

T E X A S
State Affordable Housing Corporation

June Board Meeting

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

Tuesday, June 20, 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**

**June 20, 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 May 16, 2023. |
| Tab 2 | 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 (2023 annual allocation). |
| 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 (post August 6, 2023). |
| Tab 4 | 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 (post August 14, 2023). |
| Tab 5 | 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 obtaining debt and grant financing and equity investment in the Project. |
| Tab 6 | Presentation, Discussion and Possible Approval of a Resolution authorizing the Texas State Affordable Housing Corporation to take action to carry out the financing of the Park On 14th located In Plano, Texas, including approval of a loan equal to the leasehold value of the land to the owner of the project. |

- Tab 7 Presentation, Discussion and Possible approval of a \$2 million loan to Agape Resource and Assistance Center, Inc. for the construction of Jericho Village - a 38-unit supportive multi-family rental community in Wylie, Texas.
- Tab 8 Presentation, Discussion and Possible approval of a \$750,000 permanent loan to Agape Resource and Assistance Center, Inc. for Jericho Village in Wylie, Texas.
- Tab 9 Presentation, Discussion and Possible Adoption of Amendments to the Texas Housing Impact Fund (“THIF”) policies.
- Tab 10 Presentation, Discussion and Possible Approval of the Publication for Public Comment of the Guidelines, Scoring Criteria and Targeted Housing Needs for the Allocation of Qualified Residential Rental Project Tax Exempt Bond Funds under the Multifamily Housing Private Activity Bond Program Request for Proposals and the 501(c)(3) Bond Program Policies for Calendar Year 2024.
- Tab 11 88th Texas Legislative Session Update.

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.

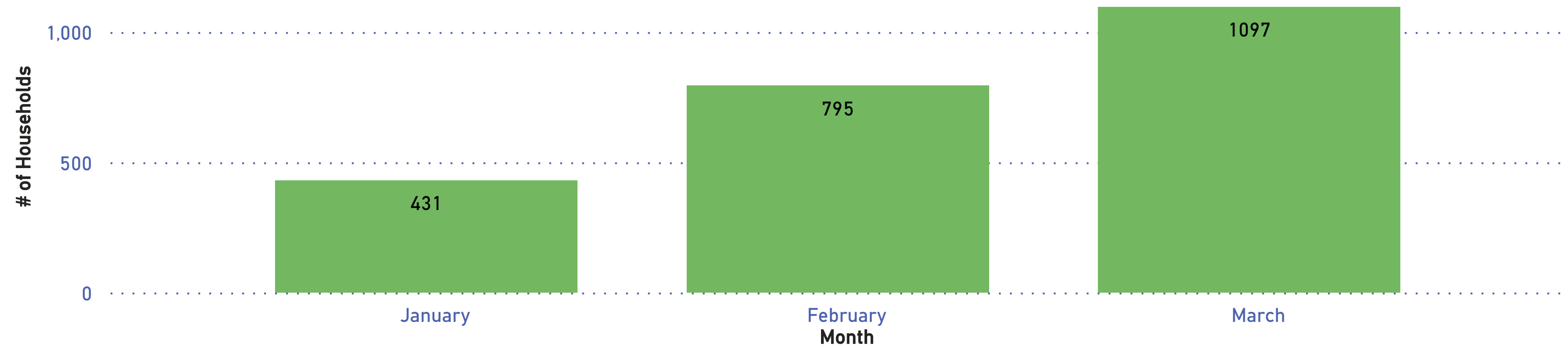
Texas State Affordable Housing Corporation reserves the right to recess this meeting (without adjourning) and convene at a later stated time, if and to the extent allowed by law. If Texas State Affordable Housing Corporation adjourns this meeting and reconvenes at a later time, the later meeting will 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

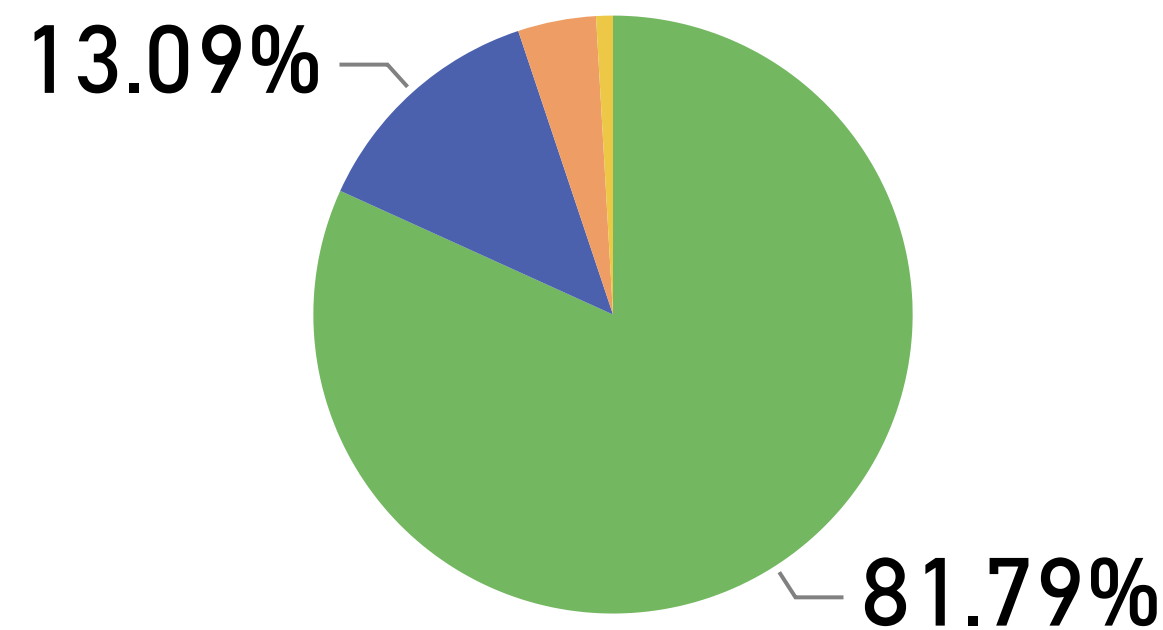
Homeownership Finance Reports

of Households by Month



Loan Type

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



76.43K

Average Annual Income

238K

Average of Loan Amount

6.70%

Average Interest Rate

693

Average Credit Score

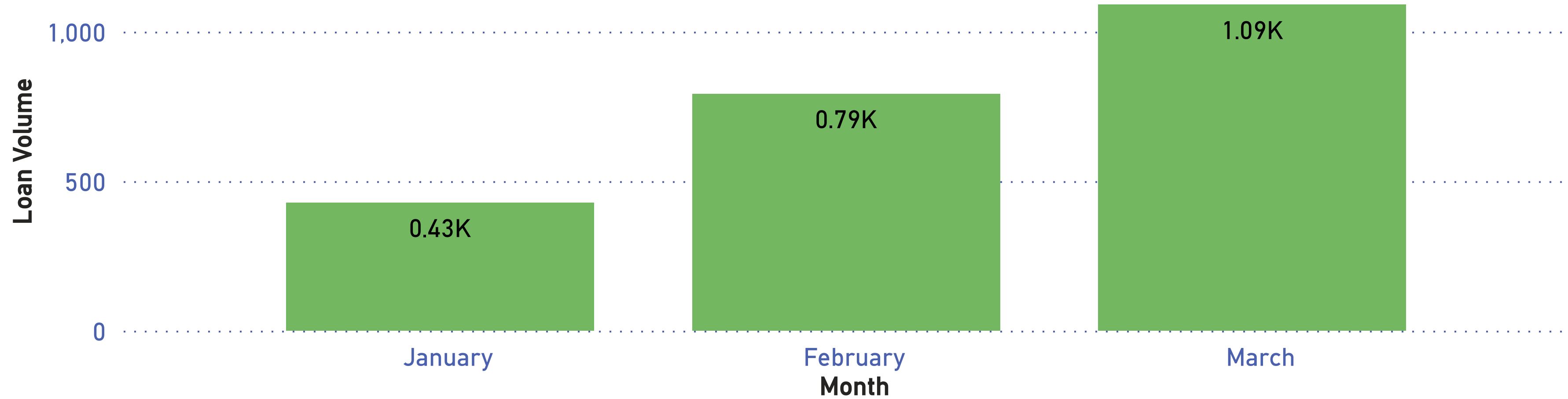
2323

Households Served

2

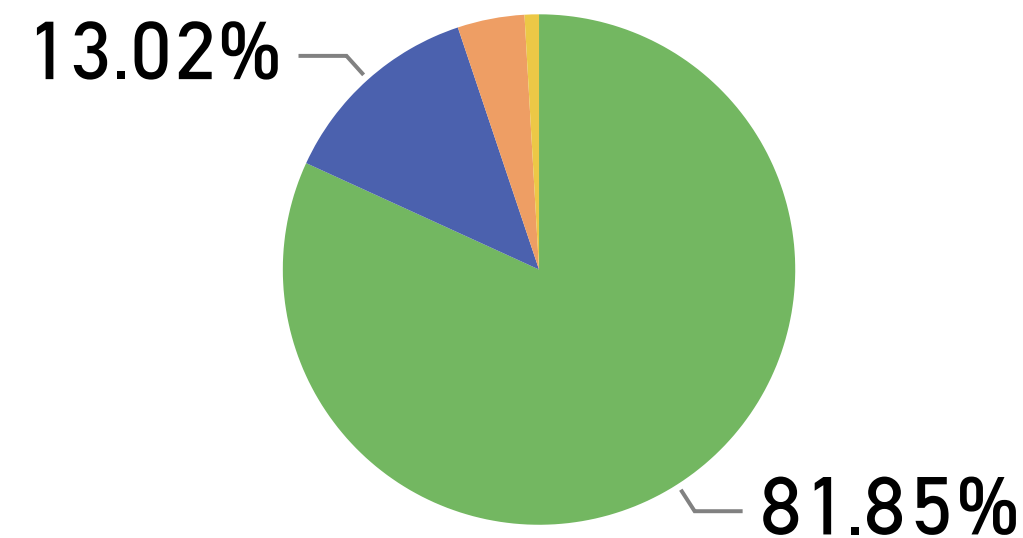
Average Household Size

Loan Volume by Month



Loan Type

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



7,763.29
Average DPA Awarded

17992874
Total DPA Awarded

76.44K

Average Annual Income

238K

Average Loan Amount

552M

Total Loan Volume

2319

Households Served

6.71%

Average Interest Rate

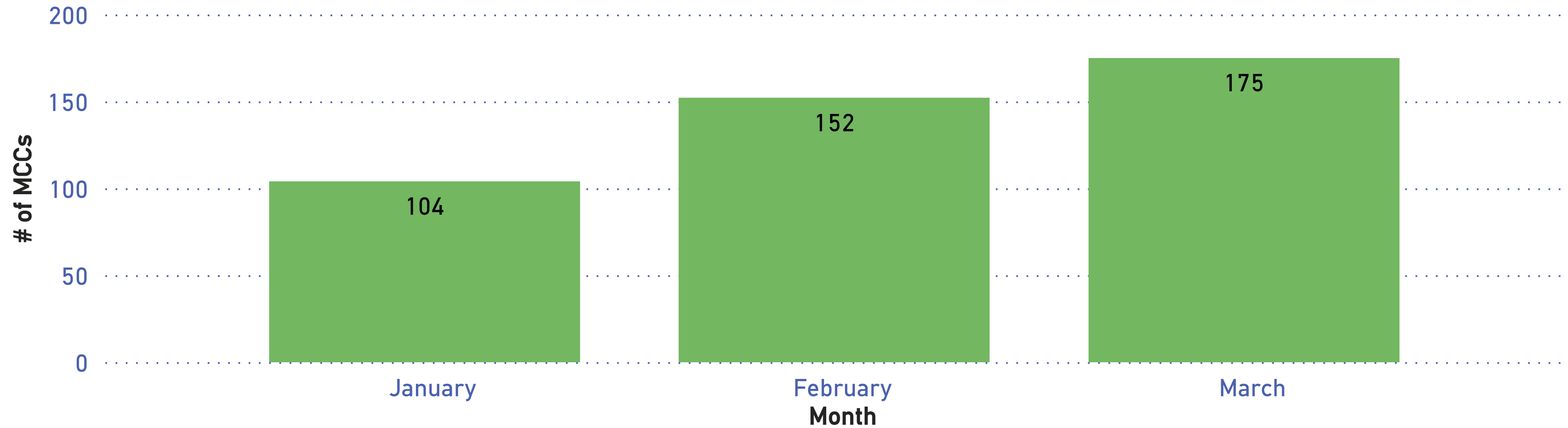
693

Average Credit Score

2

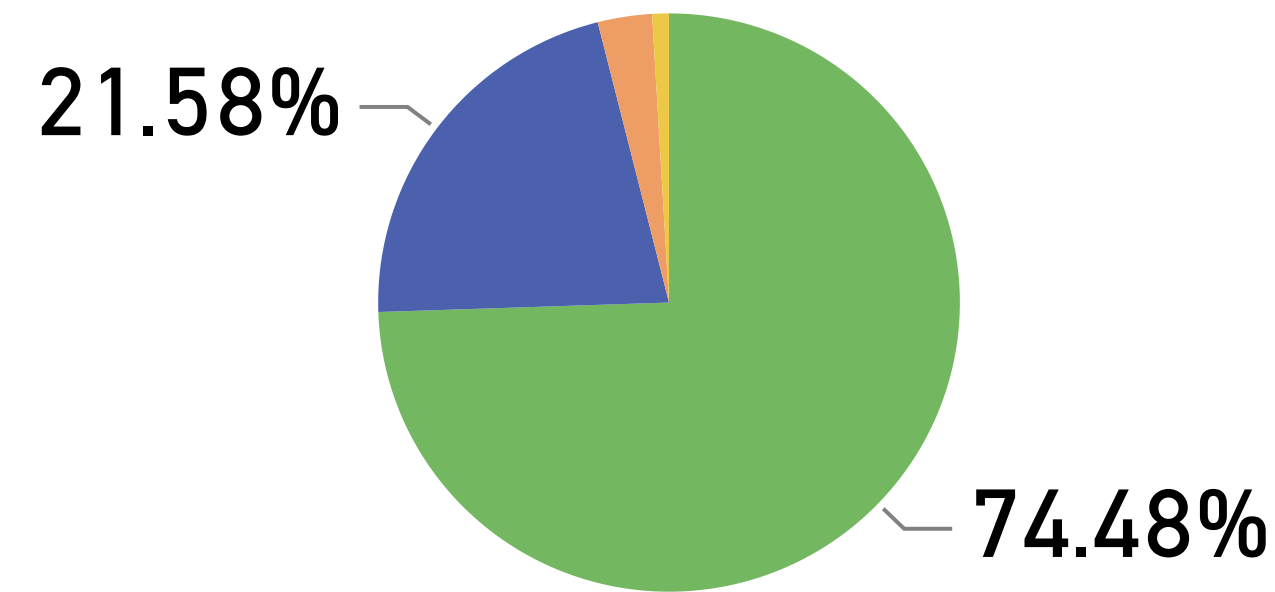
Average Household Size

of MCCs by Month



Loan Type

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



70.42K

Average Annual Income

242K

Average of Loan Amount

6.52%

Average Interest Rate

699

Average Credit Score

431

Issued MCCs

2

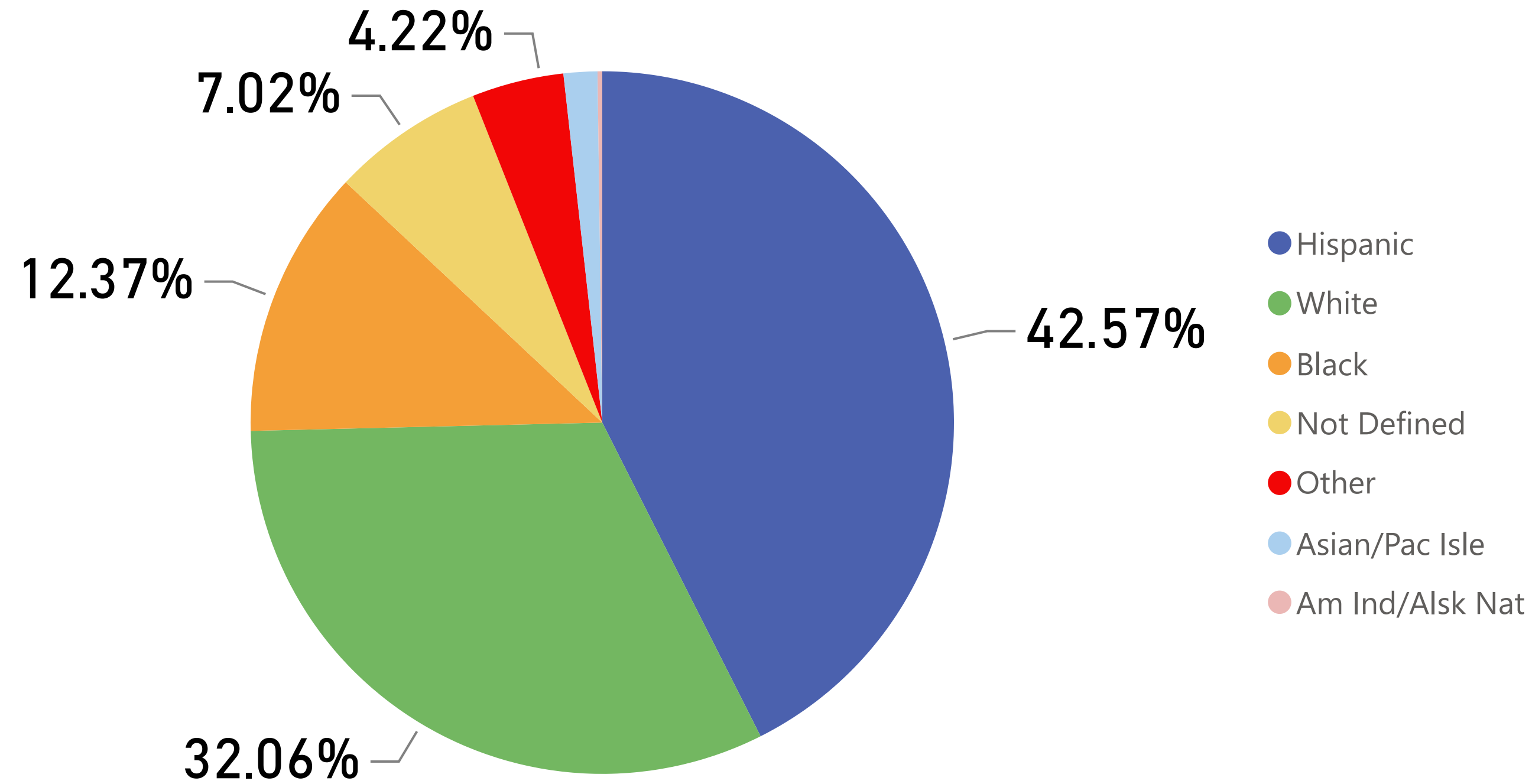
Average Household Size

Professions

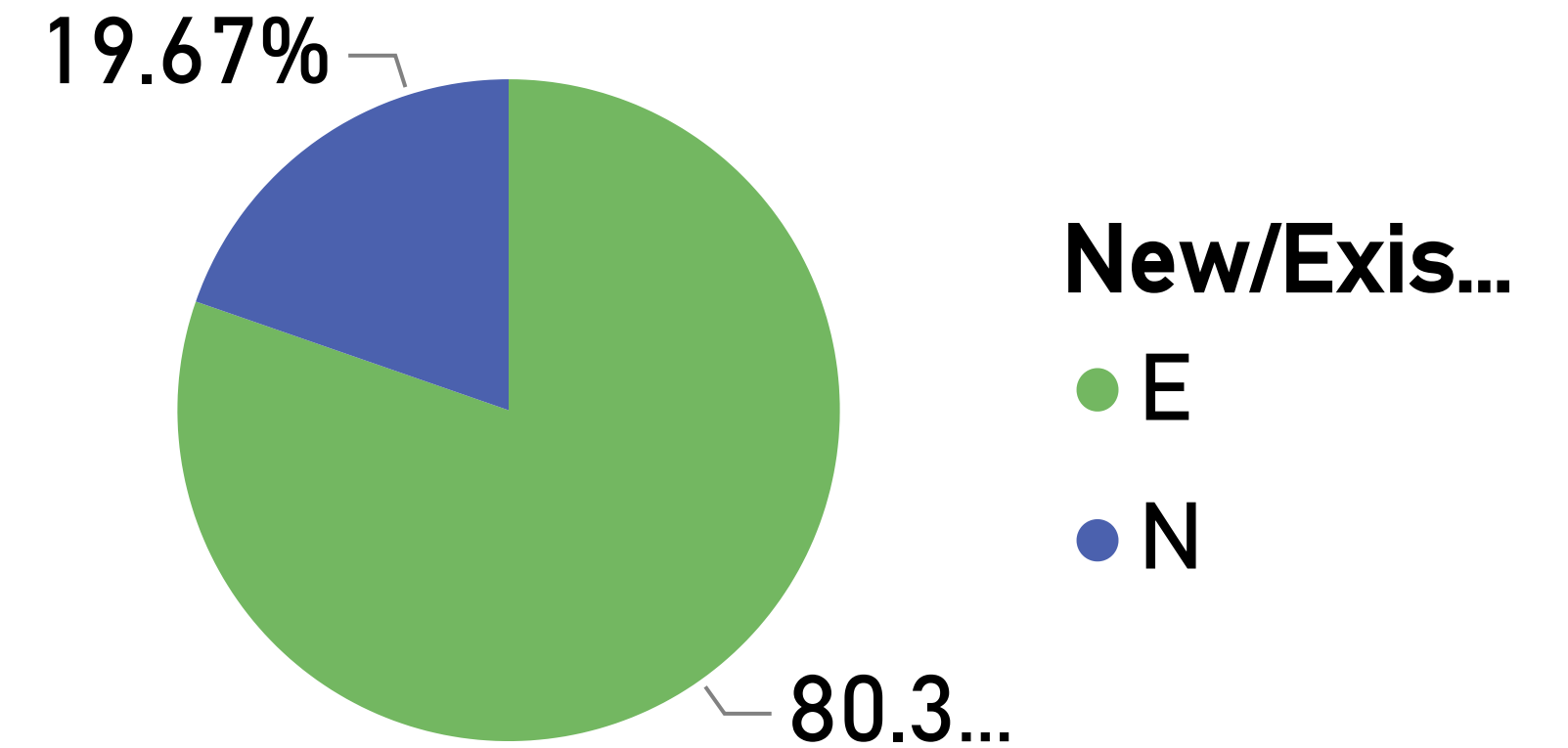
Occupation % of Total

Occupation	% of Total
Other	86.21%
Teacher	6.03%
Veteran	2.60%
Prof Nurse Fac	1.45%
Peace Officer	0.98%
Active Military	0.92%
Fire Fighter	0.43%
Public Sec Off	0.36%
Corrections Off	0.35%
EMS Personnel	0.28%
Teacher Aide	0.21%
Allied Hlth Fac	0.15%
County Jailer	0.05%
Total	100.00%

Household Ethnicity



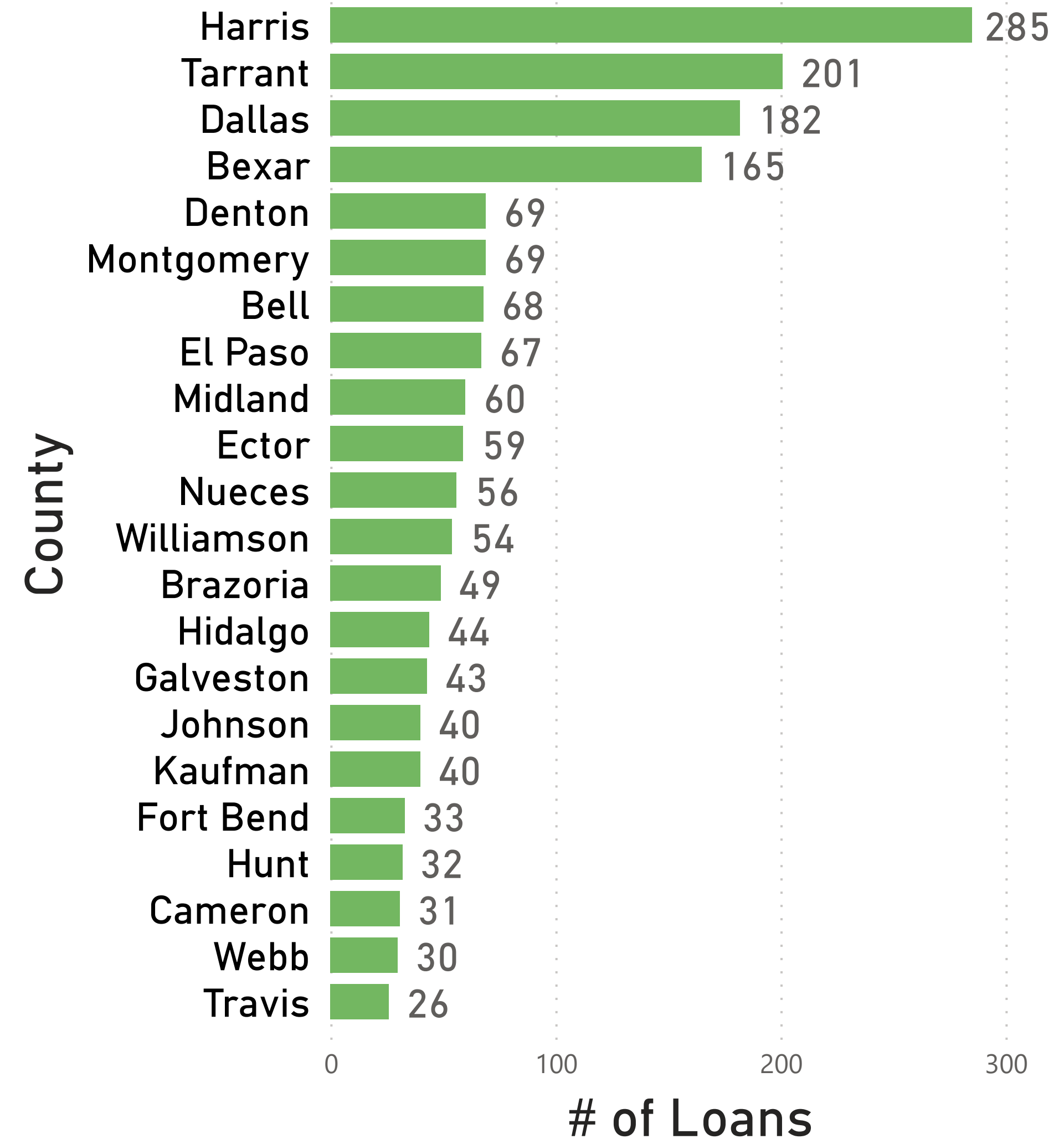
New/Existing Home



Top Lenders

Top Lenders	# of Loans
Everett Financial, dba Supreme Lending	207
Fairway Independent Mortgage Corporation	176
Cardinal Financial Company	119
Guaranteed Rate	88
CMG Mortgage, Inc. dba CMG Financial	78
Gateway Mortgage, a division of Gateway	78
SFMC, LP dba Service First Mortgage Comp	73
Amcap Mortgage, LTD	67
PrimeLending	64
Crosscountry Mortgage, LLC	63
loanDepot.com LLC	49
Security National Mortgage Company	49
Guild Mortgage Corporation	47
T2 Financial dba Revolution Mortgage	47
Mortgage Financial Services, LLC	46
Cornerstone Home Lending	43
Nations Reliable Lending, LLC	41
Academy Mortgage Corporation	38
DHI Mortgage Company, Ltd.	33
Highlands Residential Mortgage	32
Willow Bend Mortgage Company, LLC	28
Town Square Mortgage & Investments, LLC	27
American Pacific Mortgage Corporation	26
Ark-La-Tex Financial (Benchmark Mtg.)	26
Total	2143

Top Originating Counties



Tab B
Development Finance Report

Texas State Affordable Housing Corporation

Development Finance Programs Report
June 2023

Affordable Communities of Texas Program (ACT)

This past month, TSAHC sold 2706 Purdy Court in Laredo. TSAHC acquired this property from the National Community Stabilization Trust in the fall of 2022 and provided the homeowner with \$10,000 in ACT down payment assistance in the form of a forgivable second lien. Funding for the acquisition and rehab was provided by Texas Community Bank. Staff looks forward to celebrating with the homebuyer at a key ceremony this month.

