



# Affordable Housing Stabilization Loan

## Notice of Funding Availability (NOFA)

December 12, 2023

## Housing Tax Credit Impact in Georgia 2018-2022

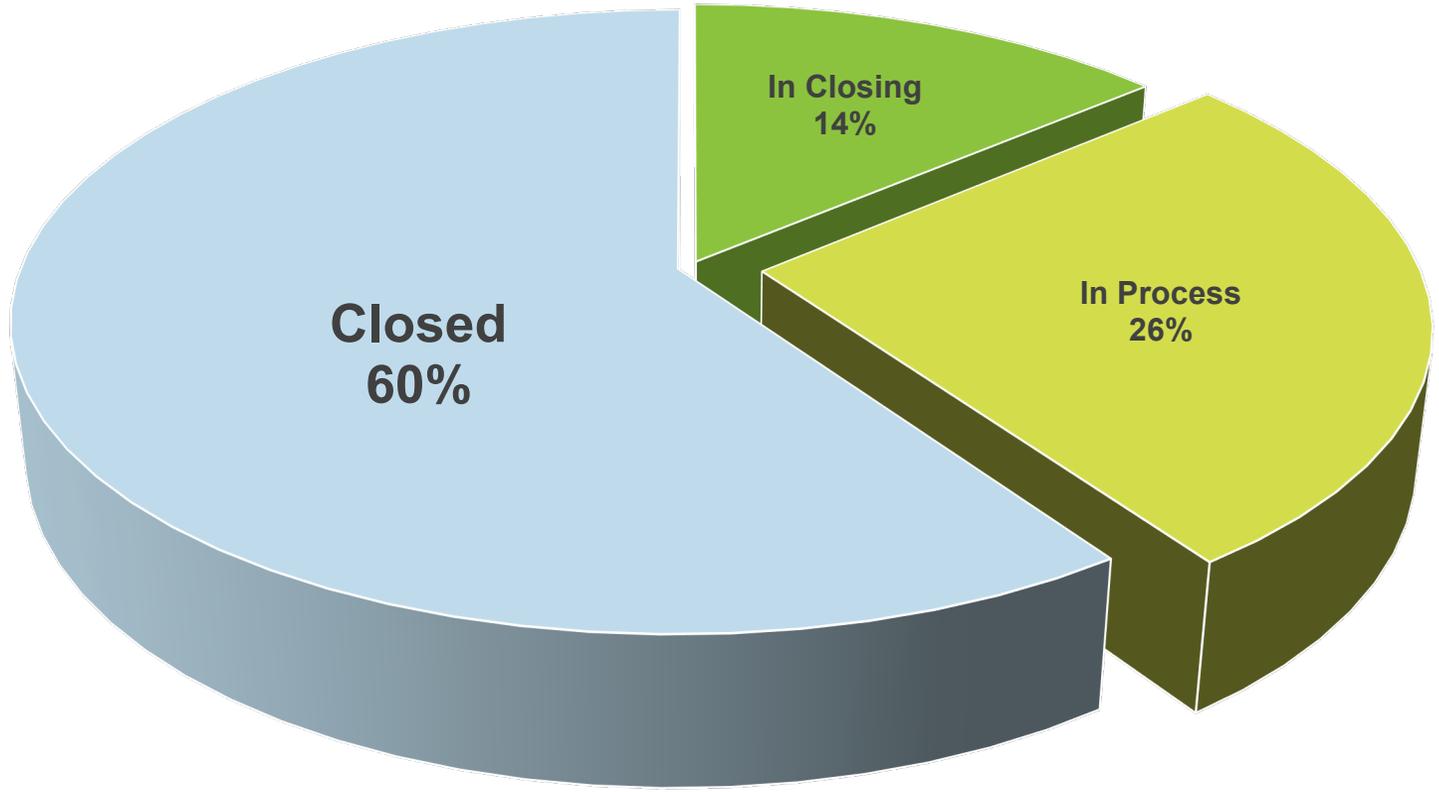


# Background

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- 2022 Cost Increases NOFA
  - 27 Loans
  - \$92 Million
- Developments still experiencing financial instability
- Secured \$100 + Million in ARPA funds for Housing Credit developments

# Current Loan Update



■ In Closing ■ In Process ■ Closed

# Goals

- Close quickly
- Meet federal requirements (including reporting)
- Fund all eligible requests
- Pilot?
- Flexible/Collaborative

