



Georgia Housing and Finance Authority Affordable Housing Stabilization Loans

Notice of Funding Availability (NOFA)

Published December 1, 2023

**Applications and all required documentation must be submitted by:
4:00 PM EST, January 12, 2023**

Purpose

The Georgia Housing and Finance Authority (the "Authority" or "GHFA") is issuing this *Notice of Funding Availability (NOFA)* to solicit applications for low-interest loan financing to provide financial stability for recently-awarded 9% and 4% Housing Credit Tax developments in Georgia. Specified funding must address negative economic impacts arising from the COVID-19 pandemic. The GHFA programs referenced in this NOFA are administered by the Georgia Department of Community Affairs ("DCA"), a legislatively created executive branch of State government.

Background

The Authority seeks to assist 9% or 4% Housing Tax Credit funded developments experiencing financial instability using a range of potential funding sources. Applications that are accepted will receive low-interest loan financing utilizing available resources. Each funding source has appurtenant usage restrictions and compliance requirements; as detailed below, some funding sources are to address negative economic impacts arising from the COVID-19 pandemic. DCA will evaluate Applications to determine the feasibility of usage of the proposed funding, including applicability of various funding sources. Funding under this NOFA is intended to be provided in a manner that compliments existing private sector financing, to enhance efficiency and public partnerships as feasible. Funding under this NOFA is available only if Applicants sought non-DCA financing to address the financial needs stated in the Application prior to this NOFA publication.

Funding Available

The amounts set forth below reflect total available funding, but loan awards will be distributed to Applicants based on limitations set forth in *Loan Terms and Requirements* below. DCA reserves the

right to utilize the resources listed below and/or additional DCA resources, if available, and pending applicable program regulations, to maximize loan efficiency as circumstances necessitate.

American Rescue Plan Act of 2021 (ARPA) Funding:

State and Local Fiscal Recovery Funds (SLFRF):	approximately \$80 Million
Emergency Rental Assistance II (ERA2):	approximately \$25 Million

Funding Sources Administered by Georgia DCA, including, but not limited to:

Home Investment Partnership Program (HOME):	approximately \$30 Million
National Housing Trust Fund (NHTF):	approximately \$8 Million

Funding Sources, Eligible Uses, and Requirements

Applications must indicate which of the funding sources listed below are being requested. Each funding source has appurtenant restrictions on eligible uses and compliance requirements. DCA reserves the right to award funds other than those originally requested by the Applicant in cases where the housing objectives of the fund source and state housing policies more closely align with the development in question. Applicants should fully understand the program requirements prior to Application submission.¹

State and Local Fiscal Recovery Funds (SLFRF):

- Federal requirements and guidance are found [here](#).
- To protect affordability, Applicants must agree to waive their right to request a Qualified Contract as defined in Section 42(h)(6)(F) of the Internal Revenue Code and repay any loaned funds if the property becomes noncompliant.
- Maximum Household Income: 65% AMI
- Minimum Affordability Period: 20 years
- Commitment Deadline: December 31, 2024
- Expenditure Deadline: December 31, 2026
- Eligible Uses: SLFRF may fill funding gaps for projects that received an allocation of 9% or 4% low-income housing tax credits, for new construction or preservation of affordable rental housing. Additional information can be found [here](#).

Emergency Rental Assistance II (ERA2):

- Federal requirements and guidance are found [here](#).
- Maximum Household Income: 50% AMI
- Minimum Affordability Period: 20 years
- Commitment Deadline: September 30, 2025
- Placed-in-Service Deadline: September 30, 2025
- Disbursement Deadline: January 28, 2026 (120 days after commitment deadline); however, all costs must be incurred by September 30, 2025.
- Eligible Uses: Additional information can be found within Question 46 of the ERA2 FAQ [here](#). Per Treasury Guidance, DCA may utilize ERA2 to fund soft costs.

Home Investment Partnership Program (HOME):

- Federal requirements and guidance are found [here](#).
- Maximum Household Income: Up to 60% AMI

¹ If other funds are used, the additional requirements will be communicated during the underwriting process and within the loan documents.