In June, staff anticipates completing the acquisition of the Mesquite Wood Subdivision Phase II which includes 22 vacant lots in Harlingen. TSAHC will partner with the Harlingen Community Development Corporation (Harlingen CDC) for the phased single-family housing construction and affordable home sales.

Regarding the Park on 14th in Plano, staff is working to close on the project's HUD 221(d)(4) loan and continues to track site plan and permit approvals in order to close on the loan and start construction by late July.

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

Program	Portfolio as of May 1, 2023	Transferred	Sold	Portfolio as of June 1, 2023	Current Portfolio Value
ACT Land Bank	12		1	11	\$103,321.60
ACT Land Trust	1			1	\$650,000.00
Totals	13			12	\$753,321.60

Our current pipeline report:

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

Texas Housing Impact Fund

Staff is completing additional outreach to the 2023 LIHTC 9% highest scoring applicants targeting projects located in Capital Magnet Fund (CMF) eligible rural and economically distressed census tracts. TSAHC aims to commit at least \$2,212,500 in CMF funds for eligible project(s) by August 31, 2023, on a first-come, first-qualified basis.

Multifamily Bond Program

The Texas Bond Review Board approved the Eden Court Apartments project on June 5th and closing is planned for mid-July. The only remaining hurdle to closing is the release of closing documents by HUD. The financing team will schedule pricing on the bonds as soon as HUD's documents are released.

Texas State Affordable Housing Corporation

Development Finance Programs Report June 2023

The Juniper Creek Apartments project also received its approval from the Texas Bond Review Board on June 8th. Closing is targeted for mid-July, as well. Texas Bond Review Board approval was the final hurdle before the project could be priced and a closing date confirmed.

La Vista de Lopez, located in Austin, failed to close on May 31st, as planned. The closing was terminated due to a failure by the general contractor to provide all of the due diligence items necessary for lenders to close. Bond Counsel has communicated the situation with the Texas Attorney General, and the finance team is hopeful that the final piece of due diligence will be completed on or before June 16th. If so, the underwriter will re-price the bonds and a new closing date will be scheduled.

Tab C
Monthly Financial Reports

Texas State Affordable Housing Corporation

Statement of Net Position (unaudited)

As of April 30, 2023

Assets

Current assets:

Cash and cash equivalents	\$ 2,320,201
Pooled investments	11,590,426
Restricted assets:	
Cash and cash equivalents	48,591,333
Accrued interest	31,421
Investments, at fair value	9,601,485
Accounts receivable and accrued revenue	30,541
Accrued interest receivable	268,624
Loans receivable, current portion	72,549
Notes receivable, current portion	28,959,816
Downpayment assistance, current portion	343,492
Prepaid expenses	197,913

Total current assets 102,007,801

Noncurrent assets:

Loans receivable, Net of uncollectible amounts of \$9,395	167,642
Notes receivable, net of allowance for loss \$424,868	224,251,279
Lease Receivable	120,524
Investments, at fair market value	30,554,389
Mortgage servicing rights, net of accumulated amortization of \$2,640,534	87,527
Capital assets, net of accumulated depreciation of \$987,426	5,680,390
Owned real estate, net of depreciation of \$2,097,661	14,149,218
Downpayment assistance	97,828
Restricted investments held by bond trustee, at fair market value	37,476,443

Total noncurrent assets 312,585,240

Total assets \$ 414,593,041

(continued)

Texas State Affordable Housing Corporation

Statement of Net Position (unaudited)

As of April 30, 2023

Liabilities

Current liabilities:

Accounts payable and accrued expenses	\$ 427,793
Notes payable, current portion	64,620
Custodial reserve funds	212,718
Other current liabilities	537,424
Payable from restricted assets held by bond trustee:	
Revenue bonds payable, current portion	385,000
Accrued interest on revenue bonds	102,975

Total current liabilities 1,730,530

Noncurrent liabilities:

Notes payable	2,027,418
Revenue bonds payable	79,445,876
Unearned revenue	1,822,130

Total noncurrent liabilities 83,295,424

Total liabilities 85,025,954

Deferred Inflows of Resources

Deferred revenue	343,277
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Total deferred inflows of resources 343,277

Net Position

Invested in capital assets	5,680,390
Restricted for:	
Debt service	1,904,013
Other purposes	4,489,659
Unrestricted	317,149,748

Total net position 329,223,810

Total liabilities and net position \$ 414,593,041

Texas State Affordable Housing Corporation

Statement of Revenues, Expenses and Changes in Net Position (unaudited) For the 8 Months Ending April 30, 2023

Operating Revenues:	
Interest and investment income	\$ 1,737,621
Net increase (decrease) in fair value of investments	(629,783)
Single family income	40,024,460
Asset oversight and compliance fees	216,382
Rental program income	631,802
Multifamily income	382,058
Land bank income	36,231
Public support:	
Federal & state grants	30,311
Contributions	59,322
Other operating revenue	31,190
Total operating revenues	\$ <u>42,519,594</u>
Operating Expenses:	
Interest expense on bonds and notes payable	\$ 420,658
Program and loan administration	1,140,271
Texas Foundation Fund & Misc Grants	50,000
Down Payment Assistance Program	797,358
Salaries, wages and payroll related costs	3,110,260
Professional fees and services	360,728
Depreciation and amortization	10,292,162
Office expense and maintenance	100,900
Travel and meals	65,501
Other operating expenses	531,829
Total operating expenses	<u>16,869,667</u>
Net income	25,649,927
Total net position, beginning	<u>303,573,883</u>
Total net position, ending	\$ <u><u>329,223,810</u></u>

Tab 1

Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on May 16, 2023.

**TEXAS STATE AFFORDABLE HOUSING CORPORATION
BOARD MEETING**

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

**May 16, 2023
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, Chairman, at 10:33 a.m., on May 16, 2023, 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
Courtney Johnson-Rose, Member
Lemuel Williams, Member

Guests Present:

Routt Thornhill, Coats Rose
Blake Roberts, PFM

President’s Report

David Long, President

Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on April 11, 2023.

Ms. Rose made a motion to approve the minutes of the Board meeting held April 11, 2023. 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 13 in the official transcript.

Tab 2 Presentation, discussion and possible approval of Resolution authorizing and approving an amendment to the Regulatory Agreement relating to the Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (Rainbow Apartment Projects) Series 2007; authorizing and approving a supplemental

agreement to the Asset Oversight Agreement and Compliance and Security Agreement relating to such Bonds; authorizing the execution of documents and instruments necessary or convenient in connection therewith; and other matters incident and related thereto.

Presented by Celina Stubbs, Senior Manager, Asset Oversight & Compliance and Blake Roberts, Financial Advisor for PFM

Ms. Cardenas made a motion to Approve of Resolution authorizing and approving an amendment to the Regulatory Agreement relating to the Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (Rainbow Apartment Projects) Series 2007; authorizing and approving a supplemental agreement to the Asset Oversight Agreement and Compliance and Security Agreement relating to such Bonds; authorizing the execution of documents and instruments necessary or convenient in connection therewith; and 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, and the motion passed unanimously.

See page 13 in the official transcript.

Tab 3 88th Texas Legislative Session Update.

Presented by Michael Wilt, Senior Manager, External Relations

No Action taken.

See page 20 in the official transcript.

Announcements and Closing Comments

Mr. Long and Board Members tentatively scheduled the next Board Meeting for June 20, 2023, at 10:30am.

Adjournment

Mr. Dietz adjourned the meeting at 11:07am.

Respectfully submitted by _____
Rebecca DeLeon, Corporate Secretary

Tab 2

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 (2023 annual allocation).

MINUTES AND CERTIFICATION

THE STATE OF TEXAS §
TEXAS STATE AFFORDABLE HOUSING CORPORATION §

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

1. The Board of Directors of said corporation convened on June 20, 2023 at the designated meeting place in Austin, Texas, and the roll was called of the duly constituted members of said Board, to wit:

BOARD OF DIRECTORS

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:

RESOLUTION NO. 23-__

TEXAS STATE AFFORDABLE HOUSING CORPORATION

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 (2023 annual allocation)

was duly introduced for the consideration of said Board. It was duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion was adopted by the following vote:

___ AYES ___ NOES ___ ABSTENTIONS

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said Resolution has been duly recorded in said Board's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board's minutes of said meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that said Resolution would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose.

SIGNED this June 20, 2023.

President, Texas State Affordable Housing
Corporation

RESOLUTION NO. 23-____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

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 (2023 annual allocation)

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 (collectively, the "Application") to the Texas Bond Review Board in connection with qualified mortgage revenue bonds;

WHEREAS, the Board desires to make all other appropriate filings and requests to the Texas Bond Review Board to enable the Corporation to issue qualified mortgage revenue bonds or to convert all or a portion of the volume allocation for qualified mortgage revenue bonds to volume allocation for mortgage credit certificates;

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

1. That the President or Executive Vice 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 for qualified mortgage revenue bonds in a maximum amount of \$116,214,444, together with any documents, certificates or instruments related thereto.

2. That the President or Executive Vice President of the Corporation is hereby authorized and directed to take any and all other actions necessary or incidental to securing private activity bond allocation and the approval of the qualified mortgage revenue bonds from the Texas Bond Review Board.

3. That the President or Executive Vice President of the Corporation or any other officer of the Corporation is hereby authorized and directed to file with the Texas Bond Review Board a Notice of Intent to Issue Bonds and a State Bond Application in connection with qualified mortgage revenue bonds and such officers are further authorized and directed to request that the application be approved by the Executive Director of the Texas Bond Review Board in accordance with Section 181.9(e) of the Rules of the Texas Bond Review Board.

4. That any officer of the Corporation is authorized and directed to execute and deliver any certificates and documents relating to converting all or a portion of the volume allocation for qualified mortgage revenue bonds to volume allocation for mortgage credit certificates and to take other actions deemed necessary or appropriate to implement a mortgage credit certificate program, including, but not limited to, the publication of any notices required in connection therewith.

PASSED, APPROVED AND EFFECTIVE this 20th day of June, 2023.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

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 (post August 6, 2023).

MINUTES AND CERTIFICATION

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

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

1. The Board of Directors of said corporation convened on June 20, 2023 at the designated meeting place in Austin, Texas, and the roll was called of the duly constituted members of said Board, to wit:

BOARD OF DIRECTORS

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:

RESOLUTION NO. 23-__

TEXAS STATE AFFORDABLE HOUSING CORPORATION

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 (post August 6, 2023)

was duly introduced for the consideration of said Board. It was duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion was adopted by the following vote:

___ AYES ___ NOES ___ ABSTENTIONS

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said Resolution has been duly recorded in said Board's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board's minutes of said meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that said Resolution would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose.

SIGNED this June 20, 2023.

President, Texas State Affordable Housing
Corporation

RESOLUTION NO. 23-___

TEXAS STATE AFFORDABLE HOUSING CORPORATION

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 (post August 6, 2023)

WHEREAS, the Board of Directors (the "Board") 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 (collectively, the "Application") to the Texas Bond Review Board in connection with qualified mortgage revenue bonds;

WHEREAS, the Board desires to make all other appropriate filings and requests to the Texas Bond Review Board to enable the Corporation to issue qualified mortgage revenue bonds or to convert all or a portion of the volume allocation for qualified mortgage revenue bonds to volume allocation for mortgage credit certificates;

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

1. That the President or Executive Vice 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 for qualified mortgage revenue bonds in a maximum amount of \$330,000,000 of 2023 volume allocation for qualified mortgage revenue bonds after August 6, 2023 and before August 15, 2023, together with any documents, certificates or instruments related thereto.

2. That the President or Executive Vice President of the Corporation is hereby authorized and directed to take any and all other actions necessary or incidental to securing private activity bond allocation and the approval of the qualified mortgage revenue bonds from the Texas Bond Review Board.

3. That the President or Executive Vice President of the Corporation or any other officer of the Corporation is hereby authorized and directed to file with the Texas Bond Review Board a Notice of Intent to Issue Bonds and a State Bond Application in connection with qualified mortgage revenue bonds and such officers are further authorized and directed to request that the application be approved by the Executive Director of the Texas Bond Review Board in accordance with Section 181.9(e) of the Rules of the Texas Bond Review Board.

4. That any officer of the Corporation is authorized and directed to execute and deliver any certificates and documents relating to converting all or a portion of the volume allocation for qualified mortgage revenue bonds to volume allocation for mortgage credit certificates and to take other actions deemed necessary or appropriate to implement a mortgage credit certificate program, including, but not limited to, the publication of any notices required in connection therewith.

PASSED, APPROVED AND EFFECTIVE this 20th day of June, 2023.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

Tab 4

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 (post August 14, 2023).

MINUTES AND CERTIFICATION

THE STATE OF TEXAS §
TEXAS STATE AFFORDABLE HOUSING CORPORATION §

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

1. The Board of Directors of said corporation convened on June 20, 2023 at the designated meeting place in Austin, Texas, and the roll was called of the duly constituted members of said Board, to wit:

BOARD OF DIRECTORS

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:

RESOLUTION NO. 23-__

TEXAS STATE AFFORDABLE HOUSING CORPORATION

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 (post August 14, 2023)

was duly introduced for the consideration of said Board. It was duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion was adopted by the following vote:

___ AYES ___ NOES ___ ABSTENTIONS

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said Resolution has been duly recorded in said Board's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board's minutes of said meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that said Resolution would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose.

SIGNED this June 20, 2023.

President, Texas State Affordable Housing
Corporation

RESOLUTION NO. 23-___

TEXAS STATE AFFORDABLE HOUSING CORPORATION

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 (post August 14, 2023)

WHEREAS, the Board of Directors (the "Board") 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 (collectively, the "Application") to the Texas Bond Review Board in connection with qualified mortgage revenue bonds;

WHEREAS, the Board desires to make all other appropriate filings and requests to the Texas Bond Review Board to enable the Corporation to issue qualified mortgage revenue bonds or to convert all or a portion of the volume allocation for qualified mortgage revenue bonds to volume allocation for mortgage credit certificates;

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

1. That the President or Executive Vice 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 for qualified mortgage revenue bonds in a maximum amount of \$300,000,000 of 2023 volume allocation for qualified mortgage revenue bonds after August 14, 2023, together with any documents, certificates or instruments related thereto.

2. That the President or Executive Vice President of the Corporation is hereby authorized and directed to take any and all other actions necessary or incidental to securing private activity bond allocation and the approval of the qualified mortgage revenue bonds from the Texas Bond Review Board.

3. That the President or Executive Vice President of the Corporation or any other officer of the Corporation is hereby authorized and directed to file with the Texas Bond Review Board a Notice of Intent to Issue Bonds and a State Bond Application in connection with qualified mortgage revenue bonds and such officers are further authorized and directed to request that the application be approved by the Executive Director of the Texas Bond Review Board in accordance with Section 181.9(e) of the Rules of the Texas Bond Review Board.

4. That any officer of the Corporation is authorized and directed to execute and deliver any certificates and documents relating to converting all or a portion of the volume allocation for qualified mortgage revenue bonds to volume allocation for mortgage credit certificates and to take other actions deemed necessary or appropriate to implement a mortgage credit certificate program, including, but not limited to, the publication of any notices required in connection therewith.

PASSED, APPROVED AND EFFECTIVE this 20th day of June, 2023.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

Tab 5

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 obtaining debt and grant financing and equity investment in the Project.

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 June 20, 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:

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

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

Table with 2 columns: Name, Office. Rows include 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 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 NO. 23-__

TEXAS STATE AFFORDABLE HOUSING CORPORATION

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 obtaining debt financing and equity investment in the Project”

WHEREAS, the Texas State Affordable Housing Corporation (the “**Corporation**”) has been duly created and organized pursuant to and in accordance with the provisions of Chapter 22 of the Texas Business Organizations Code, and under the authority of Subchapter Y of Chapter 2306, Texas Government Code, in each case, as amended, and other applicable provisions of Texas law;

WHEREAS, FC Juniper Creek Housing, LP, a Texas limited partnership (the “**Owner**”), has been formed to acquire, construct, and equip a 110-unit multifamily housing project to be located at approximately 11630 N. Lamar Blvd., Austin, Texas, upon land to be owned by the Corporation and ground leased to the Owner, to be known as Juniper Creek (the “**Project**”);

WHEREAS, to facilitate the Owner’s development of the Project, the Corporation shall acquire the real property upon which the Project will be built (the “**Land**”), and the Corporation will grant site control of the Land to the Owner pursuant to a long-term ground lease between the Corporation, as landlord, and the Owner, as tenant (the “**Ground Lease**”);

WHEREAS, the Corporation is the sole member of TSAHC Juniper Creek, LLC, a Texas limited liability company (the “**General Partner**”), and the General Partner is the sole general partner of the Owner;

WHEREAS, in connection with the Owner’s proposed development of the Project, the City of Austin will require the Corporation and the Owner to enter into an Amended and Restated Affordability Unlocked Land Use Restrictions Agreement (the “**AU Agreement**”) and one or more easements or license agreements for utility service (the “**Easements**”);

WHEREAS, each of TSAHC, the General Partner and the Owner desires to enter into certain equity documents to which it may be a party, for the purpose of the General Partner being admitted to the Owner and to admit one or more affiliates of Wells Fargo Community Investment Holdings, LLC, as investor limited partner(s), to the Owner (the “**Limited Partner**”), including an Amended and Restated Agreement of Limited Partnership for the Owner, a development fee agreement, an asset management fee agreement, a reimbursement and assignment agreement, a security agreement, a right of first refusal and purchase option agreement, a guaranty, and other related documents contemplated thereby (collectively, the “**Equity Documents**”);

WHEREAS, in connection with the proceedings relating to the issuance and delivery by the Corporation, as issuer, of its Multifamily Housing Revenue Bonds (Juniper Creek Apartments Project) Series 2023 (the “**Bonds**”), pursuant to and in accordance with the terms of a Trust Indenture (the “**Indenture**”) by and between the Corporation, as issuer, and the trustee named

therein, the proceeds of the Bonds will be loaned to the Owner (the “**Bond Loan**”) to finance the acquisition of the Land and construction of the Project pursuant to a Loan Agreement between the Corporation, as Issuer, and the Owner, as Borrower (the “**Loan Agreement**”);

WHEREAS, in connection with the Loan Agreement, the Bonds and the Indenture, the Owner desires to enter into a Regulatory Agreement and Declaration of Restrictive Covenants and other related certifications and documents, all upon such terms and conditions as the Owner deems reasonable (collectively, the “**Bond Documents**”);

WHEREAS, the Owner desires to obtain a bridge loan from Wells Fargo Bank, National Association (or an affiliate thereof) as lender (“**Wells Fargo**”), whereby the Owner will borrow a sum not to exceed \$26,000,000 (the “**WF Construction Loan**”) pursuant to a construction loan agreement (the “**WF Loan Agreement**”), in order to cash collateralize the Bonds;

WHEREAS, the WF Construction Loan will be made pursuant to the WF Loan Agreement, and shall be evidenced by a promissory note to be secured, inter alia, by a deed of trust, UCC financing statements, certificates, affidavits, directions, amendments, indemnifications, notices, requests, demands, waivers, and any other assurances, instruments, or other communications executed in the name of and on behalf of the Owner as may be deemed to be necessary or advisable in order to carry into effect or to comply with the requirements of the instruments approved or authorized by these resolutions in connection with the WF Construction Loan (collectively, the “**WF Loan Documents**”);

WHEREAS, the Owner desires to obtain a permanent loan in an amount not to exceed \$11,000,000 using proceeds from the purchase of the Bonds on the permanent financing conversion date by a third party purchaser (the “**Permanent Loan**”) and the commitment for such Permanent Loan will be further evidenced by a delivery assurance note and secured by a leasehold deed of trust, assignment of leases and rents, security agreement and fixture filing in favor of Wells Fargo, as representative for such third party purchaser (collectively, the “**DA Documents**”);

WHEREAS, the Owner desires to obtain a loan from Austin Housing Finance Corporation (“**AHFC**”) in a maximum cumulative amount not to exceed \$6,600,000 (the “**AHFC Loan**”);

WHEREAS, the AHFC Loan will be made pursuant to restrictive covenants, a promissory note to be secured, inter alia, by a deed of trust, UCC financing statements, certificates, affidavits, directions, amendments, indemnifications, notices, requests, demands, waivers, and any other assurances, instruments, or other communications executed in the name of and on behalf of the Owner as may be deemed necessary or advisable in order to carry into effect or to comply with the requirements of the instruments approved or authorized by these resolutions in connection with the AHFC Loan (collectively, the “**AHFC Loan Documents**”);

WHEREAS, the Owner desires to obtain a loan from Travis County (“**County**”) as lender, whereby the Owner will borrow a sum not to exceed \$6,500,000 (the “**County Loan**”);

WHEREAS, the County Loan will be made pursuant to a subaward contract, restrictive covenants, a promissory note to be secured, inter alia, by a deed of trust, UCC financing statements, certificates, affidavits, directions, amendments, indemnifications, notices, requests, demands, waivers, and any other assurances, instruments, or other communications executed in the name of

and on behalf of the Owner as may be deemed necessary or advisable in order to carry into effect or to comply with the requirements of the instruments approved or authorized by these resolutions in connection with the AHFC Loan (collectively, the “**County Loan Documents**”);

WHEREAS, the Owner desires to obtain a loan of Affordable Housing Program funds in the approximate amount of \$750,000 (the “**AHP Loan**”) from Wells Fargo by way of Foundation Communities, Inc. (the “**AHP Lender**”);

WHEREAS, the AHP Loan will be made pursuant to a participation agreement, a promissory note to be secured, inter alia, by a deed of trust, a deed restriction, UCC financing statements, certificates, assignments, and any other instruments executed in the name of and on behalf of the Owner as may be deemed necessary or advisable in order to carry into effect or to comply with the requirements of the instruments approved or authorized by these resolutions in connection with the AHP Loan (collectively, the “**AHP Loan Documents**”);

WHEREAS, the Owner desires to obtain a gap loan from Foundation Communities, Inc. (“**FC**”) in an amount not to exceed \$7,000,000 (the “**FC Loan**”);

WHEREAS, the FC Loan will be made pursuant to a promissory note, deed of trust and a loan agreement (collectively, the “**FC Loan Documents**”); and

WHEREAS, the Equity Documents, the AU Agreement, the Easements, the Bond Documents, the Ground Lease, the WF Loan Documents, the DA Documents, the AHFC Loan Documents, the County Loan Documents, the AHP Loan Documents and the FC Loan Documents are collectively referred to herein as the “**Financing Documents**”;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Corporation (the “**Board**”):

Section 1. Authorization of the Acquisition of the Land and the Participation in the Project. That the Board hereby authorizes the Corporation to acquire the Land, to enter into the Ground Lease in its own name as landlord thereunder and in its representative capacity on behalf of the Owner as tenant, and to cause the Owner to own, construct, develop, and operate the Project on the Land.

