

**AUSTIN HOUSING FINANCE CORPORATION**  
**Application for Financing for Homeownership Projects**

**PLEASE NOTE: AHFC Reserves the right to fund projects at a lower amount than requested, and the right to deny applications that do not coincide with the City's FY ~~2011-12~~2012-13 Action Plan goals and policy direction from the Austin City Council.**

**Project Name:** \_\_\_\_\_

**Project Address:** \_\_\_\_\_ **Zip Code** \_\_\_\_\_

**Total # units in project:** \_\_\_\_\_  
**Total # units to be assisted with AHFC Funding:** \_\_\_\_\_

**Project type:**  Acquisition  Rehabilitation  Acquisition & Rehabilitation  New construction

**Amount of funds requested:** \_\_\_\_\_ **Terms Requested:** \_\_\_\_\_

**Role of applicant in Project (check all that apply):**  Owner  Developer  Sponsor

**1. Applicant Information** (If applicant is not acting as the developer, please provide all of the information below for the developer as well as for the applicant. If the developer involves multiple entities, is a partnership or joint venture, please provide duplicative information for each, and identify the entity that will serve as the "lead" organization).

**Name** \_\_\_\_\_

**Street Address** \_\_\_\_\_

**City** \_\_\_\_\_ **State, Zip** \_\_\_\_\_ **Telephone #** \_\_\_\_\_

**Contact Person** \_\_\_\_\_ **Contact Telephone #** \_\_\_\_\_ **E-mail address** \_\_\_\_\_

**Federal Tax ID Number or SS#** \_\_\_\_\_

**The applicant/developer certifies that the data included in this application and the exhibits attached hereto are true and correct. Unsigned/undated submissions will not be considered.**

\_\_\_\_\_  
**Legal Name of Developer/Entity** **Signature of Authorized Officer**

\_\_\_\_\_  
**Date** **Title**

**2.—2. A. Non-profit applicants/developers, attached copies of the following:**

1. A "certificate of status" issued by the Texas Secretary of State.
2. Federal IRS certification granting non-profit tax-exempt status.
3. Certified financial audit for most recent year which include the auditor's opinion and management letters.
4. Board resolution approving the proposed project and authorizing the request for funding

**B. For-profit applicants/developers, attach copies of the following:**

1. For Corporations, Limited Partnerships, and Limited Liability Companies, a copy of a "certificate of status" issued by the Texas Secretary of State.
2. A current financial statement
3. Proof of sufficient reserves or a line of credit available, if necessary, in order to complete the proposed project.

**~~—For non-profit applicants/developers only, include copies of the following:~~**

- ~~a. Articles of Incorporation~~
- ~~b. Certificate of Incorporation filed with the State of Texas~~
- ~~c. Federal IRS certification granting non-profit status~~
- ~~d. Names, addresses, and phone numbers of current board members~~
- ~~e. Certified financial audit for most recent year, which include the auditor's opinion and management letters.~~
- ~~f. Board resolution approving the proposed project and authorizing the request for funding~~

**3. Project Description** – Provide a brief project description that addresses items "A" through "G" below.

- a. Indicate the location by providing an area map with the property highlighted.
- b. Summarize the key financials of the project, clearly indicating total project cost, the amount and intended use of all AHFC funds requested, the amount(s) and provider(s) of other funding and the status of those commitments.
- c. Indicate the type of structure(s) (i.e., single-family detached, etc.), ~~the, the~~ number of units, the number of bedrooms and bathrooms in each type or style of unit, and the size of the units in square feet.
- d. Indicate the expected sales price for each type or style of unit.
- e. List the income levels of proposed homebuyers expressed in terms of the percent of Median Family Income for the Austin-Round Rock MSA.
- f. If there are existing structures, provide documentation from the taxing authority or other third-party source indicating the year the structure was built.
- g. Demonstrate the development's compatibility with current Neighborhood Plan (if applicable).

**Please attach the following to the description of the above items.**

- h. Locate on the "Opportunity Map of Austin" the census tract in which the property lies. The map is attached to the Program Guidelines.

**4. Site Control and Demonstration of Value**

Include evidence of site control such as a warranty deed or a current, receipted earnest, and provide a real estate appraisal that is no older than six months and that uses 3 or more comparables, or current tax documentation that substantiates the value of the project.

**5. Zoning**

Include a letter from the City of Austin's Planning and Development Review Department (PDRD) verifying that the current zoning of the site for the proposed project is compatible with the anticipated use, or include documentation verifying that a request to change current zoning has been submitted to PDRD. If the project is approved for funding, appropriate zoning must be in place prior to execution of loan documents.

**6. S.M.A.R.T. Housing™**

Include a copy of the letter that indicates the project has been reviewed and meets S.M.A.R.T. Housing requirements.

7. **Development Team and Capacity.** Identify below the persons or entities anticipated to be involved in the project, such as lenders, attorneys, accountants, architects, engineers, general contractor, sub-contractors, property managers and consultants. Also, indicate if any person or entity involved is certified by the City of Austin as a minority or women-owned business enterprise (MBE/WBE), or if any of the entities are also non-profit organizations.

Please also provide narrative information about the skills you or your development team members have in the following areas:

- a. project management,
- b. market analysis,
- c. site selection and control,
- d. planning and construction,
- e. design, architecture and engineering,
- f. legal and accounting, and
- g. federal funding rules.

**Development Team**

Identify the persons or entities anticipated to be involved in implementing the project including lenders, attorneys, accountants, architects, engineers, general contractor, sub-contractors, and consultants. Also, indicate if any person or entity is certified by the City of Austin as a minority or women-owned business enterprise (MBE/WBE), or if any of the entities are also non-profit organizations.

	<b>Development Team Name(s) and &amp; Any Comments on Role Contact Information</b>	<b>MBE? (Mark X if Yes)</b>	<b>WBE? (Mark X if Yes)</b>	<b>Non-profit? (Mark X if Yes)</b>
Owner				
Developer				
Architect				
Engineer				
Construction Lender				
Other Lenders				
Attorney				
Accountant				
General Contractor				
Consultant (if Applicable)				
Other:				

8. **Development Schedule.** Complete the grid below. Re-order the steps according to the appropriate sequence for your project, and add in any other significant steps integral to your project's development. If the development schedule differs across several properties to be involved in the project, provide a development schedule for each property. Please be as precise as possible, narrowing dates by 15 day intervals.

	<b>DATE(S)</b>
Acquisition and/or holding	
Environmental and/or historic review (AHFC)	
Securing and packaging project financing	
Construction Specifications and Cost estimates	
Construction Bids	
Construction Start	
Anticipated Draws (list all)	
Completion of Construction	

Marketing and Sales	
Project Completion (i.e., all homes conveyed to low to moderate income buyers)	

9. **Developer Capacity.** Provide narrative information on recent, similar, and successful experience in affordable housing development. Narrative should include information about experience from project conception, execution, and completion. Include experience using multiple fund sources, marketing and sale of homes, and previous working history with the Austin Housing Finance Corporation.

**Experience and Qualifications — Homeownership Development**

- a. Is this the developer's first housing project?  Yes  No
- b. Is this the developer's first affordable housing project?  Yes  No
- c. Completed projects (complete table below):

COMPLETED PROJECTS				
Address	Number of Units	New or Rehab	Type of Property (apartments, SF units, etc.)	Year Completed

d. Describe the **experience and qualifications** and the developer's ability and capacity to implement the proposed project. If the proposed project will involve any of the following three aspects which sometimes pertain to federally funded projects, it is of particular importance that the developer or a member of the Development Team have experience with successful completion of: a) projects subject to Davis Bacon and other Federal Labor Standards; b) projects involving temporary or permanent relocation of residents; or c) projects involving the testing and appropriate treatment of lead-based paint and/or asbestos. If this is the applicant's first project of this type, please provide a detailed description of the experience of the other members of the development team with similar projects.

10. **Detailed Project Budget** - Use the following table, or comparable format, to provide a complete project budget. Add line-items as necessary to detail the specific funding being requested. Delineate all prior and currently requested A&D funding by individual line item.

DETAILED PROJECT BUDGET				
	Total Project Cost	Prior A&D Funds Used in Project	A&D Funds Being Requested	Description
<b>PREDEVELOPMENT</b>				
Appraisal				
Environmental Review				
Engineering				
Survey				
Architectural				
<b>TOTAL PREDEVELOPMENT</b>				
<b>ACQUISITION</b>				
Site and/or Land				
Structures				
Other (specify)				
<b>TOTAL ACQUISITION</b>				
<b>CONSTRUCTION</b>				

Infrastructure				
Site work				
Demolition				
Concrete				
Masonry				
Rough carpentry				
Finish carpentry				
Waterproofing & Insulation				
Roofing & Sheet Metal				
Plumbing/Hot Water				
HVAC / Mechanical				
Electrical				
Doors/Windows/Glass				
Lath & Plaster/ Drywall & Acoustical				
Tile work				
Soft & Hard Floor				
Paint/Decorating/Blinds/Shades				
Specialties/Special Equipment				
Cabinetry/Appliances				
Carpet				
Other (Please specify)				
Construction Contingency				
<b>TOTAL CONSTRUCTION</b>				
<b>SOFT &amp; CARRYING COSTS</b>				
Legal				
Audit/Accounting				
Title/Recording				
Architectural (Inspections)				
Construction Interest				
Construction Period Insurance				
Construction Period Taxes				
Relocation				
Marketing				
Davis-Bacon Monitoring				
Other: (Specify)				
<b>TOTAL PROJECT BUDGET</b>				

**11. Funds Proposal** - Provide the following information to facilitate financial review of the proposed project:

- a. **Sources and Uses of Funds** - Complete Tables A & B below, identifying all sources and uses of funds to implement project and include evidence of funds anticipated (financial statements, commitment letters, etc.).

<b>TABLE A: SOURCES OF FUNDS SUMMARY</b>					<b>Intended Use of Funds (Predevelopment, Acquisition, Construction, Soft Costs)</b>
	Amount	Term	Interest Rate	Evidence (Deed, Sales Contract)	
Owner Equity					
Private Financing (List Below)					

Other Sources (List Below)					
<b>Proposed AHFC Funds</b>					
<b>TOTAL</b>					

<b>TABLE B: USES OF FUNDS SUMMARY</b>		
	Total Cost	Cost/Unit
Predevelopment		
Acquisition		
Hard Costs		
Soft & Carrying Costs		
Other Costs		
<b>Total Project Costs</b>		

**b. Leveraging** – Complete Table C below. Include evidence of other funds leveraged by AHFC funds to implement the project such as owner equity and commitments from private and/or other public resources.

