



**TEXAS STATE AFFORDABLE HOUSING CORPORATION  
2016 ANNUAL ACTION PLAN**

**Approved February 11, 2016**

# TEXAS STATE AFFORDABLE HOUSING CORPORATION

## 2016 ANNUAL ACTION PLAN

### INTRODUCTION

This plan is prepared in accordance with Texas Government Code, Section 2306.566, which requires the Texas State Affordable Housing Corporation (“Corporation”) to develop a plan to address the state’s housing needs. According to Section 2306.0721(g), the Corporation’s Annual Action Plan must be included in the 2016 State Low Income Housing Plan (“SLIHP”) prepared by the Texas Department of Housing and Community Affairs (“TDHCA”).

### CORPORATION OVERVIEW

The Texas State Affordable Housing Corporation, created in 1994 at the direction of the Texas State Legislature, is a self-sustaining nonprofit entity whose mission is to serve the housing needs of low, very low and extremely low-income Texans and other underserved populations who cannot access comparable housing options through conventional financial channels. The Corporation’s enabling legislation can be found in Texas Government Code, Chapter 2306, Subchapter Y, Sections 2306.551 et seq.

The Corporation’s office is located in Austin, Texas. A five-member volunteer Board of Directors, appointed by the Governor, oversees the policies and business of the Corporation. The Board of Directors also appoints a 10-member Advisory Council to assist with fundraising activities and review and recommend to the Board the funding of grant applications under the Texas Foundations Fund program. None of the Corporation’s programs and operations are funded through the State’s appropriations budget process.

The Corporation is statutorily authorized to issue mortgage revenue bonds and other private activity bonds to finance the purchase and creation of affordable housing. Over the course of its history, the Corporation has utilized more than \$1.2 billion in single family bonding authority and approximately \$678 million in multifamily bonding authority. Bond issuances are used to finance the creation and preservation of affordable multifamily housing and the following home buyer programs:

- Homes for Texas Heroes Home Loan Program
- Home Sweet Texas Home Loan Program
- Mortgage Credit Certificate Program

Using its mission as guidance, the Corporation has developed the following additional programs and services to help meet the need for affordable housing in Texas:

- Home Buyer and Financial Education
- Texas Housing Impact Fund
- Affordable Communities of Texas
- Asset Oversight and Compliance
- Single Family Rental Program
- Multifamily Rental Program
- Texas Foundations Fund

#### **CORPORATION OBJECTIVE**

The programs and services the Corporation administers have evolved and grown over the years as we work to serve the housing needs of Texans who need affordable housing, and underserved populations, such as people with disabilities and people living in rural areas of the state where access to services and programs is limited. In 2016, the Corporation's objective is to continue to implement innovative approaches to fulfill its mission while maintaining the success of its current programs.

## PROGRAM DESCRIPTIONS AND IMPLEMENTATION PLANS

### HOMEOWNERSHIP PROGRAMS

Over the last decade research has consistently shown that homeownership has a positive impact on the socioeconomic status of a household and their community. Areas with high rates of homeownership often see lower crime rates, better educational outcomes for children and significant rates of community involvement. Research conducted by the National Association of REALTORS® showed that stable housing created by homeownership led to improved children’s educational achievement, improved civic participation, improved health care outcomes for families, and reduced neighborhood crime rates.<sup>1</sup>

The Corporation currently administers the Homes for Texas Heroes and Home Sweet Texas Home Loan Programs, which provide home loans, tax credits and down payment assistance to low and moderate-income families and individuals.

Traditionally the Corporation has funded these programs through the tax-exempt bond market by issuing mortgage revenue bonds available under its statutory authority. All of the Corporation’s bond issuances are subject to oversight by the Texas Bond Review Board. More recently the Corporation has funded these programs by pooling loans on a regular basis and selling the mortgage-backed securities.

