

UNDERWRITING ASSESSMENT OF:

**Thrive Alameda At  
Fuqua**

# AN UNDERWRITING ASSESSMENT OF: **THRIVE ALMEDA AT FUQUA**

13414 Almeda Road  
Houston, Harris County, TX 77053

Effective Date: September 10, 2024  
Report Date: November 19, 2024

Prepared for:  
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Thrive Almeda, Ltd.  
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Assignment Code: 10360721

Prepared by:  
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November 19, 2024

Ronny Hecht  
Thrive Alameda, Ltd.  
9601 Katy Freeway, Suite 470  
Houston, TX 77024

Re: Underwriting Assessment of Thrive Alameda At Fuqua  
13414 Alameda Road  
Houston, Harris County, TX 77053

Dear Ronny Hecht:

Novogradac & Company, doing business under the brand name Novogradac Consulting (“Novogradac”), is pleased to present our findings with respect to the above-referenced property, Thrive Alameda at Fuqua (“Subject”). The Subject is a proposed 324-unit general tenancy mixed-income development. One hundred and sixty-three of the Subject’s units will target households earning 60 and 80 percent of the Area Median Income (AMI) or less. The remaining 161 units will be unrestricted, market rate units. The Valuation Group has not completed any prior work pertaining to the Subject over the three-year period preceding this engagement.

As requested, and summarized in the attached engagement letter, we are providing a written Underwriting Assessment report. This letter serves as an introduction to the attached Underwriting Assessment. You have represented to us that you intend to use the Report to apply for approval for an affordable housing property exemption by a public facility corporation (the “Stated Purpose”), and we have relied upon your representation in offering to provide the services described herein.

The scope of work will generally incorporate the following:

- Analysis of the achievable affordable rents compared to the achievable market rents to determine if the proposed and achievable restricted rents reflect a market advantage.
- Operating expense analysis to determine the reasonableness of the developers operating expense assumptions.
- Cost feasibility analysis to determine if the concluded restricted income and expenses allow feasibility of construction or if the development would require subsidy or assistance of some type including but not limited to subsidy financial assistance using tax exempt bonds, credits or subsidy or participation by the Housing Authority to provide a tax exemption.
- Ad Valorem Real Estate Assessment and Tax Analysis
- An inspection is outside the scope of work for this engagement. We have relied upon client provided data as well as aerial maps and demographic data. We assume this data is a reasonable basis for any opinions pertaining to location or condition. However, we acknowledge that some differences may exist that can only be observed in the field.

The 88<sup>th</sup> Regular Session of the Texas Legislature Approved House Bill 2071 revises the way public facility corporations (PFCs) can be utilized to own and operate affordable housing. A PFC is a nonprofit corporation that can be created by a municipality, county, school district, housing authority or special district under Section 303.021 of the Texas Local Government Code that can be used to develop mixed income housing. Under the

Texas Tax Code, a public facility owned by a PFC is generally exempt from ad valorem taxation. If the PFC owned a multifamily property that is utilized for the purpose of affordable housing, the affordable property would be exempt from all ad valorem tax. In order to be eligible for the approval for an affordable housing property, at least 30 days before approving the affordable housing transaction, the PFC must obtain an underwriting assessment from an uninterested third-party professional entity with experience in affordable housing illustrating that a newly constructed affordable residential development would not be feasible without the participation of the housing authority corporation or a similar type of subsidy. The client will use our analysis to apply to the housing authority for the exemption. Exemptions are available if ten percent of the units are reserved for low-income households (defined as 60 percent AMI) and 40 percent of units are reserved for moderate income households (defined as 80 percent of AMI). The analysis must allow the PFC to make a good faith determination that:

- For an existing property, the total annual amount of rent reduction on the income restricted units provided at the development will not be less than 60 percent of the estimated annual ad valorem taxes that would be imposed on the property without the exemption under Section 303.042 for the second, third and fourth years after the date of acquisition by the corporation. *Note that since the Subject is not an existing property, this test will not apply.*
- The development of a newly constructed property would not be feasible without the participation by the corporation (or a similar type of subsidy).

You agree that we have not been engaged to provide professional advice concerning interpretation of the program rules or statute, nor have we been engaged to assist in preparation of your application. You agree not to use the Report other than for the Stated Purpose, and you agree to indemnify us for any claims, damages or losses that we may incur as the result of your use of the Report for other than the Stated Purpose. Without limiting the general applicability of this paragraph, under no circumstances may the Report be used in advertisements, solicitations and/or any form of securities offering.

*Please refer to the assumptions and limiting conditions regarding the conclusions.*

If appropriate, the scope of our work includes an analysis of current and historical operating information provided by management. This unaudited data was not reviewed or compiled in accordance with the American Institute of Certificate Public Accountants (AICPA), and we assume no responsibility for such unaudited statements.

We also used certain forecasted data in our analysis and applied generally accepted procedures based upon economic and market factors to such data and assumptions. We did not examine the forecasted data or the assumptions underlying such data in accordance with the standards prescribed by the AICPA and, accordingly, do not express an opinion or any other form of assurance on the forecasted data and related assumptions.

Furthermore, there will usually be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility for updating this report due to events and circumstances occurring after the date of inspection.

Our analysis was based on general economic conditions as they existed on the date of the analysis and did not include an estimate of the potential impact of any sudden or sharp rise or decline in general economic conditions from that date to the effective date of our report. Events or transactions that may have occurred subsequent to the effective date of our opinion were not considered. We are not responsible for updating or revising this report based on such subsequent events, although we would be pleased to discuss with you the need for revisions that may be occasioned as a result of changes that occur after the effective date.



We appreciate this opportunity to be of service. Please contact us if you have any comments or questions.

Respectfully submitted,  
Novogradac



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# **I. EXECUTIVE SUMMARY**

## EXECUTIVE SUMMARY

### Property Description:

Thrive Almeda at Fuqua, the Subject, is a proposed 324-unit mixed income development that will offer 163 units restricted to households earning 60 and 80 percent of the AMI or less, as well as 161 unrestricted market rate units. The Subject site is located at 13414 Almeda Road in Houston, Texas. Upon completion, the Subject will consist of eleven, three-story garden-style residential buildings, as well as one community building. Construction is anticipated to begin in January 2025 and be complete in January 2027.

### Background and Purpose:

The 88<sup>th</sup> Regular Session of the Texas Legislature Approved House Bill 2071 revises the way public facility corporations (PFCs) can be utilized to own and operate affordable housing. A PFC is a nonprofit corporation that can be created by a municipality, county, school district, housing authority or special district under Chapter 303 of the Texas Local Government Code. Under the Texas Tax Code, a public facility owned by a PFC is generally exempt from ad valorem taxation. If the PFC owned a multifamily property that is utilized for the purpose of affordable housing, the affordable property would be exempt from all ad valorem tax. In order to be eligible for the approval for an affordable housing property, at least 30 days before approving the affordable housing transaction, the PFC must obtain an underwriting assessment from an uninterested third-party professional entity with experience in affordable housing illustrating that a newly constructed affordable residential development would not be feasible without the participation of the housing authority corporation or a similar type of subsidy. The client will use our analysis to apply to the housing authority.

According to the draft memorandum of understanding between the Houston Housing Authority and Acts Development, Inc., a public facility corporation created by the Housing Authority will hold the title to the land and property once built and the developer will form a partnership for the purpose of leasing the property from the lessor. The property will be conveyed via a 60-year lease. The lease agreement and affordability restrictions will generate a 100 percent ad valorem tax exemption and a payment in lieu of taxes (PILOT) will be put in place. The affordability restrictions will run for a minimum of 20 years.

**Proposed Rents and Unit Mix:** The following table details the proposed rents and unit mix at the Subject.

**PROPOSED RENTS**

Unit Type	Unit Size (SF)	# Units	Asking Rent	2024 PFC Maximum Allowable Gross Rent	2024 HUD Fair Market Rent
<b>@60%</b>					
1BR/1BA	673	20	\$1,135	\$1,135	\$1,135
1BR/1BA	714	19	\$1,135	\$1,135	\$1,135
2BR/2BA	984	13	\$1,276	\$1,276	\$1,357
2BR/2BA	1,055	7	\$1,276	\$1,276	\$1,357
3BR/2BA	1,198	6	\$1,419	\$1,419	\$1,792
<b>@80%</b>					
1BR/1BA	673	29	\$1,325	\$1,514	\$1,135
1BR/1BA	714	29	\$1,370	\$1,514	\$1,135
2BR/2BA	984	20	\$1,702	\$1,702	\$1,357
2BR/2BA	1,055	11	\$1,702	\$1,702	\$1,357
3BR/2BA	1,198	9	\$1,892	\$1,892	\$1,792
<b>Market</b>					
1BR/1BA	673	47	\$1,325	-	\$1,135
1BR/1BA	714	48	\$1,370	-	\$1,135
2BR/2BA	984	33	\$1,750	-	\$1,357
2BR/2BA	1,055	18	\$1,800	-	\$1,357
3BR/2BA	1,198	15	\$2,100	-	\$1,792
<b>Total</b>		<b>324</b>			

\*Source of Utility Allowance provided by the Developer

The PFC maximum allowable rents are based upon the “Other Federal, State, or Local Program” income limits provided by the Novogradac Rent and Income Calculator. According to a draft Memorandum of Understanding between the Houston Housing Authority and the developer, the Subject will not be required to include utility allowances in the gross rent calculations. Thus, there is no limitation or deduction to the maximum allowable rent for the utility allowance as applied in other affordability programs, such as LIHTC.

**Effective Date:**

Comparable properties were generally surveyed on or before September 10, 2024, which will also serve as the effective date of this Underwriting Assessment. An inspection of the Subject and comparable properties is outside the scope of our analysis. We have analyzed the Subject and comparable locations using demographic data and aerial maps. We believe this is a reasonable basis for comparison. However, we acknowledge that some differences can only be observed from the site location and as a result, a physical inspection may result in some slight differences to our opinions on location and condition.

**THRIVE ALMEDA AT FUQUA - HOUSTON, TEXAS - UNDERWRITING ASSESSMENT**

**Operating Expense Reconciliation:**

Operating expenses were estimated based upon the comparable expenses and the developer’s budget. In the following tables, we compared budgeted operating expenses, comparables operating expenses, and concluded expenses per unit. We have also illustrated the expenses less taxes, utilities, and reserves (TUR). The income and expense conclusions are used in the feasibility analysis.

TOTAL EXPENSES PER UNIT		TOTAL EXPENSES PER UNIT LESS TUR	
<b>Subject Expenses</b>		<b>Subject Expenses</b>	
2027 (Budget)	\$5,729	2027 (Budget)	\$4,545
<b>Comparable Properties</b>		<b>Comparable Properties</b>	
Comp 1	\$7,595	Comp 1	\$6,465
Comp 2	\$9,661	Comp 2	\$6,229
Comp 3	\$8,273	Comp 3	\$6,405
Comp 4	\$8,117	Comp 4	\$4,115
Comp 5	\$8,854	Comp 5	\$4,579
<b>Subject Conclusions</b>		<b>Subject Expenses</b>	
As Proposed - Restricted	\$8,562	As Proposed - Restricted	\$4,963

**Feasibility Conclusion:**

Based upon our observation of the market, affordable developments are not being constructed without assistance of some type including but not limited to financial assistance using tax exempt bonds, credits or subsidy or participation by the Housing Authority to provide a tax exemption. While we believe that any of these options can aid in the feasibility shortfall, we believe that a tax exemption provided by the Housing Authority is a likely possibility in this market.

## **II. FACTUAL DESCRIPTION**

## **FACTUAL DESCRIPTION**

### **Underwriting Assessment Assignment Approach**

The scope of work will generally incorporate the following:

- Analysis of the achievable affordable rents compared to the achievable market rents to determine if the proposed and achievable restricted rents reflect a market advantage.
- Operating expense analysis to determine the reasonableness of the developers operating expense assumptions.
- Cost feasibility analysis to determine if the concluded restricted income and expenses allow feasibility of construction or if the development would require subsidy or assistance of some type including but not limited to subsidy financial assistance using tax exempt bonds, credits or subsidy or participation by the Housing Authority to provide a tax exemption.
- Ad Valorem Real Estate Assessment and Tax Analysis
- An inspection is outside the scope of work for this engagement. We have relied upon client provided data as well as aerial maps and demographic data. We assume this data is a reasonable basis for any opinions pertaining to location or condition. However, we acknowledge that some differences may exist that can only be observed in the field.

For the purposes of this Underwriting Assessment, individuals from a variety of city agencies as well as the Subject's development team were consulted (by phone, via email or data that was obtained through web searches). Various publications, both governmental (i.e. zoning ordinances) and private (i.e. Multiple List Services publications) were consulted and considered in the course of completing this Underwriting Assessment.

The scope of this Underwriting Assessment is limited to the gathering, verification, analysis and reporting of the available pertinent market data. All opinions are unbiased and objective with regard to value. The analyst made a reasonable effort to collect, screen and process the best available information relevant to the assignment and has not knowingly and/or intentionally withheld pertinent data from comparative analysis. Due to data source limitations and legal constraints (disclosure laws), however, the analyst does not certify that all data was taken into consideration.

The Subject property will be a newly constructed affordable multifamily property. We have developed a feasibility analysis to determine if development of a rent restricted multifamily development is feasible in the market. A cost feasibility analysis will be used to determine if the proposed restricted rents allow feasibility of construction or if the development would require subsidy or assistance of some type including but not limited to financial assistance using tax exempt bonds, credits or subsidy or participation by the Housing Authority to provide a tax exemption. Inputs for the feasibility analysis are based upon our estimates of income and expenses in an as proposed scenario.

### **Property Identification**

According to the Harris County Appraisal District, the Subject site is identified as parcel 1427930010001.

### **Background on Chapter 303 Tax Exemption**

The 88<sup>th</sup> Regular Session of the Texas Legislature Approved House Bill 2071 which revises the way public facility corporations (PFCs) can be utilized to own and operate affordable housing. A PFC is a nonprofit corporation that can be created by a municipality, county, school district, housing authority or special district under Chapter 303 of the Texas Local Government Code. Under the Texas Tax Code, a public facility owned by a PFC is generally exempt from ad valorem taxation. If the PFC owned a multifamily property that is utilized for the purpose of affordable housing, the affordable property would be exempt from ad valorem taxes and a PILOT will be put in place. In order to be eligible for the approval for an affordable housing property, at least 30 days before approving the affordable housing transaction, the PFC must obtain an underwriting assessment from an uninterested third-party professional entity with experience in affordable housing



illustrating that a newly constructed affordable residential development would not be feasible without the participation of the housing authority corporation or a similar type of subsidy.

**Intended Use and Intended User**

Thrive Almeda, Ltd. is the client in this engagement. We understand that the client will use our analysis to apply to the housing authority. Intended users include those transaction participants who are interested parties and have knowledge of the PFC and Chapter 303 program. These could include local housing authorities, state allocating agencies, state lending authorities, construction and permanent lenders, and syndicators. As our client, Thrive Almeda, Ltd. owns this report and permission must be granted from them before another third party can use this document. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential uses under a separate agreement.

**Effective Date of Underwriting Assignment**

Comparable properties were generally surveyed on or before September 10, 2024, which will also serve as the effective date of this Underwriting Assessment. We have analyzed the Subject and comparable locations using demographic data and aerial maps. We believe this is a reasonable basis for comparison. However, we acknowledge that some differences can only be observed from the site location and as a result, a physical inspection may result in some slight differences to our opinions on location and condition.

**Compliance and Competency Provision**

We understand that in order to be eligible for the approval for an affordable housing property, the PFC must obtain an underwriting assessment from an uninterested third-party professional entity with experience in affordable housing. The assessment must illustrate that a newly constructed affordable residential development would not be feasible without the participation of the housing authority corporation or a similar type of subsidy. The authors of this report possess the education, knowledge, technical skills, and practical experience to complete this assignment competently, in conformance with the stated regulations. Additionally, we understand the various programs, definitions, and pertinent tax considerations involved in the particular assignment applicable to the location and development. We believe our knowledge and experience in the affordable housing industry meets these standards.

## **III. ANALYSIS OF THE SUBJECT**

**DESCRIPTION OF THE IMPROVEMENTS**

**Property Improvements**

Thrive Almeda At Fuqua (Subject) is the proposed new construction of a 324-unit mixed-income family development. The Subject site is a 14.19-acre parcel located at 13414 Almeda Road, Houston, Texas 77053. Upon completion, the Subject will consist of 11 garden-style structures offering a total of 324 one, two, and three-bedroom apartments, as well as one community building. The Subject's affordable units will be restricted to households earning 60 and 80 percent of AMI, or less. The Subject will also offer 161 market-rate units. Notable amenities will include balconies/patios, carports, central air conditioning, a clubhouse, dishwashers, disposals, a fitness center, garages, intercom (buzzer), limited access, microwaves, on-site management, perimeter fencing, a pet park, picnic areas, recreational areas, surface parking, a swimming pool, vinyl plank flooring, walk-in closets, washer/dryers, and washer/dryer hook-ups. Construction is anticipated to begin January 2025 and be complete in January 2027.

**Unit Mix**

The following table summarizes the Subject's unit mix and unit sizes based on information provided by the developer.

**UNIT MIX AND SQUARE FOOTAGE**

Unit Type	Number of Units	Unit Size (SF)	Net Leasable Area
1BR/1BA	96	673	64,608
1BR/1BA	96	714	68,544
2BR/2BA	66	984	64,944
2BR/2BA	36	1,055	37,980
3BR/2BA	30	1,198	35,940
<b>Total</b>	<b>324</b>		<b>272,016</b>

**Number of Stories**

The Subject will consist of eleven three-story garden-style residential buildings, as well as one community building.

**Unit Layout**

We reviewed floor plans for the Subject property and the unit sizes and layout appear functional and market-oriented. The Subject's floor plans are included in the Addenda of this report.

**Parking**

The Subject will offer 496 off-street parking spaces, or 1.53 spaces per unit. Specifically, the Subject will offer 422 surface parking spaces included in the cost of rent, 47 carport spaces for \$60 per month, and 27 garage spaces for \$125 per month. Further, based on the Subject market area, we believe the number of parking spaces offered is adequate.

**THRIVE ALMEDA AT FUQUA - HOUSTON, TEXAS - UNDERWRITING ASSESSMENT**

**Utility Structure**

The following table details utility allowance calculations as derived from the most recent utility allowance schedule published by the Harris County Housing Authority, effective as of April 1, 2024.

**HOUSING AUTHORITY UTILITY ALLOWANCE**

Utility and Source	Paid By	1BR	2BR	3BR
Heating - electric	Tenant	\$14	\$17	\$20
Cooking - electric	Tenant	\$8	\$12	\$16
Electric	Tenant	\$46	\$58	\$71
Air Conditioning - central	Tenant	\$25	\$35	\$45
Hot Water - electric	Tenant	\$19	\$24	\$29
Cold Water	Tenant	\$32	\$47	\$61
Sewer	Tenant	\$30	\$50	\$70
Trash	Tenant	\$10	\$10	\$10
<b>TOTAL - Paid by Landlord</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL - Paid by Tenant</b>		<b>\$184</b>	<b>\$253</b>	<b>\$322</b>
<b>TOTAL - Paid By Tenant Provided by Developer</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>% Delta (Developer / Housing Authority)</b>		<b>0%</b>	<b>0%</b>	<b>0%</b>

Source: Harris County Housing Authority, April 2024

The proposed Subject will offer central air conditioning and electric cooking, heating, and water heating. Tenants will be responsible for electric and air conditioning expenses. The landlord will pay for water, sewer, and trash, before charging back tenants for those expenses. As such, we have reflected all in-unit utilities as tenant-paid for our analysis. It should be noted that, according to a draft Memorandum of Understanding between the Houston Housing Authority and the developer, the Subject will not be required to include utility allowances in the gross rent calculations. Thus, there is no limitation or deduction to the maximum allowable rent for the utility allowance as applied in other affordability programs, such as LIHTC.

**Americans With Disabilities Act of 1990**

We assume the property will not have any violations of the Americans With Disabilities Act of 1990.

**Condition**

The Subject will be new construction and will exhibit excellent condition.

**Functional Utility**


We have reviewed the Subject's plans, and determined it to be market-oriented and functional.

**Conclusion**

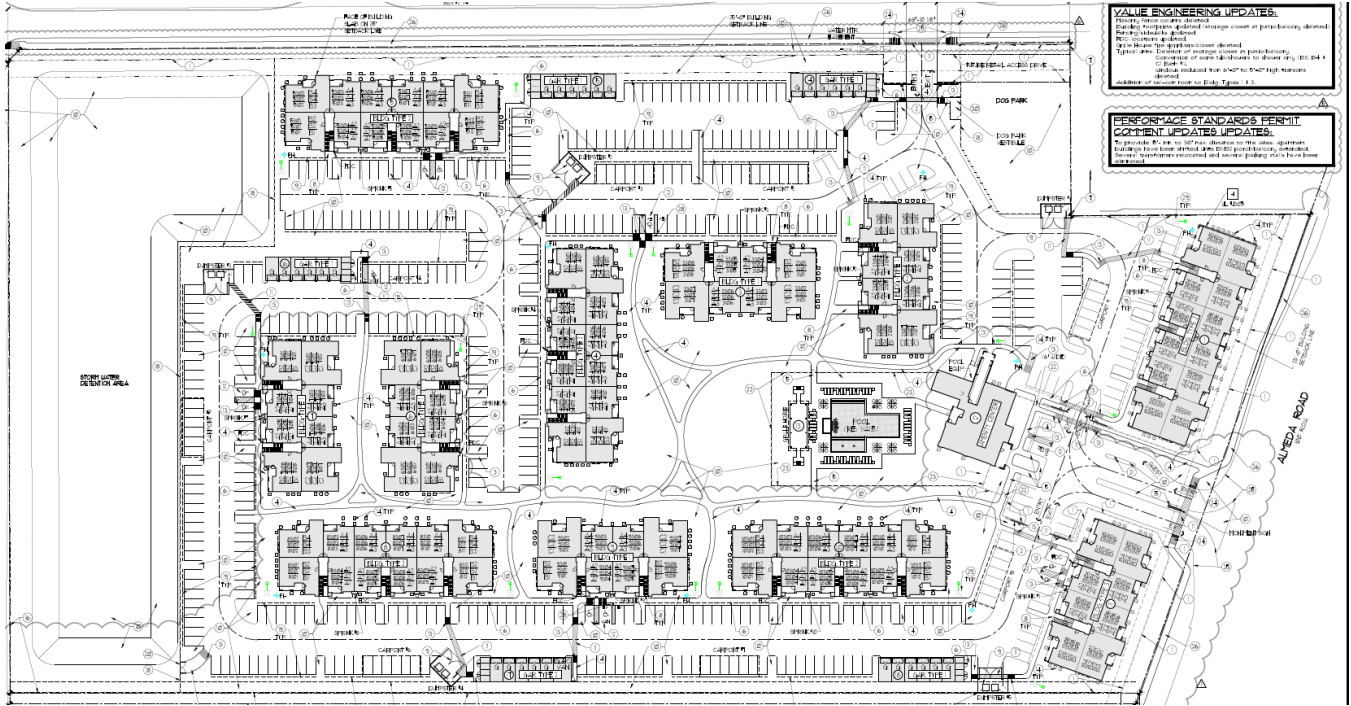
The Subject will be a new construction mixed-income property, and will be in excellent condition upon completion. The Subject is expected to be well-received as proposed, and an improvement to the existing neighborhood and will help fill a void for affordable housing.

**THRIVE ALMEDA AT FUQA - HOUSTON, TEXAS - UNDERWRITING ASSESSMENT**

The following table is a summary of the Subject of this report.

Thrive Almeda At Fuqua							
<b>Location</b>	13414 Almeda Road Houston, TX 77053						
<b>Units</b>	324						
<b>Type</b>	Garden (3-stories)						
<b>Year Built / Renovated</b>	2027						
<b>Tenant Characteristics</b>	Family						
Utilities							
<b>A/C</b>	not included - central		<b>Other</b>	not included			
<b>Cooking</b>	not included - electric		<b>Water</b>	not included			
<b>Water Heat</b>	not included - electric		<b>Sewer</b>	not included			
<b>Heat</b>	not included - electric		<b>Trash</b>	not included			
Unit Mix (Face Rent)							
Beds	Bath	Type	Units	Size (SF)	Rent	Restriction	Max Rent?
1	1	Garden (3-stories)	20	673	\$1,135	@60%	Yes
1	1	Garden (3-stories)	19	714	\$1,135	@60%	Yes
1	1	Garden (3-stories)	29	673	\$1,325	@80%	No
1	1	Garden (3-stories)	29	714	\$1,370	@80%	No
1	1	Garden (3-stories)	48	714	\$1,370	Market	N/A
1	1	Garden (3-stories)	47	673	\$1,325	Market	N/A
2	2	Garden (3-stories)	13	984	\$1,276	@60%	Yes
2	2	Garden (3-stories)	7	1,055	\$1,276	@60%	Yes
2	2	Garden (3-stories)	20	984	\$1,702	@80%	Yes
2	2	Garden (3-stories)	11	1,055	\$1,702	@80%	Yes
2	2	Garden (3-stories)	18	1,055	\$1,800	Market	N/A
2	2	Garden (3-stories)	33	984	\$1,750	Market	N/A
3	2	Garden (3-stories)	6	1,198	\$1,419	@60%	Yes
3	2	Garden (3-stories)	9	1,198	\$1,892	@80%	Yes
3	2	Garden (3-stories)	15	1,198	\$2,100	Market	N/A
Amenities							
<b>In-Unit</b>	Balcony Blinds Central/AC Coat Closet Dishwasher Disposal Microwave Oven Refrigerator Vinyl Plank Flooring Walk-In-Closet Washer / Dryer W/D Hookups		<b>Property</b>	Carport Parking Exercise Facility Garage Parking Picnic Area Recreational Area Surface Parking Swimming Pool			
<b>Security</b>	Intercom (Buzzer) Limited Access Perimeter Fencing		<b>Premium</b>				
<b>Services</b>			<b>Other</b>	Clubhouse On-Site Mgmt Pet Park			

Site Plan



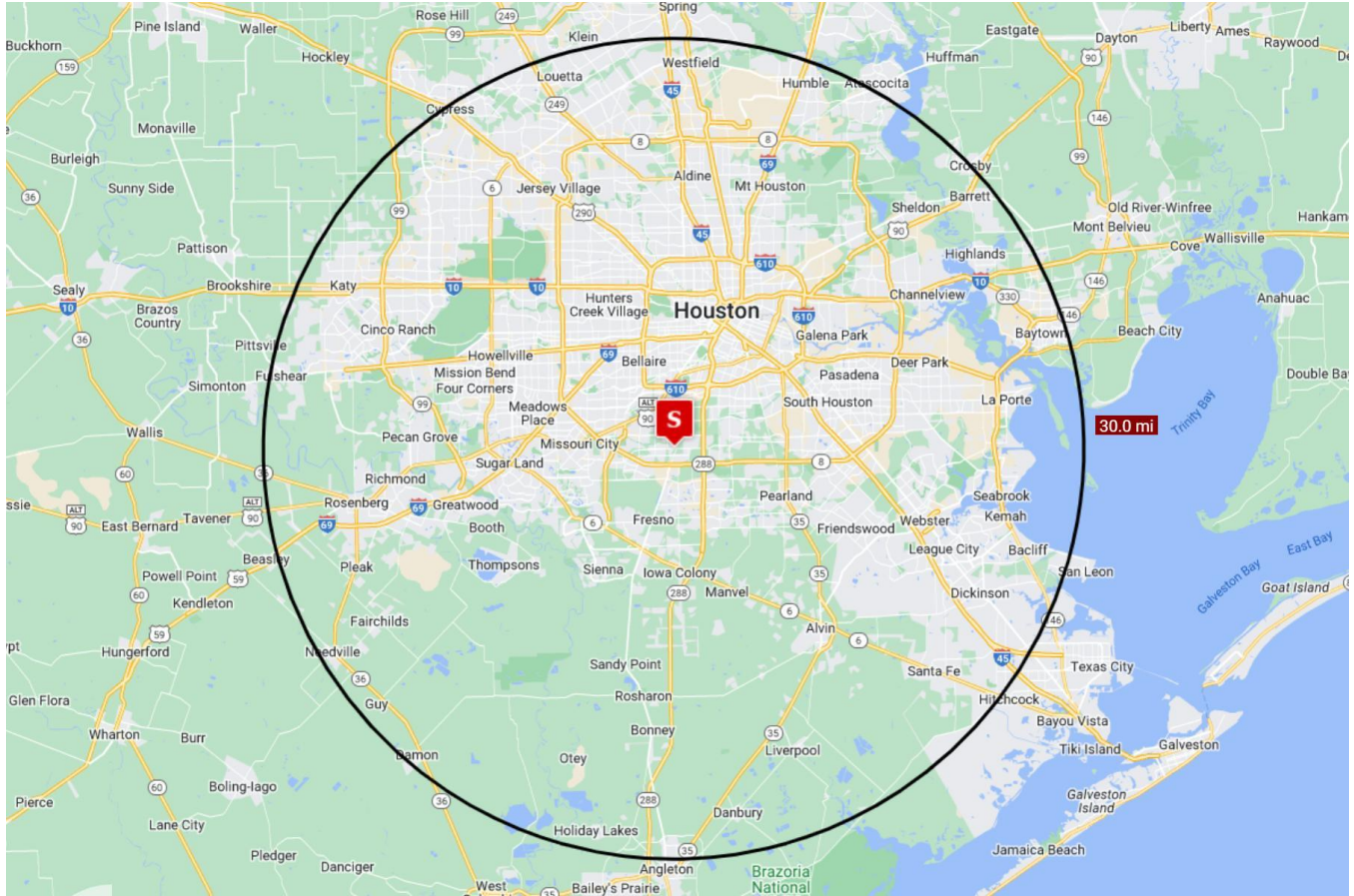
Elevations





**Regional Map**

The proposed Subject will be located in Houston, Harris County, TX. Houston is located in the central portion of Harris County. According to the 2020 U.S. Census, Houston had a population of 2,304,580 individuals. Harris is part of the Houston-The Woodlands-Sugar Land, TX Metropolitan Statistical Area (MSA). A map of the region is provided below.



