



**ANNUAL
BUDGET**

2026

www.strategichfc.org



Contents

Budget Transmittal Letter.....	2
Operating Budget	3
Strategic Goals and Strategies	6
Budget Process.....	8
Budget Calendar.....	10
Revenues	11
Departmental Descriptions	14
Position Summary Schedule	15
Organization Chart.....	16

Budget Transmittal Letter

November 7, 2025

Members of the Board of Directors,

It is my pleasure to present the proposed 2026 operating budget for Strategic Housing Finance Corporation of Travis County. In the past year, Strategic HFC has built a strong foundation, assembling a talented team and developing key organizational infrastructure to bring critical affordable housing to our neighbors.

This document, developed in close collaboration with the Board of Directors, anticipates a general operating budget for 2026 of \$3,782,637, which represents a 4% increase over the 2025 approved budget. Revenues are projected to continue to be somewhat constrained in 2026 as the multifamily market recovers, deal flow improves, and occupancy increases in our portfolio of developments. Annual 2026 revenues are projected at \$3,523,106, for a projected excess of expenditure over income of \$259,531.

An additional \$225,000 in non-routine legal fees is anticipated to be drawn from board designated funds. Including those non-routine legal fees, the total year-over-year budget increase would be 10%, and expenses exceed revenue by an estimated total of \$484,531.

Despite the modest deficit, Strategic HFC remains in a strong financial position. Last year the board and staff created a Reserve Fund of \$3.6M available to respond to temporary disruptions of the organization's revenue streams such as those we are currently experiencing. In conjunction with this year's budgeting process, staff is also recommending the creation of a new Portfolio Fund. Together, these resources help ensure that our organization can continue to deliver impact for our Travis County neighbors.

Thank you,



Dianna Grey
Executive Director



Income

5100 Program Sales & Fees

5110 Pipeline Projections	\$	632,512	-63%
5120 Asset/Partnership Management Fee	\$	39,678	-84%
5130 Construction Admin Fees	\$	578,810	756%
5140 Bond Issuer/Admin Fee	\$	261,983	1%
5150 Developer/Origination Fee	\$	1,092,432	-22%
5160 Application Fee	\$	50,000	
5170 Land Lease	\$	203,771	23%
5180 Partnership Cash Flow Distribution	\$	159,920	18%
5190 Sales/Refinance Distribution	\$	-	

Total 5100 Program Sales & Fees	\$	3,019,106	-24%
--	-----------	------------------	-------------

5900 Investment Activity

5910 Interest	\$	504,000	34%
---------------	----	---------	-----

Total 5900 Investment Activity	\$	504,000	34%
---------------------------------------	-----------	----------------	------------

5999 Misc. Revenue	\$	-	
--------------------	----	---	--

Total Income	\$	3,523,106	-19%
---------------------	-----------	------------------	-------------

Expenses

7200 Salaries & Related Expenses

7210 Salaries & Wages	\$	1,430,391	-1%
7220 Retirement Fund Contributions	\$	83,678	45%
7230 Employee Benefits	\$	368,960	-22%
7240 Payroll Taxes	\$	145,042	16%
7250 Payroll Service Fees	\$	7,634	-6%
7260 Paid Time Off	\$	116,735	234%
7270 Employee Incentive Pay	\$	104,597	23%
7290 Workers Comp	\$	5,230	76%

Total 7200 Salaries & Related Expenses	\$	2,262,266	1%
---	-----------	------------------	-----------

7500 Contract Service Expenses

7510 Contract & Consulting	\$	483,949	-10%
7520 Accounting	\$	163,783	209%
7530 Attorney & Legal	\$	75,000	-6%
7540 IT Consultant	\$	55,000	10%
7550 Marketing Consultant	\$	71,000	-32%

Total 7500 Contract Service Expenses	\$	848,732	3%
---	-----------	----------------	-----------

