



 Georgia[®] Department of 
Community Affairs



Breaking
New
Ground

**HOUSING TAX CREDIT
PROGRAM REPORT**

2015-2019

Commissioner's Welcome

DCA is proud to have supported the mission of affordable housing for decades, including through the innovative and collaborative Housing Tax Credit program. This program brings together talent from across all sectors to build local solutions to address rising housing needs in Georgia, laying the foundation for stronger and more vibrant communities.

This report takes a deeper look into the impact of the Housing Tax Credit program by sharing resident, property manager, and developer testimonials on the positive change produced by the growth of affordable housing around the state.



There are countless more stories out there: we estimate that since 2001, the Housing Tax Credit program has provided safe and affordable housing to over 200,000 Georgians.

Many more lives are changed by the economic development, sustainability initiatives, and community-building services that have the power to transform communities and are built into the core of the program's structure.

DCA is proud to be a part of those Breaking New Ground in our state and paving the way for a safer, healthier Georgia.

**Christopher Nunn,
Commissioner**



Leadership

Tonya Cureton Curry

Deputy Commissioner for Housing

Jill Cromartie

Division Director,
Housing Finance & Development

Table of Contents

Page 3

Housing Tax Credit Program Overview

Page 4

Units Built Since Program's Inception
Points of Pride

Pages 5-6

Who We Serve

Page 7

Management

Page 8

Compliance

Pages 9-10

Economic Transformation

Page 11

Building Lasting Community

Page 12-13

Senior Living

Page 14

Sustainable Growth

Page 15

Looking Toward the Future

Housing Tax Credit program overview

DCA's Housing Tax Credit (HTC) program represents a cross-sector collaboration to address the need for affordable housing in Georgia, bringing together resources and talent from the private sector, nonprofit organizations, and government authorities at the federal, state, and local level.

Georgia's program matches dollar-for-dollar the tax credits provided under the federal Low-Income Housing Tax Credit, a program first initiated under President Reagan in 1986. Since 2001, Georgia's Housing Tax Credit program has produced over 136,000 affordable apartments throughout the state to around 200,000 senior citizens, working families, and individuals.

Private developers from around the state compete every year to receive tax credits issued by the IRS, which are available to properties that devote all or part of their units to low-to-moderate-income residents. Annually, DCA receives 65 to 85 9 percent-level competitive applications and 60 to 80 4 percent-level applications which are carefully reviewed for construction quality, design standards, amenities, and cost reasonableness, before awarding 100-120 projects with transferable tax credits. Developers can then sell these credits to private investors, earning capital for their projects which facilitate a much lower loan to value (LTV), allowing them to keep rents at an affordable and stable level.

Developers pledge to cap rents at an affordable level for at least 30 years, providing sustainable solutions for Georgians facing quickly rising housing prices. Affordable rent rates are calculated using considerations like the Area Median Income (AMI), familial size, and the number of bedrooms.

