



T E X A S
State Affordable Housing Corporation

January Board Meeting

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

Tuesday, January 20, 2026
10:30 a.m.

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

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

**January 20, 2026
10:30 A.M.**

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

Lemuel Williams, 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, President

- Tab A: Monthly Financial Reports
- Tab B: Homeownership Finance Report
- Tab C: Development Finance Report
- Tab D: Texas Foundations Fund (TFF) Report

ACTION ITEMS IN OPEN MEETING:

- Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on December 16, 2025.
- Tab 2 Discussion and Possible Appointment of Board Members to the Loan Committee and Audit Committee.
- Tab 3 Presentation, Discussion and Possible Approval of the 2026 Texas Foundations Fund Guidelines.
- Tab 4 Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for Ridgeview Apartments.
- Tab 5 Presentation, Discussion and Possible Approval of the Publication of Draft Amendments to TSAHC’s Joint Venture Development Guidelines for Public Comment.

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 an open meeting may also be discussed by the Board (and any other authorized persons) in closed meeting.

President's Report

Tab A
Monthly Financial Reports

Texas State Affordable Housing Corporation

Statement of Net Position (unaudited) As of November 30, 2025

Assets

Current assets:

Cash and cash equivalents	\$ 3,363,505
Pooled investments	30,067,632
Restricted assets:	
Cash and cash equivalents	7,218,878
Accrued interest	235,125
Investments, at fair value	3,773,049
Accounts receivable and accrued revenue	51,710
Accrued interest receivable	224,923
Loans receivable, current portion	32,645
Notes receivable, current portion	73,073,908
Lease Receivable, Current Portion	75,750
Downpayment assistance, current portion	643,869
Prepaid expenses	181,519
	<hr/>
Total current assets	118,942,513

Noncurrent assets:

Loans receivable, net of uncollectible amounts of \$3,629	114,740
Notes receivable, net of allowance for loss \$462,916	163,032,739
Lease Receivable	136,237
Investments, at fair market value	21,589,615
Mortgage servicing rights, net of accumulated amortization of \$2,689,665	38,397
Capital assets, net of accumulated depreciation of \$1,589,183	5,408,030
Owned real estate, net of depreciation of \$3,282,211	26,294,639
Downpayment assistance	3,806,299
Restricted investments held by bond trustee, at fair market value	142,431,780
	<hr/>
Total noncurrent assets	362,852,476

Total assets	\$ 481,794,989
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Texas State Affordable Housing Corporation

Statement of Net Position (unaudited) As of November 30, 2025

Liabilities

Current liabilities:

Accounts payable and accrued expenses	\$ 593,798
Notes payable, current portion	750,000
Custodial reserve funds	158,467
Other current liabilities	176,611
Payable from restricted assets held by bond trustee:	
Revenue bonds payable, current portion	2,295,000
Accrued interest on revenue bonds	898,949

Total current liabilities 4,872,825

Noncurrent liabilities:

Notes payable	500,000
Revenue bonds payable	145,334,159
Unearned revenue	1,191,912

Total noncurrent liabilities 147,026,071

Total liabilities 151,898,896

Deferred Inflows of Resources

Deferred revenue	<u>304,992</u>
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Total deferred inflows of resources 304,992

Net Position

Invested in capital assets	5,408,030
Restricted for:	
Debt service	4,479,287
Other purposes	1,170,090
Unrestricted	<u>318,533,694</u>

Total net position 329,591,101

Total liabilities and net position \$ 481,794,989

Texas State Affordable Housing Corporation

Statement of Revenues, Expenses and Changes in Net Position (unaudited) For the 3 Months Ending November 30, 2025

Operating Revenues:	
Interest and investment income	\$ 2,775,982
Net increase (decrease) in fair value of investments	1,183,735
Single family income	18,556,308
Asset oversight and compliance fees	94,937
Rental program income	502,005
Multifamily income	73,031
Land bank income	97,287
Public support:	
Federal & state grants	3,312
Contributions	38,092
Other operating revenue	20,183
Total operating revenues	\$ <u>23,344,872</u>
Operating Expenses:	
Interest expense on bonds and notes payable	\$ 779,615
Program and loan administration	114,228
Texas Foundation Fund & miscellaneous grants	60,000
Salaries, wages and payroll related costs	1,237,432
Professional fees and services	155,879
Depreciation and amortization	11,705,976
Office expense and maintenance	42,589
Travel and meals	39,850
Other operating expenses	365,048
Total operating expenses	<u>14,500,617</u>
Net income/(Net loss)	8,844,255
Total net position, beginning	<u>320,746,846</u>
Total net position, ending	\$ <u><u>329,591,101</u></u>

**Texas State Affordable Housing Corporation
Budget Report
November 2025**

	Annual Budget	Actual	Percent of Annual Budget
Revenue			
Single Family Program Revenue	6,369,000	1,998,397	31.38%
Lending Program Revenue	6,262,000	1,857,289	29.66%
Multifamily Program Revenue	1,022,000	31,831	3.11%
Rental Program Revenue	1,719,000	663,574	38.60%
Federal & State Grants	2,525,000	159,500	6.32%
Grants, Donations & Other Awards	535,000	38,691	7.23%
Land Bank Revenue	3,100,000	288,503	9.31%
Servicing Revenue	42,000	8,516	20.28%
Investment Revenue	2,400,000	994,908	41.45%
Unrestricted Reserves	1,520,000	-	0.00%
Total Revenue	25,494,000	6,041,209	23.70%
Expenditures			
Texas Housing Impact Fund	8,040,000	3,939,077	48.99%
Affordable Communities of Texas	4,618,000	139,406	3.02%
Other Program Expenditures	3,273,000	299,412	9.15%
Salaries & Payroll Related Expenditures	5,053,000	1,237,432	24.49%
Grants	1,616,000	64,083	3.97%
Principal & Interest on Notes Payable	783,000	2,500	0.32%
Professional Services	841,000	167,979	19.97%
Marketing	354,000	64,300	18.16%
Insurance	488,000	116,097	23.79%
Travel & Meals	154,000	39,850	25.88%
Furniture, Equipment, & Software	52,000	4,855	9.34%
Building Maintenance	79,000	18,453	23.36%
Professional Dues, Conferences & Training	51,000	19,311	37.86%
Sponsorships	30,000	6,500	21.67%
Communication	20,000	4,906	24.53%
Publications, Subscriptions & Other Office I	29,000	8,260	28.48%
Freight, Delivery, Postage	9,000	2,098	23.31%
Printing & Office Supplies	4,000	499	12.48%
Total Expenditures	25,494,000	6,135,018	24.06%
Excess Expenditures over Revenues	-	(93,809)	

Average Expected Percent Received/Expended = 25%

**Texas State Affordable Housing Corporation
Budget Report
November 2025**

Explanations

The small \$93,809 cash basis loss for the three months ending November 30, 2025 was caused primarily by the timing of loans made through the Texas Housing Impact Fund. By the end of November the Corporation had already funded \$3,939,077 or 49% of the \$8,040,000 budgeted for lending in fiscal year 2026. We expect that both the Texas Housing Impact Fund and the Corporation as a whole will be on budget for 2026.

Tab B
Homeownership Finance Report



Homeownership All Programs

January 1, 2025 to December 31, 2025

\$86.55K

Average Annual Income

\$250K

Average of Loan Amount

6.88

Average Interest Rate

693

Average Credit Score

9441

Households

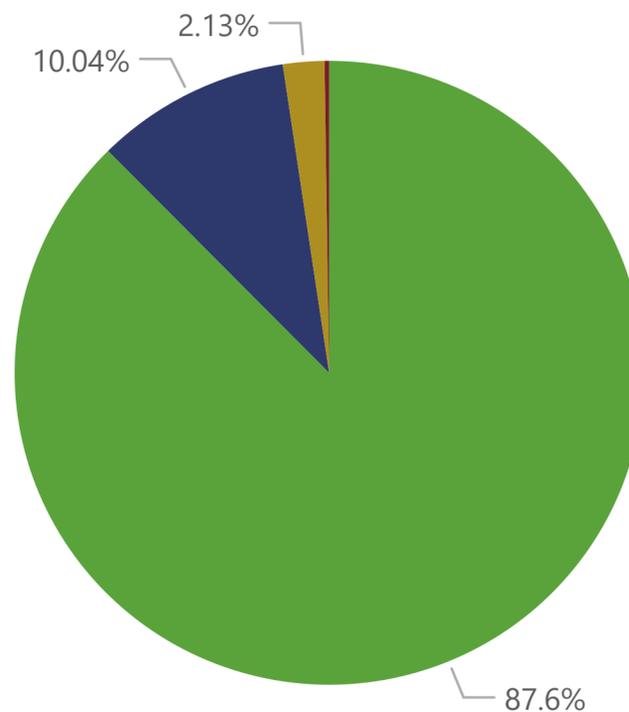
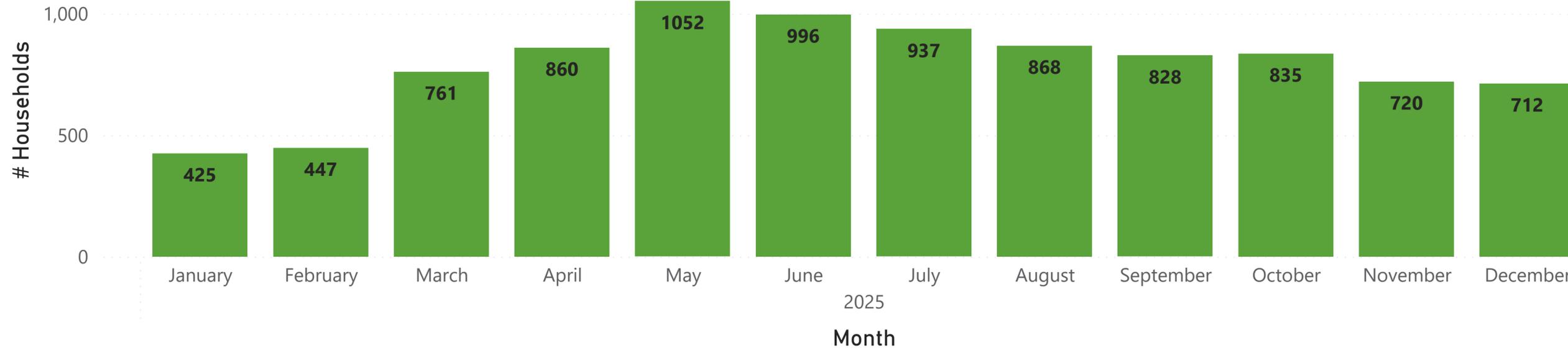
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Average Household Size

