

T E X A S  
State Affordable Housing Corporation

**January Board Meeting**

To be held at the offices of  
Texas State Affordable Housing Corporation  
6701 Shirley Avenue  
Austin, TX 78752

Tuesday, January 17, 2023  
10:30 a.m.

**TEXAS STATE AFFORDABLE HOUSING CORPORATION  
BOARD MEETING  
AGENDA**

**To be held at the offices of  
Texas State Affordable Housing Corporation  
6701 Shirley Avenue  
Austin, Texas 78752**

**January 17, 2023  
10:30 A.M.**

**CALL TO ORDER  
ROLL CALL  
CERTIFICATION OF QUORUM**

**Bill Dietz, Chair**

Pledge of Allegiance – **I pledge allegiance to the flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.**

Texas Allegiance – **Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.**

The Board of Directors of Texas State Affordable Housing Corporation will meet to consider and possibly act on the following:

**PUBLIC COMMENT**

**PRESIDENT’S REPORT**

**David Long**

Tab A: Homeownership Finance Report  
Tab B: Development Finance Report  
Tab C: Monthly Financial Reports

**ACTION ITEMS IN OPEN MEETING:**

- |       |   |
|-------|---|
| Tab 1 | Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on December 6, 2023.  |
| Tab 2 | Presentation, Discussion and possible approval of a \$2 million loan to National Church Residences (NCR), or an affiliate, for the acquisition and rehabilitation of Oak Bluff apartments, a 39-unit multi-family community in Columbus, Texas.   |
| Tab 3 | Presentation, Discussion and possible approval of a \$1.2 million permanent loan to National Church Residences (NCR) for the Oak Bluff apartments, a 39-unit multi-family community in Columbus, Texas.   |
| Tab 4 | Presentation, Discussion and possible approval of a \$2 million loan to National Church Residences (NCR), or an affiliate, for the acquisition and rehabilitation of Tejas Cove, a 61-unit multi-family community in Bay City, Texas.   |
| Tab 5 | Presentation, Discussion and possible approval of a \$1.47 million permanent loan to National Church Residences (NCR) for the Tejas Cove apartments, a 61-unit multi-family community in Bay City, Texas.   |
| Tab 6 | Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for Eden Court Apartments. |

**CLOSED MEETING:**

Consultation with legal counsel on legal matters – Texas Government Code § 551.071

Deliberation regarding purchase, exchange, lease, or value of real property – Texas Government Code § 551.072

Deliberation regarding prospective gift or donation to the state or Texas State Affordable Housing Corporation – Texas Government Code § 551.073

Personnel Matters – Texas Government Code § 551.074

Implementation of security personnel or devices – Texas Government Code § 551.076

Other matters authorized under the Texas Government Code

**ACTION ITEMS IN OPEN MEETING:**

Action in Open Meeting on Items Discussed in Closed Executive Session

**ANNOUNCEMENTS AND CLOSING COMMENTS**

**ADJOURN**

*A Board member of the Corporation may participate in a Board meeting by video conference pursuant to Section 551.127 of the Texas Government Code. A quorum of the Board will meet at the Texas State Affordable Housing Corporation's headquarters located at 6701 Shirley Avenue., Austin Texas, 78752.*

*Individuals who require auxiliary aids or services for this meeting should contact Rebecca DeLeon, ADA Responsible Employee, at 512-220-1174 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that the appropriate arrangements can be made.*

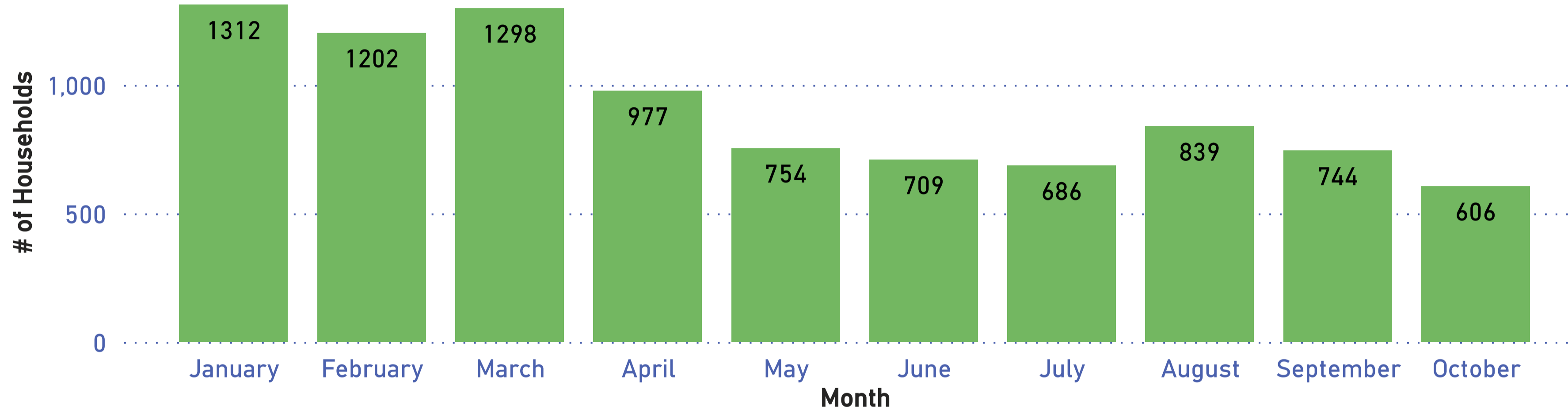
*Section 46.035 of the Texas Penal Code prohibits handgun licensees from carrying their handguns at government meetings such as this one. This prohibition applies to both concealed carry and open carry by handgun licensees. Handgun licensees are required by law to refrain from carrying their handguns at this meeting.*

*Texas State Affordable Housing Corporation reserves the right to recess this meeting (without adjourning) and convene at a later stated time, if and to the extent allowed by law. If Texas State Affordable Housing Corporation adjourns this meeting and reconvenes at a later time, the later meeting will be held in the same location as this meeting. Texas State Affordable Housing Corporation also reserves the right to proceed into a closed meeting during the meeting in accordance with the Open Meetings Act, Chapter 551 of the Texas Government Code. If permitted by the Open Meetings Act, Chapter 551 of the Texas Government Code, any item on this Agenda to be discussed in open meeting may also be discussed by the Board (and any other authorized persons) in closed meeting.*

# President's Report

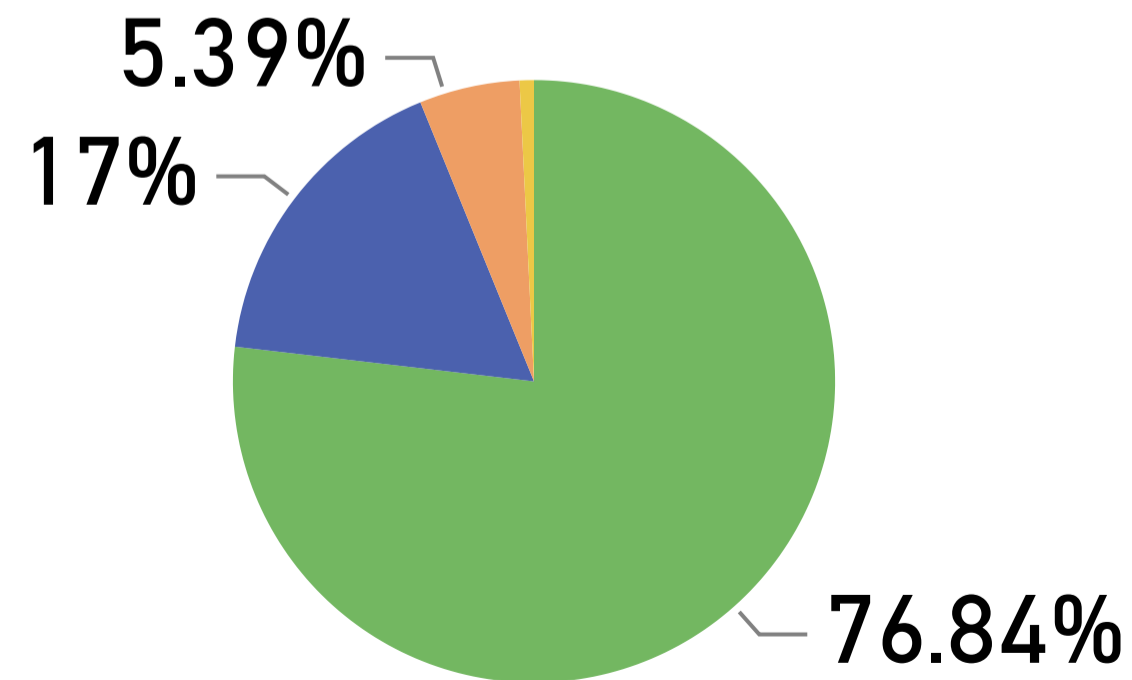
Tab A  
Homeownership Finance Reports

**# of Households by Month**



**Loan Type**

- FHA - Purchase
- Conv. - Purch.
- VA - Purchase
- USDA-RHS Purch.



**69.68K**

Average Annual Income

**236K**

Average of Loan Amount

**5.51%**

Average Interest Rate

**690**

Average Credit Score

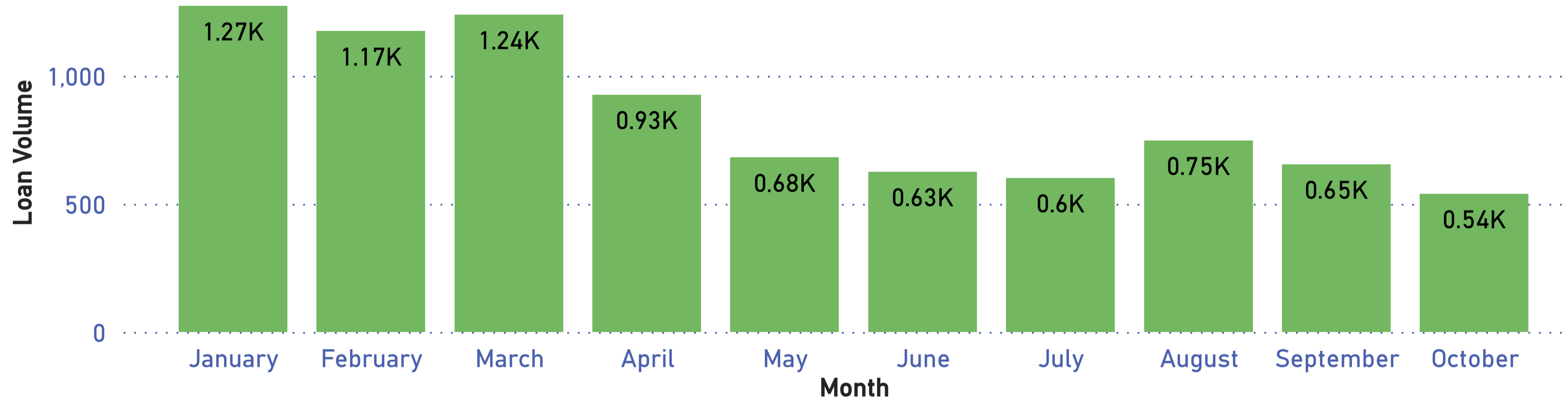
**9127**

Households Served

**2**

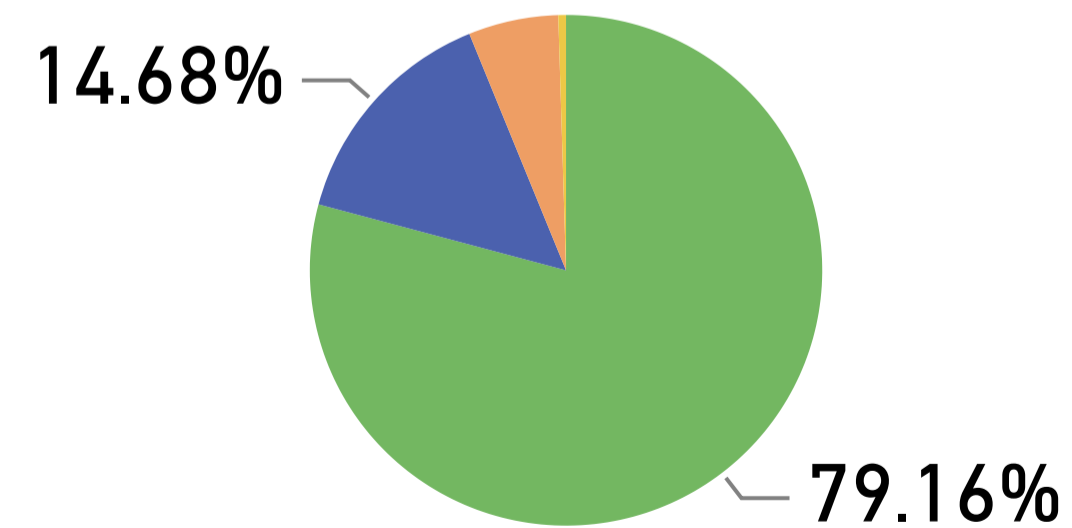
Average Household Size

## Loan Volume by Month



## Loan Type

- FHA - Purch...
- Conv. - Purch.
- VA - Purchase
- USDA-RHS ...



**8,129.61**  
Average DPA Awarded

**68,762,819.58**  
Total DPA Awarded

**70.51K**

Average Annual Income

**236K**

Average Loan Amount

**1993M**

Total Loan Volume

**8460**

Households Served

**5.56%**

Average Interest Rate

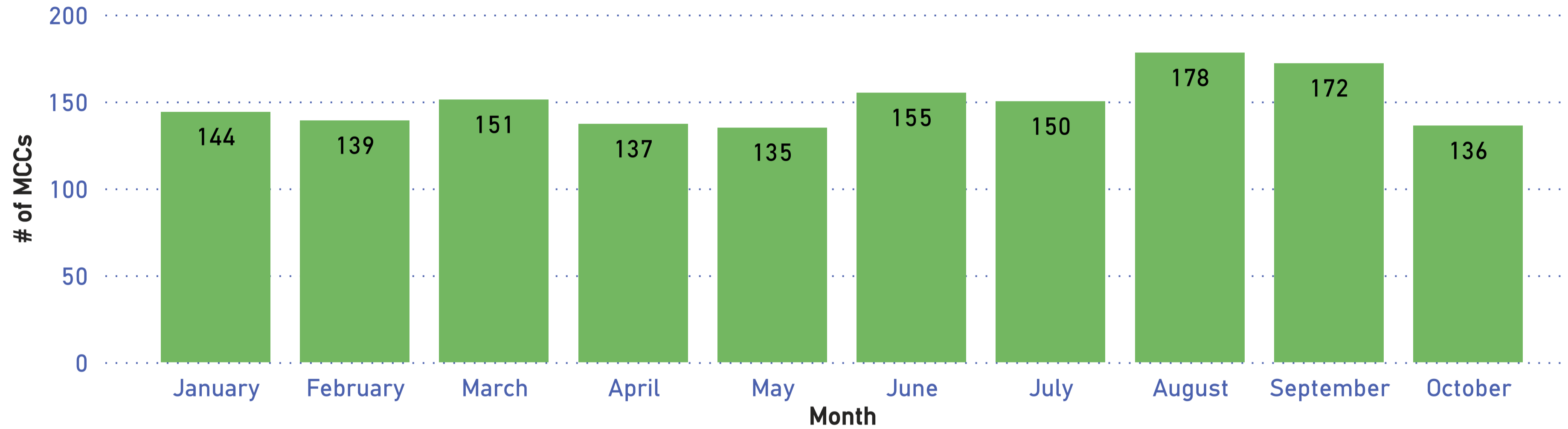
**689**

Average Credit Score

**2**

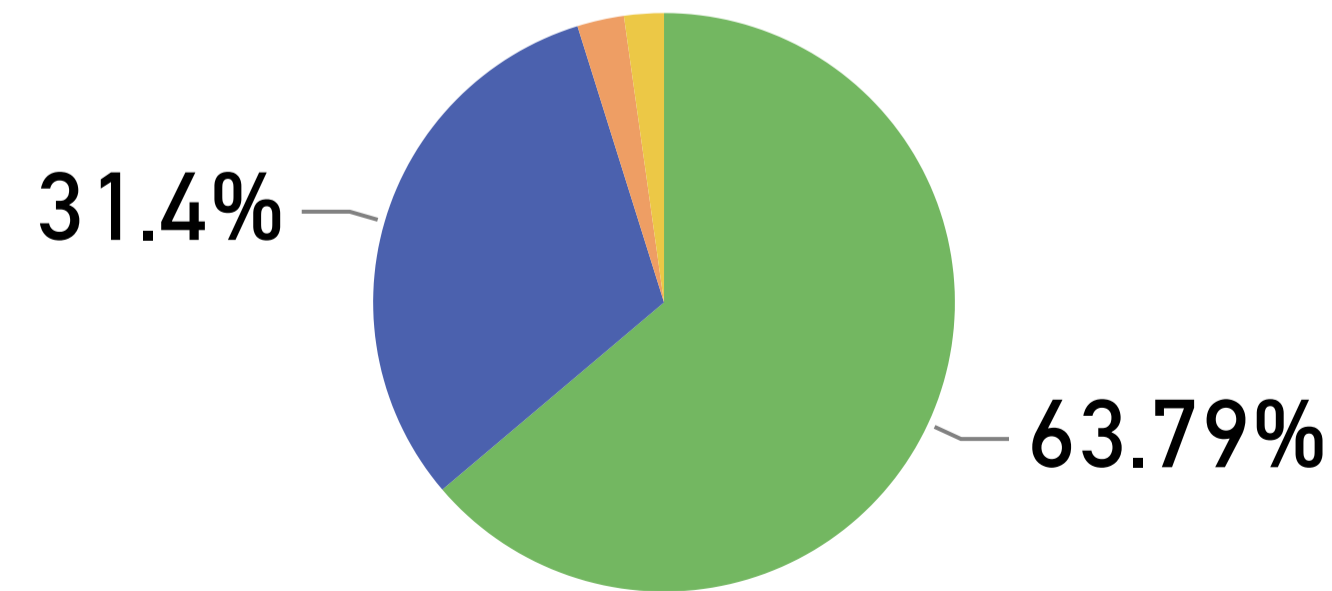
Average Household Size

## # of MCCs by Month



## Loan Type

- FHA - Purchase
- Conv. - Purch.
- VA - Purchase
- USDA-RHS Purch.