BY THE NUMBERS

136,000

affordable apartments provided in Georgia since **2001**

200,000 senior citizens, working families, and individuals have benefited

180-200 applications reviewed each year

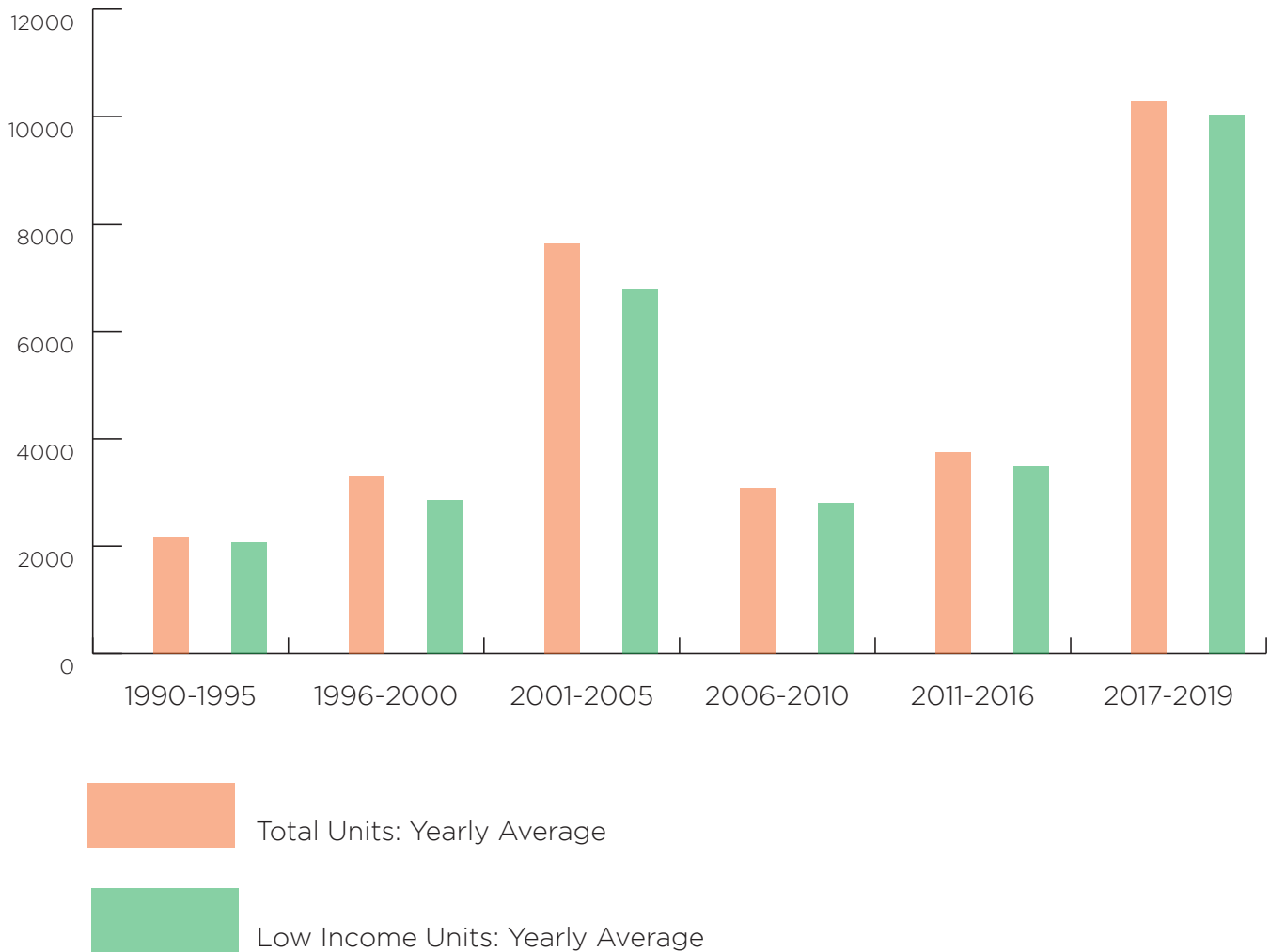
100-120 projects funded

4% or 9% level for transferable tax credits

30-year rent caps at affordable level

Compliance and accountability are key components of DCA's Housing Tax Credit program. Selected developments are held to the same rigorous design and quality standards as market-rate projects, and submit fully audited costs along with their application that are reviewed by DCA to ensure the appropriate allocation of funds. Furthermore, the program itself is subject to oversight at both the federal and state level, receiving regular audits by both the IRS and the Government Accountability Office. This oversight helps DCA identify and reduce waste in the Housing Tax Credit program, while ensuring that it provides the highest quality services to Georgia residents. [A 2018 GAO report found that the Georgia DCA's program had the second-lowest median cost-per-unit for new construction, out of all of 12 programs studied nationwide.](#)

Units Built Since Program's Inception: 1990-2019



POINTS OF PRIDE

DCA's **9%** tax credit program is the primary source of support for affordable housing development in rural Georgia — over a third of the **9%** tax credits are set aside for projects in DCA Rural Counties and USDA Rural Areas.

