

MULTIFAMILY TAX EXEMPT BONDS



PROGRAM OVERVIEW

Tax-exempt housing bonds are like Promissory Notes. It is evidence that money was borrowed by the issuing authority. URFA serves as a conduit bond issuer and loans the monies to provide developers low interest rate financing. The principal and interest on the bonds is paid from project cash flows.

Each year the Urban Residential Finance Authority (URFA), ADA's housing finance arm, receives a bond allocation from the state of Georgia. URFA is empowered to issue tax exempt bonds to make below market interest rate mortgage loans to developers for rental housing, provided certain Internal Revenue Service requirements are met to ensure that a portion of the rental units benefit low and moderate income renters.



PURPOSE OF THE PROGRAM

To encourage the production of affordable workforce housing for families having incomes that do not exceed 60% of the area median income.

FINANCIAL BENEFITS

Tax Exempt Bonds provide below market interest rates on borrowing. Using Tax Exempt Bonds can often reduce the borrowing rate by 1% or more compared to taxable financing rates or conventional financing. This lower borrowing cost can often increase available loan proceeds by 10-15% or more. Using Tax Exempt Bonds also allow the borrower to obtain 4% Low Income Housing Tax Credits.

WHICH PROJECTS MAY QUALIFY

- Located in areas not concentrated with URFA projects.
- Developments located in a Qualified Census Tract or a Difficult to Develop Area as designated by IRS in accordance with Section 42 (d) (5).
- Developments located in a one of six Priority Areas as defined by the New Century Economic Development Plan.
- Developments located in an approved Tax Allocation District.
- Developments located in the Peachtree Corridor.
- Developments adjacent to mass transit stations.

USE OF FUNDS

Fund monies may be used for:

- Acquisition
- New Construction/Rehabilitation
- Conversions
- Certain Bond Closing Costs
- Soft Costs



For more information call Corey J. McDaniel, Housing Portfolio Manager at 404.614.8331 or visit our website at www.atlantada.com

FREQUENTLY ASKED QUESTIONS

Q: How do I get started?

A: Visit our website at www.atlantada.com and download our multi-family application (Program guidelines are included).

Q: Is there a deadline for submitting the application?

A: No, applications will be accepted anytime during the calendar year.

Q: How long does it take to get the funding?

A: After the submission of a completed application, it takes approximately 60-90 days for staff review. Projects must close within 150 days from the date of approval of the Inducement Resolution or the allocation is subject to recapture.

Q: Does the project have to be in the City of Atlanta?

A: Yes, all projects must be located within the City of Atlanta corporate limits.

Q: How much money can my company apply for and is there a priority list?

A: Bonds will be allocated on a first-come first served basis based on availability of allocation. There is no maximum amount of bonds that can be allocated to a single development .

Q: Does URFA require credit enhancement on all bond transactions?

A: URFA requires that if the bonds are publicly sold then credit enhancement has to be provided. If its a private placement then no enhancement is required .

Q: Does URFA charge fees?

A: Yes, visit our website to see the complete list of fees associated with out Tax Exempt Bond program.

Q: Can I use other funds in combination with tax exempt financing?

A: Yes, you are allowed to leverage other financing.

Q: As a new developer in affordable housing will this program work for me?

A: Due to financing complexities with Tax Exempt Bonds this product works best for experienced developers with a project cost in excess of \$5 million.



APPLICATION PROCESS

- Application submitted to ADA
- ADA staff review and analysis
- Board Approval of Inducement Resolution
- Board Approval of Bond Resolution
- Bond Validation Hearing
- Closing and Distribution of funds

PROJECT REVIEW CRITERIA

- Financial Feasibility of project
- Addresses special population and community revitalization needs
- Cost effectiveness
- Readiness to proceed
- Experience of Development Team
- Meet Housing Needs
- Energy efficient project (LEED Certified)
- Ability to leverage other dollars

LEARN MORE ABOUT THE TAX EXEMPT BOND PROGRAM

Visit our Website (www.atlantada.com) for upcoming Tax Exempt Bond training sessions which will be held at the offices of the Atlanta Development Authority (86 Pryor Street, SW Atlanta, Georgia 30303)