**62.04K**

Average Annual Income

**233K**

Average of Loan Amount

**5.36%**

Average Interest Rate

**700**

Average Credit Score

**1497**

Issued MCCs

**2**

Average Household Size

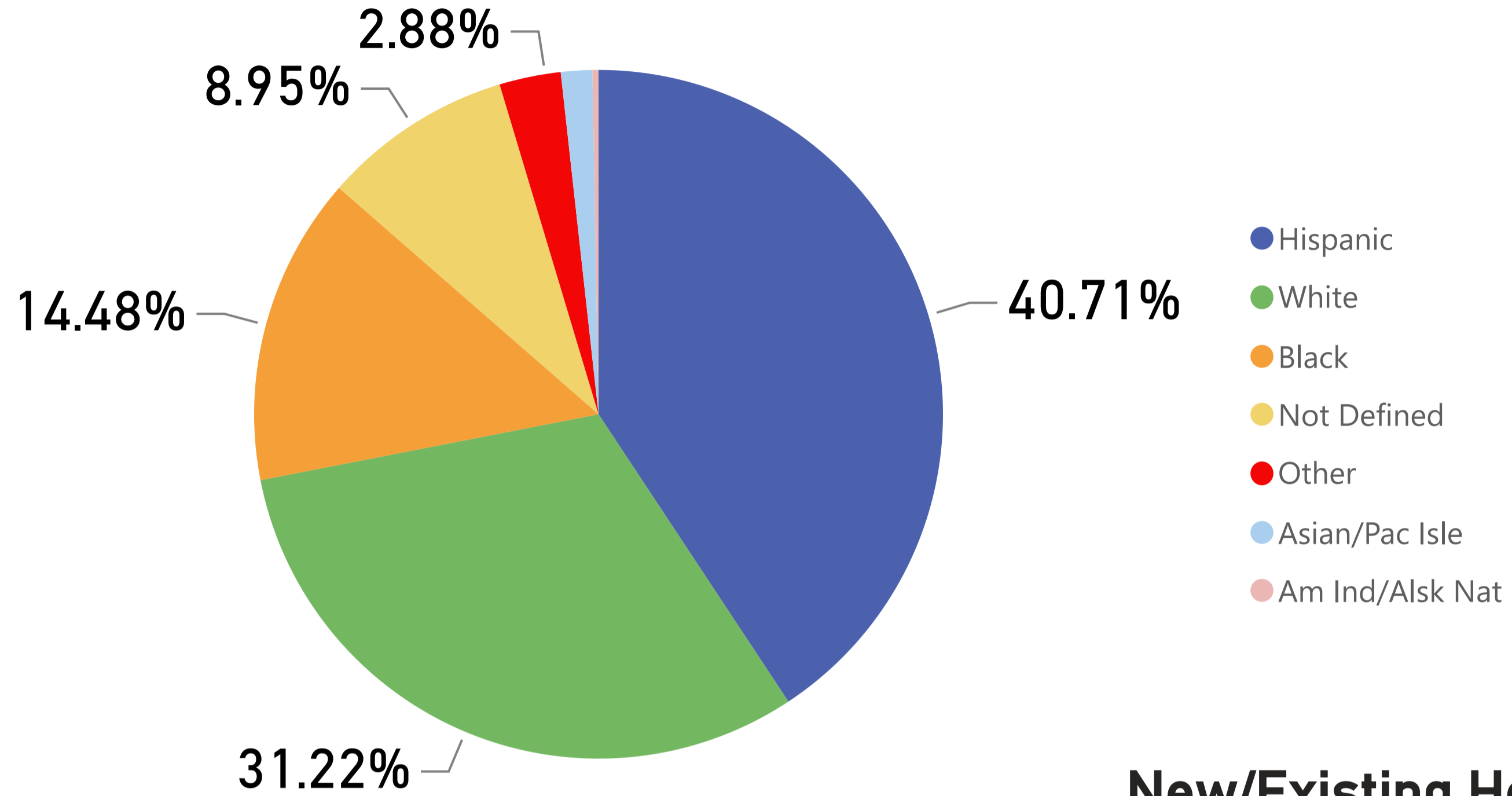


## Professions

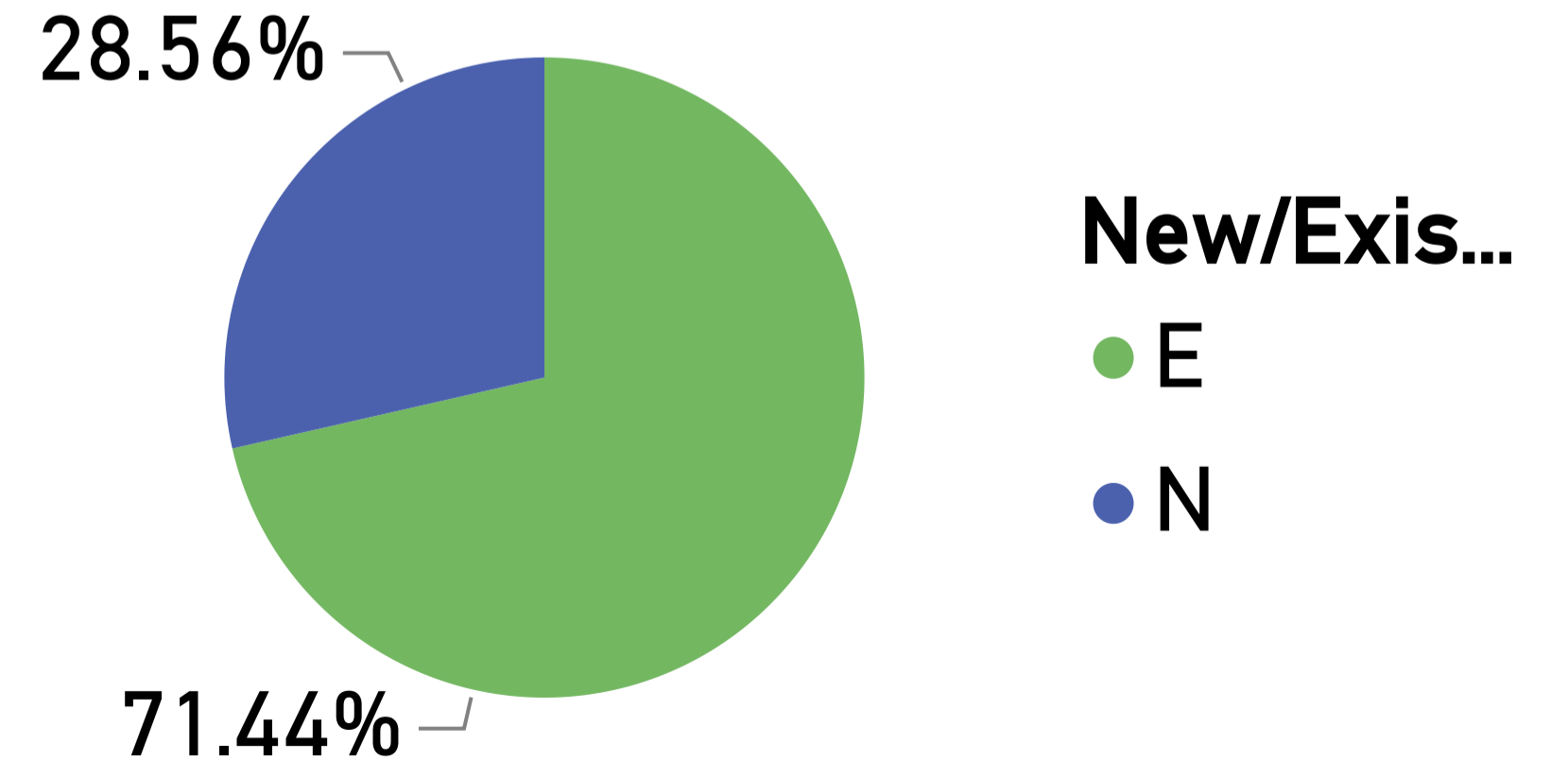
Occupation % of Total

Occupation	% of Total
Other	85.56%
Teacher	5.71%
Veteran	2.68%
Active Military	1.21%
Peace Officer	0.99%
Prof Nurse Fac	0.85%
Fire Fighter	0.75%
Corrections Off	0.66%
Public Sec Off	0.29%
Allied Hlth Fac	0.28%
Sch Counselor	0.27%
Teacher Aide	0.27%
EMS Personnel	0.27%
County Jailer	0.13%
School Nurse	0.06%
Sch Librarian	0.02%
<b>Total</b>	<b>100.00%</b>

## Household Ethnicity



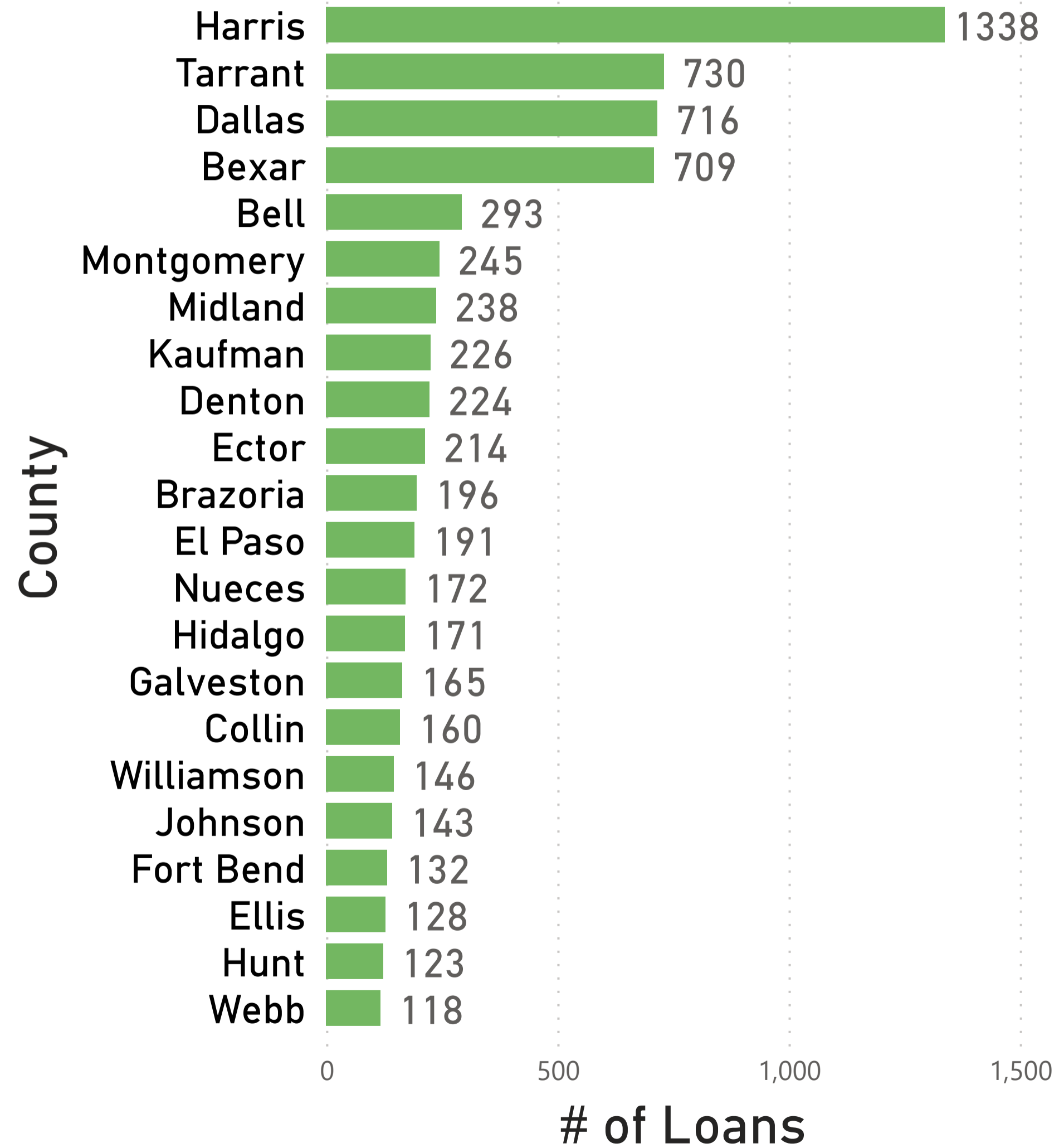
## New/Existing Home



## Top Lenders

Top Lenders	# of Loans
Fairway Independent Mortgage Corporation	733
Everett Financial, dba Supreme Lending	681
Gateway Mortgage, a division of Gateway	529
Amcap Mortgage, LTD	339
PrimeLending	288
DHI Mortgage Company, Ltd.	282
SFMC, LP dba Service First Mortgage Comp	279
Cardinal Financial Company	270
loanDepot.com LLC	256
Guaranteed Rate	224
Guild Mortgage Corporation	223
CMG Mortgage, Inc. dba CMG Financial	219
American Pacific Mortgage Corporation	195
Security National Mortgage Company	173
T2 Financial dba Revolution Mortgage	166
KBHS Home Loan, LLC	153
Academy Mortgage Corporation	139
Crosscountry Mortgage, LLC	127
Thrive Mortgage, LLC	127
Ark-La-Tex Financial (Benchmark Mtg.)	121
Movement Mortgage, LLC	107
Caliber Home Loans, Inc.	104
SWBC Mortgage Corporation	101
Synergy One Lending, Inc.	101
<b>Total</b>	<b>6840</b>

## Top Originating Counties



Tab B  
Development Finance Report

# Texas State Affordable Housing Corporation

Development Finance Programs Report  
January 2023

## **Affordable Communities of Texas Program (ACT)**

This past month, TSAHC sold a recently acquired home in the city of Grove to our longtime local partner, Legacy CDC. The purchase was financed with Legacy’s revolving line of credit and the home will be rehabbed and then sold to a household at or below 120% Area Median Income, per NCST program guidelines.

Staff is excited to share that 2705 Sayle (the first of three homes built in Greenville) and 1418 N. Navidad (San Antonio) sold just before the Christmas holiday. The family at 2705 Sayle utilized TSAHC’s Home Sweet Texas Loan program to complete the sale. The remaining two properties in Greenville have received certificates of occupancy and are listed for sale.

The Park on 14<sup>th</sup> project in Plano received a firm commitment from FHA for a 221(d)4 mortgage. The development team is wrapping up site plan approval, permitting and final bidding on the construction contract. If all goes well the project is on track to close in March 2023.

Here is a summary of the past month’s portfolio activity:

<b>Program</b>	<b>Portfolio as of December 1, 2022</b>	<b>Transferred</b>	<b>Sold</b>	<b>Portfolio as of January 1, 2023</b>	<b>Current Portfolio Value</b>
ACT Land Bank	17		2	15	\$423,140.04
ACT Land Trust	1			1	\$650,000.00
Totals	18			16	\$1,073,140.04

Our current pipeline report:

- 4 properties listed for sale
- 4 homes under construction
- 3 properties leased to Local Partner
- 2 properties in predevelopment
- 3 properties searching for a Local Partner

## **Texas Housing Impact Fund**

In December, staff closed and funded the \$3,000,000 June West Apartments construction loan approved as part of the December board agenda. The project’s 2021 TSAHC loan (\$1,200,000) was repaid as part of construction closing.

This month, staff will present a construction loan (\$2,000,000) to National Church Residences (NCR) for the rehabilitation of the Tejas Cove Apartments, a 61-unit multi-family community, in Bay City. Staff is also presenting a construction loan (\$2,000,000) to NCR for the rehabilitation of the Oak Bluff Apartments, a 39-unit multi-family community, in Columbus. Additional materials and resolutions are included in the board book.

# Texas State Affordable Housing Corporation

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Development Finance Programs Report  
January 2023

## **Multifamily Bond Program**

Activity for multifamily bond projects has been high this past month. The Bluff View project in Boerne is scheduled to close this month. Final edits to bond documents and partnership agreements are being done now with an expectation to close on or before January 25<sup>th</sup>. The La Vista de Lopez project in Austin experienced a small hiccup in federal approvals and is awaiting their final commitment from FHA. The delay required TSAHC to withdraw and resubmit their reservation this month, but closing is still likely to occur in either February or March. Indications are that federal approval will be received the week of January 9<sup>th</sup>.

Three new projects are coming online for this year's volume cap. Juniper Crossing was reinduced in December and TSAHC formally approved our role as a joint venture partner. Staff has finalized the MOU with our development partner Foundation Communities, and we have plans to submit our reservation request to the Texas Bond Review Board (TBRB) in late January. Eden Court, a two-property rehab project in Seguin, is returning to the board this month for a re-inducement and increase to their bond allocation. Originally induced in January 2022, the developer is currently updating bids and pricing and cost increases suggest that additional volume cap is needed to ensure the project meets the required 50% bond proceeds test.

Finally, the Norman Crossing project, induced in December 2022, is preparing to submit permitting applications to the City of Austin and finalizing ownership structure. Once these steps are complete, the Developer plans to request their reservation of bond volume cap from the TBRB and begin moving towards closing in early fall 2023.

Tab C  
Monthly Financial Reports

# Texas State Affordable Housing Corporation

## Statement of Net Position (unaudited) As of November 30, 2022

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### Assets

#### Current assets:

Cash and cash equivalents	\$	2,710,359
Pooled investments		8,370,362
Restricted assets:		
Cash and cash equivalents		5,868,736
Accrued interest		22,744
Investments, at fair value		6,668,948
Accounts receivable and accrued revenue		15,731
Accrued interest receivable		262,510
Loans receivable, current portion		72,549
Notes receivable, current portion		26,843,127
Downpayment assistance, current portion		343,492
Prepaid expenses		319,650

Total current assets 51,498,208

#### Noncurrent assets:

Loans receivable, Net of uncollectible amounts of \$9,395		190,473
Notes receivable, net of allowance for loss \$320,771		211,254,020
Lease Receivable		120,524
Investments, at fair market value		36,967,985
Mortgage servicing rights, net of accumulated amortization of \$2,631,890		96,171
Capital assets, net of accumulated depreciation of \$893,726		5,754,052
Owned real estate, net of amortization of \$1,932,608		14,411,914
Downpayment assistance		121,367
Restricted investments held by bond trustee, at fair market value		17,817,916

Total noncurrent assets 286,734,422

Total assets \$ 338,232,630

*(continued)*

# Texas State Affordable Housing Corporation

## Statement of Net Position (unaudited) As of November 30, 2022

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### Liabilities

#### Current liabilities:

Accounts payable and accrued expenses	\$	432,708
Notes payable, current portion		64,620
Custodial reserve funds		250,451
Other current liabilities		253,823
Payable from restricted assets held by bond trustee:		
Revenue bonds payable, current portion		385,000
Accrued interest on revenue bonds		168,138

Total current liabilities 1,554,740

#### Noncurrent liabilities:

Notes payable		2,054,283
Revenue bonds payable		17,488,791
Unearned revenue		1,499,393

Total noncurrent liabilities 21,042,467

Total liabilities 22,597,207

### Deferred Inflows of Resources

Deferred revenue 347,728

Total deferred inflows of resources 347,728

### Net Position

Invested in capital assets		5,754,051
Restricted for:		
Debt service		1,127,943
Other purposes		4,753,789
Unrestricted		303,651,912

Total net position 315,287,695

Total liabilities and net position \$ 338,232,630



## Texas State Affordable Housing Corporation

### Statement of Revenues, Expenses and Changes in Net Position (unaudited) For the 3 Months Ending November 30, 2022

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Operating Revenues:	
Interest and investment income	\$ 497,504
Net increase (decrease) in fair value of investments	(601,976)
Single family income	13,297,544
Asset oversight and compliance fees	89,647
Rental program income	232,972
Multifamily income	223,857
Land bank income	4,188
Public support:	
Federal & state grants	4,271
Contributions	22,567
Other operating revenue	10,900
Total operating revenues	<u>\$ 13,781,474</u>
Operating Expenses:	
Interest expense on bonds and notes payable	\$ 163,247
Program and loan administration	97,625
Texas Foundation Fund & Misc Grants	-
Salaries, wages and payroll related costs	1,255,102
Professional fees and services	148,223
Depreciation and amortization	189,493
Office expense and maintenance	33,087
Travel and meals	21,818
Other operating expenses	159,067
Total operating expenses	<u>2,067,662</u>
Net income	11,713,812
Total net position, beginning	<u>303,573,883</u>
Total net position, ending	<u>\$ 315,287,695</u>

**Texas State Affordable Housing Corporation  
Budget Report  
November 30, 2022**

	<b>Annual Budget</b>	<b>Actual</b>	<b>Percent of Annual Budget</b>	<b>Reference</b>
<b>Revenue</b>				
Single Family Program Revenue	8,653,000	3,075,738	36%	
Lending Program Revenue	5,645,000	2,211,526	39%	
Multifamily Program Revenue	1,055,000	140,930	13%	
Rental Program Revenue	918,000	229,395	25%	
Federal & State Grants	1,500,000	-	0%	①
Grants, Donations & Other Awards	260,000	67,567	26%	
Land Bank Revenue	601,000	4,655	1%	②
Servicing Revenue	98,000	18,560	19%	
Investment Revenue	1,580,000	435,014	28%	
<b>Total Revenue</b>	<b>20,310,000</b>	<b>6,183,385</b>	30%	
<b>Expenditures</b>				
Texas Housing Impact Fund	6,575,000	301,211	5%	③
Affordable Communities of Texas	3,100,000	414,194	13%	
Other Program Expenditures	3,439,000	1,106,596	32%	
Salaries & Payroll Related Expenditures	4,400,000	1,255,102	29%	
Grants	1,115,000	14,934	1%	④
Principal & Interest on Notes Payable	136,000	33,397	25%	
Professional Services	605,000	148,223	24%	
Marketing	159,000	24,755	16%	
Insurance	260,000	57,602	22%	
Travel & Meals	99,000	21,818	22%	
Furniture, Equipment, & Software	49,000	17,385	35%	
Building Maintenance	70,000	14,150	20%	
Professional Dues, Conferences & Train	34,000	9,520	28%	
Sponsorships	24,000	2,500	10%	
Communication	27,000	6,332	23%	
Bank Fees & Charges	22,000	5,961	27%	
Publications, Subscriptions & Office Ex	26,000	6,352	24%	
Freight, Delivery, Postage	12,000	2,977	25%	
Printing & Office Supplies	5,000	880	18%	
<b>Total Expenditures</b>	<b>20,157,000</b>	<b>3,443,889</b>	17%	
<b>Excess Revenues Over Expenditures</b>	<b>153,000</b>	<b>2,739,496</b>	1791%	

**Average Expected Percent Received/Expended = 25.00%**

**Texas State Affordable Housing Corporation**  
**Budget Report**  
**November 30, 2022**

**Explanations**

- ① Anticipated Federal and State Grant Revenue from Health and Human Services is associated with several construction loans which have not yet closed. We expect these loans to close within the next six months at which time grant revenue will also be received.
  