In the last five years, DCA's Housing Tax Credit program has produced **12,000** units of housing designated for Georgian seniors living on a fixed income.

Who We Serve

Because DCA invests in a diverse portfolio of properties, from mixed-income developments to senior living communities, Georgians from all walks of life have found their homes in Housing Tax Credit properties. The strength of the federal Housing Tax Credit program's approach lies in the way it grants states decision-making authority; the program acknowledges that housing is a local issue that deserves specialized solutions. Within the state of Georgia are incredibly diverse populations and geographies, which in turn produce diverse housing needs.

Low-Income Georgians

Developers commit to keeping low-income units at affordable rates for a period of at least 30 years. Maximum income and rent limits are determined by the US Department of Housing and Urban Development, which ascribes to the tenet that housing costs should not exceed 30% of residents' gross income. True to the ethos of the program, rental rates are not one-size-fits-all, and instead are tailored to fit the needs of the community. Affordable rents are calculated using a range of factors, including income, but also accounting for considerations like Area Median Income (AMI), familial size, and number of bedrooms.

Housing Tax Credit properties accommodate Georgians who make less than 60% of the Area Median Income. [The need for housing among these working individuals and families is high, and yet the demand](#)

[is currently not being met by the market; the National Low Income Housing Coalition estimates that in this income bracket, there are, on average, only about 60 affordable and available homes per 100 renters in the state.](#) The Housing Tax Credit program is not a subsidized housing program — tax credits are allotted to developers, rather than residents themselves. All residents are required to show proof of income, which for many, comes from full-time employment with local industry and employers.

While DCA encourages the development of mixed-income communities, the program is effectively delivering for its intended beneficiaries: low-income working Georgians. Over the last five years, 96% of the total housing units produced through the Housing Tax Credit program were designated as low-income, affordable units.

Rural Georgians

DCA separates applications for rural projects from those proposed for suburban and urban areas, and judging them each in their own category to ensure tax credits are allocated in a manner that benefits all types of communities. Each year, a minimum of 35% of tax credits in the 9% program are set aside for use in DCA Rural Counties and USDA Rural Zones. In 2019, over \$10.5 million was devoted to promoting high-quality affordable housing for rural Georgians. Additionally, up to \$1.5 million of 9% credits are reserved specifically for helping



“I think they need to make affordable housing for our community. Senior people need a place to live.”

Shirley Lewis,
*resident, Abbington
Perimeter*

Who We Serve, cont.

rural development projects pay off their DCA HOME loans, through the program's Rural HOME Preservation annual set-aside.

Senior Citizens

Georgia's elderly population is one of the state's fastest growing demographic groups. Reports estimate that Georgia's population of those aged 60 years or above is expected to increase over 35% during the next decade. With many depending on a fixed income of Social Security benefits and pensions, there is an urgent demand for safe, affordable housing designed for elderly lifestyles. As one resident of Abbington Perimeter in Decatur put it, "Senior people need a place to live. There's a lot of us... we're still here."

DCA is meeting that need by encouraging Housing Tax Credit properties that are either solely occupied by individuals 62+ years old or have at least 80% of units occupied by residents 55+ years old. In addition to architectural requirements that prioritize accessibility, comfort, and safety, all HTC Senior Developments provide senior-friendly services such as social activities, health programming, and enrichment courses.

[2018 report by the GAO found that out of all the states selected for study, Georgia's HTC program funded the highest percentage of senior projects.](#)

The rest of the community (mixed-income professionals, local businesses, developers)

Who else benefits from the construction and presence of a Housing Tax Credit property? The entire community. Housing tax credits increase property tax revenue for local governments, generate local construction jobs, and attract families, working individuals, and retirees to towns all over the state. Surrounding local businesses and industry grow.

The environment is protected, by sustainable construction practices and green-certified buildings. Higher-earning individuals have the chance to live in a high-quality, new development, in select market-rate units available at mixed-income properties. HTC properties are often at the center of revitalization plans because of their multi-dimensional and collaborative approach to community-building.

