



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

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**File #:** 892

**Agenda Date:** 1/16/2025

**Agenda #:**

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Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Santa Fe Place (HTC #23178/24266)

**RECOMMENDED ACTION**

**WHEREAS**, Santa Fe Place (Development) received an award of 9% Housing Tax Credits (HTCs) as a forward commitment in 2023 for the new construction of 110 multifamily units, 98 of which are low-income units, for the general population in Lubbock, Lubbock County;

**WHEREAS**, KRS Santa Fe Place, LP (Applicant) requests approval for changes to the site plan and architectural design plans to ensure financial feasibility;

**WHEREAS**, the Applicant requests approval for a decrease in the total number of units from 110 to 90, by removing all 12 market rate units and eight HTC units, representing a reduction of 8.16% in the number of low-income units;

**WHEREAS**, the Applicant also requests approval for a reduction to the Net Rentable Area (NRA) from 102,995 square feet to 74,100 square feet, which is a reduction of 28,895 square feet or 28.05%, and for a reduction in the Common Area from 13,897 square feet to 12,088 feet, representing a reduction of 1,809 square feet or 13.02%;

**WHEREAS**, the redesign would also change the buildings' positioning on the site, though the site footprint itself will not be changing from Application, make the clubhouse part of one of the residential buildings, and the new plans no longer include a pool;

**WHEREAS**, Board approval is required for a significant modification of the site plan, a modification of the number of Units or bedroom mix of the Units, a reduction of 3% or more in the square footage of the Units or Common Area, a significant modification of the architectural design, and a modification of the residential density of at least 5% as directed in Tex. Gov't Code §2306.6712(d)(1), (2), (4), (5), and (6) and 10 TAC §10.405(a)(4)(A), (B), (D), (E), and (F), and the Owner has complied with the amendment requirements therein; and

**WHEREAS**, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the scoring of the Application, or affect the HTC amount awarded;

**NOW, therefore, it is hereby**

**RESOLVED**, that the requested amendment for Santa Fe Place is approved as presented at this

meeting, and the Executive Director and his designees are each hereby authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

### **BACKGROUND**

Santa Fe Place was approved for a 9% HTC award as a forward commitment in 2023 for the construction of 110 units, of which 98 are designated as low-income units, of multifamily housing for the general population in Lubbock, Lubbock County. In a letter dated November 22, 2024, Sarah Anderson, the representative for the Applicant, requested approval for a material amendment to the Application.

The Applicant indicated that the initial design of the Development is no longer financially viable and is requesting approval for a reduction to the number of units from 110 to 90, by removing the 12 market units and eight HTC units, which represents a reduction of 8.16% in the number of low-income units and a reduction of 18.18% in total units. The reduction to the number of units will result in an 18.18% decrease in residential density from 24.11 units per acre to 19.72 units per acre. The Net Rentable Area will decrease from 102,995 square feet to 74,100 square feet, a reduction of 28,895 square feet (28.05%). The revised unit mix includes 24 one-bedroom units, 48 two-bedroom units, and 18 three-bedroom units instead of the originally proposed 30 one-bedroom units, 58 two-bedroom units, and 22 three-bedroom units. Additionally, the Applicant requests approval for a reduction to the total Common Area from 13,897 square feet to 12,088 square feet, a decrease of 1,809 square feet (13.02%). The decrease in the number of units has reduced the required parking spaces under the Lubbock zoning ordinance from 244 to 120. The pool will also be eliminated. The Applicant states that this redesign is needed to ensure financial feasibility of the Development.

The reduction to the number of units will result in the elimination of the market rate units and a reduction to the units at 30% of Area Median Income (AMI) units from 10 units to nine units, a reduction to the 50% AMI units from 20 units to 18 units, and a reduction to the 60% AMI units from 68 units to 63 units. Additionally, there are changes to the square footage of the units, which will now be at the minimum required square footage for points for each size.

The Development was re-underwritten with the proposed amendment and revised financial information. The analysis supports no change to the HTC allocation and demonstrates the Development remains feasible.

Staff confirmed that the revised design plans and parking will continue to meet accessibility requirements. 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 amendment as presented herein.





**Addendum to Underwriting Report**

TDHCA Application #: **23178** Program(s): **9% HTC**

**Santa Fe Place (f/k/a Justice Place)**

Address/Location: \_\_\_\_\_ SEQ of 43rd St. and Justice Ave.

City: \_\_\_\_\_ Lubbock County: \_\_\_\_\_ Lubbock Zip: \_\_\_\_\_ 79407

APPLICATION HISTORY	
Report Date	PURPOSE
12/19/24	9% HTC Amendment
10/02/23	New Application- Initial Underwriting

**ALLOCATION**

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
LIHTC (9% Credit)	\$1,967,650				\$1,967,650				

