DRAFT








Housing and Community Development
City of Tucson

Portfolio Assessment and Preliminary Recommendations

Prepared by:
Praxis Consulting Group, LLC

August 14, 2023

Table of Contents

Executive Summary

In December 2022, the City of Tucson Department of Housing and Community Development (HCD) engaged Praxis Consulting Group, LLC (Praxis) to conduct an assessment its public housing properties and provide recommendations for preserving and expanding affordable housing in Tucson.

At the outset of the portfolio planning process, we asked Tucson HCD staff to voice their goals for the repositioning effort. Among these goals were the following:

- Put HCD on stable financial footing;
- Address HCD's aging housing stock through rehabilitation;
- Increase the overall energy efficiency of HCD's portfolio and take advantage of new green building technologies;
- Right-size the scattered-site portfolio to increase homeownership opportunities in Tucson and the overall affordable housing inventory city-wide by creating affordable homeownership opportunities with approximately two-thirds of the existing scattered-site single family homes;
- Utilize HCD's Faircloth Authority to pursue the development of new multi-family affordable housing;
- Double HCD's portfolio of affordable housing units, by taking better advantage of density, purpose-built senior and special needs housing, energy efficiency, and location efficiency; and,
- Reduce HCD's carbon impact to help ensure the City meets its climate targets identified in the Tucson Resilient Together Climate Action Plan.

Tucson's Existing Public Housing Portfolio is the Result of Forward-Looking Policy Decisions
HCD's current portfolio is a result of ambitious strategies over time to develop and acquire scattered-site properties in every neighborhood of the City and well-planned and forward-looking multi-family development efforts. The relatively recently completed MLK Apartments is emblematic of a housing authority with significant development capacity, and the Posadas HOPE VI development (formerly the Connie Chambers and La Reforma projects) represents the City's ability to implement major HUD programs. The recently successful Choice Neighborhoods Initiative (CNI) grant for Tucson House is just the latest example of HCD's ambition to take on large-scale affordable housing programs.

Under new recent leadership, and in the aftermath of COVID, HCD has rededicated itself to stabilizing its large and diverse portfolio and the finances of the Department, including appointing a dedicated Asset Manager position. This current portfolio assessment process is a component of this new focus.

HCD's Housing Stock is Showing its Age

HCD's Public Housing portfolio consists of 1,505 units, including 407 units at Tucson House, 483 scattered-site units (i.e. non-contiguous developments containing four or fewer units), and a number of small and medium-sized multi-family developments that make up the remaining 615 units.

The weighted average age of all its properties is over 45 years, or the equivalent of having been built in 1978. There is a clear divide in age between the two newest properties in the portfolio (MLK and Silverbell) and the remainder of the public housing units. While the scattered-site units can vary widely in age, with some units dating back to the 1940s, the median age of most properties is 40-50 years old. In general, the older the property, the greater its needs for rehabilitation and major repairs to maintain habitability.

In 2021 HCD commissioned AEI Consulting to prepare capital needs assessments of its entire public housing portfolio. Based upon the findings of these reports, the total cost of repairs for HCD's public housing portfolio over a 20-year period (excluding Tucson House) was estimated to be $45.7 million or about $41,646 per unit. However, we believe that these assessments significantly underestimate the overall capital needs of the portfolio, making the true cost of bringing the portfolio up to modern standards much higher. Based upon HCD's annual allocation of HUD Capital Funds, approximately $2.5 million, it would take roughly 18.3 years to address all the anticipated capital needs of these properties as documented in the reports, without accounting for new needs and challenges that would emerge during that time period.

Still, the properties visited by the assessment team were fully occupied, frequently attractive, and in relatively good condition considering the issues faced by the HCD. Staff exhibited deep institutional memory and knowledge of all properties across the portfolio. The dedication of management and maintenance staff to provide the best possible living conditions for public housing tenants was evident.

Despite HCD's Financial Challenges, there are Opportunities for Rehabilitation and Growth

While the scattered-site approach has resulted in affordable housing opportunities across the entire city, it is difficult to manage and maintain such a geographically dispersed and varied portfolio. With rising costs and inflation following in the wake of the COVID-19 public health crisis, and future cuts anticipated at the Federal level, Tucson needs a new approach to its scattered-site properties and a strategy for rehabilitating its aging housing stock.

<u>The costs of maintaining the HCD portfolio in its current form are not sustainable. According to a recent internal estimate, high operational and maintenance costs has resulted in a revenue gap of roughly $3.5 million a year. This means HCD must allocate reserves just to maintain the status quo, without factoring in the major capital repairs outlined above.</u>

This Report identifies federal and state-level financing tools available to help HCD to put its portfolio on a firmer financial footing while addressing rehabilitation needs, creating new capital for new affordable housing developments, and helping transform a portion of HCD's scattered-site portfolio into new homeownership opportunities for low-income Tucson residents.

HUD tools for recapitalizing and rehabilitating public housing properties as well as creating new construction affordable developments include the Rental Assistance Demonstration (RAD) Program, Section 18 Disposition, and the Faircloth-to-RAD program. These financing tools can be combined with traditional affordable housing financing mechanisms, like the Low Income Housing Tax Credit (LIHTC), tax exempt bonds, and Arizona state programs, including the Arizona State Affordable Housing Tax Credit. These programs are described in further detail in the Report.

The Inflation Reduction Act of 2022 allocated significant funds towards renewable energy projects and created new programs for increasing energy efficiency of existing housing developments. These tools can help the City of Tucson tackle its environmental goals while also rehabilitating its public housing portfolio.

Tucson is Well-Positioned to Transform and Expand its Public Housing Portfolio to Better Serve Residents in Need
The Report recommendations build on Tucson's long history of cutting-edge public housing strategies and financing tools to stabilize and improve its housing stock. Key recommendations in the Report include:

- Converting some large multi-family properties and all of the qualifying scattered-site properties from public housing to project-based Section 8 housing under the RAD and Section 18 programs, to increase revenue in order to address deferred maintenance and project operating deficits;
- Recapitalizing older multi-family properties, utilizing tax-exempt bonds, low-income housing tax credits, and other subsidies in order to extend the life of these properties for another 30 to 50 years;

- Convening a "Scattered Site Task Force" to evaluate HCD's large and geographically dispersed portfolio of low-density housing based upon metrics (such as age, physical needs, location, etc.) and to establish disposition strategies. Strategies might include conversion to homeownership opportunities, sale to community-based non-profit partners, and outright sale to the private sector, with the proceeds reinvested in HCD's affordable housing mission;
- Working with the Arizona Department of Housing (ADOH) to prioritize public housing preservation in the tax credit Qualified Allocation Plans and other programs; and,
- Utilizing the new HUD Faircloth-to-RAD program to access unused operating subsidy to create new affordable housing units in Tucson serving extremely low-income households.

Because most of these recommendations will directly impact families living in HCD units, as well as the HCD staff who serve them and the overall operations of the Department, it will be important to develop a strong communications strategy working with residents, staff, and City leadership as HCD moves forward with implementation.

The City of Tucson also has strong community partners that can help implement new HCD strategies and objectives, including Pima County Community Land Trust, Habitat for Humanity, the Tucson Industrial Development Authority (TIDA), and the larger affordable housing development community. Community partners such as these will be important in helping HCD to carry out its goals, especially for the transformation of its scattered-site portfolio.

Introduction

In December 2022, the City of Tucson Department of Housing and Community Development (HCD) engaged Praxis Consulting Group, LLC (Praxis) to conduct an assessment of HCD's public housing properties and provide recommendations for preserving and expanding affordable housing in Tucson. The objectives of this assessment include:

1. Identifying strategic options and available HUD financing tools (including RAD and Section 18) for rehabilitating and preserving HCD's housing portfolio, particularly its larger multifamily developments;
2. Developing a set of recommendations for thinning HCD's extensive scattered-site housing portfolio through a disposition process that creates homeownership opportunities for lower income Tucson residents and/or raises funds for new affordable housing development and/or preservation; and,
3. Determining opportunities for new affordable housing development through existing, and potential new, HCD resources, including opportunities for activating HCD's Faircloth limit using proceeds from Scattered-Site Disposition.

To begin the assessment, Praxis reviewed documents and data provided by HCD including:

- Project descriptions, including age of development, address, unit count and mix, building type, acreage, and target population;
- Capital Needs Assessments (CNAs) completed for various properties;
- Demographic, vacancy, and waiting list information;
- Three years of operating budgets by AMP and audited financial statements;
- Audits of Tax Credit properties and relevant tax credit compliance and partnership documents; and,
- Demographic and economic data for Tucson and greater Pima County, including housing cost trends, median income, poverty rate, percentage of minority residents, percentage of owner occupancy, and median housing age.

Praxis compiled this information in advance of a March 2023 site visit to develop questions for staff and to form the basis of the assessment.

The three-day site visit included meetings with HCD senior staff and visits to all major multifamily developments and a sampling of properties within the scattered-site AMPs. Praxis met with management and maintenance staff representing all of the AMPs in order to learn more about challenges and opportunities across the portfolio. HCD staff provided an extensive tour of Tucson's scattered-site portfolio, covering the entire geographic area of the city. Praxis also interviewed local stakeholders with expertise in community development and first-time homeownership to assess opportunities for lower income families across Tucson.

The Tucson HCD Portfolio Analysis and Preliminary Recommendations report is organized as follows:

- **Section I** provides context for this study, based on the Praxis Team's initial observations of HCD, its properties, and the local housing market.
- **Section II** provides an overview of HCD's public housing properties based upon quantitative and qualitative data provided to the Praxis Team.
- **Section III** discusses financing tools and the HUD policy context to address HCD's backlog of capital needs across its public housing properties, to dispose of scattered-site and functionally obsolete properties, and to develop new affordable housing.
- **Section IV** provides recommendations for addressing HCD's properties, including financing strategies for rehabilitating some properties, disposing of a portion of HCD's scattered-site properties, and expanding the affordable housing stock in the City of Tucson.
- **Section V** includes recommended next steps for moving forward with implementation.

The Attachments to the report include detailed profiles of each of the larger public housing properties and the scattered-site AMPs, preliminary financial models for the preservation of properties using a variety of financing tools, and back-up information to support the recommendations in Section V.

A note about terminology: This report utilizes technical HUD terminology that can prove confusing to a first-time reader. Most importantly, there are numerous references to "Disposition" throughout this report. As described further in Section III, "Disposition" refers to HUD's Section 18 tools, which provide financial resources to Housing Authorities to address severely distressed and/or scattered site public housing. Housing Authorities can retain full ownership and control of properties that are "disposed" of, receiving financial resources from HUD so they can rehabilitate them and continue to offer them as long-term, restricted affordable housing long into the future. "Disposition" is a financial framework for maintaining Public Housing Authority-owned and controlled affordable housing in the community, which may entail selling old and functionally obsolete properties with the goal of replacing affordable housing elsewhere. In fact, the recommendations and strategies below are focused on how HHA can increase the amount, and quality, of its affordable housing resources by utilizing "Disposition" tools.

I. Context

Based on its data analysis, research, and discussions with staff, the Praxis team can make the following observations about HCD, its properties and operations, and the affordable housing development environment in Tucson, Arizona:

About HCD

- Formed in 1941, the Housing Authority of the City of Tucson (THA) is the precursor to what is now the City of Tucson Department of Housing and Community Development (HCD). The Housing Authority was formally incorporated into the City of Tucson's organizational structure in 1971, giving it the ability to own land and integrating public housing decision-making into wider neighborhood development strategies and policies.
- Organizationally, HCD is a City department, overseen by a Director, who reports to the City Manager team. While HCD is divided into a Public Housing Agency section and a Community Development and Planning section, the integration of Public Housing and Community Development under one roof creates organizational efficiencies and synergies.
- HCD is the manager of the City's HUD entitlement programs (e.g. CDBG, HOME, ESG) and the public housing authority for the City as well as Pima County. In 2022, HCD's public housing operating budget was approximately $20.2 million, of which $10.2 million was associated with its public housing operations. HCD receives about $6.0 million in operating subsidy annually for this portfolio. It self-manages all its public and affordable housing properties and includes City staff with long institutional knowledge of its properties.
- As of December 2022, HCD had budget authority of 4,843 Housing Choice Vouchers (of which about 4,172 are currently utilized). According to HUD, HCD has allocated roughly 8% of these vouchers as project-based (338 PBVs). HCD does not currently have any RAD units. HCD receives approximately $2.5 million annually in capital funds.
- The Authority has a history of innovative redevelopment efforts including five previous tax credit transactions, which it operates and of which it is working towards taking full ownership. It also pioneered efforts nationally to introduce scattered-site public housing, through acquisition and infill development, across all areas of the city to promote mixed-income neighborhoods and low-density housing.
- HCD's current portfolio reflects past ambitious strategies and efforts to assemble a diverse scattered-site portfolio and develop complex multi-family housing. The relatively recently completed MLK Apartments is emblematic of a housing authority with significant development capacity, and the Posadas HOPE VI development (formerly the Connie Chambers and La Reforma projects) represents the ability to implement major HUD programs. The successful Choice Neighborhoods

Initiative (CNI) grant application for Tucson House is just the latest example of HCD's ambition to take on large-scale affordable housing projects.

- Under new recent leadership, and in the aftermath of COVID, HCD has rededicated itself to stabilizing its large and diverse portfolio and the finances of the Department, including appointing a dedicated Asset Manager position. This current portfolio assessment process is an example of this new focus.

About the HCD Properties

- HCD's Public Housing portfolio consists of 1,505 units, including 407 units at Tucson House, 483 scattered-site units (i.e. non-contiguous developments containing four or fewer units) across four AMPs, and a number of small and medium-sized multi-family developments that make up the remaining 615 units.
- HCD currently holds 421 units of unused Faircloth Authority—meaning that operating subsidy could be activated in order to serve low-income households if the Authority was to be overlaid on new or existing units.
- The large number of scattered-site units, especially single-family homes and duplexes, is a unique aspect of HCD's portfolio. The City of Tucson's scattered-site strategy dates back to 1969, when THA outlined a new policy emphasizing "low-density, scatter units" over "high-density housing." Over the next 50 plus years, Tucson continued to expand its scattered-site portfolio through new construction of single-family homes, duplexes, and triplexes and acquisition of existing single-family properties utilizing federal programs and THA (and later City of Tucson) funds.[1]
- Based upon the 2021 Capital Needs Assessments prepared by AEI, the total cost of repairs for HCD's public housing portfolio over a 20-year period (excluding Tucson House) was estimated to be $45.7 million or about $41,646 per unit. The weighted average need by AMP was slightly higher: $45,727 per unit. Based upon HCD's annual allocation of Capital Funds, estimated at $2.5 million, it would take roughly 18.3 years to address all the anticipated capital needs of these properties as documented in the reports, and probably much longer, since Tucson House (27% of the portfolio) was excluded from this analysis and only a portion of the Capital Funds allocation is available for hard costs.
- Based on our interviews, managing a geographically dispersed, diverse, and aging scattered-site portfolio presents management and maintenance challenges to the Department.

---

[1] *Hogan, James. "Tucson and Seattle: Successful Experiences with Scattered-Site Housing" in Scattered Site Housing: Characteristics and Consequences. U.S. Department of Housing and Urban Development Office of Policy Development and Research (1996).*

About Tucson and the Affordable Housing Environment

- Tucson is the second largest city in Arizona, the county seat of Pima County, and home to the University of Arizona. Located in the Sonoran Desert surrounded by mountains, Tucson is roughly 116 miles southeast of Phoenix and 69 miles north of the United States-Mexico border. Its population was estimated at 543,242 in 2021 with 218,790 households.
- The City and surrounding County have seen sustained population growth, with a population increase of 4.3% in the City of Tucson between 2010 and 2020, according to census data. Development has continued to spread outward from the city center into surrounding valleys and Pima County land.
- According to the City of Tucson's 2021 Housing Affordability Strategy for Tucson (HAST), between 2017 and 2021, median rent rose 40% and home values increased over 60%. According to this report, median rent in Tucson in September 2021 was estimated at $1,208 and the Tucson Typical Home Value was $287,288. Overall, housing prices increased rapidly during the COVID-19 pandemic, and recent interest rate increases have only started to slightly cool the housing market.
- According to U.S. Census Data, the 2021 median household income in Tucson was $48,058. While housing prices may be considered affordable in relation to other major metropolitan areas in the United States, relatively low median household incomes have not risen in line with increasing housing costs, meaning more Tucson residents are finding themselves cost burdened.
- According to the University of Arizona's Making Action Possible for Southern Arizona (MAP) project, 31.6% of all Tucson households experienced housing cost burden in 2021, meaning they paid more than 30% of their income in housing costs. However, 51.2% of Tucson renters experience cost burden, versus only 21.3% of households that own their home.
- While pandemic-related spending helped stave off evictions and helped cost burdened households remain in their homes, there are concerns that the sunsetting of assistance programs will result in a higher percentage of severely cost-burdened households.
- According to U.S. Census Data, around 51.3% of Tucson residents live in owner-occupied housing. However, as with other cities across the United States, homeownership rates vary significantly by race and ethnicity. While, according to the 2021 HAST, Tucson has a slightly higher homeownership rate for Hispanic/Latino rates than the U.S. average (48.9% in Tucson vs. 47.3% U.S.-wide), all other race and ethnic groups, including non-Hispanic whites, have lower homeownership rates in Tucson than the U.S. average.

II. Existing Conditions

Introduction

HCD's public housing and mixed-finance[2] affordable housing portfolio is diverse and unique, representing a range of strategies adopted over time to provide affordable housing to Tucson residents. Its large scattered-site portfolio reflects a forward-looking strategy to integrate the city racially and economically, while reducing the stigma of public housing across neighborhoods. The mixed-finance properties make up the majority of the larger multi-family properties and demonstrate an agency willing to adopt the latest financial tools and HUD policies to develop new, modern housing. The current portfolio reflects Tucson's ever-evolving approach to creating affordable housing opportunities for its residents.

The portfolio is not without its challenges. As will be further described below, HCD's aging housing stock needs major rehabilitation. While the scattered-site approach to public housing has helped distribute affordable housing opportunities across the entire city, it is difficult to manage and maintain such a geographically dispersed and varied portfolio. With rising costs and inflation following in the wake of the COVID-19 public health crisis, Tucson needs a new approach to its scattered-site properties.

This section outlines the HCD's public housing and mixed-finance portfolio across several metrics, including geography, building typology, age, unit mix, capital needs and operating costs. A summary overview of all Property Characteristics can be found in **Attachment One: Summary of Property Characteristics**. A detailed breakdown of each property can be found in **Attachment Five: Detailed Property Descriptions**.

[2] *The term "mixed-finance" refers to public housing that has been financed with other non-public housing resources, including low-income housing tax credits, tax-exempt debt, HUD HOME and National Housing Trust Funds, Federal Home Loan Bank Affordable Housing Program funds, and conventional debt. The mixed-finance concept was introduced in the mid-1990s and is codified in 24 CFR part 941 subpart F.*

Portfolio Overview

The HCD portfolio consists of:

- Two multi-family conventional public housing properties:
    - Craycroft Towers (74 units, built 1975 and part of AMP 6);
    - Lander Gardens (47 family units, built 1980);
- Four public housing AMPs consisting of 713 scattered-site units (not including the 74 units at Craycroft Towers);
- Five tax credit "mixed-finance" multi-family properties:
    - Tucson House (407 family units, built in 1963);
    - Posadas Sentinel (140 units total, including 48 tax credit units and 92 public housing units, built 1999-2002);
    - Silverbell Homes (28 units, built in 2007);
    - MLK Apartments (68 family units, built 2010);
    - South Park (48 units, built in 1974); and,
- 420 non-public housing affordable scattered-site and multifamily units – El Portal (312 units), Posadas Market Rate (60 units), and the Fry Apartments (48 multifamily units). (See **Table 1**.)

Table 1: HCD Public Housing Portfolio

Property	**Year Built**	**# of units**	**AMP**	**Type**
Craycroft Towers	1975	74	113	Conventional Public Housing
Lander Gardens	1980	47	115	Conventional Public Housing
AMP 3	1972-2008	135	110	Scattered-Site Public Housing
AMP 4	1982-2009	184	111	Scattered-Site Public Housing
AMP 5	1949-2003	231	112	Scattered-Site Public Housing
AMP 6 (w/o Craycroft)	1951-2003	163	113	Scattered-Site Public Housing
Tucson House	1963	407	48	Mixed-Finance Public Housing
Posadas Sentinel	1999-2002	140	51	Mixed-Finance Public Housing
Silverbell Homes	2007	28	65	Mixed-Finance Public Housing
MLK Apartments	2010	68	120	Mixed-Finance Public Housing
South Park	1971	28	6040	Mixed-Finance Public Housing
Total	-	**1,505**		

This report addresses the public housing properties, mixed-finance multi-family, and the scattered-site public housing units. It does not include information about the non-public housing scattered sites (El Portal, Posadas Market Rate, South Park rent-to-own units, and Fry Apartments), which are not part of the report's scope.

Geography

The below map (**Illustration 1**) represents the geographic dispersion of HCD's Conventional Public Housing, Scattered-Site Public Housing, and Mixed Finance Properties across the City of Tucson. Most of the units are located within the City of Tucson's boundaries, however there are a small number of scattered-site single family homes located in unincorporated Pima County.

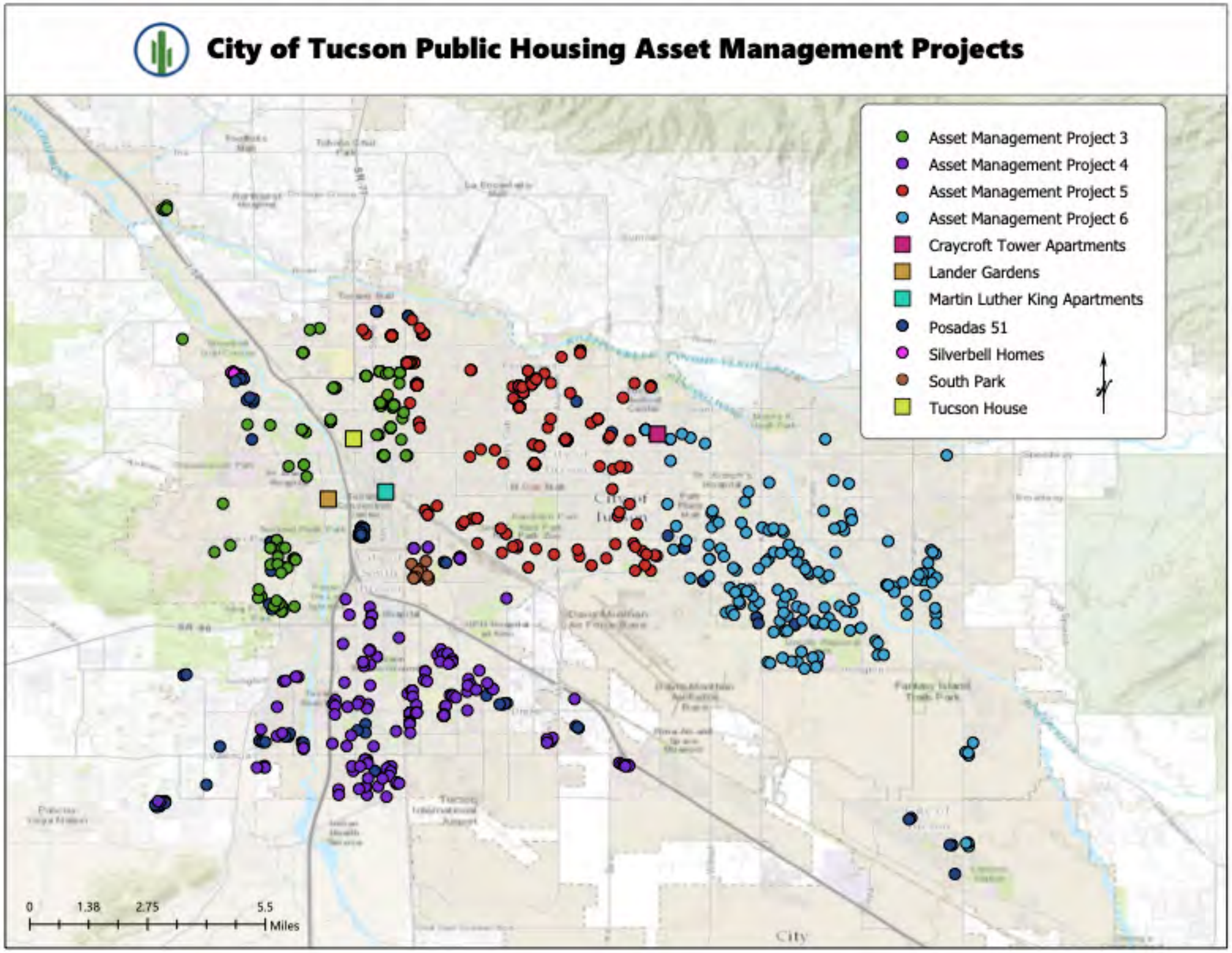
Of note, public housing properties are in nearly all City of Tucson neighborhoods, City wards, and Zip Codes. This is not an accident, but rather was the product of a concerted strategy undertaken by Tucson HCD and its predecessors to achieve economic and racial integration while reducing public opposition to public housing.

Of the two Conventional Public Housing properties, Lander Gardens is closest to the Downtown, being just across the Santa Cruz River and I-10, which serves as a dividing line with western city neighborhoods. Craycroft Towers, as a part of scattered-site AMP 6, is located far east of Downtown, clustered near the other AMP 6 properties.

The scattered-site public housing units are the most geographically dispersed. They are clustered into Asset Management Project groupings (AMPs) based on their general location in the city. As can be seen in the below map, the scattered-site AMPs stretch across the entire city, reaching every city ward and zip code. While several larger multi-family properties are included in the scattered-site AMPs (including the largest concentration in AMP 5), generally the scattered-site AMPs represent the general geographic disbursement of single-family homes, duplexes, and triplexes across the City of Tucson. These buildings and homes are indistinguishable from other buildings and homes in their neighborhoods, reflecting the goals of economic and racial integration through public housing.

HCD's Mixed Finance Properties are mostly concentrated near Tucson's Downtown. MLK Apartments is in the heart of Downtown, adjacent to the main bus station. Tucson House sits just north of the Downtown district while Silverbell Homes is further to the northwest, across the river and I-10. The Posadas Sentinel development is concentrated in Barrio Santa Rosa, just south of Downtown, with the South Park single family homes scattered just to the southeast.

Illustration 1: Location of HCD Public Housing Properties



A couple of observations: First, HCD's properties are in a broad mix of communities by socioeconomic characteristics. Properties like Silverbell and Lander are in middle- to high-income neighborhoods, which in some cases grew around the public housing over time. MLK is in the vibrant downtown, and other HCD properties are nearby, close to jobs, transit, and services. Interestingly, the original MLK development, which is next door to the mixed-finance MLK development, was sold, and has now been converted to market rate boutique apartments. The neighborhoods where scattered-site properties are located vary almost by block. Over 100 of the public housing scattered-site properties are located within organized homeowners' associations, with required fees and CCR upkeep requirements. Other scattered-site properties—Pastime and South Park come to mind—are in highly distressed neighborhoods exhibiting low homeownership rates and disinvestment.

Second, the geographic dispersion of properties presents serious property management challenges. Driving from the furthest scattered-site properties in AMP 6 in the southwest to AMP 3 in the northeast can take over an hour. The Tucson freeway system is relatively limited and many of the scattered-site properties in AMPs 5 and 6 can only be reached by long drives on surface streets. So, despite the fact that individual AMP offices are located closer to the properties, maintenance staff spend a lot of time in their vehicles between property visits, a challenge for cost, resource efficiency, and also meeting the recently adopted climate goals identified in Tucson Resilient Together, Tucson's Climate Action Plan. Tucson is also a car-dependent city, with limited, though improving, public transit. This dispersed scattered-site portfolio also presents challenges to tenants, who must own a car in order to live in many communities.

Building Typology

As described above, HCD's portfolio includes a wide variety of building types, ranging from Tucson House, a 1960's era, 17-story apartment building, consisting of 407 units (27.0% of the portfolio), to its 713-unit scattered-site inventory (AMPs 3, 4, 5, and 6, and not including Craycroft Tower; 47.4% of the portfolio). (See **Table 2**.) Several of its larger mixed-finance properties are also very low density, consisting of single-family, duplex, and triplex buildings. Overall, Tucson's public housing mix is weighted heavily towards single family homes and duplexes, which make up 598 of the 661 total buildings (or 90.5%) in the total HCD residential building stock.

As with the geographic distribution of properties, this low-density building typology has implications in terms of energy efficiency, maintenance costs and property oversight and is characterized by diverse building systems, paint colors, landscaping, and parts which add to the challenges of operating this stock.

Table 2: HCD Portfolio by Building Typology

Building Typology	# of Buildings	% of Buildings
Single Family	519	78.5%
Duplex	79	11.9%
Triplex	30	4.5%
Quadplex	16	2.4%
5+ Units	4	0.6%
10+ Units	5	0.8%
15+ Units	3	0.5%
20+ Units	5	0.8%
Total	**661**	**100%**

Bedroom Mix

Because of its preponderance of single-family homes and duplexes, the HCD portfolio also has a disproportionately high percentage of three- and four-bedroom units. About 42.5% of the portfolio (639 units) is made up of 3- and 4-bedroom units. 11.2% of the portfolio (168 units) consists of studios at Tucson House. (See **Table 3**.) The current unit mix allows HCD to serve a wide variety of household sizes, from families with children to seniors living alone. A breakdown of recent demographic data by AMP is available in **Attachment Two: Neighborhood and Demographic Data by AMP**. Likely, HCD will always be in the business of providing a disproportionate share of the multi-family housing serving larger families, since the private sector mostly develops 1- and 2-bedroom apartments.

HCD's studio and one-bedroom units currently serve a larger percentage of low-income seniors, especially at Craycroft, Lander, Tucson House, and MLK. These properties do not have an "Elderly Designation" under the Public Housing program. In the Recommendations section below (Section IV), we outline the opportunities for HCD to pursue an elderly preference under RAD and Section 18 when it converts properties to Section 8, which would allow HCD to better serve its aged populations.

The bedroom mix suggests the need for "right sizing" the portfolio to match current housing demand. For instance, the CNI Plan for Tucson House recommends reducing the number of less desirable studio units and combining units to create more livable 1-

bedroom units. The average household size has also declined in Tucson, as nationally, over the last several decades. The current bedroom mix of the HCD portfolio, with many large family units, no longer matches housing demand as documented in the current HCD public housing and Section 8 waiting lists and in housing market studies. If HCD were to sell of a portion of its scattered-site portfolio, the proceeds might provide opportunities to re-configure HCD's portfolio to better address current housing demand in Tucson.[3]

Table 3: Bedroom Mix of HCD Portfolio

Property	**0-br**	**1-br**	**2-br**	**3-br**	**4-br**	**5-br**	**6-br**	**Total**
Craycroft Towers		74						74
Lander Gardens		47						47
AMP 3		6	40	67	18	3	1	135
AMP 4			59	88	33	3	1	184
AMP 5		12	86	98	26	8	1	231
AMP 6		8	4	104	43	4		163
Tucson House	168	184	55					407
Posadas Sentinel			22	89	29			140
Silverbell				28				28
MLK		68						68
South Park			9	5	11	3		28
Total	**168**	**399**	**275**	**479**	**160**	**21**	**3**	**1,505**
% of Units	11.2%	26.5%	18.3%	31.8%	10.6%	1.4%	0.2%	100%

[3] *It is a challenge for HCD to fill large family units. The public housing program has more relaxed occupancy standards than the Section 8 program, allowing households to be "over-housed" (i.e. occupying a unit bigger than it needs based upon its household size). However, if HCD were to convert its scattered-site portfolio to Section 8 under Disposition, then these properties would be bound by the more strict occupancy standards, generally 2 persons per bedroom, making it even more difficult to fill units.*

Age

HCD operates an aging housing stock. The weighted average age of all its properties is 45.44 years, or the equivalents of having been built in 1978. (See **Table 4**.) There is a clear divide in age between the two newest properties in the portfolio (MLK and Silverbell) and the remainder of the public housing units. While the scattered-site units in AMPs 3-6 can vary widely in age, with some units dating back to the 1940s, the median age of most properties is 40-50 years old. The age of these properties correlates with the assessed capital needs, as described further below.

Table 4: Age of HCD Properties

Property	Year(s) Built	Median Year Built	Median Age	Unit Count
Craycroft Towers	1975	1975	48	74
Lander Gardens	1980	1980	43	47
AMP 3	1972-2008	1984	39	135
AMP 4	1982-2009	1984	39	184
AMP 5	1949-2003	1972	51	231
AMP 6 (w/o Craycroft)	1951-2003	1972	51	163
Tucson House	1963	1963	60	407
Posadas Sentinel	1999-2002	2001	22	140
Silverbell Homes	2007	2007	16	28
MLK Apartments	2010	2010	13	68
South Park	1971	1971	52	28
		Weighted Average Age	**45.44**	**1,505**

Tucson House is a registered historic property and presents its own unique needs as captured in the CNI Plan. South Park (originally Robert F. Kennedy Homes) received a recapitalization in 1999 under the tax credit program. However, many properties exhibit original HVAC systems (or condensation coolers), cabinets, countertops, windows, electrical and plumbing systems, and infrastructure that is outdated or failing. Posadas Sentinel, a HOPE VI redevelopment of the former La Reforma and Connie Chambers public housing sites, is already 22 years old. While the property is in much better condition than some of the older properties in the portfolio, it too is exhibiting its age. “State of the art” hydronic heating systems installed over 20 years are failing and need replacement with more modern heat pump technology.

Capital Needs

In 2021 HCD commissioned capital needs assessments of its entire public housing portfolio. Based upon the findings of these reports, prepared by AEI Consulting, the total cost of repairs for HCD's public housing portfolio over a 20-year period (excluding Tucson House) was estimated to be $45.7 million or about $41,646 per unit. (See **Table 5**.) The weighted average need by AMP was slightly higher: $45,727 per unit. However, as described further below, we believe that these assessments significantly underestimate the overall capital needs of the portfolio, making the true cost of bringing the portfolio up to modern standards much higher. Based upon HCD's annual allocation of Capital Funds, estimated at $2.5 million, it would take roughly 18.3 years to address all the anticipated capital needs of these properties as documented in the reports. (It would actually be much longer, since Tucson House (27% of the portfolio) was excluded from this analysis and only a portion of the Capital Funds allocation is available for hard costs, since it is also used for administration, design, third-party reports and relocation). The Table also includes information of Capital Funds allocated by AMP over the next 5 years, primarily to the four scattered-site AMPs and to Posadas. A full summary of capital needs data can be found in **Attachment Three: Capital Needs by AMP.**

Table 5: Capital Needs by Property (sorted by need per unit)

Property	AMP #	Age	Total Units	20-Year Capital Needs	Per Unit	5-Year CFP Allocation
AMP 4 scattered-sites	111	39	184	$10,807,094	$58,734	$1,218,000
AMP 3 scattered-sites	110	39	135	$7,221,325	$53,491	$1,186,500
Silverbell Homes	65	16	28	$1,392,476	$49,731	
MLK	120	13	68	$2,616,468	$38,477	
AMP 6 scattered-sites	113	51	237	$8,727,510	$36,825	$1,247,000
South Park HOPE VI	6040	52	28	$984,316	$35,154	
AMP 5 scattered-sites	112	51	231	$8,060,619	$34,894	$1,908,000
Lander Gardens	115	43	47	$1,528,373	$32,519	$660,000
Posadas Sentinel	51	22	140	$4,388,718	$31,348	$1,588,500
Total			**1,098**	**$45,726,899**	**$41,646**	
				Weighted Average Needs	**$45,727**	

(Note: HCD's total CFP 5-Year Allocation ($12,730,430) includes Agency-Wide Funds and Tucson House funds that were not included in this chart. This explains the discrepancy in total CFP allocations.)

Per the available data, the scattered-site AMPs have some of the highest per unit assessed Capital Needs. Since the reports relied on a small sampling of the scattered-site units, the results are perhaps less reliable and do not reflect the differences in individual properties.

Interestingly, two of the newest developments in the HCD portfolio (Silverbell and MLK) also have above average capital needs, which may be because many systems in these properties will reach the end of their remaining useful life in the coming years. As noted above, Tucson House was not included in this Table as it was not a part of the 2021 AEI CNA scope. In 2020, PMM prepared an obsolescence study on Tucson House as part of the preparation for the Thrive in the 05 Choice Neighborhoods Initiative application. The PMM study estimated total rehabilitation needs of over $67.0 million. With the success of the Tucson House CNI application, that program will address these capital needs, and so will not be a burden on HCD's limited capital funds. However, the CNI application involves the forward allocation of City and State resources, which could reduce available funding for other critical repairs and rehabilitation efforts in the short to medium term.

We believe the AEI CNAs severely understate the capital needs of the portfolio. The reports do not consider the costs necessary to bring older units up to modern standards. When assessing overall capital needs, it is necessary to consider the age of a property and whether it has ever received a full renovation (e.g. upgrades to the building envelope, HVAC system, countertops, fixtures and appliances, flooring, etc.). Some older properties may contain asbestos and lead-based paint, or persistent mold, which would need to be abated as part of any renovation. Based on the Praxis Team site visit and conversations with staff, it is clear these figures are underestimates for all HCD properties (aside from MLK and Silverbell, which are newer and in better condition). Some older properties, especially within the scattered-site AMPs and South Park, are functionally obsolete, with swamp coolers, single pane windows, galvanized pipes, and outdated electrical systems. Staff estimated that the cost of a unit turnover from swamp cooler to a modern HVAC system is roughly $45-$50 thousand per unit due to the other required improvements (including upgraded windows, insulation, and electrical systems). Rising material and labor costs, including general inflationary pressures, further add to the total capital needs costs. The CNAs provide one data point, which can be combined with others, like property age, rehabilitation history, and unique property deficiencies, to develop a fuller picture of capital need.

It should also be noted that the 2021 CNAs did not break out multifamily properties that are including in the various scattered-site AMPs, critically Craycroft Towers and several larger multifamily developments (e.g. Pastime, Navajo, etc.), which staff noted are in poor condition and in need of major rehabilitation efforts. As note later in the Report, some of these properties might be candidates for disposition through Section 18 Obsolescence.

Operating Income and Expenses
HCD staff provided the Praxis team with operating data for each AMP for the fiscal years 2021 through 2023. As noted in the other sections, Craycroft Towers is included in the AMP 6 scattered-sites, so it does not have a separate operating budget. (See **Table 6**.)

The average operating expense per unit per year ("PUPY") across the entire portfolio is $7,853. This would be considered high when compared to conventional tax credit developments, where operating expenses might range from $4,500 to $5,500 PUPY, and often includes a replacement reserve and property taxes. This difference is to be expected given the age and scattered-site nature of the HCD portfolio and the fact that the properties are self-managed by a public agency with higher payroll and benefit costs. Surprisingly, MLK Apartments has the highest operating expenses at an average PUPY of $11,053 and Silverbell has the lowest operating expenses at an average PUPY of $4,790.

The tenant share of rent ranges from a low of $101 Per Unit Per Month ("PUPM") at Silverbell to a high of $290 PUPM at MLK, with an average of $221 PUPM. Tenant rent is a marker for average household income by development/AMP, since tenants typically pay 30% of their adjusted gross income for rent. This might be adjusted at some properties by a utility allowance when tenants pay their own utilities.

Public housing operating subsidies range from a high of $613 PUPM at South Park to a low of $244 PUPM at Lander Gardens. The operating subsidy is a function of tenant share of rent and operating expenses, so in cases where tenant share of rent is low and/or the operating expenses high, the operating subsidy will also be elevated.

By far, the largest share of operating expenses is maintenance, which constitutes 30% to 60% of all expenses across the AMP. Maintenance costs range from a low of $1,812 PUPY at Lander Gardens to a high of $5,720 at South Park, with the average being $4,056 PUPY. Generally, maintenance costs are highest within the scattered-site portfolio and South Park. According to interviews with staff, maintenance costs have been elevated over the past three years, since HCD had to contract out more work than normal during COVID while contract work costs increased enormously.

Notably, all of the scattered-site AMPs are losing HCD money on a per unit basis. We believe that MLK's negative net operating income is an anomaly. According to discussions with HCD staff, it is most likely capturing expenses from other AMPs. This means that the financial health of some of the other AMPs might be overstated.

Table 6: Average Per Unit Per Year Operating Budget by AMP (FY 2021 – 2023)

	AMP 3	AMP 4	AMP 5	AMP6	Tucson House	Lander Gardens	Posadas Sentinel	South Park	Silverbell Homes	MLK	All AMPs
INCOME											
Tenant Rental Revenue	$2,830	$2,630	$2,312	$2,827	$2,973	$2,617	$2,976	$2,679	$1,214	$3,485	$2,654
Tenant Rev. - Other	$74	$60	$33	$30	$68	$19	$43	$161	$21	$96	$60
HUD Subsidy	$4,068	$4,060	$4,078	$3,553	$3,885	$2,930	$4,234	$7,357	$3,070	$4,568	$4,180
Other	$358	$395	$21	$161	$290	$83	$74	$1,401	$2,133	$940	$586
Total Project Revenue	**$7,330**	**$7,146**	**$6,445**	**$6,571**	**$7,216**	**$5,649**	**$7,327**	**$11,597**	**$6,438**	**$9,089**	**$7,481**
EXPENSES											
Administrative	$1,401	$1,361	$1,299	$1,342	$1,418	$875	$1,182	$1,339	$856	$1,904	$1,298
Utilities	$656	$413	$624	$785	$1,327	$1,623	$179	$1,896	$8	$2,206	$972
Management Fee	$779	$799	$782	$779	$776	$799	$806	$751	$753	$831	$785
Asset Management Fee	$142	$141	$139	$137	$139	$140	$142	$102	$101	$145	$133
Tenant Services	$37	$27	$4	$114	$151	$112	$0	$18	$18	$137	$62
Maintenance & Repair	$5,266	$5,045	$4,343	$4,375	$2,421	$1,812	$3,601	$5,720	$2,530	$5,449	$4,056
Protective Services	$0	$0	$7	$28	$135	$0	$4	$0	$0	$41	$21
Insurance	$69	$69	$61	$68	$75	$47	$56	$8	$8	$114	$57
Misc. (Bad Debt & Comp. Absences)	$828	$829	$630	$690	$377	$197	$987	$548	$516	$227	$583
Total Expenses	**$9,177**	**$8,685**	**$7,889**	**$8,317**	**$6,819**	**$5,606**	**$6,957**	**$10,383**	**$4,790**	**$11,053**	**$7,968**
Net Operating Income	($1,847)	($1,539)	($1,444)	($1,747)	$397	$43	$370	$1,214	$1,648	($1,965)	($487)

The costs of maintaining the HCD portfolio in its current form are unsustainable. According to a recent staff estimate based on agency-wide operating data, high operational and maintenance costs mean HCD has a revenue gap of roughly $3.5 million a year. This means HCD must allocate reserves just to maintain the status quo, without factoring in the major capital repairs outlined above. HUD operating subsidy alone is clearly insufficient to cover the current costs being incurred.

Based on interviews with staff, the scattered-sites' negative Net Operating Income is best explained by the additional costs incurred in maintaining these geographically dispersed, older properties. As outlined further below, challenges include the long distances maintenance staff must travel to conduct repairs, a lack of uniformity of parts amongst the many different building and property types, and the general old condition of major appliances and systems requiring frequent and repeat maintenance calls.

HCD's Utility Allowances are also quite high for the scattered-site units, resulting in lower tenant rents and less revenue. This creates an important opportunity for more energy efficiency measures and the potential for future solar installation on HCD properties. Currently, there is no solar generation capacity on any units in HCD's portfolio.

A full summary of Operating Expenses data can be found in **Attachment Four: Operating Expenses Budgets by AMP**.

In the next section of the Report (Section III), we provide a brief overview of the Rental Assistance Demonstration (RAD) program and Section 18 Disposition options, including financing tool for addressing HCD's backlog of capital needs and carrying out comprehensive revitalization for public housing properties. We also discuss recent HUD Notices that make significant policy changes to the requirements for approval of applications to demolish, dispose and/or convert public housing property under Section 18 and Section 22. This section will also outline regulations around disposing of public housing scattered-site properties.

III. RAD, Section 18 Demolition/Disposition and Section 22 Voluntary Conversion

Rental Assistance Demonstration Program
In 2013, the U.S. Department of Housing and Urban Development (HUD) launched the Rental Assistance Demonstration program, which allows housing authorities to rehabilitate and preserve their aging public housing developments using a variety of public and private affordable housing resources, including tax-exempt bonds supported by project-based rental assistance, Federal Low-Income Housing Tax Credits (LIHTC) and public housing capital funds. Since the initial RAD Final Implementation Notice released July 26, 2012, HUD has published revisions on July 2, 2013, June 15, 2015, January 12, 2017, August 23, 2017, and most recently, Revision 4 on September 5, 2019. Revisions to the notice address barriers to utilizing the program, streamline the process for housing authorities, expand tenant protections under RAD, and increase the flexibility of available financing tools.

