

9/24/2024

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

Re: Bridge at Canyon View #19411 – Request for Additional Tax Credits

Mr. Banuelos,

The Determination Notice issued on 11/12/2019 for the above referenced application reflected an Annual Tax Credit Amount of \$1,620,343. The final Eligible Basis of \$58,105,716 (Adjusted \$75,537,432) now calculates an Annual Tax Credit amount of \$3,021,497 which is approximately 86% 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.
- Additional insulation to meet AEGB requirements added to materials and labor costs.
- Non-Prototype buildings mandated by the City of Austin significantly increased the materials and labor costs.
- Mitigation for a water infiltration issue in the garages increased materials and labor costs.
- General Conditions and Overhead costs increased due to lengthened schedule/construction delays from issues described in the following paragraph:

Construction Delays:

- Austin Energy initially denied project transformers. (+11 months delay)
- Unexpected Offsite construction led to delays in the issuance of a permanent water meter from The City of Austin. (+5 months delay)
- Soil Stabilization Redesign: as discussed above, the stabilized design utilizing shotcrete increased design costs and delayed construction. (+10 months delay)
- Water infiltration issue: as discussed above, mitigation for water infiltration added to the construction timeline. (+2 months delay)
- Engineering encountered an extended delay in getting the detention pond details approved by the City of Austin. (+2 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
LDG Development, LLC
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