

**PROGRAM DESCRIPTION FOR
GEORGIA DEPARTMENT OF COMMUNITY AFFAIRS
Georgia Downtown Renaissance Fund (GDRF)**

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110-33-1-.01 Purpose

The purpose of the Georgia Downtown Renaissance Fund (GDRF) is to assist “local governments, downtown development authorities, urban redevelopment authorities, special districts, and nonprofit organizations with financing and technical assistance to encourage economic and small business development, historic preservation, private investment, public improvements, leadership development, training, design assistance, and financing in the effort of improving downtown districts”.

Authority O.C.G.A. Sec. 50-8-260 & 50-8-261

110-33-1-.02 Definitions

- (1) “Local Governments”: means a county, municipality or consolidated local government created pursuant to Article IX Section 1, or 2 or 3 of the 2013 State Constitution and or any preceding or subsequent State Constitution, applicable general state statutes, local Act of the General Assembly or such other method as was valid at the time of its creation.
- (2) “Director”: per O.C.G.A. 50-8-271(c), means the Commissioner of Community Affairs shall serve as the Director of the fund.
- (3) “Department” means the Department of Community Affairs
- (4) “Downtown Development Authority” (DDA) means a governmental authority organized pursuant to O.C.G.A. 36-42-1.
- (5) “Urban Redevelopment Authority” (URA) means a governmental authority organized pursuant to O.C.G.A. 36-61-1 et seq. or 36-44-1 et seq.
- (6) “Local Legislation” means a valid local Act of the General Assembly, a local constitutional amendment to the State Constitution of 2013 and or any preceding or subsequent State Constitution, the valid enactment of a local government pursuant to a local Act of the General Assembly, a local constitutional amendment or any applicable general state statutes.

- (7) “Special Districts” means local tax districts approved by the local government and state government through local legislation as required including such special districts as Community Improvement Districts (CID) organized pursuant to Georgia Constitution Article IX Section 7; or Business Improvement Districts (BID) organized pursuant to O.C.G.A. 36-43-1; or a Redevelopment Agency utilizing redevelopment powers pursuant to the Urban Redevelopment Act statute at O.C.G.A. 36-61-1, or Tax Allocation Districts (TAD) at O.C.G.A. 36-44-1 or any other special districts currently in or enabled through state law. For all circumstances involving Loan and Guarantee assistance, prior to receiving assistance, the Special District must in the opinion of the Commissioner, have the financial competencies to undertake and implement the financial transaction . The preceding provision shall not apply to Technical Assistance.
- (8) “Nonprofit Organizations” means Nonprofit Corporations organized pursuant to O.C.G.A. 14-3-101 or another State’s official code and is properly recognized by the United States Internal Revenue Service where an organization’s mission assist the Georgia Downtown Renaissance Fund (GDRF) to achieve its purpose.
- (9) “Technical Assistance” means specialized research, analysis, interpretation, planning, developmental design, underwriting or financial layering assistance, organizational capacity building, training, community engagement, modeling, conceptual study or design, or programmatic support resulting in a solution, a DCA Comprehensive Plan work program or other basis/plan for downtown development projects or programming that create or retain employment, increase the local tax base, improve areas of blight, provide for historic preservation of built resources, encourage entrepreneurship, improve infrastructure, or otherwise attract private investment and jobs.
- (10) “Downtown District” means the general area to be benefitted by GDRF investments where eligible applicants must have an existing downtown or neighborhood commercial area that meets three (3) or more of the following characteristics: (a) a significant number of historic commercial structures fifty (50) years old or older;(b) empty storefronts or documentation of an immediate threat to a downtown's commercial viability; (c) A feasibility/market analysis identifying the businesses/activities which can be supported in the downtown area and a plan for attracting or retaining such businesses/activities; (d) A downtown master plan and/or strategic plan designed to assist private and public investment; or (e) commitment(s) for private/public funding to support downtown development activities from banks, downtown development authorities, local businesses, other eligible applicants for assistance under GDRF. Additionally, if the applicant for funding is a DDA, URA, BID, CID, TAD, or other special district, the term “downtown district” shall generally apply to the areas with historic commercial structures within the boundaries established in the resolution creating such district or area unless such historic provision is waived by the Commissioner.
- (11) “Local Commitment to the Redevelopment of Downtown” shall include any national or state of Georgia designation programs that encourages communities to revitalize downtown and neighborhood business districts by leveraging local assets.

