

**National League of Cities  
Awards of Municipal Excellence**

**PROJECT SUMMARY  
Spring Terrace, Supportive Housing Community**



Spring Terrace, Austin's second supportive housing community for extremely low-income and homeless single adults and the first to employ green building techniques, opened in November of 2006. The project was a collaboration between the City of Austin and local nonprofit Foundation Communities.

For the project, Foundation Communities acquired a 70,000 sq. ft. three-story, former extended stay hotel built just five years ago. Its configuration of efficiency apartment-style rooms made the building an ideal candidate for conversion to permanent housing. With funding support from the City of Austin's Neighborhood Housing and Community Development (NHCD) department and the Austin Housing Finance Corporation (AHFC) and the State of Texas, Foundation Communities was able to renovate the hotel into Spring Terrace, providing 140 individual furnished units with kitchenettes, as well as common space for a laundry room, exercise room, meeting room, computer lab, three resident lounges, and office for supportive service staff.

Rents at Spring Terrace are significantly below fair market rent for efficiency apartments in Austin, allowing Spring Terrace to serve people not reached by the market who might otherwise be living in emergency shelters, crowded conditions, or temporary transitional housing. On-site resident service staff and a partnership with non-profit Caritas of Austin provide social service support and case management aid to Spring Terrace residents.

## PROJECT DESCRIPTION: Spring Terrace

### What were the project objectives?

The two main goals of Spring Terrace are first to provide high-quality affordable housing to extremely low-income and formerly homeless single adults, and second to utilize green building techniques to provide a healthy home for residents (many of whom have chronic health problems), and to reduce the future operating costs of the “all bills paid” property so that its affordable rents can be maintained.

Though the City of Austin’s Consolidated Plan recommends the creation of 508 units of single-room occupancy (SRO) supportive housing by 2009, Foundation Communities is the only organization in the city providing this type of housing. The City of Austin was eager to work with Foundation Communities to meet the housing needs of Austinites who cannot afford to pay the \$500 to \$678 per month that it takes to rent an efficiency or one-bedroom apartment in Austin (Austin Investor Multi-Family Report). In order for this rent to be considered affordable, one would need to have an income of \$20,000–\$27,120. Yet 20% of workers in Central Texas have an average income of less than \$14,500 per year. That does not include those on fixed incomes such as Social Security who receive an average of only \$6,624 per year.



A concern for social equity is at the heart of the Spring Terrace project. By providing a home low-income adults can afford, Spring Terrace maintains the social and economic diversity of Austin, Texas and meets the housing needs of a previously un-served segment of the population. Spring Terrace is part of Foundation Communities successful model of “housing + services” of providing a safe, clean environment for single adults living alone on a fixed-income or low-income (up to \$24,900 a year) with residential services that help individuals move toward self-sufficiency.

The City of Austin is an environmentally conscious city. Green Building standards are a driving force for all future developments throughout the city. Spring Terrace is built with environmentally friendly features like solar electric power, energy-efficient air conditioners, water conservation systems including rainwater harvesting, a landscaped courtyard, and building materials that promote healthy indoor air quality.

### **Who was involved in the project? How was the project funded?**

The opening of Spring Terrace reflects a strong public-private partnership between Foundation Communities and the City of Austin. The Austin Housing Finance Corporation (AHFC) provided 39 percent of the funding for the project. Other funders included Austin Community Foundation, Federal Home Loan Bank of Dallas, Frost Bank, Neighborhood Housing Services of America, NeighborWorks America, Still Water Foundation, Texas Department of Housing and Community Affairs (TDHCA), The



Enterprise Foundation, The Home Depot Foundation, The Kresge Foundation, Topfer Family Foundation, U.S. Department of Housing and Urban Development (HUD), and Wachovia Foundation.

The total development cost for the project was \$5,231,194 with hard construction costs at \$1,268,662. AHFC contributed \$2 million and TDHCA contributed \$1.5 million. Both AHFC and TDHCA have affordability requirements connected to their funding that are spelled out in the Land Use Restriction Agreements. The TDHCA requires Foundation Communities to honor the affordability restrictions for 30 years, while AHFC has a 99-year compliance period where unit affordability requirements must be maintained.

