

**STATE OF GEORGIA
2003 QUALIFIED ALLOCATION PLAN
FOR
FEDERAL LOW INCOME HOUSING TAX CREDITS
STATE HOUSING TAX CREDITS
HOME INVESTMENT PARTNERSHIP PROGRAM FUNDS
CORE PLAN**

Section 1. Purpose

The purpose of the 2003 Qualified Allocation Plan (Plan) is to set forth:

- the legislative requirements for distributing affordable housing financing resources,
- a description of federal and state resources available from DCA for financing affordable rental housing,
- the priorities established by DCA for the types of affordable rental housing,
- the process of evaluating funding requests and awarding of these resources, and
- certain aspects of program compliance requirements and procedures.

Section 2. Definitions

The following definitions shall apply for the purposes of this Plan:

“4% Credits” means Federal Credit available to Bond Financed Projects which meet the requirements of this Plan.

“9% Credits” means Federal Credit allocated on a competitive basis under the provisions of this Plan.

“AMI” means Area Median Income as defined by HUD.

“Applicant” means any Person that submits an Application to DCA requesting an allocation pursuant to the Plan and any affiliate of such Person. The Applicant shall always include the Owner.

“Application” means the set of documents, in paper and electronic form, submitted by an Applicant to DCA under this Plan.

“Application Submission” means the date and time, as stipulated in Section 11 of the Plan, by which the Application must be submitted to DCA in order to be eligible for funding under this Plan.

“Bond Financed Projects” means affordable housing developments financed with tax-exempt bonds and therefore eligible for 4% Federal Credit.

“Capital Improvements” mean substantial improvements to the real estate, the cost of which exceeds \$10,000 for items such as re-roofing, structural repairs, or major projects to replace or upgrade existing furnishings, but not including replacement of individual appliances or minor repairs.

“CHDO” means a Community Housing Development Organization, as defined in the HOME regulations at 24 CFR Part 92.2.

* **Not Applicable to Bond Financed Projects**

“CHDO Predevelopment Loan Program” means that program designed to make loans exclusively to CHDOs for predevelopment activities involving the preparation of Applications for loans through the HOME Rental Housing Loan Program.

“Code” means Internal Revenue Code, primarily Section 42.

“Competitive Scoring” means the process described in this Plan by which DCA ranks the Applications received. Only those Applications meeting Threshold requirements will be advanced to the Competitive Scoring process. The ranked outcome of the Competitive Scoring process will be a significant factor in DCA’s determination of Applications selected for funding.

“Compliance Period” means the 15-year period during which a project must operate in accordance with the Credit requirements to avoid Federal Credit recapture. The Compliance Period commences with the first taxable year of the Federal Credit period.

“Consultant” means a third party entity that has been retained by the Owner or Developer of a project to perform consulting services.

“Conversion” means the conversion of the HOME Loan from a construction loan to a permanent loan.

“Credits” means the State Credit and the Federal Credit together.

“DCA” means the Georgia Department of Community Affairs, an executive government agency in the State of Georgia. By state law, DCA administers the programs of GHFA.

“Developer” means the legal entity designated as the Developer in the Application as well as all persons, affiliates of such persons, corporations, partnerships, joint ventures, associations, or other entities whom have a direct or indirect ownership interest in the Developer entity.

“Developer Fee” means the sum of the Developer’s overhead, Developer’s profit, Consultant’s Fee, and reserves funded from the development budget held for less than the Period of Affordability. If a Consultant is acting in the capacity of Developer or construction manager, or providing technical assistance to the Developer or construction manager, the Consultant’s Fee is considered part of the Developer Fee. The Consultant’s fee is limited to 20 % of the Developer’s fee.

“Development Costs” means the costs included in the development budget including but not limited to, the cost for land, on-site improvements, on-site development, construction cost, financing cost, professional fees, and mandatory reserve accounts. Development costs are limited to on-site development activities.

“Elderly” means a person at least 62 years of age.

“Elderly Housing” means housing intended for and only occupied by Elderly persons including a family in which all members are Elderly. All household members must be Elderly (no children, and no disabled persons under the age of 62).

“Federal Credit” means the Low Income Housing Tax Credit established by the federal government for the purpose of encouraging the development of affordable housing and governed by the Code.

* **Not Applicable to Bond Financed Projects**

“FMR” means the Fair Market Rents issued by HUD.

“General Partner” means the Partner or collective of partners, which has general liability for the partnership during construction, lease up, and operation of the project. In addition, unless the context shall clearly indicate to the contrary, if the entity in question is a limited liability company, the term “General Partner” shall also mean the managing member or other party with management responsibility for the limited liability company.

“General Multifamily” means projects designed to be marketed to the general tenant population, and not specifically designed for or marketed to the Special Needs Households tenant population.

“GHFA” means the Georgia Housing and Finance Authority, a public corporation created by the Georgia General Assembly and designated by the Governor as the State Allocating Agency for Federal Credit and the state-level grantee for federal HOME funds.

“HOME” means the HOME Investment Partnership Program administered by HUD under the provisions of 24 CFR Part 92.

“HOME Loans” means the HOME Rental Housing Loan Program loans.

“HOME Regulations” means the regulations governing the HOME Rental Housing Loan Program, promulgated by HUD, including any subsequent amendments to such regulations.

“HOME Rental Housing Loan Program” means the program that is designed to provide below market, favorable term financing for affordable rental housing. In Georgia, this program is intended to serve those individuals who have incomes up to 60% AMI.

“Housing for Older Persons” means housing intended and operated for occupancy by persons 55 years of age or older (“Older Persons”). According to Georgia law, such housing must also have significant facilities and service serving the Older Persons population even though the requirement has been eliminated from the federal definition of an elderly project. At least 80% of the total occupied units in such a housing project must be occupied by at least one Older Person. Up to 20% of the units may be occupied by others, including the landlord’s employees, the surviving spouses or children of residents who were Older Persons when they died, and caregivers. DCA will monitor the required facilities and services during the applicable Compliance Period or the Period of Affordability whichever is longer.

“HTF” means the Housing Trust Fund for the Homeless established by O.C.G.A. 8-3-300.

“HUD” means the U.S. Department of Housing and Urban Development.

“Identity of Interest” means a situation exists in which a person, principal, or entity with an interest in the Ownership of the property contracts with the Owner to provide services.

“IRS” means the Internal Revenue Service, a division of the U.S. Department of Treasury.

“Letter of Determination” means a notice issued by DCA to the issuer of tax exempt bonds for a specific project, which states that the project is eligible for 4% low income housing tax credits without receiving an allocation of credits from the State Housing Credit Ceiling because the project satisfies the requirements of this Plan; and sets forth conditions which must be met by the Development before DCA will issue the IRS Form(s) 8609 to the Owner.

* **Not Applicable to Bond Financed Projects**

“Local Government” means the controlling elected governing body of the local jurisdiction (as defined in its Charter) in which the property is located at the time of Application (e.g., city council if within the city limits, or county commission if in an unincorporated area).

“LURC” means the Declaration of Land Use Restrictive Covenant for Low-Income Housing Tax Credits which is a recorded agreement between GHFA and the Owner which is binding upon the Owner and its successors in interest, and that encumbers the project with respect to this Plan and the requirements of Section 42 of the Code.

“Manual” means the Application Manual published by DCA for Applications submitted in 2003.

“Material Participation” means involvement in the development and operation of the project on a basis which is regular, continuous and substantial as defined in Code Section 42 and 469(h) of the regulations promulgated thereunder.

“Municipality” means any incorporated city or town in the state.

“O.C.G.A.” means the Official Code of Georgia Annotated.

“Operating Cost” means the costs associated with operating a multifamily development once the project is placed in service.

“Owner” means the legal entity holding title to the project as well as all persons, affiliates of such persons, corporations, partnerships, joint ventures, associations, or other entities have a direct or indirect Ownership interest in the Ownership entity. The Owner is also the Applicant.

“Period of Affordability” means the time during which HOME Loan financed units must remain affordable to eligible households, as defined by HOME program regulations and this Plan. The Period of Affordability shall commence upon completion of the project and shall run for twenty years or the term of the HOME Loan, whichever is greater. Completion shall be defined as set forth in the HUD regulations for the HOME program.

“Person” means an individual, corporation, partnership, joint venture, limited liability company, association, trust or any other business entity.

“PJ” means a Participating Jurisdiction, which is an agency of State or Local Government that administers the HOME Program in its jurisdiction. GHFA is the PJ for the non-entitlement areas of the State of Georgia. The local PJs include the cities of Albany, Atlanta, Macon, and Savannah; Clayton, DeKalb, and Gwinnett Counties; the consolidated governmental units of Athens-Clarke County, Augusta-Richmond County, and Columbus-Muscogee County; the counties and cities comprising the Georgia Urban County Consortium (Cobb, Marietta, Cherokee, Canton) and the Fulton County Consortium (Fulton, Roswell).

“Plan” means this 2003 Qualified Allocation Plan.

“Probationary Participation” means Project Participants that have been ineligible to participate for the last two competitive rounds and remain ineligible for the 2003 round may apply to participate in the 2003 competitive round in a probationary status.

* **Not Applicable to Bond Financed Projects**

“Project Participants” means the Owner, Developer, Management Company, Consultants and Syndicator for a project for which an Application is submitted.

“PHA” means local public housing authority.

“Rent Standards” means the most recent AMI, FMR and UA issued by HUD.

“Reservation of Funds” means the securing of funding for a particular project proposal based on the understanding that the project will fully satisfy program and Plan requirements.

“Rural Counties” means those counties that are outside of the Metropolitan Statistical Areas (MSAs) as defined by the Census Bureau and shown in Exhibit A.

“Scoring Criteria” means the criteria detailed in Appendix II by which points are assigned for the purpose of Competitive Scoring.

“Special Needs Households” means the Homeless, Elderly, Older Persons, persons with disabilities (mental, physical, developmental), abused spouses and their children, persons with alcohol or other drug addiction, persons living with HIV/AIDS, and migrant farm workers.

“State Credit” means the Housing Tax Credit established by the Georgia General Assembly, as set forth in O.C.G.A. 48-7-29.6.

“Threshold” means the criteria described in Appendix I, which is the first phase of review for Applications submitted under the Plan. Only those Applications that meet the Threshold criteria will be advanced to the Competitive Scoring process of the Application evaluations.

“Total Development Cost” means the sum of all anticipated on site development costs that must be funded in order to complete the proposed project.

“UA” means the utility allowances as described in the Plan.

“URFA” means the Urban Residential Finance Authority.

“USDA” means the United States Department of Agriculture.

Section 3. Legislative Requirements

Federal Credit. O.C.G.A. 50-26-8(a) 32 gives GHFA certain powers and authority. As the agency administering the programs of GHFA, DCA is authorized to:

“... allocate and issue low income housing credit under Section 42 of the Internal Revenue Code of 1986, as amended, and to take all other actions and impose all other conditions which are required by federal law or which in the opinion of the agency are necessary or convenient to ensure the complete, effective, efficient and lawful allocation of and utilization of the low income housing credit program. Such conditions may include barring Applicants from participation in the tax credit program due to abuses of the tax credit program and imposing more stringent conditions for receipt of the credit than are required by Section 42 of the Internal Revenue Code...”

* **Not Applicable to Bond Financed Projects**

A. Section 42 of the Code mandates that:

1. Each state adopt an annual plan for Federal Credit allocation;
2. The Plan applies to projects awarded Federal Credit from the state's annual allocation, and projects financed by tax-exempt bonds and eligible for Federal Credit outside of the annual Federal Credit allocations;
3. Draft versions of the Plan are made available for public comment;
4. After consideration of those comments, amendments are made to the Plan;
5. The final Plan be approved by the GHFA Board and transmitted to the Governor for final review and approval.

B. Code Section 42(m)(1) requires that each state:

- Set forth the project selection criteria appropriate to local conditions;
- Give preference in allocating Federal Credit to projects that:
 1. serve the lowest income tenants,
 2. obligate to serve qualified tenants for the longest time periods, and
 3. are located in Qualified Census Tracts, the development of which contributes to a concerted community revitalization plan;
- Establish procedures to monitor projects receiving Federal Credit for compliance with program provisions, and to notify the IRS of significant noncompliance issues; and,
- Consider the following in allocating Federal Credit:
 1. project location,
 2. housing needs characteristics,
 3. project characteristics,
 4. Applicant characteristics,
 5. tenant populations with special housing needs,
 6. public housing waiting lists,
 7. projects serving families with children, and
 8. projects intended for eventual tenant Ownership.

State Credit. DCA also administers Georgia's housing tax credit. The State Credit is applied in conjunction with the Federal Credit on a dollar-for-dollar matching basis. For each dollar of Federal Credit allocated, an equal amount of State Credit will be automatically allocated by DCA. This State Credit will be administered under the same rules and regulations prescribed for the Federal Credit supplemented by any rules, policies, or regulations established by the Georgia Department of Revenue. DCA will underwrite the combined Credit allocations to ensure that no development proposal is over-subsidized.

HOME Program. The State's Annual Action Plan for FFY2003 Consolidated Funds identifies the proposed distribution method, geographic allocation, and guidelines for meeting federal requirements for all HOME funded programs of the State. The HOME Program regulations require that each PJ distribute its HOME resources in accordance with the priorities and objectives outlined in its most current approved Annual Action Plan for Consolidated Funds prepared in accordance with established HUD regulations (24 CFR Part 91). The Annual Action Plan incorporates the Plan as the established policy and procedures for the State's review and evaluation of Applications for the HOME Rental Housing Loan Program.

* **Not Applicable to Bond Financed Projects**

Section 4. Affordable Rental Housing Needs

The State's Annual Action Plan identifies the housing needs of low and moderate income Georgians as follow:

- a. Households with incomes less than 60% of AMI;
- b. Special Needs Households, including:
 - the Homeless
 - Elderly Housing
 - Housing for Older Persons
 - persons with disabilities (mental, physical, developmental)
 - abused spouses and their children
 - persons with alcohol or other drug addiction
 - persons living with HIV/AIDS
 - migrant farm workers

Applicants are referred to the State's 2003 Consolidated Plan for complete information regarding Georgia's housing needs.

Section 5. Affordable Rental Housing Objectives

The State's Annual Action Plan establishes priorities and objectives to improve affordable housing and community development opportunities across Georgia. This plan is guided by two major priorities of the State:

- 1) To increase the number of Georgia's low and moderate-income households that have obtained affordable rental housing that is free of overcrowded and structurally substandard conditions.
- 2) To increase the access of Georgia's Special Needs Households to a continuum of housing and supportive services which address their housing, economic health and social needs.

To achieve these mandates, DCA makes Federal and State resources available under this Plan to Applicants that support either of the following purposes:

- Provide quality affordable rental housing, designed to last at least through the Compliance Period and the Period of Affordability, in those areas of Georgia having the greatest need.
- Make available quality, affordable rental housing that incorporates supportive programs for Special Needs Households.

Section 6. Affordable Rental Housing Priorities

DCA is committed to making quality affordable housing available for low-income Georgians in all parts of the State. Accordingly, DCA will direct its financing resources as described under the Plan to those Applications that best address Georgia's affordable housing needs.

* **Not Applicable to Bond Financed Projects**

The Plan is designed to direct financing resources to affordable housing developments that:

- promote the revitalization of urban and downtown areas through renovation, re-building and/or new construction in infill areas.
- provide affordable housing in Rural Counties.
- provide affordable rental housing for families with children.
- incorporate smart growth concepts that focus on the maintenance of quality of life, management of the impact of growth, protection of the environment and a return to the more traditional, less automobile-dependent, development patterns.
- include neighborhood characteristics and services that encourage resource protection, land conservation, open space planning techniques and smart growth principles.
- incorporate energy efficient project design and site design through sustainable building techniques and protection of existing resources.

Section 7. Financing Resources – Credits

A. 9 % Federal Credit. The annual Federal Credit dollar amount allocated to the State of Georgia equals \$1.75 multiplied by the federal government's estimate of Georgia's population and indexed for cost-of living adjustments. The amount of Federal Credit available for the 2003 funding cycle will be comprised of the State's 2003 Federal Credit allocation, returned Federal Credit, and any national pool Federal Credit available to the State less any Federal Credit forward committed. The total estimated amount of Federal Credit available for 2003 is expected to be approximately \$14.7 million.

The Credits are available annually for a 10-year period. With certain exceptions, Owners may receive annual Credits of the discounted present value of 30% of the qualified basis for developments involving acquisition, and annual Credits of the discounted present value of 70% of the qualified basis for developments involving new construction or rehabilitation.

Allocation of Credits will be made through a Competitive Scoring Process as defined in Section 16 of the Plan. An Application for Credits must be submitted to DCA in accordance with the policies and timelines set forth in the Plan and must satisfy the Threshold Requirements set forth in Appendix I of the Plan. Complete Applications that meet the Threshold requirements described in Appendix I will be allowed into the Competitive Scoring Process as set forth in Appendix II.

Maximum Project Credits Award.* No project will be awarded more than Seven Hundred Fifty Thousand and No/100 Dollars (\$750,000) of Georgia's annual Federal Credit authority and an equal amount of State Credit authority.

Set-Asides.* This estimated amount of 9% Federal Credit available includes the following set asides:

- *Nonprofit Set-aside* - 10% of the available 9%Credits are set-aside for nonprofit-sponsored Applications pursuant to the Code. Qualified nonprofit organizations must materially participate in the project within the meaning of Section 469(h) of the Code and meet all requirements set forth in Code Section 42(h)(5).

* **Not Applicable to Bond Financed Projects**

- Rural Set-aside- 30% of the available 9% Credits will be set-aside for Applications proposing affordable housing developments in Rural Counties. Applications funded under the Rural County set-aside will receive preference in the allocation of Loans.

Note: If a nonprofit development in a Rural County is selected for funding, that project's funding will be counted towards meeting both the nonprofit set-aside and the Rural County set-aside.

Carryover Allocations. To qualify 9% for Credits, a building generally must be placed in service during the year in which it receives an allocation. An exception is provided in the case where the Owner has expended more than ten percent (10%) of the reasonably expected basis in the building by the later of (1) the end of the calendar year in which the allocation is made, or (2) six months after receipt of the allocation. No project can receive more than one Carryover Allocation of 2003 Credits. If the Owner determines that more Credits are necessary to make the project financially feasible, the Owner may apply to DCA for additional Credits only under the Application process set forth in the Qualified Allocation Plan in the year the project is placed in service and the Owner applies for the IRS Form(s) 8609.

Land Use Restrictive Covenant. The Owner must execute and record GHFA's prescribed form of the LURC prior to final allocation as required under Section 42(h)(6) of the Code. The LURC shall reflect all representations made in the original Application and any changes made to the original Application that has been approved in writing by GHFA. The LURC will be drafted after GHFA's receipt of the certification of the 10% test, and must be recorded upon its execution. All construction and/or permanent financing for the project must be subordinated to the recorded LURC.

B. 4% Federal Credit – Bond Financed Projects. Tax Exempt bond financed projects may also be eligible for 4% tax credits which are not subject to the state volume cap as described in Section 42 of the Code.

An Application for Credits for Bond Financed Projects must satisfy all applicable requirements set forth in Appendix I, Threshold Criteria, of the Plan and all applicable requirements set forth in the Plan. The tax-exempt bond issuer is responsible for determining whether the project meets the Plan requirements.

In cases where the tax-exempt bond issuer requests that DCA make such a determination, DCA will issue its opinion as to the project's 4% Credit eligibility. The project must comply with the Plan in effect at the time of bond inducement.

In making Application to DCA for a Letter of Determination, an Owner must complete the standard Application, as well as provide all supporting documentation necessary to meet all applicable requirements and pay the appropriate Application and other applicable fees. The Application must be submitted at least 60 days before bond closing. DCA will provide its opinion within 60 days of the receipt of a complete Application. All requests for architectural standard, operating cost, per unit cost and/or experience waivers must be submitted 30 days prior to Application submission.

In cases where the local issuer made the determination of eligibility, the Owner must still submit a complete Application to DCA as well as the appropriate Application fee and other applicable fees at the time of final allocation Application. Regardless of who makes the determination, no Form(s) IRS-8609 will be issued until DCA is satisfied that the project is eligible for the 4% Credit.

* **Not Applicable to Bond Financed Projects**

DCA's Application review will include, at a minimum, a financial feasibility evaluation, architectural review, a physical inspection of the property and an environmental review to ensure the quality of construction, and a compliance review to ensure adherence to state and federal requirements relating to the Credit and all applicable DCA policies, threshold requirements and Application submission requirements. DCA will make the final determination of the Credit amount. Subsequent to the issuance of the Letter of Determination, costs that exceed the unit cost limitations or a total development cost established pursuant to a waiver request do not require DCA approval if additional tax credits are not required to fund such additional cost.

Owners of projects receiving a Letter of Determination for Bond Financed Projects in 2003 must apply for Final Allocation and request for issuance of IRS form(s) 8609 by February 15, 2006. IRS form(s) 8609 for a project will be issued only once for the entire project as proposed in the Application. Form(s) 8609 will not be issued as buildings are placed in service.

DCA will not issue a favorable opinion or Form(s) IRS-8609 when an Applicant exhibits a continual pattern of noncompliance, or when the Applicant demonstrates an inability or an unwillingness to resolve noncompliance matters in a timely manner.

The Owner must execute and record GHFA's prescribed form of the LURC prior to final allocation as required under the Code. The LURC shall reflect all representations made in the original Application and any changes made to the original Application that has been approved in writing by GHFA. The LURC must be recorded upon its execution. All construction and/or permanent financing for the project must be subordinated to the recorded LURC.

C. State Credit. The annual State Credit dollar amount will equal that of the Federal Credit. The State Credit will be automatically allocated on a dollar-for-dollar basis with the Federal Credit (for both 9% and 4% Federal Credit) and will be available for the same time period discussed above. The Federal and State Credit may be bifurcated and sold to separate investors.

Section 8. Financing Resources – HOME Loans*

Resources Available. HUD annually allocates HOME funds to state and larger local governments. The Federal Fiscal Year (FFY2003) HOME allocation is expected to be available to the State on **July 1, 2003**, following approval of the Annual Action Plan for FFY2003 Consolidated Funds (Annual Action Plan). In the event FFY 2003 HOME funding is not made available to the State, DCA will not be obligated to provide any HOME Loans to Applicants.

As of the date of publication of the Plan, approximately thirteen million dollars (\$13,000,000) is expected to be available for HOME Loans under the Plan. DCA reserves the right to adjust the amount of HOME funds available for HOME Loans pending final notification from HUD of its FFY2003 HOME allocation and DCA's determination of the funding needs of all of its HOME-funded programs as described in the Annual Action Plan for FFY 2003 Consolidated Funds.

