

2018



Policy Guidelines & Work Program

Overview

The Savannah Affordable Housing Fund (SAHF) was established through City Council resolution in 2011 at the urging of StepUp Savannah with support from the Savannah Economic Development Authority, the Savannah Area Chamber of Commerce, and other business and community leaders. It helps Savannah address local housing needs and opportunities of its modest-wage workforce and lower income households. It also leverages significant private investment and financing for housing.

The Strategic Plan adopted by Mayor and Aldermen in 2017 identifies providing access to quality housing as one of its goals. More specifically, this goal identifies strategies and action items necessary to provide access to improved housing for 2,800 households through the end of 2025. Accomplishment of this goal is importantly linked to SAHF growth and leveraging resources for housing.

The SAHF was first capitalized by the City of Savannah in 2012. The City has invested in the Fund annually. While the City of Savannah is understandably the primary investor, the SAHF offers banks, businesses and non-profits an innovative and meaningful way for to invest in affordable and workforce housing. SAHF investors to date include, alphabetically, Ameris Bank, BB&T Bank, Bank South, Community Housing Services Agency, Inc., First Chatham Bank, Group Cares, St. Joseph's/Candler Health System, South State Bank, United Community Bank and Wells Fargo Bank. The Fund uses these and City investments to leverage additional resources for the repair, development, purchase and/or retention of affordable housing for Savannah's modest income workforce and residents.

Unless otherwise authorized by the City, investments in the SAHF by the City of Savannah for use by qualified participants must be loaned, not granted, and returned to the SAHF in accordance with the terms of the financing. Other entities investing in the SAHF can identify whether or not their funds are to be granted, loaned or both.

Implementation

An Advisory Committee helps provide policy guidance and recommendations on matters concerning the SAHF. One of its ongoing missions is to identify sources and amounts of funding that can be dedicated to the SAHF. This not only includes sources and amounts from the City of Savannah, but also looking outside local government for other financial investors and partners. In 2017 it worked with the City's Housing and Neighborhood Services Department to identify how the City's investment in the SAHF might gradually increase to an investment of \$1,000,000 annually by 2025 in support of the City's Strategic Plan. The SAHF currently receives about \$150,000 annually from the City and \$50,000 annually from other investors and partners.

The Advisory Committee has recommended that implementation of the SAHF, for the foreseeable future, be carried out by Community Housing Services Agency, Inc. (CHSA), an experienced non-profit housing organization, in partnership with the City's Housing and Neighborhood Services Department. CHSA was established by City, business and community leaders in 1989 to focus on affordable housing.

Because CHSA is a non-profit organization, it is able to receive and deposit investments it receives from banks and other investors into the SAHF. In 2017 the Advisory Committee supported CHSA's application to the U.S. Treasury Department to become a Community Development Financial Institution (CDFI). This application was approved paving the way for CHSA to apply to use SAHFs to leverage

like CDFI funding from the Treasury—potentially doubling funding for affordable and workforce housing through the SAHF.

SAHF loans and grants are made by CHSA with approval from the Housing & Neighborhood Services Department. Loans or grants for \$100,000 or more must also be approved by CHSA’s Loan Committee and the Mayor and Aldermen of the City of Savannah. Unless otherwise authorized by the City of Savannah, no funding invested in the SAHF by the City will be used to pay administrative costs.

The Advisory Committee also participates in the preparation of the annual **SAHF Policy Guidelines and Work Program** which is provided to the Mayor and Aldermen for consideration and approval. This includes recommending activities, programs and goals that become part of the annual work program. These are purposely flexible to allow the SAHF to address local needs and opportunities as they arise—a strength of the Fund. While all eligible activities may be undertaken it is not anticipated that all activities will be appropriate or possible each year.

Summary Results

Investment in the SAHF began in January 2012 with the first projects funded in December 2013. Through November 1, 2017, deposits in the SAHF have reached \$1,139,448 and resulted in the making of \$2,259,934 SAHF revolving loans and grants. This, in turn, helped leverage an additional \$6,518,971 in other private investment.

Since December 2013 SAHF investments and leveraging helped fund 189 projects. These included 126 owner-occupied home repairs, 31 newly constructed homes and the purchase of 32 home purchases by first time buyers.

