



**RBA**  
**CITY OF AUSTIN**  
**RECOMMENDATION FOR BOARD ACTION**

**AGENDA ITEM NO 3**  
**AGENDA DATE 4/5/07**  
**PAGE 1 OF 2**

**SUBJECT** Authorize the negotiation and execution of a loan through the Acquisition and Development Program in an amount not to exceed \$153,049 to NEIGHBORHOOD HOUSING SERVICES OF AUSTIN, INC., a non-profit community housing provider in compliance with applicable federal regulations including Title 24 Code of Federal Regulations Section 85.40 performance goals, to provide homebuyer assistance loans to low- to moderate-income purchasers of three newly constructed single-family homes on Meador Avenue in the St. Johns neighborhood and to provide a developer fee to the organization.

**AMOUNT & SOURCE OF FUNDING** Funding is available in HOME and HOME Program Income funds allocated in the Fiscal Year 2006-2007 Austin Housing Finance Corporation budget.

**FISCAL NOTE** There is no unanticipated fiscal impact. A fiscal note is not required.

**REQUESTING**  
**DEPARTMENT** Austin Housing Finance Corporation

**DIRECTOR'S**  
**AUTHORIZATION** \_\_\_\_\_

**FOR MORE INFORMATION CONTACT** Paul Hilgers, Executive Director, Austin Housing Finance Corporation, 974-3108

**PRIOR BOARD ACTION**

**PRIOR COUNCIL ACTION**

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The Austin Housing Finance Corporation (AHFC) Board is requested to authorize the negotiation and execution of a loan through the Acquisition & Development Program in an amount not to exceed \$153,049 to Neighborhood Housing Services of Austin, Inc. (NHS) to provide funding for homebuyer assistance loans for three NHS newly constructed homes on Meador Avenue and to provide a developer fee to the organization.

Funding will be used to provide up to \$40,000 in Homebuyer Assistance loans for principal buy-down and closing cost assistance in the form of a deferred payment loan. The loan will be repaid to AHFC by the homeowner upon resale of the home, refinancing, death, or upon full payment of the first mortgage. The developer fee NHS requests will be provided in the form of a loan that will be forgiven upon successful completion of all loan terms and conditions. The development fee is calculated at 8% of development costs on the three homes. Construction of the homes is being financed by a private line of credit obtained by NHS.

These three bedroom homes will be sold to first time homebuyers earning at or below 80 percent of the Area Median Family Income (MFI) currently \$56,900 per year for a family of four. The homes will be S M A R T Housing™ compliant as well as visitable and adaptable for persons with mobility, sight or hearing disabilities.

A Homebuyer Assistance loan of up to \$40,000 will be available for buyers at 55% MFI or below (income of \$39,100 or less per year for a family of four). A loan of up to \$30,000 will be available for buyers earning between 55% and 65% MFI (\$39,100 and \$46,200 per year for a family of four). Buyers earning between 65% and 80% MFI (\$46,200 and \$56,900 per year for a family of four) would be eligible to receive up to a \$20,000 loan.

NHSA is a non-profit 501(c)(3) Community Housing Development Organization (CHDO) that develops affordable housing and provides homeownership opportunities primarily in the St. John's neighborhood for low to moderate income families. NHSA's experience includes completing and selling 13 homes in the St. John's Neighborhood and four homes in the Heritage Village Subdivision, all of which were sold to low and moderate income buyers.

The sources and uses of the funding are:

<u>Sources</u>		<u>Uses</u>	
Private Line of Credit	\$307,884	Homebuyer Assistance Loans	120,000
AHFC Funds	153,049	Developer Fee	33,049
Owner Equity	<u>1,000</u>	Pre development, Hard & Soft Costs	<u>308,884</u>
<b>Total</b>	<b>\$ 461,933</b>	<b>Total</b>	<b>\$ 461,933</b>

The Performance Measure associated with the project is as follows:

1. Complete construction and conveyance of three new single family homes affordable to buyers earning no more than 80% of the Austin area MFI.

The requested funding is available in Fiscal Year 2006-2007 budget allocation of 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 housing for low and moderate income households.