8100 Non-personnel Expenses

8110 Supplies	\$	7,200	0%
8115 Food & Refreshments	\$	12,000	0%
8120 Telephone & Internet	\$	16,845	-15%
8130 Postage & Shipping	\$	900	-25%
8140 Equipment Rental	\$	4,980	4%
8150 Software & Hardware < \$5,000	\$	80,554	153%
8160 Printing & Copying	\$	4,500	80%
8170 Subscriptions	\$	12,780	255%
8180 Furnishings & Fixtures < \$5,000	\$	7,900	23%
Total 8100 Non-personnel Expenses	\$	147,659	65%
8200 Facility Expenses			
8210 Office & Storage Rent	\$	78,125	44%
8220 Utilities	\$	37,688	73%
8230 Repairs & Maintenance	\$	4,000	-47%
8290 Depreciation & Amortization	\$	-	
Total 8200 Facility Expenses	\$	119,812	43%
8300 Travel & Conference Expenses			
8310 Transportation	\$	8,880	48%
8320 Airfare	\$	14,100	-2%
8330 Meals	\$	11,040	25%
8340 Hotels & Lodging	\$	32,175	38%
8350 Conference Registration Fees	\$	26,250	-1%
8360 Vehicles	\$	12,960	-6%
Total 8300 Travel & Conference Expenses	\$	105,405	14%
8400 Other Program Specific Expenses			
8410 Venue Rental	\$	1,000	
8420 Community Events	\$	30,000	100%
8430 Housing Program Activities	\$	-	
Total 8400 Other Program Specific Expenses	\$	31,000	107%
8500 Other Expenses			
8510 Interest Expense	\$	-	
8520 Insurance - Non-employee Related	\$	50,000	0%
8530 Membership Dues - Organization	\$	12,382	65%
8540 Staff Development	\$	31,200	56%
8550 Bank Fees	\$	500	
8560 Merchant Fees	\$	-	
8570 Advertising Expenses	\$	4,200	250%
8575 Sponsorships	\$	33,500	34%
8580 Business Taxes & Licensing Fees	\$	-	
8590 Other Expenses	\$	5,000	-93%
Total 8500 Other Expenses	\$	136,782	-21%
Total Expenses	\$	3,651,656	3.93%
Net Operating Income	\$	(128,550)	

ADD EXPENSE: Non Routine Legal
ADD: Draw from Board Designated Funds
Final Net Income

\$	(225,000)	
\$	353,550	
\$	-	

Strategic Goals and Strategies

Background

In 2024, Strategic HFC transitioned from being managed through an interlocal agreement with the Housing Authority of Travis County to independent operations. This transition resulted in a need for Strategic HFC to hire staff and re-evaluate its identity, strategic goals, priorities, and activities. As a first step in this effort, the organization created a “strategic outlook” for FY2025 and FY2026.

A strategic outlook is a short-term guide intended to support decisions that need to be made at both operational and policy levels, and identifies the key operating environment and trends impacting the organization and high-level strategic actions to support its mission. The strategic actions, taken from the FY2025-26 Strategic Outlook, are detailed below.

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.

Strategic Goals

Strategic HFC measures production through its signature tool, the Strategic Affordability Impact Metric, or 'Strategic AIM.' For FY2026, the board of directors have adopted a Strategic AIM target of 1,125. This goal was set after reviewing a Housing Market Data Report drafted by staff, which consisted of historical market trends and a production forecast score. Strategic AIM is a tool that helps the organization measure production beyond unit counts, and accounts for bedroom counts, depth of affordability, length of restrictive covenants, location, construction quality, and design.

Budget Process

The finalization of the annual budget is the culmination of a six-month budget process, which begins in June and ends in November.

Basis of Budgeting

Strategic HFC uses the accrual basis of accounting for all financial activities, including the annual budget and all audited financial statements.

Revenue Budget

Revenue forecasts are generated in June. Projections are based on individual estimates of project timelines as well as market condition assessments to determine likely fee milestones.

Assessment of Budget Priorities

A budget kickoff meeting with Management team occurs in July, ensuring all needs, priorities, and considerations are discussed and recorded for incorporation into the organization's budget.

Each department director is given a due date to submit these priorities in July. These priorities outline any new expense obligations or revenue expectations associated with department specific priorities.

Review Process

Once all proposals are compiled, every budget line item in every cost center is reviewed against historical actuals and current year spend. Material increases and decreases are substantiated and/or verified. Adjustments are proposed in the areas that do not have appropriate justifications for requested funding. These recommendations then sent to the department leads for response.

