



**TEXAS STATE AFFORDABLE HOUSING CORPORATION  
2022 ANNUAL ACTION PLAN**

*ADOPTED FEBRUARY 15, 2022 BY  
TEXAS STATE AFFORDABLE HOUSING CORPORATION  
BOARD OF DIRECTORS*

## **TEXAS STATE AFFORDABLE HOUSING CORPORATION 2022 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 (“TSAHC”) to develop a plan to address the state’s housing needs. Texas Government Code, Section 2306.0721(g) requires TSAHC’s Annual Action Plan to be included in the State Low Income Housing Plan (“SLIHP”) prepared by the Texas Department of Housing and Community Affairs (“TDHCA”).

### **TSAHC 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 purpose is to primarily 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. TSAHC’s enabling legislation can be found in Texas Government Code, Chapter 2306, Subchapter Y, Sections 2306.551 et seq.

TSAHC’s office is located in Austin, Texas. A five-member volunteer Board of Directors, appointed by the Governor of Texas, oversees the policies and business of TSAHC. None of TSAHC’s programs or operations are funded through the State’s budget appropriations process.

TSAHC is statutorily authorized to issue mortgage revenue bonds and other tax-exempt bonds to finance the purchase and creation of affordable housing. TSAHC also has the authority to use loans from banks, private mortgage companies, nonprofit organizations and other financial institutions to assist primarily low, very low, and extremely low-income Texans. Over the course of its history, TSAHC has utilized approximately \$4 billion in single family bonding authority and approximately \$1.1 billion in multifamily private activity bonds.<sup>1</sup> 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

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<sup>1</sup> 2021 TSAHC bond activity includes the closing of \$104,791,000 in Multifamily Private Activity Bonds.

Using its statutory purpose and powers as guidance, TSAHC has developed the following additional programs, services, and initiatives 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
- Grants for Disaster Recovery
- Supportive Housing Initiatives

#### **TSAHC MISSION AND OBJECTIVE**

TSAHC’s mission is to serve the housing needs of moderate, low, very low, and extremely low-income Texans and other underserved populations through innovative programs. TSAHC accomplishes this mission by helping developers build housing for working families, and helping Texans achieve and sustain the dream of homeownership and improve their financial situation. TSAHC’s programs and initiatives reflect our core belief that every Texan deserves the opportunity to live in safe, decent and affordable housing.

As Texas’ population grows and the housing industry changes, the programs and services TSAHC administers continue to evolve and expand to meet these changing dynamics. TSAHC remains committed to the populations it has historically served, but is also active in responding to new challenges like creating supportive housing developments for Texas’ most vulnerable residents, preserving housing in rural areas, expanding housing opportunities for Texans with complex health needs, helping Texans rebuild after natural disasters, and helping Texans remain stably housed during difficult times like the ongoing pandemic.

TSAHC’s objective in 2022 is to serve the evolving housing needs of Texans by implementing innovative solutions through its current programs and adapting those programs where necessary to respond to changes in the housing market. TSAHC also remains committed to exploring opportunities to establish new programs and initiatives to better assist underserved populations and entities addressing housing affordability challenges.

## **TSAHC'S ONGOING RESPONSE TO COVID-19**

The past two years have completely reshaped how Texans live and do business. During that time, TSAHC responded to the pandemic in a variety of ways summarized below.

In March 2020, TSAHC launched a COVID-19 resources web page<sup>2</sup> with general important information and resources specific to homeowners, renters, rental housing professionals, homeless assistance providers, consumers and nonprofits. TSAHC continues to update this web page as new information and resources became available.

Per a March 13th, 2020, disaster declaration and subsequent waivers of portions of Texas Government Code, Chapter 551, the TSAHC Board of Directors meetings were held virtually and continued that way until the September 15<sup>th</sup>, 2021 Board meeting, which was held in person at TSAHC's offices.

Over the past two years, TSAHC has been committed to working with tenants that reside in properties we own to keep them stably housed and respond to work requests in a safe manner. We implemented a rental assistance program for tenants and set up payment plans for tenants experiencing financial hardships. If a tenant received rental assistance, we required them to attend a virtual financial education course. Additionally, we automatically renewed leases for all tenants (unless they opted out of the lease) and froze rental rates for 2020 and 2021. Lastly, we helped tenants apply for local and statewide assistance programs when appropriate.

For properties that receive physical inspections and site visits as part of our asset oversight and compliance program, we quickly transitioned to virtual inspections to protect the health and safety of TSAHC staff and property management. The virtual site visits still allowed us to honor the responsibilities that come with overseeing these properties. In 2021, we transitioned to a hybrid of virtual and in-person site visits.

Throughout the past two years, we have continued to participate in internal and external meetings on virtual platforms, and we transitioned programs and initiatives that were formerly held in-person to virtual platforms. We continue to monitor the ongoing state of the pandemic and will make decisions to return to in-person events on a case-by-case basis with health and safety considerations being the primary driver for decision-making.