Authority O.C.G.A. Sec. 50-8-260 & 50-8-261

110-33-1-.03 Eligible Applicants

- (1) Pursuant to O.C.G.A. 50-8-261(b), eligible applicants under this program shall be local governments to include counties, municipalities, consolidated local governments, and also downtown development authorities, urban redevelopment authorities and special districts. Where a lending institution is assisting an eligible applicant with a loan to implement a GDRF eligible activity or redevelopment, preservation and small business development within a Downtown District, the Department may provide a loan guarantee to the lending institution pursuant to O.C.G.A. 50-8-261(d)(1). The Department may condition, if applicable, any assistance from GDRF upon the applicant local governments', authorities', and districts' compliance with the state statutory requirements for service delivery O.C.G.A. 36-70-20, comprehensive planning O.C.G.A. 50-8-7.1(b), local government reporting pursuant to O.C.G.A. 36-81-8(b), and, when applicable, local government authority reporting on indebtedness pursuant to O.C.G.A. 36-81-8(B)(2). Nonprofit corporations must generally be properly registered and properly complying with federal and state requirements related to applicable tax codes and have a functional board and staff.
- (2) Pursuant to O.C.G.A. 50-8-261(f), any applicant for GDRF funds must include a resolution of support and cooperation from the municipality where the downtown district to be assisted is located.
- (3) Pre-Applications and applications may be accessed through the Department's web site at:
The Department of Community Affairs

60 Executive Park South, NE
Atlanta, GA 30329
www.dca.ga.gov

Authority O.C.G.A. Sec. 50-8-260 & 50-8-261

110-33-1-.04 Eligible Activities in General

- (1) Pursuant to O.C.G.A. 50-8-260(2), the GDRF Act creates a revolving loan fund at the state level that originates qualified investments in downtown districts. O.C.G.A. 50-8-261(d)(1) provides further that such activities may be: (a) technical assistance, (b) loans, and (c) loan guarantees, or any combination thereof.
- (2) Pursuant to O.C.G.A. 50-8-261(b), the GDRF Act also indicates the purpose of the GDRF is to assist local governments, downtown development authorities, urban redevelopment authorities, special districts and nonprofit organizations. The Department notes each of the aforementioned entities are subject to constitutional and/or independent enabling statutes which describe the eligible activities each entity may undertake.
- (3) Pursuant to O.C.G.A. 50-8-13, the Department may use any attached authority in carrying out its administration of the GDRF including, but not limited to intergovernmental agreements to use the economic development provisions at O.C.G.A. 50-26-1 et seq. and similar provisions at O.C.G.A. 50-34-1.

Authority O.C.G.A. Sec. 50-8-260 & 50-8-261

110-33-1-.05 Eligible Loan Activities

- (1) Eligible loan activities pursuant to O.C.G.A. 50-8-261(b) and 50-8-261(d)(1) include loans, loan guarantees and technical assistance which may be structured as a loan from the Department to the county, municipality, downtown development authority, urban redevelopment authority or special district who uses the funds directly to carry out the approved eligible activity(s); or
- (2) A loan from the Department to a downtown development authority or urban redevelopment authority who implements the approved eligible activity(s) or who in turn provides the financing to a sub-recipient to carry out the project financing that result in small business development, economic development, private investment or other eligible activities pursuant to the statute. Other loan mechanisms may be used at the discretion of DCA, including using secondary market transactions to enhance fund liquidity.
- (3) Loan amounts may generally be up to \$500,000, with the sub-recipient business providing no less than 10% cash equity in the project. However, when documented by a private lender's or private investor's "letter of intent" and where the total final private leverage amount for a project, including a businesses' cash equity contribution and privately supplied debt would be at least 100% of the GDRF loan amount, the Commissioner may adjust the maximum loan amount up to \$750,000.
- (4) (reserved)
- (5) Loans and loan guarantees will be underwritten with the goal of the repayment of loans and loan guarantees to the GDRF so as to establish and maintain the revolving loan fund pursuant to O.C.G.A. 50-8-260(2). Regardless of the mechanism, the ultimate financial responsibility to repay the loan funds or guarantee and meet any contractual obligation to the Department generally rests with the ultimate borrower and not the pass-through entity. However, for projects that involve the direct assistance to a municipality, county, downtown development authority, urban redevelopment authority or special district as the ultimate borrower, the preceding standard will apply to the underwriting. These requirements will generally require the establishment of an intergovernmental contract(s) among the various parties which insures to the satisfaction of the Department that all obligations can be met.
- (6) Although financial responsibility to repay the funds rests with the ultimate borrower as applicable, the intergovernmental contracts referred to in item 110-33-1-.04(4) will specify the responsibilities of all parties, and will generally, in the event of default, limit the Department's recourse against the municipality, county, downtown development authority, urban redevelopment authority or special district unless such entity is an ultimate borrower. Such limitations may include recourse only to project assets, limited guarantees by the municipality, county, downtown development authority or other local development authority, or requirements for legal assistance and other cooperation during foreclosure proceedings.
- (7) Pursuant to the authority granted the Department in O.C.G.A. 50-8-8, the Department reserves the right to require immediate recapture of some or all of the assistance funds or to raise the interest rate on the loan funds or fees on any guarantees upon transfer of project assets to an entity other than the approved recipient or sub-recipient (unless specifically approved by the Department) or upon any event that violates state law, the

