

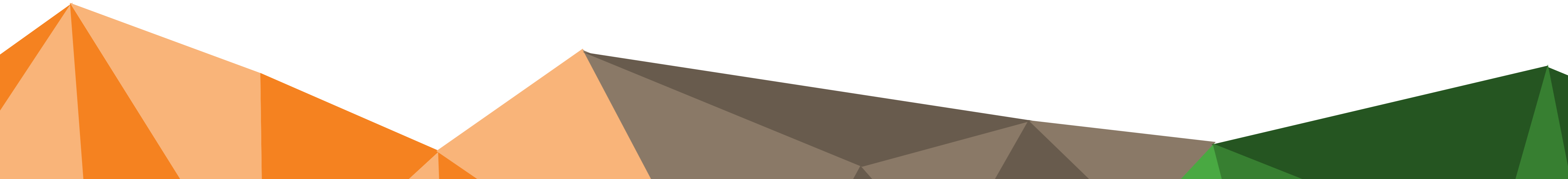


2022 QAP Workshop

February 16, 2022

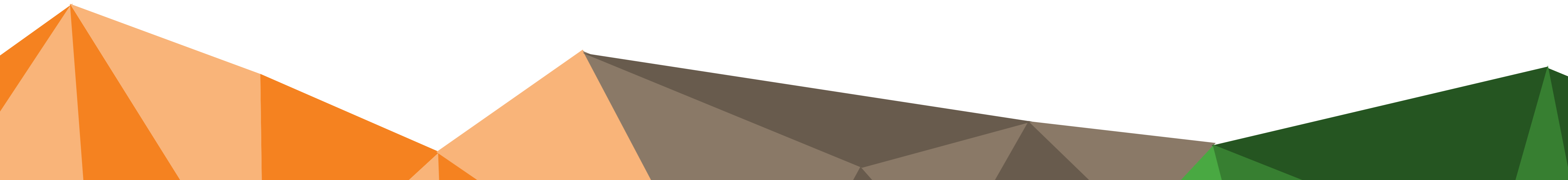


Workshop Overview



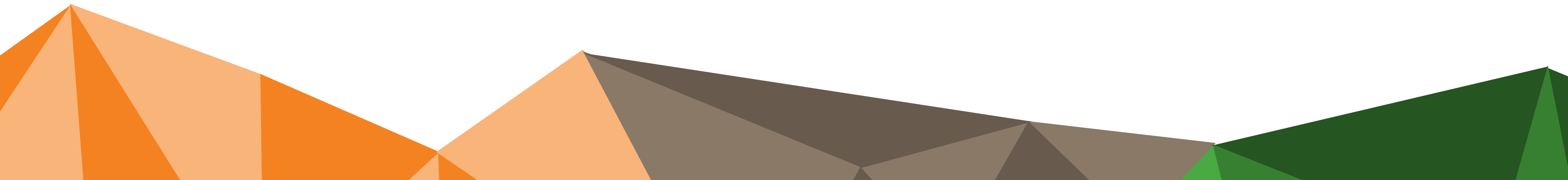
Agenda

- DCA presentations
- DCA presentations and Q&A
 - (15-minute break)
- “Virtual stations”
 - (15-minute break)
- Report back from “Virtual Stations” and Q&A



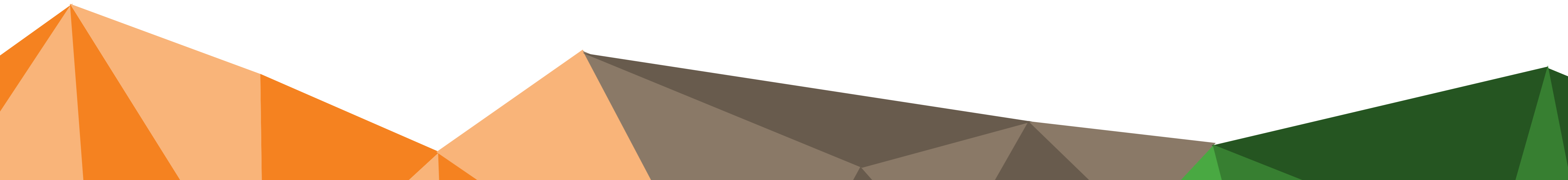
Notes on slides

- Slides only cover topics staff felt required clarification
- Two types:
 - Special Topics (e.g., “Bond Program Update”)
 - Policy, Manual, or Form clarifications (e.g., “Quality Education Areas scoring instructions”)
- All slides will be posted to website (with minor adjustments)



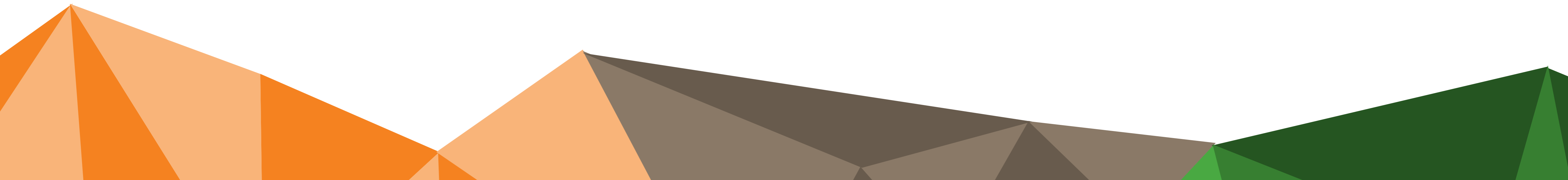
Today's sessions are recorded, however...

- You can only prepare your applications based on what DCA has published in writing -- not what someone says verbally today
- Goal is to hold discussions that:
 - Identify policy ambiguity or concerns from our partners, to help prioritize future guidance
 - Provide more context than is often possible in Q&A



Today's sessions are recorded, however... (continued)

- Published guidance requires approvals from several parties, not individuals. But individuals will convey their best understanding today for purposes of promoting dialogue.
- Given the above, nothing that is stated verbally in a recorded session can be used for purposes of 9% Competitive Round review or appeals.
- If your application will rely on information for which the only source is a verbal statement in a recorded session, you must submit a question through the Q&A process to ensure DCA issues public, written guidance addressing the matter.



