



THE ITEX GROUP, LLC

August 5th, 2021

Austin Housing Finance Corporation



TOWNHOMES

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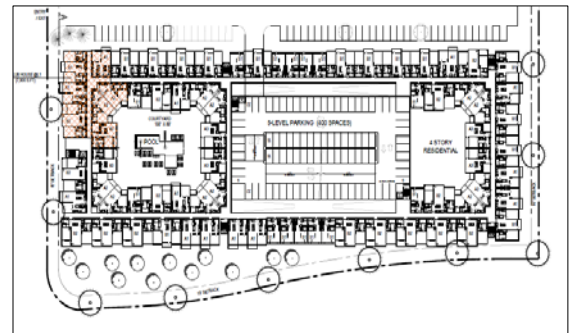
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1.0 Executive Summary

The ITEX Group (ITEX) is a vertically integrated real estate development company offering a highly experienced team that encompasses strategic planning, Development, and financing of public housing, workforce, affordable, and market rate. In addition to Development, ITEX also provides general contractor services, compliance, and property management.

ITEX's goal for the proposed **Community @ Tannehill Lane** and **Homes @ Tannehill Lane** (the "Developments") is to maximize the number of affordable units while balancing the need to be financially viable and maximize the proportion of affordable multi-bedroom units while minimizing the amount of City subsidy needed to finance the Developments. Accordingly, ITEX proposes a two-fold approach for the developer's plan for 3811 Tannehill Lane, which includes 274 units financed through the 4% Low-income Housing Tax Credit ("LIHTC") Program and 30 for-sale affordable townhomes financed through a partnership with Austin Housing Finance Corporation ("AHFC").

Community @ Tannehill Lane is a proposed five-story apartment complex that wraps around a five-story garage (the "Apartment Development"). ITEX offers 274 units that feature 150 units at 50% Average Median Income ("AMI") with 120 market-rate units. ITEX recognizes that AHFC wished for 80% AMI units. Given the need to minimize the amount of subsidy from AHFC,



ITEX has chosen to make all Non-LIHTC units 100% Market Rate. Under a 100% 80% AMI scenario, AHFC would have to provide up to **\$16,093,438** of GAP Fund to Source the Apartment Development. In addition, ITEX presents a mix of 62 studio (23% of total units), 74 one-bedroom (27% of total Units), and 138 two-bedroom (50% of total units).

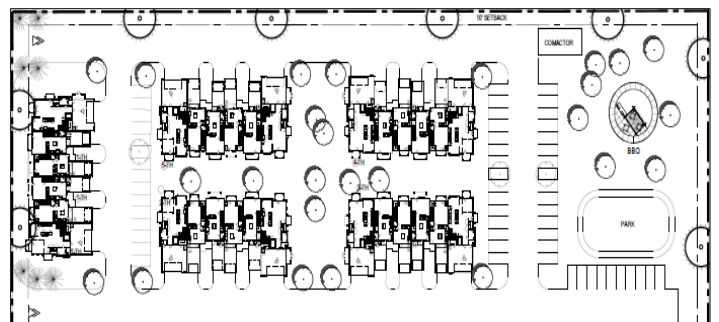
ITEX proposes financing the Development of **Community @ Tannehill Lane** by utilizing the 4% Tax Credit Program and Public Activity bonds, which AHFC would issue to the Development.

Mixed-income neighborhoods help improve the safety and well-being of low-income residents. However, mixed-income developments cannot relieve deeply entrenched poverty or provide upward mobility without additional social services and supports.

ITEX would offer various support services to ensure residents have access to financial literacy, meal programs, and childcare to ensure the mixed-income community allows for equitable upward mobility.

Homes @ Tannehill Lane is a proposed townhome development featuring 30 luxury for-sale homes (the “Townhome Development”). ITEX presents 20 two-bedroom for-sale townhomes at **\$249,000** and 10 three-bedroom townhomes at **\$285,000**. Pricing of the townhomes based on the *Development Incentive Programs' Maximum Sale Prices (Effective June 1, 2021)* per the City of Austin 80% AMI. The Townhome Development will be financed through a construction loan secured by ITEX, and ITEX commits to bringing the necessary equity needed to complete the townhomes.

Based on the Development Incentives Programs sales price, ITEX expects community members at 80% AMI to access the proposed Townhome Development. However, ITEX foresees that low-to-moderate individuals will still have barriers to



entry in accessing ownership of the townhomes even at an affordable sales point.

The paper titled “Making Mixed-Income Neighborhoods works for Low-Income Households” (Fraser, Chaskin, & Bazuin, 2013). Critics of mixed-income housing note that while middle-income newcomers reap the benefits of investing in an up-and-coming neighborhood, low-income residents can rarely earn enough to participate in the real estate market, even if they are employed, Fraser says. “While homeownership tends to be the primary source people have for gaining wealth, it is often simply out of reach without targeted efforts to get people prepared.”

Therefore, the researchers recommend that mixed-income housing plans include enough affordable housing units and implement a variety of financial policies to help low-income residents become homeowners, too. To ensure that the low-to-moderate families can gain ownership of the proposed townhomes, ITEX proposes a pathway to homeownership to help low-to-moderate in making down-payments on the Townhomes.

Home buying is an essential part of the American Dream; unfortunately, when financing is concerned, Individuals may make enough monthly to pay the anticipated mortgage payments but do not have enough savings built to make a down-payment for a home. Therefore, ITEX proposes a grant be made to the partnership through AHFC for \$1,500,000.

Which, if needed, could cover up to 80% of the down payments needed to secure financing. This would significantly reduce the burden on low-to-moderate families and expand access to homeownership to families most in need.

In Conclusion, ITEX being a vertically integrated real estate development company with a highly experienced team that encompasses strategic planning, Development, and financing of public housing, workforce, affordable, and market-rate is the right choice in carrying out the vision of developing mixed-income housing on the East Side of Austin.

We appreciate the Staff and Board of Austin Housing financing Corporation for considering the qualifications and development concept of The ITEX Group and look forward to further communications with you.

Sincerely,

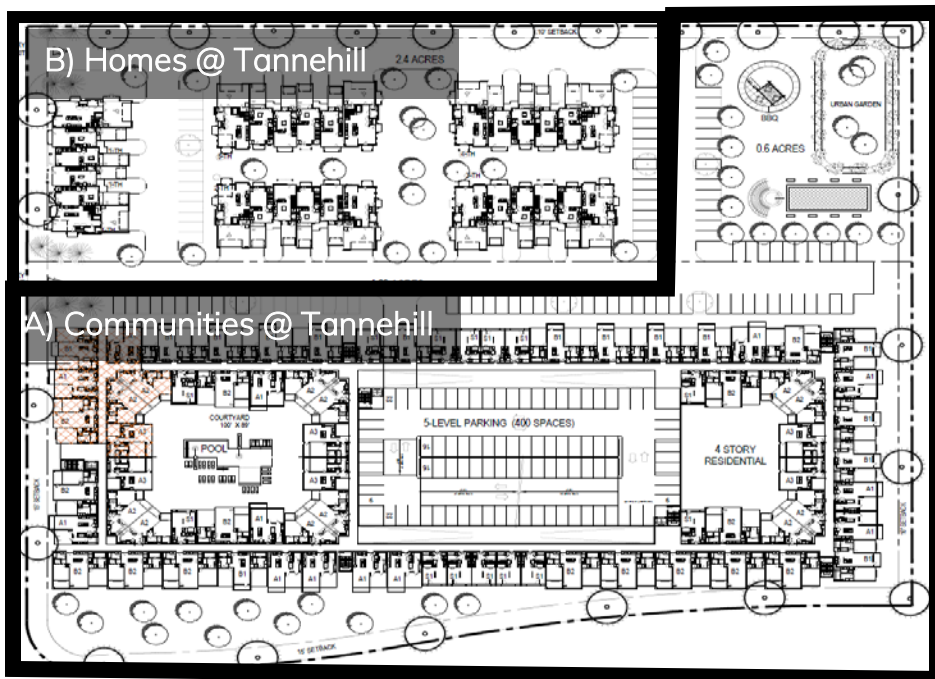
A handwritten signature in black ink, appearing to read 'Bobken Simonians', with a stylized flourish at the end.

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2.0 Development Concept

2.1.1 Building type/s

Building Configuration				Total # of Buildings	Total Sq Ft for Unit
Development Concept	Homes @ Tannehill		Total # of Units		
	Community @ Tannehill Lane	Lane			
Building Label	A	B			
Number of Buildings	1	5	6		
Unit Label	Number of Units Per Building		Total # of Units	Total Sq Ft for Unit	
Studio -TC 50%	31		31	16,616	
Studio -MR	31		31	16,616	
One Bed Room -TC 50%	37		37	31,598	
One Bed Room -MR	37		37	31,598	
Two Bed Room -TC 50%	69		69	79,833	
Two Bed Room -MR	69		69	79,833	
Two Bed Room -MR 80%		3	15	17,355	
Three Bed Room -MR 80%		3	15	18,630	
Totals	274	30	304	292,079	



2.1.2 Development intensity by use (gross floor area)

Building Configuration			Total # of Buildings	Total Sq Ft for Unit
Development Concept	Community @ Tannehill Lane	Homes @ Tannehill Lane		
Building Label	A	B		
Number of Buildings	1	5	6	
Unit Label	Number of Units Per Building		Total # of Units	Total Sq Ft for Unit
Studio -TC 50%	31		31	16,616
Studio -MR	31		31	16,616
One Bed Room -TC 50%	37		37	31,598
One Bed Room -MR	37		37	31,598
Two Bed Room -TC 50%	69		69	79,833
Two Bed Room -MR	69		69	79,833
Two Bed Room -MR 80%		3	15	17,355
Three Bed Room -MR 80%		3	15	18,630
Totals	274	30	304	292,079

2.1.3 Building height/s

Communities @ Tannehill Lane 52-56 feet

Homes @Tannehill Lane 35 feet

2.1.4 Impervious cover

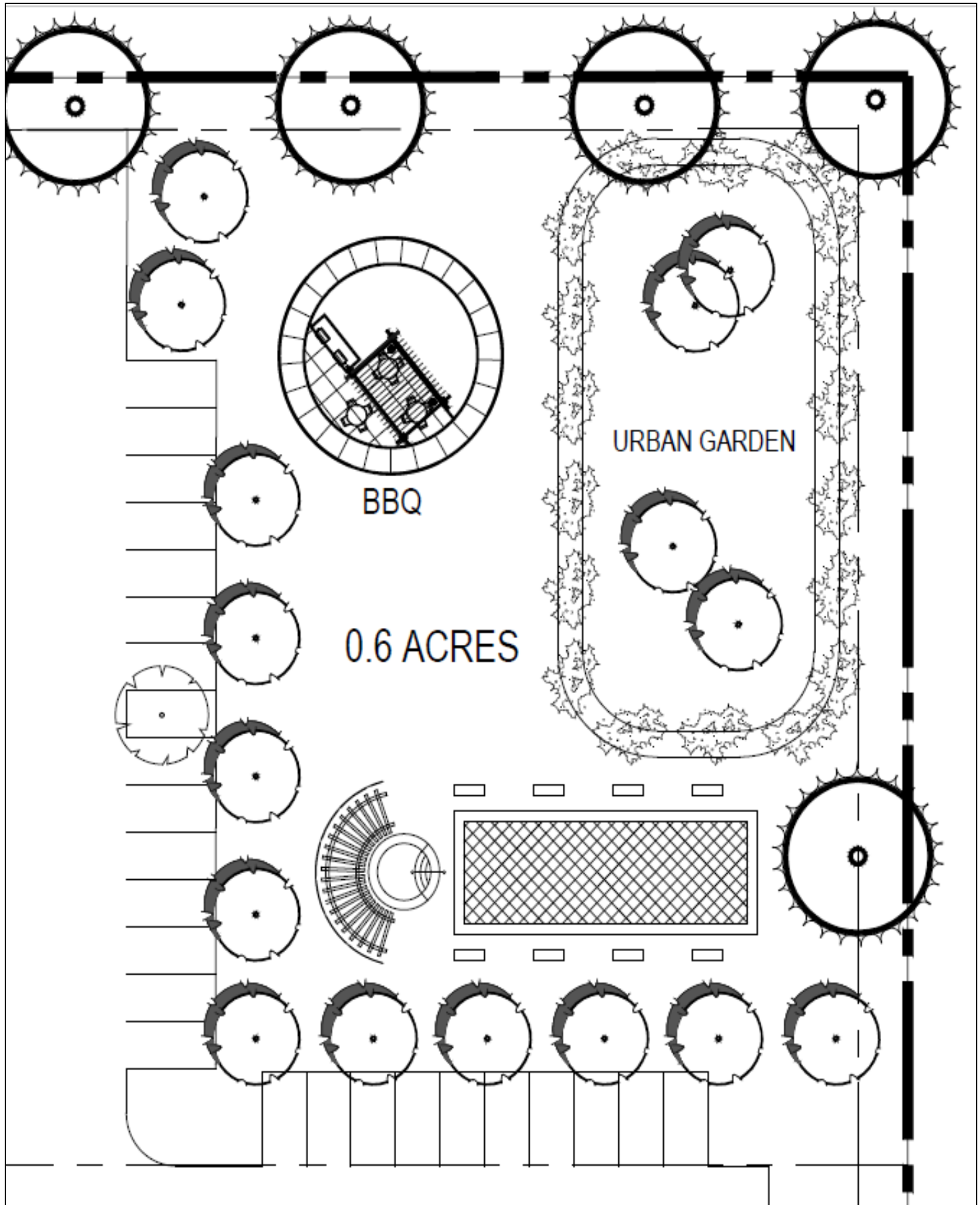
Per the requirements of the M-5 zoning rules, the maximum impervious covering of this development concept is 70%

2.1.5 Type and number of parking spaces

PROJECT DATA		
UNIT AVERAGE NET SF :		932 S.F.
ACREAGE:		7.96 GROSS ACRES
DENSITY:		38 UNITS/ACRE
	TOWN HOMES	30 UNITS
	GARAGE SPACES	40 SPACES
	SURFACE SPACES PROVIDED	39 SPACES 79 SPACES
PARKING:	REQUIRED	504 SPACES
	PROVIDED	518 SPACES
	5L GARAGE PARKING	400 GARAGE SPACES
	TOWN HOMESGARAGE	38 GARAGE SPACES
	SURFACE PARKING	80 SURFACE SPACES
		1.70 SPACES/UNIT

2.1.6 Percentage of the site allocated to open space

The site's roughly 0.06 Acres will feature open spaces, such as an urban garden with benches and a playground, BBQ, and picnic tables.