\$2bn

Total Loan Volume \$ Amount

of Households by month



Loan Type

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



Homeownership DPA Snapshot

January 1, 2025 to December 31, 2025

\$86.4K

Average Annual Income

\$249K

Average of Loan Amount

6.906

Average Interest Rate

692

Average Credit Score

9053

Households

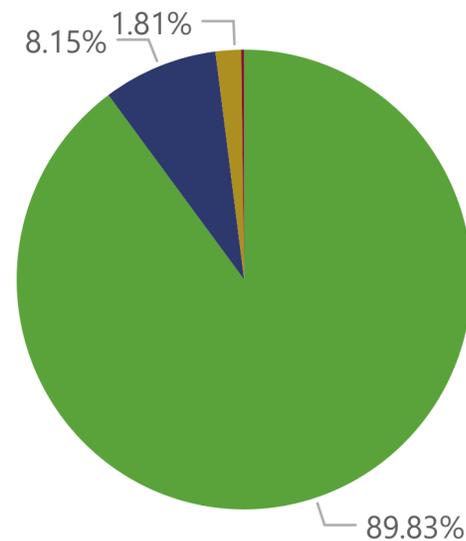
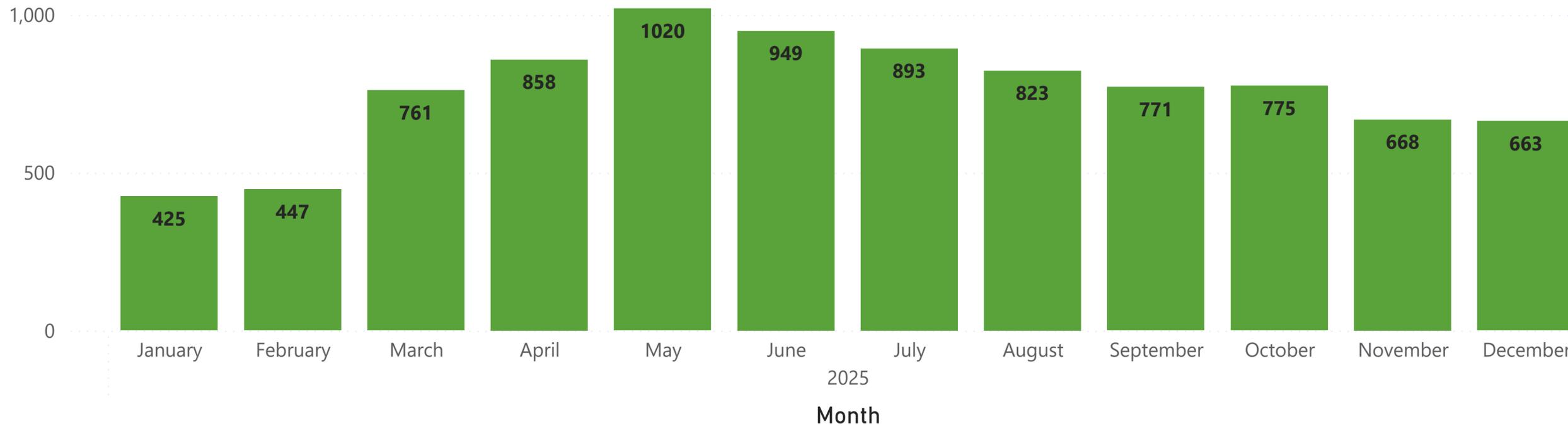
2

Average Household Size

\$2bn

Total Loan Volume \$ Amount

of Households by month



\$9,381

Average DPA Awarded

\$84,536,690

Total DPA Awarded

Loan Type

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



Homeownership No DPA Snapshot

April 1, 2025 to December 31, 2025

\$90.11K

Average Annual Income

\$270K

Average of Loan Amount

6.187

Average Interest Rate

721

Average Credit Score

388

Households

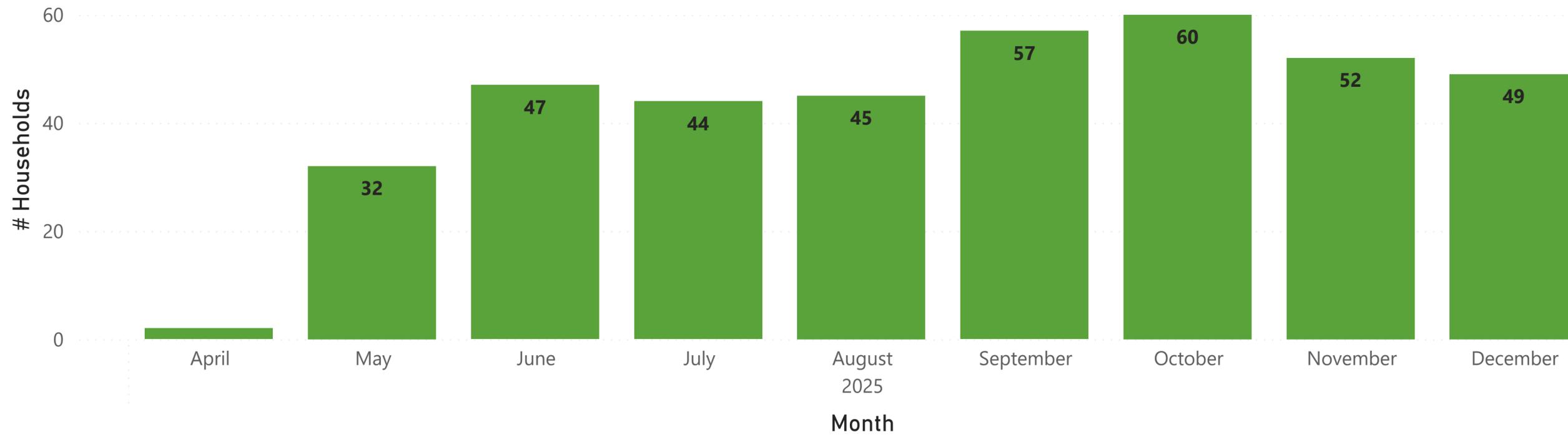
2

Average Household Size

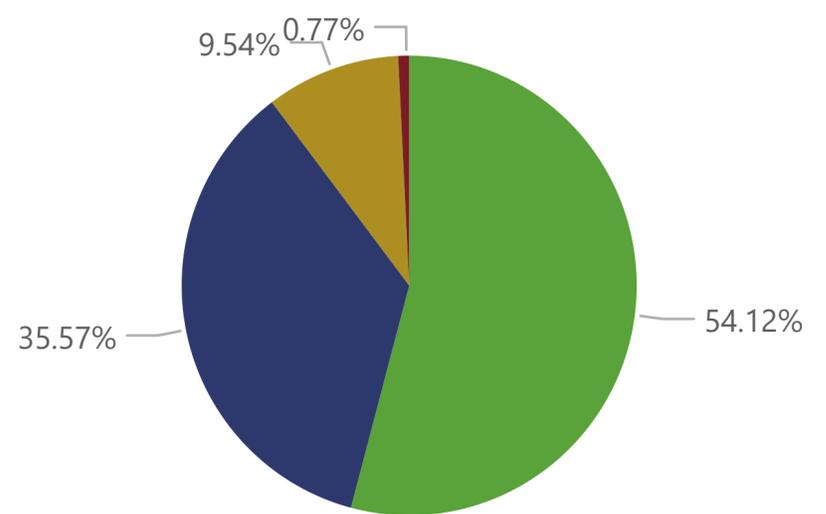
\$105M

Total Loan Volume \$ Amount

of Households by month



- Loan Type**
- Conv. - Purch.
 - FHA - Purchase
 - VA - Purchase
 - USDA-RHS Purch.





