



Allen Wilson

Decatur, GA



Georgia™

Department of COMMUNITY AFFAIRS

2011 Qualified Allocation Plan  
Office of Affordable Housing

**2011 STATE OF GEORGIA  
CORE QUALIFIED ALLOCATION PLAN  
TABLE OF CONTENTS**

Section 1. Purpose.....2

Section 2. Definitions .....2

Section 3. Legislative Requirements.....9

Section 4. Affordable Rental Housing Needs..... 11

Section 5. Financing Resources – Credits..... 11

Section 6. Financing Resources – HOME Loans\* ..... 18

Section 7. Policies.....20

Section 8. Eligibility ..... 34

Section 9. Submission Requirements and Award Limitations.....38

Section 10. Post Award Deadlines.....40

Section 11. Project Reconfiguration/Application Modification.....42

Section 12. Fees and Deadlines .....43

Section 13. Evaluation of Applications.....43

Section 14. Georgia Open Records Act.....48

Section 15. Monitoring and Compliance .....48

Section 16. Modification of the Plan.....52

Section 17. Mailing List.....53

Exhibit A. DCA Pre-Application Deadlines and Fee Schedule.....54

DCA Application and Pre-Award Deadlines & Fee Schedule.....55

DCA Post Award Deadlines and Fee Schedule.....57

**STATE OF GEORGIA**

**\* Not Applicable to Bond Financed Projects**



**State of Georgia Qualified Allocation Plan**  
**2011 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 2011 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 for evaluating funding requests and awarding of these resources, and
- Program requirements and processes

**Section 2. Definitions**

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

**“4% Credits”** means Federal Credit available to Tax Exempt 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.

**“ADA”** means Atlanta Development Authority.

**“Adjacent”** means either immediately contiguous to, across the street from, or diagonally opposite across an intersection.

**“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 complete and entire set of required and requested documents, in paper and electronic form, submitted by an Applicant to DCA under this Plan.

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

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

**“ARRA”** means the American Recovery and Reinvestment Act of 2009.

**“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, 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.

**“CHDO Predevelopment Loan Program”** means the DCA 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. The ranked outcome of the Competitive Scoring process will be a significant factor in DCA’s determination of Applications selected for funding. DCA may choose not to score Applications that fail to meet any applicable Threshold requirement(s) or Applications that are deemed substantially incomplete by DCA.

**“Compliance Period”** means the fifteen (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 provides consulting services to project participants. An entity acting in the capacity of Owner, Developer or General Contractor or which provides technical assistance to the Owner, Developer or General Contractor is considered a Consultant. Consultants include, but are not limited to, construction management consultants, interior design consultants, relocation specialists, tax credit application consultants, tenant certification consultants, HOPE VI Consultants etc. All consulting fees are considered part of the calculation of the maximum allowable Developer fee for each project. DCA will allow a limited exception and not include Consultants retained for the purpose of obtaining green building certifications provided the fee is no more than \$20,000.

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

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

“**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 the Georgia Housing Finance Authority.

“**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 that have a direct or indirect ownership interest in the Developer entity. Any entity or individual that receives all or part of the developer fee must be designated as a developer. Material Participation is required for all developers and for all entities that receive any portion of the developer fee.

“**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).

“**Exchange**” means the Tax Credit Exchange Provisions of American Recovery and Reinvestment Act.

“**Extended Use Period**” means the period commencing with the first day in the Compliance Period and ending on the date which is fifteen years after the close of the Compliance Period.

“**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.

“**Federal Deposit Insurance Corporation (FDIC) / Affordable Housing Disposition Program (AHDP)**” means the program that the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) required the Resolution Trust Corporation (FDIC) to develop for selling residential properties to provide affordable housing opportunities. In response to this provision, FDIC established the AHDP, or herein referred to as the Affordable Housing Program (AHP).

“**Federal Financial Institutions Examination Council (FFIEC)**” means the interagency body established pursuant to Title X of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (FIRA) empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), and the Office of Thrift Supervision (OTS) and to make recommendations to promote uniformity in the supervision of financial institutions. The FFIEC website can be found at [www.ffiec.gov](http://www.ffiec.gov).

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

“**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.

“**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 and State Low Income Housing Tax Credits and the state-level grantee for federal HOME funds.

“**Guarantor Fee**” means a fee paid by an Owner/Developer to an entity or individual that will provide construction completion guarantees to the project equity investor for an agreed upon price.

“**HOME**” means the HOME Investment Partnership Program.

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

“**HOME Regulations**” means the regulations at 24 CFR Part 92 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 and Economic Recovery Act of 2008 (HERA)**” means the Act signed into law by President Bush on July 30, 2008 that covers a range of housing issues.

“**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. Owner must adhere to policies and procedures which demonstrate an intent by an owner to provide housing for individuals who are 55 years of age or older. DCA will monitor the required facilities and services during the applicable Compliance Period or the Period of Affordability whichever is longer.

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

“**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 in which a Project Participant has a direct or indirect interest in the ownership of an entity which contracts with a Project Participant to provide land, goods or services for the project.

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

“**Letter of Determination**” means a notice issued by GHFA 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 GHFA will issue the IRS Form(s) 8609 to the Owner.

“**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).

“**LURA**” means the Land Use Restriction Agreement that is a recorded agreement between GHFA and the Owner for a HOME funded project. The LURA is binding upon the Owner and its successors in interest, and that encumbers the project with respect to this Plan and the requirements of the HOME program.

“**LURC**” means the Declaration of Land Use Restrictive Covenant for Low-Income Housing Tax Credits that is a recorded agreement between GHFA and the Owner. The LURC 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 under the 2011 Qualified Allocation Plan.

“**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 hereunder.

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

“**Neighborhood Stabilization Program**” or “**(NSP)**” means HUD’s Neighborhood Stabilization Program enacted to provide emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. NSP provides

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

grants to every state and certain local communities to purchase foreclosed or abandoned residential properties and to rehabilitate, resell, or redevelop these properties in order to stabilize neighborhoods and stem the decline of neighborhood values.

**“Non-Metro Median Income Limits”** means the applicant can use the higher of the non-metro median income of \$51,600 (as defined in section 530 of the Housing Act of 1949) or the area median income to calculate incomes and rents of projects located in rural areas, as defined by Department of Agriculture and as outlined in HERA. At this time, HUD has not authorized the use of these non-metro income limits for HOME properties. These limits will also apply to HOME properties if HUD issues guidance allowing that change.

**“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 single purpose legal entity holding title to the project as well as all persons, affiliates of such persons, corporations, partnerships, joint ventures, associations, or other entities that 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 the period required under HOME regulations 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.

**“Phased Development”** means one Tax Credit project that will be developed in several adjacent phases with different allocations of Credits under common planning documents. The common planning document(s) may include parks, green space and shared amenities between the different phases. Each phase of the property should have common ownership entities. In order to be considered a “Phased Development”, there must be some form of site control in place at the time the initial phase was commenced.

**“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

\* Not Applicable to Bond Financed Projects



## State of Georgia Qualified Allocation Plan

County Consortium (Cobb, Marietta, Cherokee, Canton) and the Fulton County Consortium (Fulton, Roswell).

“**Plan**” means this 2011 Qualified Allocation Plan.

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

“**Project Team**” means the Owner and Developer for a proposed tax credit project.

“**PHA**” means a local public housing authority.

“**Related Parties**” means a relative (including but not limited to grandfather, grandmother, father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, or half sister) of any principal or any entity that shares common principals, executive directors, board members or officers.

“**Rent Standards**” means the most recent AMI FMR as issued by HUD and UA as described in the Plan.

“**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**” For scoring purposes and determination of the minimum operating cost per the QAP, **means** those areas designated by USDA as being Rural or those counties that appear on Exhibit B of Appendix II. A list of USDA Rural areas can be accessed on the USDA website at <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>.

“**Rural Income and Rent Limits**” means the U. S. Dept of Housing and Urban Development FY 2011 Income Limits Area Definitions and Fair Market Rent tables. These lists can be accessed on the HUD website at <http://www.huduser.org/datasets/pdrdatas.html>.

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

“**State**” means the State of Georgia.

“**State Credit**” means the Housing Tax Credit established by the Georgia General Assembly, as set forth in O.C.G.A. §48-7-29 and §33-1-18.

“**Subsidy Layering Review**” means the DCA evaluation of projects using DCA program funds in combination with other governmental assistance to ensure that no more than the necessary amount of DCA program funds is invested in any one project

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

to provide affordable housing. For HOME funds, the subsidy layering review will be conducted in accordance with the requirements set forth in the US Department of Housing and Urban Development CPD Notice 98-01 guidelines required by 24 CFR §92.250(b).

“**TCAP**” means the Tax Credit Assistance Program under The American Recovery and Reinvestment Act of 2009.

“**Total Development Cost**” means the sum of all anticipated or actual allowable development costs that are necessary to complete the proposed project.

“**UA**” means the utility allowances used during the compliance period and during the period of affordability 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. Sec. 50-26-8(a) 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...”

#### **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; and
5. The final Plan be approved by the GHFA Board and transmitted to the Governor for final review and approval.

#### **B. Allocation Plan Requirements**

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

Each state Allocation Plan must meet certain minimal requirements. The selection criteria must include:

- project location
- housing needs characteristics
- project characteristics, including whether the project involves the use of existing housing as part of a community revitalization plan
- projects intended for eventual tenant ownership
- tenant populations with special housing needs
- sponsor characteristics
- tenant populations of individuals with children
- public housing waiting lists
- energy efficiency
- historic character

States must give preference among selected projects to:

- those serving the lowest income tenants,
- those serving qualified tenants for the longest period
- projects located in Qualified Census Tracts, the development of which contributes to a concerted community revitalization plan

States may include such other criteria as they deem appropriate, and except for the specified preference items, there are no requirements as to the relative weight of the various factors. Additional LIHTC responsibilities of the Authority include:

- Assurance that the amount of tax credits allocated does not exceed the amount “necessary for the financial feasibility of the project and its viability as a qualified low income housing project throughout the credit period.”
- Evaluation of all projects for consistency with the Allocation Plan and for credit need, including projects using tax exempt bond financing.
- Execution of an agreement for “an extended low income housing commitment” for every project. This agreement must be recorded as a restrictive covenant binding on all successor owners, and must allow low income individuals the right to enforce the commitment in state court.
- Monitoring of compliance with the provisions of Section 42 and notifying the Internal Revenue Service of any noncompliance.

**C. 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 and/or the Office of Insurance and Safety Fire Commissioner. DCA will underwrite the combined Credit allocations to ensure that no development proposal is over-subsidized.

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

### **Section 4. Affordable Rental Housing Needs**

The State's Annual Action Plan for FFY2011 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.

### **Section 5. Financing Resources – Credits**

**A. 9% Federal Credit.** The annual Federal Credit dollar amount allocated to the State of Georgia is determined by the Internal Revenue Service and based on Georgia's population and indexed for cost-of living adjustments. The amount of Federal Credit available for the 2011 funding cycle will be comprised of the State's 2011 Federal Credit ceiling (per capita credit, unused credit, returned credit, and any national pool credit) available to the State less any Federal Credits forward committed. DCA reserves the right to forward commit 2012 credits to 2011 Applications if it deems it necessary and appropriate to meet policy objectives.

Allocation of Credits will be made through the Process as defined in the Qualified Allocation Plan Core, Appendix I and Appendix II. All Applications for Credits must be submitted to DCA in accordance with the policies and timelines set forth in the Plan.

**B. Set-Asides.\*** The estimated amount of Federal Credit available includes the following set asides (Selected projects may count for more than one set aside):

*1. 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).

*2. Rural Set-aside* - 30% of the available 9% Credits are set-aside for Applications proposing affordable housing developments in Rural areas.

*3. Preservation Set Aside* - \$1.8 million of the 9% credits will be set-aside for the preservation of affordable housing projects. The following existing affordable housing projects are eligible for inclusion in this set aside:

- An existing tax credit property which has met or will meet the 15 year compliance period by December 31 of the year of allocation.

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

- Projects under development by a local public housing authority using replacement housing factor (RHF) funds or a loan secured by the assets and or capital funds of the PHA as the primary source of financing.
- Existing U.S. Department of Agriculture, Rural Development (RD) projects with Section 515 financing and project based rental assistance for at least fifty percent (50%) of the units.
- Projects that have a Project Based Section 8 contract but are eligible to opt out of that contract with a one year notice to tenants. To be eligible to opt out, the Contract must be out of its original term and in a renewal period of five years or less.
- Existing HUD Section 236 projects. The Interest Reduction Payment (IRP) must be decoupled from the Section 236 agreement if housing credits are awarded (exceptions may be permitted on a case-by-case basis). The affordability requirements indicated in the Section 236 agreement must also be maintained for the property.
- Any other affordable non public housing project that has existing funding from HUD is severely deteriorated and has been designated by HUD as a preservation project that is in danger of losing its affordability.

If this set aside is not met through the selection of the highest scoring projects, DCA may select a lower scoring project to satisfy the set aside. The following factors will be used to select projects that will be considered for the set aside.

- Projects that do not have significant outstanding or uncured major noncompliance issues.
- Projects not functionally obsolete.
- Projects that have an average physical occupancy of at least 80% for the six month period prior to Application submission.
- Projects that have a letter from the local government identifying the preservation of the project as a priority.
- Projects where rehabilitation will not cause a significant increase in rents (10% or more increase).
- Projects that serve the lowest income tenants will be given priority.

DCA may determine, in its sole discretion, that a project meeting one or more of the following conditions are not eligible for the set aside:

- Projects that are in substantially good condition and do not need immediate recapitalization.
- Projects where the physical condition of the property is the result of the willful deferral of maintenance by the Owner

\* Not Applicable to Bond Financed Projects



## State of Georgia Qualified Allocation Plan

Further, while it is DCA's intention to fully fund this set aside, DCA may at its discretion, determine that low scoring projects do not sufficiently meet DCA's overall goals to be selected for an allocation.

4. Special Needs - Up to \$950,000 will be set-aside for DCA Permanent Supportive Housing Program ("Supportive Housing") projects. In order to be considered for this set aside, the applicant will need to provide a commitment from the Permanent Supportive Housing Program which includes a determination that the project meets the QAP Appendix I requirements. This commitment and a full tax credit application must be submitted on or before September 1, 2011 in order to be considered for the set aside. DCA's Permanent Supportive Housing Program will provide its own deadlines for submission of applications for a commitment.

5. Supplemental Set-Aside - \$1 million of available credits will be set aside to assist DCA projects funded prior to 2001 which have a DCA HOME Loan, State Housing Trust Fund loan or other DCA resource that have physical issues which cannot be remedied through normal workout processes and which pose a threat to the continued affordability of the project.

In order to be eligible for the Set-Aside, DCA must designate the property as a "troubled" property which has significant physical issues which cannot be remedied through normal workout processes and which has priority to apply for this set aside.

DCA will use the following factors to determine whether a property should receive priority for this set aside:

- There is a strong public policy reason for intervening in the closure of a property. The State will rely heavily on local government's recommendations in making this determination.
- Whether the current tenants can be relocated into safe, decent affordable housing in that area.
- Whether the property represents affordable housing that is difficult to replace and is in a neighborhood with a strong need for the property.
- Whether the closure of the property will destabilize the local neighborhood.
- Whether there is a risk of loss of funds or program reputation if the property closes.
- Whether there are other resources available to leverage an allocation of credits.
- Whether the risk to the portfolio or investment of either the State or local government is significant
- Whether an initial review determines that the property is not functionally obsolete.
- Whether the property can be operated as safe and decent affordable housing.
- Housing that is deteriorated or poses a threat to the safety of the neighborhood may not be appropriate to be preserved.

In order to be considered for an allocation of credits under this Set-Aside, the applicant must submit a complete Core Application including all documentation sufficient to meet core requirements and Appendix I criteria of the 2011 QAP.

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

Additional requirements for the set aside:

- No developer fee may be earned by the Owner of a troubled property that is seeking relief under this set aside. DCA may allow developer overhead to be included in the budget. The project will be subject to typical developer fee caps if the previous owner is not part of the new ownership or developer entity.
- The existing DCA HOME loan cannot be forgiven, but DCA may modify its repayment or forbear on payments during the rehabilitation.
- If the property is to be renovated, the sales price of the property cannot be greater than the current “as is” market value of the property as supported by an appraisal report dated not more than 90 days from the date of Application submission.
- If the property is to be demolished and rebuilt, the sales price of the property cannot be greater than the current “as vacant” market value of the land as supported by an appraisal report dated not more than 90 days from the date of Application submission.
- Please note that all DCA Relocation policies are applicable to this Application. Therefore, while federal relocation may not be applicable, the relocation of the tenants must be part of the Application submission.
- Any recapture costs associated with property must be paid outside the development budget.
- Unused reserve accounts may be transferred to the development budget.
- If the rehabilitation requires demolition prior to the expiration of the extended use period, the applicant will also need to provide a legal opinion regarding the effect that demolition has on the existing LURC. Please note that the new development must have at least the same number of low income units built on the same project site as what is included in the existing LURC.

DCA reserves the right to deny any request for allocations under this set aside as not meeting DCA policy objectives.

The allocation of credits under this set aside will not be made in the competitive round. Projects that will receive funding will be selected by DCA as part of its asset management of DCA resources or as part of its post selection underwriting review. Only projects identified by DCA as “troubled” and a DCA priority will be requested to submit an application for credits. DCA will determine Application requirements as part of its asset management review.

Any amounts remaining in this set aside at the announcement of 2011 awards will be utilized in the general pool for 2011 projects.

6. CHOICE Neighborhoods/HOPE VI set aside - Up to \$1.7 million of federal credits will be set-aside for HOPE VI initiatives that meet one or more of the following criteria:

The proposed project is a phase or component of a PHA-sponsored Community Building Initiative which is part of a PHA-sponsored HOPE VI revitalization initiative. The Initiative must:

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

- Provide affordable units for an extended period of 30 years or more;
- Be part of a mixed income phased community with a significant market component;
- Facilitate the deconcentration of poverty; and
- Provide for community improvements or amenities, which may include but are not limited to new or improved public infrastructure, sustainability, green-space, improved transportation, quality of life enhancements, or other improvements benefiting the community

### Documentation:

(A) A copy of the Grant Assistance Award (form HUD-1044) which identifies the PHA receiving the grant and the amount of the grant, and additional documentation reflecting the time limits for use of the HOPE VI funds.;

(B) A letter from the Executive Director of the identified PHA certifying that:

- the development proposed in the Initial Application is identified in the PHA's HUD approved HOPE VI application or Revitalization Plan;
- the housing units are an essential element of that Plan; and
- the Tax Credits for the development proposed in the Initial Application are an essential component of the financing plan for the PHA's HOPE VI Program

(C) A copy of the HUD approved Revitalization Plan.

Projects that have not previously had a phase funded are advised to meet with DCA prior to Application Submission and obtain the requisite letter of support for the HOPE VI Application at the time the project submits its HOPE VI application for funding.

DCA reserves the right to initiate additional selection criteria if it receives more than one request for an initial letter of support.

**C. Carryover Allocations.** To qualify for 9% 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 (the "Ten Percent Test") no later than twelve (12) months after the Carryover Allocation. No project can receive more than one Carryover Allocation of 2011 Credits.

**D. State Designated Basis Boost\*.** HERA authorizes state allocating agencies to designate certain areas not located in a QCT or DDA for up to a 30% basis boost. Projects may receive an allocation of credit based upon 130% of the eligible basis for new construction or substantial rehabilitation.

Projects in the following categories are eligible for the state designated basis boost:

- Rural projects without DCA HOME as a source (Projects located in HUD MSAs will be closely scrutinized to determine if the boost is needed);

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

- Historic Rehab projects qualifying for historic rehab credits;
- Projects eligible for the Special Needs set-aside;
- Project qualifies for the maximum points (4 points) under Stable Communities;
- Extraordinary financial circumstances which require the boost to ensure the continued feasibility of a project previously approved by DCA and not yet placed in service.
- Other extraordinary circumstances which further the policies of this QAP as determined by DCA

All projects will need to show that the boost is needed and that the project meets all of DCA's underwriting and other criteria. DCA will generally require that any project receiving a state designated basis boost defer .5% of the total developer fee for every 1% in state designated basis boost granted to the project. This deferred developer fee requirement does not apply if the project receives a debt or grant from an independent non-related party in the amount of at least 15% of the total developer fee. Any requests for state designated basis boost must indicate which category (or categories) of eligibility that the application falls under and any support documentation must be included in the Application.

Please note that a project located in a QCT or DDA is not subject to the State Designated Basis Boost provision.

**E. Economic Uncertainty.** The current economic volatility has resulted in significant legislative and policy changes in the administration of the Tax Credit Program. DCA expects this volatility to continue through the 2011 competitive round. It is impossible to foresee or estimate the impact that economic and legislative changes may have in meeting the challenges of developing, owning and managing affordable tax credit housing program projects. DCA reserves the right to make changes necessitated by economic volatility, HUD Program policy modifications and legislative changes that have a negative impact on our program and projects. These changes include but are not limited to forward commitment of funds, increasing projects caps to ensure continued viability, release of DCA restrictions, awarding of additional credits and modifications to underwriting criteria.

**F. 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 have 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 that portion of the recorded LURC that sets forth the requirements of Section 42 (h)(6)(E)(ii) of the Code. The LURC will be for the term of the compliance period and, as applicable the extended use period.

IRS Revenue Ruling 2004-83 provides that Section 42(h)(6)(B)(i) requires that an extended low income housing commitment must include a prohibition during the extended use period against (1) the eviction or the termination of tenancy (other than for

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

good cause) of an existing tenant of any low income unit (no cause-eviction protection) and (2) any increase in the gross rent with respect to the unit not otherwise permitted under Section 42.

**G. 4% Federal Credit – Bond Financed Projects.** Tax Exempt bond financed projects may also be eligible for 4% tax credits that 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. Incomplete applications (as determined solely by DCA) will not be accepted and will be returned in their entirety to the applicant.

An Application for Credits for Bond Financed Projects must contain an appraisal commissioned by the Lender or by a DCA approved appraiser, regardless of whether there is an identify of interest between the buyer and the seller.

DCA shall be the sole entity responsible for making such a determination and must issue its opinion as to the project's 4% Credit eligibility prior to Bond closing. The project must comply with the Plan in effect at the time of Application submission.

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.

After issuance of the Letter of Determination, significant changes in the financing structure, syndicator or scope of work must be approved in writing by DCA.

DCA reserves the right to determine whether an Applicant or development entity has sufficient capacity to successfully complete the proposed project.

DCA requires that all bond applicants to submit those documents set out in the capacity determination in determining whether capacity exists. DCA will terminate its review of the proposed application if it determines that insufficient capacity exists.

Incomplete Bond applications will be returned to the proposed applicants. DCA will not hold bond applications that are being restructured or modified. A new application fee will be required to resubmit such a project.

The Application must be submitted at least 75 days before bond closing. DCA will provide its opinion within 75 days of the receipt of a **complete** Application.

All waiver requests must be submitted 30 days prior to Application submission.

Owners of projects receiving a Letter of Determination for Bond Financed Projects in 2011 must:

\* **Not Applicable to Bond Financed Projects**



## State of Georgia Qualified Allocation Plan

- Close the bond financing within 180 days of the issuance of the letter of determination;
- Any significant change in the financing structure or scope of work set out in the application must be approved by DCA before the start of construction.
- Complete all construction activity by December 31, 2013,
- Complete and submit the “DCA Placed in Service” form at the time the first building is placed in service, and
- Apply for Final Allocation and request for issuance of IRS form(s) 8609 by September 15, 2014.

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 provide its opinion within 75 days of the receipt of a **complete** Application.

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 as determined by DCA.

The Owner must execute and record GHFA’s prescribed form of the LURC at or prior to Bond closing. 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 that portion of the recorded LURC that sets forth the requirements of Section 42(h)(6)(E)(ii) of the Code.

Owners of projects receiving a Letter of Determination from DCA must notify DCA Compliance in writing within 30 days after the first building placed-in-service date by completing the “DCA Placed In Service Form.” Failure to do so will be considered non-compliance and also may delay the issuance of IRS Form 8609.

**H. 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 6. Financing Resources – HOME Loans\***

Applicants that will utilize DCA HOME funds as a funding source in a competitive tax credit Application must obtain DCA’s consent during the pre-application process. Any application that is submitted in the 2011 competitive funding round with DCA HOME funds as a funding source that did not obtain the required consent will be deemed to have failed Threshold under the project feasibility criteria.

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

**Resources Available.** HUD annually allocates HOME funds to state and larger local governments. The Federal Fiscal Year (FFY2011) HOME allocation is expected to be available to the State on **July 1, 2011**, following approval of the Annual Action Plan for FFY2011 Consolidated Funds (Annual Action Plan). In the event FFY 2011 HOME funding is not made available to the State, DCA will not be obligated to provide any HOME Loans to Applicants.

**Eligibility:** Except for Projects submitted by a CHDO or projects designated primarily for use by special needs tenants, projects located in a “PJ” are not eligible for DCA HOME funds.

**HOME Loan Limits.** The maximum HOME loan amount is \$2.5 million and the minimum HOME loan amount is \$800,000. DCA reserves the right to increase or decrease the maximum HOME loan amount if it determines that additional or less HOME funds are available for distribution.

**Failure to Use 2011 DCA HOME Funds.** Applications/Projects that receive consent to utilize HOME funds as a funding source are required to utilize the requested funds if the project is selected for an award of tax credits. Failure to utilize HOME funds may result in the withdrawal of the tax credit award or a finding which may impact future compliance scoring.

**CHDO Set-aside.** Fifteen percent (15%) of the State’s HOME allocation will be set aside for projects owned by nonprofits that have been pre-qualified by DCA as CHDOs.

CHDOs funded under this Plan must act as 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, Manual, and the HOME regulations. The CHDO must be either the sole general partner of the ownership entity or the managing general partner of the ownership entity. The CHDO must also exercise effective control of the project. 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.

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.

**HOME Underwriting Policies.** DCA’s policies for underwriting HOME loans are set out in Section 7 of the Core.

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

**Selection Criteria for Consent.** In the event DCA receives requests for HOME Consents that exceed available HOME funds, Consents shall be issued based on the following selection criteria:

- CHDO Projects
- Rural Projects
- Special Needs Projects
- Projects that are proposed to have no debt other than DCA HOME
- Successful HOME Loan Experience of Applicants in Georgia
- Number of successful currently operating tax credit projects in Georgia
- Recent three year history closing syndicator financing
- Compliance History
- Generally, each Applicant will receive only one HOME consent

Applicants that appear to be requesting HOME funds for point purposes and do not show a clear need will not receive a consent.

