



## Recommendation for Action

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**File #:** 20-2535, **Agenda Item #:** 4.

7/29/2020

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### **Posting Language**

Approve the negotiation and execution of a loan agreement and related documents with Austin Housing Finance Corporation V6 Investor Non-Profit Corporation, in an amount not to exceed \$750,000, to provide funds to the Corporation to purchase the Investor Limited Partner interests in the Villas on Sixth Housing Associates Limited Partnership, the development owner of the affordable multi-family rental development known as the Villas on Sixth, located at 2011 E. 6th Street, Austin, Texas.

### **Lead Department**

Neighborhood Housing and Community Development.

### **Fiscal Note**

This item has no fiscal impact.

### **Additional Backup Information:**

If approved, the Austin Housing Finance Corporation (AHFC) will be authorized to negotiate and execute a loan agreement and related documents with AHFC V6 Investor Non-Profit Corporation (Corporation), in an amount not to exceed \$750,000, to be used by the Corporation to acquire the Investor Limited Partner interests in the Villas on Sixth Housing Associates Limited Partnership (Partnership). The purchase will ensure the continued deep affordability of this strategically located affordable housing development in the heart of downtown Austin.

***Development Information:*** Villas on Sixth is a Low Income Housing Tax Credit (LIHTC) development. It consists of 160 units, 136 of which are affordable to households with incomes at or below 50% Area Median Family Income (AMFI). An AHFC affiliate-Villas on Sixth Nonprofit Corporation-is the General Partner of the Partnership. In addition, AHFC owns the land for this development and ground leases it to the Partnership. With the use of the loan proceeds by the Corporation to purchase the Investor Limited Partner interests in the Partnership, AHFC will, through its affiliates (General Partner and the Corporation), beneficially own 90% of the equity interests in the development. The purchase will also ensure the development's continued deep affordability and allow AHFC the option of accessing the significant equity in the development to fund future developments.

In a separate recommendation for board approval, Neighborhood Housing and Community Development staff will request the AHFC Board of Directors to form AHFC V6 Investor Non-Profit Corporation and authorize it to acquire the Investor Limited Partner interests in the Partnership..

### **Strategic Outcome(s):**

Economic Opportunity and Affordability.