### *Texas Housing Stability Collaborative*

Beginning in late summer 2020, TSAHC partnered with a collection of individuals and organizations working to avert home mortgage foreclosures and rental evictions caused by COVID-19. This partnership, known as the Texas Housing Stability Collaborative,<sup>3</sup> is building its network raising awareness about free mortgage and rental assistance options to Texas

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<sup>2</sup> <https://www.tsahe.org/news/article/covid-19-resources-and-helpful-information>

<sup>3</sup> <https://texashousingstability.org/>

households provided by Texas' HUD-approved housing counseling agencies. As a founding member, TSAHC continues to advise and support the collaborative.

## **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. The most recent data from the Federal Reserve highlights the economic benefits of homeownership as the average household wealth of a homeowner is \$255,000 while the average wealth of a renter is \$6,300.<sup>4</sup>

In addition to financial benefits, there are social benefits to homeownership. Stable housing created by homeownership can lead to better educational achievement, health benefits, reduced crime, and improved civic participation.<sup>5</sup>

TSAHC currently administers the Homes for Texas Heroes and Home Sweet Texas Home Loan Programs, which provide 30-year fixed-rate mortgage loans, tax credits, and down payment assistance to low and moderate-income families and individuals.

The Homes for Texas Heroes Home Loan Program was established by the Legislature in 2003 for the purpose of making mortgage loans with down payment assistance 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, TSAHC created the Home Sweet Texas Home Loan Program to serve home buyers not eligible for the Homes for Texas Heroes Home Loan Program. The Home Sweet Texas Home Loan Program serves Texans of all professions.

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<sup>4</sup> Source: Brett Holzhauser, "Here's the average wealth of homeowners and renters," CNBC, August 24, 2021

<sup>5</sup> Source: "Social Benefits of Homeownership and Stable Housing," Richard J. Rosenthal Center for Real Estate Studies, October 2017

### *Down Payment Assistance Options*

TSAHC offers down payment assistance (DPA) through both the Homes for Texas Heroes and Home Sweet Texas Home Loan Programs because a primary barrier for prospective buyers is accumulating sufficient funds for a down payment.<sup>6</sup>

This problem has worsened in recent years as increasing rents make it harder to save money and transition into homeownership. This is having a profound impact on middle-income households who are increasingly becoming rent cost-burdened and having a difficult time making the leap from renting to homeownership.<sup>7</sup>

Additionally, the median home price statewide reached a record high of \$310,000 in August 2021 and tapered off slightly to \$307,054 by September 2021. For further context, the median home price in Texas was \$270,000 at the end of 2020 and \$248,000 at the end of 2019.<sup>8</sup> This represents an approximately 9 percent increase from 2019-2020 and an approximately 14% increase from 2020 – currently the national average is just under a 4% increase annually.

To ensure low and moderate-income Texans can continue to achieve the dream of homeownership, TSAHC increased the income limits for our Homes for Texas Heroes and Home Sweet Texas Home Loan Programs from 115% of the area median family income to 125% of the area median family income on October 1, 2021.<sup>9</sup> Serving moderate-income Texans – those between 80 and 125 percent AMFI – is an important component of meeting the state’s housing needs, because those households are struggling to afford homes in the absence of assistance.

TSAHC’s down payment assistance continues to be available on a first-come, first-served basis, and is provided either in the form of a grant that does not require repayment or a three-year deferred forgivable second lien. Home buyers must also 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.

### *Homeownership Programs Financing Mechanisms*

TSAHC funds its mortgage loans with down payment assistance in two ways: by issuing mortgage revenue bonds available under its statutory authority, and by pooling loans on a regular basis and selling the mortgage-backed securities (known in the industry as the TBA program). TSAHC did not issue mortgage revenue bonds and funded its mortgage loans with down payment assistance exclusively through the TBA program in 2021.

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<sup>6</sup> Source: “Biggest Barriers to Homeownership,” <https://dsnews.com/daily-dose/09-02-2021/biggest-barriers-to-homeownership>, dsnews.com, September 2, 2021

<sup>7</sup> Source: “America’s Rental Housing 2020,” Joint Center for Housing Studies of Harvard University, 2020

<sup>8</sup> Source: <https://www.recenter.tamu.edu/data/housing-activity/>, accessed November 12, 2021.

<sup>9</sup> The income limits for the Mortgage Credit Certificate program continue to be set at 115% AMFI per federal guidelines.

### *Mortgage Credit Certificate Program*

In 2008, TSAHC established the Mortgage Credit Certificate (MCC) Program as another way to assist first-time home buyers. The MCC Program is made possible under IRS rules that allow the conversion of single-family mortgage revenue bonds into MCCs. TSAHC's MCC Program serves the same populations eligible for the Homes for Texas Heroes and Home Sweet Texas Home Loan Programs; however, the program is only available to first-time home buyers (defined as those who have not owned a home in three years).

Under the MCC Program, the home buyer can take a portion of the annual interest paid on the mortgage loan as a special federal income tax credit. 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, TSAHC requires the home buyer to obtain a fixed-rate mortgage loan. Home buyers can also combine the MCC Program with the mortgage loan and down payment assistance provided under the Homes for Texas Heroes and Home Sweet Texas Home Loan Programs.

### *Home Buyer Education Requirement*

Every home buyer who utilizes one of TSAHC's homeownership programs must complete an approved home buyer education course offered by a provider listed on the Texas Financial Toolbox website.<sup>10</sup> The providers listed on this site are generally nonprofit organizations or government entities who are either HUD-approved or certified to provide home buyer education.

