



## Recommendation for Action

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**File #:** 20-2536, **Agenda Item #:** 5.

7/29/2020

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### **Posting Language**

Approve a resolution authorizing AHFC V6 Investor Non-Profit Corporation to be formed as an affiliate and instrumentality of the Austin Housing Finance Corporation; approving its Certificate of Formation and Bylaws; appointing its Board of Directors and President; and authorizing AHFC V6 Investor Non-Profit Corporation to purchase the Investor Limited Partner interests in the development owner, Villas on Sixth Housing Associates Limited Partnership and to undertake any other matter relating to the Villas on Sixth development approved by its Board of Directors.

### **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, 512-974-3064; Mandy DeMayo, Community Development Administrator, Neighborhood Housing and Community Development, 512-974-1091.

### **Additional Backup Information:**

The Austin Housing Finance Corporation (AHFC) Board of Directors is requested to approve the Certificate of Formation and By-laws, and to appoint the Board of Directors and President of AHFC V6 Investor Non-Profit Corporation (Corporation). The Corporation is being created (i) to acquire the Investor Limited Partner interest in the Villas on Sixth Housing Associates Limited Partnership, a Texas limited partnership (Partnership), which owns the Villas on Sixth Apartments, located at 2011 E. 6th Street, Austin, Texas 78702, and (ii) to undertake any other matter relating to the Villas on Sixth development approved by its Board of Directors. An AHFC affiliate - Villas on Sixth Non-Profit Corporation - is the General Partner of the Partnership. In addition, AHFC owns the land for the development and ground leases it to the Partnership.

The Corporation's Certificate of Formation and Bylaws are attached as Exhibits A and B. The appointed Board of Directors and President serve terms as stated in the By-laws. The requested Director appointments are:

Director: J. Rodney Gonzales

Director: Rosie Truelove

Director: Rebecca Giello

The requested appointment for President of the Corporation is J. Rodney Gonzales. The President serves for the term stated in the By-laws.

The remaining officers of the Corporation will be appointed by the Corporation's Board of Directors at its first organizational meeting or by unanimous consent.

**Development Information:** Villas on Sixth Apartments is a Low Income Housing Tax Credit (LIHTC) development. It consists of 160 units, 136 of which are affordable to households with incomes at or below 50%

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Area Median Family Income (AMFI). With the development nearing the end of the original 15-year LIHTC compliance period (ending 12/31/2020), the Investor Limited Partner wishes to exit the Partnership, and AHFC has the opportunity to purchase the ownership interest in the Investor Limited Partner for a purchase price of \$750,000. Given the complex provisions of the Limited Partnership Agreement and related documents, and the percentage ownership interest of the Investor Limited Partner, NHCD Staff has determined that the purchase price of \$750,0000 is fair and reasonable. As an important note, there is significant net equity in the development and after the purchase of the Investor Limited Partner interest, AHFC will beneficially own 90% of such net equity as both the General Partner and the Investor Limited Partner. Moreover, by purchasing the Investor Limited Partner interest, AHFC can ensure the continued affordability of the development and can begin preparing for the refinancing and/or “re-syndication” of the development, in which the development (including its rental units) will be substantially rehabilitated and the affordability period will be extended under a new 30-year (or longer) LIHTC land use and regulatory agreement (LURA). After discussion and analysis with legal counsel, NHCD staff has determined that the best execution of this purchase is through the establishment of a new AHFC nonprofit corporation.

In a separate Recommendation for Board Approval, NHCD staff will request the AHFC Board of Directors to fund this purchase by authorizing a loan from AHFC to the Corporation.

**Strategic Outcome(s):**

Economic Opportunity and Affordability.