

**July 10, 2025
11:00 A.M.**

The Board of Directors will meet at 1033 La Posada Drive, Suite 180 Austin, Texas 78752 and via Zoom.

Join the Meeting by using the Link provided below:

<https://us06web.zoom.us/j/89962622179?pwd=8uyj31JWaNPRPzziF1wXiYbg6uy255.1>

The Board of Directors will consider and may take action on the following items:

I. CALL TO ORDER / ROLL CALL / CONFIRMATION OF QUORUM

II. PUBLIC FORUM / CITIZEN COMMUNICATION

- *Anyone desiring to comment on items related to Strategic HFC's work may address the Board of Directors.*
- *If the item is deemed related to an Agenda item at the current meeting, the presiding officer will inform the citizen that pending action(s) remain.*
- *Speakers should register prior to the start of the Board Meeting by emailing Debbie Honeycutt at Debbie.Honeycutt@strategichfc.org*
- *Three-minute limit per speaker.*

III. ADMINISTRATIVE ITEM

- A. Committee Assignments

IV. DIRECTOR'S REPORT

- A. Update from the Executive Director – *Dianna Grey*
1. Calendar Overview & Reminders
 2. Financial Report
 3. Portfolio Report

V. CONSENT AGENDA

- A. Approval of the Minutes from the June 12, 2025 Regular Meeting.

VI. ACTION ITEMS

- A. Resolution No. SHFC-2025-17: Consideration and possible action to approve Revised Transaction Terms for Strategic HFC Workforce Developments
- B. Resolution No. SHFC-2025-18: Consideration and possible action to approve Revised Transaction Terms for Strategic HFC 4% Low Income Housing Tax Credit Developments and Bond Issuer Only Developments
- C. Resolution No. SHFC-2025-19: Consideration and possible action to approve a Strategic Outlook for the organization
- D. Resolution No. SHFC-2025-20: Consideration and possible action to authorize the execution of a Purchase and Sale Agreement with respect to a potential sale of Cambridge Villas Apartments, a multifamily residential development located at 15711 Dessau Road, Pflugerville, Texas 78660 (the “Development”); and containing other provisions related thereto
- E. Resolution No. SHFC-2025-21: Consideration and possible action to authorize the execution of a Memorandum of Understanding regarding participation in the ownership and operation of Cambridge Villas Apartments, a multifamily residential development located at 15711 Dessau Road, Pflugerville, Texas 78660; and containing other provisions related thereto

VII. DISCUSSION ITEM

- A. Update on Tenant Concerns at Residences at Decker - *NRP Group*

VIII. EXECUTIVE SESSION

The Board of Directors may consider any item posted on the Agenda in Executive Session if there are issues that require consideration, and the Board of Directors announce that the item will be considered during such time in accordance with one or more of the following:

- *Texas Government Code Annotated 551.071, Consulting with Attorney*
- *Texas Government Code Annotated 551.072, Real Property*
- *Texas Government Code Annotated 551.074, Personnel Matters*
- *Texas Government Code Annotated 551.076, Security*
- *Texas Government Code Annotated 551.087, Economic Development Negotiation*

IX. ADJOURNMENT



III.A. ADMINISTRATIVE ITEM

Committee Assignments



IV.A. DIRECTOR'S REPORT

Update from the Executive Director



May 2025 Finance Narrative

Summary

At the close of May, Strategic HFC's assets totaled \$23.9M. Performance against budget is strong and favorable, with YTD revenues of \$7.65M exceeding YTD budgeted revenue (\$1.81M) and total YTD expenditures of \$1.17M under budgeted projections (\$1.46M). Strategic HFC's net income for this reporting period is \$6.5M - a notable increase over budgeted projections (\$345.7K). This positive position is largely attributable to the closing of the Silver Springs transaction in March, which brought in \$7.2M in unbudgeted revenue.

Staff is currently preparing for a revenue analysis project that will assess timing, fixed or scheduled receipts, and owed cash flow disbursements. This project will lead to strengthened and more detailed projections for late 2025 and through 2026.

Cash Management

Reporting Period: May 31, 2025	
Cash in bank (IBC)	\$ 223,394.00
Housing Production Fund (held in TexPool)	\$ 15,000,000.00
Reserve Fund (held in TexPool)	\$ 3,600,000.00
Unallocated cash in Texpool investments	\$ 4,817,673.00
Total Cash	\$ 23,641,067.00
Estimated monthly operating expenses (2025)	\$ 292,794.42
Months of operating cash in Board Designated Fund: Operating Reserve	12.30
Months of unobligated operating cash	17.22
Total months of operating cash available	29.51

- For 2025, Strategic HFC's budgeted operating expenses per month are \$292.8K.



- Combining the Reserve Fund, cash in bank accounts, and unallocated cash held in the TexPool account, Strategic HFC has nearly 30 months of operating cash on hand. This does not include funds held in the board-designated Housing Production Fund.
- The sale of Silver Springs in March makes up 94% of all revenue received YTD in 2025.

Budget Performance

Year to Date Budget Performance

At the end of May, 42% of the 2025 fiscal year had passed. So far, the organization has earned 176% of total anticipated revenue and spent 33% of anticipated expenditures. This means that Strategic HFC is currently ahead of schedule for revenue and currently underspent on expenses.

INCLUDING SILVER SPRINGS SALE REVENUE				
	2025 Actuals (YTD)	2025 Budget (Full Year)	Progress Through Annual Budget	Progress Through Year
Revenue	\$ 7,648,592	\$ 4,343,147	176%	42%
Expenses	\$ 1,169,577	\$ 3,513,533	33%	42%
Net	\$ 6,479,015	\$ 829,614		

Most of the revenue recorded in 2025 was from the sale of Silver Springs. When excluding those funds, the revenue progress made so far is behind budgeted goals, largely due to current market conditions that have postponed closings and negatively impacted cash flow in the operating portfolio. Without Silver Springs revenue, Strategic HFC has earned 11% of annual budgeted revenue.

EXCLUDING SILVER SPRINGS SALE REVENUE				
	2025 Actuals (YTD)	2025 Budget (Full Year)	Progress Through Annual Budget	Progress Through Year
Revenue	\$ 462,918	\$ 4,343,147	11%	42%
Expenses	\$ 1,169,577	\$ 3,513,533	33%	42%
Net	\$ (706,659)	\$ 829,614		

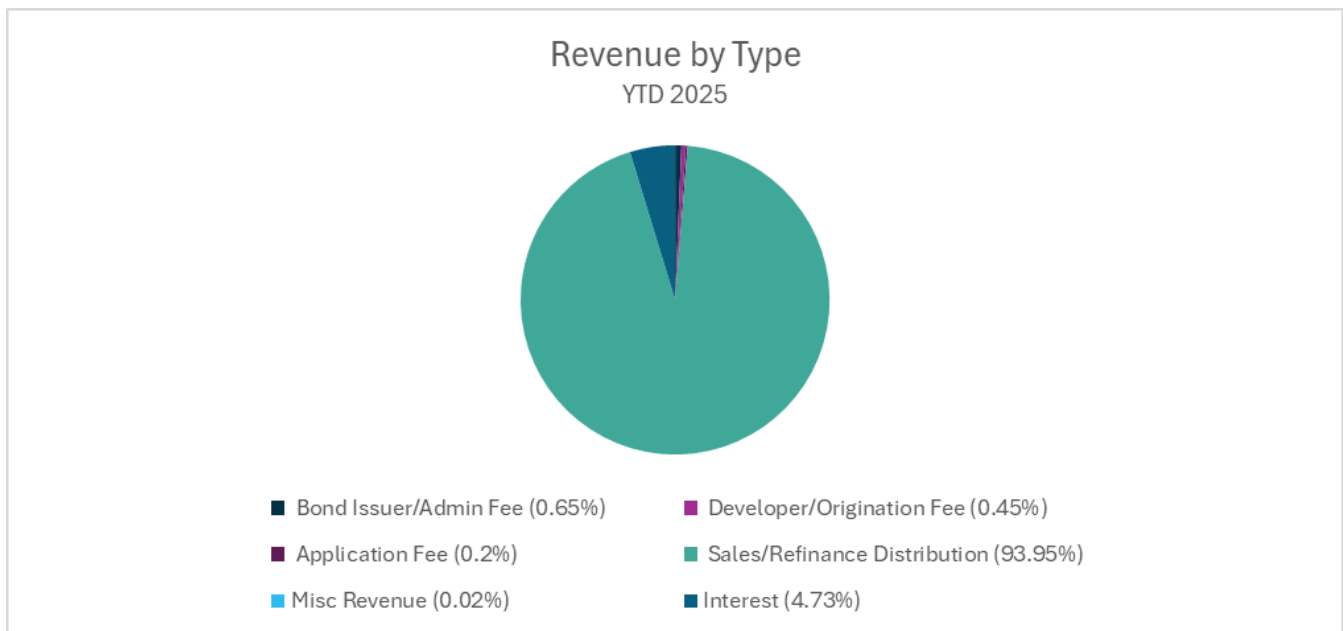
Due to the nature of Strategic HFC's business, revenue varies considerably from month to month. Currently, Strategic HFC is anticipating additional revenue later in the year that is likely improve the current revenue trajectory. In May 2025, no program revenue was received; this was also true in May 2024. As Strategic continues to assess revenue patterns, better projections of revenue will be available.



Budget Performance Detail: Revenue & Expense

Revenue

As discussed above, the majority of revenue recorded in 2025 is associated with the sale of Silver Springs.



Expenses

The 2025 budget is spread equally over the 12 months of the year, which may present as spending over budget when expenditures are not evenly spaced. For May 2025, most expenses are at or under budgeted goals.

- **Employee Expenses:** Overall, Employee Expenses are significantly under budget, due to hiring timelines and savings associated with negotiated salary levels. However, “Paid Time Off” has trended higher than budgeted, due to its uneven usage throughout the year. As Strategic HFC uses the accrual accounting method, PTO expenses are recorded when they are earned by staff. This means that as staff accrues PTO, the liability/expense categories increase. As staff uses PTO, the liability categories are decreased. These adjustments to liability and expense accounts are made quarterly by our bookkeeping team. Though Paid Time Off will continue to



be misaligned with budget throughout the year, we're anticipating most of the overage to be offset by savings in the salary line by year-end.

- **Software & Hardware < \$5,000:** This line has exceeded budget by \$9,460 YTD as new tools have been purchased for the organization. The largest expenditures in this line are the following:
 - Asana – a project management tool that was recently implemented org wide. This tool has a total annual cost of ~\$5K. Strategic opted to pay the annual cost in full for a discount on the tool.
 - Lobby CRE – a tool to connect to the property management systems of properties in our portfolio, allowing us to access data, metrics, and other information. Strategic HFC has invested ~\$6.3K into this tool so far, and total annual cost is estimated at \$19.8K. Expenditures for this purpose were initially contemplated as part of the Contract & Consulting budget line item, which is under budget by \$98,359 YTD.
- **Printing/Copying:** This line has exceeded budget as the organization purchases branded items and equipment, as well as necessary signage for the physical office space. Expenses here include printing of business cards, name placards, branded polos, jackets, insulated cups, safety vests, and more. These branded expenses may be moved into the Marketing Consultant line, since branded merchandise was originally expected to be part of the budgeted rebranding effort.
- **Attorney & Legal:** Legal expenditures have exceeded year-to-date budgeted amounts as Strategic has continued to engage counsel for ongoing or anticipated litigation as well as routine matters. Previously, Strategic HFC estimated the non-routine costs of legal to total approximately \$150K, but no formal amendment was made to the annual budgeted amount of \$80,000. As of May 31, these costs totaled approximately \$164K, which is \$141K over the formally approved legal line item.

Strategic HFC staff is monitoring the budget to ascertain whether savings in other line items can cover the anticipated overage in Legal expenses. One of the purposes of the board-designated Operating Reserve is to cover non-routine legal costs. Funds could be drawn from the Operating Reserve to cover these expenditures with approval from the Board of Directors if necessary.



