



RBA: Shady Oaks Apartments
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION

AGENDA ITEM NO: 6
AGENDA DATE: 12/10/2009
PAGE: 1 OF 2

SUBJECT: Approve negotiation and execution of a loan to FOUNDATION COMMUNITIES, INC., or its affiliate organization, under the Rental Housing Development Assistance Program to acquire and rehabilitate a 238-unit mixed-income apartment complex for low- and moderate-income families at 4320 South Congress Avenue in an amount not to exceed \$3,000,000.

AMOUNT & SOURCE OF FUNDING: Funding is available in the Fiscal Year 2009-2010 Capital Budget of the Austin Housing Finance Corporation.

FISCAL NOTE: A fiscal note is attached.

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:

Approval of funding will allow Foundation Communities, Inc., or its affiliate organization, to acquire and rehabilitate a 238-unit mixed-income rental property, Shady Oaks Apartments, at 4320 South Congress Avenue.

Foundation Communities, Inc.

Foundation Communities, Inc. is a 501(c)(3) non-profit organization established in 1984 and is certified by the City of Austin as a Community Housing Development Organization (CHDO). Since 1984, the organization has developed more than 1,600 units of affordable rental housing in Austin.

Funding Request

- The \$3,000,000 requested will be used to assist in the acquisition of the property as well as a portion for rehabilitation and development costs.
- If approved, Austin Housing Finance Corporation (AHFC) funds will represent approximately 23 percent of the total project costs and a \$20,979 per-unit cost for 143 income-restricted units.
- Estimated Sources and Uses for the project are as follows:

Sources:

RHDA GO Bond funding	\$ 3,000,000
Private financing	6,800,000
Owner equity	1,374,000
Federal Home Loan Bank	500,000
NeighborhoodWorks America	500,000
Weatherization funding	500,000
Private fundraising	200,000
Total	\$12,874,000

Uses:

Predevelopment	\$ 15,000
Acquisition	8,050,000
Hard costs	4,389,000
Soft and carrying costs	420,000
Total	\$12,874,000

The request for funding 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. The Housing Bond Review Committee reviewed the funding application the first week of December and supported the proposed project.

Following Board approval, an Rental Housing Development Assistance (RHDA) program loan will be negotiated and executed with Foundation Communities, Inc., or its affiliate organization, in an amount not to exceed \$3,000,000 for a term of 99 years at zero percent interest, or such other terms as determined necessary and appropriate. Repayment of the loan will be deferred on a yearly basis and forgiven at the end of the 99-year period, subject to compliance with the loan agreement.

Project Characteristics

- Shady Oaks includes 156 one-bedroom units measuring approximately 628 square feet, and 82 two-bedroom units measuring approximately 835 square feet.
- Projected monthly rents will be approximately \$575 for the income-restricted units, and \$733 for the unrestricted units.
- A minimum of 24 units will be made accessible for persons with mobility disabilities, and five units will be made accessible for persons with hearing and vision disabilities.
- Amenities will include ceiling fans and energy-rated appliances, a community room, clothes-care center, space for after-school and adult education classes, supportive services staff offices, computer lab, and a playground.
- Supportive services will include social and recreational activities, adult education classes, computer training, financial counseling, after-school and summer youth programs, and nutrition and health counseling.
- The acquisition and rehabilitation of Shady Oaks Apartments by Foundation Communities will result in the preservation of 238 affordable rental housing units.

Population Served

- Residents served will be low- and moderate-income families.
- The unit mix for income-restricted units based on current MFI levels is as follows:

24 units	30 percent of MFI	\$22,000 for a four-person household
119 units	50 percent of MFI	\$36,650 for a four-person household

**AUSTIN HOUSING FINANCE CORPORATION
CIP BUDGET
FISCAL NOTE**

Date of Board Consideration: 12/10/2009
Agenda Item: FOUNDATION COMMUNITIES
Division: Real Estate and Finance Development

SUBJECT:

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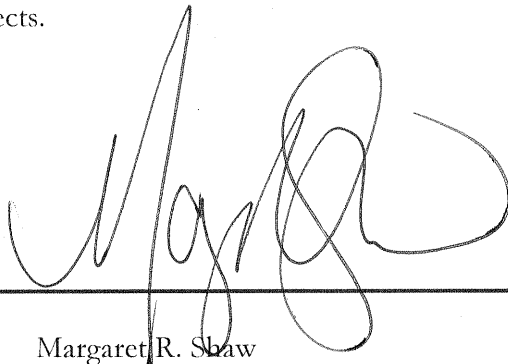
FINANCIAL INFORMATION:

Parent Project Name: 2006 General Obligation Housing Bonds
Project Authorization: Approved AHFC Capital Budget

Current Appropriation	\$ 39,800,000.00
Budget Increase Authorized 12/10/09	<u>2,055,495.00</u>
Total Appropriation	\$41,855,495.00
Available Balance	\$ 3,000,000.00
Amount of This Action	\$ (3,000,000.00)
Remaining Balance	\$ -0-

Use of Remaining Balance:

Dependent on future AHFC Board action to authorize additional funding for future eligible projects.



Margaret R. Shaw
Treasurer, Austin Housing Finance Corporation

12/03/09

Date