# Process



# Applying for Funding

# NOFA

- Low-interest loan financing for recently-awarded 9% and 4% Housing Credit developments experiencing financial instability
- Developments must not have been placed in service yet
- Complementing existing private sector financing
- Available only if Applicants sought non-DCA financing to address the financial needs stated in the Application prior to 12/1/23 (NOFA publication)
- DCA will attempt to fund as many feasible and complete Applications as possible, either in full or in partial amount

# Funding Available

- ARPA Funding
    - State and Local Fiscal Recovery Funds (SLFRF): ~ \$80 Million
    - Emergency Rental Assistance II (ERA2): ~ \$25 Million
  - Other GHFA Funding
    - HOME Investment Partnership Program (HOME): ~ \$30 Million
    - National Housing Trust Fund (NHTF): ~ \$8 Million
- ~ \$143 Million Total**

# Funding Prioritization

1. Emergency Rental Assistance II (ERA2)
2. National Housing Trust Fund (NHTF)
3. State and Local Fiscal Recovery Funds (SLFRF)
4. HOME Investment Partnership Program (HOME)

# Timeline

NOFA Published:	December 1, 2023
NOFA Webinar and Q&A:	December 12, 2023
NOFA Application Deadline:	January 12, 2024
Application Reviews:	December 2023 – January 2024
DCA Loan Underwriting:	Q1 2024 – Q3 2024
DCA Loan Committee Approvals:	Q1 2024 – Q3 2024
DCA Loan Closings:	Q1 2024 – Q4 2024

# Loan Terms

Minimum Loan Principal:	\$1 Million
Maximum Loan Principal:	\$5 Million*
Period Of Affordability:	15 – 30 Years
Loan Term:	Greater of Minimum Affordability Period or 1 <sup>st</sup> Mortgage
Construction Interest Rate:	Up to 3%
Permanent Interest Rate:	Up to 5%
Repayment Structure:	TBD

# Subsidy Limitations

## All Funds –

- HUD Allocation Tool
  - HOME/NHTF Units: 10% more than required
  - Proration Method

# Expenditure Deadlines

- ERA2
  - Commitment Deadline: September 30, 2025
  - Placed-in-Service Deadline: September 30, 2025
  - Disbursement Deadline: January 28, 2026 (120 days after commitment deadline);
  - All costs incurred by September 30, 2025
- SLFRF
  - Commitment Deadline: December 31, 2024
  - Expenditure Deadline: December 31, 2026

# First Come-First Serve / Prioritization

- First Come-First Serve
  - Feasible?
  - Expenditure Deadlines?
- As funds are reduced, DCA may have to award some applications and not others based on Prioritization in NOFA

# Application

- Emphasys
- Adjacent NOFA Excel Application
- Updated 2023 DCA Core Application (Sources, Uses Utility Allowances, Revenues & Expenses, and Pro-Forma sheets complete and updated)
- Documentation Evidencing Priorities
  - Applications should include documentation necessary to evidence any and all Evaluation Priorities.
  - Applications seeking use of ERA2 or SLFRF funds must provide documentation of negative economic impacts arising from the COVID-19 pandemic

# Federal Regulatory Requirements

## ERA2

- Very Low-Income (50% AMI) Units
- 20 Year+ LURA

*“In other words, uses of ERA2 funds for an affordable rental housing purpose must be aligned with at least one of the following programs and must meet the requirements of that program along with the other conditions specifically set forth in this FAQ:*

***Low-Income Housing Tax Credit (Treasury)...***”

# Federal Regulatory Requirements

## SLFRF

- 65% AMI Units
- 20 Year+ LURA
- Qualified Contract Waiver

*“SLFRF may help fill gaps and expedite the construction or rehabilitation of thousands of affordable housing projects around the nation that face funding gaps, in many cases due to the impacts of COVID-19 and the resulting economic challenges on materials and labor costs... Examples include:*

***LIHTC projects:** SLFRF may fill funding gaps to projects that received an allocation of 9 or 4 percent LIHTC, for new construction or preservation of affordable rental housing...”*

# Federal Regulatory Requirements

## HOME

- 60% AMI Units
- 15/20 Year+ LURA
- NEPA, URA, Davis Bacon, Section 3, MBE/WBE
- Choice Limiting Actions

# Federal Regulatory Requirements

## NHTF

- Extremely Low-Income (30% AMI) Units
- 30 Year+ LURA
- Must have PBRA/Rental Assistance

# Eligible Uses

Overlapping eligible uses of the funding sources include:

- The construction, acquisition, or rehabilitation of affordable housing
- Assistance for increased construction hard costs

*Soft Costs may be considered for some funding sources at DCA discretion*

# Additional Eligible Uses

Applicants seeking ERA2 or SLFRF funds must include a description and documentation of the negative economic impacts arising from the COVID-19 pandemic.