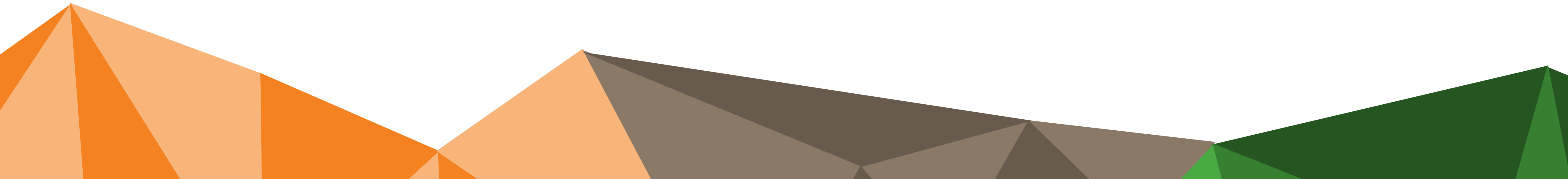
Questions?

- Please submit questions through our online Q&A survey
 - [Click here](#) to go to the 2022 QAP and Related Documents page
 - Select “Submit a question”
- Responses will be posted on the same webpage
 - Monitor the “Updated” date by the DCA responses document to see when DCA posts additional responses

- **Questions and Answers**

- [Submit a question](#) 
- [Q&A Instructions and DCA Responses](#) (Updated 02-25-22)

DCA Presentations



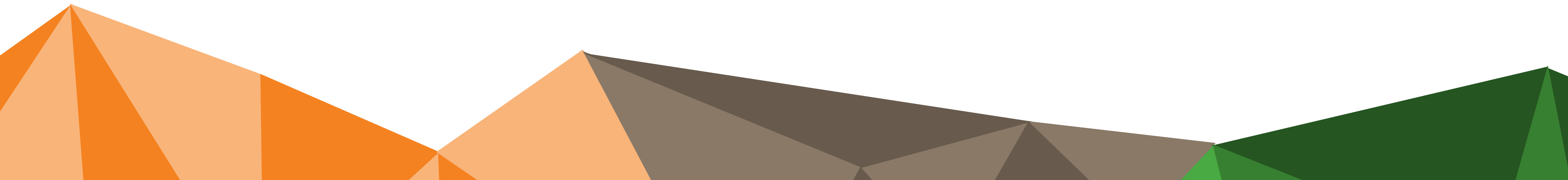


2021 9% Deals

Summary of 2021 9% Round

- 30 Awards | 67 Applications
- Two Appeals; One was reversed
- Final Select List (Updated February 2022) posted on [DCA](#)

[Website](#)

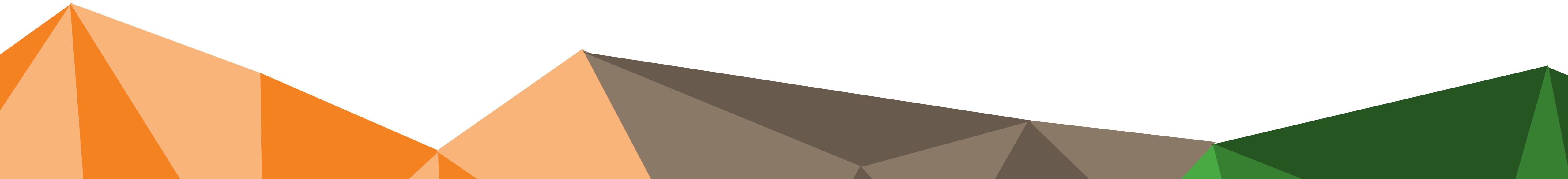




Bond Update

**Georgia Allowable
2022 Tax-Exempt Bond Issuance:**

\$1,187,952,260

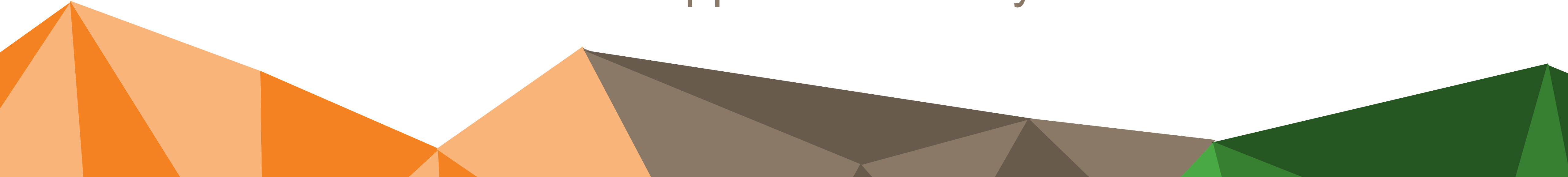


2022 PAB Summary

| Housing Share | Minimum PAB | PAB Booked as of QAP Workshop |
|---------------------------------|-------------|-------------------------------|
| GHFA (Single-Family) | \$313 MM + | \$250 MM |
| URFA (Atlanta Multifamily) | \$96 MM + | \$0 |
| Local (Non-Atlanta Multifamily) | \$96 MM + | \$83.5 MM |



Progress on PAB Allocation

- The 2020 4% pipeline has been significantly reduced
 - \$1 Billion of \$1.6 Billion allocated so far
 - 70 of 84 2020 Applications in active review or have received 42(m) Letter
 - 14 2020 4% Applications not yet received
- 

Current PAB Status

| QAP Year | # of Remaining Deals | Bond Allocation |
|---------------------|----------------------|-----------------|
| 2019 | 2 | \$36,750,000 |
| 2020 | 16 | \$323,881,000 |
| 2020 (pre-apps) | 14 | \$256,500,000 |
| Total not Allocated | 33 | \$617,131,000 |

