

# **AUSTIN AFFORDABLE HOUSING CORPORATION**



## **BOARD OF DIRECTORS Regular Meeting**

**Thursday, July 19, 2018  
12:00 PM**

**HACA Central Office  
1124 S. IH 35  
Austin, TX**

**PUBLIC NOTICE OF A MEETING  
TAKE NOTICE OF A BOARD OF DIRECTORS  
REGULAR BOARD MEETING  
OF THE AUSTIN AFFORDABLE HOUSING CORPORATION**

**TO BE HELD AT  
HACA Central Office  
1124 S. IH 35  
Austin, TX  
(512.477.4488)**

**Thursday, July 19, 2018**

**12:00 PM**

**CALL TO ORDER, ROLL CALL**

**CERTIFICATION OF QUORUM**

**Citizens Communication (Note: There will be a three-minute time limitation)**

**CONSENT ITEMS**

1. Presentation, Discussion, and Possible Action regarding the Approval of the Board Minutes Summary for the Board Meeting held on June 14, 2018

**ACTION ITEMS**

2. Presentation, Discussion and Possible Action Regarding Resolution No: 105: A resolution by the Board of Directors of Austin Affordable Housing Corporation ("AAHC") authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to:
  - a. Facilitate the development of the Pathways at Goodrich Place, which consists of affordable housing units and associated amenities built upon land to be ground-leased from the Housing Authority of the City of Austin;
  - b. Cause AAHC's wholly owned, subsidiary limited liability company, Pathways at Goodrich Place GP, LLC (the "General Partner") to execute an amended and restated agreement of limited partnership of Pathways at Goodrich Place, LP (the "Partnership") and other related documents;
  - c. Cause the Partnership to enter into development financing for the Project; and
  - d. Cause AAHC and/or the General Partner and/or the Partnership to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein.
3. Presentation, Discussion, and Possible Action regarding Resolution No. 106: A resolution by the Board of Directors of Austin Affordable Housing Corporation ("AAHC") authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to facilitate the acquisition and development of the Preserve at Wells Branch apartment development, helping to preserve and expand affordable housing in the City of Austin

**EXECUTIVE SESSION**

The Board may go into Executive Session (close its meeting to the public) Pursuant to:

- a. 551.071, Texas Gov't Code, consultations with Attorney regarding legal advice, pending or contemplated litigation; or a settlement offer;
- b. 551.072, Texas Gov't Code, discussion about the purchase, exchange, lease or value of real property;
- c. 551.074, Texas Gov't Code, discuss the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.
- d. 551.087, Texas Gov't Code, discuss certain economic development negotiations.

## **OPEN SESSION**

If there is an Executive Session, the Board will return to Open Session for discussion, consideration and possible action of matters discussed in Executive Session.

## **REPORTS**

The Board accepts the following reports:

- President's Report
- Other Staff Reports
- Commissioners' Reports/Questions to the Department Staff

## **ADJOURNMENT**

"Pursuant to 30.06, Penal Code, (trespass by holder of license with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a concealed handgun."

"Pursuant to 30.07, Penal Code (trespass by holder of license with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a handgun that is carried openly."

"En virtud del 30.06, Código Penal, (traspaso titular de licencia con una pistola), una persona bajo el subcapítulo H, capítulo 411, código de gobierno (Ley de licencia de arma o pistola), no se permiten en esta reunión con una arma o pistola.

"En virtud de 30.07, Código Penal (prevaricación por titular de la licencia con un arma o pistola abiertamente llevado), una persona bajo el subcapítulo H, capítulo 411, código de gobierno (Ley de licencia de arma o pistola), no se permiten en esta reunión con un arma o pistola que lleva abiertamente.

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\*The Housing Authority of the City of Austin (HACA) Board of Commissioners reserves the right to discuss and consider items out of order on the agenda on an as needed basis.

The Housing Authority of the City of Austin is committed to compliance with the Americans with Disability Act. Reasonable modifications and equal access to the communications will be provided upon request. Meeting locations are planned with wheelchair access. If requiring Sign Language Interpreters or alternative formats, please give notice at least 2 days (48 hours) before the meeting date. Please call Judy Paciocco or Nidia Hiroms at HACA at 512.477.4488, for additional information; TTY users route through Relay Texas at 711. For more information on HACA, please contact Nidia Hiroms at 512.477.4488 x2104.

