuation by:	<u>Gonzales CAD</u>
Total Assessed Value:	<u>\$951,080</u>	Tax Rate:	<u>2.2846</u>

#### EVIDENCE of PROPERTY CONTROL

Type: Option to Purchase Real Property Acreage: N/A  
 Contract Expiration: 8/20/2010 Valid Through Board Date?  Yes  No  
 Acquisition Cost: \$1,619,413 Other: \_\_\_\_\_  
 Seller: Hoover & Hoover/Hyatt Manor Ltd Related to Development Team?  Yes  No

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## CONSTRUCTION COST ESTIMATE EVALUATION

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

### Acquisition Value:

The property is currently owned by a related party. The Applicant has submitted an Option to purchase the subject property for a price of \$1,875,000, which is greater than the appraised value by \$11K, but less than the original investment in the land and buildings plus holding costs which included notes totaling \$1,416,400, original equity of \$74,550, and return on original equity of \$694,603 computed at 8% over the life of the loan, consistent with USDA's conditions to the original loans, for a total cost of \$2,185,553. Pursuant to the REA Rules and Guidelines, the acquisition cost used by the Underwriter cannot exceed the lesser of the as is appraised value, or the original acquisition cost plus holding costs. For this reason, the Underwriter's acquisition cost has been limited to the \$1,864,000 appraised value.

Additionally, the Applicant has determine a building value of \$1,101,908, which is the purchase price less the assessed land value, exit taxes, and cash to outgoing partners. The Underwriter has used the same methodology, but because the Underwriter is using a lower acquisition cost, the Underwriter's building value is lower at \$1,090,908.

### Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs are minimal. The Applicant has estimated sitework costs of \$3,000 per unit. This estimate cannot be verified based on the lack of information specific to proposed sitework in the submitted PCA. As discussed above, receipt, review, and acceptance of a revised Physical Condition Analysis with the entire scope of planned rehab work and budget fully accounted for is a condition of this report. In addition, USDA-RD will also review and need to approve the scope of work and budget before construction begins.

### Direct Construction Cost:

The submitted PCA did not provide a cost estimate for the rehab work beyond the immediate repair needs. Therefore, for purposes of this analysis, the Underwriter has used the Applicant's direct construction cost estimate. As discussed above, because of scheduling issues the PCA could not be updated before this report was completed but will be required by commitment and USDA-RD will review the proposed rehab budget prior to commencement of construction.

### Ineligible Development Fee:

The Applicant incorrectly included \$165,286 of acquisition eligible basis in the developer fee section, which has not been included in the Underwriter's acquisition eligible basis calculation, nor in the Underwriter's total development cost. The Applicant acknowledged that the inclusion of the cost was a mistake and is aware of the Underwriter's adjustment, and the resulting reduction in the allocation recommended based on the development's eligible basis.

### Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

### Conclusion:

The Underwriter's cost schedule was derived from information presented in the Application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$3,716,776 supports annual tax credits of \$335,367. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: The Hoover Companies, Inc. Type: Interim Financing

Principal: \$1,767,647 Interest Rate: 6.0%  Fixed Term: 18 months

Comments:

The loan is set at an interest rate of prime plus 2%, but will not be less than 6%. The Underwriter has assumed an interest rate of 6% for the purpose of calculating eligible interest expense.

The subject construction loan will be provided by a related entity. Therefore, the Underwriter has requested documentation verifying the capacity of The Hoover Companies, Inc to provide said financing. The Applicant provided a letter from First State Bank of Burnet supporting the Applicant's capacity to provide the anticipated construction funding.

Source: USDA-RD Loans Type: Permanent Financing

Principal: \$1,115,495 Interest Rate: 1.0%  Fixed Amort: 600\* months

Comments:

The subject is currently a USDA-RD property with two phases. Each phase has an individual USDA-RD loan (with original principal balances of \$817,000 & \$599,400 for Phase I and Phase II respectively) with interest subsidies that lower the effective rates to approximately 1%. The unsubsidized interest rate on the Phase I loan is 9%, and the unsubsidized interest rate on the Phase II loan is 11.5%.

