

<b>Recommendation for Board Action</b>				
Austin Housing Finance Corporation	Item ID	63839	Agenda Number	1.
Meeting Date:	12/15/2016	Department:	Neighborhood and Community Development	
Subject				
<p>Authorize an increase of \$992,000 to an existing loan to the Chestnut Neighborhood Revitalization Corporation for a total loan amount not to exceed \$4,954,717 for the new construction of mixed-use affordable ownership housing located at East 13<sup>th</sup> and Chicon Streets (District 1).</p>				
Amount and Source of Funding				
Funding is available in the Fiscal Year 16-17 Capital Budget of the Austin Housing Finance Corporation.				
Fiscal Note				
A fiscal note is attached.				
Purchasing Language:				
Prior Council Action:				
For More Information:	Rosie Truelove, AHFC Treasurer, 512-974-3064; David Potter, NHCD Neighborhood Development Program Manager, 512-974-3192.			
Boards and Commission Action:	<p><u>March 8, 2012</u> – AHFC Board authorized negotiation and execution of a loan agreement for \$1,375,268 for the acquisition of 1212, 1301, and 1309 Chicon Street.</p> <p><u>June 6, 2013</u> – AHFC Board authorized an increase of \$1,265,000 for demolition and pre-development work for a total loan amount of \$2,640,268.</p> <p><u>October 1, 2015</u> – AHFC Board authorized an increase of \$1,322,449 for a total loan amount of \$3,962,717 to begin construction of units.</p>			
MBE / WBE:				
Related Items:				
Additional Backup Information				
<p>If approved, the existing loan to the Chestnut Neighborhood Revitalization Corporation (CNRC) will be increased by \$992,000 for a total loan amount of \$4,954,717 for the development of “The Chicon,” a 43-unit ownership and mixed-use development. Funding is anticipated to come from the Affordable Housing General Obligation Funds. The development will offer 33 affordable ownership opportunities in the area around the intersection of East 12<sup>th</sup> and Chicon Streets. This development is located in District 1.</p> <p><b>Funding Request</b></p> <ul style="list-style-type: none"> <li>The reasons for the request includes several unforeseen issues, such as a land title issue, that stopped construction before a private lender loan could be secured. Additional utility work and sidewalk access issues also added to the total cost of the project.</li> <li>Since that time, funding commitments from the Texas State Affordable Housing Corporation (TSAHC) and Frost Bank have been obtained. Both loans are contingent upon approval of this request for additional AHFC funding.</li> <li>If funding is approved, financing sufficient to complete the project can be obtained. AHFC funds will represent</li> </ul>				

\$150,142 per affordable unit, and the total AHFC loan amount would represent 39 percent of the total project cost.

- This project was reviewed by Housing Bond Review Committee prior to the first round of G.O. Bond funding that was approved in 2012.
- Estimated sources and uses of funds for the project are as follows:

Sources		Uses	
Previous AHFC Funds	\$ 3,962,717	Acquisition	\$ 1,023,225
Proposed AHFC Funds	992,000	Residential & Commercial	
Private Lender Loan	4,000,000	Construction	10,504,374
TSAHC Loan	2,000,000	Financing, Fees,	
Commercial Sales	<u>1,764,380</u>	& Soft Costs	<u>1,191,498</u>
<b>TOTAL \$12,719,097</b>		<b>TOTAL \$12,719,097</b>	

#### **Project Characteristics**

- The Chicon is located on three properties in the 1200 and 1300 blocks of Chicon Street. The properties will be redeveloped into a mixed-use, mixed-income development with ground-floor retail/office space and two stories of housing above.
- The homes will be new construction, attached ownership units built to S.M.A.R.T. Housing™ standards and will be designed to achieve a three-star Austin Energy Green Building rating.
- The units to be constructed will have 1, 2, or 3 bedrooms and range in size from approximately 650 square feet to 1,100 square feet. The unit mix in the first phase will be:
  - 21 one-bedroom/one-bath units; 18 affordable, 3 market-rate
  - 5 two-bedroom/two-bath units; 2 affordable, 3 market-rate
  - 2 three-bedroom/two-bath units; 1 affordable, 1 market-rate
- The homes will be sold by CNRC under a Shared Equity or Community Land Trust ownership model that will be managed by the non-profit organization, Community Wheelhouse, to ensure long-term affordability. The sales prices will range from approximately \$145,000 to \$235,000 for the income-restricted units and the market-rate units will range in price from approximately \$190,000 to \$338,000.

#### **Neighborhood Support**

AHFC has received letters of support for The Chicon project from:

- The Davis-Thompson Neighborhood Association
- The Rosewood Neighborhood Plan Contact Team
- The Chestnut Neighborhood Plan Contact Team
- A neighbor living next door to one of the properties.

#### **Population Served**

The affordable units will be made available to households with incomes at or below 80 percent of the Median Family Income (MFI), currently \$62,250 for a 4-person household, with some units being targeted toward households with incomes at or below 65 percent MFI, currently \$50,570.

#### **Chestnut Neighborhood Revitalization Corporation**

CNRC is a 501(c) (3) non-profit community-based development corporation established in 1998 to address affordable housing and community development needs in the Chestnut Neighborhood and surrounding areas. CNRC has built and sold affordable single-family homes and most recently completed the award-winning Franklin Gardens 22-unit senior development located at the northwest corner of E. M. Franklin and East MLK Jr. Boulevards.