



RBA:
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION

AGENDA ITEM NO: 4
AGENDA DATE: 4/30/2009
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SUBJECT: Approve the negotiation and execution of an amendment to the Rental Housing Development Assistance Program Loan Agreement with NEIGHBORHOOD HOUSING SERVICES OF AUSTIN, INC. to increase the 2007 Rental Housing Development Assistance loan by \$40,000 for a total loan amount not to exceed \$150,000, to assist in the development of two single-family affordable rental housing units in the St. John's Neighborhood at 7314-A Meador Avenue and 7314-B Meador Avenue.

AMOUNT & SOURCE OF FUNDING: Funding is available in the Fiscal Year 2008-2009 Austin Housing Finance Corporation budget allocation under the Rental Housing Development Assistance Program. Loan proceeds are anticipated to consist of federal 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 R. Shaw, Austin Housing Finance Corporation, 974-3184

PRIOR COUNCIL ACTION:

PRIOR BOARD ACTION: The Austin Housing Finance Corporation Board authorized \$110,000 on August 9, 2007 by AHFC Motion No. 20070809-AHFC004.

Rental Housing Development Assistance (RHDA) Program funding totaling \$110,000 was authorized by the Board of Directors of the Austin Housing Finance Corporation (AHFC) in 2007 to assist Neighborhood Housing Services of Austin, Inc. (NHSA) with developing two single-family affordable rental units in the St. John's Neighborhood at 7314-A and 7314-B Meador Avenue.

NHSA initially proposed to construct one new single-family unit at 7314-A Meador Avenue and rehabilitate an existing two-bedroom single-family unit at 7314-B Meador Avenue. After funding was authorized, NHSA determined it was more feasible to relocate and rehabilitate an existing three-bedroom house donated to the organization rather than construct a new unit as

originally proposed. Although costs have been minimized, construction and materials costs have exceeded earlier projections.

To facilitate the completion of the project, it is recommended that the Board authorize an amendment to the RHDA Program loan previously executed, to increase the loan by \$40,000 for a total loan amount not to exceed \$150,000. The RHDA program loan, as amended, will be provided as a deferred-payment forgivable loan at an interest rate of zero percent interest for a term of 20 years with repayment deferred on a yearly basis and forgiven at the end of the loan period subject to compliance with the requirements of the loan agreement.

Both units will be provided as affordable rental housing to families with yearly household incomes not to exceed 60 percent of the Austin area's median family income (MFI), currently \$44,000 for a family of four. Anticipated monthly rents will be approximately \$965 for the three-bedroom unit and \$735 for the two-bedroom unit, not to exceed rent limits as published by the Texas Department of Housing and Community Affairs. Families with Section 8 rent subsidies will be accepted. One unit will be made accessible for persons with mobility disabilities and one unit will be accessible for persons with hearing and vision disabilities.

The project is proposed under the RHDA Program that provides federal and non-federal assistance as gap financing for the development of affordable rental housing for low- and moderate-income families and persons with special needs. The project is subject to local and federal environmental review and fund release requirements. Estimated sources and uses of funds are indicated as follows:

<u>Sources:</u>		<u>Uses:</u>	
RHDA (previous)	\$ 110,000	Pre-development	\$ 6,450
RHDA (current)	40,000	Land	31,250
Private financing	97,689	Construction	226,332
Owner equity	<u>37,550</u>	Soft costs	<u>21,207</u>
Total	\$ 285,239	Total	\$ 285,239

NHSA is a non-profit 501(c)(3) organization certified by the City of Austin as a Community Housing Development Organization. NHSA was established in 1992 to provide affordable housing and services to low- and moderate-income families residing in the St. John's Neighborhood. Since 2002, NHSA has developed 18 units of affordable single-family housing in St. John's.

The requested funding is available in the Fiscal Year 2008-2009 budget allocation of the Austin Housing Finance Corporation (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.