CHDO Set-aside. Fifteen percent (15%) of the State's total FFY 2003 HOME allocation will be set aside for projects owned by nonprofits that have been pre-qualified by DCA as CHDOs. All or part of the CHDO set-aside will be met with funding under this Plan. HOME funds awarded to CHDOs under other DCA programs may also count towards this set-aside. CHDOs funded under this Plan must act as

* **Not Applicable to Bond Financed Projects**

sole or joint Owners of newly constructed or rehabilitated rental housing for occupancy by low and very low-income households as set forth in the Plan, the Manual, and the HOME regulations. Organizations seeking funds under the CHDO Set-aside may apply for funding to cover pre-development expenses through DCA's CHDO Pre-Development Loan Program. Information on the Pre-Development Loan Program is available on DCA's website or by calling DCA at (404) 327-6881.

In the event HOME Loan funds remain unallocated after the Competitive Scoring process described in the Plan is complete, DCA reserves the right to apply the remaining HOME Loan funds to other DCA programs at its sole and absolute discretion. Further, DCA reserves the right to adjust the amount of HOME funds allocated to the HOME Rental Housing Loan and CHDO Set-Aside in its sole and absolute discretion.

Maximum HOME Loan. The maximum HOME Loan will be \$2 million per project, except that projects located in Rural Counties will be eligible for loans up to \$2.8 million if no other lender is involved or a second lender agrees to a second-lien position.

HOME Loan Terms. The following provisions are applicable to projects awarded HOME Loans:

- Applicants requesting permanent HOME Loan financing must also use HOME Loans for construction financing.
- HOME loans will be made in an amount sufficient to cover hard construction costs only, but not to exceed the lesser of 90% of unrestricted appraised market value or \$2 million in non-Rural Counties or \$2.8 million in Rural Counties.
- The minimum loan amount is \$100,000 or \$1,000 multiplied by the number of HOME funded units, whichever is greater.
- No interest will be charged during construction loan period.
- Construction loan terms will be based upon the projected construction and lease-up schedule, as determined from the Application and DCA's underwriting.
- HOME Construction loans will convert to HOME permanent loans in the exact amount of HOME construction financing being retired.
- The interest rate on the permanent loan will be no less than 1%, but DCA reserves the right to adjust this rate at its sole and absolute discretion.
- Repayment schedules will vary depending upon projected economics of the development.
- In general, permanent HOME Loans will be fully amortizing, with a maturity and amortization period ranging from 15 to 30 years.
- DCA reserves the right, in its sole and absolute discretion, to adjust the term according to its own underwriting projections and all applicable policies and procedures.
- Non-amortizing Balloon Loans are available for projects in Rural counties and for all Special Needs Projects throughout the state applying under the Special Needs Housing Tenancy Characteristics in Section 3B of Appendix II, Scoring Criteria. In such cases the term will be set by DCA with monthly

* **Not Applicable to Bond Financed Projects**

payment and interest payments determined by DCA's underwriting projections and a balloon payment due at maturity.

- Written agreements shall be entered into between GHFA and the borrower evidencing, securing, and setting forth all of the terms and conditions of the HOME Loan. The Project Owner will also be required to execute all other closing or loan documents DCA deems necessary or desirable to document the HOME Loan satisfactorily.
- HOME Construction Loan proceeds will be disbursed on a draw basis during the construction period. The HOME loan documents will describe the policies and procedures for obtaining a draw.
- HOME Loans must "convert" to permanent loans within twenty-four months of HOME loan closing and upon the satisfaction of certain conditions outlined in the loan documents.

Section 9. Policies

Policies governing the administration of the Credits and HOME Loans are found throughout the Plan, the Manual, the Compliance Manual, and other documents published by IRS, HUD, and DCA. Included in this section of the Plan are policies to which DCA wishes to draw specific attention. In no way, however, should exclusion of a policy from this section be construed to limit its applicability to funding resources allocated under the Plan. DCA reserves the right to formulate new policies to address operational issues that may arise during the course of the funding cycle.

General Requirements. Generally, a project must:

- be supported by market demand as determined by DCA;
- meet DCA feasibility and viability standards;
- meet DCA site and construction quality standards;
- demonstrate readiness to proceed to loan closing and commencement of construction (with funds available to cover project costs during construction) and lease-up;
- evidence of proper zoning and infrastructure;
- identify sources of funds to pay for any amenities or services proposed, and;
- consist of an Ownership, development, and management team without a history of significant noncompliance problems.

Program Applicability is Indicated as "Credits" "HOME" or "Both" (Sections that apply to HOME only projects, are not applicable to Bond Financed Projects)

- *Annual Operating Expenses.* Annual budgeted Operating Cost, excluding reserve contributions, must be no less than \$3,000 per unit for urban projects, \$2,600 for Rural County projects, and \$2,000 for Rural County projects that include USDA loans as a funding source. (The lower amount for an USDA project is allowable due to USDA's more restrictive underwriting policies.) However, DCA reserves the right to determine the reasonableness of budgeted operating expenses for all projects. DCA will consider waivers for projects that can clearly demonstrate that annual operating costs can be reasonably maintained at a lesser amount. Approval of such waivers shall be at DCA's sole and absolute discretion. Requests for waivers and fees shall be forwarded to DCA on or before **March 15, 2003**, to the attention of the Director of the Office of Affordable Housing. For Bond Financed Projects, request for waivers and fees must be forwarded to DCA no later than 30 days prior to Application submission. **(Both)**

* **Not Applicable to Bond Financed Projects**

- Assumptions for Building Basis. For purposes of underwriting acquisition Credits, the building basis must be limited to the lesser of the sales price or the appraised value of the building(s). **(Credit)**
- Assumptions for Land Purchase. The cost assumed for acquisition of land and existing buildings will be limited to the lesser of the sales price or the appraised “as-is” value. **(HOME)**

For Applications where there is an Identity of Interest between the buyer and seller an appraisal no more than 6 months old and prepared by a MAI appraiser must be submitted with the Application as a basis for the determination of the appropriate sales price. The appraisal must provide separate valuations for the land and existing buildings. **(Both)**

- Builder Cost Limitations. Builder's overhead, general requirements, and builder's profit are limited to percentages of the total construction contract (net of builder's overhead, general requirements, and builder's profit) as follows: Builder’s overhead – two percent (2%); General Requirements – Six Percent (6%); and Builder’s profit – six percent (6%). For Applications where there is an Identity of Interest between the owner and contractor or the developer and the contractor, the cost of obtaining a letter of credit or a construction loan in lieu of the payment and performance bond must be included in the general requirements. **(Both)**
- Construction Contingency. The construction contingency amount must be at least 2% but no greater than 5% of the total construction cost for new construction projects. For rehabilitation projects, the construction contingency amount must be at least 5%, but no greater than 7% of the total construction hard cost. DCA reserves the right to adjust development budgets in this regard, for underwriting purposes, in its sole and absolute discretion. **(Both)**

To the extent feasible, DCA funds should be allocated to cover disbursements from the construction contingency. Regardless of how the contingency is funded, DCA must approve all change orders. Any unused balance in the construction contingency at the time of Conversion must be used to reduce the principal amount of the HOME Loan or the senior lender loan as appropriate, with the monthly principal and interest payments adjusted accordingly. **(HOME)**

- Contract Bidding and Bid Bonds. Owners are not required to solicit bids for construction contracts to be financed with DCA HOME Loans, and bid bonds are not required when bids are solicited, unless otherwise required by law. However, prior to closing a HOME Loan, DCA must approve both the general contractor and the contract documents. DCA will not close a Home loan unless the approved contract with the general contractor has been fully executed. **(HOME)**
- Construction Hard Cost Financing. HOME Loan funds can be used to finance only construction hard costs which include site development, unit/building construction, and contractors services which include, general requirements (inclusive of payment and performance bonds), builders overhead and builder’s profit. Soft costs, acquisition costs and other project costs must be financed by other financing sources. (Not applicable to HOME CHDO Predevelopment Loans.) **(HOME)**
- Construction Loan Recourse. All construction loans will be full recourse against the borrower and/or the principals of the Ownership entity until full and final completion of the project as determined by DCA. **(HOME)**

* **Not Applicable to Bond Financed Projects**

- Consultant Portion of the Developer Fee. The Consultant's Fees will be limited to no more than 20% of the Developer Fee. The Consultant's Fee cannot be claimed if the Consultant has an identity of interest with the Owner or Developer of the Project. **(Both)**
- Conversion. Projects receiving HOME Loans must be scheduled to convert within twenty four-months of the HOME construction loan closing. **(HOME)**
- Debt Coverage Ratio. The debt coverage ratio for all tangible debt after funding expenses and other required reserve funding must be between 1.10 and 1.30 for the first full year of operation. For purposes of determining the debt coverage ratio, the deferred Developer Fee will not be considered tangible debt. The debt coverage ratio cannot drop below 1.10 during the 15-year Compliance Period, HOME Loan term, or the Period of Affordability, whichever is longer. The Credits and/or HOME Loan amount may be reduced if DCA's underwriting indicates a debt coverage ratio greater than 1.30 in the first full year of operation. **(Both)**
- Developer Fee Limitation. DCA restricts the maximum Developer Fee as follows:

For New Construction and Rehabilitation projects, the Developer fee will be limited to 15% of Total Development Costs less the budgeted Developer Fee and the cost of land. For acquisition and rehabilitation projects, the Developer Fee on the rehabilitation portion will be limited to 15% of the Total Development Cost less the budgeted Developer Fee, the acquisition cost of the buildings, and the cost of land; The Developer Fee on the Acquisition portion will be limited to 15% of the building acquisition cost.

When an Identity of Interest exists between the Developer and the general contractor, the maximum Developer Fee is restricted to 15% of the Total Development Cost less the cost of the land, the budgeted Developer Fee, and the builders profit. If the Application budgets a Developer Fee of less than 15%, the percentage proposed will be substituted for 15% in determining the maximum Developer Fee.

Consultant's Fees and any reserves held for less than the term of the loan are considered part of the Developer Fee. **(Both)**

- Developer Overhead and Consultant Fees. The amount of the Developer's overhead and Consultant's Fee (if applicable) that can be drawn during construction must not exceed the lesser of (1) 20% of the maximum allowable Developer Fee, or (2) 50% of the total Developer Fee requested. None of the Developer's profit will be disbursed until all DCA conversion conditions have been met and the HOME Loan for construction has been converted to a permanent loan. These disbursement conditions will be reflected in the HOME Loan documents and in an agreement with any other funding source(s) that will be funding these line items. **(HOME)**
- Distribution Across Unit/Bedroom Sizes
 1. Rent. Projects with a multi-tiered rent structure must distribute the rents equally across unit sizes and buildings. These units need not be fixed but may float in the same way high HOME rent and low HOME rent units may float within a project. **(Both)**
 2. Accessibility. To the maximum extent feasible, accessible units must be distributed through the project and site so as not to limit choice. **(Both)**

* **Not Applicable to Bond Financed Projects**

- Final Draw. The final payment of funds shall be made at the time of substantial completion of construction, to be evidenced by submission of all items on the DCA form “Requirements for Final Draw”, including but not limited to: final payment request in AIA form, copies of all certificates of occupancy for all buildings, final lien waivers, construction Consultants' final inspection, and approval for release of funds. **(HOME)**

- Fixed or Floating Unit Designation. For properties with both HOME assisted and non- HOME assisted units, the Applicant must select “fixed” or “floating” units at the time of loan commitment. When HOME assisted units are “fixed”, the specific units that are HOME assisted (and, therefore, subject to HOME rent and occupancy requirements) are designated and will never change. When HOME assisted units are “floating”, the units that are designated as HOME assisted may change over time as long as the total number of HOME assisted units in the project remains constant and the HOME assisted units remain comparable to the non assisted units over the affordability period in terms of size, features and number of bedrooms. If the Applicant fails to make such an election at the time of loan commitment, it will be deemed that the Applicant has elected to treat the HOME assisted units as “floating”. **(HOME)**

- Employee Unit Designation. For Applicants electing to house management, security, or maintenance personnel in a project unit, the employee unit can be either designated as part of the residential unit count or as part of the common space. If the employee unit is designated as part of the residential unit count, and is also designated as a low-income unit, it must be occupied by an income eligible household that may be the on-site management, security or maintenance personnel and rent can be charged or collected by the Owner for this unit. If the employee unit is designated as part of the common space, it need not be occupied by an income-eligible household, but must be occupied by a full time on-site manager, security or maintenance personnel. No rent can be charged or collected by the Owner for a unit designated as common space. **(Both)**

- Identity of Interest.
 1. Contractor- If there is an Identity of Interest between the Owner and the contractor or the Developer and the contractor, a third party front-end analysis of the construction costs will be commissioned by DCA during the DCA underwriting period. Additionally, industry standards for such Owner-provided construction services shall be used to determine reasonableness for the services. **(HOME)**

 2. Project Participant- Identity of Interest between any Project Participant, other than the Syndicator, and the construction and/or permanent lenders is prohibited unless the financing terms and conditions are reasonable, customary, and consistent with industry standards. The determination of whether or not such terms and conditions are reasonable and customary are at DCA’s sole and absolute discretion. **(Both)**

 3. Other Provider - If there is an Identity of Interest between the Owner and any other provider of service, material, or supplies, three (3) bids must be submitted to DCA. Such Owner-supplied services, materials, or supplies must not exceed the amount ordinarily paid for the service, material, or supply. **(HOME)**

* **Not Applicable to Bond Financed Projects**

- Intercreditor Agreements. When GHFA is not the only construction lender on a project, an intercreditor agreement shall be executed with the other lenders to ensure DCA's required involvement in all significant aspects of the administration of the construction loans.

At a minimum, the intercreditor agreement should contain at least the following essential elements:

1. A development cost budget approved by all lenders indicating the source(s) of funding for each line item;
2. A process and timetable for reviewing and approving change orders to the construction contract;
3. A process and timetable for reviewing and approving draw requests, including site inspection and documentation standards;
4. A process and timetable for amending the approved development cost budget;
5. Limitations on disbursements for Developer Fee (Owner's profit and risk) and Consultant fees; and,
6. Other matters, such as priority of each lender's interest in the collateral for the loans.

(HOME)

- Land Use Restrictions. When there is more than one financing source imposing land use restrictions on a project, e.g., a HOME Loan and Credits, there may be restrictions from one program that are more restrictive than similar restrictions in the other program(s). In such instances, the most restrictive requirements will apply to the project. **(Both)**
- Market Studies. Applicants seeking 9% Credits and HOME Loans must pay a fee that includes the cost of a market study to be commissioned by DCA. Applicants must pay this fee at the time of Application Submission. The resulting market study is the sole property of DCA. However, after the Competitive Scoring process is complete and reservations have been announced, each Applicant will receive one copy of their respective projects market study. **(Both)***

In accordance with federal law enacted in December 2000, Applicants applying for 4% Credits involving Bond Financed Projects must submit a market study prepared by a disinterested third-party analyst approved by DCA.

- Non-Amortizing Loans-Excess Cash Flow. For all permanent non-amortizing HOME Loans, in which the monthly installments of principal and interest are not sufficient to pay the HOME Loan in full over the loan term (a "non-amortizing HOME Loan") the borrower will deposit one-half of the cash flow from the project (after payment of secured debt service) into an interest bearing reserve account. The holder of the reserve account and the terms under which it will be held must be approved by DCA in its sole discretion. Funds held in the reserve account will be used only for principal reduction of the HOME Loan or Capital Improvements, but only if such use is approved by GHFA in advance. These funds in the reserve account (with the exception of those approved by GHFA for Capital Improvements) must remain in the reserve account until the HOME Loan is repaid. **(HOME)**

* **Not Applicable to Bond Financed Projects**

- Non-Amortizing Loans-Future Market Value. In the case of a non-amortizing HOME Loan, DCA will require a projection from the appraiser of the future market value of the property at the maturity of the HOME Loan. This value will be used by DCA to determine the likelihood of retirement of the outstanding balance by refinance or resale of the property. The future market value of the property must be greater than the projected outstanding DCA HOME Loan balance at maturity in order for the HOME Loan to be considered financially feasible. In the case of a non-amortizing HOME Loan, the outstanding interest and a portion of the principal must be paid every year. **(HOME)**
- Operating Deficit Reserve. All developments financed in whole or in part with HOME Loans must budget for and fund an operating deficit reserve in an amount of no less than six times the secured monthly debt service to lenders plus no less than six months projected operating expenses. The funding of the operating deficit reserve must be completed prior to the permanent HOME Loan conversion. If drawn upon, no further distribution to Owners will be authorized until such time as the operating deficit reserve is restored to full funding.

The operating deficit reserve must be held by DCA or the senior lender and must remain in place for the term of the HOME Loan or the Period of Affordability, whichever is longer. With the exception of instances in which Fannie Mae is the sole senior lender, if DCA is a subordinate lender, but makes a HOME Loan in an amount greater than the senior lender, DCA must hold the reserves. All withdrawals from the operating deficit reserve must be requested in writing and approved in advance by DCA. Interest earned on the operating deficit reserve account shall be added to the account as an additional contribution and will not be credited against the required monthly cash contributions. **(HOME)**

- Over-Income Tenant Restriction - The Code provides that a tenant's income may increase during tenancy to exceed 140% of the allowable household income. DCA requires that the lease for tenants who exceed this limit for two (2) successive years may not be renewed for the third year. The penalty for failure to adhere to this DCA policy may be forfeiture of the right to participate in all DCA programs in one or more future years depending upon the severity and nature of the particular circumstances. **(Credit)**
- Over-Income Tenant Restrictions - When DCA HOME Loans are used, additional over-income restrictions shall apply. Upon re-certification of a previously eligible tenant, if it is determined that the tenant's income exceeds 60% of AMI, the tenant's rent must be increased to the lesser of: 30% of the tenant's adjusted annual income, HUD's fair market rent limitations, or the maximum amount allowable by the Code, not to exceed limitations set by state or local laws (if any). Any exceptions to this requirement must be approved in writing by DCA. In the event a HOME funded project also has Credits, the Over Income Tenant Restrictions will defer to the tax credit rules stated above. **(HOME)**
- Owner-Contractor Agreements. If the Owner is not also the general contractor, all developments financed in whole or in part with a HOME Loan for construction must use an AIA Standard Form Agreement between Owner and contractor, with Standard Form Terms and Conditions. The contract can be either stipulated sum or cost plus a fee with a maximum. **(HOME)**

* **Not Applicable to Bond Financed Projects**

- Partnership Agreements. The partnership agreement and any amendments must be fully executed prior to the HOME Loan closing. The Partnership Agreement and any amendments must reflect the terms of the HOME Loan transaction on all material points. **(HOME)**
- Payment and Performance Bonds. A 100% payment and performance bond will be required for all developments funded with HOME Loans. The cost of these bonds shall be included in the six-percent general requirements limit of the Builders Cost Limitations. When an Identity of Interest exist and the contractor cannot obtain a payment and performance bond, a letter of credit or construction loan can be utilized in lieu of a payment and performance bond. The cost of the letter of credit or construction loan will be included in general requirements.

A waiver of the requirement for payment and performance bonds may be granted when there is an Identity of Interest between the Owner/Developer and the contractor, regardless of the contract amount, since such a relationship is usually not bondable.

A waiver will not be considered unless:

1. The Owner agrees to provide a construction completion guaranty, secured by a letter of credit with a value of at least 50% of the total construction cost, including profit and overhead; or
 2. The Owner agrees to secure a construction loan with private financing. DCA will disburse funds during the construction period, in an amount not to exceed \$2,500 per construction draw. **(HOME)**
- Public Housing Units. HOME and/or Credits cannot be used for the construction or rehabilitation of public housing units except in mixed income projects that include public housing units and a portion of the Total Development Cost is from another clearly identified funding source. **(Both)**
 - Relocation and Displacement of Tenants. For all HOME Loan and Credits projects, tenant household data forms must be submitted with the Application for every occupied unit in each building to be rehabilitated. The Applicant is responsible for the accuracy of the information on the data forms. Applications for HOME Loans that require relocation of existing tenants due to rehabilitation work will be accepted only with a relocation plan (including a sufficient budget) that in the opinion of DCA, meets the requirements of the Uniform Relocation Act and any other applicable laws.

