



STRATEGIC HOUSING FINANCE CORPORATION

April 6, 2017

Resolution No. SHFC-2017-05: To Approve the prescription of the form and substance of an Agreement to Issue Bonds; authorize the execution of such Agreement; and authorize additional provisions relating up to Twenty Five Million Dollars (\$25,000,000) in Multifamily Housing Revenue Bonds or Notes ("Austin Creekview Apartments) to be issued in one or more taxable and/or tax exempt series located at Old Manor Road and Crainway Dr., Austin, Texas.

WHEREAS, Strategic Housing Finance Corporation of Travis County (the "Corporation") is authorized by the Texas Housing Finance Corporations Act, Local Government Code, Chapter 394, Vernon's Annotated Texas Civil Statutes, as amended (the "Act"), to issue revenue bonds for the purpose of paying all or part of the cost of a Residential Development as defined in the Act, and to sell or lease the project to others or loan the proceeds of the bonds to others to finance all or part of the cost of the Residential Development; and

WHEREAS, the Act authorizes the Corporation: (a) to make loans to any person to provide financing for rental residential developments located within Travis County, Texas (the "County"), and intended to be occupied substantially (at least 90 percent) by persons of low and moderate income, as determined by the Corporation; (b) to issue its revenue bonds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Corporation, including the revenues and receipts to be received by the Corporation from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Corporation in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Corporation now desires to authorize, issue and sell its tax-exempt multifamily housing revenue bonds, to the extent authorized by law, to provide funds to defray all or part of the cost of acquiring, developing and/or constructing a certain Residential Development by Austin Creekview Apartments, LP., a Texas limited partnership and/or its assigns (the "User"); and

WHEREAS, the User and the Corporation desire that the Corporation take some official action toward the issuance of such bonds prior to the commencement of acquisition, development and construction of such Residential Development; and

WHEREAS, the County, has authorized and approved creation of the Corporation to act on its behalf to further certain public purposes of the County;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY, THAT:

Section 1: The Corporation hereby authorizes and agrees that it will issue and sell its multifamily housing revenue bonds (the "Bonds") from time to time in one or more series pursuant to the provisions of Texas law to pay all or part of the cost of acquiring, developing, constructing and equipping the project described in the Agreement to Issue Bonds attached hereto (the "Project"), together with certain costs of authorization, sale and issuance of the Bonds.



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The Bonds will be issued and sold as more fully provided in the Agreement to Issue Bonds, and subject to the terms thereof, in a maximum aggregate principal amount now estimated to be not more than \$25,000,000.

Section 2: The proceeds of the Bonds will be used to finance a portion of the acquisition, construction, development and equipping of the Project.

Section 3: The Corporation will enter into a financing agreement with the User providing for financing of all or part of the cost of the Project.

Section 4: The Board of Directors of the Corporation (the "Board of Directors") hereby finds, determines and declares that (i) the Project is required and suitable for the promotion of the construction of new, improved, or expanded residential development in the County, (ii) the User has the business experience, financial resources and responsibility to provide reasonable assurance that the Bonds and the interest thereon to be paid from, or by reason of, payments made by the User under the financing agreement will be paid as the same become due, and (iii) the Project is in furtherance of the public purposes set forth in the Act.

Section 5: That neither the User nor any other party is entitled to rely on this Resolution as a commitment to loan funds, and the Corporation reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Corporation shall not be subject to any liability or damages of any nature. Neither the User nor any one claiming by, through or under the User, nor any investment banking firm or potential purchaser of the Bonds shall have any claim against the Corporation whatsoever as a result of any decision by the Corporation not to issue the Bonds.

Section 6: The Corporation hereby authorizes the filing of one or more Applications For Allocation of Private Activity Bonds with the Texas Bond Review Board ("BRB") for the year 2016 for the aggregate amount of up to \$38,000,000 of qualified residential mortgage bonds, and the President of the Corporation, the Executive Vice President of the Corporation, and/or the Asset Manager of the Corporation are designated as the authorized officers, acting together or individually, to execute and deliver such Application to the BRB and to take any other actions consistent with this Resolution, including the execution of documents necessary to obtain a carry forward of a volume cap reservation or an additional application to the BRB for a volume cap carry forward application after November 15, 2016, as may be determined necessary by the officer executing any such document.

