Advisor Sphere

June 14, 2024

David A. Northern Sr.
President & CEO
Houston Housing Authority
2640 Fountain View Drive
Houston, Texas 77057

REASON: Financial Assessment Results for Allora Med Center Engagement

Mr. Northern,

PREFACE

Advisor Sphere, LLC was retained to provide a financial assessment of Allora Med Center located at 10201 Main Street, Houston, TX 77054, hereafter referred to as Allora Med Center. The assessment is required as a condition of HB 2071 Enrolled enacted in the 88th Regular Session (2023), consistent with Section 6 (A). The corporation or corporation's sponsor conducts or obtains from a professional entity that has experience underwriting affordable multifamily residential developments and does not have a financial interest in the applicable development, developer, or public facility user an underwriting assessment of the proposed development that allows the corporation to make a good faith determination that: (ii) for a newly constructed multifamily residential development, the development would not be feasible without the participation of the corporation.

ADVISOR SPHERE BACKGROUND

Advisor Sphere was established in 2019 to support the development of single-family and multi-family affordable housing for both for-profit and not-for-profit entities.

Ken Montgomery leads the strategic corporate advisory and community development sector for Advisor Sphere. Advisor Sphere Consulting partners with organizations using real estate to solve some of our most difficult and persistent societal challenges. Mr. Montgomery's extensive financial services background includes leading due diligence reviews for independent broker-dealers utilizing alternative and real estate investments. This due diligence included a thorough financial analysis of performance as well as sponsor and property-level reviews of feasibility and expected outcomes.

INFORMATION ASSUMPTION

The baseline information utilized for our analysis is ascertained from a combination of third-party subject matter experts, the Houston Housing Authority (HHA), and the developer-sponsor of Allora Med Center. The primary components of the analysis are rent analysis, operational expense analysis, financial terms obtained by the developer, and ad valorem tax assumptions. As outlined below, we leveraged third-party information to determine feasibility in all areas where information is available and informative to the feasibility analysis contained herein.

RENT ASSUMPTIONS

Advisor Sphere retained the services of an independent third party to provide reasonableness to the developer-sponsor's stated market rate rents and used the industry standard Novogradac Rent & Income Calculator for Harris County in the Metropolitan Statistical Area of Houston-The Woodlands-Sugar Land, TX HUD Metro FMR Area (Exhibit A). Applicable income-restricted rents are included in our model and sourced as outlined above. Allora Med Center concerns 1- and 2-bedroom rents at both 60% Area Median Income (AMI) and 80% AMI. Those monthly average rents are as follows:

Income Restricted Unit	Income Restricted Rent
1 bedroom unit at 60% AMI	**$1,135**
2 bedroom unit at 60% AMI	**$1,276**
1 bedroom unit at 80% AMI	**$1,514**
2 bedroom unit at 80% AMI	**$1,702**

Apartment MarketData, LLC, a Qualified Market Analyst for the Texas Department of Housing and Community Affairs, analyzed market rent data using 6 comparable multi-family properties in close proximity to the Allora Med Center site (Exhibit B). The resulting finding is a market rate rent opinion of $1,437 for a one-bedroom unit at Allora Med Center and $2,068 for a two-bedroom unit at Allora Med Center.

We compared these rents against the developer-sponsor's assumed market rents and found some slight discrepancies in the assumed market rents for the offered 1-bedroom units. While it is reasonable to expect that the developer-sponsor can, in fact, collect the market rents offered at an aggregate average of $1,541, we have, nonetheless, chosen to use the more conservative analysis of Apartment MarketData, LLC with a corresponding average of $1,437.

Regarding the average market rents for 2-bedroom units, Apartment MarketData, LLC found an average of $2,068 per month, while the sponsor-developer had an average of $2,050 per month.

In summary, our analysis will include the lower and more conservative market rent assumptions for both average 1-bedroom units and average 2-bedroom units. For 1-bedroom units, our preferred market rent is $1,437 and is sourced from Apartment MarketData, LLC. For 2-bedroom units, the preferred market rent is $2,050 and uses the assumed average by the sponsor-developer, as this is below the analysis completed by Apartment MarketData, LLC.

In conclusion, we will complete our analysis using the more conservative market rent assumptions. It is, therefore, reasonable to conclude that the ultimate experience of the sponsor-developer will be somewhat higher market rents than our assumption and subsequent analysis. In the context of a community rent benefit analysis, these seemingly small differences in market rent assumptions are likely to produce greater rent benefits by stabilization of the asset relative to the income-restricted rents.

