



## Recommendation for Action

**File #: 23-1787, Agenda Item #: 10.**

**4/20/2023**

### **Posting Language**

Approve a resolution authorizing an amendment to the Certificate of Formation of AHFC Hyde Park Non-Profit Corporation, a Texas nonprofit corporation and instrumentality of the Austin Housing Finance Corporation to include 4200 and 4208 Avenue A, Austin, Texas 78751 and delete 1037 East 44th Street, Austin, Texas 78751 as the properties to be owned by the limited partnership of which AHFC Hyde Park Non-Profit Corporation will act as the general partner or controlling member of the general partner; approving the forms of its Certificate of Amendment and Amended and Restated By-Laws; appointing its Board of Directors and President; and authorizing AHFC Hyde Park Non-Profit Corporation to act as general partner or controlling member of the general partner of the limited partnership that will own properties located at or near 4415 Avenue B, Austin, Texas 78751; 4100 Avenue A, Austin, Texas 78751; 609 East 45th Street, Austin, Texas 78751; 4209 Speedway, Austin, Texas 78751, and 4200 and 4208 Avenue A, Austin, Texas 78751.

### **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.

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

December 8, 2022 - Austin Housing Finance Corporation (AHFC) authorized negotiation and execution of all documents and instruments necessary or desirable for Austin Housing Finance Corporation, or its affiliates, to acquire solely, or in joint partnership, fee simple or leasehold interests in multifamily apartments, and one office building, located at or near 1100 E. 32nd Street, Austin, Texas, 78722; 4000 Avenue A, Austin, Texas, 78751; 4415 Avenue B, Austin, Texas, 78751; 1037 E. 44th Street, Austin, Texas, 78751; 4100 Avenue A, Austin, Texas, 78751; 609 E. 45th Street, Austin, Texas, 78751; 4209 Speedway, Austin, Texas, 78751; 6000, 6008, and 6010 North Lamar Blvd., Austin, Texas, 78752; and 4200 and 4208 Avenue A, Austin, Texas, 78751 for affordable housing purposes, in an amount not to exceed \$19,000,000, plus closing costs not to exceed \$400,000. District(s) Affected: District 7, District 9.

December 8, 2022 - AHFC approved a resolution authorizing the formation of AHFC Hyde Park 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 Hyde Park Non-Profit Corporation to act as general partner or controlling member of the general partner of the limited partnership that will own properties located at or near 4415 Avenue B, Austin, Texas 78751; 1037 East 44th Street, Austin, Texas 78751; 4100 Avenue A, Austin, Texas 78751; 609 East 45th Street, Austin, Texas 78751; and 4209 Speedway, Austin, Texas 78751. District(s) Affected: District 7, District 9.

December 8, 2022 - AHFC approved a resolution authorizing the formation of AHFC Central Fiesta Non-Profit

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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 Central Fiesta Non-Profit Corporation to act as general partner or controlling member of the general partner of the limited partnership that will own properties located at or near 6000, 6008, and 6010 North Lamar Blvd., Austin, Texas, 78752; and 4200 and 4208 Avenue A, Austin, Texas, 78751. District(s) Affected: District 7, District 9.

**Additional Backup Information:**

This item requests AHFC to amend the Certificate of Formation and Bylaws for AHFC Hyde Park Non-Profit Corporation to include 4200 and 4208 Avenue A, Austin, Texas 78751 and delete 1037 East 44th Street, Austin, Texas 78751.

The properties located 4200 and 4208 Avenue A, Austin, Texas 78751 were originally intended to be owned by the limited partnership of which AHFC Central Fiesta Non-Profit Corporation was the general partner. However, during discussions with Affordable Central Texas and Austin Housing Conservancy, it was determined that these properties would be better served if they were included with the properties owned by the limited partnership of which AHFC Hyde Park Non-Profit Corporation (Non-Profit Corporation) was the general partner. In addition, 1037 E. 44th Street, Austin, Texas 78751 is no longer being purchased.

The land upon which the properties will be located will be conveyed to AHFC at or before the permanent financing closing, and AHFC will ground lease it to the limited partnership under the terms of a ground lease between AHFC and the limited partnership.

The proposed forms of the Certificate of Amendment and the Amended and Restated 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 Amended and Restated By-Laws. The requested Director appointments are:

Director: Veronica Briseño  
Director: Rosie Truelove  
Director: Mandy DeMayo

The requested appointment for President of the Non-Profit Corporation is Veronica Briseño. The President serves for the term stated in the resolution and the Non-Profit Corporation's Amended and Restated 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**

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 236 units, with one site including commercial office space of approximately 10,593 square feet. The 236 units are spread across nine properties, with the majority of 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 percent of the rental units are expected to be between 50 percent and 60 percent area median family income (AMFI); the remaining 50 percent of the rental units are expected to 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 will make a lump-sum offer to the seller of all the properties. AHFC and ACT will each be contributing equity to the transaction, to be leveraged with debt

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sourced from Broadway Bank. AHFC will be acquiring one of the properties entirely. AHFC will pay an additional \$2,500,000 for the properties 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 46 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 6000 N Lamar Blvd, Austin, Texas 78752 (located in Crestview, the office building) and 4000 Avenue A, Austin, Texas 78751 (located in Hyde Park with 32 units). AHFC may consider opportunities to sell these the residential asset to a mission-driven, affordable housing nonprofit.

The Non-Profit Corporation will be the general partner in a limited partnership that will own five properties in Hyde Park that range between 10 and 46 units. The intended rehabilitation for three of the properties will be substantial. The rehabilitated properties include: 4415 Avenue B, Austin, Texas 78751; 4100 Avenue A, Austin, Texas 78751; and 4209 Speedway, Austin, Texas 78751. The condo conversions should add approximately 25 to 30 units to the City of Austin CLT, while also create attainable homeownership opportunities for households that do not qualify for Austin's CLT program.

AHFC and ACT will jointly assess the redevelopment potential for 609 E. 45th Street, Austin, Texas 78751 using Affordability Unlocked.