



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

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**File #:** 603

**Agenda Date:** 5/9/2024

**Agenda #:**

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Presentation, discussion, and possible action regarding a Material Amendment to the Application for Retirement Living for Seniors (HTC #22269/HOME #1003380)

**RECOMMENDED ACTION**

**WHEREAS**, Retirement Living for Seniors (Development) received an award of 9% Housing Tax Credits (HTCs) and a HOME award in 2022 for the new construction of 48 multifamily units, of which 42 are low-income units, for the elderly population in Stephenville, Erath County;

**WHEREAS**, Retirement Living for Seniors, Ltd. (Development Owner or Owner) requests approval for a 8.33% reduction in the number of units, going from 48 to 44 units, with a decrease of the low-income units from 42 units to 39 units, representing a reduction of 7.14%, and the market units going from six units to five units;

**WHEREAS**, this change would result in a revision to the rent and income restrictions from 12 units at 30% Area Median Income (AMI), nine units at 50% AMI and 21 units at 60% AMI to seven units at 30% AMI, 12 units at 50% AMI and 20 units at 60% AMI for the HTC program, and from 12 HOME units at 30% of Area Median Family Income (AMFI), nine 50% Low HOME (LH) units to seven 30% AMFI HOME units, 12 50% AMFI LH units and two 60% AMFI High HOME units, with no change to the overall number of direct loan units;

**WHEREAS**, the elimination of the four units would result in a 9.35%, or 4,152 square feet, reduction in the Net Rentable Area, going from 44,400 square feet to 40,248 square feet, and would also result in a 8.33% reduction to the residential density, going from 6.27 units per acre to 5.74 units per acre;

**WHEREAS**, Board approval is required for a modification of the number of units or bedroom mix of units, a reduction of 3% or more in the square footage of the units, and a modification of the residential density of at least 5% as directed in Tex. Gov't Code §2306.6712(d)(2), (4) and (6) and 10 TAC §10.405(a)(4)(B), (D) and (F), and the Owner has complied with the amendment requirements therein; and

**WHEREAS**, the requested changes do not materially alter the Development in a negative manner, affect the funding recommendation, and would not have adversely affected the selection of the Application in the Application Round;

**NOW, therefore, it is hereby**

**RESOLVED**, that the requested amendment for Retirement Living for Seniors 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 Board's determination.

### **BACKGROUND**

Retirement Living for Seniors was approved for a 9% HTC award and a HOME award in 2022 for the new construction of 48 units, of which 42 are designated as low-income units, of multifamily housing for the elderly population in Stephenville, Erath County.

In a letter as of March 12, 2024, Emanuel H. Glockzin, Jr, the representative for the Development Owner, requested approval for a reduction in the number of units from 48 to 44 units, which will decrease the low-income units from 42 to 39 units and the market units from six to five units. This change would result in a revision to the rent and income restrictions from 12 units at 30% Area Median Income (AMI), 9 units at 50% AMI and 21 units at 60% AMI to seven units at 30% AMI, 12 units at 50% AMI and 20 units at 60% AMI for the HTC program and from 12 30% HOME units, nine 50% AMFI LH units to seven 30% AMFI HOME units at 30% rents , 12 50% AMFI LH units and two 60% AMFI High HOME units for the HOME program. While the square footage of the units is not changing, the elimination of the four units would result in a 9.35%, or 4,152 square feet, reduction in the Net Rentable Area, going from 44,400 square feet to 40,248 square feet. The change would also result in a 8.33% reduction to the residential density, going from 6.27 units per acre to 5.74 units per acre.

The Owner indicated that this request is the result of unforeseen increases in construction costs and interest rates that have occurred since submission of the original Application. The Development received its TDHCA Direct Loan commitment, has a commitment from its equity financing, and has been attempting to get the Development financing closed so that construction can commence. Unfortunately, due to the continued rise in construction costs and a spike in the interest rates, the Development is no longer feasible as it is currently designed. Therefore, the Owner is requesting approval to amend the Application by decreasing the number of units. In order to make the revised Development feasible, a related party to the Owner, BCLP Investments, LLC, has committed to make secondary financing.

The Development was re-underwritten with the proposed amendment and revised financial information. The analysis supports no change to the funding amount and demonstrates the Development remains feasible. Additionally, staff reviewed the original Application and scoring documentation against this amendment request and has concluded that none of the changes would have affected the scoring or selection of the Application in the competitive round.

Staff recommends approval of the amendment request as presented herein.



**Addendum to Underwriting Report**

TDHCA Application #: **22269** Program(s): **9% HTC/MDL**

**Retirement Living for Seniors**

Address/Location: 2305 Lingleville Rd (FM 8)

City: Stephenville County: Erath Zip: 76401

APPLICATION HISTORY	
Report Date	PURPOSE
04/23/24	Amendment Request
09/20/23	Multifamily Direct Loan Closing
08/26/22	Initial Underwriting Report

**ALLOCATION**

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
MF Direct Loan	\$2,500,000	0.50%	40	30	\$2,500,000	0.50%	40	30	1
LIHTC (9% Credit)	\$888,672				\$888,672				

**CONDITIONS STATUS**

- 1 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.

