AGENDA

A Regular Board Meeting for:
SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION
will be held at Municipal Plaza B Room
114 W Commerce St., San Antonio, TX 78205
and virtually via ZOOM:
https://us02web.zoom.us/j/84914768319?pwd=EnfxKPKKRu53f7plg3ixmMOdJ6CaKY.1
DIAL-IN NUMBER: 1-346-248-7799 MEETING ID: 849 1476 8319 PASSWORD: 079881
On Friday, August 19, 2022, beginning at 2:00 p.m. or immediately following the adjournment of the San Antonio Housing Trust Foundation Board Meeting

NOTICE: *A quorum of the board of directors will be physically located at 114 W Commerce St., San Antonio, TX 78205 at 2:00 p.m. One or more of the Directors may attend this meeting by video conference pursuant to the requirements set forth in the Texas Open Meetings Act. An electronic copy of the agenda packet may be accessed at the San Antonio Housing Trust website under the CALENDAR/Board Meeting date page prior to the meeting.*

NOTICE: *This meeting of the Board, 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.*

1. Call to Order and Roll Call
2. Discussion and possible action to approve minutes of July 15, 2022
3. Public Comment – Interested speakers will have 3 minutes each to address the Board on agenda items or housing policy related matters.
4. Presentation and possible action regarding the San Antonio Housing Trust Public Facility Corporation Audit for fiscal year ending September 30, 2021.
5. Briefing and discussion on the Fiscal Year 2023 Preliminary Budget.
6. Discussion and possible action to approve Tax Credit Development Criteria
7. Adjournment

Executive Session. The San Antonio Housing Trust reserves the right to adjourn into Executive Session at any time during the course of this meeting to discuss any of the matters listed on the posted agenda, above, as authorized by the Texas Government Code, Sections 551.071 (consultation with attorney), 551.072 (deliberations about real property), 551.073 (deliberations about gifts and donations), 551.074 (personnel matters), 551.076 (deliberations about security devices), and 551.087 (economic development). *ANY ITEM DISCUSSED IN EXECUTIVE SESSION MAY BE ACTED ON IN OPEN SESSION*

Attendance by Other Elected or Appointed Officials: It is possible that members City boards, commissions and/or committees may attend the open meeting in numbers that may constitute a quorum. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a meeting of any other boards, commissions and/or committees of the City, whose members may be in attendance in numbers constituting a quorum. These members of other City boards, commissions, and/or committees may not deliberate or take action on items listed on the agenda. [Attorney General Opinion – No. GA-0957 (2012)].

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretative services must be made 48 hours prior to this meeting. Please contact Nicole Collazo, for concerns or requests, at (210) 735-2772 or FAX (210) 735-2112.

San Antonio Housing Trust Public Facility Corporation
Agenda Item 2

This item includes the approval of minutes from the **July 15, 2022**, meeting.

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION
OFFICIAL MEETING MINUTES

Date: Friday, July 15, 2022
The Public Facility Corporation met in session at 2:02 p.m., via Zoom and in person at 114 W Commerce St, San Antonio, TX 78205.

PRESENT: Antoinette Brumfield, Councilwoman Teri Castillo, Eric Cooper, Jordan Ghawi, Rachell Hathaway, Mark Carmona, Jane Pacione, and Councilwoman Phyllis Viagran.

ABSENT: Councilwoman Adriana Rocha Garcia, Councilman Jalen McKee-Rodriguez, Councilman John Courage, and Marinella Murrillo.

STAFF/VISITORS PRESENT:
Pedro Alanis- Executive Director San Antonio Housing Trust Foundation INC.; Nicole Collazo- Director of Operations San Antonio Housing Trust Foundation INC.; Lauren Bejaran- Sr. Administrative Assistant San Antonio Housing Trust Foundation INC.; Ruben Lizalde- D3; Justin Renteria- D5; Ileana Sandoval- D9; Clarissa Rodriguez- Attorney DNRBZ; Summer Greathouse- Attorney Bracewell; Jason Arechiga- The NRP Group; Mark Tolley- Mission Development Group; Keith Newcomb- San Antonio Alternative Housing Corporation; Andrew Poppoon- LPDC.

1. **CALL TO ORDER AND ROLL CALL:** The meeting was called to order by Vice President Jane Paccione and the roll was called by Lauren Bejaran.

2. **DISCUSSION AND POSSIBLE ACTION TO APPROVE MINUTES OF JUNE 17, 2022.** Councilwoman Viagran motioned, and Councilwoman Castillo seconded for approval of the June 17, 2022, minutes with the noted corrections.

AYES: 4
NAYS:
ABSTAINED:
THE MOTION PASSED.

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.

Jason Arechiga, Senior Vice President of Development for The NRP Group statement:

"Alright, thank you everybody. My name is Jason Arechiga with the NRP Group. Before I begin, I just wanted to say the next comments I make are regarding item number five. Simply calling for a little bit longer to review some of the criteria before we take any action on.. With that being said, there are a lot of things in number five that we agree with as a company and a development community. And I do think that Pete has done an amazing job putting it together and assembling everything to where we need to be, so bear that in mind with the following comment.

I'll begin.

Since Cevallos Lofts was contemplated, we have developed an excellent working partnership, we as in The NRP Group, with the City of San Antonio and The Trust, to bring housing to all citizens of San Antonio. Specifically, our focus has been that housing is a basic fundamental tenant, a wellbeing, and we have worked together to bring affordable housing to the city with Lucero, The Stella, Esperanza de Palo Alto, The Nightingale, The Markson, and coming soon, The Viento at Texas A&M. I am here today to ask the Trust to give the development community a chance to formally respond to the Tax Credit Partnership requirements being contemplated today as item number five. From speaking with my colleagues who develop here in San Antonio, we have some concerns with that these credits can be too omitting and may prevent affordable housing opportunities from being built due to the scope and focus of the criteria.

While certainly well intended, a recommendation of quite a few of these requirements be made priorities or preferences as to not restrict who you all can partner with or where. For example, under the new policy The Trust will only partner with non-profits for 9 percent applications, and that would have prevented us from developing The Nightingale that is in the Medical Center or The Markson on San Pedro without bringing in another non-profit. Also, limiting the area in which you all may partner, while it is allottable goals to be near mass transit, mass transit usually follows development. To be within a quarter mile of a bus stop would eliminate the ability to develop new affordable housing in vast portions in Districts two, three, four, six, nine, and ten. Making this preference or priority would still keep the options open from where I understand the development community could try to work out a stop with Via, but we cannot make them serve an area. There are alternatives as well, for example the city of Austin and Travis County allows for shuttle transportation to be arranged if a transit stop is not within a certain distance. To that point, Austin has also encouraged affordable housing with their Smart Housing and Affordability Unlocked program. While they too they are requesting deeper targeting green building and design standards similar to what is discussed today, they are also allowing projects to build affordable housing in areas that would otherwise not be zoned. Change to the city requirements include FAR bonuses and increase height restrictions.

I would encourage that if we choose to restrict where and how we build, we work with the city to make those areas where we can build reasonably easier to develop in, especially given the challenges already inherent in affordable development. There are other aspects of this criteria that would preclude upon a partnership with various developers as well such as limiting how much fee can be deferred greater than TDHCA or investor standards, reducing management fee to 4 percent especially in light of increasing costs and how much it costs to manage 9 percent transactions, or building beyond city code. In short, these criteria are not just going to limit the development community, but they can also limit and burden The Trust. With the location criteria, we will add additional cost of land, which are already high, additional construction costs, which are also extremely high, and not serve certain high opportunity areas. Other factors such as building beyond 2021 standards and design, the Tennant Assistance Fund, limiting management fees, limiting growth percentages, and restricting who you all can partner with, contribute to being unable to underwrite a development. Again, I am not saying that these are not goals we can all have, but as I have stated in the beginning let's take a chance to receive comments from the whole community and look at making these priorities or preferences as opposed to requirements for adding alternatives, just so we're not eliminating ourselves.

Lastly, affordable housing developments are already subject to intense State and Federal requirements. Locally zoning and nimbyism add another layer of complexity and restriction. If this board votes to add additional restrictions on top of what already exists, we will be creating a barrier to affordable housing production, while we should be focused on eliminating barriers to

affordable housing."

Vice President Jane Paccione thanked Jason Arechiga for his statement and stated to the board that Mark Tolley, Partner at Mission Development Group, would give his statement. Rachell Hathaway and Eric Cooper joined the board meeting at 2:06 PM.

Mark Tolley, Partner at Mission Development Group, statement:

"Thank you. My name is Mark Tolley. My address is 454 Soledad Street. My company is Mission Development Group. We are a non-profit housing group that was formed in 2015 here in San Antonio. Since our induction in 2015, we have constructed 1,906 units of affordable low income and moderate-income housing. I'm very happy to be here today because obviously I value my relationship; Pete and I have been through many battles together to get projects done. It is good to see people like Jason in the crowd, who is one of our friendly competitors, and I when I say friendly, I mean it. You know, we are very proud of our affiliation with the San Antonio Housing Trust Corporation and also with SAHA. We are locally based in a community -and we build nationally recognized affordable housing. We want to continue this relationship in a stream of successes in this worthy, but difficult arena. Our concern regarding the elements of the Tax Credit Development Criteria for future partnerships, is at while they are all noble, the net result will be a vast diminishment of the production of affordable housing. That is our concern. There are a number of elements that are proposed in this that would propose at a time when construction costs have skyrocketed, when interest rates have skyrocketed, where over 50 percent of the projects that are being awarded bond inducements by TBRD are actually returning those bond inducements because of these issues, both interest rates and construction costs; our concern is at this juncture some of the issues, some of the criteria that is proposed in here, would result in additional costs. And these additional costs cannot possibly come at a worse time.
You know, we have projects in the pipeline, we have projects that we have recently returned the tax credit allocation because the costs have increased from 50 to 70 percent in the last 2 years. Interest rates are up 2 percent from what they were a year ago. You can understand from a pure economic perspective this makes production of affordable housing, which is very interest rate sensitive, a difficult endeavor. We are striving to proceed with roughly 900 units of additional affordable housing. Right now, it is very, very difficult to get those pencil- to get it to a point where the tax credit equity providers will agree to provide the equity required for a 4 percent Tax Credit Structure. So, my message is fairly straightforward. While we have been a partner with, and we hope to be a partner with The Trust in the future, we've also been a partner with The San Antonio Housing Authority. We recently completed 200 units of affordable housing on Tampico Street. I would simply caution the board that the adoption of some of these criteria, particularly the ones that will definitely have impact on costs, come at a rather critical juncture. A juncture that, if implemented as noble as they may be, I really truly believe, and our partnerships believe, that it would perceptually vastly diminish the amount of affordable housing we have come to expect from the development partners of this community and from the San Antonio Housing Trust. That's it for today. If you have any questions, I will be happy to answer them. Thank you for letting me talk here."

Jane Paccione thanked Mark Tolley for his comment.

4. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION INDUCING THE MEMORIAL APARTMENTS IN PARTNERSHIP WITH SAN ANTONIO ALTERNATIVE HOUSING CORPORATION, TO BE LOCATED AT 1614 EL PASO STREET; AND AUTHORIZING THE EXECUTION OF A NONBINDING TERM SHEET AND OTHER MATTERS IN CONNECTION THEREWITH.

Pete Alanis briefed to the board about the San Antonio Alternative Housing Corporation (SAAHC) are seeking to develop a multi-family land trust partnership with the SAHT PFC. The project is anticipated to be a $6.4 million, 30-unit newly built apartment complex development. The SAAHC is an established CHDO, Community Housing Development Organization, that owns over one thousand units of rental multi-family and single-family units with 120 units managed in house. The property is located at the site of the former Memorial Funeral Home and former Zamarripa family residence along with the associated outbuildings and parking lots, totaling to 11 lots assembled for the project. The existing single-family home will be relocated to a property that SAAHC owns, within the neighborhood, and be leased to a low-income family.

