



**RBA: Marshall Apts. RHDA Funds  
CITY OF AUSTIN  
RECOMMENDATION FOR BOARD ACTION**

**AGENDA ITEM NO: 3  
AGENDA DATE: 12/09/2010  
PAGE: 1 OF 3**

**SUBJECT:** Approve the negotiation and execution of a loan to MARSHALL AFFORDABLE PARTNERS, LTD., Montgomery, Alabama, or its affiliate, in an amount not to exceed \$2,500,000, under the Rental Housing Development Assistance Program, to acquire and rehabilitate 100 affordable units of multi-family housing located at the Marshall Apartments, 1401 East 12<sup>th</sup> Street (40 units) and 1157 Salina Street (60 units).

**AMOUNT & SOURCE OF FUNDING:** Funding is available in the Fiscal Year 2010-2011 Budget of the Austin Housing Finance Corporation.

**FISCAL NOTE:** A fiscal note is attached.

**REQUESTING DEPARTMENT:** Austin Housing Finance Corporation

**FOR MORE INFORMATION CONTACT:** Elizabeth A. Spencer, Acting Treasurer,  
Austin Housing Finance Corporation, 974-3182

**PRIOR COUNCIL ACTION:**

**PRIOR BOARD ACTION:**

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Approval of funding will assist Marshall Affordable Partners, Ltd., or its affiliate, with the acquisition and rehabilitation of the Marshall Apartments located at 1401 East 12<sup>th</sup> Street (40 units) and 1157 Salina Street (60 units).

**Funding Request**

- The \$2,500,000 requested will partially fund the acquisition of the property.
- If approved, Austin Housing Finance Corporation (AHFC) funds will represent \$25,000 per unit.
- Additional financing is expected to come through the sale of four percent low-income housing tax credits issued by the Texas Department of Housing and Community Affairs in conjunction with Tax-Exempt Private Activity Housing Bonds issued by the AHFC.
- If approved, this funding commitment from the AHFC will serve as a credit enhancement for the private activity bond financing, thus providing more of an incentive for investors to purchase the bonds.

- Marshall Affordable Partners, Ltd.'s application to the AHFC for Tax-Exempt Bonds is under review by the AHFC's financial consultant, Public Financial Management, Inc. and the AHFC's Bond Counsel, McCall, Parkhurst & Horton, LLP.
- Estimated sources and uses of funds for the project are as follows:

<u>Sources:</u>		<u>Uses:</u>	
Private lender (Bond Financing)	\$5,000,000	Acquisition	\$5,315,000
Equity from sale of Tax Credits	1,801,087	Improvements	2,290,000
RHDA Funds	2,500,000	Cost of Issuance	314,000
Deferred Developer Fee	<u>414,665</u>	Lease-up Reserves, Fees, and Soft Costs	<u>1,796,752</u>
<b>Total</b>	<b>\$9,715,752</b>	<b>Total</b>	<b>\$9,715,752</b>

The requested funding is available in Fiscal Year 2010-2011 budget allocation for the AHFC, and the request is consistent with the City of Austin's currently approved Consolidated Plan and the 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.

Following AHFC Board approval, a Rental Housing Development Assistance program loan will be negotiated and executed with the Applicant in an amount not to exceed \$2,500,000. Under the proposed loan terms, AHFC is requiring a 99-year affordability period. In addition, the City's 2008 Affordable Housing Preservation Study cited approximately 1,350 units of Project-Based Section 8 complexes with mortgages that will expire by 2011, including the Marshall Apartments. If approved, the requested action will preserve 100 units of Project-Based Section 8 rental housing.

#### **Project Characteristics**

- Marshall Apartments is a Project-Based Section 8 property consisting of 100 units in two locations: 1401 East 12<sup>th</sup> Street (40 units) and 1157 Salina Street (60 units). Project-Based Section 8 properties receive a direct subsidy from the U.S. Department of Housing and Urban Development (HUD) for each unit for a specified period of time, up to 20 years. "Project-Based" means the HUD subsidy stays with the unit and is not portable for the resident to use elsewhere as is the case with the Housing Choice Voucher Program (formerly called "Section 8") administered by public housing authorities.
- The apartments were constructed in 1968 and consist of one, two, three and four-bedroom units. Each of the four-bedroom units has two baths.
- As of September 2010, the property was 98 percent occupied with a waiting list. No relocation of tenants will be necessary during renovations which are expected to be complete by November 1, 2011 and will include:
  - replacement of appliances with Energy Star-rated appliances,
  - replacement of windows with "low-e" windows,
  - new flooring;
  - new kitchen and bathroom cabinets and bathroom fixtures; and
  - ceiling fans in living areas and all bedrooms

- Exterior improvements will include painting, additional landscaping and fencing, a community room, a social services office, and a computer learning center.

### **Population Served**

Incomes are capped at 50 percent of Median Family Income (MFI), currently \$36,900 for a family of four. However, the information provided states that all current tenants have incomes at or below 30 percent MFI, currently \$22,150 for a family of four.

The applicant, in partnership with Caritas of Austin, intends to provide 20 units of Permanent Supportive Housing for Caritas' clients who will be case managed and are working toward self-sufficiency.

### **The Applicant**

Marshall Affordable Partners, Ltd., is an affiliate of Summit Housing Partners, Inc. ("Summit") which owns and operates affordable and workforce housing with approximately 13,500 units in 87 apartment communities in nine states. Summit's business model is to acquire, rehabilitate, and operate Project-Based Section 8 or Low-Income Housing Tax Credit properties. In February 2010, an affiliate of Summit acquired the Elm Ridge Apartments at 1161 Harvey Street in Austin and was able to preserve 130 units of Project-Based Section 8 housing.

**CIP BUDGET  
FISCAL NOTE**

**Date of Board Consideration:** 12/09/2010  
**Agenda Item:** Marshall Apts. RHDA Funds  
**Division:** Real Estate and Finance Development

**SUBJECT:**

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**FINANCIAL INFORMATION:**

Parent Project Name: 2006 General Obligation Housing Bonds  
Project Authorization: Approved AHFC Capital Budget

Current Appropriation	\$ 48,350,495.00
Available Balance	\$ 4,656,617.18
Amount of This Action	\$ 2,500,000.00
Remaining Balance	\$ 2,156,617.18

Use of Remaining Balance:

Remaining funds will be used for future eligible projects.

Chief Financial Manager  
(over AHFC Finances)

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Signature: Alex Zamora Jr. Date: 12/09/2010