

# Texas State Affordable Housing Corporation

## Multifamily Private Activity Bond Project Summary

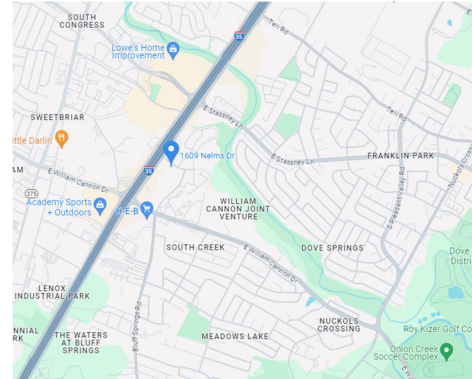
### **Agenda:**

Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for Bluffs at Nelms.

### **Summary:**

TSAHC received an application from Blue Ridge Atlantic Development, LLC, on October 2, 2023, proposing the construction of a 165-unit affordable senior apartment community located in Austin to be called Bluffs at Nelms.

Map of Project Area



### **Public Benefit:**

Bluffs at Nelms will create 165-units of affordable rental housing targeted for low-income senior households. Currently, 60 units will be reserved for households earning up to 40% of the area median income (AMI), 52 units for 50% AMI households, 18 units for 60% AMI households and 35 units for 80% AMI households. The project qualifies under TSAHC's targeted housing need for seniors.

### **Financial Summary:**

Bluffs at Nelms has a total budget of approximately \$57.1 million. The proposed financing includes tax-exempt bonds, a deferred repayable loan, interest income on the bonds and 4% housing tax credits. The project's direct costs include \$3.1 million for acquisition and \$36.1 million for hard construction (approx. \$219,000 per unit). Soft costs of \$2.9 million, financing costs of \$6.5 million, reserve accounts at \$1.04 million and developer fees at \$7.5 million round out total costs.

The anticipated maximum par amount of the bonds is \$31 million. A long-term Freddie Mac Tax Exempt Loan (TEL) structure is planned to provide \$16.7 million of permanent financing. Housing tax credit equity is anticipated to be \$23.4 million. A deferred repayable loan from the City of Austin has been applied for in the amount of \$11.7 million. The final permanent sources include income from the reinvestment of bond proceeds during construction estimated at \$2.3 million and deferred developer fees of \$2.9 million.

TSAHC has been asked to form a joint venture with the Developer and become a member of the ownership entity. TSAHC's involvement in the owner entity provides the project a property tax exemption, and the City of Austin is in support of the project with the tax exemption. Staff believes the property tax exemption is critical to the project reaching feasibility due to the number of extremely low-income households being served and the high cost of construction and operations in the Austin market.

### **Market Conditions:**

Bluffs at Nelms will be located east of IH35 between Stassney and William Cannon Blvd. It is adjacent to the Franklin Park neighborhood and two blocks from the Williamson Creek Greenbelt. The site has

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excellent transportation access and is less than one-quarter mile from a full-service grocery. The surrounding properties to the west include automobile dealerships, restaurants and a charter school. The property is surrounded to the east by garden style apartments.

The project is also close to a number of recreational facilities including McKinney Falls State Park, Jimmy Clay public golf course and the George Morales Recreation Center. The site is located within five minutes of Austin Fire Station 24, is two blocks from the Texas Department of Public Safety's William Cannon service center and ten minutes from the St. David's South Medical Center.

### **Developer Summary:**

Blue Ridge Atlantic Development is made up of two key parties: Shelter Resources Inc., a for-profit affordable housing developer based in Olympia, Washington and Blue Ridge President, Chris Eisenzimmer, a developer and registered CPA based in North Carolina. The combined companies currently have over 25 projects under development or in pre-development stages.

Shelter Resources Inc., (SRI) has developed affordable housing in the Pacific Northwest for over 30 years. With more than 6,000 units currently operating in Washington and Oregon, they are among the largest affordable housing providers in the Northwest, and have development, construction and property management services in-house. Blue Ridge Atlantic Development is a newer enterprise that gains from SRI's experience. However, Mr. Eisenzimmer brings more than 20 years of experience in affordable housing.

TSAHC has been asked to partner in Bluffs at Nelms through a joint venture agreement. TSAHC's involvement in the ownership entity will provide us with a higher degree of oversight and control over the project's operations and success. TSAHC will be represented by Coats Rose as Joint Venture Counsel, and we intend to structure the project similar to the recently closed Juniper Creek project that also received private activity bond volume cap through TSAHC. TSAHC closed on financing for two initial joint venture projects in 2023 that included Juniper Creek (Austin) and the Park on 14<sup>th</sup> (Plano).