2.1.7 Breakout of total income-restricted and market-rate units by tenure, level of affordability, bedroom count, and average unit size

Community @ Tannehill Lane						
Units	50% AMFI	80% AMFI	100% AMFI	Total Units	Unit Sizes	Total SF
Studio	31			31	536	16,616
Studio			31	31	536	16,616
One Bedroom	37			37	854	31,598
One Bedroom			37	37	854	31,598
Two Bedroom	69			69	1,157	79,833
Two Bedroom			69	69	1,157	79,833
Total	137	0	137	274	935	256,094
Total Units		274				
Total Affordable Units		137	50.00%			
Total Market Rate Units		137	50.00%			
Homes @ Tannehill Lane						
Units	50% AMFI	80% AMFI	100% AMFI	Total Units	Unit Sizes	Total SF
Two Bedroom		20.00		20	1,157	23,140
Three Bedroom		10.00		10	1,242	12,420
Total	0	30.00	-	30	1,185	35,560
Total Units		30				
Total Affordable Units		30.00	100.00%			
Total Market Rate Units		-	0.00%			

2.2 Provide data and an explanation justifying market demand for the proposed Development

ITEX's Asset Management Team conducted a thorough market study to determine the possible rental demand and market demand for the **Community @ Tannehill Lane** and the **Homes @ Tannehill Lane** sales demand. Per the internal market study results, ITEX found that for the apartment community, the best litmus test for demonstrating the accurate pricing of the market-rate units is the Class A development known as Platform located at 2823 E Martin Luther King Jr Blvd.

The Platform features 40 affordable units and 516 market-rate units with the same unit mix of studios, one-bedroom, and two-bedrooms. Per the rental demand study results, which focused on accessing the current effective rents of Platform to the proposed rents for **Community @ Tannehill Lane**. The proposed rents for the market-rate unit are priced under the current effective rents by a \$106 or 4.78% discount.

	Market Rate Units							
	Avg. Sq. Ft	Effective	PSF	Avg. Sq. Ft	Effective Rent	PSF	Discount \$	Discount %
All 0 Beds	545	1,656	\$ 3.04	536	\$1,548	\$ 2.89	\$ (81.50)	-4.92%
All 1 Beds	963	2,151	\$ 2.23	854	\$1,812	\$ 2.12	\$ (95.39)	-4.43%
All 2 Beds	1,168	2,857	\$ 2.45	1,157	\$2,688	\$ 2.32	\$ (141.46)	-4.95%
	892	2,221	\$ 2.49	849	2,016	2.44	\$ (106.11)	-4.78%

ITEX believes this discount to the Platform ensures a conservative approach that makes the project viable during underwriting through TDHCA.

To further demonstrate ITEX'S command of the current rental market data and the current affordable market demand, ITEX found that the current 50% AMI proposed are roughly \$1,153 or 51.9% lower than the current effective market rents for the East Side of Austin.

	Affordable Units							
	Avg. Sq. Ft	Effective	PSF	Avg. Sq. Ft	Effective Rent	PSF	Discount \$	Discount %
All 0 Beds	545	1,656	\$ 3.04	536	\$866	\$ 1.62	\$ (763.90)	-46.1%
All 1 Beds	963	2,151	\$ 2.23	854	\$928	\$ 1.09	\$ (979.75)	-45.5%
All 2 Beds	1,168	2,857	\$ 2.45	1,157	\$1,113	\$ 0.96	\$ (1,716.12)	-60.1%
	892	2,221	\$ 2.49	849	969	1.22	\$ (1,153.26)	-51.9%

This discount to the market on both the market-rate units and affordable units benefits the **Community @ Tannehill Lane** by increasing the adsorption of the 137 units at 50% AMI. In addition, the discounted effective rents ensure that leasing of the market rate units does not hinder the viability of the Apartment Development. Therefore, in Figure 2 below, ITEX concluded that the **Community @ Tannehill Lane** occupancy based on Platform would equate to a net vacancy of 5.83% for the market-rate units and the 4.67% vacancy factor for the affordable units combined vacancy factor of 5.19%. Per the REA guidelines set by TDHCA, the Maximum vacancy factor for a 4% Tax Credit Application is 7.50%. Therefore, to further ensure the viability of a proposed 4% application that would meet the standards of TDHCA. Therefore, the proposed vacancy factor for **Community @ Tannehill Lane** is 7.50%.

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Platform Current Occupancy Matrix						
	Avg. Sq. Ft	Units	Vacant	Vacant %	Occupancy	
All 0 Beds	517	22.00	2.00	9.09%	90.91%	
All 1 Beds	695	438.00	11.00	2.51%	97.49%	
All 2 Beds	1,157	96.00	6.00	6.25%	93.75%	
		556.00	19.00	3.42%	96.58%	
Market Rate Units Demand Matrix (Community @ Tannehill)						
All 0 Beds	536	31	3.00	9.09%	90.91%	
All 1 Beds	854	37	1.00	2.51%	97.49%	
All 2 Beds	1,157	69	4.00	6.25%	93.75%	
		137.00	8.00	5.84%	94.16%	
Affordable Units Demand Matrix (Community @ Tannehill)						
All 0 Beds	536	31	2	6.45%	93.55%	
All 1 Beds	854	37	2	5.41%	94.59%	
All 2 Beds	1,157	69	3	4.35%	95.65%	
		137.00	7.00	5.11%	94.89%	
Concluded Unit Demand Matrix for (Community @ Tannehill Lane)						
	517	Units	Vacant	Vacant %	Occupancy	Layering
All 0 Beds	536	31	3.00	9.68%	90.32%	Market Rate
All 0 Beds	536	31	2.00	6.45%	93.55%	50% Ami
All 1 Beds	854	37	1.00	2.70%	97.30%	Market Rate
All 1 Beds	854	37	2.00	5.41%	94.59%	50% Ami
All 2 Beds	1,157	69	4.00	5.80%	94.20%	Market Rate
All 2 Beds	1,157	69	3.00	4.35%	95.65%	50% Ami
		274.00	15.00	5.47%	94.53%	
Determined Vacancy for Community @ Tannehill					5.47%	
Underwritten Vacancy for Community @ Tannehill					7.50%	

Figure 1

2.2 Provide data and an explanation justifying market demand for the proposed development-Continued

ITEX's Asset Management Team conducted a thorough market study to determine the possible sales demand for the **Homes @ Tannehill Lane** at the proposed underwriting. Based on the data collected, the average home price for either under-contract or pending sale homes is \$688,857 or \$411 per square foot, with the average home at 1,695 square feet.

Summary of Active Sale Comps

List ID	Address	Lvl	Bd	FB	HB	Gar	YB	Acres	Sqft	\$ Sqft	List Price
Under Contract											
1102192	1412 Perez St #1	2	3	2	1	1	2018	0.08	1,346.00	427	575,000
3401045	1191 Greenwood Ave #1	2	3	2	1	1	2020	0.08	1,762.00	357	629,900
6768899	1191 Greenwood Ave #2	2	3	2	1	1	2020	0.1	2,156.00	334	719,900
6905903	1213 E M Franklin Ave #1	2	3	2	1	2	2021	0.29	1,976.00	374	739,000
1463878	1709 Perez St #1	2	3	3	0	1	2018	0.19	1,829.00	410	750,000
8583363	1403 S Redondo Dr	2	3	3	1	2	2021	0.15	2,278.00	413	939,900
Averages							2020	0.1	1,891	\$ 386	725,617
Pending Sale											
3153956	5515 Hudson St #2	2	2	2	1	1	2020	0.14	931.00	451	419,900
4362151	5515 Hudson St #1	2	3	2	1	1	2020	0.14	1,468.00	361	529,900
Averages							2020	0.1	1,199.5	406	474,900

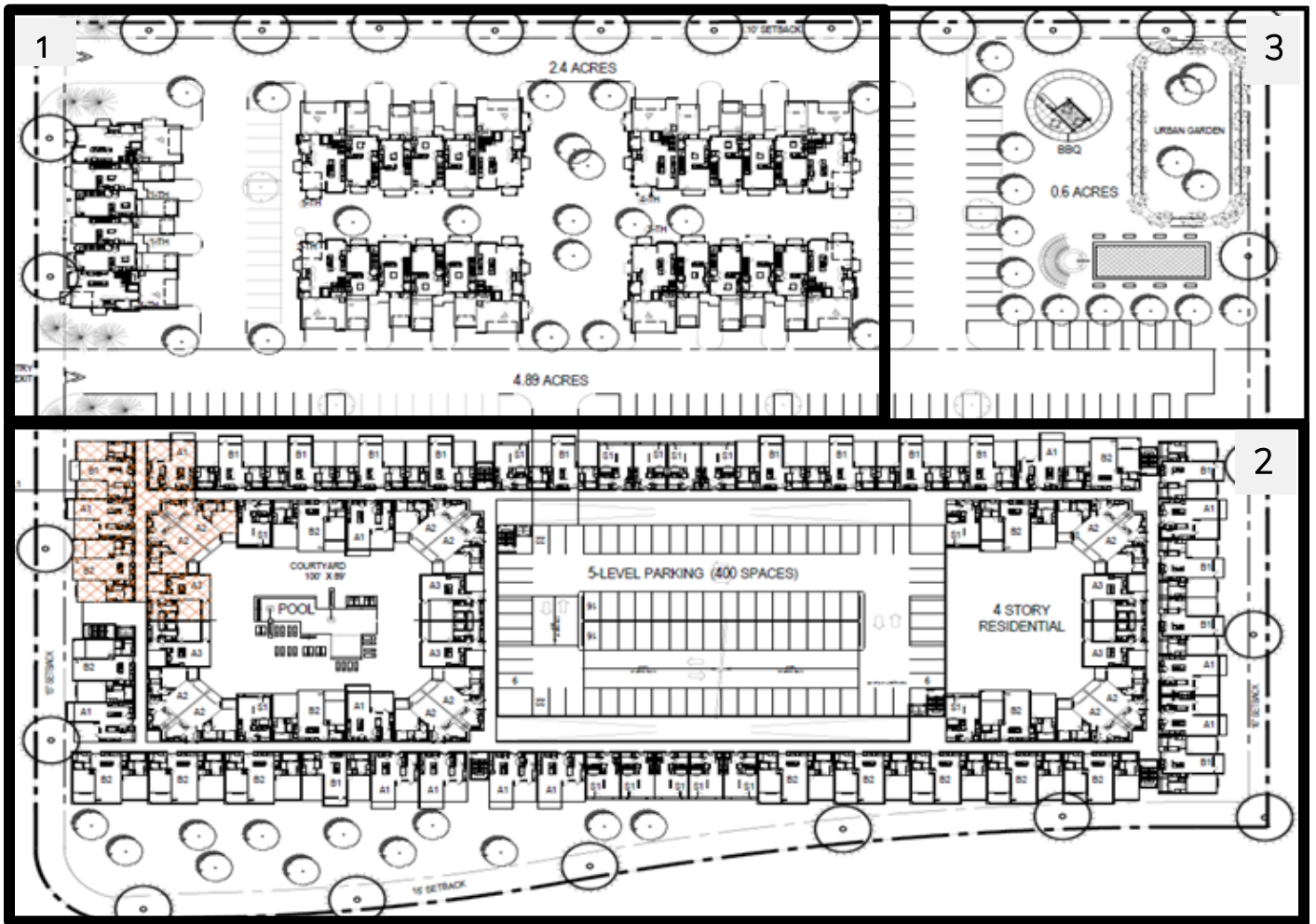
For Sale Market Demand Matrix							
Bd	FB	HB	YB	Acres	Sqft	\$ Sqft	List Price
3	2	1	2020	0.14	1,742	\$ 371	\$ 645,626
3	3	0	2018	0.19	1,829	\$ 410	\$ 750,000
3	3	1	2021	0.15	2,278	\$ 413	\$ 939,900
2	2	1	2020	0.14	931	\$ 451	\$ 419,900
3	3	1	2,020	0	1,695	\$ 411	\$ 688,857

The concluded per-square-foot sales price of \$411 would mean **Homes @ Tannehill Lane** could sell anywhere from \$515,516 for a 2 bed/2 bath to \$616,646 for a 3 bed/2 bath. In addition, since **Homes @ Tannehill Lane** is underwritten with the Development Incentive Programs' Maximum Sale Prices, the homes will be sold at a significant discount to what most homebuyers are currently paying in the market.

ITEX estimates pricing the homes at the max sale price would allow for a \$174,461 savings to the community.

