



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

**AGENDA ITEM NO 3
AGENDA DATE: 1/10/08
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SUBJECT: Approve the negotiation and execution of a loan to AUSTIN NEIGHBORHOOD ALLIANCE FOR HABITAT, INC , an affiliate of AUSTIN HABITAT FOR HUMANITY, INC , under the Acquisition and Development Program, in an amount not to exceed \$1,000,000, in compliance with applicable affordable housing general obligation bond financing requirements and performance goals, to fund acquisition and pre-development of 153 acres in Sendero Hills, Phase IV to be developed for up to 65 single-family homes to be sold to low- and moderate-income buyers

AMOUNT & SOURCE OF FUNDING: Funding is available in the Fiscal Year 2007-2008 Austin Housing Finance Corporation budget allocation under the Acquisition and Development Program using proceeds from General Obligation Affordable Housing Bonds

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

REQUESTING **DIRECTOR'S**
DEPARTMENT: Austin Housing Finance Corporation **AUTHORIZATION:**____

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

PRIOR BOARD ACTION On March 8, 2007, the AHFC Board authorized negotiation and execution of a service agreement with the City of Austin for AHFC to manage and operate various affordable housing programs funded with City general obligation housing bonds

PRIOR COUNCIL ACTION: On March 8, 2007 Council approved Resolution No 20070308-10 adopting guidelines for the implementation of General Obligation affordable housing bonds

Approval of funding will facilitate the acquisition and pre-development of 153 acres in the Sendero Hills, Phase IV Subdivision by Austin Neighborhood Alliance for Habitat, Inc (Habitat) to be developed for up to 65 new construction single-family homes to be sold to low- and moderate-income buyers

This development will consist of homes ranging from approximately 1,100 to 1,400 square feet and will be sold to families completing Habitat's homeownership program, which includes a

requirement of 400 hours of active program involvement. Families served by Habitat typically have incomes between 25-50% of the Austin area's Median Family Income (MFI - currently \$17,790 - \$35,550 for a family of four). Habitat may elect to sell a portion of the developed lots to other affordable housing developers. Regardless, all homes constructed in this subdivision will be for families with incomes no higher than 80% MFI (currently \$56,900 for a family of four).

To ensure long-term affordability, a Restrictive Covenant will be put in place at the time each home is first sold. In addition, Habitat will use a Right of First Refusal that gives Habitat the option to purchase the home and sell it to another low- or moderate-income buyer. If Habitat elects not to purchase the home, the Restrictive Covenant will require re-sale to another low- or moderate-income buyer during the affordability period.

This project was submitted in response to a Notice of Funding Availability for Affordable Housing General Obligation (GO) Bond funding. The Housing Bond Review Committee met on December 4, 2007 and recommended funding for the project. Additional funding for the project will come from community sponsorships of individual houses and from community donations. The project is subject to Acquisition and Development program requirements, S M A R T HousingTM standards, and environmental review and fund release requirements, as applicable.

Following Austin Housing Finance Corporation (AHFC) Board approval, an Acquisition and Development program loan will be negotiated and executed with Habitat in an amount not to exceed \$1,000,000 to acquire the property. Subsequent to the acquisition, Habitat will contract to install the infrastructure, and then embark upon home construction. The entire project is expected to be completed and all homes sold by the end of 2010.

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

<u>Sources</u>		<u>Uses</u>	
AHFC GO Bond Funds	\$1,000,000	Acquisition	\$ 826,254
Community Funds	1,472,162	Pre-Development	138,517
Community-sponsorships	<u>3,250,000</u>	Hard Costs	4,524,841
		Soft & Carrying Costs	<u>232,550</u>
Total	\$5,722,162	Total	\$5,722,162

Performance measures associated with the project are as follows:

1. Acquire 15.3 acres in the Sendero Hills Phase IV Subdivision.
2. Install infrastructure and obtain all necessary City of Austin approvals.
3. Ensure the completion and sale of up to 65 single-family homes for low- and moderate-income buyers.
4. Complete the entire development in accordance with S M A R T HousingTM standards.

The requested funding is available in the Fiscal Year 2007-2008 budget allocation of the AHFC, and 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 to provide homeownership opportunities for low- and moderate-income households.