**CONDITIONS STATUS**

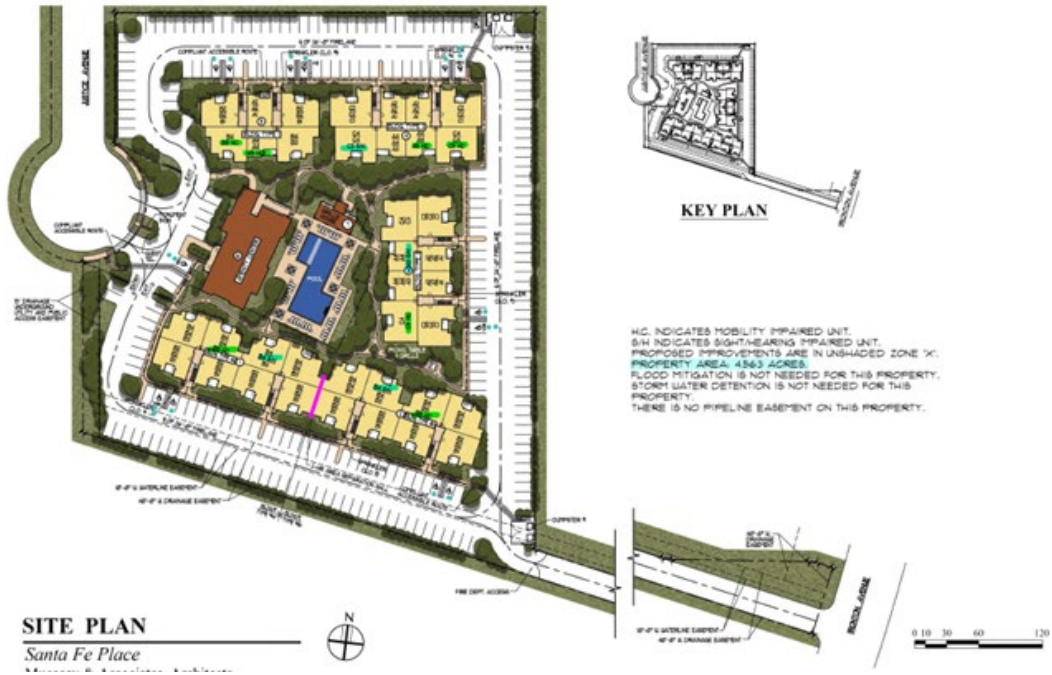
- Receipt and acceptance by Cost Certification:
  - Architect certification that buildings were tested for the presence of radon and any recommended mitigation measures were implemented.

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.

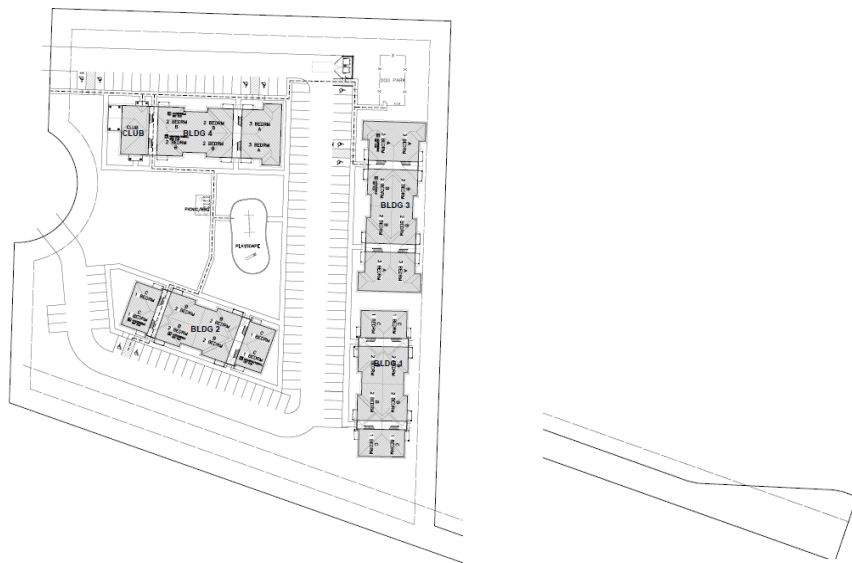
**SET-ASIDES**

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	9
50% of AMI	50% of AMI	18
60% of AMI	60% of AMI	63

ORIGINAL SITE PLAN



AMENDED SITE PLAN SITE PLAN



## ORIGINAL BUILDING ELEVATION



## AMENDED BUILDING ELEVATION



## ANALYSIS

The development originally received an annual 9% HTC allocation of \$1,967,650 in 2023 for a project consisting of 110 units. Applicant is now requesting the same allocation, but with a unit count reduction from 110 units to 90 units. The amended project design will eliminate all 12 originally proposed market rate units and 8 LIHTC units. Applicant has indicated that the revised project design is necessary in order to make the deal feasible for development due to the economic climate (higher permanent loan interest rate and higher construction costs). NRA is being reduced by 28% from 102,995 sf to 74,100 sf, and the common area is being reduced by 13% from 13,897 sf to 12,088 sf.

Applicant is now anticipating a \$5,145,338 perm loan at 7.00%, amortized over 40 years. This represents a decrease of \$454,662 from the originally proposed \$5,600,000 perm loan at 6.25% amortized over 35 years.

### **Operating Pro Forma**

Underwriter updated to 2024 rents.

The reduction to the unit count from 110 units to 90 units will result in a \$141K reduction of EGI from \$1.1M to \$970K. Projected NOI is reduced by \$40K from \$481K to \$441K.

Underwriter's projected NOI essentially matches Applicant's. Therefore, Applicant's Pro Forma is used for the underwriting analysis.

### **Development Cost**

Based upon the current 90 unit configuration, estimated building costs plus site work are \$154K/unit vs the original application estimate of \$132K/unit. However, total, building costs plus site work will decrease by \$713K from \$14.6M to \$13.9M, which will enable the project to become financially feasible. The Underwriter is within 5% of Applicant's projected costs and therefore, Applicant's projected development costs are used in the underwriting analysis.

