

Recommendation for Board Action																
Austin Housing Finance Corporation	Item ID	40187	Agenda Number	4.												
Meeting Date:	4/2/2015		Department:	Neighborhood and Community Development												
Subject																
<p>Authorize negotiation and execution of a loan in an amount not to exceed \$2,000,000 to THE MULHOLLAND GROUP, LLC or an affiliated entity, for the purpose of acquiring and rehabilitating the Capitol Village Apartments multi-family residential development at 6855 East U.S. Highway 290.</p>																
Amount and Source of Funding																
<p>Funding is available in the Fiscal Year 2014-15 Capital Budget of the Austin Housing Finance Corporation.</p>																
Fiscal Note																
<p>A fiscal note is attached.</p>																
Purchasing Language:																
Prior Council Action:																
For More Information:	Elizabeth A. Spencer, Treasurer, Austin Housing Finance Corporation, 512-974-3182; or David Potter, AHFC Neighborhood Development Program Manager, 512-974-3192.															
Boards and Commission Action:																
MBE / WBE:																
Related Items:																
Additional Backup Information																
<p>If approved, the Austin Housing Finance Corporation (AHFC) will be authorized to negotiate and execute a \$2,000,000 loan to The Mulholland Group, LLC or an affiliate organization, to assist with the acquisition of the 249-unit Capitol Village Apartments.</p> <p><u>Funding Request</u></p> <ul style="list-style-type: none"> ▪ If approved, the \$2,000,000 will be used to assist with the acquisition of the property. ▪ AHFC funds would represent approximately 6.0 percent of the total project cost, with an average cost of AHFC funds at \$22,725 per unit. ▪ Estimated Sources and Uses for the project are as follows: <table border="0" style="width: 100%;"> <tr> <td colspan="2"><u>Sources:</u></td> <td colspan="2"><u>Uses:</u></td> </tr> <tr> <td>Tax Credit Equity</td> <td>\$ 9,105,349</td> <td>Acquisition</td> <td>\$15,800,000</td> </tr> <tr> <td>Private Lender Loan</td> <td>15,639,611</td> <td>Renovation</td> <td>6,442,730</td> </tr> </table>					<u>Sources:</u>		<u>Uses:</u>		Tax Credit Equity	\$ 9,105,349	Acquisition	\$15,800,000	Private Lender Loan	15,639,611	Renovation	6,442,730
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Tax Credit Equity	\$ 9,105,349	Acquisition	\$15,800,000													
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Deferred Developer Fee	5,167,821	Soft Costs, Reserves, &	
AHFC funding	<u>2,000,000</u>	Developer Fee	8,092,589
Total	\$31,912,781	Financing & Legal Costs	<u>1,577,462</u>
		Total	\$31,912,781

Project Characteristics

- 249 units to be acquired and rehabilitated.
- Unit mix: 42 efficiency units Rent: approximately \$537 400 square feet
- 96 one-bedroom Rent: approximately \$633-\$726 650-750 square feet
- 103 two-bedroom Rent: approximately \$845-\$929 880-1,130 square feet
- 8 three-bedroom Rent: approximately \$1,016 1,380 square feet
- Twenty-five units will be made accessible for persons with mobility disabilities, and at least 5 units will be made adaptable for persons with hearing and sight disabilities.
- Smoking will not be permitted in resident units and only allowed in certain areas away from building entrances. This helps support Imagine Austin Priority Program # 7: Create a Healthy Austin.

Population Served

- Twenty-five percent of the units (63 units) will be reserved will be reserved for households with incomes less than \$37,700 per year (50% of MFI for a 4-person household.)
- Ten percent of the units (25 units) will be reserved for those persons who would be appropriately housed using the "Housing First" model of Permanent Supportive Housing. The residents will be case managed through a contract with the non-profit Front Steps. Front Steps operates the Austin Resource Center for the Homeless (ARCH) and has partnered with The Mulholland Group at the Palms on Lamar (8500 North Lamar Blvd.) to provide Permanent Supportive Housing.

The Mulholland Group

The Mulholland Group, LLC (TMG) and its affiliates currently own or control more than 2,350 residential multi-family apartment units in 3 states and have facilitated the acquisition or financing of over 6,700 units in 5 states. The organization, established in 1991, routinely develops affordable housing by raising equity through the sale of Low Income Housing Tax Credits and the use of tax-exempt bonds. TMG acquires multi-family properties that are generally Class B to C quality and are leased to low, moderate and middle-income persons.

In Austin, TMG completed the successful rehabilitation of the 476-unit Palms on Lamar (formerly, the Malibu Apartments). The project was awarded \$3 million of Affordable Housing General Obligation Bond funds and to date is the project with the largest number of units assisted by AHFC. TMG and AHFC have also partnered on the Cross Creek Apartments (1134 Rutland Drive). TMG acquired the property in 2014 with assistance from AHFC and rehabilitation work is expected to get underway in mid-2015 after the close of the permanent financing.