

Recommendation for Board Action				
Austin Housing Finance Corporation	Item ID	56255	Agenda Number	3.
Meeting Date:	4/21/2016		Department:	Neighborhood and Community Development
Subject				
<p>Approve a resolution authorizing the issuance of Austin Housing Finance Corporation Multi-family Housing Revenue Bonds, in an aggregate principal amount not to exceed \$16 million; approving related documents, in substantially the form attached to the resolution, to provide financing for the rehabilitation of the Cross Creek Apartments, 1124 Rutland Drive, to be owned and operated by TMG-TX Austin II, LP, a Texas limited partnership; and authorizing specific named representatives of the Austin Housing Finance Corporation to execute the documents relating to issuance of the bonds and closing the transaction. (District 4)</p>				
Amount and Source of Funding				
All bond issuance fees will be paid by the Applicant, TMG-TX Austin II, LP.				
Fiscal Note				
There is no unanticipated fiscal impact. A fiscal note is not required.				
Purchasing Language:				
Prior Council Action:	November 19, 2015 – City Council conducted a public hearing to receive input on the project and approved a resolution of “no objection” required by the Texas Department of Housing and Community Affairs to apply for 4% low income housing tax credit financing.			
For More Information:	Betsy Spencer, AHFC Treasurer, 512-974-3182; David Potter, Neighborhood Development Program Manager, 512-974-3192			
Boards and Commission Action:	<p>June 6, 2014 – AHFC Board approved negotiation and execution of a loan agreement for \$2,000,000 to assist with acquisition of the Cross Creek Apartments.</p> <p>April 2, 2015 – AHFC Board approved an inducement resolution for the issuance of up to \$16 million in AHFC for the Cross Creek Apartments and set the date of the public hearing required by the Tax Equity Fiscal Responsibility Act.</p> <p>April 23, 2015 – AHFC Board conducted the public hearing required by the Tax Equity Fiscal Responsibility Act.</p> <p>October 28, 2015 – The Building and Standards Commission conducted a public hearing regarding of alleged violations of the City's Property Maintenance Code by the owner of Cross Creek Apartment. The Commission determined that violations had occurred, and Orders were issued requiring specific performance by the Owner.</p>			
MBE / WBE:				
Related Items:				
Additional Backup Information				

If approved, this action will authorize:

- The issuance of up to \$16,000,000 in Austin Housing Finance Corporation Multi-family Housing Revenue Bonds (Cross Creek Apartments) Series 2016 for the purpose of rehabilitating the Cross Creek Apartments.
- AHFC's Bond Counsel to prepare the form and substance of a trust indenture for the issue in addition to a regulatory agreement with respect to the project and other matters in connection with the transaction; and
- Specific named representatives of AHFC to execute the necessary documents to issue the bonds and close the transaction.

The development is located in Council District 4.

The bonds to be issued are repayable only from rents generated by the apartment complex. Regulations governing the issuance of revenue bonds for the purpose of financing affordable housing specify that the bonds are non-recourse, and the full faith and credit of the AHFC or the City of Austin is not pledged to repay the bonds.

AHFC as Bond Issuer

- Since 1982, AHFC has issued 26 series of multi-family housing revenue bonds totaling \$235,000,000. These multi-family bonds have financed 34 multi-family properties, creating 6,656 low- and moderate-income rental units.
- The issuance of \$16 million in revenue bonds will generate an issuer's fee and a closing fee to AHFC of approximately \$160,000 (a total of 1 percent of the amount of bonds issued).
- AHFC received a \$5,000 application fee from the Applicant.
- AHFC will receive an annual monitoring fee over the life of the bonds. The fee is calculated as the greater of .0003 times the amount of bonds outstanding on January 1 of each year, or \$12 per unit, or a flat \$1,200 fee.

Project Characteristics

- The property consists of 200 units located at 1124 Rutland Drive, in 18 separate buildings on 10 acres near Lamar and Rundberg, with easy access to transit, services, and retail businesses. Nearby recreational facilities include Quail Creek Neighborhood Park and the North Austin Recreation Center which is co-located with the North Austin YMCA on Rundberg Lane.
- The unit sizes range from 575 to 1,008 square feet. There are 140 one-bedroom/one-bath units and 30 two-bedroom/one-bath units and 30 two-bedroom/two-bath units
- Depending on unit size, the rents will be in the approximate range of \$746 to \$914 per month.
- Twenty units will be designed accessible for persons with mobility disabilities, and 6 units will be designed accessible for persons with sight or hearing disabilities. All 80 ground-floor units will be made adaptable.
- Ten units will be operated as Permanent Supportive Housing in partnership with Front Steps.

Population Served

- Twenty units will be reserved for households with incomes at or below 30 percent of the Austin area Median Family Income (MFI), currently \$16,150 for a one-person household and \$23,050 for a four-person household. Ten of those units will be reserved for Permanent Supportive Housing.
- Sixty units will be reserved for households with incomes at or below 50 percent MFI, currently \$26,900 for a one-person household and \$38,400 for a four-person household.
- One Hundred Twenty units will be reserved for households with incomes at or below 60% MFI, currently \$30,280 for a one-person household and \$46,080 for a four-person household.

The Mulholland Group

The Mulholland Group, LLC (TMG), and its affiliates, currently own or control more than 2,350 residential multi-family apartment units in 3 states and has facilitated the acquisition or financing of over 6,500 units in 5 states. The organization, established in 1991, routinely develops affordable housing by raising equity through the sale of Low Income Housing Tax Credits and the use of tax-exempt bonds. TMG acquires multi-family properties that are generally Class B to C quality and are leased to low, moderate and middle-income persons. In Austin, TMG completed the successful rehabilitation of the 476-unit Palms on Lamar (formerly, the Malibu Apartments).

For more information on the proposed project, as well as socioeconomic characteristics and amenities in the surrounding area, please see the project's Development Information Packet here:
<http://austintexas.gov/page/fy-15-16-funding-applications>.