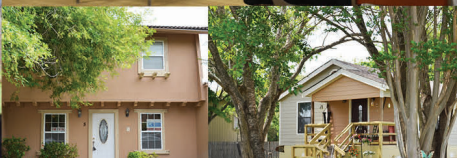




Year in Review

TEXAS STATE AFFORDABLE HOUSING CORPORATION
2018 Annual Report



2018 YEAR IN REVIEW

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2018 IN REVIEW

An Interview with TSAHC President David Long

LOOKING BACK ON 2018, WHAT ARE SOME OF TSAHC'S BIGGEST ACCOMPLISHMENTS?

TSAHC has a strong track record of providing safe, secure and affordable housing options to Texans at all income levels, and 2018 was no different. We assisted more than 9,000 households through our home buyer programs which is the highest number we've ever recorded. In fact, it was the second consecutive year we set a record. TSAHC's developer financing programs also financed more than 600 rental units for low and very-low income households.

But the accomplishment that stands out the most is the creation of the Housing and Economic Assistance to Rebuild Texas (HEART) program, a disaster recovery program that we launched with Enterprise Community Partners.

CAN YOU EXPAND ON TSAHC'S EFFORTS RELATED TO DISASTER RECOVERY?

We created the HEART program in spring 2018 to respond to Hurricane Harvey's devastating impact across Southeast Texas and the Gulf Coast area. Thanks to generous funding provided by the Rebuild Texas Fund, the Meadows Foundation and the Center for Disaster Philanthropy, in 2018 we awarded \$900,000 to 23 nonprofits for home repairs and other housing assistance in the affected areas.

Together these nonprofits have repaired 75 homes and provided case management, service referrals and financial assistance to more than 1,000 households.

YOU MENTIONED WORKING WITH ENTERPRISE COMMUNITY PARTNERS. WHO ELSE DOES TSAHC PARTNER WITH?

We rely on our strong partnerships with lenders, REALTORS®, financial institutions, local nonprofits and foundations to promote and grow our programs. In 2018, in response to the growing affordable housing crisis in rural communities, we also teamed up with Enterprise Community Partners, the Federal Reserve Bank of Dallas, the Rural Rental Housing Association of Texas and Motivation, Education & Training to conduct a five-part Rural Rental Housing Preservation Academy designed to preserve at-risk housing in rural areas. And we continue to work with the Texas Health and Human Services Commission to meet the housing needs of individuals with chronic health issues.

WHAT'S ON THE HORIZON FOR TSAHC?

Our Single Family Rental program is now in San Antonio, and we will expand its presence there to provide affordable rental housing options in high opportunity neighborhoods. Also, we were recently awarded \$3.75 million through the Capital Magnet Fund, and we look forward to using those funds to finance affordable rental housing in economically distressed areas, rural areas and areas affected by Hurricane Harvey.

I'm proud to be a part of an organization that combines hard work and creativity to address Texas' most challenging housing needs. Moving forward, we'll continue to refine and expand our programs to respond to trends in the housing market and make sure we can serve as many Texans as possible.

HOMEOWNERSHIP

HELPING TEXANS OVERCOME THE DOWNPAYMENT HURDLE

TSAHC offers fixed-rate mortgage loans with down payment assistance (DPA) to Texas home buyers meeting specific eligibility requirements. First-time buyers can also access a mortgage interest tax credit known as a Mortgage Credit Certificate that can save them thousands of dollars on their income taxes over the life of their mortgage.

YEAR IN REVIEW

9,425 Home Buyers Assisted
\$1.4 billion in Mortgage Loans Issued
\$54 million in DPA Issued
2,324 MCCs Issued



With expert guidance from her lender Stacy Lynn Schriever (left) and REALTOR® Debbie Patterson (right), Felicia Bolton and her family used TSAHC's programs to purchase their first home in Arlington in July 2018. Felicia received an FHA loan with a \$6,480 DPA grant, which covered her down payment and a portion of her closing costs.



"Buying a home is the biggest financial decision we've ever made, and we couldn't have done it without the down payment grant we received from TSAHC.

