File #: 1522 **Agenda Date:** 7/9/2026 **Agenda #:**

Presentation, discussion, and possible action regarding a Material Amendment to the Land Use Restriction Agreement and changes to the ownership structure for Riverstone Apartments (HTC #20465)

RECOMMENDED ACTION

WHEREAS, Riverstone Apartments (the Development) received a 4% Housing Tax Credit (HTC) award in 2020 for the new construction of 336 units, all of which are designated as low-income units, in San Marcos, Hays County;

WHEREAS, to improve the financial feasibility of the Development by obtaining a property tax exemption, LDG Riverstone, LP (the Development Owner or Owner) is seeking to replace the originally proposed General Partner, LDG Riverstone GP, LLC, with THF Riverstone GP, LLC, of which THF Housing Development Corporation, a 501(c)(3) nonprofit corporation, will be the sole member;

WHEREAS, Texas Housing Foundation (THF) will acquire fee simple title to the land and then enter into a ground lease with the Development Owner;

WHEREAS, as part of the addition of the nonprofit to the ownership structure of the Development, the Owner also requests approval to change the income and rent restrictions by changing 15% of the units (51 units) from 60% to 30% of Area Median Income (AMI), resulting in a reduction to the number of units at 60% AMI from 336 to 285 units;

WHEREAS, the Owner is seeking to further revise the ownership structure by moving the current General Partner, LDG Riverstone GP, LLC, to a Class B Limited Partner role; and

WHEREAS, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the selection of the Application, or impact the HTC amount;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendment to the Land Use Restriction Agreement and changes to the ownership structure of the Development are each approved, subject to clearance of the previous participation review, as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

Riverstone Apartments (HTC #20465) was approved for a 4% HTC award in 2020 for the new construction of 336 units, all of which are designated as low-income units, for the general population in San Marcos, Hays County. Construction of the Development is complete, and IRS Forms 8609 for the Development were issued by the Department on April 7, 2026.

In a letter dated May 8, 2026, Chris Dischinger, the representative for the Owner, requested approval for a material amendment to the LURA to revise the income targeting in order to facilitate the addition of a new nonprofit general partner. With this change, 15% of units or 51 units will be changing from 60% to 30% AMI, decreasing the number of 60% AMI units from 336 to 285.

In addition to the amendment for the change in income targeting, the Owner is requesting approval to modify its ownership structure by adding a nonprofit to the general partner position. The new general partner will be THF Riverstone GP, LLC (0.005% ownership interest) with THF Housing Development Corporation, a 501(c)(3) nonprofit corporation, as its sole member. The current General Partner, LDG Riverstone GP, LLC (0.005% ownership interest) will move to a Class B Limited Partner role. Citi-ESG LIHTC Partners I, LLC is identified as the Investor Limited Partner (99.99% ownership interest) and LP Purchaser, LLC is serving as a Special Limited Partner. The requested changes to the ownership structure, along with a ground lease structure, will improve the financial feasibility of the Development by providing an ad valorem tax exemption.

The Owner complied with the requirements for requesting a material LURA amendment, including holding a public hearing. The public hearing was held on May 20, 2026. According to the sign in sheet, two residents attended the meeting. The meeting minutes reflect that one resident asked questions related to the impact of the proposed change on her ability to reside at the property and the impact on her rental rate. Responses were provided that the changes would not impact her ability to reside at the property and or impact her rental rate. There were no other comments regarding the proposed amendment.

The Owner submitted a revised Rent Schedule as part of the amendment request. The financial analysis completed by staff supports an improved net operating income and Debt Coverage Ratio (DCR) due to the removal of the property tax expense. At cost certification, it was anticipated that the first lien debt would be paid down from $43,502,000 to $37,500,000 for conversion to permanent. Staff's revised analysis including 51 units at 30% AMI and a 100% property tax exemption indicates the Development would support the full debt amount with a projected DCR of 1.31. This increase to the debt amount does not impact the HTC amount.

Staff recommends approval of the material amendment to the LURA and changes to the ownership structure subject to clearance of the previous participation review. Furthermore, tenants at 60% AMI may not be evicted or non-renewed to achieve the income targeting described in this amendment; currently occupied units may only be leased to 30% AMI tenants upon turnover.

LDG
DEVELOPMENT

May 8, 2026

Mr. Rosalio Banuelos, Director of Multifamily Asset Management
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Re: Riverstone #20465 – Adding a Non-Profit to the GP

Mr. Banuelos:

LDG Riverstone, LP (TDHCA #20465) is hereby requesting to modify its Organizational Chart to add a nonprofit (Texas Housing Foundation) to the GP position. The entity name of the new GP will be "THF Riverstone GP, LLC" and the percentages of interest are detailed on the new Organization Chart under Tab 4.

It was determined post-closing that the addition of a nonprofit, and associated exemption from real estate taxes, was imperative to the financial viability of the property's operation. Overall, this change will be a net positive and will not cause any negative financial impact to the Development. Concurrently with this Ownership Transfer, Riverstone will be adding deeper affordability at this project as 15% of the units will be changing from 60% to 30% AMI.