The project will future sustainability features, including Rain Barrel collection system to collect condensation from AC units to support onsite irrigation. SAAHC is assessing additional sustainable features such as universal design elements. Pete stated that the talk for universal design elements will have to wait for future discussion until recommendations are made by the Sustainability and Universal Design Committee on what those design elements should be. SAAHC has agreed to have 3 accessible units on the property and will have 10% of units accessible as fully accessible on the first floor in the future. Pete stated the property will only have 2 floors and it would not be financially feasible to put in an elevator at the location.

The Memorial Apartments will be 100% affordable newly constructed rental project for households whose incomes average range from 30% to 60% AMI. The project will have efficiency units with 0 bedrooms and 1-to-3-bedroom units covered by the Tennant Protection Program and will accept Project Based Vouchers. This multi-family land trust will ensure permanent affordability. Due to the nature of this development, the PFC will seek an ownership/ground lease structure, whereby the PFC will acquire the property at the financial closing to ensure permanent affordability while entering a long-term lease with a SAAHC created entity who will build and operate the apartment community. The $6.4 million project cannot support very much debt when the rents are as low as 30%-60% AMI units. SAAHC eliminated the amount of revenue brought in by the 30 units, bringing their cash flow to an estimated $80,000 to $90,000 a year. SAAHC has agreed to provide approximately $3 million in cash equity into the project and will likely receive a 3% return on equity from the $3 million contributed. The project also has a commitment of $250,000 in the form of a long-term low interest loan from SATX Inner City Development Inc. SAAHC is planning to apply for future RFA's by the City of San Antonio to cover the remaining $3.1 million for the project. The goal is to not have additional debt on the property due to project not having the financial support it needs to cover the debt.

The PFC will not receive a development fee, transaction fee, or a percentage of cash flow from the project to ensure the full property tax benefit reduces operating expenses to allow for positive cash flow to provide a 3% return on equity for SAAHC, INC. The PFC is seeking to receive $5,250 administrative fee per year to cover the cost of SAHT oversight and compliance. Staff recommends approval by the Finance and Audit Committee to move this item forwards to the Public Facility Corporation board to consider inducement approval to support the acquisition and development of the Memorial, Apartments, located at approximately 1.02 acres at 1614 El Paso in

Council District 5.

Jordan Ghawi asked Keith Newcomb, Executive Director for The San Antonio Alternative Housing Corporation, about where the single-family home that is currently on the future site for Memorial Apartments will be relocated. Keith stated that the home will be preserved and will be relocated 1 mile away in a subdivision. Jordan Ghawi asked Keith if the home would be rented and if the home will be considered affordable housing. Keith stated the home will be rented out, possibly at 30% to 60% AMI.

Councilwoman Teri Castillo asked Pete about if SAAHC will be applying for housing bonds in August 2022 to cover the $3.1 million GAP. Pete stated that the PFC recommended to SAAHC to apply for housing bonds for 2022. SAAHC will most likely send their RFA to the City at the end of August 2022. Councilwoman Castillo asked Pete if the Finance and Audit Committee reviewed the project to see if it would be supported by 2022 bond parameters. Pete stated that staff and the Finance and Audit Committee did review a few of the parameters for the application, but due to the city not fully releasing the bond parameters, they will have to wait until the end of July 2022 to review all the bond parameters. Councilwoman Castillo expressed her support for the project in hopes that it will bring more 100% affordable housing in District 5.

Eric Cooper asked Pete Alanis why the costs for this project are significantly lower than other projects the PFC has completed. Pete stated that higher financing costs associated with the larger projects are due to the loans being taken on and the additional costs to vet the project through a Low-Income Housing Tax Credit Project program. Memorial Apartments will have mostly cash upfront to fund the project, it is easier to finance. The project will then close without the extra fees such as underwriting and attorney fees that will help lower the total costs.

Rachell Hathaway asked Pete if the project's maintenance fees will be covered by the CHDO. Pete stated that all the maintenance and management responsibilities will be covered by SAAHC. Pete reaffirmed the board that the project is being designed this format so that SAAHC will receive the 3% return in equity. However, any cash that is accumulated over the 3% will be put into a Federal Reserve Fund that will be dedicated for the project.

Jordan Ghawi asked Pete how small the 0-bedroom apartments will be in square feet. Keith Newcomb stated he does not currently know, and Pete stated that he would find and supply that information for Jordan in the future. Jordan Ghawi expressed his support for the 100% affordable housing and the preservation and relocation of the current single-family home. Keith Newcomb stated that the SAAHC had the full cooperation of the Neighborhood Association and had no plans on demolishing the single-family home. It will stay in the neighborhood and be rented out to another low-income family household.

Councilwoman Teri Castillo asked Pete Alanis if the retention of the land align with the City of San Antonio's Strategic Housing Implementation Plan (SHIP). Pete stated the idea of permanent affordable housing does align with the SHIP if the PFC ensures that the project will be controlled by the PFC. To protect against another group from buying, the PFC will put a regulatory agreement on the property that will be tied to the land. If the PFC does decide to sell the property, the land must be used for future affordable housing.

MINUTES COMMISSION ACTION:
Councilwoman Castillo motioned, and Councilwoman Viagran seconded to approve a resolution inducing the Memorial Apartments in partnership with San Antonio Alternative Housing Corporation, to be located at 1614 El Paso Street; and authorizing the execution of a nonbinding term sheet and other matters in connection therewith.

AYES: 4
NAYS:
ABSTAINED:
THE MOTION PASSED.

5. DISCUSSION AND POSSIBLE ACTION TO APPROVE TAX CREDIT DEVELOPMENT CRITERIA.

Pete Alanis briefed to the board about the 2023 Tax Credit Partnership Program that has been in development informally over the last few years. The goals SAHT wants to achieve by implementing this Tax Credit Development Policy is to let developers know what the Trust wants to build as an organization, where the Trust wants to target their investments with the use of SAHT's Property Tax exemption and partnerships and provide guidance and transparency to the public what the Trust does. The Term Sheet that SAHT staff has constructed outlines all the policy criteria SAHT has been working with on past Tax Credit Developments and is in line with the Trust's Strategic Plan and the City of San Antonio's Strategic Housing Implementation Plan (SHIP) goals and objectives.

Program Goals with the criteria include preserving affordable units through acquisition and substantial rehabilitation of existing rental units serving targeted populations, permanent supportive housing serving persons experiencing homelessness, creation of new affordable units serving targeted populations, and re-syndication of LIHTC developments to extend affordability beyond the initial LURA period.

Site eligibility for project location must include the following: The project being located withing City of San Antonio Limits. Projects located within an Extra-Territorial Jurisdiction (ETJ), or another municipality are not eligible. The location must not involuntarily displace any household, business, or non-profit organization that moves from real property permanently, as a direct result of project activity. Relocation plans must be provided to address the re-housing of any low-income households displaced by demolition and/or redevelopment associated with the proposed project. New Construction/ Adaptive Reuse must be located: within 1 mile of an SA Tomorrow Regional or major university; or on publicly owned property; or within 500 feet of a Via Transit; or have other major catalytic redevelopment as identified by a Department of the City of San Antonio or San Antonio City Council. If the project is not within 500 feet of a transit center, the project must be within .25 miles from a transit stop or station connected with an accessible sidewalk to the stop or station. Permanent Supportive, Older Adult Housing, Acquisition may be located outside these areas except for transit stop requirements.

Under Project Eligibility, The Trust established minimum requirements for eligibility. Every project must have 30% units minimum. 4% LIHTC Equities must have 5% of the units serve households at or below 30% AMI, 10% of the units at 50% AMI, and SAHT will allow income averaging as one of the methods to achieve lower affordability. 9% LIHTC Equities the applicant must be a nonprofit organization or an entity, for-profit co-developer, that supports Permanent

Supportive Housing (PSH). Projects requesting bond issuance only must have 15% of the units at or below 30% AMI due to the competition on applying for 4% LIHTC project bond reservations. This would ensure the 15% of the units serving families at 30% AMI. SAHT is encouraging Universal Design and Sustainability that exceed the City's Universal Design Ordinance. Projects must adhere to the Tennant Protection Policy and high-speed internet must be in each unit on site. Based on SAHT's Strategic Plan, projects must also serve at least one of the following populations: low-income families with children, older adults, persons with physical, intellectual, or developmental disabilities, and persons experiencing homelessness. However, SAHT will also take part in any development that will have, veteran-centric housing, youth that are aging out of foster care, violence against women protections, and the chronically ill.

Development Team Qualifications must include the following: SAHT will not partner with developer's first tax credit project. There are risks with working with inexperienced developers on a tax credit structure. Developers must have experience with at least three completed LIHTC project or affordable multi-family rental developments of comparable size and complexity. For PSH and non-profit developers, must have experience as a co-developer if they do not meet all the development team qualifications SAHT also requires disclosures, such as Criminal Background Checks, Bankruptcy Court Filings Lawsuits, and Financial Statements. Applicants must provide a pipeline of development of current and completed projects for review. SAHT has also established a list of property management qualifications to ensure property management will be adequately suitable for the position. Architects, Project Engineers, and CPAs are also expected to meet the requirements when they are brought onto the project in the future.

Financial Underwriting Criteria establishes Pro-forma assumptions for underwriting. The Pro-forma assumptions include long-term assumptions that are conservative in nature, construction costs with 15 years from stabilization, growth factor for income and expenses, management fees are capped at 4% each year, defines 'Substantial Rehab', establishes documentation for Tax Credit Equity, requires disclosure if intended to seek Grants or City Funding, establishes criteria for operating expenses, and requires establishment of Tennant Assistance Fund at $1,500 unit. The Tennant Assistance Fund will provide a set of funds that will help residents with financial assistance if needed.

Mark Carmona joins the meeting at 2:54 PM.

Partnership Terms and Fees outlines Two Partnership Term Options for Non-Profit Entities. SAHT is requiring an increase of application fees from $3,000 to $5,000 for For-Profit Developers. The Criteria for For-Profit Developers requires 25% of estimate sales tax received back to SAHT. Cash back from sales taxes will be utilized to fund the Tennant Assistance Fund for the project. SAHT proposes the application fee of $3,000 dollars be decreased or waived for Non-Profit Entities, and the developer fees be reduced from 25% to 10%. Non-profits will receive more money back from the projects due to the reduced 10% developer fees. Pete Alanis opened the floor up for discussion on the Tax Credit Partnership Program and stated to the board that the item can be voted on during this meeting or during August 2022's SAHTPFC meeting.

Eric Cooper asked Pete Alanis if the terms for the Tax Credit Partnership Program would result in less units being built that are higher quality. Pete Alanis stated that the Tax Credit Partnership Program was designed to offer transparency to what SAHT wants to be built as an organization. SAHT wants to encourage more universally designed projects that are also sustainable as well. These are not requirements as of now. In the future after the recommendations are brought

forward by the Sustainability and Universal Design committee, the requirements for Sustainability and Universal Design projects will be brought forth. SAHT wants to build a higher quality product that will last longer. Most projects that are being built require a renovation after year 15 and SAHT is seeking to build a product that is going to last more than 15 years. Eric Cooper asked Pete if the Tax Credit Partnership Program is not put in place, will it impact the quality of projects being built. Pete reiterated that the sustainable and universal design are guidelines and not requirements. The goal of being a higher quality product to promote a better quality of life for the residents.