Total housing development costs decreased by \$1.5M from \$24.5M to \$23M.

**Sources of Funds**

There has been an increase to the perm loan interest rate and a decrease in equity pricing since the original application was submitted. Applicant is anticipating a \$5,145,338 perm loan at 7.00%, amortized over 40 years. This represents a decrease of \$454,662 from the \$5,600,000 perm loan at 6.25% amortized over 35 years listed in the original application.

As a result of the reduction in development costs, tax credit equity has been reduced by \$787K from the original 9% underwriting in 2023. Equity pricing has decreased from \$0.90 to \$0.86.

Additionally, deferred developer fee was decreased by \$295K.

**Conclusion**

Underwriter recommends an annual 9% tax credit allocation of \$1,967,659 as previously awarded.

Underwriter:	<u>Georgia Simmons</u>
Manager of Real Estate Analysis:	<u>Greg Kazak</u>
Director of Real Estate Analysis:	<u>Jeanna Adams</u>

**UNIT MIX/RENT SCHEDULE**

*Santa Fe Place (f/k/a Justice Place), Lubbock, 9% HTC #23178*

LOCATION DATA	
CITY:	Lubbock
COUNTY:	Lubbock
Area Median Income	\$84,600
PROGRAM REGION:	1
PROGRAM RENT YEAR:	2024

UNIT DISTRIBUTION					
# Beds	# Units	% Total	Assisted	MDL	ARP
Eff	-	0.0%	0	0	0
1	24	26.7%	0	0	0
2	48	53.3%	0	0	0
3	18	20.0%	0	0	0
4	-	0.0%	0	0	0
5	-	0.0%	0	0	0
<b>TOTAL</b>	<b>90</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	9.00%
APP % Construction	9.00%
Average Unit Size	823 sf

55%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average	# Units	-	9	-	18	63	-	-	-	90
Income	% Total	0.0%	10.0%	0.0%	20.0%	70.0%	0.0%	0.0%	0.0%	100.0%

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	Mrkt Analyst	
TC 30%	\$482	3	1	1	600	\$482	\$86	\$396	\$0	\$0.66	\$396	\$1,188	\$1,188	\$396	\$1	\$0	\$1,090	\$1.82	\$1,090
TC 50%	\$803	4	1	1	600	\$803	\$86	\$717	\$0	\$1.20	\$717	\$2,868	\$2,868	\$717	\$1	\$0	\$1,090	\$1.82	\$1,090
TC 60%	\$964	17	1	1	600	\$964	\$86	\$878	\$0	\$1.46	\$878	\$14,926	\$14,926	\$878	\$1	\$0	\$1,090	\$1.82	\$1,090
TC 30%	\$579	4	2	2	850	\$579	\$106	\$473	\$0	\$0.56	\$473	\$1,892	\$1,892	\$473	\$1	\$0	\$1,090	\$1.28	\$1,090
TC 50%	\$965	9	2	2	850	\$965	\$106	\$859	\$0	\$1.01	\$859	\$7,731	\$7,731	\$859	\$1	\$0	\$1,090	\$1.28	\$1,090
TC 60%	\$1,158	35	2	2	850	\$1,158	\$106	\$1,052	\$0	\$1.24	\$1,052	\$36,820	\$36,820	\$1,052	\$1	\$0	\$1,090	\$1.28	\$1,090
TC 30%	\$668	2	3	2	1,050	\$668	\$133	\$535	\$0	\$0.51	\$535	\$1,070	\$1,070	\$535	\$1	\$0	\$1,280	\$1.22	\$1,280
TC 50%	\$1,114	5	3	2	1,050	\$1,114	\$133	\$981	\$0	\$0.93	\$981	\$4,905	\$4,905	\$981	\$1	\$0	\$1,280	\$1.22	\$1,280
TC 60%	\$1,337	11	3	2	1,050	\$1,337	\$133	\$1,204	\$0	\$1.15	\$1,204	\$13,244	\$13,244	\$1,204	\$1	\$0	\$1,280	\$1.22	\$1,280
<b>TOTALS/AVERAGES:</b>		<b>90</b>			<b>74,100</b>				<b>\$0</b>	<b>\$1.14</b>	<b>\$940</b>	<b>\$84,644</b>	<b>\$84,644</b>	<b>\$940</b>	<b>\$1.14</b>	<b>\$0</b>	<b>\$1,128</b>	<b>\$1.37</b>	<b>\$1,128</b>

<b>ANNUAL POTENTIAL GROSS RENT:</b>	<b>\$1,015,728</b>	<b>\$1,015,728</b>
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\*MFDL units float among Unit Types



**STABILIZED PRO FORMA**

*Santa Fe Place (f/k/a Justice Place), Lubbock, 9% HTC #23178*

STABILIZED FIRST YEAR PRO FORMA														
COMPARABLES			APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
Database	Local Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	\$
<b>POTENTIAL GROSS RENT</b>				\$1.14	\$940	\$1,015,728	\$1,174,536	\$1,174,536	\$1,015,728	\$940	\$1.14		0.0%	\$0
late fees, app fees and retained deposits					\$30.00	\$32,400	26,400							
Total Secondary Income					\$30.00			26,400	\$32,400	\$30.00			0.0%	\$0
<b>POTENTIAL GROSS INCOME</b>						\$1,048,128	\$1,200,936	\$1,200,936	\$1,048,128				0.0%	\$0
Vacancy & Collection Loss					7.5% PGI	(78,610)	(90,070)	(90,070)	(78,610)	7.5% PGI			0.0%	-
<b>EFFECTIVE GROSS INCOME</b>						\$969,518	\$1,110,866	\$1,110,866	\$969,518				0.0%	\$0

