

**Georgia Department of Community Affairs (“GRANTEE”)
DISASTER RECOVERY PROGRAM (“CDBG-DR”)
REQUEST FOR PROPOSALS (“RFP”)
FOR MULTIFAMILY RENTAL FUNDING**

TABLE OF CONTENTS

Section I	Overview	Page 2
Section II	Application Submission	Page 2
Section III	Property Requirements	Page 3
Section IV	Eligibility	Page 4
Section V	CDBG-DR Loan Terms	Page 5
Section VI	DCA Underwriting Review	Page 5
Section VII	Application Review Process	Page 7
Section VIII	GAP Financing Loans	Page 9
Section IX	CDBG-DR Award Process	Page 10
Section X	CDBG-Federal Compliance Requirements	Page 10
Section XI	CDBG-DR Pool Structure	Page 15
Section XII	Selection Criteria	Page 15

Attachment A: Appraisal Requirements (2019 DCA Appraisal Manual)

Attachment B: 2019 Georgia Qualified Allocation Plan

Attachment C: 2019 Application Documents Checklist

Attachment D: 2019 Environmental Manual

Attachment E: Market Study Manual

I. Overview.

The Georgia Department of Community Affairs (“DCA”) hereby releases this Request for Proposals (RFP) for the DCA CDBG-DR Multifamily Rental Program (“The Program”). This RFP is designed to provide funding for the new construction or acquisition/rehabilitation of affordable multifamily housing in the designated areas impacted by Hurricane Irma, strong winds, and tornadoes. The availability and use of these funds are subject to the DCA CDBG-DR Action Plan which was approved by the U. S. Department of Housing and Urban Development’s (“HUD”). The RFP complies with the requirements as stated in the Action Plan and establishes the application acceptance period, threshold criteria and selection criteria for awards.

The sum of **\$12,500,000** of CDBG-DR funds has been set aside for this program. DCA reserves the right to increase or decrease the level of funding available for this program. In the event DCA increases the funds allocated to the Program, DCA may re-consider acceptable applications not previously selected for funding without re-opening the Program.

The Program objective is to create or preserve multifamily rental units with CDBG-DR funds structured as an amortizing or soft first or second mortgages paid from available cash flow, and equity from the sale of Low Income Housing Tax Credits (LIHTC’s) in 9% or 4% transactions with Bond financing. (Selected Applicants will be eligible for an allocation of 4% or 9% Georgia Low Income Housing Tax Credits.) Additional resources may also be used to finance proposed developments.

An Applicant receiving funds under this RFP will be expected to maintain the property as safe, decent affordable housing for the longer of the project’s LIHTC compliance and extended use period, the 20-year CDBG-DR Use Agreement, or the maturity of any loan or guaranty financing provided by the DCA.

Additional information regarding this RFP, the State of Georgia’s Disaster Recovery Action Plan, and more details about the program can be found at the following link:

<https://www.dca.ga.gov/community-economic-development/funding-programs/community-development-block-grant-disaster-recovery>

Timeline. The following timeline is applicable for the RFP:

Date	Event
5/8/2019	RFP published
5/29/2019	Questions submitted by Close of Business (COB) on this date will be answered by DCA on or before COB 6/5/2019
7/8/2019	Application submission date

Applicants and other stakeholders may submit questions by email to Tommy.Lowmon@dca.ga.gov.

II. Application Submission:

A. Questions regarding this RFP will only be considered if they are submitted in writing to the above email address on or before May 29, 2019. Questions shall clearly reference the section of the RFP for which the applicant is inquiring or seeking clarification. Answers, along with the

actual question, will be posted on the DCA website link referenced above. It is the sole responsibility of the applicant to inquire into and clarify any item of the RFP that is not understood.

- B. The Application and all supporting documents must be received by DCA in their entirety, no later than July 8, 2019 at 4:00 p.m. EST at the following address:

Georgia Department of Community Affairs

Attn: "CDBG-DR Multifamily RFP"

60 Executive Park South, NE

Atlanta, Georgia

Applications not received by this date, will be accepted and placed on a waiting list. If there are additional funds available, these Applications will be reviewed in order of receipt.

- C. A complete Application will include a completed CDBG/Tax Credit Core Application and all required third party reports and support documentation required by the 2019 Georgia QAP. A checklist of required documents is attached as Exhibit "C."
- D. Applicants may submit an application both under the 2019 Competitive LIHTC Round and under this RFP. If selected for funding under this RFP, applicants must withdraw their LIHTC Competitive Round Application.

III. Property Requirements

A. Development Cost Limits

DCA has adopted cost limits as defined by the HUD PIH Office of Capital Improvements. Regardless of the reasonableness of the proposal, DCA will not fund properties with costs exceeding these limits other than the potential waivers described in the 2019 QAP, Threshold Section II. Cost Limits or this RFP.