**Status: 1 (a-d) Satisfied**

- 2 Receipt and acceptance by Cost Certification:
  - **The Development must meet a maximum DCR of 1.50 at cost certification without the option of using a special reserve account to meet the 1.50.**

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**

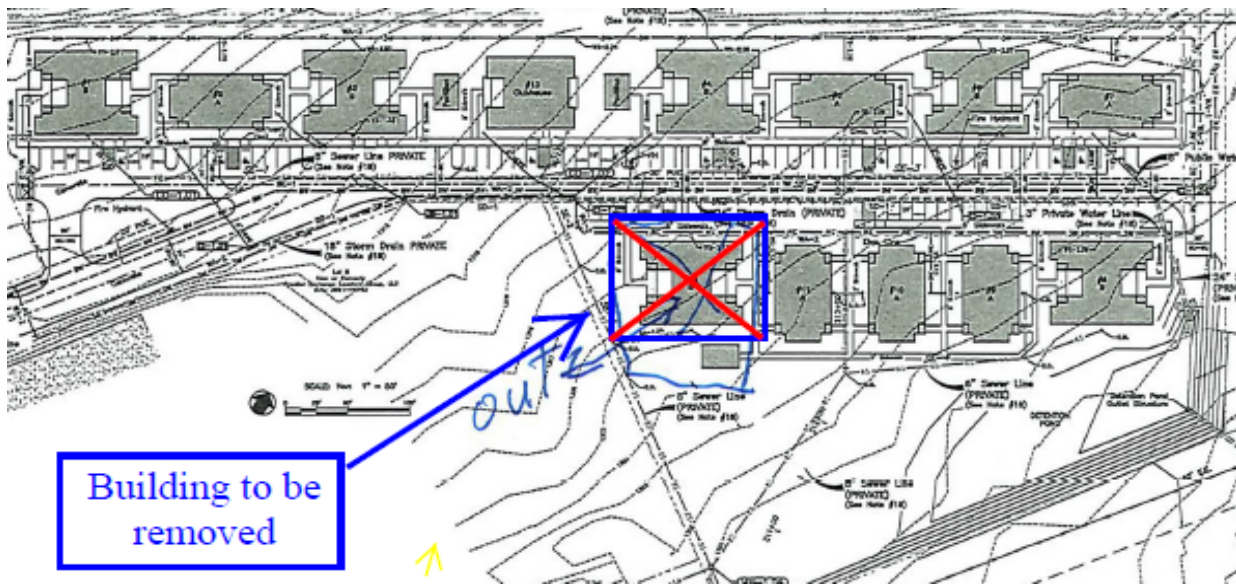
TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	7
50% of AMI	50% of AMI	12
60% of AMI	60% of AMI	20

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	7
50% of AMFI	Low HOME	12
60% of AMFI	High HOME	2

**ANALYSIS**

The Owner for the Development listed above has submitted an Application Amendment for a reduction of units from 48 units to 44 units. They are reducing the rent restricted units from 42 to 39 and the market rate units from 6 to 5. The Development has HOME Match funds and the rent schedule has been reviewed and approved by the MFDL Department. The Owner has secured secondary financing for project feasibility with BCLP Investments, LLC, a related party to the Owner. The Owner is proposing to remove one building of four two bedroom units to maintain construction costs. The Development received a 9% HTC award in the 2022 cycle and was also awarded a \$2,500,000 Multifamily Direct Loan.

**Site Plan**



**Operating Pro Forma**

Underwriter adjusted 60% High HOME (HH) units to the lesser of 60% TC rents and HH rents. Underwritten NOI has decreased from \$145,446 to \$135,604 (7%) as a result of the reduction of 4 units and increases in insurance expenses.

**Development Cost**

The Applicant provided a letter from the General Contractor, a related party, that due to increased materials and labor cost, the estimate for the Total Construction Contract increased from \$7,145,115 to \$7,894,624 (or by \$749,509) since the underwriting for the MDL closing. However, by eliminating one fourplex building containing four (4) 2-bedroom units, the Applicant states that they can maintain the same construction costs of \$7,145,115.

Applicant's current Cost Schedule includes Reserves equal to 16 months operating expenses and debt service. The amount included for underwriting is limited to 12 months.

Total Development Cost has increased \$35,006 since the underwriting for the MDL closing.

**Sources of Funds**

BCNB Investments, a related party to the Owner, will be providing a contribution of \$352,000 as a construction loan and second-lien permanent loan at 4.13% interest with a 38-year amortization period and 15-year term. The contributed amount does not exceed 5% of the Total Development Cost.

Direct Loan Matching Funds will be provided by Torres Electrical Services and Callaway Lumber.

The City of Stephenville will provide a \$250 local government contribution.

Senior debt is provided by a \$2,500,000 construction-to-permanent Multifamily Direct Loan. At the stated loan terms (0.50% interest amortized over 40 years), the Debt Coverage Ratio has increased from 1.50 to 1.91. The 2022 QAP does not require an adjustment to the assumed financing structure that normally would be required if the DCR is greater than the maximum, as the Direct Loan is the senior debt.

Underwriter recommends Applicant's request to: reduce the number of units from 48 to 44; to reduce the number of rent restricted units from 42 to 39; and to reduce the number of market rate units from 6 to 5.

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



**STABILIZED PRO FORMA**

*Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269*

**STABILIZED FIRST YEAR PRO FORMA**

	COMPARABLES		APPLICANT				MDL CLOSING	ORIGINAL UW		MDL CLOSING	TDHCA				VARIANCE	
	Database	City Comps	% EGI	Per SF	Per Unit	Amount	Applicant	Applicant	TDHCA	TDHCA	Amount	Per Unit	Per SF	% EGI	%	\$
<b>POTENTIAL GROSS RENT</b>				\$0.83	\$758	\$400,188	\$419,868	\$363,000	\$363,000	\$419,868	\$397,512	\$753	\$0.82		0.7%	\$2,676
Application Fees					\$10.00	\$5,280	\$5,760	5,760								
Total Secondary Income					\$10.00				5,760	5,760	\$5,280	\$10.00			0.0%	\$0
<b>POTENTIAL GROSS INCOME</b>						\$405,468	\$425,628	\$368,760	\$368,760	\$425,628	\$402,792				0.7%	\$2,676
Vacancy & Collection Loss				7.5% PGI		(30,410)	(31,922)	(27,657)	(27,657)	(31,922)	(30,209)	7.5% PGI			0.7%	(201)
Rental Concessions						-	-	0	0	0	-				0.0%	-
<b>EFFECTIVE GROSS INCOME</b>						\$375,058	\$393,706	\$341,103	\$341,103	\$393,706	\$372,583				0.7%	\$2,475