ADVISOR SPHERE METHODS AND MEANS

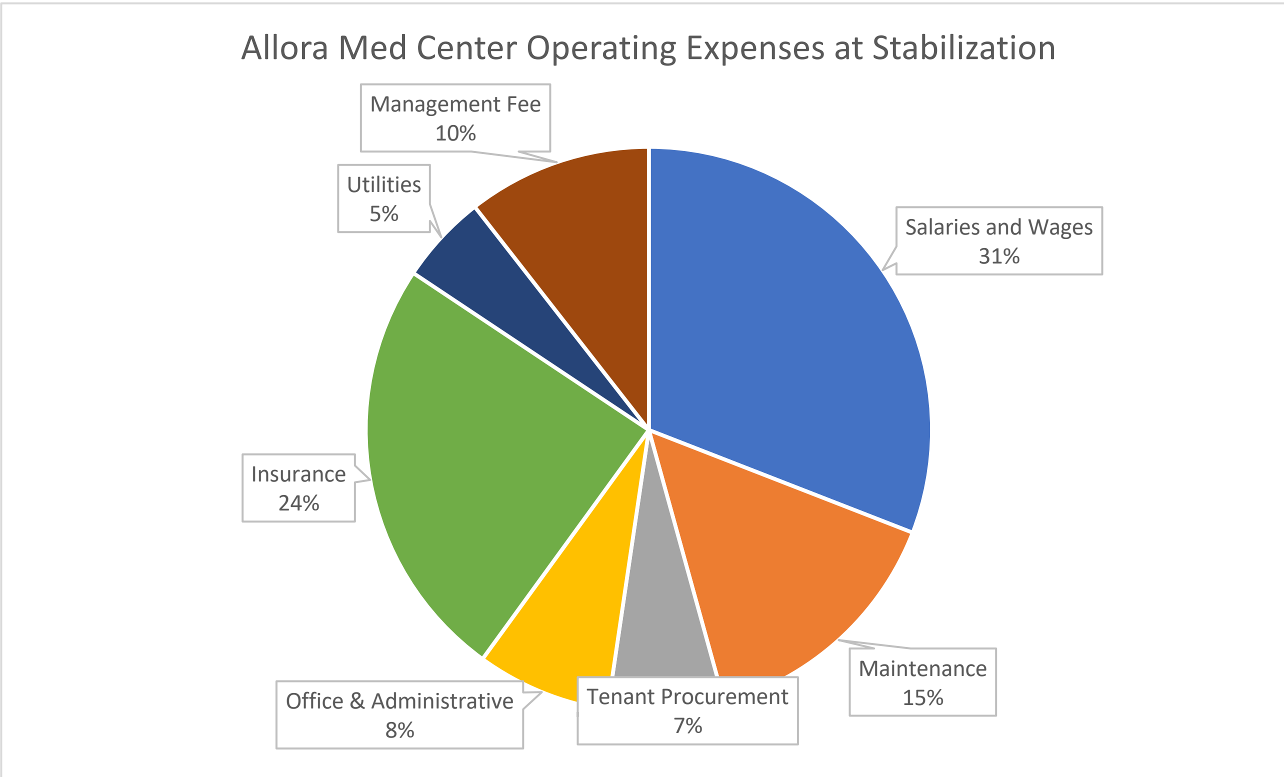
Advisor Sphere utilized the baseline analysis and applied various methods to produce logical outcomes consistent with industry standards. Those standards include the construction and operation of the asset as well as capital markets assumptions consistent with lender and equity investor expectations.

<u>Market Trends and Expense Assumptions</u>

Our initial market trend and expense assumptions include the annual operating expenses of Allora Med Center. To confirm that the developer-sponsor's assumptions are reasonable we engaged a third party, Newmark Group, to provide current underwriting assumptions for similar multi-family properties in the proximity of Allora Med Center (Exhibit C). Newmark examined the current operating expenses of 11 properties similar in location and operational needs to Allora Med Center and expressed those expenses in dollars per unit operated. These current industry average operating expenses are then grossed up for 366 units, the proposed size of Allora Med Center, to arrive at annual operating expenses.

The lone exception to using third-party expense information is property-level insurance. As this is a knowable and verifiable expense, we used the quoted rate for insurance at Allora Med Center (Exhibit D).

Given these assumptions, the anticipated operating expense breakdown at Allora Med Center at the point of stabilization is as follows:



Financial Assumptions for Ad Valorem Taxes and Capital

Financial feasibility of Allora Med Center is fundamentally predicated on the amount of ad valorem taxes that would be otherwise payable absent a tax abatement provided in partnership with Lakeside Place PFC and Houston Housing Authority. Determining taxable value is then a most critical step in this process of determining financial feasibility. Determining taxable value on an income-producing asset such as Allora Med Center can then occur in one of two ways. Either we can use cost to determine value, or we can use income and apply a market capitalization rate. To determine the taxable value, we examined each of these methods at the point of stabilization of the asset.

The cost method is relatively straightforward.

Land Cost	Construction Hard Costs	Taxable Value Using Cost
$ 13,880,612.00	$ 49,092,804.00	$ 62,973,416.00

Income-based Taxable Value is determined by subtracting estimated taxes from Net Operating Income and then applying a market capitalization rate. For our analysis, and given that Allora Med

Center is new construction, we applied market capitalization rates of 5%, 5.5% and 6%. The results are as follows:

Net Operating Income less Estimated Taxes	Applied Capitalization Rate	Estimated Taxable Value
$3,341,102	5.0%	**$ 66,822,039.33**
$3,341,102	5.5%	**$ 60,747,308.49**
$3,341,102	6.0%	**$ 55,685,032.78**
Average		**$ 61,084,793.53**

All the estimated taxable values that we calculated were reasonable, given assumptions related to cost and value. Because we are assuming value at the point of stabilization, we recognize that there is a fair amount of uncertainty in using net operating income as a measure of value. While income as a measure of value is more accurate over longer periods of time, the point at which we are assessing taxable value lends itself to cost as the most appropriate estimate of taxable value. We, therefore, have used $62,973,416 as the estimated taxable value from which our underwriting began.

Upon determination of taxable value, we simply apply the current millage rates of the appropriate taxing authorities given the location of Allora Med Center. We determined those jurisdictions and millage rates to be as follows:

Taxing Jurisdictions	2023
Total	**2.009511**
Houston ISD	0.863000
Harris County	0.350070
Harris Co Flood Control	0.031050
Port of Houston Authority	0.005740
Harris Co Hospital District	0.143430
Harris Co Education Dept	0.004800
Houston Community College	0.092231
City of Houston	0.519190

At the total millage rate above, we estimate annual taxes to be $1,265,458 for our feasibility analysis.

The remaining component that we address regarding feasibility of Allora Med Center is access to and cost of capital. Access and cost are inextricably linked to the idiosyncratic risk profile of the developer-sponsor. While we may apply industry standard debt levels and cost of capital, the efficacy of such standards would be of limited use when applied to the developer-sponsor. Therefore, we are using the capital stack provided by the developer-sponsor and the cost of capital for which they have made good faith performance assumptions.