Applications for properties located in the MSAs listed in the HUD 2018 Unit Total Development Cost Limits document must use the respective per unit cost limit (see HUD PIH Office of Capital Improvements website:

https://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/ca/pfund – refer to "What's Hot" column).

Applications incorporating resilient building materials and designs may use up to 110% of the applicable cost limits. Applicants must clearly detail these additional cost factors, including how much each line item costs. Use the applicant comment box on Tab Part IV-Uses of the Core Application (Excel).

B. Income/Rent Requirements.

1. At least 51% of the property's units must be rent and income restricted: the designated low and moderate income having rents affordable to households at or below the lesser of 80% of Area Median Income (AMI) or the LIHTC unit designation (whichever is less).

2. Applicants utilizing income averaging must demonstrate market units (unrestricted units) have achievable rents more than 10% greater than 80% AMI gross rent limits for the applicable area.
 3. A minimum affordability period of fifteen (15) years for the rehabilitation or reconstruction of multi-family rental project with eight or more units, and a minimum affordability period of twenty (20) years for the new construction of multi-family rental units with five or more units.
- C. **HUD Notices.** Applicants must meet all requirements of applicable notices HUD’s website: <https://www.hudexchange.info/programs/cdbg-dr/cdbg-dr-laws-regulations-and-federal-register-notices/>. See the Federal Register Notices under the Header “2017 Events.”

IV. Eligibility

- A. **Eligible Applicants:** All borrowers will be LIHTC single asset entity limited partnerships or limited liability corporations which are for-profit entities. General Partners of these entities may be for- or non-profit entities. A Public Housing Authority may participate as General Partner. Proposed Project Teams must meet DCA’s qualification requirements and be determined to have the experience and capacity to complete the proposed property. Ineligible Applicants include:
- Any person or entity on the federal debarred list, or an organization representing such person or entity on that list.
 - Any person or entity (or affiliate thereof) that received notice that they are currently out of program compliance for LIHTC, HOME or CDBG.
 - Any person or entity (or affiliate thereof) who is in default on any DCA program loan.
- B. **Eligible Properties**
- Projects must have at least five (5) residential rental units. There is no maximum project size, so long as the development is supported by market demand evidenced through a market study.
 - Mixed-use projects (that is, projects that include uses other than residential housing) are not eligible. Common space buildings for exclusive use of residents are not considered mixed use. Leasing offices and common space employee units are allowable.
 - Projects with existing LIHTC reservations, (Carryover Allocations for 9% LIHTCs or Letter of Determination for 4% LIHTCs) must resubmit an Application to meet 2019 QAP Threshold requirements. Applicants may change the unit mix or add additional units in the resubmitted Application.
 - Projects without an existing LIHTC reservation may request an award of 9% or 4% credits in the submitted Application. All tax credit requirements and limits as set forth in the 2019 QAP must be met.
- C. **Eligible Sites.** All proposed properties must be located in one of the three priority zip codes designated in the CDBG-DR Implementation Plan: 31520, 31548 or 31705. Properties located within 0.5 miles of one of these zip code boundaries may submit an application. Preference will be given to applications located within the boundaries of each zip code.
- D. **Eligible Use of Funds.**
1. CDBG funds can be used to finance activities other than “construction work.”

2. “Financing” is not limited to the act of paying for construction work directly. “Financing” can mean, for example, using CDBG assistance to reduce the interest rate on a construction loan (including certain collateral accounts).
3. For example, CDBG can finance real property acquisition, purchase of equipment, architectural and engineering fees, other services (e.g., legal, accounting, construction management), and other non-construction items such as furniture, business licenses, real estate taxes, and tenant allowances for such items.

E. Eligible Activities.

1. Rehabilitation of Units directly damaged by the disaster.
2. New Construction Units located in one of the targeted areas listed in C. Eligible Sites.
3. Rehabilitation/New Construction: Units were directly damaged by the disaster; Units are located in one of the targeted areas listed in C. Eligible Sites.
4. Each of these uses may include mitigation or resiliency elements.
5. CDBG-DR funds may not be used for activities reimbursable by or which funds are made available by FEMA or USACE.

V. CDBG-DR Loan Terms

A. Loan Size Requirements. Minimum: \$2 million; Maximum: \$4.17 million

B. Terms of Loan.

1. Minimum term: 20 years
2. Maximum term: 30 years
3. 0% interest Construction financing (if requested during construction)
4. 1% Permanent financing
5. CDBG-DR loans cannot comprise more than 50% of the total development Costs
6. Loans must be in first position for 9% LIHTC developments
7. For non-amortizing loans, payment on the loan will be based on the lessor of 50% of available cash flow (after the payment of deferred developer fee) or a payment necessary to maintain the minimum Debt Coverage ratio’s outlined in Section B. Underwriting criteria.

