

Recommendation for Board Action				
Austin Housing Finance Corporation	Item ID	54048	Agenda Number	4.
Meeting Date:	1/28/2016		Department:	Neighborhood and Community Development
Subject				
<p>Authorize an increase of \$2,040,000 to the loan with Wolfpack Group, LLC, or an affiliate, for a total loan amount not to exceed \$3,300,000 for a multi-family rental development to be known as the LaMadrid Apartments, located at the southwest corner of Ravenscroft Drive and Manchaca Road. (District 5)</p>				
Amount and Source of Funding				
<p>\$1,440,000 is available in the Fiscal Year 2015-2016 Capital Budget of the Austin Housing Finance Corporation, and \$600,000 is available in the Fiscal Year 2015-2016 Operating 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:	<p>Elizabeth A. Spencer, Treasurer, Austin Housing Finance Corporation, 512-974-3182; or David Potter, AHFC Neighborhood Development Program Manager, 512-974-3192.</p>			
Boards and Commission Action:	<p>February 12, 2015 – AHFC Board approved conditional funding in the amount of \$1,260,000, subject to the award of Low Income Housing Tax Credits from the Texas Department of Housing and Community Affairs (TDHCA). August 7, 2015 – AHFC Board approved negotiation and execution of a \$1,260,000 loan agreement for the LaMadrid Apartments after it received an award of tax credits from TDHCA in July 2015.</p>			
MBE / WBE:				
Related Items:				
Additional Backup Information				

If approved, the Austin Housing Finance Corporation (AHFC) would be authorized to increase an existing loan agreement with Wolfpack Group, LLC, or an affiliated entity, to develop the La Madrid Apartments. The development is located in District 5.

The current funding request is for the balance of the developer's original application amount plus \$600,000 that is the estimated cost for a Service Extension Request required by the Austin Water Utility to increase the size of a wastewater line that is approximately 0.5 miles away from the property.

Funding Request

- If approved, the \$2,040,000 will be used to assist with the construction of the development and the installation of the expanded sewer line off-site.
- AHFC funds would represent approximately 19 percent of the total project cost, with an average cost of AHFC funds at \$80,000 per unit. The AHFC cost per unit would drop to \$65,850 if the off-site construction were not required.

Estimated Sources and Uses for the project are as follows:

Sources:

Tax Credit Equity	\$11,649,395
Private Lender Loans	2,300,000
Deferred Developer Fee	654,886
Requested AHFC Funds	2,700,000
AHFC CDBG Funding	<u>600,000</u>
Total	\$17,104,281

Uses:

Acquisition	\$ 1,800,000
Pre-development Costs	1,661,700
Construction/Hard Costs	10,627,752
Soft & Carrying Costs	731,218
Reserves & Developer Fee	<u>2,283,611</u>
Total	\$17,104,281

Project Characteristics

- 78 affordable units to be built at Ravenscroft Drive and Manchaca Road, south of Slaughter Lane. Another 12 units will be market rate.
- **Unit mix:**

18 one-bedroom/one-bath units	Rent: approximately \$337-\$762	620-752 square feet
53 two-bedroom/two-bath units	Rent: approximately \$396-\$905	958-1,156 square feet
24 three-bedroom/two-bath units	Rent: approximately \$441-\$1,029	1,159-1,459 square feet
- 45 units will be made accessible for persons with mobility disabilities, and at least 2 units will be made accessible for persons with hearing and sight disabilities.
- LaMadrid is expected to receive direct rent subsidies from HUD's Section 811 Program which provides rental subsidies to persons with disabilities. Ten units will be set aside for the Section 811 residents.
- Smoking will not be permitted in residents' units. This helps support Imagine Austin Priority Program # 7: Create a Healthy Austin.
- The developer has executed a Memorandum of Understanding with Skillpoint Alliance to provide resident services. Services planned for LaMadrid include computer proficiency for adults and STEM (Science, Technology, Engineering, and Math) activities for children during the summer. The types of services provided may vary over time depending on residents' needs and interests.

Population Served

- Eight percent of units will be reserved for individuals with incomes less than \$20,750 per year (30% of the Median Family Income [MFI] for a 3-person household).
- Thirty-five percent of units will be reserved for individuals with incomes less than \$34,600 per year (50% of MFI for a 3-person household.)
- Forty-two percent of units will be reserved for individuals with incomes less than \$41,520 per year (60% of MFI for a 3-person household.)

- Fifteen percent of units will be market rate units that have no income restrictions.

Wolfpack Group, LLC

The company is a special purpose entity, recently created to undertake development activities in Texas. Its principals, as part of the Pinnacle Housing Group, have developed a portfolio of 32 developments with over 6,000 rental units, and per the materials submitted, have ranked in the Top 50 Affordable Housing Developers in the United States, according to Affordable Housing Finance Magazine.

For more information on the proposed project, as well as socioeconomic characteristics and amenities in the surrounding area, please see the project's Development Information Packet here:

<http://austintexas.gov/page/fy-15-16-funding-applications>.