



RBA:
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION

AGENDA ITEM NO: 8
AGENDA DATE: 4 10 08
PAGE. 1 OF 3

SUBJECT: Approve the negotiation and execution of an additional 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 infrastructure construction of 15.3 acres in Sendero Hills, Phase IV Subdivision 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 Margaret Shaw, Austin Housing
Finance Corporation, 974-3184

PRIOR BOARD ACTION. On March 8, 2007, the Austin Housing Finance Corporation Board authorized negotiation and execution of a service agreement with the City of Austin for Austin Housing Finance Corporation to manage and operate various affordable housing programs funded with City affordable housing General Obligation Bonds. On January 10, 2008, the Austin Housing Finance Corporation Board authorized the negotiation and execution of a loan to AUSTIN NEIGHBORHOOD ALLIANCE FOR HABITAT, INC in the amount of \$1,000,000 using affordable housing general obligation bonds for the acquisition and pre-development of the 15.3 acres in Sendero Hills, Phase IV Subdivision.

PRIOR COUNCIL ACTION. On March 8, 2007 Council approved Resolution number 20070308-10 adopting guidelines for the implementation of General Obligation affordable housing bonds.

Approval of this funding, which is in addition to the \$1,000,000 of funding previously approved for acquisition and predevelopment costs, will facilitate the construction of infrastructure over 15.3 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 percent 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 sold to families with incomes no higher than 80 percent 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 resale 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 reviewed and supports 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 Housing™ standards, and environmental review and fund release requirements, as applicable.

Following Austin Housing Finance Corporation (AHFC) Board approval, funding for the \$1,000,000 loan authorized by prior Board action on January 10, 2008 for acquisition and pre-development will be combined with the funding for infrastructure development into an Acquisition and Development program loan to be negotiated and executed with Habitat in an amount not to exceed \$2,000,000. Upon completion of the infrastructure and approval of the subdivision by the City, Habitat will commence construction of up to 65 homes. All homes are expected to be completed and sold by the end of 2010.

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

<u>Sources:</u>		<u>Uses:</u>	
G O Bond Funds (current)	\$1,000,000	Acquisition	826,254
G O Bond Funds (previous)	1,000,000	Pre-Development	138,517
Community Funds	1,472,162	Infrastructure	932,479
Community-sponsorships	<u>2,250,000</u>	Hard Costs (House Construction)	3,592,362
		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 Construct infrastructure over 15.3 acres in the Sendero Hills Phase IV Subdivision
- 2 Obtain all necessary City of Austin approvals for subdivision
- 3 Ensure the completion and sale of up to 65 single-family homes to low- and moderate-income buyers
- 4 Complete the development in accordance with S M A R T Housing™ 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