PAB Comments

- If you have received 42(m) Letter, you should book your Bond Allocation.
 - 11 Deals have 42(m) Letter but have not booked
- If you plan to request more than amount listed in Application, email Jill Cromartie and Mitch Kelly.
 - ([click here](#) for Office of Housing Finance email addresses)

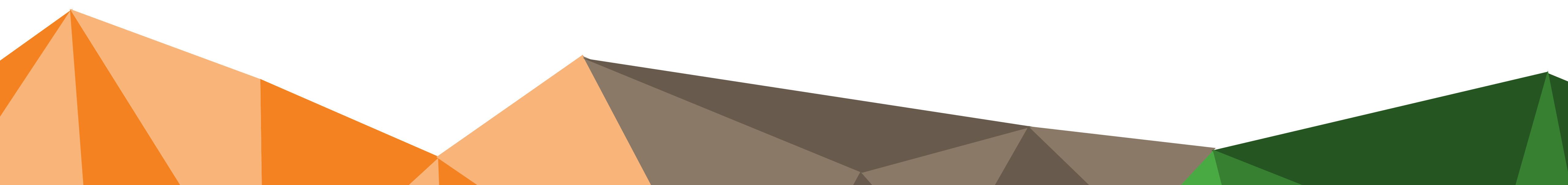


Best Case Scenario

All applications have
42(m) Letter issued and
book their bonds in 2022

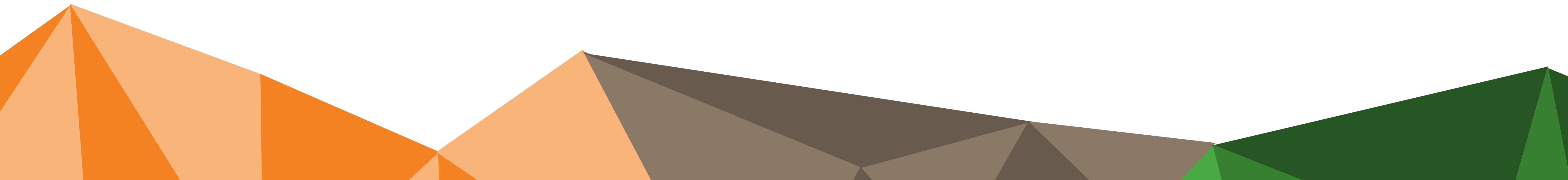
2022 4%
Competitive
Round Opens in
Q4 of 2022

Selected 2022
4% Applications
can book bonds
in 2023



4% Competitive Round

- DCA is considering what the 4% Competitive Round will look like
 - Topics:
 - Geographic Pools
 - URFA/Local Bond Reservations
 - Bond Allocation limitations
 - Qualification Determination
 - Timing: Pre-Application and Full Application
- Please submit Questions through DCA's Q&A Process






2019/2020

Additional Credits



Additional Credits

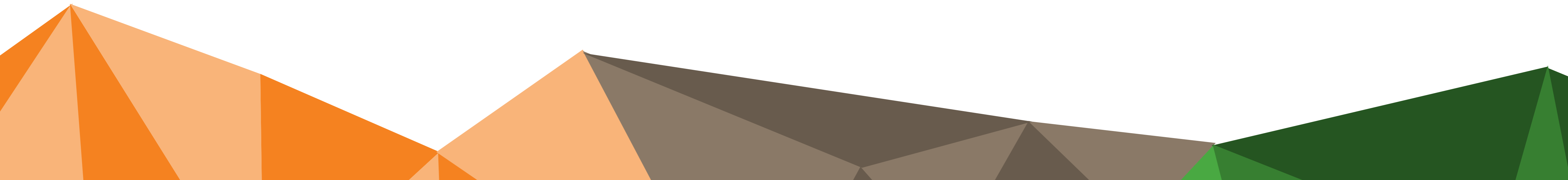
- 51 2019/2020 9% Applications submitted Additional Credit requests
 - Total Additional Credits given - \$7.7 MM
 - Min: \$9,973 | Max: \$383,000 | Average: \$147,487
 - Penalty: Each Project Team Member who was a part of an Additional Credit **Request** has a 1.5X Penalty
 - Per 2022 QAP, Maximum Developer Award Limit is \$2.1 MM *regardless of Partnerships* (before Penalty)
 - DCA will publish a list of penalties associated with each organization
- 

Penalty Example

Per QAP, maximum Developer credit amount is \$2.1 MM.

Developer A requested \$100,000 in additional credits
(\$50,000 for Deal 1 and \$50,000 for Deal 2).

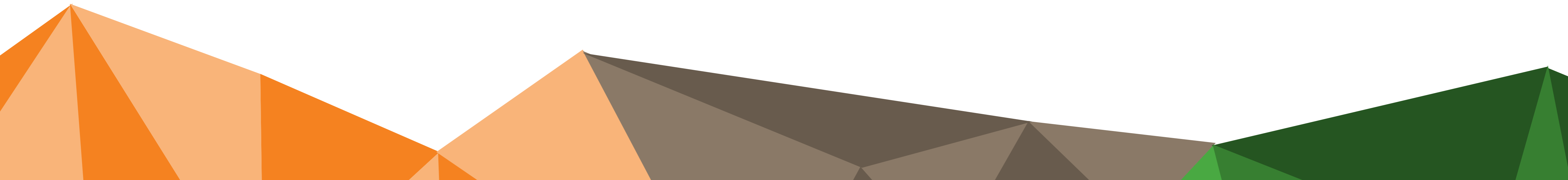
Regardless of the awarded credits, Developer A's penalty in the 2022
Round is **\$150,000**
(1.5 x Total Requests)



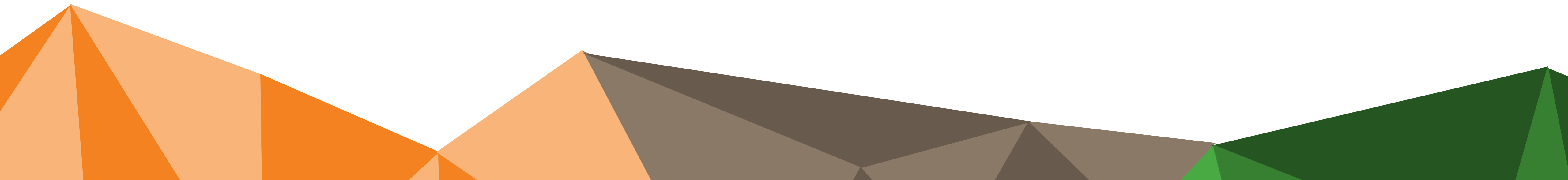
Penalty Example (cont.)