The Applicant has indicated that the partnership will assume the existing USDA-RD loans with the same rates and terms. \*The remaining term for the Phase I loan will end in February of 2031, while the term for the Phase II loan ends in May of 2033. The recommended financing structure includes a slightly lower combined loan amount of \$1,112,494, based on documentation provided by the Applicant to support the current loan balances.

Source: Michel & Associates Type: Syndication

Proceeds: \$2,345,152 Syndication Rate: 67% Anticipated HTC: \$ 350,058

Comments:

The committed credit price appears to be consistent with recent trends in pricing. Due to the recent volatility in credit pricing, it should be noted, any decrease in the syndication rate could increase the amount of deferred developer fee. A decrease below \$0.595 per dollar of credit may jeopardize the financial viability of the transaction. Alternatively, should the final credit price increase to more than \$0.697, under the recommended financing structure all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted. The equity commitment did not specify an expiration date.

Amount: \$299,041 Type: Existing Reserves

Comments:

The Applicant has indicated the existing reserve balance will be transferred to the partnership. Moreover, a portion of the reserve balance will be used to fund rehab costs and the remaining balance will be maintained as reserves. At the request of the Underwriter, the Applicant supplied documentation of the existing reserve balance of \$369,228.70. Therefore, as of this date, the net amount of \$70,187.70 would be maintained as reserves. The Applicant's sources and uses statement shows \$299,041 in reserves as a source of financing.

Amount: \$0 Type: Deferred Developer Fees

## CONCLUSIONS

### Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. The underwriting analysis recommends an interest rate on the HOME funds of .05% in order to decrease DCR to 1.35.

The Underwriter's total development cost estimate less the existing permanent loan of \$1,112,494 the HOME loan of \$946,081 and the reserve amount of \$299,041 indicates the need for \$2,337,153 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$348,864 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

<b><u>Allocation determined by eligible basis:</u></b>	<b><u>\$344,536</u></b>
Allocation determined by gap in financing:	\$348,864
Allocation requested by the Applicant:	\$350,058

The eligible basis-derived estimate of \$335,367 is recommended resulting in proceeds of \$2,246,732 based on a syndication rate of 67%. The Underwriter's recommended financing structure indicates the need for \$90,422 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within four years of stabilized operation.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units.

### Return on Equity:

This is a USDA-RD transaction, in which the Applicant is restricted by the loan agreement to a return of no more than 8% per annum on the borrower's original investment, with any excess cash flow going to fund replacement reserves. USDA-RD will manage this return on equity restriction.

Underwriter:	_____	Date:	July 22, 2009
	<i>Carl Hoover</i>		
Reviewing Underwriter	_____	Date:	July 22, 2009
	<i>Audrey Martin</i>		
Director of Real Estate Analysis:	_____	Date:	July 22, 2009
	<i>Brent Stewart</i>		

MULTIFAMILY COMPARATIVE ANALYSIS

Hyatt Manor I and II Apartments, Gonzales, 9% HTC / HOME #09318

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30% / LH Phase II	1	1	1	582	\$256	\$506	\$506	\$0.87	\$52.00	\$21.97
TC 50% / LH Phase II	6	1	1	582	\$456	\$506	\$3,036	\$0.87	\$52.00	\$21.97
TC 50% Phase II	13	1	1	582	\$456	\$481	\$6,253	\$0.83	\$52.00	\$21.97
TC 60% Phase II	4	1	1	582	\$456	\$481	\$1,924	\$0.83	\$52.00	\$21.97
TC 50% / LH Phase I	1	1	1	615	\$454	\$441	\$441	\$0.72	\$104.00	\$21.97
TC 50% Phase I	15	1	1	615	\$416	\$441	\$6,615	\$0.72	\$104.00	\$21.97
TC 30% / LH Phase I	1	2	1	889	\$454	\$504	\$504	\$0.57	\$118.00	\$23.07
TC 50% / LH Phase I	6	2	1	889	\$454	\$504	\$3,024	\$0.57	\$118.00	\$23.07
TC 50% Phase I	15	2	1	889	\$454	\$479	\$7,185	\$0.54	\$118.00	\$23.07
TC 60% Phase I	2	2	1	889	\$454	\$479	\$958	\$0.54	\$118.00	\$23.07
TC 50% Phase II	1	3	2	994	\$629	\$654	\$654	\$0.66	\$132.00	\$24.62
<b>TOTAL:</b>	<b>65</b>		<b>AVERAGE:</b>	<b>710</b>		<b>\$478</b>	<b>\$31,100</b>	<b>\$0.67</b>	<b>\$90.40</b>	<b>\$22.42</b>