**Final HOME Award.** DCA will issue a HOME preliminary commitment at the conclusion of the 2011 multifamily competitive funding round. A sample of the commitment letter may be found on the DCA web site. Final commitments will be issued when the project completes DCA underwriting and is approved by its project loan committee.

### **Section 7. 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.

Additional policies related to the funding and underwriting of special needs projects may be posted by DCA at a later date.

DCA reserves the right to formulate new policies to address operational issues that may arise during the course of the funding cycle.

#### **A. DCA Underwriting Policies**

- **Annual Operating Expenses.** Annual budgeted Operating Costs, excluding reserve contributions, must be no less than the following:
  - (a) Four thousand five hundred (\$4,500) for units to be located within the City of Atlanta,
  - (b) Four thousand dollars (\$4,000) per unit for urban projects other than Atlanta,
  - (c) Three thousand dollars (\$3,000) for non-MSA rural projects, and

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

(d) Three thousand dollars (\$3,000) for projects that include 515 USDA loans as a funding source.

DCA reserves the right to determine the reasonableness of budgeted operating expenses for all 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). However, DCA reserves the right to determine the reasonableness of building basis for all projects. Previous sales price as well as valuations may be considered.
- **Builder Cost Limitations.** Builder Profit is limited to a maximum of 6% of the Contract Sum. Builder's Overhead is limited to a maximum of 2% of the Contract Sum and General Requirements is limited to a maximum of 6% of the Contract Sum (exclusive of Contractor Services). These limits apply to both development costs and eligible basis.

**General Requirements are defined as job overhead and covers project-specific overhead expenses. This typically includes:**

- (a) Supervision and job-site engineering;
- (b) On-site job office expenses directly related to the project;
- (c) Temporary buildings, tool sheds, shops, and toilets;
- (d) Temporary heat, water, light and power for construction;
- (e) Temporary walkways, fences, roads, siding and docking facilities, sidewalk and street rental;
- (f) Construction equipment rental not included in trade item costs;
- (g) Cleanup and disposal of construction debris;
- (h) Medical and first aid supplies and temporary facilities;
- (i) Security guard wages and related costs, and theft and vandalism insurance.

**General Requirements do not include the following.**

- (a) Payment and performance bonds, letter of credit fees, and fees associated with obtaining a construction loan in lieu of payment and performance bond or letter of credit;
- (b) Site and topographic surveys;
- (c) Subsurface exploration (test borings);
- (d) Soil tests, concrete tests, and other construction testing;
- (e) Fees for utility taps and connections;
- (f) Building permits and licenses;
- (g) General Contractor's cost certification audit fee (if required).

**These will be costs outside of the construction contract.**

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

- **Construction Contingency.** For new construction, the construction contingency is limited to the lesser of a maximum of 5% of the total construction hard costs or \$500,000. For rehabilitation, the construction contingency is limited to the lesser of 7% or \$500,000.

The construction contingency is meant to cover unforeseen circumstances encountered during construction. In the absence of unforeseen circumstances, a change order may be submitted for approval of the following:

- a. Amenities designed to enhance the quality of life of the residents
- b. Amenities that provide security such as lighting, fencing, and life safety monitoring systems
- c. Product upgrades that increase durability and decrease maintenance costs
- d. Product upgrades or scope additions that increase energy efficiency and decrease operational costs

DCA will not approve change orders requesting that contingency funds be used for luxury items including but not limited to crown moldings, granite countertops or decorative interior items.

- **Debt Coverage Ratio.** As part of its financial feasibility analysis, DCA will require that projects with tangible debt meet at a minimum a 1.20 debt coverage ratio for each year of the compliance period for new construction and 1.25 for projects involving rehabilitation. For purposes of determining the debt coverage ratio, deferred Developer Fee will not be considered tangible debt. Amounts set aside in a reserve funded in one year may not be withdrawn and treated as a gross receipt in a subsequent year to satisfy the debt service coverage ratio in the subsequent year. Amounts received in one year that exceed the debt service coverage target for that year will not be credited to another year. For purposes of this test, each year will stand alone. The debt coverage ratio cannot drop below 1.20 (for new construction, 1.25 for rehabilitation) during the 15-year Compliance Period or DCA HOME Loan term (if applicable) whichever is longer. DCA will review each project carefully to determine whether a project is over subsidized and to determine whether the amount of HOME funds/and or credits is the best use of DCA resources. While DCA does not have a cap on the DCR, projects that have DCRs that exceed 1.50 for rural projects or 1.40 for urban projects may be subject to additional scrutiny to ensure they are not over subsidized. DCA does recognize that rural deals will typically have higher debt coverage at the beginning of the compliance period in order to remain feasible over the fifteen years. Documentation to support these higher debt coverage ratios should be provided.

No-debt deals are allowed but will be subject to additional scrutiny from DCA. Projects submitted with no debt will not have a DCR but will be required to cash flow without having an undue profit. This will be determined by a ratio of Effective Gross Income to Total Annual Expenses (including reserve for replacement). A ratio of 1.10 for new construction (1.15 for projects involving rehabilitation) shall be the minimum required to be considered feasible by DCA in Years 1-15.

\* Not Applicable to Bond Financed Projects



## State of Georgia Qualified Allocation Plan

- **Development Costs.** These are costs shown in the development budget and include, but are 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.

DCA will conduct a line by line review of development costs to determine the reasonableness of each estimate. Applicants are encouraged to utilize accurate estimating data in determining this budget and to provide supporting documentation when available.

DCA may require that development costs be reviewed by a third party consultant approved by DCA as a condition of funding.

- **Developer Fee** means the sum of the Developer's overhead and Developer's profit. Consulting Fees and Guarantor Fees are also considered part of the total Developer Fee.
- **Developer Fee Limitation.** This limitation applies to both development costs and eligible basis at all stages (scoring, carryover and Final Allocation). DCA restricts the maximum Developer Fee as follows:
  - (a) For new construction projects, the Developer fee will be limited to 15% of Total Development Costs less the budgeted Developer Fee, any demolition cost and the underwritten cost of Land.
  - (b) For acquisition/rehabilitation projects that are eligible for acquisition credits, the Developer Fee on the acquisition portion will be limited to 15% of the Existing Structures acquisition cost (including Acquisition Legal Fees). The rehabilitation portion will be limited to 15% of Total Development Costs less the budgeted Developer Fee, the underwritten cost of Land, Acquisition Legal Fees and Existing Structures.
  - (c) For rehab projects that are not eligible for acquisition credits, the developer fee will be limited to 15% of Total Development Costs less the budgeted Developer Fee, the underwritten cost of Land, Acquisition Legal Fees and Existing Structures. However, if the Development Agreement specifically states that a portion of the developer fee is attributable to the building acquisition, then the developer fee will be limited to 15% of Total Development Costs less the budgeted Developer Fee and the underwritten cost of Land.

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 underwritten cost of the Land, the budgeted Developer Fee, and the Builder 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.

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

The developer fee will be calculated using the allowable total development cost limited by the DCA Base Unit Cost Limits. The Developer Fee for Applications for Additional Credits (in the year the project is placed in service), shall be limited to the original approved Developer Fee.

Deferred Developer fee must be payable within fifteen (15) years from available cash flow. The deferred portion cannot exceed 50% of the total amount of Developer Fee at initial application.

**Notwithstanding anything contained herein to the contrary, the Developer Fee will be limited to a maximum of \$1,800,000.**

- **Distribution Across Unit / Bedroom Sizes.**
  - (a) *Rent.* Projects with a multi-tiered rent structure must distribute the rents across unit sizes, unit types 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.
  - (b) *Accessibility.* To the maximum extent feasible, accessible units must be distributed across unit sizes, unit types and buildings so as not to limit choice.
- **General Contractor.** DCA must approve the general contractor prior to commencing work on any tax credit or HOME project.

Request for approval of a General Contract should include the following:

- (a) A resume on the General Contractor's Construction Experience that demonstrates a history of having performed work of the scope and type required for the development (number of projects, number of units, location of projects, capacity of involvement);
- (b) Three (3) letters of reference with contact information (name, address, email, phone and facsimile numbers);
- (c) Affidavit that the Contractor is not on the U.S. Department of Housing and Urban Development (HUD) list of contractors debarred or not approvable for prior noncompliance with HUD or DCA requirements;
- (d) A statement as to whether the General Contractor has any lawsuits pending, have ever declared bankruptcy or has any pending unresolved claims;
- (e) A statement as to whether the General Contractor has been bonded within the last three (3) years; If bonded, amount and by what entity.
- (f) The General Contractor's Schedule of Work in Progress which details current projects under construction and estimated timeline for completion;
- (g) General Contractor's Estimate of Construction Time for the project;
- (h) Evidence of the ability to obtain payment and performance bonds each in the amount of 100% of the total construction contract. If an Identity of Interest exists and the contractor cannot obtain a payment and performance bond, a waiver of

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

the requirement for payment and performance bonds may be granted. In the form of a letter of credit in the amount of 50% of construction costs (including overhead and profit) or the owner obtains private construction financing from a financial institution in the amount of the GHFA loan.

- (i) A complete AIA A305 General Contractor Qualification statement;
- (j) A positive Dun & Bradstreet report (ordered by DCA. The contractor will be invoiced for the fee); and
- (k) Evidence that the General Contractor carries Comprehensive General Liability and Worker's Compensation insurance in the amounts specified in the Construction Contract or the DCA Insurance Manual, whichever is the most restrictive.
- (l) A statement identifying all identities of interest with project participants including subcontractors and vendors where the value of the work subcontracted or purchased is expected to exceed \$50,000.

**Requests should be submitted to DCA at least 60 days prior to the commencement of work.**

- **Identity of Interest.**

**Contractor.** If there is an Identity of Interest between any participant in the Ownership entity 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. DCA will require that a contractor cost certification be submitted where there is an identity of interest between any project participant and the general contractor. The cost certification shall be prepared in accordance with the standards set forth for a HOME contractor cost certification.

**Subcontractor / Materialmen.** If there is an Identity of Interest between the Owners and any other provider of service, material, or supplies, such Owner-supplied services, materials, or supplies must not exceed the amount ordinarily paid for the service, material, or supply. Identity of Interest between any Project Participant and any sub contractors must also be disclosed. Additional scrutiny will be given to sub contractor costs where there is an identity of interest.

**Lenders.** If there is an identify of interest between any Project Participant and construction/permanent lenders, such financial structure requires financing terms and conditions which are reasonable, customary and consistent with industry standards. The determination of whether or not such terms and conditions are reasonable and customary is at DCA's sole and absolute discretion.

**Land/Building Purchase.** For Applications where there is an Identity of Interest between the buyer and the seller for any site within the project, an appraisal no more than 6 months old and prepared by a certified appraiser must be submitted with the Application as a basis for the determination of the appropriate sales price. The

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

appraisal must be prepared in accordance with DCA Appraisal Guide, meet USPAP standards, and must provide separate valuations for the land and existing buildings.

DCA will carefully scrutinize the sales price of land between related parties to ensure that the value has not been inflated. While the appraisal will be an indication of fair market value, DCA will consider tax values as well as actual sales price established as indicative of the value of a property. All property values shall associate a land value as well as a value for the improvements.

Properties which have been in the control of the applicant or a related party for a period of three (3) years or less will generally be valued at the acquisition cost at the time the related party obtained initial site control. Properties that have been rezoned, subdivided or modified will not be deemed to be of higher value based on the actions taken by the owner/ applicant or any related party.

- **Inspections.** All costs incurred by DCA for DCA HOME property inspections will be the responsibility of the Borrower – including, but not limited to, Inspections at Draws and Final Draw and other inspections required if a property is improperly maintained.
- **Local Government Fees.** The development budget must include all **documented** water tap, sewer tap, impact and building permit fees. **(These local government fees cannot be part of General Requirements.)** Applicants that include fees that are not required by the local government at the time of application will be subject to a loss of points.
- **Management Fee.** The operating budget should specify a reasonable management fee. A management fee is required for all projects. DCA will review carefully the terms of the management agreement if the property is self managed or if there is a related party relationship between the Owner/Developer and the Management Company. DCA reserves the right to limit or adjust management fees which appear to be excessive or which appear to be inadequate.
- **Operating Deficit Reserve.** All developments 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 at or before Conversion. The operating deficit reserve must be held for the Compliance Period. For underwriting purposes, DCA will generally use six months of operating expenses plus six months of debt service. However, DCA reserves the right to evaluate the reasonableness of the amount and may make appropriate adjustments.
- **Permanent Debt Financing.** Permanent debt financing shall have a minimum term of 10 years.
- **Preliminary Commitment Letter Interest Rates.** DCA will evaluate financial feasibility for all applications (other than those with an assumption of existing fixed

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

rate debt and federal and state equity) using an interest rate specified in the preliminary commitment letter. If the interest rate is based upon a spread over an index rate, both the underlying index to be used and the spread should be identified in the preliminary commitment letter. Any other fees or premiums included in the “all-in” interest rate should also be clearly disclosed. DCA will utilize the applicable rate effective as of May 1, 2011.

For noncompetitive projects, the effective date of the applicable rate will be the first business day of the full month preceding the Application submission date. The Applicant must include documentation of the applicable index rate with the commitment letter. In the event that DCA determines that continued volatility in the market makes the interest rate expressed in the preliminary commitment submitted at Application Submission unreasonable, DCA may request that the proposed lender provide an updated interest rate during Application review.

Syndicator Preliminary Commitment Letter or Letters of Interest are required in as much detail as possible. DCA will publish guidance as to the federal and state credit prices for use in estimating equity contributions for application submission purposes no later than March 26, 2011.

- **Rehabilitation Hard Costs.** Average per unit rehabilitation hard costs must equal or exceed \$25,000 for properties 20 years old or less and the average per unit rehabilitation hard costs equal or exceed \$30,000 for properties that exceed 20 years old. The costs of the rehabilitation or new construction of community buildings and common area amenities are not included in these amounts.
- **Rent-Up Reserves.** A reasonable rent-up reserve (excluding marketing costs) is required for all projects based on the estimated projected lease up deficit. Absent information to the contrary, DCA will assume that three months of projected operating expenses constitutes a reasonable reserve. After lease-up, any funds remaining in this reserve will be transferred to the ODR or will be utilized to pay any deferred developer fee.
- **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: \$350 per unit per year
  2. New Construction: \$250 per unit per year
  3. Single Family Units: \$420 per unit per year
  4. Historic Rehabilitation \$420 per unit per year

Replacement Reserve funds may be used only for Capital Improvements (substantial improvements to the real estate such as re-roofing, structural repairs, or

\* Not Applicable to Bond Financed Projects



## State of Georgia Qualified Allocation Plan

major projects to replace or upgrade existing furnishings, but not including replacement of individual appliances or minor repairs) and must **not** be used for general maintenance expenses. Less restrictive provisions required by Lenders should be approved by DCA.

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. For Rehabilitation Projects, the physical needs assessment will also be reviewed in determining whether sufficient reserves have been established. DCA will, at its discretion, adjust the Replacement Reserve to reflect reasonable and customary capital and replacement expenditures, and reserves the right to continue to do so during the term of the DCA funding if necessary.

- **Revenue, Vacancy, and Expense Trends.** Revenue should be trended at 2% per year, operating expenses at 3%. Vacancy and collection loss will be underwritten at the higher of 7% or a percentage that DCA determines is appropriate based on market and historical information for the proposed project area.
- **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.
- **State Tax Credit.** DCA will not allocate state tax credits to a project that shows a price less than the reasonable fair market price for credits. Applicants that indicate intent to purchase state tax credits for themselves will be required to provide additional information as to the use of the credit and the basis for the price.
- **Tax Credit Percentages.** During the competitive round, new construction and rehab credits will use an applicable tax credit percentage of 9%; for acquisition credits, the Applicable Credit Percentage for the month of May 2011 should be utilized.

For 4% credits (tax-exempt bond financing), the Applicable Credit Percentage for the month preceding the submission of the application for tax credits should be utilized.

### **B. Additional DCA Policies related to the funding of DCA HOME Loans**

- **Assumptions for Land Purchase.** Once a project has been funded and the appraisal received, the building 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.
- **Contractor Change Orders.** All changes to the approved scope of work and/or construct contract must be approved by DCA in advance of proceeding with the work.
- **Contractor Construction Cost Certifications.** Certifications audited by an independent certified public accountant must be submitted with the request for final

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

draw for all projects funded with DCA HOME. All certifications must be prepared in accordance with DCA requirements.

- **Construction Commencement.** All HOME projects must be able to commence construction within one year of commitment.
- **Construction Contingency.** 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.
- **Construction Hard Cost Financing.** HOME Loan funds must be used to finance only construction hard costs, which include site development, unit/building construction, and Contractor 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.)
- **Construction Loan Recourse.** All construction loans will be full recourse against the borrower and/or the principals of the Ownership entity until conversion. DCA may require that one or more Principals of the Owner or Developer guarantee the completion of construction and payment of the HOME Loan until conversion.
- **Conversion.** Projects receiving HOME Loans must be scheduled to convert within twenty four-months of the HOME construction loan closing. Extension of conversion deadlines must be approved by DCA.
- **Developer Fee Disbursement Limitations.** The amount of the Developer's overhead and Consultant's Fee (if applicable) that can be drawn before Conversion must not exceed 50% of the total Developer Fee requested less any portion being deferred. None of the Developer's profit will be disbursed until Conversion. 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.
- **Draws.** 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.
- **Fixed or Floating Unit Designation.** When HOME assisted units are "fixed", those units are subject to specific HOME rent and occupancy requirements and will never change. When HOME assisted units are "floating", the units that are designated as 50% or 60% AMI units may change over time as long as the total number of those units in the project remains constant. 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".

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

- **Guarantees.** Guarantees will be required by the Developer entity as well as the individual principals of that entity for the period from the loan closing until conversion.
- **HOME Units.** When DCA HOME funds are an approved source of financing for a project, each low income unit in the project is considered a “HOME assisted unit” unless this requirement is waived. Based on the statutory HOME requirements, twenty percent (20%) of the total low income residential units in the project must be limited to rent and income restrictions based on 50% of AMI. The balance of low income units will be limited to rent and income restrictions based on 60% AMI, however **all** low income units will be limited to HUD Fair Market Rents should they be less than the applicable rent based on the AMI and bedroom size.
- **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.
- **Loan Documents.** 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.
  - **Loan Terms.** The principal amount of the HOME construction loan and HOME permanent loan for a project will be the same. No interest will be charged during the construction loan period. The interest rate on the permanent loan will be no less than 1%. However, the interest rate on loans to finance projects located in areas designated as rural pursuant to the definitions in the QAP may be less than 1% in years 8 through 15 as required to ensure project feasibility. In no case may such interest rate fall below 0.50%. In years 16 through maturity, such interest rates shall not fall below 0.25%. DCA reserves the right to adjust this rate at its sole and absolute discretion during underwriting. Construction loan terms will be based upon the

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

projected construction and lease-up schedule, as determined from the Application and DCA's underwriting. In general, permanent HOME Loans will be fully amortizing, with a maturity and amortization periods ranging from 15 to 35 years.

- **Non-Fully Amortizing Loans.** Non-fully amortizing Balloon Loans are available for projects in Rural areas. In such cases the term will be set by DCA with monthly payment and interest payments determined by DCA's underwriting projections and a balloon payment due at maturity. In the case of non-fully amortizing HOME Loans, the outstanding interest and a portion of the principal must be paid every year.
- **Excess Cash Flow Reserve.** For all permanent non-fully 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 and investor asset management fees) 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. 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.

- **Future Market Value.** In the case of a non-fully 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.
- **Owner/Developer Financial and Credit Qualifications.** The financial status and capacity of the owner and/or developer as well as their current credit rating will be reviewed by DCA at the time of underwriting. The results of these analyses may indicate the requirement for additional guarantors and/or partners, reserve accounts, and/or repayment term adjustments.
- **Operating Deficit Reserve.** The operating deficit reserve for HOME loans 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

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

contribution and will not be credited against the required monthly cash contributions. If drawn upon, no further distribution to Owners will be authorized until such time as the operating deficit reserve is restored to full funding.

- **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, then 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) or to be decreased under the established rent floor.
- **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 either be stipulated sum or cost plus a fee with a maximum.
- **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. If the Owner is a limited liability company, an operating agreement in a form satisfactory to DCA must be fully executed before the HOME loan closing. After the HOME loan closing, the partnership agreement or the operating agreement (as the case may be) may not be further amended without GHFA's prior approval.
- **Payment and Performance Bonds.** A 100% payment and performance bond will be required for all developments funded with HOME Loans. The issuer of the bonds and the terms of the bonds must be satisfactory to DCA in its sole discretion.

When an Identity of Interest exists and the contractor cannot obtain a payment and performance bond, a waiver of the requirement for payment and performance bonds may be granted if a letter of credit or construction loan is utilized in lieu of the payment and performance bond.

A waiver will not be considered unless:

1. The Owner agrees to provide a construction completion guaranty and payment guarantee, secured by a letter of credit from a federally-insured institution 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. GHFA will disburse funds during the construction period, in an amount not to exceed \$10,000 per construction draw.
- **Refinancing.** DCA HOME loans cannot be used to refinance or payoff an existing loan. Proceeds from permanent HOME loans can be used to pay off construction,

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

bridge and predevelopment loans provided that the HOME assistance is part of the original financing package.

- **Repayment.** Repayment schedules will vary depending upon projected economics of the development, but are essentially determined by analyzing available projected cash flow of the project at Application Submission and again during HOME Underwriting. In the event, DCA determines that the project is experiencing feasibility problems related to increases in real estate taxes, increases in property insurance, increases in utility allowances or decreases in fair market rents, the repayment schedule may be modified by DCA.
- **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 an 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.
- **Retainage.** The loan agreement between the Project Owner and GHFA will provide that GHFA will retain 5% of the contract sum in HOME loan proceeds until the conditions of the final draw are met.

In addition, the contractor is required to show retainage on the AIA G702/703 as follows:

- If the project completion is between 0-50% of the general contractor's contract sum, the AIA G702/703 must show at least 10% retainage on the entire contract sum. No portion of the contract sum shall be exempt (Examples of items that are not exempt: stored materials, performance and payment bonds, insurance, general conditions). Adjustments will be made in the disbursement of HOME funds if the AIA G702/703 does not reflect 10% retainage.
- If the project completion is 50.1-100% of the general contractor's contract sum, the AIA G702/703 must show at least 5% retainage on the entire contract sum.

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.

- **Rural Projects.** DCA recognizes that Rural projects may involve greater financial risk than non-Rural projects. While a sufficient economic base to support a proposed Rural project may exist at the time of Application, the loss of a predominant 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.

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

- **Stored Materials.** HOME funds will not be used to fund the cost of stored materials without the prior consent of DCA. Stored materials are considered to be materials that will not be incorporated into the construction within the subsequent thirty (30) days from the date of any draw request.
- **Subsidy Layering Review.** DCA will perform subsidy-layering analysis for HOME funded projects prior to the time of preliminary commitment for projects receiving tax credits from the state's low income housing tax credit allocation. In cases where the results of a DCA subsidy layering review indicated that there would be excess assistance, DCA will reduce the amount of the HOME loan to eliminate the excess. In addition, a subsidy layering review is also conducted during HOME loan underwriting prior to the closing of the HOME loan.
- **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.
- **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.
- **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 exception 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.

### **Section 8. Eligibility**

- DCA reserves the right to perform a full criminal, employment, and credit investigation of all Project Participants.
- DCA reserves the right to formulate additional policies as needed related to the eligibility of individuals and entities to participate in DCA funding processes.

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

- In order to be eligible to participate, project participants must be current in all outstanding fees owed to DCA, including but not limited to Compliance Monitoring Fees and LIHTC allocation fees.

Proposed Project Participants may be ineligible to participate in the 2011 competitive round and 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.
2. **Failure to Commence and Complete Projects.** 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 documents and/or carryover allocations to remain eligible to compete for future Credits or HOME Loans. Project Participants must accurately complete and submit all forms required under Federal regulations in a timely manner including, but not limited to tenant data and Davis-Bacon documentation. Project Participants must remain qualified to participate in all DCA-administered programs to remain eligible to compete for future Credits or HOME Loans.
3. **Previous Conduct.** Project Participants may be disqualified from participation based on previous conduct. Examples of conduct which may result in disqualification include, but are not limited to, any Owner, Developer, Manager or principal of such entity that entity that has been debarred by HUD, subject to criminal conviction or found to have submitted fraudulent information to DCA or any other government entity.

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. If an entity is determined to be ineligible to compete for DCA tax credit and HOME resources, the principals of that entity will also be ineligible. A disqualification under this subsection will result in the individual or entity involved not being allowed to participate in the 2011 competitive cycle or the tax exempt bonds 4% tax credits and removing from consideration any application where they are identified.

4. **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 (including Consultant) that is under debarment, proposed debarment, or suspension by a federal agency is ineligible to participate in the 2011 Competitive Scoring process.

\* Not Applicable to Bond Financed Projects



## State of Georgia Qualified Allocation Plan

Such Applications will be rejected. Each Project Participant and consultant must include in the Application a statement concerning all criminal convictions, indictments, and pending criminal investigations of all members of the general partnership and must provide dates and details of each circumstance, unless otherwise prohibited by court order, statute or regulation.

- 5. Failure to Use Previously Awarded Credits.** DCA's policy is that projects awarded credits must be completed by the applicable Placed-In-Service date. An owner who cannot utilize awarded credits for any reason must still pay the credit allocation fee for the project. Provided the owner returns the credits and pays the applicable tax credit allocation fee in a timely manner, the project is eligible to be resubmitted in a future application round. If the resubmitted Application is approved, the Owner will pay a new credit allocation fee. The owner must inform DCA of its intent to return credits. DCA will then direct the owner on the proper timing and process for returning the credits.

In very limited circumstances, DCA will consider a forward exchange of credit if a delay in completion is due solely to circumstances beyond the control of the Owner/Developer. Examples of such delays include unforeseen sewer issues, delays due to HUD policy and procedures or for extraordinary delays in the issuance of local development or building permits. In the event DCA does approve a forward exchange, the placed in service date will be extended for only a period of six months. Failure to meet that extended placed in service date (six months) will be considered a major instance of non compliance and will be considered in DCA Compliance scoring.

