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**Recommendation for Board Action**

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|------------------------------------|----------------|-------|----------------------|----|
| Austin Housing Finance Corporation | <b>Item ID</b> | 23357 | <b>Agenda Number</b> | 8. |
|------------------------------------|----------------|-------|----------------------|----|

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|----------------------|-----------|--------------------|--|
| <b>Meeting Date:</b> | 4/11/2013 | <b>Department:</b> | Neighborhood and Community Development |
|----------------------|-----------|--------------------|--|

**Subject**

Approve the negotiation and execution of a loan to Austin Habitat for Humanity, Inc. for the acquisition of land on Meadow Lake Boulevard that will result in the construction of new single-family homes that are affordable to low- and moderate-income buyers for an amount not to exceed \$642,896.

**Amount and Source of Funding**

Funding is available in the Fiscal Year 2012-13 Operating Budget of the Austin Housing Finance Corporation.

**Fiscal Note**

There is no unanticipated fiscal impact. A fiscal note is not required.

|                                      |  |
|--------------------------------------|--|
| <b>Purchasing Language:</b>          |  |
| <b>Prior Council Action:</b>         |  |
| <b>For More Information:</b>         | Contact Elizabeth A. Spencer, Treasurer, Austin Housing Finance Corporation, 974-3182. |
| <b>Boards and Commission Action:</b> |  |
| <b>MBE / WBE:</b>                    |  |
| <b>Related Items:</b>                |  |

**Additional Backup Information**

If approved, the Austin Housing Finance Corporation (AHFC) will be authorized to negotiate and execute a loan to Austin Habitat for Humanity, Inc. (Habitat) for the acquisition of 14.65 acres in the Meadow Lake subdivision for the construction of no fewer than 60 new single-family homes.

**Funding Request**

- If approved, the AHFC funds will represent \$10,715 per unit or approximately 7.5 percent of the total project cost estimated to be \$8.6 million. Additional funding will be from Community Development Block Grant (CDBG) funds.
- Estimated sources and uses for the project are as follows:

**Sources:**

Austin Habitat for Humanity  
 AHFC Funding  
 Lender Line of Credit  
**TOTAL**

\* \$7,459,562  
 642,896  
525,000  
**\$8,627,458**

**Uses:**

Acquisition  
 Pre-development  
 Construction  
 Soft & Carrying Costs  
**TOTAL**

\$ 642,896  
 37,000  
 7,677,962  
269,600  
**\$8,627,458**

\*This amount includes in-kind volunteer services, donations of labor and supplies, as well as community support.

- The request for funding 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.

**Project Characteristics**

- Homes will consist of two to five bedrooms, depending upon the family’s needs. The size of the homes will range from 900 square feet to 1,400 square feet.
- Prices will range from \$105,000 to \$120,000. However, each household’s mortgage would range from \$65,000 to \$80,000. Habitat would provide a zero percent (0 percent) interest second mortgage which would require no repayment until the home is sold.
- The typical monthly payment for principal, interest, taxes, and insurance will be approximately \$500.
- To ensure long-term affordability of the homes, Habitat uses a Shared Equity and Right of First Refusal model of ownership.

**Population Served**

All buyers must have total household incomes at or below 80 percent of the Median Family Income (MFI) for the Austin area, currently \$58,550 for a four-person household. Buyers must successfully complete Habitat’s homeownership program and contribute a certain number of hours of “sweat equity” to qualify.

**The Applicant**

Austin Habitat for Humanity is a 501(c)(3) non-profit organization founded in 1985. Its mission and vision are anchored around our dedication to ending the cycle of poverty housing and the deeply held belief that everyone deserves a decent, affordable place to live. To date, Habitat has built more than 335 homes in the Austin area.