Villas at Plano Gateway Senior Living, Plano, Collin County, Texas

Project Financing Narrative

Villas at Plano Gateway Senior Living will be a mixed income, senior 55 years and better, affordable housing community comprised of 300 new living units on +/-7.25 acres at Renner Road and N. Shiloh Road, Plano, Collin County, Texas. The majority of the residential units, will be affordable, marketed to seniors earning 30% to 60% of the area median incomes.

The development will offer housing convenient to the newly updated and greatly expanded Methodist Hospital Richardson, directly across Renner Road from the development site. In addition, there are many new doctor's offices and medical facilities in the immediate area along with new retail at 15th Street and Shiloh. Direct access to and from the property is available using the new President George Bush, PGB Tollway, which intersects the Plano Gateway Development at Renner Road. A significant % of the affordable units will be special equipped for residents with special needs or others in need a handicap equipped unit. Plano is well educated and upscale community in Collin County. It is presumed 60 units will be set aside under the HOME depot grant for senior veterans.

The Villas at Plano Gateway will offer independent senior residents more than a roof over their head. The community provides senior supportive services like up and about, aerobic activities in the clubhouse or pool area, home health provider services area, organized social activities on or off the property, scheduled van service, adult education, counseling services, credit education classes, health and nutritional courses, and other appropriate programs, at no additional cost to residents. Residents at the property will also enjoy a 5,700+ square foot club house with a fitness center, business center with computers and internet access, library, card or gaming room and a community room. The development will also offer a swimming pool, walking trail, barbecue/picnic areas, and controlled access to the properties. The project sponsor is an experience development team including the Conine Residential in a joint venture with Plano Housing Corporation.

Unit Mix	Rent	# of	% of	Square	Gross Rent	Utility	Net Rent	Net Rent/
Unit	Level	Units	Mix	Feet	Per Unit	Allowance	Per Unit	Sq. Ft.
One bedroom-sm	30%	0	0%	550	$ -	$ 58	$ 0	$ 0.00
One bedroom-sm	40%	0	0%	550	$ -	$ 58	$ -	$ -
One bedroom-sm	50%	0	0%	550		$ 58	$ -	$ -
One bedroom-sm	60%	86	29%	550	$ 709	$ 58	$ 651	$ 1.18
One bedroom-sm	Market 80%	22	7%	550	$ 865	$ -	$ 865	$ 1.57
1bd/1ba	30%	0	0%	700	$ 657	$ 85	$ 572	$ 0.82
1bd/1ba	40%	0	0%	700	$ 640	$ 85	$ 555	$ 0.79
1bd/1ba	50%	0	0%	700	$ 657	$ 85	$ 572	$ 0.82
1bd/1ba	60%	109	36%	700	$ 759	$ 85	$ 674	$ 0.96
1bd/1ba	Market 80%	27	9%	700	$ 915	$ -	$ 915	$ 1.31
2bd/2ba	30%	0	0%	820	$ 651	$ 103	$ 548	$ 0.67
2bd/2ba	40%	0	0%	820	$ 777	$ 103	$ 674	$ 0.82
2bd/2ba	50%	0	0%	820	$ 788	$ 103	$ 685	$ 0.84
2bd/2ba	60%	44	15%	820	$ 912	$ 103	$ 809	$ 0.99
2bd/2ba	Market 80%	12	4%	820	$ 1,175	$ -	$ 1,175	$ 1.43
Project Total/Average		300		200,520	$ 2,900,016		$ 2,674,596	$ 805.56

As shown in the Sources and Uses chart on the following page, the total community cost is approximately $29.4 million. Land acquisition with closing costs represents $2.5 million, hard cost construction with GC fees and costs total just over $19.35 million. The balance represents soft costs, indirect construction, financing costs and developer fee.

The costs will be financed from several sources of funding. Approximately $20.0 million will be financed with an issuance of tax exempt bonds as the interim, 24 months source and a tax exempt bond-permanent loan from an American First Realty Group Bond fund. A competitive syndicator will purchase the full amount (99.99%) of Tax Credits. The tax credits will provide approximately $8.1 million in total equity funds, of which, approximately 65% will be made available during the construction phase of the community, 20% at construction completion (85% completion) with the balance, 15%, paid (10% and 5%) in at the later of cost certification, conversion of the taxable perm debt and final installment at issuance of 8609's.

The final sources of financing to insure a balanced sources and uses of funds is from a deferral of the developer fee, $620K or 18% of the developer fee, plus the $950,000 soft money contribution from the City including fee waivers and an AHP grant from FHLB plus the HOME depot grant. The developer will take back a note for the amount of the deferred developer fee, to be repaid at 2% interest out of cash flow from the community after all other debt service and reserves are paid in full. There is no fixed debt service obligation for the deferred developer fee or GP equity note. They are strictly cash flow only notes. The deferred fee is expected to be paid in full with interest in less than 5 years.

The HTC equity combined with the construction loan (tax exempt bonds), fee waivers from the City, the AHP grant, the HOME depot grant and the tax exempt bond perm loan and a deferral of some developer fee will successfully complete and fully fund the project as presented below.

Uses of Funds	Total Costs	Per Unit	Per Sq. Ft.	% of Total Dev. Cost
Land Costs	2,500,000	8,333	12.47	8.48%
Sitework	2,700,000	9,000	13.46	9.16%
Hard Construction Costs	13,568,280	45,228	67.67	46.02%
Contractors Fees & Gen Requirements	2,277,559	7,592	11.36	7.72%
Contingency	813,414	2,711	4.06	2.76%
Professional Fees	604,000	2,013	3.01	2.05%
Interim financing Fees & Costs	2,200,000	7,333	10.97	7.46%
Permanent Financing Fees	15,000	50	0.07	0.05%
Tax Credit Fees	197,100	657	0.98	0.67%
Other Soft Costs	48,000	160	0.24	0.16%
Syndication Costs	100,000	333	0.50	0.34%
Developer Fee	3,257,000	10,857	16.24	11.05%
Reserves	610,000	2,033	3.04	2.07%
Other Costs	65,000	217	0.32	0.22%
COI	529,625	1,765	2.64	1.80%
Total Uses of Funds	29,484,978	98,283	147.04	100.00%

Sources of Funds		Permanent Amount	% of total dev. costs	Construction	% of total dev. costs
		-	0%		
Perm Mortgage		19,270,000	65%	20,000,000	68%
Secondary Perm Debt		-	0%	-	0%
Other Debt-Fee Waivers+AHP Grant		950,000	3%	950,000	3%
Developer Funded ODG		610,000	2%	610,000	2%
Income during Construction		-	0%	-	0%
Debt Service Reserve Fund Bonds		-	0%	-	0%
GIC Income		-	0%	-	0%
Equity				-	
Tax Credit Equity @	$ 0.915	8,036,624	27%	5,625,637	19%
Deferred Developer Fee	19%	618,354	2%	2,299,341	8%
GP Equity--GC Fee deferral		-	0%	-	0%
Interest Rate Buydown	$0.000	-	0%	-	0%
Total Sources of Funds		29,484,978	100%	29,484,978	100%