- 6. Financial Insolvency of Participant.** Any person (individual, corporation, partnership, association), principal (officer, director, Owner, partner) of a Project Participant (including Consultant) that is bankrupt, insolvent or in danger of insolvency is ineligible to receive an allocation of credits under the QAP. DCA may request information including but not limited to credit reports, financial statements or other documentation relating to a participant's financial status. In making this determination, DCA will also review each Participant's portfolio and consider whether projects are in default, have a high percentage of receivables or have other solvency issues.

### **B. Projects**

- 1. Scattered Sites.** Scattered-site projects will be eligible to apply if they have no more than six (6) non-contiguous parcels within a ½ mile radius and a minimum of four (4) residential units per parcel, except for parcels on which the community center is located. DCA may approve scattered site projects with different parcels if the project has a NSP commitment. In reviewing these waivers, DCA will be looking at the Applicant's management plan for the project as well as whether there is a tenant ownership plan in place.

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

All Applications proposing scattered sites must meet the following requirements:

- All of the residential units are income and rent restricted as set forth in Section 42 of the Code;
- All buildings in the project must be under the ownership of one entity;
- All buildings in the project must be developed under one plan of financing and considered as a single project by all funding sources;
- All units in the scattered site Application must be managed by one management entity;
- 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.

Applications should include a legal opinion on scattered site to support the project's development.

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 operating budget the costs associated with the continuous upkeep of each rental house, including ground maintenance, at the project Owner's 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.

3. **Phased Developments.** Applications for each Phase must independently meet the criteria set forth in the respective QAP under which the Phase is seeking funding. The following criteria must also be met:

- Operations and operating costs must be separately managed for each phase;
- Community buildings and amenities located on one phase cannot be oversized to meet expected use by tenants of other phases (if the community building is claimed in eligible basis); and
- All amenities and services which are meeting Threshold criteria or Scoring criteria as listed in Appendix I and II of the QAP must be located in the Phase which is submitting the Application and cannot be used in previously awarded or future Applications for funding for other Phases.

4. **Bond Financed Developments.** DCA recognizes that bond financed projects that preserve affordable housing may have difficulty meeting some of DCA's policies, including but not limited to scattered site, project location, amenities and other threshold and administrative requirements because of the way they are structured. DCA may, at its sole discretion, grant waivers of its policies or formulate new,

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

specific policies for preservation of existing affordable housing. DCA contemplates that such policies may include a program that preserves existing affordable housing through the issuance of DCA bonds or a program that preserves expiring tax credit properties.

### **Section 9. Submission Requirements and Award Limitations**

#### **A. Pre-Determinations**

1. **Pre determination of proposed Project Team Qualifications.** In order to receive a predetermination of an entity or individual's Qualifications for the 2011 round, Applicants must submit all required documentation for DCA review and approval prior April 1, 2011.
2. **DCA HOME Consent.** Applicants that will utilize DCA HOME funds as a funding source in a 2011 competitive application must obtain DCA's consent during the pre-application process. Applicants must submit all required documentation for DCA review and approval prior to April 1, 2011.
3. **Other Pre-determinations.**
  - Architectural Standards Waiver
  - Amenities Waiver

All other material must be submitted in the Application.

#### **B. Application Submission Requirements.**

##### **1. Date and Time of Application Submission.**

**9% Applications.** DCA will conduct one Competitive Application cycle for 9% Credit and HOME Loan funding resources during 2011. 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 4:00 PM on June 23, 2011. DCA will not accept any applications after this date and after this time. At 4:00 PM, the Application Submission process will be closed and irrespective of any extenuating circumstances, no Applications or portions thereof will be accepted. 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

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

to this deadline. In addition, no assemblage, packaging, or other form of Application preparation will be permitted at any time on DCA premises.

**4% Applications.** 4% Tax Credit Applications for Bond Financed Projects can be submitted throughout the year subsequent to Bond Allocation, but no later than seventy five (75) 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 requests must be submitted no later than 30 days prior to the 4% Tax Credit application submittal.

### 2. Application Submission Package

A complete Application package must include all required documentation and all applicable Application fees. In the event the electronic version of the Core Application does not conform to the original print out of the Core Application, the electronic version of the Core Application shall be deemed the correct Application.

Applicants must submit complete Applications according to the directions and format prescribed in the 2011 Core Application Instructions and the 2011 Application Manual. No additional documentation will be accepted after the Application Submission deadline described in this Section unless specifically requested by DCA as part of the clarification review.

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.

### C. 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 four (4) 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 four (4) Applications, DCA will only evaluate the first four (4) project Applications submitted to DCA. Any other Applications which include the same Project Participant will be considered ineligible and will not be evaluated.

### D. Award Limitations\*

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

- 1. Project Limitations.** DCA will not award more than \$950,000 of credits to any project in the competitive round. In extenuating circumstances, DCA may consider a waiver of these requirements for projects that have received significant federal funding with time sensitive deadlines for expenditures, which have expiring section 8 contracts or which are necessary to comply with the settlement order relating to housing of tenants with special needs. Such a waiver must be obtained prior to Application Submission.
- 2. Maximum Ownership Interests.** Applicants will be limited to direct or indirect Ownership interest in projects in which the combined total Federal Credit from the 2011 competitive funding round cannot exceed one million seven hundred thousand dollars (\$1,700,000) and/or total HOME funding cannot exceed twenty five percent (25%) of the total HOME Loan resources available. This limitation applies to direct or indirect Ownership interests of all proposed Project Participants, except Syndicators. Once an applicant has been awarded projects that meet the above limits, all of that Applicant's lower scoring projects will be deemed ineligible. For nonprofit applicants, DCA will look at Executive Directors and common threads of effective control as well as whether different nonprofit entities have met DCA Experience requirements through the same individuals or entities.
- 3. Adjustment of Maximum Number of Projects Allowed.** In the event an Owner/Developer fails to meet deadlines on projects, has a significant number of projects under development but not completed or experiencing a financial issue with regard to an existing project, DCA in its discretion, may elect to reduce the number of projects that can be awarded under the project cap.

### **Section 10. Post Award Deadlines**

**Design Development Documents.** For 9% deals, 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 February 1, 2012. Applicants that fail to meet this deadline may have their credit allocations withdrawn by DCA.

For 4% deals, Design Development Documents as fully outlined in the Architectural Submittal Instructions in the Manual must be submitted to DCA for review and approval at time of application.

For HOME deals, please comply with the deadlines in the HOME Commitment Letter.

**Tax Credit only Projects Construction Loan Closing.** For tax credit only projects, construction loan closing must occur no later than August 31, 2012.

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

**Tax Credit only Projects Commencement of Construction/Rehabilitation\*.** Owners of projects receiving 9% Tax Credits for new construction or rehabilitation in the 2011 round must commence construction or rehabilitation no later than **September 30, 2012**. 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 DCA's issuance of the environmental release nor prior to the HOME Loan closing. However, all projects receiving a HOME loan award in 2011 must have satisfied all conditions necessary to commence construction within one (1) 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.

**HOME Loan Closing\*.** All projects receiving a HOME Loan award in 2011 must close their HOME Loans on or before **September 1, 2012**. 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 2011 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, 2013**. Owners of properties receiving Credits for new construction in the 2011 round must perform 100% of the work scope as set forth in the DCA approved construction drawings and specifications no later than **December 31, 2013**. Certificates of Occupancy for the residential buildings must be issued by the local jurisdiction before end of business **December 31, 2013**. Temporary Certificates of Occupancy that prohibit occupancy or condition occupancy will not be accepted to meet this requirement. 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 2011 round must place all buildings in the project in service by **December 31, 2013**.

**Compliance Monitoring Fee Payment Date.** All compliance monitoring fees must be paid within eighteen (18) months of issuance of the carryover allocation document, but no later than the placed in service date or **December 31, 2013**, whichever is earliest. Failure to do so may adversely affect the Applicant's ability

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

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 Application Deadline.** Owners of projects receiving Credits or a Determination letter in accordance with this QAP must apply for Final Allocation and request for issuance of IRS form(s) 8609 by **February 15, 2014** for 9% credit projects, and September 15, 2014 for 4% credit (tax exempt bond) projects 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. Extensions may be approved by DCA on a case-by case basis. Before the final allocation is submitted, the final HOME draw must be dispersed and required Contractor cost certifications submitted.

### **Section 11. Project Reconfiguration/Application Modification**

Applicants will not be allowed to make any changes to the Application after Application Submission to DCA and prior to the announcement of awards. 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 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).

Subsequent to awards, applicants will generally not be allowed to make any changes to the Application. However, once a project is selected for funding, 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. The request must be submitted on the Request for Post Award Project Concept Amendment Form and accompanied by the appropriate fee. This provision applies to any changes proposed after Application award, 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. Examples of substantial changes that must be documented and submitted for approval include but are not limited to: changes in the number of tax credit units, market units, unit mix, amenities, unit count, legal descriptions, and direct or indirect transfers of the general partner's or Developer's interest.

DCA will determine, in its sole and absolute discretion, whether or not a requested change will be authorized. Failure to abide by this provision will adversely affect the Applicant's eligibility to receive future DCA funding.

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

### **Section 12. Fees and Deadlines**

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.
- **Non-Compliant Properties.** Projects having instances of noncompliance that require additional review and follow-up will be assessed with additional compliance fees based on staff time and travel expense.
- **Late Fees.** Any late fees imposed by DCA will not be considered as a project cost for underwriting purposes.
- **Fees and Deadlines** can be found in Exhibit "A" to this core (DCA Deadlines and Fees)

### **Section 13. Evaluation of Applications**

#### ***Stage I - Completeness Review***

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;
- inclusion of Environmental Phase I
- inclusion of Market Study
- submission of all required supporting documents; and
- Completed Electronic Application
- Required Copies

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

#### ***Stage II - Preliminary Scoring Review\****

\* Not Applicable to Bond Financed Projects



## State of Georgia Qualified Allocation Plan

Complete Applications will be allowed into the Preliminary Scoring process. Applicants will be ranked in descending order by total point score as set forth in Appendix II with the exception of the following:

- Missing documents, financial adjustment points.
- Market Points

DCA will provide the preliminary results of the Competitive Scoring process to all Applicants. DCA will provide the preliminary scores by facsimile or mail 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 purposes of curing scoring deficiencies, justifying self-scores or increasing their scores. Comments must be limited to the Applicants' opinions regarding DCA's scoring determinations.

DCA will review all comments that are 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 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."

### **Stage III - Review**

Complete Applications with preliminary competitive scores will be reviewed to determine if the project meets the requirements set forth in Appendix I. The Applications that fail to meet Appendix I requirements will be notified in writing (by facsimile) of the specific requirement(s) that the Application did not meet. If an Applicant believes the requirement(s) was met, the Applicant must respond in writing within 5 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 the Appendix I requirement.

**Clarification Period.** If an Application contains Appendix I deficiencies which, in the determination of DCA, are administrative in nature, are caused by a missing or incomplete document, or need clarification of information submitted in the Application, then DCA may request correction or clarification for such deficiencies. Such request is referred to as the "clarification request". DCA will provide this request in the form of a facsimile or email to the Applicant. This clarification period will only be utilized for minor inconsistencies or to help DCA understand the overall project concept. It can not be used to modify a submitted application, provide documents or reports that were not in existence prior to Application Submission day.

\* **Not Applicable to Bond Financed Projects**

## State of Georgia Qualified Allocation Plan

Applicants receiving a clarification request may supply missing or incomplete information and may clarify any inconsistencies related to the specific items identified by DCA in the clarification request. The clarification period will begin on the date of the clarification request and shall end at 4:00 p.m. Eastern Time, on the date specified in the clarification request unless otherwise noted. The clarification request shall specify the means and methods by which missing items may be supplied, incomplete items completed and inconsistencies clarified. It is applicant's responsibility to ensure that submitted materials are addressed properly to the specified DCA OAH address (electronic or physical).

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

### Stage IV - Selection

**Competitive Application Selection**\* Generally, the highest scoring Applications with favorable market studies will be allocated resources considering the following factors:

- 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 funding Credit-only Applications will deplete available Credits, then DCA may elect to fund lower scoring Applications that are requesting a combination of Credits and a HOME Loan to ensure efficient utilization of DCA resources
- 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 that 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 will consider the amount of resources used and units produced in eliminating projects that do not appear to proposed projects that efficiently use credits. High Construction costs, luxury components, unfavorable financing terms that increase development costs, unusually large units and other unusual project structures may result in the elimination of a project.

### Non-Selection for Market Reasons

DCA reserves the right to limit the number of projects in a certain geographical area to ensure faster lease up, increase the marketability of the project and

\* **Not Applicable to Bond Financed Projects**

## State of Georgia Qualified Allocation Plan

increase the likelihood of syndication of projects. DCA recognizes the importance of giving selected projects the maximum chance of success in difficult economic times.

DCA reserves the right to not select a project in a particular market area in order to ensure the success of its existing and funded projects. The following selection criteria will be considered;

- DCA will analyze existing DCA projects located in close proximity to the proposed project to determine if selection of the project will have significant adverse financial impact on existing affordable housing inventory.
- DCA will generally not fund two projects in the same locality with the exception that a new construction and occupied rehab may be selected. In some cases, DCA may select a family and a senior project provided the projects are not located in close proximity to each other and there is a significant showing of demand. DCA will consider many factors in selecting the best project for a particular market if more than one project is proposed for a particular market and is above the line for selection. These factors will include but are not limited to score, location, sustainability, use of resources and credits per unit.
- In order to ensure that projects can achieve lease up quickly, DCA will not generally select a proposed Application for an allocation if a project awarded an initial allocation of credits between 2008 and 2010 is located in close proximity to the proposed site and serving the same population (Family and Senior). "Close proximity" shall be defined in rural areas as the local government jurisdiction or ten miles, whichever is greater. Close proximity shall be defined in urban areas as a two mile radius. (Phased projects are excluded).
- DCA will not generally fund more than one phase of a project in a round.

DCA review of the application will terminate if any of the following actions occur after the application has been submitted to DCA:

1. Site change
2. Change in ownership or development – a change in the parties involved in the ownership entity (e.g., addition of a new general partner/member or removal of an existing general partner/member) and/or a change in the development entity.

**Tie-Breaker\*** In the event one or more projects have the same score, but DCA has insufficient resources to fund all of the projects having that score, the following priorities will be utilized to evaluate projects:

- Projects that use least amount of DCA resources per unit
- Applicant's commitment to Georgia Affordable Housing as evidenced by number of Georgia Tax Credit Projects and/or Units developed and placed in service

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

- Majority Special Needs
- Phased projects that have already had at least one phase selected for funding by DCA in a previous round
- HOPE VI and other PHA sponsored projects that utilize Replacement Factor Funds and reduce public housing waiting lists
- Projects that have demonstrated need by providing documentation that established tax credit projects in the same market area have a significant number of tenants on their waiting list
- Family Projects
- Projects that incorporate a high degree of sustainable and energy efficiency characteristics
- Historic Projects

The selection decision will consider these priorities as well as other practical considerations such as the geographic location of projects already selected for funding, the experience of the developers of each project, the number of projects already awarded to a project, whether a tier one developer is identified on a project, applicant capacity, as well as the overriding policy considerations of funding. The selection of a project on the tiebreaker list is at 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."

**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 guaranteeing that the HOME Loan will be forthcoming - will set forth all the conditions that, if met, will result in a HOME Loan.

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

### **Section 14. 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.

Applicants who have taken advantage of the Open Records process to gain insight into the manner in which particular criteria have been previously rated, are advised that DCA reserves the right to change the manner in which it interprets and applies the QAP on an annual basis.

### **Section 15. Monitoring and Compliance**

The Applicant's compliance responsibilities begin 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

\* **Not Applicable to Bond Financed Projects**

## State of Georgia Qualified Allocation Plan

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 follow to remain in compliance with Program requirements are outlined in Credit Certification Training Materials and in the IRS issued "Guide for Preparing Form 8823" revised in October 2010. Changes and updates to these materials can be found on the Compliance Section of the DCA web site [www.tinyurl.com/dcacompliance](http://www.tinyurl.com/dcacompliance).

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

The Owner/General Partner is required to successfully complete a compliance-training seminar provided by or sponsored by DCA. Limited partners are also 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 Advanced HOME/Tax Credit compliance are offered on a regular 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.

All onsite property managers for projects which receive an allocation must attend and successfully complete a DCA-certified compliance training course prior to the first building Placed-In-Service date of the project. All property managers must be certified by DCA or hold the National Compliance Certification. DCA may require onsite property managers and/or general partners of projects that have repetitive issues of noncompliance to attend additional compliance training as a condition of cure.

**Section 8 Rental Assistance.** No project may deny a unit to applicants possessing a Section 8 Rental Assistance certificate or voucher unless those applicants fail to meet the minimum requirements for all leaseholders. Federal statutes prohibit discrimination against Section 8 certificate and voucher holders. The number of Section 8 tenants residing at a property cannot be limited under the IRS program regulations at any property receiving DCA Tax Credits and/or HOME funding. 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.

### **Property and Record Compliance**

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

Please refer to The Guide for Completing 8823 Low Income Housing Agencies Report of Noncompliance or Building Disposition revised in October 2010.

### Review

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

Annually, DCA will inspect at least thirty-three percent (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 than 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 DCA'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.
- B. Owners allocated Credit must keep records for each building as stipulated in Section 42 of the IRS Code Section 1.42.5(b).
- C. Owners receiving HOME Loans and Credit must follow the most stringent requirements of the two programs.

### 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

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

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

24-72 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

For additional guidance regarding noncompliance and appropriate cures please refer to the 8823 Guide.

### Monitoring Fees

\* Not Applicable to Bond Financed Projects



## **State of Georgia Qualified Allocation Plan**

DCA charges a monitoring fee for all Tax Credit developments containing five (5) or more low-income units. Credit recipients will be required to pay the entire fee covering the 15-year Compliance Period as indicated in Exhibit A of the Core Plan (DCA Fees and Deadlines). Additional fees may be charged to properties that require additional follow-up due to non-compliance findings. \$50 per unit plus travel expenses will be assessed.

### **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 16. 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.

In accordance with NCSHA best underwriting practices, DCA reserves the right to allow developer fees of up to 20% for projects that DCA deems hard to develop or socially desirable developments, developments produced in difficult to develop areas or in accordance with policy changes necessitated by DCA.

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

\* **Not Applicable to Bond Financed Projects**

## State of Georgia Qualified Allocation Plan

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. The Commissioner of DCA is also granted the authority to make minor modifications to the Plan to clarify provisions and correct inconsistencies.

### **Section 17. Mailing List**

DCA maintains an e-mail distribution list for those interested in receiving notifications of application cycles and other DCA Multifamily program activities. Visit DCA's website at:

[www.dca.ga.gov/housing/HousingDevelopment/programs/OAH.asp](http://www.dca.ga.gov/housing/HousingDevelopment/programs/OAH.asp)

to be added to the e-mail list or you may submit a written request to

[oahround2011@dca.ga.gov](mailto:oahround2011@dca.ga.gov).

## State of Georgia Qualified Allocation Plan

<b>EXHIBIT A</b>
------------------

### DCA PRE-APPLICATION DEADLINES AND FEE SCHEDULE For Profit, Nonprofit, and For Profit/Nonprofit Joint Ventures

	Fees	9% Deadline	4% Deadline
Amenities Pre-Approval	\$1,500 per waiver	May 12, 2011	No later than 30 days prior to submittal of the LIHTC application
Architectural Standards Waiver	\$1,500 per waiver	May 12, 2011	No later than 30 days prior to submittal of the LIHTC application
DCA HOME Consent Loan Pre-Application Application	\$1000 For Profits, \$1000 For Profits/ Nonprofits Joint Venture, \$500 Nonprofits	May 12, 2011	N/A
Qualification Determination	NONE	May 12, 2011	No later than 30 days prior to submittal of the LIHTC application
Operating Expense Waiver	\$1,500 per waiver	May 12, 2011	No later than 30 days prior to submittal of the LIHTC application
Payment & Performance Bond Waiver	\$1,500 per waiver	May 12, 2011	N/A
Probationary Participation	\$1,500 per waiver	May 12, 2011	No later than 30 days prior to submittal of the LIHTC application
Pre-determination of Qualification to Compete	NONE	May 12, 2011	No later than 30 days prior to submittal of the LIHTC application

**INCOMPLETE INFORMATION SUBMITTED WILL NOT BE REVIEWED**

\* Not Applicable to Bond Financed Projects

**State of Georgia Qualified Allocation Plan**

**EXHIBIT A (continued)**

**DCA APPLICATION AND PRE-AWARD DEADLINES & FEE SCHEDULE  
For Profit, Nonprofit, and For Profit/Nonprofit Joint Ventures  
Failure to meet deadlines below will be considered in Experience and Compliance  
Reviews**

	<b>Fees</b>	<b>9% Deadline</b>	<b>4% Deadline</b>
2011 Bond/4% Credit Eligibility Opinion Letter	\$4,500 Resubmission fee of \$500 due to incomplete submissions	N/A	Pre-Application Submission no later than <b>75 days before bond closing</b> (fee not required at application if submitted with pre-application)
2011 Credit Application Fee	\$4,000 For Profits \$4000 For Profits/Nonprofits Joint Venture \$3000 Nonprofits	Application Submission June 23, 2011	N/A
Notification Due to DCA of Alternate Financing Awards	NONE	7/29/11	N/A
Alternate Financing Deadline	NONE	8/12/11	N/A

**9% Application Submission Deadline: 4:00 PM on June 23, 2011**

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

<b>EXHIBIT A (continued)</b>
------------------------------

### DCA POST AWARD DEADLINES AND FEE SCHEDULE

For Profit, Nonprofit, and For Profit/Nonprofit Joint Ventures

Failure to meet deadlines below will be considered in Experience and Compliance Review

	Fees	9% Deadline	4% Deadline
Appraisal Fee (HOME Loans Only)	Based on DCA cost	Upon invoicing by DCA during underwriting	N/A
Bond/4% Credit Processing Fee	7% of annual Federal Credit amount	N/A	Due within 30 calendar days of issuance of Letter of Determination
Certificates of Occupancy	NONE	Issued by local jurisdiction before end of business December 31, 2013	Issued by local jurisdiction before end of business December 31, 2013
Commencement of Construction/Rehabilitation (Projects w/Tax Credit and HOME)	NONE	Must satisfy all conditions necessary to commence construction within one year of date of the initial HOME commitment.	N/A
Commencement of Construction/Rehabilitation (Tax Credit Only Projects)	NONE	No later than September 30, 2012	No later than September 30, 2012
Completion of Work Scope	NONE	No later than December 31, 2013	No later than December 31, 2013
Construction Loan Closing (Tax Credit only Projects)	NONE	No later than August 31, 2012	No later than August 31, 2012
Cost Certification Amendments	\$1,500 per request	At time of request	At time of request
Credit Allocation Fee	7% of annual Federal Credit amount	At time of carryover allocation sent in except for Non Profit sole general partners who can submit at or before construction commencement deadline.	N/A
Credit Compliance Monitoring Fee (calculated on a per unit basis for all project units)	\$150 - USDA 515 Projects \$150 - URFA Bond Projects \$700 - Bond/4% Credit Projects \$700 - Others	Within 18 months of Issuance of carryover allocation, but no later than the project placed in service date or applicant will be assessed a late fee of \$25 per day	Due within 18 months of issuance of Letter of Determination or applicant will be assessed a late fee of \$25 per day
DCA Placed In Service Form	NONE	Within 30 days of the 1st building placed in service	Within 30 days of the 1st building placed in service
Design Documents as fully outlined in the Architectural Manual	NONE	Must be submitted to DCA for review and approval no later than February 1, 2012	Step II Design Development documents must be submitted at time of application.