If you need any additional information on the above request, please contact:

Jason Trevino
512-578-8488
jtrevino@ldgdevelopment.com

Sincerely,

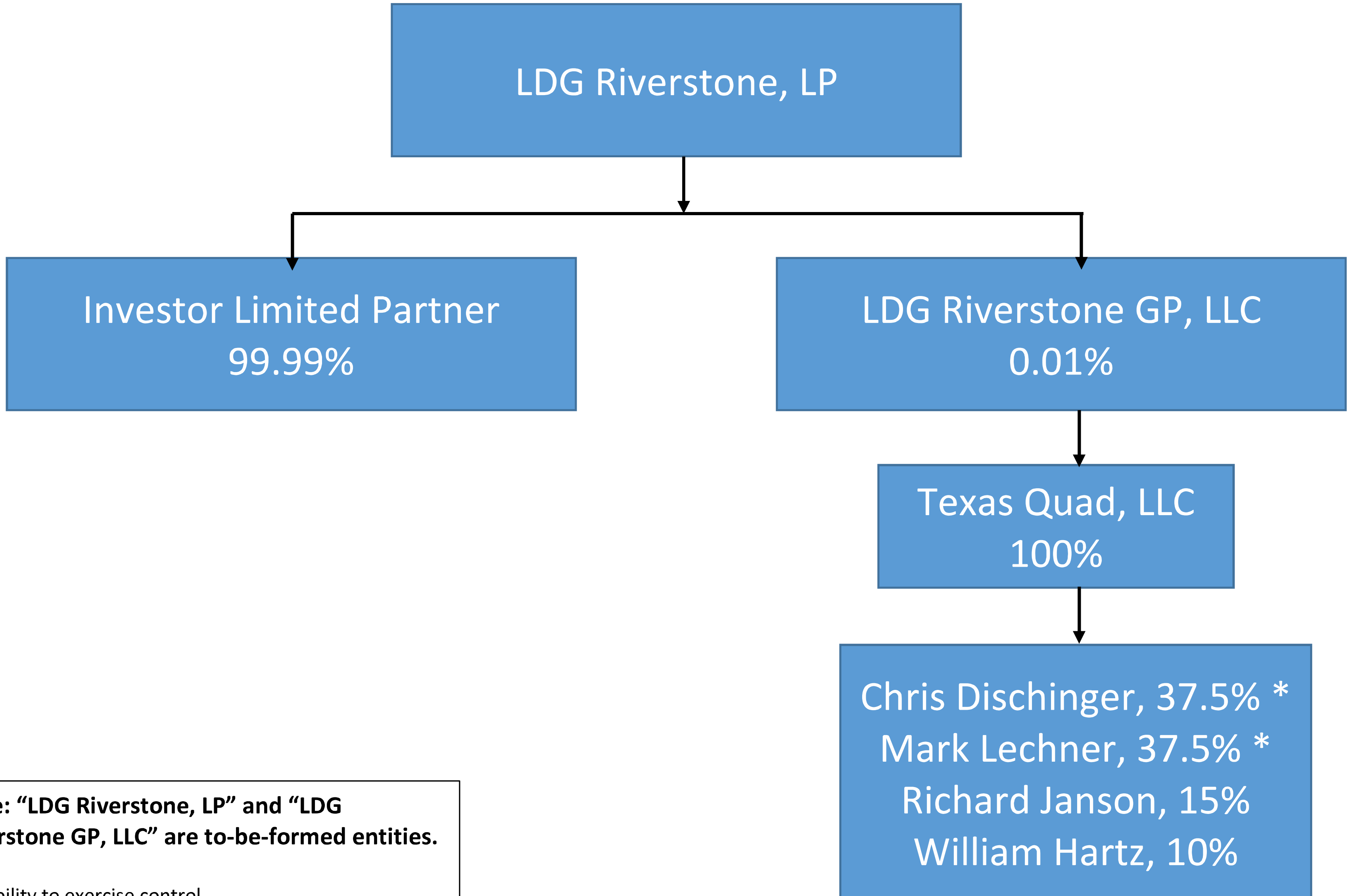
Chris Dischinger
LDG Riverstone GP, LLC

Cc: Rene Ruiz, Senior Asset manager

AT TIME OF APPLICATION

Riverstone Apartments

Applicant / Owner Organizational Chart



Note: "LDG Riverstone, LP" and "LDG Riverstone GP, LLC" are to-be-formed entities.

* = Ability to exercise control.

POST OWNERSHIP TRANSFER

ORGANIZATIONAL CHART
RIVERSTONE

LDG Riverstone, LP
[redacted]
100%

THF Riverstone GP, LLC
[General Partner]
[redacted]
0.005%

THF Housing
Development Corporation
100%

Allison Smith, CEO
Susan Hamm, Board Member
Johnny White, Board Member
Griff Morris, Board Member
Nancy Jackson, Board Member
John Moman, Board Member
Phil Woods, Board Member
Dave Edwards, Board Member

LP Purchaser, LLC
[Special Limited Partner]
(EIN:__________)

Citi-ESG LIHTC Partners I, LLC
[Investor Limited Partner]
(EIN:__________)
99.99%

LDG Riverstone GP, LLC
[Class B Limited Partner]
[redacted]
0.005%

Texas Quad, LLC
[redacted]
100%

Chris Dischinger (37.5%)
Mark Lechner (37.5%)
Estate of Richard Jude Janson, Deceased (15%)
William Hartz (10%)