

Item 27



Travis County Commissioners Court Agenda Request

Meeting Date: May 7, 2013

Prepared By/Phone Number: Andrea Shields, Manager/854-9116

Elected/Appointed Official/Dept. Head: Leslie Browder, County Executive, Planning and Budget/854-9106

Commissioners Court Sponsor: Samuel T. Biscoe, County Judge

AGENDA LANGUAGE:

Consider and take appropriate action on request to consider and approve Resolution approving a tax exempt bond financing to be undertaken by Travis County Housing Finance Corporation to finance the acquisition and rehabilitation of Champions Crossing Apartments, 2015 Cedar Bend Drive, Austin, Texas.

BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS: See attached backup.

STAFF RECOMMENDATIONS: Staff recommends approval.

ISSUES AND OPPORTUNITIES: None.

FISCAL IMPACT AND SOURCE OF FUNDING: None.

REQUIRED AUTHORIZATIONS: Andrea Shields, Manager/854-9116; Leslie Browder, County Executive, Planning and Budget/854-9106

AGENDA REQUEST DEADLINE: All agenda requests and supporting materials must be submitted as a pdf to the County Judge's office, agenda@co.travis.tx.us by **Tuesdays at 5:00 p.m.** for the next week's meeting.



NAMAN HOWELL
SMITH & LEE^{PLLC}
ATTORNEYS AT LAW

MEMORANDUM
from
William C. Blount

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Fax (512) 474-1901
E-mail: blount@namanhowell.com

TO: Board of Directors of
Travis County Housing Finance Corporation

DATE: April 29, 2013

RE: Issuance of Multifamily Housing Revenue Bonds (Champions Crossing
Apartments), Series 2013

Agenda Date: May 7, 2013

This item is to approve the financing of the purchase and rehabilitation of the Champions Crossing apartments located at 2015 Cedar Bend Drive, Austin, Texas, 78758. The principal amount of the Bonds is not to exceed \$19,000,000. Bond proceeds will be loaned to the borrower, ML CASA V, L.P., pursuant to the loan agreement, to provide the funds for the acquisition and rehabilitation of the apartments. The structure of the transaction is identical to the structure of the Argosy at Crestview transaction that the Corporation financed in 2012.

The bonds will be purchased by Bank of America, N.A. in a private placement. Bank of America is conducting its due diligence review and underwriting of the property and financing and will provide an investor letter at closing, stating that it is a sophisticated investor in bonds of this type and has received all the information it requires to make an informed investment decision.

The affordability restrictions are (a) 20% of the units to residents at or below 50% of area median income as established by HUD; (b) 50% of the units to residents at or below 80% of area median income; and (c) 90% of the units to residents at or below 120% of area median income. The restrictions will be enforced by the recording of a Land Use Restriction Agreement in the real property records which sets forth the restrictions. Area median income for 2013 is \$73,200.

The Attorney General's office will review the bond issuance transcript and must approve the legality of the issuance of the bonds.

Enclosed with this memo are the proposed bond resolution and the principal bond documents for your review.

This matter is also on the Travis County agenda to approve the issuance of the Bonds by TCHFC for TEFRA (Internal Revenue Code) purposes.

Please give me a call if you have any questions or require any additional information regarding this matter before Tuesday. The bond documents will be available in Andrea Shields' office for your review.

cc: Andrea Shields
Ladd Pattillo

**Travis County Housing Finance Corporation
700 Lavaca, Suite 1560
Austin, Texas 78701
Telephone: (512) 854-9116
Fax: (512) 854-4210**

Memo

April 3, 2013

To: Board of Directors
From: Andrea Shields, Manager
Re: Presentation for multifamily bond issue from Henderson Global Investors:
Champions Crossing

Introduction

Henderson Global Investors/CASA Partners V, LP has applied to the Housing Finance Corporation for a bond issue to finance the acquisition and rehabilitation of an apartment complex in Travis County, Champion's Crossing. As you might recall, Henderson Global Investors/CASA Partners V, LP is also the partnership that received multifamily housing bonds in 2012 to acquire and rehabilitate Argosy at Crestview on Justin Lane. The rehabilitation of this property is currently ongoing, and staff has the initial compliance file audit for this property in May 2013. Henderson also was the owner of Arboretum Oaks, another HFC bond property. The agenda item for April 9th, 2013, will allow Kristina Lynn the opportunity to address to Board to provide information on the project, while the initial inducement to issue bonds on this property will occur the following week based on availability of the HFC's counsel. This property will have 20% of its units set-aside at 50% of Area Median Income (AMI), and an additional 30% of the units set-aside at 80% of AMI. Please note, the property will not have a 4% tax credit layer.

As a reminder, the initial inducement is in no way a commitment to issue the bonds. You all have several weeks to review the application materials and receive answers to any additional questions you may have. This memo and the appended backup materials are intended to provide you with the most relevant information on these items for your consideration. Please note, the purchase contract on this project requires that Henderson Global Investors/CASA Partners V, LP close on the property in May or face penalties. Therefore, the proposed schedule for this bond issue is as follows:

April 9 th	Introduction of Project
April 16 th	Initial Inducement/Setting the TEFRA Hearing - May 7 th
May 7 th	TEFRA Hearing and Final Bond Resolution

While this schedule is faster than some bond issues, it does fall within the guidelines of the application materials if Henderson provides the appraisal to staff at the appropriate times. Both the HFC's counsel and FA agree they have adequate time to appropriately vet the application. Staff will physically inspect the property this week as well. Should you require any other information, please do not hesitate to request it, and we will be happy to provide it.