Whether developments bring with them free health services, workforce development initiatives, or support for vulnerable community members, DCA recognizes that stable, affordable housing is the absolute crucial foundation for thriving communities.



"There's many benefits to housing developments. Not only in providing housing for folks, but the ancillary is the economic development for areas."

Bill Gross,
President,
W.H. Gross
Construction Company

[Nearly half of the HTC proposals selected by DCA in 2020 were devoted to housing elderly Georgians in both rural and urban/suburban counties. A](#)



**The Village at Winding Road,
St. Marys**

Day-to-Day Life

DCA, developers, and management companies strive to make each property a safe and welcoming place to live. Community is built not just among residents and neighbors, but extends to the professional and compassionate behavior of property staff.

“They go out of their way to please you,” said Pearlie Anderson, a self-described “Day One” resident of Hearthside in Peachtree City. Wylene Sumbry, a senior citizen living in the Abbington Perimeter complex in Decatur, agrees: “The staff here, it is very family-oriented. They reach out to our senior citizens. If I needed them, they were there.”

Property managers went out of their way to check in on her during her first week at the apartments and answer any questions she had about living there. “You don’t get that too many places, at all,” said Ms. Sumbry.

Residents speak equally highly of the maintenance and custodial staff: “The

grounds are always kept up,” said Minnie Williams, who loves to enjoy the peaceful scenery of Hearthside. “I thank God for the people that work here,” said Peggy Jackson, a resident of the senior community at The Village at Winding Road, in St. Marys. “Very sweet people; considerate, mindful. It’s good to have when you’re alone and a senior citizen,” she added.

Tara Friedman, a property manager whose region includes The Village, explained the lengths that her company, Fairway Management, goes to in order to make residents feel taken care of and safe. For starters, 24/7 maintenance on-call, as well as “pest control every month, landscaping ... taken care of.” Ms. Friedman said that some of the elderly residents decline to evacuate during hurricanes that occasionally hit Georgia’s coast; on those nights, maintenance staff have been known to stay back and “tough it out” alongside them.

Compliance: How It Works

For the most part, DCA leaves individual property management companies to operate as they would with any market-rate development.

Should a resident raise a problem with management that suggests violations of the Housing Tax Credit program agreements:

1 The complaint is brought to DCA via phone or by using an online link, which enables DCA to document the concern, follow the concern through to resolution, and provide metrics for management companies and owners.



2 DCA speaks directly with management companies to address issues of noncompliance, including excessive rent charges or other program violations.

All HTC projects are subjected to a 30-year compliance period, during the initial 15-year compliance period, the IRS may recapture tax credits if program non-compliance is identified and corrective measures aren't taken swiftly.

This disciplinary mechanism ensures that developers are committed long-term to providing affordable and high-quality housing to Georgians, and that valuable tax credits are only going to projects that uphold that commitment.

As part of the conditions of the federal low income housing tax credit program, the IRS requires that DCA conduct monitoring on its properties **at a minimum of every three years, and more frequently if warranted,** during which the agency evaluates and reports the physical standards of buildings, records health and safety violations, and files relevant rent and income restriction information to the IRS.

Lastly, all developers pledge to keep rates at **affordable levels for an additional 15 years** past the mandatory compliance period, meaning that HTC properties are guaranteed to remain accessible and affordable for a **minimum of 30 years.**

Economic Transformation

The Housing Tax Credit program has received bipartisan support for years due to the program’s investment in public-private partnerships and its creative funding source through tax credits rather than budget expenditures. The Georgia Housing Tax Credit program stimulates economies across the state by providing capital for new development projects, facilitating local construction jobs and reducing debt for private developers, and usually generating increased property tax revenues as a result of constructing an income-producing property. Developers pass on these savings to renters to whom they can charge lower housing rates.