Homeownership MCC Snapshot

January 1, 2025 to December 31, 2025

\$75.51K

Average Annual Income

\$243K

Average of Loan Amount

6.86

Average Interest Rate

698

Average Credit Score

1404

Households

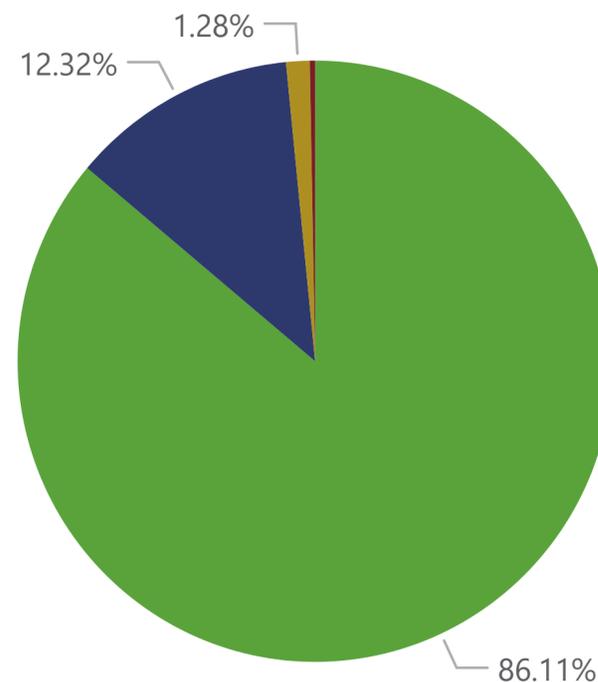
2

Average Household Size

\$342M

Total Loan Volume \$ Amount

of MCC by Month



Loan Type

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



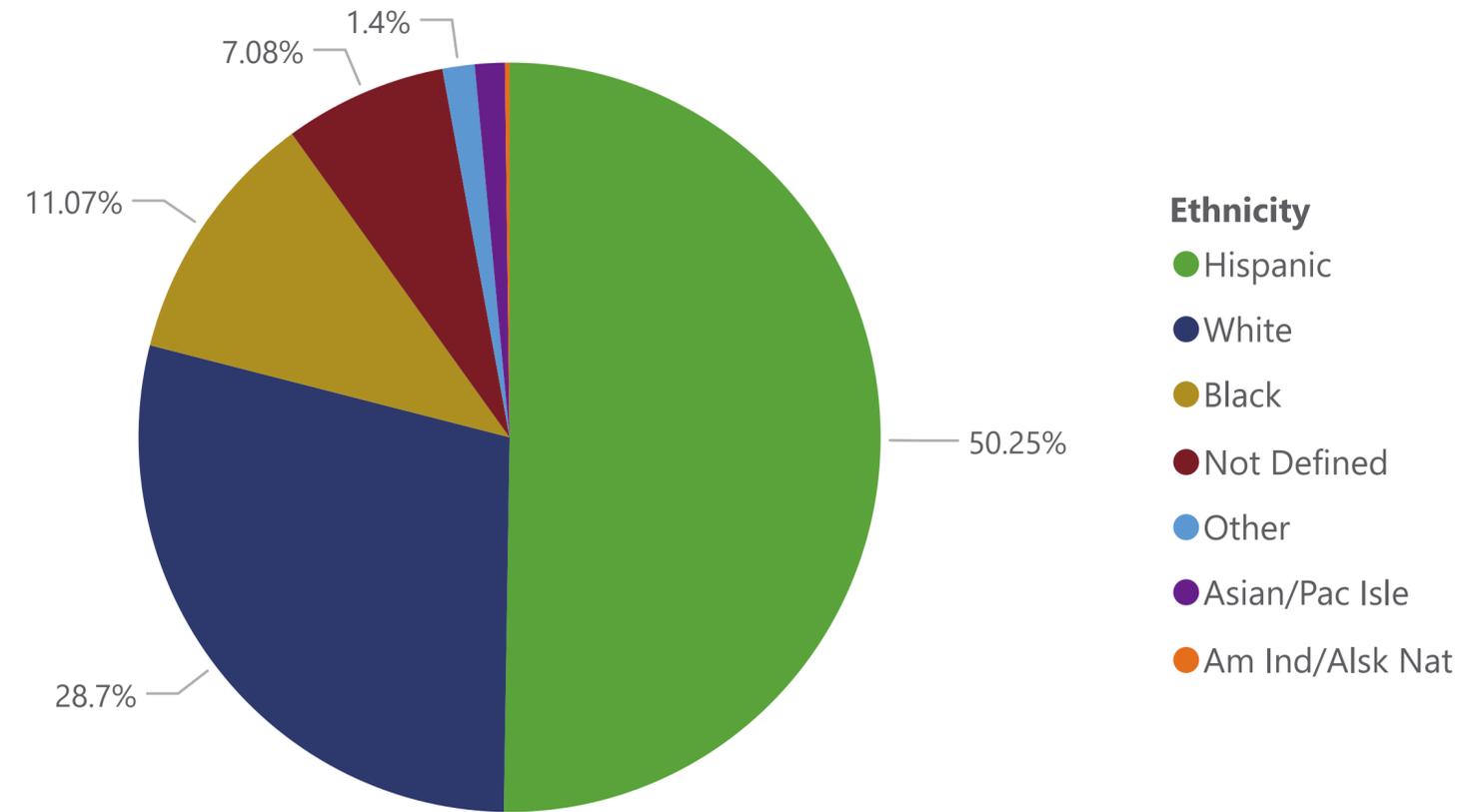
Homeownership All Programs

January 1, 2025 to December 31, 2025

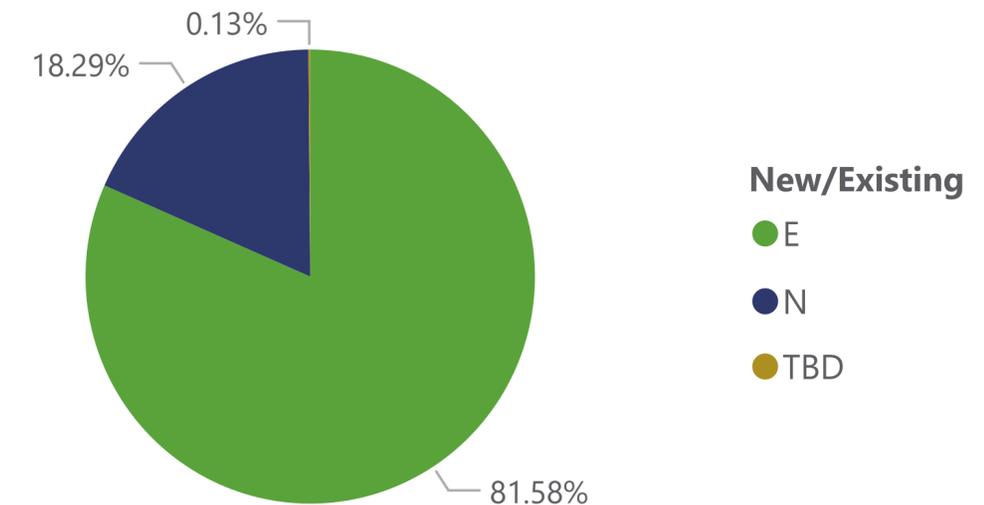
Professions

Occupation	# of Loans	% of Total
Other		89.34%
Teacher		5.04%
Prof Nurse Fac		3.32%
Peace Officer		1.03%
Fire Fighter		0.52%
Corrections Off		0.28%
County Jailer		0.23%
EMS Personnel		0.17%
Sch Counselor		0.05%
Librarian		0.02%
Total		100.00%

