

TRES SANTOS APARTMENTS

136 UNITS | 100% LIHTC & HOME | SANTA FE, NM



The Offering

Property Summary

ADDRESS	1899 Pacheco St
CITY, STATE	Santa Fe, NM 87505
YEAR BUILT	2008
NUMBER OF UNITS	136 units
RENT & INCOME RESTRICTIONS	100% LIHTC & HOME
AVERAGE UNIT SIZE	764 SF
TOTAL SF	103,940 SF
BUILDINGS	2 residential
ACRES	+/- 3.4 AC
CURRENT DENSITY (UNITS/ACRE)	40 units/AC
YEAR PLACED-IN-SERVICE	2008
END OF YEAR 15	December 31, 2023
END OF AFFORDABLE RESTRICTIONS	December 31, 2046



Offering Procedures

TOUR SCHEDULE:	Please contact Rasto Gallo (rasto.gallo@jll.com) or Michael Klaskin (michael.klaskin@jll.com) to schedule a tour. Under no circumstances are Investors allowed to visit the Property without approval from JLL. Failure to adhere to this request will be taken into consideration by the Seller when offers are selected.
OFFER DATE:	To Be Announced
BEST & FINAL:	Upon review of the initial offers submitted, if appropriate, a select group of Investors will be notified of their participation within the Best and Final Round.
TERMS AND CONDITIONS:	The Property is offered on an “as is” basis, subject to the existing rent, income, and occupancy restrictions required by the existing regulatory agreements.
APPROVALS:	Approval from the New Mexico Mortgage Finance Authority (MFA) will be required of the prospective purchaser.
SELECTION AND CRITERIA:	The prospective Investor will be selected by the Owner, in its sole and absolute discretion, on the basis of a complement of factors, including, but not limited to, purchase price; the Investor’s financial strength/ balance sheet capacity; level of discretion to invest funds; ability to close in a timely fashion; experience in closing similar transactions; reputation within the industry and the extent to which due diligence is completed.

Investment Highlights & Property Overview



STABLE, BOND-LIKE CASHFLOW

- \$636 spread between in-place lease rents and average market rate rent.
- 95% occupancy (as of April 2024).
- Income restrictions on 100% of units ensure stable operations sheltered from market volatility.



STRONG LEASING MOMENTUM & RENT GROWTH

- 18.6% max rent growth in 2023.
- 6.0% rent growth projected in 2024 as result of pushing remaining leases to max rents.
- 13.6% rent growth from Jan. 2023 - March 2024.



RENT BURDENED MARKET AND LACK OF AFFORDABLE UNITS

- 49% of all Santa Fe renters are cost-burdened (spending more than 30% of income on rent).
- 86% of extremely low income households in Santa Fe are cost burdened (versus the National average of 76%).
- Zero new LIHTC units delivered in Santa Fe over the past two years.



PROXIMITY TO LOCAL ECONOMIC DRIVERS

- Tres Santos is located in the heart of Santa Fe which boasts a \$1B retail industry, 400 restaurants, 250 art galleries, and more.
- Over 2M travelers visit Santa Fe per year.
- The Property is just 4 minutes from the largest employer in the county - Christus St. Vincent Regional Hospital (2,300+ employees).

Community Amenities

- Fitness Center
- Laundry Center
- Controlled Building Access
- Elevator Access to All Floors

Apartment Amenities

- Washers and Dryer Connections
- Fully-Equipped Kitchens Include:
 - Electric Range
 - Refrigerator
 - Stainless Steel Sink
 - Dishwasher
- Oversized Closets
- Private Balconies and Patios



Units	Unit Description	SF	In-Place Market Rents	In-Place Lease Rents	2024 Net Max HOME Rent ¹	2024 Net Max LIHTC Rent ¹	JLL Proforma Market Rent
64	1 Bedroom, 1 Bath (60% AMI)	700	\$1,039	\$968	--	\$946	\$946
3	1 Bedroom, 1 Bath (High HOME)	700	\$956	\$738	\$863	--	\$812
1	1 Bedroom, 1 Bath (Low HOME)	700	\$735	\$642	\$642	--	\$642
64	2 Bedroom, 1 Bath (60% AMI)	828	\$1,239	\$1,075	--	\$1,120	\$1,120
3	2 Bedroom, 1 Bath (High HOME)	828	\$1,142	\$1,120	\$1,023	--	\$1,023
1	2 Bedroom, 1 Bath (Low HOME)	828	--	--	\$756	--	\$756
136		764	\$1,124	\$1,007	\$882	\$1,033	\$1,023

¹) Max LIHTC / HOME rents take into account applicable utility allowances.

