



CITY OF ATLANTA  
Department of Planning  
& Community  
Development  
Office of Housing

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Multifamily Loan Application Policy  
Guidelines

**City of Atlanta  
Multifamily HOME Loan Program  
Policy Guidelines**



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The City of Atlanta is committed to improving affordable housing and community development opportunities for low and moderate-income households residing within the City of Atlanta. To achieve this, the City of Atlanta will make Multifamily HOME Loans to Applicants who plan to provide quality affordable rental housing.

**MULTIFAMILY LOAN APPLICATION  
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The City of Atlanta (COA) Bureau of Housing Multifamily HOME Loan Program is responsible for the HOME Loan Program portfolio. The HOME Loan Program provides customer service and performs critical loan activities including assisting in the areas of construction and permanent financing, processing new loan setup, payment collections and processing, and default administration.

Associates in the department, contact information, and their area of responsibility are listed below.

<b>NAME/Title</b>	<b>Contact</b>	<b>Email Address</b>	<b>Areas of Responsibility</b>
Loan Program Manager	Theresa Hill	thhill@atlantaga.gov	HOME Program Manager, Schedule loan closing, Confers with closing Attorney, Establish eligibility for housing program, Underwrite loan applications, Review loan application and closing documents, Default Administration, Collection, Restructurings, Workout, Payment, Contract Servicer Administration,
Loan Administration/ MAP	Theresa Hill	thhill@atlantaga.gov	Payment Processing, Prepare loan files, Review default and notices, Document Retention, Loan Setup, Review Insurance. Asset Administration.
Asset Administration/Loan Closing Specialist	Theresa Hill	thhill@atlantaga.gov	Loan file setup, Remittance, Review insurance coverage, IRS reports, Mortgage Confirmations, Escrow Account Analyses

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**The City of Atlanta Multifamily HOME Loan Program will direct its financing resources to those applicants that best address the City's affordable housing needs.**

**SECTION 1 ADMINISTRATION**

The City of Atlanta (City) Department of Planning & Community Development, Bureau of Housing is responsible for the administration of the Multifamily Housing Program (MHP). In that capacity, the Bureau of Housing shall perform the following duties:

- Market the program and receive applications from interested parties
- Analyze application information submitted by interested parties for compliance with the HOME/CDBG guidelines and negotiate the project's proposed package with applicant.
- Develop and implement changes in program design, policies, guidelines, and procedures consistent with the scope and intent of the program.

Fees: All Applicants/Applications chosen for funding may be charged an upfront annual compliance fee.

**SECTION 2 PURPOSE**

The purpose of the MHP is to provide financial assistance to the owners of multiple unit projects involving new construction and/or rehabilitation of housing for low and moderate-income households.

**SECTION 3 PROGRAM GOAL**

The goal of the MHP is to improve the quality of housing units available to low and moderate-income households located within the City of Atlanta through:

- The preservation of existing housing for the purpose of rehabilitation, historic preservation and conversion to more functional units.
- New construction of affordable housing units.
- The creation of permanent housing for special low-income populations: elderly; mentally, psychologically, and physically disabled; and homeless.
- The leveraging of private resources and public programs (various state and federal housing programs) in meeting the City's housing goals.

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**SECTION 4 DEFINITIONS**

Affordable Rents: Maximum allowable fair market rents set by the U.S. Department of Housing and Urban Development (HUD) for units of various size.

Amortized Loan: Refers to a loan of varying term and interest rates, depending upon eligibility of the applicant, which requires monthly payments.

City Council: The Atlanta City Council

Commissioner: The Commissioner of the Department of Planning and Community Development.

Cosmetic or General Improvements: Repairs, improvements or enhancements not required by the City of Atlanta Bureau of Code Compliance, which may include but are limited to carpets, washer/dryer connection; interior painting of bedroom, living room, and dining room; and ceiling fans.

Department: The Department of Housing and Community Development.

Designated Target Area: Those areas designated in the City's Consolidated Plan which have been targeted for housing assistance, and which are eligible to receive assistance under the HOME/CDBG program.

Elderly: A person who is 62 years of age or older.

HUD: United States Department of Housing and Urban Development.

Loan Committee: The committee, which reviews the loan application and makes recommendation for funding.

Low-Moderate Income Family: Family whose gross family income does not exceed 60% the median family income for the Metropolitan Atlanta area, adjusted for family size.

AMI: Refers to Area Median Income for the Atlanta Metropolitan Statistical area as determined by HUD.

**SECTION 5 REQUEST FOR APPLICATION**

The Bureau of Housing has an open application process.

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**SECTION 6 ELIGIBILITY REQUIREMENTS**

Participants:

The MHP is available for developers seeking the City's financial assistance for new construction and/or rehabilitation of multi-unit projects (e.g. 3 or more units) located within the City of Atlanta's designated Community Development Impact Area. Developers may be private for-profit entities; non-profit organizations, neighborhood-based development corporations; or combinations thereof, including limited partnership, partnerships, and corporations.

Projects:

Projects eligibility is determined both by program goals and by the sources of funding for the MHP.

**SECTION 7 COMPLIANCE WITH FEDERAL REGULATIONS**

All applicable new construction and rehabilitation activities undertaken for a project shall be in compliance with and maintain appropriate documentation for the following federal regulations:

Davis Bacon Act

Requires that laborers working on federally assisted projects (8 units or more) be paid not less than once a week at computed wage rates, not less than the prevailing wages for similar work in the same geographic area of the project.

