

AGENDA



Recommendation for Board Action

AUSTIN HOUSING FINANCE CORPORATION (AHFC)

Regular Meeting: December 14, 2017

Item Number: AHFC004

Consent

Approve the negotiation and execution of a loan agreement with Austin DMA Housing III, LLC, or an affiliated entity, in an amount not to exceed \$2,000,000 for a mixed-income, affordable, senior housing development to be known as The Nightingale, located at 5900 Charles Merle Drive in the Goodnight Ranch Planned Unit Development.

District(s) Affected: District 2

Lead Department	Neighborhood Housing and Community Development Department.
Fiscal Note	A fiscal note is attached.
Prior Council Action	October 19, 2017 - Austin City Council conducted a public hearing and approved Resolution No. 20171019-055, stating Council has no objection to the Nightingale Apartments tax credit application. Council approved Resolution No. 20171019-061, acknowledging 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 the tax credit application was submitted to the Texas Department of Housing and Community Affairs.
For More Information	Rosie Truelove, Austin Housing Finance Corporation Treasurer, 512-974-3064; David Potter, Program Manager, Neighborhood Housing and Community Development, 512-974-3192.
Council Committee, Boards and Commission Action	September 28, 2017 - Austin Housing Finance Corporation Board approved Resolution No. 20170928-AHFC002 authorized inducement of up to \$20,000,000 in private activity volume cap for The

	<p>Nightingale Apartments.</p> <p>October 19, 2017 - The Austin Housing Finance Corporation Board conducted a public hearing to receive comments regarding the issuance of up to \$20,000,000 of Multi-family Housing Revenue Bonds to be issued by the Austin Housing Finance Corporation for The Nightingale Apartments.</p>
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Additional Backup Information:

If approved, the Austin Housing Finance Corporation (AHFC) would be authorized to enter into a loan agreement with the DMA Housing III, LLC or an affiliated entity, to develop the senior housing community. In the proposed development, AHFC will take ownership of the land, and lease the property back to Austin DMA Housing III, LLC. Any property owned by AHFC is 100% exempt from property taxes. The property is located in Council District 2.

Funding Request

- § Staff is recommending \$2,000,000 of Affordable Housing General Obligation Bond funds be approved in the current fiscal year.
- § Funding will be used to construct 174 rental units.
- § The developer is seeking Low Income Housing Tax Credits as part of the financing plus tax exempt bonds.
AHFC funding would represent approximately 7.6% of the total project cost, with an average cost of AHFC funds at \$14,286 per affordable unit.

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 & Uses of Funds

<u>Sources:</u>		<u>Uses:</u>	
Private Activity Bonds	\$15,000,000	Acquisition	\$1,962,500
Tax Credits	5,696,751	Pre-Dev & Soft Costs	1,705,546
TDHCA Loan	1,500,000	Construction/Hard Costs	17,452,846
Requested AHFC funding	2,000,000	Dev Fee & Financing Costs	5,077,379
Deferred Developer Fee	2,001,520	Total	\$26,198,271
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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.
- § 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.
- § 36 units will be reserved for households with incomes at or below 50% MFI, currently \$28,500 for a single-person household.
- § 89 units will be reserved for households with incomes at or below 60% MFI, currently \$34,200 for a single-person household.
- § 33 units will have no income restrictions.

Current Property Tax Status and Future Impact

There is currently an agricultural use exemption on the property. Once ownership has been transferred to AHFC, the property will be fully exempt from property taxes.

DMA Development Company, LLC (parent organization of Austin DMA Housing III, LLC)

DMA Development Company is 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. DMA Development Company is currently finishing construction on, Aldrich 51, a 240-unit mixed-use multi-family development in the Robert Mueller Municipal Airport (RMMA) redevelopment area. Previously, DMA Development Company developed Wildflower Terrace, a highly successful senior development, also at RMMA.

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

<http://austintexas.gov/page/fy-16-17-funding-applications>