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

<b>EXHIBIT A (continued)</b>
------------------------------

**DCA POST AWARD DEADLINES AND FEE SCHEDULE  
For Profit, Nonprofit, and For Profit/Nonprofit Joint Ventures  
Failure to meet deadlines below will be considered in Experience and Compliance  
Review**

	Fees	9% Deadline	4% Deadline
Environmental Review Costs	Based on Actual Costs incurred by DCA to retain consultants	Upon invoicing by DCA during underwriting	Upon invoicing by DCA during underwriting
Final Allocation Deadline	NONE	February 15, 2014	September 15, 2014
Final Inspection Fee (for all LIHTC properties, both 4% and 9%, excluding those projects involving HOME funds)	\$3,000 per project	Due within 30 days of final draw but no later than 30 days prior to the placed in service date or a late fee of \$25 per day will be assessed	Due within 30 days of final draw but no later than 30 days prior to the placed in service date or a late fee of \$25 per day will be assessed
Formal Firm Commitments for equity and non-DCA debt (HOME)	NONE	Must be submitted to DCA within 75 days of the carryover allocations	N/A
Front End Analysis (applicable when an Identity of Interest exists between the Developer or Owner and the general contractor)	\$2,700 per project	Due within 15 days of invoicing by DCA during underwriting (HOME Loans Only)	N/A
Georgia Housing Search	NONE	Applicant agrees that if Application is selected for funding, then the Applicant will list all of its existing developments in the Georgia Housing Search within six months of selection	Applicant agrees that Application receives a Letter of Determination, then the applicant will list all of its existing developments in the Georgia Housing Search within six months of selection
HOME Loan Closing	NONE	On or before September 1, 2012	N/A
HOME Loan Conversion	NONE	Within 24 months of the HOME construction loan closing	N/A
LURC Execution	NONE	Prior to submission of cost certification	At or prior to bond closing
Non-Compliant Re-inspection Fee	Minimum of \$50 per unit or file plus travel expenses	Due within 15 days of invoicing by DCA	Due within 15 days of invoicing by DCA
Placement-In-Service	NONE	All buildings in the project must be placed in service by December 31, 2013	All buildings in the project must be placed in service by December 31, 2013

\* Not Applicable to Bond Financed Projects

## State of Georgia Qualified Allocation Plan

Project Application Amendments, Post Award Project Concept Amendments, Post Letter of Determination	\$1,500 per request	At time of submission of request for amendment	At time of submission of request for amendment
---	------------------------	---	---

**Note: All outstanding fees due to DCA must be paid in full prior to issuance of 8609's for all projects receiving an allocation of tax credits per this Plan.**

\* Not Applicable to Bond Financed Projects

**Appendix I  
Threshold Criteria**

**QAP THRESHOLD  
TABLE OF CONTENTS**

I.	PROJECT FEASIBILITY, VIABILITY ANALYSIS AND CONFORMANCE W/PLAN..	2
II.	TENANCY CHARACTERISTICS .....	9
III.	REQUIRED SERVICES .....	10
IV.	MARKET FEASIBILITY (MARKET STUDY).....	10
V.	APPRAISALS .....	12
VI.	ENVIRONMENTAL REQUIREMENTS .....	13
VII.	SITE CONTROL .....	16
VIII.	SITE ACCESS .....	16
IX.	SITE ZONING.....	17
X.	OPERATING UTILITIES.....	18
XI.	PUBLIC WATER/SANITARY SEWER/STORM SEWER .....	18
XII.	LOCAL GOVERNMENT SUPPORT AND COMMUNITY ENGAGEMENT .....	19
XIII.	REQUIRED AMENITIES .....	20
XIV.	REHABILITATION STANDARDS (Rehabilitation Projects Only) .....	22
XV.	SITE INFORMATION AND CONCEPTUAL SITE DEVELOPMENT PLAN.....	23
XVI.	BUILDING SUSTAINABILITY .....	24
XVII.	ACCESSIBILITY STANDARDS .....	25
XVIII.	ARCHITECTURAL DESIGN & QUALITY STANDARDS.....	27
XIX.	QUALIFICATIONS FOR PROJECT PARTICIPANTS (Performance) .....	29
XX.	COMPLIANCE HISTORY SUMMARY .....	34
XXI.	ELIGIBILITY FOR CREDIT UNDER THE NONPROFIT SET-ASIDE .....	35
XXII.	ELIGIBILITY FOR HOMELOANS UNDER THE CHDO SET-ASIDE .....	36
XXIII.	ADDITIONAL HUD REQUIREMENTS* .....	37
XXIV.	REQUIRED LEGAL OPINIONS.....	37
XXV.	GEORGIA HOUSING SEARCH .....	37
XXVI.	RELOCATION AND DISPLACEMENT OF TENANTS .....	38
XXVII.	MARKETING TO POPULATIONS WITH DISABILITIES OR THE HOMELESS.....	39
XXVIII.	OPTIMAL UTILIZATION OF RESOURCES .....	40



## **Appendix I Threshold Criteria**

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

### **I. PROJECT FEASIBILITY, VIABILITY ANALYSIS AND CONFORMANCE WITH PLAN**

**(Additional policies and requirements can be found in the Core Plan of the 2011 QAP, the Application Instructions and the Tab Checklist)**

**A.** OAH will require the development of properties that meet OAH financial underwriting requirements and which have sufficient long-term operating income to secure sustainability. DCA requires that all funding sources be clearly identified. The ownership entity must be structured as a single purpose entity and must be able to clearly show that the project is financially sustainable based on income from operations. Only rental income plus up to a maximum of 2% of gross potential rents in ancillary income will be used in the cash flow analysis. Tax abatements and exemptions, interest credit payments, and other documented sources of commonly accepted forms of expense off-sets will also be considered. However, income from commercial space, fees, charitable contributions or owner contributions will not be considered.

**B.** Construction costs must be reasonably estimated for the specific project when preparing the development budget. In determining whether an Applicant's estimate of construction costs is reasonable, DCA will review internal data from similar projects as well as estimating tools. DCA may request a breakdown of the hard construction cost line items in the event it determines that the proposed costs do not appear to be reasonable and consistent with the scope of work for the project. DCA reserves the right to obtain a review of costs from a qualified outside source.

**C.** Applications must also reasonably estimate operating expenses for the specific project. If insufficient documentation of the basis of real estate taxes is provided by the Applicant, DCA will utilize tax millage rates, construction costs and operating income to determine if real estate taxes are reasonably estimated. Applicants are encouraged to provide documentation support for their estimates of taxes and property insurance for the proposed project. Projects that do not provide a reasonable estimate of operating costs will be determined to be infeasible. Annual operating expenses which differ significantly from average costs for the project area will require clear documentation of the basis for the deviation.

**D.** Applicants must use DCA's Underwriting Policies assumptions and abide by the 2011 Plan, Appendices, Instructions and the Manual. Rent Standards derived from the most recent AMI, FMR, and applicable underwriting utility allowance must be used to determine project rents and rent restrictions. DCA will determine if the application has been submitted in compliance with all application

\* **Not Applicable to Bond Financed Projects**

## Appendix I Threshold Criteria

instructions, tab checklist requirements, and QAP requirements for support documentation, necessary to make a full and complete assessment of the proposed project.

**E.** DCA may request applicants to clarify issues related to project feasibility during its Threshold Review. In response to such clarification requests, the Applicant can only submit documents that were in existence prior to Application Submission day with the exception of final commitments for government sources under consideration at the time of Application submission. Please note that DCA requires that Applications must be complete when submitted. Applicants cannot submit updated applications or new documents after that time. Applications that contain a significant number of missing or incomplete documents will be returned to the Applicant and be deemed a threshold failure.

**F.** Total development cost may be decreased or increased during DCA's review if it is determined that line items are not reasonable or do not accurately reflect the supporting documents. Development budget adjustments during threshold review must be covered by deferred developer fee and not by new financing sources. Applicants may not request that one line item be reduced in order to increase or add an additional line item during the threshold clarification period. Credits will be adjusted accordingly for each adjustment.

**G.** Projects that have a ten year commitment for PBRA will be underwritten utilizing Section 8 rents. However, projects with a commitment for PBRA that is less than ten years will be underwritten at the maximum tax credit rents and/or HOME rents, as applicable.

**H.** DCA may require documentation not specifically included in the minimum documentation requirements established in the Plan to verify the reasonableness of development and operating assumptions. DCA is under no duty to clarify or correct Application errors.

**I. Commitments.** Original preliminary commitments for all financing must be submitted with the Application including but not limited to the following:

• Construction financing	• Operating subsidy agreements
• Non-DCA permanent financing	• Deferred Developer Fee
• Equity bridge loans, if applicable	• Limited partner (Tax Credit) equity
• Project Based Rental Assistance Agreements	

- HUD letters by an authorized official from the Multifamily Housing Division stating that the application is under serious consideration and Lender Preliminary Commitments for HUD assisted projects under 221 (d)(3) or 221

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

(d)(4) program may be submitted with the Application but final MAP Invitations must be submitted by **July 29, 2011**.

- USDA Notice to Proceed with Application Processing and Lender Preliminary Commitment are required for loans to be guaranteed under the USDA Section 538 Guaranteed Rural Rental Housing Program.
- Any grants or other forms of assistance utilized during the construction period, or utilized as permanent financing must be documented.
- Applications that include cost associated with Pre-development Financing must provide copies of the loan documents (Note, Loan Agreement, Guarantees, Security Documents) if the loan has closed, or an original commitment from the proposed lender.
- Developer or general partner equity (financial statements to substantiate such equity must be included if such contribution exceeds or is in addition to the developer fee).
- Federal Home Loan AHP financing commitment from either the Federal Home Loan Bank to the non-profit entity or to the ownership entity is required. If the commitment is to the non-profit entity, then the non-profit should provide a preliminary commitment to the Ownership entity.
- Projects proposing the utilization of Historic Tax Credits must provide documentation of the National Historic designation for the subject project on or before **August 17, 2011**.

In the case of USDA, FHLB-AHP, or HUD loans which are under final consideration at the time of Application, but are not awarded funding, the Applicant may secure alternate financing provided revised Application documents are submitted to DCA on or before **August 17, 2011**. Failure to provide the required documentation for USDA, FHLB-AHP, HUD alternative financing and/or the National Historic designation as stated above may deem the application insufficient and the application may be subject to Threshold failure.

The preliminary commitments must disclose, at minimum, the following:

- The purpose of the loan and use of proceeds,
- The property address,
- The loan amount,
- The interest rate applicable to the construction period. If the construction period rate is floating, the rate index, spread and the frequency of adjustment must be clearly identified
- The interest rate applicable to the permanent period. If the interest rate is to be fixed at the time of funding, the rate index and credit spread must be clearly identified and the indicative rate as of the date of the preliminary commitment must be provided
- All “add-ons” to the base interest rate, including but not limited to MIP, USDA annual guarantee fee, servicing fees, Ginnie Mae guarantee fees, trustee fees, issuer fees, must be clearly identified in the commitment letter
- The general and specific terms and conditions of the loan

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

- The amortization period and term of the loan
- All reserves by the lender/syndicator including, but not limited to, replacement reserve, operating deficit reserve, HUD required program reserves and USDA required program reserves
- In the case of a preliminary commitment from a tax credit syndicator to provide equity: the amount of the asset management fee, and whether or not the asset management fee will be increased annually; if increased, the rate of increase and the priority of payment of the Asset Management Fee
- All financing and related conditions and fees, including but not limited to, loan origination fees, loan placement fees, mortgage insurance premiums (in case of HUD insured loans) and annual guarantee fees (in case of USDA 538 guaranteed loans)
- In the case of loans to be guaranteed under the USDA Section 538 Guaranteed Rural Rental Housing Program, the lender must specify if the annual USDA guarantee fee will be paid out of the Lenders principal and interest payments.
- Applicants that propose financing structures with government programs loans are responsible for correctly reflecting the terms of the loan

**J. Assumption of Existing Debt.** The supporting documentation must disclose, at minimum, the following:

- A letter signed by an officer of the lender whose debt is being assumed which certifies, as of May 31, 2011, (1) the original principal balance of the loan, (2) the current outstanding principal balance of the loan, (3) the current accrued and unpaid interest (4) the current effective interest rate applicable to the loan, (5) the original date of the loan (6) the maturity date of the loan, (7) annual debt service (8) the amortization period applicable to the original loan, (9) that the loan is not currently in default, or if there exists an event of default, or an event that with the passage of time will constitute an event of default, all of the factual data pertinent to said default or said potential default and (10) that the loan has, or has not, been modified (if said loan has been modified and/or restructured in any way, copies of said modification/restructure documents must be provided), (11) the type and current balances of any outstanding reserve accounts.
- A copy of the original Promissory Note and any amendments and/or modification to said Promissory Note
- A copy of the original Loan Agreement and any amendments and/or modification to said Loan Agreement
- A copy of the original Mortgage, Deed to Secure Debt, Deed of Trust or such other security instrument providing security for the loan, and any amendments and/or modification to said security instruments

**K. Deferred Developer Fee.** Any owner's equity shown in the Application, excluding the general partner's contribution required by the Limited Partnership

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

Agreement will be included as a source of funding in the calculation of Credit. This policy will apply at application, 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. Deferred Developer fee must be payable within fifteen years from available cash flow. The deferred portion cannot exceed 50% of the total amount of Developer Fee at initial application.

DCA will accept either method as long as the terms of the deferred Developer Fee meets the requirements as set forth in the Plan. For purposes of calculating the project's annual debt service coverage ratio, the deferred Developers Fee will not be included as debt service.

For purposes of calculation DCA will consider the terms and conditions contained in the debt and equity commitments in determining the project's debt service coverage and its ability to pay the deferred Developer's Fee within 15 years.

For Scattered Site Projects, all units must be developed under one master plan of financing and considered as a single project by all funding sources. The requirements of this threshold category are applicable to the project as a whole.

### **L. Gross Rent Restrictions**

**Tax Credit (only) Rents.** For low-income units receiving Credits, the gross rents may not exceed 30% of 60% of the effective AMI table for the appropriate bedroom size. Applicants should assume 1.5 persons per bedroom.

**HOME Rents with Tax Credits.** For low-income units receiving HOME funds and tax credits, the gross rents may not exceed 30% of 50% of the effective AMI for at least twenty percent (20%) of the low income units, with the balance of low income units not exceeding 30% of the 60% AMI. It is important to note that **all** low income units are limited to HUD's Fair Market Rent for the appropriate bedroom size should it be less than the applicable rent at the proposed AMI. Applicants should assume 1.5 persons per bedroom. For HOME Loans, rents must be affordable at initial lease-up and must remain affordable over the term of the HOME Loan.

Dwelling unit rents must conform to the LIHTC 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 Scattered Site projects, all units must meet the gross rent restrictions.

**M. Unit Cost Limitations.** The per unit cost limits are intended to reflect a cap on the maximum costs which would be approved as reasonable and necessary

\* Not Applicable to Bond Financed Projects

## Appendix I Threshold Criteria

to develop a project in the State of Georgia for purposes of determining tax credit allocations and developer fees. Projects that have estimated costs below these cost limits may still be determined to have costs that are not reasonable.

The maximum allowable developer fee will be calculated based on the allowable total development cost utilizing the Base Per Unit Cost Limits. The maximum amount of tax credits allocated to a project will be calculated using these limits. DCA will not accept any requests for unit cost limit waivers at the pre-application or Application.

For new construction and acquisition/rehabilitation projects, the Base Per Unit Cost Limit for both Tax Credit and HOME funding must not exceed the following:

<u>Unit Type</u>	<u>Cost Limit</u>
Efficiency	\$110,481
1 Bedroom	\$126,647
2 Bedroom	\$154,003
3 Bedroom	\$199,229
4 Bedroom +	\$218,693

For Brownfield projects, the unit cost limit is the following:

<u>Unit Type</u>	<u>Cost Limit</u>
Efficiency	\$132,577
1 Bedroom	\$151,976
2 Bedroom	\$184,804
3 Bedroom	\$239,075
4 Bedroom +	\$262,432

For Historic Rehabilitation projects that qualify for scoring point(s) under Historic Designations, the unit cost limit is the following:

<u>Unit Type</u>	<u>Cost Limit</u>
Efficiency	\$121,529
1 Bedroom	\$139,312
2 Bedroom	\$169,403
3 Bedroom	\$219,152
4 Bedroom +	\$240,562

The increased limits for historic rehabilitation projects will only be applicable to that portion of the project that qualifies as a historic development.

The total development cost for the project at the time of the Application cannot exceed the DCA per unit cost limitations unless the Applicant obtains funding from a foundation or other not-for-profit charitable organization in the amount

\* Not Applicable to Bond Financed Projects

## Appendix I Threshold Criteria

equal to or greater than the development cost that exceeds DCA's unit cost limitations, in which case a funding commitment letter from such foundation or charitable organization must be included in the Application and such funds must be included as part of the project sources of funds in the Application and final cost certification if applicable. In calculating the maximum of credits which can be allocated to the project, DCA will not include these funds in the gap calculation.

For Scattered Site projects, all units must meet the per unit cost limitation requirements.

**N. Operating Utility Allowance (UA).** Applicants must establish utility allowances for the property prior to placing the first building in service through the compliance period or through the period of affordability. In Georgia, the following methods may be used:

1. USDA-Assisted Buildings. If a building receives assistance from the USDA (formerly called the Farmer's Home Administration, or FmHA), the USDA-prescribed utility allowance applies to all rent-restricted units in the building. The USDA-approved allowance applies even if the building is assisted by any other program or agency. Examples of USDA assistance include assistance provided under the USDA Section 515 rural rental loan program and USDA rental assistance. Projects funded with USDA 538 loan guarantee must use the DCA Utility allowance.
2. Buildings with USDA-Assisted Tenants. If any resident of a building receives USDA rental assistance, the USDA-approved utility allowance applies to all rent-restricted units in the building. This is even the case if residents of some units receive rental assistance from the U.S. Department of Housing and Urban Development (HUD).
3. HUD-Regulated Buildings. If neither a building nor any resident in the building receives USDA assistance, and HUD annually reviews the rents and utility allowances for the property (such as for Section 8 and Section 236 projects), the HUD-prescribed utility allowance is used. This rule doesn't apply to buildings that have only FHA-insured mortgages.
4. Other Buildings. If a building is neither an USDA-assisted nor HUD-regulated property, and no tenant in the building receives USDA rental assistance, there are two possible methods for establishing the utility allowance. These include:
  - A. The utility allowance established by the Public Housing Agency (PHA) that administers the Section 8 Program in the locality where the property is located. However, the electric allowances may be calculated as outlined in Section B below.

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

### **B. HUD Utility Schedule Model, or**

Local Utility Provider Estimates/Estimates Based on Actual Usage, or

Energy Consumption and Analysis Model (licensed engineer or qualified professions providing this model must be approved by DCA prior to submission of the Model.

**Please note that for purposes of underwriting the 2011 Application, only method A above will be accepted for purposes of completing the Application pro forma.**

On July 29, 2008, the IRS issued amendments to the utility allowance regulations. This regulation does not include Internet, cable and phone service under the definition of "utility". On May 5, 2009, the IRS released Notice 2009-44 to clarify that utility costs paid by a tenant based on actual consumption in a sub-metered rent-restricted unit are treated as paid directly by the tenant for purposes of IRC 42(g)(2)(B)(ii), which requires that the rent for low income units include a utility allowance if the tenant pays the utilities. Additional guidance may also be found in the "8823 Guide".

## **II. TENANCY CHARACTERISTICS**

All Applicants must designate the proposed project as either a Family Project, or a Senior Project.

**A. Family Project.** A Family project is designed to foster development of housing for families and to encourage community activities from within the neighborhood.

**B. Senior Project.** A Senior project meets one of the following requirements:

- It is intended for, and solely occupied by, individuals 62 years of age or older; **or**
- It is intended and operated for occupancy by at least one individual 55 years of age or older per Unit, where at least 80% of the total housing Units are occupied by at least one individual who is 55 years of age or older; and where the Owner publishes and adheres to policies and procedures which demonstrate an intent by the owner and manager to provide housing for individuals 55 years of age or older

**C. Other.** Projects that have funding from a program which has a different tenancy definition than those set forth above should contact DCA for instructions on this section.

\* Not Applicable to Bond Financed Projects



## **Appendix I Threshold Criteria**

### **III. REQUIRED SERVICES**

All Family Projects must include at least one (1) basic ongoing service from the following categories and Senior Projects must include two (2) basic ongoing services from two different categories below:

- Social and recreational programs planned and overseen by the project manager (semi-monthly birthday parties/holiday dinners or parties/potluck dinners, movie nights, bingo, etc); or
- Semi-monthly classes conducted on site (example: arts and crafts, exercise, computer tutoring, gardening);
- Other services as approved by DCA.

Applicants must certify at Application Submission that they will designate the specific services and meet the additional policies related to services. These required services must be identified in the Threshold Criteria Tab on the Core Application Form.

#### **Additional Policies Related to Services**

A final, binding contract for all proposed services must be submitted to the DCA Compliance Manager before issuance of IRS form 8609.

- 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 100 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.
- For very small rural projects, Applicants may request a waiver of service requirements if there is insufficient participation in a service.

### **IV. MARKET FEASIBILITY (MARKET STUDY)**

Applicants must submit a market study by a DCA approved analyst showing that there is adequate market demand for the project. The study must be prepared by

\* Not Applicable to Bond Financed Projects

## Appendix I Threshold Criteria

a market analyst approved by DCA and clearly state that there is sufficient demand for the project and the project will stabilize within DCA requirements. The market study must be prepared in accordance with DCA guidelines and must be in the format required by the DCA Market Study Manual. Market studies must accurately reflect the rental structure and unit mix of the proposed project. It is applicant's responsibility to ensure that the market study accurately reflects the submitted application and meets all DCA requirements. The accuracy and outcomes of the Market study will be considered in the scoring of applications. While DCA will use the conclusions of the analyst in determining whether the project is marketable, DCA will not be bound by the opinion or conclusions reached by the market analyst. DCA will review the market study, rent rolls and project data of similar projects located in close proximity to the proposed project in determining whether the project will be able to achieve the desired lease up to be feasible.

DCA will also carefully analyze existing DCA projects located in close proximity to the proposed project to determine if selection of the project will have significant adverse financial impact on existing affordable housing inventory.

The following factors will generally be considered by DCA to be indicative of Market feasibility for HOME, 4% tax exempt Bond projects, and 9% Tax Credit projects.

- Market capture rates 30 percent or less for **all** 1 bedroom units, 30 percent or less for **all** 2 bedroom units, 40 percent or less for **all** 3 bedroom units and 50 percent or less for all 4 or more bedroom units in the project
- In Rural areas (as defined), market capture rates of 35 percent or less for **all** 1 bedroom units, 35 percent or less for **all** 2 bedroom units, 40 percent or less for **all** 3 bedroom units and 50 percent or less for all 4 or more bedroom units in the project
- The overall capture rate for **all** Tax Credit Units shall not exceed 30 percent for Urban Counties and 35 percent for Rural areas and the overall capture rate for **all** Market Rate Units shall not exceed 30% for Urban Counties and 35% for Rural areas
- Market capture rates for each AMI market segment type (i.e. 30%, 50%, 60% & market) for each **bedroom type** shall not exceed 70% for **all** bedroom types proposed in each segment
- An absorption period less than 24 months to reach stabilized occupancy
- Stabilized occupancy rate of 93% or above
- Unit mixes or target populations supported by the market
- No adverse impact to the occupancy 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

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

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;
- Units with project based rental assistance (PBRA)
- Ability of market rate units to lease at the projected rents
- All requirements as outlined in the Market Study Guide.

For existing occupied properties that are going to be rehabilitated, market analysts shall consider retention of current occupants in their demand calculations. Retention is measured by the number of tenants that are not rent burdened or over-income that are projected to reside at the property during and after the proposed renovations.

For Senior projects (Elderly and Housing for Older Persons), demand may include residents from outside the market area, converting from homeownership and seniors living with and/or supported by their children as documented by the market analyst. 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. All requests for a DCA ordered market study for 4% tax credits submitted in May through September will need to have all pending 9% tax credit applications considered in demand calculations

For scattered site projects, the market study requirements must be met for the project as a whole.

### **V. 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.

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 "as is" value, "as built/as complete" (encumbered), "as built/ as complete " (unencumbered) values of the proposed subject property and, tax credit value. The "as is" value shall delineate the value of the land and building. The appraisal shall conform to USPAP standards. The appraisal will provide an estimate of the market value (unencumbered) of the property at loan maturity. The total hard cost of any project may not exceed 90% of the as completed unencumbered appraised value of the property. Upon completion of the commissioned appraisal, any project found not to meet this requirement will have their funding award revoked.

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

**The DCA appraisal may be assignable to other lenders. In instances where the senior lender obtains the appraisal, DCA will accept such appraisal as long as DCA's guideline requirements are met and DCA is given the right to rely on the appraisal by the appraiser.**

### **A. Applicant Commissioned Appraisals**

1. *Identity of Interest.* DCA policy requires that the Applicant obtain an appraisal of the value of a property if there is an identity of interest between the buyer and the seller. This appraisal must be submitted with the Application. DCA will carefully scrutinize the sales price of land between related parties to ensure that the value has not been inflated. While the appraisal will be an indication of fair market value, DCA will consider tax values as well as actual sales price established as indicative of the value of a property. All property values shall associate a land value as well as a value for the improvements. The appraisal shall conform to USPAP standards.

Properties which have been in the control of the Applicant or a related party for a period of three (3) years or less will generally be valued at the acquisition cost at the time the related party obtained initial site control. Properties that have been rezoned, subdivided or modified will not be deemed to be of higher value based on the actions taken by the Owner/Applicant or any related party.

For Scattered Site Projects, an appraisal establishing "as-is" value will be required for each non-contiguous parcel where an identity of interest exist between the buyer and seller.

2. *Selected Projects.* DCA may require that all tax credit only projects selected for funding provide an appraisal commissioned by a lender or a DCA approved appraiser on or before closing. This appraisal must support the purchase price as well as the value of the property upon completion.

## **VI. ENVIRONMENTAL REQUIREMENTS**

**(Applicants should note that many of the environmental requirements from the QAP have been included in the Environmental Manual and are incorporated herein by reference.)**

### **A. General**

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

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

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 Scattered Site Projects, the environmental requirements must be met for each noncontiguous parcel.

### **B. Environmental Study**

Applicants must include a Phase I and all required Phase II environmental studies in the Application. These studies must be prepared in accordance with the DCA 2011 Environmental Manual. The Applicant and the Qualified Environmental Professional must sign the environmental certification form and include it in the Application.

The Phase I Environmental Study must fully address all recommendations of the consulting environmental engineer. If a Phase II is recommended, all testing must be completed prior to Application Submission.

The Phase I (and Phase II when recommended by the Environmental Professional) Environmental Study must have been conducted within six (6) months of the Application Submission. 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 also be included in the Application along with a new Environmental Study.

In addition to compliance with the standards developed by the American Society for Testing and Materials' ("ASTM") and set forth in the "Standard Practice for Environmental Site Assessments, Phase I Site Assessment Process.", ASTM 1527-05, DCA requires the following non-scope items be investigated:

- a. Flood Plains/Floodways
- b. Wetlands
- c. State waters/streams/buffers & setbacks
- d. Lead based paint
- e. Asbestos containing materials
- f. Noise
- g. Water leaks , mold and lead in drinking water
- h. PCBs
- i. Radon
- j. Endangered species
- k. Historic designation

### **Additional Environmental Requirements for HOME/HUD funded Projects, including but not limited to PBRA**

\* Not Applicable to Bond Financed Projects

## Appendix I Threshold Criteria

All developments utilizing HOME or HUD funds are required to assess the environmental effects of that activity in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and HUD regulations at 24 CFR Part 58. DCA requires applicants to conduct various activities required for the environmental review process at HOME application, including a Phase I Environmental Assessment (EA), as outlined in the Environmental Manual.

The Applicant, as outlined in the HOME/HUD Environmental Questionnaire, must complete additional requirements for HOME/HUD funded projects including, but not limited to, the Eight-Step process and HUD publication procedures. Evidences of the Eight Step process must be submitted either in the Application or no later than August 17, 2011.

