

Building Legacy Through Sustainable Impact

A Demonstration Model for Affordable Housing and Transformational Non-Profit Funding

Prepared By:

Diane Davis

Contact:

(979)575-3130

diane.davis1950@yahoo.com

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Executive Summary

Building Legacy Through Sustainable Impact

A Demonstration Project for Affordable Housing and Transformational Non-Profit Funding

The Legacy Impact Model proposes a disciplined infrastructure-based approach to funding long-term, trajectory-changing non-profit work.

Rather than relying on recurring fundraising cycles, the model centers on the acquisition and professional management of stabilized multi-family housing as a durable funding engine. When conservatively underwritten, professionally managed, and governed by defined leverage and reserve parameters, income-producing housing can generate recurring net operating surplus without compromising asset integrity.

The demonstration project contemplates the acquisition of a stabilized apartment community comprising approximately 80–120 residential units within the Bryan–College Station market. This scale has been selected to balance operational efficiency, financial resilience, and meaningful funding capacity while preserving conservative underwriting discipline.

The housing entity will operate as a dedicated non-profit owner with professional third-party management and formal governance oversight. Rents will reflect a calibrated mix of workforce-rate units—generally aligned with approximately 60–80% of Area Median Income (AMI)—and market-rate units. Workforce-rate allocation and rent calibration will be governed by board-approved policy and subject to minimum debt service coverage and reserve covenants. The structure does not depend upon government housing subsidy programs but instead relies on disciplined pricing, stabilized occupancy, and conservative operating assumptions.

Capitalization will prioritize asset stability and prudent leverage, including defined loan-to-value parameters, minimum debt service coverage thresholds, and funded operating and capital reserves. Mission-aligned capital may be structured as patient, asset-backed loans, partial guarantees, or charitable contributions. The objective is not financial optimization, but long-term durability.

Surplus generated after operating expenses, debt service, and required reserves—subject to covenant compliance—may be directed to a designated beneficiary engaged in sustained, transformational work. Distribution is structurally subordinate to asset protection requirements.

Performance will be evaluated across three dimensions:

1. Asset stability and financial resilience
2. Reliability of surplus funding under conservative assumptions
3. Alignment with measurable beneficiary outcomes

The purpose of the demonstration project is not rapid expansion, but proof of durability. If stabilized workforce housing can reliably produce mission funding while maintaining disciplined underwriting, governance integrity, and reserve protection, the model establishes a replicable framework for long-term community impact.

In this sense, the model treats stabilized housing similarly to a charitable endowment: durable infrastructure capable of generating reliable mission funding year after year. The Legacy Impact Model

therefore positions housing not as a short-term intervention, but as long-term mission infrastructure—stable, governable, covenant-protected, and capable of sustaining transformational work over time.

1. Introduction

Communities require sustainable funding mechanisms to support organizations engaged in long-term, trajectory-changing work. While charitable giving remains essential, many transformational non-profits operate within recurring fundraising cycles that create volatility and limit strategic continuity.

This paper proposes a structural alternative.

The Legacy Impact Model explores whether stabilized, income-producing housing can serve as durable infrastructure for mission funding. Rather than viewing housing solely as a service or subsidy category, the model treats professionally managed multi-family property as a recurring revenue asset capable of generating surplus to support aligned non-profit initiatives.

The approach is grounded in three premises:

1. Stabilized housing, when conservatively underwritten and professionally managed, produces predictable net operating income.
2. Properly structured capital can preserve asset integrity while supporting long-term mission alignment.
3. Sustainable funding requires infrastructure-level stability rather than episodic capital campaigns.

The model does not assume ideal market conditions, rapid appreciation, or aggressive rent growth. It is designed to operate under conservative assumptions with appropriate reserves, prudent leverage, and disciplined governance oversight.

The purpose of this white paper is to outline the structural logic, governance framework, capital approach, and demonstration strategy necessary to test the model at scale within the Bryan–College Station market.

This document is not a solicitation for investment, nor does it present financial projections. It is intended to articulate a governable framework capable of disciplined execution and measurable evaluation.

If validated through a demonstration project, the model may offer a replicable structure for aligning housing stability with long-term mission funding.

2. The Structural Funding Problem

Many organizations engaged in long-term, transformational work operate within funding structures that are episodic rather than infrastructural.

These organizations often depend on:

- Annual fundraising campaigns
- Donor renewal cycles
- Event-based revenue
- Grant funding subject to renewal uncertainty

While these mechanisms are essential to the nonprofit sector, they introduce variability that can limit long-term planning, staffing continuity, and multi-year program commitments.

The challenge addressed by the Legacy Impact Model is not program quality, mission clarity, or leadership commitment. It is structural volatility.

Transformational initiatives—particularly those addressing generational poverty, financial instability, and life-transition recovery—require sustained engagement over extended periods. The funding mechanisms supporting such initiatives, however, are frequently short-cycle in nature.

This misalignment creates several structural constraints:

- Program scaling is often tied to annual fundraising performance.
- Staffing expansion may be delayed due to funding uncertainty.
- Multi-year case management models face interruption risk.
- Leadership attention is partially diverted toward recurring capital campaigns.

The result is not failure of mission, but fragility of funding infrastructure.

The Legacy Impact Model proposes that certain categories of non-profit work—particularly those requiring durable engagement—may benefit from alignment with stabilized, income-producing assets capable of generating recurring surplus independent of annual donation variability.

This paper does not suggest that charitable giving is inadequate or obsolete. Rather, it examines whether housing-based infrastructure can complement traditional philanthropy by introducing a layer of financial stability appropriate to long-term transformational work.

The structural question being tested is therefore straightforward:

Can stabilized, conservatively underwritten housing serve as a reliable funding mechanism for mission initiatives that require multi-year continuity?

The remainder of this paper outlines the proposed structure, governance safeguards, capital discipline, and demonstration framework designed to evaluate that question.

3. The Core Structural Solution

The Legacy Impact Model proposes a structural alignment between stabilized housing assets and long-term mission funding.

The model intentionally separates two functions that are often intertwined within nonprofit initiatives:

1. Income generation
2. Mission execution

Under this structure, a dedicated housing entity acquires and professionally manages a stabilized multi-family property. The asset is operated under conservative underwriting standards, defined leverage parameters, funded reserves, and formal governance oversight.

The housing entity is responsible solely for asset performance.

