



FULTON COUNTY/CITY OF ATLANTA

**LAND BANK AUTHORITY**

# Request For Proposal Neighborhood Stabilization Program 1 & 3



# LAND BANK AUTHORITY OVERVIEW

- Established in October 1991 as non-profit corporation pursuant to act of General Assembly.
- Inter-local Cooperation Agreement executed in January 1994 between City of Atlanta and Fulton County.
- Operations are primarily supported by joint financial assistance of City of Atlanta and Fulton County.



# LAND BANK AUTHORITY OVERVIEW

## ○ Mission:

- Return non-revenue and non-tax producing property to productive status
- Acquire title to tax delinquent property and manage, maintain, protect, rent, lease, repair, insure, alter, sell, trade, exchange or otherwise dispose
- Extinguish past due tax liens from property foreclosed upon by Fulton County and the City of Atlanta





# NSP 1 PROGRAM OVERVIEW

Under NSP 1, the City of Atlanta (City) was allocated \$12,316,082 from HUD and \$3,988,317 from the Georgia Department of Community Affairs (DCA). The City appointed the LBA to administer approximately \$3,192,000 of the NSP 1 funds on behalf of the City. The LBA acquired single-family and multi-family properties to be land banked and rehabilitated with these funds.



# NSP 3 PROGRAM OVERVIEW

Under NSP 3, the City received \$4,906,758 from HUD. The City has designated LBA as its agent to administer \$4,416,082 these funds in accordance with the City's NSP 3 plan and all applicable NSP rules and regulations.



# REQUEST FOR PROPOSALS

## PROGRAM OVERVIEW

- The LBA is requesting proposals from qualified and capable developers to acquire, rehabilitate, redevelop and resell or rent the NSP properties identified in this RFP in the most effective and efficient ways possible. Certain properties will include rehabilitation funding as part of the overall deal structure. See “TYPE OF FUNDING REQUESTED / AVAILABLE FUNDING” for additional information on this point.
- The LBA encourages each applicant to develop a project in the context of a comprehensive plan for the community’s vision of how it can make its neighborhood not only more stable, but also more sustainable and competitive. This RFP process is competitive; therefore successful proposals will thoroughly and concisely address and document the following topics, more specifically identified in the application:
  - Experience of the applicant for the type of work proposed;
  - Capacity of the applicant to implement a housing redevelopment activity the funds;
  - Readiness to proceed;
  - Ability to complete the project within the specified time frame;
  - Ability to leverage additional resources; and
  - The comprehensive scope of the proposed redevelopment.



# TYPE OF FUNDING REQUESTED / AVAILABLE FUNDING FOR MULT-FAMILY PROPERTIES

The City has allocated \$2,250,000 in funds available in the form of loans for the redevelopment (i.e. rehab) of the multi-family properties, excluding the “Lamar/Wadley” properties. \$340,000 is available for redevelopment of the Lamar/Wadley properties (See Table).

Terms are as follows:

- NSP Acquisition Loan

All properties identified in the RFP have an existing 0% interest rate NSP Acquisition Loan that will be assumed by the selected developer. The NSP Acquisition Loan can subordinate in accordance with the NSP Subordination Policy or on a case by case basis.

- NSP Construction Loan

NSP funds for redevelopment will be provided for a 12 month term at 0% interest rate with no payment due until the earliest of the sale, loan conversion or maturity date. The NSP Construction Loan can be subordinated in accordance with the NSP Subordination Policy or on a case by case basis.



# TABLE 1. MULTI-FAMILY FUNDS ALLOTMENT

	NSP1		NSP3	
<b>Funds Available</b>	<b>\$339,191.18</b>	<b>\$0.00</b>	<b>\$850,000.00</b>	<b>\$1,400,000.00</b>
<b>Funding Type</b> →	<b>B/C</b>	<b>E</b>	<b>B</b>	<b>E</b>
<b>Address</b> →				
876 Washington St ↓	X		X	
954 Washington St	X		X	
2000 Chicago Ave	X		X	
117 Lamar Ave	X			
124 Wadley St	X			
134 Wadley St	X			
135 Lamar Ave	X			
138 Lamar Ave	X			
339 Holly St		X		X
340 Holly St	X		X	



# TYPE OF FUNDING REQUESTED / AVAILABLE FUNDING FOR SINGLE FAMILY PROPERTIES

**Funding for single family rehabilitation is available on a case-by-case basis.** Developers are expected to secure other sources of financing or equity to complete the rehabilitation of these homes. The existing NSP Acquisition Loans will be assumed by the developers at initial conveyance and will either be extinguished and released upon sale to a homeowner or remain in place and amortized during the rental period. Upon the sale of the home to the homebuyer, the developer will be reimbursed for its rehabilitation costs, paid its developer's fee and remaining funds will be return to the City to recover the cost of the initial purchase of the property.