Under RAD, PHAs are allowed to convert their existing operating subsidy and capital funds, allocated by development, into a stand-alone Housing Assistance Payment (HAP) contract at a published RAD rent. The RAD rent, while less than HUD Fair Market Rent (FMR), can often provide enough revenue to both operate the property (when combined with the tenant share of rent) and borrow funds to make capital improvements to the property, further reducing operating costs. HUD has promoted the RAD program as being revenue neutral since the annual RAD rent equals the public housing operating and capital fund subsidy the PHA would have received anyway. The project-based Section 8 contract serves the same population as the public housing program but relies on a funding stream that has been more consistent and reliable. Since 2010, Section 8 funding levels have increased by 35% while Section 9 public housing funding levels have decreased in gross funding by 12% in the same period. Unlike public housing subsidy, the RAD subsidy for a property, once locked-in, is adjusted annually by the HUD Operating Cost Adjustment Factor (OCAF) and is not subject to annual Congressional appropriations risk and pro ration.[4]

A PHA can use RAD to:

- Carry out a “straight conversion” with no rehabilitation of a public housing property;
- Carry out moderate or substantial rehabilitation in place;

[4] *Though Section 8 funding overall is subject to annual Congressional appropriations.*

- Tear down and rebuild in place; or,
- Transfer the rental assistance and replace the public housing units on a new site or on multiple sites.

The RAD program provides flexibility to bundle rental assistance from multiple properties on one site, or to deconcentrate units across multiple sites and/or combine RAD units in a development with non-public housing units.

A PHA can submit a RAD application for an individual property or for a "portfolio," up to and including a PHA's entire inventory of public housing. Each RAD award type comes with specific performance deadlines, to ensure that the limited RAD Commitment to Enter into a Housing Assistance Payments (CHAPs) are going to PHAs with viable and financeable plans to proceed.

Because the intent of the RAD program is to preserve and improve the public housing stock, a property cannot convert to RAD without a financial plan to address the projected capital needs of a property for 20 years, either through rehabilitation work up front or adequate replacement reserves up front or budgeted annually out of operations.

The program includes a number of regulatory protections to ensure the long-term affordability of the converted properties, including a requirement that the Project Based Voucher (PBV) or Project Based Rental Assistance (PBRA) contract administrator automatically renew the Housing Assistance Payment (HAP) contract upon the expiration of the 20-year term (and beyond) and that a RAD Use Agreement, that can only be removed with HUD consent, be recorded against the land. In RAD conversions, the PHA typically retains ownership of the land and often the control of the entity that owns the physical improvements.

The RAD program requires one-for-one replacement of all PHA units being converted. It also provides strong tenant protections, including tenant noticing and relocation requirements unique to RAD, the absolute right to return to a development if displacement is anticipated during rehabilitation, and Housing Choice Mobility—the opportunity to qualify for a tenant-based voucher after residing in a development that has converted to RAD for a specified amount of time. These restrictions were further strengthened in the revised RAD Notice issued in September 2019, including additional meetings with affected tenants throughout the conversion process.

RAD provides a number of benefits to PHAs in the redevelopment of its aging stock, including regulatory relief from the Section 18 Disposition process, some 2 CFR Part 200 procurement requirements, and the procurement requirements under the Project-Based Voucher Final Rule, and now HOTMA. It also allows the use of public housing Operating Reserves, Replacement Housing Factor (RHF) funds, Demolition or Disposition Transitional Funding (DDTF) funds and HUD HOME funds as development sources, which is prohibited or restricted under Conventional and even the Mixed-Finance public housing development rules. For instance, if HOME funds are used in a public housing mixed finance development, HUD requires a strict pro rata separation of costs between HOME-funded and Capital, RHF-, and DDTF-funded units. Operating reserve funds are strictly prohibited from use in public housing development (except under special circumstances, like an Operating Fund Finance Program transaction).

RAD also presents several challenges to PHAs that do not have a track record developing and operating tax credit affordable housing. First, the tax credit development process is complex and requires a different skill set than is held by the staff of many PHAs, including real estate finance, tax credit property management and compliance, and market-driven housing development.

Conversion to RAD also results in a direct reduction in the level of funds available to the PHA to cover agency-wide overhead, since the portion of the operating subsidy and capital funds that would have gone to the PHA stay instead with the property. On the other hand, the redeveloped RAD project may throw off fees and residual cash flow to the PHA—unrestricted funds—that would not be available under conventional public housing operations. And, since the property maintains its own operating and replacement reserves, it is not a future financial burden on the larger agency.

As HCD carries out future RAD and Section 18 conversions, it should perform an analysis of the impact of the changes on overall PHA operations including benefits such as savings in operating costs as well as developer fee, Section 8 Administration Fees, and residual cash flow, and drawbacks such as the loss of public housing COCC fees and reduction of capital funds to the Agency.

Initially, HUD was only authorized to issue CHAP awards under the RAD program for up to 60,000 public housing units (the "RAD Cap"), which were fully allocated on a first come, first served basis in late 2013. In 2015, the RAD cap was increased to 185,000 units and by late 2015, these additional RAD CHAPs were allocated. In May 2017, HUD increased the cap to 225,000 units and requested that housing authorities submit a letter of interest[5] to reserve their place on the waiting list. In the FY 18 Appropriations Act, which was approved in March 2018, the RAD unit cap was expanded by an additional 230,000 units to 455,000 units, freeing up additional capacity with no waiting list. In April 2023, just over ten years since the first public housing property converted under RAD, public housing authorities nationally cleared a major milestone—converting over 214,000 public housing units through RAD and securing approximately $16.4 billion for construction investment.

---

[5] *Per PIH Notice H-2017-03, REV-3, PHAs were invited to submit a Letter of Interest to HUD that identified all of the properties that the PHA proposed for conversion. Such a submission reserved the PHA's spot on the waiting list under the lowest priority category in the order in which the letter was received. In anticipation of HUD's ability to make additional awards, HUD would then notify the PHA that it must submit a complete RAD Application within 60 days of such notification or forfeit its position on the waiting list.*

Between completed conversions and those anticipating conversion, approximately 346,000 units are already reserved. Meanwhile, HUD continues to see very active interest from new PHAs wishing to participate. At the rate of interest over the past five years, HUD expects to reach the RAD cap again within the next 10-18 months. Once a conversion strategy is determined, HCD can submit a Letter of Interest to ensure its spot on the waitlist.

On September 5, 2019, HUD released Revision 4 to the RAD Notice. The revision further strengthens resident rights, expands flexibilities for public housing authorities when converting public housing units, and implements the conversion of affordable housing for the elderly supported by Section 202 Project Rental Assistance Contracts (PRACs).

Some of the highlights of new Notice for Component 1 public housing include:

- Standardizes resident rights when RAD is mixed with non-RAD PBV;
- Provides greater flexibility for PHAs converting "portfolios" of public housing, by streamlining the "Portfolio" and "Multiphase" awards;
- Provides new rent flexibilities for certain conversions in Opportunity Zones and improved use of RAD and Section 18;
- Creates abilities for multiple PHAs to partner together to find mutually beneficial arrangements that facilitate stronger RAD conversions; and,
- Introduces "Concept Call" prior to the submission of the RAD Financing Plan.

RAD is being used by several housing authorities in Arizona. To date, 4 public housing authorities in Arizona have closed 16 RAD conversions, totaling 1,965 units (See **Attachment Six: RAD in Arizona**). Three of the conversions involved rehabilitation and four involved new construction. The average rehabilitation hard cost construction was $82,296 per unit, which would have been considered moderate rehabilitation at the time of those transactions. Investments ranged from $1,685 per unit for straight conversions to $105,026 per unit for a moderate rehabilitation project. Ten of the 16 transactions chose the PBV assistance track; six chose PBRA. There has been one RAD/Section 18 Blend (see below) transaction in Arizona.

Section 18 Demolition / Disposition

HUD has also rolled out several policy initiatives in the last five years related to Section 18 demolition and/or disposition of public housing properties. On January 19, 2021, HUD issued PIH 2021-07, "Demolition and/or disposition of public housing property, eligibility for tenant-protection vouchers, and associated requirements." The Notice makes significant policy changes to the requirements for HUD approval of applications to demolish and/or dispose of public housing property under Section 18 of the United States Housing Act of 1937 (42 U.S.C. 1437p) and related Tenant Protection Voucher ("TPV") eligibility for such actions which were previously governed by PIH Notice 2012-7.

Several provisions of the Notice are relevant to the current HCD Portfolio Assessment. First, instead of the 75% RAD/25% PBV blending allowed under the prior guidance for projects whose new construction or substantial rehabilitation construction costs exceeded 60% of the published Housing Construction Costs ("HCC"), HUD has expanded the blend options to allow units in a project to qualify for Section 18 on a graduated HCC scaled at a much lower threshold than before and provide more flexibility in the use of this tool. For projects not utilizing 9% LIHTC, the following financing strategies are available:

- If rehab costs are at least 30% of HCC but less than 60% of HCC, up to 20% of the units in the Converting Project may be disposed of under Section 18 – this is a new opportunity for lower cost construction projects;
- If rehab costs are at least 60% of HCC, up to 40% of the units in the Converting Project may be disposed of under Section 18;
- If rehab costs are greater than 90% of HCC, up to 60% of the units in the Converting Project may be disposed of under Section 18; for "high-cost areas," defined as those where HCC exceeds 120% of the national average, 80% of the units in the Converting Project may be disposed of under Section 18.

The Notice also provides a new RAD/Section 18 blending option for small PHAs. Small PHAs with 250 units or fewer public housing units under its ACC have the option to dispose of up to 80% of the PHA units under Section 18 in a RAD converting project, provided that the PHA submits an acceptable repositioning plan to HUD for removal of its remaining units from the public housing program. This new provision improves upon HUD's earlier Section 22 Streamlined Voluntary Conversion initiative by allowing a PHA to more readily preserve units by converting awarded TPVs directly to project-based assistance.

This policy change provides another useful financing tool for the renovation of public housing under RAD, since the project-based TPVs would be eligible for rents up to the Section 8 Fair Market Rent (FMR) and the HCD Payment Standard, which are much higher than the published RAD rent, allowing the proposed project to support more permanent debt.

Table 7: Published 2022/2023 RAD Rents and Components by AMP illustrates the published 2022 weighted average monthly RAD rent per unit by AMP for the HCD portfolio as the three components of the RAD rent (monthly operating subsidy, monthly capital funds and monthly tenant share of rent per unit). The weighted average RAD rent will typically be higher for family developments, with larger units, as well as for older properties and scattered-sites properties with higher operating expenses. The scattered-site

AMPs, South Park and MLK, with high operating expenses, have higher RAD contract rents. For 2023, the RAD rents include an adjustment for the 2023 OCAF adjustment for Arizona, which was 5.7%.

Table 7: Published HCD 2022/2023 RAD Rents and Components by AMP

AMP	Project/AMP	Units	2022 PUPM Capital Fund	2022 PUPM Operating Fund	2022 PUPM Tenant Rents	2022 Contract Rents	2023 Contract Rents *
48	Tucson House	407	$107	$321	$245	$673	$711
51	Posadas Sentinel	140	$179	$362	$199	$740	$783
65	Silverbell	28	$131	$300	$103	$534	$564
40	South Park	28	$176	$525	$208	$908	$960
115	Lander Gardens	47	$194	$294	$229	$716	$757
110	AMP 3	135	$218	$366	$213	$797	$843
111	AMP 4	184	$212	$359	$191	$761	$805
112	AMP 5	231	$221	$404	$171	$796	$841
113	AMP 6	237	$194	$335	$212	$741	$783
120	MLK	68	$106	$387	$280	$773	$817

** With 2023 AZ OCAF of 5.7%*

Table 8: HCD 2023 RAD Rent Compared with Section 8 Payment Standards compares the 2023 HCD RAD rent by bedroom size with the published 2023 HCD Payment Standards from the Housing Authority's Administrative Plan. <u>The rent differential between RAD and Section 8 rents is significant, with Section 8 rents ranging from $227 higher for zero-bedroom to $1,137 for the four-bedroom unit above the RAD rent.</u> Under HOTMA, HCD is allowed to set the project-based rents at up to 110% of FMR (subject to a "rent reasonableness test" that the rents are not higher than the rent for comparable housing in the community), which would result in an even higher revenue differential. However, it is important to note that the RAD rent is a "contract rent" that already accounts for utility allowance, whereas the Section 8 payment standard is a "gross rent," where the utility allowance would need to be deducted to compare rents apples-for-apples. After the deduction for a hypothetical utility allowance to the Section 8 Payment Standards, the difference between RAD rents and the Section 8 payment standard is still significant. Based on this analysis, many of the HCD properties would benefit from conversion through Section 18 disposition, or through a RAD/Section 18 blend, and the receipt of Tenant Protection Vouchers, if eligible.

Table 8: HCD 2023 RAD Rent Compared with 2023 Section 8 Payment Standards

	Studio	1-Bed	2-Bed	3-Bed	4-Bed	Average
2023 Weighted Average RAD Rent	$630	$672	$693	$879	$1,031	$781
2023 HCD Payment Standards less UA's*	$857	$974	$1,285	$1,852	$2,168	$1,427
Difference Net Payment Standard to RAD Rent	$227	$302	$592	$973	$1,137	$646
Percent Difference	36%	45%	86%	111%	110%	78%

**Based on Section 8 Feb 1, 2023 Effective Date UAs (All Electric)*

The new RAD/Section 18 blend threshold is based upon a percentage (30%, 60%, and 90%) of the published Housing Construction Cost (HCC) limits for a City or Region. The HCC varies by building type and bedroom size. For this Report, we used $125,000 per unit hard cost for "moderate rehabilitation" and $185,000 per unit for "substantial rehabilitation" and then selected the blend that best matched that cost.

In this Report, we calculated the HCC and TDC limits for the properties most likely to take advantage of these financing tools: Craycroft, Silverbell (if it does not qualify under Scattered-Site Disposition), Posadas, and Lander Gardens. Using the published 2022 HCCs for Tucson, AZ, the HCC for Craycroft, which is an elevator configuration, is $8,241,469. Ninety percent of this is $7,417,322 or $100,324 per unit. The HCC for Silverbell, which is a detached/semi-detached configuration, is $3,666,839. Ninety percent of this is $3,300,155 or $117,863 per unit. The HCC for Posadas, which is a detached/semi-detached configuration, is $25,663203. Ninety percent of this is $23,096,883 or $164,978 per unit. The HCC for Lander Gardens, which is a detached/semi-detached configuration, is $5,988,808. Ninety percent of this $5,389,927 or $114,679 per unit. (See **Table 9**.)

The revised Notice also maintains the more flexible "obsolescence" test justifications under which a PHA may obtain disposition approval. However, demonstrating obsolescence is still a requirement to be eligible for TPVs for one hundred percent (100%) of the occupied units, except for special cases (such as demonstrating that retention of units would not be in the best interests of the residents or the PHA, scattered-site units, and small [<50 units] housing authorities).

Table 9: RAD / Section 18 Blend and Obsolescence Thresholds

	#	TDC	HCC	TDC Total	HCC Total	Obsolescence Threshold	Per Unit	80 RAD /20 Section 18 Threshold	Per Unit	60 RAD /40 Section 18 Threshold	Per Unit	40 RAD /60 Section 18 Threshold	Per Unit
						57.14% or 62.5% of TDC		30.00% of HCC		60.00% of HCC		90% of HCC	
Craycroft Towers (Elevator)													
1-bedroom	74	178,194	111,371	13,186,350	8,241,469								
Total	**74**			**13,186,350**	**8,241,469**	**8,241,469**	**111,371**	**2,472,441**	**33,411**	**4,944,881**	**66,823**	**7,417,322**	**100,234**
Silverbell (Detached/Semi-Detached)													
1-bedroom	24	222,988	127,421	5,351,700	3,058,115								
2-bedroom	4	266,317	152,181	1,065,268	608,725								
Total	**28**			**6,416,969**	**3,666,839**	**3,666,656**	**130,952**	**1,100,052**	**39,288**	**2,200,103**	**78,575**	**3,300,155**	**117,863**
Posadas (Detached/Semi-Detached)													
2-bedroom	22	266,317	152,181	5,858,974	3,347,985								
3-bedroom	89	317,188	181,250	28,229,760	16,131,291								
4-bedroom	29	373,168	213,239	10,821,873	6,183,927								
Total	**140**			**44,910,607**	**25,663,203**	**25,661,921**	**183,299**	**7,698,961**	**54,993**	**15,397,922**	**109,985**	**23,096,883**	**164,978**
Lander Gardens (Detached/Semi-Detached)													
2-bedroom	47	222,988	127,421	10,480,413	5,988,808								
Total	**47**			**10,480,413**	**5,988,808**	**5,988,508**	**127,415**	**1,796,642**	**38,226**	**3,593,285**	**76,453**	**5,389,927**	**114,679**

For HUD's Special Applications Center (SAC) to approve a demolition application, PHAs must show that a project has satisfied the obsolescence test and that rehabilitation costs are at least 62.5% of the total development costs (TDC) for elevator structures and 57.14% of total development costs for all other structures - see PIH 2021-07, Section 4(A)(1). However, HUD has expanded the items that may be included in the scope of work that will be considered in determining obsolescence, including local code requirements, underground utilities, accessibility improvements and the cost to mitigate environmental hazards. The Obsolescence thresholds for the four properties included in Table 9 are: Craycroft, $111,371 per unit, Silverbell, $130,952, Posadas, $183,299 per unit, and Lander Gardens, $127,415 per unit.

It should be noted that public housing capital funds cannot be applied to a redevelopment project utilizing Section 18 demo/disposition and TPVs after conversion, since the resulting units are no longer public housing, but can be used prior to conversion to rehabilitate the units to market standards. This does not apply to conversions under the RAD program, including the 60% RAD / 40% PBV conversions. This new flexibility to the "cost test," as well as HUD's stated policy objective to "reposition

105,000 public housing units to a more sustainable platform by September 30, 2019,"[6] will likely result in many housing authorities choosing Section 18 Disposition over RAD conversion.

Of note, HUD issued new guidance related to Tenant Protection Voucher issuances in PIH Notice 2022-14 on May 19, 2022. Due to high demand, HUD has suspended allocation of replacement TPVs for vacant units. Per HUD's guidance, any additional TPV funding left over at year end will be allocated in chronological order of application receipt date for vacant units occupied by an assisted family in the previous 24 months. In 2022, HUD anticipated that it would have enough money to allocate TPVs for vacant units at year end, meaning that the primary impact of this policy is a delay in TPV receipt. A PHA might need to use its own PBVs to cover vacant units for no more than 12 months until TPVs are issued at year end. Depending on appropriations to TPVs in future years, this policy change could cause delay of TPV issuance or could potentially reduce the number of TPVs that a PHA is eligible for under a RAD/Section 18 disposition, straight Section 18 disposition, or Streamlined Voluntary Conversion.

Mixed-Finance Development

Another financing mechanism for the preservation and development of federal public housing is the existing HUD Mixed Finance regulations, 24 CFR part 941, Subpart F.[7] HCD has utilized this mechanism on several of its properties previously. Briefly, the Mixed Finance regulations allow for the inclusion of tax credit and other public and private financing in a public housing redevelopment project. However, the public housing units remain as public housing post-redevelopment and cannot carry permanent debt, so more gap funding is required to complete transactions. The Mixed Finance route also requires the PHA to seek disposition approval through HUD SAC, whereas disposition approval is folded into the RAD conversion process.

Faircloth-to-RAD

On April 7, 2021, RAD issued new guidance on how PHAs could utilize public housing authorized under their Faircloth limit to create additional units through the Rental Assistance Demonstration (RAD) program. The Faircloth limit is the maximum number of public housing units for which a PHA may receive Capital Funds and Operating Funds under its Annual Contributions Contract (ACC) and includes units that were removed from the inventory and have not been replaced. The new Faircloth-to-RAD guidance allows PHAs

---

[6] *Letter from Dominique Blum, General Deputy Assistant Secretary for Public and Indian Housing to all PHA Directors dated 11/13/18 set a goal to reposition 105,000 public housing units to a more sustainable platform by September 30, 2019 in its FY2019 Annual Performance Plan.*

[7] *Under Mixed Finance, Public Housing funds, including CNI Implementation grants, Capital Funds, and remaining Development and Modernization funds may be loaned and/or granted by the PHA to a development partner to build replacement public housing. Public Housing funds in a mixed-finance project also serve to leverage other public and private funds for the development of public housing, other affordable and/or market rate housing. The use of such Public Housing funds is described in a Mixed-Finance Proposal, prepared in conformance with the requirements of 24 CFR part 941 subpart F.*

to convert unused Faircloth units to RAD units through a combined Mixed-Finance and RAD process. To utilize the program, units are developed as public housing with preapproval from HUD and are converted to RAD through a streamlined process. <u>As of September 30, 2021, HCD has 421 Faircloth units.</u>

Because the Faircloth RAD units do not have an established rent, like public housing units currently in operation, HCD would need to estimate the future RAD rents based upon the operating expenses of comparable properties. This proposed rent and the justification would be provided to HUD with the applicant’s Faircloth-to-RAD proposal, much like a PHA does currently under the Mixed-Finance rules.

Of note, a PHA must retain its RAD conversion authority for the Faircloth units. The units can be reserved through an existing or new RAD Portfolio award. Alternatively, if a PHA no longer has public housing properties, it can reserve conversion authority by partnering with a PHA which has an existing RAD Portfolio Award. As it begins planning for the future, HCD should consider if and how it wants to utilize its Faircloth Authority and how conversion of its existing public housing portfolio may eventually impact its ability to use new Faircloth Authority.

There are two important distinctions for the Faircloth-to-RAD process that differ from traditional RAD or Mixed-Finance development. First, Faircloth-to-RAD projects receive Operating Funds but not Capital Funds in the year of conversion. To account for possible financing gaps between the public housing subsidy and the RAD rents in the conversion year, PHAs may need to build a year of conversion reserve into their development budgets. Secondly, a PHA must determine how to structure lease-up under the Faircloth-to-RAD program. It can choose to begin leasing units prior to the RAD conversion under public housing rules, which triggers the tenant protections and processes under the RAD program. Alternatively, it can choose to begin leasing the units after the RAD conversion, which may result in minor delays to lease-up as the development progresses through the RAD conversion process with HUD.

Of note, a PHA may overlay Faircloth units on both existing and new housing developments. Like under Mixed-Finance rules, these Faircloth-to-RAD units do not need to be owned directly by the PHA. For instance, HCD could choose to subsidize all of some of the units in a new supportive housing development utilizing its Faircloth Authority. The new owner would enter into a AHAP or HAP contract and the new units would be subject to a RAD Use Agreement. The subject property would also need to meet Site and Neighborhood Standard for the placement of new public housing (converted to RAD) units.

Section 22 Streamlined Voluntary Conversion (SVC)
In March 2019, HUD also released Notice PIH 2019-05 (HA), which now allows housing authorities with less than 250 units to voluntarily remove their public housing units from a public housing Annual Contribution Contract (ACC), as authorized under Section 22 of the U.S. Housing Act of 1937. Families residing in these units receive Tenant Protection Vouchers (TPV), which will act as tenant-based vouchers unless specifically waived by the tenant. Previously, PHAs had to demonstrate that it was more cost-effective to issue tenant-based assistance than to continue to operate the project as public housing. The Notice 2019-05 waives the cost-test requirement and makes it simpler for PHAs operating 250 or less public housing units to undergo conversion to tenant-based or project-based vouchers.

Once HCD disposes of its public housing scattered-sites and converts its larger public housing properties, it can consider the Streamlined Voluntary Conversion (SVC) option, which is, in many ways, the simplest disposition course for a medium-sized PHA that has already converted units. Important caveats with the SVC option include:

- *Public Housing-Only PHAs must Partner with HCV Administrating Agency (Not applicable to HCD)*

- *Project-Basing is Not Permissible Without Tenant Consent*—If the PHA wants to use the TPVs to project-base assistance at the former public housing units, the PHA must receive the resident's informed written consent. This is not true under the Section 18 process described above. If a resident decides to stay at the property with tenant-based assistance, the PHA must exclude that unit from the PBV Housing Assistance Payment (HAP) Contract until the resident either voluntarily leaves the unit or consents to have their unit project-based. In addition, if a resident leaves with tenant-based assistance at the time of the conversion, the PHA can only project-base that unit using its existing voucher resources. This uncertainty as to whether vouchers can be project-based makes it difficult to rely on Section 8 rents to finance the redevelopment of a property.

- *Plan for the Use of Any Remaining Public Housing Funds*—A PHA may only spend public housing funds to support public housing units that are under a Declaration of Trust (DOT). PHAs may not spend public housing funds to rehabilitate/maintain or operate any units that have been removed from the public housing inventory, including through SVC. Consequently, a PHA should either plan to use those funds prior to conversion (on any eligible public housing activity) or a PHA should consider transferring such funds prior to close-out to another PHA. Further, SVC requires a commitment to close-out the PHA's public housing program. HUD will only approve an SVC application if it covers all the remaining public housing units at the PHA (up to 250 units).

Because SVC would result in rental assistance that is tenant-based, it cannot be used to finance the preservation of the properties without the recipients of TPV agreeing to allow their voucher to be project-based.

As noted earlier, HUD Notice PIH 2021-07 also allows small PHAs with 250 units or fewer public housing units under its ACC the option of disposing of 80% of the PHA units under Section 18 in a RAD converting project, provided that the PHA submits an acceptable repositioning plan to HUD for removal of its remaining units from the public housing program. This option becomes a strong alternative to the SVC process by allowing a PHA to convert awarded TPVs directly to project-based rental assistance under the RAD program, in addition to allowing for the use of Public Housing funds for the purposes of converting through the RAD process.

Other Financing Tools & Policy Considerations

Arizona State Affordable Housing Tax Credit

The Arizona State Affordable Housing Tax Credit was established July 9, 2021 through SB1142. The state tax credit allows for a $4,000,000 10-year credit allocation through four years set to sunset December 31, 2025. This is equivalent to an investment of up to $160,000,000 for the allowable projects. The $4,000,000 is split in half for 4% LIHTC metro and 9% LIHTC rural developments. The state tax credit is competitively given to qualifying projects and scored based on the number of units and AMI targeting.

The Arizona State Affordable Housing Tax Credit limitations include:

- minimum of $500,000 per application;
- maximum of $1,000,000 per application;
- STC amount must be a least fifty percent (50%) of the federal LIHTC amount ; and
- If combined with 4% LIHTC Bonds the project must comply with I.R.C. § 42(h)(4).

Arizona legislators are discussing increasing the amount of state tax credits and extending the sunset date passed the December 31, 2025 date.

4% Rate Lock

On December 27, 2020, the 4% low-income housing tax credit (LIHTC) rate, which was previously published monthly by the IRS, was fixed at 4% under the Consolidated Appropriations Act of 2021 for all LIHTC developments placed-in-service after December 31, 2020. In December 2020 when the rate was locked, the value of the credit was approximately 3.09%. As a result, the 4.0% fix resulted in an approximately 30% increase in the value of this credit, which translates to a significant net gain the sources available to a development. This legislative change reduced or eliminated the financing gaps on projects that were previously infeasible.

Inflation Reduction Act of 2022

The Inflation Reduction Act of 2022 allocated $369 billion for renewable energy projects and made significant revisions to the renewable energy production tax credit (PTC), investment tax credit (ITC), and the new energy efficient home credit. It also created a new Section 45L Energy Efficient Home Tax Credit. Low-income communities are especially targeted to benefit from these revisions by receiving boosts in the value of the tax credits or set-aside grant and loan funding for discrete low-income projects.

One purpose of the legislative changes is to make affordable housing more energy efficient and climate resilient to ensure that low-income communities are not disproportionately impacted by the effects of climate change. The revisions to the clean energy tax credits make it simpler and more effective to pair the ITC, PTC, and Section 45L with LIHTC. Key changes to the energy efficient tax credits include:

<u>IRC Section 48 Renewable Energy Investment Tax Credit (ITC) & Production Tax Credit (PTC) for solar energy</u>

- Credit increased from 26% to 30%;
- A number of boosts and add-ons were developed, which can be stacked to increase the ITC value to 70%. These include:
  - 20% credit boost for LIHTC-financed properties;
  - 10% credit boost if development is in a low-income community as defined by the New Markets Tax Credit program;
  - 10% credit boost for using domestic materials on ITC project; and,
  - 10% credit boost for Brownfield sites and certain census tracts where fossil fuels contributed to employment or where coal mines were retired recently;
- Can be applied retroactively up to 10-years from January 1, 2022 (assuming project met prevailing wage requirements);
- Annual cap of 1.8 gigawatts; Treasury to issue further guidance on mechanics;
- ITC/PTC are earned and allocable upon Placed-in-Service;
- Credits no longer decrease LIHTC eligible basis; and,
- Investor has increased flexibility to monetize the ITC & PTC credits.

<u>Section 45L New Energy Efficient Home Credit</u>

- Can be used for new construction or substantial renovation;

- Credit value increased from $2,000 per unit to up to $5,000 per unit;
- Higher credit rage for prevailing wage projects; and,
- Property should meet Energy Star or DOE Zero Energy Ready Homes requirements; pairs well with Enterprise Green Communities certifications. (See **Table 10**.)

Table 10: Section 45L New Energy Efficient Home Credit

Home Type	Qualification Requirement	Prevailing Wage Requirement	2023 and Onward	2021 and Prior
Multifamily	EnergyStar	No	$500	$2,000
Multifamily	ZERH	No	$1,000	N/A
Multifamily	EnergyStar	Yes	$2,500	N/A
Multifamily	ZERH	Yes	$5,000	N/A

In addition to the energy efficient tax credit changes, there are also new funding opportunities available to carry out energy efficiency upgrades on existing housing. These include:

Green and Resilient Retrofit Program (GRRP)
$1 billion in grants and loans for improving climate resilience and energy/water efficiency is available for HUD-assisted multi-family housing, including Section 8 housing. Multiple rounds of funding are anticipated, and all funds will be disbursed by September 2028.

Department of Energy Consumer Home Energy Rebate Programs
$4.3 billion in rebates available for the purchase of high-efficiency electric appliances and qualifying energy efficiency improvements. Qualified projects include installation of heat pump water heaters and HVAC systems, electric cooking appliances, heat pump clothes dryers and upgraded circuit panels, insulation, air sealing, ventilation, and wiring. An additional $4.5 billion is allocated for efficiency and electrification rebates under the Home Energy Performance-Based, Whole House Rebates program. Multi-family building owners can receive up to $8,000 per unit for qualifying energy efficiency improvements, with low-to-moderate income multifamily properties qualifying for higher incentive levels. Funding will be allocated by 2031.

IV. Recommendations

Background

Tucson's public housing and mixed-finance housing portfolio reflects an ambitious effort over decades of work to place and/or acquire affordable housing in every neighborhood of the city. A focus on low-density has allowed public housing to blend into neighborhoods and allowed low-income Tucsonans to live in all neighborhoods and wards.

Even setting aside the large scattered-site portfolio, HCD's projects stand out for their unique approaches and characteristics. Whether it is the major planned effort to rehabilitate Tucson House, the recent development of the modern MLK Apartments, a dense infill property in the downtown, or the complete neighborhood revitalization represented through Posadas Sentinel (on the site of the former La Reforma and Connie Chambers public housing properties) the city has stayed on the cutting edge of public housing policy and strategies.

At the same time, the challenges ahead are clear. Many of the positive characteristics of the scattered-site portfolio, including its geographic diversity, are a double-edged sword when it comes to ongoing maintenance and operations. The overall age of the buildings in HCD's portfolio means major capital investments are needed to rehabilitate and modernize nearly all of the properties. The steady reduction in HUD Capital Funds, despite increases in recent years, has resulted in deferred maintenance and neglect over time, leading to an unsustainable maintenance situation. Maintenance staff are stretched thin and are facing challenges to keep up with these accumulating needs.

Despite these challenges, the properties visited by the Praxis team were fully occupied, frequently attractive, and often in relatively good condition considering the issues faced by the HCD. HCD staff exhibited deep institutional memory and knowledge of all properties across the portfolio. The dedication of management and maintenance staff to provide the best possible living conditions for public housing tenants was evident.

HCD has relatively new leadership that is redirecting its attention to asset management and the long-term financial stability of the Agency. It has created a new Asset Manager staff position to carry out long range portfolio planning (as opposed to moving from crisis to crisis). HCD's senior staff would like to build upon Tucson's history of cutting-edge public housing strategies and financing tools to stabilize and improve its housing stock.

Goals

At the outset of the portfolio planning process, we asked Tucson HCD staff to voice their goals for the repositioning effort. Among these goals were the following:

- Put HCD on stable financial footing;
- Address HCD's aging housing stock through rehabilitation;
- Increase the overall energy efficiency of HCD's portfolio and take advantage of new green building technologies;
- Right-size the scattered-site portfolio (disposing of perhaps two-thirds of these units) to increase homeownership opportunities in Tucson and the overall affordable housing inventory city-wide, even if not all owned by HCD;
- Utilize HCD's Faircloth Authority to pursue the development of new multi-family affordable housing;
- Double HCD's portfolio of affordable housing units, but taking better advantage of density, purpose-built senior and special needs housing, energy efficiency, and location efficiency; and,
- Reduce HCD's carbon impact to help ensure the City meets its climate targets identified in the Tucson Resilient Together Climate Action Plan

Based on these goals and our analysis of HCD's current portfolio, Praxis has developed a series of recommendations for the properties as well as potential future developments. **Table 11** outlines these recommendations, sorting them as Short Term (0 – 3 Years) or Medium Term (4 – 6 Years) tasks. To the extent possible we have grouped together strategies that apply to multiple properties or AMPs. We also discuss the possibility of new production under Faircloth-to-RAD and exiting the public housing program altogether in the long term.

Table 11: Recommendations

Property	AMP	Unit Count	Strategy	Financing Mechanisms	Notes
Short Term (0 – 3 Years)					
MLK Apartments	120	68	• No rehab: fund long term reserves	• Straight RAD conversion	Prepare for straight RAD conversion in 2024
Tucson House	48	407	• Substantial Rehabilitation	• CNI Application	Implementation of successful CNI grant.
Craycroft Towers	113	74	• Substantial Rehabilitation	• 9% LIHTC – 100% RAD or 100% TPV • Tax Exempt Bonds/4% Credits – RAD/Section 18 blend or 100% TPV	Perform an obsolescence test in 2023. Pursue a substantial rehabilitation through a number of potential financing options.
Silverbell Homes	65	28	• Firm Financial Footing • (Medium Term) – Moderate Rehabilitation	• Section 18 Disposition/Tenant Protection Vouchers • (Medium Term) 9% LIHTC or Tax-Exempt Bonds/4% Credits (combined with Lander)	In the short term, pursue Section 8 conversion through Section 18 Disposition in 2024 to provide additional funds to address capital needs. In the medium term, consider moderate rehabilitation.
South Park	6040	28	• Firm Financial Footing • (Long Term) - Disposition	• Section 18 Disposition/Tenant Protection Vouchers	In the short term, pursue Section 8 conversion through Section 18 Disposition in 2024 to provide additional funds to address capital needs. In the long term, after the tax credit investor exits the deal, pursue full disposition.
Scattered-site AMPs (AMPs 3, 4, 5, 6)	110 111 112 113	713	• Scattered-site Disposition • Homeownership Programs • Moderate to Substantial Rehabilitation for Multifamily properties	• Section 18 Obsolescence / Tenant Protection Vouchers • Non-profit Homeownership + Rehabilitation partnerships • Section 18 Scattered-Site Disposition	In the short term, undertake Obsolescence Tests for larger, tired multi-family (especially in AMP 5). Create Scattered Site Task Force in 2023 or 2024 to develop disposition strategy for scattered-site units. Partner with non-profits to build homeownership opportunities and rehabilitate existing properties.

Property	AMP	Unit Count	Strategy	Financing Mechanisms	Notes
Medium Term (4 – 6 Years)					
Lander Gardens	115	47	• Substantial Rehabilitation	• 9% LIHTC or Tax-Exempt Bonds/4% Credits (combined with Silverbell) • Section 18 Obsolescence Test / Tenant Protection Vouchers	Perform an Obsolescence Test in 2023 and consider financial options for substantial rehabilitation.
Posadas Sentinel (Barrio Santa Rosa)	51	60 (+60 non-ACC)	• Moderate Rehabilitation	• 9% LIHTC (100% RAD) or Tax-Exempt Bonds/4% Credits (RAD/Section 18 Blend)	Following the investor's exit, pursue a moderate rehabilitation, including the 60 non-public housing tax credit units in the transaction.
Posadas Sentinel (Scattered)	51	80	• Moderate Rehabilitation • Scattered-Site Disposition	• 9% LIHTC (100% TPV) or Tax-Exempt Bonds/4% Credits (100% TPV) • Section 18 Scattered-Site Disposition	Following the investor's exit, consider pursuing a moderate rehabilitation with Barrio Santa Rosa units. In the long term, pursue Scattered-Site Disposition in line with HCD's adopted strategy for scattered-site AMPs.
Total		**1,505**			
New Production					
Faircloth Units		421	• New Multi-Family construction	• 9% LIHTC or Tax-Exempt Bonds/4% Credits • Proceeds from Scattered-Site Disposition • Faircloth to RAD HAP (combined with PBV?)	After assessing internal development capacity, consider pairing unused Faircloth Authority with traditional affordable housing financing mechanisms and proceeds from Scattered-Site Disposition to pursue new multi-family construction.
Exiting Public Housing Program					
HCD Public Housing Program			• Public Housing Program Closeout	• Streamlined Voluntary Conversion • Streamlined Section 18 Disposition • Streamlined RAD Conversion	Once a public housing authority has 250 or fewer public housing units, HUD provides a number of new tools for achieving Public Housing Program closeout, including Streamlined Voluntary Conversion (SVC, 250 units or less), streamlined Section 18 Disposition (250 units or less), and streamlined RAD Conversion (50 units or less).

A Note About Financial Modeling

In order to determine the best repositioning strategy for each property upon disposition, Praxis developed preliminary models utilizing a variety of financing tools, including tax-exempt bonds and 4% LIHTC, 9% tax credits, and 4% LIHTC with Arizona State Tax Credits. For each site, we considered moderate-rehabilitation or substantial-rehabilitation. We also estimated the amount of other financing (the “gap”) required to proceed. Possible sources of gap funding include HOME, HUD Public Housing Capital Funds, Federal Home Loan Bank, ADOH HTF/NHTF and other public and private resources.

In all of the financing scenarios, Praxis relied upon the following underwriting assumptions:

- Rehabilitation costs estimated at $125,000 per unit for moderate rehab and $185,000 per unit for substantial rehab properties;
- New construction costs of $327.61 per square foot based on the 2023 RSMeans pricing for apartments in Tucson;
- Federal Low-Income Housing Tax Credit (LIHTC) pricing at $0.90;
- Arizona State Tax Credit pricing at $0.65;
- Location within a HUD designated Qualified Census Tract (QCT) or Difficult Development Area (DDA) as eligible for a 30% basis boost;
- Soft costs as 30% of hard costs for 9% and 4% LIHTC projects;
- Developer fee as 15% of Total Development Cost less acquisition;
- Operating expense budget based on the average 2021-2023 operating expenses, assuming savings in maintenance and utilities based on the scope of rehabilitation;
- Permanent debt at 40-year amortization and 6.50% interest rate; and
- A required 1.15 debt service coverage ratio.

Because only some of the properties appeared to be good candidates in the short- or medium-term for recapitalization, we focused solely upon four properties: Silverbell, Lander, Silverbell and Lander bundled as one financial transaction, Craycroft, and Posadas. For each transaction, Praxis modeled the following financing scenarios:

- 9% LIHTC with Section 8 Project-based Voucher rents;
- 9% LIHTC with RAD rents;
- 4% LIHTC with bonds with Section 8 Project-based Voucher rents;
- 4% LIHTC with bonds with Section 8 Project-based Voucher rent and Arizona State Tax Credits;

- 4% LIHTC with bonds with 80% RAD/20% Section 8 blended rents;
- 4% LIHTC with bonds with 60% RAD/40% Section 8 blended rents;
- 4% LIHTC with bonds with 40% RAD/60% Section 8 blended rents;
- 4% LIHTC with bonds with 80% RAD/20% Section 8 blended rents and Arizona State Tax Credits;
- 4% LIHTC with bonds with 60% RAD/40% Section 8 blended rents and Arizona State Tax Credits;
- 4% LIHTC with bonds with 40% RAD/60% Section 8 blended rents and Arizona State Tax Credits.

Summaries of the models are included below in **Tables 12, 13, and 14**. The detailed financing models by project can be found in **Attachment Seven: Financing Scenarios**.

Generally, all modeled 9% LIHTC deals show no need for gap financing, with the exception of Posadas Sentinel Barrio Santa Rosa's proposed moderate rehabilitation effort (which includes both the 60 public housing units located in Barrio Santa Rosa and the integrated 60 non-public housing units). The challenge is that 9% tax credits are very limited and more competitive than tax-exempt bonds and 4% LIHTC, particularly for rehabilitation projects, so HCD would not be able to count on an award. There are two 9% LIHTC models: 100% RAD and 100% Project-Based Vouchers (PBVs). As can be seen below, the PBV models only apply to properties that qualify for Section 18 disposition, either through obsolescence or scattered-site status. The upside to 100% PBVs over 100% RAD is the increased revenue, which increases the size of the permanent debt that a project can carry. This would bring down the amount of tax credits required for each project.

The 4% LIHTC/tax-exempt bond models fall into two categories: 100% PBVs and RAD/Section 18 blends, of which we modeled three potential scenarios: 80% RAD/20% PBVs, 60% RAD/40% PBVs, and 40% RAD/60% PBVs. As described in Section III above, the 100% PBV model is only possible for projects that meet Section 18 Obsolescence or scattered-site criteria. The blended models are for projects that do not meet obsolescence, with the overall blend based on total rehabilitation costs per unit. Overall, the different blends have a predictable effect on gap fund needs, with higher PBV percentages resulting in smaller financing gaps. However, which financing model a project pursues will be constrained by whether or not it meets obsolescence and then potentially again by the rehabilitation costs.

Below we make specific financing recommendations by project based upon the findings of these scenarios.

