



RBA:
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION

AGENDA ITEM NO: 3
AGENDA DATE: 08/06/2009
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SUBJECT: Authorize the negotiation and execution of a loan to the GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION, or its affiliate, in an amount not to exceed \$555,000 to assist with pre-development work on an eleven-acre subdivision located at Tillery Street and Goodwin Avenue being developed for ownership and rental housing for low- and moderate-income households.

AMOUNT & SOURCE OF FUNDING: Funding is available in the Fiscal Year 2008-2009 Austin Housing Finance Corporation Budget allocation under the Acquisition and Development Program. Loan proceeds are anticipated to consist of Affordable Housing General Obligation Bond proceeds.

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

REQUESTING
DEPARTMENT: Austin Housing Finance Corporation

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

PRIOR COUNCIL ACTION:

PRIOR BOARD ACTION: July 24, 2008 – The Austin Housing Finance Corporation Board authorized a loan in the amount of \$1,000,000 to the Guadalupe Neighborhood Development Corp. to acquire four acres of undeveloped land contiguous to seven acres already owned by Guadalupe Neighborhood Development Corporation on Tillery Street that will comprise an 11-acre tract to be used for the development of affordable housing.

The Austin Housing Finance Corporation (AHFC) Board is requested to authorize negotiation and execution of an Acquisition and Development Program loan agreement in an amount not to exceed \$555,000 to assist the Guadalupe Neighborhood Development Corporation (GNDC), or its affiliate, for pre-development costs for a new subdivision that will have 90 units of low- and moderate-income housing on 11 acres in the Govalle-Johnston Terrace Neighborhood. The units will consist of a mix of single-family detached homes, duplexes and town homes. If approved for funding, the pre-development funds would be used for civil engineering, geotechnical analysis, a 10 percent

contingency, and fourteen architectural plans and the licenses to re-use those plans throughout the subdivision.

All 90 units will serve families at 80 percent and below of the Austin Median Family Income (MFI). Of those, 58 will be for ownership and 32 will be rental properties owned and managed by GNDC. Twenty-five of the 32 rental units will be reserved for households at 50 percent MFI and below (currently, \$36,650 for a four-person household). The remaining seven rental units will be reserved for households at 60 percent MFI (currently, \$44,000 for a four-person household).

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. Six units will be made accessible for persons with impaired mobility and two units will be accessible for persons with hearing and vision disabilities. The project will comply with S.M.A.R.T. Housing™ standards and any applicable environmental requirements. On July 15, 2009, the Housing Bond Review Committee (HBRC) met and reviewed the application and supports the proposed project.

In 2008, GNDC was also awarded \$110,000 in G. O. Bond Rapid Acquisition Funds to acquire two small parcels that are now included in the 11-acre tract. Under G. O. Bond Program Guidelines, non-profits can be awarded up to \$100,000 to facilitate the purchase of property to be developed for affordable housing. In this case, GNDC was able to acquire one parcel for \$90,000 and another for \$20,000 using G. O. Bond funds.

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:

<u>Sources:</u>		<u>Uses:</u>	
Owner equity contribution	\$ 120,072	Predevelopment	\$ 805,763
Private Financing	16,787,500	Acquisition	1,196,300
G. O. Bond (current request)	555,000	Hard Costs	16,937,500
G. O. Bond (previous)	1,110,000	Soft & Carrying	
Foundation Grants &		Costs	145,000
Donations	<u>1,111,991</u>	Other Costs	<u>600,000</u>
Total	\$19,684,563	Total	\$19,684,563

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.