Source: Google Maps, September 2024

**ASSESSED VALUE AND TAXES**

The financial feasibility of the Subject is predicated on the amount of ad valorem taxes that would be otherwise payable absent a tax abatement provided by a PFC and Housing Authority. Determining a taxable value is a step in the feasibility analysis. The following real estate tax estimate is based upon our interviews with local assessment officials, either in person or via telephone. We do not warrant its accuracy. It is our best understanding of the current system as reported by local authorities. Currently, the assessment of affordable housing properties is a matter of intense debate and in many jurisdictions pending legal action. The issue often surrounds how the intangible value or restricted rents are represented. We cannot issue a legal opinion as to how the taxing authority will assess the Subject. We advise the client to obtain legal counsel to provide advice as to the most likely outcome of a possible reassessment.

The Subject site is located within the Harris County real estate taxing jurisdiction. Real estate taxes for a property located in Harris County are based upon a property’s assessed valuation. Real estate taxes in the area represent ad valorem taxes, meaning a tax applied in proportion to value. According to Connie Adams of the Harris County Appraisal District, multifamily properties are appraised primarily using the income approach at 100 percent of the appraised or market value. The real estate taxes to an individual property may be determined by multiplying the assessed value for the property by a composite rate, which is commonly termed a levy established in each taxing district. Properties in Houston are assessed annually. The 2023 tax rate for the Subject is 2.114811 percent; the 2024 rate is not yet available. We have utilized a recapitulation analysis to determine the assessment and real estate tax for the Subject. According to the appraisal district, a capitalization rate of 7.0 to 8.5 percent is utilized for affordable properties, depending on the location and condition. While the Subject will not operate under the tax credit program, we believe it is reasonable to consider a similar methodology for our hypothetical estimate of real estate taxes as restricted, which will be considered in our feasibility analysis. We have utilized a capitalization rate of 7.5 percent for the Subject’s restricted units in the restricted scenario. Overall, we have blended the 7.5 percent capitalization rate for the restricted units and the Novoco-concluded 6.00 percent capitalization rate for the market rate units for a weighted capitalization rate of 6.75 percent.

According to the proforma, the client anticipates a PILOT equal to 15 percent of the anticipated restricted total tax. We have based the estimated PILOT on 15 percent of our concluded restricted tax.

**Reasonable Assessment and Taxes**

For comparison, we obtained assessments of like properties in the Subject’s market area, illustrated in the following table.

**COMPARABLE REAL ESTATE ASSESSMENTS**

Property	Type	Year Built	Number of Units	Market Value	Market Value Per Unit	Assessed Value	Assessed Value Per Unit
Scott Street Townhomes*	LIHTC	2002	96	\$4,010,361	\$41,775	\$4,010,361	\$41,775
Cottages at South Acres*	LIHTC/Market	2016	144	\$6,389,171	\$44,369	\$6,389,171	\$44,369
The Pointe at Crestmont*	LIHTC	2019	192	\$8,707,281	\$45,350	\$8,707,281	\$45,350
Lansborough Apartments*	LIHTC/Market	2007	176	\$9,102,008	\$51,716	\$9,102,008	\$51,716
Brookside Garden Apartments*	LIHTC	2005	240	\$15,233,011	\$63,471	\$15,233,011	\$63,471
<b>Affordable Average</b>						<b>\$8,688,366</b>	<b>\$49,336</b>
Stella Shadow Creek Ranch*	Market	2008	392	\$51,264,000	\$130,776	\$51,264,000	\$130,776
Hycohen Residency*	Market	2023	210	\$29,498,891	\$140,471	\$29,498,891	\$140,471
Cityscape Apartments*	Market	2022	240	\$36,250,630	\$151,044	\$36,250,630	\$151,044
Cortland Luxe Shadow Creek*	Market	2018	324	\$48,939,119	\$151,047	\$48,939,119	\$151,047
Avion Shadow Creek Ranch by Cortland*	Market	2015	276	\$44,161,960	\$160,007	\$44,161,960	\$160,007
<b>Market Average</b>						<b>\$42,022,920</b>	<b>\$146,669</b>

\*Utilized as a comparable



## THRIVE ALMEDA AT FUQUA - HOUSTON, TEXAS - UNDERWRITING ASSESSMENT

Our analysis assumes an estimated tax burden as restricted based upon the Subject's achievable rents and expenses.

Our calculations are detailed in the following table and reflect a tax recapitulation. In this analysis, we have used the concluded net operating income from the income and expense analysis in this report, applied a market oriented capitalization rate and the assessor's indicated assessment ratio and a post transfer market value ratio of 80 percent based upon data we have extracted from the market (shown in table below), to determine the likely ad valorem tax as restricted.

### POST-TRANSFER MARKET VALUE RATIO

Property	Sale Date	Sale Price	Market Value	% Ratio of Sales Price to Reassessed Value
The Verandah at Lakepointe	August, 2023	\$24,600,000	\$21,140,574	86%
2906 Berry Road	March, 2023	\$1,900,000	\$1,353,111	71%
Hollister Place	December, 2022	\$36,800,000	\$31,854,981	87%
St James Place Apartments	April, 2022	\$30,178,859	\$25,549,422	85%
The Life at Jackson Square	December, 2021	\$90,000,000	\$76,562,500	85%
Woodland Park	November, 2021	\$49,700,000	\$39,352,009	79%

We used the recapitulation approach to estimate real estate taxes for the Subject. Our calculations are detailed in the following table.

### TAX RECAPITULATION

	As Proposed - Restricted
<b>NOI Excluding Ad Valorem Taxes</b>	<b>\$3,817,749</b>
Cap Rate	6.75%
Tax Rate	2.11%
<b>Loaded Cap Rate</b>	<b>8.86%</b>
Indicated Market Value	\$43,066,334
Assessment Ratio	100.00%
Post-transfer Market Value	80.00%
Indicated Assessment (Overall)	\$34,453,067
Indicated Assessment (Per Unit)	\$106,337
Indicated Ad Valorem Tax (Overall)	\$728,617
Indicated Ad Valorem Tax (Per Unit)	\$2,249

The indicated assessment is between the ranges of the affordable and market rate tax comparables, which we believe is reasonable for a mixed-income property. These tax amounts are used in our concluded expense estimates that are used in our feasibility analysis. Properties benefiting from exemptions, similar to those that can potentially be provided by a PFC, generate additional net operating income that can allow for the feasibility of rent restricted developments that serve low- and moderate-income populations. As previously indicated, the PFC program aims to return a portion of the tax savings conveyed to the project via the abatement in the form of reduced rents.

## **IV. SUPPLY ANALYSIS**

**Survey of Comparable Properties**

Comparable properties are examined on the basis of physical characteristics; i.e., building type, building age/quality, the level of common amenities, absorption rates, and similarity in rent structure. We attempted to compare the Subject to properties from the competing market, in order to provide a picture of the general economic health and available supply in the market.

**Description of Property Types Surveyed**

To evaluate the competitive position of the Subject, we surveyed a total of 2,578 units in ten rental properties. While we acknowledge that the Subject is not a Low-Income Housing Tax Credit (LIHTC) property, the LIHTC program functions in a similar way to affordable PFC properties with rent and income restrictions. As a result, we believe it is reasonable to consider LIHTC properties in our rent comparison. It should be noted that the supply of both affordable and market rate multifamily housing in the Subject’s immediate neighborhood is extremely limited. We included five affordable developments located between 1.6 and 5.7 miles from the Subject site, two of which are PFC properties (Prose South Main and Trails at City Park), and three of which are LIHTC properties (Cottages at South Acres, Lansborough Apartments, and The Pointe at Crestmont). We also included five market rate properties located between 2.3 and 2.7 miles from the Subject site. Overall, we believe the availability of data is adequate to support our conclusions.

The comparable properties were chosen primarily based on location, age, condition, design, and amenities. Several properties were excluded for various reasons. The following table illustrates the properties that are excluded from the supply analysis of this report.

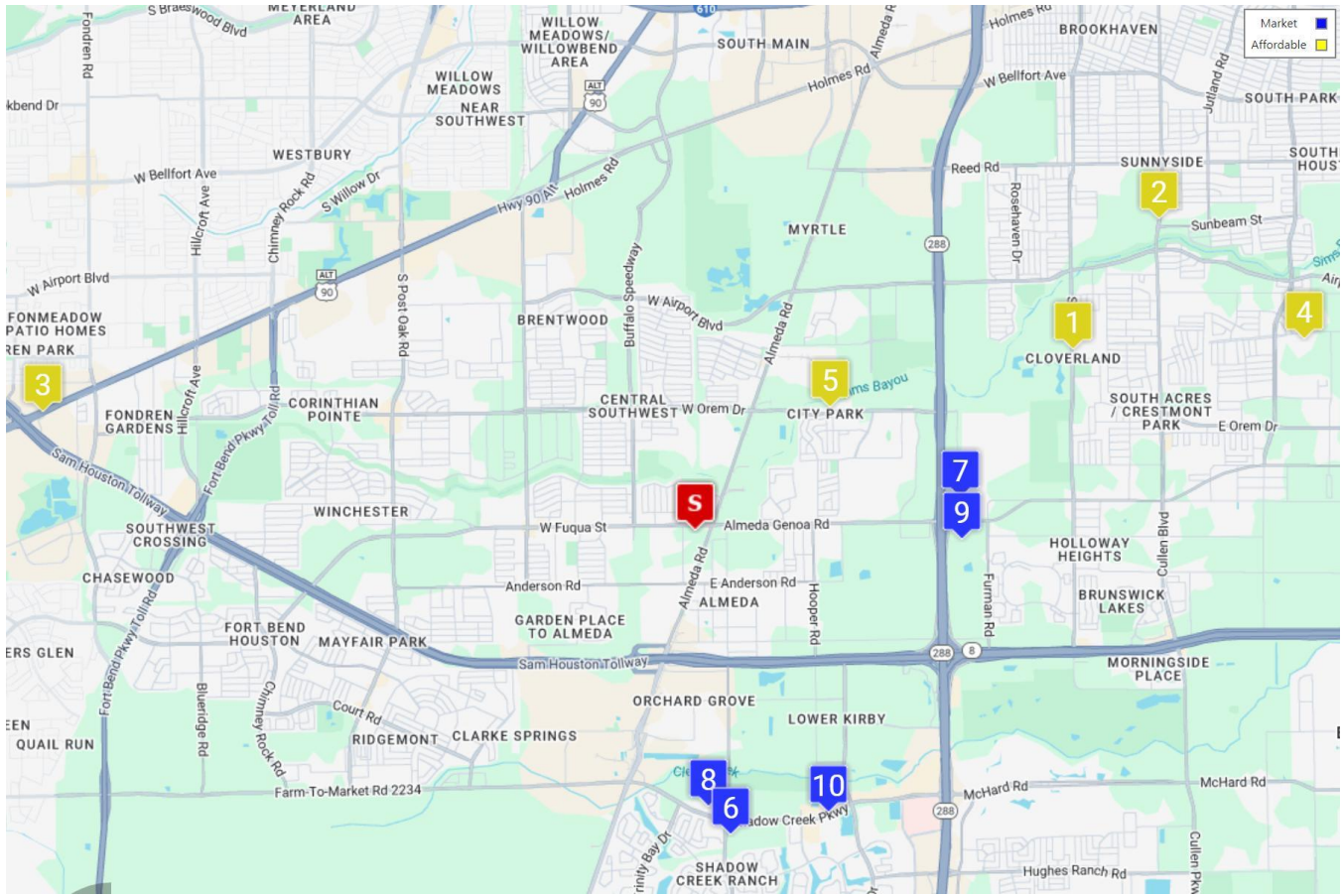
**EXCLUDED PROPERTIES**

Property Name	Rent Structure	Tenancy	Reason for Exclusion
Belfort Pines Apartments	LIHTC	Family	Unable to contact
Brookside Gardens Apartments	LIHTC	Family	More comparable properties utilized
Mariposa Apartment Homes At Reed Road	LIHTC	Senior	Dissimilar tenancy
Oakmoor Apartment Homes	LIHTC	Family	Unable to contact
Palomino Place Apartments	LIHTC	Family	More comparable properties utilized
Peninsula Park Apartments	LIHTC	Family	More comparable properties utilized
Ridgemont Heights	LIHTC	Family	More comparable properties utilized
Simmons Gardens Apartments	LIHTC	Senior	Dissimilar tenancy
St. James Village Apartments	LIHTC	Family	Unable to contact
The Reserve At Wilmington Place	LIHTC/PBRA	Family	Subsidized rents
Kings Row Apartments	LIHTC/Section 8	Family	Subsidized rents
Sunset Gardens	LIHTC/Section 8	Family	Subsidized rents
Wilmington House	LIHTC/Section 8	Family	Subsidized rents
Altura Heights	LIHTC/Market	Family	Unable to contact
Cypress Creek At Reed Road	LIHTC/Market	Family	Unable to contact
Edison Lofts	LIHTC/Market	Family	Unable to contact
Huntington At Chimney Rock	LIHTC/Market	Senior	Dissimilar tenancy
Reed Parque Townhomes	LIHTC/Market	Family	Unable to contact
South Acres Ranch	LIHTC/Market	Family	More comparable properties utilized
The Tramonti	LIHTC/Market	Family	Unable to contact
Chateau Village Apartments	Section 8	Family	Subsidized rents
Scott Plaza Apartments	Section 8/Market	Family	Subsidized rents
Cambridge Village Apartments	Market	Family	Closer comparables utilized
Clarke Springs Homes	Market	Family	More comparable properties utilized
Orleans At Fannin Station	Market	Family	Closer comparables utilized
Ranch At City Park	Market	Family	Unable to contact
Riverbrook Apartments	Market	Family	Closer comparables utilized
Stonebridge At City Park	Market	Family	Unable to contact
Villas At Shadow Creek Ranch	Market	Family	Closer comparables utilized

**THRIVE ALMEDA AT FUQUA - HOUSTON, TEXAS - UNDERWRITING ASSESSMENT**

**Comparable Rental Property Map**

The following map illustrates the location of the Subject in relation to the comparable properties.



Source: Google Maps, September 2024

**COMPARABLE PROPERTIES**

#	Property Name	City	Rent Structure	Distance to Subject
S	Thrive Almeda At Fuqua	Houston	@60%, @80%, Market	-
1	Cottages At South Acres	Houston	@30%, @50%, @60%, Market	3.6 miles
2	Lansborough Apartments	Houston	@30%, @40%, @50%, @60%, Market	4.8 miles
3	Prose South Main	Houston	@60%, @80%, Market	5.7 miles
4	The Pointe At Crestmont	Houston	@60%, @60% (HOME)	5.5 miles
5	Trails At City Park	Houston	@60%, @80%, Market	1.6 miles
6	Avion Shadow Creek Ranch By Cortland	Pearland	Market	2.6 miles
7	Cityscape Apartments	Houston	Market	2.3 miles
8	Cortland Luxe Shadow Creek	Pearland	Market	2.4 miles
9	Hycohen Residency	Houston	Market	2.3 miles
10	Stella Shadow Creek Ranch	Pearland	Market	2.7 miles

The pages that follow illustrate the Summary Matrix, Amenity Matrix and the property profiles for the comparable properties.

THRIVE ALMEDA AT FUQUA - HOUSTON, TEXAS - UNDERWRITING ASSESSMENT

SUMMARY MATRIX

#	Property Name	Distance	Type/Built/Renovated	AMI	Unit Type	#	%	SF	Restriction	Rent (Adj)	Max Rent?	Waiting List	Vacant Units	Vacancy Rate			
S	Thrive Almeda At Fuqua 13414 Almeda Road Houston, TX Harris County		Garden 3-stories 2027 Family	@60%, @80%, Market	1BR/1BA	20	6.2%	673	@60%	\$1,135	Yes	N/A	N/A	N/A			
					1BR/1BA	19	5.9%	714	@60%	\$1,135	Yes	N/A	N/A	N/A			
					1BR/1BA	29	9.0%	673	@80%	\$1,325	Yes	N/A	N/A	N/A			
					1BR/1BA	29	9.0%	714	@80%	\$1,370	Yes	N/A	N/A	N/A			
					1BR/1BA	47	14.5%	673	Market	\$1,325	N/A	N/A	N/A	N/A			
					1BR/1BA	48	14.8%	714	Market	\$1,370	N/A	N/A	N/A	N/A			
					2BR/2BA	13	4.0%	984	@60%	\$1,276	Yes	N/A	N/A	N/A			
					2BR/2BA	7	2.2%	1,055	@60%	\$1,276	Yes	N/A	N/A	N/A			
					2BR/2BA	20	6.2%	984	@80%	\$1,702	Yes	N/A	N/A	N/A			
					2BR/2BA	11	3.4%	1,055	@80%	\$1,702	Yes	N/A	N/A	N/A			
					2BR/2BA	33	10.2%	984	Market	\$1,750	N/A	N/A	N/A	N/A			
					2BR/2BA	18	5.6%	1,055	Market	\$1,800	N/A	N/A	N/A	N/A			
					3BR/2BA	6	1.9%	1,198	@60%	\$1,419	Yes	N/A	N/A	N/A			
					3BR/2BA	9	2.8%	1,198	@80%	\$1,892	Yes	N/A	N/A	N/A			
					3BR/2BA	15	4.6%	1,198	Market	\$2,100	N/A	N/A	N/A	N/A			
											324						
1	Cottages At South Acres 11300 Scott St Houston, TX Harris County	3.6 miles	Townhouse 2-stories 2016 Family	@30%, @50%, @60%, Market	1BR/1BA	N/A	N/A	736	@30%	\$460	Yes	Yes	0	0%			
					1BR/1BA	N/A	N/A	736	@50%	\$785	Yes	Yes	0	0%			
					1BR/1BA	N/A	N/A	736	@60%	\$963	Yes	Yes	0	0%			
					1BR/1BA	N/A	N/A	736	Market	\$1,142	N/A	Yes	0	0%			
					2BR/2BA	N/A	N/A	1,072	@30%	\$512	Yes	Yes	0	0%			
					2BR/2BA	N/A	N/A	1,072	@50%	\$938	Yes	Yes	0	0%			
					2BR/2BA	N/A	N/A	1,072	@60%	\$1,151	Yes	Yes	0	0%			
					2BR/2BA	N/A	N/A	1,072	Market	\$1,326	N/A	Yes	0	0%			
					4BR/2BA	N/A	N/A	1,429	@30%	\$642	Yes	Yes	0	0%			
					4BR/2BA	N/A	N/A	1,429	@50%	\$1,191	Yes	Yes	0	0%			
					4BR/2BA	N/A	N/A	1,429	@60%	\$1,466	Yes	Yes	0	0%			
					4BR/2BA	N/A	N/A	1,429	Market	\$1,758	N/A	Yes	0	0%			
											144						
																	0
2	Lansborough Apartments 10010 Cullen Boulevard Houston, TX Harris County	4.8 miles	Garden 2-stories 2007 Family	@30%, @40%, @50%, @60%, Market	1BR/1BA	3	1.7%	750	@30%	\$410	Yes	Yes	0	0%			
					1BR/1BA	1	0.6%	750	@40%	\$588	Yes	Yes	0	0%			
					1BR/1BA	8	4.5%	750	@50%	\$765	Yes	Yes	0	0%			
					1BR/1BA	17	9.7%	750	@60%	\$943	Yes	No	0	0%			
					1BR/1BA	7	4.0%	750	Market	\$993	N/A	No	0	0%			
					2BR/2BA	7	4.0%	950	@30%	\$465	Yes	Yes	0	0%			
					2BR/2BA	2	1.1%	950	@40%	\$678	Yes	Yes	0	0%			
					2BR/2BA	16	9.1%	950	@50%	\$891	Yes	Yes	0	0%			
					2BR/2BA	37	21.0%	950	@60%	\$1,104	Yes	No	0	0%			
					2BR/2BA	16	9.1%	950	Market	\$1,154	N/A	No	0	0%			
					3BR/2BA	6	3.4%	1,100	@30%	\$517	Yes	Yes	0	0%			
					3BR/2BA	2	1.1%	1,100	@40%	\$763	Yes	Yes	0	0%			
					3BR/2BA	12	6.8%	1,100	@50%	\$1,009	Yes	Yes	0	0%			
					3BR/2BA	30	17.0%	1,100	@60%	\$1,255	Yes	No	0	0%			
						176											
												0	0.0%				
3	Prose South Main 12111 Main St Houston, TX Harris County	5.7 miles	Garden 3-stories 2021 Family	@60%, @80%, Market	1BR/1BA	N/A	N/A	830	@60%	\$1,135	Yes	No	N/A	N/A			
					1BR/1BA	N/A	N/A	830	@80%	\$1,202	No	No	N/A	N/A			
					1BR/1BA	N/A	N/A	830	Market	\$1,459	N/A	No	N/A	N/A			
					2BR/2BA	N/A	N/A	1,174	@60%	\$1,276	Yes	No	N/A	N/A			
					2BR/2BA	N/A	N/A	1,174	@80%	\$1,513	No	No	N/A	N/A			
					2BR/2BA	N/A	N/A	1,174	Market	\$1,675	N/A	No	N/A	N/A			
						336						13	3.9%				
4	The Pointe At Crestmont 5602 Selinsky Road Houston, TX Harris County	5.5 miles	Garden 3-stories 2019 Family	@60% @60% (HOME)	1BR/1BA	4	2.1%	850	@60%	\$914	Yes	No	1	25.0%			
					1BR/1BA	20	10.4%	850	@60% (HOME)	\$914	Yes	No	2	10.0%			
					2BR/2BA	45	23.4%	1,072	@60%	\$1,073	Yes	No	2	4.4%			
					2BR/2BA	39	20.3%	1,072	@60% (HOME)	\$1,073	Yes	No	1	2.6%			
					3BR/2BA	45	23.4%	1,185	@60%	\$1,256	Yes	No	2	4.4%			
					3BR/2BA	39	20.3%	1,185	@60% (HOME)	\$1,256	Yes	No	1	2.6%			
											192						9
5	Trails At City Park 2201 W Orem Dr Houston, TX Harris County	1.6 miles	Garden 3-stories 2009 Family	@60%, @80%, Market	1BR/1BA	N/A	N/A	826	@60%	\$1,135	Yes	No	N/A	N/A			
					1BR/1BA	N/A	N/A	826	@80%	\$1,310	No	No	N/A	N/A			
					1BR/1BA	N/A	N/A	826	Market	\$1,310	N/A	No	N/A	N/A			
					2BR/2BA	N/A	N/A	1,138	@60%	\$1,276	Yes	No	N/A	N/A			
					2BR/2BA	N/A	N/A	1,138	@80%	\$1,620	No	No	N/A	N/A			
					2BR/2BA	N/A	N/A	1,138	Market	\$1,620	N/A	No	N/A	N/A			
						288						7	2.4%				
6	Avion Shadow Creek Ranch By Cortland 2101 Kingsley Drive Pearland, TX Brazoria County	2.6 miles	Garden 2-stories 2015 Family	Market	1BR/1BA	0	0.0%	667	Market	\$1,579	N/A	No	0	0%			
					1BR/1BA	120	43.5%	821	Market	\$1,609	N/A	No	3	2.5%			
					1BR/1BA	0	0.0%	974	Market	\$1,639	N/A	No	0	0%			
					2BR/2BA	0	0.0%	992	Market	\$1,915	N/A	No	0	0%			
					2BR/2BA	112	40.6%	1,225	Market	\$2,069	N/A	No	4	3.6%			
					2BR/2BA	0	0.0%	1,458	Market	\$2,222	N/A	No	0	0%			
					3BR/2BA	0	0.0%	1,510	Market	\$2,397	N/A	No	0	0%			
					3BR/2BA	44	15.9%	1,547	Market	\$2,332	N/A	No	2	4.5%			
3BR/2BA	0	0.0%	1,583	Market	\$2,267	N/A	No	0	0%								
						276						9	3.3%				

