Rural Workforce Housing Initiative Construction Loan Program Manual and Application Guide

Office of Community Housing Development
Georgia Housing Finance Authority
Georgia Department of Community Affairs

Contents

Rural Workforce Housing Initiative Construction Loan Program Manual

Overview

The Georgia General Assembly approved $35.7 million to start the Rural Workforce Housing initiative in the Amended Fiscal Year 2023 Appropriations bill signed into law in March 2023.

OneGeorgia Authority launched the Rural Workforce Housing Initiative (RWHI) on May 5, 2023, to develop housing to meet the demand of the growing workforce in rural areas.

With these funds, OneGeorgia Authority created two funds. OneGeorgia Authority will provide $25.7 million in infrastructure grants to local authorities. OneGeorgia Authority granted $10 million to the Georgia Housing Finance Authority (GHFA), administered by the Georgia Department of Community Affairs (DCA), to provide housing construction loans.

This manual explains how to apply for housing construction loan funds. For information about the Infrastructure Grants, visit the OneGeorgia Authority website at: DCA Rural Workforce Housing Initiative Housing Construction Loan Program

The purpose of the Rural Workforce Housing Initiative Construction loan program is to provide financial assistance, in the form of 0-3% interest construction loans to build for-sale housing in rural areas.

Rural Workforce Housing Initiative funds will be awarded on a rolling basis, as long as funds remain available, to projects that demonstrate an ability to address:

- Ongoing workforce housing needs, as identified by a recent local housing study;
- Difficulty satisfying workforce needs, such as recruitment and retention, in communities or regions with low unemployment; and/or
- A community or regional commitment to expand and improve existing housing stock.

Rural Workforce Housing Development Construction loans will be awarded to developers/contractors directly to develop housing.

Development plans must meet local community housing needs, create quality, for-sale homes to be sold at a price that is affordable to owner-occupied households.

A copy of the Notice of Funding Availability, the Application package, and other related materials are at the Georgia Department of Community Affairs website at: DCA - Rural Workforce Housing Initiative Notice of Funding Availability July 19, 2024.

Funds Available

The Georgia Department of Community Affairs anticipates awarding up to 10 loans for a total of $10 million in Rural Workforce Housing Initiative funds. Additional funds will be available as loan proceeds are received.

Applicants may apply for up to $1,000,000 to pay for up to 40% of the development costs. Construction loans will be provided to applicants at 0-3% interest with no loan fees. The remaining 60% of the financing must be from other sources. Eligible loan expenses include hard and soft construction costs to build for-sale single-family homes and up to 20% for the developer fee. DCA's construction loan cannot be used for land acquisition.

Applications for less than $250,000 will not be accepted; however, DCA reserves the ability to waive minimum and maximum funding limits at its discretion and to fund, in whole or in part, any, all, or none of the applications submitted.

Loan Financing Example:

Fund Source	Amount	Percent
DCA Loan	$1,000,000	40%
Primary Lender Loan	$1,250,000	50%
Builder Cash Equity	$250,000	10%
Total	$2,500,000	100%

Eligible Applicants

All experienced for-profit and non-profit developers and contractors are eligible to apply for the RWHI loan program. Private developers, including not-for-profits and community housing development organizations, are eligible to apply.

Ineligible Applicants

- Any person or entity on the federal debarred list, or an organization representing such person or entity on that list.
- Any person or entity (or affiliate thereof) that received notice that they are currently out of program compliance for State of Georgia programs.
- Any person or entity (or affiliate thereof) who is in default on any DCA program loan.

Eligible Activities and Costs

Eligible activities include:

- Construction of single-family homes with a sale price of no more than $290,000 and no less than $125,000
- Because these funds are intended to develop workforce housing in rural areas, projects in Cobb, Clayton, Dekalb, Douglas, Fayette, Fulton, Gwinnett, and Rockdale counties are not eligible to apply. (* Projects in all other counties are eligible to apply)
- Construction financing: Funds may be used for the hard or soft costs of the development of the homes

- Developer's fee: The Developer Fee will be limited to 20% of the total development cost less any demolition or land acquisition costs.

Ineligible Activities and Costs:

The following activities or Application characteristics will be ineligible for funding:
Applications that exhibit any of the following characteristics as described:

- Potential or existing environmental hazards on site or adjacent sites
- Relocation or displacement of residents, businesses, or nonprofits on the existing property
- Political activities, advocacy, or lobbying
- The intentional sale for any purpose other than owner-occupied housing, or the sale of more than a single parcel to any one entity is not permitted.
- Land acquisition
- Development of rental housing
- Site development unrelated to the single-family homes

Application Procedures

Applications will be accepted on a rolling basis as long as funds remain available. Applications must be submitted through the Emphasys portal.