Affordable housing developments enhance local tax revenues by improving or replacing substandard and low-quality housing that pay little to no taxes. “There’s many

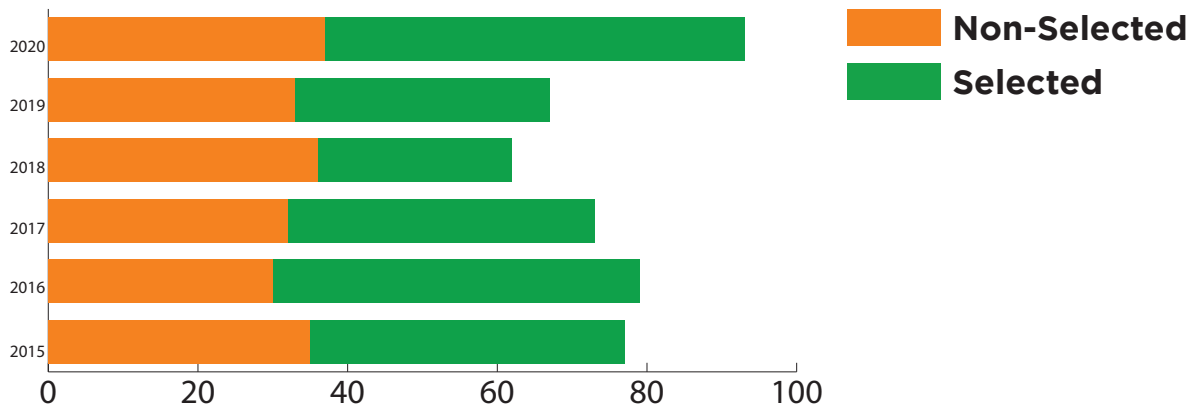
benefits to housing developments,” attested local developer Bill Gross. “Not only in providing housing for folks, but the ancillary is the economic development for areas; sometimes the redevelopment of downtown, using surplus buildings and properties that the state and school board have.”

Once owners and renters move in, they actively contribute to the local economy. In addition to increasing property values simply with their presence, residents visit local businesses, aiding the economic growth of the area.

For many residents, easy access to shopping and downtown centers are a huge draw of living in a Housing Tax Credit property. Some have waited years to live and work in areas of Georgia that were formerly inaccessible because of housing costs.

The demand for affordable housing by renters is matched by the demand for tax credits by the state’s private developers. Every year, DCA receives around 65-85 applications for the 9% tax credit, more than double the amount of awards it can allocate annually.

- **2020:** 37 selected, 56 non-selected, 93 total applications
- **2019:** 33 selected, 34 non-selected, 67 total applications
- **2018:** 36 selected, 26 non-selected, 62 total applications
- **2017:** 32 selected, 41 non-selected, 73 total applications
- **2016:** 30 selected, 49 non-selected, 79 total applications
- **2015:** 35 selected, 42 non-selected, 77 total applications



Economic Transformation, cont.

