

AUSTIN HOUSING FINANCE CORPORATION

MINUTES

JUNE 2, 1988

PRESENT: Mayor Frank Cooksey, President; John Trevino, Vice-President;
Sally Shipman, George Humphrey, Charles Urdy, Max Nofziger
Smoot Carl-Mitchell

ABSENT: None

President Cooksey called the meeting to order.

The minutes of the meetings for March 3 and 10, 1988 were unanimously approved.

Paula M. Phillips, the Secretary/Treasurer, said the Austin City Council had requested that the Austin Housing Finance Corporation reconsider their recommendation on the allocation of \$690,000 Residual Value Bond First Year Activities. She said \$115,000 could be allocated differently than originally designated. She said the Council wanted this amount to be referred to the, yet-to-be established, Housing Committee for their recommendations.

Several speakers (Rev. Jasper, Dr. Douglas, Rev. Spear) extolled the virtues of home ownership vis-a-vis purchase, repairs, and maintenance. They noted the specific needs of single parents and young couples and emphasized how "pride of ownership spills over into the community". Dr. Urdy mentioned that the Downpayment Assistance Program, one of the topics being considered, is very important in this regard; and the Standard Rehabilitation Program also assists low income homeowners. The amounts stated in the bond documents were: Replacement Housing--\$100,000, Mutual or Cooperative Housing--\$165,000, Rental Housing Development--\$175,000, Downpayment Assistance--\$60,000, and Program Administration--\$50,000. Board Member Carl-Mitchell moved that they allocate the \$550,000 plus \$25,000 for a Rental Deposit Revolving Fund Program and refer the \$115,000 to the soon-to-be-formed Housing Committee. Board Member Shipman seconded the motion and it passed unanimously.

Another resolution was brought up for discussion: Consider applying Affordable Housing Policy Guidelines to Residual Value Bond Activities. Ms. Phillips stated several recommendations related to this item. These concerned the 10% limit on administrative cost and the 60% income limit on accessibility of the programs. First, that the 10% administrative cost restriction be applied whenever it is viable but that, for programs very small in overall dollar amounts, flexibility be allowed for a larger percentage to be permitted. Secondly, on the 60% Median Family Income (MFI) limitations, staff is suggesting that the 60% cap be applied to the

Mutual/Cooperative Housing and the Rental Housing Development programs. Further analysis is suggested on the Replacement Housing Program and on the Downpayment Assistance Program. It is possible that the 60% limit may be extremely limiting in the Department's ability to find persons who would be able to qualify for loans.

Ms. Phillips declared that Corporate Counsel had advised that the bond documents provided assistance to a group earning between 0% and 120% of median income. Therefore, the Corporation could not restrict these bonds to 60% MFI, but it would be possible to target them at 60% and below if the Board so desires, through the RFP process. She said there has been some experience in the past where agencies are not able to find qualified applicants in the targeted income group, below 60%.

Dr. Urdy pointed out that, without some flexibility, they might end up with a Cooperative Housing category but no one interested in applying for the program. Ms. Phillips suggested targeting the 60% MFI group, but not limiting it to 60% MFI. Mr. Carl-Mitchell expressed the belief that renters/owners over 60% MFI could benefit those under 60% due to their ability to make higher payments. He said a method of analysis is needed to verify that benefits of the public dollars in the project are going to benefit those at 60% and below. He asked that staff develop a written policy to analyze proposals to see that those over 60% MFI supplement rents for the lower income group.

Ms. Phillips indicated that if the Board could direct them to target the 60% MFI level on the Rental Deposit Revolving Fund and the Rental Housing Development Programs the Department would be happy to proceed, while bringing back guidelines for the other proposals for consideration. Ms. Shipman, the originator of the Rental Deposit Revolving Loan Program, said the 60% was very appropriate because the whole program is targeted to families at or below the poverty level. She also pointed out the need for flexibility. She wants to be sure the programs are carefully monitored as they are implemented to insure that we serve all the situations that truly need assistance.

Ms. Phillips asked if the first recommendation (10% administration cap) was acceptable to the Board. Ms. Shipman stated that she agrees with the staff recommendation providing the ability to fund higher administrative costs in extenuating circumstances. Dr. Urdy stated that their goal is clearly to help those most needy and reiterated the need for flexibility.

Mr. Carl-Mitchell made a motion to do what Ms. Phillips had recommended as number 1 (10% admin cap) and 4 (60% MFI for Rental Deposits), target 60% MFI for number 2 (Replacement Housing and Downpayment Assistance), and request that staff return with guidelines for number 3

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(Mutual/Cooperative Housing and Rental Housing Development). Dr. Urdy seconded the motion and it was passed unanimously.

President Cooksey adjourned the meeting.

Frank C. Cooksey, President

Paula M. Phillips, Secretary/Treasurer