



**RCA  
CITY OF AUSTIN  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 9  
AGENDA DATE: Thu 06/09/2005  
PAGE: 1 of 2**

**SUBJECT:** Approve the negotiation and execution of a loan to AUSTIN REVITALIZATION AUTHORITY, Austin TX, in compliance with applicable federal requirements, including Code of Federal Regulations Title 24 Section 85.40 performance goals, under the East 11<sup>th</sup> and 12<sup>th</sup> Street Revitalization Program in an amount not to exceed \$342,000 for the reconstruction and addition of approximately 3,000 square feet of office space to the historical structure located at 1154 Lydia Street, commonly known as the Herman Shieffer House.

**AMOUNT & SOURCE OF FUNDING:** Funding in the amount of \$224,000 is available in the Neighborhood Housing and Community Development Department Special Revenue Fund - Section 108 loan proceeds, and \$100,000 in the Neighborhood Housing and Community Development Fiscal Year 29<sup>th</sup> Year Community Development Block Grant and East 11<sup>th</sup> and 12<sup>th</sup> Streets Revitalization Program.

**FISCAL NOTE:** There is no unanticipated fiscal impact. A fiscal note is not required.

**REQUESTING** Neighborhood Housing **DIRECTOR'S**  
**DEPARTMENT:** and Community **AUTHORIZATION:** Paul Hilgers  
Development

**FOR MORE INFORMATION CONTACT:** Paul Hilgers, Director, Neighborhood Housing and Community Development, 974-3108.

**PRIOR COUNCIL ACTION:** N/A

**BOARD AND COMMISSION ACTION:** N/A

**PURCHASING:** N/A

**MBE / WBE:** N/A

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This action authorizes the negotiation and execution of a subordinate loan to the Austin Revitalization Authority (ARA) in an amount not to exceed \$224,000 in Section 108 Loan funds through the East Austin Redevelopment Area HUD 108 Loan Program for the reconstruction and addition of approximately 2,988 square feet of office space and authorizes the negotiation and execution of a loan to ARA for a total amount not to exceed \$100,000 to assist with the restoration and preservation of the historical structure located at 1154 Lydia Street, commonly known as the Herman Shieffer House.

The East Austin Redevelopment Area HUD 108 Loan Program is designed to provide long term fixed asset financing to eliminate the slum and blighted conditions in the East Austin Redevelopment Area through the combined action of private enterprise, municipal regulation, and other public action through the East 11th and 12th Street Urban Renewal Plan. The Program will improve the quantity and quality of commercial developments available in the Redevelopment Area. The East Austin Redevelopment Area HUD 108 Loan Program loan approval process includes a review and analysis by NHCD staff, a review by an internal loan committee of City of Austin employees, and by an external loan committee consisting of bankers, real estate professionals, and community representatives.

RCA Serial#: 8640 Date: 06/09/05 Original: Yes

Disposition:

Published:

Adjusted version published:



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The terms of the proposed loan will be as follows:

The total cost of this project is estimated to be approximately \$578,000.

A maximum loan of \$224,000 with terms as follows

3.5% interest for 15years @ interest payments only

0% interest for 10years @ principal payments only

IronStone Bank will be funding approximately \$222,000.

The balance will be funded through a Façade Improvement Grant, an Historic Preservation grant and Federal Historic Tax Credits. The City loan will be subordinate to the bank financing.

This structure appears to have been built in 1895, and was originally owned by the Herman Schieffer's who owned and operated a local meat market. Later, the structure became the office of the Negro Extension Service.

To date ARA has pre-leased 100% (1,500 square feet) of the leaseable space in this facility, and will utilize the remainder of the building for the offices of ARA.

The Staff of Neighborhood Housing and Community Development Department recommends approval of this transaction based on the financial strength of the borrowers, the strength of the owners/guarantors, the owner's commitment to this project and the positive impact on the community.

Approval of this loan is consistent with NHCD's 2000-2005 Consolidated Plan. The Consolidated Plan states specifically that NHCD will provide flexible capital in the form of gap financing to businesses in blighted or depressed commercial districts.

Approving this loan will also further the Department's Mission: "... to provide housing, community, and small business development services to benefit eligible residents so they can have access to livable neighborhoods and increase their opportunities for self-sufficiency."