<b>TABLE C: LEVERAGE SUMMARY</b>	
<b>TOTAL AHFC FUNDS</b>	
<b>TOTAL OTHER FUNDS</b>	
<b>LEVERAGE % – AHFC FUNDS</b>	

**TABLE D: AFFORDABILITY DATA**

	House Model One	House Model Two	House Model Three	House Model Four
<b>Number of Bedrooms</b>				
<b>Square Footage</b>				
<b>Anticipated Sale Price</b>				
<b>Borrower Contribution</b>				
<b>Homebuyer Subsidy</b> (List all sources separately)				
<b>Total Principal Amount of Mortgage</b>				
<b>Anticipated Interest Rate</b>				
<b>Monthly Principal Amount</b>				
<b>Monthly Interest</b>				
<b>Estimated Monthly Taxes</b>				
<b>Estimated Monthly Insurance</b>				
<b>TOTAL Estimated PITI</b>				

13. **Partnership with Non-profit entities.** Include commitments from other non-profit organizations or a City of Austin-certified Community Housing Development Organization (CHDO) to partner on the project in some way.
14. **Community Engagement Strategy or Efforts.** Please provide a description of your organization's efforts or plans to engage neighborhood associations and other stakeholders in the area surrounding the proposed development. If no neighborhood association exists, provide an alternative plan to engage area residents, businesses and faith-based organization, for example.

**ATTENTION:**

**Please submit with the Application a completed "self-evaluation" using the following Scoring Criteria.**

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**Scoring Criteria  
Acquisition & Development Program**

**Applications received will be reviewed and evaluated according to the following criteria:**

**REQUIRED INFORMATION:**

- |                               |                     |                          |
|-------------------------------|---------------------|--------------------------|
| 1. Applicant Information      | _____               | 9. _____                 |
| 2a. Non-profit List of Items  | _____               | _____                    |
| Experience/Qualifications     | Developer Capacity  | _____                    |
| _____ or _____                | _____               | 10. Project Budget       |
| 32b. For-profit List of Items | _____               | 11. Funds Proposal:      |
| 3. Project Description        | _____               | a. Sources               |
| 4. Site Control/Value         | Project Description | _____                    |
| _____ b. Uses                 | _____               | _____                    |
| 5. Zoning                     | _____               | 10. Project Budget       |
| _____ c. Leveraging           | _____               | _____                    |
| 4. Site Control/Value         | _____               | 11. Funds Proposal:      |
| 5. Zoning                     | _____               | a. Sources               |
| 6. S.M.A.R.T. Housing         | _____               | 12. Community Engagement |
| _____ 7.                      | _____               | b. Uses                  |
| 7. Development Team           | _____               | Strategy or Efforts      |
| c. Leveraging                 | _____               | 8. Development Schedule  |
| 12. Community Engagement      | _____               | _____                    |
| _____                         | _____               | Strategy or Efforts      |

**EVALUATION CRITERIA:**

Proposed projects will be reviewed and scored on a competitive basis relative to the evaluation criteria below. A maximum possible score is **160** points. Proposed projects must receive a minimum score of **100** points. A score above the minimum score does not guarantee funding.

**1. DEVELOPER EXPERIENCE AND QUALIFICATIONS** (maximum 15 points) \_\_\_\_\_

- 15 points:** Developer has recent, similar, and successful completion of a development similar in size and scope with income-restricted units.
- 10 points:** Developer has recent, similar, and successful completion of a development **smaller** in size and scope with income-restricted units.
- 8 points:** Consultant directly involved who has successfully completed a development similar in size and scope with income-restricted units.
- 5 points:** Developer has recent, similar, and successful completion of a development similar in size and scope **without** income-restricted units
- 15 points:** Developer has successfully completed a development similar in size and scope with affordable units.
- 10 points:** Developer has successfully completed a development smaller in size and scope with affordable units.
- 8 points:** Consultant directly involved who has successfully completed a development similar in size and scope with affordable units.
- 3 points:** Developer has completed and sold at least 5 ownership units in the preceding 3 \_\_\_\_\_ years.

**2. SOURCES & USES OF FUNDS** (maximum 10 points) \_\_\_\_\_

- 10 points:** All sources and uses of funds are clearly indicated and sufficient evidences of funding availability and/or commitments are included.
- 5 points:** \_\_\_\_\_ All sources and uses of fund are clearly indicated, but evidence of funding availability or commitments are incomplete.

3. **LEVERAGE** (maximum 10 points)

AHFC funding relative to Total Project Costs equals:

- 10 points:** 25% or less
- 8 points:** 26% - 30%
- 6 points:** 31% - 35%
- 4 points:** 36% - 50%
- 0 points:** 51% or greater

4. **AFFORDABLE UNITS** (maximum 25 points)

If the development has a mix of units at different income levels, add the results for the percentage of units in each income category up to the maximum of 25 points. If the project has a percentage of units in a given income category that is not an exact multiple of ten as shown in the chart, please round up to the next multiple of 10 and use that point value.

% of AHFC Assisted Units in Total Development										
% of MFI	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
80%	0	5	7	10	12	15	17	20	22	25
65%	5	7	10	12	15	17	20	22	25	
60%	7	10	12	15	17	20	22	25		
50%	10	12	15	17	20	22	25			
30%	12	15	17	20	22	25				

5. **AVERAGE INVESTMENT PER UNIT** (maximum 20 points)

	Single-Unit Structures	Multi-Unit Structures		
<b>20 points</b>	<\$40/unit	<\$40/unit		
<b>16 points</b>	<\$50/unit	<\$45/unit		
<b>12 points</b>	<\$60/unit	<\$50/unit		
<b>8 points</b>	<\$70/unit	<\$55/unit		
<b>4 points</b>	<\$80/unit	<\$60/unit		
	CHDO or Non-Profit		For Profit	
<del>20 Points:</del>	<del>\$10,001 - \$25,000</del>	<del>\$25,000</del>	<del>\$10,001 - \$25,000</del>	<del>\$25,000</del>
<del>15 Points:</del>	<del>\$25,001 - \$35,000</del>	<del>\$35,000</del>	<del>\$25,001 - \$35,000</del>	<del>\$35,000</del>
<del>10 Points:</del>	<del>\$35,001 - \$45,000</del>	<del>\$45,000</del>	<del>\$35,001 - \$45,000</del>	<del>\$45,000</del>
<del>5 Points:</del>	<del>\$45,001 - \$80,000</del>	<del>\$80,000</del>	<del>\$45,001 - \$60,000</del>	<del>\$60,000</del>

6. **AFFORDABILITY PERIOD** (maximum 25 points)

- 25 Points:** Affordability of project is for 99-years or project is in a Community Land Trust.
- 15 Points:** Affordability period of less than 99 years but enforced through "re-sale" provisions, i.e., home must be re-sold to low- to moderate-income buyer during the affordability period.

7. **PRIORITY LOCATION** (10 points)

**10 points:** Project is located in a Vertical Mixed-Use (VMU) Corridor, or is a Planned-Unit Development (PUD) or Transit Oriented Development (TOD).

8. **GEOGRAPHIC DISPERSION** (maximum 25 points)

Project is located in an area identified according to the Kirwan institute's opportunity map of Austin (Map #2) as having greater opportunity for affordable housing for low-income households.

**25 points:** Very High

**20 points**            High  
**15 points:**           Moderate  
**10 points:**           Low  
**5 points:**            Very Low

9. **PROJECT READINESS** (maximum 10 points) \_\_\_\_\_

**New construction**

**2 points each; maximum 10 points**

- \_\_\_\_\_ The project meets the normal eligibility requirements under the existing program guidelines.
- \_\_\_\_\_ The property is already owned by the developer.
- \_\_\_\_\_ The project has completed all necessary design work and received site plan approval.
- \_\_\_\_\_ All environmental reviews have been completed.
- \_\_\_\_\_ The project has firm commitments from **all** financing sources.

**Acquisition and Rehab**

**2 points each; maximum 10 points**

- \_\_\_\_\_ The project meets the normal eligibility requirements under the existing program guidelines
- \_\_\_\_\_ All environmental reviews have been completed.
- \_\_\_\_\_ The project has firm commitments from all financing sources.
- \_\_\_\_\_ A General Contractor has been selected.
- \_\_\_\_\_ Closing on the acquisition of the property can be achieved in less than 30 days.

**Acquisition of Completed Units**

**2.5 points each (round up to nearest whole number); maximum 10 points**

- \_\_\_\_\_ The project meets the normal eligibility requirements under the existing program guidelines
- \_\_\_\_\_ All environmental reviews have been completed.
- \_\_\_\_\_ The project has firm commitments from all financing sources.
- \_\_\_\_\_ Closing on the acquisition of the property can be achieved in less than 30 days.

11. **MBE/WBE PROJECT PARTICIPATION** (5 points) \_\_\_\_\_

**5 points:** Development team includes registered City of Austin minority or women-owned business enterprises (M/WBE).

12. **PARTNERSHIP WITH NON-PROFIT ENTITIES** (5 points) \_\_\_\_\_

**5 points:** Applicant provides evidence of commitment from another certified non-profit organization to partner on the project in some way.

**TOTAL SCORE** \_\_\_\_\_

AUSTIN HOUSING FINANCE CORPORATION

**ACQUISITION & DEVELOPMENT (A&D) –  
HOMEOWNERSHIP PROGRAM**

Program Guidelines for  
General Obligation (GO) Bond Funding,  
HOME Funds, CDBG, and Housing Trust Funds  
~~Program Guidelines for General Obligation (GO) Bond Funding,  
HOME Funds, CDBG, Housing Trust Fund~~

Revised 9-27-2011

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**Attachments:**

- 1. Current MFI Chart**
- 2. Opportunity Map of Austin**

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## **I. PURPOSE**

The purpose of the Acquisition and Development (A&D) Program (the "Program") is to:

- A. increase or maintain the community's supply of affordably-priced homes for low- to moderate-income homebuyers; and
- B. assist the City of Austin with meeting its stated affordable housing goals and objectives.

The purpose of the Acquisition & Development (A&D) Homeownership Program (the Program) is to address the need for affordably priced homes in the City of Austin to be owned and occupied by a low- to moderate-income household.

A low- to moderate-income household is defined as having a total annual household income at or below 80% of the Median Family Income as determined by the U.S. Department of Housing and Urban Development (HUD) for the Austin-Round Rock, San Marcos, TX Metropolitan Statistical Area (MSA). An affordably-priced home is defined as a completed home that can be purchased by a qualified, income-eligible household having the ability to obtain for a first lien mortgage from a recognized mortgage lender.

An affordably-priced home is defined as a completed home that can be purchased by a qualified income-eligible household having the ability to qualify for a first lien mortgage from a recognized mortgage lender. An income-eligible household is defined as having a total household income below 80% of the Median Family Income as determined by HUD.

Subject to the requirements and limitations of General Obligation Bond (GO Bond) issuance authorized by voters in November 2006, ~~Through the Program, developers are provided increased financial capacity to meet necessary project development costs.~~ The Program ~~is expected to provide~~s financing to for-profit and non-profit developers, including Community Housing Development Organizations (CHDOs), for the acquisition, rehabilitation, and new construction for affordable ~~homeownership housing projects that would otherwise be financially infeasible.~~

Through the Program, developers are provided increased financial capacity to meet necessary project development costs. For the purpose of these Program Guidelines, yearly household income limits are in accordance with those established by the U.S. Department of Housing and Urban Development (HUD) for the Austin-San Marcos Metropolitan Statistical Area (MSA).