Section 7: This Resolution is a Declaration of Official Intent under U.S. Treasury Regulations for purposes of Sections 103 and 141 to 150 of the Internal Revenue Code of 1986, as amended. Based upon the representations of the User, the Corporation reasonably expects that certain of the costs of the Project may be reimbursed with the proceeds of the Bonds.



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NOW, THEREFORE, BE IT FURTHER RESOLVED that the Board of Directors of SHFC hereby:

1. Approves Resolution SHFC-2017-05
2. Authorizes the Executive Vice President to execute all relevant policies and procedures.

Passed and approved the 6th day of April 2017.

Ann Denton, President, Board of Directors

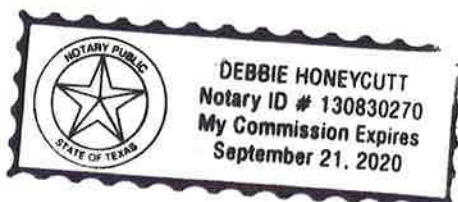
Attested and approved as to form:

Patrick B. Howard, Executive Vice President

CERTIFICATION

The above resolution, adopted by the Board of Directors of the Strategic Housing Finance Corporation of Travis County at a meeting held on the 6th day of April 2017, is hereby certified to be a true and correct copy of an official copy thereof on file among the official records of such Corporation.

WITNESS my hand and seal of office this 6 day of April, 2017.



By: Debbie Honeycutt
Name: Debbie Honeycutt
Title: _____



STRATEGIC HOUSING FINANCE CORPORATION

April 6, 2017

Strategic Housing Finance Corporation
Action Item 6A
Resolution SHFC-2017-05

Resolution No. SHFC-2017-05, To Approve the prescription of the form and substance of an Agreement to Issue Bonds; authorize the execution of such Agreement; and authorize additional provisions relating up to Twenty Five Million Dollars (\$25,000,000) in Multifamily Housing Revenue Bonds or Notes (Austin Creekview Apartments) to be issued in one or more taxable and/or tax exempt series located at Old Manor Road and Crainway Dr., Austin, Texas

Background Information:

Rise Residential Construction, L.P. and Strategic Housing Finance Corporation have been looking for suitable sites in Travis County for the last five months. Rise Residential Construction, L.P. is a fully integrated company providing development, construction, property management, and consulting services. They have developed or rehabilitated more than 4,000 living units using housing tax credits (9% and 4%), tax exempt bonds, HOME, CHDO HOME, DCDBG and CDBG-DR funds. Many of their developments have project based Section 8 rental contracts and HAP Contracts. Rise Residential Construction, L.P. is the Developer of **Austin Colorado Creek Apartments** a 240 unit transaction that closed April 2016.

The proposed Creekview Apartments Homes site is located just east of the intersection of Springdale Road and Old Manor Drive in East Austin. (See Location Map). The property will consist of 13.5 acres of land together with proposed improvements to consist of 264 units containing Studio, 1, 2 and 3 bedroom units with an average unit size of 852 square feet with **(7 units) set aside at 30% of AMFI, (7 units) at 40% of AMFI and (6 units) at 50% of AMFI** with the balanced proposed rents at 60% of AMFI. Reported rents range from \$358 to \$1112 per month.

Requested Action:

Consideration and appropriate action regarding Resolution No. SHFC-2017-05, To Approve the prescription of the form and substance of an Agreement to Issue Bonds; authorize the execution of such Agreement; and authorize additional provisions relating up to Twenty Five Million Dollars (\$25,000,000) in Multifamily Housing Revenue Bonds or Notes (Austin Creekview Apartments) to be issued in one or more taxable and/or tax exempt series located at Old Manor Road and Crainway Dr., Austin, Texas

Alternate Option:

The Board of Directors could elect to Not Approve Agreement to Issue Bonds and approve the filing of an application with the Texas Bond Review Board for volume cap.

