October 22, 2025

Texas Department of Housing & Community Affairs
Attn: Teresa Morales
221 E. 11th St.
Austin, TX 78701

Re: Bridge at St. John – Austin, TX – Waiver Request Under Section 11.207 of the QAP – Percentage of Efficiency and One-Bedroom Units

Ms. Morales,

My name is Jake Brown, and I am a development manager with LDG Multifamily, LLC, a Kentucky limited liability company and an affiliate of LDG Development, LLC (collectively, "LDG"). LDG, on behalf of the Partnership (defined below) intends to submit an application to TDHCA (the "Application") for 4% Housing Tax Credits for a development to be known as "Bridge at St. John" in Austin, Texas (the "Development"). In connection with this Application, LDG is requesting a waiver of Section 11.101(b)(1)(A)(vii) of the QAP with regard to the number of Efficiency Units and one-Bedroom Units in the Development. In this letter, you will find additional information about the Development and further context regarding the waiver request.

APPLICANT

The applicant will be LDG Bridge at St John, LP, a Texas limited partnership (the "Partnership"). An affiliate of South Congress Public Facility Corporation ("SCPFC"), an instrumentality of the Housing Authority of the City of Austin ("HACA") will serve as the general partner of the Partnership, and an affiliate of LDG will serve as the special limited partner of the Partnership.

DEVELOPMENT

LDG intends to develop 201 multifamily units utilizing the 4% LIHTC program and the utilizing the Section 392 "equitable title" structure with the SCPFC and the Austin Affordable Housing Corporation ("AAHC") to facilitate a property tax exemption. Below is the anticipated unit mix breakdown for the Development:

UNIT TYPE	AMI	# OF UNITS
Efficiency	50%	29
Efficiency	60%	6

Efficiency	70%	0
Efficiency	80%	0
1-BR/1-BA	50%	53
1-BR/1-BA	60%	18
1-BR/1-BA	70%	12
1-BR/1-BA	80%	27
2-BR/2-BA	50%	18
2-BR/2-BA	60%	13
2-BR/2-BA	70%	5
2-BR/2-BA	80%	0
3-BR/2-BA	50%	4
3-BR/2-BA	60%	8
3-BR/2-BA	70%	3
3-BR/2-BA	80%	5
TOTAL		**201**

UNIT TYPE	# OF UNITS	% OF TOTAL UNITS
Efficiency	36	17.91%
1-BR/1-BA	107	53.23%
2-BR/2-BA	43	21.39%
3-BR/2-BA	15	7.46%
TOTAL	**201**	**100%**

The Development is part of a larger development, in partnership with Greystar Real Estate Partners, LLC (“Greystar”), collectively known as the “St. John Site”). Greystar intends to develop 325 multifamily units utilizing the Section 303 Public Facility Corporation (“PFC”) structure with SCPFC (the “PFC Site”). Below is the unit mix breakdown for the PFC Site:

UNIT TYPE	AMI	# OF UNITS
Efficiency	50%	0
Efficiency	60%	31
Efficiency	70%	7
Efficiency	Market Rate	73
1-BR/1-BA	50%	0
1-BR/1-BA	60%	47
1-BR/1-BA	70%	0
1-BR/1-BA	Market Rate	103
2-BR/2-BA	50%	0
2-BR/2-BA	60%	9
2-BR/2-BA	70%	0
2-BR/2-BA	Market Rate	45
3-BR/2-BA	50%	0

3-BR/2-BA	60%	0
3-BR/2-BA	70%	0
3-BR/2-BA	Market Rate	10
TOTAL		**325**

UNIT TYPE	# OF UNITS	% OF TOTAL UNITS
Efficiency	111	34.15%
1-BR/1-BA	150	46.15%
2-BR/2-BA	54	16.62%
3-BR/2-BA	10	3.08%
TOTAL	**325**	**100%**

Below is the original unit mix breakdown for all 526 units combined:

UNIT TYPE	AMI	# OF UNITS
Efficiency	50%	29
Efficiency	60%	37
Efficiency	70%	7
Efficiency	Market Rate	73
1-BR/1-BA	50%	53
1-BR/1-BA	60%	65
1-BR/1-BA	70%	12
1-BR/1-BA	Market Rate	130
2-BR/2-BA	50%	18
2-BR/2-BA	60%	22
2-BR/2-BA	70%	5
2-BR/2-BA	Market Rate	45
3-BR/2-BA	50%	4
3-BR/2-BA	60%	8
3-BR/2-BA	70%	3
3-BR/2-BA	Market Rate	15
TOTAL		**526**

UNIT TYPE	# OF UNITS	% OF TOTAL UNITS
Efficiency	146	27.76%
1-BR/1-BA	260	49.43%
2-BR/2-BA	90	17.11%
3-BR/2-BA	30	5.70%
TOTAL	**526**	**100%**

CHALLENGES

In 2022, Greystar presented SCPFC with an opportunity to participate in the construction and ownership of the proposed development now known as the St. John Site. Greystar originally planned to develop the St. John Site with a total of 526 units of workforce housing utilizing the PFC structure. However, due to financial constraints and increased construction costs, Greystar was only able to commit to 325 units utilizing the PFC structure. Given that Greystar had previously committed to the City of Austin to provide 526 units, Greystar requested that LDG join as a co-developer to develop the remaining 201 units utilizing the 4% LIHTC program. LDG graciously accepted the opportunity to join as a co-developer and provide additional, much-needed affordable housing to the City of Austin.

