

Allies & Ross Management and Development Corporation 200 Ross Street Pittsburgh, PA 15219

412-456-5000

## January 28, 2021 Allies & Ross Management and Development Corporation

## RFP #2020-35 Tax Credit Investor/Limited Partner and/or Lender for the Manchester Redevelopment

## ADDENDUM NO. 1

This addendum issued January 28, 2021 becomes in its entirety a part of the Request for Proposals RFP #2020-35 as is fully set forth herein:

- Item 1: Please see attached the revised versions of Attachment B Sources of Permanent Financing and Attachment C Project Operating Budget.
- Item 2: The preferred equity pay-in schedule is as follows: Closing: 20% Construction Completion: 60% Loan Conversion: 18% 8609s: 2%
- **Item 3:** During the rehabilitation, units will not be occupied. Residents will be temporarily relocated until the rehabilitation work is complete.
- Item 4: The proposal due date, time, and location remain unchanged at February 4, 2021 at 11:00 a.m., at HACP Procurement Dept., 100 Ross St. 2<sup>nd</sup> Floor, Suite 200, Pittsburgh, PA 15219.

### END OF ADDENDUM NO. 1

Detrick (Jan 28, 2021 11:30 EST)

Jan 28, 2021

Kim Detrick (Jan 28, 2021 11:30 I

Mr. Kim Detrick Agent Date

### Manchester Redevelopment

## **Deal Summary** 4% LIHTCs

### USES

TOTAL	PER UNIT
\$12,092,951	\$140,616
\$10,893,244	\$126,666
\$4,100,026	\$47,675
\$542,900	\$6,313
\$2,685,568	\$31,228
\$30,314,688	\$352,496
	\$12,092,951 \$10,893,244 \$4,100,026 \$542,900 \$2,685,568

RENT ROLL				
	UNITS	UA	RAD RENT	TOTAL MONTHLY
1BR	24	\$131	\$1,049	\$25,183
2BR	19	\$143	\$1,278	\$24,275
3BR	30	\$176	\$1,639	\$49,174
4BR	13	\$194	\$1,795	\$23,341
TOTAL	86			

SOURCES	
	TOTAL
Seller note	\$11,607,200
Tax credit equity	\$10,268,100
Permanent Loan	\$2,926,294
Deferred fee	\$390,407
GAP loan	\$5,122,687
Total sources	\$30,314,688
Construction TE Bonds	\$14,428,923

	TOTAL	PER UNIT		
REVENUE				
RAD Rent	\$1,020,625	\$11,868		
Vacancy	-\$51,031	-\$593		
Net Rental Income	\$969,594	\$11,274		
EXPENSES				
Admin	\$94,976	\$1,104		
Utilities	\$162,590	\$1,891		
Ops & Maintenance	\$194,622	\$2,263		
Payroll	\$204,038	\$2,373		
Taxes & Insurance	\$56,969	\$662		
OpEx	\$713,194	\$8,293		
Replacement Reserve	\$34,400	\$400		
NOI year 1	\$256,400			
Year 1 DSC	1.34			

