



## Texas Department of Housing and Community Affairs

### Governing Board

### Board Action Request

**File #:** 995

**Agenda Date:** 5/8/2025

**Agenda #:**

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for The Manchester (HTC #19471)

#### **RECOMMENDED ACTION**

**WHEREAS,** The Manchester (the Development) received an award of 4% Housing Tax Credits (HTCs) in 2019 for the construction of 280 units of general housing in Austin, Travis County;

**WHEREAS,** TX Austin Manor, LP (the Development Owner or Owner) has applied for an allocation of tax-exempt volume cap under Priority 1b in 2025 and requests approval to change the rent and income restrictions for the Development by replacing 43 (15.36%) of the units at 60% of the Area Median Income (AMI) with 30% AMI units as a result of a supplemental bond allocation, which leaves 237 units at 60% AMI;

**WHEREAS,** staff considered this a material modification requiring approval from the Board, and the Owner has complied with the amendment requirements under 10 TAC §10.405(a);

**WHEREAS,** if the Board approves the requested amendment, the amount of tax credits currently forecasted by the Department (based on total costs and eligible basis not yet fully reviewed by a CPA) will be 68.90% (\$1,544,114) greater than the HTC amount in the Determination Notice, which exceeds the 20% threshold for administrative approval by the Executive Director or designee and requires Board approval under 10 TAC §10.401(d); and

**WHEREAS,** the requested change does not negatively affect the Development, impact the viability of the transaction, or impact the selection of the application for an award;

**NOW, therefore, it is hereby**

**RESOLVED,** that the requested material amendment for The Manchester is approved as presented at this meeting, and the Executive Director and his designees are each 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 as forecasted at the time of this amendment, an increase not to exceed 180% is hereby approved under 10 TAC §10.401(d), and will require no further Board action but will require the Owner to pay the applicable fee under 10 TAC §11.901(8).

**BACKGROUND**

The Manchester formerly known as Austin Manor Apartment Homes was approved for a 4% HTC award in 2019 for the new construction of 280 units of general multifamily housing in Austin, Travis County. The Development was originally underwritten and approved based on all 280 units restricted at 60% AMI.

In a letter dated January 8, 2025, James R. (Bill) Fisher, representative for the Owner, requested approval for a material amendment to the Application. The request is to revise the set-asides of 15% of the units to those earning up to 30% AMI. The Owner is in the process of obtaining an additional bond allocation, which is now requiring 15% of the units to be targeted to those earning up to 30% AMI. The Owner states that the amendment is in the best interest of the state, the residents, and the Development. Due to a demand for lower income targeted units, this change will enhance overall occupancy and reduce turnover. The proposed amendment identifies 43 units (15.36%) at 30% AMI and 237 units at 60% AMI.

The Owner has provided a letter from IBC Bank, the lender for the Development, and from 42 Equity Partners, LLC, the equity provider, acknowledging the change to the set-asides.

The Development was re-underwritten based on the proposed set-asides and revised financial information submitted. The results of the analysis indicate that the Development remains feasible, but total development cost increased approximately \$24.4 million (42.32%). In addition, as a result of the passage of the Consolidated Appropriations Act of 2020, the Development is expected to be eligible for the fixed 4% tax credit percentage upon issuance of a supplemental bond allocation from the Texas Bond Review Board. With these changes, the current analysis supports a recommended annual HTC amount of \$3,785,248, which is an increase of \$1,544,114 (68.90%) from the original credit award of \$2,241,134 in the Determination Notice. Provided the full amount of projected credits is justified following CPA review of total costs and staff's acceptance of the cost certification package, the credits requested will exceed the 20% increase threshold requiring Board approval under 10 TAC §10.401(d).

Staff recommends approval of the requested material amendment. Staff further recommends that, following staff's review and approval 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 under 10 TAC §10.401(d) as forecasted at the time of this amendment, that the Board approve such request not to exceed 180% of the HTC amount in the Determination Notice as part of this amendment, subject to the payment of the applicable fee under 10 TAC §11.901(8).

