



**RBA: The College Houses  
CITY OF AUSTIN  
RECOMMENDATION FOR BOARD ACTION**

**AGENDA ITEM NO: 2  
AGENDA DATE: 9/24/2009  
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**SUBJECT:** Approve negotiation and execution of a loan to THE COLLEGE HOUSES, or its affiliate organization, in an amount not to exceed \$837,500, in compliance with applicable requirements and performance goals under the Rental Housing Development Assistance Program, to refinance a 176-unit mixed-income affordable rental housing property for low- and moderate-income individuals at 1905 Nueces Street.

**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 using proceeds from the University Neighborhood Overlay District Housing Trust Fund.

**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, 974-3100.

**PRIOR COUNCIL ACTION:** On September 2, 2004, the Austin City Council created the University Neighborhood Overlay (UNO) District by adopting Ordinance No. 040902-58 by Motion 20040902-058.

**PRIOR BOARD ACTION:**

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Upon Board approval, funding will facilitate The College Houses (CH), or its affiliate organization, with refinancing debt on its 176-unit/bed mixed-income Super Co-op located at 1905 Nueces Street in the University Neighborhood Overlay (UNO) District. The funding will retire an interim construction loan, enable the property to meet its permanent debt obligations, and allow it to replenish its operating reserves. This request for funding represents the first application received to date for assistance from the UNO Housing Trust Fund.

**UNO District Purpose**

The University Neighborhood Overlay (UNO) District was established in September 2004 to promote high density redevelopment in the area generally west of the University of Texas campus, to provide a mechanism for the creation of a densely populated but livable and

pedestrian friendly environment, and to protect the character of the predominantly single-family residential neighborhoods adjacent to the district.

### **UNO Requirements**

1. 10 percent of units reserved for persons with incomes at 80 percent Median Family Income (MFI) or less, currently \$41,050 for a one-person household.
2. 10 percent of units reserved for persons with incomes at 65 percent MFI or less, currently \$33,350 for a one-person household.

For developments exceeding UNO District height restrictions:

3. The above requirements must be met plus an additional 10 percent of units reserved for persons with incomes at 50 percent MFI or less, currently \$25,650 for a one-person household.

For developments electing not to provide units at or below 65 percent MFI:

4. Must pay into the UNO Trust Fund at the rate of 50 cents per square foot of rentable space. Proceeds in the Fund are available to assist with the development of new units in the UNO District reserved for persons with yearly incomes of no more than 50 percent MFI.

### **Results**

To date, 26 developments have been completed in the UNO District for a total of 2,279 units. Of the total units, 246 units serve persons at or below 80 percent MFI, and 77 units serve persons with incomes at or below 50 percent MFI. The UNO Housing Trust Fund has a current cash balance of approximately \$1,079,809 of which \$1,048,980 is available to the RHDA program through annual appropriations to AHFC.

### **The Super Co-op**

- Three residential halls operated as student cooperatives.
- 176 units total: 50 units (exceeds UNO 10 percent requirement) for persons at 50 percent MFI (\$25,650 per year); 126 units have no income restrictions.
- Rents: \$452 to \$633 depending on private or shared accommodations and choice of meal plan.
- 12 units accessible for persons with mobility disabilities; 1 unit accessible for individuals with hearing or vision disabilities. Additional accessible units provided on an as-needed basis.
- Features: kitchenettes in some units, two fully-equipped commercial kitchens, office space, entertainment-TV room, laundry room, study room, computer lab, and recreation room.

### **Request for Program Guideline Waivers**

Program guidelines for the Rental Housing Development Assistance (RHDA) Program govern the use of UNO Trust funds. Under the guidelines, debt relief:

- a. is limited to \$150,000 per project; and
- b. requires that AHFC hold a first lien or ownership position in the project.

CH is requesting that these two provisions be waived. The CH application was the first UNO Trust Fund application received since the UNO District Ordinance was adopted almost 5 years ago. Since that time, 18 developments deposited over \$1 million into the

UNO Trust fund. Based on the availability of funds, the number of units involved, and the need for these funds to keep the Super Co-op financially sustainable, staff recommends waiving the per-project limit of \$150,000.

The Super Co-op also received tax-exempt bond financing through the Travis County Housing Finance Corporation, raising \$10.8 million or approximately 72 percent of the total project cost. AHFC's investment of \$837,500 is approximately 6 percent. Staff recommends waiving the first lien or ownership position requirement for the project.

College Houses, Inc. is a 501(c)(3) non-profit organization established in 1965 and currently has more than 400 resident members. Its primary mission is to provide affordable housing and to help students attend college regardless of income level and to further their formal and informal education as members of a residential cooperative.

The request for funding was received in response to a Notice of Funding Availability (NOFA) under the RHDA Program that provides gap financing for the development of affordable rental housing for low- and moderate-income families and persons with special needs. The project meets S.M.A.R.T. Housing™ requirements and is compatible with the Central Austin Combined Neighborhood Planning Area and current Neighborhood Plan.

Following Board approval, an RHDA Program loan will be negotiated and executed in an amount not to exceed \$837,500 for a term of 30 years at zero percent interest, or such other terms deemed necessary and appropriate. Repayment of the loan will be deferred on a yearly basis and forgiven at the end of the loan period subject to compliance with the loan agreement terms. Estimated sources and uses of funds for the project are as follows:

<b><u>Sources:</u></b>		<b><u>Uses:</u></b>	
RHDA UNO funding	\$ 837,500	Pre-development	\$ 1,531,400
Owner equity contribution	1,687,056	Hard costs	10,925,780
Tax-exempt bond financing	10,850,000	Retire existing loan from	
Private lender loan	1,750,000	General Contractor	837,500
Wachovia Foundation Grant	<u>10,000</u>	Soft and carrying costs	<u>1,839,876</u>
<b>Total</b>	<b>\$15,134,556</b>	<b>Total</b>	<b>\$15,134,556</b>

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.