

COOPERATION AGREEMENT  
BETWEEN  
THE CITY OF SAN MARCOS, TEXAS  
AND THE  
TEXAS HOUSING FOUNDATION

EFFECTIVE \_\_\_\_\_, 2026

WHEREAS, on \_\_\_\_\_, 2026, under Texas Local Government Code Section 392.017(d), the City of San Marcos, Texas (the “City”) adopted a resolution declaring that there is a need for the Texas Housing Foundation, to exercise its powers within the territorial boundaries of the City because there exists in City a shortage of safe and sanitary housing available to lower income persons at rentals they can afford; and

WHEREAS, the City also authorized the execution of this Cooperation Agreement under Texas Local Government Code Section 392.059 in order to establish the terms and conditions of the Texas Housing Foundation’s exercise of its powers in the City; and

WHEREAS, the Board of Commissioners of the Texas Housing Foundation adopted Resolution No. 2026-0601 on June 23, 2026 to exercise its powers in the City and authorizing it to enter into this Cooperation Agreement under Texas Local Government Code Section 392.059; and

WHEREAS, the Texas Housing Foundation will seek an amendment to the Development’s existing Land Use Restriction Agreement ("LURA") from the Texas Department of Housing and Community Affairs' Board of Directors to add a requirement to the effect that a minimum of 15% of all units within the project shall be affordable to households at or below 30% percent of the AMI for the duration of the tax exemption and that a minimum of 10% of the units affordable to households at or below 30% of the AMI shall be ADA accessible.

NOW, THEREFORE, the parties hereto, the City, and the Texas Housing Foundation agree as follows:

Section 1: Cooperation Agreement. The City and the Texas Housing Foundation agree to cooperate to allow the Texas Housing Foundation in partnership with LDG Development or an affiliate thereof, to operate an existing affordable multi-family housing development known as the Riverstone Apartments located at 2005 Crystal River Pkwy., San Marcos, Texas (the “Development”), to provide housing for lower income persons in the City, consistent with the provisions below and Chapter 392 of the Texas Local Government Code.

Section 2: Housing Project Authorization. The Texas Housing Foundation is authorized exercise its powers under the Texas Housing Authorities Law, Texas Local Government Code Chapter 392, to acquire and operate the Development within the territorial boundaries of the City as provided herein.

Section 3. Acquisition Authority. Texas Housing Foundation or its affiliates are authorized to acquire and operate the Development within the territorial boundaries of the City for the benefit of lower income residents of the City.

Section 4. Payment in Lieu Of Taxes. This Agreement shall not become effective until the parties enter into a written agreement providing for an annual \$100,000.00 payment in lieu of taxes (PILOT) that will be paid to the City of San Marcos and that will increase by 2% annually in connection with the Development. Agreement of Said PILOT shall not be unreasonably withheld or delayed. Said PILOT agreement shall include provisions providing that, if any such PILOT payment is not duly paid, the City may pursue any and all remedies available at law or in equity to collect such unpaid amounts, plus interest, reasonable attorney fees, court costs and costs of collection, including the right to place a lien on the Development, subject to any prior liens already recorded. Such obligation to make a PILOT payment will continue so long as the Development is designated as tax exempt by the Hays County Appraisal District. Such agreement shall be binding on tax-exempt successors of the owner and shall be recorded in the official public records of Hays County.

Section 5. Accessibility. Texas Housing Foundation shall maintain at least 25 ADA accessible parking spaces for the benefit of residents of the Development. All ADA parking spaces shall be calculated in compliance with the ADA Design Standards Manual and will be further enforced by TDHCA under TDHCA's LIHTC program.

Section 6. Annual Reports. The Texas Housing Foundation shall submit within 120 days after the end of its fiscal year a report to the Mayor of the City describing the housing and services operation undertaken for the benefit of lower income residents of the City and other activities of the Texas Housing Foundation in the City. To the extent one is required by the Texas Department of Housing and Community Affairs, the Texas Housing Foundation will provide the City of San Marcos with a copy of the Annual Owner's Compliance Report it submits to TDHCA each year.

Section 7. Preservation of Authority. No applicable provision or intention in this cooperation agreement limits the authority or power of the City to exercise its powers under any law. Other than Section 2 above, no provision or intention in this Cooperation Agreement limits the authority or power of the Texas Housing Foundation to exercise its powers under the Texas Housing Authorities Law, Texas Local Government Code, Chapter 392, to acquire, finance, plan, undertake, and operate a housing project under this Cooperation Agreement or in the area of operation of the Texas Housing Foundation defined in Texas Local Government Code 392.016.

Section 8. Implementation. The City Manager of the City, and any other representative designated by the Mayor of the City, and the President and Chief Executive Officer of the Texas Housing Foundation are authorized to take any reasonable and necessary action to effectuate and implement the direction and intention of this Cooperation Agreement and the authorizing resolutions.

Section 9. Effective Date. This Cooperation Agreement shall be effective on \_\_\_\_\_, 2026. In the event a closing does not occur by \_\_\_\_\_, 2027, then this agreement shall be null and void.

Section 10. Amendment. This Cooperation Agreement may be amended by mutual written agreement of the parties. However, any housing project already begun, undertaken, bound, or obligated by a party may continue to operate under authority of this Cooperation Agreement as amended.

Section 11. Countersigned Originals. This document may be signed separately by the parties and countersigned originals or copies thereof shall have the full force and effect of a document containing original signatures by all signatories.

City of San Marcos, Texas

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Jane Hughson, Mayor

Attest:

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Elizabeth Trevino, City Clerk

Texas Housing Foundation

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Allison Smith, President and CEO