Net operating income generated by the property — after debt service and required reserves — may produce surplus. That surplus, when available and in compliance with distribution safeguards, may be directed to a designated beneficiary engaged in sustained, transformational work.

The beneficiary entity remains operationally independent. It does not own, manage, or assume liability for the housing asset. Likewise, the housing entity does not direct or manage programmatic activities.

This structural separation serves several purposes:

- Preserves asset integrity from programmatic volatility
- Protects mission initiatives from real estate market variability
- Establishes clear accounting boundaries
- Ensures fiduciary clarity

The model does not rely on speculative development, rapid appreciation, or aggressive rent growth. It relies on stabilized occupancy, disciplined rent calibration, conservative leverage, and reserve maintenance.

Housing is treated not as a subsidy vehicle, but as infrastructure.

The structural premise is straightforward:

If a stabilized, professionally managed housing asset can generate predictable surplus under conservative assumptions, it may function as a recurring funding mechanism for initiatives requiring multi-year continuity.

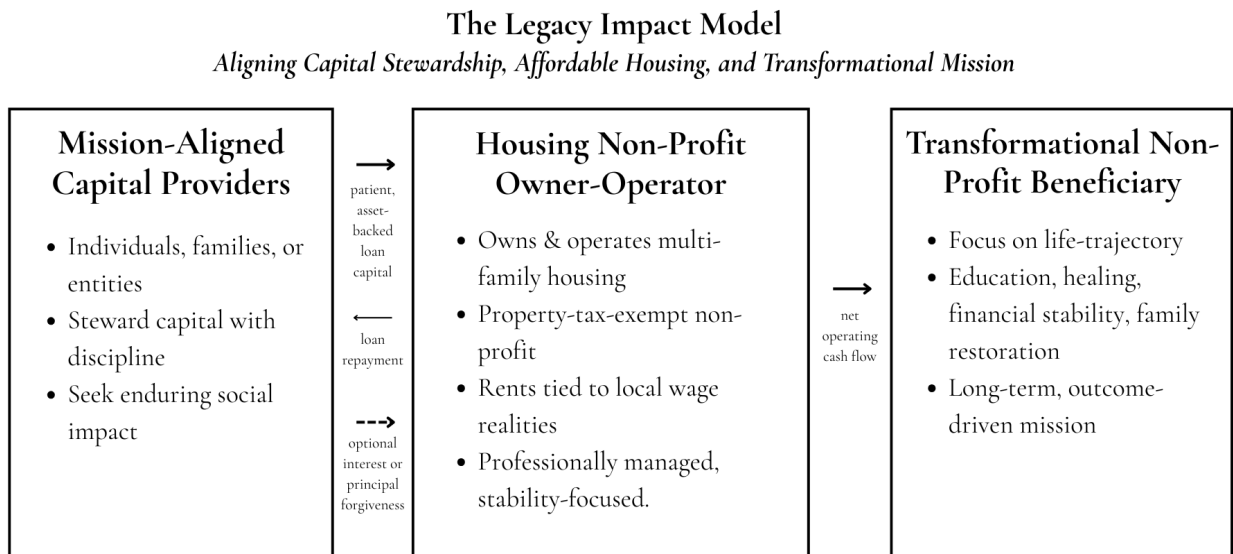
While individual investors could independently acquire real estate and direct surplus toward charitable purposes, the Legacy Impact Model differs in that the asset is institutionally governed, legally separated from individual ownership, and structured to operate beyond the lifespan, priorities, or estate planning decisions of any single contributor. Institutional ownership reduces concentration risk, succession disruption, and governance ambiguity that can arise when mission funding depends upon a privately held

asset. The objective is to create durable community infrastructure rather than donor-dependent pass-through generosity.

This approach does not replace philanthropic giving. Rather, it introduces an infrastructure layer capable of reducing volatility within mission-critical funding streams.

The demonstration project outlined in the following section is designed to test this structural premise under real operating conditions.

Structural Alignment of Capital, Housing Infrastructure, and Mission



A disciplined structure that converts capital into affordable housing infrastructure and enduring mission funding.

Operational Flow of Capital and Surplus Generation

Legacy Impact Model — Core Structure

MISSION-ALIGNED CAPITAL
(Loans • Guarantees • Contributions)



4.0 Structural Distinctions and Design Principles

Clarity regarding what the Legacy Impact Model is not is as important as defining what it is.

The model is intentionally structured to avoid common sources of volatility, misalignment, and mission drift associated with hybrid housing initiatives.

4.1 Not a Subsidy-Dependent Housing Program

The housing entity is not structured as a public housing authority project, Section 8 vehicle, or government-subsidized housing program.

While workforce affordability remains central to the model, rents are calibrated to local wage realities rather than structured around external subsidy dependency. This reduces regulatory complexity and preserves operational flexibility.

Affordability is achieved through disciplined pricing within defensible income ranges—not through reliance on programmatic subsidy streams.

4.2 Not a Speculative Development Strategy

The model does not depend on ground-up development, entitlement arbitrage, or projected appreciation.

The demonstration project targets stabilized, income-producing assets with established operating histories. Asset selection prioritizes predictable cash-flow, not projected upside.

The objective is durability, not value creation through development risk.

4.3 Not a Fundraising Campaign

The capital structure is not designed as a recurring fundraising mechanism. The model seeks to align mission-aligned capital with income-producing infrastructure capable of sustaining itself under conservative assumptions.

Once capitalized and stabilized, the housing entity is intended to operate independently of annual fundraising cycles.

Philanthropic capital may participate, but ongoing operational viability is not dependent on donation renewal.

4.4 Not an Integrated Ministry-Housing Operation

The housing entity and the beneficiary organization remain structurally distinct.

The housing asset is not used as a programmatic intervention tool, transitional housing facility, or recovery housing operation. Tenancy is governed by professional property management standards.

This separation protects:

- Asset performance from programmatic volatility
- Program execution from real estate market variability

- Governance clarity across both entities

4.5 Design Principles

The model is governed by five design principles:

1. Infrastructure First – Asset stability precedes surplus distribution.
2. Conservative Underwriting – Assumptions prioritize resilience over optimization.
3. Defined Leverage Parameters – Debt levels are structured to preserve coverage and reserves.
4. Transparent Governance – Oversight mechanisms are formal, not informal.
5. Proof Before Scale – Replication follows validated performance.

These principles function as guardrails against mission drift and structural fragility.

