

Austin Housing Finance Corporation Meeting Transcript – 8/4/2016

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>> Mayor Adler: 73, the housing and finance corporation meeting, are we ready to take up these items? Okay. So I'm going to go ahead and recess the city council meeting, to conduct a board of directors meeting of the Austin housing finance corporation. So with that recess, I now convene the Austin city council as the board of directors meeting of the Austin housing finance corporation. The time is 3:46. We're in the Austin city council chambers. Take us through our meeting.

>> Good afternoon. David potter, program manager with the Austin housing finance corporation. Today we've got -- one thing I need to point out is we need to withdraw item 6. That will be brought back to the board at a future time. And item 1, we have to approve the minutes of June 23rd. Item 2, we have negotiation and execution of a loan agreement with accessible housing Austin to construct a 27-unit multifamily complex that will serve very low income persons with disabilities, and at 1920 Gaston place in district 1.

[3:47:38 PM]

Items 3 and 4 are related --

>> Mayor Adler: Let's go ahead and take these in order. Is there a motion to approve the minutes of the June 23rd meeting? Ms. Pool moves that. Mayor pro tem seconds it. Any discussion? Those in favor, please raise your hand. Those opposed? It's unanimous on the dais. Take us through number 2.

>> Number 2 is the approval of negotiation and execution of a loan agreement with accessible housing Austin, or an affiliated entity, in an amount not to exceed 2.192 million for an affordable multifamily rental development to be located at 1920 Gaston place in district 1.

>> Mayor Adler: Is there a motion to approve this item?

>> Houston: I'll approve it, then I have a question.

>> Mayor Adler: Okay. Ms. Houston makes the motion, seconded by the mayor pro tem. Ms. Houston?

>> Mayor Adler: I needed to ask -- thank you so much for being here. Please tell me, describe what an affiliated entity is, and how would we know when -- if that term is used.

>> Sure. Sometimes a developer will create, for example, a limited partnership or a limited liability company, and that would be the affiliated entity, and what it does, is access -- it shields the parent corporation from liability, and the liability would only be limited to that property and not to the entire assets of the organization, so the affiliated entity would be the one that might own the property, rather than the non-profit itself. I hope that made sense to you.

>> Houston: Okay. Okay. That does. And then the other question, is there already a development on Gaston place drive?

>> No, this is vacant property right now.

>> Mayor Adler: This is vacant? How close to it is it to the Gaston -- is it the senior citizen -- or there's some low income multifamily units on Gaston place already that are subsidized.

[3:49:49 PM]

>> Actually, this proposed development will be on the vacant portion of that property.

>> Houston: Next to those.

>> Yes, ma'am.

>> Houston: Okay. And who -- I'm trying to get my brain straight here.

>> Uh-huh.

>> Houston: So does the developer own the two that are occupied, or does the Austin finance corporation --

>> I'll explain that. The property total is owned by the Austin affordable housing corporation, which is an affiliate of the housing authority of the city of Austin.

>> Houston: Okay.

>> And they are going to lease the vacant portion of this property to accessible housing Austin, the non-profit that is going to develop these 27 units.

>> Houston: Okay. Okay. Thank you.

>> Sure.

>> Mayor Adler: Item number 2 has been moved and seconded. If there's no further discussion, we'll vote. Those in favor, please raise your hand. Those opposed? Mr. Zimmerman voting no, the others -- and Ms. Troxclair abstaining. The others voting yes. It passes 9 to 1 to 1.

>> Thank you.

>> Mayor Adler: Number 3?

>> Items 3 and 4 are related. The first is to improve 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 multifamily yawn recourse bonds, for a proposed affordable senior multifamily development by villages at fiskville, L.P., or an affiliated entity, located at 10017 -- or 10017 middle fiskville road in district 4. And if the item number 3 is approved, then we would ask that a public hearing be set regarding the issuance of the bonds on Thursday, September 1st.

[3:52:05 PM]

>> Mayor Adler: Okay. There are speakers that are signed up to speak on this item number 3. Is Stewart Hirsch here? Do you want to come up and speak? No?

>> No, thanks.

>> Mayor Adler: Ross Smith or Fred Lewis? Okay. We'll continue on then with number 3. Is there a motion to approve item number 3? Mr. Casar so moves. Is there a second to that motion? Mr. Renteria. Is there any discussion on item number 3?

>> Mayor?

>> Mayor Adler: Yes.

>> Casar: I just want to indicate, I of course support this being an affordable development. In our quarter-cent funds we helped allocate some money so we could get a sidewalk up that street to the nearby transit, and as we proceed, if you could be in touch with the transportation department to make sure that the folks in this development are forced to walk in a ditch like the existing apartment residents in the street, I appreciate the council's support of that and if we could do our best to time those, that would be helpful.

>> Absolutely.

>> Zimmerman: Could you briefly explain what's meant by non-recourse bonds and how that contrasts with other bonds?

>> I will have to defer to our bond council, Mr. Mark malgo who is here today.

>> Good afternoon. My name is mark, bond council of the Austin housing finance corporation. Non-recourse in this situation means that other than the property in which the property, the actual project, there's no recourse to any assets of the Austin housing finance corporation or the city of Austin.

>> Zimmerman: So it has to do with conditions of potential default; right? So if there's a default on the bonds and the payments aren't made, that the only security for those bonds, are only that particular piece of property, and the debtors couldn't go after other assets a or come after the Austin housing finance corporation or any of its affiliates, whatever?

