



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 455

Agenda Date: 12/7/2023

Agenda #:

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for 380 Villas (HTC #22609)

RECOMMENDED ACTION

WHEREAS, 380 Villas (the Development) received an award of 4% Housing Tax Credits (HTCs), a multifamily direct loan, and private activity bonds for the new construction of 220 multifamily units in McKinney, Collin County;

WHEREAS, SDC Throckmorton Villas, LP (the Development Owner or Owner) requests approval for a material amendment to the Application for an increase to the number of units from 220 to 260;

WHEREAS, Board approval is required for a modification of the number of units or bedroom mix of units, a significant modification of the architectural design of the Development, and for a modification of the residential density of at least 5%, as directed in Tex. Gov't Code §2306.6712 (d)(2), (5), and (6) and 10 TAC §10.405(a)(4)(B), (E), and (F), and the Owner has complied with the amendment requirements therein;

WHEREAS, Board approval of this amendment does not constitute a waiver of any of the rules or statutes applicable to the 2022 HTC Application, including but not limited to the accessibility requirements stated in Chapter 1, Subchapter B; and

WHEREAS, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the scoring of the Application, or change the amount of the tax credits awarded prior to cost certification;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment for 380 Villas is approved as presented at this meeting, and the Executive Director and his designees are each hereby authorized, directed, and empowered to take all necessary action to effectuate the foregoing; and

FURTHER RESOLVED, that following staff's review of the cost certification, if the amount of tax credits determined to be necessary as required by §42(m)(2)(D) exceeds 120% of the amount of tax credits reflected in the Determination Notice, an increase not to exceed 120% of the HTC amount estimated in the underwriting analysis for this amendment is hereby approved under 10 TAC §10.401(d), and will require no further Board action but will require the Owner to pay the fee under 10 TAC §11.901(8).

BACKGROUND

380 Villas received a 4% HTC award, a multifamily direct loan, and private activity bonds in 2022 to construct 220 affordable units in McKinney, Collin County. In a letter dated November 4, 2022, Joseph Agumadu, representative for the Owner, requested approval for an increase to the total number of units from 220 to 260. As originally proposed, the Development would have 11 buildings and 12,000 square feet of retail space, and this proposed amendment is to add a 12th building and replace the retail space with residential units. The intended 40 units will be comprised of four studio, 15 one-bedroom, and 21 two-bedroom units. The revised unit mix for the Development will be 36 studio, 82 one-bedroom, 120 two-bedroom, and 22 three-bedroom units. The increase in units has increased the HTC units at 30% of Area Median Income (AMI) units by seven and the 60% AMI units by 33. The Direct Loan units at 50% AMI and 60% AMI have each increased by one, and the Direct Loan units at 80% AMI units have decreased by two.

The increase in the number of units results in an 18.18% increase in the residential density, which will increase from 15.56 units per acre to 18.39 units per acre. This change in the number of units will also result in an increase in net rentable area from 190,399 square feet to 225,014 square feet, which is an increase of 18.18% or 34,615 square feet.

The enclosed table compares the site plan of the Development at Application and the revised site plan after the amendment.

The Owner explained that the Development had been zoned in 2017 under a differently constituted City Council as a planned development with a mandatory requirement for 12,000 square feet of retail space; however, the City Council provided a resolution of support for the Development with an informal request that the Development be re-designed to replace the retail space with residential units. The process and timelines for that re-design was in direct conflict with the July 2022 expiration deadline of the Development's bond allocation. In July 2022, the City approved an amended zoning that permits replacing the retail space with residential units.

The Owner provided updated financial information that has been analyzed by the Real Estate Analysis (REA) Division. REA's analysis of the updated financial information indicates that the Development is still feasible. The currently estimated development costs support an annual HTC amount of \$3,187,017, which is \$580,897 (22.29%) greater than the amount in the Determination Notice, \$2,606,120. The final costs will be confirmed at cost certification, and any credit increase fee will be paid at that time.

Staff has determined that the proposed changes noted above would not have impacted the selection of the Application for an award.

Staff recommends approval of the amendment request as presented herein. Staff further

recommends approval to administratively approve at cost certification an HTC increase of up to 20% from the HTC amount estimated in the underwriting analysis for this amendment, subject to the payment of the applicable fee under 10 TAC §11.901(8) and staff review and approval of the final cost certification.

Approval of the material amendment is conditioned upon the applicant executing all bond documents that may be necessary, including but not limited to, a First Amendment to the Bond Regulatory and Land Use Agreement as well as payment of the bond compliance fee (\$25/unit) for the additional 40 units, in the amount of \$1,000.

Material Alterations as defined in Tex. Gov't Code §2306.6712(d) and 10 TAC §10.405(a)(4)

Application

Amendment

Original Unit Mix

| <u>BR/BA</u> | <u>S.F./Unit</u> | <u>No. of Units</u> | <u>NRA</u> |
|----------------|------------------|---------------------|------------------------|
| Eff | 556 | 32 | 17,792 |
| 1/1 | 717 | 39 | 27,963 |
| 1/1 | 725 | 28 | 20,300 |
| 2/2 | 946 | 20 | 18,920 |
| 2/2 | 952 | 59 | 56,168 |
| 2/2.5 | 1108 | 20 | 22,160 |
| 3/2 | 1158 | 6 | 6,948 |
| 3/2.5 | 1207 | 12 | 14,484 |
| 3/2.5 | 1416 | 4 | <u>5,664</u> |
| Totals: | | 220 | 190,399 sq. ft. |

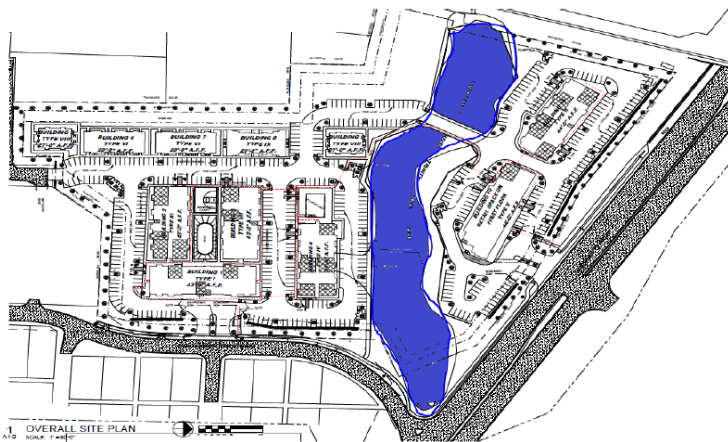
HTC Set Asides:

30% Units - 32
 60% Units - 188
 Total: 220 units

Acres: 14.14

Residential Density: 15.56 units/acre

Site Plan:



Revised Unit Mix

| <u>BR/BA</u> | <u>S.F./Unit</u> | <u>No. of Units</u> | <u>NRA</u> |
|----------------|------------------|---------------------|------------------------|
| Eff | 556 | 36 | 20,016 |
| 1/1 | 717 | 50 | 35,850 |
| 1/1 | 725 | 32 | 23,200 |
| 2/2 | 946 | 24 | 22,704 |
| 2/2 | 952 | 64 | 60,928 |
| 2/2.5 | 1108 | 30 | 33,240 |
| 2/2.5 | 1176 | 2 | 2,352 |
| 3/2 | 1158 | 6 | 6,948 |
| 3/2.5 | 1236 | 16 | <u>19,776</u> |
| Totals: | | 260 | 225,014 sq. ft. |

