



Recommendation for Action

File #: 22-2153, Agenda Item #: 5.

6/16/2022

Posting Language

Approve the negotiation and execution of a loan agreement and related documents with AHFC Midtown Non-Profit Corporation, or an affiliated entity, in an amount not to exceed \$400,000 for initial working capital such as operating costs and replacement reserves for a 40-unit multifamily rental development known as Midtown Flats, located at 615 W. St. Johns Avenue, Austin, Texas 78752.

Lead Department:

Austin Housing Finance Corporation (AHFC).

Fiscal Note:

Funding is available in the FY 2021-2022 Capital Budget for the Austin Housing Finance Corporation (AHFC). \$400,000 (2018 General Obligation Bonds). A fiscal note is attached.

For More Information:

Rosie Truelove, Treasurer, Austin Housing Finance Corporation, 512-974-3064; and Mandy DeMayo, Deputy Director, Housing and Planning Department, 512-974-1091.

Council Committee, Boards and Commission Action:

June 16, 2022 - AHFC staff is requesting authorization to create AHFC Midtown Non-Profit Corporation.

June 16, 2022 - AHFC staff is requesting authorization for AHFC, or an affiliated entity, to acquire Midtown Flats, located at 615 W. St. Johns Avenue, Austin, Texas 78752.

Additional Backup Information:

Midtown Flats is an existing 40-unit multifamily apartment development built in 1969 and located at 615 W. St. Johns Avenue, Austin, Texas 78752.

The apartment development is naturally occurring affordable housing and includes 20 one-bedroom and 20 two-bedroom units currently leased at rates affordable to households earning 50 and 60 percent of the area median family income.

AHFC Midtown Non-Profit Corporation will acquire the development in order to preserve the naturally occurring affordability and ensure it is maintained and operated in a safe and sanitary condition. AHFC Midtown Non-Profit Corporation may seek additional financing in order to rehabilitate the development at a later date. AHFC staff will also evaluate long-term redevelopment opportunities for the site. The development is located within the proposed Crestview Station Area for the Project Connect Blue and Orange Lines, as well as in an area vulnerable to displacement. This development is anticipated to be purchased with Project Connect Anti-Displacement Funds.

The \$400,000 in initial working capital will be used for three primary purposes: 1) pre-fund the development's operating account in order to facilitate a seamless transition for paying bills and third-party vendors at the site; 2) pre-fund a replacement reserve account to handle unforeseen capital needs; and 3) address any minor renovation needs at the development. It is expected that the loan will be deferred, non-forgivable, and subject

to repayment upon any recapitalization.