Information on Henderson Global Investors/CASA Partners V, LP

As was previously reported with the Argosy at Crestview project, CASA Partners V, LP is the 5th in a series of funds specifically for multifamily housing administered and sponsored by Henderson Global Investors. These funds began in 1993 and typically focus on multifamily projects that are stable but ready for repositioning or redevelopment to maintain the asset and extend its useful, which is very valuable in a strong rental market such as Austin as it improves the existing housing stock's condition and positions the property to continue to compete in the market. Moreover, the addition of the affordability layers position the property to provide safe, decent affordable housing to working individuals and families in an area where rents are increasing considerably.

Staff's prior experience with Henderson Global Investors/CASA Partners V, LP has been positive. Also notable is that Henderson contract property management through Pinnacle Property Manager, which currently manages three properties in the HFC's bond property portfolio. In general, staff's experience with Pinnacle, particularly the regional staff, has been very good.

Details on Champion's Crossing Apartments

Location: 2015 Cedar Bend Drive 78758 (maps are included in the back up for reference). The property is located in Precinct 2.

Bond Amt: \$19,000,000

Acq/Rehab

Costs: Total costs are estimated at \$23,959,205 with \$4,959,205 in equity from Henderson Global Investors/CASA Partners V, LP and the balance financed through the bond issue/proceeds. Henderson is proposing approximately \$2 million in renovations to the property. The exterior and common area renovations include but not limited to a \$200,000 renovation of the Community Building/Leasing Office including the fitness center, business center and common areas, the addition of a dog park, the improvement of a current on-site garden, exterior repairs, exterior painting, repaving the parking areas, replacing access gates, and upgrading landscaping. The unit improvements include but are not limited to replacement of cabinet doors and resurfacing of cabinets as appropriate, new fixtures, new faux wood flooring, new stainless steel Energy Star

appliances, adding GFCI outlets, replacing water heaters, and cleaning/repairing fireplaces and repair/improvement of patios.

Construction

Completion: Rehabilitation is expected to be completed within 24 months of closing.

Site: 10.90 acres, appropriately zoned for multifamily development.

Structures: The property was constructed in 1986 and offers 288 one- and two-bedroom family units in 3-story garden style apartment buildings.

Units: Champions Crossing offers several one- and two-bedroom floor plans. The mix of units and the respective square footages are listed in the following table.

Unit Mix		
Unit Type	Sq. Ft.	# of Units
1/1	491	72
1/1	563	108
1/1	676	36
2/2	844	48
2/2	996	24
Total		288

The units at the property will have income restrictions of 50% and 80% of the Area Median Income as well as at 120%, which is market rate. The following table shows the relative household sizes and incomes for the property.

Median Household Income by Household Size & Set-Aside				
# in Household	Set-Asides			
	50% AMI	80% AMI	100% AMI	120% AMI
1 Person	\$25,650	\$41,040	\$51,300	\$61,560
2 Person	\$29,300	\$46,880	\$58,600	\$70,320
3 Person	\$32,950	\$52,720	\$65,900	\$79,080
4 Person	\$36,600	\$58,560	\$73,200	\$87,840
5 Person	\$39,550	\$63,280	\$79,100	\$94,920

Rent restrictions are based on income: a qualified household will earn at least three times the rent each month based on income verification. This ensures the household is paying no more than 30% of the household income toward rent, which is in line with HUD standards.

**RESOLUTION OF THE COMMISSIONERS COURT OF TRAVIS COUNTY,
TEXAS APPROVING A TAX EXEMPT BOND FINANCING TO BE
UNDERTAKEN BY TRAVIS COUNTY HOUSING FINANCE CORPORATION**

WHEREAS, Travis County Housing Finance Corporation (the "Issuer") is proposing to issue its multifamily housing revenue bonds in an aggregate principal amount not to exceed \$19,000,000 to finance the acquisition and rehabilitation of a 288-unit housing community known as Champions Crossing Apartments located at 2015 Cedar Bend Drive, Austin, Texas, 78758 (the "Property") located within Travis County, Texas (the "County") by ML CASA V, L.P.; and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the issuance of the Bonds requires approval, following a public hearing, by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Property is located; and

WHEREAS, on April 22, 2013, a notice of a public hearing with respect to the proposed issuance of the Bonds was published in a newspaper of general circulation in Travis County, Texas, in which the Property is located; and

WHEREAS, the Issuer conducted the public hearing, at which time an opportunity was provided to present arguments both for and against the issuance of the Bonds and the nature and location of the Property to be financed or refinanced; and

WHEREAS, a summary of the comments presented at the hearing has been provided to the Commissioners Court of Travis County by the Issuer; and

WHEREAS, the Commissioners Court of Travis County now desires to approve the financing and the issuance of the Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Commissioners Court of Travis County, as follows:

Section 1. The Commissioners Court of Travis County hereby approves the financing described above and the issuance of the Bonds in an amount not to exceed \$19,000,000. It is the purpose and intent of the Commissioners Court of Travis County that this resolution constitute approval of the financing and the issuance of the Bonds for the purposes of Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Property is located, in accordance with said Section 147(f) of the Code.

Section 2. The County Judge and the County Clerk and the County Commissioners are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing transaction approved hereby.

Section 3. Nothing in this resolution shall be construed to create any obligation of the County with respect to the repayment of the Bonds. The Bonds shall never constitute an indebtedness or pledge of the County within the meaning of any constitutional or statutory provision, and the owners of the Bonds shall never be paid in whole or in part out of any funds raised or to be raised by taxation or any other revenues of the County.

Section 4. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED on May 7 2013.

COMMISSIONERS COURT OF
TRAVIS COUNTY, TEXAS

County Judge

ATTEST:

County Clerk