VI. DCA Underwriting Review

A. Standard of review. All selected Applications will be subject to a stringent underwriting review. Prior to commitment, the proposed loan must be approved by the DCA Project Loan Committee (Committee). DCA cannot guarantee that a proposed loan will be approved by the Committee. The presentation of a workable loan is the sole responsibility of the Applicant. Properties that are determined by the Committee to pose an undue risk of loss to DCA through recapture during the period of affordability or default prior to payment in full will not receive a final commitment of funds.

DCA underwrites the loan based on the proposed pro forma submitted by the Borrower. Underwriting staff also performs a “sensitivity” analysis. The sensibility analysis will show whether the expenses or revenue proposed by the applicant can be less than 10% and still

show a viable repayment structure. This means that proposed rents will be underwritten both at the maximum allowable amount and at 10% less than the maximum amount. The ability of the proposed loan to “pass” this sensitivity analysis is used as part of the overall analysis of the risk of recapture and/or default.

Risk of default after the end of the period of affordability may be mitigated by a market appraisal showing that the property has a value in excess of the loan balances.

B. Underwriting Criteria. Selected Application will be underwritten using DCA underwriting standards as set forth in the 2019 Qualified Allocation Plan for both tax credit and HOME properties. The following is a brief summary of certain aspects of some of these requirements.

1. Total Debt Service Coverage Ratio

- DCA will require that projects with debt meet, at a minimum, a 1.20 debt coverage ratio for each year of the compliance period (Year 1-20) for new construction and 1.25 for projects involving rehabilitation.
- For purposes of determining the debt coverage ratio, deferred Developer Fee will not be considered debt. Amounts set aside in a reserve funded in one year may not be withdrawn and treated as a gross receipt in a subsequent year to satisfy the debt service coverage ratio in the subsequent year.
- Amounts received in one year that exceed the debt service coverage target for that year will not be credited to another year.
- For purposes of this test, each year will stand alone. The debt coverage ratio cannot drop below 1.20 for new construction (1.25 for rehabilitation) during years 1-20.
- DCA may reduce credit allocations/allocation requests or CDBG-DR requests to Applications that have high DCRs and have enough cash flow to support debt. DCA will scrutinize Applications with DCRs exceeding 1.50 in urban areas and 1.40 in Rural areas.

2. Operating Expense Coverage Ratio. All developments with debt must meet DCA’s debt coverage ratio requirement and have a minimum Effective Gross Income to Total Annual Expenses (including reserve for replacement) ratio of 1.10 for new construction and 1.15 for projects involving rehabilitation (Year 1-20).

3. Developer Fee.

- The Developer Fee will be limited to 15% of Total Development Cost less the budgeted Developer Fee, any demolition cost, any reserves, and the underwritten cost of Land. For 4% Bond Financed Projects developer Fee will be limited to 7% of eligible costs exceeding \$16,500,000. See the 2019 QAP, DCA Underwriting Policies, 9. Developer Fee Limitation for calculations on 9% and 4% rehabilitation projects (with or without acquisition).
- The actual developer fee is limited to the amount specified in the CDBG-DR Application, even if the eventual development costs are higher than estimated.
- Deferred Developer Fee must be payable by year 15 from available cash flow. The deferred portion cannot exceed 50% of the total amount of Developer Fee.

4. **Initial Reserves.** Awarded projects must fund any initial reserves specified in the CDBG-DR Application.
5. **Rent Up Reserve:** Absent information to the contrary, a rent-up reserve (excluding marketing costs) must be funded equal to three months of projected operating expenses. After lease-up, any funds remaining in this reserve will be transferred to the ODR or utilized to pay any deferred Developer Fee.
6. **Operating Deficit Reserve (ODR):** All developments must fund an ORR at or before Conversion and held for the Compliance Period. Absent information to the contrary, DCA will use six months of operating expenses plus six months of debt service.
7. **Replacement Reserve:** The CDBG-DR Application may include an initial deposit to the Reserve for Replacements.
8. **Other Reserve:** The CDBG-DR Application may include other initial reserves (such as a debt service reserve). If the Applicant proposes any such additional reserves:
 - During the term of the Gap Financing Loan, a project owner may withdraw funds only for (i) project operating expenses approved by DCA or (ii) to repay the Gap Financing Loan.
 - Withdrawals may be replenished only from the portion of Surplus Cash that is distributed to the project owner.
 - Funds in any such reserve may be used to satisfy obligations under the DCA Operating Deficit Guaranty.
9. **Excess Amounts:** When DCA performs its post-construction subsidy layering analysis, as part of the cost certification for final allocation of LIHTCs (prior to issuance of IRS Form 8609s and Georgia Form ITHC), any initial reserves in excess of amounts specified in the CDBG-DR Application will not be considered eligible project costs (i.e., such excess reserves must be funded through deferral of developer fee, or by increases in non-CDBG-DR sources of funds).