## NSP Acquisition Loan

All properties identified in the RFP have an existing 0% interest rate NSP Acquisition Loan that will be assumed by the selected developer. The NSP Acquisition Loan can subordinate in accordance with the NSP Subordination Policy or on a case by case basis.



# ELIGIBLE APPLICANTS

- Local Authorities;
- Not-for-profit entities with a current 501(c)(3) status from the Internal Revenue Service,
- For-profit entities, and
- Joint Venture Arrangements

Applicants are encouraged to partner with for-profit entities that possess expertise and experience in successful community and economic development, project development and/or housing finance and development. When funding is awarded to developers, the LBA must enter into a written, contractual agreement with the awardee before receipt of funding and before activities can begin. The agreement spells out the purpose, scope of work to be undertaken, the budget, timetable, outcomes to be accomplished, reporting requirements and terms of the NSP funds.



# SUBMISSION REQUIREMENTS

- Your Application Should Consist of the Following Items:
- Cover Letter. Please submit a cover letter signed by the chairperson or president of the Board of Directors, stating the amount of the funds being requested, number and type of properties and indicating that the Board has authorized the submission of the application.
- Application Forms. Complete the application forms included with this package. Please send all questions in writing to:
- Drew Marlar [drew.marlar@kutakrock.com](mailto:drew.marlar@kutakrock.com);  
Cory Thompson [cory.thompson@kutakrock.com](mailto:cory.thompson@kutakrock.com); and  
Roan Yarn [ryarn@fccalandbank.org](mailto:ryarn@fccalandbank.org)
- Please identify NSP RFP Question in the subject line. Questions will not be accepted via telephone or personal meeting.
- Attachments. Please submit all applicable attachments in accordance with the application questions.



# SUBMISSION INSTRUCTIONS

- Please submit one (1) original and five (5) copies of the application and all attachments. An original copy of all information must be provided in a 3-ring binder. The agency's information should be organized, with a table of content serving as the first page based on the order of the application. The required supplemental information must be tabbed and identified in the application table of contents. Please retain a copy of the information requested for your records.
- Responses must be received by **5:00 PM EST on Friday, August 26, 2011**. Responses received after 5:00 PM EST, regardless of post mark will not be accepted. Applications should be delivered to:
- Kutak Rock LLP  
Peachtree Center South Tower  
225 Peachtree Street, NE  
Suite 2100  
Atlanta, GA 30303  
Attention: Drew Marlar



# OTHER REQUIREMENTS

## TABLE 2.

### TIMELINE

Question/Answer Period	Monday July 25, 2011 thru Tuesday August 9, 2011at 5pm
LBA to provide written responses to questions	Monday August 16, 2011
Due Diligence Materials Available Online Contact : Roan Yarn Community Coordinator <a href="mailto:ryarn@fccalandbank.org">ryarn@fccalandbank.org</a>	Monday July 25, 2011 thru 5:00 PM EST on Friday August 26, 2011
Pre-Bid Conference: (Not Mandatory) 1 <sup>st</sup> Floor Conference Room,	10:00AM EST on Wednesday August 3, 2011
Responses Due	5:00 PM EST on Friday August 26, 2011
Review Period	Friday August 26, 2011 thru Friday September 9, 2011
Awards Announced	Monday September 12, 2011



# OTHER SUBMISSION REQUIREMENTS

ALL APPLICATION SECTIONS MUST BE FULLY COMPLETED - NO EXCEPTIONS

- SECTION 1- APPLICATION SUMMARY FORM
- SECTION 2- ORGANIZATION INFORMATION AND CAPACITY
- SECTION 3- PROJECT INFORMATION
- SECTION 4 - REQUIRED ATTACHMENTS



