



HOUSING
DEPARTMENT

Legacy Project

Aligning the City's Affordability Period with Housing
and Urban Development's Affordability Period



Home Repair Loan Program (HRLP) Purpose

- The purpose of HRLP is to assist low to moderate income homeowners with home repairs for properties located within the full-purpose corporate city limits of the City of Austin.
- HRLP provides financial assistance to address substandard housing conditions that exist on a homeowner's property.
- The Program provides Rehabilitation Loans to bring homes up to building code standards with repairs to the foundation, roof, plumbing, HVAC system, electrical work and other major interior and exterior repairs.



Down Payment Assistance Program (DPA) Purpose

- The purpose of DPA is to increase housing opportunities to qualified low-to-moderate income households by providing the necessary financial gap assistance for eligible down payment and closing costs to purchase a home. The Program is for first time homebuyers.

Background Program Structure

Housing & Urban Development (HUD) requires a minimum affordability period for housing units supported by federal funds.

If a home is sold before the expiration of the affordability period, the City requires repayment of the loan.

HRLP and DPA programs are structured as loans, some of which require repayment at the end of the affordability period.

For all loans in these programs, regardless of funding source, the terms and the affordability period exceed the minimum period set by HUD.

Loans range from \$1500 (homebuyer) to \$129,000 (reconstruction).

Shared Equity is a City imposed requirement, not HUD.



Housing and Urban Development (HUD) Affordability Period

Home Assistance Per Unit or Buyer	Length of Affordability Period
Less than \$15,000	5 Years
\$15,000 - \$40,000	10 Years
More than \$40,000	15 Years
New construction	20 Years



