

Mueller Redevelopment

M U E L L E R



Affordable Housing Update – October 2015

- Master Development Agreement (MDA) between Catellus and the City governing the redevelopment of Mueller
- Culmination of two decades of citizen-driven effort
- Ambitious, self-sustaining economic model
- Sound terms guiding Mueller's three-way partnership: City, Catellus, Citizens

- At least 25% of all homes at Mueller will be affordable.
- Since Mueller will be developed in phases over time, the actual percentage may be either less or more than that specified above during certain periods.
- 80% MFI for for-sale homes;
60% MFI for rental homes.

- All affordable homes will be generally evenly dispersed throughout Mueller and distributed between for sale and rental homes to create a mixed income community.
- All residential units will be developed in accordance with City's S.M.A.R.T. Housing Program.
 - 1-year affordability restriction on for-sale units
 - 5-year affordability restriction on rental units
- An affordable Housing Report will be submitted to the City semi-annually reporting affordable housing activities.

- Catellus will use good faith efforts to work with AHFC to achieve longer and deeper affordability at Mueller. Those efforts includes:
 - Explore various city programs
 - Review various models / tools to create longer affordability
 - Modify the Re-sale Formula to sustain affordability in the Program
 - Identify and explore greater third party participation opportunities

- Affordable homes will be architecturally indistinguishable from market rate homes
- Affordable homes will be minimum Austin Energy Green Building **3-star** homes.
- For Sale:
 - Affordable for-sale homes dispersed throughout the project
 - All affordable homes will be affordably priced at 80% MFI
 - Long-term affordability & sustainability
- Rental:
 - Market rate to include 10%-15% at 60% MFI
 - Two to three properties primarily affordable (family, senior) to make up the balance
 - 50-99 year affordability

- Overall Approach at Mueller
 - Overall **Strategy** : Francie Ferguson & consultants (Compass Advisors)
 - Overseeing **production** of new homes: AH Builders
 - **Pricing** homes initially so that they are affordable: AH Builders / Catellus
 - **Marketing / Outreach**: Catellus / Community Wheelhouse
 - **Educating** potential buyers: Community Wheelhouse
 - **Credit Counseling** and **Repair**: Community Wheelhouse
 - **Screening** buyers: Preferred Lenders / Community Wheelhouse
 - **Monitoring compliance**: Community Wheelhouse
 - **Resale**: Mueller Foundation / Community Wheelhouse
 - **Program Operations & Management**: Community Wheelhouse

An aerial photograph of a city, likely Denver, Colorado, showing a mix of urban development and green spaces. A central area, including a large stadium and surrounding residential and commercial blocks, is highlighted with a semi-transparent yellow and green overlay. The text 'THE MUELLER FOUNDATION' is overlaid in large, bold, orange letters on this highlighted area.

THE MUELLER FOUNDATION

Purpose:

The Mueller Foundation is a non-profit corporation created by Catellus to support and fund long-term community goals for Mueller with an emphasis on Affordable Housing

Sources of Funds:

1. Fees on builders
2. Community Assessment Fees (.25% on all real estate sales at Mueller *in perpetuity*)
3. Shared Equity proceeds on affordable housing sales to sustain and continue to support the affordable housing program



Mueller Foundation Board Members:

Ray Brimble, President & CEO Lynxs Group

Suzanna Caballero, President & CEO, TX Certified
Development Corp

Robert D. Repass, Partner, Maxwell, Locke & Ritter

Kerry Tate, Civic Interest

Geraldine Tucker, VP HR, Austin Community College

Jim Walker, Director of Sustainability, UT

Greg Weaver, EVP, Catellus

Matt Whelan, Principal, RedLeaf Properties

Patti Summerville, Executive Director, Mueller Foundation

The Mueller Foundation is a donor-advised fund of the [Austin
Community Foundation](#)



Advisors

Affordable Housing: Frances Ferguson

Community/Communications Counsel: Civic Interest, LLC

- Kerry Tate
- Betty Dunkerley
- Bobbie Barker
- Lee Thomson

Community Wheelhouse: Kelly Weiss, President

Giving Focus:

Affordability, Education & Sustainable Neighborhoods

Affordability

Mueller Shared Appreciation Housing Program

Sustainable affordability

Personal/family financial education

Quality Education

Public education

Pre-school and after-school youth

Mentoring and tutoring

Career, college and workforce preparation

Art and culture

Sustainable Neighborhoods

Natural resources

Recreation, parks, amenities, open spaces, trails

Life-long wellness/fitness/recreation

Diverse and sustainable communities



Giving Focus: EDUCATION

Quality Education: *Public education; Pre-school and after-school youth Mentoring and tutoring; Career, college and workforce preparation; Art and culture.*

Over \$100,000 in grants to support local elementary schools:

- **Campfire** for funding pupils from ***Maplewood and Blanton Elementary*** and adults who engage in the outdoor program called *Kids Unplugged*
- **Creative Action Project** to fund *Learning Through the Arts* program for students at ***Maplewood Elementary and Blanton Elementary***.