General & Administrative	\$26,129	\$594/Unit	\$24,232	\$551	3.60%	\$0.34	\$307	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$307	\$0.34	3.62%	0.0%	-
Management	\$22,953	5.2% EGI	\$16,330	\$371	5.25%	\$0.49	\$447	\$19,680	\$19,680	\$17,000	\$17,055	\$19,685	\$18,629	\$423	\$0.46	5.00%	5.6%	1,051
Payroll & Payroll Tax	\$46,168	\$1,049/Unit	\$74,493	\$1,693	11.08%	\$1.03	\$944	\$41,540	\$41,540	\$41,540	\$41,540	\$41,540	\$41,540	\$944	\$1.03	11.15%	0.0%	-
Repairs & Maintenance	\$34,768	\$790/Unit	\$32,985	\$750	8.16%	\$0.76	\$695	\$30,600	\$30,600	\$25,200	\$31,200	\$31,200	\$28,600	\$650	\$0.71	7.68%	7.0%	2,000
Electric/Gas	\$12,074	\$274/Unit	\$7,073	\$161	2.67%	\$0.25	\$227	\$10,000	\$10,000	\$10,000	\$10,368	\$13,252	\$12,074	\$274	\$0.30	3.24%	-17.2%	(2,074)
Water, Sewer, & Trash	\$31,159	\$708/Unit	\$27,020	\$614	10.67%	\$0.99	\$909	\$40,000	\$46,000	\$42,908	\$33,991	\$33,991	\$31,159	\$708	\$0.77	8.36%	28.4%	8,841
Property Insurance	\$23,998	\$0.60 /sf	\$24,638	\$560	11.44%	\$1.07	\$975	\$42,908	\$43,628	\$19,000	\$19,000	\$43,628	\$42,908	\$975	\$1.07	11.52%	0.0%	-
Property Tax (@ 100%) 2.0782	\$32,719	\$744/Unit	\$25,337	\$576	8.27%	\$0.77	\$705	\$31,000	\$35,000	\$35,000	\$33,152	\$37,783	\$35,227	\$801	\$0.88	9.45%	-12.0%	(4,227)
Reserve for Replacements					2.93%	\$0.27	\$250	\$11,000	\$12,000	\$12,000	\$12,000	\$12,000	\$11,000	\$250	\$0.27	2.95%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.47%	\$0.04	\$40	\$1,760	\$1,920	\$1,680	\$1,680	\$1,680	\$1,560	\$35	\$0.04	0.42%	12.8%	200
TDHCA MDL Compliance (\$34/MDL unit)					0.40%	\$0.04	\$34	\$1,496	\$1,632	\$0	\$0	\$0	\$782	\$18	\$0.02	0.21%	91.3%	714
<b>TOTAL EXPENSES</b>					<b>64.92%</b>	<b>\$6.05</b>	<b>\$5,534</b>	<b>\$243,484</b>	<b>\$255,500</b>	\$217,828	\$213,486	\$248,260	<b>\$236,979</b>	<b>\$5,386</b>	<b>\$5.89</b>	<b>63.60%</b>	<b>2.7%</b>	<b>\$ 6,505</b>
<b>NET OPERATING INCOME ("NOI")</b>					<b>35.08%</b>	<b>\$3.27</b>	<b>\$2,990</b>	<b>\$131,574</b>	<b>\$138,206</b>	\$123,275	\$127,617	\$145,446	<b>\$135,604</b>	<b>\$3,082</b>	<b>\$3.37</b>	<b>36.40%</b>	<b>-3.0%</b>	<b>\$ (4,030)</b>

CONTROLLABLE EXPENSES							\$3,083/Unit							\$2,883/Unit				
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**CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS**

*Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269*

DEBT / GRANT SOURCES																			
APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE										AS UNDERWRITTEN DEBT/GRANT STRUCTURE									
DEBT (Must Pay)	Fee	Cumulative DCR		Pmt	Rate	Amort	Term	Principal	MDL CLOSING	Prior Underwriting		MDL CLOSING	Principal	Term	Amort	Rate	Pmt	Cumulative	
		Applicant	Applicant						TDHCA	TDHCA	DCR	LTC							
TDHCA-Repayable		1.97	1.91	\$68,971	0.50%	40	40	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	30	40	0.50%	\$68,971	1.91	23.7%
0		1.55	1.50	\$18,505	0.00%	0	0	\$0	\$450,000	\$450,000	\$450,000	\$450,000	\$0	0	0	0.00%		1.91	0.0%
<b>CASH FLOW DEBT / GRANTS</b>																			
City of Stephenville		1.55	1.50		0.00%	0	0	\$250	\$250	\$250	\$250	\$250	\$250	0	0	0.00%		1.91	0.0%
Callaway Lumber		1.55	1.50		0.00%	0	0	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	0	0	0.00%		1.91	0.7%
Torres Electrical Services		1.55	1.50		0.00%	0	0	\$112,500	\$112,500	\$112,500	\$112,500	\$112,500	\$112,500	0	0	0.00%		1.91	1.1%
BCLP Investments		1.55	1.50		0.00%	0	0	\$352,000	\$0	\$0	\$0	\$0	\$352,000	0	0	0.00%		1.91	3.3%
				<b>\$87,476</b>	<b>TOTAL DEBT / GRANT SOURCES</b>			<b>\$3,039,750</b>	<b>\$3,137,750</b>	<b>\$3,137,750</b>	<b>\$3,137,750</b>	<b>\$3,137,750</b>	<b>\$3,039,750</b>	<b>TOTAL DEBT SERVICE</b>			<b>\$68,971</b>	<b>1.908</b>	<b>28.9%</b>
<b>NET CASH FLOW</b>		\$48,128	\$44,098													<b>APPLICANT NET OPERATING INCOME</b>	\$131,574	\$62,603	<b>NET CASH FLOW</b>

