



**RBA**  
**CITY OF AUSTIN**  
**RECOMMENDATION FOR BOARD ACTION**

**AGENDA ITEM NO 3**  
**AGENDA DATE 6/7/07**  
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**SUBJECT** Approve the negotiation and execution of a loan to the Garden Terrace Housing Corporation in compliance with applicable requirements and performance goals under the Rental Housing Development Assistance Program in an amount not to exceed \$500,000 to assist in the expansion of the Garden Terrace single room occupancy facility for homeless and low income individuals located at 1015 West William Cannon Drive

**AMOUNT & SOURCE OF FUNDING** Funding is available in the Fiscal Year 2006-2007 Austin Housing Finance Corporation budget allocation under the Rental Housing Development Assistance Program using City of Austin Housing Trust Funds

**FISCAL NOTE** There is no unanticipated fiscal impact. A fiscal note is not required.

**REQUESTING** \_\_\_\_\_  
**DEPARTMENT** Austin Housing Finance Corporation **DIRECTOR'S**  
**AUTHORIZATION** \_\_\_\_\_

**FOR MORE INFORMATION CONTACT** Paul Hilgers, Executive Director, Austin Housing Finance Corporation, 974-3108

**PRIOR BOARD ACTION** In 2002 and 2003, the AHFC Board authorized Rental Housing Development Assistance Program funding totaling \$1,775,750 for the acquisition and renovation of the Garden Terrace property.

**PRIOR COUNCIL ACTION** The City Council approved zoning for this project on May 24, 2007.

In 2002 and 2003, Rental Housing Development Assistance (RHDA) Program funding totaling \$1,775,750 was provided to the Garden Terrace Housing Corporation (GTHC), an affiliate of Foundation Communities, for the acquisition and development of Garden Terrace. Garden Terrace is an 85-unit single room occupancy (SRO) facility for homeless and low income individuals at 1015 West William Cannon Drive.

RHDA Program funding currently requested is proposed to assist GTHC in expanding the facility by renovating unused available space within the Garden Terrace structure to create an additional 15 residential SRO units. When completed, Garden Terrace will consist of a total of 100 SRO units for homeless and low income individuals.

Residents of Garden Terrace have yearly incomes of no more than 50% of the Austin area's median family income (MFI) currently \$24,900 per year for a one-person household. Monthly rents are

approximately \$320 per unit or an amount not to exceed 30% of the resident's monthly income. Most residents have yearly incomes of no more than 30% of MFI (currently \$14,950 per year for a one person household). The facility is managed and operated on a daily basis by Foundation Communities with coordinated services from local agencies and organizations.

Following Board approval, a RHDA Program loan will be negotiated and executed with GTHC in an amount not to exceed \$500,000 for a term of 30 years at zero percent interest or such other terms as determined necessary and appropriate to finance the project. Repayment of the loan will be deferred on a yearly basis for the duration of the 30 year period. Principal and interest will be forgiven at the end of the loan term contingent upon compliance with the loan agreement.

The project is proposed under the RHDA Program that provides federal and non federal assistance as gap financing for the development of affordable rental housing for low and moderate income families and persons with special needs. The development of the project is subject to applicable RHDA Program and environmental review and fund release requirements. Estimated sources and uses of funds for the project are as follows:

<u>Sources</u>		<u>Uses</u>	
Federal Home Loan Bank	\$300,000	Predevelopment	\$ 26,750
RHDA funds	<u>\$500,000</u>	Hard construction	\$660,250
Total	\$800,000	Soft and carrying costs	\$18,000
		Contingency and other	<u>\$95,000</u>
		Total	\$800,000

The requested funding is available in the Fiscal Year 2006-2007 budget allocation of the AHFC, and the request is consistent with the City of Austin's currently approved Consolidated Plan and the AHFC's strategy to provide assistance through below market rate financing for the development of affordable rental housing for low and moderate income households and persons with special needs.

Performance measures associated with the project are as follows:

- Develop an additional 15 SRO units affordable for homeless and low income individuals
- Ensure that at least 10 units in the facility are accessible for persons with mobility disabilities and two units in the facility are accessible for persons with hearing and vision disabilities
- Complete the project in accordance with applicable S M A R T Housing™ standards

The Garden Terrace property was an abandoned 40,000 square foot nursing home originally constructed in 1974 and acquired by GTHC in 2002. Following acquisition, GTHC renovated the property into an 85 unit SRO rental facility.

Foundation Communities is a 501(c)(3) non profit organization established in 1984 and is certified by the City of Austin as a Community Housing Development Organization (CHDO). Foundation Communities has developed and presently operates 1,349 units of affordable rental housing for low income households in Austin. The organization also provides numerous supportive services to low income individuals and families in the community, including community income tax assistance centers, after school programs, financial management and education services, computer training, and employment counseling and referral.

Foundation Communities recently completed the renovation of the former Hearthside Hotel at 7101 North III 35 into Spring Terrace a 140 unit SRO facility. Spring Terrace was purchased by the Austin Housing Finance Corporation (AHFC) in December 2005 and was subsequently leased to an affiliate of Foundation Communities that is responsible for managing and operating the facility. Foundation Communities is also currently developing Skyline Terrace the former Ramada Inn Hotel at 1212 West Ben White Boulevard. Upon completion of Skyline Terrace and the proposed expansion of Carden Terrace Foundation Communities will have developed and be operating a total of 340 units of SRO supportive rental housing for homeless and low income individuals in the Austin community.