**Real Estate Analysis Division**

April 22, 2025

**Addendum to Underwriting Report**TDHCA Application #: **19471**Program(s): **4% HTC****Austin Manor Apartment Homes**Address/Location: Bellingham and Boyce Rd, Austin ETJ, TX 78653City: Austin ETJCounty: TravisZip: 78653

	APPLICATION HISTORY
Report Date	PURPOSE
<b>04/22/25</b>	<b>Amendment Memo</b>
01/08/20	New Application - Initial Underwriting

**ALLOCATION**

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
LIHTC (4% Credit)	<b>\$2,241,134</b>				<b>\$3,785,248</b>				

**CONDITIONS STATUS**

- 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 all drives, parking and amenities will be no more than 6 inches below the floodplain; and that the Owner will provide flood insurance coverage for the buildings and for the residents' personal property until such time that the site is officially designated to no longer be in the floodplain.

**Status:** Sponsor provided a certification letter dated 1/20/20 that meets our requirement.  
Condition cleared.

**SET-ASIDES**

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	43
60% of AMI	60% of AMI	237

## ANALYSIS

Applicant has received an allocation of tax-exempt volume cap. The cap is allocated under Priority 1b which requires a change in income and rent targeting from 100% at 60% AMI to 85% at 60% AMI and 15% at 30% AMI. Development costs increased by \$23M and Applicant is requesting additional 4% Housing Tax Credits.

### **Operating Pro Forma**

Forty-three (43) or 15.4% of the 280 total units are being Set Aside at a 30% AMI level as required under Priority 1b bond volume cap. Although these units have lower rent and income limits, the overall change from the initial underwriting with 2019 program rents to 2024 program rents increased overall income by \$885K (25%). Expenses increased by \$287K (24%) primarily due to a \$190K increase in insurance expense. Applicant budgeted \$300/unit (\$84K) in Reserves for Replacements, but the new loan and equity term sheets reference a requirement of \$250/unit, which would be \$70K. However, the \$14K difference is not enough to shift the underwriting analysis to TDHCA's assumed expense numbers.

Net Operating Income increased by \$598K (25%).

The 15-year residual cash flow is \$6.8M after deferred developer fee is paid off in year 9.

### **Development Cost**

Building costs increased by \$11.6M (44%) from \$95K/unit to \$134K/unit as compared to original Underwriting. Overall Development costs increased \$24M (42%). The increase is comprised of \$200K for land acquisition, \$10K for closing costs, \$1.4M for site work, \$955K for amenities, \$11.6M for building costs, a decrease of \$853K in contingency, \$1.8M in contractor fees, \$1M in soft costs, \$5M in financing costs, \$3.2M in developer fees and \$100K in reserves.

TDHCA's estimated development costs were calculated based on the schedule of values in the Contractor's Application for Payment submitted 1/10/2025. TDHCA's total development cost estimate varied less than 1% from Applicant's budget, so Applicant's costs were used in the analysis.

### **Sources of Funds**

Applicant applied for an increased allocation of tax exempt volume cap increasing the bond amount by \$5M to \$42M. The interest rate increased from 4.25% to 5% since the first underwriting report was issued in 2019.

Underwriter is recommending adjustments to Eligible Basis of \$77K in contractor's fee, \$2.13M in financing costs and \$405K in developer's fee, resulting in an overall annual tax credit allocation reduction of \$135,836. Sources from equity proceeds are adjusted \$1.2M, assuming a \$0.91 credit price. The adjustment increases the deferred developer fee which can still be paid in Year 9.

Eligible contractors fee was adjusted since it exceeded 14%. Eligible financing cost was limited to two years of interim construction interest per REA rules. The reduction of eligible contractor's fee and eligible financing cost impacted the amount of Developer Fee earned by \$405K.

Underwriter recommends Applicant's request to change the Set Asides for the LIHTC income and rent limits from 100% at 60% of AMI to 85% at 60% AMI and 15% at 30% AMI.

The Underwriter also recommends that the allocation of 4% Housing Tax Credits be increased from \$2,241,134 to \$3,785,248 as determined by eligible basis.