OMB Circular A-84/A-85

Uniform Administrative Requirements, which includes requirements for bonding and insurance, record retention, property management, financial management systems, procurement, and conflict-of interest prohibitions.

OMB Circular A-122

Cost Principles for Nonprofit Organizations, which includes rules for determining reasonable and allowable costs, and procedures for negotiation and approval of indirect cost rates.

OMB Circular A-133

Audits of Nonprofit Organizations, which includes guidelines for audits of non-profit organizations receiving federally, derived assistance of \$100,000 or more.

Title VI of the Civil Rights Act of 1964

Prohibits discrimination on the basis of race, color, or national origin.

Title VIII of the Civil Rights Act of 1968 (Fair Housing Act)



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Provides for fair housing and prohibits discrimination on the basis of race, color, religion, sex, or national origin in the sale, rental or financing of housing.

Equal Opportunity in Housing, Executive Orders 11063 and 12259

Prohibits discrimination in housing or residential property financing on the basis of race, color, religion, sex, or national origin in the sale, leasing, rental or other disposition of residential property and related facilities.

Equal Employment Opportunity, Executive Order 11246

Prohibits discrimination in employment on the basis of race, color, religion, sex or national origin.

Executive Orders 11625, 12432, and 12138

Address the use of minority and women's business enterprises in connection with federally assisted projects.

Housing and Community Development Act of 1987, Section 109

Prohibits discrimination on the basis of race, color, national origin or sex for participation in any activity funded in whole or in part with Community Development funds.

Age Discrimination Act of 1975

Prohibits discrimination based on age in any activity funded in whole or in part with Community Development funds.

Rehabilitation Act of 1973, Section 504

Prohibits discrimination against disabled individuals in any activity funded in whole or part with Community Development funds.

Copeland Anti-Kickback Act

Applies to construction contracts in excess of \$2,000 and prohibits contractors and subcontractors from inducing any person employed in construction or repair activity to give up any part of the compensation to which s/he is otherwise entitled.

Contract Work Hours and Safety Standards Act

Sets the basis and conditions for work hours and overtime pay.

National Historic Preservation Act

Provides for the protection of certain historic-designated sites. Certain rehabilitation standards apply in historic preservation designated areas.

National Environmental Policy Act

Prohibits federal assistance for projects which will adversely affect the environment.

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Lead-Based Paint Poisoning Prevention Act

Prohibits the use of lead-based paint in rehabilitation and requires that existing lead-based paint be removed or adequately encapsulated.

**Section 8      MONITORING AND COMPLIANCE**

The Applicant's compliance responsibilities begin with the award of the HOME funds and will continue through the end of the compliance period, the period of affordability, or the term of the loan, whichever is longer.

Applicants are advised that the COA is required to monitor projects for compliance with the requirements of IRC Section 42, the HOME regulations at 24 CFR Part 92. Although the COA is responsible for monitoring the owner's compliance with these rules, regulations and restrictions, this responsibility does not make the COA liable for an Owner's noncompliance.

For purposes of determining initial or ongoing eligibility and compliance with property maintenance requirements, the COA asserts the right to conduct on-site inspections of any project and/or tenant records on any project receiving HOME funding at any time through the end of the compliance period or the term of the loan, whichever is longer.

The COA will notify the Owner in writing of any possible findings of noncompliance. Each item of noncompliance will have an assigned cure period. The cure periods will typically range from thirty (30) days to a maximum of sixty (60) days.

**Section 9      ENVIRONMENTAL REQUIREMENTS**

The COA Office of Grants Management must conduct an on-site HUD environmental review prior to the development of the project and a copy of the HUD environmental review indicating all issues are cleared must be forwarded to the COA Bureau of Housing prior to approval of the Multifamily HOME loan. **All projects must be cleared by the COA Office of Grants Management prior to project implementation.**

A Phase I Environmental Study prepared in accordance with the environmental review guide must be included in the application. This Phase I Environmental Study should fully address all recommendations of the consulting Environmental Engineer, and all such recommendations, including Phase II environmental studies or any additional testing, must be completed at the time of Application Submission.

The Applicant and the Qualified Environmental Professional on the environmental certification form must certify the environmental study. The environmental study cannot be completed prior to six (6) month before the application submission.

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For new construction Applications the Radon zone must be noted in the environmental study along with the Georgia Radon Map. For Applications that propose the rehabilitation of existing properties, radon testing according to EPA requirements and the results must be included in the environmental study.

**SECTION 10            AWARD PROCESS**

Loan Committee

The loan committee will either approve or reject the proposal based on the feasibility of the loan. All applications will be reviewed for eligibility and underwriting criteria before being submitted to the loan committee for approval. The Committee may reject applications with cause, request additional information, or suggest alternative ideas and financial structuring to the developer. **No proposals will be held for a later funding cycle.** Applicants must reapply to be considered for a future funding cycle. The loan committee recommendations are final. Unsuccessful applicants will be notified in writing of the reasons why their proposal was not accepted.

Contract Agreements/Loan Closing

The Commissioner (or his designee) may authorize the Bureau of Housing to enter into the necessary agreements to carry out the agreed upon financial assistance. The City's outside Counsel shall develop all documents, loan instruments, and program income agreements used in this program.