General & Administrative	\$36,686	\$408/Unit	\$41,961	\$466	4.18%	\$0.55	\$451	\$40,573	\$56,320	\$47,853	\$36,686	\$408	\$0.50	3.78%	10.6%	3,887
Management	\$32,897	4.7% EGI	\$36,507	\$406	5.00%	\$0.65	\$539	\$48,476	\$44,420	\$44,435	\$48,476	\$539	\$0.65	5.00%	0.0%	0
Payroll & Payroll Tax	\$116,890	\$1,299/Unit	\$129,024	\$1,434	13.82%	\$1.81	\$1,489	\$133,980	\$163,213	\$163,213	\$133,980	\$1,489	\$1.81	13.82%	0.0%	-
Repairs & Maintenance	\$52,482	\$583/Unit	\$48,057	\$534	6.06%	\$0.79	\$653	\$58,799	\$68,780	\$71,500	\$58,500	\$650	\$0.79	6.03%	0.5%	299
Electric/Gas	\$18,340	\$204/Unit	\$21,944	\$244	3.36%	\$0.44	\$362	\$32,560	\$23,451	\$24,627	\$21,944	\$244	\$0.30	2.26%	48.4%	10,616
Water, Sewer, & Trash	\$49,055	\$545/Unit	\$64,032	\$711	3.90%	\$0.51	\$420	\$37,800	\$65,979	\$59,956	\$49,055	\$545	\$0.66	5.06%	-22.9%	(11,255)
Property Insurance	\$55,857	\$0.75 /sf	\$84,787	\$942	7.43%	\$0.97	\$801	\$72,048	\$83,000	\$102,483	\$84,787	\$942	\$1.14	8.75%	-15.0%	(12,739)
Property Tax (@ 100%) 2.272515	\$53,060	\$590/Unit	\$68,871	\$765	8.04%	\$1.05	\$866	\$77,931	\$87,036	\$84,175	\$68,871	\$765	\$0.93	7.10%	13.2%	9,060
Reserve for Replacements					2.32%	\$0.30	\$250	\$22,500	\$27,500	\$27,500	\$22,500	\$250	\$0.30	2.32%	0.0%	-
Supportive Services					0.00%	\$0.00	\$0	\$0	\$6,000	\$6,000	\$0	\$0	\$0.00	0.00%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.37%	\$0.05	\$40	\$3,600	\$3,920	\$3,920	\$3,600	\$40	\$0.05	0.37%	0.0%	-
<b>TOTAL EXPENSES</b>					<b>54.49%</b>	<b>\$7.13</b>	<b>\$5,870</b>	<b>\$528,267</b>	<b>\$629,620</b>	<b>\$635,663</b>	<b>\$528,399</b>	<b>\$5,871</b>	<b>\$7.13</b>	<b>54.50%</b>	<b>0.0%</b>	<b>\$ (132)</b>
<b>NET OPERATING INCOME ("NOI")</b>					<b>45.51%</b>	<b>\$5.95</b>	<b>\$4,903</b>	<b>\$441,251</b>	<b>\$481,246</b>	<b>\$475,203</b>	<b>\$441,119</b>	<b>\$4,901</b>	<b>\$5.95</b>	<b>45.50%</b>	<b>0.0%</b>	<b>\$ 132</b>

<b>CONTROLLABLE EXPENSES</b>							\$3,375/Unit					\$3,335/Unit				
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**CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS**

*Santa Fe Place (f/k/a Justice Place), Lubbock, 9% HTC #23178*

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	Prior Underwriting		Principal	Term	Amort	Rate	Pmt	Cumulative	
		UW	App						Applicant	TDHCA						DCR	LTC
Legacy Bank & Trust		1.15	1.15	383,697	7.00%	40	15.0	\$5,145,338	\$5,600,000	\$5,600,000	\$5,145,338	15.0	40	7.00%	\$383,697	1.15	22.4%
<b>CASH FLOW DEBT / GRANTS</b>																	
City of Lubbock		1.15	1.15		0.00%	0	0.0	\$500	\$500	\$500	\$500	0.0	0	0.00%		1.15	0.0%
				<b>\$383,697</b>	<b>TOTAL DEBT / GRANT SOURCES</b>			<b>\$5,145,838</b>	<b>\$5,600,500</b>	<b>\$5,600,500</b>	<b>\$5,145,838</b>	<b>TOTAL DEBT SERVICE</b>			<b>\$383,697</b>	<b>1.15</b>	<b>22.4%</b>
<b>NET CASH FLOW</b>		\$57,422	\$57,554					<b>APPLICANT</b>	<b>NET OPERATING INCOME</b>				\$441,251	\$57,555	<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	Prior Underwriting		Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method	
						Applicant	TDHCA							Applicant
RBC	LIHTC Equity	73.5%	\$1,967,650	\$0.86	\$16,920,098	\$17,707,079	\$17,707,079	\$16,920,098	\$0.8599	\$1,967,650	73.5%	\$21,863	Applicant Request	
Overland Property Group	Deferred Developer Fees	4.1%	(44% Deferred)		\$950,794	\$1,246,136	\$1,246,136	\$1,246,136	(58% Deferred)		5.4%	Total Developer Fee:	\$2,148,500	
Additional (Excess) Funds Req'd		0.0%					\$0				0.0%			
<b>TOTAL EQUITY SOURCES</b>		<b>77.6%</b>			<b>\$17,870,892</b>	<b>\$18,953,215</b>	<b>\$18,953,215</b>	<b>\$18,166,234</b>			<b>78.9%</b>			
<b>TOTAL CAPITALIZATION</b>					<b>\$23,016,730</b>	<b>\$24,553,715</b>	<b>\$24,553,715</b>	<b>\$23,312,072</b>					15-Yr Cash Flow after Deferred Fee:	<b>\$2,790</b>

