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Recommendation for Board Action

Austin Housing Finance Corporation	Item ID	43131	Agenda Number	6.
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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 \$20 million in private activity volume cap multi-family non-recourse bonds for the development of the ALDRICH 51 APARTMENTS, to be located on the west side of Aldrich Street between Barbara Jordan Boulevard and East 51st Street, by the bond financing applicant, Austin DMA Housing II, LLC, 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:	
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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 to issue multi-family housing revenue bonds to assist with the rehabilitation of an apartment complex owned by Austin DMA Housing II, LLC of Austin, Texas (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
 DMA Development Company proposes that the sole managing member of Applicant or its affiliate be an entity controlled by the Austin Housing Finance Corporation. Under the proposed operational structure, the day to day management responsibilities of Applicant will be contracted to the DMA Development Company, LLC (DDC) which

was formed in 1999 by Diana McIver for the purpose of developing and owning affordable and market-rate properties. DDC has successfully developed 25 properties since 2000 which include workforce housing, senior housing, and supportive housing properties. The Austin Housing Finance Corporation was one of the lenders on DDC's Wildflower Terrace, a highly successful 201-unit mixed-income senior community in the Robert Mueller Municipal Airport re-development site.

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 \$20 million in revenue bonds will generate an issuer's fee to AHFC of approximately \$100,000 (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 in the Robert Mueller Municipal Airport Redevelopment on the west side of Aldrich Street between Barbara Jordan Boulevard and East 51st Street. Under the proposed structure, the land will be transferred to the Austin Housing Finance Corporation by Catellus Development Corporation (the developer of the City's Robert Mueller Municipal Airport Redevelopment) and leased to the Applicant under a long term lease arrangement which will result in the waiver of ad valorem taxes for the affordable housing development.
- The unit sizes range from 524 to 1,200 square feet. There will be 38 efficiency units; 87 one-bedroom/one-bath units; 32 two-bedroom/one-bath units; 73 two-bedroom/two-bath units and 10 three-bedroom/two-bath units.
- Depending on unit size, the rents will be in the approximate range of \$365 to \$1,569 per month.
- Twenty-four (24) units will be designed accessible for persons with mobility disabilities, and 3 units will be designed accessible for persons with sight or hearing disabilities.
- Ten (10) units will be operated as Permanent Supportive Housing.

Population Served

- Fifteen (15) 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.
 - Forty-eight (48) 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 fifty-six (156) 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.
- Twenty-one (21) units will have no income restrictions.