The Homes for Texas Heroes Home Loan Program, established by the Legislature in 2003, is allocated 10 percent of the State's private activity bond cap for the purpose of making mortgage loans to:

- Public School Classroom Teachers
- Public School Teacher’s Aides
- Public School Librarians
- Public School Nurses
- Public School Counselors
- Faculty Members of an Allied Health or Professional Nursing Program
- Paid Firefighters
- Emergency Medical Services Personnel
- Peace Officers
- Corrections Officers
- Juvenile Corrections Officers
- County Jailers
- Veterans
- Public Security Officers

In 2006 the Corporation created the Home Sweet Texas Home Loan Program by utilizing

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<sup>1</sup> Source: National Association of REALTORS® Research Division, “Social Benefits of Homeownership and Stable Housing,” April 2012

mortgage revenue bond cap not used by other bond issuers by an annual deadline set by the Legislature. The Home Sweet Texas Home Loan Program is not profession-specific and is available statewide to those with incomes at or below 80 percent of the area median family income.

#### *The Need for Down Payment Assistance*

Research conducted by the Federal Reserve Bank of Saint Louis shows that the percentage of American households who own their homes has decreased from 69% in 2004 to 64.5% in 2014.<sup>2</sup> According to an August 2015 article from The Simple Dollar, one of the main factors keeping people from purchasing a home is that they do not have enough money for a down payment due to stagnant wages and the resulting reduced savings.<sup>3</sup>

To help bridge this gap, the Corporation's home loan with down payment assistance programs allow eligible borrowers to apply for a 30-year fixed-rate mortgage loan and receive down payment assistance in the form of a grant that does not require repayment when the home is sold or the mortgage loan is refinanced.

These programs are available statewide on a first-come, first-served basis to home buyers who wish to purchase a newly constructed or existing home. Home buyers must meet income and purchase price limits set by federal guidelines, while demonstrating creditworthiness and meeting standard mortgage underwriting requirements. Home buyers must also occupy the purchased home as their primary residence. The programs are accessible to eligible borrowers by directly contacting a participating mortgage lender.

#### *Mortgage Credit Certificate Program*

In 2008 the Corporation established the Mortgage Credit Certificate (MCC) Program as another option for eligible first-time home buyers. The MCC Program is made possible under IRS rules that allow the conversion of Single Family mortgage revenue bonds into mortgage credit certificates. The Corporation's MCC Program serves the same populations eligible for the Homes for Texas Heroes and Home Sweet Texas Home Loan Programs. Under the MCC Program, the qualified home buyer can take a portion of the annual interest paid on the mortgage loan as a special tax credit, up to \$2,000 each year that they occupy the home as their principal residence. An MCC has the potential of saving the home buyer thousands of dollars over the life of the loan. And although the MCC Program is not a home loan program, the Corporation requires the home buyer to have a fixed-rate mortgage loan.

Since their inception, demand for these programs has increased. To date, the Corporation has served over 11,600 households under our home loan, down payment and MCC programs.

#### *Home Buyer Education Requirement*

In addition to meeting the program eligibility requirements, every home buyer who utilizes one

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<sup>2</sup> Source: Federal Reserve Bank of Saint Louis: "Homeownership Rate for the United States," accessed on 11/16/2015.

<sup>3</sup> Source: The Simple Dollar Contributor: "Buying a House? How to Save for a Down Payment," The Simple Dollar, August 4, 2015

of the Corporation's homeownership programs must complete a home buyer education course prior to closing on the purchase of their home. On October 1, 2015 the Corporation began requiring that home buyers take a course offered by a provider listed on our Texas Financial Toolbox web site.<sup>4</sup> The providers listed on the Toolbox are generally nonprofit organizations or government entities who are either HUD-approved or certified to provide home buyer education.