I'm so grateful to Stacy and Debbie for introducing me to TSAHC's programs, which made it possible for our family to finally purchase a home of our own."

FELICIA BOLTON

HOUSING CONNECTION



YEAR IN REVIEW

- 3 NeighborWorks Trainings Offered
- 39 Nonprofit Staff Trained
- 14 Hotel Scholarships Provided
- 100% Participant Satisfaction

HIGH QUALITY TRAINING AT AN AFFORDABLE PRICE

Every year TSAHC contracts with NeighborWorks America to provide high quality trainings to Texas housing nonprofits. In 2018, TSAHC expanded the scope of the trainings to include affordable housing development in addition to home buyer and financial education. With support from private funders, TSAHC offered three NeighborWorks America courses during a weeklong workshop hosted by the Federal Reserve Bank of Dallas-San Antonio branch.

PICTURED: Participants of the Real Estate Finance Nuts and Bolts course learn how to calculate loan payments and interest rates. They will use the knowledge and skills obtained during the course to expand their programs to offer more high quality affordable housing in their communities.



“TSAHC has been our go-to resource for home buyer and financial education training for years. With home and rent prices on the rise, housing affordability is becoming a critical issue in Corpus Christi.

We’re so glad TSAHC expanded the scope of their trainings to include real estate development and affordable housing financing, which will help us better respond to our community’s affordable housing crisis.”

JUAN RAMIREZ
CITY OF CORPUS CHRISTI

TEXAS FOUNDATIONS FUND

GALILEE CDC

Galilee Community Development Corporation is a 501(c)(3) nonprofit whose mission is to provide decent, affordable homes for qualified workforce families in and around San Angelo.

Each April, the organization provides repairs to approximately 40 homes owned by low-income seniors through its Helping Hands program. TSAHC's Texas Foundations Fund provides financial support to this program.

Pictured: Galilee CDC used its matching grant from the Texas Foundations Fund to replace a roof for an elderly homeowner in San Angelo.

MATCHING GRANTS TO SERVE VERY LOW INCOME TEXANS

Through the Texas Foundations Fund, TSAHC partners with local nonprofit organizations by providing matching grants to support home repair programs and supportive housing services for very low-income Texans with disabilities and/or located in a rural community.

YEAR IN REVIEW

24 Nonprofit Partners

\$348,000 in Matching Grants Awarded

Since 2008:

\$3.2 million Total Grants Awarded

414 Homes Repaired

11,000 Households Received Supportive Services

HEART PROGRAM

Housing & Economic Assistance to Rebuild Texas

REBUILDING HOMES AND COMMUNITIES

Created by TSAHC and Enterprise Community Partners in April 2018, the HEART Program provides grants and technical assistance to nonprofits providing housing assistance to families displaced or otherwise affected by Hurricane Harvey.

The program is funded by the Rebuild Texas Fund, The Meadows Foundation, the Center for Disaster Philanthropy and a commitment of TSAHC program revenue from TSAHC's Board of Directors.



NUTRITION & SERVICES FOR SENIORS

Nutrition & Services for Seniors (NSS) provides congregate meals, home delivered meals, transportation, nutrition education and referrals to give seniors the opportunity to lead independent lives in their own homes.

In 2018, NSS launched the Client Assessment and Home Repair program to respond to Hurricane Harvey's devastating impact in Jefferson County. To date, NSS has repaired 7 homes and is working on an additional 11 homes thanks to funding provided through the HEART program and other sources.

Pictured: NSS staff stands with a homeowner (second from left) in front of a home repaired with HEART funds. NSS replaced damaged doors and door frames and repaired drywall in the kitchen and bathroom.

YEAR IN REVIEW

23 Nonprofits Awarded Funding
\$900,000 in Grants Awarded
75 Homes Repaired

1,055 Households Received Case Management, Service Referrals or Financial Assistance

MULTIFAMILY BONDS

BUILDING & PRESERVING AFFORDABLE RENTAL UNITS

TSAHC issues tax-exempt bonds statewide to finance projects that fulfill one or more of our targeted housing needs.