Councilwoman Phyllis Viagran expressed her concern for the Tax Credit Development Policy and stated she would not support the item if it were called for a vote. Councilwoman Viagran stated District 3 would be excluded due to the Tax Credit Partnership Partner.

Rachell Hathaway asked Pete Alanis for more information on the City of San Antonio's Displacement Tools that are currently in place and asked if they would change in the future. Rachell also asked Pete about the criteria for nonprofits that do not have to pay the administrative fees. Mark Carmona responded to Rachell by stating that the City of San Antonio's Displacement Plan is currently in development and will have to be taken to Council for approval. Pete Alanis stated that there is not a current displacement policy in place. The policy is being put in place due to the displacement impact on a low-income community from a permanent supportive housing project. The SAHT is currently involved in the development of the displacement policy. The application fee reduction is due to the Strategic Plan's goal to help build the capacity of nonprofit partners. By waiving the application fee, it will help nonprofits gain more revenue to build future permanent supportive housing.

Councilwoman Teri Castillo expressed her support for the language in the Tax Credit Partnership Program that states developers cannot voluntarily displace individuals where the project is being built. Councilwoman Castillo asked Pete why the projects must have a score of 6, and not higher, based on the City of San Antonio Equity Matrix for new construction. Pete Alanis stated the goal is to promote breaking the cycle of income inequality in spatial ways. The site eligibility matrix score of 6 can be adjusted. By setting the site eligibility matrix score at 6, this will reinforce SAHT's efforts to promote lower income units in areas of high opportunity. Areas that have more infrastructure available.

Jordan Ghawi asked Pete if SAHT has solicited the Tax Credit Partnership Program for input from nonprofits to nonprofit developers in San Antonio. Pete Alanis stated that he has informally sent out the Tax Credit Partnership Program to SAHT stakeholders for input. Jordan Ghawi asked if Alamo Colleges would be included as a university for project location site eligibility. Pete stated Alamo Colleges will be considered a university and will not be excluded from site eligibility criteria. Jordan Ghawi requested more information on how many 4% LIHTC projects would be left out if the Tax Credit Partnership Program was put in place 2 years ago. Jordan suggested that SAHT get with VIA to see where the transit line is throughout the city and how much of the city would not be eligible for SAHT's Tax Credit Partnership program. Jordan asked is for-profit developers could also support PSH. Pete stated the for-profit developers could be involved in PSH developments if they are co-developers for nonprofit developers. Jordan asked what qualifies as substantive supportive services for nonprofits who want to create PSH. Pete stated that SAHT based the criteria on TDHCA's criteria for PSH they have in place.

Eric Cooper recommended to Pete that the Tax Credit Partnership Program be released for input

to nonprofit and for-profits. Eric also thanked the team for their efforts in developing the Tax Credit Partnership Program.

Councilwoman Teri Castillo stated that there needs to be parameters put in place for affordable housing developments in San Antonio to prevent a housing crisis.

Councilwoman Phyllis Viagran reiterated her concern of adopting the Tax Credit Partnership Program without input from nonprofit and for-profit developers. Councilwoman Viagran also agreed with Jordan Ghawi's recommendation of SAHT staff providing information on how many 4% LIHTC projects would be left out if the 2023 Tax Credit Partnership Program was put in place 2 years ago.

MINUTES COMMISSION ACTION:
Jordan Ghawi motioned, and Councilwoman Viagran seconded to table item 5 for further consideration on the 2023 Tax Credit Development Criteria until next scheduled meeting on August 19, 2022

AYES: 4
NAYS:
ABSTAINED:
THE MOTION PASSED.

6. ADJOURNMENT
Vice President Jane Paccione adjourned the meeting. There being no further business, the meeting adjourned at 3:38 p.m.

San Antonio Housing Trust Public Facility Corporation
Agenda Item 3

Public Comment

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. Instructions to sign up for Public Comment via Zoom video conference.

To sign up for Public Comment please call 210-735-2772 24 hours prior to this meeting to place your name on the list.

San Antonio Housing Trust Public Facility Corporation
Agenda Item 4

Presentation and possible action regarding the San Antonio Housing Trust Public Facility Corporation Audit for fiscal year ending September 30, 2021.

Summary:

The San Antonio Housing Trust Foundation released a Request for Proposals on July 16, 2021. In September 2021, the Board approved the selection of Leal and Carter, P.C. for a two-year period to complete the annual independent audit of the San Antonio Housing Trust Foundation, the San Antonio Housing Trust Finance Corporation, and the San Antonio Housing Trust Public Facility Corporation.

The auditor shall provide the board with a presentation.

Recommendation:

The ***Finance & Audit Committee*** recommends approval of the FY 2021 SAHT Public Facility Corporation Audit as presented.

Attachment:
FY 2021 SAHT Public Facility Corporation Audit

2021 SAHT
PFC
Audit

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION
(A Component Unit of the City of San Antonio, Texas)

SAN ANTONIO, TEXAS

FINANCIAL STATEMENTS AND OTHER REPORTS
(With Independent Auditors' Report Thereon)

SEPTEMBER 30, 2021

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION

Table of Contents

Page

Independent Auditors' Report..... 1-2

Management's Discussion and Analysis..... 3-6

Statement of Net Position 7

Statement of Revenues and Expenses and Changes in Net Position 8

Statement of Cash Flows 9-10

Notes to the Financial Statements..... 11-19

Independent Auditor's Report on internal control over financial reporting and on compliance
And other matters based on audit of financial statements performed in
In accordance with *Government Auditing Standards* 20-21

Comparison of Actual to Budgeted Expenses – CDBG 22

LEAL & CARTER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Frank J. Leal, CPA
Roberto Carter, CPA

16011 University Oak
San Antonio, Texas 78249
Telephone:(210) 696-6206
Fax:(210) 492-6209

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
San Antonio Housing Trust Public Facility Corporation
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the San Antonio Housing Trust Public Facility Corporation (SAHTPFC), a component unit of the City of San Antonio, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise SAHTPFC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of SAHTPFC as of September 30, 2021, and

the respective changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the SAHTPFC's basic financial statements. The accompanying schedule on *Comparison of Actual to Budgeted Expenses - City of San Antonio CDBG Cost Reimbursement Program* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have issued our report dated July 18, 2022, on our consideration of SAHTPFC's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance with the results of that testing, and not to provide an opinion of the effectiveness of SAHTPFC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SAHTPFC's internal control over financial reporting and compliance.

Leal & Carter, P.C.

San Antonio, Texas
July 18, 2022

San Antonio Housing Trust Public Facility Corporation
(A Component Unit of the City of San Antonio, Texas)

Statement of Net Position

September 30, 2021

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 3,079,070
Due from Red Berry TIRZ	26,024
Due from COSA for CDBG funds	98,008
Total Current Assets	3,079,070
Noncurrent Assets	
Land	83,714,809
Due from SAHTF (See Note 3)	744,083
Total Noncurrent Assets	84,458,892
Total Assets	87,537,962
LIABILITIES AND NET POSITION	
Liabilities:	
Current Liabilities	
Prepaid Deposits	29,344
Due to SAHTF	22,546
Due to COSA	124,069
Prepaid Rent - Current Portion	1,068,133
Total current liabilities	1,244,092
Long Term Liabilities	
Prepaid rent - Long Term Portion	79,171,572
Total long term liabilities	79,171,572
Total liabilities	80,415,664
Net Position:	
Invested in Capital Assets, Net of related debt	3,475,104
Unrestricted	3,771,226
Total net position	$ 7,246,330

See accompanying notes to financial statements.

San Antonio Housing Trust Public Facility Corporation
(A Component Unit of the City of San Antonio, Texas)

Statement of Revenues, Expenses and Changes in Net Position

Year Ended September 30, 2021

Operating Revenues:		
Administration fee income	$	75,000
Application fee income		18,000
CDBG Grant		249,686
Developer fee Income		1,608,839
Origination Fee		500,000
Incentive management fee		36,113
Distribution per cash flow		427,865
Rental Income		1,145,861
Other Income		100
Total Operating Revenues		4,061,464
Operating Expenses:		
Administrative fees		666,516
Professional fees		192,027
COSA Revenue share		124,069
Rent Expense		117,000
CDBG Project Expenses		249,686
Total Operating Expenses		1,349,298
Operating Income (Loss)		2,712,166
Nonoperating Revenues and (Expenses):		
Interest Income		148
Net Nonoperating Revenues and (Expenses):		148
Income (loss)		2,712,314
Increase (Decrease) In Net Position		2,712,314
Net Position at the Beginning of Year		4,534,016
Net Position at the End of Year	$	7,246,330

See accompanying notes to financial statements.

San Antonio Housing Trust Public Facility Corporation
(A Component Unit of the City of San Antonio, Texas)

Statement of Cash Flows

For the Year Ended September 30, 2021

Cash Flows From Operating Activities:		
Administration fee income	$	75,000
Application fee income		18,000
CDBG Grant		249,686
Developer fee Income		1,608,839
Origination Fee		500,000
Incentive management fee		36,113
Distribution per cash flow		427,865
Rental Income		1,145,861
Other Income		100
Payments to suppliers		(1,084,719)
COSA Revenue share		-
Rent Expense		(117,000)
CDBG Project Expenses		(249,686)
Prepaid Rent		9,249,138
Net cash provided (used) by operating activities		11,859,197
Cash Flows From Investing Activities		
Interest income		148
Acquisition of land		(10,278,000)
Net cash provided (used) by investing activities		(10,277,852)
Net increase (decrease) in cash and cash equivalents		1,581,345
Cash and cash equivalents, October 1, 2020		1,497,725
Cash and cash equivalents, September 30, 2021	$	3,079,070

See accompanying notes to financial statements.

San Antonio Housing Trust Public Facility Corporation
(A Component Unit of the City of San Antonio, Texas)

Statement of Cash Flows

For the Year Ended September 30, 2021

Reconciliation of Operating income (loss) to net cash used in operating activities:	
Operating income (loss)	$ 2,712,166
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in operating assets and liabilities -	
Other Assets	108,520
Prepaid Deposits	4,380
Prepaid Rent	9,249,138
Due to SAHTF	(336,076)
Due to SAHTFC	(3,000)
Due to City of San Antonio	124,069
Net cash provided (used) by operating activities	$ 11,859,197

See accompanying notes to financial statements.

San Antonio Housing Trust Public Facility Corporation
(A Component Unit of the City of San Antonio, Texas)

Notes to the Financial Statements

SEPTEMBER 30, 2021

Note 1 – Summary of Significant Accounting Policies

Organization

San Antonio Housing Trust Public Facility Corporation ("SAHTPFC") is a Texas nonprofit public facility corporation and component unit of the City of San Antonio, incorporated on December 28, 2009 under the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended ("the Act"). The organization's primary purpose is to provide for financing, acquisition, and construction of public facilities.

SAHTPFC is managed by a five-member Board of Directors that serve without compensation. The Board members are residents of the City of San Antonio and appointed by written ordinance of the City Council of the City of San Antonio. The internal affairs of the Organization are governed by the Organization's bylaws, which are approved by the governing body of the City of San Antonio. Upon dissolution of the Organization, any interest in any funds or property of any kind, real, personal, or mixed, such funds or property or rights thereto shall be transferred .and delivered to the City of San Antonio after satisfaction or provision for satisfaction of debts and claims have been made.

