

**Georgia Department of Community Affairs (DCA)**  
**Housing Finance Division**  
**HOME CHDO Predevelopment Loan Program (CPLP)**  
**Program Description**  
**SFY 2011**

**Purpose** To assist qualified nonprofit organizations in the preparation of complete and comprehensive development financing applications in order to maximize the use of CHDO set-aside funds under the HOME Program. Funds provided through this program are specifically defined by HUD as Technical Assistance and Site Control Loans.

**Eligible Applicants** Not-for-profit organizations which have been qualified by DCA as having met the HUD and State requirements for designation as a Community Housing Development Organization (CHDO) and which plan to become either:

1. The owners (sole owner or managing partner with another entity) of newly constructed or rehabilitated rental housing for occupancy by low and very low income households as set forth in the Georgia Qualified Allocation Plan (QAP) for the HOME Rental Housing Loan Program; or
2. The owners (sole owner or managing partner with another entity) of newly constructed or rehabilitated rental housing for occupancy by low and very low income households as set forth in the Program Description for the Permanent Supportive Housing Program (PSHP); or
3. The developer of single family homeownership opportunities for low and moderate-income households through the Georgia Dream Single Family Development Program (GDSFDP).

If seeking to develop a project through the HOME Rental Housing Loan or Permanent Supportive Housing Programs, the applicant to this program, including principals or officers of the Ownership entity and consultant, previously awarded or allocated funding for any DCA-funded project that was not placed in service by the required deadline, at DCA's sole and absolute discretion, will be ineligible to apply for funding until such project has been placed in service.

If seeking to develop a project through the GDSFDP, the applicant must have completed the sale of 75% of all units within the timeframe established in any previous application to the GDSFDP. If such timeframe has not been met, the CHDO will be ineligible to apply for funding, at

DCA's sole and absolute discretion, until 75% of such units have been sold to qualified low and moderate income households or until the existing Conditional Commitment of Funds has expired.

Furthermore, all CPLP applicants, their consultants, and any member of the consultant's team awarded funding through DCA programs in previous funding cycles must not be out of material compliance or disqualified from any program administered by the Department of Community Affairs or under debarment, proposed debarment, or suspension by a federal agency, and must meet all requirements outlined in the HOME Investment Partnerships Program Final Rule (24 CFR Part 92) and the State of Georgia's QAP, the PSHP Program Description, or the GDSFDP Program Description.

## **Experience**

CHDOs seeking CPLP funds to apply for funding under the HOME Rental Housing Loan Program of Georgia's QAP or under the PSHP must meet certain requirements based on the CHDOs designation as either "Experienced" or "Inexperienced." CHDOs seeking CPLP funds to apply for funding under the GDSFDP are not required to meet any experience requirements established by DCA.

"Experienced CHDOs" are the sole owners, developers or managing General Partners as defined in the QAP or the PSHP Program Description, as applicable.

An "Inexperienced CHDO" is an organization that does not meet the Owner and/or Developer experience requirements as defined in either the QAP or the PSHP Program Description as applicable, but has either a partnership or contractual agreement with a for-profit or not-for-profit developer who has the required Owner and/or Developer experience or has an executed contract with a consultant who has the required experience.

Developments sponsored by Inexperienced CHDOs with an experienced partner or consultant must have each experienced partner or consultant certify they have reviewed the application, the required documentation, pro forma and financial structure, and that the proposed project meets the current guidelines of the applicable DCA program.

## **Eligible Activities**

Predevelopment costs associated with an eligible project that are incurred either (1) up to the closing of a loan funded through the HOME Rental Housing Loan Program of Georgia's QAP, (2) the PSHP, or (3) up to the Application date for the GDSFDP financing as listed in the Sources and Uses Form Exhibit A in the Application. These costs include, but are not limited to, initial feasibility study, environmental reports, appraisals, market study, consulting fees, legal fees, associated expenditures with the preparation of preliminary financial applications to other non-DCA

funding sources, site control, title clearance fees, and any expenses associated with architectural, engineering and/or development services with the exception of expenses incurred for construction plans and specifications.