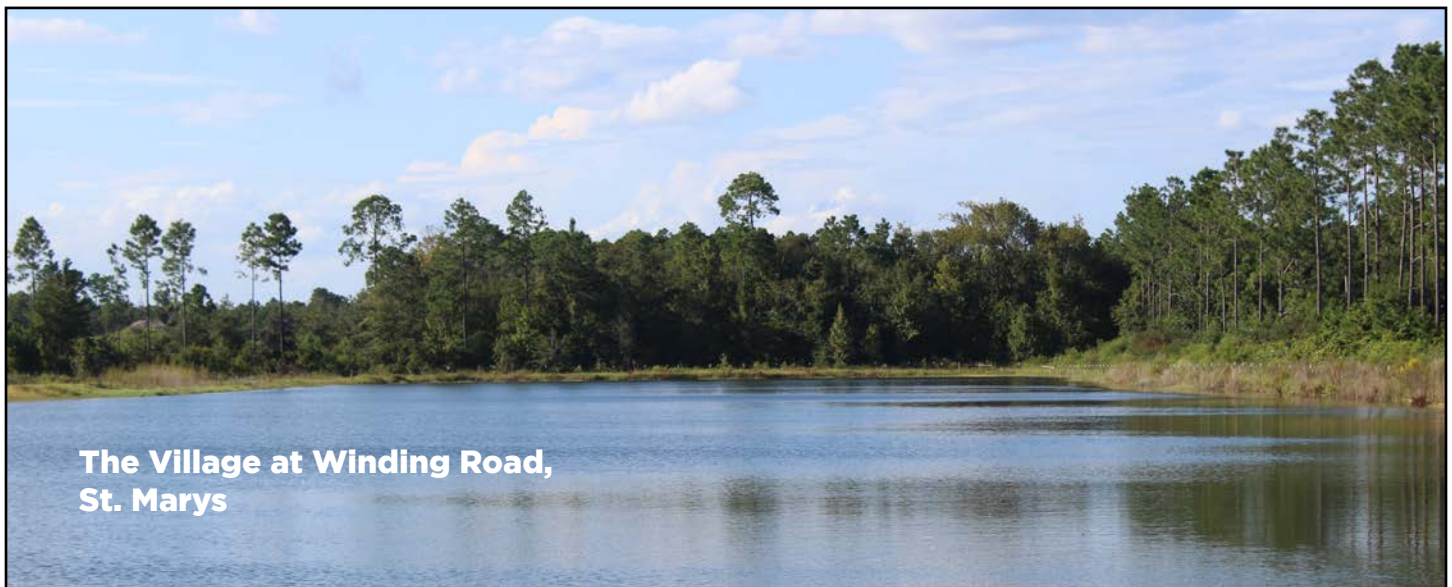
Pearlie Anderson had lived in Atlanta nearly all her life, but had a lifelong dream of living in Peachtree City, just 30 miles outside the city. “The whole while I was living in Atlanta, I used to come out here and shop. I know Peachtree City,” she said of her devotion to her new home. “My husband and I ran a restaurant for about 30-something years, and my goal was to sell the business, buy a house on the lake in Peachtree City.” When she found out that the DCA Housing Tax Credit program was facilitating the development of a senior living property in the town of her dreams, it was like God answering her prayers, said Ms. Anderson.

“This community had everything nearby,” said Marsha Lawson Young, a resident at The Village at Winding Creek in St. Marys. “The drugstore, the grocery store — three different grocery stores that I like, you know, because I like to go to each one. I’m very particular.” One of the best parts of living at Winding Creek was getting to explore downtown. Ms. Young is a frequent visitor to St. Marys “groovy restaurants, art galleries,

cozy stores, boutiques, furniture stores, gift shops, [and] great bookshops.”

Local governments recognize the economic value of Housing Tax Credit properties, and the long-term positive impacts that residents bring to local businesses and communities. [In the city of Savannah, a deteriorating apartment complex described as “crime-plagued” was replaced by the re-envisioned Savannah Gardens, a brand new 595-unit development that was funded in part by DCA’s 9% tax credit program.](#)

Design plans for the new property included considerations such as protecting the area’s tree canopy, adding parks and green spaces, and building in flow among buildings to facilitate interaction and community amongst mixed-income residents, which include hundreds of new renters, first-time homeowners, and senior citizens flocking to the city. [The mayor of Savannah, Van Jones, called the project “a perfect example of community revitalization in our city.”](#)



**The Village at Winding Road,
St. Marys**

Building Lasting Community

DCA's goals go beyond providing safe and accessible physical structures. The agency's focus of Breaking New Ground extends to helping build stronger, healthier communities all around Georgia.

[In 2017, the Georgia House Study Committee on Low-Income Housing Tax Credits recommended that DCA prioritize mixed-income working class family developments.](#)

The agency adjusted their application process to reward developers who submit plans integrating market-rate units with affordable units, in order to encourage income-diverse communities. As the 2017 Study Committee noted, "segregating low-income earners does not provide adequate opportunities to break the cycle of poverty." Research is still ongoing regarding the potential social and economic benefits of mixed-income neighborhoods, but DCA is mindful about constructing properties that are designed for their residents to succeed.

The agency's Qualified Allocation Plan incentivizes property deals that offer job training classes or educational programs for residents, and encourages developers to provide community computer work stations

— incorporating amenities that improve residents' educational and professional outcomes. Once someone qualifies to live in an HTC development, they are allowed to stay; residents are never "priced out" and inadvertently punished for improving their income while living in stable, affordable housing.