# REVIEW PROCESS

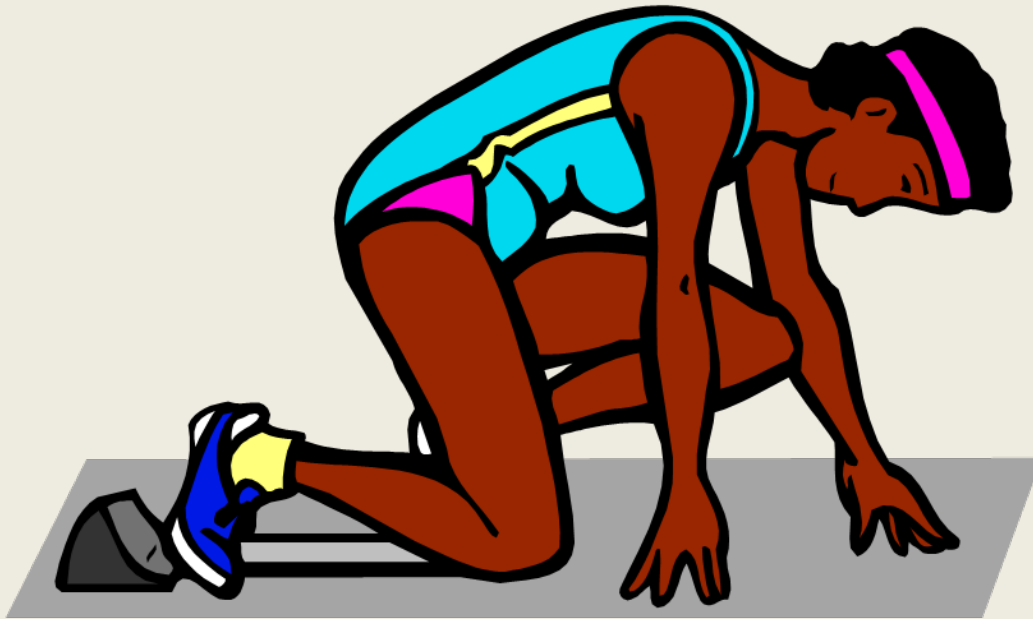
Upon receipt of the responses from developers to this Request for Proposals, the LBA staff members will review the applications to ensure compliance with the mandatory minimum requirements. All applications that meet these mandatory minimum requirements will be evaluated by a committee appointed by the LBA who will evaluate the proposals based on the following point system:



Organizational Capacity Years in Business (0-2 Points) Depth/Experience of Staff (0-4 Points) Historical Average # of Projects and Units Per Year (last 5 years) (0-4 Points)	10 Points
Financial Stability of the Developer Available Working Capital (current ratio) (0-5 Points) Available Credit Capacity (0-5 Points) Solvency (Total Assets/Total Liabilities) (0-5 Points)	15 Points
Experience with NSP, CDBG and HOME funding programs and requirements	10 Points
Non-NSP Financing Commitments Equity (0-20 Points) Debt (0-14 Points) <i>Note: for mixed financing proposals including equity and debt, the type of funds will be weighted according to the point system provided above. For example, if the developer proposes 60% equity and 40% debt, the proposal will be scored as follows:</i> <i>60% of 20 = 12.0 Points</i> <i><u>40% of 14 = 5.6 Points</u></i> <i>Total = 17.6 Points</i>	20 Points
Proposed Timeline for Completion 1-12 Months (0-10 Points) 12- 18 Months (0-8 Points)	10 Points
Evaluation of Proposed Budget	15 Points
Project Characteristics and Impact <i>Note: examples should include green building initiatives, homeowner counseling programs, supportive services for residents, on-site day care facilities, job placement services, etc.</i>	10 Points
Monitoring and Compliance Plan	10 Points
Marketing and Outreach Strategy	10 Points
Partnerships with local CDC's, non-profit or for-profit developers	10 Points



# THE “FRONT END” TRANSACTION



# ELIGIBLE PROPERTIES

- The LBA is the title owner of the following properties purchased with NSP 1 funds to be rehabilitated or redeveloped under this program (NSP Properties):
  - 19 Single-Family Homes
  - 10 Multi-Family Properties
- The addresses and property descriptions of these properties are provided on **Schedule I**, attached hereto. Due diligence materials, including appraisals and Property Condition Reports, can be accessed via the LBA website. LBA does not warrant the accuracy of any due diligence materials. Please contact LBA directly to receive the access code to these materials:



# DEVELOPER FEE

- *Developer Fee* means compensation to the developer for the time and risk involved to develop the project. It is typically based on the size of the project, the total development cost and the risk associated with the project. The Developer Fee must be reasonable. Please note that the amount of the Developer Fee earned will vary based on project scope and NSP funding source and cannot exceed 15% of the development cost (this includes acquisition costs).



# REHABILITATION/CONSTRUCTION STANDARDS

- All newly constructed or rehabilitated projects funded with NSP funds must meet all local codes, City of Atlanta zoning ordinances and Lead Hazard Reduction & Rehabilitation Standards.
- The Model Energy Code published by the Council of American Building Officials relative to new construction and standards regarding substantial rehabilitation shall also be met.
- The Atlanta NSP Green Rehabilitation Requirements will be required for all units.



