



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1030

Agenda Date: 6/12/2025

Agenda #:

Presentation, discussion, and possible action regarding a Material Application Amendment to the Housing Tax Credit Application for 2910 Motley Senior Living (HTC #24030)

**RECOMMENDED ACTION**

**WHEREAS**, 2910 Motley Senior Living (the Development) received a 9% Housing Tax Credit (HTC) award in 2024 for the new construction of 133 units, of which 88 are designated as low-income units, for the elderly in Mesquite, Dallas County;

**WHEREAS**, due to the need to fill a funding gap, which is expected to be filled by obtaining Multifamily Direct Loan (MFDL) funding from the Department, 2910 Motley Senior Living, Ltd. (the Applicant) requests approval to change the Qualified Low Income Housing Development Election from Average Income to the set-aside requirement that specifies that at least 40% or more of the residential units must be both rent restricted and occupied by individuals whose income is 60% or less of the median gross income (i.e., 40% at 60% minimum set-aside election);

**WHEREAS**, one of the major factors in the City of Mesquite granting this incentive to the Development is the number of market units (33.8% of total units) being provided to the community, but per 10 TAC §13.3(d)(2)(a), if average income is elected no more than 15% of the total units can be designated market rate and still remain eligible for MFDL funds;

**WHEREAS**, with a change to the 40% at 60% set-aside, the number of market rate units can remain the same, and the Development can be eligible for MFDL funds;

**WHEREAS**, Board approval is required for a request to implement a revised election under §42 (g) of the Code prior to filing of IRS Form(s) 8609 as directed by 10 TAC §10.405(a)(4)(G), and the Applicant has complied with the amendment requirements therein; and

**WHEREAS**, the requested change does not negatively affect the Development, impact the viability of the transaction, impact the scoring of the Application, or impact the HTC award;

**NOW, therefore, it is hereby**

**RESOLVED**, that the requested material application amendment for 2910 Motley Senior Living 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.

**BACKGROUND**

2910 Motley Senior Living (HTC #24030) was approved for a 9% HTC award in 2024 for the new construction of 133 units, of which 88 are designated as low-income units, for the elderly in Mesquite, Dallas County. Construction of the Development has not begun. The Applicant originally elected Average Income as the Qualified Low Income Housing Development Election, with an average income under 54%, which would allow the property to serve households with incomes ranging from 20% to 80% of the Area Median Income (AMI).

In a letter received on April 16, 2025, Cody Hunt, the representative for the Applicant, requested approval for a material amendment to the Application to revise the Qualified Low Income Housing Development Election from Average Income to the set-aside requirement that specifies at least 40% or more of the residential units must be both rent restricted and occupied by individuals whose income is 60% or less of the median gross income (i.e., 40% at 60% minimum set-aside election). With this change, the Development would have 29 units at 30% AMI, 36 units at 50% AMI, 23 units at 60% AMI, and 45 market rate units. The average income for the low-income units would decrease to 46.02%.

The Applicant states that since initial application in March 2023, total development costs have increased from \$32 million to \$36.5 million. In addition to this, interest rates since March 2023 have continued to increase, and equity pricing decreased. Additionally, potential tariffs have caused inflating construction pricing. These factors resulted in a need to fill a funding gap that the Applicant expects to fill using a direct loan from the Department. However, 10 TAC §13.3(d) (2)(a) states that if average income is elected no more than 15% of total units can be designated market rate and still remain eligible for the MFDL funds. With the change to the 40% at 60% income election, the number of market rate units can remain the same, and the Development can be eligible for the MFDL funds. The Applicant indicated that it was not reasonably foreseeable at initial Application that this project would need MFDL funds in order to remain financially feasible. The recommendation for the direct loan funds from the Department will be presented separately from this amendment to the HTC Application.

The Development was re-underwritten based on the proposed set-asides and revised financial information that was submitted. The analysis supports no change to the HTC allocation and demonstrates the Development remains feasible with the additional proposed changes to the financing structure. Additionally, staff reviewed the original Application and scoring documentation against this amendment request and has concluded that none of the changes would have resulted in selection or threshold criteria changes that would have affected the selection of the Application in the competitive round.

