



MEMORANDUM

TO: AHFC Board of Directors

FROM: Rosie Truelove, Treasurer, Austin Housing Finance Corporation

DATE: December 3, 2021

SUBJECT: AHFC Agenda Item #2 (December 9, 2021)

A handwritten signature in blue ink, appearing to read "Rosie Truelove", positioned to the right of the "FROM:" line.

This memo provides a summary of Austin Housing Finance Corporation (AHFC) staff recommendation for the development of an AHFC-owned property at 3811 Tannehill Lane. As detailed below, staff recommends that the AHFC Board authorize negotiation with Foundation Communities and Guadalupe Neighborhood Development Corporation (GNDC) for the development of the approximate eight-acre site on Tannehill Lane.

As background, AHFC purchased the site from the Austin Independent School District (AISD) in 2018. The site is immediately adjacent to the recently consolidated and modernized Norman-Sims Elementary School in the East MLK neighborhood in Central East Austin.

On June 9, 2021, AHFC released a Request for Proposals (RFP) for the development of the Tannehill Lane site. Proposals were due August 5, 2021. AHFC received 10 proposals that met the minimum requirements for responsiveness.

AHFC assembled a panel of subject matter experts to review and score the proposals. The evaluation panel was comprised of city/AHFC staff, as well as a representative from AISD. The panel reviewed applicant qualifications, development proposals, and financial feasibility. Applicants were scored based on development priorities, including maximizing the number of affordable units, maximizing the proportion of affordable multi-bedroom units for families, prioritizing affordable units for households who have been displaced or are at risk of displacement, and minimizing city subsidy.

Information regarding the solicitation, as well as the redacted proposals, and evaluation panel scores, is publicly available: <https://www.austintexas.gov/page/request-proposals-tannehill-housing-project>

Based on the evaluation panel's aggregated scores, with a maximum score of 100 points, there were two top scoring applications: Legacy Impact Housing (89.25 points) and Foundation Communities and GNDC (88.25 points). The next highest scoring application (80 points) was a collaboration between NHP Foundation, Capital A Housing, Austin Revitalization Authority, and GNDC.

The RFP process included several important community components. First, AHFC staff conducted virtual public engagement during the first half of 2021 to shape the community priorities incorporated into the RFP. Public engagement included three virtual meetings, in addition to opportunities to provide feedback through

a variety of different mechanisms. In addition, after the evaluation panel scored the proposals, the community was provided an opportunity to express their preferences and provide feedback regarding the proposals. The online survey was open for more than 30 days and received more than 300 responses from community members. AHFC staff reviewed the narrative comments, including the preferences expressed, as well as the respondent information.

The AHFC Executive Team reviewed the evaluation panel score and the results of the public evaluation. Based on the comprehensive information provided, the AHFC Executive Team recommends that the AHFC Board authorize staff to begin negotiations with Foundation Communities and GNDC for the development of the proposed “Norman Crossing.” While all the top three scoring proposals included important components such as deeply affordable rental and homeownership opportunities, preference policy implementation, and minimal city subsidy, the Foundation Communities and GNDC proposal stood out for the following reasons:

- Foundation Communities and GNDC’s proposal includes 140 affordable rental units, as well 32 units reserved for affordable homeownership. While Legacy Impact Housing offered more units (both rental and ownership), the development team does not have an equivalent track record of delivering income-restricted affordable units. Similarly, Foundation Communities and GNDC have a demonstrated track record of affirmative marketing and implementation of geographic preferences for affordable housing.
- Foundation Communities and GNDC’s proposal includes an onsite Community Learning Center, providing a range of services for residents of Norman Crossing and nearby neighbors as well. The Learning Center will enhance the educational experience of students and families at Norman-Sims Elementary School. Foundation Communities has a demonstrated track record of visioning, financing, staffing, and managing comprehensive and community-based learning centers.
- Of public survey respondents residing in the central East Austin area (including 78721, 78722, 78723, 78724, 78725, and 78702 zip codes), 56% preferred the Foundation Communities and GNDC proposal.
- Foundation Communities and GNDC are experienced nonprofit organizations with a demonstrated history of community collaboration and delivering and stewarding quality affordable housing.

The AHFC Executive Team listened closely to the evaluation panel and community comments. While there was compelling community input regarding the proposal submitted by NHP Foundation, Capital A Housing, Austin Revitalization Authority, and GNDC, the proposal’s scoring lagged significantly behind the top two scoring applications, particularly in the areas of financial feasibility and development concept.

AHFC is working to find ways to better incorporate community priorities and desires into our partnerships and solicitations, while ensuring affordable housing development that is cost efficient, financially feasible, and additive to the surrounding area. Accordingly, AHFC recommends the Foundation Communities and GNDC proposal – Norman Crossing – as the AHFC Board selection. Should you have any questions, or require any additional information, please do not hesitate to contact me or Mandy DeMayo, Interim Deputy Director.

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