

HR&A Advisors, Inc.

LISC San Antonio Affordable Housing Training 11/14/22

Case Study - Base Case

Deal Summary	
Units	76
Affordability	30%, 60%, 80% AMI and market-rate
BR Size	2BR and 3BRs
Rents	\$374 - \$1,763
Residential SF	70,000

Uses of Funds			
Cost	Amount	Per Unit	% of Total
Acquisition	1,965,000	25,855	7%
Construction	19,924,186	262,160	66%
Soft Costs	4,640,064	61,053	15%
Reserves	503,750	6,628	2%
Developer Fee	2,967,000	39,039	10%
Total All Uses	30,000,000	394,737	100%

Sources of Funds				Rate	Term	Am
Source	Amount	Per Unit	% of Total			
First Mortgage	5,940,000	78,158	20%	7.50%	20	40
Federal LIHTC Equity	15,006,000	197,447	50%			
		0	0%			
Must-Pay Subord Debt		0	0%	3.50%	20	I/O
Deferred Developer Fee		0	0%			
		0	0%			
Gap	9,054,000	119,132	30%			
Total All Sources	\$30,000,000	\$394,737	100%			

Assumptions

Vacancy	7.0%
Opex per Unit	\$5,685
Income Escalation	2.0%
Opex Escalation	3.0%
Exit Cap Rate	6.0%

Year 1 Pro Forma

Gross Potential Rent	\$1,137,666
Vacancy	(\$79,637)
Other Income	\$18,240
Expected Gross Revenue	\$1,076,269
Operating Expenses	\$432,060
Net Operating Income	\$644,209

Payment	\$471,638
1st Mortgage DSCR	1.37

HR&A Advisors, Inc.

LISC San Antonio Affordable Housing Training 11/14/22

Case Study - Adding Must-Pay Subordinate Debt up to 1.15 DSCR

Deal Summary	
Units	76
Affordability	30%, 60%, 80% AMI and market-rate
BR Size	2BR and 3BRs
Rents	\$374 - \$1,763
Residential SF	70,000

Uses of Funds			
Cost	Amount	Per Unit	% of Total
Acquisition	1,965,000	25,855	7%
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Soft Costs	4,640,064	61,053	15%
Reserves	503,750	6,628	2%
Developer Fee	2,967,000	39,039	10%
Total All Uses	30,000,000	394,737	100%

Sources of Funds				Rate	Term	Am
Source	Amount	Per Unit	% of Total			
First Mortgage	5,940,000	78,158	20%	7.50%	20	40
Federal LIHTC Equity	15,006,000	197,447	50%			
		0	0%			
Must-Pay Subord Debt	2,529,800	33,287	8%	3.50%	20	I/O
Deferred Developer Fee		0	0%			
		0	0%			
Gap	6,524,200	85,845	22%			
Total All Sources	\$30,000,000	\$394,737	100%			

Assumptions

Vacancy	7.0%
Opex per Unit	\$5,685
Income Escalation	2.0%
Opex Escalation	3.0%
Exit Cap Rate	6.0%

Year 1 Pro Forma

Gross Potential Rent	\$1,137,666
Vacancy	(\$79,637)
Other Income	\$18,240
Expected Gross Revenue	\$1,076,269
Operating Expenses	\$432,060
Net Operating Income	\$644,209
Payment	\$471,638
1st Mortgage DSCR	1.37
Payment	\$88,543
Combined DSCR	1.15
Payment	

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LISC San Antonio Affordable Housing Training

Case Study - Adding Must-Pay Subordinate Debt up to 1.15 DSCR

Year	1	2	3	4	5	6	7	8	9	10
Expected Gross Revenue	\$1,076,269	\$1,097,795	\$1,119,751	\$1,142,146	\$1,164,989	\$1,188,288	\$1,212,054	\$1,236,295	\$1,261,021	\$1,286,242
Operating Expenses	\$432,060	\$445,022	\$458,372	\$472,124	\$486,287	\$500,876	\$515,902	\$531,379	\$547,321	\$563,740
Net Operating Income	\$644,209	\$652,773	\$661,378	\$670,022	\$678,701	\$687,412	\$696,152	\$704,916	\$713,700	\$722,501
1st Mortgage Payment	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638
2nd Mortgage Payment	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543
Deferred Dev Fee Payment	-	-	-	-	-	-	-	-	-	-
Soft Debt Payment	-	-	-	-	-	-	-	-	-	-
Residual Cash Flow	\$84,029	\$92,592	\$101,197	\$109,841	\$118,520	\$127,232	\$135,971	\$144,735	\$153,520	\$162,320

