



RBA:
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION

AGENDA ITEM NO: 2
AGENDA DATE: 6/11/2009
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SUBJECT: Authorize the negotiation and execution of a loan to the GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION in an amount not to exceed \$435,500 to assist with the acquisition of eight newly-constructed affordable rental housing units located at 1127 and 1145 Perry Road, Austin, Texas for low- and moderate-income families.

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 HOME Investment Partnership Act Program funds and Housing Trust Funds.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required

REQUESTING **DIRECTOR'S**
DEPARTMENT: Austin Housing Finance Corporation **AUTHORIZATION:** _____

FOR MORE INFORMATION CONTACT: Margaret R. Shaw, Treasurer, Austin Housing Finance Corporation, 974-3184

PRIOR COUNCIL ACTION:

PRIOR BOARD ACTION: May 15, 2008 -- The Austin Housing Finance Corporation Board authorized a loan to the Guadalupe Neighborhood Development Corporation for \$850,000 by Austin Housing Finance Corporation Motion No. 20080515-AHFC003.

The Austin Housing Finance Corporation (AHFC) Board is requested to authorize negotiation and execution of a Rental Housing Development Assistance (RHDA) Program loan in an amount not to exceed \$435,500 to assist the Guadalupe Neighborhood Development Corporation (GNDC) with the acquisition of eight newly-constructed affordable rental housing units for low- and moderate-income families in the Govalle-Johnston Terrace Neighborhood at 1127 and 1145 Perry Road.

In 2008, the AHFC Board authorized a loan of \$850,000 for this same project. That loan has a 99-year term and is a deferred payment forgivable loan. If approved, this second loan will be a repayable loan at four percent annual interest amortized over a period of 40 years.

After the initial RHDA funding was authorized, a tentative commitment of \$263,000 in private financing from a bank was withdrawn due to current banking and economic conditions. In addition, GNDC has been presented with the opportunity to have the units built with energy-efficient components that will include solar array equipment projected to reduce the residents' utility costs by 60 percent. If approved, this second loan will replace the private financing and provide for the energy-efficient components. GNDC will assign any rebates authorized by Austin Energy for the solar equipment to AHFC to pay down the balance of the loan.

All eight units will serve families with yearly household incomes not to exceed 60 percent of the Austin area's Median Family Income (MFI - currently \$43,980 for a family of four). Three units will be reserved for families with yearly household incomes not to exceed 50 percent of MFI (currently \$36,650 for a family of four), and three other units will be reserved for families with yearly household incomes not to exceed 30 percent of MFI (currently \$22,000 for a family of four). Rents plus tenant-paid utilities will not exceed 30 percent of a household's monthly income, and families with Housing Choice Vouchers (Section 8) will be accepted. Two units will be made accessible for persons with impaired mobility and one unit will be accessible for persons with hearing and vision disabilities. The project will meet applicable environmental review and federal fund release requirements and S.M.A.R.T. Housing™ standards.

The RHDA program 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. Estimated sources and uses of funds for the project are as follows:

Sources:

Owner equity contribution	\$ 327,483
Deferred developer fee	40,000
RHDA (previous)	850,000
RHDA (current request)	<u>435,500</u>
Total	\$1,652,983

Uses:

Acquisition	\$1,577,983
Soft and carrying	18,000
Other costs	<u>57,000</u>
Total	\$1,652,983

GNDC is a non-profit 501(c)(3) organization and is certified by the City of Austin as a Community Housing Development Organization (CHDO). GNDC was established in 1981 to provide affordable housing to low and moderate-income families in the Guadalupe neighborhood. GNDC has developed 149 units of affordable housing, including 67 units of rental housing.

The requested funding is available in the AHFC Fiscal Year 2008-2009 budget allocation 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.