# REQUIRED UPGRADES FOR NSP FUNDED RENOVATIONS

The following are the required Energy Efficient Durability and Indoor Air Quality requirements for all NSP rehabilitated units:

1. Energy Efficiency Upgrades
2. Durability and Indoor Air Quality Upgrades
3. Home Performance with ENERGY STAR Rebates

\*\*See “Schedule II” of RFP for details



# HISTORIC PRESERVATION REVIEW

- Those NSP Properties that were developed prior to 1971, or that are located in Historic Districts designated by the City of Atlanta, are considered to be historic and will be subject to the Section 106 Clearance process.
- All developers will be required to submit to the City of Atlanta Bureau of Housing the parcel address, parcel identification number, neighborhood name, year property was built, floor plans (if required), detailed rehabilitation write-up and specifications and color photographs of the exterior elevation and any interior or exterior features proposed for rehabilitation.
- The Urban Design Commission of the Office of Planning will conduct the Historic Preservation Review.
  - If the site preliminarily passes the Historic Preservation Review, the project will be issued a Section 106 Clearance letter.
  - If the project does not pass the preliminary review process, additional project information will be required to be submitted to the Urban Design Commission.



# NSP INVENTORY THAT IS SUBJECT TO FURTHER 106 REVIEW REQUIREMENT

- 1970 Wells Dr 1955
- 64 ORMOND ST 1920
- 215 HARPER RD SE 1951
- 506 Mary St 1920
- 590 Hope St 1925
- 134 Wadley St 1956
- 124 Wadley St 1956
- 135 Lamar Ave 1956
- 117 Lamar Ave 1956
- 138 Lamar Ave 1956



# SECTION 3 AND THE NSP VICINITY HIRING REQUIREMENT

- Vicinity Hiring requirements are a priority over Section 3 requirements. Vicinity Hiring requires that Developers and Contractors must ensure that businesses and residents, located within the NSP3 target areas are provided with contracting and employment opportunities, to the maximum extent feasible. Residents and business can self-certify they live or operate their business in a NSP3 target area.
- Section 3 requires that for every contract in excess of \$100,000, Developers, Contractors and Subcontractors that to the greatest extent feasible, opportunities for training and employment be given to low- and very low-income residents, and that contracts for work in connection with the project be awarded to businesses that provide economic opportunities for low- and very low-income persons residing in the metropolitan area in which the project is located. Residents and businesses can self-certify that their income or employees income meet this requirement.



# THE “BACK END” TRANSACTION



# SELLING YOUR NSP INVENTORY

How it works



# INCOME TARGETING

- 75% of the NSP funds made available are to be used to house individuals and families whose incomes do not exceed 120% of Area Median Income (refer to page 6, Table I of RFP). 25% of the NSP funds are to be used to house individuals or families whose incomes do not exceed 50% of Area Median Income.  
(See Table 3.)



## TABLE 3. HUD INCOME LIMITS BY FAMILY SIZE

Atlanta - Sandy Springs - Marietta, GA HUD Metro FMR Area									
<u>Median Income</u>	FY 2010 Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
\$68,300	<u>50% Income Limits</u>	\$23,950	\$27,350	\$30,750	\$34,150	\$36,900	\$39,650	\$42,350	\$45,100
	<u>80% Income Limits</u>	\$38,300	\$43,750	\$49,200	\$54,650	\$59,050	\$63,400	\$67,800	\$72,150
	120% Income Limits	\$57,480	\$65,640	\$73,800	\$81,960	\$88,560	\$95,160	\$101,640	\$108,240



# NSP SUBSIDY

- ***Development Subsidy*** The difference between the development cost and the fair market value will become a NSP development subsidy. The value of the NSP development subsidy will be reduced from the NSP loan provided to the unit, and the Developer will only be required to repay the difference to the Bureau of Housing upon sale.
- ***Homebuyer Subsidy*** means any funds that have been provided to the homebuyer that will occupy the project upon completion.