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		\$13,803 / Unit	\$1,242,277	\$1,242,277	\$1,242,277	\$1,242,277	\$1,242,277	\$13,803 / Unit					0.0%	\$0	
Off-Sites	\$0	\$ / Unit	\$0	\$0	\$0	\$0	\$0	\$ / Unit		\$0			0.0%	\$0	
Site Work	\$1,967,321	\$21,859 / Unit	\$1,967,321	\$1,645,067	\$1,645,067	\$1,967,321	\$21,859 / Unit	\$1,967,321		\$1,967,321			0.0%	\$0	
Site Amenities	\$38,805	\$431 / Unit	\$38,805	\$380,000	\$380,000	\$38,805	\$431 / Unit	\$38,805		\$38,805			0.0%	\$0	
Building Cost	\$11,855,776	\$160.00 /sf	\$131,731/Unit	\$11,855,776	\$12,549,583	\$12,711,077	\$10,799,855	\$119,998/Unit	\$145.75 /sf	\$10,799,855			9.8%	\$1,055,921	
Contingency	\$713,108	5.14%	5.14%	\$713,108	\$728,733	\$728,733	\$713,108	5.57%	5.57%	\$713,108			0.0%	\$0	
Contractor Fees	\$1,711,860	11.75%	11.75%	\$1,711,860	\$2,040,451	\$2,040,451	\$1,711,860	12.66%	12.66%	\$1,711,860			0.0%	\$0	
Soft Costs	\$0	\$1,093,300	\$12,503 / Unit	\$1,125,300	\$1,142,039	\$1,142,039	\$1,125,300	\$12,503 / Unit		\$1,093,300	\$0		0.0%	\$0	
Financing	\$0	\$1,564,346	\$19,531 / Unit	\$1,757,799	\$1,292,515	\$1,292,515	\$1,757,799	\$19,531 / Unit		\$1,564,346	\$0		0.0%	\$0	
Developer Fee	\$0	\$2,148,500	11.34%	11.34%	\$2,148,500	\$2,945,983	\$2,945,983	\$2,148,500	12.01%	12.01%	\$2,148,500	\$0		0.0%	\$0
Reserves			6 Months	\$455,982	\$587,068	\$587,068	\$455,982	6 Months					0.0%	\$0	
<b>TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)</b>		<b>\$0</b>	<b>\$21,093,016</b>	<b>\$255,741 / Unit</b>	<b>\$23,016,728</b>	<b>\$24,553,715</b>	<b>\$24,715,208</b>	<b>\$21,960,806</b>	<b>\$244,009 / Unit</b>	<b>\$20,037,095</b>	<b>\$0</b>	<b>4.8%</b>	<b>\$1,055,921</b>		
Acquisition Cost	\$0			\$0	\$0										
Contingency	\$0			\$0	\$0										
Contractor's Fee	\$0			\$0	\$0										
Financing Cost	\$0			\$0	\$0										
Developer Fee	\$0	\$0		\$0	\$0			\$0	\$0						
Reserves				\$0	\$0										
<b>ADJUSTED BASIS / COST</b>		<b>\$0</b>	<b>\$21,093,016</b>	<b>\$255,741/unit</b>	<b>\$23,016,728</b>	<b>\$24,553,715</b>	<b>\$24,715,208</b>	<b>\$21,960,806</b>	<b>\$244,009/unit</b>	<b>\$20,037,095</b>	<b>\$0</b>	<b>4.8%</b>	<b>\$1,055,921</b>		
<b>TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):</b>						<b>\$23,016,728</b>									

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

*Santa Fe Place (f/k/a Justice Place), Lubbock, 9% HTC #23178*

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
<b>ADJUSTED BASIS</b>	\$0	\$21,093,016	\$0	\$20,037,095
Deduction of Federal Grants	\$0	\$0	\$0	\$0
<b>TOTAL ELIGIBLE BASIS</b>	\$0	\$21,093,016	\$0	\$20,037,095
High Cost Area Adjustment		130%		130%
<b>TOTAL ADJUSTED BASIS</b>	\$0	\$27,420,921	\$0	\$26,048,223
Applicable Fraction	100.00%	100.00%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>	\$0	\$27,420,921	\$0	\$26,048,223
Applicable Percentage	9.00%	9.00%	9.00%	9.00%
<b>ANNUAL CREDIT ON BASIS</b>	\$0	\$2,467,883	\$0	\$2,344,340
<b>CREDITS ON QUALIFIED BASIS</b>	\$2,467,883		\$2,344,340	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price	Variance to Request	
			\$0.8599	Credits	Proceeds
<b>Eligible Basis</b>	\$2,467,883	\$21,221,671	----	----	----
<b>Needed to Fill Gap</b>	\$2,078,218	\$17,870,890	----	----	----
<b>Applicant Request</b>	\$1,967,650	\$16,920,098	<b>\$1,967,650</b>	<b>\$0</b>	<b>\$0</b>