Site Control

Site control must be in the form of (1) warranty deed that conveys title to the subject property to the current applicant or (2) a legally binding contract to purchase the proposed project site in the name of the applicant. Contracts must be executed prior to Application Submission deadline and must include a legal description of the property and must provide legal control of the site to the proposed applicant.

**SECTION 11            COMMUNITY DEVELOPMENT BLOCK GRANT PROJECTS (CDBG).**

CDBG regulations are quite specific in defining how funds may be used for housing development. Assistance may be given for new construction and rehabilitation of housing under the conditions listed below. Mixed-used developments where at least 50% of the building use is devoted to housing are also eligible under these same conditions.

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Assistance under the program is restricted to the housing portion of mixed-use structures unless assistance for the commercial portion is separately authorized by City Council.

CDBG Beneficiary Criteria

All projects funded with CDBG assistance must meet one of the following beneficiary criteria:

- **Low/Moderate Income Benefit:** Projects must result in ultimate occupancy of completed units by low or moderate-income persons and families. In, rehabilitation projects and new construction, 51% of housing units must be occupied by low and moderate-income households at affordable rents. A household whose income does not exceed the Section 8 lower income limits established by HUD also qualifies.

New Construction Projects:

Assistance for multifamily, new construction projects as defined in 24 CFR Section 570.204(c). At least 51% of the constructed units must be occupied by low and moderate-income households. The ratio of units occupied by low and moderate-income households to the total units in the project must equal or exceed the ratio of actual CDBG assistance to total project costs. **In no case, however, may low or moderate-income households occupy fewer than 51% of units of an assisted project.**

Affordable Rents

Affordability must be met initially and continued for fifteen (15) years, and must be verifiable and reported to the City. The affordable units, 60% in a rehabilitation project, and 51% in new construction rental projects, must be identified (or assigned) by the developer and verified by the City as part of the project loan underwriting process. Records must be maintained as part of the project files, and reported by the developer annually for fifteen (15) years from initial occupancy.

**SECTION 12            HOME FUNDED PROJECTS**

HOME funds can provide a wide range of low-income housing activities through moderate and substantial rehabilitation, new construction, tenant-based rental assistance, and other related activities. All HOME funds must benefit persons (at/or) below 60% of the area median income.

Eligible Activities

In general, HOME funds may be used for 2 types of housing programs: homeownership and rental housing. Under these categories, HOME funds may be used for:

Development Hard Costs:

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Costs to meet applicable new construction or rehabilitation standards. For new construction, the cost of funding an initial operating deficit reserve during the period of project rent up (not to exceed 18 months) is also eligible. For both new construction and rehabilitation, eligible costs include demolition, utility connections, and site improvements.

Acquisition

Cost of acquiring improved and unimproved real property.

Soft Costs

Costs associated with financing and/or development of new construction, rehabilitation, or acquisition. Also includes costs for architectural and engineering fees, project audit costs, funding of an initial operating deficit reserve for new construction or substantial rehabilitation, impact fees, affirmative marketing, as long as they are a part of the project.

Relocation Costs

Costs of relocation payments and other costs for permanent or temporary relocation.

Ineligible Activities

In general, HOME funds may not be used for; public housing modernization; tenant subsidies for special mandated purposes or to prevent displacement in rental rehabilitation programs; nonfederal matching contributions required by any other federal program. Activities under the Low-Income Housing Preservation Acts of 1987 and 1990; payment for the acquisition of property owned by the City of Atlanta; payments to religious organizations (HOME may be used by a secular organization to acquire property from a religious organization); project reserve accounts for replacements and unanticipated increases in operating costs, or operating subsidies for rental housing (except within certain situations in new construction projects); or to provide assistance to a project previously assisted with HOME funds before the period of affordability ends.

Affordability Restrictions

Units must be affordable, pursuant to deed restrictions, for not less than a specified period, determined by the level of HOME subsidy.

- For new construction or acquisition of newly constructed rental housing, the unit must remain affordable for 20 years.
- Rehabilitation or acquisition of existing rental housing, the minimum period of affordability varies depending on the per-unit subsidy amount:

Under \$15,000	-	5 years
\$15,000 - \$40,000	-	10 years
Over - \$40,000	-	15 years

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Matching Requirements

All HOME funds must be matched by at least 12% non-federal resources. Eligible forms of matching contributions include; case contributions from non federal resources; value of state or local taxes, fees, or other charges that are normally imposed but are waived, or deferred; value of land or other real property not acquired with federal funds; investment in on site-and off-site infrastructure; proceeds from taxable or tax-exempt bonds issued by states or localities and repayable from project revenues; the value of site preparation, construction material, and donated/voluntary labor; any public fund directed at housing; City of Atlanta sources other than HOME that meet HOME regulations.

Ineligible forms of matching contribution include: federal sources; full amount of interest rate subsidy attributable to federal tax-emption on financing or the value of federal tax credits; cash or other contributions from applicants or recipients of HOME assistance contracts, or investors who own, are working on, or are proposing to apply for assistance for, a HOME-assisted project; owner equity or investment; sweat equity; contributions that have been or will be counted toward the matching requirement for another federal grant or award.

Property Standards

All HOME assisted units must meet, at a minimum, the Section 8 Housing Quality Standards (HQS). For housing that is newly constructed or substantially rehabilitated, all applicable local codes, rehabilitation standards, ordinances and zoning ordinances must also be met. In addition, there are energy standards for new and substantially rehabilitated units (or \$1000 per assisted unit).

