

Texas State Affordable Housing Corporation

Multifamily Private Activity Bond Project Summary

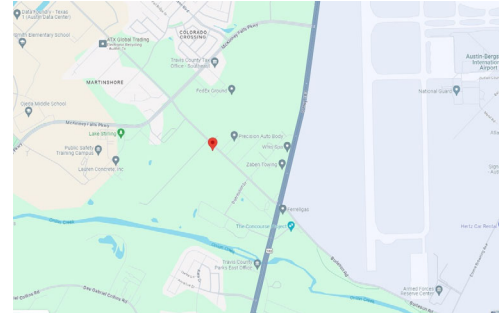
Agenda:

Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for Burleson Studios.

Summary:

TSAHC received an application from Foundation Communities (FC) on October 2, 2023, proposing the construction of a 100-unit Single Residency Occupancy (SRO) community located in Austin to be called Burleson Studios.

Map of Project Area



Public Benefit:

Burleson Studios will create 100 affordable SRO apartment units targeted to extremely low-income single adults, many of which will be exiting homelessness. The units will be located within a Community First Village under development by fellow nonprofit Mobile Loaves and Fishes. Currently, 50-units will be reserved for households earning up to 30% of the area median income (AMI) and 50-units will be reserved for households earning up to 50% AMI. The project qualifies under TSAHC's service enriched targeted housing need because the units serving those at 30% AMI and persons facing homelessness exceeds 10% of total project units.

Financial Summary:

Burleson Studios has a total budget of approximately \$36.1 million. The proposed financing includes tax-exempt bonds, deferred forgivable loans, grants, fundraising, and 4% housing tax credits. Property acquisition costs are minimal (\$10,000) since the land is being leased from Mobile Loaves and Fishes under a 99-year ground lease agreement with a \$0 lease payment. Total construction costs are estimated at \$26.3 million, or \$262,800 per unit. Soft costs of \$1.6 million, financing costs of \$3.5 million, reserve accounts at \$600,000, and developer fees at \$4.1 million round out total costs.

The anticipated maximum par amount of the bonds is \$21.6 million. FC is coordinating an RFP process to select a construction lender, bond purchaser, underwriter, and investor. FC has provided a letter of intent from Wells Fargo for these services. In order to reach extremely low-income households, the project will not include permanent debt. Other soft subordinate debt includes \$12.2 million in housing tax credits, \$15 million in American Rescue Plan Act (ARPA) loan funds from Travis County, a \$1.85 million FHLB loan, a \$1 million grant from the Dell Foundation, \$ 1.5 million in Capital Magnet loan funds, a \$ 1.95 million FC sponsor loan and a \$500,000 grant from the St. David's foundation. The financing also includes deferred developer fees of \$2 million.

Market Conditions:

Burleson Studios will be located in Southeast Austin within a Community First Village under development by Mobile Loaves and Fishes. The site is surrounded by light commercial/industrial activity and is bordered

Texas State Affordable Housing Corporation

Multifamily Private Activity Bond Project Summary

by McKinney Falls Parkway and Hwy 183. The property is situated between McKinney Falls State Park and Austin Bergstrom International Airport. Both are five miles away.

Residents at Burlison Studios will have access to FC's extensive services which will include case management, fitness classes, healthy food pantry, etc., and will have access to the community-oriented amenities within the Community First Village. Fifty future tenants will be referred from the local Coordinated Entry system for the homeless and receive subsidies via project-based vouchers.

Developer Summary:

Foundation Communities (FC) is a nationally recognized Austin based nonprofit, developing affordable housing and providing community services for 30+ years. FC currently owns and manages 24 affordable housing communities in Austin and serves over 7,000 residents. FC is known for serving the full spectrum of economic groups from providing rental housing for low- and moderate-income families and seniors, to owning and operating several single room occupancy apartments that target extremely low-income persons at risk of becoming or who are formerly homeless.