TSAHC requires home buyer education to ensure households are well prepared for the responsibilities of owning a home. Research by the U.S. Department of Housing and Urban Development (HUD) revealed that home buyer education empowers individuals with the ability to make better financial decisions, understand their home buying options, improve their credit, save more money, and lower housing costs.<sup>11</sup>

Moreover, according to that same HUD publication, home buyer education can help mortgage borrowers avoid delinquencies and defaults. The HUD paper references the 2014 National Foreclosure Mitigation Counseling program that analyzed 240,000 loans and found that borrowers that took home buyer education were three times more likely to get a loan modification to avoid default.

Recognizing the importance of online home buyer education options during the COVID-19 pandemic, TSAHC also partnered with BBVA to offer free online home buyer education courses to 575 TSAHC home buyers in 2021.

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<sup>10</sup> Texas Financial Toolbox, <http://www.texasfinancialtoolbox.com/home-buyer-education>

<sup>11</sup> Source: Evidence Matters, "The Evidence on Homeownership Education and Counseling," Spring 2016

## *2021 Homeownership Programs Changes*

In May 2020, the market uncertainty created by COVID-19 required TSAHC to implement a temporary overlay to our homeownership programs eligibility requirements. This overlay was imposed by TSAHC's master loan servicer. Per that overlay, all government loans for borrowers with total debt to income (DTI) ratios greater than 45% were required to have a minimum 700 credit score. In May 2021, TSAHC's master loan servicer lifted the overlay allowing us to once again serve households with 620 or higher credit scores, regardless of their DTI.

TSAHC continues to serve a record number of home buyers, and in response to this, we continue to onboard new homeownership staff. This enables us to respond to the increase in home buying demand and meet consumer and lender needs promptly and efficiently.

TSAHC also launched a podcast in 2020 and continue to produce new episodes on topics pertaining to homeownership, home buying and other housing related issues. We produced 12 episodes in 2020 and an additional 8 in 2021.<sup>12</sup> We also launched Facebook live events to answer questions for industry professionals and prospective home buyers in real time.

We continue to engage our Lender Advisory Council to gather their feedback on TSAHC's homeownership programs, stay abreast of any changes or developments in the mortgage industry, and adjust to meet the needs of Texas' home buyers.

Most importantly, on October 1, 2021, TSAHC also expanded the eligibility requirements for home buyers receiving non-bond, stand-alone down payment assistance through our Homes for Texas Heroes and Home Sweet Texas Home Loan Programs. In addition to increasing the income limits from 115% to 125%, we established higher purchase price limits based on guidance from federal housing entities. TSAHC implemented these important changes in direct response to the data above demonstrating that more middle-income households are becoming rent cost-burdened and dealing with escalating home prices. This allows us to continue to better meet our mission of serving Texans at these income levels.

## *2021 Homeownership Programs Activity Synopsis*

In 2021, TSAHC's home buyer programs helped 22,726 households with their home purchase through down payment assistance, an MCC, or both.<sup>13</sup>

In comparison, TSAHC assisted 16,325 households in 2020 and 9,397 households in 2019. To date, TSAHC has served more than 77,151 households under our homeownership programs.

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<sup>12</sup> <https://www.buzzsprout.com/1048519>

<sup>13</sup> This marks activity from January 1, 2021 through December 31, 2021.



## *2022 Implementation Plan*

In 2022, TSAHC will engage the Lender Advisory Council on ways to improve our programs and stay on top of industry trends. We will also make sure our staff is able to respond to the incredible home buying demand in Texas, should that continue into the next year. Lastly, TSAHC will look to expand the reach of our programs by continuing to build upon relationships with current lenders and recruiting additional lenders to participate in our programs.

In addition to the above, TSAHC is actively working with a collaborative to increase the number of homeowners that identify as Black, Indigenous, or persons of color (BIPOC) in the greater Houston area. The initiative is called the Wells Fargo BIPOC Wealth Opportunities Restored through Homeownership (WORTH) program, and the goal is to create 5,000 new BIPOC homeowners in Houston by 2025. TSAHC was approached by the Local Initiatives Support Corporation (LISC) to participate in the initiative alongside other housing and community development organizations in the Houston area. Our collaborative was awarded a planning grant in late 2021, and we are now engaging a consultant to develop an implementation plan that will be forthcoming in March 2022.

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

### *Connecting Consumers with High Quality Housing and Financial Counselors*

In 2012, TSAHC created the Texas Financial Toolbox ([www.texasfinancialtoolbox.com](http://www.texasfinancialtoolbox.com)) to give 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 unique tool TSAHC believes is providing essential information to Texas consumers.

In 2018, TSAHC expanded the Toolbox resource by creating a Loan Comparison Calculator<sup>14</sup> to help potential home buyers compare the different loans types and down payment assistance options offered by TSAHC. This tool is also available on TSAHC's website [www.tsahc.org](http://www.tsahc.org).

The Loan Comparison Calculator replaced an earlier down payment assistance calculator created in 2017 and a mortgage calculator created in 2010 that provided home buyers with an estimated interest rate based on their credit score.

