



Chatham County/City of Savannah
Land Bank Authority, Inc.

Affordability Guidelines and Requirements for Land Bank Authority Properties

Approved _____, 2022

Purpose:

To establish Affordability Guidelines that govern the sale, conveyance, and lease of property held by the Chatham County/City of Savannah Land Bank Authority, Inc. to ensure that those properties owned by the Authority are redeveloped and remain affordable for low to moderate income citizens of Savannah and Chatham County.

Background:

As part of its mission, the Authority provides properties that are blighted, abandoned, and tax delinquent for the purpose of returning underutilized property to a productive use status with an emphasis on the creation of affordable housing. The Affordability Guidelines will provide affordability requirements for Developers acquiring properties for redevelopment for future sale to home buyers, for development of rental housing, and for redeveloping and leasing properties from the Authority.

Scope:

The Affordability Requirements apply to the sale, transfer, conveyance or lease of any property held by the Authority to a grantee or lessee for the redevelopment of residential real property for residential purposes.

Definitions:

Affordable Dwellings-those dwellings that are sold to buyers or leased to renters with incomes that are at or below income limits and fair market rents established by the Authority.

HUD Guidelines- Income limits and fair market rents established by the Department of Housing and Urban Development based on median family income and family size and fair market rents, as determined for the metropolitan area of Savannah, Chatham County.

Affordable Sales Price-the maximum sales price established by the Authority for which a grantee shall be able to sell an Affordable Dwelling to a home buyer.

Affordability Period-the length of time a property provided by the Authority must remain affordable.

Developer- Any person, company, or entity that acquires an Authority property for residential redevelopment purposes.

Authority Property Developed for Sale to Home Buyers

I. Authority Transfer of Property to Developers

- A. Properties may be sold directly to a Developer
 - 1. Sales Prices of properties are to be determined by the Authority
 - 2. Property will be to be conveyed by deed at closing subject to sales contracts
 - 3. The Authority may approve a Loan to a Developer
 - Maximum Loan-90% of Sales Price, 10% down at closing
 - Payment Due in 12 months or upon sale of property to home buyer, whichever occurs first
 - Deed to Secure Debt and Promissory Note required at closing

II. Affordability Requirements and Preferences

- A. **Affordable Dwellings** are those dwellings that are sold to buyers with incomes and sales prices that are at or below those established by the Authority
- B. **Affordable Dwelling Requirements:** includes a single property or a group of properties in the same neighborhood
 - 1. Development of a single house must be affordable
 - 2. At least 50% of dwellings within a multifamily property or multiple properties in a neighborhood must be Affordable Dwellings
 - 3. The deed conveying the property to the Grantee shall contain an Affordable Dwelling deed restriction
 - 4. Violation of this requirement may result in the Authority seeking court ordered relief.
- C. **Home Buyer Income Requirement**
 - 1. Affordable Dwellings must be sold to buyers with annual incomes at or below 80% of HUD AMI or Authority approved alternative
 - 2. Developer must provide the Authority with evidence that the initial buyer meets the income requirements
 - 3. The deed conveying the property shall contain a home buyer income requirement deed restriction
 - 4. Violation of this requirement may result in the Authority seeking Court ordered relief.
- D. **Sales Price Restriction Requirement**
 - 1. Developer is required to sell the Affordable Dwelling at or below the Authority's established Sales Price at the time the property is approved for sale by the Board of Directors.
 - 2. Sales Prices will be determined on a quarterly basis by the Authority

3. The Authority may approve a higher Affordable Dwelling Sales Price if the Developer or other entity provides a 30 year, 0% interest deferred payment loan for the difference between the Authority Sales Price and the Appraised Value of the dwelling.
4. The deed conveying the property shall contain an established sales price deed restriction.
5. Violation of this requirement may result in the Authority seeking court ordered relief.