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Garden (Up to 4-story)	74,100 SF	\$122.74	9,095,030
Adjustments				
Exterior Wall Finish	2.57%		3.15	\$233,658
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.32%		4.08	302,058
Roof Adjustment(s)			(0.25)	(18,525)
Subfloor			(0.16)	(11,609)
Floor Cover			5.52	409,032
Breezeways	\$44.26	10,704	6.39	473,759
Balconies	\$44.40	4,666	2.80	207,175
Plumbing Fixtures	\$2,130	270	7.76	575,100
Rough-ins	\$790	180	1.92	142,200
Built-In Appliances	\$3,675	90	4.46	330,750
Exterior Stairs	\$5,200	20	1.40	104,000
Heating/Cooling			3.49	258,609
Storage Space	\$44.26	0	0.00	0
Carports	\$16.05	0	0.00	0
Garages		0	0.00	0
Common/Support Area	\$197.04	1,321	3.51	260,293
Elevators			0.00	0
<b>Other:</b>			0.00	0
Fire Sprinklers	\$3.65	86,125	4.24	314,356
<b>SUBTOTAL</b>			<b>171.06</b>	<b>12,675,886</b>
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
<b>TOTAL BUILDING COSTS</b>			<b>171.06</b>	<b>\$12,675,886</b>
Plans, specs, survey, bldg permits	3.30%		(5.65)	(\$418,304)
Contractor's OH & Profit	11.50%		(19.67)	(1,457,727)
<b>NET BUILDING COSTS</b>		\$119,998/unit	\$145.75/sf	\$10,799,855

## Long-Term Pro Forma

*Santa Fe Place (f/k/a Justice Place), Lubbock, 9% HTC #23178*

	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%	\$969,518	\$988,909	\$1,008,687	\$1,028,861	\$1,049,438	\$1,158,664	\$1,279,259	\$1,412,405	\$1,559,410	\$1,721,714	\$1,900,911	\$2,098,760
TOTAL EXPENSES	3.00%	\$528,267	\$543,630	\$559,445	\$575,724	\$592,481	\$683,952	\$789,690	\$911,937	\$1,053,287	\$1,216,745	\$1,405,789	\$1,624,449
<b>NET OPERATING INCOME ("NOI")</b>		<b>\$441,251</b>	<b>\$445,279</b>	<b>\$449,242</b>	<b>\$453,137</b>	<b>\$456,957</b>	<b>\$474,712</b>	<b>\$489,569</b>	<b>\$500,468</b>	<b>\$506,123</b>	<b>\$504,969</b>	<b>\$495,122</b>	<b>\$474,311</b>
EXPENSE/INCOME RATIO		54.5%	55.0%	55.5%	56.0%	56.5%	59.0%	61.7%	64.6%	67.5%	70.7%	74.0%	77.4%
<b>MUST -PAY DEBT SERVICE</b>													
Legacy Bank & Trust		\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697
TOTAL DEBT SERVICE		\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697
DEBT COVERAGE RATIO		1.15	1.16	1.17	1.18	1.19	1.24	1.28	1.30	1.32	1.32	1.29	1.24
<b>ANNUAL CASH FLOW</b>													
		<b>\$57,555</b>	<b>\$61,582</b>	<b>\$65,545</b>	<b>\$69,440</b>	<b>\$73,260</b>	<b>\$91,016</b>	<b>\$105,872</b>	<b>\$116,772</b>	<b>\$122,426</b>	<b>\$121,272</b>	<b>\$111,425</b>	<b>\$90,614</b>
Deferred Developer Fee Balance		\$1,188,581	\$1,127,000	\$1,061,454	\$992,014	\$918,754	\$498,213	\$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>\$2,790</b>	<b>\$566,671</b>	<b>\$1,169,880</b>	<b>\$1,781,623</b>	<b>\$2,362,344</b>	<b>\$2,861,931</b>

November 22, 2024

Cody,

We are submitting this amendment request regarding Santa Fe Place in Lubbock, application #23178. This request is being made to ensure financial feasibility, allowing our teams to move forward in developing much-needed affordable, multifamily housing in the City of Lubbock.

At the time of initial application, we applied for 110 total units, 98 of which were income-based, and 12 of which were market rate. Since the time of application, and considering the ever-changing economic climate, our initial design of Santa Fe Place is no longer financially viable or feasible for development.

After working with our design and construction teams over the last few months, we have determined that by **reducing all market rate units, and 8 LIHTC units**, we would be able to proceed with the financial closing and construction of this development.

By approving our unit count reduction request from 110 units to 90 units, TDHCA would be aiding in the development of 90 more homes for Lubbock families in need of safe, high-quality, affordable housing. Without this approval, we feel that financial viability, or lack thereof, would result in no affordable housing being built, versus the 90 units we are proposing. For the families and individuals in Lubbock who need these homes, we know that if allowed to proceed with our proposed plans, we would be fostering positive change in the lives of many.

Our proposed plans include 24 one-bedroom units, 48 two-bedroom units, and 18 three-bedroom-units, all of which are income-restricted for those making 30%, 50%, and 60% of the area median income. Please see below for a chart summary of all design changes being made.