# **AUSTIN AFFORDABLE HOUSING CORPORATION**

## **BOARD ACTION REQUEST**

### **ITEM NO. 1.**

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**MEETING DATE:** July 19, 2018

**STAFF CONTACT:** Ron Kowal, Vice President of Housing Development/Asset Mgmt

**ITEM TITLE:** Presentation, Discussion, and Possible Action regarding the Approval of the Board Minutes Summary for the Board Meeting held on June 14, 2018

**BUDGETED ITEM:** N/A

**TOTAL COST:** N/A

### **ACTION**

The Board is being asked to review and approve the Board Minutes Summary for the Board Meeting held June 14, 2018.

### **ATTACHMENTS:**

- ▣ **20180614 AAHC Minutes Summary**

**AUSTIN AFFORDABLE HOUSING CORPORATION  
BOARD OF DIRECTORS  
REGULAR BOARD MEETING**

**JUNE 14, 2018**

**SUMMARY OF MINUTES**

**THE AUSTIN AFFORDABLE HOUSING CORPORATION (AAHC) BOARD OF DIRECTORS PUBLIC MEETING NOTICE WAS POSTED FOR 9:00 AM ON THURSDAY, JUNE 14, 2018, AND WAS HELD AT THE CHALMERS COURTS APARTMENTS, 1801 E. 4<sup>TH</sup> STREET, AUSTIN, TEXAS**

**CALL TO ORDER, ROLL CALL, CERTIFICATION OF QUORUM**

The Board of Directors Regular Board Meeting of the Austin Affordable Housing Corporation of June 14, 2018, was called to order by Carl S. Richie, Jr., HACA Chairperson, at 9:21 am. The meeting was held at Chalmers Courts, 1801 E. 4th Street, Austin, Texas

Roll call certified a quorum was present.

**MEMBERS PRESENT:**

Tyra Duncan-Hall, President  
Edwina Carrington, Vice-President  
Carl S. Richie, Jr., 2<sup>nd</sup> Vice-President  
Charles Bailey, Director  
Mary Apostolou, Director

**MEMBER(S) ABSENT**

**STAFF PRESENT:**

Ann Gass, Barbara Jackson, Crystal James, Daniel Vargas, Jimi Teasdale, Kelly Crawford, Laura Immer, Martha Ross, Michael Cummings, Michael Gerber, Nidia Hiroms, Nora Morales, Pilar Sanchez, Ron Kowal, Suzanne Schwertner, and Sylvia Blanco

**ALSO IN ATTENDANCE:**

Wilson Stoker, Cokinos, Bosien & Young  
Bill Walter, Coats Rose

**CITIZENS COMMUNICATION - NONE.**

**CONSENT AGENDA**

**APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:**

**ITEM 1: Presentation, Discussion, and Possible Action regarding the Approval of a Board Minutes Summary for the Board Meeting held on May 17, 2018**

**President Duncan-Hall** moved to Approve the Board Minutes Summary for the Board Meeting held on May 17, 2018. **Director Apostolou** seconded the motion. The motion Passed (5-Ayes and 0-Nays).

**ACTION ITEMS**

**APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS**

**ITEM 2: Presentation, Discussion, and Possible Action regarding the Approval of Resolution No. 103: Election of Officers of the Austin Affordable Housing Corporation**

With the completion of Commissioner Isaac Robinson's term, a vacancy was created on the Austin Affordable Housing Corporation (AAHC) Board and the Austin Affordable PFC., (AAPFC) Board. To ensure that both AAHC and AAPFC have a full Board moving forward on several development items, staff requested the appointment of Mary Apostolou to the board positions formerly held by Isaac Robinson.

Staff will present to the Board a full slate of officers for all Housing Authority of the City of Austin boards and subsidiaries at the July 2018 meeting.

**President Duncan-Hall** moved to Approve Resolution No. 103: Approval of the appointment of Mary Apostolou to the board positions formerly held by Isaac Robinson. **Vice-President Carrington** seconded the motion. The motion Passed (5-Ayes and 0-Nays).