4.6 Structural Discipline as Risk Mitigation

The strength of the Legacy Impact Model does not rest on financial innovation, but on disciplined application of conventional asset management practices within a mission-aligned framework.

By maintaining separation of functions, conservative capital structures, and professional management standards, the model seeks to reduce volatility rather than amplify it.

The objective is not to create a hybrid social experiment, but to apply infrastructure logic to long-term mission funding.

5. The Demonstration Project

The validity of any structural concept depends on disciplined execution. The Legacy Impact Model will therefore be tested through a contained demonstration project designed to evaluate financial durability, governance integrity, and funding reliability at scale.

The Legacy Impact Model is designed to be both replicable and disciplined. To validate the model before broader expansion, the initiative will begin with a **single, well-defined demonstration project**. This pilot is intended to function as a proof-of-model—providing real-world data, operational insight, and measurable outcomes that can inform future replication.

The demonstration project prioritizes clarity over scale. Its purpose is not rapid growth, but verification: confirming that the model can simultaneously deliver affordable housing, financial sustainability, and dependable funding for transformational non-profits.

5.1 Demonstration Strategy Overview

The demonstration project is structured to validate the infrastructure thesis under conservative operating assumptions. The demonstration project is structured to accomplish four primary objectives:

4. Validate Financial Viability

Demonstrate that a non-profit–owned multi-family property can operate sustainably while maintaining rents tied to local wage realities.

5. Establish a Reliable Mission Funding Stream

Prove that net operating cash flow can be consistently directed to a transformational non-profit without compromising housing stability.

6. Test Governance and Accountability Structures

Confirm that the separation of capital stewardship, housing operations, and mission programming preserves discipline and reduces risk.

7. Create a Replicable Blueprint

Generate a documented model—including assumptions, performance metrics, and lessons learned—that can be adapted to other communities.

5.2 Asset Profile and Market Focus

The initial project will target a stabilized multi-family property within the Bryan–College Station market, selected based on operational history, location stability, and defensible underwriting metrics.

Market Considerations and Local Risk Factors

The Bryan–College Station market is influenced by several structural dynamics that will inform asset selection and underwriting discipline.

University Influence and Student Housing Overlap

The presence of Texas A&M University materially influences local housing demand. The demonstration project will not target properties primarily dependent upon student leasing cycles or short-term academic turnover. Asset selection will prioritize properties with demonstrated stability among workforce households rather than student-dominated tenancy.

New Supply Pipeline and Absorption Risk

New multifamily development within the market may introduce temporary supply pressure in certain sub-markets. Acquisition criteria will therefore emphasize stabilized assets with established occupancy history and defensible positioning relative to competing inventory. Underwriting will incorporate conservative vacancy assumptions reflective of potential absorption variability.

Rent Compression and Workforce Sensitivity

Workforce-oriented properties may experience rent sensitivity during economic downturns or supply expansion periods. Rent assumptions will not rely on aggressive annual growth projections. Stability of occupancy and retention will be prioritized over rent maximization.

Local Employment Base

Bryan–College Station benefits from diversified employment drivers including higher education, healthcare, and public sector employment. While no market is immune to economic fluctuation, underwriting will reflect realistic wage growth and employment stability assumptions rather than optimistic forecasts.

The objective of these considerations is not to eliminate market risk, but to ensure that property selection and underwriting discipline are informed by local dynamics rather than generalized assumptions.

5.3 Underwriting Guardrails

The demonstration project will operate under defined underwriting parameters intended to protect capital integrity and preserve long-term asset durability. These guardrails function as operating policy rather than aspirational targets.

Leverage Parameters

- Target acquisition loan-to-value (LTV): **55%–65%**
- Leverage above this range will not be pursued to enhance surplus distribution.

Debt Service Coverage

- Minimum Debt Service Coverage Ratio (DSCR) at acquisition: **1.20**
- Target stabilized DSCR range: **1.20–1.30**

Operating Assumptions

- Vacancy underwriting will reflect conservative market assumptions.
- Operating expense ratios will be underwritten within defensible ranges consistent with stabilized workforce-oriented assets.

Reserve Requirements

- Minimum operating reserves equal to **six months of debt service and operating expenses**.
- Capital expenditure reserves funded at acquisition and maintained through annual allocations.

Stress Sensitivity Review

Acquisition underwriting will include sensitivity testing for:

- Vacancy increases
- Operating cost escalation
- Interest rate variability at refinancing

No acquisition will proceed unless structural stability is maintained under conservative stress conditions.

These guardrails are designed to ensure that surplus generation does not compromise capital preservation.

5.4 Property Management and Operating Standards

The housing asset will be operated by a qualified, third-party professional property management firm with demonstrated experience in stabilized multi-family operations.

Selection criteria for the management firm will include:

- Proven track record managing properties within the 80–150 unit range
- Experience in workforce-oriented rental markets
- Demonstrated performance in maintaining occupancy and expense discipline
- Familiarity with Texas landlord-tenant law and regulatory compliance
- Established accounting and reporting systems consistent with institutional ownership

The management firm will operate under a formal management agreement defining:

- Scope of authority
- Budget adherence requirements
- Reporting frequency
- Performance benchmarks
- Termination provisions

Performance will be reviewed regularly by the governing board or designated oversight committee. Management contracts will include removal provisions in the event of sustained under-performance relative to approved budgets or operational standards.

The housing entity will not rely on volunteer management, informal oversight, or beneficiary-affiliated personnel for property operations.

Professional asset management discipline is foundational to the model's durability.

5.5 Project Scale and Structure

The initial demonstration project will consist of the acquisition and disciplined operation of a stabilized multi-family apartment community comprising approximately 80–120 residential units within the Bryan–College Station market.

This scale has been selected intentionally.

An asset of this size is:

- Large enough to generate meaningful and recurring net operating income
- Operationally efficient under professional third-party management
- Diversified across unit mix to mitigate vacancy volatility
- Capable of supporting sustainable mission funding without requiring continuous capital infusion

Smaller properties, while simpler to acquire, do not provide sufficient scale to produce durable infrastructure-level funding. Conversely, significantly larger assets introduce complexity and capital concentration risk that is not necessary for an initial proof-of-model.

The targeted property profile will include:

- Stabilized occupancy history
- Demonstrated operating performance
- Market-aligned rent structure
- Clear maintenance and capital reserve planning
- No structural dependency on government subsidy programs

The objective is to acquire an income-producing asset rather than undertake speculative development. Emphasis will be placed on operational stability, prudent leverage, disciplined reserves, and transparent reporting.