For Sale Market Demand Matrix							
Bd	FB	HB	YB	Acres	Sqft	\$ Sqft	List Price
3	2	1	2020	0.14	1,742	\$ 371	\$ 645,626
3	3	0	2018	0.19	1,829	\$ 410	\$ 750,000
3	3	1	2021	0.15	2,278	\$ 413	\$ 939,900
2	2	1	2020	0.14	931	\$ 451	\$ 419,900
3	3	1	2,020	0.15	1,695	\$ 411	\$ 688,857
Homes @ Tannehill Concluded For Sale Price							
Bd	FB	HB	YB	Acres	Sqft	\$ Sqft	List Price
2	2	1	2023	0.10	1,157	\$ 411	\$475,639
3	2	1	2023	0.10	1,242	\$ 411	\$510,582
3	2	1	2,023	0.10	1,200	\$411	\$493,111
For Sale Market Demand Matrix							
Bd	FB	HB	YB	Acres	Sqft	\$ Sqft	List Price
2	2	1	2023	0.10	1,157	\$ 257	\$ 297,800
3	2	1	2023	0.10	1,242	\$ 273	\$ 339,500
3	2	1	2,023	0.10	1,200	\$ 265	\$ 318,650
Variance From The Concluded Sales Price						\$(146)	\$(174,461)

2.3 Conceptual Plan



- 1) Homes @ Tannehill Lane - 2.40 Acres
- 2) Community @ Tannehill Lane - 4.89-Acres
- 3) Community Park with Community Garden - 0.60 Acres

2.3.1 Buildings and Uses

Building Configuration			Total # of Buildings	
Development Concept	Community @ Tannehill Lane	Homes @ Tannehill Lane		
Building Label	A	B		
Number of Buildings	1	5	6	
Unit Label	Number of Units Per Building		Total # of Units	Total Sq Ft for Unit
Studio -TC 50%	31		31	16,616
Studio -MR	31		31	16,616
One Bed Room -TC 50%	37		37	31,598
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Two Bed Room -MR 80%		3	15	17,355
Three Bed Room -MR 80%		3	15	18,630
Totals	274	30	304	292,079

2.3.2 Parking

PARKING:	
REQUIRED	504 SPACES
PROVIDED	518 SPACES
5L GARAGE PARKING	400 GARAGE SPACES
TOWN HOMESGARAGE	38 GARAGE SPACES
SURFACE PARKING	80 SURFACE SPACES
	1.70 SPACES/UNIT

2.3.3 Open Space

ITEX's development concept includes a community park that will be part of the overall development concept.

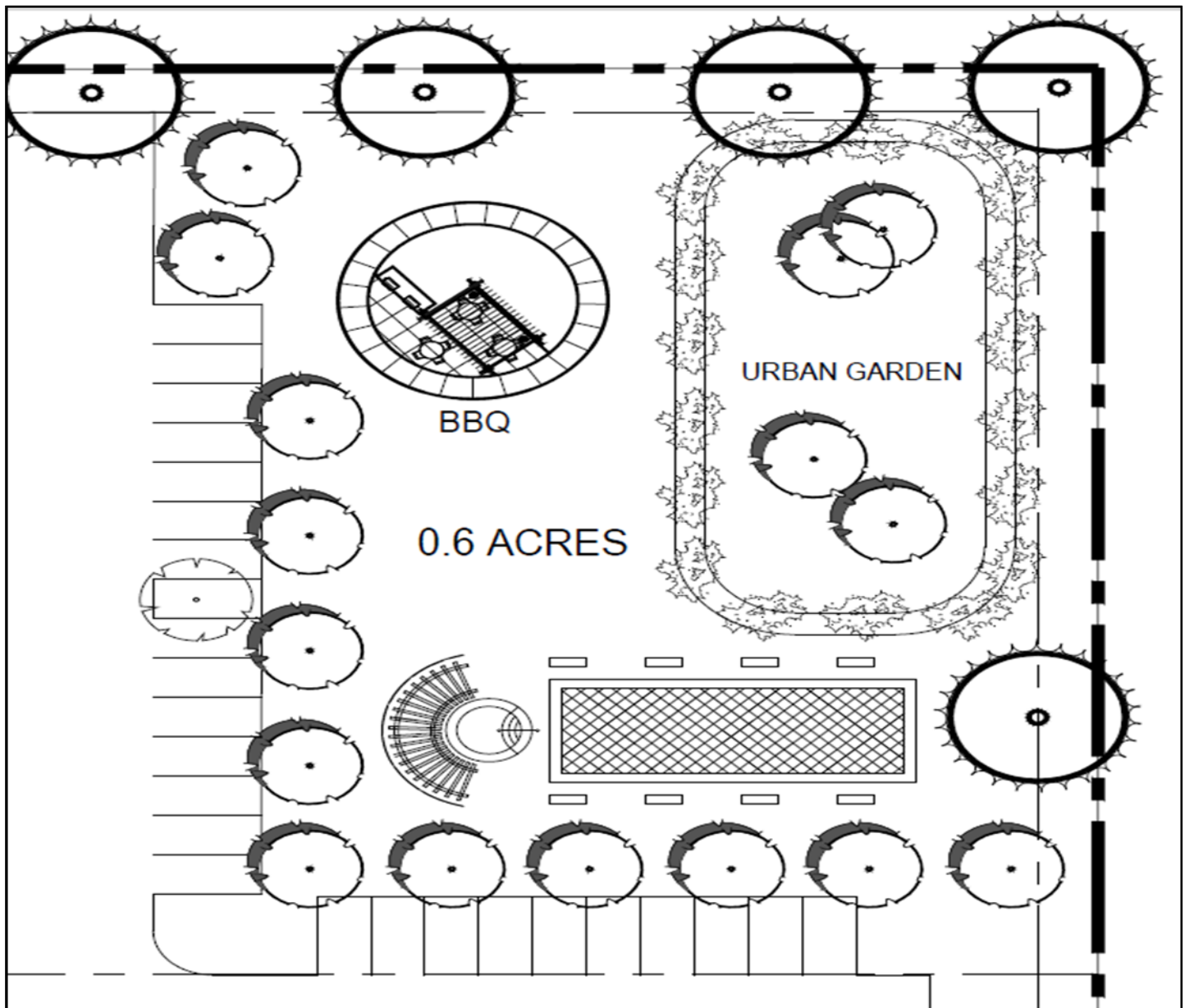


Figure 2

UNIT TABULATION - 4 STORY RESIDENTIAL WITH 5L PARKING AND TOWN HOMES									7/22/21
UNIT NAME	UNIT TYPE	NET AREA(SF)	BALCONY	GROSS AREA	UNIT COUNT	PERCENTAGE	PARKING REQ	TOTAL AREA	% BREAKDOWN
S1	STUDIO	536	0	536	68	22%	68	36,448	22%
A1	1br/1ba	810	51	861	41	13%	61.5	33,210	23%
A2	1br/1ba	831	98	929	28	9%	42	23,268	
A3	1br/1ba	922	62	984	14	5%	21	12,908	
B1	2br/2ba	1,112	61	1,173	64	21%	128	71,168	40%
B2	2br/2ba	1,202	84	1,286	59	19%	118	70,918	
TH-1	2br/2.5ba	1,048	64	1,112	20	7%	40	20,960	10%
TH-2	3br/2.5ba	1,435	64	1,499	10	3%	25	14,350	
TOTALS					304	100%	504	283,230	

UNIT AVERAGE NET SF :

932

* NET AREA IS COMPUTED TO INCLUDE SQUARE FOOTAGE FROM EXTERIOR FACE OF ALL EXTERIOR FRAME WALLS THAT ENCLOSE A/C SPACE. IT DOES NOT INCLUDE PATIOS, BALCONIES, PATIO/BALCONY STORAGE.

PROJECT DATA

UNIT AVERAGE NET SF :

932 S.F.

ACREAGE:

7.96 GROSS ACRES

DENSITY:

38 UNITS/ACRE

TOWN HOMES

30 UNITS

GARAGE SPACES

40 SPACES

SURFACE SPACES

39 SPACES

PROVIDED

79 SPACES

PARKING:

REQUIRED

504 SPACES

PROVIDED

518 SPACES

5L GARAGE PARKING

400 GARAGE SPACES

TOWN HOMESGARAGE

38 GARAGE SPACES

SURFACE PARKING

80 SURFACE SPACES

1.70 SPACES/UNIT

Figure 3

2.3.4 Other proposed Uses

None

2.4 Timeline with Critical Milestones

Community @ Tannehill Lane's Proposed Timeline

Assuming that AHFC and ITEX can execute a Development Agreement by **2/28/2022**, the 4% development process would follow the below schedule.

1) Pre-Bond Allocation: **3/31/2022 - 8/15/2022**

- Architectural Site plan development
- Project Induced by AHFC
- Bond Application Submitted/Accepted to PAB Review Board
- Predevelopment Application preparation/third-party reports.

2) Texas Bond Review Board (BRB) Reservation granted on **08/15/2022**,

- ITEX Submits a 4% Application to TDHCA. Which will take approximately 90 days for TDHCA to review and approve at the next board meeting.

3) **8/15/2022 - 2/11/2023**- 4% Application approval to Bond Closing- 180 days.

- 35 Day-Filing
- Finalize Construction Plans
- Submit Drawing for Permitting
- TDHCA Board Meeting to Approve LIHTC Award
- TEFRA Hearing
- Finalize and Execute Debt and Equity LOI's
- Finalize Loans docs, LPA, ETC.
- Submit Transcript Package to the AG (12 business days before closing)
- Circulate Final Draft of Documents for Comment

- Circulate Draft Closing Memorandum
 - Rate Lock (5 business days before closing)
 - Submit Bond to AG (5 business days before closing)
 - Permitting Finalized
 - Final Comments due to Bond Counsel on All Bond & Equity Documents
 - Distribute Final Bond and Equity Documents
 - Bond Closing/Funding on or before the 180-day deadline of 2/11/2023
- 4) **Construction** is estimated to take between 3/31/2023 - 8/31/2024 or 18-months
- 5) **Lease up** will begin on 9/30/2024, and the asset will stabilize on 9/30/2025.
- 6) **Operations and Disposition**, Development will be held for 15 years; at the end of the compliance period, AHFC will hold a right of first refusal. Therefore, ITEX's Cash flow assumptions are based on a Sale at Year 15.

Homes @ Tannehill Lane Proposed Timeline

Assuming that AHFC and ITEX can execute a Development Agreement by 2/28/2022, the Townhome Development process would follow the below schedule.

- 1) **Predevelopment to Construction Loan Closing:** 3/31/2022 - 2/11/2023
- Architectural Drawings Begin
 - Finalize Package to solicit Term sheet for Construction Loan
 - Finalize terms with Lenders for a Construction loan
 - Select construction Loan Lender
 - Start the Due Diligence process for Construction Loan
 - Finalize Construction Plans
 - Submit Drawing for Permitting
 - Finalize and Execute Debt and Equity LOIs
 - Finalize Loans docs, LPA, ETC.

- Circulate Final Draft of Documents for Comment
- Circulate Draft Closing Memorandum
- Rate Lock (5 business days before closing)
- Permitting Finalized
- Distribute Final Bond and Equity Documents
- Construction Loan Closing

2) **Construction:** The proposed building of the 30 townhomes will take place over a 15-month timeframe from 3/31/2023 - 5/31/2023

3) **Sale and Long-Term Plan:** ITEX proposes that at the end of construction, the 30 homes would be sold at an absorption rate of 5 homes sold per month. ITEX estimates six months to clear all of the inventory.

2.5 Zoning District

ITEX's development team has considered all the zoning districts that **Homes @ Tannehill Lane** and **Community @ Tannehill Lane** could utilize and designed the development concept to meet **MULTI-FAMILY RESIDENCE HIGH DENSITY (MF-5) DISTRICT DESIGNATION** Requirements. The zoning district designation of MF-5 lends itself well to ITEX's overall development plan, given that both For-Sale homes and Apartments could fall under the same zoning district.

Per the City of Austin Zoning Code below, **Community @ Tannehill Lane** can be built to a maximum density of up to 54 units per acre, depending on unit size.

§ 25-2-66 - MULTIFAMILY RESIDENCE HIGH DENSITY (MF-5) DISTRICT DESIGNATION. Multi-family residence high density (MF-5) district is the designation for multi-family and group residential use with a maximum density of up to 54 units per acre, depending on unit size. An MF-5 district designation may be applied to a user in a centrally located area near supporting transportation and commercial facilities, an area adjacent to the central business district or a major institutional or employment center, or an area for which high-

density multi-family use is desired.

Source: Section 13-2-54; Ord. 990225-70; Ord. 031211-11.

The zoning designation only applies to centrally located areas near supporting transportation, commercial facilities, and access to jobs. As shown in Figure 3, **Community @ Tannehill Lane** and **Homes @ Tannehill Lane** would be located near Metro bus lane to provide transportation and retail meeting the requirements under the MF-5 district designation.

Per **Figure 4**, Homes and **Community @ Tannehill Lane** abuts major employment centers; roughly 11,000 jobs are within a two-mile radius of the site.

