

HACSC Underwriting Tool Instructions

Project-Based Voucher Program

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 expense in any given year.