

Mr. Sweet

GREATER ATLANTA HOUSING DEVELOPMENT
CORPORATION

The Greater Atlanta Housing Development Corporation is a non-profit, tax-exempt organization, whose primary objective is to assist non-profit sponsors and private developers, as well, in carrying out programs to serve the housing needs of Atlanta's low-income and moderate-income families.

The corporation was established under the auspices of the Atlanta Chamber of Commerce in June, 1968, with financial support from the Chamber (\$10,000) for the initial funding of the corporation's operations. In close cooperation with the Chamber were Central Atlanta Progress, Inc., key persons of the Mayor's Housing Resources Committee, and others.

It was the intent of the Chamber's Board of Directors, in establishing the corporation, to seek a broad base of leadership and financial involvement from throughout the Atlanta business community. Toward this end, a number of the city's leading business citizens have been invited to participate in the funding of the corporation, and there has been gratifying response.

The Greater Atlanta Housing Development Corporation will aid sponsors of housing programs in several ways: Interpretation and explanation of programs available under current housing legislation; advisory help and coordination of the development functions, such as assistance in selecting an architect, attorney, engineer, contractor, developer and financial institution for construction loans -- seeking, in each case, those experienced in the type project selected; and helping to arrange and negotiate "seed money" loans for expenses for such services above set out which are incurred before mortgage proceeds become available.

These services are being provided through the corporation's Executive Director, who is highly knowledgeable in housing finance, project development and management, judgment of the feasibility of projects, technical aspects of Federal Housing Administration procedures, and communication with the business community and neighborhood groups.

Arrangement and negotiation of short-term "seed money" loans will result in a reduction of the sponsor's risk and thereby stimulate the construction of sales and rental housing for lower income families and promote rehabilitation of substandard housing. (One prime source of seed money, or "front end" loans, is to be Atlanta Civic Enterprises, Inc., an organization of ten larger businesses which have created a pool of resources to help solve the local need for housing. Atlanta Civic Enterprises, Inc., is in agreement with the method of approach being undertaken by the corporation.)

The loan fund administered by Atlanta Civic Enterprises fills this need for seed money, which can be loaned at less than the market rate of interest -- with some type of security -- and will be generally supplemented to some extent by the non-profit sponsor. It will be a revolving fund, as funds disbursed for the permanent loan are used to repay the seed money, or front end, loans.

Cost of operations will initially be provided from the funding support of the Atlanta Chamber of Commerce and members of the Atlanta business community. However, the corporation is anticipated to become self-sustaining from the fees or other charges for the technical services rendered. Such charges, as a part of the project cost, would be paid from the proceeds of permanent loans.

Already, in some FHA projects which have the 100 per cent loan provision, a consultant fee is allowed for inclusion in the cost and payable when mortgage money is available. The Greater Atlanta Housing Development Corporation ostensibly would qualify for such fees in many instances.

The housing legislation passed by Congress permits non-profit organizations, such as churches, civic organizations, unions and others, to sponsor projects of building or rehabilitating housing for low to moderate income families, with loans up to 100 per cent of the costs at interest rates, in some cases, as low as 1 per cent.

Despite 100 per cent financing, the initial costs of architect fees, attorney fees, engineering studies, FHA fees, land options and other costs must be paid before mortgage proceeds become available. These front end expenditures can amount to as much as 4 per cent of the total project cost but are reimbursable when mortgage money becomes available. Lack of funds to meet these expenses often seriously delays or completely rules out projects by non-profit sponsors.

Executive Director of the non-profit corporation is Mr. Robert Watkins, formerly owner of Industrial Service Company and with a background in the construction business. Offices of the corporation are located at 2742 First National Bank Building, adjacent to the offices of Central Atlanta Progress, Inc., which is providing secretarial help as well as office space for the new corporation.