Table 12: Summary of RAD and Section 18 Financing Scenarios: 9% LIHTC (no State Tax Credits)

RAD 9% LIHTC Analysis

PIC #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
113	Craycroft (AMP 6)	74	Yes	$185,000	$26,227,813	$22,497,750	$0	($2,089,647)	$22,497,750	$304,024
51	Posadas Sentinel (BSR)	120	No	$125,000	$31,932,370	$14,788,450	$1,649,467	$1,390,891	$16,437,917	$136,983
115	Lander Gardens	47	Yes	$185,000	$16,693,708	$14,788,450	$862,069	($2,653,577)	$15,650,519	$332,990
TOTAL		241			$74,853,891	$52,074,650	$2,511,536	($3,352,334)	$54,586,185	$773,996

PBV Bond / 9% LIHTC Analysis

AMP #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
113	Craycroft Towers	74	Yes	$185,000	$20,673,555	$22,497,750	$3,792,893	($6,251,802)	$26,290,643	$355,279
51	Posadas (Scattered)	80	No	$125,000	$15,631,198	$16,214,271	$12,667,323	($13,730,302)	$28,881,595	$361,020
TOTAL		154			$36,304,753	$38,712,021	$16,460,217	($19,982,105)	$55,172,238	$716,299

Table 13: Summary of RAD and Section 18 Financing Scenarios: Tax-Exempt Bonds / 4% LIHTC (no State Tax Credits)

80% RAD / 20% PBV 4% LIHTC Analysis

AMP #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
65	Silverbell	28	Yes	$125,000	$7,373,642	$3,074,788	$370,527	$1,634,034	$3,445,315	$123,047
115	Lander Gardens	47	Yes	$185,000	$18,945,271	$7,838,201	$1,280,917	$3,469,617	$9,119,118	$194,024
	S and LG Combined	75	Yes	$162,600	$33,028,656	$13,369,270	$1,653,672	$5,043,158	$15,022,942	$200,306
113	Craycroft Towers	74	Yes	$185,000	$29,783,116	$12,338,376	$133,398	$7,304,859	$12,471,774	$168,537
51	Posadas (PH)	140	No	$185,000	$31,809,336	$13,189,618	$3,639,677	$5,139,698	$16,829,295	$120,209
TOTAL		364			$120,940,021	$49,810,252	$7,078,191	$22,591,366	$56,888,443	$806,123

60% RAD / 40% PBV 4% LIHTC Analysis

AMP #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
65	Silverbell	28	Yes	$125,000	$7,390,518	$3,075,758	$810,282	$1,209,564	$3,886,040	$138,787
115	Lander Gardens	47	Yes	$185,000	$18,961,345	$7,839,124	$1,699,765	$3,065,327	$9,538,889	$202,955
	S and LG Combined	75	Yes	$162,600	$33,061,606	$13,371,163	$2,512,275	$4,214,398	$15,883,438	$211,779
113	Craycroft Towers	74	Yes	$185,000	$26,118,226	$11,208,307	$1,048,272	$7,553,870	$12,256,579	$165,629
51	Posadas (PH)	140	No	$185,000	$27,385,714	$13,194,007	$5,629,891	$3,218,659	$18,823,898	$134,456
TOTAL		364			$112,917,409	$48,688,359	$11,700,485	$19,261,818	$60,388,844	$853,607

40% RAD / 60% PBV 4% LIHTC Analysis

AMP #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
65	Silverbell	28	Yes	$125,000	$7,407,394	$3,076,728	$1,250,037	$785,094	$4,326,765	$154,527
115	Lander Gardens	47	Yes	$185,000	$18,977,419	$7,840,048	$2,118,613	$2,661,037	$9,958,661	$211,886
	S and LG Combined	75	Yes	$162,600	$33,094,556	$13,373,057	$3,370,878	$3,385,638	$16,743,935	$223,252
113	Craycroft Towers	74	Yes	$185,000	$26,153,336	$11,210,324	$1,963,146	$6,670,795	$13,173,470	$178,020
51	Posadas (PH)	140	No	$185,000	$27,462,092	$13,198,396	$7,620,105	$1,297,619	$20,818,501	$148,704
TOTAL		364			$113,094,797	$48,698,554	$16,322,778	$14,800,184	$65,021,332	$916,390

PBV Bond / 4% LIHTC Analysis

AMP #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
113	Craycroft Towers	74	Yes	$185,000	$20,673,555	$11,214,360	$3,792,893	$5,031,588	$15,007,253	$202,801
51	Posadas (Scattered)	80	No	$125,000	$15,631,198	$7,206,343	$12,667,323	($4,722,374)	$19,873,666	$248,421
TOTAL		154			$36,304,753	$18,420,703	$16,460,217	$309,214	$34,880,919	$451,222

Table 14: Summary of RAD and Section 18 Financing Scenarios: Tax-Exempt Bonds / 4% LIHTC (with State Tax Credits)

80% RAD / 20% PBV 4% LIHTC Analysis

AMP #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
65	Silverbell	28	Yes	$125,000	$7,373,642	$3,074,788	$370,527	$523,583	$3,445,315	$123,047
115	Lander Gardens	47	Yes	$185,000	$18,945,271	$7,838,201	$1,280,917	$638,873	$9,119,118	$194,024
	S and LG Combined	75	Yes	$162,600	$33,028,656	$13,369,270	$1,653,672	$214,883	$15,022,942	$200,306
113	Craycroft Towers	74	Yes	$185,000	$29,783,116	$12,338,376	$133,398	$2,848,888	$12,471,774	$168,537
51	Posadas (PH)	140	No	$185,000	$31,809,336	$13,189,618	$3,639,677	$376,304	$16,829,295	$120,209
TOTAL		364			$120,940,021	$49,810,252	$7,078,191	$4,602,532	$56,888,443	$806,123

60% RAD / 40% PBV 4% LIHTC Analysis

AMP #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
65	Silverbell	28	Yes	$125,000	$7,390,518	$3,075,758	$810,282	$98,763	$3,886,040	$138,787
115	Lander Gardens	47	Yes	$185,000	$18,961,345	$7,839,124	$1,699,765	$234,249	$9,538,889	$202,955
	S and LG Combined	75	Yes	$162,600	$33,061,606	$13,371,163	$2,512,275	($614,561)	$15,883,438	$211,779
113	Craycroft Towers	74	Yes	$185,000	$26,118,226	$11,208,307	$1,048,272	$3,506,021	$12,256,579	$165,629
51	Posadas (PH)	140	No	$185,000	$27,385,714	$13,194,007	$5,629,891	($1,546,320)	$18,823,898	$134,456
TOTAL		364			$112,917,409	$48,688,359	$11,700,485	$1,678,152	$60,388,844	$853,607

40% RAD / 60% PBV 4% LIHTC Analysis

AMP #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
65	Silverbell	28	Yes	$125,000	$7,407,394	$3,076,728	$1,250,037	($326,058)	$4,326,765	$154,527
115	Lander Gardens	47	Yes	$185,000	$18,977,419	$7,840,048	$2,118,613	($170,374)	$9,958,661	$211,886
	S and LG Combined	75	Yes	$162,600	$33,094,556	$13,373,057	$3,370,878	($1,444,005)	$16,743,935	$223,252
113	Craycroft Towers	74	Yes	$185,000	$26,153,336	$11,210,324	$1,963,146	$2,622,218	$13,173,470	$178,020
51	Posadas (PH)	140	No	$185,000	$27,462,092	$13,198,396	$7,620,105	($3,468,945)	$20,818,501	$148,704
TOTAL		364			$113,094,797	$48,698,554	$16,322,778	($2,787,164)	$65,021,332	$916,390

PBV Bond / 4% LIHTC Analysis

AMP #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
113	Craycroft Towers	74	Yes	$185,000	$20,673,555	$11,214,360	$3,792,893	$981,553	$15,007,253	$202,801
51	Posadas (Scattered)	80	No	$125,000	$15,631,198	$7,206,343	$12,667,323	($7,324,925)	$19,873,666	$248,421
TOTAL		154			$36,304,753	$18,420,703	$16,460,217	($6,343,372)	$34,880,919	$451,222

Short Term Recommendations (0 – 3 Years)

MLK Apartments—Straight RAD Conversion

Background— Completed in 2010, MLK Apartments is located at 55 N. 5th Avenue in downtown Tucson across from the train station and directly behind the bus station, within walking distance to all downtown amenities and the light rail. While the current residents are primarily seniors, it does not have a HUD elderly designation. The property maintains full occupancy due to its highly desirable location and amenities. It consists of one seven-story high rise tower with 68 one-bedroom units.

The modern, two elevator building boasts several amenities including a community room, computer room, library, roof gardens, and laundry rooms on each floor. The property has 100% owner-paid utilities. A city-owned underground parking garage was completed alongside the development, with options for residents to purchase parking as part of their tenancy.

All 68 units are part of a LIHTC deal, placed in service in 2008. The Investor, Boston Capital, has exited the partnership. Available Operating Reserves total $473,935. Currently there is no hard debt on the property. Soft debt on the property includes a General Fund Loan from the City of Tucson, a HOPE VI grant, a City of Tucson HOME Loan, a Special Member BPC/Arizona Special, LLC, an ADOH Loan, and a Federal Home Loan Bank of San Francisco Loan.

MLK Apartments is in excellent physical condition without major rehabilitation needs, with the exception of maintenance related to the cooling towers. While there was a lawsuit involving the developer due to failing tile flooring in the first several years of occupancy, HCD has replaced the VCT tile floors with LCT materials. It is believed that the floors were unable to accommodate wheelchair users, especially tenants who use power wheelchairs.

According to the Capital Needs Assessment (CNA) completed by AEI in 2021, the overall 20-year needs total $2,616,468 or about $38,477 per unit. There are no immediate critical repair needs listed in the CNA. While there is no solar installed on this project, there appears to be capacity for installation on the roof.

Recommendations—Praxis recommends HCD begin preparations for a straight RAD application of MLK, for conversion in 2024. A straight RAD conversion does not include any rehabilitation work, removes the property from PIC, and converts all units to a 20-year HAP contract at the RAD rents, which are relatively high for MLK ($816.90 PUPM). The RAD rents would result in a higher income stream for the property going forward, which will help cover ongoing capital expenses.

In order to qualify for a straight RAD conversion, a property must demonstrate it has sufficient reserves to meet the 20-year capital needs estimated at $2.6 million. HCD could do this by converting a portion of the existing reserves into a replacement reserve. It could bump up the current annual replacement reserves amount based upon the higher RAD rents. The remainder of the RAD reserve could be covered by a one-time Initial Deposit to Replacement Reserves (IDRR) payment at closing. The property has no amortizing permanent debt.

Additionally, as part of the RAD conversion process, MLK Apartments can request an Elderly Preference under the Section 8 program. This would allow HCD to target these units to the demographics the property is best designed to serve.

Tucson House—CNI Implementation Grant / Substantial Rehabilitation

Background—Tucson House consists of one seventeen-story high-rise building with 407 units serving families. Built in 1963 to serve as luxury apartments, Tucson House was acquired by the City of Tucson and converted to public housing in 1976.

All 407 units are part of an existing LIHTC deal, placed in service in 1997. The investor, The Richman Group, is currently still in the partnership even though the 15-year compliance period has expired. There are no Reserve Accounts available. Currently there is no hard debt on the property. Soft debt on the property includes a Seller's Note, a HUD Modernization Grant, and a Federal Home Loan Bank of San Francisco AHP grant.

Tucson House has major, intensive capital needs. According to the 2020 Obsolescence Study completed by PMM, the overall 20-year needs total over $67 million or about $164,686 per unit, qualifying it for Section 18 disposition. These capital needs account for roughly 68% of Tucson HCD's entire assessed portfolio capital needs. Though it should be noted that the Obsolescence Test methodology is different from a routine CNA, so the results cannot be compared apples-for-apples.

Recommendations— Tucson House is the centerpiece of a successful 2023 Choice Neighborhoods Initiative (CNI) grant application: Thrive in the 05. This program, which was officially awarded in July 2023, plans for the substantial rehabilitation of Tucson House into a 360-unit, 55+ affordable housing development (including 30 studios, 236 one-bedrooms, and 30 two-bedrooms). The 168 existing studio units, which are small and less desirable, would be reduced to 30 by combining units to create larger 1-bedroom units. The historic and comprehensive rehabilitation would address identified structural and design deficiencies while creating an environment that allows older residents to age in place.

The rehabilitation plan included in Tucson HCD's "Thrive in the 05" Choice Neighborhoods Initiative plan would result in 48 fewer units at Tucson House itself (47 public housing units, one non-public housing unit) and calls for the additional development of three new construction affordable developments to replace lost units: Bum Steer Family Apartments (37 units), Amazon Apartments (26 units), and Stone/Speedway Apartments (25 units) along with 23 replacement PBV units that would be placed in other mixed-income developments in Tucson.

The financing plan for the CNI program includes significant forward allocations of City HOME funds and General Funds, and State Private Activity Bonds, Tax Credits, and National Housing Trust Funds and HOME funds from the Arizona Department of Housing (ADOH). The successful CNI award is a major investment in affordable housing in Tucson but might reduce the availability of funding in the short- to medium- term for other proposed HCD preservation projects.

Because of Tucson House's centrality to the implementation of the CNI plan, we do not make any further recommendations regarding its rehabilitation or financing at this time.

We have attached the Praxis team's financing model for Tucson House, prepared for the CNI application, as **Attachment Eight: Tucson House Financing.**

<u>Craycroft Towers—Section 18 Obsolescence / Substantial Rehabilitation</u>

Background-- Completed in 1975, Craycroft Towers consists of 74 one-bedroom units in a three-story, multifamily apartment building located at 1635 N. Craycroft Road in the Avondale neighborhood. While the property currently operates as a family development, it is well suited for an elderly preference and most current residents are seniors. The property has 100% owner-paid utilities.

Craycroft Towers is immediately adjacent to the Lee complex of four duplexes. These duplexes have few vacancies and are considered highly desirable due to their yards and general upkeep. Craycroft is part of scattered-site AMP 6, so we do not have project-specific operating data or capital needs information.

Recommendations—Craycroft Towers is in need of a substantial rehabilitation in order to enhance its long-term viability and livability for residents. The property has major plumbing issues. The roof is leaking, necessitating a new coating and membrane. The cooling tower needs to be replaced, there are issues with the tile flooring, and the emergency safety system is outdated. The two elevators are original to the building and require replacement. Overall, the building is in a tired state, though it does not contain asbestos containing materials (ACM) according to recent testing, like other similarly aged properties.

We recommend that HCD immediately undertake a Section 18 Obsolescence Test in 2023 for the property to determine if it meets the obsolescence threshold. Meeting this threshold would allow access to additional HUD tools and financing options for completing the necessary rehabilitation.

We modeled several financing scenarios for Craycroft's substantial rehabilitation and believe the most likely scenario would be that it qualifies for obsolescence and can pursue a Tax-Exempt Bond/4% Credit 100% PBV path. Under this scenario, we are showing a financing gap of $5,031,588 without state tax credits. With state tax credits, this gap would drop to $981,553 The 9% LIHTC scenarios for Craycroft shows no need for gap funds, whether it qualifies for obsolescence or not.

If Craycroft does not qualify for obsolescence, we have also prepared several RAD/Section 18 blend scenarios with a tax-exempt bond/4% LIHTC deal. Under the highest level of rehabilitation costs/unit (the 40% RAD/60% PBV blend), the model shows a gap of $6,670,795 without State Tax Credits and $2,622,218 with State Tax Credits.

<u>Silverbell—Section 18 Disposition / Moderate Rehabilitation (possibly combined with Lander)</u>

Background-- Completed in 2007, Silverbell Homes consists of 28 single-family units serving families and is located in the northwest in zip code 85745. Built on vacant green field land, a neighborhood has since grown up around the Silverbell Homes site, demonstrating the desirability of the neighborhood and general expansion of development in Tucson. The units are well maintained and are in high demand due to their location and their overall quality. Two of HCD's El Portal properties, which are affordable housing properties not included in the scope of this report, are located in the same neighborhood.

All 28 units are part of a LIHTC transaction that placed in service in 2007. The investor, Boston Financial, is currently still in the partnership even though the 15-year compliance period has expired. Current Operating Reserves total $223,344 and Replacement Reserves total $110,280. Currently there is a Capitalized Lease of $364,000 on the property. Soft debt on the property includes a HOPE VI grant, a City of Tucson Note, a City of Tucson Capital Funds Note, and an ADOH note.

Recommendations—Silverbell Homes is generally in good physical condition with minimal current capital needs. Projected capital needs are in line with normal property aging. Units are all electric, with no solar offset. Due to a high utility allowance for tenant-paid utilities, current rents do not cover costs, and the property operates at a loss. Additionally, while the property was not originally part of an HOA, the establishment of one post-construction has added new costs to the site. HOA fees have increased in recent years, putting additional stress on the financial health of the property.

According to the 2021 CNA completed by AEI, the overall 20-year needs, including non-critical Year 0 repairs, total $1,392,476 or about $49,731 per unit.

To place Silverbell Homes on a more stable financial footing in the short term, we recommend that HCD pursue Scattered-Site Disposition under Section 18 in 2024. This disposition would remove Silverbell Homes from the public housing portfolio and provide project-based Tenant Protection Vouchers (TPVs), increasing the effective rents HCD receives. However, HCD will need to confirm that Silverbell qualifies as scattered site under HUD's definition, because there are some contiguous units and parcels. It is possible that a portion of Silverbell will meet the HUD definition and portion will not.

In the medium term, Silverbell Homes would be a good candidate for a moderate rehabilitation, accomplished through tax-exempt bonds/4% LIHTC, outlined below. Because of the relatively smaller size of Silverbell Homes, a potential Tax-Exempt Bond/4% LIHTC deal could be carried out in combination with Lander Gardens. Combining these two properties into one rehabilitation deal would help HCD achieve greater economies of scale and meet the needs of two of its properties at once.

Depending on the RAD/Section 18 Blend, based upon the rehabilitation cost, and whether the entire development qualifies for Scattered-Site Disposition, the gap ranges from a high of $1,634,034 (80% RAD, no State Tax Credits), to a negative gap, meaning the project would have excess resources. If combined with Lander Gardens, the two projects can achieve some economy of scale in the overall rehabilitation costs. Under the combined scenario, HCD would be well-positioned to secure the additional gap financing needed because of the broader scope of the rehabilitation effort.

South Park—Section 18 Disposition / Sell Property (after LIHTC Compliance Period)

Background—Formerly known as the Robert F. Kennedy Homes, South Park consists of 28 public housing units and 20 rent-to-own tax credit units (of which five have already been sold to the renters and the remaining are a priority for the city to sell through the same process). Only the 28 public housing units are included in the scope and data of this analysis. Originally constructed in 1971, the project was part of a 1983 HOPE VI remodel that included the removal of original second stories on many units. All 28 units are part of a LIHTC transaction (as well as 20 units included in the El Portal portfolio), placed in service in 1999. The investor, NEF, has exited the partnership. Available Operating and Replacement Reserves total $411,461. Currently there is a Capitalized Lease totaling $442,492 on the property. Soft debt on the property includes three unspecified notes, based on the available information.

South Park is generally in poor condition and expensive for HCD to maintain. The properties have the second highest operating expenses of the portfolio, with costs of over $10,000 per unit per year. The heating/cooling systems are reaching the end of their life. Additionally, HCD is currently having difficulty leasing the four-bedroom units.

According to the 2021 CNA prepared by AEI, the overall 20-year needs, including non-critical Year 0 repairs, total $984,316 or about $35,154 per unit. However, as noted above, these numbers significantly underestimate the poor condition of the public housing units.

Recommendations — In order to partially address this challenge in the short term, we recommend HCD pursue Scattered-Site Disposition under Section 18 in 2024. This disposition would remove South Park from the public housing portfolio and provide project-based Section 8 Vouchers in the form of Tenant Protection Vouchers (TPVs), increasing the effective rents HCD receives.

In the long term, we recommend that HCD fully dispose of the South Park properties. Potential strategies for this full disposition are further outlined under the recommendations for the Scattered-site AMPs (below) and could include: 1) selling the properties to raise funds for new HCD affordable housing development; 2) collaborating with non-profits to rehabilitate and/or create new homeownership opportunities for low-income Tucson residents.

Scattered-site AMPs (110, 111, 112, 113)—Section 18 Disposition / Selective Sale of Units for Homeownership and Other Priorities

Background-- HCD's Scattered-site Public Housing properties are one of the most unique components of the overall portfolio. For the purposes of this Report, this section describes AMPs 3, 4, 5, and 6 (with the exception of Craycroft Towers, which is discussed above). While these AMPs are generally referred to as the “Scattered-site AMPs,” not all units within them meet the official HUD “Scattered-site” definition, which is a crucial distinction for potential disposition and financing strategies.

HUD’s definition of “Scattered Site” unit is any property with units in non-contiguous buildings with 4 or fewer total units. Our understanding of “contiguous” in this context not only refers to physically connected units, but also to units on parcels that are directly adjacent to one another. By this definition, while the majority of single-family homes, duplexes, triplexes, and quadplexes within Scattered-site AMPs 3, 4, 5, and 6 will qualify as “Scattered-Site,” there are a number of either larger multi-family buildings or geographically concentrated single-family homes and duplexes that do not meet this definition.

Because of this definition challenge, HCD will need to further analyze which properties it can dispose of under Scattered-Site Disposition and which financing tools might be available to units that do not meet the criteria.

Table 15: Building Typologies Within the Scattered-Site AMPs

AMP	Single Family	Duplex	Triplex	Quad	5+ Units	10+ Units	15+ Units	20+ Units	Total
3	60	18			2	3			83
4	113	16		7		1			137
5	66	13	3	4	2	1	3	2	94
6	148	8							156
Total	387	55	3	11	4	5	3	2	470

The above table provides our closest estimate of the number of building types making up the scattered-site AMPs. As noted above, not all single-family homes, duplexes, triplexes, and quadplexes will necessarily meet HUD’s Scattered-Site definition based on their proximity to other sites.

The larger multi-family developments included in AMPs 3, 4, 5, and 6 could be potential candidates for other financing tools and strategies that would assist in the rehabilitation or disposition; for instance, some may be candidates for Section 18 Obsolescence.

Other important factors that will influence decision-making regarding Scattered-Site Disposition include the valuations, size, age, and homeownership status of these units. (See **Table 16**.)

Table 16: Select Characteristics of Scattered-Site Properties by AMP

AMP	Median Appraised Value	Median SF	Median Year Built	HOA Units
3	$146,270	1,054 sf	1984	11 units
4	$154,026	1,163 sf	1984	28 units
5	$141,693	1,116 sf	1972	3 units
6	$168,671	1,237 sf	1972	28 units

<u>AMP 3 scattered-sites (AMP 110)</u> – AMP 3 is one of HCD's four main scattered-site groupings and includes 135 total units. The AMP contains a mix of small to medium-sized multifamily developments and single-family homes. The buildings themselves range in initial construction dates from 1972 to 2008. Geographically, the majority of units are scattered north and west of downtown Tucson and include some of the lowest income neighborhoods in the city, with a smaller percentage of units located in more desirable neighborhoods. AMP 3 properties largely fall into City Wards 1 and 3.

<u>AMP 4 scattered-sites (AMP 111)</u> – AMP 4 includes 184 total units. The AMP consists primarily of single-family homes but contains eight small to medium size multifamily developments. The buildings themselves range in initial construction dates from 1982 to 2009. Geographically, the units are mainly scattered south of downtown Tucson towards the airport. Units in AMP 4 are mostly located in City Wards 1 and 5.

<u>AMP 5 scattered-sites (AMP 112)</u> – AMP 5 includes 231 total units. The AMP contains a mix of single-family homes and small to medium size multifamily developments. Some of HCD's larger multi-family developments that are in the most dire need of modernization are included in this AMP. The buildings themselves range in initial construction dates from 1949 to 2003. Geographically, the units are scattered directly north and east of downtown Tucson, with several of the developments located in some of the lowest income city neighborhoods. The included neighborhoods largely fall into City Wards 3 and 6, though some units spill over into other wards as well.

<u>AMP 6 scattered-sites (AMP 113)</u> – AMP 6 includes 164 scattered units as well as Craycroft Towers, a 74-unit multifamily development described in more detail above. Excluding Craycroft Towers, the balance of the AMP is almost exclusively single-family homes, with two duplex developments (Beverly: 4 duplexes – 8 units; Lee: 4 duplexes – 8 units, contiguous with Craycroft Towers). The buildings themselves range in initial construction dates from 1951 to 2003. Geographically, the units are mainly scattered far

east of downtown Tucson, making them some of the furthest out units from HCD headquarters. The included neighborhoods largely fall into City Wards 2 and 4, with some closer in units in Ward 6.

Recommendations—We are combining the four scattered-site AMPs into one set of recommendations to outline a potential Disposition Strategy and plan related to the majority of the 713 units (exclusive of Craycroft Towers). Additionally, HCD may consider including under this strategy units from South Park and Posadas that meet the HUD Scattered-Site definition, which could net an additional 108 units.

As described in above, HUD's definition of "Scattered-Site" unit is any property with units in non-contiguous buildings with 4 or fewer total units. Our understanding of "contiguous" in this context not only refers to physically connected units, but also to units on parcels that are directly adjacent to one another.

The properties suffer from similar capital needs challenges. In general, the older the unit, the more rehabilitation work it requires to be brought up to livability and energy efficiency standards. Common problems include: old plumbing systems, including galvanized steel piping, that would need full replacement; aging sewer line laterals; evaporative cooling systems (swamp coolers) that require conversion to A/C units and necessary insulation improvements including new windows and ventilation systems; hydronic water heating systems that require replacement; electrical and gas line issues that require full system replacement; asbestos in ceilings and lead-based paints that require full mitigation; outdated appliances and kitchens that would require modernization.

The exception to the below outlined Scattered-Site Disposition Strategy is the existence of several larger multi-family properties that do not meet HUD's Scattered-site definition and are thus ineligible for the streamlined disposition tools available to true scattered-sites. These properties are generally tired and in need of moderate to significant rehabilitation, sharing the capital needs challenges noted above. In the short term, we recommend that HCD pursue Section 18 Obsolescence Tests for a number of the multifamily properties contained in the scattered-site AMPs. Based on the outcomes of those tests, HCD will be better positioned to make decisions related to the rehabilitation needs, disposition options, and financing tools available to these properties.

We believe the following multifamily properties within AMPs 3, 4, and 5 do not qualify for Scattered-Site Disposition and could pursue obsolescence tests, with a priority placed on the largest and oldest properties:

- AMP 3 Multifamily: Estrella, Delano, 6th Avenue, 2nd Avenue, Castro, 4th Avenue, Calle Sur
- AMP 4 Multifamily: 5800 Block Southland, 5700 Block Southland, Del Moral, Norris

- AMP 5 Multifamily: Pastime, Navajo, Fairmount, Park, Irwin, 3rd Street, Blacklidge, Bermuda, Glenn

Multifamily properties that meet obsolescence could be well-positioned for rehabilitation and conversion to supportive housing or other uses, in partnership with local non-profits and the Tucson Continuum of Care. Obsolete multifamily properties could also be candidates for complete disposition in order to raise funds for new multifamily developments.

Selecting Properties for Disposition—As for the truly scattered-sites, in order to meet HCD's stated goal of disposing of roughly two thirds of its scattered-site portfolio(s), we recommend creating an HCD Scattered Site Task Force that would be responsible for developing recommendations for: 1) which sites to prioritize for disposition; and 2) which disposition strategies to apply to which sites.

Praxis recommends that HCD create an internal **Scattered Site Task Force** that conduct a multi-month process for identifying sites for disposition and assessing which disposition strategies would be best for each property. The Task Force would then present its findings and recommendations to the HCD senior staff, and eventually the City Council, for feedback and approval.

The Task Force would first conduct an in-office exercise to narrow down candidate properties for full disposition based upon a compiled Scattered Site dataset, created by the Praxis team (described further below). After conducting this first review and developing preliminary recommendations based on the available data, the Task Force could next conduct site visits to further refine which properties might be best suited for different disposition strategies.

HCD might first identify the properties that HCD does not wish to dispose of and work backwards from there. Once the Task Force has identified the properties HCD should keep, it can assign the remaining properties to disposal strategies. As described below, there is a financial benefit for HCD to pursue Section 18 disposition for all properties that meet HUD's Scattered Site criteria, whether or not HCD wishes to sell or transfer the properties to a new owner.

I. Recommended Prioritization Criteria:
The Praxis team has developed a searchable spreadsheet of HCD's scattered-site portfolio based on HCD-provided data and other publicly available information (mainly the Pima County Assessor's database). This tool can be used to sort properties by the characteristics identified below as well as a number of other salient data points that will assist HCD in prioritizing properties for disposition. This report does not endeavor to identify or recommend specific properties for disposition, but rather to provide a framework for HCD to rank and compare properties to inform the disposition decisions developed by the Scattered Site Task Force.

The Praxis team is available to walk through the prioritization tool with HCD staff to work towards identifying the actual properties for proposed disposition.

Based on our site visit and discussions with property management and maintenance staff, we think the Scattered Site Task Force would want to consider the following metrics:

1) Age of property**.** In general, based on our site visits and interviews with HCD staff, the older the scattered-site property, the greater the capital needs. This is most often due to old heating/cooling systems (evaporative coolers rather than HVAC), outdated insulation (especially windows that need full replacement), and asbestos in walls and ceilings.

2) Distance of property from the central management office**.** Based on our site visits and interviews with HCD staff, repair calls to properties that are located further from the AMP offices incur significant staff time traveling to and from these sites. Reducing the travel time burden for the remaining scattered sites would save staff resources and allow maintenance crews to more efficiently meet repair needs. One caveat to this criterion is that some properties located further from the central offices are in newer neighborhoods that have developed as the City of Tucson has expanded outwards. Some of these properties might be in generally better condition than the average scattered-site unit or provide other benefits, like economic integration. HCD might consider retaining some of these newer, well-maintained properties despite their location.

3) Homeowners Association (HOA) status (especially those where HOAs have been created in recent years and were not part of the neighborhood when the home was originally constructed or acquired): Based on our site visits and interviews with HCD staff, HOA regulations have placed increasing costs on a number of properties due to specific landscaping and other cosmetic requirements as well as assessed fines. Additionally, staff reported a pattern of harassment of public housing tenants living in HOA units, where neighbors specifically target them with complaints due to their status as public housing residents. One caveat to this recommendation is that some HOA properties are high quality buildings, located in high quality neighborhoods, or both. HCD might want to retain some of these high-quality properties for public housing tenants.

II. <u>Recommended Disposition Strategies</u>:
HCD has the authority to dispose of all of its scattered-site units utilizing Section 18. There is no downside, as it would result in significant additional revenue to operate units through project-basing at the Payment Standard, if HCD decides to hold properties, and additional Tenant Protection Vouchers (TPV) for the Authority, if HCD decides to sell properties outright. All units that meet HUD's Scattered-Site criteria can be disposed of and removed from the public housing portfolio. Based on conversations with HCD

staff and Tucson non-profits and stakeholders, we have identified three strategies that HCD might pursue for the properties it has selected for disposition. HCD might consider additional property characteristics for sorting properties based upon the individual strategies. The number of properties selected for each of these strategies should reflect HCD's overall goals as well as availability of funding and non-profit capacity to undertake the various proposed programs.

Disposition Strategy One: Sell for cash to support future new affordable housing development**.**
HCD's first option is to sell properties on the private market without undertaking any further rehabilitation or repairs of the existing units. HCD could utilize the proceeds of these sales to provide funding for future multi-family affordable housing developments in Tucson.

Potential properties to be placed in this category might include units with significant rehabilitation costs that might exceed the ability of non-profits to undertake successfully. Additionally, this strategy might target properties in neighborhoods which HCD and/or local non-profits do not believe are prime candidates for promoting homeownership among low-income families.

Disposition Strategy Two: Sell to a non-profit organization to assist in the rehabilitation of the properties**.**
HCD's second option is to sell properties to an identified non-profit or other local organization that could assist in rehabilitating the properties and then making them available on the private market for sale or rent. HCD would still receive some proceeds under this approach, but not as much as if the properties were just sold as is.

The Tucson Industrial Development Authority (TIDA) has two potential programs that would involve the acquisition of scattered-site units at market or below market value, modernization and rehabilitation of the properties, and then sale or renting of the rehabilitated properties on the private market. The TIDA is a nonprofit corporation, established under State of Arizona law, that is also a certified Housing Finance Agency (HFA). It issues private activity bonds for qualified buyers, assists first-time homebuyers through mortgage revenue bonds and mortgage credit certificate programs, provides mortgages to qualified homebuyers, and provides direct loans to community development projects in Tucson.

The TIDA is interested in serving as a financial partner and has also identified the Coalition for Green Capital as an additional potential financial partner. We have attached as **Attachment Nine: Potential TIDA Programs** the draft proposed programs, which we briefly summarize here:

- Fully Investor-Driven Rental Model: HCD would create an RFP for a bundled purchase of identified scattered-site properties by a single or multiple developer(s). The RFP would specify energy improvements and other rehabilitation/modernization requirements for the properties. The RFP would also include affordability requirements for the units (years of compliance and target AMI level). Developers selected through the RFP would undertake the rehabilitation work and energy efficiency upgrades within one year and then the units would be placed on the rental market per the affordability requirements outlined in the RFP. Overall, benefits to HCD include the funding raised from the sale of the properties as well as the overall rehab and energy efficiency improvements to existing housing stock.

- REVIVE Tucson Accelerator - For Sale, Education-Driven Model: HCD would transfer identified scattered-site properties to TIDA through an Intergovernmental Agreement to implement this program. The pricing would be based on market price or an agreed upon below market price. The program is designed to train underrepresented developers in sustainable, affordable housing development through intensive mentorship and hands on learning. The trainees would participate in the complete rehabilitation of the properties including energy upgrades and modernization. Following the completion of the rehabilitation efforts, the properties would then be sold on the private market as a homeownership opportunity, but not necessarily as affordable or income-restricted. HCD would receive a portion of the proceeds from the sale of the modernized units and would also benefit from the creation of a new cohort of developers from underrepresented populations and the overall energy efficiency improvements to existing housing stock.

Disposition Strategy Three: Sell to a non-profit to promote homeownership opportunities for low-income families**.**
HCD's third option is to sell the properties to identified non-profits focused on creating long-term, affordable homeownership opportunities for lower income Tucson families. Generally, this would involve properties being sold at below market values to help bridge the affordability gap, then the non-profit partner identifying and selecting potential low-income homebuyers to participate in the program, which generally includes additional financial support and education to assist the homebuyer. Two local non-profit organizations that could assist in this strategy are:

- <u>Pima County Community Land Trust:</u> Originally created in 2010 out of HCD itself, the Pima County Community Land Trust has been an independent non-profit since 2012. Initially, the Land Trust was able to use HUD Neighborhood Stabilization Program (NSP) funds to purchase 89 foreclosed homes to rehabilitate and sell to low-income families using a 99-year ground lease and shared equity model (homeowners are entitled to 25% of any increase in value, plus their contributions in down payment and mortgage). After NSP funds ran out in 2013-14, the Land Trust has built a number of single-family homes using HOME funds and Pima County GO bonds, as well as acquired a number of rental properties from the County and City of Tucson. It is also a HUD-approved Housing Counseling Agency.

The Land Trust estimates it could take on roughly 15-20 scattered-site properties per year to assist in the rehabilitation and then sale of the property to low-income homebuyers. The properties would likely need to be acquired at below market value and funds would need to be raised to cover the rehabilitation costs. The Land Trust is required to serve families at or below 80% of area median income. Even at 80% of AMI, families still require significant subsidy to purchase a home. It estimates that a household of 3-4 that makes 80% of AMI can most likely qualify for a $175,000 loan, while the average price of a 3-bedroom, 2-bathroom single family home they might purchase is around $275,000. There is existing interest from banks to participate in low-income homeownership programs, and a combination of selling properties at below market value and fundraising efforts could help close the gap.

- Habitat for Humanity**:** Habitat for Humanity's Tucson office has been active since 1980. Operating under their trademark "Sweat Equity" model, it completes around 15-18 new units per year and have built 473 homes since their inception. Habitat also has a home repair program that participates in owner-occupied rehabilitation. All of its completed homes are sold at market rate, with down payment assistance and a seller carry-back loan at 0% interest that provide the affordability to the participating families. Generally, all families that participate in the program have combined incomes under $50,000/year (which, for a family of four puts their income at around 65% of AMI). While historically it has not used a shared equity model, Habitat's Board is in the process of considering adopting one. Habitat is aware of extremely high demand for low-income homeownership opportunities, with 900 people signing up for its last information session, which had 15 slots available.

  Habitat estimates that it has the capacity to support the rehabilitation and a low-income homeownership program for 30-40 owner-occupied units per year. It is able to serve households up to 80% of AMI but has applied for permission from its international office to serve families making up to 120% of AMI. Habitat will not allow participants to exceed 30% of their income on their mortgage, and is willing to provide silent second mortgages that are forgiven when the first is paid off.

  Habitat also expressed an interest in helping add Accessory Dwelling Units (ADUs) to Scattered Site properties that HCD decides to retain.

HCD also operates a Family Self-Sufficiency (FSS) Program promoting savings and financial education. Current public housing residents and Section 8 voucher recipients participating in FSS would be good candidates for first time homebuyer programs. HCD could consider implementing a first-time homeownership program as part of their FSS to complement this financial education. Bank financing is also available for mortgages supported by Section 8 rents, which might be another route to homeownership.

It is worth noting that HCD also has the flexibility to bundle groups of scattered site units with one another or with other public housing or mixed-finance developments in one financing package in order to rehabilitate and retain the housing as part of its housing stock. For example, given their location contiguous with Craycroft Towers, it may be beneficial to include the Beverly and Lee duplexes in the re-development and financing of Craycroft.

Medium Term (4 – 6 Years)

Lander Gardens: Section 18 Obsolescence / Substantial Rehabilitation

Background—Completed in 1980, Lander Gardens consists of 14 one-story, semi-detached buildings that include 47 one-bedroom units and is located at 902 W Congress Street in a desirable neighborhood surrounded by new construction mixed-use and luxury developments. While the property currently operates as a family development, it is a good candidate for elderly preference because of its layout and location. The property has 100% owner-paid utilities.

Recommendations—Lander Gardens is currently in need of at least a moderate rehabilitation, but in the medium term it would likely qualify as a substantial rehabilitation. The units need a complete interior rehabilitation as well as new A/C systems, new roofs, improved insulation, and new water heaters. Additionally, there is asbestos in the popcorn ceilings as well as likely in the flooring. Recent improvements have included the upgrading of exterior lighting. There is a shortage of parking on the site, and a need to create more accessible parking spaces.

According to the 2021 CNA completed by AEI, the overall 20-year needs, including non-critical Year 0 repairs, total $1,528,373 or about $32,518 per unit.

In the short term, we recommend HCD perform an Obsolescence Test on the property in 2023, which could open up additional potential financing tools to assist in the necessary rehabilitation.

Even if Lander Gardens does not qualify for obsolescence, HCD could finance its substantial rehabilitation through one of two potential financing scenarios, outlined below. Because of the relatively smaller size of Lander Gardens, a potential Tax-Exempt Bond/4% LIHTC deal could be conducted in combination with Silverbell Homes. Combining these two properties into one rehabilitation deal would help HCD achieve greater economies of scale and meet the needs of two of its properties at once.

We believe the most likely scenario is that Lander Gardens does not meet obsolescence and would potentially bundle as a Tax-Exempt Bond/4% LIHTC deal with Silverbell Homes. Under the 80% RAD/20% PBV blend model, Lander Gardens on its own shows a $3,469,617 financing gap. The gap drops to $638,873 with the addition of State Tax Credits. It is likely that it would qualify for a higher percentage PBV blend, due to increasing rehabilitation needs in the medium term. If a Lander Gardens rehabilitation deal is bundled with Silverbell Homes, it could create additional costs savings and lower the overall gap funding required.

Under our 9% LIHTC model (which assumes 100% RAD), Lander Gardens would not require any gap funding for its rehabilitation.

Posadas Sentinel (Barrio Santa Rosa): Moderate Rehabilitation

Background—Posadas Sentinel consists of 140 units across a mixture of single-family homes, duplexes, and triplexes serving families. The total Posadas properties consist of 200 units, of which 140 are public housing units in PIC and 60 are held as general affordable properties in the Posadas Market-Rate portfolio, which is outside the scope of this analysis. All data included here focuses on the 140 public housing units. However, the 60 non-public housing properties are largely integrated into the existing public housing neighborhood, including some duplex and triplex buildings with a mixture of public housing and non-public housing.

Originally the site of La Reforma public housing constructed in the 1940s, and then Connie Chambers constructed in the 1960s, Posadas was a HOPE VI project that entailed the complete demolition of the original buildings and its replacement with duplexes and triplexes throughout the neighborhood between 1999-2002. The development is anchored by a community center, library, and schools which were constructed as part of the HOPE VI project. Residents generally like the units due to their location, nearby amenities, and the yards. There are currently minimal vacancies, and HCD has little trouble filling any vacancies.

Located in the Barrio Santa Rosa, the general area has become a more desirable neighborhood for market rate homeowners due to its proximity to Downtown Tucson.

While the majority of the Posadas units are located in the Barrio Santa Rosa neighborhood, the AMP also includes 80 scattered-site units located in different neighborhoods throughout the city. Around half of these units are in HOAs and mainly consist of single-family homes, though there is one four-plex at Camino Villas. The scattered-site units were all constructed approximately 20 years ago and are showing similar capital needs to the 60 Posadas units in the Barrio Santa Rosa neighborhood.

All 140 units are part of a LIHTC transaction (as well as the 60 Posadas Market Rate units), placed in service in 1999. The investor, The Richman Group, is currently still in the partnership even though the 15-year compliance period has expired. Available Operating Reserves total $223,362 and available Replacement Reserves total $455,726. Currently there is no hard debt on the property. Soft debt on the property includes a HUD Modernization Grant, and a HOPE VI grant.

Recommendations—We have split Posadas into two separate recommendations based on the location of the properties. This first recommendation is for the Posadas Sentinel units located in the Barrio Santa Rosa neighborhood (i.e. the non-scattered-site units), which are generally clustered together and were constructed as part of the same development. Additionally, these 60 public housing units are interspersed with 60 non-ACC units, many of which share buildings (e.g. two public housing units and one non-ACC unit in a single triplex building). These properties would not qualify as scattered-site properties under HUD's definition, and thus cannot take advantage of Scattered-Site Disposition rules.

Generally, these units are in good condition and in high demand, as outlined above. They would be good candidates for a moderate rehabilitation in the medium term. There has been some recent capital investment, including lighting and roofing replacement in ten buildings. HCD staff is currently replacing old hydronic heating systems and water heaters with conventional water heaters and furnaces as they fail. The sites have had ongoing erosion issues. The window are also in need of replacement. Overall, the units need recapitalization.

According to the 2021 CNA prepared by AEI, the overall 20-year needs, including non-critical Year 0 repairs, total $4,388,718 or about $31,348 per unit.

We recommend that HCD pursue a moderate rehabilitation of the Barrio Santa Rosa Posadas units. Because the non-ACC units are often co-located with the public housing units, we recommend rehabilitating all 120 units as part of the same financing plan. One of the first steps HCD will need to take is exiting the tax credit investor from the partnership. The 15-year tax credit compliance period expired in 2014.

The most likely financing scenario would be a tax-exempt bond/4% LIHTC deal with a 60% RAD/40% PBV blend. The final blend will depend on the rehabilitation costs (but we believe it is unlikely that it will qualify for a higher PBV percentage). Under this scenario, we anticipate a financing gap of $3,218,659. With State Tax Credits, there is a negative gap. Under a 100% RAD, 9% LIHTC deal, our model shows a financing gap of $1,390,891.

For the Posadas Sentinel units that are scattered across the City of Tucson outside of the Barrio Santa Rosa neighborhood, there are several potential options. First, HCD could consider including Posadas scattered-site units in the rehabilitation of the Barrio Santa Rosa properties. Alternatively, these scattered site properties most likely meet HUD's Scattered-Site definition, which makes them eligible for Section 18 Scattered-Site Disposition.

We recommend that HCD pursue a two-pronged approach to these properties:

1) Determine whether to convert of any of the properties through Section 18 Scattered-Site Disposition. HCD could identify and prioritize properties for disposition based upon the criteria adopted under its Scattered-Site Disposition Strategy (see above).

2) Pursue a moderate rehabilitation of any properties that HCD would like to hold with the Posadas Barrio Santa Rosa properties. Because these properties qualify as scattered sites, they would be able to access Tenant Protection Vouchers (TPVs), which provide additional income to finance the rehabilitation.

The most likely scenario is that the majority, if not all, of these properties meet HUD's Scattered-Site definition, allowing HCD to include these units in its Scattered Site Disposition Strategy.

New Production

<u>Faircloth Units</u>

Background—HCD currently has an unused Faircloth Authority of 421 units. As described in further detail in Section III of this report, the Faircloth limit is the maximum number of public housing units for which a PHA may receive Capital Funds and Operating Funds under its ACC and includes units that were removed from the inventory and have not been replaced.

Recommendations—We recommend that in the short to medium term, HCD begin to release Faircloth units for its own development and to promote development in Tucson through third-party developments or development partners. Potential financing strategies for new affordable housing developments that leverage HCD's existing unused Faircloth Authority include standard 9% LIHTC and Tax-Exempt Bond/4% Tax Credit deals. HCD could utilize funds raised through its Scattered-Site Disposition Strategy to help finance these new developments as well.

Additionally, HCD could take advantage of HUD's Faircloth-to-RAD program (further described above in Section III). The program allows Public Housing Authorities to convert unused Faircloth units to RAD units through a combined Mixed-Finance and RAD process. To utilize the program, units are developed as public housing with preapproval from HUD and are converted to RAD through a streamlined process. As it plans, HCD should consider if and how it wants to retain its Faircloth Authority and how conversion of its existing public housing portfolio may eventually impact its ability to use new Faircloth Authority.

Exiting the Public Housing Program
In the medium to long term, we recommend that HCD consider potential opportunities that may come through an official closeout of its Public Housing Program. As HCD begins to implement its Scattered-Site Disposition Strategy and potential conversions of its other public housing properties, it will be slowly reducing its total amount of public housing units. Once a Public Housing Authority has 250 or fewer public housing units, HUD provides a number of tools to help expediate program closeout. These include Streamlined Voluntary Conversion (SVC), streamlined Section 18 Disposition, and streamlined RAD Conversion.

Importantly, utilizing these tools to achieve Program Closeout will forfeit any remaining unused Faircloth Authority. Therefore, HCD should make any decisions related to pursuing Public Housing Program Closeout with its Faircloth Authority strategy in mind.

It should be noted that Public Housing Program Closeout does not mean an end to HCD's affordable housing programs, developments, or Voucher Authority. Rather, it signals a full transition of HCD's existing (and potential future) affordable housing properties from the Public Housing financing stream (i.e. HUD's Operating Funds and Capital Funds) to HUD's Section 8 voucher system and/or Project-Based Rental Assistance (PBRA). The primary benefit to this change is that HCD would no longer rely on the long-underfunded HUD Public Housing Funds budgets, which are subject to Congressional restrictions and cuts. The change in funding structure also enables HCD to utilize more affordable housing financial tools going forward to continue to rehabilitate and maintain its properties.

As noted earlier in this report, Public Housing Program closeout would entail a shift in HCD's organizational structure as it moves away from administering and complying with HUD Public Housing funds to solely administering Section 8 vouchers and assistance.