VII. **Application Review Process**

Applications submitted for consideration for CDBG Disaster Recovery funding under this RFP will be reviewed according to the process outlined in this subsection. An Application, during any of these stages of review, may be determined to be ineligible as described in this RFP. Applicants will be promptly notified in these instances.

- A. **Eligibility Criteria Review.** All Applications will first be reviewed as described above. Applications will be confirmed for eligibility for funding.
- B. **Completeness Review.** Applications received by DCA will be reviewed for completeness, including but not limited to:
 1. Organization of electronic Application Submission.
 2. Inclusion of all required Application forms.
 3. Inclusion of Environmental Phase I.

4. Inclusion of Market Study.
5. Submission of all required supporting documents.
6. Completed Electronic Core Application.

Any project which is deemed substantially incomplete will be returned to the Applicant and not subject to further review.

- C. Financial Evaluation.** Applications will be reviewed by a DCA underwriter to determine the financial feasibility and amount of requested funds needed for the project to arrive at an appropriate level of CDBG Disaster Recovery Funds. In determining an appropriate level of CDBG Disaster Recovery Funds, DCA shall, at a minimum, evaluate the estimated cost of the project needed based on verifiable estimates from reputable contractors. DCA shall evaluate acceptable cost parameters as evidenced in the third-party verified scope of work or property condition assessment. Underwriting will include a determination by DCA, that the amount of CDBG Disaster Recovery Funds recommended for commitment is necessary for the financial feasibility of the project.
- D. Compliance Evaluation.** After DCA has determined that a project is financially feasible, it will be reviewed for evaluation of the compliance status by DCA's Compliance Division.
- E. Threshold Review.** Complete Applications will be reviewed to determine if the project meets 2019 QAP Threshold requirements. Projects that fail to meet any applicable Threshold requirements at the time of Application Submission will not be considered for an Award. Applicants that submit an Application that fails to meet Appendix I requirements will be notified in writing (by email) of the specific requirement(s) that the Application did not meet. If an Applicant believes the requirement(s) was (were) met, the Applicant must respond in writing within 5 calendar days from the date of the DCA's preliminary Threshold failure notification letter. The response must provide a clear and specific explanation of why the Applicant believes DCA's initial determination was incorrect. DCA will review the response and make a final determination of whether the submitted Application meets all Threshold requirements. Applications that fail to meet required Threshold requirement(s) may be scored for advisory purposes only. Applicants that receive a final Threshold Failure letter after DCA review of a response to the preliminary failure will have the right to appeal that failure under the DCA appeal procedures.
- F. Site Evaluation.** Site conditions shall be evaluated through a physical site inspection by DCA or a third party designated by DCA. Such inspection will evaluate the project site based upon the criteria to be determined and the inspector shall provide a written report of such site evaluation. "Unacceptable" sites include, without limitation, those containing an immitigable environmental factor that may adversely affect the health and safety of the residents.
- G. Environmental Review.** It will be the applicant's responsibility to obtain and submit a HUD Environmental Review Record (ERR), completed by an environmental consultant, in accordance with 24 CFR Part 58. As long as the consultant was properly procured, the expenses for this ERR is reimbursable as a line item under soft costs.

NOTE: There can be no choice-limiting actions on the part of the developer/owner until environmental clearance is received, and a Notice to Proceed is issued. The concept of prohibiting “choice-limiting” actions is to prevent the developer from investing in a project before all necessary environmental clearances are obtained. Market studies, environmental studies, plan development, engineering or design costs, inspections and tests are not considered “choice-limiting” actions. “Choice-limiting actions” are defined as any activity that would have an adverse environmental impact or limit the choice of reasonable alternatives, such as acquisition by the developer/owner (or any subsidiary of the developer), construction, demolition of buildings, or rehabilitation or reconstruction of buildings. Per 24 CFR Part 58.22, failure to comply with the prohibition against committing funds or taking physical action (using either HUD funds or non-HUD funds) before the completion of the environmental review process could result in loss of HUD assistance, cancellation of the project, reimbursement by the developer/owner to HUD for the amount expended, or suspension of the disbursement of funds for the affected activity.

