



## Recommendation for Action

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**File #: 22-3597, Agenda Item #: 3.**

**12/8/2022**

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### **Posting Language**

Approve a resolution authorizing the formation of AHFC Avalon Non-Profit Corporation, a Texas nonprofit corporation and instrumentality of the Austin Housing Finance Corporation; approving the forms of its certificate of formation and by-laws; appointing its Board of Directors and President; and authorizing AHFC Avalon Non-Profit Corporation to acquire, rehabilitate, operate, and manage property located at or near 1100 East 32nd Street, Austin, Texas 78722.

### **Lead Department**

Austin Housing Finance Corporation.

### **Fiscal Note**

This item has no fiscal impact.

### **For More Information:**

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

### **Additional Backup Information:**

This item requests the Austin Housing Finance Corporation (AHFC) to adopt a resolution authorizing the formation of the AHFC Avalon Non-Profit Corporation (Non-Profit Corporation) and the forms of its 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 own the multifamily development located at or near 1100 East 32nd Street, Austin, Texas 78722 (the Development).

The proposed forms 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**

Austin Housing Finance Corporation (AHFC) is partnering with Affordable Central Texas and Austin Housing Conservancy (ACT) to acquire a portfolio of naturally occurring affordable housing multifamily properties in Council Districts 7 and 9. The total size of the portfolio is 270 units, with one site including commercial office space of approximately 10,593 square feet. The 270 units are spread across 10 properties, with the majority of

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the properties being located in Hyde Park. AHFC and ACT are pursuing a financing structure that maximizes the number of deeply affordable units, while also allowing for a variety of income restrictions to minimize displacement and to create mixed-income communities. Fifty (50) percent of the rental units will be between 50 percent and 60 percent area median family income (AMFI); the remaining 50 percent of the rental units will be at 80 percent, 100 percent, and 120 percent AMFI, with no more than 10 percent being market rate.

This is a portfolio acquisition, meaning that AHFC and ACT made a lump-sum offer to the seller of all the properties. AHFC and ACT will each be contributing equity to the transaction, to be levered with private debt sourced from either Fannie Mae or Freddie Mac, and possibly debt sourced from a local and regional bank. AHFC will be acquiring two of the properties entirely. Lastly, AHFC will be paying an additional \$2,500,000 for the land located at 6000, 6008, and 6010 North Lamar Boulevard, Austin, Texas 78752, given that land's value relative to the entirety of the portfolio. The total lump-sum offer accepted by the seller is \$43,000,000.

The portfolio consists of five properties in Hyde Park that range between 10 units and 14 units. AHFC and ACT intend to convert at least four of these properties to for-sale condominiums. AHFC and ACT will rehab each property before selling the units as condominiums. The goal is to place 60 percent of the for-sale units in the City of Austin Community Land Trust (CLT) program. The remaining 40 percent will be sold at market rate prices to accommodate a range of households that wish to acquire attainable housing in Hyde Park.

Two properties will be acquired solely by AHFC but managed by ACT. Those two properties are located at 1100 East 32nd Street, Austin, Texas 78722 (located in Cherrywood with 24 units) and 4000 Avenue A, Austin, Texas 78751 (located in Hyde Park with 32 units). AHFC may consider opportunities to sell these two assets to a mission-driven, affordable housing nonprofit. AHFC Avalon Non-Profit Corporation will be the sole owner of the property located at 1100 East 32nd Street, Austin, Texas 78722. The property consists of 24 units. One hundred (100) percent of the units will be maintained as affordable in the 50 to 60 percent AMFI range.