



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***

*Kim Detrick*

Kim Detrick (Jan 28, 2021 11:30 EST)

Mr. Kim Detrick  
Agent

Jan 28, 2021

Date

## Manchester Redevelopment

### Deal Summary

4% LIHTCs

#### USES

	TOTAL	PER UNIT
Acquisition	\$12,092,951	\$140,616
Hard Costs	\$10,893,244	\$126,666
Soft costs	\$4,100,026	\$47,675
Reserves	\$542,900	\$6,313
Developer Fee	\$2,685,568	\$31,228
<b>Total Development Cost</b>	<b>\$30,314,688</b>	<b>\$352,496</b>

#### 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
<b>Total sources</b>	<b>\$30,314,688</b>

**Construction TE Bonds**                      **\$14,428,923**

#### 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
<b>TOTAL</b>	<b>86</b>			

#### ANNUAL OPERATING BUDGET

	TOTAL	PER UNIT
<b>REVENUE</b>		
RAD Rent	\$1,020,625	\$11,868
Vacancy	-\$51,031	-\$593
<b>Net Rental Income</b>	<b>\$969,594</b>	<b>\$11,274</b>

#### 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
<b>OpEx</b>	<b>\$713,194</b>	<b>\$8,293</b>

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%
<b>Total</b>	<b>86</b>	<b>100.0%</b>

	Cost	Cost Per Unit	Construction	
			Not in basis	Tax Credit Basis
<b>Acquisition</b>				
Land Acquisition	\$931,000	\$10,826		
Building Acquisition	\$10,676,200	\$124,142		
Acquisition-related costs	\$485,751	\$5,648		
<b>Total Acquisition</b>	<b>\$12,092,951</b>	<b>\$140,616</b>		
<b>Construction Costs</b>				
Residential Rehab	\$8,600,000	\$100,000	\$0	\$8,600,000
Site costs	\$250,000	\$2,907	\$250,000	
Community Space	\$0	\$0		\$0
General Requirements	6% \$531,000	\$6,174	\$0	\$531,000
Builder's Profit	6% \$531,000	\$6,174	\$0	\$531,000
Builder's General Overhead	2% \$177,000	\$2,058	\$0	\$177,000
Bond Premium	0.5% \$44,250	\$515	\$0	\$44,250
Contingency	7.5% \$759,994	\$8,837	\$0	\$759,994
<b>Total Construction</b>	<b>\$10,893,244</b>	<b>\$126,666</b>	<b>\$250,000</b>	<b>\$10,643,244</b>
<b>Fees and Soft Costs</b>				
<b>Development Fees</b>				
Engineering	\$50,000	\$581	\$0	\$50,000
Architecture (Design)	4.90% \$400,000	\$4,651	\$0	\$400,000
Architecture (Construction Admin)	\$133,333	\$1,550	\$0	\$133,333
Survey	\$74,480	\$866	\$0	\$74,480
Appraisal	\$49,721	\$578	\$0	\$49,721
Accounting / Cost Certifications	\$15,000	\$174	\$7,500	\$7,500
Building Permits	\$56,110	\$652	\$0	\$56,110
Insurance (Builder's Risk)	\$100,000	\$1,163	\$0	\$100,000
Insurance (Property Liability)	\$100,000	\$1,163	\$0	\$100,000
Environmental	\$179,075	\$2,082	\$0	\$179,075
Consultants	\$239,678	\$2,787	\$239,678	
PNA	\$39,200	\$456	\$0	\$39,200
Construction Management	\$180,000	\$2,093	\$0	\$180,000
Legal	\$301,336	\$3,504	\$75,334	\$226,002
Title and Recording	\$20,000	\$233	\$0	\$20,000
Market Study	\$15,000	\$174	\$0	\$15,000
Marketing	\$28,016	\$326	\$28,016	
Furniture, Fixtures & Equipment	\$86,000	\$1,000	\$0	\$86,000
Relocation	\$200,000	\$2,326	\$0	\$200,000
<b>Total development fees</b>	<b>\$2,266,949</b>	<b>\$26,360</b>	<b>\$350,528</b>	<b>\$1,916,421</b>
<b>Financing Fees</b>				
Permanent Loan Fees	1% \$29,263	\$340	\$29,263	
Construction Period Interest - Tax-exempt	\$797,200	\$9,270	\$0	\$797,200
Construction Loan Fees and Costs	\$219,392	\$2,551	\$0	\$219,392
Bond Fees	\$248,835	\$2,893	\$248,835	
PHFA tax credit fees	\$146,658	\$1,705	\$146,658	
PHFA energy benchmarking fee	\$1,500	\$17	\$1,500	
Subsidy layering	\$2,500	\$29	\$2,500	
Syndication and Organizational Costs	\$15,000	\$174	\$15,000	
<b>Total Financing fees</b>	<b>\$1,460,347</b>	<b>\$16,981</b>	<b>\$443,755</b>	<b>\$1,016,592</b>
<b>Reserves</b>				
Lease Up Period Reserve		\$0	\$0	
Operating Reserve	\$456,900	\$5,313	\$456,900	
Replacement Reserve	\$86,000	\$1,000	\$0	\$86,000
<b>Total Reserves</b>	<b>\$542,900</b>	<b>\$6,313</b>	<b>\$456,900</b>	<b>\$86,000</b>
<b>Contingency and Developer Fee</b>				
Soft Cost Contingency	10% \$372,730	\$4,334	\$372,730	
Developer Fee	\$2,685,568	\$31,228	\$0	\$2,685,568
<b>DEVELOPMENT COST</b>	<b>\$30,314,688</b>	<b>\$352,496</b>	<b>\$1,873,913</b>	<b>\$16,347,824</b>

