



**Low Income Housing Tax Credits (LIHTC)  
Investor and Construction Lender  
RFP GA-011-2024-02**

**Addendum No. 1**

**I. Question #1:**

- a) **DHA Loan:** Can you please confirm this loan is soft debt (i.e., payable solely from cash flow)? If so, please provide responses to the following questions:
- Interest rate: According to the pro forma, we are assuming 0% during the construction period and 4% after conversion. Can you please confirm this is accurate? Is there any flexibility on the rates?
  - Will this loan be structured as unrelated party debt for tax purposes, such that it can be included in minimum gain, and the accrued interest losses can be deducted?
  - Will principal be repaid subject to available cash flow?
  - What % of cash flow will go towards repayment?
  - Does unpaid interest compound?
  - Will unpaid interest compound?
  - Priority: What priority of payment will this soft loan have (i.e., paid behind DDF?)?
- *Answer regarding DHA Loan: These funds will be loaned from the Decatur Housing Authority to Village at Legacy II, LP. We are currently expecting 0% interest rates and terms (including unpaid interest accrual and compounding) as needed in cooperation with the selected investor. We are modeling that cash flow up to the amount of an amortizing debt service payment will be paid on the DHA debt. This loan is payable behind DDF.*
- b) **City of Decatur Loan:** Please provide responses to the following questions.
- Interest Rate: 0% per the pro forma. Can you please confirm?
  - Will this loan be structured as unrelated party debt for tax purposes, such that it can be included in minimum gain, and the accrued interest losses can be deducted?
  - Will principal be repaid subject to available cash flow?
  - What % of cash flow will go towards repayment?
  - Does unpaid interest accrue?
  - Will unpaid interest compound?
  - Priority: What priority of payment will this soft loan have (i.e., paid behind DDF?)?
- *Answer regarding City of Decatur Loan: These funds will be granted to the Decatur Housing Authority and then loaned to Village at Legacy II, LP. We are currently modeling 0% interest on these funds however we are flexible on interest rates and terms (including unpaid interest accrual and compounding) as needed in cooperation with the selected investor. This loan is payable behind DDF and the DHA loan, and we are modeling 100% of remaining cash flow after these debts and investor and GP asset management fees.*

**Question #1 (cont.)**

- *We are not in a position to determine whether the loan funds are unrelated party debt for tax purposes. If additional information is needed for a responder to determine an answer to that question, please submit the necessary questions and we will answer to the best of our abilities.*

**II. Question #2:**

- a. Who is the Federal Investor on the Phase I development?
  - *Answer: Hudson Capital is the Federal Investor on Village at Legacy – Phase I.*
- b. Are there any shared amenities or easements that would present a challenge for having a different investor on Phase II?
  - *Answer: There are shared amenities between the sites, including the community building, leasing center, and greenspace (see RFP Section 14 – Community Amenities – Phase II for the full list of shared amenities). The Phase I investor is aware of the need to provide easements and a shared use agreement with Phase II.*

**III. Question #3:**

- a. What is the development timeline for the Legacy Master Plan?
  - *Answer: The full Legacy Master Plan is an ongoing long-term project under the purview of the City of Decatur and the Legacy Decatur 501(c) 3 foundation.*
- b. Do you expect funding for the Master Plan to be secured prior to closing on the subject transaction?
  - *Answer: As this is not a single redevelopment project with a single funding source, the process will not be complete before closing for Village at Legacy – Phase II. However, much activity is underway, including the start of construction for a track and Legacy Decatur is securing funds for redevelopment of several existing buildings on the campus. Both phases of Village at Legacy are under ground lease directly with the City of Decatur and not subject to funding limitations for the overall redevelopment of Legacy Park.*

**IV. Question #4:**

- a. What resident services will DHA offer at Phase I and Phase II?
  - *Answer 1: DHA plans to offer its robust resident services program for both Phase I and Phase II. DHA's Resident Services Division has been recognized by the Georgia Department of Community Affairs with the 2024 statewide award for Tenant Engagement Excellence and is CORES certified, having developed a robust commitment, capacity, and competency in providing Resident Services coordination.*

#### **Question #4 (cont.)**

- *Answer 2: The Resident Services Division administers over 75 programs and activities for seniors, youth, and adult residents each year. DHA secures funding directly through other third-party sources and DHA's entrepreneurial ventures. DHA has a significant record of engaging in and funding activities that positively impact communities beyond development and operations. The STARS afterschool program for 75 to 90 students each year in grades K thru 5 has operated successfully for over 30 years. In addition, DHA has provided Excellence Awards College Scholarships for every high school student attending college for over 30 years, funding more than \$600,000 for 505 scholarships to date.*
- *Answer 3: Partnerships include Decatur Education Foundation, Decatur Active Living (Recreation), City Schools of Decatur, DeKalb Workforce Development, Literary Action, UGA Extension Service and others. The programs promote self-sufficiency, educational excellence, drug awareness, and positive social interaction between assisted families. DHA is innovative in achieving positive partnerships with community institutions.*

#### **V. Question #5:**

- a. Related to the Resident Services questions, the \$3k/unit in payroll is higher than we typically see. Is that due to funding the Resident Services?
  - *Answer: Yes, our Operating Budget payroll is higher due to Resident Services. Our expected staffing currently plans for a property manager, a maintenance technician, and a resident services coordinator. While we will work to achieve economies of scale in cooperation between the two phases, we are conservatively underwriting for the staffing necessary to ensure that the property is maintained to the highest standards as it is occupying such a high-visibility site in the community.*