How to Apply

To apply for the construction loan funds, please click on the link below

- Georgia DCA - Housing Finance & Development (emphasys-hft.com)
- See pages 8 - 13 – For a step-by-step guide to filling out the application.
- See pages 14 – 17 – For a step-by-step guide for Emphasys to submit the application.

Loan Closing Fee

DCA will charge a loan closing fee of up to 2.5%. For example, if the maximum loan amount is $1 million, then the applicant is responsible for a $25,000 loan closing fee.

Loan Award

Loans will be awarded to applicants that demonstrate the following:

- Adequate experience developing similar developments
- Project cost reasonableness
- Adequate financial resources
- Project locations meet the State's effort to build homes near rural job centers lacking housing.
- Project meets local priorities, local zoning and ordinances, and state environmental requirements.

- Ability to construct homes, sell the homes, and repay the construction loan within 24 months of the loan agreement execution date.

Loan Review

DCA staff will review each housing development's plan to ensure that it meets DCA's cost reasonableness, appropriateness to the RWHD program goals, and conforms with program requirements. The DCA review process is expected to take no longer than thirty business days.

Project Completion and Loan Repayment Requirements

RWHI funds must be expended within the timeframe specified in the loan award documentation, which is generally two years from the date of the award. For purposes of the loan, "completion" is defined as 1) all activities for which funds were received are complete, 2) all awarded funding has been expended, and 3) all award close-out procedures have been finalized.

Loan Repayment terms will be established between the applicant and DCA and paid back to DCA upon the sale of the homes after all phases of construction are completed.

Contact Information

For additional information, please contact Jimish Patel, GHFA Grants and Programs Manager, Georgia Department of Community Affairs, at jimish.patel@dca.ga.gov.

Rural Workforce Housing Initiative Construction Loan Application Instructions

Section 1: Applicant and Project Team Contact Information

Complete the applicant's and the housing development team's contact information and be sure to attach the requested attachments.

Housing Development Team Experience

Attachments for this section include:

- Developer's Executive Director or Presidents resume
  - Attach a summary of the last five for-sale housing developments completed by this development. Include in your summary:
    - Photos of the completed homes, including interior photos if available.
    - Cost to construct each home includes land acquisition, development costs, and hard and soft construction costs.
    - Construction timeline from acquisition to completion
    - Sale prices
- General Contractor's Resume
  - Details all past, current, and future projects
- Summary of last five for-sale housing developments completed by this development
- Summary of applicant or the development team's experience receiving loans or grants from the State of Georgia, if applicable.
  - Name of the loan/grant program
  - State of Georgia department
  - Dates funds received and completed
  - Narrative of project description and outcomes

Section 2: Housing Development Project Information

This section asks for information about the project location, project information, parcel information, site plan, design plan, visitability, energy efficiency/sustainable construction, readiness to proceed, environmental review, and the homes sale plan.

Project Information

Applicants must describe the development and how many homes they will build. Applicants will also be required to attach a construction schedule. Please click on the link to visit the template: Construction Schedule Template | Georgia Department of Community Affairs (ga.gov)

Project Location

Applicants must input the project's location.

Parcel Information

Applicant must provide proof of control of the proposed property site.

Site Plans

Attach Site Schematics: Site plan, floor plans and elevations if available, and a narrative including:

- Address
- Site Control: Deed, Agreement of Sale, Option Agreement, or Letter of Commitment from Public Agency, as applicable
- Site photos
- Number of homes to be built
- Project timeline includes acquisition, financing, design, construction start/end dates, marketing and sales and repayment for all phases of the development.
- Statement that the development plans meet all local building codes, zoning, and ordinances

House Design Plan

Attach the house plans.

Home construction standards:

The purpose of this program is to build affordable starter homes with a sale price that cannot exceed $290,000.

DCA does not require homes to be detached single-family homes and will not require specific design styles. However, at a minimum, all units must meet all applicable local codes and zoning ordinances at the time of development completion.

Any units utilizing gas appliances must provide carbon monoxide detectors in addition to standard smoke detectors.

Developments are encouraged to include energy efficiency and green building standards wherever feasible.

Developments are encouraged to incorporate xeriscaping, native tree planting, permeable surfaces, and other environmental conservation measures wherever feasible.

Visitability:

If the homes meet the visitability standards, explain how the plan incorporates these design elements.

Developments are encouraged to meet the "visitability" standards. Visitability is defined as design concepts that allow persons with mobility impairments to enter and stay, but not necessarily live, in a residence. There are three specific design elements that must be incorporated to satisfy the visitability mandate:

- Each home must contain at least one zero-step entrance on an accessible route. This can be any entrance to the unit.

- All main floor interior doors (including bathroom doors and walk-in closets) in each unit must provide at least at least 31 ¾ inches of clear opening width and
- Each unit must contain at least one half or full bathroom on the main level that is accessible

Energy Efficiency and Sustainable Construction:

If the homes and overall development incorporate energy efficiency and sustainable construction materials and practices beyond what is required by Georgia code, explain how.