Funding sources other than the HOME Loan must be used to finance the relocation costs. For Credits projects, DCA will not allow permanent displacement of tenants, if avoidable. If the Applicant anticipates displacing tenants, the Applicant must include in the Application a detailed displacement plan, which sets forth the specifics of the displacement, including a projected budget, and an explanation of efforts planned by the Applicant to mitigate the impact of the displacement. Any displacement of tenants will be subject to DCA's prior written approval. **(Both)**

- Rent-Up Reserves. A rent-up reserve is required for projects receiving a DCA HOME Loan only if a lease-up cash flow analysis results in a cash flow deficit. For those developments, the required rent-up reserve would equal the amount of the projected lease-up deficit. A required rent-up reserve will only be used to cover operating cash flow deficits during the period prior to converting a construction loan to a permanent loan. Loan documents and intercreditor agreements must reflect this requirement and DCA's approval authority. **(HOME)**

* **Not Applicable to Bond Financed Projects**

- Replacement Plan. A Replacement Plan and schedule must be submitted to DCA with the design development documents no later than 90 days from award notification. The calculations and assumptions used in the Replacement Plan should take into account the fact that over the life of the project, capital items such as building roofs, parking lots, HVAC systems, major appliances, etc., will need to be replaced. At a minimum, the Replacement Plan must reflect reserve contributions and, depending on the projects characteristics, may require contribution amounts greater than the minimum Replacement Reserves requirements. **(Both)**
- Replacement Reserve. A Replacement Reserve, based on a Replacement Plan, is required for all projects awarded funding under the Plan and must be included in the operating budget. Contributions must be made to the reserve account, starting at or before the conversion date of the construction loan to permanent loan and must be funded for the term of the loan in accordance with the Replacement Plan. The following minimum contributions must be used:
 1. Rehabilitation - \$25.00 per unit per month (\$300 per unit per year)
 2. New Construction - \$16.70 per unit per month (\$200 per unit per year)
 3. Single Family Units – \$33.30 per unit per month (\$400 per unit per year)

Replacement Reserve funds may be used only for capital improvements and system replacements, and must not be used for general maintenance expenses. Replacement Reserves must escalate at a rate of 3% per year. If the Replacement Plan indicates that an amount greater than the minimum reserve outlined above is necessary, then this greater amount will be required and must be escalated at a rate of 3% per year. DCA will, at its discretion, adjust the Replacement Reserve to reflect reasonable and customary capital and replacement expenditures. **(Both)**

- Replacement Reserve Withdrawals. All withdrawals from the Replacement Reserve account must be approved by DCA in advance. The senior lender must maintain the Replacement Reserve account in a FDIC insured financial institution. Interest earned on the Replacement Reserve account shall be added to the account as an additional contribution and will not be credited against the required monthly cash contributions. **(HOME)**
- Retainage. The loan agreement between the Project Owner and GHFA will provide that GHFA may retain 10% of the amounts that it has approved for each draw request (“the retainage”) until the project reaches 50% completion. Thereafter GHFA will retain 5% of the amount that it has approved for each draw request. The construction contract must provide and the contractor must acknowledge that GHFA has the right to withhold such retainage and that the retainage will not be disbursed until full and final completion of the construction. **(HOME)**
- Revenue, Vacancy, and Expense Trends. Revenue should be trended at 2% per year, operating expenses at 3% and vacancy and collection loss at 10%, with the exception of those proposals that include rental assistance. Proposals that include rental assistance should apply a 7% vacancy factor for the rental assistance units for the period in which the rental assistance will be committed to the project. **(Both)**

* Not Applicable to Bond Financed Projects

- Rural County Projects. DCA recognizes that Rural County projects may involve greater financial risk than non-Rural County projects. While a sufficient economic base to support a proposed Rural County project may exist at the time of Application, the loss of a predominate industry or employer, or other extenuating circumstances out of the control of the Applicant could result in a major economic impact on the project. To mitigate this increased financial risk, DCA will consider loan modifications during the course of the HOME Loan for projects which have suffered a demonstrated major economic impact as a result of the loss of a predominate industry or employer or other extenuating circumstances. The loan modification may be structured to allow the Owners to maintain Ownership and control of the property and to continue providing affordable housing to the extent it is needed in the community. **(HOME)**
- Section 8 Rental Assistance. No Owner may deny a unit to applicants possessing a Section 8 Rental Assistance certificate or voucher unless that applicant fails to meet the minimum requirements for all lease holders. Federal statutes prohibit discrimination against Section 8 certificate and voucher holders. DCA will closely monitor whether the tenant application process is structured to avoid such discrimination or whether any actions are taken to discourage Section 8 Rental Assistance certificate or voucher holders from applying. Likewise, all lease provisions must be compatible and not in conflict with Section 8 leases. **(Both)**
- Stored Materials. DCA will not pay draw requests that include the cost of stored materials. Stored materials are considered to be materials that will not be incorporated into the construction within thirty days. **(HOME)**
- Subordination. The decision whether to subordinate DCA’s regulatory agreement and/or lien position to a private lender’s security deed will be made only after DCA considers the individual circumstances of each HOME Loan. Factors that will be considered include, but are not limited to, the senior loan amount, DCA’s HOME Loan amount, debt coverage ratio, private lender’s interest rates, loan maturity, type of loan, etc. In no instance will DCA subordinate to a public entity’s loan. **(HOME)**
- Soft Cost Contingency. “Soft cost” or “total project” contingency, over and above the allowed construction contingency, will not be permitted as a budgeted line item. **(Both)**
- Stabilization. Projects will be considered stabilized when occupancy reaches 90% for three consecutive months, or actual revenue reaches 90% of budgeted revenues for three consecutive months. **(Both)**
- Syndicator Asset Management Fee. Syndicator asset management fees will be paid from the “after debt service” cash flow less the cash flow payments to DCA on the HOME permanent loans. **(HOME)**
- Tax Credit Percentages. For purposes of an application for 9% credits a credit percentage of 9% should be utilized, for 4% credits, a credit percentage of 4% should be utilized. **(Credit)**

* **Not Applicable to Bond Financed Projects**

- Tri-Party Agreements. A Tri-Party Agreement will be required for all DCA HOME Loan transactions involving another permanent lender that is not financing construction costs. The Tri-Party Agreement must clearly state, at a minimum, that the permanent lender has reviewed and approved the DCA HOME Loan documents, plans and specifications, development budget, tenant lease, environmental assessment, construction contract, title exceptions legal description, management agreement, partnership agreement, borrower's certificate of limited partnership, survey, appraisal, form of subordination agreement, and items necessary to satisfy the permanent commitment regarding completion of construction of the improvements of the collateral property. **(HOME)**
- Utility Allowance (UA). Applicants should use the UA provided by the agency administering the Section 8 Rental Assistance Program in the jurisdiction in which the project is located. For example, if a local housing authority administers Section 8 in the area, they would provide those UA, but if DCA administers Section 8 in the area, the DCA UA would be used. If a building receives USDA assistance, or any tenant in the building receives USDA assistance, the low-income units must use the applicable USDA UA. If HUD reviews rents and UA on a building, the low-income units must use the applicable HUD UA. In all other cases, the Owner is required to follow the applicable PHA UA or DCA UA. **(Both)**
- Work Scope Owners of projects receiving HOME loan funding in the 2003 round for the rehabilitation of an existing property must perform 100% of the rehabilitation work scope in accordance with the original physical needs assessment submitted with the Application. DCA may approve modifications to the proposed work scope upon written request within its sole and absolute discretion. **(HOME)**

Section 10. Eligibility

A. Applicants. For profit or nonprofit Owners of proposed newly constructed or rehabilitated rental housing to be occupied by low and very low-income households as set forth in the Plan, the Manual, and if applicable the HOME regulations and/or Section 42 of the Code, may apply. Eligible activities are the construction to permanent financing for the costs of constructing or rehabilitating rental housing as defined in the Plan. Rental dwelling units financed through the HOME Loan program must be affordable by low-to-moderate-income households as defined in the Plan, the Manual, and the HOME regulations. Eligible buildings contain one or more units designed for long-term, continuous residential rental use.

Proposed Project Participants may be ineligible to receive funding under the Plan if the proposed Project Participant falls within any one of the following categories:

1. **Continuing Non-Compliance, Disqualification in DCA Programs.** Principals of projects awarded Credits or HOME Loans in previous award cycles must remain materially in compliance with all applicable requirements of the Credits and the HOME Loan programs to remain eligible to compete for future Credits or HOME Loans. Material non-compliance status exists when, in the judgment of DCA, an Applicant exhibits a continual pattern of non-compliance or when an Applicant demonstrates an inability or an unwillingness to resolve non-compliance matters in a timely manner.

Additionally, Project Participants must start and complete outstanding DCA HOME Loan or Credits projects in a timely manner and meet all material obligations under applicable loan

* **Not Applicable to Bond Financed Projects**

documents and/or carryover allocation to remain eligible to compete for future Credits or HOME Loans. Project Participants must remain qualified to participate in all DCA-administered programs to remain eligible to compete for future Credits or HOME Loans. DCA will have the sole and absolute discretion to determine those parties ineligible to receive funding under the Plan due to non-compliance, default or disqualification status.

2. **Federally Debarred & Suspended Entities.** Any person (individual, corporation, partnership, association), principal (officer, director, Owner, partner, key employee, or person who has critical influence), or agent for a Project Participant that is under debarment, proposed debarment, or suspension by a federal agency is ineligible to participate in the 2003 Competitive Scoring process. Such Applications will be rejected. Each Applicant must also include in the Application a statement concerning all criminal convictions, indictments, and pending criminal investigations of all general partners, and provide dates and details of each circumstance, unless otherwise prohibited by court order, statute or regulation.
3. **Failure to Use Previously Awarded Credits.** An Applicant, including principals or officers of the Ownership entity, awarded or allocated Credits for a project that was not placed in service by the required deadline (for reasons other than acts of God, the exercise of the power of eminent domain by the governmental body, or for reasons approved by DCA) will be ineligible to apply for Credits in the competitive round following the projected placed in service date for the project that was awarded Credits. In addition, an Owner will be barred from reapplying for Credits for the specific project for which Credits went unused and buildings were not placed in service within the required time frame. In its sole and absolute discretion, DCA may allow an Applicant who returned Credits allocated, for reasons other than those listed above, in a previous year to apply for Credits on the condition that if the Application is approved, the Owner will pay a credit allocation fee equal to 17% of the annual allocation amount.

DCA reserves the right to perform a full criminal, employment, and credit investigation of all Project Participants, excluding the Syndicator.

B. Projects.

1. **Scattered Sites.** DCA will accept Applications for scattered-site projects that meet the following criteria:
 - a. Consist of no more than six (6) non-contiguous parcels within a ½ mile radius and consisting of a minimum of four residential units per parcel; or
 - b. Consist of no more than three (3) non-contiguous multifamily properties within a 50-mile radius of each other and consisting of a collective total of no more than 150 units.
 - c. Development of all sites or non-contiguous parcels, as defined in a and b above, must fall exclusively within one of the tenancy characteristics as defined in Appendix II, scoring criteria A, B, C and D.

* **Not Applicable to Bond Financed Projects**

All Applications proposing scattered sites must meet the following requirements:

- All buildings in the project must be under the ownership of one entity;
- All units in the scattered site Application must be managed by one management entity;
- All buildings in the project must be developed under one plan of financing and considered as a single project by all funding sources;
- To receive the 130% increase in basis allowed under Section 42, all sites making up the project must be located within a Qualified Census Tract or Difficult Development area;
- The scattered sites must be appraised as a single proposed development, if applicable; and,
- Each site within the proposed project must meet all applicable threshold and scoring criteria.

2. **Detached Single-Family Rental Housing.** Detached single family housing proposals will be eligible for funding if they satisfy the following requirements:

- The Application must include in its development budget the costs associated with the continuous upkeep of each rental house, including ground maintenance, at the project Owners' expense. These costs must be supported by a detailed maintenance plan.
- The Application must have a detailed Replacement Reserve analysis and plan.
- The house designs must reflect architectural diversity through the use of different elevations and styles.
- Landscaping must be appropriate for detached, single family housing.

Section 11. Submission Requirements

A. Pre-Application Submissions

Request for experience determinations and compliance scores may be submitted prior to Application in the sole and absolute discretion of the Applicant. DCA will accept such request on or before February 1, 2003. For experience determinations, the Experience Submittal Form for each Owner, Developer, and management company that such request is being made for, should be completed in accordance with the Experience Submittal Form Instructions. Compliance score determinations will be issued for individuals as well as for project teams. For compliance score determinations for individuals, the Compliance Summary Form must be submitted on or before February 1, 2003 for the individual. For project team scores, the compliance Summary Form must be submitted for each member of the project team on or before February 1, 2003. Details of the proposed project, other than the size or the applicable range of the total number of units and type of project, are not required as part of these submissions.

Submissions under this category will only be evaluated if the submissions are complete and accurately prepared in accordance with the Experience Submittal Form instructions and the Compliance Summary Form instructions. Determinations made pursuant to this section will be provided to Applicants on or before March 1, 2003.

* **Not Applicable to Bond Financed Projects**

B. Application Submissions

1. DCA will conduct one Competitive Application cycle for 9% Credit and HOME Loan funding resources during 2003. Applications must be delivered by the deadline to:

Georgia Department of Community Affairs
Housing Finance Division/Office of Affordable Housing
60 Executive Park South, N.E.
Atlanta, Georgia 30329-2231

The complete Application is due at DCA by **5:00 p.m. on May 15, 2003**. After this precise time, irrespective of any extenuating circumstances, no Applications or portions thereof will be accepted.

2. 4% Tax Credit Applications for Bond Financed Projects can be submitted throughout the year subsequent to Bond Allocation, but no later than sixty (60) days prior to bond closing date, and are subject to applicable criteria set out in the Core Plan, Threshold Criteria, Core Application Instructions, Core Application and Application Manual. All waiver request must be submitted no later than 30 days prior to the 4% Tax Credit application submittal.

3. A complete Application package must include one original binder and two copies, a scoring binder, an electronic original copy of the Application on a floppy disk and all applicable Application fees as outlined in Section 14 hereof. (The scoring binder and self-score is not required for Bond Financed Applications). In the event any copy or electronic disk does not conform to the original print out of the Application, the original print out of the Application shall be deemed the correct Application.

Applicants must submit complete Applications according to the directions and format prescribed in the 2003 Core Application Instructions and the 2003 Application Manual. No additional documentation will be accepted after the Application Submission deadline described in this Section unless specifically requested by DCA. The use of a third party or common carrier to deliver the Application does not relieve the Applicant of its responsibility for meeting the Application Submission deadline. Consequently, there will be no exceptions to this deadline. In addition, no assemblage, packaging, or other form of Application preparation will be permitted at any time on DCA premises.

Applicants for 9% Credits and/or HOME funding will be required to self-score their Applications and fully explain their rationale in support of the scoring decision for each criterion. Applicants' self-scores must be done in strict accordance with the provisions of the Plan and the Application Manual. Any Application that does not include a completed self-scoring binder, prepared in accordance with the provisions of the Plan and the Application Manual, will be deemed incomplete.

Maximum Number of Applications. * DCA will assign sequential project numbers to all Applications in the order they are received, and prior to any form of Application review. Applicants will be permitted to submit a maximum of six Applications for funding resources under the Plan. This limitation applies to Ownership interests of all proposed Project Participants except for syndicators. Ownership interests of all Project Participants in the proposed Applications will be reviewed. If it is determined that a Project Participant has proposed Ownership interest in more than six Applications DCA will only evaluate the

* **Not Applicable to Bond Financed Projects**

first six project Applications submitted to DCA. Any other Applications, which include the same Project Participant, will be considered ineligible and will not be evaluated.

Maximum Ownership Interests. Applicants will be limited to Ownership interest in a maximum of three projects, of which the total Federal Credit from the 2003 competitive funding round cannot exceed \$1,750,000 and/or total HOME funding cannot exceed thirty five percent (35%) of the total HOME Loan resources available. This limitation applies to Ownership interests of all proposed Project Participants, except syndicators. Any Application proposing Ownership interest by a Project Participant having proposed Ownership interests in three other projects that score higher will be deemed ineligible for funding. Also, Applications proposing Ownership interest by a Project Participant having proposed Ownership interests in other projects scoring higher will be deemed ineligible if the additional Credit, combined with the other projects scoring higher, exceeds the \$1,750,000 limitation. Applications proposing Ownership interest by a Project Participant having proposed Ownership interests in other projects scoring higher will be deemed ineligible if the additional HOME Loan funding, combined with the other projects scoring higher, exceeds 35% of the annual HOME Loan resources.

The exceptions to the three-project limit include; 1) an Application in which an experienced for profit or nonprofit Developer partners with an inexperienced nonprofit that is applying under the Plan's Credit nonprofit set-aside or the HOME Loan Program CHDO set-aside; or 2) an Application in which an experienced for profit or nonprofit Developer partners with an inexperienced for profit Developer. However, experienced for profit Developers or nonprofit Developers are limited to two projects for which they can partner with an inexperienced nonprofit or for profit Developer. Inexperienced nonprofit Developers and inexperienced for profit Developers are limited to one project.

Section 12. Post Award Deadlines

Formal Firm Commitments. * Formal firm commitments for equity and non-DCA debt must be submitted to DCA within 75 days of issuance of the carryover allocation.

Design Development Documents. * Design Development Documents as fully outlined in the Architectural Submittal Instructions in the Manual must be submitted to DCA for review and approval no later than 90 days from award notification.

Tax Credit only Projects/Commencement of Construction/Rehabilitation.* Owners of projects receiving 9% Tax Credits for new construction or rehabilitation in the 2003 round must commence construction or rehabilitation no later than **June 30, 2004**. Failure to commence construction as scheduled may cause an automatic recapture of the Credits. DCA will closely monitor construction start dates.

Tax Credit and Home Projects/Commencement of Construction/Rehabilitation.* Projects receiving HOME Loans must not begin construction prior to the HOME Loan closing. However, all projects receiving a HOME loan award in 2003 must have satisfied all conditions necessary to commence construction within one year of the date of the initial HOME commitment. Exceptions may be granted by DCA at its sole and absolute discretion in accordance with HUD regulations, but must be requested prior to the start of construction. DCA will closely monitor construction start dates. Failure to comply with this policy may result in cancellation of the HOME Loan Commitment or other penalties.

* **Not Applicable to Bond Financed Projects**

HOME Loan Closing.* All projects receiving a HOME Loan award in 2003 must have closed their HOME Loans on or before September 1, 2004. Applicants unable to close within that time period may have their commitment for HOME funds withdrawn.

Completion of Work Scope. Owners of projects receiving Credits in the 2003 round for the rehabilitation of an existing property must perform 100% of the work scope in accordance with the original physical needs assessment submitted with the Application no later than **December 31, 2005**. Owners of properties receiving Credits for new construction in the 2003 round, must perform 100% of the work scope as set forth in the DCA approved construction drawings and specifications no later than **December 31, 2005**. DCA will inspect projects requesting IRS Form(s) 8609 to ensure that all work has been completed prior to issuing Form(s) 8609. If a lesser percentage is completed, DCA reserves the right to recapture all Credits allocated. At its sole and absolute discretion, DCA may approve modifications to the proposed work scope upon written request.

Placement-In-Service. Owners of projects receiving Credits in the 2003 round must place all buildings in the project in service by **December 31, 2005**.

Compliance Monitoring Fee Payment Date. All compliance monitoring fees must be paid within 18 months of issuance of the carryover allocation document, but no later than the placed in service date or December 31, 2005, whichever is earliest. Failure to do so may adversely affect the Applicant's ability to compete in future funding rounds. In no case will the final Federal Credit allocation (IRS Form 8609) be issued before these fees are paid.

Final Allocation Deadline. Owners of projects receiving Credits in the 2003 round must apply for Final Allocation and request for issuance of IRS form(s) 8609 by **February 15, 2006**. IRS form(s) 8609 for a project will be issued only once for the entire project as proposed in the Application. Form(s) 8609 will not be issued as buildings are placed in service.

Section 13. Project Reconfiguration/Application Modification

Generally, Applicants will not be allowed to make any changes to the Application after Application Submission to DCA. If Applicants believe extenuating circumstances warrant a change, and the change would not significantly alter the project's original concept, a written request for such a change will be considered by DCA. However, changes cannot be made without DCA's written approval, and such approval will be at DCA's sole and absolute discretion. This provision applies to any changes proposed after Application Submission, and if an award is made, throughout the project's Compliance Period or Period of Affordability, whichever is longer. Applicants' written requests must clearly establish the importance of the change, and why it is necessary to ensure the project's long-term financial feasibility and economic viability.

DCA will determine, in its sole and absolute discretion, whether or not a requested change will be authorized. The prohibition against changing any part of the Application without the prior written approval of DCA includes direct or indirect transfers of the general partner's or Developer's interest. Failure to abide by this provision will adversely affect the Applicant's eligibility to receive future DCA funding.

DCA may allow Applicants to correct deficiencies in the Application if DCA does not approve a sufficient number of Applications to use all the Credits authority available in an Application cycle *and* it

* **Not Applicable to Bond Financed Projects**

receives Applications that are acceptable except for minor deficiencies that the Applicant can address within a reasonable period of time (generally not to exceed 10 business days).

Section 14. Fees

The fees indicated in this Section will be charged based on the legal status of the Applicants. All fees must be paid by certified funds or money order made payable to the Georgia Department of Community Affairs.

- **Compliance Monitoring Fees for Multiple Programs.** When DCA is required to monitor projects for compliance with tenant income and/or rent limitations of more than one program e.g., Credits and FDIC, the applicable monitoring fees for each program will be charged. Credits compliance fees must be paid no later than when the project is placed in service. Failure to do so may adversely affect the Applicant's ability to compete in future funding rounds.
- **Late Fees.** Any late fees imposed by DCA will not be considered as a project cost for underwriting purposes.

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FEE SCHEDULE
For Profit, NonProfit, and For Profit/Nonprofit Joint Ventures

	Fees	Due Date
2003 Credit (only) Application Fee (includes market study)	\$6,000 For Profits \$6,000 For Profit/Nonprofit Joint Venture \$5,000 Nonprofit	Application Submission*
2003 HOME (only) Application Fee (includes market study)	\$5,000 For Profits \$5,000 For Profit/Nonprofit Joint Venture \$4,500 Nonprofit	Application Submission*
2003 HOME Loan/ Credit Application Fee (includes market Study fee)	\$6,500 For Profits \$6,500 For Profit/Nonprofit Joint Venture \$5,500 Nonprofit	Application Submission*
Credit Allocation Fee	7% of annual allocation	At time carryover allocation sent in*
Credit Compliance Monitoring Fee (calculated on a per unit basis)	\$150 – USDA projects \$150 – URFA bond projects \$600 – Bond/4% Credit projects \$600 – Others	Within 18 months of Issuance of carryover allocation, but no later than the project placed in service date
Bond/4% Credit Eligibility Opinion Letter	\$4,000	Application Submission
Bond/4% Credit IRS Form 8609 Fee	5% of annual Federal Credit amount	Due within 30 calendar days of issuance of Letter of Determination
Front End Analysis (applicable when an Identity of Interest exist between the Developer or Owner and the general contractor)	\$1,800	Application Submission
Appraisal Fee (HOME Loans only)	Based on DCA cost	Denoted in Commitment Letter
Probationary Participation Application Fee	\$2,500	No later than 3/15/03 or, no later than 30 days prior to the submittal of the 4% Tax Credit Application
Operating Expense Waiver	\$1,000 per waiver	No later than 3/15/03 or, no later than 30 days prior to the submittal of the 4% Tax Application
Architectural Standards Waiver	\$1,000 per waiver	No later than 3/15/03 or, no later than 30 days prior to the submittal of the 4% Application
Owner Experience Waiver	\$1,000 per waiver	No later than 3/15/03 or, no later than 30 days prior to the submittal of the 4% Tax Credit Application
Developer Experience Waiver	\$1,000 per waiver	No later than 3/15/03 or, no later than 30 days prior to the submittal of the 4% Tax Credit Application
Manager Experience Waiver	\$1,000 per waiver	No later than 3/15/03 or, no later than 30 days prior to the submittal of the 4% Tax Credit Application
Per Unit Cost Limitation Waiver	\$1,000 per waiver	No later than 3/15/03 or, no later than 30 days prior to the submittal of the 4% Tax Credit Application

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* Not Applicable to Bond Financed Projects

Section 15. Evaluation of Applications

Completeness Review The 2003 DCA 9% Tax Credit and HOME funding resources will be made available to projects through a Competitive Scoring process. Applications received by DCA will be reviewed for completeness, as set forth in the Manual, including but not limited to:

- Organization of the Application;
- Inclusion of all required Application forms; and
- Submission of all required supporting documents.
- Electronic Application

4% Tax Credits for Bond Financed Applications will be issued Letters of Determination of eligibility for tax credit based on all applicable criteria as set forth in the 2003 Qualified Allocation Plan, Appendix I Threshold Criteria, the 2003 Application Manual and the 2003 Core Application Instructions and 2003 Core Electronic Application.