VIII. GAP FINANCING LOANS

- A. In General.** Gap Financing Loans will use template legal documents (“CDBG-DR Legal Documents”) posted on DCA’s web site. By submitting an application, Applicants agree to execute the template legal documents without modification upon closing. DCA may require modifications to the templates to address particular features of funding or other aspects of any given project.
- B. CDBG-DR Regulatory Agreement.** The CDBG-DR Regulatory Agreement will be subject to only those liens and encumbrances specifically agreed to by DCA. The lien of any permanent mortgage will be subject to the CDBG-DR Regulatory Agreement.
- C. Mortgage.** The Gap Financing Loan will have either (a) first lien position (other than construction financing), or (b) second lien position behind the lien of permanent financing acceptable to DCA (in which case, if the first lien lender so requests, DCA agrees to execute DCA’s standard form of Subordination Agreement contained in the CDBG-DR Legal Documents).
- D. Guaranties.**
1. DCA will require the project owner and a credit-worthy guarantor(s) to guarantee certain personal obligations (“non-recourse carve-outs”) under the Note, Mortgage and Loan Agreement.
 2. DCA will require a credit-worthy guarantor(s) to give an Operating Deficit Guaranty to DCA.
 3. If an Applicant requests CDBG-DR funding during construction, DCA will require a credit-worthy guarantor(s) to give a Guaranty of Completion to DCA.
 4. DCA’s requirements for guarantors, for financial statements that all proposed guarantors must submit prior to closing, and DCA’s template forms for the guaranties, are included on DCA’s web site together with the CDBG-DR Legal Documents.
- E. Transaction Costs/Expenses.** The Applicant will be responsible for all costs related to closing the loan, whether or not closing occurs, including all title costs, recording costs, legal fees (including fees for DCA’s counsel), abstract fees, appraisal costs, environmental and historic

property review, and site and progress inspection fees (including fees for DCA's inspector), survey costs, or such other costs associated with the funding. These costs will include DCA's expenses, (if any) that may be incurred subsequent to the closing. Expenses provided under this paragraph and incurred subsequent to the closing but not escrowed at the time of closing shall be the responsibility of the Applicant.

F. Conflicts. Conflicts between the CDBG-DR Legal Documents and any other documents executed in connection with the project will be resolved in favor of the CDBG-DR Legal Documents. DCA will not be a party to "operating agreements" and other agreements between the Applicant and its investor(s). The Applicant and its investors and/or lenders may not enter into an agreement regarding cash distributions, except as regards the share of Surplus Cash distributed to the project owner in accordance with the CDBG-DR Legal Documents.

G. Representations and Warranties. The CDBG-DR Legal Documents contain ongoing representations and warranties. Accordingly, it is possible that an Applicant may receive an Award Acceptance Agreement but be ineligible to close.

IX. CDBG-DR AWARD PROCESS.

A. Award Acceptance Agreement ("AAA").

- 1. Form of AAA.** DCA will issue AAAs to Applicants of awarded applications. The AAA will require commencement of construction within nine months. A three-month extension is available for good cause. The good-cause request must be in writing and must provide documentation of the reasons for the requested extension.
- 2. Funding Reservation.** DCA will reserve funding for the awarded project for the time period allowed in the AAA.

B. Recapture. If the Applicant does not execute and return the AAA within the allowed time period or does not comply with its terms, DCA will reverse the funding reservation.

C. Reservation Pursuant to Federal Regulations. DCA may make and revise reservations in accordance with published federal regulations, rulings, guidelines and notices. DCA will not close a Program loan until environmental clearance has been issued.

X. CDBG-DR FEDERAL COMPLIANCE REQUIREMENTS. Funding of the Program is through the United States Department of Housing and Urban Development, Community Development Block Grant Program. Applicants and their counsel should be familiar with the full range of CDBG-DR compliance requirements. The following is a brief summary of certain aspects of some of these compliance requirements.

A. Environmental Clearance. Applicants selected for funding must submit an Environmental Review Record (ERR) pursuant to 24 CFR Part 58. A successfully completed ERR will then require a 30-day public comment period prior to Release of Funds. Prior to receipt of environmental clearance from DCA, the Applicant may not undertake, or commit any funds to, physical or choice-limiting actions, including property acquisition, demolition, tenant relocation, rehabilitation, conversion, repair or construction. Violations of this provision may result in the denial of any funds under this program. Applicants are encouraged to ensure that site control

exists for sufficient period of time to allow environmental clearance process to be completed before purchase must occur.