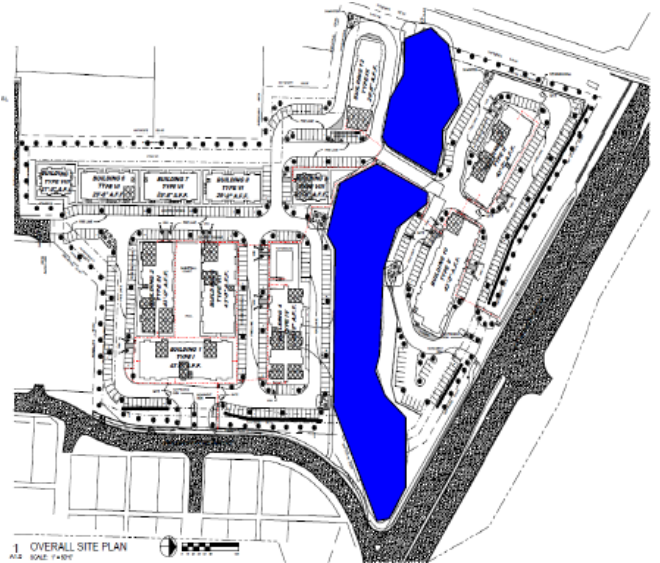
HTC Set Asides:

30% Units - 39
 60% Units - 221
 Total: 260 units

Acres: 14.14

Residential Density: 18.39 units/acre (18.18% increase)

Site Plan:





Addendum to Underwriting Report

TDHCA Application #: 22609 Program(s): 4% HTC/MDL

380 Villas

Address/Location: 1003 Throckmorton Street

City: McKinney County: Collin Zip: 75069

| APPLICATION HISTORY | |
|---------------------|---|
| Report Date | PURPOSE |
| 11/17/23 | Material Amendment and MDL Award Update |
| 06/10/22 | Original Underwriting Report |

ALLOCATION

| TDHCA Program | Previous Allocation | | | | RECOMMENDATION | | | | |
|--|---------------------|-------|-------|------|----------------|-------|-------|------|------|
| | Amount | Rate | Amort | Term | Amount | Rate | Amort | Term | Lien |
| Multifamily Direct Loan (Soft Repayable) | \$4,000,000 | 0.00% | 0 | 18 | \$4,000,000 | 0.00% | 0 | 16 | 3 |
| Private Activity Bonds | \$33,555,000 | | | | \$33,555,000 | | | | |
| LIHTC (4% Credit) | \$2,606,120 | | | | \$3,187,017 | | | | |

* Multifamily Direct Loan Terms:

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

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

CONDITIONS STATUS

- 1 Receipt and acceptance before Direct Loan Contract
 - Before Contract execution, the Owner will obtain building permits from the City that allow construction of the accessible route over the waterway.

Status: To be cleared at direct loan contract by program staff.
- 2 Receipt and acceptance before Direct Loan Closing
 - a: Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.
 - b: Substantially final construction contract with Schedule of Values.
 - c: Updated term sheets with substantially final terms from all lenders.
 - d: Substantially final draft of limited partnership agreement.

e: Senior loan documents (and/or partnership documents) must contain a provision(s) that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a minimum 1.15 DCR.

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

3 Receipt and acceptance before Determination Notice:

- Certification that if the site is in the 100-year floodplain when it places in service, the finished ground floor elevation of the buildings will be at least one foot above the floodplain and that parking and drive areas will be no more than 6 inches below the floodplain; and that the Owner will provide flood insurance for the buildings as long as they remain in the floodplain.

Status: Condition has been cleared.

4 Receipt and acceptance by Cost Certification:

- Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

SET-ASIDES

| TDHCA SET-ASIDES for HTC LURA | | |
|-------------------------------|------------|-----------------|
| Income Limit | Rent Limit | Number of Units |
| 30% of AMI | 30% of AMI | 39 |
| 60% of AMI | 60% of AMI | 221 |

| TDHCA SET-ASIDES for DIRECT LOAN LURA | | |
|---------------------------------------|------------|-----------------|
| Income Limit | Rent Limit | Number of Units |
| 50% of AMFI | Low HOME | 6 |
| 60% of AMFI | High HOME | 20 |
| 80% of AMFI | High HOME | 1 |

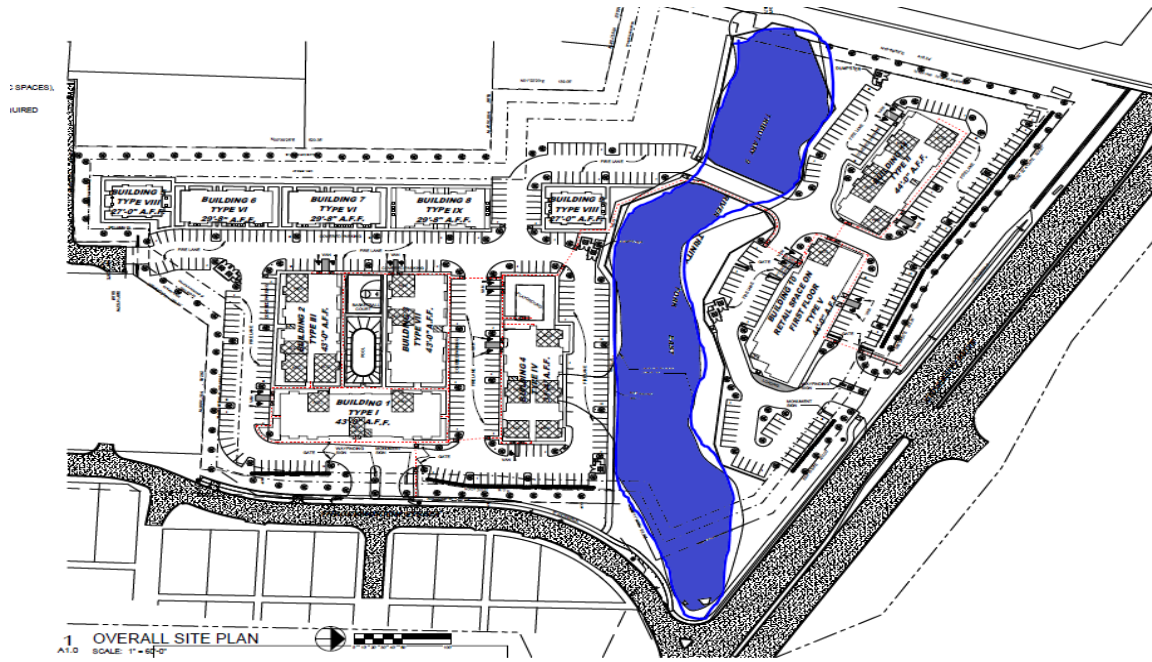
ANALYSIS

On June 12, 2022, 380 Villas was awarded an annual Housing Tax Credit allocation of \$2,606,120 and a \$4M deferred payable Multifamily Direct Loan with an annual payment of \$87,500, at 0% interest, 18 year permanent term and 36 month construction term. In September 2023, the Applicant requested an amendment to the Application in order to increase the total number of units from 220 to 260. Originally, the application included 12,000 SF of retail space which the Applicant has changed to residential space to accommodate the additional units. The City approved this change in July 2022.

