

**Additional Tax Credit (LIHTC) Allocations for 2017 9% Awards
October 2018**

Rebuilding from the recent natural disasters will almost certainly increase construction costs. In response, the Department of Community Affairs (DCA) has set aside 9% tax credits for 2017 and 2018 Competitive Awards facing a funding gap.

- **Deadline & Limitation:**
 - 2017 Competitive Awardees: May submit a request **no later than November 30, 2018**.
 - Each Project may only submit one request for additional credits.
 - 2018 Competitive Awardees: DCA will publish a policy for 2018 Awards by April 1, 2019.
- **How to request additional Credits:** Owners must use the Office of Housing Finance's Project Concept Change Workbook Form located on DCA's website: <https://dca.ga.gov/node/3971>.
- **Additional documentation required:**
 1. **Project Concept Change workbook** ("pccrequest.xlsx")
 2. **\$1,500 Fee** made payable to Georgia Housing and Finance Agency (GHFA)
 3. **Updated Tax Credit Core Application**
 - Updated Part III Sources Tab – showing updated sources of funds
 - Updated Part IV Uses Tab – showing updated development costs
 - Updated Part VI Revenues & Expenses Tab – showing updated rents based on current year's rent/rent limits.
 - Updated Part VII Pro Forma Tab – showing new expenses, debt payments, etc. (if applicable)
 4. Finalized construction bid(s).
 5. Evidence of any potential value engineering.
 6. Final equity commitment letter(s).
- **Narrative/Formal Request Memo**
 - Part I: Request --A formal request for the increase, including a specific amount of additional tax credits and a statement acknowledging the amount only covers increases in hard construction costs.
 - Part II Funding Gap: Detail the current funding gap based on the original tax credit award, updated development costs, and updated non-tax credit sources of funds. Describe attempts to increase equity pricing from the submitted core application, increase loan amounts, and/or secure other sources of funding.
 - Part III Changes Summary: Note the change (\$) in the Total Construction Hard Costs (Part IV-Uses) and Total Developments costs (Part IV-Uses) as compared to the original core application submission and explain the cause of cost increases.
 - Part IV Sources Update: Detail the change in Sources of Funds provided for this development & efforts made to fund the gap.
 - Part V Timeline to Closing: Detail the projected timeline to closing and construction commencement.

- **Updated Commitments:**
 - Updated loan commitments and equity commitments as referenced in the Updated Core Application (Part III Sources).
 - Updated rental assistance and/or government financial assistance contract (if applicable).

- **Other DCA Policies:**
 - DCA may award other resources in lieu of tax credits.
 - DCA may deny some or all of the request. For example, DCA may determine the amount exceeds what is necessary to cover hard construction cost increases or the property has the ability to increase other funding sources.
 - Additional requests are limited to no more than 5% of the original allocation.
 - The Developer Fee may not increase from the original 2017 Core Application submission.

- **Additional Credit Award Fees:**
 - DCA will charge a Tax Credit Allocation Fee equal to 8% of the Additional Credit Request.
 - This fee must be paid within 1 month of the additional Credit Carryover Award.
 - This expense must come out of pocket and may not be reflected in the project's updated budget (Part IV Uses).

- **Implications for the 2019 9% Competitive Round:**
 - For 2017 9% Awards, any additional credit award will count against the 2019 Credit Award Limitation.
 - For example, if a 2017 Awardee requests and receives \$30,000 in additional 9% credits, any entity with a greater than 20% Ownership (General Partner)/Development Interest in this development can only receive up to \$1,770,000 of tax credits in the 2019 Competitive Round, based on the current \$1,800,000 Credit Award limit in the 2019 Draft QAP (Core pg. 22).