Several studies show that homeowners who take a pre-purchase home buyer education course have significantly lower rates of mortgage payment delinquencies and make better financial decisions over time. Specifically, a study conducted by Neil Mayer and Associates in collaboration with Experian found that clients receiving home buyer education prior to purchasing a home are one-third less likely to become 90 or more days delinquent over the two years after receiving their loan as compared to borrowers who do not receive that pre-purchase education or counseling.<sup>5</sup> A subsequent study conducted by the Federal Reserve Bank of Philadelphia notes that pre-purchase counseling can also help potential home buyers improve their creditworthiness to help them qualify for a mortgage.<sup>6</sup>

## **2016 IMPLEMENTATION PLAN**

The Corporation will continue to stay abreast of any changes or developments in the mortgage industry. In late 2014 the Corporation started providing several different options to home buyers, offering varying rates, down payment assistance levels, and loan types. The Corporation continued this practice in 2015 and will continue it in 2016. These new options allow home buyers, in discussions with their lenders and REALTORS®, to choose the best option for them.

Above and beyond the statutory requirements of the programs, the Corporation will work to broaden the reach of the programs through the recruitment of additional lenders and effectively marketing to REALTORS®, especially in areas of the state with low utilization of the programs. The Corporation also plans to amplify its marketing to potential home buyers since according to a NeighborWorks America survey cited in a Housing Wire article as many as 70 percent of home buyers don't know down payment assistance is available.<sup>7</sup>

## **HOME BUYER EDUCATION AND FINANCIAL EDUCATION**

In 2010, the Corporation created an online educational tool called the Texas Mortgage Calculator ([www.tsahc.org/Mortgage\\_Calculator](http://www.tsahc.org/Mortgage_Calculator)) that provides step-by-step information on the home buying process, information about mortgage rates, and a glossary of mortgage terms in both English and Spanish. This tool also estimates the potential interest rate a home buyer can

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<sup>4</sup> Texas Financial Toolbox, <http://www.texasfinancialtoolbox.com/home-buyer-education>

<sup>5</sup> Source: Neil S. Mayer and Kenneth Temkin, "Pre-Purchase Counseling Impacts on Mortgage Performance: Empirical Analysis of NeighborWorks America's Experience," Neil Mayer and Associates on behalf of NeighborWorks America, March 2013.

<sup>6</sup> Source: Marvin M. Smith, Daniel Hochberg, and William H. Greene "The Effectiveness of Pre-Purchase Homeownership Counseling and Financial Management Skills," Federal Reserve Bank of Philadelphia, 2014.

<sup>7</sup> Source: Trey Garrison, "Fully 70% of homebuyers don't know about down payment assistance," Housing Wire, December 4, 2014

expect in the market based on their FICO score.

In 2012, the Corporation expanded its online resources by creating the Texas Financial Toolbox ([www.texasfinancialtoolbox.com](http://www.texasfinancialtoolbox.com)). The Texas Financial Toolbox gives consumers an easy way to find nonprofit organizations or government entities that can help them achieve their financial and homeownership goals through home buyer education, credit counseling or financial education. Whether consumers want to learn how to better manage their money, find out if they're ready for homeownership, understand the home buying process and the programs that are available to help them buy a home, or learn how to avoid foreclosure, the Texas Financial Toolbox is a great place to start. Information about home buyer programs, home buyer education classes, financial education, and foreclosure prevention is available, all searchable by city. This is a tool that was not previously available in Texas, and the Corporation believes it is providing information to Texas consumers.

#### *Texas Statewide Homebuyer Education Program*

For several years the Corporation has promoted and supported successful homeownership by supporting the Texas Statewide Homebuyer Education Program (TSHEP), which provides continuing education to housing counselors who provide home buyer education to consumers, most of them low-income. TSHEP has historically been administered by the Texas Department of Housing and Community Affairs (TDHCA); however, effective September 1, 2012, the Corporation entered into an agreement with TDHCA to administer TSHEP. In 2015, TDHCA selected TSAHC to once again administer TSHEP in 2016 after an Invitation to Bid selection process.

