Frequently Asked Questions

Long-Term Affordability Restrictions

Q. How does Long-Term Affordability homeownership work?

A. Homebuyers who purchase a unit with a long-term affordability restriction enter into a land use restriction that is recorded against the property. By restricting the original sales price and restricting the resale value, these homes are more affordable than houses on the open real estate market. These homes have a 99-year affordability requirement.

Q. What is a Long-Term Affordability Restriction?

A. The owner signs a land use restriction that defines the original sales price, resale restrictions and requires a 99-year affordability period.

Q. What if I want to move or sell my home?

A. When an owner wants to move or sell their home, they must first notify the City of Austin for approval. The City of Austin, through its Austin Housing Finance Corporation (AHFC), has the right of first refusal; if this option is not exercised the owner must sell the home to an income-qualified buyer at the affordable resale amount.

Q. If I sell my home, what is my return on investment, or what will I get back?

A. An owner who sells their home will get back the original affordable sales price paid by owner, plus the affordable sales price multiplied by a fixed rate of appreciation at 2% annual, simple interest multiplied by the number of years the affordable unit is owned by the owner plus any approved capital improvements.

Q. Does this impact property taxes?

A. An owner who purchases a home with a long-term affordability restriction may have the property value assessed based on the initial affordable sales price multiplied by a fixed rate of appreciation at 2% annual, simple interest multiplied by the number of ownership years.

Q. How does a long-term affordability homeownership compare to conventional homeownership?

A.

Similarities:

- The homeowner has a mortgage with a lending institution
- The homeowner pays property taxes
- The homeowner receives federal tax deductions for mortgage interest and property taxes

Differences:

- The purchase price is lower because it is a long-term affordable unit
- Buyer must be income eligible as determined using the Gross Annual Income method under 24 CFR Part 5
- An income eligible household's assets are limited to $60,000 or less, excluding employer or tax deferred retirement plan assets and any amount used as down payment towards the purchase of the unit
- Resale restrictions are imposed for 99 years
- Property value may be assessed on the initial affordable sales price multiplied by a fixed rate of appreciation at 2% annual, simple interest multiplied by the number of ownership years versus the property taxes being based on market value.
- The affordable resale value is equal to the original affordable sales price paid by owner, plus the affordable sales price multiplied by a fixed rate of appreciation at 2% annual, simple interest multiplied by the number of ownership years the affordable unit is owned by the owner plus any approved capital improvements.