### **Recommendation:**

Staff recommends approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Bluffs at Nelms Apartments.

**Bluffs at Nelms - Underwriting Draft.xlsx - Project Summary**

**Project Summary**

Applicant Blue Ridge Atlantic Development, LLC  
 Project Name Bluffs at Nelms

**Location**

Address 1609 Nelms Drive City Austin  
 County: Travis State Texas 78744  
 Census Tract: 48453002419

**Bonds**

Max. Par Amount: \$ 31,000,000 Bond Type: PAB  
 Term of Bonds: 35 years Allocation Year: 2024

**Perm Funding Souces**

	<b>Amount</b>	<b>% of Total</b>
TSAHC Bonds - Freddie TEL	\$ 16,700,000	29.22%
	\$ -	0.00%
HTC Equity	\$ 23,407,834	40.95%
AHFC RHDA Loan	\$ 11,760,000	20.57%
Investment Income	\$ 2,312,157	4.04%
Deferred Dev Fee	\$ 2,981,837	5.22%
<b>Totals</b>	<b>\$ 57,161,828</b>	<b>100%</b>

\* not included in total

**Market Summary**

	<b>City</b>	<b>County</b>	<b>State</b>	<b>Census Tract</b>
Population:	961,855	1,290,188	29,145,505	4,839
Median Age:	34	35	35	28
Diversity Index:	65	64	-	48
% Hispanic:	32%	33%	39%	67%
% Persons with Disability:	9%	8%	11%	15%
% Households that Rent:	55%	47%	38%	100%
Median Rents:	1,415	1,422	1,146	1,153
% Renters Who are Cost Burdened:	29%	29%	30%	31%
Median Home Price:	\$ 381,400	\$ 368,000	\$ 202,600	\$ -
Median Household Income:	\$ 78,965	\$ 85,043	\$ 67,321	\$ 44,020
Unemployment:	2.70%	2.80%	3.90%	0.00%
Persons w/o Insurance:	13%	12%	18%	26%
Medically Underserved Area:	NA	NA	NA	NA
% Attending Public Schools:	89%	90%	92%	95%
Graduation Rate (Austin ISD)	> = 90%			

CRA Eligible Census Tract: Low Income  
 # of LI Projects and Units: 4 960

**Bluffs at Nelms - Underwriting Draft.xlsx - Summary Sources and Uses**

**Summary of Sources and Uses**

Applicant Blue Ridge Atlantic Development, LLC

Project Name Bluffs at Nelms

Number of Units 165

Sources	Amount	Amount Per Unit	Percentage of Total
TSAHC Bonds - Freddie TEL	\$ 16,700,000	\$ 101,212	29%
	\$ -	\$ -	0%
HTC Equity	\$ 23,407,834	\$ 141,866	41%
AHFC RHDA Loan	\$ 11,760,000	\$ 71,273	21%
Investment Income	\$ 2,312,157	\$ 14,013	4%
Deferred Dev Fee	\$ 2,981,837	\$ 18,072	5%
<b>Total Sources</b>	<b>\$ 57,161,828</b>	<b>\$ 346,435</b>	<b>100%</b>

Uses	Amount	Amount Per Unit	Percentage of Total
Acquisition	\$ 3,130,925	\$ 18,975.30	5%
Off-Site Construction		\$ -	0%
On-Site Work	\$ 5,154,200	\$ 31,237.58	9%
Site Amenities	\$ 345,000	\$ 2,090.91	1%
Building Costs	\$ 24,674,588	\$ 149,542.96	43%
Other Const/Contingency	\$ 5,944,455	\$ 36,027.00	10%
Soft Costs	\$ 2,943,269	\$ 17,837.99	5%
Financing Costs	\$ 6,470,035	\$ 39,212.33	11%
Developer Fees	\$ 7,455,286	\$ 45,183.55	13%
Reserve Accounts	\$ 1,044,070	\$ 6,327.70	2%
<b>Total Uses</b>	<b>\$ 57,161,828</b>	<b>\$ 346,435.32</b>	<b>100%</b>

