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# Housing Developer Assistance Program

April 29, 2015

Housing and Community Development Committee

# Housing Developer Assistance Program

- Designed for developers or builders who are interested in providing multi-family or single-family housing that is reasonably priced for Austin residents.
  1. Rental Housing Developer Assistance Program
  2. Acquisition and Development Homeownership Program
- Administered by Austin Housing Finance Corporation (AHFC) through a Service Agreement between the City of Austin and AHFC

# Program Resources: Local

## **General Obligation Bonds**

- Demonstrates local commitment to affordable housing initiatives
- Funds focus on low and very-low income households
- Program success linked directly to partnerships: nonprofit and private sector entities

## **Housing Trust Fund**

- Established in April 20, 2000 to expand Affordable Housing Initiatives
- Funded through 40% of incremental tax revenues derived from developments built on City-owned lands within the defined Desired Development Zone

# Program Resources: Federal

## **HOME Investment Partnership Program**

The HOME Investment Partnerships Program (HOME) provides formula grants to States and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people.

- HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.

## **Community Development Block Grant Program**

The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs.

# Application Process

1. Program Objective: Flexibility in gap financing provides optimal results for City/Developer
2. Application for funding is available online- ([www.austintexas.gov/page/housing-application-center](http://www.austintexas.gov/page/housing-application-center))
3. Application can be submitted throughout the year
4. Staff is available to provide technical assistance throughout application process
5. Applications are scanned and published to the Web site with status noted (pending, funding, not funded)
6. Application evaluation

# Evaluation by Single Point of Contact

- ▶ Developer submits application to designated Single Point of Contact
  - Evaluates for completeness – all required documentation submitted (Zoning letter, S.M.A.R.T. Housing™ Certification, etc.)
  - Determines if application meets threshold score of 150 points (100 points for ownership housing applications)
  - Performs more in-depth feasibility, market, and underwriting analyses.

# Evaluation by Scoring Panel

- ▶ General Obligation Bond-funded Projects Only
- ▶ Review by Housing Bond Review Committee (HBRC)
  - Comprised of 2 members of the Community Development Commission and members with expertise in housing policy, public finance
  - HBRC's Role is to review staff scoring and analysis
  - HBRC does not approve or recommend projects but has the opportunity in a public forum to ask questions of developers about projects

# FY 2014-15 Application Scoring Criteria

Scoring criteria and evaluation process are informed by:

1. Funding Source (federal, local)
2. Policy Initiatives
3. Stakeholder Input



# Scoring criteria for City funding

## CORE VALUES

- ▶ Deep Affordability: Number and Degree of Affordable Units (i.e. 30% Median Family Income)
- ▶ Long-term affordability: Length of Affordability Period
- ▶ Geographic Dispersion

## PRIORITY INITIATIVES

- ▶ Permanent Supportive Housing
- ▶ Accessibility and housing for persons with disabilities
- ▶ Priority Location (i.e. proximity to transit; high opportunity areas)
- ▶ Preservation of Affordable Units