Preliminary Budget

Management team is presented with the consolidated budget recommendations in August. Additional adjustments are made to reflect any requested changes in the budget. Any expected operating shortfalls will be funded with funds received from prior years (drawing from the balance sheet).

Budget Briefing

The preliminary budget is presented to Board members through a budget briefing and discussion in September. Strategic HFC staff then prepares the final proposed budget, incorporating Board member feedback. The Budget includes an all-funds revenue summary, expenditures by line item, and a comparison to the prior fiscal year's budget.

Budget Approval

The final proposed budget document is presented to the Board of Directors for approval in October or November, depending on annual needs. After any changes or amendments that may be requested by the Board, the document is approved and adopted by the Board.

Budget Associated Policy Updates

Upon Board approval and adoption of the final proposed budget, organizational policy updates are triggered. These may include the following:

- Board Designated Fund Policy
- Employee Benefits Policy
- Procurement and Purchasing Standards/Executive Director Purchasing Authority

Budget Amendments After Adoption

Budget Amendments are triggered when a variance of 5% of the total expense budget is identified and anticipated. A budget amendment required Board of Directors approval and formal adoption.

Budget Calendar

June

- Budget template finalized
- Expense/revenue discussions begin
- Preliminary expense/revenue planning completed

July

- Management Team review of budgeted expenses/revenue
- Adjustments as necessary, preliminary budget completed

August

- Management Team review of consolidated budget
- Revenue Projections presented to the Board of Directors
- Preliminary draft budget posted publicly for Board review/comment

September

- Committee review of preliminary draft budget
- Incorporation of feedback from public posting
- Board briefing and discussion on preliminary draft budget

October/November

- Feedback from September/October briefing incorporated
- Board presentation on final proposed budget
- Board approval/adoption
- Policy updates as needed

Revenues

Revenues are projected to continue to be modest in 2026 as the multifamily market recovers, deal flow improves, and occupancy increases. Annual 2026 revenues are projected at \$3,523,106.

Revenue Sources

Strategic HFC's sources of revenue are described below. These revenues represent 100% of all revenues Strategic HFC can receive.

5100 Program Sales & Fees

Program Sales & Fees are the primary way that Strategic HFC earns revenue. The fees are earned entirely from activities related to the development and ownership of multifamily rental housing. The fees are paid by the ownership entity, usually a limited partnership, of a multifamily property.

5110 Pipeline Projections is a budgetary estimate of revenue from multifamily real estate property developments and acquisitions that have not yet entered Strategic HFC's portfolio through a real estate transaction closing. These projections include many of the types of proceeding revenues described. When a pipeline project closes, those revenues are coded to the corresponding revenue source.

5120 Asset/Partnership Management Fee is generally a fixed amount paid by the limited partnership for Strategic HFC's role as general partner for an operating property.

5130 Construction Administration Fee is paid to Strategic HFC for its role as general contractor of a property under construction, in which Strategic HFC conveys a sales tax exemption on the purchase of construction materials and provides oversight over contractor pay applications. The fee is generally based upon a percentage of the projected savings from the sales tax exemption.

5140 Bond Issuer/Administration Fee is earned from Strategic HFC's role as an issuer of tax-exempt private activity bonds, financing the acquisition and construction of a multifamily property. The fee is typically calculated as a percentage of the remaining principal balance of the private activity bonds.

5150 Developer/Origination Fee is earned from participating in the development of multifamily property. Developer fee is a regulated fee that is based upon certain eligible costs within a development budget. The fee is paid by the limited partnership that owns the development and is generally split between a real estate development company and Strategic HFC. If developer fee is unable to be paid in full during the construction of the

property, it is deferred and paid over time from the cash flow of the property in operations. This revenue could also include origination fees, however Strategic HFC has not received origination fees in FY2025 and does not anticipate receiving origination fees in FY2026.

5160 Application Fee is revenue earned by Strategic HFC for the processing of real estate development partnership and private activity bond issuance applications. This fee is paid by the applicant.