- **Furnishings & Fixtures >\$5000:** Costs of \$10,356 YTD are associated with the office expansion and related furniture and fixture needs, and exceed the YTD budget by \$7,690. Spending in this category was higher than budgeted as staff optimized a new office space in Q1 2025 and is expected to surpass budgeted amounts by year end.
- **Staff Development:** Expenditures YTD total \$14,344, representing \$6,032 over the YTD budget. This overage is largely associated with a weeklong intensive training institute in February, which six staff members attended. This will likely be the largest single training expense of the year. Still, as Strategic focuses on equipping a new team with necessary skills and growth opportunities, total spending in this line item may surpass budgeted amounts by year end.



Financial Dashboard - May 2025

Strategic Housing Finance Corp.
May 2025

Financial Statements

STATEMENT OF FINANCIAL POSITION	2025 (YTD)	2024 (YTD)	Variance (\$)
ASSETS			
Cash & Equivalents			
Cash			
IBC Checking x0896	\$220,175	\$1,055,540	(\$835,365)
Bill.com Money Out Clearing	\$3,219	\$0	\$3,219
Tex Pool Investment x0001	\$23,417,673	\$8,017,394	\$15,400,279
Total Cash & Equivalents	\$23,641,067	\$9,072,934	\$14,568,133
Accounts Receivable			
Accounts Receivable	\$492,500	\$414,000	\$78,500
Other Current Assets			
Other Current Assets			
Prepaid Expenses	\$736	\$0	\$736
Security Deposit	\$7,284	\$5,073	\$2,211
Total Other Current Assets	\$8,019	\$5,073	\$2,947
Total Current Assets	\$24,141,586	\$9,492,006	\$14,649,580
Fixed Assets			
Fixed Operating Assets			
Computers and IT	\$3,885	\$3,885	\$0
Furniture, Fixtures, & Equipment	\$0	\$2,055	(\$2,055)
Lease Office (ROU)	\$67,088	\$39,915	\$27,173
Total Fixed Operating Assets	\$70,973	\$45,855	\$25,118
Accum Depreciation - Fixed Operating Assets			
Accum Deprec - Computers and IT	(\$3,885)	(\$3,432)	(\$453)
Accum Deprec - Furn, Fix, Equip	\$0	(\$2,055)	\$2,055
Accum Deprec - Lease Office (ROU)	(\$35,374)	(\$3,070)	(\$32,304)
Total Accum Depreciation - Fixed Operating ...	(\$39,260)	(\$8,557)	(\$30,702)
Total Fixed Assets	\$31,714	\$37,298	(\$5,584)
Investments or Other Non-Current Assets			
Notes Receivable			
HATC GP - SEA RAD LP Note-Notes receiv...	\$1,561,000	\$1,561,000	\$0
SEA RAD LP-Notes receivables	\$179,702	\$179,702	\$0
HATC GP for SEA RAD LP Oper Reserve-No..	\$301,035	\$301,035	\$0
SEA RAD LP - SHFC-Notes receivables	\$357,231	\$357,231	\$0
Total Notes Receivable	\$2,398,968	\$2,398,968	\$0
Allowance for Notes Receivable	(\$2,398,968)	(\$2,398,968)	\$0
Southpark Ranch Fractional Ownership	\$645,000	\$0	\$645,000
Total Investments or Other Non-Current Assets	\$645,000	\$0	\$645,000
Total Non-Current Assets	\$676,714	\$37,298	\$639,416
Total Assets	\$24,818,300	\$9,529,304	\$15,288,996
LIABILITIES			
Short Term Debt			
FNBO Visa CC x5118	\$5,683	\$2,622	\$3,060
Divvy Payable	\$3,887	\$0	\$3,887
Total Short Term Debt	\$9,569	\$2,622	\$6,947
Accounts Payable			
Accounts Payable (A/P)	\$33,232	\$63,040	(\$29,808)
Other Current Liabilities			
Accrued Liabilities			
Lease Office Liability	\$26,042	\$36,292	(\$10,250)
Accrued Payroll			
Accrued Payroll - Salaries	\$0	\$2,434	(\$2,434)
Accrued Payroll - Taxes	\$2,970	\$186	\$2,784
Accrued Payroll - Benefits	\$0	\$637	(\$637)
Accrued Payroll - 401k/403b	\$0	\$97	(\$97)

	2025 (YTD)	2024 (YTD)	Variance (\$)
Accrued Payroll - Other Expenses	\$0	\$59	(\$59)
Accrued Payroll - PTO	\$40,723	\$8,106	\$32,617
Total Accrued Payroll	\$43,693	\$11,520	\$32,173
Grants Payable	\$813,600	\$0	\$813,600
Total Other Current Liabilities	\$883,335	\$47,812	\$835,523
Total Current Liabilities	\$926,136	\$113,474	\$812,661
Total Non-Current Liabilities	\$0	\$0	\$0
Total Liabilities	\$926,136	\$113,474	\$812,661
NET ASSETS			
Retained Net Assets			
Net Assets without Donor Restrictions	\$3,780	\$8,791,252	(\$8,787,472)
Current Net Assets			
Net Revenue	\$6,479,015	\$624,578	\$5,854,437
Other Net Assets			
Housing Production Fund	\$13,809,370	\$0	\$13,809,370
Reserve Fund	\$3,600,000	\$0	\$3,600,000
Total Other Net Assets	\$17,409,370	\$0	\$17,409,370
Total Net Assets	\$23,892,165	\$9,415,830	\$14,476,335
Total Liabilities & Net Assets	\$24,818,300	\$9,529,304	\$15,288,996

STATEMENT OF ACTIVITIES	May 2025	Budget (May 2025)	This month vs budget (%)	This month vs budget (\$)
Income				
Program Sales & Fees				
Asset/Partnership Management Fee	\$0	\$20,321	-100.00%	(\$20,321)
Construction Admin Fees	\$0	\$5,635	-100.00%	(\$5,635)
Bond Issuer/Admin Fee	\$0	\$21,600	-100.00%	(\$21,600)
Developer/Origination Fee	\$0	\$116,577	-100.00%	(\$116,577)
Land Lease	\$0	\$13,773	-100.00%	(\$13,773)
Partnership Cash Flow Distribution	\$0	\$11,333	-100.00%	(\$11,333)
Total Program Sales & Fees	\$0	\$189,240	-100.00%	(\$189,240)
Misc. Revenue	\$752	\$141,439	-99.47%	(\$140,687)
Interest	\$88,504	\$31,250	183.21%	\$57,254
Total Income	\$89,256	\$361,929	-75.34%	(\$272,673)
Expenses				
Salaries & Related Expenses				
Salaries & Wages	\$99,087	\$120,255	-17.60%	(\$21,168)
Employee Benefits	\$9,291	\$39,669	-76.58%	(\$30,377)
401k/403b Match	\$4,349	\$4,810	-9.59%	(\$461)
Payroll Taxes	\$8,287	\$10,402	-20.33%	(\$2,115)
Payroll Service Fees	\$462	\$674	-31.47%	(\$212)
Paid Time Off	\$9,263	\$2,909	218.49%	\$6,355
Workers Comp	\$302	\$247	22.01%	\$54
Total Salaries & Related Expenses	\$131,041	\$178,965	-26.78%	(\$47,924)
Contract Service Expenses				
Contract & Consulting	\$19,532	\$45,042	-56.64%	(\$25,510)
Accounting	\$2,884	\$4,417	-34.70%	(\$1,533)
Attorney & Legal	\$38,664	\$6,667	479.95%	\$31,997
IT Consultant	\$2,680	\$4,167	-35.68%	(\$1,487)
Marketing Consultant	\$1,500	\$8,667	-82.69%	(\$7,167)
Total Contract Service Expenses	\$65,259	\$68,958	-5.36%	(\$3,699)
Nonpersonnel Expenses				
Supplies	\$339	\$600	-43.58%	(\$261)
Food & Refreshments	\$671	\$1,000	-32.90%	(\$329)
Telephone & Internet	\$1,140	\$1,654	-31.09%	(\$514)
Postage & Shipping	\$0	\$100	-100.00%	(\$100)
Equipment Rental	\$0	\$400	-100.00%	(\$400)
Software & Hardware < \$5,000	\$4,052	\$2,649	52.95%	\$1,403
Printing & Copying	\$4,120	\$208	1,877.68%	\$3,912
Subscriptions	\$0	\$300	-100.00%	(\$300)
Furnishings & Fixtures < \$5,000	(\$107)	\$533	-120.07%	(\$640)
Total Nonpersonnel Expenses	\$10,214	\$7,444	37.20%	\$2,769
Facility Expenses				
Office & Storage Rent	\$2,580	\$4,529	-43.03%	(\$1,949)
Utilities	\$1,094	\$1,812	-39.63%	(\$718)
Repairs & Maintenance	\$884	\$625	41.36%	\$259
Total Facility Expenses	\$4,558	\$6,966	-34.57%	(\$2,408)
Travel & Conference Expenses				
Transportation	\$4	\$500	-99.24%	(\$496)
Airfare	\$264	\$1,200	-78.01%	(\$936)
Meals	\$97	\$736	-86.86%	(\$639)
Hotels & Lodging	\$0	\$1,950	-100.00%	(\$1,950)

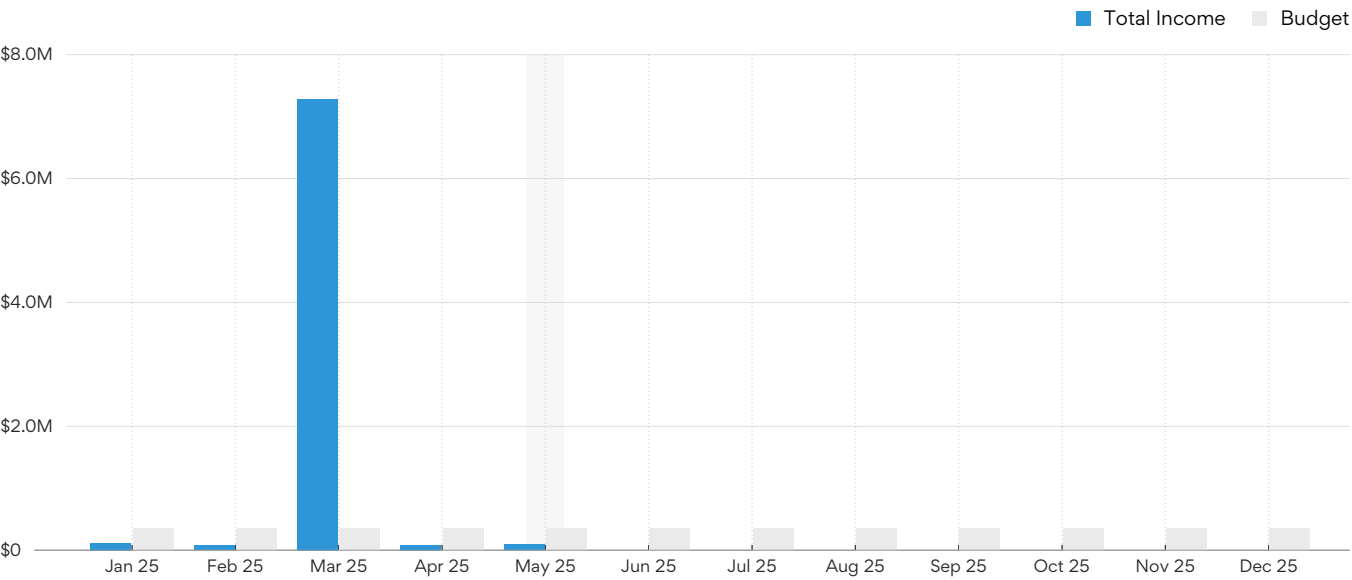
	May 2025	Budget (May 2025)	This month vs budget (%)	This month vs budget (\$)
Conference Registration Fees	\$4,785	\$2,200	117.50%	\$2,585
Vehicles	\$111	\$1,150	-90.37%	(\$1,039)
Total Travel & Conference Expenses	\$5,260	\$7,736	-32.01%	(\$2,476)
Other Expenses				
Insurance - Non-employee Related	\$0	\$4,167	-100.00%	(\$4,167)
Membership Dues - Organization	\$82	\$625	-86.84%	(\$543)
Staff Development	\$2,717	\$1,663	63.40%	\$1,054
Advertising Expenses	\$139	\$100	38.50%	\$39
Other Expenses	\$0	\$5,741	-100.00%	(\$5,741)
Total Other Expenses	\$2,937	\$12,295	-76.11%	(\$9,358)
Sponsorships	\$0	\$2,083	-100.00%	(\$2,083)
Employee Incentive Pay	\$0	\$7,096	-100.00%	(\$7,096)
Community Events	\$0	\$1,250	-100.00%	(\$1,250)
Total Expenses	\$219,269	\$292,794	-25.11%	(\$73,526)
Operating Surplus/Deficit	(\$130,012)	\$69,135	-288.06%	(\$199,147)
Change in Net Assets	(\$130,012)	\$69,135	-288.06%	(\$199,147)