Household Ethnicity



New/Existing Home





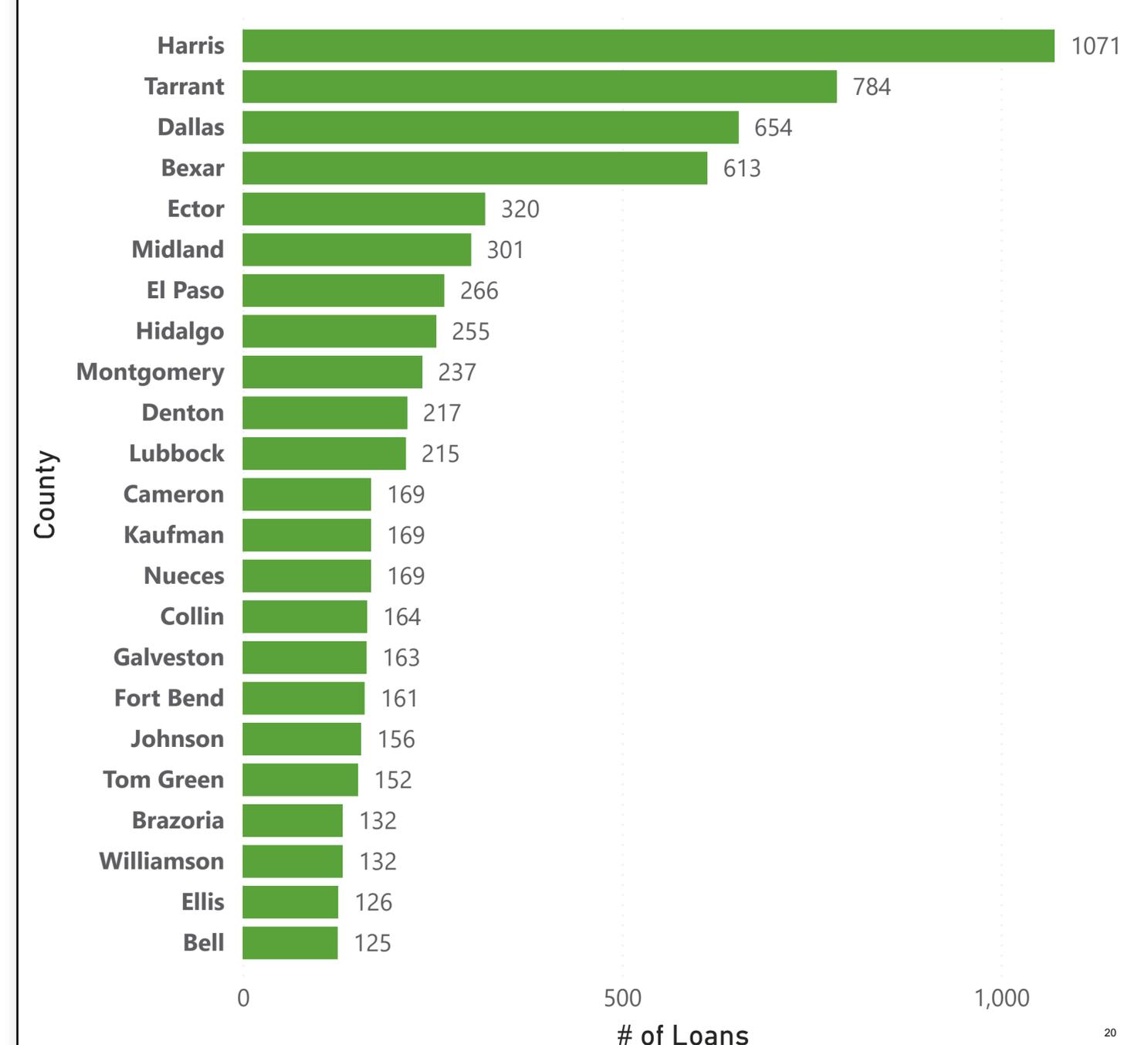
Homeownership All Programs

January 1, 2025 to December 31, 2025

Top Lenders

Top Lenders	# of Loans
CMG Mortgage, Inc.	578
Fairway Independent Mortgage Corporation	573
Everett Financial, Inc.	521
CrossCountry Mortgage, LLC	466
New American Funding, LLC	429
PrimeLending, A PlainsCapital Company	326
Guild Mortgage Company LLC	286
Plains Commerce Bank	266
Highlands Residential Mortgage, Ltd.	246
SecurityNational Mortgage Company	244
loanDepot.com, LLC	221
KBHS Home Loans, LLC	201
Mortgage Financial Services, LLC	182
Right Start Mortgage, Inc.	181
American Pacific Mortgage Corporation	175
Guaranteed Rate, Inc.	174
Gateway First Bank	171
American Portfolio Mortgage Corporation	165
Total	9,441

Top Originating Counties



Tab C
Development Finance Report

Texas State Affordable Housing Corporation

Development Finance Programs Report
January 2026

Affordable Communities of Texas Program (ACT)

Staff will be presenting draft amendments to TSAHC’s Joint Venture Development Guidelines to the Board this month. If approved, the blacklined version of the guidelines will be published on the TSAHC website for public comment and will return to the Board for final approval after a 30-day public comment period.

Construction at Boulevard 61 (Houston) is nearly 80% complete. Recent milestones include a public sidewalk installed along Richmond Avenue, fencing installation, and the completion of exterior painting. Insulation and drywall installation are in progress.

Construction at Cairn Point Montopolis in Austin progresses steadily. The community is approximately 20% complete, with preparations for framing now underway. Rough grading and site utilities have been finalized, and all building foundations are complete. Masonry installation and structural steel work are also underway.

Juniper Creek (Austin) is 100% construction complete and is in active lease-up. Staff are working with Foundation Communities on clearing easements and other steps prior to permanent loan conversion.

Here is the updated portfolio summary:

Program	Portfolio as of December 1, 2025	Acquired	Sold	Portfolio as of January 1, 2026	Current Portfolio Value
ACT Land Bank Units	59	0	0	59	\$2,572,815.20
ACT Joint Venture (MF Unit Count)	422	0	0	422	\$21,370,000.00
Totals	481			481	\$23,942,815.20

Our current pipeline report:

- 8 properties listed for sale
- 5 properties under construction
- 2 properties operating as rental
- 25 properties in predevelopment
- 1 property searching for a Local Partner

Texas Housing Impact Fund (THIF)

In December, staff closed a \$3,000,000 loan for the Envoy64 Apartments (Irving) to help finance site acquisition for the construction of a 111-unit multifamily property. Construction is expected to start by April 2026. Primary financing is through the 9% LIHTC program.

The Landmark on Cypress loan (\$1,400,000) repaid in December. TSAHC’s loan assisted with the site acquisition for a 49-unit family property that includes the rehabilitation of the historic West Texas Utility

Texas State Affordable Housing Corporation

Development Finance Programs Report
January 2026

headquarters office in downtown Abilene. The developer anticipates starting construction/rehabilitation this month.

Multifamily Bond Program

The Bloom at Lamar Square has encountered some delays, but the project is still moving forward. Originally planned for final approval by the board in January, the new timeline projects closing on the bonds in June of 2026. The developer, Foundation Communities, has applied for additional funding through the Texas Department of Housing and Community Affairs. With higher than projected construction costs, it became necessary to seek additional funding prior to closing.

Staff will bring a new application to the Board for inducement this month, too. The Ridgeview Apartments in Sherman is a proposed acquisition and rehabilitation of a 141-unit apartment complex. The project would convert all units from market rate to affordable, lowering rents and providing significant capital improvements. A full write-up is included in the board book.

Tab D

Texas Foundations Fund (TFF) Report

2026 Texas Foundations Fund Disaster Recovery Program						
Organization Name	Critical Repair Services Provided	Declared Disaster	Award Amount	Date of Disaster Declaration	Month Awarded	Counties Served
Community Outreach Housing	General Flood Repair (Debris removal, tree trimming and removal, mold mitigation, water damage repairs)	July Flood Events	\$30,000.00	7/4/2025	Oct-25	Hamilton
Galilee Community Development Corporation	General Flood Repair (Muck & Gut, sheetrock, roofing, electrical, and flooring repairs)	July Flood Events	\$30,000.00	7/6/2025	Oct-25	Menard, Tom Green

Amount Paid Out	\$60,000.00
Funds Remaining (Out of \$350,000)	\$290,000.00

Tab 1

Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on December 16, 2025.

**TEXAS STATE AFFORDABLE HOUSING CORPORATION
BOARD MEETING**

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

**December 16, 2025
10:30 a.m.**

Summary of Minutes

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

The Board Meeting of the Texas State Affordable Housing Corporation (the “Corporation”) was called to order by Bill Dietz, Chair, at 10:38 a.m., on December 16, 2025, 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
Lemuel Williams, Member
David Rassin, Member
Ernest Richards, Member

Guests Present:

Bob Dransfeild, Norton Rose Fulbright
Brooke Bozeman, Coats Rose
Chris Spelbring, Raymond James

President’s Report

David Long, President

Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on November 18, 2025.

Mr. Rassin made a motion to approve the minutes of the Board meeting held November 18, 2025. Mr. Williams seconded the motion. Mr. Dietz asked for public comment, and none was given. A vote was taken, and the motion was approved as presented.

See page 15 in the official transcript.

Ernest Richards arrived at 10:43am.

Tab 2 Presentation, Discussion and Possible Approval of a Resolution authorizing the issuance of Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (The Bloom at Lamar Square) Series 2026, a Trust Indenture, a Loan Agreement, a Bond

Purchase Agreement, an Asset Oversight, Compliance and Security Agreement, a Regulatory Agreement, a Preliminary Official Statement and a final Official Statement; authorizing the execution of documents and instruments necessary or convenient to carry out the issuance of the bonds; and other provisions in connection therewith.

This agenda item was withdrawn.
No action taken.

See page 16 in the official transcript.

Tab 3 Presentation, Discussion and Possible Approval for Publication and Public Comment of the Draft of the Texas State Affordable Housing Corporation's 2026 Annual Action Plan.

Presented by Michael Wilt, Senior Manager, External Relations

Ms. Cardenas made a motion to approve the Draft 2026 Annual Action Plan of the Texas State Affordable Housing Corporation for publication and public comment. Mr. Rassin seconded the motion. Mr. Deitz asked for public comment, and none were given. A vote was taken, and the motion was approved as presented.

See page 18 in the official transcript.

Tab 4 Presentation, Discussion and Possible Approval of a Resolution to approve the Dependent Care Section 125 Plan Document effective January 1, 2026.

Presented by Melinda Smith, Chief Financial Officer and David Long, President

Mr. Williams made a motion to approve a Resolution approving the Dependent Care Section 125 Plan Document, effective January 1, 2026. Mr. Richards seconded. Mr. Dietz asked for public comment, and none was given. A vote was taken, and the motion was approved as presented.

See page 23 in the official transcript.

Tab 5 Presentation and Discussion of the Texas State Affordable Housing Corporation's Fiscal Year 2025 and 2026 Strategic Plans.

Presented by Dave Danenfelzer, Senior Director, Development Finance and Celina Stubbs, Director, Asset Oversight & Compliance

Oral Presentations
No action required.

See page 27 in the official transcript.

Tab 6 Presentation in Recognition of William Dietz, Jr., Board Chairman of the Texas State Affordable Housing Corporation.

A presentation in recognition of William Dietz, Board Chairman, was made in connection with his many of years of service.

See page 45 in the official transcript.

Announcements

Mr. Long and the Board tentatively scheduled the next Board Meeting for January 20, 2026, at 10:30 a.m.

Adjournment

Mr. Dietz adjourned the meeting at 11:58 am.

Respectfully submitted by _____
Rebecca DeLeon, Corporate Secretary

Tab 2

Discussion and Possible Appointment of Board Members to the Loan Committee and Audit Committee.

Tab 3

Presentation, Discussion and Possible Approval of the 2026 Texas Foundations Fund Guidelines.