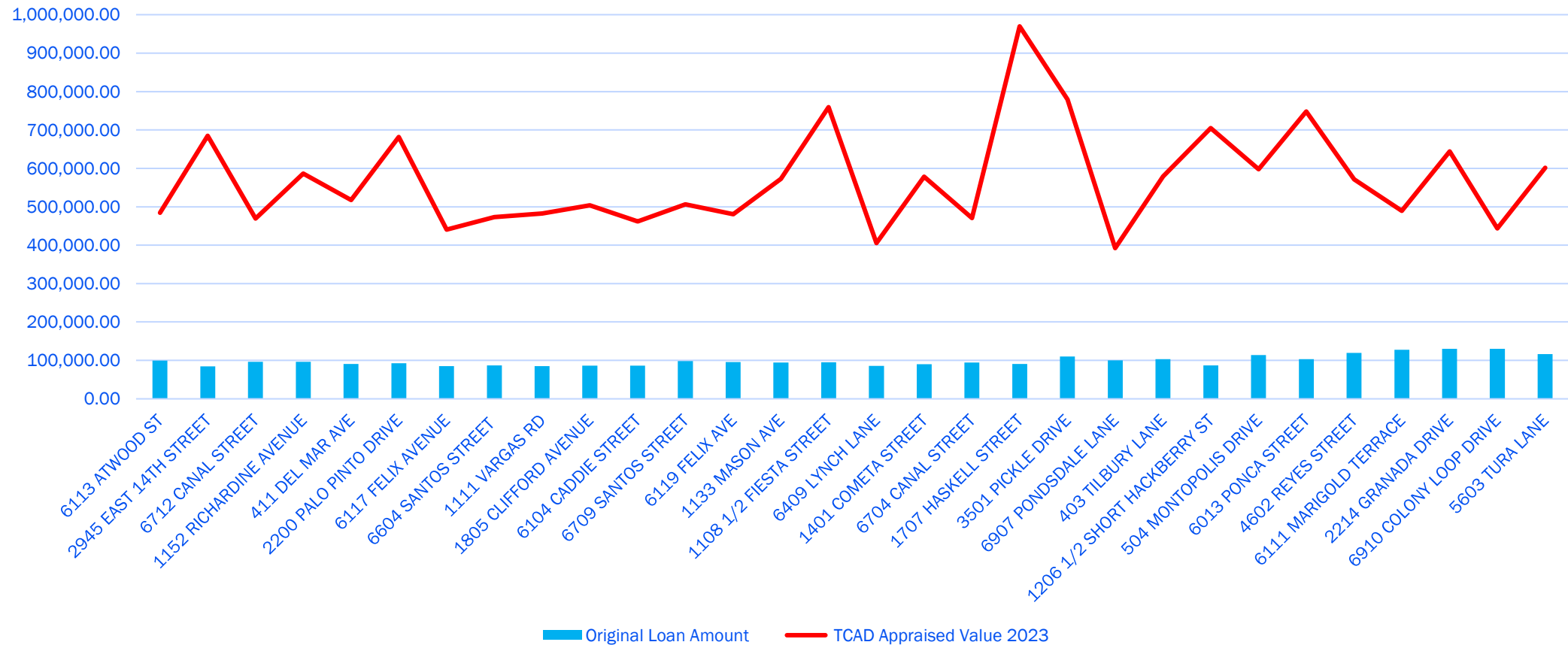
About Shared Equity

- The 25% Shared Equity portion will become due and payable and be added to the payoff balance if the loan is pre-paid prior to the maturity date. Assistance amount is forgiven at a prorated amount. The 25% Shared Equity provision will expire and be forgiven at the end of the maturity date.
- The equity owed to the City may be enforced solely out of the net proceeds of sale of the Property. The following is a Shared Equity payoff example:

New Appraised Value upon payoff or Sales Price (whichever is less)		\$ 250,000.00
Minus Initial Appraised Value at Loan Closing	(-)	\$ - 147,500.00
Total Shared Equity		\$ 102,500.00
% of Shared Equity to Owner	75%	\$ 76,875.00
% of Shared Equity to COA/Program	25%	\$ 25,625.00
Current Unpaid Principal Balance owed on HRLP Loan		\$ 125,000.00
Capital Improvement Recapture Credit	(-)	\$ - 0.00
Borrower's Cash Contributions	(-)	\$ - 0.00
25% Shared Equity to COA/Program	(+)	\$ + 25,625.00
Reasonable and Customary Closing Costs paid by the Homeowner	(-)	\$ - 22,500.00
Payoff Balance Owed on HRLP Loan	=	\$ 128,125.00

