



## Recommendation for Action

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**File #: 21-2779, Agenda Item #: 5.**

9/2/2021

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### **Posting Language**

Approve a resolution appointing Mandy DeMayo in Rebecca Giello's place as Director of Arbors at Creekside Non-Profit Corporation, Austin Inner-City Redevelopment Corporation, Villas on Sixth Non-Profit Corporation, AHFC Village on Little Texas Non-Profit Corporation, AHFC Aldrich 51 Non-Profit Corporation, AHFC 1034 Clayton Lane Non-Profit Corporation, AHFC Nightingale Non-Profit Corporation, AHFC Vi Collina Non-Profit Corporation, AHFC V6 Investor Non-Profit Corporation, AHFC Espero Non-Profit Corporation, AHFC Arbors Investor Non-Profit Corporation, and AHFC Libertad Non-Profit Corporation, in each case for a term ending December 5, 2022.

### **Lead Department**

Housing and Planning Department.

### **Fiscal Note**

No funding from City of Austin or the Austin Housing Finance Corporation is being requested. This item has no fiscal note.

### **For More Information:**

Rosie Truelove, Treasurer, Austin Housing Finance Corporation Treasurer, 512-974-3064; Mandy DeMayo Interim Deputy Director, Housing and Planning Department, 512-974-1091.

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

September 1, 2016 (Resolution No. 20160901-AHFC005) - The Austin Housing Finance Corporation Board of Directors (the "AHFC Board") appointed Bert Lumberras, Rosie Truelove, and Rebecca Giello as the Directors of Arbors at Creekside Non-Profit Corporation, Austin Inner-City Redevelopment Corporation, Villas on Sixth Non-Profit Corporation and AHFC Village on Little Texas Non-Profit Corporation.

October 19, 2017 (Resolution No. 20171019-AHFC-004) - The AHFC Board appointed Joe Pantalion as a Director and the President of Arbors at Creekside Non-Profit Corporation, Austin Inner-City Redevelopment Corporation, Villas on Sixth Non-Profit Corporation, AHFC Village on Little Texas Non-Profit Corporation, AHFC Aldrich 51 Non-Profit Corporation and AHFC 1034 Clayton Lane Non-Profit Corporation.

December 14, 2017 (Resolution No. 20171214-AHFC003) - The AHFC Board appointed Joe Pantalion, Rosie Truelove and Rebecca Giello as the Directors, and Joe Pantalion as President, of AHFC Nightingale Non-Profit Corporation.

March 7, 2019 (Resolution No. 20190307-AHFC005) - The AHFC Board appointed J. Rodney Gonzales as a Director and as President of Arbors at Creekside Non-Profit Corporation, Austin Inner-City Redevelopment Corporation, Villas on Sixth Non-Profit Corporation, AHFC Village on Little Texas Non-Profit Corporation, AHFC Aldrich 51 Non-Profit Corporation, AHFC 1034 Clayton Lane Non-Profit Corporation and AHFC Nightingale Non-Profit Corporation.

December 5, 2019 (Resolution No. 20191205-AHFC001) - The AHFC Board appointed J. Rodney Gonzales, Rosie Truelove and Rebecca Giello as Directors of Arbors at Creekside Non-Profit Corporation, Austin Inner-City Redevelopment Corporation, Villas on Sixth Non -Profit Corporation, AHFC Village on Little Texas Non-Profit Corporation, AHFC Aldrich 51 Non-Profit Corporation, AHFC 1034 Clayton Lane Non-Profit Corporation, and AHFC Nightingale Non-Profit Corporation; and confirming J. Rodney Gonzales as President of each of the aforementioned Non-Profit Corporations.

**Additional Backup Information:**

This resolution relates to the appointment of Mandy DeMayo for the following 12 nonprofit corporations established by AHFC for a term ending December 5, 2022:

- Austin Inner-City Redevelopment Corporation
- Arbors at Creekside Non-Profit Corporation
- Villas on Sixth Non-Profit Corporation
- AHFC Village on Little Texas Non-Profit Corporation
- AHFC Aldrich 51 Non-Profit Corporation
- AHFC 1034 Clayton Lane Non-Profit Corporation
- AHFC Nightingale Non-Profit Corporation
- AHFC Vi Collina Non-Profit Corporation
- AHFC V6 Investor Non-Profit Corporation
- AHFC Espero Non-Profit Corporation
- AHFC Arbors Investor Non-Profit Corporation
- AHFC Libertad Non-Profit Corporation

**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, 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.

**Arbors at Creekside Non-Profit Corporation** is the General Partner of Arbors Housing Partners, Ltd., the LP that owns **Arbors at Creekside 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 recently. However, AHFC, through a separate Non-Profit Corporation affiliate, acquired the investor interest in Arbors Housing Partners, Ltd. and is currently working with National Church Residences, a national non-profit developer, to rehabilitate the development and extend the affordability period for another 30 years. District(s) Affected: District 1.

**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. District(s) Affected: District 3.

**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 six 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. District(s) Affected: District 2.

**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. District(s) Affected: District 1.

**AHFC Aldrich 51 Non-Profit Corporation** is the Managing Member of Austin DMA Housing II, LLC, the LLC that 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. District(s) Affected: District 1.

**AHFC Nightingale Non-Profit Corporation** is the Managing Member of Austin DMA Housing III, LLC, that 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

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developer fee and will receive a percentage of the cash flow generated. The 174-unit project was completed before the end of 2019. District(s) Affected: District 2.

**AHFC Vi Collina Non-Profit Corporation** is the Managing Member of Vi Collina, LLC, that owns Vi Collina Apartments located at 2401 East Oltorf Street in District 3. 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 170-unit project is currently under construction. District(s) Affected: District 3.

**AHFC Espero Non-Profit Corporation** is the General Partner of Espero Austin at Rutland, LP, that owns Espero Austin at Rutland Apartments located at 1934 Rutland Drive in District 4. 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 171-unit project is currently under construction. District (s) Affected: District 4.

**AHFC V6 Investor Non-Profit Corporation** was formed to purchase one or more Investor Limited Partner interests in the Villas on Sixth Housing Associates Limited Partnership, the development owner of the affordable multi-family rental development known as the Villas on Sixth, located at 2011 E. 6th Street, Austin, Texas. District(s) Affected: District 3.

**AHFC Arbors Investor Non-Profit Corporation** was formed to purchase one or more limited partner interests in Arbors Housing Partners, Ltd., the owner of Arbors at Creekside Apartments located at 1026 Clayton Lane, Austin, Texas 78723. District(s) Affected: District 1.

**AHFC Libertad Non-Profit Corporation** was formed to act as general partner (or managing member) of the entity that will own the Libertad Apartments located at 900 Gardner Road, Austin, Texas. District(s) Affected: District 3.

**Strategic Outcome(s):**

Economic Opportunity and Affordability.