



## Recommendation for Action

**File #:** 20-3455, **Agenda Item #:** 4.

11/12/2020

### **Posting Language**

Approve a resolution authorizing the formation of AHFC Espero Non-Profit Corporation, a Texas nonprofit corporation and instrumentality of the Austin Housing Finance Corporation; approving its Certificate of Formation and By-laws; appointing its Board of Directors and President; and authorizing AHFC Espero Non-Profit Corporation to act as General Partner (or Managing Member) of Espero Austin at Rutland, LP, or other ownership entity, which will own the Espero Austin at Rutlands Apartments.

### **Lead Department**

Housing and Planning Department.

### **Fiscal Note**

This item has no fiscal impact.

### **Prior Council Action:**

February 6, 2020: Council approved a resolution of support for Espero Austin at Rutland to the Texas Department of Housing and Community Affairs' 2020 9% Low Income Housing Tax Credit (LIHTC) round. Having not secured a 9% LIHTC award, Espero Austin at Rutland will now pursue a 4% LIHTC award.

September 3, 2020 - Austin City Council set a public hearing for September 17, 2020 regarding an application by Espero Austin at Rutland, LP, for housing tax credits for a multi-family development that will be financed through the private activity bond program.

September 17, 2020 - Austin City Council conducted a public hearing regarding an application by Espero Austin at Rutland, LP, for housing tax credits for a multi-family development that will be financed through the private activity bond program.

### **For More Information:**

Rosie Truelove, Treasurer, Austin Housing Finance Corporation, 512-974-3064; Mandy DeMayo, Community Development Administrator, Housing and Planning Department, 512-974-1091.

### **Council Committee, Boards and Commission Action:**

July 29, 2020 - Austin Housing Finance Corporation Board approved an inducement resolution for private activity bond financing to be submitted to the Texas Bond Review Board for an allocation of up to \$20,000,000 in private activity volume cap multifamily revenue (non-recourse) bonds.

September 3, 2020 - Austin Housing Finance Corporation Board authorized negotiation and execution of a loan agreement and related documents between Austin Housing Finance Corporation and Espero Austin at Rutland, LP, or an affiliated entity, in an amount not to exceed \$2,507,214, for a multifamily rental development to be known as Espero Austin at Rutland Apartments, to be located at or near 1934 Rutland Drive, Austin, Texas.

### **Additional Backup Information:**

This item requests the Austin Housing Finance Corporation (AHFC) Board of Directors approve AHFC Espero

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Non-Profit Corporation's Certificate of Formation and By-laws; appoint the Board of Directors and President; and authorize it to serve as General Partner (or Managing Member) of Espero Austin at Rutland, LP, a Texas limited partnership, or other ownership entity (the Owner), that will own the Espero Austin at Rutland Apartments. It is anticipated that AHFC will own the land upon which the Development is located and will ground lease it to the Owner, under the terms of a Ground Lease between AHFC and the Owner. The Espero Austin at Rutland Apartments will be located at or around 1934 Rutland Drive within the City.

The proposed Certificate of Formation and the By-laws are attached as Exhibits A and B to the resolution. The Board of Directors appointed by the resolution will serve for terms stated in the By-laws. The requested Director appointments are:

Director: J. Rodney Gonzales

Director: Rosie Truelove

Director: Rebecca Giello

The requested appointment for President of the AHFC Espero Non-Profit Corporation is Rodney Gonzales. The President serves for the term stated in the By-laws.

The remaining officers of the Non-Profit Corporation will be appointed by the Non-Profit Corporation's Board of Directors at its first organizational meeting or by unanimous consent.

#### Proposal, Ownership and Financing Structures

Espero Austin at Rutland Apartments is proposed as a newly constructed apartment community in Council District 4. Espero Austin at Rutland Apartments will be an affordable multifamily development and will provide approximately 171 units. The development is being designed for persons experiencing homelessness. 101 of the 171 units will be reserved for persons experiencing homelessness through Austin's Continuum of Care.

The development will consist of one elevator-served building with the following unit income mix: (i) 27 units will be available only to individuals with incomes at 30% AMFI, (ii) 117 units will be available only to individuals with incomes at 50% AMFI and (iii) 27 units will be available only to individuals with incomes at 60% AMFI.

The Limited Partnership (LP) (or limited liability company) structure proposed for this development is similar to previous LP (or limited liability company) structures in which AHFC-established nonprofit corporations have participated. These include developments such as Vi Collina, Nightingale at Goodnight Ranch, Aldrich 51, The Timbers, Villas on Sixth, Arbors at Creekside, Heritage Heights at Blackshear (also known as SCIP I), and Retreat at North Bluff (formerly known as Village on Little Texas).

Financing for the development is proposed to come from 4% Low Income Housing Tax Credits, Private Activity Bonds issued by AHFC, a Direct Loan from the Texas Department of Housing and Community Affairs (TDHCA), and a Rental Housing Development Assistance (RHDA) subordinate loan from AHFC to the Owner.