

## Summary Received from Texas Housing Foundation

### **Narrative for City of San Marcos – Resolution of No Objection & Cooperation Agreement**

The Texas Housing Foundation (THF) appreciates the opportunity to work with the City of San Marcos in advancing high-quality affordable housing opportunities within the community. This narrative is intended to provide background on our organization, clarify our structure and operating authority, and outline key elements of the proposed development for consideration by City leadership.

#### **About the Texas Housing Foundation**

The Texas Housing Foundation is a regional housing authority established under Chapter 392 of the Texas Local Government Code. As such, THF operates as a public, mission-driven entity focused on the development, preservation, and support of affordable housing for low- and moderate-income households.

THF is governed by a Board of Commissioners appointed by the Commissioners Courts of six participating counties: Hays, Burnet, Blanco, Llano, Williamson, and Bastrop Counties. This regional governance structure ensures that THF remains locally accountable and aligned with the housing priorities of the communities it serves. Importantly, the City of San Marcos is located within Hays County, one of THF's constituent counties, further reinforcing our direct connection and responsibility to the community.

#### **Clarification Regarding Organizational Structure**

We understand that there is ongoing discussion within the industry regarding so-called “traveling” Housing Finance Corporations (HFCs), which are entities created under Chapter 394 of the Texas Local Government Code. These organizations have recently drawn scrutiny due to practices involving development activity outside of their originating jurisdictions.

The Texas Housing Foundation is not a Housing Finance Corporation and does not operate under Chapter 394. Instead, as a Chapter 392 housing authority, THF has a fundamentally different statutory framework, governance structure, and operational model.

Furthermore, THF has a longstanding policy and practice of working collaboratively with local jurisdictions. We have never entered into a partnership or development without first securing a cooperation agreement with the applicable local government. This ensures transparency, alignment with local planning objectives, and respect for municipal authority in land use and housing decisions.

## **Commitment to Local Partnership**

THF places a high priority on building strong relationships with local governments and stakeholders. Our approach is grounded in partnership, not unilateral action. By entering into cooperation agreements, we ensure that each development reflects the needs, priorities, and standards of the host community.

This collaborative model allows cities like San Marcos to maintain oversight and input while benefiting from THF's capacity to facilitate and support affordable housing developments.

## **Proposed Development Overview**

- **Project name:** Riverstone Apartments
- **Location:** 2005 Crystal River Pkwy., San Marcos, TX 78666
- **Number and type of units:** 1-BR/1-BA = 36 units; 2-BR/2-BA = 144 units; 3-BR/3-BA = 132 units; 4-BR/4-BA = 24 units; TOTAL = 336 units
- **Target income levels:** 60% AMI and 30% AMI
- **Key community benefits:** After school programming, food pantry, The Dad'Zone, kids summer camp, other community events, etc.
- **Development partners:** KeyBank = Lender; Citibank = Equity; Capital Area HFC = Bond Issuer
- **Timeline and any relevant financial structure:** At closing in June 2020, Riverstone was projected to be a very strong performing property that would easily be able to cover the property taxes. Unfortunately, when the actual property tax bills were issued, they were nearly 3x higher than what were originally projected at closing. To make matters worse, the San Marcos rental market softened considerably and the property was not able to achieve the underwritten rents. As a result of these issues, the current owner has not been able to size to the originally underwritten permanent loan amount. However, KeyBank allowed them to convert a construction loan to a permanent loan in December 2025 to maintain an interest rate of 4.15%, with the understanding that they would have to solve the loan sizing issue by 7/1/26. The admission of THF to the Partnership would eliminate the property taxes and resolve the loan sizing issue. The deadline to admit THF to the Partnership is 7/1/26, but

they need approval by mid-May to have sufficient time to finalize our documents with KeyBank and Citibank prior to 7/1/26.