These needs are:

1. rehabilitation and preservation of at-risk housing
2. rural and smaller urban markets housing
3. senior and service enriched housing
4. disaster relief housing

PALLADIUM GLENN HEIGHTS

(pictured)

TSAHC's Board of Directors approved \$18.5 million in private activity bond financing for the construction of the 270-unit Palladium Glenn Heights Apartments which opened in 2018.

Located south of Dallas, Glenn Heights is an 11,000 person community that was ravaged by a series of tornadoes in December 2015. The Palladium Glenn Heights development is helping to address the community's housing needs in the wake of the disaster.

YEAR IN REVIEW

\$77,897,000 in Bonds Issued or Reserved

602 Units Built or Preserved

2 Communities

TEXAS HOUSING IMPACT FUND

LOW-COST FINANCING FOR LOCAL DEVELOPERS

TSAHC's Texas Housing Impact Fund offers flexible financing for the development or acquisition and rehabilitation of affordable rental or single family homes across Texas.

The fund supports developments that create economic opportunities, healthier environments, more mobility and a higher quality of life for low and moderate income families.

YEAR IN REVIEW

\$1,382,986 in Funding Issued

27 Rental Units Financed

5 Single Family Homes Financed



AHA! AT BRIARCLIFF GROUND BREAKING *(pictured)*

In 2018, TSAHC's Board of Directors committed \$995,000 to the construction of the AHA! at Briarcliff apartments in Central East Austin. When complete, AHA! at Briarcliff will provide 27 rental homes to low- and extremely low-income households with disabilities. TSAHC's financial commitment was made possible thanks to investments from Austin Community Foundation's FundATX and Texas Capital Bank.

AFFORDABLE COMMUNITIES OF TEXAS



CALIFORNIA CROSSING *(pictured)*

TSAHC acquired California Crossing, a 39 lot formerly foreclosed subdivision in Los Fresnos, Texas using federal Neighborhood Stabilization Program funding. Community Development Corporation (CDC) Brownsville, a TSAHC Local Partner, is redeveloping the properties by constructing new, high quality homes that are affordable to low-income households.

Founded in 1974, CDC Brownsville is a nonprofit community housing development organization and one of the largest nonprofit home builders in Texas.

STRENGTHENING COMMUNITIES WITH TEXAS' FIRST STATEWIDE LAND BANK

Under the Affordable Communities of Texas (ACT) Program, TSAHC partners with local nonprofit organizations to acquire foreclosed homes and vacant lots from financial institutions and redevelop them into affordable homes for low-income families.



YEAR IN REVIEW

20 Nonprofit Partners
244 Lots/Homes in Portfolio
19 Lots/Homes Sold

SINGLE FAMILY RENTAL PROGRAM

GIVING CENTRAL TEXAS FAMILIES A PLACE TO CALL HOME

TSAHC's Single Family Rental Program provides affordable housing at below-market rents to income-eligible families and individuals in the Austin area. TSAHC currently owns and operates 19 rental homes, all of which are located in high opportunity areas close to good schools and other services.

YEAR IN REVIEW

19 Total Units
17 Single Family Homes
2 Duplex Units
100% Occupancy

"This home has been life-changing for our family. It's in the perfect location, and thanks to the affordable rent, we can afford all of our other bills and still have a little left over at the end of the month."

BETH PRASSE

PICTURED: Beth Prasse and her four boys stand in front of their rental home in Georgetown, Texas. They moved into the four-bedroom home in July 2018 because it is only three miles from the boys' school and offers enough space for the two older boys to have their own rooms.



PICTURED: The Ortiz family stands on the new staircase outside of their unit at the Rollins Martin apartments. They have lived at Rollins Martin for seven years, and the consistently affordable rent is critical to helping them budget for all of their monthly expenses.



“We love living at Rollins Martin! Our apartment is the perfect size for our family, and the rent is very affordable. We also appreciate all of the improvements that TSAHC has made to make the property nicer and safer over the past few years.”

ORTIZ FAMILY

MULTIFAMILY RENTAL PROGRAM

AFFORDABLE APARTMENTS ONLY 10 MINUTES FROM DOWNTOWN AUSTIN

TSAHC owns and operates Rollins Martin, a 15-unit apartment complex in east Austin. All units have three bedrooms and two bathrooms, and are affordable to households earning up to 60% of the area median family income.

