

Austin Housing Finance Corporation Meeting Transcript – 09/28/2017

Title: ATXN 24/7 Recording

Channel: 6 - ATXN

Recorded On: 9/28/2017 6:00:00 AM

Original Air Date: 9/28/2017

Transcript Generated by SnapStream

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[4:12:30 PM]

Let's go ahead and convene the directors meeting of the Austin housing finance corporation. It is also now 4:13. Why don't you take us through our agenda.

>> Of course. And we will certainly get to the questions on number 10, which is the go repair contract. We have on the agenda today 10 items for the Austin housing finance corporation. I'm Rosie truelove, treasure of the Austin housing finance corporation. Item number 1 is approval of the minutes from the March 23rd, 2017 meeting and the August 3rd, 2017 meeting. Item number 2 is approval of an inducement resolution for private activity bond financing for -- by Austin dma housing for proposed affordable housing development for seniors to be known as the nightingale located at 5900 Charles knight drive. Item number three is to set a public hearing to receive public comment regarding the issuance of up to \$50 million of multi-family revenue bonds to be issued by the Austin housing finance corporation for the Rebecca baines Johnson center and the development of additional new affordable senior housing located at 21 waller street by the Austin geriatric center. Item number 4 is to approve an inducement resolution to be submitted to the Texas bond board for an allocation of up to \$50 million in private activity revenue capital metro multi-family non-recourse bonds by the Austin jeer @trick center for the Rebecca baines Johnson center and the development of additional new senior affordable housing units on site located at 21 waller street.

[4:14:45 PM]

Item number 5 is to set a public hearing to receive public comment regarding the issuance of up to 13 million of multi-family housing revenue bonds to be issued by the Austin housing finance corporation corporation to finance the development of the housing first oak springs apartments by housing first oak springs or an affiliated entity for multi-family development and affordable multi-family development to

be located at 43 oak springs drive. Item number 6 is to set a public hearing for issuance of \$20 million of multi-family revenue bonds to be issued by the Austin housing finance corporation for the development by Austin dma housing for a proposed affordable multi-family development for seniors to be known as the nightingale located a the 5900 Charles mural drive in the good night ranch pud. Number seven is authorizing the negotiation and execution of a one-year contract with the Austin area urban league to fund and administer the emergency home repair program in an amount not to exceed a million dollars, with one 12-month extension in an amount not to exceed one million dollars for a total contract of two million dollars. Item number eight is the companion item to the item that was posted on your 10:00 agenda, which is authorizing the negotiation and execution of a one-year contract with the -- I'm sorry, that's number 9, my bad. This is a one-year contract with the housing authority for the city of Austin to fund and administer the tenant based rental assistance program which provides housing subsidies to homeless families in an amount not to exceed \$527,000 with one 12-month extension for an amount not to exceed 1,054,000. Number nine is the companion piece to the item that's on your 10:00 agenda. And number 10 is authorizing negotiation and execution of a 12-month contract which each of the following seven non-profits, American youth works, Austin area urban league, Austin habitat for humanity, Easter seals central Texas, interfaith action of central Texas, meals on wheels and more, rebuilding Austin together, for the repair of homes eligible through the go repair program, for a combined total not to exceed 2.5 million.

[4:16:59 PM]

And I believe there are some other speakers on some of the items on the agenda. But otherwise I offer them for consent.

>> Mayor Adler: Okay. We have speakers signed up on 8 and 9. It's Gus Pena. Is he here to speak on the agenda? He's not. That's items number 8 and 9. We have two speakers signed up to speak on item number 10. Do we need to pull that item? Do you want to speak again? Do you want to speak again? Does Charles Cloutman wish to speak?

>> [Inaudible].

>> Mayor Adler: Thank you. There are no speakers then. Is there a motion to approve the consent agenda, which consists of all 10 items? Mr. Renteria makes that motion. Is there a second? Ms. Garza seconds that motion. Is there any discussion?

>> Houston: Yes, Ms. Truelife could you now explain.

>> Thank you for your patience on that. So the questions were specifically around how we allocate funding to our subrecipients, and I think specifically councilmember Houston was asking questions about the urban league contract and the difference between that and our go repair contract, correct?