### Manchester Redevelopment

4% LIHTCs

Development Budget

				_	
	Number of Units:				
	LIHTC/RAD Units	86	100.0%		
	Unassisted Units	0	0.0%	-	
	Total	86	100.0%	1	Construction
Acquisition		Cost	Cost Per Unit	Not in basis	Tax Credit Basis
Land Acquisition		\$931,0			
Building Acquisition		\$10,676,2			
Acquisition-related costs		\$485,7	51 \$5,648		
Total Acquisition		\$12,092,9	51 \$140,616		
Construction Costs					
Residental Rehab		\$8.600.0	00 \$100.000	\$0	\$8,600,000
Site costs		\$250,0	00 \$2,907	\$250,000	
Community Space			\$0 \$0	\$0	\$0
General Requirements	6%	\$531,0	00 \$6,174	\$0	\$531,000
Builder's Profit	6%	\$531,0	00 \$6,174	\$0	\$531,000
Builder's General Overhead	2%	\$177,0	00 \$2,058	\$0	\$177,000
Bond Premium	0.5%	\$44,2		\$0	\$44,250
Contingency	7.5%	\$759,9	94 \$8,837	\$0	\$759,994
Total Construction		\$10,893,2	44 \$126,666	\$250,000	\$10,643,244
Fees and Soft Costs					
Development Fees					
Engineering		\$50,0	00 \$581	\$0	\$50,000
Architecture (Design)	4.90%	\$400,0	00 \$4,651	\$0	\$400,000
Architecture (Construction Admin)	4.9070	\$133,3	33 \$1,550	\$0	\$133,333
Survey		\$74,4		\$0	\$74,480
Appraisal		\$49,7	21 \$578	\$0	\$49,721
Accounting / Cost Certifications		\$15,0		\$7,500	\$7,500
Building Permits		\$56,1		\$0	\$56,110
Insurance (Builder's Risk)		\$100,0	00 \$1,163	\$0	\$100,000
Insurance (Property Liability)		\$100,0		\$0	\$100,000
Environmental		\$179,0	75 \$2,082		\$179,075
Consultants		\$239,6		\$239,678	
PNA		\$39,2			\$39,200
Construction Management		\$180,0		\$0	\$180,000
Legal		\$301,3		\$75,334	\$226,002
Title and Recording		\$20,0		\$0	\$20,000
Market Study		\$15,0		\$0	\$15,000
Marketing		\$28,0		\$28,016	
Furniture, Fixtures & Equipment		\$86,0		\$0	\$86,000
Relocation		\$200,0		\$0	\$200,000
Total development fees		\$2,266,9	49 \$26,360	\$350,528	\$1,916,421
Financing Fees					
Permanent Loan Fees	1%	\$29,2			
Construction Period Interest - Tax-exempt		\$797,2		\$0	\$797,200
Construction Loan Fees and Costs		\$219,3		\$0	\$219,392
Bond Fees		\$248,8		\$248,835	
PHFA tax credit fees		\$146,6		\$146,658	
PHFA energy benchmarkign fee		\$1,5		\$1,500	
Subsidy layering		\$2,5		\$2,500	
Syndication and Organizational Costs Total Financing fees		\$15,0 <b>\$1,460,3</b>		\$15,000 <b>\$443,755</b>	\$1,016,592
-		÷.,+00,0	¢.0,001	1	\$ .,5 .5,001
Reserves Lease Up Period Reserve			\$0	\$0	
Operating Reserve		\$456.9		\$456.900	
Replacement Reserve		\$430,9 \$86,0		\$456,900	\$86,000
Total Reserves		\$542,9		\$456,900	\$86,000 \$86,000
Contingency and Developer Fee					
Contingency and Developer Fee	10%	\$372,7	30 \$4,334	\$372,730	
Soft Cost Contingency Developer Fee	10 /0	\$372,7 \$2,685,5		\$372,730	\$2,685,568
DEVELOPMENT COST		\$30,314,6	88 \$352,496	\$1,873,913	\$16,347,824

Developer Fee Payout			
Closing	\$402,835	15.00%	
100% Construction	\$939,949	35.00%	
Loan Conversion	\$1,074,227	40.00%	
8609's	\$268,557	10.00%	
Grand Total	\$2,685,568	100.00%	
RESERVES			
	\$713,194		
Operating Expenses	\$713,194 \$34,400		
Operating Expenses Replacement Reserve			
RESERVES Operating Expenses Replacement Reserve Debt Service Lease Up Period Reserve	\$34,400	1.5	

Developer Fee Schedule		
First 10 Million	15%	\$1,500,000.0
After first 10 Million	10%	\$357,626
Acquisition Basis	10%	\$1,067,620
TOTAL FEE		\$2,925,245.68

Maximum basis:	
Per unit	\$250,000
Maximum basis:	\$21,500,000
proforma amount	\$13,662,257
LIHTC basis	\$16,347,824

