

 **Cortex Residential**  
**ARPA REQUEST PRESENTATION**

**WALNUT SQUARE APARTMENTS**

40 S. 8<sup>TH</sup> STREET  
ALLENTOWN, PA 18101

**STRICTLY CONFIDENTIAL**

## PROJECT RENDERINGS

## **SUPPLEMENTAL INFORMATION**

## GENERAL INFORMATION

**Cortex Residential** (“Cortex”), a local development firm focused on affordable housing, is requesting that the City of Allentown (the “City”) allocate \$2,000,000 from its ARPA Fund Budget to its new development, **Walnut Square Apartments** (the “Project”), a 52-unit Low Income Housing Tax Credit project located in the heart of downtown Allentown.

## PROJECT HIGHLIGHTS

- Irreplicable Location. The Project’s location allows for the creation of desperately needed affordable housing units directly within Allentown’s urban core.
- Serving Extremely Low-Income Residents. The Project will provide 52 newly constructed affordable housing units that will serve extremely low-income and low-income residents (with income limits ranging from 20% to 80% of AMI or Area Median Income).
- Immense Community Support. The Project has garnered immense community support and has received all applicable entitlement approvals and is shovel ready.

## REQUEST SUMMARY

To ensure the Project's success, Cortex is requesting \$2,000,000 from the City's ARPA Fund Budget to aid in the development of Walnut Square Apartments. To fund the development of the Project, Cortex is applying for federal tax credits, state tax credits, and national housing trust funds, and will secure a senior mortgage. Additionally, Cortex is committed to deferring its developer fee to the maximum allowable level. **Should the allocation be awarded, Cortex is highly confident in its ability to secure the necessary tax credits, loans, and other gap funding sources to construct the Project.**

### SOURCES & USES

SOURCES	AMOUNT	USES	AMOUNT
Federal Tax Credits	\$ 12,825,000	Acquisition Costs	\$ 700,000
State Tax Credits	\$ 1,125,000	Hard Costs	\$ 15,209,497
National Housing Trust Fund	\$ 1,200,000	Soft Costs	\$ 4,500,000
Senior Mortgage	\$ 3,422,279	Other Costs	\$ 1,500,000
Deferred Developer Fee	\$ 700,000		
<b>ARPA Funding</b>	<b>\$ 2,000,000</b>		
Gap Funding	\$ 637,218		
<b>TOTAL SOURCES</b>	<b>\$ 21,909,497</b>	<b>TOTAL USES</b>	<b>\$ 21,909,497</b>

## AMI ANALYSIS

The Project will provide 52 newly constructed affordable housing units that will serve extremely low-income and low-income residents (with income limits ranging from 20% to 80% of AMI or Area Median Income).

UNIT TYPE	AMI %	COUNT
1BR	20%	6
1BR	60%	15
1BR	80%	24
2BR	20%	1
2BR	60%	4
2BR	80%	2
<b>TOTAL / WA</b>	<b>60%</b>	<b>52</b>

## PROFORMA

DESCRIPTION	AMOUNT
<b>REVENUE</b>	
Rental Income	\$ 622,051
Additional Income from PBV's	\$ -
Vacancy (5%)	\$ (31,103)
Other Income	\$ 3,850
<b>TOTAL REVENUE</b>	<b>\$ 594,799</b>
<b>OPERATING EXPENSES</b>	
Administrative	\$ 12,000
Management Fee (5%)	\$ 29,740
Utilities	\$ 28,717
Operating & Maintenance	\$ 37,500
Payroll	\$ 56,106
Taxes & Insurance	\$ 102,802
Replacement Reserve	\$ 18,750
Other	\$ 15,000
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 300,615</b>
<b>NET OPERATING INCOME (NOI)</b>	<b>\$ 294,184</b>
Debt Service	\$ 255,717
<i>DSCR</i>	1.15x
<b>CASH FLOW AFTER DEBT SERVICE</b>	<b>\$ 38,467</b>
<u>Assumptions</u>	
Loan Amount	\$ 3,422,279
Interest Rate	6.70%
Amortization	35 Years

