



## Recommendation for Action

**File #:** 19-1017, **Agenda Item #:** 5.

3/7/2019

### **Posting Language**

Approve a resolution appointing Assistant City Manager J. Rodney Gonzales as a Director and President of Arbors at Creekside Non-Profit Corporation, the Austin Inner-City Redevelopment Corporation, the Villas on Sixth Non-Profit Corporation, the Austin Housing Finance Corporation Village on Little Texas Non-Profit Corporation, the Austin Housing Finance Corporation Aldrich 51 Non-Profit Corporation, the Austin Housing Finance Corporation 1034 Clayton Lane Non-Profit Corporation, and the Austin Housing Finance Corporation Nightingale Non-Profit Corporation.

### **Lead Department**

Neighborhood Housing and Community Development.

### **Fiscal Note**

This item has no fiscal impact.

### **For More Information:**

Rosie Truelove, Treasurer, Austin Housing Finance Corporation Treasurer, 512-974-3064; Mandy DeMayo Community Development Administrator, Neighborhood Housing and Community Development, 512-974-1091.

### **Council Committee, Boards and Commission Action:**

This resolution appoints Assistant City Manager Rodney Gonzales as a Director and the President of each of the following non-profit corporations, which are instrumentalities of the Austin Housing Finance Corporation (AHFC):

- AHFC Aldrich 51 Non-Profit Corporation
- Arbors at Creekside Non-Profit Corporation
- 1034 Clayton Lane Non-Profit Corporation
- AHFC Village on Little Texas Non-Profit Corporation
- Villas on Sixth Non-Profit Corporation
- Austin Inner-City Redevelopment Corporation
- AHFC Nightingale Non-Profit Corporation

### **Purpose and Roles of the Non-Profit Corporations and Development Owners**

Each of the non-profit corporations listed above is part of the ownership structure of various affordable multi-family rental properties. The purpose of each non-profit corporation is to work with other entities, usually for-profit developers, in the development of affordable rental housing. Each non-profit corporation's activities are limited to the related development.

All but one of the properties were financed in part with Low Income Housing Tax Credits, a program governed by Section 42 of the Internal Revenue Code (IRC).

The development owner of the project ("Owner") is formed as a limited partnership (LP) or a limited liability company (LLC). The LP or LLC is only permitted to own the related development and no other properties.

The tax credit investor (i.e., the Limited Partner of the LP or the Investor Member of the LLC) typically owns approximately 99.8% of the LP or LLC interests in the Owner. The Austin Housing Finance Corporation (AHFC) non-profit corporation, as General Partner or Managing Member of the Owner, typically owns 0.01% of the interests in the Owner. The developer of the property (i.e., the “Administrative” Partner or the “Administrative” Member) owns approximately 0.01% of the interests in the Owner.

After the initial 15-year compliance period, when there is no longer a tax benefit to the Limited Partner or Investor Member, the development may be refinanced or sold; however, the tax credit affordability restrictions will remain in place for at least another 15 years.

The **AHFC 1034 Clayton Lane Non-Profit Corporation** was formed for the purpose of serving as the General Partner of the Timbers Clayton 104 Apartments, L.P., the LP that owns the **Timbers Apartments**, located at 1034 Clayton Lane in **District 1**. This 104-unit complex is considered “family-friendly” because it only has units with 2, 3, or 4 bedrooms. The project was financed through AHFC private activity bonds, tax credits, and a U. S. Department of Housing and Urban Development (HUD)-insured mortgage. AHFC holds title to the land, which provides the development with a 100% property tax exemption. In exchange, AHFC received a developer fee and receives a percentage of the cash flow generated. The rehabilitation work was completed in 2016.

The **AHFC Aldrich 51 Non-Profit Corporation** was formed for the purpose of serving as the Managing Member of the Austin DMA Housing II, LLC, which owns the **Aldrich 51 Apartments** in the Robert Mueller Municipal Airport redevelopment area in **District 9**. The project was financed with AHFC private activity bonds, AHFC Rental Housing Development Assistance (RHDA) funding, and tax credits. AHFC holds title to the land, which provides the development with a 100% property tax exemption. In exchange, AHFC received a developer fee and receives a percentage of the cash flow generated. The 240-unit project was completed in September 2017.

The **Arbors at Creekside Non-Profit Corporation** was formed for the purpose of serving as the General Partner of Arbors Housing Partners, Ltd., which owns **Primrose at Shadow Creek Apartments**, a 176-unit senior development located at 1026 Clayton Lane in **District 1**. The property was constructed in 2002, and financed with RHDA funding, AHFC private activity bonds, and tax credits. AHFC also holds title to the land, which provides the development with a 100% property tax exemption. The 15-year initial tax credit compliance period for this property ended on December 31, 2017. However, the affordability restrictions must remain in place for another 15 years.

The **Austin Inner-City Redevelopment Corporation** is the General Partner of Austin Inner-City Redevelopment, Phase I, Ltd., which owns 25 single-family rental homes in the **Heritage Heights** subdivision. The homes are located in the 1600 blocks of East 9th, 10<sup>th</sup> and 11<sup>th</sup> Streets in **District 1**. The homes were constructed in 1993, and are in their second 15-year affordability period which will end December 31, 2023. The cash flows generated are used to maintain the properties and rehabilitate them as needed. Although the land is not owned by AHFC, a 2009 determination from the Travis Central Appraisal District ruled that since AHFC effectively controls the property and uses it for affordable housing, the property should be 100% exempt from property taxes.

The **Villas on Sixth Non-Profit Corporation** was formed for the purpose of serving as the General Partner of Villas on Sixth Housing Associates, LP, which owns the **Villas on Sixth Apartments**, at 2021 East Sixth Street in **District 3**. Villas on Sixth was constructed in 2005 and consists of 160 units of mixed-income housing with 90% of the housing affordable to low-income households. The development received RHDA funding and tax credits. AHFC holds title to the land, which provides the development with a 100% property tax exemption. In exchange, AHFC received a developer fee and receives a percentage of cash flows and a monthly lease fee.

The **AHFC Village on Little Texas Non-Profit Corporation** was formed for the purpose of serving as

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Managing Member of the Village on Little Texas, LLC, which owns the **Retreat at North Bluff Apartments**. The property is located at 6212 Crow Lane, just off South Congress Avenue, in **District 2**. The property opened in 2009 and consists of 240 units of mixed-income housing, 75% of which is affordable to low- and moderate-income households and which includes 6 permanent supportive housing units. The development was financed through a HUD-insured mortgage, money from private equity investors, and RHDA funding. This property was not financed using tax credits or private activity bonds. AHFC holds title to the land, which provides the development with a 100% property tax exemption. In exchange, AHFC receives an annual lease fee and a percentage of the cash flows. Unlike the tax credit-financed properties described above, which are required to be affordable for 30 years, the Retreat at North Bluff has a 99-year affordability period.

The **AHFC Nightingale Non-Profit Corporation** was formed for the purpose of serving as the Managing Member of Austin DMA Housing III, LLC, which owns **The Nightingale at Goodnight Ranch Apartments** located at 5900 Charles Merle Drive in **District 2**. The project, which is currently in progress, is financed with AHFC private activity bonds, RHDA funding, and tax credits. AHFC holds title to the land, which provides the development with a 100% property tax exemption. In exchange, AHFC received a developer fee and will receive a percentage of the cash flow generated. The 174-unit project is expected to be complete before the end of 2019.