

<b>Recommendation for Board Action</b>				
Austin Housing Finance Corporation	<b>Item ID</b>	50020	<b>Agenda Number</b>	2.
<b>Meeting Date:</b>	10/1/2015	<b>Department:</b>	Neighborhood and Community Development	
<b>Subject</b>				
Approve a resolution authorizing the issuance of Austin Housing Finance Corporation Multi-family Housing Revenue Bonds, in an aggregate principal amount not to exceed \$8 million; approving related documents, in substantially the form attached to the resolution, to provide financing for the acquisition and rehabilitation of the Timbers Apartments, 1034 Clayton Lane, to be owned and operated by Timbers Clayton 104 Apartments, LP, a Texas limited partnership; and authorizing specific named representatives of the Austin Housing Finance Corporation to execute the documents relating to issuance of the bonds and closing the transaction.				
<b>Amount and Source of Funding</b>				
All bond issuance fees will be paid by the Applicant, Timbers Clayton 104 Apartments, LP.				
<b>Fiscal Note</b>				
There is no unanticipated fiscal impact. A fiscal note is not required.				
<b>Purchasing Language:</b>				
<b>Prior Council Action:</b>	December 11, 2014 – City Council conducted a public hearing to receive input on the project and approved a resolution of “no objection” required by the Texas Department of Housing and Community Affairs for to apply for low income housing tax credit financing;			
<b>For More Information:</b>	Betsy Spencer, AHFC Treasurer, 512-974-3182; David Potter, Neighborhood Development Program Manager; 512-974-3192			
<b>Boards and Commission Action:</b>	October 14, 2014 – The Community Development Commission passed a resolution in support of the proposed project. November 20, 2014 – AHFC Board authorized negotiation and execution of an agreement relating to the proposed project; AHFC Board authorized formation of the AHFC 1034 Clayton Lane Non-Profit Corporation. December 11, 2014 – AHFC Board approved an inducement resolution for the issuance of up to \$8 million in Private Activity Bonds; AHFC Board conducted the public hearing required by the Tax Equity and Fiscal Responsibility Act (TEFRA).			
<b>MBE / WBE:</b>				
<b>Related Items:</b>				
<b>Additional Backup Information</b>				
<p>If approved, this action will authorize:</p> <ul style="list-style-type: none"> <li>• The issuance of up to \$8,000,000 in Austin Housing Finance Corporation Multi-family Housing Revenue Bonds (Timbers Apartments) Series 2015;</li> <li>• AHFC’s Bond Counsel to prepare the form and substance of a trust indenture for the issue in addition to a regulatory agreement with respect to the project and other matters in connection with the transaction; and</li> <li>• Specific named representatives of AHFC to execute the necessary documents to issue the bonds and close the transaction.</li> </ul> <p>The bonds to be issued are repayable only from rents generated by the apartment complex. 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 <u>not</u> pledged to repay the bonds.</p>				

### **Background**

AHFC was approached by the Cesar Chavez Foundation (CCF) in 2014 to form a partnership that would own and operate the Timbers Apartments. The ownership structure will be similar to other partnerships in which an AHFC-affiliated non-profit organization serves as General Partner for a single property, holds title to the land, and leases it back to the development. Those examples are Primrose at Shadow Creek in 2002, Villas on Sixth in 2004, Retreat at North Bluff in 2009, and Aldrich 51 in 2015. CCF is not requesting funding from AHFC for this project; however, AHFC's ownership of the property will make it 100% tax exempt.

### **Cesar Chavez Foundation**

Timbers Clayton 104 Apartments, L.P., is an affiliate of CCF. The CCF has worked for more than 40 years at meeting essential human, cultural, and community needs. Its Housing and Economic Development Fund focuses on developing high-quality, service-enhanced affordable housing for working families and seniors. CCF has completed construction of more than 4,000 affordable multi-family units at more than 32 sites in California, Arizona, New Mexico, and Texas.

The Foundation's housing team uses a comprehensive approach to affordable housing that embraces constructing or extensively renovating each of its communities as well as managing the portfolio professionally, with a management and compliance supervisor in Texas. This comprehensive approach is accomplished by maintaining facilities that are safe, clean, efficient and aesthetically pleasing, with extensive amenities that include playgrounds, swimming pools, computer labs and special accommodations to address disabilities, language and cultural diversity, and transportation needs. CCF also takes pride in providing services such as after-school programs for children in the communities where its properties are located.

### **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 \$8 million in revenue bonds will generate an issuer's fee to AHFC of approximately \$40,000 (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**

- Timbers Apartments is a multi-family rental property consisting of 104 units at 1034 Clayton Lane and lies within the boundaries of the Windsor Park Neighborhood Association.
- The apartments were constructed in 1998 and consist of only two, three and four-bedroom units.
- The property is 100 percent occupied.
- The Applicant has committed to a 55-year affordability period
- No relocation of tenants will be necessary during renovations which are expected to be complete by June 2016. The renovations will include:
  - Exteriors – Modify landscaping, ADA compliance and fencing to secure property
  - Interiors - new cabinets, countertops, plumbing and electrical fixtures, flooring and paint.

### **Population Served**

The project is currently under a Land Use Restriction Agreement (LURA) that requires 24 units be reserved for households with annual incomes at or below 50% of the Median Family Income (MFI), currently \$37,700 for a 4-person household. 54 units are reserved for households with incomes at or below 60% MFI, and 26 units have no income restrictions. The Applicant is committed to executing a new LURA making all 104 units affordable. In addition, because the Timbers has only 2, 3, and 4-bedroom units, 5 Permanent Supportive Housing units will be made available to families in need of such housing.