

Multifamily Project with LIHTC and Solar Tax Credits (Owner pays utilities)

50 Units

THDA 2010 DRAFT QAP Requirements

| Uses of Funds | Per Unit | LI Elig % | LIHTC Eligible Basis * | Solar EITC Basis | State Solar RETC Basis | LIHTC Non - Eligible |
|---|-----------|-----------|------------------------|------------------|------------------------|----------------------|
| Land Purchase Price | | 0% | - | | - | 500,000 |
| Total Residential Building Costs | \$ 90,000 | 98% | 4,410,000 | | - | 90,000 |
| Solar PhotoVoltaic System (electricity) | \$ 12,000 | 100% | 600,000 | 600,000 | 600,000 | - |
| Architect & Engineering | | 100% | 135,000 | | - | - |
| Financing Fees | | 3% | 1,667 | 196 | 196 | 48,333 |
| Construction Interest | | 75% | 150,000 | 17,647 | 17,647 | 50,000 |
| Legal and Accounting | | 50% | 40,000 | 4,706 | 4,706 | 40,000 |
| Title and Recording | | 90% | 18,000 | | - | 2,000 |
| Insurance | | 100% | 25,000 | 2,941 | 2,941 | - |
| Permits | | 100% | 25,000 | 2,941 | 2,941 | - |
| RE Taxes | | 100% | 10,000 | 1,176 | 1,176 | - |
| Application/Processing Fee | | 0% | - | - | - | 1,200 |
| Allocation Fee | | 0% | 39,926 | | - | 39,926 |
| Monitoring Fee | \$ 400 | 0% | 20,000 | | - | 20,000 |
| Rent Up Reserve | \$ 300 | 0% | 15,000 | | - | 15,000 |
| Operating Reserve | \$ 3,000 | 0% | 150,000 | | - | 150,000 |
| Replacement Reserve | | 0% | 12,500 | | - | 12,500 |
| Construction Contingency | \$ 4,500 | 100% | 225,000 | 26,471 | 26,471 | - |
| Developer Fee | \$ 16,000 | 100% | 800,000 | 94,118 | 94,118 | - |
| Total Project Cost | | | 7,408,626 | 750,196 | 750,196 | 968,959 |
| LIHTC Basis Reduction for EITC | 50% | | (112,529) | | | |
| | | | 6,327,137 | 750,196 | 750,196 | |
| Qualified % | | | 100% | 100% | 0% | |
| Qualified Cost / Basis | | | 6,327,137 | 750,196 | - | |
| Tax Credit Rate | | | 9% | 30% | 35% | |
| Tax Credits | | | 569,442 | 225,059 | - | |
| Investor % | | | 99.99% | 99.99% | 99.99% | |
| Available to Investor | | | 5,693,854 | 225,036 | - | |
| Equity Pricing / \$1 TC | | | \$0.70 | \$1.00 | \$0.65 | |
| Equity Funding | | | 4,210,734 | 225,036 | - | |

Developer Fee:

Maximum of 15% of other eligible costs

| | Dev Budget | QAP Limit | Over (Under) | Eligible Costs |
|--|------------|-----------|--------------|----------------|
| | 800,000 | 991,294 | (191,294) | 6,608,626 |

Reserves:

Rent up Reserve: Shall not be less than \$300 per unit
 Operating Reserve: greater of \$1,500 per unit or 6 months debt service + Operating Expenses
 Replacement Reserve: New construction is \$250/unit/year.

LIHTC Allocation Max. per Unit (In QCT or DDA)

| | Without Solar | With Solar | |
|--------------|---------------|------------|-----------|
| Dev Budget | 579,570 | 569,442 | |
| QAP | 575,000 | 575,000 | \$ 11,500 |
| Over (Under) | 4,570 | (5,558) | |
| | 0.79% | -0.97% | |

Architect Fee:

3% of total hard cost plus General Requirements, OH Profit, and Construction Contingency

| | | |
|---------------|---------|----|
| Dev Budget | 135,000 | |
| Assumed Limit | 135,000 | 3% |
| Over (Under) | - | |

Construction Contingency:

5% of total hard cost w/ GR BP and OVH

| | | |
|---------------|---------|----|
| Dev. Budget | 225,000 | |
| Assumed Limit | 225,000 | 5% |
| Over (Under) | - | |

Solar Photovoltaic (PV) System Analysis

| Cost: | kWh / Unit | kWh Potential | Cost / W | System Cost |
|-------|------------|---------------|----------|-------------|
| | 2.000 | 100.0 | \$ 6.00 | \$ 600,000 |

| Production (P): | kWh P | Days (@ 24 hrs) | Efficiency | Annual kWh P |
|-----------------|-------|-----------------|------------|--------------|
| | 100.0 | 365 | 15% | 131,400 |

| | Annual kWh P | Electricity Rate | Monthly | Annual |
|-------------------------|--------------|------------------|----------|-----------|
| Per unit Power Savings: | 2,628 | \$ 0.100 | \$ 22 | \$ 263 |
| Project Power Savings: | 131,400 | \$ 0.100 | \$ 1,095 | \$ 13,140 |
| Project TVA Incentive: | 131,400 | \$ 0.120 | \$ 1,314 | \$ 15,768 |
| Project Total Savings: | | | | \$ 28,908 |

| | | |
|--|----------|------------|
| Total Savings Over Program Term: | 10 Years | \$ 289,080 |
| Total Savings Over Balance of Compliance Period: | 5 | \$ 65,700 |
| | | \$ 354,780 |

| Sources of Funds | | LIHTC on EITC | | |
|---|-----------|------------------------------|--------------------|---------------------|
| | | LIHTC on PV direct cost only | Basis less Dev Fee | LIHTC on EITC Basis |
| Equity - LIHTC | 3,985,698 | 307,076 | 342,402 | 401,690 |
| Equity - Solar EITC (Federal & State, if any) | 225,036 | 225,036 | 225,036 | 225,036 |
| Other Loans | 20% | 1,287,933 | | |
| Permanent Loan | | | | |
| Deferral of Developer Fee | 50% | 400,000 | | |
| Sources Subtotal | | 5,898,668 | 532,112 | 626,726 |
| Additional Sources Needed (Provided) | | 1,509,958 | 218,084 | 123,470 |
| Funded by Equity | | | 70.93% | 75.64% |
| | | | | 83.54% |
| Total Sources | | 7,408,626 | | |

* Assumes participation in TVA - Green Power Switch Program (REC income is not received by the project)