Strong Leasing Momentum & Max Rent Growth

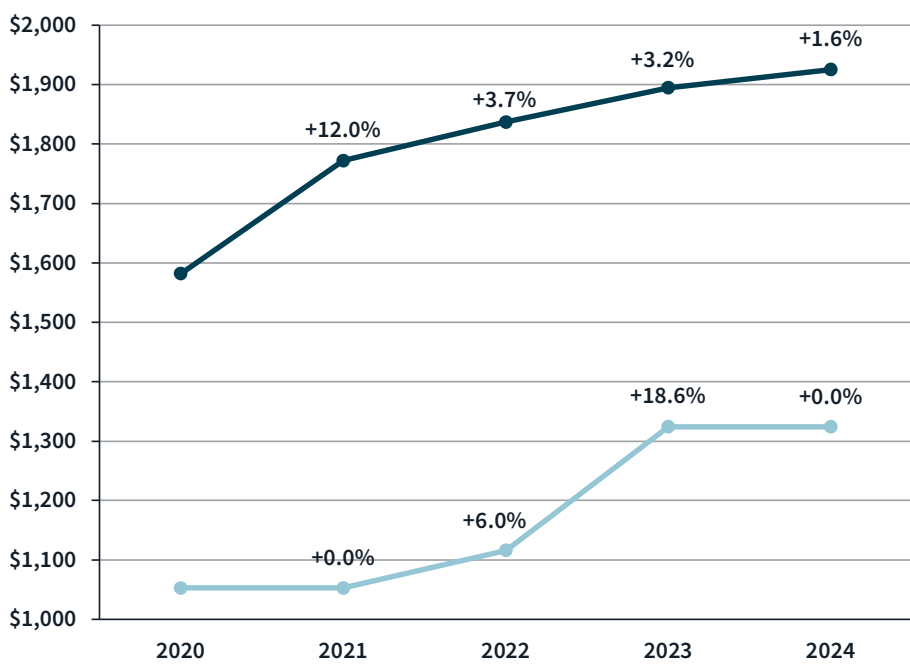
Tres Santos Apartments has showcased strong leasing momentum with GPI growth of 13.6% since the beginning of 2023. Additionally, since October 2023 the Property is achieving max LIHTC rents even with staggering 18.6% max rent growth in 2023. Finally, The Property currently benefits from housing choice vouchers (HCV) from 36 tenants creating 8.0% average voucher overhang on affordable voucher units due to voucher payment amounts exceeding maximum LIHTC rents. An Investor will continue to benefit from this organic rent growth as the remaining units are increased to max LIHTC rents upon tenant renewal / turnover (see JLL rent growth projections below).