EQUITY SOURCES															
APPLICANT'S PROPOSED EQUITY STRUCTURE								AS UNDERWRITTEN EQUITY STRUCTURE							
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	MDL CLOSING	Prior Underwriting		MDL CLOSING	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
						Applicant	Applicant	TDHCA	TDHCA						
WNC	LIHTC Equity	68.3%	\$888,672	\$0.81	\$7,197,523	\$7,197,523	\$7,244,276	\$7,153,098	\$7,197,527	\$7,197,527	\$0.8099	\$888,672	68.3%	\$20,197	Previous Allocation
Commonwealth Development, Inc.	Deferred Developer Fees	4.0%	(26% Deferred)		\$417,365	\$318,365	\$37,750	\$128,928	\$234,823	\$297,817	(19% Deferred)		2.8%		Total Developer Fee: \$1,580,000
Additional (Excess) Funds Req'd		0.0%						\$0	\$0	\$0			0.0%		
<b>TOTAL EQUITY SOURCES</b>		<b>72.3%</b>			<b>\$7,614,888</b>	<b>\$7,515,888</b>	<b>\$7,282,026</b>	<b>\$7,282,026</b>	<b>\$7,432,349</b>	<b>\$7,495,343</b>			<b>71.1%</b>		
<b>TOTAL CAPITALIZATION</b>					<b>\$10,654,638</b>	<b>\$10,653,638</b>	\$10,419,776	\$10,419,776	\$10,570,099	<b>\$10,535,093</b>			15-Yr Cash Flow after Deferred Fee:		<b>\$650,803</b>

DEVELOPMENT COST / ITEMIZED BASIS															
APPLICANT COST / BASIS ITEMS						TDHCA COST / BASIS ITEMS				COST VARIANCE					
	Eligible Basis		Total Costs	MDL CLOSING	Prior Underwriting		MDL CLOSING	Total Costs	Eligible Basis						
	Acquisition	New Const. Rehab		Applicant	Applicant	TDHCA	Applicant		New Const. Rehab	Acquisition				%	\$
Land Acquisition			\$13,064 / Unit	\$574,800	\$574,800	\$750,000	\$750,000	\$574,800	\$13,064 / Unit				0.0%	\$0	
Off-Sites			\$ / Unit	\$0	\$0	\$0	\$0	\$0	\$ / Unit				0.0%	\$0	
Site Work	\$1,433,615		\$32,582 / Unit	\$1,433,615	\$1,433,615	\$1,433,615	\$1,433,615	\$1,421,700	\$32,311 / Unit	\$1,421,700			0.8%	\$11,915	
Site Amenities	\$150,000		\$3,409 / Unit	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$3,409 / Unit	\$150,000			0.0%	\$0	
Building Cost	\$4,329,500	\$107.57 /sf	\$98,398/Unit	\$4,329,500	\$4,329,500	\$4,100,000	\$4,329,508	\$4,496,415	\$102,191/Unit	\$111.72 /sf	\$4,496,415		-3.7%	(\$166,915)	
Contingency	\$355,000	6.00%	6.00%	\$355,000	\$355,000	\$355,000	\$355,000	\$200,000	3.30%	5.85%	\$355,000		77.5%	\$155,000	
Contractor Fees	\$877,000	13.99%	13.99%	\$877,000	\$877,000	\$758,000	\$877,000	\$877,000	13.99%	13.65%	\$877,000		0.0%	\$0	
Soft Costs	\$0	\$765,115	\$17,389 / Unit	\$765,115	\$765,115	\$789,361	\$765,115	\$765,115	\$17,389 / Unit		\$765,115		\$0	0.0%	\$0
Financing	\$0	\$77,000	\$3,582 / Unit	\$157,608	\$157,608	\$380,000	\$157,608	\$157,608	\$3,582 / Unit		\$77,000		\$0	0.0%	\$0
Developer Fee	\$0	\$1,580,000	19.78%	19.78%	\$1,580,000	\$1,580,000	\$1,453,800	\$1,580,000	19.78%	19.41%	\$1,580,000		\$0	0.0%	\$0
Reserves			16 Months	\$432,000	\$432,000	\$250,000	\$250,000	\$340,221	\$305,950	12 Months				41.2%	\$126,050
<b>TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)</b>		<b>\$0</b>	<b>\$9,567,230</b>	\$242,151 / Unit	<b>\$10,654,638</b>	<b>\$10,654,638</b>	\$10,419,776	\$10,649,284	<b>\$10,528,588</b>	\$239,286 / Unit	<b>\$9,722,230</b>	<b>\$0</b>	<b>1.2%</b>	<b>\$126,050</b>	
Acquisition Cost	\$0			\$0	\$0	\$0	\$0	\$0							
Contingency	\$0			\$0	\$0	\$0	\$0	\$0							
Contractor's Fee	\$0			\$0	\$0	\$0	\$0	\$0							
Financing Cost	\$0			\$0	\$0	\$0	\$0	\$0							
Developer Fee	\$0	\$0		\$0	\$0	\$0	\$0	\$0							
Reserves				(\$119,545)	(\$84,539)										
<b>ADJUSTED BASIS / COST</b>		<b>\$0</b>	<b>\$9,567,230</b>	\$239,434/unit	<b>\$10,535,093</b>	<b>\$10,570,099</b>	\$10,419,776	\$10,649,284	<b>\$10,528,588</b>	\$239,286/unit	<b>\$9,722,230</b>	<b>\$0</b>	<b>0.1%</b>	<b>\$6,505</b>	
<b>TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):</b>							<b>\$10,535,093</b>								



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

*Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269*

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
<b>ADJUSTED BASIS</b>	\$0	\$9,567,230	\$0	\$9,722,230
Deduction of Federal Grants	\$0	\$0	\$0	\$0
<b>TOTAL ELIGIBLE BASIS</b>	\$0	\$9,567,230	\$0	\$9,722,230
High Cost Area Adjustment		130%		130%
<b>TOTAL ADJUSTED BASIS</b>	\$0	\$12,437,399	\$0	\$12,638,899
Applicable Fraction	88.64%	88.64%	89%	89%
<b>TOTAL QUALIFIED BASIS</b>	\$0	\$11,024,058	\$0	\$11,202,660
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
<b>ANNUAL CREDIT ON BASIS</b>	\$0	\$992,165	\$0	\$1,008,239
<b>CREDITS ON QUALIFIED BASIS</b>	\$992,165		\$1,008,239	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$992,165	\$8,035,734	----	----	----
Needed to Fill Gap	\$925,444	\$7,495,343	----	----	----
Previous Allocatic	\$888,672	\$7,197,527	<b>\$888,672</b>	<b>\$0</b>	<b>\$0</b>

