

February 20, 2026

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

Re: Riverstone #20465 – Request for Additional Tax Credits

Mr. Banuelos,

The Determination Notice issued on 3/23/2020 for the above referenced application reflected an Annual Tax Credit Amount of \$2,349,942. The final Eligible Basis of \$65,230,846 (adjusted \$84,800,100) now calculates an Annual Tax Credit amount of \$3,128,212 which is approximately 33.12% 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.
- Public Improvements: a drainage issue related to a neighboring landowner was added after construction began.
- Final construction clean-up and equipment rentals (dumpsters) were erroneously excluded from the costs in the original bid.
- Subcontractor price increases for paving, site concrete, and drywall added to increases in construction costs.
- General Conditions and Overhead costs increased due to lengthened schedule/construction delays from issues described in the following paragraph:

Construction Delays:

- After construction commencement we were informed by the City that we could not go vertical until all public improvements were 100% complete. This included a

drainage issue related to a neighboring landowner which was added after construction commenced. (+3 months delay)

- The City of San Marcos delayed the project, citing concerns that the paved public road failed to meet their standards despite providing test results to the contrary. (+3 months delay)
- The City of San Marcos denied permanent water service despite completion of all required items in the Public Improvement Construction Plan. (+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

Jason Trevino
Owner Representative
LDG Development, LLC
512-578-8488