public purpose of the loan program, any of the loan conditions, or any intergovernmental contract provision. All recaptured funds must be returned to the Department.

- (8) Municipalities and applicants with a local commitment to the redevelopment of downtown may generally receive up to a 100 basis point reduction in loan interest rates. At the discretion of the Commissioner, the basis point reductions in interest rates for such applicants may be adjusted.

Authority O.C.G.A. Sec. 50-8-260 & 50-8-261

110-33-1-.06 Eligible Loan Guarantees

- (1) A GDRF loan guarantee may be provided from the Department to lenders on behalf of eligible applicants for eligible activities and to small businesses that cannot otherwise obtain all of their financing needs. Any lender must have an established and demonstrated successful lending track record as documented by financial records and/or statements. Any organization meeting the above referenced definition is eligible to participate in the GDRF Loan Guarantee Program. The lending institution and small business must generally have a physical location in Georgia.
- (2) A loan guarantees shall generally be up to 50% of the original principal amount of a lender's loan, or up to \$500,000, whichever is less, with the sub-recipient business providing no less than 10% cash equity in the project. The loan guarantee will generally not cover outstanding or capitalized interest charges. Consistent with O.C.G.A. 50-8-261(g), lenders will provide at a minimum at least a 1.5% loan guarantee fee of the guarantee amount to the Department at the loan closing. In addition, the Department will require at least an on-going annual fee of 1.0% of the outstanding loan balance guaranteed by the Department. This fee will be collected on an annual basis by the Department upon a schedule that shall be described within an approved project's award documents. At the discretion of the Commissioner, the fees and amounts may be adjusted.
- (3) Municipalities and applicants with a local commitment to the redevelopment of downtown may generally receive a 5% bonus on the percentage GDRF loan guarantee for the original principal amount of any participating project loan. At the discretion of the Commissioner, the bonus may be adjusted when needed for a particular project; however, the bonus on a loan guarantee may generally not exceed an additional 20%.

Authority O.C.G.A. Sec. 50-8-260 & 50-8-261

110-33-1-.07 Technical Assistance Delivery

- (1) Technical Assistance will generally be coordinated through the Department's Office of Downtown Development through a competitive application process that will be spelled out in detailed guidelines to be published by the Department on an annual cycle.
- (2) Technical Assistance will be provided in collaborative fashions with organizations representing and providing services to eligible applicants and small businesses. Where possible, the technical assistance will be specialized to meet the needs of the applicant or recipient; however, the Department reserves the right to provide some of the assistance in

a manner that maximizes state resources. Such manner may include studies, presentations, trainings, research projects, or plans that impact multiple applicants at a time. Technical assistance may also be combined with loan and loan guarantee assistance to move project financings for projects to completion

- (3) Technical Assistance awards may come in the form of direct payment of services to vendors providing assistance, in-kind design or other services provided by DCA, training and professional development services, community planning and outreach services, technical assistance related to the financing of community or economic development related projects, and any other delivery mechanism authorized by O.C.G.A. 50-8-1 et seq. Technical assistance awards will generally be limited to \$50,000.
- (4) The Department will ensure that the criteria for application review of technical assistance request require: fair housing and equal opportunity practices; compliance with local planning standards; supporting resolutions from the applicant and the local municipal corporation; and provides services to benefit a Downtown District through such assistance.
- (5) Municipalities and applicants with a local commitment to the redevelopment of downtown may receive bonus points or other incentives for any technical assistance competitions or undertakings along with the interest rate reductions and guarantee fee incentives spelled out in this Rule within sections 5 and 6.

