

<b>Recommendation for Board Action</b>				
Austin Housing Finance Corporation	Item ID	53490	Agenda Number	5.
Meeting Date:	01/28/2016		Department:	Neighborhood Housing and Community Development
Subject				
<p>Approve the negotiation and execution of a loan agreement with Lonestar Development Partners, LLC, or an affiliated entity, in an amount not to exceed \$2,500,000, for an affordable, multi-family rental development to be known as the Rail at MLK Jr. Station, located within the MLK Transit-Oriented Development District at East 17th Street and Alexander Avenue.</p>				
Amount and Source of Funding				
<p>Funding is available in the Fiscal Year 2015-2016 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:	Betsy Spencer, AHFC Treasurer, 512-974-3182; David Potter, 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) would be authorized to enter into a loan agreement with Lonestar Development Partners, LLC or an affiliated entity to develop 225 units of multi-family rental housing in the MLK Transit-Oriented Development (TOD) District. The proposed development is located in Council District 1.</p> <p><b><u>Funding Request</u></b></p> <ul style="list-style-type: none"> <li>▪ If approved, the \$2,500,000 will be used to assist with the acquisition of the property.</li> <li>▪ AHFC funds would represent approximately 7.6 percent of the total project cost, with an average cost of AHFC funds at \$43,100 per AHFC-assisted unit.</li> <li>▪ Estimated Sources and Uses for the project are as follows:</li> </ul>				

**Sources:**

Private Lender Mortgage	\$25,000,000
Limited Partner Equity	4,700,000
AHFC funding	2,500,000
General Partner Equity	<u>300,000</u>
<b>Total</b>	<b>\$32,500,000</b>

**Uses:**

Acquisition	\$ 2,600,000:
Pre-Development	271,500
Construction/Hard Costs	22,522,502
Soft & Carrying Costs	<u>7,105,998</u>
<b>Total</b>	<b>\$32,500,000</b>

**Project Characteristics**

- Two Hundred Twenty-five (225) units to be built on property adjacent to the MetroRail MLK Station.
- Unit mix:** 58 studio/one-bath units      Affordable Rents: approximately \$400-\$672 per month  
                   50 studio/one bath units      Market Rate Rents  
                   101 one-bedroom/one bath units      Market Rate Rents  
                   16 two-bedroom/two -bath units      Market Rate Rents
- The Rail at MLK Jr. Station will have 3 Permanent Supportive Housing (PSH) units.
- Fifteen units will be made accessible for persons with mobility disabilities, and at least 3 units will be made accessible for persons with hearing and sight disabilities.
- Lonestar Development Partners has obtained written agreements from Austin Habitat for Humanity to provide homebuyer education and financial literacy services and with the Council on Recovery to recruit PSH residents and provide supportive services.

**Population Served**

- Three (3) units will be reserved for individuals with incomes at or below 30% of the Median Family Income (MFI), currently \$16,150 for a single-person household.
- Three (3) units will be reserved for individuals or families with incomes at or below 40% MFI, currently \$21,800 for a single-person household and \$30,700 for a 4-person household.
- Fifty-two (52) units will be reserved for individuals and families with income at or below 50% MFI, currently \$26,900 for a single-person household and \$38,400 for a 4-person household.
- One hundred sixty-seven (167) units will have no income restrictions.

**Lonestar Development Partners, LLC**

Lonestar Development Partners ("Lonestar") is a real estate investment firm that specializes in mixed-use development projects, contributes capital and manages the project. Lonestar is partnering with LDG Development, an experienced multi-family housing developer based in Louisville, Kentucky, with offices in Austin, Texas and has a focus on affordable housing. LDG has developed over 4,000 units and numerous commercial properties in 12 states including Kentucky, Indiana, Louisiana, Texas and Kansas.

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>.