AGENDA

SAN ANTONIO HOUSING TRUST FOUNDATION, INC.

A meeting of the OF THE SAN ANTONIO HOUSING TRUST FOUNDATION, INC BOARD OF DIRECTORS will be held at Board Conference Room 2515 Blanco Rd., San Antonio, TX 78212 on Wednesday, October 9, 2019 at 12:00 p.m., to consider the following matters:

NOTICE: *This meeting of the Board of the San Antonio Housing Trust Foundation, being held for the reasons listed below, is authorized in accordance with the Texas Government Code, Sections 551.001 - 551.146. Verification of Notice of Meeting and Agenda are on file in the Office of the Executive Director. Closed meeting, if required, is authorized by the statute and will be conducted prior to the conclusion of the meeting. If, during the course of the meeting, any discussion of any item listed on the agenda should be held in closed meeting, the Board will convene in such closed meeting in accordance with Texas Government Code Sections 551.071 - 551.084. The Board may take action in the open portion of the meeting on items discussed in the closed meeting. The Board will consider, discuss, and take appropriate action regarding the following items.*

1. Call to Order and Roll Call
2. Approval of Board Meeting Minutes for August 8, 2019 and September 11, 2019
3. Citizens to be heard – Interested speakers will have 3 minutes each to address the Board on agenda items or housing policy related matters; a total of 15 minutes will be provided
4. Treasurer's Report – September 2019
5. Executive Director's Report – September 2019
6. Discussion, consideration and possible action regarding staff recommendation of selection of an auditor for the FY 2018-2019 Audit.
7. Discussion, consideration and possible action regarding the San Antonio Housing Trust (SAHT) strategic assessment recommendations conducted by the National Association for Latino Community Asset Builders (NALCAB)
8. Executive Session pursuant to 551.071, 551.072, 551.074 of the Texas Government Code (Consultation with attorney on personnel, contracts, real estate and litigation matters may be discussed)
    i. 551.071: Consultation with attorney: Discussion, consideration and possible action regarding the San Antonio Housing Trust (SAHT) strategic assessment recommendations conducted by the National Association for Latino Community Asset Builders (NALCAB)

    ANY ITEM DISCUSSED IN EXECUTIVE SESSION MAY BE ACTED ON IN OPEN SESSION
9. Adjournment

ACCESSIBILITY STATEMENT

SAHT Office at 2215 Blanco is wheelchair accessible. Accessible entry ramp on the North side of building. Accessible visitor parking on North side of building. Auxiliary aids and services, including Deaf interpreters, must be requested forty-eight [48] hours prior to the meeting. For assistance, call (210-735-2772) or 711 (Texas Relay Service for the Deaf).

AGENDA ITEM 2

SAN ANTONIO HOUSING TRUST FOUNDATION
2019 BOARD OF DIRECTORS
MINUTES

DATE: Thursday, August 8, 2019

TIME AND PLACE: 1:00 PM; 2515 Blanco Road, San Antonio, TX 78212

PRESENT: Laura Martínez, Randy Rice, John Whitsett, Estrella Garcia-Diaz, Paul DeManche

STAFF MEMBERS: Nicole Collazo-Interim Executive Director, Maria Bradley-Administrative Assistant, Woody Wilson- Attorney

VISITORS: Veronica Soto-Director of NHSD, Allison Shea-NHSD, Noel Poyo- NALCAB, Laura Furst-NALCAB, Irma Duran- COSA, Alvaro Flores-COSA, Ian Abuabara- COSA, Josefa Zatarain Flournoy- AACOG/ADRC

1. CALL TO ORDER AND ROLL CALL: The meeting was called to order at 12:56 P.M.

2. PRESENTATION, DISCUSSION AND POSSIBLE ACTION REGARDING THE ASSESSMENT OF SAN ANTONIO HOUSING TRUST- NALCAB
   Noel Poyo stated that the assessment is still a draft and it will not be finalized until after the presentation has been made to the Public Facility Corporation board on August 28, 2019. He briefly reviewed the key recommendations of the assessment. First recommendation he went over was the governance structure which he stated that there will be 11 Board Members appointed by Council; who will no longer be just from Districts 1-5. Their purpose would be to assist in financing and implementing programs that will provide housing for the people of low and moderate income in the City of San Antonio. Chair Laura Martinez questioned how these members would be chosen and Noel Poyo responded that the Mayor will appoint them. Another recommendation was to hire a Chief Executive Officer who has the expertise in housing development and finance and knows about tax credits. Another recommendation he stated was about policy, planning and coordination and to adopt a housing policy. His next recommendation was public engagement and communications. He stated we need to redesign the website that way San Antonio Housing Trust can communicate effectively with the public and make it know who we are and what we do.

3. EXECUTIVE SESSION PURSUANT TO 551.071, 551.072,551.074 OF THE TEXAS GOVERNMENT CODE (Consultation with attorney on personnel, contracts, real estate and litigation matters may be discussed)
   None.

   Director Paul DeManche motioned, and Director Randy Rice seconded to adjourn.

4. Adjournment- Without objection the chair adjourned the meeting at 2:20PM

Signed this_____ of _____, 2019

Respectfully Submitted by:

_____ Secretary

AGENDA ITEM 2

SAN ANTONIO HOUSING TRUST FOUNDATION
2019 BOARD OF DIRECTORS
MINUTES

DATE: Wednesday, September 11, 2019

TIME AND PLACE: 1:00 p.m.; Board Room

PRESENT: Laura Martinez, John Whitsett, Estrella Garcia-Diaz, Paul Demanche, Frankie Gonzales-Wolfe and John Harris II

STAFF MEMBERS: Pedro Alanis- Interim Executive Director Nicole Collazo-Assistant Director, Robert Wilson-Attorney, and Maria Bradley- Senior Administrative Assistant

VISITORS: Allison Shea-NHSD Ian Benavidez-NHSD

1. CALL TO ORDER AND ROLL CALL: The meeting was called to order at 1:08 P.M.

2. APPROVAL OF BOARD MEETING MINUTES FOR AUGUST 14, 2019. Director Paul Demanche motioned, and Director Estrella Garcia-Diaz seconded to approve the board meeting minutes as presented. There being no objections, the Board accepted minutes as presented. Motion carries 6-0.

3. CITIZENS TO BE HEARD-INTERESTED SPEAKERS WILL HAVE 3 MINUTES EACH TO ADDRESS THE BOARD ON AGENDA ITEMS OR HOUSING POLICY RELATED MATTERS; A TOTAL OF 15 MINUTES WILL BE PROVIDED.

   NONE.

4. TREASURER'S REPORT-AUGUST 2019
   Director Estrella Garcia-Diaz stated there wasn't many variances this month from last month. One item in particular are the salaries that are over because of the changes this year. There was nothing that stood out for the current budget that needed any explanation. Nicole further explained the statement of revenues, support and expenses from the month ending on August 31st. The Grant to COSA Housing Summit and Grant for Post Purchase Counseling will be removed going forward because those are City programs. She also explained the line items currently under Expenses such as contract, insurance, maintenance, salaries, and taxes will also be consolidated into one-line item starting the next fiscal year. Nicole Collazo stated the correct revenues now are $907,166.00 and the expenses are $355,559.52 excess revenue is $351,606.00. She explained these are the correct numbers because these new amounts are not including the City programs.

   No Action Taken.

5. EXECUTIVE DIRECTORS REPORT – AUGUST 2019

   Nicole Collazo presented an update of the apartments that were approved. Mesa West received final approval and is expected to close next week. Mesa West is a 280 unit multifamily tax credit project in District 6. All units are being rented out to individuals with income at or below 60% median family income. Parkdale Apartment was induced on August 28, 2019. All units will be rented out to individuals whose income is at or below 60% of the median family income. Director Paul Demanche asked Nicole Collazo to clarify if Jim Plummer was directed by the PFC Board to not look for just at 50 percent of the units at 80 percent and 50 percent of units at market rate to look for more affordability income at levels 60% AMI and Nicole did confirm that yes Jim Plummer and was looking into deeper affordability to reach those families those at 60 percent AMI.
   Nicole reported that the HIP down payment assistance program advanced a total of $54,105 for down payment and closing assistance for 5 first-time homebuyers.

At the previous board meeting, Nicole and Laura were authorized to execute the contract for the City Loan Executive. As of September 1st, Mr. Pete Alanis was appointed to serve as the Interim Executive Director of the San Antonio Trust Foundation. Pete has over 17 years of experience working in real estate and housing. Pete Alanis stated he will be working for the San Antonio Housing Trust is excited for the opportunity to help with the Trust. He will be working Monday-Wednesday. Pete Alanis mentioned he will conduct within the first 30 days an assessment to review documents, looking over procedures processes, go over bylaws, interviewing the staff to identify their roles to make sure the Trust is running an effective organization and also meeting with Board Members to understand their priorities and report back to the board.

No Action Taken.

6. PERSONNEL/ SEARCH COMMITTEE: UPDATE ON EXECUTIVE SEARCH FOR INTERIM EXECUTIVE DIRECTOR AND SELECTION OF SEARCH FIRM

   Director Paul Demanche stated that the Trust had received 5 responses to the RFP. The board members discussed those responses and came to a decision to short list the firms who submitted the proposals. The board members eliminated 2 and kept 3 and the boards' decision was to keep those on hold and not proceed with the search for permanent Executive Director. Paul stated that since Pete Alanis was appointed to help the Trust for 6 months decision on behalf of the search committee was to wait until we hear from the city on the assessment before reaching out to the search firms.

   Pete Alanis mentioned he would like to have a working committee to discuss the assessment and how the governance structure looks like. The work session would bring out any concerns and discuss what the governance structure means and make any needed recommendations before bringing it out to City Council. Chair Laura Martinez mentioned having a working session at the next Foundation meeting.

   No Action Taken.

7. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION REGARDING FY 2019-2020 ANNUAL OPERATING BUDGET

   Nicole Collazo stated she met with the finance committee on August 29th and presented the budget for FY 2019-2020. The meeting was to get feedback to increase the budget for additional maintenance repairs and staffing. The estimate FY 2019 total sources of revenue is $1.2 Million and the budgeted was $450,591.00. She also mentioned personal services line item budgeted for salaries is $439,518.00 which includes a $200,000 for the Executive Director and a one percent cost of living increase for staff. Pete Alanis also briefed about the negligence of maintenance of the historic McIlvaine farmhouse. He recommended getting a Home Inspector done first to give us a scope of work that needs to be done. He recommended adding an Operating Reserve budget so if we need funds in an emergency, we have a reserve of funds.

   Director John Whitsett motioned, and Director Paul Demanche seconded to approve the budget FY 19-20 budget as presented. Motion carries 6-0.

8. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION REGARDING A PROFESSIONAL SERVICE CONTRACT IN THE AMOUNT OF $177,721 SOURCED FROM SAN ANTONIO HOUSING TRUST FUNDS BETWEEN THE CITY OF SAN ANTONIO

   Nicole Collazo presented the Professional Service Contract between City of San Antonio and San Antonio Housing Trust Foundation to manage the day to day operations and the entities of the Housing Trust. She mentioned the funds are sourced from the San Antonio Housing Trust 10 Million Corpus and is requesting $177,121.

   Director Paul Demanche motioned, and Director John Whitsett seconded to approve the contract City of San Antonio for the amount of $177,121. Motion carries 6-0.

9. EXECUTIVE SESSION: Pursuant to 551.071, 551.072, 551.074 of the Texas Government Code (consultation with attorney, personnel, contracts, real estate and litigation matters may be discussed)

   None

Director Estrella Garcia-Diaz motioned, and Director John Harris seconded to adjourn.
ANY ITEM DISCUSSED IN EXECUTIVE SESSION MAY BE ACTED UPON IN OPEN SESSION.

10. ADJOURNMENT- Without objection the chair adjourned the meeting at 2:25 p.m.

Signed this_____ of _____, 2019

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Respectfully Submitted by:

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Secretary

San Antonio Housing Trust Foundation, Inc.

Agenda Item 3

Agenda Date: 10-09-19

DEPARTMENT: San Antonio Housing Trust Foundation, Inc.

SUBJECT:

Citizens to be heard [Interested speakers will have 3 minutes each to address the Board on agenda items or housing policy related matters; a total of 15 minutes will be provided]

SUMMARY:

This item will allow 3 minutes each for interested speakers to address the Board

San Antonio Housing Trust Foundation, Inc.

Agenda Item 4

Agenda Date: 10-09-19

DEPARTMENT: San Antonio Housing Trust Foundation, Inc.

SUBJECT:

Treasurer's Report for September 2019.

ATTACHMENTS:

*Balance Sheet
*Statement of Revenues and Expenses
*Budget Report for Twelve months ending September 30, 2019
* Unaudited Actual Operating Budget for fiscal year end 2019

San Antonio Housing Trust Foundation
Balance Sheet
September 30, 2019

Description		Operating	Disbursement	Total all Funds
Current Assets				
Frost Nat'l - Operating Acct	$	1,890,261.08	0.00	1,890,261.08
Frost Nat'l - Disbursement II		0.00	685,747.97	685,747.97
Broadway Bank - UUHAC Account		0.00	12,094.36	12,094.36
HOME/CHDO Admin (Pre-Dev)		53,957.33	0.00	53,957.33
Oblate Land		30,000.00	0.00	30,000.00
Oblate Building		67,000.00	0.00	67,000.00
Oblate Building Improvements		80,247.00	0.00	80,247.00
Grants Rec. - COSA Admin.		393.10	0.00	393.10
Due from COSA - HIP		10,209.00	0.00	10,209.00
Total Current Assets		2,132,067.51	697,842.33	2,829,909.84
Property and Equipment				
Equipment		0.00	0.00	40,156.58
Furniture		0.00	0.00	19,508.21
CHDO Office equipment		0.00	0.00	2,716.91
Accumulated depreciation		0.00	0.00	(62,381.70)
Total Property and Equipment		0.00	0.00	0.00
Other Assets				
N/R - San Alfonso / Vera Cruz		0.00	350,000.00	350,000.00
N/R - King's Court I - Merced		0.00	12,500.48	12,500.48
N/R - V.Esperanza loans		17,435.02	0.00	17,435.02
N/R - MRB/MCC DPA		0.00	134,434.40	134,434.40
N/R- Alice Torres		0.00	3,346.30	3,346.30
N/R - St. James Housing Trust		0.00	17,467.38	17,467.38
N/R - Individuals (Gervin)		0.00	10,832.37	10,832.37
N/R - Exchange		0.00	100,000.00	100,000.00
N/R - Pasadena Heights DPA		0.00	3,445.19	3,445.19
N/R - Kings Court 1998-Merced		0.00	31,071.93	31,071.93
N/R - G. Gervin Youth Center		49,509.60	0.00	49,509.60
N/R - Elmo Young - 107 Drew		34,673.93	0.00	34,673.93
N/R - Carol Jarmon		33,474.77	0.00	33,474.77
N/R - Arroyo Vista		0.00	513.61	513.61
N/R - Merced		0.00	200,000.00	200,000.00
N/R - Thompson Place Apts.		0.00	104,188.78	104,188.78
N/R - Merced - Eleanor Apts.		260,301.07	0.00	260,301.07
N/R - West Durango		0.00	227,000.30	227,000.30
N/R - West Durango, LP		45,396.53	0.00	45,396.53
N/R - Lizzie Ellison		23,834.12	0.00	23,834.12
N/R - Sharon Hardeman		11,996.29	0.00	11,996.29
N/R - Lizzie Ellison-2nd lien		4,310.00	0.00	4,310.00
N/R - La Risa		0.00	399,974.26	399,974.26
N/R - Cypress Cove		0.00	50,000.00	50,000.00
N/R - TG 301, Inc.-Sutton Sq		0.00	180,000.00	180,000.00
N/R - Calcaseiu		0.00	437,390.49	437,390.49
N/R - Lord Road		0.00	250,000.00	250,000.00
Allowance for Bad Debts		(17,743.18)	0.00	(17,743.18)
Prepaid Expenses		335.29	0.00	335.29
Equity invest.-Exchange 1992		0.00	410,926.00	410,926.00
Total Other Assets		463,523.44	2,923,091.49	3,386,614.93
Total Assets	$	2,595,590.95	3,620,933.82	6,216,524.77

LIABILITIES AND FUND BALANCE

Current Liabilities				
TEC tax payable	$	(851.51)	0.00	(851.51)
Due to SAHT - Corpus		0.00	156,634.75	156,634.75
Due to Tierra Del Sol HOA		4,982.86	0.00	4,982.86
Prepaid Deposit - Renew SA		90.00	0.00	90.00
Escrow - Elmo Young		800.13	0.00	800.13
Escrow - Carol Jarmon		(616.01)	0.00	(616.01)
Escrow - Lizzie Ellison		448.03	0.00	448.03
Escrow - Sharon Hardeman		(455.29)	0.00	(455.29)

San Antonio Housing Trust Foundation
Balance Sheet
September 30, 2019

Description		Operating	Disbursement	Total all Funds
Total Current Liabilities		4,398.21	156,634.75	161,032.96
Long-Term Liabilities				
Total Long-Term Liabilities		0.00	0.00	0.00
Total Liabilities		4,398.21	156,634.75	161,032.96
Fund balance				
Net Assets - General Fund		2,343,690.96	0.00	2,343,690.96
Net assets - Disbursement Fund		0.00	3,420,760.37	3,420,760.37
Interfund Transfers		0.00	158.42	158.42
Interfund Transfers		(158.42)	0.00	(158.42)
Excess of rev. over exp.		247,660.20	43,380.28	291,040.48
Total Fund balance		2,591,192.74	3,464,299.07	6,055,491.81
Total Liabilities & Fund balance	$	2,595,590.95	3,620,933.82	6,216,524.77

San Antonio Housing Trust Foundation
Statement of Revenues, Support and Expenses
For the Twelve Months Ending September 30, 2019

Description	Operating	Disbursement	Total all Funds
Revenues & support			
City of San Antonio - GF	159,279.04	0.00	159,279.04
Grant - COSA Housing Summit	2,560.00	0.00	2,560.00
Administrative Fees	680,637.25	0.00	680,637.25
Grants for Post Purchase Couns	12,050.16	0.00	12,050.16
Interest income - disbursement	0.00	43,274.21	43,274.21
Interest income - operating	39,575.87	0.00	39,575.87
Miscellaneous Income	0.00	106.07	106.07
Misc. Income - General Fund	95.00	0.00	95.00
Total revenues and support	894,197.32	43,380.28	937,577.60
Disbursements and grants			
Grant Expenses - Post Purchase	5,543.77	0.00	5,543.77
Grant Expenses for Hous.Summit	47,568.68	0.00	47,568.68
Grant Expenses - COSA BAHN	4,024.40	0.00	4,024.40
Grant to SA Housing Authority	200,000.00	0.00	200,000.00
Total disbursements and grants	257,136.85	0.00	257,136.85
Excess revenue before general expenses	637,060.47	43,380.28	680,440.75
Expenses			
Audit	6,500.00	0.00	6,500.00
Auto expense allowance	4,313.04	0.00	4,313.04
Auto Expense - Finance	18.00	0.00	18.00
Auto Expense - PFC	11.94	0.00	11.94
Contract - Bookkeeping	2,612.50	0.00	2,612.50
Contract Bookkeeping - PFC	810.00	0.00	810.00
Contract-Bookkeeping-Gen. Oper	3,087.50	0.00	3,087.50
Contract-bookkeeping-Finance	810.00	0.00	810.00
Entertainment & food	763.73	0.00	763.73
Ent. & food - Gen. Operating	298.61	0.00	298.61
Ent. & Food - PFC	114.86	0.00	114.86
Subscription & dues	575.00	0.00	575.00
Insurance - Workmen's Comp	454.70	0.00	454.70
Insurance - health & life	250.82	0.00	250.82
Insurance - liability	3,607.10	0.00	3,607.10
Insurance-D&O Finance	830.50	0.00	830.50
Insurance - D & O - PFC	830.50	0.00	830.50
Legal fees	3,930.59	0.00	3,930.59
Legal - Gen. Operating	2,605.23	0.00	2,605.23
Maintenance and repairs	5,414.80	0.00	5,414.80
Maint. & Repairs - Gen. Oper.	5,437.00	0.00	5,437.00
Maint. & Repair - Finance	5,954.05	0.00	5,954.05
Maint. & Repairs - PFC	2,340.00	0.00	2,340.00
Membership, fees & licenses	196.10	0.00	196.10
Membership and fees-Gen.Oper	6.00	0.00	6.00
Misc. - Gen. Operating	(0.09)	0.00	(0.09)
Miscellaneous - Finance	10.20	0.00	10.20
Mail & parcel post	382.51	0.00	382.51
Office supplies	3,253.19	0.00	3,253.19
Office supplies - Finance	437.83	0.00	437.83
Office Supplies - Gen. Oper.	5,693.63	0.00	5,693.63
Office Supplies - PFC	100.94	0.00	100.94
Fees to Professional	47,283.81	0.00	47,283.81
Fees to Prof. - Finance	7,929.73	0.00	7,929.73
Rental of equipment	1,959.40	0.00	1,959.40
Retirement plan exp.-operating	18,238.53	0.00	18,238.53
Retirement Plan - Finance	372.96	0.00	372.96
Salaries	42,481.95	0.00	42,481.95
Salaries - Finance	63,029.51	0.00	63,029.51
Salaries - PFC	66,859.58	0.00	66,859.58
Salaries-Gen.Operating	48,468.01	0.00	48,468.01
Taxes - payroll	3,517.81	0.00	3,517.81
Taxes - payroll - Finance	5,607.71	0.00	5,607.71
Taxes - Payroll - PFC	4,805.26	0.00	4,805.26
Taxes-Payroll-Gen.Operating	3,609.63	0.00	3,609.63
Taxes-Unemployment	1,438.09	0.00	1,438.09
Telephone and Internet	2,647.60	0.00	2,647.60
Telephone & Internet - Finance	251.44	0.00	251.44
Travel & training	166.40	0.00	166.40
Utilities	5,681.94	0.00	5,681.94

San Antonio Housing Trust Foundation
Statement of Revenues, Support and Expenses
For the Twelve Months Ending September 30, 2019

Description		Operating	Disbursement	Total all Funds
Utilities - Finance		594.41	0.00	594.41
Equipment purchases		3,657.23	0.00	3,657.23
Total general & admin. expenses		390,251.78	0.00	390,251.78
Excess revenues over expenses	$	246,808.69	43,380.28	290,188.97