18.6%
2023 Max Rent Growth

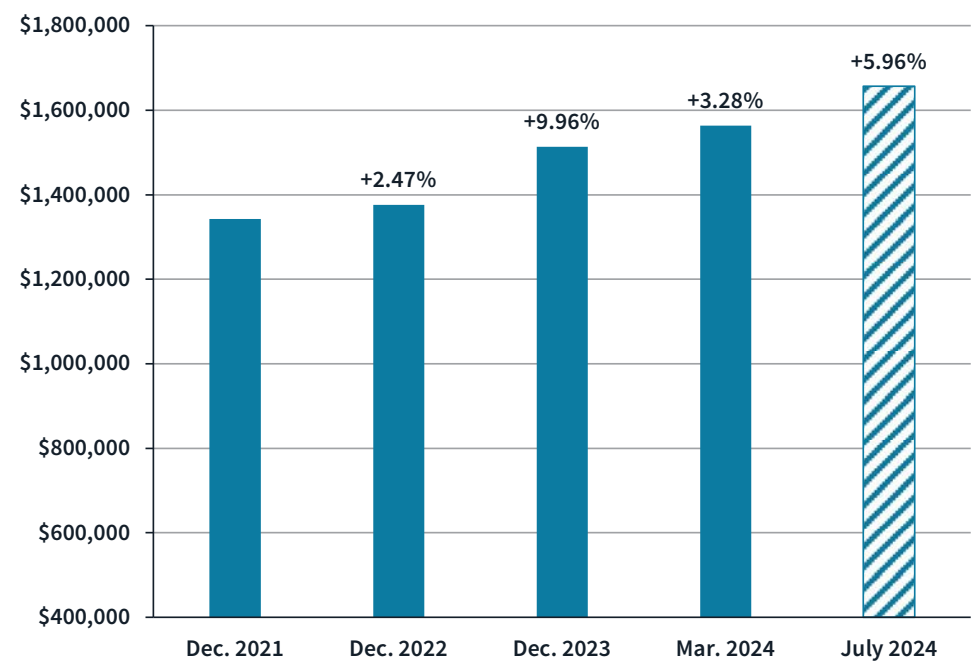
5.96%
Y1 Proj. GPI Growth

9.96%
GPI Growth in 2023

SANTA FE INCOME LIMIT GROWTH VS NATIONAL AMI GROWTH



GPI GROWTH (HISTORICAL AND JLL PROFORMA)