It was recently brought to LDG's attention that the proposed unit mix for the Bridge at St. John, originally prepared by Greystar, contemplates 36 Efficiency and 107 one-Bedroom units, which equates to 71.14% of the total units. This clearly exceeds the 35% threshold required under the 2025 TDHCA Qualified Allocation Plan (QAP). Due to the timing in which LDG was introduced to the Development, the construction plans prepared by the design team contracted by Greystar are already over 50% of the way through the permitting process with the City of Austin. As I am sure you are aware, the permitting process in the City of Austin can be incredibly cumbersome and time-consuming. At this point, to redesign our construction plans to reduce the number of Efficiency and one-Bedroom units and navigate the City of Austin permit review process would significantly impact our closing timeline. We estimate it would take approximately three (3) months to redesign these plans and at least an additional twelve (12) months to successfully navigate the permitting process required for the Development. Doing this would seriously jeopardize our ability to deliver affordable housing units within the timeline Greystar previously committed to with the City of Austin.

WAIVER REQUEST

In consideration of the foregoing and LDG's desire to move forward with the Development to provide affordable housing to the City of Austin, LDG and the Partnership are hereby requesting a wavier of Section 11.101(b)(1)(A)(vii) of the QAP, which deems a New Construction Development ineligible if the Unit configuration includes more than 35% Efficiency Units and/or one-Bedroom Units (the "Waiver Request").

In order for the Development to receive Housing Tax Credits with the current proposed unit mix, the Applicant must obtain a waiver of Section 11.101(b)(1)(A)(vii) of the QAP, which deems a New Construction Development ineligible if the Unit configuration includes more than 35% Efficiency Units and/or one-Bedroom Units. As noted above, 71.14% of the Units in the Development are either Efficiency or one-Bedroom units. proposed The unit mix for the Development is supported by a market study that will be included in the Application.

Per Section 11.207 of the QAP, a waiver request must establish: (1) the need for the waiver is not within the control of the Applicant or is due to an overwhelming need, (2) by granting the waiver it better serves the policies and purposes articulated in Tex. Gov't Code §§ 2306.001, 2306.002, 2306.359, and 2306.6701, than not granting the waiver, and (3) by granting the waiver, the Board does not waive any requirement contained in statute. The Waiver Request herein meets each of these requirements.

1) ***The need for the waiver was not within the control of the Applicant***. Greystar originally designed the Development without the intent to utilize Housing Tax Credits. The unit mix was supported by a market study that identified the needs of the submarket and was approved by the City of Austin. Further, the financial feasibility and construction cost overruns were not within the control of LDG or the Partnership.

2) ***Granting the waiver better serves the policies and purposes of TDHCA than not granting the wavier.*** Granting this waiver serves TDHCA's public purposes in a variety of ways:

   a. ***Maximizing Affordable Housing Supply***. Section 2306.6701 of the Texas Local Government Code states that TDHCA should administer the Housing Tax Credit program to maximize the number of affordable housing units in the state's supply. As noted above, utilizing Housing Tax Credits and Tax-Exempt Bonds to finance the completion of the Development will increase the overall number of affordable units at the Development

   b. ***Providing Preventive Financial Support***. Section 2306.6701 further encourages TDHCA to provide "preventative financial support." The Waiver Request to be eligible to receive the Housing Tax Credits is exactly that – a means to restructure the Development financing to improve long-term viability.

   c. ***Assisting Local Governments***. Section 2306.001 notes that TDHCA should assist local governments in "overcoming financial, social and environmental problems." SCPFC undertook this Development, as the sole owner, to serve its community, upon the recommendations of the Developer. The financial and environmental problems that arose were not within SCPFC's control. The Waiver Request will help SCPFC to continue pursuit of its mission and fulfillment of the City of Austin's [Strategic Housing Implementation Plan] by adding affordable units to the City's inventory.

   d. ***Quality Affordable Housing***. Although a majority of the units in the Development are Efficiency or one-Bedroom, it should be noted that these units are significantly larger than required by the QAP. Section 11.101(b)(6)(A) establishes minimum square footage for each unit type. All units in the Development will substantially exceed TDHCA's threshold. See below for reference:

UNIT TYPE	TDHCA SQFT THRESHOLD	PROPOSED UNIT SQFT	DIFFERENCE
Efficiency	500	538	+38
1-BR/1-BA	650	705	+55
2-BR/2-BA	850	1,109	+259
3-BR/2-BA	1,050	1,380	+330
AVERAGE	762.50	933	170.50

On average, each unit is over 170 square feet larger than the TDHCA threshold. Additionally, with the planned amenities and services provided for residents, the Development will go above and beyond the statutory mandates to provide a "decent, safe and affordable living environment."

3) ***There are no Statutory Requirements being Waived***. The unit mix criteria in the QAP are a matter of policy and not statute. This allows the Board to consider the overall implications of the request. In doing so, the Applicant would also like to bring to the Board's attention that the Waiver Request also does not affect any competitive process.

CONCLUSION

For all the reasons cited in this letter, we believe the Board should approve the Waiver Request to allow the Development, the Bridge at St. John, to proceed with 4% Housing Tax Credit and Tax-Exempt Bond financing. If there are any questions about this Waiver Request or the Development, we are happy to address them. If time permits, please submit this Waiver Request for consideration to be heard at the November Board meeting. Please do not hesitate to contact me with any questions or concerns.

Sincerely,

Jake Brown
Development Manager
LDG Development