- ② Budgeted Land Bank Revenue consists of income from property sales as well as oil and gas royalties. Through the first three months of the new fiscal year the Land Bank Program did not sell any property. We anticipate several property sales over the next four months and we expect this line item to be on budget by year end.
  
- ③ The Texas Housing Impact Fund did not close any loans in the first three months of the new fiscal year but by the end of December had made new loans totaling \$3.3 million or 50% of its budget. The Corporation has had an unprecedented number of applications for loans this year and we anticipate making all of our budgeted loans by year end.
  
- ④ Budgeted Grants represents awards made by the Corporation's Texas Foundations Fund. Applications will be received in May and presented to the Board for approval in July. Grants will be disbursed in July & August.

# Tab 1

Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on December 6, 2022.

**TEXAS STATE AFFORDABLE HOUSING CORPORATION  
BOARD MEETING**

**The Governing Board of the Texas State Affordable Housing Corporation (TSAHC)**

**December 6, 2022  
10:30 a.m.**

**Summary of Minutes**

**Call to Order  
Roll Call  
Certification of Quorum**

**The Board Meeting of the Texas State Affordable Housing Corporation (the “Corporation”) was called to order by Bill Dietz, Chair, at 10:34 a.m., on December 6, 2022, at the offices of Texas State Affordable Housing Corporation, 6701 Shirley Avenue, Austin, TX 78752. Roll Call certified that a quorum was present.**

**Members Present:**

Bill Dietz, Chair  
Valerie Cardenas, Vice Chair  
Andy Williams, Member  
Lemuel Williams, Member

**Guests Present:**

Blake Roberts, PFM  
Chris Spelbring, Raymond James and Associates  
David Jones, CSG Advisors  
Jimmy Romell, Maxwell, Locke, Ritter  
Routt Thornhill, Coats Rose  
Scott Marks, Coats Rose  
Veronica Day, Maxwell, Locke, Ritter

**President’s Report**

**David Long, President**

**Tab 1            Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on October 18, 2022.**

Ms. Cardenas made a motion to approve the minutes of the Board meeting held October 18, 2022. Mr. Andy Williams seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken, and the motion passed unanimously.

See page 14 in the official transcript.

**Tab 2            Presentation, Discussion and Possible Approval of the Fiscal Year 2022 Annual Independent Financial and Single Audit Reports.**

Presented by Nick Lawrence, Controller and Jimmy Romell, Maxwell, Locke, Ritter

Ms. Cardenas made a motion to approve the Fiscal Year 2022 Annual Independent Financial and Single Audit Reports. Mr. Andy Williams seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken, and the motion passed unanimously.

See page 15 in the official transcript.

**Tab 3            Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of One or More Applications for Allocation of Private Activity Bonds to the Texas Bond Review Board for Qualified Mortgage Revenue Bonds.**

Presented by Sarah Ellinor, Senior Manager, Homeownership Programs and David Jones, CSG Advisors

Mr. Lemuel Williams made a motion to approve the Resolution Regarding the Submission of One or More Applications for Allocation of Private Activity Bonds to the Texas Bond Review Board for Qualified Mortgage Revenue Bonds. Ms. Cardenas seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken, and the motion passed unanimously.

See page 27 in the official transcript.

**Tab 4            Presentation, Discussion and Possible Approval of a Resolution Authorizing the Issuance, Sale and Delivery of Single Family Mortgage Revenue Bonds, Series 2023A (Non-AMT); Authorizing a Trust Indenture, Official Statement, Bond Purchase Agreement and Continuing Disclosure Agreement Relating to Such Bonds, Making Certain Findings and Determinations; Authorizing the Execution of Documents and Instruments Necessary or Convenient to Carry Out the Texas State Affordable Housing Corporation Single Family Home Loan Program Relating to Such Bonds; and Containing Other Matters Incident and Related Thereto.**

Presented by Sarah Ellinor, Senior Manager, Homeownership Programs and David Jones, CSG Advisors

Ms. Cardenas made a motion to approve the Resolution Authorizing the Issuance, Sale and Delivery of Single Family Mortgage Revenue Bonds, Series 2023A (Non-AMT); Authorizing a Trust Indenture, Official Statement, Bond Purchase Agreement and Continuing Disclosure Agreement Relating to Such Bonds, Making Certain Findings and Determinations; Authorizing the Execution of Documents and Instruments Necessary or Convenient to Carry Out the Texas State Affordable Housing Corporation Single Family Home Loan Program Relating to Such Bonds; and Containing Other Matters Incident and Related Thereto.

Mr. Lemuel Williams seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken. The motion passed with three votes in favor and one abstention.

See page 39 in the official transcript.

**Tab 5            Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for Juniper Creek Apartments.**

Presented by David Danenfelzer, Senior Director, Development Finance

Ms. Cardenas made a motion to approve the Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for Juniper Creek Apartments. Mr. Lemuel Williams seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken, and the motion passed unanimously.

See page 42 in the official transcript.

**Tab 6            Presentation, Discussion and Possible Approval of a Resolution Authorizing the Texas State Affordable Housing Corporation to take preliminary action to carry out the financing of Juniper Creek located in Austin, Texas, including creating entities, negotiating finance documents, and filing applications to obtain debt and grant financing for the Project.**

Presented by David Danenfelzer, Senior Director, Development Finance

Mr. Lemuel Williams made a motion to approve the Resolution Authorizing the Texas State Affordable Housing Corporation to take preliminary action to carry out the financing of Juniper Creek located in Austin, Texas, including creating entities, negotiating finance documents, and filing applications to obtain debt and grant financing for the Project. Mr. Andy Williams seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken, and the motion passed unanimously.

See page 47 in the official transcript.

**Tab 7            Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for Norman Commons Apartments.**

Presented by David Danenfelzer, Senior Director, Development Finance

Ms. Cardenas made a motion to approve the Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for Norman Commons Apartments. Mr. Andy Williams seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken, and the motion passed unanimously.

See page 52 in the official transcript.

**Tab 8            Presentation, Discussion and Possible Approval of a Resolution approving a Texas Housing Impact Fund Loan to June West, LLC in an amount not to exceed \$3,000,000 for the June West Apartments project.**

Presented by Cassandra Ramirez, Development Finance Manager

Mr. Andy Williams made a motion to approve the Resolution approving a Texas Housing Impact Fund Loan to June West, LLC in an amount not to exceed \$3,000,000 for the June West Apartments project. Ms. Cardenas seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken, and the motion passed unanimously.

See page 55 in the official transcript.

**Tab 9            Presentation, Discussion and Possible Approval for Publication and Public Comment of the Draft of the Texas State Affordable Housing Corporation’s 2023 Annual Action Plan.**

Presented by Michael Wilt, Senior Manager, External Relations

Mr. Andy Williams made a motion to approve for Publication and Public Comment of the Draft of the Texas State Affordable Housing Corporation’s 2023 Annual Action Plan. Mr. Lemuel Williams seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken, and the motion passed unanimously.

See page 61 in the official transcript.

**Tab 10           Presentation, Discussion and Possible Approval of the Texas Foundations Fund: Disaster Recovery Guidelines.**

Presented by Michael Wilt, Senior Manager, External Relations

Mr. Andy Williams made a motion to approve the Texas Foundations Fund: Disaster Recovery Guidelines. Mr. Lemuel Williams seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken, and the motion passed unanimously.

See page 66 in the official transcript.



### **Announcements and Closing Comments**

Mr. Long and Board Members tentatively scheduled the next Board Meeting for January 17, 2023, at 10:30 am.

### **Adjournment**

Mr. Dietz adjourned the meeting at 12:00 pm.

Respectfully submitted by \_\_\_\_\_  
Rebecca DeLeon, Corporate Secretary

## Tab 2

Presentation, Discussion and possible approval of a \$2 million loan to National Church Residences (NCR), or an affiliate, for the acquisition and rehabilitation of Oak Bluff apartments, a 39-unit multi-family community in Columbus, Texas.

CERTIFICATION

THE STATE OF TEXAS §  
§  
TEXAS STATE AFFORDABLE §  
HOUSING CORPORATION §

I, the undersigned officer of the Texas State Affordable Housing Corporation (the “Corporation”), do hereby certify as follows:

1. The Board of Directors of the Corporation (the “Board”) convened on January 17, 2023 at the Corporation’s offices in Austin, Texas, and the roll was called of the duly constituted members of said Board, who are as follows:

<u>Name</u>	<u>Office</u>
William H. Dietz	Chairperson
Valerie Vargas Cardenas	Vice Chairperson
Courtney Johnson-Rose	Director
Lemuel Williams	Director
Andy Williams	Director

2. The officers of the Corporation (who are not Board members) are as follows:

<u>Name</u>	<u>Office</u>
David Long	President
Janie Taylor	Executive Vice President
Melinda Smith	Chief Financial Officer and Treasurer
Rebecca DeLeon	Secretary
Cynthia Gonzales	Assistant Secretary

All Board members were present except \_\_\_\_\_, thus constituting a quorum. All of the officers of the Corporation (except the Secretary) were present at the meeting.

3. Whereupon, among other business, the following written resolution (the “Resolution”) bearing the following caption:

**“RESOLUTION NO. 23-\_\_**

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**

RESOLUTION APPROVING A TEXAS HOUSING IMPACT FUND CONSTRUCTION  
LOAN TO NATIONAL CHURCH RESIDENCES IN AN AMOUNT NOT TO EXCEED  
\$2,000,000 FOR OAK BLUFF APARTMENTS

was duly introduced for the consideration of the Board and said caption was read in full. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion and request for comments, said motion prevailed and was carried by the following vote:

\_\_\_ AYES

\_\_\_ NOS

\_\_\_ ABSTENTIONS

4. That a true, full and correct copy of the Resolution adopted at the meeting described in the above is attached to this certificate; that the adoption of the Resolution will be duly recorded in the Board's minutes of the meeting; that the persons named above are the duly chosen, qualified and acting members of the Board and the officers of the Corporation as indicated; that each member of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Resolution would be introduced and considered for adoption at said meeting.

SIGNED this 17<sup>th</sup> day of January, 2023.

---

Rebecca DeLeon, Secretary  
Texas State Affordable Housing Corporation

**RESOLUTION NO. 23-\_\_**

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**

RESOLUTION APPROVING A TEXAS HOUSING IMPACT FUND CONSTRUCTION LOAN TO NATIONAL CHURCH RESIDENCES IN AN AMOUNT NOT TO EXCEED \$2,000,000 FOR OAK BLUFF APARTMENTS

WHEREAS, the Texas State Affordable Housing Corporation (the “Corporation”) has been duly created and organized pursuant to and in accordance with the provisions of Subchapter Y (Section 2306.551 et. seq.) of Chapter 2306, Texas Government Code, as amended, and other applicable provisions of Texas law (collectively, the “Act”); and

WHEREAS, under the Act, the Corporation is authorized to perform activities and services that the Corporation’s Board of Directors determines will promote the public health, safety, and welfare through the provision of adequate, safe, and sanitary housing primarily for individuals and families of low, very low, and extremely low income, and such activities and services shall include engaging in lending transactions; and

WHEREAS, said activities and services include those permitted to be funded by the Texas Housing Impact Fund (“THIF”), a fund established and maintained by the Corporation, which include the provision of construction loans for affordable multifamily rental housing satisfying the requirements of the Corporation’s THIF Policy and Guidelines; and

WHEREAS, the Board of Directors has reviewed and discussed a staff proposal (approved by the Loan Committee of the Corporation) to make THIF funds available as a construction loan to National Church Residences in the maximum principal amount of \$2,000,000 (the “Construction Loan”), with the loan proceeds to be used by National Church Residences, together with other available funds, to build 39 units of housing with 27 units targeted to households earning 60% of area median income or less, 8 units targeted to households earning 50% of area median income, 2 units targeted to households earning 30% of median income or less and one employee unit reserved with no income restriction; and

WHEREAS, after due discussion and consideration, the Board of Directors of the Corporation has determined to approve the Construction Loan for the purposes described above.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS STATE AFFORDABLE HOUSING CORPORATION AS FOLLOWS:

Section 1. Approval of Construction Loan and Related Matters. The Board of Directors approves the Construction Loan by the Corporation to National Church Residences in the maximum principal amount of \$2,000,000, the proceeds of which are to be used by National Church Residences, together with other available funds, to construct the 39-unit Oak Bluff Apartments.

The Board has determined that a Construction Loan for affordable multifamily rental housing is a suitable purpose under the THIF Policy and Guidelines and such purpose is approved by the Board of Directors.

The Board authorizes the President and the Executive Vice President to approve, in consultation with counsel, the form and substance of all necessary documents relating to the Construction Loan, including but not limited to a promissory note, loan agreement, restrictive covenants, and related security documents (collectively, the "Transaction Documents").

Section 2. Execution and Delivery of Transaction Documents. The President and the Executive Vice President are each, in the name and on behalf of the Corporation, authorized to execute and deliver the Transaction Documents to which the Corporation is a party.

Section 3. Execution and Delivery of Ancillary Documents; Taking of Ancillary Actions. The President and the Executive Vice President are each, in the name and on behalf of the Corporation, authorized by the Board of Directors, at any time before or after the execution and delivery of the Transaction Documents, in consultation with counsel, to (i) execute, acknowledge and deliver any and all such orders, directions, certificates, agreements, documents, instruments, amendments and other papers or items (collectively, "Ancillary Documents"), and (ii) do or cause to be done any and all such acts and things (collectively, "Ancillary Actions"), which such officer deems necessary or desirable in connection to consummate the transactions contemplated by the Transaction Documents, or to otherwise fulfill the purposes of this resolution.

Section 4. Ratification of Prior Actions. All actions taken prior to the date of this Resolution by any officer of the Corporation in the name and on behalf of the Corporation, with respect to any of the matters and transactions described above, are ratified, confirmed and approved by the Board of Directors.

Section 5. Conflicting Prior Actions. Any order, resolution, approval or any action of the Board of Directors in conflict with this Resolution is hereby repealed to the extent of any such conflict.

Section 6. Severability. Any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

*[Remainder of Page Intentionally Left Blank]*

APPROVED AND EFFECTIVE this 17th day of January, 2023.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

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William Dietz, Jr., Chairperson

ATTEST:

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Rebecca DeLeon, Secretary  
Texas State Affordable Housing Corporation

# Texas State Affordable Housing Corporation

## Texas Housing Impact Fund

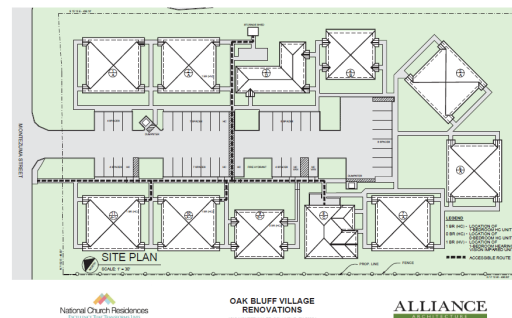
### **Agenda Items:**

Agenda Item 2: Presentation, discussion and possible approval of a \$2 million loan to National Church Residences (NCR), or an affiliate, for the acquisition and rehabilitation of Oak Bluff apartments, a 39-unit multi-family community in Columbus, Texas.; and

Agenda Item 3: Presentation, discussion and possible approval of a \$1.1 million permanent loan to National Church Residences (NCR) for the Oak Bluff apartments, a 39-unit multi-family community in Columbus, Texas.

### **Summary:**

TSAHC received an application from National Church Residences (NCR) for both construction and permanent financing for Oak Bluff apartments located in Columbus. Oak Bluff is a 39-unit affordable rental community serving residents 55 years of age and older. The project is also supported by a Section 8 rental assistance contract ensuring long-term affordability.



### **Public Benefit:**

Oak Bluff is a 39-unit affordable rental project with one- and two-bedroom units serving seniors. Twenty-Seven units will be reserved for households earning up to 60% of area median income (AMI), eight units will be reserved for households up to 50% AMI and two units will be reserved for households up to 30% AMI. There is one employee unit that has no income restrictions. Oak Bluff is located in a census tract that qualifies as both rural and economically distressed, per the U.S. Treasury's Capital Magnet Fund program.

### **Financial Summary:**

Oak Bluff is preparing for closing on acquisition and construction financing in April of this year and has already received an award of 9% housing tax credits. The total development costs are expected to be \$6,745,498. Construction and contingency costs total \$2.765 million and acquisition costs are approximately \$2.28 million. Soft costs, including environmental reviews, architectural design and planning total \$1 million, with a developer fee of \$670,000 rounding out project costs.

Permanent financing for the project includes \$4.097 million in tax credit equity, a \$796,000 seller note, a sponsor note of \$500,000, the transfer of replacement reserves and deposits totaling \$238,000 and construction period income of \$193,000. TSAHC will provide a \$1.1 million permanent mortgage, if approved. Deferred developer fees only account for \$13,559, or about 2% of the total project costs. This provides a significant cushion to the project in the event of cost overruns.



# Texas State Affordable Housing Corporation

## Texas Housing Impact Fund

NCR has requested \$2 million in construction period financing through TSAHC. Tax credit equity will be the other primary source of construction financing and the construction period is anticipated to be 24 months. TSAHC's construction will have an interest rate of 4% and the perm loans is being recommended with an interest rate of 5.5%. At the end of construction, TSAHC will be repaid for its construction loan and issue a new \$1.1 million loan with a term of 17-years and amortization of 35-years. The proposed perm financing yields a debt coverage ratio of 1.35, which is above TSAHC minimum DCR of 1.15.

TSAHC's construction and perm financing are being structured as two separate loans to better utilize funding resources. For construction, TSAHC will use \$1 million of Capital Magnet Funds (CMF) that have been repaid by previous loans and fulfills our commitment to funding projects in rural and economically distressed census tracts. The remainder of funding will come from a mix of TSAHC revenues and borrowed capital. The source of permanent financing capital will be determined prior to closing in 2025.

Oak Bluff was originally built by National Church Residences in 1989 with a HUD 202 Direct Loan. The property consists of 39 units of senior housing with rental subsidy from HUD, currently funded through 2035. Additionally, HUD funding includes a Service Coordinator Grant to pay for on-site service coordination for residents. Oak Bluff received a 9% LIHTC award from TDHCA in the summer of 2022.

Rehabilitation of the project will include, but is not limited to, flooring, windows, light fixtures, ADA updates, roof replacements, kitchen and bath updates (fixtures, cabinets, etc.), landscaping and parking lot repairs.

### **Market Conditions:**

Columbus, the county seat of Colorado County, is located 90-minues west of Houston and 90-minutes southeast of Austin. With a population just over 9,200, the local economy is dominated by tourism, food service and manufacturing. The community benefits greatly from its location along Interstate 10 and state highway 71, both high traffic routes between Texas' metro areas of Austin, Houston, and San Antonio.

As a senior focused housing project, Oak Bluff is well located near public amenities and services. Columbus Community Hospital is 1.4-miles from the property and has been named in the top 100 Rural and Community Hospitals for the past three years by the National Rural Health Association. The project is also within walking distance of community services, parks, and educational facilities.

### **Borrower Summary:**

National Church Residences (NCR) is one of the nation's largest not-for-profit developers and managers of affordable senior housing with over 23,000 units in 340 affordable (30 in TX) and

# Texas State Affordable Housing Corporation

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## Texas Housing Impact Fund

market rate properties in 25 states. NCR opened its doors in 1961 under the guidance and vision of founder Reverend John R. Glenn and continues to honor its mission centered on providing quality housing and care at affordable prices in communities of caring persons. NCR also owns and operates properties that serve various acuity levels, including independent living, assisted living, memory care and skilled nursing.