**THRIVE ALMEDA AT FUQUA - HOUSTON, TEXAS - UNDERWRITING ASSESSMENT**

#	Property Name	Distance	Type/Built/Renovated	AMI	Unit Type	#	%	SF	Restriction	Rent (Adj)	Max Rent?	Waiting List	Vacant Units	Vacancy Rate
7	Cityscape Apartments 13351 Cityscape Ave Houston, TX Harris County	2.3 miles	Garden 3-stories 2022 Family	Market	1BR/1BA	72	30.0%	739	Market	\$1,360	N/A	No	0	0%
					1BR/1BA	56	23.3%	796	Market	\$1,410	N/A	No	5	8.9%
					1BR/1BA	4	1.7%	810	Market	\$1,435	N/A	No	1	25.0%
					1BR/1BA	20	8.3%	867	Market	\$1,555	N/A	No	2	10.0%
					1BR/1BA	4	1.7%	878	Market	N/A	N/A	No	0	0%
					2BR/2BA	35	14.6%	1,078	Market	\$1,795	N/A	No	3	8.6%
					2BR/2BA	35	14.6%	1,193	Market	\$1,855	N/A	No	0	0%
					2BR/2BA	14	5.8%	1,210	Market	\$1,895	N/A	No	1	7.1%
					240							12	5.0%	
8	Cortland Luxe Shadow Creek 1930 Kingsley Drive Pearland, TX Brazoria County	2.4 miles	Garden 3-stories 2018 Family	Market	1BR/1BA	N/A	N/A	661	Market	\$1,412	N/A	No	0	N/A
					1BR/1BA	N/A	N/A	807	Market	\$1,605	N/A	No	3	N/A
					1BR/1BA	N/A	N/A	953	Market	\$1,798	N/A	No	0	N/A
					2BR/2BA	N/A	N/A	1,005	Market	\$1,869	N/A	No	0	N/A
					2BR/2BA	N/A	N/A	1,231	Market	\$2,155	N/A	No	5	N/A
					2BR/2BA	N/A	N/A	1,457	Market	\$2,440	N/A	No	0	N/A
					3BR/2BA	N/A	N/A	1,471	Market	\$2,451	N/A	No	0	N/A
					3BR/2BA	N/A	N/A	1,528	Market	\$2,519	N/A	No	4	N/A
					324							12	3.7%	
9	Hycohen Residency 13511 Hycohen Rd. Houston, TX Harris County	2.3 miles	Garden 3-stories 2023 Family	Market	1BR/1BA	10	4.8%	770	Market	\$1,188	N/A	No	3	30.0%
					1BR/1BA	10	4.8%	778	Market	\$1,211	N/A	No	3	30.0%
					1BR/1BA	20	9.5%	832	Market	\$1,266	N/A	No	1	5.0%
					2BR/2BA	60	28.6%	1,153	Market	\$1,451	N/A	No	3	5.0%
					2BR/2BA	110	52.4%	1,230	Market	\$1,543	N/A	No	3	2.7%
					210							13	6.2%	
10	Stella Shadow Creek Ranch 11900 Shadow Creek Parkway Pearland, TX Brazoria County	2.7 miles	Garden 3-stories 2008 Family	Market	1BR/1BA	N/A	N/A	758	Market	\$1,164	N/A	No	3	N/A
					1BR/1BA	N/A	N/A	767	Market	\$1,325	N/A	No	0	N/A
					1BR/1BA	N/A	N/A	772	Market	\$1,192	N/A	No	3	N/A
					1BR/1BA	N/A	N/A	841	Market	\$1,302	N/A	No	2	N/A
					2BR/2BA	N/A	N/A	1,177	Market	\$1,636	N/A	No	3	N/A
					2BR/2BA	N/A	N/A	1,340	Market	\$1,751	N/A	No	2	N/A
					392							13	3.3%	

# THRIVE ALMEDA AT FUQUA - HOUSTON, TEXAS - UNDERWRITING ASSESSMENT

## AMENITY MATRIX

	Thrive Almeda At Fuqua	Cottages At South Acres	Lansborough Apartments	Prose South Main	The Pointe At Crestmont	Trails At City Park	Avion Shadow Creek Ranch By Cortland	Cityscape Apartments	Cortland Luxe Shadow Creek	Hycohen Residency	Stella Shadow Creek Ranch
Program	Affordable/ Market	LIHTC/ Market	LIHTC/ Market	Affordable/ Market	LIHTC	Affordable/ Market	Market	Market	Market	Market	Market
Tenancy	Family	Family	Family	Family	Family	Family	Family	Family	Family	Family	Family
Building											
Property Type	Garden	Townhouse	Garden	Garden	Garden	Garden	Garden	Garden	Garden	Garden	Garden
# Stories	3	2	2	3	3	3	2	3	3	3	3
Year Built	2027	2016	2007	2021	2019	2009	2015	2022	2018	2023	2008
Year Renovated											
Utility Structure											
Heat	no	no	no	no	no	no	no	no	no	no	no
Cooking	no	no	no	no	no	no	no	no	no	no	no
Other Electric	no	no	no	no	no	no	no	no	no	no	no
Air Conditioning	no	no	no	no	no	no	no	no	no	no	no
Water Heat	no	no	no	no	no	no	no	no	no	no	no
Water	no	yes	yes	no	yes	no	no	no	no	yes	no
Unit											
Balcony	yes	yes	yes	no	yes	yes	yes	yes	yes	yes	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpeting	no	no	yes	yes	no	yes	yes	yes	yes	yes	yes
Ceiling Fan	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Central/AC	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	yes	no	yes	yes	yes	yes	yes	no	yes	yes	yes
Exterior Storage	no	no	yes	no	no	yes	no	no	yes	yes	no
Fireplace	no	no	no	no	no	no	no	no	no	no	yes
Hardwood Floors	no	yes	no	no	yes	no	no	no	no	no	no
Vaulted Ceilings	no	no	no	no	no	no	yes	no	yes	no	no
Vinyl Plank Flooring	yes	no	no	yes	no	yes	no	yes	no	yes	no
Walk-In-Closet	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Washer / Dryer	yes	no	no	yes	no	yes	yes	yes	yes	yes	yes
W/D Hookups	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Kitchen											
Dishwasher	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Disposal	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	yes
Microwave	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Community											
Business Center	no	no	yes	yes	yes	yes	yes	yes	yes	yes	yes
Central Laundry	no	no	yes	no	yes	no	no	no	no	no	no
Clubhouse	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	yes
Courtyard	no	yes	no	yes	no	no	no	no	yes	no	no
EV Charging Station	no	no	no	no	no	no	no	no	no	yes	no
On-Site Mgmt	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Pet Park	yes	no	no	yes	no	no	no	yes	no	yes	no
WiFi	no	no	no	no	no	no	yes	no	yes	no	no
Recreation											
Basketball Court	no	no	yes	no	no	no	no	no	no	no	no
Exercise Facility	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes
Hot Tub	no	no	no	no	no	yes	no	no	no	no	no
Picnic Area	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	yes
Playground	no	yes	yes	no	no	no	yes	no	no	yes	no
Recreational Area	yes	yes	no	no	no	no	no	no	yes	no	no
Swimming Pool	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Services											
Car Wash	no	no	no	no	no	yes	yes	no	no	no	no
Security											
Intercom (Buzzer)	yes	yes	no	yes	no	no	no	no	yes	yes	no
Limited Access	yes	yes	no	yes	yes	yes	no	yes	yes	yes	yes
Perimeter Fencing	yes	no	no	yes	yes	yes	no	yes	yes	yes	yes
Parking											
Carport	yes	no	no	yes	no	yes	no	yes	no	yes	no
Garage	yes	yes	no	no	yes	no	yes	yes	yes	no	yes
Surface	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes



# PROPERTY PROFILE REPORT

## Cottages At South Acres

Effective Rent Date	9/09/2024
Location	11 300 Scott St Houston, TX 77047 Harris County
Distance	3.6 miles
Units	144
Vacant Units	0
Vacancy Rate	0.0%
Type	Townhouse (2 stories)
Year Built/Renovated	2016 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	Mixed tenancy
Contact Name	Christina
Phone	713-731-2800



### Market Information

Program	@30%, @50%, @60%, Market
Annual Turnover Rate	8%
Units/Month Absorbed	N/A
HCV Tenants	1%
Leasing Pace	Within one week
Annual Chg. in Rent	LIHTC inc. to max, market inc. 3-5%
Concession	None
Waiting List	Yes; 50+ households

### Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- gas
Heat	not included -- gas
Other Electric	not included
Water	included
Sewer	not included
Trash Collection	not included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Townhouse (2 stories)	N/A	736	\$492	\$0	@30%	Yes	0	N/A	yes	None
1	1	Townhouse (2 stories)	N/A	736	\$817	\$0	@50%	Yes	0	N/A	yes	None
1	1	Townhouse (2 stories)	N/A	736	\$995	\$0	@60%	Yes	0	N/A	yes	None
1	1	Townhouse (2 stories)	N/A	736	\$1,174	\$0	Market	Yes	0	N/A	N/A	None
2	2	Townhouse (2 stories)	N/A	1,072	\$559	\$0	@30%	Yes	0	N/A	yes	None
2	2	Townhouse (2 stories)	N/A	1,072	\$985	\$0	@50%	Yes	0	N/A	yes	None
2	2	Townhouse (2 stories)	N/A	1,072	\$1,198	\$0	@60%	Yes	0	N/A	yes	None
2	2	Townhouse (2 stories)	N/A	1,072	\$1,373	\$0	Market	Yes	0	N/A	N/A	None
4	2	Townhouse (2 stories)	N/A	1,429	\$718	\$0	@30%	Yes	0	N/A	yes	None
4	2	Townhouse (2 stories)	N/A	1,429	\$1,267	\$0	@50%	Yes	0	N/A	yes	None
4	2	Townhouse (2 stories)	N/A	1,429	\$1,542	\$0	@60%	Yes	0	N/A	yes	None
4	2	Townhouse (2 stories)	N/A	1,429	\$1,834	\$0	Market	Yes	0	N/A	N/A	None



## Cottages At South Acres, continued

### Unit Mix

@30%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$492	\$0	\$492	-\$32	\$460	1BR / 1BA	\$817	\$0	\$817	-\$32	\$785
2BR / 2BA	\$559	\$0	\$559	-\$47	\$512	2BR / 2BA	\$985	\$0	\$985	-\$47	\$938
4BR / 2BA	\$718	\$0	\$718	-\$76	\$642	4BR / 2BA	\$1,267	\$0	\$1,267	-\$76	\$1,191
@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$995	\$0	\$995	-\$32	\$963	1BR / 1BA	\$1,174	\$0	\$1,174	-\$32	\$1,142
2BR / 2BA	\$1,198	\$0	\$1,198	-\$47	\$1,151	2BR / 2BA	\$1,373	\$0	\$1,373	-\$47	\$1,326
4BR / 2BA	\$1,542	\$0	\$1,542	-\$76	\$1,466	4BR / 2BA	\$1,834	\$0	\$1,834	-\$76	\$1,758

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpet/Hardwood	Central A/C	Limited Access	
Dishwasher	Ceiling Fan		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer hookup		
Property		Premium	Other
Clubhouse/Meeting Room/Community	Courtyard	None	None
Garage	Off-Street Parking		
On-Site Management	Picnic Area		
Playground	Recreation Areas		
Swimming Pool			

### Comments

The contact stated that the property is fully occupied and maintains a waiting list of more than 50 households, which is currently closed. The property is achieving the 2024 maximum allowable rents. The utility allowances for the one, two, and four-bedroom units are \$70, \$80, and \$105, respectively.

# Cottages At South Acres, continued

## Trend Report

### Vacancy Rates

2Q22	1Q23	3Q24
0.0%	0.0%	0.0%

### Trend: @30%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2022	2	N/A	\$385	\$0	\$385	\$353
2023	1	N/A	\$498	\$0	\$498	\$466
2024	3	N/A	\$492	\$0	\$492	\$460

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2022	2	N/A	\$468	\$0	\$468	\$421
2023	1	N/A	\$598	\$0	\$598	\$551
2024	3	N/A	\$559	\$0	\$559	\$512

#### 4BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2022	2	N/A	\$597	\$0	\$597	\$521
2023	1	N/A	\$771	\$0	\$771	\$695
2024	3	N/A	\$718	\$0	\$718	\$642

### Trend: @50%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2022	2	N/A	\$683	\$0	\$683	\$651
2023	1	N/A	\$683	\$0	\$683	\$651
2024	3	N/A	\$817	\$0	\$817	\$785

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2022	2	N/A	\$825	\$0	\$825	\$778
2023	1	N/A	\$997	\$0	\$997	\$950
2024	3	N/A	\$985	\$0	\$985	\$938

#### 4BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2022	2	N/A	\$1,056	\$0	\$1,056	\$980
2023	1	N/A	\$1,285	\$0	\$1,285	\$1,209
2024	3	N/A	\$1,267	\$0	\$1,267	\$1,191

### Trend: @60%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2022	2	N/A	\$831	\$0	\$831	\$799
2023	1	N/A	\$831	\$0	\$831	\$799
2024	3	N/A	\$995	\$0	\$995	\$963

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2022	2	N/A	\$1,003	\$0	\$1,003	\$956
2023	1	N/A	\$1,197	\$0	\$1,197	\$1,150
2024	3	N/A	\$1,198	\$0	\$1,198	\$1,151

#### 4BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2022	2	N/A	\$1,280	\$0	\$1,280	\$1,204
2023	1	N/A	\$1,542	\$0	\$1,542	\$1,466
2024	3	N/A	\$1,542	\$0	\$1,542	\$1,466

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2022	2	N/A	\$987	\$0	\$987	\$955
2023	1	N/A	\$1,114	\$0	\$1,114	\$1,082
2024	3	N/A	\$1,174	\$0	\$1,174	\$1,142

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2022	2	N/A	\$1,053	\$0	\$1,053	\$1,006
2023	1	N/A	\$1,313	\$0	\$1,313	\$1,266
2024	3	N/A	\$1,373	\$0	\$1,373	\$1,326

#### 4BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2022	2	N/A	\$1,565	\$0	\$1,565	\$1,489
2023	1	N/A	\$1,774	\$0	\$1,774	\$1,698
2024	3	N/A	\$1,834	\$0	\$1,834	\$1,758

## Trend: Comments

- 2Q22 The contact stated that the property is fully occupied. The property is currently achieving the 2022 maximum allowable rates as of May 1, 2022, and rates are usually kept at the max allowable rate. The property features 3 different layouts for the four bedroom units, however the rents remain the same for all of the four bedroom units. Each unit comes with washer/dryer hookups, and a full kitchen with all appliances. The tenant is responsible for all utilities other than water, as that is included in the stated rent. The property does accept HCV's, however the contact was unable to provide the number of tenants using them. The property maintains a waiting list up to 6 months, and turnover is usually a couple of days to 1 week as demand in the area is high as reported by the contact. Attached garages are included in the stated monthly rent.
- 1Q23 The contact stated that the property is fully occupied. Each unit comes with washer/dryer hookups, and a full kitchen with all appliances. The property does accept HCV's, however the contact was unable to provide the number of tenants using them. Turnover is usually a couple of days to 1 week as demand in the area is high as reported by the contact. Attached garages are included in the stated monthly rent.
- 3Q24 The contact stated that the property is fully occupied and maintains a waiting list of more than 50 households, which is currently closed. The property is achieving the 2024 maximum allowable rents. The utility allowances for the one, two, and four-bedroom units are \$70, \$80, and \$105, respectively.

Photos



# PROPERTY PROFILE REPORT

## Lansborough Apartments

Effective Rent Date 9/09/2024  
Location 10010 Cullen Boulevard  
Houston, TX 77051  
Harris County  
Distance 4.8 miles  
Units 176  
Vacant Units 0  
Vacancy Rate 0.0%  
Type Garden (2 stories)  
Year Built/Renovated 2007 / N/A  
Marketing Began N/A  
Leasing Began N/A  
Last Unit Leased N/A  
Major Competitors None identified  
Tenant Characteristics Mostly families  
Contact Name April  
Phone 713-731-8707



### Market Information

Program @30%, @40%, @50%, @60%, Market  
Annual Turnover Rate 20%  
Units/Month Absorbed 13  
HCV Tenants 40%  
Leasing Pace Pre-leased  
Annual Chg. in Rent Increased to 2024 max  
Concession None  
Waiting List Yes; 75 households for 30, 40, and 50 percent units

### Utilities

A/C not included -- central  
Cooking not included -- electric  
Water Heat not included -- electric  
Heat not included -- electric  
Other Electric not included  
Water included  
Sewer included  
Trash Collection included

## Lansborough Apartments, continued

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	3	750	\$482	\$0	@30%	Yes	0	0.0%	yes	None
1	1	Garden (2 stories)	1	750	\$660	\$0	@40%	Yes	0	0.0%	yes	None
1	1	Garden (2 stories)	8	750	\$837	\$0	@50%	Yes	0	0.0%	yes	None
1	1	Garden (2 stories)	17	750	\$1,015	\$0	@60%	No	0	0.0%	yes	None
1	1	Garden (2 stories)	7	750	\$1,065	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden (2 stories)	7	950	\$572	\$0	@30%	Yes	0	0.0%	yes	None
2	2	Garden (2 stories)	2	950	\$785	\$0	@40%	Yes	0	0.0%	yes	None
2	2	Garden (2 stories)	16	950	\$998	\$0	@50%	Yes	0	0.0%	yes	None
2	2	Garden (2 stories)	37	950	\$1,211	\$0	@60%	No	0	0.0%	yes	None
2	2	Garden (2 stories)	16	950	\$1,261	\$0	Market	No	0	0.0%	N/A	None
3	2	Garden (2 stories)	6	1,100	\$658	\$0	@30%	Yes	0	0.0%	yes	None
3	2	Garden (2 stories)	2	1,100	\$904	\$0	@40%	Yes	0	0.0%	yes	None
3	2	Garden (2 stories)	12	1,100	\$1,150	\$0	@50%	Yes	0	0.0%	yes	None
3	2	Garden (2 stories)	30	1,100	\$1,396	\$0	@60%	No	0	0.0%	yes	None
3	2	Garden (2 stories)	12	1,100	\$1,446	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

@30%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@40%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$482	\$0	\$482	-\$72	\$410	1BR / 1BA	\$660	\$0	\$660	-\$72	\$588
2BR / 2BA	\$572	\$0	\$572	-\$107	\$465	2BR / 2BA	\$785	\$0	\$785	-\$107	\$678
3BR / 2BA	\$658	\$0	\$658	-\$141	\$517	3BR / 2BA	\$904	\$0	\$904	-\$141	\$763
@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$837	\$0	\$837	-\$72	\$765	1BR / 1BA	\$1,015	\$0	\$1,015	-\$72	\$943
2BR / 2BA	\$998	\$0	\$998	-\$107	\$891	2BR / 2BA	\$1,211	\$0	\$1,211	-\$107	\$1,104
3BR / 2BA	\$1,150	\$0	\$1,150	-\$141	\$1,009	3BR / 2BA	\$1,396	\$0	\$1,396	-\$141	\$1,255
Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent						
1BR / 1BA	\$1,065	\$0	\$1,065	-\$72	\$993						
2BR / 2BA	\$1,261	\$0	\$1,261	-\$107	\$1,154						
3BR / 2BA	\$1,446	\$0	\$1,446	-\$141	\$1,305						

# Lansborough Apartments, continued

## Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Exterior Storage	Ceiling Fan		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer hookup		
Property		Premium	Other
Basketball Court	Business Center/Computer Lab	None	None
Exercise Facility	Central Laundry		
Off-Street Parking	On-Site Management		
Picnic Area	Playground		
Swimming Pool			

## Comments

The rents and vacancy shown were obtained from the property's website.

# Lansborough Apartments, continued

## Trend Report

### Vacancy Rates

4Q20	4Q21	2Q22	3Q24
7.4%	5.1%	4.0%	0.0%

### Trend: @30%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	4	0.0%	\$389	\$0	\$389	\$317
2021	4	N/A	\$389	\$0	\$389	\$317
2022	2	N/A	\$391	\$0	\$391	\$319
2024	3	0.0%	\$482	\$0	\$482	\$410

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	4	0.0%	\$466	\$0	\$466	\$359
2021	4	N/A	\$466	\$0	\$466	\$359
2022	2	N/A	\$468	\$0	\$468	\$361
2024	3	0.0%	\$572	\$0	\$572	\$465

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	4	0.0%	\$541	\$0	\$541	\$400
2021	4	N/A	\$541	\$0	\$541	\$400
2022	2	N/A	\$543	\$0	\$543	\$402
2024	3	0.0%	\$658	\$0	\$658	\$517

### Trend: @50%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	4	0.0%	\$685	\$0	\$685	\$613
2021	4	N/A	\$685	\$0	\$685	\$613
2022	2	N/A	\$688	\$0	\$688	\$616
2024	3	0.0%	\$837	\$0	\$837	\$765

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	4	0.0%	\$821	\$0	\$821	\$714
2021	4	N/A	\$821	\$0	\$821	\$714
2022	2	N/A	\$823	\$0	\$823	\$716
2024	3	0.0%	\$998	\$0	\$998	\$891

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	4	0.0%	\$951	\$0	\$951	\$810
2021	4	N/A	\$951	\$0	\$951	\$810
2022	2	N/A	\$953	\$0	\$953	\$812
2024	3	0.0%	\$1,150	\$0	\$1,150	\$1,009

### Trend: @40%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	4	0.0%	\$537	\$0	\$537	\$465
2021	4	N/A	\$537	\$0	\$537	\$465
2022	2	N/A	\$539	\$0	\$539	\$467
2024	3	0.0%	\$660	\$0	\$660	\$588

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	4	0.0%	\$644	\$0	\$644	\$537
2021	4	N/A	\$644	\$0	\$644	\$537
2022	2	N/A	\$646	\$0	\$646	\$539
2024	3	0.0%	\$785	\$0	\$785	\$678

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	4	0.0%	\$746	\$0	\$746	\$605
2021	4	N/A	\$746	\$0	\$746	\$605
2022	2	N/A	\$748	\$0	\$748	\$607
2024	3	0.0%	\$904	\$0	\$904	\$763

### Trend: @60%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	4	58.8%	\$833	\$0	\$833	\$761
2021	4	N/A	\$833	\$0	\$833	\$761
2022	2	N/A	\$835	\$0	\$835	\$763
2024	3	0.0%	\$1,015	\$0	\$1,015	\$943

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	4	0.0%	\$999	\$0	\$999	\$892
2021	4	N/A	\$999	\$0	\$999	\$892
2022	2	N/A	\$999	\$0	\$999	\$892
2024	3	0.0%	\$1,211	\$0	\$1,211	\$1,104

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	4	3.3%	\$1,156	\$0	\$1,156	\$1,015
2021	4	N/A	\$1,156	\$0	\$1,156	\$1,015
2022	2	N/A	\$1,158	\$0	\$1,158	\$1,017
2024	3	0.0%	\$1,396	\$0	\$1,396	\$1,255

## Lansborough Apartments, continued

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	4	14.3%	\$875	\$0	\$875	\$803
2021	4	N/A	\$875	\$0	\$875	\$803
2022	2	N/A	\$875	\$0	\$875	\$803
2024	3	0.0%	\$1,065	\$0	\$1,065	\$993

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	4	0.0%	\$1,050	\$0	\$1,050	\$943
2021	4	N/A	\$1,050	\$0	\$1,050	\$943
2022	2	N/A	\$1,050	\$0	\$1,050	\$943
2024	3	0.0%	\$1,261	\$0	\$1,261	\$1,154

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	4	8.3%	\$1,250	\$0	\$1,250	\$1,109
2021	4	N/A	\$1,250	\$0	\$1,250	\$1,109
2022	2	N/A	\$1,250	\$0	\$1,250	\$1,109
2024	3	0.0%	\$1,446	\$0	\$1,446	\$1,305

### Trend: Comments

4Q20	The contact reported 12 vacancies at the property, six of which are pre-leased. The contact attributed the elevated vacancy rate to increased turnover and that tenants cannot afford rent. The contact stated they believe the 60 percent rents are not achievable. The property maintains a waiting list of 70 households for its 30, 40, and 50 restricted units. The property is experiencing difficulty leasing units due to prospective tenants being delinquent at former properties.
4Q21	The contact reported that there are nine vacancies total between the two and three-bedroom units; the contact was unable to provide a further breakdown of vacancies by unit type.
2Q22	The contact reported that there are seven vacancies total between the two and three-bedroom units; the contact was unable to provide a further breakdown of vacancies by unit type.
3Q24	The rents and vacancy shown were obtained from the property's website.



Photos



# PROPERTY PROFILE REPORT

## Prose South Main

Effective Rent Date	10/16/2024
Location	12111 Main St Houston, TX 77035 Harris County
Distance	5.7 miles
Units	336
Vacant Units	13
Vacancy Rate	3.9%
Type	Garden (3 stories)
Year Built/Renovated	2021 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	N/A
Contact Name	Property Manager
Phone	713-909-3306



### Market Information

Program	@60%, @80%, Market
Annual Turnover Rate	30%
Units/Month Absorbed	N/A
HCV Tenants	3%
Leasing Pace	Pre-leased
Annual Chg. in Rent	60% inc. to max
Concession	1/2 Month Free
Waiting List	None

### Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	N/A	830	\$1,135	\$0	@60%	No	N/A	N/A	yes	None
1	1	Garden (3 stories)	N/A	830	\$1,202	\$0	@80%	No	N/A	N/A	no	None
1	1	Garden (3 stories)	N/A	830	\$1,459	\$0	Market	No	N/A	N/A	N/A	None
2	2	Garden (3 stories)	N/A	1,174	\$1,276	\$0	@60%	No	N/A	N/A	yes	None
2	2	Garden (3 stories)	N/A	1,174	\$1,579	\$66	@80%	No	N/A	N/A	no	None
2	2	Garden (3 stories)	N/A	1,174	\$1,675	\$0	Market	No	N/A	N/A	N/A	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@80%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,135	\$0	\$1,135	\$0	\$1,135	1BR / 1BA	\$1,202	\$0	\$1,202	\$0	\$1,202
2BR / 2BA	\$1,276	\$0	\$1,276	\$0	\$1,276	2BR / 2BA	\$1,579	\$66	\$1,513	\$0	\$1,513
Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent						
1BR / 1BA	\$1,459	\$0	\$1,459	\$0	\$1,459						
2BR / 2BA	\$1,675	\$0	\$1,675	\$0	\$1,675						

Amenities

<p><b>In-Unit</b>                  Blinds                  Central A/C                  Dishwasher                  Garbage Disposal                  Oven                  Vinyl Plank Flooring                  Washer/Dryer</p>	<p>Carpeting                  Coat Closet                  Ceiling Fan                  Microwave                  Refrigerator                  Walk-In Closet                  Washer/Dryer hookup</p>	<p><b>Security</b>                  Intercom (Buzzer)                  Limited Access                  Perimeter Fencing</p>	<p><b>Services</b>                  None</p>
<p><b>Property</b>                  Business Center/Computer Lab                  Clubhouse/Meeting Room/Community                  Exercise Facility                  On-Site Management                  Picnic Area</p>	<p>Carport(\$50.00)                  Courtyard                  Off-Street Parking(\$15.00)                  Pet Park                  Swimming Pool</p>	<p><b>Premium</b>                  None</p>	<p><b>Other</b>                  Island kitchen, granite</p>

Comments

This is a Public Facilities Corporation (PFC) property. Reserved surface parking is \$15 per month and carport parking is \$50 per month. The property is offering half off the first month's rent for the two-bedroom units at 80 percent of the AMI.

# PROPERTY PROFILE REPORT

## The Pointe At Crestmont

Effective Rent Date	9/10/2024
Location	5602 Selinsky Road Houston, TX 77048 Harris County
Distance	5.5 miles
Units	192
Vacant Units	9
Vacancy Rate	4.7%
Type	Garden (3 stories)
Year Built/Renovated	2019 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy
Contact Name	Lisa
Phone	281-916-4770



### Market Information

Program	@60%, @60% (HOME)
Annual Turnover Rate	17%
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	Within two weeks
Annual Chg. in Rent	Increased to 2024 max
Concession	None
Waiting List	None

### Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- gas
Heat	not included -- gas
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	4	850	\$986	\$0	@60%	No	1	25.0%	yes	None
1	1	Garden (3 stories)	20	850	\$986	\$0	@60% (HOME)	No	2	10.0%	yes	None
2	2	Garden (3 stories)	45	1,072	\$1,180	\$0	@60%	No	2	4.4%	yes	None
2	2	Garden (3 stories)	39	1,072	\$1,180	\$0	@60% (HOME)	No	1	2.6%	yes	None
3	2	Garden (3 stories)	45	1,185	\$1,397	\$0	@60%	No	2	4.4%	yes	None
3	2	Garden (3 stories)	39	1,185	\$1,397	\$0	@60% (HOME)	No	1	2.6%	yes	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$986	\$0	\$986	-\$72	\$914
2BR / 2BA	\$1,180	\$0	\$1,180	-\$107	\$1,073
3BR / 2BA	\$1,397	\$0	\$1,397	-\$141	\$1,256

## The Pointe At Crestmont, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Limited Access	None
Carpet/Hardwood	Central A/C	Perimeter Fencing	
Coat Closet	Dishwasher		
Ceiling Fan	Garbage Disposal		
Microwave	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	Library
Exercise Facility	Garage(\$100.00)		
Central Laundry	Off-Street Parking		
On-Site Management	Picnic Area		
Swimming Pool			

### Comments

The property accepts Housing Choice Vouchers; however, the contact did not know how many are currently being utilized. The property is achieving the 2024 maximum allowable rents.