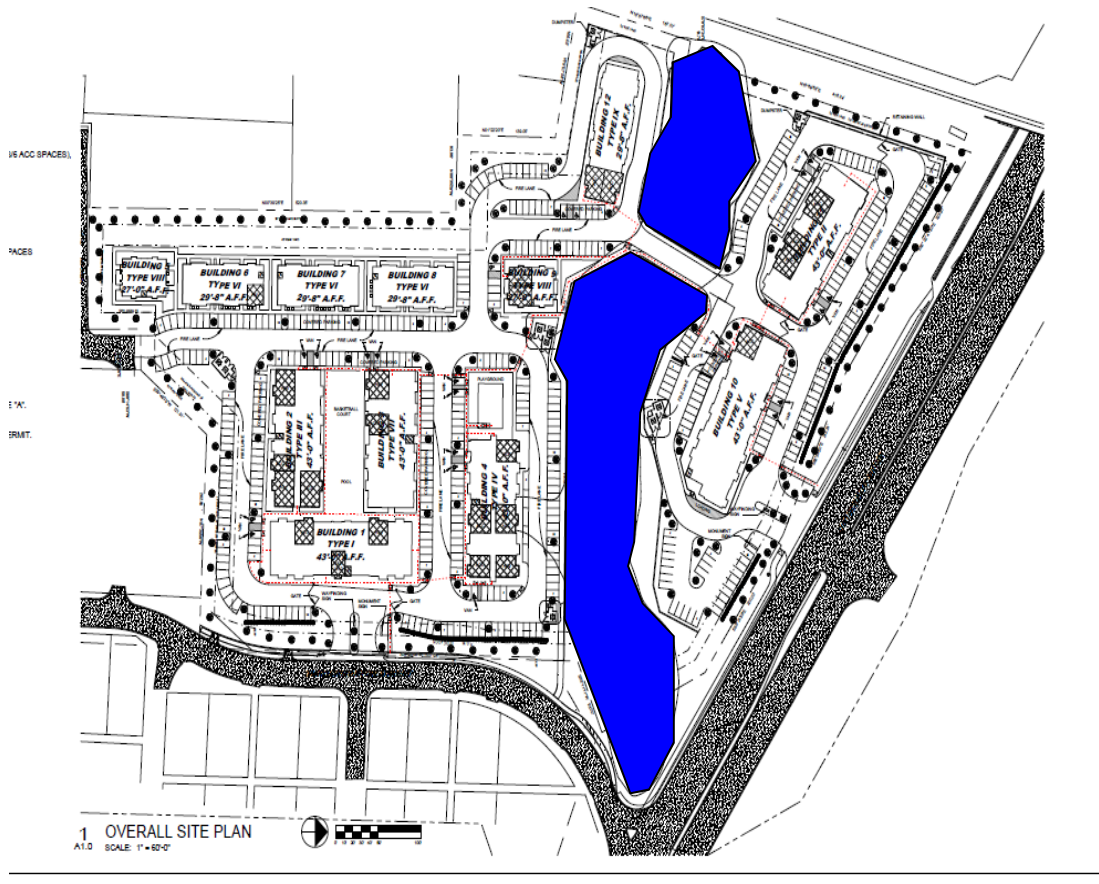
The increase in units has increased the HTC 30% units by 7 and the 60% units by 33. The Direct Loan 50%, 60% units have each increased by 1, and 80% units have decreased by 2.

Architect Drawings

Original Site Plan



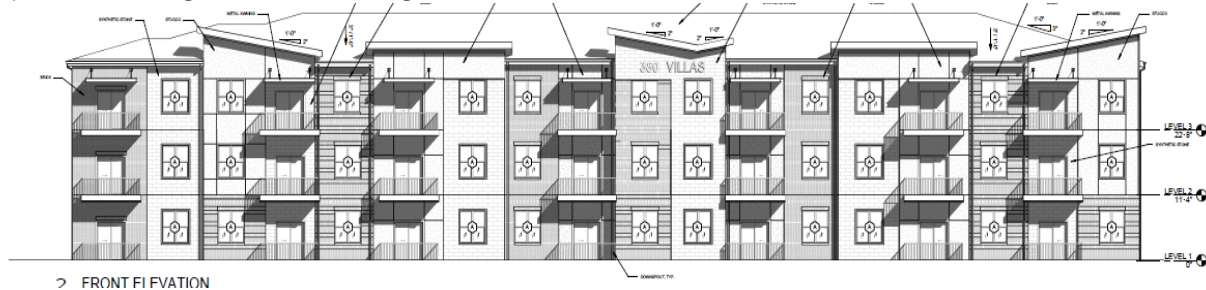
New Site Plan



Original Building Elevation (Building 5)



Updated Building Elevation (Building 5)



Operating Pro Forma

Income has increased by \$659K due to the increase in units, while expenses have increased by \$268K. The overall Net Operating Income has increased by \$391K.

Rents have been updated to 2023 limits.

Development Cost

Total development cost has increased by \$11M. Site work costs increased by \$2.47M with increases in paving, grading, and utility work. Building costs increased by \$4.57M and contingency and contractor fees added an additional \$1.6M to those line items. Total Developer Fees increased by \$1.39M.

Sources of Funds

Citi Bank N.A. will continue to provide the financing for the development. Construction period Tranche C financing has increased by \$8M and the interest rate has increased from 4.31% to 8.18%. They have added a Tranche B tax exempt permanent loan of \$6.09M, bringing the total permanent debt from Citi Bank to \$29,706,000. The interest rate of Tranche A has dropped from 5.34% to 5.22% and the interest rate of Tranche B is 5.37%.

Affordable Housing Partners has added \$4.79M to their equity contribution. Total developer fee has increased by \$1.39M and deferred developer fee has increased by \$123K. The Applicant has overstated the total developer fee by \$810.

The underwriting analysis assumes a decrease in the Tranche A permanent loan amount from \$23,616,000 to \$23,391,000 to achieve the minimum combined 1.15x debt coverage ratio.

The Underwriter recommends an annual Housing Tax Credit allocation of \$3,187,017 and a \$4M deferred payable Multifamily Direct Loan with an annual payment of \$87,500, at 0% interest, 16 year permanent term and an up to 36 month construction term, coterminus with the senior construction loan.