NCR has a strong track record of successful housing developments in Texas and staff found no issues of noncompliance within NCR's portfolio of tax credit supported properties in Texas.

An affiliate of NCR is the current owner of Oak Bluff, and the staff has reviewed the ownership structure and financing to ensure it meets our threshold requirements.

### **Recommendation:**

Agenda Item 2: Staff recommends the approval of a \$2 million loan to National Church Residences (NCR), or an affiliate, for the acquisition and rehabilitation of Oak Bluff apartments, a 39-unit multi-family community in Columbus, Texas. The rates and terms of the loan, along with any additional conditions will be provided to the Board during the meeting; and

Agenda Item 3: Staff recommends the approval of a \$1.1 million permanent loan to National Church Residences (NCR), or an affiliate, for the Oak Bluff apartments. The rates and terms of the loan, along with any additional conditions will be provided to the Board during the meeting.

## Oak Bluff - MF Underwriting - Project Summary

### Project Summary

Applicant National Church Residences  
 Project Name Oak Bluff Senior Housing

### Location

Address 1513 Montezuma Street City Columbus  
 County: Colorado State Texas 78934  
 Census Tract: 48089750500

### Loan Request

Loan Amount: \$ 2,000,000.00 Loan Type: Con 2 Perm  
 Loan Term: 17 Amort: 35

### Perm Funding Sources

	Amount	% of Total
TSAHC Construction Loan	\$ 2,000,000	30%
TSAHC Perm Loan	\$ 1,100,000	16.31%
Tax Credits	\$ 4,097,284	60.74%
Seller Note	\$ 796,389	11.81%
Sponsor Note	\$ 500,000	7.41%
Opp Inc & Reserves	\$ 238,266	3.53%
Deferred Dev Fee	\$ 13,559	0.20%
<b>Totals</b>	<b>\$ 6,745,498</b>	<b>100%</b>

\* not included in total

### Market Summary

	City	County	State	Census Tract
Population:	9,292	20,557	29,145,505	4,417
Median Age:	47	43	35	44
Diversity Index:	-	58	-	52
% Hispanic:	23%	29%	39%	32%
% Persons with Disability:	10%	13%	12%	10%
% Households that Rent:	15%	16%	38%	11%
Median Rents:	768	727	1,082	787
% Renters Who are Cost Burdened:	16%	28%	45%	19%
Median Home Price:	\$ 155,000	\$ 131,400	\$ 187,200	\$ 125,200
Median Household Income:	\$ 54,063	\$ 52,663	\$ 63,826	\$ 56,250
Unemployment:	0.00%	5.60%	4.00%	0.00%
Persons w/o Insurance:	14%	16%	17%	12%
Medically Underserved Area:	no	-	-	-
% Attending Public Schools:	80%	88%	91%	64%
Graduation Rate (Columbus ISD):	90%			

CRA Eligible Census Tract: N/A  
 # of LI Projects and Units: 1 48

## Oak Bluff - MF Underwriting - Summary Sources and Uses

### Summary of Sources and Uses

**Applicant** National Church Residences  
**Project Name** Oak Bluff Senior Housing  
**Number of Units** 39

Sources	Amount	Amount Per Unit	Percentage of Total
TSAHC Perm Loan	\$ 1,100,000	\$ 28,205	16%
Tax Credits	\$ 4,097,284	\$ 105,059	61%
Seller Note	\$ 796,389	\$ 20,420	12%
Sponsor Note	\$ 500,000	\$ 12,821	7%
Opp Inc & Reserves	\$ 238,266	\$ 6,109	4%
Deferred Dev Fee	\$ 13,559	\$ 348	0%
<b>Total Sources</b>	<b>\$ 6,745,498</b>	<b>\$ 172,961.49</b>	<b>100%</b>

Uses	Amount	Amount Per Unit	Percentage of Total
Acquisition (Right of Way)	\$ 2,283,308	\$ 58,546.36	34%
Off-Site Construction	\$ -	\$ -	0%
On-Site Work	\$ -	\$ -	0%
Site Amenities	\$ -	\$ -	0%
Building Costs	\$ 2,205,000	\$ 56,538.46	33%
Other Const/Contingency/Contractor Fees	\$ 560,070	\$ 14,360.77	8%
Soft Costs	\$ 384,791	\$ 9,866.44	6%
Financing Costs	\$ 499,457	\$ 12,806.59	7%
Developer Fees	\$ 670,872	\$ 17,201.85	10%
Reserve Accounts	\$ 142,000	\$ 3,641.03	2%
<b>Total Uses</b>	<b>\$ 6,745,498</b>	<b>\$ 172,961.49</b>	<b>100%</b>

(Gap) / Reserve	\$ -
Percent of Developer Fee Deferred	2.02%

# Oak Bluff - MF Underwriting - Operating Proforma

## Operating Proforma

Applicant National Church Residences  
 Project Name Oak Bluff Senior Housing

Total Units: 39 Min. Set Aside Election: 40% @ 60% AMI  
 Min. Afford. Units: 16 % Affordable: 0  
 Afford. Units: 0 Accessible Unit Min. 200%

### Residential Income

Unit Type	Unit Sq. Ft.	Net Sq. Ft.	# units	Rent	Mo. Income	Inflator	Rent Limiter
0/1	438	438	1	\$ 720	\$ 720	1.02	30% AMI
0/1	438	438	1	\$ 720	\$ 720		30% AMI
0/1	438	1,314	3	\$ 720	\$ 2,160		50% AMI
0/1	438	1,752	4	\$ 720	\$ 2,880		60% AMI
1/1	560	560	1	\$ 771	\$ 771		30% AMI
1/1	560	-	0	\$ 771	\$ -		30% AMI
1/1	560	2,800	5	\$ 771	\$ 3,855		50% AMI
1/1	560	12,880	23	\$ 771	\$ 17,733		60% AMI
Emp Unit	560	560	1	n/a	\$ -		Employee
<b>Subtotals:</b>				20,742	39	\$ 28,839	

Other income:	\$ 2.19	\$ 85	1.02
Potential gross income			
Residential vacancy loss			5.00%
<b>Effective Gross Residential Income</b>			

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$	8,640	8,813	8,989	9,169	9,352	10,326	11,400
\$	8,640	8,813	8,989	9,169	9,352	10,326	11,400
\$	25,920	26,438	26,967	27,507	28,057	30,977	34,201
\$	34,560	35,251	35,956	36,675	37,409	41,302	45,601
\$	9,252	9,437	9,626	9,818	10,015	11,057	12,208
\$	-	-	-	-	-	-	-
\$	46,260	47,185	48,129	49,091	50,073	55,285	61,039
\$	212,796	217,052	221,393	225,821	230,337	254,311	280,780
\$	-	-	-	-	-	-	-
\$	1,024.92	1,045	1,066	1,088	1,109	1,225	1,352
\$	347,093	354,035	361,115	368,338	375,705	414,808	457,982
\$	(17,355)	(17,702)	(18,056)	(18,417)	(18,785)	(20,740)	(22,899)
\$	329,738	336,333	343,060	349,921	356,919	394,068	435,083

### Operating Expenses

	TSAHC est.	Borrower Yr 1	% EGI	Variance	Per Unit	Inflator
General & Administrative	\$ 18,993	\$ 9,705	2.94	-49%	\$ 249	1.03
Management Fee	\$ 21,450	\$ 20,246	6.14	-6%	\$ 519	1.03
Payroll and Related	\$ 48,087	\$ 50,655	15.36	5%	\$ 1,299	1.03
Maintenance & Repair	\$ 28,041	\$ 45,000	13.65	60%	\$ 1,154	1.03
Utilities	\$ 31,512	\$ 27,532	8.35	-13%	\$ 706	1.03
Insurance	\$ 20,748	\$ 35,529	10.77	71%	\$ 911	1.03
Taxes	\$ 21,411	\$ 26,780	8.12	25%	\$ 687	1.03
Operating Debt Service Reserves			0.00	#DIV/0!	\$ -	1.03
Replacement reserves	\$ 11,700	\$ 11,700	3.55	0%	\$ 300	1.03
HTC/HOME Compliance Fees			0.00	n/a	\$ 40	1.03
TSAHC Compliance Fees	\$ 2,500	\$ 2,500	0.76	0%	\$ 45	1.03
Other (specify):			0.00	#DIV/0!	\$ -	1.03
<b>Total Operating Expenses</b>	\$ 204,442	\$ 229,647		12%	\$ 5,909.28	

state avg \$ 4,672.00 per unit  
 Operating Expenses as a percentage of Effective Gross Income

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$	9,705	9,996	10,296	10,605	10,923	12,663	14,680
\$	20,246	20,853	21,479	22,123	22,787	26,416	30,624
\$	50,655	52,175	53,740	55,352	57,013	66,093	76,620
\$	45,000	46,350	47,741	49,173	50,648	58,715	68,067
\$	27,532	28,358	29,209	30,085	30,988	35,923	41,645
\$	35,529	36,595	37,693	38,823	39,988	46,357	53,741
\$	26,780	27,583	28,411	29,263	30,141	34,942	40,507
\$	-	-	-	-	-	-	-
\$	11,700	12,051	12,413	12,785	13,168	15,266	17,697
\$	-	-	-	-	-	-	-
\$	2,500	2,575	2,652	2,732	2,814	3,262	3,781
\$	-	-	-	-	-	-	-
\$	229,647	236,536	243,633	250,941	258,470	299,637	347,362
\$	5,888	6,065	6,247	6,434	6,627	7,683	8,907
	69.6%	70.3%	71.0%	71.7%	72.4%	76.0%	79.8%

### NET OPERATING INCOME

\$	100,091	99,797	99,427	98,979	98,450	94,431	87,721
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## Oak Bluff - MF Underwriting - Operating Proforma

**NET OPERATING INCOME**

\$	100,091	\$	99,797	\$	99,427	\$	98,979	\$	98,450	\$	94,431	\$	87,721
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**PRIMARY DEBT SERVICE**

	Principal	Rate	Amort	Term
TSAHC Perm Loan	\$ 1,100,000	5.50%	35	17
Total Primary Debt	\$ 1,100,000			

Net Cashflow After Primary Debt

DSCR Primary Debt

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$ 70,886	\$ 70,886	\$ 70,886	\$ 70,886	\$ 70,886	\$ 70,886	\$ 70,886
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 70,886	\$ 70,886	\$ 70,886	\$ 70,886	\$ 70,886	\$ 70,886	\$ 70,886

\$	29,205	\$	28,910	\$	28,541	\$	28,093	\$	27,563	\$	23,544	\$	16,835
	1.41		1.41		1.40		1.40		1.39		1.33		1.24

**SOFT SUBORDINATE DEBT & EQUITY**

Tax Credits	\$ 4,097,284			
Seller Note	\$ 796,389			
Sponsor Note	\$ 500,000			
Opp Inc & Reserves	\$ 238,266			
Deferred Dev Fee	\$ 13,559			
Total Secondary Debt	\$ 5,645,498			

Net Cash Flow of Secondary Debts

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
\$	29,205	\$	28,910	\$	28,541	\$	28,093	\$	27,563	\$	23,544	\$	16,835

## Tab 3

Presentation, Discussion and possible approval of a \$1.2 million permanent loan to National Church Residences (NCR) for the Oak Bluff apartments, a 39-unit multi-family community in Columbus, Texas.

CERTIFICATION

THE STATE OF TEXAS §  
§  
TEXAS STATE AFFORDABLE §  
HOUSING CORPORATION §

I, the undersigned officer of the Texas State Affordable Housing Corporation (the “Corporation”), do hereby certify as follows:

1. The Board of Directors of the Corporation (the “Board”) convened on January 17, 2023 at the Corporation’s offices in Austin, Texas, and the roll was called of the duly constituted members of said Board, who are as follows:

<u>Name</u>	<u>Office</u>
William H. Dietz	Chairperson
Valerie Vargas Cardenas	Vice Chairperson
Courtney Johnson-Rose	Director
Lemuel Williams	Director
Andy Williams	Director

2. The officers of the Corporation (who are not Board members) are as follows:

<u>Name</u>	<u>Office</u>
David Long	President
Janie Taylor	Executive Vice President
Melinda Smith	Chief Financial Officer and Treasurer
Rebecca DeLeon	Secretary
Cynthia Gonzales	Assistant Secretary

All Board members were present except \_\_\_\_\_, thus constituting a quorum. All of the officers of the Corporation (except the Secretary) were present at the meeting.

3. Whereupon, among other business, the following written resolution (the “Resolution”) bearing the following caption:

**“RESOLUTION NO. 23-\_\_**

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**

RESOLUTION APPROVING A TEXAS HOUSING IMPACT FUND PERMANENT LOAN TO NATIONAL CHURCH RESIDENCES IN AN AMOUNT NOT TO EXCEED \$1,100,000 FOR OAK BLUFF APARTMENTS



was duly introduced for the consideration of the Board and said caption was read in full. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion and request for comments, said motion prevailed and was carried by the following vote:

\_\_\_ AYES

\_\_\_ NOS

\_\_\_ ABSTENTIONS

4. That a true, full and correct copy of the Resolution adopted at the meeting described in the above is attached to this certificate; that the adoption of the Resolution will be duly recorded in the Board's minutes of the meeting; that the persons named above are the duly chosen, qualified and acting members of the Board and the officers of the Corporation as indicated; that each member of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Resolution would be introduced and considered for adoption at said meeting.

SIGNED this 17<sup>th</sup> day of January, 2023.

---

Rebecca DeLeon, Secretary  
Texas State Affordable Housing Corporation

**RESOLUTION NO. 23-\_\_**

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**

RESOLUTION APPROVING A TEXAS HOUSING IMPACT FUND PERMANENT LOAN TO NATIONAL CHURCH RESIDENCES IN AN AMOUNT NOT TO EXCEED \$1,100,000 FOR OAK BLUFF APARTMENTS

WHEREAS, the Texas State Affordable Housing Corporation (the “Corporation”) has been duly created and organized pursuant to and in accordance with the provisions of Subchapter Y (Section 2306.551 et. seq.) of Chapter 2306, Texas Government Code, as amended, and other applicable provisions of Texas law (collectively, the “Act”); and

WHEREAS, under the Act, the Corporation is authorized to perform activities and services that the Corporation’s Board of Directors determines will promote the public health, safety, and welfare through the provision of adequate, safe, and sanitary housing primarily for individuals and families of low, very low, and extremely low income, and such activities and services shall include engaging in lending transactions; and

WHEREAS, said activities and services include those permitted to be funded by the Texas Housing Impact Fund (“THIF”), a fund established and maintained by the Corporation, which include the provision of permanent loans for affordable multifamily rental housing satisfying the requirements of the Corporation’s THIF Policy and Guidelines; and

WHEREAS, the Board of Directors has reviewed and discussed a staff proposal (approved by the Loan Committee of the Corporation) to make THIF funds available as a permanent loan to National Church Residences in the maximum principal amount of \$1,100,000 (the “Permanent Loan”), with the loan proceeds to be used by National Church Residences, together with other available funds, to refinance the construction loan in the original principal sum of \$2,000,000 executed by National Church Residences and payable to the Corporation for the construction of 39 units of housing with 27 units targeted to households earning 60% of area median income or less, 8 units targeted to households earning 50% of area median income, 3 units targeted to households earning 30% of median income or less and one employee unit reserved with no income restriction (“Construction Loan”); and

WHEREAS, after due discussion and consideration, the Board of Directors of the Corporation has determined to approve the Permanent Loan for the purposes described above.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS STATE AFFORDABLE HOUSING CORPORATION AS FOLLOWS:

Section 1. Approval of Permanent Loan and Related Matters. The Board of Directors approves the Permanent Loan by the Corporation to National Church Residences in the maximum principal amount of \$1,100,000, the proceeds of which are to be used by National Church Residences, together with other available funds, to refinance the Construction Loan for Oak Bluff Apartments.

The Board has determined that a Permanent Loan for affordable multifamily rental housing is a suitable purpose under the THIF Policy and Guidelines and such purpose is approved by the Board of Directors.

The Board authorizes the President and the Executive Vice President to approve, in consultation with counsel, the form and substance of all necessary documents relating to the Permanent Loan, including but not limited to a promissory note, loan agreement, restrictive covenants, and related security documents (collectively, the "Transaction Documents").

Section 2. Execution and Delivery of Transaction Documents. The President and the Executive Vice President are each, in the name and on behalf of the Corporation, authorized to execute and deliver the Transaction Documents to which the Corporation is a party.

Section 3. Execution and Delivery of Ancillary Documents; Taking of Ancillary Actions. The President and the Executive Vice President are each, in the name and on behalf of the Corporation, authorized by the Board of Directors, at any time before or after the execution and delivery of the Transaction Documents, in consultation with counsel, to (i) execute, acknowledge and deliver any and all such orders, directions, certificates, agreements, documents, instruments, amendments and other papers or items (collectively, "Ancillary Documents"), and (ii) do or cause to be done any and all such acts and things (collectively, "Ancillary Actions"), which such officer deems necessary or desirable in connection to consummate the transactions contemplated by the Transaction Documents, or to otherwise fulfill the purposes of this resolution.

Section 4. Ratification of Prior Actions. All actions taken prior to the date of this Resolution by any officer of the Corporation in the name and on behalf of the Corporation, with respect to any of the matters and transactions described above, are ratified, confirmed and approved by the Board of Directors.

Section 5. Conflicting Prior Actions. Any order, resolution, approval or any action of the Board of Directors in conflict with this Resolution is hereby repealed to the extent of any such conflict.

Section 6. Severability. Any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

*[Remainder of Page Intentionally Left Blank]*

APPROVED AND EFFECTIVE this 17th day of January, 2023.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

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William Dietz, Jr., Chairperson

ATTEST:

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Rebecca DeLeon, Secretary  
Texas State Affordable Housing Corporation

# Texas State Affordable Housing Corporation

## Texas Housing Impact Fund

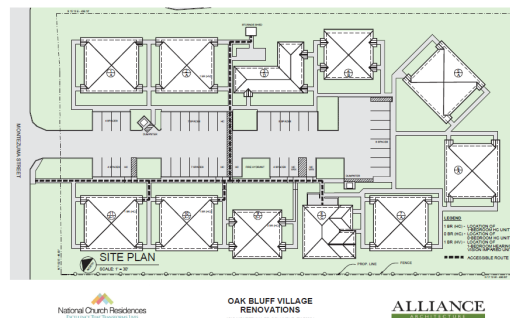
### **Agenda Items:**

Agenda Item 2: Presentation, discussion and possible approval of a \$2 million loan to National Church Residences (NCR), or an affiliate, for the acquisition and rehabilitation of Oak Bluff apartments, a 39-unit multi-family community in Columbus, Texas.; and

Agenda Item 3: Presentation, discussion and possible approval of a \$1.1 million permanent loan to National Church Residences (NCR) for the Oak Bluff apartments, a 39-unit multi-family community in Columbus, Texas.

### **Summary:**

TSAHC received an application from National Church Residences (NCR) for both construction and permanent financing for Oak Bluff apartments located in Columbus. Oak Bluff is a 39-unit affordable rental community serving residents 55 years of age and older. The project is also supported by a Section 8 rental assistance contract ensuring long-term affordability.



### **Public Benefit:**

Oak Bluff is a 39-unit affordable rental project with one- and two-bedroom units serving seniors. Twenty-Seven units will be reserved for households earning up to 60% of area median income (AMI), eight units will be reserved for households up to 50% AMI and two units will be reserved for households up to 30% AMI. There is one employee unit that has no income restrictions. Oak Bluff is located in a census tract that qualifies as both rural and economically distressed, per the U.S. Treasury's Capital Magnet Fund program.

### **Financial Summary:**

Oak Bluff is preparing for closing on acquisition and construction financing in April of this year and has already received an award of 9% housing tax credits. The total development costs are expected to be \$6,745,498. Construction and contingency costs total \$2.765 million and acquisition costs are approximately \$2.28 million. Soft costs, including environmental reviews, architectural design and planning total \$1 million, with a developer fee of \$670,000 rounding out project costs.

Permanent financing for the project includes \$4.097 million in tax credit equity, a \$796,000 seller note, a sponsor note of \$500,000, the transfer of replacement reserves and deposits totaling \$238,000 and construction period income of \$193,000. TSAHC will provide a \$1.1 million permanent mortgage, if approved. Deferred developer fees only account for \$13,559, or about 2% of the total project costs. This provides a significant cushion to the project in the event of cost overruns.

