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**Community Affairs**

# 2016 Qualified Allocation Plan



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**State of Georgia Qualified Allocation Plan**

**2016 STATE OF GEORGIA  
CORE QUALIFIED ALLOCATION PLAN  
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**STATE OF GEORGIA**  
**2016 QUALIFIED ALLOCATION PLAN**  
**GEORGIA HOUSING CREDIT PROGRAM**  
**HOME INVESTMENT PARTNERSHIP PROGRAM FUNDS**

**CORE PLAN**

**SECTION 1. PURPOSE**

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The Georgia Housing and Finance Authority (GHFA) is authorized to allocate and issue housing credits 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 determination of DCA are necessary or convenient to ensure the complete, effective, efficient and lawful allocation of and utilization of the housing credit program (O.C.G.A. 50-26-89(a)). As required by §42(m)(1) of the Code, GHFA approved this 2016 Qualified Allocation Plan (QAP) after extensive public consultation including three public hearings in Atlanta, Dublin and Valdosta and a thirty day public comment period. The final 2016 QAP has been approved by the Board of Directors of GHFA and the Governor of the State of Georgia.

The purpose of the 2016 Qualified Allocation Plan (Plan) is to set forth:

- Legislative and program requirements for the Georgia housing credit program.
- Federal and State resources that will be awarded under the QAP.
- Housing priorities of the Georgia Housing and Finance Authority for the State of Georgia.
- Selection criteria.
- Process for evaluating funding requests and awarding of resources.

**SECTION 2. DEFINITIONS**

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

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

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

**“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.

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**“Applicant”** means the General Partner.

**“Application”** means the complete and entire set of required and requested documents, submitted by an Applicant to DCA under this 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. Capital Improvements do not include replacement of individual appliances or minor repairs.

**“Certified Entity”** is the General Partner and/or Developer who meets DCA qualification requirements outlined in Threshold Section XX Qualifications for Project Participants.

**“CHDO”** means a Community Housing Development Organization, as defined in the 2013 HOME regulations at 24 CFR Part 92. CHDO “Owner”, “Developer”, and “Sponsor” are specifically defined therein.

**“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.

**“Compliance Period”** means the initial 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.

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

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

**“DCA”** means the Georgia Department of Community Affairs, an executive government agency in the State of Georgia. By state law, DCA administers the programs of 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. Any Person that receives more than five (5) percent of the developer fee including “consultants” are considered in any QAP provision which relates to “caps”.

**“Disabled Person and Persons with a Disability”** means any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment. In general, a physical or mental impairment includes hearing, mobility, and visual impairments; chronic substance abuse issues; chronic mental illness; AIDS; AIDS-related complexes; and mental retardation that substantially limit one or more major life activities. Major life activities include walking, talking, hearing, seeing, breathing, learning, performing manual tasks, and caring for oneself. DCA utilizes the HUD definition of “Disabled Person.” Applicants can refer to HUD guidance for further information.

**“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 the American Recovery and Reinvestment Act.

**“Extended Use Period”** means the period beginning on the 1st day in the compliance period on which such building is part of a qualified low-income housing project, and ending on the later of the date specified by such agency in such agreement, or the date which is 15 years after the close of the compliance period.

**“Federal Credit”** means the Georgia 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**

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**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).

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

**“General Partner”** means the Partner which has general liability for the partnership during construction, lease up, and operation of the project. If the entity in question is a limited liability company, the term “General Partner” shall also mean the managing member 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 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 DCA 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 Federal HUD program that is designed to provide below market, favorable term construction and permanent financing for affordable rental housing.

**“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.

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**“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 services 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 development 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 Extended Use Period or the Period of Affordability, whichever is longer. This definition also includes Public Housing properties that have combined Older Persons with disabled tenants in accordance with HUD program requirements.

**“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, loans, or services for the project or where there is a financial, familial, or business relationship that permits less than arm’s length transactions.

**“Incomplete Document”** means a dated, executed document submitted with the Application where the majority of the content is provided, but not the full document or the executed documents meets some but not all of DCA requirements.

**“Integrated Setting or Integrated Housing”** means the “most integrated setting” which is defined as “a setting that enables individuals with disabilities to interact with non-disabled persons to the fullest extent possible.” Integrated settings are those that provide individuals with disabilities opportunities to live, work, and receive services in the greater community in a manner similar to individuals without disabilities. Integrated settings are located in mainstream society and offer access to community activities and opportunities at times, frequencies, and with persons of an individual’s choosing. Integrated settings also afford individuals choice in their daily life activities and provide individuals with disabilities the opportunity to interact with non-disabled persons to the fullest extent possible. Settings that are not integrated include, but are not limited to, properties which target more than 20% of the units to individuals with disabilities. (Applicants should review the Justice Department Mandate for additional guidance on this issue: [http://www.ada.gov/olmstead/q&a\\_olmstead.htm](http://www.ada.gov/olmstead/q&a_olmstead.htm)).

**“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

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bonds for a specific project, which states that the project is eligible for 4% Georgia 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 which also 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.

**“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.

**“Missing Document”** means a document required as part of the Application that is either not included in the application and/or not executed and dated (as applicable) prior to the Application Submission date.

**“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 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.

**“NHTF”** means the National Housing Trust Fund established by HUD

**“Non-Metro Median Income Limits”** means the higher of the current non-metro median income (as defined in section 530 of the Housing Act of 1949) or the area median income used to calculate incomes and rents of projects located in designated 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.

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



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**“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 property 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.

**“Paved Pedestrian Walkway”** is a paved path reserved for non-motorized vehicles. In Rural places only, a paved shoulder demarcated from the roadway and wide enough for pedestrians and cyclists is acceptable. Roads are not considered a Paved Pedestrian Walkway except for that portion of the road designated as a legal crosswalk.

**“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.

**“Permanent Debt Financing”** means long-term debt with a minimum maturity period of 10 years.

**“Person”** means an individual, corporation, partnership, joint venture, Limited Liability Company, association, trust, or any other business entity.

**“Phased Development”** means one tax credit development 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,” the Applicant must have site control in place for all phases 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 County Consortium (Cobb, Marietta, Cherokee, Canton); and the Fulton County Consortium (Fulton, Roswell).

**“Plan”** means this 2016 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 General Partner, Developer, Consultant and the  
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Principal(s) thereof 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**” means **those areas designated by USDA as being eligible Rural areas or those counties that appear on Exhibit A of Appendix II in the Scoring section.** A list of USDA Rural areas can be accessed on the USDA website at <http://eligibility.sc.egov.usda.gov/>

“**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 to provide affordable housing. For HOME funds, the subsidy layering review will be conducted in accordance with the requirements set forth in the HUD CPD Notice 98-01 guidelines required by 24 CFR §92.250(b). For tax credit properties, the subsidy layering review is conducted at application, carryover, and before issuance of 8609s.

“**Successful Projects**” means an affordable property that has been completed, has no forbearances, bankruptcies, no defaults, no workouts, and has a physical occupancy of 90% or greater at time of Pre-Application or Application submission.

“**TCAP**” means the second round of the Tax Credit Assistance Program, with funds available from program income earned after the close out of the original program funded under the American Recovery and Reinvestment Act of 2009.

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“**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.

“**USDA**” means the United States Department of Agriculture.

## **SECTION 3. AVAILABLE RESOURCES**

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### **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 2016 funding cycle will be comprised of the State’s 2016 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 may forward commit credits to 2016 Applications. DCA estimates that approximately \$22 million of federal credits will be available in the 2016 round.

### **B. 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 the 9% and 4% Federal Credit) and will be available for the same time period discussed above.

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.

### **C. HOME Multifamily Program**

HUD annually allocates HOME funds to state and larger local governments. The Federal Fiscal Year (FFY2016) HOME allocation is expected to be available to the State on **July 1, 2016** following approval of the Annual Action Plan for FFY2016 Consolidated Funds (Annual Action Plan). DCA will update the estimate of HOME funds available for the competitive round upon receipt of additional information.

Applicants should note that it is possible that the HOME program will not receive its annual award due to proposed Congressional budget cuts. In the event that DCA does not have sufficient funds to fund selected properties with a proposed DCA HOME loan, Applicants will be given additional time to provide alternate funding. DCA will provide instructions if

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cuts are approved by Congress.

### **D. Tax Credit Assistance Program (TCAP)**

DCA has allocated TCAP funds to match the award of HOME funds in the 2016 funding cycle. Since DCA TCAP funds will be awarded as a matching, no-interest construction loan to recipients of DCA HOME funds, TCAP funds used in the 2016 funding cycle will follow the same rules, policies, or regulations as a DCA HOME construction loan. However, no TCAP funds in the 2016 funding cycle will be used for permanent loans. DCA will update the estimate of TCAP funds available to match HOME funds in the competitive round upon receipt of additional information.

## **SECTION 4. QAP SELECTION REQUIREMENTS**

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### **A. Minimum Requirements**

Section 42 provides that each state Allocation Plan must meet certain minimal requirements. The selection criteria must include:

1. Project location.
2. Housing needs characteristics.
3. Project characteristics, including whether the project involves the use of existing Housing as part of a community revitalization plan.
4. Project intended for eventual tenant ownership.
5. Tenant populations with special housing needs.
6. Sponsor characteristics.
7. Tenant populations of individuals with children.
8. Public housing waiting lists.
9. Energy efficiency.
10. Historic nature of the project.

### **B. Statutory Preferences**

States must give preference in selection to those projects that:

1. Serve the lowest income tenants.
2. Serve qualified tenants for the longest period.
3. Are located in Qualified Census Tracts, the development of which contributes to a concerted community revitalization plan.

### **C. Credit Award Requirements**

The Qualified Allocation Plan sets out the priorities and selection criteria for the competitive round. In order to be selected for an award of credits:

1. The submitted Application must show that it meets all Program requirements as well as

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the policies and requirements contained in the Core Qualified Allocation Plan.

2. The submitted Application must meet all of the requirements set forth in Appendix I (Threshold). Projects that do not meet all Threshold requirements at the time of Application Submission will not be considered for an Award.
3. The projects are scored and selected for funding in accordance with the provisions of the 2016 Qualified Allocation Plan.

In the event DCA allocates credits not in accordance with the established priorities and selection criteria of the QAP, a written explanation, available for general public review, is required by Section 42.

**D. State Priorities**

In addition to the effective, efficient, and lawful allocation of and utilization of the Georgia housing credit program outlined in (O.C.G.A. 50-26-89(a)), DCA has identified the five priorities listed below for the allocation of resources under the 2016 Qualified Allocation Plan. These priorities stem from the three overarching housing strategic goals set by DCA:

<b>DCA Housing Strategic Goals:</b>		
<b>Increasing access to thriving communities through outreach and development in areas of opportunity</b>	<b>Partnering across Georgia to grow and achieve local visions for strong communities</b>	<b>Fostering inclusive communities free of barriers to individuals underserved by existing housing programs</b>
<p>Access to quality schools, quality jobs, diverse neighborhoods, affordable and reliable transportation</p> <p>Financing affordable housing and undertaking outreach to landlords</p> <p>Education: Demonstrating to communities the value of affordable housing</p>	<p>Concerted community development and measureable outcomes</p> <p>Capitalizing on existing local momentum and supporting new community development</p> <p>Education: Capacity building, technical assistance, and targeted financing</p>	<p>Overcoming barriers to access for people with disabilities, returning citizens, extremely low-income households, and individuals experiencing homelessness</p> <p>Increasing access to housing support and encouraging outreach to landlords</p> <p>Education: Increasing knowledge of housing options</p>

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- 1. *Integrated Housing Opportunities for Persons with Disabilities:*** DCA has a strong commitment to providing Integrated housing options for Persons with Disabilities. DCA's commitment to providing a full range of housing options drives the decision to focus funding on providing an adequate supply of housing in an integrated setting. Characteristics of integrated housing include, but are not limited to: the project's proximity to community resources and activities; opportunities for tenants with disabilities to live independently and interact with non-disabled persons; the same tenancy rights as non-disabled individuals including eviction protection, choice of roommates, and choice of service providers; and the absence of restrictive, regimented rules that limit residence activities or impede residents' ability to interact with non-disabled individuals.

DCA uses the definition of integration provided by the Justice Department in its Statement on Enforcement of the Olmstead Integration Mandate in its analysis of whether a project provides Integrated or congregate housing for Persons with Disabilities.

- 2. *Preservation of Existing Affordable Housing:*** Preservation is a key component of DCA's work to ensure an adequate supply of affordable rental housing, advance sustainability, and retain historic structures through adaptive reuse. Most importantly, preservation is a vital tool for maintaining affordability through the retention of federal rental assistance. In addition, preservation allows DCA to mitigate the risk of losing affordable housing projects due to market conversion, physical deterioration, or financial instability. Regarding sustainability, renovating existing buildings produces less construction waste, uses fewer new materials, and requires less energy than new construction. Further, little to no new utility or transportation infrastructure investments are required when existing buildings are rehabbed. Combined with energy-efficient upgrades, rehabbing and preserving both aging rental and historic buildings is a conservative, cost effective way to meet growing demand for quality affordable housing. Additionally, historic preservation advances DCA's stewardship of historic buildings and locations while maintaining cultural and community diversity. Finally, DCA seeks to utilize its 4% Bond Allocation to the maximum extent possible for preservation of affordable housing.
- 3. *Quality Developments:*** DCA's multifamily programs are designed to create financially and physically sustainable affordable properties. Two major components that support the development of quality affordable housing properties are quality project teams and quality buildings. The development quality created in part through these key components directly supports the long-term viability of the project and its ability to serve its tenants. Selected projects should have strong Project Teams with significant capacity, a solid track record of partnership, and a history of success developing the type of affordable housing proposed. Selected projects should achieve a level of quality in architecture, design, and sustainable building methods that lay the foundation for the long-term success of the development.

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- 4. *Innovation:*** Resources for affordable housing have been significantly reduced while the need for housing Georgia's residents including seniors, persons with special needs, Persons with Disabilities, and persons with low incomes has increased. DCA encourages projects which are innovative and seek to provide housing and services in a more efficient, sustainable, and cost-effective manner. Innovative collaborations, placed-based strategies, cost-effective delivery of services, and new building techniques can be an important part of broader or comprehensive neighborhood improvement. These strategies have the capability to fundamentally change the character of a neighborhood through measurable community impact.
- 5. *Geographic Distribution of Resources:*** Georgia is a diverse state with both rural, suburban, and urban communities. The consideration of Rural areas shall be included in ensuring a balanced allocation of resources. Selection of lower scoring projects may be required to obtain a better geographic allocation.

### **SECTION 5. DISCRETION**

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In the process of administering the Georgia Housing Tax Credit Program, DCA will make decisions and interpretations regarding project Applications and the 2016 Qualified Allocation Plan. Unless otherwise stated, DCA is entitled to the full discretion allowed by law in making all such decisions and interpretations.

Such discretion shall include, but is not limited to, the right to allocate and issue low-income housing credits 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 authority are necessary or convenient to ensure the complete, effective, efficient, and lawful allocation of and utilization of the housing credit program and to determine the reasonableness of developmental and operational costs of the program as required by Regulation 1.42-17. Such conditions may include barring applicants from participation in the tax credit program as set forth in statutes and in the Plan and imposing more stringent conditions for receipt of the credit than are required by Section 42 of the Internal Revenue Code.

DCA may require additional explanation, documents, or information pertaining to any portion of an Application even if the Qualified Allocation Plan does not specifically require such production of such information, explanation, or documents. DCA's review of submitted applications includes a determination that the Applicant can meet all of the obligations promised in the Application. DCA will not fund or select projects that are not financially viable and sustainable for the entire required Compliance Period, Extended Use, and/or Period of Affordability or that constitute a waste or risk to state resources and/or assets, regardless of their competitive score.

The complex nature of the program may require DCA to interpret or provide guidance on provisions of the Qualified Allocation Plan. This additional guidance may be in the form of answers to both general and specific questions, technical memos, or written guidance published on the DCA website. DCA will rely on this guidance and interpretations in the

## **SECTION 6. AFFORDABLE RENTAL HOUSING NEEDS**

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The State's Annual Action Plan for 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 7. SET ASIDES\***

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The estimated amount of Federal Credit available includes the following set asides:

### **A. Non-profit Set Aside**

10% of the available 9% Credits are set aside for non-profit- sponsored Applications pursuant to the Code. Qualified non-profit organizations must Materially Participate in the development and operation of a project within the meaning of Section 469(h) of the Code and meet all requirements set forth in Code Section 42(h)(5).

### **B. General Set Aside**

One (1) Application may be selected to receive up to \$950,000 of the available 9% credits. These Tax Credits will be set aside for a Development that furthers the Authority's mission, goals, initiatives, setasides and/or priorities irrespective of the ranking by the evaluation factors.

The Authority intends to make every effort to satisfy the requirements of the General Set Aside in one (1) application and reservation cycle. If the General Set Aside is not completed through one (1) application and reservation cycle for the applicable year, the Authority may allocate any tax credits remaining available for allocation without regard to these set aside categories, so long as such allocation is made in accordance with the Code and the applicable requirements of the law of the State and the goals of this Qualified Allocation Plan.

Notwithstanding the point ranking system nor the geographic limitations set forth in this Plan, the Authority reserves the right and shall have the power to allocate Credits and/or HOME Financing resources to a Development irrespective of its point ranking, if such intended allocation is: (1) in compliance with Section 42 of the Code; (2) in furtherance of the State Priorities stated herein; and (3) determined to be in the interests of the citizens of the State of Georgia.



## State of Georgia Qualified Allocation Plan

Additionally, the Authority will provide a written explanation to the general public for any allocation of Credits which is not made in accordance with the established goals, priorities, and selection criteria in this Qualified Allocation Plan.

### **SECTION 8. COMPETITIVE POOLS\***

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In order to ensure the availability of housing tax credit resources to Georgia communities representing a wide range of contexts and local housing needs, competitive 9% Credits in the 2016 funding round are available in the Rural Pool and the Flexible Pool as described below.

An Applicant for 9% Credits must request consideration under only one pool for a proposed project, and each Application will be evaluated according to the Scoring Criteria established under either the Rural Pool or the Flexible Pool. Applicants proposing a site in a Rural area may only be considered in the Rural pool.

#### **A. Rural Pool**

35% of the available 9% Credits (approximately eight million dollars) will be awarded to Applications proposing sites in Rural areas. If slightly less than 35% of available credits have been awarded to Applications in the Rural Pool after initial review, DCA will select the next highest scoring Application in the pool to ensure that no less than 35% of 9% Credits are awarded to Applications serving Rural areas. Applicants in the Rural Pool will be competitively ranked against other members of the pool in the selection process.

#### **B. Flexible Pool**

All 9% Credits remaining after the Rural Pool has been filled will be awarded to Applications seeking consideration under the Flexible Pool. In order to be eligible for funds in the Flexible Pool, Applicants will need to designate that they are applying for the Flexible Pool funds in the submitted Application. Applicants in the Flexible pool will be competitively ranked against other members of the pool in the selection process.

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**State of Georgia Qualified Allocation Plan**  
**SECTION 9. STATE-DESIGNATED BASIS BOOST\***

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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. Only projects that conclusively show that the boost is needed and that the project meets all of DCA's underwriting and other criteria are eligible for the boost. The minimum request for the state-designated basis boost is 10% and any state basis boost request should be made on a full percentage point. DCA will evaluate the need for any state-designated basis boost at Application Submission and again at final project allocation application.

Projects in the following categories are eligible to apply for the boost:

1. Multifamily Rural projects without DCA HOME as a source.
2. Multifamily projects within areas that qualify for at least 2 points under Stable Communities (projects which appear to have a primary purpose of subsidizing an ownership transfer do not qualify);
3. Extraordinary circumstances which further the policies of this QAP. Extraordinary shall be defined as what is not expected or usual for the development of an affordable multifamily tax credit property. Low rents, high utility costs, and proximity to a QCT are not considered to be extraordinary circumstances.

All requests for the 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.

**Requests made in category 3 above (extraordinary circumstances) must be made at the time of the pre-application or after selection of an Application.**

DCA will generally require that any project receiving a state-designated basis boost defer 1% 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 new loan or grant from an independent non-related party in the amount of at least 30% of the total Developer Fee. Assumption of an existing loan is not considered a new loan for this purpose. Projects which contain USDA 515 funding may request that DCA waive the matching deferred Developer Fee.

Please note that a project located in a QCT or DDA is eligible to receive a 30% basis boost

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

for new construction and/or rehabilitation and it is not subject to the State-Designated Basis Boost provision.

### **SECTION 10. HOUSING OPPORTUNITIES FOR PERSONS WITH DISABILITIES\***

DCA has a strong commitment to providing a full range of housing options for Persons with Disabilities. DCA identifies both Integrated and congregate housing as important healthy living options for Persons with Disabilities and seeks to allow Persons with Disabilities to choose what type of housing they prefer. Historically, a majority of the Georgia housing credit resources financing supportive housing have supported congregate housing development. Therefore, DCA's commitment to providing a full range of housing options requires focusing supportive housing resources to develop supportive housing in an Integrated setting. Therefore, DCA will not fund the new construction of congregate housing under this QAP. DCA uses the definition of integration provided by the Justice Department in its Statement on Enforcement of the Olmstead Integration Mandate in its analysis of whether a development provides Integrated or congregate housing for Persons with Disabilities.

In order to ensure supportive housing developments meet DCA's goals, DCA will review each proposed Application as a whole to determine whether the project is "Integrated" or "congregate". Applicants considering submitting an Application for a project that serves Persons with Disabilities should specifically discuss how the project meets the definition of integration in terms of its proximity to community resources and the opportunity for tenants with disabilities to interact with non-disabled persons, which is referenced in the DCA definition of Integrated housing. (DCA's definition is based upon the definition used by the Justice Department in its Integration mandate.) Funding sources or rental assistance that requires documentation of a disability as a condition will be considered documentation that the unit targets individuals with disabilities. Examples include funding that requires recipients to be "chronically" homeless or any property that targets persons with HIV/AIDS.

### **SECTION 11. TAX CREDIT ADMINISTRATION**

#### **A. 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

\* Not applicable to bond financed projects

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

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 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 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.

#### **B. 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 2016 Credits. For projects located in major disaster areas, extensions may be allowed pursuant to Revenue Procedure 2007-64.

#### **C. Tax Credit Pricing**

As the Administrator of the Federal and State Credit program, DCA must ensure that the credit is administered in an efficient and effective manner. Applicants must obtain a fair and reasonable price for credits that are allocated under this Qualified Allocation Plan. DCA must determine that the proposed pricing for credits at Application is competitive and reasonable in order to ensure that the proposed project is not over-subsidized at the time of the initial award of credits and at issuance of Form 8609. In the event DCA determines that a pricing is not reasonable or competitive, DCA may reduce credits for the proposed project. If DCA makes an initial determination that pricing is unreasonable, the Applicant will be given an opportunity to explain why the price is reasonable for the proposed property.

