

Recommendation for Board Action				
Austin Housing Finance Corporation	Item ID	33242	Agenda Number	2.
Meeting Date:	6/12/2014		Department:	Neighborhood Housing and Community Development
Subject				
<p>Authorize the negotiation and execution of a loan agreement with TMG-TX Austin II, L.P. to loan an amount not to exceed \$2,000,000 to TMG-TX Austin II, L.P. for the acquisition of Cross Creek Apartments, located at 1124 Rutland Drive, within the boundaries of the Restore Rundberg Revitalization Area, for the rehabilitation and preservation of the affordable residential units and for making other improvements to the land.</p>				
Amount and Source of Funding				
<p>Funding is available in the Fiscal Year 2013-2014 Capital Budget of the Austin Housing Finance Corporation.</p>				
Fiscal Note				
<p>A fiscal note is attached.</p>				
Purchasing Language:				
Prior Council Action:				
For More Information:	<p>Contact Elizabeth Spencer, Treasurer, Austin Housing Finance Corporation, 512-974-3182; or David Potter, Neighborhood Development Program Manager, Neighborhood Housing and Community Development, 512-974-3192.</p>			
Boards and Commission Action:				
MBE / WBE:				
Related Items:				
Additional Backup Information				
<p>Funding Request TMG-TX Austin II, L.P., an affiliate of The Mulholland Group (Whitestone, NY), submitted an application for funding to Austin Housing Finance Corporation (AHFC) requesting \$2,000,000 to assist with the acquisition of the Cross Creek Apartments, an existing 200-unit affordable rental development built in 1976. The units will be rehabilitated, and improvements will be made to remove the entire property from the 100-year floodplain, increasing residents' safety.</p> <ul style="list-style-type: none"> • If approved, AHFC funds will represent \$10,000 per unit or approximately 10.6 percent of the total project cost. • Part of the financing will come from non-competitive four percent low income housing tax credits awarded through the Texas Department of Housing and Community Affairs. In addition, the developer will also seek approval of the AHFC to issue private activity bonds to help finance the rehabilitation. Separate AHFC Board 				

actions regarding the tax credits and the issuance of bonds will be requested after the developer closes the purchase of the property.

- Estimated sources and uses for the project are as follows:

Sources		Uses	
Mortgage	\$13,651,655	Acquisition	\$8,800,000
Limited Partner Equity	5,479,822	Renovation Costs	5,703,125
AHFC Funds	2,000,000	Soft Costs	385,000
Deferred Development Fee	<u>750,000</u>	Financing Costs	<u>6,993,352</u>
TOTAL	\$21,881,477	TOTAL	\$21,881,477

- The request for funding is consistent with the City'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.
- The property at 1124 Rutland Drive lies within the Restore Rundberg Revitalization Area, and the rehabilitation project is consistent with the goals of the North Austin Civic Association Neighborhood Plan.
- AHFC staff is recommending funding for the proposed project because it preserves existing affordable rental units, offers long-term affordability, Permanent Supportive Housing, and geographic dispersion of affordable housing investments. In addition, the opportunity to remove the floodplain hazard for current and future Cross Creek residents seems prudent and advisable.
- The Housing Bond Review Committee will meet on June 9, 2014 to review and score the funding application.

Project Characteristics

- The property is located at 1124 Rutland Drive and consists of 18 separate buildings on 10 acres near Lamar and Rundberg, with easy access to transit, services, and retail businesses. Nearby recreational facilities include Quail Creek Neighborhood Park and the North Austin Recreation Center which is co-located with the North Austin YMCA on Rundberg Lane.
- The unit sizes range from 575 to 1,008 square feet. There are 160 one-bedroom/one-bath units, 30 two-bedroom/one-bath units, and 30 two-bedroom/two-bath units.
- Depending on unit size, the rents will be in the approximate range of \$575 to \$875 per month.
- Twenty units will be designed accessible for persons with mobility disabilities, and four units will be designed accessible for persons with sight or hearing disabilities. All 80 ground-floor units will be made adaptable.
- Ten units will be operated as Permanent Supportive Housing in partnership with Front Steps.
- The developer will develop a Floodplain Remediation Plan which will describe the engineering work to be done that will remove the entire property from the 100-year flood plain and result in a Letter of Map Revision from the Federal Emergency Management Administration. The plan will also provide for a variety of safety measures to be in place during the rehabilitation of the units. A letter describing the Floodplain Remediation Plan and the interim resident safety measures is attached.

Population Served

- One hundred ten units will be reserved for households with incomes at or below 50 percent of the Austin area Median Family Income (MFI), currently \$26,400 for a one-person household and \$37,700 for a four-person household.
- Twenty units will be reserved for households with incomes at or below 30 percent MFI, currently \$15,850 for a one-person household and \$22,600 for a four-person household. Ten of those units will be reserved for Permanent Supportive Housing.
- Seventy units will be reserved for households with incomes at or below 60 percent MFI, currently \$31,680 for a one-person household and \$45,240 for a four-person household.

The Mulholland Group

The Mulholland Group, LLC (TMG) and its affiliates, currently owns or controls more than 2,350 residential multi-family apartment units in three states and has facilitated the acquisition or financing of over 6,500 units in five states. The organization, established in 1991, routinely develops affordable housing by raising equity through the sale of low income housing tax credits and the use of tax-exempt bonds. TMG acquires multi-family properties that are generally

Class B to C quality and are leased to low, moderate, and middle-income persons. In Austin, TMG completed the successful rehabilitation of the 476-unit Palms on Lamar (formerly, the Malibu Apartments). The project was awarded \$3 million of affordable housing general obligation bonds and to date is the project with the largest number of units assisted by AHFC. On December 5, 2011 TMG along with officials from the City, the Texas Department of Housing and Community Affairs, and the U.S. Department of Housing and Urban Development participated in a ribbon-cutting ceremony for the official grand opening of The Palms on Lamar.