# Texas State Affordable Housing Corporation

## Texas Housing Impact Fund

NCR has requested \$2 million in construction period financing through TSAHC. Tax credit equity will be the other primary source of construction financing and the construction period is anticipated to be 24 months. TSAHC's construction will have an interest rate of 4% and the perm loans is being recommended with an interest rate of 5.5%. At the end of construction, TSAHC will be repaid for its construction loan and issue a new \$1.1 million loan with a term of 17-years and amortization of 35-years. The proposed perm financing yields a debt coverage ratio of 1.35, which is above TSAHC minimum DCR of 1.15.

TSAHC's construction and perm financing are being structured as two separate loans to better utilize funding resources. For construction, TSAHC will use \$1 million of Capital Magnet Funds (CMF) that have been repaid by previous loans and fulfills our commitment to funding projects in rural and economically distressed census tracts. The remainder of funding will come from a mix of TSAHC revenues and borrowed capital. The source of permanent financing capital will be determined prior to closing in 2025.

Oak Bluff was originally built by National Church Residences in 1989 with a HUD 202 Direct Loan. The property consists of 39 units of senior housing with rental subsidy from HUD, currently funded through 2035. Additionally, HUD funding includes a Service Coordinator Grant to pay for on-site service coordination for residents. Oak Bluff received a 9% LIHTC award from TDHCA in the summer of 2022.

Rehabilitation of the project will include, but is not limited to, flooring, windows, light fixtures, ADA updates, roof replacements, kitchen and bath updates (fixtures, cabinets, etc.), landscaping and parking lot repairs.

### **Market Conditions:**

Columbus, the county seat of Colorado County, is located 90-minutes west of Houston and 90-minutes southeast of Austin. With a population just over 9,200, the local economy is dominated by tourism, food service and manufacturing. The community benefits greatly from its location along Interstate 10 and state highway 71, both high traffic routes between Texas' metro areas of Austin, Houston, and San Antonio.

As a senior focused housing project, Oak Bluff is well located near public amenities and services. Columbus Community Hospital is 1.4-miles from the property and has been named in the top 100 Rural and Community Hospitals for the past three years by the National Rural Health Association. The project is also within walking distance of community services, parks, and educational facilities.

### **Borrower Summary:**

National Church Residences (NCR) is one of the nation's largest not-for-profit developers and managers of affordable senior housing with over 23,000 units in 340 affordable (30 in TX) and

# Texas State Affordable Housing Corporation

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## Texas Housing Impact Fund

market rate properties in 25 states. NCR opened its doors in 1961 under the guidance and vision of founder Reverend John R. Glenn and continues to honor its mission centered on providing quality housing and care at affordable prices in communities of caring persons. NCR also owns and operates properties that serve various acuity levels, including independent living, assisted living, memory care and skilled nursing.

NCR has a strong track record of successful housing developments in Texas and staff found no issues of noncompliance within NCR's portfolio of tax credit supported properties in Texas.

An affiliate of NCR is the current owner of Oak Bluff, and the staff has reviewed the ownership structure and financing to ensure it meets our threshold requirements.

### **Recommendation:**

Agenda Item 2: Staff recommends the approval of a \$2 million loan to National Church Residences (NCR), or an affiliate, for the acquisition and rehabilitation of Oak Bluff apartments, a 39-unit multi-family community in Columbus, Texas. The rates and terms of the loan, along with any additional conditions will be provided to the Board during the meeting; and

Agenda Item 3: Staff recommends the approval of a \$1.1 million permanent loan to National Church Residences (NCR), or an affiliate, for the Oak Bluff apartments. The rates and terms of the loan, along with any additional conditions will be provided to the Board during the meeting.

## Oak Bluff - MF Underwriting - Project Summary

### Project Summary

Applicant National Church Residences  
 Project Name Oak Bluff Senior Housing

### Location

Address 1513 Montezuma Street City Columbus  
 County: Colorado State Texas 78934  
 Census Tract: 48089750500

### Loan Request

Loan Amount: \$ 2,000,000.00 Loan Type: Con 2 Perm  
 Loan Term: 17 Amort: 35

### Perm Funding Sources

	Amount	% of Total
TSAHC Construction Loan	\$ 2,000,000	30%
TSAHC Perm Loan	\$ 1,100,000	16.31%
Tax Credits	\$ 4,097,284	60.74%
Seller Note	\$ 796,389	11.81%
Sponsor Note	\$ 500,000	7.41%
Opp Inc & Reserves	\$ 238,266	3.53%
Deferred Dev Fee	\$ 13,559	0.20%
<b>Totals</b>	<b>\$ 6,745,498</b>	<b>100%</b>

\* not included in total

### Market Summary

	City	County	State	Census Tract
Population:	9,292	20,557	29,145,505	4,417
Median Age:	47	43	35	44
Diversity Index:	-	58	-	52
% Hispanic:	23%	29%	39%	32%
% Persons with Disability:	10%	13%	12%	10%
% Households that Rent:	15%	16%	38%	11%
Median Rents:	768	727	1,082	787
% Renters Who are Cost Burdened:	16%	28%	45%	19%
Median Home Price:	\$ 155,000	\$ 131,400	\$ 187,200	\$ 125,200
Median Household Income:	\$ 54,063	\$ 52,663	\$ 63,826	\$ 56,250
Unemployment:	0.00%	5.60%	4.00%	0.00%
Persons w/o Insurance:	14%	16%	17%	12%
Medically Underserved Area:	no	-	-	-
% Attending Public Schools:	80%	88%	91%	64%
Graduation Rate (Columbus ISD):	90%			

CRA Eligible Census Tract: N/A  
 # of LI Projects and Units: 1 48



## Oak Bluff - MF Underwriting - Summary Sources and Uses

### Summary of Sources and Uses

**Applicant** National Church Residences  
**Project Name** Oak Bluff Senior Housing  
**Number of Units** 39

Sources	Amount	Amount Per Unit	Percentage of Total
TSAHC Perm Loan	\$ 1,100,000	\$ 28,205	16%
Tax Credits	\$ 4,097,284	\$ 105,059	61%
Seller Note	\$ 796,389	\$ 20,420	12%
Sponsor Note	\$ 500,000	\$ 12,821	7%
Opp Inc & Reserves	\$ 238,266	\$ 6,109	4%
Deferred Dev Fee	\$ 13,559	\$ 348	0%
<b>Total Sources</b>	<b>\$ 6,745,498</b>	<b>\$ 172,961.49</b>	<b>100%</b>

Uses	Amount	Amount Per Unit	Percentage of Total
Acquisition (Right of Way)	\$ 2,283,308	\$ 58,546.36	34%
Off-Site Construction		\$ -	0%
On-Site Work		\$ -	0%
Site Amenities		\$ -	0%
Building Costs	\$ 2,205,000	\$ 56,538.46	33%
Other Const/Contingency/Contractor Fees	\$ 560,070	\$ 14,360.77	8%
Soft Costs	\$ 384,791	\$ 9,866.44	6%
Financing Costs	\$ 499,457	\$ 12,806.59	7%
Developer Fees	\$ 670,872	\$ 17,201.85	10%
Reserve Accounts	\$ 142,000	\$ 3,641.03	2%
<b>Total Uses</b>	<b>\$ 6,745,498</b>	<b>\$ 172,961.49</b>	<b>100%</b>

(Gap) / Reserve	\$ -
Percent of Developer Fee Deferred	2.02%

# Oak Bluff - MF Underwriting - Operating Proforma

## Operating Proforma

Applicant National Church Residences  
 Project Name Oak Bluff Senior Housing

Total Units: 39 Min. Set Aside Election: 40% @ 60% AMI  
 Min. Afford. Units: 16 % Affordable: 0  
 Afford. Units: 0 Accessible Unit Min. 200%

### Residential Income

Unit Type	Unit Sq. Ft.	Net Sq. Ft.	# units	Rent	Mo. Income	Inflator	Rent Limiter
0/1	438	438	1	\$ 720	\$ 720	1.02	30% AMI
0/1	438	438	1	\$ 720	\$ 720		30% AMI
0/1	438	1,314	3	\$ 720	\$ 2,160		50% AMI
0/1	438	1,752	4	\$ 720	\$ 2,880		60% AMI
1/1	560	560	1	\$ 771	\$ 771		30% AMI
1/1	560	-	0	\$ 771	\$ -		30% AMI
1/1	560	2,800	5	\$ 771	\$ 3,855		50% AMI
1/1	560	12,880	23	\$ 771	\$ 17,733		60% AMI
Emp Unit	560	560	1	n/a	\$ -		Employee
<b>Subtotals:</b>				20,742	39	\$ 28,839	

Other income:	\$ 2.19	\$ 85	1.02
Potential gross income			
Residential vacancy loss			5.00%
<b>Effective Gross Residential Income</b>			

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$	8,640	8,813	8,989	9,169	9,352	10,326	11,400
\$	8,640	8,813	8,989	9,169	9,352	10,326	11,400
\$	25,920	26,438	26,967	27,507	28,057	30,977	34,201
\$	34,560	35,251	35,956	36,675	37,409	41,302	45,601
\$	9,252	9,437	9,626	9,818	10,015	11,057	12,208
\$	-	-	-	-	-	-	-
\$	46,260	47,185	48,129	49,091	50,073	55,285	61,039
\$	212,796	217,052	221,393	225,821	230,337	254,311	280,780
\$	-	-	-	-	-	-	-
\$	1,024.92	1,045	1,066	1,088	1,109	1,225	1,352
\$	347,093	354,035	361,115	368,338	375,705	414,808	457,982
\$	(17,355)	(17,702)	(18,056)	(18,417)	(18,785)	(20,740)	(22,899)
\$	329,738	336,333	343,060	349,921	356,919	394,068	435,083

### Operating Expenses

	TSAHC est.	Borrower Yr 1	% EGI	Variance	Per Unit	Inflator
General & Administrative	\$ 18,993	\$ 9,705	2.94	-49%	\$ 249	1.03
Management Fee	\$ 21,450	\$ 20,246	6.14	-6%	\$ 519	1.03
Payroll and Related	\$ 48,087	\$ 50,655	15.36	5%	\$ 1,299	1.03
Maintenance & Repair	\$ 28,041	\$ 45,000	13.65	60%	\$ 1,154	1.03
Utilities	\$ 31,512	\$ 27,532	8.35	-13%	\$ 706	1.03
Insurance	\$ 20,748	\$ 35,529	10.77	71%	\$ 911	1.03
Taxes	\$ 21,411	\$ 26,780	8.12	25%	\$ 687	1.03
Operating Debt Service Reserves			0.00	#DIV/0!	\$ -	1.03
Replacement reserves	\$ 11,700	\$ 11,700	3.55	0%	\$ 300	1.03
HTC/HOME Compliance Fees			0.00	n/a	\$ 40	1.03
TSAHC Compliance Fees	\$ 2,500	\$ 2,500	0.76	0%	\$ 45	1.03
Other (specify):			0.00	#DIV/0!	\$ -	1.03
<b>Total Operating Expenses</b>	\$ 204,442	\$ 229,647		12%	\$ 5,909.28	

state avg \$ 4,672.00 per unit  
 Operating Expenses as a percentage of Effective Gross Income

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$	9,705	9,996	10,296	10,605	10,923	12,663	14,680
\$	20,246	20,853	21,479	22,123	22,787	26,416	30,624
\$	50,655	52,175	53,740	55,352	57,013	66,093	76,620
\$	45,000	46,350	47,741	49,173	50,648	58,715	68,067
\$	27,532	28,358	29,209	30,085	30,988	35,923	41,645
\$	35,529	36,595	37,693	38,823	39,988	46,357	53,741
\$	26,780	27,583	28,411	29,263	30,141	34,942	40,507
\$	-	-	-	-	-	-	-
\$	11,700	12,051	12,413	12,785	13,168	15,266	17,697
\$	-	-	-	-	-	-	-
\$	2,500	2,575	2,652	2,732	2,814	3,262	3,781
\$	-	-	-	-	-	-	-
\$	229,647	236,536	243,633	250,941	258,470	299,637	347,362
\$	5,888	6,065	6,247	6,434	6,627	7,683	8,907
	69.6%	70.3%	71.0%	71.7%	72.4%	76.0%	79.8%

### NET OPERATING INCOME

\$	100,091	99,797	99,427	98,979	98,450	94,431	87,721
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## Oak Bluff - MF Underwriting - Operating Proforma

**NET OPERATING INCOME**

\$	100,091	\$	99,797	\$	99,427	\$	98,979	\$	98,450	\$	94,431	\$	87,721
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**PRIMARY DEBT SERVICE**

	Principal	Rate	Amort	Term
TSAHC Perm Loan	\$ 1,100,000	5.50%	35	17
Total Primary Debt	\$ 1,100,000			

Net Cashflow After Primary Debt  
DSCR Primary Debt

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$ 70,886	\$ 70,886	\$ 70,886	\$ 70,886	\$ 70,886	\$ 70,886	\$ 70,886
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 70,886	\$ 70,886	\$ 70,886	\$ 70,886	\$ 70,886	\$ 70,886	\$ 70,886

\$	29,205	\$	28,910	\$	28,541	\$	28,093	\$	27,563	\$	23,544	\$	16,835
	1.41		1.41		1.40		1.40		1.39		1.33		1.24

**SOFT SUBORDINATE DEBT & EQUITY**

Tax Credits	\$ 4,097,284			
Seller Note	\$ 796,389			
Sponsor Note	\$ 500,000			
Opp Inc & Reserves	\$ 238,266			
Deferred Dev Fee	\$ 13,559			
Total Secondary Debt	\$ 5,645,498			

Net Cash Flow of Secondary Debts

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
\$	29,205	\$	28,910	\$	28,541	\$	28,093	\$	27,563	\$	23,544	\$	16,835

## Tab 4

Presentation, Discussion and possible approval of a \$2 million loan to National Church Residences (NCR), or an affiliate, for the acquisition and rehabilitation of Tejas Cove, a 61-unit multi-family community in Bay City, Texas.

CERTIFICATION

THE STATE OF TEXAS §  
§  
TEXAS STATE AFFORDABLE §  
HOUSING CORPORATION §

I, the undersigned officer of the Texas State Affordable Housing Corporation (the “Corporation”), do hereby certify as follows:

1. The Board of Directors of the Corporation (the “Board”) convened on January 17, 2023 at the Corporation’s offices in Austin, Texas, and the roll was called of the duly constituted members of said Board, who are as follows:

<u>Name</u>	<u>Office</u>
William H. Dietz	Chairperson
Valerie Vargas Cardenas	Vice Chairperson
Courtney Johnson-Rose	Director
Lemuel Williams	Director
Andy Williams	Director

2. The officers of the Corporation (who are not Board members) are as follows:

<u>Name</u>	<u>Office</u>
David Long	President
Janie Taylor	Executive Vice President
Melinda Smith	Chief Financial Officer and Treasurer
Rebecca DeLeon	Secretary
Cynthia Gonzales	Assistant Secretary

All Board members were present except \_\_\_\_\_, thus constituting a quorum. All of the officers of the Corporation (except the Secretary) were present at the meeting.

3. Whereupon, among other business, the following written resolution (the “Resolution”) bearing the following caption:

**“RESOLUTION NO. 23-\_\_**

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**

RESOLUTION APPROVING A TEXAS HOUSING IMPACT FUND CONSTRUCTION  
LOAN TO NATIONAL CHURCH RESIDENCES IN AN AMOUNT NOT TO EXCEED  
\$2,000,000 FOR TEJAS COVE APARTMENTS

was duly introduced for the consideration of the Board and said caption was read in full. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion and request for comments, said motion prevailed and was carried by the following vote:

\_\_\_ AYES

\_\_\_ NOS

\_\_\_ ABSTENTIONS

4. That a true, full and correct copy of the Resolution adopted at the meeting described in the above is attached to this certificate; that the adoption of the Resolution will be duly recorded in the Board's minutes of the meeting; that the persons named above are the duly chosen, qualified and acting members of the Board and the officers of the Corporation as indicated; that each member of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Resolution would be introduced and considered for adoption at said meeting.

SIGNED this 17<sup>th</sup> day of January, 2023.

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Rebecca DeLeon, Secretary  
Texas State Affordable Housing Corporation

**RESOLUTION NO. 23-\_\_**

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**

RESOLUTION APPROVING A TEXAS HOUSING IMPACT FUND CONSTRUCTION LOAN TO NATIONAL CHURCH RESIDENCES IN AN AMOUNT NOT TO EXCEED \$2,000,000 FOR TEJAS COVE APARTMENTS

WHEREAS, the Texas State Affordable Housing Corporation (the “Corporation”) has been duly created and organized pursuant to and in accordance with the provisions of Subchapter Y (Section 2306.551 et. seq.) of Chapter 2306, Texas Government Code, as amended, and other applicable provisions of Texas law (collectively, the “Act”); and

WHEREAS, under the Act, the Corporation is authorized to perform activities and services that the Corporation’s Board of Directors determines will promote the public health, safety, and welfare through the provision of adequate, safe, and sanitary housing primarily for individuals and families of low, very low, and extremely low income, and such activities and services shall include engaging in lending transactions; and

WHEREAS, said activities and services include those permitted to be funded by the Texas Housing Impact Fund (“THIF”), a fund established and maintained by the Corporation, which include the provision of construction loans for affordable multifamily rental housing satisfying the requirements of the Corporation’s THIF Policy and Guidelines; and

WHEREAS, the Board of Directors has reviewed and discussed a staff proposal (approved by the Loan Committee of the Corporation) to make THIF funds available as a construction loan to National Church Residences in the maximum principal amount of \$2,000,000 (the “Construction Loan”), with the loan proceeds to be used by National Church Residences, together with other available funds, to build 61 units of housing with 42 units targeted to households earning 60% of area median income or less, 13 units targeted to households earning 50% of area median income, 5 units targeted to households earning 30% of median income or less and one employee unit reserved with no income restriction; and

WHEREAS, after due discussion and consideration, the Board of Directors of the Corporation has determined to approve the Construction Loan for the purposes described above.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS STATE AFFORDABLE HOUSING CORPORATION AS FOLLOWS:

Section 1. Approval of Construction Loan and Related Matters. The Board of Directors approves the Construction Loan by the Corporation to National Church Residences in the maximum principal amount of \$2,000,000, the proceeds of which are to be used by National Church Residences, together with other available funds, to construct the 61-unit Tejas Cove Apartments.

The Board has determined that a Construction Loan for affordable multifamily rental housing is a suitable purpose under the THIF Policy and Guidelines and such purpose is approved by the Board of Directors.

The Board authorizes the President and the Executive Vice President to approve, in consultation with counsel, the form and substance of all necessary documents relating to the Construction Loan, including but not limited to a promissory note, loan agreement, restrictive covenants, and related security documents (collectively, the "Transaction Documents").

Section 2. Execution and Delivery of Transaction Documents. The President and the Executive Vice President are each, in the name and on behalf of the Corporation, authorized to execute and deliver the Transaction Documents to which the Corporation is a party.

Section 3. Execution and Delivery of Ancillary Documents; Taking of Ancillary Actions. The President and the Executive Vice President are each, in the name and on behalf of the Corporation, authorized by the Board of Directors, at any time before or after the execution and delivery of the Transaction Documents, in consultation with counsel, to (i) execute, acknowledge and deliver any and all such orders, directions, certificates, agreements, documents, instruments, amendments and other papers or items (collectively, "Ancillary Documents"), and (ii) do or cause to be done any and all such acts and things (collectively, "Ancillary Actions"), which such officer deems necessary or desirable in connection to consummate the transactions contemplated by the Transaction Documents, or to otherwise fulfill the purposes of this resolution.

Section 4. Ratification of Prior Actions. All actions taken prior to the date of this Resolution by any officer of the Corporation in the name and on behalf of the Corporation, with respect to any of the matters and transactions described above, are ratified, confirmed and approved by the Board of Directors.

Section 5. Conflicting Prior Actions. Any order, resolution, approval or any action of the Board of Directors in conflict with this Resolution is hereby repealed to the extent of any such conflict.

