

August 21, 2025

Cody Campbell  
Director of Multifamily Finance  
P.O. Box 13941  
Austin, Texas 78701-3941

Re: HTC 24168 The Bryan – Force Majeure Extension Request

Dear Mr. Campbell:

I am writing today to submit a force majeure request for a 9% Housing Tax Credit development, The Bryan, which was awarded in 2024. We are currently experiencing various forms of force majeure events that make progressing our project forward, challenging.

At the time of the 2024 application submittal, many of the disruptions caused by COVID-19 in the housing industry had begun to stabilize. However, since then, the Developer has faced significant and compounding financial challenges, including new increases in construction costs, declining equity pricing, and rising interest rates, all of which have created a substantial budget gap.

One of the primary drivers of increased construction costs has been the uncertainty concerning tariffs on key building materials. Cost increases due to tariffs have had widespread impact across the construction industry. In response, the developer sought competitive bids from multiple contractors to mitigate costs, but even the most favorable estimates were still significantly higher than those available at the time of the original application.

As a result of the construction cost increases, the developer now requires a larger loan to close the funding gap. At the time of the original application, a letter of intent was secured for financing at a 6.25% interest rate. That rate has since increased to 7.10% during the construction period and 6.88% during the permanent period, adding further pressure to the project's financial feasibility. Compounding the situation is a significant drop in equity pricing. While equity was originally priced at \$0.90 per tax credit dollar, the highest offer available now is \$0.84, representing an 6.7% decline in equity proceeds.

These converging factors have resulted in unforeseen and unprecedented financial strain since the application was submitted. The Applicant has worked diligently to adjust to these conditions, explore all viable funding options, and preserve the financial viability of the project. The

application is currently infeasible as submitted in the original application. In order to preserve tax base for the local municipality and avoid requesting a 100% property tax exemption for the development, an amendment has been submitted to lower costs so that the development will be financially feasible.

The developer has had numerous meetings with the City of Mission regarding this amendment and the proposed changes, and the City is still very supportive of the development. Please see the attached letter from Mr. Mike R. Perez, City Manager of the City of Mission, regarding leadership's support, as well as the attached letter from Mr. Xavier Cervantes, Director of Planning, regarding subdivision approval timing for the new site plan. The developer has been working with the City and will be able to obtain the necessary approvals and permits.

The delays associated with the unpredictable financial markets, redesigning the development to make it feasible, and working through the amendment process has delayed the closing of the deal to the point that the Force Majeure is now needed to ensure a Placed in Service date that the developer can meet. These delays were not due to the negligent or willful acts or omission of the Development Owner, Affiliate, or Related Party. They were out of our control and while we do what is within our control to mitigate or prepare for these events, we cannot always plan and prepare for everything.

Thank you for your attention and consideration of this amendment request. If this Force Majeure is approved, the developer is prepared to close in December 2025 and begin construction shortly thereafter.

We appreciate your time and consideration of this matter. Please contact Sarah Anderson directly if you have any questions regarding this request.

Sincerely,

A handwritten signature in black ink that reads "Sarah Anderson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Sarah Anderson  
S. Anderson Consulting  
1305 E. 6<sup>th</sup> St., Ste 12  
Austin, TX 78702  
512-554-4721



CITY OF  
**MISSION**

*Norie Gonzalez Garza, Mayor  
Ruben Plata, Mayor Pro-Tem  
Jessica Ortega, Councilwoman  
Marissa Ortega Gerlach, Councilwoman  
Alberto Vela, Councilman  
Mike R. Perez, City Manager*

May 14, 2025

Bobby Wilkinson  
Executive Director  
TDHCA  
221 East 11th Street  
Austin, TX 78701

RE: TDHCA Application #24168 The Bryan

Dear Mr. Wilkinson,

I am writing this letter in support of the amendment request for #24168 The Bryan. There is a great need for affordable housing in the City of Mission. When representatives of the Rufino Contreras Affordable Housing Corporation, the Texas subsidiary of the Cesar Chavez Foundation, met with us last year about this project, we were very supportive because our city had not had any new construction housing tax credit developments in years. From 2019 through 2023, the City of Mission had received only two Housing Tax Credit awards and they were for existing affordable housing: one was the rehabilitation of 99 existing single-family homes already covered by a HAP contract and the other was the reconstruction of public housing. We were excited when The Bryan received an award of Housing Tax Credits last July because it would be the first brand new affordable units added to our city since 2017.

We have had several discussions with the developer since that award and understand the financial challenges concerning the development given the current economy. They have come to us with a proposal to reduce the number of units along with other changes that would enable the development to move forward. I want to emphasize that we are still very supportive of The Bryan and urge you to approve this amendment request. Our City is also searching for ways that it can provide financial support to this project in the event that it needs additional funds.

Please approve The Bryan's amendment request so that we can all work together to bring affordable housing to Mission.

Sincerely,

Mike R. Perez  
City Manager



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Marissa Ortega Gerlach, Councilwoman  
Alberto Vela, Councilman  
Mike R. Perez, City Manager*

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June 6, 2025

Michael J. Blum  
Real Estate Broker  
NAI Rio Grande Valley  
800 W. Dallas Ave, McAllen, TX 78501

Dear Mike:

Our meeting yesterday with the subdivision review committee regarding the project named "BRYAN DEVELOPMENT" went very well.

Due to not seeing any major infrastructure concerns with the project you presented I have determined that your project qualifies as a short-form subdivision under Section 98-303 of our subdivision ordinance.

That means that the 3-lot proposed subdivision can be processed administratively and could potentially get recorded in 4 to 8 weeks.

Please proceed with your application to the Texas Department of Housing and Community Affairs for the processing of the low-income housing development.

If you have any questions, please feel free to call me at your convenience at (956) 580-8671.

Respectfully,

Xavier Cervantes, AICP, CPM  
Director of Planning