In the 2022 9% Round, Developer A can receive up to \$1.950 MM in Credits (\$2.1 MM less \$150,000 Penalty).

DCA may, but is not obligated to, waive this limitation. Developer A should structure their 9% Credit Applications accordingly.



Tightening the Belt: Upcoming DCA Changes



Upcoming Changes

- **Operating Expenses**

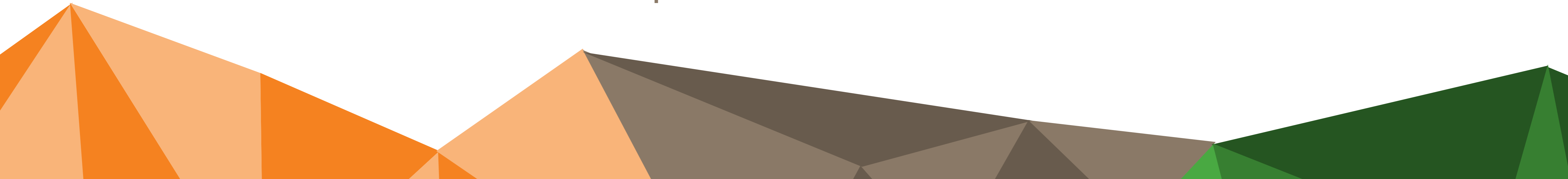
- DCA will eventually incorporate Developer's actual operating expenses of previous deals into underwriting review.

- **Appraisals/Taxes**

- DCA will begin considering the reasonableness of real estate taxes for Applications in counties with high taxes on affordable properties.

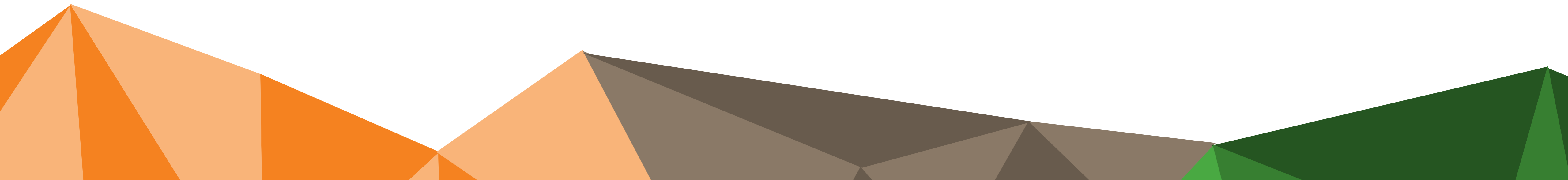
- **Capacity**

- DCA has observed developer capacity-related issues over the past few years. When we can validate capacity issues, it is our responsibility to not further burden a developer.

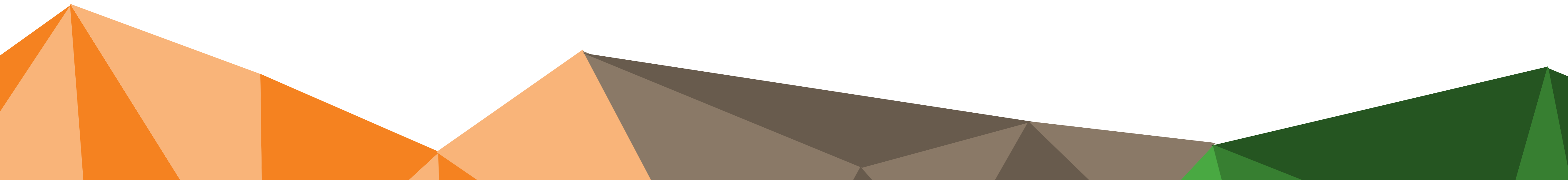


Cost Reasonableness

- The QAP allows DCA to address costs that are unreasonably high.
 - If any costs are unreasonable, please make sure to provide documentation or Applicant comment supporting/explaining the cost.
 - DCA may make downward adjustments for any unreasonable costs.



EMPHASYS: **Application Season**



Pre-App Plan

| | EMPHASYS | EXCEL WORKBOOK UPLOAD | UPLOAD |
|---|----------|-----------------------------|--------|
| Project Narrative | X | | |
| Checklist & Submission Form | X | | |
| HOME Loan Consent Tab/ Rent Schedule | | X | |
| Relocation Summary | | X | |
| Forms | | | X |

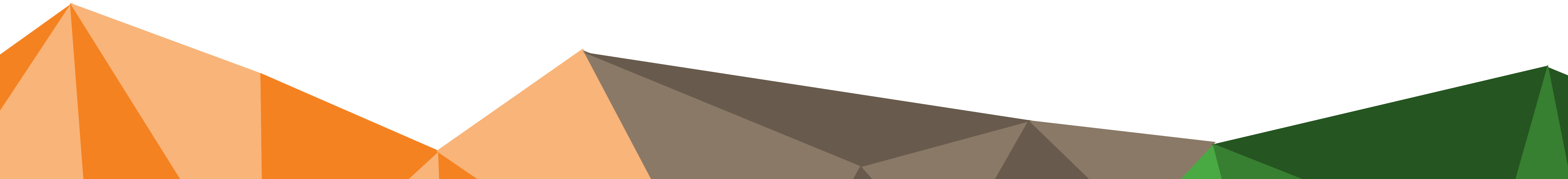
Full-App Plan

| | EMPHASYS | EXCEL WORKBOOK UPLOAD | UPLOAD |
|--|----------|-----------------------|--------|
| Project Narrative, Project Information, Development Team, Threshold, Scoring | X | | |
| Underwriting (Sources, Uses, Revenues & Expenses, Pro Forma) | | X | |
| Supplementary Forms, Scoring Documents, Threshold Documents | | | X |

