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Recommendation for Board Action

Austin Housing Finance Corporation	Item ID	43127	Agenda Number	5.
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Meeting Date:	4/2/2015	Department:	Neighborhood and Community Development
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Subject

Approve an inducement resolution for private activity bond financing to be submitted to the Texas Bond Review Board for an allocation of up to \$16 million in private activity volume cap multi-family non-recourse bonds for the rehabilitation of the CROSS CREEK APARTMENTS, 1124 Rutland Drive, by the bond financing applicant, TMG-TX Austin II, L.P., or its affiliate, and set a public hearing in accordance with the Tax Equity Financial Responsibility Act (TEFRA). (Suggested date and time: April 23, 2015 at 3:00 p.m. , Austin City Hall, 301 W. 2nd Street, Austin, TX.)

Amount and Source of Funding

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	
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Prior Council Action:	
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For More Information:	Betsy Spencer, Treasurer, Austin Housing Finance Corporation, 512-974-3182; David Potter, Neighborhood Development Program Manager, Neighborhood Housing and Community Development, 512-974-3192.
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Boards and Commission Action:	June 12, 2014 – Austin Housing Finance Corporation Board authorized negotiation and execution of a loan in the amount of \$2,000,000 to assist with the acquisition of the Cross Creek Apartments.
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MBE / WBE:	
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Related Items:	
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Additional Backup Information

Approval of this inducement resolution will permit staff to submit an application to the Texas Bond Review Board requesting consideration to authorize the Austin Housing Finance Corporation (AHFC) to issue multi-family housing revenue bonds to assist with the rehabilitation of an apartment complex owned by TMG-TX Austin II, L.P. of Whitestone, New York (the "Applicant").

Regulations governing the issuance of revenue bonds for the purpose of financing affordable housing specify that the bonds are non-recourse, and the full faith and credit of the AHFC or the City of Austin is not pledged to repay the bonds.

The Applicant
 TMG-TX Austin II, L.P. is a subsidiary of The Mulholland Group, LLC (TMG). TMG and its affiliates currently own or control more than 2,550 residential multi-family apartment units in 3 states and has facilitated the acquisition

or financing of over 6,700 units in 5 states. The organization, established in 1991, routinely develops affordable housing by raising equity through the sale of Low Income Housing Tax Credits and the use of tax-exempt bonds.

TMG acquires multi-family properties that are generally Class B to C quality and are leased to low, moderate and middle-income persons. In Austin, TMG completed the successful rehabilitation of the 476-unit Palms on Lamar (formerly, the Malibu Apartments). The project was awarded \$3 million of Affordable Housing General Obligation Bond and to date is the project with the largest number of units assisted by AHFC. On December 5, 2011 The Mulholland Group along with officials from the City of Austin, Texas Department of Housing & Community Affairs and the U.S. Department of Housing Urban Development participated in a ribbon cutting ceremony for the official grand opening of The Palms on Lamar.

Process

- Upon securing confirmation from the Texas Bond Review Board of an allocation for this project, a public hearing will be conducted as required by the Tax Equity Financial Responsibility Act (TEFRA).
- When the bond issue is structured, the item will be brought back to the AHFC Board for approval of the sale of the bonds within the allotted time allowed by the Texas Bond Review Board for closing.
- The Applicant will secure non-competitive 4 percent Low-Income Housing Tax Credits from the Texas Department of Housing and Community Affairs. Such tax credits are automatically available to volume cap bond-financed projects. These tax credits help finance equity needed to carry out the project.

AHFC as Bond Issuer

- Since 1982, AHFC has issued 25 series of multi-family housing revenue bonds totaling \$227,000,000. These multi-family bonds have financed 33 multi-family properties, creating 6,552 low- and moderate-income rental units.
- The issuance of \$16 million in revenue bonds will generate an issuer's fee to AHFC of approximately \$80,000 (one-half of 1 percent of the amount of bonds issued).
- AHFC received a \$5,000 application fee from the Applicant.
- AHFC will receive an annual monitoring fee over the life of the bonds. The fee is calculated as the greater of .0003 times the amount of bonds outstanding on January 1 of each year, or \$12 per unit, or a flat \$1,200.

Project Characteristics

- The property is located at 1124 Rutland Drive, and consists of 18 separate buildings on 10 acres near Lamar and Rundberg, with easy access to transit, services, and retail businesses. Nearby recreational facilities include Quail Creek Neighborhood Park and the North Austin Recreation Center which is co-located with the North Austin YMCA on Rundberg Lane.
- The unit sizes range from 575 to 1,008 square feet. There are 140 one-bedroom/one-bath units and 30 two-bedroom/one-bath units and 30 two-bedroom/two-bath units.
- Depending on unit size, the rents will be in the approximate range of \$746 to \$914 per month.
- Twenty (20) units will be designed accessible for persons with mobility disabilities, and 6 units will be designed accessible for persons with sight or hearing disabilities. All 80 ground-floor units will be made adaptable.
- Ten (10) units will be operated as Permanent Supportive Housing in partnership with Front Steps.
- The developer will develop a Flood Plain Remediation Plan which will describe the engineering work to be done that will remove the entire property from the 100-year flood plain and result in a Letter of Map Revision (LOMR) from the Federal Emergency Management Administration (FEMA). The plan will also provide for a variety of safety measures to be in place while the rehabilitation of units is occurring. A letter describing the Flood Plain Remediation Plan and the interim resident safety measures is attached.

Population Served

- Twenty (20) units will be reserved for households with incomes at or below 30 percent of the Austin area Median Family Income (MFI), currently \$15,850 for a one-person household and \$22,600 for a four-person household. Ten (10) of those units will be reserved for Permanent Supportive Housing.
- Sixty (60) units will be reserved for households with incomes at or below 50 percent MFI, currently \$26,400 for a one-person household and \$37,700 for a four-person household.

One hundred twenty (120) units will be reserved for households with incomes at or below 60 percent MFI, currently \$31,680 for a one-person household and \$45,240 for a four-person household.