

# **Rental Housing Preservation Loan Program Notice of Funding Availability SFY 2007**

The Georgia Department of Community Affairs (DCA) is releasing this Notice of Funding Availability (NOFA) for the SFY2007 Rental Housing Preservation Loan Program (RHPLP). DCA anticipates that up to \$2,000,000 will be available under the NOFA for the preservation and rehabilitation of existing affordable multifamily developments through an open application cycle. The availability and use of these funds is subject to the Federal HOME Investment Partnership Program (HOME) regulations (24 CFR Part 92), the DCA Qualified Allocation Plan and any other federal or state regulation that may apply to the development and operation of affordable housing units. The NOFA describes the terms of the program, the Application requirements, and the review criteria for evaluating all submitted Applications.

All RHPLP funds will be utilized for the rehabilitation and preservation of existing DCA affordable Multifamily Rental Housing Developments. Preservation will be defined as an existing DCA multifamily rental property that has been previously financed or subsidized through the allocation of federal low income housing tax credits or DCA HOME funds, and is encumbered by regulatory restrictions to provide housing for families with low, very-low, or extremely low income. Projects with existing HOME loans are not eligible for this program unless they have met the minimum HOME statutory period of affordability.

DCA will be accepting pre-applications on an on-going basis until all available funds have been reserved.

DCA awards RHPLP funds as a loan to eligible recipients for the provision of housing for the targeted population. The interest rate for the loan will be between 0% and 1%. The per unit subsidy may not exceed the per-unit dollar limits established by the U.S. Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act and as published by HUD. Funds will be awarded in accordance with the rules and procedures as set forth in the DCA Qualified Allocation Plan, Core and Threshold requirements with the following exceptions:

- Award amounts under this program are limited to no more than the lesser of 100% of the unrestricted after-rehabilitation appraised value or \$1 million per development.
- Loans can not exceed a term of more than 25 years.
- A minimum level of rehabilitation of at least \$5,000 per unit of hard cost is required.

- DCA may elect to commission a market study, at its sole discretion.
- Development fees may not be charged for Owner Rehabs. For preservation of expiring tax credit properties to be financed with tax exempt bonds, developer fee may be included in accordance with QAP requirements.
- DCA, in its sole discretion, may determine that the proposed rehab is insufficient to adequately protect DCA's investment and decline to fund any project.
- The number of selected HOME units should be determined with a goal of retaining a period of affordability of 10 years or less. DCA, at its, discretion may allow a longer period of affordability.

Each development will have an affordability term as required by statute. For rehabilitation of existing housing, the term is 5 years if the HOME investment is less than \$15,000 per unit; 10 years if the HOME investment is \$15,000 to \$40,000 per unit; and 15 years if the HOME investment is greater than \$40,000 per unit. Properties will be restricted under a land use restriction agreement ("LURA"). Among other restrictions, the LURA may require the owner of the property to continue to accept subsidies which may be offered by the federal government, prohibit the owner from exercising an option to prepay a federally insured loan, impose tenant income-based occupancy and rental restrictions, or impose any of these and other restrictions as deemed necessary at the sole discretion of DCA in order to preserve the property as affordable housing on a case-by-case basis.

Upon completion, properties proposed to be financed under this program must meet all local codes and the Section 8 Housing Quality Standards under 24 CFR 982.401, regardless of the amount of rehab performed.

### **Pre-Application and Application**

All Applicants must submit the following pre-application documents:

1. Narrative of proposed work
2. Physical Needs Assessment
3. Scope of proposed work
4. Completed DCA Core Application
5. Documentation reflecting that the proposed work will "preserve" an affordable rental housing project

DCA will be accepting pre-applications on an on-going basis. No deadline exists for pre-applications. Each pre-application will be handled on a first-come, first-served basis. Any pre-application that does not contain all required information will be returned to the Applicant and must be resubmitted. Each pre-application will be assigned a "received date" based on the date and time it is physically received by DCA. If the pre-application is determined by DCA to be complete, DCA will make an initial determination as to the status

of the preliminary reservation within thirty days of receipt of the pre-application. Once it is issued, the preliminary reservation will remain in effect for a period not to exceed 120 days. By the expiration of that 120 day period, the Applicant must submit a full DCA Application and provide all documentation as described in this NOFA, and as further detailed in the 2007 QAP Core and Threshold, Tab Checklist and HOME Application Submission Procedures Manual. All forms, procedures, application, and other documentation are available on the DCA website at [www.dca.state.ga.us](http://www.dca.state.ga.us). Applications must be on forms provided by DCA and cannot be altered or modified and must be in final form before submitting them to DCA. In the event, DCA issues preliminary reservations which utilize the total amount of funding allocated to the RHPLP, Applicants with pre-applications under review will be notified that no more funds are available for preliminary reservations. If on the date a pre-application is received by DCA, no funds are available under this NOFA, the applicant will be notified that no funds remain under the NOFA. Applicants may elect to have their pre-applications placed on a waiting list in the event additional funds become available. However, DCA will not keep more than three pre-applications on this list at any time. DCA may terminate the waiting list in the event funds are not available after a period of 180 days.