SAN ANTONIO HOUSING TRUST FOUNDATION
OPERATING BUDGET SOURCES AND USES
UNAUDITED FISCAL YEAR END 2019

	ACTUAL FY 2018	BUDGET FY 2019	ACTUAL FY 2019
SOURCES			
San Antonio Housing Trust	$ 128,418	$ 159,283	$ 159,279
SAHT Finance Corp Admin Fees	$ 249,107	$ 110,606	$ 239,814
San Antonio Housing Trust PFC Admin Fees	$ 395,937	$ 111,776	$ 769,778
SAHTF General Operating	$ 75,379	$ 69,316	$ 69,316
Total Sources	**$ 848,841**	**$ 450,981**	**$ 1,238,187**
USES			
Personnel Services			
Salaries	$ 230,916	$ 322,296	$ 220,839
Auto Allowance	$ 4,852	$ 5,500	$ 4,343
Taxes-Payroll	$ 16,964	$ 22,915	$ 17,540
Taxes-Unemplyment	$ 2,188	$ 1,420	$ 1,438
Insurance - Workmen's Comp	$ 496	$ 550	$ 455
Insurance - health & life	$ 257	$ 200	$ 251
Retirement Plan Exp.	$ 20,952	$ 29,675	$ 18,611
Travel & Training	$ -	$ 1,000	$ 166
Subtotal Personnel Services	**$ 276,625**	**$ 383,556**	**$ 263,644**
Contractual Services			
Audit	$ 6,400	$ 6,500	$ 6,500
Contract-Bookkeeping	$ 6,588	$ 7,320	$ 7,320
Legal Fees	$ 211	$ 1,100	$ 6,536
Fees to Professional	$ 650	$ 1,200	$ 55,214
Rent	$ 1,164	$ 2,580	$ -
Maint. & Repairs	$ 6,736	$ 13,850	$ 19,146
Rental of Equipment	$ 887	$ 750	$ 1,960
Telephone and Internet	$ 3,469	$ 3,775	$ 2,899
Subtotal Contractual Services	**$ 26,105**	**$ 37,075**	**$ 99,574**
Commodities			
Bind, print & reporducton	$ -	$ 150	$ -
Mail & parecel post	$ 96	$ 200	$ 436
Office Supplies	$ 2,297	$ 2,500	$ 9,432
Utilites	$ 7,947	$ 7,500	$ 6,276
Subtotal Commodities	**$ 10,340**	**$ 10,350**	**$ 16,144**
Insurance/Other Expenditures			
Insurance - Business package	$ 6,291	$ 15,050	$ 5,268
Advertising	$ -	$ 500	$ -
Membership, Fees & Licenses	$ 259	$ 500	$ 202
Subscriptions & Dues	$ 599	$ 750	$ 585
Entertainment & food	$ 992	$ 1,700	$ 1,177
Subtotal Insurance/Other Expenditures	**$ 8,141**	**$ 18,500**	**$ 7,233**
Capital Outlay			
Equipment purchases	$ 1,193	$ 1,000	$ 3,657
Furniture purchases	$ -	$ 500	$ -
Subtotal Capital Outlay	**$ 1,193**	**$ 1,500**	**$ 3,657**
	$ -	$ -	$ -
Total General Operating Budget	**$ 322,404**	**$ 450,981**	**$ 390,252**
Operating Reserve	*$ 526,437*		*$ 847,934*
Total Uses	**$ 848,841**	**$ 450,981**	**$ 1,238,187**

(See Exhibit C for administrative services appropriation details)
Revised **10/8/2019**

SAN ANTONIO HOUSING TRUST FOUNDATION

EXECUTIVE DIRECTOR'S REPORT

September 2019

FOUNDATION OPERATIONS

Bookkeeping/Banking

In September, I met with Van Carter, Senior VP for Public Funds at Frost Bank to review bank accounts, collatorization of our deposits, and other services provided to the Trust entities. While FDIC insurance only covers deposits up to $250,000 for the trust, Frost Bank pledges securities of the remaining amount as a protection for the Trust in case of the unlikely event bank failure. Collatorization provides an avenue for recovery in those instances. Each day our balance beyond the $250,000 insured amount is collateralized through securities with the Bank of New York Mellon. The Trust receives weekly statements showing daily collatorization. In the event of a large deposit, staff will inform Frost Bank in order to allow them to pledge additional securities to allow appropriate coverage for the deposit.

Staff also initiated a number of changes to either close or repurpose existing bank accounts to both align accounts with the needs of the various Trust Entities and to provide additional security measures in place to protect deposits from fraudulent activity. This includes changes to the Foundation, Public Facility Corporation, and Finance Corporation bank accounts to be ***deposit only*** accounts. Thus, only a Board Resolution can direct the access of funds through a trackable fund transfer to a disbursement account. We are lining this up with the start of the FY 2019-2020 Fiscal Year start date of October 1.

Policies

I have completed the initial assessment of current policies and procedures that are currently in place for the foundation. Currently, I am establishing new or revised policies with respect to the major categories of Human Resources, Employee Compensation and Benefits, and Financial Management. Anticipated completion date to present the draft policies to the Board is by November 2019. Once policies are established by the Board, I will work with staff to complete an administrative set of procedures and standards directed by the established board policies for our core foundation functions.

Website Improvements

In order to prepare for a more transparent and user-friendly website, staff is continuing with our web design consultant on wire-framing for better content flow, increasing webhosting capacity, and freshening up the Trust logo. We anticipate this first phase of work to be completed by mid-October with final coding and content uploading and testing to be completed by the end of November.

Headquarters Maintenance

Over the past several years, the office at 2515 Blanco Road required repairs, maintenance, and landscaping to address safety issues and to prevent additional damage to the building. We have replaced lights, lighting fixtures, exterior patio issues & drainage issues, tree trimming to prevent roof impacts, electrical outlet replacement, and door handle repairs. Work was completed within available FY 2018-2019 budget. Staff also ordered a property inspection report that summarizes a number of additional improvements that are recommended from foundation, roof structure, interior walls, floor damage, window resealing, inoperative fixtures, and HVAC deficiencies.

Record Keeping
This past month, staff has been in the process of updating all record keeping systems including physical files and digital files to ensure proper project tracking and reporting. I anticipate this work to be completed in another 60 days.

PUBLIC FACILITY CORPORATION/FINANCE CORPORATION UPDATE

Baldwin Sale
The Public Facility Corporation Board approve a resolution that authorized the sale of partner's interest in the project to Virtus Real Estate Capital. NRP will still manage the property and retains a small interest in the partnership with Virtus. The PFC decided to forgo $949,744 in proceeds in order to keep long term cash flow interest in the property over the remaining 75 year term. The Foundation receives 25% of revenues quarterly from PFC and FC activities.

Mesa West Closing (D6)
Mesa West Apartments is a 280 unit multi-family 4% tax credit development by Pedcor in partnership with the PFC & Finance Corporation. The project closed financing in September. The Public Facility Corporation received a $680,000 developer fee and the Finance Corporation received a $350,000 bond issuance fee at the closing. Funds were deposited into the Frost Account. The Foundation receives 25% of revenues quarterly from PFC and FC activities.

Lookout Closing (D9)
The Lookout Apartments is a 293 unit multi-family project by Athena Domain Inc. that will provide a mix of 50% market rate and 40% units for households at or below 80% of AMI and 10% of the units for households at or below 60% of AMI. The project closed financing in September. The Public Facility Corporation received a $250,000 developer fee at closing and will receive a $25,000 administration fee plus annual net cash flows of 15% in future years after leasing begins. There was no participation with the Finance Corporation for this project. The Foundation receives 25% of revenues quarterly from PFC.

CITY OF SAN ANTONIO FLOAT PROGRAM

DOWN PAYMENT ASSISTANT PROGRAM
During the month of September, San Antonio Housing Trust Foundation advanced a total of $25,209 for down payment and closing costs assistance for 2 first-time homebuyers. Staff and I are working on determining a cap amount for the fiscal year 2019-2020. A resolution will be brought back to the board for approval in November.

San Antonio Housing Trust Foundation, Inc.

Agenda Item 6

Agenda Date: 10-09-19

DEPARTMENT: San Antonio Housing Trust Foundation, Inc.

SUBJECT:

Discussion, consideration and possible action regarding staff recommendation of selection of Auditor for fiscal year 2019.

SUMMARY:

The San Antonio Housing Trust Foundation released an Request for Qualifications on September 10, 2019. At the close end date of September 27, 2019 we received two proposals from Leal & Carter, PC and Gregory & Crutchfield, LLC. Both firms are very qualified and have experience with working with non profits.

Staff recommends to select Gregory & Crutchfield, LLC because their proposal is in line with the San Antonio Housing Trust Operating budget for FY 19-20.

ATTACHMENT:
Proposal from Gregory & Crutchfield.

GREGORY & CRUTCHFIELD, LLC
CERTIFIED PUBLIC ACCOUNTANTS

September 27, 2019 via e-mail

San Antonio Housing Trust Foundation, Inc.
Attn: Pedro Alanis, Interim Executive Director
PO Box 15915
San Antonio, TX 78212

Re: Proposal for Audit and Tax Return Preparation

Dear Mr. Alanis:

Thank you for requesting a proposal for audit and tax preparation services for the year ended September 30, 2019. As you know, we have audited the financial statements for SAHFT for a number of years and would be happy to continue doing so. There are no requirements for a nonprofit organization to change audit firms and our firm would be changing the engagement partner (lead auditor) on the audit for 2019 should we be selected as the auditor. This to follow the Sarbanes – Oxley Act suggestion of changing the lead auditor on a continuing client every 5 years or so just go have a fresh look at the audit. We do not anticipate that causing any issues in completing the audit on time.

You will find attached our proposal for the audit and Form 990 preparation for the year ended September 30, 2019 and I also included pricing for 2020 that we would honor should we be selected for 2019 and the organization also wants us to do the 2020 audit. Although I have included the 2020 pricing, that does not obligate SAHTF to using us for the 2020 audit even if we are selected for 2019.

We look forward to hearing from you and if you have any specific questions about our proposal please give me a call.

Sincerely,

Bill J. Gregory, CPA
Managing Member

enclosure: Audit Request for Proposal

16500 San Pedro Ave. Suite 280, San Antonio, Texas 78232
p: (210) 495-6776 f: (210) 495-6778

San Antonio Housing Trust Foundation, Inc.

Audit Request For Proposal

For the Years Ended September 30, 2019 and 2020

Submitted by:

Gregory & Crutchfield, LLC
16500 San Pedro, Suite 280
San Antonio, Texas 78232
(210) 495-6776

Date Submitted: September 27, 2019

GREGORY & CRUTCHFIELD, LLC
CERTIFIED PUBLIC ACCOUNTANTS

PROPOSED FEES

The firm of Gregory & Crutchfield, LLC has carefully considered the amount of work involved in this audit based on our knowledge of the work required. We have utilized standard billing rates less a 20% community service discount and have compiled the following proposed fees to properly complete the audit:

	Fiscal Years Ending September 30: 2019	2020
Audit - San Antonio Housing Trust Foundation, Inc.		
Audit fee at our normal rates before community discount	8,300	8,500
Less: 20% community discount	-1,660	-1,700
Audit fee after discount	**$6,640**	**$6,800**
Form 990 – Return of Organization Exempt from Income Tax		
Preparation of Form 990 before community discount	900	900
Less: 20% community discount	-180	-180
Form 990 tax return preparation fee after discount	**$720**	**$720**
Audit - San Antonio Housing Finance Corp.		
Audit fee at our normal rates before community discount	2,125	2,125
Less: 20% community discount	-425	-425
Audit fee after discount	**$1,700**	**$1,700**
Audit - San Antonio Housing Trust Public Facility Corporation		
Audit fee at our normal rates before community discount	2,375	2,375
Less: 20% community discount	-475	-475
Audit fee after discount	**$1,900**	**$1,900**

Note: We have provided proposed audit and tax preparation fees for your fiscal years ending September 30, 2019 and 2020. However, the acceptance of our proposal for the September 30, 2019 audit does not bind you to the second-year audit. We would however honor the second-year pricing should you elect to also do the second-year audit with us.

Other information:

We do not charge additional fees for preparing adjusting journal entries during the audit

The above audit fee includes 5 original bound audit reports, an unbound original for making unlimited copies as necessary and a scanned PDF audit report for sending electronically if needed.

AUDIT STAFFING

We have been auditing SAHTF for a number of years. There is no requirement to change audit firms if the organization is satisfied with its current firm. However, The Sarbanes – Oxley Act suggests a change in the lead auditor (engagement partner in charge of the audit) every 5 years. Starting with the first year under this proposal, we would be changing the audit engagement partner from Bill J. Gregory, CPA to Clark A. Crutchfield, CPA. The change in the main auditor overseeing the job allows for a fresh look at the entire job from the top down.

The staff assigned to the SAHTF audit collectively possesses adequate professional proficiency to perform this audit and satisfy the CPE requirements as per GAO's *Interpretation of Continuing Education and Training Requirements.*

FIRM SUMMARY SHEET

Legal Name of Organization:	Gregory & Crutchfield, LLC
Members (owners)	Bill J. Gregory, CPA Clark A. Crutchfield, CPA
Mailing Address:	16500 San Pedro Ave. Suite 280 San Antonio, TX 78232
Phone:	(210) 495-6776 (210) 495-6778 (fax)
Contract Signatory Authority:	Bill J. Gregory, Managing Member
Date Firm Established:	June 1987 as Bill J. Gregory CPA and converted to Gregory & Crutchfield, LLC in 2008.
Federal I.D. #:	26-3996959
Legal Status:	Limited Liability Company
Professional Liability Insurance:	Yes
General liability insurance:	Yes
Workers Compensation Insurance:	Yes

FIRM PROFILE

The firm of Gregory & Crutchfield, LLC provides extensive audit, accounting and tax related services to nonprofit organizations in San Antonio. The nonprofit sector accounts for approximately 40% of the total revenues of the firm. In addition, the firm provides auditing, accounting, tax and consulting services to private sector companies and individuals.

The firm only has a San Antonio office so all work will be based out of this office.

The firm is licensed under the name: Gregory & Crutchfield, LLC

The Texas license number is 38837

A copy of the most recent Quality Review Report is attached hereto.

The firm has the capacity to audit computerized accounting systems.

The firm is a small business with 60% of its professional staff being minority.

The firm also maintains professional liability insurance and workers compensation insurance.

The firm has the capacity to perform the SAHTF audit without outside financial assistance.

OVERVIEW OF EXPERIENCE WITH NONPROFIT ACCOUNTING AND AUDITING

The firm of Gregory & Crutchfield, LLC Certified Public Accountants has extensive experience in providing accounting and audit services for **nonprofit organizations**.

City of San Antonio Grants and Pass Through Grants
Community Development Block Grants
National Community Development Initiative (NCDI)
Department of Housing and Urban Development (HUD)
Department of Education
Texas Rehabilitation Commission
Texas Council for Developmental Disabilities
Texas Commission for the Deaf and Hard of Hearing
Texas Department of Housing and Community Affairs
Housing Opportunities for Persons with AIDS (HOPWA)
Federal Home Loan Bank grants
Fannie Mae Foundation
Enterprise Foundation
Kronkosky Foundation
Neighborhood Reinvestment Corp.
Job Training Partnership Act Funds
Texas Workforce Commission
United Way
Various other Private and Public Sector Sources

The firm of Gregory & Crutchfield, LLC has received a rating of pass (highest score) on its current and past quality reviews. A copy o our most recent quality review report has been attached to this proposal for your review. The firm continues to follow changes within the industry and concentrates his continuing education in the nonprofit area.

The firm has extensive experience in preparation of Form 990, application completion for nonprofit status from the IRS, budgeting and numerous other areas as related to nonprofit organizations.

Gregory & Crutchfield, LLC also provide consulting services related to accounting and internal control systems, computerized accounting, technical accounting issues and Form 990 support. In addition, the firm has extensive hands-on experience in accounting for nonprofit organizations.

NONPROFIT AUDITING ASSIGNMENTS

The following are references provided for several nonprofit entities for which the firm has provided audit services:

San Antonio Housing Trust Foundation
P.O. Box 15915
San Antonio, TX 78212
Audit type: Governmental
Most recent audit year completed: year ended September 30, 2018
Engagement terms: 2006 to present

San Antonio Alternative Housing Corporation and Subsidiaries
1215 S. Trinity
San Antonio, TX 78207
Contact: Keith Newcome, Executive Director
Phone: 224-2349
Audit type: Governmental or Single Audit
Most recent audit completed: year ended December 31, 2018
Engagement terms: 1994 – 2019

Neighborhood Housing Services of San Antonio, Inc.
851 Stevens Avenue
San Antonio, TX 78210
Contact: Ellie Maybee, Executive Director
Phone: 210-533-6673
Audit type: Governmental or Single Audit
Engagement terms: 2011 to present and years prior to 2008

Alamo Area Resource Center, Inc.
527 North Leona, Building A, 3rd Floor
San Antonio, TX 78207
Contact: Howard Rogers, Executive Director
Phone: 358-9995
Audit type: A-133
Most recent audit: year ended September 30, 2018
Engagement term: 1995 – 2019
Sector: Health and Human Services, Housing Assistance

San Antonio Youth Literacy
San Antonio, Texas
Contact: Pat Medina
Phone: 299-1533
Audit type: GAAP
Most recent audit: year ended June 30, 2019
Engagement term: 2003 - 2019

Additional audit assignments are available upon request.

AFFIRMATIONS

The firm of Bill J. Gregory, CPA meets all independence requirements related to the audit of San Antonio Housing Trust Foundation, Inc. for the fiscal years ended September 30, 2019 and 2020 and does not have a conflict of interest with any of the SAHTF employees or Board of Directors.

The firm of Gregory & Crutchfield, LLC does not have a record of substandard audit work.

The firm of Gregory & Crutchfield, LLC is properly licensed for public practice in the State of Texas.

The above affirmations are true and correct to the best of my knowledge.

This pricing in this proposal is valid for a period of 60 days.

Bill J. Gregory, CPA, Managing Member

ADKF

AKIN DOHERTY KLEIN & FEUGE, P.C.

Thomas A. Akin
David J. Doherty
Howard H. Klein, Jr.
Scott C. Kopecky
Joseph A. Hernandez
Susan M. Valdez
Rene M. Garcia
Tyson F. Gaenzel

Member of AICPA and TSCPA

Registered with Public Company Accounting Oversight Board

www.adkf.com

SYSTEM PEER REVIEW REPORT

December 28, 2016

To the Owners
Gregory & Crutchfield, LLC
and the Peer Review Committee of the Texas Society of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of **Gregory & Crutchfield, LLC** (the firm) in effect for the year ended June 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at *www.aicpa.org/prsummary*.

As required by the standards, engagements selected for review included an engagement performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of **Gregory & Crutchfield, LLC** in effect for the year ended June 30, 2016 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. **Gregory & Crutchfield, LLC** has received a peer review rating of *pass*.

Akin, Doherty, Klein & Feuge, P.C.

MAIN OFFICE

616 East Blanco, Suite 300e
Boerne, Texas 78006
Phone: 830 815-1100
Fax: 830 249-3714

8610 North New Braunfels, Suite 101
San Antonio, Texas 78217
Phone: 210 829-1300
Fax: 210 829-4080

672 Ridge Drive, Suite A
New Braunfels, Texas 78130
Phone: 830 387-4441
Fax: 830 625-3456

San Antonio Housing Trust Foundation, Inc.

Agenda Item 7

Agenda Date: 10-09-19

DEPARTMENT: San Antonio Housing Trust Foundation, Inc.

SUBJECT:

Discussion, consideration and possible action regarding the San Antonio Housing Trust (SAHT) strategic assessment recommendations conducted by the National Association for Latino Community Asset Builders (NALCAB)

SUMMARY:

In January 2019, the City of San Antonio engaged NALCAB – National Association for Latino Community Asset Builders to undertake an assessment of the San Antonio Housing Trust (SAHT) and to provide strategic recommendations for strengthening the Trust and associated entities. The final assessment report was released Friday September 27, 2019.

Work session to discuss the San Antonio Housing Trust strategic assessment recommendations conducted by the National Association for Latino Community Asset Builders (NALCAB).

An Organizational Assessment and Strategic Recommendations for the San Antonio Housing Trust

Completed for the City of San Antonio

by NALCAB - National Association for Latino Community Asset Builders

July 2019

Table of Contents

Executive Summary ..... **i**

Introduction **1**

Background 2
Scope and Methodology 2

Benchmarking Review **5**

Municipal Housing Trusts and Funds 5
Public-Private Partnerships: Structured Funds for Affordable Housing 10
Key Themes from Housing Trust Funds Across the Country 12
Governance and Executive Leadership 12
Policy, Planning and Coordination 13
Activities and Program Design 16
Public Engagement and Communications 18
Underwriting and Engagement with Housing Developers 19
Monitoring Covenants 20
Staffing 21
Revenue and Capitalization 22

Organizational Assessment **25**

Organizational Summaries 25
Governance and Executive Leadership 28
Policy, Planning and Coordination 30
Activities and Program Design 31
Public Engagement and Communications 34
Underwriting and Engagement with Housing Developers 34
Monitoring Covenants 35
Operating Policies and Procedures 35
Staffing 36
Capitalization 36

Strategic Recommendations **37**

Governance and Executive Leadership 37
Policy, Planning and Coordination 39
Activities and Program Design 40
Public Engagement and Communications 41
Underwriting and Engagement with Housing Developers 41
Monitoring Covenants 41
Operating Policies and Procedures 41
Staffing 42
Capitalization and Leverage 43

Appendix **44**

A. Interviews Conducted 44
B. Resources 46
C. Selection Criteria for SAHTF Community Representative Board Members 47
D. SAHTF-PFC and SAHT-FC Projects 51

Executive Summary

In January 2019, the City of San Antonio engaged NALCAB – National Association for Latino Community Asset Builders to undertake an assessment of the San Antonio Housing Trust (SAHT) and to provide strategic recommendations for strengthening the Trust and associated entities. Undertaking this assessment was a key recommendation of the Mayor's Housing Policy Task Force (MHPTF). Appointed in the summer of 2017, the MHPTF undertook a broad public engagement process and in-depth technical examination of housing affordability in San Antonio. The report resulting San Antonio's Housing Policy Framework was accepted by the City Council in August 2018 and the City's Neighborhood and Housing Services Department (NHSD) immediately began implementing the recommendations of the MHPTF.

The SAHT is critical to the City of San Antonio's strategy for the production, preservation, and rehabilitation of housing affordable to low- and moderate-income families. It is made up of four legal entities (sometimes collectively referred to herein as "the housing trust entities"):

- San Antonio Housing Trust (SAHT);
- San Antonio Housing Trust Foundation (SAHTF);
- San Antonio Housing Trust Finance Corporation (SAHT-FC); and,
- San Antonio Housing Trust Public Facility Corporation (SAHT-PFC).

