

AGENDA



Recommendation for Council Action

Austin City Council	Item ID	59212	Agenda Number	34.
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Meeting Date:	6/23/2016	Department:	Neighborhood and Community Development
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Subject

Approve a resolution consenting to the issuance by Public Finance Authority, a political subdivision of the State of Wisconsin, of multi-family housing revenue bonds in an amount up to \$45,000,000, which will be used to acquire and rehabilitate the Oak Hollow Apartments, located at 7201 Wood Hollow Drive (District 10).

Amount and Source of Funding

The City has no responsibility for payment on these bonds.

Fiscal Note

A fiscal note is not required.

Purchasing Language:	
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Prior Council Action:	
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For More Information:	Betsy Spencer, NHCD Director, 512-974-3182; David Potter, NHCD Neighborhood Development Program Manager, 512-974-3192.
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Council Committee, Boards and Commission Action:	
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MBE / WBE:	
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Related Items:	
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Additional Backup Information

If approved, the resolution will allow Public Finance Authority (the Issuer), to issue multi-family housing revenue bonds in an amount up to \$45,000,000 to finance the acquisition and rehabilitation of the 409-unit Oak Hollow Apartments. The development is located in District 10.

The Borrower will be Agape Meadow Creek, Inc., an affiliate of American Agape Foundation, Inc., a 501(c)(3) non-profit organization based in San Antonio. The Borrower does not plan to use tax credit financing. No City of Austin or Austin Housing Finance Corporation funding will be requested.

The Issuer has induced the issuance of \$45,000,000 in multi-family housing revenue bonds. On May 18, 2016, the Issuer conducted the public hearing required under the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). A copy of the public notice of the TEFRA hearing as published in the Austin American-Statesman as well as the minutes of the TEFRA hearing are attached as Exhibits **A** and **B**.

In addition to requiring public notice and a public hearing under TEFRA, Section 142 of the Internal Revenue Code requires the approval of the local governing jurisdiction in order for the private activity bonds to be issued.

Staff Recommendation

It appears the Issuer has complied with the requirements of the Internal Revenue Code and staff recommends

approval of the resolution.

Estimated Sources and Uses:

Sources:

Tax-Exempt Bonds \$38,500,000
Total Sources: **\$38,500,000**

Uses:

Purchase Price	\$27,587,000
Rehab	6,135,000
Costs of Issuance	735,000
Capitalized Interest Reserve	2,767,000
Operating Reserve	385,000
Program Fee	50,000
Development Fee	550,000
Title, Closing Costs, Legal	175,000
Contingency	<u>116,000</u>
Total Uses: \$38,500,000	

Development Characteristics

14 Efficiency Units	Approximately 400 square feet	Approximate Rent: \$685
220 One-bedroom Units	Approximately 604 square feet	Approximate Rent: \$755
170 Two-bedroom Units	Approximately 852 square feet	Approximate Rent: \$1,022
5 Three-bedroom Units	Approximately 1,366 square feet	Approximate Rent: \$1,500

- Transit stops are located between 90 feet and 535 feet, depending on which of the three exits is taken from the property.
- The property contains the following amenities: Swimming Pools and Jacuzzis, Tennis Courts, Walking Trails Community Center with Wi-Fi, Laundry Facilities, and is pet friendly.
- The property lies just west of MoPac between Far West Boulevard and Greystone Drive.
- The property was built in 1973.

Population to be Served

The actual percentage of affordable units is yet to be determined, but will either be:

- 40% of units (164 units) at 60% Median Family Income (MFI) (currently \$42,000 for a 3-person household), and
- 40% of units (164 units) at 80% MFI (currently \$56,050 for a 3-person household), and
- 20% of units (81 units) will have no income restrictions.

OR

- 20% of units (82 units) at 50% MFI (currently \$35,050 for a 3-person household), and
- 75% of units (307 units) at 80% MFI (currently \$56,050 for a 3-person household), and
- 5% of units (20 units) will have no income restrictions

Current Property Tax Status and Future Impact

The property is currently 100% exempt from property taxation. Once ownership passes to Agape Meadow Creek, Inc., the Travis Central Appraisal District will make a determination if the property continues to be eligible for the 100% exemption.

The Developer

Agape Meadow Creek, Inc. will partner with Clermont, LLC, a Texas limited liability company, a real estate development and advisory firm located in San Antonio, Texas, with properties that span the different sectors of the real estate world. Beginning with new construction and acquisition/rehabilitation of multi-family properties, mixed use transit-oriented retail and housing developments projects, student oriented, senior independent living and finally medical campuses development. Clermont's development experiences continue to broaden as the market dictates different needs in real estate industry.