Each final application will be reviewed on its own merits in two review phases.

Phase One will begin as of the “received date” and will include a review of all application requirements, including threshold and eligibility. DCA will ensure review of these materials and issuance of any deficiencies on the application’s satisfaction of threshold and eligibility within 30 days of the date it enters Phase One. Applicants, who are able to resolve all deficiencies in the final application within ten business days of notification by DCA, will be forwarded into Phase Two. Applications with deficiencies not satisfied within ten business days, will be returned to the Applicant. These Applicants will need to commence the preapplication process again. Only upon satisfaction of all deficiencies, will the Application be forwarded to Phase Two.

Phase Two will include a comprehensive review for financial feasibility. This phase also includes the generation of a subsidy layering review and underwriting report that will identify staff’s recommended loan terms, the loan amount and any conditions to be placed on the development. DCA will ensure financial feasibility review and issuance of any required deficiencies for that feasibility review within 30 days of the date it enters Phase Two. Applicants who are able to resolve their deficiencies within ten business days will be forwarded into Recommendation Status and will continue to be prioritized by their received date. Applications with deficiencies not satisfied within ten business days, will be retained in Phase Two until all deficiencies have been addressed/resolved by the Applicant to DCA’s satisfaction. Only upon satisfaction of all deficiencies will the Application be forwarded to Recommendation Status. Any application that has not proceeded out of Phase Two after 75 days of the date it entered Phase Two will be terminated and must reapply at the Pre-Application stage for funding consideration.

DCA may decline to consider any application if the proposed activities do not, in DCA’s sole determination, represent a prudent use of DCA’s funds. DCA will consider the need for repairs as evidenced in the physical needs assessment, the condition of the property

and whether the repairs will preserve existing affordable housing in determining whether the proposed use meets DCA requirements. Staff will make selections based upon the need for housing in the community where the development is located, the effectiveness with which the proposed use of funds would aid in continuing to provide affordable housing, the general feasibility of the proposed transaction, and the experience and capacity of the applicant. DCA is not obligated to proceed with any action pertaining to any applications which are received, and may decide it is in DCA's best interest to refrain from pursuing any selection process. DCA strives, through its terms, to maximize the return on its funds while ensuring the financial feasibility of a development. DCA reserves the right to negotiate individual elements of any application.

The Application process is designed to preserve the best possible projects recognizing the difficulty of coordinating the activities necessary for preservation of affordable rental housing. DCA has instituted an open application process designed to better fit the construction timelines of individual RHPLP projects. DCA may, from time to time, modify the NOFA to accommodate changes to DCA's program requirements and close the pre-application process when sufficient pre-applications are received to utilize the RHPLP funding available under this NOFA.

Applicants are required to remit a non-refundable application fee payable to the Georgia Department of Community Affairs in the amount of \$\_\_\_\_\_ per application.

This NOFA does not include the text of the various applicable regulatory provisions that may be important to the RHPLP. For proper completion of the application, DCA strongly encourages potential applicants to review applicable State and Federal regulations.

Please note the following highlights to the SFY2008 RHPLP NOFA:

1. Applicants that can submit requests for funding such that any current not-for-profit or for-profit housing owners of DCA funded affordable rental housing may seek assistance through this program. However, a set-aside of funds will be available only to organizations that are qualified by DCA as Community Housing Development Organizations.
2. The target population, low income tenants, is defined as households whose incomes are less than 80% of area median income in the area where the affordable rental housing development is located.
3. Single-family detached housing and scattered site housing funded under a single financing package is an eligible activity. Single-family and scattered site developments, however, must comply with our standard cost limitations, have a detailed plan to coordinate supportive services between the proposed sites, and have maintenance plans for keeping the properties in good condition.
4. All Applicants interested in applying for RHPLP funding should familiarize themselves with the Application Manuals in effect at the time of Application submittal.
5. DCA is not requiring a formal market study, yet may commission one as part of the application process at its sole discretion. In the event a market study is requested, the Applicant will be required to reimburse DCA for the cost of the study.
6. DCA reserves the right not to fund any Applications at its sole and absolute discretion.
7. Applicants requesting a waiver of either the per-unit cost limits, architectural standards or the experience requirements of the owner/developer, non-owner/developer, or management company must complete the waiver form in the Manual and submit a written request thirty (30) days prior to Application submission.
8. Written questions about the Application process and project-specific questions can be

submitted at any time. Answers to all written questions will be posted on the DCA web site. DCA expects that turnaround on project specific questions should not exceed ten (10) business days from submission.

10. All waiver requests, written general questions regarding the RHPLP, the application process, copies of the Application forms, or DCA policies may be submitted to Laurel Hart, Director, Office of Affordable Housing, Georgia Department of Community Affairs 60 Executive Park South, Atlanta, GA 30329-2231, email at [lhart@dca.state.ga.us](mailto:lhart@dca.state.ga.us) , or by facsimile at (404) 679-0667.