



Regular Item:

**AUSTIN HOUSING FINANCE CORPORATION
RECOMMENDATION FOR BOARD ACTION**

**AGENDA ITEM NO: 5
AGENDA DATE: 4 10.08
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SUBJECT Authorize an increase in the lending authority approved by Motion No 20070201-AHFC002 by \$347,500 for a total loan amount not to exceed \$572,500 to BLACKSHEAR NEIGHBORHOOD DEVELOPMENT CORPORATION, Austin, Texas, under the Rental Housing Development Assistance Program, in compliance with applicable state and federal requirements and performance goals, to acquire 2412 Bryan Street and 2503 East Ninth Street, and construct six units of affordable rental housing for low-income families at 2412 Bryan Street, 2503 East Ninth Street, 1905 East Ninth Street, and 1705 Rosewood Avenue

AMOUNT & SOURCE OF FUNDING: \$572,500 is available in the Fiscal Year 2007-08 Austin Housing Finance Corporation Budget allocation under the Rental Housing Development Assistance Program Loan funds are anticipated to consist of \$100,000 in Affordable Housing General Obligation Bond proceeds, and \$472,500 in HOME Investment Partnership Act 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:

Margaret Shaw, Austin Housing
Finance Corporation, 974-3184

PRIOR COUNCIL ACTION. N/A

PRIOR BOARD ACTION The Austin Housing Finance Corporation Board authorized \$225,000 on February 1, 2007 by AHFC Motion No 20070201-AHFC002

Approval of funding will finance the Blackshear Neighborhood Development Corporation (BNDC) acquisition of 2412 Bryan Street and 2503 East Ninth Street from the Austin Housing Finance Corporation (AHFC), and construction of a total of six units of affordable rental housing for low-income families at 2412 Bryan Street, 2503 East Ninth Street, 1905 East Ninth Street, and 1705 Rosewood Avenue The funding requested includes \$225,000 previously authorized by the AHFC Board for the acquisition of the Bryan Street property, and construction of four units of affordable rental housing on Bryan Street and 1705 Rosewood Avenue, which the BNDC has owned for several years

The Bryan Street property is currently City-owned surplus land that is being transferred to the AHFC as authorized by City Ordinance No 20070809-018 to develop as affordable housing for low-income families. The property at 2503 East Ninth Street is presently owned by the AHFC. To facilitate the development of both properties, requests for proposals were previously issued, to which BNDC was the only eligible respondent.

Of the six units proposed, two units will have two-bedrooms/one-bath, and four units will have three-bedrooms/two-baths. Two of the six units will serve families with yearly incomes of no more than 60 percent of the Austin area's median family income (MFI - currently \$42,650 per year for a four-person household), three units will serve families with yearly incomes of no more than 50 percent of MFI (currently \$35,550 per year for a four-person household), and one unit will serve families with yearly incomes of no more than 30 percent of MFI (currently \$21,350 per year for a four-person household). Proposed monthly rents range from \$350 for two-bedroom units to \$1,000 for a three-bedroom unit reserved for tenants with Housing Choice Vouchers (Section 8). Rents plus tenant-paid utilities will not exceed 30 percent of a household's monthly income. One of the six units will be made accessible for persons with impaired mobility, and one unit will be made accessible for persons with hearing and vision disabilities.

The request for funding was received in response to a Notice of Funding Availability under the Rental Housing Development Assistance (RHDA) Program. The RHDA Program provides funding from Affordable Housing General Obligation Bond (GO Bond) proceeds, and HOME Investment Partnership Act funds. The Housing Bond Review Committee reviewed the funding application for GO Bond assistance and supports the proposed project. The project will be developed in accordance with RHDA Program guidelines, applicable environmental review and federal fund release requirements, S M A R T Housing™ standards, and applicable general obligation bond funding requirements.

Following Board approval, an RHDA Program loan will be negotiated and executed with the BNDC in an amount not to exceed \$572,500 for a term 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 99-year period subject to compliance with the loan agreement. Estimated sources and uses of funds for the project are as follows:

<u>Sources</u>		<u>Uses</u>	
Private financing	\$ 210,000	Pre-development	\$ 14,000
Owner equity	185,000	Land	220,000
RHDA (HOME funds)	472,500	Construction	630,000
RHDA (G O Bond funds)	<u>100,000</u>	Contingency	63,000
Total	\$ 967,500	Soft costs	<u>40,500</u>
		Total	\$ 967,500

Performance measures associated with the project are as follows

- 1 Acquire 2412 Bryan Street and 2503 East Ninth Street, and construct six rental housing units for families with yearly incomes of no more than 60 percent of the Austin area's MFI
- 2 Develop a minimum of one unit accessible for persons with mobility disabilities, and one unit accessible for persons with hearing and vision disabilities
- 3 Develop the project in accordance with S M A R T Housing™ standards

BNDC is a non-profit 501(c)(3) organization certified by the City of Austin as a Community Housing Development Organization (CHDO). Established in 1983 to provide affordable housing and services to low-income families in the Blackshear neighborhood, BNDC has developed approximately 40 units of affordable housing comprised of single-family homes and duplexes. Of the 40 units developed, BNDC currently operates 27 units as affordable rental housing for low-income families.

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 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.