STATEMENT OF ACTIVITIES	2025 (YTD)	Budget (YTD)	This year vs budget (% YTD)	This year vs budget (\$ YTD)
Income				
Program Sales & Fees				
Asset/Partnership Management Fee	\$0	\$101,603	-100.00%	(\$101,603)
Construction Admin Fees	\$0	\$28,176	-100.00%	(\$28,176)
Bond Issuer/Admin Fee	\$49,950	\$108,001	-53.75%	(\$58,051)
Developer/Origination Fee	\$34,602	\$582,886	-94.06%	(\$548,284)
Application Fee	\$15,000	\$0	-	\$15,000
Land Lease	\$0	\$68,867	-100.00%	(\$68,867)
Partnership Cash Flow Distribution	\$0	\$56,666	-100.00%	(\$56,666)
Sales/Refinance Distribution	\$7,185,674	\$0	-	\$7,185,674
Total Program Sales & Fees	\$7,285,226	\$946,200	669.95%	\$6,339,027
Misc. Revenue	\$1,507	\$707,195	-99.79%	(\$705,688)
Interest	\$361,859	\$156,250	131.59%	\$205,609
Total Income	\$7,648,592	\$1,809,645	322.66%	\$5,838,948
Expenses				
Salaries & Related Expenses				
Salaries & Wages	\$470,651	\$601,273	-21.72%	(\$130,622)
Employee Benefits	\$86,895	\$198,344	-56.19%	(\$111,449)
401k/403b Match	\$20,051	\$24,051	-16.63%	(\$4,000)
Payroll Taxes	\$44,854	\$52,010	-13.76%	(\$7,156)
Payroll Service Fees	\$2,904	\$3,369	-13.82%	(\$466)
Paid Time Off	\$54,202	\$14,543	272.71%	\$39,660
Workers Comp	\$1,041	\$1,236	-15.73%	(\$194)
Total Salaries & Related Expenses	\$680,598	\$894,825	-23.94%	(\$214,228)
Contract Service Expenses				
Contract & Consulting	\$126,850	\$225,208	-43.67%	(\$98,359)
Accounting	\$15,098	\$22,083	-31.63%	(\$6,986)
Attorney & Legal	\$174,408	\$33,333	423.22%	\$141,074
IT Consultant	\$14,354	\$20,833	-31.10%	(\$6,479)
Marketing Consultant	\$17,118	\$43,333	-60.50%	(\$26,215)
Total Contract Service Expenses	\$347,827	\$344,792	0.88%	\$3,036
Nonpersonnel Expenses				
Supplies	\$2,347	\$3,000	-21.76%	(\$653)
Food & Refreshments	\$3,317	\$5,000	-33.66%	(\$1,683)
Telephone & Internet	\$6,119	\$8,269	-25.99%	(\$2,149)
Postage & Shipping	\$137	\$500	-72.59%	(\$363)
Equipment Rental	\$1,519	\$2,000	-24.07%	(\$481)
Software & Hardware < \$5,000	\$22,706	\$13,245	71.42%	\$9,460
Printing & Copying	\$9,308	\$1,042	793.57%	\$8,266
Subscriptions	\$176	\$1,500	-88.27%	(\$1,324)
Furnishings & Fixtures < \$5,000	\$10,356	\$2,667	288.36%	\$7,690
Total Nonpersonnel Expenses	\$55,985	\$37,222	50.41%	\$18,763
Facility Expenses				
Office & Storage Rent	\$13,882	\$22,646	-38.70%	(\$8,764)
Utilities	\$8,180	\$9,058	-9.70%	(\$878)
Repairs & Maintenance	\$1,988	\$3,125	-36.39%	(\$1,137)
Total Facility Expenses	\$24,050	\$34,829	-30.95%	(\$10,780)
Travel & Conference Expenses				
Transportation	\$767	\$2,500	-69.31%	(\$1,733)
Airfare	\$5,801	\$6,000	-3.31%	(\$199)
Meals	\$3,135	\$3,680	-14.80%	(\$545)

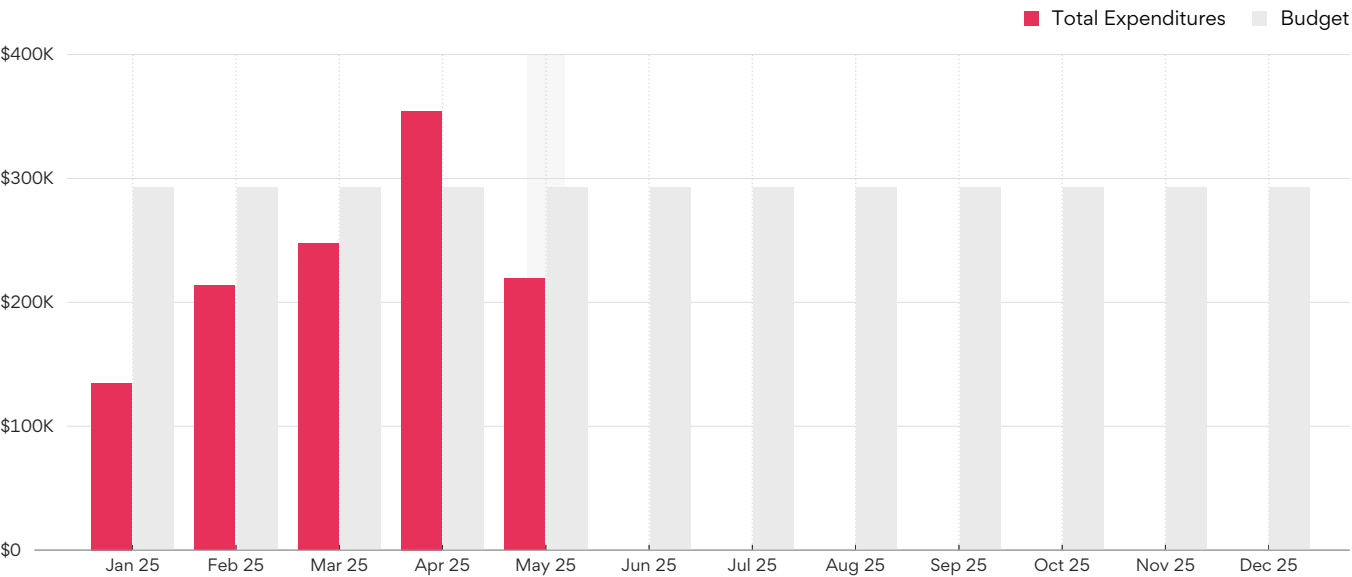
	2025 (YTD)	Budget (YTD)	This year vs budget (% YTD)	This year vs budget (\$ YTD)
Hotels & Lodging	\$7,572	\$9,750	-22.33%	(\$2,178)
Conference Registration Fees	\$9,358	\$11,000	-14.93%	(\$1,642)
Vehicles	\$412	\$5,750	-92.84%	(\$5,338)
Total Travel & Conference Expenses	\$27,046	\$38,680	-30.08%	(\$11,634)
Other Expenses				
Insurance - Non-employee Related	\$0	\$20,833	-100.00%	(\$20,833)
Membership Dues - Organization	\$2,934	\$3,125	-6.10%	(\$191)
Staff Development	\$14,344	\$8,313	72.56%	\$6,032
Bank Fees	\$220	\$0	-	\$220
Advertising Expenses	\$399	\$500	-20.30%	(\$102)
Business Taxes & Licensing Fees	\$4,197	\$0	-	\$4,197
Other Expenses	\$163	\$28,705	-99.43%	(\$28,543)
Total Other Expenses	\$22,256	\$61,476	-63.80%	(\$39,220)
Sponsorships	\$8,750	\$10,417	-16.00%	(\$1,667)
Employee Incentive Pay	\$3,065	\$35,480	-91.36%	(\$32,415)
Community Events	\$0	\$6,250	-100.00%	(\$6,250)
Total Expenses	\$1,169,577	\$1,463,972	-20.11%	(\$294,395)
Operating Surplus/Deficit	\$6,479,015	\$345,673	1,774.32%	\$6,133,342
Change in Net Assets	\$6,479,015	\$345,673	1,774.32%	\$6,133,342

Budget vs. Actuals Overview

Monthly Revenue vs Budget



Monthly Expenses vs Budget



KPIs (This year vs target)	May 2025	Budget (This Month)	YTD	Budget (YTD)	Budget (Current Year)
Total Income	\$89,256	\$361,929	\$7,648,592	\$1,809,645	\$4,343,147
Total Expenditures	\$219,269	\$292,794	\$1,169,577	\$1,463,972	\$3,513,533

Strategic HFC Portfolio Overview

May 2025

	Aging Accounts Receivable	Opex per Unit	Budget Variance	End of Month Occupancy	Turnover Rate
# of Properties Reporting	13	12	13	13	13
AVERAGE	\$70,796	\$516	(\$23,792)	83%	4%
Residences at Decker	\$75,969	\$578	(25,956)	84%	3%
Silver Springs	\$548,484	No Data	(\$149,788)	79%	3%
Cambridge Villas	\$8,400	\$438	\$2,413	88%	1%
Beckett	\$84,746	\$578	(\$81,089)	82%	3%
Southpark	\$6,319	\$598	(\$42,116)	79%	4%
Forest Park	\$12,831	\$541	\$247,392	74%	4%
Villages @ Fiskville	\$30,004	\$399	(\$21,478)	72%	3%
Commons @ Manor	(\$34,389)	\$650	(\$23,830)	88%	1%
Menchaca Commons	\$1,482	\$344	\$48,245	96%	3%
Paddock @ Norwood	\$21,937	\$555	(\$44,600)	91%	7%
Colorado Creek	No Data	No Data	No Data	No Data	No Data
Creekview	No Data	No Data	No Data	No Data	No Data
Heights on Parmer	\$34,989	\$468	(\$56,779)	71%	6%
Wildhorse Flats	\$92,272	\$637	(\$129,245)	82%	4%

Strategic HFC Portfolio Overview

May 2025

William Cannon	\$37,298	\$402	(\$32,460)	93%	3%
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Data Limitations

Staff continue to work with Lobby CRE on full integration of partner property management systems with the software. Silver Springs is missing one metric, the operating expense per unit. However, we are actively working to reconnect their management platform to Lobby CRE to resolve this issue soon.

The two Rise properties are the outliers in this data set as we did not receive the May financial information as requested.

KPI Observations

- **Aged Receivables:** This data reflects the total balance due at the end of May, including all past-due amounts categorized as 30, 60, and 90+ days outstanding. Generally, most aged receivables are expected to be less than 30 days old. Notably, Silver Springs has a significantly high aged accounts receivable balance. We are currently collaborating with the property to gather additional information and understand any corrective action underway.
- **Opex Costs:** Based on national market data, expected operating costs would be about \$558/unit/month. None of the reporting properties raise an immediate concern about operating expenses.
- **Budget Variance:** While it appears that the budget variance has significantly decreased from April, we are lacking the data from the developments that contributed to that month's final figures.
- **End of Month Occupancy: Portfolio** average occupancy is 83%, showing a recovery from the first quarter's dip (January – 83%, February – 82%, March – 81%, April – 83%). On the individual property level, Villages at Fiskville and Heights on Parmer remain on our watch list. As a pilot initiative to support occupancy, we have facilitated communication between Villages at Fiskville and Housing Connector Austin (housingconnector.com), an organization that partners with nonprofits to identify available housing units for their clients.