V. Next Steps

The recommendations outlined in this report should be reviewed with HCD leadership staff and the Tucson City Council to confirm that this is the direction in which HCD would like to move. If confirmed, this should be HCD's road map for the future and relied upon as new and existing funding opportunities become available, recognizing that this is a long-term plan.

- Since not all of the recommendations can be undertaken immediately due to limited financial resources available through the City and State, HCD should promote its goals and strategies with public and private funders, housing advocates, the City Council, and state elected officials to work on aligning priorities and funding.

- It is critical that HCD undertake an assessment of its internal development capacity to determine whether and to what extent it can undertake the development of new affordable housing projects and rehabilitation of existing development utilizing various financing tools such as LIHTC, Tax-Exempt Bonds, and Faircloth-to-RAD

- Additionally, HCD should make every effort to take advantage of existing state financing streams to move forward with its rehabilitation and new construction priorities. This should include efforts to advocate for its interests in Arizona's LIHTC Qualified Allocation Plan (QAP) to ensure that Tucson projects are well-positioned to receive these critical sources of funding.

- Because most of these recommendations will directly impact families living in HCD units, as well as the HCD staff who serve them and the overall operations of the Department, it will be important to develop a strong communications strategy as HCD moves forward. As part of Praxis Consulting Group's Scope of Work, which includes this Report, HCD has engaged us to assist in developing materials and presentations for elected officials and the wider Tucson community to help educate and inform on these recommendations.

- The Public Housing 5-Year and Annual Plan and Section 8 Administrative Plan must also be updated to reflect the agreed upon strategies for consistency with future HUD required approvals and funding competitions. The same should be done City/County Comprehensive Plans and any other planning documents to align the Department's efforts and vision. This will ensure that in the future HCD can prove to HUD and other funders that is working in concert with the City and County's larger plans.

Overall, Tucson HCD is well-positioned to rehabilitate its existing housing portfolio, pursue new developments, and move forward with sorting and thinning its large scattered-site portfolio. We believe the above outlined recommendations will enable HCD to further its mission of providing Tucson residents with affordable and safe housing, create new homeownership opportunities for low-income families, and help meet the City's ambitious environmental and energy efficiency goals through housing modernization.

Attachment One: Summary of Property Characteristics

City of Tucson Housing & Community Development

Summary of Property Characteristics

Property	Craycroft Towers	Lander Gardens	AMP 3 Scattered Sites	AMP 4 Scattered Sites	AMP 5 Scattered Sites	AMP 6 Scattered Sites
Address	1635 N. Craycroft Road	902 W Congress Street	N/A	N/A	N/A	N/A
City	Tucson	Tucson	Tucson	Tucson	Tucson	Tucson
Zip code(s)	85712	85705	85705, 85713, 85745, 85719, 85741	85713, 85714, 85706, 85746	85719, 85716, 85705, 85712, 85711, 85713	85712, 85710, 85757, 85748, 85715, 85730, 85711
Amp #	113	115	110	111	112	113
Year(s) Built	1975	1980	1972-2008	1982-2009	1949-2003	1951-2003
Building Type	Craycroft Towers is three story mid-rise development.	Lander Gardens consists of 14 semi-detached one-story buildings with 47 units serving families.	AMP 3 includes 133 total units. The AMP is fairly split between small to medium-sized multifamily developments and single family homes.	AMP 4 includes 184 total units. The AMP is primarily single family homes but contains a number of small to medium multifamily developments.	AMP 5 includes 231 total units. The AMP is fairly split between single family homes and a number of small to medium multifamily developments.	AMP 6 is one of HCD's four main scatter site groupings and includes 164 scattered units as well as Craycroft Towers, a 74-unit multifamily development.
Development Type	Multifamily Public Housing (No Preferences)	Multifamily Public Housing (No Preferences)	Multifamily developments in AMP 3 include: 6th Avenue (11 units); Estrella (12 units); 2nd Avenue (6 units); Delano (12 units); Castro (6 units); Alturas (4 units); 4th Avenue (6 units); Calle Sur (6 units)	Multifamily developments in AMP 4 include: Del Moral(13 units); Norris (12 units); 5700 Block Southland (12 units); 5800 Block Southland (16 units); Drexel (4 units); Belmar; Tyndall; MacArthur	Multifamily developments in AMP 5 include: Pastime (20 units); Navajo (16 units); Edith (12 units); Fairmount (17 units); Irwin (12 units); (16 units); 3rd Street (12 units); (6 units); Blacklidge (7 units); Glenn (6 units)	Excluding Craycroft Towers, the balance of the AMP is almost exclusively single family homes, with two duplex developments (Beverly: 4 duplexes – 8 units; Lee: 4 duplexes – 8 units, contiguous with Craycroft Towers).
Property Amenities	The property has 100% owner-paid utilities.	The property has 100% owner-paid utilities	N/A	N/A	N/A	N/A
Bedroom Mix						
0	0	0	0	0	0	0
1	74	47	6	0	12	82
2	0	0	40	59	86	4
3	0	0	67	88	98	104
4	0	0	18	33	26	43
5	0	0	3	3	8	4
6	0	0	1	1	1	0
Total Units per Property	74	47	135	184	231	237*
						*Inclusive of Craycroft
Building Types						
Single Family			60	113	66	148
Duplex			18	16	13	8
Triplex		9			3	
Quadplex		5		7	4	
5+ Units			2		2	
10+ Units			3	1	1	
15+ Units					3	
20+ Units	1				2	1
Total Buildings	1	14	83	137	94	157*
						*Inclusive of Craycroft

City of Tucson Housing & Community Development

Summary of Property Characteristics

Property	Tucson House	Posadas Sentinel	Silverbell Homes	MLK Apartments	South Park	Total
Address	1501 N Oracle Road	N/A	N/A	55 N. 5th Avenue	N/A	
City	Tucson	Tucson	Tucson	Tucson	Tucson	
Zip code(s)	85705	85705, 85701, 85706, 85713, 85746, 85719, 85745, 85712, 85730, 85747, 85711	85745	85701	85713	
Amp #	48	51	65	120	6040	
Year(s) Built	1963	1999-2003	2007	2010	1971	
Building Type	Tucson House is a 407-unit, 17-story high rise public housing development.	Posadas is a Mixed-Finance Development consisting of single family homes, duplexes, and triplexes.	The Silverbell Homes units are mainly three-bedroom, two-bathroom duplex-style single family homes.	MLK Apartments is a 68-unit, 7-story high rise public housing development.	Formerly known as the Robert F. Kennedy Homes, South Park consists of 28 mixed finance housing units, all single family homes.	
Development Type	Multifamily Public Housing (No Preferences)	While the majority of the Posadas units are located in the Barrio Santa Rosa neighborhood, the AMP also includes 80 scatter-site units located in different areas around the city.	Single Family Homes	Multifamily Mixed-Finance Housing (No Preferences)	Single Family Mixed-Financed Housing	
Property Amenities	The property has 100% owner-paid utilities.	The Barrio Santa Rosa neighborhood has a number of amenities, with the HOPE VI project also creating a community center, library, and school(s), which anchor the development.	The property has 100% tenant-paid utilities with a high utility allowance. While the property was not originally part of an HOA, one has been established for the neighborhood.	The modern, two elevator building boasts a number of amenities including a community room, computer room, library, roof gardens, and laundry rooms on each floor. The property has 100% owner-paid utilities.	N/A	
Bedroom Mix						
0	168	0	0	0	0	168
1	184	0	0	68	0	399
2	55	22	0	0	9	275
3	0	89	28	0	5	479
4	0	29	0	0	11	160
5	0	0	0	0	3	21
6	0	0	0	0	0	3
Total Units per Property	407	140	28	68	28	1342
Building Types						
Single Family		76	28		28	519
Duplex		24				79
Triplex		18				30
Quadplex						16
5+ Units						4
10+ Units						5
15+ Units						3
20+ Units	1			1		6
Total Buildings	1	118	28	1	28	505

Attachment Two: Neighborhood and Demographic Characteristics by AMP

City of Tucson Housing & Community Development

Property Neighborhood Demographic Data

Property	Craycroft Towers	Lander Gardens	AMP 3	AMP 4	AMP 5	AMP 6
AMP #	113	115	110	111	112	113
Address	1635 N Craycroft Rd	902 W Congress Street	N/A	N/A	N/A	N/A
City	Tucson	Tucson	Tucson	Tucson	Tucson	Tucson
Zip Code	85712	85705	N/A	N/A	N/A	N/A
Households						
Number of Households	68	47	130	177	219	225
Avg. Household Size	1	1.1	3.2	3.3	3.1	2.9
Annual Income						
Mean Income	$13,027	$12,178	$17,422.19	$17,314.85	$17,680.94	$18,583.48
Median Income	$11,240	$10,404	$11,527.00	$12,995.50	$11,916.00	$13,404.00
Households >$50k	2	0	7	10	14	11
Households >$60k	1	0	3	4	10	2
Household Populations						
Eldery	51%	70%	11%	10%	11%	22%
Disabled	76%	88%	24%	21%	24%	40%
With Children	1%	0%	68%	76%	74%	53%
Racial/Ethnic Mix						
White, Non-Hispanic or Latino	43%	26%	16%	10%	20%	25%
Black/African American	15%	9%	14%	11%	21%	18%
Am. Indian/Alaska Native	1%	0%	7%	7%	5%	4%
Asian	0%	2%	1%	1%	2%	1%
Native Hawaiian/Other Pacific Islander	0%	0%	1%	1%	0%	0%
Hispanic or Latino	41%	64%	62%	71%	52%	52%
Other	0%	0%	0%	0%	0%	0%
Head of Household By Age						
Age 0-17	0%	0%	0%	0%	0%	0%
Age 18-54	29%	6%	75%	82%	78%	66%
Age 55-61	21%	28%	13%	7%	11%	12%
Age 62+	50%	66%	12%	11%	11%	22%
Length of Tenancy						
Mean Tenancy	9.6 years	12.2 years	7.3 years	7.1 years	7.3 years	8.5 years
Median Tenancy	7 years	9 years	5 years	5 years	6 years	7 years
Neighborhood						
Census Tract	31.02	25.09				
QCT or DDA?	QCT	QCT				
Median Family Income	$60,128	$53,988				
% Median Income	74%	67%				
Tract Minority %	46.59%	86.27%				
Tract Income Level	Moderate	Moderate				
% Below Poverty Line	27.46%	23.22%				
% Owner Occupied	36%	45%				
Median Housing Age	58 years	46 years				

City of Tucson Housing & Community Development

Property Neighborhood Demographic Data

Property	Tucson House	Posadas Sentinel	Silverbell Homes	MLK Apartments	South Park
AMP #	48	51	65	120	6040
Address	1501 N Oracle Road	N/A	N/A	55 N 5th Avenue	N/A
City	Tucson	Tucson	Tucson	Tucson	Tucson
Zip Code	85705	N/A	85745	85701	85713
Households					
Number of Households	387	139	27	67	26
Avg. Household Size	1.1	3.5	1.1	1	3.2
Annual Income					
Mean Income	$10,735	$23,685	$10,954	$12,562	$25,114
Median Income	$10,452	$17,688	$10,329	$10,970	$14,199
Households >$50k	1	18	0	0	4
Households >$60k	0	12	0	0	4
Household Populations					
Eldery	51%	11%	61%	57%	12%
Disabled	83%	27%	96%	87%	31%
With Children	4%	78%	0%	0%	65%
Racial/Ethnic Mix					
White, Non-Hispanic or Latino	54%	9%	25%	49%	0%
Black/African American	13%	11%	11%	18%	23%
Am. Indian/Alaska Native	4%	4%	0%	0%	8%
Asian	1%	1%	4%	0%	0%
Native Hawaiian/Other Pacific Islander	0%	1%	0%	0%	0%
Hispanic or Latino	28%	75%	46%	36%	69%
Other	0%	0%	0%	0%	0%
Head of Household By Age					
Age 0-17	0%	0%	0%	0%	0%
Age 18-54	26%	83%	7%	31%	85%
Age 55-61	20%	9%	32%	12%	4%
Age 62+	54%	7%	61%	57%	12%
Length of Tenancy					
Mean Tenancy	7.3 years	9.5 years	11.1 years	6.9 years	8.1 years
Median Tenancy	5 years	7 years	16 years	7 years	7 years
Neighborhood					
Census Tract	13.02		45.15	1.00	22.02
QCT or DDA?	QCT		QCT	QCT	QCT
Median Family Income	$45,286		$96,850	N/A	$56,324
% Median Income	56%		119%	N/A	69%
Tract Minority %	62.09%%		70.59%	39.78%	89.03%
Tract Income Level	Moderate		Middle	N/A	Moderate
% Below Poverty Line	38.94%		28.83%	41.08%	27.89%
% Owner Occupied	22%		45%	2%	53%
Median Housing Age	52 years		24 years	44 years	28 years

Attachment Three: Capital Needs by AMP

City of Houston Housing & Community Development

Capital Needs by AMP

Property	Posadas Sentinel	Silverbell Homes	South Park Hope VI (RFK Homes)	Lander Garden
AMP #	51	65	6040	115
CAPITAL NEEDS				
YEAR OF CAPITAL NEEDS ASSESSMENT	2020	2020	2020	2020
Company	AEI	AEI	AEI	AEI
1-5 Year Un-Inflated	$702,530	$331,702	$22,282	$38,980
6-10 Year Un-Inflated	$969,165	$554,395	$156,902	$275,045
11-15 Year Un-Inflated	$760,483	$177,413	$238,230	$344,455
16-20 Year Uninflated	$1,422,540	$172,026	$251,962	$289,578
Total (un-inflated)	$3,854,718	$1,235,536	$669,376	$948,058
Total (inflated)	$4,835,325	$1,448,197	$863,110	$1,220,466
Critical Repairs	$0	$0	$0	$0
Non-Critical Repairs (Year 0)	$534,000	$156,940	$314,940	$580,315
# Units	140	28	28	47
PER UNIT NEEDS (un-inflated):	$31,347.99	$49,731.29	$35,154	$32,519
PER UNIT NEEDS (inflated):	$38,352.32	$57,326.32	$42,073	$38,314
2023 RAD Rents				
0 BR	$373	$475	$448	$666
1 BR	$423	$540	$509	$757
2 BR	$557	$711	$670	$996
3 BR	$792	$1,010	$952	$1,416
4 BR	$927	$1,182	$1,114	$1,657
5 BR	$1,065	$1,359	$1,281	$1,906

City of Houston Housing & Community Development

Capital Needs by AMP

Property	Posadas Sentinel	Silverbell Homes	South Park Hope VI (RFK Homes)	Lander Garden
COMP/MODS				
Year Built	1999-2003	2007	2004	1980
Age	20-32	16	19	43
REAC Scores				
2015		99A	99B	98B
2016	76B			
2017	93B			
2018		92B	71C	88C
2019			71C	
2020				
2021				
2022	82C	92B		86B
CFP 5-Year Action Plan				
Year 1 (2022)	$ 276,500			$ 45,000
Year 2 (2023)	$ 317,000			$ 180,000
Year 3 (2024)	$ 313,000			$ 130,000
Year 4 (2025)	$ 313,000			$ 70,000
Year 5 (2026)	$ 369,000			$ 235,000
Total	$ 1,588,500	$ -	$ -	$ 660,000

City of Houston Housing & Community Development

Capital Needs by AMP

Property	MLK	Tucson House	AMP 3 Scattered Sites	AMP 4 Scattered Sites
AMP #	120	48	110	111
CAPITAL NEEDS				
YEAR OF CAPITAL NEEDS ASSESSMENT	2020	2020	2020	2020
Company	AEI	PMM	AEI	AEI
1-5 Year Un-Inflated	$491,562		$665,282	$732,150
6-10 Year Un-Inflated	$396,805		$1,364,650	$1,303,976
11-15 Year Un-Inflated	$361,810		$1,413,865	$2,193,313
16-20 Year Uninflated	$1,366,291		$1,464,717	$2,674,196
Total (un-inflated)	$2,616,468	$67,027,290	$4,908,514	$6,903,635
Total (inflated)	$3,382,387	$67,027,290	*PNA is missing data	$8,842,139
Critical Repairs	$0	$0	$0	$0
Non-Critical Repairs (Year 0)	$0	$0	$2,312,811	$3,903,459
# Units	68	407	135	184
PER UNIT NEEDS (un-inflated):	$38,477	$164,686	$53,491	$58,734
PER UNIT NEEDS (inflated):	$49,741	$164,686		$69,270
2023 RAD Rents				
0 BR	$719	$630	$431	$402
1 BR	$817	$716	$490	$456
2 BR	$1,075	$943	$644	$600
3 BR	$1,528	$1,340	$916	$853
4 BR	$1,788	$1,568	$1,072	$999
5 BR	$2,056	$1,803	$1,233	$1,149

City of Houston Housing & Community Development

Capital Needs by AMP

Property	MLK	Tucson House	AMP 3 Scattered Sites	AMP 4 Scattered Sites
COMP/MODS				
Year Built	2010	1963	1972-2008	1982-2009
Age	13	60	15-51	14-41
REAC Scores				
2015			85C	82C
2016	98B			
2017		56C		
2018		89C	72C	
2019				90B
2020	91B		81C	
2021				
2022	94C	80C		74C
CFP 5-Year Action Plan				
Year 1 (2022)		$ 67,000	$ 236,500	$ 260,000
Year 2 (2023)		$ 35,000	$ 210,000	$ 258,000
Year 3 (2024)		$ 121,000	$ 265,000	$ 220,000
Year 4 (2025)		$ 57,000	$ 255,000	$ 260,000
Year 5 (2026)		$ 57,000	$ 220,000	$ 220,000
Total	$ -	$ 337,000	$ 1,186,500	$ 1,218,000

City of Houston Housing & Community Development

Capital Needs by AMP

Property	AMP 5 Scattered Sites	AMP 6 Scattered Sites (incl. Craycroft)	Total
AMP #	112	113	
CAPITAL NEEDS			
YEAR OF CAPITAL NEEDS ASSESSMENT	2020	2020	
Company	AEI	AEI	
1-5 Year Un-Inflated	$319,129	$415,922	$3,719,539
6-10 Year Un-Inflated	$794,503	$1,611,009	$7,426,450
11-15 Year Un-Inflated	$1,768,559	$1,608,595	$8,866,723
16-20 Year Uninflated	$2,302,941	$2,281,319	$12,225,570
Total (un-inflated)	$5,185,132	$5,916,845	$99,280,572
Total (inflated)	$6,783,847	$7,582,893	$101,985,654
Critical Repairs	$5,000	$10,000	$15,000
Non-Critical Repairs (Year 0)	$2,870,487	$2,800,665	$13,473,617
# Units	231	237	1505
PER UNIT NEEDS (un-inflated):	$34,894	$36,825	$65,967
PER UNIT NEEDS (inflated):	$41,794	$43,812	$67,765
2023 RAD Rents			
0 BR	$441	$422	
1 BR	$501	$480	
2 BR	$659	$631	
3 BR	$937	$897	
4 BR	$1,097	$1,050	
5 BR	$1,261	$1,207	

City of Houston Housing & Community Development

Capital Needs by AMP

Property	AMP 5 Scattered Sites	AMP 6 Scattered Sites (incl. Craycroft)	Total
COMP/MODS			
Year Built	1949-2003	1975 (Craycroft), 1951-2003 (SS)	
Age	20-82	48 (Craycroft), 20-72 (SS)	
REAC Scores			
2015	85B		
2016			
2017			
2018	70C	57C	
2019	97B		
2020			
2021			
2022		60C	
CFP 5-Year Action Plan			
Year 1 (2022)	$ 366,000	$ 377,000	$ 918,086
Year 2 (2023)	$ 400,000	$ 230,000	$ 916,086
Year 3 (2024)	$ 320,000	$ 258,000	$ 919,086
Year 4 (2025)	$ 512,000	$ 152,000	$ 927,086
Year 5 (2026)	$ 310,000	$ 230,000	$ 905,086
Total	$ 1,908,000	$ 1,247,000	$ 4,585,430

Attachment Four: Operating Expenses Budgets by AMP

City of Tucson Housing & Community Development

HCD Average Per Unit Operating Budgets (2021- 2023)

PROPERTY	AMP 3	AMP 4	AMP 5	AMP 6	Tucson House	Landers	Posadas	South Park	Silverbell	MLK
PRORATED INCOME/EXPENSES	Average Per Unit	Average Per Unit	Average Per Unit	Average Per Unit	Average Per Unit	Average Per Unit	Average Per Unit	Average Per Unit	Average Per Unit	Average Per Unit
SUMMARY INCOME										
Tenant Rental Revenue	$2,829.63	$2,630.43	$2,311.69	$2,827.00	$2,972.97	$2,617.02	$2,976.19	$2,678.57	$1,214.29	$3,484.66
Tenant Revenue - Other	$74.07	$60.33	$33.33	$29.54	$67.57	$19.15	$42.86	$160.71	$21.43	$95.59
HUD Subsidy	$4,067.56	$4,060.00	$4,078.44	$3,552.91	$3,885.38	$2,929.79	$4,233.83	$7,356.67	$3,070.00	$4,568.38
Other	$358.26	$395.03	$21.14	$161.30	$290.32	$82.98	$74.33	$1,401.19	$2,132.62	$940.20
Total Project Revenue	$7,329.52	$7,145.79	$6,444.61	$6,570.75	$7,216.24	$5,648.94	$7,327.21	$11,597.14	$6,438.33	$9,088.82
SUMMARY EXPENSES										
Administrative	$1,401.18	$1,360.66	$1,299.08	$1,341.72	$1,418.31	$875.49	$1,181.79	$1,339.37	$856.48	$1,903.86
Utilities	$655.56	$413.04	$624.33	$784.81	$1,326.78	$1,623.40	$178.57	$1,896.43	$8.21	$2,205.88
Management Fee	$778.52	$798.76	$782.05	$779.15	$775.93	$799.41	$806.01	$751.37	$752.70	$830.69
Asset Management Fee	$141.80	$140.92	$138.50	$137.16	$139.06	$139.79	$141.74	$102.43	$100.77	$144.87
Tenant Services	$37.04	$27.17	$4.33	$113.59	$151.36	$111.72	$0.00	$17.86	$17.86	$137.18
Maintenance & Repair	$5,266.03	$5,045.41	$4,342.86	$4,374.76	$2,421.15	$1,812.09	$3,601.25	$5,720.05	$2,530.18	$5,449.28
Protective Services	$0.00	$0.00	$6.83	$28.01	$134.83	$0.00	$4.21	$0.00	$0.00	$40.93
Insurance	$68.89	$69.24	$60.53	$68.16	$74.86	$46.67	$56.29	$7.62	$7.62	$113.92
Misc. (PILOT & Compensated Absences)	$827.65	$829.35	$630.01	$690.01	$377.15	$197.02	$987.38	$547.62	$516.43	$226.72
Total Expenses	$9,176.67	$8,684.55	$7,888.53	$8,317.37	$6,819.43	$5,605.59	$6,957.24	$10,382.74	$4,790.25	$11,053.33
Net Operating Income	($1,847.14)	($1,538.76)	($1,443.92)	($1,746.62)	$396.81	$43.35	$369.97	$1,214.40	$1,648.08	($1,964.51)

KEY

Min

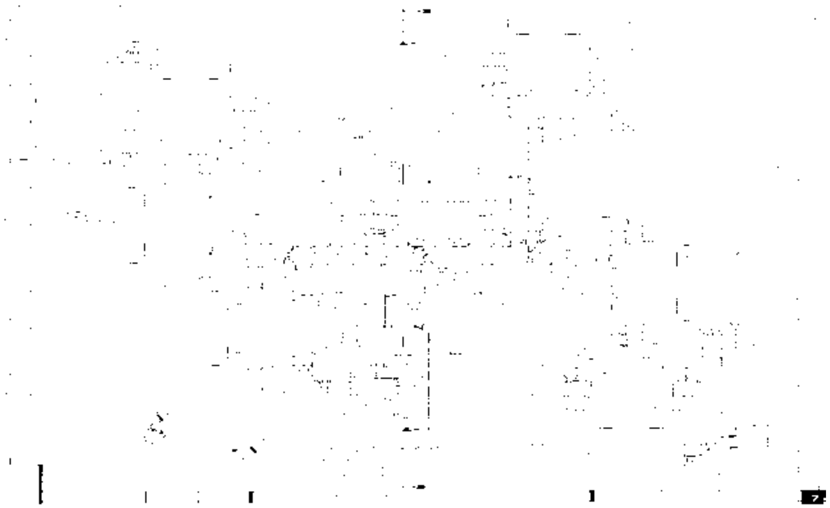
Max

Attachment Five: Detailed Property Descriptions

Craycroft Towers

Tucson HCD Portfolio Assessment

Public Housing Properties



Craycroft Towers
Tucson HCD Portfolio Assessment
Public Housing Properties

PROJECT CHARACTERISTICS	
AMP	113
Address	1635 N Craycroft Road
City	Tucson
Zip Code	85712
Year Built	1975
Development Type	Multifamily Public Housing (No Preferences)
Building Type	Completed in 1975, Craycroft Towers is a 74-unit, three story mid-rise development consisting of one and two bedroom units. While the property currently operates as a family development, it is well suited for an elderly preference and most current residents are seniors. Craycroft Towers is immediately adjacent to the Lee complex of four duplexes. These duplexes have hardly any vacancies and are considered highly desirable due to their yards and general upkeep.
Property Amenities	The property has 100% owner-paid utilities.

NEIGHBORHOOD	
Neighborhood	Avondale
Census Tract	31.02
QCT or DDA?	QCT
Median Family Income	$60,128
% Median Income	74.00%
Tract Minority %	46.59%
Tract Income Level	Moderate
% Below Poverty Line	27.46%
% Owner Occupied	36.00%
Median Housing Age	58

CAPITAL NEEDS	
Age of Property	48
Total Needs	
Per Unit Needs	
Total CFP 5-Year Action Plan	
RAD Rent (w/ OCAF)	
Complete Comp/Mod	N/A
Years Since Last Complete Comp/Mod	N/A
Recently Completed Comp/Mod	N/A
Recommended Comp/Mod	N/A

UNIT MIX & SQUARE FOOTAGES		
0-bdrm		
1-bdrms	74	
2-bdrms		
3-bdrms		
4-bdrms		
5-bdrms		
Total Units / Wt. Avg. SF:	74	

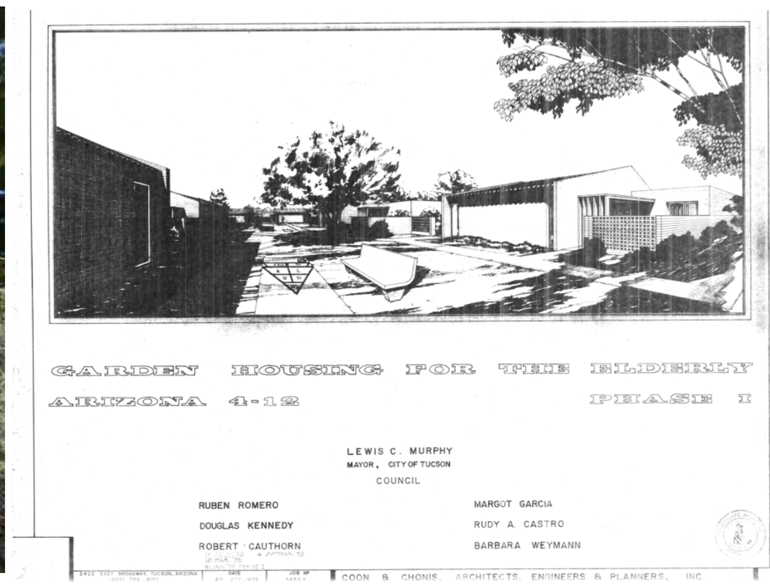
Craycroft Towers
Tucson HCD Portfolio Assessment
Public Housing Properties

Property Demographic Data	
Number of Households	68
Average Household Size	1
Annual Income	
Mean Income	$13,027
Median Income	$11,240
Households > $50k/year	2
Households > $60k/year	1
Family Type Data	
Elderly	51%
Disabled	76%
Households with Children	1%
Demographic Data	
White, Non-Hispanic or Latino	43%
Black/African American	15%
American Indian/Alaska Native	1%
Asian	0%
Native Hawaiian/Other Pacific Islander	0%
Hispanic or Latino	41%
Other	0%
Head of Household by Age	
Age 0-17	0%
Age 18-54	29%
Age 55-61	21%
Age 62+	50%
Distribution by Length of Stay	
Average Tenancy	9.6 years
Median Tenancy	7 years

Lander Gardens

Tucson HCD Portfolio Assessment

Public Housing Properties



Lander Gardens
Tucson HCD Portfolio Assessment
Public Housing Properties

PROJECT CHARACTERISTICS	
AMP	115
Address	902 W Congress Street
City	Tucson
Zip Code	85705
Year Built	1980
Development Type	Multifamily Public Housing (No Preferences)
Building Type	Lander Gardens consists of 14 semi-detached one-story buildings with 47 units serving families. Lander Gardens consists entirely of one-bedroom units and is located in a desirable neighborhood surrounded by new construction mixed-use and luxury developments. While the property currently operates as a family development, it has a strong potential for pursuing a senior preference designation due to its layout and location.
Property Amenities	The property has 100% owner-paid utilities.

NEIGHBORHOOD	
Neighborhood	
Census Tract	25.09
QCT or DDA?	QCT
Median Family Income	$53,988
% Median Income	67.00%
Tract Minority %	86.27%
Tract Income Level	Moderate
% Below Poverty Line	23.22%
% Owner Occupied	45.00%
Median Housing Age	46

CAPITAL NEEDS	
Age of Property	43
Total Needs	$1,528,373
Per Unit Needs	$32,519
Total CFP 5-Year Action Plan	$660,000
RAD Rent (w/ OCAF)	$757
Complete Comp/Mod	N/A
Years Since Last Complete Comp/Mod	N/A
Recently Completed Comp/Mod	N/A
Recommended Comp/Mod	N/A

UNIT MIX & SQUARE FOOTAGES		
0-bdrm		
1-bdrms	47	669 sf
2-bdrms		
3-bdrms		
4-bdrms		
5-bdrms		
Total Units / Wt. Avg. SF:	47	669 sf

Lander Gardens
Tucson HCD Portfolio Assessment
Public Housing Properties

Property Demographic Data	
Number of Households	47
Average Household Size	1.1
Annual Income	
Mean Income	$12,178
Median Income	$10,404
Households > $50k/year	0
Households > $60k/year	0
Family Type Data	
Elderly	70%
Disabled	88%
Households with Children	0%
Demographic Data	
White, Non-Hispanic or Latino	26%
Black/African American	9%
American Indian/Alaska Native	0%
Asian	2%
Native Hawaiian/Other Pacific Islander	0%
Hispanic or Latino	64%
Other	0%
Head of Household by Age	
Age 0-17	0%
Age 18-54	6%
Age 55-61	28%
Age 62+	66%
Distribution by Length of Stay	
Average Tenancy	12.2 years
Median Tenancy	9 years

Lander Gardens
Tucson HCD Portfolio Assessment
Public Housing Properties

SUMMARY INCOME	2021	2022	2023	Average	Average per unit
Tenant Rental Revenue	123,000	123,000	123,000	123,000	2,617
Tenant Revenue - Other	900	900	900	900	19
HUD Subsidy	137,700	137,700	137,700	137,700	2,930
Other	3,900	3,900	3,900	3,900	83
Total Project Revenue	265,500	265,500	265,500	265,500	5,649
SUMMARY EXPENSES					
Administrative	38,704	38,704	46,036	41,148	875
Utilities	76,300	76,300	76,300	76,300	1,623
Management Fee	37,555	37,555	37,607	37,572	799
Asset Management Fee	6,575	6,575	6,560	6,570	140
Tenant Services	5,459	5,459	4,834	5,251	112
Maintenance & Repair	70,147	70,147	115,211	85,168	1,812
Protective Services	0	0	0	0	0
Insurance	2,280	2,280	2,020	2,193	47
Misc. (Bad Debt & Compensated Absences)	10,260	10,260	7,260	9,260	197
Total Expenses	247,280	247,280	295,828	263,463	5,606
Net Operating Income	18,220	18,220	(30,328)	2,037	43

RAD Rents:	2022 RAD Rent:	OCAF Adjusted RAD Rent*:	RAD Rent from Opex**:
	$716	$756	$756

*RAD Rent has been adjusted using the 2023 OCAF from federal register.

OCAF 2023: 5.7

* RAD Rent calculated using 2022 tenant rent, 2022 operating subsidy, and 2022 grant funds

AMP 3 Scattered Sites
Tucson HCD Portfolio Assessment
Public Housing Properties


2512 N Estrella Avenue


3067 2nd Avenue


2512 N Estrella Avenue


211 E Delano Street

AMP 3

Tucson HCD Portfolio Assessment

Public Housing Properties

PROJECT CHARACTERISTICS	
AMP	110
City	Tucson
Zip Codes	85705, 85713, 85745, 85719, 85741
Wards	Wards 1, 3, 6
Years Built	1972-2008
Development Type	AMP 3 is one of HCD's four main scatter site groupings and includes 133 total units. The AMP is fairly split between small to medium-sized multifamily developments and single family homes. The buildings themselves range in initial construction dates from 1972 to 2008. Geographically, the units are mainly scattered north and west of downtown Tucson and include some of the most troubled neighborhoods in the city while at the same time also including more desirable areas. The included neighborhoods largely fall into City Wards 1 and 3. Multifamily developments in AMP 3 include: 6th Avenue (11 units); Estrella (12 units); 2nd Avenue (6 units); Delano (12 units); Castro (6 units); Alturas (4 units); 4th Avenue (6 units); Calle Sur (6 units) Of these multifamily developments in AMP 3, most were constructed in 1972 and 1982 and are in need of significant modernization. Challenges include: Plumbing issues, including old galvanized steel piping; Need for conversion to A/C from evaporative coolers, including window replacement; Electrical and gas line issues; Asbestos in the ceilings; Limited parking; and tiny kitchens.

PROPERTY VALUES	
Avg Appraised Value	$145,273.15
Median Appraised Value	$146,270.00
Minimum Appraised Value	$ 90,327.00
Maximum Appraised Value	$221,928.00
Avg SF	1,047 sf
Median SF	1,054 sf
Avg Year Built	1986
Median Year Built	1984
HOA Units	11 units

BUILDING TYPES		
Single Family	60	72%
Duplex	18	22%
Triplex		
Quadplex		
5+ Units	2	2%
10+ Units	3	4%
15+ Units		
20+ Units		
Total	83	

CAPITAL NEEDS	
Total Needs	$4,908,514
Per Unit Needs	$36,359
Total CFP 5-Year Action Plan	$1,186,500
Upgrades	32 Units in 2018, 2019, 2020
"Fair" Units	113
"Good" Units	20

UNIT MIX		
0-bdrm		
1-bdrms	6	4%
2-bdrms	40	30%
3-bdrms	67	50%
4-bdrms	18	13%
5-bdrms	3	2%
6-bdrms	1	1%
Total Units:	135	100%

AMP 3
Tucson HCD Portfolio Assessment
Public Housing Properties

Property Demographic Data	
Total Households	130
Average Household Size	3.2
Annual Income	
Mean Household Income	$17,422.19
Median Household Income	$11,527.00
Households > $50k/year	7
Households > $60k/year	3
Family Type Data	
Elderly	11%
Disabled	24%
Households with Children	68%
Demographic Data	
White, Non-Hispanic or Latino	16%
Black/African American	14%
American Indian/Alaska Native	7%
Asian	1%
Native Hawaiian/Other Pacific Islander	1%
Hispanic or Latino	62%
Other	0%
Head of Household by Age	
Age 0-17	0%
Age 18-54	75%
Age 55-61	13%
Age 62+	12%
Distribution by Length of Stay	
Average Tenancy Mean	7.3 years
Average Tenancy Median	5 years

AMP 3
Tucson HCD Portfolio Assessment
Public Housing Properties

SUMMARY INCOME	2021	2022	2023	Average	Average per unit
Tenant Rental Revenue	382,000	382,000	382,000	382,000	2,830
Tenant Revenue - Other	10,000	10,000	10,000	10,000	74
HUD Subsidy	549,120	549,120	549,120	549,120	4,068
Other	18,300	18,300	108,497	48,366	358
Total Project Revenue	959,420	959,420	1,049,617	989,486	7,330
SUMMARY EXPENSES					
Administrative	184,728	184,728	198,021	189,159	1,401
Utilities	88,500	88,500	88,500	88,500	656
Management Fee	104,825	104,825	105,652	105,101	779
Asset Management Fee	19,325	19,325	18,777	19,142	142
Tenant Services	5,000	5,000	5,000	5,000	37
Maintenance & Repair	659,942	659,942	812,860	710,915	5,266
Protective Services	0	0	0	0	0
Insurance	8,270	8,270	11,360	9,300	69
Misc. (Bad Debt & Compensated Absences)	115,400	115,400	104,400	111,733	828
Total Expenses	1,185,990	1,185,990	1,344,570	1,238,850	9,177
Net Operating Income	(226,570)	(226,570)	(294,953)	(249,364)	(1,847)

RAD Rents:	2022 RAD Rent:	OCAF Adjusted RAD Rent*:	RAD Rent from Opex**:
	$797	$842	$842

***RAD Rent has been adjusted using the 2023 OCAF from federal register.**

OCAF 2023: 5.7

*** RAD Rent calculated using 2022 tenant rent, 2022 operating subsidy, and 2022 grant funds**

AMP 4 Scattered Sites

Tucson HCD Portfolio Assessment

Public Housing Properties

AMP 4

Tucson HCD Portfolio Assessment

Public Housing Properties

PROJECT CHARACTERISTICS	
AMP	111
City	Tucson
Zip Codes	85713, 85714, 85706, 85746
Wards	Wards 1 and 5
Years Built	1982-2009
Development Type	AMP 4 is one of HCD's four main scatter site groupings and includes 184 total units. The AMP is primarily single family homes but contains a number of small to medium multifamily developments. Geographically, the units are mainly scattered south of downtown Tucson towards the airport. The included neighborhoods largely fall into City Wards 1 and 5. Multifamily developments in AMP 4 include: •Del Moral (13 units) •Norris (12 units) •5700 Block Southland (12 units) •5800 Block Southland (16 units) •Drexel (4 units) •Belmar •Tyndall •MacArthur In general, AMP 4 units face similar challenges to those found in AMP 3, including the need to convert units from swamp coolers to A/C as well as the replacement of old hydronic systems.

PROPERTY VALUES	
Avg Appraised Value	$150,783.29
Median Appraised Value	$154,026.50
Minimum Appraised Value	$ 86,709.00
Maximum Appraised Value	$249,172.00
Avg SF	1,104 sf
Median SF	1,163 sf
Avg Year Built	1990
Median Year Built	1984
HOA Units	28 units

BUILDING TYPES		
Single Family	113	82%
Duplex	16	12%
Triplex		
Quadplex	7	5%
5+ Units		
10+ Units	1	1%
15+ Units		
20+ Units		
Total	137	

CAPITAL NEEDS	
Total Needs	$10,807,094
Per Unit Needs	$58,734
Total CFP 5-Year Action Plan	$1,218,000
Upgrades	113 Units in 2017-2020
"Fair" Units	67
"Good" Units	115

UNIT MIX		
0-bdrm		
1-bdrms		0%
2-bdrms	59	32%
3-bdrms	88	48%
4-bdrms	33	18%
5-bdrms	3	2%
6-bdrms	1	1%
Total Units:	184	100%

AMP 4
Tucson HCD Portfolio Assessment
Public Housing Properties

Property Demographic Data	
Total Households	177
Average Household Size	3.3
Annual Income	
Mean Household Income	$17,314.85
Median Household Income	$12,995.50
Households > $50k/year	10
Households > $60k/year	4
Family Type Data	
Elderly	10%
Disabled	21%
Households with Children	76%
Demographic Data	
White, Non-Hispanic or Latino	10%
Black/African American	11%
American Indian/Alaska Native	7%
Asian	1%
Native Hawaiian/Other Pacific Islander	1%
Hispanic or Latino	71%
Other	0%
Head of Household by Age	
Age 0-17	0%
Age 18-54	82%
Age 55-61	7%
Age 62+	11%
Distribution by Length of Stay	
Tenancy Mean	7.1 years
Tenancy Median	5 years

AMP 4
Tucson HCD Portfolio Assessment
Public Housing Properties

SUMMARY INCOME	2021	2022	2023	Average	Average per unit
Tenant Rental Revenue	484,000	484,000	484,000	484,000	2,630
Tenant Revenue - Other	11,100	11,100	11,100	11,100	60
HUD Subsidy	747,040	747,040	747,040	747,040	4,060
Other	8,200	8,200	201,654	72,685	395
Total Project Revenue	1,250,340	1,250,340	1,443,794	1,314,825	7,146
SUMMARY EXPENSES					
Administrative	242,908	242,908	265,267	250,361	1,361
Utilities	76,000	76,000	76,000	76,000	413
Management Fee	147,715	147,715	145,485	146,972	799
Asset Management Fee	25,980	25,980	25,828	25,929	141
Tenant Services	5,000	5,000	5,000	5,000	27
Maintenance & Repair	865,697	865,697	1,053,670	928,355	5,045
Protective Services	0	0	0	0	0
Insurance	11,330	11,330	15,560	12,740	69
Misc. (Bad Debt & Compensated Absences)	157,600	157,600	142,600	152,600	829
Total Expenses	1,532,230	1,532,230	1,729,410	1,597,957	8,685
Net Operating Income	(281,890)	(281,890)	(285,616)	(283,132)	(1,539)

RAD Rents:	2022 RAD Rent:	OCAF Adjusted RAD Rent*:	RAD Rent from Opex**:
	$761	$804	$804

***RAD Rent has been adjusted using the 2023 OCAF from federal register.**

OCAF 2023: 5.7

*** RAD Rent calculated using 2022 tenant rent, 2022 operating subsidy, and 2022 grant funds**

AMP 5 Scattered Sites
Tucson HCD Portfolio Assessment
Public Housing Properties

4825 E Winset St

380 E Pastime Rd

380 E Pastime Rd

AMP 5
Tucson HCD Portfolio Assessment
Public Housing Properties

PROJECT CHARACTERISTICS	
AMP	112
City	Tucson
Zip Codes	85719, 85716, 85705, 85712, 85711, 85713
Wards	Wards 2, 3, 4, 5, 6
Years Built	1949-2003
Development Type	AMP 5 is one of HCD's four main scatter site groupings and includes 231 total units. The AMP is fairly split between single family homes and a number of small to medium multifamily developments. Some of HCD's larger multi-family developments that are in the most dire need of modernization are included in this AMP. Geographically, the units are mainly scattered directly north and east of downtown Tucson, with several of the developments located in some of the most troubled city neighborhoods. The included neighborhoods largely fall into City Wards 3 and 6, though some units spill over into other wards as well. Multifamily developments in AMP 5 include: •Pastime (20 units) •Navajo (16 units) •Edith (12 units) •Fairmount (17 units) •Irwin (12 units) •Park (16 units) •3rd Street (12 units) •Bermuda (6 units) •Blacklidge (7 units) •Glenn (6 units) The larger multifamily developments face significant challenges due to their age.