## **II. DISCLAIMERS**

A. The Austin Housing Finance Corporation (AHFC) reserves the right to fund projects at a lower amount than requested, and the right to deny applications that do not coincide with the City's FY 2012-13 Action Plan goals and policy direction from the Austin City Council. The Program is under no obligation to consider or fund any proposed project that does not meet program requirements and assist in meeting the City's affordable housing policy goals and/or objectives.

B. The City of Austin/AHFC reserves the right to determine project eligibility and the fund source to be used for any proposed project. Funding decisions will be based on a variety of factors, not just application scores. Other factors considered are:

1. the applicant's current workload;
2. financial capacity;
3. the project's potential for transformative impact on residents and the surrounding community;
4. repayment of funds borrowed from AHFC; and
5. whether the request for funding is for a project that has previously or is currently receiving A&D funds.

Additional consideration is given to how the A&D Program can best maximize the effect of A&D funding and leverage other funds.

C. These A&D Program Guidelines are not intended to address every circumstance that may be encountered in the development process, nor are they intended to be a verbatim restatement of all regulatory requirements. Omission of any federal or local regulatory requirements in these A&D Program Guidelines does not relieve the City of Austin, AHFC, or the recipient of A&D Program funds from their respective obligations as may be required by the funding source involved.

D. A&D Program guideline changes required as the result of federal, state or local regulatory or legal requirements may be implemented immediately by the NHCD Director/AHFC Treasurer.

## **III. FUNDING, FUNDING**

Subject to the requirements and limitations of A&D Program funding sources, including General Obligation Affordable Housing Bond (GO Bond) issuances authorized by Austin voters in November 2006, the Program is expected to provide financing for the acquisition, rehabilitation, or new construction for affordable homeownership projects. The A&D Program is administered on behalf of the City of Austin by AHFC using a variety of funding sources, including:

#### A. FEDERAL FUNDS

1. HOME (Home Investment Partnership Program);
2. CDBG (Community Development Block Grants);
3. NSP (Neighborhood Stabilization Program); and
4. HOME or CDBG Program Income.

#### B. NON-FEDERAL or LOCAL FUNDS

1. General Fund;
2. Housing Trust Fund;
3. Proceeds from GO Bonds.

The Program is administered on behalf of the City of Austin by the Austin Housing Finance Corporation (AHFC) using a variety of funding sources: HOME, CDBG, General Fund, Program Income, Housing Trust Funds, and the proceeds of General Obligation Bonds authorized by the voters in November 2006 to fund affordable housing programs. In the event of a conflict between competing fund source requirements and regulations in a multi-source funded project, the more restrictive requirements will apply.

~~These Acquisition and Development Program Guidelines are not intended to address every circumstance that may be encountered in the development process, nor are they intended to be a verbatim restatement of all regulatory requirements. Omission of any federal or local regulatory requirements in these Acquisition and Development Program Guidelines does not relieve the City of Austin, the Austin Housing Finance Corporation, or the recipient of Acquisition and Development Program funds from their respective obligations as may be required by the funding source involved.~~

### ~~III. HOUSING CONTINUUM—HOMEOWNERSHIP~~

~~The Continuum of Housing Services was locally developed by the City of Austin to organize and describe the varying levels of housing needs. The Continuum serves as a local framework for public and private sector investment to coordinate housing programs and services through the community and to assist income eligible residents in improving their housing needs and opportunities. The Continuum extends across eight locally designated affordable housing categories: Homeless Shelters, Emergency Shelters, Transitional Housing, Public Housing, Assisted Housing, Rental Housing, First-time Homebuyer, and Owner-occupied Housing.~~

~~The Program will serve the needs of the First-time Homebuyer category by increasing the supply of ownership housing for low to moderate-income households. The Program may approve and provide its services as described through the local Continuum description, but will ensure applicable classification and reporting requirements are used when necessary to report to the federal government or other applicable fund sources.~~

### IV. DEFINITIONS, DEFINITIONS

The following definitions are utilized throughout the Program guidelines:

- “Accessible” means an individual dwelling unit, facility or a portion of a facility, when designed and constructed, can be approached, entered and/or used by individuals with physical disabilities.
- “Adaptable” means certain elements of a dwelling unit or facility can be added to, raised, lowered or altered to accommodate the needs of individuals with disabilities, or to accommodate the needs of persons with different types or degrees of disability.
- “AHFC” means Austin Housing Finance Corporation, a Texas, public non-profit corporation organized and operated under Chapter 394, Texas Local Government Code.
- “Continuum of Housing Services” means the locally determined classification of housing needs and services.
- “CHDOs” or “Community Housing Development Organizations” means a type of non-profit, community-based service organization that has, as part of its mission, the development of affordable housing for low- to moderate-income households. The U. S. Department of Housing and Urban Development (HUD) requires that the organization meet certain requirements pertaining to its legal status, organizational structure, relationship to other entities, capacity and experience. Further definition can be found at 24 CFR 92.300.

- “CHDO Project Proceeds” means the proceeds from the sale of CHDO developed homeownership housing that the CHDO at AHFC’s discretion, may or may not be allowed to retain. If the CHDO is allowed to retain the CHDO Project Proceeds, the proceeds must be used for other HOME-eligible activities and must be accounted for by the CHDO.
- “Eligible Costs” means project costs that can be paid with A&D Program funds. Eligible costs include, but are not limited to, the costs or partial costs of acquisition and/or verifiable hard construction costs, reasonable soft costs, architectural and engineering fees, surveys, market studies and legal fees. “Eligible Costs” means project costs that can be paid with Program funds. Eligible costs are limited to the costs or partial costs of acquisition and/or verifiable hard construction costs, reasonable construction-related fees, and predevelopment costs such as architectural and engineering fees, surveys, market studies and legal fees.
- “Eligible Household” means a household with a yearly income at or below 80% of the median family income (MFI) as published by HUD for the Austin-Round Rock-San Marcos, TX MSA.
- “Geographic Dispersion” means locations or areas that provide greater opportunity for families in terms of education, economic, mobility and transportation, health and environment, and neighborhood quality as described in “Geography of Opportunity: Austin Region” by the Kirvan Institute for the Study of Race and Ethnicity, Ohio State University, 2007. (Map #2, <http://4909e99d35cada63e7f757471b7243be73e53e14.gripelements.com/pdfs/AustinOpportunityMappingMarch2007.pdf>)
- “Geographic Dispersion” means locations or areas that provide the greatest opportunity for families in terms of education, economic, mobility & transportation, health & environment, and neighborhood quality as described in Geography of Opportunity: Austin Region (Kirvan Institute for the Study of Race and Ethnicity, Ohio State University, 2007).
- “Low- to Moderate-Income Household” means a household whose gross income does not exceed 80% of the median family income (MFI) according to household size as defined by 24 CFR 570-Community Development Block Grant (CDBG) regulations.
- “Median Family Income (MFI)” means, for a given locality, the dollar amount separating ½ of the households with higher incomes from ½ of the households with lower incomes. In other words, at the median income level, there is an equal amount of households earning more than the median income and an equal number earning less the median income. The median income is adjusted based on the number of persons in a household. “Median Family Income (MFI)” means the gross family income of households according to household size and locality as established by HUD.
- “NOFA” means Notice of Funding Availability. A NOFA is posted to inform the public that funding for the Program is available and that proposals involving the use of the funds will be accepted.
- “Non-profit Organization” means a not-for-profit, non-sectarian organization which is certified by the Internal Revenue Service (IRS) as a 501(c)3 entity established for the purpose of benefiting low- and moderate-income individuals.
- “The Program” means the Acquisition and Development (A&D) Homeownership Program administered by AHFC on behalf of the City of Austin.
- “Program Income” means the gross income received by the grantee (City of Austin) or subgrantee (Austin Housing Finance Corporation) directly generated by a grant-supported activity, or earned only as a result of the grant agreement during the grant period. To be considered program income, the grantee or a subgrantee must receive the income.
- “Project Proceeds” means proceeds resulting from the sale of the property.
- “Very Low-Income Household” means a household whose gross income is at or below 50% of the MFI as defined by 24 CFR 570.

## V. NON-PROFIT HOUSING ORGANIZATIONS

A **Non-profit Organization** eligible to receive GO Bond assistance is a not-for-profit, non-sectarian organization which is certified by the Internal Revenue Service (IRS) as a 501(c)(3) entity established for the purpose of benefiting low- and moderate-income individuals.

A **Community Housing Development Organization (CHDO)** is a special type of private nonprofit, community-based service organization that has obtained or intends to obtain staff with the capacity to develop affordable housing for the community it serves. In order to become a certified CHDO, HUD requires that the organization meet certain requirements pertaining to its legal status, organizational structure, relationship to other entities, capacity and experience level. See **CHDO Certification Guidelines**.

## VI. ELIGIBILITY. ELIGIBILITY

The Program reserves the right to determine project eligibility and fund source use for any proposed project. Determinations will be based on how the Program can best maximize and leverage available funds, create the greatest number of affordable units, meet applicable federal and/or local requirements as well as what is in the best interest of the City/AHFC. The Program is under no obligation to consider or fund any proposed project that does not meet program requirements and assist in meeting the City's affordable housing policy goals and/or objectives.

### A. Organization in Good Standing

#### A. Organization in Good Standing

An organization in good standing is a for-profit or non-profit organization under one or more contracts or agreements with the City or AHFC which has in the past met or currently is in compliance with meeting minimum contractual and performance requirements. An organization must be considered in good standing as a condition for consideration for future or additional funding or to amend existing contractual conditions. To be considered in good standing, an organization must meet the following conditions on all City/AHFC contracts:

1. Not being in contractual default or currently owe funds to the City/AHFC because of disallowed or ineligible costs associated with past or current contracts or agreements, and
2. Be within 30 days current of all contractual performance measures and schedules, and
3. Be within 30 days current of all required program and financial reporting, and
4. Not have any outstanding or unresolved audit or monitoring findings from past contracts or agreements, and
5. Be compliant within 30 days in responding to or resolving any current monitoring findings, and
6. Meet all good standing organization conditions prior to execution of any current or future contracts or amendments.

Because of extenuating circumstances, a non-performing organization (not in good standing) may request consideration from the AHFC to provide a temporary good standing designation in order to allow the organization to receive further funding considerations or amend existing contract conditions. At its sole discretion, the AHFC may consider a temporary good standing designation for the organization to provide time until the compliance issues have been adequately and timely resolved by the organization. The AHFC may consider providing this temporary designation, if the non-performing organization provides documentation of the following:

1. Demonstrate the outstanding compliance issues are beyond reasonable expectations for immediate resolution, and
2. Demonstrate the lack of needed funding or contractual actions would be significantly detrimental to the organization, and
3. Provide an acceptable date specific action plan that delineates organization activities designed to resolve all outstanding
4. documented performance, financial or monitoring compliance issues.