Although the SAHTPFC is a nonprofit organization, it has prepared its financial statements in accordance with the governmental accounting and reporting provisions of the GASB, based upon this relationship with the City of San Antonio. Such relationship requires that SAHTPFC's separately issued financial statements be based upon GAAP as promulgated by GASB Statements and Pronouncements. Under the provisions of GASB Statement 34, the SAHTPFC has prepared its financial statements as a special purpose local government involved in business-type (enterprise/proprietary fund) activities. Under the business-type activity reporting model of the GASB, a governing body decides that periodic determination of revenues earned, expenses incurred, and /or net income earned is most appropriate for capital maintenance, public policy, management control and accountability.

Additionally, SAHTPFC follows GASB accounting pronouncements that provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's governing body as the basic criterion for including a possible component organization in the primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

SAHTPFC has formed limited liability companies (LLCs) to be involved in partnerships that develop and operate multi-family housing in San Antonio, that are described below. SAHTPFC is the sole member and owner of each of these LLC's, and has made no capital contributions to these limited partnerships and they are all in the predevelopment stages. Management has evaluated these LLCs under GASB pronouncements as described in the preceding paragraph and determined that they would not be included in the SAHTPFC reporting entity.

San Antonio Housing Trust Public Facility Corporation
(A Component Unit of the City of San Antonio, Texas)

Notes to the Financial Statements

SEPTEMBER 30, 2021

Note 1 – Summary of Significant Accounting Policies

Organization (Continued)

During 2016 through 2021, SAHTPFC formed SAHT Longhorn Quarry LP, LLC, SAHT Majestic Living GP, LLC, SAHT Foster Road LP, LLC, SAHT Pedcor GP, LLC, SAHT Marquee Village GP, LLC, SAHT West End On Frio, LLC, SAHT San Pedro GP, LLC, SAHT Port SA GP, LLC, SAHT Northview GP, LLC, SAHT Friedrich LP, LLC, SAHT Echo East Manager, LLC, SAHT City Base GP, LLC, SAHT Canyon Pass GP, LLC and SAHT Hamilton Wolfe Lofts GP, LLC, all Texas limited liability companies, to be used in possible real estate development partnerships to be determined. SAHTPFC is the sole member and owner of these LLC entities.

During 2011, SAHTPFC formed Masters Living GP, LLC, a Texas limited liability company, to serve as the General Partner of Masters SA Apartments, LP a Texas limited partnership formed to develop and operate a 252-unit mixed income housing development project in San Antonio.

During 2015, SAHTPFC formed Palo Alto Apartments GP, LLC, a Texas limited liability company, to serve as the General Partner of Palo Alto Apartments Ltd, a Texas limited partnership formed to develop and operate a 322-unit affordable multi-family complex in San Antonio.

During 2015, SAHTPFC formed Ellison Hills Living GP, LLC, a Texas limited liability company, to serve as the General Partner of Freedom SA Apartments, LP, a Texas limited partnership formed to develop and operate a 252-unit affordable multi-family complex in San Antonio.

During 2019, SAHTPFC formed SAHT Lookout LP, LLC, a Texas limited liability company, to be involved in the real estate development project with SA Creekside at Lookout MF, LP, a Texas limited partnership formed to develop and operate a 293-unit affordable multi-family complex in San Antonio.

During 2016, SAHTPFC formed SAHT Crockett Street LP, LLC, a Texas limited liability company, to be involved in the real estate development project with Crockett Street Lofts, LTD, a Texas limited partnership formed to develop and operate a 271 unit affordable multifamily complex and 503 parking spaces in San Antonio.

During 2016, SAHTPFC formed SAHT 222 Mitchell GP, LLC, a Texas limited liability company, to serve as the General Partner of 222 Mitchell Redevelopment, LP, a Texas limited partnership formed to develop and operate a 228-unit affordable multi-family complex in San Antonio. SAHTPFC leased the land from the Archbishop of San Antonio for 75 years and then subleased the land for 75 years to 222 Mitchell Redevelopment, LP.

During 2016, SAHTPFC formed SAHT Lord Road GP, LLC, a Texas limited liability company, to serve as the General Partner of Lord Road Apartments ltd, a Texas limited partnership formed to develop and operate a 324-unit affordable multi-family complex in San Antonio.

San Antonio Housing Trust Public Facility Corporation
(A Component Unit of the City of San Antonio, Texas)

Notes to the Financial Statements

SEPTEMBER 30, 2021

Note 1 – Summary of Significant Accounting Policies

Organization (Continued)

During 2017, SAHTPFC formed SAHT Brookwood GP, LLC, a Texas limited liability company, to serve as the General Partner of Westover Senior P3, LP a Texas limited partnership formed to develop and operate a 197-unit affordable multi-family complex in San Antonio.

During 2017, SAHTPFC formed SAHT Copper Pointe LP, LLC, a Texas limited liability company, to be involved in the real estate development project with LOG Copper Pointe, LP, a Delaware limited partnership formed to develop and operate a 252-unit affordable multi-family complex in San Antonio.

During 2018, SAHTPFC formed SAHT Leon Creek GP, LLC, a Texas limited liability company, to serve as the General Partner of PEDCOR lnvestments-2016-CLVI, LP a Texas limited partnership formed to develop and operate a 296-unit affordable multi-family complex in San Antonio.

During 2018, SAHTPFC formed SAHT Red Berry LP, LLC, a Texas limited liability company, to serve as the General Partner of Red Berry GL, LP a Texas limited partnership formed to develop and operate a 330-unit mixed income housing development project in San Antonio.

During 2018, SAHTPFC formed SAHT Broadway Jones LP, LLC, a Texas limited liability company, to be involved in the real estate development project with Broadway Jones Apartments, LP, a Delaware limited partnership formed to develop and operate a 283-unit affordable multi-family complex in San Antonio.

During 2019, SAHTPFC formed SAHT Alsbury GP, LLC, a Texas limited liability company, to serve as the General Partner of VDC SA-Alsbury, LP a Texas limited partnership formed to develop and operate a 240-unit affordable multi-family complex in San Antonio.

During 2019, SAHTPFC formed SAHT Culebra Creek GP, LLC, a Texas limited liability company, to serve as the General Partner of PEDCOR lnvestments-2018-CLXIX, LP a Texas limited partnership formed to develop and operate a 312-unit affordable multi-family complex in San Antonio.

During 2019, SAHTPFC formed SAHT Pan American GP, LLC, a Texas limited liability company, to serve as the General Partner of Steele Pan American, LP a Texas limited partnership formed to develop and operate a 100-unit affordable multi-family complex in San Antonio.

During 2019, SAHTPFC formed SAHT West Cevallos LP, LLC, a Texas limited liability company, to be involved in the real estate development project with West Cevallos GL, LP, a Delaware limited partnership formed to develop and operate a 323-unit affordable multi-family complex in San Antonio.

During 2019, SAHTPFC formed SAHT Mesa West GP, LLC, a Texas limited liability company, to serve as the General Partner of PEDCOR lnvestments-2018-CLXX, LP a Texas limited partnership formed to develop and operate a 280-unit affordable multi-family complex in San Antonio.

San Antonio Housing Trust Public Facility Corporation
(A Component Unit of the City of San Antonio, Texas)

Notes to the Financial Statements

SEPTEMBER 30, 2021

Note 1 – Summary of Significant Accounting Policies

Organization (Continued)

During 2020, SAHTPFC formed Luna Flats GP, LLC, a Texas limited liability company, to serve as the General Partner of Luna Flats Ltd, a Texas limited partnership formed to develop and operate a 69-unit affordable multi-family complex in San Antonio.

During 2020, SAHTPFC formed SAHT Parkdale GP, LLC, a Texas limited liability company, to serve as the General Partner of ARDC Parkdale Ltd, a Texas limited partnership formed to develop and operate a 196-unit affordable multi-family complex in San Antonio.

During 2020, SAHTPFC formed SAHT South Flores LP, LLC, a Texas limited liability company, to be involved in the real estate development project with SF Cevallos MF, LP, a Texas limited partnership formed to develop and operate a 292-unit affordable multi-family complex in San Antonio.

During 2021, SAHTPFC formed SAHT Echo East Manager, LLC, a Texas limited liability company, to be involved in the real estate development project with Villas at Echo East, LP, a Texas limited partnership formed to develop and operate a 192-unit affordable multi-family complex in San Antonio.

During 2021, SAHTPFC formed SAHT Port SA GP, LLC, a Texas limited liability company, to be involved in the real estate development project with Port SA Redevelopment, LP, a Texas limited partnership formed to develop and operate a 384-unit affordable multi-family complex in San Antonio.

During 2021, SAHTPFC formed SAHT Canyon Pass GP, LLC, a Texas limited liability company, to be involved in a real estate development project with Pedcor Investments -2019-CLXXV, LP, which was formed to develop and operate a 264-unit affordable multi-family complex in San Antonio.

During 2021, SAHTPFC formed SAHT Hamilton Wolfe Lofts, GP, LLC, a Texas limited liability company, to be involved in the real estate development project with Hamilton Wolfe Lofts, Ltd., a Texas limited partnership formed to develop and operate a 74-unit affordable multi-family complex in San Antonio.

During 2020, SAHTPFC formed SAHT Northview GP, LLC, a Texas limited liability company, to be involved in the real estate development project with VCCPHC-San Antonio I, LP, a Texas limited partnership, formed to develop and operate a 156 -unit affordable multi-family complex in San Antonio.

During 2020, SAHTPFC formed SAHT West End on Frio, LLC, a Texas limited liability company, to be involved in the real estate development project comprised of a 24-unit affordable multi-family complex in San Antonio.

San Antonio Housing Trust Public Facility Corporation
(A Component Unit of the City of San Antonio, Texas)

Notes to the Financial Statements

SEPTEMBER 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Basic Financial Statements

As a special purpose government involved primarily in business-type activities, SAHTPFC's basic financial statements consist of the following:

- Management's Discussion and Analysis
- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to Financial Statements

Measurement Focus, Basis of Accounting and Financial Statement Presentation

SAHTPFC meets the definition of a governmental entity, as set forth in the American Institute of Certified Public Accountants' Audit and Accounting Guide, State and Local Governments. The financial statements of SAHTPFC are prepared using the accrual basis of accounting with the economic resources measurement focus as prescribed by GASB. As SAHTPFC operates as a business-type activity, applying applicable GASB pronouncements, under this approach all assets, deferred outflows of resources, liabilities and deferred inflows of resources of are reported on the statement of net position; revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of SAHTPFC is revenue from developer and origination fees associated with the construction of public facilities. SAHTPFC also generates rental income from the amortization of prepaid rent on ground leases and grant revenue. Operating expenses for enterprise funds include administrative and professional fees, revenue sharing, and grant/project expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Tax Exempt Status - SAHTPFC is exempt from federal income taxes under Section 115(a) of the Internal Revenue Code. Management is not aware of any tax positions that would have a significant impact on its financial position.

Cash and Cash Equivalents - SAHTPFC considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Estimates - The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual amounts could differ from these estimates.

San Antonio Housing Trust Public Facility Corporation
(A Component Unit of the City of San Antonio, Texas)

Notes to the Financial Statements

SEPTEMBER 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Property and Equipment - Property and equipment is currently comprised of land only, which is not depreciated. Purchases of assets are recorded at cost and any donated assets would be recorded at fair market value as of the date of donation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets which range from 5 to 40 years. Expenditures for property and equipment in excess of $500 are capitalized. There were no depreciable assets as of September 30, 2021.

