Strategic Housing Finance Corporation of TRAVIS COUNTY

Board of Directors – Regular Meeting

October 9th, 2025

I. Call to Order

Strategic HFC

II. Citizen Communication

Strategic HFC

IV. Director's Report

Strategic HFC

Director's Report

- Staffing Announcement
- Financial & Portfolio Highlights
- Upcoming Events

Strategic HFC

Calendar Overview

October	November	December
• 10/9: Regular Board Meeting • 10/14: Property Tours • 10/16: Travis County Commissioners Court Briefing • 10/27: Habitat for Humanity Carter Work Project	• 11/12: Daffan Flats Event • 11/13: Regular Board Meeting • 11/18: Property Tours	• 12/2: Property Tours • 12/10: TAAHP Market Outlook & Holiday Party • 12/11: Regular Board Meeting

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V. Consent Agenda

Agenda Item V.A

Minutes September 11th, 2025

VI. Voting Items

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Agenda Item VI.A.

Resolution No. SHFC-2025-34

Strategic Affordability Impact Metric (AIM) Goals

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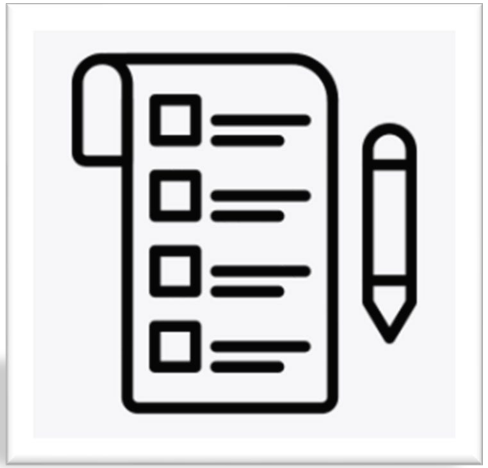
Housing Market Data Report & Strategic AIM Target

- AIM Targets for 2025 & 2026
- Housing Market Report
- Components of Production Forecast Score
- Production Forecast Score
- Achieving AIM Targets



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Housing Market Data Report

Strategic HFC

Housing Market Data Report

October 2025

Summary

While 2025 multifamily market conditions in Austin were generally unfavorable to new investments into multifamily housing. Rent growth continued to decline 3.89% year-over-year, however, that decline is slowing down compared to the 24-month change of -9.90%. The market appears to be getting closer to equilibrium, with a difference between units absorbed and units added of -3,105 in the first half of 2025, compared to 2024 which had a difference of -11,724 units.

Interest rates and equity investor interest remain a constraining factor on

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Strategic AIM Target 2025 (retroactive)

Target	Range – Low	Range - High
1,114	1,114	5,000

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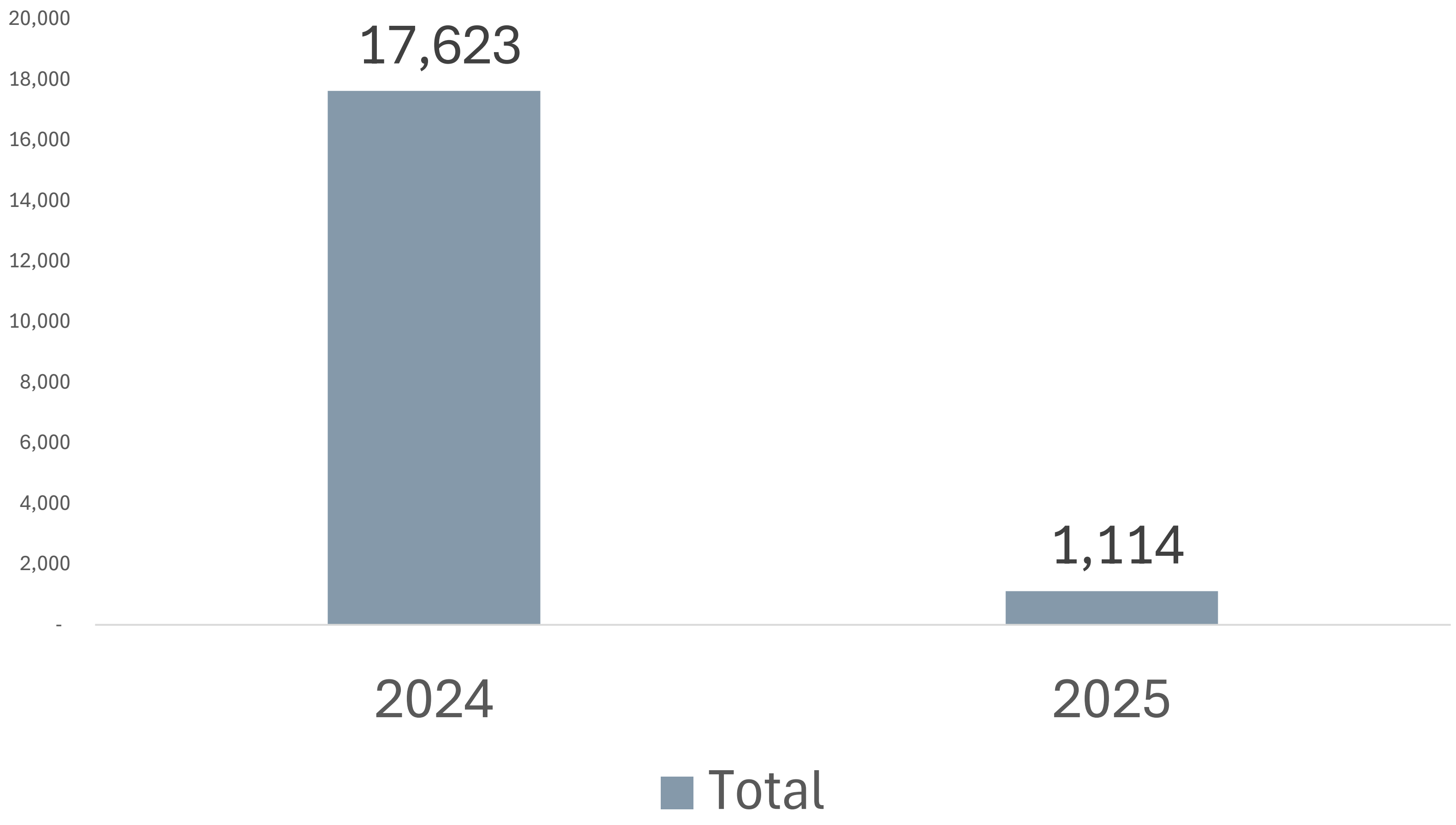
Strategic AIM Target 2025



