



November 24, 2025

Mr. Cody Campbell
Director of Multifamily Programs
Texas Department of Housing and Community Affairs
211 E 11th Street
Austin, Texas 78701

Via Email: Cody.Campbell@tdhca.texas.gov

Re: TDHCA HTC Application #24179 – Westwind of Plainview, Plainview, TX

Mr. Campbell:

SCF Plainview 24, LP (the “Owner”) received an allocation of Housing Tax Credits from the Texas Department of Housing and Community Affairs (“TDHCA”) for the construction of Westwind of Plainview (the “Development”) in July of 2024. The 2024 allocation of tax credits currently requires the Development to meet the 10% test by December 20, 2025 and place the Development in service by December 31, 2026. Unfortunately, the Owner faces the possibility of not being able to meet these deadlines as required by §42(h)(1)(E)(i) & §42(h)(1)(E)(ii) of the Internal Revenue Code. The need for requesting an extension to meet the required 10% test and placed in service deadlines is the result of events that we believe should fall under the provisions of §11.6(5) of the 2025 Qualified Allocation Plan (“QAP”) relating to Force Majeure.

Background Information

The Development is located in Plainview, Texas, in Hale County. The City of Plainview, and quite frankly the entire State of Texas, has experienced significant cost increases, supply chain issues, and labor shortages that as a whole have impacted and delayed the start of construction of the Development, which has had an adverse effect on the initial construction schedule and anticipated placed-in-service timelines. These issues are the direct result of not one, but several events that together have put extreme upward pricing pressure, labor shortages, supply chain failures, and timing constraints on the construction industry across the entire State of Texas. The events affecting our development are: supply chain failures, labor shortages, and natural disasters.

Owner has purchased the land and plat and permits have been approved. However, during the platting and permitting process there were significant delays in plan approvals with the City of Plainview caused by a water authority utility easement that didn’t get resolved until June of 2025. During that process equity markets shifted drastically and demand for rural developments has eroded to only a few active participants. Owner has been told the earliest an investor fund would become available to place this transaction is Q1 of 2026, and given the expected lead time on final underwriting and closing, this puts the 10% Test and placed in service deadlines in severe jeopardy of being achieved. Based on our previous experience with AHP, it takes at least three months to close these funds once all due diligence is submitted for review. This projected timeline puts closing around March of 2026, which extends past our 10% test deadline and would not allow sufficient time to complete construction by December 31, 2026.



Supply Chain Failures

On April 2, 2025 President Trump signed Executive Order 14257 declaring a national emergency and initiating reciprocal tariffs to combat trade deficits that threaten national and economic sovereignty.¹ Since this declaration, which is officially referred to as Liberation Day, multiple trade agreements have since been signed and put into effect. However, Mexico and Canada have yet to agree to any trade agreements². These two countries supply significant amounts of inputs for construction materials. Specifically, in 2024 Canada accounted for 22% of cement imports, 23% of steel imports, 56% of aluminum imports, 29% of gypsum imports, and accounted for a significant source for copper imports. Similarly, in 2024 Mexico accounted for 16% of steel imports, 31% of gypsum imports, and 44% of silver imports.³ As it relates to lumber, Canada dominated this category in 2024, bringing in 47.3% of all imported lumber to the US.⁴ Though progress has been made on trade agreements, these disturbances to major trade suppliers has put upward pressure on pricing for construction inputs and has destabilized the flow of materials through global supply chains.⁵

Labor Shortages

Texas is experiencing a labor shortage in the construction industry as a whole. This is due to several factors, which include a shortage of skilled labor workforce, as well as an increase in demand from growth in the sector. At the recent Economic Resilience Luncheon hosted by the Better Business Bureau (BBB), Dr. Carrie Angell, President & CEO of the BBB found in her recent doctoral research on Texas' construction workforce that currently 92% of firms face unfilled craft positions, and 80% report costly project delays. At that same event, economist Angelos Angelou warned that Central Texas is on track to fall short by 10,000 skilled workers annually by 2030.⁶ The Associated General Contractors of America (AGC) posted similar findings in their recent nationwide survey. Specifically, AGC noted that "92% of construction firms that are hiring report having a hard time finding qualified workers. As a result, 88 percent of firms report having openings for craft construction workers, while four-fifths of firms have openings for salaried workers".⁷