Underwriter: Jeffrey Price

Manager of Real Estate Analysis: Diamond Unique Thompson

Director of Real Estate Analysis: Jeanna Adams

UNIT MIX/RENT SCHEDULE
380 Villas, McKinney, 4% HTC/MDL #22609

| LOCATION DATA | |
|--------------------|-----------|
| CITY: | McKinney |
| COUNTY: | Collin |
| Area Median Income | \$105,600 |
| PROGRAM REGION: | 3 |
| PROGRAM RENT YEAR: | 2023 |

| UNIT DISTRIBUTION | | | | |
|-------------------|------------|---------------|----------|-----------|
| # Beds | # Units | % Total | Assisted | MDL |
| Eff | 36 | 13.8% | 0 | 4 |
| 1 | 82 | 31.5% | 0 | 8 |
| 2 | 120 | 46.2% | 1 | 12 |
| 3 | 22 | 8.5% | 0 | 3 |
| 4 | - | 0.0% | 0 | 0 |
| 5 | - | 0.0% | 0 | 0 |
| TOTAL | 260 | 100.0% | 1 | 27 |

| Pro Forma ASSUMPTIONS | |
|-----------------------|---------|
| Revenue Growth | 2.00% |
| Expense Growth | 3.00% |
| Basis Adjust | 130% |
| Applicable Fraction | 100.00% |
| APP % Acquisition | 4.00% |
| APP % Construction | 4.00% |
| Average Unit Size | 865 sf |

| 56% | Income | 20% | 30% | 40% | 50% | 60% | 70% | 80% | EO / MR | TOTAL |
|---------|---------|------|-------|------|------|-------|------|------|---------|--------|
| Average | # Units | - | 39 | - | - | 221 | - | - | - | 260 |
| Income | % Total | 0.0% | 15.0% | 0.0% | 0.0% | 85.0% | 0.0% | 0.0% | 0.0% | 100.0% |

| UNIT MIX / MONTHLY RENT SCHEDULE | | | | | | | | | | | | | | | | | | | | | | |
|----------------------------------|------------|--------------------------------------|------------|-------|------------|--------|---------|----------------|-------------------------|---------------|----------------------|-----------------------------|---------------|-------------------|--------------------|-----------------------|----------------|---------------|--------------|----------------|---------------|----------------|
| HTC | | MF Direct Loan Units (HOME Rent/Inc) | | | UNIT MIX | | | | APPLICABLE PROGRAM RENT | | | APPLICANT'S PRO FORMA RENTS | | | | TDHCA PRO FORMA RENTS | | | | MARKET RENTS | | |
| Type | Gross Rent | Type | Gross Rent | Match | # Units | # Beds | # Baths | NRA | Gross Rent | Utility Allow | Max Net Program Rent | Delta to Max | Rent psf | Net Rent per Unit | Total Monthly Rent | Total Monthly Rent | Rent per Unit | Rent psf | Delta to Max | Underwritten | Mrkt Analyst | |
| TC 30% | \$541 | LH/50% | \$902 | | 1 | 0 | 1 | 556 | \$541 | \$45 | \$496 | \$0 | \$0.89 | \$496 | \$496 | \$496 | \$496 | \$0.89 | \$0 | \$989 | \$1.78 | \$989 |
| TC 30% | \$541 | | | | 6 | 0 | 1 | 556 | \$541 | \$45 | \$496 | \$0 | \$0.89 | \$496 | \$2,976 | \$2,976 | \$496 | \$0.89 | \$0 | \$989 | \$1.78 | \$989 |
| TC 60% | \$1,083 | HH/60% | \$1,153 | | 3 | 0 | 1 | 556 | \$1,083 | \$45 | \$1,038 | (\$49) | \$1.78 | \$989 | \$2,967 | \$2,967 | \$989 | \$1.78 | (\$49) | \$989 | \$1.78 | \$989 |
| TC 60% | \$1,083 | | | | 26 | 0 | 1 | 556 | \$1,083 | \$45 | \$1,038 | (\$49) | \$1.78 | \$989 | \$25,714 | \$25,714 | \$989 | \$1.78 | (\$49) | \$989 | \$1.78 | \$989 |
| TC 30% | \$580 | LH/50% | \$966 | | 2 | 1 | 1 | 717 | \$580 | \$52 | \$528 | \$0 | \$0.74 | \$528 | \$1,056 | \$1,056 | \$528 | \$0.74 | \$0 | \$1,328 | \$1.85 | \$1,328 |
| TC 30% | \$580 | HH/60% | \$1,236 | | 6 | 1 | 1 | 717 | \$580 | \$52 | \$528 | \$0 | \$0.74 | \$528 | \$3,168 | \$3,168 | \$528 | \$0.74 | \$0 | \$1,328 | \$1.85 | \$1,328 |
| TC 30% | \$580 | | | | 15 | 1 | 1 | 717 | \$580 | \$52 | \$528 | \$0 | \$0.74 | \$528 | \$7,920 | \$7,920 | \$528 | \$0.74 | \$0 | \$1,328 | \$1.85 | \$1,328 |
| TC 60% | \$1,160 | | | | 27 | 1 | 1 | 717 | \$1,160 | \$52 | \$1,108 | \$0 | \$1.55 | \$1,108 | \$29,916 | \$29,916 | \$1,108 | \$1.55 | \$0 | \$1,328 | \$1.85 | \$1,328 |
| TC 60% | \$1,160 | | | Match | 1 | 1 | 1 | 725 | \$1,160 | \$52 | \$1,108 | \$0 | \$1.53 | \$1,108 | \$1,108 | \$1,108 | \$1,108 | \$1.53 | \$0 | \$1,328 | \$1.83 | \$1,328 |
| TC 60% | \$1,160 | | | | 31 | 1 | 1 | 725 | \$1,160 | \$52 | \$1,108 | \$0 | \$1.53 | \$1,108 | \$34,348 | \$34,348 | \$1,108 | \$1.53 | \$0 | \$1,328 | \$1.83 | \$1,328 |
| TC 30% | \$696 | LH/50% | \$1,160 | | 1 | 2 | 2 | 946 | \$696 | \$68 | \$628 | \$0 | \$0.66 | \$628 | \$628 | \$628 | \$628 | \$0.66 | \$0 | \$1,328 | \$1.40 | \$1,328 |
| TC 30% | \$696 | HH/60% | \$1,486 | | 7 | 2 | 2 | 946 | \$696 | \$68 | \$628 | \$0 | \$0.66 | \$628 | \$4,396 | \$4,396 | \$628 | \$0.66 | \$0 | \$1,468 | \$1.55 | \$1,468 |
| TC 60% | \$1,392 | | | | 16 | 2 | 2 | 946 | \$1,392 | \$68 | \$1,324 | \$0 | \$1.40 | \$1,324 | \$21,184 | \$21,184 | \$1,324 | \$1.40 | \$0 | \$1,468 | \$1.55 | \$1,468 |
| TC 60% | \$1,392 | | | Match | 1 | 2 | 2 | 952 | \$1,392 | \$68 | \$1,324 | \$0 | \$1.39 | \$1,324 | \$1,324 | \$1,324 | \$1,324 | \$1.39 | \$0 | \$1,468 | \$1.54 | \$1,468 |
| TC 60% | \$1,392 | HH/80% | \$1,486 | | 1 | 2 | 2 | 952 | \$1,392 | \$68 | \$1,324 | \$0 | \$1.39 | \$1,324 | \$1,324 | \$1,324 | \$1,324 | \$1.39 | \$0 | \$1,468 | \$1.54 | \$1,468 |
| TC 60% | \$1,392 | | | | 62 | 2 | 2 | 952 | \$1,392 | \$68 | \$1,324 | \$0 | \$1.39 | \$1,324 | \$82,088 | \$82,088 | \$1,324 | \$1.39 | \$0 | \$1,468 | \$1.54 | \$1,468 |
| TC 60% | \$1,392 | LH/50% | \$1,160 | | 1 | 2 | 2.5 | 1,108 | \$1,160 | \$68 | \$1,092 | \$0 | \$0.99 | \$1,092 | \$1,092 | \$1,092 | \$1,092 | \$0.99 | \$0 | \$1,468 | \$1.32 | \$1,468 |
| TC 60% | \$1,392 | HH/60% | \$1,486 | | 2 | 2 | 2.5 | 1,108 | \$1,392 | \$68 | \$1,324 | \$0 | \$1.19 | \$1,324 | \$2,648 | \$2,648 | \$1,324 | \$1.19 | \$0 | \$1,468 | \$1.32 | \$1,468 |
| TC 60% | \$1,392 | | | | 27 | 2 | 2.5 | 1,108 | \$1,392 | \$68 | \$1,324 | \$0 | \$1.19 | \$1,324 | \$35,748 | \$35,748 | \$1,324 | \$1.19 | \$0 | \$1,626 | \$1.47 | \$1,626 |
| TC 60% | \$1,392 | | | | 2 | 2 | 2.5 | 1,176 | \$1,392 | \$68 | \$1,324 | \$0 | \$1.13 | \$1,324 | \$2,648 | \$2,648 | \$1,324 | \$1.13 | \$0 | \$1,626 | \$1.38 | \$1,626 |
| TC 30% | \$804 | LH/50% | \$1,340 | | 1 | 3 | 2 | 1,158 | \$804 | \$84 | \$720 | \$0 | \$0.62 | \$720 | \$720 | \$720 | \$720 | \$0.62 | \$0 | \$1,648 | \$1.42 | \$1,648 |
| TC 60% | \$1,608 | | | | 5 | 3 | 2 | 1,158 | \$1,608 | \$84 | \$1,524 | \$0 | \$1.32 | \$1,524 | \$7,620 | \$7,620 | \$1,524 | \$1.32 | \$0 | \$1,648 | \$1.42 | \$1,648 |
| TC 60% | \$1,608 | HH/60% | \$1,709 | | 2 | 3 | 2.5 | 1,236 | \$1,608 | \$84 | \$1,524 | \$0 | \$1.23 | \$1,524 | \$3,048 | \$3,048 | \$1,524 | \$1.23 | \$0 | \$1,648 | \$1.33 | \$1,648 |
| TC 60% | \$1,608 | | | | 14 | 3 | 2.5 | 1,236 | \$1,608 | \$84 | \$1,524 | \$0 | \$1.23 | \$1,524 | \$21,336 | \$21,336 | \$1,524 | \$1.23 | \$0 | \$1,648 | \$1.33 | \$1,648 |
| TOTALS/AVERAGES: | | | | | 260 | | | 225,014 | | | | (\$5) | \$1.31 | \$1,136 | \$295,473 | \$295,473 | \$1,136 | \$1.31 | (\$5) | \$1,390 | \$1.61 | \$1,390 |