**INCOME**

	Total Net Rentable Sq Ft:	46,138		TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				\$373,200	\$373,200	Gonzales		10
Secondary Income	Per Unit Per Month:	\$13.08		10,200	10,200	\$13.08	Per Unit Per Month	
Other Support Income:				0	0	\$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				\$383,400	\$383,400			
Vacancy & Collection Loss	% of Potential Gross Income:	-5.00%		(19,170)	(19,176)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				\$364,230	\$364,224			

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI	
General & Administrative	4.70%	\$263	0.37	\$17,111	\$14,529	\$0.31	\$224	3.99%	
Management	8.58%	481	0.68	31,242	32,363	0.70	498	8.89%	
Payroll & Payroll Tax	16.15%	905	1.28	58,831	63,251	1.37	973	17.37%	
Repairs & Maintenance	12.50%	700	0.99	45,529	43,600	0.94	671	11.97%	
Utilities	2.32%	130	0.18	8,441	9,133	0.20	141	2.51%	
Water, Sewer, & Trash	10.22%	573	0.81	37,217	44,352	0.96	682	12.18%	
Property Insurance	4.43%	248	0.35	16,148	11,135	0.24	171	3.06%	
Property Tax	2.2846	6.53%	366	0.52	23,766	25,682	0.56	395	7.05%
Reserve for Replacements	8.10%	454	0.64	29,500	29,965	0.65	461	8.23%	
TDHCA Compliance Fees	0.71%	40	0.06	2,600	2,600	0.06	40	0.71%	
Other:	0.03%	2	0.00	105	105	0.00	2	0.03%	
TOTAL EXPENSES	74.26%	\$4,161	\$5.86	\$270,490	\$276,713	\$6.00	\$4,257	75.97%	
NET OPERATING INC	25.74%	\$1,442	\$2.03	\$93,740	\$87,511	\$1.90	\$1,346	24.03%	

**DEBT SERVICE**

				TDHCA	APPLICANT			
HOME-TDHCA	8.66%	\$485	\$0.68	\$31,536	\$31,536	\$0.68	\$485	8.66%
USDA - Orig \$599,400	4.25%	\$238	\$0.34	15,471	36,576	\$0.79	\$563	10.04%
USDA - Orig \$817,000	5.79%	\$325	\$0.46	21,098		\$0.00	\$0	0.00%
NET CASH FLOW	7.04%	\$394	\$0.56	\$25,636	\$19,399	\$0.42	\$298	5.33%
AGGREGATE DEBT COVERAGE RATIO				1.38	1.28			
RECOMMENDED DEBT COVERAGE RATIO				1.34				

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		39.70%	\$28,677	\$40.40	\$1,864,000	\$1,875,000	\$40.64	\$28,846	39.84%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		4.15%	3,000	4.23	195,000	195,000	4.23	3,000	4.14%
Direct Construction		32.11%	23,192	32.67	1,507,500	1,507,500	32.67	23,192	32.04%
Contingency	10.00%	3.63%	2,619	3.69	170,250	170,250	3.69	2,619	3.62%
Contractor's Fees	14.00%	5.08%	3,667	5.17	238,350	238,350	5.17	3,667	5.07%
Indirect Construction		1.70%	1,228	1.73	79,800	79,800	1.73	1,228	1.70%
Ineligible Costs		2.23%	1,614	2.27	104,901	104,901	2.27	1,614	2.23%
Developer's Fees	10.15%	7.30%	5,269	7.42	342,505	342,505	7.42	5,269	7.28%
Interim Financing		1.97%	1,423	2.00	92,463	92,463	2.00	1,423	1.96%
Reserves		2.13%	1,538	2.17	100,000	100,000	2.17	1,538	2.13%
TOTAL COST		100.00%	\$72,227	\$101.75	\$4,694,769	\$4,705,769	\$101.99	\$72,396	100.00%
<b>Construction Cost Recap</b>		44.97%	\$32,478	\$45.76	\$2,111,100	\$2,111,100	\$45.76	\$32,478	44.86%