Year	11	12	13	14	15	16	17	18	19	20
Expected Gross Revenue	\$1,311,966	\$1,338,206	\$1,364,970	\$1,392,269	\$1,420,115	\$1,448,517	\$1,477,487	\$1,507,037	\$1,537,178	\$1,567,921
Operating Expenses	\$580,653	\$598,072	\$616,014	\$634,495	\$653,530	\$673,135	\$693,329	\$714,129	\$735,553	\$757,620
Net Operating Income	\$731,314	\$740,134	\$748,956	\$757,775	\$766,585	\$775,381	\$784,158	\$792,908	\$801,624	\$810,301
1st Mortgage Payment	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638
2nd Mortgage Payment	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543
Deferred Dev Fee Payment	-	-	-	-	-	-	-	-	-	-
Soft Debt Payment	-	-	-	-	-	-	-	-	-	-
Residual Cash Flow	\$171,133	\$179,953	\$188,775	\$197,594	\$206,404	\$215,201	\$223,977	\$232,727	\$241,444	\$250,121

Refi	\$8,874,146
Sale	\$13,505,024

First Mortgage Balance	(\$4,808,108)
Must-Pay Subord Debt Balance	(\$2,529,800)
Soft-Pay Subord Debt Balance	-

Net Exit Proceeds (Refi)	\$1,536,237
Net Exit Proceeds (Sale)	\$6,167,116

Net Exit Proceed (Mkt Rate Sale)	\$9,476,299
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LISC San Antonio Affordable Housing Training 11/14/22

Case Study - Adding 0% Loan and Deferred Fee

Deal Summary	
Units	76
Affordability	30%, 60%, 80% AMI and market-rate
BR Size	2BR and 3BRs
Rents	\$374 - \$1,763
Residential SF	70,000

Uses of Funds			
Cost	Amount	Per Unit	% of Total
Acquisition	1,965,000	25,855	7%
Construction	19,924,186	262,160	66%
Soft Costs	4,640,064	61,053	15%
Reserves	503,750	6,628	2%
Developer Fee	2,967,000	39,039	10%
Total All Uses	30,000,000	394,737	100%

Sources of Funds				Rate	Term	Am
Source	Amount	Per Unit	% of Total			
First Mortgage	5,940,000	78,158	20%	7.50%	20	40
Federal LIHTC Equity	15,006,000	197,447	50%			
		0	0%			
Must-Pay Subord Debt	2,529,800	33,287	8%	3.50%	20	I/O
Deferred Developer Fee	1,483,500	19,520	5%			
Soft-Pay Subord Debt	5,040,700	66,325	17%	0.00%	20	I/O
Gap	0	0	0%			
Total All Sources	\$30,000,000	\$394,737	100%			

Assumptions

Vacancy	7.0%
Opex per Unit	\$5,685
Income Escalation	2.0%
Opex Escalation	3.0%
Exit Cap Rate	6.0%
Soft Debt PMT % of Cash Flow	25%

Year 1 Pro Forma

Gross Potential Rent	\$1,137,666
Vacancy	(\$79,637)
Other Income	\$18,240
Expected Gross Revenue	\$1,076,269
Operating Expenses	\$432,060
Net Operating Income	\$644,209
Payment	\$471,638
1st Mortgage DSCR	1.37
Payment	\$88,543
Combined DSCR	1.15
Annual Interest	\$0

HR&A Advisors, Inc.