Should the non-performing organization provide sufficient just cause as identified above, the AHFC may provide a temporary good standing designation. The AHFC, at its discretion, may withdraw the temporary designation if the organization fails to perform in accordance with the terms and/or timeframes agreed upon. A non-performing organization designation will eliminate the organization from any current or future consideration for funding or contract extensions. The AHFC is under no obligation to provide or extend temporary organization in good standing designations in which the contractor has consistently demonstrated its lack of adequate responsiveness to the outstanding compliance issues.

An eligible organization must be in good standing to ensure that the City of Austin and the AHFC receives just compensation and compliance for services provided for funds expended. An organization in good standing is a for-profit or non-profit organization under one or more contracts or agreements with the City or AHFC which has in the past met or currently is in compliance with meeting minimum contractual and performance requirements. An organization must be considered in good standing as a condition for consideration for future or additional funding or to amend existing contractual conditions. To be considered in good standing, an organization must meet the following conditions on all City/AHFC contracts:

1. Not being in contractual default or currently owe funds to the City/AHFC because of disallowed or ineligible costs — associated with past or current contracts or agreements, and
2. Be within 30 days current of all contractual performance measures and schedules, and
3. Be within 30 days current of all required program and financial reporting, and
4. Not have any outstanding or unresolved audit or monitoring findings from past contracts or agreements, and
5. Be compliant within 30 days in responding to or resolving any current monitoring findings, and
6. Meet all good standing organization conditions prior to execution of any current or future contracts or amendments.

## **B. Temporary Good Standing Designation.**

Because of extenuating circumstances, a non-performing organization (not in good standing) may request consideration from the AHFC to provide a temporary good standing designation in order to allow the organization to receive further funding considerations or amend existing contract conditions. At its sole discretion, the AHFC may consider a temporary good standing designation for the organization to provide time until the compliance issues have been adequately and timely resolved by the organization. The AHFC may consider providing this temporary designation, if the non-performing organization provides documentation of the following:

1. Demonstrate the outstanding compliance issues are beyond reasonable expectations for immediate resolution, and
2. Demonstrate the lack of needed funding or contractual actions would be significantly detrimental to the organization, and
3. Provide an acceptable date specific action plan that delineates organization activities designed to resolve all outstanding documented performance, financial or monitoring compliance issues.

Should the non-performing organization provide sufficient just cause as identified above, the AHFC may provide a temporary good standing designation. The AHFC, at its discretion, may withdraw the temporary designation if the organization fails to perform in accordance with the terms and/or timeframes agreed upon. A non-performing organization designation will eliminate the organization from any current or future consideration for funding or contract extensions. The AHFC is under no obligation to provide or extend temporary organization in good standing designations in which the contractor has consistently demonstrated its lack of adequate responsiveness to the outstanding compliance issues.

## **B. Eligible Projects**

Eligible projects may include acquisition, rehabilitation or new construction of affordable homeownership. For rehabilitation projects, funds may be used to make essential repairs or improvements to meet local code or federal housing quality standards (HQS), come into compliance with federal requirements of Section 504 or the Americans with Disabilities Act, abatement of lead based paint, abatement of asbestos, essential energy-related repairs or improvements, and repair or replacement of major housing systems in danger of failure. Projects assisted must be operated and maintained on a long-term basis in accordance with these program guidelines and contractual requirements relative to applicable federal and local regulations.

### **Minimum requirements for projects are as follows:**

1. Located within the corporate City limits of Austin.
2. Projects must consist of one (1) or more residential units.
3. Units must be used for residential purposes only.
4. New construction projects must be certified for and meet the City of Austin's S.M.A.R.T. Housing™ requirements.
5. Rehabilitation projects must have a minimum of one (1) condition that violates either the City's Housing Code or federal Housing Quality Standards (HQS).
6. The project must be owned, developed or sponsored by an organization in good standing with the City of Austin/AHFC.
7. If applicable, projects must meet HUD Environmental Review requirements.
8. Loan Agreements of \$100,000 or more using A&D funds must comply with HUD Section 3 Requirements throughout the development of the project.

### **The following project types or characteristics are preferred:**

#### **Preferences will be given to projects as follows:**

1. Projects that address "Geographic Dispersion" as defined above in these Guidelines.
2. Projects that meet the requirements of the City's Vertical Mixed Use (VMU) Ordinance, or are located in a Planned Unit Development (PUD) or a Transit-Oriented Development (TOD).

**PLEASE NOTE: AHFC Reserves the right to fund projects at a lower amount than requested, and the right to deny applications that do not coincide with the City of Austin's current year Action Plan goals and policy direction from the Austin City Council.**

### C. Eligible Costs

Through the Program, applicants may receive project-based financing for acquisition, rehabilitation or new construction of homeownership housing projects. ~~GO Bond A&D proceeds funding~~ may be used ~~for: to pay for costs incurred subsequent to the contract date, including:~~

1. **Hard Costs** such as purchase of homeownership units, acquisition of land for a specific project and acquisition of existing structures, site preparations or improvement including demolition, securing buildings, construction materials and labor and assistance to homebuyers for the payment of the costs specified above.
2. **Soft Costs** such as architectural and engineering fees (including specification and job progress inspections), financing costs, credit reports, title insurance, recording costs, transaction taxes, appraisals, environmental reviews, builders' or developers' fees, marketing costs, and management fees.

The applicant must provide an accounting of expenditures made with funds, a source of which is ~~GO bond A&D proceeds funds~~, on such periodic basis as shall be determined by the AHFC or the City of Austin to ensure that the expenditures are made in satisfaction of the public purposes approved by the voters at the November 2006 election.

### D. Ineligible Costs

~~GO Bond A&D~~ funding may not be used for the repair or construction of:

wet bars; barbecue pits; bathhouses; burglar bars; carpeting for kitchen, bathrooms, or patios; window treatments (*e.g.* draperies, shades, curtains, mini blinds); driveways and parking lots (except repairs to existing); dumbwaiters; fireplaces (except repairs to existing); flower boxes; garage door openers; greenhouses; hot tubs or Jacuzzis; mobile homes; outdoor fireplaces or hearths; patios or decks (except repairs of existing); photo murals; swimming pools or swimming pool decks; television antennae; tennis courts; and permanently affixed kitchen appliances (ranges and refrigerator which are designed and manufactured to be freestanding are acceptable uses of funds). AHFC reserves the right to disallow other project costs deemed nonessential to furthering the purpose of the project.

## VII. ~~LIMITS, LIMITS OF ASSISTANCE~~

### ~~A. Acquisition, Rehabilitation, and New Construction~~

~~Assistance is available in the amount of \$2,500,000 per project, or other such amounts as the AHFC Board may authorize, for:~~

1. ~~Acquisition of land for the development of affordable housing.~~
  - a. ~~Acquisitions must include existing units or vacant land that will facilitate the new construction of units. Assistance can be provided for the acquisition of land or existing ownership properties, only if the acquisition price is equal to or less than the fair market value of the property. The applicant must demonstrate the fair market value of the property by supplying one of the following:~~
    - i. ~~a pre-construction appraisal on the property to be acquired, conducted less than six months prior to receipt by AHFC;~~
    - ii. ~~an appraisal for comparable properties within the same neighborhood, or~~
    - iii. ~~a tax assessment (less than one year old) for the property or for comparable properties within the same neighborhood.~~
2. ~~Acquisition of property to be rehabilitated and used for affordable housing.~~
  - a. ~~Property acquisition is described in the preceding Subsection VII.A.1. Rehabilitation costs for affordable ownership units are limited to \$60,000 per unit which is inclusive of the \$2,500,000 total assistance limit in Section VI.A. above.~~
  - b. ~~For rehabilitation projects, funds may be used to make repairs or improvements to the property such that the property will:~~
    - i. ~~meet local code or federal housing quality standards (HQS);~~
    - ii. ~~come into compliance with federal requirements of Section 504 of the Rehabilitation Act of 1974, as amended,~~
    - iii. ~~comply with the Americans with Disabilities Act,~~
    - iv. ~~have been treated for identified lead based paint hazards in properties constructed prior to 1978;~~

- v. have had asbestos handled appropriately;
- vi. have energy-saving repairs or improvements made and major housing systems repaired or replaced.
- c. Each of these amounts is inclusive of the \$2,500,000 total assistance limit in Section VI.A. above.

**3. New construction of affordable housing.**

- a. Hard and Soft Costs as defined previously will be limited to:
  - i. \$60,000 per unit in multi-unit structures, and
  - ii. \$80,000 per unit in single-unit structures.
- b. Each of these amounts is inclusive of the \$2,500,000 total assistance limit in Section VI.A. above.

**A. Acquisition**

~~Assistance for acquisition of land or property may not exceed \$1,000,000 for a for-profit developer, or \$2,000,000 for a non-profit developer or CHDO, or such amounts as the AHFC Board may authorize, and must include existing units or will facilitate the new construction of units. Total project costs include the cost of land and improvements. Assistance can be provided for the acquisition of land or existing housing units, only if the acquisition price is equal to or less than the fair market value of the property.~~

~~The applicant must demonstrate the fair market value of the property by supplying one of the following:~~

- ~~1. a pre construction appraisal on the property to be acquired, conducted less than four (4) months prior to receipt by AHFC;~~
- ~~2. an appraisal for two (2) comparable properties within the same neighborhood, or~~
- ~~3. a tax assessment (less than one year old) for the property or for two (2) comparable properties within the same neighborhood~~

**B. Fast-Track Acquisition for Non-Profit Organizations and CHDO Developers**

~~As funding is available, non-profit organizations and CHDOs may submit an application accompanied with an Earnest Money or Purchase/Sales Contract for the acquisition of land and property. The maximum amount per project application(s) is \$100,000. This process is not subject to the competitive NOFA process; however, all applications must meet threshold criteria, project feasibility and evaluation, and project underwriting review by staff.~~

**C. Rehabilitation**

~~A&D rehabilitation assistance for hard construction costs is limited to the following average per unit limits; or \$1,000,000 per project for for-profit developers and up to \$2,000,000 per project for non-profit and CHDO developers, or such amounts as the AHFC Board may authorize:~~

- ~~• \$35,000 per 1 bedroom unit;~~
- ~~• \$40,000 per 2 bedroom unit;~~
- ~~• \$45,000 per 3 bedroom unit or larger.~~

~~For rehabilitation projects, funds may be used to make essential repairs or improvements to meet local code or federal housing quality standards (HQS), come into compliance with federal requirements of Section 504 of the Rehabilitation Act of 1974, as amended, or the Americans with Disabilities Act, appropriate treatment or abatement of lead based paint, appropriate handling of asbestos, energy-related repairs or improvements, and repair or replacement of major housing systems:~~

**D. New Construction**

- ~~1. For-Profit Developers: Assistance for new construction projects is limited to an average of \$40,000 per unit in multi-unit structures, and/or an average of \$60,000 per single-family structure in a single project up to a maximum investment of \$1,000,000, or such amounts as the AHFC Board may authorize.~~
- ~~2. Non-Profit Developers and CHDOs: Assistance for new construction projects is limited to an average of \$60,000 per unit in multi-unit structures, and/or an average of \$80,000 per unit in single-family structures in a single project up to a maximum investment of \$2,000,000 or such amounts as the AHFC Board may authorize.~~

**EB. Developer Fees**

Developers', builders' or project management fees may not exceed 15% of the total project cost. AHFC will determine the amount of a reasonable development, builder, or project management fee in an amount not to exceed 15% of total project costs.