● 60% AMI - 2BR Rent ● Market Rate 2BR Rent

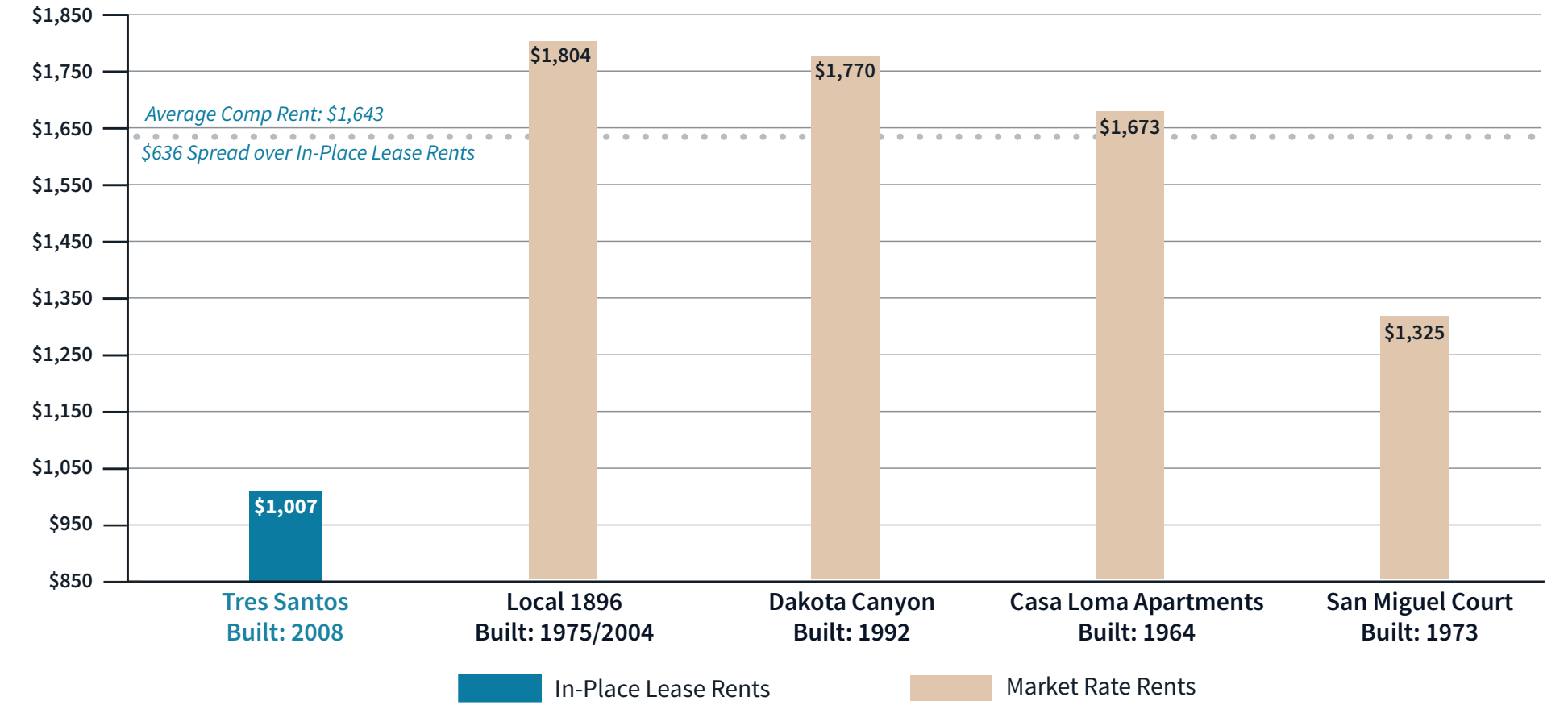
■ Historical GPI ▨ JLL Proforma GPI

Stable, Bond-Like Cash Flow

The Property delivers a consistent revenue stream insulated from typical market volatility and offers Investors a stable return due to the existing rent and income restrictions on 100% of the units. Consistent operations and occupancy are bolstered by the almost \$650 spread between average effective rents at nearby market-rate properties and current lease rents at Tres Santos Apartments. This rental discrepancy shelters the revenue stream at the Property and allows Investors to forecast a bond-like return profile.

\$636
Avg. Market-Rate Rent
Spread Above Current Lease Rents

16%
Turnover (2/24 Rent Roll)



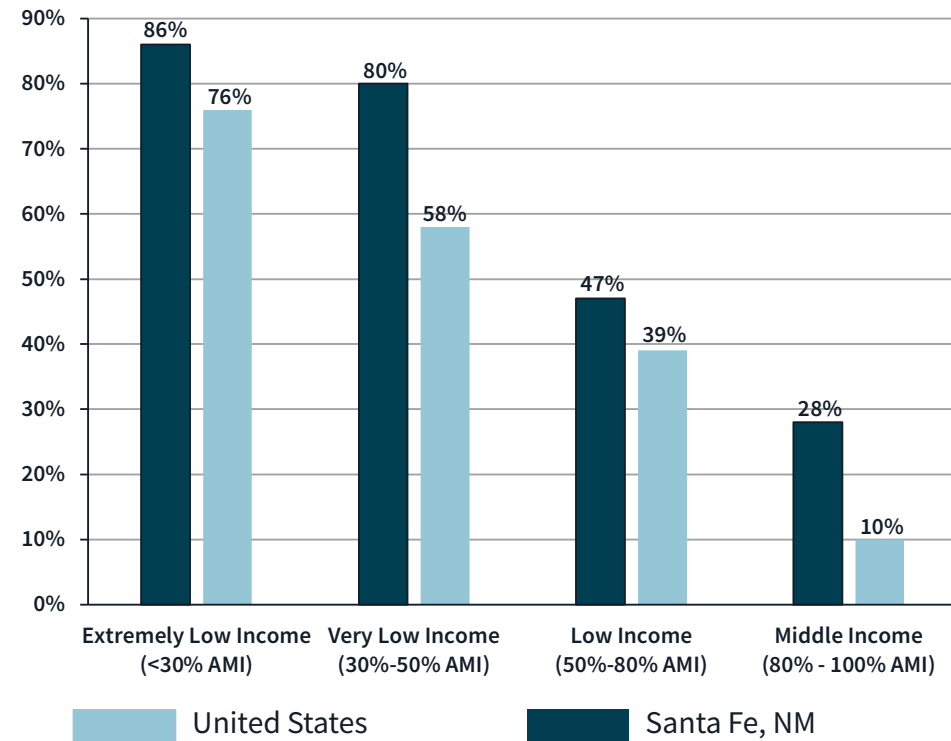
Rent Burdened Market with Insufficient Supply of Affordable Units

