

**Georgia Housing and Finance Authority
Multifamily Affordable Housing
2014 Notice of Funding Availability
Invitation to Apply**

Overview

The Georgia Housing and Finance Authority (GHFA) hereby notifies interested Applicants of the availability of funds allocated from the Georgia HOME Investment Partnerships Program (HOME). The availability and use of these funds is subject to Federal HOME regulations (24 CFR Parts 91 and 92), and any amendments thereto including the final regulations published by the Department of Housing and Urban Development in the Federal Register on or about July 24, 2013. The Georgia Department of Community Affairs (DCA) is the administrator of GHFA programs.

Authorized under Title II of the Cranston–Gonzalez National Affordable Housing Act, as amended, the HOME Program strengthens public–private partnerships to expand the supply of decent, safe, sanitary and affordable housing, with primary attention to rental housing, for very low–income and low–Income families. Interested parties may find the regulations governing the use of HOME funds under Title 24, Part 92, of the Code of Federal Regulations. Additional HOME information may also be found at the following link:

<https://www.onecpd.info/home>

In releasing this Notice of Funding Availability (NOFA), the goal of GHFA is to facilitate construction, rehabilitation, and acquisition/rehabilitation of affordable multifamily rental housing by providing gap financing at rates below those charged by commercial lending institutions. GHFA expects its loans to be leveraged with other resources that may include private equity, government funds, and loans from lending institutions and/or funds from federal, state or local programs such as Low Income Housing Tax Credits (LIHTC) or Tax-Exempt Multifamily Housing Revenue Bonds.

This NOFA is one of two issued by DCA as administrator of GHFA funds. This NOFA covers only multifamily rental developments. A multi-family rental development for the purposes of this NOFA is defined as a development of at least twenty five (25) affordable residential rental units. Applicants seeking to request funds as a DCA HOME subrecipient should review the Homeownership and Small Rental Housing Development NOFA which will be issued by GHFA before the end of January, 2014.

All housing developments must meet DCA’s underwriting criteria which can be found in the 2014 QAP or as set forth in this NOFA. All selected properties will be subject to a stringent underwriting review and must be approved by the DCA Project Loan

Committee ("Committee") prior to final commitment. Properties that are determined by the Committee to pose an undue risk to DCA or GHFA after a full underwriting review will have any award rescinded.

A copy of this NOFA and other related materials are available on the DCA website at www.dca.ga.gov/housing/HousingDevelopment/programs/HOMERental.asp. Program updates and Frequently Asked Questions will be posted to this site on a regular basis. All inquiries should be directed to home.nofa@dca.ga.gov by January 31, 2014.

Application forms will be posted within seven days of publication of this NOFA on the same website.

Applicants proposing to use tax exempt bond debt with 4% Low Income Housing Tax Credits should utilize the schedule of fees outlined in the 2014 QAP. The Application fee for all other Applications is Five Hundred Dollars (\$500.00).

II. Specific NOFA Requirements

A. Amount of Funds Available for Award. DCA anticipates that approximately twenty million dollars (\$20,000,000) will be available under this NOFA. DCA reserves the right to fund, in whole or in part, any, all, or none of the applications submitted in response to this NOFA and reserves the right to reallocate funds from the amount available under this NOFA to the Homeownership and Small Rental Housing Development NOFA. DCA also reserves the right to substitute HOME funds with funds from the Tax Credit Assistance Program if it determines that such a substitution is necessary to further its administration of both programs.

B. Per Application Award Limit. DCA will not award less than Five Hundred Thousand Dollars (\$500,000) per Application and not more than Four Million Two Hundred and Fifty Thousand Dollars (\$4,250,000) per Application.

C. Application Limitations. To apply for awards, eligible Applicants must submit an application to DCA during the Application period referenced in this NOFA. Eligible Applicants may submit more than one Application. However, DCA may consider equitable distribution of resources among Applicants in making final selections.

