

From: [Brandon Rule](#)
To: [Spears, Julie](#)
Cc: [Rofls, Daniel](#); [Megan Schuetz](#)
Subject: Updated 1402 Proforma
Date: Tuesday, January 26, 2021 3:49:45 PM
Attachments: [image001.png](#)
[Madison Grocery 2021.01.14 - WHEDA.pdf](#)

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Hi Julie –

Please see the updated model attached, with a summary outlining the changes from the last submission.

- 4% Credit Lock – increased annual federal credit allocation by about \$300K

Did decrease pricing from \$.92 to \$.90 but overall equity increased

- TDC increased from \$39.9M to \$44.4M
- More favorable financing terms

Rate now 3.9%

DCR requirements now 1.15 (does decrease the amount of deferred fee that can be paid back in 15 years)

- Added AHP from Federal Home Loan Bank of Pittsburgh
- Added County funding
- Change in Developer Fee

2020 total fee → \$6.3M (deferring almost 90%)

2021 total fee → \$4.85M (deferring over 60%)

- Updated timing/dates
- Commercial Income Removed – Affected 1st mortgage
- Commercial Sale added – \$4.6M
- Construction Costs increased from \$29.2 to \$34.6 –

Site work is more expensive due to updated design

Added in additional square footage for more community space

Green roof & stormwater management

Costs based on real plans versus estimates

Cost increases across projects due to COVID and wildfires (lumber, appliances for example)

- Soft costs –

Increased financing fees for private placement (still worth the better terms)

Tax credit fees went up tied to the 4% lock

Best,

Brandon Rule

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DRAFT

FOURTEEN02 SOUTH PARK

Low-Income Housing Tax Credit Financial Analysis

January 17, 2021

**FOURTEEN02 SOUTH PARK
PROJECT ASSUMPTIONS**

PROJECT INFORMATION

Partnership	FOURTEEN02 SOUTH PARK
County	Dane
Type	New Construction
LIHTC Type	4% - FAMILY
Number of Units	150
LP Formation	2021 3
Construction Start	2021 4
Construction Period	12
Operations	2022 4
Starting Month of Depreciation	4
Starting Month of Lease-Up	5
Absorption Rate (Mos.)	8
Credit % - 30% PV	4.00%
Credit % - 70% PV	9.00%
Qualified Census Tract - DDA	100.00%
Project Cost	\$ 44,123,873
First Mortgage - Private Placement	\$ 17,594,226
Grocery Purchase Price	\$ 4,600,000
LIHTC Equity	\$ 12,465,022
State LIHTC Equity	\$ 3,989,251
Deferred Dev Fee	\$ 3,075,374
Second Mortgage - City of Madison	\$ 300,000
Dane County Housing Funds	\$ 1,350,000
FHLB - Pitt AHP Funds	\$ 750,000

FINANCING ASSUMPTIONS

Construction Loan- Tax Exempt	\$ 24,737,122
Interest rate	4.05%
Construction Loan - Taxable	\$ 3,830,000
Interest rate	4.50%
Term (months)	18
First Mortgage - Private Placement	\$ 17,594,226
Interest Rate	3.90%
Amortization (years)	40
Term (years)	40
Start Month	3
Start Year	2023
DCR	1.150
Second Mortgage - City of Madison	\$ 300,000
Interest Rate	2.75%
Amortization (years)	30
Term (years)	16
Start Month	3
Start Year	2023
FHLB - Pitt AHP Funds	\$ 750,000
Interest Rate	0.00%
Amortization (years)	30
Term (years)	30
Start Month	3
Start Year	2023
Dane County Housing Funds	\$ 1,350,000
Interest Rate	0.00%
Term (years)	30
Grocery Purchase Price	\$ 4,600,000
Deferred Developer Fee	\$ 3,075,374
WHEDA Required Portion	0
Additional Deferred Portion - GAP	3,075,374

