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**Recommendation for Board Action**

Austin Housing Finance Corporation	<b>Item ID</b>	25920	<b>Agenda Number</b>	3.
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<b>Meeting Date:</b>	8/8/2013	<b>Department:</b>	Neighborhood and Community Development
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**Subject**

Approve the negotiation and execution of a loan to FOUNDATION COMMUNITIES, INC. to assist with the purchase of a 29-acre tract at 3226 West Slaughter Lane for the purpose of constructing 138 units of mixed-income rental housing in an amount not to exceed \$2,250,000.

**Amount and Source of Funding**

Funding is available in the Fiscal Year 12-13 Capital Budget of the Austin Housing Finance Corporation through a \$10 million budget transfer authorized on February 14, 2013.

**Fiscal Note**

A fiscal note is attached.

<b>Purchasing Language:</b>	
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<b>Prior Council Action:</b>	February 14, 2013 – Resolution 20130214-014 approved a conditional commitment of funding subject to the project being awarded tax credits by the Texas Department of Housing and Community Affairs.
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<b>For More Information:</b>	Contact Elizabeth A. Spencer, Treasurer, 512-974-3182; or David Potter, Housing Development Manager, 512-974-3192.
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<b>Boards and Commission Action:</b>	
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<b>MBE / WBE:</b>	
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<b>Related Items:</b>	
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**Additional Backup Information**

- Funding Request**
- Foundation Communities’ submitted an application for funding from Austin Housing Finance Corporation (AHFC) in the amount of \$2,250,000 to assist with the development of the 138-unit Homestead Apartments on a 29-acre tract on West Slaughter Lane.
  - Austin City Council approved a conditional commitment of funding subject to the award of Low Income Housing Tax Credits from the Texas Department of Housing and Community Affairs (TDHCA). The project received a tax credit award from the TDHCA Board of Directors on July 25, 2013.
  - The \$2,250,000 requested will be used to assist with the acquisition of the 29-acre tract. Funding for this item comes from the \$10 million budget amendment approved by the AHFC Board on April 11, 2013.

- Proposed, estimated sources and uses for the project are as follows:

<u>Sources</u>		<u>Uses</u>	
Tax Credit Equity	\$13,648,635	Pre-development	\$ 820,000
Permanent Loan	4,476,000	Acquisition	4,010,000
Private Fundraising	2,145,482	Hard Costs	14,581,000
Deferred Developer Fee	1,267,000	Soft, Carrying Costs	1,492,145
AHFC RHDA Funds	<u>2,250,000</u>	Other Costs	<u>2,883,972</u>
TOTAL	\$23,787,117	TOTAL	\$23,787,117

- 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 \$16,304 per unit or approximately 9.5 percent of the total project cost.

**Project Characteristics**

- Homestead Apartments will be family-focused and located near employment, parks, high-performing schools and retail businesses.
- The property is a former ranch located on West Slaughter Lane between Brodie Lane and Westgate Boulevard. Foundation Communities will preserve trees and green space to offer a park-like setting to residents in a location very convenient to amenities and services.
- The unit sizes range from 650 to 1,050 square feet and will consist of 64 one-bedroom/one bath unit, 57 two-bedroom/two-bath units and 19 three-bedroom/three-bath units. Affordable rents, depending on unit size, will be in the range of \$425 to \$950 per month.
- 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.
- Homestead Apartments will have an on-site community learning center with after-school and summer programs for children as well as classes for adults such as money management, computer training and homebuyer education.

**Population Served**

- Sixty-nine units will be reserved for households with incomes at or below 50 percent of the Median Family Income (MFI), currently \$36,600 for a four-person household.
- Fifty-five units will be reserved for households with incomes at or below 60 percent MFI, currently \$43,920 for a four-person household.
- Fourteen units will be reserved for Permanent Supportive Housing (PSH). These households will have incomes at or below 30 percent MFI, currently \$21,950 for a four-person household.

**Foundation Communities, Inc.**

Foundation Communities, Inc. is a 501(c)(3) non-profit organization established in 1984, which has successfully developed approximately 2,100 units of affordable rental housing in Austin. Foundation Communities has recently developed other family-based properties including M Station and Sierra Vista. The organization is also known for its array of resident services, and for utilizing green building practices in all of its developments.