



CITY OF PLANO COUNCIL AGENDA ITEM

CITY SECRETARY'S USE ONLY				
<input type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory				
Council Meeting Date:		December 22, 2015		
Department:		Neighborhood Services		
Department Head		Lori Feild Schwarz		
Agenda Coordinator (include phone #): Doris Carter ext. 5350				
CAPTION				
Public Hearing and consideration of a Resolution of the City of Plano, Texas, approving the issuance of Multifamily Housing Revenue Bonds by Capital Trust Agency, a Public Agency, to finance the acquisition, improvement and rehabilitation of Garden Gate Apartments, located at 1201 Legacy Drive, in a principal amount not to exceed \$35,000,000; and declaring an effective date.				
FINANCIAL SUMMARY				
<input checked="" type="checkbox"/> NOT APPLICABLE <input type="checkbox"/> OPERATING EXPENSE <input type="checkbox"/> REVENUE <input type="checkbox"/> CIP				
FISCAL YEAR: 2015-16	Prior Year (CIP Only)	Current Year	Future Years	TOTALS
Budget	0	0	0	0
Encumbered/Expended Amount	0	0	0	0
This Item	0	0	0	0
BALANCE	0	0	0	0
FUND(S): N/A				
COMMENTS: This item has no financial impact.				
STRATEGIC PLAN GOAL: Approving the issuance of bonds to rehabilitate and improve existing multifamily housing by a third party relates to the City's goal of Partnering for Community Benefit and Great Neighborhoods - 1st Choice to Live.				
SUMMARY OF ITEM				
This item is a public hearing and consideration of the resolution to approve the issuance of bonds by Capital Trust Agency for the acquisition and rehabilitation of Garden Gate Apartments by American Opportunity Foundation/Houston Affordable Housing Corporation. The public hearing and approval process is required by Title 26 Section 147(f) of Internal Revenue Code of 1986. If the resolution is approved, the City of Plano has no liability or obligation for the payment of the bonds.				
List of Supporting Documents:			Other Departments, Boards, Commissions or Agencies	
Memo				
Resolution				



Memorandum

Date: December 11, 2015

To: Bruce D. Glasscock, City Manager

From: Shanette Brown, Community Services Manager

Subject: Garden Gate Apartment Acquisition and Rehabilitation Financing

The Texas Department of Housing and Community Affairs (“TDHCA”) awarded 9% housing tax credits for the construction of Garden Gate Apartments, located at 1201 Legacy Drive, in 1993. The construction was completed in 1995. The 240 unit property is the only low income housing tax credit (LITHC) development within the city of Plano that is for the general population, meaning there are only income restrictions for those seeking to live in the complex. Residency is restricted to those earning 60% or less of the area median income until 2024, when the tax credits expire. For Plano, a four person household with an income of \$42,240 or less qualifies to live in Garden Gate Apartments. The complex offers 80 one-bedroom units, 128 two-bedroom units, and 32 three-bedroom units.

The American Opportunity Foundation/Houston Affordable Housing Corporation, (“The Corporation”), a Texas non-profit 501(c)3 corporation that focuses on affordable housing, has filed an application with the TDHCA to acquire, rehabilitate, and operate Garden Gate Apartments. The Corporation is seeking private activity tax-exempt bond financing through Capital Trust Agency, a Public Agency with bond issuance authority inside and outside the State of Florida, in an amount not to exceed \$35M. The tax exempt bonds allow the Corporation to acquire Garden Gate Apartments and provide necessary repairs to the units and common areas, while setting aside funds for future unit repairs.

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) requires the issuer of bonds to communicate its intent and the purpose in a public hearing referred to as a TEFRA Hearing. Moreover, Title 26 Section 147(f) of Internal Revenue Code of 1986, as amended, requires a public approval process prior to the issuance of private activity bonds. Governmental entities having jurisdiction over the area in which a facility seeking private activity bonds is located, must have a public hearing and approve the issuance of such bonds in order for it to be deemed a qualified private activity bond under Title 26 of the Internal Revenue Code. There is no liability or obligation assumed with approval of the issuance of these bonds. The state housing agency is also required to approve the acquisition and rehabilitation of any development financed in whole or part with low income housing tax credits prior to the issuance of bonds, per Title 26 Section 42 of Internal Revenue Code of 1986, as amended.

