



National Community Renaissance of Texas, Inc.

December 9, 2025

**VIA E-MAIL**

Cody Campbell  
Josh Goldberger  
Texas Department of Housing and Community Affairs  
Asset Management Division  
221 East 11th Street, Austin, Texas 78701

**Re: PLACEMENT IN SERVICE EXTENSION REQUEST  
Bailey at Stassney (TDHCA No. 24018)**

This letter is a request to extend the Project's current placed in service deadline from June 30, 2027 to December 31, 2027. The Project received approval for a return and re-issuance of credits under the force majeure provisions of the QAP in June of this year. Since that time, the Project experienced delays relating to the financial underwriting and permitting process, as further detailed below and in the attached exhibits, and is now targeting a closing in early January 2026. This delay causes the construction timeline to extend past the tolerance threshold for the investor and lender.

The Bailey at Stassney development is a deeply needed supportive housing community designed to serve individuals experiencing or at risk of homelessness, youth aging out of foster care, and other vulnerable households who require service-enriched, deeply affordable housing. As a development awarded under TDHCA's Supportive Housing Set-Aside, the long-term feasibility of this project—and its ability to serve its intended population—relies on the successful layering of multiple public and private funding sources, each of which plays a critical role in the overall financial structure.

One of the most essential components of this structure is the City of Austin's Homeless Strategy Office (HSO) grant, totaling \$2.25 million over 15 years (\$150,000 annually). The addition of the HSO grant to the financial structure came about after the previous force majeure extension and is intended to fill a gap due to the capped rents and higher vacancies assumed in the investor's underwriting. These funds will directly support the comprehensive, trauma-informed supportive services that will be provided to the vulnerable populations in this supportive housing development. Without this grant, the development would be unable to fund these supportive services from operating income while also maintaining debt service. Thus, the HSO grant is not supplemental; it is foundational to the financial feasibility and long-term stability of the development.



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### **Impact of City Council Delays**

Although the HSO grant award itself was administratively confirmed earlier this year, the formal approval of the grant agreement was repeatedly delayed by the City Council. The item was originally anticipated for the November 6, 2025 agenda, then moved to November 20, and ultimately pushed to December 11, 2025. These delays were entirely outside of our control and directly impacted our ability to satisfy the conditions required by our financial partners.

Furthermore, even with the December 11 Council approval, the City's Homeless Strategy Office advised us that the fully executed agreement will not be available until after January 19, 2026. This timing misalignment created a significant financing challenge: our equity and lending partners require the *executed* agreement—not merely Council approval—to release substantial capital into the deal. At the same time, the delays in the City Council approval have pushed out closing and the completion date for the Project such that placement in service is now projected to occur after March 2027, which provides for less contingency in the schedule than the syndicator and its upper tier investor are comfortable with.

### **Equity and Lending Partner Requirements**

Both Red Stone Equity Partners (syndicator) and JP Morgan (upper-tier investor) are requiring that two conditions be met before they can release the full equity pay-ins needed to sustain construction:

1. A fully executed HSO grant agreement; and
2. An approved placed-in-service extension beyond June 30, 2027.

These conditions reflect the current market dynamics in Austin, where investors are observing soft lease-up performance, elevated vacancies, capped underwriting rents below LIHTC limits, and increased caution across their portfolios. Their plan and cost reviewers also required extended due diligence—including reevaluation of site conditions and construction assumptions—which contributed to additional city review submittals and timeline delays. We have included a project timeline as Exhibit A to this letter that provides further details on these delays and their impact on the closing process.

### **Closing With Limited Equity Due to HACA Deadlines**

To honor the January 31, 2026 construction commencement deadline set by the Housing Authority of the City of Austin (HACA)—which is necessary to preserve the project's awarded HCV and VASH vouchers—we are proceeding to close on January 7, 2026.

However, in order to meet HACA's timeline, we are closing with a limited initial equity pay-in of \$500,000, instead of the originally anticipated \$2.369 million. This abbreviated contribution is only temporary, but it underscores how urgently the equity partners need



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the placed-in-service date extended before fully funding their commitments. Attached hereto as Exhibit B are letters from the syndicator and lender confirming their readiness for closing and outlining their requests relating to the placed in service deadline.

### **Necessity of the Additional Placed-in-Service Extension**

By pushing all partners to close prior to seeking this extension—out of respect for the Board’s priorities—we have now reached a point where the additional placed-in-service extension is essential for the following reasons:

- It provides the schedule certainty demanded by Red Stone and JP Morgan in the current market environment.
- It allows the substantial equity contributions to flow into the deal.
- It ensures construction can continue without disruption beyond the limited funds available at initial closing.

•

In short, the extension is now a financing trigger required to sustain construction continuity and deliver the 104 deeply affordable supportive housing units well within the final placed-in-service deadline.

### **Our Commitment**

We remain fully committed to delivering this project in a timely manner and fulfilling the intent and requirements of the Supportive Housing Set-Aside. We have worked diligently with the City of Austin, TDHCA, our equity partners, our lender, and our service provider to structure a viable, high-impact development that responds directly to Austin’s most urgent housing needs.

With approval of this placed-in-service extension—paired with the imminent execution of the HSO grant agreement—we are positioned to move forward without delay and bring these much-needed units online for the community.

We appreciate the Board’s consideration and continued support.

*Oscar Paul*

Oscar Paul  
Senior Development Manager  
National Community Renaissance



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## Exhibit A Project Timeline



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## **Project Timeline for Bailey at Stassney – PIS Extension Request**

### **Original Extension Approval:**

- **June 12, 2025:** TDHCA Board approved our initial placed-in-service extension request, extending the PIS deadline from **12/31/2026 to 6/30/2027**.

### **Underwriting and Funding Delays:**

- **July–November 2025:** Following the extension approval, significant delays arose due to Red Stone and JP Morgan’s extremely cautious underwriting. They applied capped rents and assumed high vacancies, which required us to secure additional funding. This led us to pursue the \$2.25 million grant from the City of Austin's Homeless Strategy Office (HSO) to fill the financial gap.
- Additionally, Red Stone and JP Morgan’s plan and cost review teams disagreed with our engineer regarding site conditions and construction requirements. This resulted in additional review cycles and multiple resubmissions to the City of Austin, extending our permitting timeline. A will-issue letter for the permits has now been received.