**ITEM 3: Presentation, Discussion, and Possible Action regarding Resolution No. 102: A Resolution by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to:**

- a. **Facilitate the development of the Pathways at Chalmers Courts South, which consists of affordable housing units and associated amenities built upon land to be ground-leased from the Housing Authority of the City of Austin;**
- b. **Cause AAHC’s wholly owned, subsidiary limited liability company, Pathways at Chalmers Courts South GP, LLC (the “General Partner”) to execute an amended and restated agreement of limited partnership of Pathways at Chalmers Courts South, LP (the “Partnership”) and other related documents;**
- c. **Cause the Partnership to enter into development financing for the Project; and**
- d. **Cause AAHC and/or the General Partner and/or the Partnership to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein.**

Pathways at Chalmers Courts South (Chalmers South) will be an 86-unit property, developed in partnership with Carleton Residential and financed using 4% tax credits through the Texas Department of Housing and Community Affairs (TDHCA) and Tax Exempt Bonds issued by the Austin Affordable PFC, Inc. (AAPFC). Chalmers South is the first phase of the larger, three-phase redevelopment of Chalmers Courts, part of HACA's conversion to the Rental Assistance Demonstration (RAD) Program.

The RAD program provides public housing authorities (PHAs) an opportunity to make substantial physical improvements to its properties, resulting in a higher quality of life for residents. Additionally, provisions with RAD ensure that existing residents are protected and enjoy more choices on where they wish to reside. The Housing Authority of the City of Austin (HACA) has successfully converted eleven properties through RAD. The balance of the 18 public housing properties will convert over the next three years.

Once complete, Chalmers South will allow current residents of Chalmers Courts to temporarily relocate just across the street from their current homes, enabling them to stay in their neighborhood, close to schools, jobs, places of worship and medical providers. This temporary relocation will allow for the redevelopment of Chalmers Courts, beginning in 2019. The existing buildings, two former HACA administration buildings, will be razed to allow for the construction of Chalmers South. HACA will retain ownership and control of this property through its subsidiary AAHC.

**Director Apostolou** moved to Approve Resolution No. 102: Authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to facilitate the development of the Pathways at Chalmers Courts South. **Vice-President Carrington** seconded the motion. The motion Passed (5-Ayes and 0-Nays).

**ITEM 4: Presentation, Discussion, and Possible Action regarding Resolution No. 104: Consideration of a Resolution by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to:**

- a. **Facilitate the development of The Rail Apartments, which consists of mixed-income housing units and associated amenities developed upon property to be leased from the Housing Authority of the City of Austin;**
- b. **Cause AAHC’s wholly owned, subsidiary limited liability company, AAHC Rail GP, LLC (the “General Partner”) to execute an amended and restated agreement of limited partnership of 1800 Alexander, LP (the “Partnership”) and other related documents;**
- c. **Cause the Partnership to enter into development financing for the Project; and**
- d. **Cause AAHC and/or the General Partner and/or the Partnership to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein.**

The Austin Affordable Housing Corporation (AAHC) a nonprofit subsidiary of the Housing Authority of the City of Austin (HACA), was created to own, engage in or assist in the development or operation of affordable housing, including but not limited to, income producing projects whose proceeds are used to further HACA’s mission of moving its stakeholders from poverty to self-sufficiency.

AAHC has been presented an opportunity to partner with LDG Multifamily, LLC, and Lonestar Development, LLC, to develop a 1.2 acre tract of land located at East 17th Street and Alexander Ave., just off of E. MLK in East Austin. This development is a master planned 36.5 acre philanthropic community created by the Meredith Foundation, known as the Chestnut Commons. Other plans for this community include a community center, a stone vault amphitheater and a BMX skate park. This development is in the transit oriented development (TOD) and is immediately adjacent to the MLK train station. This 235 unit family project will consist of 120 units targeting 30%-80% of median family income with 60 units serving individuals earning 30%, 40% and 50% of the median family income. The remaining 115 units will be market rate housing.

The financing for this development will be a combination of Preferred Equity Investments, City of Austin General Obligation Bonds (GOB) and a conventional first mortgage. The City of Austin has approved a GOB amount of \$2,500,000.

**Director Apostolou** moved to Approve Resolution No. 104: Authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to facilitate the development of The Rail Apartments. **Vice-President Carrington** seconded the motion. The motion Passed (5-Ayes and 0-Nays).

**EXECUTIVE SESSION**

The Board did not recess into Executive Session.

**REPORTS**

None presented.

**ADJOURNMENT**

**Director Apostolou** moved to adjourn the meeting. **Vice-President Carrington** seconded the motion. The motion Passed (5-Ayes and 0-Nays).

The meeting adjourned at 10:43 am.