# The Pointe At Crestmont, continued

## Trend Report

### Vacancy Rates

1Q22	4Q22	2Q24	3Q24
3.6%	13.0%	4.7%	4.7%

### Trend: @60%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2022	1	0.0%	\$808	\$0	\$808	\$736
2022	4	12.5%	\$912	\$0	\$912	\$840
2024	2	12.5%	\$942	\$0	\$942	\$870
2024	3	12.5%	\$986	\$0	\$986	\$914

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2022	1	0.0%	\$978	\$0	\$978	\$871
2022	4	13.1%	\$1,101	\$0	\$1,101	\$994
2024	2	3.6%	\$1,142 - \$1,162	\$0	\$1,142 - \$1,162	\$1,035 - \$1,055
2024	3	3.6%	\$1,180	\$0	\$1,180	\$1,073

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2022	1	8.3%	\$1,110	\$0	\$1,110	\$969
2022	4	13.1%	\$1,272	\$0	\$1,272	\$1,131
2024	2	3.6%	\$1,344	\$0	\$1,344	\$1,203
2024	3	3.6%	\$1,397	\$0	\$1,397	\$1,256

## Trend: Comments

1Q22	The property accepts Housing Choice Vouchers; however, the contact did not know how many are currently being utilized. The contact reported that approximately 35 percent of tenants are behind on their monthly rent as a result of job losses and furloughs due to the ongoing COVID-19 pandemic. The property is referring residents to various local and state agencies that can assist with rent payments.
4Q22	The property accepts Housing Choice Vouchers; however, the contact did not know how many are currently being utilized. The contact provided no additional information.
2Q24	The property accepts Housing Choice Vouchers; however, the contact did not know how many are currently being utilized. The contact noted that rents are currently at 2023 maximum allowable levels and was unsure when 2024 rents would be implemented.
3Q24	The property accepts Housing Choice Vouchers; however, the contact did not know how many are currently being utilized. The property is achieving the 2024 maximum allowable rents.



Photos



# PROPERTY PROFILE REPORT

## Trails At City Park

Effective Rent Date	10/16/2024
Location	2201 W Orem Dr Houston, TX 77047 Harris County
Distance	1.6 miles
Units	288
Vacant Units	7
Vacancy Rate	2.4%
Type	Garden (3 stories)
Year Built/Renovated	2009 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	N/A
Contact Name	Property Manager
Phone	281-915-4703



### Market Information

Program	@60%, @80%, Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	3%
Leasing Pace	Within two weeks
Annual Chg. in Rent	60% inc. to max
Concession	None
Waiting List	None

### Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	N/A	826	\$1,135	\$0	@60%	No	N/A	N/A	yes	None
1	1	Garden (3 stories)	N/A	826	\$1,310	\$0	@80%	No	N/A	N/A	no	None
1	1	Garden (3 stories)	N/A	826	\$1,310	\$0	Market	No	N/A	N/A	N/A	None
2	2	Garden (3 stories)	N/A	1,138	\$1,276	\$0	@60%	No	N/A	N/A	yes	None
2	2	Garden (3 stories)	N/A	1,138	\$1,620	\$0	@80%	No	N/A	N/A	no	None
2	2	Garden (3 stories)	N/A	1,138	\$1,620	\$0	Market	No	N/A	N/A	N/A	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@80%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,135	\$0	\$1,135	\$0	\$1,135	1BR / 1BA	\$1,310	\$0	\$1,310	\$0	\$1,310
2BR / 2BA	\$1,276	\$0	\$1,276	\$0	\$1,276	2BR / 2BA	\$1,620	\$0	\$1,620	\$0	\$1,620
Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent						
1BR / 1BA	\$1,310	\$0	\$1,310	\$0	\$1,310						
2BR / 2BA	\$1,620	\$0	\$1,620	\$0	\$1,620						



## Trails At City Park, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Limited Access	None
Carpeting	Central A/C	Perimeter Fencing	
Coat Closet	Dishwasher		
Exterior Storage	Ceiling Fan		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Vinyl Plank Flooring	Walk-In Closet		
Washer/Dryer	Washer/Dryer hookup		
Property		Premium	Other
Business Center/Computer Lab	Car Wash	None	None
Carport(\$50.00)	Clubhouse/Meeting Room/Community		
Exercise Facility	Jacuzzi		
Off-Street Parking(\$25.00)	On-Site Management		
Picnic Area	Swimming Pool		

### Comments

This is a Public Facilities Corporation (PFC) property. The contact confirmed that the rents for the 80 percent units are the same as for the market rate units. Reserved surface parking is \$25 per month and carport parking is \$50 per month. Of the 288 total units, 144 are affordable.

# PROPERTY PROFILE REPORT

## Avion Shadow Creek Ranch By Cortland

Effective Rent Date	9/06/2024
Location	2101 Kingsley Drive Pearland, TX 77584 Brazoria County
Distance	2.6 miles
Units	276
Vacant Units	9
Vacancy Rate	3.3%
Type	Garden (2 stories)
Year Built/Renovated	2015 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Stella at Shadow Creek Ranch
Tenant Characteristics	Mixed tenancy, young singles and professionals
Contact Name	Nicole
Phone	713-436-4500



### Market Information

Program	Market
Annual Turnover Rate	40%
Units/Month Absorbed	25
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Fluctuates daily; generally increased
Concession	None
Waiting List	None

### Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	120	821	\$1,609	\$0	Market	No	3	2.5%	N/A	AVG*
1	1	Garden (2 stories)	0	974	\$1,639	\$0	Market	No	0	N/A	N/A	HIGH
1	1	Garden (2 stories)	0	667	\$1,579	\$0	Market	No	0	N/A	N/A	LOW
2	2	Garden (2 stories)	112	1,225	\$2,069	\$0	Market	No	4	3.6%	N/A	AVG*
2	2	Garden (2 stories)	0	1,458	\$2,222	\$0	Market	No	0	N/A	N/A	HIGH
2	2	Garden (2 stories)	0	992	\$1,915	\$0	Market	No	0	N/A	N/A	LOW
3	2	Garden (2 stories)	44	1,547	\$2,332	\$0	Market	No	2	4.5%	N/A	AVG*
3	2	Garden (2 stories)	0	1,510	\$2,397	\$0	Market	No	0	N/A	N/A	HIGH
3	2	Garden (2 stories)	0	1,583	\$2,267	\$0	Market	No	0	N/A	N/A	LOW

## Avion Shadow Creek Ranch By Cortland, continued

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,579 - \$1,639	\$0	\$1,579 - \$1,639	\$0	\$1,579 - \$1,639
2BR / 2BA	\$1,915 - \$2,222	\$0	\$1,915 - \$2,222	\$0	\$1,915 - \$2,222
3BR / 2BA	\$2,267 - \$2,397	\$0	\$2,267 - \$2,397	\$0	\$2,267 - \$2,397

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Ceiling Fan	Garbage Disposal		
Microwave	Oven		
Refrigerator	Vaulted Ceilings		
Walk-In Closet	Washer/Dryer		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Car Wash	None	None
Clubhouse/Meeting Room/Community	Exercise Facility		
Garage	Off-Street Parking		
On-Site Management	Playground		
Swimming Pool	Wi-Fi		

### Comments

The contact reported that the property does not accept Housing Choice Vouchers. Garage parking is included in rent.

Trend Report

Vacancy Rates

3Q19	2Q20	3Q24
1.1%	6.2%	3.3%

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	N/A	\$1,115 - \$1,162	\$0	\$1,115 - \$1,162	\$1,115 - \$1,162
2020	2	8.3%	\$1,198 - \$1,360	\$0	\$1,198 - \$1,360	\$1,198 - \$1,360
2024	3	2.5%	\$1,579 - \$1,639	\$0	\$1,579 - \$1,639	\$1,579 - \$1,639

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	N/A	\$1,448 - \$1,862	\$0	\$1,448 - \$1,862	\$1,448 - \$1,862
2020	2	4.5%	\$1,407 - \$1,674	\$0	\$1,407 - \$1,674	\$1,407 - \$1,674
2024	3	3.6%	\$1,915 - \$2,222	\$0	\$1,915 - \$2,222	\$1,915 - \$2,222

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	N/A	\$1,931 - \$2,200	\$0	\$1,931 - \$2,200	\$1,931 - \$2,200
2020	2	4.5%	\$1,942 - \$2,258	\$0	\$1,942 - \$2,258	\$1,942 - \$2,258
2024	3	4.5%	\$2,267 - \$2,397	\$0	\$2,267 - \$2,397	\$2,267 - \$2,397

Trend: Comments

3Q19	The contact reported that the property does not accept Housing Choice Vouchers. Garage parking is included in rent.
2Q20	The contact reported that the property does not accept Housing Choice Vouchers. Garage parking is included in rent. The contact reported that the pandemic has not hindered current rental operations, and was unaware of any tenants that have been affected by the layoffs or furloughs.
3Q24	The contact reported that the property does not accept Housing Choice Vouchers. Garage parking is included in rent.

Photos



# PROPERTY PROFILE REPORT

## Cityscape Apartments

Effective Rent Date	9/09/2024
Location	13351 Cityscape Ave Houston, TX 77047 Harris County
Distance	2.3 miles
Units	240
Vacant Units	12
Vacancy Rate	5.0%
Type	Garden (3 stories)
Year Built/Renovated	2022 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy
Contact Name	Leasing Agent
Phone	349-639-5190



### Market Information

Program	Market
Annual Turnover Rate	25%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Change Daily
Concession	None
Waiting List	None

### Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	72	739	\$1,360	\$0	Market	No	0	0.0%	N/A	None
1	1	Garden (3 stories)	56	796	\$1,410	\$0	Market	No	5	8.9%	N/A	None
1	1	Garden (3 stories)	4	810	\$1,435	\$0	Market	No	1	25.0%	N/A	None
1	1	Garden (3 stories)	20	867	\$1,555	\$0	Market	No	2	10.0%	N/A	None
1	1	Garden (3 stories)	4	878	N/A	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden (3 stories)	35	1,078	\$1,795	\$0	Market	No	3	8.6%	N/A	None
2	2	Garden (3 stories)	35	1,193	\$1,855	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden (3 stories)	14	1,210	\$1,895	\$0	Market	No	1	7.1%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,360 - \$1,555	\$0	\$1,360 - \$1,555	\$0	\$1,360 - \$1,555
2BR / 2BA	\$1,795 - \$1,895	\$0	\$1,795 - \$1,895	\$0	\$1,795 - \$1,895

## Cityscape Apartments, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Limited Access	None
Carpeting	Central A/C	Perimeter Fencing	
Dishwasher	Ceiling Fan		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Vinyl Plank Flooring	Walk-In Closet		
Washer/Dryer	Washer/Dryer hookup		
Property		Premium	Other
Business Center/Computer Lab	Carport(\$35.00)	None	None
Clubhouse/Meeting Room/Community	Exercise Facility		
Garage(\$75.00)	Off-Street Parking		
On-Site Management	Pet Park		
Picnic Area	Swimming Pool		

### Comments

The property utilizes pricing software, and rents change daily.



# Cityscape Apartments, continued

## Trend Report

### Vacancy Rates

2023	2024	3Q24
3.8%	0.8%	5.0%

## Trend: Market

### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2023	2	5.1%	\$1,380 - \$1,465	\$0	\$1,380 - \$1,465	\$1,380 - \$1,465
2024	2	0.6%	\$1,360 - \$1,513	\$0	\$1,360 - \$1,513	\$1,360 - \$1,513
2024	3	5.1%	\$1,360 - \$1,555	\$0	\$1,360 - \$1,555	\$1,360 - \$1,555

### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2023	2	1.2%	\$1,825 - \$1,850	\$0	\$1,825 - \$1,850	\$1,825 - \$1,850
2024	2	1.2%	\$1,765 - \$1,869	\$0	\$1,765 - \$1,869	\$1,765 - \$1,869
2024	3	4.8%	\$1,795 - \$1,895	\$0	\$1,795 - \$1,895	\$1,795 - \$1,895

## Trend: Comments

2023	The contact provided no additional information.
2024	The property utilizes pricing software, and rents change daily.
3Q24	N/A



# PROPERTY PROFILE REPORT

## Cortland Luxe Shadow Creek

Effective Rent Date	9/06/2024
Location	1930 Kingsley Drive Pearland, TX 77584 Brazoria County
Distance	2.4 miles
Units	324
Vacant Units	12
Vacancy Rate	3.7%
Type	Garden (3 stories)
Year Built/Renovated	2018 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy
Contact Name	Gerardo
Phone	713-436-5000



### Market Information

Program	Market
Annual Turnover Rate	10%
Units/Month Absorbed	30
HCV Tenants	0%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Fluctuates daily; generally increased
Concession	None
Waiting List	None

### Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	N/A	807	\$1,605	\$0	Market	No	3	N/A	N/A	AVG*
1	1	Garden (3 stories)	N/A	953	\$1,798	\$0	Market	No	0	N/A	N/A	HIGH*
1	1	Garden (3 stories)	N/A	661	\$1,412	\$0	Market	No	0	N/A	N/A	LOW*
2	2	Garden (3 stories)	N/A	1,231	\$2,155	\$0	Market	No	5	N/A	N/A	AVG*
2	2	Garden (3 stories)	N/A	1,457	\$2,440	\$0	Market	No	0	N/A	N/A	HIGH*
2	2	Garden (3 stories)	N/A	1,005	\$1,869	\$0	Market	No	0	N/A	N/A	LOW*
3	2	Garden (3 stories)	N/A	1,528	\$2,519	\$0	Market	No	4	N/A	N/A	AVG*
3	2	Garden (3 stories)	N/A	1,585	\$2,586	\$0	Market	No	0	N/A	N/A	HIGH*
3	2	Garden (3 stories)	N/A	1,471	\$2,451	\$0	Market	No	0	N/A	N/A	LOW*

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,412 - \$1,798	\$0	\$1,412 - \$1,798	\$0	\$1,412 - \$1,798
2BR / 2BA	\$1,869 - \$2,440	\$0	\$1,869 - \$2,440	\$0	\$1,869 - \$2,440
3BR / 2BA	\$2,451 - \$2,586	\$0	\$2,451 - \$2,586	\$0	\$2,451 - \$2,586

## Cortland Luxe Shadow Creek, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpeting	Central A/C	Limited Access	
Coat Closet	Dishwasher	Perimeter Fencing	
Exterior Storage	Ceiling Fan		
Microwave	Oven		
Refrigerator	Vaulted Ceilings		
Walk-In Closet	Washer/Dryer		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Courtyard	Exercise Facility		
Garage(\$175.00)	Off-Street Parking		
On-Site Management	Picnic Area		
Recreation Areas	Swimming Pool		
Wi-Fi			

### Comments

The contact reported that the property does not accept Housing Choice Vouchers. The contact also noted that garage parking ranges from \$175 to \$225 per month depending on the location and the size of the garage. Exterior storage is available for an additional monthly fee ranging from \$20 to \$150 per month depending on the size of the unit.

## Trend Report

## Vacancy Rates

3Q19	2Q20	3Q24
5.2%	4.3%	3.7%

## Trend: Market

## 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	N/A	\$1,317 - \$1,548	\$0	\$1,317 - \$1,548	\$1,317 - \$1,548
2020	2	N/A	\$1,188 - \$1,535	\$0	\$1,188 - \$1,535	\$1,188 - \$1,535
2024	3	N/A	\$1,412 - \$1,798	\$0	\$1,412 - \$1,798	\$1,412 - \$1,798

## 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	N/A	\$1,617 - \$1,927	\$0	\$1,617 - \$1,927	\$1,617 - \$1,927
2020	2	N/A	\$1,542 - \$1,951	\$0	\$1,542 - \$1,951	\$1,542 - \$1,951
2024	3	N/A	\$1,869 - \$2,440	\$0	\$1,869 - \$2,440	\$1,869 - \$2,440

## 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	N/A	\$2,179 - \$2,288	\$0	\$2,179 - \$2,288	\$2,179 - \$2,288
2020	2	N/A	\$1,869 - \$2,290	\$0	\$1,869 - \$2,290	\$1,869 - \$2,290
2024	3	N/A	\$2,451 - \$2,586	\$0	\$2,451 - \$2,586	\$2,451 - \$2,586

## Trend: Comments

3Q19	The contact reported that the property does not accept Housing Choice Vouchers. The contact also noted that garage parking ranges from \$175 to \$225 per month depending on the location and the size of the garage. Exterior storage is available for an additional monthly fee ranging from \$20 to \$150 per month depending on the size of the unit.
2Q20	The contact noted that the property has not had any decrease in leasing traffic as a result of the pandemic; however, they noted that approximately 20 to 25 percent of tenants have either been laid off or furloughed as a result of business closures. Management is working with these tenants to implement payment plans to avoid late fees or move outs. The contact reported that the property does not accept Housing Choice Vouchers. The contact also noted that garage parking ranges from \$175 to \$225 per month depending on the location and the size of the garage. Exterior storage is available for an additional monthly fee ranging from \$20 to \$150 per month depending on the size of the unit.
3Q24	The contact reported that the property does not accept Housing Choice Vouchers. The contact also noted that garage parking ranges from \$175 to \$225 per month depending on the location and the size of the garage. Exterior storage is available for an additional monthly fee ranging from \$20 to \$150 per month depending on the size of the unit.

Photos



# PROPERTY PROFILE REPORT

## Hycohen Residency

Effective Rent Date	9/10/2024
Location	13511 Hycohen Rd. Houston, TX 77047 Harris County
Distance	2.3 miles
Units	210
Vacant Units	13
Vacancy Rate	6.2%
Type	Garden (3 stories)
Year Built/Renovated	2023 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	N/A
Contact Name	Property Manager
Phone	832-699-4000



### Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	N/A
Annual Chg. in Rent	Changes frequently
Concession	One month free
Waiting List	None

### Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	10	770	\$1,375	\$115	Market	No	3	30.0%	N/A	None
1	1	Garden (3 stories)	10	778	\$1,400	\$117	Market	No	3	30.0%	N/A	None
1	1	Garden (3 stories)	20	832	\$1,460	\$122	Market	No	1	5.0%	N/A	None
2	2	Garden (3 stories)	60	1,153	\$1,700	\$142	Market	No	3	5.0%	N/A	None
2	2	Garden (3 stories)	110	1,230	\$1,800	\$150	Market	No	3	2.7%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,375 - \$1,460	\$115 - \$122	\$1,260 - \$1,338	-\$72	\$1,188 - \$1,266
2BR / 2BA	\$1,700 - \$1,800	\$142 - \$150	\$1,558 - \$1,650	-\$107	\$1,451 - \$1,543

## Hycohen Residency, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpeting	Central A/C	Limited Access	
Coat Closet	Dishwasher	Perimeter Fencing	
Exterior Storage	Ceiling Fan		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Vinyl Plank Flooring	Walk-In Closet		
Washer/Dryer	Washer/Dryer hookup		
Property		Premium	Other
Business Center/Computer Lab	Carport	None	None
Clubhouse/Meeting Room/Community	EV Charging Station		
Exercise Facility	Off-Street Parking		
On-Site Management	Pet Park		
Picnic Area	Playground		
Swimming Pool			

### Comments

The rents and vacancy shown were obtained from the property's website. The property is offering one month free on new leases.



# PROPERTY PROFILE REPORT

## Stella Shadow Creek Ranch

Effective Rent Date	9/09/2024
Location	11900 Shadow Creek Parkway Pearland, TX 77584 Brazoria County
Distance	2.7 miles
Units	392
Vacant Units	13
Vacancy Rate	3.3%
Type	Garden (3 stories)
Year Built/Renovated	2008 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Villas at Shadow Creek
Tenant Characteristics	Mixed tenancy with many in healthcare
Contact Name	Heather
Phone	713-352-0934



### Market Information

Program	Market
Annual Turnover Rate	40%
Units/Month Absorbed	29
HCV Tenants	0%
Leasing Pace	N/A
Annual Chg. in Rent	Fluctuates daily
Concession	One month free
Waiting List	None

### Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	N/A	758	\$1,270	\$106	Market	No	3	N/A	N/A	None
1	1	Garden (3 stories)	N/A	767	\$1,445	\$120	Market	No	0	N/A	N/A	None
1	1	Garden (3 stories)	N/A	772	\$1,300	\$108	Market	No	3	N/A	N/A	None
1	1	Garden (3 stories)	N/A	841	\$1,420	\$118	Market	No	2	N/A	N/A	None
2	2	Garden (3 stories)	N/A	1,177	\$1,785	\$149	Market	No	3	N/A	N/A	None
2	2	Garden (3 stories)	N/A	1,340	\$1,910	\$159	Market	No	2	N/A	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,270 - \$1,445	\$106 - \$120	\$1,164 - \$1,325	\$0	\$1,164 - \$1,325
2BR / 2BA	\$1,785 - \$1,910	\$149 - \$159	\$1,636 - \$1,751	\$0	\$1,636 - \$1,751

## Stella Shadow Creek Ranch, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Limited Access	None
Carpeting	Central A/C	Perimeter Fencing	
Coat Closet	Dishwasher		
Ceiling Fan	Fireplace		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Exercise Facility	Garage(\$125.00)		
Off-Street Parking	On-Site Management		
Picnic Area	Swimming Pool		

### Comments

The rents and vacancy shown were obtained from the property's website. The property is currently offering one month of free rent on new leases.



Trend Report

Vacancy Rates

3Q19	4Q19	2Q20	3Q24
3.3%	3.3%	1.8%	3.3%

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	N/A	\$1,065 - \$1,185	\$0	\$1,065 - \$1,185	\$1,065 - \$1,185
2019	4	N/A	\$1,065 - \$1,185	\$0	\$1,065 - \$1,185	\$1,065 - \$1,185
2020	2	N/A	\$1,015 - \$1,180	\$0	\$1,015 - \$1,180	\$1,015 - \$1,180
2024	3	N/A	\$1,270 - \$1,445	\$106 - \$120	\$1,164 - \$1,325	\$1,164 - \$1,325

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	N/A	\$1,370 - \$1,545	\$0	\$1,370 - \$1,545	\$1,370 - \$1,545
2019	4	N/A	\$1,370 - \$1,545	\$0	\$1,370 - \$1,545	\$1,370 - \$1,545
2020	2	N/A	\$1,290 - \$1,390	\$0	\$1,290 - \$1,390	\$1,290 - \$1,390
2024	3	N/A	\$1,785 - \$1,910	\$149 - \$159	\$1,636 - \$1,751	\$1,636 - \$1,751

Trend: Comments

3Q19	The contact reported that the property does not accept Housing Choice Vouchers.
4Q19	N/A
2Q20	The contact noted that the property has not had any decrease in leasing traffic as a result of the pandemic. However, they noted that approximately 30 tenants have informed management that they have been laid off and will have difficulty making payments. Management is working with these tenants to offer payment plans and deferred payments on a case-by-case basis. The contact reported that the property does not accept Housing Choice Vouchers.
3Q24	The rents and vacancy shown were obtained from the property's website. The property is currently offering one month of free rent on new leases.

Photos



**Location**

The following table compares the Subject's location to the comparable locations.

**LOCATIONAL COMPARISON SUMMARY**

#	Property Name	Program	Distance Subject	Household Income	Median Home Value	Median Rent	Crime Index	Walk Score	Vacant Housing	% Renter HH
S	Thrive Almeda At Fuqua	Affordable/Market		\$59,606	\$150,532	\$1,945	159	43	3.7%	32.6%
1	Cottages At South Acres	LIHTC/Market	3.6 miles	\$57,284	\$204,641	\$1,931	171	21	4.8%	29.2%
2	Lansborough Apartments	LIHTC/Market	4.8 miles	\$41,876	\$171,818	\$1,330	193	62	7.1%	64.7%
3	Prose South Main	Affordable/Market	5.7 miles	\$74,152	\$286,713	\$1,343	176	13	7.8%	35.6%
4	The Pointe At Crestmont	LIHTC	5.5 miles	\$48,911	\$199,942	\$1,501	226	37	12.4%	42.8%
5	Trails At City Park	Affordable/Market	1.6 miles	\$65,998	\$204,641	\$1,931	253	10	5.6%	42.0%
6	Avion Shadow Creek Ranch By Cortland	Market	2.6 miles	\$113,819	\$331,077	\$2,190	177	26	6.2%	53.0%
7	Cityscape Apartments	Market	2.3 miles	\$69,770	\$204,641	\$1,931	180	18	3.8%	31.9%
8	Cortland Luxe Shadow Creek	Market	2.4 miles	\$109,970	\$331,077	\$2,190	171	24	6.6%	57.1%
9	Hycohen Residency	Market	2.3 miles	\$69,770	\$204,641	\$1,931	180	17	3.8%	29.7%
10	Stella Shadow Creek Ranch	Market	2.7 miles	\$100,420	\$331,077	\$2,190	179	55	9.0%	75.0%

The Subject is located in the southwestern portion of Houston. Surrounding uses consist of single-family homes and commercial/retail properties. A strength of the Subject's location is its lower crime index. A weakness of the Subject's location is its lower median home value. The Subject's location is designated Car-Dependent by Walk Score with a score of 42, and is not considered walkable.

The affordable properties are located between 1.6 and 5.7 miles from the Subject site. The affordable comparables are generally in neighborhoods considered similar relative to the Subject's location. Notable exceptions are Lansborough Apartments and The Pointe at Crestmont, which are located in slightly inferior neighborhoods featuring lower median household incomes, lower median rents, and higher crime indices.

The market rate developments are located between 2.3 and 2.7 miles from the Subject site. Three of the market rate comparables are located in slightly superior neighborhoods featuring higher median household income, higher median home values, and higher median rents. The two remaining properties, Cityscape Apartments and Hycohen Residency, are located in neighborhoods considered similar to the Subject's location.

**Age and Condition**

The Subject will be new construction completed in 2027 and will exhibit excellent overall condition. The affordable comparables were constructed or renovated between 2007 and 2021, while the market rate comparables were constructed or renovated between 2008 and 2023. Two of the affordable comparables, Lansborough Apartments and Trails at City Park, exhibit slightly inferior to inferior condition relative to the proposed Subject. The three remaining properties were built between 2016 and 2021 and exhibit excellent overall condition, similar to the proposed Subject. Four of the market rate comparables were built between 2015 and 2023 and exhibit excellent overall condition, similar to the proposed Subject. The remaining property, Stella Shadow Creek Ranch, was built in 2008 and exhibits slightly inferior condition relative to the proposed Subject.

The Subject will offer a three-story garden-style design. This is similar to the other garden-style designs offered. However, one affordable property offers a townhouse-style design and is considered superior to the proposed Subject's design.

**Unit Size**

The following table summarizes unit sizes in the market area, and provides a comparison of the Subject's unit size relative to the surveyed average unit sizes in the market.