>> Houston: And the things that --

>> Yes, yes. I will first speak about the urban league contract. The urban league contract is funded with community development block grant funding and that has the ability to designate subrecipients and they have been the contract holder of that contract for many years and done a tremendous job administering that particular program. That's for emergency home repairs which you would expect them to be emergency of nature, broken pipes. And it's up to \$5,000 per home that they're repairing. Their goal is of course to get out there as quickly as they possibly can once they find out that the emergency is occurring. And that program operates within its own, you know, set of guidelines.

[4:19:00 PM]

The go repair program is funded with our general obligation bonds. We do issue every year what we call a nofa, which is a notice of funding availability to be considered for funding on this particular program, a non-profit has to submit a complete nofa application that is scored and they have to meet scoring flesh holds, which -- thresholds, which for this particular program they have to score 75 points to be considered for funding. Once we get -- part of the nofa is asking them to identify what their ask is. The ask that we get traditionally is far in excess of what we can fund and so what we have done last year and this year is to look at the amount of funding that we have available for the contract. In this case it's 2.5 million. And to fund all of the non-profits that met scoring threshold at a proportionate amount so we're all getting the same proportion of their ask relative to the amount that we actually have available for funding. So this year I think our ask was approximately three and a half million. Our funding available was about two and a half million. Everyone got funded at about two-thirds of their ask. If that makes sense. There was some concern when we met with interfaith action central Texas and we appreciated the meeting and we appreciated their concerns that they brought forward. I think we can work to improve how we structure the allocation of the funds for this particular nofa and we look forward to working with the home repair coalition to do that once we get that nofa finalized and the contracts finalized. If we-- if we chose to start over on this process to try to make those corrections and improve the process currently then we would probably lose two to three months of the go repair program activity, and I'm concerned about the impact of that to the community.

[4:21:12 PM]

So the recommendation that I'm bringing forward is to continue with the allocation as we have it laid out in the rba. But I do want to highlight that we are making some changes to our internal program guidelines to make sure that if there are any of our participating non-profits that we see who are not expending the funds in a timely fashion or have fallen behind that we have the ability with 45 days'

notice to be able to reallocate those funds to other non-profits that we think can expend those funds so we can serve as many customers and residents of Austin with this program this year as possible.

>> Houston: Thank you. Ms. Truelove, I noticed you added a new group this year so with limited dollars how do you decide that you're going to add some additional non-profits?

>> We fund everybody that meets threshold. So if they met the scoring threshold then they were eligible to receive funding.

>> Houston: So then everybody else gets a reduced amount.

>> Everybody gets the same proportionate share based on

-- owe yes.>> Houston: From what I'm hearing it's a reduced amount.

>> There was one substantial jump in the requested funding for one of the non-profits this year, and that was Easter seals of central Texas. Their ask was a big jump, and we had some concerns about -- and questions about their capacity and were they going to be able to expend the funds and truly perform the services that they said they were going to be able to do this year. So my staff sat down with them and talked through the questions that we had and we left that meeting confident that they had the capacity to serve the number of households that they said that they could serve.

>> Houston: So I must have the wrong version of the chart that you sent out in backup because it says Easter seals in 2016 received \$256,620, and in 2017 they got 85,890,000.

[4:23:21 PM]

>> Yes, they dropped down last year.

>> Houston: But I don't have what you're looking at.

>> It's in the rba, ma'am,.

>> Houston: Thank you.

>> So if you look at what their requested amount was 1,080,000 and their being funded at \$681,750.

>> Houston: Okay.

>> Alter: I appreciate this conversation and if it's amenable councilmember Casar, I think this might be a good question for us to take up for the future. Obviously it's not going to affect our decision today. But for us to have a conversation in our planning and housing committee on how we prioritize our spending and the criteria that we're using and some of the processes that we can have some of those

conversations move forward so that we make sure that the processes that we have set up do maximize the impact that we're having with these limited dollars.

>> We look toward to those conversations. We're actually in the process of starting to plan the outreach process for our next five-year consolidated plan for federal spending and that will tie in very nicely to that.

>> Alter: Okay, thank you.

>> Houston: And please remember transparency. I think if we had responded in a quick way to the concerns that were expressed we wouldn't be here today.

>> Mayor Adler: Mr. Renteria.

>> Renteria: I also would like to know how much is all of these -- this money is going to overhead. What goes to the actual contract where you actually do the work and how much of it goes to the amended creative cost.