Underwriter:	<u>Eric Weiner</u>
Manager of Real Estate Analysis:	<u>Gregg Kazak</u>
Director of Real Estate Analysis:	<u>Jeanna Adams</u>

## UNIT MIX/RENT SCHEDULE

**Austin Manor Apartment Homes, Austin ETJ, 4% HTC #19471**

LOCATION DATA	
CITY:	Austin ETJ
COUNTY:	Travis
Area Median Income	\$126,000
PROGRAM REGION:	7

UNIT DISTRIBUTION							
# Beds	# Units	% Total	Assisted	MDL	Income	# Units	% Total
Eff	32	11.4%	0	0	20%	-	0.0%
1	120	42.9%	0	0	30%	43	15.4%
2	80	28.6%	0	0	40%	-	0.0%
3	48	17.1%	0	0	50%	-	0.0%
4	-	0.0%	0	0	60%	237	84.6%
5	-	0.0%	0	0	70%	-	0.0%
					80%	-	0.0%
					MR	-	0.0%
<b>TOTAL</b>	<b>280</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>	<b>TOTAL</b>	<b>280</b>	<b>100.0%</b>

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	4.00%
APP % Construction	4.00%
Average Unit Size	904 sf

## UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mkt Analyst
TC 30%	\$661	6	0	1	560	\$661	\$42	\$619	\$0	\$1.11	\$619	\$3,714	\$3,714	\$619	\$1.11	\$0	\$1,323	\$2.36	\$1,323
TC 60%	\$1,323	26	0	1	560	\$1,323	\$42	\$1,281	\$0	\$2.29	\$1,281	\$33,306	\$33,306	\$1,281	\$2.29	\$0	\$1,323	\$2.36	\$1,323
TC 30%	\$708	18	1	1	727	\$708	\$56	\$652	\$0	\$0.90	\$652	\$11,736	\$11,736	\$652	\$0.90	\$0	\$1,417	\$1.95	\$1,417
TC 60%	\$1,417	102	1	1	727	\$1,417	\$56	\$1,361	\$0	\$1.87	\$1,361	\$138,822	\$138,822	\$1,361	\$1.87	\$0	\$1,417	\$1.95	\$1,417
TC 30%	\$850	12	2	2	1,080	\$850	\$71	\$779	\$0	\$0.72	\$779	\$9,348	\$9,348	\$779	\$0.72	\$0	\$1,701	\$1.58	\$1,701
TC 60%	\$1,701	68	2	2	1,080	\$1,701	\$71	\$1,630	\$0	\$1.51	\$1,630	\$110,840	\$110,840	\$1,630	\$1.51	\$0	\$1,701	\$1.58	\$1,701
TC 30%	\$982	7	3	2	1,281	\$982	\$88	\$894	\$0	\$0.70	\$894	\$6,258	\$6,258	\$894	\$0.70	\$0	\$1,965	\$1.53	\$1,965
TC 60%	\$1,965	41	3	2	1,281	\$1,965	\$88	\$1,877	\$0	\$1.47	\$1,877	\$76,957	\$76,957	\$1,877	\$1.47	\$0	\$1,965	\$1.53	\$1,965
TOTALS/AVERAGES:		280	253,048						\$0	\$1.55	\$1,396	\$390,981	\$390,981	\$1,396	\$1.55	\$0	\$1,581	\$1.75	\$1,581

<b>ANNUAL POTENTIAL GROSS RENT:</b>	<b>\$4,691,772</b>	<b>\$4,691,772</b>	
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<b>STABILIZED PRO FORMA</b>
<b>Austin Manor Apartment Homes, Austin ETJ, 4% HTC #19471</b>

STABILIZED FIRST YEAR PRO FORMA															
COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
Database	HTC Comps			% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT					\$1.55	\$1,396	\$4,691,772	\$3,768,864	\$3,768,864	\$4,691,772	\$1,396	\$1.55		0.0%	\$0
Forfeitures and late fees						\$20.00	\$67,200	33,600							
Vending, Damage, pet rent						\$10.00	\$33,600	33,600							
Total Secondary Income						\$30.00			67,200	\$100,800	\$30.00			0.0%	\$0
POTENTIAL GROSS INCOME							\$4,792,572	\$3,836,064	\$3,836,064	\$4,792,572				0.0%	\$0
Vacancy & Collection Loss						7.5% PGI	(359,443)	(287,705)	(287,705)	(359,443)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME							\$4,433,129	\$3,548,359	\$3,548,359	\$4,433,129				0.0%	\$0

