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| <b>Recommendation for Board Action</b>   |   |       |               |  |
| Austin Housing Finance Corporation   | Item ID   | 18390 | Agenda Number | 6.                                     |
| Meeting Date:  | 9/27/2012   |       | Department:   | Neighborhood and Community Development |
| Subject  |   |       |               |  |
| <p>Authorize an increase of \$375,710 to an existing loan to the MARY LEE COMMUNITY, an affiliate of the Mary Lee Foundation, for a total loan amount not to exceed \$2,001,710 to assist with the development and construction of 40 new affordable units of multi-family rental housing at 1340 and 1342 Lamar Square Drive.</p>   |   |       |               |  |
| Amount and Source of Funding   |   |       |               |  |
| <p>Funding is available in the Fiscal Year 2011-2012 Operating Budget of the Austin Housing Finance Corporation.</p>   |   |       |               |  |
| Fiscal Note  |   |       |               |  |
| <p>There is no unanticipated fiscal impact. A fiscal note is not required.</p>   |   |       |               |  |
| Purchasing Language:   |   |       |               |  |
| Prior Council Action:  |   |       |               |  |
| For More Information:  | Contact Elizabeth A. Spencer, Treasurer, Austin Housing Finance Corporation, 974-3182.  |       |               |  |
| Boards and Commission Action:  | December 9, 2010 – Austin Housing Finance Corporation board authorized funding to acquire property. September 22, 2011 – Austin Housing Finance Corporation board authorized funding for development and construction of 40 rental units. |       |               |  |
| MBE / WBE:   |   |       |               |  |
| Related Items:   |   |       |               |  |
| Additional Backup Information  |   |       |               |  |
| <p>If approved, this loan increase will fund the gap needed for completion of the Legacy Apartments, 40 new affordable multi-family rental units located at 1340/1342 Lamar Square Drive.</p> <p><b>Project Characteristics</b><br/> Mary Lee Community's newest development, The Legacy, is the "last piece of the puzzle" on Lamar Square Drive. In 2000, the Mary Lee Foundation developed a Master Plan for "The Square," 10 acres of land off South Lamar which encompasses Lamar Square Drive, located west of IH-35. An over-arching goal of the Master 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.</p> <ul style="list-style-type: none"> <li>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.</li> <li>Residents of the Legacy will have access to the supportive services offered to all residents of the Square.</li> </ul> |   |       |               |  |

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 in September 2012, with an estimated completion date in May, 2013. Tenant leasing will begin when construction is complete.
- Mary Lee Community has agreed to a 99-year affordability period.

#### **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 \$37,950 for a family of four). Twelve units will be at or below 30 percent MFI (\$22,750 for a family of four), and four units will serve households at or below 80 percent MFI (\$60,700 for a family of four).

#### **Funding Request**

- The \$375,710 requested will fill the gap between construction costs that were estimated in 2010 and current construction costs. The requested amount is the remaining gap in financing after Mary Lee Community reduced its developer fee, reduced consulting fees, reduced pre-development costs, and increased its cash equity contribution.
- If funding is approved, Austin Housing Finance Corporation (AHFC) funds will represent \$50,042 per unit which includes the \$1,626,000 previously authorized for property acquisition and new construction.
- 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.

If approved, the Rental Housing Development Assistance (RHDA) program loan agreement, originally executed by Mary Lee Community on July 12, 2011, will be amended to include these additional funds.

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            | 1,626,000          |
| Proposed Additional RHDA Funds | 375,710            |
| Mary Lee Foundation Grant      | <u>164,500</u>     |
| <b>TOTAL</b>                   | <b>\$3,716,210</b> |

#### **Proposed Uses:**

|                |                    |
|----------------|--------------------|
| Acquisition    | \$ 675,000         |
| Predevelopment | 157,340            |
| Construction   | 2,661,370          |
| Soft costs     | <u>222,500</u>     |
| <b>TOTAL</b>   | <b>\$3,716,210</b> |

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