Scale in this model is not pursued for growth's sake, but for resilience. An 80–120 unit property provides sufficient density to absorb normal turnover, maintain predictable cash-flow, and support long-term beneficiary alignment without jeopardizing asset stability.

The demonstration project is therefore designed to test not only mission alignment, but financial durability under conservative operating assumptions.

5.6 Revenue and Rent Structure

Revenue within the demonstration project will be derived primarily from stabilized residential rental income generated by the multi-family property. The rent structure will be designed to balance affordability objectives with asset durability and predictable cash-flow.

The property will employ a deliberate mix of:

- Workforce-rate units priced within approximately 60–80% of Area Median Income (AMI), generally consistent with the 30% income affordability standard
- Market-rate units aligned with prevailing local rental conditions

This blended approach serves several purposes:

1. It preserves economic diversity within the tenant base
2. It mitigates concentration risk associated with single-income bands
3. It supports stable occupancy across market cycles
4. It sustains sufficient net operating income to fund mission commitments

Affordability in this model is achieved through disciplined pricing rather than dependency on government housing subsidy programs. The property is not structured as Section 8 housing or as a public housing authority project. Instead, rents are calibrated to reflect local wage realities while preserving the financial integrity of the asset.

Revenue underwriting will be based on conservative vacancy assumptions, historical occupancy patterns, and market-supported rent comparables. The objective is to avoid aggressive pro forma assumptions and instead rely on demonstrable operating performance and defensible rent positioning.

In addition to gross rental revenue, standard ancillary income streams (such as application fees, late fees, and other customary property-level income categories) may contribute to total revenue; however, the model does not depend upon ancillary revenue optimization for viability.

The guiding principle of the revenue structure is predictability. Sustainable mission funding requires steady, recurring net operating income rather than maximized short-term yield. Accordingly, rent policy will prioritize tenant stability, low turnover, and long-term occupancy over aggressive rent escalation.

This approach reflects the broader philosophy of the Legacy Impact Model: stable infrastructure first, mission surplus second.

5.7 Capital Structure and Lifecycle Framework

The demonstration project will be capitalized through mission-aligned capital structured to prioritize asset stability, prudent leverage, and long-term sustainability.

Because the underlying asset produces recurring income, capital deployed into the housing entity is supported by net operating cash flow rather than consumed operationally. The capital structure will therefore be designed to balance three objectives:

1. Preservation of principal
2. Predictable debt service coverage
3. Sustainable surplus generation for mission funding

Mission-aligned capital may be deployed through one or more of the following mechanisms:

- Patient, asset-backed loan capital at conservative rates
- Partial loan guarantees supporting third-party financing
- Charitable capital contributions

Leverage will be structured conservatively to maintain appropriate debt service coverage ratios and funded reserves. The objective is not to maximize leverage, but to ensure durability under ordinary market variability, including temporary vacancy increases or operating cost fluctuations.

Capital Instrument Lifecycle

Capital instruments will be structured with defined parameters appropriate to their form.

Loan capital will include documented maturity terms, amortization schedules, and repayment provisions consistent with conservative real estate finance practices. Refinancing decisions will be evaluated based on asset performance, market conditions, and preservation of leverage discipline.

Guarantee obligations, where utilized, will include defined release conditions or sunset provisions to prevent indefinite exposure.

Philanthropic contributions will be treated as permanent infrastructure capital without redemption rights.

The long-term objective of the model is full amortization of acquisition debt and retention of the asset as a durable income-producing resource.

Early surplus levels reflect conservative underwriting and the presence of acquisition debt; as principal amortizes and operating performance stabilizes, surplus capacity may increase materially over time.

While the asset is intended for permanent hold, capital instruments themselves will have clearly defined lifecycle parameters to ensure clarity, liquidity planning, and responsible stewardship.

Operating reserves and capital expenditure reserves will be funded as part of the acquisition strategy to protect both asset stability and mission continuity. Transparent reporting and periodic financial review will support accountability to both capital providers and the governing board.

The capital framework is intentionally structured so that asset performance — not recurring fundraising — sustains the mission funding mechanism. As debt amortizes and equity strengthens, funding capacity may increase without additional capital deployment.

This approach reflects disciplined stewardship rather than financial optimization. The objective is long-term resilience, not short-term return enhancement.

5.8 Performance Measurement and Evaluation

The demonstration project will be evaluated using clearly defined financial, operational, and mission-aligned performance indicators. The objective is to assess both asset durability and funding reliability under disciplined governance standards.

Performance evaluation will occur across three distinct categories:

1. Asset Performance

The housing asset will be monitored according to conventional multi-family performance metrics, including:

- Stabilized occupancy levels
- Vacancy and turnover rates
- Net operating income (NOI) stability
- Debt service coverage ratio (DSCR)
- Operating expense ratios relative to market benchmarks
- Adequacy of capital and operating reserves

These indicators will determine whether the property is functioning as intended: as a stable, income-producing infrastructure asset capable of sustaining long-term mission support.

Conservative underwriting assumptions and periodic financial review will be employed to ensure that mission funding does not compromise asset integrity.

2. Funding Reliability

The second layer of evaluation concerns the predictability and consistency of surplus funding delivered to the designated beneficiary.

Key measures will include:

- Annual surplus generation after reserves and debt service
- Consistency of funding transfers across reporting periods
- Maintenance of required reserve thresholds
- Variance from projected performance

The model will prioritize stability over maximization. Temporary fluctuations in funding will be absorbed within the capital discipline framework rather than transferred unpredictably to the beneficiary.

3. Beneficiary Impact Alignment

While the housing entity is not responsible for direct program execution, alignment between funding and transformational outcomes remains central to the Legacy Impact Model.

Beneficiary evaluation may include:

- Participant retention and completion rates
- Longitudinal outcome indicators appropriate to the specific ministry
- Capacity expansion enabled by stable funding
- Reduction in reliance on episodic fundraising

The purpose of this layer of evaluation is not to impose operational control, but to ensure that infrastructure-generated funding is contributing to durable, measurable progress.

Reporting and Oversight

Financial reporting will be provided to the governing board on a scheduled basis and will include asset-level performance, reserve status, and funding transfers. Annual financial review and appropriate third-party oversight mechanisms will reinforce transparency and accountability.