For Allora Med Center, that means we have modeled debt service on 51% of the total development costs, equaling debt of $37,784,050. Further, the developer-sponsor has assumed a rate of SOFR + 3.50%. For analysis, we further assume a ceiling of 8% and a floor of 3.50%. The ensuing interest rate assumptions are as follows:

Forward Curve	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1 Month SOFR	5.33%	4.34%	3.80%	3.62%	3.58%	3.62%	3.67%	3.71%	3.74%	3.78%
Floating Rate	8.83%	7.84%	7.30%	7.12%	7.08%	7.12%	7.17%	7.21%	7.24%	7.28%
Fixed Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Interest Rate	8.00%	7.84%	7.30%	7.12%	7.08%	7.12%	7.17%	7.21%	7.24%	7.28%

The average rate based on the forecasting above is 7.42%. The full 10-year 1-Month SOFR Forward Curve is available in Exhibit E.

Having established the amount of debt and the cost of debt, we turn our attention to assessing the annual service of the debt. Succinctly, we modeled 5 years of interest only using the average rate in the table above for Years 1 through 5. The assumed construction loan rate is, therefore, 7.63%. For assumptions on the amortized permanent loan, we will use the full 10-year average of 7.42%. Given that our analysis begins at stabilization, 5 years of interest only at that point is a rather conservative assumption when evaluating the feasibility of Allora Med Center at full Ad Valorem Tax Assessment.

The second component of the developer-sponsor's capital stack is equity comprising 49% of the total development costs. To attract capital, developer-sponsors will commit to a preferred return which is the minimum return to investors before the developer-sponsor can participate in profitability. A preferred return is cumulative and is not paid as a regular periodic payment as debt is paid. However, because the preferred return represents an accumulated obligation to investors, we have modeled a preferred return as an annual obligation to investors as part of our feasibility analysis. Absent a return to investors, capital projects like Allora Med Center are fundamentally not feasible.

To properly set our preferred return, we looked exclusively at similar social impact fund preferred returns. Conventional market rate preferred returns are higher. But social impact investors will often forego higher monetary returns in favor of a holistic return to include a sometimes immeasurable public good. Given that this project is designed to further the public good a social impact style return is most appropriate.

The funds below have a similar risk profile and social impact to Allora Med Center. We simply mathematically averaged the preferred returns of these funds to arrive at an implied preferred return of 6.6.%. Private Placement Memorandums (PPM) ultimately govern and confirm preferred returns to investors. However, PPMs are not publicly available in every case whereby we have used publicly available information that we reasonably expect to match the governing PPM as advertising fund information contrary to Securities and Exchange Commission (SEC) filings is a violation of federal securities laws.

The combined debt and equity cost of capital is modeled to determine the feasibility of attracting and deploying the needed capital for a project similar to Allora Med Center.

Investment Fund	Source for Preferred Return	Preferred Return
Impact Housing REIT, LLC	Offering Circular	8%
Enterprise Renter Wealth Creation Fund	https://www.enterprisecommunity.org/impact-areas/upward-mobility/renter-wealth-creation PPM not publicly available	4%
ASI Multi-Family Impact Fund, LP	Prospectus	8%
National Equity Fund (a LISC affiliate) Workforce Housing Fund	https://www.nationalequityfund.org/media/s2pl2uqe/nef-wfh-fund-i-sept-5.pdf. PPM not publicly available	8%
Austin Housing Conservancy	https://www.austinhousingconservancy.com/campaign/. PPM not publicly available	5%
Average		**6.6%**

Using a preferred return of 6.6%, we sought to forecast the amount of preferred return an investor would receive under the partnership with Lakeside Place PFC as well as without said partnership and paying full ad valorem taxes. Preferred returns accumulate, and the aggregate amount is ultimately due to the investor prior to the payment of other ownership interests. A 10-year forecast provides a sufficient forecast of preferred returns to determine the feasibility of Allora Med Center.

We believe that a 6.6% preferred return is somewhat above the acceptable rate of return desired by impact investors. For a point of reference, the 10-year average annual return for Cambridge Associates LLC Real Estate Impact Investing Index is 5.27%. And while impact investing has become more sophisticated and begun to revert toward market-style returns, we would maintain that a 6.6% preferred return on an affordable housing multi-family impact investment is above what would commonly be accepted for a preferred interest and, therefore, a rather conservative evaluation for purposes of feasibility.

In partnership with HHA, investors would receive 72.21% of their preferred returns meaning that Allora Med Center would deliver 72.21% of accrued preferred returns by year 10. The reasonable expectation of a preferred return near 6.6% would attract equity capital to the development.

Conversely, Allora Med Center, absent a tax abatement, would only deliver 24.75% of the aggregate preferred return to investors. This equates to an annualized rate of return at 2.24%. Those returns are well below the June 2024 annualized inflation rate of 3.4%, and such a structure could not reasonably expect to attract equity capital.

General Underwriting Assumptions

To determine Allora Med Center's performance, it is necessary to make assumptions for a feasibility period and trendlines for this same period of feasibility. We, therefore, used industry-standard assumptions for conventional lending underwriting. Our feasibility period is 10 years, our income and rent growth is 2.5%, our operating expenses grow at 3.5%, and our standing vacancy rate is 5%.

CONCLUSION

It is our opinion that the development of Allora Med Center would not have been feasible but for the participation of Lakeside Place Public Facility Corporation via the Houston Housing Authority.

References

Disclaimer—This assessment was performed utilizing current and historical market information. Given the pragmatic economic environment, Advisor Sphere makes no assertions about future economic conditions or their impact on this development.

Exhibit A

Rent & Income Limit Calculator ©

If you would like to engage Novogradac & Company LLP to calculate the rent & income limits for your property, please contact Thomas Stagg at thomas.stagg@novoco.com.

Click on the icons below to view historical charts.