| | | |
|-------------------------------------|--------------------|--------------------|
| ANNUAL POTENTIAL GROSS RENT: | \$3,545,676 | \$3,545,676 |
|-------------------------------------|--------------------|--------------------|

STABILIZED PRO FORMA

380 Villas, McKinney, 4% HTC/MDL #22609

| | STABILIZED FIRST YEAR PRO FORMA | | | | | | | | | | | | | VARIANCE | |
|---|---------------------------------|---------------------|-----------|----------|-------------|-------------|--------------|-------------|----------|----------|--------|-------|-----|----------|--|
| | COMPARABLES | | APPLICANT | | | | PRIOR REPORT | | TDHCA | | | | % | \$ | |
| | Database | Collin County Comps | % EGI | Per SF | Per Unit | Amount | Applicant | TDHCA | Amount | Per Unit | Per SF | % EGI | | | |
| POTENTIAL GROSS RENT | | | \$1.31 | \$1,136 | \$3,545,676 | \$2,847,300 | \$2,846,112 | \$3,545,676 | \$1,136 | \$1.31 | | 0.0% | \$0 | | |
| Appl Fees, Late Fees, Pet Fees, Cable, St | | | | \$30.00 | \$93,600 | 79,200 | | | | | | | | | |
| Total Secondary Income | | | | \$30.00 | | | 79,200 | \$93,600 | \$30.00 | | | 0.0% | \$0 | | |
| POTENTIAL GROSS INCOME | | | | | \$3,639,276 | \$2,926,500 | \$2,925,312 | \$3,639,276 | | | | 0.0% | \$0 | | |
| Vacancy & Collection Loss | | | | 7.5% PGI | (272,946) | (219,488) | (219,398) | (272,946) | 7.5% PGI | | | 0.0% | - | | |
| EFFECTIVE GROSS INCOME | | | | | \$3,366,330 | \$2,707,013 | \$2,705,914 | \$3,366,330 | | | | 0.0% | \$0 | | |

| | | | | | | | | | | | | | | | | |
|---------------------------------------|-----------|--------------|-----------|---------|---------------|---------------|----------------|--------------------|--------------------|--------------------|--------------------|----------------|---------------|---------------|--------------|--------------------|
| General & Administrative | \$124,218 | \$478/Unit | \$100,343 | \$386 | 2.87% | \$0.43 | \$372 | \$96,700 | \$71,000 | \$71,000 | \$100,343 | \$386 | \$0.45 | 2.98% | -3.6% | (3,643) |
| Management | \$116,224 | 3.7% EGI | \$147,316 | \$567 | 4.02% | \$0.60 | \$520 | \$135,300 | \$108,200 | \$108,237 | \$135,300 | \$520 | \$0.60 | 4.02% | 0.0% | - |
| Payroll & Payroll Tax | \$348,179 | \$1,339/Unit | \$375,028 | \$1,442 | 10.14% | \$1.52 | \$1,313 | \$341,275 | \$308,000 | \$294,613 | \$375,028 | \$1,442 | \$1.67 | 11.14% | -9.0% | (33,753) |
| Repairs & Maintenance | \$187,899 | \$723/Unit | \$118,211 | \$455 | 5.27% | \$0.79 | \$682 | \$177,400 | \$126,311 | \$143,000 | \$169,000 | \$650 | \$0.75 | 5.02% | 5.0% | 8,400 |
| Electric/Gas | \$62,149 | \$239/Unit | \$60,531 | \$233 | 0.92% | \$0.14 | \$119 | \$31,000 | \$25,000 | \$25,000 | \$31,000 | \$119 | \$0.14 | 0.92% | 0.0% | - |
| Water, Sewer, & Trash | \$202,587 | \$779/Unit | \$179,223 | \$689 | 5.29% | \$0.79 | \$685 | \$178,000 | \$114,000 | \$153,819 | \$179,223 | \$689 | \$0.80 | 5.32% | -0.7% | (1,223) |
| Property Insurance | \$118,120 | \$0.52 /sf | \$161,539 | \$621 | 4.63% | \$0.69 | \$600 | \$156,000 | \$95,700 | \$99,948 | \$156,000 | \$600 | \$0.69 | 4.63% | 0.0% | - |
| Property Tax (@ 0% 2.1237) | \$267,222 | \$1,028/Unit | \$111,179 | \$428 | 0.00% | \$0.00 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0.00 | 0.00% | 0.0% | - |
| Reserve for Replacements | | | | | 1.93% | \$0.29 | \$250 | \$65,000 | \$55,000 | \$55,000 | \$65,000 | \$250 | \$0.29 | 1.93% | 0.0% | - |
| Supportive Services | | | | | 0.00% | \$0.00 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0.00 | 0.00% | 0.0% | - |
| TDHCA Compliance fees (\$40/HTC unit) | | | | | 0.31% | \$0.05 | \$40 | \$10,400 | \$8,800 | \$8,800 | \$10,400 | \$40 | \$0.05 | 0.31% | 0.0% | - |
| TDHCA MDL Compliance (\$34/MDL unit) | | | | | 0.00% | \$0.00 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0.00 | 0.00% | 0.0% | - |
| TDHCA Bond Compliance Fee | | | | | 0.19% | \$0.03 | \$25 | \$6,500 | \$5,500 | \$5,500 | \$6,500 | \$25 | \$0.03 | 0.19% | 0.0% | - |
| Bond Trustee Fees | | | | | 0.12% | \$0.02 | \$15 | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$15 | \$0.02 | 0.12% | 0.0% | - |
| Security | | | | | 0.00% | \$0.00 | \$0 | \$0 | \$10,000 | \$10,000 | \$0 | \$0 | \$0.00 | 0.00% | 0.0% | - |
| Fire Safety | | | | | 0.00% | \$0.00 | \$0 | \$0 | \$2,000 | \$2,000 | \$0 | \$0 | \$0.00 | 0.00% | 0.0% | - |
| TOTAL EXPENSES | | | | | 35.69% | \$5.34 | \$4,621 | \$1,201,575 | \$933,511 | \$980,917 | \$1,231,794 | \$4,738 | \$5.47 | 36.59% | -2.5% | \$ (30,219) |
| NET OPERATING INCOME ("NOI") | | | | | 64.31% | \$9.62 | \$8,326 | \$2,164,755 | \$1,773,502 | \$1,724,997 | \$2,134,537 | \$8,210 | \$9.49 | 63.41% | 1.4% | \$ 30,219 |