### **HSO Grant Approval Process:**

- **November 2025:** The HSO grant approval, originally set for early November, was postponed multiple times. The City Council hearing moved from November 6 to November 20 and was ultimately held on **December 11, 2025**.
- **December 2025:** Even with the December 11 approval, we were informed by the Homeless Strategy Office that the grant agreement would not be signed until after **January 19, 2026**.

### **Current Status and Need for Additional Extension:**

- **January 7, 2026:** We are scheduled to close and begin construction by this date. However, due to the cautious approach of our equity partners, we are only receiving a limited initial equity pay-in of **\$500,000** instead of the anticipated **\$2.369 million**.
- We are requesting this additional placed-in-service extension to provide a cushion that will allow our investors to release the full equity once the supportive services agreement is signed and the placed-in-service date is extended. This request is driven by factors beyond our control, including investor underwriting conservatism and extended municipal review timelines.



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Exhibit B  
Syndicator and Lender Letters



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**December 4, 2025**

Cody Campbell  
Texas Department of Housing and Community Affairs  
221 East 11th Street  
Austin, TX 78701

**RE: Support for Placed in Service Extension – Bailey at Stassney**

Dear Mr. Campbell:

On behalf of Red Stone Equity Partners, we are writing in support of a request submitted by the development team for Bailey at Stassney, a 104-unit affordable and supportive housing community located in Austin, Texas, seeking an extension of its state mandated placed in service deadline.

The due diligence process is materially complete, the transaction structure, financial projections and project documents are in substantially final form. We are nearing the end of the closing process, currently expected to occur on January 16<sup>th</sup> with construction to commence shortly thereafter. However, the current outside placed in service date which was extended previously to 6/30/27 does not provide any contingency to the current estimated substantial completion date. Additionally, the construction schedule and contract do not provide for any allowances for weather delays or unforeseen conditions outside of the contractors control. We understand the outside federal placed in service date to be 12/31/27, including the carryover year. Our request is to extend the state mandated placed in service date to match the federal requirement and allow for 6 months of schedule contingency.

Extension of the placed in service date is a requirement of our upper tier investor to close in to the transaction and we will be unable to proceed with closing without resolution.

We appreciate your consideration of this request and your continued support for developments like Bailey at Stassney that serve Texas' most vulnerable populations. Please do not hesitate to contact me at [matt@rsequity.com](mailto:matt@rsequity.com) or 858.752.2066 should you have any questions regarding our role in the project or this request.

Sincerely,

A handwritten signature in blue ink, appearing to read 'MG' or '23'.

Matt Grosz  
Managing Director and Deputy Chief Investment Officer

**Date:** December 8, 2025

**To:** Texas Department of Housing and Community Affairs (TDHCA) Board

**Re:** Bailey at Stassney – Placed-in-Service Extension Request Support

Dear TDHCA Board Members,

Citi Community Capital will be the construction lender and designated underwriter and servicer for the Freddie Mac permanent loan for Bailey at Stassney. We are providing this letter in support of an extension of the placed-in-service date from June 30, 2027, to December 31, 2027.

The financing team is working diligently to close Bailey at Stassney this upcoming January. The current construction schedule from the general contractor has a 15-month construction period, which puts the completion date at end of March 2027. We understand that the upper tier investor in the transaction has a closing requirement that the expected completion date has a few month time buffer to the place-in-service date. Our project currently does not meet the buffer that is required for the upper tier investor to close and fund. Due to this reason, we are asking for an extension in the place-in-service date to December 31, 2027, so that we can close with all financing parties and commence construction on the project to bring much needed affordable and permanent supportive housing units to the City of Austin.

We appreciate your consideration of this request. Please do not hesitate to contact me should you have any questions regarding our role in this transaction or request.

Thank you for your attention to this matter.