Section 6. Severability. Any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

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APPROVED AND EFFECTIVE this 17th day of January, 2023.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

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William Dietz, Jr., Chairperson

ATTEST:

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Rebecca DeLeon, Secretary  
Texas State Affordable Housing Corporation

# Texas State Affordable Housing Corporation

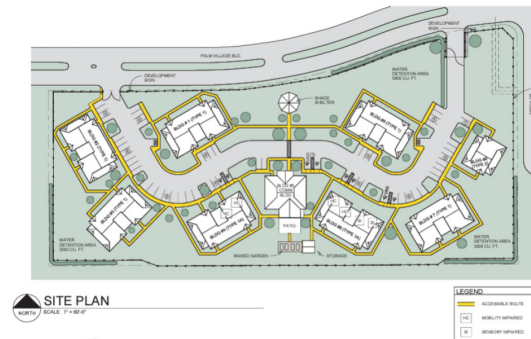
## Texas Housing Impact Fund

**Agenda Item 4:** Presentation, discussion and possible approval of a \$2 million loan to National Church Residences (NCR), or an affiliate, for the acquisition and rehabilitation of Tejas Cove, a 61-unit multi-family community in Bay City, Texas.

**Agenda Item 5:** Presentation, discussion and possible approval of a \$1.47 million permanent loan to National Church Residences (NCR) for the Tejas Cove apartments, a 61-unit multi-family community in Bay City, Texas.

### **Summary:**

TSAHC received an application from National Church Residences (NCR) for both construction and permanent financing for Tejas Cove apartments located in Bay City. Tejas Cove is a 61-unit affordable rental community serving residents 55 years of age and older. The project is also supported by a Section 8 rental assistance contract ensuring long-term affordability.



### **Public Benefit:**

Tejas Cove is a 61-unit affordable rental project with one-bedroom units serving seniors in Bay City. Forty-two units will be reserved for households earning up to 60% of area median income (AMI), 13 units will be reserved for households up to 50% AMI and five units will be reserved for households up to 30% AMI. There is one employee unit that has no income restrictions. Tejas Cove is in a census tract that qualifies as both rural and economically distressed, per the U.S. Treasury's Capital Magnet Fund program.

### **Financial Summary:**

Tejas Cove is preparing for closing on acquisition and construction financing in April of this year and has already received an award of 9% housing tax credits. The total development costs are expected to be \$11,770,531. Construction and contingency costs total \$5.3 million and acquisition costs are approximately \$3.7 million. Soft costs, including environmental reviews, architectural design and planning total \$1.8 million, with a developer fee of \$951,000 rounding out project costs.

Permanent financing for the project includes \$5.78 million in tax credit equity, a \$3.69 million seller note, the transfer of replacement reserves and deposits totaling \$635,000 and construction period income of \$193,000. TSAHC will provide a \$1.47 million permanent mortgage, if approved. Deferred developer fees only account for \$1,150, or less than 1% of the total project costs. This provides a significant cushion to the project in the event of cost overruns.

# Texas State Affordable Housing Corporation

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## Texas Housing Impact Fund

NCR has requested \$2 million in construction period financing through TSAHC. Tax credit equity will be the other primary source of construction financing and the construction period is anticipated to be 24 months. TSAHC's construction will have an interest rate of 4% and the perm loans is being recommended with an interest rate of 5.5%. At the end of construction, TSAHC will be repaid for its construction loan and issue a new \$1.47 million perm loan with a term of 17-years and amortization of 35-years. The proposed perm financing yields a debt coverage ratio of 1.42, which is above TSAHC minimum DCR of 1.15.

TSAHC's construction and perm financing are being structured as two separate loans to better utilize funding resources. For construction, TSAHC will use \$1.145 million of Capital Magnet Funds (CMF) that have been repaid by previous loans and fulfill our commitment to funding projects in rural and economically distressed. The remainder of funding will come from a mix of TSAHC revenues and borrowed capital. The source of permanent financing capital will be determined prior to closing in 2025.

Tejas Cove was originally built by National Church Residences in 1995 with a HUD 202 Capital Advance. The property consists of 61 units of senior housing with rental subsidy from HUD. Tejas Cove received a 9% LIHTC award from TDHCA in the summer of 2022. As part of the transaction closing, Tejas Cove will undergo the HUD 202 RAD to PRAC conversion which allows converted HUD properties to be leveraged with debt and enter into a LIHTC partnership. As a function of the conversion, the HUD Capital Advance Note is subsequently forgiven, and the property receives a new 20-year rental assistance contract.

Rehabilitation of the project will include, but is not limited to, flooring, windows, light fixtures, ADA updates, roof replacements, kitchen and bath updates (fixtures, cabinets, etc.), landscaping and parking lot repairs.

### **Market Conditions:**

Bay City, the county seat of Matagorda County, is located approximately halfway between Victoria and Galveston along state highway 35. With a population of just over 18,000, the local economy is dominated by agricultural production and manufacturing. Most recently, the Tenaris seamless pipe manufacturing facility, a \$1.8 billion investment, opened in 2017 and has been a primary driver of recent economic growth.

As a senior focused housing project, Tejas Cove is well located near public amenities and services. Wharton Junior College with less than 1-mile from the property, offering educational and health programs for seniors. Although Bay City is considered a medically underserved area, The Matagorda Regional Medical Center is under 10-minutes away and is certified as a level 4 trauma center and is funded through the Matagorda County Hospital District. Access to groceries, restaurants, banking, and other retail services are all within a 5-mile distance from the project site.

# Texas State Affordable Housing Corporation

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## Texas Housing Impact Fund

### **Borrower Summary:**

National Church Residences (NCR) is one of the nation's largest not-for-profit developers and managers of affordable senior housing with over 23,000 units in 340 affordable (30 in TX) and market rate properties in 25 states. NCR opened its doors in 1961 under the guidance and vision of founder Reverend John R. Glenn and continues to honor its mission centered on providing quality housing and care at affordable prices in communities of caring persons. NCR also owns and operates properties that serve various acuity levels, including independent living, assisted living, memory care and skilled nursing.

NCR has a strong track record of successful housing developments in Texas and staff found no issues of noncompliance within NCR's portfolio of tax credit supported properties in Texas.

An affiliate of NCR is the current owner of Tejas Cove, and the staff has reviewed the ownership structure and financing to ensure it meets our threshold requirements.

### **Recommendation:**

Agenda Item 4: Staff recommends the approval of a \$2 million loan to National Church Residences (NCR), or an affiliate, for the acquisition and rehabilitation of Tejas Cove, a 61-unit multi-family community in Bay City, Texas. The rates and terms of the loan, along with any additional conditions will be provided to the Board during the meeting.

Agenda Item 5: Staff recommends the approval of a \$1.47 million permanent loan to National Church Residences (NCR), or an affiliate, for the Tejas Cove apartments, a 61-unit multi-family community in Bay City, Texas. The rates and terms of the loan, along with any additional conditions will be provided to the Board during the meeting.

## Tejas Cove - MF Underwriting - Project Summary

### Project Summary

Applicant National Church Residences  
 Project Name Tejas Cove Senior Housing

### Location

Address 1900 Palm Village Blvd City Bay City  
 County: Matagorda State Texas 77414  
 Census Tract: 48321730302

### Loan Request

Loan Amount: \$ 2,000,000.00 Loan Type: Con 2 Perm  
 Loan Term: 17 Amort: 35

### Perm Funding Sources

	Amount	% of Total
TSAHC Construction Loan	\$ 2,000,000	17%
TSAHC Perm Loan	\$ 1,470,000	12.49%
Tax Credit Equity	\$ 5,779,690	49.10%
Seller Note	\$ 3,690,000	31.35%
RR Cap Contribution + Deposits	\$ 635,811	5.40%
City Fee Waiver	\$ 500	0.00%
Construction Period Income	\$ 193,380	1.64%
Deferred Developer Fee + GP equity	\$ 1,150	0.01%
<b>Totals</b>	<b>\$ 11,770,531</b>	<b>100%</b>

\* not included in total

### Market Summary

	City	County	State	Census Tract
Population:	18,061	36,255	29,145,505	4,957
Median Age:	32	38	35	31
Diversity Index:	60	62	-	67
% Hispanic:	49%	43%	39%	44%
% Persons with Disability:	15%	17%	12%	15%
% Households that Rent:	45%	30%	38%	66%
Median Rents:	879	851	1,082	885
% Renters Who are Cost Burdened:	52%	44%	45%	55%
Median Home Price:	\$ 106,500	\$ 128,100	\$ 187,200	\$ 98,500
Median Household Income:	\$ 53,225	\$ 61,283	\$ 63,826	\$ 36,161
Unemployment:	0.00%	10.50%	4.00%	0.00%
Persons w/o Insurance:	19%	17%	17%	18%
Medically Underserved Area:	Yes	-	-	-
% Attending Public Schools:	98%	96%	91%	98%
Graduation Rate (Bay City ISD):	85%			

CRA Eligible Census Tract: Moderate Inc  
 # of LI Projects and Units: 6 402

## Tejas Cove - MF Underwriting - Summary Sources and Uses

### Summary of Sources and Uses

Applicant National Church Residences

Project Name Tejas Cove Senior Housing

Number of Units 61

Sources	Amount	Amount Per Unit	Percentage of Total
TSAHC Perm Loan	\$ 1,470,000	\$ 24,098	12%
Tax Credit Equity	\$ 5,779,690	\$ 94,749	49%
Seller Note	\$ 3,690,000	\$ 60,492	31%
RR Cap Contribution + Deposits	\$ 635,811	\$ 10,423	5%
City Fee Waiver	\$ 500	\$ 8	0%
Construction Period Income	\$ 193,380	\$ 3,170	2%
Deferred Developer Fee + GP equity	\$ 1,150	\$ 19	0%
<b>Total Sources</b>	<b>\$ 11,770,531</b>	<b>\$ 192,959.52</b>	<b>100%</b>

Uses	Amount	Amount Per Unit	Percentage of Total
Acquisition	\$ 3,690,000	\$ 60,491.80	31%
Off-Site Construction		\$ -	0%
On-Site Work		\$ -	0%
Site Amenities		\$ -	0%
Building Costs	\$ 4,837,062	\$ 79,296.10	41%
Other Const/Contingency/Contractor Fees	\$ 483,706	\$ 7,929.61	4%
Soft Costs	\$ 802,005	\$ 13,147.62	7%
Financing Costs	\$ 679,458	\$ 11,138.66	6%
Developer Fees	\$ 950,649	\$ 15,584.41	8%
Reserve Accounts	\$ 327,650	\$ 5,371.31	3%
<b>Total Uses</b>	<b>\$ 11,770,530</b>	<b>\$ 192,959.51</b>	<b>100%</b>

(Gap) / Reserve	\$ 1
Percent of Developer Fee Deferred	0.00%

## Tejas Cove - MF Underwriting - Operating Proforma

### Operating Proforma

Applicant National Church Residences  
 Project Name Tejas Cove Senior Housing

Total Units: 61 Min. Set Aside Election: 40% @ 60% AMI  
 Min. Afford. Units: 25 % Affordable: 98%  
 Afford. Units: 60 Accessible Unit Min. 4

#### Residential Income

Unit Type	Unit Sq. Ft.	Net Sq. Ft.	# units	Rent	Mo. Income	Inflator	Rent Limiter
1/1	562	2,810	5	\$ 675	\$ 3,375	1.02	30% AMI
1/1	562	7,306	13	\$ 675	\$ 8,775		50% AMI
1/1	562	23,604	42	\$ 675	\$ 28,350		60% AMI
1/1	818	818	1	n/a	\$ -		Employee/MR
<b>Subtotals:</b>			61		\$ 40,500		

Other income: \$ 100.00 \$ 6,100 1.02  
 Potential gross income  
 Residential vacancy loss 5.00%  
**Effective Gross Residential Income**

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$ 40,500	\$ 41,310	\$ 42,136	\$ 42,979	\$ 43,839	\$ 48,401	\$ 53,439
\$ 105,300	\$ 107,406	\$ 109,554	\$ 111,745	\$ 113,980	\$ 125,843	\$ 138,941
\$ 340,200	\$ 347,004	\$ 353,944	\$ 361,023	\$ 368,243	\$ 406,570	\$ 448,887
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 73,200.00	\$ 74,664	\$ 76,157	\$ 77,680	\$ 79,234	\$ 87,481	\$ 96,586
\$ 559,200	\$ 570,384	\$ 581,792	\$ 593,428	\$ 605,296	\$ 668,296	\$ 737,853
\$ (27,960)	\$ (28,519)	\$ (29,090)	\$ (29,671)	\$ (30,265)	\$ (33,415)	\$ (36,893)
\$ 531,240	\$ 541,865	\$ 552,702	\$ 563,756	\$ 575,031	\$ 634,881	\$ 700,960

#### Operating Expenses

	TSAHC est.	Borrower Yr 1	% EGI	Variance	Per Unit	Inflator
General & Administrative	\$ 29,707	\$ 35,702	6.72	20%	\$ 585	1.03
Management Fee	\$ 33,550	\$ 32,940	6.20	-2%	\$ 540	1.03
Payroll and Related	\$ 75,213	\$ 43,148	8.12	-43%	\$ 707	1.03
Maintenance & Repair	\$ 43,859	\$ 53,710	10.11	22%	\$ 880	1.03
Utilities	\$ 49,288	\$ 30,320	5.71	-38%	\$ 497	1.03
Insurance	\$ 32,452	\$ 60,275	11.35	86%	\$ 988	1.03
Taxes	\$ 33,489	\$ 77,428	14.57	131%	\$ 1,269	1.03
Operating Debt Service Reserves			0.00	#DIV/0!	\$ -	1.03
Replacement reserves	\$ 18,300	\$ 18,300	3.44	0%	\$ 300	1.03
HTC/HOME Compliance Fees	\$ 2,400	\$ 2,400	0.45	n/a	\$ 40	1.03
TSAHC Compliance Fees	\$ 2,745	\$ 2,745	0.52	0%	\$ 45	1.03
Other (specify): <span style="border: 1px solid black; padding: 2px;">SupServ/Security</span>	\$ 43,700	\$ 43,700	8.23	0	\$ 716	1.03
<b>Total Operating Expenses</b>	<b>\$ 364,703</b>	<b>\$ 400,668</b>		<b>10%</b>	<b>\$ 6,568.98</b>	

state avg \$ 4,672.00 per unit  
*Operating Expenses as a percentage of Effective Gross Income*

\$ 35,702	\$ 36,773	\$ 37,876	\$ 39,013	\$ 40,183	\$ 46,583	\$ 54,002
\$ 32,940	\$ 33,928	\$ 34,946	\$ 35,994	\$ 37,074	\$ 42,979	\$ 49,825
\$ 43,148	\$ 44,442	\$ 45,776	\$ 47,149	\$ 48,563	\$ 56,298	\$ 65,265
\$ 53,710	\$ 55,321	\$ 56,981	\$ 58,690	\$ 60,451	\$ 70,079	\$ 81,241
\$ 30,320	\$ 31,230	\$ 32,166	\$ 33,131	\$ 34,125	\$ 39,561	\$ 45,862
\$ 60,275	\$ 62,083	\$ 63,946	\$ 65,864	\$ 67,840	\$ 78,645	\$ 91,171
\$ 77,428	\$ 79,751	\$ 82,143	\$ 84,608	\$ 87,146	\$ 101,026	\$ 117,117
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 18,300	\$ 18,849	\$ 19,414	\$ -	\$ -	\$ -	\$ -
\$ 2,400	\$ 2,472	\$ 2,546	\$ 2,623	\$ 2,701	\$ 3,131	\$ 3,630
\$ 2,745	\$ 2,827	\$ 2,912	\$ 3,000	\$ 3,090	\$ 3,582	\$ 4,152
\$ 43,700	\$ 45,011	\$ 46,361	\$ 47,752	\$ 49,185	\$ 57,019	\$ 66,100
\$ 400,668	\$ 412,688	\$ 425,069	\$ 417,824	\$ 430,359	\$ 498,904	\$ 578,366
\$ 6,568	\$ 6,765	\$ 6,968	\$ 6,850	\$ 7,055	\$ 8,179	\$ 9,481
75.4%	76.2%	76.9%	74.1%	74.8%	78.6%	82.5%

#### NET OPERATING INCOME

\$ 130,572	\$ 129,177	\$ 127,633	\$ 145,932	\$ 144,673	\$ 135,977	\$ 122,594
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## Tejas Cove - MF Underwriting - Operating Proforma

**NET OPERATING INCOME**

\$	130,572	\$	129,177	\$	127,633	\$	145,932	\$	144,673	\$	135,977	\$	122,594
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**PRIMARY DEBT SERVICE**

	Principal	Rate	Amort	Term
TSAHC Perm Loan	\$ 1,470,000	5.50%	35	17
Total Primary Debt	\$ 1,470,000			

Net Cashflow After Primary Debt  
DSCR Primary Debt

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$	94,730	\$ 94,730	\$ 94,730	\$ 94,730	\$ 94,730	\$ 94,730	\$ 94,730
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	94,730	\$ 94,730	\$ 94,730	\$ 94,730	\$ 94,730	\$ 94,730	\$ 94,730

\$	35,842	\$	34,447	\$	32,904	\$	51,203	\$	49,943	\$	41,248	\$	27,864
	1.38		1.36		1.35		1.54		1.53		1.44		1.29

**SOFT SUBORDINATE DEBT & EQUITY**

Tax Credit Equity	\$ 5,779,690			
Seller Note	\$ 3,690,000			
RR Cap Contribution + Deposits	\$ 635,811			
City Fee Waiver	\$ 500			
Construction Period Income	\$ 193,380			
Deferred Developer Fee + GP equity	\$ 1,150			
Total Secondary Debt	\$ 10,300,531			

Net Cash Flow of Secondary Debts

\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	35,842	\$	34,447	\$	32,904	\$	51,203	\$	49,943	\$	41,248	\$	27,864



## Tab 5

Presentation, Discussion and possible approval of a \$1.47 million permanent loan to National Church Residences (NCR) for the Tejas Cove apartments, a 61-unit multi-family community in Bay City, Texas.

CERTIFICATION

THE STATE OF TEXAS §  
§  
TEXAS STATE AFFORDABLE §  
HOUSING CORPORATION §

I, the undersigned officer of the Texas State Affordable Housing Corporation (the “Corporation”), do hereby certify as follows:

1. The Board of Directors of the Corporation (the “Board”) convened on January 17, 2023 at the Corporation’s offices in Austin, Texas, and the roll was called of the duly constituted members of said Board, who are as follows:

<u>Name</u>	<u>Office</u>
William H. Dietz	Chairperson
Valerie Vargas Cardenas	Vice Chairperson
Courtney Johnson-Rose	Director
Lemuel Williams	Director
Andy Williams	Director

2. The officers of the Corporation (who are not Board members) are as follows:

<u>Name</u>	<u>Office</u>
David Long	President
Janie Taylor	Executive Vice President
Melinda Smith	Chief Financial Officer and Treasurer
Rebecca DeLeon	Secretary
Cynthia Gonzales	Assistant Secretary

All Board members were present except \_\_\_\_\_, thus constituting a quorum. All of the officers of the Corporation (except the Secretary) were present at the meeting.

3. Whereupon, among other business, the following written resolution (the “Resolution”) bearing the following caption:

**“RESOLUTION NO. 23-\_\_**

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**

RESOLUTION APPROVING A TEXAS HOUSING IMPACT FUND PERMANENT LOAN TO NATIONAL CHURCH RESIDENCES IN AN AMOUNT NOT TO EXCEED \$1,470,000 FOR TEJAS COVE APARTMENTS

was duly introduced for the consideration of the Board and said caption was read in full. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion and request for comments, said motion prevailed and was carried by the following vote:

\_\_\_ AYES

\_\_\_ NOS

\_\_\_ ABSTENTIONS

4. That a true, full and correct copy of the Resolution adopted at the meeting described in the above is attached to this certificate; that the adoption of the Resolution will be duly recorded in the Board's minutes of the meeting; that the persons named above are the duly chosen, qualified and acting members of the Board and the officers of the Corporation as indicated; that each member of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Resolution would be introduced and considered for adoption at said meeting.

SIGNED this 17<sup>th</sup> day of January, 2023.