Natural Disasters

The Development is located in Hale County, Texas. Since 2024, Hale County has been hit with multiple extreme weather events, which have disrupted supply chains and caused significant increases to insurance costs. Here's a brief list of the events that have affected the Development since initial award in July of 2024 that will have a lasting effect on supply chains for the area:

- February 11, 2025, Greg Abbott, Governor of the State of Texas amends and renews a disaster declaration originally issued on October 14, 2024, for increased fire weather conditions that

¹ <https://www.federalregister.gov/documents/2025/04/07/2025-06063/regulating-imports-with-a-reciprocal-tariff-to-rectify-trade-practices-that-contribute-to-large-and>

² <https://www.tradecomplianceresourcehub.com/2025/11/10/trump-2-0-tariff-tracker/>

³ <https://www.constructconnect.com/construction-economic-news/key-material-inputs-to-construction-materials-is-the-u.s.-dependent-on-imports>

⁴ https://www.globalwood.org/news/2025/news_20250304d.htm

⁵ <https://cmicglobal.com/resources/article/The-Full-Impact-of-Tariffs-on-Construction-in-2025>

⁶ <https://www.bizjournals.com/austin/news/2025/06/09/skilled-labor-crisis-economic-resilience-luncheon.html>

⁷ <https://www.agc.org/news/2025/08/28/construction-workforce-shortages-are-leading-cause-project-delays-immigration-enforcement-affects>



pose an imminent threat of widespread or severe damage, injury, or loss of life or property. Hale County is included in this declaration⁸.

- March 4, 2025, Gregg Abbott, Governor of the State of Texas amends and renews a disaster declaration originally issued on October 14, 2024, for increased fire weather conditions that pose an imminent threat of widespread or severe damage, injury, or loss of life or property. Hale County is included in this declaration.⁹
- November 9, 2025, Gregg Abbott, Governor of the State of Texas amends a disaster declaration originally issued on August 10, 2025, for increased fire weather conditions that pose an imminent threat of widespread or severe damage, injury, or loss of life or property. Hale County is included in this declaration.¹⁰

Impact and Request

The Development has been hit with multiple force majeure events since original application. To offset the effects of these events, Owner has secured the land, obtained will-issue approvals of the permits, and has received assurances from AHP they expect to be able to place this deal in a fund in Q1 of 2026. Owner has also agreed to provide a sponsor loan, if needed, to get the deal closed. However, because of lack of investor appetite in 2025 for rural transactions and the expected lead time on final underwriting and closing the equity funds, these delays put the 10% Test and placed in service deadlines in severe jeopardy of being achieved. We request that the Owner be permitted to return the Tax Credits and that TDHCA reallocate the Tax Credits to the Owner in the current year in accordance with §11.6(5) of the 2025 QAP relating to Force Majeure. We believe the Owner and Development meet all the requirements in Section 11.6(5), in that:

1. The events that caused the delay occurred before issuance of 8609s and were sudden, unforeseen circumstances outside the control of the Development Owner.
2. The delays were not caused by willful negligence or acts of Owner, any Affiliate, or any other Related Party.
3. The Owner has provided evidence and a timeline of the events that was the direct result of the delays, see referenced footnotes 1 – 10, and Exhibit A.
4. Though there was little that could be done to mitigate the effects of supply chain failures, severe weather events, and labor shortages, Owner purchased the land and obtained will-issue permits after a lengthy negotiation with the City of Plainview to resolve easement issues. Owner approached other equity investors to try and find a viable fund to place this transaction, ultimately determining AHP is the best path forward. Owner is willing to provide a sponsor loan (if needed) to close this transaction, but cannot obtain an official commitment from AHP until Q1 of 2026 (see Exhibit B). Additionally, the Development was and remains properly insured, and TDHCA was notified of the Force Majeure events.

