

## HACSC Underwriting Tool Instructions - Project-Based Voucher Program

New Construction or Rehabilitation: Complete all sections and meet the requirements.

Existing Housing: Complete only the *Operating Assumptions* and *Operating Standards Test* tabs. These proposals may not need to meet the requirements, but the Housing Authority may request justification.

### 1. Development Assumptions

Fill in the yellow cells with your anticipated development costs.

### 2. Operating Assumptions

- A. Fill in the yellow cells of Column C with the various bedroom sizes for each unit type.
- B. Fill in the yellow cells of Column D with the number of units per bedroom size
- C. Fill in the yellow cells of Column E with the anticipated per-unit monthly tenant payment. Please note that this is **only** the tenant portion of rent and should not include any anticipated PBV subsidy.
- D. Fill in the yellow cells of Column F with the anticipated per-unit monthly subsidy from the PBVs. For these PBV units, the sum of the estimated tenant payment and estimated subsidy should not exceed the applicable payment standard.
- E. Fill in the cells in Column K. For Property Management Fee, choose either the fixed annual fee or a percentage of net revenue, but not both.
  - a. Rent increases must trend between 2% and 3%.
  - b. Operating expenses must trend between 1% and 3% for the first five (5) years. After year five (5), they are required to trend at 3%.
  - c. Vacancy rates may not exceed 7%.

### 3. Development Standards Test

No action necessary on this page.

*Contractor Fee Test* – the contractor fees may not be more than 14% of hard construction costs.

*Developer Fee Test* - the developer fee may not be more than 15% of total development costs.

### 4. Operating Standards Test

Fill in the yellow cells as appropriate for each year of the requested HAP Contract Term.

*Debt-Service Coverage Ratio Test* - the debt-service coverage ratio must be between 1.10 and 1.45 in any given year. Justifications outside this range are required.

*Cash Flow Test* – the HUD-defined cash flow of the project may not exceed 10% of operating expenses in any given year.