

Austin Housing Finance Corporation Meeting Transcript – 08/07/2014

With that objection, the council will go into rerecess to convene a meeting of the housing finance corporation, if housing finance corporation folks are here, take us through that agenda quickly.

[10:21:33]

>> Good afternoon, board of directors. I'm representing the austin housing finance corporation today and I offer the items on consent today, items 1 through 11. However, I recognize earlier I did check and I think a couple of items did have speakers.

>> Mayor Leffingwell: Let me check that. So you could offer everything except 3 and 8 on consent. Council member martinez?

>> Morrison: There are a few things I would actually like to talk about.

>> Mayor Leffingwell: Why don't you pull them off of consent then.

>> Morrison: I will, as soon as I can find the numbers. Sorry.

>> Cole: I think they're 7, 9, and 10.

>> Morrison: 7, 9, and 10, and if we could add 11 to that too, because that's a related public hearing. 7, 9, 10, and 11.

>> Mayor Leffingwell: Plus 3 and 8. Not much left.

>> That's because the treasurer is not here. I get the lucky draw on the asc meeting today.

>> Mayor Leffingwell: All right. Well, I guess I would entertain a motion to approve items 1 and 2.

>> Mayor, we could also approve 4, 5, and 6. They haven't been pulled.

>> Mayor Leffingwell: 1, 2, 4, 5, 6.

>> Spelman: I move approval.

>> Mayor Leffingwell: Council member spelman moves approval. Is there a second? Second by council member martinez. All in favor, say aye. Opposed, no. Passes on a vote of 7-0. I guess we'll just go in order. Item number 3 has speakers. First, pina. Is david king here? Soya lavega not here? Michael fossum here? You have up to six minutes.

[10:23:43]

>> Thank you, mr. Mayor. Gust pina, native east austin night. Number 3 I supported wholeheartedly, but with some comment. As you very well know, we've been dealing heavily with the secretary -- the new secretary of veterans affairs, and having said that we have a lot of are females that are single with head of household kids, and I wanted to say this, I'm going to preface my other comments with it, I work with mark rogers, I support him and I support gain also, the guadalupe neighborhood development association, work with dave elliott of the guadalupe church back in the late '80s and '90s about supportable housing. And I support number 3, but with some reservation. The language says approve the negotiation and execution of loan agreement with guadalupe neighborhood development corporation with development of house being, with low income family household, supporting secondary education. Mayor and council, I would ask you really, for the future, not just support funding pour

supported services for low income, single parent household, completing post secondary education. We have a lot of female, single female moms with children that are also looking to complete a g.E.D. Or the high school diploma. So in the future, I would ask, respectfully, that we think about these very beautiful, very kind female, not only veterans, but also head of household, females, head of household, single, to remember that there's a lot of need out there also for other types of family structures, not just for single parent households completing post secondary education. And I can read the backup. I read the backup. It's, you know, funding for supportive services, but remember -- and I'm not saying it's discriminatory. I'm a former eeo investigator for treasury and collateral justice, but let's have a balance here. I spoke to secretary of hud, castro, who used to be the mayor of san antonio. And he agreed with that statement, we need to be holistic and good complete and provide housing for all females, head of household with children, that want to complete their education, not just post secondary education. Anyway, I'll leave it at that. I support item number 3, but reservation to include in the future, in the most expeditious future, to help single moms with families that are wanting to complete their education, g.E.D.Wise, high schoolwise, or otherwise. Let's be holistic in this. I'll leave it at that, and thank you very much for the opportunity to speak. We have a lot of single moms with kids at the salvation army shelters, other shelters. Council member tovo, you and I spoke about that when you first ran for council. That is one of my biggest, biggest concerns. I am a supporter of female rights, even back in the '60s. But the issue, we need to do a better job to provide better services for single moms that want to complete g.E.D. And a high school education. Not just post secondary education. Thank you very much. I hope we work on that closely and expeditiously provide funding for those other moms also. Thank you very much. He have.

[10:27:41]

>> Okay. Rebecca

-- I have a couple of questions for you. I don't believe there's any other speakers. I wanted to talk about 7, 9, and 10. Now, first of all, any property that is owned by the austin housing finance corporation, is it exempt from all taxes or just city of austin taxes.

>> All taxes.

>> Okay. The backup note, converting 26 market rate units into affordable units, is that part of the restrictive covenant?