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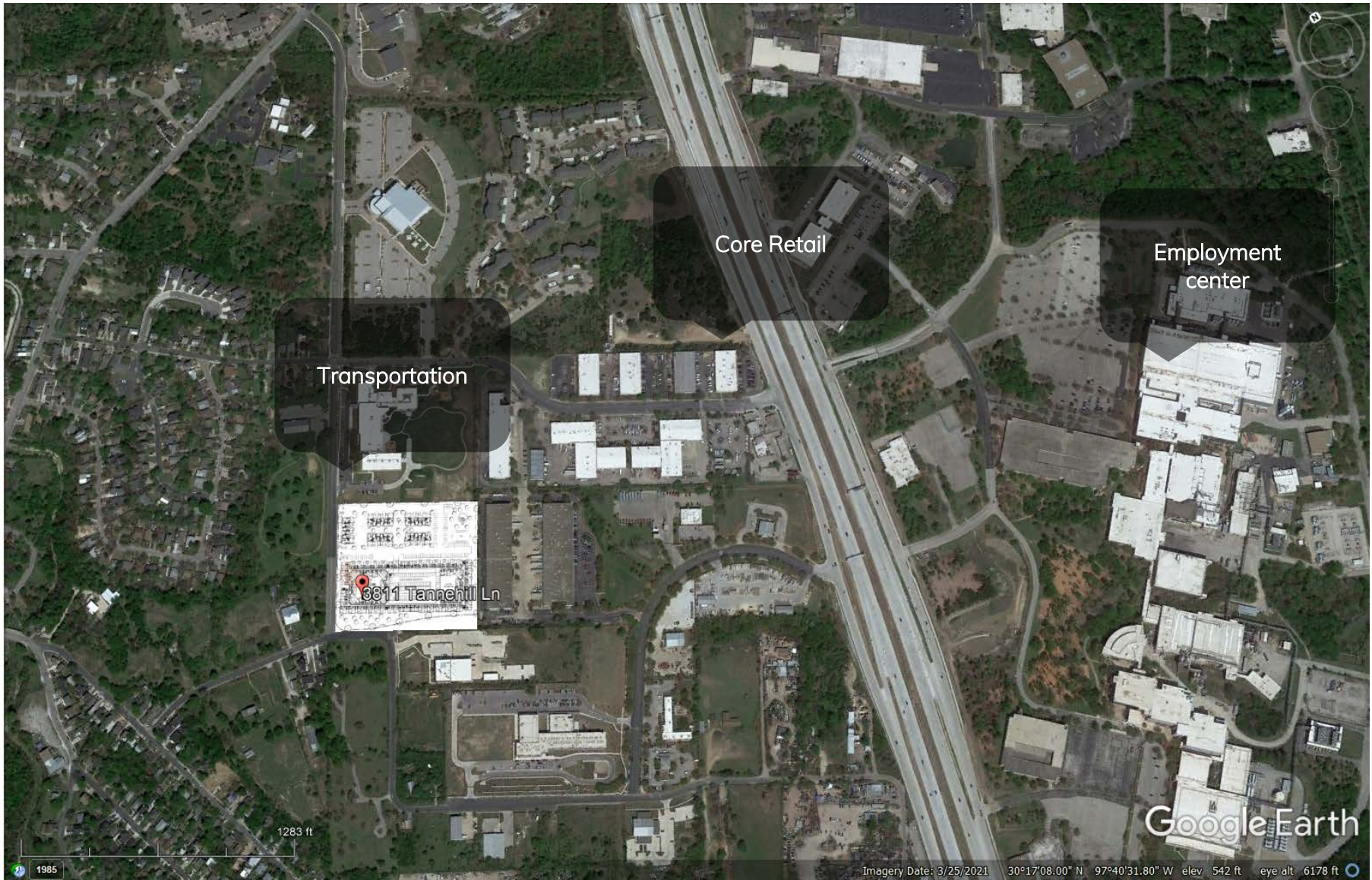
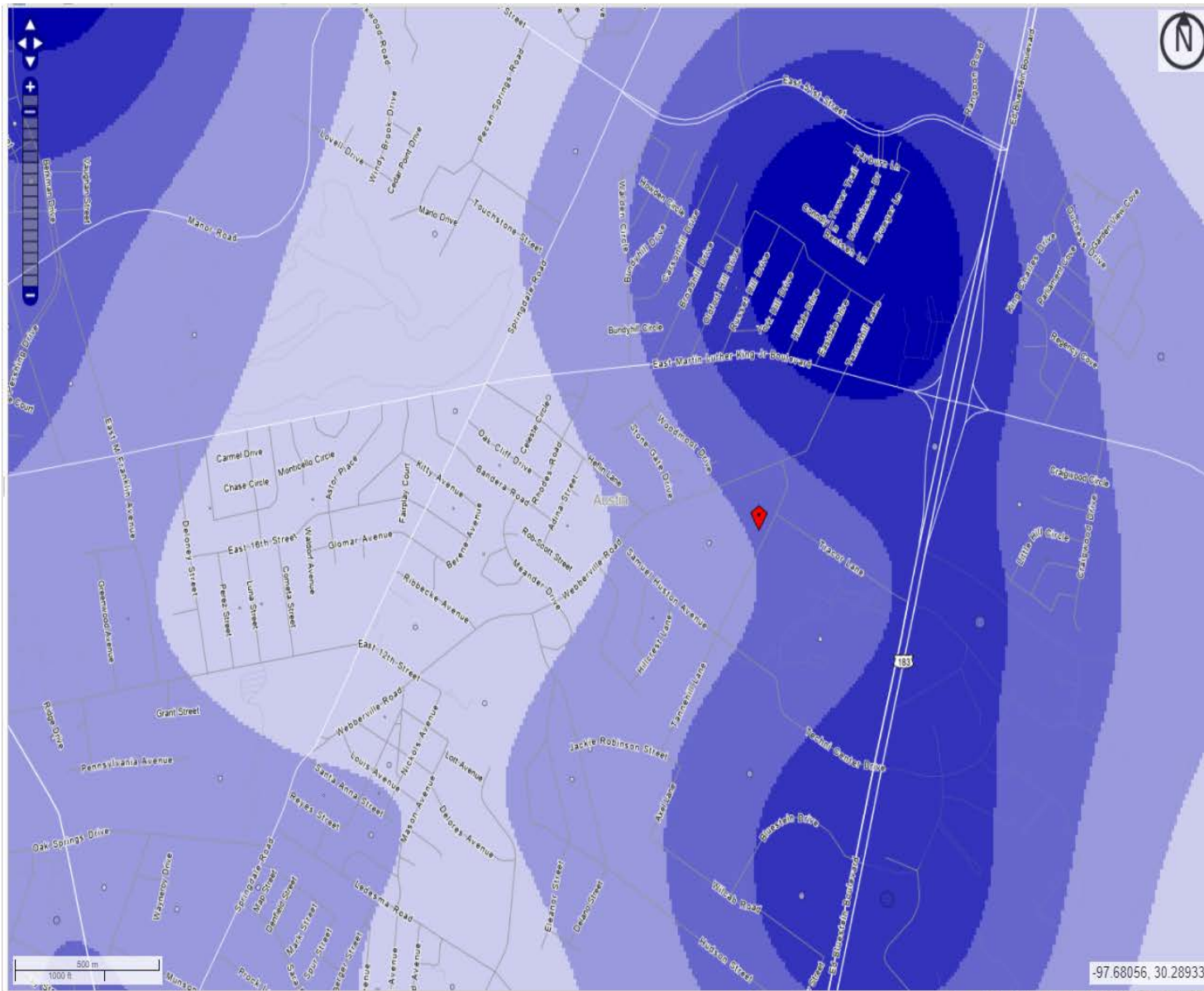
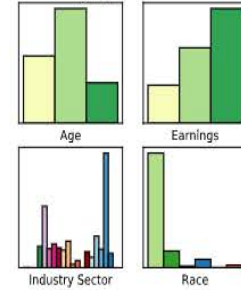


Figure 4



Click a characteristic link in the Summary Report to see more detail.



View as Bar Chart

Total Private Primary Jobs

	Count	Share
Total Private Primary Jobs	11,003	100.0%

Worker Age

	Count	Share
Age 29 or younger	3,328	30.2%
Age 30 to 54	5,676	51.6%
Age 55 or older	1,999	18.2%

Earnings

	Count	Share
\$1,250 per month or less	1,834	16.7%
\$1,251 to \$3,333 per month	3,638	33.1%
More than \$3,333 per month	5,531	50.3%

NAICS Industry Sector

	Count	Share
Agriculture, Forestry, Fishing and Hunting	7	0.1%

Figure 5

2.6 Goals and Vision of the East MLK Combined Neighborhood Plan

Per the East MLK Neighborhood Plan dated November 2002, “The East MLK Neighborhood is a diverse community that emphasizes traditional values, pride of ownership, and a strong sense of community. The neighborhood is well balanced with residential and commercial uses, walkable shops, restaurants, cultural opportunities, parks, and green spaces. East MLK is a safe, quiet, pedestrian-oriented neighborhood with clean, well-lit, tree-lined streets, maintained yards, and accessible to public transportation”.

Community @ Tannehill Lane and **Homes @ Tannehill Lane** align itself well with the community’s stated vision; not only will the for-sale homes and apartment complex complement the overall community with overall architectural beauty, but feature a strong sense of community which is generated from the ability for low-to-moderate individuals access to homeownership and luxury apartment rentals. In addition, ITEX commits to keeping the vision of keeping East MLK a safe, quiet, pedestrian-oriented neighborhood with clean, well-lit, tree-lined streets, maintained yards, and accessible to public transportation.

Per the goals of the East MLK Neighborhood Plan, “Land use, Urban Design, and Historic Preservation.” the stated goals are to

- *Preserve established residential areas and improve opportunities for homeownership by promoting the rehabilitation of existing housing and new, infill housing compatible with the existing style of this neighborhood.*
- *Promote a mix of land uses that respect and enhance the existing neighborhood and address compatibility between residential, commercial, and industrial uses.*
- *Preserve existing small businesses and encourage new neighborhood-serving commercial services in appropriate locations.*
- *Promote the Development and enhancement of the neighborhood’s major corridors.*

- *Provide housing that helps maintain the social and economic diversity of residents.*

The Developments concept outlined by ITEX aligns itself with the East MLK Neighborhood Plan's stated goals by providing home ownership to a mix of social and economically diverse residents and promoting a healthy mix of residential homes with Residential apartments that ultimately respect enhance the existing neighborhood.

2.7 Supportive Services

ITEX strives to provide superior Supportive Services to the residents who reside on all ITEX properties. Once residents' needs are identified, the Supportive Services Department works to create programs by searching local, state, and federal resources to meet those needs. Supportive Services focuses on the following areas:

- Nutrition
- Health
- Social
- Employment Resources
- Education/GED Program
- After School Programs
- Teen Mentoring
- Safety
- Financial Planning

Nutrition

USDA federal feeding programs provide part of the Nutritional Programming. All ITEX properties have much-needed feeding programs for children and seniors. During the school year, the children receive an afternoon snack and dinner, juice, and milk daily. During the summer months, the children receive a lunch and afternoon snack, juice, and milk for the day. In addition, during the pandemic, ITEX has had ongoing feeding programs for all ITEX properties for the children.

Senior Properties' nutritional needs are met through partnerships with Meals on Wheels, Momma's Meals, Senior Food Boxes from the local food banks, HEB Community Feeding Program, and ITEX sponsored dinners and social events. For example, at the height of the pandemic last summer, ITEX was feeding approximately 9,000 meals a week. Once the children returned to school, ITEX provided 14,500 meals during the spring school semester.

Every Thanksgiving, ITEX provides full Thanksgiving home-cooked meals to every senior on ITEX senior properties. Although the COVID-19 pandemic was still affecting our country in November 2020, ITEX provided 1,189 Thanksgiving Meals to ITEX seniors.

ITEX was also able to partner with HEB and provide 814 additional Thanksgiving meals and 814 Christmas Dinners to our senior residents on ITEX properties.

ITEX has partnered with Texas A&M AgriLife to teach gardening and nutritional food preparation. ITEX is growing this relationship, and beginning in July 2021, ITEX and Texas A&M AgriLife will begin hosting "Family Chopped" Competitions. Families enter to participate. All families are given the same ingredients and encouraged to make a healthy family meal. Winners are awarded prizes purchased by ITEX. All equipment and food is supplied by Texas A&M AgriLife.

Health

ITEX believes in providing our residents with the best educational health information possible. One of ITEX partners includes Riceland Health. In August of 2020, ITEX and Riceland partnered to provide Mobile COVID testing units that would come to ITEX properties to test residents and staff to help stop the spread of COVID-19. ITEX realized a vaccine was impending and again partnered with Riceland Health in February 2021 to create Mobile COVID Vaccination units that came to ITEX properties to administer the vaccine to ITEX residents and staff. ITEX added Mobile COVID Vaccination partner Gulfcoast Health once vaccines were more readily available. To date, the Mobile COVID vaccinations units created by ITEX have provided vaccinations for 1,119 residents and staff.

ITEX has partnered with Riceland Health and Gulfcoast Health to provide Mobile Medical Units

to ITEX Senior Properties. As a result, our senior residents can receive their monthly maintenance medications by having their medical appointments on their chosen ITEX property. The assigned medical staff also performs house calls for those seniors who are homebound. ITEX will continue to grow this program and provide this service to our affordable family properties.

ITEX partners with all major health care companies such as Blue Cross Blue Shield, United Health Care, Cigna, and Health Spring. These companies visit ITEX properties monthly to provide educational information regarding their health care policies, and the companies provide social activities such as bingo, ice cream socials, and lunches.

ITEX also has Annual Health fairs in which ITEX invites local physician's offices, pharmacies, health care, home health, and hospice companies to the properties to provide educational information. The residents also enjoy free giveaways and merchandise from the agencies which participate.

During the pandemic, ITEX recognized the need for mental health resources and partnered with United Health Care and OPTUM Health to create a hotline for residents to discuss any mental health issues they may be having. The hotline is still active and is available 24 hours a day for ITEX residents to access.

Social

ITEX is a firm believer in creating a positive familial community on all ITEX properties. We foster a strong sense of community through social events held in the community rooms on the properties. Some of the events the ITEX sponsors are monthly birthday parties for residents who have a birthday during that month, potluck dinners, new-residents meet and greet game days, holiday movie days, and ice cream socials. In addition, ITEX sponsors holiday food events and encourages residents to participate.