Project: Allora Med Center

Program and Location Information

Affordable Housing Program	**Other Federal, State, or Local Program (non-LIHTC)**
Year	2024 (effective 04/01/24)
State	TX
County	Harris County
MSA	Houston-The Woodlands-Sugar Land, TX HUD Metro FMR Area
Rent Calculation Based on	AMI
Persons / Bedroom	1 Person / Bedroom + 1
4-person AMI	$94,600
National Non-Metropolitan Median Income	$77,400
HUD Published 50% National Non-Metropolitan Median Income	$38,700

HUD Published Income Limits for 2024 (with no adjustments)

○ Display Income Limits ◉ Hide Income Limits

Income Limits for 2024
(Based on 2024 AMI Income Limits)

	Charts	60.00%	80.00%
1 Person		39,720	52,960
2 Person		45,420	60,560
3 Person		51,060	68,080
4 Person		56,760	75,680
5 Person		61,320	81,760
6 Person		65,820	87,760
7 Person		70,380	93,840
8 Person		74,940	99,920
9 Person		79,440	105,920
10 Person		84,000	112,000
11 Person		88,560	118,080
12 Person		93,060	124,080

Rent Limits for 2024
(Based on 2024 AMI Income Limits)

Bedrooms (People)	Charts	60.00%	80.00%	FMR
1 Bedroom (2.0)		1,135	1,514	1,135
2 Bedrooms (3.0)		1,276	1,702	1,357

Before using the numbers from the Rent & Income Limit Calculator©, we strongly recommend that you check with the applicable state housing agency to verify that the state agrees with the numbers. The numbers round down to the nearest $1.

Please note the following for households over 8 people. Per the HUD briefing material "HUD does not include income limits for families with more than eight persons in the printed lists because of space limitations. For each person over eight-persons, the four-person income limit should be multiplied by an additional 8 percent. (For example, the nine-person limit equals 140 percent [132 + 8] of the relevant four-person income limit.) HUD rounds income limits up to the nearest $50. Local agencies may round income limits for nine or more persons to the nearest $50, or they may use the un-rounded numbers." To account for areas that may round to the nearest $50, the calculator also rounds to the nearest $50 for these household sizes as this will always result in a lower amount than rounding up. If you are qualifying a household over 8 people please check with your local agency for what their policy is in relation to rounding.

These rent & income results are for other programs (non-LIHTC/tax-exempt bond). The results require you to have in-depth knowledge of the property's particular rent & income level requirements.

You may choose which HUD published AMI % to use as the basis for calculating rent and income limits. The Rent & Income Limit Calculator© starts by default with the HUD published 50% VLI (Very low income), but this can be changed to AMI (Area median income), 30% Median, or 80% Low, if necessary (See Step 2). You may also choose the imputed persons per bedroom for the rent calculations or directly input the imputed persons per bedroom if they have other imputed persons per bedroom requirements not listed in the choices (See Step 2). The Rent & Income Limit Calculator© starts by default with 1 person/bedroom plus 1; but this can be changed to 1.5 persons per bedroom or other imputed persons per bedroom if necessary (See Step 2). Although the Rent & Income Limit Calculator© is flexible, it may not accommodate all scenarios; therefore you will have to manually calculate rent and income levels for some scenarios.

(1) The Consolidated Appropriations Act of 2014 changed how the 30% income limits is calculated. The 30% limit, which is now called the extremely low income limit, is determined by taking the greater of the 30% income limit as calculated by HUD or the poverty level as determined by the Department of Health and Human Services, which is then capped at the 50% Very Low Income Limit ('VLI') published by HUD. HUD has only published the data up to 8 people. For household sizes above 8 people please visit the following website:
https://www.huduser.gov/portal/datasets/mtsp.html

Terms of Use:
Utility allowances are input by the user and are not reviewed or verified by Novogradac & Company LLP. Novogradac & Company LLP provides no assurance of the accuracy of the particular results you may obtain from the Rent & Income Limit Calculator©; which is designed only to be a quick reference tool and is no substitute for professional tax and accounting advice. The Rent & Income Limit Calculator© should not be used for any final financial decisions. IRS guidelines and actual HUD amounts should be used for any final decisions. Novogradac & Company LLP does not guarantee the accuracy of the amounts shown above. As consideration for your use of this tool, free of any requirement to pay any related monetary compensation to Novogradac & Company LLP, you agree to hold Novogradac & Company LLP harmless from any damages and claims related to use of the Rent & Income Limit Calculator©. If you do not agree with the terms of this paragraph, you may not use the Rent & Income Limit Calculator©.

Exhibit B

APARTMENT MARKETDATA, LLC

CONSULTANTS, ECONOMISTS, ANALYSTS

June 13, 2024

Ken Montgomery
Advisor Sphere

Re: Rent Analysis
Allora Med Center
Houston, Texas

Greetings:

Apartment MarketData, LLC is a Qualified Market Analyst for the Texas Department of Housing and Community affairs. Apartment MarketData, LLC is a disinterested party and will not materially benefit from the Development in any other way than receiving a fee for performing this analysis, and the fee is in no way contingent upon the outcome of the analysis.

Per your request, we conducted an analysis to determine achievable rents for the proposed development of Allora Med Center at 10201 Main Street in Houston, Texas.

The following market rate comparable projects were used in determining the achievable rents for the subject.

