

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

Each nonprofit corporation listed above is part of the ownership entity for an affordable multifamily residential rental property. Each nonprofit corporation was authorized by the AHFC Board to act as General Partner or Managing Member, as applicable, for the related ownership entity, in order to work with other development entities, usually for-profit developers, in the development of affordable multifamily rental housing. Each nonprofit corporation's activities are limited to acting with respect to the related multifamily 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 owner of the project (the "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 an approximately 99.8% interest in the Owner. The AHFC-established nonprofit corporation, as General Partner or Managing Member of the Owner, typically owns a 0.01% interest in the Owner. The developer of the property (i.e., the "Administrative" Partner or the "Administrative" Member) typically owns a 0.01% interest in the Owner.

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

Austin Inner-City Redevelopment Corporation is the General Partner of Austin Inner-City Redevelopment, Phase I, Ltd., which is the LP that owns 25 single-family rental homes in the Heritage Heights subdivision. The homes are located in the 1600 blocks of East 9th, 10th and 11th 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.

Arbors at Creekside Non-Profit Corporation is the General Partner of Arbors Housing Partners, Ltd., the LP that 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, providing the development with a 100% property tax exemption. The 15-year initial tax credit compliance period for this property ended on December 31, 2017 at which time the property could be refinanced or sold in accordance with IRC rules and other applicable document terms. However, the affordability restrictions must remain in place for another 15 years.

Villas on Sixth Non-Profit Corporation is the General Partner of Villas on Sixth Housing Associates, LP, the LP that 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, providing the development with a 100% property tax exemption. In exchange, AHFC received a developer fee, and continues to receive a percentage of cash flows and a monthly lease fee.

AHFC Village on Little Texas Non-Profit Corporation was formed for the purpose of serving as Managing Member of the Village on Little Texas, LLC, the limited liability company that 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, providing 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.

AHFC 1034 Clayton Lane Non-Profit Corporation is the General Partner of Timbers Clayton 104 Apartments, L.P., the LP that owns the Timbers Apartments, located at 1034 Clayton Lane in District 1. AHFC was approached by the Cesar Chavez Foundation, a national non-profit corporation with affordable housing as one of its primary missions, to enter into a partnership to acquire and rehabilitate the Timbers Apartments. This 104-unit complex is considered “family-friendly” because it only has units with 2, 3, or 4 bedrooms. No AHFC funding was used. 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, providing 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 rehabilitation work was completed in 2016.

AHFC Aldrich 51 Non-Profit Corporation is the Managing Member of 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, providing 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 240-unit project was completed in September 2017.

AHFC Nightingale Non-Profit Corporation is 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 was financed with AHFC private activity bonds, RHDA funding, and tax credits. AHFC holds title to the land, providing 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 will be completed before the end of 2019.