Staff recommends approval of the material amendment request.



Real Estate Analysis Division

May 27, 2025

Addendum to Underwriting Report

TDHCA Application #: 25501\_24030 Program(s): 9% HTC / MDL

2910 Motley Senior Living

Address/Location: 2910 Motley Drive

City: Mesquite County: Dallas Zip: 75150

	APPLICATION HISTORY
Report Date	PURPOSE
05/08/25	Amendment & MDL Award - 2025-1 NOFA - NHTF
07/19/24	Initial Underwriting Report

ALLOCATION

TDHCA Program	Previous Allocation				RECOMMENDATION						
	Amount	Int. Rate	Amort	Term	Amount	Int. Rate	Amort	Perm. Term	Perm. Lien	Const. Term	Const. Lien
MF Direct Loan Const. to Perm. (Repayable)					\$5,331,291	2.0%	40	40.0 yrs	2	24M	2
LIHTC (9% Credit)	\$2,000,000				\$2,000,000						

\* Multifamily Direct Loan and HOME ARP Terms:

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

\*\* Construction loan term cannot exceed the recommendation above, but may be less depending on actual closing date. Final construction term will be noted in the loan documents

CONDITIONS STATUS

- 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 that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a minimum 1.0 DCR if subordinate to FHA financing.

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.

#### Previous Set-Asides

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	9
50% of AMI	50% of AMI	36
60% of AMI	60% of AMI	35
70% of AMI	70% of AMI	6
80% of AMI	80% of AMI	2

#### NEW SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	29
50% of AMI	50% of AMI	36
60% of AMI	60% of AMI	23

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	29

#### ANALYSIS

The development originally received an annual 9% HTC allocation of \$2,000,000 in July 2024.

The applicant is requesting an amendment approval to change the minimum set-aside election from an Average Income election to a 40-60 election. With a change to the 40-60 set-aside, the number of Market Rate units can remain the same, the development can be eligible for MFDL funds and receive support from the City of Mesquite.

Since application in March 2024, Total Development Costs for this project have increased (potential tariffs and inflation), Equity pricing has decreased, and interest rates continue to rise. These factors resulted in a need to fill a funding gap, which the applicant has worked to fill through MFDL funding.

The applicant is now applying for a MDL 2025-1 NHTF loan of \$5,331,291 to remain financially feasible. The MDL loan will have a lower interest rate of 2% and longer amortization period of 40 years allowing this Project to be feasible under DCR requirements.

The common area square footage changed from 36,576 S.F. to 36,498 S.F. (Club decreased from 6,485 s.f. to 6,408 s.f., Laundry decreased from 494 s.f. to 0 s.f. and Storage increased from 3,320 s.f. to 3,813 s.f.)

The LURA will encompass all 5.841 acres of the site.

### **Operating Pro Forma**

Using TDHCA ProForma. Underwriter used comparable Dallas county properties to estimate expenses. Underwriter is using the most current 2025 program rent limits for 9% HTC and 2025 limits for NHTF. The Applicant submitted a rent schedule using the 2024 program rent limits for 9% HTC however, the Underwriter updated the Applicant's rent schedule with the 2025 HTC rents.

The Utility Allowances for the one bedroom units decreased by \$5.00 and the two bedroom units decreased by \$7.00 from previous underwriting.

Effective Gross Income decreased by \$19k, Total Expenses increased by \$28k and as a result, Net Operating Income (NOI) decreased by \$47k. Expense per unit increased from \$6,195 to \$6,408.

The Applicant is not expecting to collect the full market rate for their market rents (MR). Underwrote the 45 MR units to the rents they expect to collect (1-BR at \$1,602 and 2-BR at \$1,865).

### **Development Cost**

The applicant's Building Costs have increased by \$412,280 and Total Housing Development Costs have increased by \$767,707.

No change to the Developer Fee from previous underwriting.

A Schedule of Values or contract bid was not provided, therefore, the Underwriter recosted out the building using the Architectural Drawings provided in the application with the 2025 Marshall and Swift's costs.