Affordable and Workforce Housing investors have the opportunity to acquire and preserve critical housing infrastructure in an increasingly unaffordable market. In Santa Fe County, both low and moderate income households face considerable barriers to affordable housing. 86% of extremely low income households and 80% of very low income households are cost burdened, surpassing the U.S. average of 76% and 58%, respectively. Cost burdened households spend 30%+ of their household income on rent. Furthermore, while the MSA has had an influx of over 1,710 new market rate units from 2018-2023, only 244 LIHTC units were delivered over the same time period (12.5% of total units delivered).

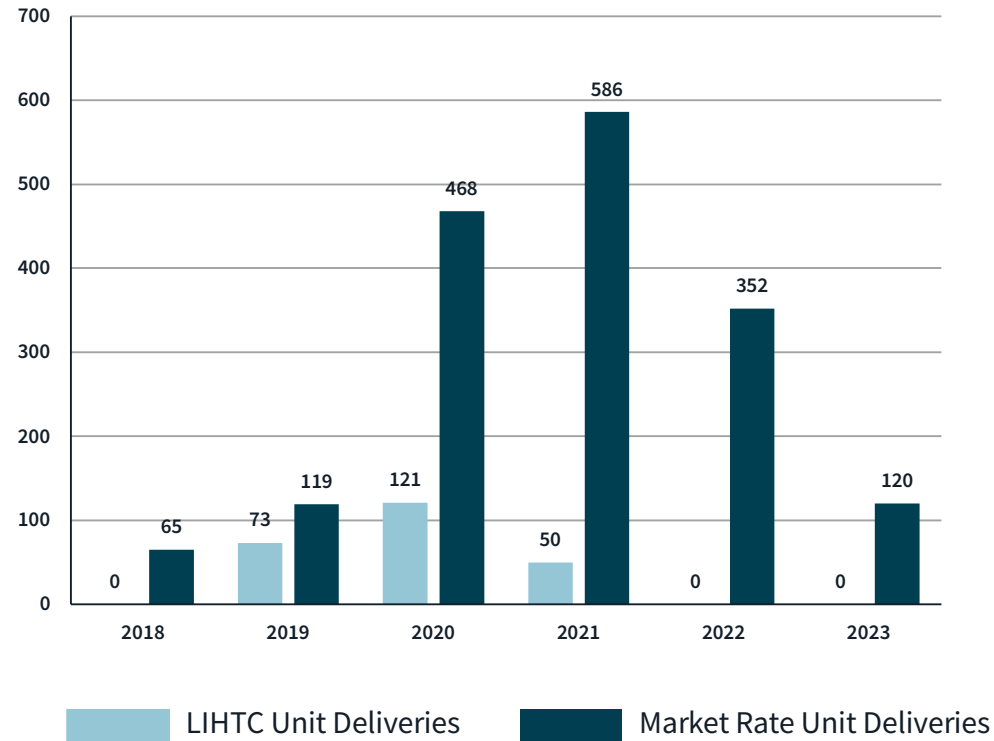
 **49%**
of Santa Fe Renters are Cost-Burdened