- Affordability Period: New Construction: 20 years; Rehabilitation: 15 years
- The DCA HOME Compliance Manual is found [here](#).
- National Environmental Policy Act (NEPA) Environmental Reviews must be conducted. Acquisition and commencement of construction cannot occur between the publication of this NOFA and DCA's finalized review of all environmental requirements. The Environmental Review Manual may be found [here](#).
- Uniform Relocation Act (URA) compliance is required. Details about the URA can be found in the Federal Compliance and Relocation Manual [here](#).
- Compliance with labor laws and equal opportunity requirements in the Davis-Bacon Act, the HOME program's Minority- and Women-Owned Business Outreach Plan, and Section 3 of the Housing and Urban Development Act of 1968. Details about these requirements can be found in the Federal Compliance and Relocation Manual [here](#).
- Eligible Uses: Development and support of affordable rental housing. More information can be found [here](#).

National Housing Trust Fund (NHTF):

- Federal requirements and guidance are found [here](#).
- Maximum Household Income: 30% AMI
- Affordability Period: 30 years
- The DCA NHTF Allocation Plan can be found on page 68 of the Action Plan [here](#).
- The DCA NHTF Compliance Monitoring Procedures can be found [here](#).
- DCA requires that developments seeking NHTF have project-based rental assistance (PBRA) contracts for at least 10% more units than the minimum number of NHTF units required by HUD cost allocation (see Application Submission Requirements for more information on cost allocation). Meeting this PBRA requirement does not guarantee NHTF eligibility. Eligibility for NHTF is determined by DCA during the underwriting process.
- Eligible Uses: Preservation, rehabilitation, and/or construction of affordable rental housing. More information can be found [here](#).

Eligibility

Applications for low-interest loan financing can be submitted by applicants awarded 9% or 4% Housing Tax Credits for developments in Georgia which are not yet in service and are experiencing financial instability. Eligible entities must have, for any financial need stated in the Application, sought alternative non-DCA financing prior to NOFA Application submission deadline.

Financial Instability

While not all inclusive, DCA will consider the following when determining *Financial Instability*:

- Construction cost increases
- Unforeseen changes in financial or market conditions
 - Including, but not limited to, material 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.
- For use of SLFRF or ERA2 funding, negative economic impacts arising from the COVID-19 pandemic, including possible concerns related to labor or financial market conditions, or other supply or cost concerns.

Eligible Uses

Eligible uses of the funding sources include:

- The construction, acquisition, or rehabilitation of affordable housing
- Assistance for increased construction hard costs
 - DCA reserves the right to fund soft costs at its discretion and as allowable under applicable federal regulations.
- Each funding source may have additional associated eligible uses. See above for links to applicable federal regulations and allowable uses.

Ineligible Activities/Characteristics

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

- Properties that may adversely impact a multifamily development funded by DCA.
- Usage of funds related to delinquent taxes, fees, other property and tenancy charges, or other property operations expenses.

Participants must be compliant with DCA's development and management requirements and not have received a temporary suspension from receiving federal funds.

Loan Terms and Requirements

Minimum Loan Principal:	\$1,000,000
Maximum Loan Principal:	\$5,000,000
Period of Affordability:²	SLFRF: 20 years ERA2: 20 years HOME: 20 years (New Construction); 15 years (Rehabilitation) NHTF: 30 years
Loan Term:	Greater of: <ul style="list-style-type: none">• Minimum Period of Affordability (including Extended Use Period and any other minimum affordability period associated with new DCA financing)• Length of first mortgage loan term if DCA loan is not first position
Construction Interest Rate:	up to 3% (determined through underwriting)
Permanent Interest Rate	up to 5% (determined through underwriting)
Repayment Structure:	determined through underwriting

With few exceptions, DCA provides construction-to-permanent financing.

² All of the above periods of affordability can be met by existing affordability restrictions arising from the original tax credit award, or met by updating / modification of the LURC and other necessary documents or agreements.

Award Limitations

Subsidy Limitations

Loans awarded under this NOFA must apply loan funding to units as required by applicable funding source(s). Loans awarded under this NOFA will be limited to amounts reflecting the proportional cost of applicable units to the total development cost.

The maximum amount of any loan awarded under this NOFA will also be limited by the maximum per unit subsidy limit under HUD's applicable limits for the HOME program. DCA will utilize the [HOME Cost Allocation Tool](#) (as published by HUD) to determine the maximum allowable loan amount for all funding sources.

