

Rental Housing Feasibility Worksheet Instructions

Complete the entire feasibility worksheet for each rental housing project.

PART I. PROJECT INFORMATION

Section A. Project Name

If the project involves multiple sites, complete a new worksheet for each site. If the name of the project has not been decided, provide a general description of the project (e.g. Group Home for Ex-Offenders).

If the site of the project does not yet have an address, use approximate location (e.g. the intersection of Jacob Circle and Little Creek Road). If the address of the project is not yet known because the site has not yet been identified, indicate "TBD" (To Be Determined) for the street address.

Indicate the name of the organization developing the project.

Section B. Project Details

1. Type of Project

Indicate the type of housing being developed. Definitions:

Multifamily Rental Residential: consists of more than four separate residential rental units within one building, or several buildings within a complex, operated as a single housing project.

Quad-plex: consists of four separate units of housing within one building.

Tri-plex: consists of three separate units of housing within one building.

Duplex: consists of two separate units of housing within one building.

Single Room Occupancy (SRO) Housing: consists of a single room dwelling unit that is the primary residence of a single occupant. The units may contain food preparation and sanitary facilities, or SROs may share common food preparation and/or sanitary facilities.

Group Home: consists of separate private spaces for each individual or family, with common space and/or facilities for group use. May also consist of shared one-bedroom units with shared common space and/or facilities. Group homes often house individuals who require accompanying supportive services. Indicate the number of group homes being developed in the project and the number of bedrooms in each group home.

Elderly Housing: consists of household members at least 62 years of age with incomes equal to or less than 80% of the area median income (AMI). Housing for the elderly does not include hospices, nursing homes, or convalescent facilities.

Single Family Dwelling: consists of a structure maintained and used as a single dwelling unit. **Other:** If the project you are planning to develop does not meet any of the above definitions, provide a description.

Other: If the project you are planning to develop does not meet any of the above definitions, provide a description.

2. Type of Activity

Indicate whether the project will involve New Construction, Acquisition, Acquisition and Rehabilitation, or Rehabilitation only.

3. Number of THTF-assisted units.

Indicate the number of THTF-assisted housing units that will be developed.

If the THTF grant will fund a portion of a larger project, indicate only the number of units that will be developed using the THTF grant.

Group homes: A THTF-assisted group home is treated as a single THTF-assisted housing unit.

4. Indicate whether both low-income THTF-assisted and non-THTF assisted units will be developed with comparable amenities and construction quality standards.

Section C. Site Information

1. Indicate whether the applicant currently has site control over the land where the housing will be developed and the form of site control.
2. Indicate whether the site of the project has been zoned for the type of housing you are planning to develop. If not, indicate whether the property is in the re-zoning process and the date the issue will be resolved.
3. Indicate whether utilities are currently available at the site where the development is planned and indicate which utilities are not available and would need to be brought to the site.
4. Indicate whether the property is currently occupied, and provide a short description of the plan for tenant relocation.

Section D. Source of Funds for Development and/or Acquisition Excluding THTF Funds

For each funding source listed, indicate the amount of funds coming from each source.

1. **Mortgage Proceeds:** Loan funds committed to the project.
2. **LIHTCSyndication Proceeds:** Proceeds from Low Income Housing Tax Credit deals.
3. **Owner's Equity Cash Contributions:** Cash contributed by the applicant.
4. **Federal Funds:** Funds from federal grant programs.
5. **State Funds:** Funds from other state grant programs.
6. **Local Government Funds:** Funds committed by local governments.
7. **Total Funds:** Add lines 1-6.

Attach Commitment Letters from each source of funding that has been secured at the time of submission of this application.

Note: Do not include THTF funding in Section D.

PART II. PROJECT FEASIBILITY WORKSHEET

Section A. Project Costs

For lines 1-9, indicate the total amount of funds needed in the Total Costs column on the right. Indicate the amount of THTF funds that will be used for each cost in the center column.

On line 10, calculate the total development costs in each column.

If the sum total of costs listed on lines 5, 6, 7, and 8 is greater than 12% of Total Development Costs, attach a written justification.

Section B. Monthly Utility Allowance Calculations

The cost of utilities paid by tenants must be subtracted from the published HOME rents to determine the maximum allowable rents.

Utility Allowance amounts used by the TN HTF Competitive Grants Program may be found on THDA's website: <https://thda.org/research-reports/utility-allowances>.

Enter the monthly utility allowance amount for each applicable utility in the column corresponding to the size of the units being developed. If utilities will not be paid by tenants, indicate "N/A" in this section.

For SROs, indicate the utility allowance amounts in the 0 BEDRM column.

Add the utility allowances Totals for each column in the last row of the table.