## Manchester Redevelopment 4% LIHTCs DRAW SCHEDULE

Best      0      162,77241      953,352      953,352      953,352      956,552      953,352      956,552      957,55      957,5		
Bit documentation barn      0      51,777,78      1903,802      1903,302      1903,502      1903,802      1903,502	21 Conversion 22	23 24 8609s
Personal manuabase      \$2.50.200 h (\$10.07.20) \$50.000 h (\$10.07.20) \$50.000 h (\$10.08.20) \$50.0	\$54,200 -\$14,428,923	
Subtroving      \$11.007.00      \$11.007.00      \$11.007.00      \$10.07.00	\$8,459,328 \$2,926,294	\$268,557
Open      55:7247      56:725 </td <td>\$2,520,254</td> <td></td>	\$2,520,254	
TOTAL SURGES      541,048.08      541,048.08      541,082      548,082      544,882      544,882      548,882      558,882      558,882	\$0	
USS      Control      Co	\$5,122,687 \$54,200 \$2,079,386	\$268,557
Acquisition      Signal of sign	\$54,200 \$2,013,000	\$200,007
Lind Acquation    \$331,00    \$331,00    \$331,00    \$331,00    \$331,00    \$331,00    \$331,00    \$331,00    \$331,00    \$331,00    \$331,00    \$331,00    \$331,00    \$331,00    \$331,00    \$301,07    \$417,178<	21 Conversion 22	23 24 8609s
Building Acquellation Acquellat		23 24 00035
Total Acquisition      512,062,051      512,062,051      512,062,051      512,062,051      512,062,051      512,062,051      512,062,051      512,062,051      512,062,051      523,000      522,000      52		
Construction Costs      Section Costs      Sec		
Residential Rehab    \$\$6,000,000    \$\$477,778    \$\$477		
Site costs    S250.00    \$250.00 <td></td> <td></td>		
Community Space      S531 000      S531 000      S29,500		
General Requirements      6%      \$\$33,100      \$29,500		
Builder General Overhead    2%    \$177.00    \$42.22    \$42.83    \$9.83		
Bond Premium      0.5%      544.250      544.250      542.22      542.222      <		
Contingenory    5%    S759.994    W    S42.222    S588.83		
Ges and Soft Costs bave/spendifies      S50.000 Architecture (Design)      S50.000 \$400.000      S50.000 \$400.000      S7.407      \$7.407 </td <td></td> <td></td>		
bare      S		
Englementinal Architecture (Designin)    \$\$50,000    \$\$400,000    \$\$400,000    \$\$400,000    \$\$400,000    \$\$400,000    \$\$400,000    \$\$400,000    \$\$400,000    \$\$400,000    \$\$400,000    \$\$400,000    \$\$400,000    \$\$400,000    \$\$400,000    \$\$400,000    \$\$400,000    \$\$400,000    \$\$7,407		
Architecture (Design)    \$400,000    \$400,000    \$400,000    \$400,000    \$400,000    \$57,407    \$7,407 <td></td> <td></td>		
Architecture (Construction Admin)    \$133,333    \$7,407		
Appraisal      \$49,721      \$49,721      \$49,721      \$49,721      \$40,721      \$40,721      \$50,000		
Accounting / Cost Certifications      \$15,000      \$16,000      \$10,000 <t< td=""><td></td><td></td></t<>		
Building Permits      \$56,110      \$56,110        Insurance      \$100,000      \$100,000        Insurance (Property Liability)      \$100,000      \$100,000		
Insurance (Property Liability) \$100,000 \$100,000		
Environmental \$179.075 \$179.075		
Envolmentad \$15,0/5 8 519,0/5 Consultants \$239,678 \$239,678		
PNA \$39,200 \$39,200		
Construction Management \$180,000 to 10,000 \$10	000.007	
Legal \$301.336 \$241.069 The and Recording \$20.000 \$20.000	\$60.267	
India in Recording 320,000 320,000 Add Add Add Add Add Add Add Add Add		
Marketing \$28,016 \$28,016		
Furniture, Futures & Equipment \$86,000 \$11,111		
retucation solution strain str	\$0 \$60,267 \$0	\$0 \$0 \$0 \$0
Financing Fees 1% \$29,263	\$29,263	
Construction Period Interest - Tax-exempt \$797,200 \$11,600 \$14,000 \$16,400 \$18,800 \$21,200 \$23,600 \$26,000 \$28,500 \$30,900 \$33,300 \$35,800 \$40,700 \$43,200 \$46,000 \$48,600 \$48,600 \$51,100 \$53,600 \$53,600 \$53,800 \$54,000	\$54,200	
Construction Loan Fees and Costs \$219,392 \$219,392		
Bond Fees \$249.835 \$248.856 PHFA tax oredit fees \$424.836 \$348.658		
PHFA energy benchmarking fee \$1,500 \$1,500		
Subsidy layering \$2,500 \$2,600		
Syndication and Organizational Costs \$15,000 \$15,000 \$15,000 \$15,000 \$15,000 \$16,400 \$18,800 \$22,000 \$28,500 \$28,000 \$33,300 \$35,800 \$40,700 \$43,200 \$46,000 \$51,000 \$53,600 \$53,600 \$53,600 \$53,000 \$53,000 \$53,000 \$54,000 \$55,000 \$	\$54,200 \$29,263 \$0	so so so so
	φ13,200 φ13,200 φ1	40 40 40
Lease Up Period Reserve \$60 Operation Reserve \$65,000	\$456,900	
Replacement Reserve \$86,000	\$86,000	
Total Reserves \$542,900 \$0	\$542,900	
contingency and Developer Fee		
Soft Cost Contingency 10% \$372,730	\$372.730	
Developer Fee \$2,685,568 \$402,835	\$1,074,227	\$268,557
DEVELOPMENT COST \$30,314,688 \$14,988,253 \$628,952 \$631,352 \$633,752 \$636,152 \$640,952 \$640,952 \$643,352 \$645,852 \$648,252 \$655,652 \$655,152 \$665,652 \$5660,552 \$749,352 \$666,552 \$566,452 \$5660,452 \$5670,952 \$1,036,655 \$53,000 \$54,000 \$}	\$54,200 \$2,079,387 \$0	\$0 \$0 \$0 \$268,557
\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$	\$0 \$0 \$0	\$0 \$0 \$0 \$0