Authority O.C.G.A. Sec. 50-8-260 & 50-8-261

110-33-1-.08 Management of Resources

- (1) For periodic or annual appropriations to GDRF at the maximum level mentioned in the authorizing statute at O.C.G.A. 5-8-261(d)(3), funds will generally be allocated 90% to loans and loan guarantees with the remainder available for technical assistance. At the discretion of the Commissioner, the allocation percentages and amounts may be adjusted.
- (2) Pursuant to O.C.G.A. 5-8-261(g), the department shall be authorized to charge reasonable application or service fees to offset administrative costs incurred in the administration of the fund. As outlined in the authorizing statute, administration of the fund will include the processing of loans, loan guarantees and the provision of technical assistance.
- (3) All of the provisions of the Department's enabling statute at 50-8-1 et seq. may be used on all undertakings of the GDRF.
- (4) The Department may use the provisions of O.C.G.A. 5-8-11 which gives specific guidance for using the application and service fees discussed in section (2) above. The provisions of O.C.G.A. 50-8-13 may also be used which states the Department may induce for administrative purposes the use of attached state authorities when managing resources.
- (5) Pursuant to O.C.G.A. 5-8-261(g). The Department may apply for, receive, administer, and use any grant, other financial assistance, or other funds made available to the Department from any government or other source for furthering the purposes of the fund. Note this section is interpreted by the Department to include its receipt of federal tax credits other than Low Income Housing Tax Credits (LIHTC), although without limiting any GDRF project from receiving a LIHTC allocation where such allocation assist the

GDRF towards its objectives. In addition, private philanthropic financial assistance that meets the GDRF goals may also be sought.

Authority O.C.G.A. Sec. 50-8-260 & 50-8-261

110-33-1-.09 Review of Loan and Loan Guarantee Applications

- (1) All applications received from applicants will be reviewed to determine the merit of the applications and of the proposed uses of funds. In determining whether to approve an applicant's application for a loan or guarantee, each application shall be reviewed using the following criteria in section 2 below and other underwriting criteria the Commissioner may employ in unique instances.
- (2) Each application for a loan or a loan guarantee will be reviewed based upon an analysis of the proposed project's potential enhancement of downtown development opportunities, creditworthiness, overall project feasibility, project impact, and soundness of the proposed strategy. The analysis will include but is not limited to such factors as: impact on the community's tax base; degree of local commitment; consistency with local development plans, goals and objectives; project readiness; project feasibility; reasonableness of cost estimates; elimination of blighting influences; total private capital investment; number of jobs created and/or retained; historic preservation impact and potential state and regional impact. GDRF financing will normally be used to provide the necessary gap financing for a project or the low-cost financing that will enable a project to move forward.
- (3) (reserved)
- (4) The Department expects where applicable, that all projects will substantially meet The Secretary of the Interior's Standards for the Treatment of Historic Properties. The Department may make exceptions to this requirement if meeting the Standards will not allow a project to obtain a market rate of return or if other public benefits and other considerations significantly outweigh the public costs of noncompliance. Evidence of compliance with the Standards may include approval of proposed rehabilitation plans by the State Historic Preservation Office, written comments from the applicable Regional Historic Preservation Planner, a certificate of appropriateness or other documentation from an active, bona fide local historic preservation commission, or other documentation acceptable to the Department.
- (5) In its review of applications, the Department may, at its discretion, consult with other individuals or agencies as appropriate for the purpose of receiving information and/or advice.
- (6) The criteria listed in this rule are designed to assist the Department and Commissioner in making its decision and provide prospective applicants with guidance as to the factors that their applications need to address in order to be competitive. Additional factors may be considered depending on the nature of particular projects, their relative merit compared to competing proposals, and the availability of funding at the time of application. The decisions made by the Department shall be final and conclusive.