### **Sources of Funds**

The construction loan lender did not change (Regions Bank - HUD 221(d)4).

Construction loan decreased from \$15,785,400 to \$11,430,000 and the interest rate increased from 5.25% to 5.80%.

Application was submitted with MDL construction interest of 2% - per Multifamily Direct Loan rule 13.8(b)(2) "No interest will accrue during the construction term;"

Underwriter adjusted construction interest from 2% to 0%.

The permanent loan lender did not change (Regions Bank - HUD 221(d)4). Permanent loan amount decreased from \$15,785,400 to \$11,430,000 and the interest increased from 5.25% to 5.80%. This loan remains in the first lien position.

The senior financing is a PNC FHA 221(d)4 construction-to-permanent loan and has a separate MIP fee of 0.25%.

Applicant is now including \$5,331,291 MDL NHTF loan construction to permanent loan 0% during construction and 2% in the permanent period. The construction period is in the **second** lien position and the permanent period is in the second lien position.

The Debt Coverage Ratio on the senior debt is 1.34 times. The Combined DCR for a Multifamily Direct Loan subordinate to FHA debt is determined based on 75% of Surplus Cash remaining after the senior debt service. The Combined DCR is 1.00 as required by the QAP.

The equity bridge loan lender did not change (Regions Bank). Equity bridge loan decreased from \$14,502,272 to \$13,850,061 and the interest increased from 5.00% to 6.78%.

The Equity Investor is still Regions Bank. The capital contribution decreased by \$399,960 and the credit price decreased from \$0.91 to \$0.89.

The Deferred Developer Fee increased by \$191,776 and pays off in 14 years.

**Recommendation**

Underwriter recommends a second lien, fully amortized Multifamily Direct Loan of \$5,331,291 at 2.00% interest, 40 year term, and a 40 year amortization period. Under these terms, the annualized debt service payment is \$193,734. The construction term is assumed at 24 months. The MDL funding is 2025-1 NHTF funds.

In addition, Underwriter recommends that the 9% LIHTC allocation of \$2,000,000 remains the same.

Underwriter: Mario Castellanos

Manager of Real Estate Analysis: Robert Castillo

Director of Real Estate Analysis: Jeanna Adams

UNIT MIX/RENT SCHEDULE
<b>2910 Motley Senior Living, Mesquite, 9% HTC / MDL #25501_24030</b>

LOCATION DATA	
CITY:	Mesquite
COUNTY:	Dallas
Area Median Income	\$117,300
PROGRAM REGION:	3
PROGRAM RENT YEAR:	2025

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	NHTF	ARP	Match
Eff	-	0.0%	0	0	0	0
1	62	46.6%	0	13	0	5
2	71	53.4%	0	16	0	6
3	-	0.0%	0	0	0	0
4	-	0.0%	0	0	0	0
5	-	0.0%	0	0	0	0
<b>TOTAL</b>	<b>133</b>	<b>100.0%</b>	<b>-</b>	<b>29</b>	<b>-</b>	<b>11</b>

PRO FORMA ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	64.41%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	855 sf

<b>46%</b>	<b>Income</b>	20%	30%	40%	50%	60%	70%	80%	EO / MR	<b>TOTAL</b>
<b>Average</b>	<b># Units</b>	-	29	-	36	23	-	-	45	<b>133</b>
<b>Income</b>	<b>% Total</b>	0.0%	21.8%	0.0%	27.1%	17.3%	0.0%	0.0%	33.8%	<b>100.0%</b>