## **Conclusion**

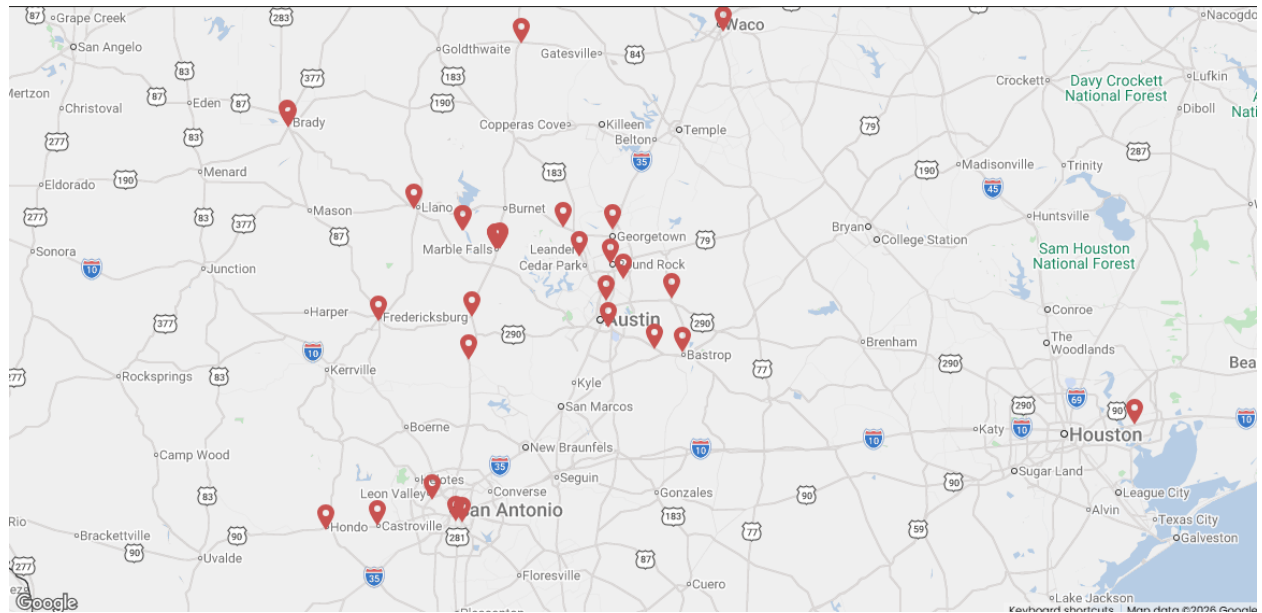
The Texas Housing Foundation is committed to responsibly expanding affordable housing opportunities within its service region, including in the City of San Marcos. As a locally governed housing authority operating under Chapter 392, THF provides a transparent, accountable, and community-focused approach to development.

We respectfully request the City's consideration of the Resolution of No Objection and cooperation agreement, and we look forward to continuing to work in partnership with City leadership to meet the housing needs of San Marcos residents.

Without this approval, the property will likely go into foreclosure and all affordability will be lost. The current owner has put an additional 11MM into the property to keep it running and has a strong desire to continue delivering a valuable asset to the community.

Please feel free to reach out with any questions or requests for additional information.

Location of THF property operation offices around the state  
(main administrative office is located in Marble Falls)





*Debbie Gonzales Ingalsbe*  
*Hays County Commissioner*  
*Precinct 1*

June 15, 2026

The City of San Marcos  
630 E. Hopkins St.  
San Marcos, TX 78666

To Whom It May Concern,

I am writing in support of the proposed transaction that would allow Texas Housing Foundation to become the property's general partner through a cooperation agreement with The City of San Marcos.

Affordable housing remains a major challenge in Hays County, making the preservation of existing affordable housing especially important in growing communities like San Marcos. Riverstone Apartments helps meet this need by providing quality housing for residents earning at or below 60 percent of Area Median Income.

The transaction would preserve the property's long-term affordability while adding 51 units for households earning 30 percent of Area Median Income, expanding housing opportunities for some of the community's most vulnerable residents.

Riverstone has earned a strong reputation for quality management and resident services, including educational programs, food assistance, youth activities, and community partnerships.

As Hays County continues to experience substantial population growth, it is increasingly important that we preserve high-quality affordable housing developments that are already serving working families, seniors, and individuals with limited incomes. The proposed transaction appears consistent with those objectives and supports the long-term availability of affordable housing within our region.

I encourage thoughtful consideration of the benefits this proposal offers in maintaining and expanding affordable housing opportunities for current and future residents.

Thank you for your attention to this important issue.

Sincerely,

Debbie Gonzales Ingalsbe