



**RBA
AUSTIN HOUSING FINANCE CORPORATION
RECOMMENDATION FOR BOARD ACTION**

**AGENDA ITEM NO.: AHFC-4
AGENDA DATE: Thu 09/29/2005
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SUBJECT: Approve the negotiation and execution of a \$2,000,000 line of credit from WELLS FARGO BANK OF TEXAS, NA, to provide interim financing to develop infrastructure improvements to land owned by the corporation and to construct affordable housing units for sale to families earning less than 80 percent of the Austin median family income.

AMOUNT & SOURCE OF FUNDING: N/A

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Austin Housing Finance
DEPARTMENT: Corporation

DIRECTOR'S
AUTHORIZATION: Paul Hilgers

FOR MORE INFORMATION CONTACT: Paul Hilgers, Executive Director, Austin Housing Finance Corporation, 974-3108.

PRIOR BOARD ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

This action will authorize the negotiation and execution of a line of credit with Wells Fargo Bank of Texas, NA. This line of credit will be used to finance the development of infrastructure improvements and the construction of affordable homes for families earning less than 80% of the Median Family Income (MFI) in Austin (currently \$56,900 for a family of four).

The need of additional affordable housing units is greater than ever in the Austin area. The availability of federal grant funds to construct these housing units continues to decline. The Austin Housing Finance Corporation (AHFC) faces a dilemma in that the need for its funds is expanding, but the amount of available funding is diminishing. In an attempt to maximize the leveraging power of its grant funds, the corporation has explored the use of private funds, in conjunction with its grant funds, to finance infrastructure improvements and construction of housing units. Several financial entities have expressed interest, with Wells Fargo Bank of Texas, NA being the first to offer favorable terms.

The terms offered by Wells Fargo are:

\$2,000,000 Line of Credit
Two year term, renewable
Minimum closing costs, estimated at \$6,119
\$1,000,000 secured with 1st lien on real property, \$1,000,000 unsecured
Interest rate of 1.5% below current prime lending rate, adjusted annually
Monthly draws, with no title updates

AHFC will use the interim financing to construct affordable housing units and to develop infrastructure

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Disposition:

Adjusted version published:

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improvements to land owned by the corporation such as the land related to the Anderson Redevelopment Project, the Montopolis subdivision, the Colony Park subdivision, the Tillery subdivision and other redevelopment projects. All projects will establish goals to provide the maximum number of affordable units available to families earning less than 80% MFI for the longest period of time.

This activity is consistent with the FY 2004/2005 Action Plan as identified under the Acquisition and Development Program category.