Cost Limitations

The amount of HOME funds invested on a per-unit basis cannot exceed the Section 221 (d) (3) level for elevator-type projects, involving nonprofit mortgagors. The minimum amount of HOME funds that must be invested in a project involving rental housing is \$1,000 times the number of assisted units in the project.

Rental Housing

Rents cannot be greater than the lesser of (1) Section 8 Fair Market Rents or (2) 30% of 65% of the area median income, adjusted for family size.

Rental projects that combine HOME funds with Low-Income Housing Tax Credits (LIHTC) must be structured to ensure compliance with the requirements of both programs. If HOME funds are provided at below the market interest rate, at least forty (40) percent of the units must be reserved for households with incomes at or below fifty (50) percent of the area median income to qualify for the nine (9) percent credit. Otherwise, at least twenty (20) percent of units must serve households at or below fifty (50) percent of area median income (to meet HOME requirements).

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Occupancy

For projects with 3 or more rental units, at least 20% of the units must be occupied by very low-income household families (below 50% of the AMI) whose 1) rents are not more than 30% of the household's monthly adjusted income, or 2) who pay as a contribution toward rent no more than 30% of their monthly adjusted income if the units receives federal or state project-based rental subsidies, with the maximum rent allowable determined by the rent subsidy program limits or 3) rents are not greater than 30% of the gross income of the family whose income equals 50% of the AMI, with the exception of HUD estimated income ceilings.

Low Income

Units are occupied by households that qualify as low-income families.

Voucher and Certificate

Units must be made available to Section 8 voucher and certificate holders.

Increase in Tenant Income

If a low-income tenant's income increases beyond 80% of the AMI, the tenant must pay no less than 30% of the family's adjusted monthly income or the amount payable by the tenant under state or local rent control law. When the Low-Income Tax Credit is used in conjunction with HOME project, the Tax Credit's rent provision overrides the HOME rent requirements.

Adjustment of Qualifying Rent

Even though the fair market rents and area median income may change over time, the City is not required to lower the HOME rent beyond the rent estimate at the time of project commitment.

Homeownership

Housing must meet the following requirements:

- Initial Purchase Price cannot exceed 95% of the median purchase price applicable to that type of housing.
- **Eligible homebuyers**, the units must be available for initial purchase only to homebuyers and is subject to affordability restrictions.
- **Principal Residence**, the unit must be the principal residence of the owner whose family qualifies as a low-income family at the time of purchase.
- **Resale**, the unit remains affordable to subsequent low-income buyers or HOME subsidies must be recaptured. The resale of the unit must be limited to another low-income family during the period of affordability.

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Mixed Income Projects

The affordability requirements may be met by any units in the project as long as the total number of affordable housing units remains the same.

**SECTION 13            NON- CDBG/HOME ASSISTED PROJECTS**

Projects assisted with funds other than CDBG and/or HOME must comply with the regulations of the program providing the funding as well as the Multifamily HOME Program.

**SECTION 14            GRIEVANCE PROCEDURES**

Persons aggrieved by any action or inaction of the Bureau of Housing which occurs in the implementation of these policies and who wish to appeal said action or inaction must do so by submitting said appeal in writing to the Commissioner of the Department of Planning and Community Development within thirty (30) days of the action or inaction deemed aggrieving by said persons. The Commissioner will transmit the appeal to the staff person charged with administrative responsibility for review of said appeals or

grievances. Within fifteen (15) days of his/her receipt of the written grievance, that staff person shall provide the Commissioner a written summary of each grievance received, along with an explanation of administrative action taken or recommended. The Commissioner will communicate his/her decision to the person making the complaint within thirty (30) days of his/her receipt of the administrator's report. If the aggrieved party is not satisfied with the Commissioner's decision, he/she may appeal to the Mayor's Office. An appeal to the Mayor's Office must be filed no later than fifteen (15) days from the date aggrieved party receives the Commissioner's written decision. The Mayor's Office constitutes the highest administrative appeal. This Grievance procedure is not intended to replace or overlap contractor warranties for workmanship.

**SECTION 15            FUNDING AND FUNDS MANAGEMENT**

Funds Available to Program

Funds shall be set forth by separate ordinance and shall be augmented by such other funds as may be specified from time-to-time by the Atlanta City Council.

Funds Management

All funds held in the name of this project shall be administered as determined by the Commissioner of the Department of Planning and Community Development or a designee. Funds on deposit, loan repayment funds, and program income shall be returned



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to the Bureau of Housing program account for recycling into new projects under the MHP unless otherwise directed by City Council.

**SECTION 16            FINANCIAL ASSISTANCE**

The MHP is designed to encourage maximum leverage of private equity and private financing and to minimize the public subsidy cost while addressing program goals within CBDG/HOME eligibility requirements. All projects must result in new or improved and habitable housing units which meet basic City Building Code standards at completion. The total of City assistance plus all other debt with higher lien priority shall not exceed 125% of the estimated appraised market value of the completed project. In addition, City assistance must be demonstrated to be necessary for the project based on:

- Inability of the developer to obtain private financing despite economic feasibility of the project.
- Inability of the developer to obtain private financing rates and terms appropriate for project development.

For purpose of this project, economic feasibility for a for-profit developer means a project generating a 10% return on cash equity for the investor (s) after all expenses and debt services; for a non-profit developer, economic feasibility means a project in which projected returns are sufficient to reimburse actual expenses.