An aerial photograph of a city, likely Denver, showing a large area of development highlighted in yellow. The highlighted area includes a large stadium-like structure, several large buildings, and a network of roads. The surrounding city is densely packed with residential and commercial buildings, with green spaces interspersed throughout. The text is overlaid on the center of the image.

**AFFORDABLE HOUSING:
What it is and how we do it.**

Affordable Homeownership Program Goals

1. Retain as many units as possible for as long as possible
2. Ensure housing remains affordable
3. Ensure geographic dispersion of affordable homes
4. Ensure variety of product types remain affordable
5. Ensure success of homeowners in the program
6. Ensure sustainability & quality of the program over the long-term

**CHANGES TO THE
AFFORDABLE HOMES
PROGRAM:**

***Sustaining Affordable
Homeownership – Long-
Term.***

Modifications to Affordable Home Program help to strike a better balance:

- » Buyers can build equity and realize value on their investment in their home
- » Mueller Foundation **preserves** more homes in the Affordable Homes Program over the long-term

Chart of 2% Simple Fixed Appreciation - Example

Initial Purchase Price	3 Year	5 Years	7 Years	10 Years	15 Years	20 Years
\$150,000	\$9,000	\$15,000	\$21,000	\$30,000	\$45,000	\$60,000
\$160,000	\$9,600	\$16,000	\$22,400	\$32,000	\$48,000	\$64,000
\$170,000	\$10,200	\$17,000	\$23,800	\$34,000	\$51,000	\$68,000
\$180,000	\$10,800	\$18,000	\$25,200	\$36,000	\$54,000	\$72,000
\$190,000	\$11,400	\$19,000	\$26,600	\$38,000	\$57,000	\$76,000

Resale Following Initial Purchase - Example

Original affordable sales price	\$180,000
Primary mortgage equity (assuming 7 years at a 4.5% interest rate)	\$23,600

Payments following Resale:	
1. Remainder of primary mortgage is paid (after closing costs*)	\$146,400
2. Owner is repaid down payment plus equity (\$23,600 + \$10,000)	\$33,600
4. Owner is paid fixed-appreciation** $[(180,000 \times 0.02) \times 7]$	\$25,200
Total payment to owner	\$58,800
5. The Mueller Foundation re-invests any remaining proceeds in sustaining affordable homes.**	

**For the purpose of this example, closing costs are assumed to be \$0.*

***These additional payments are made only if the home appreciates beyond the original market value.*



WHERE WE ARE TODAY

Type	Total # of Homes Offered	Total # of Affordable Homes Contracted	% of Affordable Homes
For-Sale	1732	485	28%
For Rent	1462	503	34.4%
Overall	3194	988	30.9%

Accomplishments:

1. Repurchase of units according to plan/projections
2. Implementation of Resale Formula change working to preserve long-term affordability and recognized as a “best practice”
3. Participation in Urban Institute Study (voluntary) to track long-term impacts of program
4. Long-range planning for program continues, with focus on “life after Catellus”

Greatest Challenge (*for everyone*):

- × Property Taxes

Opportunities:

- ✓ Community Land Trust Model
 - ≠ Not a complete solution to housing affordability
- ✓ State Advocacy - Legislative Reform
- ✓ Local Efforts (City of Austin)

An aerial photograph of a city, likely Denver, Colorado, showing a large stadium complex in the center. The stadium is surrounded by a mix of green spaces, parking lots, and urban development. The city extends into the distance, with a river visible in the background. The overall scene is a wide-angle, high-altitude view of an urban area.

MEASURING SUCCESS & TRACKING IMPACT

For Sale MFI Distribution

MFI	<50%	50-60%	60-70%	70-80%	80-120%
% of Buyers	2%	8%	22%	58%	10%

For Rent MFI Distribution

MFI	<30%	30-50%	50-60%	60-80%
% of Renters	10%	22%	67%	1% (release)

Age of Buyer

- Under 25:	10 %
- 25-34:	57 %
- 35-44:	17 %
- 45-54:	13 %
- 55-64:	3 %
- Over 65:	0 %

- Buyer's educational background:
 - High School: 34%
 - Graduated College: 66%



- How many affordable buyers:
 - Owned: 18%
 - Rented: 82%



- Where do our buyers work?
 - UT: 13%
 - State 9%
 - AISD 7%
 - City of Austin 5%
 - Seton 4%
 - Dell 2%
 - Del Valle ISD 1%
 - Other 59%



This single mom manages a Blockbuster Video store.



THE END