(Gap) / Reserve	\$ -
Percent of Developer Fee Deferred	40.00%

## Bluffs at Nelms - Underwriting Draft.xlsx - Operating Proforma

### Operating Proforma

Applicant Blue Ridge Atlantic Development, LLC  
 Project Name Bluffs at Nelms

Total Units:	165	30% AMI	-	% at 30% AMI	0%	80% AMI	35	% at 80% AMI:	21%
Min. Set Aside Election:	40% @ 60% AMI	40% AMI	60	% at 40% AMI	36%	MR:	0	% at MR:	0%
Min. Afford. Units:	66	50% AMI	52	% at 50% AMI	32%	Rental Assist:	Yes - Partial		
Afford. Units:	165	60% AMI	18	% at 60% AMI	11%	Accessible Unit Min:	9		
% Affordable:	100%	70% AMI	-	% at 70% AMI	0%				

### Residential Income

Unit Type	Unit Sq. Ft.	Net Sq. Ft.	# units	Rent	Mo. Income	Inflator	Rent Limiter
1/1	642	19,260	30	\$ 812	\$ 24,360	1.02	40% AMI
1/1	642	17,334	27	\$ 1,031	\$ 27,837	1.02	50% AMI
1/1	642	5,136	8	\$ 1,250	\$ 10,000	1.02	60% AMI
1/1	642	10,272	16	\$ 1,425	\$ 22,800	1.02	80% AMI
2/2	960	28,800	30	\$ 967	\$ 29,010	1.02	40% AMI
2/2	960	24,000	25	\$ 1,230	\$ 30,750	1.02	50% AMI
2/2	960	9,600	10	\$ 1,493	\$ 14,930	1.02	60% AMI
2/2	960	18,240	19	\$ 1,820	\$ 34,580	1.02	80% AMI

<b>Subtotals:</b>	132,642	165	\$ 194,267
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Other income:	\$ 30.00	\$ 4,950	1.02
Potential gross income			
Residential vacancy loss			7.50%
<b>Effective Gross Residential Income</b>			

### Operating Expenses

	TSAHC est.	Borrower Yr 1	% EGI	Variance	Per Unit	Inflator
General & Administrative	\$ 87,450	\$ 63,005	2.85	-28%	\$ 382	1.03
Management Fee	\$ 80,190	\$ 65,127	2.95	-19%	\$ 395	1.03
Payroll and Related	\$ 229,515	\$ 298,510	13.50	30%	\$ 1,809	1.03
Maintenance & Repair	\$ 134,640	\$ 103,893	4.70	-23%	\$ 630	1.03
Utilities	\$ 170,775	\$ 165,296	7.48	-3%	\$ 1,002	1.03
Insurance	\$ 76,725	\$ 114,535	5.18	49%	\$ 694	1.03
Tax Exempt			0.00	#DIV/0!	\$ -	1.03
Operating Debt Service Reserves			0.00	#DIV/0!	\$ -	1.03
Replacement reserves	\$ 41,250	\$ 41,250	1.87	0%	\$ 250	1.03
HTC/HOME Compliance Fees	\$ 6,600	\$ 6,600	0.30	0%	\$ 40	1.03
Bond Compliance Fees	\$ 7,425	\$ 7,425	0.34	0%	\$ 45	1.03
Other (specify):			0.00	#DIV/0!	\$ -	1.03
<b>Total Operating Expenses</b>	<b>\$ 834,570</b>	<b>\$ 865,641</b>		<b>4%</b>	<b>\$ 5,246.31</b>	

Regional Avg \$ 5,922.00 per unit  
 Operating Expenses as a percentage of Effective Gross Income

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$ 292,320	\$ 298,166	\$ 304,130	\$ 310,212	\$ 316,417	\$ 349,349	\$ 385,710
\$ 334,044	\$ 340,725	\$ 347,539	\$ 354,490	\$ 361,580	\$ 399,214	\$ 440,764
\$ 120,000	\$ 122,400	\$ 124,848	\$ 127,345	\$ 129,892	\$ 143,411	\$ 158,337
\$ 273,600	\$ 279,072	\$ 284,653	\$ 290,347	\$ 296,153	\$ 326,977	\$ 361,009
\$ 348,120	\$ 355,082	\$ 362,184	\$ 369,428	\$ 376,816	\$ 416,036	\$ 459,337
\$ 369,000	\$ 376,380	\$ 383,908	\$ 391,586	\$ 399,417	\$ 440,989	\$ 486,888
\$ 179,160	\$ 182,743	\$ 186,398	\$ 190,126	\$ 193,929	\$ 214,113	\$ 236,398
\$ 414,960	\$ 423,259	\$ 431,724	\$ 440,359	\$ 449,166	\$ 495,916	\$ 547,531
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 59,400.00	\$ 60,588	\$ 61,800	\$ 63,036	\$ 64,296	\$ 70,988	\$ 78,377
\$ 2,390,604	\$ 2,438,416	\$ 2,487,184	\$ 2,536,928	\$ 2,587,667	\$ 2,856,993	\$ 3,154,351
\$ (179,295)	\$ (182,881)	\$ (186,539)	\$ (190,270)	\$ (194,075)	\$ (214,274)	\$ (236,576)
\$ 2,211,309	\$ 2,255,535	\$ 2,300,646	\$ 2,346,658	\$ 2,393,592	\$ 2,642,719	\$ 2,917,775