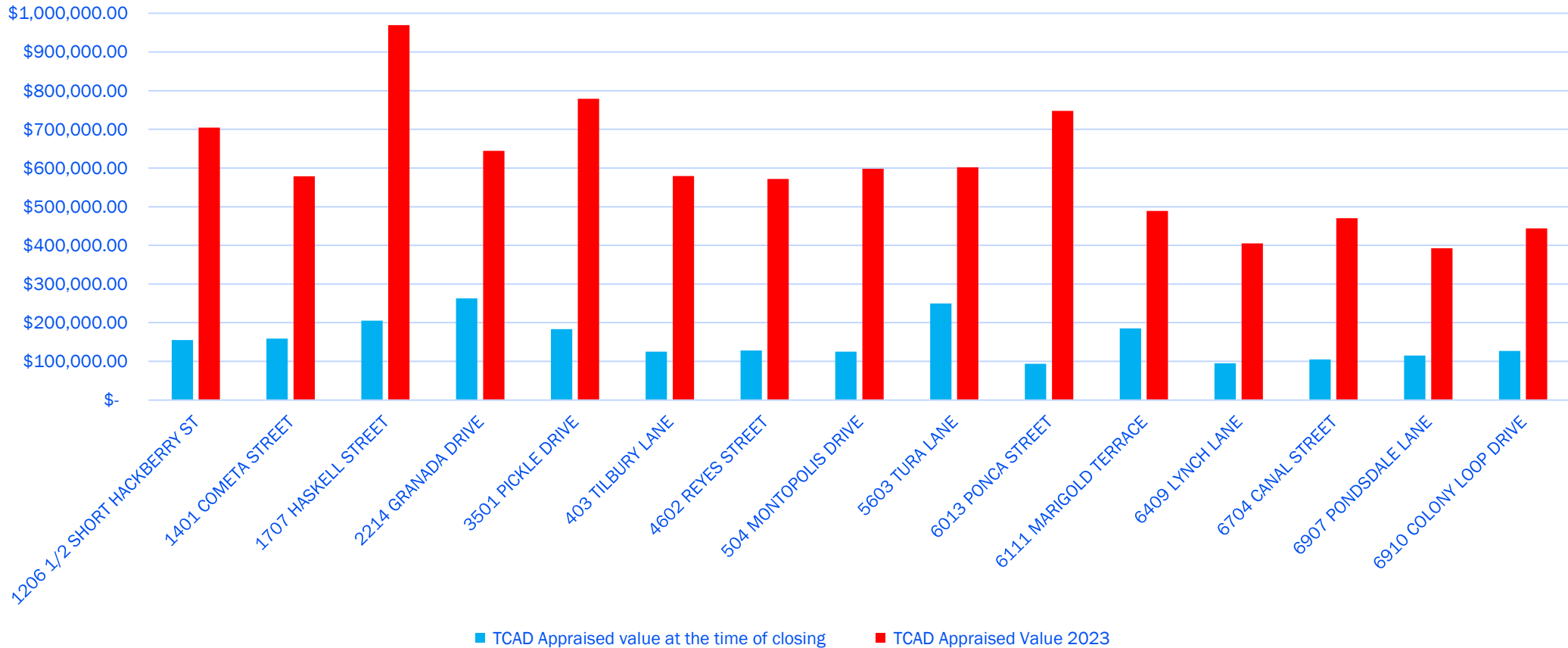


Example: Appreciation Impact of Shared Equity



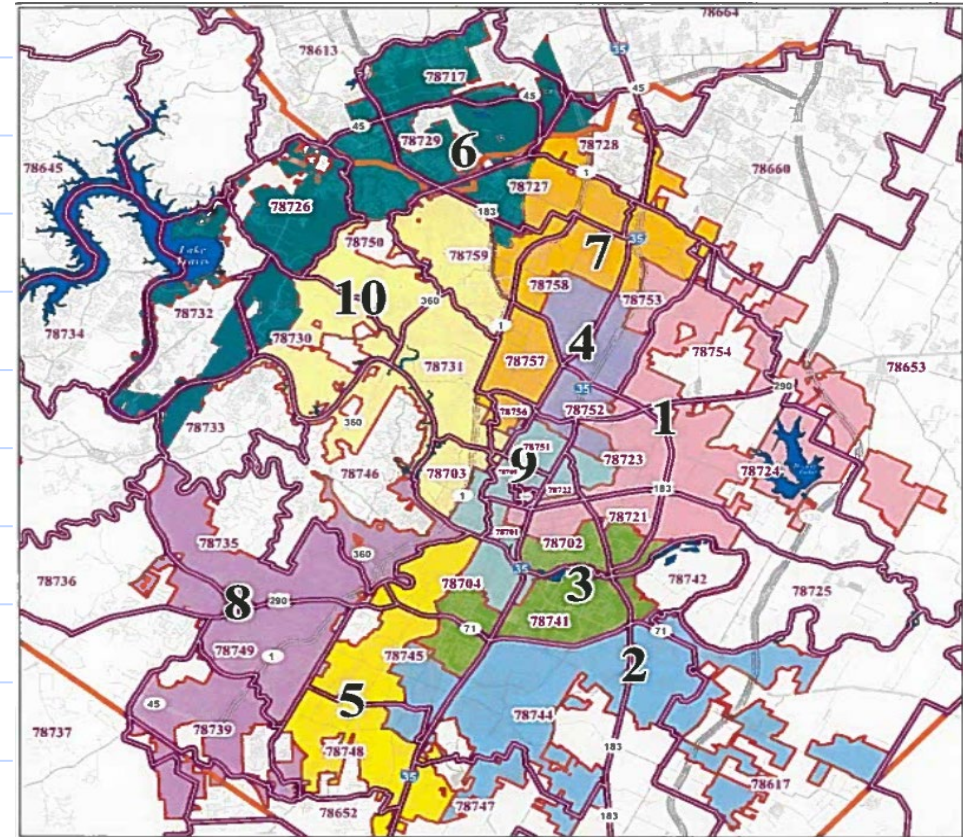
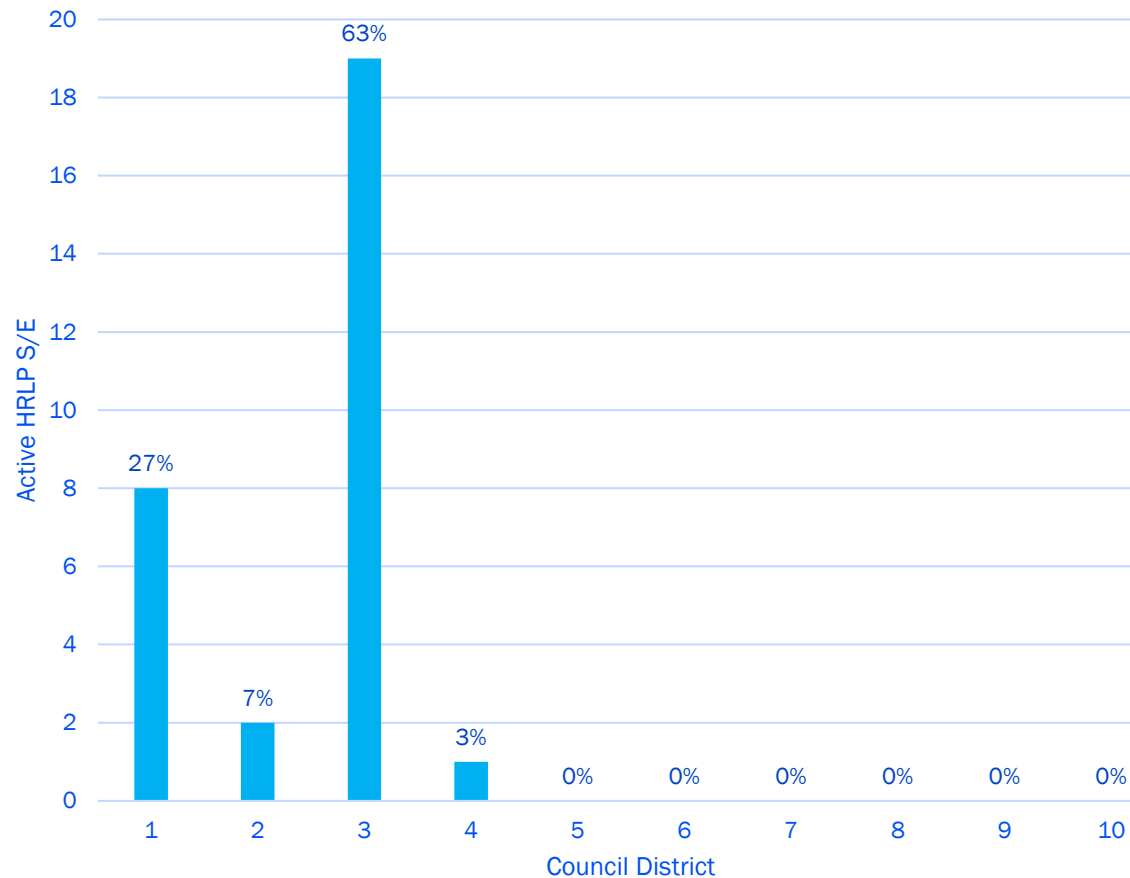