EMPHASYS: How to Prepare

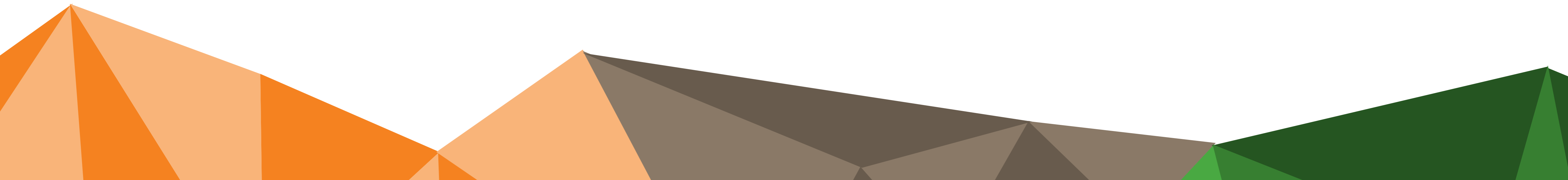
- Create an account
- Do not wait until the last hour to upload documents or submit your application
- If you have any questions or submission issues, email hfdemphasys@dca.ga.gov
- Use custom naming formats for Applications in Emphasys (Project Name or something other than “TBD”)
- Make sure to select the correct Application
 - (“2022 Funding Cycle Pre-Application”)
- [Emphasys Funding App Portal](#)

Special Topics: Post Award Clarifications



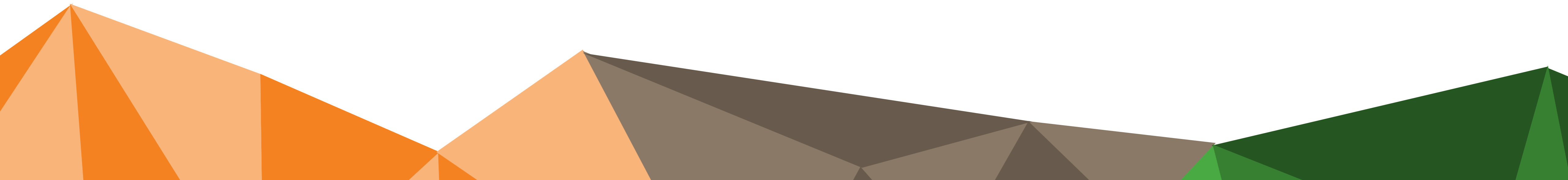
IRS Notice 2022-05: 10% Test Extensions

- The 10% Test deadline for a project with an original 10% Test deadlines falling on or after April 1, 2020 and on or before December 31, 2020 is two years from the original deadline.
- The 10% Test deadline for a project with an original 10% Test deadlines falling on or after January 1, 2021 and before December 31, 2022 is December 31, 2022.



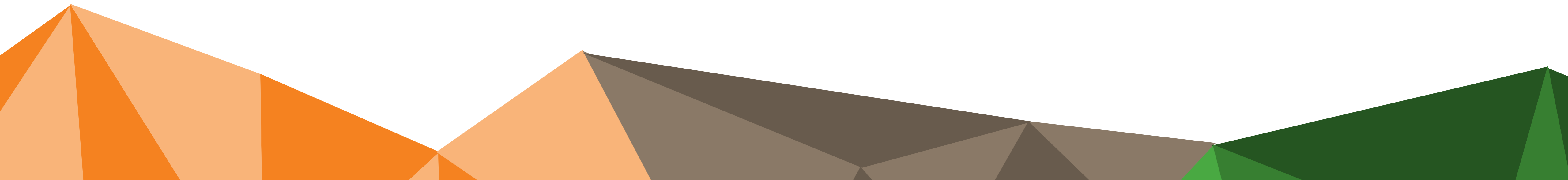
IRS Notice 2022-05: PIS Extensions

- The placed-in-service deadline for a project with an original placed-in service deadline on December 31, 2020 is December 31, 2022.
- The placed-in-service deadline for a project with an original placed-in service deadline on December 31, 2021 and original 10% Test deadline before April 1, 2020 is December 31, 2022.



IRS Notice 2022-05: PIS Extensions Continued

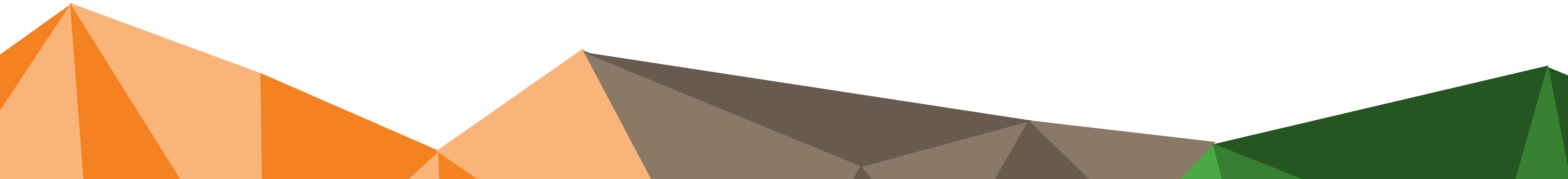
- The placed-in-service deadline for a project with an original placed-in service deadline on December 31, 2021 and an original 10% test deadline on or after April 1, 2020 and on or before December 31, 2020 is December 31, 2023.
- The placed-in-service deadline for a project with an original placed-in-service deadline on December 31, 2022 (and an original 10% test deadline in 2021) is December 31, 2023.