In 2015 housing counselors across the state had the opportunity to attend three separate trainings that furthered their skills and certified many of the participants as home buyer education providers. The Corporation contracted with NeighborWorks America, the selected education provider, to teach housing counselors the principles and applications of comprehensive pre- and post-purchase home buyer education, lending basics, financial capability, and foreclosure counseling.

To date, more than 900 housing counselors have continued their education to either maintain or obtain their home buyer education certification as a result of training they received through TSHEP. Under TSAHC administration of TSHEP, the Corporation has trained 343 counselors representing 144 organizations in 55 cities across Texas.

#### **2016 IMPLEMENTATION PLAN**

In 2016 the Corporation, with support from private and public funders, will conduct two weeklong training sessions as part of TSHEP. The Corporation plans to offer courses covering the following topics: home buyer education methods, homeownership counseling certification, and credit counseling.

## TEXAS HOUSING IMPACT FUND

The Corporation's Texas Housing Impact Fund helps provide safe, decent, and affordable housing with an emphasis on serving rural and underserved communities by providing flexible financing options to affordable housing developers. This program was formerly known as the Direct Lending program, but the Corporation changed the name in September 2015 to better communicate the purpose and goals of the loan products to both developers and potential investors.

Leveraging investments from private foundations and banks, the Corporation is able to provide both short-term and long-term affordable housing financing to developers through the Texas Housing Impact Fund. Applications for new loans are accepted on an ongoing basis, provided there is funding available for the program. This funding model has enabled the Corporation to steadily grow the fund over time. To date the Texas Housing Impact Fund has financed the construction or rehabilitation of 114 single family homes and 1,901 rental units for low and moderate-income households.

The Corporation currently offers three types of loans:

- Permanent financing for multifamily rental properties
- Construction lines of credit for new single-family homes
- Revolving lines of credit for acquisition/rehabilitation of single-family homes

### *Single Family Construction/Rehabilitation*

Homeownership is the primary means by which lower-income households create stability and build wealth for the future. According to research conducted by the Center for Responsible Lending and the Federal Reserve Board, as of 2013<sup>8</sup> the median net worth of American homeowners was \$195,400, compared to the median net worth of renters, which was only \$5,400.

However, due to rising housing prices, many Texans cannot afford to purchase a home in their communities. For example, according to research conducted by the Real Estate Center at Texas A&M University, as of October 2015 the median home price was more than \$200,000 in most Texas cities, including Austin (with a median home price of \$253,600), Dallas (\$226,100) and Houston (\$202,100).<sup>9</sup> The Texas Housing Impact Fund helps families and individuals achieve their dreams of homeownership by financing the construction or rehabilitation of single family homes that are affordable to well-qualified low and moderate-income home buyers.

In 2015 affordable housing developers used financing from the Texas Housing Impact Fund to rehabilitate or construct 14 homes for low and moderate-income home buyers.

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<sup>8</sup> Source: "Homeownership and Wealth Creation," New York Times, November 29, 2014, [http://www.nytimes.com/2014/11/30/opinion/sunday/homeownership-and-wealth-creation.html?\\_r=4](http://www.nytimes.com/2014/11/30/opinion/sunday/homeownership-and-wealth-creation.html?_r=4)

<sup>9</sup> Source: <https://www.recenter.tamu.edu/data/housing-activity/>, accessed November 20, 2015.



### *Multifamily Construction/Rehabilitation*

The Corporation also recognizes that not all families and individuals are ready to become homeowners. Access to affordable and decent rental housing is what is most important to these households. By funding the construction or rehabilitation of affordable rental units, the Texas Housing Impact Fund helps ensure these households can access safe and decent rental homes without having to sacrifice other basic needs, such as food, education or medical care.