UNIT MIX / MONTHLY RENT SCHEDULE																							
HTC		MFDL NHTF Units		Match Units	UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS			
Type	Gross Rent	Type	Gross Rent	Match Units	# 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%	\$660	NHTF 30%	\$660	0	13	1	1	706	\$660	\$64	\$596	\$0	\$0.84	\$596	\$7,748	\$7,748	\$596	\$0.84	\$0	\$1,602	\$2.27	\$1,780	
TC 50%	\$1,100			2	32	1	1	706	\$1,100	\$64	\$1,036	\$0	\$1.47	\$1,036	\$33,152	\$33,152	\$1,036	\$1.47	\$0	\$1,602	\$2.27	\$1,780	
TC 60%	\$1,320			3	3	1	1	706	\$1,320	\$64	\$1,256	\$0	\$1.78	\$1,256	\$3,768	\$3,768	\$1,256	\$1.78	\$0	\$1,602	\$2.27	\$1,780	
MR				0	14	1	1	706	\$0	\$64		NA	\$2.27	\$1,602	\$22,428	\$22,428	\$1,602	\$2.27	NA	\$1,602	\$2.27	\$1,780	
TC 30%	\$792	NHTF 30%	\$792	0	16	2	2	984	\$792	\$84	\$708	\$0	\$0.72	\$708	\$11,328	\$11,328	\$708	\$0.72	\$0	\$1,865	\$1.90	\$2,072	
TC 50%	\$1,320			0	4	2	2	984	\$1,320	\$84	\$1,236	\$0	\$1.26	\$1,236	\$4,944	\$4,944	\$1,236	\$1.26	\$0	\$1,865	\$1.90	\$2,072	
TC 60%	\$1,584			6	20	2	2	984	\$1,584	\$84	\$1,500	\$0	\$1.52	\$1,500	\$30,000	\$30,000	\$1,500	\$1.52	\$0	\$1,865	\$1.90	\$2,072	
MR				0	18	2	2	984	\$0	\$84		NA	\$1.90	\$1,865	\$33,570	\$33,570	\$1,865	\$1.90	NA	\$1,865	\$1.90	\$2,072	
MR				0	13	2	2	990	\$0	\$84		NA	\$1.88	\$1,865	\$24,245	\$24,245	\$1,865	\$1.88	NA	\$1,865	\$1.88	\$2,080	
TOTALS/AVERAGES:					133				113,714				\$0	\$1.51	\$1,287	\$171,183	\$171,183	\$1,287	\$1.51	\$0	\$1,742	\$2.04	\$1,937

<b>ANNUAL POTENTIAL GROSS RENT:</b>	<b>\$2,054,196</b>	<b>\$2,054,196</b>
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\*MFDL units float among Unit Types

\*\* Match Units will be restricted at 50 percent income/Low HOME rents, and 60 percent income/High HOME rents.

# STABILIZED PRO FORMA

2910 Motley Senior Living, Mesquite, 9% HTC / MDL #25501\_24030

		STABILIZED FIRST YEAR PRO FORMA														
		COMPARABLES			APPLICANT			PRIOR REPORT		TDHCA				VARIANCE		
		Database	County Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT						\$1.51	\$1,287	\$2,054,196	\$2,074,944	\$2,074,944	\$2,054,196	\$1,287	\$1.51		0.0%	\$0
Application, Pet, Late and NSF Fees							\$15.90	\$25,380	25,152							
Laundry, Vending, Cable							\$9.10	\$14,520	14,520							
Total Secondary Income							\$25.00			39,672	\$39,900	\$25.00			0.0%	\$0
POTENTIAL GROSS INCOME								\$2,094,096	\$2,114,616	\$2,114,616	\$2,094,096				0.0%	\$0
Vacancy & Collection Loss							7.5% PGI	(157,057)	(158,596)	(158,596)	(157,057)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								\$1,937,039	\$1,956,020	\$1,956,020	\$1,937,039				0.0%	\$0