**SECTION 17            LOAN INTEREST RATES AND TERMS REHABILITATION**

Construction Period Only Loans

Loans will accrue interest on amounts disbursed from date of a disbursement with interest capitalized and repayment due at the earlier; construction completion or date of take-out financing, not to exceed an 18 month period. Interest rates will be based on the same criteria as permanent loans.

Combination Construction Period and Permanent Loans

Loans shall bear interest between 4% to 6% compounded annually; shall accrue no interest for the construction period or for one year from initial disbursement, whichever is less; shall have a 10 to 15 year repayment term; and shall require full amortization of principal and interest in equal monthly payments.

Modification of Interest Rates and Terms

Interest rates and terms may be modified from the above according to the following criteria:

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- When the project return to the investor's cash equity exceeds 20%, the City may modify the standard loan terms to increase the interest rate to current prime rate and/or to reduce the loan term.
- When the project return on the investor's cash equity is less than 10%, the City may modify the standard loan terms to decrease the interest rate to as low as 2%, and/or increase the loan term not to exceed 20 years, and/or establish partial or delayed amortization or structure a balloon payment.
- If a rehabilitation project developed as affordable housing for homebuyers does not demonstrate economic feasibility even with most advantageous City financing, assistance may be increased up to \$20,000 per unit.

**SECTION 18                    NON-PROFIT NEW CONSTRUCTION PROJECTS**

All financial assistance for new construction projects made to non-profit neighborhood based development corporations shall be considered on the same basis as rehabilitation loans. For new construction projects, the City may retain a claim on 50% of all program

income generated and earned by the non-profit developer from the project until 100% of the assistance provided is paid to the City or until 15 years from project occupancy, whichever comes first. Such program income must be reported and returned to the City annually in accordance with the above.

**SECTION 19                    CONDITIONS OF ASISTANCE**

- Property is to be secured by mortgage in either first or second position priority.
- Assistance generally will be non-recourse with recovery rights limited to protect property and income therefrom, but collateralized or recourse loans may be required.
- Assignment of rents provision is required on all rental projects.
- There is no penalty for early repayment.
- A written financial commitment letter or evidence of financial assistance from other funding sources must be obtained within 30 day of receiving City's commitment.
- All project funds, both public and private, shall be drawn down in equal proportions.

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**SECTION 20            UNDERWRITING CRITERIA**

Following completion and occupancy of rental properties, in general, a minimum of 65% of the gross income shall be available for debt service after all return on equity and expenses (including a maximum management fee of 6%). A minimum of 10% cash equity investment of project costs is required for all projects.

**SECTION 21            LEGISLATIVE REQUIREMENTS**

Prior to entering into a contract with any applicant the City must adopt legislation authorizing the Department of Planning and Community Development to accept applications for the MHP funds. **This legislation will not obligate the Department of Planning and Community Development to provide any Multifamily HOME/CDBG funds to an applicant.**

Once the applications have been carefully underwritten and projects have been identified, that meet project feasibility and long-term viability; the COA will offer a preliminary loan commitment letter to the applicant identifying any contingencies. The commitment will be subject to the terms and conditions in which the applicant must complete prior to entering into a contract with the COA. **The preliminary loan commitment letter will not obligate the COA to provide any HOME funds to the applicant.**

Once all contingencies in the preliminary loan commitment letter have been satisfied and cleared by the Bureau of Housing a final commitment letter must be executed between the COA and the applicant. The contract between the COA and the applicant must be executed prior to the disbursement of any funds (All funds will be disbursed in a draw form, if they are used as part of the construction phase).

Legislation must be authorized by City Council and approved by the Mayor authorizing the Commissioner of the Department of Planning and Community Development to enter into a loan funding agreement and the necessary documents signed to close the loan with the applicant.

The COA and the applicant should, whenever possible, be in the contract signature process within six month of the date the final commitment letter has been executed by the COA and the applicant.

Expenditures incurred prior to the adopted legislation, contract effective date are not eligible for reimbursement. The contract effective date cannot be prior to the environmental clearance date, pre-construction conference and/or the effective date of the COA agreement with HUD.

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The loan agreement shall not become binding on the COA and the COA shall incur no liability until such time the loan agreement has been executed by the Commissioner of the Department of Housing and Economic Development or his designee.

The COA reserves the right in its sole and absolute discretion to substitute any and all adopted legislation prior to the execution of the loan agreement.

**SECTION 22            TENANT RELOCATION/DISPLACEMENT**

Relocation or displacement must be minimized in all assisted projects. All relocation or displacement costs at HUD and/or City mandated dollar levels must be structured within the project budget and must meet City and federal guidelines, whichever are more stringent. Any relocation benefits paid directly by the City must be included as part of the total amount of City assistance provided and to be repaid to the City.

**SECTION 23            PREDEVELOPMENT ACTIVITIES**

Non-profit developers may apply to the City for funds for certain predevelopment activities (market studies and other miscellaneous costs). For a specific project, such expenses paid by the City must be structured within the overall project budget and will be computed as part of the ultimate amount of financial assistance provided and to be repaid to the City.

**SECTION 24            LIMITATIONS OF ASSISTANCE**

Financial assistance which exceeds the following limits may be recommended by the Loan Committee, but must receive separate City Council approval.