Texas Foundations Fund 2026 Guidelines

Texas Foundations Fund Overview

Through its Texas Foundations Fund (TFF) program, the Texas State Affordable Housing Corporation (TSAHC) works with nonprofit organizations across Texas to support housing services that meet critical housing needs of very low-income households in Texas. In 2026, all applicants that meet the **Eligibility Requirements** and **Program Evaluation Criteria** set forth below will be eligible for a grant award.

2026 Grantee Application Process

Grantees eligible for grant awards will be selected through an online application process. The online application will be available on TSAHC's website at www.tsahc.org in **January 2026**. Interested applicants must first complete an eligibility quiz to determine if they may qualify as a potential grantee.

Only organizations that pass the eligibility quiz that is released with the online application will be instructed to complete the full online application. Applications must be submitted online.

After submitting an application, applicants may not contact members of TSAHC's Board of Directors regarding their application. Failure to comply will result in the disqualification of the application. All questions about the application process should be submitted in writing to Anna Orendain by email at aorendain@tsahc.org.

If an application contains deficiencies that require clarification or correction, TSAHC staff will contact the applicant directly to request clarification or correction of such deficiencies. Failure to respond to follow-up requests for information may result in the disqualification of an application.

Eligibility Requirements

To qualify as a Grantee eligible for a grant award, applicants must meet the following eligibility requirements:

- 1. Organization Type:** Applicant must be a nonprofit organization with a 501(c)(3) designation from the Internal Revenue Service.
- 2. Organization Experience:** Applicant must have at least **three** years of experience operating housing programs in Texas.
- 3. Program Experience:** Applicant must have at least **two** years of experience operating the program for which a grant award will be requested (see section below for additional program eligibility information).
- 4. Government Grant Performance:** Applicant must certify that it has not defaulted on or been required to repay any federal, state or local government grants within the past two years. Applicants do not need to have prior experience with government grants to be eligible for a grant award.
- 5. Financial Requirements:**

- a. Applicants with a budget size **above \$2 million** must be able to provide annual financial audits for its two most recent fiscal years and must be prepared to submit its audits, as well as other financial documents, when requested.
 - b. For organizations with budget sizes **below \$2 million**, TSAHC will waive the requirement for an external audit and accept either a financial review or a reference letter of support from another funder who has supported the program for which a grant award will be requested.
- 6. Household Requirements:** To ensure TFF grants are disbursed in a manner that reaches those who are most in need, each applicant must utilize grant funds to serve only households at or below 50% of the area median family income (very low-income).¹

Eligible Programs

Programs that provide the following housing services are eligible for a TFF grant:

1. The rehabilitation and/or critical repair of single-family homes² to remedy unsafe living conditions.

- Critical repairs may also include accessibility modifications for homes with a household member with a disability.
- Homes receiving repairs must be owner-occupied.
- TSAHC will support the critical repair of single-family rental homes owned and operated by the organization applying only if the repairs enhance accessibility for a renting household with an individual with a disability³
- All rehabilitation and/or critical repairs funded through the Texas Foundations Fund must be provided free of charge.

2. The provision of the following supportive services or housing counseling services that help individuals and families maintain housing stability.

a. Services provided to residents of supportive housing including but not limited to:

- Case management,
- Physical and mental health care services,
- Substance use disorder counseling and services,
- Employment services, or
- Food insecurity services.

b. Housing counseling services including but not limited to:

- Homebuyer education (pre-purchase or post-purchase),
- Credit counseling,
- Financial counseling or coaching,

¹ While an applicant’s program may serve households above this income level with other funding sources, a grant from the Texas Foundations Fund may only be used to serve households meeting this income requirement. TSAHC uses the U.S. Department of Housing and Urban Development’s Section 8 income limits to determine income eligibility for the Texas Foundations Fund program. To review the current income limits, visit: www.huduser.org/portal/datasets/il.html

² TSAHC defines “single family home” as a residential property with an attached or detached dwelling that consists of (i) a single unit on an individual lot, or (ii) a single unit in a condo project, Planned Unit Development, or duplex, triplex or fourplex, or (iii) not more than four connected units, with each unit intended as housing for one family. Dwellings that are not titled as real estate, such as RVs and houseboats, are not eligible.

³ In exceptional circumstances, TSAHC may allow a Grantee to perform critical repairs on a rental home owned by a private landlord and occupied by a very low-income household. Grantees must notify TSAHC in advance if they wish to use a portion of their Texas Foundation Fund grant for this purpose. Additional information, including documentation that the landlord is financially unable to perform the repairs, will be required.

- Foreclosure prevention counseling, or
- Eviction prevention counseling.

All housing services funded through TFF must be provided free of charge. Organizations that solely provide services without a housing focus are not eligible to apply for a grant. TSAHC will only consider organizations whose mission and programs demonstrate a clear housing focus.

2026 Funding Availability, Timeline and Disbursement

TSAHC provides TFF grant funding by blending private donations with earned revenue from its affordable housing programs. TSAHC’s Board of Directors approves the funding available each year under the TFF program.

The total amount of funding available in FY2026 is \$1,250,000. Applications will be accepted on a rolling basis until August 1st or as long as funding is available. TSAHC will consider applications in the order in which they were received.

Grantees will be selected for a one-year term (“Grantee Term”). A Grantee must spend 100% of its grant and submit a report documenting use of the grant and updated financial information by the end of the Grantee Term. Grants will be disbursed in one installment immediately upon execution of a Grant Agreement.

In order to promote an equitable distribution of awards, Grantees will be grouped into the following three tiers based on budget size: Tier 1: Small Organizations (Budget size less than \$2 million), Tier 2: Mid-Size Organizations (Budget size \$2 million - \$10 million), and Tier 3: Large Organizations (Budget size more than \$10 million). An equal amount of funding will be available to each tier until March 31st, at which point any unused funding will be available to applicants across all tiers. The grant sizes for each tier are as follows: Tier 1: \$10,000, Tier 2: \$13,000, Tier 3: \$25,000.

Grant Agreement

Upon application, all applicants will be required to agree to potential grant terms that outline:

- A description of the program for which the grant award will be used,
- Eligible expenditures⁴,
- The process to request grant funds,
- Reporting requirements, and
- TSAHC’s right to inspect properties or service records and to review financial documents.

Administrative Allowance

A Grantee may use five percent (5%) of the awarded funds for administrative or technical assistance costs to carry out the programs funded by their Texas Foundations Fund award. In certain circumstances, TSAHC will allow Grantees to use up to 10% of the awarded funds for administrative or technical assistance costs. However, Grantees requesting more than 5% must justify and explain the need for additional administrative or technical assistance funds.

Program Evaluation Criteria

⁴ Grantees must use 100% of their grant for direct costs to provide the program for which the grant is requested. These costs may include but are not limited to administrative costs as described in the “Administrative Allowance” section, contractor fees, materials, salaries for staff performing critical repair work, salaries for staff providing supportive housing services, salaries for staff directly coordinating and supporting the program, travel expenses for staff directly coordinating and supporting the program, and building permits and inspection fees for homes to be repaired. The grantee agreement will include a full list of expenses eligible for a grant.

Grantees must satisfactorily respond to each of the following criteria in their application to be eligible for an award:

- Organization has a mission and defined scope of work,
- Organization operates an eligible program that meets a demonstrated community need,
- Organization describes how the program meets the demonstrated community need,
- Organization has community partnerships to help execute its scope of work,
- Organization operates in a defined geographic area in one or multiple counties,
- Organization provides demographic data on households served and demonstrates it will meet **Household Requirements** above,
- Organization collects feedback from households it serves to improve its programs, and
- For returning Grantees, organization is in good standing by meeting past requirements of the Texas Foundations Fund program. As an example, applicants that were selected as 2024 nonprofit partners must have submitted their final report to be eligible for a grant.

Reporting Requirements

At the end of the Grantee Term, all Grantees will be required to submit documentation that details how the Grantee has spent the TFF grant award. Documentation may include:

- Number of households and individuals affected by the grant funding,
- Description of program funded by Texas Foundations Fund,
- Description of services provided by the program which received grant funds,
- One or more success stories from households affected by the Grantee's program,
- Program budget,
- Photos of services, repairs, or households served, and/or
- Description of grant and program impact.

Failure to adhere to the terms of the grantee agreement may result in the delay or cancelation of grant funds, termination of the grant agreement, or request for repayment of all or part of the grants disbursed.

Questions

Questions should be submitted in writing to Anna Orendain by email at aorendain@tsahc.org. Applicants are highly encouraged to review the Texas Foundations Fund's Question and Answer section of TSAHC's website at www.tsahc.org for pertinent application information.

Tab 4

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

Texas State Affordable Housing Corporation

Multifamily Private Activity Bond Project Summary

amenities.

Market Conditions:

As of late 2025, Sherman is transitioning into a semiconductor manufacturing hub with new facilities by Texas Instruments (\$30 billion) and GlobalWafers (\$5 billion). This industrial expansion has helped Sherman maintain a 4.1% unemployment rate year-over-year.

Population growth of 5.85% annually has placed significant pressure on the housing market. Although new home permits increased by 122% between 2024 and 2025, the city faces a projected deficit of 1,440 units by 2030, based on data from the Sherman Economic Development Corporation. Consequently, housing costs have risen; median home prices now exceed \$330,000, a notable increase from previous years, while rental vacancies have fallen below 5%.

To support this growth, the city is investing \$2.7 billion in infrastructure and healthcare. A new \$400 million health center, along with water/wastewater and street improvements lead local investments. The outlook remains strong, provided the city can expand its housing inventory to match high-tech labor demands.