## State of Georgia Qualified Allocation Plan

### **SECTION 12. 4% FEDERAL CREDIT – BOND FINANCED PROJECTS**

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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. Proposed Bond Financed Projects that are financed by HUD or USDA and include a commitment for at least 15-year project based rental assistance for the majority of project units from HUD or USDA may request waivers of certain QAP requirements in accordance with written confirmation from the federal agency that the conditions requiring a waiver of QAP requirements have been approved. Third party reports that have been finalized and accepted by the federal agency may be provided with a letter from the third party analyst, providing DCA the ability to rely on such reports and demonstrating that the reports are generally in compliance with DCA requirements. Documented acceptance of the conclusions related thereto directly from the federal agency will generally be accepted by DCA. 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 with an effective date of not more than 6 months earlier than the date of the Application, regardless of whether there is an Identity 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 fee 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.

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 Letter of Determination within 75 days of the receipt of a **complete** Application. All waiver requests must be submitted 30 days prior to Application Submission.

For all 4% bond projects that propose rehabilitation, a work scope/plan review conference is required prior to issuing the Letter of Determination. Owners of projects receiving a Letter of Determination for Bond Financed Projects in 2016 must:

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

1. Close the bond financing within 180 days of the issuance of the Letter of Determination;
2. Have any significant change in the financing structure or scope of work set out in the Application approved by DCA before the start of construction;
3. Complete all construction activity by December 31, 2018;
4. Complete and submit the “DCA Placed in Service” form at the time the first building is placed in service; and
5. Apply for Final Allocation and request for issuance of IRS form(s) 8609 by September 15, 2019.

IRS form(s) 8609 for a project will be issued only once for the entire project as proposed in the Application. Form(s) 8609 will not be issued as buildings are placed in service.

DCA will not issue a favorable Letter of Determination 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 noncompliance and also may delay the issuance of IRS Form 8609.

### **SECTION 13. FINANCING RESOURCES – HOME/TCAP LOANS\***

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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. Applicants for DCA HOME funds must designate whether the Application will compete in the Rural Pool or Flexible Pool at the time of pre-application. In the 2016 funding round, DCA will award a matching TCAP construction loan to each Applicant that receives a DCA HOME award. TCAP loans will mirror DCA HOME construction loan terms. **Any application that**

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\* Not applicable to bond financed projects

**State of Georgia Qualified Allocation Plan**  
**is submitted in the 2016 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.**

**A. Eligibility**

Except for projects submitted by a CHDO, projects proposed to be located in another HOME Participating jurisdiction are not eligible for DCA HOME funds. Applications receiving a state-designated basis boost are not eligible to receive DCA HOME funds. However, proposed properties in a QCT or DDA are eligible provided there is a need after full utilization of the allowable boost.

**B. HOME Loan Limits**

The maximum HOME loan amount is \$2 million and the minimum HOME loan amount is \$1 million.

DCA will award a TCAP construction loan in the same amount of the HOME loan if a property is selected for funding.

**C. Failure to Use 2016 DCA HOME/TCAP Funds**

Applications/Projects that receive consent to utilize HOME/TCAP 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.

**D. CHDO Set aside**

DCA will set aside the sum of up to four million dollars (\$4,000,000) of the State's HOME allocation for Applications submitted by entities that can meet HOME CHDO requirements.

**1. CHDO Set-aside Requirements:**

- a) In a Limited Partnership (LP), the CHDO or its wholly-owned subsidiary must be the sole General Partner. In a Limited Liability Company (LLC), the CHDO or its wholly-owned subsidiary must be the sole managing member.
- b) If the LP or LLC agreement permits the CHDO to be removed as sole general partner or sole managing member, the agreement must provide that the removal must be for cause and that the CHDO must be replaced with another CHDO.
- c) The application for CHDO Certification must be submitted with the DCA Performance Workbook as part of the Pre-Application process. During the Pre-Application review, DCA will evaluate whether an organization appears to meet all applicable requirements for CHDO designation. Only organizations receiving a preliminary CHDO designation will receive a HOME consent to submit an Application under the HOME CHDO set-aside.

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- d) DCA will not require the project developer fee to be split in accordance with Ownership interests for CHDO Applications.
- e) DCA may determine a proposed CHDO to be a qualified ownership entity or project team member if it meets HOME program requirements even though it does not meet DCA qualification requirements.
- f) Developers who partner with a General Partner CHDO applying in the set aside will not have that project counted against DCA project cap requirements.

2. ***CHDO Selection Requirements:*** In choosing projects for the CHDO set aside, DCA will consider the following:

- a) The strength of the proposed Project Team.
- b) The strength and depth of the proposed CHDO entity.
- c) The history of the proposed CHDO entity in using HOME funds.
- d) Uniqueness of the overall project concept.
- e) Leveraged resources for the project.

The final 2013 HOME Rule contains new requirements for awarding HOME funds to CHDO Applicants. All provisions in the 2013 HOME Rule should be reviewed in detail by the Applicant contemplating the use of HOME funds designated for use by CHDO entities.

#### **E. HOME Underwriting Policies**

DCA's policies for underwriting HOME loans are set out in Exhibit A of Appendix I (Threshold).

#### **F. Selection Criteria for Consent (not applicable to CHDO set aside requests)**

To be eligible for a HOME award, all Project Team members must be free of any default in existing loans and have no outstanding compliance issues. Additionally, either the General Partner or Developer team member must currently operate at least one (1) Multifamily HOME Loan funded property in which that member was the owner and developer. This Multifamily HOME Loan funded property must have been awarded after January 1, 2000.

At least 60% of the available HOME funds will be given in the rural pool. Once this threshold is met, the remaining funds will be given to the flexible pool. Across the combined flexible and rural pool, at least 35% of the projects selected for a HOME consent will be designated for a senior tenancy. Only one (1) HOME consent will be given per County. Additionally, DCA will not fund two HOME properties in the Flexible Pool located within a 2-mile radius of each other or in the Rural Pool within a 10-mile radius of each other.

Generally, each Project Team (including Owner and Developer consultants) will receive no more than 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. Applications that do not fully utilize available credits in order to show a need for the HOME loan will not be



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considered for a consent.

**1. *Competitive Selection Criteria:*** The following scoring criteria give preference to Applicants that minimize risk of loss to DCA, demonstrate HOME experience and capacity, achieve a geographic distribution of resources, and meet DCA fair housing priorities.

a) Scoring Criteria. In the event DCA receives requests for HOME consents that exceed available HOME funds, consents shall be issued based on those who best meet the criteria listed below:

- i. Both the Owner and Developer entity currently own and have developed five (5) HOME-funded properties. Only properties awarded after January 1, 2000 will be considered.
  - a. If HOME assisted multifamily experience is derived from participation in a non-DCA HOME property, the Applicant must submit the following additional documentation from the Participating Jurisdiction that funded the HOME loan: verification that the HOME loan is current, Verification of timely payment of all required payments for period of thirty six months prior to January 1, 2016, the property is currently owned by the Applicant, and all real estate taxes have been paid. A copy of the HOME loan agreement must also be provided to DCA
- ii. Applicant agrees to select a general contractor that can be payment and performance bonded and will not request a waiver of the DCA payment and performance bond requirement.
- iii. Application is for a project in a Local Government boundary that has not received a DCA Multifamily HOME award within the last five (5) DCA funding cycles.
- iv. Applications not in a Qualified Census Tract.
- v. Rural pool only: Application includes no debt other than DCA HOME.
- vi. Flexible pool only: HOME loan is in senior/first position throughout the loan term.
- vii. Flexible pool only: Application demonstrates the HOME loan can fully amortize (equal level payments throughout the loan term resulting in a zero balance at maturity). A 20-year term and amortization loan will receive a preference over any longer term and amortization loan. Loan terms should not exceed 30 years.

b) Tie-Breaker:

Flexible pool: Applications that exhibit the greatest ability to further DCA's fair housing goals will be given a preference. DCA will evaluate the fair housing impact of a property using the tools listed under the Stable Communities scoring section.

Rural pool: Applications that exhibit a strong record of DCA HOME performance including number of DCA HOME loans, timely HOME payments over past thirty six months and strong compliance history.

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### **G. Final HOME/TCAP Award**

DCA will issue a HOME preliminary award with a matching TCAP preliminary award at the conclusion of the 2016 multifamily competitive funding round. Final commitments will be issued after a project is underwritten and is approved by DCA's project loan committee. Review of CHDO requirements and certification to HUD will be made during underwriting.

## **SECTION 14. ELIGIBILITY OF CERTAIN PROJECT CONFIGURATIONS**

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### **A. Eligibility of Scattered Sites**

All Applications proposing scattered sites must meet the following requirements:

1. All of the residential units are income and rent restricted as set forth in Section 42 of the Code.
2. All buildings in the development must be under the ownership of one entity.
3. All buildings in the development must be developed under one plan of financing and considered a single project by all funding sources.
4. All units in the scattered site Application must be managed by one management entity.
5. The scattered sites must be appraised, if applicable, as a single proposed development.
6. Each site within the proposed development must meet all applicable Threshold and Scoring criteria. DCA may consider Architectural Standards and/or Amenities Waiver requests which are submitted according to Exhibit A of the Core.
7. 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.

Legal Opinion: Applications must include a legal opinion on scattered site to support the project's development.

### **B. Detached Single-Family Rental Housing**

Detached single family housing proposals will be eligible for funding if they satisfy the following requirements:

1. 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.
2. The Application must have a detailed Replacement Reserve analysis and plan.
3. The house designs must reflect architectural diversity through the use of different elevations and styles.
4. Landscaping must be appropriate for detached, single family housing.
5. Public water and sewer must be available at the proposed development site at the time of Application.
6. A cost limit waivers is not submitted for the Detached Single-Family Rental Housing.

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**C. Single Room Occupancy (SRO)**

DCA will no longer accept applications for new construction or preservation of single room occupancy developments. DCA defines an SRO unit as one that does not have an in-unit kitchen and/or bathroom.

**SECTION 15. SUBMISSION REQUIREMENTS AND AWARD LIMITATIONS**

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**A. Pre-Determinations**

**1. DCA HOME Consent:** Applicants that will utilize DCA HOME funds as a funding source in a 2016 competitive Application must obtain DCA's consent during the pre-application process. Applicants must submit all required documentation for DCA review and approval (see Exhibit A for DCA Pre-Application Deadlines and Fee Schedule).

**2. Pre-determinations and Waivers:**

- a) Architectural Standards waiver\*\* (See exception below)
- b) Operating expense waiver
- c) State basis boost – extraordinary circumstances only
- d) Project Team Qualification Determination
- e) CHDO Qualification and Capacity review

\*\*Architectural Standard waivers should be submitted at the pre-application stage only if the request is for a change that deviates more than 10% from DCA architectural building interiors design standards. Requests for a waiver that deviates 10% or less from DCA's architectural building interiors design standards should be submitted in the full Application.

**B. Application Submission Requirements.**

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

- a) *9% Applications.* DCA will conduct one Competitive Application cycle for 9% Credit and HOME Loan funding resources during 2016. Electronic Applications only will be accepted and must be delivered by the deadline to:

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

The complete electronic Application is due at DCA by 4:00 PM on June 9th, 2016. DCA will not accept any Applications after this date and 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.

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

Consequently, there will be no exceptions to this deadline.

- b) *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.

Applicants must submit complete Applications according to the directions and format prescribed in the 2016 Core Application Instructions and the 2016 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) 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\****

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\* Not applicable to bond financed projects.

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**1. Project Limitations:** DCA will not award more than \$1,000,000 of Credits to any project in the competitive round.

**2. Maximum Ownership/Development Interests:** Applicants will be limited to direct or indirect Ownership/Development interest in a maximum of two (2) selected projects in which the combined total Federal Credit from the 2016 competitive funding round cannot exceed one million eight hundred thousand dollars (\$1,800,000) 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/Development 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 non-profit applicants, DCA will look at Executive Directors and common threads of effective control as well as whether different non-profit entities have met DCA Qualification requirements through the same individuals or entities.

CHDO Exception: A qualified Project Team member that is the developer in an application where a proposed CHDO general partner has received a HOME loan consent under the CHDO set aside will not have that project count towards the Maximum Ownership Interests. The new HOME rules require that the CHDO have a 100% interest in the general partner or be the sole managing member of a limited liability entity. Therefore, the partnership arrangement would be part of the Development entity only.

**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 is experiencing a financial issue with regard to an existing project, DCA may elect to reduce the number of projects that can be awarded under the project cap. This determination can be made up to the announcement of awards.

### **SECTION 16. POST AWARD DEADLINES**

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**1. Construction Documents:** For 9% deals, including those utilizing DCA HOME funds, a boundary survey, topographic survey, and geotechnical soils boring report must be submitted to DCA for review and approval no later than **60 days after announcement of awards**. Additional Construction Documents will need to be submitted according to Post Award Deadlines and Fees Schedule.

- a) For 4% deals, Construction Documents as fully outlined in the Architectural Manual must be submitted to DCA for review and approval at time of Application.
- b) For HOME deals, please comply with the deadlines in the HOME Commitment Letter.

**2. Firm Low-Income Housing Tax Credit (LIHTC) Equity Commitment:** The term sheet for both the Federal and State Equity Commitments must be sent to DCA by **April 28<sup>th</sup>, 2017**.

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3. **Tax Credit only Projects Construction Loan Closing:**\* For tax credit only projects, construction financing and equity closing must occur no later than **August 31, 2017**. The construction loan documents along with the limited partnership agreement must be submitted to DCA within 10 days of the closing deadline.
  4. **Tax Credit only Projects Commencement of Construction/Rehabilitation:**\* Owners of projects receiving 9% Tax Credits for new construction or rehabilitation in the 2016 round must commence construction or rehabilitation no later than **September 29, 2017**. Failure to commence construction as scheduled may cause an automatic recapture of the Credits. DCA will closely monitor construction start dates.
  5. **Tax Credit and HOME Projects Commencement of Construction/Rehabilitation:**\* Projects receiving HOME Loans must not make any choice-limiting actions 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 2016 must have satisfied all conditions necessary to commence construction within nine (9) months of the date of the initial HOME commitment. Exceptions may be granted by DCA in accordance with HUD regulations, but must be requested and justified prior to the submission of HOME due diligence documentation. 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.
  6. **HOME Loan Closing:**\* All projects receiving a HOME Loan award in 2016 must close their HOME Loans on or before **July 14, 2017**. Applicants unable to close within that time period may have their commitment for HOME funds withdrawn.
  7. **Completion of Work Scope:** Owners of projects receiving Credits or Letters of Determination in accordance with this QAP for the new construction and/or rehabilitation of an existing property must perform 100% of the DCA approved work scope no later than December 31, 2018. Certificates of Occupancy for the residential buildings must be issued by the local jurisdiction before end of business December 31, 2018. Temporary Certificates of Occupancy that prohibit 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
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\* Not applicable to bond financed projects

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allocated or disallow any credits. DCA may approve modifications to the proposed work scope upon written request.

- 8. *Placement-In-Service:*** Owners of projects receiving Credits or Letter of Determination in accordance with this QAP must place all buildings in the development in service by December 31, 2018. DCA may pre-approve in writing, on a case by case basis, limited extension requests for 4% credit projects or projects receiving credits from the 2016 credit ceiling.
- 9. *Final Allocation Application Deadline:*** Owners of projects receiving Credits or a Letter of Determination in accordance with this QAP must apply for Final Allocation and request for issuance of IRS form(s) 8609 by February 15, 2019 for 9% Credit projects, and September 14, 2019 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 17. 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 Credit authority or meet applicable set asides 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 or the proposed project concept. 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 or score, a written request for such a change will be considered by DCA. DCA will not approve the addition of units or a reduction of units proposed in the original application. Applications where the proposed construction budget increases more than ten percent from the Application must resubmit the project pro forma to DCA for approval.

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

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

submitted for approval include but are not limited to: changes in the number of tax credit units, market units, unit mix, amenities, legal descriptions, and direct or indirect transfers of the General Partner's or Developer's interest.

Projects receiving DCA HOME funds in the 2016 competitive tax credit round must submit any proposed change requests by February 28, 2017.

Failure to abide by this provision will adversely affect the Applicant's eligibility to receive future DCA funding.

## **SECTION 18. 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 made payable to the Georgia Housing and Finance Authority.

- 1. *Compliance Monitoring Fees:*** 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. All compliance monitoring fees, including credit compliance 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, 2018, whichever is earliest. Failure to do so may adversely affect the Applicant's ability to compete in future funding rounds.
- 2. *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.
- 3. *Fees and Deadlines:*** Fees and Deadlines can be found in Exhibit "A" to this core (DCA Application and Pre-Award Deadlines & Fee Schedule).

## **SECTION 19. EVALUATION OF COMPETITIVE APPLICATIONS**

### **A. *Completeness Review***

Applications received by DCA will be reviewed for completeness, including but not limited to:

1. Organization electronic Application submission.
2. Inclusion of all required Application forms.
3. Inclusion of Environmental Phase I.
4. Inclusion of Market Study.
5. Submission of all required supporting documents.



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### 6. Completed Electronic Core Application.

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

#### **B. Threshold Review.**

Complete Applications will be reviewed to determine if the project meets the requirements set forth in Appendix I (Threshold). Projects that fail to meet any applicable Threshold requirements at the time of Application Submission will not be considered for an Award. Applicants that submit an Application that fails to meet Appendix I requirements will be notified in writing (by email) of the specific requirement(s) that the Application did not meet. If an Applicant believes the requirement(s) was (were) met, the Applicant must respond in writing within 5 calendar days from the date of the DCA's preliminary Threshold failure notification letter. The response must provide a clear and specific explanation of why the Applicant believes DCA's initial determination was incorrect. DCA will review the response and make a final determination of whether the submitted Application meets all Threshold requirements. Applications that fail to meet required Threshold requirement(s) may be scored for advisory purposes only. Applicants that receive a final Threshold Failure letter after DCA review of a response to the preliminary failure will have the right to appeal that failure under the DCA appeal procedures.

Threshold Deficiencies: If an Application contains Appendix I deficiencies which are administrative in nature such as 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 a request is referred to as the "clarification request". DCA will provide this request in the form of an email to the Applicant. This clarification period will only be utilized for minor inconsistencies or to help DCA understand the overall project concept. It cannot be used to modify a submitted application or provide documents or reports that were not in existence prior to Application Submission day.

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 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 the Applicant's responsibility to ensure that submitted materials are addressed properly to the specified DCA Housing Finance and Development Division address (electronic or physical).

Applicants may not submit additional items for the purpose of increasing or further supporting 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.**

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### **C. Scoring\***

Complete Applications that meet applicable Threshold requirements will be scored. Applicants in each pool will be ranked in descending order by total DCA point score as set forth in Appendix II. (Applicants' self-scores are advisory and are not considered in the final scoring process.)

DCA will provide the preliminary results of the Competitive Scoring of each Application to the Applicant. Applicants will be given a forty-eight (48) hour period to provide comments to DCA regarding the preliminary scoring of a submitted Application. 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 prior to assigning each project its final score.

### **D. Selection**

#### ***1. Competitive Application Selection:\****

Generally, Applications with the highest DCA score and favorable market studies will be allocated resources provided that only one Application is submitted in the market area and provided all set asides have been met. If more than one project receives a competitive score in the same market area, DCA will select the higher scoring Application unless the lower scoring Application has been selected to receive DCA HOME funds. 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 selected for an award.

#### ***2. Geographic Allocation Limitations for Projects selected in the 2016 round:***

- a) DCA will not select more than one phase of a planned multi-phase development.
  - b) DCA will select only one Rural Application located in the same Local Government area, with the exception that a new construction and an occupied, in-place rehab may be selected.
  - c) DCA will select up to two flexible pool Applications located in the same Local Government area.
  - d) DCA will not select more than three Applications for funding in the City of Atlanta.
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## State of Georgia Qualified Allocation Plan

**3. *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 or two projects have the same score in the same Local Government area, the following priorities will be utilized to evaluate projects:

- a) Projects that use the least amount of DCA resources per unit.
- b) First selected project for the Project Team in this round to help ensure more equitable distribution of resources among Applicants.
- c) PHA-sponsored projects that utilize Replacement Factor Funds and reduce public housing waiting lists.
- d) Projects with DCA HOME funds.

Tiebreaking criteria are not listed in any particular order. Applications will be comparatively ranked according to how well they meet the above criteria.

**4. *Special Allocation Considerations:*\*** DCA may 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.

**5. *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 and the project is selected for a tax credit award, 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.

**6. *Appeal Process:*** The following are the Administrative Rules for reconsideration of DCA's Threshold Failures and scoring decisions in the 2015 Qualified Allocation Plan:

- a) Applicants that submitted an Application requesting an award under this QAP may request that DCA reconsider a Threshold failure or a scoring decision that resulted
-

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

in the non-selection of a proposed project. Applicants cannot appeal a scoring decision that did not result in the non-selection of a project.

- b) The Request for Reconsideration must be made in writing and submitted within fourteen calendar days from the date on the Notice of Final Threshold Failure or notification of a Project's final score. Requests should be submitted to the attention of the Director of the Office of Housing Finance. The request must contain a detailed written statement which supports the Applicant's assertion that the Threshold Failure or scoring decision was incorrect.
- c) Upon receipt of Request for Reconsideration, DCA shall schedule a meeting with DCA scoring staff and the Applicant. The Applicant will be informed of the date, time and location of that meeting. This meeting is an informal meeting where the reason for the non-selection is discussed by both DCA and the Applicant.
- d) Upon completion of its review, DCA will issue a decision. The Applicant will be notified by a Decision Letter stating whether the Threshold failure or scoring decision was affirmed or reversed and any additional findings.
- e) If the Applicant seeks further review of its Request for Reconsideration, the Applicant may (within seven calendar days of the date on the Decision Letter denying the Applicant's Request for Reconsideration) submit a request for a full Appeal Review by DCA's Appeal Review Committee, to the Deputy Commissioner for Housing. Only documentation that meets the requirements of the QAP will be considered by the Appeal Review Committee. Documents that the Applicant did not submit with the Application will not be considered. Documents that were not submitted as part of a Threshold clarification will not be considered. The burden of proof shall be on the Applicant to prove that the decision that resulted in the non-selection of the project was incorrect and that the Application met all QAP requirements, program requirements, and statutory requirements.
- f) The Appeal Review meeting shall be recorded and available for transcription upon Applicant's request.
- g) The decision of the Appeal Review Committee shall be considered the final decision of DCA and not subject to further internal review.

## **SECTION 20. 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.

## **SECTION 21. MONITORING AND COMPLIANCE**

The following sub-sections delineate the procedures that GHFA will follow in monitoring for non-compliance with the provisions of this section and in notifying the Internal Revenue Service of such noncompliance and in monitoring for noncompliance with habitability standards through regular site visits.

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

the Credit and will continue through the end of the Compliance Period/Extended Use 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 Final Allocation 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.

**A. Credit Compliance Monitoring Procedures.** (Tax Credit and Tax Exempt Bond/ Tax Credit Properties) Section 1.42-5(a) of U.S. Treasury Regulations requires that each Plan include a procedure that the housing credit agency (DCA) will follow in monitoring for noncompliance with the provisions of Section 42 and in notifying the Internal Revenue Service of any noncompliance of which DCA becomes aware. The procedure for monitoring contained in the Plan must contain procedures consistent with the Regulations that address the following areas: record keeping and record retention; certification and review; on-site inspection; and notification of 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 DCA Compliance Policy and Procedure manuals and in the IRS-issued "Guide for Preparing Form 8823" revised in January 2011. 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).