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Rebecca DeLeon, Secretary  
Texas State Affordable Housing Corporation

**RESOLUTION NO. 23-\_\_**

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**

RESOLUTION APPROVING A TEXAS HOUSING IMPACT FUND PERMANENT LOAN TO NATIONAL CHURCH RESIDENCES IN AN AMOUNT NOT TO EXCEED \$1,470,000 FOR TEJAS COVE APARTMENTS

WHEREAS, the Texas State Affordable Housing Corporation (the “Corporation”) has been duly created and organized pursuant to and in accordance with the provisions of Subchapter Y (Section 2306.551 et. seq.) of Chapter 2306, Texas Government Code, as amended, and other applicable provisions of Texas law (collectively, the “Act”); and

WHEREAS, under the Act, the Corporation is authorized to perform activities and services that the Corporation’s Board of Directors determines will promote the public health, safety, and welfare through the provision of adequate, safe, and sanitary housing primarily for individuals and families of low, very low, and extremely low income, and such activities and services shall include engaging in lending transactions; and

WHEREAS, said activities and services include those permitted to be funded by the Texas Housing Impact Fund (“THIF”), a fund established and maintained by the Corporation, which include the provision of permanent loans for affordable multifamily rental housing satisfying the requirements of the Corporation’s THIF Policy and Guidelines; and

WHEREAS, the Board of Directors has reviewed and discussed a staff proposal (approved by the Loan Committee of the Corporation) to make THIF funds available as a permanent loan to National Church Residences in the maximum principal amount of \$1,470,000 (the “Permanent Loan”), with the loan proceeds to be used by National Church Residences, together with other available funds, to refinance the construction loan in the original principal sum of \$2,000,000 executed by National Church Residences and payable to the Corporation for the construction of 61 units of housing with 42 units targeted to households earning 60% of area median income or less, 13 units targeted to households earning 50% of area median income, 5 apartments targeted to households earning 30% of median income or less and one employee unit reserved with no income restriction (“Construction Loan”); and

WHEREAS, after due discussion and consideration, the Board of Directors of the Corporation has determined to approve the Permanent Loan for the purposes described above.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS STATE AFFORDABLE HOUSING CORPORATION AS FOLLOWS:

Section 1. Approval of Permanent Loan and Related Matters. The Board of Directors approves the Permanent Loan by the Corporation to National Church Residences in the maximum principal amount of \$1,470,000, the proceeds of which are to be used by National Church Residences, together with other available funds, to refinance the Construction Loan for Tejas Cove Apartments.

The Board has determined that a Permanent Loan for affordable multifamily rental housing is a suitable purpose under the THIF Policy and Guidelines and such purpose is approved by the Board of Directors.

The Board authorizes the President and the Executive Vice President to approve, in consultation with counsel, the form and substance of all necessary documents relating to the Permanent Loan, including but not limited to a promissory note, loan agreement, restrictive covenants, and related security documents (collectively, the "Transaction Documents").

Section 2. Execution and Delivery of Transaction Documents. The President and the Executive Vice President are each, in the name and on behalf of the Corporation, authorized to execute and deliver the Transaction Documents to which the Corporation is a party.

Section 3. Execution and Delivery of Ancillary Documents; Taking of Ancillary Actions. The President and the Executive Vice President are each, in the name and on behalf of the Corporation, authorized by the Board of Directors, at any time before or after the execution and delivery of the Transaction Documents, in consultation with counsel, to (i) execute, acknowledge and deliver any and all such orders, directions, certificates, agreements, documents, instruments, amendments and other papers or items (collectively, "Ancillary Documents"), and (ii) do or cause to be done any and all such acts and things (collectively, "Ancillary Actions"), which such officer deems necessary or desirable in connection to consummate the transactions contemplated by the Transaction Documents, or to otherwise fulfill the purposes of this resolution.

Section 4. Ratification of Prior Actions. All actions taken prior to the date of this Resolution by any officer of the Corporation in the name and on behalf of the Corporation, with respect to any of the matters and transactions described above, are ratified, confirmed and approved by the Board of Directors.

Section 5. Conflicting Prior Actions. Any order, resolution, approval or any action of the Board of Directors in conflict with this Resolution is hereby repealed to the extent of any such conflict.

Section 6. Severability. Any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

*[Remainder of Page Intentionally Left Blank]*

APPROVED AND EFFECTIVE this 17th day of January, 2023.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

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William Dietz, Jr., Chairperson

ATTEST:

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Rebecca DeLeon, Secretary  
Texas State Affordable Housing Corporation

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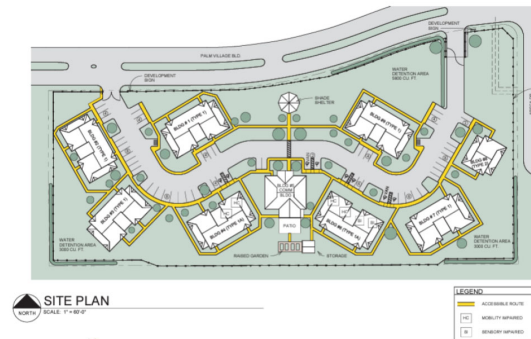
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TSAHC's construction and perm financing are being structured as two separate loans to better utilize funding resources. For construction, TSAHC will use \$1.145 million of Capital Magnet Funds (CMF) that have been repaid by previous loans and fulfill our commitment to funding projects in rural and economically distressed. The remainder of funding will come from a mix of TSAHC revenues and borrowed capital. The source of permanent financing capital will be determined prior to closing in 2025.

Tejas Cove was originally built by National Church Residences in 1995 with a HUD 202 Capital Advance. The property consists of 61 units of senior housing with rental subsidy from HUD. Tejas Cove received a 9% LIHTC award from TDHCA in the summer of 2022. As part of the transaction closing, Tejas Cove will undergo the HUD 202 RAD to PRAC conversion which allows converted HUD properties to be leveraged with debt and enter into a LIHTC partnership. As a function of the conversion, the HUD Capital Advance Note is subsequently forgiven, and the property receives a new 20-year rental assistance contract.

Rehabilitation of the project will include, but is not limited to, flooring, windows, light fixtures, ADA updates, roof replacements, kitchen and bath updates (fixtures, cabinets, etc.), landscaping and parking lot repairs.

### **Market Conditions:**

Bay City, the county seat of Matagorda County, is located approximately halfway between Victoria and Galveston along state highway 35. With a population of just over 18,000, the local economy is dominated by agricultural production and manufacturing. Most recently, the Tenaris seamless pipe manufacturing facility, a \$1.8 billion investment, opened in 2017 and has been a primary driver of recent economic growth.

As a senior focused housing project, Tejas Cove is well located near public amenities and services. Wharton Junior College with less than 1-mile from the property, offering educational and health programs for seniors. Although Bay City is considered a medically underserved area, The Matagorda Regional Medical Center is under 10-minutes away and is certified as a level 4 trauma center and is funded through the Matagorda County Hospital District. Access to groceries, restaurants, banking, and other retail services are all within a 5-mile distance from the project site.



# Texas State Affordable Housing Corporation

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## Texas Housing Impact Fund

### **Borrower Summary:**

National Church Residences (NCR) is one of the nation's largest not-for-profit developers and managers of affordable senior housing with over 23,000 units in 340 affordable (30 in TX) and market rate properties in 25 states. NCR opened its doors in 1961 under the guidance and vision of founder Reverend John R. Glenn and continues to honor its mission centered on providing quality housing and care at affordable prices in communities of caring persons. NCR also owns and operates properties that serve various acuity levels, including independent living, assisted living, memory care and skilled nursing.

NCR has a strong track record of successful housing developments in Texas and staff found no issues of noncompliance within NCR's portfolio of tax credit supported properties in Texas.

An affiliate of NCR is the current owner of Tejas Cove, and the staff has reviewed the ownership structure and financing to ensure it meets our threshold requirements.

### **Recommendation:**

Agenda Item 4: Staff recommends the approval of a \$2 million loan to National Church Residences (NCR), or an affiliate, for the acquisition and rehabilitation of Tejas Cove, a 61-unit multi-family community in Bay City, Texas. The rates and terms of the loan, along with any additional conditions will be provided to the Board during the meeting.

Agenda Item 5: Staff recommends the approval of a \$1.47 million permanent loan to National Church Residences (NCR), or an affiliate, for the Tejas Cove apartments, a 61-unit multi-family community in Bay City, Texas. The rates and terms of the loan, along with any additional conditions will be provided to the Board during the meeting.

## Tejas Cove - MF Underwriting - Project Summary

### Project Summary

Applicant National Church Residences  
 Project Name Tejas Cove Senior Housing

### Location

Address 1900 Palm Village Blvd City Bay City  
 County: Matagorda State Texas 77414  
 Census Tract: 48321730302

### Loan Request

Loan Amount: \$ 2,000,000.00 Loan Type: Con 2 Perm  
 Loan Term: 17 Amort: 35

### Perm Funding Sources

	Amount	% of Total
TSAHC Construction Loan	\$ 2,000,000	17%
TSAHC Perm Loan	\$ 1,470,000	12.49%
Tax Credit Equity	\$ 5,779,690	49.10%
Seller Note	\$ 3,690,000	31.35%
RR Cap Contribution + Deposits	\$ 635,811	5.40%
City Fee Waiver	\$ 500	0.00%
Construction Period Income	\$ 193,380	1.64%
Deferred Developer Fee + GP equity	\$ 1,150	0.01%
<b>Totals</b>	<b>\$ 11,770,531</b>	<b>100%</b>

\* not included in total

### Market Summary

	City	County	State	Census Tract
Population:	18,061	36,255	29,145,505	4,957
Median Age:	32	38	35	31
Diversity Index:	60	62	-	67
% Hispanic:	49%	43%	39%	44%
% Persons with Disability:	15%	17%	12%	15%
% Households that Rent:	45%	30%	38%	66%
Median Rents:	879	851	1,082	885
% Renters Who are Cost Burdened:	52%	44%	45%	55%
Median Home Price:	\$ 106,500	\$ 128,100	\$ 187,200	\$ 98,500
Median Household Income:	\$ 53,225	\$ 61,283	\$ 63,826	\$ 36,161
Unemployment:	0.00%	10.50%	4.00%	0.00%
Persons w/o Insurance:	19%	17%	17%	18%
Medically Underserved Area:	Yes	-	-	-
% Attending Public Schools:	98%	96%	91%	98%
Graduation Rate (Bay City ISD):	85%			

CRA Eligible Census Tract: Moderate Inc  
 # of LI Projects and Units: 6 402

**Tejas Cove - MF Underwriting - Summary Sources and Uses**

**Summary of Sources and Uses**

Applicant National Church Residences  
 Project Name Tejas Cove Senior Housing  
 Number of Units 61

Sources	Amount	Amount Per Unit	Percentage of Total
TSAHC Perm Loan	\$ 1,470,000	\$ 24,098	12%
Tax Credit Equity	\$ 5,779,690	\$ 94,749	49%
Seller Note	\$ 3,690,000	\$ 60,492	31%
RR Cap Contribution + Deposits	\$ 635,811	\$ 10,423	5%
City Fee Waiver	\$ 500	\$ 8	0%
Construction Period Income	\$ 193,380	\$ 3,170	2%
Deferred Developer Fee + GP equity	\$ 1,150	\$ 19	0%
<b>Total Sources</b>	<b>\$ 11,770,531</b>	<b>\$ 192,959.52</b>	<b>100%</b>

Uses	Amount	Amount Per Unit	Percentage of Total
Acquisition	\$ 3,690,000	\$ 60,491.80	31%
Off-Site Construction		\$ -	0%
On-Site Work		\$ -	0%
Site Amenities		\$ -	0%
Building Costs	\$ 4,837,062	\$ 79,296.10	41%
Other Const/Contingency/Contractor Fees	\$ 483,706	\$ 7,929.61	4%
Soft Costs	\$ 802,005	\$ 13,147.62	7%
Financing Costs	\$ 679,458	\$ 11,138.66	6%
Developer Fees	\$ 950,649	\$ 15,584.41	8%
Reserve Accounts	\$ 327,650	\$ 5,371.31	3%
<b>Total Uses</b>	<b>\$ 11,770,530</b>	<b>\$ 192,959.51</b>	<b>100%</b>

(Gap) / Reserve	\$ 1
Percent of Developer Fee Deferred	0.00%

## Tejas Cove - MF Underwriting - Operating Proforma

### Operating Proforma

Applicant National Church Residences  
 Project Name Tejas Cove Senior Housing

Total Units: 61 Min. Set Aside Election: 40% @ 60% AMI  
 Min. Afford. Units: 25 % Affordable: 98%  
 Afford. Units: 60 Accessible Unit Min. 4

#### Residential Income

Unit Type	Unit Sq. Ft.	Net Sq. Ft.	# units	Rent	Mo. Income	Inflator	Rent Limiter
1/1	562	2,810	5	\$ 675	\$ 3,375	1.02	30% AMI
1/1	562	7,306	13	\$ 675	\$ 8,775		50% AMI
1/1	562	23,604	42	\$ 675	\$ 28,350		60% AMI
1/1	818	818	1	n/a	\$ -		Employee/MR
<b>Subtotals:</b>			61		\$ 40,500		

Other income: \$ 100.00 \$ 6,100 1.02  
 Potential gross income  
 Residential vacancy loss 5.00%  
**Effective Gross Residential Income**

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$ 40,500	\$ 41,310	\$ 42,136	\$ 42,979	\$ 43,839	\$ 48,401	\$ 53,439
\$ 105,300	\$ 107,406	\$ 109,554	\$ 111,745	\$ 113,980	\$ 125,843	\$ 138,941
\$ 340,200	\$ 347,004	\$ 353,944	\$ 361,023	\$ 368,243	\$ 406,570	\$ 448,887
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 73,200.00	\$ 74,664	\$ 76,157	\$ 77,680	\$ 79,234	\$ 87,481	\$ 96,586
\$ 559,200	\$ 570,384	\$ 581,792	\$ 593,428	\$ 605,296	\$ 668,296	\$ 737,853
\$ (27,960)	\$ (28,519)	\$ (29,090)	\$ (29,671)	\$ (30,265)	\$ (33,415)	\$ (36,893)
\$ 531,240	\$ 541,865	\$ 552,702	\$ 563,756	\$ 575,031	\$ 634,881	\$ 700,960

#### Operating Expenses

	TSAHC est.	Borrower Yr 1	% EGI	Variance	Per Unit	Inflator
General & Administrative	\$ 29,707	\$ 35,702	6.72	20%	\$ 585	1.03
Management Fee	\$ 33,550	\$ 32,940	6.20	-2%	\$ 540	1.03
Payroll and Related	\$ 75,213	\$ 43,148	8.12	-43%	\$ 707	1.03
Maintenance & Repair	\$ 43,859	\$ 53,710	10.11	22%	\$ 880	1.03
Utilities	\$ 49,288	\$ 30,320	5.71	-38%	\$ 497	1.03
Insurance	\$ 32,452	\$ 60,275	11.35	86%	\$ 988	1.03
Taxes	\$ 33,489	\$ 77,428	14.57	131%	\$ 1,269	1.03
Operating Debt Service Reserves			0.00	#DIV/0!	\$ -	1.03
Replacement reserves	\$ 18,300	\$ 18,300	3.44	0%	\$ 300	1.03
HTC/HOME Compliance Fees	\$ 2,400	\$ 2,400	0.45	n/a	\$ 40	1.03
TSAHC Compliance Fees	\$ 2,745	\$ 2,745	0.52	0%	\$ 45	1.03
Other (specify): <span style="border: 1px solid black; padding: 2px;">SupServ/Security</span>	\$ 43,700	\$ 43,700	8.23	0	\$ 716	1.03
<b>Total Operating Expenses</b>	<b>\$ 364,703</b>	<b>\$ 400,668</b>		<b>10%</b>	<b>\$ 6,568.98</b>	

state avg \$ 4,672.00 per unit  
*Operating Expenses as a percentage of Effective Gross Income*

\$ 35,702	\$ 36,773	\$ 37,876	\$ 39,013	\$ 40,183	\$ 46,583	\$ 54,002
\$ 32,940	\$ 33,928	\$ 34,946	\$ 35,994	\$ 37,074	\$ 42,979	\$ 49,825
\$ 43,148	\$ 44,442	\$ 45,776	\$ 47,149	\$ 48,563	\$ 56,298	\$ 65,265
\$ 53,710	\$ 55,321	\$ 56,981	\$ 58,690	\$ 60,451	\$ 70,079	\$ 81,241
\$ 30,320	\$ 31,230	\$ 32,166	\$ 33,131	\$ 34,125	\$ 39,561	\$ 45,862
\$ 60,275	\$ 62,083	\$ 63,946	\$ 65,864	\$ 67,840	\$ 78,645	\$ 91,171
\$ 77,428	\$ 79,751	\$ 82,143	\$ 84,608	\$ 87,146	\$ 101,026	\$ 117,117
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 18,300	\$ 18,849	\$ 19,414	\$ -	\$ -	\$ -	\$ -
\$ 2,400	\$ 2,472	\$ 2,546	\$ 2,623	\$ 2,701	\$ 3,131	\$ 3,630
\$ 2,745	\$ 2,827	\$ 2,912	\$ 3,000	\$ 3,090	\$ 3,582	\$ 4,152
\$ 43,700	\$ 45,011	\$ 46,361	\$ 47,752	\$ 49,185	\$ 57,019	\$ 66,100
\$ 400,668	\$ 412,688	\$ 425,069	\$ 417,824	\$ 430,359	\$ 498,904	\$ 578,366
\$ 6,568	\$ 6,765	\$ 6,968	\$ 6,850	\$ 7,055	\$ 8,179	\$ 9,481
75.4%	76.2%	76.9%	74.1%	74.8%	78.6%	82.5%

#### NET OPERATING INCOME

\$ 130,572	\$ 129,177	\$ 127,633	\$ 145,932	\$ 144,673	\$ 135,977	\$ 122,594
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## Tejas Cove - MF Underwriting - Operating Proforma

**NET OPERATING INCOME**

\$	130,572	\$	129,177	\$	127,633	\$	145,932	\$	144,673	\$	135,977	\$	122,594
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**PRIMARY DEBT SERVICE**

	Principal	Rate	Amort	Term
TSAHC Perm Loan	\$ 1,470,000	5.50%	35	17
Total Primary Debt	\$ 1,470,000			

Net Cashflow After Primary Debt  
DSCR Primary Debt

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$	94,730	\$ 94,730	\$ 94,730	\$ 94,730	\$ 94,730	\$ 94,730	\$ 94,730
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	94,730	\$ 94,730	\$ 94,730	\$ 94,730	\$ 94,730	\$ 94,730	\$ 94,730

\$	35,842	\$	34,447	\$	32,904	\$	51,203	\$	49,943	\$	41,248	\$	27,864
	1.38		1.36		1.35		1.54		1.53		1.44		1.29

**SOFT SUBORDINATE DEBT & EQUITY**

Tax Credit Equity	\$ 5,779,690			
Seller Note	\$ 3,690,000			
RR Cap Contribution + Deposits	\$ 635,811			
City Fee Waiver	\$ 500			
Construction Period Income	\$ 193,380			
Deferred Developer Fee + GP equity	\$ 1,150			
Total Secondary Debt	\$ 10,300,531			

Net Cash Flow of Secondary Debts

\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	35,842	\$	34,447	\$	32,904	\$	51,203	\$	49,943	\$	41,248	\$	27,864

## Tab 6

Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for Eden Court Apartments.

MINUTES AND CERTIFICATION

THE STATE OF TEXAS §
§
TEXAS STATE AFFORDABLE §
HOUSING CORPORATION §

The Board of Directors of the Texas State Affordable Housing Corporation (the "Corporation") convened on January 17, 2023, at the designated meeting place in Austin, Texas, and roll was called of the duly constituted members of said Board of Directors, to-wit:

Table with 2 columns: Name, Office. Rows include William H. Dietz (Chairperson), Valerie Vargas Cardenas (Vice Chairperson), Courtney Johnson-Rose (Director), Lemuel Williams (Director), and Andy Williams (Director).

and all of said persons were present during the meeting except \_\_\_\_\_, thus constituting a quorum. Whereupon, among other business, the following was transacted, to-wit: a written resolution (the "Resolution") bearing the following caption was introduced for the consideration of said Board:

"RESOLUTION NO. 23-\_\_\_\_\_

RESOLUTION Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Eden Court Apartments"

Upon motion duly made and seconded, the Resolution was finally passed and adopted by the following vote:

\_\_\_\_\_ AYES \_\_\_\_\_ NOES \_\_\_\_\_ ABSTENTIONS

MINUTES APPROVED AND CERTIFIED TO BE TRUE AND CORRECT and to reflect accurately the duly constituted officers and members of the Board of Directors of the Corporation, and the attached and following copy of such Resolution is hereby certified to be a true and correct copy of an official copy thereof on file among the official records of the Corporation.