Other Extensions: Require DCA Approval

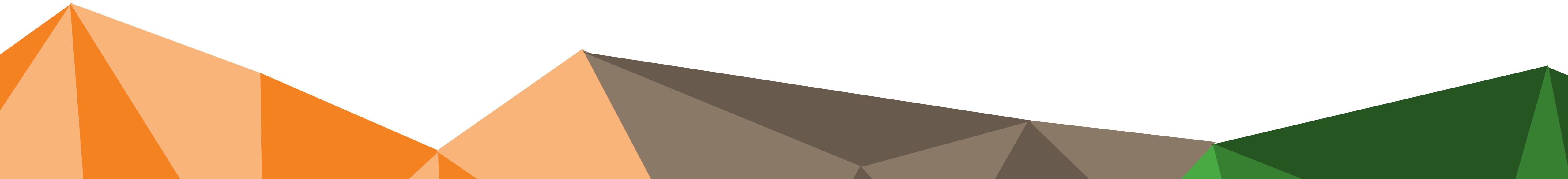
- **Final Application** – Sandy.Wyckoff@dca.ga.gov
- **4% Application & Loan Closing** – Teresa.Crowe@dca.ga.gov
- **Construction** – Sherrie.Potter@dca.ga.gov
- **GHFA Loan** – Robert.Keeler@dca.ga.gov

HOME Planning Updates



HOME Funding Availability Notices Anticipated

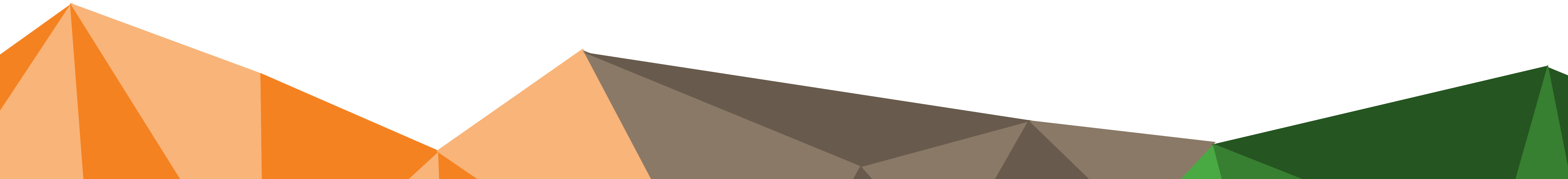
- USDA Preservation (HOME only)
- Naturally Occurring Affordable Housing (HOME + 9% Credits)
- CHDO (HOME + 9% Credits)



HOME Funding Availability Notices Anticipated (continued)

- Possible additional NOFA (targeted need is to be determined at this time)
- DCA has received an increase of requests for HOME funding from partners
- DCA plans to disseminate a survey to assess for highest priority needs
- Eligible properties:
 - Housing Tax Credit applications to be submitted in the future
 - A development that has been awarded but has not yet placed in service
 - Existing DCA property

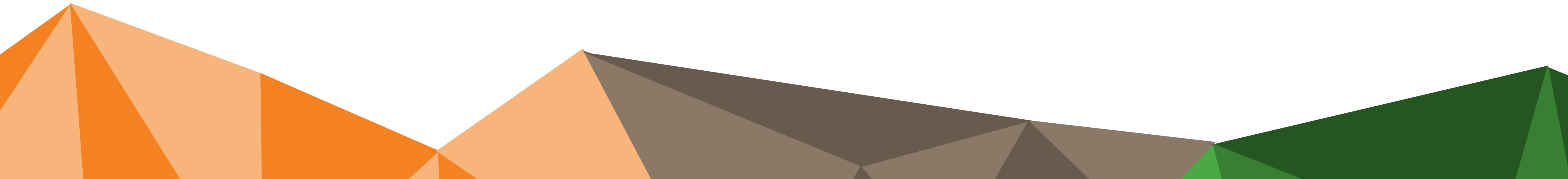
Relocation



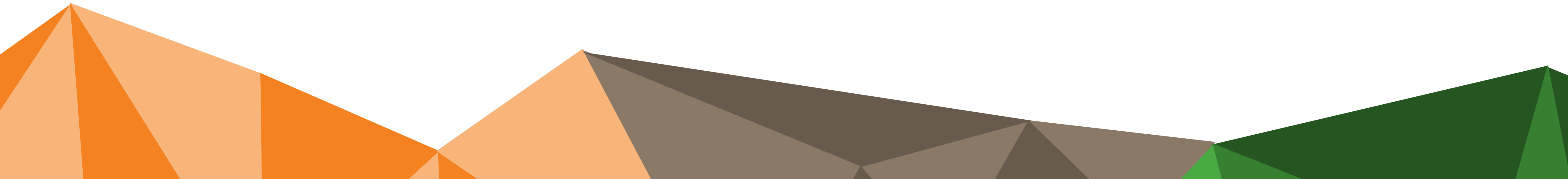
Relocation

- The manual is shorter and added a definitions section
- Tool kits will be ready for applications to help prepare your information with specific guidance
 - Commercial & Non-Residential Tenants (Businesses/Nonprofits/Farms)
 - Single Family Homes
 - Multi Family – HUD
 - Multi Family – LIHTC Only

Please reach out to us if you have any questions – RelocationReview@dca.ga.gov.



Scoring Criteria Highlights



What's new?

New QAP Scoring Sections & Subsections





Quality Education Areas

Option (C)



Option (C)

School eligibility is based on two requirements:

1. Positive average year-over-year (YOY) change

Average of school's CCRPI score changes from:

1. 2015 to 2016,
2. 2016 to 2017, and
3. 2018 to 2019

must be positive.

Exclude:

- Changes between 2017 and 2018 (years not comparable due to CCRPI methodology change).

2. Average CCRPI score in top 75%

Average of school's CCRPI scores

- from 2015 to 2019
- in top 75%

of all statewide average scores for the grade cluster.