## Long-Term Pro Forma

*Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269*

	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%	\$375,058	\$382,559	\$390,210	\$398,014	\$405,975	\$448,229	\$494,881	\$546,389	\$603,257	\$666,045	\$735,367	\$811,905
TOTAL EXPENSES	3.00%	\$243,484	\$250,592	\$257,909	\$265,441	\$273,196	\$315,533	\$364,491	\$421,112	\$486,601	\$562,357	\$649,997	\$751,395
<b>NET OPERATING INCOME ("NOI")</b>		<b>\$131,574</b>	<b>\$131,967</b>	<b>\$132,302</b>	<b>\$132,573</b>	<b>\$132,779</b>	<b>\$132,696</b>	<b>\$130,390</b>	<b>\$125,277</b>	<b>\$116,656</b>	<b>\$103,687</b>	<b>\$85,370</b>	<b>\$60,509</b>
EXPENSE/INCOME RATIO		64.9%	65.5%	66.1%	66.7%	67.3%	70.4%	73.7%	77.1%	80.7%	84.4%	88.4%	92.5%
<b>MUST -PAY DEBT SERVICE</b>													
TDHCA-Repayable		\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971
0													
TOTAL DEBT SERVICE		\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971	\$68,971
DEBT COVERAGE RATIO		1.91	1.91	1.92	1.92	1.93	1.92	1.89	1.82	1.69	1.50	1.24	0.88
<b>ANNUAL CASH FLOW</b>													
		<b>\$62,603</b>	<b>\$62,996</b>	<b>\$63,330</b>	<b>\$63,602</b>	<b>\$63,808</b>	<b>\$63,725</b>	<b>\$61,419</b>	<b>\$56,306</b>	<b>\$47,684</b>	<b>\$34,716</b>	<b>\$16,398</b>	<b>(\$8,462)</b>
Deferred Developer Fee Balance		\$235,214	\$172,218	\$108,887	\$45,285	\$0	\$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>\$18,523</b>	<b>\$338,099</b>	<b>\$650,803</b>	<b>\$943,811</b>	<b>\$1,201,036</b>	<b>\$1,402,479</b>	<b>\$1,523,469</b>	<b>\$1,533,763</b>

# Retirement Living for Seniors, LTD.

PO BOX 3189, Bryan, TX 77805 • Phone (979) 846-8878 • Fax (979) 846-0783

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit

TDHCA

Cody Campbell Director of Multifamily Programs  
221 East 11th Street Austin, TX 78701

March 12, 2024

RE: Revised Amendment Request to 2022 Multifamily Uniform Application #22269 (the “Application”) – Retirement Living for Seniors, Stephenville, TX (the “Project”)

Mr. Campbell:

Due to the unforeseen changes in construction costs, interest rates, and equity pricing that have occurred since submission of its original application, the Retirement Living for Seniors, Ltd. (the “Owner”), respectfully submits the following amendment request to the Application.

## CURRENT PROJECT STATUS

The Project received its TDHCA Direct Loan commitment, has a commitment from its equity financing, and has been attempting to get the Project financing closed, so that construction can commence. Unfortunately, due to the continued rise in construction costs, a spike in interest rates, and reduced tax credit pricing, the Project is no longer feasible as it is currently designed. Therefore, we are requesting approval from TDHCA to amend our application as follows: a) reduce the number of units from 48 to 44 and adjust the design and site layout accordingly. We have continued support from the City of Stephenville, as well as from investor groups who are in support of these revisions. The HOME Match funds remain viable. In order to make the revised Project feasible, a related party to the Owner, BCLP Investments, LLC, has committed to make the secondary financing. The term sheet for that loan is attached.

## EXPLANATION OF UPDATES

### Number of Units

We are proposing a reduction in the number of units from 48 to 44. All 5 market rate units will remain. With the goal of maintaining as many affordable units as possible, the Owner is committed to keeping as many HOME units as possible. TDHCA staff, in an effort to support the Project economics, has agreed to rework the income levels of the HOME units without reducing the total number of HOME units. Further details on the AMI unit mix breakdown are provided in the table below.

# Retirement Living for Seniors, LTD.

PO BOX 3189, Bryan, TX 77805 • Phone (979) 846-8878 • Fax (979) 846-0783

## BASIS FOR CHANGE

### Reduced Tax Credit Syndication Rate

The Syndication Rate has decreased to \$80.50, while at Application the rate was at \$ 81. This has resulted in approximately a \$ 44,430 decrease in equity proceeds.

### Hard Cost and Labor Cost Increases

The original construction budget was estimated to be \$4,329,500 units (\$ 90,197 /unit)

Hard Cost and Labor Cost. Increases to the original construction budget were estimated to be \$ 7,145,115 for 48 units (\$ 148,856 /unit), however, due to upward pressure on both materials and labor from subcontractors, the current construction estimate for 48 units was \$ 7,894,624. With the reduction to 44 units, the total; construction cost will be \$ 7,145,115 (\$ 162,388 per unit). This represents an increase of 11 % per unit in pricing estimates over the past 18 months. Without reductions in construction costs the project cannot be made solvent.

## ADDITIONAL CONSIDERATIONS

To help make the project feasible, a related party has agreed to provide the second priority loan.