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Strategic AIM Target 2026

Target	Range – Low	Range - High
11,125	2,500	20,000

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Components of Production Forecast Score

- 10-Year US Treasury Yield
- Net Absorptions-to-Completions Ratio
- Rent Growth Rate
- Tax Credit Pricing
- Housing Production Funds available

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Production Forecast Score

AIM Target	2024	2025	2026
Data	2023	2024	2025

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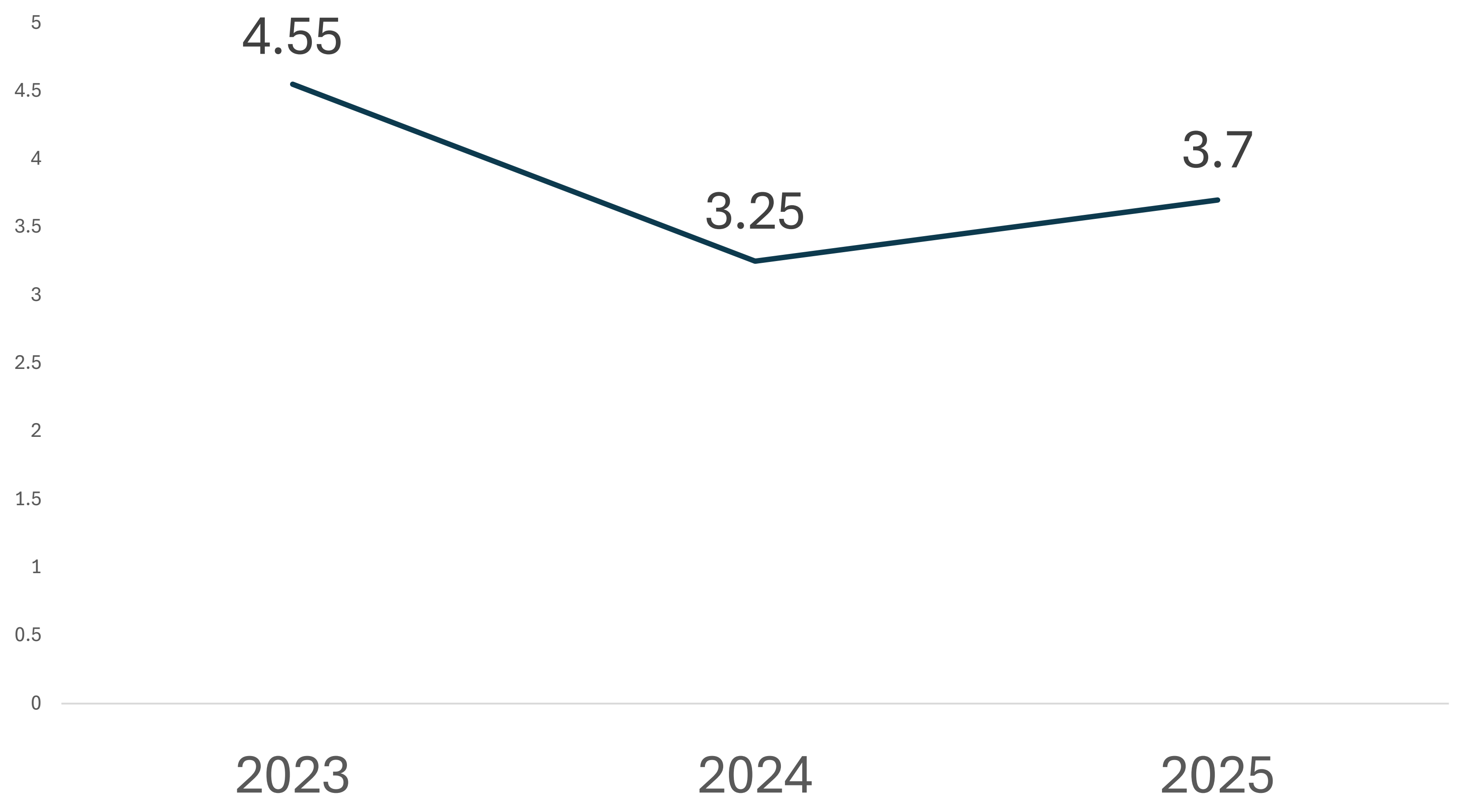
Production Forecast Score



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Production Forecast Score

Component	2023 Data	2023 Rating	2024 Data	2024 Rating	2025 Data	2025 Rating	Importance
10-Year US Treasury Yield	3.81%	7	4.29%	5	4.35%	5	20%
Net Absorptions-to-Completions Ratio	0.81	4	0.77	3	0.55	1	20%
Rent Growth Rate	-3.10%	4	-4.60%	2	-3.90%	2	25%
Tax Credit Pricing	$0.88	6	$0.88	5	$0.86	4	20%
Housing Production Fund	$0	1	$0	1	$15m	8	15%