**Ineligible Activities** The CPLP loan may not be used for the development of public and/or community facilities, for organizational indirect costs, application fees to any DCA program, overhead or staff costs of the CHDO, activities not directly involved with the proposed project, any activities deemed ineligible under the HOME program for project-specific technical assistance and site control loans, and any activities which have been initiated prior to closing of the predevelopment loan.

**Funding Terms** Loans will be interest-free and shall be paid in full with the closing of a Construction/Permanent Loan, when said Loan is closed. The maximum loan amount is \$30,000 to establish feasibility for a specific project.

If the subsequent development financing application is approved through the HOME Rental Housing Loan through the QAP or the PSHP, the predevelopment loan will be repaid with the proceeds from the project's construction financing.

If the GDSFDP application is approved, the loan must be repaid from the proceeds of the sale of the first and any subsequent homes sold that are listed as part of the Conditional Commitment of Funds until the CPLP loan is repaid. The CPLP must be repaid as noted above even if the homes listed in the Conditional Commitment of Funds are not sold to qualified low and moderate-income homebuyers. In such instances where 100% of the homes authorized under the GDSFDP are not sold to eligible low and moderate-income homebuyers, a 7% interest rate over the life of the CPLP loan will be assessed.

However, if the proposed application for financing to the HOME Rental Housing Loan, Permanent Supportive Housing, or the Georgia Dream Single Family Development programs is determined by DCA to be infeasible or if DCA finds that there are impediments to the project's development that are reasonable and beyond the control of the CHDO, then the CPLP loan repayment may be waived as permitted by the HOME Final Rule, Section 92.301. The determination of the predevelopment loan repayment is at DCA's sole and absolute discretion.

A completed application to the HOME Rental Housing Loan program under the QAP, GDSFDP, or PSHP application must be submitted within two (2) application cycles of the CPLP loan closing date. Application to the HOME Rental Housing Loan program will not extend the CPLP loan funding beyond two (2) application cycles.

**Funding Notice** Applications will be solicited by means of a Notice of Funding Availability that will be displayed on DCA's web site at <http://www.dca.ga.gov/housing/housingdevelopment/programs/HOMECHDO.asp> and sent to not-for-profit organizations, including past and current state-certified CHDOs.

**Funding Agreement** The Georgia Department of Community Affairs will administer this program on behalf of the Georgia Housing and Finance Authority (GHFA). Written agreements shall be entered into by and between GHFA and the borrower.

**Special Conditions** Predevelopment Loans will be unsecured.

**Application** Applications must be submitted in the form and content prescribed by the CHDO Predevelopment Loan Program Application Instructions (see Exhibit A).

**Georgia Housing Search** Experienced CHDOs must have all affordable rental housing units funded by DCA and placed in service registered on the GeorgiaHousingSearch website at time of CPLP application submission. Georgia Housing Search is a DCA sponsored database that assists Georgia residents in locating available affordable housing units. The service is located at [www.GeorgiaHousingSearch.org](http://www.GeorgiaHousingSearch.org).

**Deadline** The CPLP Application may be submitted at any time.

**Determination** Applications will be evaluated in accordance with the threshold requirements as described in the most current QAP, GDSFDP, or the PSHP program descriptions (as applicable) including, but not limited to, market and financial feasibility, income and rent restrictions (if applicable), cash flow projections, environmental requirements (if applicable), and site and location characteristics. Multiple awards may be limited to a particular CHDO at DCA's sole and absolute discretion to ensure distribution of funds across multiple organizations.

CHDOs seeking to apply for funds under the HOME Rental Housing Loan Program of Georgia's QAP are not eligible for DCA CPLP funds if the proposed project will be located in a participating jurisdiction or "PJ". However, CHDO applicants may seek CPLP funding for proposed projects located in a PJ and seeking to apply under either the PSHP or GDSFP.