General & Administrative	\$121,082	\$432/Unit	\$145,931	\$521	1.45%	\$0.25	\$229	\$64,100	\$90,600	\$88,117	\$88,117	\$315	\$0.35	1.99%	-27.3%	(24,017)
Management	\$125,220	4.0% EGI	\$119,212	\$426	3.48%	\$0.61	\$550	\$154,072	\$141,934	\$141,934	\$155,160	\$554	\$0.61	3.50%	-0.7%	(1,088)
Payroll & Payroll Tax	\$367,200	\$1,311/Unit	\$437,339	\$1,562	8.53%	\$1.49	\$1,350	\$378,000	\$350,040	\$367,200	\$367,200	\$1,311	\$1.45	8.28%	2.9%	10,800
Repairs & Maintenance	\$191,389	\$684/Unit	\$214,912	\$768	3.33%	\$0.58	\$527	\$147,500	\$149,500	\$168,000	\$182,000	\$650	\$0.72	4.11%	-19.0%	(34,500)
Electric/Gas	\$76,441	\$273/Unit	\$38,730	\$138	1.13%	\$0.20	\$179	\$50,000	\$32,000	\$33,965	\$33,965	\$121	\$0.13	0.77%	47.2%	16,035
Water, Sewer, & Trash	\$224,024	\$800/Unit	\$267,617	\$956	6.50%	\$1.14	\$1,029	\$288,000	\$230,500	\$224,024	\$224,024	\$800	\$0.89	5.05%	28.6%	63,976
Property Insurance	\$81,189	\$0.32 /sf	\$117,812	\$421	6.32%	\$1.11	\$1,000	\$280,000	\$90,000	\$81,189	\$280,000	\$1,000	\$1.11	6.32%	0.0%	-
Property Tax (@ 0%) 2.1497660	\$195,033	\$697/Unit	\$57,844	\$207	0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
Reserve for Replacements	\$90,211	\$322/Unit	\$0	\$0	1.89%	\$0.33	\$300	\$84,000	\$70,000	\$70,000	\$70,000	\$250	\$0.28	1.58%	20.0%	14,000
Cable TV			\$0	\$0	0.05%	\$0.01	\$8	\$2,240	\$3,600	\$3,600	\$2,240	\$8	\$0.01	0.05%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)			\$0	\$0	0.25%	\$0.04	\$40	\$11,200	\$11,200	\$11,200	\$11,200	\$40	\$0.04	0.25%	0.0%	-
Bond Trustee Fees			\$0	\$0	0.11%	\$0.02	\$18	\$5,000	\$7,500	\$7,500	\$5,000	\$18	\$0.02	0.11%	0.0%	-
Issuer Fees			\$0	\$0	0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
<b>TOTAL EXPENSES</b>					<b>33.03%</b>	<b>\$5.79</b>	<b>\$5,229</b>	<b>\$1,464,112</b>	<b>\$1,176,874</b>	<b>\$1,196,730</b>	<b>\$1,418,906</b>	<b>\$5,068</b>	<b>\$5.61</b>	<b>32.01%</b>	<b>3.2%</b>	<b>\$ 45,206</b>
<b>NET OPERATING INCOME ("NOI")</b>					<b>66.97%</b>	<b>\$11.73</b>	<b>\$10,604</b>	<b>\$2,969,017</b>	<b>\$2,371,485</b>	<b>\$2,351,629</b>	<b>\$3,014,223</b>	<b>\$10,765</b>	<b>\$11.91</b>	<b>67.99%</b>	<b>-1.5%</b>	<b>\$ (45,206)</b>

CONTROLLABLE EXPENSES							\$3,313/Unit						\$3,198/Unit			
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**CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS**

*Austin Manor Apartment Homes, Austin ETJ, 4% HTC #19471*

		DEBT / GRANT SOURCES															
		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Prior Underwriting		Principal	Term	Amort	Rate	Pmt	Cumulative	
DEBT (Must Pay)	Fee	UW	App						Applicant	TDHCA						DCR	LTC
IBC Bank	0.13%	1.21	1.19	2,495,683	5.00%	40	15	\$38,000,000	\$37,000,000	\$37,000,000	\$38,000,000	15	40	5.00%	\$2,246,316	1.32	46.2%
IBC Bank		1.21	1.19		5.00%	40	15	\$4,000,000			\$4,000,000	15	40	5.00%	\$231,454	1.20	4.9%
				\$2,495,683	TOTAL DEBT / GRANT SOURCES			\$42,000,000	\$37,000,000	\$37,000,000	\$42,000,000	TOTAL DEBT SERVICE			\$2,477,771	1.20	51.1%