Also, Austin Energy provided more than \$76,000 in rebates for the installation of solar electric panels on the roof of Spring Terrace. These rebates paid for 70 percent of the cost of the panels.

### **How were the objective(s) met? How were the results measured?**

Foundation Communities developed Spring Terrace based on the success of Garden Terrace, a project that involved the rehabilitation of a former nursing home into Austin's first supportive housing community. Since its opening in August 2003, Garden Terrace (*pictured*) has maintained 100 percent occupancy in its 85 units with an extended waiting list. When Spring Terrace began leasing, the manager received more than 20 calls a day requesting an application appointment. It leased up in waves from November 2006-March 2007 and occupancy is now at 100 percent. Spring Terrace currently maintains a closed waiting list of 40 names.



With the addition of Spring Terrace, there are now 225 SRO housing units in Austin, providing rents 27 percent lower than market rate and making great strides toward reaching the city goal of 509 by 2009.

Green features in place at Spring Terrace:

- Improve energy efficiency with solar electric and solar thermal panels, solar screens, and photocell and incandescent lighting
- Conserve water using water-wise landscaping, efficient irrigation techniques, and a 13,500-gallon rainwater harvesting system
- Create a healthy living environment by using low VOC paint, adhesives and sealants, formaldehyde free products, and by opening up the building design to allow natural light to “day light” all common areas

### **Supportive Housing replication in other cities**

The partnership between the City of Austin and Foundation Communities pioneers a model of green-built supportive housing that can be replicated in other places, especially those like Austin that lack SRO housing. While many older cities have existing single room occupancy buildings in need of renovation, Austin’s downtown high-end redevelopment has replaced such buildings. Land acquisition and new construction costs mean high per-unit development costs, preventing deep affordability of units.



Financial support from the City of Austin allowed Foundation Communities to redevelop an existing structure into supportive housing and provide drastically reduced rents.

### **Public-Private Partnerships**

The relatively inexpensive cost of the rehabilitation project allowed Foundation Communities to develop Spring Terrace without relying on tax credits, which afforded greater flexibility with regards to the timeline and compliance issues of the project. Instead of using tax credits, Foundation Communities conducted a capital campaign, with 28 percent of funds coming from the state, 38 percent from the City, and 17 percent from private charitable foundations.

### **Cost-effectiveness municipal resources**

Spring Terrace provides quality efficiency apartments and supportive services for 27 percent less than market rate rental housing.

The per-unit cost of developing Spring Terrace is the lowest possible. With a per unit development cost of \$37,666, Spring Terrace compares favorably with Garden Terrace, Foundation Communities’ first supportive housing project and the only other SRO in Austin costing \$54,000 per unit.



Spring Terrace also compares well with another Texas SRO, New Hope Housing's Canal Street Apartments in Houston which cost \$45,000 to develop per unit.

### **Implementation with results**

As a result of the rehabilitation of a former hotel into a single-room occupancy facility for single adults, Spring Terrace meets the housing needs of those who cannot afford to pay the \$500 to \$678 per month that it takes to rent an efficiency or one-bedroom apartment in Austin (Austin Investor Multi-Family Report). Rents at Spring Terrace average 27 percent lower than the market rate rent for efficiency apartments in Austin.

When Foundation Communities began leasing Spring Terrace, the leasing office received more than 20 calls a day requesting an application appointment. Foundation Communities leased up in waves from November 2006-March 2007 and occupancy is now at 100 percent. Foundation Communities has a closed waiting list of 40 names. Maintaining longer wait lists is administratively inefficient.

The only "competition" for Spring Terrace is our first SRO property, Garden Terrace, which opened in August 2003. Garden Terrace also has 100 percent occupancy in its 85 units and a waiting list.



Foundation Communities has now started an information list for our third SRO property which is slated to open in January 2008.

Foundation Communities knows that providing very low income single adults with healthy, stable housing is a basis on which they can build success in other parts of their lives. Spring Terrace brings together affordability and green building, as an outstanding example of Foundation Communities' mission to provide housing where people succeed.