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Recommendation for Board Action

Austin Housing Finance Corporation	Item ID	24465	Agenda Number	2.
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Meeting Date:	6/6/2013	Department:	Neighborhood and Community Development
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Subject

Approve an increase of \$1,510,000 to an existing loan to Foundation Communities, Inc. for a total loan amount not to exceed \$4,660,000 for property acquisition and construction of a new 135-unit single room occupancy housing facility for homeless and low-income individuals to be located at 309 East 11th Street.

Amount and Source of Funding

Funding is available in the Fiscal Year 12-13 Capital Budget of the Austin Housing Finance Corporation.

Fiscal Note

A fiscal note is attached.

Purchasing Language:	
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Prior Council Action:	
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For More Information:	Contact Elizabeth A. Spencer, Treasurer, Austin Housing Finance Corporation, 974-3182, or David Potter, Housing Development Manager, Neighborhood Housing and Community Development office, 974-3192.
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Boards and Commission Action:	August 2, 2012 – Austin Housing Finance Corporation Board authorized negotiation and execution of a loan not to exceed \$2,360,000. April 11, 2013 – Austin Housing Finance Corporation Board authorized an increase of \$790,000 for a total amount not to exceed \$3,150,000.
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MBE / WBE:	
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Related Items:	
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Additional Backup Information

If approved, additional funding will allow Foundation Communities, Inc. to close the funding gap for this new 135-unit Single Room Occupancy (SRO) facility that will provide housing for homeless and very low-income individuals. The development, Capital Studios, will include 27 units of Permanent Supportive Housing (PSH).

Funding Request

- Foundation Communities’ application for funding from Austin Housing Finance Corporation (AHFC) for Capital Studios was submitted in December 2011. Subsequently, Foundation Communities applied for and was awarded Low Income Housing Tax Credits from the Texas Department of Housing and

Community Affairs (TDHCA) during the 2012 cycle.

- The requested funds are part of the \$10 million budget transfer for affordable housing that the Austin City Council approved on February 12, 2013.
- The \$4,660,000 requested will be used to assist with the acquisition and new construction of the facility. The additional funding for this item comes from the \$10 million budget amendment approved by the AHFC Board on April 11, 2013.
- Estimated sources and uses for the project are as follows:

<u>Sources</u>		<u>Uses</u>	
Tax Credit Equity	\$11,730,000	Pre-development	\$ 780,513
Private Fundraising	1,000,000	Acquisition	1,129,735
Federal Home Loan Bank	647,000	Hard Costs	15,000,000
NeighborWorks America	255,000	Soft, Carrying & Other Costs	<u>2,762,770</u>
Foundation Grants	100,000	TOTAL	\$19,673,018
Seller Donation	150,000		
AHFC RHDA Funds	4,660,000		
Deferred Developer Fee	<u>1,131,018</u>		
TOTAL	\$19,673,018		

- The request for funding is consistent with the City of Austin's currently approved Consolidated Plan and the AHFC's strategy to provide assistance through below market-rate financing for the development of affordable rental housing for low- and moderate-income households and persons with special needs.
- If approved, AHFC funds will represent \$34,518 per unit or approximately 23 percent of the total project cost.

Project Characteristics

- Capital Studios SRO will offer each resident a private efficiency unit with a kitchenette and bathroom.
- The location is served within one block of a bus stop with multiple routes at 11th and San Jacinto Streets, allowing residents easy access to transportation, services, and retail establishments.
- The unit sizes range from 260 to 330 square feet and rents will be in the range of \$450 to \$650 per month.
- Capital Studios will add affordable housing stock to the downtown Central Business District.
- Fourteen units will be designed accessible for persons with mobility disabilities and three units will be designed accessible to persons with sight or hearing disabilities.

Population Served

- Eighty-one units will be reserved for persons with incomes at or below 50 percent of the Median Family Income (MFI), currently \$25,650 for a single person.
- Twenty-seven units will be reserved for persons with incomes at or below 40 percent MFI, currently \$20,500 for a single person.
- The remaining 27 units will be used for PSH for persons qualifying under federal guidelines as chronically homeless.
- Residents will be comprised of a variety of populations including single persons on fixed incomes such as elderly and disabled persons, persons who were formerly homeless and those at risk of being homeless.
- Supportive services will be available to all residents, including case management, adult education, money management, information and referral to community services, and a monthly food pantry.
- Units will be made available to persons participating in transitional housing programs operated by the Salvation Army, Front Steps, Green Doors, Caritas, and Lifeworks. In addition, Capital Studios will also provide housing to persons with Housing Choice Vouchers (Section 8).

Foundation Communities, Inc.

Foundation Communities, Inc. is a 501(c)(3) non-profit organization established in 1984, successfully developing approximately 2,000 units of affordable rental housing in Austin. Foundation Communities has developed four successful SRO properties: Garden Terrace, Spring Terrace, Skyline Terrace, and Arbor Terrace. The organization is also known for its array of resident services, and for utilizing green building practices in all of its developments.