Fiscal Impact:

N/A

Attachments:

- A. Resolution No. SHFC-2017-05
- B. Summary /Location Map
- C. Agreement to Issue Bonds

Prepared by:

Robert Onion, Director of Real Estate Development

Approval:

Patrick B. Howard, Executive Vice President

Austin Creekview Apartments Homes

Project Financing Narrative



Austin Creekview Apartment Homes will be a mixed income affordable housing community comprised of +/-264 new living units on +/-13.5 acres at Old Manor Road and Springdale, Austin, Travis County, Texas 75724. The residential units will be marketed to families earning 30% to 60% of the area median incomes. Specific targeting includes 5% or 14 units serving families at or below 40% of AMFI plus 3% or 6 units serving families at or below 50% of AMFI. The development will offer housing convenient to the fast-growing East Austin-Round Rock area, all accessible to Hwy. 183 and 290. A significant % of the affordable units will be special equipped for families in need a handicap equipped unit including wounded-warrior veterans. This site is a QCT with exceptional amenities in close proximity.

Austin Creekview Apartment Homes will offer residents more than a roof over their head. The community provides family supportive services like student achievement reading programs, adult education, homebuyer education, counseling services, credit education classes, health and nutritional courses, and other appropriate programs, at no additional cost to residents. Residents at the property will also enjoy a 5,600+ square foot club house with a fitness center, business center with computers and internet access, and a community room. The developments will also offer two swimming pools, sport courts, barbecue/picnic areas, and controlled access to the properties. The project sponsor is an experience development team including Strategic Housing Finance, Rise Residential Construction, LP and Rise Property Management. The plan involves a partnership with the Housing Authority of Travis County, a property tax exempt entity, by and through their HFC, Strategic Housing.

Austin Creekview Apartments Homes

Unit Type	Rent Level	# of Units	% of Mix	Net SF per Unit	Total Net Sq Ft	Maximum Gross Rent	Utility Allowance	Maximum Net Rent	Proposed Rent
studio	30%	2	1%	550	1,100	\$ 408	\$ 50	\$ 358	\$ 358
studio	40%	1	0%	550	550	\$ 545	\$ 50	\$ 495	\$ 495
studio	50%	1	0%	550	550	\$ 681	\$ 50	\$ 631	\$ 631
studio	60%	28	11%	550	15,400	\$ 817	\$ 50	\$ 767	\$ 767
%		32	12%		17,600				
1bd/1ba	30%	2	1%	732	1,464	\$ 438	\$ 63	\$ 375	\$ 375
1bd/1ba	40%	2	1%	732	1,464	\$ 584	\$ 63	\$ 521	\$ 521
1bd/1ba	50%	1	0%	732	732	\$ 730	\$ 63	\$ 667	\$ 667
1bd/1ba	60%	115	44%	732	84,180	\$ 876	\$ 63	\$ 813	\$ 813
%		120	45%		87,840				
2bd/2ba	30%	2	1%	1,063	2,126	\$ 525	\$ 83	\$ 442	\$ 442
2bd/2ba	40%	2	1%	1,063	2,126	\$ 701	\$ 83	\$ 618	\$ 618
2bd/2ba	50%	1	0%	1,063	1,063	\$ 876	\$ 83	\$ 793	\$ 793
2bd/2ba	60%	71	27%	1,063	75,473	\$ 1,051	\$ 83	\$ 968	\$ 968
%		76	29%		80,788				
3bd/2ba	30%	1	0%	1,220	1,220	\$ 607	\$ 102	\$ 505	\$ 505
3bd/2ba	40%	2	1%	1,220	2,440	\$ 809	\$ 102	\$ 707	\$ 707
3bd/2ba	50%	3	1%	1,220	3,660	\$ 1,011	\$ 102	\$ 909	\$ 909
3bd/2ba	60%	30	11%	1,220	36,600	\$ 1,214	\$ 102	\$ 1,112	\$ 1,112
%		36	14%		43,920				
Project Totals		264	100%		230,148				
Project Averages					872	\$ 940			\$ 867.12

As shown in the Sources and Uses chart on the following page, the total community cost is approximately \$40.8 million. Land acquisition with closing costs represents \$2.125 million of the development cost. The hard cost construction with GC fees and costs total just under \$28.0 million. The balance represents soft costs, indirect construction including design, financing costs and developer fee.