PROPERTY VALUES	
Avg Appraised Value	$139,835.95
Median Appraised Value	$141,693.00
Minimum Appraised Value	$ 78,681.00
Maximum Appraised Value	$252,072.00
Avg SF	1,035 sf
Median SF	1,116 sf
Avg Year Built	1975
Median Year Built	1972
HOA Units	3 units

BUILDING TYPES		
Single Family	66	70%
Duplex	13	14%
Triplex	3	3%
Quadplex	4	4%
5+ Units	2	2%
10+ Units	1	1%
15+ Units	3	3%
20+ Units	2	2%
Total	94	

CAPITAL NEEDS	
Total Needs	$8,060,619
Per Unit Needs	$34,894
Total CFP 5-Year Action Plan	$1,186,500
Upgrades	61 Units in 2015 + 2019
"Fair" Units	215
"Good" Units	16

UNIT MIX		
0-bdrm		
1-bdrms	12	5%
2-bdrms	86	37%
3-bdrms	98	42%
4-bdrms	26	11%
5-bdrms	8	3%
6-bdrms	1	0%
Total Units:	231	100%

AMP 5
Tucson HCD Portfolio Assessment
Public Housing Properties

Property Demographic Data	
Total Households	219
Average Household Size	3.1
Annual Income	
Mean Household Income	$17,680.94
Median Household Income	$11,916.00
Households > $50k/year	14
Households > $60k/year	10
Family Type Data	
Elderly	11%
Disabled	24%
Households with Children	74%
Demographic Data	
White, Non-Hispanic or Latino	20%
Black/African American	21%
American Indian/Alaska Native	5%
Asian	2%
Native Hawaiian/Other Pacific Islander	0%
Hispanic or Latino	52%
Other	0%
Head of Household by Age	
Age 0-17	0%
Age 18-54	78%
Age 55-61	11%
Age 62+	11%
Distribution by Length of Stay	
Tenancy Mean	7.3 years
Tenancy Median	6 years

AMP 5
Tucson HCD Portfolio Assessment
Public Housing Properties

SUMMARY INCOME	2021	2022	2023	Average	Average per unit
Tenant Rental Revenue	534,000	534,000	534,000	534,000	2,312
Tenant Revenue - Other	7,700	7,700	7,700	7,700	33
HUD Subsidy	942,120	942,120	942,120	942,120	4,078
Other	4,600	4,600	5,453	4,884	21
Total Project Revenue	1,488,420	1,488,420	1,489,273	1,488,704	6,445
SUMMARY EXPENSES					
Administrative	291,623	291,623	317,015	300,087	1,299
Utilities	144,220	144,220	144,220	144,220	624
Management Fee	180,560	180,560	180,838	180,653	782
Asset Management Fee	32,025	32,025	31,931	31,994	139
Tenant Services	1,000	1,000	1,000	1,000	4
Maintenance & Repair	984,232	984,232	1,041,141	1,003,202	4,343
Protective Services	1,900	1,900	935	1,578	7
Insurance	13,530	13,530	14,890	13,983	61
Misc. (Bad Debt & Compensated Absences)	152,200	152,200	132,200	145,533	630
Total Expenses	1,801,290	1,801,290	1,864,170	1,822,250	7,889
Net Operating Income	(312,870)	(312,870)	(374,897)	(333,546)	(1,444)

RAD Rents:	2022 RAD Rent:	OCAF Adjusted RAD Rent*:	RAD Rent from Opex**:
	$796	$841	$841

***RAD Rent has been adjusted using the 2023 OCAF from federal register.**

OCAF 2023: 5.7

*** RAD Rent calculated using 2022 tenant rent, 2022 operating subsidy, and 2022 grant funds**

AMP 6 Scattered Sites

Tucson HCD Portfolio Assessment

Public Housing Properties

Lee Street Duplexes

AMP 6
Tucson HCD Portfolio Assessment
Public Housing Properties

PROJECT CHARACTERISTICS	
AMP	113
City	Tucson
Zip Codes	85712, 85710, 85757, 85748, 85715, 85730, 85711
Wards	Wards 2, 4, 6
Years Built	1951-2003
Development Type	AMP 6 is one of HCD's four main scatter site groupings and includes 164 scattered units as well as Craycroft Towers, a 74-unit multifamily development described in more detail above. Excluding Craycroft Towers, the balance of the AMP is almost exclusively single family homes, with two duplex developments (Beverly: 4 duplexes – 8 units; Lee: 4 duplexes – 8 units, contiguous with Craycroft Towers). Geographically, the units are mainly scattered far east of downtown Tucson, making them some of the furthest out units from HCD headquarters. The included neighborhoods largely fall into City Wards 2 and 4, with some closer in units in Ward 6. Generally, the scatter site single family homes are old, and the biggest complaints maintenance staff receives are related to the poor insulation of single pane windows. Widespread swamp coolers also present ongoing challenges to keeping homes cool during 90+ degree days. All data below is inclusive of Craycroft Towers, except for "Property Values."

PROPERTY VALUES	
Avg Appraised Value	$168,478.66
Median Appraised Value	$168,671.00
Minimum Appraised Value	$ 86,765.00
Maximum Appraised Value	$250,919.00
Avg SF	1,227 sf
Median SF	1,237 sf
Avg Year Built	1975
Median Year Built	1972
HOA Units	28 units

BUILDING TYPES		
Single Family	148	95%
Duplex	8	5%
Triplex		
Quadplex		
5+ Units		
10+ Units		
15+ Units		
20+ Units	1	1%
Total	156	

CAPITAL NEEDS	
Total Needs	$8,727,510
Per Unit Needs	$36,670
Total CFP 5-Year Action Plan	$1,247,000
Upgrades	N/A
"Fair" Units	119
"Good" Units	45

UNIT MIX		
0-bdrm		
1-bdrms	82	34%
2-bdrms	4	2%
3-bdrms	105	44%
4-bdrms	43	18%
5-bdrms	4	2%
6-bdrms		0%
Total Units:	238	100%

AMP 6
Tucson HCD Portfolio Assessment
Public Housing Properties

Property Demographic Data

Total Households	225
Average Household Size	2.9
Annual Income	
Mean Household Income	$18,583.48
Median Household Income	$13,404.00
Households > $50k/year	11
Households > $60k/year	2
Family Type Data	
Elderly	22%
Disabled	40%
Households with Children	53%
Demographic Data	
White, Non-Hispanic or Latino	25%
Black/African American	18%
American Indian/Alaska Native	4%
Asian	1%
Native Hawaiian/Other Pacific Islander	0%
Hispanic or Latino	52%
Other	0%
Head of Household by Age	
Age 0-17	0%
Age 18-54	66%
Age 55-61	12%
Age 62+	22%
Distribution by Length of Stay	
Average Tenancy Mean	8.5 years
Average Tenancy Median	7 years

AMP 6
Tucson HCD Portfolio Assessment
Public Housing Properties

SUMMARY INCOME	2021	2022	2023	Average	Average per unit
Tenant Rental Revenue	670,000	670,000	670,000	670,000	2,827
Tenant Revenue - Other	7,000	7,000	7,000	7,000	30
HUD Subsidy	842,040	842,040	842,040	842,040	3,553
Other	11,600	11,600	91,481	38,227	161
Total Project Revenue	1,530,640	1,530,640	1,610,521	1,557,267	6,571
SUMMARY EXPENSES					
Administrative	316,661	316,661	320,639	317,987	1,342
Utilities	186,000	186,000	186,000	186,000	785
Management Fee	184,530	184,530	184,915	184,658	779
Asset Management Fee	32,580	32,580	32,364	32,508	137
Tenant Services	25,638	25,638	29,487	26,921	114
Maintenance & Repair	1,007,341	1,007,341	1,095,770	1,036,817	4,375
Protective Services	7,960	7,960	3,996	6,639	28
Insurance	15,600	15,600	17,260	16,153	68
Misc. (Bad Debt & Compensated Absences)	170,200	170,200	150,200	163,533	690
Total Expenses	1,946,510	1,946,510	2,020,631	1,971,217	8,317
Net Operating Income	(415,870)	(415,870)	(410,110)	(413,950)	(1,747)

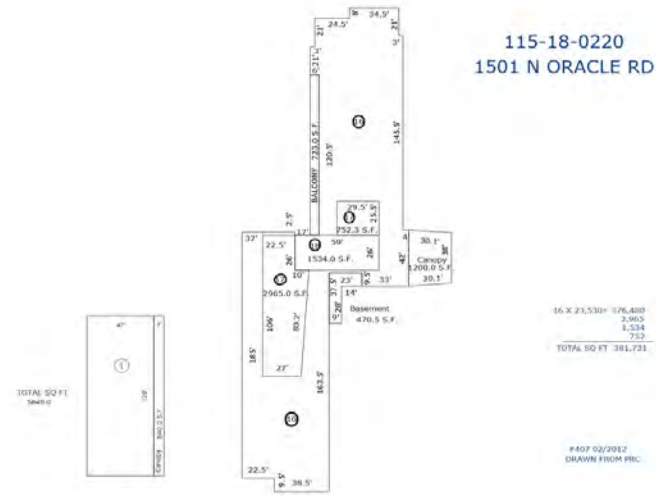
RAD Rents:	2022 RAD Rent:	OCAF Adjusted RAD Rent*:	RAD Rent from Opex**:
	$740	$782	$782

***RAD Rent has been adjusted using the 2023 OCAF from federal register.**

OCAF 2023: 5.7

*** RAD Rent calculated using 2022 tenant rent, 2022 operating subsidy, and 2022 grant funds**

Tucson House
Tucson HCD Portfolio Assessment
Mixed Finance Properties



Tucson House

Tucson HCD Portfolio Assessment

Mixed Finance Properties

PROJECT CHARACTERISTICS	
AMP	48
Address	1501 N Oracle Rd
City	Tucson
Zip Code	85705
Year Built	1963
Development Type	Multifamily Public Housing (No Preferences)
Building Type	Tucson House is a 407-unit, 17-story high rise public housing development originally built in 1963. The building consists of 168 studios, 184 1-bedroom units, and 55 2-bedroom units. While the primary current residents are seniors, it does not have an official HUD elderly designation.
Property Amenities	The property has 100% owner-paid utilities.

NEIGHBORHOOD	
Neighborhood	
Census Tract	13.02
QCT or DDA?	QCT
Median Family Income	$45,286
% Median Income	56.00%
Tract Minority %	62.09%
Tract Income Level	Moderate
% Below Poverty Line	38.94%
% Owner Occupied	22.00%
Median Housing Age	52

CAPITAL NEEDS	
Age of Property	60
Total Needs	$67,027,290
Per Unit Needs	$164,686
Total CFP 5-Year Action Plan	$337,000
RAD Rent (w/ OCAF)	
Complete Comp/Mod	N/A
Years Since Last Complete Comp/Mod	N/A
Recently Completed Comp/Mod	N/A
Recommended Comp/Mod	N/A

UNIT MIX & SQUARE FOOTAGES		
0-bdrm	168	
1-bdrms	184	
2-bdrms	55	
3-bdrms		
4-bdrms		
5-bdrms		
Total Units / Wt. Avg. SF:	407	

Tucson House
Tucson HCD Portfolio Assessment
Mixed Finance Properties

Property Demographic Data	
Number of Households	387
Average Household Size	1.1
Annual Income	
Mean Income	$10,735
Median Income	$10,452
Households > $50k/year	1
Households > $60k/year	0
Family Type Data	
Elderly	51%
Disabled	83%
Households with Children	4%
Demographic Data	
White, Non-Hispanic or Latino	54%
Black/African American	13%
American Indian/Alaska Native	4%
Asian	1%
Native Hawaiian/Other Pacific Islander	0%
Hispanic or Latino	28%
Other	0%
Head of Household by Age	
Age 0-17	0%
Age 18-54	26%
Age 55-61	20%
Age 62+	54%
Distribution by Length of Stay	
Average Tenancy	7.3 years
Median Tenancy	5 years

Tucson House

Tucson HCD Portfolio Assessment

Mixed Finance Properties

SUMMARY INCOME	2021	2022	2023	Average	Average per unit
Tenant Rental Revenue	1,210,000	1,210,000	1,210,000	1,210,000	2,973
Tenant Revenue - Other	27,500	27,500	27,500	27,500	68
HUD Subsidy	1,581,350	1,581,350	1,581,350	1,581,350	3,885
Other	41,000	41,000	272,480	118,160	290
Total Project Revenue	2,859,850	2,859,850	3,091,330	2,937,010	7,216
SUMMARY EXPENSES					
Administrative	563,228	563,228	605,301	577,252	1,418
Utilities	540,000	540,000	540,000	540,000	1,327
Management Fee	318,820	318,820	309,773	315,804	776
Asset Management Fee	57,680	57,680	54,427	56,596	139
Tenant Services	67,706	67,706	49,400	61,604	151
Maintenance & Repair	1,071,046	1,071,046	814,138	985,410	2,421
Protective Services	40,200	40,200	84,230	54,877	135
Insurance	33,420	33,420	24,560	30,467	75
Misc. (Bad Debt & Compensated Absences)	162,500	162,500	135,500	153,500	377
Total Expenses	2,854,600	2,854,600	2,617,329	2,775,510	6,819
Net Operating Income	5,250	5,250	474,001	161,500	397

RAD Rents:	2022 RAD Rent:	OCAF Adjusted RAD Rent*:	RAD Rent from Opex**:
	$673	$711	$711

*RAD Rent has been adjusted using the 2023 OCAF from federal register.

OCAF 2023: 5.7

* RAD Rent calculated using 2022 tenant rent, 2022 operating subsidy, and 2022 grant funds

Tucson House

Tucson HCD Portfolio Assessment

Mixed Finance Properties

Partnership Information	
1. Name of LP Owner	Tucson House Apartments, LLLP
2. Name of GP(s).	MHC 0.01%
3. Name of Investor	The Richman Group
4. PISD	1997
5. Expiration of 15-Year Compliance Period	Expired
6. Extended Affordability Period	TBD
7. Reserve Accounts	None
8 Investor in Partnership	Yes

Unit Mix Information	
Total PH/LIHTC Units	407
Total LIHTC-only Units	0
Total LIHTC Units	407

Loan Information	
1. Is there Hard Debt on the property? If so, please list out name of lender.	N/A
2. Current Debt Service Coverage	N/A
3. Is there Soft Debt on the property? If so, please list out name of lender.	Seller's Note HUD Modernization Grant FHLBSF AHP

Posadas Sentinel

Tucson HCD Portfolio Assessment

Mixed Finance Properties




Posadas Sentinel
Tucson HCD Portfolio Assessment
Mixed Finance Properties

PROJECT CHARACTERISTICS	
AMP	51
City	Tucson
Zip Codes	85705, 85701, 85706, 85713, 85746, 85719, 85745, 85712, 85730, 85747
Wards	Wards 1, 2, 3, 4, 5 and County land
Years Built	1999-2003
Development Type	Originally the site of public housing constructed in the 1940s, Posadas was a Hope VI project that entailed the complete demolition of the original buildings and its replacement with duplexes and triplexes throughout the neighborhood between 1999-2002. The neighborhood has a number of amenities, with the HOPE VI project also creating a community center, library, and school(s), which anchor the development. Residents generally like the units due to their location, nearby amenities, and the yards. There are currently minimal vacancies, and HCD has little trouble filling any vacancies. While most buildings are single story, there are a number of two-story properties that present additional capital needs challenges. Located in the Barrio Santa Rosa, the general area has become a more desirable neighborhood for market rate homeowners due to its proximity to Downtown Tucson. While the majority of the Posadas units are located in the Barrio Santa Rosa neighborhood, the AMP also includes 80 scatter-site units located in different areas around the city. Around half of these scatter sites are in HOAs and mainly consist of single family homes, though there is one fourplex at Camino Villas.

PROPERTY VALUES	
Avg Appraised Value	$172,747.97
Median Appraised Value	$172,972.00
Minimum Appraised Value	$105,092.00
Maximum Appraised Value	$248,201.00
Avg SF	1209 sf
Median SF	1200 sf
Avg Year Built	2001
Median Year Built	2001
HOA Units	N/A

BUILDING TYPES		
Single Family	76	64%
Duplex	24	20%
Triplex	18	15%
Quadplex		
5+ Units		
10+ Units		
15+ Units		
20+ Units		
Total	118	100%

CAPITAL NEEDS	
Total Needs	$4,388,718
Per Unit Needs	$31,348
Total CFP 5-Year Action Plan	$1,588,500
Upgrades	17 units in last four years
"Fair" Units	130
"Good" Units	10

UNIT MIX		
0-bdrm		
1-bdrms		
2-bdrms	22	16%
3-bdrms	89	64%
4-bdrms	29	21%
5-bdrms		
6-bdrms		
Total Units:	140	100%

Posadas Sentinel
Tucson HCD Portfolio Assessment
Mixed Finance Properties

Property Demographic Data	
Number of Households	139
Average Household Size	3.5
Annual Income	
Mean Income	$23,685
Median Income	$17,688
Households > $50k/year	18
Households > $60k/year	12
Family Type Data	
Elderly	11%
Disabled	27%
Households with Children	78%
Demographic Data	
White, Non-Hispanic or Latino	9%
Black/African American	11%
American Indian/Alaska Native	4%
Asian	1%
Native Hawaiian/Other Pacific Islander	1%
Hispanic or Latino	75%
Other	0%
Head of Household by Age	
Age 0-17	0%
Age 18-54	83%
Age 55-61	9%
Age 62+	7%
Distribution by Length of Stay	
Average Tenancy	9.5 years
Median Tenancy	7 years

Posadas Sentinel
Tucson HCD Portfolio Assessment
Mixed Finance Properties

SUMMARY INCOME	2021	2022	2023	Average	Average per unit
Tenant Rental Revenue	400,000	400,000	450,000	416,667	2,976
Tenant Revenue - Other	6,000	6,000	6,000	6,000	43
HUD Subsidy	580,450	580,450	617,310	592,737	4,234
Other	2,200	2,200	26,818	10,406	74
Total Project Revenue	988,650	988,650	1,100,128	1,025,809	7,327
SUMMARY EXPENSES					
Administrative	155,084	155,084	186,183	165,450	1,182
Utilities	25,000	25,000	25,000	25,000	179
Management Fee	114,000	114,000	110,526	112,842	806
Asset Management Fee	20,130	20,130	19,271	19,844	142
Tenant Services	0	0	0	0	0
Maintenance & Repair	482,296	482,296	547,933	504,175	3,601
Protective Services	280	280	1,208	589	4
Insurance	7,370	7,370	8,900	7,880	56
Misc. (Bad Debt & Compensated Absences)	140,900	140,900	132,900	138,233	987
Total Expenses	945,060	945,060	1,031,921	974,014	6,957
Net Operating Income	43,590	43,590	68,207	51,796	370

Note: This data reflects only the 140 Public Housing Units

RAD Rents:	2022 RAD Rent:	OCAF Adjusted RAD Rent*:	RAD Rent from Opex**:
	$740	$782	$782

***RAD Rent has been adjusted using the 2023 OCAF from federal register.**

OCAF 2023: 5.7

*** RAD Rent calculated using 2022 tenant rent, 2022 operating subsidy, and 2022 grant funds**

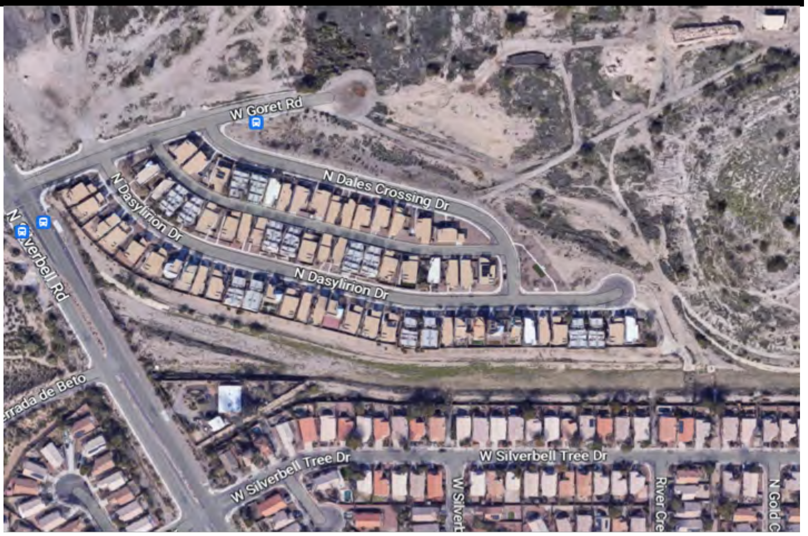
Posadas Sentinel
Tucson HCD Portfolio Assessment
Mixed Finance Properties

Partnership Information	
1. Name of LP Owner	Posadas Sentinel, LLLP
2. Name of GP(s).	MHC 0.01% Richman Group Capital Corporation (SLP) 0.01
3. Name of Investor	The Richman Group
4. PISD	1999
5. Expiration of 15-Year Compliance Period	Expired
6. Extended Affordability Period	TBD
7. Reserve Accounts	Operating reserve $223,362 Replacement reserve $455,726
8 Investor in Partnership	Yes

Unit Mix Information	
Total PH/LIHTC Units	140
Total LIHTC-only Units	60
Total LIHTC Units	200

Loan Information	
1. Is there Hard Debt on the property?	N/A
2. Current Debt Service Coverage	N/A
3. Is there Soft Debt on the property?	HUD Modernization Grant HOPE VI

Silverbell Homes
Tucson HCD Portfolio Assessment
Mixed Finance Properties



Silverbell Homes - Scattered Sites
Tucson HCD Portfolio Assessment
Mixed Finance Properties

PROJECT CHARACTERISTICS	
AMP	65
City	Tucson
Zip Codes	85745
Wards	Ward 3
Years Built	2007
Development Type	Completed in 2007, the Silverbell Homes units are mainly three-bedroom, two-bathroom duplex-style single family homes and are located northwest of the Downtown. Built on vacant land, a neighborhood has since grown up around the Silverbell Homes site, demonstrating the desirability of the neighborhood and general expansion of development in Tucson. The units are well maintained and are in high demand due to their location and their overall quality. The property has 100% tenant-paid utilities with a high utility allowance. while the property was not originally part of an HOA, the establishment of one post-construction has added new costs to the site.

PROPERTY VALUES	
Avg Appraised Value	$150,388.50
Median Appraised Value	$147,896.00
Minimum Appraised Value	$146,630.00
Maximum Appraised Value	$165,660.00
Avg SF	830 sf
Median SF	802 sf
Avg Year Built	2007
Median Year Built	2007
HOA Units	28 units

BUILDING TYPES		
Single Family	28	100%
Duplex		
Triplex		
Quadplex		
5+ Units		
10+ Units		
15+ Units		
20+ Units		
Total	28	

CAPITAL NEEDS	
Total Needs	$1,392,476
Per Unit Needs	$49,731
Total CFP 5-Year Action Plan	$0
Upgrades	N/A
"Fair" Units	0
"Good" Units	28

UNIT MIX		
0-bdrm		
1-bdrms		
2-bdrms		
3-bdrms	28	100%
4-bdrms		
5-bdrms		
6-bdrms		
Total Units:	28	100%

Silverbell Homes - Multifamily
Tucson HCD Portfolio Assessment
Mixed Finance Properties

PROJECT CHARACTERISTICS	
AMP	65
Address	Dasylirion Drive and Dales Crossing Drive
City	Tucson
Zip Code	85745
Year Built	2007
Development Type	Single Family Homes, Duplex-style
Building Type	Completed in 2007, the Silverbell Homes units are mainly three-bedroom, two-bathroom duplex-style single family homes and are located northwest of the Downtown. Built on vacant land, a neighborhood has since grown up around the Silverbell Homes site, demonstrating the desirability of the neighborhood and general expansion of development in Tucson. The units are well maintained and are in high demand due to their location and their overall quality.
Property Amenities	The property has 100% tenant-paid utilities with a high utility allowance. while the property was not originally part of an HOA, the establishment of one post-construction has added new costs to the site.

NEIGHBORHOOD	
Neighborhood	
Census Tract	45.15
QCT or DDA?	QCT
Median Family Income	$96,850
% Median Income	119.00%
Tract Minority %	70.59%
Tract Income Level	Middle
% Below Poverty Line	28.83%
% Owner Occupied	45.00%
Median Housing Age	24

CAPITAL NEEDS	
Age of Property	19
Total Needs	$1,392,476
Per Unit Needs	$49,731
Total CFP 5-Year Action Plan	$0
RAD Rent (w/ OCAF)	
Complete Comp/Mod	N/A
Years Since Last Complete Comp/Mod	N/A
Recently Completed Comp/Mod	N/A
Recommended Comp/Mod	N/A

UNIT MIX & SQUARE FOOTAGES		
0-bdrm		
1-bdrms		
2-bdrms		
3-bdrms		
4-bdrms		
5-bdrms		
Total Units / Wt. Avg. SF:	28	

Silverbell Homes
Tucson HCD Portfolio Assessment
Mixed Finance Properties

Property Demographic Data	
Number of Households	27
Average Household Size	1.1
Annual Income	
Mean Income	$10,954
Median Income	$10,329
Households > $50k/year	0
Households > $60k/year	0
Family Type Data	
Elderly	61%
Disabled	96%
Households with Children	0%
Demographic Data	
White, Non-Hispanic or Latino	25%
Black/African American	11%
American Indian/Alaska Native	0%
Asian	4%
Native Hawaiian/Other Pacific Islander	0%
Hispanic or Latino	46%
Other	0%
Head of Household by Age	
Age 0-17	0%
Age 18-54	7%
Age 55-61	32%
Age 62+	61%
Distribution by Length of Stay	
Average Tenancy	11.1 years
Median Tenancy	16 years

Silverbell Homes
Tucson HCD Portfolio Assessment
Mixed Finance Properties

SUMMARY INCOME	2021	2022	2023	Average	Average per unit
Tenant Rental Revenue	34,000	34,000	34,000	34,000	1,214
Tenant Revenue - Other	600	600	600	600	21
HUD Subsidy	85,960	85,960	85,960	85,960	3,070
Other	900	900	177,340	59,713	2,133
Total Project Revenue	121,460	121,460	297,900	180,273	6,438
SUMMARY EXPENSES					
Administrative	23,360	23,360	25,224	23,981	856
Utilities	230	230	230	230	8
Management Fee	21,625	21,625	19,977	21,076	753
Asset Management Fee	2,505	2,505	3,455	2,822	101
Tenant Services	500	500	500	500	18
Maintenance & Repair	51,020	51,020	110,495	70,845	2,530
Protective Services	0	0	0	0	0
Insurance	180	180	280	213	8
Misc. (Bad Debt & Compensated Absences)	14,460	14,460	14,460	14,460	516
Total Expenses	113,880	113,880	174,621	134,127	4,790
Net Operating Income	7,580	7,580	123,279	46,146	1,648

RAD Rents:	2022 RAD Rent:	OCAF Adjusted RAD Rent*:	RAD Rent from Opex**:
	$533	$564	$564

***RAD Rent has been adjusted using the 2023 OCAF from federal register.**

OCAF 2023: 5.7

*** RAD Rent calculated using 2022 tenant rent, 2022 operating subsidy, and 2022 grant funds**

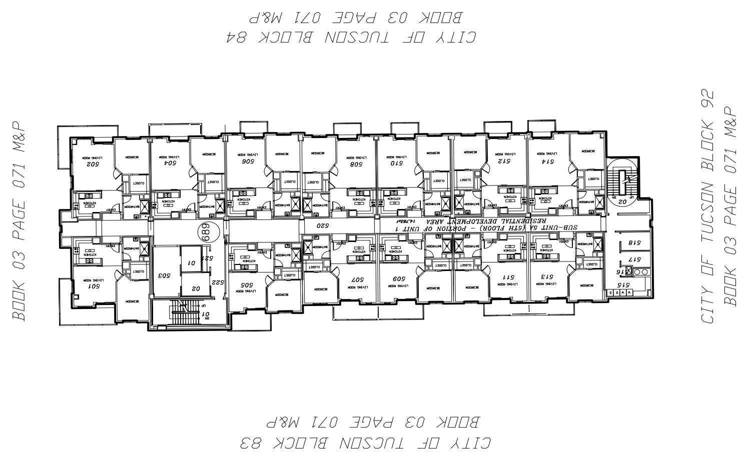
Silverbell Homes
Tucson HCD Portfolio Assessment
Mixed-Finance Properties

Partnership Information	
1. Name of LP Owner	Silverbell Homes LP
2. Name of GP(s).	Silverbell Development, LLC 0.01% MHC
3. Name of Investor	Boston Financial
4. PISD	2007
5. Expiration of 15-Year Compliance Period	Expired
6. Extended Affordability Period	TBD
7. Reserve Accounts	Operating reserve $233,344 Replacement reserve $110,280
8 Investor in Partnership	Yes

Unit Mix Information	
Total PH/LIHTC Units	28
Total LIHTC-only Units	0
Total LIHTC Units	28

Loan Information	
1. Is there Hard Debt on the property? If so, please list out name of lender.	Capitalized Lease $364,000
2. Current Debt Service Coverage	N/A
3. Is there Soft Debt on the property? If so, please list out name of lender.	Hope VI City of Tucson Note City of Tucson Capital Funds Note ADOH Note

MLK Apartments
Tucson HCD Portfolio Assessment
Mixed Finance Properties



MLK Apartments
Tucson HCD Portfolio Assessment
Mixed Finance Properties

PROJECT CHARACTERISTICS	
AMP	120
Address	55 N. 5th Avenue
City	Tucson
Zip Code	85701
Year Built	2010
Development Type	Multifamily Mixed-Finance Housing (No Preferences)
Building Type	MLK Apartments is a 68-unit, 7-story high rise public housing development completed in 2010. It consists entirely of one-bedroom units and is located at 55 N. 5th Avenue in downtown Tucson across from the train station and directly behind the bus station, within walking distance to all downtown amenities. While the primary current residents are seniors, it does not have an official HUD elderly designation. The property maintains a zero vacancy rate due to its highly desirable location and amenities.
Property Amenities	The modern, two elevator building boasts a number of amenities including a community room, computer room, library, roof gardens, and laundry rooms on each floor. The property has 100% owner-paid utilities. A city-owned underground parking garage was completed alongside the development, with options for residents to purchase unbundled parking as part of their tenancy.

NEIGHBORHOOD	
Neighborhood	Rio Nuevo Downtown
Census Tract	1.00
QCT or DDA?	QCT
Median Family Income	$50,421
% Median Income	73.50%
Tract Minority %	39.78%
Tract Income Level	Moderate
% Below Poverty Line	41.08%
% Owner Occupied	2.00%
Median Housing Age	44

CAPITAL NEEDS	
Average Vacancy Rate	
Age of Property	13
Total Needs	$2,616,468
Per Unit Needs	$38,477
Total CFP 5-Year Action Plan	$0
RAD Rent (w/ OCAF)	$817
Complete Comp/Mod	N/A
Years Since Last Complete Comp/Mod	N/A
Recently Completed Comp/Mod	N/A
Recommended Comp/Mod	N/A

UNIT MIX & SQUARE FOOTAGES		
0-bdrm		
1-bdrms	68	708
2-bdrms		
3-bdrms		
4-bdrms		
5-bdrms		
Total Units / Wt. Avg. SF:	68	708

MLK Apartments
Tucson HCD Portfolio Assessment
Mixed Finance Properties

Property Demographic Data	
Number of Households	67
Average Household Size	1
Annual Income	
Mean Income	$12,562
Median Income	$10,970
Households > $50k/year	0
Households > $60k/year	0
Family Type Data	
Elderly	57%
Disabled	87%
Households with Children	0%
Demographic Data	
White, Non-Hispanic or Latino	49%
Black/African American	18%
American Indian/Alaska Native	0%
Asian	0%
Native Hawaiian/Other Pacific Islander	0%
Hispanic or Latino	36%
Other	0%
Head of Household by Age	
Age 0-17	0%
Age 18-54	31%
Age 55-61	12%
Age 62+	57%
Distribution by Length of Stay	
Average Tenancy	6.9 years
Median Tenancy	7 years

MLK Apartments
Tucson HCD Portfolio Assessment
Mixed Finance Properties

SUMMARY INCOME	2021	2022	2023	Average	Average per unit
Tenant Rental Revenue	223,000	223,000	264,870	236,957	3,485
Tenant Revenue - Other	6,500	6,500	6,500	6,500	96
HUD Subsidy	310,650	310,650	310,650	310,650	4,568
Other	5,700	5,700	180,400	63,933	940
Total Project Revenue	545,850	545,850	762,420	618,040	9,089
SUMMARY EXPENSES					
Administrative	130,715	130,715	126,957	129,462	1,904
Utilities	150,000	150,000	150,000	150,000	2,206
Management Fee	57,090	57,090	55,281	56,487	831
Asset Management Fee	9,970	9,970	9,614	9,851	145
Tenant Services	9,220	9,220	9,545	9,328	137
Maintenance & Repair	335,285	335,285	441,083	370,551	5,449
Protective Services	3,430	3,430	1,490	2,783	41
Insurance	7,310	7,310	8,620	7,747	114
Misc. (Bad Debt & Compensated Absences)	17,250	17,250	11,750	15,417	227
Total Expenses	720,270	720,270	814,340	751,627	11,053
Net Operating Income	(174,420)	(174,420)	(51,920)	(133,587)	(1,965)

RAD Rents:	2022 RAD Rent:	OCAF Adjusted RAD Rent*:	RAD Rent from Opex**:
	$772	$816	$816

***RAD Rent has been adjusted using the 2023 OCAF from federal register.**

OCAF 2023: 5.7

*** RAD Rent calculated using 2022 tenant rent, 2022 operating subsidy, and 2022 grant funds**

MLK Apartments

Tucson HCD Portfolio Assessment

Mixed-Finance Properties

Partnership Information	
1. Name of LP Owner	MLK I, LLC
2. Name of GP(s).	MHC 0.01%
3. Name of Investor	Boston Capital
4. PISD	2008
5. Expiration of 15-Year Compliance Period	2023
6. Extended Affordability Period	TBD
7. Reserve Accounts	Operating Reserves $473,935
8 Investor in Partnership	No

Unit Mix Information	
Total PH/LIHTC Units	68
Total LIHTC-only Units	0
Total LIHTC Units	68

Loan Information	
1. Is there Hard Debt on the property? If so, please list out name of lender.	N/A
2. Current Debt Service Coverage	N/A
3. Is there Soft Debt on the property? If so, please list out name of lender.	General Fund Loan – City of Tucson Hope VI City of Tucson HOME Loan Special Member BCP/Arizona Special, LLC ADOH Loan FHLBSF Loan

South Park

Tucson HCD Portfolio Assessment

Mixed Finance Properties




South Park

Tucson HCD Portfolio Assessment

Mixed Finance Properties

PROJECT CHARACTERISTICS	
AMP	6040
City	Tucson
Zip Codes	85713
Wards	Ward 5
Years Built	1971
Development Type	Formerly known as the Robert F. Kennedy Homes, South Park consists of 28 mixed finance housing units, all single family homes. Originally constructed in 1971, the project was part of a 1983 Hope VI remodel that included the removal of original second stories of many units. Additional tax credit investment was made in the property in 2004.

PROPERTY VALUES	
Avg Appraised Value	$184,944.18
Median Appraised Value	$179,081.50
Minimum Appraised Value	$103,064.00
Maximum Appraised Value	$259,666.00
Avg SF	1319 sf
Median SF	1385 sf
Avg Year Built	1971
Median Year Built	1971
HOA Units	N/A

BUILDING TYPES		
Single Family	28	100%
Duplex		
Triplex		
Quadplex		
5+ Units		
10+ Units		
15+ Units		
20+ Units		
Total	28	100%

CAPITAL NEEDS	
Total Needs	$984,316
Per Unit Needs	$35,154
Total CFP 5-Year Action Plan	$1,588,500
Upgrades	8 units in last four years
"Fair" Units	22
"Good" Units	6

UNIT MIX		
0-bdrm		
1-bdrms		
2-bdrms	9	32%
3-bdrms	5	18%
4-bdrms	11	39%
5-bdrms	3	11%
6-bdrms		
Total Units:	28	100%

South Park
Tucson HCD Portfolio Assessment
Mixed Finance Properties

Property Demographic Data	
Number of Households	26
Average Household Size	3.2
Annual Income	
Mean Income	$25,114
Median Income	$14,199
Households > $50k/year	4
Households > $60k/year	4
Family Type Data	
Elderly	12%
Disabled	31%
Households with Children	65%
Demographic Data	
White, Non-Hispanic or Latino	0%
Black/African American	23%
American Indian/Alaska Native	8%
Asian	0%
Native Hawaiian/Other Pacific Islander	0%
Hispanic or Latino	69%
Other	0%
Head of Household by Age	
Age 0-17	0%
Age 18-54	85%
Age 55-61	4%
Age 62+	12%
Distribution by Length of Stay	
Average Tenancy	8.1 years
Median Tenancy	7 years

South Park

Tucson HCD Portfolio Assessment

Mixed Finance Properties

SUMMARY INCOME	2021	2022	2023	Average	Average per unit
Tenant Rental Revenue	75,000	75,000	75,000	75,000	2,679
Tenant Revenue - Other	4,500	4,500	4,500	4,500	161
HUD Subsidy	185,640	185,640	246,680	205,987	7,357
Other	900	900	115,900	39,233	1,401
Total Project Revenue	266,040	266,040	442,080	324,720	11,597
SUMMARY EXPENSES					
Administrative	35,827	35,827	40,853	37,502	1,339
Utilities	53,100	53,100	53,100	53,100	1,896
Management Fee	21,590	21,590	19,935	21,038	751
Asset Management Fee	2,550	2,550	3,504	2,868	102
Tenant Services	500	500	500	500	18
Maintenance & Repair	140,623	140,623	199,238	160,161	5,720
Protective Services	0	0	0	0	0
Insurance	180	180	280	213	8
Misc. (Bad Debt & Compensated Absences)	16,000	16,000	14,000	15,333	548
Total Expenses	270,370	270,370	331,410	290,717	10,383
Net Operating Income	(4,330)	(4,330)	110,670	34,003	1,214

Note: This data reflects only the 28 Public Housing Units

RAD Rents:	2022 RAD Rent:	OCAF Adjusted RAD Rent*:	RAD Rent from Opex**:
	$908	$960	$960

***RAD Rent has been adjusted using the 2023 OCAF from federal register.**

OCAF 2023: 5.7

*** RAD Rent calculated using 2022 tenant rent, 2022 operating subsidy, and 2022 grant funds**

South Park

Tucson HCD Portfolio Assessment

Mixed Finance Properties

Partnership Information	
1. Name of LP Owner	South Park Development Partners, LLC
2. Name of GP(s).	MHC 0.01%
3. Name of Investor	NEF
4. PISD	1999
5. Expiration of 15-Year Compliance Period	Expired
6. Extended Affordability Period	TBD
7. Reserve Accounts	Operating and Replacement Reserve $411,461
8 Investor in Partnership	No

Unit Mix Information	
Total PH/LIHTC Units	28
Total LIHTC-only Units	20
Total LIHTC Units	48

Loan Information	
1. Is there Hard Debt on the property? If so, please list out name of lender.	Capitalized Lease $442,492
2. Current Debt Service Coverage	N/A
3. Is there Soft Debt on the property? If so, please list out name of lender.	3 unspecified notes

Attachment Six: RAD in Arizona

RENTAL ASSISTANCE DEMONSTRATION (RAD) IN ARIZONA

RAD was created in order to give public housing authorities (PHAs) a powerful tool to preserve and improve public housing properties and address the multi-billion-dollar nationwide backlog of deferred maintenance.

BY THE NUMBERS

Arizona Public Housing Authorities have converted 16 projects covering 1,965 housing units under the RAD program. That means approximately 4,620 people have had their assisted housing secured and preserved for the long-term on the Section 8 platform. Under RAD, the physical condition of these properties will be improved and capital needs for the next 20 years will be accounted for, ensuring that these homes remain affordable in perpetuity.

These transactions have secured $121,664,111 in construction investment, including initial reserve deposits, equating to $61,916 per unit built or rehabbed. That means that through RAD, 2,318 direct and indirect jobs have been created in Arizona. To date, Arizona ranks 11 in the country for the percentage of former public housing units that have been preserved.

Based on closed transactions, the most active PHAs in Arizona participating in RAD are:

Housing Authority	Closed Transactions	Closed Units
Housing Authority of Maricopa County	8	995
City of Phoenix Housing Department	6	675
Yuma City Housing Authority	1	235
Eloy Housing Authority	1	60

1 projects covering 78 units are currently in the Arizona RAD pipeline.

RAD FACTS

1. RAD allows public housing agencies to leverage public and private debt and equity in order to reinvest in the public housing stock. This is critical given the backlog of public housing capital needs.
2. In RAD, units move to a Section 8 platform with a long-term contract that, by law, must be renewed in perpetuity. A Use Agreement is also recorded under RAD, further enforcing HUD's long-term interest. This ensures that the units remain permanently affordable to low-income households.
3. Residents benefit from a right of return, a prohibition against re-screening, and robust notification and relocation rights. Residents continue to pay 30% of their adjusted income towards the rent and they maintain the same basic rights as they possess in the public housing program and gain a new option to request tenant-based assistance if they wish to subsequently move from the property.
4. RAD maintains the ongoing public stewardship of the converted property through clear rules requiring ongoing ownership or control by a public or non-profit entity.
5. RAD is highly cost-effective, relying on shifting existing levels of public housing funds to the Section 8 accounts as properties convert.

FOR MORE INFORMATION

To see photo essays documenting the resident experience, please visit www.hud.gov/RAD/news/photoessays. To contact the RAD team, please email rad@hud.gov.