Of the 157 home repair and construction projects, 132 (84%) have been carried out by minority contractors. Non-profits carried out 15 (10%) and non-minority contractors carried out 10 (6%) of the projects.

SAHF projects have taken place in all six City Council districts. District 3, which includes Savannah Gardens, has had the most projects with 63. Districts 1, 2 and 5 have had 34, 35 and 35 projects each, respectively. Districts 4 and 6 have had 9 and 13 projects, respectively.

2018 Activities

Eligible SAHF activities and associated programs generally include:

- Owner-Occupied Property Repair and Improvements
- Rental Property Repair and Improvements
- New Housing Development
- Home Purchase Down Payment & Closing Costs Assistance
- CDFI Leveraging

Additional activities, consistent with the purpose of the SAHF, may be added as new funding is contributed and/or during the year in response to needs and opportunities that arise.

All projects must be located within the Savannah city limits. Priority will be given to projects located in Savannah Shines neighborhoods and/or that are part of a City of Savannah supported revitalization initiative.

2018 Programs

Year 2018 SAHF programs include:

Owner-Occupied Property Improvement Bridge Financing

Eligible Applicants: Homeowners participating in Federal Home Loan Bank owner-occupied home repair program.

Purpose: Provide homeowners with a bridge loan so they can pay their contractor for improvements while waiting arrival of permanent funds deposited into SAHF.

Household Income Requirements: Yes, FHLB requirements.

Funding Amount: Up to \$15,000

Interest Rate: 0%

Term: 60± days

Security Deed: NA – Secured by FHLB funds deposited into SAHF

CHSA Fee: \$75, if permitted, from FHLB funding

SAHF Fee: \$75, if permitted, from FHLB funding

Anticipated Leveraging: 1:1

COS SAHF Utilized: Yes

Production Goal: 15 to 20 dwellings

Notes: This program helps leverage home repair grant funds from the FHLB through local banks for veterans and surviving spouses of veterans and for those impacted by natural disasters like hurricanes or tropical storms.

Owner-Occupied Property Improvement Permanent Financing

Eligible Applicants: Homeowners who occupy the property being repaired.

Purpose: Enable homeowners to secure small property improvement grants or loans when other funding not available.

Household Income Requirements: Not to exceed 80% or area median income without approval of funding source.

Funding Amount: Up to \$2,500

Interest Rate: NA unless specified by funding source

Term: NA unless specified by funding source

Security Deed: NA unless specified by funding source

CHSA Fee: \$0

SAHF Fee: \$0

Anticipated Leveraging: 1:1

COS SAHF Utilized: No

Production Goal: 5 to 10 dwellings

Note: Typically funded by bank or employer investments in the SAHF and may include grants or forgivable loans.

Savannah Shines Rental Property Improvement Financing

Eligible Applicants:	Landlords of 1 and 2 family dwellings in the 1100, 1200, 1300 blocks of East 53 rd , 54 th and 55 th Streets.
Purpose:	Encourage improvements that benefit renters and neighborhood in nine block target area.
Household Income Requirements:	Yes for initial occupant.
Funding Amount:	Up to \$5,000
Interest Rate:	0%
Term:	Up to 15 years
Security Deed:	Yes (Junior lien position possible.)
CHSA Fee:	\$0
SAHF Fee:	\$0
Anticipated Leveraging:	1:1 to 1:2
COS SAHF Utilized:	Yes
Production Goal:	20 to 40 dwellings
Note:	Used in tandem with CDBG and owner funds. Focus on exterior and site work that landlord cannot typically afford including tree trimming/removal, driveway installation, sod/landscaping. Rent restrictions apply.