Section 2. Authorization of the Formation of the General Partner. That the Board hereby authorizes the Corporation to form the General Partner and to cause the General Partner to acquire a partnership interest in the Owner and serve as the sole general partner thereof, and in connection therewith enter into the Equity Documents, on its own behalf and on behalf of the General Partner and on behalf of the Owner, as the case may be.

Section 3. Authorization of Financing Applications. That the Board authorizes the Corporation to execute such documents as may be required to apply for the Bond Loan, the WF Construction Loan, the Permanent Loan, the County Loan, the AHFC Loan, the AHP Loan, and any other financing sources that may be available to finance the Project.

Section 4. Execution and Delivery of Documents. That the Board hereby authorizes David Long, as the President of the Corporation, Janie Long, as the Executive Vice President of

the Corporation, are each, in the name and on behalf of the Corporation (on its own behalf and in the representative capacity identified in these resolutions), authorized to execute and deliver the Financing Documents to which the Corporation and/or the General Partner and/or the Owner is a party.

Section 5. 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 (on its own behalf and in the representative capacity identified in these resolutions), authorized by the Board of Directors, at any time before or after the execution and delivery of the Financing 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 Financing Documents, or to otherwise fulfill the purposes of this resolution.

Section 6. Ratification of Prior Actions. That all prior actions taken by or on behalf of the Corporation in connection with the matters described herein are hereby authorized, ratified, confirmed and approved by the Board.

Section 7. Purposes of Resolution. That the Board has expressly determined and hereby confirms that the matters described herein accomplish a valid public purpose of the Corporation.

Section 8. Conflicting Prior Actions. That all orders, resolutions, or any actions or parts thereof of the Board in conflict herewith are hereby expressly repealed to the extent of any such conflict.

Section 9. Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 10. Reliance. That Wells Fargo, Investor Limited Partner, AHFC and County shall be entitled to rely on the foregoing resolutions as being in full force and effect upon their adoption until Wells Fargo, Investor Limited Partner, AHFC and County are notified otherwise in writing by a duly authorized representative of the Corporation.

APPROVED AND EFFECTIVE this 20th day of June, 2023.

TEXAS STATE AFFORDABLE HOUSING
CORPORATION

William H. Dietz, Chairperson

ATTEST:

Rebecca DeLeon, Secretary
Texas State Affordable Housing Corporation

Texas State Affordable Housing Corporation

Multifamily Private Activity Bond Project Summary

Agenda:

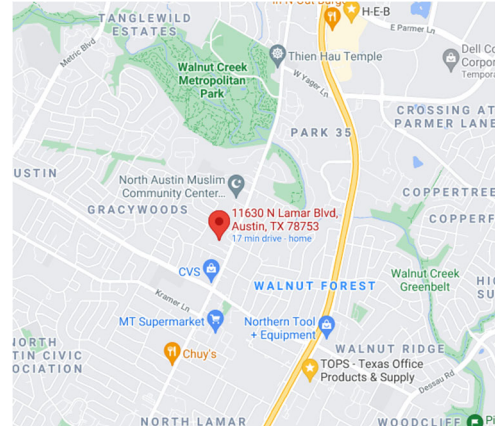
Presentation, Discussion and Possible Approval of a Resolution Authorizing the Texas State Affordable Housing Corporation to take preliminary action to carry out the financing of Juniper Creek located in Austin, Texas, including creating entities, negotiating finance documents, and obtaining debt and grant financing and equity investment in the Project.

Summary:

In December 2022, the board approved a resolution authorizing TSAHC to carry out the financing for the Juniper Creek Apartments, located in Austin, Texas. Juniper Creek is a 110-unit affordable apartment community to be owned and operated through a joint venture between TSAHC and Foundation Communities. The financing plan is set and the financing team intends to close and begin construction this summer.

Staff is requesting approval of the attached resolution to authorize TSAHC to sign and approve financing agreements as the General Partner of the Owner.

Map of Project Area



Public Benefit:

Juniper Creek will create 110-units of affordable rental housing targeted for low-income households. The housing unit mix is as follows.

- 27 units for households earning up to 30% of the area median income (AMI)
- 39 units for households at 50% AMI; and
- 34 units for households at 60% AMI.

The project qualifies under our private activity bond program's service enriched targeted housing need because the units serving those at 30% AMI and persons facing homelessness exceeds 10% of the total project units.

Financial Summary:

Juniper Creek has a total budget of approximately \$45.2 million. The proposed financing includes tax-exempt bonds being issued by TSAHC, deferred forgivable loans and 4% housing tax credits. Approximately \$2.75 million will be used for property acquisition, with total construction costs of \$31.8 million or \$288,818 per unit. Financing costs and soft costs account for \$4.8 million, developer fees for \$5.5 million and reserve accounts for \$460,000.

The anticipated maximum par amount of the bonds is \$26 million. Wells Fargo will be the underwriter of the tax-exempt bonds. Wells Fargo will be the construction period lender, and Impact Community Capital (ICC), an unrelated entity, will purchase the portion of bonds used for permanent financing at conversion. The long-term financing includes \$10.4 million in a permanent mortgage, and \$15.4 million in housing tax

Texas State Affordable Housing Corporation

Multifamily Private Activity Bond Project Summary

credit equity. To reach extremely low-income households, deferred forgivable loans from Travis County (\$6.5 million) and Austin Housing Finance Corporation (\$6.6 million) will cover a significant portion of the costs. The remaining financing includes a \$750,000 grant from the Federal Home Loan Bank of Dallas, a sponsor loan from Foundation Communities of \$3.5 million and deferred developer fees of \$2 million.

TSAHC will also be a member of the limited partnership owner entity for Juniper Creek. This will be the first time TSAHC has acted in such a role with a 4% HTC/Bond financed project we were the issuer for. TSAHC is represented by Coats Rose as Joint Venture Counsel, and is taking a similar path to many other local housing finance corporations in Texas. Since 2008, housing finance corporations and public housing agencies have been acting as general partners/managing members for affordable housing projects. The statutory and regulatory underpinnings for this path are well-trodden. TSAHC involvement does provide the project a property tax exemption, and both the City of Austin and Travis County are aware of this arrangement.

Market Conditions:

Juniper Creek will be in North Central Austin adjacent to the Gracywoods neighborhood. The property fronts Lamar Blvd (Loop 275) which includes a mixture of multifamily, low density commercial and retail establishments. The project is also within a quarter mile of the Walnut Creek Metropolitan Park, which includes playgrounds, a neighborhood pool, sports fields, a BMX track and more than 20 miles of hiking/biking trails.

As a family-targeted project, staff looked at educational resources and found that the property is located within the Pflugerville Independent School District. Several schools are located within a 2-miles of the property including public elementary and middle schools, Brentwood Christian and Nygos Charter Schools. Ratings for public schools were not available due to the cancellation of reviews by the Texas Education Agency in 2020 due to the COVID-19 pandemic.

The demand for affordable housing through the Austin metro region continues to be very high. The area around Juniper Creek is dominated by single-family homeownership units and only 39% of households in the census tract are renters. Although median home values in the census tract (\$242,600) are below the City of Austin's median (\$337,400), median rents for the census tract are equal to the City's at \$1,280.

Developer Summary:

Foundation Communities (FC) is an Austin based nonprofit, developing affordable housing and providing community services for 30+ years. FC currently owns and manages 25 affordable housing communities in Central Texas serving over 7,000 residents. FC is known for serving the full spectrum of economic groups from providing rental housing for low- and moderate-income families and seniors, to owning and operating several single room occupancy apartments that target extremely low-income persons at risk of becoming or who are formerly homeless.

TSAHC has not completed a bond financed project with FC in the past, however, FC has received several Texas Foundation Fund grant awards from TSAHC for the provision of service-enriched housing. In addition to housing, FC provides numerous services including after-school care, educational programs, tax preparation workshops, community meeting space and much more. Their family self-sufficiency program

Texas State Affordable Housing Corporation

Multifamily Private Activity Bond Project Summary

has helped hundreds of families save for college, build small businesses, make down payments to purchase a home and improve family wealth through financial education and savings programs.

Recommendation:

Staff recommends 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 obtaining debt and grant financing and equity investment in the Project.

Tab 6

Presentation, Discussion and Possible Approval of a Resolution authorizing the Texas State Affordable Housing Corporation to take action to carry out the financing of the Park On 14th located In Plano, Texas, including approval of a loan equal to the leasehold value of the land to the owner of the project.

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 June 20, 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:

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

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

Table with 2 columns: Name, Office. Rows include 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 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

PRESENTATION, DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING THE TEXAS STATE AFFORDABLE HOUSING CORPORATION TO TAKE ACTION TO CARRY OUT THE FINANCING OF THE PARK ON 14TH LOCATED IN PLANO, TEXAS, INCLUDING APPROVAL OF

RESOLUTION NO. 23-__

TEXAS STATE AFFORDABLE HOUSING CORPORATION

PRESENTATION, DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING THE TEXAS STATE AFFORDABLE HOUSING CORPORATION TO TAKE ACTION TO CARRY OUT THE FINANCING OF THE PARK ON 14TH LOCATED IN PLANO, TEXAS, INCLUDING APPROVAL OF A LOAN EQUAL TO THE LEASEHOLD VALUE OF THE LAND TO THE OWNER OF THE PROJECT

WHEREAS, the Texas State Affordable Housing Corporation (the “**Corporation**”) has been duly created and organized pursuant to and in accordance with the provisions of Chapter 22 of the Texas Business Organizations Code, and under the authority of Subchapter Y of Chapter 2306 of the Texas Government Code, in each case, as amended;

WHEREAS, the Corporation has created a Texas limited liability company (the “**Owner**”), to acquire, construct, and equip a 62-unit multifamily housing project to be located at approximately the intersection of 14th Street and Avenue G, Plano, Texas, upon land currently owned by the Corporation (the “**Land**”), to be known as The Park at 14th (the “**Project**”);

WHEREAS, the Owner is or will be controlled by the Corporation;

WHEREAS, the Board of Directors of the Corporation (the “**Board**”) previously authorized the Corporation to lease the Land to the Owner pursuant to a long-term ground lease with the Owner (the “**Ground Lease**”); and

WHEREAS, in lieu of collecting rental payment equal to the Land’s leasehold value from the Owner, the Corporation desires to defer the collection and document the Owner’s promise to pay pursuant to a long-term note in the amount of the leasehold value of the Land of \$615,500 (the “**Leasehold Loan**”) and secured by a deed of trust recorded against the Project which Leasehold Loan the Owner will repay over time out of available cash flow (collectively, with any other document necessary to evidence the Leasehold Loan, including without limitation, a subordination for the senior lender, the “**Leasehold Loan Documents**”).

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

Section 1. Authorization of the Leasehold Loan. That the Board hereby authorizes the Corporation to make the Leasehold Loan to the Owner, and the Owner to accept the Leasehold Loan from the Corporation.

Section 2. Execution and Delivery of Certain Documents. That the Board hereby authorizes David Long, as the President of the Corporation, Janie Long, as the Executive Vice President of the Corporation, and any and all Board Members of the Corporation listed on the certificate accompanying this Resolution, to consent to, accept, execute and attest to the Leasehold Loan Documents and such other certificates, documents, instruments, letters of instruction, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, to the extent the President or

Executive Vice President or any such Board Member concludes such documents are in the best interest of the Corporation.

Section 3. Ratification of Prior Actions. That all prior actions taken by any officer of the Corporation in the name and on behalf of the Corporation and/or the Owner in connection with the matters described herein are hereby authorized, ratified, confirmed and approved.

Section 4. Purposes of Resolution. That the Board has expressly determined and hereby confirms that the matters described herein accomplish a valid public purpose of the Corporation.

Section 5. Conflicting Prior Actions. That all orders, resolutions, or any actions or parts thereof of the Board in conflict herewith are hereby expressly repealed to the extent of any such conflict.

Section 6. Severability. That 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. That this Resolution shall be in full force and effect from and upon its adoption.

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APPROVED AND EFFECTIVE this 20th day of June, 2023.

TEXAS STATE AFFORDABLE HOUSING
CORPORATION

William H. Dietz, Chairperson

ATTEST:

Rebecca DeLeon, Secretary
Texas State Affordable Housing Corporation



Development Finance Programs

Agenda Item

Presentation, Discussion and Possible Approval of a Resolution Authorizing the Texas State Affordable Housing Corporation to take action to carry out the financing of the Park On 14th located In Plano, Texas, Including Approval of a loan equal to the leasehold value of the land to the owner of the Project.

Update

The resolution proposed in this agenda item, allows TSAHC to record the value of the land, already owned by TSAHC, as a loan to the Ownership of the Park at 14th project. The use of loans to capture the value of leaseholds in public-private partnerships is common and ensures that the landholder, in this case, TSAHC, receives property compensation for the value of land contributed to the overall financing structure. No other aspects of the financing, previously approved by the Board, are being changed.

Summary

In 2012, TSAHC purchased approximately 1.5 acres of land at the southwest corner of 14th Street and Avenue G in Plano as part of its Affordable Communities of Texas (ACT) program. The site is located near Plano's central business district and was acquired with the intent of redeveloping it for affordable multifamily housing. At the final build-out, the Park on 14th (the Project) will include 62 units of one- and two-bedroom units targeted to families and individuals. Thirteen units will be affordable to households earning up to 50% of the Area Median Income (AMI), nineteen units will be affordable to households earning up to 80% of the AMI, and 30 units will be market-rate units.

Financing

In March 2015, TSAHC selected Diana McIver and Associates (DMA) through a request for proposals process, to assist us with the land development and financing. The Project has been several years in the making and has attempted various financial strategies including the Low-Income Housing Tax Credit (LIHTC) 9%, 4%, and private activity bond programs. In December of 2021, staff received TSAHC board support to submit financing applications to the HUD 221(d)(4) Program, TDHCA Multifamily Direct Loan Program, and invest up to \$5 million in TSAHC equity to meet the Project's development costs. In March of 2022, a deferred forgivable loan application in the amount of \$1.2 million was submitted to TDHCA. However, our application was deprioritized for funding due to the HUD financing involved and unresolved subordination language between HUD and TDHCA at that time.

In January of 2023, our contractor estimated construction costs of \$12.4 million. Construction cost increases (approximately \$1M since early 2022) were across the board but most significant in HVAC, doors, windows, and sidewalks. The contractor is currently updating subcontractor bids in preparation for a July closing and construction should start soon after.

Based on the updated construction budget, a current HUD loan estimated interest rate of 5.65% and a maximum HUD loan amount of \$10,546,400 available, TSAHC's equity requirement is approximately \$5.46 million. Recent shifts in bond markets may allow for less equity, but staff is awaiting better indications from the City of Plano on permit timing before rate locking.

The total projected budget is \$16.8 million, or \$272,000 per unit. TSAHC currently owns the property and will continue to do so in perpetuity providing a property tax exemption. The value of land is not included in the development budget. Construction costs, including contractor fees, are approximately \$12.9 million. Soft costs for marketing, design, furnishings, engineering, and legal expenses total \$900,000. Financing costs are estimated to be an additional \$700,000, with developer fees totaling \$1.5 million and reserves adding approximately \$800,000 in costs.

The financing for the Project includes \$10,546,400 from Mason Joseph in the form of a HUD Federal Housing Administration insured 221(d)(4) mortgage, approximately \$5.46 million in owner equity from TSAHC, and \$900,000 in deferred developer fees. TSAHC's equity investment is anticipated to earn a yearly return on investment of 6% over the initial 15-year financing period. Additionally, at the end of 15 years, TSAHC will own a majority interest in the Project and thus any refinancing at a future date would provide additional capital benefits.

Building Design and Market Conditions

The Park on 14th will be a small urban, elevator-served, community totaling 62 units in a single, 4-story, residential building with surface parking. All homes are one- or two- bedroom units accessed through a protected interior hallway. In terms of design standards, each apartment unit will include 9' ceilings, a full appliance package, washer/dryer hookups, ceiling fans, and a private patio with secured storage. The buildings will be designed to maximize energy efficiency, including dual pane insulating windows, insulation that exceeds code for walls and ceilings, and high SEER rated air conditioners.

The site benefits from close proximity to downtown Plano, the Downtown Plano DART Rail Station, Haggard Park, and multiple restaurants and retail stores. Occupancy rates and rental rates in the Project's primary market area have remained strong over the past few years, with overall stable rental rates.

Staff Recommendation:

Staff recommends that the Board approve the Resolution Authorizing the Texas State Affordable Housing Corporation to take action to carry out the financing of the Park On 14th located In Plano, Texas, Including Approval of a loan equal to the leasehold value of the land to the owner of the Project.

Tab 7

Presentation, Discussion and Possible approval of a \$2 million loan to Agape Resource and Assistance Center, Inc. for the construction of Jericho Village - a 38-unit supportive multi-family rental community in Wylie, 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 June 20, 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 _____ 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 AGAPE RESOURCE AND ASSISTANCE CENTER, INC. IN AN AMOUNT NOT TO EXCEED \$2,000,000 FOR JERICHO VILLAGE

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 20th day of June, 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 AGAPE RESOURCE AND ASSISTANCE CENTER, INC. IN AN AMOUNT NOT TO EXCEED \$2,000,000 FOR JERICHO VILLAGE

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 Agape Resource and Assistance Center, Inc. in the maximum principal amount of \$2,000,000 (the "Construction Loan"), with the loan proceeds to be used by Agape Resource and Assistance Center, Inc., together with other available funds, to build 38 units of housing ("Jericho Village") with four units targeted to households earning 30% of area median income or less, 19 units targeted to households earning 50% of area median income, six units targeted to households earning 60% of area median income or less, seven units targeted to households earning 80% of area median income or less and two market rate rental units; 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 Agape Resource and Assistance Center, Inc. in the maximum principal amount of \$2,000,000, the proceeds of which are to be used by Agape Resource and Assistance Center, Inc., together with other available funds, to construct the 38-unit Jericho Village.

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 20th day of June, 2023.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

William Dietz, Jr., Chairperson

ATTEST:

Rebecca DeLeon, Secretary
Texas State Affordable Housing Corporation

Texas State Affordable Housing Corporation

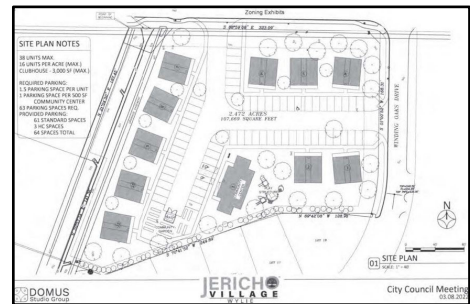
Texas Housing Impact Fund

Agenda Item: Presentation, discussion and possible approval of a \$2 million loan to Agape Resource and Assistance Center, Inc., or an affiliate, for the construction of Jericho Village - a 38-unit supportive multi-family rental community in Wylie, Texas.

Agenda Item: Presentation, discussion and possible approval of a \$750,000 permanent loan to Agape Resource and Assistance Center, Inc., or an affiliate, for Jericho Village in Wylie, Texas.

Summary:

The Corporation received an application from Agape Resource and Assistance Center, Inc. (Agape) for both construction and permanent financing for Jericho Village. The loan will provide gap financing to construct and operate Jericho Village, a 38-unit supportive rental community serving families.



Jericho Village - Site Plan

Public Benefit:

Jericho Village is a 38-unit supportive rental community designed as nine multiplex homes that includes a mix of studio, one-, two-, and three-bedroom units. Site amenities will include a community center, community garden, outdoor gathering areas and a playground. Four units will be reserved for households earning up to 30% of area median income (AMI), 19 units will be reserved for households earning up to 50% AMI, six units will be reserved for households earning up to 60% AMI, seven units will be reserved for households at 80% AMI and the remaining two unit will be market rate. Building on Agape's successful Empowerment Program, caseworkers will be onsite assisting residents with job readiness, education, transportation, financial literacy and budgeting.

Jericho Village has broad community support and has received over \$800,000 in in-kind donations. Letters of support were provided by the Mayor of the City of Wylie, First Baptist Church of Wylie, and Catholic Charities of Dallas, to name a few. The City of Wylie also approved the re-zoning needed to construct this community.

Financial Summary:

Agape is anticipating closing on construction financing in October of this year. The total development costs are expected to be \$7.2 million, though the final pricing by the contractor is not complete. Construction costs are anticipated to total \$5.36 million, which includes site work and contractor overhead. Acquisition costs are approximately \$600,000. Soft costs, including environmental reviews, architectural design, financing costs, and reserves total \$1,050,000, while the Developer fee of \$200,000 rounds out project costs. TSAHC is proposing a second lien

Texas State Affordable Housing Corporation

Texas Housing Impact Fund

construction loan in the amount of \$2,000,000. It is anticipated that LISC – Dallas Black Economic Development Fund will be the first lien construction lender.

Permanent financing for the project has not been finalized, though several banks are currently reviewing a \$2 million permanent loan that will be in first lien position. TSAHC is proposing a second lien permanent loan in the amount of \$750,000. Agape has secured grants totaling \$985,000, with an additional \$810,000 in in-kind contributions. Applications to the Federal Home Loan Banks of Dallas, for \$540,000 and the Mabee Foundation for \$860,000 are in review with anticipated approvals in September. Agape intends to complete its capital campaign by October 2023 with all funding commitments secured by then.

Although most of the project financing (62%) is through grants and in-kind contributions, the project is able to carry additional debts, if need be. The total proposed loan sources of \$2.75 million allow for a debt service coverage ratio of 1.31, higher than TSAHC minimum threshold of 1.15.

Market Conditions:

Wylie is a northeastern suburb of Dallas. It benefits from a strong local economy in which many local businesses provide jobs and services to the area. However, nearly 50% of Wylie's renters are cost-burdened. The city's median rent, which is 50% higher than the state's median rent, is a contributing factor. In addition, the city's median household income is nearly 50% higher than the state's median household income.

Affordable housing options in Wylie are limited and the city would greatly benefit from the affordable units provided by Jericho Village. In fact, there are no affordable rental units within a two-mile radius of the project site.

Borrower Summary:

Founded in 2013 under the leadership of Janet Collinsworth, Agape is a 501(c)(3) nonprofit with a mission to provide affordable housing and transformational supportive services to homeless women and their children that progresses them from poverty to financial independence. Agape currently owns and manages eight housing units for its transitional rental program. The organization also owns two single-family homes, four townhomes, and a four-plex office condominium.

Saigebrook Development, LLC will provide development consultant services. Lisa Stephens is the Owner/President of Saigebrook Development, LLC a Woman Business Enterprise and Historically Underutilized Business certified real estate development consulting firm focused on affordable housing development since 2011.

Agape's team also includes Domus Studio Group (architect,) Maker Bros, LLC (general contractor,) and Catholic Charities of Dallas (property manager).

Texas State Affordable Housing Corporation

Texas Housing Impact Fund

Recommendations:

Agenda Item: Staff recommends the approval of a \$2 million loan to Agape, or an affiliate, for the construction of Jericho Village, a 38-unit supportive rental community located in Wylie, Texas, subject to the following conditions:

- Construction loan interest rate of 4.5% for a 24-month term and in second lien position;
- TSAHC will collect a commitment fee of \$20,000 on the date of closing;
- Closing on construction financing may not occur until all construction and permanent financing sources are secured including grants and in-kind donations;
- Closing of the loan must occur simultaneously with other construction financing sources noted in the loan application. TSAHC must approve of any subordination or parity agreements; and
- Approval and funding are conditioned on a satisfactory financial review by TSAHC.

Agenda Item: Staff recommends the approval of a \$750,000 permanent loan to Agape, or an affiliate, for Jericho Village, a 38-unit supportive rental community located in Wylie, Texas, subject to the following conditions:

- Permanent loan interest rate calculated at 1.75 points above the 10-year treasury rate at construction financing closing, for a term of 15 years, amortizing over 30 years, and in second lien position;
- TSAHC will collect a commitment fee of \$7,500 on the date of closing;
- TSAHC will collect an annual asset and oversight compliance fee of \$2,500 for the loan term;
- Closing of the loan must occur simultaneously with the first lien permanent lender and TSAHC must approve of any subordination or parity agreements; and
- Approval and funding are conditioned on a satisfactory financial review by TSAHC.