D. Important Dates

Application Deadline:	February 14, 2014, 4pm EST
Anticipated Award Announcement Date:	March 14, 2014
Closing Deadline:	July 15, 2014

Applicant should use the 2014 DCA Multifamily NOFA Application forms for submissions under this NOFA. The following document does not need to be submitted in the initial Application submission, but must supplement the Application by the following date:

Environmental Phase II

February 27, 2014, if applicable

Applications for funding will be accepted at The Georgia Department of Community Affairs, 60 Executive Park South, NE, Atlanta, Georgia 30329 until the deadline of 4:00 p.m. EST on February 14, 2014. Applicants should label the package "Multifamily NOFA". One original, complete application along with a flash drive that includes a copy of the application form (in Excel) and all supporting documentation (pdf) should be submitted. Any application received after the deadline will be deemed ineligible and will not be considered for funding. Applicants should refer to the detailed submission instructions for additional information regarding the format for Applications.

- E. Eligible Applicants.** Eligible Applicants include for-profit entities, qualified non-profit entities and Public Housing Authorities that will undertake the eligible activities on behalf of very low income, low income, and moderate-income families as required by the terms of this NOFA.

All Applicants must meet the Project Team Qualification requirements of the 2014 Georgia Qualified Allocation Plan and the HOME Partnership Program regulations. Applicants should review the new HOME Final Rule published in July of 2013 which contains new requirements for participation by CHDOs. Applicants that are not proposing to use tax credits or tax exempt bonds as part of the financing structure of the proposed property can substitute comparable affordable housing experience in the Project Team Qualification requirements.

F. Eligible Activities

GHFA will use primarily HOME funds to make loans to finance acquisition and rehabilitation, rehabilitation of existing building(s), or new construction of multifamily rental affordable housing for very low income, low income and moderate income households. All eligible activities must be undertaken in accordance with DCA QAP requirements, HOME regulations and program requirements.

DCA HOME Loans combined with LIHTC require HOME funds to be used only to finance construction hard costs. Hard costs include site development, unit/building construction and Contractor Services which includes General Requirements (inclusive of payment and performance bonds), Builder's Overhead and Builder's Profit. Soft costs, acquisition costs and other project costs must be financed by other financing sources. If a proposed property does not contain LIHTC as a financing source, DCA HOME funds can be used for acquisition and soft costs as allowable under HOME program requirements.

G. Terms of Loan

GHFA may make a loan to an eligible Applicant at terms set out in the 2014 QAP. Generally, loans will be 0% interest during construction and 1% interest for permanent financing. DCA retains the right to provide funds as cash flow loans, if appropriate, to ensure long term sustainability for properties that target special needs populations or for properties with a commitment of HUD funds that require all subordinate debt to be “soft”. Generally, GHFA will require that all other debt be subordinate to its loan with the exception of HUD funds and tax exempt bond debt. As part of its financial feasibility analysis, DCA will require that projects with tangible debt meet, at a minimum, a 1.20 debt coverage ratio for each year of the compliance period. Applicants should refer to DCA underwriting requirements for structuring the loan.

H. Ineligible Activities/Characteristics.

The following activities or application characteristics will be ineligible for funding under this NOFA:

- Applications that propose refinancing of existing debt with DCA HOME Funds.
- Applications that propose rehabilitation of a property that has an existing DCA HOME loan which is still within the period of affordability.
- Developments which target more than 20% of the units to individuals with disabilities are not eligible for funding except that the preservation of existing subsidized affordable housing which is occupied by persons with disabilities may be considered. Eligibility of housing targeting persons with disabilities is more fully explained in paragraph J of this NOFA.
- Proposed housing units that target persons with disabilities that are geographically isolated or distant from transportation and community activities, or located in a campus or institutional setting.
- Proposed housing units which targets housing for persons with disabilities where the housing option does not appear to provide for community integration, promote independence, and provide consumer choice.
- Properties that may adversely impact the lease-up or operations of a multifamily development funded by DCA in the preceding two years.