#### **F. Assisted Units**

~~When GO Bond proceeds are used to assist homeownership projects, certain income and sales restrictions apply to the GO Bond-assisted units for a defined term called the "affordability period." Projects may have a mix of GO Bond-assisted and non-assisted units. The distinction between assisted and non-assisted units allows funds to be expended on mixed-income projects while targeting assistance to income-eligible households. At least 10 percent of all units in the project must be designated as GO Bond-assisted units. Beyond this minimum, the number of assisted units is determined based on a proportional share of total project costs to be paid with GO Bond proceeds. The applicant must designate in its project application for a GO Bond homeownership project the minimum number or "floor" of GO Bond-assisted units reserved for income-eligible households at required income levels, and must agree to an accounting of expenditures made with GO Bond proceeds on such periodic basis as shall be determined by the AHFC or the City of Austin.~~

### **VIII. AFFORDABILITY, AFFORDABILITY REQUIREMENTS**

#### **A. Assisted Units**

~~When A&D funds are used to assist homeownership projects, certain income and sales restrictions apply to the A&D-assisted units for a defined term called the "affordability period." Projects may have a mix of A&D-assisted and non-assisted units. The distinction between assisted and non-assisted units allows funds to be expended on mixed-income projects while targeting A&D assistance to income-eligible households. At least 10 percent of all units in the project must be designated as A&D-assisted units.~~

#### **BA. Affordability Period**

~~When A&D funds are used to assist ownership projects, income restrictions apply to the A&D-assisted units for a defined period of time called the "affordability period." Depending upon whether A&D assistance is provided directly to the developer or directly to the homebuyer, a home's affordability period is enforced using a legally binding document, a "Restrictive Covenant Running with the Land" that will be filed for record in the Official Public Records of Travis County, Texas.~~

~~An Affordability Period will be established for each residential unit assisted with A&D funding. The preferred affordability period will be for a period of not less than 99 years, using a shared equity or Community Land Trust model of homeownership. Another acceptable mechanism is a "Right of First Refusal" using the "Resale method" whereby the home must be sold to another low- to moderate-income buyer.~~

~~The following affordability~~

- ~~1. GO Bond funds in any amount: a period not less than 10 years.~~
- ~~2. Federal or Non-Federal Funds other than GO Bond, depending on the amount of subsidy per A&D-assisted unit:
  - ~~a. \$1,000 to \$15,000 per unit – a period not less than 5 years~~
  - ~~b. \$15,001 to \$40,000 per unit – a period not less than 10 years~~
  - ~~c. More than \$40,000 per unit – a period of not less than 15 years~~~~

~~AHFC at its discretion may require a longer affordability period than those stated above. Affordability requirements and restrictions will remain in force throughout the Affordability Period regardless of transfer of ownership unless ownership of the property is transferred through foreclosure proceedings.~~

~~An Affordability Period will be established for all affordable units in homeownership projects assisted with GO Bond A&D proceeds funds. The preferred affordability period will be for a period of not less than 99 years, using a shared equity or Community Land Trust model of homeownership. Affordability requirements and restrictions remain in force regardless of transfer of ownership. Another acceptable mechanism is a "Right of First Refusal" using the "Resale method" whereby the home must be sold to another low- to moderate-income buyer.~~

~~AHFC will control the resale of the homebuyer property during the affordability period either by using *resale* provisions or by using *recapture* provisions, depending on the type of assistance provided, and as further described in the NHCD/AHFC Resale and Recapture Policies and Procedures document.~~

- ~~1. Resale Provisions. This option ensures that the GO Bond-assisted unit remains affordable over the entire affordability period. If the new homeowner wants to sell the home during the affordability period, the sale must meet the following criteria:
  - a. The new purchaser must earn 80 percent of the area Median Family Income or less; and
  - b. Must occupy the property as the family's principal residence.
  - c. The sales price must be "affordable" to the new purchaser. That is, the principal, interest, taxes and insurance to be paid by the prospective homebuyer must be no more than 30 percent of their annual gross household income.~~

~~Both development subsidies and direct grants to homebuyers trigger applicability of the resale requirements.~~

- ~~2. Recapture Provisions. The recapture process is a mechanism to recapture all or a portion of the direct subsidy if the recipient decides to sell the house within the affordability period at whatever price the market will bear.~~

### **BC. Income and Occupancy Requirements**

~~GO Bond A&D~~ assisted homeownership units must be sold to households earning 80% MFI or below. However, AHFC shall set the following goals to provide :

- ~~1. A minimum of 60% of all of the GO Bond-assisted units in a given year must be sold to households earning 30% MFI or below.~~
- ~~2. assistance targeted toward A maximum of 40% of all of the GO Bond-assisted units assisted in a given year must be sold to families/households with annual incomes at or below earning between 50 – 65% MFI or below.~~

### **C. Restrictive Covenant.**

~~AHFC will enforce the affordability period and buyer income requirements by placing on the property a Restrictive Covenant Running with the Land. Closing documents for the sale of a homeownership unit assisted with GO Bond proceeds shall be submitted to AHFC prior to closing to ensure compliance with the Restrictive Covenant.~~

### **DD. Income Determination Method and Timing**

The Applicant shall determine income eligibility using the "Part 5" annual gross income method of income determination (24 CFR 5.609), as outlined in the publication, *Technical Guide to Determining Income and Allowances for the HOME Program*, available from AHFC. AHFC must review applicable source documentation to verify annual income. ~~Income qualifications must be completed in accordance with the timeframes outlined above, and need not be reexamined at the time the assistance is actually provided.~~

The low-income household shall be income eligible according to the following timing:

1. In the case of a contract to purchase existing housing, at the time the purchase contract is signed
2. In the case of a contract to purchase housing to be constructed, at the time the purchase contract is signed, and
3. In the case of a lease-purchase agreement (for existing housing or housing to be constructed), at the time the lease-purchase agreement is signed.

## **VIII. PROJECT UNDERWRITING, DEVELOPER CAPACITY, FISCAL SOUNDNESS, AND ASSESSMENT OF MARKET NEED**

- A. Project Underwriting.** A project feasibility, underwriting, and compliance evaluation will be performed on each proposal as part of the initial application review process.

**B. Developer Capacity.** The developer must have the organizational capacity to implement the project. Developer capacity will be evaluated based on information demonstrating experience and skills as provided in the AHFC funding application.

1. Experience. Factors to be considered include, but may not be limited to, the following types of experience:

- a. Recent, Similar, and Successful experience;
- b. Similar project location, size & scope;
- c. Years of experience developing affordable (i.e., income restricted) housing;
- d. Marketing and selling affordable ownership housing;
- e. Using multiple funding sources;
- f. Staffing; and
- g. Previous working history with AHFC.

2. Skills. Factors to be considered include, but may not be limited to, the following skills of the developer and the development team:

- a. Project Management
- b. Market Analysis
- c. Site Selection & Control
- d. Planning and Construction
- e. Design, Architecture, Engineering
- f. Legal & Accounting
- g. HOME funding rules
- h. Other funding source rules (e.g., Private Activity Bond)

**C. Fiscal Soundness.** The Applicant will be asked to provide evidence of financial ability to implement the project. Applicants will be required to provide current financial statements and proof of sufficient reserves or a Line of Credit, if necessary, to complete the project.

**D. Market Need.** An analysis of the need for the type of proposed housing and the number of units being proposed in a project will be assessed by using one of the following methods:

1. an assessment will be conducted "in-house" using available economic data from a variety of sources;
2. AHFC may elect to contract with a professional or a company specializing in marketing analysis; or
3. AHFC may elect to review and verify a market analysis performed by others, such as a developer, development partner, or other funder (public or private).

## **IX. OWNERSHIP, OWNERSHIP REQUIREMENTS**

### **A. Types of Ownership.**

The program requires ownership of the property using one of the approved forms of ownership described below. Families and individuals own the property if they:

1. Have fee simple title to the property, or
2. Maintain a 99-year leasehold interest in the property through a Community Land Trust or other similar vehicle, or
3. Own a condominium, or
4. Own or have a membership in a cooperative or mutual housing project that constitutes homeownership under Texas law, or
5. Maintain an equivalent form of ownership approved by the AHFC.

### **B. Principal Residence.**

Purchasers of ~~GO Bond~~A&D-assisted affordable housing must occupy the properties as their principal residence for the applicable term of the affordability period. This requirement will be reflected in a restrictive covenant running with the land and/or in loan documents between the purchaser and the AHFC. The AHFC and/or the City of Austin may take such additional measures deemed necessary to ensure and/or enforce compliance with this requirement.

## **X. PROJECT FEASIBILITY**

### **A. Application Underwriting**

Projects considered eligible for assistance must meet the following underwriting criteria:

~~1.~~—It must be demonstrated that the project is not “economically feasible” without Program assistance.

~~1.~~

~~2.~~—Applicant must provide evidence of financial ability to implement and complete the project.

~~2.~~

3. Applicant must have the organizational capacity to implement and complete the project.

#### **B. Threshold Requirements for all ~~GO Bond~~A&D-Assisted Projects**

1. The project must be owned, developed or sponsored by a for-profit or non-profit organization in good standing with the AHFC.
2. The project must be located within the city limits of the City of Austin.
3. Projects may consist of as few as one (1) dwelling unit.
4. Units must be used for residential purposes only.
5. Contracts or Loan Agreements of \$200,000 or more and that are assisted with ~~GO Bond~~A&D proceeds funds must comply with HUD Section 3 Requirements throughout the development of the project.
6. If applicable, properties must pass the HUD Environmental Review and other environmental reviews.
7. Rehabilitation projects must have a minimum of one (1) condition that violates either the City of Austin’s Land Development Code or federal Section 8 Housing Quality Standards (HQS).

### **~~XI. FINANCING, FINANCING~~**

The program staff will review and underwrite applications and make recommendations as to eligibility, funding, terms and conditions. The amount of assistance will be determined on a case-by-case basis. Under no circumstances shall financial assistance be used for any reason or cost other than for direct costs associated with and approved by the program. Construction activities shall be governed by the specifications based on approved plans.

#### **A. Timing Requirements**

Acquisition of vacant land can be financed with ~~GO Bond~~A&D proceeds funds, only if construction will begin on the project within 12 months of purchase. Demolition of an existing structure may be funded through ~~GO Bond~~A&Ds, only if construction will begin on the project within 12 months following demolition.