Jericho Village - MF Underwriting .xlsx - Project Summary

Project Summary

Applicant Agape
 Project Name Jericho Village

Location

Address 511 Brown St 750000 City Wylie
 County: Collin State Texas 75098
 Census Tract: 48085031319

Loan Request

Loan Amount: \$ 2,252,000.00 6/1/2023 Loan Type: Con 2 Perm
 Loan Term: 15 6/1/2025 Amort: 30

Perm Funding Sources

	Amount	% of Total
TSAHC Construction Loan	\$ 2,000,000	28%
Perm Loan - TBD	\$ 2,000,000	27.78%
TSAHC Perm	\$ 750,000	10.42%
Donor Contributions	\$ 732,750	10.18%
Borrower Contribution	\$ 172,000	2.39%
Grants	\$ 1,205,000	16.74%
Mabee Foundation - not secured	\$ 860,000	11.94%
FHLB Dallas - not secured	\$ 540,000	7.50%
Addy Foundation	\$ 50,000	0.69%
Hobelitzelle Foundation	\$ 30,000	0.42%
In-kind Contributions - secured	\$ 810,250	11.25%
Additional Grants in Progress	\$ 50,000	0.69%
Totals	\$ 7,200,000	100%

* not included in total

Market Summary

	City	County	State	Census Tract
Population:	57,526	1,064,465	29,145,505	4,707
Median Age:	34	37	35	37
Diversity Index:	64	65	-	66
% Hispanic:	20%	16%	39%	19%
% Persons with Disability:	7%	7%	11%	5%
% Households that Rent:	26%	35%	38%	45%
Median Rents:	1,733	1,521	1,146	1,375
% Renters Who are Cost Burdened:	48%	42%	45%	63%
Median Home Price:	\$ 267,800	\$ 355,100	\$ 202,600	\$ 223,900
Median Household Income:	\$ 98,994	\$ 104,327	\$ 67,321	\$ 59,375
Unemployment:	6.20%	6.30%	7.60%	0.00%
Persons w/o Insurance:	15%	11%	18%	14%
Medically Underserved Area:	NA	-	-	-
% Attending Public Schools:	93%	92%	92%	99%
Graduation Rate (Wylie ISD):	90%			

CRA Eligible Census Tract: Moderate Inc
 # of LI Projects and Units: 0 0

Jericho Village - MF Underwriting .xlsx - Summary Sources and Uses

Summary of Sources and Uses

Applicant National Church Residences

Project Name Jericho Village

Number of Units 38

Sources	Amount	Amount Per Unit	Percentage of Total
Perm Loan - TBD	\$ 2,000,000	\$ 52,632	28%
TSAHC Perm	\$ 750,000	\$ 19,737	10%
Donor Contributions	\$ 732,750	\$ 19,283	10%
Borrower Contribution	\$ 172,000	\$ 4,526	2%
Grants	\$ 1,205,000	\$ 31,711	17%
Mabee Foundation - not secured	\$ 860,000	\$ 22,632	12%
FHLB Dallas - not secured	\$ 540,000	\$ 14,211	8%
Addy Foundation	\$ 50,000	\$ 1,316	1%
Hobelitzelle Foundation	\$ 30,000	\$ 789	0%
In-kind Contributions - secured	\$ 810,250	\$ 21,322	11%
Additional Grants in Progress	\$ 50,000	\$ 1,316	1%
Total Sources	\$ 7,200,000	\$ 189,473.68	100%

Uses	Amount	Amount Per Unit	Percentage of Total
Acquisition	\$ 595,000	\$ 15,657.89	8%
Off-Site Construction		\$ -	0%
On-Site Work	\$ 587,250	\$ 15,453.95	8%
Site Amenities	\$ 47,875	\$ 1,259.87	1%
Building Costs	\$ 3,900,461	\$ 102,643.71	54%
Other Const/Contingency/Contract	\$ 821,481	\$ 21,617.92	11%
Soft Costs	\$ 708,855	\$ 18,654.08	10%
Financing Costs	\$ 171,266	\$ 4,507.00	2%
Developer Fees	\$ 200,000	\$ 5,263.16	3%
Reserve Accounts	\$ 167,812	\$ 4,416.11	2%
Total Uses	\$ 7,200,000	\$ 189,473.68	100%

(Gap) / Reserve	\$ -
Percent of Developer Fee Deferre	0.00%

Jericho Village - MF Underwriting .xlsx - Operating Proforma

Operating Proforma

Applicant Agape Resource & Assistance Center, Inc Total Units: 38 Min. Set Aside Election: 40% @ 60% AMI
 Project Name Jericho Village Min. Afford. Units: 750000 % Affordable: 97%
 Afford. Units: 37 Accessible Unit Min. 2

Residential Income

Unit Type	Unit Sq. Ft.	Net Sq. Ft.	# units	Rent	Mo. Income	Inflator	Rent Limiter	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
30% Eff	6/1/2023	45,078	1	\$ 409	\$ 409	1.02	30% AMI	\$ 4,908	\$ 5,006	\$ 5,106	\$ 5,208	\$ 5,313	\$ 5,866	\$ 6,476
50% Eff	6/1/2025	137,427	3	\$ 750	\$ 2,250	1.02	50% AMI	\$ 27,000	\$ 27,540	\$ 28,091	\$ 28,653	\$ 29,226	\$ 32,267	\$ 35,626
60% Eff	464	464	1	\$ 921	\$ 921	1.02	60% AMI	\$ 11,052	\$ 11,273	\$ 11,499	\$ 11,728	\$ 11,963	\$ 13,208	\$ 14,583
						1.02		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30% 1br	740	740	1	\$ 430	\$ 430	1.02	30% AMI	\$ 5,160	\$ 5,263	\$ 5,368	\$ 5,476	\$ 5,585	\$ 6,167	\$ 6,809
50% 1br	740	2,960	4	\$ 795	\$ 3,180	1.02	50% AMI	\$ 38,160	\$ 38,923	\$ 39,702	\$ 40,496	\$ 41,306	\$ 45,605	\$ 50,351
60% 1br	740	1,480	2	\$ 978	\$ 1,956	1.02	60% AMI	\$ 23,472	\$ 23,941	\$ 24,420	\$ 24,909	\$ 25,407	\$ 28,051	\$ 30,971
						1.02		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30% 2br	826	1,652	2	\$ 516	\$ 1,032	1.02	30% AMI	\$ 12,384	\$ 12,632	\$ 12,884	\$ 13,142	\$ 13,405	\$ 14,800	\$ 16,340
50% 2br	826	8,260	10	\$ 955	\$ 9,550	1.02	50% AMI	\$ 114,600	\$ 116,892	\$ 119,230	\$ 121,614	\$ 124,047	\$ 136,958	\$ 151,212
60% 2br	826	1,652	2	\$ 1,174	\$ 2,348	1.02	60% AMI	\$ 28,176	\$ 28,740	\$ 29,314	\$ 29,901	\$ 30,499	\$ 33,673	\$ 37,178
80% 2br	826	4,956	6	\$ 1,613	\$ 9,678	1.02	80% AMI	\$ 116,136	\$ 118,459	\$ 120,828	\$ 123,244	\$ 125,709	\$ 138,793	\$ 153,239
MR	826	826	1	\$ 1,960	\$ 1,960	1.02	MR	\$ 23,520	\$ 23,990	\$ 24,470	\$ 24,960	\$ 25,459	\$ 28,109	\$ 31,034
						1.02		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50% 3br	1100	2,200	2	\$ 1,097	\$ 2,194	1.02	50% AMI	\$ 26,328	\$ 26,855	\$ 27,392	\$ 27,939	\$ 28,498	\$ 31,464	\$ 34,739
60% 3br	1100	1,100	1	\$ 1,350	\$ 1,350	1.02	60% AMI	\$ 16,200	\$ 16,524	\$ 16,854	\$ 17,192	\$ 17,535	\$ 19,360	\$ 21,376
80% 3br	1100	1,100	1	\$ 1,857	\$ 1,857	1.02	80% AMI	\$ 22,284	\$ 22,730	\$ 23,184	\$ 23,648	\$ 24,121	\$ 26,631	\$ 29,403
MR	1100	1,100	1	\$ 2,270	\$ 2,270	1.02	MR	\$ 27,240	\$ 27,785	\$ 28,340	\$ 28,907	\$ 29,485	\$ 32,554	\$ 35,943
								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotals:		210,995	38	\$ 41,385	\$ 41,385	1.02		\$ 496,620	\$ 506,552	\$ 516,683	\$ 527,017	\$ 537,557	\$ 593,507	\$ 655,280
Other income:				\$ -	\$ -	1.02		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Potential gross income								\$ 496,620	\$ 506,552	\$ 516,683	\$ 527,017	\$ 537,557	\$ 593,507	\$ 655,280
Residential vacancy loss						7.50%		\$ 37,247	\$ 37,991	\$ 38,751	\$ 39,526	\$ 40,317	\$ 44,513	\$ 49,146
Effective Gross Residential Income								\$ 459,374	\$ 468,561	\$ 477,932	\$ 487,491	\$ 497,241	\$ 548,994	\$ 606,134

Operating Expenses

	TSAHC est.	Borrower Yr 1	% EGI	Variance	Per Unit	Inflator	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
General & Administrative	\$ 22,686	\$ 7,600	1.65	-66%	\$ 200	1.03	\$ 7,600	\$ 7,828	\$ 8,063	\$ 8,305	\$ 8,554	\$ 9,916	\$ 11,496
Management Fee	\$ 19,456	\$ 23,093	5.03	19%	\$ 608	1.03	\$ 23,093	\$ 23,786	\$ 24,499	\$ 25,234	\$ 25,991	\$ 30,131	\$ 34,930
Payroll and Related	\$ 39,710	\$ 88,530	19.27	123%	\$ 2,330	1.03	\$ 88,530	\$ 91,186	\$ 93,921	\$ 96,739	\$ 99,641	\$ 115,512	\$ 133,910
Maintenance & Repair	\$ 30,628	\$ 24,312	5.29	-21%	\$ 640	1.03	\$ 24,312	\$ 25,041	\$ 25,793	\$ 26,566	\$ 27,363	\$ 31,722	\$ 36,774
Utilities	\$ 34,808	\$ 15,070	3.28	-57%	\$ 397	1.03	\$ 15,070	\$ 15,522	\$ 15,988	\$ 16,467	\$ 16,961	\$ 19,663	\$ 22,795
Insurance	\$ 20,140	\$ 22,800	4.96	13%	\$ 600	1.03	\$ 22,800	\$ 23,484	\$ 24,189	\$ 24,914	\$ 25,662	\$ 29,749	\$ 34,487
Tax Exempt	\$ -	\$ -	0.00	#DIV/0!	\$ -	1.03	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Debt Service Reserves	\$ -	\$ -	0.00	#DIV/0!	\$ -	1.03	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement reserves	\$ 9,500	\$ 9,500	2.07	0%	\$ 250	1.03	\$ 9,500	\$ 9,785	\$ 10,079	\$ -	\$ -	\$ -	\$ -
HTC/HOME Compliance Fees	\$ -	\$ -	0.00	n/a	\$ 40	1.03	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TSAHC AOC Fees	\$ 2,500	\$ 2,500	0.54	0%	\$ 45	1.03	\$ 2,500	\$ 2,575	\$ 2,652	\$ 2,732	\$ 2,814	\$ 3,262	\$ 3,781
Other (sp) Services	\$ 3,000	\$ 3,000	0.65	0%	\$ 79	1.03	\$ 3,000	\$ 3,090	\$ 3,183	\$ 3,278	\$ 3,377	\$ 3,914	\$ 4,538
Total Operating Expenses	\$ 182,428	\$ 196,405	8%		\$ 5,187.76		\$ 196,405	\$ 202,297	\$ 208,366	\$ 204,236	\$ 210,363	\$ 243,868	\$ 282,710
			state avg		\$ 5,520.00	per unit	\$ 5,169	\$ 5,324	\$ 5,483	\$ 5,375	\$ 5,536	\$ 6,418	\$ 7,440
							42.8%	43.2%	43.6%	41.9%	42.3%	44.4%	46.6%

NET OPERATING INCOME

\$ 262,969	\$ 266,264	\$ 269,566	\$ 283,255	\$ 286,878	\$ 305,125	\$ 323,423
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Tab 8

Presentation, Discussion and Possible approval of a \$750,000 permanent loan to Agape Resource and Assistance Center, Inc. for Jericho Village in Wylie, 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 June 20, 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 _____ 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 AGAPE RESOURCE AND ASSISTANCE CENTER, INC. IN AN AMOUNT NOT TO EXCEED \$750,000 FOR JERICHO VILLAGE

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 20th day of June, 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 AGAPE RESOURCE AND ASSISTANCE CENTER, INC. IN AN AMOUNT NOT TO EXCEED \$750,000 FOR JERICHO VILLAGE

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 Agape Resource and Assistance Center, Inc. in the maximum principal amount of \$750,000 (the "Permanent Loan"), with the loan proceeds to be used by Agape Resource and Assistance Center, Inc., together with other available funds, to refinance the construction loan in the original principal sum of \$2,000,000 executed by Agape Resource and Assistance Center, Inc. and payable to the Corporation for the construction of 38 units of housing ("Jericho Village") with four units targeted to households earning 30% of area median income or less, 19 units targeted to households earning 50% of area median income, six units targeted to households earning 60% of area median income or less, seven units targeted to households earning 80% of area median income or less and two market rate rental units ("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 Agape Resource and Assistance Center, Inc. in the maximum principal amount of \$750,000, the proceeds of which are to be used by Agape Resource and Assistance Center, Inc., together with other available funds, to refinance the Construction Loan for Jericho Village.

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.

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APPROVED AND EFFECTIVE this 20th day of June, 2023.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

William Dietz, Jr., Chairperson

ATTEST:

Rebecca DeLeon, Secretary
Texas State Affordable Housing Corporation

Texas State Affordable Housing Corporation

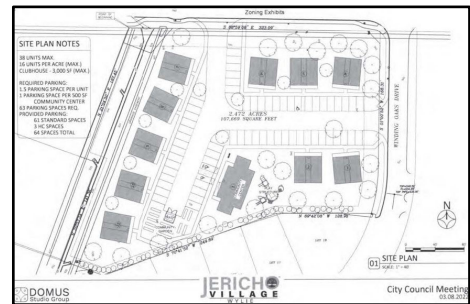
Texas Housing Impact Fund

Agenda Item: Presentation, discussion and possible approval of a \$2 million loan to Agape Resource and Assistance Center, Inc., or an affiliate, for the construction of Jericho Village - a 38-unit supportive multi-family rental community in Wylie, Texas.

Agenda Item: Presentation, discussion and possible approval of a \$750,000 permanent loan to Agape Resource and Assistance Center, Inc., or an affiliate, for Jericho Village in Wylie, Texas.

Summary:

The Corporation received an application from Agape Resource and Assistance Center, Inc. (Agape) for both construction and permanent financing for Jericho Village. The loan will provide gap financing to construct and operate Jericho Village, a 38-unit supportive rental community serving families.



Jericho Village - Site Plan

Public Benefit:

Jericho Village is a 38-unit supportive rental community designed as nine multiplex homes that includes a mix of studio, one-, two-, and three-bedroom units. Site amenities will include a community center, community garden, outdoor gathering areas and a playground. Four units will be reserved for households earning up to 30% of area median income (AMI), 19 units will be reserved for households earning up to 50% AMI, six units will be reserved for households earning up to 60% AMI, seven units will be reserved for households at 80% AMI and the remaining two unit will be market rate. Building on Agape's successful Empowerment Program, caseworkers will be onsite assisting residents with job readiness, education, transportation, financial literacy and budgeting.

Jericho Village has broad community support and has received over \$800,000 in in-kind donations. Letters of support were provided by the Mayor of the City of Wylie, First Baptist Church of Wylie, and Catholic Charities of Dallas, to name a few. The City of Wylie also approved the re-zoning needed to construct this community.

Financial Summary:

Agape is anticipating closing on construction financing in October of this year. The total development costs are expected to be \$7.2 million, though the final pricing by the contractor is not complete. Construction costs are anticipated to total \$5.36 million, which includes site work and contractor overhead. Acquisition costs are approximately \$600,000. Soft costs, including environmental reviews, architectural design, financing costs, and reserves total \$1,050,000, while the Developer fee of \$200,000 rounds out project costs. TSAHC is proposing a second lien

Texas State Affordable Housing Corporation

Texas Housing Impact Fund

construction loan in the amount of \$2,000,000. It is anticipated that LISC – Dallas Black Economic Development Fund will be the first lien construction lender.

Permanent financing for the project has not been finalized, though several banks are currently reviewing a \$2 million permanent loan that will be in first lien position. TSAHC is proposing a second lien permanent loan in the amount of \$750,000. Agape has secured grants totaling \$985,000, with an additional \$810,000 in in-kind contributions. Applications to the Federal Home Loan Banks of Dallas, for \$540,000 and the Mabee Foundation for \$860,000 are in review with anticipated approvals in September. Agape intends to complete its capital campaign by October 2023 with all funding commitments secured by then.

Although most of the project financing (62%) is through grants and in-kind contributions, the project is able to carry additional debts, if need be. The total proposed loan sources of \$2.75 million allow for a debt service coverage ratio of 1.31, higher than TSAHC minimum threshold of 1.15.

Market Conditions:

Wylie is a northeastern suburb of Dallas. It benefits from a strong local economy in which many local businesses provide jobs and services to the area. However, nearly 50% of Wylie's renters are cost-burdened. The city's median rent, which is 50% higher than the state's median rent, is a contributing factor. In addition, the city's median household income is nearly 50% higher than the state's median household income.

Affordable housing options in Wylie are limited and the city would greatly benefit from the affordable units provided by Jericho Village. In fact, there are no affordable rental units within a two-mile radius of the project site.

Borrower Summary:

Founded in 2013 under the leadership of Janet Collinsworth, Agape is a 501(c)(3) nonprofit with a mission to provide affordable housing and transformational supportive services to homeless women and their children that progresses them from poverty to financial independence. Agape currently owns and manages eight housing units for its transitional rental program. The organization also owns two single-family homes, four townhomes, and a four-plex office condominium.

Saigebrook Development, LLC will provide development consultant services. Lisa Stephens is the Owner/President of Saigebrook Development, LLC a Woman Business Enterprise and Historically Underutilized Business certified real estate development consulting firm focused on affordable housing development since 2011.

Agape's team also includes Domus Studio Group (architect,) Maker Bros, LLC (general contractor,) and Catholic Charities of Dallas (property manager).

Texas State Affordable Housing Corporation

Texas Housing Impact Fund

Recommendations:

Agenda Item: Staff recommends the approval of a \$2 million loan to Agape, or an affiliate, for the construction of Jericho Village, a 38-unit supportive rental community located in Wylie, Texas, subject to the following conditions:

- Construction loan interest rate of 4.5% for a 24-month term and in second lien position;
- TSAHC will collect a commitment fee of \$20,000 on the date of closing;
- Closing on construction financing may not occur until all construction and permanent financing sources are secured including grants and in-kind donations;
- Closing of the loan must occur simultaneously with other construction financing sources noted in the loan application. TSAHC must approve of any subordination or parity agreements; and
- Approval and funding are conditioned on a satisfactory financial review by TSAHC.

Agenda Item: Staff recommends the approval of a \$750,000 permanent loan to Agape, or an affiliate, for Jericho Village, a 38-unit supportive rental community located in Wylie, Texas, subject to the following conditions:

- Permanent loan interest rate calculated at 1.75 points above the 10-year treasury rate at construction financing closing, for a term of 15 years, amortizing over 30 years, and in second lien position;
- TSAHC will collect a commitment fee of \$7,500 on the date of closing;
- TSAHC will collect an annual asset and oversight compliance fee of \$2,500 for the loan term;
- Closing of the loan must occur simultaneously with the first lien permanent lender and TSAHC must approve of any subordination or parity agreements; and
- Approval and funding are conditioned on a satisfactory financial review by TSAHC.

Jericho Village - MF Underwriting .xlsx - Project Summary

Project Summary

Applicant Agape
 Project Name Jericho Village

Location

Address 511 Brown St 750000 City Wylie
 County: Collin State Texas 75098
 Census Tract: 48085031319

Loan Request

Loan Amount: \$ 2,252,000.00 6/1/2023 Loan Type: Con 2 Perm
 Loan Term: 15 6/1/2025 Amort: 30

Perm Funding Sources

	Amount	% of Total
TSAHC Construction Loan	\$ 2,000,000	28%
Perm Loan - TBD	\$ 2,000,000	27.78%
TSAHC Perm	\$ 750,000	10.42%
Donor Contributions	\$ 732,750	10.18%
Borrower Contribution	\$ 172,000	2.39%
Grants	\$ 1,205,000	16.74%
Mabee Foundation - not secured	\$ 860,000	11.94%
FHLB Dallas - not secured	\$ 540,000	7.50%
Addy Foundation	\$ 50,000	0.69%
Hobelitzelle Foundation	\$ 30,000	0.42%
In-kind Contributions - secured	\$ 810,250	11.25%
Additional Grants in Progress	\$ 50,000	0.69%
Totals	\$ 7,200,000	100%

* not included in total

Market Summary

	City	County	State	Census Tract
Population:	57,526	1,064,465	29,145,505	4,707
Median Age:	34	37	35	37
Diversity Index:	64	65	-	66
% Hispanic:	20%	16%	39%	19%
% Persons with Disability:	7%	7%	11%	5%
% Households that Rent:	26%	35%	38%	45%
Median Rents:	1,733	1,521	1,146	1,375
% Renters Who are Cost Burdened:	48%	42%	45%	63%
Median Home Price:	\$ 267,800	\$ 355,100	\$ 202,600	\$ 223,900
Median Household Income:	\$ 98,994	\$ 104,327	\$ 67,321	\$ 59,375
Unemployment:	6.20%	6.30%	7.60%	0.00%
Persons w/o Insurance:	15%	11%	18%	14%
Medically Underserved Area:	NA	-	-	-
% Attending Public Schools:	93%	92%	92%	99%
Graduation Rate (Wylie ISD):	90%			

CRA Eligible Census Tract: Moderate Inc
 # of LI Projects and Units: 0 0

Jericho Village - MF Underwriting .xlsx - Summary Sources and Uses

Summary of Sources and Uses

Applicant National Church Residences

Project Name Jericho Village

Number of Units 38

Sources	Amount	Amount Per Unit	Percentage of Total
Perm Loan - TBD	\$ 2,000,000	\$ 52,632	28%
TSAHC Perm	\$ 750,000	\$ 19,737	10%
Donor Contributions	\$ 732,750	\$ 19,283	10%
Borrower Contribution	\$ 172,000	\$ 4,526	2%
Grants	\$ 1,205,000	\$ 31,711	17%
Mabee Foundation - not secured	\$ 860,000	\$ 22,632	12%
FHLB Dallas - not secured	\$ 540,000	\$ 14,211	8%
Addy Foundation	\$ 50,000	\$ 1,316	1%
Hobelitzelle Foundation	\$ 30,000	\$ 789	0%
In-kind Contributions - secured	\$ 810,250	\$ 21,322	11%
Additional Grants in Progress	\$ 50,000	\$ 1,316	1%
Total Sources	\$ 7,200,000	\$ 189,473.68	100%

Uses	Amount	Amount Per Unit	Percentage of Total
Acquisition	\$ 595,000	\$ 15,657.89	8%
Off-Site Construction		\$ -	0%
On-Site Work	\$ 587,250	\$ 15,453.95	8%
Site Amenities	\$ 47,875	\$ 1,259.87	1%
Building Costs	\$ 3,900,461	\$ 102,643.71	54%
Other Const/Contingency/Contract	\$ 821,481	\$ 21,617.92	11%
Soft Costs	\$ 708,855	\$ 18,654.08	10%
Financing Costs	\$ 171,266	\$ 4,507.00	2%
Developer Fees	\$ 200,000	\$ 5,263.16	3%
Reserve Accounts	\$ 167,812	\$ 4,416.11	2%
Total Uses	\$ 7,200,000	\$ 189,473.68	100%

(Gap) / Reserve	\$ -
Percent of Developer Fee Deferre	0.00%

Jericho Village - MF Underwriting .xlsx - Operating Proforma

Operating Proforma

Applicant Agape Resource & Assistance Center, Inc Total Units: 38 Min. Set Aside Election: 40% @ 60% AMI
 Project Name Jericho Village Min. Afford. Units: 750000 % Affordable: 97%
 Afford. Units: 37 Accessible Unit Min. 2

