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Recommendation for Board Action

Austin Housing Finance Corporation	Item ID	43760	Agenda Number	3.
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Meeting Date:	4/23/2015	Department:	Neighborhood and Community Development
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Subject

Approve negotiation and execution of a loan agreement in the amount of \$385,000 to AUSTIN HABITAT FOR HUMANITY, INC., or an affiliated entity, to provide funding for the construction of 11 homes to be sold to low-income buyers in the Lee Meadows Subdivision.

Amount and Source of Funding

Funding is available in the Fiscal Year 2014-2015 Operating Budget of the Austin Housing Finance Corporation.

Fiscal Note

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

Purchasing Language:	
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Prior Council Action:	
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For More Information:	Betsy Spencer, AHFC Treasurer, 512-974-3182; David Potter, AHFC Neighborhood Development Program Manager, 512-974-3192
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Boards and Commission Action:	April 11, 2013 – AHFC Board authorized \$342,344 to fund infrastructure construction for the 11-unit Lee Meadows Subdivision.
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MBE / WBE:	
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Related Items:	
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Additional Backup Information

Funding Request
 If approved, funding will allow Austin Neighborhood Alliance for Habitat (Habitat) to fund the construction of eleven (11) homes to be sold to first-time homebuyers completing Habitat’s home ownership program.

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.

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

Sources:

Austin Habitat for Humanity funds	\$1,082,710
SHOP Grant	71,750
Previous AHFC Funds	463,844
Proposed Additional AHFC Funds	<u>385,000</u>
Total	\$2,003,304

Uses:

Acquisition	\$ 121,500
Predevelopment	39,188
Construction	1,331,508
Soft and Carrying Costs	<u>511,108</u>
Total	\$2,003,304

Project Characteristics

- The Lee Meadows Subdivision consists of 11 new single-family residences. Home prices will range from \$110,000 to \$125,000.
- Habitat will provide the first lien mortgage to the buyer at an interest rate of 0% for 30 years. Monthly payments for Principal, Interest, Taxes, and Insurance will be in the range of \$425-\$525 per month.
- To ensure long-term affordability, Habitat will use a "Right of First Refusal" and Shared Equity ownership model. This gives Habitat the option to purchase the home from the owner and ensure that it is re-sold to another low-income buyer.
- In the Lee Meadows Subdivision, Habitat used its traditional model of engaging both the homebuyer family and volunteers to work on home construction. Licensed tradespersons performed the plumbing, mechanical, and electrical work.

Population Served

In Fiscal Year 2013-2014, Habitat closed on 24 homes that were assisted with AHFC funds. All homebuyers must complete Habitat's ownership program which includes homebuyer education and financial literacy courses plus 400 hours of "sweat equity" in the construction of their home or another Habitat home. In Fiscal Year 2013-2014:

- The average household size was 3 persons.
- The average household income was \$30,500 (45% of the Median Family Income for a 3-person household).
- Over half the homes sold were headed by single women with children.

Austin Habitat for Humanity, Inc.

Habitat is a 501(c)(3) non-profit organization founded in 1985. Its mission and vision are anchored around a 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 350 homes in the Austin area.