

Recommendation for Board Action				
Austin Housing Finance Corporation	Item ID	74220	Agenda Number	2.
Meeting Date:	9/28/2017		Department:	Neighborhood Housing and Community Development
Subject				
<p>Approve an inducement resolution for private activity bond financing to be submitted to the Texas Bond Review Board for an allocation of up to \$20,000,000 in private activity volume cap multi-family non-recourse bonds, by Austin DMA Housing III, LLC, or an affiliated entity, for a proposed affordable multi-family development for seniors to be known as The Nightingale and located at 5900 Charles Merle Drive in the Goodnight Ranch Planned Unit Development. (District 2)</p>				
Amount and Source of Funding				
<p>Up to \$20,000,000 of Private Activity Bonds may be issued by the Austin Housing Finance Corporation (AHFC) for this project. These bonds are not obligations of the City of Austin or of AHFC, and the full faith and credit of the City is not pledged to repay these bonds.</p>				
Fiscal Note				
<p>A fiscal note is not required.</p>				
Purchasing Language:				
Prior Council Action:				
For More Information:	Rosie Truelove, Austin Housing Finance Corporation Treasurer, 512-974-3064; David Potter, Program Manager, 512-974-3192.			
Boards and Commission Action:				
MBE / WBE:				
Related Items:				
Additional Backup Information				
<p>Approval of this inducement resolution will permit staff to submit an application to the Texas Bond Review Board requesting consideration to authorize the Austin Housing Finance Corporation (AHFC) to issue multi-family housing revenue bonds in an amount up to \$20,000,000 to assist with the development of The Nightingale by Austin DMA Housing III, LLC, or an affiliated entity. The property is located in Council District 2.</p> <p>Regulations governing the issuance of revenue bonds for the purpose of financing affordable housing specify that the bonds are non-recourse, and the full faith and credit of the AHFC or the City of Austin is not pledged to repay the bonds.</p> <p>Proposed Project The proposed development is for 174 units for seniors to be located on Charles Merle Drive in the Goodnight Ranch Planned Unit Development (PUD). Financing for the development is proposed to come from non-competitive 4%</p>				

Low Income Housing Tax Credits, the Private Activity Bonds issued by AHFC, and Rental Housing Development Assistance (RHDA) funding from AHFC.

Estimated Sources of Funds

Sources:

Private Activity Bonds	\$ 15,000,000
Tax Credits	5,696,751
TDHCA Loan	1,500,000
Requested AHFC funding	2,000,000
Deferred Developer Fee	<u>2,001,520</u>
Total	\$ 26,198,271

Uses:

Acquisition	\$ 1,962,500
Pre-Development & Soft Costs	1,705,546
Construction/Hard Costs	17,452,846
Developer Fee & Financing Costs	<u>5,077,379</u>
Total	\$ 26,198,271

Project Characteristics

- 174 units to be built on property in the Goodnight Ranch PUD.
- 134 one-bedroom units (approximately 730 to 863 square feet, approximate rent \$405 to \$863).
- 40 two-bedroom units (approximately 952 to 1,223 square feet, approximate rent \$476 to \$1,026).

Population Served

- The Nightingale will be built as a senior development.
- Sixteen (16) units will be reserved for households with incomes at or below 30% Median Family Income (MFI), currently \$17,100 per year for a single-person household.
- Thirty-six (36) units will be reserved for households with incomes at or below 50% MFI, currently \$28,500 for a single-person household.
- Eighty-nine (89) units will be reserved for households with incomes at or below 60% MFI, currently \$34,200 for a single-person household.
- Thirty-three (33) units will have no income restrictions.

Current Property Tax Status and Future Impact

The property currently has no property tax exemptions. The Travis Central Appraisal District will determine whether the residential use of this vacant property will be eligible for any exemptions after the property is developed.

DMA Development Company

DMA Development Company is very experienced in the development and construction of complicated real estate developments, having extensive experience with both new construction and renovation, and with all the financial tools proposed for this project. In 2016, DMA Development Company closed bond financing and is completing construction on Aldrich 51, a 240-unit vertical mixed use development in the Mueller community. Previously, DMA Development Company developed a highly successful senior development, Wildflower Terrace, also in the Mueller community.

For more information on the proposed project, as well as socioeconomic characteristics and amenities in the surrounding area, please see the project's Development Application here:

<http://austintexas.gov/page/fy-16-17-funding-applications>