Residential Income

Unit Type	Unit Sq. Ft.	Net Sq. Ft.	# units	Rent	Mo. Income	Inflator	Rent Limiter	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
30% Eff	6/1/2023	45,078	1	\$ 409	\$ 409	1.02	30% AMI	\$ 4,908	\$ 5,006	\$ 5,106	\$ 5,208	\$ 5,313	\$ 5,866	\$ 6,476
50% Eff	6/1/2025	137,427	3	\$ 750	\$ 2,250	1.02	50% AMI	\$ 27,000	\$ 27,540	\$ 28,091	\$ 28,653	\$ 29,226	\$ 32,267	\$ 35,626
60% Eff	464	464	1	\$ 921	\$ 921	1.02	60% AMI	\$ 11,052	\$ 11,273	\$ 11,499	\$ 11,728	\$ 11,963	\$ 13,208	\$ 14,583
						1.02		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30% 1br	740	740	1	\$ 430	\$ 430	1.02	30% AMI	\$ 5,160	\$ 5,263	\$ 5,368	\$ 5,476	\$ 5,585	\$ 6,167	\$ 6,809
50% 1br	740	2,960	4	\$ 795	\$ 3,180	1.02	50% AMI	\$ 38,160	\$ 38,923	\$ 39,702	\$ 40,496	\$ 41,306	\$ 45,605	\$ 50,351
60% 1br	740	1,480	2	\$ 978	\$ 1,956	1.02	60% AMI	\$ 23,472	\$ 23,941	\$ 24,420	\$ 24,909	\$ 25,407	\$ 28,051	\$ 30,971
						1.02		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30% 2br	826	1,652	2	\$ 516	\$ 1,032	1.02	30% AMI	\$ 12,384	\$ 12,632	\$ 12,884	\$ 13,142	\$ 13,405	\$ 14,800	\$ 16,340
50% 2br	826	8,260	10	\$ 955	\$ 9,550	1.02	50% AMI	\$ 114,600	\$ 116,892	\$ 119,230	\$ 121,614	\$ 124,047	\$ 136,958	\$ 151,212
60% 2br	826	1,652	2	\$ 1,174	\$ 2,348	1.02	60% AMI	\$ 28,176	\$ 28,740	\$ 29,314	\$ 29,901	\$ 30,499	\$ 33,673	\$ 37,178
80% 2br	826	4,956	6	\$ 1,613	\$ 9,678	1.02	80% AMI	\$ 116,136	\$ 118,459	\$ 120,828	\$ 123,244	\$ 125,709	\$ 138,793	\$ 153,239
MR	826	826	1	\$ 1,960	\$ 1,960	1.02	MR	\$ 23,520	\$ 23,990	\$ 24,470	\$ 24,960	\$ 25,459	\$ 28,109	\$ 31,034
						1.02		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50% 3br	1100	2,200	2	\$ 1,097	\$ 2,194	1.02	50% AMI	\$ 26,328	\$ 26,855	\$ 27,392	\$ 27,939	\$ 28,498	\$ 31,464	\$ 34,739
60% 3br	1100	1,100	1	\$ 1,350	\$ 1,350	1.02	60% AMI	\$ 16,200	\$ 16,524	\$ 16,854	\$ 17,192	\$ 17,535	\$ 19,360	\$ 21,376
80% 3br	1100	1,100	1	\$ 1,857	\$ 1,857	1.02	80% AMI	\$ 22,284	\$ 22,730	\$ 23,184	\$ 23,648	\$ 24,121	\$ 26,631	\$ 29,403
MR	1100	1,100	1	\$ 2,270	\$ 2,270	1.02	MR	\$ 27,240	\$ 27,785	\$ 28,340	\$ 28,907	\$ 29,485	\$ 32,554	\$ 35,943
								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotals:		210,995	38	\$ 41,385	\$ 41,385	1.02		\$ 496,620	\$ 506,552	\$ 516,683	\$ 527,017	\$ 537,557	\$ 593,507	\$ 655,280
Other income:				\$ -	\$ -	1.02		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Potential gross income								\$ 496,620	\$ 506,552	\$ 516,683	\$ 527,017	\$ 537,557	\$ 593,507	\$ 655,280
Residential vacancy loss						7.50%		\$ 37,247	\$ 37,991	\$ 38,751	\$ 39,526	\$ 40,317	\$ 44,513	\$ 49,146
Effective Gross Residential Income								\$ 459,374	\$ 468,561	\$ 477,932	\$ 487,491	\$ 497,241	\$ 548,994	\$ 606,134

Operating Expenses

	TSAHC est.	Borrower Yr 1	% EGI	Variance	Per Unit	Inflator	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
General & Administrative	\$ 22,686	\$ 7,600	1.65	-66%	\$ 200	1.03	\$ 7,600	\$ 7,828	\$ 8,063	\$ 8,305	\$ 8,554	\$ 9,916	\$ 11,496
Management Fee	\$ 19,456	\$ 23,093	5.03	19%	\$ 608	1.03	\$ 23,093	\$ 23,786	\$ 24,499	\$ 25,234	\$ 25,991	\$ 30,131	\$ 34,930
Payroll and Related	\$ 39,710	\$ 88,530	19.27	123%	\$ 2,330	1.03	\$ 88,530	\$ 91,186	\$ 93,921	\$ 96,739	\$ 99,641	\$ 115,512	\$ 133,910
Maintenance & Repair	\$ 30,628	\$ 24,312	5.29	-21%	\$ 640	1.03	\$ 24,312	\$ 25,041	\$ 25,793	\$ 26,566	\$ 27,363	\$ 31,722	\$ 36,774
Utilities	\$ 34,808	\$ 15,070	3.28	-57%	\$ 397	1.03	\$ 15,070	\$ 15,522	\$ 15,988	\$ 16,467	\$ 16,961	\$ 19,663	\$ 22,795
Insurance	\$ 20,140	\$ 22,800	4.96	13%	\$ 600	1.03	\$ 22,800	\$ 23,484	\$ 24,189	\$ 24,914	\$ 25,662	\$ 29,749	\$ 34,487
Tax Exempt	\$ -	\$ -	0.00	#DIV/0!	\$ -	1.03	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Debt Service Reserves	\$ -	\$ -	0.00	#DIV/0!	\$ -	1.03	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement reserves	\$ 9,500	\$ 9,500	2.07	0%	\$ 250	1.03	\$ 9,500	\$ 9,785	\$ 10,079	\$ -	\$ -	\$ -	\$ -
HTC/HOME Compliance Fees	\$ -	\$ -	0.00	n/a	\$ 40	1.03	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TSAHC AOC Fees	\$ 2,500	\$ 2,500	0.54	0%	\$ 45	1.03	\$ 2,500	\$ 2,575	\$ 2,652	\$ 2,732	\$ 2,814	\$ 3,262	\$ 3,781
Other (sp) Services	\$ 3,000	\$ 3,000	0.65	0%	\$ 79	1.03	\$ 3,000	\$ 3,090	\$ 3,183	\$ 3,278	\$ 3,377	\$ 3,914	\$ 4,538
Total Operating Expenses	\$ 182,428	\$ 196,405	8%		\$ 5,187.76		\$ 196,405	\$ 202,297	\$ 208,366	\$ 204,236	\$ 210,363	\$ 243,868	\$ 282,710
			state avg		\$ 5,520.00	per unit	\$ 5,169	\$ 5,324	\$ 5,483	\$ 5,375	\$ 5,536	\$ 6,418	\$ 7,440
							42.8%	43.2%	43.6%	41.9%	42.3%	44.4%	46.6%

NET OPERATING INCOME

\$ 262,969	\$ 266,264	\$ 269,566	\$ 283,255	\$ 286,878	\$ 305,125	\$ 323,423
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Jericho Village - MF Underwriting .xlsx - Operating Proforma

NET OPERATING INCOME

\$	262,969	\$	266,264	\$	269,566	\$	283,255	\$	286,878	\$	305,125	\$	323,423
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PRIMARY DEBT SERVICE	Principal	Rate	Amort	Term
Perm Loan - TBD	\$ 2,000,000	6.50%	30	15
TSAHC Perm	\$ 750,000	5.00%	30	15
Total Primary Debt	\$ 2,750,000			

Net Cashflow After Primary Debt

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$	151,696	\$ 151,696	\$ 151,696	\$ 151,696	\$ 151,696	\$ 151,696	\$ 151,696
\$	48,314	\$ 48,314	\$ 48,314	\$ 48,314	\$ 48,314	\$ 48,314	\$ 48,314
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	200,010	\$ 200,010	\$ 200,010	\$ 200,010	\$ 200,010	\$ 200,010	\$ 200,010

DSCR Primary Debt

\$	62,958	\$ 66,254	\$ 69,556	\$ 83,245	\$ 86,867	\$ 105,115	\$ 123,413
	1.31	1.33	1.35	1.42	1.43	1.53	1.62

SOFT SUBORDINATE DEBT & EQUITY

Donor Contributions	\$ 732,750			
Borrower Contribution	\$ 172,000			
Grants	\$ 1,205,000			
Mabee Foundation - not	\$ 860,000			
FHLB Dallas - not secure	\$ 540,000			
Addy Foundation	\$ 50,000			
Hobelitzelle Foundation	\$ 30,000			
In-kind Contributions - s	\$ 810,250			
Additional Grants in Pro	\$ 50,000			
Total Secondary Debt	\$ 4,450,000			
Total Sources	\$ 7,200,000			

Net Cash Flow of Secondary Debts

\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	62,958	\$ 66,254	\$ 69,556	\$ 83,245	\$ 86,867	\$ 105,115	\$ 123,413

Tab 9

Presentation, Discussion and Possible Adoption of Amendments to the Texas Housing Impact Fund (“THIF”) policies.

TEXAS HOUSING IMPACT FUND POLICY AND GUIDELINES

1. **Policy.** This policy has been adopted by the Texas State Affordable Housing Corporation (the “Corporation”) in order to organize and codify its administration of the Texas Housing Impact Fund (the “Fund”). The Fund supports the Corporation’s mission to promote equal access to safe, decent, and affordable housing with an emphasis on serving rural and underserved markets. The Fund provides financing to non-profit and for-profit developers for the purpose of increasing and preserving the stock of affordable housing throughout the state of Texas.
2. **Source of Funds.** The primary source of monies available to the Fund are investments made by public and private entities into the Fund’s loan fund. The Corporation also commits its own funds to the Fund and borrows funds from public or private entities. All loan commitments will be conditioned upon the availability of funds.
3. **Eligible Activities.** The Corporation uses the Fund for:
 - a. Construction Loans: Short-term financing for acquisition, construction or rehabilitation of affordable multifamily rental housing;
 - b. Permanent Loans: Long-term financing for affordable multi-family rental housing that has been newly built or rehabilitated;
 - c. Revolving Lines of Credit: Financing for the acquisition, construction and/or rehabilitation of single-family homes for sale to households of low and moderate income; and
 - d. Any other purpose deemed suitable under the Fund policies and approved by the Corporation’s Board.
4. **Use of Loan Proceeds.** Loan proceeds may be used for the acquisition of real property, on-site infrastructure, and the construction or rehabilitation of housing units. Loan proceeds may not be used for off-site infrastructure, administrative costs, general operating costs, or developer fees and profits. Eligible predevelopment and soft cost expenses may include, but are not limited to, environmental surveys, market assessments, engineering fees, architect fees, or other expenses approved by the Corporation.
5. **Application Process.** The Corporation accepts loan applications for eligible activities (“Developments”) on an ongoing basis. The Corporation will publish an application package to its website. Borrowers should download and complete the application pursuant to the guidelines included in the application. At a minimum, applications must be completed in the following manner:
 - a. All applications must be signed and dated as required in the application package;
 - b. The application submission fee must be submitted with the complete package;
 - c. Applications must be typewritten on the printed application provided by the Corporation. Handwritten applications will not be accepted: and
 - d. Electronic copies of an application must be readable using Adobe PDF Reader software. Each tab or attachment must be properly bookmarked. Scanned documents must be legible and printable on standard 11” by 8.5” paper.
6. **Application Review.**
 - a. Applications will be reviewed in the order they are received. Applications will be reviewed for Threshold Criteria (defined below) and, if thresholds are met, Underwriting Standards (defined below). The Corporation may delay the consideration of an application for an award if there are errors, omissions or insufficient documentation that the Corporation deems necessary to complete its review. If an application

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fails to fulfill the minimum Threshold Criteria for the Fund, the application will be terminated and notification will be provided to the borrower.

- b. Applications that pass the threshold and underwriting review processes will be presented to the Corporation's Loan Committee (defined below). If there are insufficient funds available at the time an application is brought to the Loan Committee the application may be held for a period of no longer than 90 days and reconsidered for funding if funds become available. After 90-days if funds are not available, the Corporation will return the application or commitment fees submitted by a borrower.
7. **Threshold Criteria.** All applications must meet the following minimum threshold criteria ("Threshold Criteria") to be presented to the Loan Committee:
- a. *Eligible Borrowers.* Any reputable and experienced entity engaged in affordable housing Development, including non-profit or for-profit builders, developers, partnerships, limited liability companies, municipalities, housing authorities, or other business entities as approved by the Board of Directors (the "Board") are eligible to apply for funding. The Corporation will not fund real persons or entities not registered with the Texas Secretary of State. All borrowers must also provide or meet the following requirements:
 - i. All borrowers must be registered with the Texas Secretary of State at least 30 days prior to the execution of a loan commitment;
 - ii. All borrowers must have a current certification of corporate status from the Texas Secretary of State and certificate of account status from the Texas Comptroller of Public Accounts;
 - iii. All non-profit borrowers must have valid and current IRS determination letters regarding their status as a 501(c)3 or (c)4 nonprofit corporation, along with a confirmation that the corporation is registered with the Texas Secretary of State as a non-profit; and
 - iv. Borrowers must demonstrate:
 - A. An acceptable history of repaying credit in a timely manner;
 - B. A reasonable plan for use and repayment of loan proceeds;
 - C. Payments of all taxes, license fees and other fees required by applicable state and federal statutes; and
 - D. Other requirements which may be applied on a case-by-case basis by the Corporation
 - b. *Experience Threshold.* All borrowers must be able to demonstrate sufficient experience in residential construction, the development of infrastructure, and marketing of affordable housing. Proof of experience may be demonstrated through evidence of past completed developments, partnerships with experienced developers, and other development experience as approved by the Corporation. At a minimum, a borrower must have developed a number of homes or housing units equal to at least one-half (1/2) of the number of units in the borrower's application. The Corporation may consider the experience of a borrower's staff and board in determining the borrower's experience.
 - c. *Affordability Threshold.* Affordability requirements will be based on the Corporation's statutory requirements and reasonable targets above the statutory minimums. Affordability requirements are different for Developments that target homeownership versus rental opportunities for low-income households. At a minimum the Corporation will require properties targeting rental housing to:

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- i. Reserve at least 20% of the total units in the Development for persons or families earning 50% of the area median income, as determined by the U.S. Department of Housing and Urban Development (HUD), based on the size of the unit and number of persons occupying the unit; or
- ii. Reserve at least 40% of the total units in the Development for persons or families earning 60% of the area median income, as determined by HUD, based on the size of the unit and number of persons occupying the unit.

For Developments targeting the renovation or construction of homes for sale to low-income households the Corporation will require the following affordability standards:

- iii. At least 51% of the homes renovated or constructed using a revolving line of credit will be sold to households earning 80% or less of the area median income (“AMI”) or Statewide Median Income, whichever is greater. The Corporation may require a minimum number of households earning 80% or less of the AMI (“Qualified Households”) based on the percentage of funds provided by the Corporation, the nature of the investment, and any other factors the Corporation deems necessary (the “Affordability Requirement”).
 - iv. All for-sale housing developed, regardless of whether the buyer is a Qualified Household or not, must be financed with fixed rate loans. Qualified Households must obtain homebuyer training from a certified Housing Counseling Agency. No homes may be sold with the use of non-profit or developer grants or down payment assistance that exceeds 5% of the appraised value of the home, unless otherwise approved in writing by the Corporation. Borrowers that do not fulfill Affordability Requirements will be subject to additional fees, fines or payments as determined by the loan agreement.
 - v. A Land Use Restriction Agreement (the “LURA”) or other restrictive covenant may be recorded with each housing unit and/or parcel of land developed.
- d. *Development Threshold.* To ensure that working families have safe, decent affordable housing, and to ensure long-term affordability and usability, homes must meet the following standards:
- i. All Developments, at the time of acquisition or completion of construction or rehabilitation, must meet all local building codes for the jurisdiction where they are located. If the Development is located in an area where no building codes are in place or have been adopted, the Development must meet the most recently published International Residential Code, or International Building Code;
 - ii. All Developments, at the time of acquisition or completion of construction or rehabilitation, must be compliant with the Federal Fair Housing Act Accessibility Standards, Titles II and III of the Americans with Disabilities Act of 1990, Texas Minimum Construction Standards and §2306.514 (visitability guidelines) of the Texas Government Code. Borrowers must submit to the Corporation a certification from the project architect, engineer or other third-party building inspector that the proposed Development will meet or exceed the above listed accessibility requirements;
 - iii. All Developments, at the time of acquisition or completion of construction or rehabilitation, must be compliant with the U.S. Department of Energy’s Energy Star Fund, as confirmed by a certified third-party Home Energy Rating System (“HERS”) inspector or as certified to by the Development’s architect or engineer. Applicants may propose the use of an alternative local, state or national

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energy efficiency standard, which must be approved by TSAHC staff in writing prior to application;
and

- iv. All Developments, at the time of acquisition or completion of construction or rehabilitation, must have sidewalks, driveways and streets that are compliant with the Americans with Disabilities Act and Fair Housing Accessibility Standards.
- e. *Environmental Threshold.* The Corporation will consider environmental or site-specific conditions, including, but not limited to, adjacent or nearby land uses in determining the risk of environmental hazards. If the Corporation, in its sole determination, finds that an environmental hazard creates a risk to the health and well-being of Qualified Households, an application may be denied funding. The Corporation will also require the submission of a Phase I Environmental Site Assessment for multi-site or multifamily rental developments that involve the construction of more than 4 units of housing. If applicable, a Phase II Environmental Site Assessment may be required. At loan closing borrowers must agree to an environmental indemnity, in favor of the Corporation, in a form provided by the Corporation's Counsel.
- f. *Relocation Threshold.* The Corporation will not award funds to any Development which may cause the displacement of a Qualified Household. Borrowers may propose Developments that temporarily displace Qualified Households, as long as there are sufficient funds to assist Qualified Households with temporary relocation costs.
- g. *Aggregate Exposure Limits.*
 - i. The Corporation will maintain a maximum aggregate exposure limit ("Aggregate Exposure Limit") of \$3 million dollars. This policy will limit any single borrower, or group of related entities, from receiving outstanding loans from the Fund in an amount greater than the Aggregate Exposure Limit. The Aggregate Exposure Limit excludes loans made through one of the Corporation's conduit lending channels.
 - ii. Aggregate Exposure Limit risk policies are made with the understanding that in instances where the Corporation is asked to make an additional loan commitment to a strong borrower that would exceed the exposure limit, (1) the Board may permit a policy exception, or (2) the Corporation will make an effort to refer the borrower to other sources of financial assistance. Moreover, in instances where the risk exposure limit is not exceeded, but the Corporation's fund balances are exhausted, the Corporation may seek external sources of loan guarantees or may require additional requirements on the collateral position.
 - iii. For purposes of this Policy, loans will be grouped by borrower and related entities. Related entities will include those corporations, partnerships and limited partnerships where the borrower or sponsor has an equity stake. It will also include those loans where the borrower or sponsor is a guarantor.
- 8. **Underwriting Standards.** The Corporation will review all applications that meet Threshold Criteria, using the following underwriting standards ("Underwriting Standards"). Borrowers must understand that Underwriting Standards are subjective in many aspects. The Corporation's lending activities are generally subject to greater risks than typically experienced by conventional lenders and therefore must utilize criteria that are not easily measurable. The Corporation's review process will consider five key factors to determine feasibility of a Development:

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- a. *Financial Feasibility.* The Corporation will thoroughly evaluate the Development budget, cash flow analysis, and pro forma to determine the feasibility of each Development. The Corporation will use the following minimum standards to determine feasibility:
- i. **Loan to Value Ratio (LTV):** Generally, the maximum LTV for all loans is 80%. The LTV will be calculated on the amount of the loan request and the total appraised value of land and completed on-site improvements including housing units. The Corporation may consider other loan-to-value limits based on financial strength and the amount of guarantees provided by the Applicant;
 - ii. **Sales and Income Projections.** For applications to develop for-sale housing, the cash flows and proforma sales projections must demonstrate that 100% of the principal balance and interest can be repaid prior to the Maturity Date (as defined herein) of the loan. The Corporation may include extensions to the Maturity Date in its calculation of sales projections;
 - iii. **Debt Coverage Ratio.** All rental Developments must maintain, for the life of the loan or 15 years, whichever is longer, a minimum debt coverage ratio (DCR) of at least 1.15. The Corporation reserves the right to raise the minimum DCR requirement based on the source of funds to be used and the perceived risk of the transaction;
 - iv. **Vacancy Rate.** For rental Developments, the Corporation will use a minimum vacancy rate of 7% for all loans. Developments with 100% Project Based Section 8 Vouchers may be underwritten using a vacancy rate of 5%. The Corporation may use higher vacancy rates based on the current and historical rate reported in the third-party market analysis or data obtained by the Corporation;
 - v. **Expense Ratio.** For rental Developments, the Corporation will limit the amount of operating expenses to 70% of effective gross income (“EGI”) for the life of the loan or 15 years, whichever is less. The calculation of operating expenses and EGI will be determined solely by the Corporation;
 - vi. **Repayment Sources.** The Corporation will consider the availability of repayment financing commitments in its analysis. Borrowers must submit executed commitment agreements to the Corporation for consideration in underwriting. The Corporation will work with borrowers to review alternative-financing structures; ~~and~~
 - vii. **Reserve Requirements.** All rental Developments are subject to the following escrows and reserve accounts:
 - A. Escrows may be required for property taxes and insurance;
 - B. Replacement Reserves for Developments involving the permanent financing of multifamily rental developments will be: \$250 per unit per year for new construction Developments; or \$300 per unit per year for rehabilitation Developments; and
 - C. Operating Reserves in the amount of 2 to 6 months of operating expenses plus debt service; ~~and-~~
- ~~C.viii.~~ Asset Oversight and Compliance Costs: Asset Oversight and Compliance fees will be included for any multifamily permanent or term loan in the estimate of operating expenses and

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will include, at a minimum, the Corporation's Asset Oversight and Compliance Fee, as well as any fees required by TDHCA or other financial sources.

- b. *Collateral.* The Corporation strives to make loans that are fully collateralized through real property, letters of credit, or other financial instruments. The Corporation may consider unsecured loans for predevelopment lending on a case-by-case basis. In the case of real property, the Corporation will obtain a primary or subordinate mortgage lien on the subject real estate with full recourse to borrower evidenced by a security agreement and UCC-1 filings. Assignments of rents, leases and contracts affecting real estate may also be taken. When appropriate, a secondary source of collateral repayment may also be identified (e.g., personal guarantees, assignments or other appropriate security) if the Corporation determines that its primary source of collateral could deteriorate.
- c. *Financial Strength.* In order to assess the financial strength of every Borrower, the Corporation will require all Borrowers to submit the most recent 2-years of audited financial statements, and year-to-date balance sheet statements. If the Borrower does not conduct an annual corporate audit, 2- years of income tax statements, an Independent Accountants' Review Report with financial statements for the most recent 2-years, and year-to-date balance sheet and income statement will be acceptable.

Based on the Corporation's review of the financial statements, Borrowers may be required to provide a personal guarantee or letter of credit to meet the Corporation's financial strength requirements.

- d. *Market Conditions.* The Corporation will require the submission of market conditions data by borrowers, and may conduct its own assessment of market conditions to determine the feasibility of the Development. Market data that will be required includes current information on demographics, population growth, employment trends, median homes prices, zoning requirements, absorption rates, and any other indicators of the market capacity for the Development.
 - e. *Community Impact.* The Corporation will evaluate the Development in the context of the Corporation's organizational mission. Specifically, the Corporation will evaluate the degree of housing need in the local community and the number of units to be produced by the Development. The Corporation will give priority to Developments that include short-term LURAs, equity limitation provisions or other mechanisms that ensure the affordability of housing units.
9. **Targeted Housing Needs.** In order to increase the production of housing located in rural areas and/or accessible to persons with disabilities, the Corporation will provide an interest rate reduction in the amount of .25% from the minimum interest required in this policy if the Development meets one or both of the following standards:
- a. **Rural development:** The property is located within an area that is: (a) outside the boundaries of a primary metropolitan statistical area (PMSA) or metropolitan statistical area (MSA); or (b) within the boundaries of a PMSA or MSA, if the area has a population of 20,000 or less and does not share a boundary with an urban area; or
 - b. **Accessible rental Development:** All ground floor units are designed to be accessible for persons with mobility impairments and at least 30% of all units in the development are accessible for persons with mobility impairments and/or visual and hearing impairments. For for-sale Developments all single-family new construction homes are required to be accessible pursuant to the Corporation's development standards.

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10. **Awards.** Once the Corporation has determined that an application has passed all Threshold Criteria and Underwriting Standards the application will be submitted to the Loan Committee made up of an appointee of the Board, and the Corporation's President, Executive Vice President, and Chief Financial Officer. The Loan Committee will review a loan summary, underwriting report, and any additional supplementary materials collected and prepared for presentation by the Fund manager. The Loan Committee must have a simple majority vote of a quorum of the members to approve an award or recommendation to the Board. A quorum of the Loan Committee will be at least three members. If a loan is not approved, the Corporation will notify a borrower, in writing, that the application was not approved. The approval of loans will be limited in the following manner:

- a. The Loan Committee may approve awards pursuant to this policy up to but not exceeding \$500,000.
- b. The Loan Committee may approve awards up to but not exceeding \$2 million if the Corporation is acting as a conduit for another financial institution that will purchase the loan upon closing.
- c. The Loan Committee will present all other loans to the Board for consideration and/or approval.

