

City of Austin



Recommendation for Action

File #: 26-1332, **Agenda Item #:** 1.

3/26/2026

Posting Language

Authorize negotiation and execution of a loan agreement and related documents to National Church Residences, or an affiliated entity, in an amount not to exceed \$3,500,000 as permanent debt for Sunday Village (formerly known as Arbors at Creekside), located at or near 1026 Clayton Lane, Austin, Texas 78723. Funding: Funding in the amount of \$3,500,000 is available in the Fiscal Year 2025-26 Capital Budget of the Austin Housing Finance Corporation.

Lead Department

Austin Housing Finance Corporation

Fiscal Note

Funding in the amount of \$3,500,000 is available in the Fiscal Year 2025-26 Capital Budget of the Austin Housing Finance Corporation.

Prior Council Action:

May 5, 2022: Council set a public hearing related to an application by Creekside Senior Housing Limited Partnership, or an affiliated entity, for housing tax credits for a multifamily development that will be financed through the private activity bond program to be known as Arbors at Creekside, located at or near 1026 Clayton Lane, Austin, Texas 78723, within the City (Development).

May 19, 2022: Council conducted a public hearing and approved a resolution related to an application by Creekside Senior Housing Limited Partnership, or an affiliated entity, for housing tax credits for a multi-family development that will be partially financed through the private activity bond program to be known as Arbors at Creekside, located at or near 1026 Clayton Lane, Austin, Texas 78723.

For More Information:

Deletta Dean, Treasurer, Austin Housing Finance Corporation; Mandy DeMayo, Deputy Director of Austin Housing, 512-974-1091

Council Committee, Boards and Commission Action:

May 24, 2001: Austin Housing Finance Corporation (AHFC) approved a resolution authorizing the creation of the Arbors at Creekside Non-Profit Corporation to participate in the development of the Arbors at Creekside, a 176-unit affordable senior citizen apartment complex located at 1022 Clayton Lane.

May 24, 2001: AHFC approved a resolution authorizing the negotiation of an agreement for Austin Housing Finance Corporation (AHFC) to participate as a co-developer of the Arbors at Creekside.

December 10, 2020: AHFC approved a resolution authorizing the creation of AHFC Arbors Investor Non-Profit Corporation as an affiliate and instrumentality of AHFC to purchase one or more limited partner interests in Arbors Housing Partners, Ltd., the owner of Arbors at Creekside.

April 8, 2021: AHFC authorized negotiation and execution of a loan agreement and related documents with Arbors Housing Partners Ltd., the owner of the affordable multi-family rental development known as the Arbors

at Creekside, located at 1026 Clayton Lane, for needed repairs and potential operating shortfalls, in an amount not to exceed \$750,000.

April 8, 2021: AHFC authorized negotiation and execution of a loan agreement and related documents with AHFC Arbors Investor Non-Profit Corporation to purchase the limited partner interests in Arbors Housing Partners Ltd., the owner of the affordable multi-family rental development known as the Arbors at Creekside, located at 1026 Clayton Lane, in an amount not to exceed \$1,250,000.

September 2, 2021: AHFC Approved a resolution authorizing the formation of AHFC Arbors Non-Profit Corporation, a Texas nonprofit corporation and instrumentality of the Austin Housing Finance Corporation; approving its Certificate of Formation and By-Laws; appointing its Board of Directors and President; and authorizing AHFC Arbors Non-Profit Corporation to act as general partner of the limited partnership that will own the Arbors at Creekside Apartments, located at 1026 Clayton Lane, Austin, Texas.

September 2, 2021: AHFC approved an inducement resolution for private activity bond financing to be submitted to the Texas Bond Review Board for an allocation of up to \$25,000,000 in private activity volume cap multifamily non-recourse bonds, by Creekside Senior Housing Limited Partnership, or an affiliated entity, for a proposed affordable multifamily redevelopment known as Arbors at Creekside, located at 1026 Clayton Lane, Austin, Texas 78723.

October 13, 2022: AHFC set a public hearing for October 27, 2022, regarding the issuance of up to \$25,000,000 of Multifamily Housing Revenue Bonds to be issued by AHFC to finance the rehabilitation of Arbors at Creekside by Creekside Senior Housing Limited Partnership, or an affiliated entity, for the housing development located at 1026 Clayton Lane, Austin, Texas 78723

October 27, 2022: AHFC conducted a public hearing to receive public comment regarding the issuance of up to \$25,000,000 of Multifamily Housing Revenue Bonds to be issued by AHFC to finance the purchase and rehabilitation of the Arbors at Creekside, a multifamily housing development located at 1026 Clayton Lane, Austin, Texas 78723, by the Creekside Senior Housing Limited Partnership, or an affiliated entity.

November 3, 2022: AHFC approved a resolution authorizing the issuance of Austin Housing Finance Corporation Multifamily Housing Revenue Bonds in an aggregate principal amount up to \$25,000,000 to provide financing for the rehabilitation of Arbors at Creekside, located at 1026 Clayton Lane, Austin, Texas 78723; approving related documents, in substantially the form attached to the resolution; authorizing a ground lease; and authorizing specific named representatives of the Austin Housing Finance Corporation to execute the documents relating to the issuance of the bonds and closing the transaction..

Additional Backup Information:

If approved, AHFC is authorized to enter into a loan agreement and related documents with National Church Residences, or an affiliated entity, for the existing 176-unit multifamily rental development for seniors aged 55 years and older located at or near 1026 Clayton Lane, Austin, Texas 78723 in Council District 4.

When AHFC loans the funds to National Church Residences, or an affiliated entity, the \$3,500,000 immediately will be loaned to Creekside Senior Housing Limited Partnership (the Owner) as permanent debt. Due to tax related party rules, AHFC is unable to loan the funds directly to the Owner.

Current Funding Request: \$3,500,000 (2022 GO Bonds)

Development Information: Funding will be utilized as permanent debt for the 176-unit multifamily housing development. As part of Sunday Village's (formerly known as Arbors at Creek Side) 2022 re-syndication, the Owner obtained a construction loan to pay for a portion of the significant renovations to the property. Tax credit

equity paid for the remaining portion of renovation costs. At the time of re-syndication, the Owner was provided with a commitment for a permanent loan underwritten on projected rental rates and expenses. Since 2022, there has been a drastic decrease in rental rates and demand in Austin's housing market, particularly among seniors, and the development has not performed as initially underwritten. As a result, gap financing is required in order to pay the construction loan and decrease the amount of the permanent loan to meet the development's revised underwriting requirements. With this gap financing from AHFC, AHFC is able to require 35 of the 176 units to be set aside for households earning at or below 40 percent Median Family Income (MFI). AHFC's developer partner, National Church Residences, is anticipated to provide approximately \$1,000,000 in the form of a sponsor loan to assist with additional financing needs.

Currently, the development provides 88 units available to rent to households earning at or below 50 percent MFI and 88 units available to rent to households earning at or below 60 percent MFI. With this loan, 35 units will be available for rent to households earning at or below 40 percent MFI, 88 units will be available for rent to households earning at or below 50 percent MFI, and 53 units will be available for rent at or below 60 percent MFI. The affordability period of the loan is 45 years.