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<sup>14</sup> <http://www.texasfinancialtoolbox.com/mortgage-calculator>

The Toolbox also includes a step-by-step guide to help families and individuals gain a better understanding of the home buying process.

### *Housing Connection Training*

TSAHC has offered home buyer and financial education training to Texas housing nonprofits since 2012. From 2012-2017, TSAHC administered the Texas Statewide Homebuyer Education Program (TSHEP), a housing and financial counselor training program, on behalf of the Texas Department of Housing and Community Affairs. In late 2017 TSAHC decided to expand the scope of the training services provided and opted not to continue our role as administrator of TSHEP.

In 2018, TSAHC introduced the Housing Connection training program. The Housing Connection training built upon the success of TSHEP by offering not only housing and financial counselor training but also training for nonprofits interested in affordable housing development. The program's goal is to help both affordable housing and counseling organizations access trainings, promote themselves, and build capacity for their organizations and programs.

For the 2021 Housing Connection course selection, we offered the most requested courses as well as courses specific to evictions and foreclosures given the ongoing housing instability issues that have arisen due to the pandemic.

These courses were: (1) Rental Counseling & Eviction Preventions in Times of Crisis, (2) Foreclosure Basics for Homeownership Counselors, (3) Homeownership Counseling Certification: Principles, Practices and Techniques, and (4) Best Practices to Improve Your Foreclosure Intervention Counseling Program.

In 2021, 106 housing counselors representing 76 organizations and 41 cities received training through Housing Connection. Moreover, TSAHC was able to provide a scholarship to each participant in 2021 to cover the cost of the training.

To date, 748 individuals representing 315 organizations in 140 municipalities across Texas have attended trainings provided by TSAHC through either TSHEP (2012-2017) or Housing Connection (2018-2021). Additionally, TSAHC has provided \$126,093 in scholarships to participants.

### *2022 Implementation Plan*

In 2022, TSAHC will once again provide a variety of courses for housing counselors and nonprofit housing professionals. Instructor-led courses will either be offered entirely virtually or in-person depending on the safety of in-person training. TSAHC also plans to offer self-guided webinars to supplement the instructor-led courses.

TSAHC will continue to make the training as affordable as possible by raising public and private funds to subsidize the costs of attending a training either virtually or in-person.

## **TEXAS HOUSING IMPACT FUND**

The Texas Housing Impact Fund (THIF) 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.

Leveraging investments from private foundations and banks, TSAHC is able to provide both short-term and long-term affordable housing financing to developers through the THIF. This funding model has enabled TSAHC to steadily grow the fund over time, with applications for new loans accepted on an ongoing basis, provided there is funding available for the program.

To date, the Texas Housing Impact Fund has financed the construction or rehabilitation of 284 single family homes and 3,272 rental units for low and moderate-income households. These numbers include units currently under construction.

TSAHC currently offers four types of loans:

- Permanent financing loans
- Revolving lines of credit
- Construction loans
- Deferred forgivable loans offered through the Affordable Housing Partnership (currently limited to Dallas and Travis counties)

In 2020, TSAHC launched a predevelopment loan option for Central Texas developers as a pilot program, but that program ended in 2021.

### *Single Family Construction/Rehabilitation*

Homeownership continues to be the primary means by which lower-income households create stability and build wealth for the future. As mentioned above, the average household wealth of a homeowner is \$255,000 while the average household wealth of a renter is \$6,300.

However, due to rising housing prices, many Texans cannot afford to purchase a home in their communities. For example, according to the Real Estate Center at Texas A&M University, as of August 2021, the median home price in Texas was a record high \$310,000.<sup>15</sup> Escalating home prices are especially problematic in urban areas like Austin (median home price of \$448,000), Dallas (\$350,000), and Houston (\$300,000).<sup>16</sup>

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<sup>15</sup> Source: <https://www.recenter.tamu.edu/data/housing-activity/>, accessed November 15, 2021.

<sup>16</sup> Source: <https://www.recenter.tamu.edu/data/housing-activity/>, accessed November 15, 2021.

By financing the construction or rehabilitation of single-family homes that are affordable to well-qualified low and moderate-income home buyers, the Texas Housing Impact Fund is helping families and individuals achieve the dream of homeownership and build household wealth.

In 2021, TSAHC approved a THIF line of credit to construct 5 homes for low- to moderate-income home buyers in Port Arthur, Texas.

#### *Multifamily Construction/Rehabilitation*

TSAHC 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 households access safe and decent rental homes without having to sacrifice other basic needs, such as food, education, or medical care.

In 2021, TSAHC provided THIF financing to help rehabilitate or construct 367 affordable rental units.

#### *Predevelopment Loans*

In spring 2020, TSAHC partnered with the Austin Community Foundation to launch a predevelopment loan program targeted to small-scale or neighborhood-oriented nonprofit developers in the five-county Central Texas region. In 2020, TSAHC made one loan under the program to Chestnut Neighborhood Revitalization Corporation to support the construction of 49 condominiums as part of Phase II of The Chicon development located in Central East Austin. In 2021, we discontinued the loan product due to difficulties identifying developers who needed this source of financing.