Strategic HFC Portfolio Overview

May 2025

- **Turnover Rate:** A healthy turnover rate would be no more than 4-5%. For May there was an increase in turnover, but this is likely due to enhanced data collection, and, at 4%, is within the expected range.
- **Overall Monthly Observations:** Developments with higher aged receivables and elevated turnover rates warrant the most attention at this time.



V.A. CONSENT AGENDA

Approval of Minutes from the June 12th, 2025 Regular Meeting

STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY
BOARD OF DIRECTORS
REGULAR MEETING
1033 La Posada Drive, Suite 180
Austin, Texas 78752
June 12, 2025
11:00 a.m.

MINUTES

Strategic Housing Finance Corporation of Travis County held a Regular Board of Directors Meeting at 1033 La Posada Drive, Suite 180 Austin, Texas 78752 and via Zoom.

A recording and transcript of the meeting can be found online at:

<https://strategichfc.org/board-meetings/june-12th-2025>

I. CALL TO ORDER / ROLL CALL / CONFIRMATION OF QUORUM

A quorum was established, and President Jan Wenig called the meeting to order at 11:00 a.m.

Directors in attendance: President Jan Wenig; First Vice-President Kecia Prince; Second Vice-President Ashley Huddleston; Director Julio Gonzalez Altamirano; Director Beatriz (Bea) Arce; Director Kerri Dorman. Absent: Director DeLea Becker.

Staff in Attendance: Executive Director Dianna Grey; Deputy Director David Dinoff; Executive Coordinator Debbie Honeycutt; Administration Katie Adams; Operations Assistant Marisol Guerra; Director of Real Estate Alex Radtke; Development Manager Keith Hoffpauir; Development Analyst II Jackson Mabray; Portfolio Manager Chelley Lenz; Director of Planning & External Affairs Jim Ward; Housing Policy & Communications Specialist III Kaylin Rubin; Development Analyst II Gloria Nguyen and consultants Kevin Bryniak and Vella Karman.

Executive Coordinator Debbie Honeycutt certified the quorum.

II. ADMINISTRATIVE ITEM

- A. Administer the Strategic Housing Finance Corporation of Travis County Board of Directors' Oath of Office confirmed appointee of Travis Commissioners Court.

President Jan Wenig administered the Oath of Office to newly appointed Director Beatriz Arce.

III. PUBLIC FORUM / CITIZEN COMMUNICAION

There were no speakers.

IV. DIRECTOR'S REPORT

A. Update from the Executive Director – Dianna Grey

- 2025 Calendar Overview
 - June 12: Regular Board Meeting
 - June 17: June Site Visits: Silver Springs, Heights at Parmer (11:00)
 - June 18: Real Estate Committee (11:30)
 - July 10: Regular Board Meeting
 - July 14: Finance & Administration Committee Meeting
 - July 21-23: TAAHP Conference (Texas Association of Affordable Housing Providers)
 - October 16: Fall Travis County Commissioners Court Briefing (TBC)
 - Board Forum Notifications
- April 2025 Financials - Katie Adams, Director of Finance & Administration
- April Portfolio Data - Alex Radtke, Director of Real Estate
- Legislative update - Jim Ward, Director of Planning and External Affairs

President Jan Wenig established an Ad Hoc Legal Matters Committee. Members serving on the committee will be Kerri Dorman (serving) as Chair and Jan Wenig.

V. CONSENT AGENDA

A. Approval of the Minutes from the May 8, 2025, Regular Meeting.

President Jan Wenig called for a unanimous consent to **Approve** Item V.A. The Item was **Approved** by unanimous consent.

VI. ACTION ITEM

- A. Resolution No. SHFC-2025-16: Consideration and possible action on a resolution directing the Executive Director to negotiate an agreement with 42 Equity and other entities related to real estate developments owned by TX Lakeway Apartments, LP, TX Creekview Austin, LP, Austin Colorado Creek Apartments, LP and TX Austin Manor, LP

Director Julio Gonzalez Altamirano made a **motion** to adjourn to Executive Session under Texas Government Code Annotated 551.071, Consulting with Attorney regarding Item VI.A. Resolution No. SHFC-2025-16. Director Kerri Dorman seconded the motion, which **passed** unanimously.

The Board adjourned to Executive Session at 11:32 a.m.

The Board reconvened at 1:22 p.m. and voted on Item VI.A. Resolution No. SHFC-2025-16.

Director Julio Gonzalez Altamirano made a **motion** to approve Item VI.A. Resolution No. SHFC-2025-16. Vice-President Ashley Huddleston seconded the motion, which **passed** unanimously.

VII. DISCUSSION ITEM

A. Executive Director Evaluation

First Vice-President Kecia Prince made a **motion** to adjourn to Executive Session under Texas Government Code Annotated 551.074, Personnel Matters regarding Item VII.A. Director Kerri Dorman seconded the motion, which **passed** with 5 Yea's and 1 Abstention.

President Jan Wenig – Yea

First Vice-President Kecia Prince – Yea

Second Vice-President Ashley Huddleston – Yea

Director Julio Gonzalez Altamirano – Yea

Director Beatriz Arce – Abstained

Director Kerri Dorman – Yea

The Board adjourned to Executive Session at 1:25 p.m.

The Board reconvened at 2:22 p.m. No action was taken.

VIII. NEW / UNFINISHED BUSINESS

A. Discussion and consideration regarding Board of Directors issues and concerns

There were none at that time.

IX. EXECUTIVE SESSION

- The Board of Directors may consider any item posted on the Agenda in Executive Session if there are issues that require consideration, and the Board of Directors announce that the item will be considered during such time in accordance with one or more of the following:
 - *Texas Government Code Annotated 551.071, Consulting with Attorney*
 - *Texas Government Code Annotated 551.072, Real Property*
 - *Texas Government Code Annotated 551.074, Personnel Matters*
 - *Texas Government Code Annotated 551.076, Security*

X. ADJOURNMENT

There being no further business, the meeting adjourned at 2:23 p.m.

Respectfully submitted,

Dianna Grey, Executive Director and Secretary



VI.A. ACTION ITEM

Resolution No. SHFC-2025-17: Consideration and possible approval of Revised Transaction Terms for Strategic HFC Workforce Developments



Board Meeting Date: July 10, 2025

Resolution No. SHFC-2025-17: Consideration and possible approval of Revised Transaction Terms for Strategic HFC Workforce Housing Developments

Background Information

Strategic HFC publishes standard deal term sheets on its website which staff recommend reviewing and updating on at least an annual basis. The current workforce term sheet was last updated in August 2024.

On May 28, 2025, the governor signed Texas Legislature House Bill 21 which significantly altered Chapter 394, the Texas local government code under which Strategic HFC operates.

Most of the changes included in the bill, which went into effect immediately, specifically target workforce housing projects, which is why staff recommend updating the term sheet to meet regulatory requirements as soon as possible.

To inform these revisions staff reached out to legal counsel for advice on interpreting the new legislation. Additional revisions are also recommended to clarify previous terms and create more uniformity in terms offered across all Strategic HFC deals.

We have also examined the term sheet to ensure that our fee structure is fair and competitive in the current market, where deal flow has significantly slowed.

The most significant recommended changes are summarized below:

- **Affordability Mix.** The required affordability mix was changed to a minimum of 10% of units at 50% MFI, and an additional 40% at 100% MFI. The new affordability threshold is one of the options offered in the newly passed legislation and reflects Strategic HFC's interest in achieving more deeply affordable units. These proposed changes are demonstrated in the table below.

Term Sheet Version	Income/Rent Restriction	Share of Units
Current Term Sheet	60% AMI or less	at least 20% of unit mix

Proposed Term Sheet	50% AMI or less	at least 10% of unit mix
	100% AMI or less	at least 40% of unit mix

- **New Threshold Reporting.** While Strategic HFC has already required a public benefit analysis, we have clarified that an upfront test of affordability and rent reductions, as well as an annual audit of the same, are now required by statute.
- **General Contract Fee Adjustment.** Change the construction general contractor fee calculation from 15% of sales tax savings to a flat fee of \$1200 per door.
- **Third Party Fees.** The required developer payment to a financial advisor (\$125,000) fee has been eliminated and is now replaced by a more modest fee for public benefit analysis, estimated at \$20,000.
- **Tenant Protections.** Properties may not refuse applicants due to their use of a Housing Choice Voucher (HCV), must publicly post their policies about participation in the HCV program on their website, and must affirmatively market to voucher holders. All leases must contain provisions that protect tenants from retaliation for tenant organizing, and state that leases are only non-renewable for cause, with any non-renewal requiring a 30-day notice.
- **Affordability/Hold Period.** Increased the minimum affordability period from 10 to 15 years and added a minimum partnership interest hold period of 5 years.
- **Adjustments to Bonus Points.** Since Source of Income Protection is now a non-optional requirement for workforce housing deals, this bonus point was removed and replaced with Transportation Access, which rewards projects near high-frequency public transit stops. Additionally, some small adjustments were made to the point value of three bonus point categories; SHFC Lease Addendum, Public Sector Workers, and Architecture.

Fiscal Impact

While adoption of the proposed policy will not have an immediate fiscal impact, the new affordability requirements along with the fee structure in the policy does represent a different expected flow of funds per transaction when compared to the current terms. While expected to receive slightly more revenue at the close of projects, Strategic HFC is expected to see an estimated 7% reduction in revenue to Strategic HFC over the first 15 years of operation of the property (accounting for present value of future revenues).

Attachments:

- Resolution No. SHFC-2025-17
- Proposed Workforce Housing Term Sheet

C. Example of financial impact of existing versus proposed terms on a sample deal

CASE STUDY #2: MIXED-INCOME DEAL



How would changes to the existing deal terms affect projected cash flow?

HYPOTHETICAL DEAL SUMMARY

- **Project Type:** New Construction
- **Total Development Cost:** \$50,000,000
- **Cost Per Unit:** \$200,000
- **Units:** 250

Bedroom Mix

EFF	25 units	10%
1 BR	125 units	50%
2 BR	75 units	30%
3 BR	25 units	10%

Affordability Mix

Unrestricted Market	25 units	10%
100% MFI	100 units	40%
80% MFI	38 units	15%
60% MFI	62 units	25%
50% MFI	25 units	10%

Total Project Rental Discounts	\$	9,827,386
Total Project Estimated Taxes Abated	\$	15,981,335
<i>Ratio of Rental Discounts to Estimated Taxes Abated:</i>		61.5%

PROJECTED CASH AT CLOSE

Mixed-Income Deal Fee Summary

New Construction



Old Terms Fee Summary	<u>Close</u>
<i>Origination Fee - 0.50% of TDC</i>	\$ 250,000
<i>Construction Management Fee - 15% of Sales Tax Abatement</i>	\$ 92,813
<i>Land Lease - 10% of AVT Abatement</i>	\$ -
<i>Partnership Management Fee - \$100 per unit</i>	\$ -
<i>Share of Operating Cash Flow - 4%</i>	\$ -
<i>Share of Proceeds from Sale/Refi - 3%</i>	\$ -
TOTAL:	\$ 342,813

New Terms Fee Summary	<u>Close</u>
<i>Origination Fee - 0.50% of TDC</i>	\$ 250,000
<i>Construction Management Fee - \$1,200 per unit</i>	\$ 150,000
<i>Land Lease - 10% of AVT Abatement</i>	\$ -
<i>Partnership Management Fee - \$100 per unit</i>	\$ -
<i>Share of Operating Cash Flow - 4%</i>	\$ -
<i>Share of Proceeds from Sale/Refi - 1%</i>	\$ -
TOTAL:	\$ 400,000