#### **B. Lien**

A lien will be placed on the property for which a loan has been made. The lien shall remain in place until all loan terms and conditions have been fulfilled. A Release of Lien will be issued upon full repayment of the loan and fulfillment of all contractual terms.

In the case of a multi-property project or subdivision, the lien will be partially released as each home is sold to an Eligible Household and, if required, after repayment to AHFC is made for the release amount of the property as described in the Loan Documents.

#### **C. Loan-to-Value Ratio**

AHFC loan amounts will not exceed 80 percent of the after-built home value.

#### **~~D. Deferred Payment Loans and Forgivable Deferred Payment Loans (DPLs)~~**

~~Deferred payment loans and forgivable deferred payment loans (DPLs) are available to applicants. A DPL can be made forgivable if it is demonstrated that the project serves lower income levels or provides longer affordability periods than the minimum threshold. Subject to GO Bond restrictions, Deferred Payment Loans are provided at interest rates ranging from zero percent (0%) to the current prime lending rate in effect at the time the loan is made, plus allowable fees. Upon compliance with the terms and conditions of the loan agreement and deed restrictions for the required period of time, the usage of the property may change, but the Note will remain in place until the sale, refinance, or other disposition of the property, at which time the principal, interest and fees will be due and payable.~~

#### **~~D.E. Collateral~~**

Any assistance provided will be secured by a Deed of Trust or other acceptable collateral. The AHFC Deed of Trust may be subordinated to private or other financing only if determined necessary for project implementation. Assistance generally will be non-recourse with recovery rights limited to the encumbered collateral and any income there from.

#### **FF. Renegotiation of Loan Terms**

At its sole discretion, the AHFC may consider renegotiation of loan terms and conditions if by doing so increases the creation of the number of affordable ~~rental~~ **rental** ownership housing units, and/or achieves a more favorable interest rate on any superior loan. Under no circumstances will the Program consider a request to renegotiate loan terms and conditions, if to do so takes equity from the project that will not be used directly in the project itself or places the Program in a lesser lien position without resulting in a reasonable and direct affordable housing benefit. The Program is under no obligation to consider any request to renegotiate any existing loan terms and conditions. It is the intent of the Program that all approved terms and conditions will be honored and met by the project and its owners. It is the policy of the Program that only under certain limited circumstances or situations will any such request be considered. At its sole discretion, the Program may consider renegotiation of loan terms and conditions if by doing so increases the creation of the number of affordable housing units.

## **XII. ~~APPLICATION.~~ APPLICATION and REVIEW PROCESS**

All requests for funding shall be submitted in the form of the ~~GO Bond~~ **GO Bond** A&D Project Proposal Application (**Attachment 1**). The Program will notify the Applicant in writing of a decision to approve or disapprove of any application. Unless provided in writing by the Program, no person or organization shall construe any discussions held with Program staff or written information provided to constitute an acceptable application or an obligation or commitment for funding.

### **A. AHFC Staff Review**

Applications are given an initial review by Program staff (Application Review Staff) for completeness and to ensure the minimum threshold requirements are met. Incomplete applications may be returned to the Applicant with deficiencies noted. In addition, the Program reserves the right to accept or reject in part or in whole any complete application.

Applications that meet the minimum threshold requirements are scored by a panel of at least 3 AHFC staff members (Scoring Staff) knowledgeable in the development process. The Application Review Staff are not involved in scoring applications. The scoring panel uses the ~~GO Bond~~ **GO Bond** A&D Scoring Criteria developed for the Program. (**Attachment 2**). Applications must meet a minimum score in order to be considered further. **However, submission of an application that meets or exceeds the minimum score is not a guarantee that the proposed project will be funded.**

Applications that are likely to be recommended for funding will receive further consideration by a cross-departmental Project Review Team composed of NHCD and AHFC staff. The Project Review Team will discuss programmatic, regulatory, and administrative aspects of a proposed project before a final recommendation is made.

The Program may take up to 60 days from the date a complete application is accepted to determine whether the project may be recommended for funding or denied. Although not all inclusive, the Program may not provide any obligation or commitment for funding to any proposed project unless the project meets the following minimum consideration criteria and those stated in other sections of these guidelines:

1. All other required project financing must be in place or have evidence of funding obligation and/or commitment;
2. All requested documentation and/or information by the Program has been provided;
3. If required, all applicable environmental review and assessment has been performed.

**The Housing Bond Review Committee will review staff recommendations for projects recommended for funding with GO Bond funds in amounts greater than \$100,000.**

### **B. Housing Bond Review Committee (HBRC)**

**The HBRC is the body appointed to review staff recommendations for those projects expected to be funded with GO Bond funds in excess of \$100,000. Projects recommended for funding by the HBRC will be presented to the AHFC Board for consideration. NHCD/AHFC shall set forth Housing Bond Review Committee Process & Procedures. It should be noted that the HBRC is not a Council-appointed committee, and as such, is not governed by Chapter 2-1 of the City of Austin Code of Ordinances.**

#### **1. HBRC Membership**

The Committee shall consist of five members: two members shall be representatives from the Community Development Commission (CDC). A member of the CDC Housing Subcommittee and one at-large appointment from the CDC shall comprise the CDC Membership; three community members shall be representatives from real estate finance and development community. All Committee Members must reside within the City limits of Austin, Texas. The City Manager, or designee thereof, shall appoint the three community members. A quorum shall consist of three (3) members.

## **2. Role**

- Provide expertise in affordable housing finance, development and construction as represented by community membership and City benefit as accorded by representation from the CDC.
- Review staff scoring of applications and staff recommendations for funding, using the scoring criteria currently in effect in the Application and Scoring Criteria document.
- Action is based on majority vote.
- Committee may reject applications, request additional information, or suggest alternative financial structures.
- Approval or rejection is included in all staff recommendations to AHFC Board of Directors; however, the Housing Review Committee's role is advisory only. The City of Austin and the AHFC is not bound by the Housing Review Committee's recommendations.
- The City and AHFC, in sole discretion, may accept, in part or whole, or reject, in part or whole, any recommendation of the Committee.

## **3. Conflicts of Interest**

The City of Austin Conflict of Interest Rules, and all other applicable state and federal laws, shall apply. In addition, due to conflicts of interest, persons appointed to the Committee may not be the recipient or actively pursuing City housing funds. People who are indirectly involved in development of affordable housing in Austin may serve but must recuse themselves from acting on applications where they have direct influence/benefit.

## **4. Term**

The term of membership service for community members shall be until resignation. The term of membership for CDC members shall coincide with their service on the CDC.

## **5. Meetings**

Meetings shall be held in public and on an as-needed basis when there are applications to be reviewed. Notice to the public will be given. The Committee may call special meetings from time to time. In the event a member is unable physically to attend a meeting, as an alternative, the member may participate by speakerphone. The alternative attendance does not void the member's right to vote or otherwise participate in the proceedings of the meeting.

## **6. 4. Removal**

A Housing Bond Review Committee Member may be removed by the NHCD Community Development Officer for more than two unexcused absences annually.

~~Projects that are recommended for funding by AHFC Staff will be presented to the Housing Bond Review Committee.~~

## **B. Housing Bond Review Committee (HBRC)**

~~The HBRC is the body appointed to review and recommend GO Bond-funded proposals. Projects recommended for funding by the HBRC will be presented to the AHFC Board for consideration. Approval/rejection is included in all staff recommendations to AHFC Board of Directors; however, the HBRC's role is advisory only. The City of Austin is not bound by the HBRC's recommendations. The City, in its sole discretion, may accept, in part or whole, or reject, in part or whole, any recommendation of the Committee.~~

~~The Program shall set forth Housing Bond Review Committee Process & Procedures:~~

### **1.—HBRC Membership**

~~The Committee shall consist of 5 members: 2 members shall be representatives from the Community Development Commission (CDC). The Chair of the CDC Housing Subcommittee and one at large appointment from the CDC shall comprise the CDC Membership; 3 community members shall be representatives from the real estate, finance~~

and development community. All Committee Members must reside within the City limits of Austin, Texas. The City Manager or a designee thereof shall appoint the 3 community members. A quorum shall consist of 3 members.

**2.—Conflicts of Interest**

~~The City of Austin Conflict of Interest Rules, and all other applicable state and federal laws, shall apply. In addition, due to conflicts of interest, persons appointed to the Committee may not be the recipient or actively pursuing City housing funds. People who are indirectly involved in development of affordable housing in Austin may serve but must recuse themselves from acting on applications where they have direct influence/benefit.~~

**3.—Term**

~~The term of membership service for community members shall be until resignation. The term of membership for CDC members shall coincide with their service on the CDC.~~

**4.—Removal**

~~A Housing Review Committee Member may be removed by the NHCD Community Development Officer for more than two unexcused absences annually.~~

**5.—Meetings**

~~Meetings shall be held quarterly, based on funding availability and applications prepared for review. The Committee may call special meetings.~~

**6.—Role**

- ~~a.—Provide expertise in affordable housing finance, development and construction as represented by community membership and City benefit as accorded by representation from the CDC.~~
- ~~b.—Make recommendation regarding approval for applications.~~
- ~~c.—Action is based on majority vote.~~
- ~~d.—Committee may reject applications, request additional information, or suggest alternative financial structures.~~
- ~~e.—Committee must use the award criteria outlined in the Project Evaluation Criteria.~~

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**XIII.—PAYMENTS, PAYMENTS**

Payments for eligible project costs are made according to the conditions described in the AHFC Loan Agreement and not more often than once monthly, unless otherwise authorized by AHFC. Eligible project costs must be documented with each request for payment for the purpose of supporting the amount requested. AHFC will verify the work completed and determine the amount of funds to be paid. AHFC will disburse the funds reasonably in proportion to the progress of the project with the right of retaining a portion of such funds pending final completion of the project, in accord with the Loan Agreement. AHFC will disburse a final payment of any retained amounts per the conditions described in the Loan Agreement.

The Program retains the right to withhold or temporarily suspend payments to any project that:

- has failed to perform according to the terms and conditions of the Loan Agreement,
- is behind in submitting required, timely or incomplete reports, documents or information required or requested by the Program, or
- has not resolved any outstanding monitoring findings or concerns identified by the Program within the timeframes identified.

At such time that AHFC has determined the project has adequately addressed any performance-related issues, the Program will disburse any pending payments.

**XIV.—REPORTING, REPORTING/RECORD KEEPING**

**A. Builders/Developers**

With respect to a given project, developers/owners must maintain full and accurate books of account and other records reflecting the results of the development of the property and shall furnish, or cause to be furnished, to AHFC:

1. immediate notice of any material adverse change in the property's financial condition or business prospects or any lapse of coverage with respect to the Insurance Requirement,

2. all reports required by the AHFC Loan Agreement and the Statement of Work, and
3. upon request of monitors, and at developer's expense, such other operating, financial, insurance coverage and credit information as may reasonably be requested with respect to the property.