The SAHT was established in 1988 with a $10 million contribution from the City of San Antonio. The SAHTF was established soon thereafter as a separate legal entity to hire staff and administer the resources of the SAHT. Since its founding, the SAHTF's primary activities have been making low-interest loans to support non-profit housing organizations and providing administrative support to the housing trust entities and other city housing programs. The SAHTF holds approximately $2.3 million in outstanding loans to non-profit housing providers. The Boards of Directors of these two organizations are made up of the same eleven individuals appointed by the Mayor and Council.

The SAHT-FC was established in 1997 under the Texas Housing Finance Corporation Act and, a dozen years later, the SAHT-PFC was established under the Texas Public Facility Corporation Act. The primary activity of the SAHT-FC is to issue multi-family housing revenue bonds and the primary activity of the SAHT-PFC is to serve as the general partner in housing development projects, thereby conferring tax-exempt status on the project. The Boards of Directors of the SAHT-FC and SAHT-PFC are made up of the same five members of City Council. Both entities rely on the administrative support of the SAHTF but have a separate legal counsel. Since 2010, the SAHT-FC has issued over $150 million in bonds and the SAHT-PFC has served as the general partner on at least 14 projects that are completed or under construction, with total development costs exceeding $500 million. Both entities realize significant revenues from housing transactions and have made grants to the City of San Antonio to support housing programs.

This examination of the SAHT and its associated entities is divided into three sections, including *a benchmarking review* of other housing agencies around the country; *an assessment* of the SAHT based on a review of extensive documentation and interviews with staff, board and external stakeholders; and *strategic recommendations* for strengthening the agency, based on the

observations from the assessment and contextualized by the findings of the benchmarking report. The following is a summary of the key observations and recommendations of this report.

Realign the SAHT Governance Structure to Ensure Greater Coordination and Efficiency

Observation: There is little coordination between the eleven members of the SAHT and SAHTF Boards of Directors and the five City Council Members that make up the Boards of Directors of the SAHT-FC and the SAHT-PFC. Each governing group operates competently, but with limited understanding of the other's roles and activities. They rely on different third-party legal counsel and the SAHTF staff has limited engagement with the SAHT-FC and SAHT-PFC. Currently there is no policy that guides collective action amongst entities which prevents them from efficiently prioritizing and pursuing common goals. Given that one group is made up of elected officials and the other is not, there is a real and perceived imbalance of authority between the two groups. Further, the five members of Council that make up the Boards of the SAHT-FC and SAHT-PFC are currently asked to make significant financial decisions about complex housing projects without sufficient advice and support.

Recommendation: Achieving greater coordination and efficiency among the housing trust entities must begin with alignment at the governance level. The composition of the SAHTF Board of Directors should be changed to better integrate the governance of the four entities as well as to better balance the collective skills, interests and authorities of the Board members. The composition of the SAHTF Board of Directors should include the five (5) City Council Members that make up the SAHT-FC/SAHT-PFC, three (3) members with expertise in banking/finance and/or housing development/management, and three (3) community representatives. Initially, some of the current members of the SAHTF should remain on the board to provide continuity. A delegate of the City Manager should fill a non-voting advisory seat to ensure coordination with other City agencies.

The five Council Members should be appointed by the Mayor and approved by the full Council consistent with the electoral cycle, as is currently the case, and the six non-Council members should be nominated by the Mayor to staggered terms and approved by the full Council. As with most governing boards, a well-developed committee structure would help to ensure appropriate consideration of matters brought to the board. Having six non-Council members will support a robust committee structure and could help to ensure quorum given the inevitable demands on the time of Councilmembers.

Under a re-aligned governance structure, programs and projects that require governance-level approval of the SAHT, the SAHT-FC, or the SAHT-PFC should first be reviewed and recommended for action by the SAHTF Board where Council members will be surrounded, on the Board itself and at the staff level, by individuals with the technical knowledge and community perspectives necessary for a robust decision-making process. A formal policy should be adopted by the boards of the four entities to reflect this progression of decision-making. The SAHTF Board can thereby ensure alignment and coordination of the resources and authorities of the SAHT, the SAHT-FC and the SAHT-PFC with one another and with COSA's overarching housing policy goals and resources.

Recommendation: The SAHT is similar to the SAHT-FC and the SAHT-PFC in that each holds significant public resources and/or authorities. It is appropriate for the elected representatives of the people of San Antonio – a subset of the Council – to be the individuals charged with utilizing

these resources and authorities. Under a re-aligned governance structure, the Trustees of the SAHT should mirror the Boards of the SAHT-FC and the SAHT-PFC. After review and recommendation from the SAHTF Board, Council members can deploy the resources and authorities of the SAHT, the SAHT-FC, and the SAHT-PFC confident that these actions have been vetted by the full SAHTF Board.

Observation: The City Council has traditionally appointed only Council Members that represent Districts 1, 2, 3, 4, and 5 to serve on the Boards of Directors of the SAHT-FC and SAHT-PFC. This is not required in the bylaws of these entities.

Recommendation: The City Council should not limit participation on the Boards of the housing trust entities to Councilmembers representing Districts 1, 2, 3, 4, and 5. In the past, concern for housing affordability was more commonly raised by the representatives of these Districts, however today there is no compelling reason for the trust entities to only include representatives of certain districts without regard to the expertise or interests of Council Members.

Exhibit 1. Current Governance Structure

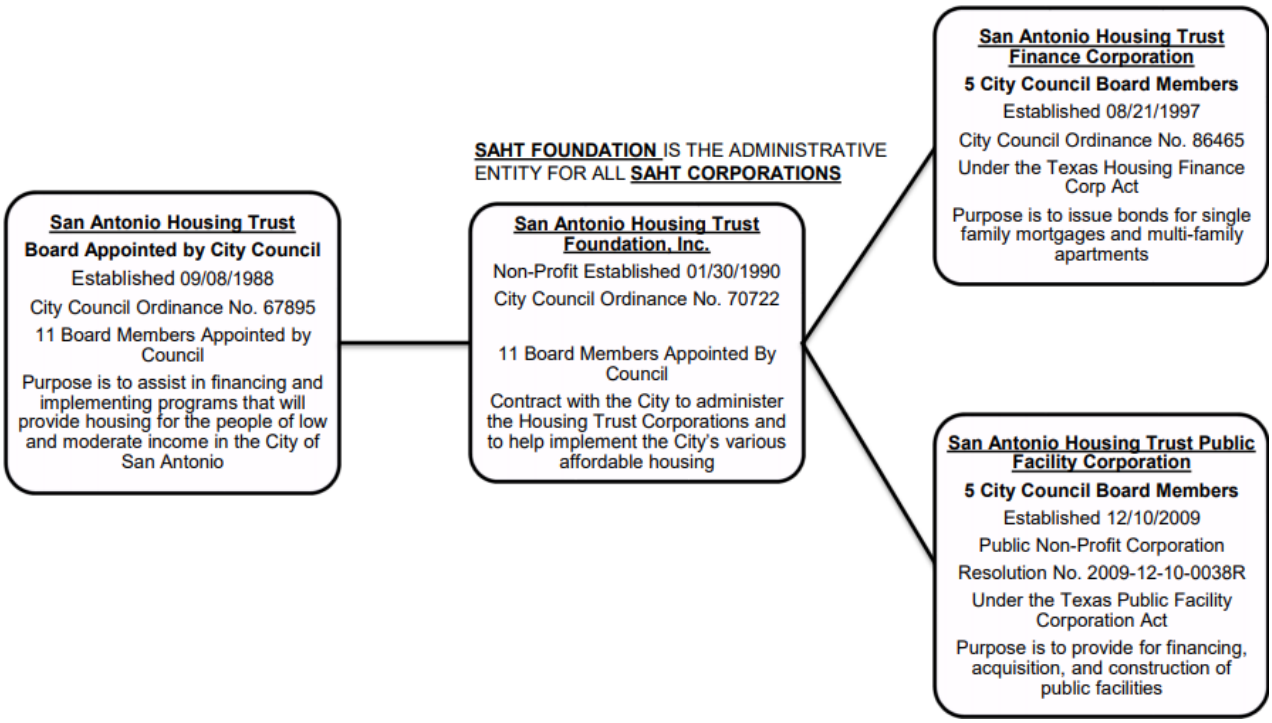
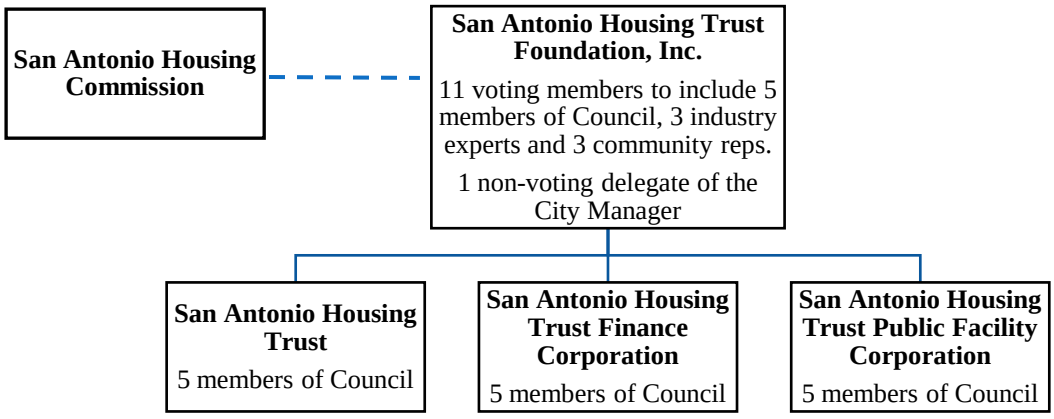


Exhibit 2. Recommended Governance Structure



Hire a New Executive Director to Lead Organizational Change

Observation: The long-time Executive Director of the SAHTF recently retired. Filling this position presents an opportunity to attract a high-level expert in housing development and finance.

Recommendation: Revise the Executive Director job description to reflect high-level expertise in housing development and finance. Develop a competitive compensation package and conduct a national search to fill the new position. The new Executive Director is expected to oversee a large portfolio of assets across all entities and manage SAHTF staff that should grow in the years to come. The recommended Executive Director position should be commensurate to other CEO positions within the City's structure, such as the existing Pre-K 4 SA model. Once hired, the new Executive Director should lead a strategic planning process with the re-aligned Board of Directors and update the organizational chart and staffing to meet the needs of the organization.

Clarify Public Policy Goals and Actively Coordinate with Other City Agencies to Achieve a Coordinated Housing System

Observation: There is a lack of clarity about what public policy objectives the housing trust entities currently prioritize as well as how they strategically align with one another and with other housing resources in the City of San Antonio. The SAHTF's most recent written rules and regulations appear to have been adopted in 2004. The SAHT-FC and SAHT-PFC have not adopted policy to guide their operations beyond the basic statements of purpose in their bylaws. They are currently focused primarily on closing financing gaps in housing deals brought by developers, which are not evaluated in the context of an overarching policy that could ensure consistency with the rest of the City's affordable housing resources. There is limited and largely informal consultation between COSA staff, the San Antonio Housing Authority (SAHA) and the housing trust entities. The City of San Antonio does not have an overarching housing policy from which to begin this coordination. While the Council *accepted* the MHPTF's report, it has not *adopted* a statement of housing policy.

Recommendation: In order to advance a coordinated housing system, the City of San Antonio should adopt a substantive statement of housing policy to guide all City departments and delegate agencies, including the housing trust entities, in shaping their own specific policies and procedures. The policy guidance should be distilled from the policy recommendations of the Mayor's Housing

Policy Task Force and the goals of the SA Tomorrow Comprehensive Plan. Thereafter, the newly re-aligned SAHTF should develop aligned policies that apply to all of the housing trust entities, including prioritizing the use of their legal authorities and the investment of affordable housing resources (e.g. land, funding, debt, bond authority, tax-exempt status, etc.).

Policy guidance at all levels should be communicated to the private and non-profit development and finance community so there is an industry-wide understanding of COSA's policy goals. Policy guidance can be implemented through the selection criteria in competitive notices of funding availability and developer/ project selection processes. Further, the City's NHSD, the SAHTF, and SAHA should develop a memorandum of understanding, or other coordinating document, that defines the appropriate roles of the agencies in the housing market, guidelines for joint participation in housing deals and a process of coordination and consultation with regard to the use of their respective authorities and resources.

Enhance Public Engagement and Communication

Observation: There is limited public understanding of the housing trust entities and widespread perception that they operate without sufficient transparency for public institutions. As the administrative arm, the SAHTF has not regularly published annual reports for all entities and little information is presented on the SAHT's website. This perception limits the ability of COSA to invest additional public dollars in the SAHT and fully utilize the potential of the agency.

Recommendation: The SAHTF should establish a regular process for public engagement and communication, on behalf of all of the SAHT entities, in order to strengthen public trust in the institution's capacity and priorities. In a re-aligned governance structure, there should be community representatives on the Board of the SAHTF.

Leverage Broader Engagement with Housing Developers through Greater Clarity Regarding Underwriting Criteria and Transparency in the Selection of Developer Partners

Observation: Underwriting criteria are the roadmap for developers to learn the priorities and limits of a funder. The SAHT-FC and SAHT-PFC rely on the financial underwriting of other entities, including the State of Texas and investors, and do not have their own clearly defined financial and policy underwriting criteria. As a result, it is difficult to assess whether individual deals or deal structures meet an appropriate public purpose. The SAHTF does not have any staff with significant experience conducting financial and policy underwriting of affordable housing development projects.

Recommendation: The SAHTF should establish written financial and policy underwriting criteria for all of its programs and financial products so potential developer partners and members of the public understand the terms on which these public resources can be accessed and the public benefit they are expected to create. The SAHTF should ensure at least one staff member has the capacity to financially underwrite an affordable housing development project. Additionally, the Executive Director to be hired should also possess experience in financially underwriting affordable housing projects.

Observation: Over the past ten years, the housing trust entities have engaged housing developers primarily through an informal process that lacks transparency. The result has been a significant concentration of deals with a few developers.

Recommendation: In order to maximize engagement with for-profit and non-profit housing developers, the SAHT should utilize a published Request for Proposals (RFP) or other public process to communicate policy goals, underwriting criteria, acceptable deal structures and the SAHT's methods for prioritizing resources. The SAHT should design an RFQ or RFP that is flexible and that allows the SAHT to capitalize on opportunities that are presented by for-profit and non-profit developers. It will be crucial to align the selected public process with the fluctuating flow and speed of real estate projects. The SAHT should consider a product like a loan fund with term sheets that also align with established policy goals and prioritized resources.

Monitor Covenants

Observation: The SAHTF does not maintain comprehensive records to substantiate that housing projects in which the housing trust entities have invested adequately protect the public interest and are managed in compliance the applicable affordability covenants. The large majority of housing projects in which the housing trust entities have invested are subject to third party audits which perform some level of validation that covenants are being complied with, and/or they have covenant compliance reports required for the Texas Department of Housing and Community Affairs (TDHCA) as a result of having 4% Housing Tax Credits.

Recommendation: SAHTF should establish an internal monitoring function to ensure the covenants are compliant in a manner that most effectively meets the agency's mission and policy priorities. Establishing a monitoring system will allow SAHT to identify projects with a significant number of units with expiring covenants that may require additional action by housing trust entities, COSA or other partner organizations to preserve affordability.

Establish Organizational Policies and Procedures

Observation: The SAHTF operates with few written policies and procedures in critical areas of internal activity including finance, human resources, and procurement. The primary third-party contractors engaged by the housing trust entities have provided services for a decade or more without any formal procurement process.

Recommendation: The SAHTF should immediately establish written policies for personnel, financial operations and procurement. All third-party contractors should be procured through a competitive process, including bond counsel, general counsel and independent auditors.

Increase the Capitalization of the SAHT

Observation: The corpus of the SAHT has not grown significantly over the thirty years since it was established, nor has it been utilized to leverage private capital.

Recommendation: After strengthening the capacity of the SAHTF with appropriate changes to governance, organization and staffing, policy and procedural development, the City of San Antonio should consider the appropriateness of contributing to the SAHT financial corpus. Further, the SAHTF should explore utilizing the resources in the SAHT to leverage private capital in a structured housing investment fund.

Introduction

Over the past decade, housing affordability has become a pressing concern for many San Antonians. Significant focus has been placed on the role of public agencies in meeting this growing need.

In August 2016, the City Council adopted the SA Tomorrow Comprehensive Plan[i] as the long-range guiding policy document for the City. The Plan identified responses to the following questions as central to San Antonio's successful growth:

- How can San Antonio address significant income inequality and economic segregation issues?
- How can the City stimulate housing and development in and near disadvantaged areas?
- How can the City provide housing for low- and moderate-income households in high opportunity areas?
- How can the City and its partners address the city's affordable housing gaps and needs identified in the City's Housing Needs Assessment and Strategic Housing Plan?
- How can the City be proactive in mitigating impacts of gentrifying neighborhoods, especially near Downtown?

The SA Tomorrow Comprehensive Plan included 6 Housing Goals focused on the provision of a variety of housing types at a variety of price and rent levels. The goals encourage housing choices in walkable and bikeable neighborhoods within the City's 13 regional centers and along key transit corridors. Most relevant to the work of the housing trust entities is Goal #1, which states, "Housing for lower income residents is available throughout the community with the greatest proportion in priority growth areas with high levels of connectivity and amenities."

Beginning in the summer of 2017, the Mayor's Housing Policy Task Force (MHPTF) undertook a broad public engagement process and in-depth technical examination of the issue of housing affordability. While housing was one of nine major planning topics addressed in the SA Tomorrow Comprehensive Plan, it was the sole area of focus for the MHPTF. The MHPTF provided clarity and specificity to the challenges, long-range goals, and policy recommendations identified in the Comprehensive Plan. A set of specific strategies were recommended under the following 5 overarching goals:

1. Develop a Coordinated Housing System
2. Increase City Investment in Housing with a 10-Year Funding Plan
3. Increase Affordable Housing Production, Rehabilitation and Preservation
4. Protect and Promote Neighborhoods
5. Ensure Accountability to the Public

The report of the (MHPTF) was accepted by the City Council in August 2018. The report serves as San Antonio's current Housing Policy Framework and represents a historic step forward for the City of San Antonio (COSA) in developing a City Housing Policy. This Framework is significant because it is a product of an extensive public engagement process and reflects the needs of all San Antonio residents.

The Framework identified the San Antonio Housing Trust (SAHT) as a critical tool in the city's investment strategy for the production, preservation, and rehabilitation of housing affordable for

low- and moderate-income families. Among the report's priority recommendations was to undertake an assessment of the SAHT.

Background

The SAHT was created in 1988 at a time when cities and states across the country were seeking to fill the void left by a sustained reduction in the federal government's direct funding for affordable housing initiatives over the previous decade. Around the same time, the Low-Income Housing Tax Credit Program was created in the Tax Reform Act of 1986 to incentivize the production of affordable housing through the sale of fifteen-year tax credits to private investors. The program was predicated on a public private partnership which was overseen by state, rather than federal government. States and localities that were able to provide additional funding to close funding gaps for developments seeking LIHTC were most successful in utilizing the federal housing tax credit program and, in turn, leveraging private investment.

This review of the SAHT is taking place in a similar policy environment, after more than a decade of reduction in federal support for affordable housing (with the notable exception of disaster recovery funding). Once again, cities find themselves challenged to leverage scarce and competitive federal resources for supporting affordable housing while the affordability gap for low- and moderate-income households widens.

Since the establishment of the original SAHT, affiliated legal entities were created. Today, what is commonly referred to as the San Antonio Housing Trust is, in fact, four distinct legal entities including the San Antonio Housing Trust Foundation (SAHTF), San Antonio Housing Trust Finance Corporation (SAHT-FC), and San Antonio Housing Trust Public Facility Corporation (SAHT-PFC) and the Trust itself.

Scope and Methodology

In January 2019, the City of San Antonio selected NALCAB, in association with Ms. Mercedes Marquez, Esq. and Mr. Brain Lawlor, Esq., through a competitive solicitation process to develop an assessment of the SAHT and strategic recommendations for strengthening the agency. This examination of the SAHT is divided into three sections, including: *a benchmarking review* of other housing agencies around the country; *an assessment* of the SAHT based on a review of extensive documentation and interviews with staff, board and external stakeholders; and *strategic recommendations* for strengthening the agency, based on the observations from the assessment and contextualized by the findings of the benchmarking report. Each section of this report is organized by similar headings in order to facilitate connecting themes amongst the sections.

Benchmarking Review

The benchmarking review presents information on selected housing trusts throughout the United States as well as non-governmental housing funds. Housing trusts were selected for review based on a combination of factors including: similarity in City population size and economy; comparable Texas cities; and high performance based on capital raised and units produced. The final list of cities interviewed and included in this report was determined by responsiveness to requests for interviews.

The NALCAB Team began by conducting research on local government policies, legislation, and third-party reports on affordable housing trust funds. Thereafter, NALCAB conducted a series of interviews with staff of municipal housing trusts, private affordable housing funds, local community groups, non-profit and for-profit housing developers, housing trust investors, and housing finance experts. Interviews were conducted with representatives from municipal housing trusts in Austin, Seattle, Los Angeles, Philadelphia, Nashville, and Knoxville. Other interviewees included staff of private funds and other stakeholders such as the Texas State Affordable Housing Corporation, the Austin Housing Conservancy Fund, the San Luis Obispo Housing Trust Fund, the Housing Trust Silicon Valley, the former Director of Housing for the City of New Orleans and a board member of non-profit developers in Washington, D.C. and Baltimore. A list of all interviews is provided as an appendix to this report.

Assessment

The NALCAB Team undertook the following activities to develop the organizational assessment.

- Conducted interviews with SAHTF Executive Director, pro bono consulting attorney to the SAHT-FC and SAHT-PFC, SAHTF staff, and COSA staff from Neighborhood and Housing Services Department (NHSD) and the Office of the City Attorney. The purpose of the interviews was to understand assigned duties and responsibilities, and current and past SAHT investments and activities. See report appendix for a list of interviews conducted.
- Requested and analyzed data from COSA and SAHT entities including but not limited to data related to the SAHT's existing organizational structure and staffing, position descriptions, operating policies and procedures, property management reports, program impact reports, Request for Proposals and other documents.
- Reviewed laws, regulations, previous audits, and other documents related to each entity's core processes, governance, and legal requirements.
- Conducted interviews with the SAHTF Board, SAHT-FC/SAHT-PFC Board, and other members of City Council in order to assess current governance structure's strengths and challenges.
- Coordinated with NHSD and the Office of the City Manager to ensure report findings aligned with other COSA policies, including the City's current affordable housing policy framework produced under the Mayor's Housing Policy Task Force. NALCAB also shared preliminary findings with the City to help inform the professional search process for a new SAHTF Executive Director.
- Performed interviews with municipal housing trust funds and private affordable housing funds across the country. NALCAB also conducted online research of local government policies, legislation, and third-party reports for both agencies that were interviewed and those unable to be reached for interview.