| | | | | | | | | | | | | | | | | |
|-----------------------|--|--|--|--|--|--|--------------|--|--|--|--|--|--------------|--|--|--|
| CONTROLLABLE EXPENSES | | | | | | | \$3,171/Unit | | | | | | \$3,287/Unit | | | |
|-----------------------|--|--|--|--|--|--|--------------|--|--|--|--|--|--------------|--|--|--|

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

380 Villas, McKinney, 4% HTC/MDL #22609

| | | DEBT / GRANT SOURCES | | | | | | | | | | | | | | | |
|--------------------------------------|-------|---|-----------|---------------------------------------|-----------------------------------|-------|------|---------------------|---------------------|---------------------|--------------------------------------|---------------------------|-------|-------------|--------------------|-------------|----------------------|
| | | APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE | | | | | | | Prior Underwriting | | AS UNDERWRITTEN DEBT/GRANT STRUCTURE | | | | | | |
| | | Cumulative DCR | | Pmt | Rate | Amort | Term | Principal | Applicant | TDHCA | Principal | Term | Amort | Rate | Pmt | Cumulative | |
| DEBT (Must Pay) | Fee | UW | App | | | | | | | | | | | | | DCR | LTC |
| Citi Bank N.A. (Tranche A) | 0.10% | 1.48 | 1.51 | 1,437,500 | 5.22% | 40 | 16.0 | \$23,616,000 | \$23,616,000 | \$23,616,000 | 16.0 | 40 | 5.22% | \$1,431,670 | 1.51 | 35.0% | |
| Adjustment to Debt Per §11.302(c)(2) | 0.10% | | | | | | | | \$0 | (\$225,000) | 16.0 | 40 | 5.22% | (\$13,640) | 1.53 | -0.3% | |
| TDHCA (soft repayable) | | 1.40 | 1.42 | \$87,750 | 0.00% | 0 | 16.0 | \$4,000,000 | \$4,000,000 | \$4,000,000 | 16.0 | 0 | 0.00% | \$87,500 | 1.44 | 5.9% | |
| Citi Bank N.A. (Tranche B) | 0.10% | 1.12 | 1.14 | \$376,572 | 5.37% | 40 | 16.0 | \$6,090,000 | \$0 | \$0 | 16.0 | 40 | 5.37% | \$376,572 | 1.15 | 9.0% | |
| CASH FLOW DEBT / GRANTS | | | | | | | | | | | | | | | | | |
| Housing Services Inc. (MDL Match) | | 1.12 | 1.14 | | 0.00% | 0 | 0 | \$300,000 | \$300,000 | \$300,000 | 0 | 0 | 0.00% | | 1.15 | 0.4% | |
| | | | | \$1,901,822 | TOTAL DEBT / GRANT SOURCES | | | \$34,006,000 | \$27,916,000 | \$27,916,000 | \$33,781,000 | TOTAL DEBT SERVICE | | | \$1,882,102 | 1.15 | 50.1% |
| NET CASH FLOW | | \$232,714 | \$262,933 | APPLICANT NET OPERATING INCOME | | | | | | | | | | | \$2,164,755 | \$282,653 | NET CASH FLOW |

| | | EQUITY SOURCES | | | | | | | | | | | | |
|---------------------------------|--|---------------------------------------|--------------|----------------|--------------|---------------------|---------------------|---------------------|----------------------------------|----------------|---------------|--------------|-------------------------------------|--------------------|
| | | APPLICANT'S PROPOSED EQUITY STRUCTURE | | | | | Prior Underwriting | | AS UNDERWRITTEN EQUITY STRUCTURE | | | | | |
| | | DESCRIPTION | % Cost | Annual Credit | Credit Price | Amount | Applicant | TDHCA | Amount | Credit Price | Annual Credit | % Cost | Annual Credits per Unit | Allocation Method |
| EQUITY / DEFERRED FEES | | | | | | | | | | | | | | |
| Affordable Housing Partners | | LIHTC Equity | 40.9% | \$3,187,059 | \$0.86 | \$27,562,548 | \$22,771,772 | \$22,540,680 | \$27,562,185 | \$0.8648 | \$3,187,017 | 40.9% | \$12,258 | Eligible Basis |
| Sphinx Development Corporation | | Deferred Developer Fees | 8.7% | (74% Deferred) | | \$5,886,051 | \$5,762,420 | \$5,993,512 | \$6,111,415 | (76% Deferred) | | 9.1% | Total Developer Fee: | \$7,995,000 |
| Additional (Excess) Funds Req'd | | | 0.0% | | | | | \$0 | | | | 0.0% | | |
| TOTAL EQUITY SOURCES | | | 49.6% | | | \$33,448,599 | \$28,534,192 | \$28,534,192 | \$33,673,600 | | | 49.9% | | |
| TOTAL CAPITALIZATION | | | | | | \$67,454,599 | \$56,450,192 | \$56,450,192 | \$67,454,600 | | | | 15-Yr Cash Flow after Deferred Fee: | \$1,725,060 |