**B. 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.

**C. Property and Record Compliance.** Please refer to The Guide for Completing 8823 Low Income Housing Agencies Report of Noncompliance or Building Disposition revised in January 2011.

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

Annually, DCA inspects affordable developments to which it has made an allocation under Section 42, such that DCA will meet all applicable federal inspection requirements. In each development selected for review, DCA will randomly inspect no fewer than twenty

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

percent (20%) of the low-income units located in each such development. Records relating to 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 (or contractor or agent) 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 (UPCS) as defined by the Department of Housing and Urban Development (HUD).

For properties with additional federal requirements (e.g. HOME), DCA will annually 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. DCA may determine that a property does not need an annual review based on performance and inspect the property every three years.

#### **E. Record Keeping and Record Retention**

1. Owners awarded HOME Loans must keep records for each assisted building as stipulated in the final HOME regulations.
2. Owners allocated Credit must keep records for each building as stipulated in Section 42 of the IRS Code, according to regulation 1.42.5(b).
3. Owners receiving HOME Loans and Credit must follow the most stringent requirements of the two programs.

**F. Inspection Record Retention Provision.** (Tax Credit and Tax-Exempt Bond w/ Tax Credit Properties) The Owner of a Credit property is required to retain all original local health, safety, or building code violation reports or notices that were issued by the State or Local government unit for DCA's inspection. After DCA reviews the violation reports or notices and completes its inspection, unless the violation remains uncorrected, the Owner may dispose of these reports or notices.

#### **G. Compliance Standards.**

**1. Assessment of Noncompliance.** Principals of projects awarded Credit and/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 determine those parties ineligible to participate due to noncompliance status.

**2. 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:

## State of Georgia Qualified Allocation Plan

<u>Noncompliance Items</u>	<u>Typical Cure Periods</u>
<i>Health and Safety</i>	
Any issue	24-72 hours
<i>Administrative Noncompliance</i>	
Incomplete or incorrect tenant income certifications	30 days
Affidavits not notarized	30 days
Failure to report on a quarterly or annual basis	30 days
<i>Project Wide Noncompliance</i>	
Incorrect utility allowance	60 days
Violations of the 40/50 Rule	60 days
Rent overages	60 days
<i>Incurable Instances of Noncompliance</i>	
Submission of fraudulent information to DCA	No Cure

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

**H. Monitoring Fees.** DCA charges a monitoring fee for all 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. \$75 per unit plus travel expenses will be assessed for re-inspections. Failure to pay these fees will be considered an Administrative noncompliance issue.

DCA charges an asset management fee for all HOME-funded developments. Recipients will be required to pay the fee annually during the affordability period as indicated in Exhibit A of the Core Plan (DCA Fees and Deadlines). Failure to pay these fees will be considered an Administrative noncompliance issue.

### **I. Compliance Monitoring Responsibilities.**

1. 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.
2. 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, or emailed to [compliance@dca.ga.gov](mailto:compliance@dca.ga.gov)

**J. Reasonable Accommodation.** DCA is committed to ensuring that its policies and procedures do not deny individuals with disabilities the opportunity to participate in; benefit

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

from; or access any of DCA's programs, services, and activities, or otherwise discriminate against individuals living with disabilities. Therefore, if an otherwise qualified individual with a disability requires an accommodation such as a modification to a DCA policy, DCA will provide such accommodation unless doing so would result in a fundamental alteration in the nature of the program or an undue financial and administrative burden. In such a case, DCA may recommend another accommodation that would not result in a financial or administrative burden.

**K. Housing Rights for Victims of Domestic Violence, Dating Violence, Sexual Assault, and Stalking.** An applicant for or tenant of housing assisted under a Georgia Housing Tax Credit or HOME Loan Program (hereafter referred to as a "covered housing program") may not be denied admission to, denied assistance under, terminated from participation in, or evicted from the housing on the basis that the applicant or tenant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, if the applicant or tenant otherwise qualifies for admission, assistance, participation, or occupancy. An incident of domestic violence, dating violence, sexual assault, or stalking shall not be considered a lease violation by the victim, nor shall it be considered good cause for an eviction.

If a tenant who is a victim requests an early lease termination, lease bifurcation from the abuser, or transfer to another unit because she/he is in danger, a covered housing program shall make every effort to comply with the request and shall not penalize the tenant. Each owner/manager of a covered housing program shall have an emergency transfer policy for victims seeking safety, which incorporates reasonable confidentiality measures to ensure that the owner or manager does not disclose the location of the dwelling unit of a tenant to a person that commits an act of violence or stalking against the tenant. An owner, manager, or landlord may request documentation from a victim before these protections are triggered. Any one of the following shall be considered adequate documentation: an affidavit signed by the victim under penalty of perjury; an affidavit or letter signed by a domestic violence service provider, attorney, or medical/mental health professional who assisted the victim; or a court or administrative record. This submission shall be confidential.

## **SECTION 22. MODIFICATION OF THE PLAN**

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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



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

desirable developments, developments produced in 'difficult to develop areas,' or in accordance with policy changes necessitated by DCA. DCA must approve any such increase in writing before submission of an Application.

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 right to amend the Plan, after the public has had the opportunity to comment through the public hearing process, and to administer, operate, and manage allocations of Credits and HOME Loans in all situations and circumstances, both foreseen and unforeseen, including, without limiting the generality of the foregoing, the power and authority to control and establish procedures for controlling any misuse or abuses of the Credits or HOME Loan allocation system and the power and authority to resolve conflicts, inconsistencies, or ambiguities, if any, in the Plan or which may arise in administering, operating, or managing Credits or HOME Loan allocations pursuant to the Plan.

The Governor further expressly delegates to DCA the authority to amend the Plan to ensure compliance with federal law and regulations as such federal law may be amended and as federal regulations are promulgated governing Credits and the HOME Loan Program.

The Commissioner of DCA, acting as Executive Director of GHFA, is also granted the authority to make minor modifications to the Plan to clarify provisions and correct inconsistencies. Such modifications include but are not limited to changes in Application Submission date or any other deadline listed in this document.

### **SECTION 23. MAILING LIST**

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DCA maintains an e-mail distribution list for those interested in receiving notifications of application cycles and other DCA Multifamily program activities. To be added to the e-mail distribution list, visit DCA's website at:

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

Or you may submit a written request to: [hfdround@dca.ga.gov](mailto:hfdround@dca.ga.gov)

## State of Georgia Qualified Allocation Plan

### EXHIBIT A

#### DCA PRE-APPLICATION FEES AND DEADLINE SCHEDULES For Profit, Non-profit, and For Profit/Non-profit Joint Ventures

**\*all checks should be made to the attention of OAH Billing Department**

	Fees	9% Deadline	4% Deadline
Architectural Standards & Design Options	\$1,500 per waiver	March 17, 2016	No later than 30 days prior to submittal of the Georgia housing credit application
DCA HOME Consent Loan Application fee	\$1,000 For Profits \$500 Non-profits	March 17, 2016	N/A
Qualification Determination	\$1,000	March 17, 2016	No later than 30 days prior to submittal of the Georgia housing credit application
Operating Expense Waiver	\$1,500 per waiver	March 17, 2016	No later than 30 days prior to submittal of the Georgia housing credit application
State-Basis Boost request under Section 8.D ("extraordinary circumstances")	NONE	March 17, 2016	N/A
Sustainable Communities Site Analysis Packet or Feasibility study	NONE	June 9, 2016	N/A

**INCOMPLETE INFORMATION SUBMITTED WILL NOT BE REVIEWED**

**State of Georgia Qualified Allocation Plan**

**EXHIBIT A (continued)**

**DCA APPLICATION AND PRE-AWARD DEADLINES & FEE SCHEDULE  
For Profit, Non-profit, and For Profit/Non-profit 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>
2016 Bond/4% Credit Letter of Determination	\$5,000 (Resubmission fee of \$500 due for incomplete submissions)	N/A	Application Submission no later than <b>75 days before bond closing</b> (fee not required at application if submitted with pre- application)
2016 Credit Application Fee and Third Party Review Fees	\$6,500 For Profits \$6,500 For Profits/Non-profits Joint Venture \$5,500 Non-profits	Application Submission June 9, <b>2016</b>	N/A
Payment & Performance Bond Waiver	\$1,500 per project	Application Submission June 9, <b>2016</b>	N/A
Notification of delayed Financing Awards (AHP, USDA 538 and HUD invitation letters)	NONE	7/8/16	N/A
Alternate Financing Deadline, if Notification deadline has not or will not be met	NONE	7/22/16	N/A
Evidence of 8 step process completion	NONE	8/31/16	N/A

**9% Application Submission Deadline: 4:00 PM on June 9, 2016**

## State of Georgia Qualified Allocation Plan

### EXHIBIT A (continued)

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

	Fees	9% Deadline	4% Deadline
Affirmative Fair Housing Marketing Plan (AFHMP)	NONE	Prior to the commencement of lease up.	Prior to the commencement of lease up.
Appraisal Fee (HOME Loans Only)	Based on DCA cost	Upon invoicing by DCA during underwriting	N/A
Bond/4% Credit Processing Fee	8% of annual Federal Credit amount	N/A	Due within 30 calendar days of issuance of Letter of Determination
Certificates of Occupancy/ Placement –In-Service	NONE	Issued by local jurisdiction/all buildings placed in service before end of business December 31, 2018	Issued by local jurisdiction /all buildings placed in service before end of business December 31, 2018
Commencement of Construction/Rehabilitation (Projects w/Tax Credit and HOME)	NONE	Must satisfy all conditions necessary to commence construction within 9 months of date of the initial preliminary HOME award.	N/A
Commencement of Construction/Rehabilitation (Tax Credit Only Projects)	NONE	No later than September 30, 2017	No later than September 30, 2017
Completion of Work Scope	NONE	No later than December 31, 2018	No later than December 31, 2018
Construction Loan Closing (Tax Credit only Projects)	NONE	No later than August 31, 2017	No later than August 31, 2017
Final Allocation Application Amendments	\$1,500 per request	At time of request	At time of request
Credit Allocation Fee	8% of annual Federal Credit amount	At time Applicant execute the carryover allocation, 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)	\$800 – 9% Credits; \$800 – Bond/4% Credits;  \$1,500 - Single family detached or duplexes;	The earlier of 18 months from Issuance of carryover allocation, or the project placed in service date	Due within 18 months of issuance of Letter of Determination
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
Boundary survey, topographic survey, and geotechnical report	NONE	No later than 60 days after announcement of awards (including projects with DCA HOME)	At the time of application
Construction Documents as fully outlined in the Architectural Manual	NONE	No later than May 1, 2017 (HOME projects may have more stringent deadlines)	At the time of application for new construction. For rehabilitation projects, upon DCA notification after review of the work scope.

## State of Georgia Qualified Allocation Plan

### EXHIBIT A (continued)

#### DCA POST AWARD DEADLINES AND FEE SCHEDULE For Profit, Non-profit, and For Profit/Non-profit 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.	Upon invoicing by DCA.
Final Allocation Deadline	NONE	February 15, 2019	September 15, 2019
Final Inspection Fee (for all Georgia housing credit 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	NONE	Must be submitted to DCA within 75 days of the carryover allocations	N/A
Front End Analysis (applicable to HOME loans only, 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	N/A
HOME Asset Management Fee	\$750 per project annually	Beginning no later than 24 months of the HOME construction loan closing	N/A
HOME Loan Closing	NONE	On or before July 14, 2017	N/A
HOME Loan Conversion	NONE	No later than 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
Management Company Approval	NONE	Prior to the 1 <sup>st</sup> building placed in service	Prior to the 1 <sup>st</sup> building placed in service
Non-Compliant Re-inspection Fee	Minimum of \$75 per unit or file plus travel expenses	Due within 15 days of invoicing by DCA	Due within 15 days of invoicing by DCA
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.**

**Appendix I**  
**Threshold Criteria\***

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## **Appendix I Threshold Criteria**

To be considered for an allocation of DCA resources, Applications must meet each of the Threshold requirements described below. Please note that DCA requires that Applications must be complete when submitted. DCA may request Applicants to clarify issues related to any Threshold section. In response to such clarification requests, the Applicant can only submit documents that cure Missing or Incomplete Documents. All submitted documents must have been in existence prior to Application Submission day. Applications that contain a significant number of missing or incomplete documents will be returned to the Applicant and be deemed a threshold failure.

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

Section 42 requires that the housing credit dollar amount allocated to a project not exceed the amount that DCA determines is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project through the credit period. In making this determination, DCA must consider:

- the sources and uses and the total financing planned for the project;
- any proceeds or receipts expected to be generated by reason of tax benefits;
- the percentage of housing credit dollar amount used for project costs other than the cost of intermediaries; and
- the reasonableness of the development and operational costs of the project.

The ownership entity for the proposed project 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. The sources and uses must be verifiable and available at the time of Application. Owner contributions outside of deferred developer fee will not be considered an allowable source.

#### **A. Feasibility Assumptions and Policies**

Applicants must use DCA's underwriting assumptions and, if applicable, DCA HOME underwriting assumptions in the Submitted Application pro forma. DCA's underwriting assumptions can be found in Exhibit A attached to this Appendix I.

In addition, the following policies will be utilized in determining whether a project is feasible:

#### **1. Certifications**

The Applicant must certify to DCA the full extent of all federal, state, and local subsidies that apply (or which the applicant expects to apply) to the project. The Applicant must also certify to the Agency all other sources of funds and all development costs for the project.

#### **2. Income**

Only rental income plus up to a maximum of 2% of gross potential rents (GPR) in ancillary

## **Appendix I Threshold Criteria**

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.

### ***3. Reasonableness of Development and Construction Costs***

In order to be eligible for selection, DCA must determine that proposed costs are reasonable based on an examination of all soft costs and hard costs listed in the application. DCA will thoroughly examine building construction, soft costs and land costs. It will also consider variations in costs due to project location, type of construction, and population served. Additionally, DCA will compare proposed project costs to other Applications submitted in the funding round, to certified cost data on existing Housing Credit developments in the State portfolio, as well as to the actual costs of other non-luxury multifamily housing located in the same geographic areas. Applications which do not demonstrate cost reasonableness will be ineligible for an allocation of credits. In general, property asset management fees should be funded from the operating income. Asset management fees required by syndicators as part of the total development cost will be scrutinized in relation to projected cash flow from operations.

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. DCA will review land costs carefully to determine that there has been no unjust enrichment to any party and that the parties have not overpaid for proposed project site. During Application review, DCA may order an appraisal to determine the reasonableness of the contract price for land and/or buildings. DCA may require documentation not specifically included in the minimum documentation requirements to verify the reasonableness of development and operating costs.

### ***4. Reasonableness of Federal and State Equity Pricing***

The Code requires that allocation of credit may not exceed the amount necessary for the project financial feasibility and long term viability to support the extended low-income housing commitment. DCA will evaluate the reasonableness of the applicable equity price with the information available and reserves the right to adjust the pricing and/or the amount of credits to reflect market conditions.

### ***5. Reasonableness of Operating Costs***

Applications must also reasonably estimate operating expenses for a submitted 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 supporting documentation for their estimates of impact fees, taxes, and property insurance



## **Appendix I Threshold Criteria**

for the proposed project. Projects that do not provide a reasonable estimate of operating costs may 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.

### **6. Rents**

Rent Standards derived from AMI, HUD published rent, and applicable underwriting utility allowance, in effect as of January 1, 2016, must be used to determine project rents and rent restrictions. Please note that for purposes of determining the maximum allowable rent limits, regardless whether a property is considered Rural, the applicable HUD program rent limits, in effect as of January 1, 2016, must be used. Applicants are encouraged to underwrite projects at reasonable and achievable rents for low-income units and market rate units.

- a) National Non-Metropolitan. Applicants cannot use the National Non-metropolitan Area Median Income Rents in their Submitted Applications. If selected, projects without HOME funding which are located in qualified USDA-designated rural areas may utilize National Non-metropolitan Area Median Income Rents, if applicable.
- b) Tax Credit (only). 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.
- c) HOME Rents with Tax Credits. For layered projects, the maximum allowable rents must be determined based on the regulations of each program, and the most restrictive rent limit of the programs must be utilized.

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 gross rent and utility allowance restrictions.

### **7. Operating Utility Allowance (UA)**

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."

## Appendix I Threshold Criteria

For any low-income units where the tenants are responsible for any utility costs, the owner must provide utility allowances as set forth below. Applicable rents and utility allowances, in effect as of January 1, 2016, must be utilized in the Application and market study. 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 will be used in the order listed:

- a) USDA-Assisted Buildings. If a building receives assistance from the USDA (formerly called the Farmers 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 UA.
- b) 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).
- c) 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 UA is used. This rule doesn't apply to buildings that have only FHA-insured mortgages.
- d) Tax Credit Buildings with no HOME. For Application purposes, the applicant must use the UA established by the Public Housing Agency (PHA) that administers the Section 8 Program in the locality where the property is located. Once the tax credit only property is in operation, the owner can choose to use the following: the UA established by the PHA that administers the Section 8 Program in the locality where the property is located, *HUD Utility Schedule Model*, *Local Utility Provider Estimates/Estimates Based on Actual Usage*, or *Energy Consumption and Analysis Model* (licensed engineer or qualified professionals providing this model must be approved by DCA prior to submission of the Model).
- e) Tax Credit & HOME Assisted Buildings. For all HOME properties funded beginning January 25, 2016, an individual utility allowance must be determined using the *HUD Utility Schedule Model*, or other model(s) approved by HUD.

### **Minimum Documentation:**

- Current applicable UA.
- For any property with HOME funding, documentation including the location, tariff, and utility allowance computation in the HUD Utility Schedule Model that shows the results

## **Appendix I Threshold Criteria**

of that analysis (comparable documentation is required for any alternative model, including evidence of HUD approval).

### **8. *Project Based Rental Assistance (PBRA)/Rental Assistance Demonstration Program (RAD)***

Projects that have at least ten years remaining from the Application Submission deadline for PBRA will be underwritten utilizing Section 8 rents. Additionally, projects that have a renewal commitment assuring PBRA for at least 10 years from the Application Submission deadline will be underwritten utilizing Section 8 rents. However, projects with existing PBRA that has less than ten years remaining from application submission date, for which a renewed contract is not possible, will be underwritten within the maximum tax credit rents and/or HOME rents, as applicable.

#### **Minimum Documentation:**

- PBRA agreement, including most recent rent and utility allowance adjustment
- Commitment for PBRA renewal, if applicable

### **9. *Deferred Developer Fee***

Any owner's equity shown in the Application, excluding the General Partner's nominal contribution required by the Limited Partnership Agreement, will be included as a source of funding in the calculation of Credit. This policy will apply at 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.

For purposes of calculating the project's annual debt service coverage ratio, the deferred Developer's 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.

#### **Minimum Documentation:**

- Draft note for deferred Developer Fee

### **10. *Commitments***

- a) Original preliminary commitments for all financing must be submitted with the Application including, but not limited to, the following:

## **Appendix I Threshold Criteria**

- i. Construction financing.
  - ii. Non-DCA permanent financing.
  - iii. Bridge loans, if applicable.
  - iv. Project Based Rental Assistance agreements.
  - v. Operating subsidy agreements.
  - vi. Deferred Developer Fee.
  - vii. Limited partner (tax credit) equity.
  - viii. 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 (d)(4) program may be submitted with the Application, but final MAP Invitations must be submitted by the deadline noted on Exhibit A DCA Pre-application and Pre-Award Deadlines and Fee Schedule.
  - ix. USDA Notice to Proceed (or equivalent) with application processing and lender preliminary commitment are required for loans to be guaranteed under the USDA Section 538 Guaranteed Rural Rental Housing Program.
  - x. Any grants or other forms of assistance utilized during the construction period or utilized as permanent financing must be documented.
  - xi. 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.
  - xii. 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 entity should provide a preliminary commitment to the ownership entity.
  - xiii. Projects proposing the utilization of Historic Tax Credits must provide documentation of the designation for the subject project through the National Register.
- b) In the case of public financing which is under final consideration at the time of Application, but is not awarded funding, the Applicant may secure alternate financing provided related Application documents are submitted to DCA on or before the date noted on Exhibit A DCA Pre-application and Pre-Award Deadlines and Fee Schedule. Failure to provide the required documentation for USDA, FHLB-AHP, HUD alternative financing, and/or the National Historic designation as stated above may render the application sources insufficient and the application may be subject to Threshold failure.
- c) The preliminary commitments must disclose, at minimum, the following:
- i. The purpose of the loan and use of proceeds.
  - ii. The property address.
  - iii. The loan amount.
  - iv. 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.

## **Appendix I Threshold Criteria**

- v. 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.
- vi. 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, and issuer fees, must be clearly identified in the commitment letter.
- vii. The general and specific terms and conditions of the loan.
- viii. The amortization period and term of the loan.
- ix. All reserves required by the lender/syndicator, including but not limited to replacement reserve, operating deficit reserve, HUD-required program reserves, and USDA-required program reserves.
- x. A preliminary financing commitment must include the amount of the asset management fee and whether or not the asset management fee will be increased annually; if increased, the commitment must include the rate of increase and the priority of payment of the asset management fee.
- xi. 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 lender’s principal and interest payments.
- xii. Applicants that propose financing structures with government programs loans are responsible for correctly reflecting the terms of the loan and determining whether the funds were originally “federal funds.”

### **11. Assumption of Existing Debt**

The supporting documentation must disclose, at minimum, the following:

- a) A letter signed by an officer of the lender whose debt is being assumed which certifies, as of May 15, 2016:
  - i. The original principal balance of the loan.
  - ii. The current outstanding principal balance of the loan.
  - iii. The current accrued and unpaid interest.
  - iv. The current effective interest rate applicable to the loan.
  - v. The original date of the loan.
  - vi. The maturity date of the loan.
  - vii. Annual debt service.
  - viii. The amortization period applicable to the original loan.
  - ix. 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.
  - x. That the loan has, or has not, been modified (if said loan has been, or will be, modified as a result of the tax credit award or otherwise and/or restructured in any way, copies of said modification/restructure documents must be provided).
  - xi. The type and current balances of any outstanding reserve accounts and their disposition upon the sale of the project, if applicable.

## **Appendix I Threshold Criteria**

- b) A copy of the original Promissory Note and any amendments and/or modification to said Promissory Note.
- c) A copy of the original Loan Agreement and any amendments and/or modification to said Loan Agreement.
- d) 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.

DCA requires that existing DCA HOME loans receiving 9% credits be paid in full, unless DCA has provided prior written approval of assumption or modification.

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.

### **B. DCA Analysis of Feasibility During the Competitive Round**

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. Clarification information or documentation will not be utilized for purposes of scoring points.

#### ***1. 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.

- a) DCA may make minor adjustments to a Core Application to ensure consistency with DCA requirements and supporting documents.
- b) Total development cost may be increased or decreased by DCA during DCA's review if it is determined that line items are not reasonable, do not accurately reflect information contained in supporting documents, or as a result of the Applicant's response to a clarification request.
- c) Development costs may not be increased by the Applicant during DCA's review.
- d) Minor adjustments in the development budget made by DCA which result in increases in line items may be allowed with commensurate decrease of Developer's fee (i.e. only the Developer fee may be utilized to cover increases in line item of development costs,

## **Appendix I Threshold Criteria**

or can be decreased if such development cost increase would cause the Total Development Cost to exceed the Per Unit Cost Limit).