On Thursday, December 10, 2015, the bond issuer, Capital Trust Agency, held a TEFRA Hearing in the community meeting room of Garden Gate Apartments to inform residents American Opportunity Foundation/Houston Affordable Housing Corporation’s intent to acquire and rehabilitate the complex. The public hearing and consideration of the resolution is to be held at the December 22nd City Council meeting, which will serve as the public hearing and approval process required by Title 26 Section 147(f) of Internal Revenue Code of 1986. If the resolution is approved, the City of Plano has no liability or obligation for the payment of the bonds. The TDHCA Board will consider the filed application at their future meeting, thereby ensuring that the land use restriction agreement (LURA) placed on the housing tax credit financed development will remain in place through the term of the bond issuance. Currently, the LURA expires in 2024. The issuance of new bonds will extend the current LURA past 2024 through the life of the bond issuance, which has not been finalized at this time.

XC: Frank F. Turner, Deputy City Manager
Jack Carr, Assistant City Manager
Lori Feild Schwarz, Director of Neighborhood Services

A Resolution of the City of Plano, Texas, approving the issuance of Multifamily Housing Revenue Bonds by Capital Trust Agency, a Public Agency, to finance the acquisition, improvement and rehabilitation of Garden Gate Apartments, located at 1201 Legacy Drive, in a principal amount not to exceed \$35,000,000; and declaring an effective date.

WHEREAS, the Capital Trust Agency (the "Issuer") is a Public Agency with bond issuance authority inside and outside the State of Florida; and

WHEREAS, AOF Garden Gate Plano, LLC (the "Borrower"), a Texas limited liability company, whose sole member is AOF/Houston Affordable Housing Corp., a Texas nonprofit corporation, is seeking to borrow funds from the Issuer to finance the acquisition, improvement and rehabilitation of an existing multifamily housing residential rental development commonly known as the Garden Gate Apartments located at 1201 Legacy Drive, Plano, Texas 75023; and

WHEREAS, the Borrower has requested that the Issuer distribute multifamily housing revenue bonds ("Bonds") to finance such acquisition, improvement and rehabilitation, in one or more series, at one or more times, in an aggregate principal amount not to exceed \$35,000,000 (the "Plan of Finance"); and

WHEREAS, Garden Gate Apartments was in built in 1995 utilizing Texas Department of Housing and Community Affairs 9% Housing Tax Credits awarded in 1993 and has approximately 240 units of housing for the general population with an annual income at or below 60% of the area median income; and

WHEREAS, pursuant to the provisions of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the City Council of the City of Plano, after the required public hearing (the "TEFRA Hearing"), following reasonable public notice, must approve issuance of the Bonds by the Issuer to enable the Bonds to qualify as tax-exempt obligations under the Code; and

WHEREAS, the TEFRA Hearing for the issuance of the Bonds pursuant to the Plan of Finance, required by § 147(f)(2)(B) of the Code, was conducted at 1201 Legacy Drive, Plano, Texas 75023, on December 10, 2015 by a designated hearing officer of the Issuer, following the reasonable public notice published in The Dallas Morning News on November 24, 2015; and

WHEREAS, the City Council constitutes the elected legislative body of the City and therefore qualifies as the applicable elected representative as defined by § 147(f)(2)(E) of the Code.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLANO, TEXAS, THAT:

SECTION I. The City Council hereby approves the issuance of the Capital Trust Agency Multifamily Housing Revenue Bonds (The Garden Gate Apartments Project) Series 2016 in one or more series, at one or more times, in an aggregate principal amount not to exceed \$35,000,000, pursuant to the Plan of Finance.

SECTION II. The foregoing approval shall be solely for the purposes of Section 147(f) of the Code, and the City of Plano, Texas shall have no liability or obligation for the payment of the Bonds, nor shall any of its assets be pledged to the payment of the Bonds.

SECTION III. This resolution shall become effective immediately upon its passage.

DULY PASSED AND APPROVED THIS THE 22ND DAY OF DECEMBER, 2015.

Harry LaRosiliere, MAYOR

ATTEST:

Lisa C. Henderson, CITY SECRETARY

Approved as to form:

Paige Mims, CITY ATTORNEY