Attachment Seven: Financing Scenarios

City of Tucson Housing and Community Development
RAD 9% LIHTC Analysis (Summary Sheet)

PIC #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
113	Craycroft (AMP 6)	74	Yes	$185,000	$26,227,813	$22,497,750	$0	($2,089,647)	$22,497,750	$304,024
51	Posadas Sentinel (BSR)	120	No	$125,000	$31,932,370	$14,788,450	$1,649,467	$1,390,891	$16,437,917	$136,983
115	Lander Gardens	47	Yes	$185,000	$16,693,708	$14,788,450	$862,069	($2,653,577)	$15,650,519	$332,990
TOTAL		241			$74,853,891	$52,074,650	$2,511,536	($3,352,334)	$54,586,185	$773,996

City of Tucson Housing and Community Development
RAD 9% LIHTC Analysis

Project Inputs

Project Name	Craycroft Towers
AMP #	113
Unit Mix	
Studio	0
1-bdrm	74
2-bdrm	0
3-bdrm	0
4-bdrm	0
5-bdrm	0
Total Number of Units	74
Public Housing Units	74
LIHTC-Only Units	0
Market Rate Units	0
Est. As Is Appraised Value Per Unit	$75,000
% Attributable to Buildings	85%
Proj. Capital Repairs	$13,690,000
Proj. Capital Repairs Per Unit	$185,000
QCT - Y or N	Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	
1-bdrm	$422.00
2-bdrm	$479.00
3-bdrm	$631.00
4-bdrm	$896.00
LIHTC-Only Wgt. Avg. Rent	$0.00
Market-Rate Wgt. Avg. Rent	$0.00
Proj. Op. Expenses Per Unit (See Below)	$5,676

Project Pro Forma

Uses	
Acquisition	$5,550,000
Repayment of EPC Debt	
Rehab	$13,690,000
Soft Costs	$4,107,000
Reserves	$183,707
Developer Fee	$2,697,106
Total Development Cost	$26,227,813
TDC per Unit (not including acq.)	$279,430
Sources	
Permanent Mortgage	$0
PHA Seller's Note	$5,550,000
LIHTC Equity	$22,497,750
Deferred Fee (@10%)	$269,711
GAP (CFP/RHF/Oper. Res./HOME/AHP)	**($2,089,647)**
Total Sources	$26,227,813

Total Perm Debt & Equity	**$22,497,750**
GAP funds	($2,089,647)
GAP funds per unit	($28,238)
Leverage: Each $1.00 of GAP funds results in debt and equity of:	**($10.77)**

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee)	15%

LIHTC Inputs

Monthly 9% Rate	9.00%
Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$188,700
Est. Rehab Tax Credit	$2,397,810
Total Credits (cannot exceed $2.5M cap)	$2,500,000
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$356,891
Est. Annual Operating Expenses	$420,029
NOI	-$63,138
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	-$781,475

Operating Expenses

	20-'22 Avg.	Modified RAD	Comments
Administrative	$59,200	$47,360	Reduced 20%
Management Fee	$57,657	$57,657	Same
Asset Management Fee	$10,150	$0	Reduced 100%
Utilities	$58,076	$34,846	Reduced 40%
Maintenance & Repair	$323,732	$194,239	Reduced 40%
Misc	$51,061	$51,061	Same
Protective Services	$2,073	$2,073	Same
Insurances	$5,044	$5,044	Same
Tenant Services	$8,406	$1,850	$25/PUPY
Replacement Reserve	$0	$25,900	$350/PUPY
TOTAL	$575,398	$420,029	
TOTAL PER UNIT	$7,776	$5,676	

City of Tucson Housing and Community Development
RAD 9% LIHTC Analysis

Project Inputs

Project Name		Posadas Sentinel (BSR)
AMP #		51
Unit Mix		
Studio		0
1-bdrm		0
2-bdrm		16
3-bdrm		28
4-bdrm		16
5-bdrm		0
Total Number of Units		60
Public Housing Units		60
LIHTC-Only Units		60
Market Rate Units		0
Est. As Is Appraised Value Per Unit		$75,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$7,500,000
Proj. Capital Repairs Per Unit		$125,000
QCT - Y or N		N
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm		$423.00
2-bdrm	$223.00	$333.00
3-bdrm	$269.00	$522.00
4-bdrm	$308.00	$618.00
LIHTC-Only Wgt. Avg. Rent	$267.00	$822.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$6,428

Project Pro Forma

Uses	
Acquisition	$9,000,000
Repayment of EPC Debt	
Rehab	$15,000,000
Soft Costs	$4,500,000
Reserves	$441,192
Developer Fee	$2,991,179
Total Development Cost	$31,932,370
TDC per Unit (not including acq.)	$382,206
Sources	
Permanent Mortgage	$1,649,467
PHA Seller's Note	$9,000,000
LIHTC Equity	$19,592,895
Deferred Fee (@10%)	$299,118
GAP (CFP/RHF/Oper. Res./HOME/AHP)	**$1,390,891**
Total Sources	$31,932,370
Total Perm Debt & Equity	**$21,242,362**
GAP funds	$1,390,891
GAP funds per unit	$23,182
Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$15.27**

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee)	15%

LIHTC Inputs

Monthly 9% Rate	9.00%
Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$153,000
Est. Rehab Tax Credit	$2,024,206
Total Credits (cannot exceed $2.5M cap)	$2,177,206
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$904,594
Est. Annual Operating Expenses	$771,329
NOI	$133,265
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$1,649,467

Operating Expenses

	20-'22 Avg.	Modified RAD	Comments
Administrative	$141,814	$141,814	Same
Management Fee	$96,722	$96,722	Same
Asset Management Fee	$17,008	$0	Reduced 100%
Utilities	$21,429	$17,143	Reduced 20%
Maintenance & Repair	$432,150	$345,720	Reduced 20%
Misc	$140,171	$140,171	Same
Protective Services	$505	$505	Same
Insurances	$6,754	$6,754	Same
Tenant Services	$0	$1,500	$25/PUPY
Replacement Reserve	$0	$21,000	$350/PUPY
TOTAL	$856,553	$771,329	
TOTAL PER UNIT	$7,138	$6,428	

City of Tucson Housing and Community Development
RAD 9% LIHTC Analysis

Project Inputs

Project Name			Lander Gardens
AMP #			115
Unit Mix			
Studio			0
1-bdrm			47
2-bdrm			0
3-bdrm			0
4-bdrm			0
5-bdrm			0
Total Number of Units			47
Public Housing Units			47
LIHTC-Only Units			0
Market Rate Units			0
Est. As Is Appraised Value Per Unit			$75,000
% Attributable to Buildings			85%
Proj. Capital Repairs			$8,695,000
Proj. Capital Repairs Per Unit			$185,000
QCT - Y or N			Y
RAD 2022 Rent (adj. 2023 OCAF @ 6.2%)	UA		
1-bdrm		$185.00	$571.00
2-bdrm			$996.00
3-bdrm			$1,415.00
4-bdrm			$1,657.00
LIHTC-Only Wgt. Avg. Rent			$0.00
Market-Rate Wgt. Avg. Rent			$0.00
Proj. Op. Expenses Per Unit (See Below)			$5,044

Project Pro Forma

Uses	
Acquisition	$3,525,000
Repayment of EPC Debt	
Rehab	$8,695,000
Soft Costs	$2,608,500
Reserves	$147,550
Developer Fee	$1,717,658
Total Development Cost	$16,693,708
TDC per Unit (not including acq.)	$280,185
Sources	
Permanent Mortgage	$862,069
PHA Seller's Note	$3,525,000
LIHTC Equity	$14,788,450
Deferred Fee (@10%)	$171,766
GAP (CFP/RHF/Oper. Res./HOME/AHP)	**($2,653,577)**
Total Sources	$16,693,708
Total Perm Debt & Equity	**$15,650,519**
GAP funds	($2,653,577)
GAP funds per unit	($56,459)
Leverage: Each $1.00 of GAP funds results in debt and equity of:	**($5.90)**

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee)	15%

LIHTC Inputs

Monthly 9% Rate	9.00%
Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$119,850
Est. Rehab Tax Credit	$1,523,475
Total Credits (cannot exceed $2.5'M cap)	$1,643,325
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$306,709
Est. Annual Operating Expenses	$237,059
NOI	$69,649
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$862,069

Operating Expenses

	20-'22 Avg.	Modified RAD	Comments
Administrative	$41,148	$41,148	Same
Management Fee	$37,572	$37,572	Same
Asset Management Fee	$6,570	$0	Reduced 100%
Utilities	$76,300	$61,040	Reduced 20%
Maintenance & Repair	$85,168	$68,134	Reduced 20%
Misc	$9,260	$9,260	Same
Protective Services	$0	$0	Same
Insurances	$2,193	$2,280	2022 Only
Tenant Services	$5,250	$1,175	$25/PUPY
Replacement Reserve	$0	$16,450	$350/PUPY
TOTAL	$263,461	$237,059	
TOTAL PER UNIT	$5,606	$5,044	

City of Tucson Housing and Community Development

PBV / 9% LIHTC Analysis

AMP #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
113	Craycroft Towers	74	Yes	$185,000	$20,673,555	$22,497,750	$3,792,893	($6,251,802)	$26,290,643	$355,279
51	Posadas (Scattered)	80	No	$125,000	$15,631,198	$16,214,271	$12,667,323	($13,730,302)	$28,881,595	$361,020
TOTAL		154			$36,304,753	$38,712,021	$16,460,217	($19,982,105)	$55,172,238	$716,299

City of Tucson Housing and Community Development

100% TPV 9% LIHTC Analysis

Project Inputs

Project Name	Craycroft Towers
AMP #	113
Unit Mix	
Studio	0
1-bdrm	74
2-bdrm	0
3-bdrm	0
4-bdrm	0
5-bdrm	0
Total Number of Units	74
Public Housing Units	74
LIHTC-Only Units	0
Market Rate Units	0
Est. As Is Appraised Value Per Unit	$75,000
% Attributable to Buildings	85%
Proj. Capital Repairs	$9,250,000
Proj. Capital Repairs Per Unit	$185,000
QCT - Y or N	Y
2023 Payment Standards (less 2023 Utility Allowances)	
Studio	$0.00
1-bdrm	$859.00
2-bdrm	$1,410.00
3-bdrm	$2,004.00
4-bdrm	$2,346.00
5-bdrm	$0.00
LIHTC-Only Wgt. Avg. Rent	$0.00
Market-Rate Wgt. Avg. Rent	$0.00
Proj. Op. Expenses Per Unit (See Below)	$5,676

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee)	14%

LIHTC Inputs

Monthly 9% Rate	9.00%
Est. Acquisition Tax Credit	$424,575
Est. Rehab Tax Credit	$2,379,295
Total Credits (cannot exceed $2.5M cap)	$2,500,000
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$726,469
Est. Annual Operating Expenses	$420,029
NOI	$306,439
Rate	6.50%
Amortization	40
DSC	1.15

Operating Expenses

	20-'22 Avg.	Modified	Comments
Administrative	$59,200	$47,360	Reduced 20%
Management Fee	$57,657	$57,657	Same
Asset Management Fee	$10,150	$0	Reduced 100%
Utilities	$58,076	$34,846	Reduced 40%
Maintenance & Repair	$323,732	$194,239	Reduced 40%
Misc.	$51,061	$51,061	Same
Protective Services	$2,073	$2,073	Same
Insurance/Taxes	$5,044	$5,044	Same
Tenant Services	$8,406	$1,850	$25/PUPY
Replacement Reserve	$0	$25,900	$350/PUPY
TOTAL	$575,398	$420,029	
TOTAL PER UNIT	$7,776	$5,676	

Project Pro Forma

Uses	
Acquisition	$0
Repayment of EPC Debt	$0
Rehab	$13,690,000
Soft Costs	$4,107,000
Reserves	$337,698
Developer Fee	$2,538,858
Total Development Cost	$20,673,555
TDC per Unit (not including acq.)	$279,372
Sources	
Permanent Mortgage	$3,792,893
PHA Seller's Note	$0
LIHTC Equity	$22,497,750
Deferred Fee (@25%)	$634,714
GAP (CFP/RHF/Oper. Res./HOME/AHP)	**($6,251,802)**
Total Sources	$20,673,555

Total Perm Debt & Equity	**$26,290,643**
GAP funds	($6,251,802)
GAP funds per unit	($84,484)

Leverage: Each $1.00 of GAP funds results in debt and equity of: **($4.21)**

City of Tucson Housing and Community Development

100% TPV 9% LIHTC Analysis

Project Inputs

Project Name	Posadas (Scattered)
AMP #	51
Unit Mix	
Studio	0
1-bdrm	0
2-bdrm	6
3-bdrm	61
4-bdrm	13
5-bdrm	0
Total Number of Units	80
Public Housing Units	80
LIHTC-Only Units	0
Market Rate Units	0
Est. As Is Appraised Value Per Unit	$75,000
% Attributable to Buildings	85%
Proj. Capital Repairs	$10,000,000
Proj. Capital Repairs Per Unit	$125,000
QCT - Y or N	N
2023 110% FMR (less 2022 Utility Allowances)	
Studio	$0.00
1-bdrm	$848.00
2-bdrm	$1,187.00
3-bdrm	$1,735.00
4-bdrm	$2,038.00
5-bdrm	$0.00
LIHTC-Only Wgt. Avg. Rent	$0.00
Market-Rate Wgt. Avg. Rent	$0.00
Proj. Op. Expenses Per Unit (See Below)	$7,129

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee)	14%

LIHTC Inputs

Monthly 4% Rate	9.00%
Est. Acquisition Tax Credit	$459,000
Est. Rehab Tax Credit	$1,342,766
Total Credits (cannot exceed $2.5M cap)	$1,801,766
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$1,593,726
Est. Annual Operating Expenses	$570,294
NOI	$1,023,432
Rate	6.50%
Amortization	40
DSC	1.15

Operating Expenses

	20-'22 Avg.	Modified	Comments
Administrative	$141,814	$141,814	Same
Management Fee	$96,722	$96,722	Same
Asset Management Fee	$17,008	$0	Reduced 100%
Utilities	$21,429	$17,143	Reduced 20%
Maintenance & Repair	$432,150	$137,185	Reduced 20%
Misc.	$140,171	$140,171	Same
Protective Services	$505	$505	Same
Insurance/Taxes	$6,754	$6,754	Same
Tenant Services	$37,156	$2,000	$25/PUPY
Replacement Reserve	$0	$28,000	$350/PUPY
TOTAL	$893,709	$570,294	
TOTAL PER UNIT	$11,171	$7,129	

Project Pro Forma

Uses	
Acquisition	$0
Repayment of EPC Debt	$0
Rehab	$10,000,000
Soft Costs	$3,000,000
Reserves	$711,577
Developer Fee	$1,919,621
Total Development Cost	$15,631,198
TDC per Unit (not including acq.)	$195,390
Sources	
Permanent Mortgage	$12,667,323
PHA Seller's Note	$0
LIHTC Equity	$16,214,271
Deferred Fee (@25%)	$479,905
GAP (CFP/RHF/Oper. Res./HOME/AHP)	**($13,730,302)**
Total Sources	$15,631,198

Total Perm Debt & Equity	**$28,881,595**
GAP funds	($13,730,302)
GAP funds per unit	($171,629)

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**($2.10)**

City of Tucson Housing and Community Development

80% RAD / 20% PBV 4% LIHTC Analysis (Summary Sheet)

AMP #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
65	Silverbell	28	Yes	$125,000	$7,373,642	$3,074,788	$370,527	$1,634,034	$3,445,315	$123,047
115	Lander Gardents	47	Yes	$185,000	$18,945,271	$7,838,201	$1,280,917	$3,469,617	$9,119,118	$194,024
	S and LG Combined	75	Yes	$162,600	$33,028,656	$13,369,270	$1,653,672	$5,043,158	$15,022,942	$200,306
113	Craycroft Towers	74	Yes	$185,000	$29,783,116	$12,338,376	$133,398	$7,304,859	$12,471,774	$168,537
51	Posadas (PH)	140	No	$185,000	$31,809,336	$13,189,618	$3,639,677	$5,139,698	$16,829,295	$120,209
TOTAL		364			$120,940,021	$49,810,252	$7,078,191	$22,591,366	$56,888,443	$806,123

City of Tucson Housing and Community Development

80% RAD / 20% PBV 4% LIHTC Analysis

Project Inputs

Project Name		Silverbell
AMP #		65
Unit Mix		
Studio		0
1-bdrm		24
2-bdrm		4
3-bdrm		0
4-bdrm		0
5-bdrm		0
Total Number of Units		28
Public Housing Units		28
LIHTC-Only Units		
Market Rate Units		
Est. As Is Appraised Value Per Unit		$75,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$3,500,000
Proj. Capital Repairs Per Unit		$125,000
QCT - Y or N		Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm	$179.00	$361.00
2-bdrm	$219.00	$491.00
3-bdrm		$1,009.00
4-bdrm		$1,182.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm	$179.00	$892.00
2-bdrm	$219.00	$1,191.00
3-bdrm		$2,004.00
4-bdrm		$2,346.00
LIHTC-Only Wgt. Avg. Rent		$0.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$4,538

RAD Annual Revenue (80%)	$102,029
PBV Annual Revenue (20%)	$62,813

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$71,400
Est. Rehab Tax Credit	$270,277
Total Credits	$341,677
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$156,992
Est. Annual Operating Expenses	$127,056
NOI	$29,936
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$370,527

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$23,981	$23,981	Same
Management Fee	$21,075	$21,075	Same
Asset Management Fee	$2,821	$0	Reduced 100%
Utilities	$230	$184	Reduced 20%
Maintenance & Repair	$70,845	$56,676	Reduced 20%
Misc	$14,460	$14,460	Same
Protective Services	$0	$0	Same
Insurances	$213	$180	2022 Only
Tenant Services	$500	$700	$25/PUPY
Replacement Reserve	$0	$9,800	$350/PUPY
TOTAL	$134,125	$127,056	
TOTAL PER UNIT	$4,790	$4,538	

Project Pro Forma

Uses	
Acquisition	$2,100,000
Rehab	$3,500,000
Soft Costs	$1,050,000
Reserves	$76,001
Developer Fee	$647,640
Total Development Cost	$7,373,642
TDC per Unit (not including acq.)	$188,344
Sources	
Permanent Mortgage	$370,527
PHA Seller's Note	$2,100,000
LIHTC Equity	$3,074,788
Deferred Fee (@30%)	$194,292
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$1,634,034**
Total Sources	$7,373,642

Total Perm Debt & Equity	**$3,445,315**
GAP funds	$1,634,034
GAP funds per unit	$58,358

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$2.11**

City of Tucson Housing and Community Development

80% RAD / 20% PBV 4% LIHTC Analysis

Project Inputs

Project Name		Lander Gardens
AMP #		115
Unit Mix		
Studio		0
1-bdrm		47
2-bdrm		0
3-bdrm		0
4-bdrm		0
5-bdrm		0
Total Number of Units		47
Public Housing Units		47
LIHTC-Only Units		
Market Rate Units		
Est. As Is Appraised Value Per Unit		$125,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$8,695,000
Proj. Capital Repairs Per Unit		$185,000
QCT - Y or N		Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm	$185.00	$571.00
2-bdrm		$996.00
3-bdrm		$1,415.00
4-bdrm		$1,657.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm	$185.00	$886.00
2-bdrm		$1,410.00
3-bdrm		$2,004.00
4-bdrm		$2,346.00
LIHTC-Only Wgt. Avg. Rent		$0.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$5,044

RAD Annual Revenue (80%)	$257,635
PBV Annual Revenue (20%)	$99,941

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$199,750
Est. Rehab Tax Credit	$671,248
Total Credits	$870,998
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$340,549
Est. Annual Operating Expenses	$237,059
NOI	$103,489
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$1,280,917

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$41,148	$41,148	Same
Management Fee	$37,572	$37,572	Same
Asset Management Fee	$6,570	$0	Reduced 100%
Utilities	$76,300	$61,040	Reduced 20%
Maintenance & Repair	$85,168	$68,134	Reduced 20%
Misc	$9,260	$9,260	Same
Protective Services	$0	$0	Same
Insurances	$2,193	$2,280	2022 Only
Tenant Services	$5,250	$1,175	$25/PUPY
Replacement Reserve	$0	$16,450	$350/PUPY
TOTAL	$263,461	$237,059	
TOTAL PER UNIT	$5,606	$5,044	

Project Pro Forma

Uses	
Acquisition	$5,875,000
Rehab	$8,695,000
Soft Costs	$2,608,500
Reserves	$161,650
Developer Fee	$1,605,121
Total Development Cost	$18,945,271
TDC per Unit (not including acq.)	$278,091
Sources	
Permanent Mortgage	$1,280,917
PHA Seller's Note	$5,875,000
LIHTC Equity	$7,838,201
Deferred Fee (@30%)	$481,536
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$3,469,617**
Total Sources	$18,945,271

Total Perm Debt & Equity	**$9,119,118**
GAP funds	$3,469,617
GAP funds per unit	$73,822

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$2.63**

City of Tucson Housing and Community Development

80% RAD / 20% PBV 4% LIHTC Analysis

Project Inputs

Project Name		S and LG Combined
AMP #		65 and 115
Unit Mix		
Studio		0
1-bdrm		71
2-bdrm		4
3-bdrm		0
4-bdrm		0
5-bdrm		0
Total Number of Units		75
Public Housing Units		75
LIHTC-Only Units		
Market Rate Units		
Est. As Is Appraised Value Per Unit		$162,600
% Attributable to Buildings		85%
Proj. Capital Repairs		$13,875,000
Proj. Capital Repairs Per Unit		$185,000
QCT - Y or N		Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm	$185.00	$571.00
2-bdrm		$996.00
3-bdrm		$1,415.00
4-bdrm		$1,657.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm	$185.00	$886.00
2-bdrm		$1,410.00
3-bdrm		$2,004.00
4-bdrm		$2,346.00
LIHTC-Only Wgt. Avg. Rent		$0.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$4,852

RAD Annual Revenue (80%)	$359,664
PBV Annual Revenue (20%)	$162,754

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$414,630
Est. Rehab Tax Credit	$1,070,993
Total Credits	$1,485,623
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$497,541
Est. Annual Operating Expenses	$363,935
NOI	$133,605
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$1,653,672

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$65,129	$65,129	Same
Management Fee	$58,647	$58,647	Same
Asset Management Fee	$9,391	$0	Reduced 100%
Utilities	$76,530	$61,224	Reduced 20%
Maintenance & Repair	$156,013	$124,810	Reduced 20%
Misc	$23,720	$23,720	Same
Protective Services	$0	$0	Same
Insurances	$2,406	$2,280	2022 Only
Tenant Services	$5,750	$1,875	$25/PUPY
Replacement Reserve	$0	$26,250	$350/PUPY
TOTAL	$397,586	$363,935	
TOTAL PER UNIT	$5,301	$4,852	

Project Pro Forma

Uses	
Acquisition	$12,195,000
Rehab	$13,875,000
Soft Costs	$4,162,500
Reserves	$237,637
Developer Fee	$2,558,519
Total Development Cost	$33,028,656
TDC per Unit (not including acq.)	$277,782
Sources	
Permanent Mortgage	$1,653,672
PHA Seller's Note	$12,195,000
LIHTC Equity	$13,369,270
Deferred Fee (@30%)	$767,556
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$5,043,158**
Total Sources	$33,028,656

Total Perm Debt & Equity	**$15,022,942**
GAP funds	$5,043,158
GAP funds per unit	$67,242

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$2.98**

City of Tucson Housing and Community Development

80% RAD / 20% PBV 4% LIHTC Analysis

Project Inputs

Project Name	Craycroft Towers
AMP #	113
Unit Mix	
Studio	0
1-bdrm	74
2-bdrm	0
3-bdrm	0
4-bdrm	0
5-bdrm	0
Total Number of Units	74
Public Housing Units	74
LIHTC-Only Units	
Market Rate Units	
Est. As Is Appraised Value Per Unit	$125,000
% Attributable to Buildings	85%
Proj. Capital Repairs	$13,690,000
Proj. Capital Repairs Per Unit	$185,000
QCT - Y or N	Y
RAD 2022 Rent (adj. 2023 OCAF @ 6.2%)	
1-bdrm	$422.00
2-bdrm	$479.00
3-bdrm	$631.00
4-bdrm	$896.00
2022 Payment Standards (less 2022 Utility Allowances)	
1-bdrm	$859.00
2-bdrm	$1,410.00
3-bdrm	$2,004.00
4-bdrm	$2,346.00
LIHTC-Only Wgt. Avg. Rent	$0.00
Market-Rate Wgt. Avg. Rent	$0.00
Proj. Op. Expenses Per Unit (See Below)	$5,676

RAD Annual Revenue (80%)	$299,789
PBV Annual Revenue (20%)	$152,558

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$314,500
Est. Rehab Tax Credit	$1,056,568
Total Credits	$1,371,068
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$430,807
Est. Annual Operating Expenses	$420,029
NOI	$10,778
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$133,398

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$59,200	$47,360	Reduced 20%
Management Fee	$57,657	$57,657	Same
Asset Management Fee	$10,150	$0	Reduced 100%
Utilities	$58,076	$34,846	Reduced 40%
Maintenance & Repair	$323,732	$194,239	Reduced 40%
Misc	$51,061	$51,061	Same
Protective Services	$2,073	$2,073	Same
Insurances	$5,044	$5,044	Same
Tenant Services	$8,406	$1,850	$25/PUPY
Replacement Reserve	$0	$25,900	$350/PUPY
TOTAL	$575,398	$420,029	
TOTAL PER UNIT	$7,776	$5,676	

Project Pro Forma

Uses	
Acquisition	$9,250,000
Rehab	$13,690,000
Soft Costs	$4,107,000
Reserves	$214,505
Developer Fee	$2,521,611
Total Development Cost	$29,783,116
TDC per Unit (not including acq.)	$277,475
Sources	
Permanent Mortgage	$133,398
PHA Seller's Note	$9,250,000
LIHTC Equity	$12,338,376
Deferred Fee (@30%)	$756,483
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$7,304,859**
Total Sources	$29,783,116

Total Perm Debt & Equity	**$12,471,774**
GAP funds	$7,304,859
GAP funds per unit	$98,714

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$1.71**

City of Tucson Housing and Community Development

80% RAD / 20% PBV 4% LIHTC Analysis

Project Inputs

Project Name		Posadas
AMP #		51
Unit Mix		
Studio		0
1-bdrm		0
2-bdrm		16
3-bdrm		28
4-bdrm		16
5-bdrm		0
Total Number of Units		60
Public Housing Units		60
LIHTC-Only Units		60
Market Rate Units		
Est. As Is Appraised Value Per Unit		$75,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$15,000,000
Proj. Capital Repairs Per Unit		$125,000
QCT - Y or N		N
RAD 2022 Rent (adj. 2023 OCAF @ 6.2%)	UA	
1-bdrm		$423.00
2-bdrm	$223.00	$333.00
3-bdrm	$269.00	$522.00
4-bdrm	$308.00	$618.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm		$848.00
2-bdrm		$1,187.00
3-bdrm		$1,735.00
4-bdrm		$2,038.00
LIHTC-Only Wgt. Avg. Rent		$822.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$6,428

RAD Annual Revenue (80%)	$286,387
PBV Annual Revenue (20%)	$240,432
LIHTC Rent	$591,840

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 9% Rate	4.00%
Est. Acquisition Tax Credit	$306,000
Est. Rehab Tax Credit	$1,159,660
Total Credits	$1,465,660
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$1,065,390
Est. Annual Operating Expenses	$771,329
NOI	$294,061
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$3,639,677

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$141,814	$141,814	Same
Management Fee	$96,722	$96,722	Same
Asset Management Fee	$17,008	$0	Reduced 100%
Utilities	$21,429	$17,143	Reduced 20%
Maintenance & Repair	$432,150	$345,720	Reduced 20%
Misc	$140,171	$140,171	Same
Protective Services	$505	$505	Same
Insurances	$6,754	$6,754	Same
Tenant Services	$0	$1,500	$25/PUPY
Replacement Reserve	$0	$21,000	$350/PUPY
TOTAL	$856,553	$771,329	
TOTAL PER UNIT	$7,138	$6,428	

Project Pro Forma

Uses	
Acquisition	$9,000,000
Rehab	$15,000,000
Soft Costs	$4,500,000
Reserves	$508,190
Developer Fee	$2,801,147
Total Development Cost	$31,809,336
TDC per Unit (not including acq.)	$380,156
Sources	
Permanent Mortgage	$3,639,677
PHA Seller's Note	$9,000,000
LIHTC Equity	$13,189,618
Deferred Fee (@30%)	$840,344
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$5,139,698**
Total Sources	$31,809,336

Total Perm Debt & Equity	**$16,829,295**
GAP funds	$5,139,698
GAP funds per unit	$85,662

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$3.27**

City of Tucson Housing and Community Development

60% RAD / 40% PBV 4% LIHTC Analysis (Summary Sheet)

AMP #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
65	Silverbell	28	Yes	$125,000	$7,390,518	$3,075,758	$810,282	$1,209,564	$3,886,040	$138,787
115	Lander Gardents	47	Yes	$185,000	$18,961,345	$7,839,124	$1,699,765	$3,065,327	$9,538,889	$202,955
	S and LG Combined	75	Yes	$162,600	$33,061,606	$13,371,163	$2,512,275	$4,214,398	$15,883,438	$211,779
113	Craycroft Towers	74	Yes	$185,000	$26,118,226	$11,208,307	$1,048,272	$7,553,870	$12,256,579	$165,629
51	Posadas (PH)	140	No	$185,000	$27,385,714	$13,194,007	$5,629,891	$3,218,659	$18,823,898	$134,456
TOTAL		364			$112,917,409	$48,688,359	$11,700,485	$19,261,818	$60,388,844	$853,607

City of Tucson Housing and Community Development

60% RAD / 40% PBV 4% LIHTC Analysis

Project Inputs

Project Name		Silverbell
AMP #		65
Unit Mix		
Studio		0
1-bdrm		24
2-bdrm		4
3-bdrm		0
4-bdrm		0
5-bdrm		0
Total Number of Units		28
Public Housing Units		28
LIHTC-Only Units		
Market Rate Units		
Est. As Is Appraised Value Per Unit		$75,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$3,500,000
Proj. Capital Repairs Per Unit		$125,000
QCT - Y or N		Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm	$179.00	$361.00
2-bdrm	$219.00	$491.00
3-bdrm		$1,009.00
4-bdrm		$1,182.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm	$179.00	$892.00
2-bdrm	$219.00	$1,191.00
3-bdrm		$2,004.00
4-bdrm		$2,346.00
LIHTC-Only Wgt. Avg. Rent		$0.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$4,538

RAD Annual Revenue (60%)	$76,522
PBV Annual Revenue (40%)	$125,626

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$71,400
Est. Rehab Tax Credit	$270,385
Total Credits	$341,785
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$192,521
Est. Annual Operating Expenses	$127,056
NOI	$65,465
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$810,282

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$23,981	$23,981	Same
Management Fee	$21,075	$21,075	Same
Asset Management Fee	$2,821	$0	Reduced 100%
Utilities	$230	$184	Reduced 20%
Maintenance & Repair	$70,845	$56,676	Reduced 20%
Misc	$14,460	$14,460	Same
Protective Services	$0	$0	Same
Insurances	$213	$180	2022 Only
Tenant Services	$500	$700	$25/PUPY
Replacement Reserve	$0	$9,800	$350/PUPY
TOTAL	$134,125	$127,056	
TOTAL PER UNIT	$4,790	$4,538	

Project Pro Forma

Uses	
Acquisition	$2,100,000
Rehab	$3,500,000
Soft Costs	$1,050,000
Reserves	$90,805
Developer Fee	$649,713
Total Development Cost	$7,390,518
TDC per Unit (not including acq.)	$188,947
Sources	
Permanent Mortgage	$810,282
PHA Seller's Note	$2,100,000
LIHTC Equity	$3,075,758
Deferred Fee (@30%)	$194,914
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$1,209,564**
Total Sources	$7,390,518

Total Perm Debt & Equity	**$3,886,040**
GAP funds	$1,209,564
GAP funds per unit	$43,199

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$3.21**

City of Tucson Housing and Community Development

60% RAD / 40% PBV 4% LIHTC Analysis

Project Inputs

Project Name		Lander Gardens
AMP #		115
Unit Mix		
Studio		0
1-bdrm		47
2-bdrm		0
3-bdrm		0
4-bdrm		0
5-bdrm		0
Total Number of Units		47
Public Housing Units		47
LIHTC-Only Units		
Market Rate Units		
Est. As Is Appraised Value Per Unit		$125,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$8,695,000
Proj. Capital Repairs Per Unit		$185,000
QCT - Y or N		Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm	$185.00	$571.00
2-bdrm		$996.00
3-bdrm		$1,415.00
4-bdrm		$1,657.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm	$185.00	$886.00
2-bdrm		$1,410.00
3-bdrm		$2,004.00
4-bdrm		$2,346.00
LIHTC-Only Wgt. Avg. Rent		$0.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$5,044

RAD Annual Revenue (60%)	$193,226
PBV Annual Revenue (40%)	$199,882

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$199,750
Est. Rehab Tax Credit	$671,351
Total Credits	$871,101
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$374,389
Est. Annual Operating Expenses	$237,059
NOI	$137,329
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$1,699,765

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$41,148	$41,148	Same
Management Fee	$37,572	$37,572	Same
Asset Management Fee	$6,570	$0	Reduced 100%
Utilities	$76,300	$61,040	Reduced 20%
Maintenance & Repair	$85,168	$68,134	Reduced 20%
Misc	$9,260	$9,260	Same
Protective Services	$0	$0	Same
Insurances	$2,193	$2,280	2022 Only
Tenant Services	$5,250	$1,175	$25/PUPY
Replacement Reserve	$0	$16,450	$350/PUPY
TOTAL	$263,461	$237,059	
TOTAL PER UNIT	$5,606	$5,044	

Project Pro Forma

Uses	
Acquisition	$5,875,000
Rehab	$8,695,000
Soft Costs	$2,608,500
Reserves	$175,750
Developer Fee	$1,607,095
Total Development Cost	$18,961,345
TDC per Unit (not including acq.)	$278,433
Sources	
Permanent Mortgage	$1,699,765
PHA Seller's Note	$5,875,000
LIHTC Equity	$7,839,124
Deferred Fee (@30%)	$482,129
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$3,065,327**
Total Sources	$18,961,345

Total Perm Debt & Equity	**$9,538,889**
GAP funds	$3,065,327
GAP funds per unit	$65,220

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$3.11**

City of Tucson Housing and Community Development

60% RAD / 40% PBV 4% LIHTC Analysis

Project Inputs

Project Name		S and LG Combined
AMP #		65 and 115
Unit Mix		
Studio		0
1-bdrm		71
2-bdrm		4
3-bdrm		0
4-bdrm		0
5-bdrm		0
Total Number of Units		75
Public Housing Units		75
LIHTC-Only Units		
Market Rate Units		
Est. As Is Appraised Value Per Unit		$162,600
% Attributable to Buildings		85%
Proj. Capital Repairs		$13,875,000
Proj. Capital Repairs Per Unit		$185,000
QCT - Y or N		Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm	$185.00	$571.00
2-bdrm		$996.00
3-bdrm		$1,415.00
4-bdrm		$1,657.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm	$185.00	$886.00
2-bdrm		$1,410.00
3-bdrm		$2,004.00
4-bdrm		$2,346.00
LIHTC-Only Wgt. Avg. Rent		$0.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$4,852

RAD Annual Revenue (60%)	$269,748
PBV Annual Revenue (40%)	$325,507

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$414,630
Est. Rehab Tax Credit	$1,071,203
Total Credits	$1,485,833
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$566,910
Est. Annual Operating Expenses	$363,935
NOI	$202,974
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$2,512,275

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$65,129	$65,129	Same
Management Fee	$58,647	$58,647	Same
Asset Management Fee	$9,391	$0	Reduced 100%
Utilities	$76,530	$61,224	Reduced 20%
Maintenance & Repair	$156,013	$124,810	Reduced 20%
Misc	$23,720	$23,720	Same
Protective Services	$0	$0	Same
Insurances	$2,406	$2,280	2022 Only
Tenant Services	$5,750	$1,875	$25/PUPY
Replacement Reserve	$0	$26,250	$350/PUPY
TOTAL	$397,586	$363,935	
TOTAL PER UNIT	$5,301	$4,852	

Project Pro Forma

Uses	
Acquisition	$12,195,000
Rehab	$13,875,000
Soft Costs	$4,162,500
Reserves	$266,540
Developer Fee	$2,562,566
Total Development Cost	$33,061,606
TDC per Unit (not including acq.)	$278,221
Sources	
Permanent Mortgage	$2,512,275
PHA Seller's Note	$12,195,000
LIHTC Equity	$13,371,163
Deferred Fee (@30%)	$768,770
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$4,214,398**
Total Sources	$33,061,606

Total Perm Debt & Equity	**$15,883,438**
GAP funds	$4,214,398
GAP funds per unit	$56,192

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$3.77**

City of Tucson Housing and Community Development

60% RAD / 40% PBV 4% LIHTC Analysis

Project Inputs

Project Name	Craycroft Towers
AMP #	113
Unit Mix	
Studio	0
1-bdrm	74
2-bdrm	0
3-bdrm	0
4-bdrm	0
5-bdrm	0
Total Number of Units	74
Public Housing Units	74
LIHTC-Only Units	
Market Rate Units	
Est. As Is Appraised Value Per Unit	$75,000
% Attributable to Buildings	85%
Proj. Capital Repairs	$13,690,000
Proj. Capital Repairs Per Unit	$185,000
QCT - Y or N	Y
RAD 2022 Rent (adj. 2023 OCAF @ 6.2%)	
1-bdrm	$422.00
2-bdrm	$479.00
3-bdrm	$631.00
4-bdrm	$896.00
2022 Payment Standards (less 2022 Utility Allowances)	
1-bdrm	$859.00
2-bdrm	$1,410.00
3-bdrm	$2,004.00
4-bdrm	$2,346.00
LIHTC-Only Wgt. Avg. Rent	$0.00
Market-Rate Wgt. Avg. Rent	$0.00
Proj. Op. Expenses Per Unit (See Below)	$5,676

RAD Annual Revenue (60%)	$224,842
PBV Annual Revenue (40%)	$305,117

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$188,700
Est. Rehab Tax Credit	$1,056,792
Total Credits	$1,245,492
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$504,722
Est. Annual Operating Expenses	$420,029
NOI	$84,693
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$1,048,272

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$59,200	$47,360	Reduced 20%
Management Fee	$57,657	$57,657	Same
Asset Management Fee	$10,150	$0	Reduced 100%
Utilities	$58,076	$34,846	Reduced 40%
Maintenance & Repair	$323,732	$194,239	Reduced 40%
Misc	$51,061	$51,061	Same
Protective Services	$2,073	$2,073	Same
Insurances	$5,044	$5,044	Same
Tenant Services	$8,406	$1,850	$25/PUPY
Replacement Reserve	$0	$25,900	$350/PUPY
TOTAL	$575,398	$420,029	
TOTAL PER UNIT	$7,776	$5,676	

Project Pro Forma

Uses	
Acquisition	$5,550,000
Rehab	$13,690,000
Soft Costs	$4,107,000
Reserves	$245,303
Developer Fee	$2,525,922
Total Development Cost	$26,118,226
TDC per Unit (not including acq.)	$277,949
Sources	
Permanent Mortgage	$1,048,272
PHA Seller's Note	$5,550,000
LIHTC Equity	$11,208,307
Deferred Fee (@30%)	$757,777
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$7,553,870**
Total Sources	$26,118,226

Total Perm Debt & Equity	**$12,256,579**
GAP funds	$7,553,870
GAP funds per unit	$102,079

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$1.62**

City of Tucson Housing and Community Development

60% RAD / 40% PBV 4% LIHTC Analysis

Project Inputs

Project Name		Posadas
AMP #		51
Unit Mix		
Studio		0
1-bdrm		0
2-bdrm		16
3-bdrm		28
4-bdrm		16
5-bdrm		0
Total Number of Units		60
Public Housing Units		60
LIHTC-Only Units		60
Market Rate Units		
Est. As Is Appraised Value Per Unit		$75,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$15,000,000
Proj. Capital Repairs Per Unit		$125,000
QCT - Y or N		N
RAD 2022 Rent (adj. 2023 OCAF @ 6.2%)	UA	
1-bdrm		$423.00
2-bdrm	$223.00	$333.00
3-bdrm	$269.00	$522.00
4-bdrm	$308.00	$618.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm		$848.00
2-bdrm		$1,187.00
3-bdrm		$1,735.00
4-bdrm		$2,038.00
LIHTC-Only Wgt. Avg. Rent		$822.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$6,428

RAD Annual Revenue (60%)	$214,790
PBV Annual Revenue (40%)	$480,864
LIHTC Rent	$591,840

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 9% Rate	4.00%
Est. Acquisition Tax Credit	$306,000
Est. Rehab Tax Credit	$1,160,147
Total Credits	$1,466,147
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$1,226,185
Est. Annual Operating Expenses	$771,329
NOI	$454,856
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$5,629,891

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$141,814	$141,814	Same
Management Fee	$96,722	$96,722	Same
Asset Management Fee	$17,008	$0	Reduced 100%
Utilities	$21,429	$17,143	Reduced 20%
Maintenance & Repair	$432,150	$345,720	Reduced 20%
Misc	$140,171	$140,171	Same
Protective Services	$505	$505	Same
Insurances	$6,754	$6,754	Same
Tenant Services	$0	$1,500	$25/PUPY
Replacement Reserve	$0	$21,000	$350/PUPY
TOTAL	$856,553	$771,329	
TOTAL PER UNIT	$7,138	$6,428	

Project Pro Forma

Uses	
Acquisition	$4,500,000
Rehab	$15,000,000
Soft Costs	$4,500,000
Reserves	$575,188
Developer Fee	$2,810,526
Total Development Cost	$27,385,714
TDC per Unit (not including acq.)	$381,429
Sources	
Permanent Mortgage	$5,629,891
PHA Seller's Note	$4,500,000
LIHTC Equity	$13,194,007
Deferred Fee (@30%)	$843,158
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$3,218,659**
Total Sources	$27,385,714

Total Perm Debt & Equity	**$18,823,898**
GAP funds	$3,218,659
GAP funds per unit	$53,644

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$5.85**

City of Tucson Housing and Community Development

40% RAD / 60% PBV 4% LIHTC Analysis (Summary Sheet)

AMP #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
65	Silverbell	28	Yes	$125,000	$7,407,394	$3,076,728	$1,250,037	$785,094	$4,326,765	$154,527
115	Lander Gardens	47	Yes	$185,000	$18,977,419	$7,840,048	$2,118,613	$2,661,037	$9,958,661	$211,886
	S and LG Combined	75	Yes	$162,600	$33,094,556	$13,373,057	$3,370,878	$3,385,638	$16,743,935	$223,252
113	Craycroft Towers	74	Yes	$185,000	$26,153,336	$11,210,324	$1,963,146	$6,670,795	$13,173,470	$178,020
51	Posadas (PH)	140	No	$185,000	$27,462,092	$13,198,396	$7,620,105	$1,297,619	$20,818,501	$148,704
TOTAL		364			$113,094,797	$48,698,554	$16,322,778	$14,800,184	$65,021,332	$916,390

City of Tucson Housing and Community Development

40% RAD / 60% PBV 4% LIHTC Analysis

Project Inputs

Project Name		Silverbell
AMP #		65
Unit Mix		
Studio		0
1-bdrm		24
2-bdrm		4
3-bdrm		0
4-bdrm		0
5-bdrm		0
Total Number of Units		28
Public Housing Units		28
LIHTC-Only Units		
Market Rate Units		
Est. As Is Appraised Value Per Unit		$75,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$3,500,000
Proj. Capital Repairs Per Unit		$125,000
QCT - Y or N		Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm	$179.00	$361.00
2-bdrm	$219.00	$491.00
3-bdrm		$1,009.00
4-bdrm		$1,182.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm	$179.00	$892.00
2-bdrm	$219.00	$1,191.00
3-bdrm		$2,004.00
4-bdrm		$2,346.00
LIHTC-Only Wgt. Avg. Rent		$0.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$4,538

RAD Annual Revenue (40%)	$51,014
PBV Annual Revenue (60%)	$188,438

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$71,400
Est. Rehab Tax Credit	$270,493
Total Credits	$341,893
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$228,050
Est. Annual Operating Expenses	$127,056
NOI	$100,994
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$1,250,037

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$23,981	$23,981	Same
Management Fee	$21,075	$21,075	Same
Asset Management Fee	$2,821	$0	Reduced 100%
Utilities	$230	$184	Reduced 20%
Maintenance & Repair	$70,845	$56,676	Reduced 20%
Misc	$14,460	$14,460	Same
Protective Services	$0	$0	Same
Insurances	$213	$180	2022 Only
Tenant Services	$500	$700	$25/PUPY
Replacement Reserve	$0	$9,800	$350/PUPY
TOTAL	$134,125	$127,056	
TOTAL PER UNIT	$4,790	$4,538	

Project Pro Forma

Uses	
Acquisition	$2,100,000
Rehab	$3,500,000
Soft Costs	$1,050,000
Reserves	$105,609
Developer Fee	$651,785
Total Development Cost	$7,407,394
TDC per Unit (not including acq.)	$189,550
Sources	
Permanent Mortgage	$1,250,037
PHA Seller's Note	$2,100,000
LIHTC Equity	$3,076,728
Deferred Fee (@30%)	$195,536
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$785,094**
Total Sources	$7,407,394

Total Perm Debt & Equity	**$4,326,765**
GAP funds	$785,094
GAP funds per unit	$28,039

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$5.51**

City of Tucson Housing and Community Development

40% RAD / 60% PBV 4% LIHTC Analysis

Project Inputs

Project Name		Lander Gardens
AMP #		115
Unit Mix		
Studio		0
1-bdrm		47
2-bdrm		0
3-bdrm		0
4-bdrm		0
5-bdrm		0
Total Number of Units		47
Public Housing Units		47
LIHTC-Only Units		
Market Rate Units		
Est. As Is Appraised Value Per Unit		$125,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$8,695,000
Proj. Capital Repairs Per Unit		$185,000
QCT - Y or N		Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm	$185.00	$571.00
2-bdrm		$996.00
3-bdrm		$1,415.00
4-bdrm		$1,657.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm	$185.00	$886.00
2-bdrm		$1,410.00
3-bdrm		$2,004.00
4-bdrm		$2,346.00
LIHTC-Only Wgt. Avg. Rent		$0.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$5,044

RAD Annual Revenue (40%)	$128,818
PBV Annual Revenue (60%)	$299,822

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$199,750
Est. Rehab Tax Credit	$671,454
Total Credits	$871,204
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$408,229
Est. Annual Operating Expenses	$237,059
NOI	$171,169
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$2,118,613

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$41,148	$41,148	Same
Management Fee	$37,572	$37,572	Same
Asset Management Fee	$6,570	$0	Reduced 100%
Utilities	$76,300	$61,040	Reduced 20%
Maintenance & Repair	$85,168	$68,134	Reduced 20%
Misc	$9,260	$9,260	Same
Protective Services	$0	$0	Same
Insurances	$2,193	$2,280	2022 Only
Tenant Services	$5,250	$1,175	$25/PUPY
Replacement Reserve	$0	$16,450	$350/PUPY
TOTAL	$263,461	$237,059	
TOTAL PER UNIT	$5,606	$5,044	

Project Pro Forma

Uses	
Acquisition	$5,875,000
Rehab	$8,695,000
Soft Costs	$2,608,500
Reserves	$189,850
Developer Fee	$1,609,069
Total Development Cost	$18,977,419
TDC per Unit (not including acq.)	$278,775
Sources	
Permanent Mortgage	$2,118,613
PHA Seller's Note	$5,875,000
LIHTC Equity	$7,840,048
Deferred Fee (@30%)	$482,721
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$2,661,037**
Total Sources	$18,977,419

Total Perm Debt & Equity	**$9,958,661**
GAP funds	$2,661,037
GAP funds per unit	$56,618

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$3.74**

City of Tucson Housing and Community Development

40% RAD / 60% PBV 4% LIHTC Analysis

Project Inputs

Project Name		S and LG Combined
AMP #		65 and 115
Unit Mix		
Studio		0
1-bdrm		71
2-bdrm		4
3-bdrm		0
4-bdrm		0
5-bdrm		0
Total Number of Units		75
Public Housing Units		75
LIHTC-Only Units		
Market Rate Units		
Est. As Is Appraised Value Per Unit		$162,600
% Attributable to Buildings		85%
Proj. Capital Repairs		$13,875,000
Proj. Capital Repairs Per Unit		$185,000
QCT - Y or N		Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm	$185.00	$571.00
2-bdrm		$996.00
3-bdrm		$1,415.00
4-bdrm		$1,657.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm	$185.00	$886.00
2-bdrm		$1,410.00
3-bdrm		$2,004.00
4-bdrm		$2,346.00
LIHTC-Only Wgt. Avg. Rent		$0.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$4,852

RAD Annual Revenue (40%)	$179,832
PBV Annual Revenue (60%)	$488,261

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$414,630
Est. Rehab Tax Credit	$1,071,414
Total Credits	$1,486,044
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$636,279
Est. Annual Operating Expenses	$363,935
NOI	$272,343
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$3,370,878

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$65,129	$65,129	Same
Management Fee	$58,647	$58,647	Same
Asset Management Fee	$9,391	$0	Reduced 100%
Utilities	$76,530	$61,224	Reduced 20%
Maintenance & Repair	$156,013	$124,810	Reduced 20%
Misc	$23,720	$23,720	Same
Protective Services	$0	$0	Same
Insurances	$2,406	$2,280	2022 Only
Tenant Services	$5,750	$1,875	$25/PUPY
Replacement Reserve	$0	$26,250	$350/PUPY
TOTAL	$397,586	$363,935	
TOTAL PER UNIT	$5,301	$4,852	