General & Administrative	\$76,402	\$574/Unit	\$54,426	\$409	4.47%	\$0.76	\$651	\$86,554	\$54,726	\$54,426	\$76,402	\$574	\$0.67	3.94%	13.3%	10,152
Management	\$62,061	3.1% EGI	\$67,151	\$505	4.00%	\$0.68	\$583	\$77,482	\$97,801	\$97,801	\$77,482	\$583	\$0.68	4.00%	0.0%	-
Payroll & Payroll Tax	\$192,196	\$1,445/Unit	\$188,450	\$1,417	10.06%	\$1.71	\$1,465	\$194,838	\$194,838	\$188,450	\$188,450	\$1,417	\$1.66	9.73%	3.4%	6,388
Repairs & Maintenance	\$107,169	\$806/Unit	\$109,560	\$824	4.43%	\$0.75	\$645	\$85,788	\$85,788	\$86,450	\$86,450	\$650	\$0.76	4.46%	-0.8%	(662)
Electric/Gas	\$36,014	\$271/Unit	\$32,097	\$241	1.31%	\$0.22	\$191	\$25,450	\$25,451	\$32,097	\$32,097	\$241	\$0.28	1.66%	-20.7%	(6,647)
Water, Sewer, & Trash	\$114,114	\$858/Unit	\$93,802	\$705	4.44%	\$0.76	\$646	\$85,977	\$69,177	\$93,802	\$93,802	\$705	\$0.82	4.84%	-8.3%	(7,825)
Property Insurance	\$90,101	\$0.79 /sf	\$91,085	\$685	4.81%	\$0.82	\$700	\$93,100	\$93,100	\$91,085	\$91,085	\$685	\$0.80	4.70%	2.2%	2,015
Property Tax (@ 100%) 2.334446	\$148,998	\$1,120/Unit	\$219,536	\$1,651	8.58%	\$1.46	\$1,250	\$166,250	\$166,250	\$148,998	\$237,430	\$1,785	\$2.09	12.26%	-30.0%	(71,180)
Reserve for Replacements					1.72%	\$0.29	\$250	\$33,250	\$33,250	\$33,250	\$33,250	\$250	\$0.29	1.72%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.18%	\$0.03	\$26	\$3,520	\$3,520	\$3,520	\$3,520	\$26	\$0.03	0.18%	0.0%	-
TOTAL EXPENSES					44.00%	\$7.49	\$6,408	\$852,209	\$823,901	\$829,879	\$919,968	\$6,917	\$8.09	47.49%	-7.4%	\$ (67,759)
NET OPERATING INCOME ("NOI")					56.00%	\$9.54	\$8,157	\$1,084,830	\$1,132,119	\$1,126,141	\$1,017,071	\$7,647	\$8.94	52.51%	6.7%	\$ 67,759

CONTROLLABLE EXPENSES		\$3,599/Unit										\$3,588/Unit				
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<div>CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS</div> <div>2910 Motley Senior Living, Mesquite, 9% HTC / MDL #25501_24030</div>
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		DEBT / GRANT SOURCES																	
		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE								
																	Cumulative		
		Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Prior Underwriting		Principal	Term	Amort	Rate	Pmt	DCR	LTC		
UW	App	Applicant	TDHCA																
DEBT (Must Pay)	Fee	1.33	1.42	764,214	5.80%	40	40.0	\$11,430,000	\$15,785,400	\$15,785,400	\$11,430,000	40.0	40.0	5.80%	\$764,214	1.33	31.4%		
Regions Bank - HUD 221(d)4	0.25%																		
TDHCA MDL - 2025-1 NHTF		1.06	1.13	\$193,734	2.00%	40	40.0	\$5,331,291			\$5,331,291	40.0	40.0	2.00%	\$193,734	1.00	14.6%		
CASH FLOW DEBT / GRANTS																			
City of Mesquite		1.06	1.13		0.00%	0	0.0	\$500			\$500	0.0	0.0	0.00%		1.00	0.0%		
City of Mesquite		1.06	1.13		0.00%	0	0.0	\$0	\$500	\$500	\$0	0.0	0.0	0.00%		1.00	0.0%		
GP Equity		1.06	1.13		0.00%	0	0.0	\$0	\$100	\$100	\$0	0.0	0.0	0.00%		1.00	0.0%		
				\$957,948	TOTAL DEBT / GRANT SOURCES			\$16,761,791	\$15,786,000	\$15,786,000	\$16,761,791	TOTAL DEBT SERVICE			\$957,948	1.00	46.0%		
NET CASH FLOW		\$59,123	\$126,882	TDHCA NET OPERATING INCOME \$1,017,071 \$59,123														NET CASH FLOW	

