

10/3/2024

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

Re: The Ridge at Lancaster #21421 (20493) – Request for Additional Tax Credits

Mr. Banuelos,

The Determination Notice issued on 3/29/2021 for the above referenced application reflected an Annual Tax Credit Amount of \$2,707,319. The final Eligible Basis of \$70,496,267 (Adjusted \$91,645,147 and Qualified of \$82,323,685) now calculates an Annual Tax Credit amount of \$3,292,947 which is approximately 21.63% higher. These figures are supported by an Independent Auditor's Report which has been included in the Cost Certification Package. Per TDHCA rules any increase over 20% from the initial Tax Credit amount 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 and material price escalations 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.
- Soil Stabilization Redesign: a new stabilized design utilizing shotcrete increased design costs and delayed construction.
- The following redesigns significantly increased materials costs and labor costs:
 - Civil Engineering redesign of the grading and retaining walls required additional retaining walls to the project
 - Sanitary sewer and dry utility systems were redesigned post-closing
 - Paving and Perimeter Fence required improvements
 - Oncor electrical design changes were required
 - Water plan changes required additional irrigation pumps
- General Conditions and Overhead costs increased due to lengthened schedule/construction delays from issues described in the following paragraph:

Construction Delays:

- Civil Engineering redesign of the grading and retaining walls required additional retaining walls to the project (+2 months delay)
- The City of Dallas changed the offsite utility tie-in plan multiple times due to an unstable creek crossing (+5 months delay)
- The City of Dallas required wastewater line upgrades not associated with our permit before they released permanent water service. (+5 months delay)

Financing Costs:

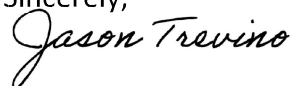
- Construction delays caused an increase to financing costs such as construction interest and financing fees.

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