Developer Summary:

The Development team for Ridgeview Apartments involves three entities, Texas Housing Foundation, Lockwood and Mead Real Estate, and Impact Commercial Services. Impactful Ventures, the original applicant, is a partnership involving Lockwood and Mead Real Estate and Impact Commercial Services. Lockwood and Mead Real Estate is an affordable housing developer focused on rehabilitation projects. They have developed projects in multiple states, most recently in New Hampshire and Virginia. Led by Frank Farricker, they will participate in the development process and provide mainly consulting services.

Impact Commercial Services has focused on construction activities and worked on more than 10,000 units of housing throughout the United States. Led by Hutch Utt, the company has experience in retail, commercial, multifamily and hospitality development.

The Texas Housing Foundation (THF) is a non-profit housing developer based in Marble Falls, Texas. THF was created out of the Marble Falls Housing Authority in 2006 and has developed more than 1,400+ units of affordable rental housing across Texas. THF is governed by a seven-member board of directors appointed by the County Commissioners of each participating County in their core service area, as well as an appointed Resident Commissioner. Currently, Bastrop, Blanco, Burnet, Hays, Llano and Williamson Counties participate within the organizational structure of THF.

THF's Executive Director, Allison Smith, has been involved in affordable housing development for more than 20 years. Allison was previously THF's Chief Financial Officer before assuming the role of CEO in 2024. THF will be the general partner and manager of the property and has established working agreements with the Sherman Public Housing Authority, providing access to Section 8 voucher holders and other special needs populations.

TSAHC has worked with THF on several previous projects. Most recently, the Ventura at Tradewinds and Ventura at Fairgrounds projects were financed through TSAHC's private activity bond program and the Sagebrush Apartments project was built and financed with 9% housing tax credits and a permanent

Texas State Affordable Housing Corporation

Multifamily Private Activity Bond Project Summary

loan from TSAHC in 2003.

Recommendation:

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

Project Summary

Applicant Impactful Ventures
 Project Name Ridgeview Apartments

Location

Address 1800 W Washington St. City Sherman
 County: Grayson State Texas 75092
 Census Tract: 48181001400

Bonds

Max. Par Amount: \$ 16,500,000 Bond Type: PAB
 Term of Bonds: 36 months Allocation Year: 2026

Perm Funding Souces

	Amount	% of Total
Key Bank	\$ 14,600,000	47.52%
HTC Equity (Cinnaire)	\$ 13,339,188	43.42%
Seller Loan	\$ 910,259	2.96%
Deferred Dev Fee	\$ 1,875,000	6.10%
Totals	\$ 30,724,447	100%

* not included in total

Market Summary

	City	County	State	Census Tract
Population:	45,036	139,988	29,640,343	4,567
Median Age:	36	39	36	34
Diversity Index:	57	45	n/a	46
% Hispanic:	22%	16%	39%	14%
% Persons with Disability:	15%	14%	12%	18%
% Households that Rent:	47%	33%	37%	58%
Median Rents:	1,177	1,178	1,339	949
% Renters Who are Cost Burdened:	47%	43%	48%	38%
Median Home Price:	\$ 219,300	\$ 228,300	\$ 260,400	\$ 273,700
Median Household Income:	\$ 60,935	\$ 92,100	\$ 76,292	\$ 56,020
Unemployment:	3.29%	3.55%	5.14%	5.42%
Persons w/o Insurance:	83%	84%	83%	85%
Medically Underserved Area:	Yes	n/a	n/a	n/a
% Attending Public Schools:	98%	94%	91%	97%
Graduation Rate (Sherman ISD)	>=90%			
CRA Eligible Census Tract:	<u>Not Eligible</u>			
# of LI Projects and Units:	<u>1</u>	<u>124</u>		

Ridgeview - Underwriting.xlsx - Summary Sources and Uses

Summary of Sources and Uses

Applicant Impactful Ventures
 Project Name Ridgeview Apartments
 Number of Units 141

Sources	Amount	Amount Per Unit	Percentage of Total
Key Bank	\$ 14,600,000	\$ 103,546	48%
HTC Equity (Cinnaire)	\$ 13,339,188	\$ 94,604	43%
Seller Loan	\$ 910,259	\$ 6,456	3%
Deferred Dev Fee	\$ 1,875,000	\$ 13,298	6%
Total Sources	\$ 30,724,447	\$ 217,903.88	100%

Uses	Amount	Amount Per Unit	Percentage of Total
Acquisition	\$ 11,500,000	\$ 81,560.28	37%
Off-Site Construction	\$ -	\$ -	0%
On-Site Work	\$ 621,495	\$ 4,407.77	2%
Site Amenities	\$ 491,000	\$ 3,482.27	2%
Building Costs	\$ 8,202,171	\$ 58,171.43	27%
Other Const/Contingency	\$ 2,351,466	\$ 16,677.06	8%
Soft Costs	\$ 1,094,000	\$ 7,758.87	4%
Financing Costs	\$ 2,528,315	\$ 17,931.31	8%
Developer Fees	\$ 3,936,000	\$ 27,914.89	13%
Reserve Accounts	\$ -	\$ -	0%
Total Uses	\$ 30,724,447	\$ 217,903.88	100%

(Gap) / Reserve	\$ -
Percent of Developer Fee Deferred	47.64%

Ridgeview - Underwriting.xlsx - Operating Proforma

Operating Proforma

Applicant Impactful Ventures
 Project Name Ridgeview Apartments

Total Units: <u>141</u>	30% AMI: <u>15</u>	% at 30% AMI: <u>10.64%</u>	80% AMI: <u>0</u>	% at 80% AMI: <u>0.00%</u>
Min. Set Aside Election: <u>40% @ 60% AMI</u>	40% AMI: <u>0</u>	% at 40% AMI: <u>0.00%</u>	MR: <u>0</u>	% at MR: <u>0.00%</u>
Min. Afford. Units: <u>57</u>	50% AMI: <u>0</u>	% at 50% AMI: <u>0.00%</u>		
Afford. Units: <u>141</u>	60% AMI: <u>126</u>	% at 60% AMI: <u>89.36%</u>	Rental Assist: <u>Yes - Partial</u>	
% Affordable: <u>100%</u>	70% AMI: <u>0</u>	% at 70% AMI: <u>0.00%</u>	Accessible Unit Min: <u>8</u>	

Residential Income

Unit Type	Unit Sq. Ft.	Net Sq. Ft.	# units	Rent	Mo. Income	Inflator	Rent Limiter
1br/1ba	700	38,500	55	\$ 1,057	\$ 58,135	1.02	60% AMI
1br/1ba	700	5,600	8	\$ 595	\$ 4,760	1.02	30% AMI
2br/1ba	800	47,200	59	\$ 1,266	\$ 74,694	1.02	60% AMI
2br/1ba	800	5,600	7	\$ 726	\$ 5,082	1.02	30% AMI
3br/2ba	900	10,800	12	\$ 1,481	\$ 17,772	1.02	60% AMI
		-			\$ -	1.02	

Subtotals:	107,700	141			\$ 160,443
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Other income: \$ 28.37 \$ 4,000 1.02

Potential gross income

Residential vacancy loss 7.50%

Effective Gross Residential Income

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$	697,620	711,572	725,804	740,320	755,126	833,720	920,495
\$	57,120	58,262	59,428	60,616	61,829	68,264	75,369
\$	896,328	914,255	932,540	951,190	970,214	1,071,195	1,182,686
\$	60,984	62,204	63,448	64,717	66,011	72,882	80,467
\$	213,264	217,529	221,880	226,317	230,844	254,870	281,397
\$	-						
\$	48,002.04	48,962	49,941	50,940	51,959	57,367	63,338
\$	1,973,318	2,012,784	2,053,040	2,094,101	2,135,983	2,358,298	2,603,751
\$	(147,999)	(150,959)	(153,978)	(157,058)	(160,199)	(176,872)	(195,281)
\$	1,825,319	1,861,826	1,899,062	1,937,043	1,975,784	2,181,425	2,408,470

Operating Expenses

	TSAHC est.	Borrower Yr 1	% EGI	Variance	Per Unit	Inflator
General & Administrative	\$ 83,754	\$ 62,600	3.43	-25%	\$ 444	1.03
Management Fee	\$ 71,628	\$ 78,000	4.27	9%	\$ 553	1.03
Payroll and Related	\$ 213,615	\$ 209,380	11.47	-2%	\$ 1,485	1.03
Maintenance & Repair	\$ 123,939	\$ 80,800	4.43	-35%	\$ 573	1.03
Utilities	\$ 286,653	\$ 145,500	7.97	-49%	\$ 1,032	1.03
Insurance	\$ 117,171	\$ 91,250	5.00	-22%	\$ 647	1.03
Taxes	\$ 166,521	\$ 80,000	4.38	-52%	\$ 567	1.03
Operating Debt Service Reserves			0.00	#DIV/0!	\$ -	1.03
Replacement reserves	\$ 42,300	\$ 42,300	2.32	0%	\$ 300	1.03
HTC/HOME Compliance Fees	\$ 5,640	\$ 5,640	0.31	0%	\$ 40	1.03
Bond Compliance Fees	\$ 6,345	\$ 6,345	0.35	0%	\$ 45	1.03
Other (specify): <u>Trustee/Supportiv</u>	\$ 34,794	\$ 34,794	1.91	0%	\$ 247	1.03
Total Operating Expenses	\$ 1,152,360	\$ 836,609		-27%	\$ 5,933.40	

state avg \$ 7,063.00 per unit

Operating Expenses as a percentage of Effective Gross Income

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$	62,600	64,478	66,412	68,405	70,457	81,679	94,688
\$	78,000	80,340	82,750	85,233	87,790	101,772	117,982
\$	209,380	215,661	222,131	228,795	235,659	273,193	316,706
\$	80,800	83,224	85,721	88,292	90,941	105,426	122,217
\$	145,500	149,865	154,361	158,992	163,762	189,844	220,082
\$	91,250	93,988	96,807	99,711	102,703	119,061	138,024
\$	80,000	82,400	84,872	87,418	90,041	104,382	121,007
\$	-	-	-	-	-	-	-
\$	42,300	43,569	44,876				
\$	5,640	5,809	5,983	6,163	6,348	7,359	8,531
\$	6,345	6,535	6,731	6,933	7,141	8,279	9,597
\$	34,794	35,838	36,913	38,020	39,161	45,398	52,629
\$	836,609	861,707	887,558	867,963	894,002	1,036,393	1,201,464
\$	5,933	6,111	6,295	6,156	6,340	7,350	8,521
	45.8%	46.3%	46.7%	44.8%	45.2%	47.5%	49.9%