⁸ <https://gov.texas.gov/news/post/governor-abbott-renews-wildfire-disaster-proclamation-in-february-2025>

⁹ <https://gov.texas.gov/news/post/governor-abbott-amends-renews-wildfire-disaster-proclamation-in-march-2025>

¹⁰ <https://gov.texas.gov/news/post/governor-abbott-amends-renews-fire-weather-conditions-disaster-proclamation-in-november-2025>



5. The Force Majeure threatens to prevent the Owner from meeting the 10% Test and Place in Service requirements of the original allocation.
6. The requested current year Carryover Agreement would allocate the same amount of Tax Credits as those that would be returned.
7. With the commitment from AHP plus a (as needed) sponsor loan being provided by the Developer, the Development continues to be financially feasible. Additionally, there have not been any insurance proceeds received related to the Force Majeure event.

If you have any questions or would like to discuss these items further, please do not hesitate to contact me directly at (512) 785-3710 or via email at lora@betcohousinglab.com.

Sincerely,

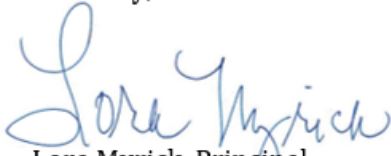

Lora Myrick, Principal
BETCO Consulting, LLC

EXHIBIT A

July 2024 – Development was awarded 2024 LIHTCs.

January 22, 2025 – City of Plainview notifies Owner of potential redesign requirement to accommodate a water authority easement issue on the property.

January 2025 – EPA updates HVAC regulations affecting refrigerant lines, thus requiring a slight update and resubmittal of the MEP plans.

March 19, 2025 – Engineer successfully advocates with the City of Plainview to allow the proposed development to proceed as submitted for plat and plan approvals, thus resolving the water authority easement issue.

March 24, 2025 – Full plans and specifications were submitted to the City of Plainview in an application for permits.

March 31, 2025 – Development closes on the land.

May 22, 2025 – Plat Approved

June, 2025 – City of Plainview approves permit set, pending payment of fees.

July, 2025 – AHP notifies the developer they have closed down their Texas investment pipeline for 2025. This prompt halt of investments in Texas is because Hunter Botts announces his retirement from AHP. This was the Developer's primary contact at AHP, which was the direct investor on four deals in TX with Developer. This forces the Developer to begin shopping other investors and explore some value engineering options to achieve cost savings due to reduced equity market conditions.

July – October, 2025 – Developer approached other Duty to Serve equity investors trying to place the deal in a Fannie/Freddie investor fund which was offering high \$0.70's to low \$0.80's on credit pricing. All of them showed interest and began reviewing the deal but ultimately turned it down because it was too small for their current investment needs.

August – November 15, 2025 – Developer discusses the deal with Robert Jonston, their newly assigned representative at AHP, to reprice the deal. Based on latest quote from the GC, with a sponsor loan the Developer determines it can close the deal if \$0.80 can be provided by AHP for the credits. AHP gave assurances that in Q1 of 2026 they should be able to directly invest in the Development at that point in time (See Exhibit B).

EXHIBIT B

Berkshire Hathaway Group
of Companies

Robert Johnston
Senior Vice President, acquisitions

AFFORDABLE HOUSING PARTNERS, INC.

November 24, 2025

Mr. Kelly Garrett
SCF Plainview 24, LP
C/O Salem Clark Companies
7801 Jack Finney Blvd, Suite 101
Greenville, TX 75402

Re: Purchase Low Income Housing Tax Credits
58 Units
Westwind of Plainview (the "Apartment Complex")
Plainview, TX

Dear Mr. Garrett:

Thank you for providing Affordable Housing Partners, Inc. ("AHP") with the opportunity work with SCF Plainview 24, LP (the "Partnership") in the overall development of the Apartment Complex.

The purpose of this letter is to set forth certain business terms to be included in a partnership agreement by and between AHP or its affiliate (the "Investment Partnership") and SCF Plainview 24 GP, LLC (the "General Partner").