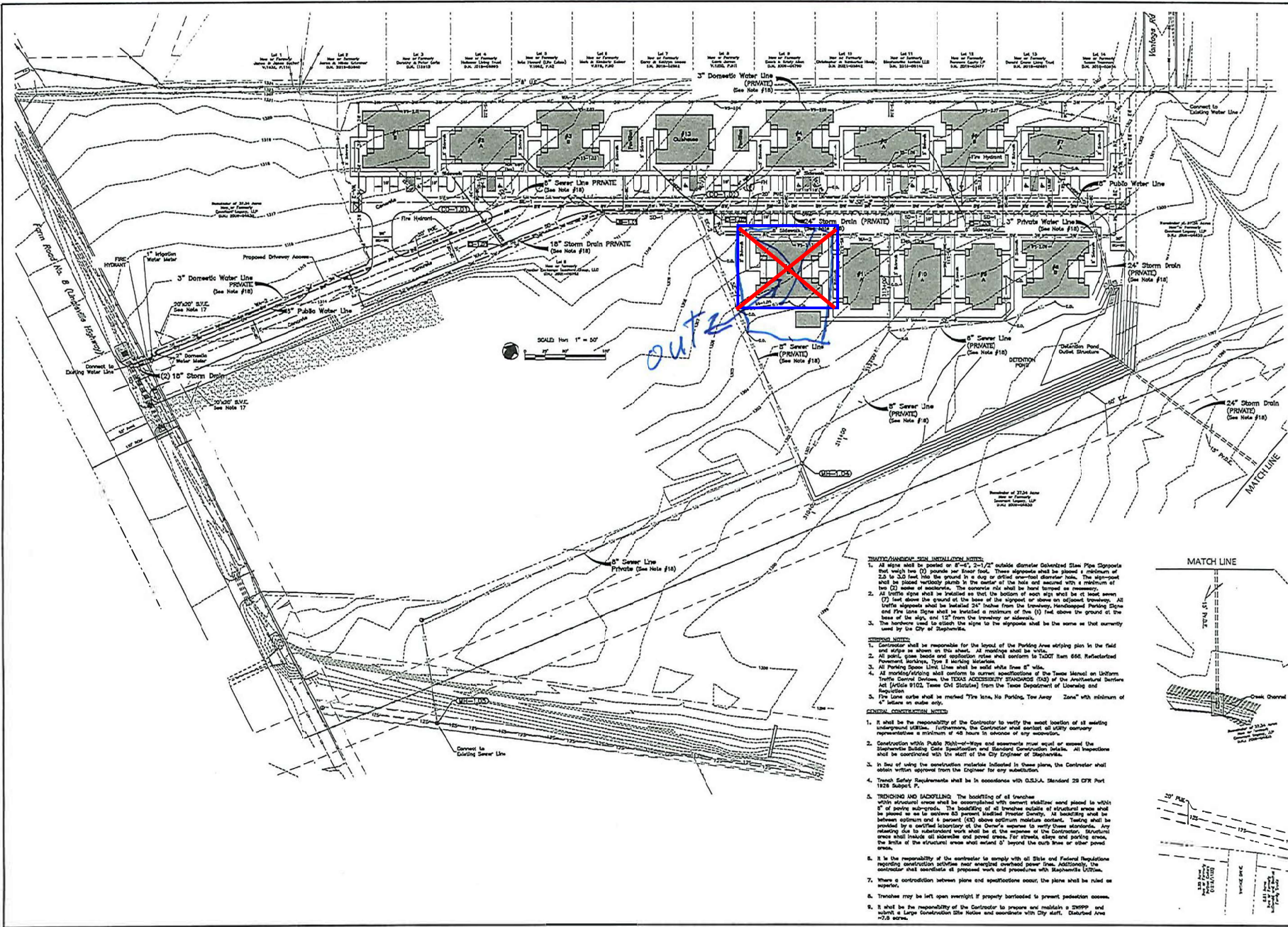
## CONCLUSION

This development is a much-needed community for the senior citizens of Stephenville and the surrounding area. We do not believe that the cost increases, interest rate increases, or stresses faced by the equity market could have been foreseen or were preventable. The assumptions made for the application were reasonable and based on the best information available at the time. Thank you for your time and consideration.

Sincerely,



Emanuel H. Glockzin, Jr.



ISSUED FOR BIDDING AND CONSTRUCTION

DATE: 02/22/23  
 DRAWN BY: JAC  
 CHECKED BY: JAC

REVISIONS
1 2023-01-23 - Revised per City Comments
2 2023-02-17 - Revised per City Comments
3 2023-02-27 - Revised per City Comments
4 2023-02-28 - Revised per City Comments
5 2023-02-28 - Revised per City Comments

MAGUIRE & BRODIE ENGINEERS, INC.  
 1000 West Loop West, Suite 1000  
 Houston, TX 77027  
 Tel: 713.866.1100  
 Fax: 713.866.1101