- e) Credits may be adjusted downward as a result of financial adjustment(s).
- f) Credits will not be increased above the amount requested in the Application.

### **2. DCA will not make the following revisions during its analysis of feasibility:**

- a) Unit count and bedroom type.
- b) Rent structure (rents may be adjusted upward or downward by DCA to meet applicable program requirements, but the number of 50%/60%/market units will not be adjusted). If rents are adjusted by DCA, the relevant debt coverage ratio and feasibility analysis must meet DCA's requirements after the adjustment.
- c) Operating expenses proposed by the Applicant will not be decreased to make the project feasible.
- d) New financing sources cannot be added (with the exception of the deferred Developer fee to fund any financing gap). Minor clarification of submitted financing sources may be allowed, but will be considered an adjustment.
- e) Submitted financing sources cannot be modified to cover gaps.
- f) Credit pricing cannot be modified to cover gaps.

## **II. COST LIMITS**

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Regardless of the reasonableness of proposed project costs, DCA has determined that it will not fund projects that have costs that exceed DCA cost limits except under the limited circumstances described below. DCA has adopted cost limits as defined by the HUD PIH Office of Capital Improvements. (The cost limit will be published separately on the DCA website).

The limit is based on the building design type (elevator, walk up, row house, detached/semi-detached), number of bedrooms, and geographic location of the proposed property. Applications for properties located in the MSAs (Albany, Atlanta, Augusta, Brunswick, Columbus, Macon, Rome, Savannah, and Valdosta) listed in the HUD 2015 Unit Total Development Cost Limits document must use the respective per unit cost limit. Any properties not located in an MSA or located in an MSA not listed must use the cost limits per development type for the Valdosta MSA. The cost limits for historic rehabilitation projects that qualify for scoring points under Historic Preservation and/or transit-oriented development projects that qualify for the full 5 points under Community Transportation Options will be limited to 110% of the applicable cost limits.

Single family styled units must meet the cost limits for each unit. Projects that propose a combination of new construction and rehab cannot average the costs of the rehab and new construction. The increased limits for historic rehabilitation projects will only be applicable to that portion of the project that qualifies as a historic development.

## Appendix I Threshold Criteria

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 unrelated not-for-profit charitable organization in the amount equal to or greater than the development cost that exceeds DCA's unit cost limitations. The funding commitment letter from such foundation or charitable organization must be included in the Application, and such funds must be in the form of a grant or a cash flow loan and must be included as part of the project sources of funds in the Application and final cost certification. In calculating the maximum credits which can be allocated to the project, DCA will not include these funds in the gap calculation.

**DCA will not consider cost waiver requests for any projects before or at Application Submission. All submitted Applications must be within DCA cost limits. Subsequent to selection, DCA will consider cost waivers for unforeseen cost increases provided there is no increase in Credits or in the Developer fee. DCA may require a third party cost review as a condition of the waiver.**

### **III. TENANCY CHARACTERISTICS**

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All Applicants must designate the proposed project as targeting one of the following tenancies:

#### **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:

- 1. Elderly:** Intended for, and solely occupied by, individuals 62 years of age or older; **or**
- 2. Housing for Older Persons:** 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. Housing for Older Persons includes HUD PHA properties that have a combined senior and disabled tenancy. (See DCA defined terms in Core.)

#### **C. Other.**



## **Appendix I Threshold Criteria**

Projects that have funding from a program which has a different tenancy definition than those set forth above must contact DCA for instructions on this section no later than the Pre-Application deadline date. Projects that combine senior housing and special needs housing must meet all architectural requirements of senior housing.

### **IV. REQUIRED SERVICES**

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#### **A. Family/Senior Properties**

Each month every Family Property must include at least two (2) services from at least two (2) of the following categories. Each month every Senior Property must include at least four (4) services from two (2) of the following categories:

1. Social and recreational programs planned and overseen by the project manager (e.g. semi-monthly birthday parties/holiday dinners or parties/potluck dinners, movie nights, bingo).
2. On-site enrichment classes (e.g. arts and crafts, computer tutoring, gardening, safety classes such as CPR and household safety).
3. On-site health classes (e.g. nutrition, healthy cooking, asthma management classes and smoking cessation classes, exercise classes such as yoga, Pilates, strength training, group-led aerobic classes, and/or personal fitness).
4. Other services as approved by DCA (e.g. alternate services for USDA Rural properties with limited community space).

Additionally, Applications for rehabilitation of existing congregate supportive housing developments must provide a memorandum of agreement with a behavioral health agency, continuum of care, or service provider to ensure the appropriate provision of supportive services.

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.

#### **B. Additional Policies Related to Services**

1. A full-time activities manager will be allowed in the operating budgets for those properties that are 100 units or more in size.
2. Temporary staffing during lease-up to handle activities set-up and sign-up will be considered on a case-by-case basis.
3. Part-time (on a proportional basis) activity managers will be allowed in the operating budgets for smaller projects.

## Appendix I Threshold Criteria

### V. MARKET FEASIBILITY (MARKET STUDY)

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Applicants must submit a market study in accordance with DCA requirements. The study must be prepared by a market analyst approved by DCA. The market study must be prepared in accordance with DCA guidelines and must be in the format required by the DCA Market Study Manual. The market study must be completed no more than 6 months prior to the Application Submission date. It is the Applicant's responsibility to ensure that the market study accurately reflects the rental structure and unit mix of the proposed project, as reflected in the Application, and meets all DCA requirements. All market studies for 4% tax credits submitted in May through September will need to have all pending 9% tax credit applications considered in demand calculations.

While DCA will consider the analysis contained in the market study in determining whether the project is marketable, DCA is not 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 or near the primary market area in determining whether the project will be able to achieve the desired lease up and maintain feasibility.

The following factors will generally be considered by DCA to be indicative of market feasibility for HOME, 4% Credit projects, and 9% Credit projects:

1. Market capture rates 30% or less for **all** 1-bedroom units, 30% or less for **all** 2-bedroom units, 40% or less for **all** 3-bedroom units, and 50% or less for all 4 or more bedroom units in the project.
2. In Rural areas (as defined), market capture rates of 35% or less for **all** 1-bedroom units, 35% or less for **all** 2-bedroom units, 40% or less for **all** 3-bedroom units, and 50% or less for all 4 or more bedroom units in the project.
3. The overall capture rate for tax credit and market rate units shall not exceed 30% for Applications in the Flexible Pool and 35% for Applications in the Rural Pool.
4. Market capture rates for each bedroom type within each AMI market segment type (i.e. 30%, 50%, 60% & market) shall not exceed 70%.
5. An absorption period less than 24 months to reach stabilized occupancy.
6. Stabilized occupancy rate of 93% or above.
7. Unit mixes or target populations supported by the market.
8. 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, National Housing Trust Fund, and HUD 221(d)(3) and 221(d)(4) and other market rate FHA-insured programs. DCA does not consider public housing properties in the adverse impact determination.
9. Strong overall market occupancy (greater than 90%).
10. The minimum rent differential between the proposed rents and average market rents (as explained in the Market Study Manual) must be 10%.
11. HUD Site and Neighborhood Standards Criteria.

## **Appendix I Threshold Criteria**

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, 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, when necessary, may independently evaluate the demand for additional affordable rental housing in the geographic/market area.

A proposed project will “fail” this Threshold requirement if DCA determines that the property will have an adverse financial impact on existing tax credit properties and/or HOME properties within the primary market area or in close proximity to the primary market area. DCA will look closely at projects in close proximity to properties funded in 2014 or 2015, which may negatively impact lease up of funded deals.

DCA may retain the services of its own market analyst to review the conclusions of the market study submitted by the applicant. For scattered site projects, the market study requirements must be met for the project as a whole. DCA’s judgment will be the final determination as to the size of market areas or the adverse impact on existing properties.

### **VI. APPRAISALS**

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#### **A. DCA-Commissioned Appraisals**

For all projects awarded HOME Loans, DCA will commission an appraisal prepared in accordance with DCA policies. DCA may also commission an appraisal for a tax credit only project in order to confirm that the proposed purchase price is reasonable.

HOME 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) value, and "as built/as complete " (unencumbered) value of the proposed subject property as well as the 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 unrestricted 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.

## **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.

### **B. Applicant-Commissioned Appraisals**

The effective date of Applicant-commissioned appraisals must be within six (6) months of Application Submission.

#### ***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 the lower of the appraised value or 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 also require that a 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.

## **VII. ENVIRONMENTAL REQUIREMENTS**

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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**

## **Appendix I Threshold Criteria**

On-site and off-site specific environmental concerns identified in an environmental study are to be considered in the context of the criticality of the housing to be provided. DCA shall consider the public benefits of the housing and then weigh the benefits against the costs to mitigate the hazard, the potential health risks, and other financial and public policy implications. The project will not pass Threshold until all environmental matters are resolved.

For Scattered Site Projects, the environmental requirements must be met for each non-contiguous 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 2016 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 Qualified Environmental Professional. 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 Qualified 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.

#### **1. Additional Standards.**

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 1527-13, DCA requires the following non-scope items be investigated:

- a) Flood Plains/Floodways.
- b) Wetland.
- 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 (Polychlorinated Biophenyls)
- i) Radon.
- j) Endangered species.

## Appendix I Threshold Criteria

- k) Historic designation.
- l) Vapor intrusion screening.

### **2. Additional Environmental Requirements for HOME/HUD-funded Projects, Including but not Limited to PBRA**

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, 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 8-Step Process and HUD publication procedures. If applicable, evidence of the commencement of the 8-Step Process must be submitted no later than the date noted in Exhibit A DCA Pre-application Deadlines and Fee Schedule.

- a) **8-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 exist on site, then documentation that the 8-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 2016 Environmental Manual. **Applicants should note that the 8-Step Process must be commenced prior to Application and completed no later than the date noted in Exhibit A DCA Pre-application Deadlines and Fee Schedule at the end of Core. The process also now has a new requirement regarding FEMA notification. Applicant is responsible for providing documentation to DCA upon completion of the process.**
- b) **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 DCA 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

## **Appendix I Threshold Criteria**

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 been a finding. Once that process is complete and there has been no finding, DCA will seek HUD's approval of its commitment of HOME funds to the proposed project. In order to ensure that the environmental review process is not challenged, Owners and/or Developers of proposed projects must, once HOME consent requests 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, but are not limited to: acquiring, rehabilitating, converting, leasing, repairing, or constructing property. As a result, an Applicant cannot 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 non-contiguous parcel.

### **C. Site and Neighborhood Standards**

All properties that use DCA HOME funds as a source must meet 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. 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.

#### **Minimum Documentation:**

- HOME Site and Neighborhood Standards Certification

### **VIII. SITE CONTROL**

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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 Limited Partner,
2. A legally binding contract to purchase the proposed project site in the name of the General Partner or proposed Limited Partner (or which provides for an assignment to the General Partner or proposed Limited Partner), 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.

## **Appendix I Threshold Criteria**

For competitive applications, contracts must be executed prior to Application Submission deadline, must include a discernible 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 November 30, 2016. Site control must be in place through estimated bond closing date for a 4% 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 November 30, 2016, the renewal option in such contract must be enforceable by the Applicant until November 30, 2016. A copy of a recorded warranty deed or a fully executed contract must be submitted with the Application.

An Applicant may also show site control if selected through a federal government RFP process and can document that there is a reasonable certainty that the final site control documents will be finalized within a reasonable time after award.

For Scattered Site Projects, evidence of site control is required for each non-contiguous parcel.

### **Minimum Documentation:**

- Warranty Deed; legally binding Contract; or legally binding, long-term Ground Lease or Option
- Legal description
- Evidence of RFP selection

## **IX. SITE ACCESS**

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All sites proposed for development must provide a specified entrance that is legally accessible by paved roads. The definition of paved road is provided in the architectural manual. 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 local government approval to pave the road, a commitment for funding, and the timetable for completion of such paved road must be included in the Application. If the road is going to be paved by the applicant, those costs must be submitted at 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.



## **Appendix I Threshold Criteria**

### **Minimum Documentation:**

- Drawings, survey, or other documentation of legally-accessible paved roads
- Commitment for funding
- Proof of ownership and easements

## **X. SITE ZONING**

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Zoning must be in place 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 non-contiguous parcel.

### **Minimum Documentation:**

- Written confirmation of zoning from local government official
- Explanation or copy of applicable zoning ordinance
- HOME funds: see HOME/HUD Environmental Guidance

## **XI. OPERATING UTILITIES**

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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

## **Appendix I Threshold Criteria**

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 and bear signatures from the appropriate utility company signatory. 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, a single letter will be accepted if it clearly demonstrates that each non-contiguous parcel has met operating utilities requirements.

### **Minimum Documentation:**

- Letter from verifiable authorized utility authorities that includes the project location and confirms that utilities will be available.

## **XII. 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 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

## **Appendix I Threshold Criteria**

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.

For scattered site projects, a single letter will be accepted if it clearly demonstrates that each non-contiguous parcel has met the public water/sanitary sewer/storm sewer requirements.

### **Minimum Documentation:**

- Letter from verifiable authorized public water/sanitary sewer/storm sewer authority that includes project location and confirms that utilities will be available.

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

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No proposed project shall be entitled to receive a tax credit allocation unless the Local Government and residents of the surrounding community are notified and provided with a reasonable opportunity to comment on the proposed project. Local Governments that oppose the funding of a project should provide the specific basis for the opposition. It is recommended, but not required that the basis for the opposition be put in the form of a resolution. Local Government opposition that appears to be discriminatory or violate fair housing laws will not be grounds for failure of this threshold requirement.

DCA will give each Local Government an opportunity to comment on the project during the formal review process.

### **Minimum Documentation:**

- Notice of meetings and presentations
- Evidence of meetings and presentations regarding the proposed project to Local Government and residents of the surrounding community
- Resolutions of support or letters of support from Local Government officials (may be included but are not required)

### **XIV. REQUIRED AMENITIES**

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

All properties must include the following on-site amenities:

1. A community room or building.
2. An exterior gathering area such as a gazebo or exterior covered porch located in a central area.
3. An on-site laundry facility (1 washer and 1 dryer per every 25 units) and/or washers and dryers installed and maintained in every unit.

## **Appendix I Threshold Criteria**

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

A Phased Development with a previously funded phase will not share amenities without DCA's prior written consent.

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

Properties that have 125 units or less must include at least two (2) additional site amenities. Properties with more than 125 units must include at least four (4) additional site amenities.

All amenities must meet the criteria set forth in the Architectural Manual.

### **Additional Amenity Pre-Approvals**

Additional amenities not contained in the Architectural Manual must be approved by DCA during Pre-Application. Applicants should submit a request for approval of additional amenities in accordance with *Exhibit A DCA Pre-Application Deadlines and Fee Schedule*. Requests for approval of additional amenities must include a detailed description of the amenity and must include justification of the cost and appropriateness of the option for the targeted population.

### **C. Unit Amenities.**

All units must include the following:

1. HVAC systems.
2. Energy Star refrigerators.
3. Energy Star dishwashers (not required in senior USDA or HUD properties).
4. Stoves.
5. Microwave ovens.
6. Powder-based stovetop fire suppression canisters installed above the range cook top or electronically-controlled solid cover plates over stove top burners.

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

1. Elevators must be installed for access to all units above the ground floor;
2. Buildings with more than two story construction must have interior furnished gathering areas in several locations in the lobbies and/or corridors;
3. 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.

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For scattered site projects, required amenities must be met for each non-contiguous parcel unless a waiver is granted by DCA.

### **XV. REHABILITATION STANDARDS**

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#### **A. Rehabilitation Construction Hard Costs**

The Internal Revenue 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. Projects that propose rehabilitation must present a scope of work that will position the property to meet the entire extent of its statutory obligations. All work scopes will propose:

1. A minimum per unit hard cost budget of \$25,000, excluding the construction of new community buildings and community building additions.
2. The replacement of any component of the building or site with a Remaining Useful Life, according to Fannie Mae Expected Useful Life Table, of less than 15 years.
3. The replacement of existing exterior stairs, breezeways, and handrails that have no roof cover with covered vertical circulation.
4. Corrective actions for all deficiencies noted in the Physical Needs Assessment
5. Compliance with the Georgia State Minimum Standard Codes and Life Safety Code for new construction 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.
6. Substantially the same scope of work in all units.
7. Compliance with the Architectural Manual upon completion of work.
8. Compliance with all current building codes upon completion of work.
9. Compliance with all DCA accessibility requirements upon completion of work. DCA does not distinguish between new construction and rehabilitation in its accessibility requirements.
10. Compliance with UPCS upon completion of work.

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.

DCA may grant an architectural waiver to projects that will not meet the above requirements only if there is an overriding public policy or historic preservation need and the physical needs assessment clearly documents that the existing property does not require a comprehensive rehabilitation. A certification from the architect and, where applicable, the

## **Appendix I Threshold Criteria**

appropriately-licensed project engineer (civil, structural, mechanical, plumbing, electrical) 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. The capital replacement reserve must clearly schedule all component/system replacements required according to the Fannie Mae Expected Useful Life Table.

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

For rehabilitation projects, a Physical Needs Assessment (PNA), no more than six (6) months old as of the date of the Application Submission, and Capital Reserve Study 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. PNAs are also required for adaptive reuse projects.

### **C. Rehabilitation Work Scope**

DCA's Rehabilitation Work Scope form, which requires a detailed construction budget with unit costs, must be included in the same tab with the PNA. DCA will not allow material changes in the scope of work after tax credit award. If awarded, final construction documents must be submitted to DCA in accordance with the timelines outlined in Exhibit A Post-Application and Post-Award Deadlines and Fee Schedule that confirm the scope of work submitted with the Application.

DCA must be able to determine that the work scope addresses:

1. All immediate needs identified in the PNA.
2. All application threshold and scoring requirements.
3. All applicable architectural and accessibility standards.
4. All remediation issues identified in the Phase I Environmental Site Assessment.

In the event DCA determines that the PNA or work scope fails to address a major structural, Building Code, health, safety, marketing, accessibility, storm water retention, crawl space moisture, or other building system issue, the Application may fail this Threshold requirement.

For Scattered Site Projects, PNA requirements must be met for each non-contiguous parcel.

#### **Minimum Documentation:**

- Physical Needs Assessment
- DCA Rehabilitation Work Scope form

## Appendix I Threshold Criteria

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

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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 be at least 11"x17" and include *all* of the following:

1. Easements to be defined and indicated on plan.
2. Topographic contours at appropriate vertical intervals.
3. Finished floor and building elevations of each building.
4. Wetlands, floodplains, and state waters located with areas of disturbance calculated for the Wetlands, including required buffer zones clearly delineated to reflect how they will impact the development of the site.
5. Use of all adjacent properties clearly defined both graphically and in written form.
6. Zoning setbacks and restrictions graphically indicated.
7. Indication of all existing structures, tanks, slabs, and any other improvements existing on the property.
8. Indication of any other items, physical or otherwise, that would affect the development of the subject property.
9. Indication of the entrance access to the property and a layout of all buildings, roads, Paved Pedestrian Walkways and parking areas.
10. Location of all site amenities indicated in the Application Form.
11. Defined areas of all tree and vegetation preservation.

**\*N/A should be noted on the site plan for all items that don't apply.**

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 DCA Pre-application and Pre-Award Deadlines and Fee Schedule.

For Scattered Site Projects, Site Information and Conceptual Site Development Plan requirements must be met for each non-contiguous parcel unless a waiver is granted by DCA.

**Minimum Documentation:**

- Conceptual Site Development Plan

## Appendix I Threshold Criteria

### **XVII. BUILDING SUSTAINABILITY**

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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 all requirements in this section. (Historic properties may apply for an exemption when compliance means loss of historic character-defining features and finishes).

**A. Compliance with Georgia State Minimum Standard Energy Code (International Energy Conservation Code with Georgia State Supplements and Amendments) in effect at the time of permit issuance.** Proof of compliance must be submitted prior to release of 8609s.

**B. Measured duct and building envelope leakage.** Verification by certified HERS rater of an HVAC system duct leakage rate and dwelling unit air infiltration rate that meets or exceeds the Energy Star Qualified Homes, Version 3 National Program 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 to outdoors for climate zone 2 is an ACH 50 of 6 and for climate zones 3 and 4 is an ACH 50 of 5. For units 1200 SF and smaller, Envelope Leakage Ratio (ELR50) of .3 CFM50 per SF of building envelope may be used in lieu of ACH50.). Verification testing must follow the Energy Star testing protocol. If the project is not seeking a green building certification, 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 ductless mini-splits for all units are exempt from the duct leakage requirement.

Rehab units are required to achieve a 20% improvement over existing conditions based upon pre-rehabilitation duct leakage and air dwelling unit air filtration rates. To arrive at the pre-rehabilitation leakage rates, a sampling of units (that includes one of each unit type in its various configurations within the property) must have pre-rehabilitation duct leakage and dwelling unit air infiltration performance testing, utilizing RESNET-approved performance testing methodologies, conducted upon them prior to the rehabilitation of the property.

Adaptive Re-Use will be considered under new construction standards.

**C. Bathroom fans.** Comply with Energy Star specifications for sound level and minimum efficiency based on CFM size. Fans must be wired with a light and equipped with either a humidistat OR a timer that ensures that the fan operates for a minimum of 10 minutes once the light has been switched off.

**D. Lighting.** Install fluorescent lights for at least 80% (by fixture count) of the required lighting. Required lighting includes kitchens, dining rooms, living/family rooms, bathrooms, hallways, stairways, entrances/foyers, bedrooms, garages, utility rooms, and outdoor fixtures mounted on the building.



## Appendix I Threshold Criteria

- E. **Plumbing fixtures.** In all units: shower heads < 2.0 gpm, bathroom faucets < 1.5 gpm, kitchen faucets < 2.0 gpm, toilets ≤ 1.28 gpf.
- F. **Low VOC wall and floor finishes.** Maximum VOC levels of 50 grams/liter for wall and 100 grams/liter for floor finishes.
- G. **Water heaters.** Comply with Energy Star Qualified Homes Version 3 National Program Requirements for Efficiency Factor.
- H. **Energy Star appliances.** (refrigerators, dishwashers, laundry machines) provided by owners in units and community laundries.

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.

### **XVIII. ACCESSIBILITY STANDARDS**

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

1. 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, Americans with Disabilities Act, Section 504 of the Rehabilitation Act of 1973, Georgia Fair Housing Law and Georgia Access Law as set forth in the 2016 Accessibility Manual. When two or more accessibility standards apply, the applicant is required to follow and apply both standards so that a maximum accessibility is obtained. An Owner claiming that a property is eligible for any of the stated statutory exemptions for any applicable federal, state, and local accessibility law must support the claim with a legal opinion.
2. All applicable DCA accessibility requirements detailed in the 20156 Architectural and Accessibility Manuals.

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.