The Assessment presents observations in the following categories: Governance and Executive Leadership; Policy, Planning and Coordination; Activities and Program Design; Community Engagement and Communications; Underwriting and Engagement with Developers; Monitoring Covenants; Operating Policies and Procedures; Staffing and Capitalization.

Strategic Recommendations

The strategic recommendations presented in the final section of this report represent the analysis and considered opinions of the NALCAB Team, based on the Team's extensive experience with organizational assessments of municipal housing agencies; organizational strategic planning; direct management of local, state and federal housing agencies; housing policy; and affordable housing finance. The recommendations reflect the data presented in the Organizational Assessment section and are contextualized by the information presented in the Benchmarking Review.

The NALCAB Team

NALCAB is a national non-profit organization, headquartered in the San Antonio metro area and with an office in Washington, DC. NALCAB has an extensive track record of working with non-profit organizations and municipal agencies to increase the flow of capital that responsibly meets the asset building needs and opportunities in low- and moderate-income families and communities.

The NALCAB Team has extensive experience relevant to organizational assessments in the public sector, organizational strategic planning, housing policy, and affordable housing finance. NALCAB has worked with over 40 municipal and state housing agencies as well as hundreds of non-profit organizations to analyze and address affordable housing, fair housing, and economic development challenges. For the past three years, NALCAB has directly operated the NALCAB Catalyst Fund, LLC, a social investment fund designed to produce and preserve affordable housing in areas experiencing appreciation in real estate values. The NALCAB Team also includes Mercedes Marquez, Esq. and Brian Lawlor, Esq. two of the nation's leading experts on affordable housing and municipal housing finance who have led some of the nation's largest and most innovative municipal housing finance structures, including housing trusts.

NALCAB has developed a particularly deep understanding of San Antonio's housing market and the public entities responsible for implementing housing policy through several engagements, which include organizational assessments, strategic planning projects and housing market research.

Benchmarking Review

The first part of this review consists of snapshot summaries of the municipal housing trust funds for which interviews were secured, followed by researched private affordable housing funds. Although more cities were interviewed, only four (Austin, Philadelphia, Seattle, and Los Angeles) are highlighted due to their experience and the number of learnings obtained during their interviews. The second part of this review presents key themes across all of the agencies on which NALCAB gathered information, including those interviewed and those for which an interview was not secured. The second part is organized by the same key themes used to organize the Organizational Assessment and the Strategic Recommendations that follow.

Municipal Housing Trusts and Funds

According to a 2015 survey of housing trust funds conducted by the Center for Community Change, there were over 770 housing trusts funds in cities, counties, and states across the country. These trust funds were estimated to generate a combined $1 billion to support affordable housing, demonstrating housing trust funds are a critical tool that local governments can use to finance affordable housing. A defining feature of housing trust funds is that they have dedicated funding to carry out their missions, whether in a permanent financial corpus, dedicated annual revenue sources, or both. Further, housing trust funds allow cities to leverage outside resources, including federal funding, tax credits, and private financing. On average, cities leverage an additional $6 of other public or private funding for every $1 invested in affordable housing[ii] through their housing trust funds.[1] The table below summarizes the impact of several municipal housing funds. Impact comparisons across cities are difficult to evaluate because each local government sets different housing priorities, operates in a distinct housing development environment, and relies on its housing trust fund to varying degrees.

[1]Due to a lack of comprehensive records of transactions for all SAHT entities, the NALCAB team was unable to calculate an accurate leverage ratio for the SAHT. Leverage ratios can be a measure of how successfully housing trust funds use outside resources and should be interpreted cautiously, depending on the housing trust fund's activities. For example, more intensive and costly activities such as rehabilitation may not be able to attract as many outside funding sources and require more subsidies. Housing trusts that focus on rehabilitation may therefore have lower leverage ratios compared to their peers.

Table 1. Impact of select municipal housing trust funds by activity type.[2]

City	Year of First Activity	Homeownership	Rental	Homelessness Prevention	Other Activities
Austin[iii]	1999	1,430 new units			
Philadelphia[iv]	2006	1,572 new or rehabilitated homes 2,481 major home repairs 1,577 homes made more accessible		3,047 households prevented from becoming homeless	10,854 households received utility assistance 21,684 emergency heater repairs 10,205 workers employed
Seattle[v]	1981	12,5000 rental and homeownership units produced or preserved 900 first-time homebuyer loans provided		6,500 households received emergency rental assistance	
Los Angeles[vi]	2003		18,272 units of new or rehabbed housing for seniors, families, disabled individuals, and homeless individuals and families		
Nashville[vii]	2013	289 new or rehabilitated homeownership units	1,050 new rental units		16 non-profits received technical assistance to develop affordable housing
Minneapolis[viii]	2003	7,704 new or preserved housing units			
San Diego[ix]	1991	1,165 first-time homebuyers supported 2,246 owner-occupied rehabilitations	6,698 units completed	672 transitional housing beds	

[2] Numbers are based on a combination of interview responses and/or the most recently publicly available reports. Where reports do not specify the units for homeowners and renters, these numbers are combined.

Austin Housing Trust Fund

Background

Created in 1999, the Austin Housing Trust Fund is a fund administered by the City of Austin with oversight from the Austin Housing Finance Corporation. The Austin Housing Trust Fund is a dedicated municipal funding source that is integrated into the management of the Neighborhood Housing and Community Development Department. The Austin Finance Corporation's board is comprised of Austin's eleven members of City Council. While Austin's $250 million Affordable Housing 2018 General Obligation Bond is the City's primary dedicated revenue source for affordable housing, the Housing Trust Fund is considered a source of flexible capital to help fill gaps that other City programs cannot. The Austin Housing Trust Fund was started with $1 million and has a dedicated revenue source. For projects that have been developed on land formerly owned by the City of Austin, a portion of the property tax revenue collected on these properties (40%) is dedicated to the Austin Housing Trust Fund. However, this revenue is not automatically collected by the Trust but is still subject to an annual approval by Austin City Council.

Priorities and Impact

Funding priorities include allocating 40% to rehabilitation and new construction within homestead preservation districts; 20% to advance affordable housing in higher income neighborhoods in Austin; and 40% to sustain a variety of activities. These activities include creating new affordable housing, providing repair services to low- and moderate-income (LMI) households, repaying HUD for properties sold, and providing funding for other housing programs such as homebuyer counseling and tenant-based rental assistance. The Austin Housing Trust Fund has invested $12.2 million in rental housing development projects and $2.4 million in homeownership projects that have collectively produced over 1,400 units.[x]

City of Austin staff reported that whereas the City had previously not established a housing policy, it is currently undergoing intentional efforts to do so and better coordinate resources. In 2017, the City released and adopted the *Austin Strategic Housing Blueprint*, which provides the public and the developer community with guidance on how the City plans to align its resources, identify funding mechanisms, foster partnerships, and establish a unified strategic direction for reaching its goal of 60,000 new affordable units in the next decade.[xi] The City is working toward a final version of its Implementation Plan for the *Blueprint* where over 60 recommendations are assigned specific actions and resources on a 2-year and 10-year planning horizon.

Philadelphia Housing Trust Fund

Background

Since its establishment in 2005, the Philadelphia Housing Trust Fund has invested over $138 million to support housing developments and programs that assist homebuyers, families threatened with homelessness, veterans, disabled individuals, homeless youth, and low-income households with home repair needs. The Philadelphia Housing Trust is administered through the City of Philadelphia's Division of Housing and Community Development (DHCD). An eleven-member oversight board is appointed by the Mayor and comprised by three City Council members, staff from DHCD and the Department of Planning and Development, and stakeholders such as redevelopment agencies, a disability advocate, and the local association for CDCs (Community Development Corporations). The Trust is currently funded through a portion of Deed and

Mortgage Recording Fees. However, through Philadelphia's recently adopted Housing Action Plan (2018) the City is exploring other funding sources to enhance the Trust such as an assessment fee for the increased value of a property due to up-zoning or a density increase.

Priorities and Impact
At least half of the Trust's funding must be expended on housing production and preservation projects. Since 2006, the Trust has provided over 1,500 new or rehabilitated homes and has impacted the local economy by employing over 10,000 construction workers through its projects. Half of the new and preserved housing supported by the Trust must be for households with incomes at 30% of the AMI or below.

Philadelphia's housing trust also funds the operation of a variety of other housing programs. From 2006 to 2017, the Trust provided 10,205 households with utility assistance; 21,684 with emergency heater repairs; 2,481 with support for major home repairs; 1,577 with accessible home retrofits; and helped prevent 3,047 households from becoming homeless. The Philadelphia Housing Trust's priorities and impact reflects a demand for more preservation activities in a market with a large aging urban housing stock and over 40,000 vacant units, juxtaposed by other neighborhoods that are appreciating.

Recognizing the limitations of state and federal funding, Philadelphia is also considering the creation of a Housing Accelerator Fund to finance the acquisition and rehabilitation of affordable housing with longer terms and higher loan to value ratios than the market provides. The City would provide a one-time capital infusion and pursue social impact capital and program-related investment dollars that would leverage at least $10 for each dollar of investment.[xii]

Seattle Housing Levy

Background
Rather than a trust fund, the Seattle Housing Levy is a dedicated revenue source for affordable housing that is administered by City departments. Seattle voters have approved one bond and five housing levies since 1981. The state of Washington allows for cities and towns to collect a property tax levy of up to $0.50 per $1,000 of assessed valuation to finance affordable housing for very low-income households for up to 10 consecutive years with voter approval. Seattle's Housing Levy Oversight Committee includes thirteen members confirmed by City Council: one City employee appointed by the Mayor, one City employee appointed by City Council, six community members appointed by the Mayor, and five community members appointed by City Council.[xiii] The Office of Housing is the administrator of all the programs funded with levy dollars (Rental Production and Preservation Program, Homeownership Program, Operating and Maintenance Program, and Acquisition and Preservation Program) with the exception of the Homelessness Prevention and Housing Stability Program, which the Human Services Department administers. The City has invested over $388 million in affordable housing through the last five levies and is currently on track to invest an additional $290 million through the most recent 2016 seven-year levy. The median home would have an additional $122 increase on their tax bill under the 2016 levy. [xiv]

Priorities and Impact

The Seattle Housing Levy's goals are to provide, produce, and/or preserve affordable housing in Seattle and assist low-income Seattle residents[xv]. The fund serves people with disabilities, seniors, families with children, formerly homeless individuals and families, and people working lower-wage jobs that must commute. It can be used for new construction of affordable housing or preservation of existing buildings. Programs include rental production and preservation, operating and maintenance, homelessness prevention and housing stability services, homeownership program, acquisition and preservation, and administration. For the latest approved levy in 2016, affordability priorities require at least 60% of funding supports very low-income households at or below 30% of the AMI. In addition, only 10% of funding may serve households at 50-80% of the AMI. Any remaining funds support households from 30-60% of the AMI.[xvi] Housing funded by the levy provides affordable rents for 50 years or more.

For the most recent completed levy (2010-2016) the City of Seattle met and exceeded all levy goals. Cumulatively, the Seattle Housing Levy Program has helped create and preserve over 12,500 affordable housing units for seniors, low- and moderate-wage workers and formerly homeless individuals. The Seattle Housing Levy has also provided homeownership assistance to over 900 first time low-income buyers and emergency rental assistance for more than 6,500 households.[xvii]

Los Angeles Affordable Housing Trust Fund

Background

The Los Angeles Affordable Housing Trust Fund was created by the Mayor and City Council in June 2000. The Los Angeles Housing & Community Investment Department (HCIDLA) manages the fund which received an initial funding amount of $5 million to fund an existing pipeline of developments. The following year, another $10.5 million dollars were invested, and again in 2002. As a byproduct of its sole funding arm being federal HOME dollars, the funds are controlled by City Council. In 2003, the Mayor, Council, and HCIDLA established the Affordable Housing Managed Pipeline (AHMP) program to better leverage and attract investment dollars by providing loans for new construction and rehabilitation of multi-family rental projects for LMI households.[xviii] Citizen and council advisory committees review the program and the development plans. In the next three years, the AHMP's funding mechanism will transition from annual budget allocations from the City to dedicated linkage fees. There are questions about whether the revenues collected from linkage fees will provide sufficient revenue to support the production of housing at a level that addresses the dramatic need in Los Angeles. However, the linkage fees provide the Trust the flexibility to address housing needs among households at somewhat higher income levels than can be supported by HOME funds. These revenues will also allow the Trust to target more high-cost preservation projects that currently lack funding support.[xix]

Priorities and Impact

The AHMP has a competitive scoring system to award development dollars to builders through a Call for Projects process. The competitive local real estate market and the high cost of land have limited the program's output where the AHMP's resources are able to enhance only handful of 9% LIHTC deals each year. Based on guidance of the City Council, the HCIDLA has shifted its focus to supportive housing and utilizes the Trust as a repository fund to help support this work. In 2016,

Los Angeles voters approved a $1.2 billion bond under Proposition HHH to build 10,000 units of supportive housing for persons experiencing homelessness or who are at risk of homelessness. According to the City's AHTF mapping tracker tool, these combined funding efforts have produced over 18,000 units of new or rehabilitated housing for seniors, families, disabled individuals, and homeless individuals and families.

Public-Private Partnerships: Structured Funds for Affordable Housing

In addition to housing trust funds controlled by states, counties, and municipalities, private financing vehicles such as debt and equity funds are important tools that can complement the efforts of housing trusts and their local governments. These funds are often referred to as social impact funds and their structures vary significantly. Some are intentionally designed to not utilize government capital as it can be restrictive or slow in appreciating markets. However, many of these funds that are dedicated to producing and preserving affordable housing are formed as public-private partnership. In some cases, seed money or a dedicated amount of flexible, risk-tolerant capital is provided by the local or regional governments where the private fund intends to invest. With this support from the local governments, these private funds can pursue larger sums of capital to design creative solutions that meet local housing affordability goals and the needs of their social impact investors. The following section briefly highlights a few private structured funds from across the country.

Austin Housing Conservancy Fund (TX)

The Austin Housing Conservancy (AHC) is a private equity fund formed in 2016 to preserve workforce housing. According to the AHC, an estimated 5,000 units of workforce and middle-income housing are being lost in Austin to the redevelopment of these units, resulting in resident displacement.[xx] While subsidies and programs like the City of Austin's Affordable Housing Bond exist for the development of low-to moderate-income housing, funding for the preservation of workforce housing is not as easily accessible. The AHC addresses this gap by purchasing existing market affordable multi-family properties throughout Austin, assuming an ownership position, and operating the properties under income restrictions. The AHC considers their target workforce and middle-income residents as those who earn 60% to 120% of the AMI. A unique feature of the AHC is that it preserves long-term affordability for families by maintaining affordable rental rates that are tied to the median wage growth. The establishment of the AHC was heavily supported by Austin's Mayor Adler and the Fund received startup funding from the City for its creation. With this history, the AHC maintains a close relationship with the City of Austin which enables coordination and avoids duplication. The AHC also partners with the local housing authority on projects. To date, the AHC has purchased three properties that serve 1,500 residents. The AHC focuses on preserving properties that are accessible to transit, food, education, and healthcare options.[xxi]

Denver Regional Transit-Oriented Development Fund (CO)

Established in 2010 by Enterprise and Denver area partners, the Denver Regional Transit-Oriented Development Fund is an innovative debt fund. It supports the creation and preservation of affordable housing and supportive commercial space along current and future transit corridors that are especially vulnerable to real estate appreciation and resident displacement. The fund was

originally created with $13.5 million debt capital to target the Denver area and was later capitalized to its current levels of $24 million to serve Denver and seven Metro Denver counties. The Fund is structured where borrowers contribute at least 10% cash equity for each property acquired through the Fund and assemble the development plan and permanent financing. A credit enhancement of $5 million with public dollars to cover a share of loan loss is used to leverage private capital. Second and third-tier capital in the amount of $7.75 million is also raised from the philanthropic sector, via Program Related Investments (PRIs).[3] The fund's senior capital segment of $11.25 million is obtained through banks and CDFIs (Community Development Finance Institutions). This structure provides for loan terms of up to five years, 90% loan to value ratio, limited resource to borrowers, and an expedited underwriting process. The Fund has deployed $32.8 million in capital through sixteen loans, of which eleven have been repaid and will be revolved for future lending. These loans have a planned output of 1,300 affordable units, a public library, and over 100,000 square feet of supportive commercial and non-profit space, all accessible to transit. The Fund aims to support the 2,000 units of affordable housing by 2024.[xxii]

San Francisco Housing Accelerator Fund (CA)

In 2017, the City of San Francisco partnered with Citi Community Development to create the San Francisco Housing Accelerator Fund (SFHAF), a non-profit lender and CDFI that leverages private capital for high quality affordable housing for low-income and working households. This loan fund is a public-private partnership established by the Mayor's Office of Housing and Community Development which helps coordinate alignment with the City's housing policy. SFHAF has raised over $100 million in capital and deployed and committed over $85million for the acquisition and conversion of units to permanent affordable housing. SFHAF finances strategic acquisitions of small buildings to prevent displacement and vacant sites, thereby allowing developers to quickly acquire and hold land until it can be developed with new affordable housing units. SFHAF plans to produce and preserve 1,500 affordable housing units by 2023.

Bay Area Transit-Oriented Affordable Housing Fund (CA)

The Bay Area Transit-Oriented Affordable Housing Fund (Bay Area TOAH) was created by the Greater Communities Collaborative, a coalition of San Francisco Bay Area governments, philanthropic organizations, and non-profits which conducted research and advocacy work around equitable transit-oriented development (TOD). The Bay Area TOAH was established in 2011 to expand and preserve affordable housing located near transit lines and community services with flexible capital for acquisition and preservation. The Bay Area TOAH has various partners including commercial banks who provide senior capital and philanthropic and PRIs. In addition to providing capital, CDFIs also partner to market loan products, originate loans, and service loans for the Bay Area TOAH. The Metropolitan Transportation Commission (MTC) provided an initial $10 million seed investment which served as lead equity for the fund. The investment from MTC demonstrated that the region's agencies are dedication to equitable TOD and also provided value to investors who would feel more protected with MTC's risk-tolerant capital in top loss position. [xxiii]

[3] Program Related Investments are financial vehicles used by foundations to provide below-market rate interest or even interest-free loans, loan guarantees and equity equivalent investments to non-profits and social enterprises. In contrast to traditional grantmaking, PRI funds are recovered and provide low-cost capital that can help attract other lenders and investors.

Key Themes from Housing Trust Funds Across the Country

The following section summarizes information gathered from interviews and research on housing trust funds by key themes which are part of the scope for the SAHT Organizational Assessment.

Governance and Executive Leadership

Most municipal housing trust funds have an appointed oversight or advisory board, typically with representation from the real estate, banking, and/or housing development sectors as well as community representatives. Municipal housing trust fund boards vary in size, composition, and appointment processes. Board representation can include a mixture of housing advocates, homebuilder association representatives, lenders, real estate professionals, service providers, residents of subsidized housing, and the non-profit sector. These appointed boards can function in a simple advisory capacity on projects brought forth by staff. Conversely, they can be used to help set fund policies and vote on project selections. In an oversight capacity, housing trust boards can ensure that approved projects meet their trust fund priorities, examine and correct audit findings, and participate in the development and delivery of annual reports.

Cities such as Chicago, Denver, and Los Angeles have advisory boards appointed by the mayor and approved by City Council. Chicago's Low-Income Housing Trust Fund is a 501(c)3 with a 15-member board that has several committees. The board is appointed by the Mayor and approved by Chicago City Council. Members come from the private sector as well as the non-profit sector, including religious leaders, public officials, community-based organizations, and affordable rental housing residents. Advisory board composition may reflect the region's housing funding priorities. For example, in Philadelphia where its housing trust is restricted to supporting non-profits and sizeable investments are made in housing retrofits, representation is sought from the local CDC community and disability advocacy community for its oversight board.

In contrast to the advisory boards of municipal housing trust funds, the boards of housing trust funds that take the form of private non-profits, function as independent boards with full legal responsibilities. Austin Housing Conservancy which is a private non-profit equity fund has a six-member board that is experienced in housing development, risk management, real estate law and community economic development. The Conservancy also makes use of a separate Limited Partner Advisory Committee that helps the board oversee the property valuation process upon which the AHC its development model. Members of this committee come from the banking and real estate development industries. While some advisory boards did not report forming board committees, the boards of private housing trust funds and larger housing funds such as the Housing Trust Silicon Valley and the Texas State Affordable Housing Corporation maintain active board committees in areas such as loan and credit approval, personnel decisions, and fund development. The use of board committees can be advantageous in expediting smaller transactions. For instance, the Texas State Affordable Housing Corporation reported using their board's loan committee to approve deals under $500,000, instead of requiring full board approval.[xxiv]

In cases where a housing trust fund exists only as a repository of funds, cities use other boards and commissions that oversee other housing initiatives to give input to elected officials and city staff on funding allocations for trust fund dollars. In Austin, the Austin Housing Trust Fund is only considered a revenue source accessed by projects approved by the Austin Housing Finance Corporation and does not have a direct advisory board. The Austin Housing Finance Corporation board includes all eleven members of City Council and the Mayor. Public oversight is incorporated through reviews conducted by 2 citizen entities: the Housing Investment Review Committee and the Community Development Commission. Originally, the Housing Investment Review Committee was created to help approve and monitor the City of Austin's housing bond programs. However, over time the Committee has expanded its oversight to all City housing investments, including those made with the Austin Housing Trust Fund and federal housing programs as well. This 6-member committee includes professionals with expertise in housing and finance. Having a committee with members who are familiar with other city funded housing initiatives outside of their housing trust fund projects, allows for more comprehensive recommendations and guidance to be delivered by the Housing Investment Review Committee.[xxv] It is noteworthy that cities such as Austin and Philadelphia reported that advisory boards are involved in the review process, however project approval is ultimately made by staff under the direction of their trusts' program guidelines and local housing policies.