Prepaid Rent Liability- SAHTPFC has purchased land (see note 4) in transactions with multiple limited partnerships which are generally involved in real estate development and which usually will develop and build apartment buildings on the land and rent those apartments to low to moderate income families in the San Antonio area to qualify for certain low-income housing tax credits. The partnerships sell the land to SAHTPFC and then in return pay to lease the land back from SAHTPFC for long terms ranging from 55 to 99 years. The partnerships will prepay the entire long term ground lease for the same amounts as the land was sold to SAHTPFC. These funds received from the partnerships are recorded as a prepaid rent liability on the balance sheet and the portion to be recovered in one year from the balance sheet date are classified as the current portion of prepaid rent. The prepaid rents received by SAHTPFC are amortized using the straight-line method over the term of the lease and the rental income is recognized each year as it is earned under the terms of the leases. See Note 5 which gives more information on these leases.

Cost Reimbursement Contract- In 2018 SAHTPFC entered into a cost reimbursement agreement with the City of San Antonio as a sub-grantee of federal funds from HUD'S Community Development Block Grant Program (CDBG). CDBG funds are to be use by SAHTPFC to implement and manage the Red Berry Estate Redevelopment project. Revenue from this contract is recorded as qualifying expenses as they are incurred.

Net position - Net position represents the difference between assets less liabilities, and is divided into three components as follows:

- Invested in capital assets, net of related debt – consist of historical cost of capital assets less accumulated depreciation and less any remaining debt used to finance those assets. SAHTPFC is reporting land less prepaid rent amounts as net invested in capital assets on the Statement of Net Position.
- Restricted net position – net position restricted by the creditors, by State enabling legislation, by grantors (both Federal and State), and by other contributors.
- Unrestricted – all other net position is reported in this category.

SAHTPFC applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 2 - Cash Balance in Excess of FDIC Insured Limits

SAHTPFC's cash balance in excess of the federally insured limits as of September 30, 2021 is collateralized by pledged securities.

San Antonio Housing Trust Public Facility Corporation
(A Component Unit of the City of San Antonio, Texas)

Notes to the Financial Statements

SEPTEMBER 30, 2021

Note 3 - Related Party Transactions - SAHTPFC and the San Antonio Housing Trust Foundation, Inc. ("SAHTF") shared the same Executive Director during the year ended September 30, 2021. SAHTPFC pays SAHTF 25% of developer revenues to administer their programs. SAHTPFC accrued administrative fees in the amount of $22,546 to SAHTF for the year ending September 30, 2021. Additionally, an amount of $744,083 was held in agency accounts for SAHTPFC by SAHTF as of September 30, 2021.

Note 4 - Property and Equipment - A summary of SAHTPFC's property and equipment as of September 30, 2021, which solely consists of land that is non-depreciable, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land - Woodlawn Ranch	$ 3,400,400	$ -	$ -	$ 3,400,400
Land - Cevallos Lofts	2,462,735	-	-	2,462,735
Land - ACME Road	810,000	-	-	810,000
Land - Oak Valley	925,000	-	-	925,000
Land - Montabella Pointe	800,000	-	-	800,000
Land - Lord Road	1,425,000	-	-	1,425,000
Land - Copper Pointe	1,870,000	-	-	1,870,000
Land - Brookwood Apts	1,350,000	-	-	1,350,000
Land - Trails at Leon Creek	4,025,000	-	-	4,025,000
Land - Alsbury Park	2,000,000	-	-	2,000,000
Land - Broadway Jones	5,167,664	-	-	5,167,664
Land - West Cevallos	11,981,813	-	-	11,981,813
Land - Culebra Creek	2,854,375	-	-	2,854,375
Land - Mesa West	3,165,364	-	-	3,165,364
Land - Park At 38Thirty	30,000	-	-	30,000
Land - Pan American Apts	500,000	-	-	500,000
Land - Greenline North Apts	485,000	-	-	485,000
Land - Luna Flats Apts	3,820,000	-	-	3,820,000
Land - South Flores Lofts	7,400,000	-	-	7,400,000
Land - Red Berry Lake and Trail	149,821	-	-	149,821
Land - Friedrich Lofts	6,419,558	-	-	6,419,558
Land - Baldwin Crocket St	3,888,826	-	-	3,888,826
Land - Brio at Lookout	2,900,000	-	-	2,900,000
Land - Freedom Hills	1,143,000	-	-	1,143,000
Land - Palo Alto	880,000	-	-	880,000
Land - Master Ranch	1,245,000	-	-	1,245,000
Land - Upton at Longhorn Quarry	2,193,357	-	-	2,193,357
Land - Salado at Red Berry	144,896	-	-	144,896
Land- Canyon Pass Apartments	-	3,267,000	-	3,267,000
Land- Hamilton Wolfe Lofts Apartments	-	3,600,000	-	3,600,000
Land- Northview Apartments	-	2,900,000	-	2,900,000
Land- Villas at Echo East	-	278,000	-	278,000
Land- Preserve at Billy Mitchell Apartments	-	-	-	-
Land - West End on Frio Apartments	-	233,000	-	233,000
Total	$ 73,436,809	$ 10,278,000	$ -	$ 83,714,809

San Antonio Housing Trust Public Facility Corporation
(A Component Unit of the City of San Antonio, Texas)

Notes to the Financial Statements

SEPTEMBER 30, 2021

Note 5 - Ground Leases and Prepaid Rent Liability

As owner of various land assets (see note 4), SAHTPFC has entered into ground leases on each property as it is purchased. The property is leased to the tenant for the development, construction, rental and operation of a rental project. The lease amount is for the purchase price of the land and is prepaid in full by the tenant at the time of the ground lease agreement. The length of the lease is from 55 years to 99 years. A schedule of these prepaid leases as of September 30, 2021 follows:

Property	Date	Lease Period	Prepaid Lease Amount	Prepaid Rent Beginning Balance	Additions	Amortized Rent	Prepaid Rent Ending Balance
Woodlawn Ranch	10/12/2011	2011 - 2087	3,400,400	$ 2,993,843	$ -	$ 45,339	$ 2,948,504
Masters Ranch	3/24/2015	2015 - 2090	1,245,000	1,153,700	-	16,600	1,137,100
Palo Alto	7/3/2015	2015 - 2090	880,000	818,400	-	11,733	806,667
Freedom Hills	6/1/2016	2016 - 2091	1,143,000	1,076,960	-	15,240	1,061,720
Brio at Lookout	9/25/2019	2019 - 2095	2,900,000	2,861,334	-	38,667	2,822,667
Baldwin Crockett St	5/9/2016	2016 - 2091	3,888,826	3,661,978	-	51,851	3,610,127
Friedrich Lofts	8/7/2020	2020- 2095	6,419,558	6,405,292	-	85,594	6,319,698
Upton at Longhorn Quarry	2/26/2016	2016 - 2091	2,193,357	2,052,006	-	29,245	2,022,761
Salado at Red Berry	10/22/2018	2018 - 2094	144,896	141,193	-	1,932	139,261
Cevallos Lofts	4/6/2010	2010-2065	2,462,735	1,993,251	-	44,777	1,948,474
ACME Road	11/1/2016	2016 - 2116	810,000	777,955	-	8,182	769,773
Oak Valley	6/1/2017	2017 -2116	925,000	893,855	-	9,343	884,512
Montabella Pointe	8/31/2017	2017 - 2092	800,000	767,111	-	10,667	756,444
Lord Road	8/24/2018	2018-2093	1,425,000	1,385,021	-	19,000	1,366,021
Copper Pointe	7/17/2018	2018-2093	1,870,000	1,814,939	-	24,933	1,790,006
Brookwood	5/25/2018	2018-2093	1,350,000	1,307,655	-	18,000	1,289,655
Trails at Leon Creek	8/1/2018	2018-2117	4,025,000	3,936,911	-	40,657	3,896,254
Alsbury Park	7/1/2019	2019-2094	2,000,000	1,966,667	-	26,667	1,940,000
Broadway Jones	12/27/2018	2019-2094	5,167,664	5,047,085	-	68,902	4,978,183
West Cevallos	6/14/2019	2019-2094	11,981,813	11,775,460	-	159,758	11,615,702
Culebra Creek	7/1/2019	2019-2118	2,854,375	2,818,335	-	28,832	2,789,503
Mesa West	9/1/2019	2019-2118	3,165,364	3,130,726	-	31,973	3,098,753
Part At 38Thirty	6/1/2020	2020 - 2095	30,000	29,867	-	400	29,467
Pan American	6/17/2020	2020-2095	500,000	498,056	-	6,667	491,389
Greenline North	8/1/2020	2020-2095	485,000	483,923	-	6,467	477,456
Luna Flats	6/29/2020	2020- 2095	3,820,000	3,807,266	-	50,933	3,756,333
South Flores	9/3/2020	2020 - 2095	7,400,000	7,391,778	-	98,667	7,293,111
Canyon Pass	12/1/2020	2020 - 2119	3,267,000	-	3,267,000	26,125	3,240,875
Hamilton Wolfe Lofts	5/17/2021	2021 - 2096	3,600,000	-	3,600,000	18,000	3,582,000
Northview	10/1/2020	2020 - 2119	2,900,000	-	2,900,000	29,293	2,870,707
Villas at Echo East	4/13/2021	2021 - 2096	278,000	-	278,000	1,699	276,301
Preserve at Billy Mitchell	4/30/2021	2021 - 2096	-	-	-	-	-
West End on Frio	11/12/2020	2020 - 2095	233,000	-	233,000	2,718	230,282
Total			83,564,988	$ 70,990,567	$ 10,278,000	$ 1,028,861	$ 80,239,706
Current Portion							1,068,133
Long term Portion							$ 79,171,573

San Antonio Housing Trust Public Facility Corporation
(A Component Unit of the City of San Antonio, Texas)

Notes to the Financial Statements

SEPTEMBER 30, 2021

Note 6 – COVID-19 Financial Statements Impacts

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The extent of the impact of COVID-19 on SAHTPFC has been little to non-existent to the valuation of its accounts. SAHTPFC will continue to monitor in relation to its contracts and agreements with developers impacted by delays potentially both in financing and development. The accompanying financial statements include no adjustments relating to the effects of this pandemic.

Note 7 – Subsequent Events

Management has evaluated subsequent events through July , 2022, which is the date the financial statements were available to be issued.

San Antonio Housing Trust Public Facility Corporation
Comparison of Actual to Budgeted Expenses
City of San Antonio CDBG Cost Reimbursement Program

For the Year Ended September 30, 2021

	Actual	Budget	Budget Variance (Under) Over
General Conditions	-	-	-
Water Supply and Maintenance	-	58,900	(58,900)
Lake Subsurface and Embankment	21,846	180,000	(158,154)
Drainage Spillover	-	113,537	(113,537)
Trailhead - Site Work	-	86,000	(86,000)
Trail - Site Work	-	160,000	(160,000)
Trail - Concrete	-	310,718	(310,718)
Trail - Asphalt	-	133,200	(133,200)
Trail - Landscaping & Irrigation	227,840	60,000	167,840
Ancillary	-	37,667	(37,667)
Soft Costs	-	-	-
Total	249,686	1,140,022	(890,336)

See independent auditor's report (other matters)

San Antonio Housing Trust Public Facility Corporation
Agenda Item 5

Briefing and discussion on the SAHT Finance Corporation Fiscal Year 2023 Preliminary Budget.

SAHT Public Facility Corporation

Operating Revenues

In FY 2022, the PFC is estimated to earn $5.24 million in operating revenues by September 30th as well as $2.52 million in non-operating revenues *(Cevallos sale after tax proceeds).*

The PFC earns revenues through the various fees and cash flow positions generated from the growing portfolio of apartments the PFC has either closed financing on or are placed in service. The current revenue estimate of $5.54 million is based on projections from 25 of 35 properties expected to generate various forms of revenues.