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
HOME-TDHCA	20.15%	\$14,555	\$20.51	\$946,081	\$946,081	\$946,081	Developer Fee Available
USDA - Orig \$599,400	10.44%	\$7,537	\$10.62	489,915	489,915	489,915	\$342,505
USDA - Orig \$817,000				625,580	625,580	622,579	
Reserve Account/O&M Funds				299,041	299,041	299,041	
HTC Syndication Proceeds	49.95%	\$36,079	\$50.83	2,345,152	2,345,152	2,308,156	% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	\$0	\$0.00	0	0	0	0%
Additional (Excess) Funds Req'd	-0.23%	(\$169)	(\$0.24)	(11,000)	0	28,998	15-Yr Cumulative Cash Flow
TOTAL SOURCES				\$4,694,769	\$4,705,769	\$4,694,769	\$263,599

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**  
**Hyatt Manor I and II Apartments, Gonzales, 9% HTC / HOME #09318**

**PAYMENT COMPUTATION**

<b>Primary</b>	\$946,081	Amort	360
Int Rate	0.00%	DCR	2.97

<b>Secondary</b>	\$599,400	Amort	600
Int Rate	1.00%	Subtotal DCR	1.99

<b>Additional</b>	\$817,000	Amort	600
Int Rate	1.00%	Aggregate DCR	1.38

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$33,967	
Secondary Debt Service	15,239	1269.8839
Additional Debt Service	20,771	1730.8895
<b>NET CASH FLOW</b>	<b>\$23,764</b>	