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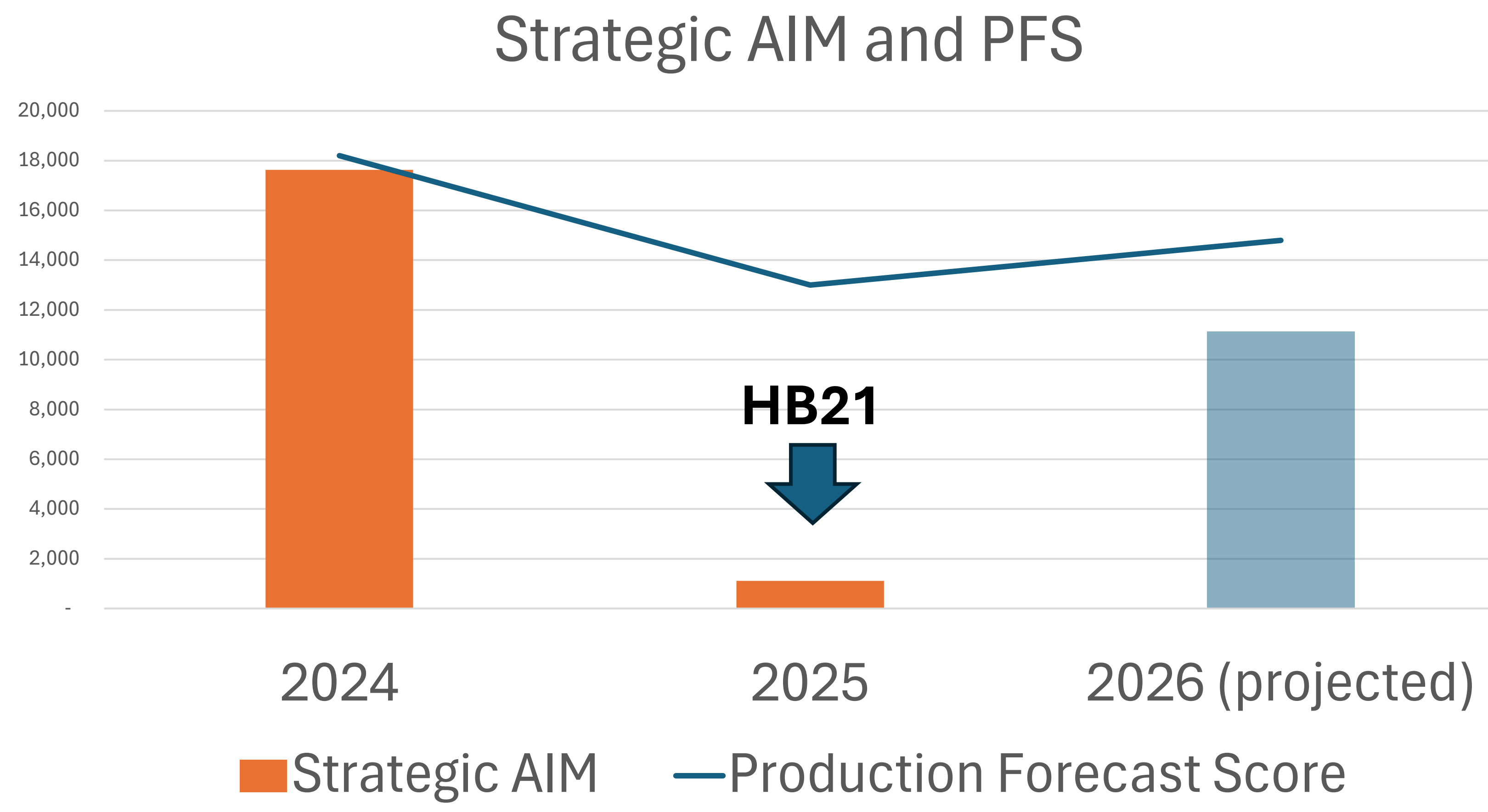
Production Forecast Score



Strategic HFC

Strategic AIM Targets 2025 & 2026

2025

Target	Range – Low	Range - High
1,114	1,114	5,000

2026

Target	Range – Low	Range - High
11,125	2,500	20,000

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Achieving AIM Target

Target	Range – Low	Range - High
11,125	2,500	20,000

Tax Credit (300+ units)	10,000
Tax Credit (200+ units)	6,400
Workforce (325+ units)	1,900
Workforce (200+ units)	1,100
Workforce (100+ units)	600
Total	**20,000**

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Agenda Item VI.B.

Resolution No. SHFC-2025-35

Revised Purchase & Sale Agreement - Cambridge Villas

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Cambridge Villas

Resolution No. SHFC-2025-35: Consideration and possible action to authorize the Executive Director to execute a Purchase and Sale Agreement and related documents necessary to effectuate the potential sale of Cambridge Villas, and replace Resolution SHFC-2025-20.

Strategic HFC

Cambridge Villas Property Overview

Address: 15711 Dessau Rd Pflugerville, TX 78660

Description: 208-unit senior housing community

Building Type: One-story, garden style fourplexes built in 2007

Deal Structure: 9% tax-credit deal

Unit Mix: 1-bedroom (750 SF) & 2-bedroom (1,000 SF) units

Affordability Mix

Unit Type	# of Units	% Total
≤ 30% AMI	21	10%
≤ 60% AMI	179	86%
Market Rate	8	4%
Total Units	**208**	**100%**

Strategic HFC

Cambridge Villas Restructuring Timeline

July 2024	Alden Torch exercised remarketing rights under the Partnership Agreement.
April 2025	Board authorized negotiation of sale and threshold new partnership terms.
July 2025	Board approves PSA with Fairfield at $20.2M, negotiation new partnership
Sept 2025	Board approved $1.0M buyout of Alden Torch's LP interest
Oct 2025	PSA returning for approval of revised terms

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Cambridge Villas Revised PSA Terms

- Price reduction from $20.2M to $17.8M
- Reflects Fairfield's increased rehab commitment from an initial estimate of $3m ($15,000/unit) to $6.3M ($30,000/unit)

Strategic HFC

Cambridge Villas

Pflugerville, TX

October 9, 2025

FAIRFIELD.