Employment Resources

ITEX has a partnership with the Texas Workforce Commission ("TWC"). TWC will come to ITEX properties and hold educational workshops on how to create a resume, how to job search online

and have job fairs with employers searching to hire employees.

ITEX has also purchased Aztec Software. Aztec Software has Life Skills modules in which the residents can access through their home computers, laptops, computer centers on the property, as well as their handheld devices.

Educational/GED Programs

The Aztec Software also has a self-paced GED program the residents can participate in at no cost. The program has a national passing rate of 93% for those who participate in the program and pass the practice test. ITEX encourages all residents who need to obtain their GED to enroll in the program.

ITEX is proud every year to provide backpacks with grade-appropriate school supplies to all children who reside on an ITEX property. This tradition was started by our founder, K.T. "Ike" Akbari. Ike was a supporter of education and hoped to encourage a child to pursue higher education. Last year ITEX provided 1,100 backpacks filled with supplies to the children residing on ITEX properties. This year Supportive service estimates providing 1,500 backpacks to children.

After School Programs

ITEX has targeted properties that are located in high crime areas and developed after-school programs. One of the partnerships ITEX formed was with the Boys and Girls Club of Houston Morefield location. The Boys and Girls Club of Houston waived the membership fees for children residing on ITEX properties. As a result, the children can play, eat and receive tutoring in a safe environment at no cost to the families.

Two very successful after-school programs are located at Garden at Cobb Park and Valley at Cobb Park in Fort Worth, Texas. The children are engaged from the time they get off the bus. They receive healthy food, tutoring, arts and crafts, social skills, and proper supervision before going to their homes. The program brings in Fire Fighters, Police Officers, and EMTs to engage the children and encourage those relationships.

ITEX believes a successful after-school program can be created and would be crucial to the well-being of the children residing there.

ITEX Teen Mentoring Program

ITEX has hired David S. Yeager, PhD. The Associate Professor University of Texas, to help ITEX design and implement a successful mentoring program for the teens who reside on ITEX properties. Dr. Yeager focuses on developmental, social, personality, and educational psychology. His interests are in understanding the processes shaping adolescent Development, significantly how differences in adolescents' social cognitions—their interpretations of social events and the beliefs that underlie these—can contribute to positive or negative trajectories for youth.

ITEX believes a successful teen mentoring program can help defeat generational poverty, promote educational excellence, and encourage a child to find and follow their life's passion.

Safety

ITEX recognizes the need for its residents to live and grow their families in a safe environment. Therefore, ITEX has formed partnerships with local law enforcement agencies to develop neighborhood watch programs and community policing programs. At Canaan Village, ITEX has a newly created Police Hub where roll call is performed during the day. There are also bicycle officers assigned to hub, which provide a friendly method to police the property and community. This hub was achieved through a grant received from the Department of Justice. Part of the grant was for the creation of the hub and a state of the art media room for the residents. An additional element of the grant was for security cameras to be placed in high crime areas in the Allendale area of Shreveport, Louisiana. The cameras are monitored by the hub located at Canaan Village. The hub opened in February 2021, and ITEX is waiting for the community crime quarterly statistics for the area for comparison to previous quarters to determine the hub's effectiveness.

ITEX believes it is essential to have partnerships with local law enforcement to provide the residents' safety possible environment.

Financial Planning

ITEX partners with local banking institutions, financial planners, and tax specialists to provide financial planning and counseling for our residents. Some of the curricula include how credit works, how to buy a home, open a bank account, and create and maintain a monthly budget. ITEX feels it is vital to offer financial education to residents to overcome generational poverty, encourage financial independence from entitlements, and change residents' perceptions of their finances.

In conclusion, ITEX's expectation of providing forward-thinking, supportive services has helped offer our residents a safe, healthy, and happy community environment. ITEX Supportive Services continues to welcome daily challenges to create the innovated programs for its residents. Supportive Services is solidly encouraged by the ITEX executive team to have the best programming for ITEX residents, which is demonstrated by its financial support. ITEX Supportive Services is proud to continue to be inventive and provide state-of-the-art programs for ITEX residents.

2.8 Post-Construction

ITEX proposes ITEX Property Management to manage both **Homes @ Tannehill Lane** and **Community @ Tannehill Lane**. ITEX Property Management has an extensive history of not only providing the highest quality of property management for long-term stewardship.

ITEX acknowledges that in 2020 ITEX Property Management was non-compliant under the Executive Award Review Advisory Committee (EARAC) with TDHCA. However, to date, ITEX Property Management is in full good-standing with EARAC and has met all standards, and has seen been awarded two 4% LIHTC Applications and one 9% LIHTC Application.

ITEX Property Management manages over 8,000 units of market rate, LIHTC, Section 8 Project-Based Vouchers, RAD, Public Housing, and CDBG financed multi-family apartments, townhomes, and single-family homes for its own ITEX portfolio as well as for other companies and public housing authorities. ITEX offers a complete list of management services, including; touring

available units, tenant screening/selection, credit and criminal background checks, verification of employment and income, re-certifications, lease-up, lease enforcement, delinquency management, compliance reviews of complete tenant applications, housekeeping inspections, maintenance of tenant files, tenant services, rent collection and depositing funds into designated bank accounts, security deposit management, maintenance, capital improvement planning, make-readies, landscape maintenance, work order logs, tenant utility hookups, administration of an approved sub-contractors, pest control and trash removal, removal of impediments to tenant safety, tenant Fair Housing Plans, hurricane preparation plans and communications, compliance with HUD's declaration of Restrictive Covenants, adhering to LURAs, and HAP contracts.

ITEX is experienced in accrual accounting following the HUD Chart of Accounts, accounts payable, budgeting and variances, and monthly financial and management reporting. ITEX's regional managers and property managers are well trained and certified to manage the properties and follow local, state, housing authority, and HUD guidelines. ITEX also has a highly-trained compliance and asset management staff that oversees the property management's performance of existing properties. Compliance reviews all potential resident files to ensure all requirements are met before any individual is provided keys for move-in. Compliance continues quarterly and annual reviews to ensure that all files meet the requirements applied by the funding the developments receive.

ITEX believes that to be the best, we must be trained by the best. Therefore, ITEX has hired the former TDHCA Chief of Compliance, Patricia Murphy, to oversee the training of our onsite staff. During her career, Patricia played an instrumental role in the Development of the Department's monitoring protocols and provided substantial guidance, training, and leadership not only to her staff but to TDHCA's partners as well. Due in no small part to Patricia's efforts, TDHCA is recognized as being a leading voice among State of Texas.

2.9 Right to Stay/Return Policy

ITEX recognizes that intense development pressures and gentrification have led to the displacement of long-time Austin residents and families from their established communities.

As an equitable development firm, ITEX commits to working with AHFC to ensure that decades of destructive, racist policies in East Austin be a thing of the past. By adhering to the Stay/Return Policy described in AHFC'S memo to the Mayor and City Council on November 6, 2020.

2.10 List any additional affordable housing programs, regulatory, or legal tools you anticipate using to develop the project (i.e., gap financing, density bonuses, ground lease, partnership, low-income housing tax credit, private activity bonds).

Community @ Tannehill Lane

- 4% Tax Credit through TDHCA
- Public Activity Bond issued through AHFC
- Property Tax Exemption
- AHFC-Development Partner, General Partner, and Ground-Lessor
- ITEX-Development Partner, Special Limited Partner, Guarantor, Property Manager.
- ITEX has structured the Developments to utilize the City of Austin Affordability Unlocked

Homes @ Tannehill Lane

- Public-Private Partnership
- Conventional Construction Loan
- Down-Payment Reserve funded by City Funds
- ITEX to provide equity to finance the building of the Townhomes

2.11 Discuss whether you intend to purchase or lease the land and provide a proposed purchase price or a one-time or annual lease payment

ITEX proposes a dual purchase/ground lease structure as part of our Developments concept for 3811 Tannehill Lane.

Homes @ Tannehill Lane propose 30 for-sale homes, which utilize approximately 2.40 (30%) acres out of 7.96 acres or \$590,954.77 of \$1,960,000 land cost paid by AHFC. In addition, ITEX proposes, as part of the for-sale homes, selling the 30 townhomes with a land value of \$19,698.49 each.

ITEX proposes a ground-lease structure as part of **Community @ Tannehill Lane**. ITEX proposes an annual payment to AHFC of **\$100,000**; Per **FIGURE 5**, the forecasted net benefit to AHFC is a **22% return** on the Corporation's original purchase of the 5.56 acres for **\$1,369,045**. For the benefits provided, ITEX would seek a tax exemption from Travis County Appraisal District under the guidance of AHFC.

GROUND LEASE VALUATION MODULE				Community @ Tannehill Lane			
ASSUMPTIONS				Year	Total	Residual	Annual Ground Lease Payment
Land Size	70% of total	8.0 Acres	1	100,000		100,000	
Lease Start Date	Feb-2025		2	100,000		100,000	
Lease End Date	Feb-2039		3	100,000		100,000	
Years Remaining (Max 99)		14	4	100,000		100,000	
Risk Adjusted IRR to AHFC		22%	5	100,000		100,000	
PV of Ground Lease		1,369,045	6	100,000		100,000	
Total Cash From Sale of Property to AHFC		17,267,187	7	100,000		100,000	
			8	100,000		100,000	
Community @ Tannehill Lane	5.56	70%	9	100,000		100,000	
Homes @ Tannehill Lane	2.40	30%	10	100,000		100,000	
	7.96	100%	11	100,000		100,000	
			12	100,000		100,000	
Homes @ Tannehill Lane	\$ 590,955	\$ 19,698.49	13	100,000		100,000	
Community @ Tannehill Lane	\$ 1,369,045		14	100,000		100,000	
Total	\$ 1,960,000		15	17,367,187	17,267,187	100,000	

Figure 6

2.12 If you propose entering into a Partnership with AHFC, please note the minimum Percentage of developer fee, cash flow, and any additional fees or financial benefits to AHFC, as well as whether you propose allowing AHFC a right of first refusal to purchase the Development or additional interest in the Development

ITEX is prepared to offer AHFC the following terms for entering into two partnerships, **Homes @ Tannehill Lane** and **Communities @ Tannehill Lane**.

Homes @ Tannehill Lane

1) Developer Fee

- a. ITEX offers a 50%/50% Split of the developer fees yielded from the Development of 30 townhomes. A forecasted of **\$227,200** would mean that under these terms, both ITEX and AHFC would net a total developer fee of **\$113,850**.

2) Cash Flow

- a. ITEX intends to develop the townhomes using conventional financing; current projections show the 30 townhomes would cost roughly **\$7,618,049** to develop and construct. 70% of the cost would be financed using construction debt of **\$6,374,650**, with ITEX committing **\$2,148,883** to finance the deal entirely. ITEX would earn all cash flow until an 8% IRR is returned for considering the risk involved. Once the preferred returns are met, ITEX would share 50% of the cash flow with AHFC.

Community @ Tannehill Lane

1) Developer Fee

- a. ITEX proposes a net split of developer fees of **60% to ITEX and 40% to AHFC**.

2) Cash Flow

- a. Given the nature of a Tax Credit Partnership, ITEX proposes a split of 10% of cash flow to the limited partner from year 1-10, with the remaining amount of cash flow being split **50%/50%** between ITEX and AHFC.
- b. ITEX proposes a split of **20%** of cash flow to the limited partner from year 10-15, with the remaining amount of cash flow being split **50%/50%** between ITEX and AHFC.
- c. ITEX proposes that at Year 15 disposition, the net cash flow to the Limited Partner

would be **30%** which the remaining would be split **50%/50%** between ITEX and AHFC.

3) Right of First Refusal

- a. ITEX proposes that the partnership's General Partner would have the right of first refusal for **Community @ Tannehill Lane**.

4) Bond Issuance Cost

- a. ITEX proposes using AHFC to issue the bonds for the Development and construction of **Community @ Tannehill Lane**; the current projection show total upfront cost to AHFC would be \$902,000 with an annual issuance fee of \$16,440.

5) Ground Lease Payment

- a. ITEX proposes a ground-lease structure as part of **Community @ Tannehill Lane**. ITEX proposes an annual payment to AHFC of **\$100,000**; Per **FIGURE 5**, the forecasted net benefit to AHFC is a **22% return** on the Corporation's original purchase of the 5.56 acres for **\$1,369,045**. For the benefits provided, ITEX would seek a tax exemption from Travis County Appraisal District under the guidance of AHFC.


