

September 25, 2025

Rosalio Banuelos
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, Texas 78701

Subject: Explanation of Increased Credit Amount

Dear Rosalio,

On behalf of the ownership team, we would like to address the recent request regarding the increased amount of tax credits for the Wildhorse Flats development.

The increase in credits is driven by two primary factors:

1. **Change in the applicable credit rate.** At the time the project was originally underwritten, the credit rate was assumed to be 3.23%, reflecting the prevailing conditions and guidance available. However, the Consolidated Appropriations Act of 2021 amended Internal Revenue Code (IRC) Section 42(b) to establish a minimum 4% credit rate for qualifying Low-Income Housing Tax Credit (LIHTC) projects. As a result, the applicable rate for this project has been locked at 4%.
2. **Increased eligible basis.** During the course of development, overall project costs increased, resulting in a higher qualified basis than originally projected. These costs were necessary to complete the project in compliance with program requirements and ensure the long-term quality and viability of the property.

The combined effect of these changes results in the following adjustments:

	Original (3.23%)	Revised (4.00%)
Eligible Basis	\$66,352,890	\$69,782,200
Annual Credit Allocation	\$ 2,781,346	\$ 3,628,674
10-Year Total Credits	\$27,813,460	\$36,286,740

To provide clarity on the increased eligible basis, the table below details the variance in total eligible costs:

Cost Category	Original Estimate	Final Cost	Variance
Hard Costs	47,262,503	48,217,568	955,065
Soft Costs	5,549,088	6,007,180	458,092
Developer Fee	8,654,725	9,102,136	447,411
Financing	4,886,574	6,455,316	1,568,742
Total Eligible Basis	66,352,890	69,782,200	3,429,310

These adjustments reflect a combination of statutory changes to the LIHTC program and the actual cost profile of the completed development. Together, they strengthen the project's financial position and ensure its long-term sustainability.

We appreciate your partnership and continued support as we move toward finalizing the 8609 process. Please let us know if you require any further information or documentation to confirm this increase.

Sincerely,



C. Hunter Nelson
Managing Member
ECG Wildhorse SLP, LLC