Low Income Housing Tax Credit & Workforce Housing Secondary Financing

Eligible Applicants:	Developers using low income housing tax credits or other similar forms of financing to develop new, or renovate existing, affordable and/or workforce housing with locations, designs and terms acceptable to the City of Savannah, CHSA and SAHF officials.
Purpose:	Enable developers to successfully compete for low income housing tax credits and other similar financing to produce high quality, affordable, rental housing.
Household Income Requirements:	Set by primary funding source requirements and must be acceptable to City of Savannah, CHSA and SAHF officials.
Funding Amount:	Up to \$500,000 (\$100,000 or more requires CHSA Loan Committee and City Council approval.)
Interest Rate:	Not to exceed 5%
Term:	Not to exceed 30 years (May be used for development and/or permanent financing.)
Security Deed:	Yes (Junior lien position possible.)
CHSA Fee:	1% of loan amount
SAHF Fee:	1% of loan amount
Anticipated Leveraging:	1:20
COS SAHF Utilized:	Yes
Production Goal:	50 to 100 dwellings
Note:	1 per year may be possible providing SAHF available balance after loan is \$500,000 _≥ . Projects must be approved by City of Savannah, CHSA and SAHF officials and must help revitalize distressed neighborhoods and/or provide housing near high cost employment centers.

Single Family House Development Financing

Eligible Applicants:	Developers constructing or renovating single family detached houses.
Purpose:	Provide partial construction or renovation financing resulting in the development of single family detached houses for sale or rent.
Household Income Requirements:	Set by primary funding source requirements and must be acceptable to City of Savannah, CHSA and SAHF officials.
Funding Amount:	Up to \$75,000 redevelopment areas Up to \$50,000 CDBG neighborhoods Up to \$25,000 city wide
Interest Rate:	Not to exceed 5%
Term:	Not to exceed 24 months
Security Deed:	Yes (Junior lien position possible.)
CHSA Fee:	1% of loan amount
SAHF Fee:	1% of loan amount
Anticipated Leveraging:	1:2
COS SAHF Utilized:	Yes
Production Goal:	5 to 10 dwellings
Note:	Priority given to projects that are part of City of Savannah supported neighborhood revitalization initiatives.

Employer Assisted Home Purchase Financing

Eligible Applicants:	Employees of an employer that is investing in the SAHF so its qualified employees may purchase their first home.
Purpose:	Employers provide their employees with a down payment benefit to help reward, retain and attract good employees.
Household Income Requirements:	Set by employer.
Funding Amount:	Set by employer and other SAHF investors
Interest Rate:	0% unless otherwise specified by employer
Term:	5 years unless otherwise specified by employer
Security Deed:	Yes (Junior lien position possible.)
CHSA Fee:	NA
SAHF Fee:	NA
Anticipated Leveraging:	1:20
COS SAHF Utilized:	No
Production Goal:	5 to 10 dwellings
Note:	SAHF investors will sometimes match employers to increase amount provided to participating employees. Completion of home buyer education class required.

Closing Cost Assistance

Eligible Applicants: First time home purchasers not participating in other SAHF or City of Savannah home purchase programs.

Purpose: Help modest income home buyers pay for home inspections, appraisals and closing costs associated with the purchase of a home in Savannah.

Household Income Requirements: Not to exceed 120% of area median income unless otherwise required to set by SAHF investor Funding Amount: \$500

Interest Rate: NA

Term: NA

Security Deed: NA

CHSA Fee: NA

SAHF Fee: NA

Anticipated Leveraging: 1:200

COS SAHF Utilized: No

Production Goal: 15 to 20 dwellings

Note: Helps realtors become familiar with SAHF and City of Savannah home purchase programs that can help less financially strong buyers purchase homes.

CDFI Leveraging

Eligible Applicants: CHSA, Inc. has been designated a “housing” Community Development Financial Institution by the U.S. Treasury Department.

Purpose: Allows CHSA to use SAHFs as matching funds to leverage CDFI funding and double funding available for SAHF projects. For example, CHSA can apply to use \$500,000 of the SAHF to leverage \$500,000 of CDFI funds increasing the investment available for SAHF approved activities and programs to \$1,000,000.

Household Income Requirements: Must be approved by CDFI, City of Savannah, CHSA and SAHF officials.

Funding Amount: NA

Interest Rate: NA

Term: NA

Security Deed: NA

CHSA Fee: NA

SAHF Fee: NA

Anticipated Leveraging: 1:1

COS SAHF Utilized: Yes

Production Goal: TBA

Note: Use of SAHF by CHSA as part of a matching fund application for CDFI funding will require Mayor and Aldermen approval.