



## Development Finance Programs March 22, 2012

### Agenda Item:

Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of a calendar year 2012 Application for Allocation of Private Activity Bonds in the amount of \$15 million, Notice of Intention to Issue Bonds and State Bond Application to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Gateway Northwest Apartments Project

### Summary:

The Corporation received an application on March 12<sup>th</sup> for new private activity bonds to construct the Gateway Northwest Apartments in Georgetown, Texas. The applicant, Texas Housing Foundation (THF), is a non-profit developer based in Marble Falls, Texas. THF was created in 2006 and has developed more than 900 units of affordable rental housing throughout central Texas. THF's executive Director Mark Mayfield has been involved in affordable housing development for more than 20 years. The development team also includes Nash Builders, an experienced general contractor created in 1982 that has built more than 20 housing tax credit developments.

Gateway Northwest Apartments will be a newly constructed multifamily community of 180 units in Georgetown, Williamson County, Texas, targeted to families at a mix of 30%, 60% and 100% of area median incomes. The development will have nine two and three-story residential buildings with 20 units each and one community/leasing building. Apartment units will include 9' ceilings, a full appliance package, washer/dryer hookups, ceiling fans, and private patios with secured storage closets. The development will also meet the Corporation's energy efficiency standards and be rated for the new Energy Star 3.0 standard.

The proposed development will be located on approximately 8 acres of land at the northwest corner of the intersection of Northwest Boulevard and Washam Drive. The site is located within 1 mile of the IH 35 access roads and adjacent to both residential and commercial developments. Access to jobs, educational resources and community services is very good. The property is also located within a higher income census tract, which supports the Corporation's efforts to provide affordable housing choices for families outside of low-income areas.

Financing for the development includes a mix of tax exempt bonds, tax credit equity, federal HOME funds and private capital. The developer has requested \$12,241,800 in private activity bonds to be issued by the Corporation and purchased by PNC Real Estate. The bonds will be structured as an FHA guaranteed loan. PNC Real Estate will also provide \$6,513,162 in tax credit equity to the development as the limited partner. Other sources available to the development include \$2 million in federal HOME funds from the Texas Department of Housing and Community Affairs, and deferred developer fees of more than \$1 million.



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### Sources

TSAHC Bonds/FHA	\$12,241,800
TDHCA HOME funds	\$2,000,000
HTC Equity	\$6,513,162
Deferred Developer Fees	\$1,070,682
Other Equity	\$100,000
Total Sources	\$21,925,644

Staff has conducted only a cursory analysis of the feasibility of the project at this time. A full underwriting would be completed if the inducement is approved by the Board and prior to the final approval to issue bonds by the Board. The summary budget and proforma submitted by the applicant did meet the Corporation's threshold criteria.