	EQUITY SOURCES												
	APPLICANT'S PROPOSED EQUITY STRUCTURE							AS UNDERWRITTEN EQUITY STRUCTURE					
	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Prior Underwriting		Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Applicant						TDHCA							
EQUITY / DEFERRED FEES													
Regions Bank	LIHTC Equity	48.9%	\$2,000,000	\$0.89	\$17,798,220	\$18,198,180	\$18,198,180	\$17,798,220	\$0.8899	\$2,000,000	48.9%	\$15,038	Previous Allocation
GP Equity		0.0%			\$100			\$100			0.0%		
RIVA/The Land Experts	Deferred Developer Fees	5.1%	(50% Deferred)		\$1,865,941	\$1,674,165	\$1,674,165	\$1,865,941	(50% Deferred)		5.1%	Total Developer Fee: \$3,708,278	
TOTAL EQUITY SOURCES		54.0%			\$19,664,261	\$19,872,345	\$19,872,345	\$19,664,261			54.0%		
TOTAL CAPITALIZATION					\$36,426,052	\$35,658,345	\$35,658,345	\$36,426,052			15-Yr Cash Flow after Deferred Fee:		\$279,303

		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				\$31,579 / Unit	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000	\$31,579 / Unit			0.0%	\$0		
Building Acquisition		\$0		\$ / Unit	\$0	\$0	\$0	\$0	\$ / Unit		\$0	0.0%	\$0		
Broker Fees					\$126,000	\$126,000	\$126,000	\$126,000				0.0%	\$0		
Off-Sites				\$ / Unit	\$0	\$0	\$0	\$0	\$ / Unit		\$0	0.0%	\$0		
Site Work			\$1,579,473	\$11,876 / Unit	\$1,579,473	\$1,579,474	\$1,579,474	\$1,579,473	\$11,876 / Unit		\$1,579,473	0.0%	\$0		
Site Amenities			\$962,239	\$7,235 / Unit	\$962,239	\$935,923	\$935,923	\$962,239	\$7,235 / Unit		\$962,239	0.0%	\$0		
Building Cost			\$15,552,581	\$136.77 /sf	\$116,937/Unit	\$15,552,581	\$15,140,301	\$16,904,829	\$15,054,753	\$113,194/Unit	\$132.39 /sf	\$15,054,753	3.3%	\$497,828	
Contingency			\$802,775	4.44%	4.44%	\$802,775	\$690,666	\$690,666	\$802,775	4.56%	4.56%	\$802,775	0.0%	\$0	
Contractor Fees			\$2,533,202	13.41%	13.41%	\$2,533,202	\$2,471,798	\$2,471,798	\$2,533,202	13.77%	13.77%	\$2,533,202	0.0%	\$0	
Soft Costs		\$0	\$2,747,523		\$22,115 / Unit	\$2,941,273	\$2,543,038	\$2,543,038	\$2,941,273	\$22,115 / Unit		\$2,747,523	0.0%	\$0	
Financing		\$0	\$1,387,725		\$20,647 / Unit	\$2,746,110	\$2,717,277	\$2,717,277	\$2,746,110	\$20,647 / Unit		\$1,387,725	0.0%	\$0	
Developer Fee			\$0	\$3,708,278	14.50%	14.50%	\$3,708,278	\$3,708,278	\$3,708,278	14.79%	14.79%	\$3,708,278	\$0	0.0%	\$0
Reserves					8 Months	\$1,274,121	\$1,545,590	\$1,545,590	\$1,274,121	8 Months			0.0%	\$0	
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		\$0	\$29,273,796		\$273,880 / Unit	\$36,426,052	\$35,658,345	\$37,422,873	\$35,928,224	\$270,137 / Unit		\$28,775,968	\$0	1.4%	\$497,828
Acquisition Cost		\$0				\$0	\$0								
Contingency			\$0			\$0	\$0								
Contractor's Fee			\$0			\$0	\$0								
Financing Cost			\$0												
Developer Fee		\$0	\$0			\$0	\$0								
Reserves						\$0	\$0								
ADJUSTED BASIS / COST		\$0	\$29,273,796		\$273,880/unit	\$36,426,052	\$35,658,345	\$37,422,873	\$35,928,224	\$270,137/unit		\$28,775,968	\$0	1.4%	\$497,828
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						\$36,426,052									

**CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS**

**2910 Motley Senior Living, Mesquite, 9% HTC / MDL #25501\_24030**

CREDIT CALCULATION ON QUALIFIED BASIS				
Applicant		TDHCA		
Acquisition	Construction Rehabilitation	Acquisition	Construction	
ADJUSTED BASIS	\$0	\$29,273,796	\$0	\$28,775,968
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$29,273,796	\$0	\$28,775,968
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$38,055,935	\$0	\$37,408,758
Applicable Fraction	64.41%	64.41%	64%	64%
TOTAL QUALIFIED BASIS	\$0	\$24,513,438	\$0	\$24,096,564
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$2,206,209	\$0	\$2,168,691
CREDITS ON QUALIFIED BASIS	\$2,206,209		\$2,168,691	

ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS			FINAL ANNUAL LIHTC ALLOCATION		
Method	Annual Credits	Proceeds	Credit Price \$0.8899	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$2,206,209	\$19,633,300	----	----	----
Needed to Fill Gap	\$2,209,677	\$19,664,161	----	----	----
Previous Allocation	\$2,000,000	\$17,798,220	\$2,000,000	\$0	\$0

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	113,714 SF	\$90.93	10,340,333
Adjustments				
Exterior Wall Finish	2.80%		2.55	\$289,529
Elderly	9.00%		8.18	930,630
9-Ft. Ceilings	3.35%		3.05	346,401
Roof Adjustment(s)			(0.25)	(28,429)
Subfloor			(0.21)	(24,259)
Floor Cover			3.75	426,428
Breezeways	\$54.04	21,696	10.31	1,172,555
Balconies	\$53.36	9,446	4.43	503,999
Plumbing Fixtures	\$1,460	346	4.44	505,160
Rough-ins	\$715	266	1.67	190,190
Built-In Appliances	\$2,200	133	2.57	292,600
Exterior Stairs	\$4,250	10	0.37	42,500
Heating/Cooling			4.11	467,365
Storage Space	\$54.04	3,813	1.81	206,073
Carports	\$21.40	13,608	2.56	291,211
Garages	\$41.00	0	0.00	0
Common/Support Area	\$122.99	6,408	6.93	788,108
Elevators	\$129,800	2	2.28	259,600
Other:			0.00	0
Fire Sprinklers	\$4.60	145,631	5.89	669,903
SUBTOTAL			155.39	17,669,898
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			155.39	\$17,669,898
Plans, specs, survey, bldg permits	3.30%		(5.13)	(\$583,107)
Contractor's OH & Profit	11.50%		(17.87)	(2,032,038)
NET BUILDING COSTS		\$113,194/unit	\$132.39/sf	\$15,054,753

