



AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: October 2, 2023
PREPARED BY: Gregory Miller, Bond Counsel
DEPARTMENT: Bickerstaff Heath Delgado Acosta LLP

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action to approve an inducement resolution that authorizes an application to the Texas Bond Review Board for an allocation of up to \$70,000,000 in private activity volume cap multi-family non-recourse bonds to Manor Leased Housing Associates I, LP, or one of Dominion Acquisition, LLC's related entities, for a proposed affordable multi-family development to be known as Tower Road Apartments, located at or near 12200 Tower Road, Manor, Texas 787653.

BACKGROUND/SUMMARY:

At the previous Board meeting on September 20, representatives from Dominion presented the Tower Road Apartments project. Two of the potential funding sources for the project depend on the MHPFC: 1) the PFC tax exemption discussed above, and 2) the MHPFC's issuance of bonds for affordable multifamily housing developments.

This item concerns the issuance of bonds. The issuance includes the following considerations:

- a. The MHPFC will issue the bonds and the proceeds will be used by the developer (Manor Leased Housing Associates is an entity created by Dominion for the project) to complete the project.
- b. These bonds are "Private Activity Bonds" meaning that they finance private activity,- the development of affordable housing by a commercial entity- but can be sold as tax-exempt because they further a public purpose (here, affordable housing).
- c. Borrowers prefer tax-exempt bonds because they can be sold at lower interest rates and are thus a less expensive way to borrow money for development.
- d. The amount of Private Activity Bonds that may be sold in any state is capped at a certain level each year (this amount is called the "volume cap").

To qualify for the authority to issue Private Activity Bonds, an application must be submitted to the Bond Review Board (BRB). The deadline for applying is October 20. The BRB has a lottery to select which applications will receive authority for the issuance of Private Activity Bonds.

The bonds under discussion in connection with this item are tax-exempt Private Activity Bonds. If authorized, the MHPFC will issue the bonds. The proceeds will be used by the developer to finance the Tower Road Apartment project. The developer will pay the debt service on the bonds through payments to the MHPFC. The MHPFC will not be liable for the debt service and the bonds will not be an obligation of the MHPFC.

This item then is to authorize an application for the authority to issue Private Activity Bonds. Moreover:

- a. This application is not an approval of or request to issue bonds, it is a request for authority to issue at a future time.
- b. **The MHPFC is not committing to issue bonds.** It may decide to not issue at any time.

- c. The purpose of the MHPFC's authorization is to indicate to the Bond Review Board that the MHPFC is strongly interested in the project so that the application for authority will be for a viable project.
- d. The amount of authority requested is \$70,000,000. **This amount is not necessarily the amount of bonds that will be issued by the MHPFC.** Instead, it is the maximum amount that may be authorized. The developer requests this to maximize the amount that may be borrowed as needed to complete the project.

LEGAL REVIEW: Yes
FISCAL IMPACT: No
PRESENTATION: N
ATTACHMENTS: Yes

- Resolution No. 2023-MHPFC02

STAFF RECOMMENDATION:

Staff recommends that the PFC Board approve Resolution No. 2023-MHPFC02 as presented.