- B. Elevation standards.** For new construction, repair of substantial damage, or substantial improvement.
1. All structures, defined at 44 CFR 59.1, designed principally for residential use and located in the 100-year (or 1 percent annual chance) floodplain that receive assistance for new construction, repair of substantial damage, or substantial improvement, as defined at 24 CFR 55.2(b)(10), must be elevated with the lowest floor, including the basement, at least two feet above the base flood elevation.
 2. All Critical Actions, as defined at 24 CFR 55.2(b)(3), within the 500-year (or 0.2 percent annual chance) floodplain must be elevated or flood proofed (in accordance with the FEMA standards) to the higher of the 500-year floodplain elevation or three feet above the 100-year floodplain elevation. If the 500-year floodplain is unavailable, and the Critical Action is in the 100-year floodplain, then the structure must be elevated or flood proofed at least three feet above the 100-year floodplain elevation. Critical actions are defined as an “activity for which even a slight chance of flooding would be too great, because such flooding might result in loss of life, injury to persons, or damage to the property.”
- C. Flood Insurance Purchase Requirements.**
1. HUD does not prohibit the use of CDBG–DR funds for existing residential buildings in a Special Flood Hazard Area (or 100-year floodplain). However, Federal, State, local, and tribal laws and regulations related to both flood insurance and floodplain management must be followed, as applicable. With respect to flood insurance, a HUD-assisted owner of a property located in a Special Flood Hazard Area must obtain and maintain flood insurance in the amount and duration prescribed by FEMA’s National Flood Insurance Program.
 2. Section 102(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) mandates the purchase of flood insurance protection for any HUD-assisted property within a Special Flood Hazard Area.
 3. HUD strongly recommends the purchase of flood insurance outside of a Special Flood Hazard Area for properties that have been damaged by a flood, to better protect property owners from the economic risks of future floods and reduce dependence on Federal disaster assistance in the future, but this is not a requirement.
- D. Accessibility.** All projects that receive allocations or funding under this RFP Plan must comply with all applicable Federal and State accessibility laws, including but not limited to The Fair Housing Amendments Act of 1988, Americans with Disabilities Act, Section 504 of the Rehabilitation Act of 1973, Georgia Fair Housing Law and Georgia Access Law.
- E. Davis-Bacon.** For properties of 8 units or more, construction will be subject to Davis-Bacon wage and record-keeping requirements.
- F. Lead Based Paint.** HUD’s lead based paint regulations at 24 CFR Part 35 will apply. Neither compliance with the requirements of the DCA’s 2019 Environmental Manual, nor compliance

with the requirements of OSHA, is sufficient to meet HUD's Part 35 requirements. The HUD regulations require, among other things, that lead hazard evaluation and reduction activities be carried out for buildings originally constructed before 1978 and receiving CDBG-DR assistance. Capitalized terms in this paragraph are as defined in 24 CFR Part 35. The discussion below assumes that CDBG-DR assistance will be at least \$25,000 per residential unit.

1. For any project that includes an existing building that was completed prior to January 1, 1978, the application must include a discussion that establishes whether each such building is Target Housing (as defined in Part 35).
2. For any proposed project that includes Target Housing:
 - Prior to commencement of construction, a Risk Assessment (to determine the existence of lead paint hazards, and to design a lead hazard control plan) must be completed by State-accredited inspection personnel. The Risk Assessment must be prepared in accordance with HUD's regulations at 24 CFR Part 35. The Risk Assessment must also identify any lead paint Hazards.
 - An Inspection (to determine the location of any lead-based paint) is also required. The Inspection must identify the components that contain lead paint in sufficient detail to permit construction personnel to formulate a hazard control plan.
 - During the rehab, any Lead Hazards (that were identified in the Risk Assessment) must be Abated, and this Abatement work must be performed by State-licensed Abatement Contractors.
 - A lead hazard clearance report, based on Dust Testing by a State-accredited Risk Assessor or Inspector, is required after completion of construction. Dust Testing must be carried out, and evaluated, in accordance with HUD's regulations at 24 CFR Part 35.
 - The application must include a line item for the costs of lead hazard abatement and control, with an explanation that adequately supports the estimated cost, based on the risk assessment and inspection.
 - A copy of the Risk Assessment and Inspection must be included in the application.
 - Applicants must determine whether compliance with the requirements of DCA will be sufficient to satisfy any applicable lead-based paint requirements of the State and/or OSHA.

G. Section 3. HUD's Section 3 requirements apply. In general, Section 3 requires outreach, prior to awarding contracts and subcontracts to construct a project under the Program. Applicants must conduct outreach to low-income individuals living in the area where the project is located and to certain businesses located in the area in which the project is located. The intent of the Section 3 requirements is to encourage employment of such individuals and businesses in connection with the construction of the project. These requirements apply to any construction/rehab contract or subcontract in excess of \$100,000. For additional information concerning Section 3, see <http://www.hud.gov/offices/fheo/section3/section3.cfm>.

H. Program Income. Program income is defined as gross income generated from the use of CDBG-DR funds, except as provided in subparagraph (4), and received by the State or a sub recipient of a State. When income is generated by an activity that is only partially assisted with CDBG-DR funds, the income shall be prorated to reflect the percentage of CDBG-DR funds used.

Program income includes, but is not limited to the following:

1. Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG–DR funds.
2. Proceeds from the disposition of equipment purchased with CDBG–DR funds.
3. Gross income from the use or rental of real or personal property acquired by a State, local government, or subrecipient thereof with CDBG–DR funds, less costs incidental to generation of the income (i.e., net income).
4. Net income from the use or rental of real property owned by a State, local government, or subrecipient thereof, that was constructed or improved with CDBG–DR funds.
5. Payments of principal and interest on loans made using CDBG–DR funds.
6. Proceeds from the sale of loans made with CDBG–DR funds.
7. Proceeds from the sale of obligations secured by loans made with CDBG–DR funds.
8. Interest earned on program income pending disposition of the income, including interest earned on funds held in a revolving fund account.
9. Funds collected through special assessments made against nonresidential properties and properties owned and occupied by households not low- and moderate-income, where the special assessments are used to recover all or part of the CDBG–DR portion of a public improvement.
10. Gross income paid to a State, local government, or a subrecipient thereof, from the ownership interest in a for profit entity in which the income is in return for the provision of CDBG–DR assistance.
11. “Program income” does not include the following:
 - The total amount of funds that is less than \$35,000 received in a single year and retained by a State, local government, or a subrecipient thereof.
 - Amounts generated by activities eligible under section 105(a)(15) of the HCD Act and carried out by an entity under the authority of section 105(a)(15) of the HCD Act.