\$ 63,005	\$ 64,895	\$ 66,842	\$ 68,847	\$ 70,913	\$ 82,207	\$ 95,301
\$ 65,127	\$ 67,081	\$ 69,093	\$ 71,166	\$ 73,301	\$ 84,976	\$ 98,510
\$ 298,510	\$ 307,465	\$ 316,689	\$ 326,190	\$ 335,976	\$ 389,488	\$ 451,523
\$ 103,893	\$ 107,010	\$ 110,220	\$ 113,527	\$ 116,932	\$ 135,557	\$ 157,147
\$ 165,296	\$ 170,255	\$ 175,363	\$ 180,623	\$ 186,042	\$ 215,674	\$ 250,025
\$ 114,535	\$ 117,971	\$ 121,510	\$ 125,155	\$ 128,910	\$ 149,442	\$ 173,244
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 41,250	\$ 42,488	\$ 43,762	\$ -	\$ -	\$ -	\$ -
\$ 6,600	\$ 6,798	\$ 7,002	\$ 7,212	\$ 7,428	\$ 8,612	\$ 9,983
\$ 7,425	\$ 7,648	\$ 7,877	\$ 8,113	\$ 8,357	\$ 9,688	\$ 11,231
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 865,641	\$ 891,610	\$ 918,359	\$ 900,834	\$ 927,859	\$ 1,075,643	\$ 1,246,965
\$ 5,246	\$ 5,404	\$ 5,566	\$ 5,460	\$ 5,623	\$ 6,519	\$ 7,557
39.1%	39.5%	39.9%	38.4%	38.8%	40.7%	42.7%

### NET OPERATING INCOME

\$ 1,345,668	\$ 1,363,925	\$ 1,382,287	\$ 1,445,824	\$ 1,465,732	\$ 1,567,075	\$ 1,670,810
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## Bluffs at Nelms - Underwriting Draft.xlsx - Operating Proforma

**NET OPERATING INCOME**

\$	1,345,668	\$	1,363,925	\$	1,382,287	\$	1,445,824	\$	1,465,732	\$	1,567,075	\$	1,670,810
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**PRIMARY DEBT SERVICE**

	Principal	Rate	Amort	Term
TSAHC Bonds - Freddie TEL	\$ 16,700,000	6.00%	35	35
<b>Total Primary Debt</b>	<b>\$ 16,700,000</b>			

TSAHC Issuer Fee	\$ 16,700		
Net Cashflow After Primary Debt			
DSCR Primary Debt			

**SOFT SUBORDINATE DEBT & EQUITY**

HTC Equity	\$ 23,407,834		
AHFC RHDA Loan	\$ 11,760,000		
Investment Income	\$ 2,312,157		
Deferred Dev Fee	\$ 2,981,837		
<b>Total Secondary Debt</b>	<b>\$ 40,461,828</b>		
<b>Total sources</b>	<b>\$ 57,161,828</b>		

Net Cash Flow of Secondary Debts

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$	1,142,660	\$	1,142,660	\$	1,142,660	\$	1,142,660
<b>\$</b>	<b>1,142,660</b>	<b>\$</b>	<b>1,142,660</b>	<b>\$</b>	<b>1,142,660</b>	<b>\$</b>	<b>1,142,660</b>

\$	16,700	\$	16,700	\$	16,700	\$	16,700	\$	16,700	\$	16,700	\$	16,700
\$	186,308	\$	204,564	\$	222,927	\$	286,464	\$	306,372	\$	407,715	\$	511,449
	1.16		1.18		1.19		1.25		1.26		1.35		1.44

\$	93,154	\$	102,282	\$	111,463	\$	143,232	\$	153,186	\$	203,858	\$	255,725
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
<b>\$</b>	<b>186,308</b>	<b>\$</b>	<b>204,564</b>	<b>\$</b>	<b>222,927</b>	<b>\$</b>	<b>286,464</b>	<b>\$</b>	<b>306,372</b>	<b>\$</b>	<b>407,715</b>	<b>\$</b>	<b>511,449</b>