Indicate the source of the utility amounts used in the table (THDA, Public Housing Agency or Other).

Section C. Rent Subsidies

If no rent subsidies are going to be utilized for the project, skip to Section D.

If rent subsidies will be utilized for the project, specify the type of subsidies. Examples of a few different subsidy types include Section 8 Housing Choice Vouchers or Project Based Rental Assistance, Veterans Affairs Supportive Housing.

Indicate whether the contracts are already in place, are being negotiated, or will be applied for.

For projects without subsidy contracts in place, describe the alternative plan for the feasibility of the project in the event that subsidies cannot be secured. If space provided is not sufficient, attach additional pages.

Indicate the number of units that will receive a subsidy.

Indicate whether the payment standard being used is the Actual Subsidy Payment Standard- such as when contracts are in place and the subsidy payment standard has been established- or the Estimated Subsidy Payment Standard. The subsidy may be estimated based on other information, such as subsidy payments at another property owned by the applicant.

Table 1. Complete Table 1 if the actual subsidy payment standard is known. In the first row, enter the full payment standard for the applicable unit size(s). Deduct the Utility Allowance from Section B from the payment standard to get the Net Payment Standard. Enter the Net Payment Standard in the second row. Then, move on to Section D.

Table 2. Complete Table 2 if the subsidy payment standard is an estimate. Enter the full estimated subsidy payment standard for the applicable unit size(s) in the first row. Deduct the Utility Allowance from Section B from the estimated payment standard to get the Net Payment Standard. Enter the Net Payment Standard in the second row. Below the table, indicate the basis for the estimated subsidy payment. If more space is needed, attach additional sheets.

Section D. Property Income Calculations

- 1. Rent Subsidies:** Complete Line 1 if all or a portion of the units will receive subsidies. Enter the subsidy amount for the applicable unit size.
- 2. - 3. Set Asides:** Complete Lines 2 and 3 if all or a portion of the units will be set aside for low (50 % AMI) or very low income (30 % AMI) households. Indicate the unit rent for the applicable unit size.
- 4. All other units:** For units not receiving subsidies and not set aside for low or very low income households, indicate the rent for the applicable unit size.

Note: Rent amounts to be paid by the tenants cannot exceed the High HOME rent limit for the applicable unit size. HOME rent limits can be found on the THDA [website](#). For SRO units with both food preparation and sanitary facilities, rents cannot exceed the HUD-published High HOME rent limit for a 0-bedroom unit. For SROs that include neither food preparation nor sanitary facilities, or only food preparation or sanitary facilities, rent may not exceed 75% of the HUD-published FMR limit for a 0-bedroom unit.

Group home rents are based on the HUD published Fair Market Rent (FMR) for the total number of bedrooms in the home and should reflect the rent total for the unit, not per-person amounts.

The published High HOME and Fair Market Rents include utilities. The cost of utilities paid by tenants must be subtracted from the published rent to determine the maximum allowable rent.

- 5.** Calculate the total monthly rent amount from all units, by adding lines 1-4.
- 6.** Indicate a percentage to account for vacancy loss. If the vacancy loss percentage exceeds 10%, attach a written justification. Indicate the vacancy loss amount on line 6.
- 7.** If there is additional income anticipated for the project, indicate the source of the income and the amount on line 7.
- 8.** Calculate the net monthly income. Subtract the line 6 total (vacancy loss) from total monthly rent amount on line 5. Add the result to the total from line 7.
- 9.** Multiply the monthly amount by 12 to calculate the total annual project income. This is the maximum amount of income the project is expected to produce.

Section E. Project Operating Expenses

- 1.- 9.** Enter the cost for each type of expense.
- 10.** Indicate the amount of any other project expenses.

Note: Do not include the cost of supportive services or board provided to residents.

11. Calculate the total operating expenses.

12. Divide the total from Line 11 by the total from Section D, Line 9. This is the percentage of the project income that will go to expenses. If this percentage is over 50%, attach a written justification.

Section F. Annual Replacement Reserve for Units

Calculate the cost of replacement reserves for the year using the actual replacement costs amortized over the expected life of the equipment.

Section G. Total Available for Debt Service

Calculate the total amount available for debt service by subtracting the total expenses (Line 11 from Section E), and the Annual Replacement Reserves (Section F), from the total project income on Line 9 of Section D.

Example: The total project income reported for the Merrywood Oaks project is \$1,240,654. The annual operating expenses of the project will be \$738,734. The annual replacement reserves amount reported in Section F is \$66,400. The total funds available for the project to service debt is \$435,520.

$$\begin{array}{r} \$1,240,654 \\ - \$738,734 \\ - \underline{\$66,400} \\ \$435,520 \end{array}$$

Section H. Debt Project Will Support

Note: Complete this section with your lender.

