

City Council Austin Housing Finance Corporation (AHFC) Transcript – 6/18/2015

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>> Mayor Adler: I think the only thing that's set is the 3:00 P.M. -- Well, the public hearing action, 107, 108, 109, 110, and the 3:00 Austin housing issue. Let's take up the Austin housing corporation issue. So, I'm going to recess the city council meeting. I'm going to call to order the council sitting at the board for the Austin housing and finance corporation meeting. It's item 106 on the agenda. Call to order the Austin housing finance corporation meeting, Thursday, June 18th, 2015. Council chambers at city hall, 301 west 2nd street, Austin, Texas. We have a quorum present. We have two items on the agenda. One is to approve the minutes from the last meeting.

[4:33:32 PM]

Is there a motion to approve the minutes?

>> So move.

>> Mayor Adler: Ms. Kitchen, Mr. Renteria seconds. Any objection? Hearing none, minutes are approved. With Ms. Pool off the dais. No objections. That gets us to item number 2. Do you want to lay that out?

>> This is Rebecca, representing the Austin housing finance corporation. We do offer number 2 on consent. This is to approve an inducement resolution allocation of up to 25 million in private activity volume cap multifamily non-recourse bonds for the development of apartments. You did receive late backup regarding this item. This item was previously approved by the board on April 2nd, 2015, for up to 20 million. Those actions are identified on your request for board action in your backup. At this time, a public hearing was set for April 23rd. This public hearing was, indeed, conducted. Following these actions to the board, the developer has since requested an increased allocation for up to 25 million, rather than the initial 20 million. We were advised by our bond council that this does require taking this item back through the entire process. This process would begin today requesting the approval of the inducement resolution for up to 25 million. Today's action would also set that public hearing for August 6th, and would follow through with the process. Again, all of those actions are noted in your -- the request for board action, which is in the backup.

>> Mayor Adler: Is this a motion to approve this item number 2 on the agenda? For housing? Mr. Casar, second? Ms. Tovo. Any discussion on this item?

[4:35:33 PM]

Mr. Zimmerman.

>> Zimmerman: Thank you, Mr. Mayor. I'll be voting against this for the same reasons I've already put on the record for the last time it was discussed, so, thank you.

>> Mayor Adler: Okay. Any further discussion on this item? Ms. Houston.

>> Houston: Yes, yes, I'd like to know why the need for the increase.

>> That was specified for increased construction costs. We did ask the developer to be -- on additional details on that, ma'am.

>> Houston: I would like that, yes. I am I'm going to defer to Diana.

>> Mayor, council, I'm Diana, president of dma development company. And we are the prospective owner of Aldrich 51. As many of you know, there's been construction increases in pricing over the past year. We had hoped that they would get a little more stable by now, but they have not. And so, we found it necessary to come back in and request a higher amount.

>> Houston: And Ms. Mguiver, the prices have increased since April? We just voted on this in April. From April to June they went up 5 million?

>> They haven't necessarily gone up 5 million, but what happens with this particular program is that under the private activity bond program, if we were to have closed before the end of July, we would be limited to \$20 million of bond cap under the state rules. On August 15th, there's a collapse of all the private activity bonds.

[4:37:35 PM]

These are not just housing bonds, but they're used for sewer plants and airports and all sorts of things. And so effective August 15th, we are allowed to request an additional map beyond 20. So, the 20 was very, very tight in April. But knowing that we weren't going to be able to close before the end of July on our development, we decided to go for the higher amount. And the exact amount that we need is probably 22 million. But we wanted to leave enough cushion. And if we don't need them, we won't use them, and then they go back into the state pool.

>> Mayor Adler: Thank you. What's the financial implication to the city?

>> There is no financial implication to the city. Tees are private activity bonds. The city is the issuer of the bonds. But they are actually private bonds and they'll be purchased most likely by a bank.

>> Mayor Adler: Okay.

>> Renteria: Mayor.

>> Charges fees, though.

>> Mayor Adler: Mr. Renteria.

>> Renteria: Is that going to affect any of the rates that the low-income -- what you're going to charge? Is that going to increase, also?

>> No, it will not impact the rents at all. It simply will be the total project costs are more. We'll be getting more -- the bonds are our permanent financing. And we'll be getting equity from a private investor. But the rents for the residents are capped at the annual, you know, 60% area median income rent. So.

>> Mayor Adler: Further discussion on this item? Hearing none, those in favor of this item, please raise your hand. Those opposed. All in favor, Mr. Zimmerman voting no, and pool, Casar voting yes, and troxclair off the dais.

[4:39:43 PM]

Thank you. That concludes the business of the fair housing matter. Is pat Johnson here? Is he in the building? Mr. Johnson. He has come back and has asked to have the opportunity to speak to us.

>> Mayor Adler: While he's coming back,

>> Mayor Adler: Item 84 -- the sobering center. Do you want to pick that up?

>> Mr. Mayor, don't we have the 4:00 public hearings?

>> Mayor Adler: We do. I was trying to get something short while Mr. Johnson was coming here.

>> Oh, I'm sorry. Okay.

>> Mayor Adler: I was trying to pick something off that might be easy for us to do quickly.

>> He's not in the lobby.

>> Mayor Adler: He's not here? Okay. If he comes back, then . . .

>> Fair housing.

>> Mayor Adler: I'm sorry. The ahfc has been closed. That meeting is over. We're now back to the council meeting. Let's go ahead, since Mr. Johnson is not here, and do the public hearings.

>> Pool: Am I able to add my vote?

[4:41:45 PM]

>> Mayor Adler: No, we can identify, had Ms. Pool been here, she would've voted yes on that last vote.

>> Pool: Thank you.