"Two years later, and I'm going strong. I'm learning different things every day, and it's really awesome. They take care of their employees."

Lakisha Walker,
Resident & Employee

With this security, residents find that living in HTC properties can have a transformative effect on their lives. Lakisha Walker moved into Village at Winding Road with her three children in 2014. A single mother with no car, Ms. Walker was overwhelmed when the staff went out of their way to settle her family into their new apartment, even lending her transportation when she needed grocery trips. Eventually, a job opportunity with the property management company opened up, and Ms. Walker applied.

Two years later, she is overseeing HTC developments around the state, looking after residents and welcoming seniors and families to their new homes, just

as she was welcomed when she arrived six years ago. "Two years later, and I'm going strong," Ms. Walker said, smiling. "I'm learning different things every day, and it's really awesome. They take care of their employees."



Senior Living

Across the state, officials are recognizing the need for affordable housing for Georgia's senior citizens, a group particularly threatened by rising housing costs because of their reliance on a limited income of Social Security benefits and pensions. [Census data indicates that over 10 percent of Georgian adults over 65 years of age live below the poverty level, and around 16 percent face food insecurity.](#)

[The Harvard Joint Center for Housing Studies projects that over the next decade, older single persons and empty nesters will make up one of the fastest-growing household types in the nation.](#) Increasingly, senior citizens are looking for safe, affordable communities in which to retire.

DCA is meeting this growing need by facilitating the construction of affordable senior living communities around the state. In the last five years, the Housing Tax Credit program has produced over

12,000 units of housing specifically designated for Georgian seniors living on a fixed income.

Senior citizens living in DCA-funded properties praise the amenities, the community, and the accessibility they find in their new homes. Often coming from housing situations that have become unsafe or unaffordable in their more advanced years, they are pleased to find that the HTC properties uphold high-quality construction standards and are deliberately designed for senior lifestyles.

"Whoever architected this place had a seniors' mind, because they thought of everything to make their life comfortable," said Larry Wilson, a resident of Bear Creek Village at Hampton. "That's what this place does. It makes it so comfortable for people of age, and even those that are physically challenged. It's no challenge to live here!"

Mr. Wilson and others expressed gratitude for small conveniences that make their everyday



lives easier, from the single-story design of apartment buildings to the abundance of streetlights that make nights feel safer.

“Wow, they thought of everything,” thought Peggy Daniel, the day she first toured her apartment at Bear Creek Village. She was in awe of the spaciousness of the rooms, noting that the hallways were wheelchair-accessible, and as a former Fire Service worker, she was especially impressed by the sprinkler safety system in every room.

“You know how old people are, we check out everything,” she said, laughing. She was glad to report that the apartment had exceeded her expectations. The small things — having one’s own washer and dryer, having access to walking trails and a quiet neighborhood — they “might sound silly,” said Ms. Daniel. “But that was a big plus.”

The Housing Tax Credit program’s senior properties are designed for a strong sense of community, from the inviting front porches to the social programming offered to residents. Shirley Lewis settled down at Abbington Perimeter after spending nearly 24 years in Jamaica, and said the community she found in



her building helped her navigate a challenging transition to life in the United States. “[The seniors here are] close-knit, because we know we need each other,” she shared. “We like it when we play bingo together. And we really look after each other more than anything else.”

Sustainable Growth

As more and more people move to Georgia to build homes, start businesses, and raise families, DCA is facilitating the construction of housing with a purposeful eye towards the growth of the state and the safety and health of our environment. [All HTC projects are required to meet a set of energy-efficiency standards that include standards for high-quality HVAC systems, water-efficient plumbing, fluorescent or LED lighting, and Energy STAR certified appliances.](#)

[Developers are also required to obtain a sustainable building certification from an independent green building organization, to ensure that the project's construction practices and materials are climate-friendly, have a reduced carbon footprint, and produce buildings that are durable, resilient, and safe for occupation.](#) Maintaining energy efficiency standards not only mitigate negative impacts on the environment, but creates a better quality of life for residents, who benefit from better indoor air quality, reduce their exposure to toxic building materials, and enjoy significant savings on water and energy bills.

