



**RBA.
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION**

**AGENDA ITEM NO. 2
AGENDA DATE: 11/20/2008
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SUBJECT:

Authorize the negotiation and execution of an agreement with AUSTIN SL, L P, a Georgia limited partnership, for a loan in an amount not to exceed \$710,350 to assist in the development of not less than 30 units of affordable rental housing for low-income families at 1418-1500 South Lamar Boulevard, waive certain provisions of Rental Housing Development Assistance Program Guidelines for the use of affordable housing general obligation bond funds, and rescind Board action to approve agenda item number two taken by the Board on April 19, 2007

AMOUNT & SOURCE OF FUNDING: Funding is available in the Austin Housing Finance Corporation G O Bond Housing Capital Improvement budget under the Rental Housing Development Assistance Program

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 R. Shaw, Treasurer, Austin Housing Finance Corporation, 974-3184

PRIOR BOARD ACTION. March 8, 2007 - the Austin Housing Finance Corporation Board approved Resolution No. 20070308-010 implementing the use of Affordable Housing General Obligation Bond Funds

April 19, 2007 - the Austin Housing Finance Corporation authorized negotiation and execution of an agreement with Ardent Residential or its affiliate or subsidiary for an amount not to exceed \$710,350 to assist in the development of not less than 30 units of affordable rental housing for low-income families at 1418-1500 South Lamar Boulevard

This request is to authorize negotiation and execution of a loan for \$710,350 to Austin SL, LP that will provide funding to make 30 units of rental housing affordable to persons earning 50 percent of the Austin area Median Family Income (MFI - currently \$24,900 for a one-person household, \$28,450 for a two-person household) at the site of the former Stoneridge Apartments, 1418-1500 South Lamar Boulevard. The cost per unit equates to \$23,678. Fair market rent amounts and MFI amounts are established by HUD and updated annually. Currently, the rent amounts affordable to households earning 50 percent MFI for the Austin area are \$622 for an efficiency and \$666 for a one-bedroom unit.

Austin SL, L.P. is redeveloping the site as a mixed-use development that will include approximately 300 residential rental units, as well as commercial space to be leased to prospective businesses

Following approval, a Rental Housing Development Assistance (RHDA) Program Loan will be negotiated and executed with Austin SL, L.P. in an amount not to exceed \$710,350 for a term of 40 years at zero percent interest. Repayment of the loan will be deferred for the duration of the affordability period. Principal and interest will be forgiven at the end of the loan term contingent upon compliance with the terms of the loan agreement. Austin SL, L.P. will provide the affordable units for 40 years for so long as the property is a multi-unit rental building. If the property changes use during the 40-year term, the loan must be repaid.

On April 19, 2007, the Board approved a loan to Ardent Residential, the local real estate representative for Austin SL, L.P., under AHFC's guidelines for the RHDA program funded with general obligation bond (GO Bond) proceeds. Those guideline requirements contain certain provisions that are not compatible with Austin SL, L.P.'s needs relating to the property's development. In order to accommodate those needs, the following guidelines must be waived:

- 1 Guidelines requiring the developer to comply with contractor selection and certification standards under HUD Section 3 as established in 24 CFR Part 135,
- 2 Guidelines requiring lease terms for each qualified tenant to include
 - a provisions disallowing lease terms excusing the owner or its agents from legal responsibility for any action or failure to act, whether intentional or negligent,
 - b provisions disallowing the landlord from taking, holding, or selling tenant's personal property without notice to the tenant and a court decision,
 - c provisions disallowing eviction without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties,
 - d provisions disallowing lease terms making tenant chargeable with costs of legal actions regardless of outcome, including agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the owner against tenant,
 - e terms that prohibit termination of or refusal to renew a lease except for (i) serious or repeated violations of the lease terms, (ii) violation of applicable law, or (iii) other good cause, and
 - f a notice requirement that termination of or refusal to renew a lease requires written notice specifying the grounds for the termination or refusal to renew at least 30 days before the effective date
- 3 Guidelines requiring the owner or its leasing agent to give consideration in its leasing policies to federal Section 8 assistance recipients

This project meets the goals for the use of Affordable Housing GO Bonds which are also the "core values" stated by the Affordable Housing Incentives Task Force

- Deeper levels of affordability

- Longer terms of affordability
- Geographic Dispersion of GO Bond funded units

Before the original Stoneridge project was brought to the AHFC Board on April 19, 2007, the Housing Bond Review Committee (HBRC) was notified of the project. As an advisory committee, the HBRC did not formally consider the project for recommendation. When informed of the current request, HBRC indicated further review was not necessary.