Aspire at 610
8900 Lakes at 610 Dr

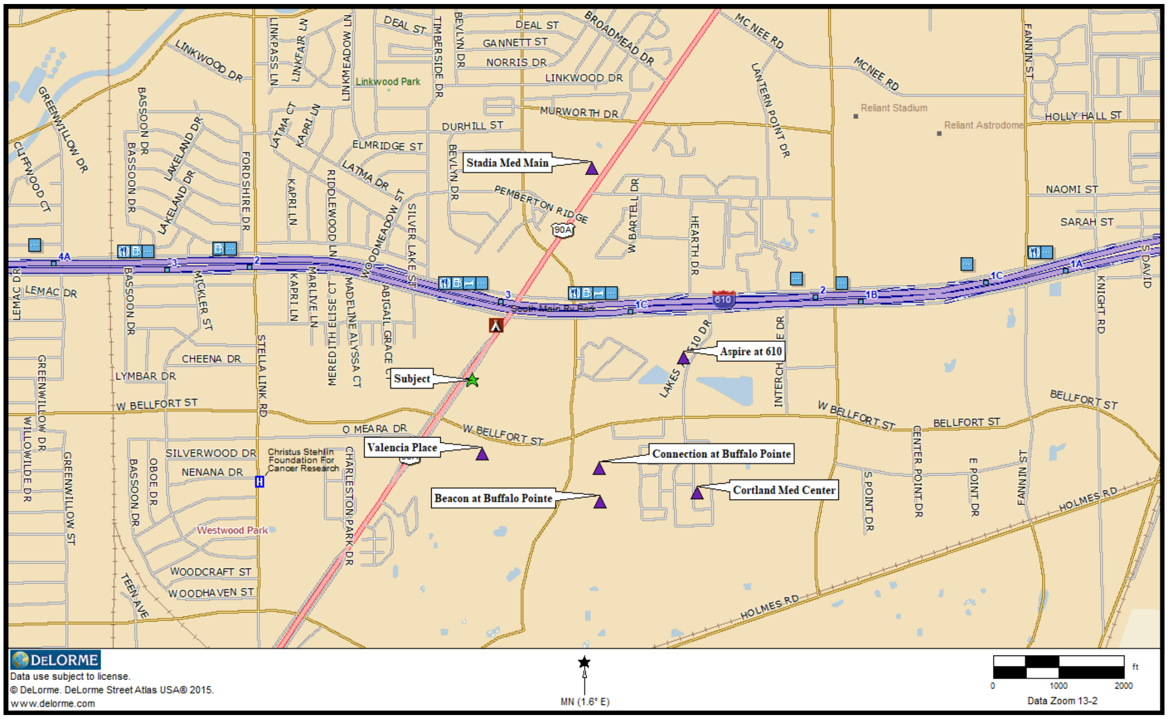
Beacon at Buffalo Pointe (PFC)
10301 Buffalo Speedway

Connection at Buffalo Pointe
10201 Buffalo Speedway

Cortland Med Center
9111 Lakes at 610 Dr

Stadia Med Main
9330 Main Street

Valencia Place
3131 W Belfort Ave



The projects used in this analysis were constructed between 2004 and 2020.

Based on our analysis, the following table provides the average, minimum, and maximum adjusted rent at the comparable projects for each unit type. The development has potential to exceed the concluded market rents. The concluded rents are below the highest adjusted and unadjusted rents among the comparable units in the analysis.

SUMMARY OF ANALYZED RENTS

Subject Unit Type	Subject SF	Minimum Adjusted Rent	Maximum Adjusted Rent	Average Adjusted Rent	Concluded Rent
1BR	681	$1,243	$1,370	$1,323	$1,350
1BR	771	$1,313	$1,531	$1,450	$1,500
1BR	835	$1,426	$1,877	$1,587	$1,600
2BR	1,189	$1,546	$2,410	$1,922	$1,975
2BR	1,226	$1,601	$2,389	$1,960	$2,075
2BR	1,300	$1,734	$2,425	$2,091	$2,200

If you have any questions or need anything further, please contact me directly.

Sincerely,

Kirt Shell
Analyst

Exhibit C

NEWMARK

T12 Year	YOC	FLRS	SF	Units	Vac. % of GSR	LTL % of GSR	Non-Revenue % of GSR	CL % of GSR	Conc. % of GSR	Utilities Per Unit (Net RUBS)	Other Income Per Unit	R&M Per Unit	Payroll Per Unit	Admin Per Unit	MKT Per Unit	Utilities Per Unit	Insurance Per Unit	Expense Ratio
2024	2021	0	1,217	315	14.3%	-0.2%	0.7%	0.1%	8.3%	359	2,198	941	2,915	544	388	389	1,264	51%
2023	2020		1,199	326	8.2%	2.4%	1.1%	1.0%	3.8%	295	3,034	488	2,127	455	753	835	1,666	60%
2023	2021		793	334	10.7%	3.8%	0.7%	0.5%	5.7%	251	1,702	517	1,883	439	351	605	1,234	55%
2023	2021		919	324	6.3%	7.0%	0.3%	1.0%	1.1%	255	1,294	726	1,742	468	374	496	938	61%
2023	2020		966	312	10.8%	3.7%	1.0%	3.7%	2.6%	548	1,355	1,446	1,693	515	400	862	465	61%
2023	2020		891	330	6.5%	6.0%	0.7%	0.2%	0.6%	438	1,639	629	1,584	389	145	1,614	634	51%
2023	2020		911	350	5.5%	1.7%	0.5%	2.0%	0.8%	299	1,567	981	1,508	349	127	943	894	52%
2023	2020		841	336	11.6%	4.6%	0.8%	1.4%	1.7%	136	1,173	766	1,477	413	350	520	438	55%
2023	2018		935	333	5.3%	-0.5%	0.7%	3.2%	4.0%	376	1,313	863	1,460	393	251	869	705	58%
2022	2020		1,002	336	6.6%	6.6%	0.6%	7.8%	-1.3%	49	1,295	959	1,436	434	293	639	478	39%
2023	2017		934	300	6.1%	4.2%	0.5%	2.2%	1.4%	258	1,172	894	1,211	279	456	706	660	50%
	2020	**0**	**980**	**328**	**8.5%**	**3.0%**	**0.7%**	**2.0%**	**3.2%**	**283**	**1,669**	**821**	**1,715**	**425**	**368**	**775**	**872**	**54%**