SIGNED this January 17, 2023.

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Secretary, Texas State Affordable Housing  
Corporation



RESOLUTION NO. 23-\_\_\_

RESOLUTION Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Eden Court Apartments

WHEREAS, the Board of Directors of the Texas State Affordable Housing Corporation (the "Corporation") desires to submit one or more calendar year 2023 Applications for Allocation of Private Activity Bonds, a calendar year 2023 Application for Carryforward for Private Activity Bonds, one or more calendar year 2024 Applications for Allocation of Private Activity Bonds or a calendar year 2024 Application for Carryforward for Private Activity Bonds (collectively, the "Application") to the Texas Bond Review Board in connection with tax-exempt obligations in a principal amount not to exceed \$16,000,000 (the "Bonds") relating to qualified residential rental housing projects located at 1220 and 1240 Jefferson, Seguin, Texas 78155, Guadalupe County (the "Project");

WHEREAS, the Corporation intends to issue the Bonds and loan the proceeds to Eden Court Senior Housing Limited Partnership (the "Borrower"), which will be the initial legal owner and will use the proceeds for acquiring, rehabilitating and equipping the Project;

WHEREAS, it is anticipated that the Borrower will make certain capital expenditures with respect to the Project and currently desires and expects to reimburse the capital expenditures with proceeds of such debt;

WHEREAS, under Treas. Reg. § 1.150-2 (the "Regulation"), to fund such reimbursement with proceeds of tax-exempt obligations, the Corporation must declare its expectation to make such reimbursement;

WHEREAS, the Corporation desires to preserve the ability of the Borrower to reimburse the capital expenditures with proceeds of tax-exempt obligations; and

WHEREAS, the Board desires to make all other appropriate filings and requests to the Texas Bond Review Board to enable the Corporation to issue the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS STATE AFFORDABLE HOUSING CORPORATION:

1. That the President of the Corporation or any officer of the Corporation is hereby authorized and directed to execute and deliver the Application to the Texas Bond Review Board in connection with requesting allocation in the maximum amount of \$16,000,000 for the Bonds, together with any documents, certificates or instruments related thereto.

2. That the President of the Corporation or any other officer of the Corporation is hereby authorized and directed to file with the Texas Bond Review Board one or more Notices of Intent to Issue Bonds and one or more State Bond Applications in connection with the Bonds and such officers are further authorized and directed to request that the application(s) be approved by the Texas Bond Review Board in accordance with Chapter 181 of the Texas Administrative Code, as amended.

3. That the President of the Corporation or any other officer of the Corporation is hereby authorized and directed to take any and all other actions necessary or incidental to securing the private activity bond allocation(s), the approval of the Bonds from the Texas Bond Review Board and requesting non-traditional carryforward of private activity bond allocation if needed.

4. That the Corporation reasonably expects that the Borrower will reimburse capital expenditures with respect to the Project with proceeds of debt hereafter to be incurred by the Corporation, and that this resolution shall constitute a declaration of official intent under the Regulation. The maximum principal amount of obligations expected to be issued for the Project by the Corporation is \$16,000,000.

PASSED, APPROVED AND EFFECTIVE this January 17, 2023.

TEXAS STATE AFFORDABLE  
HOUSING CORPORATION

\*\*\*\*\*

# Texas State Affordable Housing Corporation

## Multifamily Private Activity Bond Project Summary

### **Agenda:**

Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for Eden Court Apartments.

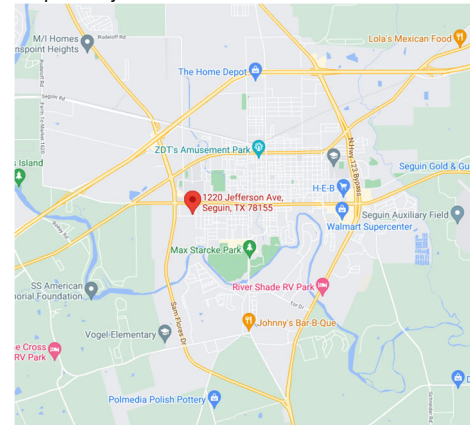
### **Summary:**

TSAHC received an application from National Church Residences (NCR) on November 15, 2021, proposing the acquisition and rehabilitation of two existing affordable rental communities totaling 110 units located in Seguin to be called Eden Court. Except for two market rate units, all remaining units will be reserved for low-income households earning up to 60% of the area median income.

### **Update:**

Eden Court was approved by the Board in January 2022 for an initial inducement of \$15 million from TSAHC's 2023 private activity bond volume cap. NCR is ready to move forward but has requested an increase in the maximum bond amount based on construction cost increases to ensure they can meet federal requirements that 50% of the total proceeds available for rehab and acquisition come from private activity bonds. TSAHC has sufficient volume cap to fulfill this request and staff is recommending an increase to \$16 million.

Map of Project Area



### **Public Benefit:**

The proposed transaction seeks to bundle 2 adjacent properties, Eden Place at 1220 Jefferson and Eden Cross at 1240 Jefferson, both in Seguin, to renovate and preserve 110 units of affordable senior housing. Eden Place will have 14 units reserved for household earning up to 50% area median income (AMI), 44 units reserve for 60% AMI households and 2 market rate units. All 50 units at Eden Cross will be reserved for 50% AMI households. This project qualifies under TSAHC's Targeted Housing Need for Seniors and Smaller Urban Markets.

### **Financial Summary:**

Eden Court has a total budget of approximately \$29.8 million. The proposed financing includes tax-exempt bonds, 4% housing tax credits, a seller note and a Section 202 HUD Project Based Rental Assistance capital advance. Approximately \$11.2 million will be used for property acquisition, with total construction costs of \$9.6 million or \$87,772 per unit. soft costs account for \$1.3 million, financing costs of \$3.7 million, developer fees of \$3.5 million and reserve accounts of \$450,000.

The anticipated maximum par amount of the bonds is \$15 million. Currently NRC is planning to use the Fannie Mae Multifamily Tax-Exempt Bond program for both construction and perm financing. The long-term financing will include \$6.3 million in perm bond financing and \$8.7 million in housing tax credit

# Texas State Affordable Housing Corporation

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## Multifamily Private Activity Bond Project Summary

equity. The project has already received approval for a capital advance from the U.S. Department of Housing and Urban Development (HUD) in the amount of \$2.2 million. The remaining financing includes a Seller note of \$6.7 million, a cash contribution from National Church Residences in the amount of \$497,000, transfer of reserves in the amount of \$779,000 and deferred developer fees of \$39,000.

The total per unit cost for Eden Court is anticipated to be \$229,000, and staff would like to note that this amount is consistent with recent acquisition rehab projects. The most recent example of a project TSAHC has financed like Eden Court would be the W. Leo Daniel Towers Apartments.

### **Market Conditions:**

Eden Court is located in Seguin just two blocks south of Texas Lutheran University and 7 blocks west of the downtown business district. The properties are located in a predominately single-family residential neighborhood and across the street from the Seguin Family Health Center.

As a senior targeted project, staff has focused its analysis on services and community supports. The property is located on the Connect Seguin public transit system with regular service connecting to healthcare, postal service, parks, shopping and government offices. Property management for the project also provides an array of onsite resident service free of charge.

The demand for affordable housing in Seguin is high, especially for units with rental subsidies. The city's proximity to San Antonio (36 miles) and New Braunfels (15 miles) has made it an attractive place for families seeking lower cost housing within the metro area. Located along IH-10 the city also has become a hub for transportation and logistics services, which has driven up land costs and housing prices in the past 10 years.

### **Developer Summary:**

National Church Residences (NCR) is one of the nation's largest not-for-profit developers and managers of affordable senior housing with over 23,000 units in 340 affordable (30 in TX) and market rate properties in 25 states. NCR opened its doors in 1961 under the guidance and vision of founder Reverend John R. Glenn and continues to honor its mission centered on providing quality housing and care at affordable prices in communities of caring persons. NCR also owns and operates a number of properties that serve various acuity levels, including independent living, assisted living, memory care and skilled nursing.

NCR has a strong track record of successful housing developments in Texas and staff found no issues of noncompliance within NCR's portfolio of tax credit supported properties in Texas.

### **Recommendation:**

Staff recommends approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Eden Court Apartments.

## Eden Court - PAB Underwriting - Project Summary

### Project Summary

Applicant National Church Residences  
 Project Name Eden Court

#### Location

Address 1220 Jefferson City Seguin  
 County: Guadalupe State Texas 78155  
 Census Tract: 48187210300

#### Bonds

Max. Par Amount: \$ 15,000,000 Bond Type: PAB  
 Term of Bonds: 17 years Allocation Year: 2021

#### Perm Funding Sources

	Amount	% of Total
TSAHC - short term bonds	\$ 10,120,000	33.93%
MTEB - perm bonds	\$ 4,880,000	16.36%
HUD 202 Capital Advance	\$ 2,200,000	7.38%
Deferred Dev Fee	\$ 3,973	0.01%
Seller Note	\$ 8,621,616	28.91%
HTC Equity - NEF	\$ 11,643,611	39.04%
Const Period Income	\$ 450,000	1.51%
Bond GIC	\$ 1,200,000	4.02%
Ext. Reserves	\$ 823,000	2.76%
<b>Totals</b>	<b>\$ 29,822,200</b>	<b>100%</b>

\* not included in total

#### Market Summary

	City	County	State	Census Tract
Population:	50,037	172,706	29,145,505	5,629
Median Age:	35	37	35	30
Diversity Index:	-	59	-	53
% Hispanic:	47%	37%	39%	66%
% Persons with Disability:	15%	13%	11%	15%
% Households that Rent:	38%	23%	38%	55%
Median Rents:	902	1,140	1,045	808
% Renters Who are Cost Burdened:	23%	19%	20%	23%
Median Home Price:	\$ 134,100	\$ 196,000	\$ 172,500	\$ 86,200
Median Household Income:	\$ 49,039	\$ 74,496	\$ 61,874	\$ 34,225
Unemployment:	0.00%	3.90%	4.90%	0.00%
Persons w/o Insurance:	16%	12%	17%	15%
Medically Underserved Area:	Yes	-	-	-
% Attending Public Schools:	97%	95%	93%	100%
Graduation Rate (Mesquite ISD)	79%			

CRA Eligible Census Tract: Yes - Low Income

# of LI Projects and Units: 7 469

## Eden Court - PAB Underwriting - Summary Sources and Uses

### Summary of Sources and Uses

Applicant National Church Residences

Project Name Eden Court

Number of Units 110

Sources	Amount	Amount Per Unit	Percentage of Total
MTEB - perm bonds	\$ 4,880,000	\$ 44,364	16%
HUD 202 Capital Advance	\$ 2,200,000	\$ 20,000	7%
Deferred Dev Fee	\$ 3,973	\$ 36	0%
Seller Note	\$ 8,621,616	\$ 78,378	29%
HTC Equity - NEF	\$ 11,643,611	\$ 105,851	39%
Const Period Income	\$ 450,000	\$ 4,091	2%
Bond GIC	\$ 1,200,000	\$ 10,909	4%
Ext. Reserves	\$ 823,000	\$ 7,482	3%
<b>Total Sources</b>	<b>\$ 29,822,200</b>	<b>\$ 271,110.91</b>	<b>97%</b>

Uses	Amount	Amount Per Unit	Percentage of Total
Acquisition	\$ 11,273,000	\$ 102,481.82	38%
Off-Site Construction	\$ -	\$ -	0%
On-Site Work	\$ -	\$ -	0%
Site Amenities	\$ -	\$ -	0%
Building Costs	\$ 7,710,340	\$ 70,094.00	26%
Other Const/Contingency	\$ 1,850,481	\$ 16,822.55	6%
Soft Costs	\$ 1,323,930	\$ 12,035.73	4%
Financing Costs	\$ 3,697,327	\$ 33,612.06	12%
Developer Fees	\$ 3,517,122	\$ 31,973.84	12%
Reserve Accounts	\$ 450,000	\$ 4,090.91	2%
<b>Total Uses</b>	<b>\$ 29,822,200</b>	<b>\$ 271,110.91</b>	<b>100%</b>

(Gap) / Reserve	\$ -
Percent of Developer Fee Deferred	0.11%

## Eden Court - PAB Underwriting - Operating Proforma

### Operating Proforma

Applicant National Church Residences  
 Project Name Eden Court

Total Units: 110 Min. Set Aside Election: 40% @ 60% AMI  
 Min. Afford. Units: 44 % Affordable: 98%  
 Afford. Units: 108 Accessible Unit Min. 6

#### Residential Income

Unit Type	Unit Sq. Ft.	Net Sq. Ft.	# units	Rent	Mo. Income	Inflator	Rent Limiter
0/1	450	5,400	12	\$ 811	\$ 9,732	1.02	50% - PRAC
1/1	500	19,000	38	\$ 890	\$ 33,820	1.02	50% AMI
1/1	683	1,366	2	\$ 836	\$ 1,672	1.02	MR
1/1	683	1,366	2	\$ 836	\$ 1,672	1.02	60% AMI
1/1	683	9,562	14	\$ 640	\$ 8,960	1.02	50% PRAC
2/2	929	1,858	2	\$ 1,022	\$ 2,044	1.02	60% AMI
2/2	929	20,438	22	\$ 969	\$ 21,318	1.02	60% AMI
2/1	876	3,504	4	\$ 969	\$ 3,876	1.02	60% ami
2/1	876	12,264	14	\$ 832	\$ 11,648	1.02	50% ami
<b>Subtotals:</b>			<b>74,758</b>	<b>110</b>	<b>\$ 94,742</b>		

Other income:	\$ 1.23	\$ 135	1.02
Potential gross income			
Residential vacancy loss			5.00%
<b>Effective Gross Residential Income</b>			

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$	116,784	119,120	121,502	123,932	126,411	139,568	154,094
\$	405,840	413,957	422,236	430,681	439,294	485,016	535,497
\$	20,064	20,465	20,875	21,292	21,718	23,978	26,474
\$	20,064	20,465	20,875	21,292	21,718	23,978	26,474
\$	107,520	109,670	111,864	114,101	116,383	128,496	141,870
\$	24,528	25,019	25,519	26,029	26,550	29,313	32,364
\$	255,816	260,932	266,151	271,474	276,903	305,724	337,544
\$	46,512	47,442	48,391	49,359	50,346	55,586	61,372
\$	139,776	142,572	145,423	148,331	151,298	167,045	184,431
\$	1,623.60	1,656	1,689	1,723	1,757	1,940	2,142
\$	1,138,528	1,161,298	1,184,524	1,208,215	1,232,379	1,360,646	1,502,263
\$	(56,926)	(58,065)	(59,226)	(60,411)	(61,619)	(68,032)	(75,113)
\$	1,081,601	1,103,233	1,125,298	1,147,804	1,170,760	1,292,614	1,427,150

#### Operating Expenses

	TSAHC est.	Borrower Yr 1	% EGI	Variance	Per Unit	Inflator
General & Administrative	\$ 47,190	\$ 68,947	6.37	46%	\$ 627	1.03
Management Fee	\$ 46,970	\$ 52,800	4.88	12%	\$ 480	1.03
Payroll and Related	\$ 141,900	\$ 160,016	14.79	13%	\$ 1,455	1.03
Maintenance & Repair	\$ 79,750	\$ 74,023	6.84	-7%	\$ 673	1.03
Utilities	\$ 107,360	\$ 79,372	7.34	-26%	\$ 722	1.03
Insurance	\$ 34,210	\$ 49,447	4.57	45%	\$ 450	1.03
Taxes	\$ 87,500	\$ 87,500	8.09	0%	\$ 795	1.03
Operating Debt Service Reserves			0.00	#DIV/0!	\$ -	1.03
Replacement reserves	\$ 33,000	\$ 33,000	3.05	0%	\$ 300	1.03
HTC/HOME Compliance Fees	\$ 4,400	\$ 4,400	0.41	0%	\$ 40	1.03
Bond Compliance Fees	\$ 4,950	\$ 4,950	0.46	0%	\$ 45	1.03
Other (specify): Trustee Fee	\$ 32,810	\$ 32,810	3.03	0%	\$ 298	1.03
<b>Total Operating Expenses</b>	<b>\$ 620,040</b>	<b>\$ 647,265</b>		<b>4%</b>	<b>\$ 5,884.23</b>	

state avg \$ 5,439.00 per unit  
 Operating Expenses as a percentage of Effective Gross Income

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$	68,947	71,015	73,146	75,340	77,600	89,960	104,289
\$	52,800	54,384	56,016	57,696	59,427	68,892	79,865
\$	160,016	164,816	169,761	174,854	180,099	208,785	242,039
\$	74,023	76,244	78,531	80,887	83,314	96,583	111,966
\$	79,372	81,753	84,206	86,732	89,334	103,562	120,057
\$	49,447	50,930	52,458	54,032	55,653	64,517	74,793
\$	87,500	90,125	92,829	95,614	98,482	114,168	132,352
\$	-	-	-	-	-	-	-
\$	33,000	33,990	35,010				
\$	4,400	4,532	4,668	4,808	4,952	5,741	6,655
\$	4,950	5,099	5,251	5,409	5,571	6,459	7,487
\$	32,810	33,794	34,808	35,852	36,928	42,810	49,628
\$	647,265	666,683	686,683	711,224	731,361	801,476	929,131
\$	5,884	6,061	6,243	6,430	6,625	7,728	9,047
	59.8%	60.4%	61.0%	58.5%	59.1%	62.0%	65.1%

#### NET OPERATING INCOME

\$	434,336	436,550	438,614	476,580	479,399	491,137	498,019
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## Eden Court - PAB Underwriting - Operating Proforma

**NET OPERATING INCOME**

\$	434,336	\$	436,550	\$	438,614	\$	476,580	\$	479,399	\$	491,137	\$	498,019
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**PRIMARY DEBT SERVICE**

	Principal	Rate	Amort	Term
MTEB - perm bonds	\$ 4,880,000	6.25%	40	17
Total Primary Debt	\$ 4,880,000			

TSAHC Issuer Fee	\$ 5,000		
Net Cashflow After Primary Debt			
DSCR Primary Debt			

**SOFT SUBORDINATE DEBT & EQUITY**

HUD 202 Capital Advance	\$ 2,200,000	0.25%	50	50
Deferred Dev Fee	\$ 3,973	2.00%	15	15
Seller Note	\$ 8,621,616	2.00%	50	50
HTC Equity - NEF	\$ 11,643,611			
Const Period Income	\$ 450,000			
Bond GIC	\$ 1,200,000			
Ext. Reserves	\$ 823,000			
Total Secondary Debt	\$ 24,942,200			

Net Cash Flow of Secondary Debts

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$	332,468	\$ 332,468	\$ 332,468	\$ 332,468	\$ 332,468	\$ 332,468	\$ 332,468
\$	332,468	\$ 332,468	\$ 332,468	\$ 332,468	\$ 332,468	\$ 332,468	\$ 332,468

\$	5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
\$	96,868	\$ 99,082	\$ 101,146	\$ 139,112	\$ 141,931	\$ 153,669	\$ 160,551
	1.29	1.29	1.30	1.41	1.42	1.46	1.48

\$	46,812	\$ 46,812	\$ 46,812	\$ 46,812	\$ 46,812	\$ 46,812	\$ 46,812
\$	307	\$ 307	\$ 307	\$ 307	\$ 307	\$ 307	\$ 307
\$	272,916	\$ 272,916	\$ 272,916	\$ 272,916	\$ 272,916	\$ 272,916	\$ 272,916
Net Cash Flow of Secondary Debts	\$ (176,048)	\$ (173,834)	\$ (171,770)	\$ (133,805)	\$ (130,985)	\$ (119,247)	\$ (112,366)



# Tab 7

Presentation and Discussion of the Texas State Affordable Housing Corporation's Fiscal Year 2022 and 2023 Strategic Plans.