<b>NET CASH FLOW</b>	\$518,540	\$473,334	<b>APPLICANT</b>		<b>NET OPERATING INCOME</b>	\$2,969,017	\$491,246	<b>NET CASH FLOW</b>
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0.125%

0.125%	EQUITY SOURCES													
	APPLICANT'S PROPOSED EQUITY STRUCTURE								AS UNDERWRITTEN EQUITY STRUCTURE					
	EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Prior Underwriting		Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Applicant							TDHCA							
42 Equity Partners, LLC	LIHTC Equity	43.4%	\$3,921,084	0.91	\$35,682,000	\$20,228,463	\$20,168,190	\$34,445,887	\$0.91	\$3,785,248	41.9%	\$13,519	Eligible Basis	
RRC Development	Deferred Developer Fees	5.5%	(45% Deferred)		\$4,488,596	\$521,637	\$581,738	\$5,744,573	(58% Deferred)		7.0%	Total Developer Fee:		
Additional (Excess) Funds Req'd		0.0%				\$0	\$0	\$0			0.0%	\$9,900,000		
TOTAL EQUITY SOURCES		48.9%			\$40,170,596	\$20,750,100	\$20,749,928	\$40,190,460			48.9%			

<b>TOTAL CAPITALIZATION</b>				<b>\$82,170,596</b>	\$57,750,100	\$57,749,928	<b>\$82,190,460</b>					15-Yr Cash Flow after Deferred Fee:	<b>\$6,773,623</b>
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	DEVELOPMENT COST / ITEMIZED BASIS													
	APPLICANT COST / BASIS ITEMS							TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis		Total Costs			Prior Underwriting		Total Costs			Eligible Basis			
	Acquisition	New Const. Rehab				Applicant	TDHCA				New Const. Rehab	Acquisition		
Land Acquisition			\$7,857 / Unit		\$2,200,000	\$2,000,000	\$2,000,000	\$2,200,000	\$7,857 / Unit				0.0%	\$0
Closing costs & acq. legal fees					\$75,000	\$65,000	\$65,000	\$75,000						\$0
Off-Sites		\$0	\$ / Unit		\$0	\$0	\$0	\$0	\$ / Unit		\$0		0.0%	\$0
Site Work		\$5,600,000	\$20,000 / Unit		\$5,600,000	\$4,200,000	\$4,200,000	\$5,601,159	\$20,004 / Unit		\$5,600,000		0.0%	(\$1,159)
Site Amenities		\$2,100,000	\$7,500 / Unit		\$2,100,000	\$1,145,000	\$1,145,000	\$2,100,210	\$7,501 / Unit		\$2,100,000		0.0%	(\$210)
Building Cost		\$37,789,000	\$151.51 /sf	\$136,925/Unit	\$38,339,000	\$26,705,000	\$26,661,649	\$38,336,252	\$136,915/Unit	\$151.50 /sf	\$37,789,000		0.0%	\$2,748
Contingency		\$750,000	1.65%	1.63%	\$750,000	\$1,602,500	\$1,602,500	\$750,000	1.63%	1.65%	\$750,000		0.0%	\$0
Contractor Fees		\$6,550,460	14.17%	14.00%	\$6,550,460	\$4,711,350	\$4,705,281	\$6,550,267	14.00%	14.00%	\$6,473,460		0.0%	\$193
Soft Costs	0	\$3,831,000	\$13,771 / Unit		\$3,856,000	\$2,845,000	\$2,845,000	\$3,856,000	\$13,771 / Unit		\$3,831,000	\$0	0.0%	\$0
Financing	0	\$8,885,000	\$41,786 / Unit		\$11,700,000	\$6,743,750	\$6,743,750	\$11,700,000	\$41,786 / Unit		\$6,755,000	\$0	0.0%	\$0
Developer Fee	\$0	\$9,900,000	15.11%	14.99%	\$9,900,000	\$6,712,500	\$6,704,914	\$9,577,062	15.00%	15.00%	\$9,494,769	\$0	3.4%	\$322,938
Reserves			3 Months		\$1,120,000	\$1,020,000	\$1,020,000	\$1,120,000	3 Months				0.0%	\$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	\$0	\$75,405,460	\$293,537 / Unit		\$82,190,460	\$57,750,100	\$57,693,094	\$81,865,950	\$292,378 / Unit		\$72,793,229	\$0	0.4%	\$324,510
Acquisition Cost	\$0					\$0	\$0							
Contingency		\$0				\$0	\$0							
Contractor's Fee		(\$77,000)				\$0	\$0							
Financing Cost		(\$2,130,000)												
Developer Fee	\$0	(\$405,231)				\$0	(\$173)							
Reserves						\$0	\$0							
ADJUSTED BASIS / COST	\$0	\$72,793,229	\$293,537/unit		\$82,190,460	\$57,749,928		\$81,865,950	\$292,378/unit		\$72,793,229	\$0	0.4%	\$324,510
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					\$82,190,460									

**CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS**

*Austin Manor Apartment Homes, Austin ETJ, 4% HTC #19471*

CREDIT CALCULATION ON QUALIFIED BASIS				
Applicant		TDHCA		
Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation	
ADJUSTED BASIS	\$0	\$72,793,229	\$0	\$72,793,229
Deduction of Federal Grants	\$0	\$0	\$0	\$0
<b>TOTAL ELIGIBLE BASIS</b>	\$0	\$72,793,229	\$0	\$72,793,229
High Cost Area Adjustment		130%		130%
<b>TOTAL ADJUSTED BASIS</b>	\$0	\$94,631,198	\$0	\$94,631,198
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
<b>TOTAL QUALIFIED BASIS</b>	\$0	\$94,631,198	\$0	\$94,631,198
Applicable Percentage	4.00%	4.00%	4.00%	4.00%
<b>ANNUAL CREDIT ON BASIS</b>	\$0	\$3,785,248	\$0	\$3,785,248
<b>CREDITS ON QUALIFIED BASIS</b>	\$3,785,248		\$3,785,248	

ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS			FINAL ANNUAL LIHTC ALLOCATION		
Method	Annual Credits	Proceeds	Credit Price \$0.9100	Variance to Request	
			<b>Credit Allocation</b>	<b>Credits</b>	<b>Proceeds</b>
<b>Eligible Basis</b>	\$3,785,248	\$34,445,887	<b>\$3,785,248</b>	<b>(\$135,836)</b>	<b>(\$1,236,113)</b>
<b>Needed to Fill Gap</b>	\$4,416,517	\$40,190,460	----	----	----
<b>Applicant Request</b>	\$3,921,084	\$35,682,000	----	----	----

50% Test for Bond Financing for 4% Tax Credits					
<b>Tax-Exempt Bond Amount</b>	<b>\$46,500,000</b>		<b>Percent Financed by Tax-Exempt Bonds</b>	<b>Applicant</b>	<b>TDHCA</b>
Aggregate Basis Limit for 50% Test	\$93,000,000			<b>68.1%</b>	<b>70.3%</b>
	<b>Applicant</b>	<b>TDHCA</b>			
Land Cost	\$2,200,000	\$2,200,000			
Depreciable Bldg Cost	\$66,080,460	\$63,948,888			
<b>Aggregate Basis for 50% Test</b>	<b>\$68,280,460</b>	<b>\$66,148,888</b>			
			amount aggregate basis can increase before 50% test fails	\$24,719,540	\$26,851,112
				36.2%	40.6%

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Garden (Up to 4-story)	253,048 SF	\$92.51	23,410,312
Adjustments				
Exterior Wall Finish	2.40%		2.22	\$561,847
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.30%		3.05	772,540
Roof Adjustment(s)			0.00	0
Subfloor			(0.23)	(\$58,201)
Floor Cover			4.16	1,052,680
Enclosed Corridors	\$75.16	40,602	12.06	3,051,781
Balconies	\$38.74	44,690	6.84	1,731,392
Plumbing Fixtures	\$1,600	512	3.24	819,200
Rough-Ins	\$595	560	1.32	333,200
Built-In Appliances	\$2,875	280	3.18	805,000
Exterior Stairs	\$3,550	36	0.51	127,800
Heating/Cooling			2.60	657,925
Storage Space	\$75.16	6,353	1.89	477,491
Carports	\$14.95	0	0.00	0
Garages		0	0.00	0
Common/Support Area	\$123.81	7,617	3.73	943,087
Elevators	\$97,050	9	3.45	873,450
Other: Mechanical	\$75.16	750	0.22	56,370
Fire Sprinklers	\$2.68	307,620	3.26	824,422
<b>SUBTOTAL</b>			<b>144.01</b>	<b>36,440,297</b>
Current Cost Multiplier	0.99		(1.44)	(364,403)
Local Multiplier	0.87		(18.72)	(4,737,239)
Reserved				0
<b>TOTAL BUILDING COSTS</b>			<b>123.84</b>	<b>\$31,338,655</b>
Plans, specs, survey, bldg permits	3.30%		(4.09)	(\$1,034,176)
Contractor's OH & Profit	11.50%		(14.24)	(3,603,945)
<b>NET BUILDING COSTS</b>		\$95,359/unit	\$105.52/sf	\$26,700,534



