

Austin Housing Finance Corporation Meeting Transcript – 08/06/2015

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I think that now let's go ahead while you're up and let's do the Austin housing finance corporation agenda. We're going to convene this meeting on August the 6th. The time is 7:00 PM and we are at city hall. And we've recessed the city council for the purpose of convening this housing finance corporation meeting. Do you want to lay out the items?

>> Good evening, board of directors, Bettie Spencer, treasurer of the Austin housing finance corporation. We have three items before you today. And you may have some speakers. I'm not sure. Brief summary. While I offer all items on consent, item number 1 is to conduct a public hearing regarding the issuance of housing revenue bonds for the Aldridge 51 apartments. You may remember we did bring this item before you all the way through the process several months ago, but because of requests by the developer there was an increased need for additional bond capacity so we are bringing this forward to you under those conditions.

[7:05:50 PM]

Items 2 and 3 are both to authorize the execution of a loan agreement, one for foundation communities and one for the Wolff pack group LLC to formalize additional commitments made this past February. These are nine percent tax credit commitments. They were successful in receiving their award for the nine percent tax credits the end of July and we are bringing back the action for full commitment of funding. And I'm available for any other questions.

>> Mayor Adler: Thank you. We also have two speakers on all three of these items. And I want to call them and give them a chance to speak if they want to. Is Mr. Pena here, Gus Pena? I don't know that I saw him here. And James Lancaster. Is he here? Those were our speakers. We have items 1, 2, 3 in front of us. Is there discussion? Ms. Houston?

>> Houston: I'm just asking what district are 1, 2 and 3 in?

>> Zimmerman: Number 2 is the controversial cardinal point, and it's in district 6. And I do have some questions on item 2 when you get to it.

>> Mayor Adler: Do you know where items 1 and 3 are?

>> Item 1 I believe is in councilmember tovo's district in the Robert Mueller municipal airport redevelopment. I'm David potter, by the way, with Austin housing finance corporation. Item 2 is in district 6, councilmember Zimmerman's. And item 3 is in councilmember kitchen's district.

>> Mayor Adler: Okay. Let me first call up items 1 and 3. Is there any discussion on items 1 and 3? Is there a motion to approve items 1 and 3? Mr. Renteria, seconded by Ms. Kitchen. Any discussion on 1 and 3? Those in favor please raise your hand? Those opposed? Mr. Zimmerman's voting no. The others voting eye.

[7:07:51 PM]

That then gets us to item number 2. Is there a motion to approve item number 2? Ms. Tovo makes that motion. Seconded by Mr. Renteria. Let's now discuss that. Mr. Zimmerman, you want to --

>> Zimmerman: Yes. Thank you, Mr. Mayor. Tell me a little bit again about the property. We looked this property up on tcad, the area in question there. And there was some confusion there. Again, its appraisal values being kind of erratic. The amount of the appraisal on tcad was relative low and then it jumped way up. And we were trying to figure out was there -- it says the 1.8 million is used to assist with acquisition of the property. So what is the price of the land that's being purchased for cardinal point? How many acres and how much?

>> I'm going to have the developer come and speak to that.

>> Zimmerman: Okay.

>> I'm Walter morrow, the director of foundation communities. We're buying the land for 2.5 million, it's about eight and a half acres.

>> Zimmerman: Okay. Do you know what the tcad appraisal was on this property in the years past? What the history of the property valuation was?

>> I don't have it in my head. I don't have it in front of me.

>> Zimmerman: So you don't know -- has the property gone up in value or gone down since you've made the offer to purchase?

>> We've been under contract for about nine months. We feel like we negotiated a fair deal for the value of the land that's zoned for multi-family, that apartments can be built on it.

>> Zimmerman: Okay. So we just had a discussion earlier about 10 acres on Zimmerman lane and the city I think had paid for one appraisal on that property that came out 400% higher than the tcad rolls. Was there an appraisal done on this property before the loan was approved?

[7:09:51 PM]

Has there been any professional appraisal?

>> It's required for the application process.

>> We have to do a market study and then the Texas department of housing does a substantial real estate underwriting. We have not commissioned an appraisal yet from a financial institution.

>> Zimmerman: So we're approving this quite a bit of money here and we haven't had an appraisal yet done on the property? Is that what I'm hearing?

>> He has met all the requirements for the Texas department of housing and community affairs.

>> Zimmerman: And tdhca doesn't require an appraisal on the property that's being purchased for a project that they're funding with tax credits?

>> They don't. They do require market study, they have comparable sales data. They evaluate the value of the land per unit and per acre so they do extensive evaluation of the property.

>> Zimmerman: Can you tell me what the cost of the land is per unit? There's a figure here of \$15,000 per unit, but that's total project cost, right? It says here --

>> 2.5 million, 120 units. A little over \$20,000 a unit. Per door for an apartment complex on a great piece of land in a good location, in a good area, a good price in this market right here.

>> Zimmerman: And the market study that you referred to, is that where these rents came from, the rents that I see \$565 for a 775 square feet? Was that part of that market study you referred to?

>> Those are I believe -- what you're looking at are the rents that are proposed for the project based on the maximum affordable rents that we can charge. So the market study looked at rents in the entire market area and our rents are half of what people would typically find in the area.

>> Zimmerman: But that's kind of the point. These Numbers have to come from somewhere. I'm trying

to understand where those Numbers came from.

[7:11:54 PM]

>> Those are the maximum rents that can be charged under the tax credit program.

>> Zimmerman: Okay. All right, thanks.

>> Mayor Adler: Thank you. Any further comments on this item number 2? There's been a motion and a second to approve item number 2. Those in favor raise your hand. Those opposed? All in favor with Zimmerman voting no. I want to go back and just clean up the record on number 1. When we approved number 1, since that was to open and hold a public hearing, I just want to confirm and just take the revote again real fast. The vote on number 1 was to close the public hearing on that item. We'll take the vote again just to make sure. Those in favor of closing the public hearing please raise your hand? Those opposed? Zimmerman and Houston voting no. The public hearing is closed. That gets us through --

>> Troxclair: Mayor, I'm sorry, I wanted to be shown as abstaining from item number 2, please.

>> Mayor Adler: Ms. Troxclair is shown as abstaining from number 2. Sorry I didn't recognize that. That dispenses with the agenda on the housing and finance corporation. So we are adjourning that meeting and now we're picking back up with the agenda that we have.