Threshold Review Complete Applications will be reviewed to determine if the project meets the Threshold requirements set forth in Appendix I. Those Applicants whose Applications fail to meet Threshold requirements will be notified in writing (by facsimile) of the specific requirement(s) that the Application did not meet. If an Applicant believes the Threshold requirement(s) was met, the Applicant must respond in writing within 10 calendar days from the date of the DCA 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 if DCA decides that the initial determination was incorrect, the Application will be considered to have met Threshold requirement.

Threshold Cure Period If an Application contains Threshold deficiencies which, in the determination of DCA, are either administrative in nature or are caused by a missing or incomplete document or the need for clarification of information submitted in the Application, DCA may request correction or clarification of such deficiencies. Such request is referred to as the "cure request". DCA will provide this request in the form of a facsimile to the Applicant.

Applicants receiving a cure request may supply missing or incomplete information and may clarify any inconsistencies related to the specific items identified by DCA in the cure request. The cure period will begin on the date of the cure request and shall end at 4:00 p.m. Eastern Time, on the date specified in the cure request, which date shall be five (5) business days from the date that the cure request is faxed to the Applicant. The cure request shall specify the means and methods by which missing items may be supplied, incomplete items completed and inconsistencies clarified.

Applicants may not submit additional items for the purpose of increasing their score. Any documentation that is provided during the threshold review period that is also applicable to a related scoring item will be reviewed only for threshold cures and will not be utilized during the scoring review process for the Application.

* **Not Applicable to Bond Financed Projects**

Scoring Review * Complete Applications that meet the Threshold requirements described in Appendix I will be allowed into the Competitive Scoring process as set forth in Appendix II. Scored Applications will be ranked in descending order by total point score. Applicants will be required to self-score their Applications and fully explain their rationale in support of the scoring decision for each criterion. Applicants' self-scores must be done in strict accordance with the provisions of the Plan and the Application Manual. Any Application that does not include a completed self-scoring binder, prepared in accordance with the provisions of the Plan and the Application Manual, will be deemed incomplete. DCA will provide the preliminary results of the Competitive Scoring process to all Applicants on September 9, 2003. DCA will provide the preliminary scores by facsimile to the Applicant. Applicants will be given a forty-eight (48) hour comment period to provide comments to DCA regarding the preliminary Scoring Results. Applicants may not submit additional items for the purpose of curing scoring deficiencies, justifying their self-scores or increasing their scores. Comments must be limited to the Applicants opinions regarding DCA's scoring determinations.

DCA reserves the right to review all comments that were received during the comment period. However, DCA is not obligated to give consideration to or revise its preliminary score based on comments received. Any decision DCA makes, and any action or inaction by DCA in administering, managing, and operating the review of the comments shall be final and conclusive and shall not be subject to any review, whether judicial, administrative or otherwise, and shall not be covered by, subject to, or required to comply with or satisfy any provisions of Chapter 13 of Title 50 of the Official Code of Georgia Annotated, the "Georgia Administrative Procedure Act."

Competitive Application Selection * Generally, the highest scoring Applications with favorable market studies will be allocated resources without regard to resource type requested or geographical location, except as noted below and elsewhere in the plan:

- DCA reserves the right to allocate resources to lower ranked proposals to achieve a better mix of resource usage or a better geographical distribution of resources.
- If available Credits will be depleted by funding Credit-only Applications, then, DCA may elect to fund lower scoring Applications that are requesting a combination of Credits and a HOME Loan.
- If sufficient HOME funds are not available to fund the next ranked Credit/HOME Application or HOME-only Application, DCA may elect to fund a lower scoring Credit and HOME or HOME only project for which the remaining funds are sufficient.
- If a geographic area of the state will receive an inequitable share of the available resources as determined by the Competitive Scoring process, DCA may choose to fund other proposals even though they have a lower relative ranking.
- Applications meeting the Plan's minimum scoring requirements, which do not score high enough to receive an award, will be placed on a waiting list. If additional funding becomes available the next highest-scoring Application on the list will be eligible, subject to DCA's discretion.

DCA's Administrative Discretion* DCA reserves the right to allocate resources to lower ranked proposals to achieve a better mix of resource usage or a better geographical distribution of resources as described above, or for any other reason judged by DCA to be meritorious. Such actions will be made at DCA's sole and absolute discretion. Any decision DCA makes, and any action or inaction by DCA in administering, managing, and operating the system, shall be final and conclusive and shall not be subject to any review, whether judicial, administrative or otherwise, and shall not be covered by, subject to, or required to comply with or satisfy any provisions of Chapter 13 of Title 50 of the Official Code of Georgia Annotated, the "Georgia Administrative Procedure Act."

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Special Allocation Considerations * In its sole and absolute discretion, and where warranted by extenuating circumstances, DCA reserves the right to allocate Credits, up to the first day of the allocation round, based on the prior year's allocation plan with all applicable terms and conditions to projects that received an allocation in the prior year.

Final Notification* DCA will provide the final results of the Competitive Scoring process to all Applicants as soon as possible after the process has been completed. A separate letter will notify those Applicants whose projects are selected for awards. Also, if a DCA HOME Loan is proposed, DCA will issue to the Applicant/borrower a preliminary loan commitment letter. This commitment letter, while not fully guarantying that the HOME Loan will be forthcoming, will set forth all conditions that, if met, will result in a HOME Loan.

Section 16. Georgia Open Records Act

All Applications are subject to disclosure under the Georgia Open Records Act (GORA). Applicants must agree in the Application to hold harmless DCA and GHFA for any and all losses associated with disclosures in accordance with GORA.

Requests to examine records or request copies of DCA documentation should be made in writing to ensure accuracy and proper processing. DCA will provide a timely acknowledgement of the request, and will estimate the costs, if any, for the services requested. A party may also elect to review the documents at the DCA offices. Under these circumstances, the party should forward to DCA a request to review specific documents and coordinate with DCA a time that is mutually agreeable. GORA allows the agency to charge a fee to cover the cost of a document custodian to access and review the requested records, to monitor the review process, and for the cost of copying requested documents.

Section 17. Monitoring and Compliance

The Applicant's compliance responsibilities begins with the award of the HOME funds and/or the Credit and will continue through the end of the Compliance Period, the Period of Affordability, or the term of the loan, whichever is longer.

Applicants are advised that DCA is required to monitor projects for compliance with the requirements of IRC Section 42, the HOME regulations at 24 CFR Part 92, the representations set forth in the Application, the requirements stated in this Plan, the requirements set forth in the respective program manuals and as represented in all restrictive documents. Although DCA is responsible for monitoring the Owners' compliance with these rules, regulations, and restrictions, this responsibility does not make DCA liable for an Owners' noncompliance.

Credit Compliance Monitoring Procedures (Tax Credit and Tax Exempt Bond/Tax Credit Properties) Section 1.42-5(a) of U.S. Treasury Regulations requires that each Plan include a procedure that the housing credit agency (DCA) will follow in monitoring for noncompliance with the provisions of Section 42 and in notifying the Internal Revenue Service of any noncompliance of which DCA becomes aware.

The procedure for monitoring contained in the Plan must contain procedures consistent with the Regulations that address the following areas: record keeping and record retention; certification and review; on-site inspection; and notification as to noncompliance. This section is included in the Plan to comply with the mandate of the Regulations. DCA reserves the right to make such alteration or amendment to its monitoring procedures as may be required. Specific procedures that Owners must

* **Not Applicable to Bond Financed Projects**

follow to remain in compliance with Program requirements are outlined in Credit Certification Training Materials. Changes and updates to these materials can be found on the DCA web site.

Required Training for Owners (Tax Credit, Tax Exempt Bond/Tax Credit and HOME Properties)

A representative of the Owner/general partner is required to successfully complete a compliance-training seminar provided by or sponsored by DCA. Limited partners are strongly encouraged to attend these training seminars, but may elect to have property managers serve as the limited partner's representative. Seminars for HOME, Tax Credit and HOME/Tax Credit compliance are offered on an ongoing basis by DCA. Certification testing is required and certificates are awarded upon successful completion of the training. The Owner of a Tax Credit and or HOME property will be required to submit to DCA a copy of the Certificate of Successful Completion for the training prior to the beginning of lease-up or prior to placing the first building in service.

Property and Record Compliance

A. For purposes of determining initial or ongoing eligibility and compliance with property maintenance requirements, DCA asserts the right to conduct on-site inspections of any project receiving Credit, HOME, or both Credit and HOME funding at any time through the end of the compliance period or the term of the loan, whichever is longer. DCA will provide written notice to the Owner of noncompliance findings and will assign an appropriate cure period.

B. DCA asserts the right to perform an on-site inspection of tenant records on any project receiving Credit, HOME, or both Credit and HOME funding at any time through the end of the compliance period or term of the loan, whichever is longer. DCA will provide written notice to the Owner of noncompliance findings and will assign an appropriate cure period.

C. In the Credit Program, DCA is required to report all items of possible noncompliance to the IRS on IRS Form 8823. This form(s) will be issued to the Owner/general partner of the project. If noncompliance can be and has been cured by the end of the cure period, the correction will be noted on Form 8823. DCA and the IRS consider Form 8823 to be a confidential tax document and, as such, Form 8823 will not be provided to parties not having an Ownership interest in the project.

Reports to be provided to DCA

A. Owners' receiving HOME Loans are required to submit semi annual Occupancy Reports in a format prescribed in the DCA HOME Training Manual, together with copies of Tenant Income Certification for rental units leased during the quarter (beginning with initial lease-up date throughout the term of the loan. Owners are also required to submit a HOME Annual Owner's Certification and Annual Owner's Report in a format prescribed by DCA on or before February 28 of each year.

B. Owners receiving Credit are required to submit Quarterly Occupancy Reports with Tenant income certifications for rental units leased that quarter, beginning with the first building placed in service forward, until the end of the compliance period. Owners are also required to submit an Annual Owners Certification and Annual Owner's Report in a format prescribed by DCA each year within thirty days of the anniversary of the last building placed in service date.

C. Owners receiving HOME Loans and Credit are required to submit Quarterly Occupancy Reports from the placed in service date through the end of the loan or the compliance period, whichever is longer. Owners are also required to complete the HOME Annual Owners' Certification and Report and

* **Not Applicable to Bond Financed Projects**

the Credit Annual Owners Certification and Annual Report in the prescribed DCA format on the dates stated above.

D. Owners who received Credit and/or HOME funding and are financed under Section 515 of the U.S. Department of Agriculture will not be required to submit monthly or quarterly reports. These properties are required to complete the HOME and/or Credit Annual Owners Certification and Annual Report in the prescribed DCA format on the dates stated above.

E. Owners of project that received Credit and are also financed with proceeds from tax-exempt bonds will be required to submit Quarterly Occupancy Reports beginning with the first building placed in service forward, until the end of the compliance period. Owners are also required to submit and Annual Owners Certification and Annual Owner's Reports in a format prescribed by DCA each year on the dates stated above.

Review

DCA will review the certifications submitted to determine whether or not the requirements of Section 42 has been complied with by the Owner.

Annually, DCA will inspect at least thirty three (33%) of affordable developments to which it has made an allocation under Section 42. In each development selected for review, DCA will review the low-income tenant certifications, the documentation the Owner has received to support that certification, the rent record for no fewer that twenty percent (20%) of the low-income units located in each such development. Records relating tenant income, supporting documentation and rent records will be selected at random by the Authority's monitoring officer at the time the review is held. In addition, DCA Compliance Officers will conduct a physical inspection of each low-income unit that receives a record review. The purpose of this inspection will be to determine whether or not the units meet Uniform Physical Condition Standards as defined by the Department of Housing and Urban Development.

DCA will conduct a physical inspection of approximately ten- percent (10%) of the units at each project and will review approximately ten percent (10%) of the tenant files each year at properties that have received DCA HOME funds. Additional federal requirements will also be reviewed on an annual basis.

As necessary, DCA will review additional documentation to support representation in the Application for funding.

Record Keeping and Record Retention

- A. Owners awarded HOME Loans must keep records for each assisted building as stipulated in the final HOME regulations (as amended) and as stated in the Georgia HOME Manual.
- B. Owners allocated Credit must keep records for each building as stipulated in Section 42 of the IRS Code Section 1.42.5(b) and in the Georgia Low Income Housing Tax Credit Manual.
- C. Owners' receiving HOME Loans and Credit must follow the most stringent requirements of the two programs.

* **Not Applicable to Bond Financed Projects**

Inspection Record Retention provision (Tax Credit and Tax-Exempt Bond/Tax Credit Properties)

The Owner of a Credit property is required to retain all original local health, safety, or building code violation reports or notices that were issued by the State or local government unit for DCA's inspection. After DCA reviews the violation reports or notices and completes its inspection, unless the violation remains uncorrected, the Owner may dispose of these reports or notices.

Compliance Standards

A. Assessment of Noncompliance

Principals of projects awarded Credit or HOME in previous cycles must remain materially in compliance with Credit and HOME program requirements (if applicable) to remain eligible to compete for future Credit awards or HOME Loans. Material noncompliance status exists when a party exhibits a continual pattern of noncompliance, or when a party demonstrates an inability or an unwillingness to resolve noncompliance matter in a timely manner. DCA will have sole and absolute discretion in determining those parties ineligible to participate in the OAH financing competition due to noncompliance status.

B. Cure Period Standards

DCA will notify the Owner in writing of any possible findings of noncompliance. Each item of noncompliance will have an assigned cure period. The cure periods will typically range from thirty (30) days to a maximum of ninety days (90) days. Examples of noncompliance matters and typical cure periods are as follows:

Noncompliance Items	Typical Cure Periods
Health and Safety	
Any issue	48 hours
Administrative Noncompliance	
Incomplete or incorrect tenant income certifications	30 days
Affidavits not notarized	30 days
Failure to report on a quarterly or annual basis	30 days
Project Wide Noncompliance	
Incorrect utility allowance	60 days
Violations of the 40/50 Rule	60 days
Rent overages	60 days
Incurable Instances of Noncompliance	
Submission of fraudulent information to DCA	No Cure

Monitoring Fees

DCA charges a monitoring fee for all Tax Credit developments containing five or more low-income units. Credit recipients will be required to pay the entire fee covering the 15-year Compliance Period prior to the issuance of the project's IRS Forms 8609.

* **Not Applicable to Bond Financed Projects**

Compliance Monitoring Responsibilities

A. DCA may choose to delegate all or a portion of its compliance monitoring responsibilities to an agent or other private contractor. This option, if chosen, does not relieve DCA of its obligation to notify HUD or the IRS of noncompliance instances. DCA may also delegate some or all of its compliance monitoring responsibilities to another State agency. This delegation may include the responsibility of notifying the IRS of noncompliance.

B. Applicants must inform DCA of all conditions or extenuating circumstances at each project that may impact compliance monitoring duties. Any questions regarding compliance with the Credit or HOME programs should be addressed in writing and faxed to DCA's Compliance Monitoring Section at (404) 327-6849.

Section 18. Performance Scoring*

Overview of Performance Scoring. Effective January 2, 2003, the performance scoring criteria will address compliance and administrative deficiencies not related to specific property audits. No points can be earned for performance scoring issues, but points can be lost. Points in this area will be assessed in absolute terms with no compliance factors or other formula considerations. In the 2003 Application cycle, performance points accumulated by a Project Participant will be accumulated as an educational and advisory exercise only. The final score in the competitive funding cycle will not be affected by any performance point assessments. In future rounds, DCA will determine the final project score by deducting any performance points acquired by a Project Participant during the prior year (Application Submission Deadline to Application due date) from the preliminary project score. A notice of noncompliance for failure to meet certain compliance or administrative requirements will be sent by DCA to the property Owner of record. Notices will include an explanation of the nature of the deficiency and will specify a date by which the deficiency must be corrected. If the stated deficiency is corrected by the said date no performance points will be deducted. If the stated deficiency is not corrected by said date, one quarter (1/4) of a point will be assessed. A final notice of non-performance will be sent to the Owner of record for each assessed uncured deficiency.

Compliance or administrative deficiencies that will be considered for performance scoring purposes may result from failure to comply with state or federal rules and regulations, or with the requirements specified in a binding DCA HOME Loan or Credit documents, including but not limited to, project Applications, Land Use Restriction Agreements/Covenants, and Loan agreements.

* **Not Applicable to Bond Financed Projects**

Examples of performance compliance scoring issues include, but are not limited to:

- Any compliance issue that would normally be addressed in a scheduled compliance audit that comes to DCA's attention and is addressed outside the scope of a regularly scheduled audit.
- Unused Credits resulting from failure to meet the 10% carry over requirement or not placing a project in service within 24 months of the carryover.
- Failure to notify DCA of disposition/sale of property.
- Failure to meet project reporting requirements (e.g., annual Owner's certification and report, project completion reports submitted within 120 days of the final draw, etc.).
- Failure to maintain required reserve levels, or failure to provide, on a timely basis, required proof of insurance on HOME Loan properties.
- Failure to provide necessary underwriting documentation in a timely manner.
- Failure to close HOME Loan within 60 day of DCA underwriting approval.
- Failure to convert HOME Loan from construction to permanent status on or before conversion date.

DCA recognizes that extenuating circumstances may occur that could result in unavoidable timing difficulties. We will carefully consider the circumstances on a case by case basis when determining whether point deductions are appropriate. However, the final determination will be at DCA's sole and absolute discretion.

Section 19. Modification of the Plan

Without limiting the generality of DCA's power and authority to administer, operate, and manage the allocation of Credits and HOME Loans according to federal law, federal procedures, and the Plan, DCA shall make such determinations and decisions, publish administrative rules, require the use of such forms, establish such procedures, and otherwise administer, operate, and manage allocations of Credits and HOME Loans and funds in such respects as may be, in DCA's determination, necessary, desirable, or incident to its responsibilities as the administrator, operator, and manager of allocations of Credits and HOME Loans.

The Governor recognizes and acknowledges that DCA will encounter situations which have not been foreseen or provided for in the Plan and expressly delegates to DCA the power to amend the Plan, after the public has had the opportunity to comment through the public hearing process, and to administer, operate, and manage allocations of Credits and HOME Loans in all situations and circumstances, both foreseen and unforeseen, including, without limiting the generality of the foregoing, the power and authority to control and establish procedures for controlling any misuse or abuses of the Credits or HOME Loan allocation system and the power and authority to resolve conflicts, inconsistencies, or ambiguities, if any, in the Plan or which may arise in administering, operating, or managing Credits or HOME Loan allocations pursuant to the Plan. The Governor further expressly delegates to DCA the authority to amend the Plan to ensure compliance with federal law and regulations as such federal law may be amended and as federal regulations are promulgated governing Credits and the HOME Loan Program.

* **Not Applicable to Bond Financed Projects**

**STATE OF GEORGIA
2003 QUALIFIED ALLOCATION PLAN**

**EXHIBIT A
METROPOLITAN STATISTICAL AREAS (MSAs)**

Metropolitan Areas

Albany, GA MSA
Athens, GA MSA
Atlanta, GA MSA

Augusta-Aiken, GA MSA
Chattanooga, TN GA MSA
Columbus, GA MSA
Macon, GA MSA
Savannah, GA MSA

Counties of the Metropolitan Areas

Dougherty, Lee
Clarke, Madison, Oconee
Barrow, Bartow, Carroll, Cheokee,
Clayton, Cobb, Coweta, DeKalb, Douglas,
Fayette, Forsyth, Fulton, Gwinnett, Henry,
Newton, Paulding, Pickens, Rockdale,
Spalding, Walton
Columbia, McDuffie, Richmond
Catoosa, Dade, Walker
Chattahoochee, Harris, Muscogee
Bibb, Houston, Jones, Peach, Twiggs
Byran, Chatham, Effingham

Counties outside the Metropolitan Statistical Areas:

Appling	Butts	Dawson	Glascok
Atkinson	Calhoun	Decatur	Glynn
Bacon	Camden	Dodge	Gordon
Baker	Candler	Dooly	Grady
Baldwin	Charlton	Early	Greene
Banks	Chattooga	Echols	Habersham
Ben Hill	Clay	Elbert	Hall
Berrien	Clinch	Emanuel	Hancock
Bleckley	Coffee	Evans	Haralson
Brantley	Colquitt	Fannin	Hart
Brooks	Cook	Floyd	Heard
Bulloch	Crawford	Franklin	Irwin
Burke	Crisp	Glimer	Jackson

Jasper	Miller	Seminole	Union
Jeff Davis	Mitchell	Stephens	Upson
Jefferson	Monroe	Stewart	Ware
Jenkins	Montgomery	Sumter	Warren
Johnson	Morgan	Talbot	Washington
Lamar	Murray	Taliaferro	Wayne
Lanier	Oglethorpe	Tattnall	Webster
Laurens	Pierce	Taylor	Wheeler
Liberty	Pike	Telfair	White
Lincoln	Polk	Terrell	Whitfield
Long	Pulaski	Thomas	Wilcox
Lowndes	Putnam	Tift	Wilkes
Lumpkin	Quitman	Toombs	Wilkinson
McIntosh	Rabun	Towns	Worth
Macon	Randolph	Treutlen	
Marion	Schley	Troup	
Meriwether	Screven	Turner	

**STATE OF GEORGIA
2003 QUALIFIED ALLOCATION PLAN**

**APPENDIX I
THRESHOLD CRITERIA**

To be considered for DCA financing resources, Applications must meet the Threshold requirements described below.

1. Project Feasibility, Viability Analysis, and Conformance with Plan

In analyzing project economic forecasts, Applicants must use DCA's project economic pro forma assumptions and abide by the Plan and the Manual. Rent Standards derived from the most recent AMI, FMR, and UA must be used to determine project rent and rent restrictions. For each project that meets all other Threshold criteria, DCA will determine whether that project is financially feasible and may require documentation not specifically included in the minimum documentation requirements established in the Plan. Additionally, project assumptions may be adjusted by DCA to reflect characteristics more representative of the project or its economic environment. For Scatted Site Projects all units must be developed under one plan of financing and consider as a single project by all funding sources. Project feasibility will be determined for the Scatted Site project as a whole. DCA will determine whether an Application is financially feasible in its sole and absolute discretion. DCA's determinations will be final.

HOME Loans. When DCA underwrites a HOME Loan, it will consider the policies, assumptions and requirements set forth in and the provision of the Plan and Manual to determine the debt capacity, the loan amount, and the terms to satisfy the debt. Project cash flow must be sufficient to ensure financial viability over the term of the HOME Loan and must provide for adequate reserves that must be maintained for the life of the HOME Loan. The use of other public financing sources and shorter HOME Loan terms will be favorably considered. For Applications proposing HOME Loans, the proposed return on investment for the owner/developer must be fair and reasonable with no windfall profits anticipated.