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%
<b>Grand Total</b>	<b>\$2,685,568</b>	<b>100.00%</b>

RESERVES		
Operating Expenses	\$713,194	
Replacement Reserve	\$34,400	
Debt Service	\$166,187	
Lease Up Period Reserve	\$89,100	1.5
Operating Reserve	\$456,900	6.0

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

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



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

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

Year	Stabilization 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Rent	1,020,625	1,041,038	1,061,858	1,083,096	1,104,758	1,126,853	1,149,390	1,172,378	1,195,825	1,219,742	1,244,136	1,269,019	1,294,400	1,320,288	1,346,693
Vacancy Loss	(51,031)	(52,052)	(53,093)	(54,155)	(55,238)	(56,343)	(57,469)	(58,619)	(59,791)	(60,987)	(62,207)	(63,451)	(64,720)	(66,014)	(67,335)
Effective Rental 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
Other income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Income</b>	<b>\$969,594</b>	<b>\$988,986</b>	<b>\$1,008,766</b>	<b>\$1,028,941</b>	<b>\$1,049,520</b>	<b>\$1,070,510</b>	<b>\$1,091,920</b>	<b>\$1,113,759</b>	<b>\$1,136,034</b>	<b>\$1,158,755</b>	<b>\$1,181,930</b>	<b>\$1,205,568</b>	<b>\$1,229,680</b>	<b>\$1,254,273</b>	<b>\$1,279,359</b>
<b>Total Operating Expenses</b>	<b>(713,194)</b>	<b>(734,590)</b>	<b>(756,628)</b>	<b>(779,327)</b>	<b>(802,707)</b>	<b>(826,788)</b>	<b>(851,592)</b>	<b>(877,140)</b>	<b>(903,454)</b>	<b>(930,558)</b>	<b>(958,475)</b>	<b>(987,229)</b>	<b>(1,016,846)</b>	<b>(1,047,351)</b>	<b>(1,078,772)</b>
<b>Net Operating Income</b>	\$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
<b>Replacement Reserve</b>	<b>(\$34,400)</b>	<b>(\$34,400)</b>	<b>(\$34,400)</b>	<b>(\$34,400)</b>	<b>(\$34,400)</b>	<b>(\$34,400)</b>	<b>(\$34,400)</b>	<b>(\$34,400)</b>	<b>(\$34,400)</b>	<b>(\$34,400)</b>	<b>(\$34,400)</b>	<b>(\$34,400)</b>	<b>(\$34,400)</b>	<b>(\$34,400)</b>	<b>(\$34,400)</b>
<b>Cash Flow for Loan</b>	\$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
<b>Debt Service</b>	<b>(\$166,187)</b>	<b>(\$166,187)</b>	<b>(\$166,187)</b>	<b>(\$166,187)</b>	<b>(\$166,187)</b>	<b>(\$166,187)</b>	<b>(\$166,187)</b>	<b>(\$166,187)</b>	<b>(\$166,187)</b>	<b>(\$166,187)</b>	<b>(\$166,187)</b>	<b>(\$166,187)</b>	<b>(\$166,187)</b>	<b>(\$166,187)</b>	<b>(\$166,187)</b>
Debt Service Coverage	1.34	1.32	1.31	1.30	1.28	1.26	1.24	1.22	1.19	1.17	1.14	1.11	1.07	1.04	1.00
<b>Investor AM Fee</b>	<b>(\$6,000)</b>	<b>(\$6,180)</b>	<b>(\$6,365)</b>	<b>(\$6,556)</b>	<b>(\$6,753)</b>	<b>(\$6,956)</b>	<b>(\$7,164)</b>	<b>(\$7,379)</b>	<b>(\$7,601)</b>	<b>(\$7,829)</b>	<b>(\$8,063)</b>	<b>(\$8,305)</b>	<b>(\$8,555)</b>	<b>(\$8,811)</b>	<b>(\$9,076)</b>
<b>Net Cash Flow</b>	\$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)






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

Final Audit Report

2021-01-28

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