Exclude:

- Years which are not included in the school's YOY average change calculation.

Methodology

- The following slides describe the methodology used to determine schools' eligibility for points under option C.
- Methodology is provided to help applicants understand the process and allow applicants to confirm data.
- Applicants are not expected to perform any calculations.
 - Data confirming whether schools qualify under Option C are posted under “Scoring Documents and Data” ([click here](#)).

- ✓ Calculate changes between:
 - 2015-16
 - 2016-17
 - 2018-19
- ✓ Do not calculate changes:
 - between 2017 & 2018 (CCRPI methodology change)
 - time periods missing CCRPI data for either year
- ✓ Calculate average of changes between time periods

Average Year- Over-Year Change

Average year-over-year change must be **positive** for school to be eligible for consideration.

- ✓ Calculate average of school's CCRPI scores from 2015-19
- ✓ Exclude years which are not included in the average YOY change calculation
- ✓ Compare value with 25th Percentile table

School's average score must be **above** value listed for the applicable grade cluster and years to be in top 75%.

Average CCRPI Score



- Please review the “Scoring Instructions” and “Option C-Scoring Data” documents on the DCA website for more information.
- Please submit additional questions through our online Q&A survey.

What's changed?

Changes to Existing Sections &
Subsections



Changes to Quality Education Areas Documentation Requirements

School district map must be published by official school district source.

If such map is unobtainable, must submit letter from school district representative.

For schools without data for options A through C, may utilize scores for the applicable grade cluster for the school district.

Example:

- Property is in attendance zone of ABC Middle School (serves grades 6-8) in the XYZ School District
- ABC Middle School does not have CCRPI or BTO data available
- ➔ Applicant may claim points utilizing data for the Middle School cluster in the XYZ School District

Changes to Stable Communities

B. Local Health and Economic Indicators

For applications in a census tract without data for a metric, may use the value of the nearest census tract with data.

Applicants may claim points utilizing data from both before and after a data update.

Example:

- Median Income from 2019
- Health Insurance Rate from 2020

*If 2020 ACS data becomes available before Application Submission, *Local Health and Economic Indicators Data* workbook will be updated (*expected March 2022*)*

What to look out for

Common Causes for Point Deductions

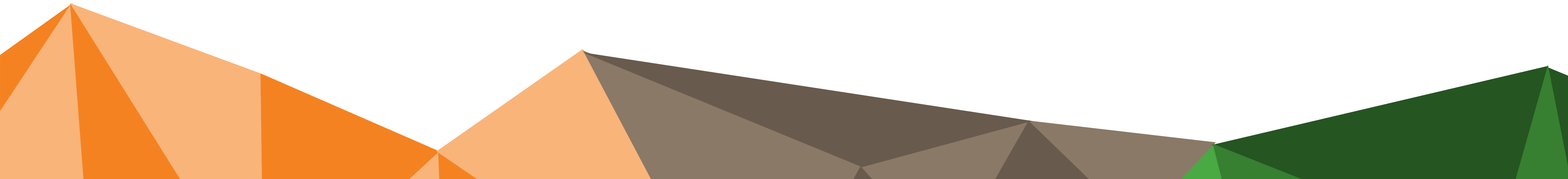


Quality Education Areas

School district letter must include project location.

Pre-K is ineligible for consideration and may not be counted toward the number of grades in schools meeting the criteria for points.

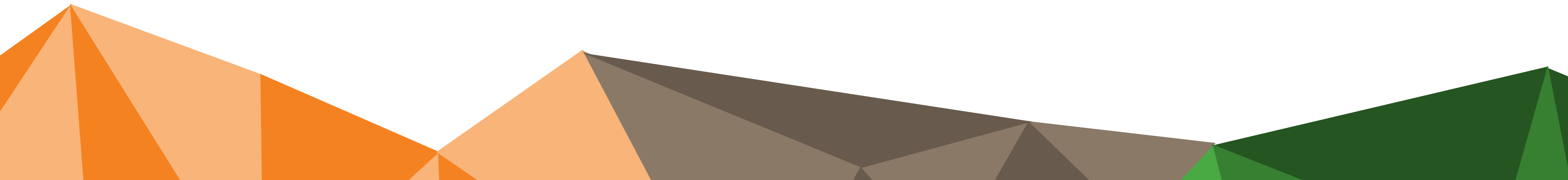
For Option C, confirm the underlying CCRPI scores against the DOE website.



Previous Projects

Confirm locations of previous projects using the list of previous awards posted on the DCA website ([click here](#)).

If claiming points based on previous projects within the Local Government Boundary, refer to the lists above to determine whether properties are within city limits.



DCA Community Initiatives (GICH)

Each GICH team may issue only one letter for one project per competitive round.

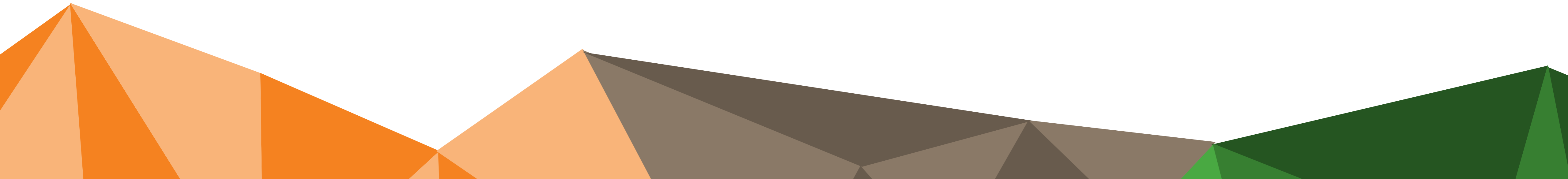
Visit the UGA GICH website to:

- Ensure GICH team contacts are up to date
- Confirm Certified Alumni status or apply for certification (application open now)
- See “FAQ for 2022 Certification”


[Click here](#)