HOME Non-amortizing Balloon Loans. HOME non-amortizing Balloon Loans will be considered only for projects located in Rural Counties (See Exhibit A in the Core Plan) and for Special Needs projects throughout the State applying under the Special Needs Housing Tenancy Characteristics in Section 3B of Appendix II, Scoring Criteria.

Construction and Construction Costs. DCA will review the type of construction and associated hard construction costs. Applications for the rehabilitation of a substandard property will not be funded if, in the opinion of DCA, the rehabilitation will not result in improved, safe and decent long-term housing, the proposed rehabilitation does not meet DCA standards, or if new construction would be more appropriate. A similar review of project financial feasibility and economic viability will be conducted for all Applications proposing new construction to ensure that each project's construction hard costs will produce high quality housing for the targeted tenant market.

- Not Applicable to Bond Financed Projects

The minimum review standards for both rehabilitation and new construction projects are as follows:

- The expected life of the completed property must exceed by five years the greater of the Compliance Period or the Period of Affordability ; and
- All construction must meet the requirements set forth in the Manual. Rehabilitation projects will be considered for funding only if the average per unit rehabilitation hard costs equal or exceed \$12,000. In addition, the total hard cost of any rehabilitation project must not exceed 90% of the as-completed unrestricted appraised value of the property. The appraisal will be commissioned by DCA and will be based on market rents. Note that the Applicant will pay the cost of the appraisal.

2. Gross Rent Restrictions

HOME Rents.* For HOME Loans, rents must be affordable at initial lease-up and must remain affordable over the term of the HOME Loan. DCA will not underwrite rents below 30% of 50% of AMI unless a DCA-commissioned market study indicates that there is a substantial need and/or that the market will require rents to be lower for the property to achieve initial and long-term lease-up.

Applications proposing rents for General Multifamily projects below 30% of 50% of AMI must set tenant income restrictions at no more than 5 AMI percentage points above the AMI percentage used to set rents (i.e., rents underwritten at 30% of 40% of AMI must be income restricted at no greater than 30% of 45% of AMI).

Applicants proposing rents for Elderly Households, Housing for Older Persons or Special Needs projects below 30% of 50% of AMI must set tenant income restrictions at no more than 10 AMI percentage points above the AMI percentage used to set rents (i.e., rents underwritten at 30% of 40% of AMI must be income restricted at no greater than 30% of 50% of AMI).

For HOME projects, rents may not exceed Fair Market Rents for the appropriate bedroom size.

Credit Rents. For low-income units outside of the Atlanta MSA receiving Credits, the gross rents may not exceed 30% of 60% of the effective AMI table. For low-income units included in a Credit project other than a 4% Bond project in the Atlanta MSA, the maximum gross rents may not exceed 30% of 54% of the effective AMI tables for the duration of the Compliance Period. Applicants should assume 1.5 persons per bedroom.

Credit and HOME Rents.* Dwelling unit rents must conform to the Code's and/or the HOME regulation's gross rent (contract rent and tenant UA) restrictions. Tenant UA must conform to the requirements set forth in the Plan and the Manual. In the event Credit, HOME, or other funds are requested, the most restrictive gross rents will govern. For Credit and HOME projects, rents may not exceed fair market rents. Applicants should assume 1.5 persons per bedroom.

- Not Applicable to Bond Financed Projects

Many DCA projects will combine Credits and a HOME Loan. As a result, the income targeting requirements are more stringent than for Credits alone. Specifically, at least 40% of the assisted units in each building of the project must be targeted to families at 50% of AMI, adjusted for family size. All remaining assisted units must be targeted to families at 60% or less of AMI, adjusted for family size.

Mandatory Maximum Rents for Projects in the Atlanta MSA*. The maximum rents charged for the units occupied by tenants at 50% or less of AMI must be equal to or less than the lesser of the applicable Credit rent based on the 50% rents from the rent chart or the area FMR. The remaining rents for the assisted units must have rents no greater than the lesser of the Credit rents based on the 60% (or a maximum of 54% in the Atlanta MSA) rents from the rent chart or the area FMR. The Manual provides more details on the Tax Credit Program.

3. Unit Cost Limitations

Per unit costs must for not exceed the following limits:

<u>Unit Type</u>	<u>Cost Limit</u>
Efficiency	\$65,600
1 Bedroom	\$76,800
2 Bedroom	\$90,700
3 Bedroom	\$93,500
4 Bedroom +	\$98,500

DCA will consider waivers to the limitations stated above only for Special Needs Households, Elderly Housing and Housing for Older Persons, mixed income projects, and those receiving historic tax credits. Waivers and applicable fees must be submitted to DCA by 4:00 p.m. on or before March 15, 2003 or no later than 30 days prior to application submittal for Bond Financed Projects. Within 15 business days of the receipt of such waiver request, DCA will provide a response to the waiver request. If DCA determines that the project is not eligible for a cost waiver, any Application submitted for such project must reflect cost that are within the above unit cost limitations. Post award costs that exceed the above unit cost limitations or a total development cost established pursuant to a waiver request do not require DCA approval if additional DCA resources are not utilized to fund such additional cost.

For HOME funded projects, the following subsidy limits will apply in addition to the cost limits above:

<u>Unit Type</u>	<u>Subsidy Limit</u>
Efficiency	\$57,300
1 Bedroom	\$65,700
2 Bedroom	\$79,900
3 Bedroom	\$100,857
4 Bedroom +	\$100,710

- Not Applicable to Bond Financed Projects

4. Site Control

Site control must be in the form of (1) a warranty deed that conveys title to the subject property to the current Applicant or 2) a legally binding contract to purchase the proposed project site in the name of the Applicant (or which provides for an assignment to the Applicant), or (3) a binding long-term ground lease or an option for a binding long-term ground lease, with a minimum term of forty-five (45) years. For (2) and (3) above, a copy of the warranty deed that conveys subject property to the seller must be included with the Application. Contracts must be executed prior to Application Submission deadline, must include a legal description of the property and must provide legal control of the site to the proposed Applicant at least through September 30, 2003.

In the event the contract provides the Applicant with the option to renew the contract for specific periods of time, with the initial period ending prior to September 30, 2003, the renewal option in such contract must be enforceable by the Applicant until September 30, 2003. A copy of a recorded warranty deed or a fully executed contract must be submitted with the Application. All Contracts evidencing site control must meet the specifications set forth in the Manual.

For Scatted Site Projects, evidence of site control is required for each non-contiguous parcel or each non-contiguous multifamily property.

5. Environmental Requirements

On-site and off-site specific environmental concerns identified in an environmental study are to be considered in the context of the criticality of the housing to be provided. DCA shall consider the public benefits of the housing and then weigh the benefits against the costs to mitigate the hazard, the potential health risks, and other financial and public policy implications. The project will not pass Threshold until all environmental matters are resolved in a manner satisfactory to DCA, in its sole and absolute discretion. For Scatted Site Projects the environmental requirements must be met for each non-contiguous parcel or each non-contiguous multifamily property.

Environmental Study. A Phase I environmental study prepared in accordance with the Environmental Review Guide contained in the Application Manual must be included in the Application. This Phase I Environmental Study should fully address all recommendations of the consulting environmental engineer, and all such recommendations, including Phase II environmental studies (if required) or any additional testing, must be completed at the time of Application Submission. The Phase I (and Phase II where required) Environmental Study must have been conducted within six (6) months of the Application Submission.

The Environmental Study must be certified by the Applicant and the Qualified Environmental Professional on the environmental certification form..

If an Environmental Study was completed prior to this six-month period, a copy of this earlier Environmental Study (and any others that are available) must be included in the Application along with an updated Environmental Study.

- **Not Applicable to Bond Financed Projects**

If an updated Environmental Study is necessary, it must meet all requirements set forth in the Environmental Review Guide located in the Manual. In addition to these requirements, the updated Environmental Study must include:

- details of the new reconnaissance with updated photos;
- an update of all regulatory reviews including federal and state lists;
- all original material and updates; and,
- a professional opinion, addressing all conditions (changed and unchanged) to the site, must be provided by the qualified Environmental Professional completing the update.

Flood Plains: Flood plain development will be permitted only if sufficient documentation is included in the Application to clearly establish that there will be no buildings in the flood plain. Applications that propose the placement of buildings in the 100-year flood plain, will meet Threshold criteria, only if the following conditions are met and the requisite support documentation is provided:

- All areas of floodplain/floodway must be documented by the FEMA map for the areas in which the site is located. The proposed site for development must be located on that map.
- The city or county in which the floodplain/floodway area is located should provide written approval of the reclassification of the property out of the floodplain/floodway area.
- The Civil Engineer should document mitigation for impacts to existing floodplains/floodways planned for development.
- A FEMA Conditional Letter of reclassification should be obtained for the property that shows that the property is eligible for reclassification out of the floodplain/floodway area.

For all properties that are funded with either Credits or a HOME Loan , a final letter of reclassification from FEMA along with an elevation certificate must be provided to DCA at the completion of the project.

A Conceptual Site Development Plan that clearly defines the areas of floodplain/floodway, with the Owner certification on the Site Information Form A indicating the acreage of floodplain/floodway that will be disturbed by the proposed project must be included in the Application.

Wetlands: DCA does not allow the disturbance of wetlands in excess of one tenth (1/10th) of one acre for any development on the site. In addition no buildings or other improvements are to be located in any wetlands areas. Any proposed development that does not meeting these criteria will not meet Threshold. A Wetlands Delineation and USGS Maps are required to document the existence of wetlands areas on the site, and must be included in the Environmental Study. If there are no wetlands areas on the site a wetlands delineation is not required but in all cases USGS maps must be included in the environmental study.

A Conceptual Site Development Plan that clearly defines the areas of wetlands, with the Owner certification on the Site Information Form A, indicating the acreage of wetlands that will be disturbed by the proposed project must be included in the Application.

- **Not Applicable to Bond Financed Projects**

Lead Based Paint (LBP) and Asbestos Containing Materials (ACM): For all existing properties to be rehabilitated under DCA programs and built prior to 1978, a survey of LBP and ACM must be included in the environmental study. The investigation must be completed according to EPA and HUD guidelines on properties that fall under the requirements of these agencies. If such materials exist on the properties the Qualified Environmental Professional must include recommendations for the management or abatement of these materials according to all EPA and HUD guidelines.

Radon: For new construction Applications the Radon zone must be noted in the environmental study along with the Georgia Radon Map. For Applications that propose the rehabilitation of existing properties, radon testing according to EPA requirements is required and the results must be included in the environmental study.

6. Site Zoning

Zoning must be in place on or before the Application Submission deadline. Zoning of the development site must conform to the site development plan and must be confirmed, in writing, by the authorized Local Government official. The letter from the authorized Local Government official must be included in the Application. The letter must include the zoning and land use classification of the property and be accompanied by a clear explanation of the requirements and all conditions of these zoning and land use classifications. If the Local Government does not have or enforce a zoning ordinance, the Applicant must include a letter from a local government official to that effect. The requirements for Site Zoning must be met for each non-contiguous parcel or each non-contiguous multifamily property.

The Applicant must provide documentation that demonstrates that the site layout conforms to any moratoriums, density, setbacks, or other imposed requirements of the Local Government. It is the responsibility of the Applicant to ensure that all issues and questions surrounding the zoning and land use classification of a proposed site are clearly defined prior to Application Submission. Any unclear or unresolved issues of zoning and land use could result in Threshold failure of the Application.

7. Operating Utilities

Required project operating utilities (gas and electric service), as applicable, must be available to the proposed development site as of the Application Submission. To be considered "available" for the purposes of this section, all easements necessary for the utility providers to extend utilities to the property, and commitments from the utility providers to extend utilities to the property must be secured at the time of Application. Evidence of such easements and commitments from the utility provider must be included in the Application.

The Application must include a letter from the appropriate utility company confirming the availability and capacity of operating utilities at the proposed development site. The letters bearing signatures from the appropriate utility companies must be included in the Application. Any charges for the off-site extension of utility services are not eligible for funding as project costs under the funding resources in the Plan. The requirements for Operating Utilities must be met for each non-contiguous parcel or each non-contiguous multifamily property.

- **Not Applicable to Bond Financed Projects**

Operating utilities cannot be contingent on annexation of the property, improvement of infrastructure or funding to the utility provider from an outside source. Verification of the annexation and improvements must be submitted with the Application. Any unclear or unresolved issues regarding operating utilities may result in Threshold failure of the Application.

8. Public Water/Sanitary Sewer/Storm Sewer

Public water and sewer service must be available at the proposed development site as of the Application Submission. To be considered "available" for the purposes of this section all easements necessary for the water and sewer authorities to extend water and sewer services to the project, and commitments from the water and sewer authorities to extend water and sewer services to the property must be secured at the time of Application Submission. Evidence of the easements and commitments from the water and sewer authorities must be included in the Application. A commitment can be subject only to conditions within the control of the Applicant. Letter(s) from the local public water and sewer authorities must document the availability and capacity of public water and sewer service to the site. These letters from the appropriate public water and sewer authorities must be included in the Application. Any charges for the extension of off-site services are not eligible for funding as project costs under the funding resources in the Plan. Public water and/or sewer availability cannot be contingent on annexation of the property or funding to the utility provider from an outside source. Verification of the annexation and improvements must be submitted with the Application. Any unclear or unresolved issues regarding the public water/sanitary sewer/storm sewer may result in threshold failure of the Application. The requirements for Public Water/Sanitary Sewer/Storm Sewer must be met for each non-contiguous parcel or each non-contiguous multifamily property.

9. Market Feasibility (Market Study)

DCA strongly recommends that, prior to submitting Applications, Applicants independently obtain a market analysis sufficient to satisfy their own concerns as to market viability as outlined in the 2003 Application Manual. Applicants are encouraged to submit any market information with the Application that they believe may be helpful in determining the market feasibility of their proposal. An Applicant may submit an independent market study in the Application. However, DCA will not be bound by the opinion or conclusions reached by the Applicant-commissioned market study. The DCA-commissioned market study will take precedence.

Any market information or market study provided by the Applicant will be given to DCA's market analyst. By submitting this information or market study, Applicants are afforded the opportunity to provide input that may be important in the determination of market feasibility

Market feasibility for the project as measured by the DCA market analyst will be based on, but not be limited, to the following factors:

- Market capture rates less than 30 percent for all 1 and 2 bedroom units, 40 percent for all 3 bedroom units and 50 percent for all 4 bedroom units in the project;
- An absorption period less than 24 months to reach stabilized occupancy;
- Stabilized occupancy rate of 90% or above;
- Unit mixes or targets populations supported by the market;

- **Not Applicable to Bond Financed Projects**

- No adverse impact to the market and financial health of existing assisted rental housing properties in the market area. Assisted rental housing properties include those financed by Credits, USDA , HUD 202 or 811 (as appropriate), DCA or locally financed HOME properties, HTF, and HUD 221(d)(3) and 221 (d) (4) and other market rate FHA insured programs. DCA does not consider public housing properties in the adverse impact determination.;
- Competing proposed projects in the same geographic market area where, in part, location, unit mix, rent structure, market demand, and other factors favor one project compared to another; and,
- Ability of market rate units to lease at the projected rents.

For Scatted Site projects, each non-contiguous parcel and each non-contiguous multifamily project must meet the above criteria.

DCA reserves the right, in its sole and absolute discretion, to independently evaluate the demand for additional affordable rental housing in the geographic/market area. DCA's judgment will be the final determination.

Bond Financed Projects Market Studies. In accordance with federal law enacted during December 2000, Applicants for 4% Credits involving Bond Financed Projects must submit a market study with the initial Application. A disinterested third-party analyst approved by DCA or an analyst selected from a list comprised of the analysts selected to perform the DCA-commissioned market studies must be utilized to perform the market study for Bond Financed Projects. The Applicant must submit a written request for DCA to approve a third party analyst that is not on the current DCA approved market analyst list.

10. Appraisals

a. DCA Commissioned Appraisals*

For all projects awarded HOME Loans, DCA will commission an appraisal prepared in accordance with DCA policies. DCA 's determination is final with respect to the appraised value of the project.

When preparing project development budgets, Applicants should use a reasonable estimate for the appraisal cost based on the Applicant's experience with projects of a similar size and scope. The DCA appraisals will be assignable to other lenders. In instances where the senior lender obtains the appraisal, DCA will accept such appraisal as long as DCA requirements are met. DCA will select property appraisers. Applicants will be charged a fee equal to the cost of the appraisal report. The fee will be due on the date specified in the HOME commitment letter. The commissioned appraisal reports shall include the tax credit value, "as is" value, "as built/as complete" (encumbered), and "as built/ as complete " (unencumbered) values of the proposed subject property, delineating the value of the land and building. The appraisal shall confirm to USPAP standards. The appraiser will be asked to provide an estimate of the market value (unencumbered) of the property at loan maturity. The total hard cost of any rehabilitation project may not exceed 90% of the as completed unencumbered appraised value of the property. Upon completion of the commissioned appraisal, any rehabilitation project found not to meet this requirement will have their funding award revoked.

- Not Applicable to Bond Financed Projects

b. Applicant Commissioned Appraisals

If an appraisal is required to be submitted with the Application by DCA policy as the result of an identity of interest between the buyer and seller, an applicant shall commission an appraisal prepared in accordance with the DCA appraisal requirements. The commissioned appraisal report shall include the “as-is” value of the property including improvements in order for DCA to establish the basis of the determination of the sales price. The appraisal shall conform to USPAP standards.

For Scattered Site Projects, an appraisal will be required establishing “as-is” value should be submitted for each non-contiguous multifamily property or non-contiguous parcel where an identity of interest exist between the buyer and seller.

11. Project Amenities

All properties must include HVAC systems, refrigerators, stoves, an on-site laundry (1 washer and 1 dryer per every 25 units) and one equipped recreation area suitable for the proposed tenant base. If washers and dryers are installed and maintained in every unit at no additional cost to tenants, an on-site laundry is not required. All amenities, with the exception of the on-site laundry, must be available to the tenants at no additional charge. Documentation for these amenities must be certified in the Amenities Certification Forms C1-C4, depending on the type of tenant the Application is targeting. DCA reserves the right to require inclusion of all certified amenities in the finished project. For Scattered Site properties as defined in Section 10 (B)(1)(b), the requirements for on-site laundry and equipped recreation area must be met at each non-contiguous multifamily property.

12. Site Access

All sites proposed for development must be legally accessible by paved roads. The Application must include the appropriate drawings, survey or other documentation that reflects such paved roads. If such paved roads are not in place at the time of the Application Submission, documentation evidencing a local commitment for funding and the timetable for completion of such paved road must be included in the Application. This restriction does not apply to private driveways accessing only the proposed project through property that is not part of a proposed site. However, if the use of such a private drive is proposed, site control of the private drive must be documented by proof of ownership or by a properly executed easement on the private drive, and the plans for paving the private drive, including associated development costs, must be adequately addressed in the Application. For Scattered Site projects, each non-contiguous parcel and each non-contiguous multifamily project must meet the above criteria.

13. Physical Needs Assessment (Rehabilitation Projects Only)

For rehabilitation projects only, a physical needs assessment must be included in the Application, and prepared in accordance with instructions set forth in the Manual. This assessment must be completed no more than ninety (90) days prior to the Application Submission. For Scattered Site projects, each non-contiguous parcel and each non-contiguous multifamily project for which rehabilitation is proposed, must meet the above criteria.

14. Site Information and Conceptual Site Development Plan

- Not Applicable to Bond Financed Projects

A Conceptual Site Development Plan must be included in the Application, and prepared in accordance with instructions set forth in the Manual:

- Easements to be defined and indicated on plan;
- Wetlands and floodplains located with areas of disturbance calculated;
- Utility information located with contact information;
- Use of all adjacent properties clearly defined both graphically and in written form;
- Zoning setbacks and restrictions graphically indicated, with written zoning definitions;
- Indication of all existing structures, tanks, slabs and any other improvements existing on the property;
- Indication of any other items, physical or otherwise that would affect the development of the subject property;
- Indication of the entrance access to the property and a layout of all buildings, roads, and parking areas defined; and,
- Indication of all areas of tree and vegetation preservation defined.

DCA does not require an ALTA Survey for purposes of developing the conceptual site development plan.

For Scattered Site projects the requirements of this section must be met for each non-contiguous parcel or each non-contiguous multifamily property.

Applicants must also submit the Site Information Form A for the proposed project site. (See Architectural Standards in the Manual for guidance.)

Waivers for variances from any architectural standard in the Architectural Manual must be submitted to DCA on or before March 15, 2003 or, no later than 30 days prior to application submittal for Bond Financed Projects.

15. Accessibility Standards

All projects funded under the Plan must meet the following accessibility standards at the time of project completion:

- All projects that receive allocations or funding under the Plan must comply with all applicable Federal and State accessibility laws including but not limited to The Fair Housing Act, Section 504, American with Disabilities Act, Georgia Fair Housing Law and Georgia Access Law. When two or more accessibility standards apply, the applicant is required to follow and apply both standards so that a maximum accessibility is obtained, and
- All applicable DCA accessibility requirements detailed in the Architectural Standards of the 2003 Application Manual.

For Scattered Site projects the above criteria is applicable to each non-contiguous parcel or each non-contiguous multifamily project.

- **Not Applicable to Bond Financed Projects**

Regardless of whether a project anticipates using federal funds as a funding source, all proposed projects must include the following DCA requirements:

- At least 5% of the total units (but no fewer than one unit) must be equipped for the mobility disabled, including wheelchair restricted residents; and
- At least an additional 2% of the total units (but no fewer than one unit) must be equipped for hearing and sight impaired residents.

Any exemptions to the applicable federal, state and local accessibility laws must be supported by a legal opinion which supports such exemptions. In addition, DCA will review request for exemptions from the DCA Accessibility Standards set forth in the Accessibility Standards section of the Application Manual.

For Scattered Site Projects as defined in Section 10(B) 1(a) of the Plan, the above criteria is applicable to the project as a whole, however, distribution of the units must be across the non-contiguous parcels. For Scattered Site Projects as defined in Section 10(B) 1(b) of the Plan, the above criteria must be met by each non-contiguous multifamily project.

Applicants must submit the Accessibility Certification Form F that certifies that the above criteria and the accessibility standards detailed in the Application Manual will be met. (See Architectural Standards in the Manual for guidance.)

