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|   |   |       |               |  |
| <b>Recommendation for Board Action</b>  |   |       |               |  |
| Austin Housing Finance Corporation  | Item ID   | 53487 | Agenda Number | 4.                                     |
| Meeting Date:   | 12/17/2015  |       | Department:   | Neighborhood and Community Development |
| Subject   |   |       |               |  |
| <p>Authorize an increase of \$700,000 to an existing loan agreement with Foundation Communities, Inc., or an affiliated entity, for a total loan amount not to exceed \$1,700,000 for the development of Bluebonnet Studios, a Single Room Occupancy residential facility at 2301 South Lamar Boulevard for very low-income individuals and individuals exiting homelessness.</p>   |   |       |               |  |
| Amount and Source of Funding  |   |       |               |  |
| Funding is available in the Fiscal Year 15-16 Capital Budget of the Austin Housing Finance Corporation.   |   |       |               |  |
| Fiscal Note   |   |       |               |  |
| A fiscal note is attached.  |   |       |               |  |
| 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:   | <p>February 13, 2014 – The AHFC Board authorized negotiation and execution of a loan for \$2,000,000, subject to the award of Low Income Housing Tax Credits from the state.</p> <p>August 7, 2014 – Subsequent to the award of Low Income Housing Tax Credits, authorized negotiation and execution of a loan for \$2,000,000.</p> <p>April 2, 2015 – The AHFC Board authorized negotiation and execution of a loan for \$1,000,000.</p> |       |               |  |
| MBE / WBE:  |   |       |               |  |
| Related Items:  |   |       |               |  |
| Additional Backup Information   |   |       |               |  |
| <p>If approved, this action would authorize an increase of \$700,000 to an existing loan to Foundation Communities, Inc., for a total amount not to exceed \$1,700,000. This would increase total funding from Austin Housing Finance Corporation (AHFC) for the project to \$3,994,420. The purpose of the loan is to develop a 107-unit Single Room Occupancy (SRO) facility, meaning that each unit houses only one person. The development is located in District 5.</p> <p><b>Funding Request</b></p> <ul style="list-style-type: none"> <li>▪ If approved, the additional \$700,000 will be used to assist with unexpected site related costs. Prior AHFC funds were used for acquisition and construction of the property.</li> <li>▪ AHFC funds would represent approximately 19.7 percent of the total project cost, with an average cost of AHFC funds at \$37,331 per unit.</li> <li>▪ Estimated Sources and Uses for the project are as follows:</li> </ul> |   |       |               |  |

**Sources:**

|                        |                     |
|------------------------|---------------------|
| Tax Credit Equity      | \$ 8,961,404        |
| NeighborWorks America  | 950,000             |
| Previous AHFC funding  | 3,294,420           |
| Proposed AHFC funding  | 700,000             |
| Owner Equity           | 3,821,675           |
| Deferred Developer Fee | 1,055,133           |
| Federal Home Loan Bank | <u>1,500,000</u>    |
| <b>Total</b>           | <b>\$20,282,632</b> |

**Uses:**

|                         |                     |
|-------------------------|---------------------|
| Acquisition             | \$ 2,300,510        |
| Pre-Development         | 751,130             |
| Construction/Hard Costs | 15,303,000          |
| Soft & Carrying Costs   | <u>1,927,992</u>    |
| <b>Total</b>            | <b>\$20,282,632</b> |

**Project Characteristics**

- 107 Single Room Occupancy units to be built on South Lamar Boulevard, offering affordability in a location where new, high-end multi-family properties predominate.
- Located within the South Lamar Vertical Mixed Use Overlay.
- Individual units will house one person only, and the size of each unit will be approximately 450 sq. ft.
- Bluebonnet Studios will have 21 Permanent Supportive Housing units.
- 12 units will be made accessible for persons with mobility disabilities, and at least three units will be made accessible for persons with hearing and sight disabilities.
- A variety of services will be available to residents depending on individual needs. The services can include: case management, mental health counseling, life skills training, budgeting and money management, advocacy for benefits or entitlements, computer literacy, and vocational and supported employment services.
- No smoking will be permitted anywhere on the property. This helps support *Imagine Austin* Priority Program #7: Create a Healthy Austin.

**Population Served**

- 20 percent of units will be reserved for individuals with incomes less than \$16,150 per year (30% of the Median Family Income [MFI] for a 1-person household).
- 20 percent of units will be reserved for individuals with incomes less than \$21,500 per year (40% of MFI for a 1-person household.)
- 60 percent of units will be reserved for individuals with incomes less than \$26,900 per year (50% of MFI for a 1-person household.)

**Foundation Communities**

Foundation Communities, Inc. has been in operation for over 20 years and has successfully developed and managed 19 affordable communities in Austin and North Texas, and is known for its innovative programs to help residents become successful in meeting their financial, educational, or life goals and its commitment to creative and attractive sustainable building practices.