- Assistance in excess of 50% of overall project costs
- Assistance in excess of \$300,000 per project
- Assistance in excess of \$15,000 per unit for rehabilitation housing
- Assistance in excess of \$20,000 per unit for new construction financing

**SECTION 25            NEGOTIATION**

In the event of loan repayment difficulties not due to developer neglect, malfeasance or misfeasance, and upon recommendation of the Loan Committee, the Commissioner of the Department of Planning and Community Development (or his/her designee) shall be authorized to revise loan repayment terms to defer or partially defer payments and/or extend the original loan term up to an additional ten years (not to exceed a total of thirty year term).

**SECTION 26            PROGRAM REGULATIONS**

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Additional administrative regulations to implement this program may be established by the Commissioner of the Department of Planning and Community Development.

Proposed project participants may be ineligible to receive funding if the proposed project participant falls within any one of the following categories:

- Continuing Non-Compliance, Disqualification in the COA programs. Material non-compliance status exists when, in the judgment of the COA, an applicant exhibits a continual pattern of non-compliance or when an applicant demonstrates an inability or an unwillingness to resolve non-compliance matters in a timely manner. Additionally, project participants must start and complete outstanding COA Multifamily HOME loan projects in a timely manner and meet all material obligations under applicable loan documents and/or carryover allocation to remain eligible to compete for future funding. The COA will have the sole and absolute discretion to determine those parties ineligible to receive funding due to non-compliance, default or disqualification status.
- **Federally Debarred & Suspended Entities.** Any person (individual, corporation, partnership, and association), principal (officer, director, owner, partner, key employee, or person who has critical influence) or agent for a project participant that is under debarment, proposed debarment, or suspension by a federal agency and/or state agency is ineligible to participate. **Such applications will be rejected.** Applicant must also include in the application a statement concerning all criminal convictions, indictments, and pending criminal investigations of all general partners, and provide dates and details of each circumstance, unless otherwise prohibited by court order, statute or regulation.

The COA reserves the right to perform a full criminal, employment and credit investigation on all project participants.

**SECTION 27                    GEORGIA OPEN RECORDS ACT**

All applications are subject to disclosure under the Georgia Open Records Act (GORA). Applicants must agree in the application to hold harmless the COA for any and all losses associated with disclosures in accordance with the GORA.

Requests to examine records or request copies of the COA documentation should be made in writing to ensure accuracy and proper processing. The COA will provide a timely acknowledgement of the request, and will estimate the costs. A party may also elect to review the documents at the COA Offices. Under these circumstances, the party should forward to the COA a request to review specific documents and coordinate with the COA a time that is mutually agreeable. GORA allows the COA to charge a fee to

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cover the cost of a document custodian to access and review the requested records, to monitor the review process, and for the cost of copying requested documents.

**SECTION 28**            **DECISION OF FINANCIAL ASSISTANCE**

The City has a right to recall all principal and interest due and payable, or otherwise attach project assets if:

- Affordable rents for the appropriate percentage of units are not maintained for the first five years; or
- There is a change of use in property, prior to repayment of City assistance, without City administrative review and written approval; or
- The owner fails to respond to City and/or HUD request for occupant and rental information during the life of the loan or the affordability period, whichever is greater; or
- The property is not maintained to Housing Quality Standards and in compliance with City codes and ordinances.

**SECTION 29**            **DEFAULT**

A default shall consist of any use of MHP funds for any purpose other than authorized in the MHP contract, or any breach of any covenant, agreement, provision, or warranty which the developer made in the MHP application or the developer made in any agreement entered into between the developer and any participating party related to the project.

**SECTION 30**            **DEVELOPER’S EXPERIENCE**

The proposed project Developer must demonstrate successful development experience of at least 12 months of experience in at least 5 multifamily rental housing projects of similar size to the proposed project.

This Developer’s experience requirement may be met either through the experience of the proposed Developer entity or individual experience of the Developer’s principals.

For purposes of determining experience, a principal shall be defined as an individual who has a direct or indirect minimum ownership interest in the Development entity and who will materially participate in the development of the project through regular, continuous and substantial involvement.

The City of Atlanta reserves the right to determine, in its sole and absolute discretion, whether an application meets the criterion set forth above and whether the proposed Owner and/or Developer have the capacity to successfully complete the proposed development.

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**SECTION 31            SITE CONTROL**

Site control must be in the form of (1) warrant deed that conveys title to the subject property to the current applicant or (2) a legal binding contract to purchase the proposed project site in the name of the applicant. Contracts must be executed prior to application submission deadline and must include a legal description of the property and provide legal control of the site to the proposed applicant.

**SECTION 32            SITE ZONING/OPERATING UTILITIES/SEWER/WATER**

Zoning must be in place on or before the application submission deadline. Zoning of the development site must conform to the site development plan and must be confirmed in writing, by the City of Atlanta Bureau of Buildings, Zoning Division. The letter must be included in the application. The letter must include the zoning and land use classification of the property and be accompanied by a clear explanation of the requirements and all conditions of these zoning and land use classifications.

The applicant must provide documentation that demonstrates that the site layout conforms to any moratoriums, density, setbacks, or other imposed requirements of the City of Atlanta Zoning Division. It is the responsibility of the applicant to ensure that all issues and questions surrounding the zoning and land use classification of the proposed site are clearly defined prior to application submission. **Any unclear or unresolved issues of zoning and land use could result in denial of loan application.**

Required project operating utilities (gas and electric services) as applicable must be available to the proposed development site as of the application submission. To be considered, all easements necessary for the utility providers to extend utilities to the property, and commitments from the utility providers to extend utilities to the property must be secured at the time of application. Evidence of such easements and commitments from the utility provider must be included in the application.