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

1. At least 5% of the total units (but no less than one unit) must be equipped for the mobility disabled, including wheelchair restricted residents. Roll-in showers must be incorporated into 40% of the mobility equipped units (but no fewer than one unit); and

## **Appendix I Threshold Criteria**

2. At least an additional 2% of the total units (but no less than one unit) must be equipped for hearing and sight-impaired residents.

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

Preservation of existing affordable housing that cannot be modified to meet accessibility requirements that are not required by law, may request a DCA waiver.

**C. Each project selected for allocation is required to retain a DCA qualified consultant to monitor the project for accessibility compliance.**

The Consultant cannot be a member of the proposed Project Team nor have an Identify of Interest with any member of the proposed Project Team.

The DCA qualified consultant must perform the following:

- (1) a pre-construction plan and specification review to determine that the proposed property will meet all required accessibility requirements. The Consultant report must be included with the Step 2 construction documents submitted to DCA. At a minimum, the report will include the initial comments from the consultant, all documents related to resolution of identified accessibility issues and a certification from the consultant that the plans appear to meet all accessibility requirements.
- (2) provided at least two training sessions to the General Contractor and Subcontractors regarding accessibility requirements. One training must be on site.
- (3) an inspection of the construction site after framing is completed to determine that the property is following the approved plans and specifications as to accessibility. DCA must receive a copy of the report issued by the consultant as well as documentation that all issues, if any, have been resolved.
- (4) a final inspection of the property after completion of construction to determine that the property has been constructed in accordance with all accessibility requirements. DCA must receive a copy of the report issued by the consultant as well as documentation that all issues, if any, have been resolved prior to submission of the project cost certification.

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

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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.

## Appendix I Threshold Criteria

### **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, cost effective housing for the targeted tenant market. **All cost waivers submitted after award will require a third-party cost review.**

### **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:

- a) 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.
- b) 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.
- c) 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.
- d) For single family units, the total building envelope shall have 35% minimum brick coverage; remaining 65% must be fiber cement siding or other 40 year warranty product.

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

## **Appendix I Threshold Criteria**

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:

- a) Fiber cement siding or other 30-year warranty product 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.)
- b) Upgraded roofing shingles, or roofing materials (warranty 30 years or greater). 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 DCA Pre-application and Pre-Award 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.

### **XX. QUALIFICATIONS FOR PROJECT PARTICIPANTS**

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#### **A. Qualification Requirements**

Each Project Team must demonstrate the qualifications necessary to successfully own, develop and operate a proposed tax credit project. The Project Team must demonstrate a proven ability to develop a project concept and financing 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.

DCA will undertake a comprehensive review of the proposed project and Project Team to determine that it has met DCA minimum requirements for eligibility and has the experience and capacity to successfully own and develop a tax credit project that receives an allocation of credits under the 2016 Qualified Allocation Plan.

#### **Required Documents:**

- Organizational Chart
- DCA Experience Form. Determinations of Experience will only need to be submitted once.
- DCA Capacity Form. Must be submitted for each Application
- Performance workbook or update (includes Questionnaire and Compliance History Form). Must be submitted for each Application round.

#### **B. Mitas and Georgia Housing Search Requirements**

## **Appendix I Threshold Criteria**

DCA requires that each Project Team member agree to register all past and present DCA funded properties into the Mitas Data base system and on Georgia Housing Search. Properties must be entered into both systems by the Placed in Service date and prior to commencement of leasing. Further, all properties registered in Mitas must be reporting monthly on tenant data. In the event it is determined that a property owned by a member of the Project Team is not registered in either system at Application Submission Day, the registration will be required and a point will be deducted under missing documents for each property which is not compliant.

### **C. Disclosures**

The following disclosures are or may be required as part of the Qualification Process:

1. Each Project Team must include a statement in the Application concerning all criminal convictions, indictments, and pending criminal investigations of all members of the general partnership and development entities and must provide dates and details of each circumstance, unless otherwise prohibited by court order, statute or regulation. DCA may perform a full criminal, employment, and credit investigation of all Project Team participants to verify credit and criminal history.
2. DCA may require disclosure of all real estate 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 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 including 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 written consent of DCA.
5. All Development fee sharing arrangements must be disclosed. DCA considers all individuals or entities that receive a portion of the Developer fee to be part of the Developer structure.
6. All guarantor agreements must be disclosed. DCA may determine that a Guarantor is actually a real party in interest to either the General Partner and/or Developer entities.
7. All consulting agreements - direct or indirect, paid or unpaid - shall be disclosed.
8. Any Project Team member that has withdrawn or been involuntarily removed from a HOME or Tax Credit project must disclose this information to DCA as part of its eligibility submission.
9. All pending litigation must be disclosed.
10. Significant non-performance in a government or quasi-government affordable housing program (including Fannie Mae, Freddie Mac, and Federal Home Loan Bank programs) must be disclosed.
11. Disclosure of any Project Team member's adverse credit history including, but not limited to, a default in the payment of any commercial or personal loan or personal bankruptcy.

### **D. Eligibility of Project Team Members**

## **Appendix I Threshold Criteria**

In order to be eligible to receive tax credit resources under the 2016 QAP, all members of the Project Team must meet the following minimum requirements:

1. Current in all fees owed to DCA as of Application Submission date.
2. Substantially compliant with DCA and Section 42 Program requirements and regulations. Project Team members that have experienced a Significant Adverse Event in the development and/or ownership of affordable multifamily projects may be deemed ineligible to participate. Significant Adverse Events are listed below.
3. Financially solvent with the capacity to successfully complete the project, pay all costs associated with the development, and operate the property for the compliance period and extended use period. Any person (individual, corporation, partnership, association), or principal (officer, director, owner, partner) 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 Project Team's portfolio and consider whether loans are in default, have a high percentage of payables, have high vacancy rates or other solvency issues that might impact the successful development and ownership of the proposed property.

### **E. Experience and Capacity of Project Team Analysis**

#### **1. Capacity of Project Team**

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 developments when determining whether a Project Team is eligible to receive tax credit resources. DCA has the right to impose conditions on a Project Team's eligibility based on the size, complexity or scope of the proposed property.

#### **2. Experience of Project Team**

The General Partner entity and the Developer entity must certify that EACH currently own and operate five (5) or more Successful Tax Credit Projects that were completed after January 1, 2005. If the GP and Developer entity have the same principal(s), the same projects may be counted to meet this requirement. This requirement may be met by the Certifying Entity or by one of its principals provided the principal has a majority interest in the Certifying Entity. Experience of entities or principals may not be combined to meet the experience requirement. For purposes of a non-profit entity, DCA will consider the executive director as a principal.

In order to be counted as a Successful Tax Credit Project, the following requirements must be met by each entity:

## **Appendix I Threshold Criteria**

- The Certifying Entity or Principal must own a minimum 20% interest in the General Partner and Developer entities for each property.
- The Certifying Entity or Principal must have been involved in each project from the initial allocation of credits to the present.

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

### **Additional Documents Required:**

- IRS Form 8609 or occupancy permit for each project listed
- Partnership Agreement or letter from Syndicator certifying role and interest of the Certified Entity and/or Principal for each Successful Tax Credit Project used to meet this requirement

### **3. Departure of Principal from a Qualified Entity**

A Principal that resigns or leaves an existing entity may claim experience earned at that entity provided the entity has no adverse conditions at the time of the departure. The principal shall receive a compliance score based on the previous entity's performance for a period of three years following departure.

A Principal that has left an entity and does not want to have a compliance score based on the previous entity's performance cannot use experience gained at that entity to meet qualification requirements.

A Principal that departs from an existing entity that has experienced a Significant Adverse Event will also be deemed ineligible to participate for the same period of time as the entity.

### **F. *Ineligibility Related to Significant Adverse Events***

#### **1. Significant Adverse Events**

The Project Team will be ineligible to participate if any entity, its principals, officers, directors or agents incurred a Significant Adverse Event. A list of Significant Adverse Events and the period of time that DCA will look back from Application Submission is set forth in the chart below. If DCA determines that an entity is ineligible to compete for DCA tax credit and HOME resources, the principals of that entity will also be considered ineligible.

## Appendix I Threshold Criteria

<b>Significant Adverse Event</b>	<b>Look Back Period (From Application Submission Date)</b>
Financial Insolvency or Potential Insolvency of Project Team	Until insolvency is cured and all significant potential liabilities have been resolved
Debarment, proposed debarment, or suspension by a federal agency, state HFA, or quasi-governmental affordable housing program	Until debarment or suspension is terminated
Uncured Default in a HOME loan. (Formal default letter issued)	Until cured
Default in a loan which is secured by a tax credit property	1 Year
Foreclosure of a loan or deed in lieu of foreclosure, which is secured by a tax credit property after the compliance period ended and resulting loss of affordability during the extended use period	3 Years
Foreclosure of a loan or deed in lieu of foreclosure, which is secured by a tax credit property before the compliance period ended and resulting loss of affordability during the extended use period	5 Years
Default in a HOME loan which results in a foreclosure or deed in lieu of foreclosure and removal of the Owner and property retains affordability	5 Years
Failure to meet the federal placed in service deadline for a project that has been awarded tax credits resulting in the loss or significant recapture of credits	5 Years
Project Team Bankruptcy	7 Years
The abandonment and/or closure of a tax credit or HOME funded property	8 Years
Senior Lender loan default or foreclosure which results in the extinguishment of a HOME loan security interest and resulting loss of affordability during the extended use period	10 Years
Multiple project failures, and or determination of a pattern of willful noncompliance.	10 Years
Submission of fraudulent information to DCA or any other government entity.	10 Years

### 2. Waiver Request

DCA will allow an entity or individual with a Significant Adverse Event, within the look-back period, to submit a request to waive a Significant Adverse Event for the 2016 competitive round. The requestor must have a recent history of strong performance in the Tax Credit Program and demonstrate that the event is an isolated incident or an unavoidable event not related to the actions or negligence of the requestor.



## **Appendix I Threshold Criteria**

This waiver request must be submitted during the Pre-Application Submission and will be considered only if the requestor can demonstrate the following minimum requirements:

- a) The entity or individual developed and currently owns and operates a minimum of ten (10) Successful Tax Credit properties.
- b) The requestor demonstrates a strong performance history and is in material compliance with program regulations in the operation of its affordable housing portfolio.
- c) The requestor has documented its effort(s) to remedy the Significant Adverse Event, including an explanation of why the condition could not be remedied.

Project Team members that have received a waiver per previous QAP requirements may request that the waiver be renewed for purposes of competing in the 2016 competitive round.

The granting of a waiver does not affect the Project Team's compliance score.

### **Documents for Waiver Request:**

- Narrative of basis for Waiver Request.
- Documentation of Successful Tax Credit Project development and ownership.
- Documentation of resources expended, reports, if available, related to good faith efforts.
- All documents related to Significant Adverse Event, including 3rd party support for the basis of the Waiver Request, if possible.
- Documentation of previous DCA waiver, if applicable.

### **3. Adverse Circumstances**

In the event DCA determines that there are adverse circumstances which may affect the capacity or qualifications of the Project Team members as a result of their credit history or past involvement in affordable housing multifamily development, DCA may determine that a Project Team is not qualified or should be limited in the amount or type of funding received. Adverse circumstances do not necessarily require a determination of ineligibility, but may be indicative of a Project Team's capacity to own and develop the proposed property.

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

- a) Affordable Housing properties that do not meet program physical standards or have uncured 8823s outstanding relating to a final finding of non-compliance.
- b) Pattern of noncompliance, failure to correct identified issues in a timely manner, repeated physical findings, or failure to comply with findings.
- c) Removal as General Partner or Managing General Partner of one or more properties.
- d) Project Team member has a bankruptcy, and/or multiple project failures.
- e) History of unpaid subcontractors during development of affordable housing properties.

## **Appendix I Threshold Criteria**

- f) Significant unpaid receivables for one or more tax credit properties.
- g) Outstanding flags in HUD's 2530 National Participation system.
- h) Projects awarded tax credits in 2014 or earlier for which the construction financing or equity investment has not closed by the 2016 Application Submission deadline.
- i) Adverse credit history of the entity or principal.
- j) Mortgage default or arrearage of at least three months

### **G. Options for Not Qualified Entities**

#### **1. Partnering with a Qualified Entity**

DCA generally encourages entities that have insufficient technical expertise and/or experience to partner with qualified entities to gain experience and capacity in the tax credit program.

#### **2. Capacity Building for Industry Professionals (Probationary Participation)**

An Applicant that has extensive experience in the tax credit industry but who does not have the requisite successful tax credit ownership and/or development experience may also be deemed qualified under a probationary designation. An Applicant seeking a probationary designation must show the following:

- a. Evidence of full time employment in the tax credit industry for a minimum period of five years;
- b. Evidence of material participation in the successful development of at least two tax credit projects during that period (Ownership interest is not required);
- c. No participation in adverse development;
- d. Resumes;
- e. Completed release to allow DCA to perform a personal credit check and a criminal background check;
- f. Business plan which outlines how the proposed Project Team will address different areas required for successful development of a tax credit project;
- g. DCA may require evidence of sufficient liquidity to attract syndication either through the assets of the Project Team or through a guarantor; and
- h. Narrative of proposed project and organizational structure.

If an Applicant granted probationary designation by DCA determines that a partner would increase the chance of project success, DCA may, but is not required to, grant a waiver of project cap limitations for the proposed partner.

## Appendix I Threshold Criteria

### **XXI. COMPLIANCE HISTORY SUMMARY**

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#### **A. Documentation.**

Each individual principal and entity of each General Partner and Developer in the proposed Project Team 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 and development. The most recent compliance audit information should be provided for each project.

#### **B. Additional Documentation**

In addition, the following documentation must be included in the application as detailed in the Performance Workbook:

1. **Completed Compliance Questionnaire** for each General Partner and Developer.
2. **Complete Organizational Chart**
3. **DCA Compliance History Form.** Applicants with out of state properties must submit a letter from the Syndicator or each relevant state housing finance agency indicating that the relevant Project Team members are in good standing in all developments.
4. **Supporting documentation** related to foreclosures, suspension, or debarment by governmental or quasi-governmental entity, as well as any “yes” answers in the performance workbook.

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 any time during DCA’s review of a Project Participant’s compliance history.

Owners/Developers 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.

### **XXII. ELIGIBILITY FOR CREDIT UNDER THE NON-PROFIT SET ASIDE\***

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To be eligible for Credit under the non-profit set aside:

## **Appendix I Threshold Criteria**

1. The organization must be a qualified non-profit, 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.
2. The qualified non-profit(s) must materially participate (as described in IRC Section 469(h)) in the development and operation of the project throughout the compliance period.
3. 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.
4. 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.
5. The non-profit must receive a percentage of the Developer Fee greater than or equal to its percentage of its ownership interest except this does not apply to a DCA-certified CHDO which must own 100% of the General Partnership entity.
6. A copy of the general partnership joint venture agreement or general partnership operating agreement that provides the non-profit's general partnership interest and the Developer Fee amount must be included in the Application.
7. Non-profit organizations applying for Credit under the non-profit 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. 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.

### **Minimum Documentation:**

- An opinion of a third party attorney who specializes in tax law on the non-profit's current federal tax exempt qualification status (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).
- If joint venture, copy of Agreement confirming interest and Developer Fee

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

Projects applying under the CHDO set aside must have been pre-qualified by DCA as CHDOs which have the capacity to own and/or develop multifamily housing. CHDOs must have been granted a HOME consent.

The final 2013 HOME Rule contains new requirements for awarding HOME funds to CHDO Applicants. The most significant changes include the requirement that CHDOs demonstrate capacity to own and develop multifamily housing including evidence that the CHDO has staff with development and ownership experience relevant to the role of the CHDO as owner, developer, or sponsor paid directly by the CHDO. All provisions in the 2013 HOME Rule should be reviewed in detail by the Applicant contemplating the use of

## Appendix I Threshold Criteria

HOME funds.

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

### **Minimum Documentation:**

- CHDO pre-qualification from DCA

## **XXIV. REQUIRED LEGAL OPINIONS**

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1. 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 *must* include sufficient documentation for DCA to confirm that the compliance period has ended.
2. A legal opinion regarding Credit eligibility is required for projects operated as assisted living facilities.
3. Non-profit organizations applying for Credit under the non-profit 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. If such an opinion has been obtained in the previous three (3) years from Application Submission, 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.
4. A legal opinion is required for those projects involving scattered site developments. The legal opinion should address the proposed site plan and its determination as a Scattered Site as defined in Section 42(g)(7) of the Code and this QAP.

All legal opinions must state that the third party attorney reviewed all relevant documentation to render the opinion and that DCA may rely on the opinion.

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

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

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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 and submit the survey with the 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

## **Appendix I Threshold Criteria**

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 515, 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 require DCA's approval of the relocation plan. In instances where tenants are temporarily relocated in areas with limited replacement housing the plan must give detailed phasing of the rehabilitation process, including projected start and end dates for each phase while detailing work to be performed on all units. Applicant must identify which units will require temporary relocation of more than 30 days and which units require relocation of less than 30 days.

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 earlier of Application Submission or HOME consent request, if applicable.

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

### **Minimum Documentation:**

- Relocation Survey
- If HOME funded, all completed and executed tenant household data forms
- Displacement Plan, if applicable and unavoidable
- All documents required in DCA Relocation Manual

## **XXVI. AFFIRMATIVELY FURTHERING FAIR HOUSING**

It is the policy of the Georgia Department of Community Affairs to administer the Housing Credit Program affirmatively, as to achieve a condition in which individuals of similar income levels in the same housing market area have a like range of housing choices available to

## **Appendix I Threshold Criteria**

them regardless of their race, color, religion, sex, disability, familial status or national origin. Each Applicant shall implement affirmative fair housing marketing policies in soliciting tenants and outreaching to underserved populations and those least likely to reside in completed tax credit units.

Each project selected for an award of credits must prepare and submit an Affirmatively Furthering Fair Housing Marketing Plan outlining how the project will market units to underserved tenants including tenants with disabilities. The Plan must be submitted and approved prior to the start of lease up.

At a minimum, Marketing Plans must include:

1. Outreach efforts to each service provider, homeless shelter or local disability advocacy organization in the county in which the project is located.
2. A strategy to affirmatively market to persons with disabilities and the homeless.
3. A strategy to establish and maintain relationships between the management agent and community service providers.
4. 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.
5. Marketing of properties to underserved populations 2-4 months prior to occupancy
6. Applications for affordable units shall be made available in public locations including at least one that has night hours.

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.

### **XXVII. OPTIMAL UTILIZATION OF RESOURCES**

DCA is required to take any actions necessary or convenient to ensure the complete, effective, efficient, and lawful allocation and utilization of the Housing Credit Program. It will not select projects that will result in a waste of DCA resources, have an inferior project design or site, or which result in the unjust enrichment of a Project Team or its member(s). DCA will also not select applications where a Project Team member has made conditional promises or financial commitments to a Local Government in order to obtain support. DCA may request additional documents or explanations in order to clarify or confirm information required for the appropriate analysis of the proposed property.

Examples of factors that will be considered include, but are not limited to:

1. Property acquisition and rehabilitation cost versus the cost to demolish and build a similar property in the same market area

## **Appendix I Threshold Criteria**

2. Ratio of acquisition costs versus rehab hard costs
3. Work scope for rehabs
4. DCA resources allocated to develop each unit
5. Effectiveness and aesthetics versus the cost of a mitigation plan
6. Efficient and marketable use of the site, considering size and layout, to accommodate the number and type of units and amenities proposed
7. Undue enrichment of any Project Participant or contractor particularly where there are identities of interest
8. Impact on affordable housing stock
9. Other uses proximate to the site
10. Market information generated by or available to DCA
11. Property is already affordable and not a priority for receipt of resources
12. Transaction appears to be primarily driven by the transfer of the property
13. Per unit costs not reasonable
14. Excessive soft costs
15. Oversized units
16. Number of bedrooms high for proposed market
17. High acreage
18. Other factors which are contrary to the policies and objectives of DCA.
19. Applications that misrepresent sources of funds or attempt to conceal pertinent facts related to the proposed project



## State of Georgia Qualified Allocation Plan

### Exhibit A to Appendix I:

#### DCA UNDERWRITING POLICIES

1. **Annual Operating Expenses.** Annual budgeted operating expenses must be reasonable, excluding reserve contributions.
  - a) **Minimums.** Annual budgeted operating expenses must be no less than the following:
    - i. Four thousand and five hundred dollars (\$4,500) per unit for projects within the City of Atlanta,
    - ii. Four thousand dollars (\$4,000) per unit for projects located in a Metropolitan Statistical Area (MSA) other than the City of Atlanta,
    - iii. Three thousand five hundred dollars (\$3,500) per unit for Rural projects in an MSA
    - iv. Three thousand dollars (\$3,000) per unit for non-MSA Rural projects, and
    - v. Three thousand dollars (\$3,000) per unit for projects that include 515 USDA loans as a funding source.
  - b) **Waiver Requests.** Applicants will not be allowed to decrease annual operating expenses after submission of an Application. Requests for a waiver of the minimum operating expense must be submitted at the Pre-Application deadline and will only be considered with the following minimum documentation:
    - i. Documentation from the real estate taxing authority of its methodology for determining real estate taxes, and an estimate for the subject project.
    - ii. For rehabs: detailed historic operating statements (must break out income, vacancy, other income, utilities, taxes, administration/payroll, maintenance, and insurance) from the proposed rehab project for the most recent 2 years. Audited statements must be provided, if available.
    - iii. For new construction: audited operating statements (must break out income, vacancy, other income, utilities, taxes, administration/payroll, maintenance, and insurance) for at least two (2) other projects located in similar areas, with similar characteristics (Affordable, tenancy, building type) for the most recent 12 month period of stabilized operations. Please include the number of units. If comparable projects are not available in the same tax district, an adjustment for real estate tax expense will be made.
    - iv. Rent projections must be at least 10% below the lower of market or tax credit maximum allowable limits.
2. **Assumptions for Building/Land Cost.** For purposes of underwriting, the building/land cost must be limited to the lesser of the sales price or the appraised value of the building(s) and/or land. Previous sales price as well as valuations may be considered. This applies to both the building/land cost and building eligible basis.
3. **Builder Cost Limitations.** Builder Profit is limited to a maximum of 6% of the Contract Sum. Builder Overhead is limited to a maximum of 2% of the Contract Sum. General Requirements is limited to a maximum of 6% of the Contract Sum (each are exclusive of

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

Contractor Services). These limits apply to both development costs and eligible basis, at Application and at Final Allocation.

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

- i. Supervision and job-site engineering;
- ii. On-site job office expenses directly related to the project;
- iii. Temporary buildings, tool sheds, shops, and toilets;
- iv. Temporary heat, water, light and power for construction;
- v. Temporary walkways, fences, roads, siding and docking facilities, sidewalk and street rental;
- vi. Construction equipment rental not included in trade item costs;
- vii. Clean-up and disposal of construction debris;
- viii. Medical and first aid supplies and temporary facilities;
- ix. General Liability and Builder's Risk Insurance.

b) **General Requirements do not include the following:**

- i. 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;
- ii. Site and topographic surveys;
- iii. Subsurface exploration (test borings);
- iv. Soil tests, concrete tests, and other construction testing;
- v. Fees for utility taps and connections;
- vi. Building permits and licenses;
- vii. General Contractor's cost certification audit fee (if required).

