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| Recommendation for Board Action | | | | |
| Austin Housing Finance Corporation | Item ID | 25920 | Agenda Number | 3. |
| Meeting Date: | 8/8/2013 | Department: | Neighborhood and Community Development | |
| Subject | | | | |
| Approve the negotiation and execution of a loan to FOUNDATION COMMUNITIES, INC. to assist with the purchase of a 29-acre tract at 3226 West Slaughter Lane for the purpose of constructing 138 units of mixed-income rental housing in an amount not to exceed \$2,250,000. | | | | |
| Amount and Source of Funding | | | | |
| Funding is available in the Fiscal Year 12-13 Capital Budget of the Austin Housing Finance Corporation through a \$10 million budget transfer authorized on February 14, 2013. | | | | |
| Fiscal Note | | | | |
| A fiscal note is attached. | | | | |
| Purchasing Language: | | | | |
| Prior Council Action: | February 14, 2013 – Resolution 20130214-014 approved a conditional commitment of funding subject to the project being awarded tax credits by the Texas Department of Housing and Community Affairs. | | | |
| For More Information: | Contact Elizabeth A. Spencer, Treasurer, 512-974-3182; or David Potter, Housing Development Manager, 512-974-3192. | | | |
| Boards and Commission Action: | | | | |
| MBE / WBE: | | | | |
| Related Items: | | | | |
| Additional Backup Information | | | | |
| <u>Funding Request</u> <ul style="list-style-type: none"> Foundation Communities' submitted an application for funding from Austin Housing Finance Corporation (AHFC) in the amount of \$2,250,000 to assist with the development of the 138-unit Homestead Apartments on a 29-acre tract on West Slaughter Lane. Austin City Council approved a conditional commitment of funding subject to the award of Low Income Housing Tax Credits from the Texas Department of Housing and Community Affairs (TDHCA). The project received a tax credit award from the TDHCA Board of Directors on July 25, 2013. The \$2,250,000 requested will be used to assist with the acquisition of the 29-acre tract. Funding for this item comes from the \$10 million budget amendment approved by the AHFC Board on April 11, 2013. | | | | |

- Proposed, estimated sources and uses for the project are as follows:

| <u>Sources</u> | | <u>Uses</u> | |
|------------------------|------------------|----------------------|------------------|
| Tax Credit Equity | \$13,648,635 | Pre-development | \$ 820,000 |
| Permanent Loan | 4,476,000 | Acquisition | 4,010,000 |
| Private Fundraising | 2,145,482 | Hard Costs | 14,581,000 |
| Deferred Developer Fee | 1,267,000 | Soft, Carrying Costs | 1,492,145 |
| AHFC RHDA Funds | <u>2,250,000</u> | Other Costs | <u>2,883,972</u> |
| TOTAL | \$23,787,117 | TOTAL | \$23,787,117 |

- 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.
- If approved, AHFC funds will represent \$16,304 per unit or approximately 9.5 percent of the total project cost.

Project Characteristics

- Homestead Apartments will be family-focused and located near employment, parks, high-performing schools and retail businesses.
- The property is a former ranch located on West Slaughter Lane between Brodie Lane and Westgate Boulevard. Foundation Communities will preserve trees and green space to offer a park-like setting to residents in a location very convenient to amenities and services.
- The unit sizes range from 650 to 1,050 square feet and will consist of 64 one-bedroom/one bath unit, 57 two-bedroom/two-bath units and 19 three-bedroom/three-bath units. Affordable rents, depending on unit size, will be in the range of \$425 to \$950 per month.
- Fourteen units will be designed accessible for persons with mobility disabilities and three units will be designed accessible to persons with sight or hearing disabilities.
- Homestead Apartments will have an on-site community learning center with after-school and summer programs for children as well as classes for adults such as money management, computer training and homebuyer education.

Population Served

- Sixty-nine units will be reserved for households with incomes at or below 50 percent of the Median Family Income (MFI), currently \$36,600 for a four-person household.
- Fifty-five units will be reserved for households with incomes at or below 60 percent MFI, currently \$43,920 for a four-person household.
- Fourteen units will be reserved for Permanent Supportive Housing (PSH). These households will have incomes at or below 30 percent MFI, currently \$21,950 for a four-person household.

Foundation Communities, Inc.

Foundation Communities, Inc. is a 501(c)(3) non-profit organization established in 1984, which has successfully developed approximately 2,100 units of affordable rental housing in Austin. Foundation Communities has recently developed other family-based properties including M Station and Sierra Vista. The organization is also known for its array of resident services, and for utilizing green building practices in all of its developments.