11. **Commitment of Funds.** The Corporation will provide borrowers whose loans have been approved a letter detailing the commitment of funding made by the Corporation ("Commitment Letter"). The Commitment Letter will detail the rates, terms and other conditions of the loan, as well as any due diligence materials or documents that must be submitted by the borrower prior to closing. The Commitment Letter will set timelines for the execution of the commitment, payment of fees and closing of the loan. The borrower will be solely responsible for fulfilling the requirements of the Commitment Letter. The Corporation will have the right to terminate any Commitment Letter if it becomes aware of any changes or adverse events that may conflict with assumptions made during underwriting or that negatively affect the financial position of the borrower. Commitment Letters shall be valid for a period of time not more than 180-days after the proposed closing date approved during the award process. The Loan Committee may approve one extension of 90-days. If any additional extensions are warranted, they must be approved by the Board.

11.12. **Loan Agreements.** The Corporation's President and Executive Vice President, will be authorized to consent to, accept, execute and attest any such agreements, assignments, certifications, contracts, documents, instruments, releases, financing statements, letter of instruction, written requests, Notices of Intent, Commitment Letters, closing documents and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Policy

12.13. **Structure of Loans.** The Corporation will structure loan agreements, rates and terms using the following guidelines:

- a. *Term.*
 - i. For revolving lines of credit used for the construction of new homes or rehabilitation of existing homes for sale to Qualified Households, the standard length of loan agreements will be 24 months from the date of closing ("Term"). Full repayment of the line of credit will be due on the first day of the month following the end of the loan Term (Maturity Date"). Borrowers may be granted one 6-month extension to the Maturity Date, if certain benchmarks are met in the development process as detailed in the loan agreement.
 - ii. For rental housing developments, the Term of loan agreements may be between 5 and 15 years. The amortization period for loans will be based on the financial analysis and source of funds but

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is generally 20 to 30 years. The Corporation's maximum term and amortization period will be 40 years. Full payment of principal and interest must be made by the end of the Term or the Maturity Date. The Corporation may set other Term or renewal schedules, as necessary.

- iii. For construction loans to rental housing developments, the standard length of loan agreements will be 24 months from the date of construction loan closing ("Term"). Full repayment of the loan will be due at the sooner of: 1) the Borrower's closing on permanent financing sources; or 2) on the first day of the month following the end of the loan Term (Maturity Date"). Borrowers may be granted one 6-month extension to the Maturity Date, if certain benchmarks are met in the development process as detailed in the loan agreement.
 - iv. For predevelopment loans, the Term of the loan will be two years. Full payment of principal and interest must be made by the end of the Term or the Maturity Date. The Corporation may set other Term or renewal schedules, as necessary.
- b. *Interest Rate.* Interest rates for the Fund are generally set at a fixed rate of interest above the Corporation's cost of funds. The minimum interest rate for the Fund will be at least two percent (2%) above the cost of funds to the Corporation, except as may be permitted in accordance with this policy. The cost of funds (the "Cost of Funds") will be calculated using the blended interest rates of all sources to be used in the financing. Loans not paid in full at the Maturity Date or extended Maturity Date will accrue interest at a rate of fifteen (15.00%) annually after the Maturity Date has passed. Interest rates for the Fund will be set based on the following factors:
- i. *Base Rate:* the base rate ("Base Rate") is the Corporation's lowest possible rate and is equal to its cost of funds, whether the source of funding is from investments, grants or other sources;
 - ii. *Cost of Operations:* The Corporation will generally add two-percent (2%) to the Base Rate to cover its cost of operations. The Loan Committee may make reasonable adjustments based on the characteristics of the loan on a case by case basis.
 - iii. *Default Risk:* The Loan Committee may add to the Base Rate an amount based on their review of the Borrower's financial statements, experience, market conditions, or any other factors the Loan Committee deems reasonable;
- c. *Payment.*
- i. For revolving lines of credit used for the construction of new homes or rehabilitation of existing homes for sale to Qualified Households, the Loan Committee may approve (1) payments of interest on a monthly basis, with all accrued interest, if any, and principal due upon sale of the home; or (2) payments of principal and interest, if any, made from the net sales proceeds (i.e., those proceeds remaining after the payment of normal and customary closing costs) received from the sale of lots or homes. Interest payments will be calculated on the principal balance of the loan outstanding from time to time and based upon the actual number of days elapsed divided by 360. Payment of all principal and interest, if any, will be made from financial guarantees within 45 days after the Maturity Date in the event that full payment has not been made.
 - ii. For rental housing developments, Payments of principal and interest must be paid on the first of each month from revenues of the Development (or from any guarantees if revenues are not available) in accordance with an amortization schedule as discussed under "Term" above. Interest payments shall be calculated on the principal balance of the loan outstanding from time to time

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and based upon the actual number of days elapsed divided by 360. Payment of all principal and interest, if any, will be made from financial guarantees within 45 days after the Maturity Date in the event that full payment has not been made.

- iii. For construction loans to rental housing developments, payments of interest on the outstanding principal balance of the loan shall be due on the 1st of each month, with all accrued interest, if any, and principal due upon the Borrower closing on permanent financing or the Maturity Date, whichever comes first.
 - iv. For predevelopment loans, payments of interest are due on a monthly basis, with all accrued interest, if any, and principal due upon closing on construction financing for the proposed project(s). Payment of all principal and interest, if any, will be made by financial guarantors within 45 days after the Maturity Date in the event that full payment has not been made by the Borrower.
- d. *Late Payments, Delinquencies, and Defaults.* The Corporation will maintain complete records of the status of each loan, including any late payments, delinquencies or defaults. Penalty fees may be assessed in compliance with loan documents and state laws. Each of the following events will be considered events of default for the purpose of the loan documents:
- i. If a loan payment is more than ten (10) days late, a notice of late payment will be forwarded to the borrower and a late fee of Fifty Dollars (\$50) will be added to principal balance of the loan.
 - ii. If a loan payment is more than twenty (20) days late, the Corporation will notify Borrower in writing and demand immediate payment.
 - iii. If a loan payment is more than 30 days late, a notice of default will be issued by the Corporation to the Borrower in writing. An additional late fee of Fifty Dollars (\$50) will be added to the principal balance of the loan.
 - iv. If a loan payment is more than 45 days late the Corporation will issue a second notice of default to the Borrower in writing, and a report will be provided to the Corporation's Board, unless all defaults are cured prior to the next regularly scheduled Board meeting. Staff may make the following recommendations to the Board including, but not limited to:
 - A. Correspondence or meeting with members of the borrower's mangers and/or officers;
 - B. An on-site inspection of borrower's operations, including their books;
 - C. The sending of a third notice of default;
 - D. The charging of additional late fees;
 - E. The development of a re-structuring plan; and/or
 - F. Other action staff may recommend.
 - v. If a loan payment is more than Sixty (60) days late the Corporation's Loan Committee may be convened for a special meeting. The Loan Committee will examine the situation, based upon a meetings and communication with the borrower and a detailed account of operational information. The Loan Committee may carry out the following actions:
 - A. A loan re-structuring;

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- B. A strategy to sell the loan;
 - C. A notice of intent to foreclose; and/or
 - D. A further forbearance of action based upon certainty of repayment and confidence in operations.
- e. *Foreclosures.* Notwithstanding the timeline provided above, in the event the Corporation determines in its sole discretion that a foreclosure action is necessary to protect its security for the loan prior to the 30th day after an event of default, the Corporation may initiate foreclosure proceedings prior to such date. The Corporation will consider foreclosure as a last option when considering actions on loans in default. In instances of foreclosure, the Corporation will make a detailed assessment of the situation to the Board, including a full analysis of the plans and consequences of foreclosure. All foreclosure proceedings and actions will be done in such a way as to provide maximum protection for the Corporation and for the interest of affected parties, especially any families or individuals who have committed to purchase housing units. In the event of a collateral liquidation, every attempt will be made to cover the cost of the Corporation's loan principal, accrued interest, if any, and the transaction costs of liquidation (i.e. legal, marketing, staff time).
- f. *Subordination.* On a case by case basis, the Corporation may agree to subordinate the payment of its loan to that of one or more senior loans. In addition, the Corporation may also agree to allow a loan to be payable only from net cash flow in specific circumstances. All decisions regarding subordination will first be made by the Loan Committee; however, if the terms of subordination are not typical in the marketplace for a particular type of transaction, the determination will be provided by the Board.
- g. *Multifamily Permanent/Take-Out Term Financing.* Interest rates for multifamily permanent loans will be locked ("Rate Locked") no more than 60-days prior to closing, unless otherwise approved by the Board. Closing of permanent loans will occur simultaneously with a Development's acquisition and/or construction financing, in order to properly secure TSAHC's lien position. Borrowers may request a forward rate lock ("Forward Rate Lock"), which may occur up to 9-months in advance of closing. A non-refundable Forward Rate Lock fee equal to .5% of the loan amount will be due and payable on the date of Rate Lock. The Forward Rate Lock fee will be credited to the Commitment Fee, for the project.
- h. *Infrastructure and Single-Family Subdivision Loans.* ~~All~~ Loans used for the development of new subdivisions or the construction of infrastructure will require the borrower to meet certain marketing and/or pre-sale requirements. If the borrower will be constructing site improvements to the property, the borrower must present a sales contract(s) for at least 70% of the proposed lots. If the borrower will be the primary contractor for completed housing units, the borrower must provide a sales contract(s) for at least 40% of the lots and homes to be developed. The Corporation may also require a purchaser waiting list that includes at least 50% of the number of lots or housing units to be developed will be limited to projects that meet the following criteria:
- i. The TSAHC loan will not account for more than 50% of total infrastructure costs and the Borrower has demonstrated prior to closing that all other infrastructure costs have been secured and will be available at closing;
 - ii. The Borrower has a waiting list of eligible income qualified homebuyers and has demonstrated a track record of building and selling income restricted homes for a period of more than 5-years, or has sold more than 3-times the number income restricted homes as proposed;

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iii. TSAHC's loan will be secured in a first lien position on all parcel at the time of closing and repayment of the principal allotted to each parcel will be repaid at sale of each home;

g-iv. At least 80% of TSAHC's loan must be used for direct construction activities.

h-i. Revolving and Renewable Loans: The Corporation may consider on a case-by-case basis revolving loans that allow borrowers to pay back all or a portion of the principal balance and later draw additional funds against the principal balance during the initial Term. The Corporation may consider on a case-by-case basis renewable loans that allow the borrower and Corporation to agree upon the terms of renewing a loan after the full payment of principal balance and interest of the original loan. Renewable loans will require the payment of closing fees, as well as the setting of a new Term, Interest Rate and Maturity Date.

i-j. Equity Investments. The Corporation will consider any financing, loan or investment of funds into a Development as an equity investment ("Equity Investment") when the borrower cannot provide sufficient guarantees or owner equity, as determined by the Corporation. The Corporation may consider Equity Investments in Developments that serve households at 50% or below AMI or special needs populations. A minimum number of 50% AMI households or special needs units may be required based on the amount and nature of the contributions made by the Corporation. Additional fees or charges may be included in loan payment terms for units or lots sold to non-qualified households.

j-k. Deferred Forgivable Loans: The Corporation may award deferred forgivable loans in cases where the funding source used for the loans is specifically designated for such purposes by the funding entity. In such cases, the Corporation may permit zero interest (0%) loans to be issued, where repayment of the principal is deferred and potentially forgiven if the Borrower fulfills all other requirements of the loan agreement.

k-l. Loan Participations: The Corporation may participate with other lenders in providing loans to qualified Borrowers through a participation agreement ("Participation Agreement") in order to minimize lending risk and to expand the number of affordable housing projects we can finance. The Participation Agreement shall define the amount of participation by both parties, the terms and rates of the loan, and the responsibilities of each party. Generally, the Corporation will work to be the lender responsible for servicing the loan, collecting payments and conducting oversight of the Borrower.

~~13.1. **Commitment of Funds.** The Corporation will provide borrowers whose loans have been approved a letter detailing the commitment of funding made by the Corporation ("Commitment Letter"). The Commitment Letter will detail the rates, terms and other conditions of the loan, as well as any due diligence materials or documents that must be submitted by the borrower prior to closing. The Commitment Letter will set timelines for the execution of the commitment, payment of fees and closing of the loan. The borrower will be solely responsible for fulfilling the requirements of the Commitment Letter. The Corporation will have the right to terminate any Commitment Letter if it becomes aware of any changes or adverse events that may conflict with assumptions made during underwriting or that negatively affect the financial position of the borrower.~~

14. **Fees.** The Corporation will be authorized to charge fees, penalties or other monetary accruals in the following manner:

a. *Application Fee.* The Corporation may require the payment of an application fee (the "Application Fee") to cover the cost of document preparation, data entry, staff review time and other expenses as necessary. The Application Fee will be no greater than \$500, and may be waived for non-profit applicants. An

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application will not be accepted by the Corporation unless it is accompanied by the appropriate Application Fee.

b. **Origination and Commitment Fees.** The Corporation may collect at closing a commitment fee (the "Commitment Fee") in an amount of one-percent (1%) of the approved loan amount, but not less than \$2,500. For revolving lines of credit, the Corporation may collect an origination fee (the "Origination Fee") of \$250 for each property added to the revolving deed of trust, and may collect a Commitment Fee less than one-percent of the approved loan amount, as long as, the sum of the Commitment Fee and projected Origination Fees is equal to or greater than one-percent of the approved loan amount.

c. **Closing Fee.** For Predevelopment loans, the Corporation may collect at closing a fee equal to the greater of 2% of the loan amount or \$1,500. This fee may be waived by the Corporation on a case by case basis, if the Corporation's funding source for Predevelopment loans includes funding of administrative costs.

e.d. **Asset Oversight and Compliance.** For multifamily rental permanent and term loans, until the maturity date of the loan, or such other period as required by the Development's funding, an annual fee in an amount equal to the greater of \$45 per unit or \$2,500 for each property included in the Development shall be paid to the Corporation in advance each calendar year. The first calendar year's fee shall be paid at closing. The second calendar year's fee, and all subsequent year's fees, shall be paid on or before February 10 of the applicable year. Beginning with the third annual payment the fee shall increase by 2% per annum, with a maximum increase of 20% or ten annual increases. The Corporation may require the payment of the Asset Oversight and Compliance fee to be guaranteed by the Development owner and/or sponsor(s).

15. **Loan Closing.** Borrowers will receive instructions with the Commitment Letter that detail the required steps and actions necessary to close on their loan. The Corporation may require the following documentation prior to closing:

- a. Appraisal;
- b. Site and Development Plans;
- c. Final Budget and Timeline;
- d. Construction Contracts;
- e. Financial Statements;
- f. Certificates of Corporate Status;
- g. Title Insurance;
- h. Surveys;
- i. Insurance;
- j. Legal Opinions;
- k. Fees and Expenses;
- l. Proof of Zoning;
- m. Loan Documents; and

TEXAS HOUSING IMPACT FUND POLICY AND GUIDELINES

n. Other documents as required by the Corporation.

16. **Construction Loan Administration.**

- a. *Draw Requests.* Borrowers are required to submit requests for reimbursement or advances on their line of credit using forms provided them by the Corporation. Contractor/Supplier invoices are required to maintain oversight of construction procedures and fiscal management.
- b. *Site Inspections.* The Corporation may engage an experienced construction supervisor or architect to act as the Corporation's inspector. The inspector will perform site visits for each draw request to evidence work-in-place, conformity with plans, specifications and building standards. The cost of inspections will be paid by borrowers, from loan proceeds if desired.
- c. *Advances to Borrower.* The Corporation may allow borrowers to receive loan funds in advance of the start of construction activities, based upon the sole determination of the Corporation. Advances for new construction activity will be limited to \$25,000 and advances for renovation or rehabilitation activities will be limited to \$15,000. Additional advances of loan funds may be approved based upon the borrower's continued compliance with the terms and conditions of the loan.
- d. *Retainage.* The Corporation will withhold 10% from each draw request made by the borrower and a total of 10% from the loan amount until the later of (a) the date when all contractors and/or subcontractors have submitted affidavits of lien releases for the subject property, or (b) 40 days after the borrower records an affidavit of completion in compliance with Texas Property Code 53.106.
- e. *Interest Reserve.* Wherever possible, the Corporation will require borrowers to pay interest from other Development sources or unrelated income. In instances where other sources are restricted, and/or unrelated income is unavailable or unreliable, the Corporation may permit a loan to self-fund accrued interest.
- f. *Third Party Lenders/Funders.* When possible, the Corporation will require other Development sources to fund prior to the Corporation's loan. When pro-rata funding occurs, the Corporation will seek to administer other Development sources. The Corporation will seek to hold all Development retainage when possible.

17. **Acquisition Loan Administration.** The Corporation may provide up to 100% of its loan funds for the purpose of acquiring real property if the Corporation's financial interest in property does not exceed 50% of the total projected Development costs. If the Corporation does provide proceeds for acquisition, borrowers must provide the Corporation with a complete loan closing document package at least 7 days prior to the anticipated loan closing date. The Corporation may deposit the full amount of acquisition loan proceeds into an escrow account with the mortgage title company not more than 5 days prior to the closing of the loan. If delays in closing occur and exceed 5 days, the full amount of funds placed in escrow will be returned to the Corporation immediately upon the Corporation's request.

18. **Loan Loss Reserves.** The Corporation will establish a reserve fund to cover the cost of financial losses to the loan portfolio and for the repayment of funds borrowed by the Corporation to fund loans ("Loan Loss Reserve"). The amount of Loan Loss Reserve will be equivalent to at least 5% of the principal balance of all outstanding loans, or at least 3 months of payments on borrowed funds, whichever is greater. The Corporation may maintain a higher amount of Loan Loss Reserves based on an assessment of loan ratings of all loans in the portfolio.

TEXAS HOUSING IMPACT FUND POLICY AND GUIDELINES

19. **Loan Monitoring.** The Corporation will establish and maintain loan monitoring procedures in order to maintain the Corporation's security interest and to assist borrowers in organizational growth and asset management. The Corporation will maintain data on the regularity of payments, annual financial statements of borrowers, status of Development from site inspections, and updates on the collateral value. The Corporation may provide technical assistance, when necessary, to borrowers. The nature and frequency of loan monitoring will be based on loan type, the life cycle of the loan (construction period, business cycle, etc.), performance, and overall risk evaluation, and will be included in the loan agreement.
20. **Monitoring Social Impact.** The Corporation will compile a report on the social impacts of the Fund (the "Social Impact Report") annually. The report presented to the Board and investors annually will include the following data:
- a. The geographic distribution of loans;
 - b. The type of loans;
 - c. The numbers and type of housing units created;
 - d. The economic and demographic characteristics of households; and
 - e. The leverage capacity of loans
21. **Conflict of Interest Policy.** The Corporation, in the process of reviewing and awarding loans under this Fund, will adhere to the conflict of interest policies set by the Corporation's Board and pursuant to §2306.5545 of the Texas Government Code. Additionally, at or prior to each Board meeting, each staff member and Board member will disclose the nature of any potential conflicts of interest that would be created by their participation in the discussion of a particular loan, application, membership or policy.
22. **Board Waivers.** The Corporation's Board may consider and approve a waiver to these policies at any time. Borrowers may request that the Board consider a waiver of these policies at a public meeting of the Board.

Texas State Affordable Housing Corporation

Texas Housing Impact Fund

Agenda Item

Presentation, Discussion and Possible Adoption of Amendments to the Texas Housing Impact Fund (“THIF”) policies.

Summary

Staff presented draft amendments to the Texas Housing Impact Fund (“THIF”) policies in April of this year. The draft was published to our website and we received no public comment during this time. The following is a summary of the changes being requested for adoption at this time.

- Section 11, Commitment of Funds, is a new policy that clarifies the process of issuing commitment letters, the duration of commitments and requirements to obtain board approval for commitments extended more than 270 days after the initial commitment was made.
- Section 13 (g), Multifamily Permanent/Term Financing, has been added to provide clarity on TSAHC’s process of locking interest rates in advance of closing on multifamily permanent loans, along with fees for locking interest rates.
- Section 13 (h), Infrastructure and Single-Family Subdivision Loans, has been expanded to provide clear limits on the percentage of TSAHC funds that can be utilized in an infrastructure project, the minimum experience of Borrowers, lien positions, and requirements that 80% or more of TSAHC funds be used for actual construction activities.

Staff has added two additional changes related to TSAHC’s collection of asset oversight and compliance fees. While it has been our practice to conduct annual asset oversight and compliance reviews for a fee, we have never codified these fees in the THIF policies. Staff is requesting permission to add the language to Sections 8(a)(viii) and 14(d) that is consistent with our private activity bond policies, as they relate to the underwriting and collection of asset oversight and compliance fees.

If approved, the amended policies will be adopted and staff will update our website, application materials, and loan agreements, as needed.

Recommendation

Staff recommends that the Board adopt the proposed amendments to the Texas Housing Impact Fund (“THIF”) policies.

Tab 10

Presentation, Discussion and Possible Approval of the Publication for Public Comment of the Guidelines, Scoring Criteria and Targeted Housing Needs for the Allocation of Qualified Residential Rental Project Tax Exempt Bond Funds under the Multifamily Housing Private Activity Bond Program Request for Proposals and the 501(c)(3) Bond Program Policies for Calendar Year 2024.

Texas State Affordable Housing Corporation

2023-2024 Multifamily Tax-Exempt Bond Programs Policies and Request for Proposals

The Texas State Affordable Housing Corporation (the “Corporation”) has approved these policies and request for proposals (“RFP”) for its multifamily tax-exempt bond programs for calendar year 2023-2024. These policies and RFP are updated annually to inform the public of the Corporation’s process and guidelines for selecting residential rental properties to be financed with tax-exempt bonds, or similar obligations (the “bonds”) issued by the Corporation. All submissions-project applications must be submitted for review of threshold and scoring criteria at least 35 days prior to any presentation to the Corporation’s Board of Directors (the “Board” or “Directors”) for an Inducement Resolution.

1. Introduction.

- a. The Corporation is a public nonprofit corporation that primarily serves the housing needs of low, very low and extremely low-income Texans and other underserved populations who do not have comparable housing options through conventional financial channels. The Corporation accepts applications from developers (“Developers”) to acquire and rehabilitate, or construct new affordable residential rental developments (“Developments”). Pursuant to §§2306.554, 564 and 565 of the Texas Government Code, the Corporation is authorized to issue qualified 501(c)(3) bonds and to direct the Texas Bond Review Board (the “TBRB”) on the issuance of the portion of the state’s State of Texas’ (“State”) private activity bonds ceiling set aside for the Corporation under §1372.0231(a) of the Texas Government Code. The Corporation’s available volume cap for private activity bonds is 10% of the State’s available volume cap for residential rental private activity bonds. For 2023-2024, the amount is estimated to be approximately \$85.95 million. This volume cap is available for reservation until August 14, 2023-2024. Thereafter, the Corporation will be able to apply to reserve any additional available volume cap through the TBRB. There are no deadlines or sizing limitations on the amount of qualified 501(c)(3) bonds that the Corporation may issue.
- b. These policies and RFP have been adopted by the Corporation’s Board based on a review of the state’s strategic housing needs, the demonstration of local community support, and solicitation from local and regional housing organizations, pursuant to §2306.565 of the Texas Government Code. This RFP defines the methodology that staff will use to review applications and creates the criteria for scoring and ranking applications.
- c. This RFP will be extended month-to-month until such time as the Corporation chooses to close the RFP to further submissions, based on the amount of funds awarded or induced by the Board. A notice that the RFP has closed will be posted to the Corporation’s website, and written notice will be provided to any Developers who submit an application prior to the release of the closing notice. The Corporation reserves the right to re-open the RFP at any time.
- d. Contact Information. All questions about the RFP and application process can be directed in writing to:

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Development Finance Program
Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, Texas 78752
Tel. 512-477-3562
Email: MFBonds@tsahc.org

2. **Targeted Housing Needs.** Pursuant to §2306.565(b) of the Texas Government Code, the Board has identified target areas of housing need within the State ~~of Texas~~ (“Targeted Housing Needs”) for the issuance of qualified residential rental project bonds. The Targeted Housing Needs are based on research conducted by the Corporation, including a review of the State’s strategic housing needs, relevant housing needs assessments and information from local and regional stakeholders. To this end, the Board has adopted the following Targeted Housing Needs. The Corporation will only accept applications in response to this RFP that fulfill at least one of the Targeted Housing Needs.
- a. *At-Risk Preservation and Rehabilitation.* The preservation and rehabilitation of existing affordable rental housing is defined as existing housing in need of significant structural repairs and mechanical systems updates. The housing currently has a recorded regulatory agreement or land use restriction agreement (the “LURA”) placed on it by a public body, or currently has rental rates below market value which make it feasible to convert and preserve as affordable housing. Rehabilitation activities must result in the housing units being brought up to current energy efficiency, housing quality, local building code and accessibility standards. Developments may include temporary tenant relocation ~~expenses, but~~ expenses but may not cause the permanent relocation of existing low-income tenants. Public housing developments participating in the U.S. Department of Housing and Urban Development’s Rental Assistance Demonstration program are eligible under this section;
 - b. *Rural and Smaller Urban Markets.* The Corporation is dedicated to expanding access to rental housing in rural and smaller urban markets that are not generally targeted for housing expansion. Rural rental housing Developments must be located within an area that is: (a) outside the boundaries of a primary metropolitan statistical area (PMSA) or metropolitan statistical area (MSA); or (b) within the boundaries of a PMSA or MSA, if the area has a population of 20,000 or less and does not share a boundary with an urban area. Smaller Urban Markets rental housing Developments must be located within a city of less than 150,000 persons; but not within or adjacent to a PMSA or MSA of more than 500,000 persons;
 - c. *Senior and Service Enriched Housing Developments.* Senior and Service Enriched Housing Developments must meet at least one of the following definitions in order to qualify under this Targeted Housing Need category.