Key elements in building active and knowledgeable housing trust fund boards include skill composition, tenure, structure, and the ability of members to access information and trainings. As housing finance and development skills are specialized, providing the board with access to educational opportunities and knowledgeable trust fund staff was found to be essential. One interviewed city commented that empowering their oversight commission to engage in constructive and critical feedback on potential deals required a substantial investment in educating board members. The City of Denver's Housing Advisory Committee has designed their board terms so that appointments are staggered by one, two, or three years in order to ensure continuity and prevent loss of institutional knowledge when term limits are met.[xxvi]

Executive leadership for municipal housing trust funds is typically assigned to the Director of the local Housing and Community Development department, however in the case of private and quasi-governmental housing trust funds the organization is led by an Executive Director or a Chief Executive Officer (CEO). Municipal housing trust funds tend to be integrated into their city's departments, and under such an arrangement are typically overseen by city Directors. In some cases, such as Nashville, the fund is run by staff through the Mayor's Office. Since most housing trust funds are integrated or function in great part within a local government, the arrangement where a housing trust fund is led by an Executive Director or CEO is more common with the few private housing trust funds. Executive Directors and CEOs work with other members of their executive leadership teams (Chief Financial Officer, Chief Development Officer, etc.) to oversee day-to-day operations, pursue investment opportunities and implement policy established by their boards.

Policy, Planning and Coordination

High-performing housing trust funds closely monitor housing market conditions and the availability of other resources for affordable housing development to inform their goals and

product offerings. In order to form goals that respond to current and future community needs, housing trust funds rely on housing needs assessments conducted either annually or as part of their city's comprehensive planning process. Findings from the Mayor's Housing Policy Task Force in 2018, showed that one in every two renters and one in every five homeowners is cost-burdened by their housing costs.[xxvii] In addition, a large supply mismatch of affordable rental and homeownership units exists, especially for households earning up to 30% and 60% of the AMI. The SAHT's products and programs should be designed to respond to these needs.

Housing market studies are conducted either by the housing trust funds' staff or by their cities' housing or planning departments, as part of a housing needs assessment that informs all local housing programs and overall housing policy. In addition to need, housing trusts assess current available federal and local subsidies, incentives, and financing in their regions and develop models to determine the financing gap faced by the non-profit and for-profit developer communities. Real estate development scenario modelling is a useful tool housing trusts use to develop products that are grounded in data and responsive to the market. Housing trusts use this information to determine whether they want to provide last or first financing, depending upon the local housing market and difficulty in building different housing types. Sometimes local housing trusts are the first investor in a project to help get the project off the ground and provide proof of concept. For example, in cities prioritizing supportive housing for homeless families and individuals, the local housing trust might design a product with earlier and risk-tolerant financing at lower rates in order to provide more confidence for other investors. Staff from the City of Austin reported using a 5-year regional comprehensive market study to help demonstrate the needs their programs must meet for different segments of the local housing market.

The table below provides examples of how the range of income targets set by different housing trusts can vary according to local needs and resources. Some cities like Seattle specify set-asides at targets that comply with their levy's mandate to provide affordable housing for very low-income households. Housing trusts may further focus on a specific segment of households earning low and very-low incomes. For example, the Chicago Low-Income Housing Trust Fund exclusively focuses on supporting low- and very low-income renter households by providing rental subsidies for landlords and a long-term financing tool that allows developers to replace their first mortgage and use these savings to reduce rent for residents at 30% of the AMI.[xxviii] Other housing trust funds such as the San Luis Obispo County Housing Trust Fund work in a context where they have historically been the primary or only entity in their region engaged in affordable housing development and therefore help provide financing for a wide range of housing affordability which includes the upper bounds of the median income for their county. In each case, the targets are driven by an evaluation of specific local market needs and existing resources.

Table 2. Examples of variation in income targeting of municipal housing trust priorities.

City	Rental Housing	Homeownership	Homelessness Prevention
Seattle[4]	At least 60% of rental funds serve families at 30% AMI. Operating support to supplement rents paid by families at 30% AMI. Acquisition and preservation program for rental and homeownership development to serve households below 80% AMI.	Emergency home repair for families at 50% AMI. Foreclosure prevention assistance, first-time homebuyer assistance, acquisition funds for alternative homeownership opportunities for families at 80% AMI.	Rental assistance and stability services for families below 50% AMI to prevent homelessness.
Nashville[xxix]	Rental projects must be affordable to households with incomes at or below 60% AMI.	Home buyer/homeowner rehabilitation projects must be affordable to households at or below 80% AMI.	
Denver[xxx]	Rental housing projects serve households up to 80% AMI.	For-sale housing serve households up to 100% AMI. Homeownership programs serve households up to 120% AMI.	Some funds are also used for supportive services for residents of permanent supportive housing.
San Luis Obispo County[xxxi]	Provides financing for housing production and preservation for working families, seniors, and persons with disabilities. 90% of projects target 80% AMI, however some may target up to 160% AMI.	Provides financing for housing production and preservation for working families, seniors, and persons with disabilities. 90% of projects target 80% AMI, however some may target up to 160% AMI.	
Chicago[xxxii]	At least 50% of its resources must go to households at or below 15% AMI, and the rest of its resources for those at 16-30% AMI.		

[4] Program priorities reflect the 2016 Seattle Housing Levy Goals, specifically. These are different from previous years' Housing Levies.

Austin Housing Conservancy [xxxiii5]	Preserves multifamily units serving residents between 60% and 120% AMI. Invests in residents who do not have assistance programs already available to low-income residents.		

Not all cities interviewed claimed to have a coordinated housing policy, however many practitioners commented on the need to move away from reactive or passive fund deployment to a proactive, policy-driven process. One example of a coordinated and unified housing policy is the one deployed by the City of Los Angeles via their Comprehensive Homeless Strategy which identified $1.85 billion in need to respond to the City's homelessness crisis. The City's Comprehensive Homeless Strategy provides over 60 policy and funding recommendations including various dimensions that impact homelessness such as supportive services, treatments, the whole spectrum of housing, land use, employment, coordination amongst jurisdictions and agencies, and governance. As part of this comprehensive policy, Los Angeles has aligned its housing trust fund to deploy $1.2 billion of voter-approved funding through Proposition HHH Permanent Supportive Housing to develop supportive housing for individuals and families. Since its approval in 2016, over $800 million has been committed to projects resulting in 5,388 units of affordable housing of which 4,120 are supportive housing units. To date, 62 projects are in the pre-development phase.[xxxiv] In this case, the City of Los Angeles has strategically used its housing trust to build upon other efforts and address the community's needs.

Some municipal housing trusts address neighborhood-level displacement concerns. In areas such as Washington D.C., a non-profit housing developer commented that the local $160 million Housing Production Fund was able to provide some alleviation of future displacement pressures by providing financing for cooperative housing projects in immigrant and low-income communities. [xxxv] Preventing displacement and creating asset building opportunities for low- and moderate-income communities requires community organizing, real estate strategies, and policy strategies based in an understanding of local market dynamics. Interviewed cities such as Austin are in still in the early stages of implementing their displacement mitigation strategies. The City of Seattle is in the process of developing a Community Preference Policy where residents in neighborhoods that are receiving new City-assisted housing developments will receive priority in accessing the units for rent or sale.[xxxvi]

Activities and Program Design

The design of specific programs and financial products is fundamentally driven by the agency's policy priorities and is often crafted to address gaps in the capacities and resources of local partners. Housing trust funds assess available tools to create affordable housing in their specific political and legal environments. In addition to addressing gaps in meeting community needs, housing trust funds will also consider the revenue sources available for each tool and revenue source (i.e. considerations for funding cycle changes).

[5]Austin Housing Conservancy is an open-ended social impact private equity fund.

Tools Available to Housing Trust Funds

Financial assistance is provided through loans, below-market rate loans, grants, lines of credit, bonds, tax-exempt notes, and in some cases forgivable loans, for the following uses:

i. Gap financing. Most trust funds have some sort of gap financing product to help finalize a project.

ii. Pre-development activities. Some trust funds limit this assistance to non-profit developers.

iii. Land acquisition and new construction for homeownership, rental, mixed-use developments.

iv. Acquisition and rehabilitation of existing sites. Financing for the preservation of affordable housing with expiring covenants can help transition ownership to other non-profits or owners whose mission is to provide affordable housing. Land Banks can facilitate development by assembling contiguous sites that have clean title in order to encourage neighborhood revitalization.

v. Rehabilitation of single-family and multi-family homes.

vi. Rental assistance for low-income residents.

vii. Emergency repairs and disaster relocation assistance.

viii. Weatherization and home energy-efficient retrofits.

ix. Homeownership assistance and education (i.e. down payment assistance, home counseling, and foreclosure prevention programs).

x. Creation of homeless shelters, transitional housing, permanent supportive housing. Cities that prioritize addressing homelessness also provide financial assistance for supportive services.

xi. Development of housing that addresses needs that are particular or unique to a city. Some cities design programs that target special populations such as seniors, disabled adults, workers. Flexible financing that is appealing to developers of supportive housing and faith-based organizations can help target the housing needs of these populations. In addition, municipal housing trusts can try to leverage their fund around specific geographies of disinvestment or rapid investment and gentrification.

In order to address their top policy priorities, many housing trusts also set aside funding for specific activities or for the service of specific populations or geographies. This ensures that projects addressing the fund's top goals are not competing with others and allows the local housing developer community to align their future projects. Funds from Seattle, Austin, and Minneapolis prioritize projects which demonstrate that their degree of need is such that without the City's assistance their project would not be feasible. Even with the set-aside, the cost of housing development is so high in many of the markets interviewed for this report that many staff reported the challenge in providing support for projects that balance high impact for their missions but require smaller amounts of subsidy.

Public Engagement and Communications

Most interviewed housing trust funds work to better communicate their goals and impact, as many of their revenue streams rely on dedicated revenue sources funded by the public. Municipal housing trust funds, especially those with revenues that relied on a public vote, prioritized communicating often with the public on their program goals and impact. Private funds also mentioned the need to provide their investors with easily accessible information on their products and investment vehicles. The cities of Seattle, Denver, and Charlotte provide examples of user-friendly web platforms for the public and the development community. Information is provided in easy to read fact sheets and long-form formats. Municipal housing trust funds also benefitted when their city's Communications Offices engaged with the public and promoted their impact.

Some cities such as Nashville and Los Angeles also published details on their websites about funded projects which provides the public with more transparency and knowledge in how funds are being allocated. While project information may technically be available by searching public records, the public should have easily accessible information regarding funded projects and grant programs sponsored by their local housing trust. In addition, meeting minutes and information about board member appointment terms and committees should be easily searchable. As an example, the Chicago Low-Income Housing Trust Fund publishes an annual report, quarterly report, board meeting minutes and monthly newsletters.

Housing trust funds typically communicate their financial underwriting criteria and policy priorities to the market through public RFPs, term sheets, and evaluation criteria sheets. Many housing trust funds will regularly revisit their goals and product offerings to ensure that these continue to be responsive to community needs. Housing trusts will communicate the eligibility criteria for their products and the need they intend to address through various channels including Requests for Proposals (RFP), Notices of Funding Availability (NOFA) and term sheets for revolving loan funds. These are all public and regularly updated as changes are made to products or as new funding rounds are launched. Typically, these documents also make explicit and intentional links to the local housing policy under which the housing trust fund coordinates its activities. For example, developers are provided Austin's *Strategic Housing Blueprint* to better understand what the City is looking for and to ensure the development aligns with their overarching housing goals. In Austin, application reviews will undergo multiple rounds of review starting with staff, oversight committees, and the housing finance corporation board.

The City of Minneapolis provides even greater clarity by publishing their evaluation criteria and scoring system to the public and by allowing applicants to submit their own self-scoring sheets. In addition to application evaluation criteria, more specific information on standard loan terms, repayment conditions, and financial underwriting should be available to prospective applicants via a terms sheet. Similarly, ineligible uses should be explicitly provided as well. Cities such as Seattle, Minneapolis, and Austin use their funds to maximize impact for their policy priorities by ensuring their NOFAs and the application evaluation process are aligned with their policies.

Underwriting and Engagement with Housing Developers

Underwriting criteria are the roadmap for developers to learn the priorities and limits of a funder or investor. Underwriting reviews most often examine a financial analysis of a development, its operating budget, the extent to which a project meets the policy priorities of the funder, and how its advance the funder's mission. Funders who encourage developers to create housing for persons who are difficult to house recognize that as risk increases, so does cost. Funders who encourage developers to develop in high cost areas without affordable housing opportunities recognize that land costs are higher and that the development timeline might be extended. It is important that developers understand, and can quantify, the extent to which the funder is willing to take risk or absorb higher costs in order to meet policy objectives. High performing agencies have staff with the capacity to underwrite housing deals financially and from a policy perspective. For example, staff from the City of Seattle noted that their Office of Housing retains six underwriters who handle thirty contracts at a time at different stages of development that are then processed by their asset management and finance teams.

Many housing trust funds underwrite projects to the standards of the most restrictive source of funding that is regularly layered into housing deals in which they participate. This is typically federal HOME funding or LIHTC requirements. Many funds researched for this project set affordability thresholds for a specific percentage of units in projects for which they provide assistance. It was especially common to have an explicit set-aside for a certain percent of units to serve low-and very low-income households below 50% or 30% of the AMI. This is an example of an area in which having clear underwriting criteria can help ensure the pipeline of projects for the housing trust fund meets its funding requirements. Common underwriting elements for a multi-family rental transaction include:

- Meet typical debt service coverage/expense coverage ratio
- Meet developer fee and contractor fee limits
- Cash flow projections including annual reserves, services, and fees
- Vacancy Rate
- Management and Operating Expenses
- Replacement Reserves requirements
- Operating Reserves
- Amount, timing, and supporting documentation (commitment letters, etc.) for public and private sources
- Identification of fund uses for the project
- Market Assessment
- Property Management Assessment
- Gap Analysis
- Third Party Reports such as appraisals and environmental reviews

Many housing trusts and municipal housing agencies invest in building the capacity of local non-profit housing providers. Cities have been challenged by declining federal resources and a rising demand for affordable housing, which in turn places a greater strain on the entire local community development sector. Non-profits such as community development corporations (CDCs) are critical partners for cities in delivering municipal policy priorities and goals, especially for low- and moderate-income populations. Housing trust funds can play an important role in

strengthening the capacity of local non-profit developers by providing capacity-building resources such as grants and low-cost financing for pre-development and land acquisition. Grants can help fund project planning costs such as appraisals and studies, staff costs related to a project, and project management costs.

The San Diego Affordable Housing Fund sets aside dollars to provide non-profits and limited equity cooperatives with technical assistance related to concept development, site assessment, feasibility analysis, bid packaging, permit procedures, construction oversight, and recordkeeping. Organizations with limited experience apply via a NOFA for this multi-year support and use grant funds for overhead and compensation costs of staff directly working on the acquisition or rehabilitation of housing.[xxxvii] A few cities, such as the Philadelphia Housing Trust Fund reserve all or a substantial portion of their funds solely for non-profit developers. Philadelphia has a rich base of high-capacity community development corporations, however these groups faced limitations in accessing state resources to build housing in the aftermath of the financial crisis. As a result, the building of new affordable housing through the Housing Trust Fund came to halt when community development corporations were unable to access additional resources to make their developments feasible. Reflecting upon the Philadelphia case, housing trusts should play a large role in building up local non-profit housing development capacity while also balancing participation from the private sector.[xxxviii]

Recognizing the real estate development sector in their cities can be exclusionary of smaller and less-experienced firms, some cities have developed programs to increase the capacity of smaller for-profit developers and contractors. For developers who do not meet the minimum experience criteria to apply to their housing trust fund, the city of Berkeley, CA allows developers to enter into a joint venture or with a more experienced developer whose track record helps qualify the partnership's application.[xxxix] Building local capacity is a long-term investment that allows for a more effective deployment of funds and increased project pipeline development.

Monitoring Covenants

In order to ensure assisted units are well-maintained and available to families who need them the most, housing trusts and other municipal agencies have established processes for regularly monitoring covenants. Public funding for affordable housing projects typically requires a restrictive covenant that defines the public interest that the funding is intended to achieve, such as requiring that some or all of the units in a housing development be leased or sold only to households under a certain income, over a certain age, or that experience a particular barriers to housing (i.e. homelessness, veterans, living with HIV, etc.). Restrictive covenants are most commonly recorded through a Land Use Restriction Agreement (LURA). More detailed covenants are often found in funding agreements and/or operating agreements for particular properties. For example, a LURA may require that half of the units in a property be occupied by households earning 60% of the AMI or below. The operating agreement for the property might further stipulate that units reserved for these lower-income households be proportionally distributed across one, two, and three-bedroom units.

There are well defined compliance frameworks for monitoring tenant incomes and rent limits for projects that utilize federal programs such as LIHTC, NSP, Section 8, and HOME. Per these program's requirements, property owners are responsible for conducting a determination and certification of tenant's income on an annual basis. Housing trust funds use these established

processes to verify that long-term affordability is being maintained in their projects. Through their agreements with property owners, housing trusts may receive quarterly or monthly reports on property vacancies and waitlists. The City of Austin has remarked that in their jurisdiction additional training is provided to owners who may be conducting the income certification process incorrectly. In addition to desk reviews, Austin contracts with a third party to monitor a sample of properties on a 2-3-year rotating basis. Compiling this information requires having in place a basic asset management system.

Through annual compliance records and the annual owner certification process for Housing Tax Credit properties, housing trusts can request information of projects such as a notice in change of ownership or management, current MOUs for programs and services available to residents, and audited financials for the project. As monitoring can be a very time-intensive activity, many funds and local governments will charge a monitoring fee per unit. In addition, owners must comply with all federal, state, and local laws related to fair housing and equal opportunity. Monitoring should ensure that owners can certify that they engage in affirmative marketing and are complaint with the Federal Fair Housing Act, Executive Order 11063, and Title VI of the Civil Rights Act of 1964.

In addition to monitoring for affordability covenant compliance, housing trust funds may arrange for financial monitoring of the property to ensure its long-term viability. Annual or periodically set reviews may include looking at the property's cash flow, net operating income, management expenses, capital needs assessments, and reserves. Policies and procedures should provide guidance on loan approval, servicing, and collections process.

Staffing

Many municipal housing trust funds are administered within local government agencies. Municipal housing trust funds are usually housed either under the housing, economic development, or community development departments. They are operated by city staff experienced in engaging local housing policy and managing local and federal housing programs (such as the HOME and CDBG program). In this integrated structure, the local housing trust fund becomes one of many programs managed across teams in a city's housing department. While this structure may seemingly allow for more coordination, if a city department does not have common goals and policies that are aligned across programs, uncoordinated efforts can result all the same.

Some housing trust funds are administered outside of local government departments. Some housing trust funds are operated by an outside entity with separate staff and/or an independent board. This arrangement may occur in contexts where local government capacity is limited in administering new programs and/or when there is co-investment between a local government and private sector investors.

The East Tennessee Foundation manages the City of Knoxville's Affordable Housing Trust Fund which is designed to support the creation and rehabilitation of single-family homeownership. As a regional foundation that manages multiple funds, the Foundation holds a contract with the City of Knoxville to award funds under the guidance of an advisory board with representation from city staff.[xl] Foundations with successful track records can provide corporate and individual donors with the confidence that their contributions will be well-managed.

The Housing Trust Silicon Valley is an example of a successful mission-driven fund operated entirely outside of local government. This public-private partnership supports multiple jurisdictions' affordable housing efforts by financing multi-family development loans, homeless prevention services and supportive housing, and homeownership support through low-interest second mortgages and down payment assistance. Stemming from Santa Clara County's efforts to tackle the housing affordability crisis, Housing Trust Silicon Valley is a regional non-profit and Community Development Financial Institution (CDFI). CDFIs are specialized institutions such as banks, credit unions, non-profit loan funds, and venture capital funds that meet the financing needs of low-income communities. As such, CDFIs like the Housing Trust Silicon Valley attract a variety of investments and have access to federal funding and support through the CDFI Fund. The Trust has not only garnered millions in donations but provides social impact investment opportunities such as a Community Impact 5 and 10-year Notes via its TECH Fund (Tech + Equity + Community + Housing) with modest returns and terms for private foundations to make program related investments.[xli] Since 2000, the Housing Trust Silicon Valley has invested $183 million in affordable housing across the Greater Bay Area, supported 16,977 housing opportunities across its programs, and leveraged $3.1 billion through its partners.[xlii] This is only one example of how housing trust funds administered outside of local government can be designed to attract private investment in the production and preservation of affordable housing.

Revenue and Capitalization

Housing trusts typically have at least one dedicated revenue source. A dedicated source is one that is established by ordinance and ensures a predictable transfer of funds to the housing trust fund. Preferred tools are those that do not depend on an annual budget allocation but are reliably sourced through a tax or fee. Many large cities rely on at least two or more sources of revenue. Multiple sources of revenue can protect housing trust funds from fluctuations. In addition to considerations for consistency in funding cycles, housing trust funds assess appropriate revenue sources according to their relation to affordable housing, ease of administration, whether voter approval is necessary, and robustness of revenue to be generated. Summarized below are some common categories of dedicated revenue tools other than loan repayments and interest earnings that the SAHT might consider. While sales tax is used by some smaller cities, it is not listed as a revenue source below, as San Antonio has reached its state cap of 8.25%.

General Funds - General funds are revenues from taxes and fees used to provide basic city services such as fire and safety, parks, transportation infrastructure, libraries, and the administration of such services. General funds can be generated by property taxes, sales taxes, utility fees, and charges for services.

Dedicated Revenues for Housing Purposes - Relying on the long-term stability of their property tax base, cities such as Seattle and Denver have approved small increases to their residential and commercial property taxes that serve as a dedicated revenue source. Half of Denver's $150 million housing trust fund growth over the next 10 years is expected to come from a small dedicated increase of residential and commercial property tax. Only recently launched in 2016, the impacts on homeowners and businesses are expected to be modest with an average of $12 for the average homeowner (with a home of $300,000) and $145 for commercial property owners (for every $1 million of value). [xliii] Cities such as Austin have taken a more targeted approach to revenue

generation through property tax by dedicating 40% of city property tax revenue on land previously owned by the City toward their housing trust fund.[xliv]

Bonds - In addition to issuing bonds to finance the construction, acquisition, or improvements of public infrastructure, many local governments issue bonds for the production and preservation of affordable housing. General obligation bonds are secured by the local government's tax revenues, which are used to repay the principal and interest. The issuance of general revenue bonds must be approved by voters. The City of Charlotte's Housing Trust Fund relies on general obligation bonds. Since 2001, Charlotte has grown its corpus to $136 million and financed over 7,000 affordable housing units, half of which have benefitted households at 30% of the AMI.[xlv]

Tax Increment Financing - This method dedicates the "tax increment" in a defined Tax Increment Reinvestment Zone (TIRZ) to pay for infrastructure, economic development and/or affordable housing. The tax revenue collected in the TIRZ when it is initially established is called the base rate and the increase in tax revenue above the base rate is called the increment. This method relies on the idea that an investment activity in the TIRZ will drive appreciation and increased tax revenue. The utilization of TIRZ has an established history in Texas.

