

Case Studies — Three Deals, Three Structures

Putting the 25% test and recycled bonds to work across three live LAC transactions

NEVADA

Townhomes at Fremont

Fernley, NV | 293 units
4% LIHTC New Construction

STRUCTURE

Recycled PAB Escrow Closing

\$15.5MM
recycled PABs from Pinyon

ARIZONA

Estrella Villas

Phoenix, AZ | 289 units
4% LIHTC NC (BTR)

STRUCTURE

Cinderella / Supplemental Issuance

+\$3–4MM
perm loan from 100% TE

COLORADO

Parkside & Mountain View Plaza

Longmont, CO | 130 units
4% LIHTC Acq/Rehab Resyndication

STRUCTURE

27.5% PAB + Taxable (no recycled)

27.5%
PABs of total project cost



NEVADA

890 Fremont — Recycled Bond Escrow Closing

Pinyon Apartments redeems → 890 Fremont reuses, with NHD preserving full new volume cap



PROJECT

Project	Townhomes at Fremont — Fernley, NV
Units	293 units, BTR, family
Type	4% LIHTC New Construction
Sister Deal	Pinyon Apartments (closed 2023, redeems Spring 2026)
Target Close	~9 months out

STRUCTURE

- Escrow Closing — issuer (NHD) issues an escrow note to preserve volume cap from Pinyon redemption
- No NHD Taxable Facility — LAC bears costs and timing risk
- Recycled PABs delivered to 890 Fremont at its bond closing
- Permanent debt: 100% tax-exempt at closing using recycled PABs



NEVADA

Why Recycled? Cost-Neutral to LAC, Volume Cap Win for NHD

Issuer fee discount offsets escrow-closing COI; NHD preserves \$15.5MM in new PAB allocation

\$15.5MM

*recycled PABs preserved
for 890 Fremont*

60 bps

Upfront issuer fee only
NHD waived 30 bps ongoing

\$1.4MM

Lost 1st-mortgage proceeds
if we went taxable instead

9-12 mo.

Recycled-bond close window
from escrow note issuance

\$15.5MM

New PAB volume cap
preserved by NHD

WHY THIS STRUCTURE

- **Cost-neutral to LAC:** COI of escrow closing roughly offset by savings on ongoing issuer fees
- **Timeline:** Longer timeline to use recycled PABs (vs. 6 months with Taxable Facility)
- **Limited Use:** Recycled PABs are project-specific — 890 Fremont gets locked-in, but flexibility is limited
- First project of its kind in Nevada — sets a template for future redemptions in-state

Source: LAC underwriting; PFM Financial Advisors / Tiber Hudson scenario analysis (March 2026).



ARIZONA

Estrella Villas — Cinderella / Supplemental Issuance

Closing in June with 100% tax-exempt perm sized at close — recycled PABs land on AzIDA's schedule



PROJECT

Project	Estrella Villas — Phoenix, AZ (Maricopa County, 2024 QCT)
Units	289 units, garden-style, family BTR
Type	4% LIHTC New Construction
Closing	June 2026 — recycled PABs expected from AzIDA Fall 2026
Backstop	LAC has a 2027 PAB redemption queued if AzIDA delays

STRUCTURE

- Close in June with conventional bond stack; underwrite 100% tax-exempt perm
- Recycled PABs come in as a Supplemental Issuance — drawn immediately at AzIDA redemption
- Bonds cash-collateralized through construction; redeemed at conversion → perm loan
- Avoids negative arb of routing recycled PABs through Citi construction loan



ARIZONA

Why Cinderella? Underwrite 100% Tax-Exempt Perm at Close

Equity gets comfortable with AzIDA assurance; structure beats Taxable Facility on cost

+\$3–4MM

*permanent loan upsizing
vs. partial-taxable underwriting*

100%

Tax-exempt perm loan
underwritten at June close

Lower

AzIDA issuer fee
vs. Taxable Facility route

Conservative

Construction-phase upside
NOT underwritten

Preserved

ADOH / AzIDA volume cap
intact for new deals

WHY THIS STRUCTURE

- **100% Tax Exempt Perm Sizing:** Gets the deal feasible at June close — doesn't wait on AzIDA's recycled-bond timing
- **Investor- and lender-contingent:** only works where they're comfortable underwriting tax-exempt without bonds physically on-hand
- **Cash-Backed vs. Draw Down:** recycled PABs must be drawn immediately upon redemption, so cash-backed during construction avoids negative arb on construction loan
- **Trade-off:** leaves construction-phase benefits out of underwriting (extra basis on bond interest, positive arb) to be recognized later

Source: LAC capital markets and underwriting; AzIDA / ADOH coordination (Q1 2026).



COLORADO

Parkside & Mountain View Plaza — 27.5% PAB + Taxable

No recycled — Freddie's tight tax-exempt-to-taxable spread didn't justify the lift



PROJECT

Project	Parkside & Mountain View Plaza — Longmont, CO
Units	130 units (50 family + 80 senior); 100% Section 8 HAP
Type	4% LIHTC Acq/Rehab Resyndication
Total Dev Cost	~\$56.5MM (~\$435k/unit); ~\$75k/unit rehab scope
Closing	Summer 2026

STRUCTURE

- Total PAB allocation: \$14.9MM = 27.5% of TDC (just over the 25% threshold)
- PAB Sources: \$9.28MM Longmont + \$5.74MM DOLA
- Permanent: Freddie Mac TEL — immediate; ~50/50 tax-exempt vs. taxable split
- Mountain View Plaza: QCT basis boost; Parkside outside QCT



Why No Recycled? The Spread Didn't Justify the Lift

Freddie's ~35 bps tax-exempt-to-taxable spread vs. ~20–25 bps recycled-bond fees ≈ 10 bps net

~10 bps

*net interest-cost adder
to go taxable instead of recycled*

~35 bps

Freddie tax-exempt
vs. taxable spread

20–25 bps

Recycled bond fees
upfront + ongoing

27.5%

PAB share of TDC
clears 25% test

30–100 bps

Spread range elsewhere
lender-dependent

WHY THIS STRUCTURE

- **Issuer Fees & Spread Matter:** First deal closing post-25% test where the spread math, not the volume cap, drives the structure
- **Recycled PAB Complexity:** Avoids timing and complexity of bringing recycled PABs into a HAP rehab on a tight close schedule; immediate draw down requirements
- **Lender-specific call:** Freddie's tight spread made this work; Fannie / FHA / private would change the math
- **Watch item:** Freddie may revisit taxable spreads — if they widen, recycled becomes attractive again

Source: LAC underwriting; pricing per Freddie TEL term sheet (Q1 2026).

