87TH, Odessa HFC
15 YEAR OPERATING INCOME & EXPENSE PROFORMA

INCOME		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 15
POTENTIAL GROSS RENT		$4,383,324	$4,470,990	$4,560,410	$4,651,618	$4,744,651	$4,839,544	$4,936,335	$5,035,061	$5,135,763	$5,238,478	$5,783,703
Secondary Income		48,000	48,960	49,939	50,938	51,957	52,996	54,056	55,137	56,240	57,364	63,335
Interest on Debt Service Reserve		0	0									
POTENTIAL GROSS INCOME		4,431,324	4,519,950	4,610,349	4,702,556	4,796,608	4,892,540	4,990,391	5,090,198	5,192,002	5,295,842	5,847,038
Vacancy & Collection Loss		(310,193)	(316,397)	(322,724)	(329,179)	(335,763)	(342,478)	(349,327)	(356,314)	(363,440)	(370,709)	(409,293)
Non-Rental Units/Concessions		0	0	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME		$4,121,131	$4,203,554	$4,287,625	$4,373,378	$4,460,845	$4,550,062	$4,641,063	$4,733,884	$4,828,562	$4,925,133	$5,437,745
EXPENSES												
General & Administration		$125,200	$128,956	$132,825	$136,809	$140,914	$145,141	$149,495	$153,980	$158,600	$163,358	$189,376
Management		123,634	126,107	128,629	131,201	133,825	136,502	139,232	142,017	144,857	147,754	163,132
Bookkeeping		0	0	0	0	0	0	0	0	0	0	0
Payroll & Payroll Tax		392,750	404,533	416,669	429,169	442,044	455,305	468,964	483,033	497,524	512,450	594,070
Repairs & Maintenance		276,200	284,486	293,021	301,811	310,866	320,191	329,797	339,691	349,882	360,378	417,777
Utilities		90,000	92,700	95,481	98,345	101,296	104,335	107,465	110,689	114,009	117,430	136,133
Water, Sewer & Trash		130,000	133,900	137,917	142,055	146,316	150,706	155,227	159,884	164,680	169,621	196,637
Insurance		108,000	111,240	114,577	118,015	121,555	125,202	128,958	132,826	136,811	140,916	163,360
Property Lease		0	0	0	0	0	0	0	0	0	0	0
Replacement Reserves		140,000	144,200	148,526	152,982	157,571	162,298	167,167	172,182	177,348	182,668	188,148
Fees - Bonds & LIHTC Compliance		12,000	12,360	12,731	13,113	13,506	13,911	14,329	14,758	15,201	15,657	18,151
Mortgage Insurance		0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES		$1,397,784	$1,438,481	$1,480,375	$1,523,500	$1,567,893	$1,613,591	$1,660,634	$1,709,061	$1,758,912	$1,810,231	$2,066,785
NET OPERATING INCOME		$2,723,347	$2,765,073	$2,807,250	$2,849,878	$2,892,952	$2,936,471	$2,980,429	$3,024,824	$3,069,650	$3,114,902	$3,370,961
DEBT SERVICE												
First Lien		$2,122,737	$2,122,737	$2,122,737	$2,122,737	$2,122,737	$2,122,737	$2,122,737	$2,122,737	$2,122,737	$2,122,737	$2,122,737
Second Lien		$197,607	$197,607	$197,607	$197,607	$197,607	$197,607	$197,607	$197,607	$197,607	$197,607	$197,607
HOME loan		0	0									
TOTAL DEBT SERVICE		$2,320,344	$2,320,344	$2,320,344	$2,320,344	$2,320,344	$2,320,344	$2,320,344	$2,320,344	$2,320,344	$2,320,344	$2,320,344
NET CASH FLOW AFTER DEBT SERVICE		$403,003	$444,728	$486,906	$529,533	$572,608	$616,126	$660,085	$704,480	$749,306	$794,558	$1,050,616
AGGREGATE DEBT COVERAGE RATIO		1.17	1.19	1.21	1.23	1.25	1.27	1.28	1.30	1.32	1.34	1.45
Def Dev Fee Balance	$2,899,367	$2,700,327	$2,448,518	$2,140,350	$1,772,019	$1,339,498	$838,520	$264,567				