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Summary Cash Flow Totals

1C Summary Cash Flow From Apartments + Townhomes		
Developer Fee	227,700	0.27%
Cash Flow to Developer	2,372,847	2.84%
Cash Flow After LP Return	190,880	0.23%
Net Cash Flow on Ground Lease	1,500,000	1.80%
Tax Credits	21,764,277	26.08%
Net Cash Flow from Developer Fee's	9,666,742	11.58%
Net Cash Flow for Partnership	3,733,917	4.47%
Net Cash Flow From Dispo of Property	44,005,934	52.73%
Total Cash Flow	83,462,298	100%
Limited Partner Cash Flow-Tax Credit Investor		
	Total	%
Cash Flow From Property Year 1-10	-	0.00%
Cash Flow From Year 10-15	746,783	2.09%
Tax Credits	21,762,302	60.94%
Cash Flow From Dispo	13,201,780	36.97%
Total Cash Flow	35,710,866	100%
SLP of Tax Credit Partnership +LP of Town Homes Partnership		
		%
Developer Equity for Townhomes	(2,188,758)	-9.48%
Developer Fee	113,850	0.49%
Cash Flow to Developer	2,372,847	10.28%
Cash Flow to After LP Return	95,440	0.41%
Cash Flow From Property Year 1-10	-	0.00%
Cash Flow From Year 10-15	1,493,567	6.47%
Tax Credits	198	0.00%
Developer Fee's	5,800,045	25.12%
Cash Flow From Dispo	15,402,077	66.71%
Total Cash Flow To Developer	23,089,266	100%
Austin Housing Finance Corporation-General Partner		
		%
Developer Fee- Homes @ Tannehill	113,850	0.41%
Cash Flow to After LP Return	95,440	0.34%
Cash Flow From Ground Lease	1,500,000	5.40%
Cash Flow From Property Year 1-10	-	0.00%
Cash Flow From Year 10-15	1,493,567	5.37%
Payment of AHFC Debt	5,328,885	
Tax Credits	1,778	0.01%
Developer Fee's	3,866,697	13.91%
Cash Flow From Dispo	15,402,077	55.40%
Total Cash Flow to AHFC	27,802,293.37	81%

2.13 Gap Financing

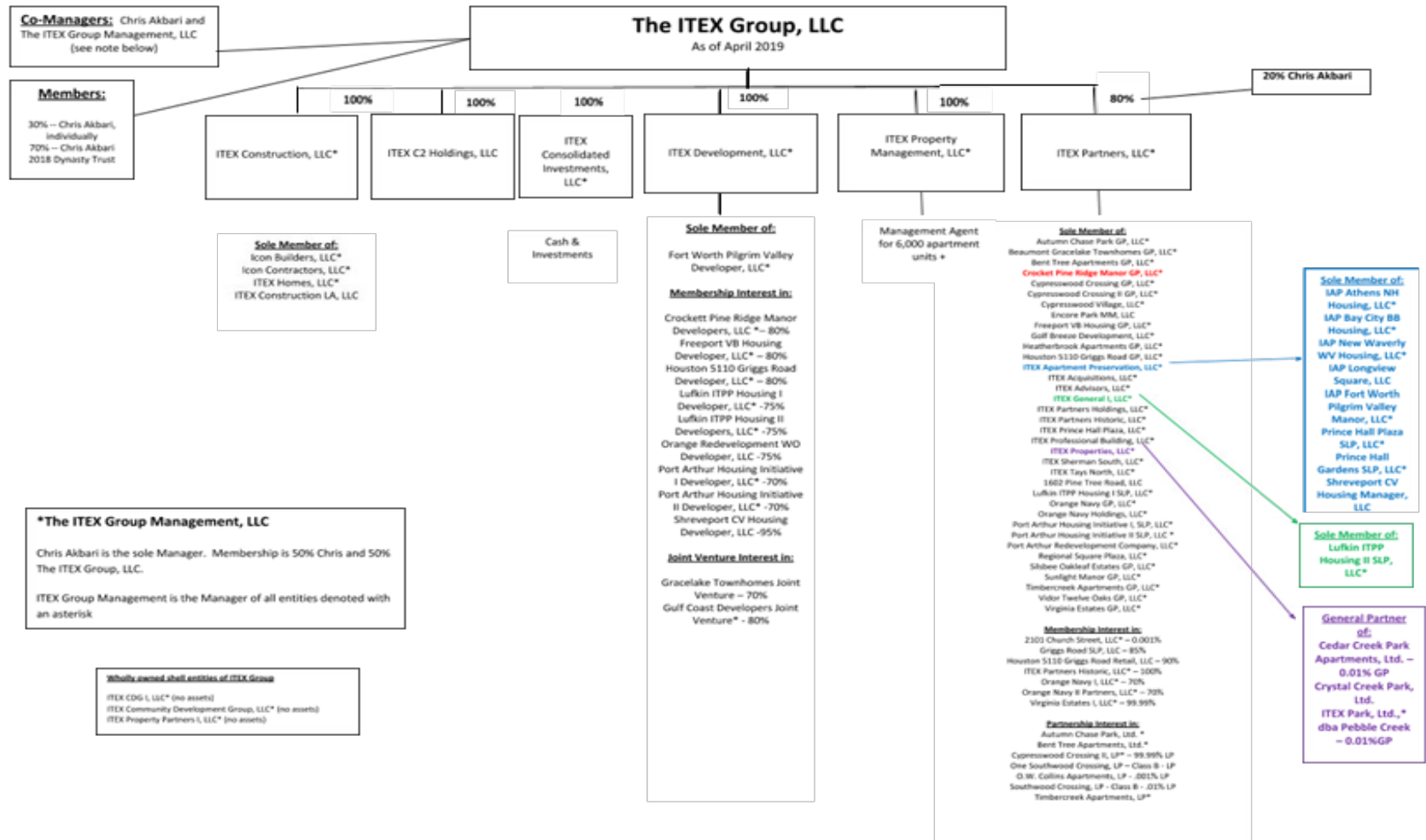
ITEX proposes utilizing \$7,928,629 or \$49,000 per affordable for-rents and for-sale units of City Subsidy to make this a priority application.

City subsidy Calculation	Per Unit	Requested
Orginal Payment for Land	11,737	1,960,000
Community @ Tannehill 	29,479	4,038,629
Homes @ Tannehill	7,784	1,300,000
	49,000	7,298,629

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3.0 Development Team

3.1 Provide an organizational chart identifying the prime firm, all sub-consultants, and their relationship to each other



3.2 Discuss and justify why your team and any sub-consultants at your employ are well-suited to develop the project, including providing relevant prior experience and resumes for all key staff members across all disciplines.

The ITEX Group, LLC (ITEX) and its affiliated companies, including ITEX Development LLC, ICON Builders LLC, and ITEX Property Management LLC, are Texas-based, for-profit, limited liability companies. ITEX's corporate headquarters is in Port Arthur, Texas, and the company also has an executive office in Houston, Texas, with additional regional employees across the United States. ITEX provides Development, Investment, Construction, and Management Services throughout the country. ITEX and its affiliated companies employ over 250 people.

ITEX's Experience

The ITEX Group LLC (ITEX) is a respected real estate development company specializing in new residential and commercial projects. ITEX's primary business activities and experience are developing, constructing, and managing multi-family housing with mixed-use, mixed-income, and mixed-finance components. In addition, ITEX has considerable experience in leading development teams of individuals and companies of diverse disciplines, geographic locations, roles, and skillsets to make its developments successful.

ITEX's experience includes market rate, senior, and quality mixed-income developments partially financed using equity from the sale of federal and state tax credits, federal, state, and local grants, capital funds from housing authorities, federally insured or commercial bank loans, and its equity capital. ITEX is a highly respected developer with over 50 developments throughout southeast Texas, Louisiana, and Colorado. The ITEX Group is a family-owned company that began in Port Arthur, TX, with regional employees and offices across 20 cities. Its principal affiliated companies include ITEX Development, LLC, ICON Builders, LLC, and ITEX Property Management, LLC.

ITEX Development LLC

ITEX assembles complex mixed-finance real estate developments, including debt, equity, and

gap financing. ITEX acquires land and existing income-producing assets, engages architects, design engineers, 3rd Party reports from environmental and market analysis experts, and prepares the financial models required by LIHTC, lenders, and equity investors. ITEX has extensive experience partnering with city officials and local housing authorities to help achieve their affordable and public housing goals, including advising on RAD conversions. ITEX prepares required information for HUD layering reviews, authority to grant funds, and other HUD documents concerning new or existing PHA's properties. ITEX works with public officials on zoning issues and permitting issues and analyzes QCTs, SDDAs, local amenities, and crime statistics as part of its site selection process. ITEX prepares RFP/RFQ responses, negotiates contracts, engages title companies, and prepares tax credit Applications and grant NOFAs. They handle community relations, fair housing issues, HUD programs, including compliance with the Uniform Relocation Act. In addition, ITEX Developers works closely with legal counsel, non-profit partners, and financial partners to prepare the necessary documents for closing complex real estate transactions.

ITEX Property Management LLC

ITEX manages market rate, tax credit, Project-based Section 8, RAD, and CDBG financed multi-family apartments and townhomes, single-family homes for its account, and other owners and limited partner, investors. ITEX offers a complete list of management services, including; touring available units, tenant screening/selection, credit and criminal background checks, verification of employment and income, re-certifications, lease-up, lease enforcement, delinquency management, compliance reviews of complete tenant applications, housekeeping inspections, maintenance of tenant files, tenant services, rent collection and depositing funds into designated bank accounts, security deposit management, maintenance, capital improvement planning, make-readies, landscape maintenance, work order logs, tenant utility hookups, administration of an approved sub-contractors, pest control and trash removal, removal of impediments to tenant safety, tenant Fair Housing Plans, hurricane preparation plans and communications, compliance with HUD's declaration of Restrictive Covenants, TDHCA LURAs, and HAP contracts. ITEX is experienced in accrual accounting following HUD Chart of Accounts, accounts payable, budgeting and variances, monthly financial and management reporting. ITEX's regional managers and property managers are well trained and certified to manage the properties and

follow local state and housing authority guidelines. ITEX also has a highly trained staff in property management compliance and asset management, which oversees the performance of existing properties.

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The ITEX Group's Development Team

Christopher A. Akbari – Principal/President/CEO



Chris is the Principal, President, and CEO of The ITEX Group. He specializes in real estate development finance, acquisitions, compliance, and construction. Chris holds a Bachelor of Business Administration degree in Finance from Lamar University and is a graduate of Harvard Business School's Owner/President/Management Executive Education program. Chris is an active member of the Urban Land Institute (ULI), serving on the ULI National Affordable Workforce Housing Council and Houston Affordable Housing Council.

He additionally serves on the Board of Directors of the Texas Association of Affordable Housing Providers and regularly speaks on historic tax credits and mixed-finance issues. Chris will review and provide input to the scope of work, financial models, bidder solicitation, and rate/term negotiations with tax credit syndicators and lenders. Chris' experience in new construction and rehabilitation of affordable and public housing will be an asset during the design and construction oversight process. In addition, he has significant experience in strategic planning as a co-developer with public housing authorities and in managing multi-disciplined teams.

Bobken Simonians – Chief Operating Officer, Real Estate Investments & Development



Bobken serves as the Development Team’s leader and is in charge of all Development and real estate investment projects for ITEX. He will work closely with the team assigned to this project to ensure sound financial underwriting. Bobken’s experience in public housing authorities includes service as Vice President, Real Estate Investments and Development at the Houston Housing Authority (HHA) for more than seven years, where he developed, constructed, and modernized over 1,000 units in the HHA portfolio.

Bobken additionally worked as Housing Director for the City of Los Angeles Housing Department from 1996-2006. Bobken holds a Master of Arts in Economics from California State University and a Bachelor of Science in Economics with Minors in Management and Mathematics from the University of Massachusetts.

Miranda Sprague – Senior Vice President, Real Estate Investments & Development



Miranda is a vital member of the ITEX team. Miranda’s experience includes preparing 4% non-competitive Low-Income Housing Tax Credit (LIHTC) applications with bond financing and 9% competitive LIHTC applications. In addition, she has served as ITEX’s quarterback on financial and transactional closings for several complex, mixed-finance developments, completing 19 deals with ITEX with over 2,500 units and total overall development costs exceeding \$455 Million. Additional areas of expertise include working with city officials, architects, and design engineers to facilitate construction permits. Miranda earned a BBA from the University of Albany in New York.

Will Moyers – Vice President, Real Estate Investments & Development



Will handles the development process's full scope, including acquisition, real estate analysis, financial modeling, entitlements, underwriting, and financial closings. He has experience working with city officials, architects, and design engineers. He has worked closely with PHAs in converting existing public housing units to the RAD program; in fact, he had led the state of Colorado's first RAD Component. His experience extends to spearheading ITEX's housing development for the Choice Neighborhood Initiative for the City of Shreveport, Louisiana. He is an active member of affordable housing organizations in Texas, Louisiana, Colorado, and Florida, including Texas Association of Affordable Housing Providers (TAAHP), L.A. Association of Affordable Housing Providers, and Housing Colorado Now. Will oversees the implementation of Section 3, HUB, and Davis-Bacon (DBRA) compliance, contracting local Section 3/WBE/MBE, HUB contractors, workers, and vendors, and acting as the Company's Labor Standards Officer on all federally funded projects. Will is a former banker at JPMorgan Chase and Wells Fargo, specializing in lending, investments, and relationship management. Will holds a BBA from Texas State University.

Dakota Courville – Director, Real Estate Investments & Development



Dakota joined ITEX in 2011 and has worked in Property Management, Construction, and Asset Management and Currently is a Director of Real Estate Investment and Development. Dakota specializes in Financial Modeling, Refinancing of existing debt, 4% non-competitive tax credits with bond financing, 9% Housing Tax Credits, CDBG-DR Grant funds, and has underwritten multiple mixed-finance projects. His current role is underwriting, analyzing, and developing affordable deals, Market rate Acquisitions, and build-to-rent communities in Texas. Dakota holds a degree in Finance and Economics from Lamar University.

Kenny Baugh – Director, Real Estate Investments & Development



Kenny joined ITEX in March of 2015 and is involved in all aspects of the development process. He has experience with 4 % non-competitive tax credits with bond financing, 9% Housing Tax Credits, CDBG-DR Grant funds and has worked on multiple mixed-finance projects. He also has experience with land development and single-family housing. Kenny holds a Bachelor of Arts from Rice University and a Masters of Business Administration with a focus in Real Estate from the University of Houston.