- Can be related to materials costs, materials supply, labor market costs, financing costs
- “...concerns related to labor or financial market conditions, or other supply or cost concerns.”

# Financial Instability

Recipients must demonstrate financial instability. Examples include:

- Construction cost increases
- Unforeseen changes in financial or market conditions, including interest rate increases
- Unforeseen site, infrastructure, accommodation and/or zoning compliance measures
- Difficulty in obtaining financing necessary to ensure the safety and health of residents

# DCA Reviews

# Reservation Letter

Brian Kemp  
Governor



Christopher Nunn  
Commissioner

October 05, 2022

Mark Schuster  
Boulevard North Associates, LLC  
100 Wells Avenue  
Newton, MA 02459-3242

VIA EMAIL: [mschuster@wingatecompanies.com](mailto:mschuster@wingatecompanies.com)

Re: HOME Preliminary Reservation Letter  
Boulevard North Apartments  
DCA Project No. 2020-560

Dear Mr. Schuster:

The Georgia Housing and Finance Authority ("GHFA"), through the Georgia Department of Community Affairs ("DCA") as its administrator, is pleased to inform you that based on the application and the information that you have submitted to DCA (the "Application"), it intends to make a construction/permanent loan from HOME Investment Partnership Program ("HOME") Funds. This construction/permanent loan will be made subject to and in accordance with the following terms, provisions, and conditions set forth in this HOME reservation (also "Document"):

**A. Borrower:** The Borrower shall be Boulevard North Associates, LLC of which the General Partner is MRK Boulevard North, LLC. Without GHFA's prior written consent, Borrower may not make any change in its organizational structure or the partners, shareholders, or owners of Borrower, and any such change may require Borrower to submit additional information to GHFA for its review and approval.

**B. Principal Amount:** Borrower will be awarded a HOME construction/permanent loan amount not to exceed \$ 4,000,000. GHFA will disburse the loan over time, subject to GHFA's approval of draw requests submitted by Borrower in accordance with GHFA's procedures. Proceeds of the construction loan shall only be used for hard costs, unless GHFA approves otherwise in its sole discretion. At the time of conversion, the construction loan will convert to a permanent loan in an amount not to exceed \$4,000,000. Typical illustrative conversion conditions for the loan are attached as Exhibit A.

**C. The Project:** The "Project" is an 88 multi-family unit development located in Atlanta, Georgia, the construction of which shall be referred to as the "Work."

**D. The Closing:** The HOME construction/permanent loan will close (the "Closing") at a place to be fixed by GHFA with reasonable advance notice to Borrower.

**E. Interest:** The interest rate for the construction loan will be zero percent (0%). If the construction loan is converted to a permanent loan, the interest rate for the permanent loan will be 2.0%. If there is a default by Borrower, the default interest rate will be 10.0% computed on the basis of a 360-day year. The terms

of the HOME loans will be more fully set forth in the GHFA HOME Agreement and the GHFA HOME Construction/Permanent Loan Agreement.

**F. Term:** GHFA will determine the maturity date for the construction loan(s) (the "Initial Maturity Date") based on the approved construction schedule submitted by Borrower, plus some additional time for leasing and stabilizing the Project. The Final Maturity Date will be determined during final underwriting of the permanent loan. Unless Borrower satisfies all conversion conditions, GHFA's obligation to convert the construction loan to a permanent loan shall terminate at the Initial Maturity Date. Borrower may prepay the construction loan(s) or permanent loan at a time to be determined by GHFA, but prepayment will not terminate the Land Use Restriction Agreement ("LURA") that will be recorded at the time of Closing, which will contain rent and occupancy restrictions for the Project.

**G. Payment Schedule:** Unless the construction loan converts to a permanent loan, all outstanding principal and any other amounts owed under the construction loan will be due upon the Initial Maturity Date. If the construction loan is converted, the payment schedule shall be determined during final underwriting of the permanent loan.