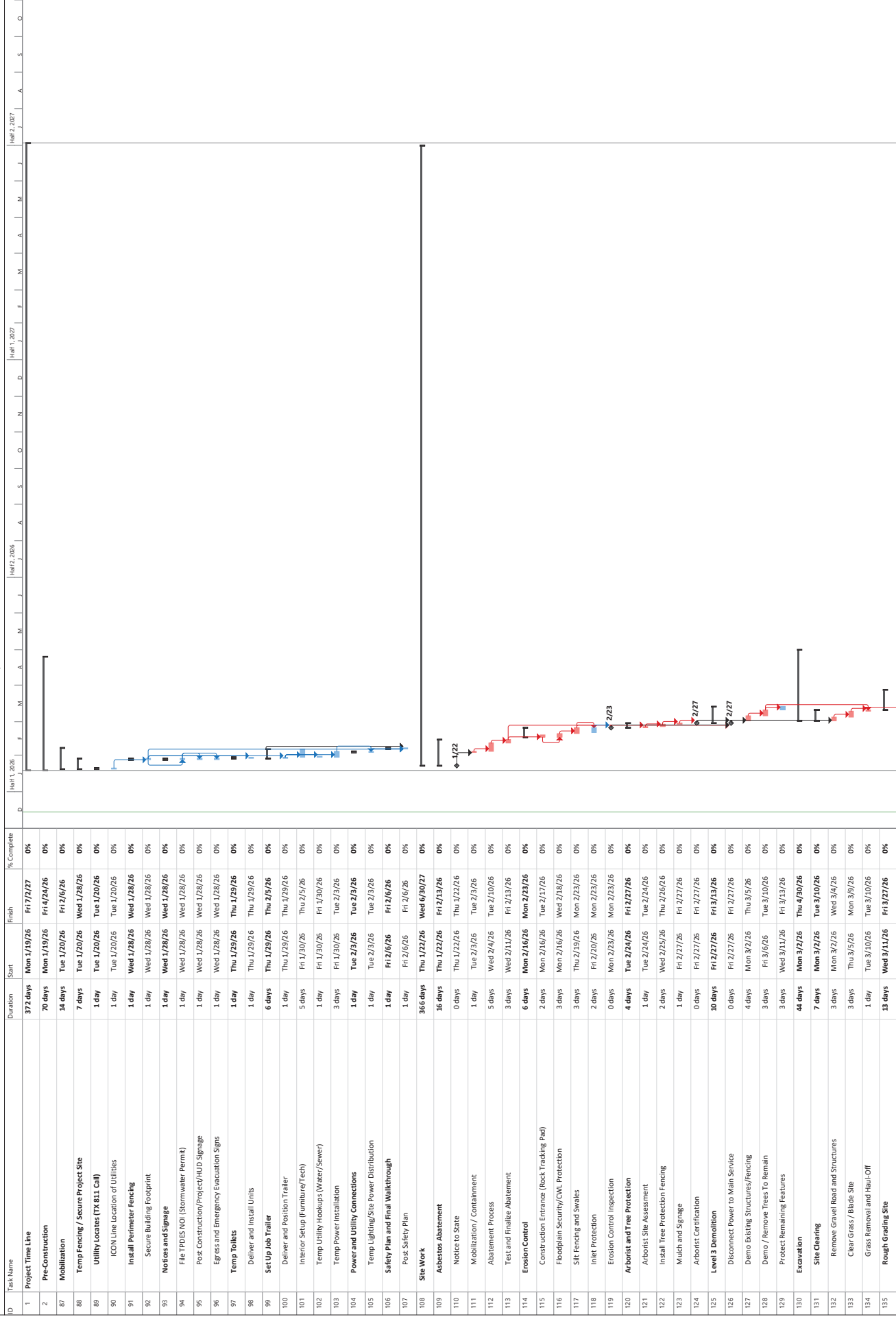
Sincerely,

Citi Community Capital



Mahesh Aiyer  
Managing Director







Task

Split

Milestone

Summary

Project Summary

Inactive Task