## Manchester Redevelopment 4% LIHTCs 15-Year Operating Pro Forma - RAD Units

Number of Units	86
Income trend	2.0%
ExpenseTrend	3.0%
Vacancy Loss	5.0%
Replacement Reserve	\$400

		Stabilization														
Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Rent Vacancy Loss	Effective Rental Income	1,020,625 (51,031) 969,594	1,041,038 (52,052) 988,986	1,061,858 (53,093) 1,008,766	1,083,096 (54,155) 1,028,941	1,104,758 (55,238) 1,049,520	1,126,853 (56,343) 1,070,510	1,149,390 (57,469) 1,091,920	1,172,378 (58,619) 1,113,759	1,195,825 (59,791) 1,136,034	1,219,742 (60,987) 1,158,755	1,244,136 (62,207) 1,181,930	1,269,019 (63,451) 1,205,568	1,294,400 (64,720) 1,229,680	1,320,288 (66,014) 1,254,273	1,346,693 (67,335) 1,279,359
Other income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income		\$969,594	\$988,986	\$1,008,766	\$1,028,941	\$1,049,520	\$1,070,510	\$1,091,920	\$1,113,759	\$1,136,034	\$1,158,755	\$1,181,930	\$1,205,568	\$1,229,680	\$1,254,273	\$1,279,359
Total Operating Expenses		(713,194)	(\$734,590)	(\$756,628)	(\$779,327)	(\$802,707)	(\$826,788)	(\$851,592)	(\$877,140)	(\$903,454)	(\$930,558)	(\$958,475)	(\$987,229)	(\$1,016,846)	(\$1,047,351)	(\$1,078,772)
Net Operating Income		\$256,400	\$254,396	\$252,138	\$249,614	\$246,813	\$243,722	\$240,328	\$236,619	\$232,580	\$228,197	\$223,455	\$218,339	\$212,834	\$206,922	\$200,587
Replacement Reserve		(\$34,400)	(\$34,400)	(\$34,400)	(\$34,400)	(\$34,400)	(\$34,400)	(\$34,400)	(\$34,400)	(\$34,400)	(\$34,400)	(\$34,400)	(\$34,400)	(\$34,400)	(\$34,400)	(\$34,400)
Cash Flow for Loan		\$222,000	\$219,996	\$217,738	\$215,214	\$212,413	\$209,322	\$205,928	\$202,219	\$198,180	\$193,797	\$189,055	\$183,939	\$178,434	\$172,522	\$166,187
Debt Service Debt Service Coverage		<b>(\$166,187)</b> 1.34	<b>(\$166,187)</b> 1.32	<mark>(\$166,187)</mark> 1.31	<b>(\$166,187)</b> 1.30	<b>(\$166,187)</b> 1.28	(\$166,187) 1.26	<b>(\$166,187)</b> 1.24	<b>(\$166,187)</b> 1.22	<b>(\$166,187)</b> 1.19	<b>(\$166,187)</b> 1.17	<b>(\$166,187)</b> 1.14	<b>(\$166,187)</b> 1.11	<mark>(\$166,187)</mark> 1.07	<b>(\$166,187)</b> 1.04	<b>(\$166,187)</b> 1.00
Investor AM Fee		(\$6,000)	(\$6,180)	(\$6,365)	(\$6,556)	(\$6,753)	(\$6,956)	(\$7,164)	(\$7,379)	(\$7,601)	(\$7,829)	(\$8,063)	(\$8,305)	(\$8,555)	(\$8,811)	(\$9,076)
Net Cash Flow		\$49,813	\$47,629	\$45,186	\$42,471	\$39,473	\$36,180	\$32,577	\$28,653	\$24,393	\$19,781	\$14,804	\$9,447	\$3,692	(\$2,476)	(\$9,076)

1

## Addendum 1 - ARMDC RFP #2020-35 Investor-Lender Manchester

Final Audit Report

2021-01-28

Created:	2021-01-28
By:	Brandon Havranek (brandon.havranek@hacp.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAJCupVDIuyHiSqimPsL640p2qVtBkzpkC

# "Addendum 1 - ARMDC RFP #2020-35 Investor-Lender Manche ster" History

- Document created by Brandon Havranek (brandon.havranek@hacp.org) 2021-01-28 - 4:22:43 PM GMT- IP address: 65.199.18.195
- Document emailed to Kim Detrick (kim.detrick@hacp.org) for signature 2021-01-28 - 4:23:09 PM GMT
- Email viewed by Kim Detrick (kim.detrick@hacp.org) 2021-01-28 - 4:28:44 PM GMT- IP address: 66.102.6.51
- Document e-signed by Kim Detrick (kim.detrick@hacp.org) Signature Date: 2021-01-28 - 4:30:33 PM GMT - Time Source: server- IP address: 65.199.18.195
- Agreement completed.
  2021-01-28 4:30:33 PM GMT