

<b>Recommendation for Board Action</b>				
Austin Housing Finance Corporation	Item ID	12316	Agenda Number	2.
Meeting Date:	3/8/2012		Department:	Neighborhood and Community Development
Subject				
Approve the negotiation and execution of a loan to AUSTIN PEOPLETRUST in an amount not to exceed \$310,500 for the purchase of nine newly-constructed single-family homes to be sold to low- to moderate-income buyers.				
Amount and Source of Funding				
Funding is available in the Austin Housing Finance Corporation Fiscal Year 2011-2012 Operating Budget.				
Fiscal Note				
There is no unanticipated fiscal impact. A fiscal note is not required.				
Purchasing Language:				
Prior Council Action:				
For More Information:	Contact Elizabeth A. Spencer, Treasurer, Austin Housing Finance Corporation, 974-3182.			
Boards and Commission Action:				
MBE / WBE:				
Related Items:				
Additional Backup Information				

Approval of this item will authorize the Austin Housing Finance Corporation (AHFC) to negotiate and execute a loan to Austin PeopleTrust for the purchase of nine newly-constructed homes in the Riverside Villas subdivision near the corner of East Riverside Drive and Faro Drive.

#### **Funding Request**

- The \$310,500 requested will fund a portion of the acquisition of nine homes. All AHFC funding will “buy down” the cost of the home, thus making the homes affordable to low- to moderate-income buyers.
- If funding is approved, AHFC funds will represent \$34,500 per house. The funding request amounts to 25 percent of the total project cost.
- The requested funding for acquisition is available in the Fiscal Year 2011-2012 budget allocation for 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 rental housing for low- and moderate-income households and persons with special needs.

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

<u>Sources:</u>		<u>Uses:</u>	
Homebuyer Contributions	\$ 76,496	Acquisition	\$1,529,910
Mortgage Loans to Buyers	1,165,414	Soft and	
Proposed AHFC Funds	<u>310,500</u>	Carrying Costs	<u>22,500</u>
TOTAL	\$1,552,410	TOTAL	\$1,552,410

#### **Project Characteristics**

- The homes will be sold under a Shared Equity ownership model that will be managed by PeopleTrust to ensure long-term affordability. Buyers will sign a second lien note that will reduce the amount of the first lien mortgage, thus making the home affordable to low- and moderate-income buyers. The sales prices will range from approximately \$155,000 to \$170,000, but the shared equity second lien note plus contributions from the buyer at closing will reduce the amount of the homebuyer’s first lien mortgage to a more affordable range of \$115,000 to \$130,000.
- Upon resale, PeopleTrust will recover the amount of the second lien note plus receive a proportionate share of the increase in the home’s value, if any. PeopleTrust will use these funds to make the home affordable to the next buyer.
- The homes will be new construction, detached, single-family homes built to S.M.A.R.T. Housing™ standards. The two- and three-bedroom homes will range in size from 1,100 to 1,300 square feet, with attached single- or double-car garages.

#### **Population Served**

The homes will be made available to households with incomes at or below 80 percent of the Median Family Income

#### **The Applicant**

Austin PeopleTrust is a 501(c)(3) non-profit organization formed in 2005 for the purpose of providing affordable homeownership opportunities and preserving long-term affordability through the shared equity model of ownership. The organization’s goal is to create permanent affordability by establishing and operating one or more community land trusts.