Investment Overview

Product Type	1-story Garden
Market / Submarket	Austin / Pflugerville
Address	15711 Dessau Road Pflugerville, TX 78660
Year Built	2007
Units	208 Residential Units
Unit Mix	1BR (60%), 2BR (40%) **| 30% AMI Units (11%), 60% AMI Units (85%), Market Rate Units (4%)**
ABR	1.40
Residential Net Rentable Area	177,000 Sq. Ft.
Parking	**Total:** 240 **/ Ratio**: 1.42 Surface: 240 / Carports: 0 / Garages: 0
Land Area / Density (DU/AC)	17.00 Acres / 12.24 du/ac
Unit Finishes	Unit finishes include white appliances, laminate countertops, wood style flooring*, tile kitchen flooring*, two-tone cabinets, private patios, ceiling fans, all-electric kitchen appliances, and A/C units. **In Select Units*
Amenities	Resident clubhouse, pool, outdoor picnic area with barbecue grills, business center, health screening room, covered parking, community care facility, library, and easy access to retail and highways.
Rapidly Growing North Austin Submarket with Exceptional Senior Appeal	Cambridge Villas is a 55+ deal located in Pflugerville, TX, a fast-growing suburb within the Austin-Round Rock MSA, which ranked among the top 10 US MSAs for population growth in 2024. Cambridge Villas is located just minutes from the I-35 and SH-130 and offers exceptional accessibility to Downtown Austin and major medical and retail centers. The area has growing 55+ population growth with a median income of over $94,000 within a 3-mile radius. Cambridge Villas is well positioned to capture continued demand for affordable senior housing, with its one-story structure, limited age-restricted inventory, and proximity to healthcare and retail.
Affordability / Vouchers	96% of units restricted at 30/60% AMI with restrictions running through 2047. 32% of units have vouchers.
Business Plan Summary	• With rents currently below 2025 net max, a one-story layout, and a low-cost basis, this acquisition presents a compelling opportunity to drive upside through strategic rent stabilization and operational enhancement. • Renovation budget of $31,700/unit (36% of purchase price) to replace roofs and gutters, improve landscaping, repaint exterior, and address minor deferred maintenance. • Clear spread between in-place cap rate of 5.92% to stabilized cap rate of 7.37%, showing major upside in reducing vacancy and closing the gap to net max rents. • New partnership with Strategic HFC that provides Fairfield with a full tax abatement in exchange for 20% of the tax savings and 10% of distributable cash flow

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Renovation Budget Detail – Key Items

-Replace all Roofs

-New Gutters and Downspouts

-Insulate Exterior Plumbing Lines

-Mitigate Termites

-Repair handrails, fencing, retaining walls, and parking lot

-Exterior Paint

-Address Drainage & Grading around the foundations across the entire site

-Update Site Lighting

-HVAC Replacements

-New Monument Sign and Leasing Office/Clubhouse refresh

Source of Funds

Sources of Funds	Amount *(USD)*	Per Unit	%
Mortgage	$13,350,000	$64,183	52.21%
Fairfield Equity	$12,218,043	$58,741	47.79%
Total Uses	$25,568,043	$122,923	100.00

Appendices

FAIRFIELD.

Renovation Budget Detail

	Exterior Improvements		
	Subtotal :	$4,901,826	
	Interior Improvements		
	Subtotal :	$261,632	
	Site Amenities		
	Subtotal :	$178,780	
	Design Services		
	Subtotal :	$53,500	
	Marketing		
	Subtotal :	$112,100	
	Subtotal - Ext, Int, Site Amenities, Design, Marketing :	$5,507,838	
	General and Administrative		
	Subtotal :	$63,117	
	Overhead		
	Subtotal :	$384,780	
	Subtotal G & A and Overhead :	$447,897	6.79%
	Total :	$5,955,735	
970-05	Contingency	$178,158.29	3%
	Subtotal :	$6,133,893.53	
800-05	GC Fee	$460,042.01	6.98%
	Grand Total :	$6,593,935.55	

Uses of Funds

Uses of Funds	Amount *(USD)*	Per Unit	%
Purchase Price	$17,800,000	$85,577	69.62%
Renovation Budget	$6,593,600	$31,700	25.79%
Loan Fees	$66,750	$321	0.26%
Prepaid Taxes & Insurance	$210,135	$1,010	0.82%
Legal & Closing Costs	$600,000	$2,885	2.35%
Due Diligence Costs	$25,000	$120	0.10%
Working Capital & Reserves	$272,558	$1,310	1.07%
Total Uses	$25,568,043	$122,923	100.00%

2025 TDHCA QAP Limit for GC Fee

(6) General Contractor Fee. General Contractor fees include general requirements, contractor overhead, and contractor profit. General requirements include, but are not limited to, on-site supervision or construction management, off-site supervision and overhead, jobsite security, equipment rental, storage, temporary utilities, and other indirect costs. General Contractor fees are limited to a total of 14% on Developments with Hard Costs of $3 million or greater, the lesser of $420,000 or 16% on Developments with Hard Costs less than $3 million and greater than $2 million, and the lesser of $320,000 or 18% on Developments with Hard Costs at $2 million or less. Any contractor fees to Affiliates or Related Party subcontractors regardless of the percentage of the contract sum in the construction contract (s) will be treated collectively with the General Contractor Fee limitations. Any General Contractor fees above this limit will be excluded from Total Housing Development Costs. For Housing Tax Credit Developments, the percentages are applied to the sum of the Eligible Hard Costs in calculating the eligible contractor fees. For Developments also receiving financing from USDA, the combination of builder's general requirements, builder's overhead, and builder's profit should not exceed the lower of TDHCA or USDA requirements. Additional fees for ineligible costs will be limited to the same percentage of ineligible Hard Costs but will not be included in Eligible Basis.

2025 TDHCA QAP Limit for Developer Fee

(7) Developer Fee.

(A) For Housing Tax Credit Developments, the Developer Fee included in Eligible Basis cannot exceed 15% of the project's eligible costs, less Developer Fee, for Developments proposing 50 Units or more and 20% of the project's eligible costs, less Developer Fee, for Developments proposing 49 Units or less. If the Development is an additional phase, proposed by any Principal of the existing tax credit Development, the Developer Fee may not exceed 15%, regardless of the number of Units.

(B) For Housing Tax Credit Developments, any additional Developer Fee claimed for ineligible costs will be limited to the same percentage but applied only to ineligible Hard Costs. Any Developer Fee above this limit will be excluded from Total Housing Development Costs. All fees to Affiliates or Related Parties for work or guarantees determined by the Underwriter to be typically completed or provided by the Developer or Principal(s) of the Developer will be considered part of Developer Fee. All costs for general and administrative expenses for the Developer, including, but not limited to, travel, dining, and courier fees will be considered part of the Developer Fee.