## Long-Term Pro Forma

*Austin Manor Apartment Homes, Austin ETJ, 4% HTC #19471*

	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%	\$4,433,129	\$4,521,792	\$4,612,228	\$4,704,472	\$4,798,562	\$5,298,000	\$5,849,420	\$6,458,232	\$7,130,410	\$7,872,549	\$8,691,930	\$9,596,593
TOTAL EXPENSES	3.00%	\$1,464,112	\$1,506,495	\$1,550,118	\$1,595,019	\$1,641,234	\$1,893,435	\$2,184,848	\$2,521,617	\$2,910,857	\$3,360,803	\$3,880,990	\$4,482,459
<b>NET OPERATING INCOME ("NOI")</b>		<b>\$2,969,017</b>	<b>\$3,015,297</b>	<b>\$3,062,110</b>	<b>\$3,109,454</b>	<b>\$3,157,327</b>	<b>\$3,404,564</b>	<b>\$3,664,572</b>	<b>\$3,936,615</b>	<b>\$4,219,553</b>	<b>\$4,511,746</b>	<b>\$4,810,939</b>	<b>\$5,114,134</b>
EXPENSE/INCOME RATIO		33.0%	33.3%	33.6%	33.9%	34.2%	35.7%	37.4%	39.0%	40.8%	42.7%	44.7%	46.7%
<b>MUST -PAY DEBT SERVICE</b>													
TOTAL DEBT SERVICE		\$2,477,771	\$2,477,389	\$2,476,987	\$2,476,565	\$2,476,121	\$2,473,536	\$2,470,220	\$2,465,963	\$2,460,500	\$2,453,490	\$2,444,493	\$2,432,946
DEBT COVERAGE RATIO		1.20	1.22	1.24	1.26	1.28	1.38	1.48	1.60	1.71	1.84	1.97	2.10
<b>ANNUAL CASH FLOW</b>		<b>\$491,246</b>	<b>\$537,908</b>	<b>\$585,123</b>	<b>\$632,889</b>	<b>\$681,207</b>	<b>\$931,028</b>	<b>\$1,194,352</b>	<b>\$1,470,652</b>	<b>\$1,759,053</b>	<b>\$2,058,256</b>	<b>\$2,366,447</b>	<b>\$2,681,188</b>
Deferred Developer Fee Balance		\$5,253,327	\$4,715,419	\$4,130,296	\$3,497,407	\$2,816,200	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>CUMULATIVE NET CASH FLOW</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,333,828</b>	<b>\$6,773,623</b>	<b>\$13,569,240</b>	<b>\$21,783,088</b>	<b>\$31,471,961</b>	<b>\$42,684,656</b>	<b>\$55,459,070</b>

**SONOMA HOUSING ADVISORS, LLC**

**Attn: BILL FISHER**

**16812 Dallas Parkway**

**Dallas, TX 75248**

**214-608-7201**

**[Bill.fisher@sonomaadvisors.com](mailto:Bill.fisher@sonomaadvisors.com)**

Ms. Lee Ann Chance  
TDHCA, Senior Asset Manager  
211 E. 11<sup>th</sup> Street  
Austin, TX 77011

January 8, 2025

RE: Material Amendment request for proposed change in targeting for Lakeview Seniors #17435, Lakeway Apartments #18441 and TX Manor Apartments #19471

Dear Lee Ann Chance

The Sponsors have applied for and are receiving an allocation of tax-exempt volume cap in 2025 for the 3 projects referenced above. The cap is allocated under Priority 1 B which requires a change in the income and rent targeting. Currently all units in each are 100% at 60% AMFI income and rents. The use of the 1 B bond allocation requires 15% of the units currently at 60% of AMFI income and rent to be restricted to 30% of AMFI income and rent. An amendment to change in targeting requires acknowledgement from the lender and investor, which is attached to this request for each development modifying the targeting as required by the supplemental bond allocations under Priority 1 B.

