



Austin Housing Finance Corporation

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DATE: Feb. 2, 2012
TO: Austin Housing Finance Corporation Board Members
FROM: Betsy Spencer, Treasurer *[Signature]*
SUBJECT: 2012 Funding Recommendations for Rental and Ownership Applications

The purpose of this memorandum is to provide an overview of projects that will be recommended for funding at future Austin Housing Finance Corporation (AHFC) Board Meetings. The projects represent applications for both the Rental Housing Developer Assistance Program and the Acquisition and Development Program. Information below also provides an update on the \$55 million voter-approved affordable housing general obligation bonds.

GENERAL OBLIGATION BOND UPDATE

While it is clear there are still significant unmet housing needs for low- and extremely low-income households, funding approved by citizens in the 2006 General Obligation Bond Election has provided a substantial increase in the City's ability to further housing affordability. With these funds, AHFC and its affordable housing partners have successfully provided housing affordability to a variety of populations. Units funded with G.O. bonds have leveraged a total of \$177,516,139 in additional private and public financing and have created and/or retained an estimated 1,496 jobs in the local economy.

As of the end of Fiscal Year 2010-11, \$49 million in Affordable Housing G.O. Bond funding had been approved for projects that serve the following populations:

Rental Housing

| | | |
|--|-----------------------|-----------------|
| • Very-low Income Individuals/Families | \$17.6 million | 677 units |
| • Workforce/Family Housing | \$11.2 million | 529 units |
| • Persons with Mental Disabilities | \$ 3.3 million | 61 units |
| • Seniors | \$ 3.0 million | 108 units |
| • Children | \$ 1.9 million | 42 units |
| • Persons with Mobility Disabilities | <u>\$ 0.5 million</u> | <u>45 units</u> |
| | \$37.5 million | 1,462 units |

Homeownership Housing

| | | |
|--------------------------------------|-----------------------|------------------|
| • Home Repairs for Low-Income Owners | \$ 4.3 million | 592 units |
| • New Homebuyers | <u>\$ 7.2 million</u> | <u>188 units</u> |
| | \$11.5 million | 780 units |

Total *\$49.0 million* *2,242 units*

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Marc A. Ott, General Manager ♦ Elizabeth A. Spencer, Treasurer ♦ Shirley Gentry, Secretary
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FISCAL YEAR 2012 FUNDING

The remaining Affordable Housing G.O. Bond funds was allocated to the Fiscal Year 2011-2012 budget. These funds along with other local and federal sources are used to fund projects for developments proposing rental and ownership opportunities. Approximately \$7 million of funding was available for the Rental Housing and Development Assistance Program and the Acquisition and Development Program. AHFC received 21 funding applications since October 1, 2012, for affordable housing developments requesting a total of \$22.1 million.

APPLICATION EVALUATION PROCESS

The AHFC application process for G. O. Bond funding was created in 2007 through stakeholder input and modified at stakeholders' requests in 2008. Since then, other modifications have been made. For the current funding cycle, changes were implemented to assign point values for Permanent Supportive Housing and to require applicants to submit a Community Engagement Plan.

Please see Attachment A for the 2011-2012 Scoring Sheet, which provides additional information regarding the scoring criteria. Applications are evaluated by a scoring panel convened by AHFC staff using its evaluation and recommendation process which includes:

- Feasibility, Compliance, and Underwriting Risk Analysis. The designated Single Point of Contact checks each application against a list of criteria for “red flags” that, unless addressed, may make the project ineligible.
- The Application Score. This includes a variety of factors such as:
 - Meeting the Core Values of deeper levels of affordability, longer-term affordability, and geographic dispersion of affordable housing;
 - Policy direction from City Council/AHFC Board;
 - Experience and capacity of the applicant to complete the project;
 - Cost per unit of AHFC funds requested;
 - Other funding sources committed or expected to commit funds to the project; and
 - Project readiness.
- Additional Evaluation factors. Additional factors considered also include:
 - Applicant's current workload;
 - Transformative impact (i.e., Will the project have a tangible and positive impact on the community as well as residents?);
 - AHFC funding already approved for other projects not yet started or completed; and
 - Ability, if feasible, to repay AHFC funding.

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Staff used a consensus scoring process where all members came to agreement on each scoring element. Applications that met the scoring threshold were also evaluated according to the additional factors described above. Staff's overall evaluation was based on the amount of funding available, the application score as well as the other factors described above.

PROJECTS/ FUNDING RECOMMENDATIONS

The AHFC staff will bring forward proposals that are not seeking funding from Texas Department of Housing and Community Affairs for consideration by the AHFC Board at a meeting date in March 2012. In August 2012, staff plans to bring forward the proposals which are seeking competitive Low Income Housing Tax Credit financing through the Texas Department of Housing and Community Affairs.

Please see Attachment B for a list of funding recommendations. AHFC Staff is coordinating with the City Manager's Office to schedule a future Worksession to present information provided in this memorandum. The Housing Bond and Review Committee will review applications proposed for GO Bond funding at its meeting Monday, February 6, 2012.

Please don't hesitate to let me know if additional information is needed. Information is also available on the Web site at www.austintexas.gov/housing.