Staff has *forecasting limitations* to this due to a need to develop greater forecasting capabilities and information gaps on the remaining 10 properties. While these ten properties may produce revenue per our various agreements, for forecasting purposes we chose to be conservative and not anticipate revenue estimates for these projects due to the range of variables. Additionally, we are not incorporating any revenues from anticipated closing of future projects as has been a conservative approach acceptable to our prior boards.

PFC:	Q1	Q2	Q3	Q4	Total
Administrative Fee	18,750	18,750	18,750	18,750	75,000
Asset Management Fee	31,249	81,249	31,249	31,249	174,999
Cash Flow Fee (Waterfall)	-	184,835	-	-	184,835
Deferred Developer Fee	-	56,817		-	56,817
Developer Fee	1,041,570	679,171	966,624	2,040,324	4,727,689
Incentive Management Fee	-	45,539	-	-	45,539
Cash Flow Fee (Rent Assumed D/S)	59,181	59,181	59,181	59,181	236,724
Annual Issuer Fee	-	-	-	-	-
Partnership Management Fee	-	22,500	-	-	22,500
Supervisory Management Fee	-	18,233	-	-	18,233
TOTAL PFC	**$ 1,150,750**	**$ 1,166,275**	**$ 1,075,804**	**$ 2,149,504**	**$ 5,542,336**

Operating Expenses

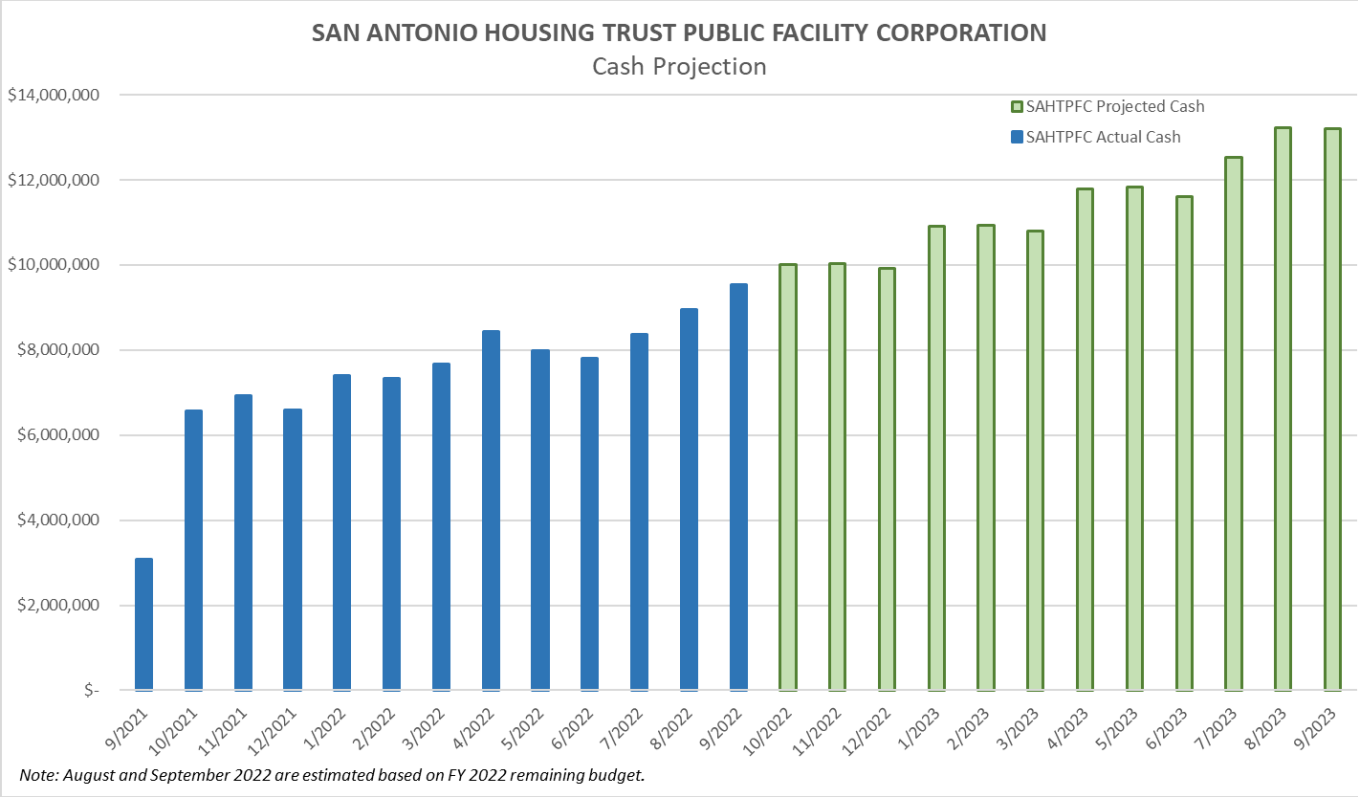
The PFC is expected to have $1.89 million categorized as expenses, primarily due to the 25% Foundation payout of $1.38 million. The remaining amount is to support $310,000 in direct asset financial monitoring and estimated $163,600 in compliance monitoring services. These costs were charged to the Foundation in FY 2022 but have been moved over to the PFC. The amount has increased due to the sheer number of projects coming online, even with renegotiated Asset Financial Monitoring fees.

Cash Projection for Foundation

The below chart shows our cash position looking back 1 year and forward 1 year based on this proposed budget. The blue represents **Actual Cash** levels and the green represent **Projected Cash** Levels.

In September 30, 2021, we had $3.08M in cash and by September 30, 2022 we anticipate having $9.5 million in cash. Assuming the cash flow considers the 25% administrative fee to the Foundation and the professional fees for compliance and asset management, the PFC shall be at $13.2M by end of FY 2023.

Keep in mind staff is still reviewing our programmatic priorities and associated cash needs with respect to programmatic efforts stemming from the Five-Year Strategic Plan. Staff recommends adopting a formalized Financial Policy in line with board adopted strategic planning efforts.



Attachment:
FY 2023 Proposed Public Facility Corporation Budget

SAN ANTONIO HOUSING TRUST

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION
FY 2023 Proposed Budget

	FY 2021 Actual	FY 2022 Projected	FY 2023 Proposed Budget
OPERATING REVENUES			
Grant Income - CDBG	$ 249,686.00	$ -	$ -
Fee Income			
Administrative Fee	75,000	131,250	75,000
Annual Issuer Fee	-	9,720	-
Application Fee	18,000	3,000	-
Asset Management Fee	-	-	175,000
Cash Flow Fee	-	-	421,559
Deferred Developer Fee	-	-	56,817
Developer Fee	1,608,839	4,299,716	4,727,689
Incentive Management Fee	36,113	-	45,539
Origination Fee	500,000	250,000	-
Partnership Management Fee	-	-	22,500
Supervisory Management Fee	-	-	18,233
Total Fee Income	2,237,952	4,693,686	5,542,337
Distribution Income from Cash Flow	427,864	548,317	-
Rent Income	1,145,860	-	-
Miscellaneous Income	100	-	-
TOTAL OPERATING REVENUES	**$ 4,061,462**	**$ 5,242,004**	**$ 5,542,337**
OPERATING EXPENSES			
Grant Expenses			
CDBG	249,686	-	-
Affordability Concession Program		250,000	-
Total Grant Expenses	249,686	250,000	-
Revenue Share - City of San Antonio	124,069	-	
Administrative Fees	666,516	2,121,448	1,385,584
Professional Services			
Asset Management Services	192,025	250	310,000
Compliance Monitoring Services	-	-	163,600
Security Services	-	-	-
Other Professional Services	-	-	-
Total Professional Services	192,025	250	473,600
Rent Expense	117,000	-	
TOTAL OPERATING EXPENSES	**$ 1,349,296**	**$ 2,371,698**	**$ 1,859,184**
OPERATING INCOME (LOSS)	**$ 2,712,166**	**$ 2,870,306**	**$ 3,683,153**

SAN ANTONIO HOUSING TRUST

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION
FY 2023 Proposed Budget

	FY 2021 Actual	FY 2022 Projected	FY 2023 Proposed Budget
NONOPERATING REVENUES (EXPENSES)			
Interest Income - Banks	148	481	200
Gain on Sale of Partnership Interest	-	3,243,789	-
Income Tax Expense	-	(717,303)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	**148**	**2,526,967**	**200**
INCREASE (DECREASE) IN NET POSITION	**$ 2,712,314**	**$ 5,397,273**	**$ 3,683,353**

San Antonio Housing Trust Public Facility Corporation
Agenda Item 5

Discussion and possible action to approve 2023 Tax Credit Development Policy:

Summary:
The SAHT has adopted the City of San Antonio's Strategic Housing Implementation Plan (SHIP) goals which seek to build or preserve over 28,000 affordable homes over the next 10 years. In line with the preliminary key results of the Five-Year Strategic Plan (in process), staff is focusing on creating affordable rental units for families earning between >30 to 60% of AMI and preserving rental units affordable to families earning between >30 to 80% of AMI in line with SHIP policy.

To this effort, tax credit partnerships between SAHT and the development community through State of Texas Low Income Housing Tax Credit Program must be utilized to achieve these SHIP goals. SAHT recommends providing our development partners guidance on the following criteria:

- Program Goals
- Application Information
- Site Eligibility Criteria
  - Project Location
  - Property Standards
- Project Eligibility Criteria:
  - Affordability Requirements
  - Targeted Populations
  - Service Requirements
  - Design Standards
  - Digital Access Requirements
  - Tenant Protection Requirements
- Development Team Qualifications
  - Developer Capabilities
  - Property Management
  - Development Team Requirements
- Financial Underwriting Criteria
  - Pro-forma Assumptions
  - Acquisition Costs
  - Construction Costs
  - Acceptable Contingencies
  - Deferred Dev Fees
  - Tax Credit Equity Requirements
  - Other Funding Sources
  - Operating Revenue Requirements
  - Operating Expense Requirements
  - Replacement Reserves
  - Tenant Assistance Fund Requirements
- Partnership Fees & Terms
  - For Profit Terms
  - Non-Profit Terms
  - Limitations

Initial criteria were developed by SAHT staff and discussed by the Finance and Audit Committee in early July. The Finance and Audit Committee proceeded to recommend to the full PFC board an initial set of policy criteria. At the meeting several developers spoke on various criteria issues that could limit the ability to execute successful LIHTC structures.

On July 15, 2022, the PFC Board asked staff to extend the feedback period through August 3, 2022 to allow additional feedback from the development community. Feedback was received and staff have provided a response to each category of comment made in summarized in the attached exhibit.

Below is a summary of Criteria Revisions:

- Clarified language on Displacement Impact Assessment
- Adjusted Site Criteria language from requirement to preference
- Removed Equity Atlas criteria limitations
- Added option for properties that do not meet transit stop requirements
- Revised Councilmember “consent” to “notification”
- Adjusted several provisions to occur prior to closing vs initial application
- Open 9% LIHTC applications to all private entities, but kept PSH as preference
- Clarified internet access to align w/ commercially available speeds
- Aligned developer qualifications w/ QAP requirements (except for 1st LIHTC deals)
- Clarified Asset and REO requirements & revised pipeline assessment
- Added other forms of completion guarantees
- Adjusted vacancy and DSCR to align with State/HUD underwriting
- Adjusted land appraisal and disclosure requirements
- Aligned rehabilitation scope to correspond with a 3rd Party Capital Needs Assessment
- Removed Deferred Developer Fee Restrictions
- Aligned Operating Expenses Underwriting w/ QAP requirements
- Converted Management Fee from a set % to a negotiated item
- Converted TAF to underwriting process vs hard establishment
- No Changes to Financial Terms

Recommendation

Finance and Audit Committee reviewed the criteria and moved the item forward to the full board for briefing and possible action.