FC has received several Texas Foundation Fund grant awards from TSAHC for the provision of service enriched housing. In addition to housing, FC provides numerous services including after school care, educational programs, tax preparation workshops, community meeting space and much more. Their family self-sufficiency program has helped hundreds of families save for college, build small businesses, make down payments to purchase a home and improve family wealth through financial education and savings programs.

TSAHC is currently working with FC as bond issuer on the Normon Crossing apartments project set to close in December 2023. In July of 2023, TSAHC closed on FC's Juniper Creek apartments, serving as bond issuer and joint venture partner. The project is currently under construction.

Recommendation:

Staff recommends approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for Burlison Studios.

Burleson - Underwriting Draft.xlsx - Project Summary

Project Summary

Applicant Foundation Communities
 Project Name Burleson Studios

Location

Address 7905 Burleson Road City Austin
 County: Travis State Texas 78744
 Census Tract: 48453002432

Bonds

Max. Par Amount: \$ 21,600,000 Bond Type: PAB
 Term of Bonds: 30 mos Allocation Year: 2021

Perm Funding Sources

	Amount	% of Total
No Perm Debt	\$ -	0.00%
	\$ -	0.00%
HTC Equity	\$ 12,167,636	33.78%
Travis County	\$ 15,000,000	41.65%
FHLB - Loan	\$ 1,850,000	5.14%
FC Sponsor Loan	\$ 1,948,872	5.41%
Dell Foundation	\$ 1,000,000	2.78%
CMF Loan	\$ 1,500,000	4.16%
St. David's Grant	\$ 500,000	1.39%
Deferred Dev Fee	\$ 2,050,000	5.69%
Totals	\$ 36,016,508	100%

* not included in total

Market Summary

	City	County	State	Census Tract
Population:	961,855	1,290,188	29,145,505	4,097
Median Age:	34	35	35	34
Diversity Index:	65	64	-	53
% Hispanic:	32%	33%	39%	54%
% Persons with Disability:	9%	8%	11%	9%
% Households that Rent:	55%	47%	38%	14%
Median Rents:	1,415	1,422	1,146	1,761
% Renters Who are Cost Burdened:	29%	29%	30%	31%
Median Home Price:	\$ 381,400	\$ 368,000	\$ 202,600	\$ 303,200
Median Household Income:	\$ 78,965	\$ 85,043	\$ 67,321	\$ 103,047
Unemployment:	2.70%	2.80%	3.90%	NA
Persons w/o Insurance:	13%	12%	18%	23%
Medically Underserved Area:	NA	NA	NA	NA
% Attending Public Schools:	89%	90%	92%	90%
Graduation Rate (Austin ISD)	> = 90%			
CRA Eligible Census Tract:	<u>Not Eligible</u>			
# of LI Projects and Units:	<u>3</u>	<u>745</u>		

Burleson - Underwriting Draft.xlsx - Summary Sources and Uses

Summary of Sources and Uses

Applicant Foundation Communities

Project Name Burleson Studios

Number of Units 100

Sources	Amount	Amount Per Unit	Percentage of Total
No Perm Debt	\$ -	\$ -	0%
	\$ -	\$ -	0%
HTC Equity	\$ 12,167,636	\$ 121,676	34%
Travis County	\$ 15,000,000	\$ 150,000	42%
FHLB - Loan	\$ 1,850,000	\$ 18,500	5%
FC Sponsor Loan	\$ 1,948,872	\$ 19,489	5%
Dell Foundation	\$ 1,000,000	\$ 10,000	3%
CMF Loan	\$ 1,500,000	\$ 15,000	4%
St. David's Grant	\$ 500,000	\$ 5,000	1%
Deferred Dev Fee	\$ 2,050,000	\$ 20,500	6%
Total Sources	\$ 36,016,508	\$ 360,165.08	100%