16. Preliminary Financing, Limited Partner Equity, Deferred Developer Fees and Other Financing Commitment

Formal firm commitments for equity and non-DCA debt must be submitted to DCA within 75 days of the carryover allocation.

Preliminary Commitments. Original preliminary commitments for the types of financing listed below must be submitted with the Application:

- Construction financing;
- Non-DCA permanent financing;
- Equity bridge loans, if required;
- Any grants or other forms of assistance utilized during the construction period, or utilized as permanent financing;
- Operating subsidy agreements;
- Developer or general partner equity (financial statements to substantiate such equity must be included if such contribution exceeds the developers fee);
- Limited partner (Tax Credit) equity;
- HUD Invitation to Submit and Lender Preliminary Commitments for HUD assisted projects.

- Not Applicable to Bond Financed Projects

The preliminary commitments must disclose, at minimum, the purpose, property address, amount, interest rate, terms and fees (if applicable). DCA, in its sole and absolute discretion, reserves the right to determine the adequacy of all preliminary financing commitments submitted in the Application. Any financing source for which the applicable federal rate of interest applies must be clearly noted.

Deferred Developer Fee. When determining the amount of Credit necessary to make a project financially feasible, DCA will include the deferred Developer Fee as a source of funding.

Any owner's equity shown in the Application, excluding the general partner's contribution required by the Limited Partnership Agreement will be included as a source of funding in the calculation of Credit. This policy will apply at reservation, carryover, and final allocation. A developer should either take the deferred Developer Fee in the form of a note, or incorporate the deferred Developer Fee into the limited partnership agreement along with a detailed repayment schedule and specific terms.

DCA will accept either method as long as the terms of the deferred Developer Fee meet the requirements as set forth in the Plan. (Note that the deferred Developer Fee should be shown in last lien position in the debt service section of the project cash flow pro formas). For purposes for calculating the minimum debt coverage ratio of 1.10, the deferred Developers Fee will not be included as debt service.

17. Required Legal Opinions

A legal opinion regarding the acquisition Credit eligibility is required for projects involving acquisition and rehabilitation.

A legal opinion regarding Credit eligibility is required for projects operated as assisted living facilities.

18. Experience

DCA requires prior successful project experience for the Owner, Developer and Manager of a proposed project. A DCA Experience Summary form must be completed for each Owner, Developer and Manager of a project and submitted on or before the Application submission date.

(A) Owner Experience

1. A proposed project Owner must demonstrate successful Owner experience as follows:

- The Proposed Owner (individual, corporation, or in the case of a limited partnership, the general partner(s) of the Ownership entity) must demonstrate at least three (3) continuous years of prior ownership experience in at least two multifamily rental housing projects of similar size (number of dwelling units) to the proposed project.
 - Only ownership experience that occurred subsequent to January 1, 1995 will be considered under this criterion.
 - This Ownership Experience requirement may be met either through the experience of the General Partner entity or through the individual experience of one of the General Partner's principals as set forth below.
-
- **Not Applicable to Bond Financed Projects**

- In a non-profit corporation, the executive director's experience will also be considered for purposes of determining whether the non profit has met the Owner experience requirements
 - A non-profit General Partner may also meet the experience requirements through the experience of a sponsoring non-profit.
2. For purposes of determining experience, a principal shall be defined as an individual who has a direct or indirect ownership interest in the ownership entity and who will materially participate in the ownership and operation of the project through regular, continuous and substantial involvement
 3. In order for previous project experience to be considered, the principal must show a direct or indirect ownership interest in the Ownership entity of the previous project and that that the principal materially participated in the ownership and operation of the project through regular, continuous and substantial involvement.

(B) Developer's Experience

1. A proposed project Developer must demonstrate successful Developer experience as follows.
 - The proposed Developer must demonstrate successful development experience in at least two multifamily rental housing projects of similar size (number of dwelling units) to the proposed project.
 - Only Developer experience that occurred subsequent to January 1, 1995 will be considered under this criterion.
 - This Developer experience requirement may be met either through the experience of the proposed Developer entity or through the individual experience of one of the Developer's principals as set forth below.
 - In a non-profit corporation, the executive director's experience will be considered for purposes of determining whether the Developer has met the Developer experience requirements
 - A non-profit Developer may also meet the experience requirements through the experience of a sponsoring non-profit.
2. For purposes of determining experience, a principal shall be defined as an individual who has a direct or indirect minimum ownership interest in the Developer entity and who will materially participate in the development of the project through regular, continuous and substantial involvement.
3. In order for previous project experience to be considered, the principal must show a direct or indirect ownership interest in the Developer entity of the project and that that the principal materially participated in the development of the project from project inception through construction completion through regular, continuous and substantial involvement.

(C) Management Company's Experience

- **Not Applicable to Bond Financed Projects**

1. A proposed project Manager can meet this Threshold criteria by demonstrating successful project Manager experience as follows.

- The proposed Management Entity must demonstrate prior experience in the management of at least two multifamily rental housing projects of similar size (number of dwelling units) to the proposed project.
- To be considered, the manager's experience with a project must extend for at least two years and include project lease up experience
- Only Management experience that occurred subsequent to January 1, 1995 will be considered under this criterion.
- This Management Experience requirement may be met only through the experience of the Management Entity or through the experience of a principal.

(D) Inexperienced CHDOs and Non profits Exceptions

1. An inexperienced CHDO and/or non-profit entity that does not meet the above Owner and/or Developer experience requirements may meet this Threshold criterion in one of two ways:

- by submitting a partnership or contractual agreement with a for-profit or non-profit developer who has the required Owner and/or developer experience as -described above, or
- by providing an executed contract with a consultant who has the required experience.

2. In order to qualify for this exception, the following requirements must be met:

- The CHDO/nonprofit must be eligible and compete for funding under the HOME Loan or Credit nonprofit set-aside;
- The Application must include an executed agreement between the CHDO/nonprofit and a consultant or partner describing the responsibilities of each party;
- The agreement must include the implementation of a training plan, providing for the training of the CHDO/nonprofit by the consultant or partner as either an Owner or Developer;
- The training plan must specify that the training services to the CHDO/nonprofit will be provided through construction, lease-up, and permanent loan conversion, and include timetables, milestones, and training hours per week;
- The training plan must be attached to the agreement as an exhibit;
- The training plan must be approved by DCA at its sole and absolute discretion; and
- The consultant or partner must satisfy the Threshold experience requirements for Owners and/or Developers.

3. An Application from an experienced non-profit or for profit developer partnering with an inexperienced developer must include an executed agreement between the experienced and inexperienced developers. At a minimum, the executed agreement must contain the following terms and/or conditions:

- The defined relationship of the parties must be that of co-developers;
- **Not Applicable to Bond Financed Projects**

- The responsibilities of each party to the agreement for the development of the project must be described in detail;
- The inexperienced co-developer must materially participate in the development process commencing upon the submission of the Application of the project, through project lease up and stabilization;
- If one of the co-developers is the owner of the project, the term of the agreement must be through three years after lease up or issuance of 8609 (whichever is later); and
- If the co-developers are not the owners of the project, the term of the agreement must be through conversion (for a HOME project) or issuance of an 8609 for a Credit only project.

E. Capacity

DCA reserves the right to determine, in its sole and absolute discretion, whether an Application meets the criterion set forth above and whether the proposed Owner and or Developer has the capacity to successfully complete the proposed development. DCA may consider projects in progress, prior performance in meeting construction commencement, projects with recaptured credits and completion deadlines, as well as the number of outstanding incomplete DCA-funded developments when determining capacity.

F. Waivers

A proposed Project Owner, Developer or Manager that cannot meet the experience requirement set forth above may request a waiver of the DCA experience requirements. The DCA Waiver Request form along with the required DCA experience summary, must be submitted to DCA on or before March 15, 2003 or, on or no later than 30 days prior to Application submittal for Bond Financed Applications. The granting, or denial of waivers, is in the sole and absolute discretion of DCA. DCA may include limitations with respect to the number and size of projects when waivers are granted. DCA reserves the right to require HOME or tax credit training as a condition of the waiver.

20. Eligibility for Credit under the Nonprofit Set-Aside*

To be eligible for Credit under the nonprofit set-aside:

- The organization must be a qualified nonprofit, defined as a 501(c)(3) or 501(c)(4) organization, which is not affiliated with or controlled by a for-profit organization and has included the fostering of low income housing as one of its tax-exempt purposes;
- The qualified nonprofit(s) must materially participate in the project as described in IRC Section 469(h);
- The qualified non profit(s) must own at least 51% of the general partner's interest in the proposed project and be the managing general partner of the ownership entity;

- **Not Applicable to Bond Financed Projects**

- For purposes of this set aside, the term “qualified non profit” includes any corporation if 100 percent of the stock of such corporation is held by one or more qualified non profit organizations at all times during the period such corporation is in existence;
- If the non-profit is also a developer of the project, the nonprofit must receive a percentage of the Developer Fee greater than or equal to its percentage of its ownership interest; and
- A copy of the general partnership joint venture agreement which indicates the non profit’s general partnership interest, and Developer Fee amount must be included in the Application.

Nonprofit organizations applying for Credit under the nonprofit set-aside must include in the Application an opinion of an attorney who specializes in tax law on the non-profit’s current federal tax exempt qualification status in accordance with the prescribed format contained in the Manual. If such an opinion has been previously obtained, this requirement may be satisfied by submitting the opinion with documentation demonstrating that the non-profit’s bylaws have not changed since the legal opinion was issued.

21. Eligibility for HOME Loans under the CHDO Set-Aside*

All nonprofits seeking funds under the CHDO set aside are required to have submitted their CHDO prequalification or renewal of Applications by September 13, 2002.. A copy of the State CHDO pre-qualification/renewal letter must also be included in the Application. The CHDO must be either the sole general partner of the ownership entity or the managing general partner of the ownership entity. In the event the CHDO is a general partner with a for-profit or nonprofit general partner, the CHDO must own at least 51% of the general partnership interest. The CHDO (or a wholly owned or controlled affiliate) must receive a percentage of the Developer Fee greater than or equal to the percentage of ownership interest. All DCA communication with the ownership entity will be with the CHDO managing general partner. A copy of the general partnership/joint venture agreement indicating the CHDO’s general partnership interest and its share (or the share of the wholly owned and controlled affiliate) of the Developer Fee must be included in the Application.

22. Compliance History

Applications with compliance scores falling at or above negative twenty (-20) points, and with all Project Participants’ (excluding syndicators) compliance score(s) falling at or above -20 points, will meet this threshold criterion.

- **Not Applicable to Bond Financed Projects**

COMPETITIVE SCORING

The Scoring Criteria are summarized in the table below and detailed on the following pages. The maximum total score possible is 195 points.

PROJECT SCORING SUMMARY

		Total Score Value
1	<i>APPLICATION COMPLETENESS/ORGANIZATION</i>	
	A. Complete Application	6
	B. Organization	2
2	<i>PROJECT LOCATIONAL CHARACTERISTICS</i>	
	A. Adjacent Residential Development	6
	B. Desirable/Undesirable Characteristics	10
	C. In-fill Site	5
	D. Previous Project within a Local Government	6
	E. Transit Oriented Development Properties	2
3	<i>TENANCY CHARACTERISTICS</i>	
	A. Family Housing	25
	B. Special Needs Housing	20
	C. Elderly Households	20
	D. Housing For Older Persons	20
4	<i>ADDITIONAL RENT AND INCOME ELECTIONS</i>	
	A. Public Housing Authority Development and Rental Subsidy	15
	B. Very Low Income Tenancy Exceeding Requirements	8
	C. Project-Based Rental Assistance	6
	D. Very -Very Low Income Tenancy Exceeding Requirements	6
	E. DCA Project Based Rental Assistance for Special Needs Tenants	2
	F. Mixed Income Projects	9
	G. Extended Use Period	3
5	<i>PRESERVATION</i>	5
6	<i>GOVERNMENT SUPPORT AND FINANCING ASSISTANCE</i>	
	A. Local Government Support	3
	B. Government Financial Assistance	15
	C. CHDO Predevelopment Loans	6
7	<i>PROJECT CHARACTERISTICS</i>	
	A. Neighborhood Redevelopment	18
	B. Energy Efficiency Requirements	6
	C. Project Design	22
	D. Accessibility	6
	E. Ownership Makeup	4
8	<i>READINESS TO PROCEED</i>	4
9	<i>COMPLIANCE HISTORY STATUS</i>	10
TOTAL POSSIBLE SCORE		195

To be considered for DCA financing resources, Applications must meet the Competitive Scoring requirements described below.

1. Application Completeness/Organization

A. Completeness

6 points

All required Application forms and supporting documentation are included and complete at the time of Application Submission. Complete shall be defined as an Application that had no missing or incomplete documents and required no financial adjustments.

Missing or incomplete documents

For each missing or incomplete document, one (1) of these possible points will be deducted, up to a maximum of six (6) points.

Financial Adjustments

DCA, in its discretion, may correct errors or make adjustments, to financial information submitted by the Applicant, to ensure consistency with DCA project economic assumptions, the Plan and Manual requirements and to ensure that the project is feasible per DCA financial guidelines. For each financial adjustment made by DCA, two (2) points will be deducted. There is no cap on the total number of points which may be deducted for financial adjustments. Therefore, the completeness category could have a negative point value.

B. Organization

2 points

The Application is organized in the format prescribed by DCA in the Application binder tab checklist. Documents not filed in the appropriate tab may not be reviewed by DCA.

2. Project Locational Characteristics

A. Adjacent Residential Development

6 points

Points will be awarded if the site is adjacent to (or directly across a street from) stable, occupied residential development. Applicants must submit a Site Information Form A, site photographs, and the Conceptual Site Development Plan.

If the project site is part of a larger parcel for which there is a redevelopment plan, points will be awarded if the entire parcel is adjacent to (or directly across a street from) stable occupied residential development. Documentation evidencing the redevelopment plan for the entire parcel must be attached to Site Information Form A.

For Scattered Site Projects, as defined in Section 10B(1)(a) and (b) of the Plan, each non-contiguous multifamily project or non-contiguous parcel must be adjacent to (or directly across the street from) stable occupied residential development.

B. Desirable and Undesirable Activities/Characteristics

10 points

One (1) point will be awarded for each desirable activity or characteristic that is near a proposed site to a maximum of ten (10) points. Two (2) points will be deducted from the total desirable activities score for each undesirable activity or characteristic that is near a proposed site. A maximum of ten (10) points will be awarded in this category. The total points awarded will be determined by calculating the sum of the total desirable activity points less the total undesirable activity points. A negative total in this category will be awarded zero (0) points.

For Scattered Site Projects, as defined in Section 10B(1)(a), the perimeter of the ½ mile radius in which the non-contiguous parcels are located shall serve as the boundary of the proposed site from which the distances for determining the location of the desirable and undesirable activities shall be measured for both non-rural and rural sites. All desirable and undesirable activities within the perimeter of the ½ mile radius must also be noted for purposes of claiming points.

For Scattered Site Projects, as defined in Section 10B(1)(b), Applicants shall calculate the total score for each non-contiguous multifamily property with one (1) point awarded for each desirable activity or characteristic that is near the proposed site to a maximum of ten (10) points. Two (2) points will be deducted from the total desirable activities score for each undesirable activity or characteristic that is near the non-contiguous multifamily subject site. A maximum of ten (10) points will be awarded per site. The total points awarded per site will be determined by calculating the sum of the total desirable activity points less the total undesirable activity points. A negative total in this category will be awarded zero (0) points per site. The Applicant shall add the total points obtained for each site and divide by the number of sites to arrive at the total points to be claimed for this category (no rounding up, only whole numbers can be claimed in this category).

1. Desirable sites.

- (a) In determining whether a desirable activity/characteristic is “near” a proposed site, the following factors must be used:
- For non-Rural County sites, only activities and/or characteristics, which are located within a one (1) mile walking/driving distance from the proposed site, will be considered. For non-Rural County sites, the walking route to desirable activities/characteristics must be along paved sidewalks or established walkways or trails.
 - For Rural County sites, only activities and/or characteristics that are located within a one and a half (1½) mile walking/driving distance from the proposed site will be considered.

- (b) Desirable activities/characteristics may include, but are not limited to the following:
- retail stores
 - federally insured banking institutions
 - grocery stores
 - recreational facilities
 - libraries
 - school(s)
 - day care services
 - medical facilities
 - employment centers
 - civic centers

2. Undesirable Sites

- (a) In determining whether an undesirable activity/characteristic is near a proposed site, the Application must consider any undesirable activity/characteristic that is located within one half (1/2) mile of the proposed site.
- (b) Undesirable activities/characteristics include but are not limited to the following:
- junkyards
 - hazardous or chemical activities,
 - sources of noise, odor, or other nuisance pollution,
 - access to the proposed site off of a street with frontage of less than 100 feet.

3. Documentation

In order to document desirable and undesirable activities/ characteristics, the Applicant must complete the Site Information Certification Form B and attach the following:

- (a) A site map indicating the specific locations of each desirable and undesirable activity/characteristics. The map must contain a key stating the type of activities/characteristics identified, and must include the following:
- location of site including an indication of major access roads;
 - indication of distances in 1/4 mile and one mile increments;
 - areas of residential development adjacent to or near the site;
 - indication of any major industrial or commercial development; and
 - all desirable and undesirable activities/characteristics.
- (b) Photographs of the site and the surrounding neighborhood. All photographs are to be either color originals or color copies. Black and white photographs are not acceptable.

C. In fill Sites

5 points

To qualify for five (5) in fill points, the proposed site must exhibit all of the following:

- The site must be surrounded on three sides by established development.
- The site must maximize the use of existing utilities, infrastructure and transportation.
- At a minimum, the established development on one side must consist of residential development. (scattered single family housing does not constitute established residential development for the purposes of this category.)

For Scattered Site Projects, as defined in Section 10 B(1)(a) and (b) of the Plan, each non-contiguous multifamily project or non-contiguous parcel must meet the above criteria.

Applicants must submit a Site Information Form A, site photographs, and the Conceptual Site Development Plan.

D. Previous Projects within a Local Government

6 Points

Six (6) points will be added if the proposed development site is within the boundaries of a Local Government in which a 9% Credit, 4% Credit and/or HOME project has not been awarded within the last three (3) DCA funding cycles, or) four (4) points will be added if the proposed development site is within the boundaries of a Local Government in which a 9% Credit, 4% Credit and/or HOME project has not been awarded in the last two (2) DCA funding cycles. For example, if no projects were awarded in unincorporated Cobb County for the last three DCA funding cycles, but one was awarded in the City of Marietta in 2001, an Application for a project from an unincorporated area of Cobb County would receive six (6) points .

For Scattered Site Projects, as defined in Section 10B(1)(a) and (b) of the Plan, each non-contiguous multifamily project or non-contiguous parcel may be considered for points in this category. However, the Application will be awarded a maximum of six (6) points in this category.

E Transit Oriented Development Projects

2 Points

Two (2) points will be awarded to projects formally designated as a Transit Oriented Development by a Rapid Transit Authority or to projects which are adjacent to a transit station and formally endorsed by a Rapid Transit Authority. Documentation from a Rapid Transit Authority of the formal designation as a Transit Oriented Development or endorsement by a Rapid Transit Authority must be attached to Certification form B.

3. Tenancy Characteristics

A. Family Housing

25 points

This section is designed to foster development of housing for families and to encourage community activities from within the neighborhood. In order to qualify for six (6) points, the proposed project must have all of the basic requirements and documents outlined in sections (1) and (5) below. Additional points may be awarded for inclusion of optional amenities and optional services outlined in section (2) and (3) if Applicant receives points for meeting the basic requirements.

1. Basic Requirements

- Community spaces or a community building.
- The site must have sheltered exterior gathering areas, such as a gazebo located in a central area or a large covered porch at the community building.
- Refrigerator and stove
- HVAC systems
- One recreation area equipped and suitable for the proposed tenant base.
- On-site laundry with one washer and one dryer per every 25 units. (If washers and dryers are installed and maintained in every unit at no additional cost to the tenants, an on-site laundry is not required.)
- The Application must include two (2) on-going services designed for the physical or social needs of the tenant population.

Applicants must certify all Basic amenities elections on the Family Housing Amenities Certification Form C1.

2. Optional Amenities

Points will be awarded for each optional amenity that is included in the Family Housing Amenities Certification Form C1 , to a maximum of sixteen (16) points.

- Physical improvements on the site such as attractively fenced community gardens, equipped walking path with exercise stations or sitting areas, and equipped picnic areas, equipped tot lot, equipped playcourt and recreational facilities. (Points are not available for inclusion of the recreation area required to meet Threshold.) (one (1) point per area to a maximum of three (3) points)
- Large open playing fields (of at least 5,000 square feet) (two (2) points)
- Covered pavilion with picnic/barbecue facilities to encourage community or family reunion type functions (two (2) points)
- Washer/dryer hookups in all units in addition to required central laundry or washers and dryers are installed and maintained in every unit at no additional cost to tenants (four (4) points)
- Exercise/Fitness Center (four (4) points)
- Complete built-in fire sprinkler system in every unit and the community center, including an exterior audio and visual alarm system (two (2) points)
- Swimming Pool (two (2) points)
- Microwave Oven (one (1) point)
- In-sink disposal (one (1) point)
- Built in dishwasher (one (1) point)
- Equipped Computer Center (two (2) points)
- Other optional amenities as proposed by the Applicant; two (2) points per amenity. To document these optional amenities, Applicant must provide a detailed description of the amenity and justify the appropriateness of the amenity for the targeted population. This documentation must be attached to the amenities certification form C1 for this category.

3. Optional Services

One (1) point to a maximum of three (3) points will be awarded for each additional service that is included in the Application.

4. Examples of services which are designed for families include, but are not limited to:

- Daycare
- After-school programs
- Financial and budgeting seminars
- Job training
- Homebuyer training and seminars
- Supervised recreational activities for children
- Preventive health care programs which are designed for families
- Transportation to facilitate access to social services, doctors, shopping
- Computer labs with internet hookup and/or tutors
- Activities sponsored in the Library
- Dry-cleaning and/or laundry services
- Grocery pickup and/or delivery
- Full or part-time social services/activity manager
- On-site full time management and/or security staff
- Social and recreational programs planned and overseen by the project manager. (Monthly birthday parties/holiday dinners and/or parties/potluck dinners, movie nights, bingo, etc.)

5. Documentation

The Application must also provide the following for all required and optional services (where applicable):

A detailed letter of intent from an experienced, licensed (or otherwise qualified and acceptable to DCA) service provider for each proposed service. This letter must also contain a comprehensive description of the service to be provided, explain how said service is to be managed, including frequency which must be at least monthly, and a commitment to providing the service for a term of no less than 6 months.