>> Sure. Each home is \$15,000 and there's an amount that's allowable, an administrative overhead per home and I'm not sure what it is off the top of my head, but if somebody knows behind me 15%.

[4:25:28 PM]

>> 15%.

>> Renteria: Thank you.

>> Mayor Adler: Any further discussion on the consent agenda? Mayor pro tem?

>> Tovo: Yes. And actually, I meant to raise this earlier in the day when we took up item 20. So we had passed a resolution of private activity bonds and imposing a restriction that those -- that any units-- any development for which we support the developer and going and seeking private activity bonds would have a -- have a requirement maintaining that those units will be affordable. A requirement that the property owner maintain those units as affordable. It's late in the day and we've been talking all week about hotel occupancy tax. And there is a concern because there is an instance where we do support as you know a developer in seeking private activity bonds and one of the things that happened as a result is that when they went to renovate the property they were in the process of evicting or letting people know they would have to find another place to stay. This is something that councilmember alter and I worked closely on I guess last spring. To make sure that never happened again I brought forward the resolution that we passed. So can you help me understand -- I guess it's not appropriate to talk about 20 since we passed it and it was the council that passed it, not the housing finance board. But since we have several private activity bonds on this agenda, could you tell us how -- whether there are

requirements that these units remain affordable or that they will be affordable or do we need to make that clear in our discussion here today? And that's 2 and 4, just to be specific. That's 2 and 4 on this agenda.

>> Very good. I'm going to ask our outside counsel to help with that.

>> I'm mark valva. Bond counsel. In terms of private activity bonds, in order for you to get the tax exemption which pretty much drives these types of transactions they must have an affordability requirement.

[4:27:33 PM]

Usually there are two types. One is for the actual bonds that will enter into what's called a regulatory agreement with the borrower will agree or covenant to set aside a certain amount of units for people of low and moderate income. The other side of that, many of these, if not all of these private activity bonds have a tax credit component. When you're doing a tax credit transaction similar to the bond side, the tax credit side will also have a limited -- a reservation or a set aside for low and moderate income units. And typically on the bond side that requirement is for a period for as long as the -- the later of as long as the bonds are outstanding or 15 years on the tax credit side, which I'm not an expert on the tax credit side. I think those requirements are longer.

>> Tovo: Thank you. I think that was the same case with the instance I mentioned earlier. It's less of a concern I think with the new construction than it is with the renovation, but -- and I have great faith in rbj that they will take care of their occupants and make sure they are not displaced during the renovation. Can you help me, director truelove or chair truelove --

>> Treasurer.

>> Tovo: Can you help me understand whether there are any provisions we need to discuss here to make sure we're not in that same situation we were in last spring?

>> I wasn't here at the meeting, but when you're doing private activity bonds the documents that you would be signing -- how do I say it? The ability of an owner of a project to evict someone for whatever reason obviously has to comply with whatever your federal housing laws you are.

[4:29:35 PM]

Also what your state housing laws are. Under the documents that the hfc enters into, they have to comply with certain rules about when and how someone can be possibly evicted for whatever reason.

>> Tovo: I now see I used the wrong them. They were not being evicted, but they were told their family size was too large to stay in the units or that they were going to be doing renovation so they needed to move and the rates were going up. I mean, there were ways in which it was becoming difficult for those families to stay that were not they were not being evicted, nobody was breaking the laws. I want to make sure if we're seeking support from a development on the bonds that we're not in a position of -- we're not suddenly helping displace renters who are currently occupying those units who might find it difficult to stay in the newly renovated project. Again, I'm not terribly concerned because I know the developer we're talking about here, but I guess I'm wondering to what extent are -- is the resolution that we passed having an impact on the cases as they come forward? Are there any provisions? Are you working on the provisions? I think I got an indication that a memo is coming out letting us know how these processes are being updated.

>> For that particular resolution that was being passed we are working on finalizing the response that will go back to council in the next week other so.

>> Tovo: And I guess once we see that response we'll know whether our processes need to be updated or the policies. Okay, thank you.

>> Mayor Adler: We're back to the consent agenda. It's all items 1 through 10. Any further discussion? Those in favor please raise your hand? Those opposed? It's unanimous on the dais with Ms. Troxclair gone. That concludes all our business today. So the corporation meeting is adjourned at 4:31.