| DEVELOPMENT COST / ITEMIZED BASIS | | | | | | | | | | | | | |
|--|------------------|---------------------|------------------|---------------------|--------------|--------------------------|---------------------|------------------|--------------|---------------------|------------|--------------|--------------------|
| APPLICANT COST / BASIS ITEMS | | | | Prior Underwriting | | TDHCA COST / BASIS ITEMS | | | | COST VARIANCE | | | |
| Eligible Basis | | Total Costs | Applicant | TDHCA | Total Costs | Eligible Basis | | % | \$ | | | | |
| Acquisition | New Const. Rehab | | | | | New Const. Rehab | Acquisition | | | | | | |
| Land Acquisition | | \$7,615 / Unit | \$1,980,000 | \$1,980,000 | \$1,980,000 | \$7,615 / Unit | | 0.0% | \$0 | | | | |
| Off-Sites | | \$577 / Unit | \$150,000 | \$150,000 | \$150,000 | \$577 / Unit | | 0.0% | \$0 | | | | |
| Site Work | \$5,434,000 | \$20,900 / Unit | \$5,434,000 | \$2,960,450 | \$2,960,450 | \$20,900 / Unit | \$5,434,000 | 0.0% | \$0 | | | | |
| Site Amenities | \$1,378,000 | \$5,300 / Unit | \$1,378,000 | \$1,275,000 | \$1,275,000 | \$5,300 / Unit | \$1,378,000 | 0.0% | \$0 | | | | |
| Commerical Space (12,000 sf retail) | | \$ / Unit | \$0 | \$360,000 | \$360,000 | \$ / Unit | \$0 | 0.0% | \$0 | | | | |
| Building Cost | \$27,747,000 | \$123.31 /sf | \$106,719/Unit | \$27,747,000 | \$23,176,140 | \$24,902,655 | \$27,933,373 | \$107,436/Unit | \$124.14 /sf | \$27,747,000 | -0.7% | (\$186,373) | |
| Contingency | \$2,044,600 | 5.92% | 5.89% | \$2,044,600 | \$1,593,889 | \$1,593,889 | \$2,044,600 | 5.86% | 5.92% | \$2,044,600 | 0.0% | \$0 | |
| Contractor Fees | \$5,123,000 | 14.00% | 13.97% | \$5,133,000 | \$3,971,200 | \$3,971,200 | \$5,133,000 | 13.90% | 14.00% | \$5,123,000 | 0.0% | \$0 | |
| Soft Costs | \$0 | \$5,477,000 | \$22,027 / Unit | \$5,727,000 | \$5,243,600 | \$5,243,600 | \$5,727,000 | \$22,027 / Unit | | \$5,477,000 | \$0 | 0.0% | \$0 |
| Financing | \$0 | \$6,091,000 | \$33,742 / Unit | \$8,773,000 | \$8,236,645 | \$8,236,645 | \$8,773,000 | \$33,742 / Unit | | \$6,091,000 | \$0 | 0.0% | \$0 |
| Developer Fee | \$0 | \$7,995,000 | 15.00% | 14.96% | \$7,995,000 | \$6,605,000 | \$6,605,000 | 14.91% | 15.00% | \$7,994,190 | \$0 | 0.0% | \$0 |
| Reserves | | | 4 Months | \$1,093,000 | \$898,268 | \$898,268 | \$1,093,000 | 4 Months | | | | 0.0% | \$0 |
| TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS) | \$0 | \$61,289,600 | \$259,441 / Unit | \$67,454,600 | \$56,450,192 | \$58,176,707 | \$67,640,973 | \$260,158 / Unit | | \$61,288,790 | \$0 | -0.3% | (\$186,373) |
| Acquisition Cost | \$0 | | | \$0 | \$0 | | | | | | | | |
| Contingency | \$0 | | | \$0 | \$0 | | | | | | | | |
| Contractor's Fee | \$0 | | | \$0 | \$0 | | | | | | | | |
| Financing Cost | \$0 | | | | | | | | | | | | |
| Developer Fee | \$0 | (\$810) | 15.00% | \$0 | \$0 | | | | | | | | |
| Reserves | | | | \$0 | \$0 | | | | | | | | |
| ADJUSTED BASIS / COST | \$0 | \$61,288,790 | \$259,441/unit | \$67,454,600 | \$56,450,192 | \$58,176,707 | \$67,640,973 | \$260,158/unit | | \$61,288,790 | \$0 | -0.3% | (\$186,373) |
| TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): | | | | \$67,454,600 | | | | | | | | | |

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

380 Villas, McKinney, 4% HTC/MDL #22609

| CREDIT CALCULATION ON QUALIFIED BASIS | | | | |
|---------------------------------------|-------------|-----------------------------|-------------|--------------|
| | Applicant | | TDHCA | |
| | Acquisition | Construction Rehabilitation | Acquisition | Construction |
| ADJUSTED BASIS | \$0 | \$61,288,790 | \$0 | \$61,288,790 |
| Deduction of Federal Grants | \$0 | \$0 | \$0 | \$0 |
| TOTAL ELIGIBLE BASIS | \$0 | \$61,288,790 | \$0 | \$61,288,790 |
| High Cost Area Adjustment | | 130% | | 130% |
| TOTAL ADJUSTED BASIS | \$0 | \$79,675,427 | \$0 | \$79,675,427 |
| Applicable Fraction | 100.00% | 100.00% | 100% | 100% |
| TOTAL QUALIFIED BASIS | \$0 | \$79,675,427 | \$0 | \$79,675,427 |
| Applicable Percentage | 4.00% | 4.00% | 4.00% | 4.00% |
| ANNUAL CREDIT ON BASIS | \$0 | \$3,187,017 | \$0 | \$3,187,017 |
| CREDITS ON QUALIFIED BASIS | \$3,187,017 | | \$3,187,017 | |

| Method | ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS | | FINAL ANNUAL LIHTC ALLOCATION | | |
|---------------------------|--|--------------|-------------------------------|---------------------|----------------|
| | Annual Credits | Proceeds | Credit Price \$0.8648 | Variance to Request | |
| | | | Credit Allocation | Credits | Proceeds |
| Eligible Basis | \$3,187,017 | \$27,562,185 | \$3,187,017 | (\$42) | (\$363) |
| Needed to Fill Gap | \$3,893,680 | \$33,673,600 | ---- | ---- | ---- |
| Applicant Request | \$3,187,059 | \$27,562,548 | ---- | ---- | ---- |

| 50% Test for Bond Financing for 4% Tax Credits | | | |
|--|-----------|---------------------|---------------------|
| Tax-Exempt Bond Amount | \$ | Applicant | TDHCA |
| | \$ | \$1,980,000 | \$1,980,000 |
| Land Cost | \$ | \$1,980,000 | \$1,980,000 |
| Depreciable Bldg Cost ** | \$ | \$61,449,600 | \$61,635,973 |
| Aggregate Basis for 50% Test | \$ | \$63,429,600 | \$63,615,973 |
| Percent Financed by Tax-Exempt Bonds | | 52.90% | 52.7% |