Uses	Amount	Amount Per Unit	Percentage of Total
Acquisition	\$ 5,000	\$ 50.00	0%
Off-Site Construction	\$ -	\$ -	0%
On-Site Work	\$ 2,747,971	\$ 27,479.71	8%
Site Amenities	\$ 436,308	\$ 4,363.08	1%
Building Costs	\$ 18,806,964	\$ 188,069.64	52%
Other Const/Contingency	\$ 4,285,007	\$ 42,850.07	12%
Soft Costs	\$ 1,556,100	\$ 15,561.00	4%
Financing Costs	\$ 3,504,841	\$ 35,048.41	10%
Developer Fees	\$ 4,100,000	\$ 41,000.00	11%
Reserve Accounts	\$ 574,317	\$ 5,743.17	2%
Total Uses	\$ 36,016,508	\$ 360,165.08	100%

(Gap) / Reserve	\$ -
Percent of Developer Fee Deferred	24.39%

Burleson - Underwriting Draft.xlsx - Operating Proforma

Operating Proforma

Applicant Foundation Communities
 Project Name Burleson Studios

Total Units: <u>100</u>	30% AMI <u>50</u>	% at 30% AMI <u>50%</u>	80% AMI <u>0</u>	% at 80% AMI: <u>0</u>
Min. Set Aside Election: <u>40% @ 60% AMI</u>	40% AMI <u>-</u>	% at 40% AMI <u>0%</u>	MR: <u>0</u>	% at MR: <u>0</u>
Min. Afford. Units: <u>40</u>	50% AMI <u>50</u>	% at 50% AMI <u>50%</u>		
Afford. Units: <u>100</u>	60% AMI <u>-</u>	% at 60% AMI <u>0%</u>	Rental Assist: <u>Yes - Partial</u>	
% Affordable: <u>100%</u>	70% AMI <u>-</u>	% at 70% AMI <u>0%</u>	Accessible Unit Min: <u>5</u>	

Residential Income

Unit Type	Unit Sq. Ft.	Net Sq. Ft.	# units	Rent	Mo. Income	Inflator	Rent Limiter
0/1 PBRA	481	24,050	50	\$ 1,378	\$ 68,900	1.02	30% AMI
0/1	481	20,683	43	\$ 657	\$ 28,251	1.02	50% AMI
0/1	479	3,353	7	\$ 657	\$ 4,599	1.02	50% AMI
Subtotals:					\$ 101,750		

Other income:	\$ 13.76	\$ 1,376	1.02
Potential gross income			
Residential vacancy loss			7.50%
Effective Gross Residential Income			

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$	826,800	843,336	860,203	877,407	894,955	988,103	1,090,945
\$	339,012	345,792	352,708	359,762	366,957	405,151	447,319
\$	55,188	56,292	57,418	58,566	59,737	65,955	72,819
\$	16,512.00	16,842	17,179	17,523	17,873	19,733	21,787
\$	1,237,512	1,262,262	1,287,507	1,313,258	1,339,523	1,478,941	1,632,871
\$	(92,813)	(94,670)	(96,563)	(98,494)	(100,464)	(110,921)	(122,465)
\$	1,144,699	1,167,593	1,190,944	1,214,763	1,239,059	1,368,021	1,510,405