Unit Mix	30%			50%			60%			MR		
	P	O	D	P	O	D	P	O	D	P	O	D
1 Bedroom	3	2	1	4	6	-2	17	18	-1	0	4	-4
2 Bedroom	4	6	-2	9	10	-1	35	38	-3	0	4	-4
3 Bedroom	2	2	0	5	4	1	11	12	-1	0	4	-4

Unit Count	P	O	D
1 Bedroom	24	30	-6
2 Bedroom	48	58	-10
3 Bedroom	18	22	-4
<b>Totals</b>	<b>90</b>	<b>110</b>	<b>-20</b>

AMIs	P	O	D
30	9	10	-1
50	18	20	-2
60	63	68	-5
MR	0	12	-12
<b>Totals</b>	<b>90</b>	<b>110</b>	<b>-20</b>

Parking	P	O	D
	120	244	-124

Bldg info	P	O	D
Buildings	4	5	-1
Parking	120	244	-124
NRA	74,100	102,995	-28895
Common SF	12371	13,897	-1526
<b>Total SF</b>	<b>86,471</b>	<b>116,892</b>	<b>-30421</b>

P = Proposed  
O = Original  
D = Difference

Additionally, the proposed redesign would change the buildings' positioning on the site, though the site footprint itself will not be changing from application. Due to budgetary constraints, our plans no longer include a pool but maintain a clubhouse and other common spaces, with amenities selected to maintain and foster a sense of community; an aspect of our proposed redesign that will remain pivotal to this development as we move forward.

As a result of our proposed changes, we are assuming the financing changes as follows:

- The reduction to the unit count will result in a loss of EGI from \$1,110,511 to \$969,518.
- As a result of having less units and losing economies of scale, the projected operating expense per unit will increase from \$5,634 to \$5,870. Projected NOI has decreased from \$480,891 vs \$441,251.
- The estimated hard costs for the project have increased significantly since the application was submitted almost two years ago. Based upon the current 90 unit configuration, estimated building costs plus site work are \$154,021 per unit vs the original application estimate of \$132,497 per unit. However, in total, building costs plus site work will decrease from \$14,574,650 to \$13,861,904, which will help the project become financially feasible.
- Total development costs will also decrease from \$24,553,715 to \$23,016,730.
- There has been an increase to interest rates and a decrease in equity pricing since the original application was submitted. Currently, we are anticipating a \$5,145,338 perm loan at 7.00%, amortized over 40 years. A decrease from \$5,600,000 and 6.25% from the original app. Equity pricing has decreased from \$0.90 to \$0.86, resulting in a loss of equity in the amount of \$786,981 from the original application.

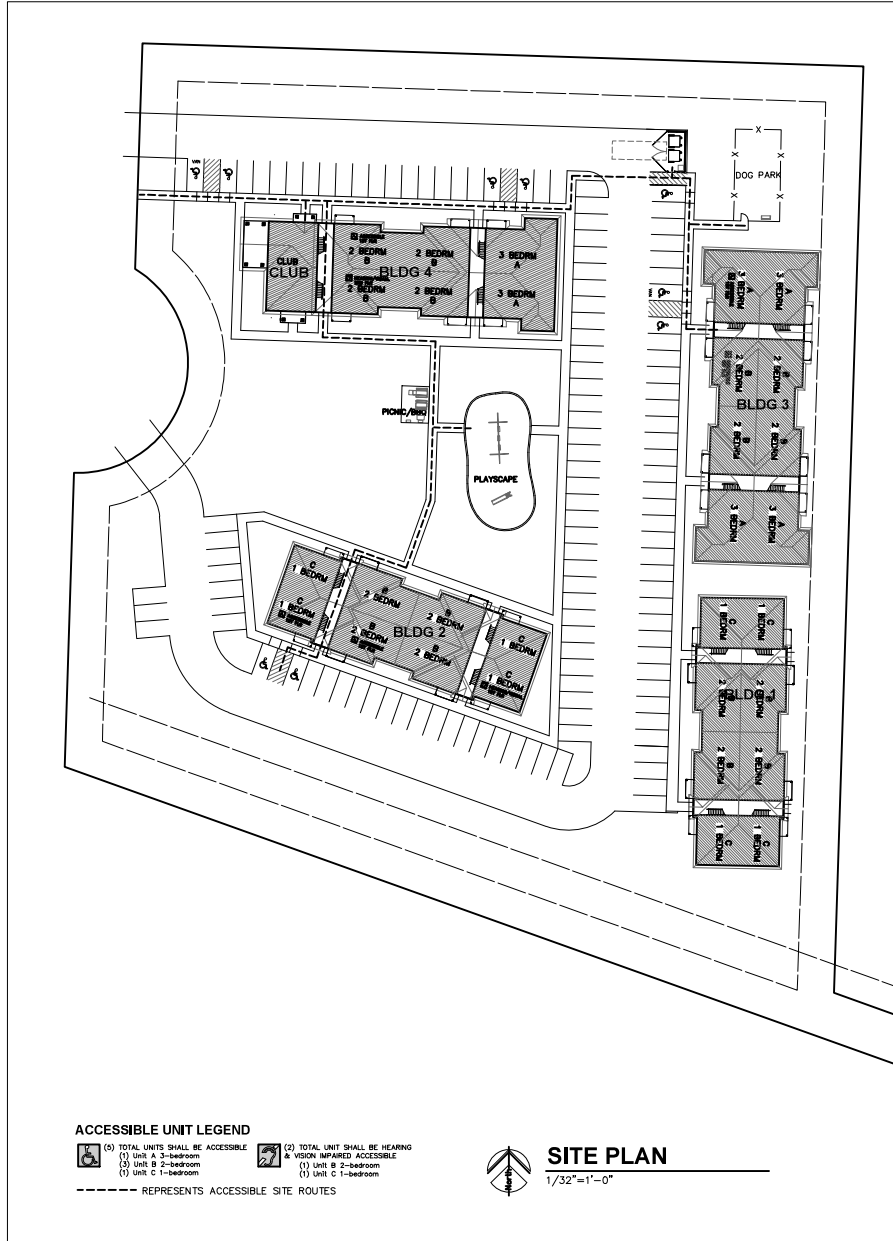
This development was submitted in March of 2023. We believe that the continued significant increases in construction costs and interest rates over the last year and a half could not have been anticipated at the time by the developer.