SYNDICATION INFORMATION

Limited Partner's Capital Contribution		37.29%
Investor Federal LIHTC Equity	\$ 12,465,022	
Investor State LIHTC Equity	3,989,251	
Total Investor Capital	16,454,273	
Investor Federal Tax Rate		21.00%
1st Contribution	Date: 03/31/2021	
Closing	F LIHTC 2,493,004	
20.00%	S LIHTC 797,850	
Part I and II	Total 3,290,855	
2nd Contribution	Date: 04/01/2022	
Completion	F LIHTC 7,479,013	
60.00%	S LIHTC 2,393,551	
	Total 9,872,564	
3rd Contribution	Date: 03/01/2023	
Perm Conv	F LIHTC 1,869,753	
15.00%	S LIHTC 598,388	
	Total 2,468,141	
4th Contribution	Date: 03/01/2023	
8609	F LIHTC 623,251	
5.0%	S LIHTC 199,463	
	Total 822,714	
Price Per Credit		
Federal Low Income Housing	\$ 0.9000	
State Low Income Housing	\$ 0.7100	
Developer Fee Pay-in Schedule		1,777,156
1st Contribution	Date: 03/31/2021	
Closing	25% \$ 444,289	
2nd Contribution	Date: 04/01/2022	
Completion	25% 444,289	
3rd Contribution	Date: 03/01/2023	
Perm Conv	50% \$ 888,578	

Percent of Ownership	
General Partner	0.01%
Limited Partner	99.99%
Total	100.00%
Cash Flow Distribution	
General Partner	0.01%
Limited Partner	99.99%
Total	100.00%
Income, Loss & Credits	
General Partner	0.0100%
Limited Partner	99.99%
Total	100.00%
Sale Proceeds Distribution	
General Partner	90.00%
Limited Partner	10.00%
Total	100.00%

OPERATING EXPENSES

	Total	Per Unit	
Administrative	\$ 174,725	1,165	
Maintenance	74,500	497	
Operating	246,033	1,640	
Real Estate Taxes	180,000	1,200	
	675,258	4,502	
Replacement Reserve	60,000	400	
Property Management Fee	6% 110,742	738	
Total	846,000	5,640	\$ 470.00

Annual Operating Exp. Increase	3.00%
Annual Real Estate Tax Increase	3.00%
Annual Management Fee Increase	3.00%
Annual Reserve Increase	3.00%
Interest rate on reserves	0.00%

CASH FLOW DISTRIBUTION

LP Asset Management Fee	\$ 5,000	Annually
Deferred Developpr Fee	100%	
City of Madison Funds	100%	
GP Partnership Management Fee	90%	of remaining cash flow, non accruing

RENTAL INCOME

Number of Bedrooms	Units	AMI Set Aside %	Unit Type	Baths	SF per Unit	Monthly Net Rent	Monthly Utility	Monthly Gross Rent	Total Monthly Rent
1 Bedroom	-	30%	Section 811	1.0	650	959	80	1,039	-
1 Bedroom	25	30%	LIHTC	1.0	650	485	80	565	12,125
1 Bedroom	40	50%	LIHTC	1.0	650	861	80	941	34,440
2 Bedroom	-	30%	Section 811	2.0	950	1,116	95	1,211	-
2 Bedroom	5	30%	LIHTC	2.0	950	583	95	678	2,915
2 Bedroom	50	80%	LIHTC	2.0	950	1,385	95	1,480	69,250
3 Bedroom	24	50%	LIHTC	2.0	1,250	1,194	111	1,305	28,656
3 Bedroom TH	6	80%	LIHTC	2.0	1,250	1,500	111	1,611	9,000
Total	150	57.20%			132,000				156,386

Applicable Fraction 100.00%
62.67% AHP 100.00%

Base Gross Residential Rent	\$ 1,876,632
Rent Increases	2.00%
Residential Vacancy Loss	7.00%
Commercial Income - Grocery Store	\$0
Rent Increases	2.00%

	Annually	PUPM
Parking	\$ 81,000	\$ 45.00
Pet Fee	\$ 27,000	\$ 30.00
	\$ 108,000	\$ 75
		77,940