UNIT SIZE COMPARISON			
Bedroom Type	1BR	2BR	3BR
<b>Subject</b>	<b>673 - 714</b>	<b>984 - 1,055</b>	<b>1,198</b>
Average	796	1,129	1,315
Min	661	950	1,100
Max	974	1,458	1,585
<b>Advantage/Disadvantage</b>	<b>-15.4% to -10.3%</b>	<b>-12.8% to -6.5%</b>	<b>-8.9%</b>

The Subject's one, two, and three-bedroom units are within the range of the surveyed comparable unit sizes. However, all of the Subject's units are below the comparables' average square footage. It should be noted that both Cottages at South Acres and Lansborough Apartments, which offer similar to slightly inferior unit sizes compared to the Subject, reported being fully occupied. We have considered the Subject's unit sizes in our determination of achievable rents.

**Amenities**

A detailed description of amenities included in both the Subject and the comparable properties can be found in the amenity matrix.

Notable in-unit amenities offered by the proposed Subject will include balconies/patios, central air conditioning, dishwashers, disposals, microwaves, vinyl plank flooring, walk-in closets, and washer/dryers. The majority of the comparables offer unit amenities considered similar relative to the proposed Subject. Overall, we believe the Subject's unit amenities will be competitive in the market.

Notable amenities offered by the proposed Subject will include a clubhouse, a fitness center, on-site management, a pet park, picnic areas, recreational areas, and a swimming pool. The majority of the comparables offer property amenities ranging from slightly inferior to slightly superior relative to the proposed Subject. Overall, we believe the Subject's property amenities will be competitive in the market.

**Security Features**

According to ESRI Demographic data, crime indices in the proposed Subject's location are elevated relative to the national average. The proposed Subject will offer intercom (buzzer), limited access, and perimeter fencing. A majority of the comparables offer two to three security amenities, similar to the Subject. Overall, the comparables' security features range from inferior to slightly superior compared to the proposed Subject. As such, we believe the proposed Subject's security amenities are market oriented.

**Utility Structure**

The proposed Subject will offer central air conditioning and electric cooking, heating, and water heating. All in-unit utility expenses at the Subject will be tenant-paid. Since not all of the comparable properties offer similar utility configurations, we have adjusted “base” or “asking” rents of these comparable properties to “net” rents, based on the most recent utility allowance published by the Harris County Housing Authority, effective as of April 1, 2024.

**Parking**

The Subject will offer 496 off-street parking spaces, or 1.53 spaces per unit. Specifically, the Subject will offer 422 surface parking spaces included in the cost of rent, 47 carport spaces for \$60 per month, and 27 garage spaces for \$125 per month. We believe the number of parking spaces to be adequate. All but two of the comparable properties offer off-street surface parking included in the cost of rent. Prose South Main and Trails at City Park offers surface parking for additional monthly fees ranging from \$15 to \$25 and carport parking for additional monthly fees of \$50. The parking at these properties is inferior to the proposed Subject's parking. One property (Hycohen Residency) offers carport parking included in the cost of rent, while another two properties (Cottages at South Acres and Avion Shadow Ranch by Cortland) offer garage parking included in

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the cost rent. The parking at these properties is slightly superior to superior to the Subject's parking. We have analyzed the reasonability of the proposed parking fees in the income and expense analysis.

### MARKET CHARACTERISTICS

Following are relevant market characteristics for the comparable properties surveyed.

#### Vacancy

The following table summarizes overall weighted vacancy levels at the surveyed properties.

#### OVERALL VACANCY

Property Name	Program	Tenancy	Total Units	Vacant Units	Vacancy %
Cottages At South Acres	LIHTC/Market	Family	144	0	0.0%
Lansborough Apartments	LIHTC/Market	Family	176	0	0.0%
Prose South Main	Affordable/Market	Family	336	13	3.9%
The Pointe At Crestmont	LIHTC	Family	192	9	4.7%
Trails At City Park	Affordable/Market	Family	288	7	2.4%
Avion Shadow Creek Ranch By Cortland	Market	Family	276	9	3.3%
Cityscape Apartments	Market	Family	240	12	5.0%
Cortland Luxe Shadow Creek	Market	Family	324	12	3.7%
Hycohen Residency	Market	Family	210	13	6.2%
Stella Shadow Creek Ranch	Market	Family	392	13	3.3%
<b>LIHTC Total</b>			<b>1,136</b>	<b>29</b>	<b>2.6%</b>
<b>Market Total</b>			<b>1,442</b>	<b>59</b>	<b>4.1%</b>
<b>Overall Total</b>			<b>2,578</b>	<b>88</b>	<b>3.4%</b>

The comparable properties reported vacancy rates ranging from zero to 6.2 percent, with an overall weighted average of 3.4 percent. Managers at two of the five affordable properties reported being fully occupied. The average vacancy rate reported by the affordable comparables was 2.6 percent, below the 4.1 percent weighted average reported by the market rate properties. All but one of the market rate properties reported vacancy rates of 5.0 percent or less. Management at Hycohen Residency, which reported a slightly elevated vacancy rate of 6.2 percent, was unable to provide a reason for the higher vacancy. Based on the performance of the comparables, we expect the Subject would operate with vacancy and collection losses of approximately five percent under the restricted scenario.

#### Historical Vacancy

The following table details historical vacancy levels for the properties included as comparables.

#### HISTORICAL VACANCY

Property Name	Program	Total Units	2019 Q3	2020 Q2	2024 Q3
Cottages At South Acres	LIHTC/Market	144	N/A	N/A	0.0%
Lansborough Apartments	LIHTC/Market	176	3.4%	N/A	0.0%
Prose South Main	Affordable/Market	336	N/A	N/A	N/A
The Pointe At Crestmont	LIHTC	192	N/A	N/A	4.7%
Trails At City Park	Affordable/Market	288	N/A	N/A	N/A
Avion Shadow Creek Ranch By Cortland	Market	276	1.1%	6.2%	3.3%
Cityscape Apartments	Market	240	N/A	N/A	5.0%
Cortland Luxe Shadow Creek	Market	324	5.2%	4.3%	3.7%
Hycohen Residency	Market	210	N/A	N/A	6.2%
Stella Shadow Creek Ranch	Market	392	3.3%	1.8%	3.3%

The vacancy rates at all of the affordable comparable properties improved or remained low since our previous interviews. This is indicative of supply-constrained market conditions over the past several years regardless of new development entering the area.



**Concessions**

The following table details rental concessions offered by the comparables.

**CONCESSIONS**

Property Name	Program	Tenancy	Concessions
Cottages At South Acres	LIHTC/Market	Family	None
Lansborough Apartments	LIHTC/Market	Family	None
Prose South Main	Affordable/Market	Family	1/2 Month Free
The Pointe At Crestmont	LIHTC	Family	None
Trails At City Park	Affordable/Market	Family	None
Avion Shadow Creek Ranch By Cortland	Market	Family	None
Cityscape Apartments	Market	Family	None
Cortland Luxe Shadow Creek	Market	Family	None
Hycohen Residency	Market	Family	One month free
Stella Shadow Creek Ranch	Market	Family	One month free

Three of the comparable properties reported offering concessions. Given the lack of concessions offered by the remaining properties, we do not anticipate that the Subject will need to offer concessions to maintain a stabilized occupancy rate upon completion.

**Waiting Lists**

In markets with high housing costs and a limited supply of affordable housing, waiting lists are common. A waiting list indicates a strong market with high occupancy and unmet demand. Properties that carry a waiting list typically enjoy easy lease-up upon turnover. The following table details the waiting list information at comparable multifamily properties.

**WAITING LISTS**

Property Name	Program	Tenancy	Waiting List Length
Cottages At South Acres	LIHTC/Market	Family	Yes; 50+ households
Lansborough Apartments	LIHTC/Market	Family	Yes; 75 HHs for 30, 40, and 50 percent units
Prose South Main	Affordable/Market	Family	None
The Pointe At Crestmont	LIHTC	Family	None
Trails At City Park	Affordable/Market	Family	None
Avion Shadow Creek Ranch By Cortland	Market	Family	None
Cityscape Apartments	Market	Family	None
Cortland Luxe Shadow Creek	Market	Family	None
Hycohen Residency	Market	Family	None
Stella Shadow Creek Ranch	Market	Family	None

Two of the affordable properties maintain waiting lists, both of which are extensive. Upon stabilization, we expect the Subject to operate with low vacancy and maintain a waiting list.

**Reasonability of Rents**

The following table is a comparison of the Subject’s and comparable properties’ rents. For the purposes of this market study, “Base Rents” are the actual rents quoted to the tenant, and are most frequently those rents that potential renters consider when making a housing decision. “Net rents” are rents adjusted for the cost of utilities (adjusted to the Subject’s convention) and are used to compensate for the differing utility structures of the Subject and the comparable properties. Net rents represent the actual costs of residing at a property, and help to provide an “apples-to-apples” comparison of rents.

Illustrated following is a comparison of the LIHTC comparables and Subject’s asking rents at 60 and 80 percent of AMI. It should be noted that the PFC program does not require a deduction for utility costs, which is a requirement of some other affordability programs such as the LIHTC program.

60 Percent AMI

RENT COMPARISON @60%

Property Name	County	1BR	2BR	3BR	Max Rent?
Thrive Almeda At Fuqua	Harris	\$1,135	\$1,276	\$1,419	Yes
PFC Maximum Rent (Net)	Harris	\$1,135	\$1,276	\$1,419	-
LIHTC Maximum Rent (Net)	Harris	\$1,065	\$1,278	\$1,476	-
Cottages At South Acres	Harris	\$963	\$1,151	-	Yes
Lansborough Apartments	Harris	\$943	\$1,104	\$1,255	Yes
Prose South Main	Harris	\$1,135	\$1,276	-	Yes
The Pointe At Crestmont	Harris	\$914	\$1,073	\$1,256	Yes
Trails At City Park	Harris	\$1,135	\$1,276	-	Yes
<b>Average</b>	-	<b>\$1,018</b>	<b>\$1,176</b>	<b>\$1,256</b>	-
<b>Achievable PFC Rent</b>	-	<b>\$1,135</b>	<b>\$1,276</b>	<b>\$1,419</b>	Yes

The Subject will offer 65 units at 60 percent of the AMI. As shown in the preceding table, five of the comparable properties offer units at 60 percent of the AMI, with all five reporting achieving the maximum allowable rents. Cottages at South Acres is considered slightly inferior to the proposed Subject, offering slightly inferior property amenities and unit features, as well as a similar location, condition, and unit sizes. Lansborough Apartments is considered inferior to the proposed Subject, offering similar property amenities and slightly inferior unit features, location, condition, and unit sizes. Prose South Main and Trails at City Park are both considered slightly superior to the proposed Subject, offering slightly superior property amenities, similar unit features and locations, similar to slightly inferior condition, and superior unit sizes. The Pointe at Crestmont is considered slightly inferior to the proposed Subject, offering similar property amenities and condition, slightly inferior unit features and location, and slightly superior unit sizes. Furthermore, the affordable comparables reported a low average vacancy rate of 2.6 percent and two of the properties maintain waiting lists. As such, we believe the Subject will also be capable of achieving the maximum allowable rents at 60 percent of the AMI. The maximum rents represent a rent advantage of 17 to 36 percent over the achievable market rents. As previously indicated, the maximum PFC rents are not required to be adjusted by the tenant’s utility costs. As a result, permitted PFC rents are generally above the maximum LIHTC rents. Given the low vacancy and large market advantage, we believe the proposed rents are reasonable.

80 Percent AMI

RENT COMPARISON @80% AND MARKET

Property Name	County	1BR	2BR	3BR	Max Rent?
Thrive Almeda At Fuqua	Harris	\$1,325-\$1,370	\$1,702	\$1,892	No/Yes/Yes
PFC Maximum Rent (Net)	Harris	\$1,514	\$1,702	\$1,892	-
LIHTC Maximum Rent (Net)	Harris	\$1,420	\$1,704	\$1,968	-
Prose South Main	Harris	\$1,202	\$1,513	-	No
Trails At City Park	Harris	\$1,310	\$1,620	-	No
Cottages At South Acres (Market)	Harris	\$1,142	\$1,326	-	-
Lansborough Apartments (Market)	Harris	\$993	\$1,154	\$1,305	-
Prose South Main (Market)	Harris	\$1,459	\$1,675	-	-
Trails At City Park (Market)	Harris	\$1,310	\$1,620	-	-
Avion Shadow Creek Ranch By Cortland (Market)	Brazoria	\$1,639	\$2,222	\$2,397	-
Cityscape Apartments (Market)	Harris	\$1,555	\$1,895	-	-
Cortland Luxe Shadow Creek (Market)	Brazoria	\$1,798	\$2,440	\$2,586	-
Hycohen Residency (Market)	Harris	\$1,266	\$1,543	-	-
Stella Shadow Creek Ranch (Market)	Brazoria	\$1,325	\$1,751	-	-
<b>Average (@80%)</b>	-	<b>\$1,256</b>	<b>\$1,567</b>	-	-
<b>Average (Market)</b>	-	<b>\$1,387</b>	<b>\$1,736</b>	<b>\$2,096</b>	-
<b>Achievable PFC Rent</b>	-	<b>\$1,325-\$1,370</b>	<b>\$1,702</b>	<b>\$1,892</b>	No/Yes/Yes

The Subject will offer 98 units at 80 percent of the AMI. Two of the comparable properties offer units at 80 percent of the AMI, both of which report achieving rents set below the maximum allowable levels. We also supplemented our comparison with unrestricted market rate properties. Based on the market rents reported by the comparable properties, as well as the Subject's achievable market rents, we believe the Subject will be capable of achieving rents below the maximum allowable levels for the one-bedroom units at 80 percent of

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the AMI, but at the maximum allowable levels for the two and three-bedroom units at 80 percent of the AMI. Our concluded achievable affordable rents for the Subject's one, two, and three-bedroom units are \$1,325 to \$1,370, \$1,702, and \$1,892, respectively. Our concluded rents represent a rent advantage of two to 14 percent over the achievable market rents.

**Achievable Market Rents**

The following table compares the achievable market rents compared to the range of market rents and overall average.

**SUBJECT COMPARISON TO MARKET RENTS**

Unit Type	Rent Level	Square Feet	Achievable LIHTC Rent	Surveyed Min	Surveyed Max	Surveyed Average	Achievable Market Rent	Subject Rent Advantage
1BR/1BA	@60%	673	\$1,135	\$993	\$1,798	\$1,379	\$1,400	19%
1BR/1BA	@60%	714	\$1,135	\$993	\$1,798	\$1,379	\$1,400	19%
1BR/1BA	@80%	673	\$1,325	\$993	\$1,798	\$1,379	\$1,400	5%
1BR/1BA	@80%	714	\$1,370	\$993	\$1,798	\$1,379	\$1,400	2%
2BR/2BA	@60%	984	\$1,276	\$1,154	\$2,440	\$1,787	\$1,775	28%
2BR/2BA	@60%	1,055	\$1,276	\$1,154	\$2,440	\$1,787	\$1,815	30%
2BR/2BA	@80%	984	\$1,702	\$1,154	\$2,440	\$1,787	\$1,775	4%
2BR/2BA	@80%	1,055	\$1,702	\$1,154	\$2,440	\$1,787	\$1,815	6%
3BR/2BA	@60%	1,198	\$1,419	\$1,305	\$2,586	\$2,265	\$2,200	36%
3BR/2BA	@80%	1,198	\$1,892	\$1,305	\$2,586	\$2,265	\$2,200	14%

The Subject's achievable affordable rents represent a rent advantage of two to 36 percent over the achievable market rents. We concluded that achievable market rents for the Subject's units are above the rents at Stella Shadow Creek Ranch and below the rents at Cortland Luxe Shadow Creek.

Stella Shadow Creek Ranch is a 392-unit property located 2.7 miles southeast of the Subject site, in a neighborhood considered slightly superior relative to the Subject's location. This property was constructed in 2008. We consider the condition of this property slightly inferior relative to the proposed Subject, which will be new construction. The manager at Stella Shadow Creek Ranch reported a low vacancy rate of 3.3 percent, indicating the current rents are well accepted in the market. The following table compares the Subject with Stella Shadow Creek Ranch.

**SUBJECT COMPARISON TO STELLA SHADOW CREEK RANCH**

Unit Type	Subject Achievable Market Rent	Square Feet	Subject RPSF	Comparable Rent	Square Feet	Comparable RPSF
1BR/1BA	\$1,400	673	\$2.08	\$1,164	758	\$1.54
1BR/1BA	\$1,400	714	\$1.96	\$1,164	758	\$1.54
2BR/2BA	\$1,815	1,055	\$1.72	\$1,636	1,177	\$1.39
2BR/2BA	\$1,775	984	\$1.80	\$1,636	1,177	\$1.39
3BR/2BA	\$2,200	1,198	\$1.84	-	-	-

Stella Shadow Creek Ranch offers a business center, ceiling fans, and fireplaces, all of which the proposed Subject will lack. However, the Subject will offer a pet park, recreational areas, and vinyl plank flooring, none of which are provided by Stella Shadow Creek Ranch. On balance, we consider the in-unit and property amenity packages offered by Stella Shadow Creek Ranch to be slightly inferior and similar relative to the proposed Subject, respectively. Additionally, Stella Shadow Creek Ranch offers slightly superior to superior unit sizes compared to the proposed Subject. However, Stella Shadow Creek Ranch offers surface parking included in the cost of rent and garage parking for an additional monthly fee of \$125, while the Subject will offer surface parking included in the cost of rent, carport parking for \$60 per month, and garage parking for \$125. In overall terms, we believe the proposed Subject will be a slightly superior product relative to Stella Shadow Creek Ranch. Accordingly, our concluded achievable market rents are above the rents reported by Stella Shadow Creek Ranch.



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Cortland Luxe Shadow Creek is a 324-unit property located 2.4 miles south of the Subject site, in a neighborhood considered slightly superior relative to the Subject's location. This property was constructed in 2018. We consider the condition of this property similar relative to the proposed Subject, which will be new construction. The manager at Cortland Luxe Shadow Creek reported a low vacancy rate of 3.7 percent, indicating the current rents are well accepted in the market. The following table compares the Subject with Cortland Luxe Shadow Creek.

**SUBJECT COMPARISON TO CORTLAND LUXE SHADOW CREEK**

Unit Type	Subject Achievable Market Rent	Square Feet	Subject RPSF	Comparable Rent	Square Feet	Comparable RPSF
1BR/1BA	\$1,400	673	\$2.08	\$1,412	661	\$2.14
1BR/1BA	\$1,400	714	\$1.96	\$1,412	661	\$2.14
2BR/2BA	\$1,815	1,055	\$1.72	\$1,869	1,005	\$1.86
2BR/2BA	\$1,775	984	\$1.80	\$1,869	1,005	\$1.86
3BR/2BA	\$2,200	1,198	\$1.84	\$2,451	1,471	\$1.67

Cortland Luxe Shadow Creek offers a business center, ceiling fans, a courtyard, exterior storage, vaulted ceilings, and common area WiFi, all of which the proposed Subject will lack. However, the Subject will offer disposals, a pet park, and vinyl plank flooring, none of which are provided by Cortland Luxe Shadow Creek. On balance, we consider the in-unit and property amenity packages offered by Cortland Luxe Shadow Creek to be similar and slightly superior relative to the proposed Subject, respectively. Additionally, Cortland Luxe Shadow Creek offers similar to slightly inferior one and two-bedroom unit sizes, and superior three-bedroom unit sizes compared to the proposed Subject. Cortland Luxe Shadow Creek offers surface parking included in the cost of rent and garage parking for an additional monthly fee of \$175, while the Subject will offer surface parking included in the cost of rent, carport parking for \$60 per month, and garage parking for \$125. In overall terms, we believe the proposed Subject will be a slightly inferior product relative to Cortland Luxe Shadow Creek. Accordingly, our concluded achievable market rents are below the rents reported by Cortland Luxe Shadow Creek.

**Summary**

There is strong demand for affordable housing is evidenced by the low vacancy rates and the prevalence of waiting lists. The Subject will help fill that void. The proposed PFC rents are achievable. The concluded achievable rents will be reflected in our feasibility analysis.

# **V. INCOME AND OPERATING EXPENSE ANALYSIS**

**INCOME AND OPERATING EXPENSE ANALYSIS**

We have developed an income and operating expense analysis which compares the budgeted operating expenses to comparable data and concluded to reasonable expense conclusions. These estimates will be used as inputs in the feasibility analysis.

**Potential Gross Income**

In order to determine the potential gross income for the Subject, we employed a comparable rent analysis. In our search for properties comparable to the Subject, we concentrated on obtaining information on those projects considered similar to the Subject improvements on the basis of location, size, age, condition, design, quality of construction and overall appeal. In our market analysis we provided the results of our research regarding properties considered generally comparable or similar to the Subject.

The potential gross income of the Subject is the total annual income capable of being generated by all sources, including rental revenue and other income sources. The Subject's potential rental income is based upon the achievable rents as derived in the Supply Section of this report and are calculated as follows.

**POTENTIAL GROSS INCOME (AS PROPOSED - RESTRICTED)**

Unit Type	Program	# Units	Square Feet	Achievable Rent	Monthly Gross Rent	Annual Gross Rent
1BR/1BA	@60%	20	673	\$1,135	\$22,700	\$272,400
1BR/1BA	@60%	19	714	\$1,135	\$21,565	\$258,780
1BR/1BA	@80%	29	673	\$1,325	\$38,425	\$461,100
1BR/1BA	@80%	29	714	\$1,370	\$39,730	\$476,760
1BR/1BA	Market	47	673	\$1,400	\$65,800	\$789,600
1BR/1BA	Market	48	714	\$1,400	\$67,200	\$806,400
2BR/2BA	@60%	13	984	\$1,276	\$16,588	\$199,056
2BR/2BA	@60%	7	1,055	\$1,276	\$8,932	\$107,184
2BR/2BA	@80%	20	984	\$1,702	\$34,040	\$408,480
2BR/2BA	@80%	11	1,055	\$1,702	\$18,722	\$224,664
2BR/2BA	Market	33	984	\$1,775	\$58,575	\$702,900
2BR/2BA	Market	18	1,055	\$1,815	\$32,670	\$392,040
3BR/2BA	@60%	6	1,198	\$1,419	\$8,514	\$102,168
3BR/2BA	@80%	9	1,198	\$1,892	\$17,028	\$204,336
3BR/2BA	Market	15	1,198	\$2,200	\$33,000	\$396,000
<b>Total</b>		<b>324</b>			<b>\$483,489</b>	<b>\$5,801,868</b>

**Other Income**

Miscellaneous income includes late rent fees, damages and cleaning fees, and other miscellaneous fees. The comparables indicate other income ranging from \$47 to \$2,603 per unit, with an average of \$1,078. The Subject's budgeted figure is \$1,069, which is within the range of the comparables. The developer's budget includes utility reimbursements for electric, water, sewer, and trash costs. Additionally, the Subject will offer 47 carport parking spaces for \$60 per month and 27 garage parking spaces for \$125 per month. We have researched fees for carport and garage parking in Houston, as illustrated below.

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**HOUSTON PARKING COMPARABLES**

Property Name	Carpport Fee	Garage Fee
The Pointe at Crestmont	-	\$100
Cityscape Apartments	\$35	\$75
Cortland Luxe Shadow Creek	-	\$175
Stella Shadow Creek Ranch	-	\$125
Collingham Park	\$35	-
Home Towne on Bellfort	-	\$100
Cortland Inkwell Greenhouse	-	\$175
Greenhouse	-	\$150
Memorial Heights	-	\$100
Raidus West Apartments	\$75	-
Reserve at Garden Oaks	\$45	-
The Reserve by The Lake	\$55	\$110
<b>Average</b>	<b>\$49</b>	<b>\$123</b>

Given the data presented in the table above, we believe the developer's proposed carport parking fees may be slightly high. We believe monthly fees of \$50 for carport parking and \$125 for garage parking are reasonable, with utilization of 80 percent. We concluded to other income of \$1,142 per unit. Utility reimbursements assume 75 percent of the property's utility expense burden. We believe this is reasonable as tenants would not be expected to pay for common area or vacant unit utility costs. Our conclusion is within the comparable expense range, and above the developer budget. It should be noted that the concluded other income appears higher than the budget, as the budget does not reflect the utility reimbursement income as that appears to be netted out against the utility expense.

**OTHER INCOME**

Category	Monthly Fee	Number	Usage	Total Annual Income	Annual Income Per Unit
Utility Reimbursements	\$88	324	75%	\$256,608	\$792
Carpport Parking	\$50	47	80%	\$22,560	\$70
Garage Parking	\$125	27	80%	\$32,400	\$100
Miscellaneous	\$15	324	100%	\$58,320	\$180
<b>Total</b>				<b>\$369,888</b>	<b>\$1,142</b>

Our concluded other income will be used in the income and expense analysis and ties to the feasibility analysis.

Typical deductions from the calculated Effective Gross Income fall into three categories on real property: fixed, variable, and non-operating expenses. The comparable data can be found on the following pages.

Comparable operating expense data was collected from a combination of affordable properties in the area. The following table provides additional information on each of the comparable expense properties.

**COMPARABLE EXPENSES**

	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
City	Houston	Houston	Houston	Houston	Webster	Houston
Year Built / Renovated	2027	2022	2013	2011	1966 / 2019	2012
Structure	Garden	Garden	Garden	Garden	Garden	Garden
Tenancy	Family	Family	Family	Family	Family	Family
Rent Restrictions	Affordable/Market	LIHTC	LIHTC	LIHTC	Market	Market

Operating expense data was collected from five comparable properties located in the area to serve as a comparison for the Subject's 2026 operating budget. We also provide operating expense benchmarks for the southwest region and for properties that are similar to the Subject's unit count (200-500).

Note that the table that follows illustrates the concluded potential gross income amounts. These numbers are used previously in the income and expense estimates that are used in the feasibility analysis.