- **Eight-Step Process:** Projects located within a flood hazard area or designated wetland are subject to Executive Order 11988 (Floodplain Management) and Executive Order 11990 (Protection of Wetlands) respectively. HUD's implementing regulations at 24 CFR Part 55 -- "Floodplain Management" prescribe measures for protecting floodplains, and when amended, for protecting wetlands. Under the provisions of these Executive Orders, HUD must avoid financial support for covered activities, unless it can demonstrate that there are no practicable alternatives outside the floodplain or wetland. Therefore, if jurisdictional wetlands will be filled or impacted and/or construction and landscaping activities will occupy or modify a floodplain/floodway, documentation that the Eight-Step process has been followed as mandated by 24 C.F.R. §55.20 for wetlands and floodplains must be provided as a part of the HOME and HUD Environmental Questionnaire. The decision making process for compliance with this part contains eight steps, including public notices and an examination of practicable alternatives. The steps to be followed in the decision making process are outlined in the 2011 Environmental Manual. **Applicants should note that the 8-step process must be commenced prior to Application and completed no later than September 15, 2011. The process also now has a new requirement regarding FEMA notification. Applicant is responsible for providing documentation to DCA upon completion of the process.**
  
- **HUD Environmental Clearance & Publication Requirements:** DCA, as the responsible entity (RE) referred to in 24 CFR §58.43, Environmental Review Procedures for Entities Assuming HUD Responsibilities, is responsible for undertaking environmental reviews for proposed HOME projects. In this capacity, DCA must ensure that the environmental review process is satisfied before certain HUD funds are committed to specific projects. Therefore, when initial awards of HOME funds are announced, DCA will publish notices of its intent to allocate HOME funds in local newspapers in the proposed project's areas. After comments, if any, have been received, HUD will review the comments to determine if there has being a finding. Once that process is complete and there has been no finding, DCA will seek HUD's approval of its

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

commitment of HOME funds to the proposed project. In order to ensure that the environmental review process is not challenged, Owners and/or Developer of proposed projects must, once applications are submitted, refrain from undertaking activities that could have an adverse environmental impact prior to the receipt of an environmental clearance letter from DCA removing the stipulated conditions. Such activities include: acquiring, rehabilitating, converting, leasing, repairing, or constructing property. As a result, an Applicant can not commit or expend HUD or non-federal funds until the environmental review process has been completed.

For Scattered Site Projects, the environmental requirements must be met for each noncontiguous parcel.

### **VII. SITE CONTROL**

Site control must be in the form of (1) a warranty deed that conveys title to the subject property to the current General Partner or proposed LP or 2) a legally binding contract to purchase the proposed project site in the name of the General Partner or proposed LP (or which provides for an assignment to the General Partner or proposed LP), 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 competitive applications, contracts must be executed prior to Application Submission deadline, must include a discernable contract price, must be signed by the purchaser and seller, must include a legal description of the property and must provide legal control of the site to the proposed General Partner or proposed LP at least through October 31, 2011. Site control must be in place through estimated bond closing date for a 4% tax credit project.

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 October 31, 2011, the renewal option in such contract must be enforceable by the Applicant until October 31, 2011. 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 Scattered Site Projects, evidence of site control is required for each non-contiguous parcel.

### **VIII. 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

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

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 must meet the above criteria.

### **IX. 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 (copy of the applicable sections of the zoning ordinance for the stated classification) and all conditions of these zoning and land use classifications. If the project is requesting HOME or HUD funds, the Local Government official must also comment on whether the project will include the development of prime or unique farmland (Please see the HOME and HUD Environmental Guidance for additional information). 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 Applicant must provide documentation that demonstrates that the site layout conforms to any moratoriums, density, setbacks, or other imposed requirements of the Local Government. This documentation must be demonstrated on the Architectural Site Conceptual Development Plan either graphically or in written form.

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.

For Scattered Site Projects, site zoning requirements must be met for each noncontiguous parcel.

\* Not Applicable to Bond Financed Projects



## **Appendix I Threshold Criteria**

### **X. 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 submission. 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 must be on letterhead, bear 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.

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.

For Scattered Site Projects, operating utilities requirements must be met for each noncontiguous parcel.

### **XI. 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 the existing water and sewer services to the project, and commitments from the water and sewer authorities to extend the existing 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 the existing public water and sewer service to the site. These letters from the appropriate public water and sewer authorities must be on letterhead and 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 the

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

construction of a water/sewer system, 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.

Applicants may request a waiver of these requirements for the development of single family detached units located in rural areas where no existing public water or sewer systems are available. Waivers will only be considered where each single family home is served by a separate system. No shared systems will be permitted and the waiver request must be accompanied by an engineering report confirming the availability of water and the percolation of the soil. The report must provide an opinion on the suitability of the location to make these options a viable alternative.

For Scattered Site Projects, Public Water/Sanitary Sewer/Storm Sewer requirements must be met for each noncontiguous parcel.

### **XII. LOCAL GOVERNMENT SUPPORT AND COMMUNITY ENGAGEMENT**

No proposed project shall be entitled to receive a tax credit allocation unless the local government and residents of the community are notified and provided with a reasonable opportunity to comment on the proposed project. Local government support and community participation in the decision process are important to the long term sustainability of a project. DCA will consider the response of the local government in determining whether there is sufficient local government support to ensure the success of the proposed project.

**Documentation should include evidence of public meetings and presentations regarding the proposed project to local government and residents of the community. Additional documentation such as resolutions of support or letters of support from local government officials may also be included but are not required. DCA will also give each local government an opportunity to comment on the project during the formal review process.**

### **XIII. REQUIRED AMENITIES**

#### **A. Standard Site Amenities**

All properties must include the following on-site amenities:

- A community room or building,
- An exterior gathering area such as a gazebo or exterior covered porch located in a central area,

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

- An on-site laundry (1 washer and 1 dryer per every 25 units) or washers and dryers installed and maintained in every unit.

All the above amenities, with the exception of the on-site laundry, must be available to the tenants at no additional charge.

A Phased Tax Credit project with a previously funded phase generally should not share amenities. In limited circumstances, DCA may grant a waiver of this requirement.

### **B. Additional Site Amenities**

All properties must include at least two Additional Site Amenities for projects that have 125 units or less. Properties with more than 125 units must include at least four Additional Site Amenities.

A Phased Tax Credit project with a previously funded phase may be able to share some additional amenities. Applicants must contact DCA prior to Application Submission to determine the number of additional amenities that must be included in the new phase. DCA will consider the proximity and quality of the shared amenities in determining whether some amenities may be shared.

All amenities must meet the criteria set forth in the Amenities Guidebook which can be found on the DCA website under the architectural manual section.

#### *Additional Amenity Pre-Approvals*

Additional amenities not contained in the Amenities Guidebook must be approved by DCA prior to Application Submission. Applicants should submit a request for approval of additional amenities in accordance with Exhibit A to the Core Plan: Request for approval of additional amenities must include a detailed description of the amenity following the description format of the Amenities Guidebook and must include justification of the appropriateness of the option for the targeted population.

### **C. Unit Amenities**

All units must include the following:

- HVAC systems
- EnergyStar refrigerators
- EnergyStar dishwashers
- Stoves
- Powder-based stovetop fire suppression canisters installed above the range cook top, or electronically controlled solid cover plates over stove top burners

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

### **D. Additional Requirements and Amenities for Senior projects (Elderly and Housing for Older Persons)**

- Elevators must be installed for access to all units above the ground floor
- Buildings more than two story construction must have interior furnished gathering areas in several locations in the lobbies and/or corridors
- 100% of the units must be accessible and adaptable, as defined by the Fair Housing Amendments Act of 1988

Applicants must enter all selections in the Threshold Criteria tab on the Application Form.

For Scattered Site Projects, required amenities must be met for each noncontiguous parcel unless a waiver is granted by DCA.

## **XIV. REHABILITATION STANDARDS**

### **A. Rehabilitation Construction Hard 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.

The minimum review standards for rehabilitation projects are as follows:

- The expected life of the completed property must be fifteen years
- All construction must meet the requirements set forth in the Manual.
- Average per unit rehabilitation hard costs equal or exceed:
  - \$25,000 for properties 20 years old or less
  - \$30,000 for properties that exceed 20 years old
- The costs of community buildings and common area amenities are not included in these amounts.
- The total hard cost of any rehabilitation project must not exceed 90% of the as-completed unrestricted appraised value of the property. (DCA may commission or request an appraisal of a proposed property for purposes of determining whether this requirement has been met.)
- DCA may grant a waiver to projects that will not meet the above per unit average rehabilitation hard cost only if the physical needs assessment clearly documents that the existing property does not require a comprehensive rehabilitation. A certification from the architect must also be provided documenting that the proposed work scope is sufficient to ensure that the completed project will be viable and meet the DCA Useful Life Requirements.

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

DCA may require as a condition of the waiver, that the financial pro forma clearly provide for the full funding of the capital replacement reserve.

- All projects that propose rehabilitation must comply with building codes for new construction Life Safety Code regarding stairs, handrails, guardrails, smoke detectors, fire alarms, and unit fire separation (attic draft stops, fire separation, rated party walls and floor/ceiling components, and caulking of all penetrations in the fire assemblies). Life Safety items that do not meet current codes will not be 'grandfathered' in.
- DCA does not distinguish between new construction and rehabilitation regarding accessibility requirements. This may include moving partitions to accommodate required clearances.
- Upon completion of rehabilitation activities, the property will be in full compliance with the Uniform Physical Conditions Standards (UPCS). This may include significant investment in asphalt paving and concrete sidewalks.

### **B. Physical Needs Assessment**

For rehabilitation projects, a Physical Needs Assessment (PNA) completed by a DCA qualified consultant must be included in the Application, and prepared in accordance with instructions set forth in the Rehabilitation Guide in the Architectural Manual. Physical Needs Assessments are also required for adaptive reuse projects.

In the event DCA determines that the PNA does not address a major structural issue, Building Code, health, safety and/or marketing issues, DCA reserves the right to perform its own PNA and the Application may fail this Threshold requirement.

### **C. Work Scope and Budget**

A comprehensive work scope with budgeted construction costs including must be included in the same tab with the Physical Needs Assessment. DCA must be able to determine that the work scope addresses:

- all immediate needs identified in the PNA and
- all application threshold and scoring requirements
- all applicable architectural and accessibility standards
- all remediation issues identified in the Phase I Environmental Site Assessment
- This comprehensive work scope should be completed by the Owner/Applicant, Architect and Contractor. DCA must be able to determine that all major issues identified in the PNA and Environmental Reports are included in the work scope and construction budget.
- The work scope shall be presented in the format included in the Rehabilitation Guide which will include materials quantities and line item costs.
- Scope of work shall not include repairs on an "as needed" basis.

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

- The final construction documents outlining the scope of work must be submitted to DCA in accordance with the timelines outline in the Core section of the QAP.
- DCA will not allow material changes in the scope of work between selection and the commencement of construction.

In the event DCA determines that the work scope and budget fail to address a major structural issues, Building Code, health, safety and/or marketing issues, the Application may fail this Threshold requirement.

For Scattered Site Projects, Physical Needs Assessment requirements must be met for each noncontiguous parcel.

### **XV. SITE INFORMATION AND CONCEPTUAL SITE DEVELOPMENT PLAN**

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

- Easements to be defined and indicated on plan;
- Wetlands, floodplains, and state waters located with areas of disturbance calculated for the Wetlands;
- Use of all adjacent properties clearly defined both graphically and in written form;
- Zoning setbacks and restrictions graphically indicated;
- 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 all site development amenities; and,
- All site amenities indicated in the Scoring Criteria on the Application Form must be located on the site plan;
- All areas of tree and vegetation preservation must be defined.

DCA does not require an ALTA Survey for purposes of developing the conceptual site development plan. DCA may require a boundary survey if the precise location of the subject project is in question.

Waivers for variances from any architectural standard in the Architectural Manual must be submitted to DCA prior to the Application Submittal in accordance with Exhibit A to the Core Plan: DCA Pre-Application Deadlines and Fee Schedule.

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

For Scattered Site Projects, Site Information and Conceptual Site Development Plan requirements must be met for each noncontiguous parcel.

### **XVI. BUILDING SUSTAINABILITY**

All completed properties must achieve a minimum standard for energy efficiency and sustainable building practices. At minimum, all units at all projects must comply with the following. (Historic properties may apply for an exemption when compliance means loss of historic character-defining features and finishes)

- HERS rating of 85 or less. Obtain verification by a certified HERS rater that the worst case unit has a pre-construction index of 85 or less. Written verification of compliant energy modeling must be provided with Step II design documents submittal. The HERS Index is a scoring system established by the Residential Energy Services Network (RESNET) in which energy modeling software compares a proposed home design to a home built to 2006 International Energy Conservation Code specifications. The lower a home's HERS Index, the more energy efficient it is in comparison to the code model.
- Measured duct and building envelope leakage. Verification by certified HERS rater of a HVAC system duct leakage rate and dwelling unit air infiltration rate that meets or exceeds the EnergyStar BOP (Builder Option Package) requirements for the appropriate project specific climate zone (the duct leakage rate for all climate zones in Georgia is < 4 cfm/100 square feet; dwelling unit air infiltration rate for climate zone 2 is an ACH 50 of 7 and for climate zones 3 and 4 is an ACH 50 of 6). Verification testing must follow the EnergyStar testing protocol. Test reports verifying compliance must be submitted at either the LIHTC final certification or HOME Loan final construction draw, whichever comes first. Projects that plan to utilize Packaged Terminal Air Conditioners (PTAC's) or mini-splits for all units are exempt from this requirement.
- Attic insulation R-38
- Wall insulation R-15
- Bathroom fans. Maximum allowable sound level of 2.0 sones, minimum 80 cfm, minimum efficiency level of 1.4 cfm/watt. Connect fans to the light switch or provide fans with motion sensor.
- Lighting. Install fluorescent lights for at least 80% (by fixture count) of the required indoor lighting
- Glazing. Install double-pane low-e windows and door glazing with U-Value <0.4, SHGC <0.4.
- Plumbing fixtures. In all units: shower heads <2.0 gpm, bathroom faucets < 2.0 gpm
- Community Laundry. All washers in community laundry are front-loading, EnergyStar rated
- Low VOC wall and floor finishes

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

- Water heaters: Energy Factor .62 for gas or .93 for electric
- EnergyStar appliances (refrigerators, dishwashers, washing machines provided by owners in units)

The final construction documents must clearly indicate all components of the building envelope and all materials and equipment that meet these requirements. Refer to the Architectural Manual for additional information on basic design, appliances, and equipment

For 4% LIHTC Bond financed properties only, each project must also include additional sustainability items as outlined in the Exhibit A to Appendix I Building Sustainability Certification. The Building Sustainability Certification must be submitted with the Step II architectural documents submission detailing how the minimum standard will be achieved.

### **XVII. ACCESSIBILITY STANDARDS**

#### **A. 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 Amendments Act of 1988, and Americans with Disabilities Act, Georgia Fair Housing Law and Georgia Access Law as set forth in the 2011 Accessibility Manual. All New Construction projects that receive allocations or funding under the Plan must comply with Section 504 of the Rehabilitation Act of 1973 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 2011 Architectural and Accessibility Manuals.

#### **B. 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. Roll-in showers must be incorporated into 2% of these units (but no fewer than one unit); 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.

\* Not Applicable to Bond Financed Projects



## **Appendix I Threshold Criteria**

- DCA does not distinguish between new construction and rehabilitation regarding accessibility requirements. This may include moving partitions to accommodate required clearances.

The same unit cannot be used to satisfy the 5% and 2% requirement.

**C. Each project selected for allocation is required to retain a DCA Qualified consultant to monitor the project for accessibility compliance.** The consultants must perform a pre-construction plan review and inspect the project at least 3 times during construction, presumably to monitor grading operations, framing, and final compliance. DCA must be copied on all reviews/reports.

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

For Scattered Site Projects, the 5% and 2% requirements are applicable to the project as a whole; however, distribution of the units must be across the non-contiguous parcels.

### **XVIII. ARCHITECTURAL DESIGN & QUALITY STANDARDS**

All applications must meet the Architectural Standards contained in the Architectural Manual for quality and longevity. The standards are intended to promote the integration of new construction/rehabilitation into the existing community and to promote sustainable design and the protection of resources. The marketability of the property and appearance of the site are important components in the final product.

#### **A. Constructed and Rehabilitation Construction Hard 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.

**The minimum review standards for rehabilitation projects are as follows:**

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

- 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 \$25,000 for properties 20 years old or less and the average per unit rehabilitation hard costs equal or exceed \$30,000 for properties that exceed 20 years old.
- The total hard cost of any rehabilitation project must not exceed 90% of the as-completed unrestricted appraised value of the property.
- The costs of furniture, fixtures, construction of community buildings and common area amenities are not included in these amounts.
- DCA may grant a waiver to projects that will not meet the above per unit average rehabilitation hard cost only if the physical needs assessment clearly documents that the existing property does not require a comprehensive rehabilitation. A certification from the architect must also be provided documenting that the proposed work scope is sufficient to ensure that the completed project will be viable and meet the DCA Useful Life Requirements. DCA may require as a condition of the waiver, that the financial pro forma clearly provide for the full funding of the capital replacement reserve.

### **B. Standard Design Options for All Projects**

Projects must choose from the standard design options as detailed below and enter each selection in the Threshold Criteria tab of the Application.

#### *1. Exterior Wall Finishes*

Select and enter in the Threshold Criteria tab of the Application **one** category from this list:

- 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's 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.
- For the rehabilitation of buildings that are eligible for historic preservation credits, maintain and, if necessary, replace with matching materials, the existing or original exterior finish surfaces including the front wall face, rear wall face and both side wall faces.
- For the rehabilitation of buildings that do not have existing brick or stone in excess of 40% (and are not eligible for historic credits), 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 with brick or a product that provides a 40 year warranty.

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

- For single story buildings, the total building envelope shall have 35% minimum brick coverage; remaining 65% must be fiber cement siding or stucco.

Additional materials with proven longevity may be approved by DCA prior to Application Submittal. Applicants should submit a request for approval in accordance with Exhibit A to the Core Plan:

### *2. Attractive Features*

Construction must exhibit attractive features that must be included on all sides and rear of all buildings. Select **two** of the following features and enter in the Threshold Criteria tab of the Application:

- The recreation of existing or missing known historic decorative elements on all sides of existing historic or non-designated buildings. (Note: The addition of conjectural decorative elements is not eligible for this option)
- The addition of decorative elements such as new shutters and ventilation elements for both new and non-historic existing construction.
- The addition of or the redesign of existing covered entries to all buildings and units for both new and existing construction.
- The addition of new or redesign of existing durable attractive stair and railing elements at stairs and porches/patios for both existing and new construction.

### *3. Major Building Component Materials and Upgrades*

For all construction types major building component materials may be upgraded from the minimums as delineated in the Architectural Manual. Select **one** from the following list and enter in the Threshold Criteria tab of the Application:

- Fiber cement siding, hard stucco and/or wood siding installed on all exterior wall surfaces not already required to be brick (Rehabilitation projects that do not propose adding 40% brick or maintaining existing 40% brick are not eligible for this option.)
- Upgraded roofing shingles, or roofing materials (warranty 25 years or greater)
- Interior package upgrade:
  - upgraded interior doors with lever hardware (Doors must have paneled facing with superior core construction)
  - upgraded interior cabinetry. (All wood construction. Exterior finishes may be wood or plastic laminate)
  - upgraded flooring materials, both carpet and other resilient flooring materials. (All flooring materials must be upgraded to qualify. The

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

installation or restoration of wood flooring with a high impact sealed finish would qualify)

### **4. Landscaping and Site Design Features**

Select **two** landscaping and site design features from the following list and enter in the Threshold Criteria tab of the Application:

- Site entry location(s) delineated with permanent, illuminated entry sign and decorative fence and seasonal plantings
- Freestanding shelters (not included in the amenities requirements), such as mail pickup areas and transportation stops
- Preservation of existing trees and vegetation covering at least 25% of the acreage of the site, 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 this option
- 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 two-inch (2") diameter and at a ratio of one tree for every 8 units. For properties where the density is greater than 20 units per acre, a ratio of one tree for every 16 units will be acceptable. The trees must be integrated with other areas of planting throughout the property.

Consideration will be given to additional design options not listed above if proposed by the Applicant prior to the Application Submittal in accordance with Exhibit A to the Core Plan: DCA Pre-Application Deadlines and Fee Schedule. Proposals must include a detailed description of the design option and justification of the appropriateness of the option for the targeted population.

## **XIX. QUALIFICATIONS FOR PROJECT PARTICIPANTS (Performance)**

### **A. Overview of Qualification Requirements**

Each Project Participant Team (general partner and developer, or their principal(s) thereof) must demonstrate the qualifications necessary to successfully own, develop and operate the proposed tax credit project. DCA will undertake a comprehensive review of the proposed Project Participant team as a whole to determine that it has the financial capacity, credit history, technical skill, and performance history to successfully own and develop a tax credit project that receives an allocation of credits under the 2011 Qualified Allocation Plan. While DCA recognizes the importance of developing capacity in the development community, current economic conditions require that Project Participant Team as a whole demonstrate proven ability to develop a project concept and financing

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

structure, complete a competitive application for tax credits, obtain financing and syndicator commitments quickly, close on the financing, negotiate and contract with general contractors for the construction or rehabilitation of the project, oversee construction, comply with tax credit program regulations, meet statutory deadlines and successfully lease up and operate the completed project. For purposes of reviewing the qualifications of the proposed Project Participant Team, DCA will review the proposed project team's experience and capacity to perform all of these functions.

**Full Disclosure - DCA requires full disclosure of who is involved in a proposed tax credit development. The following are the rules of disclosures for this category.**

1. DCA requires complete disclosure of **all** entities and individuals in the Project Participant Team organizational structures.
2. DCA requires complete disclosure of all real estate and commercial loans for the project team through the submission of a complete and accurate real estate properties disclosure.
3. Any relationship between individuals or entities of the Project Participant Team that could constitute a conflict of interest or identity of interest between the parties must be disclosed.
4. Complete organizational charts must be submitted for the Owner and Developer entity that clearly show all principals down to individuals involved in the ownership and development of the project. Please note that no change to the project owner/developer structure can be made without the express consent of DCA.
5. **All** Development fee sharing arrangements must be disclosed. DCA considers all individuals or entities that receive a portion of the Development fee to be part of the Development structure.
6. **All** Guarantor agreements must be disclosed.
7. **All** consulting agreements - direct or indirect, paid or unpaid - shall be disclosed.
8. Any Project Participant Team member that has withdrawn or been involuntarily removed from a HOME or Tax Credit project in the last thirty-six months must disclose this information to DCA as part of its eligibility submission.
9. All pending litigation.
10. Significant non performance in a government program must be disclosed.
11. Any Project Participant Team member that has an adverse credit history including but not limited to a default in the payment of any commercial or personal loan must disclose that information.

**Principal** shall generally be defined as an individual who has at least a direct ownership interest in the general partner and developer entity and who materially participates in the ownership, development and operation of the project through

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

regular, continuous and substantial involvement. For purposes of a non profit entity, DCA will consider the executive director as a principal.

In the event a Project Participant Team undergoes a personnel change which results in the departure of key experienced staff, DCA at its discretion, may determine that previous projects owned and developed under the direct supervision of the departed staff will not be considered in this analysis.

### *Adverse Conditions*

In the event that DCA determines that there are adverse conditions which may effect any of the Project Team members as a result of their credit history or past involvement in real estate development, DCA may determine that a Project Team is not qualified. For purposes of determining whether adverse conditions will affect the qualifications of a project team, DCA may look beyond the principals to those within the sphere of influence as that term is defined by HUD.

The following are some, but not all adverse conditions that may affect the ability of a team to qualify for funding.

- Affordable Housing properties that have significant physical conditions or uncured Level 3 UPCS violations or life safety issues
- Outstanding flags in HUD's national 2530 National Participation
- Projects awarded tax credits in 2009 or earlier (with or without ARRA funding) for which the construction financing or equity investment has not closed;
- Adverse Credit history including bankruptcy, foreclosure or litigation.
- Mortgage default or arrearage of three months or more within the last five years on any multifamily housing project.
- Ineligible to participate in any government funding program.
- Project Failure or closure

### *Examples of Conditions*

- Additional third party oversight of certain functions such as construction management.
- Front end analysis of proposed costs.
- Evidence that projects not completed are proceeding as scheduled.
- Reduced owner/developer caps
- Limitations on size of proposed projects.
- Limitations on ability to partner for purposes of meeting qualification requirements.
- Consultant or Partnership Requirements.
- Additional Documentation

### *Overview of Qualification Categories*

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

After analysis of all submitted information, DCA will make a determination that a project team falls within one of the following categories:

- a. Qualified without conditions
- b. Qualified with conditions
- c. Not Qualified

### **B. Qualification Categories**

#### *1. Qualified without Conditions*

- (a) A Project Team that can conclusively demonstrate that they currently own and operate 5 (five) or more successful tax credit projects in which they own a minimum 20% interest in the General Partner and Development entities will generally be deemed Qualified without Conditions if DCA determines that no adverse conditions affect any of the team members. Only projects which have been completed (including permanent loan conversion) and which are currently 90% occupied will be counted towards the requisite 5-project minimum. The Project Team must have been involved in each of the five projects from the initial allocation of credits.
- (b) A Project Team that can conclusively demonstrate that they currently own and operate 2 (two) or more successful tax credits projects in which they own a minimum 20% interest in the General Partner and Development entities may be deemed qualified without conditions if DCA determines that no adverse conditions affect any of the team members. In making this determination, DCA will consider recent project history that reflects the ability to close equity deals, interests of less than 20% in tax credit projects where the team member has issued personal guarantees, and recent successful development experience. Only projects which have been completed and which are currently 90% occupied will be considered.

#### *2. Qualified with Conditions*

- (a) A Project Team that can not demonstrate that they meet the requirements to be deemed qualified without conditions or has experienced a material change in their key staff, organization structure or financial status, may be deemed qualified but subject to one or more of the conditions as determined by DCA. Project Participant Teams that are deemed qualified to participate will generally fall within the following categories:
  - The Project Participant Team has successfully developed multiple tax credit projects in the past, but does not currently own or operate the requisite number of projects.
  - The Project Participant Team successfully developed and owns the requisite number of tax credit projects, but does not have the required 20% interest in those projects.

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

- The Project Participant Team can demonstrate successful developer and ownership experience, but has one or more adverse conditions that might but will not conclusively affect the ability of the Team to complete the proposed project.
- The Project Participant Team has demonstrated successful developer and ownership experience, but has a material change in its key personnel or organization.

(b) A Project Participant Team that has extensive experience in the tax credit industry but who does not have the requisite successful tax credit development experience may also be deemed qualified under a probationary designation with conditions. In order to be deemed qualified under a probationary designation, the following additional documentation must be submitted:

- Evidence of full time employment in the tax credit industry for a minimum period of five years.
- Evidence of material participation in the successful development of at least two Tax Credit projects during that period. (Ownership interest is not required).
- Complete resume
- Completed release to allow DCA to perform a personal credit check and a criminal background check
- Business Plan which outlines how the Project Team will address different areas required for successful development of tax credit project.