ASSUMPTIONS:

a) Vacancy & collection loss is 7 % of potential gross rent

b) Earn 0 % interest on debt service reserve account

c) Annual rental escalations are 2 %

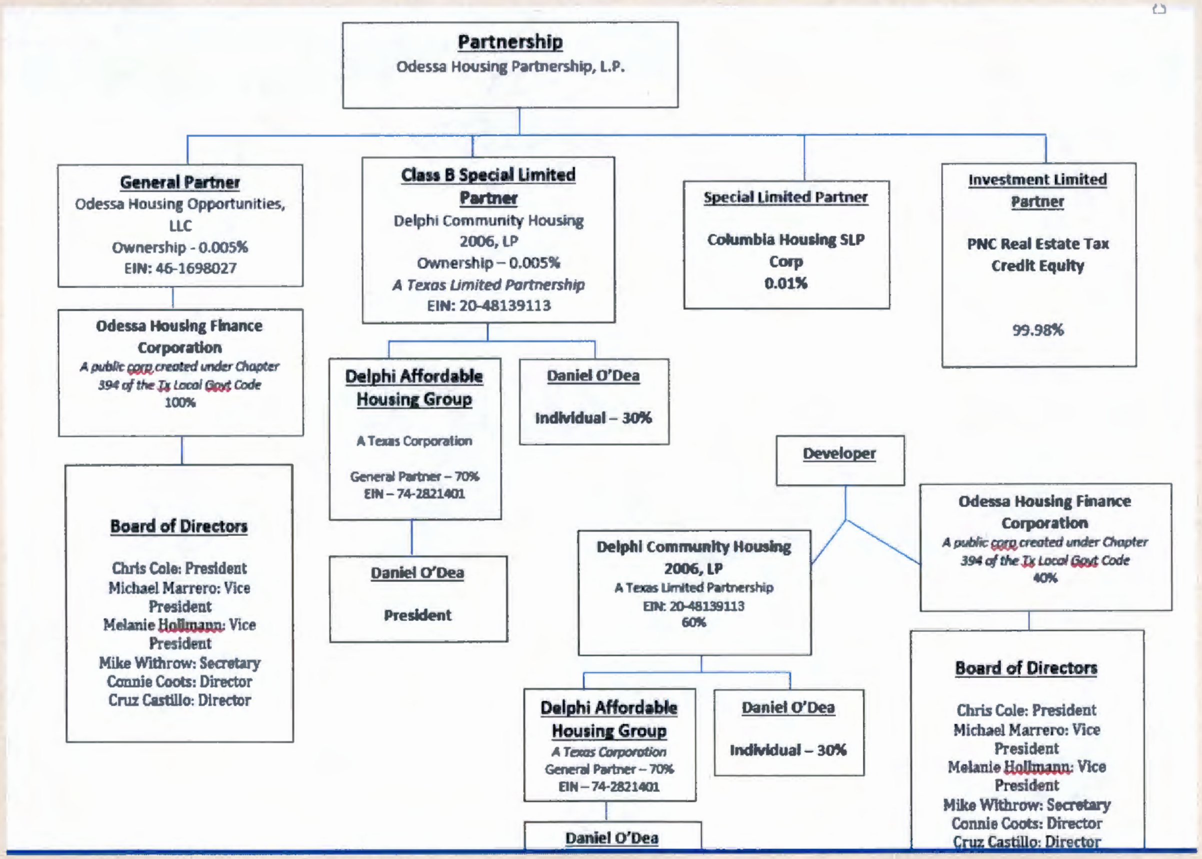
d) Annual expense escalations are 3 %

87TH Apartments Presentation

PRESENTED BY CRAIG ALTER
VICE-PRESIDENT OF DEVELOPMENT

DELPHI AFFORDABLE HOUSING GROUP
CRAIG@DELPHIHOUSING.COM

Project Ownership



Delphi Experience

