



Quality Housing
for Everyone

So, You Want to be an Affordable Housing Developer

Affordable Housing Week
February 12 – 16, 2024



Agenda

- Welcome H.O.M.E. / Introductions
- So, You Want to be an Affordable Housing Developer

Welcome H.O.M.E. - Housing Opportunity Moves Everyone



- A transparent and streamlined approach to permitting affordable housing (AH) developments.
- A pre-submission program along with a dedicated coordination team to assist customers through all processes for approval and permitting, including entitlement (pre-permit).
- The AH project workflow can take one of two routes depending on the project's scope: Conventional Path or Entitlement Path

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What is an affordable housing project?



An affordable housing project is defined as... a development with income-restricted units that are reserved, via deed restriction, Land Use Restriction Agreement (LURA), or similar legally binding mechanism, for households with an annual income of up to 120% of Area Median Income (AMI) for homeownership units – or up to 80% of AMI for rental units – as set by HUD for the Atlanta-Sandy Springs-Roswell MSA.

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Conventional projects entail scopes of work in zoning districts where the following applies:

- the zoning category has no conditional requirements i.e., the district name is followed by - C (O-I-C or MRC-1-C, for example) indicating a conditional zoning with requirements elaborated in a specific ordinance passed by City Council;
- the proposed project conforms to the zoning district use and standards as specified in the ordinance;
- the proposed project is not seeking any variances or special exception; finally,
- the proposed project is not located in an overlay district.
- Conventional projects will be required to attend a pre-submission meeting before submitting for permits

The conventional path for affordable housing developments include the following steps:

- Applicant completes and submits AH Form and schedules pre-submission meeting.
- AH Coordination staff receives pre-submission meeting request and form.
- AH Coordination staff confirms applicant agenda for pre-submission meeting.
- Pre-submission meeting held.
- AH Coordination staff will summarize the pre-submission meeting in a shared database that details expectations, requirements, deliverables, etc.
- A pre-submittal meeting summary will be provided to the applicant.
- The applicant submits application for review following the permitting process.

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Entitlement is the legal right to use a property in accordance with the zoning code, land use, and other regulations. Projects seeking a rezoning, a special use permit, a special administrative permit, subdivision, a variance, exception, and/or historic preservation approval must first determine entitlement.

Both the scope of work and the zoning district and/or overlay where the project is located will determine whether entitlement is required from the Office of Zoning and Development (OZD) or the Office of Design (OOD).

Entitlement projects will be required to appear before the Concept Review Committee for the presubmission discussion prior to submitting for entitlement reviews. The entitlement path for affordable housing developments includes the following steps:

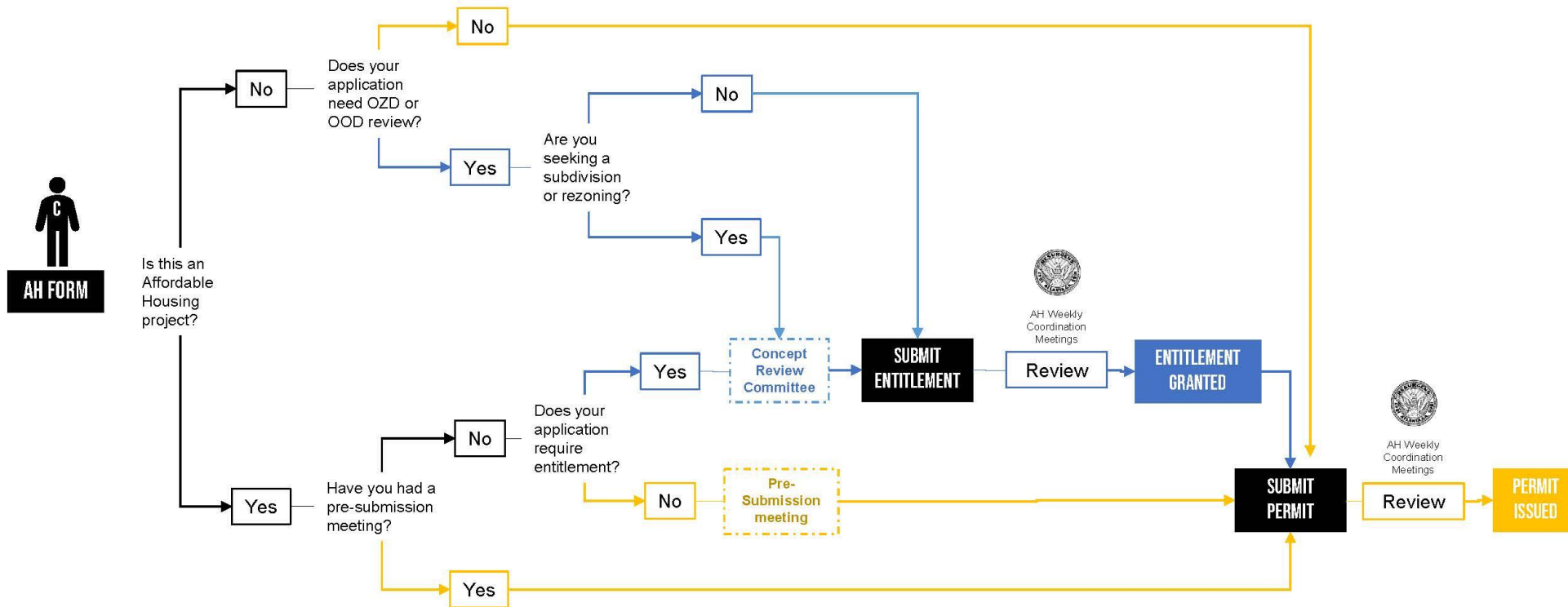
- OZD staff receives Concept Review Committee (CRC) request and materials. The AH Coordination Team is notified of CRC submission and will attend meeting.
- CRC staff confirm applicant's agenda.
- CRC meeting held with applicant.
- CRC staff provides meeting notes and deliverables to the customer detailing pathway, expectations, requirements, and timeline.
- Applicant submits application for review following the entitlement process.

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AFFORDABLE HOUSING (AH) PROJECT WORKFLOW

ENTITLEMENT
CONVENTIONAL






Mentorship and Meaningful Partnerships


- Seek out an experienced developer as a mentor, gaining advice through meaningful partnerships with an experienced affordable housing developer can be critical to gain experience, access networks, and build financial capacity.
- Partnerships with more experienced developers allow small developers to learn (and make mistakes) without significant financial penalties. Preferably with an experienced affordable developer who has interests that align with your own.
- Partnership Advice and Keys to Success: If you chose to partner with an experienced developer, partner to work and learn the business and build capacity.
 - Identify Useful Strengths – When seeking a partner try to identify what you could bring to the table to make the partnership more desirable.
 - Build Community Relationships – Any desirable site will most likely need community support for rezoning/variances and other public approvals.

How does an affordable housing project typically start?

IDENTIFY THE NEED: Stakeholders identify an affordable housing need or issue that they would like to address through the creation of affordable housing.