#### *Affordable Housing Partnership*

TSAHC launched the Affordable Housing Partnership (AHP) program in 2020 as part of the THIF suite of loan products. Thanks to a partnership with the Texas Health and Human Services Commission, TSAHC offers deferred forgivable loans to developers in Dallas and Travis counties to subsidize the construction of affordable, accessible, and community-integrated units designated for residents with long-term health needs.

In 2021, TSAHC approved 5 loans to support the construction of 23 rental units in Dallas and Travis counties.

*Texas Housing Impact Fund Loan Production*

<b>Loan Production</b>	<b>2021</b>	<b>2003 - 2020</b>
Loans Approved	10	41
# of Single Family Homes Built or Under Construction	5	279
# of Rental Units	367	2905
Amount of Loan Funds Approved	\$7,025,000 <sup>17</sup>	\$26,405,462

*2022 Implementation Plan*

TSAHC plans to continue to provide flexible lines of credit to developers that address our funding priorities. These loan products, leveraged with TSAHC’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. TSAHC forecasts sustained demand for THIF loans into 2022 as staff is currently reviewing multiple applications for single-family and multifamily developments around Texas.

In 2022, TSAHC plans to continue to explore lending opportunities to address housing needs for underserved populations including disaster impacted areas, small urban and rural markets, and urban areas that are rapidly changing and risk losing affordable housing. In 2022, there will be an emphasis on marketing the Affordable Housing Partnership to address the housing needs of Texans with long-term health needs and expanding that program to Bexar and Harris counties.

TSAHC will continue to grow the fund by pursuing grants, program related investments or equity equivalent investments from foundations, banks, and other lenders and investors.

TSAHC will also continue to publish an annual Texas Housing Impact Fund Investment Report to document the statewide impact of the program. This report enhances TSAHC’s efforts to market the Texas Housing Impact Fund to developers and potential investors.

**AFFORDABLE COMMUNITIES OF TEXAS PROGRAM**

TSAHC 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. TSAHC works in partnership with 30 nonprofit organizations across the state to acquire and redevelop foreclosed homes, vacant land, and tax foreclosed properties to make these homes available for sale or rent to low-income families.

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<sup>17</sup> Texas Housing Impact Fund loans are a revolving line of credit for single-family construction awarded to Legacy CDC and loans for the rehabilitation or creation of multifamily units for Midpark Towers LLC; Dallas Stemmons, Ltd.; Embree Eastside, Ltd.; Guadalupe Neighborhood Development Corporation; Housing Authority of Travis County; Project Transitions; June West LLC; and Kiva East, LLC.

Over its history, TSAHC has acquired 573 properties through the ACT program and has created 296 homes for extremely low, very low, low, and moderate-income Texans. The ACT Program has a current portfolio of 19 lots and homes, and there are three active components of the program distinguished by source of funding and targeted use of properties:

- ACT Land Banking – This is TSAHC’s general land banking program that includes properties that are either purchased by TSAHC or donated to TSAHC. 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 are reinvested in the ACT Program.
- ACT Land Trust – Properties acquired are intended to be held in perpetuity by TSAHC. Homes built or redeveloped on land trust sites may be rented or sold to qualified low-income households.
- Texas NSP – This category includes those homes and properties that were acquired using Texas’ federal Neighborhood Stabilization Program (NSP) funding. TSAHC successfully sold and/or transferred all remaining NSP properties in 2021.

*Affordable Communities of Texas Portfolio*

<b>Program/Initiative</b>	<b>Acquisitions 2021</b>	<b>Sales 2021</b>	<b>Current Portfolio</b>	<b>Current Asset Value</b>
ACT Land Banking / Land Trust	1	11	19	\$775,131
Texas NSP	0	12	0 <sup>18</sup>	\$0

*2022 Implementation Plan*

The ACT Program will continue to play an integral role in TSAHC’s overall affordable housing strategy. TSAHC intends to increase efforts to expand our portfolio of ACT land bank properties by forming partnerships to acquire foreclosed and vacant properties and working directly with local and regional governments where possible. For properties already in our land bank, we will continue working with our network of local partner developers to redevelop and sell those properties. We also intend to begin developing a parcel of land in Plano, Texas that is part of our land trust.

TSAHC sold 12 NSP homes in 2021 and successfully transferred the remaining 133 NSP lots that were in our portfolio to TDHCA and/or local partners. As that program has concluded, it will allow us to place a stronger emphasis on expanding our land bank activities and redeveloping those properties alongside local partners.

TSAHC continues to explore the implementation of land trust mechanisms that allow TSAHC to deliver homeownership opportunities to low- to moderate-income home buyers and deeper levels of affordable rental housing.

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<sup>18</sup> In 2021, TSAHC transferred the remaining 133 vacant NSP lots in our portfolio to TDHCA and/or local partners.

## MULTIFAMILY PRIVATE ACTIVITY BOND PROGRAM

TSAHC 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, TSAHC is allocated 10 percent of Texas' multifamily PAB cap each year.