Readiness to Proceed

What is the current zoning for the property?

Are there any zoning changes, use permits or variances required? Please describe.

Explain the rezoning plan and expected timeline.

Environmental Review

If a Phase 1 Environmental Site Assessment has been completed for this site within the last twelve months, attach the Summary, Findings & Conclusion sections of the Phase 1 ESA

Home Sales Plan

Explain how the homes will be marketed to homebuyers and include how the applicant will prevent homes from being sold to investors or be used as rental property.

If the applicant plans to engage a pre-purchase housing counseling agency or refer potential buyers to down payment assistance programs and low-interest mortgage products, explain the plan to carry out these activities.

Homebuyer Attestation

The purpose of this program is to sell to homeowners to use this home as their primary residence. This attestation form is to ensure that the homeowner is the primary owner of the home. The attestation form must be signed by the owner-occupied homebuyer at the time of closing. Please see the link for the Homebuyer Attestation Form: [Homebuyer Attestation | Georgia Department of Community Affairs (ga.gov)](ga.gov)

Section 3: Community Information

Local Housing Assessment

If applicable, attach the local government's housing assessment, plan, or study.

The following are examples of acceptable plans to include in the application:

- The local community's housing element in the Comprehensive Plan
- The local community's housing plan created through participation in the Georgia Initiative for Community Housing (GICH)

The housing assessment should, but is not required to meet the following elements:

- Local government adoption of the plan

- Public input and engagement during the planning stages
- The plan or amendments to the plan are less than five years
- The proposed site location is targeted in the plan
- The plan includes the goal of developing housing to meet workforce housing needs
- Evidence of the need for housing construction to meet workforce needs such as:
    - Ongoing workforce housing needs;
    - Difficulty satisfying workforce needs, such as recruitment and retention, in communities or regions with low unemployment; and/or
    - A community or regional commitment to expand and improve existing housing stock.

A guide for creating a housing assessment can be found at:
https://www.fcs.uga.edu/docs/HDRC_HousingAssessmentGuide.pdf

Market Analysis:
Attach a market analysis covering as many of the following factors as possible:

Market Area Definition:
- A brief definition of the Primary Market Area (PMA) including boundaries of the market area and their approximate distance from the subject property.

Site Description and Evaluation:
- A brief description of the physical features of the site and adjacent parcels.
- A brief overview of the neighborhood land composition (residential, commercial, industrial, agricultural).
- A discussion of site access and visibility.
- Any significant positive or negative aspects of the subject site.
- A summary of the site's proximity to neighborhood services including shopping, medical care, employment concentrations, public transportation, etc.
- A brief discussion of public safety, including comments on local perceptions, maps, or statistics of crime in the area.

Community Demographic Data:
- Current and projected household and population counts for the PMA.
- Median area household income

Economic Data:
- Trends in employment
- Employment by sector
- Unemployment trends
- A brief discussion of any recent or planned major employment contractions or expansions.

Housing Market Data and Demand Analysis:
- Trends in home sale prices
- Median sale prices
- Average number of days on the market

- Average difference between list price and sales price
- Home listing inventory
- Number of new home construction permits issued

Comparable Market Analysis or Appraisal:

- Attach a Comparable Market Analysis (CMA) or appraisal for the proposed site if available

Section 4: Financing

- Attach the RWHI budget worksheet
  - RWHI Construction Budget Workbook | Georgia Department of Community Affairs (ga.gov)
- Attach Audited financial statements for the last three years
- Attach Federal income tax returns for the last three years
- Attach a list of funding sources, contact information, and status. Include copies of existing funding commitments.
- Attach a letter from the bank stating applicant that 60% of the funding secured.
- Attach the Vendor Authorization Agreement.
  - Vendor Authorization Agreement | Georgia Department of Community Affairs (ga.gov)
- Attach the W-9 Form
  - W-9 Form | Georgia Department of Community Affairs (ga.gov)

Please see the Application Attachment Checklist on the next page.

Application Attachment Checklist

Section 1: Applicant and Project Team Contact Information

- Attach AIA Contract Form for Contractor and Architect
- Attach the Developer's Executive Director or President resume.
- Attach the General Contractor's Resume
- Attach a summary of all for-sale housing developments completed by this development team from the last 5 years.
- Attach a summary of the applicants or the development team's experience receiving loans or grants from the State of Georgia, if applicable.
- Attach three organizational references, including the names, organization, phone numbers, and email addresses.

Section 2: Housing Development Project Information

- Proof of control of the proposed property site
- Attach the site plan
- Attach house plan
- Attach zoning documents
- Attach construction schedule template

Section 3: Community Information

- Attach local government housing assessment
- Attach the market analysis
- Attach letters from the local government supporting the development.