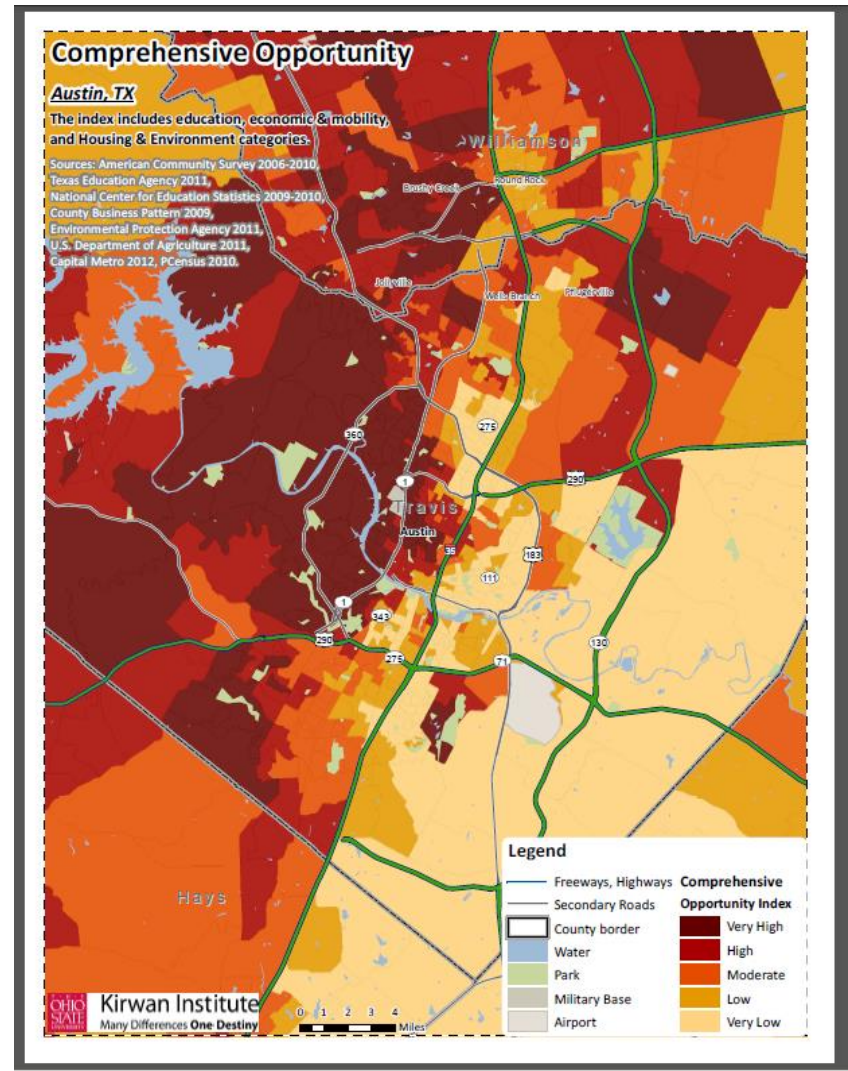
## UNDERWRITING

- ▶ Developer Experience and Qualifications
- ▶ Sources & Uses of Funds
- ▶ Debt Coverage Ratio
- ▶ Leverage
- ▶ Rental Housing Development Assistance (RHDA) Cost Per Unit
- ▶ Project Readiness
- ▶ Property Management Experience
- ▶ Supportive Services

# Affordable Housing Core Values

Up to 25 Points Each

- ▶ **Deep Affordability:**  
**Number and Degree of Affordable Units** (i.e., units reserved for 30% and 50% MFI)
- ▶ **Long-term affordability** (i.e., length of Affordability Period)
- ▶ **Geographic Dispersion** (2012 Kirwan Institute Opportunity Map)



# Policy/Priority Initiatives

Range of 0-25 points

- ▶ Permanent Supportive Housing, including Housing First Model
- ▶ Increased accessibility and percentage of units designated for persons with disabilities
- ▶ Priority Location (i.e. proximity to transit)
- ▶ Preservation of Affordable units
- ▶ Sustainability (i.e. Green Alley Initiative)
- ▶ Transitional Housing

# Basic Project Underwriting Concepts

Range of 0-15 points

- ▶ Developer Experience and Qualifications
- ▶ Sources & Uses of Funds
- ▶ Debt Coverage Ratio (i.e., is there enough income cushion to cover debt service?)
- ▶ Leverage (percentage of AHFC funds to other funding)
- ▶ Cost Per Unit of AHFC funds
- ▶ Project Readiness
- ▶ Property Management Experience
- ▶ Supportive Services

# Contract Administration Process

1. Obtain approval from AHFC Board (when procurement policy requires)
2. Execute loan documents
3. Monitor contractual progress
4. Report occupied units upon completion
5. Monitor long-term affordability requirements

Discussion / Questions