



Recommendation for Action

File #: 22-2227, Agenda Item #: 8.

6/16/2022

Posting Language

Approve a resolution authorizing the formation of AHFC Retreat Non-Profit Corporation, a Texas nonprofit corporation and instrumentality of the Austin Housing Finance Corporation, to develop low-income housing; approving the form of its certificate of formation and by-laws, and appointing its Board of Directors and President, for the purpose of acting as general partner of a limited partnership, or a managing member of a limited liability company, that will acquire, own, manage, maintain, rehabilitate, and operate the 240-unit multifamily rental development known as Retreat at North Bluff, located at 6212 Crow Lane, Austin, Texas 78745.

Lead Department

Austin Housing Finance Corporation (AHFC).

Fiscal Note

This item has no fiscal impact.

For More Information:

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

Additional Backup Information:

This item requests the Austin Housing Finance Corporation Board of Directors to adopt a resolution to approve the formation of the AHFC Retreat Non-Profit Corporation (Non-Profit Corporation) which will develop low-income housing. The resolution also requests the Board of Directors to approve the form of the Non-Profit Corporation's certificate of formation and by-laws; appoint the Board of Directors and President of the Non-Profit Corporation; and authorize the Non-Profit Corporation to act as general partner of a limited partnership, or a managing member of a limited liability company, that will acquire, own, manage, rehabilitate, and operate the 240-unit multifamily rental development known as Retreat at North Bluff, located at 6212 Crow Lane, Austin, Texas 78745.

The proposed form of the certificate of formation and the by-laws for the Non-Profit Corporation are attached as Exhibits A and B to the resolution. The Board of Directors of the Non-Profit Corporation will serve for terms stated in the by-Laws. The requested Director appointments are:

Director: J. Rodney Gonzales

Director: Rosie Truelove

Director: Mandy DeMayo

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 Non-Profit Corporation will be appointed by the Non-Profit Corporation's Board of

Directors at its first organizational meeting or by unanimous consent.

Proposal, Ownership and Financing Structures

Retreat at North Bluff (previously known as “Village on Little Texas”) is an existing affordable housing development located at 6212 Crow Lane, Austin, Texas 78745, just off South Congress. The planned Orange Line train station at Stassney is an approximately 20-minute walk from the development.

The Austin Housing Finance Corporation is the landowner for the development and ground leases the land to the current owner of the development, Village on Little Texas, LLC. AHFC’s affiliate, AHFC Village on Little Texas Non-Profit Corporation, is the current managing member of that owner, with the investment members being Captuity Investments Three, LP and RNB Capital Partners, LLC. AHFC Village on Little Texas Non-Profit Corporation owns 23.67% of the equity in the development in connection with a sale of the development.

The AHFC Board of Directors approved the formation of AHFC Village on Little Texas Non-Profit Corporation in June of 2009. At that time, the Retreat at North Bluff was a unique development for AHFC because it was 1) the first development west of Interstate-35; and 2) the first development that did not involve tax credit equity financing, and instead relied solely on private equity financing and an AHFC Rental Housing Development Assistance (RHDA) loan of \$2,940,000.

AHFC has now partnered with Affordable Central Texas (ACT) to purchase the development from the current owner. The Non-Profit Corporation and ACT will be equal equity partners in the new ownership structure for the development. Because AHFC Village on Little Texas Non-Profit Corporation already owns 23.67% of the equity in the current ownership structure, AHFC Village on Little Texas Non-Profit Corporation will effectively transfer that equity to the Non-Profit Corporation and the Non-Profit Corporation will need to obtain an additional amount of equity in order to reach 50% ownership. In a separate request for board action, the Board of Directors is asked to authorize the negotiation and execution of a loan to the Non-Profit Corporation in order to obtain that additional equity. This request for board action asks the AHFC Board of Directors to approve the formation of the Non-Profit Corporation that will be the general partner or managing member of the new ownership entity.

ACT is a local, mission-driven, nonprofit manager of an investment fund that seeks to preserve affordable housing in central Texas. ACT and AHFC are very much aligned in their values. AHFC staff believes that ACT is an excellent partner to have for the Retreat at North Bluff development. With this new partnership, AHFC can ensure that the development’s affordable units will remain affordable and in good condition. As a part of the new ownership transaction, \$3 million will be invested into the rehabilitation of the development and the development’s long-term focus on affordability. ACT will also provide programs to meet the needs of residents in the areas of health, nutrition, education, and financial stability.

In forming this new ownership entity, the balance of the RHDA loan, which is approximately \$2,134,000, will be repaid. AHFC will use those proceeds to invest in other affordable housing developments in our city.