The amendments are in the best interest of the State, the residents and the properties. The need for more units targeted at or below 30% in these markets is well documented. The QAP and governing statutes prioritize low income targeting to serve Texans with the most need for affordable housing. For the project, the demand for lower income targeted units enhances overall occupancy and reduces turnover. The supplement bonds trigger the 4% HTC percentage floor adding substantial additional equity to the development financing. This enhances long term feasibility and reduces debt. Only Lakeview has an existing LURA, so this amendment should be considered a request to amend the LURA for the additional targeting.

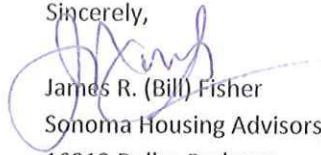
The required notices to the public and the residents are made and included in the application submission materials. There are a couple of public hearings to be conducted. At which time the public and residents will be given additional notices under the TEFRA and HTC board action agendas.

In addition to this letter request the submissions for each development include:

1. Lender and investor acknowledgment of the targeting changes
2. Lender and investor financing term sheets that tie to the new financial projection tabs. The term sheets reflect the additional housing tax credits and additional bonds being allocated. They also document the projected perm loan. The loan sizing reflects the current 2024 rents and expense applying the additional targeting at 30% of AMFI income and rent.
3. Updated financial tabs with back up for the UA, sources and uses of funds and pro forma.
4. The lender and investor have signed the tabs required for their confirmation of long term financial feasibility.
5. This submission is intended to meet the minimum requirement for a submission which is subject to further review and underwriting. Sufficient to allow the sponsors to use the tax-exempt volume cap being allocated by the BRB. See attached.

On behalf of and as authorized by the sponsors, I request your acceptance of this submission and confirmation if receipt to the BRB prior to the deadlines. If you have questions, please let me know. 214-608-7201.

Sincerely,



James R. (Bill) Fisher

Sonoma Housing Advisors, LLC

16812 Dallas Parkway

Dallas, TX 75248

[Bill.fisher@sononaadvisors.com](mailto:Bill.fisher@sononaadvisors.com)

**SONOMA HOUSING ADVISORS, LLC**

Attn: BILL FISHER  
16812 Dallas Parkway  
Dallas, TX 75248  
214-608-7201

[Bill.fisher@sonomaadvisors.com](mailto:Bill.fisher@sonomaadvisors.com)

Ms. Lee Ann Chance  
Senior Asset Manager  
TDHCA  
211 E. 11<sup>th</sup> Street  
Austin, TX 77011

January 4, 2025

RE: Lender and Investor Acknowledgement of proposed change in targeting for Lakeview Seniors #17435, Lakeway Apartments #18441 and TX Manor Apartments #19471

Dear Lee Ann Chance

The Sponsors have applied for and are receiving an allocation of tax-exempt volume cap in 2025 for the 3 projects referenced above. The cap is allocated under Priority 1 B which requires a change in the income and rent targeting. Currently all units in each are 100% at 60% AMFI income and rents. The use of the 1 B bond allocation requires 15% of the units currently at 60% of AMFI income and rent to be restricted to 30% of AMFI income and rent. An amendment to change in targeting requires acknowledgement from the lender and investor. IBC Bank is the current lender for all three communities. 42 Equity Partners is the tax credit investor currently.

Below is an acknowledgement from IBC and 42 of this use of bond proceeds with additional income and rent targeting. If you have questions, please let me know. 214-608-7201.

Sincerely,

James R. (Bill) Fisher  
Sonoma Housing Advisors, LLC  
16812 Dallas Parkway  
Dallas, TX 75248  
[Bill.fisher@sonomaadvisors.com](mailto:Bill.fisher@sonomaadvisors.com)

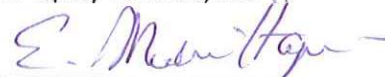
Acknowledgement of change in targeting for the 3 projects, Lakeview, Lakeway and TX Manor to allow for 15% of the units to be restricted at or below 30% of AMFI income and rent. As required by Priority 1 B bond allocation rules:

IBC Bank, Brownsville



W. Lee Reed IV, President

42 Equity Partners, LLC



E. Michael Haynes, Managing Director