(C) For Housing Tax Credit Developments, Eligible Developer Fee is multiplied by the appropriate Applicable Percentage depending on whether it is attributable to acquisition or rehabilitation basis.

(D) For non-Housing Tax Credit Developments, the percentage can be up to 7.5%, but is based upon Total Housing Development Cost less the sum of the fee itself, land costs, the costs of permanent financing, excessive construction period financing described in paragraph (8) of this subsection, reserves, and any identity of interest acquisition cost.

Property Photos

Property Photos

Environmental, Social and Governance ("ESG")

Anti-Bribery and Corruption
Were there any anti-bribery or corruption related issues identified related to the investment during due diligence? If yes, please describe in more detail.

No

Conflicts of Interest
Are there any potential or known conflicts of interest identified during due diligence? If yes, please describe in more detail.

None identified.

Environmental, Social and Governance
Are there any significant opportunities or initiatives to improve or modify ESG measures for the investment post-acquisition? If yes, please describe in more detail below and confirm that these have been incorporated in the post-acquisition operational plan.

ESG report not yet finalized, results pending.

Are there any significant opportunities or initiatives to improve or modify Environmental measures for the investment post-acquisition (e.g. reduce energy consumption with Energy Star appliances, install solar panels, etc.)? If so, what are the estimated utility (electric, gas, water and waste) and cost savings (annual $, ROI, payback), if available?

ESG report not yet finalized, results pending. Any specific energy saving measures identified will be considered for incorporation into the post-acquisition operations plan.

Are there any significant opportunities or initiatives to improve or modify Social measures for the investment post-acquisition (e.g. affordable housing, community engagement programs, etc.)?

AHPF intends on maintaining the affordability restrictions during the Fund's hold period.

Are there any significant findings from the ESG Assessment completed during due diligence? If yes, please confirm that these have been incorporated in the post-acquisition operational plan, if needed.

ESG report not yet finalized, results pending.

Did any items in the Climate Hazard Assessment of the ESG Assessment score 4 or fewer points (Drought, Earthquake, Floods, etc.)? If so, what measures are being taken to address these risks?

Drought (Extremely high), Heat Stress (Moderate), Wind (Very High), River Flood (High), Hail (Very High). Our insurance broker uses risk modeling to calculate the likelihood of what can happen and where, so we can protect our property with suitable insurance coverage, develop emergency response plans to protect our assets, ensure continued operation without interruption through climate related events and lessen the impact to our bottom line.

Does this asset's proposed Fairfield Vehicle/Fund have a concentration of assets with the same Climate Hazard Risk, and if so, what measures are being taken to address the portfolio's risk?

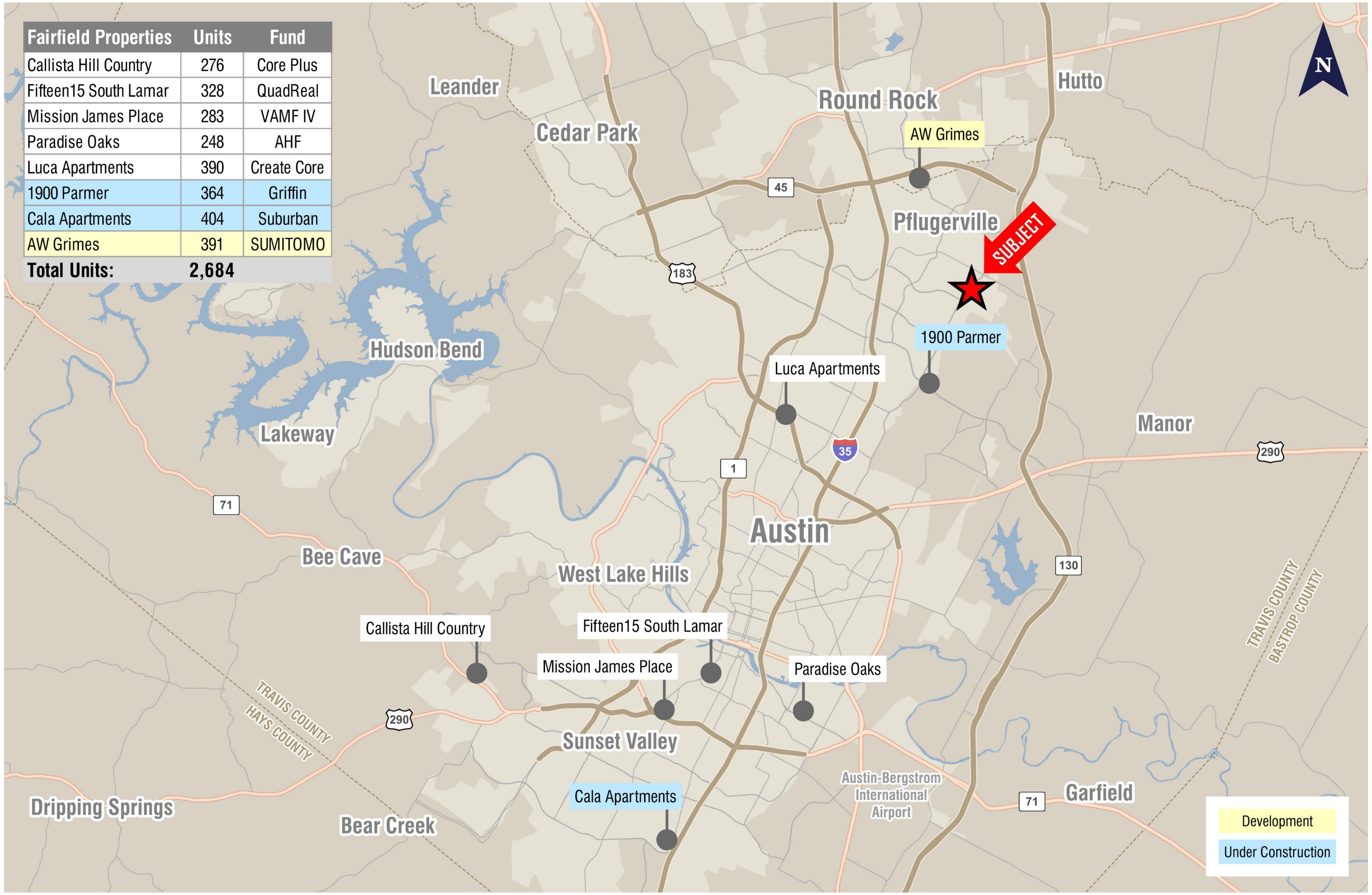
With this acquisition, Fund concentration in the Austin MSA will be 1.8% . Our Insurance Program is intended to mitigate financial and other risks associated with climate change as well as risks associated with the perils of fire, flood and earthquake.