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Michael G. Gerber, Secretary

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Dr. Tyra Duncan-Hall, President

# AUSTIN AFFORDABLE HOUSING CORPORATION

## BOARD ACTION REQUEST

### RESOLUTION NO. 105

#### ITEM NO. 2.

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**MEETING DATE:** July 19, 2018

**STAFF CONTACT:** Ann Gass, Director of RAD

**ITEM TITLE:** Presentation, Discussion and Possible Action Regarding Resolution No: 105: A resolution by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to:

- a. Facilitate the development of the Pathways at Goodrich Place, which consists of affordable housing units and associated amenities built upon land to be ground-leased from the Housing Authority of the City of Austin;
- b. Cause AAHC’s wholly owned, subsidiary limited liability company, Pathways at Goodrich Place GP, LLC (the “General Partner”) to execute an amended and restated agreement of limited partnership of Pathways at Goodrich Place, LP (the “Partnership”) and other related documents;
- c. Cause the Partnership to enter into development financing for the Project; and
- d. Cause AAHC and/or the General Partner and/or the Partnership to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein.

**BUDGETED ITEM:** N/A

**TOTAL COST:** N/A

#### **ACTION**

The Board is being asked to approve Resolution No: 105 authorizing AAHC to execute any and all documents, or take any other action, to execute any and all documents, or take any other action, that is necessary or desirable to redevelop Goodrich Place Apartments.

#### **SUMMARY**

##### ***Background:***

Pathways at Goodrich Place (Goodrich) will be a 120-unit property, developed in partnership with Atlantic Pacific Companies and Madhouse Development and financed using 9% Low Income Housing Tax Credits (LIHTC) through the Texas Department of Housing and Community Affairs. Goodrich is the first 9% LIHTC award for HACA and is part of HACA's conversion to the Rental Assistance Demonstration (RAD) Program. The Rental Assistance Demonstration (RAD) Program was authorized by the Consolidated and Further Continuing Appropriations Act of 2012. RAD is a tool that enables Public Housing Authorities to convert public housing subsidies into long-term, Section 8 rental assistance subsidy. This is beneficial to



PHAs because historically public housing subsidies and funding for capital projects have been unpredictable and fluctuate annually due to federal budget cuts. The project based rental assistance program provides a much more stable and predictable annual subsidy, benefitting PHAs and their residents.

More importantly, the RAD program provides PHAs an opportunity to make substantial physical improvements to its properties, resulting in a higher quality of life for residents. Additionally, provisions with RAD ensure that existing residents are protected and enjoy more choices on where they wish to reside. The Housing Authority of the City of Austin (HACA) has successfully converted eleven properties through RAD. The balance of the 18 public housing properties will convert over the next three years.

The families who live at Goodrich have already been relocated using Housing Choice Vouchers or to another HACA public housing property. All of those families will have the right to return to the newly redeveloped Goodrich. HACA staff has worked with the Resident Council to ensure that all residents understand their right to return. Staff will continue to meet with the Resident Council on a quarterly basis in an effort to maintain the sense of community that has developed as the residents prepared for the redevelopment of Goodrich.

***Staff Recommendation:***

Approve Resolution No: 105 authorizing AAHC to execute any and all documents, or take any other action, to allow for the redevelopment of Goodrich Place.

## **RESOLUTION NO. 105**

**A Resolution by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to:**

- a. Facilitate the development of the Pathways at Goodrich Place, which consists of affordable housing units and associated amenities built upon land to be ground-leased from the Housing Authority of the City of Austin;**
- b. Cause AAHC’s wholly owned, subsidiary limited liability company, Pathways at Goodrich Place GP, LLC (the “General Partner”) to execute an amended and restated agreement of limited partnership of Pathways at Goodrich Place, LP (the “Partnership”) and other related documents;**
- c. Cause the Partnership to enter into development financing for the Project; and**
- d. Cause AAHC and/or the General Partner and/or the Partnership to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein.**

**WHEREAS**, AAHC is the sole member of the General Partner;

**WHEREAS**, the General Partner is the sole general partner of the Partnership;

**WHEREAS**, the Partnership was formed for the purpose of owning, developing, managing, and otherwise dealing with Pathways at Goodrich Place, a 120-unit apartment complex (the “Project”) under development on a parcel of land located in Austin, Travis County, Texas (the “Land”), and intended for rental to persons of low and moderate income;

**WHEREAS**, in connection with the development of the Project, the Partnership desires to obtain site control of the Land from the Housing Authority of the City of Austin (“HACA”), by entering into a ground lease (“Ground Lease”) with HACA for the Project;

