

November 24, 2025

VIA EMAIL DELIVERY

Rosalio Banuelos  
Cody Campbell  
Texas Department of Housing and Community Affairs  
221 East 11th Street  
Austin, Texas 78701-2410

Re: Sweetwater Station (the "Development")  
TDHCA No. 21116, 22848, 23927, 24907

Greetings:

We represent Sweetwater Station, L.P. ("Owner"), which applied for Housing Tax Credits in 2021 for a 52-unit senior development in Sweetwater, Texas. We have encountered a myriad of issues with the development since the initial award of credits and are finally in a position to close on the deal and start construction. We have taken numerous steps to make the development financially feasible since the time of application, chiefly among them applying for and being awarded an allocation of MFDL-HOME funds through TDHCA. We had applied for an allocation of MFDL-HOME funds in April of 2024 and have not been able to take any Choice Limiting Actions (including but not limited to signing a construction contract starting construction) until we receive the Authority to Use Grant Funds. A key component of getting the Authority to Use Grant Funds is receiving environmental clearance and that has taken a significant amount of time.

#### **Environmental Work and Remediation**

One of the requirements of being able to use MFDL-HOME funds is getting environmental clearance from multiple governmental entities. To do so, we had to complete a Part 58 Environmental Review to start with. Based on the preliminary results of the Part 58 Review, it was determined by TDHCA staff in November of 2024 that we would need to provide an Innocent Operator Program (IOP) certificate from the Texas Commission of Environmental Quality (TCEQ) in order to achieve environmental clearance. We applied for an IOP certificate in February of 2025 and were not granted the certificate until October of 2025. With the IOP certificate in hand, we completed the TDHCA environmental review at the end of October 2025. That allowed us to start our 15-day required TDHCA posting, which concluded on November 18, 2025. This then allows us to start our 15-day HUD posting. Given this schedule, the earliest we could receive the Authority to Use Grant Funds would be December 4, 2025. Once we have the Authority to Use Grant Funds, we are allowed to request the Notice to Proceed from TDHCA and would be required to start construction within ten days of that notice.

### **Sweetwater Station Timeline**

07/29/2021	Housing Tax Credits awarded
08/01/2022	Demolition of buildings on site performed
07/27/2023	Supplemental Housing Tax Credits awarded
04/30/2024	Applied for MFDL funds- Recommendation to start avoiding Choice Limiting Actions
06/10/2024	Started Part 58 environmental review
11/02/2024	TDHCA confirmed IOP with TCEQ was required
12/04/2024	Finished Part 58 (pending IOP Certificate)
12/04/2024	Began work on IOP Certificate
02/06/2025	Awarded MFDL funds (Start of formal Choice Limiting Action period)
02/06/2025	Applied for IOP Certificate with TCEQ
10/02/2025	Granted IOP Certificate from TCEQ
10/31/2025	TDHCA finalized Part 58 Review and started FONSI Notice/TDHCA posting
11/17/2025	Anticipated start of HUD posting
12/04/2025	Anticipated conclusion of HUD posting & receipt of AUGF letter (End of Choice Limiting Action Period)
12/05/2025	Anticipated submission of Notice to Proceed request from TDHCA
12/10/2025	Anticipated receipt of Notice to Proceed from TDHCA
12/15/2025	Anticipated Construction Start (date based on receiving AUGF and mobilizing on site)

### **The 10% Test**

Our ability to meet the 10% Test has also been impacted by our inability to start construction under the Choice Limiting Action restrictions. Currently we are barely meeting the 10% Test based on the TREB in the Carryover Allocation dated 12/20/24. The land cost associated with this property (\$187K) is very low and we have spent as much on soft costs as we possibly can at this time. We also completed demo on the site (prior to applying for MFDL-HOME funds) and have included those costs in the calculation. We have been under a Choice Limiting Action restriction since February of 2025 (and under a recommendation not to take any potential Choice Limiting Actions since April of 2024) and have been unable to sign a construction contract or spend any money on construction related activity without putting the MFDL-HOME funds in jeopardy. As of November of 2025, our 10% Test has been extended to 12/19/2025.

As TDHCA is aware, we experienced an increase in construction costs and were awarded an MFDL-HOME loan to fill the gap. Due to the MFDL-HOME award we had to complete a full Part 58 Environmental Review. This also included the need to submit an IOP Application and get approval through TCEQ as an Innocent Operator.

### **Relief Sought**

Despite these setbacks, Owner has proceeded with the Development and undertaken the expenditure of considerable funds to accomplish the following:

- ☐ Acquisition of the land
- ☐ Completion of demolition of two buildings on the land
- ☐ Completion of environmental and remediation work
- ☐ Received building permits
- ☐ Secured the capital stack to make the deal financially feasible

All these efforts have been undertaken in good faith with full intent to complete the project. The Owner applied for and was awarded Supplemental Credits under the 2023 QAP, partnered with the Texas Housing Foundation, and was awarded an allocation of MFDL-HOME funds from TDHCA. All these actions have been extremely time-consuming and required very long lead times. The time to apply for and be awarded the MFDL-HOME funds has taken 19 months up to this point and we are very grateful to TDHCA for making these funds available. Without the MFDL-HOME funds, this deal would remain infeasible, and the citizens of Sweetwater would miss out on an important investment in their community.

We are submitting this request for approval at TDHCA's December 2025 board meeting for an extension of the 10% Test to January 31, 2026, and an extension of the Placed In Service deadline to June 30, 2027, as permitted under the "Force Majeure" provisions in Section 11.6(5) of the QAP. This development was previously granted an extension under "Force Majeure" and we are requesting a further extension of the 10% test and placed in service date.

### **Need for a Placed In Service Extension At This Time**

We need the Placed In Service extension in order to place this deal in a multi-investor fund. We are anticipating construction to take 12 to 14 months, which would put a construction completion between December of 2026 and February of 2027. The investors in this fund would like to see a two-to-four-month buffer for the construction completion, which would end in April 2027 or June of 2027.

Sincerely,

Brian Kimes