The Investment Partnership would be admitted to the Partnership as a substitute limited partner and the limited partners of the Partnership would withdraw, all as specified in an amended partnership agreement for the Partnership (the "Amended Partnership Agreement").

The Partnership would be formed to develop, construct, own, maintain and operate a 58-unit multifamily apartment complex intended for rental to residents of low income.

Pursuant to the Amended Partnership Agreement, the Investment Partnership would contribute to the capital of the Partnership the sum of \$8,786,464 which equates to \$0.83 per LIHTC estimated in paragraph 3.3 below, in the manner set forth in paragraph 1 of this letter and would acquire a 99.99% limited partnership interest (referred to hereinafter as the "Acquired Interest") in the Partnership. The General Partner shall remain as the General Partner of the Partnership.

1. Capital Contribution. The Investment Partnership would contribute to the capital of the Partnership the sum of \$8,786,464 (the "Capital Contribution") for the Acquired Interest as follows:

1.1 First Capital Contribution \$1,723,154 concurrently with closing ("Closing") of the Amended Partnership Agreement and may be funded pari passu with the anticipated construction financing.

1.2 Second Capital Contribution \$2,654,481 upon (a) substantial completion of the Apartment Complex, (b) issuance of final certificates of occupancy, and (c) such other terms as set forth in the Amended Partnership Agreements.

1.3 Third Capital Contribution \$4,308,829 upon (a) the achievement of initial occupancy of all LIHTC units, (b) receipt of an audited cost certification of eligible basis, (c) commencement of amortization of the permanent loan, and (d) such other terms as set forth in the Amended Partnership Agreements.

1.4 Fourth Capital Contribution \$100,000 upon (a) (b) receipt of Form(s) 8609 for the entire Apartment Complex, and (d) such other terms as set forth in the Amended Partnership Agreements.

2. Representations and Warranties. The Amended Partnership Agreement, and related documents would contain the customary representations and warranties required by the Investment Partnership, which would survive the Closing, including warranties of title, absence of defaults, litigation, liens and undisclosed liabilities, existence of insurance, full compliance with applicable laws including state and federal securities laws, regulatory agreements, environmental regulations and requirements, defect-free construction of the Apartment Complex, authority of the General Partner, financial statements of the General Partner, full disclosure to the Investment Partnership, and the receipt of a credit allocation from the appropriate governmental agency.

3. Additional Terms. The Amended Partnership Agreement would also include the provisions substantially like the following:

3.1 Operations. The General Partner shall cause the Partnership to operate the Apartment Complex in the ordinary course of business and in such a manner that the Apartment Complex shall be eligible to receive low-income housing tax credits pursuant to Internal Revenue Code Section 42 ("Tax Credits") as provided herein and remain in compliance, pursuant to applicable rules.

3.2 Transaction Expenses. The General Partner shall be responsible for the following expenses of this transaction:

a. title insurance policies or endorsements to the existing title insurance policies updating the insurance coverage and, if necessary, increasing the amount of same to the full amount of the appraised value for the Apartment Complex; and

b. legal fees and expenses of the General Partner and the Partnership, including any fees and expenses incurred in connection with obtaining any governmental agency approval and the credit allocation.

3.3 Credit Allocation. Prior to the Closing, the General Partner shall obtain evidence that the Partnership will receive Tax Credits in the amount of at least \$10,587,160 based on the assumption that 100% of the available units are Low-Income and that 100% of the prospective tenants will comply with the tests promulgated under Code Section 42(g). If the actual amount of Tax Credits available to the Investment Partnership is reduced, the Capital Contributions of the Investment Partnership will be reduced.

3.4 Opinion of Counsel. The General Partner shall deliver at the Closing an opinion of counsel concerning customary tax, partnership, real property and compliance matters in the

form requested by the Investment Partnership, including, but not limited to, the availability of the Tax Credits.

3.5 Management. The property manager shall certify annually that the Apartment Complex and its tenants are in compliance with all Tax Credit regulations and requirements. If the property manager is an affiliate of the General Partner, the property manager will accrue the management fee to the extent necessary at any time to prevent a default under the construction loan and/or mortgage loan.