Performance review will emphasize sustainability and risk management rather than rapid expansion. The objective is to confirm that the model functions reliably across economic cycles and does not depend on ideal market conditions for viability.

Evaluation Philosophy

Success within the demonstration project is defined not by accelerated growth, but by durable alignment between asset stability and mission funding reliability.

The central question is not whether the model can produce surplus in favorable conditions, but whether it can sustain disciplined performance under ordinary market variability.

If the model demonstrates resilience, transparency, and replicability, it will have achieved its intended proof-of-concept function.

5.9 Implementation Timeline and Milestones

The demonstration project will proceed through defined phases, each contingent upon satisfactory completion of the prior stage. The timeline is structured to prioritize diligence, capitalization discipline, and operational readiness over speed of execution.

Phase I – Alignment and Capital Structuring

- Finalization of governance framework
- Identification and commitment of mission-aligned capital

- Refinement of underwriting criteria
- Confirmation of target asset parameters

This phase emphasizes structural readiness rather than property selection.

Phase II – Asset Identification and Underwriting

- Market screening for stabilized 80–120 unit properties
- Preliminary underwriting based on historical operating performance
- Evaluation of rent comparables, occupancy history, and expense ratios
- Reserve planning and capital expenditure assessment

No acquisition will proceed without conservative underwriting assumptions and adequate reserve planning.

Phase III – Acquisition and Stabilization

- Formal acquisition under disciplined leverage parameters
- Transition to professional third-party management
- Implementation of rent structure and operational policies
- Establishment of reporting and oversight protocols

This phase is considered complete only after stabilized occupancy and operating metrics align with underwriting assumptions.

Phase IV – Funding Activation and Performance Monitoring

- Initiation of surplus transfers to designated beneficiary
- Ongoing monitoring of asset performance metrics
- Regular reporting to governing board and capital stakeholders

Funding distribution will be contingent upon maintenance of required reserve thresholds and debt service coverage standards.

The timeline is intentionally flexible within defined guardrails. The objective is to ensure structural integrity rather than adhere to arbitrary launch dates. Progression between phases will be based on validated readiness, not aspirational milestones.

5.10 Demonstration as Foundational Proof

The demonstration project is designed as a proof-of-durability exercise rather than a precursor to immediate expansion.

Its purpose is to test whether stabilized workforce housing, under conservative underwriting and disciplined governance, can reliably generate surplus funding without compromising asset integrity.

The project will be evaluated over a sufficient operating period to assess:

- Stability of net operating income across seasonal and market variability
- Reliability of funding transfers to the beneficiary
- Adequacy of reserves and capital maintenance planning
- Governance and reporting effectiveness

No assumption of replication or expansion is embedded in the initial structure. Any future consideration of additional properties would be contingent upon:

- Demonstrated performance consistency
- Maintenance of prudent leverage ratios
- Confirmation that mission funding has not introduced asset risk
- Governing board determination that replication serves long-term resilience rather than growth momentum

The model's credibility depends on restraint. Proof must precede scale.

If the demonstration confirms that infrastructure-level housing can sustain disciplined mission funding under ordinary market conditions, the model will have achieved its purpose. Expansion, if considered, would then represent replication of a validated structure—not extension of an unproven concept.

6. Governance, Risk, and Operational Safeguards

The durability of the Legacy Impact Model depends not only on asset performance, but on disciplined governance, prudent risk management, and transparent oversight. The housing entity is intended to function as infrastructure; therefore, its governance and risk framework must reflect infrastructure-level seriousness.

This section outlines the structural safeguards designed to protect capital integrity, preserve asset stability, and ensure reliable mission funding.

6.1 Governance Structure and Fiduciary Oversight

The housing entity will be governed by an independent board of directors responsible for fiduciary oversight, policy approval, capital discipline, and strategic alignment.

Board responsibilities will include:

- Approval of acquisition criteria and leverage parameters
- Oversight of capital structure and reserve policy
- Review of financial reporting and performance metrics
- Oversight of third-party property management
- Authorization of surplus distributions in accordance with defined distribution safeguards

The board may designate an asset management subcommittee with real estate experience to oversee property-level performance and management reporting.

Board composition will prioritize financial literacy, governance maturity, and real estate familiarity. Governance authority will remain distinct from beneficiary leadership in order to preserve structural separation between funding generation and program execution.

All directors owe fiduciary duties to the housing entity itself.

6.2 Board Appointment, Representation, and Removal

Directors will be appointed pursuant to formal organizational documents adopted at formation. Appointment and succession procedures will be documented and transparent.

Board composition may include:

- Independent directors selected for financial and real estate expertise
- Mission-aligned directors
- Capital provider representatives or observers, where appropriate and defined by formal agreement

Board membership will not be self-perpetuating without documented nomination and approval procedures.

Removal and replacement mechanisms will be defined in governing documents and may include:

- Term limits
- Removal for breach of fiduciary duty
- Performance-based removal
- Replacement upon resignation or incapacity

Governance authority is exercised through documented resolutions and formal board action rather than informal influence.

6.3 Structural Separation of Entities

The housing entity and the beneficiary organization will operate as distinct legal and operational entities.

This separation ensures:

- Protection of the housing asset from programmatic liabilities
- Clear accounting boundaries
- Independent governance decision-making
- Avoidance of operational entanglement

Surplus transfers will occur pursuant to defined policy rather than informal agreement.

The housing entity manages infrastructure; the beneficiary executes mission.

6.4 Underwriting and Acquisition Discipline

No property acquisition will proceed without conservative underwriting assumptions and defined reserve planning.

Acquisition criteria will include:

- Demonstrated operating history
- Stabilized occupancy trends
- Market-supported rent comparables
- Capital expenditure assessment
- Defined debt service coverage thresholds

The model does not depend on speculative appreciation, rapid rent escalation, or development arbitrage. Asset selection prioritizes stability over yield.

6.5 Leverage and Capital Risk Management

Leverage levels will be structured conservatively to maintain appropriate debt service coverage and liquidity buffers.

Capital risk safeguards include:

- Prudent loan-to-value ratios
- Defined debt service coverage minimums
- Funded operating reserves
- Funded capital expenditure reserves

The objective is to withstand ordinary market variability without jeopardizing asset performance or mission funding continuity.

6.6 Financial Controls and Reporting

The housing entity will maintain transparent financial reporting and internal controls consistent with professional property ownership standards.