>> That would be part of the restrictive covenant, yes.

>> Cole: Do you know at what level of affordability that would be and for what time?

>> I don't have a unit breakdown right now. A about I will

-- the dorp is here, who can give you more information. The actual units are two bedrooms, three bedrooms, four bedrooms, and the msis are 40, 50, and 60% mfi.

>> Cole: So do you have any idea what the approximate rents would be?

>> The rents would be, respectively, two, three, and four, would be 825, 925, 1050.

>> Cole: Okay. Let me move on. I know that permanent

-- and you know that permanent supporting housing has been very important to this council. Are there any permanent supportive housing units as part of this project?

>> Vice president, there is not at this time. We have had preliminary conversations with the developer,

and he is open to having the discussion and the inclusion, I believe, of permanent supportive housing. And that is something that we can certainly take a look at as we move through the negotiation and execution process. And I would welcome, if there's more of -- of a discussion you all would want to have with the developer, he is present and he is aware that that might be something that you all would want to visit with him about.

>> Cole: Okay. I appreciate that. Maybe we will do that at the end or visit later. The backup notes says there are on-site services. Please detail them?

[10:29:48]

>> I don't have the detail information on the on-site services. Those are typically identified later in the process once these instruments are intact and there is an opportunity to engage with the residents and identify what the services would be, as per are not's -- the resident's needs.

>> Cole: It's my understanding, the timber, we can expect some after school programs. Is that correct?

>> That is correct.

>> Cole: Okay. I think it's important that we have the learning programs, and I know this particular developer is very good about that. Do you have any additional information on the similar partnerships listed, villas on six, the primrose at shadow creek and village, taxes that identify how many affordable units were secured or their level of affordability or the amount of taxes for. [One moment please for change in captioners] s.

[10:31:55]

>> ... And we were able to see that it would be a cost of about 113,000 annually to buy down at 60% mfi.

>> Cole: Okay.

>> So the foregone revenue to be clear actually supports and allows for the deeper subsidies.

>> Cole: Do you know the year amount figure of the affordability that's being offered? 55 years.

>> Cole: 55 years. What happens to the city owned property after the restrictive covenant ends in 55 years?

>> Because the austin finance corporation holds title to the land, I do not see a reason why we would break from precedence. We would remove the restrictive covenant.

>> Has there been any recommendation from any board or commission?

>> We do not have the -- there isn't a requirement to go in front of the other boards and commissions for this recommendation. Just as a reminder, the austin housing finance corporation is not investing any funding into this particular development opportunity, so, no, there is not. Just as the other partnerships were developed, there is not. We are following the same precedent.

>> Cole: I think I would support going in front of the cdc but I would like to get some thoughts from council member morrison.

>> Morrison: Mayor, if I may.

>> Mayor Leffingwell: Yes.

>> Morrison: So I guess. We are talking about two particular
-- three particular items, one about the
-- 1034 clayton and the other about the tempers, this is confusing
-- honestly, this is a complex thing. I didn't have time to study it but, for example, reading posting for
number 10, approve private enticement for private funding and private activity cap multifamily recourse
funds
-- like here is my thing. Either we are going to need to spend a lot of time helping me understand this or
I am wondering if we could take it to the cdc because I would feel a lot more comfortable knowing that
the folks that have sort of the bigger picture about what we are doing with affordable housing might be
able to weigh in. So I don't know if you have any comment on that and I am certainly interested in, is
there a timing constraint that you are under.

[10:34:38]

>> So a couple of comments. I would like to
-- I would obviously want the board to be comfortable with the transaction. It does not break
precedents with the other partnerships that have been used and the other prior partnerships that the
corporation has been able to form. So I would offer spending a few minutes. I would like to turn it over
to david potter who can walk you briefly through that. I do not have a problem at all to taking it to the
community development commission. I would only
-- caution is too strong of a word. I only want to put forward this is an austin housing finance corps
transaction and I think they can look at the recommendation and go with staff's recommendation. I
would leave it to council's purview on whether or not you want to give us the direction to do that. We
can lay out the process more briefly and get you comfortable on what these items actually do.

>> Morrison: Okay.