<b>Primary</b>	\$946,081	Amort	360
Int Rate	0.50%	DCR	2.76

<b>Secondary</b>	\$599,400	Amort	600
Int Rate	1.00%	Subtotal DCR	1.91

<b>Additional</b>	\$817,000	Amort	600
Int Rate	1.00%	Aggregate DCR	1.34

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

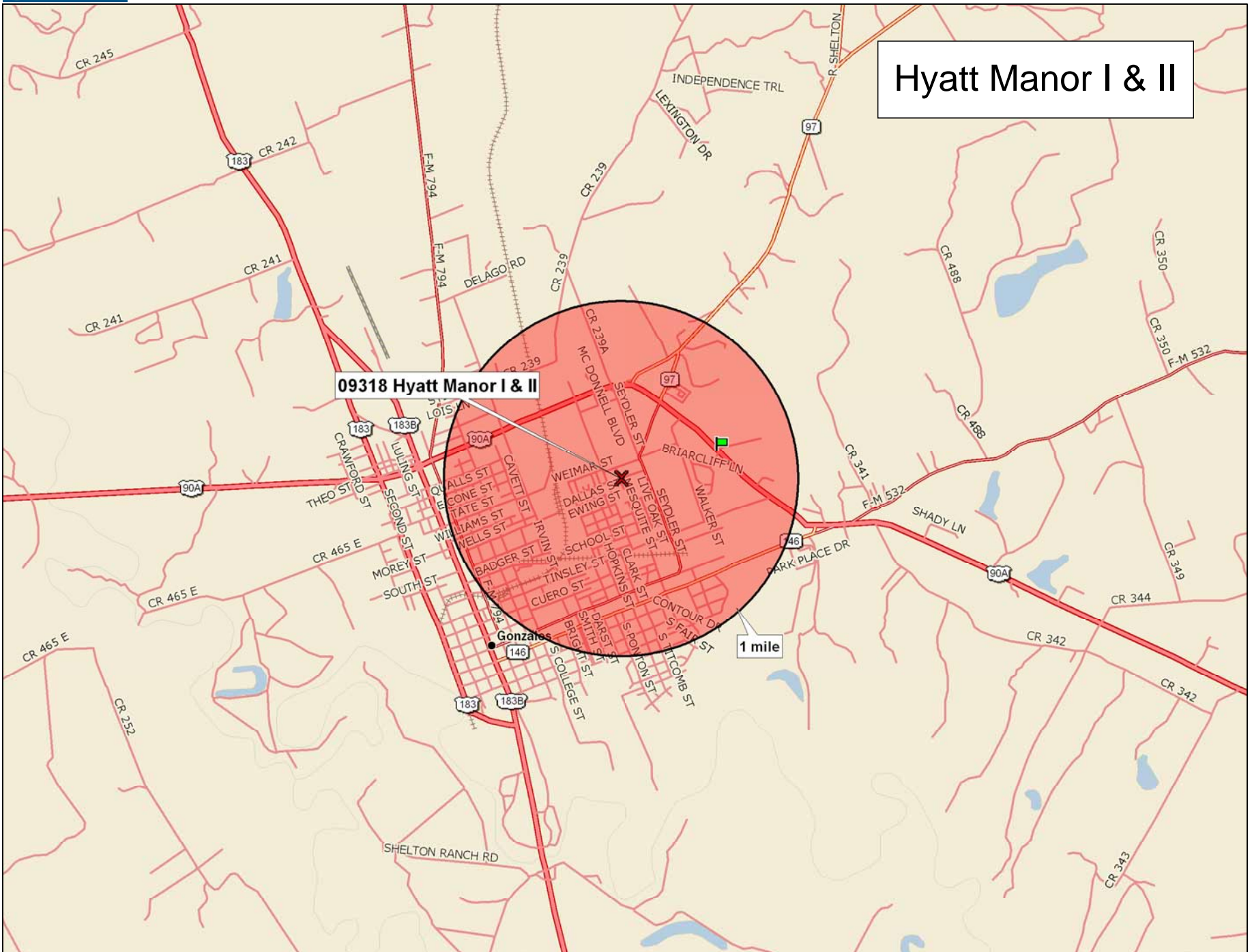
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$373,200	\$380,664	\$388,277	\$396,043	\$403,964	\$446,009	\$492,429	\$543,682	\$662,745
Secondary Income	10,200	10,404	10,612	10,824	11,041	12,190	13,459	14,859	18,114
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	383,400	391,068	398,889	406,867	415,004	458,198	505,888	558,541	680,859
Vacancy & Collection Loss	(19,170)	(19,553)	(19,944)	(20,343)	(20,750)	(22,910)	(25,294)	(27,927)	(34,043)
Employee or Other Non-Rental Units or Cc	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$364,230</b>	<b>\$371,515</b>	<b>\$378,945</b>	<b>\$386,524</b>	<b>\$394,254</b>	<b>\$435,289</b>	<b>\$480,594</b>	<b>\$530,614</b>	<b>\$646,816</b>
EXPENSES at 3.00%									
General & Administrative	\$17,111	\$17,624	\$18,153	\$18,697	\$19,258	\$22,325	\$25,881	\$30,003	\$40,322
Management	31,242	31,867	32,504	33,154	33,817	37,337	41,223	45,514	55,481
Payroll & Payroll Tax	58,831	60,596	62,414	64,286	66,215	76,761	88,987	103,161	138,639
Repairs & Maintenance	45,529	46,894	48,301	49,750	51,243	59,405	68,866	79,835	107,291
Utilities	8,441	8,694	8,955	9,224	9,500	11,014	12,768	14,801	19,892
Water, Sewer & Trash	37,217	38,334	39,484	40,668	41,888	48,560	56,294	65,260	87,704
Insurance	16,148	16,633	17,132	17,646	18,175	21,070	24,426	28,316	38,055
Property Tax	23,766	24,479	25,214	25,970	26,749	31,010	35,949	41,674	56,007
Reserve for Replacements	29,500	30,385	31,297	32,235	33,203	38,491	44,621	51,728	69,519
Other	2,705	2,786	2,870	2,956	3,044	3,529	4,091	4,743	6,374
<b>TOTAL EXPENSES</b>	<b>\$270,490</b>	<b>\$278,292</b>	<b>\$286,322</b>	<b>\$294,587</b>	<b>\$303,093</b>	<b>\$349,501</b>	<b>\$403,107</b>	<b>\$465,036</b>	<b>\$619,284</b>
<b>NET OPERATING INCOME</b>	<b>\$93,740</b>	<b>\$93,223</b>	<b>\$92,623</b>	<b>\$91,937</b>	<b>\$91,161</b>	<b>\$85,787</b>	<b>\$77,487</b>	<b>\$65,578</b>	<b>\$27,532</b>
DEBT SERVICE									
First Lien Financing	\$33,967	\$33,967	\$33,967	\$33,967	\$33,967	\$33,967	\$33,967	\$33,967	\$33,967
Second Lien	15,239	15,239	15,239	15,239	15,239	15,239	15,239	15,239	15,239
Other Financing	20,771	20,771	20,771	20,771	20,771	20,771	20,771	20,771	20,771
<b>NET CASH FLOW</b>	<b>\$23,764</b>	<b>\$23,246</b>	<b>\$22,647</b>	<b>\$21,961</b>	<b>\$21,185</b>	<b>\$15,811</b>	<b>\$7,511</b>	<b>(\$4,398)</b>	<b>(\$42,444)</b>
DEBT COVERAGE RATIO	1.34	1.33	1.32	1.31	1.30	1.23	1.11	0.94	0.39