I. Duplication of Benefits. The Applicant must document all funds obtained from any source from the date of the disaster until the date of the application. To address any potential duplication, beneficiaries must enter a signed agreement to repay any assistance later received for the same purpose as the CDBG–DR funds. This agreement must also include the following language: “Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729.”

J. CDBG Tenant Protections. Following are summaries of the most significant requirements:

1. **Uniform Relocation Act (“URA”).**
 - CDBG-DR requires protections for each in-place tenant with a bona fide lease. The tenant must be given at least 90 days advance notice to move, or until the lease expires, whichever is longer.
 - All proposed developments (new construction or rehabilitation) with current occupants must submit a DCA relocation survey specifically addressing the development history and occupancy of the proposed project. Failure to complete and submit the survey with the Application submission will result in a Threshold failure. Additional requirements are specified in DCA’s 2019 Relocation Manual.

2. **Section 104(d).**
- The one for one-replacement provisions of Section 104(d) of the Housing and Community Project Act of 1974 as amended are not applicable.
 - The remaining requirements of Section 104(d) are applicable.
 - If a project site is occupied at the time the CDBG-DR application is made, all documents outlined in 2019 QAP Threshold Section XXV. RELOCATION AND DISPLACEMENT OF TENANTS must be provided with the application.

K. Prohibition against eminent domain. An Applicant may not undertake any involuntary acquisition of property in connection with an eligible project unless the DCA has given its advance written consent.

L. Bonding Requirements. Per 2CFR Part 200.325, projects utilizing CDBG loans used for construction or facility improvement contracts or sub contracts exceeding the Simplified Acquisition Threshold, must obtain the following:

1. **A bid guarantee** from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.
2. **A performance bond** on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.
3. **A payment bond** on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

M. Sustainable Building Certification. Applicants must obtain a sustainable building certification from one of the following entities:

1. Enterprise’s Enterprise Green Communities certification program (following Enterprise Green Communities protocol under the guidance of an Enterprise Qualified TA provider)
2. US Green Building Council’s LEED for Homes certification program, which includes single-family detached and multi-family low and mid-rise structures

Obtaining Certification 1 or 2 will satisfy 2019 QAP, Threshold XVI. BUILDING SUSTAINABILITY, Part B. Sustainable Building Certification.

N. Broadband infrastructure. Any substantial rehabilitation, as defined by 24 CFR 5.100, or new construction of a building with more than four rental units must include installation of broadband infrastructure, except where DCA documents that:

1. The location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible;
2. The cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or in an undue financial burden; or

3. The structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible

XI. CDBG-DR Pool Structure

A. Reservation of Funds in Pools.

Pool Structure. \$12.5 Million in CDBG-DR funding will be allocated initially to the following pools.

Pool 1: Up to \$4,167,000 for sites located in ZIP Code 31520.

Pool 2: Up to \$4,167,000 for sites located in ZIP Code 31548.

Pool 3: Up to \$4,167,000 for sites located in ZIP Code 31705.

- ### B. Awards per Pool.
- Within each funding pool, the highest scoring application will receive a reservation of CDBG-DR Funds (see Section XII. Selection Criteria).

- ### C. General Pool.
- All CDBG-DR funds remaining after one award has been made in each pool, or no applications apply for funding in any pool, will be collapsed into one General Pool. The highest scoring applications will receive a reservation of CDBG-DR Funds in the General Pool, regardless of the original pool assignment.

- ### D. Tie Breaker.
- In the event of a tie between applications for which there are insufficient CDBG-DR Funds to reserve for each project, DCA will award the project based off of the following criteria, in order of importance:

1. First selected Application for the Project Team under this RFP to help ensure more equitable distribution of resources among Applicants.
2. Applications that use the least amount of LIHTCs per low-income unit.

E. Maximum Award Per Project Team

1. The maximum award per project team is \$6 Million in CDBG-DR funds. “**Project Team**” means the General Partner, Developer, Consultant and the Principal(s) thereof for a proposed tax credit project. For purposes of project participant qualifications, consultants with less than five percent (5%) interest in the project are not considered members of the Project Team.