Inactive Milestone

Inactive Summary

Manual Task

Duration-only

Manual Summary Rollup

Manual Summary

Start-only

Finish-only

External Tasks

Critical Split

Progress

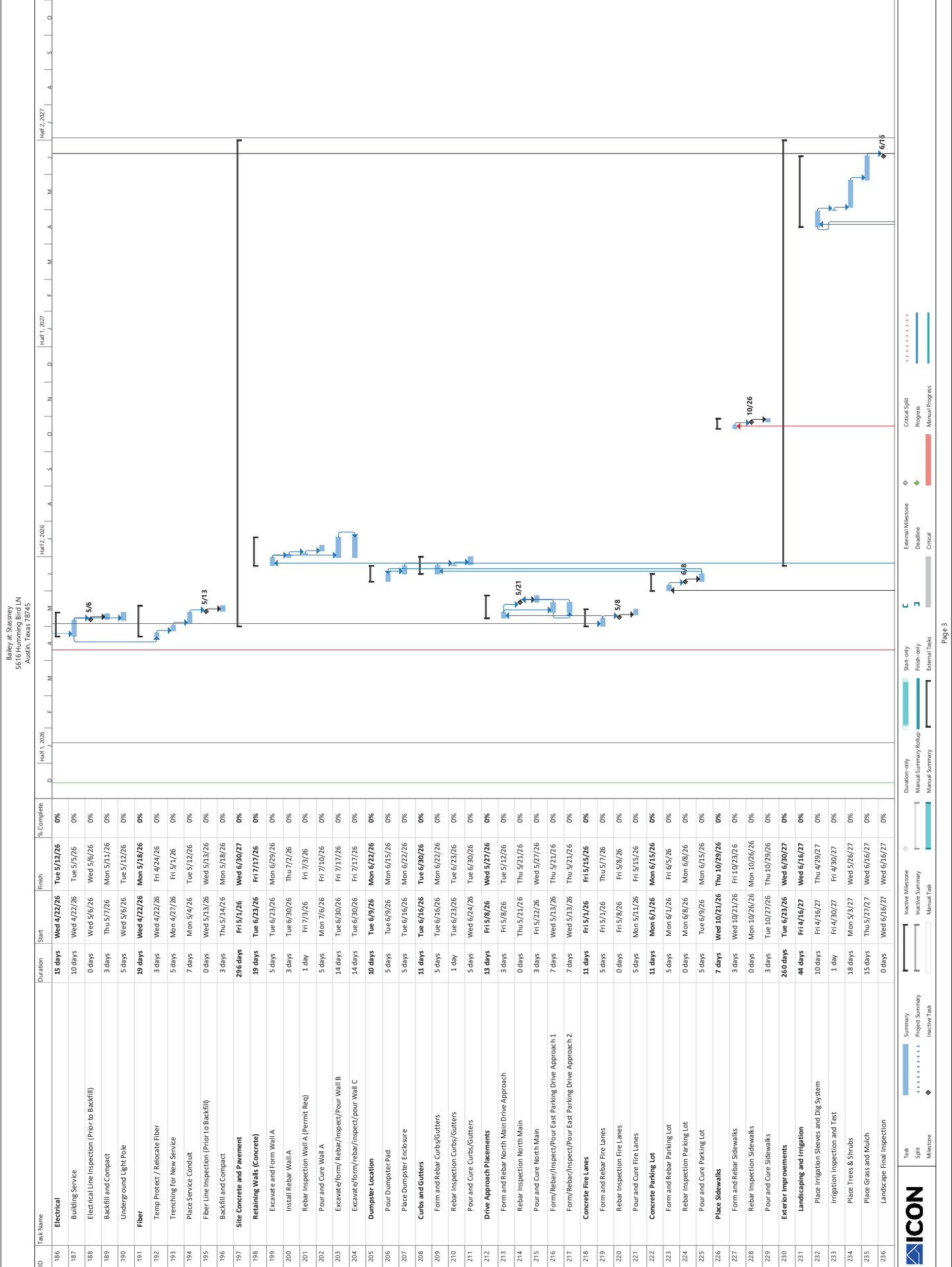
Manual Progress

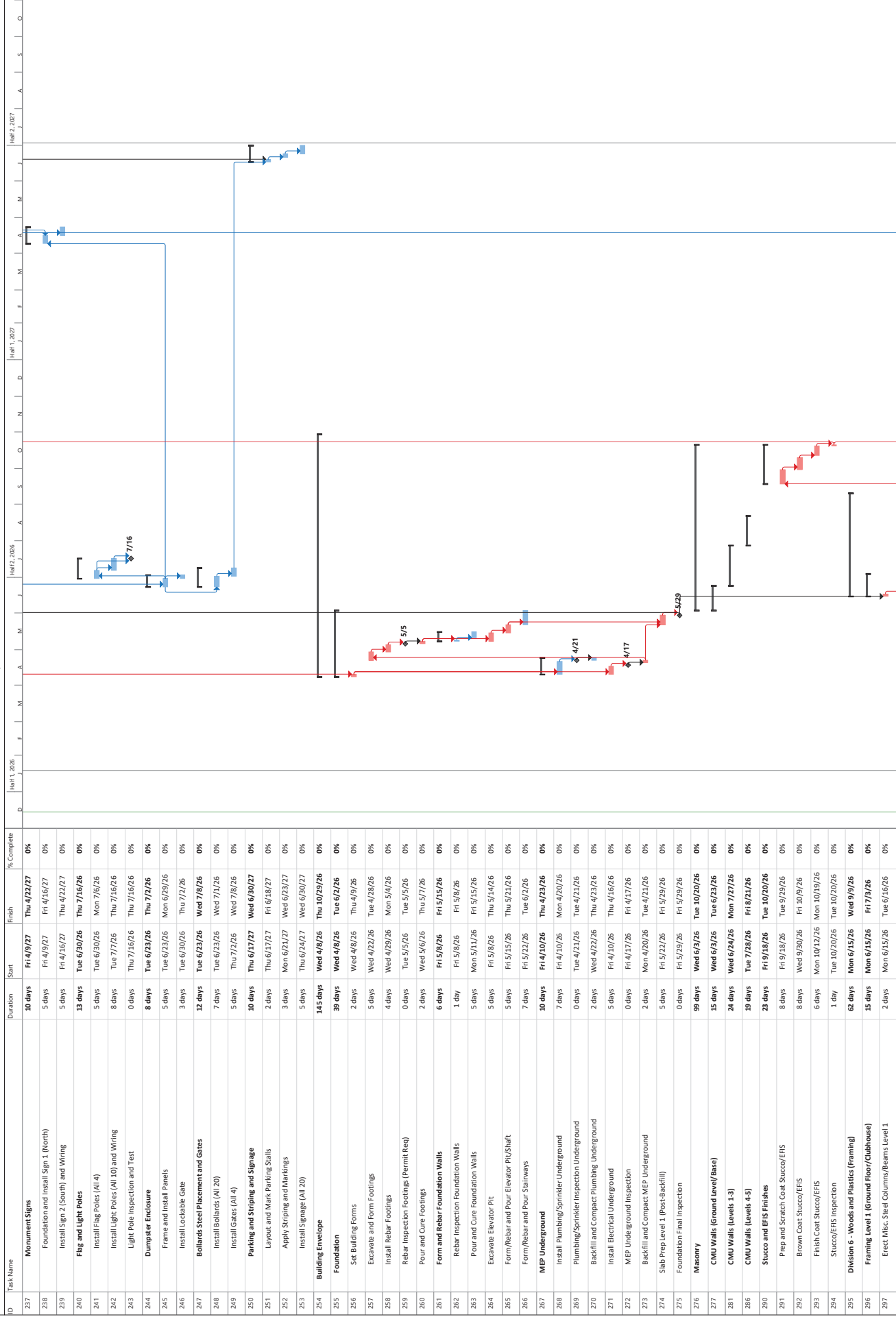
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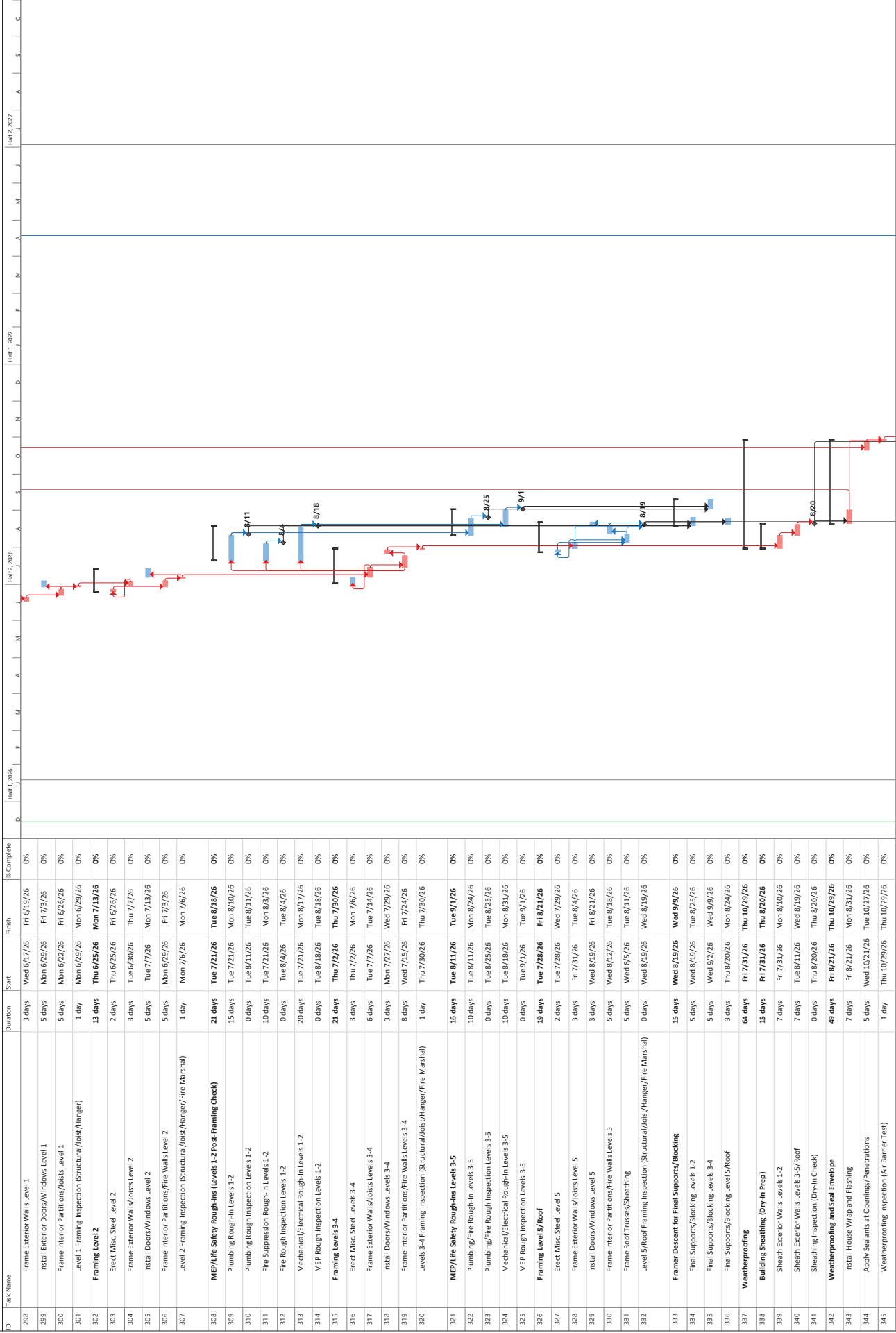
Deadline