Project Pro Forma

Uses	
Acquisition	$12,195,000
Rehab	$13,875,000
Soft Costs	$4,162,500
Reserves	$295,444
Developer Fee	$2,566,612
Total Development Cost	$33,094,556
TDC per Unit (not including acq.)	$278,661
Sources	
Permanent Mortgage	$3,370,878
PHA Seller's Note	$12,195,000
LIHTC Equity	$13,373,057
Deferred Fee (@30%)	$769,984
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$3,385,638**
Total Sources	$33,094,556

Total Perm Debt & Equity	**$16,743,935**
GAP funds	$3,385,638
GAP funds per unit	$45,142

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$4.95**

City of Tucson Housing and Community Development

40% RAD / 60% PBV 4% LIHTC Analysis

Project Inputs

Project Name	Craycroft Towers
AMP #	113
Unit Mix	
Studio	0
1-bdrm	74
2-bdrm	0
3-bdrm	0
4-bdrm	0
5-bdrm	0
Total Number of Units	74
Public Housing Units	74
LIHTC-Only Units	
Market Rate Units	
Est. As Is Appraised Value Per Unit	$75,000
% Attributable to Buildings	85%
Proj. Capital Repairs	$13,690,000
Proj. Capital Repairs Per Unit	$185,000
QCT - Y or N	Y
RAD 2022 Rent (adj. 2023 OCAF @ 6.2%)	
1-bdrm	$422.00
2-bdrm	$479.00
3-bdrm	$631.00
4-bdrm	$896.00
2022 Payment Standards (less 2022 Utility Allowances)	
1-bdrm	$859.00
2-bdrm	$1,410.00
3-bdrm	$2,004.00
4-bdrm	$2,346.00
LIHTC-Only Wgt. Avg. Rent	$0.00
Market-Rate Wgt. Avg. Rent	$0.00
Proj. Op. Expenses Per Unit (See Below)	$5,676

RAD Annual Revenue (40%)	$149,894
PBV Annual Revenue (60%)	$457,675

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$188,700
Est. Rehab Tax Credit	$1,057,016
Total Credits	$1,245,716
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$578,638
Est. Annual Operating Expenses	$420,029
NOI	$158,609
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$1,963,146

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$59,200	$47,360	Reduced 20%
Management Fee	$57,657	$57,657	Same
Asset Management Fee	$10,150	$0	Reduced 100%
Utilities	$58,076	$34,846	Reduced 40%
Maintenance & Repair	$323,732	$194,239	Reduced 40%
Misc	$51,061	$51,061	Same
Protective Services	$2,073	$2,073	Same
Insurances	$5,044	$5,044	Same
Tenant Services	$8,406	$1,850	$25/PUPY
Replacement Reserve	$0	$25,900	$350/PUPY
TOTAL	$575,398	$420,029	
TOTAL PER UNIT	$7,776	$5,676	

Project Pro Forma

Uses	
Acquisition	$5,550,000
Rehab	$13,690,000
Soft Costs	$4,107,000
Reserves	$276,101
Developer Fee	$2,530,234
Total Development Cost	$26,153,336
TDC per Unit (not including acq.)	$278,423
Sources	
Permanent Mortgage	$1,963,146
PHA Seller's Note	$5,550,000
LIHTC Equity	$11,210,324
Deferred Fee (@30%)	$759,070
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$6,670,795**
Total Sources	$26,153,336

Total Perm Debt & Equity	**$13,173,470**
GAP funds	$6,670,795
GAP funds per unit	$90,146

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$1.97**

City of Tucson Housing and Community Development

40% RAD / 60% PBV 4% LIHTC Analysis

Project Inputs

Project Name		Posadas
AMP #		51
Unit Mix		
Studio		0
1-bdrm		0
2-bdrm		16
3-bdrm		28
4-bdrm		16
5-bdrm		0
Total Number of Units		60
Public Housing Units		60
LIHTC-Only Units		60
Market Rate Units		
Est. As Is Appraised Value Per Unit		$75,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$15,000,000
Proj. Capital Repairs Per Unit		$125,000
QCT - Y or N		N
RAD 2022 Rent (adj. 2023 OCAF @ 6.2%)	UA	
1-bdrm		$423.00
2-bdrm	$223.00	$333.00
3-bdrm	$269.00	$522.00
4-bdrm	$308.00	$618.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm		$848.00
2-bdrm		$1,187.00
3-bdrm		$1,735.00
4-bdrm		$2,038.00
LIHTC-Only Wgt. Avg. Rent		$822.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$6,428

RAD Annual Revenue (40%)	$143,194
PBV Annual Revenue (60%)	$721,296
LIHTC Rent	$591,840

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 9% Rate	4.00%
Est. Acquisition Tax Credit	$306,000
Est. Rehab Tax Credit	$1,160,635
Total Credits	$1,466,635
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$1,386,981
Est. Annual Operating Expenses	$771,329
NOI	$615,651
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$7,620,105

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$141,814	$141,814	Same
Management Fee	$96,722	$96,722	Same
Asset Management Fee	$17,008	$0	Reduced 100%
Utilities	$21,429	$17,143	Reduced 20%
Maintenance & Repair	$432,150	$345,720	Reduced 20%
Misc	$140,171	$140,171	Same
Protective Services	$505	$505	Same
Insurances	$6,754	$6,754	Same
Tenant Services	$0	$1,500	$25/PUPY
Replacement Reserve	$0	$21,000	$350/PUPY
TOTAL	$856,553	$771,329	
TOTAL PER UNIT	$7,138	$6,428	

Project Pro Forma

Uses	
Acquisition	$4,500,000
Rehab	$15,000,000
Soft Costs	$4,500,000
Reserves	$642,186
Developer Fee	$2,819,906
Total Development Cost	$27,462,092
TDC per Unit (not including acq.)	$382,702
Sources	
Permanent Mortgage	$7,620,105
PHA Seller's Note	$4,500,000
LIHTC Equity	$13,198,396
Deferred Fee (@30%)	$845,972
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$1,297,619**
Total Sources	$27,462,092

Total Perm Debt & Equity	**$20,818,501**
GAP funds	$1,297,619
GAP funds per unit	$21,627

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$16.04**

City of Tucson Housing and Community Development

PBV Bond / 4% LIHTC Analysis (with STC)

AMP #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
113	Craycroft Towers	74	Yes	$185,000	$20,673,555	$11,214,360	$3,792,893	$981,553	$15,007,253	$202,801
51	Posadas (Scattered)	80	No	$125,000	$15,631,198	$7,206,343	$12,667,323	($7,324,925)	$19,873,666	$248,421
TOTAL		154			$36,304,753	$18,420,703	$16,460,217	($6,343,372)	$34,880,919	$451,222

City of Tucson Housing and Community Development

PBV Bond / 4% LIHTC Analysis

Project Inputs

Project Name	Craycroft Towers
AMP #	113
Unit Mix	
Studio	0
1-bdrm	74
2-bdrm	0
3-bdrm	0
4-bdrm	0
5-bdrm	0
Total Number of Units	74
Public Housing Units	74
LIHTC-Only Units	0
Market Rate Units	0
Est. As Is Appraised Value Per Unit	$75,000
% Attributable to Buildings	85%
Proj. Capital Repairs	$9,250,000
Proj. Capital Repairs Per Unit	$185,000
QCT - Y or N	Y
2023 Payment Standards (less 2023 Utility Allowances)	
Studio	$0.00
1-bdrm	$859.00
2-bdrm	$1,410.00
3-bdrm	$2,004.00
4-bdrm	$2,346.00
5-bdrm	$0.00
LIHTC-Only Wgt. Avg. Rent	$0.00
Market-Rate Wgt. Avg. Rent	$0.00
Proj. Op. Expenses Per Unit (See Below)	$5,676

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$188,700
Est. Rehab Tax Credit	$1,057,465
Pricing Per Federal Credit	$0.90

Arizona State Tax Credits

Tax Credit Amount	$623,082
Multiplier	1000.00%
Est. Credit	$6,230,823
Pricing Per Historic Credit	$0.65

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$726,469

Operating Expenses

	20-'22 Avg.	Modified	Comments
Administrative	$59,200	$47,360	Reduced 20%
Management Fee	$57,657	$57,657	Same
Asset Management Fee	$10,150	$0	Reduced 100%
Utilities	$58,076	$34,846	Reduced 40%
Maintenance & Repair	$323,732	$194,239	Reduced 40%
Misc.	$51,061	$51,061	Same
Protective Services	$2,073	$2,073	Same
Insurance/Taxes	$5,044	$5,044	Same
Tenant Services	$8,406	$1,850	$25/PUPY
Replacement Reserve	$0	$25,900	$350/PUPY
TOTAL	$575,398	$420,029	
TOTAL PER UNIT	$7,776	$5,676	

Project Pro Forma

Uses	
Acquisition	$0
Repayment of EPC Debt	$0
Rehab	$13,690,000
Soft Costs	$4,107,000
Reserves	$337,698
Developer Fee	$2,538,858
Total Development Cost	$20,673,555
TDC per Unit (not including acq.)	$279,372
Sources	
Permanent Mortgage	$3,792,893
PHA Seller's Note	$0
LIHTC Equity	$11,214,360
Arizona State Tax Credits	$4,050,035
Deferred Fee (@25%)	$634,714
GAP (CFP/RHF/Oper. Res./HOME/AHP)	**$981,553**
Total Sources	$20,673,555

Total Perm Debt & Equity	**$15,007,253**
GAP funds	$981,553
GAP funds per unit	$13,264

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$15.29**

City of Tucson Housing and Community Development

PBV Bond / 4% LIHTC Analysis

Project Inputs

Project Name	Posadas (Scattered)
AMP #	51
Unit Mix	
Studio	0
1-bdrm	0
2-bdrm	6
3-bdrm	61
4-bdrm	13
5-bdrm	0
Total Number of Units	80
Public Housing Units	80
LIHTC-Only Units	0
Market Rate Units	0
Est. As Is Appraised Value Per Unit	$75,000
% Attributable to Buildings	85%
Proj. Capital Repairs	$10,000,000
Proj. Capital Repairs Per Unit	$125,000
QCT - Y or N	N
2023 110% FMR (less 2022 Utility Allowances)	
Studio	$0.00
1-bdrm	$848.00
2-bdrm	$1,187.00
3-bdrm	$1,735.00
4-bdrm	$2,038.00
5-bdrm	$0.00
LIHTC-Only Wgt. Avg. Rent	$0.00
Market-Rate Wgt. Avg. Rent	$0.00
Proj. Op. Expenses Per Unit (See Below)	$7,129

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$204,000
Est. Rehab Tax Credit	$596,785
Pricing Per Federal Credit	$0.90

Arizona State Tax Credits

Tax Credit Amount	$400,392
Multiplier	1000.00%
Est. Credit	$4,003,924
Pricing Per Historic Credit	$0.65

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$1,593,726

Operating Expenses

	20-'22 Avg.	Modified	Comments
Administrative	$141,814	$141,814	Same
Management Fee	$96,722	$96,722	Same
Asset Management Fee	$17,008	$0	Reduced 100%
Utilities	$21,429	$17,143	Reduced 20%
Maintenance & Repair	$432,150	$137,185	Reduced 20%
Misc.	$140,171	$140,171	Same
Protective Services	$505	$505	Same
Insurance/Taxes	$6,754	$6,754	Same
Tenant Services	$37,156	$2,000	$25/PUPY
Replacement Reserve	$0	$28,000	$350/PUPY
TOTAL	$893,709	$570,294	
TOTAL PER UNIT	$11,171	$7,129	

Project Pro Forma

Uses	
Acquisition	$0
Repayment of EPC Debt	$0
Rehab	$10,000,000
Soft Costs	$3,000,000
Reserves	$711,577
Developer Fee	$1,919,621
Total Development Cost	$15,631,198
TDC per Unit (not including acq.)	$195,390
Sources	
Permanent Mortgage	$12,667,323
PHA Seller's Note	$0
LIHTC Equity	$7,206,343
Arizona State Tax Credits	$2,602,551
Deferred Fee (@25%)	$479,905
GAP (CFP/RHF/Oper. Res./HOME/AHP)	**($7,324,925)**
Total Sources	$15,631,198

Total Perm Debt & Equity	**$19,873,666**
GAP funds	($7,324,925)
GAP funds per unit	($91,562)

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**($2.71)**

City of Tucson Housing and Community Development

80% RAD / 20% PBV 4% LIHTC Analysis (with STC) (Summary Sheet)

AMP #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
65	Silverbell	28	Yes	$125,000	$7,373,642	$3,074,788	$370,527	$523,583	$3,445,315	$123,047
115	Lander Gardents	47	Yes	$185,000	$18,945,271	$7,838,201	$1,280,917	$638,873	$9,119,118	$194,024
	S and LG Combined	75	Yes	$162,600	$33,028,656	$13,369,270	$1,653,672	$214,883	$15,022,942	$200,306
113	Craycroft Towers	74	Yes	$185,000	$29,783,116	$12,338,376	$133,398	$2,848,888	$12,471,774	$168,537
51	Posadas (PH)	140	No	$185,000	$31,809,336	$13,189,618	$3,639,677	$376,304	$16,829,295	$120,209
TOTAL		364			$120,940,021	$49,810,252	$7,078,191	$4,602,532	$56,888,443	$806,123

City of Tucson Housing and Community Development

80% RAD / 20% PBV 4% LIHTC Analysis

Project Inputs

Project Name		Silverbell
AMP #		65
Unit Mix		
Studio		0
1-bdrm		24
2-bdrm		4
3-bdrm		0
4-bdrm		0
5-bdrm		0
Total Number of Units		28
Public Housing Units		28
LIHTC-Only Units		
Market Rate Units		
Est. As Is Appraised Value Per Unit		$75,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$3,500,000
Proj. Capital Repairs Per Unit		$125,000
QCT - Y or N		Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm	$179.00	$361.00
2-bdrm	$219.00	$491.00
3-bdrm		$1,009.00
4-bdrm		$1,182.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm	$179.00	$892.00
2-bdrm	$219.00	$1,191.00
3-bdrm		$2,004.00
4-bdrm		$2,346.00
LIHTC-Only Wgt. Avg. Rent		$0.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$4,538

RAD Annual Revenue (80%)	$102,029
PBV Annual Revenue (20%)	$62,813

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$71,400
Est. Rehab Tax Credit	$270,277
Total Credits	$341,677
Pricing Per Federal Credit	$0.90

Arizona State Tax Credits

Tax Credit Amount	$170,839
Multiplier	1000.00%
Est. Credit	$1,708,386
Pricing Per Historic Credit	$0.65

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$156,992
Est. Annual Operating Expenses	$127,056
NOI	$29,936
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$370,527

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$23,981	$23,981	Same
Management Fee	$21,075	$21,075	Same
Asset Management Fee	$2,821	$0	Reduced 100%
Utilities	$230	$184	Reduced 20%
Maintenance & Repair	$70,845	$56,676	Reduced 20%
Misc	$14,460	$14,460	Same
Protective Services	$0	$0	Same
Insurances	$213	$180	2022 Only
Tenant Services	$500	$700	$25/PUPY
Replacement Reserve	$0	$9,800	$350/PUPY
TOTAL	$134,125	$127,056	
TOTAL PER UNIT	$4,790	$4,538	

Project Pro Forma

Uses	
Acquisition	$2,100,000
Rehab	$3,500,000
Soft Costs	$1,050,000
Reserves	$76,001
Developer Fee	$647,640
Total Development Cost	$7,373,642
TDC per Unit (not including acq.)	$188,344
Sources	
Permanent Mortgage	$370,527
PHA Seller's Note	$2,100,000
LIHTC Equity	$3,074,788
Arizona State Tax Credits	$1,110,451
Deferred Fee (@30%)	$194,292
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$523,583**
Total Sources	$7,373,642

Total Perm Debt & Equity	**$3,445,315**
GAP funds	$523,583
GAP funds per unit	$18,699

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$6.58**

City of Tucson Housing and Community Development

80% RAD / 20% PBV 4% LIHTC Analysis

Project Inputs

Project Name		Lander Gardens
AMP #		115
Unit Mix		
Studio		0
1-bdrm		47
2-bdrm		0
3-bdrm		0
4-bdrm		0
5-bdrm		0
Total Number of Units		47
Public Housing Units		47
LIHTC-Only Units		
Market Rate Units		
Est. As Is Appraised Value Per Unit		$125,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$8,695,000
Proj. Capital Repairs Per Unit		$185,000
QCT - Y or N		Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm	$185.00	$571.00
2-bdrm		$996.00
3-bdrm		$1,415.00
4-bdrm		$1,657.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm	$185.00	$886.00
2-bdrm		$1,410.00
3-bdrm		$2,004.00
4-bdrm		$2,346.00
LIHTC-Only Wgt. Avg. Rent		$0.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$5,044

RAD Annual Revenue (80%)	$257,635
PBV Annual Revenue (20%)	$99,941

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$199,750
Est. Rehab Tax Credit	$671,248
Total Credits	$870,998
Pricing Per Federal Credit	$0.90

Arizona State Tax Credits

Tax Credit Amount	$435,499
Multiplier	1000.00%
Est. Credit	$4,354,991
Pricing Per Historic Credit	$0.65

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$340,549
Est. Annual Operating Expenses	$237,059
NOI	$103,489
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$1,280,917

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$41,148	$41,148	Same
Management Fee	$37,572	$37,572	Same
Asset Management Fee	$6,570	$0	Reduced 100%
Utilities	$76,300	$61,040	Reduced 20%
Maintenance & Repair	$85,168	$68,134	Reduced 20%
Misc	$9,260	$9,260	Same
Protective Services	$0	$0	Same
Insurances	$2,193	$2,280	2022 Only
Tenant Services	$5,250	$1,175	$25/PUPY
Replacement Reserve	$0	$16,450	$350/PUPY
TOTAL	$263,461	$237,059	
TOTAL PER UNIT	$5,606	$5,044	

Project Pro Forma

Uses	
Acquisition	$5,875,000
Rehab	$8,695,000
Soft Costs	$2,608,500
Reserves	$161,650
Developer Fee	$1,605,121
Total Development Cost	$18,945,271
TDC per Unit (not including acq.)	$278,091
Sources	
Permanent Mortgage	$1,280,917
PHA Seller's Note	$5,875,000
LIHTC Equity	$7,838,201
Arizona Tax Credits	$2,830,744
Deferred Fee (@30%)	$481,536
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$638,873**
Total Sources	$18,945,271

Total Perm Debt & Equity	**$9,119,118**
GAP funds	$638,873
GAP funds per unit	$13,593
Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$14.27**

City of Tucson Housing and Community Development

80% RAD / 20% PBV 4% LIHTC Analysis

Project Inputs

Project Name		S and LG Combined
AMP #		65 and 115
Unit Mix		
Studio		0
1-bdrm		71
2-bdrm		4
3-bdrm		0
4-bdrm		0
5-bdrm		0
Total Number of Units		75
Public Housing Units		75
LIHTC-Only Units		
Market Rate Units		
Est. As Is Appraised Value Per Unit		$162,600
% Attributable to Buildings		85%
Proj. Capital Repairs		$13,875,000
Proj. Capital Repairs Per Unit		$185,000
QCT - Y or N		Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm	$185.00	$571.00
2-bdrm		$996.00
3-bdrm		$1,415.00
4-bdrm		$1,657.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm	$185.00	$886.00
2-bdrm		$1,410.00
3-bdrm		$2,004.00
4-bdrm		$2,346.00
LIHTC-Only Wgt. Avg. Rent		$0.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$4,852

RAD Annual Revenue (80%)	$359,664
PBV Annual Revenue (20%)	$162,754

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$414,630
Est. Rehab Tax Credit	$1,070,993
Total Credits	$1,485,623
Pricing Per Federal Credit	$0.90

Arizona State Tax Credits

Tax Credit Amount	$742,811
Multiplier	1000.00%
Est. Credit	$7,428,115
Pricing Per Historic Credit	$0.65

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$497,541
Est. Annual Operating Expenses	$363,935
NOI	$133,605
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$1,653,672

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$65,129	$65,129	Same
Management Fee	$58,647	$58,647	Same
Asset Management Fee	$9,391	$0	Reduced 100%
Utilities	$76,530	$61,224	Reduced 20%
Maintenance & Repair	$156,013	$124,810	Reduced 20%
Misc	$23,720	$23,720	Same
Protective Services	$0	$0	Same
Insurances	$2,406	$2,280	2022 Only
Tenant Services	$5,750	$1,875	$25/PUPY
Replacement Reserve	$0	$26,250	$350/PUPY
TOTAL	$397,586	$363,935	
TOTAL PER UNIT	$5,301	$4,852	

Project Pro Forma

Uses	
Acquisition	$12,195,000
Rehab	$13,875,000
Soft Costs	$4,162,500
Reserves	$237,637
Developer Fee	$2,558,519
Total Development Cost	$33,028,656
TDC per Unit (not including acq.)	$277,782
Sources	
Permanent Mortgage	$1,653,672
PHA Seller's Note	$12,195,000
LIHTC Equity	$13,369,270
Arizona State Tax Credits	$4,828,275
Deferred Fee (@30%)	$767,556
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$214,883**
Total Sources	$33,028,656

Total Perm Debt & Equity	**$15,022,942**
GAP funds	$214,883
GAP funds per unit	$2,865
Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$69.91**

City of Tucson Housing and Community Development

80% RAD / 20% PBV 4% LIHTC Analysis

Project Inputs

Project Name	Craycroft Towers
AMP #	113
Unit Mix	
Studio	0
1-bdrm	74
2-bdrm	0
3-bdrm	0
4-bdrm	0
5-bdrm	0
Total Number of Units	74
Public Housing Units	74
LIHTC-Only Units	
Market Rate Units	
Est. As Is Appraised Value Per Unit	$125,000
% Attributable to Buildings	85%
Proj. Capital Repairs	$13,690,000
Proj. Capital Repairs Per Unit	$185,000
QCT - Y or N	Y
RAD 2022 Rent (adj. 2023 OCAF @ 6.2%)	
1-bdrm	$422.00
2-bdrm	$479.00
3-bdrm	$631.00
4-bdrm	$896.00
2022 Payment Standards (less 2022 Utility Allowances)	
1-bdrm	$859.00
2-bdrm	$1,410.00
3-bdrm	$2,004.00
4-bdrm	$2,346.00
LIHTC-Only Wgt. Avg. Rent	$0.00
Market-Rate Wgt. Avg. Rent	$0.00
Proj. Op. Expenses Per Unit (See Below)	$5,676

RAD Annual Revenue (80%)	$299,789
PBV Annual Revenue (20%)	$152,558

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$314,500
Est. Rehab Tax Credit	$1,056,568
Total Credits	$1,371,068
Pricing Per Federal Credit	$0.90

Arizona State Tax Credits

Tax Credit Amount	$685,534
Multiplier	1000.00%
Est. Credit	$6,855,339
Pricing Per Historic Credit	$0.65

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$430,807
Est. Annual Operating Expenses	$420,029
NOI	$10,778
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$133,398

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$59,200	$47,360	Reduced 20%
Management Fee	$57,657	$57,657	Same
Asset Management Fee	$10,150	$0	Reduced 100%
Utilities	$58,076	$34,846	Reduced 40%
Maintenance & Repair	$323,732	$194,239	Reduced 40%
Misc	$51,061	$51,061	Same
Protective Services	$2,073	$2,073	Same
Insurances	$5,044	$5,044	Same
Tenant Services	$8,406	$1,850	$25/PUPY
Replacement Reserve	$0	$25,900	$350/PUPY
TOTAL	$575,398	$420,029	
TOTAL PER UNIT	$7,776	$5,676	

Project Pro Forma

Uses	
Acquisition	$9,250,000
Rehab	$13,690,000
Soft Costs	$4,107,000
Reserves	$214,505
Developer Fee	$2,521,611
Total Development Cost	$29,783,116
TDC per Unit (not including acq.)	$277,475
Sources	
Permanent Mortgage	$133,398
PHA Seller's Note	$9,250,000
LIHTC Equity	$12,338,376
Arizona State Tax Credits	$4,455,970
Deferred Fee (@30%)	$756,483
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$2,848,888**
Total Sources	$29,783,116

Total Perm Debt & Equity	**$12,471,774**
GAP funds	$2,848,888
GAP funds per unit	$38,498

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$4.38**

City of Tucson Housing and Community Development

80% RAD / 20% PBV 4% LIHTC Analysis

Project Inputs

Project Name		Posadas
AMP #		51
Unit Mix		
Studio		0
1-bdrm		0
2-bdrm		16
3-bdrm		28
4-bdrm		16
5-bdrm		0
Total Number of Units		60
Public Housing Units		60
LIHTC-Only Units		60
Market Rate Units		
Est. As Is Appraised Value Per Unit		$75,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$15,000,000
Proj. Capital Repairs Per Unit		$125,000
QCT - Y or N		N
RAD 2022 Rent (adj. 2023 OCAF @ 6.2%)	UA	
1-bdrm		$423.00
2-bdrm	$223.00	$333.00
3-bdrm	$269.00	$522.00
4-bdrm	$308.00	$618.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm		$848.00
2-bdrm		$1,187.00
3-bdrm		$1,735.00
4-bdrm		$2,038.00
LIHTC-Only Wgt. Avg. Rent		$822.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$6,428

RAD Annual Revenue (80%)	$286,387
PBV Annual Revenue (20%)	$240,432
LIHTC Rent	$591,840

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 9% Rate	4.00%
Est. Acquisition Tax Credit	$306,000
Est. Rehab Tax Credit	$1,159,660
Total Credits	$1,465,660
Pricing Per Federal Credit	$0.90

Arizona State Tax Credits

Tax Credit Amount	$732,830
Multiplier	1000.00%
Est. Credit	$7,328,298
Pricing Per Historic Credit	$0.65

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$1,065,390
Est. Annual Operating Expenses	$771,329
NOI	$294,061
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$3,639,677

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$141,814	$141,814	Same
Management Fee	$96,722	$96,722	Same
Asset Management Fee	$17,008	$0	Reduced 100%
Utilities	$21,429	$17,143	Reduced 20%
Maintenance & Repair	$432,150	$345,720	Reduced 20%
Misc	$140,171	$140,171	Same
Protective Services	$505	$505	Same
Insurances	$6,754	$6,754	Same
Tenant Services	$0	$1,500	$25/PUPY
Replacement Reserve	$0	$21,000	$350/PUPY
TOTAL	$856,553	$771,329	
TOTAL PER UNIT	$7,138	$6,428	

Project Pro Forma

Uses	
Acquisition	$9,000,000
Rehab	$15,000,000
Soft Costs	$4,500,000
Reserves	$508,190
Developer Fee	$2,801,147
Total Development Cost	$31,809,336
TDC per Unit (not including acq.)	$380,156
Sources	
Permanent Mortgage	$3,639,677
PHA Seller's Note	$9,000,000
LIHTC Equity	$13,189,618
Arizona State Tax Credits	$4,763,394
Deferred Fee (@30%)	$840,344
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$376,304**
Total Sources	$31,809,336

Total Perm Debt & Equity	**$16,829,295**
GAP funds	$376,304
GAP funds per unit	$6,272
Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$44.72**

City of Tucson Housing and Community Development

60% RAD / 40% PBV 4% LIHTC Analysis (with STC) (Summary Sheet)

AMP #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
65	Silverbell	28	Yes	$125,000	$7,390,518	$3,075,758	$810,282	$98,763	$3,886,040	$138,787
115	Lander Gardents	47	Yes	$185,000	$18,961,345	$7,839,124	$1,699,765	$234,249	$9,538,889	$202,955
	S and LG Combined	75	Yes	$162,600	$33,061,606	$13,371,163	$2,512,275	($614,561)	$15,883,438	$211,779
113	Craycroft Towers	74	Yes	$185,000	$26,118,226	$11,208,307	$1,048,272	$3,506,021	$12,256,579	$165,629
51	Posadas (PH)	140	No	$185,000	$27,385,714	$13,194,007	$5,629,891	($1,546,320)	$18,823,898	$134,456
TOTAL		364			$112,917,409	$48,688,359	$11,700,485	$1,678,152	$60,388,844	$853,607

City of Tucson Housing and Community Development

60% RAD / 40% PBV 4% LIHTC Analysis

Project Inputs

Project Name		Silverbell
AMP #		65
Unit Mix		
Studio		0
1-bdrm		24
2-bdrm		4
3-bdrm		0
4-bdrm		0
5-bdrm		0
Total Number of Units		28
Public Housing Units		28
LIHTC-Only Units		
Market Rate Units		
Est. As Is Appraised Value Per Unit		$75,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$3,500,000
Proj. Capital Repairs Per Unit		$125,000
QCT - Y or N		Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm	$179.00	$361.00
2-bdrm	$219.00	$491.00
3-bdrm		$1,009.00
4-bdrm		$1,182.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm	$179.00	$892.00
2-bdrm	$219.00	$1,191.00
3-bdrm		$2,004.00
4-bdrm		$2,346.00
LIHTC-Only Wgt. Avg. Rent		$0.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$4,538

RAD Annual Revenue (60%)	$76,522
PBV Annual Revenue (40%)	$125,626

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$71,400
Est. Rehab Tax Credit	$270,385
Total Credits	$341,785
Pricing Per Federal Credit	$0.90

Arizona State Tax Credits

Tax Credit Amount	$170,893
Multiplier	1000.00%
Est. Credit	$1,708,925
Pricing Per Historic Credit	$0.65

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$192,521
Est. Annual Operating Expenses	$127,056
NOI	$65,465
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$810,282

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$23,981	$23,981	Same
Management Fee	$21,075	$21,075	Same
Asset Management Fee	$2,821	$0	Reduced 100%
Utilities	$230	$184	Reduced 20%
Maintenance & Repair	$70,845	$56,676	Reduced 20%
Misc	$14,460	$14,460	Same
Protective Services	$0	$0	Same
Insurances	$213	$180	2022 Only
Tenant Services	$500	$700	$25/PUPY
Replacement Reserve	$0	$9,800	$350/PUPY
TOTAL	$134,125	$127,056	
TOTAL PER UNIT	$4,790	$4,538	

Project Pro Forma

Uses	
Acquisition	$2,100,000
Rehab	$3,500,000
Soft Costs	$1,050,000
Reserves	$90,805
Developer Fee	$649,713
Total Development Cost	$7,390,518
TDC per Unit (not including acq.)	$188,947
Sources	
Permanent Mortgage	$810,282
PHA Seller's Note	$2,100,000
LIHTC Equity	$3,075,758
Arizona State Tax Credits	$1,110,801
Deferred Fee (@30%)	$194,914
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$98,763**
Total Sources	$7,390,518

Total Perm Debt & Equity	**$3,886,040**
GAP funds	$98,763
GAP funds per unit	$3,527
Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$39.35**

City of Tucson Housing and Community Development

60% RAD / 40% PBV 4% LIHTC Analysis

Project Inputs

Project Name		Lander Gardens
AMP #		115
Unit Mix		
Studio		0
1-bdrm		47
2-bdrm		0
3-bdrm		0
4-bdrm		0
5-bdrm		0
Total Number of Units		47
Public Housing Units		47
LIHTC-Only Units		
Market Rate Units		
Est. As Is Appraised Value Per Unit		$125,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$8,695,000
Proj. Capital Repairs Per Unit		$185,000
QCT - Y or N		Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm	$185.00	$571.00
2-bdrm		$996.00
3-bdrm		$1,415.00
4-bdrm		$1,657.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm	$185.00	$886.00
2-bdrm		$1,410.00
3-bdrm		$2,004.00
4-bdrm		$2,346.00
LIHTC-Only Wgt. Avg. Rent		$0.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$5,044

RAD Annual Revenue (60%)	$193,226
PBV Annual Revenue (40%)	$199,882

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$199,750
Est. Rehab Tax Credit	$671,351
Total Credits	$871,101
Pricing Per Federal Credit	$0.90

Arizona State Tax Credits

Tax Credit Amount	$435,550
Multiplier	1000.00%
Est. Credit	$4,355,505
Pricing Per Historic Credit	$0.65

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$374,389
Est. Annual Operating Expenses	$237,059
NOI	$137,329
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$1,699,765

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$41,148	$41,148	Same
Management Fee	$37,572	$37,572	Same
Asset Management Fee	$6,570	$0	Reduced 100%
Utilities	$76,300	$61,040	Reduced 20%
Maintenance & Repair	$85,168	$68,134	Reduced 20%
Misc	$9,260	$9,260	Same
Protective Services	$0	$0	Same
Insurances	$2,193	$2,280	2022 Only
Tenant Services	$5,250	$1,175	$25/PUPY
Replacement Reserve	$0	$16,450	$350/PUPY
TOTAL	$263,461	$237,059	
TOTAL PER UNIT	$5,606	$5,044	

Project Pro Forma

Uses	
Acquisition	$5,875,000
Rehab	$8,695,000
Soft Costs	$2,608,500
Reserves	$175,750
Developer Fee	$1,607,095
Total Development Cost	$18,961,345
TDC per Unit (not including acq.)	$278,433
Sources	
Permanent Mortgage	$1,699,765
PHA Seller's Note	$5,875,000
LIHTC Equity	$7,839,124
Arizona State Tax Credits	$2,831,078
Deferred Fee (@30%)	$482,129
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$234,249**
Total Sources	$18,961,345

Total Perm Debt & Equity	**$9,538,889**
GAP funds	$234,249
GAP funds per unit	$4,984
Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$40.72**

City of Tucson Housing and Community Development

60% RAD / 40% PBV 4% LIHTC Analysis

Project Inputs

Project Name		S and LG Combined
AMP #		65 and 115
Unit Mix		
Studio		0
1-bdrm		71
2-bdrm		4
3-bdrm		0
4-bdrm		0
5-bdrm		0
Total Number of Units		75
Public Housing Units		75
LIHTC-Only Units		
Market Rate Units		
Est. As Is Appraised Value Per Unit		$162,600
% Attributable to Buildings		85%
Proj. Capital Repairs		$13,875,000
Proj. Capital Repairs Per Unit		$185,000
QCT - Y or N		Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm	$185.00	$571.00
2-bdrm		$996.00
3-bdrm		$1,415.00
4-bdrm		$1,657.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm	$185.00	$886.00
2-bdrm		$1,410.00
3-bdrm		$2,004.00
4-bdrm		$2,346.00
LIHTC-Only Wgt. Avg. Rent		$0.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$4,852

RAD Annual Revenue (60%)	$269,748
PBV Annual Revenue (40%)	$325,507

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$414,630
Est. Rehab Tax Credit	$1,071,203
Total Credits	$1,485,833
Pricing Per Federal Credit	$0.90

Arizona State Tax Credits

Tax Credit Amount	$742,917
Multiplier	1000.00%
Est. Credit	$7,429,167
Pricing Per Historic Credit	$0.65

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$566,910
Est. Annual Operating Expenses	$363,935
NOI	$202,974
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$2,512,275

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$65,129	$65,129	Same
Management Fee	$58,647	$58,647	Same
Asset Management Fee	$9,391	$0	Reduced 100%
Utilities	$76,530	$61,224	Reduced 20%
Maintenance & Repair	$156,013	$124,810	Reduced 20%
Misc	$23,720	$23,720	Same
Protective Services	$0	$0	Same
Insurances	$2,406	$2,280	2022 Only
Tenant Services	$5,750	$1,875	$25/PUPY
Replacement Reserve	$0	$26,250	$350/PUPY
TOTAL	$397,586	$363,935	
TOTAL PER UNIT	$5,301	$4,852	

Project Pro Forma

Uses	
Acquisition	$12,195,000
Rehab	$13,875,000
Soft Costs	$4,162,500
Reserves	$266,540
Developer Fee	$2,562,566
Total Development Cost	$33,061,606
TDC per Unit (not including acq.)	$278,221
Sources	
Permanent Mortgage	$2,512,275
PHA Seller's Note	$12,195,000
LIHTC Equity	$13,371,163
Arizona State Tax Credit	$4,828,959
Deferred Fee (@30%)	$768,770
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**($614,561)**
Total Sources	$33,061,606

Total Perm Debt & Equity	**$15,883,438**
GAP funds	($614,561)
GAP funds per unit	($8,194)
Leverage: Each $1.00 of GAP funds results in debt and equity of:	**($25.85)**

City of Tucson Housing and Community Development

60% RAD / 40% PBV 4% LIHTC Analysis

Project Inputs

Project Name	Craycroft Towers
AMP #	113
Unit Mix	
Studio	0
1-bdrm	74
2-bdrm	0
3-bdrm	0
4-bdrm	0
5-bdrm	0
Total Number of Units	74
Public Housing Units	74
LIHTC-Only Units	
Market Rate Units	
Est. As Is Appraised Value Per Unit	$75,000
% Attributable to Buildings	85%
Proj. Capital Repairs	$13,690,000
Proj. Capital Repairs Per Unit	$185,000
QCT - Y or N	Y
RAD 2022 Rent (adj. 2023 OCAF @ 6.2%)	
1-bdrm	$422.00
2-bdrm	$479.00
3-bdrm	$631.00
4-bdrm	$896.00
2022 Payment Standards (less 2022 Utility Allowances)	
1-bdrm	$859.00
2-bdrm	$1,410.00
3-bdrm	$2,004.00
4-bdrm	$2,346.00
LIHTC-Only Wgt. Avg. Rent	$0.00
Market-Rate Wgt. Avg. Rent	$0.00
Proj. Op. Expenses Per Unit (See Below)	$5,676

RAD Annual Revenue (60%)	$224,842
PBV Annual Revenue (40%)	$305,117

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$188,700
Est. Rehab Tax Credit	$1,056,792
Total Credits	$1,245,492
Pricing Per Federal Credit	$0.90

Arizona State Tax Credits

Tax Credit Amount	$622,746
Multiplier	1000.00%
Est. Credit	$6,227,460
Pricing Per Historic Credit	$0.65

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$504,722
Est. Annual Operating Expenses	$420,029
NOI	$84,693
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$1,048,272

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$59,200	$47,360	Reduced 20%
Management Fee	$57,657	$57,657	Same
Asset Management Fee	$10,150	$0	Reduced 100%
Utilities	$58,076	$34,846	Reduced 40%
Maintenance & Repair	$323,732	$194,239	Reduced 40%
Misc	$51,061	$51,061	Same
Protective Services	$2,073	$2,073	Same
Insurances	$5,044	$5,044	Same
Tenant Services	$8,406	$1,850	$25/PUPY
Replacement Reserve	$0	$25,900	$350/PUPY
TOTAL	$575,398	$420,029	
TOTAL PER UNIT	$7,776	$5,676	

Project Pro Forma

Uses	
Acquisition	$5,550,000
Rehab	$13,690,000
Soft Costs	$4,107,000
Reserves	$245,303
Developer Fee	$2,525,922
Total Development Cost	$26,118,226
TDC per Unit (not including acq.)	$277,949
Sources	
Permanent Mortgage	$1,048,272
PHA Seller's Note	$5,550,000
LIHTC Equity	$11,208,307
Arizona State Tax Credit	$4,047,849
Deferred Fee (@30%)	$757,777
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$3,506,021**
Total Sources	$26,118,226

Total Perm Debt & Equity	**$12,256,579**
GAP funds	$3,506,021
GAP funds per unit	$47,379
Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$3.50**

City of Tucson Housing and Community Development

60% RAD / 40% PBV 4% LIHTC Analysis

Project Inputs

Project Name		Posadas
AMP #		51
Unit Mix		
Studio		0
1-bdrm		0
2-bdrm		16
3-bdrm		28
4-bdrm		16
5-bdrm		0
Total Number of Units		60
Public Housing Units		60
LIHTC-Only Units		60
Market Rate Units		
Est. As Is Appraised Value Per Unit		$75,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$15,000,000
Proj. Capital Repairs Per Unit		$125,000
QCT - Y or N		N
RAD 2022 Rent (adj. 2023 OCAF @ 6.2%)	UA	
1-bdrm		$423.00
2-bdrm	$223.00	$333.00
3-bdrm	$269.00	$522.00
4-bdrm	$308.00	$618.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm		$848.00
2-bdrm		$1,187.00
3-bdrm		$1,735.00
4-bdrm		$2,038.00
LIHTC-Only Wgt. Avg. Rent		$822.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$6,428

RAD Annual Revenue (60%)	$214,790
PBV Annual Revenue (40%)	$480,864
LIHTC Rent	$591,840

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 9% Rate	4.00%
Est. Acquisition Tax Credit	$306,000
Est. Rehab Tax Credit	$1,160,147
Total Credits	$1,466,147
Pricing Per Federal Credit	$0.90

Arizona State Tax Credits

Tax Credit Amount	$733,074
Multiplier	1000.00%
Est. Credit	$7,330,737
Pricing Per Historic Credit	$0.65

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$1,226,185
Est. Annual Operating Expenses	$771,329
NOI	$454,856
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$5,629,891

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$141,814	$141,814	Same
Management Fee	$96,722	$96,722	Same
Asset Management Fee	$17,008	$0	Reduced 100%
Utilities	$21,429	$17,143	Reduced 20%
Maintenance & Repair	$432,150	$345,720	Reduced 20%
Misc	$140,171	$140,171	Same
Protective Services	$505	$505	Same
Insurances	$6,754	$6,754	Same
Tenant Services	$0	$1,500	$25/PUPY
Replacement Reserve	$0	$21,000	$350/PUPY
TOTAL	$856,553	$771,329	
TOTAL PER UNIT	$7,138	$6,428	

Project Pro Forma

Uses	
Acquisition	$4,500,000
Rehab	$15,000,000
Soft Costs	$4,500,000
Reserves	$575,188
Developer Fee	$2,810,526
Total Development Cost	$27,385,714
TDC per Unit (not including acq.)	$381,429
Sources	
Permanent Mortgage	$5,629,891
PHA Seller's Note	$4,500,000
LIHTC Equity	$13,194,007
Arizona State Tax Credit	$4,764,979
Deferred Fee (@30%)	$843,158
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**($1,546,320)**
Total Sources	$27,385,714

Total Perm Debt & Equity	**$18,823,898**
GAP funds	($1,546,320)
GAP funds per unit	($25,772)

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**($12.17)**

City of Tucson Housing and Community Development

40% RAD / 60% PBV 4% LIHTC Analysis (with STC) (Summary Sheet)

AMP #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
65	Silverbell	28	Yes	$125,000	$7,407,394	$3,076,728	$1,250,037	($326,058)	$4,326,765	$154,527
115	Lander Gardents	47	Yes	$185,000	$18,977,419	$7,840,048	$2,118,613	($170,374)	$9,958,661	$211,886
	S and LG Combined	75	Yes	$162,600	$33,094,556	$13,373,057	$3,370,878	($1,444,005)	$16,743,935	$223,252
113	Craycroft Towers	74	Yes	$185,000	$26,153,336	$11,210,324	$1,963,146	$2,622,218	$13,173,470	$178,020
51	Posadas (PH)	140	No	$185,000	$27,462,092	$13,198,396	$7,620,105	($3,468,945)	$20,818,501	$148,704
TOTAL		364			$113,094,797	$48,698,554	$16,322,778	($2,787,164)	$65,021,332	$916,390

City of Tucson Housing and Community Development

40% RAD / 60% PBV 4% LIHTC Analysis

Project Inputs

Project Name		Silverbell
AMP #		65
Unit Mix		
Studio		0
1-bdrm		24
2-bdrm		4
3-bdrm		0
4-bdrm		0
5-bdrm		0
Total Number of Units		28
Public Housing Units		28
LIHTC-Only Units		
Market Rate Units		
Est. As Is Appraised Value Per Unit		$75,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$3,500,000
Proj. Capital Repairs Per Unit		$125,000
QCT - Y or N		Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm	$179.00	$361.00
2-bdrm	$219.00	$491.00
3-bdrm		$1,009.00
4-bdrm		$1,182.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm	$179.00	$892.00
2-bdrm	$219.00	$1,191.00
3-bdrm		$2,004.00
4-bdrm		$2,346.00
LIHTC-Only Wgt. Avg. Rent		$0.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$4,538

RAD Annual Revenue (40%)	$51,014
PBV Annual Revenue (60%)	$188,438

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$71,400
Est. Rehab Tax Credit	$270,493
Total Credits	$341,893
Pricing Per Federal Credit	$0.90

Arizona State Tax Credits

Tax Credit Amount	$170,946
Multiplier	1000.00%
Est. Credit	$1,709,464
Pricing Per Historic Credit	$0.65

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$228,050
Est. Annual Operating Expenses	$127,056
NOI	$100,994
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$1,250,037

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$23,981	$23,981	Same
Management Fee	$21,075	$21,075	Same
Asset Management Fee	$2,821	$0	Reduced 100%
Utilities	$230	$184	Reduced 20%
Maintenance & Repair	$70,845	$56,676	Reduced 20%
Misc	$14,460	$14,460	Same
Protective Services	$0	$0	Same
Insurances	$213	$180	2022 Only
Tenant Services	$500	$700	$25/PUPY
Replacement Reserve	$0	$9,800	$350/PUPY
TOTAL	$134,125	$127,056	
TOTAL PER UNIT	$4,790	$4,538	