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

| BUILDING COST ESTIMATE | | | | |
|------------------------------------|-------------|----------------|---------------|---------------------|
| CATEGORY | FACTOR | UNITS/SF | PER SF | |
| Base Cost: | Combination | 225,014 SF | \$109.72 | 24,687,515 |
| Adjustments | | | | |
| Exterior Wall Finish | 7.20% | | 7.90 | \$1,777,501 |
| Elderly | 0.00% | | 0.00 | 0 |
| 9-Ft. Ceilings | 3.90% | | 4.28 | 962,813 |
| Roof Adjustment(s) | | | (0.25) | (66,254) |
| Subfloor | | | (0.33) | (74,390) |
| Floor Cover | | | 3.31 | 745,719 |
| Breezeways | \$30.33 | 20,845 | 2.81 | 632,138 |
| Balconies | \$30.01 | 12,595 | 1.68 | 377,961 |
| Plumbing Fixtures | \$1,090 | 492 | 2.38 | 536,280 |
| Rough-ins | \$535 | 520 | 1.24 | 278,200 |
| Built-In Appliances | \$1,880 | 260 | 2.17 | 488,800 |
| Exterior Stairs | \$2,460 | 34 | 0.37 | 83,640 |
| Heating/Cooling | | | 2.37 | 533,283 |
| Storage Space | \$30.33 | 0 | 0.00 | 0 |
| Carports | \$13.00 | 0 | 0.00 | 0 |
| Garages | | 0 | 0.00 | 0 |
| Common/Support Area | \$87.42 | 12,230 | 4.75 | 1,069,147 |
| Elevators | | 0 | 0.00 | 0 |
| Other: | | | 0.00 | 0 |
| Fire Sprinklers | \$2.88 | 258,089 | 3.30 | 743,296 |
| SUBTOTAL | | | 145.70 | 32,785,649 |
| Current Cost Multiplier | 1.00 | | 0.00 | 0 |
| Local Multiplier | 1.00 | | 0.00 | 0 |
| Reserved | | | | 0 |
| TOTAL BUILDING COSTS | | | 145.70 | \$32,785,649 |
| Plans, specs, survey, bldg permits | 3.30% | | (4.81) | (\$1,081,926) |
| Contractor's OH & Profit | 11.50% | | (16.76) | (3,770,350) |
| NET BUILDING COSTS | | \$107,436/unit | \$124.14/sf | \$27,933,373 |

Long-Term Pro Forma

380 Villas, McKinney, 4% HTC/MDL #22609

| | Growth Rate | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 10 | Year 15 | Year 20 | Year 25 | Year 30 | Year 35 | Year 40 |
|-------------------------------------|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| EFFECTIVE GROSS INCOME | 2.00% | \$3,366,330 | \$3,433,657 | \$3,502,330 | \$3,572,377 | \$3,643,824 | \$4,023,076 | \$4,441,801 | \$4,904,108 | \$5,414,531 | \$5,978,080 | \$6,600,283 | \$7,287,246 |
| TOTAL EXPENSES | 3.00% | \$1,201,575 | \$1,236,269 | \$1,271,977 | \$1,308,729 | \$1,346,555 | \$1,552,943 | \$1,791,362 | \$2,066,826 | \$2,385,139 | \$2,753,019 | \$3,178,242 | \$3,669,812 |
| NET OPERATING INCOME ("NOI") | | \$2,164,755 | \$2,197,388 | \$2,230,353 | \$2,263,648 | \$2,297,269 | \$2,470,133 | \$2,650,439 | \$2,837,281 | \$3,029,392 | \$3,225,061 | \$3,422,041 | \$3,617,434 |
| EXPENSE/INCOME RATIO | | 35.7% | 36.0% | 36.3% | 36.6% | 37.0% | 38.6% | 40.3% | 42.1% | 44.1% | 46.1% | 48.2% | 50.4% |
| MUST -PAY DEBT SERVICE | | | | | | | | | | | | | |
| Citi Bank N.A. (Tranche A) | | \$1,431,670 | \$1,431,490 | \$1,431,301 | \$1,431,102 | \$1,430,892 | \$1,429,662 | \$1,428,065 | \$1,425,994 | \$1,423,306 | \$1,419,819 | \$1,415,294 | \$1,409,423 |
| TDHCA (soft repayable) | | \$87,500 | \$87,500 | \$87,500 | \$87,500 | \$87,500 | \$87,500 | \$87,500 | \$87,500 | \$87,500 | \$87,500 | \$87,500 | \$87,500 |
| TOTAL DEBT SERVICE | | \$1,882,102 | \$1,881,923 | \$1,881,734 | \$1,881,534 | \$1,881,324 | \$1,880,094 | \$1,878,497 | \$1,876,426 | \$1,873,738 | \$1,870,251 | \$1,865,726 | \$1,859,855 |
| DEBT COVERAGE RATIO | | 1.15 | 1.17 | 1.19 | 1.20 | 1.22 | 1.31 | 1.41 | 1.51 | 1.62 | 1.72 | 1.83 | 1.95 |
| ANNUAL CASH FLOW | | | | | | | | | | | | | |
| | | \$282,653 | \$315,465 | \$348,619 | \$382,113 | \$415,945 | \$590,039 | \$771,942 | \$960,855 | \$1,155,654 | \$1,354,810 | \$1,556,315 | \$1,757,579 |
| Deferred Developer Fee Balance | | \$5,828,762 | \$5,513,297 | \$5,164,678 | \$4,782,564 | \$4,366,619 | \$1,767,858 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CUMULATIVE NET CASH FLOW | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,725,060 | \$6,148,904 | \$11,535,495 | \$17,909,853 | \$25,287,950 | \$33,674,015 |

SDC Throckmorton Villas, LP

3030 LBJ Freeway, Suite 1350, Dallas, TX 75234
214-342-1400

November 4, 2022

Ms. Lucy Weber
Asset Manager (Region 3)
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

Via Email: lucy.weber@tdhca.state.tx.us

Re: **MF #22609 – 380 Villas**
Application Amendment Request – Addition of 40 Units

Dear Ms. Weber,

We are requesting an amendment to application MF# 22609 for 380 Villas (the “Project”). This amendment will add 40 units to the Project and increase total number of units from 220 units to 260 units. The Project currently comprises of 11 buildings and 12,000 sf of retail space. This amendment will add a 12th Building and replace the retail space with residential units. The intended 40 units will comprise of 4 studio, 15 1bdr and 21 2bdr units. All of which will be affordable units with rent restricted at up to 60% AMI. With this amendment, the revised unit mix for the Project will be 36 Studio, 82 1bdr, 120 2bdr and 22 3bdr units.

The Project site was zoned back in 2017 under a differently constituted City Council as a planned development with a mandatory requirement for 12,000 sf of retail space. However, the City Council provided a resolution of support for the Project with an informal request that the Project be re-designed to replace the retail space with residential units. The process and timelines for that redesign was in direct conflict with the July expiration deadline of the Project’s bond allocation. In July, the City approved an amended zoning that permits replacing the retail space with residential units. Permits for the 220 units have been approved and revisions to cover this amendment is in the process of approval.

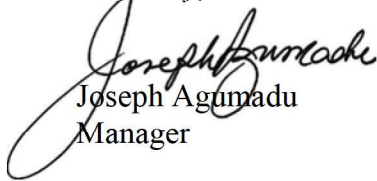
Citi Bank N. A. and Affordable Housing Partners, Inc. (*the existing lender and equity provider*) will provide financing for the added units through a taxable construction loan and increased tax credit equity proceeds. Details are provided with the updated finance exhibits and supporting documents.

This amendment helps optimize the design of the Project and, improves its long-term viability and sustainability. In addition, this provides much needed additional affordable housing units particularly in the suburban areas of Dallas/Fort Worth area in which housing is increasingly unaffordable. This increase in affordable units is in line with the Department’s objective to increase

availability of high quality, adequate and affordable housing for residents of low and moderate income.

We look forward to your favorable consideration of our request and thank you for your time on this. Should you need any further information, please contact the undersigned at joseph@sdacus.com or 214-342-1400.

Sincerely,



Joseph Agumadu
Manager

Cc: Rosalio Banuelos
Texas Department of Housing and Community Affairs
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Teresa Morales
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