5170 Land Lease is revenue paid by a multifamily property's ownership to a Strategic HFC affiliated entity that serves as the ground lessor of the property. The structure consists of a limited partnership entering a long-term ground lease with the Strategic HFC affiliate for the purpose of receiving a Texas Local Government Code Chapter 394 ad valorem tax exemption.

5180 Partnership Cash Flow Distribution is revenue earned from the ongoing operations of a multifamily rental property, paid out of positive cash flow after other operating expenses, debt service, operating reserves, and fees are paid. Strategic HFC receives a percentage of the cash flow distribution based upon partnership agreements.

5190 Sales/Refinance Distribution is revenue received from the sales or refinance proceeds of a multifamily property or partnership interest transaction.

5900 Investment Activity

Interest is interest income received from Strategic HFC cash accounts.

5999 Miscellaneous Revenue

Miscellaneous revenue is utilized when income is received from an activity not previously described. Strategic HFC avoids classifying income as miscellaneous whenever possible, and does not project receipt of miscellaneous revenue in FY2026.

Revenue Estimation Methodology

Strategic HFC estimates its revenue through two processes: 1) an estimate of revenue from multifamily properties within its portfolio at the start of the fiscal year, and 2) a projection of revenues from planned projects not yet within Strategic HFC's portfolio.

For the FY2026 budget, Strategic HFC staff took the following steps to estimate revenue.

For properties within the portfolio:

1. Analyzed market data and trends to hypothesize how the Travis County multifamily real estate market will fare in 2026 and its effect on portfolio properties
2. Reviewed net operating income (NOI) year-to-date of each operating property, and then annualized it
3. Deducted debt service from each operating property's NOI to estimate cash flow available for distribution
4. Referencing partnership agreements and audits, created cash flow distribution waterfalls and isolated payments that would be due to Strategic HFC
5. Aggregated revenue across properties into the sources of revenue
6. Made risk adjustments to each source of revenue based upon market analysis and other considerations, including the regulatory environment
7. Reviewed developments within the construction phase and estimated when milestone progress fees, such as developer fee and construction administration fee, would be earned by Strategic HFC

For developments in the pipeline:

1. Estimated when developments may close, revenue due to Strategic HFC at closing, and when milestone payments may be disbursed to Strategic HFC
2. Each development was discounted at staff discretion based upon an assessment of likelihood of a development successfully closing

Additionally, projections were cross referenced with a proprietary production forecast score to confirm projections were in line with prior years' production forecast scores and actual revenues received.

Departmental Descriptions

Strategic Housing Finance Corporation of Travis County is organized into four units:

- Executive Team
- Real Estate Team
- Planning & External Affairs Team
- Finance & Administration Team

The **Executive Team** is responsible for overall organizational strategy, management, and oversight, including the activities of the other three units. Executive Team staff also provide primary support for governance functions through the Board of Directors. It is led by the Executive Director, and includes the Deputy Director and Executive Coordinator, for a total of 3 FTEs.

The **Real Estate Team** leads all affordable housing transactions and provides oversight of the organization's portfolio of over 4,000 operating units. The unit is led by the Director of Real Estate, supported by two Development Analysts, a Portfolio Manager, and a Portfolio Analyst, for a total of 5 FTEs.

The **Planning and External Affairs Team** conducts internal analysis and policy development, and leads intergovernmental relations, community engagement, and communications functions. The unit is led by a Director of Planning and External Affairs and supported by a Policy & Communications Specialist, for a total of two FTEs.

The **Finance & Administration Team** is charged with supporting the organization's mission by providing excellent financial, operational, and administrative infrastructure. Finance functions include but are not limited to budget, bookkeeping, payroll, financial reporting, and audit. Other responsibilities include human resources, technology infrastructure, facilities, purchasing, and contract management. The unit consists of the Director of Finance & Administration and an Operations Assistant, for a total of two FTEs.