Scenario Property Program Tenancy Statement Type Year City, State Year Built / Renovated Number of Units INCOME CATEGORY	NOVOCO As Proposed - Restricted Thrive Alameda At Fuqua Affordable/Market Family Pro Forma Houston, TX 2027 324		SUBJECT Budget Thrive Alameda At Fuqua Affordable/Market Family Budget 2027 Houston, TX 2027 324	
	Total	Per Unit	Total	Per Unit
<b>Rental Income</b>	<b>\$5,801,868</b>	<b>\$17,907</b>	<b>\$5,392,032</b>	<b>\$16,642</b>
Other Income	\$370,008	\$1,142	\$346,464	\$1,069
Vacancy Loss	(\$308,594)	(\$952) 5.00%	(\$286,733)	(\$885) 5.00%
<b>SUBTOTAL</b>	<b>\$5,863,282</b>	<b>\$18,097</b>	<b>\$5,451,763</b>	<b>\$16,826</b>
<b>EXPENSE CATEGORY</b>				
<b>ADMINISTRATION</b>				
Professional Fees	\$81,000	\$250	\$50,000	\$154
Other Administrative	\$129,600	\$400	\$70,000	\$216
Advertising/Marketing	\$40,500	\$125	\$48,600	\$150
<b>SUBTOTAL</b>	<b>\$251,100</b>	<b>\$775</b>	<b>\$168,600</b>	<b>\$520</b>
<b>OPERATING/MAINTENANCE</b>				
Elevator	-	-	-	-
Pest Control	-	-	-	-
Repairs and Supplies	\$40,500	\$125	\$32,400	\$100
Painting & Decorating	\$32,400	\$100	-	-
Trash Removal	\$24,300	\$75	-	-
Security	\$16,200	\$50	-	-
Pool and Grounds	\$16,200	\$50	-	-
Contract	\$48,600	\$150	\$100,000	\$309
<b>SUBTOTAL</b>	<b>\$178,200</b>	<b>\$550</b>	<b>\$132,400</b>	<b>\$409</b>
<b>UTILITIES</b>				
Heating & Fuel	-	-	-	-
Electricity	\$81,000	\$250	-	-
Gas	-	-	-	-
Water & Sewer	\$259,200	\$800	-	-
Other Utilities	-	-	-	-
<b>SUBTOTAL</b>	<b>\$340,200</b>	<b>\$1,050</b>	<b>\$113,400</b>	<b>\$350</b>
<b>PAYROLL</b>				
Repair & Maintenance	\$205,500	\$634	-	-
Payroll	\$210,000	\$648	-	-
Management Payroll	\$210,000	\$648	-	-
Service Coordinator	-	-	-	-
Staff Unit	-	-	-	-
Benefits/Taxes	\$89,860	\$277	-	-
<b>SUBTOTAL</b>	<b>\$505,360</b>	<b>\$1,560</b>	<b>\$500,000</b>	<b>\$1,543</b>
<b>TAXES/INSURANCE</b>				
Real Estate Taxes	\$728,617	\$2,249	\$189,206	\$584
Direct Assessments/Other	-	-	-	-
Insurance	\$453,600	\$1,400	\$453,600	\$1,400
<b>SUBTOTAL</b>	<b>\$1,182,217</b>	<b>\$3,649</b>	<b>\$642,806</b>	<b>\$1,984</b>
<b>MANAGEMENT FEE</b>	<b>\$219,873</b>	<b>\$679</b>	<b>\$217,917</b>	<b>\$673</b>
<b>REPLACEMENT RESERVES</b>	<b>\$97,200</b>	<b>\$300</b>	<b>\$81,000</b>	<b>\$250</b>
Total All Expenses	\$2,774,150	\$8,562	\$1,856,123	\$5,729
Total Expenses less TUR	\$1,608,133	\$4,963	\$1,472,517	\$4,545

Scenario Property Program Tenancy Statement Type Year City, State Year Built / Renovated Number of Units INCOME CATEGORY	NOVOCO As Proposed - Restricted Thrive Almeda At Fuqua Affordable/Market Family Pro Forma Houston, TX 2027 324		COMPARABLE Audited Confidential LIHTC Family Audited 2023 Houston, TX 2022 378		COMPARABLE Audited Confidential LIHTC Family Audited 2023 Houston, TX 2013 130		COMPARABLE Audited Confidential LIHTC Family Audited 2023 Houston, TX 2011 116		COMPARABLE Actuals Confidential Market Family Actuals 2023 Webster, TX 1966 / 2019 262		COMPARABLE Audited Confidential Market Family Audited 2023 Houston, TX 2012 228	
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Rental Income</b>	\$5,801,868	\$17,907	\$6,810,958	\$18,018	\$1,417,669	\$10,905	\$1,162,057	\$10,018	\$3,454,419	\$13,185	\$3,723,787	\$16,332
Other Income	\$370,008	\$1,142	\$984,017	\$2,603	\$6,119	\$47	\$29,854	\$257	\$278,819	\$1,064	\$322,851	\$1,416
Vacancy Loss	(\$308,594)	(\$952)										
		5.00%										
<b>SUBTOTAL</b>	<b>\$5,863,282</b>	<b>\$18,097</b>										
<b>EXPENSE CATEGORY</b>												
<b>ADMINISTRATION</b>												
Professional Fees	\$81,000	\$250	\$18,192	\$48	\$5,285	\$41	\$22,237	\$192	\$8,624	\$33	\$14,172	\$62
Other Administrative	\$129,600	\$400	\$1,043,936	\$2,762	\$73,050	\$562	\$109,030	\$940	\$54,832	\$209	\$149,548	\$656
Advertising/Marketing	\$40,500	\$125	\$179,370	\$475	\$18,133	\$139	\$49,529	\$427	\$42,014	\$160	\$40,858	\$179
<b>SUBTOTAL</b>	<b>\$251,100</b>	<b>\$775</b>	<b>\$1,241,498</b>	<b>\$3,284</b>	<b>\$96,468</b>	<b>\$742</b>	<b>\$180,796</b>	<b>\$1,559</b>	<b>\$105,470</b>	<b>\$403</b>	<b>\$204,578</b>	<b>\$897</b>
<b>OPERATING/MAINTENANCE</b>												
Elevator	-	-	-	-	-	-	-	-	-	-	-	-
Pest Control	-	-	-	-	-	-	-	-	\$567	\$2	-	-
Repairs and Supplies	\$40,500	\$125	-	-	-	-	-	-	\$63,467	\$242	\$177,465	\$778
Painting & Decorating	\$32,400	\$100	-	-	-	-	-	-	-	-	-	-
Trash Removal	\$24,300	\$75	-	-	-	-	-	-	-	-	-	-
Security	\$16,200	\$50	-	-	-	-	-	-	-	-	-	-
Pool and Grounds	\$16,200	\$50	-	-	-	-	-	-	\$842	\$3	-	-
Contract	\$48,600	\$150	-	-	-	-	-	-	\$95,668	\$365	-	-
<b>SUBTOTAL</b>	<b>\$178,200</b>	<b>\$550</b>	<b>\$151,873</b>	<b>\$402</b>	<b>\$70,324</b>	<b>\$541</b>	<b>\$116,762</b>	<b>\$1,007</b>	<b>\$160,544</b>	<b>\$613</b>	<b>\$177,465</b>	<b>\$778</b>
<b>UTILITIES</b>												
Heating & Fuel	-	-	-	-	-	-	-	-	\$18,204	\$69	-	-
Electricity	\$81,000	\$250	-	-	-	-	-	-	\$254,470	\$971	-	-
Gas	-	-	-	-	-	-	-	-	\$29,407	\$112	-	-
Water & Sewer	\$259,200	\$800	-	-	-	-	-	-	\$230,498	\$880	-	-
Other Utilities	-	-	-	-	-	-	-	-	-	-	-	-
<b>SUBTOTAL</b>	<b>\$340,200</b>	<b>\$1,050</b>	<b>\$313,753</b>	<b>\$830</b>	<b>\$282,675</b>	<b>\$2,174</b>	<b>\$77,232</b>	<b>\$666</b>	<b>\$532,579</b>	<b>\$2,033</b>	<b>\$192,528</b>	<b>\$844</b>
<b>PAYROLL</b>												
Repair & Maintenance	\$205,500	\$634	-	-	-	-	-	-	\$120,141	\$459	-	-
Payroll	\$210,000	\$648	-	-	-	-	-	-	\$104,981	\$401	-	-
Management Payroll	-	-	-	-	-	-	-	-	-	-	-	-
Service Coordinator	-	-	-	-	-	-	-	-	-	-	-	-
Staff Unit	-	-	-	-	-	-	-	-	-	-	-	-
Benefits/Taxes	\$89,860	\$277	-	-	-	-	-	-	\$99,498	\$380	-	-
<b>SUBTOTAL</b>	<b>\$505,360</b>	<b>\$1,560</b>	<b>\$496,328</b>	<b>\$1,313</b>	<b>\$250,939</b>	<b>\$1,930</b>	<b>\$244,402</b>	<b>\$2,107</b>	<b>\$324,620</b>	<b>\$1,239</b>	<b>\$371,044</b>	<b>\$1,627</b>
<b>TAXES/INSURANCE</b>												
Real Estate Taxes	\$728,617	\$2,249	-	-	\$124,481	\$958	\$104,700	\$903	\$437,556	\$1,670	\$713,697	\$3,130
Direct Assessments/Other	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	\$453,600	\$1,400	\$302,400	\$800	\$317,480	\$2,442	\$120,989	\$1,043	\$392,153	\$1,497	\$180,315	\$791
<b>SUBTOTAL</b>	<b>\$1,182,217</b>	<b>\$3,649</b>	<b>\$302,400</b>	<b>\$800</b>	<b>\$441,961</b>	<b>\$3,400</b>	<b>\$225,689</b>	<b>\$1,946</b>	<b>\$829,709</b>	<b>\$3,167</b>	<b>\$894,012</b>	<b>\$3,921</b>
<b>MANAGEMENT FEE</b>	<b>\$219,873</b>	<b>\$679</b>	<b>\$251,774</b>	<b>\$666</b>	<b>\$74,617</b>	<b>\$574</b>	<b>\$80,044</b>	<b>\$690</b>	<b>\$95,212</b>	<b>\$363</b>	<b>\$110,672</b>	<b>\$485</b>
		3.75%		3.78%		5.50%		6.80%		2.82%		3.00%
<b>REPLACEMENT RESERVES</b>	<b>\$97,200</b>	<b>\$300</b>	<b>\$113,400</b>	<b>\$300</b>	<b>\$39,000</b>	<b>\$300</b>	<b>\$34,800</b>	<b>\$300</b>	<b>\$78,600</b>	<b>\$300</b>	<b>\$68,400</b>	<b>\$300</b>
<b>Total All Expenses</b>	<b>\$2,774,150</b>	<b>\$8,562</b>	<b>\$2,871,026</b>	<b>\$7,595</b>	<b>\$1,255,984</b>	<b>\$9,661</b>	<b>\$959,725</b>	<b>\$8,273</b>	<b>\$2,126,734</b>	<b>\$8,117</b>	<b>\$2,018,699</b>	<b>\$8,854</b>
<b>Total Expenses less TUR</b>	<b>\$1,608,133</b>	<b>\$4,963</b>	<b>\$2,443,873</b>	<b>\$6,465</b>	<b>\$809,828</b>	<b>\$6,229</b>	<b>\$742,993</b>	<b>\$6,405</b>	<b>\$1,077,999</b>	<b>\$4,115</b>	<b>\$1,044,074</b>	<b>\$4,579</b>

**THRIVE ALMEDA AT FUQUA - HOUSTON, TEXAS - UNDERWRITING ASSESSMENT**

**General Administrative and Marketing**

The following table details the proposed general administrative and marketing expenses at the Subject, in addition to the comparable figures and benchmarks. This category includes all professional fees for items such as legal, accounting, marketing, and office.

Administration											
Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Range (Comparables)			Range (Benchmarks)		
Type	Budget	Audited	Audited	Audited	Actuals	Audited	Min	Max	Average	Region	Unit Count
Year	2026	2023	2023	2023	2023	2023					
Expense	\$520	\$3,284	\$742	\$1,559	\$403	\$897	\$403	\$3,284	\$1,377	\$779	\$726

The comparables indicate administrative and marketing expenses ranging from \$403 to \$3,284 per unit, with an average of \$1,377. We concluded to an administration expense of \$775 per unit. Our conclusion is within the comparable expense range, and above the developer budget.

**Operating, Repairs and Maintenance**

The following table details the proposed operating, repairs, and maintenance expenses at the Subject, in addition to the comparable figures and benchmarks. Included in this expense are normal costs of operating a multifamily property including unit turnover, painting/decorating, trash removal, ground expenses, and security costs, as well as normal items of repair and maintenance, cleaning contracts, and pest control.

Operating, Repairs & Maintenance											
Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Range (Comparables)			Range (Benchmarks)		
Type	Budget	Audited	Audited	Audited	Actuals	Audited	Min	Max	Average	Region	Unit Count
Year	2026	2023	2023	2023	2023	2023					
Expense	\$409	\$402	\$541	\$1,007	\$613	\$778	\$402	\$1,007	\$668	\$1,471	\$1,585

The comparables indicate operating, repairs and maintenance expense ranging from \$402 to \$1,007 per unit, with an average of \$668. We concluded to an operating, repairs and maintenance expense of \$550 per unit. Our conclusion is within the comparable expense range, and above the developer budget. The Subject is larger than most of the comparables and will benefit from economies of scale in many expense categories.

**Utilities**

The proposed Subject will offer central air conditioning and electric cooking, heating, and water heating. Tenants will be billed directly for all electric expenses, while the landlord will pay for water, sewer, and trash, before billing back tenants.

Type	Power	Responsibility	1BR	2BR	3BR	Annual Total
Heating	electric	Tenant	\$14	\$17	\$20	\$612
Cooking	electric	Tenant	\$8	\$12	\$16	\$432
Electric	N/A	Tenant	\$46	\$58	\$71	\$2,100
Air Conditioning	central	Tenant	\$25	\$35	\$45	\$1,260
Hot Water	electric	Tenant	\$19	\$24	\$29	\$864
Cold Water	N/A	Landlord	\$32	\$47	\$61	\$1,680
Sewer	N/A	Landlord	\$30	\$50	\$70	\$1,800
<b>Total</b>			<b>\$174</b>	<b>\$243</b>	<b>\$312</b>	
<b>Landlord</b>			<b>\$62</b>	<b>\$97</b>	<b>\$131</b>	
<b>Tenant</b>			<b>\$112</b>	<b>\$146</b>	<b>\$181</b>	
<b>Unit Counts</b>			<b>192</b>	<b>102</b>	<b>30</b>	<b>324</b>
Vacancy Utility Cost (Per Unit - Annual)			\$67	\$88	\$109	
Vacancy Utility Cost (Total)			\$12,902	\$8,935	\$3,258	\$25,096
Landlord Paid Utilities (Per Unit - Annual)			\$744	\$1,164	\$1,572	
Landlord Paid Utilities (Total)			\$142,848	\$118,728	\$47,160	\$308,736
Common Area Utilities (Per Unit - Annual)			\$50	\$50	\$50	
Common Area Utilities (Total)			\$9,600	\$5,100	\$1,500	\$16,200
Total Cost (Per Unit - Annual)						\$1,080
Total Cost (Overall)						\$350,032

Source: Harris County Housing Authority, April 2024



**THRIVE ALMEDA AT FUQUA - HOUSTON, TEXAS - UNDERWRITING ASSESSMENT**

Subject		Utility					Range (Comparables)			Range (Benchmarks)	
Type	Budget	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Min	Max	Average	Region	Unit Count
Year	2026	Audited	Audited	Audited	Actuals	Audited					
Expense	\$350	2023	2023	2023	2023	2023	\$666	\$2,174	\$1,309	\$867	\$936

The comparables indicate total utility expenses ranging from \$666 to \$2,174 per unit, with an average of \$1,309. The developer's budgeted figure is \$350 per unit. As discussed earlier in the other income discussion, the developer has budgeted a utility reimbursement. We assume the property will pay for water and sewer and charge the tenants for the utility costs. The budgeted amount reflects a net amount that is collected after the landlord pays the utilities and collects reimbursement from the tenant. We concluded to a utility expense of \$1,050 per unit, based on the utility calculation assuming the landlord pays for water and sewer before charging tenants. This amount reflects a discount over the calculation using the housing authority utility allowance amount, which we believe is reasonable since the Subject will be new construction and will benefit from utility savings due to improved energy efficiency. Later, much of this will be offset by utility reimbursements as described in other income. Our conclusion is above the developer budget.

**Payroll and Leasing Expenses**

The following table details the proposed payroll and leasing expenses at the Subject, in addition to the comparable figures and benchmarks. Payroll expenses are directly connected to the administration of the complex, including office, maintenance and management salaries. In addition, employee benefits and employment related taxes are included in the category.

Subject		Payroll					Range (Comparables)			Range (Benchmarks)	
Type	Budget	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Min	Max	Average	Region	Unit Count
Year	2026	Audited	Audited	Audited	Actuals	Audited					
Expense	\$1,543	2023	2023	2023	2023	2023	\$1,239	\$2,107	\$1,643	\$1,451	\$1,504

Overall, we typically find that properties the size of the Subject operate with a staff of one full time manager, one full time assistant manager, two full time leasing agents, one full time maintenance supervisor, and three full time maintenance technicians. Benefits for the Subject's employees are estimated at \$5,000 per full-time employee. Payroll taxes are calculated as 12 percent of the salary cost. The comparables indicate total payroll expenses ranging from \$1,239 to \$2,107 per unit, with an average of \$1,643. We concluded to a payroll expense of \$1,560 per unit. Our conclusion is within the comparable expense range, and similar to the developer budget. We believe an expense on the low end of the comparable range is reasonable, given the Subject's larger size compared to most of the comparables.

**PAYROLL**

Type	Quantity	Annual Salary	Full Cost
Manager	1	\$65,000	\$65,000
Assistant Manager	1	\$55,000	\$55,000
Leasing Agent	2	\$45,000	\$90,000
Maintenance Supervisor	1	\$60,000	\$60,000
Maintenance Technician	3	\$48,500	\$145,500
<b>Subtotal</b>			<b>\$415,500</b>
Payroll taxes at 12.0%			\$49,860
Benefits			\$40,000
<b>Total Payroll</b>			<b>\$505,360</b>
<b>Total Per Unit</b>			<b>\$1,560</b>

**Taxes**

Our tax analysis was discussed previously in this report and will be used in the feasibility analysis. It should be noted that the restricted analysis reflects a real estate tax conclusion in a restricted scenario prior to the abatement and PILOT. This amount will be used as the basis of the PILOT, which is estimated at 15 percent of the restricted tax.

**Insurance**

The following table details the proposed insurance expenses at the Subject, in addition to the comparable figures.

Insurance											
Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Range (Comparables)			Range (Benchmarks)		
Type	Budget	Audited	Audited	Audited	Actuals	Audited	Min	Max	Average	Region	Unit Count
Year	2026	2023	2023	2023	2023	2023					
Expense	\$1,400	\$800	\$2,442	\$1,043	\$1,497	\$791	\$2,442	\$1,315	\$702	\$527	

The comparables indicate an insurance cost ranging from \$791 to \$2,442 per unit, with an average of \$1,315. The developer's budgeted figure is \$1,400 per unit, which we assume is based upon a quote. We have relied upon the developer's budget and concluded to an insurance cost of \$1,400 per unit. Our conclusion is within the comparable expense range, and similar to the developer budget. Insurance costs have been on the rise, and we believe this conclusion is reasonable.

**Management Fees**

Management fees are typically based on a percent of effective gross rental income, depending upon the size and age of the apartment complex. The following table details the proposed management fees at the Subject, in addition to the comparable figures.

Management											
Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Range (Comparables)			Range (Benchmarks)		
Type	Budget	Audited	Audited	Audited	Actuals	Audited	Min	Max	Average	Region	Unit Count
Year	2026	2023	2023	2023	2023	2023					
Expense	\$673	\$666	\$574	\$690	\$363	\$485	\$363	\$690	\$556	\$560	\$547

The developer's budget indicates a management fee of \$673, which equates to approximately 4.00 percent of EGI. The comparables illustrate a range of 2.82 to 6.80 percent of EGI. We concluded to a management fee expense of 3.75 percent under the restricted scenario. On a dollar per unit basis, our conclusion is within the comparable expense range and similar to the developer budget.

**Replacement Reserves**

The reserve for replacement allowance is often considered a hidden expense of ownership not normally seen on an expense statement. Reserves must be set aside for future replacement of items such as the roof, HVAC systems, parking area, appliances and other capital items. It is difficult to ascertain market information for replacement reserves, as it is not a common practice in the marketplace for properties of the Subject's size and investment status. Underwriting requirements for replacement reserve for existing properties typically ranges from \$250 to \$350 per unit per year. New properties typically charge \$200 to \$250 for reserves. The developer budgeted replacement reserves of \$200 per unit. We concluded to replacement reserves of \$300 per unit based on the fact that the Subject will be newly constructed and in excellent condition.

**THRIVE ALMEDA AT FUQUA - HOUSTON, TEXAS - UNDERWRITING ASSESSMENT**

**Summary**

Operating expenses were estimated based upon the comparable expenses and the developer's budget. In the following tables, we compared budgeted operating expenses, comparables operating expenses, and concluded expenses per unit. We have also illustrated the expenses less taxes, utilities, and reserves.

<b>TOTAL EXPENSES PER UNIT</b>		<b>TOTAL EXPENSES PER UNIT LESS TUR</b>	
<b>Subject Expenses</b>		<b>Subject Expenses</b>	
2027 (Budget)	\$5,729	2027 (Budget)	\$4,545
<b>Comparable Properties</b>		<b>Comparable Properties</b>	
Comp 1	\$7,595	Comp 1	\$6,465
Comp 2	\$9,661	Comp 2	\$6,229
Comp 3	\$8,273	Comp 3	\$6,405
Comp 4	\$8,117	Comp 4	\$4,115
Comp 5	\$8,854	Comp 5	\$4,579
<b>Subject Conclusions</b>		<b>Subject Expenses</b>	
As Proposed - Restricted	\$8,562	As Proposed - Restricted	\$4,963

After excluding taxes, utilities, and reserves, our expense estimates are within the range of the comparables and above the budgeted data.

## **VI. FEASIBILITY ANALYSIS**

**FEASIBILITY ANALYSIS**

According to research from the Urban Institute in partnership with the National Housing Conference, for every 100 extremely low income households, there are only 29 adequate and affordable rental units. A large gap exists between what these properties cost to build and what most households can pay. Developers rely on loans and other sources to fund construction. However, these loans and equity sources are only available to developments that produce enough revenue to pay the loans to investors. Sources to fund these developments include debt, grants, land banks, rental subsidy, Low Income Housing Tax Credits and property tax exemptions. Some of the programs described above operate with inefficiencies or require a substantial amount of time and expense in the development process. Tax abatements or exemptions are one way local governments can provide a financial incentive for the construction and rehabilitation of homes for low income households.

Under the Texas Tax Code, a public facility owned by a Public Facility Corporation or PFC is exempt from ad valorem taxation. A public facility corporation is defined as a nonprofit corporation that can be created by a municipality, county, school district or housing authority under Chapter 303 of the Texas Local Government Code. A recent change to the tax code allows a multifamily residential property utilized for the purpose of affordable housing to be eligible for exemptions from a significant portion of ad valorem taxes. The developers and owners can partner with the PFCs to construct new affordable housing. We understand that the bill is not entirely clear on the restriction requirements and as we are not experts in the interpretation of the bill for this particular program, we assume that the client has obtained necessary guidance or counsel on the eligibility of the development to meet the program requirements.

Based upon the performance of the affordable and market properties shown in our survey, there is currently demand for well-located residential sites within the area. An analysis of the market value of the land or Subject as improved is outside the scope of work. We have assumed that the market value of the land as indicated in the current assessment data and/or the most recent transfer price of the land is reflective of market value. The cost of the land limits those uses that are financially feasible for the site.

The Subject’s feasible uses are restricted to those that are allowed by zoning and are physically possible. We assume that the client has obtained an indication of likely approval of the development by zoning officials and that the site can reasonably be used for multifamily residential uses. Based upon our observation of the market, affordable developments are not being constructed without the assistance of subsidy or assistance of some type including but not limited to rent subsidy, financial assistance using tax exempt bonds, credits or subsidy or participation by the Housing Authority to provide a tax exemption.

Certain inputs were used to perform this analysis. The inputs are described as follows:

**Capitalization Rate**

The following table summarizes the recent improved sales of the most comparable properties that were used in our market extraction analysis:

IMPROVED SALES										
#	Property Name	Location	Sale Date	Sales Price	# Units	Year Built	Year Renovated	Price / Unit	EGIM	Cap Rate
1	Villas At Shadow Creek	Pearland	May/2024	\$93,114,500	560	2006		\$166,276	11.82	4.85%
2	The Cape	Tomball	Apr/2024	\$30,000,000	228	2006	2016	\$131,579	9.33	6.15%
3	The Meritage	Houston	Oct/2023	\$52,000,000	240	2007		\$216,667	11.56	5.80%
4	The Verandah At Lakepointe	Humble	Aug/2023	\$24,600,000	208	1998		\$118,269	0.00	5.66%
	<b>Average</b>				<b>309</b>			<b>\$158,198</b>	<b>8.18</b>	<b>5.62%</b>

The sales illustrate a range of overall rates from 4.85 to 6.15 percent, with an average of 5.62 percent. All of the sales represent typical market transactions for multifamily market rate properties in the area. We believe the improved sales we have chosen for our analysis represent the typical multifamily market in the Subject’s area.

## THRIVE ALMEDA AT FUQUA - HOUSTON, TEXAS - UNDERWRITING ASSESSMENT

The primary factors that influence the selection of an overall rate is the Subject's condition, size, location, and market conditions. The Subject is considered slightly superior to superior to the sales in terms of condition. However, the Subject is slightly inferior to inferior to all of the sales in terms of location. Additionally, the Subject is inferior to Sale 1 in terms of size, but slightly superior to the remaining sales. Given the most recent trends and forecasts of national capitalization rates as well as conversations with local brokers, the Subject is considered to offer generally similar market conditions relative to Sales 1, 2, and 3, which sold between October 2023 and May 2024, and slightly inferior market conditions relative to Sale 4, which sold in August 2023. Overall, we have concluded to a capitalization rate of 6.00 percent based on market extraction for the Subject, which appears reasonable.

### IMPROVED SALES - LOCATION COMPARISON

#	Property Name	City	Zip Code	Walk Score	Median Income	Median Rent	Median Home Value	Walk Score Differential	Income Differential	Rent Differential	Home Value Differential	Average Delta
Subject	Thrive Almeda At Fuqua	Houston	77053	42	\$59,606	\$1,945	\$150,532	-	-	-	-	-
1	Villas At Shadow Creek	Pearland	77584	32	\$108,279	\$2,190	\$331,077	31.2%	-45.0%	-11.2%	-54.5%	-19.9%
2	The Cape	Tomball	77375	51	\$89,761	\$1,812	\$294,585	-17.6%	-33.6%	7.3%	-48.9%	-23.2%
3	The Meritage	Houston	77096	51	\$66,436	\$1,511	\$388,248	-17.6%	-10.3%	28.7%	-61.2%	-15.1%
4	The Verandah At Lakepointe	Humble	77346	64	\$104,681	\$2,075	\$265,636	-34.4%	-43.1%	-6.3%	-43.3%	-31.8%

As illustrated in the table above, all of the comparable sales offer slightly superior to superior locations compared to the Subject. Sale 1 is located in an area featuring a higher median income, a higher median rent, and a higher median home value, but with a slightly lower Walk Score. Sales 2 and 3 are located in areas featuring higher median incomes, higher median home values, and greater walkability, but lower median rents. Sale 4 is located in an area featuring a higher median income, a higher median rent, a higher median home value, and greater walkability.

### Land Value

As previously indicated, an analysis of the market value of the land or Subject as improved is outside the scope of work. We have assumed that the market value of the land is similar to the most recent transfer price of the land.

### Construction Costs

The developer has provided an estimate of the total construction costs of the Subject.

The developer's overall cost estimates for the Subject are illustrated in the following table and have been input in the feasibility analysis.

Developer Cost Estimates		
	Number of Units	Per Unit
<b>Total Construction Costs</b>	324	\$117,613
Soft Costs		\$19,778
Developer Fee		\$5,846
<b>Total Replacement Cost</b>		\$143,237

### Other Inputs

The balance of the inputs in our table reflects calculations used to determine the required return or NOI to allow feasibility of the Subject compared to the actual NOI based upon our concluded income and expense conclusions. As shown in the table, the shortfall between the required NOI and actual NOI indicates that there is economic obsolescence which can only be cured by some form out outside subsidy, such as an abatement.

## THRIVE ALMEDA AT FUQUA - HOUSTON, TEXAS - UNDERWRITING ASSESSMENT

### Feasibility

The table below illustrates the feasibility analysis in the restricted scenario. It reflects our concluded income and expenses as well as our concluded real estate tax as restricted (based upon our income and expense conclusions). This table illustrates a shortfall exceeding \$60,000. The second feasibility analysis shows the savings due to the PILOT (which is estimated at 15 percent of the Novoco-concluded restricted tax). The savings exceed the shortfall, allowing the proposed development to be feasible.

