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Recommendation for Board Action

Austin Housing Finance Corporation	Item ID	23298	Agenda Number	6.
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Meeting Date:	4/11/2013	Department:	Neighborhood and Community Development
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Subject

Authorize an increase in the amount of \$342,344 to an existing loan to Austin Habitat for Humanity, Inc. for a total loan amount not to exceed \$463,844, for the infrastructure development of the Lee Meadows Subdivision which will result in additional units of ownership housing that are affordable to low- and moderate-income buyers.

Amount and Source of Funding

Funding is available in the Fiscal Year 2012-2013 Operating Budget of the Austin Housing Finance Corporation.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	
For More Information:	Contact Elizabeth A. Spencer, Treasurer, Austin Housing Finance Corporation, 974-3182.
Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

If approved, funding will allow Austin Habitat for Humanity, Inc. (Habitat) to install the infrastructure to support 11 new homes to be built in the Lee Meadows Subdivision, in the Montopolis area.

Funding Request

- An existing loan to Habitat for \$121,500 was administratively approved by the Austin Housing Finance Corporation (AHFC) Treasurer for the purchase of the property in December 2009. This new funding will allow Habitat to remain on track with its goal of constructing 25 homes per year.
- If the infrastructure funding is approved, AHFC funds will represent \$42,167 per unit which includes the \$121,500 loan previously authorized for acquisition of the property. AHFC funds represent 36 percent of the total project cost.

- The requested funding for acquisition is available in the Fiscal Year 2012-2013 budget allocation for the AHFC. The request is consistent with the City of Austin's currently approved Consolidated Plan and the AHFC's strategy to provide assistance through below market-rate financing for the development of affordable ownership housing for low- and moderate-income households.
- Following AHFC Board approval, the existing Acquisition and Development Program Loan Agreement executed by Habitat on December 31, 2009 will be amended to include infrastructure construction in the scope of work, and to increase the loan to a total dollar amount not to exceed \$463,844. The additional funding will be from Community Development Block Grant (CDBG) funds.

Estimated sources and uses of funds for the project are as follows:

<u>Sources:</u>		<u>Uses:</u>	
Austin Habitat for Humanity	\$ 728,439	Acquisition	\$ 121,500
SHOP Grant	71,750	Predevelopment	17,688
Previous RHDA Funds	121,500	Construction	1,043,937
Proposed Additional RHDA Funds	<u>342,344</u>	Soft costs	<u>80,908</u>
Total	\$1,264,033	Total	\$1,264,033

Project Characteristics

- The Lee Meadows Subdivision will consist of up to 11 new construction, single-family residences. Home prices will range from \$105,000 to \$120,000. A principal reduction loan will be available to buyers to reduce the monthly mortgage payment amount to an affordable level.
- To ensure long-term affordability, Habitat will use a "Right of First Refusal" and Shared Equity ownership model.
- Habitat will use its traditional model of engaging both the homebuyer family and volunteers to work on home construction. Licensed tradespersons will perform the plumbing, mechanical, and electrical work.

Population Served

All buyers must have total household incomes at or below 80 percent of the Median Family Income (MFI) for the Austin area, currently \$58,550 for a four-person household. Buyers must successfully complete Habitat's homeownership program and contribute a certain number of hours of "sweat equity" to qualify.

The Applicant

Austin Habitat for Humanity is a 501(c)(3) non-profit organization founded in 1985. Its mission and vision are anchored around our dedication to ending the cycle of poverty housing and the deeply held belief that everyone deserves a decent, affordable place to live. To date, Habitat has built more than 335 homes in the Austin area.