- This tool is used to determine the applicant's initial Application for the minimum number of required HOME, NHTF, SLFRF, or ERA2 units in the application.
- Applicants must utilize the proration method. DCA requires that applicants propose 10% more HOME/NHTF units than the minimum number required per the Cost Allocation Tool. Please ensure the proposed unit mix in the application reflects this 10% adjustment.

Application Limitations

Applications are limited to one Application per property and two Applications per Applicant. DCA reserves the right to allow additional applications and/or awards for each Applicant.

DCA may limit the number of awards or provide no awards under this NOFA for participants exhibiting significant capacity concerns or an inability to meet DCA development and compliance requirements. Applicants must be in good standing with DCA's Office of Portfolio Management.

Application Timeline

NOFA Published:	December 1, 2023
NOFA Webinar and Q&A:	December 12, 2023
NOFA Application Deadline:	January 12, 2024 ³
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

Participants should review the projected timeline above when applying under this NOFA. This timeline is subject to change. DCA will maintain regular communication with awardees about the projected timeline. DCA reserves the right to withdraw awards under this NOFA from awardees who exhibit an inability to satisfy underwriting or closing requirements in a timely manner. DCA may impose additional deadlines. Participants should review federal expenditure deadlines for the funding sources listed above.

³ Applications can be submitted and begin underwriting review at any time after this NOFA is published.

Application Submission Requirements

Applications must indicate which funding source(s) listed above are being requested. Applications must also indicate acceptance of the Loan Terms and Requirements stated in this NOFA and all federal regulations and requirements. Requirements for the initial NOFA submission, and submissions following any DCA award, are listed below.

Initial NOFA Submission Requirements

Narrative/Formal Application Memo

Applications must detail the current experience of financial instability and funding need. The narrative/memo should include, but is not limited to, the following:

- Description of changes from initial application, if any
- Current development budget and projected sources of financing
- DCA funding sources requested
- Description of attempts to secure non-DCA funding, including, but not limited to, greater equity contributions, increased conventional debt, or other soft funding
- Projected development timeline (including status, projected closing, construction commencement, construction completion, and stabilization date, if applicable)
- Narrative regarding the priorities and characteristics listed in *Evaluation Process and Prioritization* below
- Applicants seeking ERA2 or SLFRF funds must include a description of the negative economic impacts arising from the COVID-19 pandemic.

Updated DCA Core Application

- Updated (4% or 9%, per original award) with:
 - Updated Part III-Sources of Funds
 - Updated Part IV-A-Uses of Funds
 - The developer fee may not increase.
 - Updated Part V-Utility Allowances (if applicable)
 - Updated Part VI-Revenues & Expenses
 - Updated Part VII-Pro Forma

Documentation Evidencing Priorities

Applications should include documentation necessary to evidence any and all priorities and characteristics listed in *Evaluation Process and Prioritization* below. Applications seeking use of ERA2 or SLFRF funds must also provide documentation of negative economic impacts arising from the COVID-19 pandemic

Submission Instructions

- A complete Application containing the above required documentation should be submitted through Emphasys in accordance with DCA's NOFA application folder structure. Applications for loans will be accepted until the NOFA submission deadline.⁴
- Following submission, Applicants must accept and promptly respond to any DCA request for communications, meetings, documentation, or information requested in conjunction with the Application and DCA's underwriting review.

⁴ Instructions for submitting within Emphasys will be published shortly.

- Awarded Applications will be notified by DCA via email at the time of determinations.

Post-Award Requirements/Submissions

DCA Fees

If DCA awards funds under this NOFA, participants will be required to pay the following:

- *Loan Underwriting Fee* of up to \$15,000 per loan and will be invoiced to the participant
- *Asset Management Fee* of up to \$1,500 per development per year
- *Loan Servicing Fee* of up to 0.5% of principal amount per year
- *DCA Legal Fee* is based on legal costs incurred by DCA for the respective loan and will be included in the initial loan principal amount.
- *DCA-Commissioned Appraisal Fee* is based on appraisal fees incurred by DCA for the respective loan and will be invoiced to the participant.

Underwriting Submissions

If DCA awards funds under this NOFA, participants must submit the following:

- Updated commitments:
 - Loan and equity commitment(s)
 - Rental assistance and/or government financial assistance contract, if applicable
- DCA reserves the right to commission an appraisal for every Application awarded under this NOFA.
- Updated construction bids

Construction Submissions

If DCA awards the Application, awardees must provide a third-party front-end analysis of construction costs.