TSAHC 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 TSAHC's Board of Directors. In 2021, those housing needs were:

- At-Risk Preservation and Rehabilitation of Existing Affordable Units
- Housing in Rural and Smaller Urban Markets
- Senior and Service Enriched Housing Developments
- Housing in Areas with Disaster Declarations

In 2021, TSAHC closed on \$104,791,000 in multifamily PABs to construct or rehabilitate 1,008 affordable rental units across 7 municipalities.<sup>19</sup>

### *2022 Implementation Plan*

TSAHC anticipates continued interest and growth in our PAB program due to the high number of affordable housing units needed to meet the demand. For example, research conducted by the National Low Income Housing Coalition found that, in Texas, there are only 51 units that are affordable for every 100 households that earn 50% or less of the average median income.<sup>20</sup>

The demand is reflected in the number of TSAHC PAB projects that are either currently induced, pending closing or under review. That pipeline of potential 2022 PAB closings already includes 3 developments that total 756 units and \$115,500,000 in total bond financing.

TSAHC plans to continue to address this ongoing housing demand using PABs to finance the construction and rehabilitation of units that are affordable to low and very low-income Texans. In 2022, TSAHC will build on our initiatives that emphasize the preservation of housing in rural areas and work with developers who are addressing this housing priority.

TSAHC will also explore how to create more permanent supportive housing (PSH) units either through PABs or other financing structures. The creation of additional PSH housing is another priority for TSAHC, due in part to an ongoing collaboration with the Texas Health and Human Services Commission that will be covered in detail later in this plan.

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<sup>19</sup> The developments are Las Palmas Village in Eagle Pass, Texas; Riverstation Apartments in Dallas, Texas; Gardens of Balch Springs in Balch Springs, Texas; W. Leo Daniels Towers in Houston, Texas; Marshall Apartments in Austin, Texas; Fawn Ridge Apartments in The Woodlands, Texas; and Pine Terrace Phases I and II in Mt. Pleasant, Texas.

<sup>20</sup> Source: "The Gap: A Shortage of Affordable Homes," The National Low Income Housing Coalition, March 2021

## **ASSET OVERSIGHT AND COMPLIANCE**

Asset oversight and compliance monitoring of multifamily properties financed through multifamily private activity bonds is required by many bond issuers, including TSAHC. TSAHC also requires asset oversight and compliance monitoring of multifamily properties financed through our Texas Housing Impact Fund. TSAHC 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 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 TSAHC's website.

These visits are typically on-site, physical inspections, but because of the ongoing COVID-19 pandemic, TSAHC performed a hybrid of virtual and in-person visits. For both types of reviews, TSAHC required property management agents to provide us with required property reports. But for virtual reviews, they also had to provide photos of the property.

In 2021, TSAHC performed asset oversight reviews for 59 properties, totaling 5,729 units. By comparison, TSAHC performed reviews on 35 properties, totaling 4,609 units in 2020.

### *Compliance*

As part of the compliance review process, staff reviews tenant files 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 TSAHC's web site. In addition, TSAHC manages an online reporting system that allows property managers to complete their 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 high-quality resident services are being provided. Monthly compliance monitoring helps TSAHC ensure that property owners and managers are meeting all program requirements.

In 2021, TSAHC performed compliance reviews for 57 properties, totaling 5,793 units. By comparison, TSAHC performed reviews on 35 properties, totaling 4,733 units in 2020. These properties are financed either through PABs or THIF financing. In 2021, we also renewed a contract with a third-party vendor to help them with compliance reviews as needed. TSAHC will



continue to ensure that staff is well-equipped to handle the demands of adding a significant number of properties and units to the asset and compliance review portfolio over the past year and into 2022.

### *2022 Implementation Plan*

In 2022, TSAHC staff will continue to conduct site visits in a manner that best protects the health and safety of our staff, and staff and residents at properties in our asset and compliance portfolio. In 2022, staff anticipates adding 8 properties and 1,280 units to the portfolio of properties monitored by TSAHC's staff. Additionally, staff anticipates performing compliance on units funded through the Affordable Housing Partnership program.

TSAHC will also continue to review and update its policies and procedures as industry trends and changes in policy dictate. TSAHC will continue to closely monitor the financial health and physical condition of properties in its portfolio and offer specific strategies for improvement.

### **SINGLE FAMILY RENTAL PROGRAM**

The cost of living in Austin continued to rise in 2021. According to the Real Estate Center at Texas A&M University, the median home price in Austin was \$448,000 as of September 2021<sup>21</sup> The average monthly rent was \$1,619 as of November 2021.<sup>22</sup> These prices are simply unaffordable for many low-income Austin families.

In May 2013, TSAHC 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 through the program are located in areas with higher than average median incomes, with access to good schools 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 prices significantly less than market rate. In addition to verifying income, TSAHC screens each applicant for rental, credit, and criminal history.

Given the success of the program and ongoing need for affordable rental opportunities in other areas of the state, TSAHC decided to expand the Single-Family Rental Program to San Antonio in 2019. Since that time, TSAHC has purchased six single-family homes in the San Antonio MSA which have all been leased to qualifying households.

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<sup>21</sup> Source: See Footnote 15.

<sup>22</sup> Source: <https://www.rentcafe.com/average-rent-market-trends/us/tx/austin/> (Accessed November 16, 2021)

In 2021, TSAHC added two more homes in Austin to the Single-Family Rental Program portfolio. Combined, the Single-Family Rental Program now provides 26 rental homes across the Austin and San Antonio MSAs.

