



MEMORANDUM

TO: Council Members

FROM: Paul Hilgers, Director, Housing

DATE: January 18, 2008

SUBJECT: Reimbursement Payment

On the January 31, 2008 Council Agenda there will be an item from the Neighborhood Housing and Community Development Office that will request a refund to the City's letter of credit with the U.S. Department of Housing and Urban Development (HUD). The refund in the amount of \$444,768 is for three projects where the City opted to pursue different development options than those originally provided to HUD. As a result, the City will pay out this dollar amount to HUD and receive it back in our letter of credit. Once funds are received they will be available in the original program. These funds have already been approved and appropriated in our FY2008 Action Plan and the NHCD and AHFC FY2008 annual budget, thus no budget amendments are required.

901 E. 12th Street

The property at 901 East 12th Street was originally purchased by the Austin Housing Finance Corporation (AHFC) for the purpose of creating affordable housing. In May, 2000 the City of Austin transferred the property to the Urban Renewal Agency (URA) for disposition in accordance with the Tri-Party Agreement and the East 11th and 12th Streets Urban Renewal Plan. The NHCD Action Plan was amended in 2003 to reprogram this property and future sales proceeds from housing to East 11th and 12th Streets Redevelopment. Staff's interpretation of this reprogramming, was that the affordable housing national objective requirement had been removed and that the national objective that addresses aid in the prevention or elimination of slums or blight would now apply. When the property was disposed of through a competitive process no requirements of meeting a national objective were mandated as a result of the aforementioned transaction based on the regulatory interpretation.. On November 30, 2007 HUD informed the City of Austin that adequate file documentation supported the sale and that repayments in connection with the use of the real property would be deposited back into the City's CDBG account for programming into CDBG eligible 11th/12th Street activities totaling \$61,000.

CWA Building

The property located at 1022 East 12th Street (CWA Building) was originally purchased as part of a bundled real estate transaction that included several parcels within the East 12th Street corridor. The purchase was done under the auspices of creating affordable housing. In 2005, the City of Austin released a Request for Proposal to develop the site along with the western adjacent tracts into a 68,000 square foot mixed use development that did not contain provisions related to affordable housing and/or job creation. When the property was disposed of through a competitive process no requirements of meeting a national objective were mandated as a result of the aforementioned transaction based on the regulatory interpretation. On November 30, 2007 HUD informed the City of Austin that adequate file documentation supported the sale and that repayments in connection with the use of the real property would be deposited back into the City's CDBG account for programming into CDBG 11th/12th Street eligible activities totaling \$262,000.

Push Up Foundation

A pre-development loan for \$157,063 was executed with the Push Up Foundation in January 2004 for professional architectural and engineering services to assess the condition of their properties and develop plans and specifications for the replacement of the 1700 East 2nd Street facility for homeless women. Of the loan amount, a total of \$121,768 that was expended for pre-development services was repaid in October 2006, following Push Up's sale of the 1700 East 2nd Street property. Funds will be deposited back into the City's CDBG account for programming into the CDBG Rental Housing Assistance Development eligible activities totaling \$121,768.