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## Memorandum

To: Community Development Commission  
From: Michael Willard, President & CEO  
Date: February 16, 2010  
Re: GO Bond Affordable Housing Policy

As our community reviews the General Obligation Bond Policy for affordable housing and considers changes to the program guidelines, we need to remember how we have come to where we are today. The language that was approved by the Citizens of Austin in 2006 was clear:

"The issuance of \$55 million in tax supported General Obligation Bonds and Notes for constructing, renovating, improving and equipping affordable housing facilities for low income persons and families, and acquiring land and interests in land and property necessary to do so, and funding affordable housing programs as may be permitted by law; and the levy of a tax sufficient to pay for the bonds and notes." Ballot Language 2006.

Goals for the use of these funds were shaped through community stakeholder meetings, input from the Community Development Commission, the CHDO Roundtable, and through the work of the Affordable Housing Incentives Task Force. The goals and implementation of the program were adopted by City Council on March 8, 2007.

The goals are:

1. To create deeper levels of affordability
2. To provide longer periods of affordability
3. To provide geographic dispersion of affordable housing

I'm happy to inform you that Austin Habitat has worked to address these goals in our use of these funds. **We target families that are 25 – 50 % of the Median Family Income (MFI)**, this is significantly lower than any other homebuilder in our community.

Additionally, we have incentives in our program that encourage long-term homeownership. As a practical matter the vast majority of our homeowners still live in the home they purchased. This year, with the assistance of these funds we will be able to build homes for the first time in Southeast Austin off William Cannon Blvd.

To date, Austin Habitat has been awarded \$2.4 million in GO Bond funding for the purchase and development of lots for affordable homeownership. As a result Austin Habitat will provide, through our donors and volunteers, **leverage in the amount of almost \$6,500,000.00 for the construction of 75 units of affordable housing**. The GO Bond funds provide \$32,000 on a per lot basis. This amount leverages \$86,000 per unit for the construction of the home.

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Some of the documented community benefits of homeownership include:

- Children of low-income homeowners do better in school;
- Home Owners and their children are healthier;
- Home Owners participate in civic activities;
- Home Owners pay property taxes.

Regarding taxes, for Habitat homes closed last year the homeowners paid, on average, \$2,400 per house in property taxes. When all 75 homes funded by the GO Bond Funds are completed, these homeowners will pay a total of \$185,000 per year in taxes. Over ten years these homeowners will pay almost \$2 million in taxes, returning almost all of the GO Bond funds used to purchase and develop these lots.

By using these GO Bond funds for homeownership they help the low-income home buyer, and they also help our community become stronger and more financially viable.

The reality of affordable home ownership in Austin is much more challenging. The recent Comprehensive Housing Market Study reported that since 1998 Austin has seen an almost 90% increase in the median value of a single family home. The report clearly points out that extremely low and very low income households will have extreme difficulty purchasing a home in Austin.

Without the use of these funds for homeownership for families at 50% or below MFI, more families will not be able to attain their dream of homeownership. Austin is an expensive city to live in, and we need to use our precious resources to further expand the opportunity of homeownership to more of our citizens.

As a result of this, I ask you to advocate for and support those low-income families who want to own their own home and long for a better life for their children, by continuing to prioritize the GO bond funds for the use of homeownership.