A letter from the appropriate utility company confirming the availability and capacity of operating utilities at the proposed development site must be included in the application. The letter must bear signature from the appropriate utility companies. Operating utilities cannot be contingent on annexation of the property, improvement of infrastructure or funding of the utility provider from an outside source.

Public water and sewer service must be available at the proposed development site as of application submission. All easements necessary for the water and sewer authorities to extend water and sewer services to the property must be secured at the time of application submission. Evidence of the easements and commitments from the City of Atlanta Department of Waste/Water Management must be included in the application. Public





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- Sheltered exterior gathering areas, such as a gazebo located in a central area, or a large covered porch at the community building.
- On-site laundry with washers and dryers.
- The application must include two (2) on-going services designed for the physical or social need of the tenant population.
- Large open playing fields

Elderly Households

15 points

This section is designed to foster development for Elderly Households. In order to qualify for the points, the proposed project must have the following:

- 100% of the units must be reserved for Elderly Households.
- 100% of the units must be accessible and adaptable (as defined by HUD Fair Housing, the Americans with Disabilities Act and Section 504).
- All units must have an installed call system, including a buzzer and light to the exterior.
- All properties must include community spaces or a community building.
- On-site laundry with washers and dryers
- Elevators must be provided for access to units above the ground floor.
- The application must include at least one activity/service designed to meet the physical or social needs of elderly persons, in at least two (2) of the following categories: recreation/social, transportation, health/wellness, education, counseling and security. A total of two different services.

Housing for Older Persons

15 points

This section is designed to foster development of Housing for Older Persons. In order to qualify for the points the proposed project must have the following:

- At least 80% of the units must be occupied by at least one person 55 or older.

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- Up to 20% of the units may be occupied by others, including the landlord’s employees, the surviving spouses or children of residents who were 55 years of age or older when they died, and caregivers.
- Community spaces or a community building.
- On-site laundry with washers and dryers
- The application must include at least three (3) different activities and/or services designed to meet the physical or social needs of the tenants aged 55 and older in at least two of the following categories: recreation/social, transportation, health/wellness, education and counseling, and security. A total of three different services.

Public Housing Authority Development and Rental Subsidy                      15 points

The proposed project is a component of a PHA tenant initiative program (including the PHA’s development program or project), as evidenced by the PHA’s investment in the project’s physical plant and/or contribution of the long-term economic feasibility of the project via operating cost contributions or tenant rent subsidies for a minimum period of five years.

To be eligible for scoring points, the application must include a copy of the executed agreement between the PHA and the ownership entity, or such agreement provides for the assignment to the entity. The executed agreement must set forth the PHA’s equity contribution to the long-term (at least five years) economic feasibility of the project via

operation cost contribution and/or tenant rent subsidies as well as the number and type of rental units the proposed owner will hold and rent to public housing tenants (units exclusively set aside for public housing tenants).

Points for units reserved and rented to public housing tenants:

- 10% of units                      5 points
- 20 % of units                      10 points
- 30% of units                      15 points

Very – Very Low Income and Rent Restriction    7 points

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Applications that propose units with rents set at the 30% rent level and reserved for occupancy by very-very low-income (annual gross incomes of 30% or less of the AMI).

Mixed Income Projects

4 points

Projects designed for low-income and market-rate tenants. Market rate units cannot be rented for less than the subsidized units.

Community Support

10 points

Points will be awarded to applicants who have received support from the NUP. A letter clearly indicating that the community understands the nature of the proposed project by identifying at a minimum, the type of project, the number of anticipated units, and the specific project location. Additionally, the letter must express the NUP support of the proposed project, and must be included in the application.

Government Financial Assistance

25 points

Other local Government funds on-site project development costs or operating costs, by funding the project with HOME, CDGB, and/or Tax Credit funds or other financial resources in the form of loans, grants or a combination thereof.

Funding or assistance provided must be binding and unconditional. A letter from the chief executive officer of the local government certifying the local government's contribution of funds showing the type, amount, and terms and conditions of such funds must be included in the application.

If the applicant is requesting financial assistance from the State of Georgia funding cycle, the application may be conditionally approved subject to the City receiving a "notification of award" letter from the of State. The City's approval will be conditional upon this "notification of award" letter. If the award letter is not received, the application may be ineligible for funds.

Costs associated with the waiver of zoning and/or building code requirements or fees are ineligible for points in this section.

Neighborhood Redevelopment

10 points

Applications that adopt, support or supplement an existing redevelopment plan/community revitalization plan formulated by a community based non-profit organization.

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Ownership Makeup

2 points

Ownership entities comprised of 100% nonprofit organization.

Readiness to proceed

4 points

The applicant must apply for all land disturbance and building permits. The following information must be in the application.

- The original building permit obtained, dated appropriately for all construction to commence within a time frame that allows for completion in accordance with COA requirements; or
- Letter indicating that all documentation has been received and all fees have been paid to allow construction to commence as indicated on the permits. The letter must reference the project name, address and number of units and include a copy of the building permit.

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**RATING AND RANKING SCORES**

The rating and ranking scoring criteria is summarized below. The total maximum total score is 147.