Project Pro Forma

Uses	
Acquisition	$2,100,000
Rehab	$3,500,000
Soft Costs	$1,050,000
Reserves	$105,609
Developer Fee	$651,785
Total Development Cost	$7,407,394
TDC per Unit (not including acq.)	$189,550
Sources	
Permanent Mortgage	$1,250,037
PHA Seller's Note	$2,100,000
LIHTC Equity	$3,076,728
Arizona State Tax Credits	$1,111,152
Deferred Fee (@30%)	$195,536
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**($326,058)**
Total Sources	$7,407,394

Total Perm Debt & Equity	**$4,326,765**
GAP funds	($326,058)
GAP funds per unit	($11,645)
Leverage: Each $1.00 of GAP funds results in debt and equity of:	**($13.27)**

City of Tucson Housing and Community Development

40% RAD / 60% PBV 4% LIHTC Analysis

Project Inputs

Project Name		Lander Gardens
AMP #		115
Unit Mix		
Studio		0
1-bdrm		47
2-bdrm		0
3-bdrm		0
4-bdrm		0
5-bdrm		0
Total Number of Units		47
Public Housing Units		47
LIHTC-Only Units		
Market Rate Units		
Est. As Is Appraised Value Per Unit		$125,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$8,695,000
Proj. Capital Repairs Per Unit		$185,000
QCT - Y or N		Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm	$185.00	$571.00
2-bdrm		$996.00
3-bdrm		$1,415.00
4-bdrm		$1,657.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm	$185.00	$886.00
2-bdrm		$1,410.00
3-bdrm		$2,004.00
4-bdrm		$2,346.00
LIHTC-Only Wgt. Avg. Rent		$0.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$5,044

RAD Annual Revenue (40%)	$128,818
PBV Annual Revenue (60%)	$299,822

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$199,750
Est. Rehab Tax Credit	$671,454
Total Credits	$871,204
Pricing Per Federal Credit	$0.90

Arizona State Tax Credits

Tax Credit Amount	$435,602
Multiplier	1000.00%
Est. Credit	$4,356,018
Pricing Per Historic Credit	$0.65

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$408,229
Est. Annual Operating Expenses	$237,059
NOI	$171,169
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$2,118,613

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$41,148	$41,148	Same
Management Fee	$37,572	$37,572	Same
Asset Management Fee	$6,570	$0	Reduced 100%
Utilities	$76,300	$61,040	Reduced 20%
Maintenance & Repair	$85,168	$68,134	Reduced 20%
Misc	$9,260	$9,260	Same
Protective Services	$0	$0	Same
Insurances	$2,193	$2,280	2022 Only
Tenant Services	$5,250	$1,175	$25/PUPY
Replacement Reserve	$0	$16,450	$350/PUPY
TOTAL	$263,461	$237,059	
TOTAL PER UNIT	$5,606	$5,044	

Project Pro Forma

Uses	
Acquisition	$5,875,000
Rehab	$8,695,000
Soft Costs	$2,608,500
Reserves	$189,850
Developer Fee	$1,609,069
Total Development Cost	$18,977,419
TDC per Unit (not including acq.)	$278,775
Sources	
Permanent Mortgage	$2,118,613
PHA Seller's Note	$5,875,000
LIHTC Equity	$7,840,048
Arizona State Tax Credits	$2,831,412
Deferred Fee (@30%)	$482,721
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**($170,374)**
Total Sources	$18,977,419

Total Perm Debt & Equity	**$9,958,661**
GAP funds	($170,374)
GAP funds per unit	($3,625)
Leverage: Each $1.00 of GAP funds results in debt and equity of:	**($58.45)**

City of Tucson Housing and Community Development

40% RAD / 60% PBV 4% LIHTC Analysis

Project Inputs

Project Name		S and LG Combined
AMP #		65 and 115
Unit Mix		
Studio		0
1-bdrm		71
2-bdrm		4
3-bdrm		0
4-bdrm		0
5-bdrm		0
Total Number of Units		75
Public Housing Units		75
LIHTC-Only Units		
Market Rate Units		
Est. As Is Appraised Value Per Unit		$162,600
% Attributable to Buildings		85%
Proj. Capital Repairs		$13,875,000
Proj. Capital Repairs Per Unit		$185,000
QCT - Y or N		Y
RAD 2022 Rent (adj. 2023 OCAF @ 5.7%)	UA	
1-bdrm	$185.00	$571.00
2-bdrm		$996.00
3-bdrm		$1,415.00
4-bdrm		$1,657.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm	$185.00	$886.00
2-bdrm		$1,410.00
3-bdrm		$2,004.00
4-bdrm		$2,346.00
LIHTC-Only Wgt. Avg. Rent		$0.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$4,852

RAD Annual Revenue (40%)	$179,832
PBV Annual Revenue (60%)	$488,261

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$414,630
Est. Rehab Tax Credit	$1,071,414
Total Credits	$1,486,044
Pricing Per Federal Credit	$0.90

Arizona State Tax Credits

Tax Credit Amount	$743,022
Multiplier	1000.00%
Est. Credit	$7,430,219
Pricing Per Historic Credit	$0.65

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$636,279
Est. Annual Operating Expenses	$363,935
NOI	$272,343
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$3,370,878

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$65,129	$65,129	Same
Management Fee	$58,647	$58,647	Same
Asset Management Fee	$9,391	$0	Reduced 100%
Utilities	$76,530	$61,224	Reduced 20%
Maintenance & Repair	$156,013	$124,810	Reduced 20%
Misc	$23,720	$23,720	Same
Protective Services	$0	$0	Same
Insurances	$2,406	$2,280	2022 Only
Tenant Services	$5,750	$1,875	$25/PUPY
Replacement Reserve	$0	$26,250	$350/PUPY
TOTAL	$397,586	$363,935	
TOTAL PER UNIT	$5,301	$4,852	

Project Pro Forma

Uses	
Acquisition	$12,195,000
Rehab	$13,875,000
Soft Costs	$4,162,500
Reserves	$295,444
Developer Fee	$2,566,612
Total Development Cost	$33,094,556
TDC per Unit (not including acq.)	$278,661
Sources	
Permanent Mortgage	$3,370,878
PHA Seller's Note	$12,195,000
LIHTC Equity	$13,373,057
Arizona State Tax Credits	$4,829,642
Deferred Fee (@30%)	$769,984
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**($1,444,005)**
Total Sources	$33,094,556

Total Perm Debt & Equity	**$16,743,935**
GAP funds	($1,444,005)
GAP funds per unit	($19,253)
Leverage: Each $1.00 of GAP funds results in debt and equity of:	**($11.60)**

City of Tucson Housing and Community Development

40% RAD / 60% PBV 4% LIHTC Analysis

Project Inputs

Project Name	Craycroft Towers
AMP #	113
Unit Mix	
Studio	0
1-bdrm	74
2-bdrm	0
3-bdrm	0
4-bdrm	0
5-bdrm	0
Total Number of Units	74
Public Housing Units	74
LIHTC-Only Units	
Market Rate Units	
Est. As Is Appraised Value Per Unit	$75,000
% Attributable to Buildings	85%
Proj. Capital Repairs	$13,690,000
Proj. Capital Repairs Per Unit	$185,000
QCT - Y or N	Y
RAD 2022 Rent (adj. 2023 OCAF @ 6.2%)	
1-bdrm	$422.00
2-bdrm	$479.00
3-bdrm	$631.00
4-bdrm	$896.00
2022 Payment Standards (less 2022 Utility Allowances)	
1-bdrm	$859.00
2-bdrm	$1,410.00
3-bdrm	$2,004.00
4-bdrm	$2,346.00
LIHTC-Only Wgt. Avg. Rent	$0.00
Market-Rate Wgt. Avg. Rent	$0.00
Proj. Op. Expenses Per Unit (See Below)	$5,676

RAD Annual Revenue (40%)	$149,894
PBV Annual Revenue (60%)	$457,675

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$188,700
Est. Rehab Tax Credit	$1,057,016
Total Credits	$1,245,716
Pricing Per Federal Credit	$0.90

Arizona State Tax Credits

Tax Credit Amount	$622,858
Multiplier	1000.00%
Est. Credit	$6,228,581
Pricing Per Historic Credit	$0.65

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$578,638
Est. Annual Operating Expenses	$420,029
NOI	$158,609
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$1,963,146

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$59,200	$47,360	Reduced 20%
Management Fee	$57,657	$57,657	Same
Asset Management Fee	$10,150	$0	Reduced 100%
Utilities	$58,076	$34,846	Reduced 40%
Maintenance & Repair	$323,732	$194,239	Reduced 40%
Misc	$51,061	$51,061	Same
Protective Services	$2,073	$2,073	Same
Insurances	$5,044	$5,044	Same
Tenant Services	$8,406	$1,850	$25/PUPY
Replacement Reserve	$0	$25,900	$350/PUPY
TOTAL	$575,398	$420,029	
TOTAL PER UNIT	$7,776	$5,676	

Project Pro Forma

Uses	
Acquisition	$5,550,000
Rehab	$13,690,000
Soft Costs	$4,107,000
Reserves	$276,101
Developer Fee	$2,530,234
Total Development Cost	$26,153,336
TDC per Unit (not including acq.)	$278,423
Sources	
Permanent Mortgage	$1,963,146
PHA Seller's Note	$5,550,000
LIHTC Equity	$11,210,324
Arizona State Tax Credits	$4,048,578
Deferred Fee (@30%)	$759,070
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**$2,622,218**
Total Sources	$26,153,336

Total Perm Debt & Equity	**$13,173,470**
GAP funds	$2,622,218
GAP funds per unit	$35,435
Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$5.02**

City of Tucson Housing and Community Development

40% RAD / 60% PBV 4% LIHTC Analysis

Project Inputs

Project Name		Posadas
AMP #		51
Unit Mix		
Studio		0
1-bdrm		0
2-bdrm		16
3-bdrm		28
4-bdrm		16
5-bdrm		0
Total Number of Units		60
Public Housing Units		60
LIHTC-Only Units		60
Market Rate Units		
Est. As Is Appraised Value Per Unit		$75,000
% Attributable to Buildings		85%
Proj. Capital Repairs		$15,000,000
Proj. Capital Repairs Per Unit		$125,000
QCT - Y or N		N
RAD 2022 Rent (adj. 2023 OCAF @ 6.2%)	UA	
1-bdrm		$423.00
2-bdrm	$223.00	$333.00
3-bdrm	$269.00	$522.00
4-bdrm	$308.00	$618.00
2022 Payment Standards (less 2022 Utility Allowances)		
1-bdrm		$848.00
2-bdrm		$1,187.00
3-bdrm		$1,735.00
4-bdrm		$2,038.00
LIHTC-Only Wgt. Avg. Rent		$822.00
Market-Rate Wgt. Avg. Rent		$0.00
Proj. Op. Expenses Per Unit (See Below)		$6,428

RAD Annual Revenue (40%)	$143,194
PBV Annual Revenue (60%)	$721,296
LIHTC Rent	$591,840

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee and acquisition)	14%

LIHTC Inputs

Monthly 9% Rate	4.00%
Est. Acquisition Tax Credit	$306,000
Est. Rehab Tax Credit	$1,160,635
Total Credits	$1,466,635
Pricing Per Federal Credit	$0.90

Arizona State Tax Credits

Tax Credit Amount	$733,318
Multiplier	1000.00%
Est. Credit	$7,333,176
Pricing Per Historic Credit	$0.65

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$1,386,981
Est. Annual Operating Expenses	$771,329
NOI	$615,651
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$7,620,105

Operating Expenses

	20 - '22 Avg.	Modified RAD	Comments
Administrative	$141,814	$141,814	Same
Management Fee	$96,722	$96,722	Same
Asset Management Fee	$17,008	$0	Reduced 100%
Utilities	$21,429	$17,143	Reduced 20%
Maintenance & Repair	$432,150	$345,720	Reduced 20%
Misc	$140,171	$140,171	Same
Protective Services	$505	$505	Same
Insurances	$6,754	$6,754	Same
Tenant Services	$0	$1,500	$25/PUPY
Replacement Reserve	$0	$21,000	$350/PUPY
TOTAL	$856,553	$771,329	
TOTAL PER UNIT	$7,138	$6,428	

Project Pro Forma

Uses	
Acquisition	$4,500,000
Rehab	$15,000,000
Soft Costs	$4,500,000
Reserves	$642,186
Developer Fee	$2,819,906
Total Development Cost	$27,462,092
TDC per Unit (not including acq.)	$382,702
Sources	
Permanent Mortgage	$7,620,105
PHA Seller's Note	$4,500,000
LIHTC Equity	$13,198,396
Arizona State Tax Credits	$4,766,564
Deferred Fee (@30%)	$845,972
GAP (CFP/Oper. Res./HOME/AHP/HCR)	**($3,468,945)**
Total Sources	$27,462,092

Total Perm Debt & Equity	**$20,818,501**
GAP funds	($3,468,945)
GAP funds per unit	($57,816)
Leverage: Each $1.00 of GAP funds results in debt and equity of:	**($6.00)**

City of Tucson Housing and Community Development

PBV Bond / 4% LIHTC Analysis

AMP #	Project	# of Units	QCT	Capital Needs per Unit	Total Development Costs	LIHTC Equity	Permanent Debt	GAP Funds Needed	Leverage (debt + tax credit equity)	Leverage per Unit
113	Craycroft Towers	74	Yes	$185,000	$20,673,555	$11,214,360	$3,792,893	$5,031,588	$15,007,253	$202,801
51	Posadas (Scattered)	80	No	$125,000	$15,631,198	$7,206,343	$12,667,323	($4,722,374)	$19,873,666	$248,421
TOTAL		154			$36,304,753	$18,420,703	$16,460,217	$309,214	$34,880,919	$451,222

City of Tucson Housing and Community Development

PBV Bond / 4% LIHTC Analysis

Project Inputs

Project Name	Craycroft Towers
AMP #	113
Unit Mix	
Studio	0
1-bdrm	74
2-bdrm	0
3-bdrm	0
4-bdrm	0
5-bdrm	0
Total Number of Units	74
Public Housing Units	74
LIHTC-Only Units	0
Market Rate Units	0
Est. As Is Appraised Value Per Unit	$75,000
% Attributable to Buildings	85%
Proj. Capital Repairs	$9,250,000
Proj. Capital Repairs Per Unit	$185,000
QCT - Y or N	Y
2023 Payment Standards (less 2023 Utility Allowances)	
Studio	$0.00
1-bdrm	$859.00
2-bdrm	$1,410.00
3-bdrm	$2,004.00
4-bdrm	$2,346.00
5-bdrm	$0.00
LIHTC-Only Wgt. Avg. Rent	$0.00
Market-Rate Wgt. Avg. Rent	$0.00
Proj. Op. Expenses Per Unit (See Below)	$5,676

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$188,700
Est. Rehab Tax Credit	$1,057,465
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$726,469
Est. Annual Operating Expenses	$420,029
NOI	$306,439
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$3,792,893

Operating Expenses

	20-'22 Avg.	Modified	Comments
Administrative	$59,200	$47,360	Reduced 20%
Management Fee	$57,657	$57,657	Same
Asset Management Fee	$10,150	$0	Reduced 100%
Utilities	$58,076	$34,846	Reduced 40%
Maintenance & Repair	$323,732	$194,239	Reduced 40%
Misc.	$51,061	$51,061	Same
Protective Services	$2,073	$2,073	Same
Insurance/Taxes	$5,044	$5,044	Same
Tenant Services	$8,406	$1,850	$25/PUPY
Replacement Reserve	$0	$25,900	$350/PUPY
TOTAL	$575,398	$420,029	
TOTAL PER UNIT	$7,776	$5,676	

Project Pro Forma

Uses	
Acquisition	$0
Repayment of EPC Debt	$0
Rehab	$13,690,000
Soft Costs	$4,107,000
Reserves	$337,698
Developer Fee	$2,538,858
Total Development Cost	$20,673,555
TDC per Unit (not including acq.)	$279,372
Sources	
Permanent Mortgage	$3,792,893
PHA Seller's Note	$0
LIHTC Equity	$11,214,360
Deferred Fee (@25%)	$634,714
GAP (CFP/RHF/Oper. Res./HOME/AHP)	**$5,031,588**
Total Sources	$20,673,555

Total Perm Debt & Equity	**$15,007,253**
GAP funds	$5,031,588
GAP funds per unit	$67,994

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**$2.98**

City of Tucson Housing and Community Development

PBV Bond / 4% LIHTC Analysis

Project Inputs

Project Name	Posadas (Scattered)
AMP #	51
Unit Mix	
Studio	0
1-bdrm	0
2-bdrm	6
3-bdrm	61
4-bdrm	13
5-bdrm	0
Total Number of Units	80
Public Housing Units	80
LIHTC-Only Units	0
Market Rate Units	0
Est. As Is Appraised Value Per Unit	$75,000
% Attributable to Buildings	85%
Proj. Capital Repairs	$10,000,000
Proj. Capital Repairs Per Unit	$125,000
QCT - Y or N	N
2023 110% FMR (less 2022 Utility Allowances)	
Studio	$0.00
1-bdrm	$848.00
2-bdrm	$1,187.00
3-bdrm	$1,735.00
4-bdrm	$2,038.00
5-bdrm	$0.00
LIHTC-Only Wgt. Avg. Rent	$0.00
Market-Rate Wgt. Avg. Rent	$0.00
Proj. Op. Expenses Per Unit (See Below)	$7,129

Pro Forma Assumptions

Soft Costs (% of hard costs)	30%
Reserves (months)	6.0
Developer Fee (% TDC less fee)	14%

LIHTC Inputs

Monthly 4% Rate	4.00%
Est. Acquisition Tax Credit	$204,000
Est. Rehab Tax Credit	$596,785
Pricing Per Federal Credit	$0.90

Permanent Debt Sizing

Est. Annual Revenue Less 5% Vacancy	$1,593,726
Est. Annual Operating Expenses	$570,294
NOI	$1,023,432
Rate	6.50%
Amortization	40
DSC	1.15
Mortgage Amount	$12,667,323

Operating Expenses

	20-'22 Avg.	Modified	Comments
Administrative	$141,814	$141,814	Same
Management Fee	$96,722	$96,722	Same
Asset Management Fee	$17,008	$0	Reduced 100%
Utilities	$21,429	$17,143	Reduced 20%
Maintenance & Repair	$432,150	$137,185	Reduced 20%
Misc.	$140,171	$140,171	Same
Protective Services	$505	$505	Same
Insurance/Taxes	$6,754	$6,754	Same
Tenant Services	$37,156	$2,000	$25/PUPY
Replacement Reserve	$0	$28,000	$350/PUPY
TOTAL	$893,709	$570,294	
TOTAL PER UNIT	$11,171	$7,129	

Project Pro Forma

Uses	
Acquisition	$0
Repayment of EPC Debt	$0
Rehab	$10,000,000
Soft Costs	$3,000,000
Reserves	$711,577
Developer Fee	$1,919,621
Total Development Cost	$15,631,198
TDC per Unit (not including acq.)	$195,390
Sources	
Permanent Mortgage	$12,667,323
PHA Seller's Note	$0
LIHTC Equity	$7,206,343
Deferred Fee (@25%)	$479,905
GAP (CFP/RHF/Oper. Res./HOME/AHP)	**($4,722,374)**
Total Sources	$15,631,198

Total Perm Debt & Equity	**$19,873,666**
GAP funds	($4,722,374)
GAP funds per unit	($59,030)

Leverage: Each $1.00 of GAP funds results in debt and equity of:	**($4.21)**

Attachment Eight: Tucson House Financing

Thrive in the 05
Tucson, AZ

CNI Implementation Application Housing Finance Scenarios

TABLE OF CONTENTS

Praxis Consulting Group, LLC
5/16/23

) Historic Acq / Rehab Using TE Bonds and 4% LIHTC Financing	g 9% LIHTC Financing		Phase 3	Phase 4	Total
Year Started	**2024**	**2025**	**2026**	**2027**	**2024-2027**
	Phase 1 Tucson House--360-Unit Elderly (55+) Historic Acq / Rehab Using TE Bonds and 4% LIHTC Financing	**Phase 2 Bum Steer Apartments--66-Unit New Construction Family Development Using 9% LIHTC Financing**	**Phase 3 Amazon--43-Unit New Construction Housing with Services Using 9% LIHTC Financing**	**Phase 4 Stone + Speedway Apartments--74-Unit New Construction Family Development Using 9% LIHTC Financing**	
Sites	**1501 N Oracle Road**	**1910 N. Stone Avenue**	**1135 W Miracle Mile**	**SW Corner of W. Speedway Blvd. + N. Stone Ave.**	
Unit Mix					
LIHTC/PH Replacement Units (PBV < 30% AMI)					
Studio	30	0	0	0	30
1-bedroom	236	22	26	18	302
2-bedroom	30	14	0	7	51
3-bedroom	0	1	0	0	1
Subtotal	*296*	*37*	*26*	*25*	*384*
LIHTC/PBV < 60% AMI)					
Studio	30	0	0	0	30
1-bedroom	34	0	17	0	51
2-bedroom	0	0	0	0	0
3-bedroom	0	0	0	0	0
Subtotal	*64*	*0*	*17*	*0*	*81*
LIHTC-Only (<60% AMI)					
Studio	0	0	0	0	0
1-bedroom	0	5	0	17	22
2-bedroom	0	22	0	6	28
3-bedroom	0	2	0	2	4
Subtotal	*0*	*29*	*0*	*25*	*54*
LIHTC-Only (>60% and < 80% AMI)					
Studio	0	0	0	0	0
1-bedroom	0	0	0	8	8
2-bedroom	0	0	0	3	3
3-bedroom	0	0	0	1	1
Subtotal	*0*	*0*	*0*	*12*	*12*
Market-Rate Units					
Studio	0	0	0	0	0
1-bedroom	0	0	0	8	8
2-bedroom	0	0	0	3	3
3-bedroom	0	0	0	1	1
Subtotal	*0*	*0*	*0*	*12*	*12*
Total Units	**360**	**66**	**43**	**74**	**543**
Approximate Acreage	4.33	1.38	1.64	0.63	7.98
Net Residential SF	248,190	52,572	31,476	47,866	380,104
Gross Residenital SF	335,057	64,889	39,730	64,572	504,248
Community Space SF					0

) Historic Acq / Rehab Using TE Bonds and 4% LIHTC Financing		**g 9% LIHTC Financing**	**Phase 3**	**Phase 4**	**Total**
Year Started	**2024**	**2025**	**2026**	**2027**	**2024-2027**
	Phase 1 Tucson House--360-Unit Elderly (55+) Historic Acq / Rehab Using TE Bonds and 4% LIHTC Financing	**Phase 2 Bum Steer Apartments--66-Unit New Construction Family Development Using 9% LIHTC Financing**	**Phase 3 Amazon--43-Unit New Construction Housing with Services Using 9% LIHTC Financing**	**Phase 4 Stone + Speedway Apartments--74-Unit New Construction Family Development Using 9% LIHTC Financing**	
<u>Development Costs</u>					
Acquisition/Demolition	25,200,000	775,000	329,500	2,669,625	28,974,125
Hard Costs - Const. & Site Imp.	107,130,000	14,438,042	8,908,456	19,790,561	150,267,059
Soft Costs & Prof . & Permits/Impact Fees	16,437,000	3,173,706	2,088,268	4,230,584	25,929,559
Financing Costs	7,881,361	817,167	379,302	1,562,136	10,639,966
Reserves	1,785,293	343,118	243,932	389,354	2,761,697
Developer Fee	19,527,970	2,395,068	1,477,984	3,247,540	26,648,562
TOTAL	**177,961,623**	**21,942,102**	**13,427,443**	**31,889,800**	**245,220,968**
per unit	*494,338*	*332,456*	*312,266*	*430,943*	*451,604*
per GSF	*531.1*	*338.1*	*338.0*	*493.9*	*486.3*
<u>Funding Sources</u>					
Tax Exempt Debt/1st Mortgage	16,568,045	4,082,330	0	4,990,673	25,641,048
Sellers Note	25,200,000	0	0	0	25,200,000
Historic Tax Credit Equity	24,432,564	0	0	0	24,432,564
LIHTC Equity	62,188,642	17,735,566	12,671,605	22,497,750	115,093,563
GAP (Detail Below)	**42,400,000**	**121,547**	**628,453**	**4,350,000**	**47,500,000**
CNI Funds	26,400,000	121,547	128,453	3,350,000	30,000,000
City HOME Funds	1,000,000	0	500,000	1,000,000	2,500,000
City Public Housing	0	0	0	0	0
City Other Housing	5,000,000	0	0	0	5,000,000
State HOME/NHTF Funds	10,000,000	0	0	0	10,000,000
FHLB AHP	0	0	0	0	0
Deferred Developer Fee	7,172,373	2,659	127,385	51,377	7,353,793
Total Sources	**177,961,623**	**21,942,102**	**13,427,443**	**31,889,800**	**245,220,968**
Year One Project Cash Flow	**232,797**	**365,312**	**240,490**	**420,743**	**1,259,342**

SCENARIO DESCRIPTION **Phase 1 Tucson House--360-Unit Elderly (55+) Historic Acq / Rehab Using TE Bonds and 4% LIHTC Financing**

Number of Units	**360**	
Grossing Factor on Res SF	35.00%	
Project Acreage	4.33	acres
As-Is Appraised Value	70,000	unit
Residential NSF	248,190	SF
Residential GSF	335,057	SF

CONSTRUCTION LOAN SIZING (or 50% Test)		
Total Developmnent Cost	177,961,623	
Less Fees and Reserves	(21,313,263)	
Less 50% of equity	(43,310,603)	
Less soft funds	(67,600,000)	
Estimated Loan Amount	**85,000,000**	45,737,758
		(50% bond test)
		85,000,000

PERMANENT LOAN SIZING	
Base Year Rental Revenue	4,003,560
Less Vacancy (@ 5%)	(200,178)
Base Year Expenses	(2,406,600)
Net Operating Income	1,396,782
Debt Service Coverage	1.20
Monthly Payment	96,999
Allowable Debt	**16,568,045**

Year 1 Cash Flow	232,797

LIHTC + HTC SIZING	Acquisition	Const.	Historic TC
Eligible Basis	22,680,000	136,333,470	135,750,039
QCT/DDA	100%	130%	
% LIHTC Units	100.0%	100.0%	
Adj. Basis	22,680,000	177,233,511	0
Less HTC		(27,150,008)	
Monthly Rate	4.00%	4.00%	20.00%
Projected Credits	907,200	6,003,340	27,150,008
Actual Credits		**6,910,540**	**27,150,008**
Estimated Raise		0.900	0.900
LP Share		99.99%	99.99%
Estimated Tax Credit Equity		**62,188,642**	**24,432,564**

DEVELOPMENT SOURCES	Total	Rate	DSC	Amortization
Tax Exempt Debt/1st Mortgage	16,568,045	6.50%	1.20	40
Sellers Note	25,200,000	3.43%		40
Historic TC Equity	24,432,564			
Tax Credit Equity	62,188,642			
GAP (State HOME/City Funds)	**16,000,000**			
CNI Funds	**26,400,000**			
Deferred Developer Fee	7,172,373		35% deferred	
Total	**177,961,623**			

DEVELOPMENT USES	Total	Per Unit	Per GSF	Notes		Eligible TC Basis	Eligible HTC Basis
Acquisition/Demolition							
Acquisition-Land	2,520,000	7,000	7.52			0	0
Acqusition -Buildings	22,680,000	63,000	67.69			22,680,000	0
Demolition and Abatement	0	0	0.00			0	0
Hard Costs - Const. & Site Imp.							
Hard Cost--Off-Site Sitework	0	0	0.00	0	per acre	0	0
Hard Costs--On-Site Sitework	6,500,000	18,056	19.40	N/A	per acre	6,500,000	6,500,000
Hard Costs-Residential Buildings	78,500,000	218,056	234.29	N/A	per res. GSF	78,500,000	78,500,000
Hard Costs-Community Center	0	0	0.00	N/A	per comm. GSF	0	0
General Requirements	5,100,000	14,167	15.22	6.0%	of hard cost	5,100,000	5,100,000
Contractor Overhead	1,700,000	4,722	5.07	2.0%	of hard cost	1,700,000	1,700,000
Contractor Profit	5,100,000	14,167	15.22	6.0%	of hard cost	5,100,000	5,100,000
FF&E	540,000	1,500	1.61	1,500	per unit	540,000	540,000
Hard Cost Contingency	9,690,000	26,917	28.92	10.0%	of hard cost	9,690,000	9,690,000
Soft Costs & Prof . & Permits/Impact Fees							
Architectural & Engineering	2,520,000	7,000	7.52	7,000	of hard cost	2,520,000	2,520,000
Building Permit + Impact Fees	969,000	2,692	2.89	1.0%	of hard cost	969,000	969,000
Legal	300,000	833	0.90	estimate		150,000	150,000
Relocation	1,935,000	5,375	5.78	5,000	per occupied unit	0	0
Other Soft Costs	10,713,000	29,758	31.97	10.0%	of hard cost	5,356,500	5,356,500
Financing Costs							
Costs of Issuanace	750,000	2,083	2.24	estimate		0	0
Construction Loan Fees	850,000	2,361	2.54	1.00%	of loan amount	85,000	85,000
Construction Loan Interest	5,950,000	16,528	17.76	7.0%	rate	595,000	11,569
Permanent Loan Fees	331,361	920	0.99	2.00%	of loan amount	0	0
Fees and Reserves							
Operating & Lease Up Reserves	1,785,293	4,959	5.33	6	mo. debt + exp.	0	0
Developer Fee	19,527,970	54,244	58.28	14.0%	of eligible basis	19,527,970	19,527,970
Total	**177,961,623**	**494,338**	531.14			**159,013,470**	**135,750,039**

	# of Units	% of Units	Avg. Unit SF	PBV Unit Count	LIHTC Only Count	Market Unit Count	LIHTC Max. Rent	Less Utility Allow. **	LIHTC Allowable Rent	Per Unit PBV Subsidy	Per Unit PBV Rent	Total Market Rent	Monthly Revenue	Yearly Revenue
Total	**360**			100.0%	0.0%	0.0%								
Studio	**60**	**16.7%**	**436**											
30% AMI	30			30			402	0	402	541	943		28,290	339,480
50% AMI	30			30			671	0	671	272	943		28,290	339,480
60% AMI	0						805	0	805	138	943		0	0
80% AMI *	0						1,074	0	1,074	0	0		0	0
Market	0											943	0	0
One Bedroom	**270**	**75.0%**	**712**											
30% AMI	236			236			431	0	431	640	1,071		252,756	3,033,072
50% AMI	34			34			719	0	719	352	1,071		36,414	436,968
60% AMI	0						863	0	863	208	1,071		0	0
80% AMI *	0						1,151	0	1,151	0	0		0	0
Market	0											1,071	0	0
Two Bedroom	**30**	**8.3%**	**993**											
30% AMI	30			30			518	0	518	892	1,410		42,300	507,600
50% AMI	0						863	0	863	547	1,410		0	0
60% AMI	0						1,036	0	1,036	374	1,410		0	0
80% AMI *	0						1,382	0	1,382	0	0		0	0
Market	0						N/A					1,410	0	0
Three Bedroom	**0**	**0.0%**	**0**											
30% AMI	0						598	0	598	1,406	2,004		0	0
50% AMI	0						997	0	997	1,007	2,004		0	0
60% AMI	0						1,197	0	1,197	807	2,004		0	0
80% AMI *	0						1,596	0	1,596	0	0		0	0
Market	0						N/A					2,004	0	0
Total	**360**		**248,190**	**360**	**0**	**0**							**331,470**	**3,977,640**
			689.42	avg. SF/unit										

Other Income @ $6.00	25,920
Total Income	**4,003,560**

* LIHTC Avg. Income Scenario (80% AMI units off-set by lower AMI units)
** Owner-Paid Utilities

Project Name	Thrive in the 05	
City	Tucson	
State	AZ	
PHA Name	City of Tucson/Gorman & Co.	
QCT / DDA?*	yes	tract 13.02
LIHTC Equity Pricing Assump.	$0.900	
Historic Equity Pricing Assump.	$0.900	
Monthly 70% Value	9.00%	
Monthly 30% Value	4.00%	Dec-22

DEVELOPMENT COST ASSUMPTIONS

Hard Costs		
Site Work	N/A	acre
Resid. Hard Cost	N/A	SF
Demolition and Abatement	N/A	SF
Townhouse Garage	N/A	SF
FF&E	1,500	per unit
General Conditions	6.00%	of hard costs
Overhead	2.00%	of hard costs
Profit	6.00%	of hard costs
New Const. Contingency	5.00%	of total hard costs
Rehab Contingency	10.00%	of total hard costs
Soft Costs		
Arch & Engineer.	7,000	per unit
Fees and Permits	1.00%	of hard costs
Relocation	5,000	per unit
Other Soft Costs	15.00%	of hard costs
Financing Costs		
TE Construction Loan Fees	1.00%	of amount
TE Construction Loan Rate	7.00%	
TE Perm Loan Rate	6.50%	
Conv. Const. Loan Fee	2.00%	of amount
Conv. Const. Loan Rate	7.00%	
Permanent Loan Fees	2.00%	of amount
Permanent Loan Rate	7.00%	
Term	17	years
Amortization	40	years
DSC	1.2	
Fees and Reserves		
Developer Fee	14%	of eligible basis
RAD Reserve	0	per RAD unit
PBV Reserve	0	per PBV
Operating & Lease Up Reserves	6	mo. debt + exp.

INCOME / RENT / COST DATA

HUD Area Median Family Income (AMI)

Year 2022 *Location* Tucson, AZ MSA

	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
30% AMI	16,110	18,420	20,730	23,010	24,870	26,700	28,560	30,390
50% AMI	26,850	30,700	34,550	38,350	41,450	44,500	47,600	50,650
60% AMI	32,220	36,840	41,460	46,020	49,740	53,400	57,120	60,780
80% AMI	42,960	49,120	55,280	61,360	66,320	71,200	76,160	81,040

HUD Fair Market Rent (FMR) and PHA Payment Standard

Year 2023 *Location* Tucson, AZ MSA

0 bdrm	1 bdrm	2 bdrm	3 bdrm	4 bdrm	5 bdrm	
786	893	1,175	1,670	1,955	2,248	**FMR**
943	1,071	1,410	2,004	2,346	2,697	**Pmt. Standard**

Utility Allowance Assumptions *

Tucson, AZ

	1 bdrm	2 bdrm	3 bdrm	4 bdrm	5 bdrm
Rental	65	75	95		

** assume tenant-paid AC, hot water, electricity (heat/cooking/basic), & electric fee using APS*

Market Rent Assumptions

1-bdrm	1,071
2-bdrm	1,410
3-bdrm	2,004
4-bdrm	2,346

OPERATING EXPENSES ASSUMPTIONS *

Admin. Costs	800	per unit
Payroll	1,200	per unit
Utilities (owner paid)	1,400	per unit
Maintenance	1,100	per unit
Insurance	600	per unit
Taxes/PILOT	600	per unit
Lease	0	per unit
ADOH Compliance	85	per unit
Management Fee	550	per unit
Replacement Reserves	350	per unit
Total	6,685	per unit
Total (tenant paid utilities)	5,785	per unit

** estimate*

PHASE 1
Phase 1 Tucson House--360-Unit Elderly (55+) Historic Acq / Rehab Using TE Bonds and 4% LIHTC Financing
1501 N Oracle Road

SOURCES AND USES
(Committed Sources of Funds Shown in Bold Italics)

	Total Uses	**Choice Neighborhood Funds**	**City HOME Funds**	**City Other Housing**	**State HOME/NHTF Funds**	**Sellers Note**	**Deferred Developer Fee**	**Const. to Perm Debt ***	**HTC Equity**	**LIHTC Equity**
Development Costs (Part A Costs)										
Land & Acquisition	25,200,000					25,200,000				
Hard Costs - Const. & Site Imp.	107,130,000	24,579,017			10,000,000			72,550,983		
Soft Costs & Prof . & Permits/Impact Fees	14,502,000	662,983	223,000	5,000,000				8,616,016		
Financing Costs	7,881,361							3,833,000	1,012,090	3,036,270
Reserves & Lease Up	1,785,293								446,323	1,338,969
Developer Fee	19,527,970						7,172,373		3,088,899	9,266,698
Total Construction Project Sources	176,026,623	25,242,000	***223,000***	***5,000,000***	10,000,000	25,200,000	7,172,373	***85,000,000***	4,547,313	13,641,938
Construction Loan Repayment								(68,431,955)	19,885,251	48,546,704
Total Permanent Project Sources	176,026,623	25,242,000	***223,000***	***5,000,000***	10,000,000	25,200,000	7,172,373	***16,568,045***	***24,432,564***	***62,188,642***
Part B Costs										
Administration										
Fees and Costs										
Demolition and Remediation										
Resident Relocation Costs	1,935,000	1,158,000	777,000							
SUBTOTAL	1,935,000	1,158,000	777,000							
TOTAL DEVELOPMENT SOURCES (Permanent)	177,961,623	26,400,000	***1,000,000***	***5,000,000***	10,000,000	25,200,000	7,172,373	***16,568,045***	***24,432,564***	***62,188,642***

*Includes the commitment from IDA to issue multifamily revenue bonds for the Tucson House

Attachment Nine: Potential TIDA Programs

Background:

Decarbonization is the cornerstone of many climate action plans, including the City of Tucson. The building sector is a key component of decarbonization strategies, and single-family homes, in particular, can play a key role. For low-income families, the benefits of energy-efficiency and electrification are especially important for housing stability through consistent utilities and cost savings. The current proposal provides a strategy for whole-home market transformation for affordable, sustainable housing for low-income residents, while ensuring a clear ROI for the City of Tucson. The current project concerns the "Scattered Sites" and proposes two models for making the inventory available to market as quickly as possible. The IDA is happy to partner and support in any way that helps to achieve the central values and provides value to the City of Tucson.

These models can be combined with additional City of Tucson Initiatives, such as the Low-Income Solar program, which has allocated $300,000 for low-income solar projects.

Project Success Benchmarks:

Whole Home Market Transformation

The current strategy to support low-income families in accessing energy efficiency and clean energy technology is highly inefficient. Complex systems of rebates, credits, and sporadic grant funding is challenging for any family, let alone families managing exceptional economic stressors. Additionally, the staff time required to conduct outreach and follow-up is overly burdensome. Finally, the environmental impacts are undercut by the patchwork of services (ex. solar panels may reduce costs, but not if heat and cooling are leaking from inefficient windows and unsealed envelopes).

A "whole home approach" favors synchronizing programs (ex. solar, EV charging, greywater systems, low-flow toilets, enveloping sealing, electrification ect) to complementary systems. It improves efficiency, eliminates overburdening the homeowners, and reduces staffing costs.

Inclusive Development

The development workforce in Tucson is limited, which creates market conditions counter to affordability. This is especially unfortunate since engaging in development has been shown to be a successful path towards building generational wealth for underrepresented populations. We also believe that communities that are built by representative developers have a better chance of meeting community needs. Our project supports training for underrepresented developers in building affordable, sustainable housing.

Blended Capital

We believe that to accomplish complex issues, we must engage both public and private capital. Our proposal promotes leveraging private capital, but also creating reasonable limits to help achieve public good.

Protected Affordability

While the City is looking to make these homes available to the public market, it is important that they are not available for predatory “flipping” practices. Therefore our solution ensures affordability for a reasonable period of time (10 years), through a system of checks and balances.

High-Level Summary

Option One: Fully Investor-Driven Rental Model

The City of Tucson would create an RFP for a bundled purchase from a single or multiple developer(s). The RFP would specify the energy improvements required for the homes. The RFP would specify a duration of affordability (ex: 10 years) tied to specific metrics of affordability (ie. 70% of units affordable for 80% AMI, 30% of units affordable for 100% AMI). A lien on the homes would be retained though a title company to ensure programmatic requirements were fulfilled for the duration of the agreement. Contingencies placed on the investor developer to implement the agreed-upon upgrades to satisfaction within one year, or return the asset.

Pros:

- Can be accomplished almost immediately. The IDA has identified multi-developers who would be willing to take on the project immediately and agree to the terms outlined above. The IDA and the Coalition for Green Capital have both agreed to serve as financial partners, if needed.
- Retains guaranteed affordability for a reasonable period of time, through the rental-market

Cons:

- Does not increase homeownership for low-income households
- Does not necessarily promote inclusive development
- May not be received favorably by constituents who are concerned with investor-driven development.

Options Two: REVIVE Tucson Accelerator: For-Sale, Education Drive Model

Through an Intergovernmental Agreement, The City of Tucson transfers inventory to the Industrial Development Authority of the City of Tucson for the purposes of implementing The **REVIVE Tucson Accelerator.** Concurrent with the IDA’s acquisition of title to the Properties, the City and the IDA will agree upon an appropriate dollar amount to reflect the City’s interest in the Properties, which will be based upon an appraisal or other method as needed to address §9-407 and the Ariz. Constitution’s Gift Clause. (Full transaction described in the sample LOI attached). Currently the Industrial Development Authority has received a proposal from a potential programmatic partner, the Inclusive Development Initiative, but the programmatic partner could be submitted for RFP as well, if desired by the City of Tucson.

REVIVE Tucson Accelerator: The program will train underrepresented developers in sustainable, affordable housing development, using the scattered sites as a living class-room, under the supervision of qualified mentors. The bundled approach allows for cost savings and the homes will be placed for-sale as they are completed, with revenues returning to the City of Tucson, minus the Developer Fee, shared by the program personnel and students (representing 15% of sale price).

Curriculum:

- **WEEK 1: Sustainability** -- Students learn about Sustainable Cities, History & Present.
- **WEEK 2: Resourcefulness** -- How to work together to cut costs & pull resources from the community.
- **WEEK 3 & 4: Time Value** -- Students learn hands-on the costs & benefits of meeting project goals on time.
- **WEEKS 5-8: Quality** – Student are taught that the market rewards the delivery of a quality product.

While we do not have the exact addresses or conditions of the inventory we have estimated the costs, revenues, and CO2 savings, based on a classification of LIGHT Repairs, HEAVY Repairs, REBUILD Repairs. We have outlined the Wholesale Purchase Percentage of the AVR, repair budget, and energy upgrades description.

Property Classifications	Work description	Repair Budget Restraint	Energy Upgrades Description	Wholesale Purchase Percentage of AVR
A – Light	Light Renovation – dry wall, paint, flooring, light plumbing, appliances	$35,000	$25,000 solar, EV charging, water, weatherizing	55%
C – Moderte	Moderate renovation – Roofing repair, heaving plumbing, dry wall, paint, flooring, light plumbing, appliances	$60,000	$25,000 solar, EV charging, water, weatherizing	45%
F – Complete Renovation	Complete Rehab or Scrape – Foundation, Structural, Termite, Ruptured Water Main, Roofing repair, heaving plumbing, dry wall, paint, flooring, light plumbing, appliances	$75,000	$25,000 solar, EV charging, water, weatherizing	30%

Light Repair Mockups			
Home Value (ARV)	Wholesale Value (Current 55%)	IDA Assignment (6.5%)	Repair Cost (Heavy)
$180,000.00	$99,000.00	$6,435.00	$35,000.00
$220,000.00	$121,000.00	$7,865.00	$35,000.00
$260,000.00	$143,000.00	$9,295.00	$35,000.00
$300,000.00	$165,000.00	$10,725.00	$35,000.00

Heavy Repair Mockups			
Home Value (ARV)	Wholesale Value (Current 45%)	IDA Assignment (6.5%)	Repair Cost (Heavy)
$180,000.00	$81,000.00	$5,265.00	$60,000.00
$220,000.00	$99,000.00	$6,435.00	$60,000.00
$260,000.00	$117,000.00	$7,605.00	$60,000.00
$300,000.00	$135,000.00	$8,775.00	$60,000.00

Rebuild Repair Mockups			
Home Value (ARV)	Wholesale Value (Current 30%)	IDA Assignment (6.5%)	Repair Cost (Heavy)
$180,000.00	$54,000.00	$3,510.00	$90,000.00
$220,000.00	$66,000.00	$4,290.00	$90,000.00
$260,000.00	$78,000.00	$5,070.00	$90,000.00
$300,000.00	$90,000.00	$5,850.00	$90,000.00

With a sample size of 20 homes, with the assumption of the average home price sold between 30% and 55% of ARV, with a condition report average score of C, with an average wholesale price of

- $2,003,076.00: City of Tucson Minimum Financial Benefit
- $1,051,800: Additional property tax revenue over 30 years ($1,753 per unit average)
- 191,140 lbs of CO2 reduction for the City of Tucson's Environmental Benefits

Pros:
- IDA financed
- Increasing access for underrepresented developers, with specific training in sustainability for affordable housing
- Increase affordable homes available for purchase in Tucson

Cons:
- Can not guarantee long term sustainability (unless paired with a Land Trust Model)