



## Recommendation for Action

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**File #: 21-2782, Agenda Item #: 6.**

**9/2/2021**

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### **Posting Language**

Approve a resolution authorizing the formation of AHFC Arbors 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 Arbors Non-Profit Corporation to act as general partner of the limited partnership that will own the Arbors at Creekside Apartments, an affordable multi-family rental development located at 1026 Clayton Lane, Austin, Texas.

### **Lead Department**

Housing and Planning Department.

### **Fiscal Note**

This item has no fiscal impact.

### **For More Information:**

Rosie Truelove, Treasurer, Austin Housing Finance Corporation, 512-974-3064; Mandy DeMayo, Interim Deputy Director, Housing and Planning Department, 512-974-1091.

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

May 24, 2001: Austin Housing Finance Corporation Board (AHFC) of Directors approved a resolution authorizing the creation of the Arbors at Creekside Non-Profit Corporation to participate in the development of the Arbors at Creekside, a 176-unit affordable senior citizen apartment complex located at 1022 Clayton Lane.

May 24, 2001: Austin Housing Finance Corporation Board of Directors approved a resolution authorizing the negotiation of an agreement for Austin Housing Finance Corporation to participate as a co-developer of the Arbors at Creekside.

December 10, 2020: AHFC Board of Directors approved a resolution authorizing the creation of AHFC Arbors Investor Non-Profit Corporation as an affiliate and instrumentality of AHFC to purchase one or more limited partner interests in Arbors Housing Partners, Ltd., the owner of Arbors at Creekside.

April 8, 2021: AHFC Board of Directors authorized negotiation and execution of a loan agreement and related documents with Arbors Housing Partners Ltd., the owner of the affordable multi-family rental development known as the Arbors at Creekside, located at 1026 Clayton Lane, for needed repairs and potential operating shortfalls, in an amount not to exceed \$750,000.

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April 8, 2021: AHFC Board of Directors authorized negotiation and execution of a loan agreement and related documents with AHFC Arbors Investor Non-Profit Corporation to purchase the limited partner interests in Arbors Housing Partners Ltd., the owner of the affordable multi-family rental development known as the Arbors at Creekside, located at 1026 Clayton Lane, in an amount not to exceed \$1,250,000.

**Additional Backup Information:**

This item requests the AHFC Board of Directors adopt a resolution to approve the formation of the AHFC Arbors Non-Profit Corporation (Non-Profit Corporation) and the form of its Certificate of Formation and By-Laws; appoint the Board of Directors and President of the Non-Profit Corporation; and authorize the Non-Profit Corporation to serve as general partner of Creekside Senior Housing Limited Partnership, a Texas limited partnership (the "Owner") which will own the Arbors at Creekside Apartments (the "Development") following a 4% tax credit re-syndication of the Development. AHFC currently owns 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 proposed form of the Certificate of Formation and the By-Laws for the Non-Profit Corporation are attached as Exhibits A and B to the resolution. The Board of Directors of the Non-Profit Corporation will serve for terms stated in the By-Laws. The requested Director appointments are:

Director: J. Rodney Gonzales

Director: Rosie Truelove

Director: Mandy DeMayo

The requested appointment for President of the Corporation is J. 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**

The Development is a Low-Income Housing Tax Credit (LIHTC) and Private Activity Bond development. It consists of 176 units, 100% of which are affordable to households with incomes at or below 50% Area Median Family Income.

AHFC (through AHFC Arbors Investor Non-Profit Corporation) recently acquired the previous limited partners' interests in the current owner Partnership. By purchasing the limited partner interests, AHFC was able to ensure the continued affordability of the Development and enabled AHFC to pursue a "re-syndication" of the Development for new LIHTCs, in which the Development (including its rental units) will be substantially rehabilitated, and the affordability period will be extended under a new 30-year (or longer) LIHTC land use and regulatory agreement. To assist in pursuing that re-syndication, AHFC has partnered with National Church Residences, an experienced and reputable non-profit affordable housing developer that serves seniors.

The limited partnership (LP) structure proposed for the Development is similar to previous LP structures in which AHFC-established nonprofit corporations have participated. These include developments such as Espero Austin at Rutland, Vi Collina, Nightingale at Goodnight Ranch, Aldrich 51, The Timbers, Villas on

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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 primarily proposed to come from 4% LIHTCs, a Direct Loan from the Texas Department of Housing and Community Affairs, a Seller Note from an affiliate of AHFC to the new Owner, and Private Activity Bonds issued by AHFC.

**Strategic Outcome(s):**

Economic Opportunity and Affordability.