I. Minimum Requirements. To be considered for funding, an Applicant must meet all of the following criteria:

- 1) All Applications must meet the requirements set forth in the 2014 Georgia Qualified Allocation Plan Core and Appendix I (Threshold) including Exhibit A,

DCA Underwriting Policies, unless expressly excepted under this NOFA or as set forth in the Q&A posted for this NOFA prior to January 31, 2014.

- 2) Generally, DCA will require that all other debt be subordinate to its loan with the exception of HUD funds and tax exempt bond debt.
- 3) All projects that receive awards under this NOFA are expected to close no later than **July 15, 2014**. DCA will review Application documentation including, but not limited to, site control, commitments for funding, Phase I environmental study, preliminary architectural plans and project timeline in determining whether the Applicant can meet the July 15 closing date. If after the award DCA determines that a project is unlikely to meet the July 15 closing date, DCA reserves the right to rescind the HOME award. After application submission, modifications or significant changes in the structure of a proposed project will result in the Application being returned to the Applicant and the non selection of the property under this NOFA.
- 4) As part of the Application, Applicants are required to submit a detailed timeline that shows the project can be closed by July 15, 2014.
- 5) Applicants for funding will be required to complete all Environmental documentation including the 8 step process, final plans and specifications and final underwriting documentation on or before April 15, 2014. Failure to meet this deadline may result in the rescission of the DCA HOME award.

J. Housing targeting Persons with Disabilities. In addition to embracing its role in creating housing opportunities, DCA seeks to support the broader goals of community integration expressed in the original Olmstead Decision. The 1999 US Supreme Court decision in *Olmstead v L.C.*, 527 U.S. 581 (1999), held that people with disabilities have the right to live in the least restrictive, most integrated settings. DCA defines a person with a disability as "Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment." In general, a physical or mental impairment includes hearing, mobility and visual impairments, chronic substance abuse issues, chronic mental illness, AIDS, AIDS Related Complex, and mental retardation that substantially limits one or more major life activities. Major life activities include walking, talking, hearing, seeing, breathing, learning, performing manual tasks and caring for oneself. The "most integrated setting" is defined as "a setting that enables individuals with disabilities to interact with non-disabled persons to the fullest extent possible." Integrated settings are those that provide individuals with disabilities opportunities to live, work, and receive services in the greater community in a manner similar to individuals without disabilities. Integrated settings are located in mainstream society and offer access to community activities and opportunities at times, frequencies and with persons of an individual's choosing. Integrated settings also afford individuals choice in their daily life activities and provide individuals with disabilities the opportunity to

interact with non-disabled persons to the fullest extent possible. Settings that are not integrated include, but are not limited to, properties which target more than 20% of the units to individuals with disabilities.

For purposes of this NOFA, DCA will not consider applications that propose housing populated exclusively for or which target more than 20% of the units to individuals with a disability, except that the preservation of existing subsidized affordable housing which is occupied by persons with disabilities may be considered for a HOME award under this NOFA. Funding sources or rental assistance that requires documentation of a disability as a condition will be considered documentation that the unit targets individuals with disabilities.

Further, in assessing whether a property supports the broader goals of community integration under Olmstead, tenants must have access to community resources such as public transportation, educational facilities, libraries, shopping venues, and recreational activities. In addition, tenants should not be limited to interacting with or traveling about the community with other individuals with a disability or people from the same residential setting. For example, requiring residents with similar disabilities to travel by van to access community resources does not satisfy these criteria. If proposed housing units are geographically isolated or distant from transportation and community activities or located in a campus or institution like setting, DCA will not select the Application for funding under this NOFA.

K. Selection Criteria. In the event DCA receives funding requests in excess of funds available, DCA will use the following criteria in selecting Applications that will be funded. The criteria are listed in the order of their importance, although DCA will consider all criteria in making selections. It is the Applicant's responsibility to submit sufficient documentation to receive consideration of any Selection Criteria.