The Corporation’s Texas Housing Impact Fund generally targets smaller multifamily developments in rural areas and underserved communities. The average loan size for multifamily developments is \$580,000, and the average number of units is 72.

| <b>Loan Production</b>        | <b>2015</b> | <b>Total<sup>10</sup></b> |
|-------------------------------|-------------|---------------------------|
| Loans Made                    | 1           | 22                        |
| # of Single Family Homes      | 14          | 114                       |
| # of Rental Units             | 0           | 1901                      |
| Amount of Loan Funds Approved | \$500,000   | \$11,746,287              |

### **2016 IMPLEMENTATION PLAN**

The construction of new homes has grown significantly in the past year, but most commonly in higher priced markets that are not affordable to Texans with lower incomes. According to an October 2014 article in the *Dallas Morning News*, rising home prices are making it more difficult for Texas households to afford a home. Citing research conducted by the Texas A&M Real Estate Center, the article indicates that Texas has seen double-digit home price increases over the past two years; however, income levels have remained relatively flat.<sup>11</sup>

To address this challenge, the Corporation plans to continue to provide flexible lines of credit to smaller developers. These loan products, leveraged with the Corporation’s access to lower cost land through its Affordable Communities of Texas (ACT) land bank, will enable these developers to continue to construct and rehabilitate single family homes that are affordable for working families.

Additionally, the Corporation plans to continue to provide loans to small and rural markets for multifamily developments, helping local developers meet the housing needs of their communities.

The Corporation will continue to seek additional investments from financial institutions to meet the growing need for housing in targeted markets. The Corporation will also continue to market the newly re-branded Texas Housing Impact Fund to attract developers and investors

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<sup>10</sup> The total amount includes all loans since the program’s inception in 2003.

<sup>11</sup> Source: Steve Brown: “Higher home prices and rising interest rates could hassle Texas homebuyers,” *Dallas Morning News*, 2014.

across the state.

## **AFFORDABLE COMMUNITIES OF TEXAS PROGRAM**

The Corporation created the Affordable Communities of Texas (ACT) Program, a land bank and land trust program, in 2008 to stabilize communities experiencing high rates of foreclosure. The Corporation works in partnership with nonprofit and government agencies across the state to acquire and redevelop foreclosed homes, vacant land and tax foreclosed properties, and then sell or rent the homes to low-income families.

The ACT Program, partnering with 27 nonprofit housing developers across Texas, has acquired a total of 551 properties and has redeveloped 194<sup>12</sup> of these properties to date. The ACT Program has a current portfolio of 334 lots and homes, and it comprises four unique initiatives distinguished by source of funding and targeted use of properties:

- ACT Land Banking – This is the Corporation’s general land banking program that includes properties that are either purchased by the Corporation or donated to the Corporation. Properties are redeveloped for affordable housing. If a property is not suitable for redevelopment (i.e. poor location, high cost of redevelopment or other extenuating circumstances), the property is sold and the funds reinvested in the ACT Program.
- ACT Land Trust – Properties acquired are intended to be held in perpetuity by the Corporation. Homes built or redeveloped on land trust sites may be rented or sold to qualified low-income households.
- Veterans Housing Initiative – This initiative is a partnership with Bank of America. The Corporation accepts higher value homes donated by Bank of America that are redeveloped and sold at a minimum 25% discount to qualified U.S. military veterans in Texas. Veterans who are disabled and have low incomes may also qualify to receive a home as a donation.
- Texas NSP – this category includes only those homes and properties that were acquired using Texas’s federal Neighborhood Stabilization Program (NSP) funding.

| <b>Program/Initiative</b> | <b>Acquisitions 2015</b> | <b>Sales 2015</b> | <b>Current Portfolio</b> | <b>Current Asset Value</b> |
|---------------------------|--------------------------|-------------------|--------------------------|----------------------------|
| ACT Land Banking          | 24                       | 9                 | 84                       | \$1,196,405                |
| ACT Land Trust            | 0                        | 0                 | 1                        | \$650,000                  |
| Veterans Initiative       | 0                        | 14                | 5                        | \$362,510                  |
| Texas NSP                 | 0                        | 10                | 244                      | \$4,526,956                |
| <b>Totals</b>             | 24                       | 33                | 334                      | \$6,735,871                |

<sup>12</sup> Includes properties still held in TSAHC’s portfolio but are for-sale, rented, under contract to a homebuyer or have been transferred to local partners or sold to private entities for redevelopment.