Recording Fees - While a tax increase or creation of a new tax is not always politically feasible, some cities such as Philadelphia and Chicago have applied surcharges on document recording fees. Document recording fees are typically charges made by county jurisdictions for recording mortgages and deeds. In the case of Philadelphia, the City worked with their state legislature to expand the document recording fee by $30 and dedicate the funding towards the Philadelphia Housing Trust Fund.[xlvi] In Chicago, the City benefits from the state of Illinois' Rental Housing Support Program State Surcharge which collects a $10 document recording fee to the benefit of local government housing trust funds.[xlvii]

Inclusionary Zoning and Other Development Fees - Texas remains the only state that bans mandatory inclusionary zoning measures such as fees charges in-lieu of providing affordable housing units in new developments. More recently, the state has also pre-emptively banned the use of linkage fees. Linkage fees are a type of developer impact fee that is specifically charged on the square footage of new market-rate housing and allocated towards programs that produce and preserve affordable housing. Despite these setbacks, state law still allows cities to offer density bonus programs where developers are able to pay a fee in exchange for a zoning waiver on new multi-family or commercial building construction that exceeds height and density limitations.[xlviii]

Hotel Occupancy Taxes/Fees - While tourism can be a good revenue generating sector for many cities, its demands can also incentivize conversions of otherwise affordable rental units to short-term rentals. Likewise, unaffordable housing markets can create an environment where tourism workers are not able to live in the communities in which they work. Cities such as Portland, Oakland, and Chicago have dedicated portions of their hotel occupancy tax or wholly dedicated taxes they collect on short-term rentals to fund their housing trust funds.

Local governments and housing trusts in Texas are limited by state legislation that does not permit the deployment of certain revenue tools. State legislation plays a significant role in selecting appropriate revenue tools. For example, a tool commonly used in West Coast cities known as the real estate transfer tax (also called a conveyance tax) that is collected by local and state governments when ownership of a property is transferred. This kind of tax was constitutionally banned in the state of Texas by voters in 2015. As previously noted in this report,

Texas also bans mandatory inclusionary zoning. Limiting the tools available to local governments and housing trusts to create affordable housing has the effect of generating an over-reliance on allowable tools such as city General Funds, fees, and property taxes. This further burdens other taxing districts.

Many states provide enabling legislation that encourages the creation of local housing trusts and/or provides local trusts with additional tools to collect revenue. In Pennsylvania, counties can form housing trusts and increased deed and mortgage recording fees for the purpose of affordable housing.[xlix] Some states such as Massachusetts and Iowa support local housing trusts with matching funds and state enabling legislation for the creation of housing trusts. Currently Texas' state legislation does not explicitly provide revenue tools to housing trust funds.

Organizational Assessment

The following assessment of the San Antonio Housing Trust and its affiliated entities presents a summary description of each of the four entities and thereafter presents observations in each of the following areas: governance and executive leadership; policy, planning and coordination; activities and program design; public engagement and communications; underwriting and engagement with housing developers; monitoring covenants; operating policies and procedures; staffing; capitalization. The observations presented below provide the basis for the strategic recommendations in the following section of this report.

Organizational Summaries

San Antonio Housing Trust (SAHT)

The San Antonio Housing Trust is a fund, held by the City of San Antonio. It was established by a Declaration of Trust[6] on September 8, 1988 to provide affordable housing opportunities for low- and moderate-income families.[7] The Trust is overseen by a Board of Trustees made up of eleven members. Each member of the City Council and the Mayor appoint one trustee. Trustees serve without compensation for 2-year terms. The Board of Trustees have fiduciary responsibilities over the SAHT, including setting rules, regulations, and goals for the Trust and its operations, evaluating and approving potential projects and programs, and making disbursements of Trust funds. The Neighborhood & Housing Services Department serves as the primary City liaison to the SAHT.

When the SAHT was established, the City made a one-time investment of $10 million with the stated purpose of leveraging limited public resources with private sector investment to address San Antonio's critical lack of affordable, safe and sanitary housing for low-income families, and the continued deterioration of inner city and downtown neighborhoods inside Loop 410. The Declaration of Trust allows the SAHT to support affordable housing through a variety of activities such as:

- new housing development
- infrastructure development
- gap financing
- rehabilitation of units
- homeowner incentives
- acquisition of land to further the Trust's goals
- conversion of nonresidential use to residential
- development of housing solutions for disabled, senior, and homeless populations

According to the founding documents, single-family new construction projects funded through the SAHT must develop a majority of the units for households earning 80-120% of the AMI. At least

[6] San Antonio City Council Ordinance No. 67895

[7] Per the U.S. Department of Housing and Urban Development, low-income families are those whose combined income does not exceed 80% of the area median income (AMI). The SAHT was designed to target households whose income does not exceed 80% of the AMI and moderate- to middle-income residents whose gross annual income is greater than 80% but does not exceed 120% of the AMI.

35% of the aggregate number of units in SAHT-assisted projects located in the downtown area must serve households at 120% or below of the AMI and no more than 30% of SAHT funds can be used for downtown housing projects during a funding round.

According to the most recent SAHT Rules and Regulations (2004), the Board of Trustees use the following principles to guide its decision-making process on potential projects:

1. Trust funds or property should not be used to replace or duplicate available public or private resources.

2. Trust funds should be used to encourage private investment by conventional lenders in our community.

3. Trust funds should be used to encourage investments and contributions by private foundations, corporations and individuals.

4. Trust funds should be used to support the capacity of community-based neighborhood and community development corporations to preserve, maintain and promote decent and affordable housing.

5. Trust funds should be used to the maximum extent possible to leverage the investment of other public or private resources.

6. Trust funds should be used to support projects or programs that are financially feasible considering the benefit sought without undue risk of the loss of funds awarded by the Trust or the loss of benefits to the community.

7. Trust funds should be used to support projects or programs that can be replicated in other neighborhoods in San Antonio or which can demonstrate the feasibility of the project or program in other cities.

8. Trust funds should be used primarily to assist low- and moderate-income households. Subject to the provisions of the Declaration of Trust, Trust funds should assist moderate to middle income households as incidental and necessary for the benefit of low- and moderate-income households, but no more than 25% of Trust funds awarded in any particular project or project or program should directly benefit moderate to middle income or higher income households.

9. Trust funds should be used to ensure that units assisted by the Trust remain affordable by low- and moderate-income families for the maximum duration that is legally and financially possible.[1]

San Antonio Housing Trust Foundation, Inc. (SAHTF)

The San Antonio Housing Trust Foundation, Inc., is a non-profit corporation created in 1990, approximately 18 months after the SAHT was established, to provide administrative and operational support for the SAHT. The eleven members of the SAHT Board of Trustees also serve as the eleven-member SAHTF Board of Directors. The SAHTF is led by an Executive Director with a team of four staff including, an Assistant Director, Asset Manager, Senior Administrative Assistant/Residential Case Manager, and an Administrative Support Clerk. The SAHTF staff manage the day-to-day operations of the Trust and, under contracts with the SAHT-FC and SAHT-PFC, provide administrative support to the boards of those entities. The SAHTF holds a small $2.3

million portfolio of loans made primarily to non-profit affordable housing organizations in San Antonio. These loans are below market rate and appear to have closed gaps in the permanent financing of the projects for which the loans were made. The Trust holds approximately $300,000 in second mortgages primarily in two subdivision that were financed more than ten years ago. The SAHTF also participated in the financing of a downtown office building (The Exchange Building) in 1992 and still holds an equity position in that project.

The SAHTF also provides services to the City of San Antonio itself in connection with City housing programs. The SAHTF provides funding for the Mayor's Housing Summit and manages REnewSA Acquisition and Development program funds. SAHTF staff advance funds for the COSA Homeownership Incentive Program (HIP), COSA Post Purchase program, the Lead-Based Paint program, and Build Better Neighborhoods program.

The SAHTF operating budget for FY2018 was $399,929. Approximately $160,000 of this budget is revenue from the City of San Antonio for the administration of COSA program funds. The remainder is earned from the SAHT, SAHT-FC and SAHT-PFC. Staff reported that the SAHTF has tried to rely less on COSA funds and move towards a more self-sustaining model where revenues from SAHT-PFC deals provide more operating support.

San Antonio Housing Trust Finance Corporation (SAHT-FC)

The San Antonio Housing Trust Finance Corporation was established in 1997 under the Texas Housing Finance Corporation Act. The Board of Directors of the SAHT-FC is composed of five City Council members. Traditionally, these have been the Councilmembers that represent Districts 1 - 5.

The primary activity of the SAHT-FC is to issue tax-exempt multi-family housing revenue bonds and mortgage revenue bonds. Through the issuance of these tax-exempt housing bonds, the SAHT-FC is able to provide 4% Low-Income Housing Tax Credits (LIHTC) projects with low-interest loans on 30 to 40-year terms at a fixed rate. The 4% LIHTC program provides less subsidy than the 9% LIHTC program and often requires project sponsors to pursue additional sources such as HOME, CDBG, and Federal Home Loan Bank grants. Since 2010, the SAHT-FC has issued over $150 million in bonds and realized significant revenues from these activities.

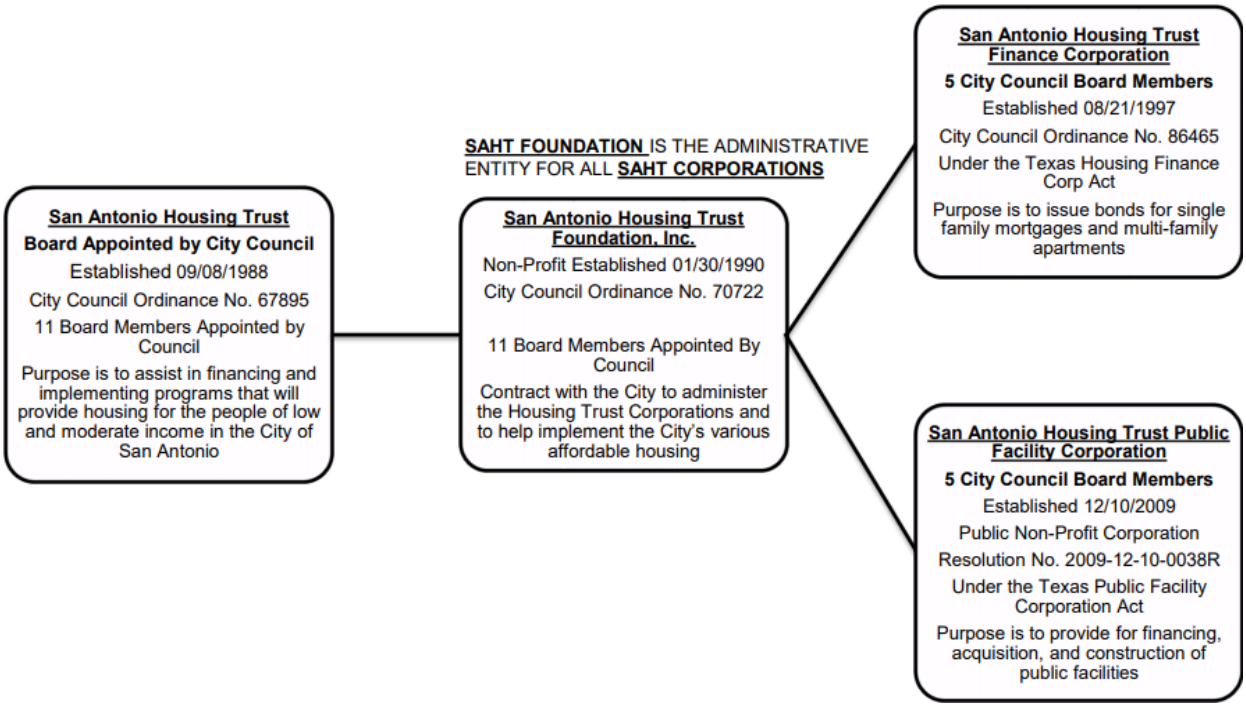
San Antonio Housing Trust Public Facility Corporation (SAHT-PFC)

Created in 2009 under Chapter 303 of the Texas Local Government Code, the San Antonio Housing Trust Public Facility Corporation is a public non-profit corporation that finances and owns affordable housing. The Public Facility Corporation Board of Directors is composed of the same five City Council members that serve on the SAHT-FC Board of Directors.

The SAHT-PFC was designed with the intention of expanding the city's ability to more effectively leverage 9% LIHTC projects through public/private partnerships. The SAHT-PFC is able to own general partnership interest in 9% LIHTC deals which confers the PFC's tax-exempt status on the property, resulting in a significant and long-term operational savings, which allows the property to be financially viable with lower rents. The SAHT-PFC has served as the general partner on at least 14 projects that are completed or in construction, with total development costs exceeding $500 million. This has resulted in significant revenues for the SAHT-PFC.

In recent years, revenue from the SAHT-PFC and the SAHT-FC have been granted to the City of San Antonio to support programs such as the Minor Home Repair Program ($250,000) and the Under One Roof Program ($2.25 million).

Exhibit 1. Current Governance Structure



Governance and Executive Leadership

- The SAHTF was established soon after the SAHT to carry out the day-to-day operations of the Trust, under the direction of the Trustees. Having the eleven Trustees also serve as the members of the Board of Directors of the SAHTF ensured integration from a governance perspective. This original decision to manage the SAHT through a separate legal entity, outside of the direct purview of a City Department had merit, by providing the opportunity to create a center of focus and expertise on affordable housing. Creating the SAHTF segregated the potential liabilities associated with employing staff and owning assets from the financial assets in the Trust corpus.
- The subsequent establishment of the SAHT-FC in 1997 and the SAHT-PFC in 2009 provided the SAHT and the City with important legal mechanisms under Texas law to pursue affordable housing projects. The SAHT-FC, established under the Texas Housing Finance Corporation Act, provided a mechanism for issuing Multifamily Revenue Bonds, while the SAHT-PFC, established under the Texas Public Facility Corporation Act, provided a mechanism for conferring tax-exempt status on housing projects. While these entities were well integrated with each other due to the same five members of City Council make up both Boards of Directors, these entities were not well integrated to the pre-existing Trust structure.

- There is little coordination between the eleven members of the SAHT and SAHTF Boards of Directors and the five City Council Members that make up the Boards of Directors of the SAHT-FC and the SAHT-PFC. Each governing group operates competently, but with limited understanding of the other's roles and activities. For example, the SAHT and SAHTF Boards receive limited information regarding the planning and approval processes of multi-family projects that are typically produced through the SAHT-PFC and SAHT-FC channels. Similarly, it is not evident that SAHT-PFC and SAHT-FC members are included in communication or coordination of a recent $1 million Request for Applications process administered by the SAHTF for grants and loans. There is no policy that guides collective action, they rely on different third-party legal counsel and, in practice, the staff of the SAHTF has limited engagement with the SAHT-FC and SAHT-PFC. Given that two entities are made up of elected officials and the other is not, there is a real and perceived imbalance of authority between entities.

- The board members of the four Trust entities are not provided with a formal board orientation nor regular training opportunities to ensure a baseline knowledge of affordable housing finance and development are shared by all members from different professional and community backgrounds.

- Each member of Council and the Mayor appoint one member to the Boards of the SAHT and SAHTF. In 2018, there were numerous unfilled seats— a situation that has not been uncommon. With significant vacancies, the boards face challenges in achieving quorum.

- City Council members from Districts 1, 2, 3, 4, and 5 have traditionally been appointed to the SAHT-PFC and SAHT-FC Boards; however, this is not required by the bylaws of those entities.

- The long-time Executive Director of the SAHTF retired while this assessment was in process. The Assistant Director is now serving as the Interim Executive Director.

- The recently retired Executive Director of the SAHTF primarily managed the affairs SAHTF and SAHT Boards, with support from staff and contracted legal counsel. The affairs of the SAHT-FC and SAHT-PFC are managed primarily by a third-party consulting attorney; different from the legal counsel for the SAHTF. Based on multiple interviews and direct observations conducted by the assessment team, the consulting attorney who works with the SAHT-FC and SAHT-PFC provides pro-bono consulting services that includes managing communications with developer partners, assessing potential housing projects, negotiating the financial terms of projects with private developers, preparing agendas and materials for board meetings, and acting as the primary presenter during board meetings. These are roles that would more typically be carried out by an Executive Director in a non-profit or municipal agency. The pro bono consulting attorney presents documents for approval that include a provision approving his firm as the bond counsel or closing attorney for the deal, without a procurement process. Upon approval of deals by the SAHT-FC and/or SAHT-PFC Boards, the consulting attorney's firm then formally represents the organizations in the closing of the

transactions. The assessment team has never observed a similar situation in a public or quasi-public agency.

- The five members of Council that make up the Boards of the SAHT-FC and SAHT-PFC are currently asked to make significant financial decisions about complex housing projects without sufficient advice and support. The staff of the SAHTF do not appear to be significantly involved with transactions presented to the SAHT-FC and SAHT-PFC Boards. Absent clear policy goals and underwriting criteria, the members of the SAHT-FC and SAHT-PFC Boards are left to rely primarily on the advice of a consulting attorney acting in a pro bono capacity to discern the adequacy of deals presented to them. The assessment team is unaware of any other agency in which members of Council make financial decisions of similar scope and scale with comparably little advice and support.

Policy, Planning and Coordination

- The SAHT entities do not have well-developed and consistent policy priorities that are shared across all of the entities. When interviewed, the Chair of the SAHTF communicated a clear and compelling vision of SAHTF as an entity that works primarily with non-profit partners and seeks to serve households at the lowest income level feasible. This vision is reflected in the activities of the SAHTF, including loans to non-profit housing developers and grants to support City housing programs. When interviewed, the consulting attorney that primarily manages the affairs of the SAHT-FC and SAHT-PFC communicated a clear and compelling vision of these entities facilitating the efforts of private developers seeking to create workforce housing at scale while integrating units affordable to lower-income households to the extent that it is financially feasible. Both are clear visions, but quite different. Neither is integrated with a broader city-wide approach to housing policy.

- There have been recent attempts to better define the policy approach of the housing trust entities. For example, in the SAHTF's 2019 Request for Applications (RFA) which made available $1 million for projects that preserve or produce affordable housing, criteria # 18 and #19 indicated that the SAHTF sought projects aligned with any Green Build SA and MHPTF findings. In addition, the scoring criteria assigns one point for projects that supports the MHPTF's Framework and one point for projects located within COSA Strategic Plan Areas. In another case, in the April 24, 2019 meeting of the SAHT-PFC, during which "Policy" was included as an agenda item for discussion.

- The housing trust entities do not have a strategic plan nor production or impact goals. It is not evident to what extent the SAHTF has used market data in the past to develop its current product offerings.

  It is not evident that the SAHTF is integrated into larger coordination discussions on citywide housing, economic development or community development related initiatives, including the City of San Antonio Affordable Housing Business Plan, SA Tomorrow Comprehensive Plan, CCHIP, CCDO incentives, regional centers, Analysis of Impediments and the HUD 5-year Consolidated Plan. There is no formal process by which SAHA, Bexar County, and SAHT coordinate their resources to maximize the production and preservation of affordable housing in San Antonio. The pro bono consulting attorney for the SAHT-FC and SAHT-PFC indicated

that he has a range of informal consultation with city departments, SAHA and other agencies in the County.

Activities and Program Design

- The SAHTF utilizes interest earnings from the SAHT and income generated from the loan portfolio and other investments to periodically make loans, grants or other investments. Loans have typically been made to non-profit housing developers, below market rate, as long-term gap financing for affordable housing projects. The RFA released by the SAHTF in 2019 describes a wide range of potentially eligible activities, including acquisition- rehab of an apartment complex, new construction of single-family homes, owner-occupied rehab, and down payment assistance. However, the 2019 RFA does not specify a required minimum number of units that must be targeted at each affordability level listed in the document nor does not prioritize the eligible uses. It is not clear how SAHTF would underwrite or manage the wide range of potential investment types that are identified as eligible in the RFA.

- In the past, the SAHTF has participated in other activities including making second mortgages to low-income homeowners in two subdivisions. This activity has not been replicated in more than ten years, though the SAHTF still holds second liens on its balance sheet.

- The SAHT-PFC participates in housing projects as the general partner of the ownership entity, thereby conferring tax-exempt status on the project per state law, a significant financial savings for the project. In return for the participation of the SAHT-PFC, the project is required to provide at least 50% of the units to households with incomes at or below 80% of the AMI, per the minimum of the state statute.[8] This arrangement for multi-family projects is referred to as the "PFC product." These projects produce fees and ongoing revenues that are split between the developer and the SAHT-PFC. More recently the SAHT-PFC has begun to structure the PFC product to facilitate the operation of units targeting households with incrementally lower median income by dedicating portions of the SAHT-PFC's revenue to "buy down" the rents. This product follows typical SAHT-PFC product requirements except that 10% of units in a project must be set aside for households at 60% of the AMI, 40% of units at 80% of the AMI, and 50% of units may be market rate. The units at 60% of the AMI are affordable to these households for 15 years and after this period return to being eligible for households at 80% of the AMI.

  From a listing of 26 SAHT-PFC and SAHT-FC projects, at least five projects appear to hold rent restrictions where rents cannot exceed 35% of tenant's income for households at 80% of the AMI (which comprise 50% of the units in these deal structures). Recorded rent restrictions for SAHTF projects were not available.

[8] Texas Local Government Code § 303.042 Public Facility Corporations

Table 3. SAHT-PFC and SAHT-FC unit affordability by project status 2012-2019.

Status	Total Units	Units at 30% AMI	Units at 50% AMI	Units at 60% AMI	Units at 80% AMI	Market Rate Units	Rent Restricted Units	Total Value of Projects
Completed	2422	12	168	1410	355	477	0	$342,849,071
Under Construction	2269	0	104	839	589	737	463	$375,856,671
Planning Phase	2298	32	64	1209	477	516	352	$386,286,952

- The following summaries of several investments by the housing trust entities provide a snapshot of how the resources and authorities of these entities have been utilized. There is a notable difference in the approach taken by the SAHT-FC and SAHT-PFC in comparison to that of the SAHTF and SAHT.