Controls include:

- Regular financial statements presented to the governing board
- Independent annual financial review or audit as appropriate
- Clear documentation of surplus calculations
- Separation of operating accounts and reserve accounts

Financial transparency is foundational to capital trust and governance credibility.

6.7 Distribution Policy and Asset Protection Triggers

Surplus distributions to the designated beneficiary will occur only after all asset protection requirements have been satisfied.

The housing entity will adhere to a structured distribution hierarchy:

1. Payment of operating expenses
2. Payment of debt service obligations
3. Funding of required operating reserves
4. Funding of required capital expenditure reserves
5. Compliance with minimum debt service coverage thresholds

Only after these conditions are met may surplus be considered for distribution.

Minimum Performance Covenant

No surplus distribution shall occur in any reporting period in which:

- Debt Service Coverage Ratio (DSCR) falls below 1.20
- Required reserve balances are not fully funded

In such circumstances, surplus funds will be retained within the housing entity until compliance is restored.

Extended Underperformance

If surplus generation is reduced or eliminated due to market conditions, capital repairs, or operational factors, the beneficiary shall not have claim or recourse against the housing asset.

Mission funding is contingent upon asset performance.

Capital Event Priority

In the event of significant capital repairs, refinancing adjustments, or market disruption, preservation of asset stability takes precedence over distribution continuity.

Workforce-rate unit allocation and rent calibration will be governed by board-approved policy and reviewed annually. Adjustments may be implemented only if compliance with minimum DSCR thresholds and reserve funding requirements is preserved.

6.8 Risk Acknowledgment and Market Variability

All income-producing real estate carries risk, including:

- Vacancy fluctuation
- Operating cost increases
- Interest rate exposure
- Local market shifts

The model does not seek to eliminate these risks. It incorporates conservative underwriting, reserve funding, prudent leverage, and governance oversight to manage them responsibly.

Durability under ordinary market conditions is the standard of evaluation.

6.9 Capital Stewardship Philosophy

Capital deployed into the housing entity is treated as infrastructure capital rather than program expenditure.

The governing philosophy includes:

- Preservation of principal where feasible
- Respect for asset integrity
- Avoidance of mission-driven operational compromise
- Long-term resilience over short-term optimization

The objective is not to eliminate risk—an unrealistic goal—but to manage it prudently and transparently.

7. Replicability and Long-Term Vision

The Legacy Impact Model is designed to be testable before it is scalable.

The demonstration project represents a contained proof-of-durability exercise. Replication will be considered only if the model demonstrates sustained asset stability, predictable surplus generation, and governance integrity under conservative operating assumptions.

Expansion is not embedded in the initial structure.

7.1 Conditions for Replication

Any future consideration of additional properties would require:

- Demonstrated stability of net operating income across multiple reporting cycles
- Maintenance of defined debt service coverage thresholds
- Preservation of reserve discipline
- Reliable funding transfers to the designated beneficiary
- Governing board affirmation that expansion does not introduce structural fragility

Replication would occur only after validated performance, not anticipated performance.

7.2 Replication Framework

If performance benchmarks are met, additional properties may be evaluated using the same underwriting criteria, governance safeguards, and capital discipline as the initial demonstration project.

Each potential acquisition would be assessed independently. No cross-collateralization or structural interdependence would be assumed without explicit governance approval.

Growth, if pursued, would be incremental and asset-specific rather than programmatically driven.

7.3 Long-Term Orientation

The model's long-term objective is structural resilience, not portfolio scale.

A single well-governed, stabilized property capable of reliably supporting transformational work may fulfill the model's purpose. Additional properties would represent replication of validated infrastructure—not expansion for visibility, momentum, or symbolic impact.

The emphasis remains durability over growth.

7.3 Structural Philosophy

Infrastructure models fail when growth outpaces discipline. The Legacy Impact Model therefore incorporates restraint as a core principle.

Proof must precede replication.
Resilience must precede expansion.
Governance must precede scale.

The model's long-term credibility depends not on the number of properties acquired, but on the sustained alignment between asset stability and mission funding reliability.

8. The Role of the Champion

The Legacy Impact Model is presently in a discernment phase. The role of the Champion at this stage is not operational control, nor financial commitment, but structural evaluation and credibility alignment.

The Champion functions as an independent evaluator of the model's structural integrity, governance framework, and capital discipline. The purpose of this engagement is to determine whether the proposed framework merits advancement to capital structuring and implementation phases.

8.1 Scope of Engagement

The Champion's involvement may include:

- Reviewing the structural logic of the model
- Assessing governance and capital safeguards
- Identifying areas requiring refinement
- Facilitating introductions to aligned capital providers, where appropriate

The role does not imply board membership, fiduciary responsibility, or financial obligation unless separately defined and mutually agreed.

8.2 Credibility and Alignment

Because the model seeks mission-aligned capital operating under infrastructure-level discipline, early-stage credibility is essential.

The Champion's value lies in measured judgment rather than enthusiasm. Constructive skepticism, risk identification, and structural critique are welcomed and expected.

The objective is to strengthen the model before implementation—not to accelerate it.

8.3 Boundaries of Authority

The Champion does not direct asset selection, underwriting parameters, or governance decisions unless formally appointed to such a role through established board processes.

The distinction between advisory discernment and fiduciary authority is intentional and preserves governance clarity.

8.4 Discernment Over Momentum

The early phase of this initiative prioritizes structural soundness over momentum.

The appropriate question at this stage is not “How quickly can this proceed?” but “Is the framework durable under conservative assumptions?”

Advancement beyond the discernment phase will occur only if the model withstands rigorous evaluation from experienced, independent reviewers.

9. Invitation to Legacy Capital Partners

The Legacy Impact Model requires mission-aligned capital structured with an infrastructure orientation rather than a programmatic orientation.

Participation at this stage is limited to individuals or entities willing to evaluate the model through the lens of disciplined asset stewardship, conservative underwriting, and long-term mission alignment.

The invitation is not to fund a campaign.

It is to evaluate a structure.

9.1 Capital Alignment Criteria

Prospective capital partners should be aligned with the following principles:

- Preservation of principal where feasible
- Conservative leverage and reserve discipline
- Patience with phased implementation
- Preference for durability over rapid scale
- Willingness to subject the model to rigorous evaluation

The model does not seek speculative capital or short-term yield expectations. It seeks capital that recognizes the distinction between financial optimization and infrastructure stability.