PROJECTED CASH OVER THE OPERATING PERIOD

Mixed-Income Deal

Fee Summary

New Construction

		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042		
Old Terms Fee Summary	Close	Year 1 Construction	Year 2 Construction	Year 1 Operating	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	TOTAL	
Origination Fee - 0.50% of TDC	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	6%
Construction Management Fee - 15% of Sales Tax Abatement	\$ 92,813	\$ -	\$ 92,813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,625	5%
Land Lease - 10% of AVT Abatement	\$ -	\$ -	\$ -	\$ 79,273	\$ 81,651	\$ 84,100	\$ 86,623	\$ 89,222	\$ 91,899	\$ 94,656	\$ 97,495	\$ 100,420	\$ 103,433	\$ 106,536	\$ 109,732	\$ 113,024	\$ 116,414	\$ 119,907	\$ 1,474,384	38%
Partnership Management Fee - \$100 per unit	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,750	\$ 26,523	\$ 27,318	\$ 28,138	\$ 28,982	\$ 29,851	\$ 30,747	\$ 31,669	\$ 32,619	\$ 33,598	\$ 34,606	\$ 35,644	\$ 36,713	\$ 37,815	\$ 464,973	12%
Share of Operating Cash Flow - 4%	\$ -	\$ -	\$ -	\$ 14,324	\$ 12,584	\$ 21,453	\$ 22,380	\$ 23,292	\$ 24,187	\$ 25,063	\$ 25,920	\$ 26,755	\$ 27,568	\$ 28,356	\$ 29,119	\$ 29,853	\$ 30,557	\$ 31,229	\$ 372,640	10%
Share of Proceeds from Sale/Refi - 3%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,128,302	\$ 1,128,302	29%
ANNUAL SUBTOTAL:	\$ 342,813	\$ -	\$ 92,813	\$ 118,597	\$ 119,985	\$ 132,075	\$ 136,321	\$ 140,651	\$ 145,067	\$ 149,570	\$ 154,162	\$ 158,845	\$ 163,620	\$ 168,490	\$ 173,456	\$ 178,520	\$ 183,685	\$ 1,317,253	\$ 3,875,923	

New Terms Fee Summary	Close	Year 1 Construction	Year 2 Construction	Year 1 Operating	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	TOTAL	
Origination Fee - 0.50% of TDC	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	8%
Construction Management Fee - \$1,200 per unit	\$ 150,000	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000	9%
Land Lease - 10% of AVT Abatement	\$ -	\$ -	\$ -	\$ 79,273	\$ 81,651	\$ 84,100	\$ 86,623	\$ 89,222	\$ 91,899	\$ 94,656	\$ 97,495	\$ 100,420	\$ 103,433	\$ 106,536	\$ 109,732	\$ 113,024	\$ 116,414	\$ 119,907	\$ 1,474,384	46%
Partnership Management Fee - \$100 per unit	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,750	\$ 26,523	\$ 27,318	\$ 28,138	\$ 28,982	\$ 29,851	\$ 30,747	\$ 31,669	\$ 32,619	\$ 33,598	\$ 34,606	\$ 35,644	\$ 36,713	\$ 37,815	\$ 464,973	14%
Share of Operating Cash Flow - 4%	\$ -	\$ -	\$ -	\$ 14,324	\$ 12,584	\$ 21,453	\$ 22,380	\$ 23,292	\$ 24,187	\$ 25,063	\$ 25,920	\$ 26,755	\$ 27,568	\$ 28,356	\$ 29,119	\$ 29,853	\$ 30,557	\$ 31,229	\$ 372,640	12%
Share of Proceeds from Sale/Refi - 1%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 376,101	\$ 376,101	12%
ANNUAL SUBTOTAL:	\$ 400,000	\$ -	\$ 150,000	\$ 118,597	\$ 119,985	\$ 132,075	\$ 136,321	\$ 140,651	\$ 145,067	\$ 149,570	\$ 154,162	\$ 158,845	\$ 163,620	\$ 168,490	\$ 173,456	\$ 178,520	\$ 183,685	\$ 565,052	\$ 3,238,097	

Discount Rate: 7%

Total Fees from Close-2042 with Old Terms	\$ 3,875,923
Total Fees from Close-2042 with New Terms	\$ 3,238,097

Change: -16%

Present Value of Fees from Close-2042 with Old Terms	\$1,958,209
Present Value of Fees from Close-2042 with New Terms	\$1,827,219

Change: -7%



July 10, 2025

Resolution No. SHFC-2025-17: Consideration and possible approval of Revised Transaction Terms for Strategic HFC Workforce Developments

WHEREAS, Strategic Housing Finance Corporation of Travis County (the “Corporation”) has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, as amended, Texas Local Government Code, Chapter 394 (the “Act”), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices or rentals they can afford; and

WHEREAS, the Board of Directors of the Corporation (the “Board”) has reviewed and considered the “Workforce Housing Term Sheet” for the Corporation, a copy of which is attached to this Resolution as Exhibit A and incorporated herein for all purposes; and

WHEREAS, the Board desires to approve the Workforce Housing Term Sheet.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY, THAT:

Section 1: The Workforce Housing Term Sheet is hereby approved and adopted.

Section 2: This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 10th day of July, 2025.

Jan Wenig

President, Board of Directors

CERTIFICATION

The above resolution, adopted by the Board of Directors of the Strategic Housing Finance Corporation of Travis County at a meeting held on the 10th day of July, 2025, is hereby certified to be a true and correct copy of an official copy thereof on file among the official records of such Corporation.

WITNESS my hand this 10th day of July, 2025.

By: _____

Dianna Grey

Executive Director and Secretary

EXHIBIT A

Workforce Housing Term Sheet

Standard Workforce Housing Partnership Terms

PROJECT SCREENING CONSIDERATIONS

General	<ul style="list-style-type: none">• Strategic HFC will determine project fit through review of the prescreening and formal application. Criteria include but are not limited to developer track record, geographic location, and portfolio concentration.• This term sheet is subject to revision by Strategic HFC
Unit Sizes	<ul style="list-style-type: none">• Preference for projects that include 2BR units or larger. Projects that consist primarily of 1BR/studio units will be considered on a case-by-case basis.
Acquisition	<ul style="list-style-type: none">• Considered on a case-by-case basis. Projects over 5 years old require third-party market analysis and Physical Needs Assessment or comparable information on condition.
Mixed Use Design	<ul style="list-style-type: none">• Considered on a case-by-case basis
HFC Compliance	<ul style="list-style-type: none">• Deal structure must comply with Chapter 394 of Texas Local Government Code which regulates Housing Finance Corporations.• Emergency Service District (ESD) and conservation/reclamation district taxes ARE NOT exempt under the HFC partnership structure.

Threshold Requirements

Affordability Set-Asides	<ul style="list-style-type: none"> Income-restricted units must be distributed in proportion to the non-income-restricted units by bedroom size and have the same finishes and amenities. A maximum of 10% of total units may have unrestricted rents, and the remaining 90% of units must be affordable to households earning no more than 120% AMI. <ul style="list-style-type: none"> At least 10% of units must be set aside for and affordable to households earning under 50% AMI or less. No less than 40% of units must be set aside for and affordable to households earning under 100% AMI. <p><i>Note: achieving rental discounts totaling at least 60% of the abated tax value will typically require expanded affordability beyond 10% of units at 50% AMI.</i></p>
Public Benefit Analysis	<p>The project must pass a two-part public benefit test:</p> <ul style="list-style-type: none"> At underwriting, Strategic HFC must make a good faith determination that the development will return at least 60% of the value of the abated ad-valorem taxes in the form of reduced rent over a 3-year period: <ul style="list-style-type: none"> For new construction, the three (3) tax years follow the tax year when the project achieves 90% occupancy For acquisitions, the 3rd, 4th, and 5th tax year follow the tax year which Strategic HFC acquires the project In addition, the project must meet a Strategic HFC Minimum Public Benefit Score of 90, including bonus points. The public benefit score is calculated as rental reductions plus projected Strategic HFC financial participation and fees which must equal at least 90% of the estimated abated taxes over the initial 15-year operating period of the partnership. Up to ten bonus points are available for meeting Strategic HFC policy priorities.
Annual Audit-Public Benefit Test	<ul style="list-style-type: none"> Property will be required to submit an annual audit to TDHCA. Audit and public benefit test rules are anticipated by January 1, 2026.

Bonus Points	
BONUS CATEGORY	POINTS
SHFC Lease Addendum	2
Public Sector Workers	2
Architecture	2
Decarbonization	1
Service Access	1
Transportation Access	2
TOTAL	10
See Strategic HFC Bonus Points Addendum for additional information on qualifying for these elective bonus points.	

Fees	
Application Fee	\$15,000, credited to origination fee at close
Origination Fee	50 basis points of total development cost or purchase price
3rd Party Fees	<ul style="list-style-type: none"> Public Benefit Analysis: estimated \$20k Legal: Estimated \$165k <p>Fees are paid at close and will be included in the Strategic HFC public benefit calculation</p>
General Contractor Fee for Construction Sales Tax Exemption	Fixed payment based on the number of units at \$1200 per door. Half of the fee is paid at close of construction financing and the remaining half is paid when the last Certificate of Occupancy is received.
3rd Party Construction Monitoring	Not to exceed \$3500/month
Ground Lease	Annual lease payment based upon 10% of the abated value of taxes with a 3% escalator. Payments begin after the first year of stabilization.
Partnership Management Fee	Minimum \$100 per unit per year, with 3% annual escalator
Net Cash Flow	Minimum 4% pari passu with cash flow distribution to equity partner
Cash from Sale/Refinance	Minimum 1% of net proceeds after payment of transaction costs, outstanding debt and replenishing replacement reserves

Additional Required Deal Terms

Purchase Option and Right of First Refusal	Required
Tenant Protections	<ul style="list-style-type: none">• Properties may not refuse to accept Housing Choice Vouchers (HCV) OR impose requirements that voucher holders make more than 250% of the tenant's portion of the rent• Properties must publicly post their policies on participation in HCV Program on their website• Properties must affirmatively market their property to voucher holders AND notify the local Public Housing Authorities• All leases must contain provisions that<ul style="list-style-type: none">○ Prohibit retaliation for participating in tenant organizing○ That are only non-renewable for cause○ Contain a 30-day notice of non-renewal
Affordability/Hold Period	Minimum affordability period of 15 years, governed by a LURA and with a minimum partnership interest hold period of 5 years.

Underwriting Guidelines

Distribution of Affordable Units	<ul style="list-style-type: none"> Income-restricted units must be distributed in proportion to the non-income-restricted units by bedroom size.
Market Rents	<ul style="list-style-type: none"> For new construction or acquisition of property in operation less than 5 years: Developer to submit 5 comparable properties within 3 miles of property that support the estimated maximum market rent for the project For acquisition of properties in operation 5 years or more: 3rd party market study required, as-is and as-renovated, if applicable.
Tax Estimate	Developer proposed, underwritten by a Financial Advisor. Typically, 80% of the Total Development Cost.
Capitalization Rate	5%
Affordable Rents	<p>The rent limit must be no more than 30% of AMI for the unit type after being adjusted for family size and with all non-optional fees and utility allowance deducted.</p> <p>The utility allowance should come from applicable housing authority schedule or subject to Strategic HFC approval a third party utility allowance schedule.</p> <ul style="list-style-type: none"> Any non-optional fees must be deducted from the affordable rent Property will utilize LIHTC standard assumptions on household size for rent calculation
Underwriting Period	15 Years
Escalators	2% for revenue; 3% for expenses



VI.B. ACTION ITEM

Resolution No. SHFC-2025-18: Consideration and possible approval of Revised Transaction Terms for Strategic HFC 4% Low Income Housing Tax Credit Developments and Bond Issuer Only Developments



Board Meeting Date: July 10, 2025

Resolution No. SHFC-2025-18: Consideration and possible approval of Revised Transaction Terms for Strategic HFC 4% Low Income Housing Tax Credit Developments and Bond Issuer Only Developments

Background Information

Strategic HFC publishes standard deal term sheets on its website which staff recommend reviewing and updating on at least an annual basis. The current 4% Low Income Housing Tax Credit (LIHTC)/Bond deal term sheet has not been updated in over a year.