- 1.** Indicate the total amount available for debt service from line 4 of Section G.
- 2.** Indicate the Debt Service Ratio required from the lender for the project.
If the percentage is more than 125%, please attach a written justification from the lender.
- 3.** Next, divide the total amount available to support debt, from Line 1, by the percentage indicated in Line 2.

Example: The total available for debt service is \$435,520. The debt service ratio reported on line 2 is 124%. The actual amount available for debt service is \$351,225.80.

$$\$435,520 / 1.24 = 351,225.80$$

- 4.** Indicate the specific terms of the debt for the project, including:
 - a.** the interest rate for the loan, and
 - b.** the amortization term.

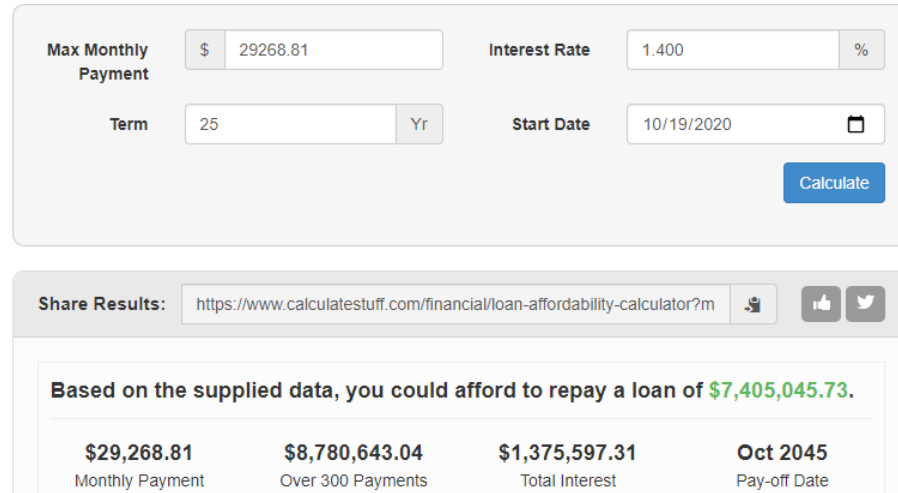
Note: Attach a written justification from the lender if the interest rate is more than 10%, or if the amortization term is less than 15 years.

- 5.** Calculate the total debt that the project will support.
Divide the actual amount available to service debt (line 3) by 12 to determine the monthly payment. Using a financial or [loan calculator](#), enter the monthly payment amount, the interest rate and the amortization term to determine the total amount of debt the project will support.

Note: This amount should match the mortgage proceeds indicated in the Source of Funds for Development and/or Acquisition in Part I, Section D, Line 1.

Example: The Merrywood Oaks project has \$351,225.80 available to support debt. Broken down into a monthly payment, the project would be able to pay out \$29,268.81 per month toward the loan. When the payment amount, interest rate, and term are entered into an online loan calculator tool, the result shows the total debt the project will support is \$7,405,046.

Loan Affordability Calculator



Max Monthly Payment	\$ 29268.81	Interest Rate	1.400 %
Term	25 Yr	Start Date	10/19/2020
Calculate			

Share Results: <https://www.calculatestuff.com/financial/loan-affordability-calculator?m>

Based on the supplied data, you could afford to repay a loan of \$7,405,045.73.

\$29,268.81 Monthly Payment	\$8,780,643.04 Over 300 Payments	\$1,375,597.31 Total Interest	Oct 2045 Pay-off Date
---------------------------------------	--	---	---------------------------------

Section I. Feasibility Summary

1. Enter the Total Development Costs from Part II, Section A, line 10.
2. Total Funding Sources. Determine the total amount of available funding using:
 - a. Debt Project Will Support – indicate the amount from Section H, line 5.
 - b. Owner’s Equity Contribution - indicate any cash equity being contributed by the applicant.
 - c. Other Grants - indicate the total funds expected from other grants.
 - d. Total Funding – calculate the total by adding lines a., b., and c.
3. **The Gap**
 - a. Determine the Total Development Costs less Total Funding. Subtract the amount of Total Funding calculated in Line 2. d., Section I, from Total Costs in Line 1, Section I.
 - b. THTF Grant. Enter the amount of funds being requested from the THTF grant.
 - c. Balance to be funded by Owner. Enter the difference between lines a. and b.

Section J. Management And Marketing

Read the entire section carefully.

To agree to the marketing requirements in Section J and to certify that the information reported is correct, sign the form. Only the Executive Director or Chief Executive Officer of the applicant organization should sign.

Once the worksheet is completed, save and submit with the application packet.