Uses of Funds	Total Costs	Per Unit	Per Sq. Ft.	% of TI Dev. Cost
Land & Buildings	2,125,000	8,049	9.23	5.20%
Construction	27,959,075	105,906	121.48	68.46%
Architecture & Engineering	594,980	2,254	2.59	1.46%
Permits & Fees	835,000	3,163	3.63	2.04%
Financing	695,000	2,633	3.02	1.70%
Construction Period Interest	1,500,000	5,682	6.52	3.67%
Bond Costs	761,500	2,884	3.31	1.86%
Tax Credit Costs	73,710	279	0.32	0.18%
Soft Costs	199,250	755	0.87	0.49%
Legal	145,000	549	0.63	0.36%
FF&E	296,000	1,121	1.29	0.72%
Pre Stabilization Costs	335,000	1,269	1.46	0.82%
Reserves	605,000	2,292	2.63	1.48%
Developer Fee	4,715,935	17,863	20.49	11.55%
Total Uses of Funds	40,840,450	154,699	177.45	100.00%

The costs will be financed from several sources of funding. Approximately \$25 million will be financed with an interim period, tax exempt, bond financing. The City of Austin is waiving permit and impact fees under SMART Housing for up to \$560,000. A competitive syndicator will purchase the full amount (99.99%) of Tax Credits. The tax credits will provide approximately \$15.2 million in total equity funds, of which, approximately 50% will be made available during the construction phase of the community, 25% at construction completion, 15% at cost certification and 9% at stabilization, 1%, paid in at the later of cost certification, conversion of the bond debt and/or issuance of 8609's. The tax exempt interim loan is retired with a Freddie Mac rate locked TEL (tax exempt loan) at conversion.

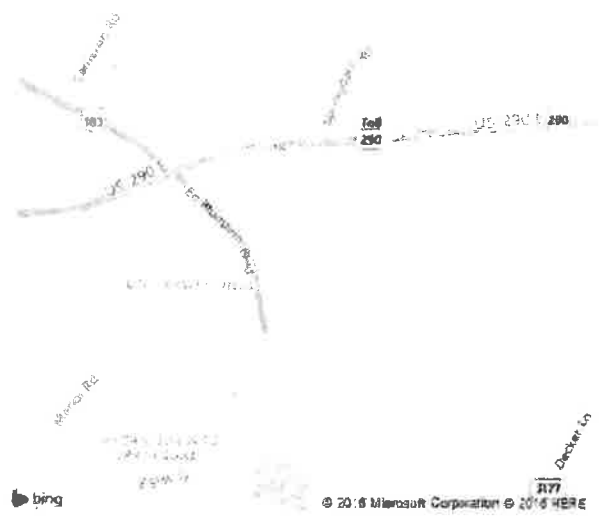
Austin Creekview Apartments Homes

The final source of financing to insure a balanced source and use of funds is from a deferral of the developer fee, \$985K (21% of the fee). The developers will take back a note for the deferred developer fee, to be repaid at 3% interest out of cash flow from the community after all other debt service and reserves are paid in full. There is no fixed debt service obligation for the deferred developer fee note. It is strictly a cash flow note. The deferred fee is expected to be paid in full with interest in less than 6 years.

The HTC equity combined with the tax-exempt bond interim construction loan, City SMART housing fee waivers, the permanent tax exempt bond financing, and a deferral of developer fee by will successfully complete and fully fund the project as presented below.

Sources of Funds		<u>Permanent Amount</u>	<u>% of Ttl Dev. Cost</u>	<u>Construction</u>	<u>% of Ttl Dev. Cost</u>
Debt					
Tax-exempt Bonds		-	0.0%	-	0%
Tax exempt Loan		24,100,000	59.0%	25,000,000	61%
Other soft debt		-	0.0%	-	0%
TCAP		-	0.0%	-	0%
SMART Housing Fee structure		575,000	1.4%	575,000	1%
Weatherization		-	0.0%	-	0%
NOI During Construction		-	0.0%	-	0%
GP Equity		-	0.0%	-	0%
GIC Income		-	0.0%	-	0%
Equity					
Tax Credit Equity @	\$ 0.950	15,180,176	37.2%	11,385,132	28%
Deferred Developer Fee	21%	985,273	2.4%	3,880,317	10%
GP Equity		-	0.0%	-	0%
Interest Rate Buydown	\$0.000	-	0.0%	-	0%
Total Sources of Funds		<u>40,840,450</u>	<u>100%</u>	<u>40,840,450</u>	<u>100%</u>

Notes





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WANTS TO
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CALL 202-770-2222