Ridgeview - Underwriting.xlsx - Operating Proforma

NET OPERATING INCOME
NET OPERATING INCOME

\$	988,710	\$	1,000,118	\$	1,011,504	\$	1,069,080	\$	1,081,782	\$	1,145,032	\$	1,207,006
\$	988,710	\$	1,000,118	\$	1,011,504	\$	1,069,080	\$	1,081,782	\$	1,145,032	\$	1,207,006

PRIMARY DEBT SERVICE

	Principal	Rate	Amort	Term
Key Bank	\$ 14,600,000	5.00%	40	17
Total Primary Debt	\$ 14,600,000			

TSAHC Issuer Fee
Net Cashflow After Primary Debt
DSCR Primary Debt

\$	16,500		
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	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$	844,808	\$ 844,808	\$ 844,808	\$ 844,808	\$ 844,808	\$ 844,808	\$ 844,808
\$	844,808	\$ 844,808	\$ 844,808	\$ 844,808	\$ 844,808	\$ 844,808	\$ 844,808

\$	16,500	\$	16,500	\$	16,500	\$	5,000	\$	5,000	\$	5,000	\$	5,000
\$	127,402	\$	138,810	\$	150,195	\$	219,272	\$	231,974	\$	295,224	\$	357,198
	1.15		1.16		1.17		1.26		1.27		1.35		1.42

SOFT SUBORDINATE DEBT & EQUITY

	Rate	Cash Flow	After CF	% of CF
HTC Equity (Cinnaire)	\$ 13,339,188	No	No	
Seller Loan	\$ 910,259	No	No	
Deferred Dev Fee	\$ 1,875,000			
Total Secondary Debt	\$ 16,124,447			

Balance Dev Fee: \$ (359,058)

Net Cash Flow After Secondary Debts:

\$	127,402	\$	138,810	\$	150,195	\$	219,272
\$	-	\$	-	\$	-	\$	-

MINUTES AND CERTIFICATION

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

The Board of Directors of the Texas State Affordable Housing Corporation (the "Corporation") convened on January 20, 2026, at the designated meeting place in Austin, Texas, and roll was called of the duly constituted members of said Board of Directors, to-wit:

Table with 2 columns: Name, Office. Rows include Valerie Vargas Cardenas (Chairperson), Ernest Richards (Vice Chairperson), Lemuel Williams (Director), and David Rassin (Director).

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

"RESOLUTION NO. 26-____

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

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

_____ AYES _____ NOES _____ ABSTENTIONS

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

SIGNED this January 20, 2026.

Secretary, Texas State Affordable Housing
Corporation

RESOLUTION NO. 26-_____

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

WHEREAS, the Board of Directors of the Texas State Affordable Housing Corporation (the "Corporation") desires to submit one or more calendar year 2026 Applications for Allocation of Private Activity Bonds, a calendar year 2026 Application for Carryforward for Private Activity Bonds, one or more calendar year 2027 Applications for Allocation of Private Activity Bonds and/or a calendar year 2027 Application for Carryforward for Private Activity Bonds (collectively, the "Application") to the Texas Bond Review Board in connection with tax-exempt obligations in a principal amount not to exceed \$16,500,000 (the "Bonds") relating to a qualified residential rental housing project located at 1800 W Washington Street, Sherman, Texas 75092, Grayson County (the "Project");

WHEREAS, the Corporation intends to issue the Bonds and loan the proceeds to Impactful Ventures Sherman MM LLC or an affiliate of Impactful Ventures LLC (the "Borrower"), which will be the initial legal owner and will use the proceeds for acquiring, rehabilitating and equipping the Project;

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

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

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

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

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

1. That the President, Executive Vice President or any officer of the Corporation is hereby authorized and directed to execute and deliver the Application to the Texas Bond Review Board in connection with requesting allocation in the maximum principal amount of \$16,500,000 for the Bonds, together with any documents, certificates or instruments related thereto.

2. That the President, Executive Vice President or any other officer of the Corporation is hereby authorized and directed to file with the Texas Bond Review Board one or more notices of intent to issue bonds and/or one or more state debt bond applications in connection with the Bonds and such officers are further authorized and directed to request that the application(s) be approved by the Texas Bond Review Board in accordance with Chapter 181 of the Texas Administrative Code, as amended.

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

4. That the Corporation reasonably expects that the Borrower will reimburse capital expenditures with respect to the Project with proceeds of debt hereafter to be incurred by the Corporation, and that this resolution shall constitute a declaration of official intent under the Regulation. The maximum principal amount of obligations expected to be issued for the Project by the Corporation is \$16,500,000.

PASSED, APPROVED AND EFFECTIVE this January 20, 2026.

TEXAS STATE AFFORDABLE
HOUSING CORPORATION

Tab 5

Presentation, Discussion and Possible Approval of the Publication of Draft Amendments to TSAHC's Joint Venture Development Guidelines for Public Comment.



Development Finance Programs

Agenda Item

Presentation, Discussion and Possible Approval of the Publication of Draft Amendments to TSAHC’s Joint Venture Development Guidelines for Public Comment.

Background

Staff is presenting draft amendments to the Joint Venture Development Guidelines and is requesting approval from the Board to post the draft for public comment. The draft will be published on our website, and a notice will be provided on the Texas Register.

In December 2017, TSAHC’s Board approved a resolution and guidelines that would guide our participation in partnerships with Developers to create affordable rental housing. The guidelines were previously amended in 2020, 2023, and 2024. Now, TSAHC has completed two projects and has two additional projects under construction. To ensure that new applications to the program fulfill the public purpose of TSAHC, the following amendments are being proposed.

- Section 1(c) – The definition of a Smaller Urban Market is being revised to match changes made in other programs’ policies.
- Section 2 – This is a new section that includes new Threshold Requirements for all Developments. This section provides clarity to Applicants regarding TSAHC’s intent to increase and preserve affordable housing, and to avoid misuse of its property tax exemption status.
- Section 5(a) – The application fee for Joint Venture projects is increased from \$500 to \$1,500.

Additional minor changes to wording and punctuation have been made, along with technical changes provided by counsel. If approved, the blacklined version of the guidelines will be published on the TSAHC website for public comment and will return to the Board after at least 30 days. All public comments received will be summarized and provided to the Board at the time of final approval.

Staff Recommendation:

Staff recommend that the Board approve the publication of the proposed draft amendments to the Joint Venture Development Guidelines for public comment.

Texas State Affordable Housing Corporation

Joint Venture Development Guidelines

The Texas State Affordable Housing Corporation (TSAHC) has adopted these guidelines (Guidelines) to direct staff in the creation of joint ventures, limited liability companies or partnerships (hereinafter Joint Ventures) for the purpose of acquiring, constructing, rehabilitating or equipping affordable multifamily properties (singularly referred to as a Development). These guidelines set forth the circumstances under which TSAHC will consider undertaking a Joint Venture, the process for reviewing such requests, organizing the Joint Venture and expectations for the operation and management of the Development.

1. Eligible Developments:

In order to ensure that TSAHC adheres to its legislative mandate, only Developments that meet at least one of the following housing needs may be considered:

- a. Small scale developments (50 units or less) located in urban areas that will reserve at least 50 percent of the units for individuals and families with incomes at or below 60 percent of the median family income, adjusted for family size;
- b. Developments serving extremely low-income households, with at least 10% or more of total units reserved for households earning 30% or less than median income, and that provide onsite ~~or, or~~ free access to ~~offsite-sight~~, supportive services targeted to households at risk of homelessness. ~~These d~~ Developments meeting the foregoing criteria will be defined as “Permanent Supportive Housing”, per these guidelines;
- c. Developments located in rural or smaller urban areas. 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~~ a County of more than 500,000 persons and not adjacent to an urban area based on USDA census tract designations; and
- d. Developments that are intended for individuals 62 years of age or older or intended and operated for occupancy by at least one individual 55 years of age or older; and at least 20% of total units are affordable and reserved for households earning 50% or less than the area median income.

2. Threshold Requirements:

To fulfill the public purpose of TSAHC, Applicants must provide evidence that the Development meets all of the following minimum requirements.

- a. The Development meets TSAHC’s program policies and requirements for Affordable Communities of Texas Land Bank Program;
- b. The Development will be constructed or rehabilitated in accordance with the TSAHC’s accessibility and construction standards;
- c. The Development is infeasible without the utilization of a property tax exemption, provided, however, reaching such conclusion shall be in the sole determination of TSAHC based on the evidence provided;
- d. The Development has not entered into construction or rehabilitation financing, excluding predevelopment financing, prior to TSAHC’s proposed involvement in the transaction.