DCA reserves sole discretion to look at the totality of the experience of proposed teams in this category and determine whether a probationary designation will be granted.

(c) A non profit entity or individual that has fostering of affordable housing as part of its mission in its organizational documents may also be allowed to participate if the following facts are found to exist

- The entity is a community based non profit engaged in the primary business of providing housing for low income residents or engaged in the primary business of providing housing and counseling to residents with special needs.
- The entity has as its core mission the provision and development of affordable housing.
- The entity has had real estate experience in a government affordable housing program.
- The entity can provide evidence that it is financially secure and that it has financial support for multiple government sources, private foundations or charitable sources.

\* Not Applicable to Bond Financed Projects



## **Appendix I Threshold Criteria**

- The entity is supported by a qualified entity without conditions that is willing to act as a guarantor or partner. (In very limited circumstances, DCA at its discretion may waive the project cap for a qualified entity to partner with a non profit under this exception).
- The entity has not had any failed affordable multifamily housing projects or projects that are in material non compliance with any government program or regulations.

### *3. Not Qualified.*

DCA reserves the right to determine that, in its sole and absolute discretion, a Project Team is not qualified to participate in the Tax Credit Round. That determination may be based on the proposed **Project Participant Team's** lack of capacity to successfully complete the proposed development due to the current condition or past performance of its portfolio of affordable housing projects. DCA may also 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 qualifications and capacity. DCA may also determine that a proposed Project Team does not have sufficient credit history or financial strength to participate in the tax credit process.

### **C. Management Company's Experience**

A proposed property management company can meet this Threshold criterion by demonstrating successful property management experience as follows.

1. The proposed property management company must demonstrate prior experience in the management of at least four (4) Tax Credit multifamily rental housing projects of similar size (number of dwelling units) to the proposed project.
2. To be considered, the management company's experience with a project must extend for at least two (2) years and include project lease up experience and stabilization (90% occupancy within one year of placed in service date).
3. Only property management experience that occurred subsequent to January 1, 2002 will be considered under this criterion.
4. This Management Experience requirement may be met only through the experience of the Management Company or through the experience of its principal(s).
5. Management companies must maintain a regional office located in GA or one of the contiguous states to GA.

## **XX. COMPLIANCE HISTORY SUMMARY**

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

The principal and entities of each General Partner, Developer, Management Company and Project consultant (used to meet DCA experience requirements) must submit a complete and correct DCA Performance Workbook, as required in the electronic core application. Each Compliance History Summary (CHS) form must list all projects in which an entity or principal has participated in the ownership, development or management in the State of Georgia and in any other state. Compliance audit detail should be completed for only the last three years. In addition, the following documentation must be included in the application as detailed in the Performance Workbook:

- Completed Compliance Questionnaire for each General Partner, Developer, Management Company and Project Consultant.
- Organizational Chart
- DCA Compliance history form executed by other State Housing Agencies pursuant to DCA instructions. In the event an Owner is unable to obtain documentation from another State Housing Agency, written documentation of the attempts should be submitted to DCA. DCA will contact the Agency directly to obtain the required information.

In the event an Applicant fails to provide correct and complete information, DCA may request additional clarification. Clarifications may be utilized to decrease an Applicant's Compliance History score, but will not be used to increase the score.

Note: Internal Revenue Service Form 8821 may be requested by DCA for any Project Participant listed on the Experience Summary or Organizational Chart at anytime during DCA's review of a Project Participant's compliance history.

Owners/Developers and Managers of Tax Exempt Bond projects must also complete these forms. DCA will score each entity in accordance with the scoring requirements set forth in Appendix II. Entities that do not meet DCA minimum scoring requirements will be deemed to have not met this Threshold requirement.

### **XXI. 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).

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

- 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.
- 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.
- A copy of the general partnership joint venture agreement that indicates the nonprofit'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 a third party 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.

For Scattered Site projects, the eligibility for Nonprofit Set-aside requirements must be met by the project as a whole.

### **XXII. ELIGIBILITY FOR HOME LOANS UNDER THE CHDO SET-ASIDE**

All nonprofits that received an initial HOME commitment as a CHDO and are being considered under the CHDO set aside are required to submit a copy of the State CHDO pre-qualification/renewal letter 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. The CHDO must also exercise effective control of the project. 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.

For Scattered Site projects, the eligibility for HOME CHDO set aside requirements must be met by the project as a whole.

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

### **XXIII. ADDITIONAL HUD REQUIREMENTS\***

Projects which list HUD funds (HOME, 221 D(3) or D(4), HOPE VI, etc) as a source of construction and/or permanent financing, including PBRA, must meet additional Site and Neighborhood Standards (24 CFR §92.202 and 24 CFR §983.6) and Environmental Requirements as mandated by the HOME regulations. These requirements must be met in accordance with instructions set forth in the HOME Manual and Environmental Manual. However, applicants who have established agreements with HUD regarding different standards of review for site and neighborhood must meet those established standards. A copy of all documents relating to the different standards of review must be included with the application.

For Scattered Site projects, each non-contiguous parcel must meet the additional HOME requirements.

### **XXIV. REQUIRED LEGAL OPINIONS**

- A. A legal opinion regarding the acquisition Credit eligibility is required for projects involving acquisition and rehabilitation. If the project previously received Credits, the legal opinion should include sufficient documentation for DCA to confirm that the compliance period has ended.
- B. A legal opinion regarding Credit eligibility is required for projects operated as assisted living facilities.
- C. Nonprofit organizations applying for Credit under the nonprofit set-aside must include in the Application an opinion of a third party 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.
- D. A legal opinion is required for those projects involving scattered site developments. The legal opinion should address the proposed site plan and must be included as part of the opinion.

For Scattered Site Projects, the non-contiguous parcel for which this criterion is applicable must meet the legal opinion requirements.

### **XXV. GEORGIA HOUSING SEARCH**

Applicants applying selected for funding under the Plan must list all available affordable Housing Units funded by DCA on the Georgia Housing Search website. Georgia Housing Search is a DCA sponsored database that assists

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

Georgia residents in locating available affordable housing units. Each listing must be updated and remain “active” as required by the system. This data base is maintained under the direction of the Georgia Emergency Management Office and under the authorization of the Governor’s Office. The Georgia Disaster Relief Task Force also issuing Georgia Housing Search to facilitate the delivery and management of shelter and housing accommodation programs to support displaced citizens during a disaster. At this time, over 150,000 units are listed. This database should be utilized as a valuable tool for Managers in seeking tenants for low income housing tax credit properties. Georgia Housing search can be accessed through the following link:

<http://www.georgiahousingSearch.org>

### **XVI. RELOCATION AND DISPLACEMENT OF TENANTS**

All projects, new construction and rehabilitation, must submit a DCA relocation survey which specifically addresses the development history and occupancy of the proposed project. **Failure to complete the survey prior to Application Submission will result in a Threshold failure**

For all HOME Loan and Credits projects, the completed and executed tenant household data forms must be submitted with the Application for every 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 DCA HOME Loan must be used to finance the relocation costs. Applicants applying for Credits must disclose other funding sources (HOME, USDA 535, etc.) which may trigger URA or 104D requirements. When demolition of any structure occupied or vacant is involved it must be included as part of the relocation plan. 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. In instances where tenants are temporary relocated in areas with limited replacement housing the plan must give detail phasing of rehabilitation process. To include projected start and end dates for each phase while detailing work to be performed on all units. Identify which units will require temporary relocation more than 30 days and less than 30 days.

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

If new projected rents create rent burden tenants, rents must remain affordable one year after cost certification submission.

Applicants must include all documentation required in the DCA Relocation Manual at the time of Application. All forms must be reflective of the current year version; previous years forms will not be accepted. DCA will review the development budget to insure that sufficient cost have been included for relocation expenditures.

In the event condemnation proceedings are pending against a proposed project, DCA's relocation policies are applicable to all tenants residing at the property at the time of application.

Properties that have HOPE VI or other master relocation plans must submit those plans with their Application.

### **XXVII. MARKETING TO POPULATIONS WITH DISABILITIES OR THE HOMELESS**

This section is designed to foster development of affordable housing units for tenants with disabilities or homeless populations. All projects selected for funding (**regardless of their tenancy**) must demonstrate a willingness to initiate marketing of units to these populations. Each project selected for an award of credits must prepare and submit a Marketing Plan outlining how the project will market units to tenants with special needs. The Plan must be submitted prior to issuance of 8609s. At a minimum, Marketing Plans must include:

- The Marketing plan must incorporate outreach efforts to each service provider, homeless shelter or local disability advocacy organization in the county in which the project is located. The Georgia Homeless Assistance Directory should be used as the central resource to identify such providers locally. The Directory may be accessed at <http://www.georgiaplanning.com/shelters/>.
- Affirmatively market to persons with disabilities and the homeless.
- Must establish and maintain relationships between the management agent and community service providers.
- Include a referral and screening process that will be used to refer tenants to the projects, the screening criteria that will be used, and make reasonable accommodations to facilitate the admittance of persons with disabilities or the homeless into the project.

The Applicant agrees to provide reasonable accommodation for these tenants in the Property Management's tenant application. The leasing criteria must clearly facilitate admission and inclusion of the Targeted Population tenants and must not violate federal or state fair housing laws.

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

Applicants also must agree to designate these populations as having priority for units with rental assistance if allowable under their rental assistance agreements.

Owners may apply preferences required by state or local law only if they are consistent with HUD and applicable civil rights requirements.

### **XXVIII. OPTIMAL UTILIZATION OF RESOURCES**

While DCA promotes a variety of projects that may include the re-use of contaminated land, in-fill, adaptive reuse, preservation of affordable housing and historic sites and will consider mitigation of certain factors inherent in their location, DCA is required to take any actions necessary or convenient to ensure the complete, effective, efficient and lawful allocation of and utilization of the low income housing credit program (2011 QAP, Core Plan, Section 3, Legislative Requirements). Therefore, in spite of a project's score under the Plan, DCA will review any project proposed for reasonableness of costs and of credits utilized to accomplish these objectives, which may include a review of the degree to which the use of resources are being directed specifically toward the program goals of providing safe, decent and affordable housing that is also viable physically, operationally and economically over time.

DCA will evaluate project characteristics, such as, but not limited to, the following to ensure that this mandate is met:

- Property acquisition and rehabilitation cost versus the cost to demolish and build a similar property in the same market area
- Ratio of acquisition costs versus rehab hard costs
- DCA resources allocated to develop each unit
- Effectiveness and aesthetics versus the cost of a mitigation plan
- Efficient and marketable use of the site, considering size and lay-out, to accommodate the number and type of units and amenities proposed
- Undue enrichment of any development team member or contractor particularly where there are identities of interest
- Impact on affordable housing stock
- Other uses proximate to the site
- Market information generated by or available to DCA
- Property is already affordable and not a priority for receipt of resources
- Transaction appears to be primarily driven by the transfer of the property
- Insufficient Rehabilitation proposed
- Per unit costs not reasonable
- Excessive soft costs
- Other factors which are contrary to the policies and objectives of DCA

\* Not Applicable to Bond Financed Projects

## **Appendix I Threshold Criteria**

If DCA determines that the utilization of resources in the proposed application is ineffective or inefficient, or that the applicant is unlikely to be able to develop the project as proposed, or if the project is unlikely to be successful, DCA may, at its sole and absolute discretion, deem the application to have failed threshold criteria.

\* Not Applicable to Bond Financed Projects



Appendix II  
Competitive Scoring Criteria

2011 QAP SCORING  
TABLE OF CONTENTS

I.	APPLICATION COMPLETENESS / FINANCIAL ADJUSTMENTS /ORGANIZATION...	3
	A. Missing/Incomplete Documents	
	B. Financial Adjustments	
	C. Organization	
II.	DEEPER TARGETING / RENT AND INCOME RESTRICTIONS .....	5
III.	DESIRABLE AND UNDESIRABLE CHARACTERISTICS.....	5
	A. Desirable Activities	
	B. Bonus Desirable Sites	
	C. Undesirable Activities	
IV.	COMMUNITY TRANSPORTATION OPTIONS.....	8
V.	ADAPTIVE REUSE.....	9
VI.	BROWNFIELD.....	9
VII.	SUSTAINABLE DEVELOPMENTS.....	10
	A. Sustainable Communities Certification	
	B. Sustainable Building Certification	
VIII.	STABLE COMMUNITIES / REDEVELOPMENT / REVITALIZATION.....	12
	A. Stable Communities	
	B. Community Redevelopment/Revitalization Plans and Strategies	
	1. Hope VI or Choice Neighborhoods Initiatives	
	2. Statutory Redevelopment Plans	
	3. Redevelopment Zones	
	4. Local Redevelopment Plans	
IX.	PHASED DEVELOPMENTS/PREVIOUS PROJECTS.....	15
	A. Phased Developments	
	B. Previous Projects	
X.	MARKET.....	16
XI.	WAIVER OF QUALIFIED CONTRACT RIGHT / TENANT OWNERSHIP PLAN.....	16
	A. Waiver of Qualified Contract Right	
	B. Tenant Ownership	
XII.	PRESERVATION.....	17
	A. Historic Designation	
	B. Preservation of Affordable Projects	
XIII.	NONPROFIT.....	19
XIV.	TAX CREDIT EXPERIENCE.....	20
XV.	RURAL.....	20
XVI.	DCA COMMUNITY INITIATIVES .....	21
XVII.	LEVERAGING OF RESOURCES.....	21
	A. Grants/Loans	
	B. Efficient Use of DCA Resources	
	C. Off Site Improvement, Amenity and Facility Investment	
XVIII.	SUPERIOR PROJECT CONCEPT AND DESIGN.....	23

Appendix II  
Competitive Scoring Criteria

XIX.	BONUS POINTS.....	23
	A. Compliance with DCA Web-Based MITAS System Requirements	
	B. Marketing to Tenants with Special Needs	
XX.	COMPLIANCE / PERFORMANCE.....	24
	A. Overview of Scoring	
	1. Required Documentation	
	2. Relevant Time Period	
	3. Calculation of Point Deductions	
	4. Calculation of Point Additions	
	B. Exceptions	

## Appendix II Competitive Scoring Criteria

### INTRODUCTION

**Documents:** Minimum document requirements are listed after each point category. However, Applicants are required to submit all documents at Application Submission which are necessary for DCA to determine that the Application meets the criteria for points. Additional guidance will be available in the Application Tab checklist. No additional documentation or explanations can be provided after Application Submission. **DCA strongly recommends that Applicants use the comment section in the scoring workbook to fully explain the basis for points claimed in each category.**

### **I. APPLICATION COMPLETENESS / FINANCIAL ADJUSTMENTS / ORGANIZATION** **10 points**

Each Application will be awarded an initial score of ten (10) points in this category. Point deductions to that score will be made for missing, incomplete, or inaccurate documents, financial or other adjustments or unorganized submissions. There is no cap on the total number of points that may be deducted. Therefore, an application may receive a negative point value in this section.

#### **A. Missing/Incomplete Documents**

Each Submitted Application must meet DCA requirements and policies. It must include all required forms and supporting documentation. For each missing or incomplete document, one (1) point will be deducted. Points will be deducted for each document that does not have the correct number of copies as set out in the Application Instructions. (Documents that are submitted with the Application but must be modified to accurately reflect the structure of the Application will be considered an adjustment and not a missing document.)

Guidelines that will be used by DCA in scoring this section include, but are not limited to the following:

- All documents must accurately reflect the pro forma and representations made in the Application
- Each Application document must be accurate
- Only documents that were in existence prior to Application Submission day may be submitted after Application Submission with the exception of written clarifications requested by DCA
- Applications must be complete when submitted. Applicants cannot submit updated applications or new documents after the Application Submission date
- Applications that contain a significant number of missing or incomplete documents will be returned to the Applicant and be deemed a threshold failure

Appendix II  
Competitive Scoring Criteria

**B. Financial and Other Adjustments**

DCA may make financial and other adjustments to the Application and/or supporting documentation if the Application:

- Does not meet DCA requirements and policies
- Is inaccurate
- Does not reflect the project as structured in the Application
- Does not utilize realistic and reasonable development and operating cost assumptions

Points will be deducted for financial adjustments and revisions as follows:

1-3 adjustments and/or revisions will result in a one (1) point deduction. An additional point will be deducted for each adjustment after the first three.

Guidelines that will be used by DCA in scoring this section include, but are not limited to the following:

- DCA may make minor adjustments to a Core Application to ensure consistency with supporting documents.
- Total development cost may be increased or decreased during DCA's review if it is determined that line items are not reasonable or are not accurately reflected in supporting documents.
- Development costs may not be increased by the Applicant during DCA's review.
- Minor adjustments in the pro forma made by DCA which result in increases in line items may be allowed, but only developer fee may be utilized to cover increases in line item development costs.
- Credits may be adjusted downward for each adjustment.
- Credits will not be increased above the amount requested in the Application.
- Applicants may not request that one line item be reduced in order to increase or add another line item during the threshold clarification period.

Revisions that will not be allowed include, but are not limited to:

- Unit count and bedroom type
- Rent structure (rents may be adjusted upward or downward but the number of 50/60/market units may not be adjusted). If rents are adjusted upward, the relevant debt coverage ratio and feasibility analysis must meet DCA's requirements
- New financing sources cannot be added (with the exception of DDF to fund any financing gap)\*

\*Minor clarification of submitted financing sources may be allowed but will be considered an adjustment.

Appendix II  
Competitive Scoring Criteria

Examples of financial adjustments include, but are not limited to: incorrectly calculating developer fee, additions to line item development cost, application errors that result in a change in the allowable tax credits, and/or failure to include DCA required reserves.

**C. Organization**

Points will be deducted if the Application is not organized in the format prescribed by DCA in the QAP, Application Instructions, Tab Checklist and/or a required document is not behind the appropriate tab.

**II. DEEPER TARGETING / RENT AND INCOME RESTRICTIONS 3 points**

Applications that agree to set gross rents and income limits for a specified number of low-income units at or below 30% of 50% AMI shall be awarded up to three points in this category. In order to qualify for these points, tenants must meet the required income restrictions for the property and the tenant portion of the rent must not exceed the 50% rent restriction.

Rent subsidies other than Section 8 must also meet the statutory requirements of the tax credit program. Owners will be required to execute restrictive covenants stipulating the number of very low rent-restricted units to be rented to very-low income households for the term of the Compliance Period or the Period of Affordability (if applicable), whichever is longer.

50% rent and income restricted units are eligible for points as follows:

Equal to or greater than 5% and less than 10%	1 point
Equal to or greater than 10% and less than 15%	2 points
Equal to or greater than 15%	3 points

Percentage of deeper targeted units will be calculated based on the total residential units (common space employee units will not be included in the total residential units).

**III. DESIRABLE AND UNDESIRABLE CHARACTERISTICS 12 points**

One (1) point will be awarded for each desirable activity/characteristic category that is near a proposed site to a maximum of ten (10) points. One (1) point will be deducted from the total desirable activities score for each undesirable activity/characteristic category 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.

## Appendix II Competitive Scoring Criteria

For Scattered Site Projects, 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. Each parcel shall be reviewed individually as defined above. One (1) point will be awarded for each desirable activity or characteristic to a maximum of ten (10) points. One (1) point will be deducted for each undesirable activity or characteristic. The applicant shall calculate the total score (to a maximum of ten (10) points) for each non-contiguous parcel then add the total points obtained and divide by the number of non-contiguous parcels to arrive at the total points for this category. No rounding up, and only whole numbers may be claimed as points.

### **A. Desirable Activities**

In order to be eligible for points, the following criteria must be met:

- Only activities and/or characteristics, which are located within a 1.0 mile walking/driving distance from the proposed site in urban areas or within 2.0 miles walking/driving distance from the proposed site in Rural areas will be considered.
- Applicants must score one (1) point in five (5) different categories before they can receive points in a duplicate category.
- Each building/entity will be assigned to only one desirable category.
- Desirable activities/characteristics may include, but are not limited to the following categories:
  - Retail stores (includes pharmacies, clothing stores, department stores, etc.)
  - Federally insured banking institutions (ATMs are not eligible for points in this category)
  - Recreational facilities / public parks / civic centers
  - Grocery stores (convenience stores attached to gas stations are not eligible for points in this category)
  - Day care services (must be licensed)
  - School(s)
  - Libraries
  - Restaurants
  - Medical facilities
  - Churches
- Desirable characteristics that are under construction may be eligible for points if the construction site is clearly active and the new structures are above ground at the time of Application Submission.

### **B. Bonus Desirable Sites**

### ***Maximum of 2 Points***

Two (2) points will be awarded for a bonus desirable within a 1.0 mile (rural) ½ mile (non rural) walking/driving distance from the proposed site. These points will only be

## Appendix II Competitive Scoring Criteria

awarded if the applicant scores at least 10 points on the base Desirables section above without any Undesirable deductions. The desirables in this category may not also be used to satisfy the base Desirables section above.

- National big box discount store with food center included. Examples include Wal-Mart, Target, and K-Mart
- Hospital (not outpatient centers or 24 hour emergency care facilities)
- Regional Mall (at least 50 stores leased from same landlord on same parcel of land)
- Traditional town square, county courthouse, or city hall for non metro projects

### **C. Undesirable Sites**

In determining whether an undesirable activity/characteristic is near a proposed site, the Application must consider any undesirable activity/characteristic that is located within the radius of one quarter (1/4) mile of the proposed site.

Undesirable activities/characteristics may include but are not limited to the following:

- developments that propose any new construction activities that place impervious surface including paving, sidewalks, or buildings within 100 feet of any floodplain, wetlands, perennial stream, or intermittent stream (in other words, State Waters that require a buffer according to GA EPD). Exception: stream crossings that are covered under the USACE's Nationwide Permit.
- junkyards
- hazardous, chemical or heavy manufacturing activities, industrial development within 1 mile of the proposed site
- sources of odor
- noise (regardless of mitigation) that is 70 decibels or more at the time of Application Submission. Decibels will be calculated in accordance to HUD NAG requirements.
- sources of excessive glare from lighting on adjacent properties
- abandoned houses or buildings, unoccupied, unsecured buildings (abandoned will be determined by the following factors: broken windows, doors, unsecured, lack of maintenance, and/or evidence of loitering; unsecured means open or broken windows and doors)
- deteriorated housing or buildings where extensive defects are evident from the exterior of the building and depress an area's physical appearance, diminish living conditions and/or safety of the neighborhood and decrease the marketability of the proposed sites

One (1) point will be deducted per activity/characteristic.

### **Exceptions to undesirable deductions**

If the Applicant has knowledge at the time of Application that the conditions that make the property undesirable are temporary and that change or mitigation is imminent (i.e.

## Appendix II Competitive Scoring Criteria

demolition, rehabilitation, etc.), sufficient evidence of the change must be submitted in the Application.

DCA will consider mitigation to be performed by a third party that will remove the undesirable condition imminent if it scheduled to occur prior to September 1, 2011. Applicants will need to supplement their application by providing evidence to DCA that the condition has been mitigated by September 1, 2011 (Applicants will not be notified that this documentation should be submitted prior to the deadline).

If the mitigation will be completed by the Applicant as opposed to a third party, the condition must be mitigated by the placed in service date for the project. Applicants will need to provide clear documentation that they have the site control and resources to complete the mitigation.

### **Documentation for Desirable/Undesirable points:**

- Desirable/Undesirable Form
- 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 their addresses and must include the following:
  - location of site including an indication of major access roads
  - indication of distances in 1/4 mile increments
  - indication of any major industrial or commercial development, and
  - all desirable and undesirable activities/characteristics
- Photographs of the desirable and undesirable activities/characteristics. All photographs are to be either color originals or color copies. Black and white photographs are not acceptable.
- Documentation from the owner of the site on which the undesirable condition exists or from a third party government source documenting how such change will occur and the time frame.
- Documentation that evidences the desirable activity/characteristic that will be located in sites under construction.

### **IV. COMMUNITY TRANSPORTATION OPTIONS**

**2 points**

A. To qualify for two (2) Community Transportation points, the proposed site must be located within 1/2 mile walking distance of a rapid rail transit station along paved roads, sidewalks, established pedestrian walkways or bike trails.

or

B. To qualify for one (1) Community Transportation point, the proposed site must be located within 1/2 mile walking distance of an established public transit stop along paved roads, sidewalks, established pedestrian walkways or bike trails. The stop must rest along a transit line that follows a fixed route and daily schedule.



## Appendix II Competitive Scoring Criteria

### **Documentation:**

- Map showing the location of the rapid rail transit station and/or transit stop in relation to the proposed development site
- Documentation from transit authority showing relevant bus route and schedule

For Scattered Site Projects, each non-contiguous parcel must meet the above criteria

### **V. ADAPTIVE REUSE**

**1 point**

One (1) point will be awarded if the proposed development is an adaptive reuse of an entire existing building and constitutes a significant part of the development as a whole. Adaptive reuse is defined as the change in use of a major building for residential use or as a community building. The reuse of only a part of a building (slabs, sheds, gazebos, trailers/mobile homes, pavilions, pump houses, barns, garages or single-family homes) are not eligible for these points. For rehabilitation projects, the reuse of buildings that are already part of the existing multifamily development are not eligible for these points.

#### **Documentation:**

- Documentation on the previous use of the building
- Photographs of the building to be reused
- Documentation of whether or not the building is occupied
- Narrative of how building will be reused

### **VI. BROWNFIELD**

**2 points**

Two (2) points will be awarded if the proposed development is the redevelopment of a Brownfield site. The definition of a Brownfield site is one where the EPA, Georgia EPD or other environmental regulatory agency has defined the site as a Brownfield site and has determined the applicable guidelines for the cleanup required for residential uses.

#### **Documentation:**

- Evidence of designation as a Brownfield site
- An opinion letter from either an attorney or a PE that the property appears to meet the requirements for issuance of an EPD Letter of No Further Action
- Proposed scope of work for clean up of a site
- Detailed budget for clean up
- Time line for clean up must also be submitted

(DCA will require a copy of the Letter of No Further Action prior to issuance of 8609s.)

Appendix II  
Competitive Scoring Criteria

**VII. SUSTAINABLE DEVELOPMENTS**

**Maximum 3 Points**

Certification of the project's compliance with a sustainable program that is utilized to claim points must be submitted at either the LIHTC final certification or HOME Loan final construction draw, whichever comes last. Failure to demonstrate a good faith effort to complete the certification may result in a finding of non-compliance and limited participation in further rounds. DCA will review proposed scoring sheets to determine that the Applicant has made a good faith effort to obtain the certification.