In addition to replacing the roofs and fences and renovating all units with tankless hot water heaters and new HVAC systems, in 2018 TSAHC replaced all of the staircases at the property and added additional security features.

YEAR IN REVIEW

15 Multifamily Units
100% Occupancy

DONORS & INVESTORS

TSAHC would like to thank the following corporations, foundations, public entities, mortgage companies and individuals for their support in 2018.

CORPORATIONS AND FOUNDATIONS

Austin Community Foundation BBVA Foundation

Federal Reserve Bank of Dallas Frost Bank Insperity

JPMorgan Chase & Co. Meadows Foundation

Rebuild Texas Fund Texas Capital Bank

Texas Community Bank Wells Fargo Housing Philanthropy

ADDITIONAL DONORS

Jill Allen	Michael Gonzalez	Jordan O'Brien
Pam Anderson	Sandy Gonzalez	Yvonne Ovalle
Gabriela Berganza	Claudya Gutierrez	Kelly Peace
Flora Biscotto	Aprill Harmon	Arthur Pierot
Jenay Bowen	Judith Harris	Q & A Mortgage
Daphne Burris	Meredith Held	Jamie Slagel
Lucy Cadenas	MaryAnn Comparin Jones	Jennifer Stevens
Megan Cloud	Kyle Koerner	Brad Sullivan
Lourdes Codina	Carol Larrimer	Maria Tinoco
Dee Dee Dahlberg	Kim Lewis	Karen Trevino
Margot DeLaPaz	Cerita Loftis	Cody Velkovich
Gene Dupuis, Jr	Amy McCarty	John Wren
Jenni Fiest	Modern Mortgage	Cheri Zaberer
Hugo Estrada	Josh Moody	Jael Zelada

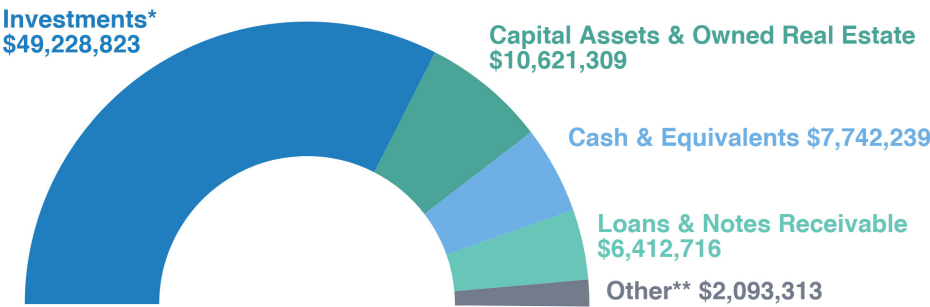
*Donors who gave \$500+ in support of Housing Connection

FINANCIAL OVERVIEW

TSAHC’s financial statements for the fiscal year ending August 31, 2018, were audited by Maxwell Locke & Ritter, Certified Public Accountants. The audit was conducted in accordance with generally accepted and government auditing standards. The independent auditors issued an unqualified report, and there were no reportable conditions, audit findings or management letter comments.

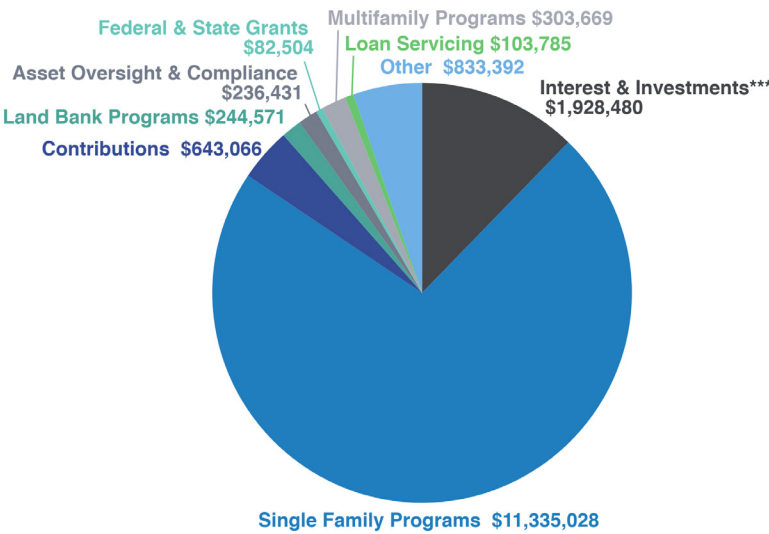
To view the complete audited financial statements, please visit the ‘About Us’ section of our website at www.tsahc.org/about/plans-reports.