 **Zero**
New LIHTC Units Delivered 2021 - Present

HOUSING COST BURDEN BY INCOME GROUP

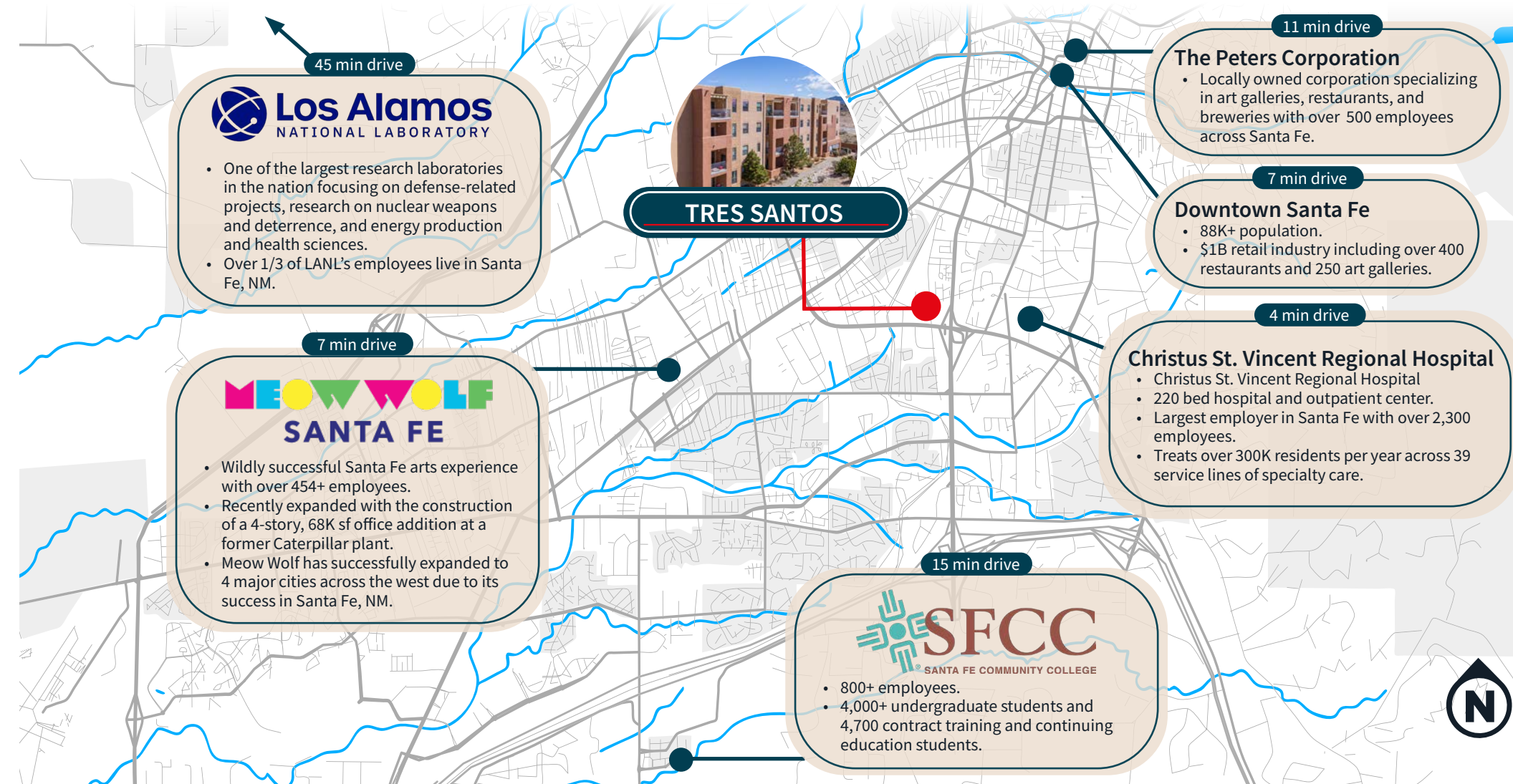


SANTA FE MARKET-RATE DELIVERIES VS LIHTC DELIVERIES



Proximity to Economic Drivers & Ease of Access

Residents of Tres Santos Apartments enjoy unparalleled connectivity to major job and arts & entertainment centers in the city of Santa Fe. The Property is just a 4 minute drive from the largest employer in the county - Christus St. Vincent Regional Hospital. Additionally, because of the city's proximity to Los Alamos National Laboratory (LANL), 45 miles away, scientific research has also become a factor. Operated by the University of California for the U.S. Department of Energy, LANL is one of the largest research laboratories in the nation.



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***The outbreak of the COVID-19 virus (novel coronavirus) since the end of January 2020 has resulted in market uncertainty and volatility. While the economic impact of a contagion disease generally arises from the uncertainty and loss of consumer confidence, its impact on real estate values is unknown at this stage. Given the prevailing domestic and global uncertainty arising from the Coronavirus, we recommend that the intended recipients of this information regularly seek our guidance.*