E. Affordability Period Requirement

1. Affordability Period-property conveyed by the Authority shall remain affordable for ten (10) years, unless otherwise determined by the Authority
2. Equity sharing may apply if the property is sold, transferred, or refinanced with cash out during the Affordability Period
3. The deed conveying the property shall contain an Affordability Period deed restriction, and an equity sharing restriction, if applicable
4. Violation of this requirement may result in the Authority seeking court ordered relief

F. Proposal Preferences

1. Preference may be given to those proposals with the total number of Affordable Dwellings being greater than 60%
2. Preference may be given to those proposals with Sales Prices that are 10% or more below the limits established by the Authority
3. Preference may be given to Nonprofit Developers

G. Additional Requirements

1. All Closing Attorneys must be approved by the Authority
2. A right of reversion may be included as a deed restriction in the deed conveying the property to the Grantee
3. The Authority may decline any offers or proposals for any reason. All sales are subject to the approval of the Land Bank Authority Board of Directors.

Authority Properties Developed for Rental Housing

I. Authority Transfer of Property to Developers

- A. Properties may be sold directly to a Developer by Direct Transfer by Deed
- B. Properties may be leased to a developer by Lease with the terms and conditions to be determined by the Authority
- C. Sales Price and Terms to Developer
 1. Sales Price of the property to be determined by the Authority
 2. Authority may approve a Loan to a Developer
 - Maximum Loan-90% of Sales Price, 10% down at closing
 - Payment Due in 12 months or upon sale of property to home buyer, whichever occurs first
 - Deed to Secure Debt and Promissory Note required at closing
 - Authority may offer a longer term

II. Affordability Requirements and Preferences

- A. **Affordable Dwellings** are those that are rented to households with incomes and rents that are at or below Authority established limits.
- B. **Affordable Dwelling Requirement** includes a single property or a group of properties in the same neighborhood.
 1. A single house must be an Affordable Dwelling
 2. At least 50% of dwellings within a multifamily property or multiple properties must be Affordable Dwellings
 3. The deed conveying the property shall contain an Affordability Dwelling deed restriction
 4. Violation of this requirement may result in the Authority seeking court ordered relief
- C. **Renter Income Requirement**
 1. Affordable Dwellings must initially be rented to households with annual incomes at or below 80% AMI or Authority approved alternative
 2. The Developer must provide the Authority with evidence that the initial renter income meets the requirement
 3. The deed conveying the property or the lease to the Grantee/Lessee shall contain a renter income deed restriction
 4. Violation of this requirement may result in the Authority seeking court ordered relief

D. Rent Restriction Requirement

1. Developer will be required to rent Affordable Dwellings at or below HUD published Fair Market Rents for ten (10) years, unless otherwise determined by the Authority
2. Developer shall provide the Authority with copies of leases upon request to confirm compliance
3. The deed conveying the property or lease to the Grantee/Lessee shall contain a deed restriction for Affordable Fair Market Rents
4. Violation of this requirement may result in the Authority seeking Court ordered relief

E. Affordability Period Requirement

1. Affordability Period-Any property conveyed or leased by the Authority shall be affordable for a ten (10) year period, unless otherwise determined by the Authority
2. Equity sharing may apply if the property is sold, transferred or refinanced with cash out during the affordability period
3. The deed or lease shall contain an affordability restriction and equity sharing restrictions, when applicable
4. Violation of this requirement may result in the Authority seeking Court ordered relief

F. Proposal Preferences

1. Preference may be given to those proposals with the total number of Affordable Dwellings being greater than 60%
2. Preference may be given to those proposals with rents that are 10% or more below Fair Market Rents or rent limits established by the Authority
3. Preference may be given to renters with incomes at or below 60% AMI
4. Preference may be given to proposals with Affordability Periods of 15 years or more
5. Preference may be given to Low Income Housing Tax Credit (LIHTC) projects or similar affordable housing rental projects
6. Preference may be given to Nonprofit Developers

G. Additional Requirements

1. All Closing Attorneys must be approved by the Authority
2. A right of reversion may be included as a deed restriction in the deed conveying the property to the Grantee.
3. The Authority may decline any offers or proposals for any reason. All sales are subject to the approval of the Land Bank Authority Board of Directors.