Prior to closing, if applicable, Applicants will need to submit to DCA's Construction Services Department the DCA 60-day Submission, the DCA Review Submission, and Loan Closing Submission. The 2023 Construction Service Submission forms can be found [here](#).

Federal Compliance Submissions

If DCA's award includes funds that trigger the Uniform Relocation (URA), National Environmental Policy Act (NEPA), Davis-Bacon Act, HOME program's Minority- and Women-Owned Business Outreach Plan, and/or Section 3 of the Housing and Urban Development Act of 1968, the following must be submitted:

- Updated Relocation documentation (if applicable):
 - New or Updated Relocation Plan
 - New or Updated Relocation Budget
 - New or Updated Relocation workbook-HUD only
 - New or Updated Signed Certification
 - General Information Notice (GIN)
 - Applies if the development's sources do not already include federal funds DCA may request additional documentation such as household data forms, rent rolls, and relevant HUD documentation if necessary to complete the relocation reviews.
- Updated Environmental report if a previous submission did not contain the following:
 - HOME HUD Environmental Questionnaire
 - 8 step process supporting documentation (if applicable)

- HOME Site and Neighborhood Standards Certification, and Supporting documentation
 - Note: If the original Environmental Report included all the above items, please only include the original submission.
- MBE/WBE outreach plan guide form

Additional Post-Award Requirements

DCA will require the following for all awarded Applications:

- Participants must accept any DCA request for meetings, participation in closing calls, site visits, or other engagements in association with an Application.
- Developments awarded must have a payment and performance bond.
- The Applicant must execute all documentation necessary to effectuate the loan, including update/modification of any LURA or LURC for any affordability requirements not covered by existing covenants established with the initial tax credit award.
- Applicants must make acceptable assurances to GHFA that it will comply with the requirements of the applicable funding program(s) during the entire period between selection and conclusion of all development activities.
- Applicants must comply with all applicable federal and state and local laws, regulations, and other requirements now or hereafter in effect. The Project Team, as defined in the 2024-2025 QAP, is responsible for ensuring the proposed program, activities, goals, and timetables comply with all federal or state or local laws, regulations and other requirements.
- Areas covered by the applicable laws and regulations include, but are not limited to, Non-Discrimination and Equal Access, Fair Housing and Equal Opportunity, Accessibility, Contracting and Procurement; Environmental, Lead Based Paint, Acquisition and Relocation, Financial Management, Labor Standards and Immigration, Title VI of the Civil Rights Act of 1964, as amended, Age Discrimination Act of 1975, As Amended, Title VIII of Civil Rights Act of 1968, Affirmative marketing in accordance with 24 CFR 92.351, Section 3 of the Housing and Urban Development Act of 1968, Georgia Fair Lending Act, Section 504 of the Rehabilitation Act of 1973, Procurement Standards at 24 CFR 85.36, 24 CFR Part 84, and OMB Circular A-110, HOME Program Conflict of Interest Provisions.

Evaluation Process and Prioritization

Applications will be evaluated on a first-come first-serve basis in conjunction the *Priorities* listed below. Applications will undergo a DCA underwriting review for completeness and feasibility, including feasibility concerns related to funding source applicability and availability, and completeness concerns related to information submitted to evidence the priorities and characteristics stated below, and other requirements stated in this NOFA. DCA will attempt to fund as many feasible and complete Applications as possible, either in full or in partial amount.

Priorities

Applications will be evaluated based on the following priorities and characteristics, which are listed in alphabetical order only:

- Attempts to secure, prior to Application, other or alternate non-DCA sources of funding to address the financial need(s) stated in the Application, including attempts to increase equity

pricing from the original core application, and attempts to increase other existing loan amounts.