9.2 Forms of Participation

Mission-aligned capital may be structured through:

- Patient, asset-backed loans
- Partial guarantees supporting prudent leverage
- Charitable capital contributions, where appropriate

Participation structure will be defined through formal documentation consistent with governance standards and capital protection policies.

No capital commitment is assumed or implied through initial engagement.

9.3 Evaluation Before Commitment

The current phase is evaluative. Capital partners are invited to:

- Review structural assumptions
- Examine underwriting criteria
- Assess governance safeguards
- Identify structural vulnerabilities

Only after satisfactory review and refinement would formal capitalization discussions proceed.

The advancement of this model is contingent upon disciplined alignment—not momentum.

9.4 Long-Term Stewardship Orientation

Capital deployed into the housing entity will be treated as infrastructure capital. Its role is to support the acquisition and stabilization of income-producing assets capable of sustaining long-term mission funding.

The objective is not return maximization, nor symbolic impact, but durable alignment between asset stability and transformational work.

Participation therefore reflects a stewardship posture rather than a transaction.

END

Appendix A

Proof & Pilot Addendum

Demonstrating the Legacy Impact Model in Practice

Purpose of This Addendum

This addendum provides a concise illustration of (1) why the Legacy Impact Model is financially viable within current market conditions and (2) how it will be tested through a disciplined demonstration project. Figures and examples are illustrative only and are intended to clarify structure and logic, not to serve as projections, guarantees, or commitments.

I. Proof of Concept: Workforce Housing as Sustainable Infrastructure

The Legacy Impact Model is grounded in the disciplined operation of stabilized multi-family housing priced intentionally within workforce affordability ranges.

Illustrative Local Example (Existing Property):

5. Property Type: Stabilized apartment community
6. Total Units: ~65–70
7. Workforce-Rate Units: ~20–25
8. Affordability Standard: Approximately 60%–80% of Area Median Income (AMI), consistent with federal guidelines that housing costs not exceed 30% of gross household income
9. Typical Market Rent (2BR): ~\$1,200
10. Illustrative Workforce Rent (2BR): ~\$1,050

In the Bryan–College Station market, many two-bedroom units already fall within workforce affordability thresholds for dual-income households. As a result, affordability can often be achieved through intentional rent discipline rather than deep subsidy.

Properties operated with density and professional management:

11. Maintain strong occupancy and tenant stability
12. Experience reduced turnover and operational volatility
13. Preserve asset condition through consistent maintenance
14. Generate predictable net operating cash-flow

The key insight is not the rent differential alone, but the scale and stability of the income stream when applied across a properly sized property.

Key Insight:

When operated with discipline, density, and professional management, workforce housing can function as durable infrastructure—meeting real housing needs while producing reliable, recurring mission funding.

II. The Demonstration Project (Pilot)

Objective:

To validate the Legacy Impact Model through the acquisition and disciplined operation of one stabilized multi-family property generating consistent, recurring funding for one transformational non-profit partner.

Pilot Property Profile:

15. Property Size: Approximately 80–120 residential units
16. Asset Type: Stabilized, income-producing apartment community
17. Ownership Structure: Dedicated non-profit housing entity
18. Management: Professional third-party property management
19. Rent Strategy: Deliberate mix of workforce-rate units (priced within approximately 60–80% AMI and generally not dependent on government housing subsidies) and market-rate units.”
20. Geographic Focus: Single-site property to maximize operational efficiency, financial clarity, and community stability

This scale is intentionally chosen to generate sufficient net operating income to create meaningful mission funding, achieve operational efficiencies not possible with scattered-site housing, provide financial resilience through diversified unit mix, and establish a credible proof-of-model for replication.

III. Capital Structure (Illustrative)

21. Patient, asset-backed loan capital at conservative rates
22. Loan guarantees supporting third-party financing
23. Charitable capital contributions, where appropriate

Because the property produces income, capital is serviced and protected through disciplined debt amortization and funded reserves rather than consumed operationally. As principal is repaid over time and leverage declines, debt service coverage improves and surplus capacity may increase. Growth in mission funding is therefore driven by amortization discipline and asset stabilization—not by speculative appreciation or structural concessions.

IV. Initial Anchor Beneficiary (Illustrative)

The intended first beneficiary of the demonstration project is a long-term financial stability and life-transition coaching initiative serving individuals and families seeking to exit cycles of dependency.

24. Require sustained, multi-year engagement
25. Produce meaningful but gradual outcomes
26. Are difficult to fund through episodic donation cycles

A stabilized 80–120 unit property has the potential to generate sufficient net operating surplus to support dedicated staffing expansion, long-term program continuity, and reduced vulnerability to annual fundraising volatility.

(Formal alignment with the initial beneficiary remains under active discussion.)

V. Measures of Success

27. Stabilized occupancy and tenant retention
28. Predictable and sustainable net operating income
29. Preservation of asset value over time
30. Financial transparency and governance discipline
31. Reliability and consistency of funding delivered to the beneficiary
32. Replicability of the model within similar communities

Success is defined not by rapid scale, but by credibility, resilience, and disciplined stewardship.

Closing Note

This demonstration project is designed to establish a credible, governable, and repeatable model in which stabilized workforce housing serves as infrastructure for long-term mission funding. The objective is not rapid expansion, but durable alignment between housing stability, capital stewardship, and transformational impact.

Appendix B

Affordability Framework – Bryan–College Station, Texas

Purpose of This Appendix

This appendix provides context for how “affordable” and “workforce-rate” housing are defined and applied within the Legacy Impact Model. It is intended to clarify assumptions, not to prescribe rigid rent limits or introduce subsidy dependence.

I. Affordability Standard

Housing affordability is commonly defined by federal guidelines as housing costs not exceeding **30% of gross household income**.

For the Bryan–College Station Metropolitan Statistical Area, the **2025 Area Median Income (AMI)** for a single individual is approximately **\$62,850** (approximately \$30.22/hour). Workforce housing is generally understood to serve households earning between **60% and 120% of AMI**.

II. Illustrative Affordable Rent Targets

Based on the 30% affordability standard, illustrative monthly rent thresholds are as follows:

Income Category	Household Income (Annual)	1-Bedroom (Affordable Rent)	2-Bedroom (Affordable Rent)
Lower Workforce (60% AMI)	~\$37,710	~\$942	~\$1,130
Middle Workforce (80% AMI)	~\$50,280	~\$1,257	~\$1,508
Area Median (100% AMI)	~\$62,850	~\$1,571	~\$1,885

These figures represent affordability thresholds, not target rents.

