

Recommendation for Board Action				
Austin Housing Finance Corporation	Item ID	50022	Agenda Number	3.
Meeting Date:	10/1/2015	Department:	Neighborhood and Community Development	
Subject				
Approve a resolution authorizing the issuance of Austin Housing Finance Corporation Multi-family Housing Revenue Bonds, in an aggregate principal amount not to exceed \$25 million; approving related documents, in substantially the form attached to the resolution, to provide financing for the acquisition and construction of the Aldrich 51 Apartments, 2604 Aldrich Street, to be owned and operated by Austin DMA Housing II, LLC, a Texas limited liability company; 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.				
Amount and Source of Funding				
All bond issuance fees will be paid by the Applicant, Austin DMA Housing II, LLC.				
Fiscal Note				
There is no unanticipated fiscal impact. A fiscal note is not required.				
Purchasing Language:				
Prior Council Action:	May 7, 2015 – Conducted a public hearing and approved a resolution of no objection for the tax credit application to be submitted to the Texas Department of Housing and Community Affairs for the Aldrich 51 Apartments.			
For More Information:	Betsy Spencer, AHFC Treasurer, 512-974-3182; David Potter, Neighborhood Development Program Manager; 512-974-3192			
Boards and Commission Action:	<p>April 2, 2015 – AHFC Board approved an inducement resolution for an amount up to \$20 million in private activity volume cap for the Aldrich 51 Apartments.</p> <p>April 23, 2015 – AHFC Board conducted a public hearing in accordance with the Tax Equity Financial Responsibility Act on the proposed bond issue for the Aldrich 51 Apartments.</p> <p>April 23, 2015 – AHFC Board authorized negotiation and execution of a loan agreement in an amount not to exceed \$2 million for the Aldrich 51 Apartments</p> <p>April 23, 2015 – AHFC Board authorized the formation of the AHFC Aldrich 51 Non-profit Corporation to serve as Managing Member of the to-be-formed Austin DMA Housing II, LLC.</p> <p>June 18, 2015 – AHFC Board approved an inducement resolution for an allocation of up to \$25 million in private activity volume cap for Aldrich 51 Apartments.</p> <p>August 6, 2015 – AHFC Board conducted a public hearing in accordance with the Tax Equity Financial Responsibility Act on the proposed bond issue for the Aldrich 51 Apartments.</p>			
MBE / WBE:				
Related Items:				
Additional Backup Information				

If approved, this action will authorize:

- The issuance of up to \$25,000,000 in Austin Housing Finance Corporation Multi-family Housing Revenue Bonds (Aldrich 51) Series 2015;
- 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
- Specific named representatives of AHFC to execute the necessary documents to issue the bonds and close the transaction.

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 not pledged to repay the bonds.

Background

AHFC was approached by Diana McIver and Associates (DMA) in 2014 to form a partnership that would own and operate the Aldrich 51 Apartments in the Robert Mueller Municipal Airport (RMMA) redevelopment site. DMA was selected by the RMMA Master Developer, Catellus Development Corporation, to develop housing that would be convenient and affordable to lower wage earners whose employers are located at RMMA. 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. AHFC's ownership of the property will make it 100% tax exempt.

The Developer

Austin DMA Housing II, LLC is an affiliate of Diana McIver and Associates, Inc. (DMA) which was formed in 1999 by Diana McIver for the purpose of developing and owning affordable and market-rate properties. DMA has successfully developed 25 properties since 2000 which include workforce housing, senior housing, and supportive housing properties. AHFC was one of the lenders on DMA's Wildflower Terrace, a highly successful 201-unit mixed-income senior community at RMMA.

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

- The property is located in the Robert Mueller Municipal Airport (RMMA) Redevelopment on the west side of Aldrich Street between Barbara Jordan Boulevard and East 51st Street.
- The unit sizes range from 524 to 1,200 square feet. Depending on unit size, the rents will be in the approximate range of \$365 to \$1,569 per month.
- 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. bedroom/two-bath units.
- 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 \$16,150 for a one-person household and \$23,050 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 \$26,900 for a one-person household and \$38,400 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 \$32,280 for a one-person household and \$46,080 for a four-person household.
- Twenty-one (21) units will have no income restrictions