Please feel free to reach out to me directly with any comments or questions as you review.

Best,



Sarah Anderson  
S. Anderson Consulting  
512-554-4721



**PROJECT UNIT SUMMARY**

BUILDING LABEL	FLOORS	UNITS #			HTD SF	UN-HTD SF	TOTAL SF
		3BR	2BR	1BR			
CLUBHOUSE	1				1,321	346	1,667
1	3	0	12	12	17,400	2,676	20,076
2	3	0	12	12	17,400	2,676	20,076
3	3	12	12	0	22,800	2,676	25,476
4	3	6	12	0	16,500	2,676	19,176
<b>TOTALS</b>		<b>18</b>	<b>48</b>	<b>24</b>	<b>75,421</b>	<b>11,050</b>	<b>86,471</b>

**ACCESSIBLE/HEARING SUMMARY**

BUILDING LABEL	UNIT LABELS	TYPE	ACC	H.V.	NRA SF	TOTAL SF
						TOTAL SF
3	A	1			1,050	1,050
2,3,4	B	3	1		850	3,450
1,2,3	C	1	1		600	1,200
<b>TOTALS</b>		<b>5</b>	<b>2</b>		<b>2,500</b>	<b>5,650</b>

**UNIT SUMMARY**

UNIT LABEL	UNIT TYPE	ACCESSIBILITY	LOCATION BUILDING	NET SQUARE FOOTAGE	TOTAL NO. OF UNITS
A	3-BED 2-BATH	ACCESSIBLE	3	1,050	1
A	3-BED 2-BATH	STANDARD	3,4	1,050	17
B	2-BED 2-BATH	ACCESSIBLE / HV	2,3,4	850	4
B	2-BED 2-BATH	STANDARD	1,2,3,4	850	44
C	1-BED 1-BATH	ACCESSIBLE / HV	2	600	2
C	1-BED 1-BATH	STANDARD	2,3	600	22
<b>TOTAL</b>					<b>90</b>

**LOT COVERAGE**

SITE ACRES	SITE SF	BUILDING(S) TOTAL FOOTPRINT	LOT COVERAGE
4.563 ACRES	198,782 SF	29,939 SF	15.1%

**ZONING NOTES**  
 THIS SITE IS CURRENTLY ZONED HIGH DENSITY RESIDENTIAL (HDR) WITHIN THE CITY OF LUBBOCK TX. MULTI-FAMILY RESIDENTIAL AS DESIGNED MEETS THE INTENT OF THE ZONING CODE.

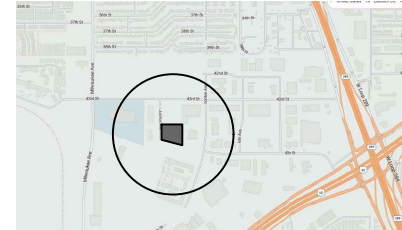
**PARKING SUMMARY**

ACCESSIBLE PARKING STALLS	9 (2 min)
STANDARD PARKING STALLS	111
<b>TOTAL PARKING STALLS</b>	<b>120</b>
<b>PARKING RATIO (STALLS/UNITS)</b>	<b>1.33</b>

PARKING MEETS LUBBOCK LOCAL REQUIREMENTS.  
 RES. APARTMENTS: 1stall/1bed du, 1.25stall/2bed du, 2stall/3bed du

**FLOOD PLAN**  
 THE HEREIN DESCRIBED PROPERTY DOES NOT LIE WITHIN THE SPECIAL FLOOD HAZARD AREAS INUNDATED BY 100 YEAR FLOOD AS DELINEATED ON THE FLOOD INSURANCE RATE MAP FOR THE CITY OF LUBBOCK, TEXAS.

**STORM WATER RETENTION**  
 THE PROPOSED PROJECT SITE HAS A VERY GENTLE SLOPE THAT DRAINS FROM WEST TO EAST. THE PROPOSED PROJECT SITE WILL ULTIMATELY DISCHARGE STORMWATER TO IRONTON AVE. IRONTON AVENUE AND THE DRAINAGE CHANNEL IRONTON AVE DISCHARGES INTO HAVE BEEN DESIGNED TO ACCOMMODATE RUNOFF FROM FULLY DEVELOPED UPSTREAM PROPERTIES. THEREFORE, NO ON-SITE RETENTION OR DETENTION WILL BE REQUIRED FOR THE PROPOSED PROJECT SITE.



**VICINITY PLAN**  
 NOT TO SCALE