

3/27/2024

Rosalio Banuelos, Director of Multifamily Asset Management
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

Re: Norwood Estates #19407 – Request for Additional Tax Credits

Mr. Banuelos,

The Determination Notice issued on 10/19/2019 for the above referenced application reflected an Annual Tax Credit Amount of \$1,467,918. The final Eligible Basis of \$46,755,423 (Adjusted \$60,782,049) now calculates an Annual Tax Credit amount of \$2,431,282 which is approximately 65% higher. Per TDHCA rules any increase over 20% from the initial must be approved by the board. Therefore, LDG is formally requesting the additional credits due to unavoidable obstacles and increased costs during the construction of this development.

Below are some of the main reasons for the cost increases since the time of the initial application:

Construction Costs:

- Direct construction costs were underestimated at the time of application as we did not have actual construction bids at that time. Therefore, Building Costs and Site Work Costs had significant variances from the time of initial application. Additionally, there were several change orders which also increased the direct construction costs. These change orders are included within the Cost Cert package.
- Lumber/Trim had a significant price escalation during this timeframe.
- Revised Grading Plan: Additional grading, imported soils to level the site, and the addition of concrete stem walls to accommodate the revised grading plan.
- Offsite Costs: The addition of previously unanticipated Offsite Costs to include retaining walls, grading, and concrete flatwork.
- General Conditions and Overhead costs increased due to lengthened schedule/construction delays from issues described in the following paragraph:

Construction Delays:

- The City of Austin added unanticipated offsite construction work to the permit prior to issuance. (+2 months delay)
- The City of Austin refused to issue a permanent water meter until the unexpected offsite construction was complete. (+5 months delay)
- Delay from Austin Energy as they were unable to provide transformers and meters. (+4 months delay)

- Engineering had to reissue grading plans for the project as errant grades were discovered during construction causing additional concrete for retaining walls and additional dirt haul off. (+5 months delay)
- Engineering encountered an extended delay in getting the detention pond details approved by the City of Austin. (+4 months delay)

Financing Costs:

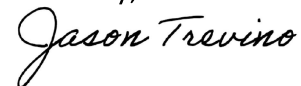
- Construction delays caused an increase to financing costs such as construction interest and financing fees.

Developer Fees:

- Developer fees are calculated at 15% of the project's eligible costs and this increase is a direct result of the increases detailed above.

Please let us know if you need any further information to process this request.

Sincerely,



Jason Trevino
LDG Development, LLC
512-578-8488