# LONG-TERM AFFORDABILITY

- The NSP program rules treat rental and homeownership programs very differently with respect to the recapture requirements during the term of the affordability period and the effect of termination of these periods as a result of transfer or foreclosure of the property. For homeownership programs the amount subject to recapture is the amount of direct homebuyer assistance provided to the homeowner. When the recapture requirement is triggered by a sale (voluntary or involuntary) of the housing unit, and there are no net proceeds or the net proceeds are insufficient to repay the NSP investment due, the grantee can only recapture the net proceeds, if any. The net proceeds are the sales price minus superior loan repayment (other than NSP funds) and any closing costs.
- There is no flexibility for rental programs and the affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership. They must be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by HUD. Any rental units that do not comply with the long term affordability requirements will be subject to recapture of the entire NSP investment.
- The terms and conditions of the affordability requirements will vary for each project but for the purposes of this proposal, each developer should structure their program assuming that the affordability periods must continue for the full term as follows:



**TABLE 4.****SINGLE FAMILY HOMEOWNERSHIP PROJECTS**

<b>NSP Direct Subsidy</b>	<b>Affordability Period</b>
Less than \$15,000	5 Years
\$15,000 - \$40,000	10 Years
\$40,001 - \$90,000	15 Years
More than \$90,000	20 Years

**SINGLE FAMILY AND MULTI-FAMILY RENTAL PROJECTS**

<b>Property Type</b>	<b>NSP Investment Subsidy Per Unit</b>	<b>Affordability Period</b>
Single-Family (1-4 Units)	Less than \$15,000	5 Years
Single-Family (1-4 Units)	\$15,000 - \$40,000	10 Years
Single-Family (1-4 Units)	\$40,001 - \$90,000	15 Years
Single-Family (1-4 Units)	More than \$90,000	20 Years
Multi-Family (5 + Units)	Any Amount	20 Years



# ELIGIBLE COSTS

- NSP funds can be used for a variety of project related hard costs and soft costs. The following list defines the types of **hard costs** that are eligible for NSP funding:
- New construction. Any project that includes the addition of dwelling units outside the existing walls of a structure is considered new construction for NSP Program purposes.
- Rehabilitation. Rehabilitation includes the alteration, improvement, or modification of an existing structure. It also includes moving an existing structure to a foundation constructed with NSP funds. Rehabilitation may include adding rooms outside the existing walls of a structure; however, adding a housing unit is considered new construction.
- Reconstruction. Reconstruction refers to rebuilding a structure on the same lot where housing is standing at the time of project commitment. NSP funds may be used to build a new foundation or repair an existing foundation. During reconstruction, the number of rooms per unit may change, but the number of units may not.
- NSP funds can be used to cover the **soft costs** associated with a project as long as they are reasonable and necessary to the project. The following list defines the type of project related soft costs that are eligible under the NSP program. Please note that funding for soft costs is only eligible in collaboration with an eligible hard cost.
  - Title binders and property insurance
  - Recordation fees and transaction taxes
  - Property taxes
  - Surveys
  - Lead-based paint assessments and other environmental reviews
  - Homebuyer education counseling
  - Property Appraisals
  - Architectural, engineering
  - Construction Management and related professional services
  - Builders and developers fees



# SALES SCENARIO

NSP Investment	\$ 75,000
Private Loan	+ \$ 75,000
Cost to Close	+ \$ <u>7,500</u>
Total Development Cost	\$157,500
Appraised Value	\$125,000
Sales Price	\$125,000
<ul style="list-style-type: none"><li>• Must be the Lesser of TDC or Appraised Value</li></ul>	
NSP Development Subsidy	\$ 32,500
<ul style="list-style-type: none"><li>• Difference between TDC and Sales Price</li></ul>	
NSP Homebuyer Subsidy	\$ 12,500
<ul style="list-style-type: none"><li>• Varies based on Sales Price and Borrower Income</li></ul>	



## SALES SCENARIO CONT'D

Purchase Price	\$125,000	Sales Price	\$125,000
Settlement Costs	\$ 3,750		
Total Due	\$128,750	Total Due	\$125,000
1 <sup>st</sup> Mortgage	\$115,000	Settlement Costs	\$ 7,500
2 <sup>nd</sup> Mortgage (NSP)	\$ 12,500	Private Loan Pay-Off	\$ 75,000
		NSP Funds 2 <sup>nd</sup> Mtg	\$12,500
		NSP Pay-Off	\$30,000
Cash from Borrower	\$ 1,250	Fund Due to Seller	\$ 0



## OTHER CONSIDERATIONS

- Your company's procurement policy must be followed.
- Each purchase of NSP property acts as a standard purchase and sale transaction, with added NSP requirements.
- Further timelines, including acceptance of RFP award shall be determined at a later date.
- Sale of rental property –
  - Cannot “Flip” property. Hold requirement applies.
- Notice will be provided of updated due diligence materials online.

