

City of Austin



Recommendation for Action

File #: 25-1330, **Agenda Item #:** 3.

7/24/2025

Posting Language

Approve a resolution approving Austin Housing Finance Corporation's ownership in the land and phase one of a to-be constructed two-phase multifamily residential development, Sunset Ridge Apartments, located at or near 8413 Southwest Parkway, Austin, Texas 78735 for the purpose of the exemption of ad valorem and sales and use taxes under Section 394.905 of the Texas Local Government Code. Funding: This item has no fiscal impact.

Lead Department

Austin Housing Finance Corporation.

Fiscal Note

This item has no fiscal impact.

For More Information:

Mandy DeMayo, Treasurer, Austin Housing Finance Corporation, 512-974-1091.

Council Committee, Boards and Commission Action:

February 29, 2024 - Austin Housing Finance Corporation (AHFC) approved authorization to negotiate and execute a loan agreement and related documents with Manifold Sunset Ridge LIHTC, LLC, or an affiliated entity, in an amount not to exceed \$8,885,000, for the development of rental housing.

Additional Backup Information:

This item relates to the June 5, 2025, postponement of Agenda Item #4 - the potential partnership of Sunset Ridge Apartments (Development), a two-phase 364 to 444-unit multifamily rental development located at 8413 Southwest Parkway, Austin, Texas 78735.

AHFC will acquire the land and create a parcel for phase one and a parcel for phase two. AHFC will ground lease phase one to the owner/developer, in which an AHFC affiliate is a member, for the construction of a multifamily residential development. Phase two will be developed on a later date. It is anticipated that AHFC will have an ownership interest in phase two. At that time, a resolution of approval of AHFC's ownership in phase two will be presented to the AHFC Board of Directors.

Following the new legislation HB 21 impacting Chapter 394 of the Texas Local Government Code, signed by the Governor on May 28, 2025, and effective immediately, in order for the Development to be eligible for an exemption from ad valorem and sales and use taxes, AHFC is required to approve the resolution and to produce and publish an underwriting assessment of the proposed development prior to AHFC approval. The assessment must make "a good faith determination that the total amount of annual rent reduction applicable to the development, as defined by Section 394.9026(a), will be not less than 50 percent of the amount of estimated ad valorem taxes that would be imposed on the property in the same tax year if the applicable property did not receive an exemption from those taxes."

Hilltop Securities Inc. (HTS) conducted the assessment report and determined that the annual rent reduction of phase one of the Development will not be less than 50 percent of the amount of estimated ad valorem taxes that would be imposed on the property in the same tax year if the applicable property did not receive an exemption from taxes under Ch 394 in the first, second, and third tax years after the tax year in which the development first achieves an occupancy of 90 percent.