**HTC ALLOCATION ANALYSIS -Hyatt Manor I and II Apartments, Gonzales, 9% HTC / HOME #09318**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>						
Purchase of land	\$773,092	\$773,092				
Purchase of buildings	\$1,101,908	\$1,090,908	\$1,101,908	\$1,090,908		
<b>Off-Site Improvements</b>						
<b>Sitework</b>	\$195,000	\$195,000			\$195,000	\$195,000
<b>Construction Hard Costs</b>	\$1,507,500	\$1,507,500			\$1,507,500	\$1,507,500
<b>Contractor Fees</b>	\$238,350	\$238,350			\$238,350	\$238,350
<b>Contingencies</b>	\$170,250	\$170,250			\$170,250	\$170,250
<b>Eligible Indirect Fees</b>	\$79,800	\$79,800			\$79,800	\$79,800
<b>Eligible Financing Fees</b>	\$92,463	\$92,463			\$92,463	\$92,463
<b>All Ineligible Costs</b>	\$104,901	\$104,901				
<b>Developer Fees</b>						
Developer Fees	\$342,505	\$342,505			\$342,505	\$342,505
<b>Development Reserves</b>	\$100,000	\$100,000				
<b>TOTAL DEVELOPMENT COSTS</b>	\$4,705,769	\$4,694,769	\$1,101,908	\$1,090,908	\$2,625,868	\$2,625,868

<b>Deduct from Basis:</b>						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
<b>TOTAL ELIGIBLE BASIS</b>			\$1,101,908	\$1,090,908	\$2,625,868	\$2,625,868
High Cost Area Adjustment					130%	130%
<b>TOTAL ADJUSTED BASIS</b>			\$1,101,908	\$1,090,908	\$3,413,628	\$3,413,628
Applicable Fraction			100%	100%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>			\$1,101,908	\$1,090,908	\$3,413,628	\$3,413,628
Applicable Percentage			3.42%	3.42%	9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$37,685	\$37,309	\$307,227	\$307,227

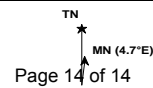
<b>Syndication Proceeds</b>	<b>0.6699</b>	<b>\$252,466</b>	<b>\$249,945</b>	<b>\$2,058,210</b>	<b>\$2,058,210</b>
<b>Total Tax Credits (Eligible Basis Method)</b>				<b>\$344,912</b>	<b>\$344,536</b>
<b>Syndication Proceeds</b>				<b>\$2,310,676</b>	<b>\$2,308,156</b>
<b>Requested Tax Credits</b>				<b>\$350,058</b>	
<b>Syndication Proceeds</b>				<b>\$2,345,152</b>	
<b>Gap of Syndication Proceeds Needed</b>				<b>\$2,348,153</b>	<b>\$2,337,153</b>
<b>Total Tax Credits (Gap Method)</b>				<b>\$350,506</b>	<b>\$348,864</b>



