

Recommendation for Board Action				
Austin Housing Finance Corporation	Item ID	74229	Agenda Number	4.
Meeting Date:	9/28/2017		Department:	Neighborhood Housing and Community Development
Subject				
Approve an inducement resolution for private activity bond financing to be submitted to the Texas Bond Review Board for an allocation of up to \$50,000,000 in private activity volume cap multi-family non-recourse bonds, by the Austin Geriatric Center, Inc., or an affiliated entity, for the rehabilitation of the senior housing units in the Rebekah Baines Johnson Center and the development of additional new affordable senior housing at the site, located at 21 Waller Street. (District 3)				
Amount and Source of Funding				
Up to \$50,000,000 of Private Activity Bonds may be issued by the Austin Housing Finance Corporation (AHFC) for this project. These bonds are not obligations of the City of Austin or of Austin Housing Finance Corporation, and the full faith and credit of the City is not pledged to repay these bonds.				
Fiscal Note				
There is no unanticipated fiscal impact. A fiscal note is not required.				
Purchasing Language:				
Prior Council Action:	<p>December 17, 2015 – Council approved Resolution No. 20151217-057, initiating amendments to the Waterfront Overlay, Land Development Code § 25-2-735 (Festival Beach Sub-district Regulations), to increase allowable impervious cover, and directed the City Manager to process an ordinance to be presented to City Council for consideration after completion of the required public process.</p> <p>June 23, 2016 – Council passed Ordinance No. 20160623-101, amending city code section 25-2-735 relating to regulation of senior housing and mixed use development within the waterfront overlay.</p>			
For More Information:	Rosie Truelove, Austin Housing and Finance Corporation Treasurer, 512-974-3064; David Potter, Austin Housing and Finance Corporation Program Manager, 512-974-3192.			
Boards and Commission Action:	February 9, 2017 – AHFC Board authorized negotiation and execution of a loan to the Austin Geriatric Center, Inc. for an amount not to exceed \$3,000,000 for the Rebekah Baines Johnson Center tower rehabilitation and development of new multi-family senior housing at the site.			
MBE / WBE:				
Related Items:				
Additional Backup Information				

If approved, this inducement resolution will permit staff to submit an application to the Texas Bond Review Board requesting consideration to authorize the Austin Housing Finance Corporation (AHFC) to issue multi-family housing revenue bonds in an amount up to \$50,000,000 to assist with the rehabilitation of the Rebekah Baines Johnson (RBJ) Center residential building, more commonly known as the RBJ Tower, and the development of additional new multi-family housing for seniors at the site. The Austin Geriatric Center, Inc. is the owner of the 17.7 acre property, and DMA Development Company, LLC will be the developer. The property is located in Council District 3.

Regulations governing the issuance of revenue bonds for the purpose of financing affordable housing specify that the bonds are non-recourse, and the full faith and credit of the AHFC or the City of Austin is not pledged to repay the bonds.

Proposed Project

The proposed project at the RBJ Center will take place in stages. First, the infrastructure will be installed that will support 277 units of new housing to be developed. Next, the new housing will be constructed around the Tower, and residents will be relocated to the new housing while the Tower is being rehabilitated. Tower residents will have the option to remain in the new housing or return to the Tower once the rehabilitation work is complete. When completed, RBJ Center will have a total of 502 units, 478 of which will be income-restricted and all reserved for persons aged 55 and older.

Financing for the development is proposed to come from non-competitive 4% Low Income Housing Tax Credits, the Private Activity Bonds issued by AHFC, Rental Housing Development Assistance (RHDA) funding from AHFC, private lender loans, and by the sale of certain sections of the property for market-rate housing and commercial purposes.

Estimated Sources and Uses of Funds (New Construction)

<u>Sources:</u>		<u>Uses:</u>	
Private Lender Loan	\$16,000,000	Acquisition	\$ 6,184,001
Tax Credits	18,872,856	Pre-Development &	
Grants	6,048,353	Soft Costs	1,705,546
AHFC funding	3,000,000	Construction/Hard Costs	32,904,735
Charitable Reserve	445,000	Reserves & Escrows	1,614,922
Deferred Developer Fee	<u>5,192,866</u>	Developer Fee &	
Total	\$49,559,075	Financing Costs	<u>7,149,871</u>
		Total	\$ 49,559,075

Estimated Sources and Uses of Funds (Tower Rehabilitation)

<u>Sources:</u>		<u>Uses:</u>	
Private Lender Loan	\$ 8,400,000	Acquisition	\$10,000,000
Tax Credits	18,224,190	Pre-Development &	
Grants	6,469,705	Soft Costs	1,467,363
Requested AHFC & Other		Construction/Hard Costs	27,032,614
Government funding	10,000,000	Developer Fee &	
Charitable Reserve	445,000	Financing Costs	<u>5,579,767</u>
Deferred Developer Fee	<u>540,839</u>		
Total	\$ 44,079,744	Total	\$44,079,744

New Construction

Project Characteristics

- 277 new construction multi-family units to be constructed.
- 47 efficiency units (approximately 525 to 631 square feet, approximate rent \$380 to \$800).
- 173 one-bedroom units (approximately 715 to 850 square feet, approximate rent \$707 to \$1,166).
- 24 two-bedroom units (approximately 1,069 to 1,210 square feet, approximate rent \$837 to \$1,387).

Population Served

- Persons age 55 and older.
- Eighteen (18) units will be reserved for households with incomes at or below 30% MFI, currently \$17,100 per year for a single-person household.
- Ninety-four (94) units will be reserved for households with incomes at or below 50% MFI, currently \$28,500 for a single-person household.
- One hundred forty-six (146) units will be reserved for households with incomes at or below 60% MFI, currently \$34,200 for a single-person household.
- Nineteen (19) units will have no income restrictions.

Tower Rehabilitation

Project Characteristics

- 225 units will be rehabilitated. The RBJ Tower was completed in 1972.
- 92 efficiency units (approximately 496 to 524 square feet, approximate rent \$380 to \$665).
- 133 one-bedroom units (approximately 598 to 606 square feet, approximate rent \$402 to \$1,222).

Population Served

- Persons age 55 and older.
- Twenty-seven (27) units will be reserved for households with incomes at or below 30% Median Family Income (MFI), currently \$17,100 per year for a single-person household.
- One hundred thirty-one (131) units will be reserved for households with incomes at or below 50% MFI, currently \$28,500 for a single-person household.
- Sixty-two (62) units will be reserved for households with incomes at or below 60% MFI, currently \$34,200 for a single-person household.
- Five (5) units will have no income restrictions.

Current Property Tax Status and Future Impact

The property is currently 100% exempt from property tax. However, any sections of the property sold for private development will likely be fully taxable. When the RBJ Center is completed and if ownership is transferred to another entity, the Travis Central Appraisal District will determine whether the property will continue to be eligible for exemption.

DMA Development Company

DMA Development Company, LLC is very experienced in the development and construction of complicated real estate developments, having extensive experience with both new construction and renovation, and with all the financial tools proposed for this project. In 2016, DMA Development Company closed bond financing and is completing construction on Aldrich 51, a 240-unit vertical mixed use development in the Mueller community. Previously, DMA Development Company developed a highly successful senior development, Wildflower Terrace, also in the Mueller community.

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

http://austintexas.gov/sites/default/files/files/RBJ_Development_Information_Packet.pdf