ACQUISITION CREDIT

Acquisition price	-
Less: Land & other non-depreciable costs	-
Less: Other	-
Adjusted Eligible Basis	-
Qualified Census Tract Adjustment	100.00%
Eligible Basis	-
Applicable Fraction (Low Inc. %)	100.00%
Qualified Basis	-
Credit Percentage (30% PV)	4.00%

Potential Annual Credit -

CONSTRUCTION / REHAB CREDIT

Eligible Building Basis	34,628,537
Less: Acquisition Credit	-
Less: Federal HTC - Residential	-
Adjusted Eligible Basis	34,628,537
Qualified Census Tract Adjustment	100.00%
Eligible Basis	34,628,537
Applicable Fraction (Low Inc. %)	100.00%
Qualified Basis	34,628,537
Credit Percentage (30% PV)	4.00%

Potential Annual Credit 1,385,141

LIH CREDIT ANALYSIS

	FED Credit	State Credit
Annual LIH Credit Calculated	1,385,141	1,385,141
Annual LIH Credit Reserved	1,385,141	936,444
Minimum Credit or Allocation	1,385,141	936,444
Total Tax Credit	13,851,410	5,618,664
Investor Percentage	99.99%	100.00%
Tax Credits for Syndication	13,850,025	5,618,664
Price per Credit	0.9000	0.7100
Federal LIHTC Equity Raised	12,465,022	3,989,251

FOURTEEN02 SOUTH PARK
FORECAST OF NET CASH FLOW FROM OPERATIONS

WHEDA CASH FLOW

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	
Income																	
Rental Income		\$ 1,876,632	\$ 1,914,165	\$ 1,952,448	\$ 1,991,497	\$ 2,031,327	\$ 2,071,953	\$ 2,113,392	\$ 2,155,660	\$ 2,198,773	\$ 2,242,749	\$ 2,287,604	\$ 2,333,356	\$ 2,380,023	\$ 2,427,624	\$ 2,476,176	\$ 32,453,380
Less: Vacancy	-7.0%	(131,364)	(133,992)	(136,671)	(139,405)	(142,193)	(145,037)	(147,937)	(150,896)	(153,914)	(156,992)	(160,132)	(163,335)	(166,602)	(169,934)	(173,332)	(2,271,737)
Other Income		108,000	110,160	112,363	114,610	116,903	119,241	121,626	124,058	126,539	129,070	131,651	134,284	136,970	139,710	142,504	1,867,689
Less: Vacancy	-7.0%	(7,560)	(7,711)	(7,865)	(8,023)	(8,183)	(8,347)	(8,514)	(8,684)	(8,858)	(9,035)	(9,216)	(9,400)	(9,588)	(9,780)	(9,975)	(130,738)
Commercial Income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Vacancy	20.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effective Gross Income		1,845,708	1,882,622	1,920,274	1,958,680	1,997,853	2,037,811	2,078,567	2,120,138	2,162,541	2,205,792	2,249,907	2,294,906	2,340,804	2,387,620	2,435,372	31,918,594
Expenses																	
Operating Expenses		495,258	510,115	525,419	541,181	557,417	574,139	591,363	609,104	627,377	646,199	665,585	685,552	706,119	727,302	749,121	9,211,252
Real Estate Taxes		180,000	185,400	190,962	196,691	202,592	208,669	214,929	221,377	228,019	234,859	241,905	249,162	256,637	264,336	272,266	3,347,804
Management Fee	6.0%	110,742	112,957	115,216	117,521	119,871	122,269	124,714	127,208	129,752	132,347	134,994	137,694	140,448	143,257	146,122	1,915,116
Reserve for Replacement	3.0%	60,000	61,800	63,654	65,564	67,531	69,556	71,643	73,792	76,006	78,286	80,635	83,054	85,546	88,112	90,755	1,115,935
Total Operating Expenses		846,000	870,273	895,251	920,957	947,410	974,634	1,002,650	1,031,482	1,061,155	1,091,692	1,123,119	1,155,463	1,188,750	1,223,008	1,258,265	15,590,107
Net Operating Income		999,708	1,012,349	1,025,023	1,037,723	1,050,443	1,063,177	1,075,917	1,088,656	1,101,386	1,114,100	1,126,788	1,139,443	1,152,054	1,164,612	1,177,107	16,328,487
Debt Service																	
First Mortgage - Private Placement		869,311	869,311	869,311	869,311	869,311	869,311	869,311	869,311	869,311	869,311	869,311	869,311	869,311	869,311	869,311	13,039,666
Total Debt Service		869,311	869,311	869,311	869,311	869,311	869,311	869,311	869,311	869,311	869,311	869,311	869,311	869,311	869,311	869,311	13,039,666
<i>DCR 1st Mtg</i>		1.150	1.165	1.179	1.194	1.208	1.223	1.238	1.252	1.267	1.282	1.296	1.311	1.325	1.340	1.354	
Cash Flow		130,397	143,038	155,712	168,412	181,132	193,866	206,606	219,345	232,075	244,789	257,477	270,132	282,743	295,301	307,796	3,288,820
Asset Management Fee	3.0%	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563	92,995
Cash Flow		125,397	137,888	150,408	162,949	175,505	188,069	200,635	213,195	225,741	238,265	250,758	263,211	275,614	287,958	300,233	3,195,826
Deferred Developer Fee - GAP																	
Payment	3,075,374	125,397	137,888	150,408	162,949	175,505	188,069	200,635	213,195	225,741	238,265	250,758	263,211	275,614	287,958	179,781	3,075,374
Current Balance		2,949,977	2,812,089	2,661,681	2,498,733	2,323,228	2,135,158	1,934,523	1,721,328	1,495,586	1,257,322	1,006,564	743,353	467,739	179,781	-	-
Net Cash Flow for GP Fees		-	-	-	-	-	-	-	-	-	-	-	-	-	-	120,452	120,452
GP Partnership Management Fee	90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	108,407	108,407
Available Cash Flow for Distribution		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,045	\$ 12,045
General Partner	0.01%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 1
Limited Partner	99.9900%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,044	\$ 12,044
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,045	\$ 12,045