**WHEREAS**, AAHC, the General Partner and Partnership desire to enter into certain equity documents for the purpose of admitting Wells Fargo Affordable Housing Community Development Corporation, a North Carolina corporation, as an investor limited partner to the Partnership, including an Amended and Restated Agreement of Limited Partnership for the Partnership (the “Partnership Agreement”);

**WHEREAS**, the Partnership desires to borrow from Community Bank of Texas, N.A. (“CBOT”), a construction loan in an amount not to exceed \$19,000,000 (the “Construction Loan”) in order to finance the development and construction of the Project, in accordance with the terms of a loan agreement by and between the Partnership and CBOT (the “CBOT Loan

Agreement”), to be evidenced by a promissory note in the amount of the Construction Loan, executed by the Partnership, payable to the order of CBOT in the manner therein set forth and paying interest as therein stated (the “Construction to Permanent Note”);

**WHEREAS**, the Construction Note is to be secured by, among other things, that certain construction leasehold deed of trust (the “Construction to Permanent DOT”, and together with the CBOT Loan Agreement, the Construction to Permanent Note, and all other documents referenced therein or contemplated thereby evidencing, governing and/or securing the Construction Loan, the “Construction Loan Documents”);

**WHEREAS**, the Partnership desires to borrow from CBOT a permanent loan in an amount not to exceed \$11,000,000 (the “Permanent Loan”, and together with the Construction Loan, the “CBOT Loans”) which Permanent Loan will also be evidenced by the Construction to Permanent Note and also secured by the Construction to Permanent DOT (the Construction to Permanent Note and the Construction to Permanent DOT, together with all other documents referenced therein or contemplated thereby evidencing, governing and/or securing the Permanent Loan, the “Permanent Loan Documents”)(the Permanent Loan Documents and Construction Loan Documents are collectively referred to herein as the “CBOT Loan Documents”);

**WHEREAS**, HACA has submitted an application with the United States Department of Housing and Urban Development (“HUD”) for approval under the Rental Assistance Demonstration (“RAD”) Program to designate certain units within the Project as RAD units, and with the receipt of HUD approval, HACA and the Partnership desire to implement the RAD units pursuant to certain documents (“RAD Documents”) by and among HACA, HUD, and the Partnership;

**WHEREAS**, in connection with the transactions contemplated herein, the Partnership, General Partner and AAHC are required to enter into various documents which will evidence the same, including, but not limited to the Ground Lease, the Partnership Agreement, the CBOT Loan Documents, the RAD Documents, and other security agreements, fixture filing statements, indemnity agreements, guaranties, development agreements, certificates, directions, approvals, waivers, notices, instruments and other communications as may be required by the parties (all of such documents collectively, the "Financing Documents");

**NOW, THEREFORE, BE IT RESOLVED**, that all of the documents, instruments, or other writing executed by AAHC (both individually and in a representative capacity as identified in these resolutions), in consummation of the transactions herein described (both individually and in a representative capacity as identified in these resolutions), including, but not limited to, (i) Financing Documents, and (ii) any and all such additional documents (inclusive of the Financing Documents) executed to consummate the transactions contemplated herein (collectively, the "Transaction Documents") shall be in form and substance approved by the Executing Officer (as such term is hereinafter defined), both individually and in a representative capacity as identified in these resolutions, his/her

approval of each such instrument to be conclusively evidenced by his execution thereof; and it is further,

**RESOLVED**, that AAHC (both individually and in a representative capacity as identified in these resolutions), review, execute and approve all other documents necessary to effectuate the foregoing transactions, all on such terms and containing such provisions as the Executing Officer shall deem appropriate, and the approval of the terms of each such instrument herein described by the Executing Officer shall be conclusively evidenced by his/her execution and delivery thereof; and it is further

**RESOLVED**, that the authorization of AAHC, Partnership and/or General Partner to enter into the Transaction Documents and that execution and delivery in the name and on behalf of AAHC and/or General Partner and/or the Partnership, by any of the officers of AAHC of the Transaction Documents, in the form as so executed and delivered is hereby approved, ratified and confirmed; and it is further