Melissa Giacona – Director, Real Estate Investments & Development



Melissa has been project manager/quarterback for several ITEX mixed-financed projects and has assisted in closing multiple tax credit transactions. She has experience working with Housing Authorities to meet their individual needs. Melissa has experience with RAD developments, 9% Housing Tax Credit Applications, 4% Housing Tax Credit Applications, and Historic Tax Credit Applications. Melissa earned her Bachelor of Business Administration Finance, Masters of Business Administration, and Jurisprudence Doctorate from Texas Tech University. She is licensed to practice law in the State of Texas. Melissa has been active in the tax credit application process for both LIHTCs and Historic tax credits. She coordinated the closing of Villa Americana and Sierra Vista. She has experience working with lenders, equity investors, title companies, TDHCA, Bond Review Board, etc

Tracy Ambridge – Director, Real Estate Investments & Development

Tracy joined The ITEX Group in 2008 and is a Director on the Real Estate Investments & Development Team. She has been the project manager for multiple mixed-finance projects and has worked with Housing Authorities to obtain various HUD approvals. Such approvals include Authority to Use Grant Funds, Mixed-Finance, Subsidy Layering Review, Transfer of Physical Assets and many others. She also has experience with RAD, 9% HTC, and 4% HTC applications. In addition, Tracy has extensive experience in the closing diligence process, taking a deal from acquisition through to final closing and beyond with investor compliance. Prior to The ITEX Group, Tracy has more than 11 years of experience in the Real Estate Title industry, researching and preparing title reports as well as recording closing documents and preparing title policies and commitments. Tracy earned her Associate Degree in Legal Assisting from Southern Ohio College.

Juhil Parikh – Development Associate, Real Estate Investments & Development



Juhil is actively involved in all aspects of the investment and development process, from concept to fruition. A primary responsibility of his includes analyzing a project's financial feasibility and recommending the best course of action to the ITEX Investment Committee to ensure the success of ITEX's real estate investments. Prior to joining ITEX, Juhil was an Associate for the Dhanani Private Equity Group, serving as an analyst in the Mergers & Acquisitions department. With his expertise, the Dhanani Group acquired seven multi-million dollar companies and increased their global commercial and hospitality footprint. Juhil has a B.S. in Actuarial Science from the University of Texas at Austin.

Michelle Harder – Development Associate, Real Estate Investments & Development

Michelle joined ITEX in 2014 under the company's construction arm, ICON Builders. She oversaw implementation for ICON's construction portfolio in New Jersey as part of the New Jersey Reconstruction, Rehabilitation, Elevation, and Mitigation Pathways B and C Programs.

ITEX Construction

ICON Builders is an ITEX affiliate that serves as a general contractor for most of the company's multi-family developments. Its full-time staff includes project managers, superintendents, planners, estimators, accountants, and compliance staffers. ICON specializes in building new and renovating existing multi-family, mixed-use tax credit, and public housing developments. The company uses dedicated subcontractors that are regularly retained on its projects.

Kevin Hardy – Executive Vice President, Construction



Kevin is a seasoned professional in setting strategic direction, conducting long-term planning, and fulfilling daily operations for major U.S. construction organizations. His work includes directing the Development of domestic and international projects of all types and sizes ranging from \$1.2M to \$220M. His range of executive responsibilities includes cost monitoring, quality control, safety management, implementation of contractual obligations, and deployment of new processes to minimize company risk and increase profitability. His more than 20-year career in construction management includes successful stints as Executive Vice President of Killian Construction of Springfield, MO, and Vice President of Operations for Harco Constructors Corporation of Little Rock, AR. Kevin recently oversaw ICON's new construction projects in Beaumont, TX; Kountze, TX; Hudson, TX; and Village at Palm Center in Houston, TX and rehabilitation projects in Austin, TX and New Waverly, TX. Additionally, he was the construction oversight for historic rehabilitation RAD conversion deals in El Paso, TX.

Carlos Kenner - Vice President, Construction



Carlos joined ITEX in early 2017 and brings many years of successful experience leading operations and managing and training Project managers and Superintendents. Before joining ITEX, Carlos worked for several construction companies, including 18 years with Flintco Constructive Solutions. He has nearly 30 years of experience in the construction and development industry and holds a degree from Central Oklahoma University. Carlos is actively involved in providing oversight for general construction operations across ITEX's development portfolio.

Ricky Riggs - Vice President, Construction



Ricky joined ITEX in 2019 and has over 30 years of experience in the construction and real estate industry. He most recently served as the New Construction Regional Manager for InterContinental Hotel Group, a global organization with a broad portfolio of sixteen hotel brands. He has an extensive background, including safety management, quality control, project management, construction management, and safety training. Ricky holds a General Contractor certification from the State of Florida and has an OSHA 30 license. Ricky is local to the state of Florida and can be easily accessible to work closely with local officials.

Mallory Jameson- Controller, Construction



Mallory graduated in 2012 from Lamar with her BBA in Accounting and has over 8 years of experience in the industry. Before joining ITEX, Mallory was in a similar role as an Accounting Manager at another company. She has been with ITEX since November 2014 and recently joined the ICON division of The ITEX Group last year. In her new role as the Controller of Construction and Development, she oversees all accounting functions of the construction, Development, and investment companies. Mallory's role also prepares all financial reports and manages to spend within ICON Builders.

ITEX Property Management & General Service Providers

The ITEX Group, LLC and its Principal have extensive experience in affordable housing property management. ITEX Property Management, LLC possesses a range of skills in managing multi-family properties. Its staff is composed of regional managers, compliance managers, property managers, assistant managers, maintenance, tenant services and accountants. Employees hold certificates in LIHTC Management, Fair Housing, HUD Forms, Guidance & Notices, HUD EIV Systems, Energy Efficiency/Site Sustainability, LIHTC Compliance, among others. Several key property management employees hold HCCP distinctions. These employees work to achieve strong REAC scores and HUD compliance audits. ITEX acts quickly to address regulatory issues and has a strong reputation with HUD/TDHCA officials.

Paula Watts HCCP – Senior Vice President, Property Management



Paula is Senior Vice President of Property Management for The ITEX Group. She leads the Property Management Division for properties owned and/or managed by ITEX. Prior to joining ITEX, Paula worked for the Port Arthur Housing Authority as a senior executive. Her experience includes administering HUD programs by the agency such as Public Housing, Housing Choice Voucher, Desegregated Housing Opportunity, Disaster Housing, Homeownership, Family Self-Sufficiency, accounting, and grant writing. Paula is beloved and highly respected by ITEX's Regional and Property managers as well the Maintenance and Property Accounting Group. She manages a staff of 168 professionals.

John Gonzalez - Director, Marketing-Fluent In Spanish



John serves as the Marketing Director for The ITEX Group. He is responsible for executing the strategic direction of ITEX's interactive marketing to ensure communities meet their overall goals; in reputation, advertising placements, community traffic, and branding. Previously, he served as the Marketing Manager for Leedo Cabinetry, a leading multi-family cabinet manufacturer. He has also worked in the multi-family industry with Camden Property Trust, developing creative campaigns and websites for a portfolio of over 150 properties in the

luxury multi-family market. With over 8 years of experience in the industry, John has a proven track record of developing leading consumer-facing digital and social campaigns that combine his strong business sense and innovative creativity. John is a native Houstonian and holds a Bachelor of Art in Marketing from The Art Institute of Phoenix.

John Pecore - General Counsel



John serves as General Counsel and Chief Compliance Officer for ITEX. Based on the Houston office, John leads our legal team on risk management, litigation, Development, and acquisitions. Before joining ITEX, John served as the General Counsel for The Dhanani Group, advising on each real estate merger, acquisitions, and litigation. John has a B.A. in Government from The University of Texas and obtained Juris Doctorate from South Texas College of Law.

Tim Nolan - Chief Financial Officer



Tim is the Chief Financial Officer of ITEX. As CFO, he focuses on managing the financials for all of the Investment, Development, Construction, and Management divisions. Tim has fifteen years of finance and accounting experience, including capital asset management, corporate tax and accounting, and working with high net worth individuals. In addition, he has held positions with the Texas Attorney General's office, a boutique CPA firm, and multiple Fortune 500 companies. He received his undergraduate degree in Accounting from St. Edward's University in Austin, Texas, and his MBA from Washington University in St. Louis, Missouri.

Gilbert Contreras - Vice President, Human Resources-Fluent In Spanish



Gilbert is the Vice President of Human resources, and he is responsible for ITEX's human resources strategy and practices. Gilbert has been with ITEX since 2015 and has over seventeen years of experience in aligning business strategies with Human Resource solutions, mainly in the petrochemical industry in Southeast Texas. Before joining ITEX, Gilbert served in various Human Resources positions in the Food Processing, Telecommunications, and petrochemical industries. Gilbert received his Bachelor's degree in Psychology from the University of Arkansas and earned his Master's of Business Administration from the University of Phoenix.

3.3 List and describe at least two examples of successful developments completed in the last ten years by the prime firm similar in scope to the one proposed, including at a minimum, project name, location, site area, development intensity by use (gross floor area), and development budget and timeline.

The Village at Palm Center's Summary:

- 5110 Griggs Road, Houston, TX 77021
- 222 Units/New
- 154 Apartments – 50/1bed-1bth (731-772/sf), 78/2bed-2bth (954-986/sf), 26/3bed-2bth (1,131- 1,194/sf)
- 68 Townhomes – 34/2bed-2.5bth (1,048-1,171/sf), 34/3bed/2.5bth (1,410-1,435/sf)
- Population Served by Unit – 10 (30%), 190 (60%), 22 (80%)
- Type of Development – Townhomes/Garden Apartments Three Story/Retail [16,500/sf] – Transit Oriented Development
- In service December 2016
- Total Development Costs – \$41,350,975
- 4% LIHTC Award 850,390 - Tax Credit Equity - \$8,548,196 – Affordable Housing Partners (Berkshire Hathaway)
- Mortgage – \$15,143,542 - Community Bank of Texas/Taxable Tail Loan \$3,100,000
- CDBG – Disaster Recovery Funds - \$15,300,000
- TIRZ #7 - \$2,289,757/Nautical Housing - \$1,500,000



Development Outline for Village at Palm Center

The ITEX Group began working with the leadership of Houston, Texas' Third Ward in 2013 as part of a competitive process to build mixed-use, mixed-income affordable housing in a low-income community using tax credits and Community Development Block Grants-Disaster Recovery (CDBG-DR) funds. ITEX selected a site and competed against 35 other developers proposing to build affordable housing in the City of Houston, TX. ITEX developed close working relationships with the elected leaders in the Third Ward, SE Houston Management District, Tax Increment Reinvestment Zone (TIRZ) #7, Old Spanish Trail Community Partnership, Super Neighborhood 68, G.O. Neighborhoods, and various neighborhood associations adjacent to or near its proposed site.

ITEX engaged an Urban Planning firm and met with officials and neighborhood organizations to gather input on the community's preferences and needs. The property ITEX placed under contract was a blighted former Montgomery Ward store at a strategic intersection where the National Football League Houston Texans team had built a new YMCA, and the City was proposing to build a new library. In addition, Houston's Metro public transportation department was completing a light rail line and passenger terminal station near Palm Center and in easy walking distance from the ITEX site. ITEX was the only developer competing under the City's RFP that followed instructions and engaged an Urban Planning firm to work with local officials and neighborhood associations. ITEX also brought onto the development team a local minority partner. Over the next several months, ITEX met with neighborhood organizations to gather input and answer questions of their general membership. ITEX also sponsored community betterment events. As a result, a community consensus quickly



developed that ITEX was the developer of choice for the Third Ward neighborhood. In addition, elected leaders at City, state, and national levels lined up to support the ITEX development.

A few months later, ITEX brought in its architect and presented its initial design concepts for its 9.6-acre site at an evening meeting for the general public. Next, ITEX invited the public to meet ITEX's staff, the architect, and representatives from Houston's City to ask questions and make further comments and design suggestions. Over 70 citizens living in the neighborhood attended. ITEX also brought in staff from its property management and general contractor affiliates to answer prospective tenants and minority subcontractors. State and local fair housing advocates and local elected leaders were also in attendance. The City of Houston was delighted with the public participation and support for the proposed ITEX development. The following day, ITEX met with 18 elected and neighborhood leaders to receive their comments, preferences, and final recommended design changes.

There was a strong consensus of support for the ITEX development. As a result, in 2014, the City voted to allocate \$15.3 million in CDBG-DR funds to ITEX's The Village at Palm Center development - a 222 affordable, mixed-income apartment development composed of 68 affordable rental townhomes and 154 apartments wrapped around a sizeable multi-story parking garage with 16,500 square feet of mixed-use office/retail space. With the completion of the final drawings, ITEX worked closely with the City of Houston to achieve all Section 3 and SWMBE goals. ITEX also engaged a large minority real estate firm to attract retail businesses into the office/retail space. When this new Development held its dedication, more than 150 people were in attendance.

One of the greatest compliments ITEX has ever received came from Neal J. Rackleff, former Director of Housing & Community Affairs at Houston. In making his recommendation to the Houston City Council that ITEX should receive a sizeable CDBG-DR Award to construct The Village at Palm Center, Mr. Rackleff stated that he had never seen a developer work more closely and effectively in the community and neighborhoods than ITEX. Mr. Rackleff is currently Assistant Secretary at HUD.