Are there any significant opportunities or initiatives to improve or modify Governance measures for the investment post-acquisition (e.g. regulatory compliance, benchmarking and/or audit ordinances, targets on preserving affordability, etc)?

None identified.

Fairfield Properties – Austin MSA

Fairfield Properties	Units	Fund
Callista Hill Country	276	Core Plus
Fifteen15 South Lamar	328	QuadReal
Mission James Place	283	VAMF IV
Paradise Oaks	248	AHF
Luca Apartments	390	Create Core
1900 Parmer	364	Griffin
Cala Apartments	404	Suburban
AW Grimes	391	SUMITOMO
Total Units:	**2,684**	



Market Statistics

MARKET METRICS

		Rank
2024 Total Population	2,550,637 ▲	23
2025 Area Median Income (AMI)	$133,800 ▲	9
1Q2025 % Homeownership Rate	57.7% ▼	10
1Q2025 Median Home Price	$465,100 ▼	21
1Q2025 Monthly Mortgage Payment	$2,389 ▼	21
1Q2025 Mortgage Payment to Rent Ratio	163% ▲	12

		Rank
1Q2025 Apartment Inventory	336,111 ▲	18
2025 Prime Renter Household Cohort	245,073 ▼	12
1Q2025 % Apartment Occupancy	92.4% ▼	35
1Q2025 Apartment Rent Per Unit	$1,461 ▼	31
1Q2025 A/BC Apartment Rent Premium	$377 ▲	29
1Q2025 Rent to Income Ratio	13% ▼	1

APARTMENT RENTS

Market Rents	2024	2025 (F)	2026 (F)	2027 (F)
Rent Per Unit	$1,477	$1,448	$1,491	$1,558
Rank	31	33	33	33
Average Unit Size	887	887	887	887
Rent PSF	$1.67	$1.63	$1.68	$1.76

CONSENSUS RENT GROWTH FORECAST

	2024	2025 (F)	2026 (F)	2027 (F)
Witten	-6.8%	-2.1%	3.7%	6.5%
RealPage	-6.4%	-4.8%	2.0%	2.4%
Average	-6.6%	-3.5%	2.9%	4.5%

EMPLOYMENT & POPULATION

Employment Growth	2023	2024	2025 (F)	2026 (F)
Annual Employment Growth	54,308	29,667	16,800	23,100
Rank	9	10	11	6
% Annual Growth	4.3%	2.2%	1.2%	1.7%
Rank	3	5	9	3

Population Growth	2023	2024	2025 (F)	2026 (F)
Annual Population Growth	62,243	58,019	48,777	46,074
Rank	8	11	8	6
% Annual Growth	2.6%	2.3%	1.9%	1.8%
Rank	3	3	2	2

Top Industry (4Q2024)	Annual Wages	% of Employment
Professional Business Services	$101,951	20%
Government	$79,851	16%
Trade Transportation Utilities	$59,842	15%
Education Healthcare	$59,249	12%

Population Age Cohorts		Rank
Age 18-34 (2025)	661,520	12
Age 35-54 (2025)	761,792	19
Age 18-34 Growth Rate (2025-2030)	-0.3%	14
Age 35-54 Growth Rate (2025-2030)	9.6%	2

SUPPLY & DEMAND

Completions	2023	2024	2025 (F)	2026 (F)
Annual Completions	18,343	28,088	21,798	14,832
Rank	35	35	35	35
% of Inventory	6.1%	8.6%	6.2%	4.1%
Rank	37	37	37	37

Completion Submarkets	2023	2024	2025 (F)	2026 (F)
Daffan	928	1,742	3,264	2,021
Dessau	2,016	2,319	3,559	1,576
San Marcos/Kyle	1,000	2,858	2,860	1,348

Absorption	2023	2024	2025 (F)	2026 (F)
Annual Absorption	13,837	24,441	20,983	14,857
% of inventory	4.6%	7.5%	6.0%	4.1%
Rank	2	1	1	1
Occupancy Rate	93.1%	92.6%	92.8%	93.1%

Migration	2023	2024	2025 (F)	2026 (F)
Net Population Migration	45,170	41,926	32,707	30,889
Rank	9	13	7	7

Market Supply Map (Weblink)