**RESOLVED**, that any officer of AAHC (each an "Executing Officer"), acting alone without the joinder of any other officer, is hereby authorized and directed for and on behalf, and as the act and deed of AAHC and/or General Partner and/or the Partnership, to execute and deliver all other documents and other writings of every nature whatsoever in connection with the development of the Project, including but not limited to, the Transaction Documents, as the Executing Officer deems necessary in order to carry into effect the intent and purposes of these resolutions, and any other instruments approved by the Executing Officer (acting in a representative capacity as identified in these resolutions, acting individually and on behalf of the General Partner), executing same, his/her approval of each such instrument to be conclusively evidenced by his/her execution thereof, and to take such other action in the consummation of the transactions herein contemplated as the Executing Officer acting shall deem to be necessary or advisable, without the necessity of attestation by the secretary or other officer or director, and any and all acts heretofore taken by the Executing Officer to such end are hereby expressly ratified and confirmed as the acts and deeds of AAHC and/or General Partner and/or Partnership, effective as of the date such action was taken; and it is further

**RESOLVED**, that action by any of the officers of AAHC, and any person or persons designated and authorized so to act by any such officer, to do and perform, or cause to be done and performed, in the name and on behalf of AAHC and/or General Partner and/or the Partnership, or the execution and delivery, or causing to be executed and delivered, such other security agreements, financing statements, notices, requests, demands, directions, consents, approvals, waivers, acceptances, appointments, applications, certificates, agreements, supplements, amendments, further assurances or other instruments or communications, in the name and on behalf of AAHC or otherwise, as they, or any of them, may deem to be necessary or advisable in order to carry into effect the intent of the foregoing resolutions or to comply with the requirements of the instruments approved or authorized by the foregoing resolutions is hereby approved, ratified and confirmed; and it is further

**RESOLVED**, that the Board of Directors finds the actions authorized by these resolutions may reasonably be expected to directly or indirectly benefit AAHC; and it is further

**RESOLVED**, that the Partnership be promptly notified in writing by the Secretary or any other officer of AAHC or any change in these resolutions, and until it has actually received such notice in writing, the Partnership is authorized to act in pursuance of these resolutions.

**PASSED, APPROVED AND ADOPTED** this 19th day of July, 2018.

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**Michael G. Gerber, Secretary**

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**Dr. Tyra Duncan-Hall, President**

# AUSTIN AFFORDABLE HOUSING CORPORATION

## BOARD ACTION REQUEST

### RESOLUTION NO. 106

#### ITEM NO. 3.

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**MEETING DATE:** July 19, 2018

**STAFF CONTACT:** Ron Kowal, Vice President of Housing Development/Asset Mgmt

**ITEM TITLE:** Presentation, Discussion, and Possible Action regarding Resolution No. 106: A resolution by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to facilitate the acquisition and development of the Preserve at Wells Branch apartment development, helping to preserve and expand affordable housing in the City of Austin

**BUDGETED ITEM:** N/A

**TOTAL COST:** \$1,300,000.00

#### ACTION

The Board is being asked to authorize AAHC to proceed with actions to acquire the Preserve at Wells Branch apartment development

#### SUMMARY

##### ***Background:***

The Austin Affordable Housing Corporation (AAHC), a nonprofit subsidiary of the Housing Authority of the City of Austin (HACA), was created to own, engage in or assist in the development or operation of affordable housing, including but not limited to income producing projects whose proceeds are used to further HACA’s mission of moving its stakeholders from poverty to self-sufficiency. AAHC, as one of its goals has committed through acquisition and or development a portfolio of 4040 units by the year 2020.

Austin Affordable Housing Corporation has been presented an opportunity to partner with Affordable Central Texas (ACT), a 501c(3), purchase the Preserve at Wells Branch. ACT was formed to develop and manage a social impact, open ended, private equity fund (AHC) to preserve multifamily properties for Austin’s workforce. ACT is the sponsor and investment manager of the AHC, a middle-income housing preservation fund serving Austin’s moderate income and low-income workforce, including nurses and healthcare workers, entry level tech workers, teachers, musicians and other individuals and families earning between 60%-120% of median income. AHC is targeting existing multifamily communities for investment that meet goals of proximity to jobs, schools, grocery stores and transit located across greater Austin. The fund was launched at the end of 2017 with a target to acquire \$100-\$150 million in properties per year.

The Preserve at Wells Branch is a 308-unit apartment complex (unit mix attached) built in 1984 and located at 1773 Wells Branch Parkway, in Austin, Texas. The property sits on 10.4 acres with direct access to the

immediately adjacent Wells Branch Greenbelt and Hike and Bike Trail. Community amenities include a swimming pool with gazebo and an outdoor kitchen, a two-story clubhouse with a full kitchen and business center, and a 24-hour fitness center. The property is home to employees of several major employers, including IBM, National Instruments, St. David's North Austin Medical Center, Emerson, Dell Computer Headquarters and Time Warner/Spectrum.

