



Recommendation for Action

File #: 22-1327, Agenda Item #: 18.

3/3/2022

Posting Language

Approve a resolution authorizing and approving the creation of the Austin Housing Public Facility Corporation, a Texas nonprofit public facility corporation; and approving the certificate of formation, the purpose and activities, and approving the appointment of the initial board of directors.

Lead Department

Housing and Planning Department.

Fiscal Note

No funding from the City of Austin is being requested. This item has no fiscal impact.

For More Information:

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Additional Backup Information:

The City of Austin created the Austin Housing Finance Corporation (AHFC), a Texas public nonprofit corporation in 1979 pursuant to Chapter 394 of the Texas Local Government Code. AHFC plays a key role in the financing of deeply affordable rental housing developments in the City through the issuance of tax-exempt private activity bonds that are typically also financed with the Low-Income Housing Tax Credits (LIHTCs). AHFC also make subordinate loans for such financings through its Rental Housing Development Assistance (RHDA) loan program.

Private activity bonds require a volume cap allocation from the state through the Texas Bond Review Board and such allocations are limited for housing finance corporations under the state allocation rules. The LIHTCs do not require any allocation but the development must have a bond allocation. AHFC is unable to ensure that its bond issuing capacity can meet the heavy demand for affordable housing developments that require bond financing and LIHTCs in the City of Austin.

Therefore, the Housing and Planning Department is asking Council to authorize and approve the creation of a new public facility corporation to be controlled by the City that can serve as an additional bond issuer - with additional access to private activity bond cap -- for affordable housing projects in the City.

Specifically, by creating a new public facility corporation as a bond issuer, the City will significantly expand its access to private activity bond cap for financing affordable housing in the City of Austin.

The Austin Housing Public Facility Corporation (AHPFC) will be substantially identical to AHFC in regard to its structure and operations. An organizational chart of the AHPFC is attached as back-up.

Following Council's consideration of this resolution, if approved, staff will file a Certificate of Formation for AHPFC with the Texas Secretary of State (SOS). After approval of the Certificate of Formation by the SOS, staff will ask the AHPFC Board to convene in order to approve its By-Laws. Staff intends to bring this Request

for Board Action (RBA) to the AHPFC Board as early as March 24, 2022. At that Board meeting, staff may also present RBAs and corresponding resolutions to the AHPFC Board to induce proposed affordable housing developments (to be financed by the AHPFC) for applications for private activity bonds to the Texas Bond Review Board.

Strategic Outcome(s):

Economic Opportunity and Affordability.