

AGENDA



Recommendation for Board Action

AUSTIN HOUSING FINANCE CORPORATION (AHFC)

Regular Meeting: December 14, 2017

Item Number: **AHFC002**

Consent

Authorize an increase of \$1,270,000 to an existing loan to Austin Habitat for Humanity, Inc. or an affiliated entity, for a total loan amount not to exceed \$2,520,000 to assist with the development of the Scenic Point Subdivision, Phase II, to provide homeownership opportunities for low- and moderate-income households.

District(s) Affected: District 1

Lead Department	Neighborhood Housing and Community Development Department.
Fiscal Note	There is no financial impact.
For More Information	Rosie Truelove, Treasurer, Austin Housing Finance Corporation, 512-974-3064; David Potter, Program Manager, Neighborhood Housing and Community Development, 512-974-3192.
Council Committee, Boards and Commission Action	June 8, 2017 - Austin Housing Finance Corporation Board of Directors authorized the negotiation and execution of a loan agreement in an amount not to exceed \$1,250,000 to Austin Habitat for Humanity, Inc.

Additional Backup Information:

If approved, this action would authorize an increase to an existing loan to Austin Habitat for Humanity, Inc. ("Habitat"), or an affiliate, for a total loan amount not to exceed \$2,520,000. The

purpose of the loan is to provide funding for the installation of infrastructure in the planned 67-unit Scenic Point Subdivision, Phase II. The property consists of 14 acres with Johnny Morris Road as the eastern boundary and it is approximately 0.75 miles north of Loyola Lane in District 1.

Proposed Project

Habitat plans to build out Phase II of the Scenic Point Subdivision on land that was donated to the organization in 2016. Habitat will install the infrastructure to support 67 detached single-family homes that will be built by Habitat with sweat equity assistance from the people who will purchase the homes. These purchasers have low- and moderate-income households.

Estimated Sources & Uses of Funds

<u>Sources</u>		<u>Uses</u>	
Owner Equity	\$798,000	Pre-development	\$651,025
House Build Sponsorships	6,700,000	Construction Costs	8,800,000
Previous AHFC Loan	1,250,000	Soft and Carrying Costs	566,975
Current AHFC Request	1,270,000	Total	\$10,018,000
Total	\$10,018,000		

Population Served

All buyers must have total household incomes at or below 80% of the Median Family Income for the Austin-Round Rock Metropolitan Statistical Area, currently \$65,100 for a four-person household. Individuals and families who successfully complete Habitat’s homebuyer education program and contribute 300 hours of sweat equity will qualify for a 0% interest mortgage from Habitat.

Project Attributes

- Homes will consist of 2 to 4 bedrooms, depending upon the needs of each family. The size of the homes will range from 1,000 square feet to 1,359 square feet.
- Prices will range from \$120,000 to \$169,000; however, each household’s mortgage amount would range from \$75,000 to \$90,000. Habitat provides a zero percent (0%) interest second mortgage which would require no repayment until the home is sold.
- The typical monthly payment for principal, taxes, and insurance will range from approximately \$640-\$870.
- To ensure long-term affordability of the homes, Habitat uses a Shared Equity and Right of First Refusal model of ownership.

Current Property Tax Status and Future Impact

According to Travis Central Appraisal District website (www.traviscad.org <<http://www.traviscad.org>>), the property is currently 100% exempt from property taxation under the exemption “Improving property for housing with volunteer labor.” After the homes are built and sold, the properties will return to the property tax rolls.

Austin Habitat for Humanity, Inc.

Austin Habitat for Humanity is a 501(c)(3) non-profit organization founded in 1985. Its mission and vision are anchored around 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 350 homes in the Austin area.

For more information on the proposed project, as well as socioeconomic characteristics and amenities in the surrounding area, please see the project's Development Information Packet here: <http://austintexas.gov/page/fy-16-17-funding-applications>.