  SAHT-FC and SAHT-PFC participated in new construction projects sponsored by for-profit developers on largely vacant or underutilized land in which half of the units are affordable to households earning less than 80% of area median income (AMI). For these projects, this level of affordability was at, or only slightly below, the market rate, representing a modest commitment to affordability. Deeper affordability has been achieved for a portion of units in projects in which additional subsidy was brought to bear, such as federal HOME program dollars administered by the City of San Antonio and LIHTC. The tax-exemption and bond financing available through the SAHT-FC and SAHT-PFC provide insufficient subsidy for new construction projects to achieve a significant level of affordability below 60% of AMI without additional subsidy.

  Affordability has not been the only goal of deals financed through the SAHT-FC and SAHT-PFC. Prior to 2017, these projects were primarily located in neighborhoods viewed as needing revitalization. With typical total development costs of $30-$50 million and introducing hundreds of new households to a neighborhood, economic development was viewed as a significant part of the public purpose of these projects. As real estate in San Antonio has appreciated in recent years, the SAHT-FC and SAHT-PFC have sought to identify the appropriate balance between economic development and affordability as the driving public policy goal for their projects.

  The SAHTF utilized its resources to make long-term, low-interest loans to close gaps on projects sponsored by both non-profit and for-profit developers that are affordable to households earning below 60% of AMI. The Board members of the SAHTF clearly articulated affordability and non-profit capacity building as goals for the utilization of their resources. The

SAHTF has had far fewer resources to deploy as compared to the SAHT-FC and SAHT-PFC and, as such, has had a more modest impact over the past ten years.

SAHT-FC/SAHT-PFC – Cevallos Lofts – 301 E. Cevallos

One of the SAHT developments most referenced in the stakeholder interviews is Cevallos Lofts, a multi-family mixed-income development in the Lone Star neighborhood, south of Downtown, developed by NRP. Cevallos Lofts was completed in 2012 and was the first project developed with the PFC product. The SAHT-FC issued $20,935,000 in Multi-Family Housing Revenue Bonds to provide financing for the construction of Cevallos Lofts. The project also included $2.6 million in HOME funds and tax-emption status, that resulted in 252 total units. Out of the 252 units, 63 are restricted for households earning 50% of the AMI, 63 units are restricted at 80% of the AMI and the remaining 126 units are market rate. Cevallos Lofts represented the first new multifamily construction in the Lone Star neighborhood in many years and the project is viewed by some as having been critical for demonstrating the financial feasibility of the residential market south of downtown, leading to a greater willingness by financial institutions to invest in this area. Others viewed this same dynamic in a less positive light, expressing the perspective that the Cevallos Lofts led the market toward gentrification in the Lone Star neighborhood.

SAHT-PFC - Woodlawn Ranch - 330 W. Cheryl

The SAHT-PFC partnered in a "PFC Product" deal with Homespring Residential. Completed in 2012, the development near St. Mary's University includes 252 units. Fifty-two units are market rate, 100 are affordable to households earning 60% of the AMI, 90 are for households earning 50% of the AMI and 10 are for households earning 30% of the AMI. The financing for this project included HOME program dollars from the City of San Antonio, which supported deeper affordability.

SAHT-PFC – The Baldwin at St. Paul Square – 239 Crocket Street

The SAHT-PFC partnered in a "PFC Product" deal with NRP for the Baldwin at St. Paul Square, which was completed in 2018. This development is located in an area that has experienced significant public investment and rapid appreciation in property values. The Baldwin at St. Paul Square has 271 total units, with 136 restricted to 80% of the AMI and the remaining 135 units at market rate. The project was marketed as workforce housing for "essential employees" who are "vital to the urban core." Some interviewees expressed the point of view that the level of affordability in this property did not match the low-incomes of residents in the surrounding neighborhoods, which were appreciating rapidly. This created the perception for some that this project was intended primarily to attract new residents to the neighborhood rather than serve existing residents.

Low-Interest Loans Provided by the SAHTF

The San Antonio Housing Trust Foundation managed a funding round in 2016 – 2017 to further its mission of creating housing opportunities for low- and moderate-income families by offering low-interest, longer-term loans primarily to non-profit affordable housing developers. Four projects were awarded loans totaling $930,000. Those recipients were:

- Cypress Cove by Alamo Community Group - $50,000 at 1% over 5 years; 136 total units, all at 60% of the AMI
- Calcasieu Apartments by Alamo Community Group - $450,000 at 2% over 35 years; 248 total units, all at 60% of the AMI
- Sutton Square Duplexes by Prospera Housing Community Services - $180,000 at 3% over 15 years; 30 total units, all at 50% of the AMI[li]
- Lord Road Apartments by The NRP Group - $250,000 loan for 44 years; 324 total units, 13 units at 50% of the AMI and 311 units at 60% of the AMI. Documents made available for this loan did not specify the interest rate. This was the only loan made to a for-profit developer within the last 10 years through the SAHTF.

Public Engagement and Communications

- Based on interviews with a range of stakeholders, there is limited public understanding of the SAHT and a widespread perception that the SAHT operates with insufficient transparency for a public institution. These perceptions fundamentally limit the ability of the City to consider greater investment in the SAHT and makes it challenging to fully utilize the potential of the agency.

- The SAHTF does not have a staff person dedicated to consistent public engagement or communications. The SAHTF does not publicly present an annual report and its website does not provide recent and useful information about the Trust entities.

- The SAHTF tracks some high-level information about SAHT-PFC and SAHT-FC deals such as the number of units by targeted AMI, development partner and location. However, this information is not made publicly available. SAHTF does not consistently track similar metrics in a comprehensive manner for SAHTF projects. In addition, information on affordability terms for units, rent restrictions in place, and other publicly leveraged dollars in these projects was not easily accessible or verifiable.

Underwriting and Engagement with Housing Developers

- None of the housing trust entities have written financial or policy underwriting criteria for any of their activities or products. The City of San Antonio, for example, publishes online an "Affordable Housing Policy," that describes specific underwriting criteria for each of the City's affordable housing programs. The SAHT-PFC and SAHT-FC rely on the financial underwriting of other entities, including the State of Texas and investors, for the deals in which they participate. This provides confidence that projects meet the financial and policy goals of those participating financial partners but does not ensure deals are consistent with the financial and policy goals of the trust entities.

- In 2019, while this assessment was underway, SAHTF released an RFA to advertise a funding opportunity that included written scoring criteria. In the past, similar funding opportunities were not advertised through an RFA process. The solicitation and selection of applications appears to have been decided based on the communication of potential applicants directly with the former Executive Director.

- The SAHT-PFC and SAHT-FC currently engage housing developers through an informal process that requires direct communication with the pro bono consulting attorney. The result has been a significant concentration of deals with a small number of for-profit developers. The SAHT-FC and SAHT-PFC have had little engagement with non-profit developers.

Monitoring Covenants

- The SAHTF does not maintain comprehensive list of the restrictive covenants for all of the properties in which the Trust entities own or in which they are invested. There is no written procedure for monitoring restrictive covenants.

- In practice, the SAHTF staff review yearly income compliance for SAHT-PFC and SAHT-FC projects with LIHTC, relying on the fact that the Texas Department of Housing and Community Affairs has an established monitoring process for LIHTC deals. The SAHTF staff conduct more intensive monthly financial review of rent rolls, balance sheets, income statements, and occupancy reports for "PFC product" deals that were not financed with LIHTC. Staff report that in-person monitoring is sometimes conducted on an annual basis. SAHTF staff review tenant income non-compliance only when self-reported by property managers and do not conduct independent reviews. Staff reported needing training in this area.

- The SAHTF does not have monitoring procedures for its own $2.3 million loan portfolio. Of the thirteen loan transactions provided for review during this assessment process, staff reported having a LURA or other regulatory agreement on file, although only one sample was provided. While these are maintained on file, it is not evident that they are referenced when monitoring units. A majority of these loans were made to non-profit housing developers. Information on the length of affordability for any of these transactions was not centrally stored and tracked.

- The SAHTF does not maintain documented monitoring procedures for grant programs funded by the SAHT such as the Under One Roof and Minor Home Repair programs. These programs are monitored through NHSD which administers the programs.

Operating Policies and Procedures

- The latest SAHT operational policies are found in document adopted by City Council in 2004, entitled "Final Rules and Regulations for the Operations of the San Antonio Housing Trust." A substantial portion of the document embodies much of the same language from the 1989 ordinance that initially established the SAHT's first rules and regulations. As such, the 2004 document reflects overall organizational policies and procedures, paying special attention to the Board of Trustee's roles. This document includes some broad policies on applications for trust assistance, review of proposals, the award process, and monitoring of trust assistance. Last updated in 2004, the current rules and regulations do not make reference to other City policies or plans related to affordable housing that should be considered by the Board in reviewing proposals.

- Outside of the rules and regulations referenced above, it is not evident that the SAHT maintains any regularly updated policies, including for human resources, procurement and contracting,

or financial management. The SAHTF does not appear to have undertaken a competitive procurement process to engage third party legal or audit services.

Staffing

- SAHTF staff provide administrative support to the Boards of the four entities. The SAHTF is led by and Executive Director who is supported by an Assistant Director, Asset Manager, and a Senior Administrative Assistant who is also a Residential Case Manager. In earlier years before the creation of the SAHT-PFC, staff worked primarily on single-family mortgages, providing loans primarily to non-profit organizations, and administering funds for City programs. With the increase of projects facilitated through the SAHT-PFC and SAHT-FC, staff duties have shifted to provide increased administrative, tracking, and reporting support to SAHT-PFC projects.

- None of the SAHTF staff positions is charged with underwriting or conducting financial analysis of housing projects in which the trust entities are invested.

- None of the SAHTF staff positions is charged with public engagement or communications.

- There is no staff training or professional development plan for the SAHTF.

Capitalization

- The approach to the utilization of the approximately $10 million corpus of the SAHT has been to preserve the corpus, first and foremost, and to utilize the modest interest proceeds to periodically make very low-interest loans as long-term gap financing or grants to the City of San Antonio for housing programs.

- Since 2010, the SAHT-FC and SAHT-PFC have begun to create significant revenue from developer fees and other participation in the revenue in the housing deals in which they participate. From 2018-March 2019, total revenues received were $4,987,856, including various fees such as annual issuer fees, origination fees, application fees, and incentive management fees. These revenues have been, in significant part, granted to the City of San Antonio to support housing programs rather than being reinvested in the Trust corpus or utilized by the SAHTF for its lending activity.

- The revenue produced by the trust entities has been utilized by the City of San Antonio as a flexible source of funding to supplement general fund expenditures on housing programs. The City of San Antonio has not contributed to the financial corpus of the SAHT since it was established almost thirty years ago.

- There does not appear to have ever been a serious analysis of how much private sector investment could be leveraged by utilizing a portion of the Trust resources as "catalytic" capital in a fund structure, similar to what has been achieved in Los Angeles, Denver and San Francisco, among other places.

Strategic Recommendations

The following recommendations have been developed based on the findings of the NALCAB Team's assessment of the San Antonio Housing Trust. The recommendations are organized into categories that are mirrored in the benchmarking review and the assessment portions of this report. The recommendations regarding governance and policy would require action by City Council to fully implement. The remainder of the recommendations can be implemented by the executive staff and governing board of the SAHTF and affiliated entities.

Governance and Executive Leadership

- **Re-align the Governing Boards of the Housing Trust Entities:** Achieving greater coordination and efficiency among the housing trust entities must begin with alignment at the governance level. The composition of the SAHTF Board of Directors should be changed to better integrate the governance of the four entities as well as to better balance the collective skills, interests, and authorities of the Board members. The composition of the SAHTF Board of Directors should include the five (5) City Council Members that make up the board of the SAHT-FC/SAHT-PFC, three (3) with expertise in banking/finance and/or housing development/management, and three (3) community representatives. Initially, some of the current members of the SAHTF should remain on the board to provide continuity. A delegate of the City Manager should fill a non-voting advisory seat to ensure coordination with other City agencies.

  The five council members should be appointed by the Mayor and approved by the full Council consistent with the electoral cycle, as is currently the case, and the six non-Council members should be nominated by the Mayor to staggered terms and approved by the full Council. As with most governing boards, a well-developed committee structure would help to ensure appropriate consideration of matters brought to the board. Having in place six non-Council members will support a robust committee structure and could help to ensure quorum given the inevitable demands on the time of Councilmembers.

  Under a re-aligned governance structure, programs and projects that require governance-level approval of the SAHT, the SAHT-FC, or the SAHT-PFC should first be reviewed and recommended for action by the SAHTF Board where Council members will be surrounded, on the Board itself and at the staff level, by individuals with the technical knowledge and community perspectives necessary for a robust decision-making process. A formal policy should be adopted by the boards of the four entities to reflect this progression of decision-making. The SAHTF Board can thereby ensure alignment and coordination of the resources and authorities of the SAHT, the SAHT-FC and the SAHT-PFC with one another and with COSA's overarching housing policy goals and resources.

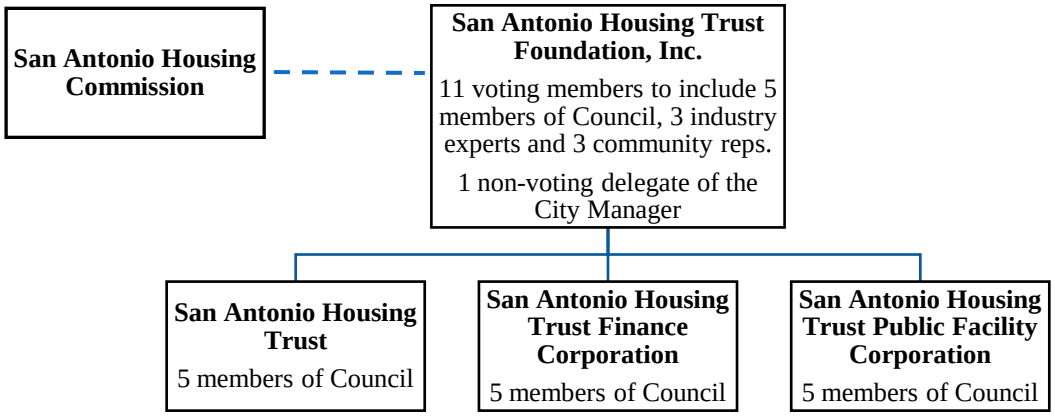
- **The composition of the Trustees of the SAHT should be altered to mirror the Boards of the SAHT-FC and SAHT-PFC**: The SAHT is like the SAHT-FC and the SAHT-PFC in that each holds significant public resources and/or authorities. It is appropriate for the elected representatives of the people of San Antonio – a subset of the Council – to be the individuals charged with utilizing these resources and authorities. Under a re-aligned governance structure,

the Trustees of the SAHT should mirror the Boards of the SAHT-FC and the SAHT-PFC. After review and recommendation from the SAHTF Board, Council members can deploy the resources and authorities of the SAHT, the SAHT-FC, and the SAHT-PFC confident that these actions have been vetted by the full SAHTF Board.

- **End the Informal Practice of Limiting Which Council Members Can Serve on the Housing Trust Entity Boards:** The City Council should not limit participation on the Boards of the housing trust entities to Council members representing Districts 1, 2, 3, 4, and 5. In the past, concern for housing affordability was more commonly raised by the representatives of these Districts, however today there is no compelling reason for the housing trust entities to only include representatives of certain districts without regard to the expertise or interests of Council members.

- **Eliminate Outdated and Unused Advisory Board Provisions in the SAHT Bylaws:** The 1988 bylaws for the SAHT anticipate two Advisory Committees that have not been implemented in the recent past. In revising the bylaws for the SAHT, these advisory committees should be eliminated. San Antonio's current Housing Commission was recently established consistent with the MHPTF Framework. A seat on the Housing Commission is reserved for the Executive Director of the SAHT specifically to encourage communication between the Trust and the Commission. Additional advisory boards within the Trust structure itself would have the potential to undermine the role of the Housing Commission.

Exhibit 2. Recommended Governance Structure



- **Better Define Board Roles, Onboarding Processes and Board Development Efforts:** The SAHT should clearly define roles and responsibilities in a board member job description. New board members should be formally oriented through an onboarding process that includes reviewing the job description and learning about the agencies' purpose, policy, background, and operations. Annually, all board members should have the opportunity to build their knowledge about housing policy and finance.

- **Hire an Executive Director for the SAHTF to Lead Organizational Change, Enhance Transparency and Increase Social Impact:** Revise the Executive Director job description to reflect high-level expertise in housing development and finance. Develop a competitive compensation package. Conduct a national search to fill the new position. The new Executive Director should lead a strategic planning process with the re-aligned Board of Directors and a process of implementing changes to the organizational chart and staffing to meet the needs of the organization. In addition, the active participation of the new SAHTF Executive Director in the new Housing Commission presents an opportunity to bring greater public oversight of the activities of the SAHT, potentially helping to mitigate concerns about transparency and appropriate utilization of the SAHT resources. The incoming Executive Director should be a champion for supporting existing local and regional affordable housing policies and goals, and a leading voice in coordinating and aligning these efforts. This includes but is not limited to – addressing barriers to affordable housing at the state level; engaging community in an authentic and transparent manner; coordination around property taxes with school districts and county officials; working in coordination with the San Antonio Housing Authority; and supporting the efforts of City staff and other community stakeholders.

Policy, Planning and Coordination

- **Adopt a Coordinated Housing Policy:** In order to advance a coordinated housing system, the City of San Antonio should adopt substantive public policy guidance to all City departments and delegate agencies, including the SAHT, for how to prioritize the investment of affordable housing resources (including land, funding, debt, bond authority, tax-exempt status, etc.). The policy guidance should be distilled from the policy recommendations of the Mayor's Housing Policy Task Force and the goals of the SA Tomorrow Comprehensive Plan. This policy guidance should be communicated to the private and non-profit development and finance community so that there is an industry wide understanding of the COSA's policy goals. Further, COSA affordable housing policy guidance should be implemented with transparent criteria that are incorporated in notices of funding availability and the developer/ project selection processes.

- **Engage in Strategic Planning:** The newly re-aligned SAHT board should engage in a facilitated strategic planning process that will guide the future direction of the SAHT. This strategic planning process presents an opportunity to include community members as well as key leadership from the City of San Antonio, resulting in a strategic plan that strongly reflects community needs and integrates the resources and authorities of other City agencies.

- **Clarify and Formalize the SAHT's Relationship to Other City Departments and Delegate Agencies:** COSA should formalize the process of coordination and consultation for how COSA's funding resources are utilized to enhance affordability in SAHT affordable housing projects, including CDBG and HOME funding as well as general revenue bond proceeds that are designated for affordable housing. Further, COSA should require SAHA and the SAHT to develop a written MOU that defines the appropriate roles of the two agencies in the housing market and guidelines for the utilization of their respective Public Facilities Corporations.

Activities and Program Design

- **Align Financial Products With Policy and Production Goals:** In order to address established policy priorities and achieve well-defined goals, the trust entities should review and formalize the financial products that they offer with a clear understanding of what housing needs are not being met by the existing public programs, non-profit services, and private investment and how the Trust's financing tools interact with and leverage the resources and capacities of other stakeholders.
  - *"PFC" Deals*: The SAHT-PFC should assess the range of subsidy sources that can be layered into "PFC" deals to achieve deeper affordability for more units. Further, the SAHT-PFC should go beyond new construction projects to consider acquiring and rehabilitating existing rental properties, particularly in areas with strong access to employment, quality education and health care resources.
  - *LIHTC Deals*: The SAHT-FC and SAHT-PFC should continue to scale its participation with private developers (for-profit and non-profit) in LIHTC deals consistent with established policies.
  - *Pre-development and acquisition loans*: The SAHTF should assess how it could provide low-cost loans for pre-development and/or acquisition to non-profit housing developers.
  - *Gap financing for non-profit housing projects*: The SAHTF should re-assess how it can participate with non-profit as a provider of gap financing in a manner that is financially viable for the SAHTF.
  - *Financing for small multi-family acquisition/rehab*: The SAHTF should explore partnerships with private developers and COSA to address the challenge of preserving the affordability of small multifamily rental properties.
  - *Grantmaking*: Given its limited resources SAHTF should review the efficacy of making grants.

- **Set Annual Production Goals:** The SAHTF Board and staff should set affordable housing production goals for each of its programs and products. The SAHT's products and programs should be designed to respond to community needs and not duplicate other available subsidy and financing in the market. Progress towards these goals should be tracked internally and shared on the City's affordable housing dashboard, hosted by NHSD. Goal changes and progress should be reported upon in quarterly reports to the restructured SAHTF Board and in publicly available annual reports.

- **Invest in the Capacity of Non-Profit Housing Developers:** As the capacity of the SAHTF grows, the organization should consider how to make capacity building investments for non-profit housing organizations, potentially including financial products, by hosting trainings and/or by providing technical assistance on housing deals.

- **Consider Consolidating Municipal Housing Finance and Development Activities Within the Trust:** As the capacity of the SAHT is strengthened, COSA should consider what housing program-related functions or administration could be performed by the SAHT. Examples could include conducting underwriting for the HOME program, management of General Revenue Bond proceeds designated for housing, or the management of its land bank and redevelopment agency.

Public Engagement and Communications

- **Redesign the SAHT Website to Communicate Effectively with the Public:** The SAHT website requires a significant redesign and should become the primary platform for making information available to the public. In addition to funding priorities, mission, production goals, RFPs, term sheets, and underwriting criteria, the SAHT entities should publish current and historical board meeting agendas and minutes, annual reports, staff reports on project monitoring, and project profiles.

- **Engage the Public:** The SAHT should establish a regular process for public engagement and communication aimed at strengthening public trust in the institution's capacity and priorities. The Housing Commission is an important venue for public engagement and communications.

- **Establish Consistent Communications Deliverables:** The SAHTF should develop an annual report and a regular electronic communication tool (newsletter, social media, etc.).

Underwriting and Engagement with Housing Developers

- **Establish Written Underwriting Criteria:** The SAHT should establish written financial and policy underwriting criteria so potential developer-partners understand, in advance, the terms on which SAHT resources can be integrated into a deal. Underwriting criteria should be reviewed regularly in the context of current market data and with feedback from housing practitioners and community members.

- **Utilize a Public Competitive Process for Selecting Developer Partners:** In order to maximize engagement with for-profit and non-profit housing developers, the SAHTF should utilize an RFP or other public solicitation processes to communicate priorities. To the extent that an RFP is not appropriate for certain products, the SAHTF should identify opportunities to ensure reasonable transparency by publishing term sheets for loans and lending policies.