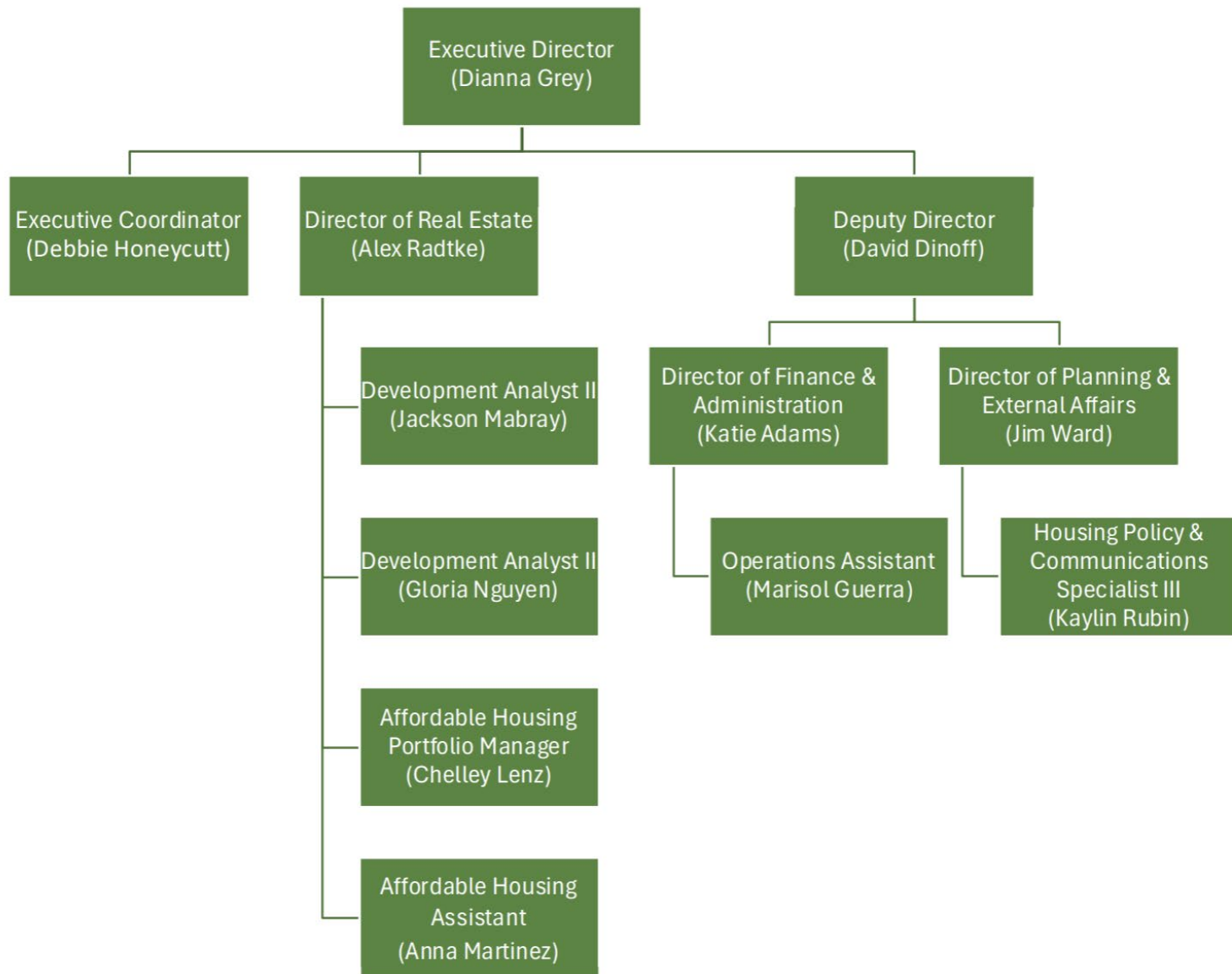
Position Summary Schedule

Strategic HFC was established as an independent operation as of April 1, 2024 after the dissolution of an interlocal agreement with a former parent organization.

In 2024, Strategic hired several, but not all, of the intended positions of the fully staffed organization. In 2025, Strategic reached full staffing levels at 13 staff members. One staff member from this group of 13 retired at the end of 2025. In the 2026 budget, 12 full-time staff positions are reflected.

Department	2024 Position Count	2025 Position Count	2026 Position Count
Executive	3	3	3
Real Estate	2	6	5
Planning & External Affairs	1	2	2
Finance & Administration	1	2	2
Total	7	13	12

Organization Chart





mailing: 505 E Huntland Dr, Suite 470 Austin, TX 78752