## **2016 IMPLEMENTATION PLAN**

The ACT Program will continue to play an integral role in the Corporation's overall affordable housing strategy. Although the availability of foreclosed homes donated by financial institutions has decreased as home values have rebounded, the number of vacant and abandoned homes continues to be a concern in both urban and rural areas. The Corporation will continue to form partnerships to acquire foreclosed and vacant properties, including working directly with local and regional governments.

Additionally, the Corporation intends to continue working with its network of local partner developers to redevelop and sell properties currently in the ACT Program's portfolio. The Corporation has also committed additional funding for property acquisitions and redevelopment that will enable us to redevelop properties more quickly in markets where we don't work with a local partner developer.

## **MULTIFAMILY PRIVATE ACTIVITY BOND PROGRAM**

The Corporation uses its statutory authority to issue tax-exempt multifamily private activity bonds (PAB) to help affordable housing developers construct or preserve multifamily rental units. As a conduit issuer, the Corporation is allocated 10 percent of Texas' multifamily PAB cap each year.

The Corporation makes available to developers its multifamily PAB allocation through an annual Request for Proposal application process. To be considered for multifamily PAB financing, multifamily developments must meet specific housing needs identified each year by the Corporation's Board of Directors. In 2015 those housing needs were:

- At-Risk Preservation and Rehabilitation
- Rural and Smaller Urban Markets
- Senior and Service Enriched Housing Developments
- Disaster Relief Housing

In 2015, the Corporation issued \$30,548,000 in multifamily PABs to construct or rehabilitate 356 affordable rental units in Midland and Palestine.

## **2016 IMPLEMENTATION PLAN**

The Corporation anticipates continued interest and growth in our PAB program due to improved market conditions and increased demand for affordable multifamily housing. Research<sup>13</sup> conducted by the National Low Income Housing Coalition found that, in Texas, households working 40 hours per week need to earn \$16.62/hour (more than twice the minimum wage) to afford a modest two bedroom apartment (which costs about \$864/month). In order to afford

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<sup>13</sup> Source: "Out of Reach 2015" National Low Income Housing Coalition, May 2015, <http://nlihc.org/oor>

market rental prices, Texas households earning less than \$16.62/hour are often forced to work more than 40 hours per week or cut back on other necessities to make their monthly rent payments. Additionally, rental occupancy rates average 94.2% statewide, further emphasizing the continued demand for multifamily housing.<sup>14</sup>

In 2016, the Corporation plans to continue to address the ongoing demand for affordable multifamily housing by financing the construction and rehabilitation of additional rental units through the PAB program that are affordable to low and very low-income Texans.

## **ASSET OVERSIGHT AND COMPLIANCE**

Asset oversight and compliance monitoring of multifamily properties financed through multifamily tax-exempt bonds is required by many bond issuers, including the Corporation. The Corporation also requires asset oversight and compliance monitoring of multifamily properties financed through our Texas Housing Impact Fund. The Corporation believes these reviews are one of the best ways to ensure properties are continuing to provide safe and decent affordable housing to their residents.

### *Asset Oversight*

As part of the asset oversight review process, staff performs an annual on-site inspection of each property, monitors each property's financial and physical health, and provides suggestions for improvement to property owners and managers. Staff completes a report of each property and submits its reports to property owners, managers and other stakeholders. The reports are also available on the Corporation's web site.

