



# Austin Housing Finance Corporation

P.O. Box 1088 Austin TX 78767-1088  
(512) 974-3100 • Fax (512) 974-3161 • [www.itsofaustin.org/ahf](http://www.itsofaustin.org/ahf)

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Kelly Weiss, Community Development Administrator  
(512) 974-3182 Fax (512) 974-3161 [kelly.weiss@austintx.gov](mailto:kelly.weiss@austintx.gov)

Date October 2, 2007  
To AHFC Board of Directors  
Re Allandale Condominium Project Status Update

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## Background

The purpose of this memo is to provide an update on the revised plans to provide affordable housing at The Allandale Condominiums located at 7685 Northcross Drive. On March 1, 2007, the AHFC Board of Directors approved the negotiation and execution of agreements under the Acquisition and Development Program in an amount not to exceed \$1,600,000 for a proposed condominium project at 7685 Northcross Drive, to provide a minimum of 40 affordable homeownership units for low-to moderate-income buyers.

Since that time, staff has worked with the developer and their lender to develop agreeable terms and conditions for the loan guaranty and earnest money contracts described in the original Request for Board Action. Due to several factors, including lender terms for the loan guaranty and the development schedule, revisions have been made to the project as it was originally proposed. Currently, AHFC is moving forward with an alternate plan to provide affordable units in the development for both rental and homeownership.

## Current Development Plans

In order to facilitate cash flow and reduce the risk associated with the condominium conversion for The Allandale project, the developer has opted to continue hotel operations while remodeling one building at a time. As each building reaches a sufficient sales level, the developer will remove another building from the hotel operations and add it to the condominium project. To start the project, the developer has removed three buildings from hotel operation and begun the remodeling process with completion for all three buildings projected by the end of October. The fourth building planned for conversion has been identified, with work likely to begin in late October or early November.

At their October 11th meeting, the AHFC Board will be presented with a Request for Board Action to approve gap financing to United Cerebral Palsy (UCP) of Texas for their purchase of 10 units in the first phase of the development. UCP has received approval of Section 811 financing from HUD for the acquisition of 10 condominium units to be developed as affordable rental housing for disabled, low-income households at or below 50% MFI (currently \$24,900 for a household of one). The HUD 811 program will also provide rental

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subsidy after the acquisition. AHFC Rental Housing Development Assistance (RHDA) funds will be used as gap financing to pay the increased costs associated with ADA modifications to the units UCP will purchase. AHFC staff has been working with UCP and the developer to facilitate this purchase of 10 units in the first three buildings, in order to meet HUD deadlines for use of the Section 811 award.

### **Future Development Plans**

The phased conversion schedule makes it infeasible for AHFC to contract to directly purchase units in future phases. Instead, staff is working with the developer and their sales staff to create opportunities for low-to-moderate-income households to purchase units as they are available.

AHFC will provide services and subsidies necessary for low-to-moderate income households to purchase units through existing programs. Homebuyer subsidy to purchase affordable units will be made available directly to eligible households.

AHFC will refer graduates of the HousingSmarts homebuyer education program to the project. In addition, AHFC will receive referrals of income eligible households from project sales staff to facilitate access to AHFC services. AHFC will also include information regarding the project to the community through our current affirmative marketing and outreach efforts.

There are several advantages to this modified approach:

- Buyers will be able to select the unit that best suits their needs, rather than being limited to units previously selected by AHFC.
- Buyers will receive full builder warranties and additional renovations, such as new floor coverings and appliances that would not have been possible under the previous structure.
- AHFC will be able to facilitate the purchase of units using existing programs.
- AHFC will not be required to invest large amounts of capital in the project, so that funds can be utilized for other needs.
- Organizations that provide affordable rental housing, such as UCP, will be able to access units and help to create a truly mixed-income income community with a choice of housing options.

Please contact me if there are any questions, or further information is required.

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