3.6 Title Insurance. At the Closing, the General Partner shall deliver to the Investment Partnership a fee title insurance policy, obtained at the General Partner's expense, insuring the Partnership's ownership of the amount of the replacement cost of the Apartment Complex (which amount shall not be less than the aggregate of the principal amount of the Mortgage Loan and the Capital Contributions of the General Partner and the Investment Partnership), subject only to permitted encumbrances and such other matters consented to in writing by the Investment Partnership.

4. Certain Obligations of the General Partner. The General Partner and its principals will provide the Investment Partner customary guarantees set forth in AHP's standard form partnership agreement.

5. Asset Management Fee. The Partnership would pay, as an operational expense of the Partnership, an asset management fee of \$5,000 to AHP Affordable Housing Partners, Inc. (or to such other entity as the Investment Partnership shall designate), for an annual review of the operations of the Partnership and the Apartment Complex. Such fee would accrue beginning with the commencement of leasing or marketing activity for the Apartment Complex.

6. Permanent Financing. The Investment Partnership has assumed that the Apartment Complex will be financed with a first lien mortgage loan with the following terms: (i) principal amount \$2,125,000, but in no event shall the amount of the Mortgage Loan result in aggregate debt service coverage ratio being less than one hundred fifteen percent (115%), as determined by the Investment Partnership in its good faith discretion; (ii) the rate of interest shall be a fixed market interest rate for comparable loans; (iii) the Mortgage Loan shall be nonrecourse to the Partnership and the General Partner; (iv) the Mortgage Loan shall amortize on a 40-year payment schedule; (v) the maturity date of the Mortgage Loan will be not less than fifteen (15) years from the date of closing of the Mortgage Loan; and (vi) the Mortgage Loan documents shall contain such other terms as may be consented to by the Investment Partnership.

7. Insurance. The General Partner would cause the Partnership to obtain (i) Commercial General Liability insurance, (b) automobile liability insurance, (c) worker's compensation insurance meeting statutory limits, (d) Builder's Risk insurance, (e) property damage insurance and (f) such other insurance and terms as AHP require as set forth in AHP's standard form partnership agreement.

8. Replacement Reserves. Annual amount of \$250 per unit per year to be increased annually by three percent (3%) from revenues of the Apartment Complex.

9. Investment Partners Due Diligence and Legal Fees. AHP will charge a fee to cover its due diligence costs as well as Partnership legal expenses of \$75,000, which will be payable at initial Partnership closing.

10. Developer Fee Funding Schedule. AHP contemplates the funding of the anticipated capitalized developers fee of \$282,147 in the following percentages:

- a. First Capital Contribution: 0%
- b. Second Capital Contribution: 0%
- c. Third Capital Contribution: 43%
- d. Fourth Capital Contribution: 57%

11. Conditions to Execution of Amended Partnership Agreement. The Investment Partnership's obligation to execute the Amended Partnership Agreement will be conditioned upon completion of its normal due diligence review and, after such review is completed, the approval of the Investment Partnership's investment committee, in its sole and absolute discretion. In connection with its due diligence, the General Partner agrees to provide the Investment Partnership and its representatives full access to the Apartment Complex and its records. Additionally, the closing of any Partnership Agreement would not occur until 2026.

Please indicate your agreement and acceptance of the foregoing by signing the enclosed copy of this letter and returning it to the undersigned.

Sincerely,

AFFORDABLE HOUSING PARTNERS, INC.
a Delaware Corporation

By: 

Jeff Shetterly, Vice President – Acquisitions

cc: Robert Johnston – Senior Vice President

Agreed and Accepted:

SCF Plainview 24, LP, a Texas limited partnership

By: SCF PLAINVIEW 24 GP, LLC, a Texas limited liability company, its general partner

By: SALEM CLARK DEVELOPMENT, LLC, a Texas limited liability company, its sole member

By: 

Kelly Garrett, Member

11.24.25
Date