

Loan Approval Recommendation Summary – Braeburn Chatham

Preliminary: _____

Firm: X

Date: August 19, 2021

Project: Utilizing tax exempt financing and 4% LIHTC, this project is the acquisition and rehabilitation of two existing affordable housing developments, and combining them into a single 91 unit development that is 100% subsidized by new 20-year Section 8 HAP contracts.

Development Team

	Name	Location	Risk Rating
Sponsor/Developer	BLVD Capital	Los Angeles, CA	Medium
Mortgagor	Braeburn Chatham, LP	Los Angeles, CA	Medium
Architect	David Presbrey Architects	Providence, RI	Low
General Contractor	STAND Corp.	Providence, RI	Low
Legal	Cox Castle & Nicholson LLP	San Francisco, CA	Low
Management Agent	Barkan Management Company Inc.	Newton, MA	Medium
Consultant	None	NA	NA
Syndicator	Boston Financial Investment Management	Boston, MA	Low

Executive Summary

Property Address	25 Harwol Court, 50 Burns Street, 195 Chatham Village	Providence, RI
Proposed Loan Amounts and Terms		
Tax Exempt Loan	\$19,500,000	Back-to-Back conduit loan with Citibank, N.A.
<ul style="list-style-type: none"> Construction/Bridge Loan 	\$ 6,250,000	4.23%/24 months
<ul style="list-style-type: none"> Permanent Loan 	\$13,250,000	3.95%/15-year term/35-year amortization
Capital Magnet Fund Loan	\$500,000	1% simple interest Deferred
Affordable Housing Trust Loan	\$490,000	4% simple interest Deferred, payable from 25% of surplus cash.

Note: Interest rates are subject to change based on market conditions and deal specifics

Changes since Preliminary Approval:

- The amount of the tax-exempt loan increased from \$17,210,000 to \$19,500,000; and
- There was fire at the property which resulted in a decrease of the acquisition price and an increase in the scope of rehabilitation work.

Proposed Sources & Uses:

Sources	Preliminary		Delta	Firm	
	Amount	Per Unit		Amount	Per Unit
First Mortgage	\$12,680,947	\$139,351	(\$569,053)	\$13,250,000	\$145,604
Preservation Loan Fund Program	\$490,000	\$5,385	\$0	\$490,000	\$5,385
Capital Magnet Fund	\$500,000	\$5,495	\$0	\$500,000	\$5,495
LIHTC Proceeds	\$8,640,432	\$94,950	(\$680,974)	\$9,321,405	\$102,433
Deferred Developer Fee	\$1,816,421	\$19,961	\$268,206	\$1,548,215	\$17,013
Total Sources	\$24,127,800	\$265,141	(\$981,820)	\$25,109,620	\$275,930

Uses	Preliminary		Delta	Firm	
	Amount	Per Unit		Amount	Per Unit
Construction	\$5,357,875	\$58,878	(\$2,036,192)	\$7,394,067	\$81,253
Contingency	\$535,788	\$5,888	(\$203,619)	\$739,407	\$8,125
Acquisition	\$11,557,500	\$127,005	\$1,712,174	\$9,845,326	\$108,190
Soft Costs	\$1,739,486	\$19,115	(\$146,361)	\$1,885,847	\$20,724
Financing	\$863,308	\$9,487	(\$134,924)	\$998,232	\$10,970
Developer Fee	\$3,008,094	\$33,056	(\$121,338)	\$3,129,432	\$34,389
Operating Reserve	\$786,901	\$8,647	\$936	\$785,965	\$8,637
Replacement Reserve Year 1 Deposit	\$182,000	\$2,000	\$91,000	\$91,000	\$1,000
Other Reserves	\$96,848	\$1,064	\$3,413	\$93,435	\$1,027
Total Uses	\$24,127,800	\$265,141	(\$981,820)	\$25,109,620	\$275,930

\$1,041,022 LIHTC @ \$.90/credit

Loan to Value Test:

	Appraisal	Per Unit	Variance	Current UW	Per Unit
NET OPERATING INCOME	\$960,433	\$10,554	(\$116,028)	\$844,405	\$9,279
Appraisal Cap Rate	5.75%			5.75%	
Valuation	\$16,703,183	\$183,551	(\$2,017,878)	\$14,685,305	\$161,377
Loan Principal	\$13,250,000	\$145,604		\$13,250,000	\$145,604
LTV	79%		11%	90%	

- Citibank is underwriting to the post rehabilitation rents and a 3% vacancy rate.

Underwriting Metrics:

Metric	Amount	Comment
Total Development Cost Per Unit	\$275,930	
Residential Vacancy Rate	3%	Underwritten Citibank's requirements.
DCR Year 1	1.21	
DCR Year 15	1.37	
NOI	\$844,405	
Income Trending	2%	
Expense Trending	3%	Average of trending expenses
Loan to Value	90%	
Initial Installment (%) of syndication proceeds	20%	
Acquisition Price equal to or less than Appraised value	Yes	
Operating Reserve (Amt and confirm consistency with UW requirements)	\$785,965	6 months each of OPEX and debt service
Replacement Reserve (Amt and confirm consistency with UW requirements)	\$91,000	\$1,000/unit

Deviations from standard underwriting: Loan is underwritten to Citibank's requirements. Citibank is assuming all financial risk.

Unit Distribution and Revenue

Unit	Rent Type	Number of Units	Gross Rent	LIHTC Max Rent	Gross Rent as a % of LIHTC Max Rent	Discount from Market Rent
1	60%	10	\$ 1,535.00	\$ 922.00	166%	-11.6%
2	60%	18	\$ 1,720.00	\$ 1,107.00	155%	-7.5%
3	60%	12	\$ 1,990.00	\$ 1,278.00	156%	-9.0%
1	60%	1	\$ 1,315.00	\$ 922.00	143%	4.4%
1	60%	16	\$ 1,380.00	\$ 922.00	150%	-0.4%
2	60%	5	\$ 1,485.00	\$ 1,107.00	134%	7.2%
2	60%	5	\$ 1,620.00	\$ 1,107.00	146%	6.9%
2	60%	24	\$ 1,575.00	\$ 1,107.00	142%	0.0%
Total		91				