AAHC will serve as General Partner. We will have significant control over the project, utilizing our property management company, AMP.

***Process:***

The property will be purchased using a combination of equity from ACT and AAHC and debt provided by Bellwether. The current interest rate quoted was 4.55% using a 20-year amortization.

AAHC will contribute an amount not to exceed \$1,300,000.00 as equity to the deal. Final financing details are still ongoing and not finalized.

***Staff Recommendation:***

Resolution 106 authorizes Austin Affordable Housing Corporation (AAHC) to execute any and all documents, or to take action, that is necessary or desirable to facilitate the acquisition of the Preserve at Wells Branch.

**ATTACHMENTS:**

▣ **Exhibit 1 - Property Description**

## **RESOLUTION NO. 106**

**A Resolution by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to facilitate the acquisition and development of the Preserve at Wells Branch apartment development**

**WHEREAS**, AAHC is contemplating the acquisition of the Preserve at Wells Branch apartment development (the “Development”);

**WHEREAS**, as part of the proposed ownership structure for the Development, AAHC desires to form a Texas limited liability company in partnership with an affiliate of the Austin Housing Conservancy to act as the owner (the “Owner”);

**WHEREAS**, AAHC will capitalize its ownership interest in the Owner in an amount not to exceed \$2,600,000;

**WHEREAS**, in connection with the acquisition and operation of the Development, the Owner desires to obtain site control of the land comprising the site of the Development (the “Land”) from the Housing Authority of the City of Austin (“HACA”), by entering into a ground leases (“Ground Lease”) with HACA for the Development;

**WHEREAS**, the Owner desires to enter into a bridge loan and/or permanent loan with Bellwether Enterprise Real Estate Capital, LLC (or an affiliate thereof), whereby the Owner will borrow a sum not to exceed \$28,000,000 (“Loan”), in order to finance the acquisition of the Development;

**WHEREAS**, the Loan will each be made pursuant to a promissory note to be secured, inter alia, by a deed of trust, UCC financing statements, certificates, affidavits, directions, amendments, indemnifications, notices, requests, demands, waivers, and any other assurances, instruments, or other communications executed in the name of and on behalf of the Owner as may be deemed to be necessary or advisable in order to carry into effect or to comply with the requirements of the instruments approved or authorized by these resolutions in connection with the Loans (“Loan Documents”);

**NOW, THEREFORE, IT IS HEREBY RESOLVED**, that all of the documents, instruments, or other writing executed by AAHC (both individually and in a representative capacity as identified in these resolutions), in consummation of the transactions herein described (both individually and in a representative capacity as identified in these resolutions), including, but not limited to, (i) the Ground Lease and Loan Documents and (ii) any and all such additional documents executed to consummate the transactions contemplated herein (collectively, the "Transaction Documents") shall be in form and substance approved



by the Executing Officer (as such term is hereinafter defined), both individually and in a representative capacity as identified in these resolutions, his/her approval of each such instrument to be conclusively evidenced by his execution thereof; and it is further,

**RESOLVED**, that AAHC (both individually and in a representative capacity as identified in these resolutions), review, execute and approve all other documents necessary to effectuate the foregoing transactions, all on such terms and containing such provisions as the Executing Officer shall deem appropriate, and the approval of the terms of each such instrument herein described by the Executing Officer shall be conclusively evidenced by his/her execution and delivery thereof; and it is further

**RESOLVED**, that the authorization of AAHC and/or Owner to enter into the Transaction Documents and that execution and delivery in the name and on behalf of AAHC and/or the Owner, by any of the officers of AAHC of the Transaction Documents, in the form as so executed and delivered is hereby approved, ratified and confirmed; and it is further

**RESOLVED**, that any officer of AAHC (each an "Executing Officer"), acting alone without the joinder of any other officer, is hereby authorized and directed for and on behalf, and as the act and deed of AAHC and/or Owner, to execute and deliver all other documents and other writings of every nature whatsoever in connection with the development of the Development, including but not limited to, the Transaction Documents, as the Executing Officer deems necessary in order to carry into effect the intent and purposes of these resolutions, and any other instruments approved by the Executing Officer (acting in a representative capacity as identified in these resolutions, acting individually and on behalf of the Holding Company), executing same, his/her approval of each such instrument to be conclusively evidenced by his/her execution thereof, and to take such other action in the consummation of the transactions herein contemplated as the Executing Officer acting shall deem to be necessary or advisable, without the necessity of attestation by the secretary or other officer or director, and any and all acts heretofore taken by the Executing Officer to such end are hereby expressly ratified and confirmed as the acts and deeds of AAHC and/or Owner, effective as of the date such action was taken; and it is further