Monitoring Covenants

- **Establish a Comprehensive List of Existing Covenants:** The SAHTF staff should immediately research and document all of the restrictive covenants for its existing investments.
- **Establish an Internal Monitoring Function:** A member of the SAHTF staff should be charged with monitoring the compliance of developers and management companies with the restrictive covenants associated with the SAHT's investments. This monitoring process will also help the SAHTF anticipate expiring affordability and rent restrictions and respond with strategies to continue the use of affordable units where appropriate.

Operating Policies and Procedures

- **Establish Procurement Policy and Competitively Select Contractors:** The SAHT should establish a written procurement policy and procure significant third-party contracts including bond counsel, general counsel, and independent auditor. The procurement policy should specify the release of a new Request for Qualifications for each contractor position on a regular schedule every three to five years.

- **Update Personnel Policy and Operating Procedures:** The SAHT should update their current organizational policies and procedures with a written personnel policy and financial operating procedures. Especially as a quasi-governmental entity outside of the City's organization, the SAHTF will need to provide its employees with regularly updated personnel policies to help guide their work. Financial operating procedures in areas such as budget administration, financial reporting, records and information management, and management of trust assets should be developed as well. The SAHTF's current policies and procedures reference managing and preserving trust assets according to the policies and procedures for managing City assets, however staff does not have documentation, or much training related to these City procedures.

- **Establish Written Descriptions and Procedures for Programs and Financial Products:** The SAHTF should create written descriptions and procedures for each program and financial product. For any major program that does not already have an associated procedure already in place by the City, the SAHTF should develop policies and procedures to support staff in implementing programs effectively. Having these in place and easily accessible online will also provide the public with transparent and clear information on program guidelines and priorities.

Staffing

- **Establish an Internal Compliance Function:** SAHTF should establish an internal compliance function to ensure the covenants are monitored in a manner that most effectively meets the agency's mission and policy priorities. This function should go beyond reliance on third party monitoring efforts (such as the State of Texas' monitoring of properties owned by the SAHT-PFC that received support from the LIHTC program) and should include loans, equity investments, bond investments and covenants associated with the SAHT-PFC properties. The SAHTF should review the applicability of covenants by bedroom size within a property in order ensure a mix of unit sizes available to serve low-income families and individuals. Establishing a monitoring system will also allow SAHT to identify projects with a significant number of units with expiring covenants that may require additional action by housing trust entities, COSA or other partner organizations to preserve affordability.

- **Ensure Underwriting Capacity on the SAHTF Staff:** Ensure that at least one staff member has the capacity to financially underwrite a multi-family and single-family projects. As noted in previous sections of this report, the SAHT has traditionally taken the approach of filling a financing gap presented by the developer community, rather than proactively shaping their own products to meet local needs. In order to take a more proactive approach, SAHTF staff must be equipped to engage in product development and financial underwriting. If having an in-house underwriter is not feasible, the SAHTF should consider coordinating with NHSD or engaging with a third-party underwriting service.

- **Reassess Staffing Structure After Realignment of Governance and Strategic Planning:** A new Executive Director should reassess the staffing structure of the SAHTF in light of the changes that are actually undertaken.

- **Develop a Training Plan for SAHTF Staff:** The existing staff of the SAHTF should be afforded training opportunities in order to meet the evolving needs of the organization and advance their own professional development.

Capitalization and Leverage

- **A Portion of Revenues from the SAHT-FC and SAHT-PFC Should be Reinvested in the Trust's Financial Corpus:** The revenues of the SAHT-FC and SAHT-PFC are primarily being granted to the City of San Antonio. A portion of these revenues should be reinvested in the financial corpus of the SAHT.

- **COSA Should Consider Investing in the Financial Corpus of the SAHT:** After strengthening the capacity of the SAHT with appropriate changes and enhancements to governance, policy, strategic planning, staffing, and operating procedures, the City of San Antonio should consider contributing to the SAHT financial corpus.

- **Utilize Trust Corpus to Leverage Private Investment:** Under a new Executive Director and Board structure, the SAHT should explore leveraging private capital in a structured fund in which public dollars provide "first loss" protection or other risk mitigation mechanism in exchange for private capital being used for a clear public purpose.

Appendix

A. Interviews Conducted

	City/Organization	Name	Title	Date
1.	Texas State Affordable Housing Corporation (TSAHC)	David Danenfelzer	Senior Director, Development Finance	3/19/2019
2.	City of Austin Neighborhood Housing & Community Development	Alex Zamora; Jonathan Tomko; Mandy De Mayo	Chief Admin Officer; Action Housing Policy and Planning Manager; Community Development Administrator	4/9/2019
3.	City of Los Angeles Affordable Housing Managed Pipeline	Tim Elliot	Community Housing Programs Manager	4/12/2019
4.	City of Knoxville Multi-family Affordable Rental Development	Janna Cecil	Housing Manager	5/3/2019
5.	East Tennessee Foundation, Knoxville Affordable Housing Trust	Becky Wade; Jeanne Campbell	Community Development Director; Financial/Administrative Officer	5/3/2019
6.	City of Philadelphia Division of Housing and Community Development	Melissa Long	Director	5/3/2019
7.	City of Nashville Mayor's Office	Hannah Davis	Affordable Housing Program Manager	5/16/2019
8.	City of New Orleans	Brian Lawlor	Former Director of Housing Policy & Community Development	5/16/2019
9.	Mi Casa, Inc. (Washington, D.C./Baltimore, MD)	Fernando Lemos	Executive Director	4/8/2019
10.	City of Seattle Office of Housing	Laurie Olson	Loan Manager	4/5/2019
11.	San Luis Obispo Housing Trust Fund	Jerry Rioux	Executive Director	6/21/2019
12.	Housing Trust Silicon Valley	Julie Mahowald	Chief Financial Officer	7/19/2019

13.	LISC San Antonio	Leilah Powell, Alice Salinas, Lori Hall	Executive Director; Senior Program Officer; Program Officer	6/5/2019
14.	J.P. Morgan Chase Community Development	Cecile Chalifour and Malcolm Johnson		3/22/2019
15.	Prudential	Daryl Shore	Director, Inclusive Communities	5/13/2019
16.	Wells Fargo	Laura Cabanilla	VP of Community Relations and Community Development	6/6/2019
17.	San Antonio Housing Authority	Timothy Alcott	Real Estate and Legal Services Officer	5/1/2019
18.	The NRP Group	Debra Guerrero	VP of Governmental Affairs	6/3/2019
19.	Prospera Housing Community Services	Gilbert Piette, Brad McMurry, Ryan Lucas	Executive Director and CEO; VP of Asset Management	5/17/2019
20.	Alamo Community Group	Jennifer Gonzalez	Executive Director	6/5/2019
21.	Affordable Central Texas/Austin Housing Conservancy	David Steinwedell	CEO	5/23/2019
22.	Habitat for Humanity/Cross Timber Homes	Natalie Griffith; Michael Taylor	President and CEO; Vice President of Land and Program Development	5/17/2019
23.	San Antonio Housing Oversight Coalition (SAHOC)	SAHOC members		5/11/2019
24.	Office of the City Attorney	Jameene Williams; Scott Zimmerer		2/12/19
25.	Former Executive Director	John Kenny	SAHT	3/6/2019
26.	Legal counsel (SAHT-PFC and SAHT-FC)	James Plummer	Bracewell LLP	4/24/2019
27.	SAHT Board Member	John Whitsett	District 10 Representative	5/14/2019
28.	SAHT Board Member	Laura Martinez	President, District 5 Representative	5/1/2019
29.	SAHT Board Member	Randy Rice	Vice President, District 7 Representative	5/1/2019
30.	SAHT Board Member	Estrella Garcia-Diaz	District 3 Representative	5/6/2019
31.	SAHT Board Member	Paul DeManche	District 1 Representative	5/6/2019

32.	SAHT Foundation staff	Nicole Collazo, John Hernandez	Assistant Director, Asset Manager (Multi-Family)	6/5/2019
33.	Legal counsel (SAHTF)	Robert Wilson	Sanchez & Wilson, PLLC	6/11/2019

B. Resources

The following list provides notable examples of program documentation, policies and procedures, and publicly available resources from housing trust funds that were researched in the preparation of this report.

- **Policies and Procedures**
  - City of Los Angeles
    - https://hcidla.lacity.org/2018-affordable-housing-managed-pipeline-regulations-rev-11-9-2018
- **Request for Proposals**
  - City of Minneapolis
    - http://www.ci.minneapolis.mn.us/www/groups/public/@cped/documents/webcontent/wcmsp-217464.pdf
  - City of Denver
    - https://www.denvergov.org/content/dam/denvergov/Portals/690/Funding%20Opportunities/HO%20FINAL%208.31.18%202019%20Housing%20NOFA%20Proposal%20Guidelines.pdf
- **Proposal Scoring Sheet**
  - City of Minneapolis
    - http://www.ci.minneapolis.mn.us/www/groups/public/@cped/documents/webcontent/wcmsp-217465.pdf
- **Investment Term Sheets**
  - City of Denver
    - https://www.denvergov.org/content/dam/denvergov/Portals/690/Housing/1%20Affordable%20Housing%20Financing%20Products%20-%202017.pdf
  - Housing Trust Silicon Valley
    - https://housingtrustsv.org/wp-content/uploads/2014/05/MFLP-150914-Short-Term-Loan-Pools.pdf
    - https://housingtrustsv.org/wp-content/uploads/2014/05/MFLP-150914-Term_Mezz.pdf
- **Sample Housing Websites**
  - City of Seattle
    - http://www.seattle.gov/underoneroof/
    - https://www.seattle.gov/affordable
  - Polk County, Iowa
    - https://www.pchtf.org/about-us/mission-and-vision/
  - City of Los Angeles – map of housing trust properties
    - http://hcidapp.lacity.org/ahtfViewer1/

C. Selection Criteria for SAHTF Community Representative Board Members

The realignment of the San Antonio Housing Trust (SAHT) and its three affiliated legal entities' governance structure (SAHT Foundation, SAHT Public Facility Corporation, and SAHT Finance Corporation) is a key recommendation made in the organizational assessment of the SAHT conducted by NALCAB for the City of San Antonio. Under the newly realigned structure, the SAHTF Board would comprise the five City Council members who also sit on the SAHT-FC and SAHT-PFC along with six non-Council members, nominated by the Mayor. With the proposed changes to the governance structure, the SAHTF board will need to further define the types of expertise and representation that should be present within the six non-Council board member positions.

As a quasi-government board, the SAHTF's proposed board composition will allow the board to provide advisory support to the City Council board members and also retain some responsibilities demanded by a typical private non-profit board. Board members of a private non-profit board have the following basic responsibilities:

- Determine, understand, and promote the mission, purpose, policies, programs, and needs of the SAHT and the constituencies it serves.
- Monitor and assess programs.
- Develop, implement, and evaluate the organization's strategic plan.
- Ensure strong fiduciary oversight, annual budget adoption, and financial management.
- Actively serve on at least one committee and engage in committee special assignments.
- Fundraise for the organization. However, in the case of the SAHTF, this make take on a different form where a fundraising subcommittee that does not consist of council members, works to identify and secure financial resources and partnerships.
- Hire and evaluate Executive Director/ CEO.
- Recruit and orient new board members.
- Assess board performance.
- Serve as advocates for the SAHT in the community and actively participate in local discussions on affordable housing and housing policy in San Antonio and at the state level.

Community representation from served constituencies could be integrated into the board, however many housing trust funds in other cities do not always adopt this practice. Typically, the housing trust funds with boards in the form of advisory boards were found to have representation from community members whose neighborhoods were served by their local housing trust fund programs. Municipal staff added capacity and expertise by playing a more prominent role in decision-making and final approval of projects. Private funds tended not to have any community representation of this form.

As referenced in the report, NALCAB suggests that at least half (3 of 6) of the non-Council representative board positions be filled by community representatives. Detailed below are example criteria to be considered for community representative positions, mainly dependent on the forthcoming SAHT strategic plan:

- Must reside within the city of San Antonio.
- Possess knowledge of housing programs. Assessing the level of housing knowledge needed will depend on what the SAHTF's goals are and ensuring that expertise is aligned with the organization's strategic plan. Possessing knowledge of housing programs can take many forms such as:
    - Professional experience in industries linked to deploying safe, quality, affordable housing such as construction, property management, architecture, consumer financial protection, and social services.
    - Community organizing experience around areas such as securing affordable housing and preventing displacement.
    - Direct participation in housing programs. Residents and small businesses impacted by the SAHTF's programs could also be considered.
    - Experience informed by conducting research on housing markets, subsidies, financing, etc.
    - Experience in directly developing or advocating for projects and policies at the intersection of housing, transit development, climate resiliency, and healthcare.
- Mix between renters and homeowners.
- Diverse incomes, that align with the income requirements of the programs offered by the SAHTF.
- Diversity in race, ethnicity, gender and age.
- Represent vulnerable and/or underserved populations.

For those interviewed housing trust funds, board composition and skill were aligned to fit the mission, programs, and strategic direction each housing trust fund had set for itself.
For example, as a private non-profit fund the Housing Trust Silicon Valley provides financing for multi-family and some single-family development. Their board has members from different financial services sectors whose skills can be used to serve on the organization's credit committee and provide staff with recommendations and final approval on loans. Boards must identify both the field of expertise and level of involvement needed from their board members in order to advance their organization. As with most governing boards, a well-developed committee structure helps to ensure appropriate consideration of matters. The new board member recruitment process should consider gaps in current or future board committees as well. The SAHTF currently has listed five committees in its Board Member Book for FY2018-2019: personnel committee, loan committee, new initiatives committee, trust assistance oversight committee, and energy initiatives committee.

The SAHTF board may contribute guidance on designing community representative positions to help inform the Mayor's appointment process. Community representative positions should be designed based on the SAHTF's future strategic plans and product offerings. For example, if the SAHTF will engage primarily in multi-family development for low- to median-income households, then the SAHTF board should comprise both members with expertise in multi-family housing financing and community members who represent constituencies that the SAHT will target through these programs. The SAHTF can take some first steps towards informing this process by determining its board skills and knowledge needs with a board matrix that lists board members and their respective skills. A matrix can help point to gaps and needs in terms of skill

and also sociodemographic representation. Here are is a list of assets and expertise that could be considered in a skill matrix for the SAHTF board:

i. **Administration/Management/Human Resources** – Experience in day-to-day management and operations of a complex organization; helping SAHTF acquire and retain the best talent possible.
ii. **Business /Strategic Planning** – Skill in identifying organizational outcomes and impacts and the optimal activities, strategies, and resources to achieve them.
iii. **Community Development and Neighborhood Revitalization** – Evidence of work with neighborhoods and stakeholders to identify assets and use them creatively to address local issues; creating opportunities to build social inclusion and equality; engaging in housing, infrastructure revitalization, and other community development initiatives.
iv. **Community Engagement** – Active education, advocacy, community organizing, and policy work within the community on issues that affect the community.
v. **Knowledge of/Relationships with Communities SAHT Serves** – Understanding the community, our residents, small businesses and/or other stakeholders.
vi. **Relationships/Connections/Memberships** – Possessing personal or professional relationships that will benefit the SAHTF, its constituents, and work (e.g. funders, partners, elected officials, advocates) or memberships in trade, civic, or social organizations.
vii. **Financial Management and Accounting** – Experience in fund management, budgeting, creating or reading financial statements such as balance sheets, statements of activities, audits, etc.
viii. **Program Evaluation and Compliance** – Interest and experience in measuring the impacts of non-profit programs and alignment with SAHTF's strategic plan; ensuring SAHTF is collecting correct and relevant data, maintaining correct files, and submitting timely and accurate reports to funders.
ix. **Real Estate Development and Affordable Housing Financing** – Significant familiarity with the tools, processes, and mechanisms in affordable housing design, funding, construction and management at the local, state, and federal level. Depending upon SAHTF's set priorities this could include individuals experienced with financing and developing new construction, preservation, single-family, multi-family and mixed-use development. For example, if the SAHTF will target multi-family it should prioritize having expertise in the tools used to develop this housing type such as: Low-Income Housing Tax Credits (LIHTC), Historic Tax Credits, and local or state sources such as Tax Increment Financing.
x. **Property and Asset Management** – Knowledge of acquisition, oversight, and disposition of real estate that achieve the Trust's goals; understanding of day-to-day administration of real estate; knowledge of public/private policies and constraints, and professional property management standards.
xi. **Banking/Lending** – Deep understanding of financial products and services needed by SAHTF constituents (e.g. lines of credit, construction loans) and knowledge of investment banking in the real estate sector.
xii. **Legal** – Knowledge of the legal aspects and constraints of business and community development (e.g. corporate/business, real estate/construction, human rights, and/or employment law).

xiii. **Fundraising and Resource Development** – Experience with grant-writing and/or donor identification; experience in pursuing both equity and debt opportunities.

xiv. **Marketing/Public Relations** – Skill in crafting and telling the SAHT's story, identifying key audiences and messages and best approaches to quantify impact; an understanding of the value of social media.

xv. **Technology** – IT expertise (hardware, software, operating systems, computer networks, social media, and/or telecommunications and other resources for disseminating and storing information)

xvi. **Multi-lingual and Culturally Competent**– Possesses cultural awareness and knowledge as it relates to how different populations access housing opportunities or encounter housing barriers; speaks more than one language.

xvii. **Other** – What other skills, expertise, abilities, etc. are key to the SAHTF board's success and oversight?

D. SAHTF-PFC and SAHT-FC Projects

Please note that information on additional sources of public investment and expiration terms of affordability covenants are not listed, as they were not consistently available for all projects listed below.

SAHT-PFC and SAHT-FC Project Listing by Unit Affordability

AMI = Area Median Income. The 2019 Area Median Income for the San Antonio – New Braunfels Metropolitan Statistical Area (MSA) is $71,000 (HUD).
F = Finalized
C = Under Construction
I = Inducement

#	Project	Status	Complete	Address	Project Sponsor	Corporation	Total Units	Units at 30% AMI	Units at 50% AMI	Units at 60% AMI	Units at 80% AMI	Market Rate Units	Total Value $	Bond Issue
1	Acme Road	F	5/9/2018	527 S. Acme Rd. SA, TX 78237	NRP Group	PFC/ FC	324		8	316			$44,573,570	$23,200,000
2	Cevallos Lofts	F	11/1/2012	301 E. Cevallos SA, TX 78204	NRP Group	PFC/ FC	252		63		63	126	$36,054,493	$20,935,000
3	Esperanza at Palo Alto	F	3/30/2017	12305 SW Loop 410 SA, TX 78224	NRP Group	PFC/ FC	322		4	318			$41,083,412	$19,540,000
4	Freedom Hills Ranch	F	1/31/2018	6010 Ray Ellison Dr. SA, TX 78242	HomeSpring	PFC/ FC	252			252			$33,466,311	$17,150,000
5	Masters Ranch	F	1/1/2017	3435 E. Southcross Blvd. SA, TX 78223	HomeSpring	PFC/ FC	252		3	234		15	$30,631,694	$15,500,000
6	Oak Valley	F	5/15/2019	12607 Judson Rd. SA, TX 78233	Pedcor Investments	PFC/ FC	192	2		190			$38,085,791	$21,541,600
7	The Baldwin at St. Paul Square	F	10/30/2018	239 Crockett St. SA, TX 78205	NRP Group	PFC	271				136	135	$48,433,744	
8	The Upton at Longhorn Quarry	F	12/15/2017	4906 Wurzbach Parkway SA, TX 78233	NRP Group	PFC	305				156	149	$38,187,121	

#	Project	Status	Complete	Address	Project Sponsor	Corporation	Total Units	Units at 30% AMI	Units at 50% AMI	Units at 60% AMI	Units at 80% AMI	Market Rate Units	Total Value $	Bond Issue
9	Woodlawn Ranch	F	12/1/2012	330 W. Cheryl SA, TX 78228	HomeSpring	PFC	252	10	90	100		52	$32,332,935	
10	Broadway Jones Apartments	C		1011 Broadway Jones Avenue	NRP Group	PFC	283				142	141	$56,115,149	
11	Brookwood	C		9015 Ingram Road SA, TX 78245	210DG	PFC/ FC	197		99			98	$31,712,227	$18,000,000
12	Copper Pointe	C		6400 S. New Braunfels Ave. SA, TX 78223	LDG Development	PFC	252				126	126	$40,220,093	
13	Lord Road Apartments	C		4835 Lord Rd. SA, TX 78220	NRP Group	PFC/ FC	324		5	319			$48,610,408	$24,000,000
14	Montebella II	C		5415 North Foster Rd. SA, TX 78244	NRP Group	PFC	321				161	160	$37,167,172	
15	St. John's	C		222 E. Mitchell SA, TX 78210	210DG	PFC/ FC	228			176		52	$39,537,921	$23,000,000
16	Trails at Leon Creek	C		7615 Bandera Rd. SA, TX 78250	Pedcor Investments	PFC/ FC	344			344			$66,674,201	$35,000,000
17	West Cevallos	C		West Cevallos & West Peden St. SA, TX 78204	NRP Group	PFC	320				160	160	$55,819,500	
18	Alsbury Park	I		231 Noblewood Dr. SA TX	Versa Development	PFC/FC	240			240			$34,668,000	$20,000,000
19	Culebra Creek	I		FM 1560 & FM 471 SA, TX 78253	Pedcor	PFC/ FC	312			312			$63,157,635	$36,000,000

#	Project	Status	Complete	Address	Project Sponsor	Corporation	Total Units	Units at 30% AMI	Units at 50% AMI	Units at 60% AMI	Units at 80% AMI	Market Rate Units	Total Value $	Bond Issue
20	Friedrich Lofts	I		1617 E. Commerce St. SA, TX 78205	Provident Realty Advisors	PFC	350				175	175	$68,260,792	
21	Hamilton Wolfe Lofts	I		Northwest corner of Hamilton Wolfe Rd. and Princeton Place	NRP Group	PFC	88	16	32	31		9	$19,729,035	
22	Lackland Town Center Lofts	I		7404 West US Hwy 90 SA, TX 78227	NRP Group	PFC	354				177	177	$43,638,182	
23	Lookout Apartments	I		1604 & Lookout Road SA, TX, 78154	Versa Development	PFC	312			32	125	155	$41,320,146	
24	Luna Lofts Apartments	I		4415 San Pedro Ave. SA, TX 78212	NRP Group	PFC	74	16	32	26			$18,151,746	
25	Majestic Ranch Apartments	I		Majestic Dr. & Callaghan Rd. SA, TX 78228	HomeSpring	PFC/ FC	288			288			$41,914,375	$23,000,000
26	Mesa West	I		10300 Block of Ingram Rd. SA, TX 78245	Pedcor	PFC/ FC	280			280			$55,447,041	$33,000,000

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