Authority O.C.G.A. Sec. 50-8-260 & 50-8-261

110-33-1-.10 Awarding of Loan and Loan Guarantee Funds

- (1) The loan limits, loan guarantees limits and technical assistance limits are spelled out in Sections 110-33-1-.05 and .06 and .07. At its discretion, the Commissioner may decide to provide an amount less than the amount requested in the application. As outlined within these rules, the loan and guarantee limits may also, at the discretion of the Commissioner, be raised to assist projects that exhibit exceptional needs or public benefits.
- (2) Once selected for funding, applicants will be notified by the Department through a Statement of Assistance Award incorporating by reference standard general conditions and any special conditions that the Department deems to be necessary or appropriate and any loan agreement(s) and/or intergovernmental contract(s) that may be used to implement the proposed project. (3) The standard general conditions and special conditions (if any) shall be incorporated into any loan agreement and/or intergovernmental contract that may be executed and used to implement a transaction between the Department and the applicant or the applicant and its implementing Authority, Special District or sub-recipient(s).
- (4) The applicant must obtain the Department's prior approval for any subordinate intergovernmental agreements, loan agreements, leases, or any other instrument that may be used to implement an activity financed in whole or part by funds authorized under this regulation.
- (5) Applicants will have up to thirty (30) business days from the date of the commitment letter to accept the assistance. If the applicant fails to accept the loan, loan guarantee or technical assistance and all attached conditions within the required period, the Department may unilaterally withdraw its commitment. The Commissioner may extend the acceptance period if documentation of the period extension is needed to further a project's cooperative financing.

Authority O.C.G.A. Sec. 50-8-260 & 50-8-261

110-33-1-.11 Statement of Conditions

- (1) In addition to the specific certifications made by the applicant in accepting the commitment letter and in executing the loan, guarantee or technical assistance agreement and/or intergovernmental contract, the recipient further certifies or acknowledges that:
- (2) No applicable state laws, rules, regulations, or applicable local ordinances shall be violated in carrying out the project and expending proceeds.
- (3) The recipient, any development authorities or sub-recipients are authorized under the laws of the state to carry out the project and activities that are the subject of this financing and the proposed expenditure of funds are in accordance with all applicable legal requirements.
- (4) No real or apparent conflict of interest shall be engaged in by any official, employee or agent of the recipient and sub-recipient(s) and any member of their immediate family, their partners and any organization which employs, or is about to employ any of the above. This prohibition prohibits both the solicitation and acceptance of gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements. In addition, none of the persons listed above who exercise or have exercised any functions or responsibilities with respect to the activities supported by the

- GDRF or are in a position to participate in a decision making process or gain inside information may have a financial interest or benefit from the GDRF supported activities, either for themselves or for those with whom they have family or business ties, during their tenure or for one year thereafter. It is the responsibility of the recipient to disclose to the Department any relationship that might create a real or apparent conflict of interest as soon as the recipient becomes aware of it and to request guidance and mitigation procedures from the Department. If a conflict of interest exists, the Department may make an exception to this requirement provided state law has not been violated and provided that the recipient or sub-recipient follows the Department's mitigation procedures. Some conflicts of interest may not be able to be mitigated depending on project status, state law, and the Department's judgment concerning the seriousness of the conflict. Because conflicts can occur at any phase of a project, including the application phase, recipients and sub-recipients are encouraged to discuss possible conflicts with the Department as early as possible in the application process.
- (5) The recipient's accounting records of the GDRF funds shall be maintained in a manner consistent with generally accepted government accounting standards.
 - (6) The recipient's independent financial audit must be conducted in accordance with generally accepted government auditing standards and must include the GDRF funds. A Source and Application of Funds Schedule and a Project Cost Schedule for all GDRF funds must be included in the audit report.
 - (7) GDRF funds shall be disbursed by the Department in accordance with the provisions of the assistance agreement and/or intergovernmental contract. Those provisions may vary depending on each project's particular circumstances. In general, the Department will seek to match disbursements with actual need for funds and to minimize the existence of idle GDRF funds at the local level.
 - (8) The Department may make reviews and audits of the project including on-site reviews as may be necessary or appropriate to implement the program and insure the requirements contained in regulation, the assistance agreement and/or intergovernmental contract are met. In the case of noncompliance and at its sole discretion, the Department shall take such actions as it deems appropriate to prevent a continuance of the deficiency, mitigate any adverse effects or consequences and prevent a recurrence. The Department shall establish specific sanctions and remedies for borrower's and/or contractor's noncompliance on a case-by-case basis.
 - (9) The recipient may be required to submit annual progress reports to the Department in a format prescribed by the Department. Failure to submit timely and acceptable reports may result in a request for immediate repayment of all GDRF funds from the recipient by the Department or in other sanctions. The format and information required in any annual progress reports will be specified in the Department's award documents.
 - (10) Any payments shall be due to the Department in accordance with the terms and provisions of the assistance agreement and/or intergovernmental contract and must be sent to:

GDRF Program Manager
Georgia Department of Community Affairs
60 Executive Park South, NE
Atlanta, Georgia 30329-2231
Authority O.C.G.A. Sec. 50-8-8

Authority O.C.G.A. Sec. 50-8-260 & 50-8-261