Restricted Feasibility with Full Tax As Restricted	
<b>Total Costs</b>	
Land (Purchase Price)	\$6,100,000
Construction (Hard) Costs (From Developer Proforma)	\$38,106,622
Developer Fee (from Developer Proforma)	\$1,894,000
Soft Costs (From Developer Proforma)	<u>\$6,408,075</u>
<b>Total Costs</b>	<b>\$52,508,697</b>
<b>Stabilized Overall Capitalization Rate</b>	
	<b>6.00%</b>
Required Return/NOI (Total Costs x Cap Rate)	\$3,150,522
Concluded Achievable Restricted Income (Novoco Proforma)	\$5,863,282
Total Estimated Expenses Restricted Less Taxes (Novoco Proforma)	\$2,045,533
Real Estate Taxes	\$728,617
Total Expense with Tax	\$2,774,150
<b>Actual NOI</b>	<b>\$3,089,132</b>
<b>Shortfall (Difference between Required and Actual NOI)</b>	<b>\$61,390</b>

Restricted Feasibility with Exemption As Restricted	
<b>Total Costs</b>	
Land (Purchase Price)	\$6,100,000
Construction (Hard) Costs (From Developer Proforma)	\$38,106,622
Developer Fee (from Developer Proforma)	\$1,894,000
Soft Costs (From Developer Proforma)	<u>\$6,408,075</u>
<b>Total Costs</b>	<b>\$52,508,697</b>
<b>Stabilized Overall Capitalization Rate</b>	
	<b>6.00%</b>
Required Return/NOI (Total Costs x Cap Rate)	\$3,150,522
Concluded Achievable Restricted Income (Novoco Proforma)	\$5,863,282
Total Estimated Expenses Restricted Less Taxes (Novoco Proforma)	\$2,045,533
Abated Taxes	\$109,293
Total Expense with Tax	\$2,154,826
<b>Actual NOI</b>	<b>\$3,708,456</b>
<b>Shortfall (Difference between Required and Actual NOI)</b>	<b>-\$557,935</b>

### Conclusion

Based upon our observation of the market, affordable developments are not being constructed without the assistance of subsidy or assistance of some type including but not limited to financial assistance using tax exempt bonds, credits or subsidy or participation by the Housing Authority to provide a tax exemption. While we believe that any of these options can aid in feasibility shortfall, we believe that a tax exemption provided by the Housing Authority is a strong and likely possibility in this market. Our analysis shows that the shortfall or gap is closed with the tax savings created by the PILOT.



## **ADDENDUM A - QUALIFICATIONS OF CONSULTANTS**

**STATEMENT OF PROFESSIONAL QUALIFICATIONS  
KELLY MCNANY GORMAN**

**I. Education**

Virginia Tech, Blacksburg, VA  
Bachelor of Arts in Urban Affairs and Planning

**II. Professional Experience**

Partner, Novogradac & Company LLP  
Principal, Novogradac & Company LLP  
Manager, Novogradac & Company LLP  
Asset Manager, Housing Opportunities Commission of Montgomery County, MD  
Senior Real Estate Analyst, Novogradac & Company LLP  
Acquisitions Associate, Kaufman & Broad Multi-Housing Group, Inc. (KBMH)

**III. Certifications, Professional Training and Continuing Education**

Licensed Certified General Appraiser, CT License #RCG.0001437  
Licensed Certified General Appraiser, DC License #GA40000107  
Licensed Certified General Appraiser, FL License #RZ4397  
Licensed Certified General Appraiser, GA License #CG438495  
Licensed Certified General Appraiser, IL License #553.003064  
Licensed Certified General Appraiser, MA License #103770  
Licensed Certified General Appraiser, MD License #04-35108  
Licensed Certified General Appraiser, NC License # A9304  
Licensed Certified General Appraiser, NJ License #42RG00245500  
Licensed Certified General Appraiser, NY License #46000051239  
Licensed Certified General Appraiser, PA License #GA004390  
Licensed Certified General Appraiser, TX License #1381382-G  
Licensed Certified General Appraiser, VA License #4001018551

**Designated Member of the National Council of Housing market Analysts (NCHMA)  
Practicing Affiliate of the Appraisal Institute**

Attended and presented at tax credit application training sessions and seminars, valuation of GP Interest sessions, numerous conferences and classes in real estate valuation, finance, asset management and affordable housing development using tax credits and tax exempt financing. Authored a variety of blogs and articles pertaining to valuation and market analysis, as well as Novogradac's 2022 and 2023 Income and Expense Report publications.

**IV. Valuation Assignments – Examples**

A representative sample of Market Study, Due Diligence, Asset Management and Valuation Engagements includes the following:

- Managed and conducted market studies and appraisals of various LIHTC, affordable and market rate properties for numerous clients. Market analysis included; preliminary property screening, market analysis, comparable rent surveys, operating expense and demand analysis. Appraisals included various value scenarios including hypothetical land value as if vacant, insurable value, value of LIHTC, abatements and PILOTs, below market debt, ground leases, value of historic credits, etc. Work has been national in scope and include users such

as various state and local agencies, as well as FannieMae, FreddieMac and for the HUD Multifamily Accelerated Processing program. This includes projects under the 221(d)3, 221(d)4, 223(f), and 232 programs. Market studies were completed for adherence to NCHMA, state guidelines and overall reasonableness. Appraisals completed for adherence to USPAP, state guidelines, reasonableness.

- On a national basis completed and reviewed appraisals of partnership interests for a variety of functions including partnership sale, charitable donation, partner disputes, determination of exit strategies, etc.
- Prepared and reviewed appraisals for portfolios of mixed income properties in accordance with the International Finance Reporting Standards (IFRS) specifically IFRS 13 Fair Market Measurement. Appraisals are used to refinance the assets by creating a bond issuance on the Israeli bond market.
- Provided and reviewed debt valuations for properties with below market debt. Analysis included review of cashflow to determine if repayment of debt can be expected, analysis of loan to value ratio, determine the discounted value of the stream of loan payments and compare to market.
- Managed, reviewed and assisted in the preparation of Rent Comparability Studies according the HUD Section 8 Renewal Policy in the Chapter 9 guidelines. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Performed a variety of asset management services for lenders and syndicators including monitoring and reporting property performance on a monthly basis. Data points monitored include economic vacancy, levels of concessions, income and operating expense levels, NOI and status of capital projects. Data used to determine these effects on the project's ability to meet its income-dependent obligations. Recommendations included a workout for one of the 16 assets.
- Performed and reviewed economic impact analyses using IMPLAN input-output software and data. The resulting projections are used by community development entities "CDE's" to secure federal financing through the New Market Tax Credit "NMTC" program by estimating the impact from job, tax and wage growth that would result from the development or expansion of operations using NMTC funds.

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## Tara Rial

### I. Education

Loyola University Maryland, Baltimore, MD  
Bachelors of Business Administration

### II. Professional Experience

Manager, Novogradac & Company LLP  
Analyst, Novogradac & Company LLP  
Senior Research Associate, CoStar Group,

### III. Research Assignments

- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, large family, and acquisition with rehabilitation. Completed market studies in all states.
- Assisted in appraisals of proposed new construction, rehabilitation, and existing Low-Income Housing Tax Credit properties, USDA Rural Development, and market rate multifamily developments. Analysis includes property screenings, valuation analysis, rent comparability studies, expense comparability analysis, determination of market rents, and general market analysis.
- Reviewed appraisals and market studies for various state agencies for LIHTC application. Market studies were reviewed for adherence to NCHMA, state guidelines and overall reasonableness. Appraisals reviewed for adherence to USPAP, state guidelines, reasonableness.
- Assisted with a variety of asset management services for a developer including monitoring and reporting property performance on a quarterly basis. Data points monitored include economic vacancy, levels of concessions, income and operating expense levels, NOI and status of capital projects.
- Conducted valuations of General Partnership or Limited Partnership Interests for LIHTC properties.
- Assisted in appraisal work for retail and commercial properties in various parts of the country for various lenders. The client utilized the study for underwriting purposes.

- Conducted market studies for projects under the HUD Multifamily Accelerated Processing program.
- Assisted in the preparation of Rent Comparability Studies for expiring Section 8 contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Performed all aspects of data collection and data mining for web-based rent reasonableness systems for use by local housing authorities.

# **STATEMENT OF PROFESSIONAL QUALIFICATIONS**

## **Nicolas Deandreis**

### **I. EDUCATION**

The College of William & Mary  
Bachelor of Arts – Economics

### **II. CERTIFICATIONS**

LIHTC Tax Credit Compliance System (TaCCs)  
Housing Choice Voucher (HCV)

### **III. PROFESSIONAL EXPERIENCE**

Analyst, Novogradac & Company LLP  
Analyst/Special Assistant, Housing Opportunities Commission of Montgomery County (HOC)

### **IV. REAL ESTATE ASSIGNMENTS**

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- Assisted in appraisals of proposed new construction, rehabilitation, and existing Low Income Housing Tax Credit properties. Analysis included property screenings, valuation analysis, capitalization rate analysis, expense comparability analysis, determination of market rents, and general market analysis.
- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, assisted living, large family, and acquisition with rehabilitation.
- Assisted in the preparation of Rent Comparability Studies for expiring Section 8 contracts and USDA contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Researched and analyzed local and national economy and economic indicators for specific projects throughout the United States. Research included employment industries analysis, employment historical trends and future outlook, and demographic analysis.
- Examined local and national housing market statistical trends and potential outlook in order to determine sufficient demand for specific projects throughout the United States.

**ADDENDUM B - SUBJECT PROPERTY AND NEIGHBORHOOD  
PHOTOS**









Michael Keegan, SIOB & Andrew Laycock  
Michael.Keegan@siob.com.au

## **ADDENDUM D - FINANCIALS**



**Thrive Almeda @ Fuqua - Thrive Almeda, Ltd.**  
**Houston, TX 77053**  
**SOURCES and USES of FUNDS**  
**September 30, 2024**

Uses		per Unit	%age	
<b>Hard Costs</b>				
Land Cost		\$ 18,827	11.62%	\$ 6,100,000
Construction Costs		\$ 117,613	72.57%	\$ 38,106,622
<b>Total Hard Costs</b>		<b>\$ 136,440</b>	<b>84.19%</b>	<b>\$ 44,206,622</b>
<b>Soft Costs</b>				
Developer Fee	4.28%	\$ 5,846	3.61%	\$ 1,894,000
HHA Developer Fee	10.00%	\$ 585	0.36%	\$ 189,400
Contractor Fee		\$ -	0.00%	\$ -
Advisory Fee	0.25%	\$ 341	0.21%	\$ 110,517
Sponsor Legal		\$ 201	0.12%	\$ 65,000
Sponsor Third Party Legal		\$ 154	0.10%	\$ 50,000
Legal Fees, HHA		\$ 463	0.29%	\$ 150,000
Legal Fees, Lender		\$ 93	0.06%	\$ 30,000
Title & Closing Costs		\$ 180	0.11%	\$ 58,161
Loan Origination Fee	1.75%	\$ 1,674	1.03%	\$ 542,500
Lender Processing Fee	0.50%	\$ 409	0.25%	\$ 132,620
Lender Application Fee		\$ -	0.00%	\$ -
Mortgage Insurance Premium	0.50%	\$ 409	0.25%	\$ 132,620
HUD Exam Fee	0.30%	\$ 246	0.15%	\$ 79,572
HUD Inspection Fee	0.50%	\$ 409	0.25%	\$ 132,620
Construction Insurance		\$ 1,556	0.96%	\$ 504,000
Design & Architecture		\$ 1,127	0.70%	\$ 365,000
FF&E		\$ 741	0.46%	\$ 240,000
Construction Interest		\$ -	0.00%	\$ -
Third Party Reports		\$ 648	0.40%	\$ 210,000
Contingency/Rehab Costs		\$ 2,486	1.53%	\$ 805,378
Working Capital		\$ 617	0.38%	\$ 200,000
Year 1 Insurance / Interest		\$ 463	0.29%	\$ 150,000
Other Fees		\$ 5,173	3.19%	\$ 1,676,000
Capex Reserve		\$ 200	0.12%	\$ 64,800
<b>Total Soft Costs</b>		<b>\$ 24,019</b>	<b>14.82%</b>	<b>\$ 7,782,187</b>
HHA Acquisition Fee	1.000%	\$ 1,605	0.99%	\$ 519,888
<b>Total Project Cost</b>		<b>\$ 162,064</b>	<b>26.44%</b>	<b>\$ 52,508,697</b>
<b>Initial Sources</b>				
Loan		\$ 95,679	59.04%	\$ 31,000,000
Equity		\$ 66,385	40.96%	\$ 21,508,697
<b>Total Sources</b>		<b>\$ 162,064</b>	<b>100.00%</b>	<b>\$ 52,508,697</b>

**Number of Units**

324

**Thrive Almeda @ Fuqua - Thrive Almeda, Ltd.**  
**Houston, TX 77053**  
**CASH FLOW and LOAN ANALYSIS**  
**September 30, 2024**

<b>Net Income</b>	\$	3,120,067
Add		
Real Estate Taxes	\$	<u>1,134,000</u>
<b>Adj Net Income</b>	\$	4,254,067
<b>Less</b>		
Total Other Non-Controllable Expenses	\$	<u>(64,800)</u>
<b>Adj Net Income</b>	\$	<u>4,189,267</u>

**DEBT SERVICE | CONSTRUCTION LOAN**

Total Development Cost	\$	52,508,697		
Per Unit	\$	162,064		
Overall Rate of Return w/PILOT		8.10%		
Loan Amount	\$	31,000,000	See Note	
Per Unit	\$	95,679		
Loan to Purchase Price		60.00%		
Interest Rate		12.80%		
Amortization Period		99.00		
Constant		12.80%		
Debt Service Coverage (P+I)		1.06		
Payment	\$	<u>3,968,013</u>		
Interest Only, Years 1-3			\$	<u>(3,968,000)</u>

PILOT	15%		\$	(170,100)
<b>Cash Flow</b>			\$	<u>51,167</u>

<b>Less</b>				
<b>Asset Management Fee</b>	HHA	0.50%	\$	(50,000)
<b>Adj Cash Flow</b>			\$	<u>1,167</u>

<b>Less</b>				
Preferential Distribution	Sponsor			
Imputed Equity (Year 1)		\$	21,508,697	
Rate of Return		0.00%	\$	<u>-</u>

<b>Balance (or Accrued Deficit)</b>			\$	<u>1,167</u>
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**DEBT SERVICE | PERMANENT LOAN**

Total Development Cost	7.00%	\$	64,343,817	
Per Unit		\$	198,592	
Overall Rate of Return			7.00%	
Loan Amount		\$	38,606,290	
Percentage of Purchase Price-Valuation			60.00%	
Interest Rate			6.00%	
Amortization Period			35.00	
Constant			6.84%	
Debt Service Coverage (P+I)			1.59	
Payment		\$	<u>2,641,549</u>	
Interest Only			\$	<u>(2,316,377)</u>

Imputed Equity (Years 2-10)	\$	13,902,407		
Rate of Return		0.00%	\$	-
			\$	2,387,569

**Thrive Almeda @ Fuqua - Thrive Almeda, Ltd.**  
**Houston, TX 77053**  
**PRO FORMA PROFIT & LOSS STATEMENT**

**September 30, 2024**

<b>Rental Income</b>			
Market Rents		\$	2,996,220
80% AMI Rents		\$	1,775,340
60% AMI Rents		\$	939,588
<b>Total Rental Income</b>		<b>\$</b>	<b>5,711,148</b>
Utility Income		\$	-
Other & Misc Fee Income		\$	346,464
<b>Gross Potential Income</b>		<b>\$</b>	<b>6,057,612</b>
Less			
Vacancy Factor	5.00%	\$	(285,557)
Other Adj to Rent	0.00%	\$	-
<b>Total Income</b>		<b>\$</b>	<b>5,772,055</b>
<b>Less</b>			
<b>Operating Expenses</b>			<b>Per Unit</b>
<b>Controllable Expenses</b>			<b>Per Unit</b>
Salaries & Benefits		\$	(500,000) \$ (1,543)
Marketing & Leasing		\$	(48,600) \$ (150)
Property G&A		\$	(70,000) \$ (216)
Repairs & Maintenance		\$	(32,400) \$ (100)
Utilities		\$	(113,400) \$ (350)
Other Controllable Expenses		\$	- \$ -
<b>Total Controllable Expenses</b>		<b>\$</b>	<b>(764,400) \$ (2,359)</b>
<b>Non-Controllable Expenses</b>			
Management Fee incl Asset Management Fee	4.00%	\$	(230,882) \$ (713)
Insurance		\$	(453,600) \$ (1,400)
MUD Taxes		\$	- \$ -
HHA Compliance Fee	0.50%	\$	(50,000) \$ (154)
Franchise Tax	0.33%	\$	(19,106) \$ (59)
Real Estate Taxes	Est	\$	(1,134,000) \$ (3,500)
Other		\$	- \$ -
<b>Total Non-Controllable Operating Expenses</b>		<b>\$</b>	<b>(1,887,588) \$ (5,826)</b>
<b>Total Expenses</b>		<b>\$</b>	<b>(2,651,988) \$ (8,185)</b>
<b>Net Operating Income</b>		<b>\$</b>	<b>3,120,067 \$ 9,630</b>
Add			
PILOT	15%	\$	(170,100) \$ (525)
Real Estate Taxes		\$	1,134,000 \$ 3,500
<b>Adj Net Operating Income</b>		<b>\$</b>	<b>4,254,067 \$ 13,130</b>
<b>Less</b>			
<b>Capital Reserves</b>		<b>\$</b>	<b>(64,800) \$ (200)</b>
<b>Total Other Non-Controllable Expenses</b>		<b>\$</b>	<b>(64,800) \$ (200)</b>
<b>Total Net Income</b>		<b>\$</b>	<b>4,189,267 \$ 12,930</b>

## **ADDENDUM E - SURVEY/FLOOR PLANS**



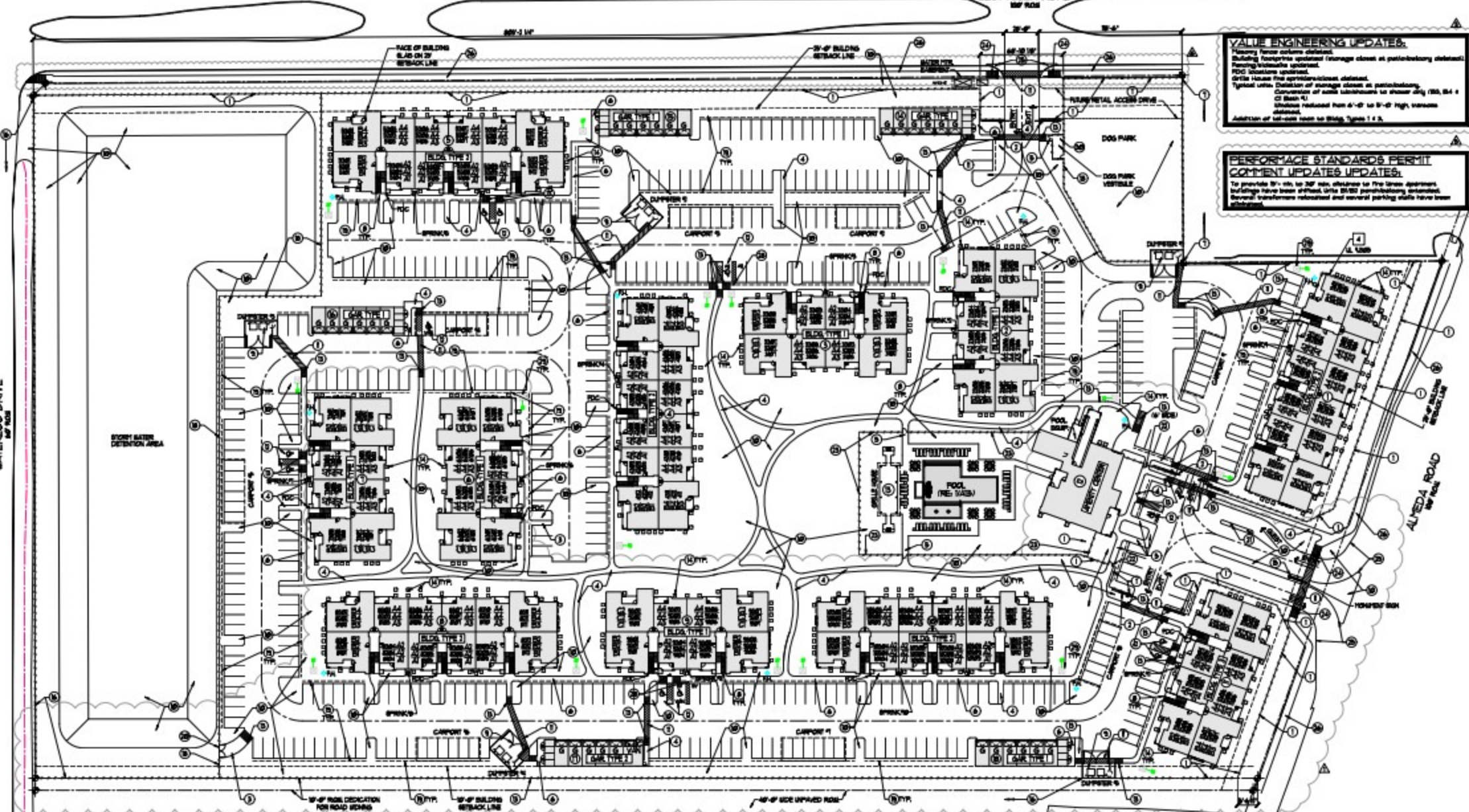


**MUCASEY & ASSOCIATES**  
Architects  
4808 Gibson, Suite 20  
Houston, Texas 77007  
Tel: (713) 521-1233  
Fax: (713) 523-1904  
Email: [info@mucasey.com](mailto:info@mucasey.com)

**THRIVE ALMEDA AT FUQUA**  
A Multi-Family Community  
13414 Almeda Road, Houston, TX 77033  
148 No. 2219

**VALUE ENGINEERING UPDATES:**  
Remove fence column details.  
Building footprint updated. Storage closet at penthouse updated.  
Paving materials updated.  
PDC locations updated.  
Circle house fire suppression updated.  
Typical utility. Detention of storage closets at penthouse.  
Removal of some stairs to show only 1st, 2nd & 3rd floor.  
Stairs removed from 4'-0" to 5'-0" high, various locations.  
Addition of set-back from to Stage 1 & 2.

**PERFORMANCE STANDARDS PERMIT COMMENT UPDATES:**  
To provide 30'-0" to 30' min. clearance to fire alarm equipment, buildings have been offset. Units 20-22 penthouse amended. Several transformers relocated and several parking stalls have been eliminated.



**SITE PLAN**  
1 AU 1' = 40'-0"

**PROJECT SUMMARY:**

**Apartments:**

Type	Description	Qty	Area
A1	One Bedroom, 1 Bath (1st Fl.)	32	4,713 sq. ft.
A2	One Bedroom, 1 Bath (2nd & 3rd Fl.)	44	4,713 sq. ft.
A3	One Bedroom, 2 Bath (1st Fl.)	32	7,141 sq. ft.
A4	One Bedroom, 2 Bath (2nd & 3rd Fl.)	64	7,141 sq. ft.
<b>Total One Bedroom Units</b> 172 Units			
B1	Two Bedroom, 2 Bath (1st Fl.)	23	5,944 sq. ft.
B2	Two Bedroom, 2 Bath (2nd & 3rd Fl.)	44	5,944 sq. ft.
B3	Two Bedroom, 2 Bath (1st Fl.)	10	5,969 sq. ft.
B4	Two Bedroom, 2 Bath (2nd & 3rd Fl.)	24	5,969 sq. ft.
<b>Total Two Bedroom Units</b> 101 Units			
C1	Three Bedroom, 2 Bath (1st Fl.)	10	7,788 sq. ft.
C2	Three Bedroom, 2 Bath (2nd & 3rd Fl.)	20	7,788 sq. ft.
<b>Total Three Bedroom Units</b> 30 Units			
<b>Apartments Total</b>			<b>304 Units 77,026 sq. ft.</b>
<b>Amenity Center</b>			<b>4,473 sq. ft.</b>
<b>Drille House</b>			<b>785 sq. ft.</b>
<b>Project Total</b>			<b>213,484 sq. ft.</b>

**Parking:**

Category	Quantity	Area
150 One Bedroom Units @ 1.55 cars per unit =	228.00	228.00 cars
101 Two Bedroom Units @ 1.57 cars per unit =	158.57	158.57 cars
30 Three Bedroom Units @ 1.60 cars per unit =	48.00	48.00 cars
<b>Total</b>	<b>434.57</b>	<b>434.57 cars</b>

Category	Quantity	Area
Total Parking Provided	430	430
Total Open Parking (reserved)	8	49
Total Open Parking (non-reserved)	0	0
Detached Garages	0	0
Carports	0	0
<b>Total Parking Provided</b>	<b>430</b>	<b>430</b>

**FIRE SPRINKLER CLOSET NOTES:**

1. Provide a central knock lock box inside Panel 1 of Amenity with key to all Project Entry Gates and all sprinkler closets.
2. Refer rooms to be clearly labeled with a red sign with contrasting 3" tall white lettering "FIRE RISER BUILDING DCP".
3. Provide signage at fire room with complete emergency contact information.

**GENERAL NOTES:**

1. Coordinate locations of transformers, electrical meters & panels, water meters, gas meters, cable TV, & telephone with MEP drawings.
2. Address markers at least 3' high must be visible from the street or Fire Dept. access lanes.
3. Exterior louvers, fans, exhaust vents & downspouts etc. for roof and wall shall be painted to match adjacent surface.
4. Exterior electrical panels, autogear, gutters, conduits, etc. shall be painted to match the building.
5. Project Entry gates to have 31 Knot box for emergency vehicle access.
6. Carport columns cannot provide handicap accessible parking spaces from the access aisle. Columns must be completely outside handicap accessible parking space and access aisle. See TAB Section 160, Parking Spaces, sheet A13.

**CIVIL NOTES:**

1. Civil Engineer to provide electronic drawing file for dimensional control.
2. Refer to Civil sheets for dimension locations, slopes and elevations of all buildings, sidewalks, ramps, driveways, parking spaces, and curbs.
3. Maintain Accessible Route typical throughout as required by Fair Housing and the Texas Accessibility Standards. Handicapped parking stalls and access aisles to have minimum 1:20 slope. Provide flush transition from parking to sidewalks to entry porch slabs, maximum 1:20 slope in direction of travel along accessible route (max. 1:50 cross-slope). Maximum 1:50 slope across 48" of entry doors. Provide accessible level change at thresholds. Provide striped crosswalks at driveway as shown.
4. Public sidewalk crosswalks at driveway to have maximum cross slope of 1:48 (see Civil note 9).
5. Provide detachable curbs on public curb ramps (full width of ramp, 24" in direction of travel) see section 160 on TAB sheets.
6. Parking lot paving shown to face of curb.

**MEP NOTES:**

1. Locations of all appliances and fixtures to be governed by Architectural drawings.
2. Provide underground electrical & telephone conduits & supplies to all vertical risers shown on SIA2.
3. MEP drawings to show locations of transformers, electrical meters & panels, water meters, gas meters, cable TV, & telephone. Electrical meters and Condensers shown on Architectural Site Plans for design purpose only and are subject to coordination with MEP Engineer.