Texas State Affordable Housing Corporation

Joint Venture Development Guidelines

d. .

2.3. Application and Approval Process:

TSAHC will make available an application for potential Joint Venture partners to complete to assess if the Development will meet TSAHC's underwriting and program requirements. TSAHC's application will include, but is not limited to:

- Financial proformas and summary of sources and uses to assess the financial feasibility of the project in accordance with TSAHC's program requirements, including projected gaps in financing sources and proposed solutions and proposed fee splitting;
- Summary of the Applicant's previous experience with affordable housing development;
- Summary of property tax implications (i.e. the anticipated savings TSAHC's involvement creates and implications to the local property tax base);
- Summary of proposed ownership structure in the form of an organization chart (with owner entity preferably to be organized as a limited liability company) identifying owner entities, developer entities and guarantors;
- List of all confirmed and potential parties involved as financial sources (i.e. lenders, foundation, etc.) and development team members (i.e. architects, property managers, etc.), disclosing any affiliations with Applicant;
- Term sheets for all development sources of funds and/or descriptions and applications for any pending sources;
- Whether a sales tax exemption will be sought through TSAHC serving as general contractor and, if so, the identity of the master contractor (if known) and bonding capacity; and
- Summary of developer's proposed long-term timeline for development, including ~~securing~~ securing financial resources, ~~closing dates for~~ acquisition, permanent financing, ~~s~~ and occupancy by qualified low-income households.

Once TSAHC has determined, based on its own assessment, that the proposed Joint Venture meets these Guidelines, a project summary, along with initial underwriting will be presented to TSAHC's board of Directors for approval. If approved, TSAHC will then negotiate and enter into a Memorandum of Understanding ("MOU") with the Applicant, or Applicant's affiliates.

Prior to the ~~closing~~ closing of any Development, TSAHC will be required to obtain approval, in the form of a resolution, of the final financing structure and ratifying the creation of subordinate entities from its Board of Directors.

If the Development includes the issuance of Private Activity Bonds, ~~with~~ with TSAHC, or any other entity, as ~~bond~~ bond issuer, TSAHC will not permit the submission of an application for reservation ~~offer~~ of bonds ~~allocation~~ to the Texas Bond Review Board until such time as TSAHC has agreed to and executed the MOU.

3.4. Ownership Structure:

The owner entity should in almost all cases be a limited liability company (TSAHC's preferred vehicle) or a limited partnership (Owner Entity). TSAHC may create one or more affiliated entities in connection with

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the undertaking of its duties in connection with the Development. In addition, ~~TSAHC will require the formation of a development member (or similar entity) to act in conjunction with the TSAHC-affiliated Managing Member (or General Partner) in connection with the development and management of the Development in such a manner so as to preserve eligibility for a property tax exemption as TSAHC's attorneys may determine.~~ TSAHC may create one or more of the following entities, in its sole discretion, to manage specific functions of the Development and Owner Entity and ownership of the property.

- a. Managing Member (or General Partner) Entity. A separate entity, established and wholly controlled by TSAHC, may be established by TSAHC to serve as Managing Member (or General Partner). The Managing Member or General Partner Entity will be the de facto managing entity of the Development-Owner Entity in cooperation with any development members (or limited partners or similar entities). The Managing Member (or General Partner) must have authority to review and approve all financing terms and commitment letters, as well as contracts with the owner including without limitation development team members and will have authority to approve engineering and architectural plans for the Development. The Managing Member (or General Partner) or an affiliate thereof may also receive ~~a percentage of any typical or customary developer fees due from development proceeds,~~ an asset oversight fee from rental revenues of the Development and a percentage of ongoing net revenues or cash flow after the payment of all debts and obligations of the Development. The Managing Member (or General Partner) will also be entitled to sales proceeds and will have an option and/or right of first refusal to purchase the Development and/or the other members' (or partners') interests in the Owner Entity upon disposition on or before year 15 of operations and thereafter. TSAHC and its affiliates will not be required to provide any guaranties or indemnities and will be fully indemnified by the Owner Entity and the developer and such other Joint Venture entities for their participation in the Development except to the extent of TSAHC's gross negligence or willful misconduct.
- b. General Contractor Entity. A separate entity, established and wholly controlled by TSAHC, may be used by TSAHC to serve as General Contractor. The General Contractor will be used to administer all construction contracts, oversee the approval of draws, and conduct other customary due diligence needed to complete the Development. TSAHC may utilize a pre-existing General Contractor entity that has been used in previous developments. TSAHC's affiliate will earn a fee equal to a percentage of the sales tax savings. TSAHC may engage a third party construction reviewer to inspect work and draw request documentation at the expense of the owner.
- c. Land Ownership Entity. TSAHC or a separate entity, established and wholly controlled by TSAHC, may be used by TSAHC to serve as fee owner of the land for the Development. In general, (1) the land will be leased to the Owner Entity ~~limited partnership (or limited liability company)~~ for a term not to exceed 99 years, and (2) the ~~Development~~ Owner Entity will own the Development structures, including existing and to-be-constructed structures, improvements, and equipment ~~and new construction~~. TSAHC, as ground lessor, will have a continuing option to buy the improvements and leasehold estate from the Owner Entity so as to qualify for the property tax exemption. TSAHC will earn a fee in exchange for providing the property tax-exempt structure.

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- d. Developer Entity. A separate entity, established and wholly controlled by TSAHC, may be used by TSAHC as a development-related entity, to manage development activities related to the Development and earn TSAHC's share of the developer fee.

Note: Each of the foregoing affiliated entities, together with TSAHC, are required to be indemnified by the Applicant or Developer and its parent organization (and/or any other entity specified by TSAHC) for such affiliated entity's actions or omissions that do not constitute willful misconduct or gross negligence.

4.5. Fees:

- a. Application Fee: ~~\$1,500~~500 (this fee is in addition to TSAHC's standard multifamily bond application fee, if applicable, or any other fees associated an application for financing to TSAHC).
- b. Start-Up Fee: Applicants will be required to fund TSAHC's organization and legal costs of establishing TSAHC's subordinate entities through the Start-Up Fee. A deposit of \$15,000 towards the Start-Up fee will be due and payable to TSAHC upon the approval of the Joint Venture by TSAHC's Board of Directors.
- c. Asset Management Fee: As part of TSAHC's Joint Venture responsibilities, the Development's annual operating budget must include an Asset Management Fee of \$10,000, with an annual increase during Development operations of 3%.
- d. Developer Fee: For participating in a Joint Venture, TSAHC will receive a portion (minimum of 25%) of the Developer Fee paid from the Development's financing sources and revenues. TSAHC will be paid proportionally with the Developer for any deferred payments of the Developer Fee (regardless of source). TSAHC will consider lowering the minimum developer fee to 20% for ~~projects~~Developments considered to be Permanent Supportive Housing. In no event shall TSAHC or any of its participating entities be required to make a capital contribution to fund the Owner Entity's payment of Developer Fee.
- e. General Contractor Fee: If TSAHC or its affiliates serve as the general contractor of record, it will be entitled to a minimum fee equal to 15% of the sales tax savings (no less than \$30,000) and must be fully indemnified. The closing documents, including the master subcontract, must include specific indemnification language provided by the Corporation in the MOU.
- f. Cash Flow and Revenue Sharing: Following the repayment of all amounts owed to the Developer and TSAHC for the Developer Fee, net cash flow from the Development may be (1) used to fund supportive services in addition to any services required by the Development's compliance or regulatory agreements; (2) escrowed by TSAHC in a fund (the "Local Services Fund") to support local educational, health and welfare service providers or agencies that benefit residents of the Development; and/or (3) shared betweeny the Developer member and ~~TSAHC Corporation~~TSAHC Corporation-affiliated managing member (or general partner). At a minimum, TSAHC's shares of net cash flow and capital event proceeds shall be 30%. The inclusion of subordinate financing, either from a third party or an affiliate of the Ddevelopment team, will require the creation of an annual supportive service fee ("Supportive Service Fee") to be paid above the line as an operating expense from the project's operating income and prior to any distribution of cash flow.
- g. Professional Fees: TSAHC's Joint Venture Counsel will provide services related to the creation of affiliated entities and negotiation of TSAHC's duties in its related roles, the terms of the

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limited partnership or limited liability company documents, the terms of applicable indemnifications, and other ancillary matters. The Joint Venture Counsel shall charge a fixed fee (or an hourly based fee) to be established based on the facts of the financing structure to be used and approved by TSAHC.

Issuer Fees Not Included. For the avoidance of doubt, TSAHC's fees as bond issuer (if applicable) will be provided under separate cover.

5.6. Community Outreach:

TSAHC is intent on ensuring that local support is in place prior to approving its participation in a Joint Venture. In order to identify such support, Applicants shall be required to submit at least two letters that clearly state the Development project will be exempt from property taxes from the following entities or persons:

- a. The City or County housing department;
- b. The City or County housing finance agency;
- c. The City or County public housing agency;
- d. The office of the Mayor or County Judge;
- e. A member of the City Council or County Commissioner's Court;
- f. The State Representative or Senator serving the district where the property is located; or
- g. The Superintendent of Public Schools serving the project-Development site.

Projects-Developments utilizing housing tax credits will also be required to obtain a resolution from the city or county government where the Development is located, that meets the standards for low-income housing tax credit program pursuant to section 2306.67021 of the Texas Government Code. The submission of this resolution may be done after application but must be received prior to receipt of the reservation of private activity bonds, if included in the financing structure.