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- i. A proposed Development that meets the requirements of the federal Fair Housing Act and: a) is intended for, and solely occupied by, individuals 62 years of age or older; or b) is intended and operated for occupancy by at least one individual 55 years of age or older per unit, where at least 80% of the total housing units are occupied by at least one individual who is 55 years of age or older; and where the owner publishes and adheres to policies and procedures which demonstrate an intent by the owner and manager to provide housing for individuals 55 years of age or older. (See 42 U.S.C. Section 3607(b));
 - ii. A proposed Development that provides for integrated, affordable and accessible housing that offers the opportunity to link residents with on-site or off-site services and supports that foster independence for individuals with disabilities and persons who are elderly. Such Developments should also show a clear effort to coordinate housing and health services for residents; or
 - iii. A Development financed in accordance with limitations set by the Internal Revenue Service on Assisted Living Developments, and a) is affordable rental housing combined with minimal on-site medical or supportive services; b) is targeted to persons with disabilities, but with at least 75% of units open to any qualified renter; and c) has at least 10% of its units affordable to persons earning less than 30% of the area median income.
 - d. *Disaster Relief Housing.* The Corporation will consider any eligible multifamily residential rental housing Development, including rehabilitation and new construction, located in any one or more Texas counties identified in a Federal Emergency Management Agency disaster declaration to be eligible for financing under this RFP.
3. **Housing Needs Set-Aside.** To ensure that bonds will be available for specific housing needs, the Corporation has determined that until March 1, ~~2023~~2024, 20% of its annual available volume cap will be reserved for Developments that:
- a. Include at least 50% of housing units located in a qualified Rural or Smaller Urban Market, as described by this policy; or
 - b. Include at least 15% of housing units built to be accessible for persons with mobility impairments and special needs populations as defined by this policy.
4. **Application Submission.** The Corporation will publish an application package to its website. Developers should download and complete the application pursuant to the guidelines for completion included in the application instructions. The Corporation requires a nonrefundable application submission fee of \$2,000 for private activity bonds or \$2,500 for 501(c)(3) bonds.
5. **Application Review and Management.**

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- a. The Corporation will accept applications on an ongoing basis starting on October ~~32, 2022-2023~~ and until either 1) all of the anticipated private activity bond volume cap for ~~2023-2024~~ has been allocated to applications with approved inducement allocations, or 2) until May 1, ~~2023-2024~~. After May 1, ~~2023-2024~~, the Corporation may reopen the acceptance window in order to either 1) accept applications for the State of Texas' annual private activity bond volume collapse or 2) to utilize volume cap freed up from previous applications that were not able to close.
- b. Each application will be provided a submission date (Submission Date) based on the date the complete application and all fees were received by the Corporation.
- c. The Corporation requires at least 35 days to review an application for threshold and scoring criteria, before any presentation to the Board for approval. All applications that have completed the review process and fulfill the Corporation's threshold and scoring criteria will be presented to the Board for consideration of the approval of an inducement resolution ("Inducement Resolution").
- d. The Corporation may delay the presentation of an application to the Board if there are errors, omissions or insufficient documentation that the Corporation deems necessary to complete its review. Once all errors, omissions or insufficient documentation have been corrected, the application will receive a new Submission Date. If an application fails to fulfill the minimum threshold and scoring criteria, the application will be terminated and will not be considered for further review.
- e. Once an Inducement Resolution is approved, Developments must be able to move forward with an application for a reservation of private activity bond volume cap within 90-days. If a Development cannot proceed within this timeline, the Corporation may assign the project a new submission date and place the application at the end of our application pipeline, behind applications submitted after the original submission date.
- f. The Corporation may require a Developer to withdraw and resubmit an application for reservation of private activity bond volume cap, if the Developer is unable to submit their application for 4% housing tax credits within 30-days of the date of issuance of the docket number for their reservation from the Texas Bond Review Board. This requirement allows for better management of the Corporation's pipeline and reduces the need to obtain new docket numbers later in the review and approval process.
- g. The application and all materials submitted to the Corporation constitute public records subject to Tex. Gov't Code, Chapter 552. The application includes a certification acknowledging that the signatory has the authority to release all materials for publication on the Corporation's website and release them in response to a request for public information and make other use of the information as authorized by law. This includes all third-party reports, which may be posted in their entirety on the Corporation's website, as they constitute a part of the Application.

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6. **Threshold Criteria.** All applications submitted to the Corporation must meet the following minimum threshold criteria (“Threshold Criteria”) ~~in order~~ to be considered for an issuance of bonds by the Corporation. Applications that do not meet the criteria listed below will be subject to termination by the Corporation.

a. *Affordability Threshold.*

i. The Corporation seeks to provide housing to a mix of eligible households, including low, very-low and extremely-low income persons. Developers who are successful at receiving an award of private activity bonds shall agree to the following minimum terms and conditions through a ~~Regulatory Agreement~~regulatory agreement associated with the Development (“Regulatory Agreement”). At a minimum, all Developments will be required to meet the following income and rent restrictions:

A. A minimum of twenty percent (20%) of the units in a qualified residential rental development must have gross rents that are restricted to households with incomes no greater than fifty percent (50%) of the area median income (“AMI”), adjusted for family size, or at least forty percent (40%) of the units in the Development must be affordable to persons and families with incomes at or below sixty percent (60%) of the AMI, adjusted for family size.

B. Rent Restrictions. Gross monthly rent charged on an income restricted unit will not exceed 30% of the applicable AMI.

ii. Affordability Requirements shall be maintained for the greater of 15 years or as long as the Qualified Project Period, as defined in the Regulatory Agreement, for the bonds ~~are outstanding~~ is in effect.

b. *Experience Threshold.* Developers must demonstrate sufficient experience in the development, ownership, and/or management of affordable housing. Developers must submit evidence that they have been involved in the development or ownership of the greater of 75 units or 50% of the total proposed Development units. The Corporation may only give credit for projects that are determined to be successful examples of affordable housing development, which includes properties in continuing operation, historically and currently in compliance, and any other factors that the Corporation determines to be relevant.

c. *Construction Threshold.* All Developments, new construction and rehabilitation, must adhere to local building codes and standards. If a Development is planned in an area or community that does not have local building codes, then the most recent and approved version of the International Building Code or International Residential Building Standards must be used. A certification from the Developer’s architect, engineer or other third-

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party construction supervisor must be submitted prior to closing of the bonds or other obligations to be issued by the Corporation in connection with the financing. For Developments requiring rehabilitation of existing housing units, the Corporation will require the submission of a physical conditions inspection report and may conduct an onsite inspection of the property in order to complete its underwriting process. The Corporation may also suggest reasonable changes to the rehabilitation scope of work based on its inspection.

- d. *Compliance Threshold.* All Developments must adhere to the Corporation's Compliance Policies, which can be viewed on the Corporation's website at: www.tsahc.org. Developers and their affiliates will also be evaluated on prior compliance history with the Corporation's and any other state or federal affordable housing program. Developers who have completed projects involving housing tax credits within the State of Texas, must provide evidence that they have passed their most recent Previous Participation review and are considered in Category 1 or 2, pursuant to the Texas Department of Housing and Community Affairs multifamily program rules. The Corporation will require through its application process the submission of compliance information and references in order to evaluate a Developer's compliance history.
- e. *Resident Services Threshold.* The Corporation strives to maintain excellent resident services programs in the properties it finances. To meet this goal and better serve low-income tenants, Developers must maintain a sustained resident services program that provides at least six (6) approved services to tenants per quarter. Developers must ensure a dedicated budget for services, free transportation to services if off-site, and preferably on-site staff to direct services. The six (6) services ~~should~~ may be taken from the Corporation's Resident Services Program Guidelines, available on our website at: <https://www.tsahc.org/property-managers/compliance>
- f. *Energy Efficiency Threshold.* All Developments must adhere to the U.S. Department of Energy's Energy Star program standards, unless otherwise exempted by the Corporation. Developments, including either new construction or rehabilitation, shall meet these standards. Developers may obtain additional information regarding these standards directly from the Energy Star website: <http://www.energystar.gov>. This threshold must be certified to by the Developer's architect, consulting engineer, or other third-party energy efficiency consultant, prior to closing and based upon a review of the construction specifications or scope of work provided by the Developer's general contractor. Additional incentives for Green Building methods and energy efficiency are included as scoring items.
- g. *Environmental Review Threshold.* Prior to closing, the Developer is required to conduct a Phase I Environmental Site Assessment. At or prior to the closing of the financing, the Developer will be required to provide an environmental indemnity in the form satisfactory to the Corporation. For properties located in a Flood Plain with 1-percent

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annual chance of flooding, as identified by the Federal Emergency Management Agency (FEMA), Developers must provide a mitigation plan drafted by the Development's project engineer. The mitigation plan drafted by the project engineer must be submitted with the initial application and either 1) demonstrate that the project-Development will be built so that all residential and common use buildings are 18 inches or more above the stated flood plain, or 2) that flood risks can be mitigated through automated systems.

- h. *Relocation Threshold.* All Developments involving the rehabilitation, reconstruction or demolition of existing housing must provide evidence that all tenants, lease holders, property owners and/or residents have been notified at least 30 days prior to the submission of the bond reservation application to the TBRB, that:
 - i. The Developer intends to rehabilitate, reconstruct or demolish existing housing units; and
 - ii. The Developer must ensure that tenants' rights under all federal, state and local housing laws are upheld, including but not limited to extended lease agreements, rental assistance, and relocation assistance.
- i. *Accessibility Threshold.* All Developments must be designed, built and rehabilitated to adhere with the Fair Housing Accessibility Standards, Title II and III of the Americans with Disabilities Act, and §2306.514 of the Texas Government Code. Developers are encouraged to review these guidelines with their architects and/or construction teams prior to application submission. All Developments will be required to obtain a certification from the project architect, engineer or contractor that the final construction plans and/or rehab plan will meet or exceed the above listed federal and state accessibility standards.
- j. *Community Support Threshold.* Developers are required to collect community input on their Development proposals. All letters of support or opposition must be provided to the Corporation, as they are received. Developers must submit with their response to the RFP two (2) of the following documents in order to demonstrate community support for the proposed Development:
 - i. A letter of support from one or more of the following: Mayor; City Manager; City Administrator; Director of the Local Housing Finance Agency; Director of the Local Public Housing Agency; School District Superintendent; or County Judge, in the jurisdiction in which the Development is located;
 - ii. A resolution of support from the City Council, Local School Board or County Commissioner's Court. A resolution fulfilling the requirements for housing tax credits pursuant to section 2306.67021 of the Texas Government Code will be acceptable for this item;

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- iii. A letter of support from an affected neighborhood association, Chamber of Commerce or tenant council of a Development to be acquired;
 - iv. Evidence that a local government (city or county) entity is providing funding for the Development; and/or
 - v. A letter of support from the State Representative or Senator representing the district in which the proposed Development is located.
- k. *Underwriting Threshold.* The Corporation generally applies the same underwriting standards as required by the Texas Department of Housing and Community Affairs (“TDHCA”), to ensure consistency with the low-income housing tax credit underwriting process. The Corporation must receive all third-party reports, including but not limited to property condition assessments, environmental reports, market analysis and appraisals, that are required to be submitted to TDHCA. Additional minimum underwriting standards include:
- i. All Developments, and each property within a pooled transaction, must maintain a minimum Debt Coverage Ratio (“DCR”) of 1.15 for a period of no less than 15 years as underwritten by the Corporation;
 - ii. The Corporation generally does not permit amortization periods of more than 40 years. The Corporation may consider longer amortization schedules for service enriched and extremely low-income housing developments;
 - iii. The Corporation will include a reserve for replacement expense of not less than \$250 per unit annually for new construction developments and \$300 per unit annually for rehabilitation developments in the operating expenses for each Development. The Corporation may require a higher reserve amount based on information provided in the Property Condition Assessment (the “PCA”);
 - iv. Compliance fees will be included in the estimate of operating expenses and will include, at a minimum, the Corporation’s Asset Oversight and Compliance Fee, as well as any fees required by TDHCA or other financial sources; and
 - v. The Corporation will include other reasonable and documented expenses, including, but not limited to, depreciation, interest expense, lender or syndicator’s asset management fees, or other ongoing partnership fees in its underwriting analysis. Lender or syndicator’s asset management fees or other ongoing partnership fees will not be considered in the calculation of debt coverage.
- l. *Property Tax Exemption.* Developers must certify that they will, or will not, apply for a property tax exemption or payment in lieu of taxes (“PILOT”) agreement to reduce the property taxes due to local taxing entities. If a Developer agrees not to apply for a tax exemption or PILOT agreement, the Corporation will require a restriction to be added to the financing documents that prohibits any future application for exemption. If a

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Developer states that they will or may apply for a tax exemption or PILOT agreement, the Corporation will require a notification to the local tax appraisal district, school district superintendent and the County Judge where the Development is located that such an exemption or agreement will be requested. Developers will also be required to submit confirmation of any exemptions or final agreements to the Corporation.

- m. *Readiness to Proceed.* Developers must be able to demonstrate that the proposed Development is ready and able to move forward with the proposed financing. To do so the following documents are required to be submitted with the application.
- i. A letter from the Developer’s counsel stating that there are no known lawsuits or other legal actions against the Developer, Developer’s affiliates or involving the proposed Development site; and
 - ii. A copy of the application, letter of intent or term sheet from the proposed bond purchaser, underwriter, or originator. Letters of intent or term sheets from the proposed tax credit equity purchaser must be submitted prior to submission of an application for reservation of private activity bond volume cap.
- n. *Public Benefit Threshold for 501(c)(3) Bonds Only.* Pursuant to §2306.563 of the Texas Government Code and this Policy, the Corporation requires that all nonprofit organizations that receive an issuance of qualified 501(c)(3) bonds must invest at least one dollar in projects and services that benefit income-eligible persons for each dollar of property taxes that is not imposed on the Development as a result of a property tax exemption received under §§11.182 and 11.1825 of the Texas Tax Code. Projects and services must benefit income-eligible persons in the county in which the Development supported with the tax exemption is located and must consist of: (1) rent reduction; (2) capital improvement projects; or (3) social, educational, or economic development services, referred to hereafter as qualified public benefits (“QPB”). The Corporation has determined that the following guidelines are reasonable for the calculation and accounting of QPB:
- i. The Corporation shall require the value of any property tax exemption to be included in the operating budget of the Development and escrowed with the Trustee in an account (the “QPB Account”) prior to the repayment of any debt, management fees, performance fee, or any other fees that the Corporation determines relevant. The QPB account may be funded in advance with funds withdrawn for repayment of QPB activities, or may be included on the operating ledger as an account payable with QPB expenditures credited against the balance. On or before January 1st of each calendar year starting after the closing of the bonds, the Developer shall provide to the Corporation an estimate of the value of property tax exemption for that calendar year based on the appraised value provided to the Development by the county tax appraiser where the Development is located. The balance of funds to be escrowed or credited in the QPB Account

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may be reduced each month in an amount equal to the value of QPB expended by the Development each month. In the event that the QPB Account has a balance of funds existing, or owed as an account payable, if applicable, at the end of the calendar year the Developer or its guarantors shall advance the balance to the appropriate taxing entities on a pro rata basis. The QPB Account imposed by this section will be reduced by an amount equal to each dollar that, in lieu of taxes, a Developer pays to a taxing unit for which the Development receives an exemption prior to the end of the calendar year.

- ii. The Corporation has determined that the value of QPBs will be calculated in the following manner:
 - A. The value of rent reductions will be calculated using the difference between the most recent fair market rent (the “FMR”) published by the U.S. Department of Housing and Urban Development (the “HUD”) and the actual rent collected in each lease agreement. This includes rent concessions granted to households upon move-in, but not the absence or forgiveness of deposits. Rent reductions must be accounted for on a monthly basis, documented in each individual lease agreement that receives the benefit, and a notice given to each resident of the annual value of their rent reduction. Units that receive rental assistance payments of any kind are excluded from rent reduction calculations.
 - B. The value of capital improvements will be determined on a case-by-case basis for each Development and be specific to each Development or property within a pooled transaction. Capital improvement costs will not include regular maintenance, general repairs, or make ready costs associated with the daily operations of the Development. The Development may include the cost of rehabilitation to be completed as part of the issuance of new 501(c)(3) bonds or approved capital improvements paid for with proceeds from grants, tax credit equity, bond proceeds, loans or other forms of taxable debt, and may amortize the cost of those capital improvements over a five (5) year period. The repayment of taxable debt for capital improvements pursuant to this section B that actually reduces the equivalent amount of such taxable debt payable will be paid out of escrowed funds or credited against the QPB Account. Capital improvements may not account for more than 75% of the total annual QPB requirement.
 - C. The value of social, educational, or economic development services may be based on (1) the actual dollar amount expended by the Development towards such services at the time such services are provided to residents; (2) the value of volunteer services provided and coordinated by the

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Developer or its affiliates; and (3) the cost saving provided to tenants through services such as free on-site day care, free after school care and free lunch programs. The Development may only include the cost of services approved by the Corporation and must not include the value or cost of services provided to residents free of cost by third party entities.

- iii. The Corporation will require each Developer to certify that the Public Benefit Threshold has been met in accordance with this policy, and any future revisions of this policy, in their annual audit, to be filed with the Corporation within 120 days of the beginning of each fiscal year of the Development.
7. **Scoring.** Pursuant to §2306.565(e) of the Texas Government Code, the Corporation’s Board has adopted the following criteria to score and rank applications to the PAB program. The first three scoring criteria are required by state statute. The remaining criteria support the Corporation’s goals to target specific housing needs and underserved areas in the state. Applicants must achieve a minimum score of 50 points.
- a. *Cost Per Unit of Housing.* Applications may receive up to 15 points for proposing housing developments with total residential costs within the following ranges:
 - i. 15 points for:
 - A. Acquisition and rehabilitation costs equal to or less than ~~\$150~~165,000 per unit
 - B. New construction costs equal to or less than ~~\$160~~180,000 per unit; or
 - ii. 8 points for:
 - A. Acquisition and rehabilitation costs equal to or less than \$180,000 per unit
 - B. New construction costs equal to or less than ~~\$190~~200,000 per unit: or
 - iii. 15 Points for rehabilitation costs that exceed \$40,000 per unit in projects that meet the At-Risk Preservation and Rehabilitation Targeted Housing Need.
 - b. *Proposed Rents.* Applications may receive up to 15 points for proposing Developments that ensure a percentage of rents are affordable to very low and extremely low-income households. ~~Developments supported by project based rental contracts may not include units supported by project based subsidies in the calculation of the following set-aside selections:~~
 - i. 15 points – at least 5% of units will be reserved for families who earn 30% or less of the area median income without project based rental subsidy; or
 - ii. 10 points – at least 40% of units will be reserved for families who earn 50% or less of the area median income without project based rental subsidy.

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- c. *Income Range for Residents.* The Corporation is interested in promoting mixed income housing as a means to improve the lives of residents and build stronger communities. Applications that propose to ensure the following mixed income guidelines will receive 15 points:
- i. At least 20% of the total number of housing units will be available to person earning more than 60% of the area median income; or
 - ii. At least 15% of the total number of housing units will be reserved for persons earning between 80% and 120% of the area median income.
- d. *Small and Mid-sized Cities.* Applications will receive 10 points for Developments located in communities with populations less than 150,000 but not located adjacent to a PMSA or MSA with a total population of more than 500,000; or within the boundaries of a PMSA or MSA, if the area has a population of 20,000 or less and does not share a boundary with an urban area.
- e. *At-Risk Preservation.* Applications will receive 10 points for the acquisition and rehabilitation of Developments with current affordable housing rental contracts or land use restrictions. Applicants must demonstrate that the current rental voucher contract or land use restriction agreement (“LURA”) will be extended for at least 15 years from the date of closing.
- f. *Green Building Features.* Applications will receive 10 points for obtaining a certification from a qualified third party that the Development meets either:
- i. The minimum certification requirement of the U.S. Green Building Council’s LEED (“LEED”) program: or
 - ii. The Development achieves an Energy Star score for multifamily developments of 70 or higher; or
 - iii. Receives certification from an alternative local or statewide energy efficiency program, that has been approved by the Corporation. Applicants must submit information regarding the program to be used for scoring along with their application, and the Corporation will determine eligibility, in its sole discretion.

Applications will receive an additional 5 points (maximum of 15 points for this criterion) for meeting the Gold or Platinum certification standards for the LEED program, or an Energy Star score for multifamily development of 80 or higher. Certification may be based on the proposed construction plans, and the Development must obtain an official certification after completion of construction or rehabilitation.

- g. *Accessible Housing Features.* Applications, including those for rehabilitation developments, will receive 10 points for certifying that the Development will meet the following housing accessibility standards:

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- i. All housing units accessible through a ground floor entrance must have at least one no-step entry with a 36"-inch entrance door;
 - ii. All housing and community spaces will be accessible via pathways that meet ADA and Fair Housing accessibility standards;
 - iii. All doorways in ground floor units (including closets, bathrooms, storage areas, etc.) must have doors with at least a 32-inch clear opening;
 - iv. All doors must have lever handles and windows shall have accessible release and opening mechanisms;
 - v. All ground floor units must have at least one ground floor bathroom with an accessible bathtub or roll-in shower, and at least one ground floor bedroom;
 - vi. All electrical outlets, switches and control panels must be no higher than 48 inches and no lower than 15-inches; and
 - vii. All ground floor units must have kitchens that are accessible pursuant to the Fair Housing Accessibility Guidelines.
- h. *Local Public Funding.* Applications will receive 10 points for providing evidence that a commitment of financial support of at least \$250 per unit has been made by a unit of government to the proposed development. The only qualifying units of government will be Counties, Cities, Municipal Utility Districts, School Districts and Councils of Government. The Corporation considers fee waivers, grants and loans as financial support.
- i. *Letters of Local Support.* Applications will receive 15 points for submitting at least four letters of support from any combination of the following persons: Mayor; City Manager; County Judge; School District Superintendent; State Representative; or State Senator, whose district includes the Development site.
- j. *Developer Experience.* Applications will receive 5 points for providing evidence that the Developer currently owns, and maintains in compliance, a number of multifamily housing units at least twice the amount proposed in the Application.
- k. *Resident Services.* Applications will receive 10 points for agreeing to provide at least four (4) approved services to tenants on a monthly basis. This scoring criterion is a higher standard than the Corporation's threshold criteria for resident services.
- l. *Competitive Cycles and Tie Breakers.* Applications are accepted on a daily basis and may be scored and ranked with all other applications received by 5pm on the same day. In the event several applications are received on the same day and total requests for volume cap exceed the estimated amount available to the Corporation in ~~2023-2024~~, Applications will be prioritized and ranked in the following manner:

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- i. First, Applications that meet the Housing Needs Set-Asides of Section 3 of this document will be considered priority 1 projects. All other projects will be labeled as priority 2 projects: then
 - ii. Priority 1 applications will be ranked by score and allocated volume cap based on their ranking. If two or more applications have the same score then the following tie breakers will be used.
 - A. The application with the highest percentage of units serving households at or below 50% of area median income will be given priority, if tied then
 - B. The application with the highest total unit count, if tied then
 - C. The application with the lowest total development costs per unit will be given priority.
 - iii. Priority 2 applications will be ranked by score and will only be allocated volume cap if there is enough available. In the event of a tie among Priority 2 applications, the same tie breaker criteria will be used as for Priority 1 applications. Staff may recommend applications be induced to receive a forward commitment of volume cap in the following allocation year (i.e. an application applying for ~~2023-2024~~ volume cap would receive ~~2024-2025~~ volume cap) only if such reservation will not commit more than 25% of the next year's estimated allocation.
8. **Subsequent Filing Requirements.** Prior to final approval of the bonds or other obligations by the Board or the TBRB, Developers may be required to file such additional documents or statements in support of their Development as may be considered relevant and appropriate by the Corporation, which may include but are not limited to:
- a. Such additional information as requested by the Corporation's Municipal Advisor, Bond Counsel, or Issuer's Counsel;
 - b. A draft of any term sheet, official statement, prospectus, or other offering memoranda through ~~the use of which~~ the proposed obligations are to be offered, sold or placed with a lender, purchaser, or investor, which offering, sale or placement materials must contain prominent disclosure substantially to the effect that:
 - i. Neither the Corporation nor the State has undertaken to review or has assumed any responsibility for the matters contained therein except solely as to matters relating to the Corporation and to a description of the obligations being offered thereby;
 - ii. All findings and determinations by the Corporation and the State, respectively, are and have been made by each for its own internal uses and purposes in performing its duties under the legislation enabling the Corporation and this RFP;

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- iii. Notwithstanding its approval of the obligations and the Development, neither the State nor the Corporation endorses or in any manner, directly or indirectly, guarantees or promises to pay such obligations from any source of funds of either entity or guarantees, warrants, or endorses the creditworthiness or credit standing of the Developer or of any Guarantor of such obligations, or in any manner guarantees, warrants, or endorses the investment quality or value of such obligations; and
- iv. Such obligations are payable solely from funds and secured solely by property furnished and to be furnished and provided by the Developer and any Guarantor and are not in any manner payable wholly or partially from any funds or properties otherwise belonging to the Corporation or the State.