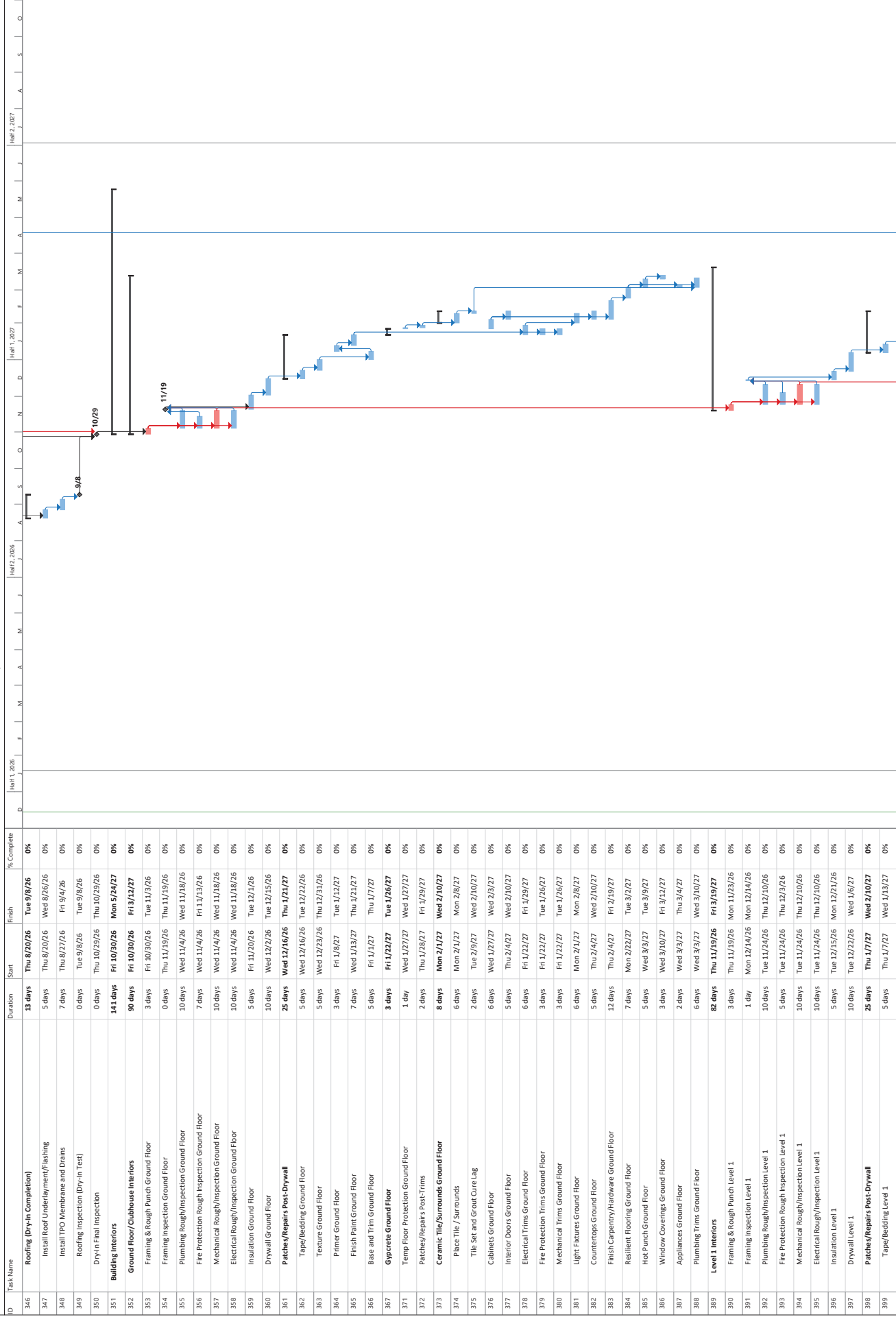
Critical

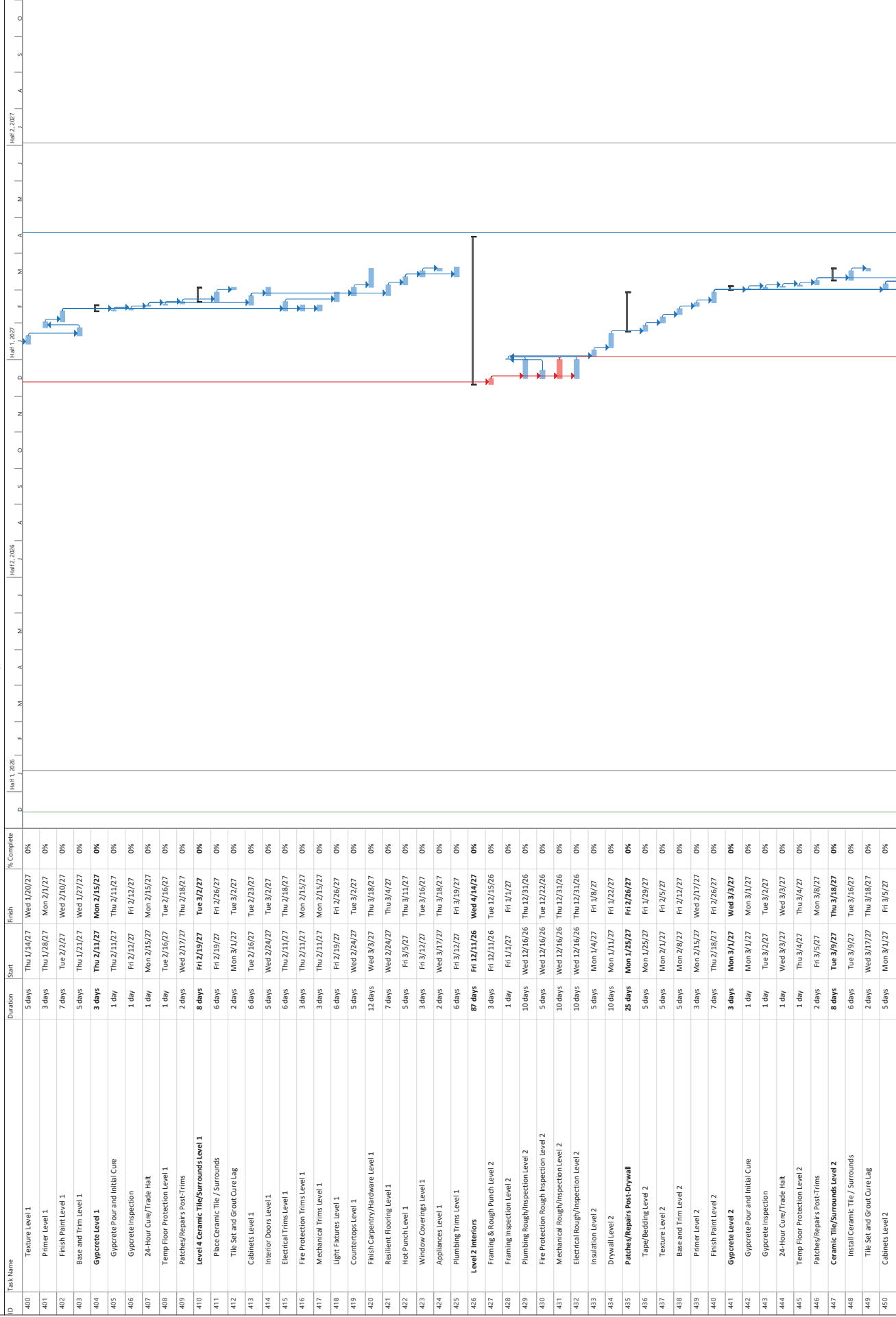
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136	Building Slab Area	5 days	Wed 3/11/26	Tue 3/17/26	0%
137	Parking and Driveway Areas [North West]	4 days	Wed 3/18/26	Mon 3/23/26	0%
138	Parking and Driveway Areas [South East]	4 days	Tue 3/24/26	Fri 3/27/26	0%
139	<b>Final Grading</b>	<b>24 days</b>	<b>Mon 3/30/26</b>	<b>Thu 4/30/26</b>	<b>0%</b>
140	Building Foundation	7 days	Mon 3/30/26	Tue 4/7/26	0%
141	Fire Lanes	5 days	Wed 4/8/26	0%	0%
142	Parking Lot	5 days	Wed 4/15/26	Tue 4/21/26	0%
143	Landscape Areas	7 days	Wed 4/22/26	Thu 4/30/26	0%
144	<b>Utilities</b>	<b>310 days</b>	<b>Mon 3/30/26</b>	<b>Wed 6/16/27</b>	<b>0%</b>
145	<b>Water</b>	<b>310 days</b>	<b>Mon 3/30/26</b>	<b>Wed 6/16/27</b>	<b>0%</b>
146	Trenching / Excavation	5 days	Mon 3/30/26	Fri 4/3/26	0%
147	Place Fire Line	5 days	Mon 4/6/26	Fri 4/10/26	0%
148	Water Line Inspection (Prior to Backfill)	0 days	Mon 4/13/26	Mon 4/13/26	0%
149	Backfill and Compact	5 days	Tue 4/14/26	Mon 4/20/26	0%
150	Run Domestic Water	7 days	Mon 4/6/26	Tue 4/14/26	0%
151	Domestic Water Line Inspection (Prior to Backfill)	0 days	Wed 4/15/26	Wed 4/15/26	0%
152	Backfill and Compact	3 days	Thu 4/16/26	Mon 4/20/26	0%
153	Set Meter and Bases	0 days	Wed 6/16/27	Wed 6/16/27	0%
154	<b>Sanitary Sewer</b>	<b>18 days</b>	<b>Mon 4/6/26</b>	<b>Wed 4/29/26</b>	<b>0%</b>
155	Trenching / Excavation	5 days	Mon 4/6/26	Fri 4/10/26	0%
156	Set Manholes	3 days	Mon 4/13/26	Wed 4/15/26	0%
157	Place Lines	5 days	Thu 4/16/26	Wed 4/22/26	0%
158	Sanitary Sewer Line/Manhole Inspection (Prior to Backfill)	0 days	Thu 4/23/26	Thu 4/23/26	0%
159	Backfill and Compact	3 days	Fri 4/24/26	Tue 4/28/26	0%
160	City and Street Tap	1 day	Wed 4/29/26	Wed 4/29/26	0%
161	<b>Storm Line / Rain Gardens</b>	<b>45 days</b>	<b>Wed 4/29/26</b>	<b>Wed 7/1/26</b>	<b>0%</b>