Selection Criterion One - Rental Assistance Demonstration (RAD)

Applications that have documentation of the HUD RAD award and rental assistance for a minimum of 15% of the total units in the proposed project will be strongly considered.

In November 2011, Congress authorized HUD to implement the RAD as a budget-neutral demonstration program with two components, allowing for the conversion of assistance for both public housing and HUD-assisted properties that have expiring subsidies. RAD allows public housing agencies and private owners of certain at-risk, federally assisted properties to convert their current

assistance to long-term Section 8 contracts. Such contracts will allow owners to leverage millions of dollars in debt and equity to better address immediate capital needs and preserve these affordable housing units. In addition, participating agencies are freed from some public housing rules and restrictions that hindered their ability to best preserve and manage their housing in a manner similar to other affordable housing owners and managers.

Selection Criterion Two – Readiness to Proceed

Applications that submit additional documentation showing the greatest readiness to proceed with closing and construction will be strongly considered. Readiness to Proceed documentation may include, but is not limited to, such documents as final plans and specifications, building permits, and/or HUD firm financing commitments that may document additional readiness to proceed.

Selection Criterion Three – Capacity of proposed Project Team

Applications that propose a strong Project Team with significant successful affordable housing, HUD or HOME development experience will be strongly considered. Project Team's compliance history will also be considered under this Criterion.

Selection Criterion Four - Leveraging

Leveraging of public resources is encouraged. The source and extent of the leveraged funds will be considered. Tax exempt bonds (in conjunction with 4% credit application) would be considered a leveraged resource. Applications with a significant amount of leveraged resources will be strongly considered.

Selection Criterion Five – Willingness to Participate in the DCA 811 Program

Applications that agree to accept Section 811 project based rental assistance or other government rental assistance for up to 15% of the units at the property for the purpose of providing integrated housing opportunities to a target population which includes individuals with mental illness, as defined in the Settlement Agreement between the State of Georgia and the Department of Justice (#1:10-CV-249-CAP) and to individuals eligible to participate in the Money Follows the Person program

DCA, in partnership with the Georgia Department of Behavioral Health and Developmental Disabilities (DBHDD) and the Georgia Department of Community Health, will provide rental assistance, as available through HUD's Section 811 Project Rental Assistance (PRA) program, to Applications which are identified as priority locations for the target population. It is the Applicant's responsibility to

understand the requirements of the Section 811 PRA program, including the 30-year use restriction for all PRA units.

In order to be eligible for this selection criterion, at least 15% of the total low-income units must be one bedroom units that are NOT designated to receive PBRA through RAD or other government program and which are set at 50% AMI rent and income levels.

Selection Criterion Six – Desirable Property Characteristics

Applications that propose housing developments with desirable property characteristics will be strongly considered. Desirable property characteristics include:

- Proposed certification of the project's compliance with a sustainable program such as Earthcraft Communities or Leadership in Energy and Environmental Design for Neighborhood Development.
- Proximity to existing or planned transportation options
- Proximity to desirable amenities such as shopping, libraries, schools and other community resources.

L. Timeframe for Commencement and Completion of Projects:

Unless otherwise approved by DCA, all approved projects must commence construction within 30 days of closing. Additional deadlines will be included as part of the DCA HOME loan closing.

M. Compliance with Other Federal Requirements

Applicants must comply with all federal and state regulations required as part of the award of HOME funds. Applicants should review the tab checklist included as part of the NOFA Application in determining which federal compliance documents are required as part of the Application. The Project Team is responsible for ensuring that the proposed program, activities, goals and timetables are in compliance with all federal and state laws, regulations and executive orders. The major applicable laws, regulations and executive orders include, but are not limited to, the areas outlined below:

1. Non-Discrimination and Equal Access

Applicants must take measures to ensure non-discriminatory treatment, outreach and access to HOME resources. This applies to employment and contracting, as well as to marketing and selection of program participants. DCA does not discriminate based on disability in the administration of Federal HOME funds.