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Scale 1 : 46,875



1" = 3,906.3 ft

Data Zoom 12-1





MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Oxford Street Apts, TDHCA Number 09320**

**BASIC DEVELOPMENT INFORMATION**

Site Address: Ventura Dr. and Viking Dr. Development #: 09320  
 City: Amarillo Region: 1 Population Served: General  
 County: Randall Zip Code: 79119 Allocation: Urban  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Housing Activity\*: NC  
 HOME Set Asides:  CHDO  Preservation  General Acquisition:

\*HTC Housing Activity: Rehabilitation=RH, Adaptive Reuse=ADR, New Construction=NC

**OWNER AND DEVELOPMENT TEAM**

Owner: Amarillo Oxford Street Apartments, LP  
 Owner Contact and Phone: Justin Zimmerman, (417) 890-3239  
 Developer: Zimmerman Properties, LLC  
 Housing General Contractor: Zimmerman Properties Construction, LLC  
 Architect: Parker & Associates  
 Market Analyst: Integra Realty Resources  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: Texas Inter-Faith Housing Corporation  
 Consultant: N/A

**UNIT/BUILDING INFORMATION**

Unit Breakdown:	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	Total Restricted Units:	127
	7	0	58	62	Market Rate Units:	1
	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>
	0	20	60	48	0	0

Type of Building:

<input type="checkbox"/> Duplex	<input checked="" type="checkbox"/> 5 units or more per building	Total Development Units:	128
<input type="checkbox"/> Triplex	<input type="checkbox"/> Detached Residence	Total Development Cost*:	\$0
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Single Room Occupancy	Number of Residential Buildings:	8
<input type="checkbox"/> Townhome	<input type="checkbox"/> Transitional	HOME High Total Units:	0
		HOME Low Total Units:	0

\*Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	Applicant Request	Department Analysis*	Amort	Term	Rate
Competitive Housing Tax Credit Amount:	\$1,330,000	\$0			
HOME Activity Fund Amount:	\$0	\$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	\$0	\$0			

\*Note: If an Underwriting Report has not been completed and the application is recommended for an award, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program

Development Information, Public Input and Board Summary

**Oxford Street Apts, TDHCA Number 09320**

**PUBLIC COMMENT SUMMARY**

Guide: "S" = Support, "O" = Opposition, "N" = Neutral, "NC" or Blank = No Comment

**State and Federal Officials with Jurisdiction:**

TX Senator: Seliger, District 31, NC

Points: 0

US Representative: Thornberry, District 13, NC

TX Representative: Smithee, District 86, NC

Points: 0

US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: NC

Resolution of Support from Local Government

**Individuals and Businesses:** In Support: **0**

In Opposition: **0**

**Quantifiable Community Participation Input:**

**Community Input Other than Quantifiable Community Participation Input:**

**General Summary of Comment:**

**CONDITIONS OF COMMITMENT**



MULTIFAMILY FINANCE DIVISION

July 30, 2009

Competitive Housing Tax Credit Program  
Development Information, Public Input and Board Summary

**Oxford Street Apts, TDHCA Number 09320**

COMPLIANCE EVALUATION SUMMARY:

No unresolved issues of material non-compliance or audit findings:

Total # Developments in Portfolio: **No Compliance Evaluation Performed**

Total # Monitored: **No Compliance Evaluation Performed**

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Competitive Housing Tax Credits:  Score: **180**  Meeting a Required Set-Aside Credit Amount\*: \$0

Recommendation: Not Recommended: Does not have a competitive score within its allocation type and region.

HOME Activity Funds: Loan Amount: \$0

HOME CHDO Operating Expense Grant: Grant Amount: \$0

Recommendation:

\*Note: If an Underwriting Report has not been completed, the credit amount recommended is the Applicant Request (pending the Financial Feasibility Analysis).