**RESOLVED**, that action by any of the officers of AAHC, and any person or persons designated and authorized so to act by any such officer, to do and perform, or cause to be done and performed, in the name and on behalf of AAHC and/or the Owner, or the execution and delivery, or causing to be executed and delivered, such other security agreements, financing statements, notices, requests, demands, directions, consents, approvals, waivers, acceptances, appointments, applications, certificates, agreements, supplements, amendments, further assurances or other instruments or communications, in the name and on behalf of AAHC or otherwise, as they, or any of them, may deem to be necessary or advisable in order to carry into effect the intent of the foregoing resolutions or to comply with the requirements of the instruments approved or authorized by the foregoing resolutions is hereby approved, ratified and confirmed; and it is further

**RESOLVED**, that the Board of Directors finds the actions authorized by these resolutions may reasonably be expected to directly or indirectly benefit AAHC; and it is further

**RESOLVED**, that the Owner be promptly notified in writing by the Secretary or any other officer of AAHC or any change in these resolutions, and until it has actually received such notice in writing, the Owner is authorized to act in pursuance of these resolutions.

**PASSED, APPROVED AND ADOPTED** this 19th day of July, 2018.

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**Michael G. Gerber, Secretary**

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**Dr. Tyra Duncan-Hall, President**

ATTEST:

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SECRETARY



# PROPERTY DESCRIPTION



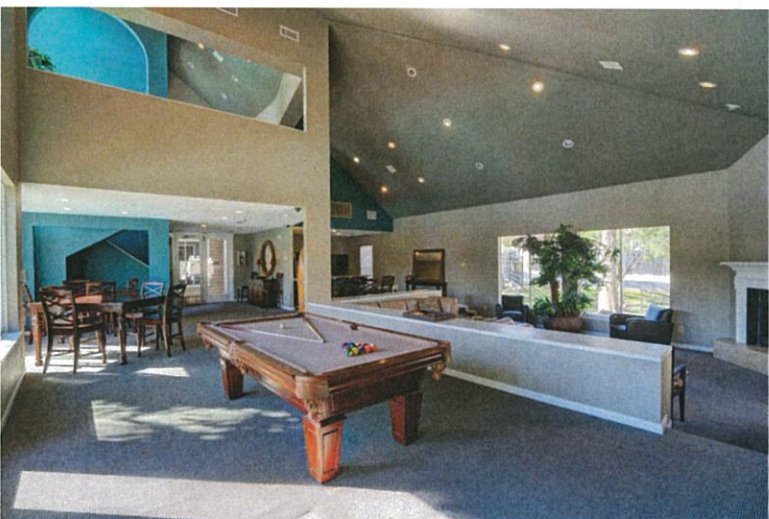


# PROPERTY DESCRIPTION





# AMENITIES





# AERIALS



Property		#Units			
Preserve At Wells Branch		308			
Unit Type	Bedrooms	Units	Sqft.	Price	Price/Sqft.
A	1 bed/1 bath	37	562	\$749	\$1.33
B	1 bed/1 bath	26	583	\$759	\$1.30
C	1 bed/1 bath	42	654	\$819	\$1.25
D	1 bed/1 bath	5	675	\$839	\$1.24
E	1 bed/1 bath	18	742	\$869	\$1.17
F	2 bed/1 bath	12	935	\$989	\$1.06
G	2 bed/2 bath	25	1027	\$1,029	\$1.00
A 2.0 Renovated	1 bed/1 bath	29	562	\$849	\$1.51
B 2.0 Renovated	1 bed/1 bath	22	583	\$859	\$1.47
C 2.0 Renovated	1 bed/1 bath	36	654	\$919	\$1.41
D 2.0 Renovated	1 bed/1 bath	7	675	\$959	\$1.42
E 2.0 Renovated	1 bed/1 bath	8	742	\$979	\$1.32
F 2.0 Renovated	2 bed/1 bath	12	935	\$1,159	\$1.24
G 2.0 Renovated	2 bed/2 bath	29	1027	\$1,199	\$1.17