

April 24, 2026

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

Re: The Henderson on Reinli #21429 – Request for Additional Tax Credits

Mr. Banuelos,

The Determination Notice issued on 6/1/2021 for the above referenced application reflected an Annual Tax Credit Amount of \$3,601,141. The final Eligible Basis of \$83,296,163 (adjusted \$108,285,012) now calculates an Annual Tax Credit amount of \$4,331,400 which is approximately 20.28% 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.
- Site Prep: previously unknown site conditions caused additional grading, earthwork, and underground utilities.
- Subcontractor price increases for flooring and steel added to increases in overall construction costs.
- Subcontractor price increases for paving, site concrete, and drywall added to increases in overall construction costs.
- A decision to upgrade countertops from laminate to granite was made by the partnership post-closing.
- General Conditions and Overhead costs increased due to lengthened schedule/construction delays from issues described in the following paragraph:

**Construction Delays:**

- Miscommunication with Austin Energy. Connectivity parts that were typically covered by Austin Energy's scope of work were not installed and were made the responsibility of our contractors. (+2 months)
- The waterline plans required redesign by the Civil engineer post-closing. (+2 months delay)
- The City of Austin unexpectedly delayed the Demolition Permit and the Traffic Control Permit. (+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  
Owner Representative  
LDG Development, LLC  
512-578-8488