Operating Expenses

	TSAHC est.	Borrower Yr 1	% EGI	Variance	Per Unit	Inflator
General & Administrative	\$ 53,000	\$ 55,047	4.81	4%	\$ 550	1.03
Management Fee	\$ 48,600	\$ 68,682	6.00	41%	\$ 687	1.03
Payroll and Related	\$ 139,100	\$ 451,560	39.45	225%	\$ 4,516	1.03
Maintenance & Repair	\$ 81,600	\$ 85,672	7.48	5%	\$ 857	1.03
Utilities	\$ 103,500	\$ 95,512	8.34	-8%	\$ 955	1.03
Insurance	\$ 46,500	\$ 67,125	5.86	44%	\$ 671	1.03
Taxes		\$ 30,000	2.62	#DIV/0!	\$ 300	1.03
Operating Debt Service Reserves			0.00	#DIV/0!	\$ -	1.03
Replacement reserves	\$ 50,000	\$ 50,000	4.37	0%	\$ 500	1.03
HTC/HOME Compliance Fees	\$ 4,000	\$ 4,000	0.35	0%	\$ 40	1.03
Bond Compliance Fees	\$ 4,500	\$ 4,500	0.39	0%	\$ 45	1.03
Other (specify): Trustee Fee	\$ 36,036	\$ 36,036	3.15	0%	\$ 360	1.03
Total Operating Expenses	\$ 566,836	\$ 948,134		67%	\$ 9,481.34	
				state avg	\$ 5,922.00	per unit

Operating Expenses as a percentage of Effective Gross Income

\$	55,047	56,698	58,399	60,151	61,956	71,824	83,264
\$	68,682	70,742	72,865	75,051	77,302	89,614	103,888
\$	451,560	465,107	479,060	493,432	508,235	589,183	683,025
\$	85,672	88,242	90,889	93,616	96,425	111,783	129,587
\$	95,512	98,377	101,329	104,369	107,500	124,621	144,470
\$	67,125	69,139	71,213	73,349	75,550	87,583	101,533
\$	30,000	30,900	31,827	32,782	33,765	39,143	45,378
\$	-	-	-	-	-	-	-
\$	50,000	51,500	53,045				
\$	4,000	4,120	4,244	4,371	4,502	5,219	6,050
\$	4,500	4,635	4,774	4,917	5,065	5,871	6,807
\$	36,036	37,117	38,231	39,378	40,559	47,019	54,508
\$	948,134	976,578	1,005,875	981,415	1,010,858	1,171,861	1,358,508
\$	9,481	9,766	10,059	9,814	10,109	11,719	13,585
	82.8%	83.6%	84.5%	80.8%	81.6%	85.7%	89.9%

NET OPERATING INCOME

\$	196,565	191,015	185,069	233,348	228,201	196,160	151,897
----	---------	---------	---------	---------	---------	---------	---------

Burleson - Underwriting Draft.xlsx - Operating Proforma

NET OPERATING INCOME

\$	196,565	\$	191,015	\$	185,069	\$	233,348	\$	228,201	\$	196,160	\$	151,897
----	---------	----	---------	----	---------	----	---------	----	---------	----	---------	----	---------

PRIMARY DEBT SERVICE

	Principal	Rate	Amort	Term
No Perm Debt	\$ -	0.00%	0	0
Total Primary Debt	\$ -			

TSAHC Issuer Fee	\$ 5,000	
Net Cashflow After Primary Debt		
DSCR Primary Debt		

SOFT SUBORDINATE DEBT & EQUITY

	Rate	Cash Flow	After CF	% of CF
HTC Equity	\$ 12,167,636	No	No	
Travis County	\$ 15,000,000	0.00%	No	
FHLB - Loan	\$ 1,850,000	3.00%	Yes	0.5
FC Sponsor Loan	\$ 1,948,872	3.00%	Yes	0.5
Dell Foundation	\$ 1,000,000		No	
CMF Loan	\$ 1,500,000		No	
St. David's Grant	\$ 500,000		No	
Deferred Dev Fee	\$ 2,050,000			
Total Secondary Debt	\$ 36,016,508			

Balance Dev Fee: \$ 0

Net Cash Flow After Secondary Debts:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\$	5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
\$	191,565	\$ 186,015	\$ 180,069	\$ 228,348	\$ 223,201	\$ 191,160	\$ 146,897
	39.31	38.20	37.01	46.67	45.64	39.23	30.38

\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	73,449
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	73,449
\$	191,565	\$ 186,015	\$ 180,069	\$ 228,348	\$ 223,201	\$ 191,160	
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	-