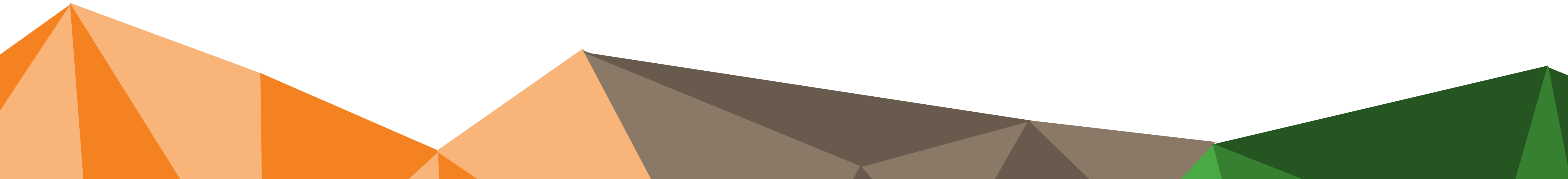
Integrated Supportive Housing



Integrated Supportive Housing: 811 Prior Performance

- **Question:** “DCA has not contracted with me yet regarding 811 PBRA. Am I ineligible for points under the 811 Prior Performance option?”
 - **Answer:** No, all Applicants are eligible for these points.
 - This is scored similarly to “Compliance Performance” (2 points to start, then assess for deduction)
 - DCA will notify applicants during Pre-Application phase whether documentation evidencing a compliance performance correction will be needed with Full 9% Application
- 

Enriched Property Services

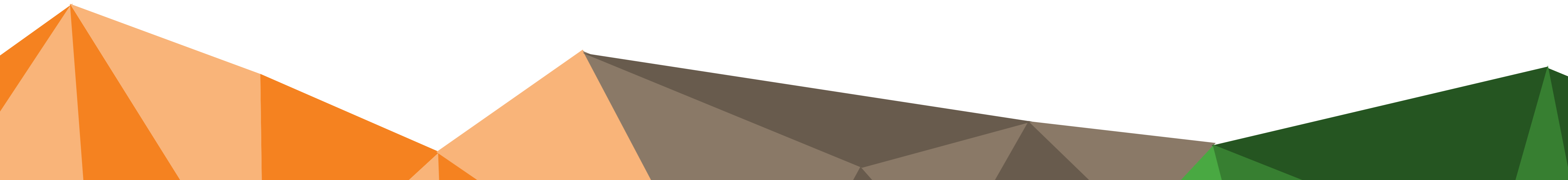


Enriched Property Services

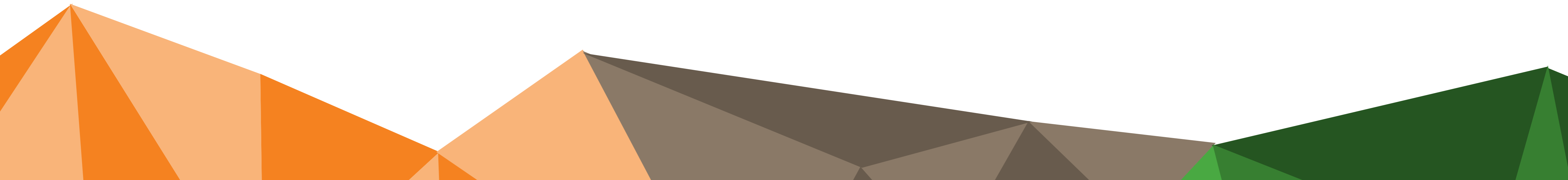
- **Question:** “For the 3rd party option, do I have to have a CORES 3rd party provider ready by 9% Application deadline?”
- **Answer:** No.
 - This is a commitment to accept and pay for services, depending on the future availability of qualified service providers once placing in service.
 - The 3rd party contracting option has no “Minimum Documentation” requirement.

Enriched Property Services

- **Question:** “There are no 3rd party providers in the area of my proposed development. Am I eligible to claim the 3rd party option points?”
 - **Answer:** Yes. The availability of providers may change in the future. Applicants will not be disqualified based on geography.

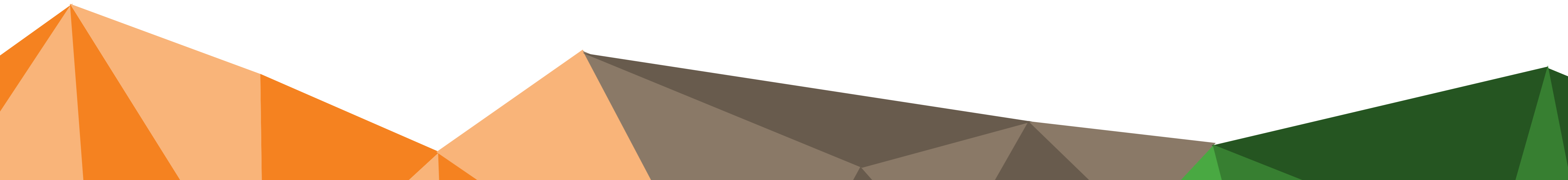


Affordability Loss Risk



Affordability Loss Risk

- Applicants should interpret this section as the opportunity to “make your pitch” and submit any evidence that substantiates your pitch
- The goal is to balance the value of allowing qualitative assessment, within the confines of a review process that:
 - Places boundaries around DCA judgement
 - Articulates to applicants what information DCA is looking for



Affordability Loss Risk

- This section is, by design, expected to impact the rankings in different set asides in different ways.
 - This is the primary reason for having distinct set asides by preservation type (e.g., scoring RAD and existing Housing Tax Credit properties separately).
- We expect this difference in impact because the key preservation risk factors for different types of properties are not the same.
 - For certain set asides, it may even be the case that an individual review consideration does not result in meaningful variation between applications.

Affordability Loss Risk

- Please review the instructions in the Affordability Loss Risk Form for more specific information on ranking criteria.
 - [Click here](#) to view all Scoring Documents and Data.
- Have questions? Please submit them through the online Q&A survey, and DCA will publish additional guidance.