DCA will not issue a CPLP funding commitment to any project that has not passed an environmental threshold review (e.g. wetlands and flood plain review).

**Environmental**

All eligible activities considered for funding under the CPLP will be considered categorically excluded from the Environmental Review Process as published at 24 CFR Part 58. However, for purposes of determining feasibility and eligibility to DCA construction financing programs, all developments utilizing CPLP funds will be required to meet minimum threshold environmental requirements. An Environmental Questionnaire will be completed (See Exhibit E) by the applicant/owner to help facilitate the quick and accurate completion of the Environmental Review Record. This review will be conducted to determine whether any conditions at or affecting the location of the activity or project will have a significant environmental effect and/or present extraordinary circumstances that may render a project infeasible.

**Disbursement**

Experienced CHDOs will not be required to comply with the pre-approval process of notification and approval of Stage I activities in Exhibit B (Sources and Uses of Funds) and may contract these activities directly without DCA prior approval. However, DCA will not fund any activity that does not comply with DCA standards displayed in the QAP or in the Program Descriptions of the PSHP and the GDSFDP as applicable, or any costs beyond what is agreed to in Exhibit B (Sources and Uses of Funds). DCA will not commit to fund any activity under the CPLP without a clear environmental threshold review.

Inexperienced CHDOs seeking funds under the HOME Rental Housing Loan program under Georgia's QAP or the PSHP and all CHDOs seeking funds under the GDSFDP will be required to participate on a pre-approval basis for all stages in Exhibit B. That is, Inexperienced CHDOs wishing to undertake an activity (e.g. obtain soils report) must first obtain DCA's pre-approval. The pre-approval process is required for all CPLP-funded items in Exhibit B (Source and Uses of Funds). The applicant/owner is responsible for submitting an Environmental Questionnaire at application. All subsequent activities will require the CHDO to submit a funding proposal to DCA and additional documentation as outlined in the CPLP Disbursement Procedures and Documentation Requirements (see Exhibit C).

All CPLP applicants should refer to the DCA's CPLP Disbursement Procedures and Documentation Requirements (see Exhibit C).

**Site Control**

Site control is not a requirement to participate in the CHDO Predevelopment Loan Program for those applicant/owners seeking to establish preliminary feasibility of a specific project. However, applicants must have performed its due diligence to contact, inquire and obtain a proposed selling price from the owner of the parcel of land presented in the project.

**Compliance**

To comply with HOME Program data reporting requirements, DCA requires that each recipient provide information on the minority business enterprise (MBE) or woman business enterprise (WBE) status of each contractor and subcontractor.

All HOME projects are subject to the Uniform Relocation Act (URA) and Section 104d of the Community Development Act of 1974. These Laws require that any tenant who is a legal resident of the project at the time of Application for the CPLP loan and who must move, either permanently or temporarily, from his or her dwelling unit as a direct result of rehabilitation, demolition or acquisition of a HOME assisted project, be entitled to relocation assistance.

All DCA funded entities must meet compliance with the Immigration Reform and Control Act of 1986 (IRCA), D.L. 99-603 and the Georgia Security and Immigration Compliance Act (O.C.G.A 13-10-90 et. seq.).

**Governing Statute**

All activities must be conducted in full compliance with all program statutes and the U.S. Department of Housing and Urban Development (HUD) regulations published at 24 CFR Part 92. No provision of this program description shall be enforced if HUD or the Georgia Department of Community Affairs determines that such provision is invalid under the federal statute or regulations.

**Funds Authorized**

Approximately \$180,000 is authorized under this announcement. The funds are on a first come first served basis. If funds are exhausted, Applications will be placed on a waiting list in sequence of DCA's determination of its receipt of a complete Application package. DCA may issue a notification that funds have been exhausted and that Applications will no longer be accepted until such time as additional funding is available.