162	<b>Rain Garden A</b>	<b>16 days</b>	<b>Wed 4/29/26</b>	<b>Wed 5/20/26</b>	<b>0%</b>
163	Rain Garden 1 (North) - Excavate and Grade	3 days	Wed 4/29/26	Fri 5/1/26	0%
164	Rain Garden 1 (North) - Amend Soil/Underdrain	5 days	Mon 5/4/26	Fri 5/8/26	0%
165	Rain Garden 1 (North) - Install Overflow/Storm Lines	4 days	Mon 5/11/26	Thu 5/14/26	0%
166	Rain Garden 1 (North) - Plant Vegetation	2 days	Fri 5/15/26	Mon 5/18/26	0%
167	Rain Garden 1 (North) - Mulch and Initial Inspection	2 days	Tue 5/19/26	Wed 5/20/26	0%
168	<b>Rain Garden B</b>	<b>14 days</b>	<b>Thu 5/21/26</b>	<b>Wed 6/10/26</b>	<b>0%</b>
169	Rain Garden 2 (South) - Excavate and Grade	3 days	Thu 5/21/26	Tue 5/26/26	0%
170	Rain Garden 2 (South) - Amend Soil/Underdrain/Overflow/Storm Lines/Mulch/Inspection	5 days	Wed 5/27/26	Tue 6/2/26	0%
171	Rain Garden 2 (South) - Install Overflow/Storm Lines	4 days	Wed 6/3/26	Mon 6/8/26	0%
172	Rain Garden 2 (South) - Plant Vegetation	2 days	Tue 6/9/26	Wed 6/10/26	0%
173	<b>Rain Garden C</b>	<b>16 days</b>	<b>Wed 4/29/26</b>	<b>Wed 5/20/26</b>	<b>0%</b>
174	Rain Garden 3 (North) - Excavate and Grade	3 days	Wed 4/29/26	Fri 5/1/26	0%
175	Rain Garden 3 (North) - Amend Soil/Underdrain	5 days	Mon 5/4/26	Fri 5/8/26	0%
176	Rain Garden 3 (North) - Install Overflow/Storm Lines	4 days	Mon 5/11/26	Thu 5/14/26	0%
177	Rain Garden 3 (North) - Plant Vegetation	2 days	Fri 5/15/26	Mon 5/18/26	0%
178	Rain Garden 3 (North) - Mulch and Initial Inspection	2 days	Tue 5/19/26	Wed 5/20/26	0%
179	Protect Rain Gardens	2 days	Thu 5/21/26	Fri 5/22/26	0%
180	Retaining Walls Around Rain Gardens (Concrete)	15 days	Thu 6/11/26	Wed 7/1/26	0%
181	Trenching / Excavation	5 days	Wed 5/27/26	Tue 6/2/26	0%
182	Set Manholes	2 days	Wed 6/3/26	Thu 6/4/26	0%
183	Place Lines	5 days	Fri 6/5/26	Thu 6/12/26	0%
184	Storm Line Inspection (Prior to Backfill)	0 days	Fri 6/12/26	Fri 6/12/26	0%
185	Backfill and Compact Storm Lines	5 days	Mon 6/15/26	Fri 6/19/26	0%











