



# City of Austin

## Neighborhood Housing and Community Development

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July 21, 2017

TO: Mayor Adler and Council Members

FROM: Rosie Truelove, NHCD Interim Director, Neighborhood Housing and Community Development Department

SUBJECT: August 3, 2017 Agenda Items Concerning the Need for Early Drawdown of Affordable Housing General Obligation Bond Funds

On the August 3, 2017 City Council Meeting Agenda, there will be several items from NHCD for consideration of an early drawdown of the Fiscal Year 2017-2018 allocation of G.O. Bond funding responsive to the Low Income Housing Tax Credit program, administered by the Texas Department of Housing and Community Affairs (TDHCA).

The items for the Austin City Council and Austin Housing Finance Corporation are as follows:

- A reimbursement resolution for 2013 Affordable Housing G.O. Bond proceeds in the amount of \$5.5 million;
- Approval of a Budget Amendment to increase the NHCD Fiscal Year 2016-2017 Capital Budget by \$5.5 million; and
- Approval to negotiate an amendment to the one-year Service Agreement between the City and the Austin Housing Finance Corporation (AHFC) that will add \$5.5 million to the AHFC Fiscal Year 2016-2017 capital budget.

Staff is bringing these items forward due to the anticipated July 27, 2017, announcement by TDHCA that three Austin projects will be selected to receive an allocation of 9% competitive Low Income Housing Tax Credits. The anticipated awards are based on scoring logs published by TDHCA, the amount of tax credits available to allocate in this region (Travis and surrounding counties), and the amount of tax credits requested by developers.

One of TDHCA's post-award requirements is that local funding for the projects must be approved by September 1, 2017. Two of the three Austin projects have applied to AHFC for funding for a combined amount of \$5.5 million. Based on the anticipated amount of tax credits to be awarded, \$25.5 million of private equity will be leveraged for these projects.

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of Affordable Housing General Obligation Bond Funds

These projects are:

Foundation Communities

Mueller Apartments

Location: Philomena & Tilley Streets in the Robert Mueller Municipal Airport  
Redevelopment Area (District 9)

132 affordable units

\$4,000,000 G.O. Bond Funds requested (\$30,303 per unit)

\$13,500,000 tax credit equity anticipated

Saigebrook Development

Aria Grand Apartments

Location: I-35 Southbound Frontage Road at Woodland Avenue (District 9)

70 units (60 affordable units; 10 market rate units)

\$1,500,000 G.O. Bond Funds requested (\$25,000 per affordable unit)

\$12,044,000 tax credit equity anticipated

**Precedent for early drawdown of GO Bonds**

In 2009, TDHCA awarded funding to three projects in Austin. However, the amount of local funds available to commit to these projects was insufficient in the department's appropriated GO Bond funds in the respective fiscal year. To meet the funding requirements for the applicants, Council approved an early drawdown of 2006 Affordable Housing G.O. Bond funds in the amount of \$2,055,495.

**Actions Proposed for the AHFC Board of Directors August 3, 2017 Meeting**

If Council approves the request for the early drawdown of funds currently noted in the department's Capital Improvement Program (CIP) for Fiscal Year 2017-18, staff will request consideration of the items posted on the August 3<sup>rd</sup> AHFC Board of Directors Meeting agenda. The first item is consideration of approval to negotiate an amendment to the one-year Service Agreement between the City and AHFC that will add \$5.5 million to the AHFC 2016-2017 capital budget. If the request to amend the Service Agreement is approved by the AHFC Board, the following items related to funding each of the two projects would be called up for consideration:

- Authorizing negotiation and execution of a loan agreement in the amount of \$4,000,000 for Foundation Communities' Mueller Apartments; and
- Authorizing negotiation and execution of a loan agreement in the amount of \$1,500,000 for Saigebrook Development's Aria Grand Apartments.

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**Impact of Early Drawdown Request**

If the early drawdown of \$5.5 million is approved, the balance left to appropriate in the Fiscal Year 2017-2018 NHCD Capital Budget would be \$10.5 million, which will exhaust the \$65 million of the 2013 Affordable Housing General Obligation Bond Funds.

The FY 2017-2018 funds will be appropriated to the following programs:

- Homeowner Assistance Program - \$2 million
- Renter Assistance Program - \$250,000
- Housing Developer Assistance Program - \$8,250,000

For additional information, please contact David Potter, 512.974.3192;  
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cc: Elaine Hart, Interim City Manager  
Bert Lumbreras, Assistant City Manager