**H. Guaranties:** At Closing, all or some of the principals of Borrower, Borrower's general partner and/or the developer(s) shall be required to execute and deliver to GHFA a completion and payment guaranty in form and substance satisfactory to GHFA in GHFA's sole discretion. By its terms, the guaranty will terminate upon full and final completion of the Work (completion to be determined by GHFA) and payment of amounts owed under the guaranty (if any) that accrued before completion of the Work.

**I. Federal and Other Requirements:** GHFA's obligation to make the GHFA HOME Construction/Permanent Loan is conditioned upon Borrower's compliance with all applicable federal laws and regulations relating to the loan and the Project, including, but not limited to, the National Environmental Policy Act (24 CFR Part 58), Davis Bacon and Related Acts, and Section 3 requirements. The Borrower is required to pay not less than prevailing wage rates to contractors and subcontractors.

Notwithstanding any provision of this Document, the parties hereto agree and acknowledge that this Document does not constitute a final commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of the DCA environmental review and receipt by DCA of release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58. The parties further agree that the provision of any funds to the Project is conditioned on DCA's determination to proceed with, modify, or cancel the Project based on the results of the subsequent environmental review.

The GHFA Construction/Permanent Loan shall be subject to the requirements and provisions of the applicable Qualified Allocation Plan ("QAP") and the Consolidated Plan for the year in which the Application was submitted.

**K. Equity Required:** Borrower will be required to invest some of its own funds in the Project (the "Equity"). Equity will be invested before GHFA is required to disburse loan proceeds. Equity contributions will be reviewed during GHFA's final underwriting and subsidy layering analysis.

**L. Other Financing:** GHFA's obligation to make and close the construction/permanent loan is conditioned upon: (a) GHFA approving in its discretion the amount, terms, and conditions of all documents and agreements relating to its loan and all other sources of funds; (b) GHFA reaching intercreditor or subordination agreement(s) with other lender(s) satisfactory to GHFA in GHFA's discretion; and (c) GHFA's priority with respect to the collateral for the construction/permanent loan being satisfactory to GHFA in its discretion. If there will be permanent funding for the Project other than the GHFA loan, GHFA's obligation to make and close the HOME construction loans may be conditioned

# Underwriting Reviews

- Complete feasibility analysis
  - Unless granted a waiver, all QAP feasibility requirements must be met
- Back-and-forth between Applicant and DCA Underwriters
- Requirements/Submissions
  - Updated Commitments (Debt, Equity, Rental Assistance, etc.)
  - DCA-Commissioned Appraisal

# Construction Reviews

- 60-Day Submission
- DCA Review Submission
- Loan Closing Submission

*Tip: Submit these submissions as soon as possible*

# Federal Compliance Reviews

Depending on funding provided, Federal Compliance team may have review and submission requirements. Refer to NOFA and federal regulations.

# Loan Committee

- Only after complete Underwriting, Construction, and Federal Compliance Reviews
- Loan Committee may result in additional questions, comments
- If Loan Committee approves a loan, DCA will provide a firm commitment and initiate the loan closing process

# Post-Loan Committee

# DCA Closing Attorneys

- John Grubb
- Nick Sexton

# Post-Closing

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# Disbursements

- 4 Disbursements (including Retainage Draw)
- Flexibility

# Reporting Requirements

- TBD

# Questions

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Are 2023 4% Housing Credit Applications eligible for funding under this NOFA?

How do we request a waiver for the maximum or minimum loan amount?

Placed in service or converted to permanent financing?

Will DCA provide extensions or new carryover allocations?

Will DCA have a formal Q&A process?

# Questions?

# More questions?

[Mitch Kelly, Office of Housing Finance](#)

## **Underwriting**

[Robert Keeler](#)

[Gary Garner](#)

[Licelotte Beato](#)

## **Construction**

[Gary Huggins](#)

[Samoy Minter](#)

[Maegan Lawter](#)

## **Federal Compliance**

[Samanta Carvalho](#)

[Shon Walker](#)



**Community Affairs**

# Appendix: Subsidy Limits

Unit Type	Section 234 Limit	High Cost Factor	Maximum HOME Subsidy
0 Bedroom	\$72,088	240%	\$173,011
1 Bedroom	\$82,638	240%	\$198,331
2 Bedroom	\$100,490	240%	\$241,176
3 Bedroom	\$130,002	240%	\$312,005
4+ Bedroom	\$142,701	240%	\$342,482