III. Local Market Context

Current market observations in Bryan–College Station indicate:

1-Bedroom Units:

Market averages generally range from approximately **\$1,050–\$1,140**, which can exceed affordability for lower-workforce, single-income households.

2-Bedroom Units:

Market averages generally range from approximately **\$1,150–\$1,300**, which are often **within affordability thresholds** for dual-income workforce households.

This dynamic means that affordability pressure is **not uniform across unit types**.

IV. Implications for the Legacy Impact Model

The Legacy Impact Model does not rely on deep rent subsidies or government programs to achieve affordability. Instead, affordability is pursued through:

- **Intentional rent discipline**, particularly on a portion of units
- **Portfolio balance**, combining workforce-rate and market-rate units
- **Professional management**, reducing turnover and operating volatility
- **Density and efficiency**, preserving margin while maintaining access

In practice, this approach allows properties to remain financially sustainable while expanding access for workforce households—particularly families—without undermining long-term viability.

V. Role of Affordability in the Demonstration Project

For the demonstration project:

- Workforce-rate units will generally be priced within approximately **60%–80% of AMI**, subject to local conditions.
- Market-rate units will provide stability and cross-support.
- Affordability will be evaluated **across the property as a whole**, not unit-by-unit in isolation.

Affordability is treated as a **stewardship objective**, not a compliance exercise.

Closing Note

This framework is provided to clarify how affordability is understood and applied within the Legacy Impact Model. It is intentionally flexible, market-aware, and designed to support both resident stability and long-term mission funding.

APPENDIX C

Illustrative Financial Flow – Demonstration Project Stabilized 100–110 Unit Workforce-Oriented Property

(Illustrative figures only – conservative assumptions – not a projection or solicitation)

Project Overview (Illustrative)

- **Property Type:** Stabilized multi-family apartment community
- **Unit Count:** ~105 units (midpoint of 80–120 range)
- **Ownership:** Independent housing non-profit entity
- **Financing:** Mission-aligned, asset-backed loan capital
- **Beneficiary:** One designated transformational non-profit

Illustrative Annual Operating Snapshot (Base Case)

- **Gross Rental Income:** \$1,020,000
- **Less: Vacancy (7%):** (\$71,400)
- **Effective Rental Income:** \$948,600
- **Less: Operating Expenses (45%):** (\$426,870)
- **Net Operating Income (NOI):** \$521,730
- **NOI Margin:** ~55%

Expense Ratio Clarification

The illustrative 45% expense ratio is a placeholder for structural demonstration only. Final underwriting will be based on trailing twelve-month (T-12) operating statements, verified property tax reassessment estimates, current insurance quotes, payroll modeling, and property-specific capital expenditure review. Texas property tax reassessment and insurance volatility will be underwritten at sustainable forward levels rather than relying on trailing seller performance.

Capital Structure (Illustrative)

- **Purchase Price:** \$11,000,000

- **Loan-to-Value (LTV):** 60% (conservative leverage)
- **Loan Amount:** \$6,600,000
- **Interest Rate:** 6.25%
- **Amortization:** 25 years
- **Annual Debt Service:** ≈ \$435,000

Debt assumptions reflect conservative fixed-rate financing; refinancing risk will be evaluated under forward-rate stress scenarios prior to acquisition.

- **Debt Service Coverage Ratio (DSCR):** 1.20 (target minimum DSCR ≥ 1.20)

Purchase price reflects illustrative market valuation for stabilized workforce-oriented assets within the Bryan–College Station sub-market; final acquisition pricing will be evaluated relative to trailing NOI and prevailing cap rate conditions.

Reserve Discipline (Illustrative)

- **Operating Reserve Contribution:** \$35,000 annually
- **Capital Expenditure Reserve:** \$40,000 annually
- **Total Annual Reserves:** \$75,000
- **Reserves will be maintained on balance sheet and may not be released for distribution without board approval and covenant compliance.**

Net Cash Flow Available for Mission (Base Case)

- **Net Operating Income:** \$521,730
- **Less Debt Service:** (\$435,000)
- **Less Reserves:** (\$75,000)
- **Illustrative Annual Surplus:** ≈ \$11,730

Interpretation: Under conservative assumptions and full reserve discipline, distributable surplus may be modest in early operating periods. This is consistent with an infrastructure-first model that prioritizes asset durability over near-term distributions. As stabilization improves and amortization reduces debt service, distributable surplus may increase meaningfully over time, subject to continued compliance with reserve and DSCR covenants.

Sensitivity Scenarios (Illustrative Only)

The model's distributable surplus is most sensitive to (a) stabilized occupancy and (b) operating cost discipline. Small changes can materially affect distributable surplus **without relying on speculative rent growth**.

Illustrative examples (non-projection):

- **Vacancy improves from 7% to 5%** (all else equal): increased effective income supports higher surplus.
- **Expense ratio improves from 45% to 43%** through stabilized operations and reduced turnover: increased NOI supports higher surplus.
- **Combined stabilization effects** (modest vacancy improvement + modest expense improvement) can increase distributable surplus meaningfully over time, subject always to DSCR and reserve covenants.
- **Property tax reassessment** stress test based on post-acquisition valuation to reflect potential Texas appraisal district adjustments.

These examples are included to show operational sensitivity—not to forecast outcomes.

Long-Term Effect of Amortization (Core Thesis)

As principal is repaid over time:

- Debt service burden declines relative to income
- DSCR improves
- Surplus capacity increases
- Growth in mission funding is driven primarily by **amortization discipline and stabilization**, not speculation

The asset is intended for long-term hold; disposition would occur only upon board determination that capital preservation and mission alignment would be enhanced.

Structural Observations

- Workforce-oriented rents can remain financially sustainable when supported by professional management and disciplined underwriting.
- Conservative leverage and funded reserves protect asset stability.
- Debt service and reserves are prioritized before distributions.
- Surplus generation is expected to be **gradual and disciplined**, increasing over time as the asset stabilizes and amortizes.

Important Clarification

This illustration is:

- **Not** a pro forma
- **Not** a return forecast
- **Not** an offering memorandum
- **Not** a fundraising solicitation

It is presented solely to clarify the operational logic of the Legacy Impact Model under conservative assumptions.