**A. Sustainable Communities Certification**

**3 Points**

Three (3) points will be awarded to projects located within larger developments officially enrolled in the following sustainable programs:

- Earth Craft Communities program through Southface Energy Institute and the Greater Atlanta Home Builder's Association

**OR**

- Leadership in Energy and Environmental Design for Neighborhood Development (LEED-ND)

Regardless of program requirements, all projects must meet threshold requirement for Building Sustainability and implement the following to educate residents and management:

- Educate tenants with a project manual provided to each tenant upon move-in and conduct at least 1 class on green building features of the units prior to the submission of LIHTC final allocation application. Submit a copy of the manual along with a sign-in sheet for the class conducted prior to the submission of LIHTC final allocation application.

i.e., <http://www.practitionerresources.org/cache/documents/639/63997.doc>

- Educate management and maintenance staff with an orientation and produce a green operations and maintenance manual detailing sustainable features, the staff's role in maintaining those features, and a replacement parts product source guide. Submit a copy of the manual to DCA prior to the submission of LIHTC final allocation application.

i.e., <http://www.practitionerresources.org/cache/documents/639/63995.doc>

Developments certified under these programs successfully protect and enhance the overall health, natural environment, and quality of life of communities. The program rating systems integrate the principles of smart growth, new urbanism, and green building into a standard for neighborhood design. The programs provide independent,

Appendix II  
Competitive Scoring Criteria

third-party verification that a development's location and design meet accepted high standards for environmentally responsible, sustainable development.

**(DCA will randomly audit draft score sheets for accuracy. Failure to accurately complete the draft score sheet may result in the non selection of the project.)**

**Documentation:**

- Copy of an executed EarthCraft Communities Memorandum of Participation for the development where the project is located or a LEED-ND registration for the larger development from the US Green Building Council. If Memorandum of Participation is not signed by the Applicant, then the Applicant must provide a narrative as to how the Memorandum is applicable to the project.
- Draft scoring sheet for the development that includes the minimum score under the program to qualify for the designation and master site plan for the development.

**OR**

**B. Sustainable Building Certification**

**2 Points**

Two (2) points will be awarded to projects that commit to obtaining a sustainable building certification from one of the following entities.

- Southface Energy Institute's and Greater Atlanta Home Builder's Association's Earth Craft House multifamily (or single family or renovation) certification program.
- Enterprise Foundation's Green Communities certification program.
- US Green Building Council's LEED for Homes certification program which includes single family detached and multi-family low and mid-rise structures.

Regardless of program requirements, all projects must meet threshold requirement for Building Sustainability and implement the following to educate residents and management:

- Educate tenants with a project manual provided to each tenant upon move-in and conduct at least 1 class on green building features of the units prior to the submission of LIHTC final allocation application. Submit a copy of the manual along with a sign-in sheet for the class conducted prior to the submission of LIHTC final allocation application.  
i.e., <http://www.practitionerresources.org/cache/documents/639/63997.doc>
- Educate management and maintenance staff with an orientation and produce a green operations and maintenance manual detailing sustainable features, the staff's role in maintaining those features, and a replacement parts product source guide. Submit a copy of the manual to DCA prior to the submission of LIHTC final allocation application.  
i.e., <http://www.practitionerresources.org/cache/documents/639/63995.doc>

Appendix II  
Competitive Scoring Criteria

**Documentation:**

- Draft scoring sheet for the development that includes the minimum score under the program to qualify for the designation.
- Certification of completion of Southface's green building for affordable housing training course

**VIII. STABLE COMMUNITIES /Redevelopment/Revitalization Maximum – 6 points**

DCA promotes developments located in strong and stable communities that have a need for affordable housing and in areas which demonstrate the capacity for community redevelopment, economic growth and revitalization. Applicants may choose points in either Category A or Category B.

**A. Stable Communities 4 points**

Four (4) points will be awarded to projects that are located in a census tract that meets the following demographics according to the most recent FFIEC Census Report ([www.ffiec.gov/WebCensus/](http://www.ffiec.gov/WebCensus/)).

- Less than 10% below Poverty level (see Income)
- Designated Middle or Upper Income level (see Demographics)
- Market study must demonstrate need for affordable housing

**OR**

Two (2) points will be awarded to projects that are located in a census tract that meets the following demographics according to the most recent FFIEC Census Report ([www.ffiec.gov/WebCensus/](http://www.ffiec.gov/WebCensus/)).

- Less than 20% below Poverty level (see Income)
- Designated Middle or Upper Income level (see Demographics)
- Market study must demonstrate need for affordable housing

**Documentation**

Each page of FFIEC census demonstrating project meets requirements

**OR**

**B. Community Redevelopment /Revitalization Plans and Strategies**

**1. HOPE VI or Choice Neighborhoods Initiatives 6 points**

Appendix II  
Competitive Scoring Criteria

Six (6) points will be awarded if the proposed project is a phase or component of a PHA-sponsored Community Building Initiative which is part of a PHA-sponsored HOPE VI/Choice Neighborhoods revitalization initiative. The Initiative must:

- Provide affordable units for an extended period of 30 years or more;
- Be part of a mixed income phased community with a significant market component;
- Facilitate the deconcentration of poverty; and
- Provide for community improvements or amenities, which may include but are not limited to new or improved public infrastructure, green-space, improved transportation, quality of life enhancements, or other improvements benefiting the community

**Documentation:**

- A copy of the HOPE VI or Choice Neighborhoods Revitalization Grant Assistance Award (form HUD-1044) which identifies the PHA receiving the HOPE VI or Choice Neighborhood grant and the amount of the grant, and additional documentation reflecting the time limits for use of the HOPE VI or Choice Neighborhoods funds;
- A letter from the Executive Director of the identified PHA certifying that:
  - the development proposed in the Initial Application is identified in the PHA's HUD approved HOPE VI or Choice Neighborhoods application or Revitalization Plan;
  - the housing units are an essential element of that Plan; and
  - the Tax Credits for the development proposed in the Initial Application are an essential component of the financing plan for the PHA's HOPE VI or Choice Neighborhoods Program
- A copy of the HUD approved Revitalization Plan.

**OR**

**2. *Statutory Redevelopment Plans***

**2 points**

Two (2) points will be awarded to a project that is located within an area that has a Redevelopment Plan that has been adopted and formulated by the local Government under O.C.G.A. §36-44 et. seq. or O.C.G.A. §36-61 et. seq. and that clearly targets the specific neighborhood in which the project is located. In order to receive these points, the documentation must conclusively prove that the Plan is current, ongoing and directly affects the site of the proposed project.

**Documentation:**

- Copy of the Plan
- Website address where information regarding the plan can be located
- Copy of Resolution(s) adopting the Plan according to requirements of statute
- Documentation of Public Hearing and Publication as required by statute
- Documentation that Plan is current, ongoing and directly affects the site

**OR**

Appendix II  
Competitive Scoring Criteria

**3. *Redevelopment Zones***

**1 point**

One (1) point will be awarded if the proposed development site is located in a QCT/DDA or State Enterprise Zone.

**Documentation:**

- Copy of Resolution adopting the state enterprise zone
- Documentation evidencing that the proposed site is located in a QCT/DDA

**OR**

**4. *Local Redevelopment Plans***

**1 point**

One (1) point will be awarded if there is an adopted redevelopment plan/community revitalization plan adopted and formulated by the Local Government that clearly targets the specific neighborhood in which the project is located. The Plan must have been adopted on or before January 1, 2011. (For the purposes of this category, in Rural counties a neighborhood may be as large as one county.) In order to receive these points, the documentation must conclusively prove that the Plan is current, ongoing and directly affects the site of the proposed project.

The Community Redevelopment/Revitalization Plan must include the following:

- a discussion of potential sources of funding for the plan;
- a clearly delineated target area that includes the proposed project site;
- detailed policy goals (one of which must be the rehabilitation or production of affordable rental housing);
- Implementation measures along with specific time frames for the achievement of such policies and housing activities. The timeframes and implementation measures must be current and ongoing;
- the proposed development project must support at least one of the goals of the redevelopment or revitalization plan; and
- an assessment of the existing physical structures and infrastructure of the community

The following plans are not eligible for points:

- Plans formulated by the Owner of the project and submitted to a local government for approval;
- short-term work plans;
- comprehensive plans, consolidated plans, municipal zoning plans or land use plans; and
- Plans that are outdated and do not reflect the current neighborhood conditions (Plans that are more than four years old will be presumed outdated unless documentation regarding the continued viability of the plan is submitted with the Application.)

Appendix II  
Competitive Scoring Criteria

**Documentation**

- The DCA Neighborhood Redevelopment Certification Form
- Documentation of the process the government used for developing and adopting the plan
- Details regarding community input and public hearings held prior to the adoption of the plan must be included in the Application
- A copy of the entire plan must be included in the Application.
- Evidence of adoption
- Map of area targeted by plan identifying location of project

**IX. PHASED DEVELOPMENTS / PREVIOUS PROJECTS**

**A. Phased Developments**

**3 points**

Three (3) points will be awarded if the proposed project is part of a Phased Development in which one or more phases received an allocation of 9% tax credits within the past 3 funding rounds and at least one phase has commenced construction per that allocation. Documentation of the Master plan, site control and total project concept must be submitted in the application. Projects that DCA determines are adjacent (as opposed to being Phased Developments) are not eligible for points. DCA will look to the underlying project concept to determine whether the community was originally designed as one development with different phases. Only one phase of a project can receive points during a funding round. In determining whether a project is a phased development, DCA will require that site control over the total site be in place for the entire site when the initial phase is closed.

**OR**

**B. Previous Projects**

**3 points**

Three (3) points will be awarded 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 four (4) DCA funding cycles.

**OR**

Two (2) points will be awarded 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**

One (1) point will be awarded 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 two (2) DCA funding cycles.

## Appendix II Competitive Scoring Criteria

For Scattered Site Projects, each non-contiguous parcel may be considered for points in this category. However, the Application will be awarded a maximum of three (3) points in this category.

### **X. MARKET**

**2 points**

Each Application will be awarded an initial score of 2 (two) points in this category. Point deductions to that score will be made if DCA determines that one or more of the following conditions may negatively affect the ability of the project to meet the DCA market requirements.

- DCA determines that occupancy rates at comparable DCA properties have experienced a significant decline which indicates a deteriorating market. DCA would utilize the submitted market study, DCA rent rolls and project data of similar projects located in close proximity to determine that the property could have difficulty in achieving the required lease up.
- There are more than two DCA funded projects in the primary market area which have occupancy rates of less than 90 percent and which compete for the same tenant base as the proposed project. (DCA reserves the right to determine that the low occupancy rate of a project is not the result of market conditions but rather the result of poor property management or deferral of physical maintenance).
- Analysis of one or more comparable properties in the market areas indicates that the property may have difficulty reaching stabilized occupancy within the required timeframe.
- DCA has one or more projects in the primary market area that have been unable to convert construction to permanent loans due to failure to reach stabilized occupancy.
- DCA determines that there has been a significant change in economic conditions in the proposed market that was unknown at the time of Application and which could detrimentally affect the long term viability of the proposed project and the proposed tenant population. An example would be the loss of a major employer that would affect the proposed tenant population.
- DCA determines that foreclosures in the proposed market area will detrimentally affect the ability of the proposed project to lease up.
- DCA determines that the proposed rents are at or near market rate rents of comparable properties.
- The proposed market area appears to be overestimated creating the likelihood that the demand for the project is weaker than projected.

### **XI. WAIVER OF QUALIFIED CONTRACT RIGHT / Tenant Ownership Plan Max 1 pt**

#### **A. Waiver of Qualified Contract Right**

**1 point**



Appendix II  
Competitive Scoring Criteria

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. One (1) point will be awarded to Owners willing to forgo this "cancellation option" for at least five years after the close of the Compliance Period.

**OR**

**B. Tenant Ownership**

**1 point**

One (1) point will be awarded to Owners that commit to submit a plan for tenant ownership, acceptable to DCA, at the end of the 15-year Compliance Period. Only single family styled units are eligible for these points. In order to qualify for tenant ownership plan points, Applicants must agree to submit a viable homeownership strategy for residents who inhabit the units before the end of the Compliance Period. The strategy must outline the Applicant's exit strategy and calculation of the estimated affordable purchase price for the unit occupied by the tenant and pre-purchase homeownership counseling. All sites must be owned by the Applicant (long-term leases are unacceptable). Applicant must clearly show how the property will be managed during the compliance period and how the tenant's down payment will be managed.

**Documentation:**

Copy of Strategy meeting requirements

**XII. PRESERVATION**

**Maximum 6 points**

**A. Historic Designation**

**3 points**

Three (3) points will be awarded if the property is a certified historic structure with an approved Part 1-Evaluation of Significance AND has submitted a Part 2- Description of Rehabilitation (and/or the Georgia equivalent, Part A-Preliminary Certification) and has received approval from the Georgia DNR-HPD and the NPS of the scope of the rehabilitation as presented in the Part 2 and/or Part A application(s).

**Documentation:**

- A copy of the Georgia DNR-HPD and NPS approved Part 1, Part 2 and, if applying, the Georgia-approved Part A; and
- Copy of preliminary equity commitment for federal and Georgia historic rehab credits.

One (1) point will be awarded if property is a certified historic structure (either listed individually on the National Register, or as a contributing structure in a National Register Historic District), or is deemed via a Georgia DNR-HPD approved NPS Part 1-

Appendix II  
Competitive Scoring Criteria

Evaluation of Significance to have a preliminary determination of listing on the National Register.

**Documentation:**

- Copy of Georgia DNR-HPD and NPS approved Part 1 - Evaluation of Significance;
- Copy of preliminary equity commitment for federal and Georgia historic rehab credits. (DCA encourages Applicants to see <http://hpd.dnr.state.ga.us> for further guidance on the requirements and associated timeframes for the development of projects with historic tax credits. DCA also encourages Applicants to seek the advice of a qualified attorney and/or tax professional before proceeding with any project of this nature.)

**B. Preservation of Affordable Projects**

**6 points**

**1. Expiring Tax Credit Properties.** Points will be awarded for an Application that proposes the preservation of an affordable housing project with low-income housing tax credits that is beyond the fourteenth year of the compliance period or for DCA HOME only funded developments, if the minimum statutory period of affordability has expired.

DCA will only award these points to projects that clearly demonstrate the following:

- Projects must be at least 80% average physical occupancy for 6 months prior to Application Submission. (verified in MITAS system or independent documentation by DCA)
- Project will not have significantly higher rents after rehab (generally more than 10% increase)

If the current owner is a member of the Project Owner or Developer Team, the following additional requirements are applicable:

- Projects that have physical issues due to the willful deferral of maintenance by the Owner will not be eligible for these points.
- Project that have significant outstanding or uncured major noncompliance issues are also not eligible for these points.

*Each Applicant will be limited to claiming these points for only two projects. Each Applicant may claim six (6) points for one submitted Application and three (3) points for one additional Application. Projects receiving three points in this category may also be eligible for the two points for USDA Properties or HUD Properties (in the following two categories), if applicable.*

**Documentation**

The partnership's tax returns for the first and last years in which credits were claimed must be provided, along with the appropriate IRS Forms 8609 attached.

**2. USDA Properties**

**2 points**

## Appendix II Competitive Scoring Criteria

Two (2) points will be awarded for One (1) Applications that proposes the preservation of affordable housing projects funded by the USDA 515 program which have been designated by USDA as High Priority projects. USDA must designate no more than one (1) project as High Priority. USDA may require that applicants seeking this priority designation for a project submit documentation no later than 60 days prior to Application Submission.

Documentation from USDA specifying the projects' High Priority designation must be submitted with the Applications.

### **3. HUD Properties**

**2 points**

Two Points will be awarded for an Application that propose the preservation of affordable housing projects receiving project-based rental subsidies that are within two years of any permitted prepayment or subsidy contract expiration with a likely conversion to market rate housing or equivalent loss of low income use restrictions and which have been designated by HUD as its High priority project. HUD may designate no more than one (1) project as High Priority. HUD may require that applicants seeking this priority designation for a project submit documentation no later than 60 days prior to Application Submission.

Documentation from HUD specifying the projects High Priority designation must be submitted with the Application

### **XIII. NONPROFIT**

**3 points**

To be eligible for points under either A or B, the project must apply for and be eligible for the nonprofit set-aside. Each Applicant will be limited to claiming three points for one project in which they have a direct interest and two points for a second project in which they have a direct interest.

**A.** Three (3) points will be awarded if the general partnership of the proposed project is composed of a 100% qualified nonprofit organization that currently has an ownership in 5 or more successful LIHTC projects which they developed, constructed/rehabbed and placed into service.

**OR**

**B.** Two (2) points will be awarded if the general partnership of the proposed project is composed of a 100% qualified nonprofit organization that currently have an ownership in 2 or more successful LIHTC projects which they developed, constructed/rehabbed and placed into service.

#### **Documentation**

- IRS Tax-Exempt Status Determination Letter

Appendix II  
Competitive Scoring Criteria

- Secretary of State Certification of Nonprofit Status
- General Partnership Joint Venture Agreement if applicable
- Legal Opinion regarding nonprofit tax-exempt status
- Documentation of Nonprofit's ownership interest
- Board of Directors information: name, address, phone, occupation, positions
- Development Agreement
- By-Laws or Articles of Incorporation for Non Profit
- Copy of State CHDO Pre-qualification or Renewal Letter if requesting DCA HOME funds from CHDO set-aside
- Evidence of CHDO Predevelopment Loan if requesting DCA HOME funds from CHDO set-aside
- Evidence that project is within CHDO service area if requesting DCA HOME funds from CHDO set-aside

**XIV. TAX CREDIT EXPERIENCE**

**2 points**

Two (2) points will be awarded if the General Partner and Developer of the proposed project has been a project participant in two low income housing tax credit projects which have satisfied all of the following criteria:

- successfully completed the closing of tax credit financing
- received an allocation in 2008, 2009 or 2010
- closed prior to Application Submission. The closing must have included a federal credit syndicator and not been a 100% Exchange project.

**OR**

One (1) point will be awarded if the General Partner and Developer of the proposed project has been a project participant in one low income housing tax credit project which has successfully completed the closing of tax credit financing for a project which received an allocation in 2008 or 2009, or 2010 allocation closing prior to Application Submission. The closing must have included a federal syndicator of credits and not been a 100% Exchange project.

**Documentation**

Letter from closing attorney evidencing final closing of equity and construction has occurred and the date.

**XV. RURAL**

**3 points**

Projects located in a Rural area that have eighty (80) or less total units are eligible for up to three points.

Each Applicant will be limited to claiming three points for one project in which they have a direct interest and two points for a second project in which they have a direct interest.

Appendix II  
Competitive Scoring Criteria

Failure by the Applicant to designate these points to qualified projects, or to incorrectly designate these points, will result in no points being awarded.

**XVI. DCA COMMUNITY INITIATIVES**

**1 point**

One (1) point will be awarded for projects that have a letter from a designated DCA Georgia Initiative for Community Housing Community or DCA Community of Opportunity which clearly:

- identifies the project as located within their political jurisdiction,
- is indicative of the community's affordable housing goals,
- identifies that the project meets one of the objectives of the Community,
- is executed by the official representative of the Community.

Each community may issue only one (1) letter for one project in this year's competitive round. If more than one letter is issued, no project in that community shall be awarded points.

**Documentation**

Letter executed by Official Representative

For Scattered Site Projects, the above documentation is required from each local government for each non-contiguous site.

**XVII. LEVERAGING OF RESOURCES**

**Maximum 8 points**

To be eligible for points under section A or B below, the following criteria must be met:

1. Funding or assistance provided above must be binding and unconditional except as set forth in this section.
2. Resources must be utilized if the project is selected for funding by DCA.
3. Only loans that are for both construction and permanent financing phases will be considered for points in this section.
4. Loans must be for a minimum period of ten years and reflect interest rates at or below AFR.
5. Commitment or award documentation must meet the terms and conditions as applicable specified in Appendix I, Threshold Criteria, Section I. (I) (Permanent financing, limited partnership equity, deferred developer fee and other financing Commitment).

**A. Grants/Loans**

**Maximum of 3 points**

Appendix II  
Competitive Scoring Criteria

New loans or new grants from the following sources will qualify for points under this category:

- Community Development Block Grant (CDBG) program funds (\$500,000 Minimum) 1 point
- Federal Home Loan Bank Affordable Housing Program (AHP) (\$500,000 Minimum) 1 point
- HOME Funds (non DCA source) (\$500,000 Minimum) 1 point
  
- Long term Ground leases for nominal consideration and no other land costs 1 point
- NSP not allocated from DCA (\$1,000,000 Minimum) 2 points
- Beltline Grant (\$1,000,000 Minimum) 2 points
- Housing Opportunity Bonds (\$1,000,000 Minimum) 2 points
- HUD 202 or 811 program funds (\$3,000,000 Minimum) 3 points

**B. Efficient use of DCA Resources** **Maximum of 3 points**

DCA OAH HOME Loan Consent 3 points

**C. Off Site Improvement, Amenity and Facility Investment** **2 points**

Two (2) points will be awarded if an unrelated third party (foundation, trust, and/or government) investment of resources is provided that will result in off-site infrastructure improvements adjacent to the project site, and/or the development of parks, green space and shared amenities, recreational facilities and improvements adjacent to the proposed project site that will serve the tenant base for the subject project. The proposed improvements, amenities and/or facilities must be completed prior to the proposed placed in service date for the project. The development cost and source of funding associated with the development of the improvements, amenities and/or facilities must be mutually exclusive of the development cost and sources of funding for the subject property. The cost for the improvement must be at least \$1,000,000 and be paid for in full by the unrelated third party. Examples of third party improvement, amenity, and facility investment of resources include, but are not limited to, the following:

- construction of off-site or on-site access road which is required for access to the property,
- development of parks, green space or walking trails on a master plan development site,
- development of YMCA, youth center, senior center, and/or
- Construction of sidewalks or streetscape adjacent to the property.

\*Third party investments that are community wide in scope, part of the community local action plan or that will be developed regardless of the development of the proposed project will not be eligible for points in this section. Additionally, improvements that were completed prior to application submission are not eligible for points in this section.

**Documentation**

Appendix II  
Competitive Scoring Criteria

- Commitment of funds
- Detailed source of funds,
- Amount of investment,
- Timeline for completion,
- Description and location of improvements on site map, and
- Narrative that includes benefit specific to the tenant base.

**XVIII. SUPERIOR PROJECT CONCEPT AND DESIGN**

**6 points**

DCA may, but is not required to, elect to give one submitted Application six (6) points if it determines that the project represents a superior project concept that has “community changing” effect on the neighborhood or represents a unique concept or design or will meet an overriding DCA policy objective not generally addressed in tax credit projects. Criteria could include a superior level of sustainability, a project proposed to meet a unique and urgent need in a community, or a project has shown substantial community support and involvement. Financing sources alone are not sufficient to be considered for superior project concept. The award and exact criteria for this point category is at DCA’s sole discretion. Applicants should articulate and demonstrate how the development will fulfill or achieve these goals citing and evidencing as many of the above attributes as possible to be favorably considered for these points. If part of a comprehensive strategy, there should be a commitment of sufficient resources to substantiate that the strategy has a reasonable chance of being implemented. Efforts that show coordination with other state and local funding sources for economic and community development are encouraged in this initiative.

Applicants must submit a narrative, not more than two pages, along with supporting documentation to request these points. The narrative should specifically address how this project meets the criteria of this section and why the concept or design is different than most tax credit projects.

**XIX. BONUS POINTS**

**6 Points**

**A. Compliance with DCA Web-Based MITAS System Requirements**

**3 Points**

Applications which have an Owner and Developer that are determined to be in compliance with DCA web based MITAS Property Management system requirements as of 2/1/2011 will receive three points. DCA reserves the right to deny the points under this category if it determines the data entry into the MITAS system is materially inaccurate.

**B. Marketing to Tenants with Special Needs**

**3 Points**

Applications which have an Owner and Developer that agree to accept a rental assistance from a state, federal or other approved organization for up to 5% of the units

## Appendix II Competitive Scoring Criteria

in their Georgia owned Tax credit developments for purposes of housing tenants covered by the settlement order between the State of Georgia and the Department of Justice in case # 1:10-CV-249-CAP, will receive an additional three (3) points.

Applicants that agree to this provision are not required to provide project based rental assistance, reduce rents or provide on site supportive services or a service coordinator. They will also not be required to displace existing residents. No participant will be required to violate the terms of any statute, program requirement, regulation which is in place at any of their developments.

### **XX. COMPLIANCE / PERFORMANCE**

**10 points**

Each project team for a proposed project will receive a compliance history score under this section for inclusion in their DCA Final Score. For purposes of this section, project team will be defined as the General Partner entity, the Development entity and each principal of these entities. Point deductions will be made for project teams and their members that were principals in non performing projects. Project Team members that see to be qualified based on previous tax credit experience may be required to consider poor compliance performance as a condition of participation.

Managers must also submit the required documentation (see below). Property Managers will receive a Pass/Fail notification and will not receive a numeric score.

#### **A. Overview of Scoring**

- Each proposed project will start with a compliance history score of ten (10) Compliance Points. Deductions shall be made from that base Compliance Score for each instance of non compliance which exists for any of the defined project team.
- Non compliance shall be deemed to be noncompliance which is reportable on Form 8823 and which was not cured within the 90 day cure period or within any 6 month state approved extension.

#### **Funding Programs**

The following funding programs will be reviewed for purposes of calculating the score in this section:

- Low Income Housing Tax Credits (LIHTC)
- HOME
- FDIC/Affordable Housing Disposition Program
- Housing Trust Fund
- Department of Agriculture reviews of LIHTC properties

Only projects that have these sources of funding should be included on the Compliance History Summary.



## Appendix II Competitive Scoring Criteria

### **1. Required Documentation**

All Owner/Developer entities as well as principals of each entity and proposed Property Management Companies must submit a DCA Compliance History Form for each project.

All Owners/Developer entities as well as principals must also submit a DCA Compliance Certification from each state financing agency from which the Owner/Developer entity or principals have received Low Income Housing Tax Credits or HOME funding.