**These will be costs outside of the construction contract and allocated to Soft Costs.**

4. **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 a maximum of 7% of the total construction hard costs 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 cover the following costs:

- 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

## State of Georgia Qualified Allocation Plan

Change orders are unacceptable if they propose contingency funds to be used for luxury items including, but not limited to, crown moldings, granite countertops or decorative interior items.

The Applicant may elect whether or not to include the construction contingency in eligible basis for the purpose of the credit calculation.

**5. Debt Coverage Ratio (DCR).** 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, DCA HOME Loan term (if applicable) or Affordability Period, whichever is longer. DCA will review each project carefully to determine whether a project is over subsidized and 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, Rural projects that have DCRs that exceed 1.50, urban projects that have DCRs that exceed 1.40, or any project with significant net cash flow, 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. DCA may waive its minimum debt coverage ratio for USDA 515 projects that clearly demonstrate feasibility, or reduce it to match other government program funding requirements provided that confirmation from the agency of the required DCR is included in their funding commitment.

Deals with no hard debt are allowed, but will be subject to additional scrutiny from DCA. Projects submitted with no hard debt will not have a DCR but will be required to undergo a subsidy layering review. 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. This may also apply to government funded debt with a commitment that specifically defers repayment beyond the compliance period (or the term of the HOME loan), or where no cash flow repayment is required if unavailable is specified in the commitment. If hard-debt is scheduled to be repaid prior to the end of the compliance period, the years remaining in the compliance period where there is no debt repayment are subject to the Effective Gross Income to Total Annual Expense minimum ratios.

**6. 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,

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

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.

**7. Developer Fee.** 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 calculation.

**8. Developer Fee Limitation.** This limitation applies to both development costs and eligible basis at all stages (application, 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) at the "4%" applicable credit percentage. 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.

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.

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

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

The maximum allowable Developer fee includes Consultants fees for each project. DCA will allow a limited exception and not include Consultant fees for the purpose of obtaining green building certifications (provided the fee is no more than \$20,000) in the Developer fee calculation.

**Notwithstanding anything contained herein to the contrary, the Developer Fee will be limited to a maximum as follows:**

- **\$1,800,000 for 9% credits competitive Applications**
- **\$2,500,000 for 4% credits Bond Financed Projects**

#### **9. 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 so long as the units and interior amenities are comparable..
- 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.

#### **10. Identity of Interest.**

**Contractor.** If there is an Identity of Interest between any Project Participant and the General Contractor, a third party front-end analysis of the construction costs must be conducted. For HOME projects, the third-party review will be commissioned by DCA during the DCA underwriting period. For tax credit only projects, the qualifications of the proposed third-party reviewer must be submitted to DCA and approved before the review is conducted. 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.** Any Identity of Interest between any Project Participant or General Contractor and any subcontractors, other provider of service, materials, or supplies must be disclosed. Additional scrutiny will be given to subcontractor/materialmen costs where there is an Identity of Interest.

**Lenders.** If there is an Identity 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.

## State of Georgia Qualified Allocation Plan

**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 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 from Application Submission 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.

- 11. 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.
- 12. 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 below market.
- 13. Operating Deficit Reserve.** All developments must budget for and fund an operating deficit reserve in an amount of not 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 proposed amount and may make appropriate adjustments.
- 14. Permanent Debt Financing.** Permanent debt financing shall have a minimum term of 10 years.
- 15. Preliminary Financing Commitment Letters.** DCA will generally evaluate financial feasibility for all applications (other than those with an assumption of existing fixed

### 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, 2016. DCA reserves the right to evaluate the reasonableness of the interest rate and adjust it based on the market information available to DCA.

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.

Preliminary Equity Commitment Letter or Letters of Interest are required to contain as much detail as possible. At a minimum, each commitment should include the equity pricing, total capital contribution amount, estimated pay-in schedule, and any reserve requirement. DCA will use reasonable equity pricing information provided in the equity commitment letter for underwriting. However, if the combined federal and state equity price is significantly higher or lower than the median price based on the applications received, DCA reserves the right to adjust the equity price, taking into consideration project characteristics.

**16. Rehabilitation Hard Costs.** Average per unit rehabilitation hard costs must equal or exceed \$25,000. The costs of the rehabilitation or new construction of community buildings and common area amenities are not included in these amounts.

**17. 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.

**18. 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 longer of the term of the HOME loan, Period of Affordability or the Compliance Period in accordance with the Replacement Plan. The following **minimum** contributions must be used:

- |                                   |                         |
|-----------------------------------|-------------------------|
| (a) Rehabilitation:               | \$350 per unit per year |
| (b) New Construction:             | \$250 per unit per year |
| (c) Single Family Units/Duplexes: | \$420 per unit per year |

## State of Georgia Qualified Allocation Plan

(d) 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 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 adjust the Replacement Reserve to reflect reasonable and customary capital and replacement expenditures, and will continue to do so during the term of the DCA funding, if necessary.

**19. 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.

**20. 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.

**21. 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.

**22. Tax Credit Percentages.** During the competitive round, for the purpose of the application review, the Applicable Credit Percentage for the month preceding the Application Submission deadline should be utilized. DCA will issue further guidance in the event that a credit percentage floor is authorized.

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 for the Application.



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### ADDITIONAL DCA POLICIES RELATED TO THE FUNDING OF DCA HOME LOANS

1. **Assumptions for Land Purchase.** Once a project has been selected 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.
2. **Contractor Change Orders.** All changes to the approved scope of work and/or construction contract must be approved by DCA in advance of proceeding with the work.
3. **Contractor Construction Cost Certifications.** Certifications audited by an independent certified public accountant must be submitted with the request for final draw for all projects funded with DCA HOME. All certifications must be prepared in accordance with DCA requirements.
4. **Construction Commencement.** All HOME projects must be able to commence construction within nine (9) months of the preliminary award letter.
5. **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.
6. **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 (exclusive 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.)
7. **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.
8. **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.
9. **Developer Fee Disbursement Limitations.** The maximum amount of the Developer’s and Consultant’s Fee (if applicable) that can be drawn before Conversion must not exceed the total Developer Fee requested less any portion being deferred times 50%. 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.

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

- 10. 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. HOME and TCAP funds will be drawn in equal amounts during the period of construction.
- 11. 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”. This will be reflected in the closing documents
- 12. General Contractor.** DCA must approve the General Contractor prior to commencing work on any HOME project. DCA may request to approve the General Contractor prior to commencing work on any tax credit only project if the capacity or qualifications of the Contractor to perform the work are in question. The General Contractor for all DCA construction projects must be properly licensed in the State of Georgia.

Request for approval of a General Contractor shall 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, has 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, include 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 extent to which the General Contractor is bondable.
- 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 and subcontractors/vendors where the value of the work subcontracted or purchased is expected to exceed \$50,000.

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

- m) A copy of General Contractor's license shall be submitted with the Contractor Qualification Package along with evidence of insurance that meet the State of Georgia minimum requirements.

Requests should be submitted to DCA in accordance with Exhibit A DCA Post Award Deadlines and Fee Schedule.

**13. 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.

**15. 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:

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

**16. 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.

**17. 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 is generally no less than 1% for the full loan term. Construction loan terms will be based upon the 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 maturity and amortization periods ranging from 15 to 35 years. TCAP construction loan terms will mirror DCA HOME construction loans and will be repaid to DCA in full by other sources at the time of loan conversion.

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 **only** if required to ensure project feasibility. In no case may such interest rate fall below 0.50%.

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

In years 16 through maturity, such interest rates shall not fall below 0.25%. DCA may adjust this rate during underwriting congruent with more detailed information.

**18. 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 principal 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 (no negative amortization).

**19. 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 the borrower will deposit one-half of the cash flow from the project (after payment of third party 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. Third party 'cash flow' loans secured by the project will be repaid from cash flow remaining after the annual deposit to DCA's HOME cash flow reserve.

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.

**20. Future Market Value.** In the case of a non-fully amortizing HOME Loan, DCA will require a projection from the appraiser of the future unrestricted market value of the property at the maturity of the HOME Loan, assuming it is no sooner than the expiration of the compliance period or Period of Affordability. 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.

**21. 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. Additional review of capacity based on staffing may be required in accordance with the 2013 HOME Rule.

**22. 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

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

in advance by DCA. Interest earned on the operating deficit reserve account shall be added to the account as an additional contribution and will not be credited against the required monthly cash contributions. If drawn upon, no further distribution to Owners will be authorized until such time as the operating deficit reserve is restored to full funding.

- 23. *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.
- 24. *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.
- 25. *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.
- 26. *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 approved by DCA.

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. A letter of credit or construction loan in lieu of the payment and performance bond waiver must be submitted at Application.

A waiver will not be considered unless:

- a) 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.

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

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**28. Modification to 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.

**29. 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. Replacement Reserves are to be used only for capital expenditures and not to handle operating deficits.

### **30. Construction Draws and Retainage**

#### **Construction Draws:**

- a) Construction draws must be for a minimum of \$50,000.
- b) Draws of HOME loan proceeds may be submitted no more frequently than monthly, or less frequent than quarterly.
- c) Draws from other sources and any change order requests must be submitted monthly concurrent with the request to other sources and prior to any work related to the change order request.
- d) In no case, may more than 10 months elapse between disbursements of HOME funds.

#### **Retainage:**

The loan agreement between the Project Owner and GHFA will provide that GHFA will retain the greater of 5% of the original GC contract amount 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:

- a) 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.
- b) 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.

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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.

- 31. 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.
- 32. 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.
- 33. 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 Housing Credit allocation. In cases where the results of a DCA subsidy layering review indicates that there would be excess assistance, DCA will reduce the amount of the HOME loan to eliminate the excess. A subsidy layering review is also conducted during HOME loan underwriting prior to the closing of the HOME loan. In addition, if applicable,, DCA will perform a subsidy layering review for HOME prior to issuing 8609s.
- 34. 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, loan(s) to value ratio, private lender's interest rates, loan maturity, type of loan, etc. In no instance will DCA subordinate to a public entity's loan.
- 35. Syndicator Asset Management Fee.** Syndicator asset management fees will be paid after HOME debt service and prior to the HOME cash reserve payments to DCA on the HOME permanent loans.
- 36. 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,

**State of Georgia Qualified Allocation Plan**

and items necessary to satisfy the permanent commitment regarding completion of construction of the improvements of the collateral property.

- 37. *Inspections.*** All costs incurred 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.



**Appendix II  
Scoring Criteria**

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## Appendix II Competitive Scoring Criteria

**Documents:** *Minimum* document requirements are listed after each point category. However, Applicants are required to submit **all** documents at Application Submission that are necessary for DCA to determine that the Application meets the criteria for points regardless of whether they are listed in the minimum document requirements. No additional documentation or explanations for Scoring categories can be provided after Application Submission. In the event the Applicant submits an alternate document to the minimum document, a thorough explanation of the usefulness of this alternate document should be entered into the appropriate comment section.

**Applicants must use each scoring justification section in the scoring workbook to fully explain the basis for points claimed in each category. Examples of unacceptable justifications include but are not limited to:**

- “Please see attached documents/accompanying folder.”
- “Applicant is eligible for points claimed.”

### **I. APPLICATION COMPLETENESS**

**10 Points**

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Each Application will be awarded an initial score of **ten (10) points** in this category. Point deductions from that score will be made for Application errors as set forth below.

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

**One (1) point** will be **deducted** for each of the following:

1. Each Missing Document.
2. Every two (2) Incomplete Documents.
3. Each submitted document that is not accurate or is not legible.
4. Applications that are not organized as set out in the Tab Checklist and the Application Instructions.
5. Scoring Workbooks that do not include a narrative of why points are claimed in each scoring justification section.

#### **B. Financial and Other Adjustments**

DCA may correct minor errors in the Application or make minor adjustments (financial or otherwise) to the Application during review. The first adjustment will not result in a point deduction. **One (1) point** will be **deducted** for Applications requiring 2-4 adjustments. Each additional adjustment will result in a **one (1) point deduction**.

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

##### **1. Financial Adjustments made during Threshold Feasibility review.**

Examples of financial adjustments include, but are not limited to:

- a) Incorrectly calculating developer fee, including incorrectly allocating the developer fee between acquisition and rehab, if applicable
- b) Additions to line item development costs.
- c) Application errors that result in a change in the allowable tax credits.
- d) Failure to include DCA required reserves in the pro forma.
- e) Incorrectly calculating rents and/or utility allowances.
- f) Inaccuracies between the submitted financial documentation and the information in the Core application.

## **II. DEEPER TARGETING / RENT / INCOME RESTRICTIONS**

**Maximum 3 Points**

Applicants may claim points under A. or B. but not both.

### **A. Deeper Targeting Through Rent Restrictions**

**2 Points**

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.

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).

1. **One (1) point** will be awarded to Applications that agree to set income limits at 50% AMI and gross rents at or below 30% of the 50% income limit for at least 15% of total units.

**OR**

2. **Two (2) points** will be awarded to Applications that agree to set income limits at 50% AMI and gross rents at or below 30% of the 50% income limit for at least 20% of total units.

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

### **B. Deeper Targeting Through New PBRA Contracts**

**3 Points**

1. **Two (2) Points** will be awarded to Applications that have an award of new government-funded project based rental assistance shall be eligible for points in this category provided all of the following requirements are met:

- PBRA is for at least 15% of total residential units. (Common space employee units will not be included)
- PBRA contract has a minimum term of ten (10) years

New PBRA contracts do not include public housing units, bifurcation or renewal of existing contracts. Properties with existing PBRA contracts are not eligible for these points.

**OR**

2. **Three (3) points** will be awarded to Applications meeting the criteria in B (1) above and also receive at least three (3) points under Section VII. Stable Communities.

**Documentation:**

- Commitment for PBRA executed by authorized regulatory agency.

**III. DESIRABLE ACTIVITIES / UNDESIRABLE**

**Maximum 13 Points**

**A. Desirable Activities**

**12 Points**

Points will be awarded for each desirable activity/characteristic category that is near a proposed site. 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. Applicants will be limited to receiving a maximum of **twelve (12) points** under this section. However, there is no limit on the number of desirable categories Applicants may submit for DCA's review. For Scattered Site Projects, the Applicant must measure the distances from the approximate center of the ½-mile radius in which the non-contiguous parcels are located.

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

1. Only activities and/or characteristics which are located within a 2.0 mile walking/driving distance from the proposed site will be considered.
  - a) DCA will measure for walking distance by measuring the distance from a pedestrian site entrance along a Paved Pedestrian Walkway to the listed amenity.
  - b) DCA will measure driving distance by measuring from the property's vehicular site entrance along established roads to the listed amenity.
2. Each desirable category may only be counted once.
3. Each building/entity will be assigned to only one desirable category.
4. DCA will not identify and/or measure any routes other than the routes submitted.
5. Desirable activities/characteristics are eligible for points according to the following scale:
  - a) National big box general merchandise store, typically with a minimum of 50,000 square feet of floor space (e.g., Wal-Mart, Target, Costco, BJ's, Sam's Club) 2 pts
  - b) Hospital (outpatient centers or emergency care facilities not eligible) 2 pts

- c) Traditional town square which includes an operational anchor institution (e.g. county courthouse, city hall) and which serves as a hub for both commercial activity and community events 2 pts
- d) Grocery stores with meat, dairy, and produce (high end specialty stores and convenience stores not eligible) 2 pts
- e) Community or Recreational Center (e.g. YMCA, Boys & Girls Club, Public Pool, Senior Community or Multipurpose Facility) 2 pts
- f) Elementary, middle, or high school 1 pt
- g) Public park/Public community garden 1 pt
- h) Public library 1 pt
- i) Fire Station or Police Station 1 pt
- j) Retail/Clothing/Department store (full range of clothing/household items) 1 pt
- k) Restaurants 1 pt
- l) Federally insured banking institutions (ATMs not eligible) 1 pt
- m) Post Office 1 pt
- n) Medical care provider (e.g. clinic, physician/dental office) 1 pt
- o) Pharmacy 1 pt
- p) Church 1 pt
- q) Day care services (must be licensed) 1 pt

**B. Bonus Desirable Point**

**Maximum 1 Point**

Applicants that can show at least three desirable activities/characteristics listed in paragraph A. above within a 1.0 mile *walking* distance of the proposed site will be given **one (1) additional bonus point**.

**C. Undesirable/Inefficient Site Activities/Characteristics**

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. **One (1) point** will be **deducted** from the Applicant's Desirable points per Undesirable activity/characteristic.

For scattered-site projects, the Applicant must evaluate the ¼-mile radius from each non-contiguous parcel separately.

**1. Undesirable/Inefficient Site Activities/Characteristics may include but are not limited to the following:**

- a) Inappropriate surrounding property uses (examples include but are not limited to junkyards, dumps, landfills, materials storage areas, commercial livestock operations, uses that generate odor, and uses that generate excessive glare from lighting).
- b) Potential or existing environmental hazards such as chemical or heavy manufacturing activities, industrial development, facilities listed in Federal or State hazardous inventory databases, gas stations with a history of leaking underground storage tanks, auto repair stations, and dry cleaners with a history of contaminant releases.
- c) Abandoned houses or buildings that are unoccupied and unsecured and detract from an area's physical appearance, diminish living conditions and/or safety of the

neighborhood, and decrease the marketability of the proposed sites (abandoned will be determined by the following factors: unsecured entrances—meaning open or broken windows and doors, lack of maintenance, and/or evidence of loitering). Additionally, deteriorated housing or buildings where extensive defects are evident from the exterior of the building and which depress an area's physical appearance, diminish living conditions and/or safety of the neighborhood, and decrease the marketability of the proposed site.

- d) Extensive mitigation that can translate to a less efficient use of resources. Examples include extensive noise mitigation costs, steep grade changes that require extensive grading and/or retaining walls, extensive floodplain or wetland areas that render the existing soils unsuitable for required bearing capacity, and inefficient use of land/excessive site acreage in relation to the number of units constructed.

DCA will review the undesirable activity or establishment's proximity to the property and the impact of the activity on the proposed project and its tenants in determining a point deduction. This list is not all-inclusive.

## **2. *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. demolition, rehabilitation, etc.), then 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 if it is scheduled to occur prior to September 1, 2016. Applicants will need to supplement their Application by providing evidence to DCA that the condition has been mitigated by September 1, 2016 (Applicants will not be notified prior to the deadline that this documentation should be submitted).

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 must provide clear documentation that they have the site control and resources to complete the mitigation.

### **Documentation:**

- Desirable/Undesirable Form.
- Site map(s) indicating the specific locations of each desirable and undesirable activity/characteristic. The map(s) 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 and site entrance(s),
  - Indication of distances in 1/4 mile increments, identifying routes used to measure distance from desirable(s),
  - Indication of any major industrial or commercial development, and
  - All desirable and undesirable activities/characteristics.

- Photographs of the desirable and undesirable activities and characteristics. All photographs are to be either color originals or color copies. Black and white photographs will be considered Missing/Incomplete documents.
- Documentation that evidences the desirable activity/characteristic that will be located in sites under construction.
- Evidence of mitigation of undesirable from third party by the date noted above, if applicable.

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

**5 Points**

Points will be awarded for transportation points according to the criteria below. Note that on-call transportation services are not eligible for points in the flexible pool.

Community Transportation Options evaluation criteria:

- All community transportation services must be accessible to tenants by Paved Pedestrian Walkways.
- DCA will measure all required distances between a pedestrian site *entrance* and the transit stop along Paved Pedestrian Walkways.
- DCA requires that each residential building must be accessible to the pedestrian site entrance via an on-site Paved Pedestrian Walkway.
- If the off-site Paved Pedestrian Walkway is not in existence by Application Submission, Applicant must submit documents showing a construction timeline, commitment of funds, and approval from ownership entity of the land on which the Walkway will be built.
- DCA will not identify and/or measure any routes other than the routes submitted in the Application to determine whether points should be awarded to the Applicant. The Applicant must clearly mark the routes being used to claim points on the site map submitted for this section.
- Transportation service must be publicized to the general public.

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

**A. *Five (5) points*** will be awarded to Flexible Pool Applications proposing a site owned by a local transit agency which has been strategically targeted by the agency to create housing with on-site or adjacent access to public transportation. The agency-owned site must rest along a transit line that follows a fixed route and fixed daily schedule available to the public every day of the week.

**OR**

**B. *Four (4) points*** will be awarded to Flexible Pool Applications that propose a site within one (1) mile of a transit hub. DCA will define transit hub as a station that has three (3) or more bus routes, rail options, and/or other affordable mass transit options. The hub must rest along a transit line that follows a fixed route and daily schedule serving the public no less than 5 days per week.

**OR**

**C. Three (3) points** will be awarded to Flexible Pool Applications that propose a site within ¼ mile of an established public transportation stop. The stop must rest along a transit line that follows a fixed route and daily schedule serving the public no less than 5 days per week.

**OR**

**D. Two (2) points** will be awarded to Flexible Pool Applications that propose a site within ½ mile of an established public transportation stop. The stop must rest along a transit line that follows a fixed route and fixed daily schedule serving the public no less than 5 days per week.

**OR**

**E. One (1) point** will be awarded to Flexible Pool Applications that propose a site within one (1) mile of an established public transportation stop. The stop must rest along a transit line that follows a fixed route and fixed daily schedule serving the public no less than 5 days per week.

**OR**

**F. Two (2) points** will be awarded to Rural Pool Applications demonstrating that a publicly operated/sponsored and established transit service (including on-call or fixed-route service) will provide a reliable, available, and affordable transportation option to all residents of the development. If the transportation option is a fixed-route service, the stop must be within ½ mile of a pedestrian site entrance. If the transportation option is on-call, the service must be available on site. The transit service must be available at least 5 days per week in order to qualify for these points.

**Documentation:**

- Narrative submitted and signed by a representative of the transit agency describing the strategic plan for the proposed site. (Subsection “A.” only)
- Documentation showing the local transit agency’s ownership of the land. (Subsection “A.” only)
- Map showing the location of the transit stop in relation to the proposed development site and clearly indicating off-site Paved Pedestrian Walkways used to access the transit stop.
- Photograph of the transit stop accompanied by description of the stop’s location.
- Documentation and web address/URL (if available) from transit authority showing cost of service, relevant transit route, and schedule.
- Documentation that clearly demonstrates how the public is made aware of the transit service and schedule (web address is sufficient documentation).
- On-site Paved Pedestrian Walkways and pedestrian site entrance must be identified on the site plan (if applicable).



## V. 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. If the property is selected for funding, DCA will retain its own Environmental Engineer to monitor the cleanup. All costs incurred by DCA must be reimbursed by the Applicant.

### Documentation:

- Evidence of designation as a Brownfield site.
- An opinion letter from an attorney, a PE, or a PG that the property appears to meet the requirements for issuance of a GEPD No Further Action or Limitation of Liability letter. The opinion letter must also outline the steps and timeline for obtaining the EPD letter.
- Approved Plan for Cleanup from GEPD
- Proposed scope of work for cleanup of a site (where applicable).
- Detailed budget for clean-up (where applicable).
- Timeline for clean-up must also be submitted (where applicable).