Section 4: Financing

- Attach the RWHI Budget Spreadsheet
- Attach audited financial statements from the last three years
- Attach federal income tax returns from the last three years
- Attach a copy of the existing funding commitment letter
- Attach proof of additional funding sources
- Attach the Vendor Authorization Agreement
- Attach the W-9 Form.

The attachments listed above are REQUIRED before submitting the application. If all the attachments are not attached to the application, DCA will NOT be able to view the final application.

Rural Workforce Housing Initiative Construction Loan Application Guide
Emphasys Application Navigation Instructions

1. Follow the link (Georgia DCA - Housing Finance & Development (emphasys-hft.com)) to register for the Emphasys Developer account and access the Application Collector Portal, where you will complete and submit the application. Upon first visit to the Application Collector Portal, click "Register" to create an account.

2. Click "Fill Out an Application" on the upper left————— side of the screen.

**Georgia DCA - Housing Finance & Development**   Applications

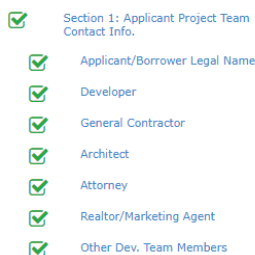**Applications**

Fill Out an Application

3. Select the "Rural Workforce Housing Initiative Application V2" and enter the name of the applicant filling it out. **Do not** check the box next to "Test Application." Click "Fill Out Application"
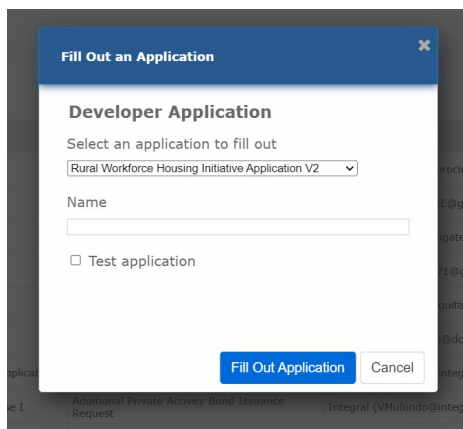
4. To proceed forward with the application, you must click the "Save and Next" button. If you want to skip a question, Click the "Save and Next" button.
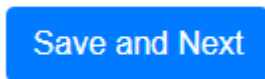
5. All boxes on the left side panel must be checked with a green check mark. If all boxes are not checked, the application is not complete, and you will get an error message at the submission.


6. Once you get to the checklist portion of the application, you must select and upload each requirement. If all boxes are not checked, the application is not complete, and the system will not let you submit the application.

15

This checklist is provided for your reference for all the items requested in the Applicant Project Team Contact Information section. Please check the ones you have submitted.

* ☐ General Contractor's AIA form
☐ Architect's AIA form
☐ Developer's Executive Director/President's resume
☐ Summary of all for-sale housing developments completed from the last 5 years.
☐ Summary of the applicant and/or the developer's experience receiving loans or grants from the State of Georgia
☐ Contractor License

7. Once you get to the end of the application, there might be an error message like the picture below. This is to show you what sections you have not completed. This gives you an opportunity to review and add information as requested.
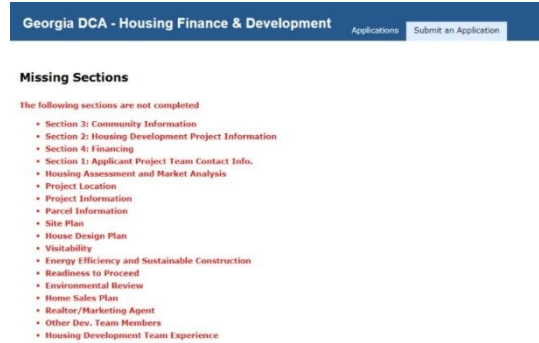
8. Once you have submitted the required documents and reviewed the checklist, you are now able to submit the application.
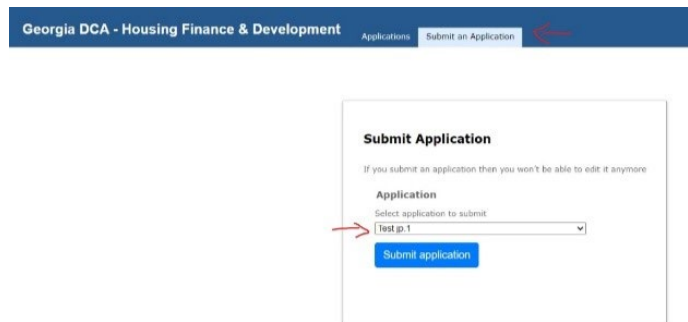
Rural Workforce Housing Initiative Flow Chart

To view the flowchart please the link: RWHI Process Flow | Georgia Department of Community Affairs (ga.gov)