



**RBA
AUSTIN HOUSING FINANCE CORPORATION
RECOMMENDATION FOR BOARD ACTION**

**AGENDA ITEM NO.: AHFC-2
AGENDA DATE: Thu 12/16/2004
PAGE: 1 of 2**

SUBJECT: Approve the negotiation and execution of a deferred payment forgivable loan agreement with the Guadalupe Neighborhood Development Corporation in an amount not to exceed \$360,000 to fund the Guadalupe Neighborhood Development Corporation's construction of six affordable rental housing units located in the Guadalupe neighborhood at 1003 Lydia, 907 Spence, 1009 East 10th Street, 809 San Marcos, and 2320 Santa Rita.

AMOUNT & SOURCE OF FUNDING: HOME funding is available in the Fiscal Year 2004-2005 Austin Housing Finance Corporation budget allocation under the Rental Housing Development Assistance Program.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Austin Housing Finance
DEPARTMENT: Corporation

DIRECTOR'S
AUTHORIZATION: Paul Hilgers

FOR MORE INFORMATION CONTACT: Paul Hilgers, Director, Neighborhood Housing and Community Development, 974-3108.

PRIOR BOARD ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

The Guadalupe Neighborhood Development Corporation (GNDC) is a non-profit 501(c)(3) organization and is certified by the City of Austin as a Community Housing Development Organization (CHDO). The GNDC was established in 1981 to provide affordable housing for low- and moderate-income families residing in the Guadalupe neighborhood. Since 1981, the GNDC has developed 120 units of affordable housing including 37 units of rental housing that the GNDC currently owns and operates.

Approval of financing will assist in the new construction of six rental units comprised of a duplex structure with two one-bedroom/one-bath units, three single-family two-bedroom/one bath units, and one single-family three-bedroom/two-bath units. All six new rental units will serve families with yearly incomes not to exceed 60 percent of the Austin area's median family income (MFI) (currently \$42,650 for a family of four) of which four units will be reserved for families with yearly incomes not to exceed 50 percent of MFI (currently \$35,550 for a family of four) including two units for families with incomes not exceeding 30 percent of MFI (currently \$21,350 for a family of four). Monthly rents are projected to range from \$225 for one-bedroom units, to \$425 for two bedroom units, to \$525 for the three-bedroom unit. At least two units will serve Section 8 tenants. One unit will be fully accessible for persons with mobility, hearing, and vision disabilities and all other units will be fully adaptable. All units will be developed in accordance with S.M.A.R.T. Housing™ standards.

The project was received in response to the Rental Housing Development Assistance (RHDA) program's

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Notice of Funding Availability (NOFA) that provides financial assistance for the development of affordable rental housing for low- and moderate-income households and persons with special needs. Estimated sources and uses of funds for the project are as follows:

<u>Sources:</u>		<u>Uses:</u>	
RHDA financing	\$ 360,000	Construction	\$ 451,000
Owner equity	150,000	Land value	150,000
Private financing	<u>130,000</u>	Soft costs	<u>39,000</u>
Total	\$ 640,000	Total	\$ 640,000

Performance measures associated with the project are as follows:

1. Develop six units of affordable rental housing for families with yearly incomes not to exceed 60 percent of the Austin area's MFI.
2. Provide a minimum of one unit accessible for persons with mobility disabilities, and an additional unit for persons with hearing and vision disabilities.
3. Develop all units in accordance with S.M.A.R.T. Housing™ standards.

Following Board approval, a deferred payment forgivable loan in an amount not to exceed \$360,000 for a term of 20 years at a zero percent interest rate, or such other terms as may be reasonable and proper to finance the project, will be negotiated and executed with the GNDC. Principal and interest will be forgiven at the end of the loan term contingent upon GNDC meeting the conditions of the loan agreement.

The requested funding is available in fiscal year 2004-05 Austin Housing Finance Corporation's (AHFC) budget allocations, and the request is consistent with the City of Austin's currently approved Consolidated Plan and AHFC's strategy to provide assistance through below market rate financing for the development of affordable rental housing for low- and moderate-income households and persons with special needs.