## Long-Term Pro Forma

**2910 Motley Senior Living, Mesquite, 9% HTC / MDL #25501\_24030**

	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%	\$1,937,039	\$1,975,780	\$2,015,295	\$2,055,601	\$2,096,713	\$2,314,941	\$2,555,882	\$2,821,900	\$3,115,605	\$3,439,880	\$3,797,906	\$4,193,195
TOTAL EXPENSES	3.00%	\$919,968	\$946,792	\$974,405	\$1,002,831	\$1,032,094	\$1,191,851	\$1,376,571	\$1,590,180	\$1,837,225	\$2,122,968	\$2,453,508	\$2,835,903
<b>NET OPERATING INCOME ("NOI")</b>		<b>\$1,017,071</b>	<b>\$1,028,988</b>	<b>\$1,040,890</b>	<b>\$1,052,770</b>	<b>\$1,064,619</b>	<b>\$1,123,090</b>	<b>\$1,179,311</b>	<b>\$1,231,720</b>	<b>\$1,278,381</b>	<b>\$1,316,912</b>	<b>\$1,344,398</b>	<b>\$1,357,291</b>
EXPENSE/INCOME RATIO		47.5%	47.9%	48.4%	48.8%	49.2%	51.5%	53.9%	56.4%	59.0%	61.7%	64.6%	67.6%
<b>MUST -PAY DEBT SERVICE</b>													
Regions Bank - HUD 221(d)4		\$764,214	\$764,027	\$763,830	\$763,620	\$763,398	\$762,073	\$760,303	\$757,940	\$754,784	\$750,569	\$744,939	\$737,422
TDHCA MDL - 2025-1 NHTF		\$193,734	\$193,734	\$193,734	\$193,734	\$193,734	\$193,734	\$193,734	\$193,734	\$193,734	\$193,734	\$193,734	\$193,734
TOTAL DEBT SERVICE		\$957,948	\$957,762	\$957,564	\$957,354	\$957,132	\$955,807	\$954,037	\$951,674	\$948,518	\$944,303	\$938,674	\$931,156
DEBT COVERAGE RATIO		1.0	1.01	1.01	1.02	1.03	1.08	1.13	1.17	1.21	1.24	1.27	1.29
<b>ANNUAL CASH FLOW</b>													
ANNUAL CASH FLOW		<b>\$59,123</b>	<b>\$71,226</b>	<b>\$83,326</b>	<b>\$95,416</b>	<b>\$107,487</b>	<b>\$167,283</b>	<b>\$225,273</b>	<b>\$280,045</b>	<b>\$329,863</b>	<b>\$372,609</b>	<b>\$405,724</b>	<b>\$426,135</b>
Deferred Developer Fee Balance		\$1,806,818	\$1,735,592	\$1,652,266	\$1,556,850	\$1,449,363	\$732,065	\$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>\$0</b>	<b>\$279,303</b>	<b>\$1,571,594</b>	<b>\$3,123,649</b>	<b>\$4,904,506</b>	<b>\$6,871,322</b>	<b>\$8,966,944</b>



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

RE: 25501\_24030 2910 Motley Senior Living – 40-60 Set-Aside Material Amendment

To Whom it May Concern,

The purpose of this letter is to request approval to change the minimum set-aside election from an Average Income election to a 40-60 election. This change will greatly benefit the project.

**The Reason the Change is Necessary & Good Cause for the Change**

2910 Motley Senior Living has been in process since 2022. The initial 9% Housing Tax Credit Application was submitted in March 2023 with a Total Development Cost of \$32 million. When it did not successfully receive an award, it was resubmitted in March 2024, but the Total Development Costs for this project increased to \$36.5 million and has continued to increase recently due to potential tariffs inflating construction pricing. In addition to this, interest rates have continued to increase. These factors resulted in a need to fill a funding gap, which we have worked to fill through MFDL funding of \$5,331,290. This funding from TDHCA is crucial to the success of this deal as the local jurisdictions have no funding available to provide to the development. This development is very important to the City of Mesquite as it has been in process since 2022, and the number of market rate units was crucial for the Resolutions of Support and Zoning Change. Per 10 TAC 13.3(d)(2)(a), if average income is elected, no more than 15% of total units can be designated Market Rate and still remain eligible for MFDL funds. With a change to the 40-60 set-aside, the number of Market Rate units can remain the same, the development can be eligible for MFDL funds and receive support from the City of Mesquite.

**Updated Financial Exhibits**

Please see attached updated financial exhibits under Exhibit A following this letter, which includes updated exhibits. Acknowledgement from the Lender and Equity Syndicator are forthcoming.

**An explanation of whether the necessity of the amendment was reasonably foreseeable at the time of Application**

Since application in March 2024, Total Development Costs for this project have increased, Equity pricing has decreased, and interest rates continue to rise. No soft funding was considered in the application for tax credits. It was not reasonably foreseeable at initial application that this project would need MFDL in order to remain financially feasible.

We have also sent the required application fee via FedEx with check #661 paid by Riva Switzerland, Inc.

We request that this amendment be approved. If you have any questions, please do not hesitate to contact me via email at [chunt@rivaswitzerland.com](mailto:chunt@rivaswitzerland.com).

Best Regards,



Cody Hunt

Authorized Representative