[3:54:09 PM]

>> That's correct.

>> Zimmerman: Is that the basic idea?

>> That's correct similar thank you.

>> Zimmerman: Thank you.

>> Thank you.

>> Mayor Adler: Any further discussion on item number 3? Those in favor of number 3, please raise your hand. Those opposed? Zimmerman voting no, Ms. Troxclair abstaining. 9-1-1. That gets us to item number 4. It's a related item is there a motion to approve item number 4? Ms. Houston, second, mayor pro tem. Any discussion? Those in favor, please raise your hand. Those opposed? Zimmerman voting no, abstaining. No? Okay. So that vote was 10 to 1, and that passes. I'm going to double back to item number 2. Item 2 we took a vote on. It passed. I had not noticed that we had speakers for that. If the speakers want to speak, it's appropriate to file a motion to reconsider, I would do that so they could be heard. Mr. Hirsch, do you want to speak to item number 2?

>> No, thank you.

>> Mayor Adler: Okay. We're going to let that action stay the way it was. That gets us to the next item on the agenda.

>> Yeah, item 5 is to conduct a public hearing regarding the issuance of up to \$13 million of multifamily housing revenue bonds to be issued by the Austin housing finance corporation to finance the development of the housing first oak springs apartments by housing first oak springs L.P., which is affiliated with the Austin Travis county integral care, and development is to be located at 3000 oak springs drive in district 1.

>> Mayor Adler: Okay. Item 5 is a public hearing. I'll open the public hearing. We have no speakers signed up to speak. Is anyone here to speak on that? Seeing none, is there a motion to close the public hearing? Ms. Houston so moves. Second, Mr. Renteria. Those in favor of closing the public hearing, please raise your hand.

[3:56:13 PM]

Those opposed? It's unanimous on the dais. That gets us then to item number 6.

>> Thank y'all very much.

>> Mayor Adler: Was there one more item?

>> We asked that item 6 be withdrawn. We'll be bringing that back at a later time.

>> Zimmerman: Point of order, did we vote on 5 or just closing the hearing?

>> Mayor Adler: We just closed the hearing. All that was on the agenda was the public hearing.

>> Zimmerman: Okay. Thank you. Can I ask one question on that quickly?

>> Mayor Adler: Yes.

>> Zimmerman: The revenue bonds, speaking of item 5 here, multihousing -- multifamily housing revenue bonds, are those -- is that the revenue bond definition that's in the city charter, in the article 7 under finance? Sections 10, 11, and 12?

>> I'm afraid I don't know the answer to that.

>> Zimmerman: Could I ask your counsel again? What definition of bonds are we talking about here?

>> I don't think it applies to the charter. I haven't really looked at the charter but when you say eleven bonds in this situation you're talking about the revenues that are going to be accrued from the operation of the project, which would be rents.

>> Zimmerman: So how does that differ from the non-recourse bonds that we just mentioned in item 3? Because those bonds presumably are paid off by the asset and the performance, right, of the property and the assets? So the non-recourse bonds, aren't they also revenue bonds?

>> Correct.

>> Zimmerman: And why are they mentioned differently in those two agenda items?

>> I don't -- I can't speak to that. But both of them are bonds that will be paid from the actual operations of the project. Both of them are non-recourse to the city of Austin, the Austin housing finance corporation.

>> Zimmerman: So the revenue bonds are non-recourse as well?

>> Yes.

>> Zimmerman: Okay. Could you just follow up with a quick note as to where that legal authority comes from? I'm curious if that -- if these revenue bonds come from something with the housing and finance corporation, or else if they're under city charter.

[3:58:16 PM]

>> Chapter 394 of the local government code create -- provides authority to create a housing finance corporation. It also provides authority to issue multifamily housing revenue bonds. The Texas bond review board will accept applications for these private activity bonds, pursuant to their rules, but the main sort of authority to issue these revenue bonds is 394 --

>> Zimmerman: 394. That's really interesting. I appreciate that, but I'm just kind of wondering if the city has a charter, you know, that talks about revenue bonds, I'm not completely understanding how, if you have state law, chapter 395 -- 394, how are those connected?

>> I think what you're talking about -- again, I haven't looked at the city's charter in a while, but I think what's going on is whether you have an actual project that is owned and operated by the city, that is being paid from revenues like your wastewater -- water and wastewater system, where you actually pay the balance from the revenues you create from the fees you.

>> Zimmerman: Fees. Yeah.

>> That's different from this project, where it is not operated, not owned by a city projectors it is owned by a private developer.

>> Zimmerman: So it's not owned by the Austin housing finance corporation?

>> No, it's not.

>> Zimmerman: So the Austin housing finance corporation is a bank for some other private development interest?

>> It's not a bank in the sense --

>> Zimmerman: It's acting in the bank in the sense it's loaning money to somebody.

>> It's loaning money that they're receiving from the sale of the bonds. So the Austin hfc is not coming out of its pocket to make the loans to the private developer. It's the proceeds from the bond issuance.

>> Zimmerman: Okay. Thank you.

>> Thanks. Thank you.

>> Mayor Adler: Thank you. We're going to then adjourn the meeting of the --

>> There's a piece --

>> Mayor Adler: Which one?

[4:00:16 PM]

Number 6 was withdrawn. I'm going to adjourn the meeting of the Austin housing finance corporation.