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Millenium Studios Phase I-III's Summary:

Millennium Studios I (Bayou Grande) (Family) - Under Construction

- 940 & 960 Caddo Street Shreveport, Louisiana
- 68 Units/New Construction
- Unit Breakdown– 41 PBV, 17 LIHTC & 10 Market Rate
- 2017 Choice Neighborhood Grantee
- Total Development Cost - \$22,058,361
- 9% LIHTC Award; Tax Credit Equity - \$6,748,650, Choice Neighborhood Initiative Soft

Loan

- \$3,000,000, Citi Construction Loan - \$8,000,000, Permanent Loan - \$3,700,000
- Closed on April 30, 2020, estimated completion is Q4 2021

Millennium Studios II (Bayou Grande) (Family) – In Development

- 1040 & 1060 Caddo Street Shreveport, Louisiana
- 68 Unit/New Construction
- Unit Breakdown – 41 PBV, 17 LIHTC & 10 Market Rate
- 9% LIHTC in a Choice Neighborhood designated zone
- 2017 Choice Neighborhood Grantee
- Total Development Cost - \$14,600,000
- Closing by August 2021

Millennium Studios III (Bayou Grande) (Family) – In Development

- 830 Fannin & 1107 Caddo Street, Shreveport, Louisiana
- 122 Unit/New Construction, scattered-site
- Unit Breakdown - 58 PBV, 35 LIHTC, 29 Market Rate
- Mixed-Use – includes 6,000 SF of retail
- 2017 Choice Neighborhood Grantee
- Total Development Cost - \$25,500,000
- Closing by August 2021

Development outline for Bayou Grande - Millennium Studios

ITEX partnered with the Housing Authority City of Shreveport (HACS) and the City of Shreveport to submit a Choice Neighborhood Implementation (CNI) application to HUD for the Allendale, Ledbetter Heights, and West Edge Neighborhoods. As a result, HUD selected Shreveport for the 2017 grant round and awarded the City \$24.2 million. As a result, ITEX is transforming a collection of city-owned vacant lots surrounding the Millennium Studios film production facility into new, modern, design-forward, mixed-use, and income apartments. Three LIHTC awards have been



granted to ITEX supporting the Shreveport CNI housing program: Millennium Studios Apartments I, Millennium Studios Apartments II, and Millennium Studios Apartments III. These developments will be the third, fourth, and fifth housing phases of the Shreveport CNI housing program. Millennium Studios Apartments I and II received competitive 9% LIHTC awards from the Louisiana Housing Corporation (LHC) in 2017. Millennium Studios Apartments III received a competitive 4% LIHTC award and a \$5.8 million CDBG award from LHC in 2019.

The developments will be located in the Ledbetter Heights Neighborhood, two blocks from downtown Shreveport. Millennium Studios I and II are identical properties adjacent to each other. Both Millennium Studios I and II are new construction, three-story walk-ups with 68 family units each. Each has a unit mix of 41 Project-Based Vouchers (PBV), 17 LIHTC-only, and 10 market-rate units. In addition, there will be 20 1-BR units, 28 2-BR units, and 20 3-BR units to serve mixed-income families ranging from market-rate renters to 30% or less AMI.

Millennium Studios III is new construction, scattered-site, multi-story Development located next to Millennium Studios I and II. The Development has 122 family units and approximately 6,000 SF of retail/ commercial space. A unit mix of 58 PBVs, 35 LIHTC units, and 29 market-rate units will be generated for a total of 46 1-BR units, 58 2-BR units, and 18 3-BR units.

ITEX worked with the City to solicit community input on building design. During the public meetings, ITEX presented proposed designs during charrettes for attendees to provide their feedback. Attendee comments were taken into consideration during the design revisions.

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3.4 Provide contact information for at least three references that can attest to the quality of the prime firm's work from at least two separate projects similar in scope to the one proposed

Housing Authority City of El Paso

Satish Bhaskar – Chief Operating Officer

5300 E. Paisano Drive El

Paso, TX 79905

Sbhaskar@hacep.org

(918) 849-3742

Housing Authority of the City of Austin

Ann Gass – Deputy Chief Financial Officer

1124 South IH-35

Austin, TX 78704

Anng@haca.org

(512) 767-7719

Harris County Housing Authority

Horace Allison - Executive Director/CEO

8933 Interchange Drive

Houston, TX 77054

Horace.allison@hchatexas.org

(713) 578-2100

3.5 Five-Year Litigation History

- 1) Kidd Vs. Sunlight Manor, LP & ITEX Property Management, LLC; John Doe; ITEX Group, LLC
- 2) ITEX Group, LLC Vs. AmRisc
- 3) Kim Kitchen Vs. ITEX Group, LLC
- 4) Robert Haddix, Jr. Vs. ITEX Group, LLC
- 5) HRT Construction Vs. ITEX Group, LLC
- 6) Reginald Trainer et al. Vs. ITEX Group, LLC

3.6 Discuss the operational capacity of your team, all ongoing or upcoming projects, and the necessary organizational resources that your team will commit to ensuring the project's success

ITEX consistently maintains a healthy pipeline of projects in development. ITEX has 18 projects in different phases of predevelopment that make up approximately 2,532 affordable and market-rate units. These projects are split between our experienced and seasoned development team to allow each deal the focus it needs and requires. ITEX is committed to having the necessary resources to ensure the success of our development concept.

Projects	UNITS	Mix	Financing	Est. Closing Date
Stonegate Manor	240	LIHTC/Sec 8	4%	11/30/2020
Millennium III	122	Mixed	4%/CNI/CDBG/HOME	8/30/2021
Neil Wagoner/Henderson	118	RAD	4%/RAD	8/30/2021
W. Leo Daniel I	100	LIHTC/Sec 8	4%	10/15/2021
Union Acres	100	PBV	4%	10/15/2021
Sunset Hills	56	PBV	4%	10/15/2021
302 Moody	93	Market	MKT / Historic	12/31/2021
Longview Square	120	LIHTC/Sec 8	9%	12/31/2021
Providence at Park	80	LIHTC	9%	12/31/2021
The Ranch At West Beaumont	180	Market	MKT	3/30/2022
Stonecreek Ranch	400	Market	MKT	3/31/2022
Bywater	136	Mixed	4%/FEMA/CDBG/HOME	6/1/2022
Sandpiper Cove	192	PBV	4% / Historic	12/31/21
Madison Heights I	140	Mixed	4% / HOME	12/31/21
Madison Heights II	101	Mixed	4% / HOME	12/31/21
Homes at Granite Mountain	59	Mixed	4% / HOME	12/31/21
Greenwood Terrace	100	RAD/Sect 18	4%/RAD	TBD
Bossier City - amp 1 (Cisco Home)	195	RAD	4%/RAD	TBD
	2,532.00			

4.0 Financial Feasibility

4.1 Complete and provide the Development Budget, Rental Housing Operating Proforma, & Home Sales data spreadsheets

Development Budget			
		Apartments	Townhomes
Acquisition	✓ \$	1,369,045	✓ \$ 590,955
Pre-development Budget	✓ \$	1,653,344	✓ \$ 224,388
Site Work			
Infrastructure			
Hard Costs	✓ \$	57,163,113	✓ \$ 5,692,500
Soft Costs	✓ \$	14,880,098	✓ \$ 2,019,488
Developer Fee	✓ \$	10,012,978	✓ \$ 227,700
Total Development Budget	✓ \$	85,078,578	✓ \$ 8,755,030

15-yr Rental Housing Operating Proforma

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

Revenue	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
Gross Annual Income (less vacancy loss and concessions)	\$4,872,002	\$4,969,442	\$5,068,831	\$5,170,207	\$5,273,611	\$5,822,493	\$6,428,503
Revenue Subtotal	\$4,872,002	\$4,969,442	\$5,068,831	\$5,170,207	\$5,273,611	\$5,822,493	\$6,428,503
Operating Expenses & Reserves							
General & Administrative Expenses	\$68,500	\$70,555	\$72,672	\$74,852	\$77,097	\$89,377	\$103,612
Management Fee	\$243,600	\$248,472	\$253,442	\$258,510	\$263,681	\$291,125	\$321,425
Payroll, Payroll Tax & Employee Benefits	\$328,800	\$338,664	\$348,824	\$359,289	\$370,067	\$429,009	\$497,340
Repairs & Maintenance	\$95,900	\$98,777	\$101,740	\$104,793	\$107,936	\$125,128	\$145,057
Electric & Gas Utilities	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$32,619	\$37,815
Water, Sewer & Trash Utilities	\$98,300	\$101,249	\$104,286	\$107,415	\$110,638	\$128,259	\$148,688
Annual Property Insurance Premiums	\$356,200	\$366,886	\$377,893	\$389,229	\$400,906	\$464,760	\$538,784
Property Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve for Replacements	\$82,200	\$84,666	\$87,206	\$89,822	\$92,517	\$107,252	\$124,335
Other Expenses	\$153,699	\$158,310	\$163,059	\$167,951	\$172,990	\$200,542	\$232,484
Expenses Subtotal	\$1,452,199	\$1,493,329	\$1,535,644	\$1,579,179	\$1,623,969	\$1,868,072	\$2,149,540
Net Operating Income	\$3,419,803	\$3,476,113	\$3,533,186	\$3,591,028	\$3,649,642	\$3,954,421	\$4,278,963
Debt Service							
First Deed of Trust Annual Loan Payment	2,973,567	2,973,567	2,973,567	2,973,567	2,973,567	2,973,567	2,973,567
Second Deed of Trust Annual Loan Payment	\$0						
Third Deed of Trust Annual Loan Payment	\$0						
Other Annual Required Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Annual Required Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Net Cash Flow	\$446,236	\$502,546	\$559,620	\$617,461	\$676,075	\$980,854	\$1,305,396
Cumulative Net Cash Flow	\$446,236	\$948,782	\$1,508,402	\$2,125,863	\$2,801,938	\$6,944,261	\$12,659,888
Debt Coverage Ratio	1.15	1.17	1.19	1.21	1.23	1.33	1.44

Affordable Homes Sale Data

	Unit Model 1	Unit Model 2	Unit Model 3	Unit Model 4	Unit Model 5	Unit Model 6	Unit Model 7
Number of Units	20.00	10.00					
Number of Bedrooms	2	3					
Square Footage	1,157.00	1,242.00					
Anticipated Sale Price	\$249,000	\$285,000	\$0	\$0	\$0	\$0	\$0
Borrower Contribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Homebuyer Down Payment	\$7,470	\$8,550	\$0	\$0	\$0	\$0	\$0
Total Principal Amount of Mortgage	\$241,530	\$276,450	\$0	\$0	\$0	\$0	\$0
Anticipated Interest Rate	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated Annual Property Taxes	\$6,972	\$7,980	\$0	\$0	\$0	\$0	\$0
Estimate Annual HOA Fees	\$500	\$501	\$0	\$0	\$0	\$0	\$0
Estimated Annual Insurance	\$868	\$932	\$0	\$0	\$0	\$0	\$0
Estimated Annual PITI	\$19,916	\$22,734	\$0	\$0	\$0	\$0	\$0

1

¹ ITEX understands the Anticipated Interest rate shown is higher than expected given the current 30 year mortgage rate anywhere between 2.31%-4% based on Homebuyers credit profile. ITEX's goal is to show the worst possible rate any Home-Buyer with a credit score under 600 might expect, two to three years from now.

4.2 Identify all proposed sources of funding necessary to develop the project and discuss whether these are firm or tentative funding commitments. If you anticipate applying for additional public funding, identify the source of those funds and how they will be obtained, including a timeline for application and award

ITEX proposes the following timeline for the sources used to develop the **Homes @ Tannehill Lane** with a summary of the status of the funding availability.

Homes @ Tannehill Lane

- 1) **Construction Loan:** ITEX's proposed construction loan amount of \$6,688,537 is a tentative funding commitment, but AHFC should take into consideration that the loan was underwritten from a conservative approach of 75% loan to cost or 65% loan to value; the current underwritten terms proposed for the Townhome Development are very attractive to lenders, and

ITEX should not have a problem securing debt for the Townhome financing. However, the timing of the construction loan process is tied to the progress of the 4% Application for the **Community @ Tannehill Lane** since the Developments will need to close simultaneously.

Per ITEX's master timeline, once an executed development agreement is in place between ITEX and AHFC, ITEX would be able to finalize a package to lenders no later than 4/30/2022 to select a construction lender no later than 9/29/2022 when the due diligence would start in preparation of closing. Thus, the construction loan closing would happen along with the 4% LIHTC closing on 2/11/2023.

- 2) **Equity Commitment:** ITEX commits any equity needed to ensure the development, construction, and sale of **Homes @ Tannehill Lane**.
- 3) **AHFC Homes Buyer Down-Payment:** To ensure participation of affordable for-sale homes. ITEX proposes a reserve for \$1,300,000 as part of the **Homes @ Tannehill Lane**. This reserve would be funded by city funds and utilized only for down payment assistance.

Community @ Tannehill Lane

- 1) **Bond Allocation:** ITEX projects **Community @ Tannehill Lane** will need a bond allocation of \$55,000,000 from Public Activity bonds. Given the nature of the Public Activity Bonds, ITEX estimates the earliest allocation possible would be 8/15/2022. Given that the project would have a priority allocation given that AHFC is the issuer, ITEX does not see an issue with receiving an allocation at the August 15th bond collapse. Once the allocation is in place, the project per Texas Law will have to close 180 days later or on 2/11/2023.
- 2) **Taxable Tail:** ITEX estimates there will be a need for \$13,079,340 of a Taxable Tail, bridging the Tax Credit Equity capital contributions, which will happen after completing the project and receipt of the 8609's. The bridge will be paid off at stabilization.
- 3) **Low-Income Tax Credit Equity:** ITEX estimates the Development will generate a total amount of equity of \$19,586,072. The Tax Credits would close in tandem with the bond closing.
- 4) **AHFC Soft Debt:** To ensure the development's success, ITEX would need roughly \$4,038,629 in city funds.

4.3 Provide sufficient information to substantiate that your organization and your partners have the financial capacity to ensure the project's success, including at a minimum providing the most recent certified financial audit for the prime firm completed within the last two years

Financials Attached