

c/o Housing and Community Services, Inc.
3419 Nacogdoches Road
San Antonio, TX 78217

Gilbert M. Piette
Executive Director

August 17, 2020

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Administrative Notice:

*TG 110, Inc. is associated with
Prospera Housing Community
Services, Inc.*

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Peter Zanoni
City Manager
City of Corpus Christi
1201 Leopard Street
Corpus Christi, Texas 78401

**Re: Request For an Additional \$500,000 in Corpus Christi HOME
Funds for 82 unit (70 affordable units) – Village at McArdle**

Dear Peter:

As you may be aware, TG 110, Inc.'s competitive 9% tax credit application to construct the Village at McArdle apartments has been awarded \$1,392,807 in tax credits by TDHCA. The next highest scoring application is for a project in Victoria, Texas.

However, due to the COVID 19 pandemic, and the economic conditions being experienced by tax credit investors, the amount that investors are able to pay for low income housing tax credits has dropped five to ten percent, with some investors not committing any additional funding during the pandemic. At the same time construction costs continue to increase. This can create a significant funding gap for 9% low income housing tax credit projects.

Recent projects developed by TG 110, Inc. have been receiving as much as 97.5 cents for each dollar of tax credits awarded. Despite the economic uncertainty, Wells Fargo has graciously agreed to 93 cents for the Village at McArdle. This amount is significantly higher than other investors are offering and is due to Wells Fargo's relationship with TG 110, Inc.'s development team. The drop in credit pricing represents \$626,763 which, when coupled with construction cost increases, means the project is in need of additional funding to proceed. In accordance with TDHCA rules, the project must close by November 30, 2020. If this project does not close by that date, the tax credit award could be reallocated to the project in Victoria, Tx.

This 82-unit mixed income project will provide affordable housing for working families. Income levels of the residents are mapped as follows:

- 7 units requiring resident incomes at or below 30% of the area median income
- 14 units requiring resident incomes at or below 50% of the area median income
- 49 units requiring resident incomes at or below 60% of the area median income
- 12 units which will be market rate units (no income restrictions)

The project will have all the same amenities that other recently TG 110, Inc. developed properties in Corpus Christi have (ie; energy efficiencies, swimming pool, service coordinator, community center, computer lab, etc). Additionally, this project will also result in \$115,300 being returned to the City upon closing of the land purchase.

In an effort to fill the funding gap on this project, **please accept this letter as a request to increase the HOME allocation from \$500,000 to \$1,000,000 from the Corpus Christi HOME program for the 82 unit Village at McArdle.**

Should you have any questions or if we can be of any assistance please contact us.

Yours truly,



Gilbert M. Piette
Executive Director

Cc Ben Medina
Councilman District 2