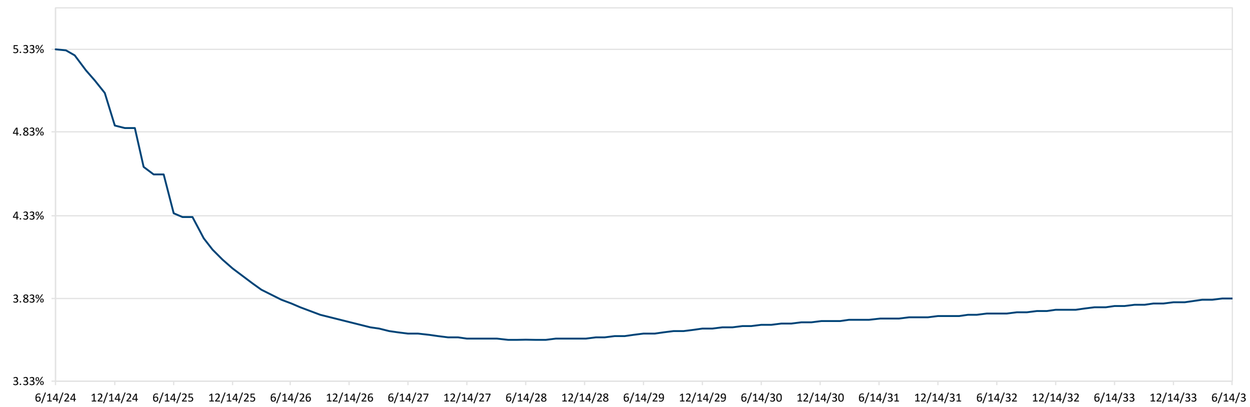
Exhibit D

Project Name	Allora Med Center	
TIV	$52,503,572	**Per Door**
No. of Units	366	$1,351.45
Property Premium	$425,383.94	
Casualty Premium	$69,247.20	**Estimated Quarterly Billing**
Total Annual Premium	$494,631.14	$ 123,657.79

Exhibit E

Chatham
FINANCIAL

1-month Term SOFR Forward Curve



Latest curve as of 12 Jun 2024 | 16:00 EDT

For the latest rates, please visit:
https://chathamdirect.com/rates

Date	1-month Term SOFR
6/14/24	5.33%
7/15/24	5.33%
8/14/24	5.30%
9/16/24	5.21%
10/15/24	5.15%
11/14/24	5.07%
12/16/24	4.87%
1/14/25	4.86%
2/14/25	4.86%
3/14/25	4.62%
4/14/25	4.58%
5/14/25	4.58%
6/16/25	4.34%
7/14/25	4.33%
8/14/25	4.33%
9/15/25	4.20%
10/14/25	4.13%
11/14/25	4.07%
12/15/25	4.01%
1/14/26	3.97%
2/17/26	3.92%
3/16/26	3.88%
4/14/26	3.85%
5/14/26	3.82%
6/15/26	3.80%
7/14/26	3.78%
8/14/26	3.76%
9/14/26	3.74%
10/14/26	3.72%
11/16/26	3.70%
12/14/26	3.69%
1/14/27	3.67%
2/16/27	3.66%
3/15/27	3.65%
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10/14/31	3.72%
11/14/31	3.72%
12/15/31	3.72%
1/14/32	3.73%
2/17/32	3.73%
3/15/32	3.73%
4/14/32	3.73%
5/14/32	3.74%
6/14/32	3.74%
7/14/32	3.74%
8/16/32	3.75%
9/14/32	3.75%
10/14/32	3.75%
11/15/32	3.76%
12/14/32	3.76%
1/14/33	3.76%
2/14/33	3.77%
3/14/33	3.77%
4/14/33	3.78%
5/16/33	3.78%
6/14/33	3.78%
7/14/33	3.79%
8/15/33	3.79%
9/14/33	3.80%
10/14/33	3.80%
11/14/33	3.80%
12/14/33	3.81%
1/17/34	3.81%
2/14/34	3.82%
3/14/34	3.82%
4/14/34	3.83%
5/15/34	3.83%
6/14/34	3.84%

Exhibit F

Allora Med Center - 10 Year P&L

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Current Gross Potential 60% AMI Rent	$1,010,184	$1,035,439	$1,061,325	$1,087,858	$1,115,054	$1,142,930	$1,171,504	$1,200,791	$1,230,811	$1,261,581	$1,293,121
Current Gross Potential 80% AMI Rent	$2,021,616	$2,072,156	$2,123,960	$2,177,059	$2,231,486	$2,287,273	$2,344,455	$2,403,066	$2,463,143	$2,524,721	$2,587,839
Current Gross Potential Market Rent	$3,603,468	$3,693,555	$3,785,894	$3,880,541	$3,977,554	$4,076,993	$4,178,918	$4,283,391	$4,390,476	$4,500,238	$4,612,744