### *2022 Implementation Plan*

In 2022, TSAHC will add two homes to its Austin portfolio. These homes are currently under construction. Additionally, TSAHC will seek to expand the program to the Dallas-Fort Worth metroplex. TSAHC intends to purchase an additional 6-8 homes across the three markets (Austin, Dallas-Fort Worth, and San Antonio) in 2022.

## **MULTIFAMILY RENTAL PROGRAM**

In July 2015, TSAHC expanded its rental program by acquiring the Rollins Martin apartment complex in East Austin. Built in 1998, 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 apartment complex is located in a rapidly developing neighborhood of East Austin that is quickly becoming unaffordable to its long-time lower-income residents. Rents in that part of the Austin have increased at an alarming rate, going up 22-38.6% between 2011-2015.<sup>23</sup> By maintaining affordability in the rapidly changing neighborhood, TSAHC is meeting a critical housing need for the community.

Beyond this, TSAHC has also made substantial improvements to the Rollins Martin apartment complex. Since 2015, TSAHC has completed the following repairs and improvements: installed new appliances, tankless water heaters, and HVAC for each unit; installed new roofing, new outdoor trash receptacles, a bike rack, surveillance system, and a fence for the property; expanded doors for the laundry area in each unit; replaced all staircases; added additional security features to the locks on each unit's door; upgraded the surveillance system; replaced all siding and windows; added new paint, lighting, doors, mailboxes and signage; and completely renovated eight units.

In 2021, TSAHC also reconstructed the dumpster enclosure area to create more recycling space and poured a semicircle driveway to make it easier for trash trucks to safely access and leave the dumpster area. In addition, TSAHC built an ADA accessible sidewalk and pad for the common area between buildings 3 and 4.

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<sup>23</sup> Source: <https://data.austintexas.gov/stories/s/Household-Affordability/czit-acu8/>

## *2022 Implementation Plan*

In 2022, TSAHC will continue to renovate the apartment complex and individual units on a rolling basis after a tenant moves out to avoid any tenant displacement.

### **TEXAS FOUNDATIONS FUND**

#### *History of the Texas Foundations Fund*

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

Through TFF, TSAHC partners with nonprofit organizations across Texas to support quality programs that address the critical housing needs of very low-income families and individuals. Selected partners receive grants to support their housing services. Since 2008, TSAHC has awarded more than \$5,220,500 in grants.

The housing services listed below are eligible for support through TFF:

- 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 TFF 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.

TSAHC selected these services by conducting a survey asking its partner housing organizations to identify the greatest housing needs of the very low-income Texans they serve. TSAHC also conducts follow up surveys every few years to confirm that the services funded by the Texas Foundations Fund are still critically needed by very low-income Texans.

TSAHC funds TFF awards primarily with earned revenue from its other housing programs. TSAHC's Board of Directors determines the amount available for each funding round.

Prior to each application cycle, TSAHC publishes TFF Guidelines for public comment, giving stakeholders the opportunity to provide feedback prior to submitting a funding proposal.

Prior to 2016, the Foundations Fund was a competitive grant process. However, for the past three award cycles (2016 – 2020), it has been a non-competitive application process. Nonprofits that meet eligibility criteria partner with TSAHC for a two-year term in a matching grant structure. The matching grant structure is a simpler process for applicants, and it allows TSAHC to serve more nonprofits than through a competitive grant application process.

### *2020-2021 Funding Cycle*

In early 2020, TSAHC surveyed TFF stakeholders to see if any changes should be made to the program. After compiling survey results, TSAHC made its draft 2020 Texas Foundations Fund guidelines available for public comment. Based on comments received, TSAHC staff decided to add in an administrative allowance of up to 10% of the grant amount to help organizations keep their programs operational during the ongoing COVID-19 pandemic.

The 2020-2021 TFF application cycle opened in May 2020. To better serve TFF applicants, TSAHC upgraded the online application system prior to releasing the application.

TSAHC received 38 applications from non-profits serving communities throughout Texas. After a thorough review of the applications, TSAHC staff determined that 33 applicants met the requirements to be selected as a funding partner.

The total funding available to these partners in 2020 was \$610,500, which equals \$18,500 per organization. TSAHC increased the funding available to partner organizations to \$660,000 in 2021, totaling \$20,000 per grantee.

### *2022 Implementation Plan*

In early 2022, we will once again survey partners and other stakeholders to help inform our decision making about how TFF should best operate. We anticipate making some modifications and incorporating the program into our broader Housing Connection program designed to support our network of nonprofits.

## **GRANTS FOR DISASTER RECOVERY**

### *Housing and Economic Assistance to Rebuild Texas (HEART)*

On August 23, 2017, Hurricane Harvey made landfall along the Texas coast, inflicting catastrophic damage to Southeast Texas, the Gulf Coast region, the greater Houston area, and the Coastal Bend area. On August 25, 2017, a Major Disaster Declaration was issued for 41 counties impacted by the hurricane.