>> Housing finance corporations are authorized to issue bonds, the proceeds of which will generate
funds to develop affordable housing, whether rental or ownership housing, and the market in the last
few years had not been conducive to housing finance corporation issuing bonds. It is coming back,
though, and the last bond issue that we did was on the elm ridge apartments, back in 2010, I believe. So
I guess the point I am trying to make is that it's

-- the corporations are authorized to do this and it's actually a routine sort of thing. We just haven't
done it in a while.

>> So, david, if you could walk through exactly what the subsidiary process is that we are creating.

>> Because the developer is applying for 4% noncompetitive tax credits, there is going to be an investor
that buys the tax credits and a limited partnership has to be set up with the investor being the limited
partner and what we are proposing to call t hsc31024 nonprofit corporation as the general partner. The
partnership would own the property and cooperate it according to the rules

-- imposed by the tax credits in tdhca and the internal revenue service for that matter. And so the
proposal is to partner with a nonprofit cesar chavez foundation to create this limited partnership that
would own the timbers and perform the things that we are in the memorandum of understanding,
which would be to provide hfc with developer fee, cash flow, affordability for 55 years. Rehab fee
existing units, which are not that old but folks will be basically getting new rehabbed units. I am not sure

what else to add. I hope that ...

[10:38:02]

>> Morrison: Okay. The point being that there are elements to this deal, like the length of time and the level of affordability. And as mayor pro tem brought up, whether there was permanent supportive housing and what the services were, so while this is

-- for a layperson looks rather complex, for me it would be

-- help me a lot if I had someone

-- has news that there's going to be some discussion like at the CDC or something like that, so if you don't mind, if you don't see a problem like that, I would like to make a motion that we postpone number 7, 9, 10, 11 to a date that you could help us with and then go to the CDC and have the discussion and get any feedback from them.

>> So director, we are happy to do that and in the meantime, I am happy to provide through the Austin Housing Finance Corporation, a memorandum walking you through the process a little more substantially and I will check the community development agenda and many in that memoranda we will be reporting when we will be visiting with CDC.

>> Morrison: Great. They may well have a better understanding of this whole setup but they will be able to give some comments on those points of the deal, basically.

>> We are happy to do that.

>> Morrison: And what we are getting. Great. So my motion is to, I guess, post

-- I am not sure how to do this, postpone to uncertain date. You will repost when it's ready?

>> I think it's appropriate to reschedule it for the next Austin Housing Finance Committee meeting and we have enough time to get it on the agenda for the CDC.

>> Morrison: Thank you. I appreciate that. That's my motion for number 7.

>> Mayor Leffingwell: Motion by council member Morrison to postpone number 7, 9, 10, 11 until the next HFC meeting.

>> Second.

[10:40:03]

>> Mayor Leffingwell: Second by mayor pro tem Cole. All those in favor, say aye.

>> Tovo: Mayor I have a

--

>> Mayor Leffingwell: Council member Tovo.

>> Tovo: I have an additional question or comment. I believe you referenced several different projects that serve as a model for this one and one was Primrose.

>> That's right. Primrose, the victim IAS of North Texas and the retreat at North Bluff.

>> I hope when this comes back to us, I hope you can understand how the funding mechanism is a little different from the Timbers. I know we have had some concerns from at least several tenants from the Primrose, that, for various reasons, the owners haven't been able to provide some of the amenities for that

-- for that development and have had some funding challenges, and so I would like to understand before we enter into this, how are we

-- how might this one be different so that they are not encounter some similar challenges as have the owners of the primrose.

>> We can certainly provide the financial structure on each of those in our memorandum to the board.

>> Tovo: Thank you, can you also provide for us the bedroom count?

>> We will do so.

>> Tovo: Great. Thank you very much.

>> Mayor Leffingwell: All those in favor, say aye. Of the motion to postpone? Opposed say no. Passes on a vote of 6-0 with board member martinez off the dais. And we understand we did not vote on item 8hfc3 yet but all of the speakers have spoken so we entertain a motion to approve that item. Council member spelman moves approval. Mayor pro tem cole seconds. All those in favor, say aye. All opposed say "no"? Passes on 6-0 with council member martinez off the dais. That takes us to item number 8. There is one speaker, jimmy gomez. Is jimmy gomez here? Not here. I have a motion to approve 8, hfca, motion by council member, seconded by council member morrison. All those in favor, say aye.? Proposal proposal. Passes 6-0 with council member martinez off the dais. That completes our agenda for the austin housing finance corporation, so without objection, that meeting is adjourned and I will call back to order the meeting of the austin city council.