**NOTES TO SUBMIT:**

1. 4'-0" High Inland access painted steel picket fence (Per 20A2.1).
2. Entry / Exit gate (28'-0" x 17'-0" or 17'-0" x 8'-0" or 14'-0" x 8'-0" or 14'-0" x 8'-0") with 4'-0" high black vinyl clad drive in fence gates (noted for maintenance access to detention area).
3. 3'-0" x 8'-0" x 4'-0" h self-closing & latching pedestrian gate with 1/2" louvers and lapped lock, to match perimeter fence (Per 20A2.1).
4. 4'-11" High painted steel pool fence with self-closing and self-latching 3'-0" side gates where shown. Schedules to be 3'-0" side & 3'-0" at full side of gate (Per 20A2.1).
5. Public sidewalk handicap access curb ramp: 7'-6" long with a maximum 1:20 slope and 2% maximum cross slope. Provide truncated dome warning, 24" x 24" in direction of travel, full ramp width adjacent to street.
6. New concrete curb cut per CDM Standards.
7. New 8'-0" side concrete public sidewalk per CDM Standards.
8. Non-slip.
9. Electric Vehicle Charging Station, No MEP.
10. Transformer 4 Tap Box, No. 250k, for each location.
11. 30" x 30" concrete sidewalk ramp at Dog Park Vehicle.

12. Detached line of 3'-0" or overhang. Top steel is 8'-0" x 12'-0" (17'-0" paved w/ 2'-0" overhang).
13. 3'-0" x 8'-0" h 4'-0" high black vinyl clad drive in fence gates (noted for maintenance access to detention area).
14. Guest telephone on pedestal as noted to operate gate.
15. 3'-0" x 8'-0" h self-closing & latching pedestrian gate with 1/2" louvers and lapped lock, to match perimeter fence (Per 20A2.1).
16. 4'-11" High painted steel pool fence with self-closing and self-latching 3'-0" side gates where shown. Schedules to be 3'-0" side & 3'-0" at full side of gate (Per 20A2.1).
17. Public sidewalk handicap access curb ramp: 7'-6" long with a maximum 1:20 slope and 2% maximum cross slope. Provide truncated dome warning, 24" x 24" in direction of travel, full ramp width adjacent to street.
18. New concrete curb cut per CDM Standards.
19. New 8'-0" side concrete public sidewalk per CDM Standards.
20. Non-slip.
21. Non-slip.
22. Electric Vehicle Charging Station, No MEP.
23. Transformer 4 Tap Box, No. 250k, for each location.
24. 30" x 30" concrete sidewalk ramp at Dog Park Vehicle.

1. Indicates fire related Assembly Refer to Assembly Legend on Sheet A102.

NO.	REVISION	DATE
1	ISSUED FOR PERMIT	08/11/2021
2	ISSUED FOR CONSTRUCTION	08/11/2021
3	ISSUED FOR CONSTRUCTION	08/11/2021
4	ISSUED FOR CONSTRUCTION	08/11/2021
5	ISSUED FOR CONSTRUCTION	08/11/2021
6	ISSUED FOR CONSTRUCTION	08/11/2021
7	ISSUED FOR CONSTRUCTION	08/11/2021
8	ISSUED FOR CONSTRUCTION	08/11/2021
9	ISSUED FOR CONSTRUCTION	08/11/2021
10	ISSUED FOR CONSTRUCTION	08/11/2021
11	ISSUED FOR CONSTRUCTION	08/11/2021
12	ISSUED FOR CONSTRUCTION	08/11/2021
13	ISSUED FOR CONSTRUCTION	08/11/2021
14	ISSUED FOR CONSTRUCTION	08/11/2021
15	ISSUED FOR CONSTRUCTION	08/11/2021
16	ISSUED FOR CONSTRUCTION	08/11/2021
17	ISSUED FOR CONSTRUCTION	08/11/2021
18	ISSUED FOR CONSTRUCTION	08/11/2021
19	ISSUED FOR CONSTRUCTION	08/11/2021
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23	ISSUED FOR CONSTRUCTION	08/11/2021
24	ISSUED FOR CONSTRUCTION	08/11/2021
25	ISSUED FOR CONSTRUCTION	08/11/2021
26	ISSUED FOR CONSTRUCTION	08/11/2021
27	ISSUED FOR CONSTRUCTION	08/11/2021
28	ISSUED FOR CONSTRUCTION	08/11/2021
29	ISSUED FOR CONSTRUCTION	08/11/2021
30	ISSUED FOR CONSTRUCTION	08/11/2021



## **ADDENDUM F - ENGAGEMENT LETTER**





August 12, 2024

Ronny Hecht  
RAH Contractors *Thrive Alameda, LTD.*  
9601 Katy Freeway, Suite 470  
Houston, TX 77024  
Via email: ronny@rahcontractors.com

RE: Underwriting Assessment for Thrive Alameda at Fuqua in Houston, TX

*(The "Subject Property")*

*Thrive Alameda, LTD*

Dear Ronny Hecht:

Novogradac & Company LLP ("Novogradac," "we," "us" or "our"), and doing business under the brand name Novogradac Consulting, is pleased to confirm our understanding of the services we are to provide for RAH Contractors ("Client," "you" or "your"). If you agree to the terms set forth below, please sign a copy of this letter (the "Engagement Letter") at the space provided below and return it to us. Please be advised that we are unable to begin work on the proposed engagement unless and until this Engagement Letter has been mutually executed by persons authorized to bind Novogradac & Company LLP and you.

**Background**

Client is seeking to engage Novogradac to provide an underwriting assessment for the Subject <sup>P</sup>property. Novogradac will provide an underwriting assessment demonstrating the impact and benefit of the tax exemption to facilitate placement of rent restricted units (the "Report"). A summary of the program and requested analysis is described below, based upon our understanding.

*The 88<sup>th</sup> Regular Session of the Texas Legislature Approved House Bill 2071 which revises the way public facility corporations (PFCs) can be utilized to own and operate affordable housing. A PFC is a nonprofit corporation that can be created by a municipality, county, school district, housing authority or special district under Chapter 303 of the Texas Local Government Code. Under the Texas Tax Code, a public facility owned by a PFC is generally exempt from ad valorem taxation. If the PFC owned a multifamily property that is utilized for the purpose of affordable housing with at least 50 percent of the units reserved for households earning 80 percent of the Area Median Income or below, the affordable property would be exempt from all ad valorem tax. In order to be eligible for the approval for an affordable housing property, at least 30 days before approving the affordable housing transaction, the PFC must obtain an underwriting assessment from an uninterested third-party professional entity with experience in affordable housing illustrating that a newly constructed affordable residential development would not be feasible without the participation of the housing authority corporation or a similar type of subsidy. The client will use our analysis to apply to the housing authority.*

**Objective and Purpose**

You have represented to us that you intend to use the Report to apply for approval for an affordable housing property exemption (the "Stated Purpose"), and we have relied upon your representation in offering to provide the services described herein. You agree that we have not been engaged to provide professional advice concerning interpretation of the program rules or statute, nor have we been engaged to assist in preparation of your application. You agree not

to use the Report other than for the Stated Purpose, and you agree to indemnify us for any claims, damages or losses that we may incur as the result of your use of the Report for other than the Stated Purpose. Without limiting the general applicability of this paragraph, under no circumstances may the Report be used in advertisements, solicitations and/or any form of securities offering. Our objective in performing this engagement will be to provide you with an underwriting assessment report to utilize for the Stated Purpose.

## Scope of Work

The scope of work will generally incorporate the following:

- Analysis of the achievable affordable rents compared to the achievable market rents;
- Operating expense analysis to determine the reasonableness of the developers operating expense assumptions.
- Cost feasibility analysis to determine if the proposed restricted rents allow feasibility of construction or if the development would require subsidy or assistance of some type including but not limited to subsidy financial assistance using tax exempt bonds, credits or subsidy or participation by the Housing Authority to provide a tax exemption.
- Ad Valorem Real Estate Assessment and Tax Analysis.
- *After review of the above, a statement that this subject property would not be feasible without subsidy financial assistance.*

The engagement described herein does not constitute any form of attestation or accounting engagement, such as an audit, compilation or review. Novogradac will therefore not issue any independent accountants' reports, findings, or other work product including a compilation, review, or audit report, on any financial statements or other materials in connection with this engagement. Because the engagement described herein does not constitute an audit or examination, we will not issue an independent accountant's attestation opinion on the Report. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

You are responsible for establishing and maintaining effective internal controls. You are also responsible for making all management decisions and performing all management functions, for designating an individual with suitable skill, knowledge, or experience to oversee any nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

While fieldwork is outside the scope of this engagement, some of the data collected for this report is based upon representations of municipalities and government offices. We do not warrant the accuracy of the information that these organizations provide. We assume it to be correct and accurate. If, for some reason, we believe there is a likelihood of an inaccuracy we will highlight our belief in the final document. It should be noted that some of the information provided may be used in our organization's database.

Our engagement does not include general consulting and advisory services other than as may be mutually agreed upon in writing by you and us ("Approved Consulting Services"). Our engagement ends on delivery of an approved Report ("Delivery") unless we have agreed to provide post-Delivery Approved Consulting Services. This Engagement Letter does not obligate us to provide litigation or other dispute-related assistive services, now or in the future.

You agree to indemnify, defend and hold us, our partners and employees harmless from any claims, loss, cost or damages that may result from any negligent misrepresentation or fraud perpetrated by Client, its officers, directors, owners, members, employees or representatives concerning or related to draft or final versions of our report, memoranda, or other deliverables.

Assisting you with your compliance with the Corporate Transparency Act ("CTA"), including beneficial ownership information ("BOI") reporting, is not within the scope of this engagement. You have sole responsibility for your compliance with the CTA, including its BOI reporting requirements and the collection of relevant ownership

information. We shall have no liability resulting from your failure to comply with CTA. Information regarding the BOI reporting requirements can be found at <https://www.fincen.gov/boi>. Consider consulting with legal counsel if you have questions regarding the applicability of the CTA's reporting requirements and issues surrounding the collection of relevant ownership information.

### Professional Fees

Based on an evaluation of the scope of work, the total fee for the ~~initial~~ report will be [REDACTED]. Since this is a desktop analysis, no travel or out of pocket travel expense will be incurred. If we are made aware of significant project changes after we have completed our report, modifications will be billed based upon the firm's hourly rates. Additional billable work will not occur without your prior written approval. Should the engagement be cancelled prior to completion and/or delivery of the report, the fee will be billed at the greater of 50 percent of the fee, or hourly billing incurred plus travel expenses.

If we are compelled to respond to a subpoena or other enforceable order for document production, deposition or other testimony related to this engagement in a matter in which we are not a party and no claims are being asserted against us, you agree to pay us for all time and out-of-pocket costs we incur in complying with such requirements. The preceding sentence shall apply regardless of how much time has elapsed since we completed our engagement, and regardless of whether you are the party compelling us to produce documents or appear for testimony.

Any Approved Consulting Services will be billed in addition to the fees for this engagement. Our fees for these services will be based on our hourly rates in effect at the time the services are provided for the personnel providing the services. Our current hourly rates are as follows:

Partner:	\$425 - \$555
Principal:	\$310 - \$405
Manager:	\$210 - \$365
Senior Analyst:	\$185 - \$260
Analyst:	\$145 - \$235
Junior Analyst:	\$108 - \$170

### Timing and Retainer

Upon your signature of this Engagement Letter, we are prepared to start work immediately and the report will be delivered within 25 business days. The timing is contingent on you furnishing us with the retainer described in the following paragraph, and the requested information within one week of engagement.

A retainer of 50 percent of the fee will be required within one week of the execution of this Engagement Letter, and the balance will be due upon completion. Should your account have any unused retainer at the conclusion of this engagement, you hereby consent to our application of the unused retainer from this engagement to any past due balances incurred by Client in connection with one or more separate engagement letters. We reserve the right to terminate this engagement due to non-payment, or to stop work until the retainer has been received. Please note that all payments under this Engagement Letter should be made payable to the order of Novogradac & Company LLP, rather than the "Novogradac Consulting" name shown in the header.

### Invoicing and Payments

Our invoices for these fees will be rendered as set forth in the preceding "Timing and Retainer" section and are payable upon presentation. Invoices are to be paid in U.S. dollars, in immediately available funds drawn from a U.S. bank, or by international wire transfer in U.S. dollars, if not drawn from a U.S. bank. After 30 days, a late charge will be

imposed on unpaid fees at a rate of 10% per annum, assessed monthly based on 0.83% of the account's balance of past due invoices. Work may be suspended if your account is not paid and will not be resumed until your account is paid in full. Should you have any unused portion of a retainer remaining from a separate engagement with Novogradac that has since concluded, you consent to our transferring said unused retainer to satisfy any past due balance incurred in connection with this engagement. Novogradac reserves the right to send any unpaid account(s) to collections. By signing this Engagement Letter, you consent to Novogradac's disclosure of your information, including but not limited to copies of this Engagement Letter, to the extent necessary to collect unpaid balances owed pursuant to this Engagement Letter.

*Ronny C RAIHCO@TRADERS.COM*

For your convenience, we include the option for you to receive invoices electronically. If you would prefer to receive our invoices and statements by email rather than US Mail, please provide an email to which we should send future invoices and statements in the following space: \_\_\_\_\_ . By providing an email account in the preceding manner, you consent to receiving email notifications from us regarding invoices, statements, payment issues, and similar notices. To ensure receipt of invoices, please add [Novo\\_AR@novoco.com](mailto:Novo_AR@novoco.com) to your address book. You may revoke your consent at any time by emailing your opt-out request to [Novo\\_AR@novoco.com](mailto:Novo_AR@novoco.com). Your election to receive or stop receiving invoices by email will not impact any other email elections you may have given us, such as requesting to be included in our Industry Alerts mailing list. Please contact [cpas@novoco.com](mailto:cpas@novoco.com) if you wish to be removed from any such other mailing lists.

We may elect to terminate our services for nonpayment, nonapproval of Unanticipated Services or because, in our opinion, our professional standards or other considerations require disengagement. By executing this Engagement Letter, you specifically consent to this right of disengagement. If we do disengage, our engagement will be deemed to have been completed upon notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended, and to reimburse us for all out-of-pocket expenditures through the date of termination.

To expedite payment and avoid delays in the release of work product, we recommend that you utilize the Automated Clearing House (ACH) to remit retainer and payment. Our ACH details are as follows:

Payee Name: Novogradac & Company LLP  
ABS/Routing Number (US Bank, One California Street, Suite 2100, SF, CA 94111): 121122676  
Checking Account Number: Novogradac & Company LLP/Operating Account: 153492594053

The following delivery options are also available:

U.S. Mail Address:  
Accounts Receivable  
Novogradac & Company LLP  
P.O. Box 7833  
San Francisco, CA 94120-7833

Physical & Delivery Address:  
Accounts Receivable  
Novogradac & Company LLP  
1160 Battery Street  
East Building, Suite 225  
San Francisco, CA 94111-1216

\*Identify remittance as: Underwriting Assessment for Thrive Almeda at Fuqua

**Miscellaneous Terms**

Client hereby acknowledges and agrees that the relationship it has with Novogradac, as described herein, is non-exclusive and that we may represent, perform services for, and contract with, as many additional clients, persons or companies as we, in our sole discretion, see fit.

Client shall not solicit for purposes of employment any of Novogradac's staff assigned to the engagement described in this Engagement Letter ("Engagement Staff") without Novogradac's prior written consent, at any time while this Engagement Letter is in effect and for a period of twelve (12) months following the earlier of completion of the services by such employee or termination of this Engagement Letter (the "Non-Solicitation Period"); provided that, for the avoidance of doubt, the foregoing shall not apply to any Engagement Staff that responds to a public general advertisement by Client or that solicited Client directly for employment.

Except in the case of any Engagement Staff hired in accordance with the proviso set forth in the immediately preceding paragraph, in order to hire an Engagement Staff during the Non-Solicitation Period, Client must pay Novogradac a fee equal to one multiplied by the Engagement Staff's annualized final rate of pay while employed by Novogradac (the "Recruitment Fee"). Novogradac's greatest resource is its employees and Recruitment Fee is intended to compensate Novogradac for the loss of any employees should Client permanently hire any Engagement Staff.

### **Limitation on Damages**

Unless otherwise prohibited by law or regulation, the maximum amount of damages you may receive as a result of any determination that some or all of the services we performed under this and/or other mutual engagement letters between us and you, were deficient, or for breach of contract, nonfeasance or negligence, shall be the fees paid to us for the disputed services. Similarly, the maximum amount of damages you can receive related to services you assert or believe we were required to perform, but which we did not perform, shall be the fees paid to us for said non-performed services. In no event shall we be liable for the consequential, special, incidental, or punitive loss, damage or expense caused to you or to any third party (including without limitation, lost profits, opportunity costs, etc.).

### **Limitations Period on Actions**

To the fullest extent permitted by law, no controversy, claim, suit or action, regardless of nature or form, relating to or arising out of this engagement, may be brought by or on behalf of Client and/or its Board of Managers, Board of Directors, Board committees, similar governing bodies, members, partners, principals, stockholders, employees, agents, affiliates, and/or subsidiaries, against Novogradac & Company LLP, or its members, partners, principals, managers, employees, agents, affiliates, or subsidiaries, more than one (1) year after the cause of action accrues. The foregoing period of limitation shall not be subject to tolling of any kind. Nothing contained within this Engagement Letter shall operate to extend, lengthen, or toll any applicable statutory limitations period of less than one year or any accrual point for any cause of action provided by law.

### **Confidentiality and Working Paper Ownership**

You must maintain your own copy of documents provided to, or received from, us during the course of this engagement. The preceding sentence shall apply even if we have established a "client portal" within which you have the ability to upload, download or reference certain documents related to the services we have provided to you. Please note that documents on our client portal are generally purged automatically within a year of being posted to the portal, although certain archival copies of final deliverables may be retained for longer periods of time at our sole discretion.

Before providing us with any documents that contain credit card or individuals' social security numbers, please first mask or redact such numbers. If you choose to send any type of confidential information to us electronically, we strongly recommend that you use the secure transmission and/or client portal features of our ShareFile system, or you may use your own encrypted email service if you prefer. Our ShareFile service can be found at <https://novoco.sharefile.com/>. The signature block of our emails contains a link that will allow you to easily send documents to one of our personnel. If you choose to electronically send us confidential information by any unsecure



means; including without limitation unencrypted email, you agree to bear all risks and damages that may result if the communication is intercepted.

### **Third Party and Internal Use of Data and Reports**

Any facsimile, Internet or other e-mail communication is tentative and preliminary and any work product is not final until received in signed form. As such, you agree not to act upon any information received in a facsimile, Internet or other e-mail communication until, and unless, you receive such information in signed form.

With the emergence of generative artificial intelligence (AI) in technology, Novogradac may utilize AI in the course of its business operations and/or to support the services provided to you pursuant to this Engagement Letter to the extent permitted by law and in compliance with applicable professional, data security, and/or confidentiality obligations.

Novogradac may use Client's data disclosed and/or provided to Novogradac by Client or its representatives in connection with this Engagement Letter for internal benchmarking, valuation, testing, and/or development for research, process improvement, service improvement, system development and maintenance, and/or other internal business purposes ("Business Purpose"). Any data used for such purposes shall be subject to confidentiality, security, and/or other controls equal to that of Novogradac's production environments, or the data is in an aggregated, de-identified, and/or anonymized format that is not reasonably re-identifiable ("Anonymous Data"). Client shall remain the sole owner of any Client data provided to Novogradac, and Client hereby grants to Novogradac a non-exclusive, royalty-free, world-wide and irrevocable license to use Client's data for Business Purpose. Novogradac shall remain the exclusive owner of any Anonymous Data created or generated.

### **Privacy Law Compliance**

We will only collect, use, retain, or disclose personal information for the purposes of providing the [brief description to match "Re" line] and/or as otherwise permitted by this Engagement Letter (the "Contracted Business Purpose") and we will limit such collection, use, retention, or disclosure to activities reasonably necessary and proportionate to achieve the Contracted Business Purpose or another compatible operational purpose. As a Service Provider or Processor, defined pursuant to applicable U.S. federal, state or local privacy laws, including but not limited to the California Consumer Privacy Act (together, the "Privacy Law"), we will not collect, use, retain, disclose, share, sell or otherwise make personal information available in a way that does not comply with the Privacy Law, another applicable law, regulation, or professional standard, or which is unrelated to the Contracted Business Purpose. The personal information of Client's clients, customers, owners, officers, employees, and/or investors will not be sold, shared, or otherwise used in a manner in violation of the Privacy Law. Novogradac will take reasonable steps to ensure our service providers or other downstream data recipients only process such data in a manner consistent with the Privacy Law, including by entering into written agreements with our service providers obligating them to comply with the Privacy Law.

Client is responsible for providing all notices and/or obtaining required consents, including but not limited to obtaining consent for the processing of sensitive personal information, from individuals prior to the processing of any personal information in connection to the Business Purpose.

We will reasonably cooperate and assist Client with Client's Privacy Law obligations and responding to Privacy Law-related inquiries, such as responding to verifiable consumer requests or to determine our compliance with the Contracted Business Purpose and/or the Privacy Law, taking into account the nature of our processing and the information available to us. To the extent we are reasonably able to identify a consumer request as relating to the Contracted Business Purpose and/or the Client, we will promptly notify Client of the consumer request. Client is

responsible for responding to all consumer privacy requests. We reserve the right to notify the consumer that Novogradac is a Service Provider or Processor and that we are unable to act upon their request.

Novogradac reserves the right to retain data or otherwise refuse to process a consumer privacy request to the extent permitted by Privacy Law. In the event that consumer privacy requests are and/or become excessive and/or manifestly unfounded, Client agrees to reimburse Novogradac's reasonable costs arising from Novogradac's assistance supporting Client's Privacy Law obligations to address such consumer privacy requests on a time and materials basis.

Client may request assistance with consumer privacy requests by contacting Novogradac's Privacy Office at:

Email:

privacy@novoco.com

Website:

[www.lighthouse-services.com/novoco](http://www.lighthouse-services.com/novoco)

(Please select Consumer Privacy Request)

Mail:

Novogradac & Company LLP

Attn.: Privacy Office

P.O. Box 7833

San Francisco, CA 94120-7833

We will use commercially reasonable precautions to ensure the security and/or confidentiality of personal information, but in all cases such precautions shall be at least a reasonable standard of care. Upon Client's written request, we will provide Client with confidential access to our most recently completed Systems and Organization Controls Report ("SOC Report"). The SOC Report is our confidential information and Client agrees to maintain the confidentiality of the SOC Report and only provide the SOC Report to other third parties with our prior written consent.

We will promptly notify Client if we reasonably determine we are no longer able to fulfill our obligations under the Privacy Law.

If our services require you to disclose information that is subject to other privacy laws, such as the Health Information Portability and Accountability Act ("HIPAA"), please contact us so that we may determine if additional safeguards are needed.

## **Dispute Resolution**

In the event of a dispute arising out of or relating to this Engagement Letter, including any question regarding its breach, existence, validity or termination, and including any non-contractual claims (whether in tort or otherwise) ("Dispute"), the parties shall endeavor to reach a resolution of the Dispute satisfactory to both parties. Either party may commence such process by requesting a meeting with the other party, which may take place in person, or remotely. Each party shall nominate a representative or representatives who shall meet to try to resolve the Dispute.

If the Dispute is not resolved within ten (10) business days of the meeting (or subsequently scheduled meetings) between the party representatives taking place (or if, for any reason, such meeting does not take place within ten (10) business days of either party requesting the meeting (or such longer period as may be agreed between the parties)), then:

- (a) The Dispute may, at either party's request, be referred to mediation in accordance with procedures prescribed by JAMS, NAM, or such other nationally recognized mediation provider, and informal negotiations need not continue. Either party may initiate the mediation process by giving notice in writing to the other party requesting mediation ("Mediation Notice").

- (b) The mediation shall start not later than 120 days from the date of delivery of the Mediation Notice, unless otherwise agreed to in writing by the parties.
- (c) The mediation shall take place in a location mutually agreed to by the parties and shall be subject to New York law.
- (d) All fees and expenses billed by the mediation provider, including mediator fees, will be borne equally by the parties.
- (e) Each party will bear its own costs and expenses of its participation in the mediation, including its own legal fees.

If either party refuses or fails to participate in the mediation process or if a resolution of the Dispute is not reached within 120 days from delivery of the Mediation Notice, or such other time period as agreed to in writing by the parties, either party may refer the Dispute to arbitration in accordance with the provisions of the arbitration clause below.

### **Governing Law and Arbitration**

All matters related to, concerning, or arising out of the professional relationship between the parties, or arising out of this Engagement Letter or the services provided or to be provided hereunder, shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to New York's conflict of laws rules. Subject to the provisions of the Dispute Resolution clause above, in the event of a Dispute arising, the Dispute shall be referred to and finally resolved by arbitration to be administered by the American Arbitration Association (or any like organization successor thereto) in New York, New York, in accordance with the American Arbitration Association's Commercial Arbitration Rules. Each of the parties to this Agreement hereby agrees and consents to such venue and waives any objection thereto. The arbitrability of any such dispute, claim or controversy shall likewise be determined in such arbitration. Such arbitration proceeding shall be conducted in as expedited a manner as is then permitted by the commercial arbitration rules (formal or informal) of the American Arbitration Association. Both the foregoing agreement of the parties to this Agreement to arbitrate any and all such disputes, claims and controversies and the results, determinations, findings, judgments and/or awards rendered through any such arbitration shall be final and binding on the parties hereto and may be specifically enforced by legal proceedings. Notwithstanding any provision of this Agreement relating to which state laws govern this Agreement, all issues relating to arbitrability or the enforcement of the agreement to arbitrate contained herein shall be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and the federal common law of arbitration.

The arbitration shall be conducted by one (1) arbitrator selected in accordance with the AAA Commercial Arbitration Rules and Supplementary Procedures for Large Complex Disputes as modified below, unless the matter in dispute has a value of at least \$1,000,000 and either party wishes to have the arbitration conducted by a panel of three (3) arbitrators. The arbitrator(s) shall be experienced in the subject matter of the Arbitration Request as it applies to the subject matter of this Engagement Letter and/or the Dispute. The parties shall cooperate to attempt to select the arbitrator(s) by agreement within 30 days of the initiation of arbitration.

### **Severability**

Should any term or provision of this Engagement Letter, or part thereof, be declared or be determined by any court of competent jurisdiction to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining parts, terms and provisions shall not be affected thereby and said illegal, unenforceable or invalid part, term or provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth in this Engagement Letter.

Some of the services described in this Engagement Letter may be provided by partners of an affiliate controlled by Novogradac & Company LLP. We appreciate the opportunity to be of service to you and believe this Engagement Letter accurately summarizes the significant terms of our engagement. If you agree with the terms of our engagement as described in this Engagement Letter, please sign the enclosed copy and return it to us so that we may begin work on this engagement, via email at [Kelly.gorman@novoco.com](mailto:Kelly.gorman@novoco.com). If we do not receive this executed Engagement Letter in our office within 30 days of the date of this Engagement Letter, our offer to perform these professional services is automatically withdrawn. If we do agree in writing to extend the timeframe for execution of this Engagement Letter, please be aware that late initiation of the engagement will affect the timeframe for delivery of draft and final work products. If you have any questions regarding this proposal, please call me at 908.967.4492

Very truly yours,  
NOVOGRADAC & COMPANY LLP



By: Kelly Gorman  
Partner of Novogradac Consulting LLP, its Affiliate

**RESPONSE:**

**This Engagement Letter correctly sets forth our understanding for the services to be provided, and I am fully authorized to execute this Engagement Letter and bind the Client:**

Accepted by: THrive Almeda, LTD  
~~RATF Contractors~~  
by: Thrive Almeda F.P. Inc.  
Client Signature: Randy Mott

Name & Title: Randy Mott, Proprietor

Date Signed: 8/12/24

Client FEIN: [REDACTED]

Please include a completed W-9 with the fully executed engagement letter. The name on the EIN must match the client name as engaged.