The proposed revisions to the term sheet are intended to

- Clarify the language to more fully outline the roles, functions, and expectations of Strategic HFC when participating in such transactions, diminishing the amount of negotiation needed for each deal
- Provide potential development partners with competitive terms that reflect the current market environment, and
- Modify terms so that fee income is more reliable over time, aiding in internal budgeting and revenue projections
- Reflect recent legislative changes made to Chapter 394

To inform these revisions staff reached out to a number of different consultants and developers for input on the existing term sheet and modelled different potential changes to understand their fiscal impact.

Summary of Key Changes

The most significant changes are summarized below:

- Lower the bond issuer fee due at close for partnership deals from 50 basis points to 40 basis points
- Lower the construction general contractor fee from \$1500 per door to \$1200 per door



- Establish a fixed annual lease payment based on 10% of estimated abated taxes, with a 3% annual increase. This fee is in lieu of a percentage of ongoing cash flow
- Set sale/refinance at a minimum of 25% of net transaction proceeds
- Adjust the affordability standards to require that at least 10% of units be affordable to tenants at 50% MFI. Average affordability levels must still be at or below 60%
- Outline enhanced tenant protection and marketing requirements that are now required under Chapter 394

Fiscal Impact

While adoption of the proposed policy will not have an immediate fiscal impact, the fee structure in the policy does represent a different expected flow of funds per transaction when compared to the current terms. There will be slightly less expected revenue at the close of the deal, and an estimated 11% reduction in revenue over the first 15 years of operation of the property (when discounted for present value).

Attachments:

- A. Resolution No. SHFC-2025-18
- B. Proposed LIHTC/Bond Term Sheet
- C. Summary slides of fiscal impact of old vs new terms

CASE STUDY #1: 4%/LIHTC DEAL

How would changes to the existing deal terms affect projected cash flow?



HYPOTHETICAL DEAL SUMMARY

- **Project Type:** New Construction
- **Total Development Cost:** \$50,000,000
- **Cost Per Unit:** \$200,000
- **Units:** 250

Bedroom Mix

1 BR	150 units	60%
2 BR	75 units	30%
3 BR	25 units	10%

Affordability Mix

70% MFI	25 units	10%
60% MFI	200 units	80%
50% MFI	25 units	10%

PROJECTED CASH AT CLOSE



4%/Bond Deal Fee Summary

New Construction

Old Term Fee Summary	Close
<i>Ground Lease - Nominal Annual Payments</i>	\$ -
<i>Share of Developer Fee - 30%</i>	\$ 300,912
<i>Construction Fee - \$1,500 per door</i>	\$ 187,500
<i>Issuance Fee - 0.50% at Close, 0.10% Annually</i>	\$ 135,000
<i>Share of Operating Cash Flow - 30%</i>	\$ -
<i>Share of Proceeds from Sale/Refi - 30%</i>	\$ -
ANNUAL SUBTOTAL:	\$ 623,412

New Terms Fee Summary	Close
<i>Ground Lease - 10% of AVT</i>	\$ -
<i>Share of Developer Fee - 25%</i>	\$ 250,760
<i>Construction Fee - \$1,200 per door</i>	\$ 150,000
<i>Issuance Fee - 0.40% at Close, 0.10% Annually</i>	\$ 108,000
<i>Share of Operating Cash Flow - 0%</i>	\$ -
<i>Share of Proceeds from Sale/Refi - 25%</i>	\$ -
ANNUAL SUBTOTAL:	\$ 508,760

PROJECTED CASH OVER THE OPERATING PERIOD

4%/Bond Deal Fee

Summary

New Construction

		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042		
Old Term Fee Summary	Close	Year 1 Construction	Year 2 Construction	Year 1 Operating	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	TOTAL	
Ground Lease - Nominal Annual Payments	\$ -	\$ -	\$ -	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 150	0%
Share of Developer Fee - 30%	\$ 300,912	\$ -	\$ -	\$ 114,473	\$ 124,729	\$ 135,000	\$ 145,283	\$ 155,570	\$ 165,857	\$ 176,136	\$ 122,040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,440,000	9%
Construction Fee - \$1,500 per door	\$ 187,500	\$ -	\$ 187,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 375,000	2%
Issuance Fee - 0.50% at Close, 0.10% Annually	\$ 135,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 594,000	4%
Share of Operating Cash Flow - 30%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,635	\$ 163,873	\$ 172,389	\$ 180,875	\$ 189,325	\$ 197,732	\$ 206,090	\$ 214,390	\$ 1,378,310	9%
Share of Proceeds from Sale/Refi - 30%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,830,897	\$ 11,830,897	76%
ANNUAL SUBTOTAL:	\$ 623,412	\$ 27,000	\$ 214,500	\$ 141,483	\$ 151,739	\$ 162,010	\$ 172,293	\$ 182,580	\$ 192,867	\$ 203,146	\$ 202,685	\$ 190,883	\$ 199,399	\$ 207,885	\$ 216,335	\$ 224,742	\$ 233,100	\$ 12,072,297	\$ 15,618,357	

New Terms Fee Summary	Close	Year 1 Construction	Year 2 Construction	Year 1 Operating	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	TOTAL	
Ground Lease - 10% of AVT	\$ -	\$ -	\$ -	\$ 79,273	\$ 81,651	\$ 84,100	\$ 86,623	\$ 89,222	\$ 91,899	\$ 94,656	\$ 97,495	\$ 100,420	\$ 103,433	\$ 106,536	\$ 109,732	\$ 113,024	\$ 116,414	\$ 119,907	\$ 1,474,384	11%
Share of Developer Fee - 25%	\$ 250,760	\$ -	\$ -	\$ 81,829	\$ 89,968	\$ 98,108	\$ 106,245	\$ 114,373	\$ 122,487	\$ 130,582	\$ 138,651	\$ 66,997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200,000	9%
Construction Fee - \$1,200 per door	\$ 150,000	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000	2%
Issuance Fee - 0.40% at Close, 0.10% Annually	\$ 108,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 567,000	4%
Share of Operating Cash Flow - 0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%
Share of Proceeds from Sale/Refi - 25%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,044,373	\$ 10,044,373	74%
ANNUAL SUBTOTAL:	\$ 508,760	\$ 27,000	\$ 177,000	\$ 188,101	\$ 198,619	\$ 209,209	\$ 219,868	\$ 230,595	\$ 241,386	\$ 252,237	\$ 263,146	\$ 194,417	\$ 130,433	\$ 133,536	\$ 136,732	\$ 140,024	\$ 143,414	\$ 10,191,280	\$ 13,585,756	

Discount Rate: 7%

Total Fees from Close-2042 with Old Terms	\$ 15,618,357
Total Fees from Close-2042 with New Terms	\$ 13,585,756

Change: -13%

Present Value of Fees from Close-2042 with Old Terms	\$6,068,636
Present Value of Fees from Close-2042 with New Terms	\$5,428,745

Change: -11%



July 10, 2025

Resolution No. SHFC-2025-18: Consideration and possible approval of Revised Transaction Terms for Strategic HFC Low-Income Housing Tax Credit/Bond Developments

WHEREAS, Strategic Housing Finance Corporation of Travis County (the “Corporation”) has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, as amended, Texas Local Government Code, Chapter 394 (the “Act”), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices or rentals they can afford; and

WHEREAS, the Board of Directors of the Corporation (the “Board”) has reviewed and considered the “LIHTC/Bond Transaction Term Sheet” for the Corporation, a copy of which is attached to this Resolution as Exhibit A and incorporated herein for all purposes; and

WHEREAS, the Board desires to approve the 4% and Bond Issuer Terms.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY, THAT:

Section 1: The LIHTC/Bond Transaction Term Sheet is hereby approved and adopted.

Section 2: This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 10th day of July, 2025.

Jan Wenig

President, Board of Directors

CERTIFICATION

The above resolution, adopted by the Board of Directors of the Strategic Housing Finance Corporation of Travis County at a meeting held on the 10th day of July, 2025, is hereby certified to be a true and correct copy of an official copy thereof on file among the official records of such Corporation.

WITNESS my hand this 10th day of July, 2025.

By: _____

Dianna Grey

Executive Director and Secretary

EXHIBIT A

LIHTC/Bond Transaction Term Sheet

Terms For Bond/4% Tax Credit Transactions

TERM	TYPICAL TERMS
Partnership Structure	<ul style="list-style-type: none"> • The deal structure must comply with Chapter 394 of the Texas Local Government Code, which regulates Housing Finance Corporations. • Strategic HFC (or wholly owned LLC) serves as the General Partner of the tax credit partnership (generally referred to as the “Borrower”). Limited Partners typically consist of a tax credit investor and an entity associated with the developer. • Strategic HFC serves as Co-Developer. • Strategic HFC may serve as the General Contractor to facilitate tax exemption on construction materials. • Strategic HFC (or wholly owned LLC) is a deeded fee title to land on which the apartment project is built and operated to facilitate tax exemption on property and improvements. • Strategic HFC’s tax exemption DOES NOT apply to Emergency Service Districts, and conservation/reclamation district taxes. • A local government hearing will be required for bond issuance. • All Strategic HFC's reasonable expenses are to be paid by the Borrower. • This term sheet is subject to revision by Strategic HFC
Mixed Use Design	<ul style="list-style-type: none"> • Considered on a case-by-case basis
Annual Ground Lease Rent Amount	<ul style="list-style-type: none"> • Annual lease payment based upon 10% of the abated value of taxes with a 3% escalator. Payments begin after the first year of stabilization.
Application Fee	<ul style="list-style-type: none"> • \$5,000 non-refundable due at submission of formal partnership application

Issuance Fee	<ul style="list-style-type: none"> 40 bps of principal amount at closing + 10 bps annually with first 2 years paid at close
Short-Term Issuance Fee (3 Years or Less)	<ul style="list-style-type: none"> 50 bps of principal amount and 5 years of annual fees (10 bps annually) at closing and 5 years of annual fees (10 bps annually) upon sale or refinance
General Contractor Fee	<ul style="list-style-type: none"> Fixed payment based on the number of units at \$1200 per door. 50% paid at construction close and 50% paid when the last Certificate of Occupancy is received
3rd Party Construction Monitoring Fee	<ul style="list-style-type: none"> Not to Exceed \$3500/month
Developer Fee Sharing	<ul style="list-style-type: none"> Strategic HFC receives 25% of the Developer Fee based on the same payout schedule as the Developer Partner.
Refinance/Sale Fee	<ul style="list-style-type: none"> 25% of net proceeds after payment of transaction costs, outstanding debt and replenishing replacement reserves
AMI Set Asides	<ul style="list-style-type: none"> Minimum of 10% of units at 50% AMI or below If income averaging, lower AMI units must be distributed proportionally throughout the various unit sizes and floor plans.
Underwriting Criteria	<ul style="list-style-type: none"> \$300/unit/year replacement reserves Capitalization rate 5% Revenue escalator 2% Expenses escalator 3%
BOND ISSUER ONLY TERMS (NO PARTNERSHIP OR PROPERTY TAX EXEMPTION)	
Application Fee	A non-refundable payment of \$5,000 is due before the board inducement. This will be credited to the closing bond issuance fee.
Issuance Fee	75 bps of principal amount at closing +10 bps annually



VI.C. ACTION ITEM

Resolution No. SHFC-2025-19: Consideration and possible approval of a Strategic Outlook



Board Meeting Date: July 10, 2025

Resolution No. Resolution No. SHFC-2025-19

Background Information

This resolution would approve a Strategic Outlook intended to guide the Board of Directors and staff over the next 12 months, or until a new strategic outlook or full-fledged strategic plan is adopted.

A strategic outlook helps an organization prioritize actions and make policy decisions to accomplish its mission. Unlike a strategic plan, it is not a multi-year set of instructions with detailed objectives, metrics, and action steps. Instead, it is a short-term guide intended to support decisions that need to be made at both operational and policy levels.

This tool identifies the key operating environment and trends impacting the organization and high-level strategic actions to support its mission.

In May 2025, the Board received a briefing on a draft version of the Strategic Outlook. Based on feedback received at that time, the document has been edited to simplify and clarify its language.