By replacing or updating substandard, aging developments with high-quality and energy efficient units, DCA's Housing Tax Credit program is contributing to Georgia's

BUILDING CHECKLIST

All HTC projects are required to meet a set of energy-efficiency standards.

Developers are required to obtain a sustainable building certification from independent green building organization.

investment in a sustainable future. In addition to replacing deteriorating buildings, DCA has a robust program for incentivizing preservation projects, which save energy and materials by renovating existing affordable housing developments rather than initiating new construction.

Preservation projects are a cost-effective strategy for addressing the demand for affordable housing, while also maintaining the unique cultural contributions of local historic buildings and locations. [In 2017, Georgia made the list of Top Ten States for LEED Green Building, leading the southeastern region in the number of gross square feet certified by LEED standards of energy efficiency.](#) DCA's new sustainability requirements for developers is helping pave the way for Georgia's return to its status as a nationwide trailblazer in green building.

SNAPSHOT ANALYSIS

23.7% of renters in Georgia are severely cost-burdened, paying greater than **50%** of their income towards rent.

The Housing Tax Credit program diminishes that cost burden, allowing families and individuals to pay for other necessities such as healthcare, education, food, credit card bills, etc.

Looking Toward the Future

The Housing Tax Credit program continues to achieve new heights with each passing year. Demand by developers is climbing, as more and more private enterprises are eager to collaborate with the state to meet housing needs in Georgia. Each year, DCA receives around 65-85 applications for the 9% tax credit, more than double the amount of awards the agency can currently allocate annually.

In the most recent 2020 cycle, the Housing Tax Credit program received a record number of 93 applications for the 9% competitive round, outlining creative and innovative visions for affordable communities serving families, senior citizens, and rural Georgians in 50+ counties within the state. Developer Bill Gross sees the Housing Tax Credit program as more than just a financing tool, calling the pursuit of affordable housing in Georgia “a mission”: “It’s not just building apartments. It really is building a product that can change people’s lives.”

The work of DCA is spreading among everyday Georgians as well. “I wish there were more like this,” said Peggy Jackson, a resident in a senior living community in St. Marys. She heard about The Village at Winding Road through her next-door neighbor, a woman around her age who was looking to move to an area with a slower pace. Ms. Jackson agreed — “I wanted some peace and quiet, you know?”— and put her name on the development waiting list. Six months later, she arrived at The Village, and found that “this place was everything I could ever imagine.”

After finding her home at an HTC development, Ms. Jackson said she is spreading the word. “I’ve told many friends ... ‘Please get on that waiting list!’... It is very rare to have this type of community. If this place wasn’t here, [there] would be a lot of homeless seniors.”

In the last five years alone, the 9% Housing Tax Credit program has produced over 38,000 units of housing for low-income Georgians in dozens of counties. As Georgia’s population grows, the program has continued to innovate to keep up with rising demand; during the same time period, there was an average 34% increase in total units built each successive year.

The state credit portion of the program provides about a third of the capital for 9% credit projects, and a quarter of the capital for 4% projects. Cuts to the state’s credit contribution to the program are estimated to result in around 24 less development deals per year, in addition to the loss of over two-thirds of yearly 4% bond deals. At the same time, the program is receiving record-breaking numbers of competitive applications, driving proposals to be more creative, innovative, and client-focused than ever in order to be selected.

“It’s convenient, it’s peaceful, it’s well-kept,” said Marsha Lawson of her new home. A Georgia native who recently returned to St. Marys in order to care for her elderly mother, she saw the need for more affordable housing in her home state, saying, “I would only like to see these types of communities to grow.”

Mr. Gross agreed, emphasizing his belief in the positive impact of the Housing Tax Credit program: “Whenever you live in a community that you love, in a state that you love, you want to make things better. And this is a great way to make things better.”



Hearthside Peachtree,
Peachtree City