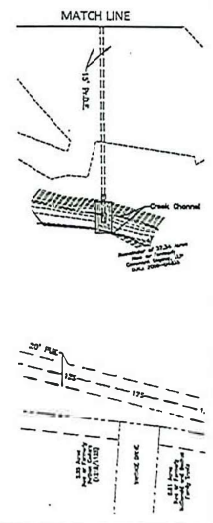
Site Plan

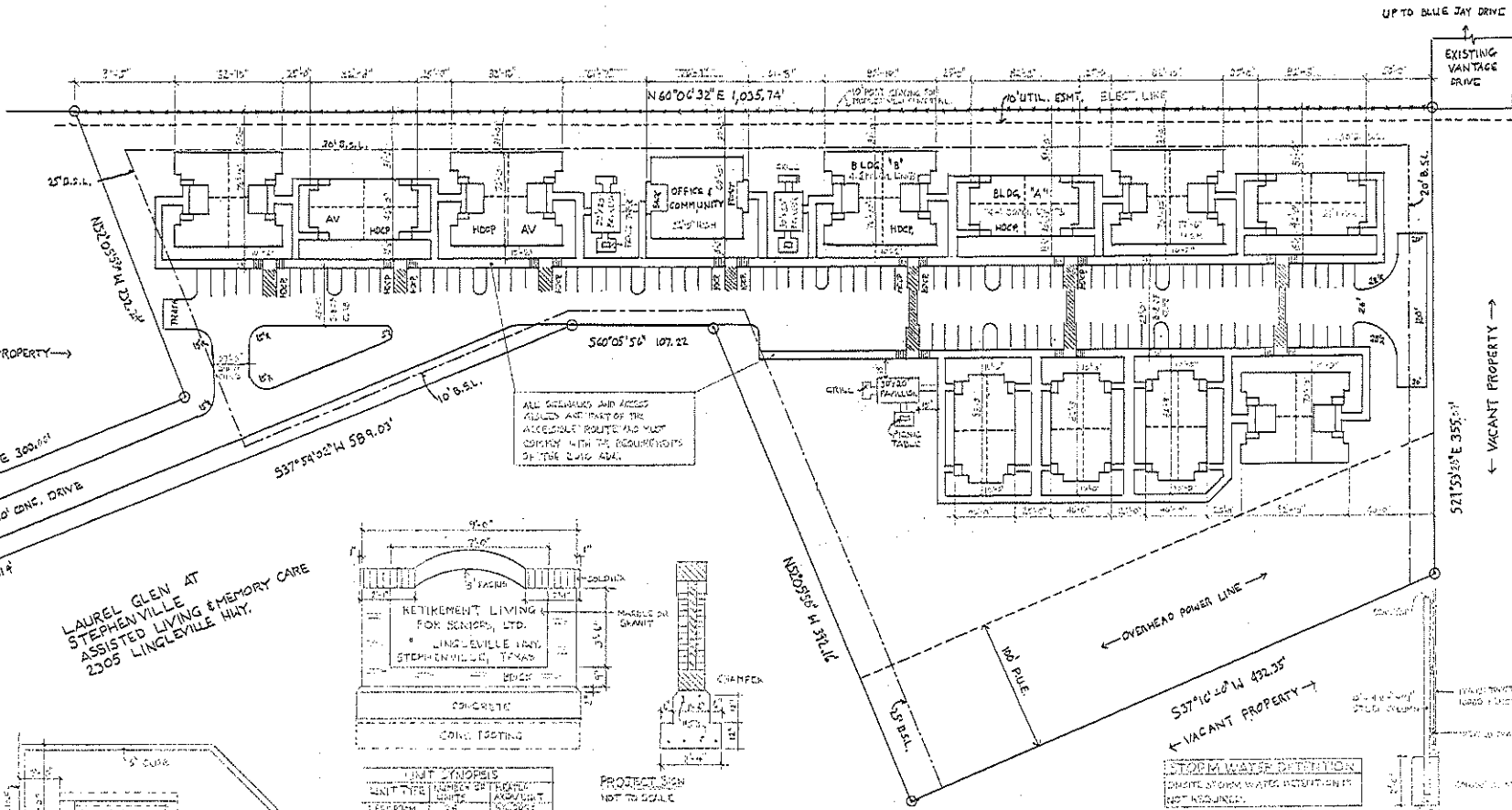
STEPHENVILLE SENIOR LIVING

3734 Ave. C  
 Stephenville, TX 76781

G11

- UTILITY/HANDICAP SIGN INSTALLATION NOTES**
- All signs shall be posted on 8" x 12" x 1/2" thick galvanized G40 Steel Pipe Cylinders that weigh two (2) pounds per linear foot. These signposts shall be placed a minimum of 2.5 to 3.0 feet from the ground in a dug or drilled vertical diameter hole. The signposts shall be placed vertically plumb in the center of the hole and secured with a minimum of two (2) spots of anchor bolts. The concrete fill shall be hand tamped or rammed.
  - All traffic signs shall be installed so that the bottom of each sign shall be at least seven (7) feet above the ground at the base of the signpost or above an adjacent driveway. All traffic signposts shall be installed 24" higher from the driveway, handicapped parking sign and fire lane signs shall be installed a minimum of five (5) feet above the ground at the base of the signpost, and 12" from the driveway or sidewalk.
  - The hardware used to attach the signs to the signposts shall be the same as that currently used by the City of Stephenville.
- STIPEND NOTES**
- Contractor shall be responsible for the layout of the Building Area striping plan in the field and strip as shown on the sheet. All markings shall be white.
  - All public open areas and exterior areas shall conform to TxDOT Item 666, Rubberized Pavement Markings, Type II Marking Material.
  - All Parking Spaces Limit Lines shall be solid white lines 8" wide.
  - All marking/striping shall conform to current specifications of the Texas Manual on Uniform Traffic Control Devices (TMUTCD) and the Texas Accessibility Standards (TAS) of the Architectural Barriers Act (Article 5102, Texas Civil Statutes) from the Texas Department of Licensing and Regulation on public strip.
  - The lane curbs shall be marked "Fire Lane, No Parking, Tow Away Zone" with minimum of 4" letters on public strip.
- GENERAL CONSTRUCTION NOTES**
- It shall be the responsibility of the Contractor to verify the exact location of all existing underground utilities. Furthermore, the Contractor shall contact all utility company representatives a minimum of 48 hours in advance of any excavation.
  - Construction within Public Right-of-Way and easements must equal or exceed the Government Building Code Specifications and Standard Construction Details. All inspections shall be coordinated with the staff of the City Engineer of Stephenville.
  - In lieu of using the construction materials indicated in these plans, the Contractor shall submit written approval from the Designer for any substitution.
  - Trench Safety Requirements shall be in accordance with OSHA, Standard 29 CFR Part 1926 Subpart P.
  - TRENCHING AND BACKFILLING** The backfilling of all trenches within structural areas shall be accomplished with compacted crushed stone placed to within 8" of existing underground. The backfilling of all trenches outside of structural areas shall be placed as per section 02.30 present standard practice (SP10). All backfilling shall be between optimum and 4 percent (4%) above optimum moisture content. Testing shall be provided by a certified laboratory at the Contractor's expense to verify these standards. Any retaining dirt to substantial work shall be at the expense of the Contractor. Structural areas shall include all sidewalks and paved areas. For streets, lanes and parking areas, the limits of the structural areas shall extend 6' beyond the curb lines or other paved areas.
  - It is the responsibility of the contractor to comply with all State and Federal Regulations regarding construction activities near energized overhead power lines. Additionally, the contractor shall coordinate all proposed work and procedures with the Stephenville Utility.
  - Where a contradiction between plans and specifications occur, the plans shall be ruled as superior.
  - Trenches may be left open overnight if properly backfilled to prevent pedestrian access.
  - It shall be the responsibility of the Contractor to prepare and maintain a 20000' wide submit a Large Construction Site Notice and coordinate with City staff. Disturbed Area 75:0 areas.

