

October 8, 2025

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

Re: The Belmont #21402 – Request for Additional Tax Credits

Mr. Banuelos,

The Determination Notice issued on 4/12/2021 for the above referenced application reflected an Annual Tax Credit Amount of \$1,264,833. The final Eligible Basis of \$42,805,597 now calculates an Annual Tax Credit amount of \$1,712,224 which is approximately 35.37% 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.
- Erroneous Geotech Report: the initial Geotech report was flawed and required additional excavation and deepening of piers.
- Upgraded insulation package associated with Green Building codes.
- Excavation and elimination of unknown city sewer line that was not initially disclosed by the City of Austin.
- 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 delayed the project over their own internal miscommunications related to permitting (+6 months delay)

- Inaccurate soils testing from the Geotech required additional excavation. (+2 months delay)
- The City of Austin failed to disclose a sanitary sewer main that went through the excavation site and caused delays (+2 months delay)
- Austin Energy's inability to get transformers to our project as originally scheduled (+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
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