https://ffproperties.sharepoint.com/sites/GIS/SitePages/Q1-2025/Austin.aspx

Demographics

Demographic Report

Cambridge Villas - Pflugerville, TX

Demographics	1 mile	3 miles	5 miles	Metro Area
Population:				
Total Population (2025)	9,806	88,506	231,617	2,566,264
Total Population (2030)	10,097	95,247	248,962	2,781,993
2010 Census	9,690	57,816	146,459	1,716,198
Population Growth Rate (2010-2025)	1.2%	53.1%	58.1%	49.5%
Population Growth Rate (2025-2030)	3.0%	7.6%	7.5%	8.4%
Income:				
Average Household Income (2025)	$130,937	$123,160	$126,610	$144,676
Median Household Income (2025)	$109,837	$99,165	$99,340	$102,412
Households:				
Total Households (2025)	3,483	31,973	88,419	993,630
Total Households (2030)	3,614	34,510	95,091	1,080,483
2010 Census	3,157	19,244	55,124	650,423
Household Growth Rate (2010-2025)	10.3%	66.2%	60.4%	52.8%
Household Growth Rate (2025-2030)	3.8%	7.9%	7.6%	8.7%
Estimated Average Age (2025)	41.3	37.1	36.8	38.0
Real Estate Snapshot:				
Renter Occupied Housing Units	25.5%	42.1%	47.6%	43.1%
Owner Occupied Housing Units	74.5%	57.9%	52.4%	56.9%
Median Home Value (2025)	$382,884	$367,011	$407,170	$500,373
Prime Renter Cohort:				
Age 21-24 and 25-34 (2025)	1,581	18,952	51,310	551,688
Age 21-24 and 25-34 (2030)	1,533	17,629	46,951	542,854
2010 Census	1,674	12,039	36,405	407,654
Age Growth Rate (2010-2025)	-5.8%	36.5%	29.0%	26.1%
Age Growth Rate (2025-2030)	-3.1%	-7.0%	-8.5%	-1.6%

Source: Claritas Demographics, 2025 Estimates and Projections

Financial Analysis

10-Year Financial Projections		Current Rents	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OPERATING INCOME:												
Gross Potential Rental Income		2,989,727	3,012,466	3,103,627	3,246,150	3,375,179	3,481,607	3,586,055	3,693,637	3,804,446	3,918,579	4,036,137
(Increase Over Previous Year)			0.76%	3.03%	4.59%	3.97%	3.15%	3.00%	3.00%	3.00%	3.00%	3.00%
Less: Vacancy		(538,151)	(512,014)	(403,137)	(340,658)	(303,766)	(278,529)	(286,884)	(295,491)	(304,356)	(313,486)	(322,891)
Total Rental Income		2,451,576	2,500,452	2,700,490	2,905,492	3,071,413	3,203,078	3,299,171	3,398,146	3,500,090	3,605,093	3,713,246
Other Operating Income		27,821	27,821	28,197	29,131	30,296	31,343	32,283	33,251	34,249	35,276	36,335
Total Operating Income		2,479,397	2,528,273	2,728,687	2,934,623	3,101,709	3,234,421	3,331,454	3,431,397	3,534,339	3,640,369	3,749,580
		2,479										
OPERATING EXPENSES:												
Management fee @	3.00%	74,382	107,603	107,603	107,603	107,603	107,603	107,603	107,603	107,603	109,211	112,487
Operating Expenses		1,015,133	1,198,321	1,212,501	1,209,634	1,245,923	1,283,301	1,321,800	1,361,454	1,402,297	1,444,366	1,487,697
Utility Pass-Through		0	0	0	0	0	0	0	0	0	0	0
Capital Reserves @		104,000	73,861	65,312	67,271	69,289	111,114	122,515	126,190	129,976	133,875	137,892
Property Taxes		8,369	8,369	9,032	9,714	10,267	10,706	11,027	11,358	11,699	12,050	12,411
Total Operating Expenses		1,201,884	1,388,154	1,394,447	1,394,222	1,433,082	1,512,724	1,562,945	1,606,605	1,651,575	1,699,502	1,750,487
NET OPERATING INCOME		**1,277,513**	**1,140,119**	**1,334,239**	**1,540,401**	**1,668,627**	**1,721,697**	**1,768,509**	**1,824,792**	**1,882,764**	**1,940,867**	**1,999,093**
NOI Yield		4.93%	4.40%	5.15%	5.95%	6.44%	6.65%	6.83%	7.05%	7.27%	7.49%	7.72%
Less: Debt Service 1st Mortgage			(715,877)	(715,877)	(715,877)	(715,877)	(715,877)	0	0	0	0	0
Less: Debt Service Up Financing			0	0	0	0	0	(1,079,526)	(1,079,526)	(1,079,526)	(1,079,526)	(1,079,526)
Less: Fund Non-Operating Expenses			(93,136)	(265,336)	(282,841)	(296,130)	(305,381)	(314,283)	(323,885)	(333,774)	(343,874)	(354,190)
NET CASH FLOW			**331,106**	**353,027**	**541,683**	**656,620**	**700,439**	**374,700**	**421,381**	**469,464**	**517,467**	**565,376**

	Year 10
REVERSION NOI	**1,999,093**
Exit Cap Rate	**6.00%**
Sale Price	**34,981,200**
Sale Price/Unit	**168,179**
Sales and Closing Costs	(524,718)
Credit for Prepaid Items	282,404
Debt Repayment	(19,627,748)
Net Equity	15,111,138

Underwriting Assumptions

Financing	1st Loan
Amount	$13,584,000
LTV / LTC	75% / 52%
Fixed / Floating	Fixed
Term	60 Months
I/O Period	60 months
Interest Rate	5.27%
DCR / Debt Yield (Stabilized)	1.29/ 8.09%
New / Assumption:	New
Funding Date:	At Close

Inflation Growth Rates	Base Scenario
Restricted Rent – Year 1	0.00%
Restricted Rent – Year 2	2.98%
Restricted Rent – Year 3	3.34%
Restricted Rent – Year 4	3.34%
Restricted Rent – Thereafter	3.00%
Other Income (Avg)	3.00%
Operating Expenses	3.00%
Property Taxes	3.00%

Economic Vacancy	Base Scenario
Year 1	17.00%
Year 2	13.00%
Year 3	10.50%
Year 4	9.00%
Year 5	8.00%
Thereafter	8.00%
5-Year Average	11.50%

Annual Operating Expenses *(Per Unit)*	Hold Period	Reversion *(Uninflated)*
Management Fee	$401	$401
Salary & Payroll	$2,000	$1,850
Administrative	$500	$450
Advertising & Promotion	$200	$200
Repairs & Maintenance	$750	$700
Make Ready	$175	$175
Building Services	$200	$200
Utilities	$709	$709
Utility Pass-Throughs	$0	$0
Real Estate Taxes	$40	$40
Insurance	$860	$596
Cap Ex Reserves	$500	$500
Total Operating Expenses	$6,335	$5,821