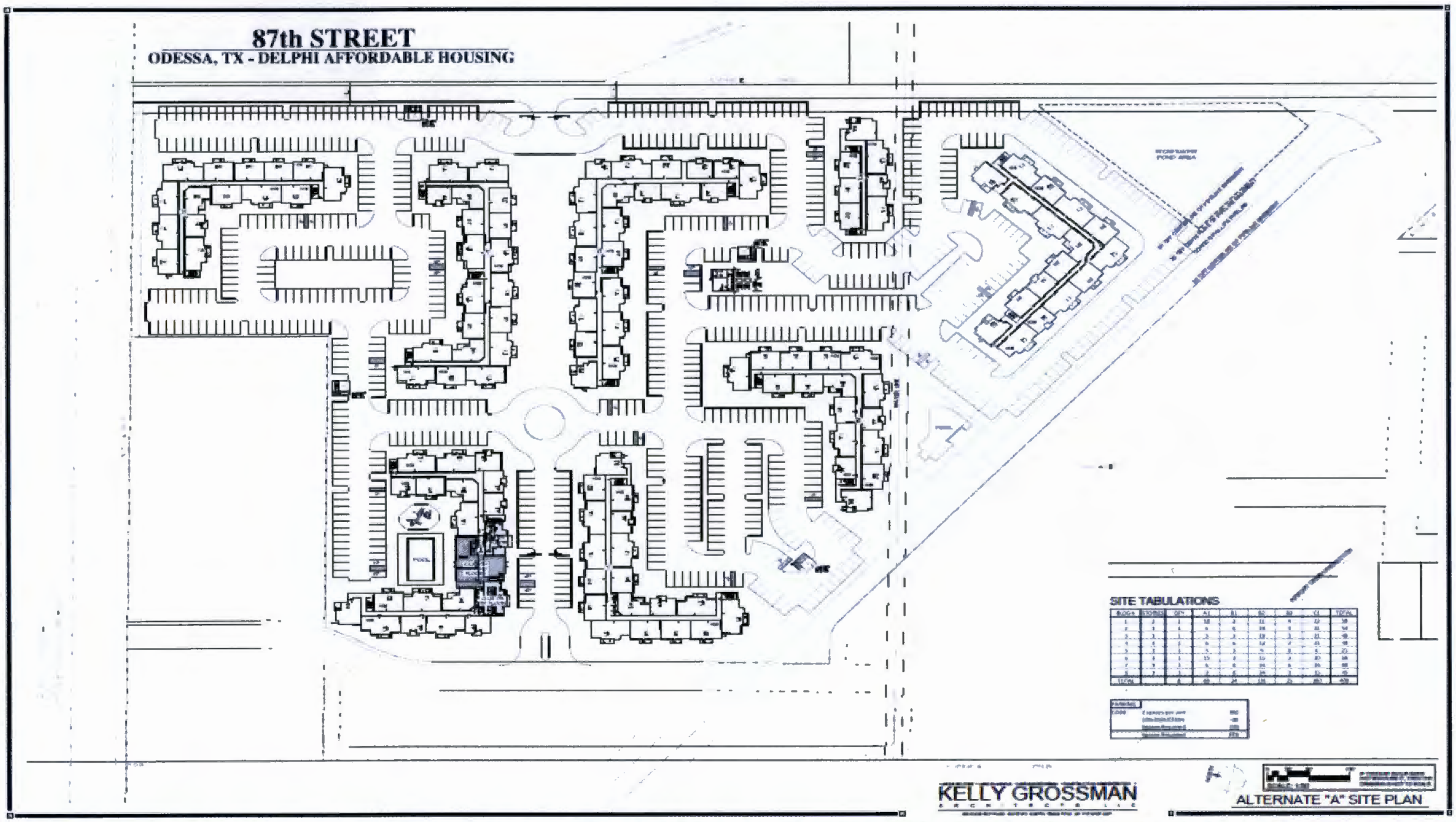
- Delphi Affordable Housing Group, Inc. has been in business for 18 years
- Officers have 61 years combined affordable housing development experience
- Created a housing portfolio of 3,627 apartment units
- Delphi uses federal housing tax credit and bond financing programs
  - Closed $126 million in bond transactions
  - Closed $145 million in tax credit allocation
  - Closed $158 million in mortgage loans