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SCORING CRITERIA BY POINT VALUES, FY 2011-2012

Rental Housing Application (225 possible points; threshold 150 points)

- 25 points: Core Values
- Affordable Units (range from 3 to 25 points based on percentage of units for various income levels)
 - Geographic Dispersion (range from 5-25 points)
 - Affordability Period (either 0 or 25 points)
- 20 points: Permanent Supportive Housing (Categories defined by the Permanent Supportive Housing Strategy)
- 15 points: Experience and Qualifications (range from 3-15 points)
Supportive Services (range from 0-15 points)
- 10 points: Sources and Uses (either 5 or 10 points)
Debt Coverage Ratio (range from 4-10 points)
Leverage (range from 0-10 points)
Cost Per Unit (range from 4-10 points)
Transitional Housing
Permanent Supportive Housing (Categories not defined by the Permanent Supportive Housing Strategy, i.e., persons with disabilities)
Priority Location (e.g. TOD, VMU)
Preservation of Affordable Units
Project Readiness (range from 0-10 points)
Property Management Experience (range from 4-10 points)
- 5 points: MBE/WBE Project Participation
Partnership with Other Non-profits

Ownership Housing Application (160 possible points; threshold 100 points)

- 25 points: Core Values
- Affordable Units (range from 0-25 points based on percentage of units for various income levels)
 - Geographic Dispersion (range from 5-25 points)
 - Affordability Period (either 15 or 25 points)
- 20 points: Cost Per Unit (range from 5-20 points)
- 15 points: Experience and Qualifications (range from 3-15 points)
- 10 points: Project Readiness (range from 0-10 points)
Sources and Uses (either 5 or 10 points)
Leverage (range from 0-10 points)
Priority Location
- 5 points: MBE/WBE Project Participation
Partnership with Other Non-profits

Funding Recommendations: Rental Housing

| Applicant | Project | Funding | Description | AHFC Board Action | Additional Project Characteristics to support funding Recommendation |
|--|----------------------------------|-------------------------------|---|--------------------------|--|
| Foundation Communities | Capitol Terrace SRO | \$2,360,000 (partial funding) | 120 Single Room Occupancy Units located downtown | August 2012 | <ul style="list-style-type: none"> • Transformational Impact • Serving Very Low- and Extremely Low-income individuals, including those with special needs • Low cost per unit |
| Easter Seals Central Texas | The Ivy Condominiums | \$624,898 | 10 units for very low-income persons with disabilities | March 2012 | <ul style="list-style-type: none"> • Additional funding already secured • Serving Very Low- and Extremely Low-income individuals with special needs |
| Green Doors | Pecan Springs Commons, Phase III | \$640,000 | Acquire and rehabilitate 3 four-plexes for extremely low-income persons, formerly homeless, veterans, and working families. | March 2012 | <ul style="list-style-type: none"> • Transformational Impact • Additional funding already secured • Serving Very Low- and Extremely Low-income individuals and families, including those with special needs |
| Green Doors | Pecan Springs Commons, Phase II | \$295,000 | Provide additional funding to complete rehabilitation of a 46-unit apartment complex. Will add 11 PSH units. | No Board Action Required | <ul style="list-style-type: none"> • Transformational Impact • Additional funding already secured • Serving Very Low- and Extremely Low-income individuals and families, including those with special needs |
| Guadalupe Neighborhood Development Corporation | Guadalupe-Jeremiah Center | \$600,000 (partial funding) | Construct 20 units of transitional housing for highly motivated single-parents to complete college and end the cycle of poverty. Day care will be provided on site. | August 2012 | <ul style="list-style-type: none"> • Transformational Impact • Additional funding pledged |

| Applicant | Project | Funding | Description | AHFC Board Action | Additional project characteristics to support funding recommendation |
|--------------------------|--------------------------|-----------------------------|---|--------------------------|---|
| LifeWorks | Works at Pleasant Valley | \$600,000 (partial funding) | Construct 45 units of rental housing for youth, young adults aging out of foster care and young single head of household families. Ten units will serve PSH populations identified in the CSH strategy. | August 2012 | <ul style="list-style-type: none"> Additional funding already secured Serving Very Low- and Extremely Low-income individuals and families, including those with special needs |
| Songhai Development, LLC | Songhai at Westgate | \$236,000 | Construct 118-unit complex with 74 units at or below 50% MFI. | No Board Action Required | <ul style="list-style-type: none"> Low cost per unit |

Total Rental: \$5,355,898

Funding Recommendations: Ownership Housing

| Applicant | Project Name | Funding | Description | AHFC Board Action | Additional project characteristics to support funding recommendation |
|--|------------------|-------------|--|-------------------|--|
| Chestnut Neighborhood Revitalization Corporation | Chicon Corridor | \$1,375,268 | Acquire three parcels at 13 th and Chicon to be developed for 33 units of affordable ownership housing. | March 2012 | <ul style="list-style-type: none"> Transformational Impact |
| PeopleTrust | Riverside Villas | \$310,500 | Acquire 9 existing single-family homes for affordable ownership housing | March 2012 | <ul style="list-style-type: none"> Additional funding already pledged |

Total Ownership: \$1,685,768

Combined Totals: \$7,041,666