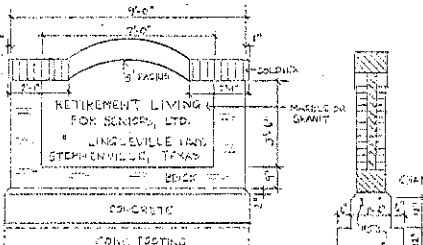




← VACANT PROPERTY →

← VACANT PROPERTY →

LAUREL GLEN AT  
STEPHENVILLE  
ASSISTED LIVING & MEMORY CARE  
2305 LINGLEVILLE HWY.



ALL SIDEWALKS AND AREAS  
SHOULD BE PART OF THE  
ACCESSIBLE ROUTE AND MUST  
COMPLY WITH THE REQUIREMENTS  
OF THE ADA.

PROJECTION  
NOT TO SCALE

SITE PLAN



REQUIRED PARKING

1 1/2 SPACES PER BEDROOM  
 4-2 BEDROOMS X 1/2 = 96 SPACES  
 10+ SPACES (MINIMUM)  
 SIDEWALKS 5' WIDE AT BUILDING  
 AND CONNECTING SIDEWALK PARKING  
 SPACES TO DEPARTMENT DRIVE.  
 DRIVEWAY TURNS 15'  
 WIDE PARKING 10' OUTSIDE.

FLOOD PLAIN

THIS PROPERTY IS LOCATED WITHIN  
 ONE (1) ZONING DETERMINED TO BE  
 OUTSIDE THE DESIGNATED FLOOD PLAIN  
 OF FLOODPLAIN ACCORDING TO  
 FIRM PANEL #1700000500.  
 EFFECTIVE NOVEMBER 18, 2013.

REQUIRED HOOR UNITS

50 ROOM HOOR UNITS  
 10-45-3/4 - 12'00" - 8'00" - 12'00" - 12'00"  
 120 FOR ALTERNATIVE UNITS  
 20-45-3/4 - 12'00" - 8'00" - 12'00" - 12'00"

STORM WATER DETENTION  
 DETENTION STORM WATER DETENTION IS  
 NOT REQUIRED.

NOTES

- ALL BUILDINGS SHOWN ARE NEW UNLESS OTHERWISE SPECIFIED.
- BASED ON THE LEGAL SURVEY THERE IS ONLY ONE TRAIL ON THE PROPERTY. THIS TRAIL IS LOCATED IN THE CORNER AREA.
- SEE THE PLANNING BOARD ON THE WEBSITE FOR THE LEGAL SURVEY.
- HOUSING AND VACANT PROPERTY AT ENTRY TO THE PROJECT.

OPTIONAL PARKING  
 FOR CULTURAL HOOR SPACE  
 10' AND 12'00" WIDE.

DATE: 5-20-23  
 SHEET: 1 of 5

A PROPOSED NEW SENIOR TOWNHOME PROJECT FOR:  
**RETIREMENT LIVING FOR SENIORS, LTD.**  
 W. LINGLEVILLE HWY. STEPHENVILLE, TEXAS



NO.	DESCRIPTION	SCHEDULED CATEGORIES						TOTAL SQUARE FEET	TOTAL ROOMS	TOTAL GARAGES	TOTAL OFFICES	TOTAL COMMERCIAL	TOTAL RESIDENTIAL
		COMMERCIAL	OFFICE	COMMERCIAL	RESIDENTIAL	COMMERCIAL	RESIDENTIAL						
1	...	...	...	...	...	...	10,254,000	2,774,482	28,125	14,893,332	48,244,809	72,214,517	
2	...	...	...	...	...	...	...	...	...	...	...	...	

\* THE COMMUNITY BUILDING IS COMMON AREA AND IS NOT INCLUDED IN THE TOTALS.



April 22, 2024

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

Mr. Emanuel Glockzin  
EDG Properties  
4500 Carter Creek Parkway, Suite 101  
Bryan, Texas 77805

Re: Retirement Living for Seniors  
Stephenville, Texas

This letter reinforces and confirms WNC assessment that the Development is infeasible without the identified adjustment (reduction) to the number of units. With TDHCA's approval under management rules 10.405 Amendments and Extensions: (4)(B)(A)(ii), WNC is committed to purchase the Low Income Housing Tax Credits allocated to Retirement Living for Seniors.

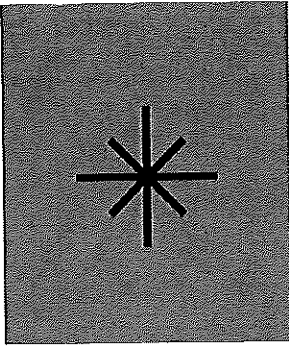
The project, as presented, has been approved by WNC Investment Committee with a reduction in units which will be outlined in the project's Operating Agreement.

I am available at 612-747-9131 at your convenience to assist with any questions you may have about WNC commitment to Texas Housing.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Darrick Metz", with a stylized flourish at the end.

Darrick Metz  
Senior Vice President - Originations



## BCLP INVESTMENTS, LLC

April 18, 2024

TDHCA  
Cody Campbell, Director of Multifamily Programs

RE: Retirement Living for Seniors, Ltd. - Proposed Changes in Units

Mr. Campbell,

This letter is to confirm that as the lender I have reviewed the proposed changes to the site plan and number of units for Retirement Living for Seniors, Stephenville, TX. I understand that due to changes in construction cost, interests rates and equity pricing that have occurred since the submission of the original application these changes are necessary in order for this development to be feasible. Therefore, I approve these proposed changes of decreasing the number of units from 48 units to 44 units and removing one building.

Sincerely,

Emanuel H. Glockzin, Jr.  
Manager

PO BOX 3189, BRYAN, TX 77802  
Phone: 979-846-8878  
Fax: 979-846-0783