**FOURTEEN02 SOUTH PARK
50% TEST**

Land Costs

Land	\$	-
Total Land Costs		-

Depreciable Assets

Site Utilities	\$	154,670
Sitework		944,138
Park Impact Fees		212,800
Residential Construction NC		20,645,585
Garage		2,000,000
Cost of Grocery Buildout		4,600,000
General Requirements		1,205,299
Contractor Overhead		314,929
Contractor Profit		874,716
Construction Contingency		1,547,607
FF&E (GC)		452,500
FF&E (Owner)		50,000
Signage / Branding		15,000
Utility / Cable Connections		60,000
Plan / Examination Fees		50,000
Temp Heat		15,000
Escalation		225,016
Construction Contingency (GC)		906,816
Builders Risk Insurance		108,969
Payment & Performance Bond		249,944
Architecture: Design		550,000
Architect: Supervision		40,000
Engineering		10,000
Architect Reimbursables		15,000
Real estate attorney		-
Survey		10,000
Geotech/Soils		50,000
Construction Material Testing		10,000
Green Consultant		15,000
Development Consultant		50,000
Insurance		50,000
Construction Interest - Tax Exempt		569,313
Construction Interest - Taxable Bonds		16,206
LOC Fee		10,000
Construction Period Taxes		25,000
Lender Inspection		12,000
Market Study		6,500
Appraisal		5,000
Environmental Reports		61,500
Title and Recording		45,000
Consulting		75,000
Accounting		17,500
GP Legal Fees		100,000
Developer Fee		4,852,529

Total Depreciable Assets **41,228,537**

Land and Depreciable Assets **\$ 41,228,537**

50% Test

Bond Issuance	\$	28,567,122
50% of Land and Depreciable Assets		20,614,269
Over/(Under) 50% Test	\$	7,952,853

Tax Exempt	\$	24,737,122	60.00%
Taxable	\$	3,830,000	

69.29%

* The bonds must be above 50% of the land and depreciable assets' value