- ## XII. SELECTION CRITERIA.
- DCA will award funds to qualified Applicants who have met all of the CDBG-DR Funding and DCA requirements (2019 QAP Core & Threshold) and receive the highest score based on the Selection Criteria below. Applicants must also include a **narrative** that is limited to two (2) pages. This narrative should detail how the Applicant believes the application is competitive for each Selection Criterion outlined below. Please create a folder in the application submission titled “Selection Criteria,” for the requested documentation and narrative.

A. Readiness to Proceed (15 Points)

1. Development has previously received a Tax Credit award (10 points)

Documentation to include:

- Include Carryover Letter for 9% LIHTC
- Include Letter of Determination for 4% LIHTC

2. Evidence of a larger disaster funding initiative from a Local Government official (5 points)

Documentation to include:

-Include letter in application submission from a local government official which explains how this development is part of a larger local government disaster rebuilding initiative.

B. Risk Mitigating Factors (15 Points)

1. Repayment of CDBG-DR (Disaster Funds) shows full amortization of loan over a 20-year period (5 Points)

Documentation to include:

-Shown in Excel Core application (Part VII-Pro forma)

DCA may adjust rents and/or operating expenses during the underwriting review of an application, which may affect the scoring in this category.

C. Experience with HUD funds (20 Points)

1. Either the General Partner or the Developer entity currently owns and operates at least one (1) Multifamily HUD funded property in which that member was the owner and developer (5 points).
2. Either the General Partner or the Developer entity currently owns and operates five (5) HUD-funded properties (10 points)
3. Either the General Partner or the Developer entity currently owns and operates at least one (1) Multifamily CDGB-DR funded property in which that member was the owner and developer (10 Points)

For bullets 1-3 above, only properties awarded after January 1, 2009 will be considered. FHA insured mortgages do not count for points in this category.

Documentation to include:

-Qualification Performance Workbook and Supporting Documents (see 2019 QAP, Threshold p. 35 for required documentation).

-If HUD-funded multifamily experience is derived from participation in a non-DCA property, the Applicant must submit the following additional documentation from the Participating Jurisdiction that funded the loan: a letter verifying that the loan is current and timely payments for 36 months prior to application submission.

D. Leveraging of additional soft funds (low-interest loans or grants) outside of LIHTC and requested CDBG-DR funds (20 Points)

1. Amount at least 10% of Total Development Cost (TDC) of units (20 Points)
2. Amount at least 5% but less than 10% of Total Development Cost (TDC) of units (15 Points)

3. Amount at least 2% but less than 5% of Total Development Cost (TDC) of units (10 Points)

Documentation to include:

-Provide Commitment of funds that match listed sources in excel core application (Part III-Sources)

Deferred developer fee is an eligible source to qualify for points. DCA may make adjustments to the deferred fee during the underwriting review of the application, which may affect the scoring in this category. Funds in first position, in front of CDBG-DR requested funds, will not be counted as eligible sources of funds for points.

E. Deeper targeting (25 pts)

Applications with an overall property area median income, calculated based on the imputed income and rent limitations (20%, 30%, 40%, 50%, 60%, 70%, 80%) for each affordable unit, equal to or less than 58%. Applicants may do so by utilizing either

- Income averaging, or
- The 40% at 60% minimum set-asides and targeting units at lower levels.

PBRA and public housing units can be used to claim points in this category

The 2019 Core Application (Excel) automatically calculates the overall property area median income (Part VI-Revenues & Expenses, Cell B49).

F. Extended affordability commitment (10 Points)

Owners willing to forgo the Qualified Contract "cancellation option."

Documentation to include:

-Select the applicable option in the 2019 Core Application (Excel), Part IX-Scoring, XII. Extended Affordability Commitment.

G. Third Party Capital Investment (10 Points)

1. Up to 10 points if an unrelated third party (foundation, trust, business and/or government) designates an investment of resources that will result in the development of a place-based improvement.
2. The resulting investment must:
 - a. Occur within a 0.5-mile radius of the proposed site
 - b. Serve the tenant base for the proposed development
3. Improvements completed more than three (3) years prior to Application Submission are not eligible for points in this section.
4. The proposed improvements, amenities, and/or facilities must be completed prior to the proposed project's placed in service date. The development cost and source of funding must be paid in full by the unrelated third party and mutually exclusive of the development cost and sources of funding for the subject property.
5. Examples of third-party improvement include, but are not limited to, the following:
 - a. Development of community assets (e.g., parks, trails, community center); or

- b. Infrastructure improvements (e.g., water, sewer, drainage, streets) or blight removal
6. Points will be awarded according to the following scale. DCA will only consider the amount invested within a 0.5-mile radius of the proposed site.

Investment of At least 10% TDC	10 Points
Investment amount at least 5% but less than 10% of TDC	5 Points

Select the applicable option in the 2019 Core Application (Excel), Part IX-Scoring, VII. Revitalization/Redevelopment Plans, Part B. Third-Party Capital Investment.

Documentation to include:

- Commitment of funds demonstrating source and amount of investment
- Description and location of improvements on a site map
- Timeline for completion