## B. AHFC Reports

The current status of ~~GO Bond A&D~~-funded projects will be reported on AHFC's web site at <http://www.ci.austin.tx.us/ahfc/gobonds.htm>. The status report will include the Project Name, Builder/Developer Name, Project Address, Zip Code, Number of Affordable Units, ~~GO Bond A&D~~ Funding Amount, Project Description, date presented to HBRC, and Status. The status report will be updated monthly.

The status of appeals regarding recommendations or decisions made by AHFC will be updated monthly on the AHFC website.

AHFC will provide a quarterly report of appeals to the ~~GO Bond A&D~~ Housing Review Committee and to the Community Development Commission.

## XV. LONG TERM COMPLIANCE (~~ON-GOING MONITORING~~)

Long-term compliance requirements for homeownership include, but may not be limited to:

- Owner-occupancy of the assisted unit; and
- Income determinations for homebuyers prior to resale (for those homes subject to the "resale" provisions);

Other long-term requirements that may apply to homeownership are addressed in NHCD's On-going Monitoring Program Guidelines.

## XVI. ~~ADDITIONAL~~ ADDITIONAL REQUIREMENTS

### A. S.M.A.R.T. Housing™

All new construction projects will be required to obtain S.M.A.R.T. Housing™ certification prior to loan application. S.M.A.R.T. Housing is not applicable to rehabilitation projects.

### B. City of Austin Visitability Ordinance

All single-family, duplex and triplex dwellings newly constructed with financial assistance provided through the Austin Housing Finance Corporation must be visitable in accordance with the City of Austin Visitability Ordinance No. 981007-A.

### C. "Section 3" Compliance. "Section 3" refers to Section 3 of the Housing and Urban Development Act of 1968, as amended, (12 U.S.C. 1701u).

1. Section 3 becomes applicable for:
  - A. projects that receive over \$200,000 in A&D funds, whether federal or non-federal funds, for the construction or rehabilitation of housing; and/or
  - B. projects where any contractor or subcontractor receives over \$100,000 in A&D funds, whether federal or non-federal, for the construction or rehabilitation of housing.
2. The purpose of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.
3. Because NHCD receives HUD funding, Section 3 requires NHCD to ensure that employment and other economic and business opportunities generated by the HUD funding will, to the greatest extent feasible, be directed to:

- a. Qualified low- and very low-income persons residing in the metropolitan area.
  - i. "Qualified" means the prospective employee has the proper qualifications for the work to be performed.
  - ii. "Low-income persons" means families (including single persons) whose total household incomes are at or below 80 percent of the Median Family Income (See Appendix A) for the Austin-Round Rock San Marcos, TX Metropolitan Statistical Area (MSA). (Hereafter referred to as "Section 3 Residents.")
  - iii. "Very-low income persons" means families (including single persons) whose total household incomes do not exceed 50 percent of the Median Family Income (See Appendix A) for the Austin-Round Rock-San Marcos, TX MSA. (Hereafter referred to as "Section 3 Residents.")
  - iv. "Metropolitan Area" means the 5-county Austin-Round Rock, San Marcos, TX MSA which includes Bastrop, Caldwell, Hays, Travis, and Williamson counties.
- b. Businesses that employ low- to very low income persons:
  - i. "Businesses that employ low- to very low-income persons" means a business that has at least 30% of its employees who are Section 3 Residents as defined in Subsection 1(b) and 1(c) above, or those that within three years of the date of first employment with the business were Section 3 Residents. (Hereafter referred to as "Section 3 Businesses.")
- c. Businesses that are owned by low- to very low-income persons:
  - i. "Businesses Owned by low- to very-low income persons" means a business that is 51% or more owned by a Section 3 Resident as defined in Subsection 1(b) and 1(c) above. (Hereafter referred to as "Section 3 Businesses.")
- d. Businesses that provide evidence of a commitment to subcontract in excess of 25% of the dollar amount of all subcontracts to be awarded to businesses that meet the following qualifications:
  - i. "Businesses that provide evidence of a commitment to subcontract in excess of 25% of the dollar amount of all subcontracts to be awarded to businesses that meet the qualifications described in Subsections 3.b. and 3.c. (above) means businesses that provide a certification or actual proof that they have subcontracted or currently have subcontracts with businesses owned by Section 3 Residents as defined in Subsection 3.a.ii and 3.a.iii above. (Hereafter referred to as "Section 3 Businesses")

Guidance on how to comply with the requirements of Section 3 can be found in the Neighborhood Housing and Community Development Office's Section 3 Plan.

### **C. Section 3 Compliance**

~~Projects involving construction that receive over \$200,000 G. O. Bond funds and/or projects involving construction with any contractor or subcontractor receiving over \$100,000 are required to provide employment opportunities for businesses and lower income persons described in 24 CFR §135, including requiring each of its subcontractors carrying out work in connection with the Project to comply with, in particular, the assurances set forth at 24 CFR §135.38:~~

- ~~1. The work under the Loan Agreement must be performed in the same manner as a project required to comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing;~~
- ~~2. The Borrower will comply with HUD's regulations at 24 CFR §135, which implement Section 3. As evidenced by their execution of the Loan Agreement, the parties to the Loan Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the 24 CFR §135 regulations;~~
- ~~3. The Borrower will send to each labor organization or representative of workers with which the Borrower has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Borrower's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions, and the anticipated date the work shall begin;~~
- ~~4. The Borrower will include this Section 3 clause in every subcontract with respect to the Project, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is not complying in the manner established under 24 CFR §135. The~~

~~Borrower will not subcontract with any subcontractor where the Borrower has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR §135;~~

- ~~5. The Borrower will certify that any vacant employment positions, including training positions, that are filled (1) after the Borrower is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR §135 require employment opportunities to be directed, were not filled to circumvent the Borrower's obligations under the Loan Agreement;~~
- ~~6. Noncompliance with Borrower's obligations may result in sanctions, termination of the Loan Agreement for default, and may include debarment or suspension from future HUD-assisted contracts; and~~
- ~~7. With respect to Project the requirements of section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under the Loan Agreement. This requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to the Loan Agreement that are subject to the requirements of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b);~~

#### **D. Environmental Review**

AHFC may require the owner of a project to provide a Phase I Environmental Review prior to executing loan documents to ensure that no environmental hazards exist on or near the project site. For acquisition and/or rehabilitation of properties built prior to 1979, the project must include an inspection for asbestos prepared by a firm certified by the State of Texas.

#### **E. Lead-Based Paint**

If a Project has the potential for lead-based paint hazards, the owner/developer must ensure that the required procedures for testing of surfaces, completion of the rehab work, further testing and clearance examinations on the property are followed throughout the project, and that all personnel conducting those activities have obtained the appropriate state certifications to authorize their work. For any project involving non-exempt activities, the owner/developer must work closely with AHFC to design a detailed plan to abate the hazard.

#### **F. Contractor Selection**

Owners/developers shall provide to the AHFC/City construction specifications and costs estimates for work proposed. To ensure completeness, cost efficiency and market competitiveness, the AHFC/City will review the project specifications and associated costs that will be mutually agreed to by both parties. Owners/developers will select construction contractors most capable to complete the project in accordance with the approved specifications and costs. The AHFC/City will conduct on-site inspections at various intervals throughout the construction of the project to assure the project is completed as required.

#### **G. Debarment and Suspension**

Owners and contractors are prohibited from employing, awarding contracts, or funding any contractors or subcontractors that have been debarred, suspended, proposed for debarment, or placed on an ineligibility status by the federal government, or by the City of Austin. In addition, any owners who are debarred, suspended, proposed for debarment, or placed on an ineligibility status by the federal government will be prohibited from receiving A&D funding. Developers are required to screen the status of all contractors and subcontractors by consulting the website at [http://epls.arnet.gov/epl/owa/epls.search\\_menu](http://epls.arnet.gov/epl/owa/epls.search_menu).

#### **H. Fair Housing Opportunity**

The Borrower must comply with:

1. The requirements of the Fair Housing Act (42 U.S.C. 3601-20) and implementing regulations at 24 CFR part 100; Executive Order 11063, as amended, (Equal Opportunity in Housing) and implementing regulations at 24 CFR part 107; and Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (non-discrimination in Federally Assisted programs) and implementing regulations issued at 24 CFR Part 1;
2. The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at 24 CFR Part 146;
3. The prohibitions against discrimination against handicapped individuals under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8; and
4. The requirements of Executive Order 11246 (Equal Employment Opportunity) and the implementing regulations issued at 41 CFR Chapter 60.
5. The prohibitions against discrimination based on actual or perceived sexual orientation, gender identity or marital status under the requirements of the Equal Access to Housing Rule, also known as the Lesbian, Gay, Bisexual, or Transgender (LGBT) Rule, published as additions and revisions to the non-discrimination provisions in 24 C.F.R. Part 5.

## I. Fair Housing in Marketing

Developers will be required to use affirmative fair housing marketing practices in soliciting buyers, in determining eligibility, and concluding all transactions. Each developer must affirmatively further fair housing in the same manner as a project that is required to comply with 24 CFR 92.351. These requirements include:

1. The City/AHFC will require the developer to solicit applications for unsold units from persons in the housing market who are least likely to apply for the housing without benefit of special outreach effort.
2. Advertising for unsold units must include the equal housing opportunity logo or statement. Advertising media may include newspapers, radio, television, brochures, leaflets, etc.
3. While units remain unsold, the developer must maintain a file containing all marketing efforts (i.e. copies of newspaper ads, memos of phone calls, copies of letter, etc.) to be available for inspection by the City/AHFC.

Where a developer fails to follow the affirmative marketing requirements, corrective actions shall include requiring extensive outreach efforts to appropriate contacts to achieve the occupancy goals or other appropriate sanctions the City/AHFC deems necessary.

#### **J. Insurance Requirements**

Developers shall obtain, maintain and keep in full force and effect insurance coverages for general liability, auto, and property hazard insurance in such amounts and in such manner as required by the AHFC's Loan Agreement. A&D program funds may not be used in connection with the rehabilitation of a property located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards unless flood insurance is obtained and maintained throughout the term of the loan.

#### **K. Audit Requirements for Non-Profit Developers**

Non-profit developers/owners must submit to the AHFC a complete set of audited financial statements and the auditor's opinion and management letters in accordance with 24 CFR 84.21, and the Single Audit Act of 1984, as amended, covering each fiscal year until the termination of this Loan Agreement. Developer must use the procedures outlined in the Loan Agreement for securing the audit.

#### **L. Non-Discrimination**

The City of Austin/AHFC is committed to compliance with the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973, as amended. Reasonable modifications and equal access to communications will be provided upon request. Please call 974-3100 (voice) or 974-3102 (TDD) for assistance. For a sign language interpreter, please call 974-3100 at least four to five days in advance. The City of Austin/AHFC does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its programs and activities.

#### **D. Environmental Review**

AHFC may require the owner of a project to provide a Phase I Environmental Review prior to executing loan documents to ensure that no environmental hazards exist on or near the project site. For properties built prior to 1979, the project must include an inspection for asbestos prepared by a firm certified by the State of Texas.