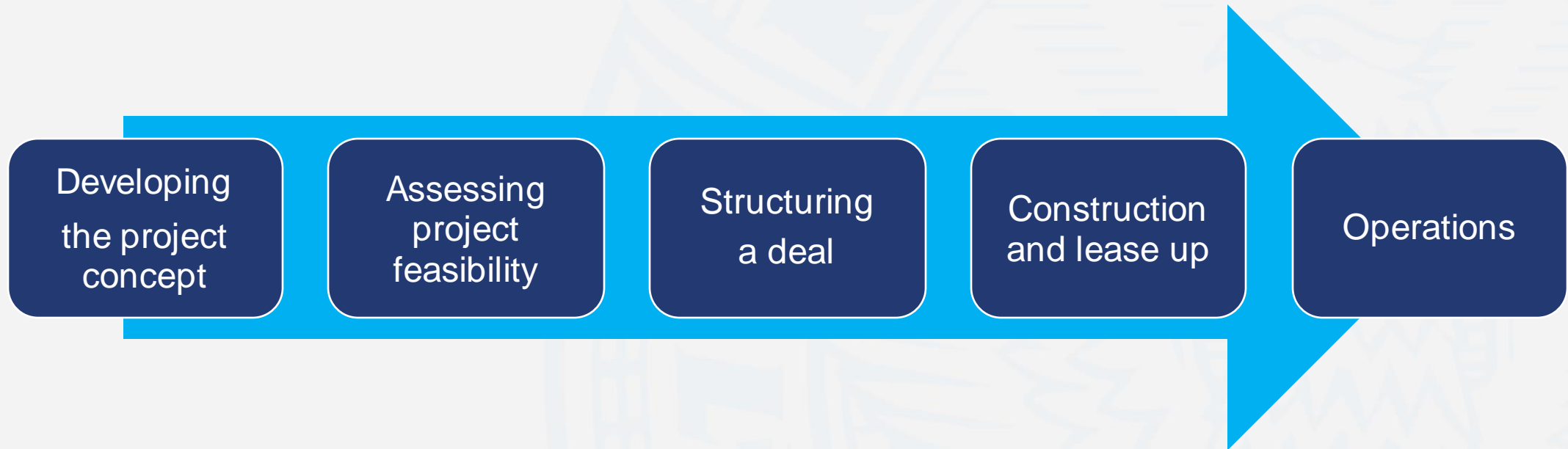


PROJECT SITE: An affordable housing project can arise from the availability of a potential development site. The local jurisdiction may have identified a suitable site for affordable housing development, or the site owner is interested in pursuing an affordable housing development.



FUNDING OPPORTUNITY: A project can start when a governmental agency announces the availability of funding for affordable housing. To utilize the funding opportunity, a developer would look for an eligible site to propose for development.

The Affordable Housing Development Process



The affordable housing development process generally consists of five distinct phases. The term “predevelopment” is used to refer to the period prior to the start of construction.

Developing the Project Concept

The Project Concept phase covers the starting point of the project until the site is identified and eventually secured, if the developer does not already own or control the site. This phase of the project can take 1 to 3 years, and tasks and activities that happen during this period include:

Setting the goals for the project – for example, deciding who will live there;

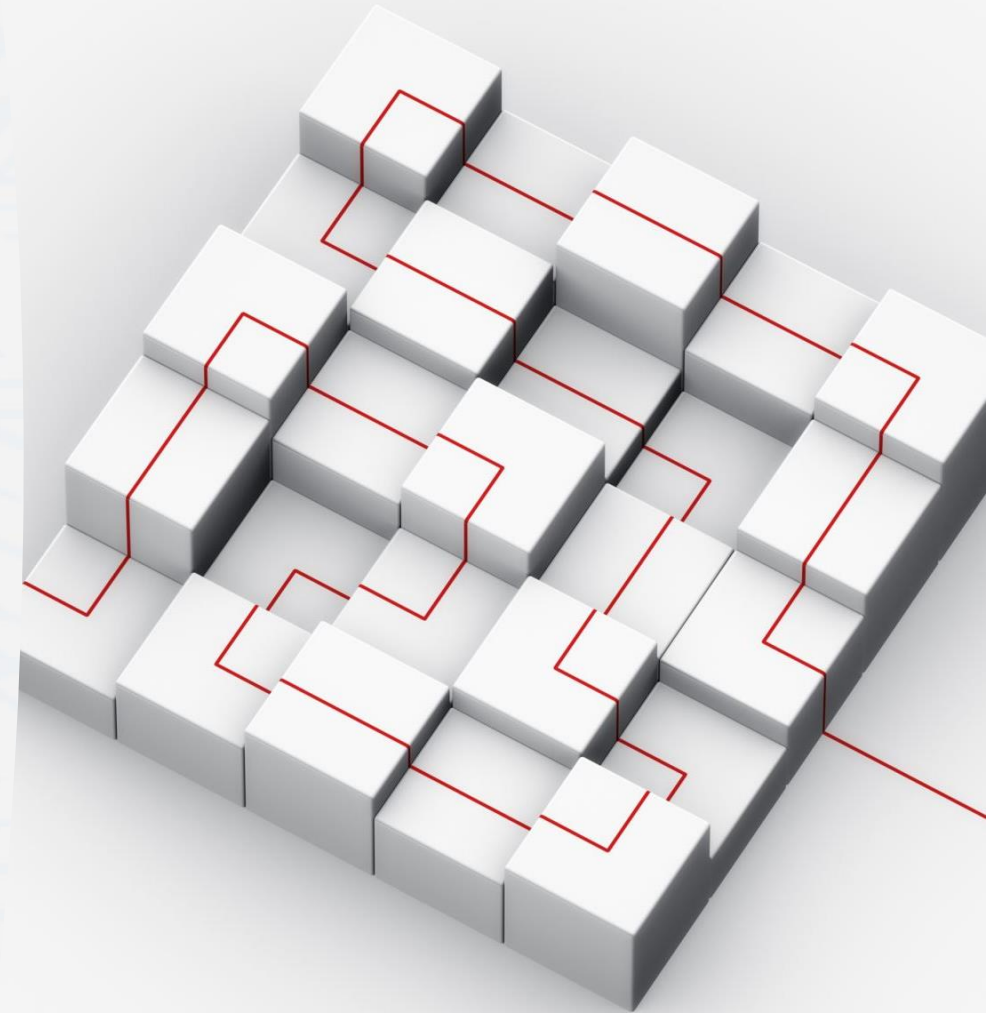
Conducting a zoning analysis to understand the development potential of the project site and the number of housing units the site can accommodate. This work might also involve reaching out to the local jurisdiction to understand if the project is possible and supported.