Rent trending percentage	2.5%										
	At Stabilization	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Gross Potential Rent - Program Rent	**$6,635,268**	**$6,801,150**	**$6,971,178**	**$7,145,458**	**$7,324,094**	**$7,507,197**	**$7,694,877**	**$7,887,249**	**$8,084,430**	**$8,286,541**	**$8,493,704**
Vacancy	($331,763)	($340,057)	($348,559)	($357,273)	($366,205)	($375,360)	($384,744)	($394,362)	($404,221)	($414,327)	($424,685)
Non-Revenue	($50,000)	($51,250)	($52,531)	($53,845)	($55,191)	($56,570)	($57,985)	($59,434)	($60,920)	($62,443)	($64,004)
Bad Debt	($62,535)	($64,098)	($65,701)	($67,343)	($69,027)	($70,753)	($72,521)	($74,335)	($76,193)	($78,098)	($80,050)
Other Income	$389,470	$399,207	$409,187	$419,417	$429,902	$440,650	$451,666	$462,957	$474,531	$486,395	$498,555
Utility Reimbursements	–	–	–	–	–	–	–	–	–	–	–
Parking Income	$110,400	$113,160	$115,989	$118,889	$121,861	$124,907	$128,030	$131,231	$134,512	$137,874	$141,321
EGI	**$6,690,840**	**$6,858,111**	**$7,029,563**	**$7,205,302**	**$7,385,435**	**$7,570,071**	**$7,759,323**	**$7,953,306**	**$8,152,138**	**$8,355,942**	**$8,564,840**
Salaries and Wages	$627,690	$649,659	$672,397	$695,931	$720,289	$745,499	$771,591	$798,597	$826,548	$855,477	$885,419
Maintenance	$300,486	$311,003	$321,888	$333,154	$344,815	$356,883	$369,374	$382,302	$395,683	$409,532	$423,865
Tenant Procurement	$134,688	$139,402	$144,281	$149,331	$154,558	$159,967	$165,566	$171,361	$177,358	$183,566	$189,991
Office & Administrative	$155,550	$160,994	$166,629	$172,461	$178,497	$184,745	$191,211	$197,903	$204,830	$211,999	$219,419
Franchise & Excise Taxes	–	$22,700	$23,268	$23,850	$24,446	$25,057	$25,683	$26,325	$26,984	$27,658	$28,350
Insurance	$494,631	$511,943	$529,861	$548,406	$567,600	$587,466	$608,028	$629,309	$651,335	$674,131	$697,726
Utilities	$103,578	$107,203	$110,955	$114,839	$118,858	$123,018	$127,324	$131,780	$136,392	$141,166	$146,107
Management Fee	$214,107	$202,314	$207,372	$212,556	$217,870	$223,317	$228,900	$234,623	$240,488	$246,500	$252,663
Total Operating Expenses	**$2,030,730**	**$2,105,219**	**$2,176,652**	**$2,250,528**	**$2,326,933**	**$2,405,952**	**$2,487,677**	**$2,572,200**	**$2,659,617**	**$2,750,029**	**$2,843,539**
Capital Reserves	$53,550	$54,889	$56,261	$57,667	$59,109	$60,587	$62,102	$63,654	$65,245	$66,877	$68,549
NOI	**$4,606,560**	**$4,698,002**	**$4,796,650**	**$4,897,107**	**$4,999,393**	**$5,103,532**	**$5,209,544**	**$5,317,452**	**$5,427,276**	**$5,539,036**	**$5,652,753**
Less: Debt	**($3,022,724)**	**($2,962,270)**	**($2,758,236)**	**($2,690,224)**	**($2,675,111)**	**($3,174,342)**	**($3,174,342)**	**($3,174,342)**	**($3,174,342)**	**($3,174,342)**	**($3,174,342)**
Real Estate Taxes	**($1,265,458)**	**($1,309,749)**	**($1,355,590)**	**($1,403,036)**	**($1,452,142)**	**($1,502,967)**	**($1,555,571)**	**($1,610,016)**	**($1,666,366)**	**($1,724,689)**	**($1,785,053)**
Preferred Return	**($2,373,564)**	**($2,373,564)**	**($2,373,564)**	**($2,373,564)**	**($2,373,564)**	**($2,373,564)**	**($2,373,564)**	**($2,373,564)**	**($2,373,564)**	**($2,373,564)**	**($2,373,564)**
Project Level Income	**($2,055,186)**	**($1,947,580)**	**($1,690,739)**	**($1,569,717)**	**($1,501,424)**	**($1,947,341)**	**($1,893,932)**	**($1,840,470)**	**($1,786,996)**	**($1,733,559)**	**($1,680,206)**
Assumed Preferred Return Paid	**$318,378**	**$425,984**	**$682,825**	**$803,847**	**$872,140**	**$426,223**	**$479,632**	**$533,094**	**$586,567**	**$640,005**	**$693,358**
Preferred Return Running Balance	**($2,055,186)**	**($4,002,766)**	**($5,693,505)**	**($7,263,222)**	**($8,764,646)**	**($10,711,987)**	**($12,605,919)**	**($14,446,389)**	**($16,233,386)**	**($17,966,944)**	**($19,647,150)**
Cumulative Preferred Return Over 10 Years	24.75%										

NOTE:

Use same trending method for both Market Rents and Program Rents and state your trending percentage

Please provide RR supporting Acquistion Market Rents

Assume a vacancy factor 5%

Beginning Taxable Value Assumptions $318,378

Allora Med Center - 10 Year P&L

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Current Gross Potential 60% AMI Rent	$1,010,184	$1,035,439	$1,061,325	$1,087,858	$1,115,054	$1,142,930	$1,171,504	$1,200,791	$1,230,811	$1,261,581	$1,293,121
Current Gross Potential 80% AMI Rent	$2,021,616	$2,072,156	$2,123,960	$2,177,059	$2,231,486	$2,287,273	$2,344,455	$2,403,066	$2,463,143	$2,524,721	$2,587,839
Current Gross Potential Market Rent	$3,603,468	$3,693,555	$3,785,894	$3,880,541	$3,977,554	$4,076,993	$4,178,918	$4,283,391	$4,390,476	$4,500,238	$4,612,744