2. Fair Housing and Equal Opportunity

Applicants and their activities must comply with all of the federal laws, executive orders and regulations pertaining to fair housing and equal opportunity listed below:

- Title VI of the Civil Rights Act of 1964, As Amended (42 U.S.C. 2000d et seq.)
- The Fair Housing Act (41 U.S.C. 3601-3620)
- Section 104(b) (2) of the Fair Housing Act
- Fair Housing Act implementing regulations for HUD programs at 24 CFR Part 100-115
- Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259)
- Equal Opportunity in Housing Regulations at 24 CFR Part 107
- Age Discrimination Act of 1975, As Amended (42 U.S.C. 6101)
- Title VIII of Civil Rights Act of 1968 (2 U.S.C. 3601 et. seq. and implementing regulations, as amended
- Affirmative marketing in accordance with the HOME Investment Partnerships Act and 24 CFR 92.351
- Section 3 of the Housing and Urban Development Act of 1968
- Georgia Fair Lending Act

3. Accessibility for Individuals with Disabilities

- Section 504 of the Rehabilitation Act of 1973

4. Equal Opportunity

- Equal Employment Opportunity Executive Order 11246, as amended, and implementing regulations at 41 CFR Part 60

5. Contracting and Procurement

- Procurement Standards at 24 CFR 85.36 and for nonprofit organizations at 24 CFR Part 84 and OMB Circular A-110
- HOME Program Conflict of Interest Provisions at 24 CFR 92.356
- Debarred, Suspended or Ineligible Contractors at 24 CFR Part 5

6. Environmental

- National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD's implementing regulations at 24 CFR Parts 50 and 58

7. Lead Based Paint:

- Section 1012 and 1013 of the Residential Anti-Lead Based Paint Hazard Reduction Act of 1992, which is Title X of the Housing and Community Development Act of 1992 and implementing regulations at 24 CFR Part 35

8. Acquisition and Relocation

- Uniform Relocation Act (URA)
- Section 104(d) of the Housing and Community Development Act, known as the Barney Frank Amendments

9. Financial Management

- 24 CFR Part 85 ("Common Rule") and for nonprofit organizations see CFR Part 84
- Federal OMB Circular A-133
- Federal OMB Circular A-87

10. Housing

- The Truth in Lending Act (Regulation Z)
- Title I Consumer Protection Act (PL 90321)
- Construction Industry Licensing Board Act (O.C.G.A. Section 43-14-1, et. seq.)
- Georgia Industrialized Building Act of 1982, As Amended (O.C.G.A. Title 8, Chapter 2, Article 2, Part 1 "Industrialized Buildings"; Part 2
- Manufactured Housing [Mobile Homes]
- Mandatory State Construction Codes, as well as the International Energy Conservation Code
- Construction and Safety Standards at 24 CFR 3280 for new manufactured housing
- Georgia Fair Lending Act

11. Labor Standards

- Every contract for the new construction or rehabilitation of housing that includes 12 or more units assisted with HOME funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as pre-determined by the Secretary of Labor pursuant to

the Davis-Bacon Act (40 U.S.C. 276a-5). Such contracts are also subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332).

- Contractors, subcontractors, and other HOME fund recipients must comply with regulations issued under these acts and with other Federal laws and regulations pertaining to labor standards and HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs).

12. General

- Title II of the National Affordable Housing Act of 1990, As Amended
- 24 CFR Part 92, HOME Investment Partnerships Program
- 24 CFR Part 5 A, 5.105, Other Federal Requirements
- O.C.G.A. Title 50, Chapter 18, Article 4, Georgia Open Records Act

Compliance with State Requirements

Immigration

O.C.G.A. 50-36-1, Verification of Lawful Presence within the United States

HB 87, Illegal Immigration Reform and Enforcement Act of 2011

Non-profit Contractors

O.C.G.A 50-20-1, Relations with Non-profit Contractors