

AGENDA



Recommendation for Board Action

AUSTIN HOUSING FINANCE CORPORATION (AHFC)

AHFC Meeting: October 19, 2017

Item Number: AHFC005

Consent

Approve a resolution to be submitted to the Texas Department of Housing and Community Affairs by Austin DMA Housing III, LLC, or an affiliated entity, supporting an allocation of low income housing tax credits for new construction of senior housing to be known as The Nightingale and located at 5900 Charles Merle Drive in the Goodnight Ranch Planned Unit Development, and acknowledging that the City of Austin has more than twice the state average of units per capita supported by low income housing tax credits or private activity bonds at the time of application.

District(s) Affected: District 2

Lead Department	Neighborhood Housing and Community Development.
Fiscal Note	There is no anticipated fiscal impact. A fiscal note is not required.
For More Information	Rosie Truelove, Neighborhood Housing and Community Department Director, 512-974-3064; David Potter, Program Manager, 512-974-3192.

Additional Backup Information:

If approved, this resolution will be submitted by the Austin DMA Housing III, LLC, or an affiliated entity, to the Texas Department of Housing and Community Affairs (TDHCA) with its application for non-competitive 4% tax credits for the new construction of senior housing to be known as The Nightingale in the Goodnight Ranch Planned Unit Development. The property is located in District 2.

Texas Government Code, §2306.6703(a)(4), requires an applicant to obtain prior approval from the local governing body for an allocation of tax credits for a proposed housing development when the

municipality has more than twice the state average of units per capita supported by housing tax credits or private activity bonds.

On July 27, 2017, TDHCA updated its Housing Tax Credit Site Demographic Characteristics Report, and with recent competitive and non-competitive awards of tax credits for Austin developments, Austin now has more than twice the state average of tax credit and private activity bond-financed units per capita. There are 172 cities in Texas that exceed twice the state average per capita.

The figures TDHCA used for Austin's population came from the 2010-2014 American Community Survey (ACS). The ACS population figure for Austin is 864,218 and the number of tax credit or bond-financed units in Austin is 16,237. TDHCA calculates the state average per capita rate to be 0.00932365 as of August 10, 2017. Twice the state average per capita rate is 0.0186473. According to TDHCA, the Austin per capita rate is more than twice the state average at 0.01878808 units per capita.

Proposed Project

The proposed development is for 174 units for seniors to be located on Charles Merle Drive in the Goodnight Ranch Planned Unit Development (PUD). Financing for the development is proposed to come from non-competitive 4% Low Income Housing Tax Credits, the Private Activity Bonds issued by AHFC, and Rental Housing Development Assistance (RHDA) funding from AHFC.

Estimated Sources and Uses of Funds

Sources:

Private Activity Bonds	\$ 15,000,000	Acquisition	\$ 1,962,500
Tax Credits	5,696,751	Pre-Development &	
TDHCA Loan	1,500,000	Soft Costs	1,705,546
Requested AHFC funding	2,000,000	Construction/Hard Costs	17,452,846
Deferred Developer Fee	<u>2,001,520</u>	Developer Fee &	
Total	\$ 26,198,271	Financing Costs	<u>5,077,379</u>
	Total \$ 26,198,271		

Uses:

Project Characteristics

- 174 units to be built on property in the Goodnight Ranch PUD.
- 134 one-bedroom units (approximately 730 to 863 square feet, approximate rent \$405 to \$863).
- 40 two-bedroom units (approximately 952 to 1,223 square feet, approximate rent \$476 to \$1,026).

Population Served

- The Nightingale will be built as a senior development.
- Sixteen (16) 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.

- Thirty-six (36) units will be reserved for households with incomes at or below 50% MFI, currently \$28,500 for a single-person household.
- Eighty-nine (89) units will be reserved for households with incomes at or below 60% MFI, currently \$34,200 for a single-person household.
- Thirty-three (33) units will have no income restrictions.

Current Property Tax Status and Future Impact

The property currently has no property tax exemptions. The Travis Central Appraisal District will determine whether the residential use of this vacant property will be eligible for any exemptions after the property is developed.

Austin DMA Housing III, LLC (DMA)

DMA Development Company 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.