### *Compliance*

As part of the compliance review process, staff reviews tenant files on-site annually to ensure that property owners and managers are following the federal affordability requirements relating to the tax-exempt status of the bonds. Completed compliance reports are submitted to property owners, managers, and other stakeholders and are also available on the Corporation's web site. In addition, the Corporation manages an online reporting system that allows property managers to complete its monthly compliance reporting online. Each month, staff monitors whether property owners and managers are providing the required number of affordable units to income-eligible households and that quality resident services are being provided. By monitoring this on a monthly basis, the Corporation helps ensure that property owners and managers are meeting all program requirements.

In 2015 the Corporation performed asset oversight reviews for 26 properties, totaling 3,688 units, and the Corporation performed compliance reviews for 25 properties, totaling 3,476 units. These properties are either bond-financed or financed through the Texas Housing Impact Fund. The Corporation also leverages its asset oversight and compliance experience by providing training to other housing organizations and public agencies as needed.

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Source: Texas A&M Real Estate Center [http://www.recenter.tamu.edu/mdata/Austin\\_Apartmentdata.pdf](http://www.recenter.tamu.edu/mdata/Austin_Apartmentdata.pdf), 2015.

## **2016 IMPLEMENTATION PLAN**

The Corporation will continue to provide asset oversight and compliance monitoring services to the properties in its current bond and Texas Housing Impact Fund portfolios. In 2016 the Corporation anticipates adding a minimum of one property (72 units) to the portfolio of bond-financed properties monitored by the Corporation's staff. The Corporation also anticipates a compliance review of the Rollins Martin apartment complex (15 units), a property the Corporation acquired in 2015.

The Corporation will continue to review and update its policies and procedures as industry trends and changes in policy dictate. The Corporation will continue to closely monitor the financial health and physical condition of properties in its portfolio and offer specific strategies for improvement. In addition, the Corporation plans to expand and target the marketing of its asset oversight and compliance capabilities to other housing organizations and public agencies.

## **SINGLE FAMILY RENTAL PROGRAM**

The cost of living in Austin continued to rise in 2015. According to Zillow, the median home price in Austin is now \$285,000<sup>15</sup> and the median monthly rent is now \$1,657.<sup>16</sup> These prices are simply unaffordable for many low-income Austin families.

In May 2013, the Corporation created the Single Family Rental Program to provide eligible low-income families with affordable, below-market rental homes in high opportunity neighborhoods in the Austin Metropolitan Statistical Area (MSA).

Homes available as part of the program are all in areas with higher than average median incomes, with access to good schools, transportation and other services nearby. The program has received an extraordinary number of applications from low-income families and individuals interested in renting a home available under the program.

The program offers individuals and families that earn at or below 80% of the area median family income the opportunity to rent a home at significantly less than market rate rents. In addition to verifying income, the Corporation screens each applicant for rental, credit, and criminal history. To date, the Corporation has purchased and leased 14 single family homes and one duplex to qualifying, low-income families in the Austin MSA.

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<sup>15</sup> Source: <http://www.zillow.com/austin-tx/home-values/>, September 2015

<sup>16</sup> Source: Emily Hefter, "Rents Are Up, and Not Where you Might Expect," <http://www.zillow.com/blog/rents-up-not-where-you-expect-170427/>, Market Trends, February 19, 2015

## **MULTIFAMILY RENTAL PROGRAM**

In July 2015 the Corporation expanded its rental program by acquiring the Rollins Martin apartment complex in East Austin. East Austin is a rapidly developing community that is quickly becoming unaffordable to its long-time lower-income residents. A 2015 study<sup>17</sup> conducted by HousingWorks Austin found that 45% of the renters located in the Austin city council district containing the Rollins Martin apartments are cost-burdened, which is defined as spending more than 30% of their income on housing. Furthermore, the district's poverty rate is 27.6%, with more than 21,000 individuals living below the poverty line.