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

## VI. SUSTAINABLE DEVELOPMENTS

3 Points

Certification of the project's compliance with a sustainable program that is utilized to claim points must be submitted at the time of Georgia Housing Credit final certification. Failure to complete the certification will result in a finding of noncompliance and limited participation in further rounds. For Rehab developments, Applicants must submit an Energy Audit Report identifying the Applicant's ability to meet the selected sustainable development standard. The Energy Audit Report must be performed on at least one unit per floor and a minimum of 15% of affordable units (duct leakage testing is not required). DCA reserves the right to determine that a project has not materially complied with the representations in the Submitted Application and withdraw its allocation if the certification is not obtained. Applicants may claim points under either A or B, but not both.

### A. Sustainable Communities Certification

3 Points

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 and green building into a standard for neighborhood design. The programs provide independent, third-party verification that a development's location and design meet accepted high standards for an environmentally responsible, sustainable development.

DCA will deny points for the following:

1. Projects that seek Earth Craft Communities or LEED ND designations through the

- projection of points in categories that require an excessive amount of DCA resources.
2. Failure to accurately complete the draft scoring worksheet.

**Three (3) points** will be awarded to projects in the Flexible Pool that seek certification in:

1. **Earth Craft Communities program** through the Southface Energy Institute and the Greater Atlanta Home Builder's Association, *with the following stipulations:*
  - a) Projects may **not** seek points for certification under the "conservation" development form.
  - b) Projects may **not** seek points for certification in the following categories unless it is clearly demonstrated in the Application that the cost of the technology justifies the commitment of resources:
    - i. District heating/cooling
    - ii. Renewable electric generation
    - iii. Alternative thermal production

**Documentation:**

- Copy of an executed EarthCraft Communities Memorandum of Participation for the development where the project is located, signed by the Applicant.
- Submit an active version of the draft scoring worksheet for the development illustrating compliance with the minimum score required under the program to obtain certification under the sustainable building program selected. This worksheet must include the comments from the EarthCraft design review.
- Certificate of Participation in DCA's Green Building for Affordable Housing Training Course.
- Performance Institute (BPI) Building Analyst or other equivalent energy audit certification. Rehabs only.

**OR**

**2. Leadership in Energy and Environmental Design for Neighborhood Development (LEED-ND v4)**

*Stipulations:* Points may be awarded under the following stipulations:

Project may **not** seek points for certification in the following categories unless it is clearly demonstrated in the application that the cost of the technology justifies the commitment of resources:

- a) On-site Renewable Energy Sources
- b) District Heating and Cooling

**Documentation:**

- Submit a current scoring worksheet for the development that includes the minimum score under the program to qualify for the designation and master site plan for the development. The worksheet must include the comments from the LEED AP

consultant.

- Documentation of the project's registration in the LEED database.
- Feasibility study prepared by a nonrelated third party LEED AP that evaluates the ability and feasibility of the proposed project meeting LEED ND criteria.
- Certificate of Participation in DCA's Green Building for Affordable Housing Training Course.
- Energy Audit Report completed by a qualified Building Performance Institute (BPI) Building Analyst or other equivalent energy audit certification. Rehabs only.

**B. Sustainable Building Certification**

**2 Points**

**Two (2) points** will be awarded to projects in the Rural or Flexible pool that commit to obtaining a sustainable building certification from one of the following entities:

1. **Southface Energy Institute's and Greater Atlanta Home Builders Association's** EarthCraft House multifamily (or single family or renovation) certification program.
2. **Enterprise Foundation's** Green Communities certification program (following Enterprise Green Communities protocol under the guidance of an Enterprise Qualified TA provider).
3. **US Green Building Council's** LEED for Homes certification program which includes single-family detached and multi-family low and mid-rise structures.
4. **Home Innovation Research Lab's (HIRL)'s** National Green Building Standard, meeting Bronze level or higher for single and multifamily buildings, both new and renovation.
5. **ENERGYSTAR** Version 3 certification for new single and low-rise multifamily buildings.

Due to the various revision cycles for each of these programs, the project must comply with the version in effect at the time the drawings are prepared for permit review. Regardless of program requirements, all projects must meet threshold requirements for Building Sustainability and engage in tenant and building manager education in compliance with the point requirements of the respective programs.

**Documentation:**

- Draft scoring sheet for the development that includes the minimum score under the program.
- Certificate of Participation in DCA's Green Building for Affordable Housing Training Course.
- Energy Audit Report completed by a qualified Building Performance Institute (BPI) Building Analyst, HERS rater, or other equivalent energy audit certification. Rehabs only.

## VII. STABLE COMMUNITIES

8 Points

### A. Flexible Pool Stable Communities

3 Points

1. **Three (3) points** will be awarded to projects in the Flexible Pool that are located in a census tract that meets the following demographics according to the most recent FFIEC Census Report (<http://www.ffiec.gov/census/>). Applicants within ¼-mile of a census tract meeting the requirements of this sub-section (measured as the driving distance from an Application's site entrance to the border of the census tract) that also receive the full 13 points under the Desirable Activities section are eligible for **two (2) points**.
  - a) Less than **5%** below Poverty level (see Income)
  - b) Designated Middle or Upper Income level (see Demographics)

OR

2. **Two (2) points** will be awarded to projects in the Flexible Pool that are located in a census tract that meets the following demographics according to the most recent FFIEC Census Report (<http://www.ffiec.gov/census/>). Applicants within ¼-mile of a census tract meeting the requirements of this sub-section (measured as the driving distance from an Application's site entrance to the border of the census tract) that also receive the full 13 points under the Desirable Activities section are eligible for **one (1) point**.
  - a) Less than **10%** below Poverty level (see Income)
  - b) Designated Middle or Upper Income level (see Demographics)

OR

3. **One (1) point** will be awarded to projects in the Flexible Pool that are located in a census tract that meets the following demographics according to the most recent FFIEC Census Report (<http://www.ffiec.gov/census/>).
  - a) Less than **15%** below Poverty level (see Income)
  - b) Designated Middle or Upper Income level (see Demographics)

#### Documentation:

- Each page of FFIEC census demonstrating project meets requirements. Data must be from the most current FFIEC census report, published as of January 1, 2016.
- Map clearly showing the census tract of the proposed site and, if applicable, distance from site entrance to census tract.

### B. Rural Pool Stable Communities

2 points

1. **Two (2) points** will be awarded to projects in the Rural Pool that are located in a census tract that meets the following demographics according to the most recent FFIEC Census Report (<http://www.ffiec.gov/census/>).
  - a) Less than **15%** below Poverty level (see Income)

b) Designated Middle or Upper Income level (see Demographics)

**OR**

2. **One (1) point** will be awarded to projects in the Rural Pool that are located in a census tract that meets the following demographics according to the most recent FFIEC Census Report (<http://www.ffiec.gov/census/>).
  - a) Less than **20%** below Poverty level (see Income)
  - b) Designated Middle or Upper Income level (see Demographics)

**Documentation:**

- Each page of FFIEC census demonstrating project meets requirements. Data must be from the most current FFIEC census report, published as of January 1, 2016.
- Map clearly showing the census tract of the proposed site.

**C. Georgia Department of Public Health Stable Communities 3 Points**

1. **Three (3) points** will be awarded to projects that are located in sub-clusters A2, A3, or B1 according to the most recent GDPH data hosted on the DCA “Multi-Family Affordable Housing Properties” map (<http://georgia-dca.maps.arcgis.com/home/>).
2. **Two (2) points** will be awarded to projects that are located in sub-clusters A1, B2, or C1 according to the most recent GDPH data hosted on the DCA “Multi-Family Affordable Housing Properties” map (<http://georgia-dca.maps.arcgis.com/home/>).
3. **One (1) point** will be awarded to projects that are located in sub-clusters B3 or C2 according to the most recent GDPH data hosted on the DCA “Multi-Family Affordable Housing Properties” map (<http://georgia-dca.maps.arcgis.com/home/>).

**Documentation:**

- Map clearly showing the demographic cluster of the proposed site with the site location marked (Note: To show clusters, select the “Demographic Clusters DPH QAP Points” option under the Layer List icon of three stacked squares on the left of the page.)

**D. Mixed-Income Developments in Stable Communities 2 Points**

1. **Two (2) points** will be awarded to Flexible Pool Applications eligible for at least three (3) points under the other categories in this section, and includes at least 20% unrestricted market rate units.

**OR**

2. **One (1) point** will be awarded to Flexible Pool Applications eligible for at least three (3) points under the other categories in this section, and includes at least 15% unrestricted market rate units.

## **VIII. REVITALIZATION/REDEVELOPMENT PLANS**

**10 Points**

In order to qualify for points in this scoring category, the revitalization/redevelopment plan must meet the requirements of the DCA definition for Community Revitalization Plan. Points can only be claimed in one category of subsection A, B, or C. If claiming points in subsection C, the Applicant is not eligible for points in subsection D.

### **Community Revitalization Plans Defined**

Community revitalization plans must meet the follow requirements:

- a) Be officially adopted by a Local Government;
- b) Include public input and engagement during the planning stages;
- c) Be current, ongoing, and directly affect the proposed site;
- d) Clearly delineate a target area that includes the proposed site;
- e) Call for the rehabilitation or production of affordable rental housing as a policy goal for the community;
- f) Designate 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;
- g) Include an assessment of the existing physical structures and infrastructure of the community; and
- h) A discussion of resources that will be utilized to implement the plan.

Applications are **ineligible to receive points** in this category if:

- a) The plan was formulated by a Project Team member and submitted to a local government for approval.
- b) The plan is a short-term work plan.
- c) The plan is a comprehensive plan, consolidated plan, municipal zoning plan or land use plan.
- d) The plan is outdated and does 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 from the Local Government is submitted with the Application).
- e) Plans that are less than six months old at the time of Application Submission are not considered.

### **A. Qualified Census Tract/Revitalization Plan**

**3 Points**

**Three (3) points** will be awarded to Applications proposing to develop housing that is in a Qualified Census Tract and that contributes to a written Community Revitalization Plan for a specific neighborhood.

#### **Documentation:**

- DCA Neighborhood Redevelopment Certification.

- Evidence of adoption and reauthorizations demonstrating the plan is active.
- Map of area targeted by plan identifying location of project.
- Website address where information regarding the plan can be located (or a copy of the document and a comment explaining how the document was obtained).
- Documentation evidencing that the proposed site is located in a QCT.
- Details regarding community input and public hearings held prior to the adoption of the plan AND two (2) letters from any combination of non-profit organizations, neighborhood organizations, a development authority, or a local business coalition (e.g. Chamber of Commerce) actively working or investing in the area delineated in the plan that outline their involvement and support in the planning and community input process.
- A copy of the full revitalization plan.

**B. Local Government Adopted Revitalization Plan**

**2 Point**

**Two (2) points** will be awarded to Applications proposing to develop housing that contributes to a concerted community revitalization plan for a specific neighborhood.

**Documentation:**

- DCA Neighborhood Redevelopment Certification.
- Evidence of adoption or renewal by local government demonstrating the plan is active.
- Map of area targeted by plan identifying location of project.
- Website address where information regarding the plan can be located.
- Details regarding community input and public hearings held prior to the adoption of the plan AND two (2) letters from any combination of non-profit organizations, neighborhood organizations, a development authority, or a local business coalition (e.g. Chamber of Commerce) actively working or investing in the area delineated in the plan that outline their involvement and support in the planning and community input process.
- A copy of the full revitalization plan.

**C. HUD Choice Neighborhoods Grant**

**10 Points**

**Ten (10) points** will be available to an Application that is located in an area that has received a HUD Choice Neighborhood Implementation (CNI) Grant. The CNI awardee must select only one Application to receive these points. This development must be identified in the CNI Grant application. Applicants claiming these points are not eligible for other Revitalization Plan points.

**Documentation:**

- The Application must include the Choice Neighborhood Implementation grant award as well as documentation that the proposed project is included in the targeted area.

**D. Concerted Revitalization Efforts Multiplier**

**4 Points**

**Four (4) points** will be awarded to Applications receiving points under sub-sections A or B under this section that also meet at least four (4) of the aspects of place-based development standards listed below.

**OR**

**Three (3) points** will be awarded to Applications receiving points under sub-sections A or B under this section that also meet at least three (3) of the aspects of place-based development standards listed below.

An applicant cannot claim points in this section if eligible for two (2) or more points under the Stable Communities section. DCA may allow for a maximum of one (1) category below to be met through alternate, documented means (e.g. Applicant documents marked trending improvement in surrounding school(s) in place of option two (2) listed below or Applicant documents new business development not captured in data for number three below that adds significant jobs to the local community).

1. At least twelve (12) points awarded under Desirable Activities section.
2. Application (family or senior) meets the criteria for at least one (1) point under Quality Education Areas.
3. Full two (2) points awarded under Leveraging sub-section C, Off-Site Improvement.
4. Full two (2) points awarded under Workforce Housing Need.
5. Property serves a mixed-income tenant base (minimum 15% unrestricted market rate units).

**IX. PHASED DEVELOPMENT / PREVIOUS PROJECTS**

**4 Points**

**A. Phased Developments**

**3 points**

**Three (3) points** will be awarded to Applications in the Flexible Pool 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 five (5) funding rounds and at least one phase has commenced construction per that allocation by the 2016 Application Submission deadline. 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 when the initial phase is closed.

**Documentation:**

- Master Plan with complete project concept showing all phases.



- Documentation that site control was established for all phases when the initial phase is closed.

**B. Previous Projects (Flexible Pool)**

**3 Points**

1. **Three (3) points** will be awarded to Applications in the Flexible Pool if the proposed development site is not within a 1-mile radius of a Georgia Housing Credit development that has received an award in the last five (5) DCA competitive funding cycles.

**OR**

2. **Two (2) points** will be awarded to Applications in the Flexible Pool if the proposed development site is not within a 1-mile radius of a Georgia Housing Credit development that has received an award in the last four (4) DCA competitive funding cycles.

**C. Previous Projects (Rural Pool)**

**4 Points**

1. **Three (3) points** will be awarded to an Application in the Rural Pool if the proposed development site is within a Local Government boundary which has not received an award of 9% Credits within the last five (5) DCA funding cycles.
2. An additional **one (1) point** will be awarded to an Application in the Rural Pool if the proposed development site is within a Local Government boundary which has not been awarded 9% Credits since the 2000 DCA Housing Credit Competitive Round.

**OR**

3. **Two (2) points** will be awarded to a Rural Application if the proposed development site is within a Local Government boundary which has not received an award of 9% Credits within the last four (4) DCA funding cycles.

**X. MARKET CHARACTERISTICS**

**2 Points**

Each Application will be awarded an initial score of **two (2) points** in this category. **One (1) point** will be **deducted** for each of the following conditions.

- A. There are more than two DCA funded projects in the primary market area which have physical occupancy rates of less than 90 percent and which compete for the same tenant base as the proposed project.
- B. There has been a significant change in economic conditions in the proposed market 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.

- C. The proposed market area appears to be overestimated, indicating that the demand for the project is weaker than projected.
- D. If the capture rate of a specific bedroom type and market segment is over 55%.

**XI. EXTENDED AFFORDABILITY COMMITMENT**

**1 Point**

**A. Waiver of Qualified Contract Right**

**1 Point**

**One (1) point** will be awarded to Owners willing to forgo the Qualified Contract "cancellation option" for at least five (5) years after the close of the Compliance Period. The Code requires that all low-income units in a project receiving Credits remain rent-restricted and income-restricted for the 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.

**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 with the Application for residents who will inhabit the units. The strategy must outline the Applicant's exit strategy, 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 documents meeting the above requirements must be submitted with Application.

**XII. EXCEPTIONAL NONPROFIT**

**3 Points**

DCA will award **three (3) points** to three (3) Applications in which the Project Team includes a qualified Nonprofit as the managing general partner. Only projects applying and eligible for the nonprofit set aside are eligible for points in this category. A qualified Nonprofit may only request consideration for these points for one Application.

The desired outcome of this category is to award points to strong, innovative, mission-oriented nonprofit organizations.

Nonprofit entities will be comparatively evaluated and ranked according to how well they meet each of the following criteria. **The characteristics and results of sponsoring entities or affiliated companies such as public housing authorities or parent company will not be included in the evaluation.**

- A. Technical expertise in the tax credit program.
- B. Operating sustainability of the organization.
- C. Management and governance of the Nonprofit.
- D. Community impact demonstrated by a record of funding and engaging in activities that have positively impacted communities in addition to housing tax credit development.

The scoring method for the comparative analysis is contained in the DCA Nonprofit Assessment Form. In the event of a tie, DCA will select the Applicants with the strongest technical expertise as a tiebreaker.

**Documentation:**

- DCA Nonprofit Assessment Form.
- Copy of organization’s publicly available federal Form 990 for 2013 and 2014.
- Copy of 2014 and 2015 recent annual audits completed by an independent auditor for the Nonprofit.
- Focused service commitments for the proposed projects.

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**XIII. RURAL PRIORITY 2 Points**

**Two (2) points.** Applications in the Rural Pool proposing completely new construction projects consisting of eighty (80) or fewer total units are eligible for two (2) points. Each Applicant will be limited to claiming Rural Priority points for one project in which a Project Team member has a direct or indirect interest.

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

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**XIV. DCA COMMUNITY INITIATIVES 2 Points**

**A. Georgia Initiative for Community Housing (GICH) 1 Point**

**One (1) point** will be awarded for projects that have a letter from an eligible DCA Georgia Initiative for Community Housing (GICH) team which clearly:

1. Identifies the project as located within their GICH community,
2. Is indicative of the community’s affordable housing goals,
3. Identifies that the project meets one of the objectives of the GICH Plan, and

4. Is executed by the GICH community's primary or secondary contact on record with the University of Georgia Housing and Demographic Research Center as of May 1, 2016.

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

**Documentation:**

- Letter executed by the GICH community's primary or secondary contact on record with the University of Georgia Housing and Demographic Research Center as of May 1, 2016., committing the formal support of the majority of GICH members;
- Letter from Local Government agreeing to the issuance of the letter;
- Narrative that outlines the objectives of the GICH Plan and why the proposed project meets that objective;
- Section of the GICH plan that has affordable housing as an objective.

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

**B. Designated Military Zones**

**1 Point**

**One (1) point** will be available for an Application proposing a site located within the census tract of a current DCA-designated Military Zone (MZ), as listed by DCA at: <http://www.dca.state.ga.us/economic/DevelopmentTools/programs/militaryZones.asp>

**Documentation**

- Evidence that census tract is eligible for AND has received designation as a Military Zone.

**XV. LEVERAGING**

**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 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 10 years and reflect interest rates as follows:
  - a.) Conventional or Federal Government insured loans with interest rates no greater than Bank prime loan, as posted on the Federal Reserve H. 15 Report on May 5, 2016, plus 200 basis points.

- b.) All other loans with interest rates at or below AFR. 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 4 Points**

**1. Qualifying Sources.** New loans or new grants from the following sources that will provide new capital funding will qualify for points under this category:

- a) Federal Home Loan Bank Affordable Housing Program (AHP).
- b) Replacement Housing Factor funds (RHF) or other HUD public housing improvement fund
- c) HOME funds.
- d) Beltline Grant/Loan.
- e) Historic tax credit proceeds.
- f) Community Development Block Grant (CDBG) program funds.
- g) National Housing Trust Fund.
- h) Foundation grants, or loans based from grant proceeds that meet the following legal and financial requirements:  
 The foundation must be a private foundation as defined in the US Tax Code 26 USCA 509 or a community foundation that is accredited by the National Standards for U.S. Community Foundations. Points will only be counted in this section if the foundation is not related to any entity or person in the General Partner or Developer teams and has a history of supplying grants to affordable housing developments.
- i) Federal Government grant funds or loans.
- j) Conventional loans from FDIC-insured institutions, minimum 10% TDC (Flexible Pool only).

“Pass-through” funds, loans, or grants from conventional lenders will not be considered for points in any of the above categories.

Additionally, no Project Participant, lender, or syndicator may guarantee, fund, advance, or otherwise provide direct funding for the purpose of an Application claiming points in this category (this does not apply to AHP, RHF funds, or other HUD designated funds from a Public Housing Authority).

Any Applicant that engages in these actions will be subject to immediate disqualification from the scoring round.

**2. Point Scale.** New loans and/or new grants will qualify for points according to the following scale:

Flexible Pool	Amount at least 15% of Total Development Cost (TDC)	<b>4 Points</b>
	Amount at least 10% but less than 15% of TDC	<b>3 Points</b>

	Amount at least 5% but less than 10% of TDC	<b>2 Points</b>
	Amount at least 2% but less than 5% of TDC	<b>1 Point</b>
Rural	Amount at least 10% of Total Development Cost (TDC)	<b>4 Points</b>
Pool	Amount at least 5% but less than 10% of TDC	<b>2 Points</b>
	Amount at least 2% but less than 5% of TDC	<b>1 Point</b>

**Minimum Documentation:**

- Commitment letter for such new loan and/or grant and/or historic/New Markets Tax Credit equity commitment letter;
- A copy of the Georgia DNR-HPD and NPS approved Part 1, Part 2 and the Georgia-approved Part A (for historic tax credits only)

**B. Long-term Ground Lease**

**2 Points**

**Two (2) points** will be awarded for projects receiving a long-term ground lease (no less than 45-year) for nominal consideration and no other land costs for the entire property. DCA will define nominal in this section as at or below ten (10) dollars per year. Leases can only be considered for points under this category and not under any other scoring category.

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

**2 Points**

An Applicant may earn **two (2) points** if an unrelated third party (foundation, trust, and/or government) provides an investment of resources that will result in off-site infrastructure improvements; the development of parks, green space, and shared amenities; and/or recreational facilities. This investment in “off-site” improvements must be on property adjacent to the proposed project site and serve the tenant base for the subject project.

Points will be awarded according to the following scale:

Flexible Pool	Investment amount at least 10% of TDC	2 Points
	Investment amount at least 5% but less than 10% of TDC	1 Point
Rural Pool	Investment amount at least 5% of TDC	2 Points

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 paid 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:

1. Construction of off-site or on-site access road which is required for access to the property.

2. Development of parks, green space or walking trails on a master plan development site.
3. Development of YMCA, youth center, senior center, or comparable community center.
4. Construction of sidewalks or streetscape adjacent to the property.

Third party investments that are community wide in scope or part of the community local action plan will not be eligible for points in this section. Additionally, improvements that were completed more than one (1) year prior to Application Submission are not eligible for points in this section.

**Documentation:**

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

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**XVI. INNOVATIVE PROJECT CONCEPT**

**3 Points**

**A. Innovative Project Concept and Design**

**3 Points**

DCA may award **three (3) points** to projects that present an innovative project concept/design that addresses the following identified complex problems faced in multifamily affordable housing. Only one project in each of the three (3) identified issue categories will receive points. Applicants may apply for points in only one category. The design concept should result in innovative and replicable solutions not typically seen in Georgia tax credit projects. For the purpose of this section, innovation includes novel solutions to complex problems identified by DCA as well as the replication of proven innovative superior project concepts in areas where such innovation is not already in place. Projects requesting points in this section will be judged comparatively, so applicants should provide sufficient evidence and documentation to substantiate claims regarding the quality and efficacy of the proposed innovation. In the event of a tie, DCA will prioritize projects that leverage DCA resources to the greatest extent.

