



**RBA: Suburban Lodge SRO  
CITY OF AUSTIN  
RECOMMENDATION FOR BOARD ACTION**

**AGENDA ITEM NO: 7  
AGENDA DATE: 12/09/2010  
PAGE: 1 OF 3**

**SUBJECT:** Approve the negotiation and execution of a loan to FOUNDATION COMMUNITIES, or its affiliate organization, in an amount not to exceed \$2,000,000 to assist with the rehabilitation and conversion of the property located at 2501 South IH-35 into a 120-unit single-room occupancy housing facility for homeless and low-income individuals.

**AMOUNT & SOURCE OF FUNDING:** Funding is available in the Fiscal Year 2010-2011 Capital and Operating Budgets 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 allow Foundation Communities, Inc. or its affiliate organization to rehabilitate the existing Suburban Extended Stay Hotel South, located on the east frontage road of South IH-35, just south of Oltorf Road, into a 120-unit Single Room Occupancy (SRO) facility that will provide housing for homeless and very low-income individuals living alone.

**Funding Request**

- The \$2,000,000 requested will be used to assist with the rehabilitation of the property.
- If approved, Austin Housing Finance Corporation (AHFC) funds will represent \$16,667 per unit.
- Estimated sources and uses for the project are as follows:

**Sources:**

TDHCA Neighborhood Stabilization Funding	\$ 6,095,000
AHFC GO Bonds	898,934
RHDA CDBG	1,101,066
NeighborWorks America	<u>400,000</u>
<b>Total</b>	<b>\$8,495,000</b>

**Uses:**

Pre-development	\$ 85,000
Acquisition	5,300,000
Soft & Carrying Costs	860,000
Hard Costs	<u>2,250,000</u>
<b>Total</b>	<b>\$8,495,000</b>

The request for funding 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 Board approval, a Rental Housing Development Assistance program loan will be negotiated and executed with Foundation Communities, Inc., or its affiliate organization, in an amount not to exceed \$2,000,000 for a term of 99 years at zero percent interest, or such other terms as determined necessary and appropriate. Repayment of the loan will be deferred on a yearly basis and forgiven at the end of the 99-year period, subject to full compliance with the loan agreement.

**Project Characteristics**

- Conversion of the property to an SRO will offer each resident a private efficiency unit with a kitchenette and bathroom.
- The property is currently comprised of 137 hotel rooms, 17 of which will be converted into common areas, meeting rooms, a computer lounge, and staff office space. The remaining 120 rooms will receive appliance and furniture updates as part of the rehabilitation.
- The location is served by a bus stop with multiple routes, allowing residents easy access to transportation, services, and retail establishments.
- The unit sizes range from 260 to 330 square feet.
- The project is compatible with the East Riverside/Oltorf Neighborhood Plan.

**Population Served**

- Sixty units will be reserved for persons with incomes at or below 50 percent of the Median Family Income (MFI), currently \$25,850 for a single person
- The remaining 60 units will be reserved for persons with incomes at or below 30 percent MFI, currently \$15,550 for a single person.
- Residents will be comprised of formerly homeless individuals and those at risk of being homeless. At least 20 units are proposed to be reserved for Permanent Supportive Housing.
- Supportive services will be available to all residents, including case management, adult education, money management, information and referral to community services, and a monthly food pantry.

- Units will be made available to persons participating in transitional housing programs operated by the Salvation Army, Front Steps, Green Doors, Caritas, and Lifeworks.

**Foundation Communities, Inc.**

Foundation Communities, Inc. is a 501(c) (3) non-profit organization established in 1984 and has successfully developed over 1,700 units of affordable rental housing in Austin. Foundation Communities has developed three successful SRO properties: Garden Terrace, Spring Terrace, and Skyline Terrace. The organization is also known for its array of resident services and for utilizing green building practices in all of its developments.

**CIP BUDGET  
FISCAL NOTE**

**Date of Board Consideration:** 12/09/2010  
**Agenda Item:** Suburban Lodge SRO  
**Division:** Real Estate and Finance Development

**SUBJECT:**

Approve the negotiation and execution of a loan to FOUNDATION COMMUNITIES, or its affiliate organization, in an amount not to exceed \$2,000,000 to assist with the rehabilitation and conversion of the property located at 2501 South IH-35 into a 120-unit single-room occupancy housing facility for homeless and low-income individuals.

**FINANCIAL INFORMATION:**

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

Current Appropriation	\$ 48,350,495.00
Available Balance	\$ 1,298,934.18
Amount of This Action	\$ 898,934.00
Remaining Balance	\$ 400,000.18

**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