Rent trending percentage	2.5%										
	At Stabilization	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Gross Potential Rent - Program Rent	**$6,635,268**	**$6,801,150**	**$6,971,178**	**$7,145,458**	**$7,324,094**	**$7,507,197**	**$7,694,877**	**$7,887,249**	**$8,084,430**	**$8,286,541**	**$8,493,704**
Vacancy	($331,763)	($340,057)	($348,559)	($357,273)	($366,205)	($375,360)	($384,744)	($394,362)	($404,221)	($414,327)	($424,685)
Non-Revenue	($50,000)	($51,250)	($52,531)	($53,845)	($55,191)	($56,570)	($57,985)	($59,434)	($60,920)	($62,443)	($64,004)
Bad Debt	($62,535)	($64,098)	($65,701)	($67,343)	($69,027)	($70,753)	($72,521)	($74,335)	($76,193)	($78,098)	($80,050)
Other Income	$389,470	$399,207	$409,187	$419,417	$429,902	$440,650	$451,666	$462,957	$474,531	$486,395	$498,555
Utility Reimbursements	–	–	–	–	–	–	–	–	–	–	–
Parking Income	$110,400	$113,160	$115,989	$118,889	$121,861	$124,907	$128,030	$131,231	$134,512	$137,874	$141,321
EGI	**$6,690,840**	**$6,858,111**	**$7,029,563**	**$7,205,302**	**$7,385,435**	**$7,570,071**	**$7,759,323**	**$7,953,306**	**$8,152,138**	**$8,355,942**	**$8,564,840**
Salaries and Wages	$627,690	$649,659	$672,397	$695,931	$720,289	$745,499	$771,591	$798,597	$826,548	$855,477	$885,419
Maintenance	$300,486	$311,003	$321,888	$333,154	$344,815	$356,883	$369,374	$382,302	$395,683	$409,532	$423,865
Tenant Procurement	$134,688	$139,402	$144,281	$149,331	$154,558	$159,967	$165,566	$171,361	$177,358	$183,566	$189,991
Office & Administrative	$155,550	$160,994	$166,629	$172,461	$178,497	$184,745	$191,211	$197,903	$204,830	$211,999	$219,419
Franchise & Excise Taxes	–	$22,700	$23,268	$23,850	$24,446	$25,057	$25,683	$26,325	$26,984	$27,658	$28,350
Insurance	$494,631	$511,943	$529,861	$548,406	$567,600	$587,466	$608,028	$629,309	$651,335	$674,131	$697,726
Utilities	$103,578	$107,203	$110,955	$114,839	$118,858	$123,018	$127,324	$131,780	$136,392	$141,166	$146,107
Management Fee	$214,107	$202,314	$207,372	$212,556	$217,870	$223,317	$228,900	$234,623	$240,488	$246,500	$252,663
Total Operating Expenses	**$2,030,730**	**$2,105,219**	**$2,176,652**	**$2,250,528**	**$2,326,933**	**$2,405,952**	**$2,487,677**	**$2,572,200**	**$2,659,617**	**$2,750,029**	**$2,843,539**
Capital Reserves	$53,550	$54,889	$56,261	$57,667	$59,109	$60,587	$62,102	$63,654	$65,245	$66,877	$68,549
NOI	**$4,606,560**	**$4,698,002**	**$4,796,650**	**$4,897,107**	**$4,999,393**	**$5,103,532**	**$5,209,544**	**$5,317,452**	**$5,427,276**	**$5,539,036**	**$5,652,753**
Less: Debt	**($3,022,724)**	**($2,962,270)**	**($2,758,236)**	**($2,690,224)**	**($2,675,111)**	**($3,174,342)**	**($3,174,342)**	**($3,174,342)**	**($3,174,342)**	**($3,174,342)**	**($3,174,342)**
HHA Origination Payment	**($553,104)**										
HHA Cash Flow Share	**($550,763)**	**($550,763)**	**($550,763)**	**($550,763)**	**($550,763)**	**($550,763)**	**($550,763)**	**($550,763)**	**($550,763)**	**($550,763)**	**($550,763)**
HHA Asset Management Fee	**($34,629)**	**($35,841)**	**($37,095)**	**($38,394)**	**($39,738)**	**($41,128)**	**($42,568)**	**($44,058)**	**($45,600)**	**($47,196)**	**($48,848)**
Preferred Return	**($2,017,529)**	**($2,017,529)**	**($2,017,529)**	**($2,017,529)**	**($2,017,529)**	**($2,017,529)**	**($2,017,529)**	**($2,017,529)**	**($2,017,529)**	**($2,017,529)**	**($2,017,529)**
Income	**($1,572,190)**	**($868,401)**	**($566,973)**	**($399,804)**	**($283,748)**	**($680,231)**	**($575,658)**	**($469,240)**	**($360,959)**	**($250,794)**	**($138,729)**
Assumed Preferred Return Paid	**$445,340**	**$1,149,129**	**$1,450,556**	**$1,617,725**	**$1,733,782**	**$1,337,298**	**$1,441,871**	**$1,548,289**	**$1,656,571**	**$1,766,735**	**$1,878,801**
Preferred Return Running Balance	**($1,572,190)**	**($2,440,590)**	**($3,007,563)**	**($3,407,367)**	**($3,691,115)**	**($4,371,346)**	**($4,947,004)**	**($5,416,244)**	**($5,777,203)**	**($6,027,997)**	**($6,166,726)**
Cumulative Preferred Return Over 10 Years	72.21%										

NOTE:

Use same trending method for both Market Rents and Program Rents and state your trending percentage

Please provide RR supporting Acquistion Market Rents

Assume a vacancy factor 5%

Debt = 5 year interest only on 51% of development costs

Allora Med Center - Rent Benefit Analysis

Total Units	**366**	
	Unit Type	**Total**
	1 Bedroom	**270**
	2 Bedroom	**96**
		366

	60% AMI			**Rent Savings**	
	Avg. Rent	**Units**	**Benefit % Comp to Market**	**Monthly**	**Annually**
1 BD	$ 1,135.00	55	21%	$ 16,610.00	$ 199,320.00
2 BD	$ 1,276.00	19	38%	$ 14,706.00	$ 176,472.00
	Total/Avg	74	29%	$ 31,316.00	$ 375,792.00
	% of Units	20%			

	80% AMI			**Rent Savings**	
	Avg. Rent	**Units**	**Benefit % Comp to Market**	**Monthly**	**Annually**
1 BD	$ 1,514.00	81	-5%	$ -	$ -
2 BD	$ 1,702.00	29	17%	$ 10,092.00	$ 121,104.00
	Total/Avg	110	6%	$ 10,092.00	$ 121,104.00
	% of Units	30%			

	Market Rents	
	Avg. Rent	**Units**
1 BD	$ 1,437.00	113
2 BD	$ 2,050.00	64
	48%	177
	Rent	$ 3,522,972.00

	100% Market Rents		
	Units	**Monthly**	**Annually**
1 BD	134	192,558	$ 2,310,696.00
2 BD	48	98,400	$ 1,180,800.00
	182		$ 3,491,496.00

Number of Workfroce Units		**184**
Annual Reduced Rent	**$**	**496,896.00**