



Recommendation for Action

File #: 23-3209, **Agenda Item #:** 2.

11/9/2023

Posting Language

Authorize modification of the Restrictive Covenants Running with the Land on the property located at 8806 and 8807 Redfield Lane, Austin, Texas 78758 to remove the requirement that all 33 units on the property be leased to individuals exiting homelessness.

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; Karina Camara, Administrative Specialist, Housing Department, (512) 974-9370.

Council Committee, Boards and Commission Action:

November 18, 2021 - Austin Housing Finance Corporation (AHFC) approved negotiation and execution of a loan agreement and related documents with RGTP Real Estate, LLC, or an affiliated entity, in an amount not to exceed \$2,850,000 for a permanent supportive housing development to be known as Redfield 34, located at or near 8806 and 8807 Redfield Lane, Austin, Texas 78758.

Additional Backup Information:

On December 1, 2021, AHFC provided a Rental Housing Development Assistance (RHDA) loan to FHADL Real Estate, LLC (FHADL), an affiliate of RGTP Real Estate, LLC, in the amount of \$2,850,000 to acquire the Redfield 34 apartments, a 33-unit multifamily development located at 8806 and 8807 Redfield Lane, and to make renovations.

As a condition of providing the RHDA loan, AHFC placed restrictive covenants on the property requiring that:

- 1) all 33 units be leased to low-income households with annual incomes not exceeding 50 percent of the area median family income (MFI) and
- 2) the development includes 33 Continuum of Care units for homeless persons as set forth in the Memorandum of Understanding dated September 28, 2021, with Ending Community Homelessness Coalition (ECHO).

FHADL also obtained a loan from Clearinghouse Community Development Financial Institution (Clearinghouse) in the amount of \$1,600,000 to rehabilitate the development.

On August 1, 2023, Clearinghouse filed a Plaintiff's Original Petition and Unopposed Application for Appointment of a Receiver (Petition) in a Texas District Court. Neither FHADL nor AHFC contested the Petition. The Petition lists FHADL, and its members, Russell Artman and Stephen Levine, as Defendants and alleges that FHADL defaulted on both the Clearinghouse and AHFC loans.

On September 11, 2023, the Court appointed Gregory S. Milligan as Receiver over the property to take control

of the development, stabilize it, and sell it to a buyer that can successfully maintain the development as affordable housing. Clearinghouse and AHFC hope to recover a portion, if not all, of their loan proceeds from a sale.

AHFC staff has determined it is in the best interest of the development and the lenders to remove the requirement that the 33 units be reserved as Continuum of Care units for homeless persons as set forth in the Memorandum with ECHO.

The restriction that requires all 33 units to be leased to low-income households with annual incomes not exceeding 50 percent MFI should not impede the Receiver's ability to sell the property.