TOTAL ASSETS - \$76,098,400

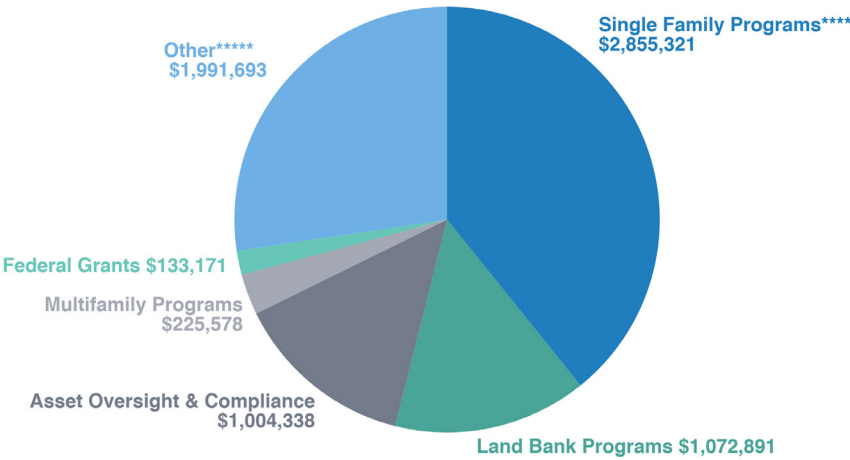


*Consists of mortgage-backed securities and other restricted investments collateralizing bond issuances and other unrestricted investments.
**Consists of Down Payment Assistance, Mortgage Servicing Rights, Accounts Receivable, Accrued Interest and Prepaid Expenses.

2018 REVENUE - \$15,710,926



2018 EXPENSES - \$7,282,992



***Consists primarily of income earned on mortgage-backed securities held in trust as collateral for single family mortgage revenue bonds. The income earned on these securities is used to pay the principal and interest expense associated with the bonds.
****Consists of Homebuyer Programs, Single Family Rental, Single Family Direct Lending, and Home Buyer Education Training.
*****Consists of Texas Foundations Fund, General and Administrative.

2018 BOARD of DIRECTORS & STAFF



Bill Dietz, Chair
Waco



Jerry Romero, Vice Chair
El Paso



Valerie V. Cardenas
San Juan



Lori Cobos
Austin



Bob Jones
Corpus Christi

Betsy Aldrich
Senior Accounting Manager

Tim Almquist
Director, Single Family Compliance

Katie Claflin
Director, Communications & Development

David Danenfelzer
Senior Director, Development Finance

Delia Davila
Senior Manager, Single Family Compliance

Rebecca DeLeon
Corporate Secretary

Frank Duplechain
Homeownership Programs Specialist

Sarah Ellinor
Senior Manager, Homeownership Programs

Cynthia Gonzales
Senior Office & Loan Servicing Manager

Brandon Hester
Single Family Compliance Specialist

Nick Lawrence
Controller

Joniel LeVecque
Director, Homeownership Programs

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James Matias
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Cassandra Ramirez
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Laura Ross
Manager, Communications & Development

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Lead Maintenance Technician

Melinda Smith
Chief Financial Officer

Celina Stubbs
Manager, Asset Oversight & Compliance

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Michael Wilt
Manager, External Relations



Texas State Affordable Housing Corporation
2200 E. Martin Luther King, Jr. Blvd.
Austin, Texas 78702
888.638.3555

www.tsahc.org