### **2. Relevant Time Period**

All funding program reviews/audits from 2006, 2007, 2008, 2009, 2010 through May 1, 2011 will be considered for point deductions in the following areas:

- Program Administrative Non-compliance
- HOME Program Administrative Non-compliance
- DCA Program Administrative Non-compliance
- LIHTC Non-compliance issues that were reported on IRS Form 8823 as uncured
- Major Property Condition Violations
- Pattern of minor property condition violations
- Failure of Project

In addition, all instances of major project failure/General Partner failures that occurred on or after January 1, 2002 will be considered for point deductions.

### **3. Calculation of Point Deductions**

#### **a. Point Deductions for Significant Program Administrative Non-compliance**

**Low Income Housing Tax Credits/HOME:** One (1) point will be deducted for each project that is determined to be significantly non compliant with HOME or Tax Credit Program administrative requirements.

For purposes of this section, non-compliance will include:

- Household Income Above Income Limit upon Initial Occupancy
- Owner failed to Provide Annual Certifications or Provided Incomplete or Inaccurate Certification,
- Project failed to meet Minimum set aside,
- Gross rents exceed Tax Credit Limits,
- Project not available to the General Public
- Failure to maintain high and low HOME rents,
- Failure to adjust Over Income HOME tenant's rent at recertification
- Failure to Comply with Federal Relocation Requirements,

Appendix II  
Competitive Scoring Criteria

- Failure to Comply with Davis Bacon
- Failure to Comply with Section 3
- Failure to complete certification for Sustainable Buildings or Communities prior to issuance of 8609s from a previous round

**b. DCA Program Administrative Non-Compliance:**

One (1) point will be deducted for each instance of significant DCA Program Administration non-Compliance. For purposes of this section, non compliance will include:

- Failure to submit completed cost certification for a tax credit project within 6 months of the required due date. (All cost certifications for Bond Projects in which the bonds closed in 2007 or earlier are now more than six months overdue.)
- Failure to pay DCA Compliance monitoring fees for a project. Fees paid by April 1, 2011 will not be considered non compliance.
- Failure to respond to DCA requests for Monitoring Reviews.
- Failure to convert a DCA HOME loan within 12 months of the required conversion date.
- Repeated failure to comply with administrative requirements such as notifying DCA in writing at least 30 days prior to any change of ownership or management
- Failure to provide or maintain DCA required amenities,
- Failure to provide or maintain DCA required support services, and
- Failure to comply with representations made in application.

**c. Failure to Maintain Property in accordance with tax credit, HOME, FDIC or DCA requirements.**

Up to two Points will be deducted for each instance of a failure to maintain property. Projects which have the following uncured conditions at any property as of April 1, 2011 shall have points deducted:

- |   |          |
|---|----------|
| • Level 1 and 2 Violations of UPCS as set forth in 8823 Guide | 1 point  |
| • Level 3 and 4 Violations of UPCS as set forth in 8823 Guide | 2 points |
| • Health and Safety Issues                                    | 2 points |
| • Other code Issues   | 1 point  |

**d. Significant Physical Issues** **5 points**

Projects which are identified as having significant physical issues shall receive a point deduction of 5 points. Significant physical issues shall include but not limited to the following:

- 2% of units are “down” at a property. (Properties that have experienced a fire may petition for a waiver of this point deduction if the units have been down less than thirty days).

## Appendix II Competitive Scoring Criteria

- Loss of utilities due to the non payment of utility bills more than once in a year
- Mold issues or water infiltration into units
- Failure of any major system such as heating or air conditioning
- Pattern of health and safety issues
- Project closing.

### **e. Major Project / General Partner Failure**

Five (5) points will be deducted for each instance of Major Project/General Partner Failure. Examples of Major Project/General Partner failure includes, but is not limited to the following:

- Foreclosure of a project loan, including but not limited to a HOME loan, or State Housing Trust Fund Loan
- Foreclosure or default on bonds at a property that has DCA Tax Credit or HOME funding
- Failure to meet placed in service date which results in the recapture of credits
- Project Bankruptcy
- Failure to file a LURC for a Tax Credit Project within time prescribed by Section 42(h)(6)(j)
- Project is no longer in Compliance nor participating in Program
- Submission of fraudulent documents to DCA
- Debarred or suspended from participation in similar Federal or State programs in last six years
- Fair Housing Act violations
- General Partners/Developers, principals, or managing members who from January 1, 2002 through April 1, 2011 have been removed, debarred, or asked to voluntarily withdraw from a LIHTC partnership.

DCA may waive this deduction if it determines (prior to Application submittal) that the withdrawal or removal was for reasons beyond the control of the General Partner/Developer.

Applicants that have one or more instances of major project failure may be deemed ineligible to participate pursuant to DCA Threshold requirement. DCA will, at its sole and absolute discretion, determine if the participant or entity is eligible to participate.

### **4. Calculation of Point Additions**

The following points may be added to the Owner/General Partner Compliance Score if the score after deductions is less than ten (10) points:

One (1) point will be added if the General Partner can demonstrate that he has successfully owned, managed and operated five (5) Georgia Tax Credit Properties within the required time period and that none of the projects received any point deductions as set forth in the above section.

## Appendix II Competitive Scoring Criteria

**OR**

Two (2) points will be added if the General Partner can demonstrate that he has successfully owned, managed and operated eight (8) Georgia Tax Credit Properties within the required time period and that none of the projects received any point deductions as set forth in the above section.

**OR**

Three (3) points will be added if the General Partner can demonstrate that he has successfully owned, managed and operated ten (10) Georgia Tax Credit Properties within the required time period and that none of the projects received any point deductions as set forth in the above section.

### ***B. Exceptions***

1. In the event DCA determines that a Project qualifies for a point deduction for an instance of non-compliance in which the cure was not completed by the DCA cure date, for the 2011 round only, the point will not be deducted if the cure is completed prior to Application Submission. The Applicant must submit sufficient evidence and documentation of the cure in the Application.
2. In the event DCA determines that a Project qualifies for a point deduction for Program Administrative Non compliance that cannot be cured such as the placement of a over income tenant in a unit and DCA determines that the non-compliance does not constitute a pattern of non-compliance, the Applicant may submit an explanation to DCA within 14 days of notification outlining the corrective action that has been taken by Management to ensure that the non- compliance will not occur again. DCA, at its discretion, may waive the Point deduction.
3. In the event DCA determines that a Project qualifies for a point deduction for Physical issues at the project site, the Applicant may submit evidence that corrective action has commenced, the timeline for completion and that sufficient funds have been set aside to pay for the correction within 14 days of notification. DCA, at its discretion, may waive the point deduction.
4. Waivers made for exceptions may be withdrawn if the Applicant does not take the proposed corrective action with the approved timeframe.
5. Participants who have significant successful tax credit experience outside of Georgia can submit a request that DCA consider that successful experience for point additions. The determination as to what experience will be considered is within the discretion of DCA.

Georgia Department of Community Affairs  
Office of Affordable Housing  
2011 Qualified Allocation Plan

**Exhibit A to Appendix II**

**Projects located in Jurisdictions not listed may be eligible for 3 points in this scoring category. 2010 projects to be added later.**

Proj #	Project Name	In City Limits of	In Unincorp. Portion of	4%	Pts
2007-001	The Bridges at Southlake	Albany			0
2008-075	The Landing at Southlake	Albany			0
2009-009	The Cove at Southlake	Albany			0
2009-066	Lakewood Hills Sr Village	Athens			0
2007-009	Ashton Browns Mill	Atlanta			0
2007-048	Welcome House	Atlanta			0
2007-050	The Oakes at Auburn Pointe I	Atlanta			0
2007-051	John O. Chiles Annex Supportive Housing	Atlanta			0
2007-052	Ashley CollegeTown II	Atlanta			0
2008-060	Adamsville Green Senior Apartments	Atlanta			0
2008-062	The Veranda III at Auburn Pointe	Atlanta			0
2009-027	Columbia Townhomes at Edgewood	Atlanta			0
2009-028	Mechanicsville Ph 6	Atlanta			0
2009-032	Manor at Scott's Crossing	Atlanta			0
2009-502	Flipper Temple	Atlanta		x	0
2007-501	The Terraces III	Atlanta		x	0
2008-006	The Terrace at Edinburgh	Augusta			0
2009-010	The Crest at Edinburgh	Augusta			0
2009-031	Underwood Sr	Augusta			0
2008-502	Highland Ridge	Austell		x	1
2007-008	Courtes de Emerald II	Bainbridge			0
2007-030	The Rivers Apartments	Bainbridge			0
2009-015	Ridgefield Place	Bainbridge			0
2007-021	Villas on Forsyth	Barnesville			0
2009-005	Powell Place	Barnesville			0
2007-007	Country Lane Apartments	Blakely			tbd
2007-035	Blakely Commons	Blakely			tbd
2008-030	Dogwood View	Bremen			1
2007-022	The Village at Wedgewood	Cairo			tbd
2008-055	Park Place	Carrollton			0
2009-058	Park Place II	Carrollton			0
2009-050	Hummingbird Pointe	Cedartown			0
2007-013	Whitehall Commons Apartments	Cleveland			2
2007-015	Whitehall Manor Apartments	Cleveland			2
2007-025	Baker Village Apartments Phase I	Columbus			tbd
2007-504	Lumpkin Park	Columbus		x	tbd
2008-074	Baker Village Apartments Phase II	Columbus			tbd
2008-020	Rosewood Estates	Cordele			1
2008-025	Woodvale II Apartments	Cordele			1
2008-031	Willow Apartments	Cordele			1
2008-033	Woodvale I Apartments	Cordele			1
2009-014	Harristown Park	Covington			0
2008-011	Hooks Plantation Apartments	Cuthbert			1
2007-502	Columbia Park	Decatur		x	tbd
2008-072	Friendship Crossings	Donalsonville			tbd
2008-048	Pine Meadows	Douglas			1

Georgia Department of Community Affairs  
Office of Affordable Housing  
2011 Qualified Allocation Plan

**Exhibit A to Appendix II**

**Projects located in Jurisdictions not listed may be eligible for 3 points in this scoring category. 2010 projects to be added later.**

Proj #	Project Name	In City Limits of	In Unincorp. Portion of	4%	Pts
2008-019	Shannon Estates	Dublin			1
2008-068	Oconee Park Apartments	Dublin			1
2009-033	Gateway East Point	East Point			0
2009-506	Woodbridge at Parkway Village	Fairburn		x	0
2007-031	College Square Apartments	Fort Valley			2
2007-034	Magnolia Terrace II	Fort Valley			2
2008-064	Prairie Summit Apartments	Gordon			1
2007-004	Cotton Mill Lofts	Hawkinsville			tbd
2007-029	Cloverset Place	Hazlehurst			2
2007-039	Big Sky Village	Hiawassee			2
2007-503	Hinesville	Hinesville		x	2
2007-032	Kingsland Phase II -Family	Kingsland			tbd
2007-038	Lucky Pointe	LaFayette			2
2008-044	Mallard Lake Apartments	LaGrange			tbd
2007-053	The Terraces at Parkview	Lithonia			2
2009-055	Shoal Creek Manor	Locust Grove			0
2009-041	Bartlett Crossing	Macon			0
2007-024	The Retreat at Dorsey Manor	Marietta			0
2008-065	The Tower at Dorsey Manor	Marietta			0
2009-029	Legacy at Walton Village Ph 2	Marietta			0
2009-039	Heritage at McDonough	McDonough			0
2008-049	Baldwin Park	Milledgeville			1
2008-076	Skyline Trace Apartments	Monroe			1
2008-009	Antigua Place Phase II	Moultrie			1
2007-006	Heritage Square Elderly Apartments	Pelham			2
2009-056	Cameron Court Ph II	Perry			0
2007-020	Sheppard Station Apartments	Pooler			tbd
2008-012	Spring Creek Apartments	Quitman			1
2008-045	Preston Place Apartments	Quitman			1
2009-002	Etowah Terrace Sr	Rome			0
2008-056	Camellia Lane, L.P.	Sandersville			1
2007-049	Sustainable Fellwood - Phase I	Savannah			0
2008-059	Sustainable Fellwood Phase II	Savannah			0
2009-023	Sustainable Fellwood Ph III	Savannah			0
2009-069	Savannah Gardens Ph I	Savannah			0
2008-010	Southwood Apartments	Shellman			1
2008-054	Galleria Manor of Smyrna	Smyrna			1
2009-038	Summerville Gardens	Summerville			0
2008-061	Paradise Estates Apartments	Sylvester			1
2008-028	Washington Estates	Tennille			tbd
2009-061	Ruthie Manor	Thomaston			0
2008-027	Tifton Estates	Tifton			tbd
2009-006	Woodlawn Terrace	Valdosta			0
2008-093	Potemkin Senior Village of Warner Robins	Warner Robins			1
2009-017	Ware Hotel	Waycross			0
2009-051	Waynesboro Sr	Waynesboro			0

Georgia Department of Community Affairs  
Office of Affordable Housing  
2011 Qualified Allocation Plan

**Exhibit A to Appendix II**

**Projects located in Jurisdictions not listed may be eligible for 3 points in this scoring category. 2010 projects to be added later.**

<b>Proj #</b>	<b>Project Name</b>	<b>In City Limits of</b>	<b>In Unincorp. Portion of</b>	<b>4%</b>	<b>Pts</b>
2009-047	Heritage at Madison Pointe	Woodstock			0
2008-032	Pine Terrace Apartments	Wrightsville			1
2009-049	Shangri-La Park		Bartow		0
2007-036	Ashford Landing Senior Residences		DeKalb		0
2007-040	Tuscany Village		DeKalb		0
2008-504	Highland Place		DeKalb		0
2009-042	Antioch Villas & Gardens, Ph 3		DeKalb		0
2009-045	Marketside at Brookleigh		DeKalb		0
2007-016	The Legacy at Walton Lakes		Fulton		tbid
2007-043	Juniper Court		Hart		2
2009-035	Brookhaven Ph II		Lowndes		0
2008-073	West Haven Senior Village		Tift		1
2008-047	Ocean Breeze Park, L.P.		Ware		1

**NOTE: 2010 Funding Round projects will be added to this list after announcements are made.**

Georgia Department of Community Affairs  
Office of Affordable Housing  
2011 Qualified Allocation Plan

**EXHIBIT B to APPENDIX II**

**Rural Counties**

For Scoring purposes and for the Rural Set-Aside, a project must be designated as rural according to the US Department of Agriculture

**OR**

appear on this list of Rural /Non-Metropolitan Counties:

Appling	Decatur	Lee	Sumter
Atkinson	Dodge	Lincoln	Talbot
Bacon	Dooly	Long	Taliaferro
Baker	Early	Lumpkin	Tattnall
Baldwin	Echols	Macon	Taylor
Banks	Effingham	Madison	Telfair
Ben Hill	Elbert	Marion	Terrell
Berrien	Emanuel	McDuffie	Thomas
Bleckley	Evans	McIntosh	Tift
Brantley	Fannin	Meriwether	Toombs
Brooks	Franklin	Miller	Towns
Bryan	Gilmer	Mitchell	Treutlen
Bulloch	Glascok	Monroe	Troup
Burke	Gordon	Montgomery	Turner
Butts	Grady	Morgan	Twiggs
Calhoun	Greene	Murray	Union
Camden	Habersham	Oconee	Upton
Candler	Hancock	Oglethorpe	Walker
Catoosa	Haralson	Peach	Ware
Charlton	Harris	Pierce	Warren
Chattahoochee	Hart	Polk	Washington
Chattooga	Irwin	Pulaski	Wayne
Clay	Jackson	Putnam	Webster
Clinch	Jeff Davis	Quitman	Wheeler
Coffee	Jefferson	Rabun	White
Colquitt	Jenkins	Randolph	Wilcox
Columbia	Johnson	Schley	Wilkes
Cook	Jones	Screven	Wilkinson
Crawford	Lamar	Seminole	Worth
Crisp	Lanier	Stephens	
Dade	Laurens	Stewart	



Georgia Department of Community Affairs  
Office of Affordable Housing  
2011 Qualified Allocation Plan

**Exhibit A to Appendix II**

**Projects located in Jurisdictions not listed may be eligible for 3 points in this scoring category.**

Proj #	Project Name	In City Limits of	In Unincorp. Portion of	4%	Pts
2010-038	Legacy at Walton Terrace	Acworth			0
2007-001	The Bridges at Southlake	Albany			0
2008-075	The Landing at Southlake	Albany			0
2009-009	The Cove at Southlake	Albany			0
2009-066	Lakewood Hills Sr Village	Athens			0
2007-009	Ashton Browns Mill	Atlanta			0
2007-048	Welcome House	Atlanta			0
2007-050	The Oakes at Auburn Pointe I	Atlanta			0
2007-051	John O. Chiles Annex Supportive Housing	Atlanta			0
2007-052	Ashley CollegeTown II	Atlanta			0
2008-060	Adamsville Green Senior Apartments	Atlanta			0
2008-062	The Veranda III at Auburn Pointe	Atlanta			0
2009-027	Columbia Townhomes at Edgewood	Atlanta			0
2009-028	Mechanicsville Ph 6	Atlanta			0
2009-032	Manor at Scott's Crossing	Atlanta			0
2009-502	Flipper Temple	Atlanta		x	0
2009-507	Amal Heights	Atlanta		x	0
2010-020	Baptist Gardens	Atlanta			0
2010-026	Columbia TH Edgewd II	Atlanta			0
2010-055	Veranda at Univ Homes	Atlanta			0
2007-501	The Terraces III	Atlanta		x	0
2008-006	The Terrace at Edinburgh	Augusta			0
2009-010	The Crest at Edinburgh	Augusta			0
2009-031	Underwood Sr	Augusta			0
2010-037	Underwood Homes Redev I	Augusta			0
2008-502	Highland Ridge	Austell		x	1
2007-008	Courtes de Emerald II	Bainbridge			0
2007-030	The Rivers Apartments	Bainbridge			0
2009-015	Ridgefield Place	Bainbridge			0
2007-021	Villas on Forsyth	Barnesville			0
2009-005	Powell Place	Barnesville			0
2007-007	Country Lane Apartments	Blakely			0
2007-035	Blakely Commons	Blakely			0
2010-023	Tanglewood	Blakely			0
2008-030	Dogwood View	Bremen			1
2007-022	The Village at Wedgewood	Cairo			0
2010-015	Windwood Villas	Cairo			0
2008-055	Park Place	Carrollton			0
2009-058	Park Place II	Carrollton			0
2009-050	Hummingbird Pointe	Cedartown			0
2007-013	Whitehall Commons Apartments	Cleveland			2
2007-015	Whitehall Manor Apartments	Cleveland			2
2007-025	Baker Village Apartments Phase I	Columbus			0
2007-504	Lumpkin Park	Columbus		x	0
2008-074	Baker Village Apartments Phase II	Columbus			0
2010-025	Baker Village III (Arbor Pte III)	Columbus			0
2008-020	Rosewood Estates	Cordele			1
2008-025	Woodvale II Apartments	Cordele			1
2008-031	Willow Apartments	Cordele			1
2008-033	Woodvale I Apartments	Cordele			1
2009-014	Harristown Park	Covington			0
2010-043	Village at Walkers Bend	Covington			0
2010-065	Highland Manor	Cumming			0
2008-011	Hooks Plantation Apartments	Cuthbert			1

Georgia Department of Community Affairs  
Office of Affordable Housing  
2011 Qualified Allocation Plan

**Exhibit A to Appendix II**

**Projects located in Jurisdictions not listed may be eligible for 3 points in this scoring category.**

Proj #	Project Name	In City Limits of	In Unincorp. Portion of	4%	Pts
2007-502	Columbia Park	Decatur		x	0
2009-501	Allen Wilson Terrace	Decatur		x	0
2010-071	Allen Wilson Ph 2	Decatur			0
2008-072	Friendship Crossings	Donalsonville			1
2008-048	Pine Meadows	Douglas			1
2008-019	Shannon Estates	Dublin			1
2008-068	Oconee Park Apartments	Dublin			1
2010-012	Ellijay East	East Ellijay			0
2009-033	Gateway East Point	East Point			0
2009-506	Woodbridge at Parkway Village	Fairburn		x	0
2007-031	College Square Apartments	Fort Valley			2
2007-034	Magnolia Terrace II	Fort Valley			2
2008-064	Prairie Summit Apartments	Gordon			1
2010-004	Gateway Pines	Hahira			0
2010-011	Cotton Mill Lofts	Hawkinsville			0
2007-029	Cloverset Place	Hazlehurst			2
2007-039	Big Sky Village	Hiawasse			2
2007-503	Hinesville	Hinesville		x	2
2010-006	Maple Square	Jefferson			0
2010-047	Heritage at Johns Crk Walk	Johns Creek			0
2007-032	Kingsland Phase II -Family	Kingsland			0
2010-030	Kingsland III	Kingsland			0
2007-038	Lucky Pointe	LaFayette			2
2008-044	Mallard Lake Apartments	LaGrange			0
2010-008	Azalea Mill Cottages	LaGrange			0
2007-053	The Terraces at Parkview	Lithonia			2
2009-055	Shoal Creek Manor	Locust Grove			0
2009-041	Bartlett Crossing	Macon			0
2007-024	The Retreat at Dorsey Manor	Marietta			0
2008-065	The Tower at Dorsey Manor	Marietta			0
2009-029	Legacy at Walton Village Ph 2	Marietta			0
2009-039	Heritage at McDonough	McDonough			0
2010-014	Windsor	Metter			0
2008-049	Baldwin Park	Milledgeville			1
2008-076	Skyline Trace Apartments	Monroe			1
2008-009	Antigua Place Phase II	Moultrie			1
2007-006	Heritage Square Elderly Apartments	Pelham			2
2009-056	Cameron Court Ph II	Perry			0
2007-020	Sheppard Station Apartments	Pooler			0
2010-045	Harmony Greene	Pooler			0
2008-012	Spring Creek Apartments	Quitman			1
2008-045	Preston Place Apartments	Quitman			1
2009-002	Etowah Terrace Sr	Rome			0
2008-056	Camellia Lane, L.P.	Sandersville			1
2007-049	Sustainable Fellwood - Phase I	Savannah			0
2008-059	Sustainable Fellwood Phase II	Savannah			0
2009-023	Sustainable Fellwood Ph III	Savannah			0
2009-069	Savannah Gardens Ph I	Savannah			0
2010-018	Savannah Gdns Ph III	Savannah			0
2008-010	Southwood Apartments	Shellman			1
2008-054	Galleria Manor of Smyrna	Smyrna			1
2010-058	Grace Crossing	Statesboro			0
2009-038	Summerville Gardens	Summerville			0
2008-061	Paradise Estates Apartments	Sylvester			1

Georgia Department of Community Affairs  
Office of Affordable Housing  
2011 Qualified Allocation Plan

**Exhibit A to Appendix II**

**Projects located in Jurisdictions not listed may be eligible for 3 points in this scoring category.**

Proj #	Project Name	In City Limits of	In Unincorp. Portion of	4%	Pts
2008-028	Washington Estates	Tennille			1
2009-061	Ruthie Manor	Thomaston			0
2008-027	Tifton Estates	Tifton			1
2009-006	Woodlawn Terrace	Valdosta			0
2010-057	Faith Crossing	Vidalia			0
2010-066	Connors Senior	Villa Rica			0
2008-093	Potemkin Senior Village of Warner Robins	Warner Robins			1
2009-017	Ware Hotel	Waycross			0
2009-051	Waynesboro Sr	Waynesboro			0
2009-047	Heritage at Madison Pointe	Woodstock			0
2008-032	Pine Terrace Apartments	Wrightsville			1
2010-059	Farmington Hills		Barrow		0
2009-049	Shangri-La Park		Bartow		0
2010-032	Magnolia Trace		Columbia		0
2007-036	Ashford Landing Senior Residences		DeKalb		0
2007-040	Tuscany Village		DeKalb		0
2008-504	Highland Place		DeKalb	x	0
2009-042	Antioch Villas & Gardens, Ph 3		DeKalb		0
2009-045	Marketside at Brookleigh		DeKalb		0
2010-040	Silverwood Place		Effingham		0
2010-070	Effingham Goshen Crossing		Effingham		0
2007-016	The Legacy at Walton Lakes		Fulton		0
2010-052	Maplewood Park		Fulton		0
2010-041	Green Mountain Village		Habersham		0
2007-043	Juniper Court		Hart		2
2010-067	Forrester Senior		Lee		0
2009-035	Brookhaven Ph II		Lowndes		0
2010-068	Toccoa Fern Pt		Stephens		0
2010-005	Walnut Square		Thomas		0
2008-073	West Haven Senior Village		Tift		1
2008-047	Ocean Breeze Park, L.P.		Ware		1

Georgia Department of Community Affairs  
Office of Affordable Housing  
2011 Qualified Allocation Plan

**EXHIBIT B to APPENDIX II**

**Rural Counties**

For Scoring purposes and for the Rural Set-Aside, a project must be designated as rural according to the US Department of Agriculture

**OR**

appear on this list of Rural /Non-Metropolitan Counties:

Appling	Decatur	Lee	Sumter
Atkinson	Dodge	Lincoln	Talbot
Bacon	Dooly	Long	Taliaferro
Baker	Early	Lumpkin	Tattnall
Baldwin	Echols	Macon	Taylor
Banks	Effingham	Madison	Telfair
Ben Hill	Elbert	Marion	Terrell
Berrien	Emanuel	McDuffie	Thomas
Bleckley	Evans	McIntosh	Tift
Brantley	Fannin	Meriwether	Toombs
Brooks	Franklin	Miller	Towns
Bryan	Gilmer	Mitchell	Treutlen
Bulloch	Glascok	Monroe	Troup
Burke	Gordon	Montgomery	Turner
Butts	Grady	Morgan	Twiggs
Calhoun	Greene	Murray	Union
Camden	Habersham	Oconee	Upton
Candler	Hancock	Oglethorpe	Walker
Catoosa	Haralson	Peach	Ware
Charlton	Harris	Pierce	Warren
Chattahoochee	Hart	Polk	Washington
Chattooga	Irwin	Pulaski	Wayne
Clay	Jackson	Putnam	Webster
Clinch	Jeff Davis	Quitman	Wheeler
Coffee	Jefferson	Rabun	White
Colquitt	Jenkins	Randolph	Wilcox
Columbia	Johnson	Schley	Wilkes
Cook	Jones	Screven	Wilkinson
Crawford	Lamar	Seminole	Worth
Crisp	Lanier	Stephens	
Dade	Laurens	Stewart	