Master Land Use Plan Concepts

- Identifiable community
- Internal connectivity, amenities (central park, pocket parks, landscaped streetscapes)
- Neighborhood retail
- Mixed income
- Housing alternatives (affordable rental, below market rental, townhouses, single family, senior)

Master Land Use Plan

87TH Apartment Site Plan



Apartment Site Plan Design Elements

- More efficient land use than garden style
- Parking provided exceeds Odessa requirements
- Connectivity to internal community
- Family oriented.

Project Plan	Market
15% 1 BR	25% 1BR
45% 2BR	46% 2BR
40% 3BR	30% 3BR

- Unit sizes within 4% of market averages: 1BR=785SF, 2BR=998 SF, 3BR=1,220 SF

Project Economics

- Market facts
  - Tax credit units serve family income of $23,000 - $39,000. Odessa AMI = $65,400.
  - Rental housing = 37% of area housing. 63% of renter population earns less than $40,000 BUT only 9.7% of rental housing is affordably priced.
  - 4 apartment properties located within 5 miles of 87TH; only 1 is affordable but at 100% occupancy.
  - All affordable apartments in market area at 100% occupancy.
  - Market demand for tax credit rental apartments is 28 times the proposed 300 new units.
  - Market demand for below market rate (BMR) rental apartments is 39 times the proposed 100 units.
  - 88% of the total Odessa rental housing demand is income qualified to live at 87TH.

Rental Rate Advantage

SUBJECT LIHTC COMPARISON TO ACHIEVABLE MARKET RENTS

Unit Type	Subject's Proposed 60% Rents	Subject's Proposed Section 8 Rents	Subject's Proposed BMR Rents	Achievable Market Rents	Subject LIHTC Rent Advantage	Subject Section 8 Rent Advantage	Subject BMR Rent Advantage
1BR/1BA	$549	$753	$938	$1,235	-56%	-39%	-24%
2BR/2BA	$654	$974	$1,191	$1,500	-56%	-35%	-21%
3BR/2BA	$748	$1,250	$1,383	$1,950	-62%	-36%	-29%

87TH Project Sources and Uses

USES - PROJECT COST						SOURCES OF FUNDS		
DESCRIPTION	FACTOR	PER UNIT	PER NET SF	PER GROSS SF	TOTAL			
Acquisition Cost		$342	$0.32	$0.32	$136,937	Syndication Proceeds	$0.980	$16,565,382
Off-sites		692	0.66	0.64	276,800	First Lien		$36,000,000
Site work		12,515	11.86	11.57	5,006,000	Second Lien		$0
Direct Construction		79,205	75.07	73.23	31,681,954	Def. Developer Fees		$2,899,367
Contingency & Misc.		5,263	4.99	4.87	2,105,053	General Partner Equity		$100
General Requirements		5,503	5.22	5.09	2,201,277	Energy Credit		$0
Contractor's G & A		1,834	1.74	1.70	733,759	Lease-up Period Income		$0
Contractor's Profit		5,503	5.22	5.09	2,201,277	ECISD Loan		$3,250,000
Developer's Overhead		0	0.00	0.00	0	FHLB AHP Grant		$0
Developer's Profit		17,574	16.66	16.25	7,029,798			$0
Indirect Construction Costs		2,478	2.35	2.29	991,240			
Financing (Interim)		6,523	6.18	6.03	2,609,016			
Financing (Permanent)		1,765	1.67	1.63	705,875			
Ineligible Costs (Non-basis)		289	0.27	0.27	115,431			
Reserves		7,301	6.92	6.75	2,920,433			
TOTAL USES		$146,787	$139.13	$135.72	$58,714,850		TOTAL SOURCES	$58,714,850

Building Elevation

Project Schedule

- TDHCA tax credit award – Oct. 15, 2015
- Close financing – Oct. 30, 2015
- Construction period – Nov., 2015-May, 2017
- Begin Occupancy Sep., 2016