The Rollins Martin apartment complex was originally financed as part of the federal low-income housing tax credit (LIHTC) program. It consists of 15 three-bedroom apartment units, all of which are affordable for families earning at or below 60% of the area median family income. The property's affordability requirements as part of the LIHTC program were about to expire, and by acquiring the property, the Corporation was able to ensure that these rental units will continue to be affordable for their low-income tenants.

## **2016 IMPLEMENTATION PLAN**

Although the Corporation does not plan to acquire any additional homes for the Single Family Rental program in 2016, the Corporation will continue to manage the program to provide its tenants with affordable, safe rental homes in high opportunity areas of the Austin MSA.

In 2016 the Corporation plans substantial rehabilitations at the Rollins Martin apartment complex. The Corporation has installed new appliances, tankless water heaters and HVAC for each unit and new roofing and a fence for the complex. The Corporation is in the process of expanding the doors for the laundry area in each unit. Remaining renovations include repainting the interiors and providing new flooring, countertops and cabinets for each unit.

## **TEXAS FOUNDATIONS FUND**

The Corporation created the Texas Foundations Fund to improve housing conditions for very low-income Texas households, with a particular emphasis on assisting persons with disabilities and rural communities. The Corporation defines very low-income households as households earning at or below 50% of the area median family income.

Through the Texas Foundations Fund, the Corporation partners with nonprofit organizations and rural government entities across Texas to support quality programs that address the critical housing needs of very low-income families and individuals. Selected partners receive grants of up to \$50,000 to support their housing services.

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<sup>17</sup> Source: <http://housingworksaustin.org/wp-content/uploads/2015/09/2015-City-Council-District-Analyses.pdf>, September 2015.

The housing services listed below are eligible for support through the Texas Foundations Fund:

- The rehabilitation and/or critical repair of owner-occupied, single family homes to remedy unsafe living conditions. Critical repairs may also include accessibility modifications to assist household members with a disability.
- The provision of supportive housing services for residents of housing units owned by the applicant receiving funding. The services supported by the Texas Foundations Fund must help individuals and families at risk of homelessness or unnecessary institutionalization gain and/or maintain their housing stability. Eligible supportive housing services include, but are not limited to: the provision of alcohol and drug counseling, adult education and/or job training, mental health counseling, case management and services provided by a health care provider.

The Corporation selected these services by conducting a survey asking its partner housing organizations to identify the greatest housing needs of very low-income Texans.

The Corporation funds its Texas Foundations Fund awards by blending private donations with earned revenue from its other housing programs. The Corporation's Board of Directors determines the amount available for each funding round based on revenue and private funding received.

Prior to each funding round, the Corporation publishes the Texas Foundations Fund Guidelines for public comment, giving stakeholders the opportunity to provide feedback prior to submitting a funding proposal. Partners are then selected through a competitive application process. Applications for funding are first considered by the Corporation's Advisory Council, whose members are appointed by the Corporation's Board of Directors, with final approval of selected partners determined by the Board of Directors. Since 2008 the Corporation has awarded more than \$2.3 million in grants.

In 2015 the Corporation awarded a total of \$360,500 to 16 high performing nonprofit organizations, which will enable them to provide critical repairs and supportive housing services to 1,478 very low-income Texans. The Corporation awarded funds to at least one qualified applicant in each of eight designated regions across the state.

## **2016 IMPLEMENTATION PLAN**

The Corporation anticipates making changes to the Texas Foundations Fund for the 2016 award cycle that would expand the number of organizations receiving funds from the Corporation could give awards to. With support from the Advisory Council and collaboration from partner organizations, the Corporation will continue to explore ways to increase the amount of funding available for the Texas Foundations Fund.

The Corporation's Advisory Council continues to play a vital role in identifying and cultivating

prospective donors to support the Texas Foundations Fund. The Advisory Council is comprised of 10 community leaders who possess fundraising experience, who demonstrate commitment to affordable housing programs, and who represent geographic diversity within Texas.