

<b>Recommendation for Board Action</b>				
Austin Housing Finance Corporation	Item ID	72891	Agenda Number	4.
Meeting Date:	8/3/2017		Department:	Neighborhood Housing and Community Development
Subject				
Approve the negotiation and execution of a loan agreement with Foundation Communities, Inc., or an affiliated entity, in an amount not to exceed \$4,000,000 for a mixed-income, multi-family rental development to be located near the northwest corner of Philomena Street and Tilley Street in the Robert Mueller Municipal Airport redevelopment area. (District 9)				
Amount and Source of Funding				
Funding is available in the Fiscal Year 2016-2017 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, 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 the non-profit Foundation Communities, Inc., or an affiliated entity, to develop the multi-family housing community. The property is located in Council District 9.</p> <p><b><u>Funding Request</u></b></p> <ul style="list-style-type: none"> <li>▪ Staff is recommending \$4,000,000 of Affordable Housing General Obligation Bond funds be approved in the current fiscal year.</li> <li>▪ Funding will be used to construct 132 rental units.</li> <li>▪ The project has been awarded Low Income Housing Tax Credits as part of the financing plus a permanent loan.</li> <li>▪ AHFC funding would represent approximately 22% percent of the total project cost, with an average cost of AHFC funds at \$30,303 per affordable unit.</li> </ul>				

- Estimated Sources and Uses for the project are as follows:

**Sources:**

Owner Equity	\$ 1,739,326
Requested AHFC funding	4,000,000
Private Lender Loan	5,571,789
Tax Credit Equity	13,798,620
Deferred Developer Fee	<u>1,565,344</u>
<b>Total</b>	<b>\$26,675,079</b>

**Uses:**

Acquisition	\$ 1,001,000
Pre-Development	699,950
Construction/Hard Costs	20,031,314
Soft & Carrying Costs	<u>4,942,815</u>
<b>Total</b>	<b>\$26,675,079</b>

**Population Served**

- 13 rental housing units that serve residents earning at or below 30% of Median Family Income (MFI), currently, \$24,400 for a 4-person household, and will be Permanent Supportive Housing (PSH) units.
- 66 rental housing units that serve residents earning at or below 50% of MFI; currently, \$40,700 for a 4-person household.
- 53 rental housing units that serve residents earning at or below 60% of MFI, currently \$48,840 for a 4-person household.

**Project Characteristics**

- The approximate unit mix will include:
  - 40 1-bedroom units; approximately 794 square feet;
  - 62 2-bedroom units; approximately 1,061 square feet; and
  - 30 3-bedroom units; approximately 1,335 square feet.
- Mueller Apartments will have 13 Permanent Supportive Housing (PSH) units for families transitioning from homelessness.
- 13 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.
- Foundation Communities will offer its signature Children's HOME Initiative that provides intensive case management for families with children and working to make lasting changes in their lives to help them achieve self-sufficiency. The program engages children in development activities and promotes their emotional well-being, and improves the overall financial stability of the family.
- Other supportive services for residents will include an after-school program, adult classes including English as a Second Language, money management, homebuyer education, and computer training. Residents will also have access to Foundation Communities' programs for financial education, financial coaching, matched savings accounts, college Savings and financial assistance and free income tax return preparation.

**Current Property Tax Status and Future Impact**

The property is currently owned by the City of Austin, and is 100% tax exempt. Once ownership is transferred to Foundation Communities or its affiliate organization, the Travis Central Appraisal District would make a determination on any tax exemptions for which the property may qualify in the future.

**Foundation Communities**

Foundation Communities, Inc. has been in operation for 27 years and has successfully developed, and owns and operates 22 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. Foundation Communities currently provides affordable housing for over 2,800 families including 228 formerly homeless children.

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-16-17-funding-applications>