Assessing organizational capacity; and

Identifying and assigning roles and responsibilities for development team members.

Assessing Project Feasibility

- Once the project concept is conceived, the next phase involves transforming the concept into a feasible proposal. A feasible proposal includes site control, assembling a development team, and having conducted a feasibility analysis on the project site, including identifying a realistic financing plan, with positive results. This Project Feasibility phase is also known as the “due diligence” period, when the team studies the site for feasibility. The key components of project feasibility include:
 - Appraisal: a professionally prepared report that establishes a market value for a property required to secure project financing.
 - Zoning Analysis: an analysis of the existing zoning laws and regulations applicable to the project site, which determine whether the planned development is allowable.
 - Environmental Analyses: an analysis of prior uses of the site, adjacent sites, information about proximate underground storage tanks and the results of a site reconnaissance conducted by an environmental engineer. This information is gathered to determine if a vacant site should be tested for the presence of hazardous materials in the soil or the groundwater.
 - Community Support: a critical component to ensure project success is to gauge community support.
 - Financial Feasibility Analysis: a preliminary financial analysis consisting of projecting development expenses and identifying likely funding sources.



Once a feasible proposal is developed, the next milestone is to structure a deal. This phase encompasses the time from applying and securing a financial commitment to financial closing and construction commencing.



- Activities during this time include working with the architect to develop the project design.



- Entitlement and Permitting



- Project phases are not always strictly linear, and often project feasibility and dealmaking activities occur simultaneously.

Structuring a Deal

Financial Capacity and Funding Opportunities



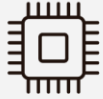
<https://grants.gov/>



United States Department of Housing and Urban Development: <https://www.hud.gov/>



PHADA: <https://www.phada.org/Jobs/RFP-Listings>



Community HOME Investment Program (CHIP): <https://www.dca.ga.gov/safe-affordable-housing/rental-housing-development/home-investment-partnership-program-home-1>

Federal Home Loan Bank
Fulton County
Georgia DCA
Invest Atlanta

Construction and Lease Up

- Construction is an exciting time when finally, the physical development begins to emerge, and all the work and planning invested up to that point starts to manifest as the housing project takes shape for everyone to see.
- Construction, however, is arguably the riskiest phase of the project, and it is important to have a strong development team in place with experience managing the understood risks that are generally avoidable with diligent management and oversight of the project.

Operations

- Once the Certificate of Occupancy (CO) has been issued and the development is leased up, the affordable housing is officially in Operations.
- An organization's involvement during this phase of the project depends on the roles and responsibilities assumed at the onset of the development process. A dedicated property management company may be acquired to manage the day-to-day operations, including maintenance, collecting, tenant turnover, and budgeting.
- During operations, an asset manager ensures that the project is performing well and complies with funder requirements on an ongoing basis.

End of Presentation