Attachments:

REVISED Tax Credit Partnership Criteria Term Sheet

Tax Credit Criteria

Tax Credit Partnership Program

The San Antonio Housing Trust (SAHT) partners with private developers on the **creation and preservation** of affordable multifamily housing by issuing Tax Exempt Private Activity Bonds (4%) as well as participating as the General Partner, Ground Lessor, and/or General Contractor of a Low-Income Housing Tax Credit Partnership (4%) to bring a 100% Property Tax Exemption and Sales Tax Exemption to the project. Below are our traditional terms for tax credit projects.

The SAHT has adopted the City of San Antonio's Strategic Housing Implementation Plan (SHIP) goals which seek to build or preserve over 28,000 affordable homes over the next 10 years. The SAHT shall focus on creating rental units affordable to families earning between >30 to 60% of the area median income and preserving rental units affordable to families earning between >30 to 80% of the area median income in line with SHIP policy.

Additionally, the SAHT shall also partner with selected non-profit providers who demonstrate a record of providing substantive supportive services for the creation of **permanent supportive housing** by participating in the ownership structure of a Low-Income Housing Tax Credit Partnership (4%/9%) to bring a 100% Property Tax Exemption and Sales Tax Exemption to the project. Permanent Supportive Housing project terms will be negotiated separately for each project based upon the needs of the residents.

Program Goals	Priority Goals: 1. Preservation of affordable units through acquisition and substantial rehabilitation of existing rental units serving targeted populations. 2. Permanent supportive housing serving persons experiencing homelessness. 3. Creation of new affordable units serving targeted populations. 4. Re-syndication of LIHTC developments to extend affordability beyond the initial LURA period.
Application Information and Schedule	Private affordable housing developers seeking to execute a 4% or 9% LIHTC development can seek a tax credit partnership inducement and/or bond inducement on a year-round basis. To apply, please contact the SAHT Executive Director at 210-735-2772 to set an appointment prior to applying.

SITE ELIGIBILITY	
Project Location	1. Must be located within the City of San Antonio Limits. *Projects located within an Extra-Territorial Jurisdiction (ETJ) or another municipality are not eligible.* 2. No projects may involuntarily displace any household, business, or non-profit organization that moves from real property permanently, as a direct result of project activity. a. Relocation plans must be provided to address the re-housing of any low-income households displaced by demolition and/or redevelopment associated with the proposed project. ~~a.~~ New construction developments (including on vacant land or involving rebuilding vacant structures) are subject to a displacement impact assessment. ~~*(PLACEHOLDER FOR FUTURE DISPLACEMENT IMPACT CRITERIA)*~~

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SITE ELIGIBILITY	
	3. 4% LIHTC New Construction/Adaptive Reuse a. ~~Must~~ SAHT shall preference new construction ~~be~~ located within 1 mile of an SA Tomorrow Regional Center or major university; or on publicly owned property; ~~or within 500 feet of a Via Transit Center;~~ or have other major catalytic redevelopment or revitalization significance as identified by a Department of the City of San Antonio or San Antonio City Council; or b. SAHT shall preference new construction ~~If not~~ within 500 feet of a transit center or~~, project must be~~ within 0.25 miles from a transit stop or station connected with an accessible sidewalk to the stop or station. If a project is outside these transit areas, the applicant must provide as part of its residential supportive services program a shuttle, at least three days a week, to a grocery store and pharmacy or a major, bigbox retailer that includes a grocery store and pharmacy, or a daily shuttle, during the school year, to and from nearby schools not served by a school bus system for children who live at the Development. ~~c. Projects located in areas that have a maximum combined score of 6 or less according to the City of San Antonio Equity Matrix for new construction will be considered. Preferences shall be provided for lower combined score in the evaluation of applications.~~ 4. Permanent Supportive Housing, Senior Housing, Acquisition/Rehabilitation, 9% LIHTC and other similar continuum of care supportive housing projects ~~may be located outside the above areas~~are excluded from preferencing in 3a ~~& 3c above~~ but must ~~remain in the San Antonio City limits and have access to public transit~~comply with terms set out in ~~in accordance with~~ **3b.**
Property Standards	1. Prior to application, applicants must provide evidence of site control. 2. ~~Prior to application~~Within 10 days after application submission, developer shall notify the Councilmember whose District the project resides in ~~must consent to the consideration of the~~that an application was ~~by~~ submitted to the SAHT PFC/FC Board. The Councilmember shall also be notified if ~~, including considering~~ any required rezoning of the property is being considered~~.~~ 3. Prior to final board approval, project must provide a Zoning Verification Letter from the City of San Antonio Development Services Department. Any zoning authorization conditioned on aspects of the project (e.g., density bonus, actions required for approval) must also be provided. 4. Environmental Assessment: An ASTM Phase I/II in accordance with TCEQ standards. The Phase I ESA must be conducted by a qualified, state-licensed professional, to determine if any recognized environmental conditions (RECs) exist on the site or on adjacent properties and dated no more than 180 days prior to ~~application submission~~closing. Phase II ESA and/or any mitigation plans or Operations & Maintenance plans, with budgets, if relevant. a. Prior to closing a satisfactory TCEQ plan for all Recognized Environmental Conditions (RECs) will required. b. Prior to closing the development budget must provide for an appropriate level of funding to address remediation, mitigation, or abatement.

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PROJECT ELIGIBILITY	
Affordability Requirement	The project must meet income targets described by QAP rules for maximum QAP Points **OR** as described in the following table, whichever provides greater affordability. Bond Issuance Only (New Construction): 15% of the units must serve households at or below 30% of AMI or be attached to a Project Based contract **AND** 85% of the units must be for households at or below 60% of AMI. 4% LIHTC Equity: 5% of the units must serve households at or below 30% of AMI or be attached to a Project Based contract **AND** 10% of the units must serve households at or below 50% of AMI. Income Averaging is acceptable if the 30%/50% AMI levels are achieved, at a minimum. 9% LIHTC Equity: ~~Applicant must be a nonprofit organization developing affordable housing **OR** may act as co-developer with a for-profit co-developer in support~~SAHT shall preference applications ~~of~~ for Permanent Supportive Housing (PSH). **Preservation/Rehabilitation will be evaluated based on the conditions of each transaction.*
Target Population	Development must primarily serve at least one of the following populations through both residential requirements and target services provided onsite: • Low Income Families with Children • Older Adults (age 55+) • Persons with physical, intellectual, or developmental disabilities • Persons experiencing homelessness • Formerly Homeless, at-risk of homelessness • Veteran-Centric Housing • Workforce Housing (*under Site Eligibility 3a*) • Youth aging out of foster care • Violence Against Women Act (VAWA) Protections • Chronically Ill • Continuum of Care recipients • Other underserved or protected population whose housing needs are not served through conventional means
Services Requirement	1. Residential Services must be provided for onsite residents of the targeted population. For example, for a family-focused project the applicant can provide after-school or daycare services. Applications must include information on how residents will be connected to services to the specific targeted population. 2. For regulated Supportive Housing Services, written documentation that appropriate supportive services by a qualified provider shall be secured prior to closing. Documentation may be a contract with a qualified service provider or electronic communications indicating that a service plan and contracts are underway and a target timeline for service delivery has been set. For projects providing supportive services: a. Service Provider(s) must have demonstrated experience working with similar resident populations b. A service delivery plan and schedule for the specific services is required c. The cost for supportive services must be identified and included in the project's operating budget, in the form of:

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PROJECT ELIGIBILITY	
	i. increased site staffing with some portion of that staffing dedicated to resident services, OR ii. indicating the funding source that will pay for a contracted provider, (commonly shown as an operating expense from property operations or as an externally funded grant or contract). 3. If resident services funding is being provided by an external party a commitment or contract for that funding must be provided as a condition of closing.
Other Considerations	1. SAHT shall encourage Universal Design that exceed City's Universal Design (Visit-ability) Ordinance. 2. SAHT shall encourage Sustainability measures that exceed 2021 City Code Requirements and provide for a 3rd Party certification (i.e. LEED, NGBS, Enterprise Green Communities, BSAG, Green Globes, Living Building Challenge, etc.) 3. Project are required to participate with Energy Star Multifamily National Program Requirements 4. Project must comply with the SAHT Tenant Protection Policy which can be found online at https://sahousingtrust.org/adopted-policies/ 5. All SAHT ~~P~~projects must have ~~high speed~~ internet access (wired or wireless) available to each unit. SAHT shall prefer ~~with~~ a minimum internet speed of 100Mbps. If services at these speeds are not commercially available, the project shall provide availability of the highest commercially available speed for the area.

DEVELOPMENT TEAM QUALIFICATIONS	
Developer Qualifications	*Applicant must demonstrate both organizational capacity and key staff experience in developing multifamily housing projects, managing the property, and adequately providing services to residents.* 1. The Housing Trust will in no case participate in a developer's first tax credit project. 2. Applicant must demonstrate they meet TDHCA QAP requirements under 10 TAC §11.204 (6) (A-D)~~have experience with at least three completed LIHTC or otherwise affordable multi-family rental developments that are comparable in size and complexity and were completed in the prior 10 years in Texas. Developers with less experience may be permitted, however engagement of tax credit consultants and other technical assistance may be required. For PSH and non-profit entities that do not meet all the development team qualifications, including but not limited to the experience requirements, the involvement of a co-Developer that has the experience may be required.~~ 3. Applicants must provide clear roles and responsibilities for each co-developer (if applicable) and SAHT must understand the working relationship and history between the development team. Applicants should identify any previous market concerns, complex deal structures, and the expected exit date, if any, for each partner. ~~4. If SAHT bond issuance is being sought, Applicants must demonstrate a successful track record of having used tax exempt bonds in the production of affordable rental housing on at least three prior projects.~~ ~~5.~~4. Applicant must disclose any bankruptcy court filings, liens, judgments, or lawsuits. ~~6.~~5. Applicant must provide consent for a criminal background checks on the development team, including lien and litigation searches.

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DEVELOPMENT TEAM QUALIFICATIONS	
	~~7.~~6. Applicants must provide sufficient documentation to determine if the Development Team is financially solvent and able to support the proposed Development. The developer must submit: a. Three (3) years of ~~audited~~ financial statements **or** tax returns b. Schedule of Real Estate Owned assets~~.~~ ~~b.~~c. ~~These m~~Must ~~show~~ have at least $5,000,000 in net assets. ~~c.~~d. Documentation of liquid securities or cash of at least $1,000,000. ~~d.~~e. If the developer's financial strength is insufficient to meet these standards, the assets and liquidity of a Guarantor may also be used, provided that the Guarantor is providing guarantees that begin no later than when SAHT's resource(s) are invested. ~~8.~~7. If the project proforma relies upon a financial contribution from the developer, bank statements or other evidence must be provided demonstrating sufficient liquid assets available. ~~9.~~ Applicant's pipeline of development will be reviewed. Ideally, the pipeline will consist of developments in various stages of planning and completion. If a significant increase in development activity is projected, the Applicant will need to provide plans on how the workload of the development partners will be managed. SAHT shall review ~~Additionally,~~ entities that will be responsible for building and operating the property for their experience and capacity for both today and in the near future, ~~for most projects there is a 15-year hold period for which a development team's staffing level must be sufficient, and succession planning in place for any senior leaders or principals who have indicated a plan to leave the organization within that time.~~ ~~10.~~8. A list of Applicant's current projects with % completion.
Property Management Qualifications	Qualifications of the anticipated property manager must include: 1. Number of units and buildings under management. The total number of units currently under management must be greater than the number of units in the proposed project. 2. At least three years of Section 42 or related affordable housing experience. 3. Evidence that the property manager has experience in the Texas Market or markets in multiple states and with the targeted resident base, including any special needs populations. a. No fewer than 3 years of experience managing one or more multifamily projects. The projects must have a similar number of units as are contemplated in the proposed project. b. For projects serving special populations and/or PSH residents including formerly homeless individuals or persons with addictions or mental health issues, the property manager must provide evidence of prior experience managing a similar population OR provide written documentation that a specialized services partner will be contracted to support Management. 4. A schedule of real estate managed in their portfolio. Property managers must supply information about any 8823s, including a description of the ultimate outcome (cure or recapture), and REAC scores on their properties. 5. References from other developers or lenders for projects of similar size, resident population, and scope. 6. All properties greater than 50 units that work with SAHT shall have onsite property management and policies ensuring all employees undergo criminal background checks.

