



RBA
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION

AGENDA ITEM NO: 3
AGENDA DATE. 12/6/07
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SUBJECT: Approve the negotiation and execution of a loan to MARY LEE COMMUNITY, or its affiliate, Austin, Texas, under the Rental Housing Development Assistance Program in an amount not to exceed \$2,250,000, in compliance with applicable general obligation bond financing requirements and performance goals, to assist in the development of a 64-unit affordable rental housing apartment facility for low-income families and individuals with special needs at 1330 Lamar Square Drive, and waiving the maximum loan amount limit.

AMOUNT & SOURCE OF FUNDING: Funding is available in the Fiscal Year 2007-2008 Austin Housing Finance Corporation budget allocation under the Rental Housing Development Assistance Program using proceeds from General Obligation Affordable Housing Bonds

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 On March 8, 2007, and September 27, 2007, the AHFC Board authorized negotiation and execution of service agreements with the City of Austin to manage and operate various affordable housing programs funded with City general obligation housing bonds

PRIOR COUNCIL ACTION: On March 8, 2007 Council approved Resolution No 20070308-010 adopting guidelines for the implementation of General Obligation affordable housing bonds Council approved Resolution No 20070308-008 on March 8, 2007, and Resolution No 20070927-019 on September 27, 2007, authorizing AHFC to manage and operate affordable housing programs funded with City general obligation housing bond proceeds

Approval of funding will facilitate Mary Lee Community in demolishing two aging apartment buildings, comprising 22 rental units, and constructing 64 new rental units at 1330 Lamar Square Drive Upon completion, the new facility will consist of 39 efficiencies, 18

one-bedroom units, and 7 two-bedroom units. Thirty-two units will serve families with yearly incomes at or below 30 percent of the Austin area's median family income (MFI) (currently \$21,350 for a family of four), twenty-eight units will be affordable to families with yearly incomes at or below 50 percent MFI (currently \$35,550 for a family of four), and four units will serve families with yearly incomes at or below 80 percent MFI (currently \$56,900 for a family of four). Projected monthly rents range from \$350 to \$395 for efficiencies, \$400 to \$750 for one-bedroom units, and \$675 to \$850 for two-bedroom units.

This project was submitted in response to a Notice of Funding Availability for Affordable Housing General Obligation Bond funding. The amount requested by Mary Lee Community was \$2,250,000. The Housing Bond Review Committee recommended funding for the project at \$1,000,000, which was the per-project limit in the G O Bond Program Guidelines. After the review of all applications submitted for G O Bond funding, program guidelines were revised to increase the per-project limit to \$2,000,000 for non-profits or other such amounts as the AHFC Board may authorize. Therefore, staff recommends funding the project fully at the requested amount of \$2,250,000.

In addition to the City's funding commitment, Mary Lee Community has secured a commitment of private financing that will be used to retire existing debt on the property as well as assist in the new construction. Additional funding is anticipated from contributions and foundations including the Lola Wright Foundation, and funding from the Federal Home Loan Bank. The project is subject to Rental Housing Development Assistance (RHDA) Program requirements, S M A R T Housing™ standards, and applicable general obligation bond funding requirements.

Following AHFC Board approval, a RHDA Program loan will be negotiated and executed with Mary Lee Community in an amount not to exceed \$2,250,000 for a term of 40 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 conclusion of the 40-year period contingent upon compliance with the loan agreement.

Mary Lee Community is an affiliate organization of the Mary Lee Foundation and is certified by the City of Austin as a Community Housing Development Organization (CHDO). The Mary Lee Foundation is a non-profit 501(c)(3) organization that provides affordable housing and supportive services to low-income families and individuals with special needs due to developmental disabilities, mental illness and head injuries. Currently, the Foundation owns and operates 125 rental units on Lamar Square Drive.

Estimated sources and uses of funds for the project are as follows:

<u>Sources</u>		<u>Uses</u>	
Federal Home Loan Bank	\$ 750,000	Predevelopment	\$ 149,000
Foundations/contributions	472,560	Debt retirement	363,000
Private financing	1,000,000	Construction	
3,644,760			
RHDA funds (2007)	1,000,000	Soft costs	
<u>315,800</u>			

RHDA funds (2008)	<u>1,250,000</u>	Total	\$
4,472,560			
Total	\$ 4,472,560		

Performance measures associated with the project are as follows

- 1 Construct 64 new units of affordable rental housing for families and individuals with special needs with yearly incomes of 80 percent or below the area's MFI, including 28 units affordable for families with yearly incomes of 50 percent or below the MFI, and 32 units affordable for families with yearly incomes of 30 percent or below the MFI
- 2 Ensure at least seven units are made accessible to persons with mobility disabilities, and two units for persons with hearing and vision disabilities
- 3 Complete the 64-unit project in accordance with S M A R T Housing™ standards

The requested funding is available in the Fiscal Year 2007-2008 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