9. Public Hearings and Meetings.

- a. The Corporation's Board, at its own discretion, may require any Developer to attend a meeting to review the Developer's experience, qualifications, and/or the characteristics of a Development.
- b. The Corporation requires the Developer or a representative of the Developer, to attend public hearings where a Development is proposed. If the Development includes multiple sites in several cities, the Corporation will conduct the hearing at a location central to all development sites. All public hearings must be held prior to the final approval of the resolution authorizing the issuance of the requested debt by the Corporation's Board.
- c. With respect to public hearings required by Section 147(f) of the Internal Revenue Code and the related regulation ("TEFRA"), the Corporation will plan and post notice, at the expense of the Developer, of the hearing in the *Texas Register* and on the Corporation's website at least seven (7) days prior to the planned TEFRA hearing. The Corporation will schedule an appropriate date, time and location for TEFRA hearings based on the schedule of publication.
- d. The TEFRA Hearing may not be held (and notice of such Hearing may not be published) prior to the date the Corporation approves the Inducement Resolution; provided, however, that such hearings may be scheduled and posting of the hearing notice may be prepared prior to selection as long as (a) the Corporation's staff determines that such action is appropriate, (b) the hearing and publication of notice do not actually occur until after selection by the Corporation, and (c) the Borrower provides the deposit to the Corporation set forth herein.

10. Awards and Reservation of Volume Cap.

- a. Once the Corporation has approved an Inducement Resolution for a Development, the Corporation and its Bond Counsel will work with the Developer to prepare and time the submission of the application to reserve volume cap (Reservation Application) to the TBRB;

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- b. Applications approved for Inducement for the Corporation's ~~2023-2024~~ allocation of private activity bonds will have until May 1, ~~2023-2024~~ to notify the Corporation and its Bond Counsel they are prepared to move forward with a Reservation Application. Those not prepared to move forward, will be placed to the back of the list of Inducement Resolutions, and must be prepared to submit a Reservation Application within one year from the date of Inducement or the Corporation, in its sole determination, may terminate the award.
- c. In the event the Corporation has approved Inducement Resolutions in excess of its annual allocation, a Developer may choose to submit their Reservation Application to the TBRB to be considered for allocation on or after August 15, ~~2023~~2024, pursuant to Section 1372.022 of Texas Government Code. The Corporation cannot ensure the availability of private activity bond volume cap on or after August 15, ~~2023~~2024.
- d. The Corporation reserves the right in its sole discretion to modify, suspend or amend this program at any time, with or without further notice to any interested party. All costs incurred in the response or application process are the sole responsibility of the Developer. All decisions of the Corporation are subject to such additional conditions, restrictions and requirements as determined by the Corporation in its sole discretion. In addition, the Corporation's selection of proposed Developments for possible issuance of private activity bond cap is subject to final approval by the TBRB.

11. Bond Review Board Approval.

- a. Bonds, notes or similar obligations issued by the Corporation are subject to approval by the TBRB. TBRB rules provide an optional exemption from the formal approval process for the Corporation's multifamily conduit transactions unless such transactions involve an ad valorem tax reduction or exemption. If no ad valorem tax exemption or reduction is requested with respect to the Development, the formal TBRB approval process may not be required. However, if one or more TBRB members request it, the formal TBRB approval process must be followed. If so, representatives of the Developer are expected to attend the TBRB planning session and the TBRB meeting at which the Development will be considered for approval. Additional information may be requested by TBRB members, and the Developer's cooperation in providing this information is required.
- b. If the formal TBRB approval process is required, the Corporation, with the assistance of its Bond Counsel, will prepare and file the notice of intent and the TBRB Application for the Development. The Corporation will file the notice of intent and the TBRB Application with the TBRB only if it has timely received all required information and documentation for the completion of the TBRB Application from the Developer and/or its consultants.

12. **Fees.** Developers shall be responsible for fees and expenses incurred as a result of bonds or other obligations issued on their behalf (the "Cost of Issuance"). Up to two percent (2%) of the Cost of Issuance may be financed through tax-exempt obligation proceeds and will be

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considered part of the obligations authorized for issuance by the Corporation, where eligible under the federal tax code. Developers shall commit to pay from other sources any Costs of Issuance not payable from tax-exempt obligation proceeds. The following fees are payable at the times and in the amounts as described below. ALL FEES ARE NONREFUNDABLE, EXCEPT AS OTHERWISE PROVIDED HEREIN.

- a. *Application Fee.* Developers shall submit a nonrefundable fee of \$2,000 for Private Activity Bonds or \$2,500 for 501(c)(3) bonds, made payable to the Corporation, upon submission of the Application.
- b. *Inducement Fee.* Developers shall pay a fee of \$8,000, and an additional \$1,000 for each property for Developments involving more than one (1) site, to cover expenses related to public hearings and the Reservation Application to the TBRB, within five (5) business days of the date the Inducement Resolution is approved by the Corporation's Board. Additional reimbursements for expenses related to public hearings and application for private activity bonds may be requested by the Corporation.
- c. *Professional Fee Deposit.* Following the issuance of a reservation certificate for volume cap from the Texas Bond Review Board, Developers shall make a deposit with the Corporation which will be credited against fees and expenses incurred by the Corporation for the services of Bond Counsel, ~~the Municipal Advisor~~ and Issuer's Counsel in connection with the proposed financing. Such deposit shall be ~~\$4030,000~~, which represents a ~~\$2520,000~~ deposit for Bond Counsel fees, ~~a \$5,000 deposit for Financial Advisor's fees,~~ and a \$10,000 deposit for Issuer's Counsel fees (collectively, the "Professional Fee Deposit"). If the accrued fees and expenses of Bond Counsel, ~~the Municipal Advisor~~ and/or Issuer's Counsel exceed the amount of such Professional Fee Deposit, the Corporation may require the Developer to submit an additional deposit payment. The balance of any Professional Fee Deposit remaining after a transaction has failed to close and has been withdrawn from consideration, less a processing fee of \$500.00, will be refunded to the Developer.
- d. *Corporation Expenses.* Developers shall reimburse the Corporation for all costs and expenditures incurred by the Corporation that exceed the Corporation's application and inducement fees paid to the Corporation by the Developer during the review, issuance and closing of a Development. Such expenditures include but are not limited to (i) on-site visitation of multifamily residential developments to be financed (or the site[s] therefore), (ii) any reports deemed necessary or appropriate by the Corporation and not otherwise provided by the Developer, (iii) all costs and expenses (including travel and related expenses) of conducting public hearings and related meetings [described herein] and (iv) such other activities, inspections and investigations as are deemed necessary or appropriate by the Corporation in connection with its determination of the suitability of the proposed Development for financing assistance to be offered by the Corporation.

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The Corporation will include any of the above expenditures in its closing fees estimate prior to the closing date.

- e. *Municipal Advisor Fees.* The fee to be paid to the Corporation's Municipal Advisor, acting as a financial advisor to the Corporation for its issuance of debt transactions issued for the multifamily bond program, will be \$10,000 plus \$2.00 per \$1,000 of bonds issued, plus actual expenses, unless otherwise agreed to by the Corporation's Municipal Advisor. In addition, for an additional fee the Corporation's Municipal Adviser will may also serve as the bidding agent with respect to all investment contracts to be entered into in connection with the investment of bond proceeds and revenues of the Developments. If the financing structure proposed by the Developer requires non-standard services to be performed by the Municipal Advisor or involves unique financing features including, but not limited to, multiple sites or complexes in a project, extreme credit quality concerns, hedge agreements, swap agreements, or trust structures, the fees to be charged by the Municipal Advisor will be subject to adjustment. Any such adjustment must be agreed to in writing by the Developer before the submission of the Reservation Application to the TBRB.
- f. *Bond Counsel Fees.* Developer shall pay the fees of Bond Counsel, which will be determined based on the structure of the transaction but which will generally range from .75% to 1.5% of the par amount of the financing with a minimum fee of \$50,000, All expenses incurred by Bond Counsel in connection with the Development will also be paid by the Developer. Bond Counsel shall receive an initial payment of \$20,000 in advance upon submission of the Development's Reservation Application to the TBRB, which will be credited towards the final amount due Bond Counsel. Bond Counsel may request additional reimbursement of actual hourly costs or expenses from time to time directly from the Developer. Expenses include TEFRA notice publication, print or document publication, public hearing notices, Attorney General filing fees, and the preparation and filing of the TBRB Applications, printing and supplements thereto.
- g. *Issuer's Counsel Fees.* The fee to be paid to Issuer's Counsel will be based upon the hourly rate in effect for the applicable period with the Corporation. In some instances the fees due to Issuer's Counsel can be based on a fixed fee approved by the Corporation.
- h. *Closing Fees.* Concurrently with the closing of the financing, the Developer shall pay or cause to be paid all fees and expenses in connection with the issuance of the obligations including Bond Counsel Fees, Municipal Advisor Fees, Issuer's Counsel Fees, TBRB Fees, and the actual amount of any closing or acceptance fees of any trustee for the obligations, any fees and premiums for casualty and title insurance, any security filing costs, any fees for placing the obligations, any fees and expenses of any compliance agent appointed in connection with the review of any property, any out-of-pocket expenses incurred by professionals acting on behalf of the Corporation, and any other costs and expenses, including issuance expenses, relating to the obligations, their

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security, and the Development. Additionally, the Corporation will receive a Closing Fee of fifteen basis points (0.15%) of the principal amount of obligations issued, with a minimum closing fee of \$20,000.

- i. *Administrative Fee.* Until the final maturity of the obligations, or 15-years from the closing date, whichever is later, the Developer will pay an annual Administrative Fee, remitted through the respective bond trustee to the Corporation as designated by the Corporation, equal to ten (10) basis points (.10%) of the aggregate principal amount of the obligations outstanding, with a minimum annual fee of \$5,000. The first annual payment of the Administrative Fee must be paid at closing. The Administrative Fee is exclusive of the trustee's fee, compliance agent fee, rebate analysts' fee, asset-oversight management fee, audit fee, independent analyst fee, and any other costs or extraordinary costs as permitted under the respective bond documents. Payment of the Administrative Fee is to be covered by the bond credit enhancement and/or secured under the first mortgage on the property assigned to the bond trustee. The Corporation may require the payment of the Administrative Fee to be guaranteed by the Development owner and/or general partner(s).
- i.j. *Asset Oversight and Compliance Fee.* Until the end of the Qualified Project Period, as defined in the Regulatory Agreement, Period an annual fee in an amount equal to the greater of \$45 per unit or \$2,500 for each property included in the Development shall be paid, remitted through the respective bond trustee, or other designee, to the Corporation in advance each calendar year. The first calendar year's fee shall be paid at closing. The second calendar year's fee, and all subsequent year's fees, shall be paid on or before February 10 of the applicable year. Beginning with the third annual payment the fee shall increase by 2% per annum, with a maximum increase of 20% or ten annual increases. The Corporation may require the payment of the Asset Oversight and Compliance Fee to be guaranteed by the Development owner and/or general partner(s).
- j.k. *Trustee's Fees.* The Developer shall select a bond trustee from a list of bond trustees approved by the Corporation to administer the funds and accounts pursuant to the trust indenture between the Corporation and the trustee bank. All trustee fees and expenses, including fees of trustee's counsel, will be approved by the Corporation and must be paid by the Developer.
- k.l. *Auditor's Fees.* The Corporation may, at any time, over the life of the Development appoint an auditor to review the financial transactions under the bond documents, a compliance agent, and a rebate analyst to perform an analysis of rebate requirements with respect to the issue. Such fees and costs must be paid by the Developer.
- l.m. *Continuing Costs.* Developers shall pay to the Corporation, in the manner described in the Development documents, the following amounts:

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~~i.~~ ~~An annual asset oversight and compliance fee equal to the greater of \$45 per unit or \$2,500 for each property included in the Development (as such fee may be adjusted in accordance with the Asset Oversight and Compliance Agreement). The Corporation may require the owner of the Development and/or related entities or persons to guarantee the payment of these fees;~~

~~ii.i.~~ Any amounts payable pursuant to any indemnity contract or agreement executed in connection with any financing by the Corporation completed as herein contemplated, and

~~iii.ii.~~ _____ The amount allocable to each Developer (whose financing has been completed) of costs and expenses incurred by the Corporation in the administration of the indemnity contract or agreement, any program established in connection with the financing of a Development, and any obligations of the Corporation, including an annual accounting and/or audit of the financial records and affairs of the Corporation. The amount of costs or expenses paid or incurred by the Corporation under this clause will be divided and allocated equally among all Developers whose financings have been completed.

~~iii.n.~~ _____ *Changes in Fees.* The Corporation reserves the right at any time to change, increase or reduce the fees payable under this RFP. All fees imposed subsequent to closing by the Corporation under this RFP will be imposed in such amounts as will provide funds, as nearly as may be practical, equal to that amount necessary to pay the administrative costs of conducting the business and affairs of the Corporation, plus reasonable reserves therefore.

~~iii.o.~~ _____ *Failure to Timely Pay Fees and Costs.* The Corporation will not consider submissions for future transactions proposed by Developers who are delinquent in the payment of any fees described herein.

13. **Document Preparation.** Bond Counsel will have the primary responsibility for the preparation of the legal instruments and documents to be utilized in connection with the financing of the Development by the Corporation. No bonds or other obligations will be sold or delivered unless the legality and validity thereof have been approved by Bond Counsel and the Attorney General of the State of Texas. The Developer and its legal counsel shall cooperate fully with Bond Counsel, the Municipal Advisor, the Issuer's Counsel and the Corporation's agents in the preparation of such materials.

14. **Material Changes to Financing Structure.** Any and all material proposed changes to the financing structure, ownership of the Development, or scope or materials of or for the Proposed Development, from that set forth in the application must be disclosed to the Corporation immediately in writing and approved by the Corporation.

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15. **Time Limits.** In the event that the Development does not close within the time frame established by the Corporation, the Corporation reserves the right to terminate its participation in the financing.
16. **Final Approval by the Corporation.** The Corporation’s Board will consider final action on the Bonds after the completion of the public hearings and upon recommendation by the Corporation’s staff. If approved, the Board will adopt a resolution, in such form as is recommended by Bond Counsel, authorizing the issuance of obligations to provide financing for the Development. Final approval will be granted only upon:
- a. Receipt by the Board of evidence satisfactory to it that the Developer has complied in all material respects with this RFP not otherwise waived by the Board; and
 - b. An affirmative determination of the Board that:
 - i. All requirements for and prerequisites to final approval under this RFP have either been satisfied or waived and are in form and substance satisfactory to the Board; and
 - ii. The operation of the Development(s) will constitute a lawful activity, is qualified for approval by the State, complies with and promotes the purposes of the Corporation and satisfies the requirements of the Corporation.
17. **Closing of the Financing.** Following the public hearing(s) and final approval by the Corporation and the TBRB the Corporation will proceed to close the financing in accordance with the documents approved by the Corporation and when finally approved by the Texas Attorney General and Bond Counsel in accordance with the terms of the sale or placement.
- a. *Structure of Bond Sale.* Developers shall be responsible for determining the structures of the sale of bonds, but are encouraged to consult with the Corporation’s Municipal Advisor and Bond Counsel for information regarding the structure of contemplated bond transactions in Texas. Developers are required to execute an agreement in connection with awarding the sale of the Corporation’s obligations to an underwriter or to an institutional purchaser through a private placement that obligates the Developer to the payment of the costs of issuing such obligations as more fully described herein.
 - b. *Public and Limited Offering Requirements.*
 - i. All bonds to be sold publicly, whether by competitive bid or negotiated sale, must have a debt rating the equivalent of at least an “A-/A3” rating assigned to long-term obligations by a nationally recognized rating agency acceptable to the Corporation. Bonds with an investment grade of “A-/A3” or higher may be sold in minimum denominations of \$5,000,
 - ii. The Corporation will consider any bonds with rating lower than “A-/A3” to be non-rated obligations. Non-rated obligations must be sold in minimum denominations

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of at least \$25,000 and in integrated multiples of any amounts in excess of \$25,000.

- iii. All non-rated obligations must be privately placed or offered on a limited basis with transfer and other restrictions. In order for a non-rated transaction to be considered by the Corporation, the placement must comply with the following minimum requirements: (i) the sale must be made to a “qualified institutional buyer” as defined in Rule 144A of the Securities Act of 1933 (a “QIB”) or an “institutional accredited investor” as defined in Rule 501(a)(1), (2), or (3) of Regulation D under such act (an “Institutional Accredited Investor”) and cannot be an underwriting or purchase with an intent to resell any portion of the obligations, (ii) the obligations must be issued in minimum denominations of not less than \$25,000 and integral multiples of any amount in excess thereof, and (iii) at such time as the bond financing is presented to the Corporation for final approval, (a) the Developer (or placement agent, if applicable) must identify the Purchaser of the obligations, (b) the Developer (or placement agent, if applicable) must provide a written commitment from the Purchaser in form and content customarily used by real estate lending institutions outlining the terms and conditions of such commitment to purchase the obligations, (c) the Purchaser must represent that it is in the business of originating, or acquiring and owning for its account, tax-exempt bonds or mortgage loans on multifamily rental housing properties, (d) when a placement agent is involved in the sale of the obligations, there may be a placement memorandum prepared by the agent for the Purchaser, but there will be no offering statement by the Corporation, and (e) the Corporation may require that one physical obligation be issued with a legend stating that the initial and any subsequent purchaser(s) of such bond shall be a QIB or an Institutional Accredited Investor, as applicable. In the case of a private placement transaction, the Developer or placement agent, upon delivery of the obligations, shall provide the Corporation with an executed investment letter from the investor purchasing the obligations substantially to the effect that: (1) it is engaged in the business, among others, of investing in tax-exempt securities and is a QIB or an Institutional Accredited Investor, as applicable; (2) it has made an independent investigation into the financial position and business condition of the Developer and therefore waives any right to receive such information; (3) it has received copies of the financing documents pursuant to which such obligations are issued, and (4) that it has purchased the obligations for its own account and not with the intent to sell them. A complete form of such investment letter will be provided by the Corporation.
- c. Any variation to the requirements set forth above must be requested in writing by the Developer and must be approved by the Corporation and be acceptable to the Bond Counsel, Municipal Advisor, and Issuer’s Counsel.

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- d. *Required Approvals.* No Developer, or any representative of any Developer or the Corporation, shall represent, directly or indirectly, to any lender (interim or otherwise) supplier, contractor, or other person, firm, or entity that the Corporation has agreed or is firmly committed to issue any obligations in relation to any Development or Response or Reservation Detail until the Board has given final approvals for the issuance thereof under this RFP, and then subject to the governmental approvals required by this RFP and the approval of the Attorney General of the State of Texas, the approval of Bond Counsel and subject to any requirements imposed by the Corporation's Articles of Incorporation.
- e. *Offering Statement.* No Developer, or any representative of the Developer or the Corporation, shall make any representation, directly or indirectly, express or implied, of any fact contrary to the disclosures required to be made by this RFP.
- f. *Registration.* Neither the Developer nor any securities firm, underwriter, broker, dealer, salesman, or other person, firm, or entity shall offer, sell, distribute, or place any obligations authorized by the Corporation by any process, method, or technique or in any manner, transaction, or circumstances or to any person or persons, the effect of which would be to require such obligations to be registered or would require filings to be made with regard thereto under the laws of the state or jurisdiction where such offer, sale, distribution, or placement is made without first registering the same or making the filings regarding the same required by such laws.
- g. The Developer will provide and be responsible for filing so long as it is obligated to make payment to the Corporation in support of the bonds, notes or other obligations issued by the Corporation for a ~~project-Development~~ being financed for the Developer, all information required to satisfy the requirements of Rule 15c(2-12) of the United States Securities and Exchange Commission as that rule is applicable to the financing.

18. Termination for Cause.

The Corporation may terminate an ~~Application~~application, or deny the acceptance of any ~~application~~Application, if one or more of the following conditions has occurred or is occurring:

- a. *Failure to Comply with previous RFPs.* The Corporation will not consider submissions from Developers for a potential Development if the Developer is a borrower (or a related party thereto) in connection with obligations previously issued by the Corporation and such borrower (or related party) is not in compliance with the requirements set forth in the Corporation's policies and procedures with respect to such previously issued obligations or is delinquent in the payment of any fees or costs with respect to such previously issued obligations of the Corporation; or
- b. *Ex Parte Communications.* The Corporation may terminate an ~~application~~Application, or refuse to consider submissions from a Developer, if the Developer or any related party thereto, attempts to communicate either verbally or through written means with a member of the Corporation's Board after the submission of an ~~application~~Application,

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while the Application is being reviewed, or prior to any decision about the ~~application~~Application by the Board. This excludes communications during any ~~board~~Board meeting or public hearing held with respect to the ~~application~~Application, but not during a recess or other nonrecorded portion of the meeting or hearing. For any ~~application~~Application involving the allocation of low-income housing tax credits, any violation of Section 2306.1113 of the Texas Government Code will also be cause for termination.

- 19. OTHER REQUIREMENTS.** THE CORPORATION MAY IMPOSE ADDITIONAL OR DIFFERENT REQUIREMENTS ON A DEVELOPER THAN THOSE PROVIDED IN THESE GUIDELINES IF ADDITIONAL OR DIFFERENT REQUIREMENTS BECOME NECESSARY (AS DETERMINED BY THE CORPORATION IN ITS SOLE DISCRETION) TO PROVIDE THE BEST OPPORTUNITY FOR APPROVAL BY THE CORPORATION'S BOARD AND/OR THE TEXAS BOND REVIEW BOARD.

Agenda Item

Presentation, Discussion and Possible Approval of the Publication for Public Comment of the Guidelines, Scoring Criteria and Targeted Housing Needs for the Allocation of Qualified Residential Rental Project Tax Exempt Bond Volume Cap under the Multifamily Housing Private Activity Bond Program Request for Proposals and the 501(c)(3) Bond Program Policies for Calendar Year 2024.

Summary

In accordance with TSAHC's governing statute, we are required to release annually a Request for Proposals (RFP) and updated 501(c)(3) bond policies that comply with both state and federal requirements. TSAHC, pursuant to §2306.565 of the Texas Government Code, is also required to adopt targeted areas for the allocation of bonds, review relevant needs assessment information, adopt criteria regarding the solicitation of proposals, and set criteria for scoring and ranking of applications. The attached draft policies and RFP fulfill these statutory requirements.

Staff has conducted a review of several needs assessments including the State Low-Income Housing Plan, published by the Texas Department of Housing and Community Affairs, market research published by the Real Estate Center at Texas A&M University, and other resources. Additionally, staff monitored application procedures and public input during the past year and is highlighting the following significant changes to the policies and RFP:

- Section 6(a) – clarification has been added to better define the period for which affordability requirements will be in effect.
- Section 7(b) – the requirement that units supported by project based rental assistance have been removed. Staff believes project based rental assistance is critical to the feasibility of projects serving extremely low-income households.
- Section 7(f) – certification by other local or statewide energy efficiency programs to receive points for this scoring item has been added. This has been requested by several applicants in recent years and staff believes it is justified.
- Section 12(c) – collection of professional services deposit for our Municipal Advisor has been removed from this section, based on current rules prohibiting the collection of this fee prior to closing on the obligations.
- Section 12(i) – this is a new section, added to better align how TSAHC has documented in agreements the pricing and collection of asset oversight and compliance fees. Parts of this section were previously incorporated in a later section on continuing costs.

The proposed draft also includes minor updates to dates, timelines and adjustments to scoring benchmarks. TSAHC's Bond Counsel and Municipal Advisor also provided minor changes to technical language of defined terms.

If approved, staff will post the RFP and policies to TSAHC's website and give notice through the *Texas Register* that public comment will be accepted. Based on public comment and input from TSAHC's Bond



Development Finance Programs

Counsel, Issuer’s Counsel, General Counsel and Municipal Advisor, staff may update the draft policies before returning to the Board for further discussion and adoption of the policies and RFP in July 2024.

Staff Recommendation:

Staff recommends that the Board approve the attached blacklined draft RFP and policy for publication for public comment.

Tab 11

88th Texas Legislative Session Update.