Example: How appraised values increased from loan closing to 2023





Summary for 30 Active S/E homes based on Council District





Community Response to the City's Programs



City applied rules that were more restrictive than HUD required



Loans/Liens appeared to be predatory in nature



Rules applied by the City had unintended consequences



**Liens to be
Released**

		Number of Loans	Amount of Forgiveness
Austin Housing Finance Corporation	ACQUISITION & DEVELOPMENT - OWNER	20	\$ 374,375.80
	AQUISITION & DEVELOPMENT - OWNER - SHARED EQUITY	26	\$ 707,894.27
	DOWN PAYMENT ASSISTANCE	552	\$ 2,919,151.96
	DOWN PAYMENT ASSISTANCE-SHARED EQUITY	77	\$ 2,739,138.91
	HOLLY GOOD NEIGHBOR PROGRAM	2	\$ 65,798.52
	HOMEOWNER REHAB LOAN PROGRAM (400)	20	\$ 1,000,179.27
	SINGLE FAMILY LOAN PROGRAM (790)	2	\$ 140,000.00
	WELCOME HOME PROGRAM (785)	4	\$ 28,899.73
City Of Austin	DOWN PAYMENT ASSISTANCE	75	\$ 346,807.42
	DOWN PAYMENT ASSISTANCE-SHARED EQUITY	10	\$ 363,468.00
	PRINCIPAL REDUCTION	4	\$ 51,800.00
	SINGLE FAMILY LOAN PROGRAM (790)	7	\$ 175,535.00
	TOTAL	799	\$ 8,913,048.88



**Liens to be
Modified**

		Number of Loans	Amount of Forgiveness
Austin Housing Finance Corporation	AQUISITION & DEVELOPMENT - OWNER - SHARED EQUITY	6	\$ 475,800.00
	DOWN PAYMENT ASSISTANCE	82	\$ 2,747,709.00
	DOWN PAYMENT ASSISTANCE-SHARED EQUITY	75	\$ 2,950,475.76
	HOLLY GOOD NEIGHBOR PROGRAM	3	\$ 91,111.25
	HOMEOWNER REHAB LOAN PROGRAM (400)	75	\$ 5,013,026.62
	HOMEOWNER REHAB PROGRAM - SHARED EQUITY	30	\$ 2,945,413.40
City Of Austin	AQUISITION & DEVELOPMENT - OWNER - SHARED EQUITY	2	\$ 183,500.00
	DOWN PAYMENT ASSISTANCE-SHARED EQUITY	22	\$ 820,090.36
	HOMEOWNER REHAB LOAN PROGRAM (400)	1	\$ 56,093.81
	TOTAL	296	\$ 15,283,220.20



Next steps

- We vetted our recommendation with HUD, corporate finance, and Law.
- Loans that have been released in the past will not be refunded. Those loans were repaid according to the guidelines and terms and conditions of the loans at that time.
- Approximately 1000 liens have been modified
- Approximately 800 release of liens are being processed.
- Release of Liens should be recorded at Travis County in January 2025.