6. Additional Policies Related to Services

- A final, binding contract for all proposed services must be submitted to the DCA Compliance Manager before the placed in service date for the first building the project.
- Any proposed changes of supportive services or providers from those proposed in the Application must be approved by DCA prior to contracting with that service provider.
- Services must be committed for the Compliance Period or the Period of Affordability, whichever is greater.
- Services may be provided at a charge sufficient to cover the cost of the supportive services only, but the services must be clearly optional to the tenants.
- A full-time activities manager will be allowed in the operating budgets for those properties that are 150 units or more in size
- Temporary staffing during lease-up to handle activities set-up and sign-up will be considered on a case-by-case basis.
- Part-time (on a proportional basis) activity managers will be allowed in the operating budgets for smaller projects.
- Owners will be required to submit annual certifications and documentation regarding the ongoing provision of the supportive services.

B. Special Needs Projects

20 points

This section is designed to foster development of housing for the homeless, persons with disabilities (mental, physical, developmental), abused spouses and their children, persons with alcohol or other drug addiction, person living with HIV/AIDS, and migrant farm workers. In order to qualify for six (6) Special Needs Project points, the proposed project must have all of the basic requirements and documents outlined in section (1) and (3) below. Additional points may be awarded for inclusion of optional amenities and optional services outlined in section (2) if an Applicant receives points for meeting the basic requirements. Applicants must certify all Basic amenities elections on the Special Needs Amenities Certification Form C2.

1. Basic Requirements

- At least 50% of the total project dwelling units must be restricted to Special Needs Households (excluding Elderly Housing and Housing for Older Persons)
- Refrigerator and stove
- HVAC systems
- One recreation area equipped and suitable for the proposed tenant base.
- On-site laundry with one washer and one dryer per every 25 units.
(If washers and dryers are installed and maintained in every unit at no additional cost to the tenants, an on-site laundry is not required.)
- community spaces or a community building.
- The site must have sheltered exterior gathering areas, such as a gazebo located in a central area or a large covered porch at the community building.
- The Application must provide at least three (3) supportive services.
- The Application must provide three (3) amenities applicable to the designated Special Needs Households as certified on the Special Needs Housing Amenities Certification Form C2.

2. Optional Amenities/Services

Two (2) points, to a maximum of fourteen (14), will be awarded for each optional service or amenities provided. Each optional amenity or service for which points are awarded must be designed to meet the special needs of the targeted tenant population. Optional amenities shall be certified on the Special Needs Housing Amenities Certification Form C2.

3. Documentation

The Application must also provide the following documents for all services (where applicable):

For each Special Needs Households Service, the Application must contain a detailed letter of intent from an experienced, licensed provider for the appropriate service. This letter must contain a comprehensive description of the service to be provided, explain how said service is to be managed and its effective impact on the Special Needs Household tenant and a commitment to providing the service for a term of no less than 6 months.

4. Additional Policies Related to Services

- A final, binding contract for all proposed services must be submitted to the DCA Compliance Manager before the placed in service date for the first building the project.
- Any proposed changes of supportive services or providers from those proposed in the Application must be approved by DCA prior to contracting with that service provider.
- Services must be committed for the Compliance Period or the Period of Affordability, whichever is greater.
- Services may be provided at a charge sufficient to cover the cost of the supportive services only, but the services must be clearly optional to the tenants.
- A full-time activities manager will be allowed in the operating budgets for those properties that are 150 units or more in size
- Temporary staffing during lease-up to handle activities set-up and sign-up will be considered on a case-by-case basis.
- Part-time (on a proportional basis) activity managers will be allowed in the operating budgets for smaller projects.
- Owners will be required to submit annual certifications and documentation regarding the ongoing provision of the supportive services.

C. Elderly Households

20 points

This section is designed to foster development of housing for Elderly Households. In order to qualify for six (6) Elderly Household points, the proposed project must have all of the basic requirements and documents outlined in sections (1) and (3) below. Additional points may be awarded for inclusion of optional amenities and optional services outlined in section (2), if the Applicant receives points for meeting the basic requirements.

1. Basic Requirements

- 100% of the HOME and/or Credits units must be reserved for Elderly Households.
- 100% of the units must be accessible and adaptable (as defined by the HUD Fair Housing, the Americans with Disabilities Act and Section 504).
- All units must have an installed call system, including a buzzer and light to the exterior.
- All properties must include community spaces or a community building.
- Refrigerator and stove
- HVAC systems
- One recreation area equipped and suitable for the proposed tenant base.
- On-site laundry with one washer and one dryer per every 25 units. (If washers and dryers are installed and maintained in every unit at no additional cost to the tenants, an on-site laundry is not required.)
- Elevators must be provided for access to units above the ground floor.
- For one-story garden style, projects, all units must have sheltered exterior areas such as porches or patios.
- In buildings that are not garden style, lobbies and corridors must have small gathering areas in several locations distributed among all floors.
- The site must have sheltered exterior gathering areas such as a gazebo located in a central area or large covered porch at the community building.

- The Application must include at least one activity/service designed to meet the physical or social needs of elderly persons, in at least two (2) of the following categories: recreation/social, transportation, health/wellness, education, counseling, and security. (Total of two (2) different services) Examples of activities/services are set forth in Section (2) below.

Applicants must certify all Basic amenities on the Elderly Housing Amenities Certification Form C3.

2. Optional Amenities and Services

Points will be awarded for each additional amenity or service that is designed for Elderly Households. Optional amenities and services are amenities and services that are provided in addition to the amenities and services included to meet the basic requirements for Elderly Households. Each additional service or amenity shall receive two additional points unless otherwise specified below. The maximum points received under this section shall be fourteen (14) points.

(a) All optional amenities shall be certified on Elderly Housing Amenities Certification Form C3. Examples of amenities designed for Elderly Households include, but are not limited to the following:

- Physical improvements on the site such as attractively fenced community gardens, equipped walking path with exercise stations or sitting areas, equipped picnic areas, equipped play court (as appropriate to the residential population) and/or recreational facilities. (excluding the recreation area required to meet threshold.) (one (1) point to the maximum of three (3) points)
- Washer/dryer hookups in all units in addition to required central laundry or washers and dryers are installed and maintained in every unit at no cost to tenants (four (4) points)
- Complete built-in fire sprinkler system, in every unit and the community center to be monitored by an exterior audio and visual system (two (2) points)
- Microwave Oven (one (1) point)
- In-sink disposal (one (1) point)
- Built in dishwasher (one (1) point)
- Equipped Computer Center (two (2) points)
- Equipped Exercise/Fitness Center (four (4) points)
- Swimming Pool (two (2) points)
- Other amenities designed for the elderly and proposed by the Applicant: (two (2) points per amenity). To document these optional amenities, Applicant must provide a detailed description of the amenity and justify the appropriateness of the amenity for the targeted population

- (b) Examples of activities/services specifically designed to meet the physical or social needs of elderly persons may include, but are not limited to the following:
- Social and recreational programs planned and overseen by the project manager. (Monthly birthday parties/holiday dinners or parties/potluck dinners, movie nights, bingo, etc.)
 - Continuing education
 - Information and senior counseling
 - Recreational instruction appropriate for amenities
 - Homemaker/housekeeping
 - Preventive health care programs/health screening on a regular basis
 - Transportation to facilitate access to social services/doctors/shopping
 - Meals provided to the tenants at least once a week
 - 24 hour security/neighborhood watch programs
 - Community pets (cost of care provided by project)
 - Computer lab with internet hookup and /or tutors
 - Community gardening
 - Weekly exercise class
 - Grandparent mentoring programs
 - Weekly “day trips” to shopping centers/specialty shopping
 - Reading service and library
 - Dry-cleaning, laundry, and grocery pickup and delivery services
 - Prescription management information
 - Full-time (150 units or more) or part-time (less than 150 units) social services /activities manager.

3. Documentation

The Application must include the following documentation for each required and optional service for which points are awarded:

A detailed letter of intent from an experienced, licensed (or otherwise qualified and acceptable to DCA) service provider for each proposed service which must contain a comprehensive description of the service to be provided, how said service is to be managed, including frequency which must be at least monthly, and a commitment to providing the service for a term of no less than 6 months.

4. Additional policies related to services

- A final, binding contract for all proposed services must be submitted to the DCA Compliance Manager before the placed in service date for the first building the project.
- Any proposed changes of supportive services or providers from those proposed in the Application must be approved by DCA prior to contracting with that service provider.
- Services must be committed for the Compliance Period or the Period of Affordability, whichever is greater.
- Services may be provided at a charge sufficient to cover the cost of the supportive services only, but the services must be clearly optional to the tenants.
- A full-time activities manager will be allowed in the operating budgets for those properties that are 150 units or more in size
- Temporary staffing during lease-up to handle activities set-up and sign-up will be considered on a case-by-case basis.
- Part-time (on a proportional basis) activity managers will be allowed in the operating budgets for smaller projects.
- Owners will be required to submit annual certifications and documentation regarding the ongoing provision of the supportive services.

D. Housing for Older Persons

20 points

This section is designed to foster development of Housing for Older Persons. In order to qualify for six (6) points, the proposed project must have all of the basic requirements and documents outlined in sections (1), (2), (3), and (4) below. Additional points may be awarded for inclusion of optional amenities and optional services outlined in section (2) if the Applicant receives points for meeting the basic requirements for Housing for Older Persons.

1. Basic Requirements

- At least 80% of the units must be occupied by at least one person 55 or older.
- Up to 20% of the units may be occupied by others, including the landlord's employees, the surviving spouses or children of residents who were 55 years of age or older when they died and caregivers. DCA will monitor the required facilities and services during the applicable compliance period.
- community spaces or a community building.
- For one story garden style projects, all units must have sheltered exterior areas such as porches, sunrooms or patios.
- In Buildings that are not garden style, lobbies and corridors must have small gathering areas in several locations distributed among all floors.
- The site must have sheltered exterior gathering areas, such as a gazebo located in a central area or a large covered porch at the community building.
- Refrigerator and stove
- HVAC systems
- One recreation area equipped and suitable for the proposed tenant base.
- On-site laundry with one washer and one dryer per every 25 units.
(If washers and dryers are installed and maintained in every unit at no additional cost to the tenants, an on-site laundry is not required.)

- The project must have significant services. Significant services means that the Application must include at least four different activities and/or services designed to meet the physical or social needs of tenants aged 55 and older in at least three of the following categories: recreation/social, transportation, health/wellness, education and counseling, and security. Examples of services are set forth in Section 3(D), 2(b) below.
- Physical improvements on the site such as attractively fenced community gardens, equipped walking path with exercise stations or sitting areas equipped picnic areas and/or recreational facilities. (excluding the recreation area required to meet threshold.)

Applicants must certify all Basic amenities on the Housing for Older Persons Amenities Certification Form C4.

2. Optional Amenities/Services

Points will be awarded for each additional amenity or service that is designed for persons 55 and older. Optional amenities and services are amenities and services that are provided in addition to the amenities and services included to meet the basic requirements for Housing for Older Persons. Each additional service or amenity shall receive two additional points unless otherwise specified below. Fourteen (14) maximum points may be awarded under this section.

(a) All optional amenities shall be certified on Housing for Older Persons Amenities Certification Form C4. Examples of amenities for Housing for Older Persons include, but are not limited to, the following:

- Washer/dryer hookups in all units in addition to required central laundry or washers and dryers are installed and maintained in every unit at no additional cost to tenants (four (4) points)
- Microwave Oven (one (1) point)
- In-sink disposal (one (1) point)
- Built in dishwasher (one (1) point)
- Equipped Computer Center (two (2) points)
- Swimming Pool (two (2) points)
- Equipped Exercise/Fitness Center (four (4) points)
- Installed elevator in buildings with more than one story (four (4) points)
- Complete built-in fire sprinkler system in every unit and the community center including an exterior audio and visual alarm system (two (2) points)
- Installed call system in all units, including a buzzer and light to the exterior. (2 points)

Other amenities designed for Older Persons and proposed by the Applicant: two (2) points per amenity. To document these optional amenities, Applicant must provide a detailed description of the amenity and justify the appropriateness of the amenity for the targeted population. This documentation must be attached to the amenities certification form C3 for this category.

(b) Examples of activities/services for Housing for Older Persons may include, but are not limited to the following:

- Social and recreational programs planned and overseen by the project manager. (Monthly birthday parties/holiday dinners or parties/potluck dinners, movie nights, bingo, etc.)
- Continuing education
- Information and senior counseling
- Recreational instruction appropriate for amenities
- Homemaker/housekeeping
- Preventive health care programs/health screening on a regular basis
- Transportation to facilitate access to social services/doctors/shopping
- Meals served to residents at least weekly
- 24 hour security/neighborhood watch programs
- Community pets (cost of care provided by project)
- Computer lab with internet hookup and/or tutors
- Community gardening
- Weekly exercise class
- Grandparent mentoring programs
- Weekly “day trips” to shopping centers/specialty shopping
- Reading service and library
- Dry-cleaning, laundry, and grocery pickup and delivery service.
- Prescription management information

3. Documentation

The Application must include the following documentation for all amenities and services for which points are awarded.

A detailed letter of intent from an experienced, licensed (or otherwise qualified and acceptable to DCA) service provider for each proposed service which must contain a comprehensive description of the service to be provided, how said service is to be managed, including frequency which must be at least monthly, and a commitment to providing the service for a term of no less than 6 months.

4. Additional policies related to services

- A final, binding contract for all proposed services must be submitted to the DCA Compliance Manager before the placed in service date for the first building the project.
- Any proposed change of supportive services or providers from those proposed in the Application must be approved by DCA prior to contracting with the new service provider.
- Services must be committed for the Compliance Period or the Period of Affordability, whichever is greater.
- Services may be provided at a charge sufficient to cover the cost of the supportive services only, but the services must be clearly optional to the tenants.
- A full-time activities manager will be allowed in the operating budgets for those properties that are 150 units or more in size or part-time for less than 150 units.
- Temporary staffing during lease-up to handle activities set-up and sign-up will be considered on a case-by-case basis. Part-time (on a proportional basis) activity managers will be allowed in the operating budgets for smaller projects.
- Owners will be required to submit annual certifications and documentation regarding the ongoing provision of the supportive services.

4. Additional Rent and Income Elections

A. Public Housing Authority Development and Rental Subsidy

15 points

The proposed project is a component of a PHA tenant initiative program (including the PHA's development program or project), as evidenced by: (1) the PHA's investment in the project's physical plant and/or contribution to the long-term economic feasibility of the project via operating cost contributions or tenant rent subsidies for a minimum period of five years; and (2) an executed agreement between the PHA and the project ownership entity or such agreement provides for the assignment to the entity setting forth the project ownership entity's responsibility to rent dwelling units to public housing tenants. The PHA's investment must come from a source independent of the project. Developer's Fees earned or deferred by the PHA on the subject project, a loan (or any other form of debt) from a PHA, funds from any non-PHA general partner, limited partner, or other development team member will not be considered a PHA investment in the project. (Note: HOME and/or Credits cannot be used for the construction or rehabilitation of public housing units except in mixed income projects that include public housing units and a portion of the total development cost is from another clearly identified funding source.)

To be eligible for scoring points under this criterion, the Application must include a copy of the executed agreement between the PHA and the ownership entity or such agreement provides for the assignment to the entity. The executed agreement must set forth the type, term and amount of the PHA's equity investment in the proposed project and/or the PHA's long-term equity contribution to the long-term (at least five years) economic feasibility of the project via operating cost contributions and/or tenant rent subsidies as well as the number and type of rental units the proposed owner will hold and rent to public housing tenants. "Hold and rent" means that the Applicant agrees to rent the designated units exclusively to public housing tenants or households currently on a PHA waiting list. Scoring points under this criterion will be awarded as follows:

Percentage of units reserved and rented to public housing tenants:

10% of units reserved and rented to public housing tenants	5 points
20% of units reserved and rented to public housing tenants	10 points
30% of units reserved and rented to public housing tenants	15 points

Points under Section 4B of this Appendix will not be available to projects that are eligible for ten (10) or fifteen (15) points under this section. However, Applications that qualify for only five (5) points under this section, and otherwise qualify for points under Section 4B will be awarded points under Section 4B, but will not be eligible for points under this section. Also, points under Section 4C of this Appendix, "Project-Based Rental Assistance" will not be available to public housing units that are eligible for points under this section. Applications awarded points under Section 4D of this Appendix will not be eligible for points under this section.

B. Very Low Income Tenancy Exceeding Requirements 8 points

Applications that reserve and rent additional dwelling units above the program minimum requirements with rents set at 50% rent levels and reserved for occupancy by households earning annual gross incomes greater than 30% but less than or equal to 50% of the AMI will be awarded points in this category. Owners will be required to execute restrictive covenants stipulating the number of dwelling units to be reserved and rented to very-low income households for the term of the Compliance Period or the Period of Affordability, whichever is longer. Points will be awarded as follows:

Percentage of units above program minimum

Equal to or greater than 5% or less than or equal to 20%	6 points
Greater than 20 % but less than or equal to 40%	7 points
Greater than 40%	8 points

Points under this section will not be awarded to projects that are eligible for 10 or 15 points under Section 4A, " However, an Application that qualifies for only five (5) points under Section 4A, but otherwise qualifies for six (6) points under this section will be awarded six (6) points under this section, but will not be eligible for five (5) points under Section 4A.

C. Project-Based Rental Assistance 6 points

Applications proposing project-based tenant rental assistance from a governmental entity or a non-governmental entity for a minimum of five years for at least 10% of the rental units will receive six (6) points as defined below:

Non-Governmental Project Based Rental Assistance

To be eligible for points under this criterion, the Application must include a copy of an executed agreement between the ownership entity and the funding entity that must state that the funding entity is unrelated to any Project Participant. This agreement must include the amount of rental assistance that will be provided, the number of units assisted, its duration, and any qualifying terms and/or conditions. The most current (not more than 1 year old) audited financial statements and federal ID number of the funding entity must be included in the Application along with a board resolution for the entity that authorizes the commitment of such rental assistance. The project based rental assistance, must be 40% of the fair market rent or the balance of the rent when the tenant pays 30% of their income towards the rent. If less than 100% of the rental units will receive rental assistance the Applicant must submit a plan on how tenants will be selected to receive rental assistance.

Governmental Project Based Rental Assistance

To be eligible for points under this criterion, the Application must include a copy of an executed agreement between the ownership entity and the funding entity which must include the amount of rental assistance that will be provided, the number of units assisted, its duration, and any qualifying terms and/or conditions.

Points under this section will not be awarded to projects that are eligible for points under Section 4A, Public Housing Authority Development and Rental Subsidies.

D. Very – Very Low Income Tenancy Exceeding Requirements 6 points

Applications that propose dwelling units with rents set at the 30% rent level and reserved for occupancy by very-very low-income (those earning annual gross incomes of 30% or less of the AMI) will be awarded a maximum of up to six (6) points. Applications awarded points under Section 4A are not eligible for points under this Section. Owners will be required to execute restrictive covenants stipulating the number of dwelling units to be reserved and rented to very-very low income households for the term of the Compliance Period or the Period of Affordability whichever is longer. Points will be awarded as follows.

Percentage of Total Project Units:

Greater than 3% but less than or equal to 6 %	2 points
Greater than 6% but less than or equal to 10 %	4 points
Greater than 10%	6 points

E. DCA Project Based Rental Assistance for Special Needs Tenants **2 points**

Two points will be awarded if the Applicant certifies that it agrees to accept a Section 8 Project Based Voucher contract for the designation of up to ten (10) units or five (5%) percent of the total units, whichever is less, for occupancy by tenants with special needs who are receiving supportive services through the Georgia Department of Human Resources. DCA reserves the right through this option to offer a Section 8 Project Based Voucher contract to the development at anytime throughout the compliance period or period of affordability, whichever is longer. The contracts will typically have a five-year period with renewal options granted by DCA. The designated units could be any unit in the development, depending upon vacancies and availability, and would be subject to the same income and rent restrictions as all other units in the development. The property management would retain all rights to tenant selection, with exceptions related specifically to the disability of the potential tenant.

F. Mixed Income Projects **9 points**

Projects designed for both low income and market-rate tenants are eligible to receive points based on the percentage of low income and market rate units in the total project. Market rate units cannot be rented for less than the subsidized units.

Percentage of units receiving Credits:

Equal to or greater than 50% but less than or equal to 60% Tax Credit	9 points
Greater than 60% but less than or equal to 80% Tax Credit	6 points
Greater than 80% but less than or equal to 90% Tax Credit	3 points

G. Extended Use Period **3 points**

The Code requires that all low-income units in a project receiving Credits remain rent-restricted and income-restricted for the 15-year Compliance Period and for 15 years after the close of the Compliance Period. However, owners have an option to request DCA's assistance in procuring a qualified contract for acquisition of the building(s) after the 14th year of the Compliance Period. If DCA is unable to present such a contract within a one-year period, the owner may terminate the extended use agreement.

Owners willing to forgo this "cancellation option" for at least five years after the close of the Compliance Period, or submit a plan for tenant ownership at the end of the 15-year Compliance Period, will be eligible for one (1) point for each five year period that the cancellation option is foregone, to a maximum of three (3) points for 15 years. Agreement to forgo the cancellation option or a plan for tenant ownership will be included in the Land Use Restrictive Covenants as part of the Terms of Agreements. Projects requesting HOME funds are not eligible for the one (1) point for the first five year period, but are eligible for the other points provided that the HOME loan is not a balloon loan.

5. Preservation of Existing Affordable Housing

5 Points

Points will be awarded for up to the maximum of five (5) points in this category as follows:

- 1) Five (5) points will be awarded for an Application that proposes the preservation of an affordable housing project with low income housing tax credits that will expire in 2003.
- 2) Up to four (4) points will be awarded for an Application that proposes the preservation of a previously HUD funded or USDA funded affordable non-public housing project. HUD and USDA will issue, upon request by the Applicant, priority designations for projects that are the subject of an Application pursuant to this Plan. Documentation from HUD or USDA of the projects' preservation priority designation must be submitted with the Application. Projects receiving a preservation priority designation from HUD or USDA will be awarded points as follows:
 - Projects receiving a designation of high priority 4 points
 - Projects receiving a designation of medium priority 3 points
 - Projects receiving a designation of low priority 2 points
- 3) Two (2) points will be awarded for an Application that proposes the preservation of any other affordable housing project. Documentation evidencing the rent and income restrictions applicable to such property including the term of such restrictions must be submitted with the Application.