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VII. Discussion Items

Strategic HFC

Discussion Item VII.A

2026 Operating Budget & Associated Financial Policies

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Discussion Points

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- **Budget-Related Policy Decisions**
  - Executive Director Delegated Purchasing Authority
  - Board Designated Funds
  - Employee Benefits Policy
  - Budget Amendment Protocol
- **2026 Operating Budget**
  - Potential Reductions for Balanced Budget
  - Staff Recommendation

Delegated Purchasing Authority

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2025	2026	Updates Required
• $76K and below • Based on City of Austin's contract authority level for City Manager in 2024.	• $78K and below • Increased 2.8% according to 2025 CPI-W change rates • Aligns with City of Austin's practice	• Procurement & Purchasing Policy (Resolution No. SHFC-2025-25)

Board Designated Funds: Purpose

Resolution No. SHFC-2025-04

Strategic HFC

Operating Reserve Fund	Housing Production Fund	**PROPOSED NEW** Portfolio Fund
• Sustain organization through temporary decreases in revenue • Non-recurring obligations such as legal expenses	• Increase production of quality projects • Invest in capital projects • Financing, acquisition, development	• Re-invest in the organization's existing portfolio • Example: Buyout of Investor Limited Partner

Board Designated Funds: Recommendations

Resolution No. SHFC-2025-04

Strategic HFC

Operating Reserve Fund

- Operating Reserve of 12 months
- Increase from $3.6M to $3.7M
- Option: Increase target balance beyond 12 months

Housing Production Fund

- Current target balance $15M

PROPOSED NEW: Portfolio Fund

- Establishment and initial funding of $100K
- Target balance of $4M as funds are available

Board Designated Funds: Balances

Resolution No. SHFC-2025-04

Strategic HFC

Fund Title	2025 Target Balance	2026 Target Balance	Increase 2025/2026
Operating Reserve Fund	$3,600,000	$3,700,000	$100,000
Housing Production Fund	$15,000,000	$15,000,000	$0
PROPOSED NEW Portfolio Fund	$100,000	$4,000,000	$3,900,000

Board Designated Funds: Waterfall

Resolution No. SHFC-2025-04

Strategic HFC

Unallocated/ Operating Cash → Operating Reserve Fund → Portfolio Fund → Housing Production Fund

Unallocated/ Operating Cash	Operating Reserve Fund	Portfolio Fund	Housing Production Fund
Six months of operating costs	*One year of operating costs*	*$4M (~$1,000 per operating unit)*	*$15M*

Employee Benefits Policy

Resolution No. SHFC-2025-14

Strategic HFC

Any updates to employee benefit offerings will trigger a corresponding update to the Employee Benefits Policy.

Benefit	2025	2026	Increase 2025/2026
401(k) Retirement Plan	4% employer match	6% employer match	2%, or a maximum possible $28.9K

Budget Amendment Process

Strategic HFC

Report on Budget Variances

- Triggered when budget variances of 5% per line item occur, totaling at least $20K
- To be addressed via monthly financial reports to Board

Budget Amendments

- Triggered when variance of 5% of <u>total</u> expense budget is anticipated
- 5% of 2026 expense budget would total $182.6K
- Requires Board of Directors approval

2026 Operating Budget

Balanced Budget Snapshot

	Budget 2025	Budget TOTAL 2026	Percent change 2025/2026 budget
Total Expenses	$ 3,513,533	$ 3,523,106	0.27%
Net Operating Income	$ 829,614	$ -	
ADD EXPENSE: Non Routine Legal		$ (225,000)	
ADD: Draw from Board Designated Funds		$ 225,000	
Final Net Income		$ -	

Strategic HFC

Balanced Budget Adjustments

Budget Line	Initial Proposed	To Balance	New Budgeted Amount
7510 Contractors	$583,000	$(119,051)	$463,949
7520 Accounting	$113,783	$(30,000)	$83,783
8300 Travel & Conference	$114,089	$(8,684)	$105,405
8520 Insurance: Non EE	$50,000	$(30,000)	$20,000
7200 Employee Expenses	$2,334,062	$(71,796)	$2,262,266
TOTAL		**$(259,531)**	

Losses Associated With A Balanced Budget

Budget Line	Intended Purpose	Possible decrease
7510 Contractors	Update audit scope to remove qualified opinion regarding component units	$(50,000)
7510 Contractors	General graphic design	$(20,000)
7520 Accounting Contractors	Brown Graham billing engagement	$(30,000)
8520 Insurance: Non EE	Organizational Insurance expansion	$(30,000)
7510 Contractors	Unassigned funds (incl. HB21 response)	$(49,051)
8300 Various Travel lines	Travel expenses (airfare, per diems)	$(8,684)
7200 Various Employee Expenses	Decreased employee expenses	$(71,796)
TOTAL		**$(259,531)**

Recommended Budget Adjustments

Budget Line	September Proposal	Recommended Adjustment	New Budgeted Amount
7510 Contractors	$583,000	$(49,051)	$533,949
8300 Travel & Conference	$114,089	$(8,684)	$105,405
7200 Employee Expenses	$2,334,062	$(71,796)	$2,262,266
TOTAL		**$(129,531)**	

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Proposed Budget Reduces Expense Increases By Half

	September 2025	Balanced	Recommended
Revenue	$3,523,106	$3,523,106	$3,523,106
Expense	$3,782,637	$3,523,106	$3,651,656
Net Income	$(259,531)	$0	$(128,550)
Variance from 2025 Budget	8% increase	0.27% increase	4% increase

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2026 RECOMMENDED BUDGET SNAPSHOT

	Budget 2025	Budget TOTAL 2026	Percent change 2025/2026 budget
Total Expenses	$ 3,513,533	$ 3,651,656	3.93%
Net Operating Income	$ 829,614	$ (128,550)	
ADD EXPENSE: Non Routine Legal		$ (225,000)	
ADD: Draw from Board Designated Funds		$ 353,550	
Final Net Income		$ -	

Strategic HFC

VIII. Executive Session

Strategic HFC

IX. Adjourn