

## A G E N D A



## Recommendation for Board Action

Austin Housing Finance Corporation	Item ID	9728	Agenda Number	7.
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Meeting Date:	9/22/2011	Department:	Neighborhood and Community Development
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## Subject

Authorize an increase of \$951,000 to an existing loan to the MARY LEE COMMUNITY, or its affiliate, to assist with the construction of 40 new affordable units of multi-family rental housing at 1340 and 1342 Lamar Square Drive, for a total loan amount not to exceed \$1,626,000.

## Amount and Source of Funding

Funding is available in the Fiscal Year 2010-2011 Operating Budget of the Austin Housing Finance Corporation.

## Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	
For More Information:	Contact Elizabeth A. Spencer, Treasurer, 974-3182.
Boards and Commission Action:	December 10, 2010 – The Board authorized negotiation and execution of a loan for \$675,000 to assist with the acquisition of property at 1340 and 1342 Lamar Square Drive.
MBE / WBE:	
Related Items:	

## Additional Backup Information

Approval of this item will increase funding to the Mary Lee Community, or its affiliate, to assist with the construction of 40 new affordable multi-family rental units at 1340/1342 Lamar Square Drive.

Mary Lee Community is a Texas 501(c)(3) non-profit organization. Mary Lee provides housing and supportive services primarily to people with mental and physical disabilities. The Mary Lee Foundation, founded in 1963, and its affiliates, currently manages 217 housing units in Austin.

Project Characteristics

- Mary Lee Community's newest development, The Legacy, is the "last piece of the puzzle" on Lamar Square Drive. In 2000, Mary Lee developed a Master Plan for "The Square," 10 acres of land off South Lamar which encompasses Lamar Square Drive, located west of IH-35. If approved, this action will promote geographic dispersion of affordable housing. Part of the plan was to acquire all parcels along Lamar Square Drive so that Mary Lee owned the entire "Square." The acquisition of 1340 and 1342 Lamar Square Drive achieved this goal.

- The new multi-family rental community to be constructed will be approximately 27,336 square feet when completed. It will include an office, elevator, community room, and laundry room.
- Residents of the Legacy will have access to the supportive services offered to all residents of the Square. Services are provided to residents on a voluntary basis. Assistance with applications for mainstream services is provided, and case management is also available to all residents. Mary Lee also sponsors a food pantry and Mobile Loaves and Fishes delivers food weekly.
- Residents can participate in the Daybreak program, an on-site day center for special needs individuals at the Square offering therapeutic activities, computer training, meal preparation, classes on interpersonal relationships, stress management, gardening, bus mobility, functional math and reading, all reinforced with periodic supervised field trips into the community. In addition, an on-site nurse is available for medication administration, as needed.
- Mary Lee Community plans to secure all construction permits for The Legacy by December, with an estimated completion date by January 2013. Tenant leasing will begin when construction is complete.

### **Population Served**

The Legacy will primarily serve people with disabilities, but will also provide units to income-eligible, non-disabled residents to maintain an integrated community. Twenty-four of the units will serve households at or below 50 percent of Median Family Income (MFI - currently \$37,450 for a family of four). Twelve units will be at 30 percent MFI or below (currently \$22,450 for a family of four); and four units will serve households at 80 percent MFI or below.

### **Funding Request**

- The \$951,000 requested will fund part of the construction of the new affordable rental units. The additional funding will fulfill Mary Lee Community's original funding request for the Legacy. Earlier this fiscal year, \$675,000 in HOME funds were used so that the property could be acquired and taken off the market.
- If the construction funding is approved, Austin Housing Finance Corporation (AHFC) funds will represent \$40,650 per unit which includes the \$675,000 previously authorized for acquisition of the property.
- The requested funding for acquisition is available in the Fiscal Year 2010-2011 budget allocation for the AHFC. 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.
- Following AHFC Board approval, the Rental Housing Development Assistance (RHDA) program loan executed by Mary Lee Community on July 12, 2011 will be amended to include construction in the scope of work and to increase the loan to a total dollar amount not to exceed \$1,626,000. Under the existing loan terms, Mary Lee Community has agreed to a 99-year affordability period.

Proposed estimated sources and uses of funds for the project are as follows:

#### **Proposed Sources:**

Private Financing Loan	\$ 690,000
Federal Home Loan Bank Grant	360,000
Barton Place, LLC Grant	500,000
Previous RHDA Funds	675,000
Proposed Additional RHDA Funds	951,000
Mary Lee Foundation Grant	<u>164,500</u>
<b>Total</b>	<b>\$3,340,500</b>

#### **Proposed Uses:**

Acquisition	\$ 675,000
Predevelopment	186,500
Construction	2,192,000
Soft costs	<u>287,000</u>
<b>Total</b>	<b>\$3,340,500</b>