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DEVELOPMENT TEAM QUALIFICATIONS	
	7. The property manager may be an affiliate of the developer, but project economics must not rely on a below-market management fee.
Other Additional Requirements	1. Evidence that any architect and or project engineer are licensed in the state of Texas and have experience with similar projects in size and scope. 2. Evidence that the project's CPA or financial advisor is experienced with IRC Section 42 or other affordable rental housing projects including HUD programs where needed. 3. Evidence the Legal counsel has experience with IRC Section 42 or other affordable rental housing projects of similar projects in size and scope. 4. Evidence that the general contractor (or master subcontractor) has experience with similar projects and can complete this development on time and on budget; include information on at least 2 recently completed projects of similar scale. 5. Documentation from the general contractor (or master subcontractor) ensuring construction completion prior to closing. Documentation may involve: (a) a Letter of Credit equal to or greater than 15% of the project's construction contract amount; or (b) securing a 100% payment and performance bond that is issued by a nationally, financially recognized bonding company (AM Best A-9), (c) or other such completion guarantee acceptable to the lender and equity provider.

FINANCIAL UNDERWRITING CRITERIA	
Proforma Assumptions	Pro forma submission must include the following: 1. Long-term assumptions are well-supported by historical data or are appropriately conservative where no history exists. 2. Construction costs, closing through stabilization, and then 15 years from stabilization 3. A 2% growth factor for income and a 3% growth factor for expenses 4. Management Fees shall be based as 4% of each year's EGI, at initial application 5. Unless prescribed by federal/state financing programs, the ~~P~~project DSCR at stabilization must be no less than 1.15X. 6. Cash flow waterfall distributions for each year, including a breakout of SAHT's distribution 7. Annual ground lease payments, if applicable 8. Normalized residential vacancy/loss must be no less than 7.5%. 100% project-based assistance projects may be underwritten at 5% vacancy/loss. Unless master leased, commercial income must be underwritten with no less than 50% vacancy.
Acquisition Cost	~~1. Site acquisition costs may not exceed appraised "as is" land value plus reasonable carrying costs, including existing buildings to be demolished. This cost must be itemized in the initial development budget and documented with proof of site control.~~Applicant shall provide documentation disclosing site control and the 1. ~~The~~ cost of acquisition which shall be ~~should be~~ broken down to show the cost of the land separate from the cost of the buildings and improvements. 2. Applicant shall disclose if the seller is an affiliate of, related party of, or owner to any Development Team member or related party lender

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FINANCIAL UNDERWRITING CRITERIA	
	3. ~~Where documentation of an arm's length/unaffiliated sale is not available~~If there is an identity of interest disclosed, a recent appraisal ~~can~~ shall be used as the basis for valuing the land prior to closing. ~~3.~~4. SAHT reserves the right to scrutinize and/or disqualify the application if an undisclosed seller affiliation with the applicant ~~4.~~5. Closing costs associated with the acquisition should be itemized and shown separately. ~~5.~~6. Any carrying costs (i.e., taxes, insurance, and utilities), should be shown separately. ~~6.~~7. ~~SAHT reserves the right to scrutinize and/or disallow excessive additions to land costs~~. ~~7.~~8. Allowable additions to acquisition cost above the price of the arm's length sale include but are not limited to any non-refundable option or extension fees paid to an unaffiliated party and any interest paid on acquisition financing.
Construction Costs	1. List of all hard construction costs broken down to show general requirements, builders profit, and overhead as separate line-items. 2. Offsite and Site Work costs will be considered if required by a third-party engineer with supporting documentation prior to closing. 3. New Construction Only: ~~No minimum.~~ Hard costs ~~are~~ shall be capped per the ~~at the~~ Eligible Building Cost ~~as~~ if published and identified in the annual QAP.~~.~~ 4. Rehab Only: ~~Must involve substantial rehabilitation where the work area exceeds 50% of the aggregate area of the building based on City adopted International Code Council level 3 alteration scope of work.~~ The rehabilitation scope of work and costs shall be driven by a Capital Needs Assessment Review, conducted by a qualified third party and any additional scope negotiated by SAHT prior to closing, as long as they do not exceed state or federal regulations . ~~Hard costs are capped at the Eligible Building Cost per Square Foot as published in the annual QAP.~~ 5. Soft costs must be identified, itemized, and calculated in the Total Development Cost (TDC).
Contingencies	Hard Cost must be: • New Construction: a minimum of 5% but no greater than 10% • Rehab: a minimum of 10% but no greater than 15% • Historic/Adaptive Reuse: a minimum of 15% but no greater than 20% of hard cost Soft Cost: recommend 2%-3%, depending on status of negotiated and fixed fees prior to closing.
Deferred Developer Fee (DDF)	~~1. Limited to 75% of total development fee for up to 10 years or a later date if permitted by other capital providers, and in no case longer than 13 years (for tax credit deals).~~ ~~2.~~1. The project proforma must show all DDF as being plausibly repayable during the expected hold period of the developer. ~~3. Applicants seeking a higher percentage of developer fee must negotiate the terms with SAHT in advance of a final closing proforma before Board approval.~~ ~~4.~~2. The deferred developer fee shall be repaid at cost unless an investor or other senior lender requires the deferred developer fee to be repaid with interest.
Tax Credit (LIHTC) Equity	1. Eligible basis information used to derive the credits commitment from the syndicated partner on the value of the Tax Credit equity must be provided.

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FINANCIAL UNDERWRITING CRITERIA	
	2. All tax credit equity must be supported by a firm commitment letter prior to final project approval. 3. All Investor letters must indicate at a minimum the approximate size of total equity investment (including any other tax credits beyond LIHTC being used, including state housing tax credits, solar/renewable energy credits, historic tax credits, or others), the expected price per credit dollar, and the date at which the commitment expires.
Other Sources of Funding	GRANTS are defined as cash provided to a project and not repayable or repayable only if covenants pertaining to the award of the grant are breached. • Applicant must disclose if the project has received or intends to receive any grants or forgivable loans prior to initial inducement. • All grants must be supported by a firm commitment letter or resolution prior to final SAHT board approval. In the case of a city grant, an ordinance action is required prior to closing. CITY FUNDS or INCENTIVES • Applicant must disclose if the project has received or intends to receive or apply for City of San Antonio Council approved incentives, funds, or programs (i.e., Bonds, TIRZ, CDBG, HOME, Fee Waivers, etc.) anytime during the SAHT engagement process.
Operating Revenue	Miscellaneous Income: ~~Financial underwriting for late fees, storage fees, laundry income, interest on deposits, washer and dryer rent, telecommunications fees, and other miscellaneous income, must be no greater than $5 to $20 per unit per month. Miscellaneous income may be significantly lower for certain populations.~~Applicant shall follow miscellaneous income guidance under 10 TAC §11.302 (d)(1)(B). Section 8 Income: Income in excess of allowable max rents ("overhang") associated with tenant-based ("portable" or "housing choice") Section 8 vouchers will not be underwritten. Where a project-based Section 8 contract is in place, Section 8 overhang income will be included only if: • A 7.5% vacancy rate has been assumed, and • The contract continues for the greater of 15 years or the expected duration of SAHT involvement. SAHT will consider other treatments of Section 8 overhang by other capital providers, but acceptance of such treatments is at SAHT's sole discretion.
Operating Expenses	Management Fees: Fee paid to the property management company to oversee the operation of the Property and is most often based upon a percentage of EGI as documented in an existing property management agreement or proposal. SAHT ~~will allow~~shall negotiate the management fee ~~of 4.0% of EGI~~ and may limit additional fees paid to the same management agent (e.g., added compliance fees, software fees, training fees, etc.) at its sole discretion. Below-the-line Asset Management Fees are not allowed unless equity partner charges said fee.
Replacement Reserves	A minimum reserve of $250 per Unit per year for New Construction Developments and $300 per Unit per year for all other Developments must be provided. A higher amount may be used if required by a superior-lien lender or LIHTC equity investor. SAHT may require an amount above $300 depending on the Capital/Physical Needs Assessment. Such deposits shall escalate at 3% per year unless otherwise underwritten by the Investor.

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FINANCIAL UNDERWRITING CRITERIA	
Tenant Assistance Fund	A minimum of $1500 per unit shall be ~~established~~ underwritten as a Tenant Assistance Fund (TAF). The TAF ~~will~~ may be used to assist existing tenants of the Facilities with emergency grant or loan assistance, tenant services, programing, and/or other tenant support at the GP's sole discretion. SAHT reserves the right to negotiate the specific terms regarding the TAF.

PARTNERSHIP TERMS	
SAHT Terms	SAHT PFC has two options for for-profit development partnerships and one option for local non-profit development partnerships: For Profit Developer Option 1 SAHT Receives: ○ $5,000 Application Fee ○ Reimbursement at Closing for Financial Advisor/Underwriter ○ 40% of Developer Fee and Deferred Fees ○ 50% of Cash Flow (after Deferred Fees) ○ 50% of Capital Event Proceeds ○ 25% of Estimated Sales Tax Savings ○ 1% Bond Issuance Fee at Closing ○ $30/Unit/Door Annual Bond Fee ○ No Bargain Purchase Right under IRC 42(i)(7) For Profit Developer Option 2 SAHT Receives: ○ $5,000 Application Fee ○ Reimbursement at Closing for Financial Advisor/Underwriter ○ 30% of Developer Fee and Deferred Fees ○ 50% of Cash Flow (after Deferred Fees) ○ 50% of Capital Event Proceeds ○ 25% of Estimated Sales Tax Savings ○ 1% Bond Issuance Fee at Closing ○ $30/Unit/Door Annual Bond Fee ○ Bargain Purchase Right under IRC 42(i)(7) For Non-Profit Developer Option SAHT Receives: ○ No Application Fee ○ Reimbursement at Closing for Financial Advisor/Underwriter ○ 10% of Developer Fee and Deferred Fees ○ 25% of Cash Flow (after Deferred Fees) ○ 50% of Capital Event Proceeds ○ 1% Bond Issuance Fee at Closing ○ $30/Unit/Door Annual Bond Fee ○ Non-Profit shall have ROFR; if not exercised SAHT shall have ROFR
Limitations	• SAHT PFC or Finance Corporation is required to issue bonds for all 4% Tax Credit Partnerships • Developer is responsible for TDHCA/TBRB/HUD required Fees & Applications to be reimbursed at closing. • SAHT Financial Advisor/Bond Underwriter/GP & Bond Counsel Fees will be paid by the project at Closing

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PARTNERSHIP TERMS	
	• Partnership is responsible for paying SAHT compliance costs, GP, and Partnership Tax Return Filings, & GP Franchise Tax Certificate Filing

ADDITIONAL RESOURCES
The SAHT PFC/FC may participate in applications for other sources of public gap funding including City of San Antonio Bond, CDBG, HOME, and TIRZ dollars.

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