In response to this catastrophic event, TSAHC partnered with Enterprise Community Partners to create a grant program to provide critical home repair funding, programmatic support, and technical assistance for nonprofits providing ongoing relief efforts to the impacted areas with

an emphasis on providing relief outside of the Harris County area.

The program, entitled Housing and Economic Assistance to Rebuild Texas (HEART), launched in April 2018 thanks to a generous financial commitment from the Rebuild Texas Fund, a joint initiative of the OneStar Foundation and the Michael & Susan Dell Foundation. Other funding was provided by the Meadows Foundation, the Center for Disaster Philanthropy, BBVA and a commitment from TSAHC's Board.

The program awarded \$2,555,000 to 39 nonprofits providing housing-related assistance to low-income households directly affected by Hurricane Harvey. Among those nonprofits, 19 provided critical home repair services, repairing 174 homes.<sup>24</sup> The HEART program also provided webinars (11 total with more than 200 attendees) as well as individual technical assistance opportunities. TSAHC and Enterprise Community Partners concluded administering the HEART program in early 2021.

#### *Winter Storm Uri Response*

In February 2021, Winter Storm Uri ravaged Texas, bringing prolonged below freezing temperatures and record snowfall to many parts of the state. In addition, millions of Texans were without electricity compounding the devastating impacts of this unprecedented disaster. The Federal Emergency Management Agency declared a disaster for every county in Texas and provided a combination of public and individual assistance depending on the severity of the disaster in those respective communities.

In March 2021, the TSAHC Board of Directors approved a special funding round of the Texas Foundations Fund program to respond to this event and made \$300,000 available to organizations providing home repairs for affected households in the most severely impacted areas.

TSAHC provided grant funding to 15 organizations that provided home repairs to 236 households between April and August 2021 through this special funding round. In 2022, TSAHC will explore ways to make funding readily available through the Texas Foundations Fund so organizations can quickly respond to severe weather events and natural disasters.

### **SUPPORTIVE HOUSING INITIATIVES**

#### *Partnership with Texas Health and Human Services Commission (HHSC)*

In 2016, TSAHC expanded its efforts to address supportive housing needs beyond grant funding provided through Texas Foundations Fund. It accomplished this by partnering with the Texas Health and Human Services Commission (HHSC) in a Center for Medicaid Services Innovation Accelerator Program (IAP).

The IAP launched in August 2017 and concluded in April 2018 with two outcomes. First, public

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<sup>24</sup> These numbers reflect grantee reports received through December 31, 2021.

and private partnerships developed between the Medicaid and housing systems to better address the housing and supportive services needs of the Medicaid recipient population. Second, HHSC and TSAHC created a state action plan that seeks to foster additional community living opportunities for Texans with ongoing health needs.

As part of executing the state action plan, TSAHC conducted a series of permanent supportive housing (PSH) workshops in 2019 for nonprofits and other interested parties who wish to create or preserve PSH units. These one-day workshops provided an overview of the financing of PSH developments and the implementation of supportive services at those developments.

### *Texas Supportive Housing Institute*

Building upon the success of the PSH workshops, TSAHC launched the Texas Supportive Housing Institute in September 2020, which provides technical assistance to nonprofits, developers, service providers and property managers interested in creating and operating supportive housing in their communities. The training is conducted by the Corporation for Supportive Housing (CSH).

Five teams successfully completed the first institute in 2020 representing Dallas (two teams), Fort Worth (two teams), and Brownsville. They attended monthly, multi-part sessions held virtually over the course of September to December 2020. An added component of the institute is one-on-one technical assistance with CSH. TSAHC also made follow up grants available to participating development teams through a partnership with JPMorgan Chase.

In 2021, TSAHC offered the Institute again with the following enhancements: reduced the number of participating teams from six to four to expand/improve the individual instruction and attention provided to each; solicited teams in relatively similar project stages to improve cross collaboration; provided training that looks at issues through a racial equity lens and incorporates feedback from those with lived experience; increased technical assistance from 14 hours per team 25 hours per team; and provided development teams with the opportunity to obtain Quality Endorsement reviews from CSH.

For the 2021 Institute, TSAHC selected four development teams in El Paso, Houston, San Antonio, and Waco. These teams will conclude the Institute in January 2022. TSAHC will continue to assess the pipeline of organizations and future projects in 2022 to determine how frequently to offer the Institute going forward.

Additionally, TSAHC will continue to explore new or improved finance mechanisms for supportive housing developments. TSAHC will continue to look for developers interested in participating in the Affordable Housing Partnership to create units for Texans with long-term health needs. These objectives are included in the state action plan created by TSAHC and HHSC.

### *General Homelessness Activities*

TSAHC continues to support other efforts addressing homelessness. This includes Advisory Member representation on the Texas Interagency Council for the Homeless (TICH) and serving

as liaison between the TICH and United State Interagency Council on Homelessness. In addition, TSAHC sponsors the annual Texas Conference on Ending Homelessness hosted by the Texas Homeless Network.

In 2022, TSAHC will continue to explore ways it can make an impact in homelessness including potentially offering the Texas Supportive Housing Institute mentioned above, supporting ongoing efforts to better use data to solve homelessness challenges, and working with organizations through either our development finance programs or the Texas Foundations Fund to build supportive housing and provide services for residents at those communities.