Fiscal Impact

None

Attachments

1. Resolution SHFC 2025-19
2. Proposed Strategic Outlook



July 10, 2025

Resolution No. SHFC-2025-19: To Adopt a 2025-2026 Strategic Outlook

WHEREAS, Strategic Housing Finance Corporation of Travis County (the “Corporation”) has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, as amended, Texas Local Government Code, Chapter 394 (the “Act”), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices or rentals they can afford; and

WHEREAS, the Board of Directors of the Corporation (the “Board”) has reviewed and considered the “2025-2026 Strategic Outlook” for the Corporation, a copy of which is attached to this Resolution as Exhibit A and incorporated herein for all purposes; and

WHEREAS, the Board desires to approve the 2025-2026 Strategic Outlook.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY, THAT:

Section 1: The 2025-2026 Strategic Outlook is hereby approved and adopted.

Section 2: This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 10th day of July, 2025.

Jan Wenig

President, Board of Directors

CERTIFICATION

The above resolution, adopted by the Board of Directors of the Strategic Housing Finance Corporation of Travis County at a meeting held on the 10th day of July, 2025, is hereby certified to be a true and correct copy of an official copy thereof on file among the official records of such Corporation.

WITNESS my hand this 10th day of July, 2025.

By: _____

Dianna Grey

Executive Director and Secretary

EXHIBIT A

2025-2026 Strategic Outlook

Strategic Outlook 2025-2026

I. What is a Strategic Outlook?

A strategic outlook helps an organization prioritize actions and make policy decisions to accomplish its mission. Unlike a strategic plan, it is not a multi-year set of instructions with detailed objectives, metrics, and action steps. Instead, it is a short-term guide intended to support decisions that need to be made at both operational and policy levels.

This tool identifies the key operating environment and trends impacting the organization and high-level strategic actions to support its mission. Adopting this strategic outlook will Strategic HFC ensure rigorous direction setting as we build the organizational capacity to develop a full-fledged strategic plan.

II. Findings

Finding 1: Many Travis County Residents Spend Much of Their Income on Rent

In 2023, 52% of Travis County renters were considered ‘cost-burdened’, meaning that they spend more than 30% of their income on rent.

Finding 2: Tenants Need Well-Managed Affordable Housing

Given the scarcity of affordable housing, tenants have limited choices for rent-restricted developments. Residents’ quality of life suffers when the physical condition and property management practices in affordable housing are not of the highest quality.

Finding 3: The Organization Must Be Financially Self-Supporting

Strategic HFC doesn’t receive regular funding from Travis County. It depends on income earned through real estate activities to fund both daily operations and investment in new affordable housing projects.

Finding 4: Strategic HFC Works with a Limited Set of Financing Tools

The core tools Strategic HFC can use to create affordable housing include the authority to issue private activity bonds and provide property and sales tax abatement when it participates in the ownership structure of projects. At this time, it has only a modest amount of funding available that could directly subsidize affordable housing.

Finding 5: Other Agencies Do Similar Work

There are multiple governmental organizations in Travis County using similar powers to boost affordable housing supply. These include housing finance corporations, public facility corporations, and public housing authorities.

Finding 6: An Influx of Rental Housing Has Increased Vacancy and Pushed Rents Down

Travis County saw a record 34,585 units placed in service in 2024, and close to 30,000 units are expected in 2025. This infusion of rental units has resulted in falling occupancy and rental rates. Maximum rents in

many affordable housing units are now above market rates. Many multifamily projects are operating at a loss, and Strategic HFC's portfolio is producing less revenue than in previous years.

Finding 7: New Rental Housing Development Has Slowed

Higher vacancy rates and lower rents have decreased investor and lender willingness to participate in Travis County projects. This has made it difficult for developers to get financing they need for both affordable and market-rate housing. Strategic HFC's pipeline of new projects has decreased as deals have stalled or been cancelled completely.

Finding 8: Lack of New Units Is Expected to Drive Rents Back Up By 2027

In 2024, construction started on only 7,500 multifamily units. By 2027, Travis County is expected to see a shortage of apartments and rising rents similar to levels seen before the pandemic.

III. Strategic Actions

Strategic Action 1: Target Participation in Housing Projects That Maximize Community Benefit

Rather than just tracking the total number of affordable housing units produced, Strategic HFC should maximize the impact of housing produced, considering depth and length of affordability, unit size, and quality, as well. The newly launched Strategic Affordability Impact Metric (Strategic AIM) will be used to set production goals and assess potential policies and project types.

Strategic Action 2: Build Reserve Funds, & Focus on Revenue-Generating Activities

Given the absence of public funding and sensitivity of its revenue streams to market conditions, Strategic HFC should prioritize housing financing mechanisms that can expand high-quality affordable housing while providing a steady income to support the organization's sustainability over the long term.

Strategic Action 3: Invest in Good Stewardship of Strategic HFC's Existing Portfolio

To promote good physical condition, professional management, and healthy operation of its existing housing projects, Strategic HFC will design and implement portfolio management practices that support the wellbeing of tenants. During this period, developing effective data tracking and risk rating systems will be a priority.

Strategic Action 4: Earn a Reputation as a Collaborative and Innovative Partner

Strategic HFC will support coordination with its peer agencies in Travis County to advance good policy, increase efficiency, and avoid duplication of effort. At the same time, the organization will continue to seek and develop areas of specialization (e.g. housing preference for public workers) that will distinguish Strategic HFC within the field.

Strategic Action 5: Build Human Capital and Organizational Infrastructure

To successfully implement actions identified in this document, Strategic HFC must attract and nurture a talented team, select highly competent consultants and vendors, and build internal systems and infrastructure that can support a thriving organization.

Last revised: July 5, 2025



VI.D. ACTION ITEM

Resolution No. SHFC-2025-20: Consideration and possible action to authorize the execution of a Purchase and Sale Agreement with respect to a potential sale of Cambridge Villas Apartments, a multifamily residential development located at 15711 Dessau Road, Pflugerville, Texas 78660 (the “Development”); and containing other provisions related thereto



Board Meeting Date: July 10, 2025

Resolution No. SHFC-2025-20: Cambridge Villas Purchase & Sale Agreement

Background Information

This resolution authorizes the execution of a Purchase and Sale Agreement for Cambridge Villas, an existing project in Strategic HFC's portfolio. The project is a 208-unit senior development in Pflugerville.

In July 2024, Alden Torch, the Investor Limited Partner (ILP) in the Cambridge Villas limited partnership, initiated the remarketing of Cambridge Villas, a right granted to them by the Limited Partnership Agreement.

The property was listed for sale on March 6, 2025, and attracted significant interest. The Board authorized the Executive Director to negotiate a Purchase and Sales Agreement (PSA) with a prospective Purchaser at the April 10, 2025, board meeting through Resolution No. SHFC-2025-11.

Strategic HFC has been in negotiations with the prospective purchaser, which will be a new partnership between an affiliate of Fairfield Residential and a subsidiary of Strategic HFC. A substantially final draft PSA has been prepared and is available for review [here](#).

Key terms include:

Purchase Price: \$20,200,000

Deposit: \$250,000

Inspection Period: 30 days

Additional Approvals: Formal approval of TDHCA and Alden Torch are required.

Closing Date: Within 30 days of receipt of TDHCA approval

Other Conditions: Satisfaction of an existing liens and/or litigation, including SRP Environmental and High Tech

A separate resolution authorizing staff to execute a Memorandum of Understanding between Fairfield Residential and Strategic HFC will be presented for board consideration. This MOU will outline the terms of the contemplated new partnership.



Fiscal Impact

After satisfying the existing mortgage at close, total proceeds of approximately \$12,000,000 are anticipated. However, closing the transaction will require securing bonds or escrowing funds related to a lien and ongoing litigation associated with services provided after Winter Storm Uri. While portions of these funds may eventually be returned to the partnership for distribution (in the case that litigation is settled favorably), net proceeds available for immediate distribution at close will be significantly reduced.

Under the terms of the existing limited partnership agreement, Strategic HFC is entitled to 90% of net sales proceeds. At present, staff's best estimate is that the organization would receive approximately \$4.5M at close.

Attachments

1. Resolution SHFC-2025-20

RESOLUTION (THE “RESOLUTION”) OF THE BOARD OF DIRECTORS OF STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY (THE “CORPORATION”) APPROVING A PURCHASE AND SALE AGREEMENT WITH RESPECT TO A POTENTIAL SALE OF CAMBRIDGE VILLAS APARTMENTS, A MULTIFAMILY RESIDENTIAL DEVELOPMENT LOCATED AT 15711 DESSAU ROAD, PLUGERVILLE, TEXAS 78660 (THE “DEVELOPMENT”); AND CONTAINING OTHER PROVISIONS RELATED THERETO

A. APPROVAL OF PURCHASE AND SALE AGREEMENT

WHEREAS, Strategic Housing Finance Corporation of Travis County (the “*Corporation*”) has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, as amended, Texas Local Government Code, Chapter 394 (the “*Act*”), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices or rentals they can afford; and

WHEREAS, Jan Wenig is President of the Board of Directors of the Corporation (the “*President*”); and

WHEREAS, Dianna Grey is Executive Director of the Corporation (the “*Executive Director*”); and

WHEREAS, the Corporation owns fee title to the land (the “*Land*”) on which the multifamily residential development known as “Cambridge Villas Apartments” (the “*Development*”) is located and, in the Corporation’s capacity as landlord under that certain Ground Lease dated as of May 1, 2006 (the “*Ground Lease*”) between the Corporation and Cambridge Villas Apartments Limited Partnership, a Texas limited partnership (the “*Partnership*”), the Corporation has leased the Land to the Partnership in connection with the Partnership’s operation of the Development; and

WHEREAS, the Corporation is the sole member of SHFC Cambridge Villas, LLC, a Texas limited liability company (the “*General Partner*”) of the Partnership, which is governed by that certain Amended and Restated Agreement of Limited Partnership, dated as of May 1, 2006, and as amended (the “*Partnership Agreement*”); and

WHEREAS, the Development is subject to affordability restrictions set forth in that certain Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Credits, dated as of September 13, 2007 and as amended (the “*Affordability Restrictions*”); and

WHEREAS, the structure described herein has allowed the Development to receive a full abatement of ad valorem taxes pursuant to the Act (the “*Exemption*”); and

WHEREAS, the Special Limited Partner, a subsidiary of Alden Torch (the “*Special Limited Partner*”), has exercised its right under the Partnership Agreement to require a sale of the Development; and

WHEREAS, pursuant to SHFC Resolution No. SHFC-2025-11, the Board previously authorized the Executive Director, on behalf of the Corporation, as sole member of the General Partner to cause the Partnership to market the Development for sale and to negotiate sale terms with a qualified third-party purchaser approved by the Special Limited Partner; and

WHEREAS, pursuant to a Purchase and Sale Agreement and Escrow Instructions (the “PSA”), FRH Realty LLC, a Delaware limited liability company (the “Purchaser”), intends to purchase and the Partnership intends to sell the Development, to be owned and operated by a new limited partnership to be established among the General Partner and affiliates of the Purchaser, in order to continue the Exemption for the Development.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY (THE “BOARD”), THAT:

Section 1: The Executive Director, on behalf of the Corporation, acting on its own behalf and on behalf of the General Partner, acting on behalf of the Partnership, is hereby authorized, upon written consent from the Special Limited Partner, to execute and deliver the PSA, and such other documents and instruments that may be necessary and desirable to effectuate the PSA.

Section 2: That the President, Secretary and Executive Director of the Corporation are each individually authorized to certify and attest to the adoption and approval of the foregoing Resolution.

Section 3: If 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.

[Signature page and certification to follow]

PASSED AND APPROVED this 10th day of July, 2025.

Jan Wenig
President, Board of Directors

CERTIFICATION

The above resolution, adopted by the Board of Directors of the Strategic Housing Finance Corporation of Travis County at a meeting held on the 10th day of July, 2025, is hereby certified to be a true and correct copy of an official copy thereof on file among the official records of such Corporation.

WITNESS my hand this 10th day of July, 2025.