6. Government Support and Financial Assistance

A. Local Government Support

3 Points

Three (3) points will be awarded if the Local Government adopts a resolution of support for the proposed project. The resolution must clearly indicate that the Local Government understands the nature of the proposed project by identifying at a minimum, the type of project, the number of anticipated units, and the specific project location. Additionally, the resolution must clearly express the Local Government's support of the proposed project, as opposed to merely expressing indifference.

If the Local Government is governed by only one elected official (as specified in its Charter), a letter from the elected official outlining all the information required in the governing body resolution will be accepted in lieu of a resolution. A letter in the form provided by DCA, with an attached certified copy of the resolution (or letter if the jurisdiction is governed by only one elected official in accordance with its Charter) must be included in the Application.

B. Government Financial Assistance

15 Points

Up to fifteen (15) points will be awarded if:

- 1) The Local Government funds on-site project development costs or operating cost, by funding the project with HOME, CDBG funds or other financial resources in the form of loans, grants or a combination thereof, or through its actions creates a quantifiable reduction of on-site project development cost or operating cost and/or,
- 2) USDA, Federal Home Loan Bank AHP or other governmental assistance/funding obtained by the Applicant for the on-site project development costs or operating cost and is in the form of loans, grants or a combination thereof.

Examples of total project development cost funding and/or reductions include, but are not limited to, the following:

- Waiving water and sewer tap fees;
- Waiving building permit fees;
- Foregoing real property taxes during construction;
- Contributing land for project development;
- Providing below market rate construction and/or permanent financing;

Examples of total project operating cost funding and /or reductions include, but are not limited to, the following:

- Providing an abatement of real estate taxes;
- Providing other project operational cost subsidies, and/or; making other financial Contributions.

Reductions in annual operating costs must occur in each of the first 10 years of the Period of Affordability or Compliance Period. Operating cost reductions for less than this 10-year period beginning with the first year of the Compliance Period or the Period of Affordability, will not be eligible for points under this section.

For contributions from the jurisdiction and/or actions by the jurisdiction which create a quantifiable reduction of on-site project development cost or operating cost, documentation from the Local Government in which the project is located clearly showing the types, amounts, and terms and conditions of such contributions and/or quantifiable reductions must be included in the Application.

A letter from the chief executive officer of the Local Government certifying the Local Government's contribution and/or actions which create a quantifiable reduction of on-site development cost or operating cost must also be included in the Application. PHA assistance does not qualify for points in this section.

In the case of USDA, FHLB-AHP, CDBG, HOME or other governmental assistance/funding, a "notification of award" letter must be included in the Application if the funding has been awarded at the time of Application Submission. If the funding has not been awarded at the time of Application Submission, documentation (such as the USDA letter of recommendation) indicating that the project is under final consideration for such funding must be submitted with the Application. The Applicant must notify DCA as to whether the funding has been awarded on or before July 28, 2003. (Points will not be awarded unless the funding is actually awarded.)

If the funding is not awarded, the Applicant may secure alternate financing and revise and resubmit all applicable Application documents by August 15, 2002. The revised Application will be evaluated based on the revised documents, but the Application will not be eligible for points under this criterion and will not be eligible for additional points under any other criteria based on revisions to the original Application.

Points under this scoring category will be calculated based on the percentage of funding of and/or reduction in the total project development costs and/or project operating cost subsidies, as follows:

- 2% but less than 4% of total project development cost and/or average annual operating cost reduction (five (5) points)
- Greater than or equal to 4% but less than 7% of total project development cost and/or average annual operating cost reduction (ten (10) points)
- 7% or more of total project development cost and/or average annual operation cost reduction (fifteen (15) points)

C. CHDO Predevelopment Loans

6 points

Applications presented by qualified CHDOs that have used the DCA CHDO Predevelopment Loan Program to develop their project will be awarded six (6) points.

7. Project Characteristics

A. Neighborhood Redevelopment

18 points

This scoring category is available to all Applicants. For allocation of points, documentation including maps must be submitted to verify the directives and activities for each of the following categories. Points will be allocated for each of the following categories as set forth below. A maximum of eighteen (18) points will be awarded.

- (1) Two (2) points will be awarded if the proposed development site is located in a difficult to develop area or Qualified Census Tract.
- (2) Two (2) points will be awarded if the proposed development site is located in an enterprise community or an empowerment zone within a community.
- (3) Two (2) points will be awarded if the proposed development is an adaptive reuse of an existing building.

- (4) Two (2) points will be awarded if the proposed development is a reuse of an existing building that has received a historic designation and for which Historic Tax Credits have been or will be applied for.
- (5) Three (3) points will be awarded if there is an adopted redevelopment plan/Community Revitalization Plan formulated by the community based non-profit or the Local Government, that clearly targets the specific neighborhood in which the project is located. A municipal zoning or land use plan does not qualify as a community revitalization plan. (For the purposes of this category, in Rural Counties a neighborhood may be as large as one county.)
The Plan must include the following:
- The plan must include a discussion of potential sources of funding for the plan;
 - The plan must have been adopted at least six months prior to the Application Submission and must be included in the Application;
 - The proposed development project must support at least one of the goals of the redevelopment plan;
 - The plan must include a clearly delineated target area that includes the proposed project site;
 - The plan must include detailed policy goals (one of which must be safe, decent and affordable housing); and,
 - The plan must include implementation measures along with specific time frames for the achievement of such policies and housing activities that will occur within one and one- half mile of the project site.
- (6) Two (2) points will be awarded if the project developer/owner has formulated a plan to mitigate a serious neighborhood challenge within the defined community area of the proposed development site. The neighborhood challenge addressed must be noted in the adopted redevelopment plan community revitalization plan. The Plan must include a formal written commitment by the developer/owner to implement and fund the mitigation. Funding may be in the nature of labor, construction of support service facilities, and/or services.
- (7) One (1) point will be awarded if the mitigation plan referenced in (6) above includes documentation evidencing partnerships with other organizations that will work in cooperation with the Applicant entity to eliminate or control the identified neighborhood challenges. (Community based non-profit entities that can evidence the capacity to accomplish the goals of the mitigation plan without such partnerships may be awarded the points with sufficient documentation of such capacity.)
- (8) One (1) point will be awarded if documentation is submitted that evidences at least two (2) previous redevelopment activities by either the community based non-profit or the Local Government within the last 12 months, that has occurred within the defined community area of the proposed development project. This activity may be evidenced as either services or construction of residential or support facilities.

- (9) One (1) point will be awarded if documentation is submitted that evidences that the Applicant has participated in two (2) previous redevelopment activities within the last 12 months within the defined community area of the proposed development project. This activity may also be evidence as either services of construction of residential or support facilities.
- (10) Two (2) points will be awarded if documentation is submitted that evidences a commitment by a government entity to provide off-site improvements totaling no less than \$150,000 for urban off site improvements, or \$50,000 for Rural off-site improvements. Such improvements must be completed by the projects placed in service date and must be located directly adjacent to the project site.

B. Energy Efficiency Requirements

6 points

All properties must meet Georgia Energy Codes as a minimum. The final construction documents must clearly indicate all components of the insulation envelope and all materials and equipment that meet these requirements. Applicants must submit Energy Certification Form D detailing the optional energy components selected from the following for points under this category up to a maximum of six (6) points:

- Attic insulation to R-38: (All attic spaces must be insulated in new construction and rehabilitation proposals.) (One (1) point)
- Energy Star furnace (90% AFUE), or heat pump (HSPF 8.07.8) (Two (2) points)
- Energy Star air conditioner: (SEER/EER 12/10.5 (single package equipment, Seer/EER 13/11 (split systems) or higher to exceed State Energy Code minimums): (Two (2) points)
- Energy Star refrigerator (One (1) point)
- Water Heater: Gas, energy factor of 0.62 or higher or, Electric energy factor of 0.92 or higher (Two (2) points)
- Ceiling Fans in living rooms, sun rooms and all bedrooms: (Kitchens and dining rooms not applicable.) (One (1) point)
- Installation of programmable thermostats (One (1) point)
- Insulated sheathing on exterior walls (One (1) point)

For Scattered Site Projects, as defined in Section 10B(1)(a) and (b) of the Plan, each site or non-contiguous parcel must meet the above criteria.

C. Project Design

22 points

DCA encourages the construction of projects that reflect the character of the community in which they are located. The marketability of the property and appearance of the site are important components in the final product. Longevity and low maintenance are to be considered in the design of the property. The allocation of these points will be at the discretion of DCA and the interpretation of the appropriateness of the proposed features and materials by DCA will be final. These points are intended to encourage the integration of new construction/rehabilitation into the existing community, and to promote sustainable design and the protection of resources. Points will be awarded as set forth in the categories below. A maximum of twenty-two (22) points will be awarded.

Exterior Material and Architectural Features

1. Exterior Wall Finishes

Select and certify on the Project Design Certification Form E one category from this list for a maximum of four (4) points:

- Exterior wall faces must have an excess of 40% brick or stone, on each of the total wall surfaces. This is applicable to all sides of the buildings including the front wall face, each side wall face and the rear wall face of the buildings. On all exterior walls the brick/stone must extend to all areas of grass, landscaping and other areas of soil or mulch. (Four (4) points)
- The rehabilitation of buildings that are eligible for historic credits, and elect to maintain and/or recreate the existing exterior finish surfaces on all wall faces including the front wall face, rear wall face and both side wall faces: (Note: The use of vinyl siding is not eligible for these points) (Four (4) points)
- The rehabilitation of buildings that do not have existing brick or stone in excess of 40% (and are not eligible for historic credits), but that elect to replace and upgrade the existing exterior finish surfaces on all wall faces including the front wall face, rear wall face and both side wall faces: (Note: The use of vinyl siding is not eligible for these points) (Four (4) points)

2. *Attractive Features*

Construction must exhibit attractive features which must be included on all sides and rear of all buildings. Select and certify up to four features on the Project Design Certification form E from the following list to a maximum of four (4) points):

- The recreation of existing or previous historic, or other types of decorative elements on all sides of existing buildings. (Two (2) points)
- The addition of new shutters and decorative ventilation elements for both new and existing construction (Two (2) points)
- The addition of new or the recreation of existing, covered entries to all buildings and units for both new and existing construction (Two (2) points)
- The re-creation of existing, or addition of new attractive roof profiles from all building views to include cupolas and other roof decoration or historic features to both new and existing construction (Two (2) points)
- The addition of new, or recreation of existing attractive stair and railing elements at stairs and porches/patios for both existing and new construction Two (2) points)

3. *Major Building Component Materials and Upgrades*

For all construction types major building component materials are upgraded from the minimums as delineated in the Application Manual. Select and certify features on the Project Design Certification form E from the following list to a maximum of four (4) points:

- Cementitious siding, hard stucco and/or wood siding in place of vinyl siding (The upgrade of vinyl siding is not eligible for these points.) (Two (2) points)
- Upgraded roofing shingles, or roofing materials (Two (2) points)
- Upgraded security hardware on both exterior doors and windows (One (1) point)
- Upgraded windows and French doors (No sliding glass doors) (One (1) point)

4. Landscaping and Site Design Features

(Select and certify on the Project Design Certification form E landscaping and site design features from the following list to a maximum of ten (10) points:

- Front property entry and all street sides of property to have decorative, durable fencing: (Wood fences will not qualify) (Two (2) points)
- Front entry to be delineated with an attractive, permanent, illuminated entry sign: (Two (2) points)
- Upgraded landscaping to include such elements as landscaping berms and seasonal plantings at the entry and areas of community use: (Two (2) points)
- Freestanding shelters (not included in the amenities point scoring), such as mail pickup areas and transportation stops: (Two (2) points)
- Additional larger trees, benches (not included in amenities scoring) and other shade plantings at areas of community and recreational use: (Two (2) points)
- Preservation of existing trees and vegetation, and integration of these areas within the new landscaping layout. This must include existing major trees and areas of vegetation within the body of the property as well as that existing at the edges of the property to qualify for these points: Four (4) points)
- Where there are no existing trees or vegetation on the property that can be preserved, there must be substantial replanting of trees and integrated vegetation. The trees must be a minimum of five inch (5") diameter and at a ratio of one tree for every eight units. The trees must be integrated with other areas of planting throughout the property (Four (4) points)
- Identify areas for low water landscaping. These areas must exhibit the types of vegetation that can be identified as suitable for "xeriscaping", or native plantings to encourage water conservation but still provide attractive landscaping: (Two (2) points)

For Scattered Site Projects, as defined in Section 10B(1) (a) and (b), Applicants shall calculate the project design total score for each non-contiguous multifamily project or non-contiguous parcel and submit the Project Design Certification Form E for each project or parcel. The Applicant shall add the total points obtained for each non-contiguous multifamily project or non-contiguous parcel and divide by the number of sites or non- contiguous parcels to arrive at the total points to be claimed for this category(no rounding up, only whole numbers may be claimed as points).

D. Accessibility

6 points

Points will be awarded for optional Accessibility components selected from the list below and as certified on the Accessibility Certification Form to a maximum of six (6) points:

- In addition to the 5% of units required to be equipped for the mobility disabled, the applicant agrees that an additional 2% of the units (with a minimum of one) will be equipped for the mobility disabled. Each of these additional units must include the installation of a roll in shower; (Two (2) points)
- All units designated and equipped as units for the disabled are equipped with front loading washers and dryers at no expense to the tenant: (Two (2) points)
- The maximum length of travel from each first floor unit in every building to the closest parking space designated as a “Handicapped” space, does not exceed 200 feet: (One (1) point)
- All units on all floors incorporate the following visitability modifications for the mobility disabled: All bathroom and interior doorways shall be a minimum 32” clear opening and each unit shall provide at least one accessible means of egress/ingress. (One (1) point)
- Applicant agrees that prior to the commencement of construction, the final plans and specifications will be reviewed by a professional accessibility consultant to determine that the all federal, state and DCA accessibility guidelines are accurately incorporated into the Project design. A copy of the report will be provided to DCA and to the Project Architect. (Four (4) points)

Applicants must submit the Accessibility Certification Form F which certifies that the above criteria and the accessibility standards detailed in the Application Manual will be met

For Scattered Site Projects, as defined in Section 10B(1) (a) and (b), Applicants shall calculate the project design total score for each non-contiguous multifamily project or non-contiguous parcel and submit the Accessibility Certification Form for each project or parcel. The Applicant shall add the total points obtained for each non-contiguous multifamily project or non-contiguous parcel and divide by the number of sites or non-contiguous parcels to arrive at the total points to be claimed for this category(no rounding up, only whole numbers may be claimed as points).

E. Ownership Makeup

4 points

Ownership entities comprised of 100% nonprofit organizations will receive four (4) points. Only two (2) points will be awarded if a for-profit entity partners with a nonprofit that is applying (and eligible) under the Plan's Credits nonprofit set-aside or the HOME CHDO Loan Program set-aside.

8. Readiness to Proceed

4 points

To obtain these points the Applicant must apply for all land disturbance and building permits as required by the Local Government. To qualify for the points the Applicant must supply:

- A copy of the building permit obtained, dated appropriately to allow construction to commence within a time frame that allows for completion in accordance with DCA requirements; and,
- An original letter from the Local Government indicating that all documentation has been received and all fees have been paid to allow construction to commence as indicated on the permits. The letter must also reference the project name, address and number of units

9. Compliance History Status

10 points

A. General

This section is designed to consider prior compliance experience and administrative performance with HOME, HTF, FDIC and Credit properties as part of the overall scoring process. Project Participants with no prior experience in Georgia or a contiguous state (Florida, Alabama, North Carolina, South Carolina, Tennessee) will have no positive or negative impact on the final compliance score. Project Participants with experience will be scored in accordance with the process discussed below. The scores for the Project Participants with experience will be weighted along with the neutral scores of those Project Participants with no experience to arrive at an overall development team compliance score. This final compliance score may result in an addition of up to ten (10) points or a reduction of as many as twenty (20) points to/from the overall Application score.

Although syndicators will be scored using the same criteria used for other Project Participants, their specific scores will not be used in the calculation of the overall development team score. They will be scored on a pass/fail basis, and those syndicators scoring -20 or less will not be eligible to participate in projects funded from Credits awarded under the Plan. If a proposed syndicator is deemed ineligible to participate, the Applicant may select another syndicator.

If the syndicator for a proposed project is not known at the time of Application Submission, DCA will accept the Application with this information excluded. In such cases, Applicants should notify DCA of the proposed syndicator and submit required compliance documentation regarding the syndicator experience at the earliest possible time, but no later than 75 days from the issuance of carryover allocation. DCA strongly recommends submitting the syndicator information as early as possible to avoid potential problems that may arise if the syndicator is deemed ineligible. DCA will score the syndicators and will notify both the syndicators and the Applicants of the results.

(Note that syndicators will be required to submit a complete and accurate experience summary along with all required property audit documentation. Incomplete and inaccurate experience summaries and experience summaries without the required documentation will result in the syndicator being deemed ineligible to participate in the 2002 competitive round. Syndicators will not be required to submit self-scoring worksheets).

Project Participants that have been ineligible to participate for the last two competitive rounds, and remain ineligible in the 2002 competitive round, may apply for Probationary Participation. DCA, at its sole discretion, may approve participation based upon further review of the circumstances that resulted in the determination of ineligibility and of corrective actions taken. However, an individual compliance factor of 42 will apply to that participant for computing the Preliminary Compliance Score. Procedures for applying for Probationary Participation, and the requirements for such participation, are outlined in the Manual.

B. Required Documentation

- Five fully executed DCA Uniform Release Forms (included in the Manual) must be submitted.
- Internal Revenue Service Form 8821 may be requested by DCA for any Project Participant listed on the Experience Summary at anytime during DCA's review of a Project Participant's compliance history.

C. Compliance History Evaluation Process Overview

A numerical value will be applied for each instance of noncompliance (see table I). The total number of units audited (not the total number of units at property) for each Project Participant designated in the Application will be divided by the total of the numerical values to determine a Participant Compliance Factor (see table II).

Project Participants with no experience/audits within the three-year period will receive a score of zero (0). The Overall Compliance Factor will be the combined Compliance Factors of the basic categories of Participants (excluding the syndicator). An Applicant's preliminary compliance score can then be determined from the Compliance Scoring Table included in this Section (see table III).

To score individual participants, multiply the individual Participant Compliance Factor by three (3) and refer to the Compliance Scoring Table. Note that a syndicator's compliance score will not affect the proposed project compliance score, but to be eligible to participate, the syndicator must score – 20 or higher.

D. Examples of Major and Minor Instance of Noncompliance

The following examples are intended to provide general guidance to determine whether a particular instance of noncompliance will be treated by DCA as major or minor for scoring purposes. This list of examples does not include every possible category of noncompliance and is not intended to be all-inclusive. DCA will make the final determination on a case by case basis. Based on this general guidance, Applicants must use their own judgement for self-scoring purposes.

1. Major Noncompliance

- Numerous or repetitive rent charged to tenants that exceeds the applicable property rent limits.
- Failure to follow the Next Available Unit Rule
- Failure to follow the Vacant Unit Rule
- Numerous or repetitive instances of administrative noncompliance (failing to execute the policies and procedures stated in DCA Program Manuals, Land Use Restrictive Covenants, Land Use Restrictive Agreements, Loan documents and federal rules and regulations)

2. Minor Noncompliance

- Isolated instances of administrative noncompliance (failing to execute the policies and procedures stated in DCA Program Manuals, Land Use Restrictive Covenants, Land Use Restrictive Agreements, Loan documents, and federal rules and regulations)
- Less critical or isolate instances of health and safety violations (loose handrails, inoperable stove burner, minor leaks)

Table I

NONCOMPLIANCE CATEGORIES NUMERICAL VALUES

	Minor Noncompliance		Major Noncompliance	
	Per Unit	Project-Wide	Per Unit	Project-Wide
Isolated instances of noncompliance resolved during the DCA assigned cure period	0	0	2	3
Isolated instances of noncompliance resolved after the DCA assigned cure period	1	2	3	4
Other instances of noncompliance resolved during the DCA assigned cure period	2	3	4	5
Other instances of noncompliance resolved after the DCA assigned cure period	3	4	5	6
Incurable instances of noncompliance – measures taken to prevent further instances of noncompliance	1	2	5	6
Curable instances of noncompliance left uncured	6	10	Applicable participant Ineligible to participate	
Incurable instances of noncompliance – no measures taken to prevent further instances of noncompliance	6	10	Applicable participant Ineligible to participate	
Default of a HOME Loan	Dependent upon circumstances. Will be determined at determined at DCA's sole and absolute discretion			
Submission of fraudulent information or equivalent acts	Applicable participant Ineligible to participate			
Debarred from participation in similar programs in any of the contiguous States at the Application deadline date	Applicable participant Ineligible to participate			
Debarred from participation in similar programs by any Federal agency at the Application deadline date	Applicable participant Ineligible to participate			

Example 1 assumes all three participants have been audited within the three-year period

Project Participants	Number of Units Audited Within Three-Year Period	÷	Participant Compliance Numerical Value	=	Participant Compliance Factor
Developer	330		5		66.0
Owner/ General Partner (see note 1)	45		0		100.0
Management Company (see note 1)	120		1		100.0
Overall Compliance Factor					266
<i>Preliminary Compliance Score From Compliance Scoring Table</i>					7

Example 2 assumes two of the three Participants have been audited within the three-year period, and that Co-Developers are participating.

Participants	Number of Units Audited Within Three-Year Period	÷	Participant Compliance Numerical Value	=	Participant Compliance Factor
Co-Developer # 1	330		5		66.0
Co-Developer # 2	45		0		100.0
Co-Developers' Average Compliance Factor (see note 3)					83
Owner/General Partner (see note 2)	0		0		65
Management Company	120		1		100.0
Overall Compliance Factor					248
<i>Preliminary Compliance Score From Compliance Scoring Table</i>					5

Note 1 – The maximum participant compliance factor is 100.

Note 2 – An unaudited participant will receive a participant compliance factor of 65, which will have no Positive or negative impact on the final compliance score.

Note 3 – Co Participants – To arrive at the Co-Developer Average Compliance Factor, first determine the Factor for each Co-Developer, and average the Compliance Factors.

Table III

COMPLIANCE SCORING TABLE

Overall Compliance Factor	Preliminary Compliance Score
290 – 300	10
280 – 289	9
270 – 279	8
260 – 269	Example 1
250 – 259	6
240 – 249	Example 2
230 – 239	4
220 – 229	3
210 – 219	2
200 – 209	1
190 – 199	0
185 – 189	-1
180 – 184	-2
175 – 179	-3
170 – 174	-4
165 – 169	-5
160 – 164	-6
155 – 159	-7
150 – 154	-8
145 – 149	-9
140 – 144	-10
135 – 139	-11
130 – 134	-12
125 – 129	-20
124 OR LESS	Ineligible Project