

Georgia Department of Community Affairs (DCA)
Housing Finance Division
Neighborhood Stabilization Program (“NSP”)
Low Income Housing Tax Credit (“NSP LIHTC”)
Term Sheet

Purpose To meet NSP objectives as set out in the (Housing and Economic Recovery Act H.R. 3221) through the allocation of Federal NSP funds in conjunction with the federal low income housing tax credit program. Low income housing tax credit projects that received an allocation of tax credits under the 2008 or 2009 QAP are eligible to apply for NSP funds under this program.

Eligible Activities Construction to permanent financing for the costs of constructing or rehabilitating affordable rental housing. Permanent Supportive Housing projects are not eligible for a NSP Tax Credit allocation.

Eligible Uses Establish financing mechanisms for purchase and redevelopment of foreclosed upon residential properties. §2301(c)(3)(A).

Purchase and rehabilitate residential properties that have been abandoned or foreclosed upon, in order to redevelop and rent such properties. §2301(c)(3)(B).

Demolish Blighted Structures. §2301(c)(3)(D). *(for flexible pool funds, redevelopment of low income housing is required)*

Redevelop demolished or vacant properties. §2301(c)(3)(E).

Eligible Areas Projects can only be located in jurisdictions whose minimum assistance size was determined to be \$100,000.00 for State NSP Direct Allocation Assistance (combined DCA and HUD allocations) as described in Section A and Appendix II of the Substantial Amendment.

Continued Affordability The State will require NSP projects to follow the affordability requirements for the HUD HOME program as set forth in 24 CFR 92.252 for rental housing.

For Rehabilitation:

- Under \$15,000 per unit, 5 year Period of Affordability
- Over \$15,000 but less than \$40,000 per unit, 10 year Period of Affordability
- Over \$40,000 per unit, 15 year Period of Affordability

For New Construction:

- Minimum 20 year Period of Affordability

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Designation of NSP Units	All proposed units in a project funded with NSP must be affordable to tenants at or below 120% Average Median Income (AMI). To be considered tax credit units, all of the proposed units must be affordable to tenants at or below 60% AMI. In addition, 40% of the total residential units must be affordable to tenants at or below 50% AMI.
Federal Compliance	Projects must comply with all federal compliance requirements including but not limited to Davis Bacon, Federal Relocation, and Environmental requirements. The federal compliance requirements for the HOME Partnership Program are adopted as the federal compliance requirements for the NSP Tax Credit program. A copy of the HOME federal compliance Manual can be obtained at: http://www.dca.state.ga.us/housing/HousingDevelopment/programs/OAHplansGuidesManuals.asp .
Funding Terms	Each project will be capped at a maximum \$2.5 million NSP allocation. Minimum Loan amount is \$1 million. Loans will be structured as 0% interest loans with payments from cash flow. The payment terms will be set by DCA by DCA’s underwriting projections with a balloon payment due at maturity.
Housing Rehabilitation/Construction Standards	Projects must meet federal and state accessibility requirements. Newly constructed or rehabilitation of single or multi-family residential structures being funded using NSP assistance must, at project completion, meet all applicable regulations in accordance with Minimum Standard Georgia Building Codes as well as all locally adopted codes and DCA architectural standards for the tax credit program (http://www.dca.state.ga.us/development/constructioncodes/programs/codes2.asp). All requirements of 24 CFR Part 35 as related to lead-based paint shall apply to NSP activities.
Selection Criteria	DCA will give priority emphasis and consideration to applications for projects located in metropolitan areas, metropolitan cities, urban areas, rural areas, low- and moderate-income areas, and other areas with the greatest need, including those— (A) with the greatest percentage of home foreclosures; (B) with the highest percentage of homes financed by subprime mortgage related loan; (C) State or a unit of general local government has identified the project area as one that is likely to face a significant rise in the rate of foreclosures.

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Proposals will be reviewed with a number of criteria in mind, focused on the critical components of the Act and, including, but not limited to, the following categories:

- A proposal that supports GHFA's targeted areas of greatest need and demonstrates that the project will address specific areas of need;
- The respondent identifies a specific property for the obligation of funds;
- The proposal evidences local government support or acknowledgement needed to make the project successful;
- Data is provided that addresses housing foreclosures and the need for neighborhood stabilization.
- The proposal evidences an ability and strategy to meet a need of stabilizing a neighborhood at risk due to foreclosure, abandonment or blight.
- The respondent demonstrates capacity and experience to successfully carry out the project within the Act’s timeframes;
- The respondent demonstrates financial accountability; and
- The respondent demonstrates readiness to meet the obligation and expenditure requirements with regards to the activity identified.

DCA has developed a risk score to assist applicants in targeting the areas of greatest need within their jurisdictions. Applicants may wish to consult that list as well as other NSP information compiled by DCA at: <http://www.dca.ga.gov/communities/CDBG/programs/nsp.asp>.

Applicants must provide a narrative describing how the proposed use of NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, or as identified by the state or a local government entity as likely to face a significant rise in the rate of home foreclosures.

Applicants may submit additional information or documentation as to why the project is located an area of great need.

Applicants may submit additional information or documentation if a unit of general local government has identified the project area as one that is likely to face a significant rise in the rate of foreclosures.

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**Documentation
Required**

For 2009 Tax Credit Round Applicants and 2008 competitive round Tax Credit Allocation Recipients, see the NSP RFP for the Flexible Pool.

The DCA NSP Tax Credit Materials can be accessed on the DCA website at:
<http://www.dca.ga.gov/communities/CDBG/programs/nsp.asp>

Additional Information

Applicants will be required to submit a full tax credit application on or before the 2009 Application date. Applicants will not receive a full commitment until all environmental requirements have been met and HUD has authorized the release of funds. Applicants should review carefully requirements related to HOME environmental reviews as this standard will be applicable to NSP funds.

Preliminary commitments will be subject to the applicant completing a full tax credit application no later than the 2009 Application date. All preliminary commitments will be subject to a tax credit allocation award no later than October 1, 2009. An Application that passes threshold for purposes of the NSP application does not meet that the application will meet threshold for tax credit purposes.