

## AGENDA



Thursday, May 22, 2008

**Neighborhood Housing and Community Development  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 13**

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**Subject:** Approve a resolution authorizing the City Manager to apply for a John D. and Catherine T. MacArthur Foundation grant of \$1,000,000 and a loan not to exceed \$4,000,000 for a total of \$5,000,000 for data gathering, analysis, and the creation of a fund to preserve affordable rental housing in Austin.

**Amount and Source of Funding:** Funding is provided through the John D. and Catherine T. MacArthur Foundation Window of Opportunities: Preserving Affordable Rental Housing grant. No match is required for the \$1,000,000 grant. The \$4,000,000 in Program Investment Loan funds are low-cost loans provided at the below-market rate of 2 percent.

**Fiscal Note:** A fiscal note is not needed

**For More Information:** Margaret Shaw, Director, Neighborhood Housing and Community Development, 974-3184

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Neighborhood Housing and Community Development (NHCD) is asking Council to authorize it to submit an application to the John D. and Catherine T. MacArthur Foundation under its Window of Opportunities: Preserving Affordable Rental Housing initiative for grant and loan funding of \$5,000,000. The loan will be provided by the Foundation at below-market interest rates, currently 2 percent. The grant and loan funds will be used over a three year period for data gathering, analysis, and the creation of a "Rapid Strike Preservation Fund" to preserve affordable rental housing through the Austin Housing Finance Corporation.

On January 29, 2008, NHCD sent a Letter of Interest (Attachment A) to the MacArthur Foundation applying for combined grant and loan funding from the Foundation's Program on Human and Community Development. Earlier in January 2008, NHCD conducted a stakeholder meeting with various non-profits, the Housing Authority of the City of Austin, a representative from Wachovia Bank-Central Texas, the University of Texas Center for Sustainable Development, Envision Texas, and Travis County Health and Human Services & Veterans Service to develop a strategy to use the funding, if awarded, to preserve affordable housing in Austin. Consensus was achieved in two areas.

First, in order to develop a comprehensive preservation effort, data must be gathered to create a clearinghouse, or inventory, and establish an early warning system of affordable housing with subsidies set to expire. There is currently no major database or inventory identifying rental housing by type or degree of risk for losing its affordability. The proposed early warning system will provide this information and also serve as an information source to the community. A regional component would also provide an understanding of at-risk housing in the metropolitan region and unincorporated areas of Travis County.

Second, consensus was reached to create a "Rapid Strike Preservation Fund" that would pool money from the MacArthur Foundation's Program Related Investment Loan (PRI) program with other funding available thru local, state, and federal grants for the acquisition of property. Many non-profits are currently priced out of the acquisition market and are not able to compete with market-rate developers for land. Non-profits that receive funds from the Rapid Strike Preservation Fund can leverage those funds with funding from banks and other foundations to better compete with for profit developers for the acquisition of desirable tracts of land.

The Foundation's timeline and requirements for this second phase of the selection process is as follows:

- \* June 10, 2008: The Request for Proposal is due to the MacArthur Foundation.
- \* June 2008 – October 2008: Proposals reviewed and evaluated; Additional information requested; Conference call held as needed; Site visits conducted as needed.
- \* November 2008: Awardees selected; All finalists contacted; Awardees notified regarding specific amount of grant and/or PRI support; Other finalists offered opportunity to schedule phone conference "debrief."
- \* December 2008: Prepare for public announcement.
- \* January – March 2009: Awardees announced; Legal documents drafted and finalized; Initial funds disbursed.

The MacArthur Foundation is a private, independent grant making institution working to build "a more just and sustainable world." From the 21 applicants invited to submit proposals, the Foundation will select up to 10 states and localities to receive funding. If awarded the grant and loan, the City of Austin, through the Neighborhood Housing and Community Development Department and the Austin Housing Finance Corporation, will work in partnership with the University of Texas at Austin to enhance the creation and preservation of affordable rental housing in Austin.