



RBA
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION

AGENDA ITEM NO 5
AGENDA DATE 6/7/07
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SUBJECT Approve the negotiation and execution of a loan to the Guadalupe Neighborhood Development Corporation or a related entity to increase funding previously authorized by AHFC Motions No. 20060608 AHFC004 and No. 20070405 AHFC002 by \$693,239 for a total amount not to exceed \$1,693,239 under the Rental Housing Development Assistance Program in compliance with applicable federal regulations including Title 24 Code of Federal Regulations Section 85.40 performance goals for the development of a 22-unit affordable rental housing facility for low- and moderate-income families at 813 East 8th Street.

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. It is anticipated that \$693,239 will consist of HOME Investment Partnership Act Funds (funding previously authorized totaling \$1,000,000 consisted of \$379,904 in HOME Investment Partnership Act funds and \$720,096 in City of Austin Housing Trust Funds).

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

REQUESTING **DIRECTOR'S**
DEPARTMENT Austin Housing Finance Corporation **AUTHORIZATION** _____

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

PRIOR BOARD ACTION The Austin Housing Finance Corporation Board authorized \$500,000 on June 8, 2006 by AHFC Motion No. 20060608 AHFC004 and \$500,000 on April 5, 2007 by AHFC Motion No. 20070405 AHFC002.

PRIOR COUNCIL ACTION N/A

BOARD AND COMMISSION ACTION N/A

Rental Housing Development Assistance (RHDA) program funding totaling \$1,000,000 was authorized by the Board of Directors of the Austin Housing Finance Corporation (AHFC) in June 2006 and April 2007 to assist the Guadalupe Neighborhood Development Corporation (GNDC) in the development of La Vista de Guadalupe, a 22-unit affordable rental housing facility for low- and moderate-income families at 813 East 8th Street. Approval of RHDA program funds enabled the GNDC to secure additional funding from other sources including \$3,126,787 in Low Income Housing Tax Credits (LIHTCs) from the Texas Department of Housing and Community Affairs (TDHCA), a \$650,000 construction loan and a \$325,000 permanent mortgage from a private lender.

Since first approval of RHDA program funds, the project budget has increased dramatically from the initial amount of \$3,999,039 to \$5,921,000. The increase in project cost is attributable to numerous factors including sharp rises in the costs of construction materials, increases in site development costs, and a decline in the value of the LIHTCs. To accommodate the project's

increased budget the GNDC has secured additional private financing and is requesting an additional \$693,239 in RHDA program funds. Due to the projected debt service for the private financing, it is recommended that RHDA program funds must be provided as a deferred payment forgivable loan.

The La Vista de Guadalupe complex will consist of a total of 56,188 square feet in size including six one bedroom/one bath units, eight two bedroom/one bath units, and eight three bedroom/two bath units. The development includes a parking garage measuring 13,604 square feet in size with an elevator for access to the upper residential floors. Other amenities include a washer and dryer in each apartment, common living and recreation areas, and management offices measuring 1,496 square feet.

The complex will serve families with yearly incomes not to exceed 60 percent of the Austin area's median family income (MFI currently \$42,650 for a family of four), including 18 units for families with yearly incomes not to exceed 50 percent of MFI (currently \$35,550 for a family of four), of which three units will serve families with yearly income not to exceed 30 percent of MFI (currently \$21,350 for a family of four). Monthly rents will range from \$300 to \$400 for one bedroom units, \$345 to \$475 for two bedroom units, and \$575 to \$650 for three bedroom units. Rents plus tenant-paid utilities will not exceed 30% of a household's monthly income, and families with Section 8 rent subsidies will be accepted. Three units will be accessible for persons with mobility disabilities, and one unit will be accessible for persons with hearing and vision disabilities. The project will be developed in accordance with applicable environmental review and federal fund release requirements and S M A R T Housing™ standards.

The RHDA program 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. Estimated sources and uses of funds for the project are as follows:

<u>Sources</u>		<u>Uses</u>	
TDHCA IHITCs	\$ 3,126,787	Predevelopment	\$ 116,000
Private financing	325,000	Land	351,000
Federal Home Loan Bank	220,000	Construction	4,020,000
Owner equity	250,000	Soft/carrying costs	644,000
Developer note	305,974	Developer fee	650,000
RHDA funds (previous)	1,000,000	Other/contingency	<u>140,000</u>
RHDA funds (current)	<u>693,239</u>	Total	\$ 5,921,000
Total	\$ 5,921,000		

Performance measures associated with the project are as follows:

- Develop 22 units of affordable rental housing for low- and moderate-income families.
- Ensure at least three units are accessible for persons with mobility disabilities, and one unit is accessible for persons with hearing and vision disabilities.
- Complete the project in accordance with S M A R T Housing™ standards.

The Guadalupe Neighborhood Development Corporation (GNDC) is a non-profit 501(c)(3) organization and is certified by the City of Austin as a Community Housing Development Organization (CHDO). GNDC was established in 1981 to provide affordable housing to low- and moderate-income families in the Guadalupe neighborhood. Since 1981, the GNDC has developed 127 units of affordable housing, including 44 units of rental housing.

Following Board approval a loan in an amount not to exceed \$1,693,239 including \$1,000,000 previously authorized will be negotiated and executed with GNDC or its affiliate for a minimum of 99 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 and forgiven at the end of the loan period contingent upon GNDC meeting the conditions of the loan agreement.

The requested funding is available in the AHFC Fiscal Year 2006-2007 budget allocation 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.