

# Helping Other Organizations Preserve Affordable Communities

Mercy Loan Fund

San Antonio Alternative Housing Corporation, an organization that provides housing and support services for low- and moderate-income communities in Texas, thought it had completed a deal to fund rehabilitation efforts for its Encinal Apartments when its Low Income Tax Credit investor walked away just before closing.

The deal was so close to final that the organization had even begun preparing for rehab work by letting occupancy of the 201-unit family complex decline and gutting several apartments. Instead of allowing Encinal Apartments to go without the necessary rehabilitation work or selling the property to market-rate developers, San Antonio Alternative Housing Corporation approached Mercy Loan Fund in 2008 for a \$4.37 million bridge loan.

"San Antonio Alternative Housing Corporation has been an excellent Mercy Loan Fund borrower before, so we were happy to provide the financing they needed to make this rehabilitation project possible," said Bill Rothman, Mercy Loan Fund Loan Officer.

When San Antonio Alternative Housing Corporation bought Encinal Apartments in the late 1990s, the organization had no idea how much southwest San Antonio would change over the next 10 years. The city redeveloped the former Brooks Air Force Base, drawing more than 250 commercial entities, including new grocery stores and "big box" retailers, to move to the area about a mile from the property. Toyota also built a plant less than 5 miles away.

These new employers brought jobs for people within the income levels that San Antonio Alternative Housing serves, and they needed the quality affordable housing that Encinal could offer. Seventy-five percent of the property's units are for families earning no more than \$43,760, or 80 percent of the area's annual median income. The rest of the units are for families making no more than 50 percent of the annual median income.

"This was still a good project and we wanted to complete it," said Rod Radle, Executive Director of San Antonio Alternative Housing Corporation.

**"With the support of Mercy Loan Fund's investors, we were able to make a critical difference in this community."**

-Bill Rothman, Mercy Loan Fund Loan Officer

With the bridge loan from Mercy Loan Fund, San Antonio Alternative Housing paid off the property's existing debt and began rehab work on 30 of the property's units. Work on those apartments, including the installation of new, custom-made cabinets and vinyl, wood-planking floors, should be complete by summer 2009. Two apartments were already pre-leased as of February 2009.

"With the support of Mercy Loan Fund's investors, we were able to make a critical difference in this community," Rothman said.



## Bringing It Home

The median annual income in 2008 in San Antonio was \$54,700. Food and service-related workers, many of whom make up the population at San Antonio Alternative Housing Corporation's Encinal Apartments, make an average annual income of \$16,378 in San Antonio, according to the U.S. Census. Encinal Apartments, which received a bridge loan from Mercy Loan Fund in 2008, serves families who make no more than 80 percent of the area median income.