LISC San Antonio Affordable Housing Training

Case Study - Adding 0% Loan and Deferred Fee

Year	1	2	3	4	5	6	7	8	9	10
Expected Gross Revenue	\$1,076,269	\$1,097,795	\$1,119,751	\$1,142,146	\$1,164,989	\$1,188,288	\$1,212,054	\$1,236,295	\$1,261,021	\$1,286,242
Operating Expenses	\$432,060	\$445,022	\$458,372	\$472,124	\$486,287	\$500,876	\$515,902	\$531,379	\$547,321	\$563,740
Net Operating Income	\$644,209	\$652,773	\$661,378	\$670,022	\$678,701	\$687,412	\$696,152	\$704,916	\$713,700	\$722,501
1st Mortgage Payment	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638
2nd Mortgage Payment	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543
Deferred Dev Fee Payment	\$84,029	\$92,592	\$101,197	\$109,841	\$118,520	\$127,232	\$135,971	\$144,735	\$153,520	\$162,320
Soft Debt Payment	-	-	-	-	-	-	-	-	-	-
Residual Cash Flow	-	-	-	-	-	-	-	-	-	-

Year	11	12	13	14	15	16	17	18	19	20
Expected Gross Revenue	\$1,311,966	\$1,338,206	\$1,364,970	\$1,392,269	\$1,420,115	\$1,448,517	\$1,477,487	\$1,507,037	\$1,537,178	\$1,567,921
Operating Expenses	\$580,653	\$598,072	\$616,014	\$634,495	\$653,530	\$673,135	\$693,329	\$714,129	\$735,553	\$757,620
Net Operating Income	\$731,314	\$740,134	\$748,956	\$757,775	\$766,585	\$775,381	\$784,158	\$792,908	\$801,624	\$810,301
1st Mortgage Payment	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638	\$471,638
2nd Mortgage Payment	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543	\$88,543
Deferred Dev Fee Payment	\$171,133	\$82,410	-	-	-	-	-	-	-	-
Soft Debt Payment	-	\$24,386	\$47,194	\$49,398	\$51,601	\$53,800	\$55,994	\$58,182	\$60,361	\$62,530
Residual Cash Flow	-	\$73,157	\$141,581	\$148,196	\$154,803	\$161,401	\$167,983	\$174,545	\$181,083	\$187,591

Refi	\$8,874,146
Sale	\$13,505,024
First Mortgage Balance	(\$4,808,108)
Must-Pay Subord Debt Balance	(\$2,529,800)
Soft-Pay Subord Debt Balance	(\$4,577,254)
Net Exit Proceeds (Refi)	(\$3,041,017)
Net Exit Proceeds (Sale)	\$1,589,862
Net Exit Proceed (Mkt Rate Sale)	\$4,899,045

HR&A Advisors, Inc.

LISC San Antonio Affordable Housing Training 11/14/22

Case Study - Interest Rate Compromise on the Soft Pay Loan

Deal Summary	
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Residential SF	70,000

Uses of Funds			
Cost	Amount	Per Unit	% of Total
Acquisition	1,965,000	25,855	7%
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Sources of Funds				Rate	Term	Am
Source	Amount	Per Unit	% of Total			
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Federal LIHTC Equity	15,006,000	197,447	50%			
		0	0%			
Must-Pay Subord Debt	2,529,800	33,287	8%	3.50%	20	I/O
Deferred Developer Fee	1,483,500	19,520	5%			
Soft-Pay Subord Debt	5,040,700	66,325	17%	3.00%	20	I/O
Gap	0	0	0%			
Total All Sources	\$30,000,000	\$394,737	100%			

Assumptions

Vacancy	7.0%
Opex per Unit	\$5,685
Income Escalation	2.0%
Opex Escalation	3.0%
Exit Cap Rate	6.0%
Soft Debt PMT % of Cash Flow	25%

Year 1 Pro Forma

Gross Potential Rent	\$1,137,666
Vacancy	(\$79,637)
Other Income	\$18,240
Expected Gross Revenue	\$1,076,269
Operating Expenses	\$432,060
Net Operating Income	\$644,209
Payment	\$471,638
1st Mortgage DSCR	1.37
Payment	\$88,543
Combined DSCR	1.15
Annual Interest	\$151,221