Applicants for these points must be willing to share the design, tool or proposal to encourage replication. DCA may determine that an idea is not “innovative” and eliminate the Application for consideration of these points.

**B. Identified Complex Issues**

1. **Integration of Health and Housing.** DCA seeks innovative ideas for holistic place based approaches to integrating health and housing within the same project. At all income levels housing that is affordable relative to household income is highly conducive to good health. Additionally, lack of housing (homelessness) and housing

instability are associated with a wide range of poor health outcomes for adults and lifelong poor health for affected children. Collaborative partnerships with health care providers that provide free or low cost preventive health care at properties, tenant engagement programs that emphasize healthy eating and healthy lifestyles, strategies for allowing aging seniors to live independently are examples of the integration of health and housing.

This section includes innovative ideas for integrated housing opportunities for disabled populations and ideas for improving the ease and availability of service delivery through meaningful partnerships and resource commitments. Because many services will be provided by licensed service providers and not provided in a place-based manner, this section will focus on eliminating barriers between disabled and nondisabled persons, providing coordination of services, mentoring to allow better integration and support for this population outside of the typical service delivery system.

2. ***Emerging Sustainable Building Design or Techniques.*** DCA seeks innovative ideas for building affordable housing that result in lower operating costs, healthier living for tenants, and conservation of natural resources. DCA will consider Sustainable development partnerships that lead to innovation beyond the parameters of the project's existing sustainability certification, such as a partnership with the Department of Energy's Building America program to research and implement advances in sustainable building design and techniques.
3. ***Community-driven Housing Strategies.*** DCA seeks innovative applications for neighborhood transformation that are a part of a Local Government's holistic, place-based strategic initiative. DCA will consider the community impact of the strategy, the Local Government role in formulating the overall strategy with the input of community members, and the extent to which the proposed project catalyzes area improvement by addressing the neighborhood's housing need, as detailed in the strategic initiative.

### **C. Selection Criteria**

Applicants requesting these points will be comparatively ranked after analysis of the following factors on a 40-point scale. All scoring factors must be identified and explained in the Part IX B Innovative Project Concept Narrative including references to supporting documents:

1. ***Presentation of the project concept narrative in the Application (0-10 points).*** DCA seeks well-defined, high quality, sound programs, and will consider the extent to which the Applicant thoroughly describes the project and innovation plan. The expected innovative outcome must also be addressed in the narrative.
2. ***Uniqueness of the innovation (0-10 points)*** with specificity and soundness of the commitments, partnerships and documentation provided in support of the innovation.
3. ***Ability to replicate the innovation (0-5 points):*** DCA will consider the quality of the case for how the model can be replicated in Georgia



4. **Leveraged operating funding (0-5 points).** DCA will consider funding that directly supports the innovative concept and proposed solution to the identified complex issue. Leveraged funding sources may include private capital, philanthropic and foundation funds, as well as local, state, and/or other federal funding, and may also include other operating assistance program funding, exclusive of sources used to finance capital development costs.
5. **Measureable benefit to tenants (0-5 points)** resulting from the innovation. DCA will consider the quality of the plan for data collection for measurable benefits to tenants resulting from the innovation, including measurement tools and established partnerships for measurement. (Applicant must agree to provide annual reports to DCA on the results from the innovation for a period not less than five years from completion.)
6. **Collaborative solutions (0-5 points)** proposed and **evidence of subject matter experts' direct involvement** in the strategic concept development. DCA will consider the extent to which the project exemplifies best-practice collaboration between private, non-profit, and/or government entities.

**Documentation:**

- Project Innovation Narrative, a narrative of project concept and innovation (500 words or less), using the Part IX B Innovative Project Concept Narrative tab in the electronic core application;
- Staffing and Organizational Plan (Identify roles and responsibilities of all relevant agencies and other organizations participating in the innovative concept);
- Description of how the measureable benefit for the innovation will be tracked;
- Case studies, white papers or other analysis which support the innovative approach;
- Commitments for operating subsidy;
- Partnership agreements, consulting agreements, memorandum of understanding (MOU);
- Other documents that support the ranking factors.

**XVII. INTEGRATED SUPPORTIVE HOUSING**

**3 Points**

**A. Integrated Supportive Housing/ Section 811 Rental Assistance**

**2 Points**

**Two (2) points** will be awarded to an Application proposing a property that agrees to accept Section 811 project based rental assistance or other DCA offered rental assistance for up to 10% of the units for the purpose of providing integrated housing opportunities to Persons with Disabilities. Claiming points under this paragraph does not constitute a commitment from DCA that the rental assistance is available. However, if assistance does become available, the Applicant will accept the contract.

DCA, in partnership with the Georgia Department of Behavioral Health and Developmental Disabilities (DBHDD) and the Georgia Department of Community Health, will provide rental assistance, as available through HUD's Section 811 Project Rental Assistance (PRA) program or other DCA offered rental assistance, to housing tax credit properties claiming these points; which are identified as priority locations for the target population. It is the Applicant's responsibility to understand the requirements of the Section 811 PRA program, including the 30-year use restriction for all PRA units, before claiming these points.

In order to be eligible for these points, at least 10% of the total low-income units in the proposed Application must be one bedroom units. The Applicant must be willing to accept rents affordable to 50% AMI tenants.

**OR**

**B. Target Population Preference**

**3 Points**

**Three (3) points** will be awarded to an Application with a commitment of HUD Section 8 project-based rental assistance from a Public Housing Authority which has elected to offer a tenant selection preference in their tenant Voucher programs for persons with specific disabilities identified in the Settlement Agreement (#1:10-CV-249-CAP), i.e., people with severe, chronic developmental disabilities who currently live in institutions or are at serious risk of institutionalization; people with serious, persistent mental illness who reside in state hospitals, are at serious risk of institutionalization, or are chronically homeless due to their disabilities; and persons qualifying for participation in the Money Follows the Person program. The preference must be implemented at the proposed project site with a minimum of 15% of the total units targeting the Settlement population. The Public Housing Authority is responsible for ensuring it is compliant with HUD's Offices of Public and Indian Housing as well as Fair Housing and Equal Opportunity rules and regulations.

In order to be eligible for these points, the Application must include the PHA Administrative Plan, which allows for the tenant selection preference, and documentation demonstrating HUD's review and approval of the terms and structure of the proposed preference. Rental assistance must be provided for no less than 5 years from the Application submission deadline date (if the PBRA commitment ends less than ten (10) years from application submission date, the application will be underwritten using tax credit rents, see Threshold Section I.A.7). The agency or project owner responsible for maintaining the waiting list for PBRA units must keep a separate waiting list for the target population.

**Documentation:**

- Commitment for PBRA executed by authorized regulatory agency.
- Administrative Plan outlining this tenant selection preference and evidence of a request to HUD for approval of the preference. The request must be in a DCA-approved format, which is a letter to the HUD Senior Advisor on Housing and Services sent from the PHA utilizing a template provided by DCA that models DCA's extension request, copying the DCA Commissioner. The PHA must include in its request the

amended Administrative Plan language outlining the tenant selection preference. Upon approval of the preference request from HUD, the PHA must submit a waiver request letter to HUD PIH utilizing a template provided by DCA that models DCA's waiver request.

## **XVIII. HISTORIC PRESERVATION**

**2 Points**

**A. Two (2) points** will be awarded if the proposed development includes historic tax credit proceeds and is an adaptive reuse of 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 historic via a Georgia DNR-HPD approved NPS Part 1-Evaluation of Significance to have a preliminary determination of listing on the National Register.

Adaptive reuse is defined as the change in use of a building. For purposes of this scoring section, the building or buildings being adaptively reused must constitute at least 50% of the total units. Slabs, sheds, gazebos, trailers/mobile homes, pavilions, pump houses, barns, garages and single-family homes are not eligible for these points. DCA will look to the primary purpose of a structure in determining whether there has been a change in use.

### **Documentation:**

- Documentation on the previous use of the building.
- Documentation of whether or not the building is occupied.
- Narrative of how building will be reused.
- Copy of Georgia DNR-HPD and NPS approved Part 1 - Evaluation of Significance.
- Preliminary equity commitment for historic rehabilitation credit.

**OR**

**B. 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 historic via a Georgia DNR-HPD approved NPS Part 1-Evaluation of Significance to have a preliminary determination of listing on the National Register. The historic structure must house at least 50% of the total units.

### **Documentation:**

- Copy of Georgia DNR-HPD and NPS approved Part 1 - Evaluation of Significance.
- Preliminary equity commitment for historic rehabilitation credit.

(DCA encourages Applicants to see [www.GeorgiaSHPO.org](http://www.GeorgiaSHPO.org) 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.)

**XIX. PRESERVATION PRIORITY****5 Points**

DCA will award **five (5) points** to up to seven (7) Applications that best meet DCA's preservation priority. The seven (7) Applications accumulating the most preservation priority points according to the table below will each be awarded five (5) points. Tiebreakers will be determined by those Applications requesting the least amount of credits per unit.

<p><b>A.</b></p>	<p>1. An Application proposing to pay the full balance of a DCA HOME loan from a source other than a new DCA HOME loan.</p> <p><b>OR</b></p> <p>2. An Application proposing to pay the full balance of DCA resources other than a HOME loan, such as Housing Trust Funds.</p> <p><b>OR</b></p> <p>3. An Application that proposes to rehabilitate an existing tax credit property which has met or will meet the 15-year Compliance Period prior to either the date of acquisition by the new development owner or the end of the year of the carryover allocation, whichever is earlier. (Only properties that originally received an award of 9% Credits and continue to be subject to extended use restrictions are eligible for points).</p> <p><b>Documentation:</b> Forms 8609s showing first and last year of credit period.</p>	<p><b>6 Points</b></p> <p><b>OR</b></p> <p><b>2 Points</b></p> <p><b>OR</b></p> <p><b>5 Points</b></p>
<p><b>B.</b></p>	<p>An Application proposing to preserve a project with a commitment of government-awarded rental assistance or subsidies for at least 25% of residential units for a minimum of five (5) years from Application Submission. Developments with a contract expiring in less than five years, but with a commitment to renew the government-awarded rental assistance or subsidies for a total of five years or more rental assistance would qualify. This percentage will be calculated based on the total residential units (common spaces and employee units will not be included in the total residential units).</p> <p><b>Documentation:</b> Commitment for PBRA executed by authorized regulatory agency.</p>	<p><b>2 Points</b></p>

<b>C.</b>	An Application that proposes rehabilitating a property in the Flexible Pool that gets (4) points under Stable Communities or in the Rural Pool that gets three (3) points under Stable Communities.	<b>3 Points</b>
<b>D.</b>	An Application that proposes rehabilitating a property that gets two (2) points under Revitalization/Redevelopment Plans.	<b>3 Points</b>
<b>E.</b>	<p>1. An Application that has a documented average physical occupancy of at least 90% for the 6 month period prior to Application submission (December to May)*</p> <p><b>OR</b></p> <p>2. An Application that has a documented average physical occupancy of at least 80% for the 6 months period prior to Application submission (December to May).*</p> <p>*Residents that have been relocated into completed units of previous phases of this development, within the past year, may be counted towards the 80% or 90% occupancy requirements for these points. Six months of rent rolls prior to relocation began must be included as well as documentation showing the decrease in occupancy is a result of relocation only.</p> <p><b>Documentation:</b> Project rent roll for each month that clearly indicates each occupied <u>and</u> each vacant unit, along with identifying total units.</p>	<p><b>2 Points</b></p> <p>OR</p> <p><b>1 Point</b></p>
<b>F.</b>	<p>1. An Application that proposes to rehabilitate an existing tax credit property with a Compliance Period that began at least 20 years prior to the Application Submission deadline.</p> <p><b>OR</b></p> <p>2. An Application that proposes to rehabilitate an existing tax credit property with a Compliance Period that began at least 18 years prior to the Application Submission deadline.</p> <p><b>Documentation:</b> Legal opinion, with supporting IRS documentation, verifying the number of years since the beginning of the project's Compliance Period.</p>	<p><b>2 Points</b></p> <p>OR</p> <p><b>1 Point</b></p>

<b>G.</b>	An Application proposing rehabilitation of an existing project, where the construction hard costs are at least 45% of the Total Development Costs.	<b>2 Points</b>
<b>H.</b>	An Application that has received a letter from USDA/HUD designating the property as a high priority. Only one letter will be considered in each round for each agency.  <b>Documentation:</b> A copy of the letter	<b>2 Points</b>
<b>I.</b>	An Application that has received a letter from DCA Portfolio Management designating the property as a high priority. Only one letter will be considered in each round.	<b>2 Points</b>
<b>J.</b>	An Application that proposes the rehabilitation of an existing congregate housing for Persons with a Disability.	<b>1 Point</b>
<b>K.</b>	An Application that proposes to rehabilitate an existing project that has not been previously rehabilitated. Relocating the project or demolishing and redeveloping a project does not constitute a rehabilitation.	<b>1 Point</b>

DCA may determine that projects are Ineligible for these points. Examples include, but are not limited to, the following:

1. Outstanding or uncured major noncompliance issues;
2. Functional obsolescence;
3. Development will cause a 10% increase or greater in rents;
4. Property is in substantially good condition and does not need immediate recapitalization;
5. Poor condition of the property is the result of the willful deferral of maintenance by the owner;
6. Development will result in a loss of low-income units;
7. Units are not at risk of losing affordability if converted to market units;
8. Primary purpose is to subsidize an ownership transfer.

## **XX. QUALITY EDUCATION AREAS**

**2 Points**

**Two (2) points** will be awarded to an Application proposing to develop a Family property which is located in the attendance zone of a high performing school. To qualify, the school

cannot have district wide enrollment unless the school is the only school in the district.

This section measures access to quality education from early childhood through high school graduation. It uses Georgia’s performance evaluation systems, quality rated for early education and preschool, and the College and Career Readiness Performance Index (CCRPI) for K-12 (may include some integrated pre-K). Points will be awarded based on the 2014 CCRPI data.

**A. Two (2) points** All K-12 schools for which the property is located in the attendance zone have CCRPI scores *above average*.

	Above average CCRPI (including challenge points)
1. <b>Primary or elementary (K-5) schools:</b>	78 or greater
2. <b>Middle or junior high (6-8) schools:</b>	75 or greater
3. <b>High (9-12) schools:</b>	72 or greater

**OR**

**B. One (1) point** for at least one but not all of the schools for which the property is in the attendance zone has an above average CCRPI score.

Charter schools can qualify as the school reported for the site if they have a designated (not district wide) attendance zone that includes the property site and serve at least 3 grades (for instance kindergarten, first, and second grade).

**Documentation:**

- School District map showing that property is in attendance zone of school.
- Written communication signed by school district employee confirming the site address is within the attendance zone of each school.
- Most recent CCRPI report for each school: <http://ccrpi.gadoe.org/2014/ccrpi2014.aspx> .

**XXI. WORKFORCE HOUSING NEED 2 Points**

Points will be awarded to Applications proposing a site in an area with access to local jobs and where employees have significant commute distances based on U.S. Census data. For the purpose of this category, Rural projects which are located within MSA boundaries must use the MSA threshold below, if applicable. If the property is located in a HUD MSA (including the Atlanta MSA), but not in the counties listed under “Atlanta Metro,” use the “Other MSA” jobs threshold. In order to qualify for these points, a minimum number of jobs must exist within a 2-mile radius of the site, according to the following thresholds:

City of Atlanta	Atlanta Metro (Cherokee, Clayton, Cobb, DeKalb, Douglas, Fayette, Fulton, Gwinnett, Henry and Rockdale counties)	Other MSA	Rural Area
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20,000	15,000	6,000	3,000
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**A. Two (2) points** will be awarded to sites which meet the minimum jobs threshold AND where more than 60% of workers within a 2-mile radius travel 10 miles or more to their place of work.

**OR**

**B. One (1) point** will be awarded to sites which meet the minimum jobs threshold AND where more than 50% of workers within a 2-mile radius travel 10 miles or more to their place of work.

**Documentation:**

- Copy of report from the Census Bureau’s “OnTheMap” website demonstrating that the site meets requirements.
  - Visit <http://onthemap.ces.census.gov/>
  - Enter the address of the site or the address of the nearest address used in the Application, and click “Search”. If an address is not used, provide exact latitude and longitude coordinates clearly within the site boundaries.
  - Click the “Selection” tab at the top of the page and click “Simple Ring” under “Add Buffer to Selection.”
  - Enter “2” into the “Radius” box. Click “Confirm Selection.”
  - Click “Perform an Analysis on Selection Area.”
  - Within the Analysis Settings box that will appear, choose “Work” under the first column, “Distance/Direction” under the second column, the “2013” under the third column, and “All Jobs” under the fourth column.
  - Click “Go” for results.
- A document identifying the exact address entered into the search box.

**XXII. 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 and the Development entity and their principals.

**A. Deductions for Noncompliance.**

Each proposed project will start with compliance history score of 10 Compliance Points. Deductions shall be made from that base Compliance Score for each instance of noncompliance which exists for any of the Project Team:

1. Compliance score deductions are based on adverse compliance history of both the General Partnership entity and the Developer entity as well as each principal of the entity. Even if DCA determines that an adverse condition is not sufficient to bar an



Application from participation in the competitive round, that condition will be evaluated as a non compliance point deduction.

2. Negative compliance history of an entity cannot be negated by the resignation or removal of a principal.
3. Point deductions will be made for each Project Team and its principals that were directly or indirectly involved in the General Partnership and/or Development entity of non-performing projects.
4. If a principal withdraws from an entity with a negative compliance history, the negative compliance history must be claimed by the departing principal for three years following the date the principal legally left the company.

The following funding programs will be reviewed for purposes of calculating the score in this section: Low Income Housing Tax Credits (LIHTC), HOME, Tax Credit Assistance Program (TCAP), and Exchange/Sec.1602).

## **B. Calculation of Point Deductions**

### **1. Program Administrative Noncompliance:**

**One (1) Point** will be **deducted** for each instance of significant DCA Program Administration Noncompliance that occurs in the previous twelve months or remains uncured from previous years. For purposes of this section, noncompliance may include, but are not limited to the following:

- a) Failure to submit completed cost certification for a tax credit project within 6 months of the required due date.
- b) Failure to convert a DCA HOME loan within 6 months of the required conversion date. (Points will be deducted until the HOME loan converts).
- c) Owner failed to provide a complete and accurate Annual Owner Certification for the previous year. Annual Owner Certifications are due in March.
- d) Failure to complete certification for Sustainable Buildings or Communities prior to issuance of 8609s for a project that received funding from a previous round and claimed these points.
- e) Failure to comply with administrative requirements, such as failure to obtain DCA written preapproval of any change of ownership or property management.
- f) Failure to pay any allocation fee, compliance monitoring fee or other DCA invoiced and due prior to Application Submission day.

### **2. Uncured Audit Findings**

**One (1) point** will be **deducted** for each property with an uncured outstanding 8823 relating to a final finding of non-compliance that was documented during the previous audit.

### **3. General Partner Failure**

- a) **Two (2) points** will be **deducted** for each removal of a General or Managing Partner of a Tax Credit Property in which the Syndicator has stepped into the position in the last five (3) years; and
- b) **Two (2) points** will be **deducted** for each foreclosure of a loan which is secured by a tax credit property in the last three (3) years, although the property retains affordability

#### 4. **Federal Regulatory Noncompliance**

**Two (2) points** will be **deducted** for each unresolved or uncured final finding of a failure to comply with Federal regulatory requirements such as Relocation, Davis Bacon, Section 3 requirements or Fair Housing Requirements that occurred in the last three years.

#### 5. **Significant Failure to Operate Property in Accordance with DCA, Tax Credit, HOME, TCAP, NSP or Section 1602 Program Requirements.**

**Three (3) points** will be **deducted** for a significant failure to operate and maintain an affordable housing property in accordance with program regulations and requirements.

Examples of failures include but are not limited to the following:

- a) 'Down' units, defined as more than 2% of total units are not available or suitable for occupancy in their current condition (Properties that have experienced a fire or natural disaster may petition for a waiver of this point deduction if the units have been down less than forty-five (45) days).
- b) Loss of utilities due to Owner's failure to make timely payment to utility authority within the last twenty four months.
- c) Failure to maintain or operate amenities and services as set out in the tax credit application and/or LURC or LURA.
- d) Significant Health and Safety issues (defined as impacting 15% of the total units (minimum of 3), or two or more Health and Safety issues not cured within the initial cure period and which occurred over the most recent 24 month period preceding the Application Submission date.
- e) Multiple building code violations written for property and which are uncured during the previous twenty four month period.
- f) Significant unpaid receivables for one or more tax credit properties.
- g) Other deferred maintenance and physical issues that interfere with the ability of the tenant to live in safe, decent housing.
- h) Pattern of noncompliance, failure to correct identified issues in a timely manner, repeated physical findings, failure to compliance findings.

#### 6. **Financial/Organizational Failure**

**Five (5) points** will be **deducted** for each instance in which the Owner, developer or their principals was removed for cause from the General Partner (whether Managing or not) within the compliance period or if a property loses affordability within the compliance period.

Examples of evens warranting a five (5) point deduction include:

- a) Foreclosure of a federally assisted or LIHTC property Recapture of Credits that results in loss of affordability
- b) Participation in the General Partner entity, or as the General Partner, key principal, or developer of a property filing bankruptcy in the past ten (10) years Closure/Abandonment of Property. (Owners that have filed bankruptcy as a business purpose to preserve a property and the property continues to operate as an affordable property may petition DCA to waive these points).
- c) Foreclosure or deed in lieu of foreclosure of a DCA HOME loan.
- d) Removal as General or Managing Partner from three (3) or more properties (Syndicator steps into role of General or Managing Partner).
- e) Failure to meet the federal placed in service deadline for a project that has been awarded tax credits resulting in the loss of Credits

### **C. 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 and documentation of successful development and current ownership is provided. In no instance will a project that has been considered to have experienced an adverse (or Significant Advert) event in which the Owner, Developer or their principals participated be considered in Point Additions.

1. **One (1) point** will be added if any of the defined Project Team can demonstrate that he/she has successfully developed and currently owns five (5) Tax Credit Properties.
2. **Two (2) points** will be added if any of the defined Project Team can demonstrate that he/she has successfully developed and currently owns ten (10) Tax Credit Properties.

**OR**

3. **Three (3) points** will be added if any of the defined Project Team can demonstrate that he/she has successfully developed and currently owns fifteen (15) Tax Credit Properties.

**OR**

4. **Four (4) points** will be added if any of the defined Project Team can demonstrate that he/she has successfully developed and currently owns twenty (20) Tax Credit Properties.

**OR**

5. **Five (5) Points** will be added if any of the defined Project Team can demonstrate that he/she has successfully developed and currently owns more than twenty (20) Tax Credit Properties.

**Minimum Required Documents for Point Additions:**

If properties are located outside of Georgia, documentation from state HFA that documents the compliance status, development, and ownership of the required number of tax credit properties.

**Exhibit A 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 Counties:

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