By: _____
Dianna Grey
Executive Director and Secretary



VI.E. ACTION ITEM

Resolution No. SHFC-2025-21: Consideration and possible action to authorize the execution of a Memorandum of Understanding regarding participation in the ownership and operation of Cambridge Villas Apartments, a multifamily residential development located at 15711 Dessau Road, Pflugerville, Texas 78660; and containing other provisions related thereto



Board Meeting Date: July 10, 2025

Resolution No. SHFC-2025-21: Cambridge Villas Memorandum of Understanding

Background Information

This resolution authorizes the execution of a Memorandum of Understanding to support the restructuring of Strategic HFC’s existing Cambridge Villas partnership with a new partner.

In July 2024, Alden Torch, the Investor Limited Partner (ILP) in the Cambridge Villas limited partnership, initiated the remarketing of Cambridge Villas, a right granted to them by the Limited Partnership Agreement.

The property was listed for sale on March 6, 2025, and attracted significant interest, with the offer from Fairfield Residential selected as the most favorable.

The Board authorized the Executive Director to negotiate a Purchase and Sales Agreement (PSA) and a Memorandum of Understanding (“MOU”) for a new Strategic HFC partnership with a prospective Purchaser at the April 10, 2025 board meeting through Resolution No. SHFC-2025-11. This resolution defined key terms under which Strategic HFC would be willing to enter into a new partnership with a prospective Class B Partner and thus provide the ad valorem tax exemption support ongoing affordability.

Key Terms

A summary of Board-approved financial terms is included in the table below.

Financial Partnership Terms	
Ground Lease	20% of estimated property tax with 3% annual increase. First in cash flow waterfall and accrues with compounding interest of 3% if not paid
Cash Flow	10%
Refi/Sales	10% of net proceeds and 10% of reserve accounts in event of property sale or refinance

Capital Expenditures	Limited Partnership Agreement will guarantee at a minimum \$10,000/unit of planned capital expenditures supported by new financing of property*
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**Note that Fairfield is currently projecting \$16,000 in capital improvements per unit*

Key non-financial terms include tenant protections, partner guarantees, indemnification for Strategic HFC, delineation of authority/consent for key decisions, and a right of first refusal.

Strategic HFC has been in negotiations with Fairfield, and a [draft Memorandum of Understanding](#) has been prepared that will meet the threshold terms authorized by the board through Resolution No. SHFC-2025-11. As the draft moves toward final form, an updated version may be provided before the Board meeting.

Note that a separate resolution has been presented to the Board to authorize the sale of the property to the to-be-constituted partnership.

Fiscal Impact

Please note that work is underway to finalize the draft MOU and pro forma projections. These figures may be updated at the time of presentation to the Board of Directors.

Ground Lease: The ground lease is expected to be approximately \$71,000 in Year 1, with a 3% annual increase.

Cash Flow: The current pro forma projects Strategic HFC's 10% cash flow distribution at approximately \$19,000 in Year 1.

Sale/Refinance: The current pro forma contemplates a refinance or sale in Year 10, with Strategic HFC receiving 10% of net proceeds. Current projections indicate that the organization's share of proceeds would be approximately \$1.3M.

Attachments

1. Resolution SHFC-2025-21

RESOLUTION (THE “RESOLUTION”) OF THE BOARD OF DIRECTORS OF STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY (THE “CORPORATION”) APPROVING A MEMORANDUM OF UNDERSTANDING REGARDING THE CORPORATION’S PARTICIPATION IN THE OWNERSHIP AND OPERATION OF CAMBRIDGE VILLAS APARTMENTS, A MULTIFAMILY RESIDENTIAL DEVELOPMENT LOCATED AT 15711 DESSAU ROAD, PLUGERVILLE, TEXAS 78660 (THE “DEVELOPMENT”); AND CONTAINING OTHER PROVISIONS RELATED THERETO

A. APPROVAL OF MEMORANDUM OF UNDERSTANDING

WHEREAS, Strategic Housing Finance Corporation of Travis County (the “*Corporation*”) has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, as amended, Texas Local Government Code, Chapter 394 (the “*Act*”), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices or rentals they can afford; and

WHEREAS, Jan Wenig is President of the Board of Directors of the Corporation (the “*President*”); and

WHEREAS, Dianna Grey is Executive Director of the Corporation (the “*Executive Director*”); and

WHEREAS, the Corporation owns fee title to the land (the “*Land*”) on which the multifamily residential development known as “Cambridge Villas Apartments” (the “*Development*”) is located and, in the Corporation’s capacity as landlord under that certain Ground Lease dated as of May 1, 2006 (the “*Ground Lease*”) between the Corporation and Cambridge Villas Apartments Limited Partnership, a Texas limited partnership (the “*Partnership*”), the Corporation has leased the Land to the Partnership in connection with the Partnership’s operation of the Development; and

WHEREAS, the Corporation is the sole member of SHFC Cambridge Villas, LLC, a Texas limited liability company (the “*General Partner*”) of the Partnership, which is governed by that certain Amended and Restated Agreement of Limited Partnership, dated as of May 1, 2006, and as amended (the “*Partnership Agreement*”); and

WHEREAS, the Development is subject to affordability restrictions set forth in that certain Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Credits, dated as of September 13, 2007 and as amended (the “*Affordability Restrictions*”); and

WHEREAS, the structure described herein has allowed the Development to receive a full abatement of ad valorem taxes pursuant to the Act (the “*Exemption*”); and

WHEREAS, the Special Limited Partner, a subsidiary of Alden Torch (the “*Special Limited Partner*”), has exercised its right under the Partnership Agreement to require a sale of the Development; and

WHEREAS, pursuant to a Purchase and Sale Agreement and Escrow Instructions (the “*PSA*”), FRH Realty LLC, a Delaware limited liability company (the “*Purchaser*”), intends to purchase and the Partnership intends to sell the Development; and

WHEREAS, pursuant to SHFC Resolution No. SHFC-2025-11, the Board previously authorized the Executive Director, on behalf of the Corporation, to negotiate a Memorandum of Understanding (the “*MOU*”) setting forth the proposed terms and conditions of the Corporation’s participation in the Development in order to continue the Exemption; and

WHEREAS, pursuant to the Corporation now intends to enter into the MOU with the Purchaser or an affiliate of the Purchaser.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY (THE “*BOARD*”), THAT:

Section 1: The Executive Director, on behalf of the Corporation, acting on its own behalf, is hereby authorized to execute and deliver the MOU, and such other documents and instruments that may be necessary and desirable to effectuate the MOU.

Section 2: That the President, Secretary and Executive Director of the Corporation are each individually authorized to certify and attest to the adoption and approval of the foregoing Resolution.

Section 3: If 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.

[Signature page and certification to follow]

PASSED AND APPROVED this 10th day of July, 2025.

Jan Wenig
President, Board of Directors

CERTIFICATION

The above resolution, adopted by the Board of Directors of the Strategic Housing Finance Corporation of Travis County at a meeting held on the 10th day of July, 2025, is hereby certified to be a true and correct copy of an official copy thereof on file among the official records of such Corporation.

WITNESS my hand this 10th day of July, 2025.

By: _____
Dianna Grey
Executive Director and Secretary



VII.A. DISCUSSION ITEM

Update on Tenant Concerns at Residence at Decker



RESIDENCES AT DECKER

PROGRESS UPDATE

Towing/Parking

Revised tagging process limits tagging to Tow Owner and CM with management approval before towing. Parking Snap Software implemented. Designated visitor parking with new signage goes live 7/15/2025, residents notified 7/1/2025.

Maintenance/Property Upkeep

Residents reminded of service request options, trash schedules, and 48-hour work order standards. Surveys and weekly callbacks continue. Property Wide German cockroach treatment started (first service completed 6/11, next July 2025).

Security / Pothole / Accessibility Projects

- LPR Project: On hold; collaborating with DTA on a resident survey.
- Doors: Replacement/repair project to finish by end of August 2025.
- Lighting: Began 7/1/2025; 8 new wall packs in pool and playground courtyards.
- Cameras: Phase 1 starts end of September 2025, installing 18 cameras at exterior doors and stairwells (part of a larger \$140K project).
- Pothole: Fully repaired 4/23/2025.

•High utility bills, disrespectful communication from mgt, unfair lease violations

NRP reviews monthly water reports and addresses high-usage units biweekly; only one unit showed high usage in May and was resolved. RPM oversees all resident communication and reviews site team outreach. Staff is reminded to work with residents before issuing violations and to consult RPM when unsure. Administrative time was implemented for follow-up, and resident events remain ongoing to strengthen relationships.

Recent Items discussed during 6/27 meeting

Amenity Access: NRP is reviewing after-hours lounge access and the refundable deposit policy for reservations.

The pool reopened on 6/26/2025

Amenity Cleanliness: Daily schedules were adjusted as a result of previous meetings to prioritize property cleanliness.

Balcony Compliance: Regular inspections conducted; residents notified to remove unauthorized items. NRP is reviewing notice language.

Police Involvement: No evidence of excessive calls; police are contacted only if staff feel threatened. Team received de-escalation training and guidance on appropriate situations for police involvement.

Trash Accessibility for Residents with Disabilities: NRP is working with the supportive service provider to explore available resources that can assist with trash disposal and offer additional services if needed

Pot Hole Repair



Clean Hallways



Power washed siding



Pool open for use



Designated Visitor parking



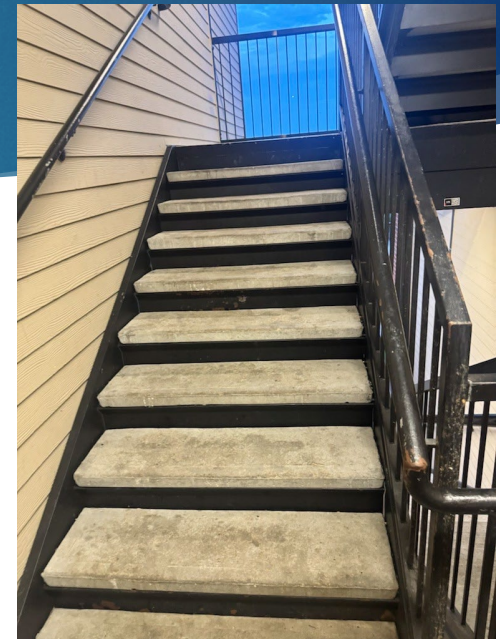
Wall Pack lighting



Clean and operable
Laundry center



Power washed stairwells



EVICTON MITIGATION

Eviction Mitigation-Current Actions:

1. 75% Paydown on Rent Owed: If a tenant owes rent or is under eviction and they can pay at least 75% of their current balance, we will cancel the current filing.
 1. Five residents have taken advantage of this option
 2. Payments are accepted from rental assistance programs and third parties.
2. Voucher Qualification: Our voucher holders require only 2.5 times their portion of rent to qualify. This adjustment highlights our commitment to improving the process.
3. Premium Listing Exposure: To increase our voucher holder penetration, we have increased AffordableHousing.com's exposure to a premium listing for 2025.
 1. Voucher Penetration: Our voucher penetration is 17% at Decker.
4. Flex Payment Service: We have FLEX in place to support residents with smaller rental payments. Flex is a rent payment service that allows tenants to split their rent into smaller, more manageable monthly payments, aiding in cash flow and financial stability. On average, we have about 15 residents per month utilize this resource.
5. Our property management site team hosts rental assistance nights to help our residents. Residents bring in their forms, and the on-site team helps them through the process if they need assistance. They were able to help six tenants get rental assistance.
6. Reduction in Late Fees: Reduced our late fee from 10% to 5%.

Future Additions:

1. Rent Forgiveness Program: We are in the process of deploying a Rent Forgiveness Program
 1. This will assist residents who have previously been consistent with rent payments, are current on their recertification, have no lease violations, and have a balance of \$10,000 or less.
 1. We are still working through the details, but these are some examples.
2. Include "Renters' Rights and Resources" with any eviction notices, sharing key points of the process and resources so tenants understand their rights.

Moving Forward



RPM will host weekly team meetings to ensure continued follow-through on action items. After three meetings with DTA and SHF, future meetings will shift to a quarterly schedule due to progress made.

THANK YOU