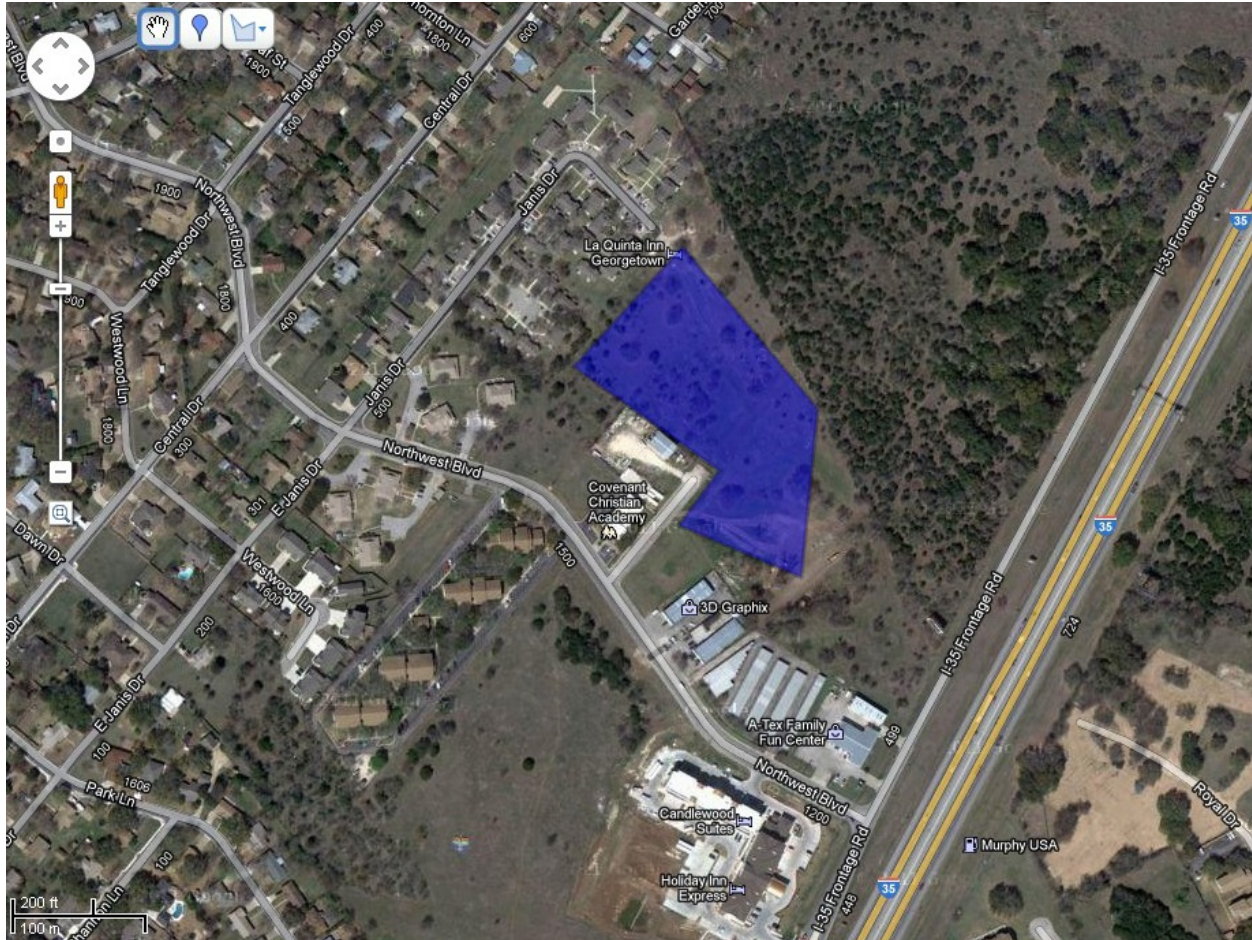
### Public Benefit

If the proposed development advances to closing 180 new units of affordable housing will be created in a primarily rural community. Despite being located near the Austin-Round Rock MSA, Georgetown qualifies under the Corporation's Rural and Small Urban Area targeted housing need set-aside. The location of the project in a higher income census tract also helps to the Corporation fulfill its goals to affirmatively further fair housing choice for low-income families.

### Staff's Recommendation:

It should be noted that the Board is only taking action on an inducement of bonds that gives staff the authority to request a reservation of bond funds from the Texas Bond Review Board for private activity bond volume cap. If the inducement is approved, the applicant will be required to submit a full underwriting package, hold public hearings, and draft complete bond documents before the Board would consider a resolution to issue bonds and before the submission of a full bond application to the Texas Bond Review Board.

After reviewing the inducement application package, staff recommends that the Board approve the inducement resolution regarding the submission of a calendar year 2012 application for allocation of private activity bonds the amount of \$15 million, notice of intention to issue bonds and state bond application to the Texas Bond Review Board and declaration of expectation to reimburse expenditures with proceeds of future debt for the Gateway Northwest Apartments Project.



Gateway Northwest Development Site