- Changes/increases in construction costs from initial application.
- Changes/increases in other costs since initial application.
- Experience developing and operating multifamily properties with layered federal funds
- Greater deferred developer fee (up to 50% of earned fee)
- Greater negative economic impacts arising from the COVID-19 pandemic (for applicants of ERA2 or SLFRF)
- Higher proposed interest rate(s) requested under NOFA
- Higher lien position of any loan awarded under this NOFA
- Readiness to Proceed (e.g. permits approved by local government, complete construction bidding)
- Resident health or safety concern
- Shorter amortization period
- Shorter timeline to Closing
- Year of original tax credit award

DCA's underwriting review includes cost reasonableness assessment(s). After its initial underwriting review, DCA may contact each Applicant to discuss concerns of feasibility and completeness. Applications which cannot address and meet DCA's concerns of feasibility and completeness at that time may not be selected for loan awards under this NOFA. Applicants must accept and promptly respond to any DCA request for communications, meetings, documentation, or information requested in conjunction with the Application and DCA's underwriting review. Applicants will not be able to submit additional materials after initial application unless specifically requested by the Authority.

All Applications must be approved by the DCA Project Loan Committee (Committee) prior to final commitment of funds.

Loan Structure: DCA Discretion

Applications should reflect the intended purpose for the loan and should propose programmatic funding source(s) and loan repayment terms. However, final loan terms and feasibility will be ultimately determined by DCA during underwriting review. Applications may not be selected for funding if they set forth incomplete or infeasible Applications, including feasibility based upon programmatic funding source applicability and availability. The Authority reserves the right to not select any Application, and award any number of loans, including no loans.

Applicants that received an award under DCA's 2022 Cost Increases NOFA are eligible, but the total loan award may be reduced, and interest rate higher, for such Applications.

DCA may require selected applicants to use DCA funds before other funding sources during construction.

DCA is not required to adjust any requirements, deadlines, or conditions associated with a prior award.

Non-Binding NOFA/ Reservation of Rights

The intent of this NOFA is to fund as many Applications identified as complete and feasible based upon, among other things, programmatic funding applicability and availability. However, the expectations, plans, or processes expressed in this NOFA are not to be considered a commitment or contract in any way. The Authority reserves the right to not select any Application, and award any number of loans, including no loans.

In connection with this NOFA, GHFA/DCA reserves the right to:

1. Cancel this solicitation at any time
2. Reject any or all Applications
3. Waive minor deficiencies and informalities
4. Request additional information from individuals or firms prior to final selection
5. Make adjustments to Applications based upon feasibility and funding availability
6. Change the schedule of events or cancel any funding program without any financial obligation for services provided or out-of-pocket expenses incurred, or any other obligation to the underwriters
7. Reject any Application or cancel any commitment of funds if it is determined that the disbursement of funds poses an undue risk to DCA or GHFA.
8. Reject Applications that will likely have a negative impact on existing residents

GHFA Fund Disbursement, Monitoring, and Reporting

If DCA awards funds under this NOFA, DCA will disburse funds four times throughout the construction period. Absent any approved alternative disbursement schedule, GHFA will disburse funds approximately once every additional 25% of the construction contract is complete. With few exceptions, GHFA will disburse funds only for hard costs already incurred and supported by an AIA Pay Application and third-party inspection report.

GHFA will contract with third-party construction and accessibility inspectors for each awarded Application. GHFA will require monthly monitoring and submissions, including a construction inspection report.

Participants must submit requested information related to federal reporting requirements.⁵ Awards that trigger the Minority- and Women-Owned Business Outreach and Section 3 requirements must provide monthly submissions to the DCA Federal Compliance Team.

⁵ DCA must regularly report on SLFRF, ERA2, HOME, and NHTF to Treasury and/or HUD. Once DCA receives guidance on what must be reported to Treasury and/or HUD, DCA will inform awardees on what information must be reported to DCA.

Georgia Open Records Act and Program Accessibility

Georgia Open Records Act

The Georgia Open Records Act (O.C.G.A. §§ 50-18-70 et. seq.) requires that public records be open and available for inspection by any member of the public. As such, any Application submitted in response to this NOFA is subject to the Georgia Open Records Act. By submitting a response to this NOFA, proposing entities acknowledge that this NOFA is subject to the Georgia Open Records Act. Any participant submitting an Application must hold DCA and GHFA harmless for any actions taken resulting from the release of public records associated with this NOFA.

Accessibility

GHFA is committed to providing all persons with equal access to its services, programs, activities, education, and employment regardless of race, color, national origin, religion, sex, familial status, disability, or age. Please contact hfdround@dca.ga.gov if any reasonable accommodation(s) are required.