#### **E. Lead-Based Paint**

If a rehab project has the potential for lead-based paint hazards, the Applicant must ensure that the required procedures for testing of surfaces, completion of the rehab work, further testing and clearance examinations on the property are followed throughout the project, and that all personnel conducting those activities have obtained the appropriate state certifications to authorize their work. For any project involving non-exempt activities, the Applicant must work closely with AHFC to design a detailed plan to abate the hazard.

#### **F. Contractor Selection**

Owners/developers shall provide to the AHFC/City construction specifications and costs estimates for work proposed. To ensure completeness, cost efficiency and market competitiveness, the AHFC/City will review the project specifications and associated costs which will be mutually agreed to by both parties. Owners/developers will select construction contractors most capable to complete the project in accordance with the approved specifications and costs. The AHFC/City will conduct on-site inspections throughout the construction of the project to assure the project is completed as required.

#### **G. Debarment and Suspension**

Owners and contractors are prohibited from employing, awarding contracts, or funding any contractors or subcontractors that have been debarred, suspended, proposed for debarment, or placed on an ineligibility status by the federal government or the City of Austin. In addition, any owners who are debarred, suspended, proposed for debarment, or placed on an ineligibility status by the federal government or City of Austin will be prohibited from participating in the Program. Developers are required to screen the status of all contractors and subcontractors by consulting the website at <http://epls.arnet.gov/epl/owa/epl.search.menu>.

#### **H. Fair Housing Opportunity**

The Borrower must comply with:

1. The requirements of the Fair Housing Act (42 U.S.C. 3601-20) and implementing regulations at 24 CFR part 100; Executive Order 11063, as amended, (Equal Opportunity in Housing) and implementing regulations at 24 CFR part 107; and Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (non-discrimination in Federally Assisted programs) and implementing regulations issued at 24 CFR Part 1;

2. ~~The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at 24 CFR Part 146.~~
3. ~~The prohibitions against discrimination against handicapped individuals under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8; and~~
4. ~~The requirements of Executive Order 11246 (Equal Employment Opportunity) and the implementing regulations issued at 41 CFR Chapter 60;~~

#### **I. Insurance Requirements**

~~Project developers/owners from the date until completion of all construction work on contracted housing units and until the expiration of the Loan Agreement with the AHFC, with respect to the Property, shall obtain, maintain and keep in full force and effect insurance coverages in regard to general liability, auto, and property hazard insurance in such amounts and in such manner as required by the AHFC's Loan Agreement. Program funds may not be used in connection with the rehabilitation of a property located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards unless flood insurance is obtained and maintained throughout the term of the loan.~~

#### **J. Audit Requirements for Non-Profit Borrowers**

~~Non-profit developers/owners must submit to the AHFC a complete set of audited financial statements not older than eighteen (18) months at the time of application, and the auditor's opinion and management letters in accordance with 24 CFR 84.21, and the Single Audit Act of 1984 (P.L. 98-502), as amended, covering each fiscal year until the termination of this Loan Agreement. Developer must use the procedures outlined in the Loan Agreement in securing the audit.~~

#### **K. Non-Discrimination**

~~The City of Austin/AHFC is committed to compliance with the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973, as amended. Reasonable modifications and equal access to communications will be provided upon request. Please call 974-3100 (voice) or 974-3102 (TDD) for assistance. For a sign language interpreter, please call 974-3100 at least 4-5 days in advance. The City of Austin/AHFC does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its programs and activities. Dolores Gonzalez is the City's ADA/Section 504 Coordinator. Her office is located at 505 Barton Springs Road, Suite 600. If you have any questions or complaints regarding your ADA/Section 504 rights, please call the ADA/Section 504 Coordinator at 974-3256 (voice) or 974-2445(TTY). This publication is available in alternative formats. Please call 974-3100 (voice) or 974-3102 (TDD) for assistance.~~

#### **L. Fair Housing In Marketing**

~~Project developers/owners will be required to use affirmative fair housing marketing practices in soliciting prospective homebuyers in determining eligibility and concluding all transactions. Each participating entity must affirmatively further fair housing in the same manner as a project that is required to comply with 24 CFR 92.351. These requirements include:~~

1. ~~The City/AHFC will require the project owner/developer to solicit applications from prospective buyers in the housing market who are least likely to apply for the rehabilitated housing without benefit of special outreach effort.~~
2. ~~The project owner must maintain a file containing all marketing efforts (i.e. copies of newspaper ads, memos of phone calls, copies of letter, etc.) to be available for inspection at least annually by AHFC.~~
3. ~~Where an owner fails to follow the affirmative marketing requirements, corrective actions shall include extensive outreach efforts to appropriate contacts to achieve the occupancy goals or other sanctions AHFC deems necessary.~~

#### **M. Accessible and Adaptable Units**

~~All projects receiving assistance must comply with visitability design standards established by the City's S.M.A.R.T. Housing<sup>TM</sup> Initiative.~~

## **XVII. DEFAULT, DEFAULT ACTIONS AND SANCTIONS**

- A. The AHFC/City retains the right to determine, in its/their sole discretion, whether a default has taken place in an A&D funded project. The AHFC may exercise default actions if the AHFC determines that the default or violation(s) of the terms and**

conditions of the executed agreement has or may take place by the developer. A default or violation may occur as a result of action or inaction taken by the project developer, organization, agency, contractor, individual or duly appointed representative of the developer. A default or violation may include, but not be limited to the following:

1. Developer fails to address adequately the applicable local, state or federal rules and/or regulations governing the acquisition, construction and/or initial occupancy requirements of the project, or
2. Any breach of any covenant, agreement, provision or warranty made by the developer, or
3. If A&D Program funds are used for any purpose other than authorized in the A&D Program contract, or
4. Developer fails to meet any conditions of the AHFC/City's loan documents, or
5. Developer fails to comply with information submitted by the Developer to the AHFC/City through the project selection process, or
6. Developer or developer's project is found to be in violation of local, state or federal law, or
7. Developer fails to maintain adequate documentation in support of project requirements.

**B. Default sanctions available to AHFC may include, but not be limited any one or any combination of the following:**

1. Call the project note due and payable in accordance with the terms and conditions of the note;
2. Call the note due and payable for the full amount of the AHFC funds provided to the project;
3. Temporarily suspend the project until corrective action is taken;
4. Terminate the agreement and associated documents with the project;
5. Request a review or investigation by local or federal authorities if applicable;
6. Debar the project organization or individual from consideration of any future funding opportunities from the AHFC.

According to the terms of the Loan Documents, should the AHFC exercise any of the above referenced sanctions, the AHFC will provide written notice at the Borrower's address as stated in the Loan Agreement. The AHFC shall make the final determination as to whether any proposed corrective action undertaken as the result of an event of default is sufficient to cure the default.

## **XVIII. APPEALS/GRIEVANCE PROCESS**

Persons aggrieved by any action or inactions of the A&D program which occurs in the implementation of these guidelines, and who wish to appeal said action or inaction, must do so by submitting an appeal in writing to the AHFC Real Estate Development Manager within 30 days of the action or inaction deemed aggrieving by said person(s).

The AHFC Real Estate Development Manager is charged with the administration for reviewing an appeal or grievance. The Real Estate Development Manager shall submit to the AHFC Treasurer a written summary of each grievance received along with explanations of the administrative action taken or recommended, within 15 days of his/her receipt of a written grievance. The AHFC Treasurer shall constitute the highest administrative personnel in the process.

### **A. Events of Default.**

The AHFC/City retains the right to determine, in its sole discretion, whether a default has taken place in a G.O. Bond-funded project. The AHFC may exercise default actions if the AHFC determines that the default or violation(s) of the terms and conditions of the executed agreement has or may take place by the developer of the developer project. A default or violation may be facilitated as a result of action or inaction taken by the project developer, organization, agency, contractor, individual or duly appointed representative of the developer or developer project. A default or violation may include, but not be limited to the following:

1. Developer or developer project fails to adequately address applicable local, state or federal rules and/or regulations governing the acquisition, construction and/or initial occupancy requirements of the project, or
2. Any breach of any covenant, agreement, provision or warranty made by the developer, or
3. If Program funds are used for any purpose other than authorized in the Loan Agreement, or
4. There is a change in use of property prior to repayment of Program assistance without AHFC review and written approval, or
5. Developer fails to respond to AHFC, City of Austin, or IRS requests for occupant, home sales, and project information during the life of the loan, or
6. Property is not maintained in compliance with City of Austin codes and ordinances and/or according to minimum federal HQS, or
7. Developer fails to meet any conditions of the Loan Agreement, or
8. Developer fails to comply with information submitted to the Program through the project selection process, or
9. Developer or developer project violates local state or federal law, or
10. Developer or developer project fails to maintain adequate documentation in support of project requirements, or
11. Developer fails to comply with any of the GO Bond Covenants.

## **B. Default Actions**

Default actions that the AHFC may take should a default or project violations occur may include, but not be limited to any one or any combination of the following:

1. Call the project note due and payable in accordance with the terms and conditions of the note;
2. Call the note due and payable for the full amount of the Program funds provided to the project;
3. Temporarily suspend the project until corrective action is taken;
4. Terminate the agreement and associated documents with the project;
5. Request a review or investigation by local or federal authorities if applicable;
6. Debar the project organization or individual from consideration of any future funding opportunities from the AHFC.

Should the AHFC exercise any of the above referenced actions, the AHFC will provide the developer or developer project written notice of the default or violations determined and may provide a minimum of 48 hours, depending on the severity of the violation, to obtain a written response prior to proceeding with default actions. The AHFC retains the exclusive right to make final determination regarding the extent and timeline for the developer or developer project to initiate corrective action. The AHFC shall make the final determination as to whether the proposed corrective action taken by the developer or developer project is sufficient to meet applicable project terms, conditions, rules, processes, procedures and/or laws.

## **XVIII. APPEALS/GREIVANCE PROCESS**

Persons aggrieved by any action or inactions of the program which occurs in the implementation of these guidelines, and who wish to appeal said action or inaction, must do so by submitting an appeal in writing to the AHFC Real Estate Development Manager within 30 days of the action or inaction deemed aggrieving by said person(s).

The AHFC Real Estate Development Manager is charged with the administration for reviewing an appeal or grievance. The Real Estate Development Manager shall submit to the AHFC Treasurer a written summary of each grievance received along with explanations of the administrative action taken or recommended, within 15 days of his/her receipt of a written grievance. The AHFC Treasurer shall constitute the highest administrative personnel in the process.

## **XIX. ATTACHMENTS**

1. Current MFI Chart
2. Opportunity Map of Austin

Dolores Gonzalez is the City's ADA/Section 504 Coordinator. Her office is located at 505 Barton Springs Road, Suite 600. If you have any questions or complaints regarding your ADA/Section 504 rights, please call the ADA/Section 504 Coordinator at 974-3256 (voice) or 974-2445(TTY).

This publication is available in alternative formats. Please call 974-3100 (voice) or 974-3102 (TDD) for assistance.