	Total Score Value
1. Application Completeness	10
2. Organization	5
3. Adaptive Reuse and Historic Preservation	5
4. Family Housing	20
5. Elderly Household	15
6. Housing for Older Person	15
7. Public Housing Authority Development	15
8. Very-Very Low Income and Rent Restriction	7
9. Mixed Income Projects	4
10. Community Support	10
11. Government Financial Assistance	25
12. Neighborhood Redevelopment	10
13. Ownership Makeup	2
14. Readiness to Proceed	4

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**CONSTRUCTION LOAN DRAW-DISBURSEMENT PROCESS**

A fully executed AIA G701/702 with the contractor, owners and architect and/or engineer signature should be submitted to the Bureau of Housing Loan Program Manager. Original draw with signatures must be provided for disbursement.

The reimbursement request must include the following items:

- a. Original notarized and signed AIA G702/703 signed by Owner, Contractor and Architect or Engineer.
- b. Copies of Subcontractors AIA G702/703 and/or invoices totaling amount of funds being reimbursed.
- c. Contractor and Subcontractor lien Waivers (Notarized)
- d. Architect of record and/or Engineers' Inspection Reports, Field Notes etc.
- e. Project Progress Schedule
- f. Construction Consultant Inspection Report/Approval
- g. All soil and/or lead-based material test reports
- h. Complete Davis Bacon and Contract compliance information for work performed, inspected and approved by all parties (if applicable)
- i. Written confirmation from all other funding sources including equity partners, showing amounts and date funds were released and/or paid. This information must be received by the COA prior to release of any City funds.

**Required Signatures on fully executed draws include the:**

- a. Owner
  - b. Contractor
  - c. Compliance Manager
  - d. Supervising Architect of record
- The Loan Program Manager will prepare the draw request for approval. Once approved, the Loan Program Manager will send the disbursement request to the Finance Department Grant Accounting for processing.
  - Granting Accounting will then review draw request and funds will then be drawn down from HUD. Once funds have been received from HUD, Grant Accounting will forward the disbursement request to Accounts Payable to have a check prepared. Checks will be picked-up from the Bureau of Housing.

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- The Grant Accounting process could take up to five working days to prepare draw request before sending to Accounts Payable. **THE CITY OF ATLANTA MUST BE IN RECEIPT OF FUNDS FROM HUD BEFORE A CHECK IS PREPARED.**
  
- The Compliance Manager receives notice of initial closing and schedules a pre-construction conference to include the Loan Program Manager, Development Officer, Owner, General Contractor, Supervising Architect and key subcontractors.
  
- The pre-construction conference is held prior to the initial draw request to explain COA processes and procedures, meet all the key players for the project, and address any issues identified by the Owner or the General Contractor. The Compliance Manager also establishes the site inspections with the Owner and General Contractor, provides the date and time of site visits to the Loan Program Manager.

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**PROGRAM INCOME POLICY AND PROCEDURES**

The purpose of this Operating Policy/Procedure is to define and establish the procedures for monitoring the HOME and CDBG projects program income. The requirements of this operating policy and procedure apply to federally funded projects project funded by the City of Atlanta (City) Department of Planning and Community Development, Bureau of Housing.

**Definition**

Program income means gross revenue earned by the City that is directly generated, either in part or in total. Program income includes, but is not limited to: income from fees for services performed; income from multifamily rental housing projects and rehabilitation funded projects; principal and interest earned on loans paid to the City from projects funded from the CBDG and HOME programs.

**Responsibilities of the City of Atlanta**

The Bureau of Housing (BOH) is responsible for the accountability of any program income revenue earned in accordance with appropriate federal regulations. The BOH is responsible for managing, collecting and monitoring program income from internal and external parties.

**Procedures**

The revenue and expenditures to program income will be managed out of the CBGG and HOME fund account center in the general ledger which is controlled by the Finance Department. The account numbers for program income revenue and expenditures accounts will be established by the Grant Accounting Division. All program revenue funds should be deposited into the appropriate account set up by Grant Accounting. The Financial Manager should monitor and provide oversight to ensure that received program income is spent first and expenses are charged from the appropriate fund account.

**Monitor Receipt of Revenue**

The BOH Loan Program Manager should complete a Program Income Transmittal Form and submit the form to the Finance Department (Grant Accounting Division) along with the payment and/or check. The BOH Loan Program Manager prepares quarterly and year-end reports to verify that program income has been received and recorded. Grant Accounting will reconcile all program income revenue received listed on the quarterly and year-end report from the BOH to ensure proper credit of funds. Once the revenue is verified by Grant Accounting as being posted to the general ledger and the HUD IDIS system a copy of the of the verification will be forwarded to the BOH Loan Program Manager. The Loan Program Manager will then forward a summary of the program



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income revenue to the BOH Director, Deputy Director, and Financial Manager and to the Office of Grant Management.

The Loan Program Manager is responsible for verifying any program income reports received from any loan service provider and any delinquent reports. Any discrepancies must be discussed with the appropriate service provider and corrected within 10 business days.

Grant Accounting will process all program income check on the daily report form and forward the daily report along with the checks to the Cashier's Office for deposit into the appropriate City bank accounts. Grant Accounting will receive a receipt from the Cashier's Officer showing that all program income revenue has been deposited.

**Plan for using Program Income**

The appropriate method for using program income will be discussed between the Director of the Bureau of Housing and the Director of the Office of Grants Management. Program income must be utilized in a manner that is appropriate to the CBDG and HOME rules and regulations.