Task

Split

Milestone

Summary

Project Summary

Inactive Task

Inactive Milestone

Inactive Summary

Manual Task

Duration-only

Manual Summary Rollup

Manual Summary

Start-only

Finish-only

External Tasks

External Milestone

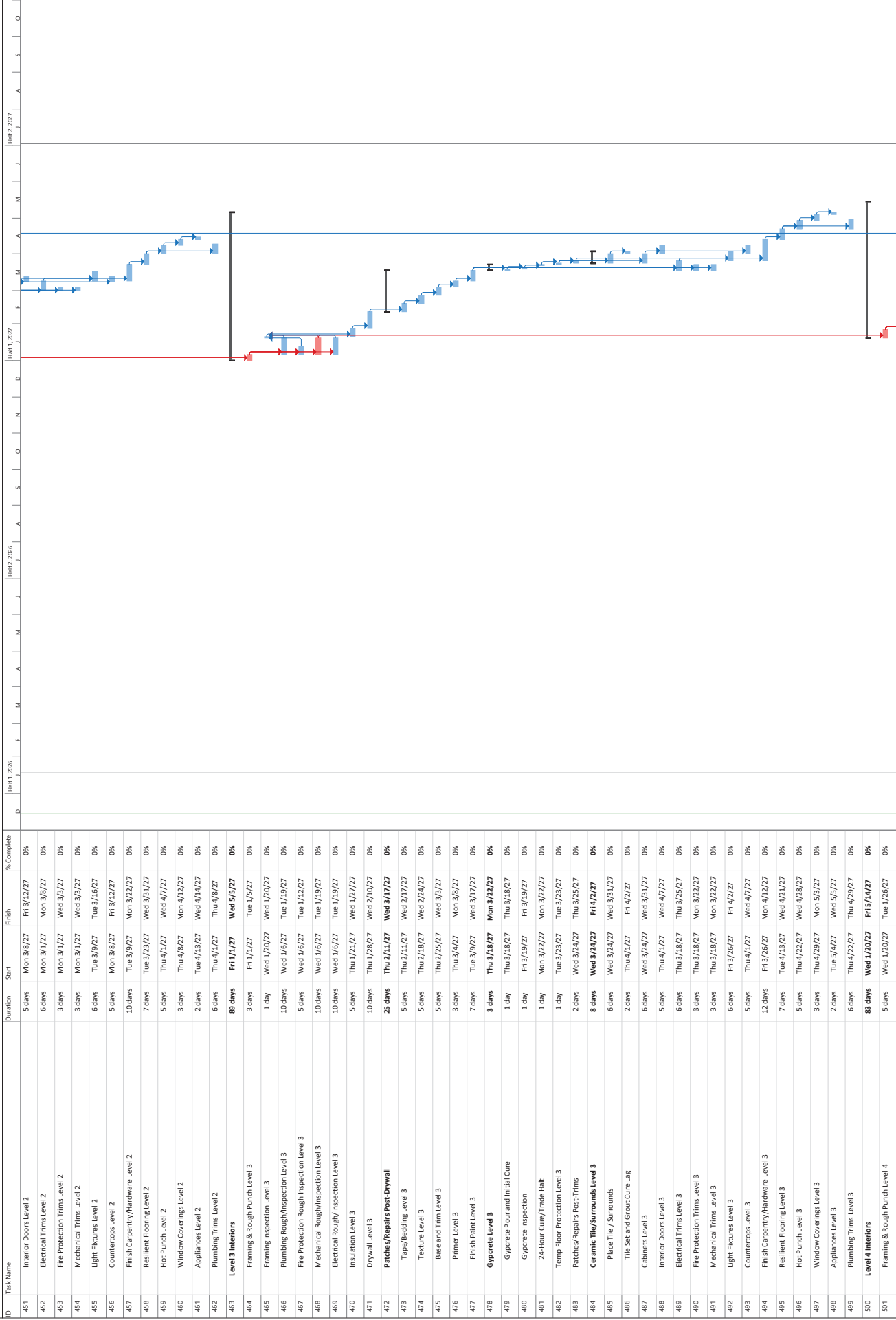
Deadline

Critical

Critical Split

Progress

Manual Progress





Task

Split

Milestone

Summary

Project Summary

Inactive Task

Inactive Milestone

Inactive Summary

Manual Task

Duration-only

Manual Summary Rollup

Manual Summary

Start-only

Finish-only

External Tasks

External Milestone

Deadline

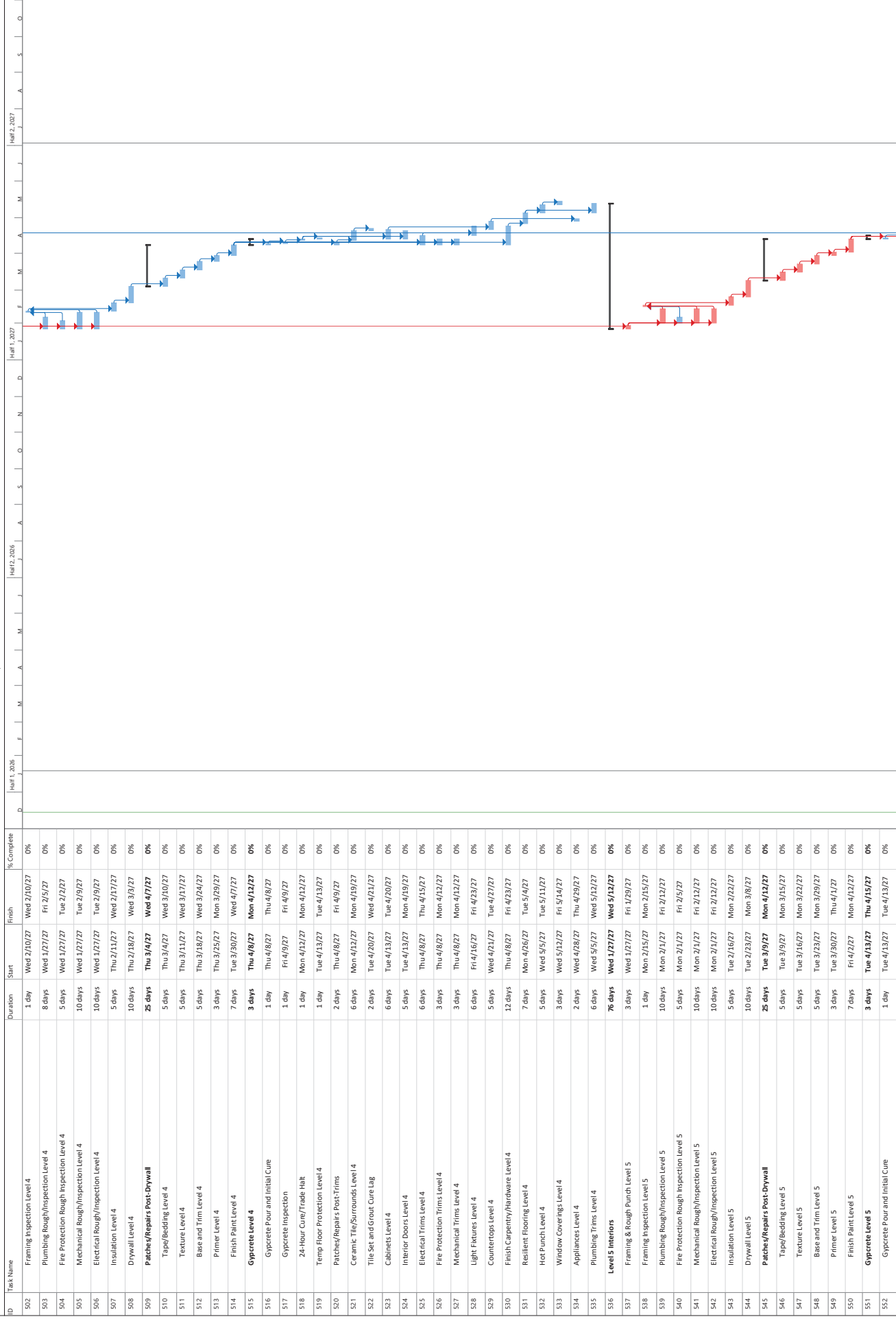
Critical

Critical Split

Progress

Manual Progress





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Milestone

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Project Summary

Inactive Task

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Inactive Summary

Manual Task

Duration-only

Manual Summary Rollup

Manual Summary

Start-only

Finish-only

External Tasks

External Milestone

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Critical Split

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Manual Progress

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Manual Progress

